



INTERIM FINANCIAL REPORT AS OF SEPTEMBER 30th, 2014

Board of Directors on November 12th, 2014

PRIMA INDUSTRIE SpA

Company Capital € 26.208.185,00 (fully paid up)

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

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

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

MANAGEMENT AND CONTROL

Board of Directors

Chairman and C.E.O.	Gianfranco Carbonato
Managing Directors	Ezio G. Basso ⁽¹⁾ Domenico Peiretti ⁽²⁾
Independent Directors	Chiara Damiana Burberi Donatella Busso Sandro D'Isidoro Enrico Marchetti Mario Mauri
Other Directors	Rafic Y. Mansour Michel R. Mansour

Internal Control Committee

Chairman	Enrico Marchetti
Members	Chiara Damiana Burberi Donatella Busso

Remuneration Committee

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

Board of Statutory Auditors

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

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

The Board of Directors shall remain in office until the approval of 2016 Financial Statements.

The Board of Statutory Auditors shall remain in office until the approval of 2015 Financial Statements.

The Audit company was appointed by the Sotckholders's Meeting held on April 29th, 2008 for the period 2008 -2016.

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

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

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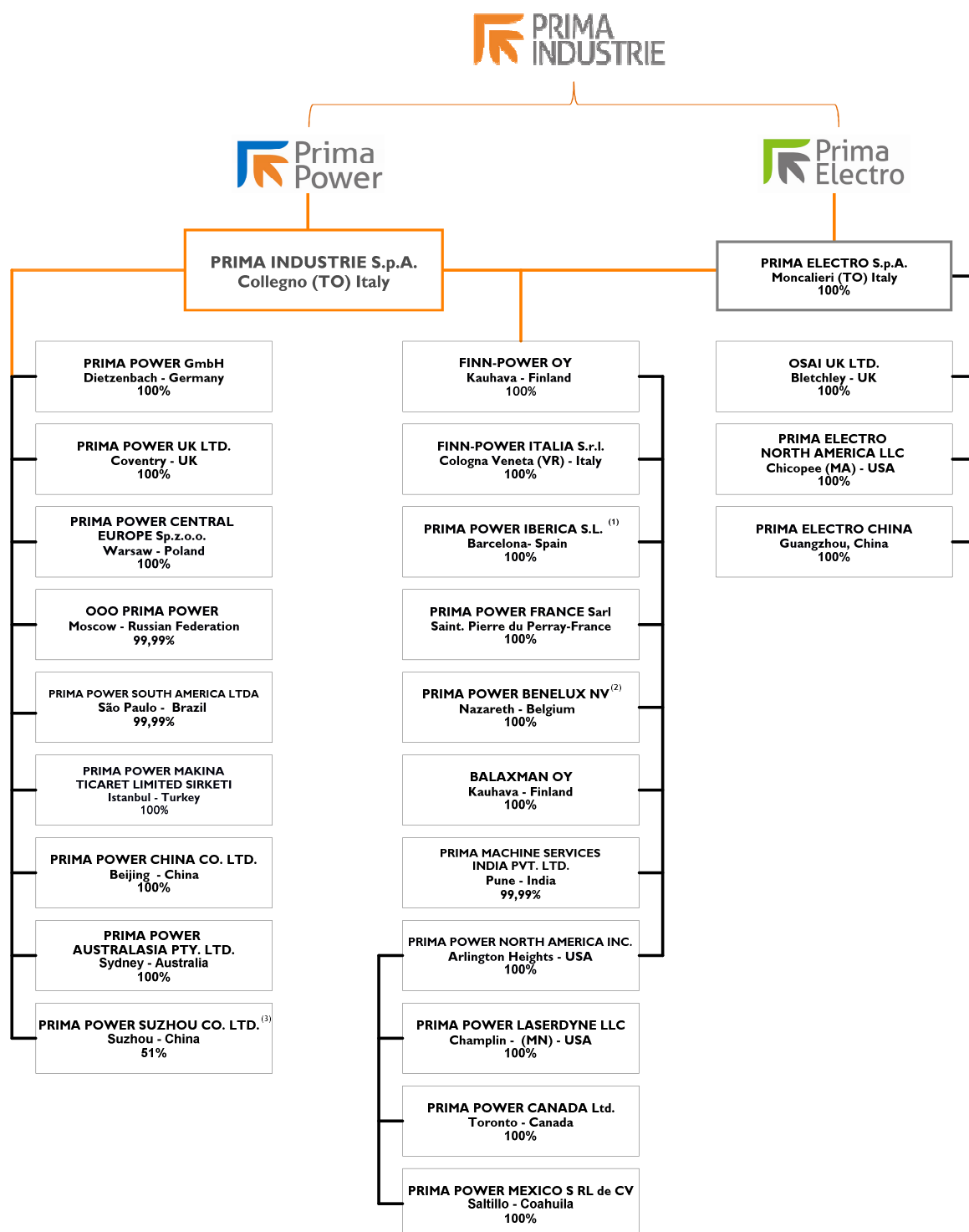


CHAPTER 1.

STRUCTURE AND PROFILE OF THE PRIMA INDUSTRIE GROUP AS OF 30/09/2014

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STRUCTURE OF THE PRIMA INDUSTRIE GROUP



The table on this page represents the corporate situation of PRIMA INDUSTRIE Group on 30/09/2014.

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

PROFILE OF THE PRIMA INDUSTRIE GROUP

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

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

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

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

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

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

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

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

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

AREA OF CONSOLIDATION

The only change that occurred during the first nine months of 2014 was the entrance of the newly-established company PRIMA POWER MEXICO (100% owned by PRIMA POWER NORTH AMERICA).

On 30/09/2014 the subsidiaries listed in the tables 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. Fabryczna 24 - 05 - 092 Lomianki 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	Soğanlık Yeni Mah. Balıkesir Cad. Uprise Elite Teras Evler B1 B Dupleks Gül Blok Daire:3 Kartal - İSTANBUL	TRY 1.470.000	100%	Line-by-line method
PRIMA POWER CHINA Company Ltd.	Rm.1 M, no. 1 Zuo Jiazhuang. Guomen Building, Chaoyang District, Beijing, P.R. CHINA	RMB 2.038.778	100%	Line-by-line method
PRIMA POWER AUSTRALASIA Pty. LTD.	Minter Ellison, LEVEL 3, 25 National circuit, Forrest, ACT, 2603 AUSTRALIA	A\$ 1	100%	Line-by-line method
PRIMA POWER SUZHOU Co. LTD. ⁽¹⁾	Cross of Xingrui and Guangming Road, Wujiang Ec. & Tech. Develop. Zone, Suzhou City Jiangsu Prov. CHINA	USD 8.000.000	51%	Line-by-line method
FINN POWER Oy	Metallite 4, FI - 62200 Kauhava, FINLAND	€ 49.417.108	100%	Line-by-line method
FINN-POWER Italia S.r.l.	Viale Artigianato 9, 37044, Cologna Veneta (VR), ITALY	€ 1.500.000	100%	Line-by-line method
PRIMA POWER IBERICA S.L.	C/Primer de Mayo 13-15, 08908 L'Hospitalet de Llobregat, Barcelona, SPAIN	€ 6.440.000	100%	Line-by-line method
PRIMA POWER FRANCE Sarl	Espace Green Parc , Route de Villepècle, 91280 St. Pierre du Perray, FRANCE	€ 120.000	100%	Line-by-line method
PRIMA POWER BENELUX NV	Leenstraat 5, B-9810 Nazareth, BELGIUM	€ 400.000	100%	Line-by-line method
BALAXMAN Oy	Metallite 4, FI-62200 Kauhava, FINLAND	€ 2.523	100%	Line-by-line method
PRIMA MACHINE SERVICES INDIA PVT. LTD.	Mezzanine Floor, Poonam Plaza 694/2B Market Yard Road, Pune INDIA	Rs. 7.000.000	99,99%	Line-by-line method
PRIMA POWER NORTH AMERICA Inc.	555W Algonquin Rd., Arlington Heights, IL 60005, U.S.A.	USD 10.000	100%	Line-by-line method
PRIMA POWER LASERDYNE LLC	8600, 109th Av. North, Champlin, MN 55316, U.S.A.	USD 200.000	100%	Line-by-line method
PRIMA POWER CANADA Ltd.	390 Bay Street Suite 2800 Toronto, Ontario M5H 2Y2 CANADA	CAD 200	100%	Line-by-line method
PRIMA POWER MEXICO S DE RL DE CV	Campo Real, 121 FRACC. Valle Real, Saltillo, Coahuila C.P. 25198 Mexico	USD 250	100%	Line-by-line method

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

SUBSIDIARIES				
PRIMA ELECTRO	REGISTERED OFFICE	SHARE CAPITAL	OWNERSHIP	CONSOLIDATION METHOD
PRIMA ELECTRO S.p.A.	Strada Carignano 48/2, 10024 Moncalieri, (TO) ITALY	€ 15.000.000	100%	Line-by-line method
OSAI UK Ltd.	Mount House - Bond Avenue, Bletchley, MK1 1SF Milton Keynes, UNITED KINGDOM	GBP 160.000	100%	Line-by-line method
PRIMA ELECTRO NORTH AMERICA LLC.	711 East Main Street, Chicopee, MA 01020, U.S.A.	USD 24.119.985	100%	Line-by-line method
PRIMA ELECTRO (CHINA) Co.Ltd.	23G East Tower, Fuxing Shangmao n.163, Huangpu Avenue Tianhe District 510620 Guangzhou P.R. CHINA	€ 100.000	100%	Line-by-line method



CHAPTER 2.

