



## INTERIM FINANCIAL REPORT AS OF **JUNE 30, 2015**



Board of Directors - August 27<sup>th</sup>, 2015



PRIMA INDUSTRIE S.p.A.  
Registered office: Via Antonelli 32 - Collegno (Turin)  
Share Capital € 26.208.185 (fully paid-up)  
Company Register of Turin and VAT number 03736080015

## MANAGEMENT AND CONTROL

### Board of Directors

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Executive Chairman	Gianfranco Carbonato
Managing Directors	Ezio G. Basso <sup>(1)</sup> Domenico Peiretti <sup>(2)</sup>
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

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Chairman	Enrico Marchetti
Members	Chiara Damiana Burberi Donatella Busso

### Remuneration Committee

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

### Board of Statutory Auditors

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Chairman	Franco Nada
Regular Auditors	Paola Borracchini Roberto Petrignani

Alternate Auditors	Roberto Coda Gaetana Laselva
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Audit Company	Reconta Ernst & Young SpA
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### Expiry of Mandates and Appointments

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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.

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

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

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# CHAPTER 1

## PRIMA INDUSTRIE GROUP STRUCTURE AND PROFILE

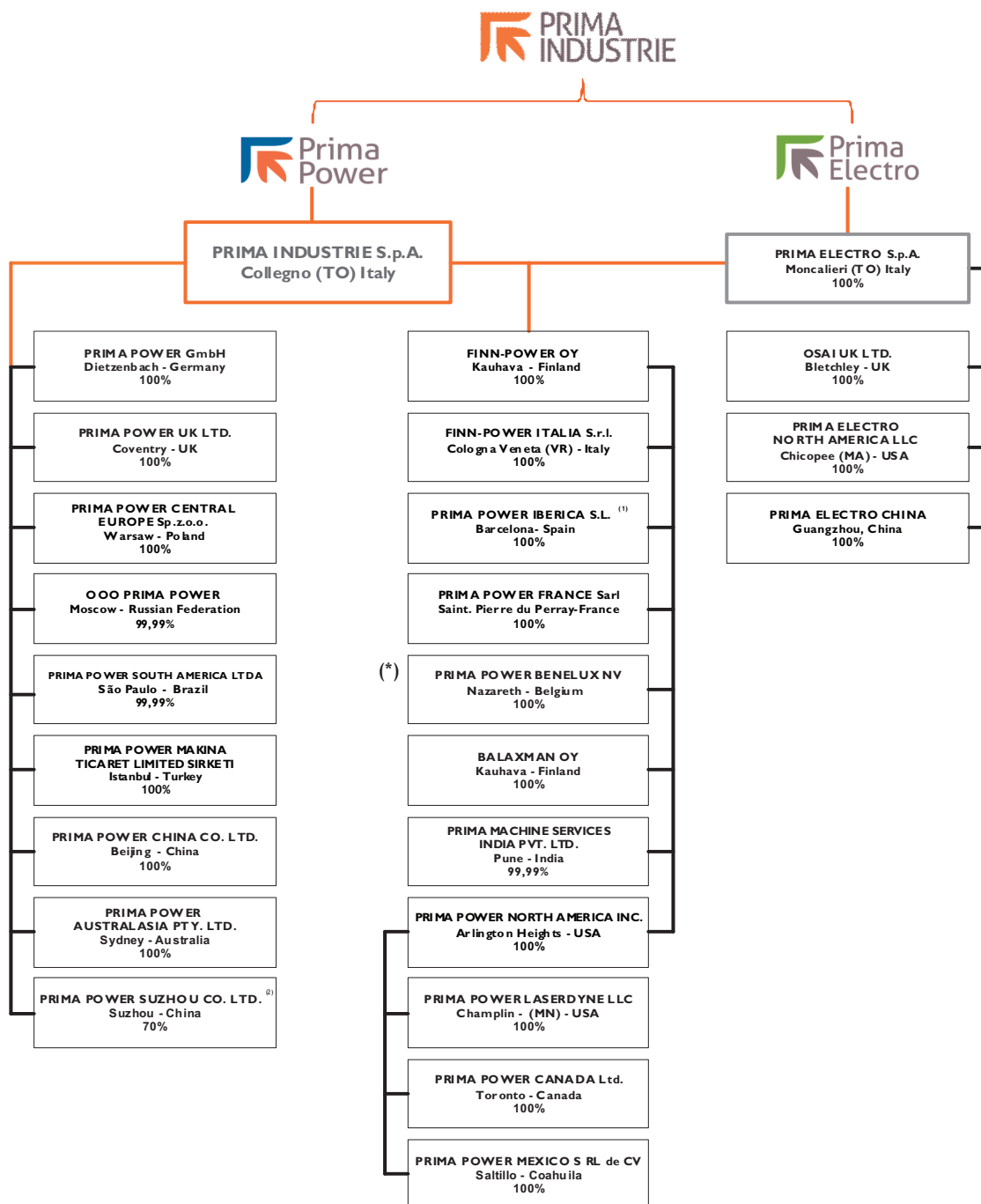
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JUNE 30<sup>th</sup>, 2015



## CHAPTER 1. PRIMA INDUSTRIE GROUP STRUCTURE AND PROFILE AS OF JUNE 30, 2015

### PRIMA INDUSTRIE GROUP STRUCTURE



The statement on this page represents the corporate situation of PRIMA INDUSTRIE Group on June 30, 2015.

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

<sup>(\*)</sup> On 01/07/2015 the Belgian company Prima Power Benelux NV, 100% held by FINN-POWER Oy, merged with the branch office of the Finnish parent company located in Belgium.

## PRIMA INDUSTRIE GROUP PROFILE

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

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

The PRIMA INDUSTRIE Group boasts over 35 years of experience and has over 10,000 machines installed in more than 70 Countries. Owing also to the acquisition of the FINN-POWER Group in February 2008, it has stably ranked among world leaders in the sector of sheet metal processing applications. In recent years, the Group has reorganized its structure, branching its business in the following two divisions:

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

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

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

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

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

Over 35 years after its establishment, the mission of the PRIMA INDUSTRIE Group continues to be that of systematically expanding its range of products and services and to continue to grow as a global supplier of laser systems and sheet metal processing systems for industrial applications, including industrial electronics, markets that demand top-range technology and where growth rates are quite good, though in the presence of a cyclical context.

## CONSOLIDATION AREA

There was no changes in the area of consolidation for the first six months of 2015.

On June 30<sup>th</sup>, 2015, the subsidiaries listed in the statements below have been fully consolidated.

## 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 Holenderska 6 - 05 - 152 Czosnów 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	99,99%	Line-by-line method
PRIMA POWER MAKINA TICARET LIMITED SİRKETİ	Soğantık 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.	Room 2006, Unit C, Tower 1, Wangjing SOHO, Chaoyang District, Beijing, P.R. CHINA	RMB 2.038.778	100%	Line-by-line method
PRIMA POWER AUSTRALASIA Pty. LTD.	Minter Ellison, LEVEL 3, 25 National circuit, Forrest, ACT, 2603 AUSTRALIA	A\$ 1	100%	Line-by-line method
PRIMA POWER SUZHOU Co. LTD. <sup>(1)</sup>	Xinrui Road 459, Wujiang Ec. & Tech. Develop. Zone, Suzhou City Jiangsu Prov. CHINA	USD 8.000.000	70%	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

## 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

## ASSOCIATES

PRIMA ELECTRO	REGISTERED OFFICE	SHARE CAPITAL	OWNERSHIP	CONSOLIDATION METHOD
ELECTRO POWER SYSTEM SA	Boulevard Poissonnière 14-16, 75009 Paris - FRANCE	€ 1.436.061	19,96%	Net Equity Method



# CHAPTER 2

## INTRODUCTION

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## CHAPTER 2. INTRODUCTION

### FOREWORD

The Interim Financial Report at June 30<sup>th</sup>, 2015 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 Financial Report has been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and recognized by the European Union and has been compiled in accordance with the IAS 34 - Interim Balance Sheets.

This Interim Financial Report has been approved by the Board of Directors on August 27<sup>th</sup>, 2015. 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 progress of the economic-financial management.

Such indicators, which are also presented in the Interim report on management, on the occasion of the other periodic statements, 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 "Operating Profit"),
- EBITDA ("Earnings before interest, taxes, depreciation and amortization"), which is given by adding the "Amortization" and "*Impairment* and Depreciation" entries to the "Operating Profit".

Also mentioned furthermore:

- the "Value of Production", given by the algebraic sum of the entries "Net Revenues and services", "Other income", "Variations in inventories of semi-finished and finished products" and "Increases in fixed assets for internal work";
- the "Operational Working Capital", given by the algebraic sum of "Inventory", "Trade Receivables", "Trade Payables" and "Advances".

## 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	
	30/06/15	30/06/14	30/06/15	31/12/14
US DOLLAR	1,1159	1,3705	1,1189	1,2141
CHINESE RENMINBI	6,9411	8,4517	6,9366	7,5358
RUSSIAN RUBLE	64,6024	48,0204	62,3550	72,3370
TURKISH LIRA	2,8620	2,9675	2,9953	2,8320
POLISH ZLOTY	4,1397	4,1755	4,1911	4,2732
POUND STERLING	0,7324	0,8214	0,7114	0,7789
BRAZILIAN REAL	3,3076	3,1495	3,4699	3,2207
INDIAN RUPEE	70,1224	83,2930	71,1873	76,7190
AUSTRALIAN DOLLAR	1,4260	1,4987	1,4550	1,4829
CANADIAN DOLLAR	1,3772	1,5032	1,3839	1,4063
MEXICAN PESO	16,8861	17,9766	17,5332	17,8679

# CHAPTER 3

## GROUP INTERIM MANAGEMENT REPORT

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## CHAPTER 3. GROUP INTERIM MANAGEMENT REPORT

### SIGNIFICANT EVENTS OF THE PERIOD

#### NON CONVERTIBLE BOND LOAN ISSUE

As part of the FINPOLAR loan refinancing (originally signed with a pool of banks to finance the acquisition of the FINN-POWER Group) expiring in 2016 and in the view of diversifying its loan sources, PRIMA INDUSTRIE SpA on 06/02/2015, in execution of the resolution of the Board of Directors on 13/01/2015, has proceeded to issue a non-convertible bond loan for a nominal amount of 40 million Euro and with a duration of seven years.

The bond, placed exclusively with qualified investors, has a minimum denomination of 200,000 Euro and six month fixed coupon payment of 5.875% per year. The bond loan, governed by the English law, will expire on February 6, 2022.

The contract governing the bond loan issue provides the compliance with certain financial *covenants*, which if not met do not lead to a decisive event (and therefore the mandatory early repayment) but implies only for the period in which they are not met the increase in the interest rate by one percentage point.

EBITDA/Consolidated Net Financial costs ratio not less than:	3,5x for the duration of the loan, to be calculated at 30/06 and at 31/12 of each year
Net Financial Borrowings/Consolidated EBITDA ratio not more than:	4,0x for the duration of the loan, to be calculated at 30/06 and at 31/12 of each year
Net Financial Borrowings/Consolidated Shareholders's Equity ratio not more than:	1,5x for the duration of the loan, to be calculated at 30/06 and at 31/12 of each year

The bond issue is the beginning of PRIMA INDUSTRIE SpA on the Eurobond market. PRIMA INDUSTRIE SpA has applied for the bond loan admission for trading on the multilateral trading facility "Euro MTF Market" operated by the Luxembourg Stock Exchange.

The net proceeds of the bonds were allocated, on 12/02/2015, to the repayment of a part of the remaining FINPOLAR loan expiring on 04/02/2016.

#### NEW MEDIUM-LONG TERM BANK LOAN CONTRACT AND FULL FINPOLAR LOAN REPAYMENT

On 23/02/2015 PRIMA INDUSTRIE SpA has signed with a pool of Italian banks (Unicredit, Intesa Sanpaolo and BNL) a medium-long term *club deal* loan agreement for a total amount of 60 million Euro.