INTRODUCTION

CAPITOLO 2. INTRODUCTION

FOREWORD

The Interim Management Report at September 30, 2014 of the PRIMA INDUSTRIE Group was prepared pursuant to article 154-ter of Leg. Decree 58/1998 and subsequent amendments, as well as the issuer's Regulation issued by CONSOB .

This Interim Management Report has been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and recognized by the European Union and has been compiled in accordance with the IAS 34 - Interim Balance Sheets.

This Interim Financial Report has been approved by the Board of Directors on November 12th, 2014, and has not been subject to an audit.

ALTERNATIVE PERFORMANCE INDICATORS

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

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

The Group uses these alternative performance indicators:

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

Also mentioned furthermore:

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

EXCHANGE RATES

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

CURRENCY	AVERAGE EXCHANGE RATE		SPOT EXCHANGE RATE	
	Sept. 30th, 2014	Sept. 30th, 2013	Sept. 30th, 2014	Dec. 31, 2013
US DOLLAR	1,3554	1,3172	1,2583	1,3791
CHINESE RENMINBI	8,3579	8,1240	7,7262	8,3491
RUSSIAN RUBLE	48,0390	41,8814	49,7653	45,3246
TURKISH LIRA	2,9342	2,4584	2,8779	2,9605
POLISH ZLOTY	4,1755	4,2011	4,1776	4,1543
POUND STERLING	0,8122	0,8522	0,7773	0,8337
BRAZILIAN REAL	3,1043	2,7898	3,0821	3,2576
INDIAN RUPEE	82,3003	75,6926	77,8564	85,3660
AUSTRALIAN DOLLAR	1,4766	1,3466	1,4442	1,5423
CANADIAN DOLLAR	1,4829	1,3485	1,4058	1,4671
MEXICAN PESO	17,7800	16,7994	16,9977	18,0731



CHAPTER 3.

GROUP MANAGEMENT REPORT

CHAPTER 3. GROUP MANAGEMENT REPORT

SIGNIFICANT EVENTS OF THE PERIOD

There have been no significant events in the third quarter of the year 2014. For the events of the first six months of the year, refer to the Interim Financial Report as at 30/06/2014.

MACRO ECONOMIC CONTEXT

The dynamics of the global economy and international trade during 2014 was much lower than expected. The economic activity is gaining strength in the US and UK, but has weakened in Japan and in the emerging economies. The risks of a further slowdown have increased, also due to the geopolitical tensions and the possible aggravation of structural imbalances in some emerging economies.

In the euro area the recovery has lost momentum; in Germany the economic activity contracted in the second quarter. The waning of the stimulus from foreign demand has not yet been offset by a sufficient recovery in domestic demand. The prospects for growth this year have been revised downwards both for the euro area as a whole and for the main economies.

After basically stabilizing in the second half of 2013, Italy's economy has begun to weaken again. In the first half of the year GDP was affected by the continuing fall in investment and, to a lesser extent, the effect on Italian exports of the weakening performance of world trade. Household consumption instead improved, recording a small increase. GDP should slightly decline again in the third quarter. The recovery of investment is being delayed by acute uncertainty.

In recent months the projections of growth and inflation have been revised, although the qualitative indicators remained unchanged. The net effect of revisions is that global growth is marginally slower than in 2013, in a general context of pace slowing down even among emerging countries.

In the second quarter of 2014 the seasonally adjusted GDP remained stable in the euro area (EA18) and grew by 0.2% in the EU28 compared to the previous quarter, according to estimates published by Eurostat. In the first quarter of 2014, the GDP grew by 0.2% in the euro area and by 0.3% in the EU28. Compared to the same quarter of the previous year the seasonally adjusted GDP increased by 0.7% in the euro area and by 1.2% in the EU28 in the second quarter. In particular in the second quarter of 2014 both Germany and Italy showed a contraction of 0.2%, while in the UK, in the same period, a + 0.8% contraction was recorded. During the second quarter of 2014, GDP in the US increased by 1.0% compared to the previous quarter (-0.5% in the first quarter of 2014). Compared to the same quarter of the previous year the GDP increased by 2.5% (following the + 1.9% of the previous quarter).

On the perspective of the third quarter of 2014, the world situation in the field of investment goods is as follows:

- in the US, the demand for durable consumer goods is remarkably in recovery after the winter break; basically this will have a positive impact on the demand for capital goods;
- despite the fact that Europe is technically out of the recession, the economic activity remains weak. After years of decline, consumption is finally rising in the countries of southern Europe, although still at a level of about 40% below 2008. The situation was, instead, already previously improved in the countries of Central Europe, although

consumption remains relatively stagnant since the first months of 2013. Orders for machine tools, according to CECIMO (the association that brings together the main European machine tool manufacturing countries) are having a positive trend in France, Czech Republic and Spain, while the difficulty in making the reforms has dragged down the total orders index in Italy, Austria and Germany compared to the previous quarter.

- in China, the economic growth is slowing; the effects are more evident in infrastructure investment. The Chinese manufacturers of construction machinery and machine tools are particularly affected. In these sectors, the demand has greatly reduced compared to 2011, while the demand for high quality products, which are not yet manufactured by Chinese companies, was affected to a lesser extent. European manufacturers can therefore benefit from this opportunity and for them, China is still an attractive market.
- Assuming that the crisis in the Middle East and in Ukraine does not degenerate, there are good prospects for a long period of growth in the capital goods industry.

UCIMU (the Italian association that brings together machine tool manufacturers) indicates for the third quarter of 2014 that the index of machine tool orders has increased by 7.8% compared to the same period of the previous year. In particular, the index of orders received abroad increased by 5.3% compared to the third quarter of 2013, while the index of domestic orders showed an increase of 19.1% compared to the same period of the previous year, supported clearly by operations of the New Sabatini Law. Although this is the fourth consecutive quarter of growth for orders collection orders, the absolute value of the index, however, still remains very low.

REVENUES AND PROFITABILITY

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

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

The **consolidated revenues** at 30/09/2014 amount to 236,920 thousand euro, showing a slight reduction compared to the corresponding period of the previous year (equal to 1,332 thousand euro). Moreover the effect of the euro appreciation in relation to other currencies has had a considerable impact in fact at constant exchange rates the consolidated revenues would have increased compared to the same period of the previous year (about 1.5 %).

The consolidated turnover is shown below on a geographic basis at 30/09/2014 compared with the corresponding period for the previous financial year.

Revenues	30/09/2014		30/09/2013	
	<i>Euro thousand</i>	<i>%</i>	<i>Euro thousand</i>	<i>%</i>
EMEA	140.984	59,5	134.161	56,3
AMERICAS	54.728	23,1	57.737	24,2
APAC	41.208	17,4	46.354	19,5
TOTAL	236.920	100,0	238.252	100,0

The group continues to generate a significant portion of revenues in the EMEA region, with a significant presence especially in Italy (12.5% of consolidated turnover), in East Europe (6.7% of consolidated turnover), and in Russia where, despite the complex political situation, the Group continues to record strong sales (6.6% of consolidated turnover). The turnover generated outside of Europe was 52.1%, confirming the global nature of the group and the center of gravity of the global economy. In the AMERICAS area the largest share of revenues has been made in the NAFTA area representing 21.5% of consolidated turnover. As for the APAC countries, the most significant sales were made in China (12.5% of consolidated turnover).

Below, a subdivision of the proceeds by sector of the gross inter-sector transactions is shown (for more detailed indications on the matter of operational segments of the Group, see the note 6.28 - Sector Information).

Revenues	30/09/2014		30/09/2013	
	<i>Euro thousand</i>	%	<i>Euro thousand</i>	%
PRIMA POWER	207.364	87,5	211.188	88,6
PRIMA ELECTRO	39.988	16,9	36.843	15,5
Inter-sector revenues	(10.432)	(4,4)	(9.779)	(4,1)
TOTAL	236.920	100,0	238.252	100,0

The division that has been most affected by the appreciation of the euro was PRIMA POWER with a 1.8% reduction of revenues, but with constant exchange rates the division would have shown an increase of revenues. The revenues of PRIMA ELECTRO division suffered the foreign exchange effect only marginally and increased by 8.5% compared with the corresponding period of the previous year.

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

Revenues segment/area - 30/09/2014	EMEA	AMERICAS	APAC	TOTAL
<i>€/000</i>				
PRIMA POWER	118.626	52.975	35.729	207.330
PRIMA ELECTRO	22.358	1.753	5.479	29.590
TOTAL	140.984	54.728	41.208	236.920

Revenues segment/area - 30/09/2013	EMEA	AMERICAS	APAC	TOTAL
<i>€/000</i>				
PRIMA POWER	113.179	55.129	42.815	211.123
PRIMA ELECTRO	20.982	2.608	3.539	27.129
TOTAL	134.161	57.737	46.354	238.252

The PRIMA POWER division achieved 57.2% of sales in the EMEA region, 25.6% in the AMERICAS Countries and 17.2% in the APAC region.

The PRIMA ELECTRO division achieved 75.6% of sales in the EMEA region, 5.9% in the AMERICAS Countries and 18.5% in the APAC region.

The **Value of production** at 30/09/2014 is equal to 270,210 thousand Euro, an increase of 7.2% with respect to the corresponding period of the financial year 2013 (increase of 18,235 thousand Euro).

The value of production in the period also includes increases in fixed assets for internal work equal to 8,541 thousand Euro (6,176 thousand Euro at 30/09/2013); these costs principally refer to investments in development costs. Also Other operational income for 4,907 thousand Euro are present (2,935 thousand Euro at 30/09/2013); it should be noted that this item does not include non-recurring income from the sale of licenses resulting from industrial cooperation agreements for 2,940 thousand euro (non-recurring income at 30/09/2013 amounted to 694 thousand euro).

Performance indicators	30/09/14		30/09/13	
	<i>Euro thousand</i>	<i>% on sales</i>	<i>Euro thousand</i>	<i>% on sales</i>
EBITDA	23.649	10,0	19.755	8,3
EBIT	15.292	6,5	10.981	4,6
EBT	10.272	4,3	3.414	1,4
NET RESULT	6.844	2,9	2.134	0,9
NET RESULT ATTRIBUTABLE TO GROUP SHAREHOLDERS	7.182	3,0	2.145	0,9

The **EBITDA** of the Group amounted to 23,649 thousand Euro (10% of turnover); compared to the first nine months of 2013 there was an improvement both in terms of percentage (1.7% increase), and in absolute terms (+3,894 thousand Euro).

The EBITDA of the Group is shown below at 30/09/2014 and at 30/09/2013 subdivided by sector (gross of the inter-sector transactions).

EBITDA	30/09/14		30/09/13	
	<i>Euro thousand</i>	<i>%</i>	<i>Euro thousand</i>	<i>%</i>
PRIMA POWER	18.868	79,8	15.495	78,4
PRIMA ELECTRO	4.807	20,3	4.835	24,5
Inter sector items and eliminations	(26)	(0,1)	(575)	(2,9)
TOTAL	23.649	100,0	19.755	100,0

The consolidated **EBIT** at 30/09/2014 amounted to 15,292 thousand Euro and is in increase of 4,311 thousand Euro compared to the first nine months of 2013 (it amounted to 10,981 thousand Euro). The depreciation of the intangible assets influence this result for an amount of 6,245 thousand Euro and Property, Plant & Equipment for an amount of 2,112 thousand Euro. With regard to the depreciation of intangible assets, the main items relate to the depreciation of development costs (3,621 thousand Euro) and the depreciation 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 amount to 2,289 thousand Euro.

The Operational profit of the group is shown below at 30/09/2014 and 30/09/2013, subdivided by sector gross of the inter-sector transactions.

EBIT	30/09/14		30/09/13	
	<i>€/000</i>	<i>%</i>	<i>€/000</i>	<i>%</i>
PRIMA POWER	12.239	80,0	8.235	75,0
PRIMA ELECTRO	3.069	20,1	3.322	30,3
Inter sector items and eliminations	(16)	(0,1)	(576)	(5,3)
TOTAL	15.292	100,0	10.981	100,0

The consolidated **EBT** at 30/09/2014 amounted to 10,272 thousand Euro in increase of 6,858 thousand Euro compared to the same period of the previous financial year (it amounted to 3,414 thousand Euro); it should be noted that this value discounts net burdens arising from financial management (including Net exchange differences) of 5,019 thousand Euro (at 30/09/2013 equal to 6,561 thousand Euro).

Financial Results (€/000)	30/09/14	30/09/13
FINPOLAR loan expenses	(2.204)	(2.712)
Derivatives expenses (IRS)	(1.335)	(1.508)
Derivatives expenses (CRS)	(148)	102
Other financial income/expenses	(1.647)	(1.626)
Net exchanges differences	(5.334)	(5.744)
Net results foreign currency	315	(817)
TOTAL	(5.019)	(6.561)

Burdens are shown for the loan stipulated in 2008 for the acquisition of the FINN- POWER Group (hereafter for brevity "FINPOLAR loan") equal to 2,204 thousand Euro and net financial burdens for IRS derivatives (primarily connected to FINPOLAR loan) for 1,335 thousand Euro. The decline of the charges relating to the FINPOLAR Loan is due to the decrease of residual capital as a result of the refunds made.

The exchange management results in the first nine months of 2014 were positive for 315 thousand Euro (negative for 817 thousand Euro on 30/09/2013).

The **NET RESULT** at 30/09/2014 is equal to 6,844 thousand euro (2,134 thousand euro at 30/09/2013). The taxes on income for the first nine months of 2014 show a net negative balance of 3,428 thousand Euro, that includes a tax provision for tax risks of 500 thousand euro (for more details, see the section "Events which took place after the end of the quarter") and IRAP for 1,067 thousand Euro. At last, it should also be noted that the tax burden of 2013 included a positive effect due to the recording of 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).

NET FINANCIAL POSITION

On 30/09/2014, the net financial position of the Group was negative at 106,686 thousand Euro, in increase compared to 31/12/2013, but with a significant improvement (-27,658 thousand euro) compared to the corresponding period of the previous year (it was negative for 134,344 thousand euro on 30/09/2013).

The net financial position detail is shown below.

Value expressed in Euro thousand	30/09/14	31/12/13	30/09/13
CASH & CASH EQUIVALENTS	(20.857)	(29.194)	(17.569)
CURRENT FINANCIAL RECEIVABLES	-	(47)	(53)
CURRENT FINANCIAL LIABILITIES	55.379	51.830	63.891
NON CURRENT FINANCIAL LIABILITIES	72.164	77.372	88.075
NET FINANCIAL LIABILITIES	106.686	99.961	134.344

With the aim of supplying better information relating to the net consolidated financial position on 30/09/2014, the following should be remembered:

- the FINPOLAR loan amounts to 95,800 thousand Euro and is subject to compliance with regards to certain *covenants* measured on an six-month and annual basis (for further details, please refer to the indications in the financial statements at 30/06/2014);
- Financial Lease Liabilities (almost exclusively of a property nature) amount to 2,770 thousand Euro;
- bank payables include the negative *fair value* of some Derivatives for 3,299 thousand Euro; the main ones are IRS contracted by the Parent Company in partial cover of the risk of interest rates on the FINPOLAR Loan (the underwriting of these derivatives was foreseen by the loan contract indicated below).

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

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

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

TRADE ASSETS AND ORDER PORTFOLIO

During the first nine months of 2014 the **acquisition of orders** of the Group (including *after-sale service*) amounted to 268.1 million Euro (+12% compared to 239.3 million Euro at 30/09/2013). The acquisition of orders of the PRIMA POWER segment amounted to 232.3 million Euro, while that of the PRIMA ELECTRO, only from customers outside the Group, amounted to 35.8 million euro.

The consolidated **order portfolio** (not including the *after-sale service*) at 30/09/2014 increased to 102.1 (compared to 85.7 million Euro at 30/09/2013). The portfolio includes 86.7 million Euro relating to the PRIMA POWER sector and 15.4 million Euro relating to the PRIMA ELECTRO sector.

At 31/10/2014, the order portfolio increased to 112.7 million Euro.

RESEARCH AND DEVELOPMENT

The research and development activity carried out by the Group during the first nine months of 2014 has been comprehensively equal to 14,759 thousand Euro (of which 10,930 thousand Euro in the PRIMA POWER sector and 3,829 thousand Euro in the PRIMA ELECTRO sector) equal to 6.2% of turnover.

The capitalized share was equal to 8,212 thousand Euro (of which 6,463 thousand Euro in the PRIMA POWER sector and 1,749 thousand Euro in the PRIMA ELECTRO sector).

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

on the international markets. For all the capitalized development costs, the technical feasibility has been verified as well as the generation of probable future economic benefits.

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 6.27 -Information on related parties.