The main features of the loan agreement are as follows:

- the amount, totaling 60 million Euro, is composed by a quota of 40 million Euro in the form of loan repayment expiring on 30/06/2021 and a quota of 20 million Euro in the form of *revolving* credit lines expiring on 31/12/2019;
- the interest rate for both quotas is set in Euribor plus an additional margin of 3%;
- fees charged for failure to use the *revolving* credit line amount to 1% of the amount not used;

- penalties in the event of advanced repayment or voluntary cancellation amount to 0.5% of the refunded/cancelled amount for the first two years following the subscription of the loan and 0.4% of the refunded/cancelled amount in case this occurs on the third or fourth year from the subscription date;
- the reimbursement for the “amortized costs” quota expires every six months starting from 31/12/2015;
- the maximum amount of debt allowed (including the bond loan and this loan) is 210 million Euro at Group level;
- the following financial *covenants* must be met:

EBITDA/Consolidated Net Financial costs ratio not less than:	3,25 at December 31, 2014 and June 30, 2015 3,50 at December 31, 2015 and June 30, 2016 4,00 at December 31, 2016 and June 30, 2017 4,25 for each measurement subsequent date
Net Financial Borrowings/Consolidated EBITDA ratio not more than:	3,75 at December 31, 2014 and June 30, 2015 3,50 at December 31, 2015 and June 30, 2016 3,25 at December 31, 2016 and June 30, 2017 3,00 for each measurement subsequent date

Failure to comply with these *covenants* constitutes a decisive event and implies the mandatory prepayment if it is not remedied within 20 working days from the non-compliance notification.

The loan was partially intended, on 02/03/2015 to the repayment of the remaining quota of the FINPOLAR load expiring on 04/02/2016, which, therefore, at that date was fully repaid.

#### EPS SA IPO ON EURONEXT PARIS

On 22/04/2015 the company Electro Power System SA (hereinafter referred to as "EPS SA"), an associate of PRIMA ELECTRO SpA, announced its listing on the Euronext Paris regulated market. EPS SA is a forerunner of intelligent *energy-storage* hydrogen cell based systems. The offer price was set at Euro 7.30 per share; overall 1,974,032 new shares were issued corresponding to a capital increase of approximately Euro 14.4 million, including the exercise of the *over-allotment* option.

#### NEW MEDIUM-LONG TERM BANK LOAN CONTRACT WITH FINNISH BANKS

On 29/06/2015 FINN-POWER OY, a subsidiary of PRIMA INDUSTRIE SpA, has signed a medium-long term loan agreement with two Finnish banks (Nordea Bank Finland Plc and Danske Bank Plc) in which PRIMA INDUSTRIE SpA assumes the role of guarantor of the operation.

This contract, with total duration of 5 years, consists of two quotas, each amounting to 12.5 million Euro, of which one of *amortizing* type and one with total expiring at the end of the period, and a third quota amounting to 11 million Euro consisting of commercial credit lines. The entire loan was granted on 01/07/2015 and therefore was not included in the net financial position at 30/06/2015.

The whole amount received has been used by FINN-POWER OY to fully reimburse the remaining amount of the intercompany loan to PRIMA INDUSTRIE SpA.



## MACRO ECONOMIC CONTEXT

Below is a description of the world macroeconomic context of the first half of 2015 and of the resulting expectations according to indications given mainly by Banca Intesa Sanpaolo (whose group includes Banca IMI, specialist of the company) and other primary sources and associations.

For several months the economic data illustrates an improving situation compared to the forecasts regarding Europe, while there was a slight worsening than the forecasts regarding the US and Asian markets. Likewise, the background trend has been towards an acceleration of growth in Europe, although from very depressed levels, and towards a slowdown in the US and China. In general, the world economy currently does not show tendencies to move to more sustained growth rates, despite the accommodative financial conditions in the developed countries and the impetus that could come from the drop in oil prices.

Particularly in the US the modest contraction in the 1st quarter (-0.2% q/q ann., according to the estimate), caused a slight reduction in the annual growth forecast for 2015 that drops to 2.4%. In 2016, the growth driven by the final domestic demand is expected to remain, however, around 2.8 - 2.9%, before moderating to 2.6% in 2017.

As regards the Euro area the recovery continues, but the desired push by the fall in oil prices, by the favourable exchange rates and expansionary financial conditions is dampened by the global economy slowdown and by the high geopolitical uncertainty. Recent events and the uncertain trend of climate surveys suggest that the growth acceleration to 0.5% in the second half of the year is at risk. Forecasts of the GDP growth in the Euro area could therefore settle in 2015 to 1.4% and to 1.8% in 2016. The growth, driven by the domestic demand, and to a lesser extent by exports, will still travel above the forecast horizon potential, but once again a decisive acceleration is postponed to next year.

Spain and Germany will grow above the average, while France and Italy will still be back.

In Europe, the domestic growth demand should be sustained by an acceleration of fixed investment of 2.6% in 2015 and 4.2% in 2016 from 1.2% of the last year. Business investments accelerated in the 1st quarter of this year after the contraction of the end of 2014. In the coming quarters we expect that the investments maintain the same growth rate of the beginning of this year. The fall in interest rates on new business loans, more expansionary credit conditions, corporate profitability improvement and a normal level of production capacity use should stimulate spending in machinery.

However, as it has occurred in the most recent period, the investments may disregard the recovery forecasts, already cautious compared to previous cycles, reflecting the high degree of uncertainty and poor visibility on the demand in the second half of 2015.

As for other countries, China's overall framework remains weak; the slowdown has mostly affected the industrial and agricultural sector, and, on the demand side, the investments. The crash of the China stock market was forecast time ago. Prices had reached levels not linked to any "key factor" on companies. However, the actions of the Bank of China in support of the prices have been massive, although absolutely unusual for the stock markets of industrial countries. A question perhaps more important concerns the true health status of the Chinese economy. The growth "slowdown" in the first part of 2015 is an established fact. However, the opinions on the seriousness of the slowdown and the perspective for the short term differ. According to some analysts, China's growth would actually be around 4.5-5%. Some believe that the worst is already behind us and a new acceleration is imminent. Others

put emphasis on the overproduction and over-investment that characterizes some important sectors and on the real estate market distortions. It is certain, however, that the Chinese authorities have at their disposal a wide range of resources and tools to give new impetus to growth.

An uncertain trend remains among the major emerging economies, with downside risks to growth, already modest, of Brazil, and especially of Russia, hit by the effects of the crisis with Ukraine (and related sanctions) and the oil price fall.

UCIMU (the Italian association of machine tools manufacturers ) reports that in the second quarter of 2015, the index of machine tool orders has increased by 30% compared to the same period of the previous year.

Therefore the positive trend registered by the index of machine tool orders of Italian manufacturers extends to seven consecutive quarters and, as it occurred throughout 2014, even in the first two quarters of 2015 the best performance in the domestic market is recorded. The index of domestic orders in fact marked a new increase, up 46.7% compared to the April-June 2014 period. The index of orders collected abroad, however, registered an increase of 26.1%.

Instead in the United States the AMT (Association for Manufacturing Technology) registered a 7.9% decrease in the acquisition of machine tool orders for the first five months of 2015 compared to the same period of 2014 mainly due to the climate of greater economic uncertainty, but with the expectations of a turnaround due to the positive trend in the automotive and medical-pharmaceutical industries.

## REVENUES AND PROFITABILITY

The **consolidated revenues** at 30/06/2015 amount to 175,940 thousand Euro, an increase of 14% compared to the corresponding period of the year 2014 (equal to 154,210 thousand Euro).

The consolidated turnover is shown below on a geographic basis at 30/06/2015 compared with the corresponding period for the previous financial year.

Revenues	30/06/15		30/06/14	
	<i>Euro thousand</i>	<i>%</i>	<i>Euro thousand</i>	<i>%</i>
EMEA	111.282	63,2	90.631	58,8
AMERICAS	35.663	20,3	34.934	22,7
APAC	28.995	16,5	28.645	18,5
<b>TOTAL</b>	<b>175.940</b>	<b>100,0</b>	<b>154.210</b>	<b>100,0</b>

The Group continues to generate most of revenues in the EMEA region; the weight of this area increased from 58.8% on 30/06/2014 to 63.2% on 30/06/2015. In particular, the Group achieved significant revenues in Italy (15.0% of consolidated revenues, influenced in the half year by the good results achieved by the PRIMA ELECTRO division), in the northern European countries (9.3% of consolidated turnover), in Spain (7.4% of consolidated turnover), in Germany (5.9% of consolidated turnover) and in Eastern Europe (5.5% of consolidated turnover). It should be noted, finally, that in Russia the PRIMA ELECTRO division achieved an excellent turnover through the acquisition of a major order in Kazakhstan. Although a decline due to the complex political situation continues to be recorded (5.2% of consolidated



revenues at 30/06/2015 against 8.2% of consolidated revenues at 30/06/2014). The performance achieved in the AMERICAS was mainly attributable to North America where, however, there has been a slight drop in turnover compared to the same period of the previous year (19.4% of consolidated turnover on 30/06/2015 against 21.0 % on 30/06/2014). As for the APAC countries, there was a slight decline in sales in China (from 22.4 million Euro on 30/06/2014 to 20.0 million Euro on 30/06/2015). Both the decline in North America and in China are in line with the trend of the reference markets, as confirmed by the economic indicators in the first half of 2015.

Shown below it is a subdivision of the proceeds by sector of the gross inter-sector transactions (for more detailed indications on the matter of operational segments of the Group, see note 6.32 - Sector Information).

Revenues	30/06/15		30/06/14	
	<i>Euro thousand</i>	%	<i>Euro thousand</i>	%
PRIMA POWER	151.115	85,9	136.120	88,3
PRIMA ELECTRO	32.457	18,4	25.415	16,5
Inter-sector revenues	(7.632)	(4,3)	(7.325)	(4,8)
<b>TOTAL</b>	<b>175.940</b>	<b>100,0</b>	<b>154.210</b>	<b>100,0</b>

below is shown the detail of revenues (net of the inter-sector transactions) per sector and per geographical area, for both the first half of 2015 and for the first half of 2014.

Revenues segment/area - 30/06/2015	EMEA	AMERICAS	APAC	TOTAL
<i>€/000</i>				
PRIMA POWER	91.512	34.311	25.243	151.066
PRIMA ELECTRO	19.770	1.352	3.752	24.874
<b>TOTAL</b>	<b>111.282</b>	<b>35.663</b>	<b>28.995</b>	<b>175.940</b>

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

Revenues in both divisions are growing: in particular those of the PRIMA POWER division are growing of 11% and revenues of the PRIMA ELECTRO division increased by 37% compared to the same period of the previous financial year.

The PRIMA POWER division registered 60.6% of sales in Emea (mainly in Italy, Spain, countries of Northern and Eastern Europe) , 22.7% in the countries of the AMERICAS (mainly North America) and 16.7% in the APAC area (mainly China).

The PRIMA ELECTRO division registered 79.5% of sales in the EMEA area (mainly Italy and Kazakhstan) , 5.4% in the countries of the AMERICAS and 15.1% in the APAC area (mainly China).

The **Value of production** at 30/06/2015 is equal to 199,390 thousand Euro, an increase of 9.5% with respect to the corresponding period of the financial year 2014 (increase of 17,315 thousand Euro).

The value of production in the period also includes increases in fixed assets for internal work equal to 6,209 thousand Euro (5,821 thousand Euro at 30/06/2014); these costs principally refer to investments in development costs.

Performance indicators	30/06/15		30/06/14	
	<i>Euro thousand</i>	<i>% on sales</i>	<i>Euro thousand</i>	<i>% on sales</i>
EBITDA	14.686	8,3	14.828	9,6
EBIT	8.219	4,7	9.291	6,0
EBT	3.074	1,7	5.741	3,7
NET RESULT	1.257	0,7	3.514	2,3
NET RESULT ATTRIBUTABLE TO GROUP SHAREHOLDERS	1.506	0,9	3.701	2,4

The Group's **EBITDA** amounted to 14,686 thousand Euro (8.3% of revenues), substantially in line with what reported in the first half of 2014 (14,828 thousand Euro).

The EBITDA of the Group is shown below at 30/06/2015 and at 30/06/2014 detailed by division (gross of the inter-sector transactions).

EBITDA	30/06/15		30/06/14	
	<i>Euro thousand</i>	<i>%</i>	<i>Euro thousand</i>	<i>%</i>
PRIMA POWER	9.454	64,4	12.446	83,9
PRIMA ELECTRO	5.362	36,5	2.375	16,0
Inter sector items and eliminations	(130)	(0,9)	7	0,1
<b>TOTAL</b>	<b>14.686</b>	<b>100,0</b>	<b>14.828</b>	<b>100,0</b>

At 30/06/2015 the consolidated **EBIT** amounted to 8,219 thousand Euro and is in decrease of 1,072 thousand Euro compared to the first half of 2014. The depreciation of the intangible assets amount to 4,840 thousand Euro and depreciation of Property, Plant & Equipment amount to 1,626 thousand Euro. With regard to the amortization of intangible fixed assets, the main figures relate to amortization of development costs (3,053 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 1,547 thousand Euro.

The EBIT of the group is shown below at 30/06/2015 and 30/06/2014, detailed by division (gross of the inter-sector transactions).