STOCK TREND AND TREASURY STOCK

During the first nine months of 2014, the PRIMA INDUSTRIE stock has passed from a unit value of 9.355 Euro on 02/01/2014 to a value of 15 Euro each share on 30/09/2014, thus registering an over 60% appreciation in the period and with an almost always better trend than the FTSE Italia STAR benchmark index.

In particular, after the sharp drop coinciding with the decline of the financial markets in early August, the stock has recovered to the previous levels.

After 30/09/2014, the stock price stabilized at values ranging between 12 Euro and 12.50 Euro per share.

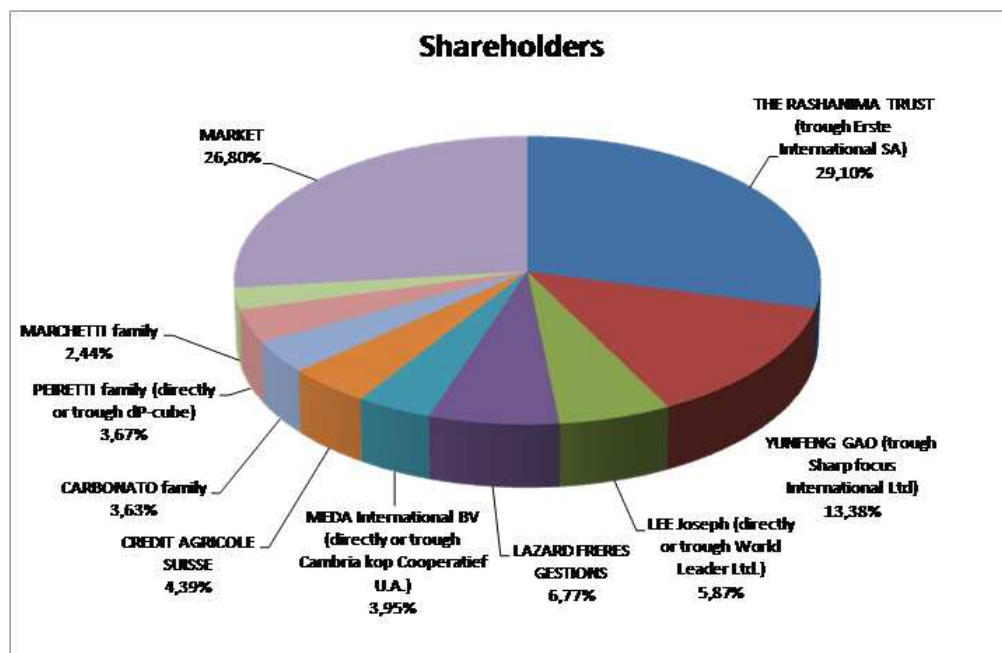


On 30/09/2014, also being the date of approval of this Interim Financial Report, PRIMA INDUSTRIE SpA did not hold nor holds any of its own shares, as there is no current resolution authorising the purchase of its own shares.

SHAREHOLDING STRUCTURE

On 30/09/2014, 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:



STOCK OPTION PLANS

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

FORESEEABLE DEVELOPMENTS OF MANAGEMENT

The first nine months of the year were characterized by a slight turnover reduction, mainly due to the appreciation of the Euro and the slowdown of some emerging markets, but also by the continuation of the profitability improvement.

The positive trend of orders collection (continued even after 30/09/2014) allows trusting in an increase in revenues compared to 2013, maintaining the increased profitability.

EVENTS WHICH TOOK PLACE AFTER THE END OF THE QUARTER

On 24/07/2013, in response to an audit covering the period 01/01/2008 - 29/04/2013, held in the FINN-POWER Italy Srl, the Guardia di Finanza (investigative tax police) of Verona has notified a report of findings to FINN-POWER OY (which holds 100% of FINN-POWER Italia Srl) in which the existence of its hidden permanent establishment in Italy has been disputed, the Company FINN-POWER OY believes that the finding is completely unfounded, also because of the presence in Italy of the Company FINN-POWER ITALIA Srl, its wholly owned subsidiary, through which all activities and transactions on the Italian market have always been regularly carried out. The determination of any claim of the tax authority has been assigned to the relevant Inland Revenue office, with which a contradiction in proceedings has been established that can demonstrate the complete groundlessness of the hidden permanent establishment claim.

On 03/11/2014, following a meeting with the inland revenue of Verona, the opportunity to reach an agreed assessment based on evaluations on the application of transfer pricing has emerged, in order also to prevent the establishment of an inevitable long and expensive litigation, the directors considering this occurrence probable have taken steps to allocate in the closing quarter a reasonable estimate of the expected charge in a special tax risks provision (500 thousand euro).

ATYPICAL AND UNUSUAL TRANSACTIONS

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



CHAPTER 4.

ECONOMIC PERFORMANCE BY SEGMENT

CHAPTER 4. ECONOMIC PERFORMANCE BY SEGMENT

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

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

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

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

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

	September 30, 2014				
<i>Values expressed in Euro thousand</i>	REVENUES	EBITDA	% on Revenues	EBIT	% on Revenues
PRIMA POWER	207.364	18.868	9,1%	12.239	5,9%
PRIMA ELECTRO	39.988	4.807	12,0%	3.069	7,7%
ELIMINATION	(10.432)	(26)	0,2%	(16)	0,2%
GROUP	236.920	23.649	10,0%	15.292	6,5%

	September 30, 2013				
<i>Values expressed in Euro thousand</i>	REVENUES	EBITDA	% on Revenues	EBIT	% on Revenues
PRIMA POWER	211.188	15.495	7,3%	8.235	3,9%
PRIMA ELECTRO	36.843	4.835	13,1%	3.322	9,0%
ELIMINATION	(9.779)	(575)	5,9%	(576)	5,9%
GROUP	238.252	19.755	8,3%	10.981	4,6%

PRIMA POWER

The PRIMA POWER revenues decreased by 1.8% compared to the same period of the previous year mainly due to the appreciation of the Euro, at constant rates the division revenues would have increased.

The EBITDA (Earnings before interest, taxes, depreciation and amortization) for the sector amounted to 18,868 thousand Euro, an increase both in absolute value (+3,373 thousand Euro), and in percentage terms (from 7.3% to 9.1%); the increase is due to non-recurring effects and to the greater level of efficiency achieved by the division.

PRIMA ELECTRO

The revenues of PRIMA ELECTRO division increased by 8.5% compared with the corresponding period of the previous year.

The EBITDA (Earnings before interest, taxes, depreciation and amortization) of the division amounted to 4,807 thousand euro, substantially in line with the same period of the previous year; it should be noted that the result of the previous year benefited from a government

grant on a major research project; net of this non-recurring effect, the EBITDA increased compared to the same period of the previous year.



CHAPTER 5.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF PRIMA INDUSTRIE
GROUP AS OF 30/09/2014

ACCOUNTING TABLES

CHAPTER 5. CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF PRIMA INDUSTRIE GROUP AS OF 30/09/2014

CONSOLIDATED BALANCE SHEET

Values in Euro	Notes	30/09/2014	31/12/2013
Property, plant and equipment	6.1	26.363.285	24.200.931
Intangible assets	6.2	154.624.820	151.571.901
Other investments	6.3	1.032.403	288.735
Non current financial assets	6.4	35.000	113.000
Deferred tax assets	6.5	8.711.770	7.647.333
Other non current assets	6.8	19.864	20.624
NON CURRENT ASSETS		190.787.142	183.842.524
Inventories	6.6	94.256.828	66.214.465
Trade receivables	6.7	70.086.351	78.833.076
Other receivables	6.8	8.223.098	5.909.406
Current tax receivables	6.9	7.445.296	4.305.160
Derivatives	6.10	-	46.969
Cash and cash equivalents	6.10	20.857.274	29.194.149
CURRENT ASSETS		200.868.847	184.503.225
ASSETS HELD FOR SALE	6.11	1.576.526	1.483.839
TOTAL ASSETS		393.232.515	369.829.588
Capital stock	6.12	26.208.185	26.208.185
Legal reserve	6.12	4.455.497	4.321.310
Other reserves	6.12	71.497.026	68.144.867
Currency translation reserve	6.12	895.174	(2.138.106)
Retained earnings	6.12	5.747.961	3.010.955
Net result	6.12	7.181.509	5.428.982
Stockholders' equity of the Group		115.985.352	104.976.193
<i>Minority interest</i>		<i>1.679.221</i>	<i>1.084.685</i>
STOCKHOLDERS' EQUITY		117.664.573	106.060.878
Interest-bearing loans and borrowings	6.10	68.974.023	72.442.235
Employee benefit liabilities	6.13	7.791.733	7.731.540
Deferred tax liabilities	6.14	10.958.258	10.350.390
Provisions	6.15	135.858	137.137
Derivatives	6.10	3.190.207	4.929.519
NON CURRENT LIABILITIES		91.050.079	95.590.821
Trade payables	6.16	74.994.288	68.117.926
Advance payments	6.16	17.878.406	13.580.141
Other payables	6.16	18.250.166	17.513.397
Interest-bearing loans and borrowings	6.10	55.270.307	51.830.029
Current tax payables	6.17	4.827.961	4.707.193
Provisions	6.15	13.188.047	12.429.203
Derivatives	6.10	108.688	-
CURRENT LIABILITIES		184.517.863	168.177.889
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		393.232.515	369.829.588

CONSOLIDATED INCOME STATEMENT

Values in Euro	Notes	30/09/2014	30/09/2013
Net revenues	6.18	236.920.029	238.251.608
Other income	6.19	4.906.975	2.935.819
Change in inventories of finished goods and WIP	-	19.841.627	4.611.237
Increases in fixed assets for internal work	6.20	8.541.244	6.176.329
Use of raw materials, consumables, supplies and goods	-	(120.058.150)	(110.166.868)
Personnel cost	6.21	(68.242.583)	(66.170.290)
Depreciation	6.22	(8.357.100)	(8.690.564)
Impairment	6.22	-	(84.283)
Other operating expenses	6.23	(58.260.406)	(55.882.428)
OPERATING PROFIT		15.291.636	10.980.560
Financial income	6.24	88.176	270.499
Financial expenses	6.24	(5.422.942)	(6.014.087)
Net exchange differences	6.24	315.356	(817.197)
Net result of investments not fully consolidated	-	-	(1.006.019)
RESULT BEFORE TAXES		10.272.226	3.413.756
Taxes	6.25	(3.428.008)	(1.279.612)
NET RESULT		6.844.218	2.134.144
- Attributable to Group shareholders		7.181.509	2.144.967
- Attributable to minority shareholders		(337.291)	(10.823)
RESULT PER SHARE - BASIC (in euro)	6.26	0,69	0,25
RESULT PER SHARE - DILUTED (in euro)	6.26	0,69	0,20

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Values in Euro	Notes	30/09/2014	30/09/2013
NET RESULT (A)		6.844.218	2.134.144
Gains /(Losses) on cash flow hedges	6.12	1.092.680	1.608.278
Gains/(Losses) on exchange differences on translating foreign operations	6.12	3.093.150	(878.750)
IAS 19R actuarial Gains/ (Losses)	6.12	(8.234)	-
TOTAL OTHER GAINS/(LOSSES) (B)		4.177.596	729.528
TOTAL COMPREHENSIVE INCOME (A) + (B)		11.021.814	2.863.672
- Attributable to Group shareholders		11.299.235	2.877.509
- Attributable to minority shareholders		(277.421)	(13.837)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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

VALUES IN EURO	Capital stock	Subscribed Capital unpaid	Additional paid-in capital	Legal reserve	Capital increase - expenses	Stock option reserve	Change in the FV of hedging derivatives	Other reserves	Currency translation reserve	Retained earnings	Net result	Stockholders' equity of the Group	Minority interest	STOCKHOLDERS' EQUITY
Balance as at 01/01/2013	21.606.553	(1.785)	46.462.619	4.320.069	(1.286.154)	1.295.506	(5.187.680)	11.933.427	(524.506)	(370.776)	5.306.613	83.553.886	-	83.553.886
Capital increase	41.805	(32.096)	100.332	-	-	-	-	-	-	-	-	110.041	-	110.041
Change of consolidation area	-	-	-	-	-	-	-	-	-	-	-	-	587.002	587.002
Allocation of prior year net result	-	-	-	1.241	-	-	-	1.891.177	-	3.414.195	(5.306.613)	-	-	-
Result of comprehensive Income	-	-	-	-	-	-	1.608.278	-	(875.736)	-	2.144.967	2.877.509	(13.837)	2.863.672
Balance as at 30/09/2013	21.648.358	(33.881)	46.562.951	4.321.310	(1.286.154)	1.295.506	(3.579.402)	13.824.604	(1.400.242)	3.043.419	2.144.967	86.541.436	573.165	87.114.601

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

VALUES IN EURO	Capital stock	Subscribed Capital unpaid	Additional paid-in capital	Legal reserve	Capital increase - expenses	Stock option reserve	Change in the FV of hedging derivatives	Other reserves	Currency translation reserve	Retained earnings	Net result	Stockholders' equity of the Group	Minority interest	STOCKHOLDERS' EQUITY
Balance as at 01/01/2014	26.208.185	-	57.506.537	4.321.310	(1.286.154)	1.295.506	(3.195.626)	13.824.604	(2.138.106)	3.010.955	5.428.982	104.976.193	1.084.685	106.060.878
Capital increase Prima Power Suzhou	-	-	-	-	-	-	-	(290.076)	-	-	-	(290.076)	871.957	581.881
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	-	-	-	-	-	-	1.092.680	-	3.033.280	(8.234)	7.181.509	11.299.235	(277.421)	11.021.814
Balance as at 30/09/2014	26.208.185	-	57.506.537	4.455.497	(1.286.154)	1.295.506	(2.102.946)	16.084.083	895.174	5.747.961	7.181.509	115.985.352	1.679.221	117.664.573

CONSOLIDATED CASH FLOW STATEMENT

VALUES IN EURO	30/09/2014	30/09/2013
Net result	6.844.218	2.134.144
Adjustments (sub-total)	(3.998.253)	(6.700.840)
Depreciation and impairment	8.357.100	8.774.847
Net change in deferred tax assets and liabilities	(456.569)	(317.957)
Change in employee benefits	60.193	104.146
Change in inventories	(28.042.363)	(2.907.125)
Change in trade receivables	8.746.725	1.395.100
Change in trade payables and advances	11.174.627	(9.217.192)
Net change in other receivables/payables and other assets/liabilities	(3.837.966)	(4.532.659)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES (A)	2.845.965	(4.566.696)
Cash flow from investments		
Acquisition of tangible fixed assets (*)	(3.874.381)	(1.746.409)
Acquisition of intangible fixed assets	(399.027)	(262.817)
Capitalization of development costs	(8.211.845)	(5.934.732)
Net disposal of fixed assets (*)	51.346	103.051
Sale price of 10% SUP JV investment	-	2.162.242
Liquidation of SNK JV investment	-	77.780
Net result of JV investments	-	(11.486)
Purchase/capital increase of other investments	(743.668)	(214.014)
Devaluation of other investments	-	487.428
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)	(13.177.575)	(5.338.957)
Cash flow from financing activities		
Change in other financial assets/liabilities and other minor items	(1.372.883)	4.309.119
Increases in loans and borrowings (including bank overdrafts)	8.296.741	14.107.303
Repayment of loans and borrowings (including bank overdrafts)	(8.449.904)	(15.229.652)
Increases/(repayments) in financial lease liabilities	(146.016)	10.930
Capital increase	-	110.041
Other variations	2.734.970	(875.736)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES (C)	1.062.908	2.432.005
CASH FLOWS FROM (USED IN) CHANGE OF MINORITY SHAREHOLDERS (D)	931.827	583.988
Net change in cash and equivalents (E=A+B+C+D)	(8.336.875)	(6.889.660)
Cash and equivalents beginning of period (F)	29.194.149	24.458.666
Cash and equivalents end of period (G=E+F)	20.857.274	17.569.006

Additional Information to the Consolidated Statement of Cash-Flow	30/09/2014	30/09/2013
Values in Euro		
Taxes	(3.428.008)	(1.279.612)
Financial incomes	88.176	270.499
Financial expenses	(5.422.942)	(6.014.087)

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



CHAPTER 6.

EXPLANATORY NOTES

CHAPTER 6. EXPLANATORY NOTES

FORM AND CONTENT

The abbreviated consolidated balance sheet of the PRIMA INDUSTRIE Group on 30/09/2014 has been drawn up on the assumption of the company continuing trading (for greater detail see the note "accounting principles") and in regard to the International Financial Reporting Standards issued by the International Accounting Standards Board and 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 30/09/2014 has been laid out in abbreviated form, in conformity with IAS 34 "Interim balances", and does not include therefore all the information required in the annual balance sheet and must be read together with the annual balance sheet prepared for the closed financial year at 31/12/2013, to which attention is drawn for greater detail.

The abbreviated consolidated balance on 30/09/2014 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 30/09/2014 according to the principles described in the "accounting principle" Note of the consolidated balance on 31/12/2013, to which attention is drawn.

For purposes of comparison, the balance sheet data on 31/12/2013 have been presented as well as the data of the profit and loss account and the financial statement relating to 30/09/2013 with the movements of net equity of the first nine months of 2013 as well, as required by IAS 1.

ACCOUNTING PRINCIPLES

On-going concern

The abbreviated consolidated balance sheet at 30/09/2014 has been set out on the assumption of the company continuing trading in that it is reasonably expected that PRIMA INDUSTRIE will continue with its operational activities in the foreseeable future.