EBIT	30/06/15		30/06/14	
	€/000	%	€/000	%
PRIMA POWER	4.359	53,0	8.059	86,8
PRIMA ELECTRO	3.984	48,5	1.219	13,1
Inter sector items and eliminations	(124)	(1,5)	13	0,1
<b>TOTAL</b>	<b>8.219</b>	<b>100,0</b>	<b>9.291</b>	<b>100,0</b>

The consolidated **EBT** at 30/06/2015 amounted to 3,074 thousand Euro in decrease of 2,667 thousand Euro compared to the same period of the previous financial year. This value discounts net financial expenses arising from financial management (including gains and losses on exchange rates) of 5,046 thousand Euro (at 30/06/2014 equal to 3,550 thousand Euro). It should be noted that the financial costs of the first quarter of 2015 incorporate the anticipated costs of the FINPOLAR loan amounting to 2,123 thousand Euro; these costs (mainly related to the previously subscribed hedging derivative), would have been calculated pro-rata over the following quarters until February 2016 if FINPOLAR would have reached its natural end..

Financial results (€/000)	30/06/15	30/06/14
Advance Finpolar loan expenses	(2.123)	-
Finpolar loan expenses	(295)	(1.504)
<i>Bond</i> expenses	(951)	-
Club-Deal loan expenses	(645)	-
Derivates expenses (IRS)	0	(908)
Derivate expenses (CRS)	532	(44)
Other financial expenses	(1.279)	(1.016)
<b>Net financial expenses</b>	<b>(4.761)</b>	<b>(3.472)</b>
Net exchange differences	(285)	(78)
<b>TOTAL</b>	<b>(5.046)</b>	<b>(3.550)</b>

The result of exchange rates of the first half of 2015 is negative for 285 thousand Euro (it was negative for 78 thousand Euro on 30/06/2014); it is worth noting the effect deriving from the management of foreign exchange derivatives, which is positive for 532 thousand Euro.

The net result from investments accounted for using the equity method includes the portion of negative results of the subsidiary Electro Power Systems SA and is equal to 105 thousand Euro; this assessment considers the latest results available at the time of approval of this financial report.

The net result of other investments, amounting to 6 thousand Euro, refers to a dividend paid by the company Lamiera Servizi, a company 19% owned by PRIMA INDUSTRIE SpA.

The **NET PROFIT** at 30/06/2015 is equal to 1,257 thousand Euro (3,514 thousand Euro at 30/06/2014). Income taxes in the first six months of 2015 indicate a negative net balance of 1,817 thousand Euro, including IRAP for 612 thousand Euro.

## BALANCE SHEET

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

Values expressed in Euro thousand	30/06/15	31/12/14	30/06/14
Tangible and intangible fixed assets	82.705	79.584	76.069
Goodwill	103.094	102.880	102.601
Equity investments and other non-current assets	1.894	985	1.088
Deferred tax assets	10.493	9.957	7.996
<b>NON-CURRENT ASSETS</b>	<b>198.186</b>	<b>193.406</b>	<b>187.754</b>
Inventories	98.667	77.504	89.290
Trade receivables	87.324	85.664	68.456
Trade payables	(84.696)	(77.594)	(80.110)
Advances	(18.497)	(16.934)	(15.354)
<b>OPERATING WORKING CAPITAL</b>	<b>82.798</b>	<b>68.640</b>	<b>62.281</b>
Other current assets and liabilities	(12.396)	(12.983)	(11.308)
Current tax assets and liabilities	(1.028)	(2.075)	3.729
Provisions for risks and employee benefits	(24.536)	(23.653)	(19.972)
Deferred tax liabilities	(11.039)	(10.822)	(10.928)
Non-current assets held for sale	284	284	1.467
<b>NET INVESTED CAPITAL</b>	<b>232.269</b>	<b>212.797</b>	<b>213.024</b>
<b>NET INDEBTEDNESS</b>	<b>106.672</b>	<b>92.089</b>	<b>102.209</b>
<b>SHAREHOLDER'S EQUITY</b>	<b>125.597</b>	<b>120.708</b>	<b>110.815</b>
<i>Stockholders' equity of the Group</i>	124.215	119.558	109.536
<i>Minority interest</i>	1.382	1.150	1.279
<b>LOAN SOURCES</b>	<b>232.269</b>	<b>212.797</b>	<b>213.024</b>

Property, Plant & Equipment and intangible assets (other than Goodwill) of PRIMA INDUSTRIE Group increased by 3,121 thousand Euro compared to 31/12/2014; the movements of the first half year are related to increases net of wind-up for 8,487 thousand Euro (of which 5,802 thousand Euro relating to development costs), depreciation of 6,466 thousand Euro and positive exchange rates difference for 1,100 thousand Euro. The change in Goodwill in the half year is attributable to the only currency adjustment.

Investments and other non-current assets increased by 909 thousand Euro, as a result of:

- a positive effect for 464 thousand Euro, due to the capital increase subscribed by PRIMA ELECTRO SpA related to the listing of the associate company EPS SA;
- a negative effect for 105 thousand Euro, for the transposition by PRIMA ELECTRO SpA of the share of the results of EPS SA for the period;
- a new term deposit of Euro 550 thousand due beyond 12 months signed by PRIMA INDUSTRIE SpA, as a guarantee of a loan granted to the Brazilian subsidiary PRIMA POWER SOUTH AMERICA LTDA.

The Operational Working Capital increased by 14,158 thousand Euro in comparison to the previous financial year. This increase is mainly attributable to increased inventories required to meet the production volumes in the second half of the year.

The Net Financial Position of the Group at 30 June 2015 amounted to 106,672 thousand Euro, with an increase of 14,583 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 4,889 thousand Euro. This increase is the result of the positive effects arising from the Group's overall result of the period (6,190 thousand Euro) and share capital payments in PRIMA POWER Suzhou (796 thousand Euro), ), partially offset by the payment of dividends (2,097 thousand Euro ) that took place in April.

### NET FINANCIAL POSITION

On 30/06/2015, the net financial position of the Group was negative for an amount of 106,672 thousand Euro, compared to 92,089 thousand Euro on 31/12/2014 and 102,209 thousand Euro on 30/06/2014.

The variation compared with the end of year is mainly due to the increase in financial resources taken up by net working capital (increased by approximately 14.2 million Euro) to cope with the increase in production volumes of the upcoming quarters. In fact, the Group's order portfolio increased from 94.5 million Euro on 31/12/2014 to Euro 107.1 million Euro on 30/06/2015 (for more details, see the "Trade Assets and Order Portfolio" paragraph).

The net financial position detail is shown as follows.

Value expressed in Euro thousand	30/06/15	31/12/14	30/06/14
CASH & CASH EQUIVALENTS	(28.024)	(35.867)	(22.283)
CURRENT FINANCIAL RECEIVABLES	(674)	(442)	-
CURRENT FINANCIAL LIABILITIES	54.834	56.663	52.574
NON CURRENT FINANCIAL LIABILITIES	80.536	71.735	71.918
<b>NET FINANCIAL POSITION</b>	<b>106.672</b>	<b>92.089</b>	<b>102.209</b>

Following the issue of a seven-year *Bond* of 40 million Euro and the conclusion of a new *Club Deal* loan agreement for 60 million Euro, that both took place in February 2015, the residual capital value of the FINPOLAR loan was fully repaid in advance. Thanks to this medium-long term debt refinancing, the Group has medium term financial resources for over 5 years. Both new forms of financing required financial *covenants to be met* with measurements on an annual and half-yearly basis.

For more details on these operations refer to the previous paragraph "Significant events of the period".

With the aim of supplying better information relating to the net financial position on 30/06/2015, the following should be remembered:

- the *Club-Deal* loan amounts comprehensively to 55,349 thousand Euro;

- the *Bond* loan amounts comprehensively to 40,419 thousand Euro;
- the payables due to leasing companies (almost exclusively of a property nature) amount to 2,726 thousand Euro.

The *covenants* measured on the interim consolidated financial statements of 30 June 2015 were met.

For greater detail on the net financial position see the Note 6.11 - Net Financial Position.

## TRADE ASSETS AND ORDER PORTFOLIO

During the first half of 2015 the **acquisition of orders** of the Group (including *after-sale service*) amounted to 189.8 in increase of 7.6% from 176.4 million at 30/06/2014.

The acquisition of orders of the PRIMA POWER sector amounted to 173.1 million Euro, while the PRIMA ELECTRO's acquisition of orders, only from customers outside the Group, amounted to 16.7 million Euro.

The consolidated **order portfolio** (not including the *after-sale service*) at 30/06/2015 amounts to 107.1 million Euro (compared to 93.7 million Euro at 30/06/2014). The portfolio includes 99 million Euro relating to the PRIMA POWER sector and 8.1 million Euro relating to the PRIMA ELECTRO sector.

At 31/07/2015, the order portfolio was equal to 122,4 million Euro.

## RESEARCH AND DEVELOPMENT

The research and development activity carried out by the Group during the first half of 2015 has been comprehensively equal to 11,755 thousand Euro (of which 8,140 thousand Euro in the PRIMA POWER sector and 3,615 thousand Euro in the PRIMA ELECTRO sector) equal to 6.7% of turnover.

The capitalized share was equal to 5,802 thousand Euro (of which 4,026 thousand Euro in the PRIMA POWER sector and 1,776 thousand Euro in the PRIMA ELECTRO sector).

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

In the first half of 2015, the main research and development activities of the PRIMA POWER division were:

- the design and development of a new 2D laser machines platform; these machines will be positioned in the middle-high market segment and will be featured by important innovation content; the official presentation is scheduled for the upcoming autumn fairs of the sector;
- the completion of development activities, the start of production and installation at the customers of the Laser Next (new 3D laser machine), dedicated to the *automotive* market; the strengths of this new machine are the increased productivity, efficiency and the reduction of spaces occupied;

- the development of the new SHEAR BRILLIANCE 8, a combined punching and shearing machine. The new SHEAR BRILLIANCE is equipped with the latest servo electric technology for composite materials and with linear motors to achieve the highest performance levels;
- the completion of the development, production start-up and installation at customers of the new series of panelling machines;
- the start of the development of a new series of large size press bending machines;
- the development of the new LASERDYNE 606D machine, a dual workstation system designed primarily for drilling aero-engine combustor components. The presentation of the prototype is scheduled for the end of September.

During the first six months, the main research and development activities of the PRIMA ELECTRO division were:

- the pursuing the development of new laser sources *solid state* modules;
- the completion of the first two CF3000 laser fiber units that use the modules produced by PRIMA ELECTRO NORTH AMERICA in the Chicopee plant; the former is currently being tested at the PRIMA INDUSTRIE SpA Collegno plant, while the second was installed by a customer for a *beta test*;
- the completion of the development of the new OPEN numerical control application intended to PLATINO;
- the completion of development activities for the introduction of the new OPEN numerical control in the metal processing and plasma cutting sectors;
- the design of the new OPEN numerical control application on a new press-bending machine;
- the start of the design for an energy conversion and management unit for "energy storage" systems based on hydrogen for megawatt power;
- the completion of the development of the interior magnet (IPM) *brushless motors* control which has a higher energy efficiency for application in stationary compressors.

## PERSONNEL

At 30 June 2015 the Group employees are 1,626 of which 1,365 in PRIMA POWER division and 261 in PRIMA ELECTRO division. Respect to the 31/12/2014 the employees increases by 47 units.

Values expressed in units	PRIMA POWER		PRIMA ELECTRO		PRIMA GROUP	
	30/06/15	31/12/14	30/06/15	31/12/14	30/06/15	31/12/14
Production & Installation	472	464	123	125	595	589
Sales & Marketing	158	144	33	32	191	176
Service & Spare Parts	448	436	16	16	464	452
R&D and Product Management	172	167	65	60	237	227
General & Administrative	115	113	24	22	139	135
<b>Total</b>	<b>1.365</b>	<b>1.324</b>	<b>261</b>	<b>255</b>	<b>1.626</b>	<b>1.579</b>



## OPERATIONS WITH RELATED PARTIES

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

For further details of the subject and of other operations carried out by the Group with related parties, refer to Note 6.30 - Information on related parties.

## STOCK TREND AND TREASURY STOCK

During the first half of 2015, the PRIMA INDUSTRIE stocks passed from a unit value of 13.88 Euro on 02/01/2015 to a value of 16.55 Euro each share on 30/06/2015, therefore recording an appreciation of 20% in the period.

During the period the stock has reached the maximum value equal to 19.63 Euro per share (20/04/2015).

The minimum value reached during the period amounted to 13.47 Euro per each share during January.