Accounting criteria and principles of consolidation

The accounting criteria and principles of consolidation adopted for setting out the abbreviated consolidated balance sheet at 30/09/2014 are compatible with those used for the consolidated annual balance sheet at 31/12/2013, to which reference is made subject to the new standards/interpretations adopted by the Group starting from January 1, 2014, as well as the adjustments required by the nature of the interim findings.

Use of accounting estimates

The drawing up of an interim balance sheet requires the carrying out of estimates and assumptions which have effect on the values of revenues, costs, assets and liabilities of the balance sheet and on the information report relating to the potential assets and liabilities on the date of the interim balance sheet. If in the future, such estimates and assumptions which are based on the best evaluation by management, should differ through effective circumstances,

they will be modified in an appropriate manner in the period in which the circumstance themselves vary. In particular, with regard to the abbreviated consolidated balance sheet of 30/09/2014, the taxes on income for the period of the individual consolidated companies are determined on the basis of the best estimate possible in relation to the available information, and on a reasonable forecast of the progress of the financial year up to the end of the tax period.

FINANCIAL STATEMENTS

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

- with 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;
- with regard to the Consolidated Statement of Income, the scheme adopted foresees the distribution of costs in kind; the Consolidated Statement of Comprehensive Income includes, in addition to the profit for the period, according to the consolidated profit and loss account, the other variations of the Net Equity movement different from those with the Shareholders;
- with regards to the Statement of Changes in Net Equity, the scheme adopted to reconcile the opening and closure of each asset item whether for the current period or for the preceding one;
- 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 inventories, receivables and payables generated by the operational assets;
 - of the other elements whose financial fluctuations are generated by investment and loan assets.

This Interim Financial Report was authorized for publication by the Board of Directors on 12 November 2014.

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 30/09/2014 is equal to 26,363 thousand Euro, showing an increase of 2,162 thousand Euro compared with 31/12/2013.

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

Property, Plant and Equipment	Land, Building	Plants and Machinery	Industrial and commercial Equipment	Other tangible fixed assets	Fixed assets under construction	TOTAL
Net value as of December 31, 2013	16.777.470	1.900.047	1.671.389	2.447.546	1.404.478	24.200.931
2014 First nine months						
Increases	1.674.280	273.702	830.097	756.117	340.185	3.874.381
Disinvestments	-	(413)	(164.263)	(385.391)	-	(550.067)
Utilization of accumulated depreciation	-	413	157.871	340.437	-	498.721
Depreciation	(416.969)	(343.969)	(639.498)	(711.682)	-	(2.112.118)
Tangible fixed assets reclassifications	426.997	16.791	293.575	37.815	(775.178)	-
Differences on exchange rates	288.956	6.381	102.890	29.098	24.113	451.438
Net value as of September 30, 2014	18.750.734	1.852.952	2.252.061	2.513.940	993.598	26.363.285

NOTE 6.2 - INTANGIBLE ASSETS

The intangible assets on 30/09/2014 are equal to 154,625 thousand Euro, an increase of 3,053 thousand Euro compared with 31/12/2013.

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

Intangible assets	Goodwill	Development costs	Other Intangible assets	TOTAL
Net value as of December 31, 2013	102.579.806	25.612.738	23.379.357	151.571.901
2014 First nine months				
Increases/(decreases)	-	8.211.845	399.027	8.610.872
Depreciation	-	(3.621.284)	(2.623.698)	(6.244.982)
Differences on exchange rates	212.361	446.343	28.325	687.029
Net value as of September 30, 2014	102.792.167	30.649.642	21.183.011	154.624.820

The significant item is represented by Goodwill, which on 30/09/2014 is equal to 102,792 thousand Euro. All goodwill written into the balance sheet refers to the larger value paid with respect to the fair value of the assets acquired.

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

CASH GENERATING UNIT	BOOK VALUE GOODWILL	BOOK VALUE GOODWILL
	September 30, 2014	December 31, 2013
PRIMA POWER	97.559	97.427
OSAI (Service)	4.125	4.125
PRIMA ELECTRO NORTH AMERICA	917	837
MLTA	154	154
OSAI UK	37	37
TOTAL	102.792	102.580

Goodwill (being an asset with an undefined life) is not subject to depreciation and is subject to verification at least annually of the reduction of value (*impairment test*). At 31/12/2013 the Group carried out the *impairment test* on the value the main elements of goodwill (PRIMA POWER, OSAI-Service and PRIMA ELECTRO NORTH AMERICA), for which attention is drawn to the Consolidated Financial Statements at 31/12/2013. Regarding the above mentioned goodwill, as no indicators of loss in value have appeared compared with the balance sheet closed on 31/12/2013, it was not considered necessary to update the related *impairment tests*.

NOTE 6.3 - OTHER INVESTMENTS

The value of Other Investments at 30/09/2014 amounts to 1,032 thousand Euro and is in increase of 744 thousand euro on 31/12/2013; the change is entirely the result of a capital increase subscribed by PRIMA ELECTRO SpA in the EPS.

Consequently this heading on 30/09/2014 is composed of:

- EPS: 841 thousand Euro (investment equal to 21.5% held by PRIMA ELECTRO SpA);
- Caretek Srl: 76 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 19.0% held by PRIMA INDUSTRIE SpA);
- other minor investments: 30 thousand Euro.

NOTE 6.4 - NON CURRENT FINANCIAL ASSETS

This heading at 30/09/2014 is equal to 35 thousand Euro and consists of a loan issued by PRIMA ELECTRO SpA to the company Caretek Srl.

NOTE 6.5 - DEFERRED TAX ASSETS

The Deferred Tax Assets are equal to 8,712 thousand Euro, showing an increase compared with the preceding financial year of 1,064 thousand Euro.

This asset has mainly been generated by the temporary difference in the inventories and in the provisions. The accounting statement of the anticipated 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 recognised 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 6.6 - INVENTORIES

The following table shows the composition of inventories on 30/09/2014 and on 31/12/2013.

INVENTORIES	September 30, 2014	December 31, 2013
Raw Materials	26.466.018	20.110.202
Semifinished goods	17.908.110	9.104.962
Finished products	56.702.939	43.066.884
(Inventories provisions)	(6.820.240)	(6.067.584)
TOTAL	94.256.828	66.214.465

The inventories on 30/09/2014 amount to 94,257 thousand Euro, net of the warehouse devaluation fund for a total of 6,820 thousand Euro. The net value of the warehouse inventories on 30/09/2014 shows an increase equal to 28,042 thousand Euro compared with 31/12/2013.

NOTE 6.7 - TRADE RECEIVABLES

The trade receivables on 30/09/2014 amounted to 70,086 thousand Euro and compared to the previous financial year a decrease of 8,747 thousand Euro was experienced.

Trade Receivables	September 30, 2014	December 31, 2013
Trade receivables from customers	73.307.230	82.124.226
Provisions for bad debts	(3.220.879)	(3.291.150)
TOTAL	70.086.351	78.833.076

The provisions for bad debts reflect the management estimate about the expected losses of the Group.

NOTE 6.8 - OTHER RECEIVABLES

The other receivables on 30/09/2014 are equal to 8,223 thousand Euro and increased of 2,314 thousand Euro compared with 31/12/2013. The other non-current receivables are equal to 20 thousand Euro.

NOTE 6.9 - OTHER TAX ASSETS

The heading amounts to 7.445 thousand Euro in increase of 3.140 thousand Euro compared to 31/12/2013. Tax assets are represented by VAT receivables of 5.367 thousand Euro (2.395 thousand Euro on 31/12/2013), by a tax receivable 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 advances from direct taxes of 360 thousand Euro (424 thousand Euro on 31/12/2013), by withholding taxes for 592 thousand Euro (398 thousand Euro on 31/12/2013) and by other receivables for tax assets for 78 thousand Euro (40 thousand Euro on 31/12/2013).

NOTE 6.10 - NET FINANCIAL POSITION

On 30/09/2014, the net financial position of the Group was negative for an amount of 106,686 thousand Euro, showing an increase of 6,725 thousand Euro compared to the previous financial year (99,961 thousand euro). For a better understanding of the variation in the net financial

position achieved during the first nine months of 2014, 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 30/09/2014 and 31/12/2013 is shown in the following table, determined with the indicated criteria in the CESR (Committee of European Securities Regulators) Recommendations of 10/02/2005 "Recommendations for the uniform activation of the European Commission Regulation on Information Sheets" and quoted by Consob itself.

Values expressed in thousand Euro				
	September 30, 2014	December 31, 2013	Variations	
A CASH	20.857	29.194	(8.337)	
B OTHER CASH AND CASH EQUIVALENTS	-	-	-	
C SECURITEIS HELD FOR TRADING	-	-	-	
D LIQUIDITY (A+B+C)	20.857	29.194	(8.337)	
E CURRENT FINANCIAL RECEIVABLES	-	47	(47)	
F CURRENT BANK PAYABLES	21.796	14.647	7.149	
G CURRENT PART OF NON-CURRENT INDEBTEDNESS	32.220	36.113	(3.893)	
H OTHER CURRENT FINANCIAL PAYABLES	1.363	1.070	293	
I CURRENT FINANCIAL INDEBTEDNESS (F+G+H)	55.379	51.830	3.549	
J NET CURRENT FINANCIAL INDEBTEDNESS (I-D-E)	34.522	22.589	11.933	
K NON-CURRENT BANK PAYABLES	67.569	73.648	(6.079)	
L BOND ISSUED	-	-	-	
M OTHER NON-CURRENT FINANCIAL PAYABLES	4.595	3.724	871	
N NON-CURRENT FINANCIAL INDEBTEDNESS (K+L+M)	72.164	77.372	(5.208)	
O NET FINANCIAL POSITION (J+N)	106.686	99.961	6.725	

LIQUIDITY

For more detail on the related liquid availability, see the Consolidated Financial Report.

INDEBTEDNESS WITH BANKS

The main debt included in the bank debt is the FINPOLAR Loan. This loan, which at 30/09/2014 amounts comprehensively to 95,800 thousand Euro, is subdivided as follows:

- Quota A: medium/long term loan of 4,415 thousand Euro (*amortized* expiring in February 2015 with a six monthly payment);
- Quota B: medium/long term loan of 63,649 thousand Euro (expiring in February 2016 with a *bullet* repayment on expiry);
- Quota C2: credit line for anticipated invoices (*revolving*) used on 30/09/2014 for 7,487 thousand Euro (the credit line is usable for a maximum comprehensive sum of 12,200 thousand Euro for the Group working capital requirements);
- Quota D: credit line for cash of 19,927 thousand Euro (of a maximum capital sum of 20 million Euro);
- on 30/09/2014 matured interest was recorded and not yet liquidated on all the quotas of the FINPOLAR loan for a comprehensive sum on 322 thousand Euro.

The FINPOLAR loan is for 63,920 thousand Euro expiring beyond 12 months.

At the date of preparation of these financial statements it should be noted that on 04/02/2014 and 04/08/2014 the company has correctly paid the expiring instalments relating to the FINPOLAR Loan.

Included in the non-current bank payables there are also other bank loans for 459 thousand Euro and the negative *fair value* of some derivative financial instruments (IRS - Interest Rate Swap) which amount comprehensively to 3,190 thousand Euro. The main contracts are those stipulated by PRIMA INDUSTRIE SpA, in partial cover for the risk of interest rates on the above mentioned FINPOLAR Loan. The effectiveness test carried out on the covering derivative contracts highlighted, on 30/09/2014, a report of substantial effectiveness and therefore, as even the other requirements required by IAS 39 were complied with, they are accounted for using the *hedge accounting* criterion. The effectiveness test carried out on the derivative contracts on which the *hedge accounting* was not applied. For these contracts, the *fair value* variations were assigned to the income statement.

Encompassed into the current bank debt (also considering the current part of the non-current debt) are the FINPOLAR Loan for 31,880 thousand Euro, bank *overdrafts* for 14,386 thousand Euro and other bank loans for 7,641 thousand Euro and financial instruments to hedge the exchange rate risk (*Currency Rate Swap*) for 109 thousand Euro.

OTHER FINANCIAL PAYABLES

The Other financial payables amount comprehensively to 5,958 thousand Euro (of which 1,363 thousand are current).

The other financial payables encompass:

- payables for financial leasing for a sum equal to 2,770 thousand Euro (of which 576 thousand Euro are current);
- other financial payables for 3,188 thousand Euro (of which 787 thousand Euro are current); these payables refer principally to subsidized ministerial loans.

MOVEMENT OF PAYABLES DUE TO BANKS AND LOANS

The payables due to banks and loans of the PRIMA INDUSTRIE Group on 30/09/2014 (not including the derivatives *fair value* of derivatives) are equal to 124,244 thousand Euro and during the first nine months of 2014, they have changed as shown in the following table.

BANK PAYABLES AND LOANS	<i>Euro thousand</i>
Banks payables and loans - current portion (December 31st, 2013)	51.830
Bank payables and loans - non-current portion (December 31st, 2013)	72.442
TOTAL PAYABLES TO BANKS AND LOANS AS OF DECEMBER 31, 2013	124.272
Stipulation of loans and borrowings (including bank overdrafts)	8.297
Repayment of loans and borrowings (including bank overdrafts)	(8.450)
Stipulation/(repayments) of financial leasing	(146)
Exchange rate variation	271
BANK PAYABLES AND LOANS AS OF SEPTEMBER 30, 2014	124.244
of which:	
Payables to banks and loans - current portion (September 30, 2014)	68.974
Payables to banks and loans - non-current portion (30/09/2014)	55.270
TOTAL PAYABLES AND LOANS AS OF SEPTEMBER 30, 2014	124.244

NOTE 6.11 - ASSETS HELD FOR SALE

On 30/09/2014, the value of assets held for sale is equal to 1,577 thousand Euro.

Non-current assets held for sale	SUP Investments (*)	Real Property Rivalta sul Mincio	TOTAL
Value at December 31, 2013	1.149.839	334.000	1.483.839
Currency adjustment	92.687	-	92.687
Value at September 30, 2014	1.242.526	334.000	1.576.526

* Shanghai Unity Prima (SUP)

In this heading are classified:

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

NOTE 6.12 - NET EQUITY

The net equity of the PRIMA INDUSTRIE group has increased compared to the end of last financial year of 11,604 thousand euro. This increase is the result of the positive effects arising from the Group's overall result of the period (11,022 thousand Euro) and the share capital increase in PRIMA POWER Suzhou (582 thousand euro).

NOTE 6.13 - EMPLOYEE BENEFITS LIABILITIES

The Employee Benefits Liability heading amounts to 7,792 thousand (7,732 thousand Euro on 31/12/2013) includes:

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

The table below compares the items above:

Employees Benefits	September 30, 2014	December 31, 2013
Severance Indemnity Fund	5.953.633	6.016.463
Fidelity premium and other funds	1.838.100	1.715.077
TOTAL	7.791.733	7.731.540

NOTE 6.14 - DEFERRED TAX LIABILITIES

The Deferred Tax Liabilities are equal to 10,958 thousand Euro, showing an increase compared with the preceding financial year of 608 thousand Euro. It should be noted that this heading includes also deferred tax liabilities on the trademark, on the relation with clients and the Cologna Veneta real estate deriving from the company merger of the FINN-POWER Group amounting to 6,221 thousand Euro.

NOTE 6.15 - PROVISIONS

The provisions are equal to 13,324 thousand Euro and are increased compared with 31/12/2013 by 758 thousand Euro.

The non-current risks funds refer exclusively to the agent client indemnity fund and amount comprehensively to 136 thousand Euro.

The current risks funds mainly relate to product warranties (equal to 7,948 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 entered in the revenues (equal to 4,148 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 1,092 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 6.16 - TRADE PAYABLES, ADVANCE PAYMENTS AND OTHER PAYABLES

The value of these payables has increased compared to 31/12/2013 by 11,911 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 written into revenue. The Other payables heading encompasses 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 payables, advances and other payables	September 30, 2014	December 31, 2013
Trade payables	74.994.288	68.117.926
Advances	17.878.406	13.580.141
Other payables	18.250.166	17.513.397
TOTAL	111.122.860	99.211.464

NOTE 6.17 - CURRENT TAXES PAYABLES

The Current Tax Payables on 30/09/2014 are equal to 4,828 thousand Euro, showing an increase of 121 thousand Euro compared with the previous fiscal year (4,707 thousand euro on 31/12/2013).

NOTE 6.18 - NET INCOME FROM SALES AND SERVICES

The income from the sales and services have been increased and commented on Chapter 3 of this document "Interim Financial Report" in the paragraph "Income and Profitability".

NOTE 6.19 - OTHER OPERATIONAL INCOME

The Other Operational Income amounts to 4,907 thousand Euro (2,936 thousand Euro at 30/09/2013); they refer mainly to income for the sale of licenses resulting from industrial cooperation agreements and contributions for research and development activity received by public bodies; it should be noted that income from the sale of licenses resulting from industrial cooperation agreements are non-recurring for 2,940 thousand euro (non-recurring income at 30/09/2013 amounted to 694 thousand euro).

NOTE 6.20 - INCREASES IN FIXED ASSETS FOR INTERNAL WORK

The increases in fixed assets for internal work on 30/09/2014 amount to 8,541 thousand Euro and refer mainly to the capitalisation of new project development costs (8,212 thousand Euro), of which the technical feasibility has been verified and the generation of probable future economic benefits. The capitalised development costs have 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.

NOTA 6.21 - PERSONNEL COSTS

The personnel costs at 30/09/2014 is equal to 68,243 thousand Euro and shows an increase compared with the corresponding period of the previous financial year of 2,072 thousand Euro.