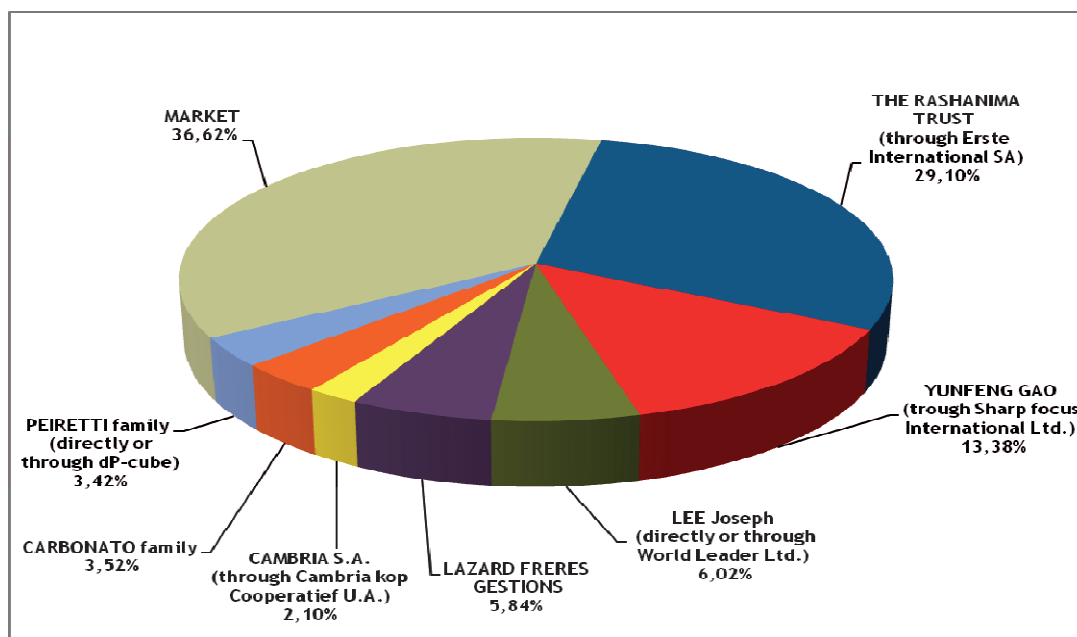
On 30/06/2015, also being the date of approval of this Financial Report PRIMA INDUSTRIE SpA did not hold nor holds any of its own shares, as there is no current resolution authorizing the purchase of its own shares.

## SHAREHOLDING STRUCTURE

On June 30<sup>th</sup>, 2015, the share capital of PRIMA INDUSTRIE SpA amounts to Euro 26,208,185 divided into 10,483,274 ordinary shares at the nominal value of 2.50 Euro each. No classes of shares or bonds have been issued other than ordinary shares.

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





### FORECASTED BUSINESS TREND

For the second half of 2015, on the basis of the good performance of orders collection and portfolio mix, we expect to confirm the increase in revenues compared to the previous year and to achieve an improvement in profitability compared to the first half of the year.

### EVENTS WHICH TOOK PLACE 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 Financial Report.

### ATYPICAL AND USUAL TRANSACTIONS

Pursuant to Consob Bulletin of 28/07/2006 no. DEM/6064296, we wish to specify that in the examined period, the Group has not engaged in transactions defined as atypical or unusual in the Bulletin.

# CHAPTER

# 4

## ECONOMIC PERFORMANCE BY SEGMENT

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## CHAPTER 4. ECONOMIC PERFORMANCE BY SEGMENT

The Group conducts its business with an organizational structure that concentrates its activities in two divisions: PRIMA POWER and PRIMA ELECTRO.

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

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

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

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

*Values in Euro thousand*

30/06/15	REVENUES	EBITDA	% on Revenues	EBIT	% on Revenues
PRIMA POWER	151.115	9.454	6,3%	4.359	2,9%
PRIMA ELECTRO	32.457	5.362	16,5%	3.984	12,3%
ELIMINATION	(7.632)	(130)	1,7%	(124)	1,6%
<b>GROUP</b>	<b>175.940</b>	<b>14.686</b>	<b>8,3%</b>	<b>8.219</b>	<b>4,7%</b>

*Values in Euro thousand*

30/06/14	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%
<b>GROUP</b>	<b>154.210</b>	<b>14.828</b>	<b>9,6%</b>	<b>9.291</b>	<b>6,0%</b>

### PRIMA POWER

The revenues of PRIMA POWER division increased by 11% compared with the corresponding period of the previous year. The division has achieved excellent results in terms of revenues in Italy (11.3% of the division revenues), in the northern European Countries (10.7%), in Spain (7.1%), in Germany (6.8%), in Eastern Europe (6.2%); in the NAFTA countries they are worth 21.8% of the division revenues and China influences it for 11%.

The EBITDA of the segment amounted to 9,454 thousand Euro in decrease compared to the first half of 2014 of 2,992 thousand Euro. In this respect it should be specified, however, that

the EBITDA of 30/06/2014 benefited from a positive non-recurrent effect for about 2,556 thousand Euro; on the result for the first half of 2015, instead, the non-recurring events amount to 455 thousand Euro and are mainly related to a gain on the sale of licenses amounting to Euro 1,260 thousand and restructuring and reorganization costs amounting to 504 thousand Euro.

### **PRIMA ELECTRO**

The revenues of PRIMA ELECTRO division increased by 37% compared with the corresponding period of the previous year.

The EBITDA for the division amounts to 5,362 thousand Euro, showing a strong growth both in absolute terms (+2,987 thousand Euro), and in percentage (from 9.3% to 16.5%) compared to the same period of the previous financial year, this increase is attributable to the increased turnover.

# CHAPTER 5

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
PRIMA INDUSTRIE GROUP

JUNE 30<sup>TH</sup>, 2015

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ACCOUNTING TABLES



## CHAPTER 5. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF PRIMA INDUSTRIE GROUP AT JUNE 30<sup>TH</sup>, 2015

### CONSOLIDATED FINANCIAL BALANCE SHEET

Values in Euro	Notes	30/06/2015	31/12/2014
Property, plant and equipment	6.1	27.733.869	26.912.167
Intangible assets	6.2	158.065.588	155.552.322
Investments accounted for using the equity method	6.3	1.118.555	759.072
Other investments	6.4	171.358	171.358
Non current financial assets	6.5	585.000	35.000
Deferred tax assets	6.6	10.493.400	9.957.302
Other non current assets	6.9	19.670	19.867
<b>NON CURRENT ASSETS</b>		<b>198.187.440</b>	<b>193.407.088</b>
Inventories	6.7	98.666.511	77.503.950
Trade receivables	6.8	87.323.838	85.663.907
Other receivables	6.9	7.968.541	6.943.043
Current tax receivables	6.10	5.336.525	5.951.830
Derivatives	6.11	226.133	-
Financial assets	6.11	447.591	441.891
Cash and cash equivalents	6.11	28.024.430	35.866.508
<b>CURRENT ASSETS</b>		<b>227.993.569</b>	<b>212.371.129</b>
Assets held for sale	6.12	284.000	284.000
<b>TOTAL ASSETS</b>		<b>426.465.009</b>	<b>406.062.217</b>
Capital stock	6.13	26.208.185	26.208.185
Legal reserve	6.13	4.494.745	4.455.497
Other reserves	6.13	72.259.338	71.967.701
Currency translation reserve	6.13	5.245.905	1.639.850
Retained earnings	6.13	14.501.156	5.523.165
Net result	6.13	1.505.813	9.762.948
<i>Stockholders' equity of the Group</i>		<b>124.215.142</b>	<b>119.557.346</b>
<i>Minority interest</i>		<b>1.381.989</b>	<b>1.150.354</b>
<b>STOCKHOLDERS' EQUITY</b>		<b>125.597.131</b>	<b>120.707.700</b>
Interest-bearing loans and borrowings	6.11	79.981.218	68.678.974
Employee benefit liabilities	6.14	8.635.751	8.682.372
Deferred tax liabilities	6.15	11.038.605	10.822.071
Provisions	6.16	143.603	144.551
Derivatives	6.11	554.937	3.055.597
<b>NON CURRENT LIABILITIES</b>		<b>100.354.114</b>	<b>91.383.565</b>
Trade payables	6.17	84.696.031	77.593.622
Advance payments	6.17	18.496.828	16.933.871
Other payables	6.17	20.364.438	19.926.668
Interest-bearing loans and borrowings	6.11	54.834.332	56.534.173
Current tax payables	6.18	6.365.016	8.027.279
Provisions	6.16	15.757.119	14.826.479
Derivatives	6.11	-	128.860
<b>CURRENT LIABILITIES</b>		<b>200.513.764</b>	<b>193.970.952</b>
<b>TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES</b>		<b>426.465.009</b>	<b>406.062.217</b>

## CONSOLIDATED INCOME STATEMENT

Values in Euro	Notes	30/06/2015	30/06/2014
Net revenues	6.19	175.939.693	154.209.605
Other income	6.20	2.520.943	4.373.203
Change in inventories of finished goods and WIP	-	14.720.254	17.671.728
Increases in fixed assets for internal work	6.21	6.209.363	5.820.732
Use of raw materials, consumables, supplies and goods	-	(88.852.470)	(81.233.952)
Personnel cost	6.22	(51.861.623)	(46.694.749)
Depreciation	6.23	(6.466.200)	(5.536.763)
Other operating expenses	6.24	(43.990.624)	(39.318.413)
<b>OPERATING PROFIT</b>		<b>8.219.336</b>	<b>9.291.391</b>
Financial income	6.25	262.305	66.880
Financial expenses	6.25	(5.023.080)	(3.539.362)
Net exchange differences	6.25	(285.137)	(77.883)
Net result of investments accounted for using the equity method	6.26	(105.000)	-
Net result of other investments	6.27	5.700	-
<b>RESULT BEFORE TAXES</b>		<b>3.074.124</b>	<b>5.741.026</b>
Taxes	6.28	(1.817.014)	(2.226.615)
<b>NET RESULT</b>		<b>1.257.110</b>	<b>3.514.411</b>
- Attributable to Group shareholders		1.505.813	3.701.013
- Attributable to minority shareholders		(248.703)	(186.602)
<b>RESULT PER SHARE - BASIC (in euro)</b>	<b>6.29</b>	<b>0,14</b>	<b>0,35</b>
<b>RESULT PER SHARE - DILUTED (in euro)</b>	<b>6.29</b>	<b>0,14</b>	<b>0,35</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Values in Euro	Notes	30/06/2015	30/06/2014
<b>NET RESULT (A)</b>		<b>1.257.110</b>	<b>3.514.411</b>
Gains/ (Losses) on actuarial defined benefit plans	6.13	-	(8.234)
<b>Total other comprehensive gains/(losses) not to be classified in the Income Statement, net of tax effects (B)</b>		<b>-</b>	<b>(8.234)</b>
Gains / (Losses) on cash flow hedges	6.13	1.227.332	714.488
Gains/(Losses) on exchange differences on translating foreign operations	6.13	3.705.263	317.997
<b>Total other comprehensive gains/(losses) to be classified in the Income Statement, net of tax effects (C)</b>		<b>4.932.595</b>	<b>1.032.485</b>
<b>TOTAL COMPREHENSIVE INCOME (A) + (B) +(C)</b>		<b>6.189.705</b>	<b>4.538.662</b>
- Attributable to Group shareholders		6.339.200	4.740.572
- Attributable to minority shareholders		(149.495)	(201.910)



## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

from the 1<sup>st</sup> of January 2014 to the 30th of June 2014

VALUES IN EURO	Capital stock	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

from the 1<sup>st</sup> of January 2015 to the 30th of June 2015

VALUES IN EURO	Capital stock	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 01/01/2015	26.208.185	57.506.537	4.455.497	(1.286.154)	-	(1.227.332)	16.974.650	1.639.850	5.523.165	9.762.948	119.557.346	1.150.354	120.707.700
Capital increase Prima Power Suzhou	-	-	-	-	-	-	415.251	-	-	-	415.251	381.130	796.381
Reserves reclassification	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	(2.096.655)	-	-	-	(2.096.655)	-	(2.096.655)
Allocation of prior year net result	-	-	39.248	-	-	-	745.709	-	8.977.991	(9.762.948)	-	-	-
Result of comprehensive Income	-	-	-	-	-	1.227.332	-	3.606.055	-	1.505.813	6.339.200	(149.495)	6.189.705
Balance as at 30/06/2015	26.208.185	57.506.537	4.494.745	(1.286.154)	-	-	16.038.955	5.245.905	14.501.156	1.505.813	124.215.142	1.381.989	125.597.131