NOTA 6.22 - AMORTIZATION -IMPAIRMENT

The amortization at 30/09/2014 are equal to 8,357 thousand Euro (of which 6,245 thousand Euro are related to intangible assets). There is no *impairment* carried out in the first nine months of 2014. The amortisation relating to the trademark and relationships with clients ("*customer list*") amount comprehensively to 2.289 thousand Euro, while those relating to development costs are equal to 3,621 thousand Euro.

NOTE 6.23 - OTHER OPERATIONAL EXPENSES

The Other operational expenses for the first nine months of 2014 amounted to 58,260 thousand Euro compared with 55,882 thousand Euro at 30/09/2013.

NOTE 6.24 - FINANCIAL INCOME AND EXPENSES

The financial management of the first nine months of 2014 shows a negative result of 5,019 thousand Euro.

Financial Management	September 30, 2014	September 30, 2013
Financial income	88.176	270.499
Financial costs	(5.422.942)	(6.014.087)
Net Financial costs	(5.334.766)	(5.743.588)
Net result deriving from transactions in foreign currency	315.356	(817.197)
Total Financial Management	(5.019.410)	(6.560.785)

The financial burdens relating to the FINPOLAR Loan sustained by PRIMA INDUSTRIE are equal to 2,204 thousand Euro, while the financial burdens on the derivatives stipulated by the group are equal to 1,483 thousand Euro.

NOTE 6.25- CURRENT AND DEFERRED TAXES

The taxes on income for the first nine months of 2014 show a net negative balance of 3,428 thousand Euro, that includes a tax provision for tax risks of 500 thousand euro (for more details, see Note 6.30 "Events which took place after the end of the quarter") and IRAP for 1,067 thousand Euro. At last, it should also be noted that the tax burden of 2013 included a positive effect due to the recording of 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).

NOTE 6.26 - EARNINGS PER SHARE

The earnings per share on 30/09/2014, equal to 0.69 Euro (positive for 0.25 Euro on 30/09/2013) is calculated by dividing the profits attributable to the shareholders of the Parent Company by the average number of ordinary shares in circulation in the first nine months of 2014 which are 10,483,274 (in the first nine months of 2013 they were 8,648,464). The diluted earnings per share are equal to the basic earning because at 30/09/2014 there are no dilutive operations. The diluted earnings per share on 30/09/2013 was positive for 0.20 Euro; this dilutive effect was determined by the potential ordinary shares with dilutive effect related to the *stock option* plan (expired on 30/06/2014) and to the *warrants* in circulation at that time.

NOTE 6.27 - INFORMATION SHEET ON RELATED PARTIES

In addition to the relationships with the strategic management and the Board of Statutory Auditors, operations with related parties were mainly connected to the research and development of special electronic components delivered to the company EPS by PRIMA ELECTRO S.p.A.

OPERATIONS WITH RELATED PARTIES	Strategic Management	Board of Statutory auditors	EPS	TOTAL
RECEIVABLES AS OF 01/01/2014	-	-	-	-
RECEIVABLES AS OF 30/09/2014	-	-	3.660	3.660
PAYABLES AS OF 01/01/2014	476.539	95.000	-	571.539
PAYABLES AS OF 30/09/2014	252.968	78.750	-	331.718
REVENUES 01/01/2014 - 30/09/2014	-	-	194.388	194.388
COSTS 01/01/2014 - 30/09/2014	878.960	78.750	-	957.710
VARIATIONS IN RECEIVABLES				
01/01/2014 - 30/09/2014	-	-	3.660	3.660
VARIATIONS IN PAYABLES				
01/01/2014 - 30/09/2014	(223.571)	(16.250)	-	(239.821)

NOTE 6.28 - SECTOR INFORMATION SHEET

Attention is drawn to the fact that not all the data shown below are directly comparable with those presented in chapters "3 - Group Management Report" and "4 - Economical Progress by Sector", given that the latter are expressed as gross of the inter-sector parties.

Information sheet by sector of activity

The inter-sector returns 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.

Sector profit as of September 30th, 2014	PRIMA POWER	PRIMA ELECTRO	Items not allocated	TOTAL
Total sector revenues	207.364	39.988	-	247.352
(Inter-sector revenues)	(34)	(10.398)	-	(10.432)
Revenues	207.330	29.590	-	236.920
EBITDA	19.736	3.913	-	23.649
EBIT	13.116	2.176	-	15.292
Net financial expenses/income	(4.538)	(482)	-	(5.020)
Profit before taxes	8.578	1.694	-	10.272
Taxes	-	-	(3.428)	(3.428)
Net result	-	-	-	6.844

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

Sector assets and liabilities as of September 30th, 2014	PRIMA POWER	PRIMA ELECTRO	Items not allocated	TOTAL
Assets	294.816	59.092	37.049	390.957
Related Parties, J/V and other equity investments (*)	1.358	917	-	2.275
Total assets	296.174	60.009	37.049	393.232
Liabilities	114.472	17.766	143.329	275.567

(*) Including the investments classified in the Assets held for sale

Sector profit as of September 30, 2013	PRIMA POWER	PRIMA ELECTRO	Items not allocated	TOTAL
Total sector revenues	211.188	36.843	-	248.031
(Inter-sector revenues)	(65)	(9.714)	-	(9.779)
Revenues	211.123	27.129	-	238.252
EBITDA	15.555	4.200	-	19.755
EBIT	8.294	2.687	-	10.981
Net financial expensed/income	(5.986)	(575)	-	(6.561)
Income/costs from investments not fully consolidated	(519)	(487)	-	(1.006)
Profit before taxes	1.789	1.625	-	3.414
Taxes	-	-	(1.280)	(1.280)
Net result	-	-	-	2.134

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

Sector assets and liabilities as of September 30, 2013	PRIMA POWER	PRIMA ELECTRO	Items not allocated	TOTAL
Assets	278.865	57.828	29.735	366.428
Related parties, J/V and other equity investments (*)	1.277	178	-	1.455
Total assets	280.142	58.006	29.735	367.883
Liabilities	100.324	14.662	165.783	280.769

(*) 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 Management Report", in the paragraph "Income and Profitability".

NOTE 6.29 - 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 group has also carried out operations in derivatives, primarily "Interest Rate Swap - IRS" contracts. The aim of these instruments is to

manage the interest rate risks generated by the Group operations and from their sources of financing.

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

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

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

The objectives and politics of the Group for the management of risks described above is detailed below.

Interest rate risk

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

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

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

In particular, 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.

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 (or appropriate).

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

With regard to account currencies different from the U.S. dollar, which concern almost exclusively some of the subsidiary companies which carry out sales and after sales service activities, the risk management strategy is rather one of acceptance, both because they normally deal with sums of modest value, and because of the difficulty of finding suitable covering instruments.

Credit risk

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

For this purpose, with regards to PRIMA INDUSTRIE, a function of Group of credit management 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.

NOTE 6.30 - SUBSEQUENT EVENTS

On 24/07/2013, in response to an audit covering the period 01/01/2008 - 29/04/2013, held in the FINN-POWER Italy Srl, the Guardia di Finanza (Investigative Tax Police) of Verona has notified a report of findings to FINN-POWER OY (which holds 100% of FINN-POWER Italia Srl) in which the existence of its hidden permanent establishment in Italy has been disputed. The company FINN-POWER OY believes that the finding is completely unfounded, also because of the presence in Italy of the company FINN-POWER Italia Srl, its wholly owned subsidiary, through which all activities and transactions on the Italian market have always been regularly carried out. The determination of any claim of the tax authority has been assigned to the relevant Inland Revenue office, with which a contradiction in proceedings has been established that can demonstrate the complete groundlessness of the hidden permanent establishment claim.

On 03/11/2014, following a meeting with the Inland Revenue of Verona, the opportunity to reach an agreed assessment based on evaluations on the application of transfer pricing has emerged, in order also to prevent the establishment of an inevitable long and expensive litigation. The directors considering this occurrence probable have taken steps to allocate in the closing quarter a reasonable estimate of the expected charge in a special tax risks provision (500 thousand euro).

Signature of the authorized governing body



CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AT 30/09/2014

Declaration pursuant to article 154-bis, paragraph 2 of Part IV, Title III, Chapter II, Section V bis of Legislative Decree of February 24, 1998, no. 58: Consolidated Law on Financial Intermediation, pursuant to Articles 8 and 21 of the Law of February 6, 1996, No. 52.

The manager responsible for preparing the company accounting documents of the PRIMA INDUSTRIE Group, Davide Danieli, declares, in accordance with the provisions of the second paragraph of Art. 154 bis, Part IV, Title III, Chapter II, Section V bis of Legislative Decree of February 24, 1998, No. 58, that the accounting information contained in this Interim Financial Report as of September 30th, 2014 corresponds to the document results, books and accounting records.