## CONSOLIDATED CASH FLOW STATEMENT

VALUES IN EURO	30/06/2015	30/06/2014 (**)
<b>Net result</b>	<b>1.257.110</b>	<b>3.514.411</b>
<b>Adjustments (sub-total)</b>	<b>(8.761.908)</b>	<b>2.081.141</b>
Depreciation and impairment	6.466.200	5.536.763
Net change in deferred tax assets and liabilities	(319.564)	229.083
Change in employee benefits	(46.621)	44.576
Change in inventories	(21.162.561)	(23.075.370)
Change in trade receivables	(1.659.931)	10.377.288
Change in trade payables and advances	8.665.366	13.766.466
Net change in other receivables/payables and other assets/liabilities	(704.797)	(4.797.665)
<b>Cash Flows from (used in) operating activities (A)</b>	<b>(7.504.798)</b>	<b>5.595.552</b>
<b>Cash flow from investments</b>		
Acquisition of tangible fixed assets (*)	(2.019.327)	(2.534.062)
Acquisition of intangible fixed assets	(797.104)	(243.238)
Capitalization of development costs	(5.801.608)	(5.616.708)
Net disposal of fixed assets (*)	131.217	45.748
Changes in capital of investments accounted for using the equity method	(464.483)	-
Net result of investments accounted for using the equity method	105.000	-
Purchase/Capital increases in Other investments		(743.669)
<b>Cash Flows from (used in) investing activities (B)</b>	<b>(8.846.305)</b>	<b>(9.091.929)</b>
<b>Cash flow from financing activities</b>		
Change in other financial assets/liabilities and other minor items	(3.054.142)	(108.805)
Increases in loans and borrowings (including bank overdrafts)	105.855.283	2.004.811
Repayment of loans and borrowings (including bank overdrafts)	(96.513.867)	(5.885.965)
Dividends paid	(2.096.655)	-
Currency translation differences	3.606.055	333.305
Other variations	232.013	(138.641)
<b>Cash Flows from (used in) financing activities (C)</b>	<b>8.028.687</b>	<b>(3.795.295)</b>
<b>Cash Flows from (used in) change of minority shareholders (D)</b>	<b>480.338</b>	<b>380.979</b>
<b>Net change in cash and equivalents (E=A+B+C+D)</b>	<b>(7.842.078)</b>	<b>(6.910.693)</b>
<b>Cash and equivalents beginning of period (F)</b>	<b>35.866.508</b>	<b>29.194.149</b>
<b>Cash and equivalents end of period (G=E+F)</b>	<b>28.024.430</b>	<b>22.283.456</b>

Additional Information to the Consolidated Statement of Cash-Flow	30/06/2015	30/06/2014 (**)
<i>Values in Euro</i>		
Taxes	(1.817.014)	(2.226.615)
Financial incomes	262.305	66.880
Financial expenses	(5.023.080)	(3.539.362)

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

(\*\*) for a better comparability, the 2014 figures have been reclassified

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

Values in Euro	Notes	30/06/2015	of which related parties	31/12/2014	of which related parties
Property, plant and equipment	6.1	27.733.869	-	26.912.167	-
Intangible assets	6.2	158.065.588	-	155.552.322	-
Investments accounted for using the equity method	6.3	1.118.555	1.118.555	759.072	759.072
Other investments	6.4	171.358	-	171.358	-
Non current financial assets	6.5	585.000	-	35.000	-
Deferred tax assets	6.6	10.493.400	-	9.957.302	-
Other non current assets	6.9	19.670	-	19.867	-
<b>NON CURRENT ASSETS</b>		<b>198.187.440</b>		<b>193.407.088</b>	
Inventories	6.7	98.666.511	-	77.503.950	-
Trade receivables	6.8	87.323.838	91.537	85.663.907	5.287
Other receivables	6.9	7.968.541	-	6.943.043	-
Current tax receivables	6.10	5.336.525	-	5.951.830	-
Derivatives	6.11	226.133	-	-	-
Financial assets	6.11	447.591	-	441.891	-
Cash and cash equivalents	6.11	28.024.430	-	35.866.508	-
<b>CURRENT ASSETS</b>		<b>227.993.569</b>		<b>212.371.129</b>	
Assets held for sale	6.12	284.000	-	284.000	-
<b>TOTAL ASSETS</b>		<b>426.465.009</b>		<b>406.062.217</b>	
Capital stock	6.13	26.208.185	-	26.208.185	-
Legal reserve	6.13	4.494.745	-	4.455.497	-
Other reserves	6.13	72.259.338	-	71.967.701	-
Currency translation reserve	6.13	5.245.905	-	1.639.850	-
Retained earnings	6.13	14.501.156	-	5.523.165	-
Net result	6.13	1.505.813	-	9.762.948	-
<i>Stockholders' equity of the Group</i>		<b>124.215.142</b>	-	<b>119.557.346</b>	-
<i>Minority interest</i>		<b>1.381.989</b>	-	<b>1.150.354</b>	-
<b>STOCKHOLDERS' EQUITY</b>		<b>125.597.131</b>		<b>120.707.700</b>	
Interest-bearing loans and borrowings	6.11	79.981.218	-	68.678.974	-
Employee benefit liabilities	6.14	8.635.751	-	8.682.372	-
Deferred tax liabilities	6.15	11.038.605	-	10.822.071	-
Provisions	6.16	143.603	-	144.551	-
Derivatives	6.11	554.937	-	3.055.597	-
<b>NON CURRENT LIABILITIES</b>		<b>100.354.114</b>		<b>91.383.565</b>	
Trade payables	6.17	84.696.031	10.887	77.593.622	5.527
Advance payments	6.17	18.496.828	-	16.933.871	-
Other payables	6.17	20.364.438	250.281	19.926.668	591.410
Interest-bearing loans and borrowings	6.11	54.834.332	-	56.534.173	-
Current tax payables	6.18	6.365.016	-	8.027.279	-
Provisions	6.16	15.757.119	-	14.826.479	-
Derivatives	6.11	-	-	128.860	-
<b>CURRENT LIABILITIES</b>		<b>200.513.764</b>		<b>193.970.952</b>	
<b>TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES</b>		<b>426.465.009</b>		<b>406.062.217</b>	

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

Values in Euro	Notes	30/06/2015	of which related parties	30/06/2014	of which related parties
Net revenues	6.19	175.939.693	126.630	154.209.605	-
Other income	6.20	2.520.943	1.492	4.373.203	-
Change in inventories of finished goods and WIP	-	14.720.254	-	17.671.728	-
Increases in fixed assets for internal work	6.21	6.209.363	-	5.820.732	-
Use of raw materials, consumables, supplies and goods	-	(88.852.470)	-	(81.233.952)	-
Personnel cost	6.22	(51.861.623)	(145.667)	(46.694.749)	(147.645)
Depreciation	6.23	(6.466.200)	-	(5.536.763)	-
Other operating expenses	6.24	(43.990.624)	(506.285)	(39.318.413)	(492.737)
<b>OPERATING PROFIT</b>		<b>8.219.336</b>		<b>9.291.391</b>	
<i>of which: non recurring items</i>		<b>455.371</b>		<b>2.556.029</b>	
Financial income	6.25	262.305	-	66.880	-
Financial expenses	6.25	(5.023.080)	-	(3.539.362)	-
Net exchange differences	6.25	(285.137)	-	(77.883)	-
Net result of investments accounted for using the equity method	6.26	(105.000)	(105.000)	-	-
Net result of other investments	6.27	5.700	-	-	-
<b>RESULT BEFORE TAXES</b>		<b>3.074.124</b>		<b>5.741.026</b>	
<i>of which: non recurring items</i>		<b>455.371</b>		<b>2.556.029</b>	
Taxes	6.28	(1.817.014)	-	(2.226.615)	-
<b>NET RESULT</b>		<b>1.257.110</b>		<b>3.514.411</b>	
- Attributable to Group shareholders		1.505.813	-	3.701.013	-
- Attributable to minority shareholders		(248.703)	-	(186.602)	-
<b>RESULT PER SHARE - BASIC (in euro)</b>	<b>6.29</b>	<b>0,14</b>		<b>0,35</b>	
<b>RESULT PER SHARE - DILUTED (in euro)</b>	<b>6.29</b>	<b>0,14</b>		<b>0,35</b>	

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

VALUES IN EURO	30/06/2015	of which related parties	30/06/2014 (**)	of which related parties
<b>Net result</b>	<b>1.257.110</b>	-	<b>3.514.411</b>	-
<i>Adjustments (sub-total)</i>	<b>(8.761.908)</b>	-	<b>2.081.141</b>	-
Depreciation and impairment	6.466.200	-	5.536.763	-
Net change in deferred tax assets and liabilities	(319.564)	-	229.083	-
Change in employee benefits	(46.621)	-	44.576	-
Change in inventories	(21.162.561)	-	(23.075.370)	-
Change in trade receivables	(1.659.931)	86.250	10.377.288	-
Change in trade payables and advances	8.665.366	5.360	13.766.466	-
Net change in other receivables/payables and other assets/liabilities	(704.797)	(341.129)	(4.797.665)	(258.215)
<b>Cash Flows from (used in) operating activities (A)</b>	<b>(7.504.798)</b>		<b>5.595.552</b>	
<b>Cash flow from investments</b>				
Acquisition of tangible fixed assets (*)	(2.019.327)	-	(2.534.062)	-
Acquisition of intangible fixed assets	(797.104)	-	(243.238)	-
Capitalization of development costs	(5.801.608)	-	(5.616.708)	-
Net disposal of fixed assets (*)	131.217	-	45.748	-
Changes in capital of investments accounted for using the equity method	(464.483)	(464.483)	-	-
Net result of investments accounted for using the equity method	105.000	105.000	-	-
Purchase/Capital increases in Other investments			(743.669)	
<b>Cash Flows from (used in) investing activities (B)</b>	<b>(8.846.305)</b>		<b>(9.091.929)</b>	
<b>Cash flow from financing activities</b>				
Change in other financial assets/liabilities and other minor items	(3.054.142)	-	(108.805)	-
Increases in loans and borrowings (including bank overdrafts)	105.855.283	-	2.004.811	-
Repayment of loans and borrowings (including bank overdrafts)	(96.513.867)	-	(5.885.965)	-
Dividends paid	(2.096.655)	-	-	-
Currency translation differences	3.606.055	-	333.305	-
Other variations	232.013	-	(138.641)	-
<b>Cash Flows from (used in) financing activities (C)</b>	<b>8.028.687</b>		<b>(3.795.295)</b>	
<b>Cash Flows from (used in) change of minority shareholders (D)</b>	<b>480.338</b>		<b>380.979</b>	
<b>Net change in cash and equivalents (E=A+B+C+D)</b>	<b>(7.842.078)</b>		<b>(6.910.693)</b>	
<b>Cash and equivalents beginning of period (F)</b>	<b>35.866.508</b>		<b>29.194.149</b>	
<b>Cash and equivalents end of period (G=E+F)</b>	<b>28.024.430</b>		<b>22.283.456</b>	

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

(\*\*) for a better comparability, the 2014 figures have been reclassified

# CHAPTER

# 6

DESCRIPTION OF ACCOUNTING PRINCIPLES

EXPLANATORY NOTES

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## CHAPTER 6. DESCRIPTION OF ACCOUNTING PRINCIPLES - EXPLANATORY NOTES

### FORM AND CONTENT

The abbreviated consolidated balance sheet of the PRIMA INDUSTRIE Group on 30/06/2015 has been drawn up on the assumption of the company continuing trading (for greater detail see the note "Accounting Principles") and in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and recognised by the European Union (defined as "IFRS"), as well as the legislative and regulatory directions in force in Italy (with particular reference to Leg. Decree 58/1998 and subsequent amendments, as well as the issuer's Regulation issued by CONSOB). "IFRS" is also meant as the International Accounting Standard (IAS) still in force, as well as all the interpretive documents issued by the International Financial Reporting Interpretations Committee ("IFRIC") previously called the Standing Interpretations Committee ("SIC").

The abbreviated consolidated balance sheet on 30/06/2015 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 31/12/2014, to which attention is drawn for greater detail.

The abbreviated consolidated balance on 30/06/2015 of the PRIMA INDUSTRIE Group is presented in a 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 on 30/06/2015 according to the principles described in the "Accounting Principle" Note of the consolidated balance on 31/12/2014, to which attention is drawn.

For purposes of comparison, the balance sheet data on 31/12/2014 have been presented as well as the data of the profit and loss account and the financial statement relating to 31/06/2014 with the movements of net assets of the first three months of 2014 as well, as required by IAS 1.

### ACCOUNTING PRINCIPLES

#### Accounting criteria and principles of consolidation

The accounting criteria and principles of consolidation adopted for setting out the abbreviated consolidated balance sheet at 30/06/2015 are compatible with those used for the consolidated annual balance sheet at 31/12/2014, to which reference is made subject to the new standards/interpretations adopted by the Group starting from January 1<sup>st</sup>, 2015, as well as the adjustments required by the nature of the interim findings.

#### On-going concern

The condensed consolidated balance sheet at 30/06/2015 has been set out on the assumption of the company continuing trading in that it is reasonably expected that PRIMA INDUSTRIE will continue with its operational activities in the foreseeable future.

#### Accounting standards, amendments and interpretations effective from January 1, 2015

- In May 20, 2013, the IASB issued IFRIC 21 - Tributes, an interpretation of IAS 37 "Provisions, Liabilities and Contingent Assets" (effective from 01/01/2014 but approved

by the European Union on June 2014 therefore applicable from 01/01/2015), which establishes the recognition of liabilities for the payment of different taxes than income taxes and sets in special which event originates the obligation and the moment of recognition of the liability. These changes have not generated significant effects on the Group's financial statements.

- In 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 changes have not generated significant effects on the Group's financial statements.
- *Annual Improvements 2010-2012 Cycle*: a series of amendments to the IFRS in response to eight topics addressed during the 2010-2012 cycle. They relate largely to clarifications. These changes have not generated significant effects on the Group's financial statements.
- *Annual Improvements 2011-2013 Cycle*: a series of amendments to the IFRS, in response to the four topics addressed during the 2011-2013 cycle. They relate largely to clarifications. These changes have not generated significant effects on the Group's financial statements.

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

- In 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 01/01/2017.
- *Annual Improvements 2012-2014 Cycle* (effective from 01/01/2016): a series of amendments to the IFRS, in response to 4 topics addressed during the 2012-2014 cycle. They relate largely to clarifications.



- 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 01/01/2018.
- For August 2014, the IASB issued amendments to "IAS 27 Separate Financial Statements". The amendment will allow companies to use the equity method to account for investments in subsidiaries, *joint ventures* and associates in their separate financial statements. This amendment will come into force from 01/01/2016.
- In September 2014, the IASB issued minors amendments to "IFRS 10 - Consolidated Financial Statements" and to "IAS 28 - Investments in associates and joint ventures (2011)" regarding the recognized inconsistency between the requirements of IFRS 10 and those of IAS 28 (2011), in the sales relations or transfer of assets between an investor and its subsidiary or joint venture. If the object of the transaction is a strategic asset then the gain or loss is recognized in full, while if the object of the transaction is not a strategic asset, then the gain or loss is recognized in part. These changes will be effective from 01/01/2016, on a prospective basis.
- In December 2014, the IASB issued amendments to "IAS 1 - Presentation of Financial Statements" to improve the presentation and disclosure of financial reports. The amendments clarify that materiality is applied to the entire financial statements, and that the immaterial information must be included if it inhibits the usefulness of the financial information. The amendments also clarify that companies should rely on the judgement of an expert to determine where and in what order the information should be presented in the financial report. The changes are effective starting on or after 01/01/2016.

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 condensed consolidated balance sheet of 30/06/2015, 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:

- a) with regard to the Consolidated assets - financial situation, 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) was adopted;
- b) with regard to the consolidated profit and loss account, the scheme adopted foresees the distribution of costs in kind; the comprehensive consolidated profit and loss account includes, in addition to the profit for the period, as a consolidated profit and loss account, the other variations of the movement of net assets different from those with the shareholders;
- c) with regards to the statement of the variation of net assets, the scheme adopted to reconcile the opening and closure of each assets item whether for the current period or for the preceding one;
- d) with regard to the Financial Report 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 amortizing, devaluations, unrealized profits and losses on associate companies;
  - of the variation of the stock in hand, 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 August 27, 2015.

## EXPLANATORY NOTES

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

### NOTE 6.1 - PROPERTY, PLANT & EQUIPMENT

The Property, Plant & Equipment heading on 30/06/2015 is equal to 27,734 thousand Euro, showing an increase of 822 thousand Euro compared with 31/12/2014.

For greater detail 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
<b>Movements 2014</b>						
Increases	3.617.818	692.412	1.092.537	1.163.367	224.716	6.790.850
Disinvestments	(1.500.000)	(228.603)	(169.601)	(527.051)	-	(2.425.255)
Utilization of accumulated depreciation	-	228.603	163.207	460.942	-	852.752
Depreciation	(586.080)	(470.486)	(893.706)	(976.391)	-	(2.926.663)
Impairment	(121.270)	(28.348)	-	-	-	(149.618)
Reclassifications with tangible fixed assets	435.846	61.900	326.418	37.872	(862.036)	-
Differences on exchange rates	368.897	46.145	141.426	421	12.281	569.170
Net value as at December 31st, 2014	18.992.681	2.201.670	2.331.670	2.606.706	779.439	26.912.167
<b>2015 1st half's movements</b>						
Increases	30.897	172.092	854.899	473.101	488.338	2.019.327
Disinvestments	(126.996)	(1.319)	(4.474)	(570.025)	-	(702.814)
Utilization of accumulated depreciation	5.835	504	3.098	562.160	-	571.597
Depreciation	(358.800)	(239.815)	(515.430)	(511.695)	-	(1.625.740)
Reclassifications with tangible fixed assets	-	-	12.842	73	(12.915)	-
Differences on exchange rates	336.011	48.070	108.156	66.903	192	559.332
Net Value as at June 30th, 2015	18.879.628	2.181.202	2.790.761	2.627.223	1.255.054	27.733.869

### NOTE 6.2 - INTANGIBLE ASSETS

The intangible assets on 30/06/2015 are equal to 158,066 thousand Euro, an increase of 2,513 thousand Euro compared with 31/12/2014.

For greater detail on the subject, refer to 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
<b>Movements 2014</b>				
Increases/ (decreases)	-	10.728.928	581.175	11.310.103
Depreciation	-	(4.834.467)	(3.520.298)	(8.354.765)
Differences on exchange rates	300.623	657.642	66.818	1.025.083
Net value as at December 31st, 2014	102.880.429	32.164.841	20.507.052	155.552.322
<b>2015 1st half's movements</b>				
Increases/ (decreases)	-	5.801.608	797.104	6.598.712
Depreciation	-	(3.053.206)	(1.787.254)	(4.840.460)
Differences on exchange rates	213.787	486.914	54.313	755.014
Net Value as at June 30th, 2015	103.094.216	35.400.157	19.571.215	158.065.588

The most significant item is represented by Goodwill, which on 30/06/2015 is equal to 103,094 thousand Euro. Goodwill accounted for 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 June 30th, 2015	BOOK VALUE GOODWILL December 31st, 2014
PRIMA POWER	97.747	97.613
OSAI (Service)	4.125	4.125
PRIMA ELECTRO NORTH AMERICA	1.031	951
MLTA	154	154
OSAI UK	37	37
<b>TOTAL</b>	<b>103.094</b>	<b>102.880</b>

Goodwill (being an asset with an undefined life) is not subject to depreciation and is subject to the value reduction verification (*impairment test*) at least annually. On 31/12/2014 the Group performed the *impairment test* on the value of the main goodwill (PRIMA POWER, OSAI-Service and PRIMA ELECTRO NORTH AMERICA), for which reference is made to the Consolidated Financial Statements of 31/12/2014. Regarding the above mentioned goodwill, as no indicators of loss in value have appeared compared with the balance sheet closed on 31/12/2014, 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, 2015 are of 13,758 thousand Euro and 3,500 thousand Euro, respectively.

#### NOTE 6.3 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

This item includes shareholdings in EPS SA for 1,119 thousand Euro, owned by PRIMA ELECTRO SpA for 19.96%. The change amounting to 359 thousand Euro refers 464 thousand Euro to the listing on the Euronext regulated market of Paris and 105 thousand Euro to the transposition of the profit share for the six month period determined in accordance with the latest results available at the time of approval of this Financial Report.

#### NOTE 6.4 - OTHER INVESTMENTS

The value of Other Investments at 30/06/2015 amounts to 171 thousand Euro and is unchanged from 31/12/2014.

This heading on 30/06/2015 is composed of:

- Caretek Srl: 56 thousand Euro (investment equal to 19.3% held by PRIMA ELECTRO SpA);
- Fimecc OY: 50 thousand Euro (investment equal to 2.4% held by FINN-POWER OY);
- Härmämedi OY: 25 thousand Euro (investment equal to 8.3% held by FINN-POWER OY);
- Lamiera Servizi Srl: 11 thousand Euro (investment equal to 19% held by PRIMA INDUSTRIE SpA);
- other minor investments: 30 thousand Euro.

#### NOTE 6.5 - NON CURRENT FINANCIAL ASSETS

This heading on 30/06/2015 is equal to 585 thousand Euro and increased by 550 thousand Euro compared with 31/12/2014. It refers to a time deposit with maturity over 12 months signed by PRIMA INDUSTRIE SpA as collateral for a loan granted to the Brazilian subsidiary PRIMA POWER SOUTH AMERICA LTDA and to a loan granted by PRIMA ELECTRO SpA to Caretek Srl for 35 thousand Euro.

#### NOTE 6.6 - DEFERRED TAX ASSETS

The Deferred Tax Assets are equal to 10,493 thousand Euro, showing an increase compared with the preceding financial year of 536 thousand Euro.

The following table shows the movements of Deferred Tax Assets in the first six months of 2015.

Deferred tax assets	30/06/15	31/12/14
Opening balance	9.957.302	7.647.333
Provisions	1.178.611	2.536.652
Utilizations	(1.004.903)	(574.220)
Differences on exchange rates	362.390	347.537
Closing balance	10.493.400	9.957.302

The accounting statement of prepaid taxes has been carried out, only where suppositions of recoverability exist. The valuation on the recoverability of anticipated taxes take into account the expected profits in future financial years and furthermore, is supported by the fact that the anticipated taxes mainly refer to adjusted asset funds and to provisions for risks and charges, for which there is no expiry. The anticipated taxes on the accumulated claimable losses have been recognized in the measure at which it is probable that a future taxable income against which they might be recovered. In the light of what has been illustrated, elements such as to modify the preceding valuations regarding the recoverability of the anticipated taxes have not been experienced.

#### NOTE 6.7 - INVENTORIES

The following table shows the composition of inventories at 30/06/2015 and at 31/12/2014.

Inventories	30/06/15	31/12/14
Raw materials	27.640.289	23.409.742
Semi-finished goods	20.546.165	13.204.340
Finished goods	58.182.677	48.096.743
(Inventories provisions)	(7.702.620)	(7.206.875)
<b>TOTAL</b>	<b>98.666.511</b>	<b>77.503.950</b>

The inventories on 30/06/2015 amount to 98,667 thousand Euro, net of the warehouse devaluation fund for a total of 7,703 thousand Euro. The net value of the warehouse inventories on 30/06/2015 shows an increase equal to 21,163 thousand Euro compared with 31/12/2014. This increase is needed to support the production volumes in the upcoming quarters, in fact, the Group's order portfolio increased from 94.5 million Euro on 31/12/2014 to Euro 107.1 million Euro on 30/06/2015 (for more details, see the "Trade Assets and Order Portfolio" paragraph).

#### NOTE 6.8 - TRADE RECEIVABLES

The trade receivables on 30/06/2015 amounted to 87,324 thousand Euro and compared to the previous financial year a increase of 1,660 thousand Euro was experienced.

Trade receivables	30/06/15	31/12/14
Receivables from customers	90.865.807	89.048.778
Bad debts reserve	(3.541.969)	(3.384.871)
<b>TOTAL</b>	<b>87.323.838</b>	<b>85.663.907</b>

With reference to the provision for bad debts there were no significant changes, as it was considered that the credit risk is adequately covered by the provision allocated.

#### NOTE 6.9 - OTHER RECEIVABLES

The Other receivables on 30/06/2015 are equal to 7,969 thousand Euro and increased by 1,025 thousand Euro compared with 31/12/2014.

Other receivables	30/06/15	31/12/14
Contribution to be received for R&D projects	3.544.200	3.278.772
Prepayments and accrued income	2.179.306	1.608.576
Advances payments to suppliers	1.701.350	1.569.390
Advances to employees	311.880	289.242
Other receivables	231.804	197.063
<b>TOTAL</b>	<b>7.968.541</b>	<b>6.943.043</b>

The other non-current receivables are equal to 20 thousand Euro.

#### NOTE 6.10 - CURRENT TAX RECEIVABLES

The heading amounts to 5,337 thousand Euro in decrease of 615 thousand Euro compared to 31/12/2014. Tax assets are represented by VAT credits of 2,868 thousand Euro (3,214 thousand Euro on 31/12/2014), by advances from direct taxes of 1,221 thousand Euro (1,247 thousand Euro on 31/12/2014), by 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), which arose in February 2013, by receivables for withholding tax of 113 thousand Euro (325 thousand Euro on 31/12/2014) and by other receivables for minor tax assets of 87 thousand Euro (118 thousand Euro on 31/12/2014).

#### NOTE 6.11 - NET FINANCIAL POSITION

On 30/06/2015, the net financial position of the Group was negative for an amount of 106,672 thousand Euro, increasing of 14,583 thousand Euro compared to the previous financial year (negative for 92,089 thousand Euro). For a better understanding of the variation in the net financial position achieved during the first six months of 2015, refer to the consolidated financial report for the period.

As required by the Consob communication No. DEM/6064293 of 28/07/2006, the net financial debt at 30/06/2015 and 31/12/2014 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

		30/06/15	31/12/14	Variations
A	CASH	28.024	35.867	(7.843)
B	OTHER CASH AND CASH EQUIVALENTS	-	-	-
C	SECURITIES HELD FOR TRADING	-	-	-
D	CASH ON HAND (A+B+C)	28.024	35.867	(7.843)
E	CURRENT FINANCIAL RECEIVABLES	674	442	232
F	CURRENT BANK PAYABLES	27.937	26.577	1.360
G	CURRENT PART OF NON-CURRENT INDEBTEDNESS	24.842	25.146	(304)
H	OTHER CURRENT FINANCIAL PAYABLES	2.055	4.940	(2.885)
I	CURRENT FINANCIAL INDEBTEDNESS (F+G+H)	54.834	56.663	(1.829)
J	NET CURRENT FINANCIAL INDEBTEDNESS (I-D-E)	26.136	20.354	5.782
K	NON-CURRENT BANK PAYABLES	36.030	67.454	(31.424)
L	BOND ISSUED	39.548	-	39.548
M	OTHER NON-CURRENT FINANCIAL PAYABLES	4.958	4.281	677
N	NON-CURRENT FINANCIAL INDEBTEDNESS (K+L+M)	80.536	71.735	8.801
O	NET FINANCIAL POSITION (J+N)	106.672	92.089	14.583

It is important to note that following the issue of a seven-year *Bond* of 40 million Euro and the conclusion of a new *Club Deal* loan agreement for 60 million Euro, transactions that both took place in February 2015, the residual capital value of the FINPOLAR loan was fully repaid in advance. On both new forms of financing there are financial *covenants* with measurements on an annual and half-yearly basis. For more details on these operations, see the "Significant events of the period" paragraph in the Group Interim Financial Report.

## LIQUIDITY

For more detail on the related liquid availability, see the Consolidated Statement of cash flows.

## CURRENT FINANCIAL RECEIVABLES

Current financial receivables amount to 674 thousand Euro and include:

- a receivable from the company Wuhan Huagong Unity resulting from the sale by PRIMA INDUSTRIE SpA of the last 5% of the investment in Shanghai Unity Prima amounting to 442 thousand Euro;
- financial instruments to hedge foreign exchange risk (*Currency Rate Swap*) for 226 thousand Euro.
- a receivable of 6 thousand Euro from LAMIERA SERVIZI, a subsidiary company of PRIMA INDUSTRIE SpA;

## BONDS ISSUED

The total bonds issued amount to 40,940 thousand Euro and includes interest accrued but not yet paid for an amount of 940 thousand Euro. The debt relates exclusively to the *Bond* issued in the first quarter of 2015, and expiring on 06/02/2022. The net debt in the financial statements amounted to 40,419 thousand Euro, since the accessory charges incurred on the issue of bonds were included as partial debt relief. The quota due after 12 months is equal to 39,548 thousand Euro. The quarterly postponed interest to bondholders, have been regularly paid on 04/08/2015.

## INDEBTEDNESS WITH BANKS

The main debt included in the indebtedness with banks is the *Club Deal* Loan. This loan is divided into a quota of 40 million Euro in the form of loan repayment and a quota of 20 million Euro in the form of *revolving* credit line. The interest rate for both quotas is set in Euribor plus an additional 3% *spread*.

This financing, which at 30/06/2015 amounts comprehensively to 55,349 thousand Euro, is subdivided as follows:

- Medium/long-term loan of 39,489 thousand Euro (*amortized* expiring on 30 June 2021);
- *Revolving* credit line of 15,740 thousand Euro expiring on 21 December 2019;
- on 30/06/2015 matured interest was recorded and not yet liquidated for 120 thousand Euro.

The *Club Deal* loan is for 32,767 thousand Euro expiring beyond 12 months.

The *covenants* measured on the consolidated financial statements at 30 June 2015 were met.

Included in the non-current bank debits are also other bank financing for 2,708 thousand Euro and the negative *fair value* of a derivative financial instrument (IRS - Interest Rate Swap) which amounts comprehensively to 555 thousand Euro. For which no effectiveness test has been carried out as the *hedge accounting* criterion has not been applied therefore, the *fair value* variations were assigned to the income statement.

Included into the current bank debt (also considering the current part of the non-current debt) are the *Club Deal* Loan for 22,582 thousand Euro, the *Bond* for 871 thousand Euro, the *bank overdrafts* for 20,625 thousand Euro and other bank loans for 8,701 thousand Euro.

## OTHER FINANCIAL PAYABLES

The Other financial payables amount comprehensively to 7,013 thousand Euro (of which 2,055 thousand are current).

The other financial payables include:

- payables for financial leasing for a sum equal to 2,726 thousand Euro (of which 604 thousand Euro are current);
- other financial payables for 4,287 thousand Euro (of which 1,451 thousand Euro are current); these payables refer principally to subsidized ministerial loans and some contributions of funded research activities collected by PRIMA INDUSTRIE SpA, as the project leader, that will be redistribute it in a short time between all partners in the project.

#### FINANCIAL INDICATORS (COVENANTS)

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

Below there are the tables indicating the *covenants* currently in force on 30/06/2015 and the following measurement periods.

Club Deal	
EBITDA/Consolidated Net Financial costs ratio not less than:	3,25 at December 31, 2014 and June 30, 2015 3,50 at December 31, 2015 and June 30, 2016 4,00 at December 31, 2016 and June 30, 2017 4,25 for each measurement subsequent date
Net Financial Borrowings/Consolidated EBITDA ratio not more than:	3,75 at December 31, 2014 and June 30, 2015 3,50 at December 31, 2015 and June 30, 2016 3,25 at December 31, 2016 and June 30, 2017 3,00 for each measurement subsequent date

Bond	
EBITDA/Consolidated Net Financial costs ratio not less than:	3,5x for the duration of the loan, to be calculated at 30/06 and at 31/12 of each year
Net Financial Borrowings/Consolidated EBITDA ratio not more than:	4,0x for the duration of the loan, to be calculated at 30/06 and at 31/12 of each year
Net Financial Borrowings/Consolidated Shareholders's Equity ratio not more than:	1,5x for the duration of the loan, to be calculated at 30/06 and at 31/12 of each year

#### MOVEMENT OF PAYABLES DUE TO BANKS AND LOANS

The payables due to banks and the financing of the PRIMA INDUSTRIE Group on 30/06/2015 (not including the derivatives *fair value*) are equal to 134,815 thousand Euro. The detail is listed below.

<b>BANK PAYABLES AND LOANS</b>	<i>Euro thousand</i>
Bank Payables and loans - current portion (December 31st, 2014)	56.534
Bank Payables and loans - non-current portion (December 31st, 2014)	68.679
<b>TOTAL BANK PAYABLES AND LOANS AS OF DECEMBER 31st, 2014</b>	<b>125.213</b>
Stipulation of loans and borrowings (including bank overdrafts)	105.855
Repayment of loans and borrowings (including bank overdrafts)	(96.514)
Stipulation/(repayments) of financial leasing	(183)
Exchange rate effect	444
<b>TOTAL BANK PAYABLES AND LOANS AS OF JUNE 30th, 2015</b>	<b>134.815</b>
of which:	
Bank Payables and loans - current portion (June 30th, 2015)	54.834
Bank Payables and loans - non-current portion (June 30th, 2015)	79.981
<b>TOTAL BANK PAYABLES AND LOANS AS OF JUNE 30th, 2015</b>	<b>134.815</b>

#### NOTE 6.12 - ASSETS HELD FOR SALE

On 30/06/2015, the value of assets held for sale is equal to 284 thousand Euro and remained unchanged compared with 31/12/2014. It refers to some properties under construction held by the Company FINN-POWER ITALIA Srl located in Mantova, Italy.

#### NOTE 6.13 - NET EQUITY

The net equity of the PRIMA INDUSTRIE group has increased compared to the end of last financial year of 4,889 thousand Euro. This increase is the result of the positive effects of the Group's overall result for the period (6,190 thousand Euro) and of the capital increase in PRIMA POWER Suzhou (796 thousand Euro), partially offset by the payment of dividends (2,097 thousand Euro ) that took place in April.

#### NOTE 6.14 - EMPLOYEE BENEFITS LIABILITIES

The heading Benefits to employees includes:

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

The table below compares the items in question.

<b>Employee benefits</b>	<b>30/06/15</b>	<b>31/12/14</b>
Severance indemnity fund	6.388.850	6.531.753
Fidelity premium and other pension funds	2.246.901	2.150.619
<b>TOTAL</b>	<b>8.635.751</b>	<b>8.682.372</b>

#### NOTE 6.15 - DEFERRED TAX LIABILITIES

The deferred tax liabilities are equal to 11,039 thousand Euro, showing an increase of 217 thousand Euro compared with 31/12/2014.

The following table shows the movements of Deferred Tax Liabilities in the first six months of 2015.

Deferred tax liabilities	30/06/15	31/12/14
Opening balance	10.822.071	10.350.390
Provisions	490.375	1.440.382
Utilizations	(570.199)	(1.293.017)
Differences on exchange rates	296.359	324.316
Closing balance	11.038.605	10.822.071

It has to be noted that this heading includes also deferred taxes liabilities on trademark, on relationships with clients and on Cologne Veneta real estate related to the company merger of the FINN-POWER Group equal to 5.753 thousand Euro.

#### NOTE 6.16 - PROVISIONS

The provisions for liabilities and charges are equal to 15,901 thousand Euro and increased by 930 thousand Euro compared with 31/12/2014.

The non-current risks funds refer exclusively to the agent client indemnity fund and amount comprehensively to 144 thousand Euro.

Current risks funds mainly relate to product warranties (equal to 9,447 thousand Euro) and the best estimate of costs still to be incurred for the completion of certain activities ancillary to the sale of machinery already sold (equal to 5,480 thousand Euro). The Guarantee Fund relates to the provisions for technical guarantee interventions on the group's products and is considered appropriate in comparison to the guarantee costs which have to be provided for.

The other funds amounting to 830 thousand Euro refer to legal, fiscal procedures and other disputes; these funds represent the best estimate by management of the liabilities which must be accounted for with reference to legal, fiscal proceedings occasioned during normal operational activity with regard to resellers, clients, suppliers or public authorities. This heading also includes legal proceedings relating to disputes with former employees.

#### NOTE 6.17 - TRADE PAYABLES, ADVANCE PAYMENTS AND OTHER PAYABLES

The value of these payables increased compared to 31/12/2014 by 9,103 thousand Euro. It is recalled that the Clients advance payments heading contains both the advance payments on orders relating to machines which have not yet been delivered, as well as those generated by the application of the IAS 18 accounting principle relating to machines already delivered, but not yet accepted by the end client and therefore not booked as revenue. The Other payables heading includes social security and welfare payables, payables due to employees, accruals and deferrals and other minor payables.

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

Trade, advances and other payables	30/06/15	31/12/14
Trade payables	84.696.031	77.593.622
Advances	18.496.828	16.933.871
Other payables	20.364.438	19.926.668
<b>TOTAL</b>	<b>123.557.297</b>	<b>114.454.161</b>

#### NOTE 6.18 - CURRENT TAX PAYABLES

The tax payables for current taxes on 30/06/2015 are equal to 6,365 thousand Euro which represents a reduction of 1,662 thousand Euro compared with 31/12/2014 (8,027 thousand Euro on 31/12/2014).

#### NOTE 6.19 - NET REVENUES

The income from the sales and services have been increased and commented on chapter 3 "Group Interim Management Report" in the paragraph "Revenues and Profitability".

#### NOTE 6.20 - OTHER INCOME

The other operating income amounts to 2,521 thousand Euro; the other operational income amounted to 2,521 thousand Euro; they refer mainly to income from the sale of licenses arising from industrial cooperation agreements and contributions 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 and amounted to 1,260 thousand Euro (at 30/06/2014 they amounted to 2,940 thousand Euro).

#### NOTE 6.21 - INCREASES IN FIXED ASSETS FOR INTERNAL WORK

The increase in fixed assets for internal work on 30/06/2015 amount to 6,209 thousand Euro and refer mainly to the capitalization of new project development costs (5,802 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 Srl, by PRIMA POWER LASERDYNE Llc, by PRIMA ELECTRO SpA, and by PRIMA ELECTRO NORTH AMERICA Llc.

#### NOTE 6.22 - PERSONNEL COSTS

The personnel costs at 30/06/2015 is equal to 51,862 thousand Euro and shows an increase compared with the corresponding period of the previous financial year of 5,167 thousand Euro. This increase is mainly a result of the increased number of employees in the Group.

#### NOTE 6.23 - DEPRECIATION -IMPAIRMENT

The depreciation at 30/06/2015 amounts to 6,466 thousand Euro (of which 4,840 thousand Euro are related to intangible assets). No *impairment* was made in the first half of 2015.

It has to be highlighted that amortization costs relating to the trademark and relationships with clients ("*customers list*") amount to a comprehensive 1,547 thousand Euro, while those relating to development costs are equal to 3,053 thousand Euro.

#### NOTE 6.24 - OTHER OPERATING EXPENSES

The Other operating expenses for the first six months of 2015 amount to 43,991 thousand Euro compared with 39,318 thousand Euro at 30/06/2014.

The main operating expenses are:

- external production services amounted to 10,172 thousand Euro;
- travel expenses amounted to 7,442 thousand Euro;
- transport and delivery costs amounted to 4,170 thousand Euro;
- rents and use of third party assets amounted to 3,808 thousand Euro;
- consultancies (directional, administrative, fiscal, commercial, and technical) amounted to 2,501 thousand Euro;
- cost for the temporary workers and other personnel costs amount to 2,378 thousand Euro;
- commissions amounted to 1,731 thousand Euro;
- exhibitions and advertising expenses amounted to 1,560 thousand Euro.

#### NOTE 6.25 - FINANCIAL INCOME AND EXPENSES

The financial management of the first six months of 2015 shows a negative result of 5,046 thousand Euro.

Financial Management	30/06/15	30/06/14
Financial income	262.305	66.880
Financial expenses	(5.023.080)	(3.539.362)
<b>Net financial expenses</b>	<b>(4.760.775)</b>	<b>(3.472.482)</b>
Net exchange of transactions in foreign currency	(285.137)	(77.883)
<b>TOTAL</b>	<b>(5.045.912)</b>	<b>(3.550.365)</b>

It should be noted that the financial costs of the first half of 2015 incorporate the anticipated costs of the FINPOLAR loan amounting to 2,123 thousand Euro; these costs (mainly related to the previously subscribed hedging derivative) would have been calculated pro-rata over the following quarters until February 2016 if FINPOLAR would have reached its natural end . Financial charges have been accounted for, amounting to 951 thousand Euro related to the issue of *Bonds* and 645 thousand Euro related to the new *Club Deal* loan. The exchange management results in the first half of 2015 was negative for 285 thousand Euro (at 30/06/2014 it was a negative for 78 thousand Euro); the effect of the foreign exchange derivatives management should be noted, which is positive for 532 thousand Euro and is entered among the financial income.

#### NOTE 6.26 - NET RESULT OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

This heading negative for 105 thousand Euro includes the implementation of the loss amount of the subsidiary EPS SA; this assessment considers the latest results available at the time of approval of this financial report.

#### NOTE 6.27 - NET RESULT ON OTHER INVESTMENTS

This figure is positive for 6 thousand Euro on 30/06/2015 and refers to the dividend distributed by LAMIERA SERVIZI whose investment equal to 19% is owned by PRIMA INDUSTRIE SpA.

#### NOTE 6.28- CURRENT AND DEFERRED TAXES

Income taxes in the first six months of 2015 indicate a negative net balance of 1,817 thousand Euro, of which current negative for 2.436 Euro thousand (including IRAP for 612 thousand Euro) end deferred positive for 619 Euro thousand.

#### NOTE 6.29 - RESULT PER SHARE

The earnings per share on 30/06/2015, positive for 0.14 Euro (0.35 Euro on 30/06/2014) is calculated by dividing the profits attributable to the shareholders of the Parent Company by the average number of ordinary shares in circulation during the financial year which are 10,483,274. The diluted earnings per share is equal to the basic earning because at 30/06/2015 there are no dilutive operations.

#### NOTE 6.30 - INFORMATION ON RELATED PARTIES

In addition to the relationships with the strategic management and the Board of Statutory Auditors, operations with related parties were connected to transactions with EPS SpA (100% owned by EPS SA) mainly for research and development of special electronic components.

OPERATIONS WITH RELATED PARTIES	Strategic Management	Board of Statutory Auditors	EPS	TOTAL
RECEIVABLES AS AT 01/01/2015	-	-	5.287	5.287
RECEIVABLES AS AT 30/06/2015	-	-	91.537	91.537
PAYABLES AS AT 01/01/2015	486.410	105.000	5.527	596.937
PAYABLES AS AT 30/06/2015	197.781	52.500	10.887	261.168
REVENUES 01/01/2015 - 30/06/2015	-	-	128.122	128.122
COSTS 01/01/2015 - 30/06/2015	596.055	52.500	3.397	651.952
VARIATIONS IN RECEIVABLES				
01/01/2015 - 30/06/2015	-	-	86.250	86.250
VARIATIONS IN PAYABLES				
01/01/2015 - 30/06/2015	(288.629)	(52.500)	5.360	(335.769)

#### NOTE 6.31 - NOT RECURRING ITEMS

The table below synthesized the not recurring items for the first half 2015. They had have a positive impact on the income statement for 455 thousand Euro.



Significant non-recurrent events and transactions (Values expressed in Euro thousand)	Other operating revenues	Personnel cost	Other operating costs	Total
Sale of know-how and licenses	1.260.000	-	-	1.260.000
Actions of Reorganization/Restructuring	-	(428.197)	(75.805)	(504.002)
Legal/fiscal disputes and penalties from customers	-	-	(295.980)	(295.980)
Other minor events	-	-	(4.647)	(4.647)
<b>EBITDA</b>	<b>1.260.000</b>	<b>(428.197)</b>	<b>(376.432)</b>	<b>455.371</b>
Depreciation and Impairment	-	-	-	-
<b>EBIT</b>	<b>1.260.000</b>	<b>(428.197)</b>	<b>(376.432)</b>	<b>455.371</b>
Financial Income and Expenses	-	-	-	-
Economical effect on investments operations	-	-	-	-
<b>NET RESULT BEFORE TAXES</b>	<b>1.260.000</b>	<b>(428.197)</b>	<b>(376.432)</b>	<b>455.371</b>

#### NOTE 6.32 SECTOR INFORMATION SHEET

We 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 sheet by sector of activity

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

The operational sectors of the group are the following two:

- PRIMA POWER
- PRIMA ELECTRO

The principal sector details are supplied below.

Segment results as at June 30th, 2015	PRIMA POWER	PRIMA ELECTRO	Items not allocated	TOTAL
Total sector revenues	151.115	32.457	-	183.572
(Inter-sector revenues)	(49)	(7.583)	-	(7.632)
<b>Revenues</b>	<b>151.066</b>	<b>24.874</b>	<b>-</b>	<b>175.940</b>
<b>EBITDA</b>	<b>9.047</b>	<b>5.639</b>	<b>-</b>	<b>14.686</b>
<b>EBIT</b>	<b>3.958</b>	<b>4.261</b>	<b>-</b>	<b>8.219</b>
Net financial income/expenses	(4.875)	(171)	-	(5.046)
Net result of investments accounted for using the equity method	-	(105)	-	(105)
Net result of other investments	6	-	-	6
<b>Profit before taxes</b>	<b>(911)</b>	<b>3.985</b>	<b>-</b>	<b>3.074</b>
Taxes	-	-	(1.817)	(1.817)
<b>Net result</b>	<b>(911)</b>	<b>3.985</b>	<b>(1.817)</b>	<b>1.257</b>

*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 as at June 30th, 2015	PRIMA POWER	PRIMA ELECTRO	Items not allocated	TOTAL
Assets	315.148	65.499	44.528	425.175
Associates and other equity investments	116	1.174	-	1.290
<b>Total assets</b>	<b>315.264</b>	<b>66.673</b>	<b>44.528</b>	<b>426.465</b>
<b>Liabilities</b>	<b>126.963</b>	<b>21.130</b>	<b>152.775</b>	<b>300.868</b>

Segment results as at June 30th, 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)
<b>Revenues</b>	<b>136.110</b>	<b>18.100</b>	<b>-</b>	<b>154.210</b>
<b>EBITDA</b>	<b>13.189</b>	<b>1.639</b>	<b>-</b>	<b>14.828</b>
<b>EBIT</b>	<b>8.807</b>	<b>484</b>	<b>-</b>	<b>9.291</b>
Net financial income/expenses	(3.194)	(356)	-	(3.550)
<b>Profit before taxes</b>	<b>5.613</b>	<b>128</b>	<b>-</b>	<b>5.741</b>
Taxes	-	-	(2.227)	(2.227)
<b>Net result</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.514</b>

*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 as at June 30th, 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
<b>Total assets</b>	<b>288.860</b>	<b>57.853</b>	<b>37.922</b>	<b>384.635</b>
<b>Liabilities</b>	<b>116.827</b>	<b>17.694</b>	<b>139.300</b>	<b>273.821</b>

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

### Information sheet by geographic area

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

### NOTE 6.33 - 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 then other financial instruments, such as commercial payables and receivables, deriving from the operational activity.

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 policies 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, the 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 of the exposure to interest rate risks;
- Hedging activity through derivative financial instruments.

At the date of approval of this Financial Report, the Group has not any derivative financial instrument to hedge the interest rate risk; in the future the Group could decide to hedge this risk using derivative 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, the 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 Euro, 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, because 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 and because the Group also works with other currencies for which hedging transactions are not available.

The Group has recently provided itself with guidelines for managing the foreign exchange risk in the major currencies in which it operates (mainly the US dollar and Chinese renminbi). The goal is to cover the budget results from the exchange risk, through the subscription of hedging derivatives. This hedging is managed by the Parent Company PRIMA INDUSTRIE SpA.

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 and Chinese Renminbi not hedged by *ad hoc* derivatives, 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. For this purpose, with regards to PRIMA INDUSTRIE, a function of Group of credit management has been put in place.

It should be 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-fulfilment 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 05/08/2011, 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;
- Level 3 - 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 30/06/2015.

Values expressed in Euro thousand	Level 1	Level 2	Level 3
Assets valued at fair value	-	226	-
Other Assets	-	-	-
<b>TOTAL ASSETS</b>	<b>-</b>	<b>226</b>	<b>-</b>
Liabilities valued at fair value	-	555	-
Other Liabilities	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>555</b>	<b>-</b>

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 Euro thousand	Book Value	Fair Value
Cash	28.024	28.024
Other cash and cash equivalents	-	-
<b>Cash on hand</b>	<b>28.024</b>	<b>28.024</b>
<b>Current financial receivables</b>	<b>674</b>	<b>674</b>
Current bank payables	27.937	27.937
Current part of non-current indebtedness	24.842	25.116
Other current financial payables	2.055	2.055
<b>Current financial indebtedness</b>	<b>54.834</b>	<b>55.108</b>
<b>Net current financial indebtedness</b>	<b>26.136</b>	<b>26.410</b>
Non-current bank payables	36.030	36.597
Bond issued	39.548	40.000
Other non-current financial payables	4.958	4.958
<b>Non-current financial indebtedness</b>	<b>80.536</b>	<b>81.555</b>
<b>Net financial position</b>	<b>106.672</b>	<b>107.965</b>

#### NOTE 6.34 - SUBSEQUENT EVENTS

No events have taken place after the reference date of the Interim Management Report that, if known, would have resulted in a correction of the values.

Signature of the authorized governing body



## 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) and 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 24<sup>th</sup> February 1998, no. 58 hereby attest:

- The adequacy in relation to the structure of the company and
- The effective application of a administrative and accounting procedures for the preparation of half year condensed, during the period 1° January 2015 - 30 June 2015;

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 19<sup>th</sup> 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: 27/08/2015

Signature of the chairman

  
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Signature manager responsible for preparing the corporate accounting documents

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

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

### **Introduction**

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 consolidated statement of changes in shareholders' equity, the consolidated cash flows statement and the related explanatory notes, of Prima Industrie S.p.A. and its subsidiaries (the "Prima Industrie Group") as of June 30, 2015. The Directors of Prima Industrie S.p.A. are 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 express a conclusion on these interim condensed consolidated financial statements based on our review.

### **Scope of review**

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

### **Conclusion**

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

Turin, August 27, 2015

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*