



INTERIM FINANCIAL REPORT **AS OF SEPTEMBER 30<sup>th</sup>, 2015**



Board of Directors - November 13<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

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

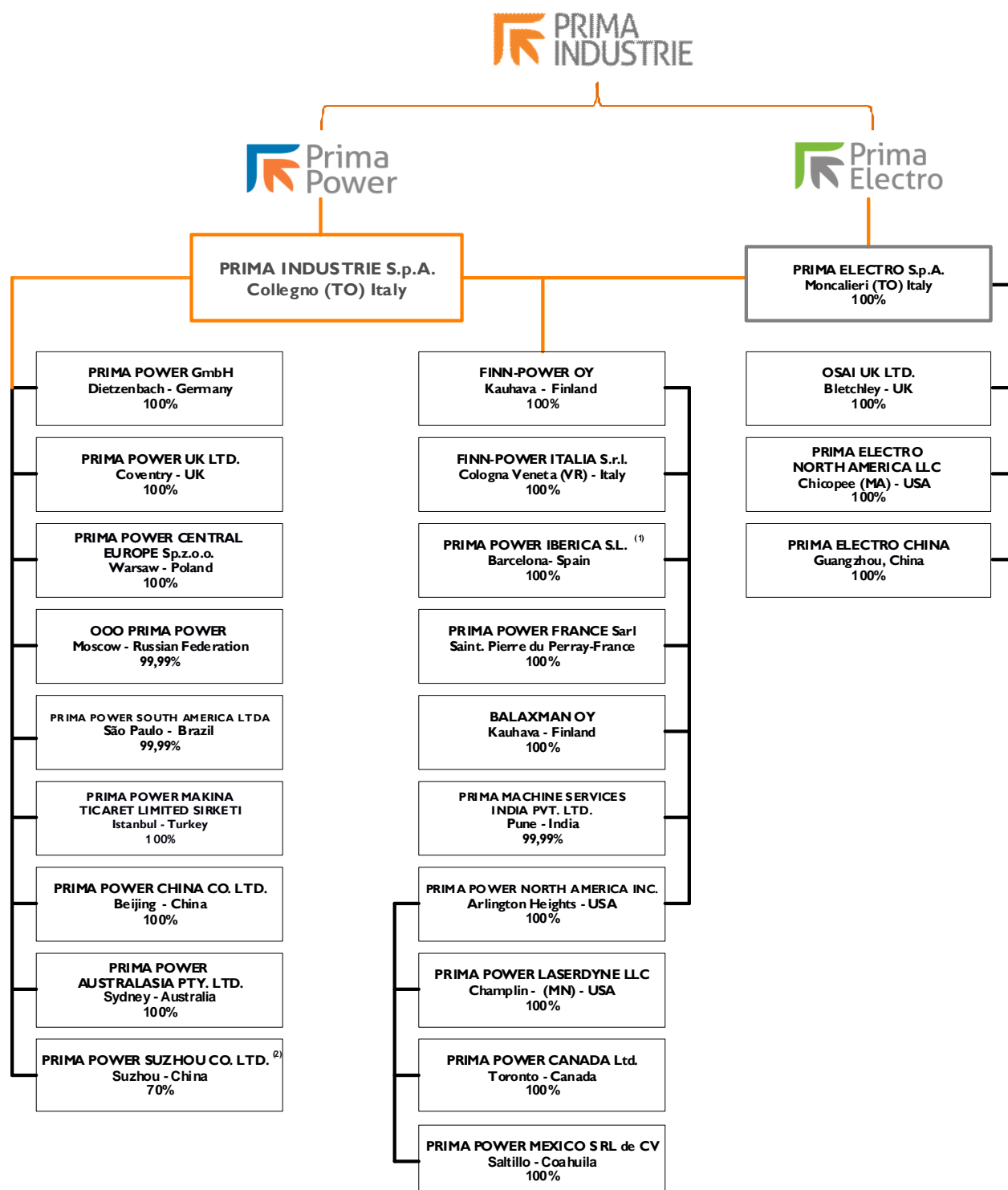
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SEPTEMBER 30<sup>th</sup>, 2015



## CHAPTER 1. PRIMA INDUSTRIE GROUP STRUCTURE AND PROFILE AS OF SEPTEMBER 30<sup>TH</sup>, 2015

### PRIMA INDUSTRIE GROUP STRUCTURE



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

## 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 12,000 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.

## AREA OF CONSOLIDATION

The only corporate change that occurred during the first nine months of 2015 relates to the Belgian company Prima Power Benelux NV, 100% owned by FINN-POWER OY, that on 01/07/2015 has merged with the *branch* office of the same Finnish parent company located in Belgium. This change does not affect the consolidation area.

On September 30th, 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	Soğanlık Yeni Mah. Bakkesir 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.	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
BALAXMAN Oy	Metallite 4, FI-62200 Kauhava, FINLAND	€ 2.523	100%	Line-by-line method
PRIMA MACHINE SERVICES INDIA PVT. LTD.	Plot No A-54/55, H Block, MIDC, Pimpri, Pune - 411018, Maharashtra, India	Rs. 7.000.000	99,99%	Line-by-line method
PRIMA POWER 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 Management Report at September 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 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 13<sup>th</sup>, 2015, 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 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"),
- the EBITDA ("Profits before interest, taxes and amortisation"), which is determined by adding to the "Operating Profit" resulting from the balance sheet either under the item "Amortisation", or the item "*Impairment and Devaluation*".

Also mentioned furthermore:

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

## EXCHANGE RATES

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

CURRENCY	AVERAGE EXCHANGE RATE		SPOT EXCHANGE RATE	
	30/09/15	30/09/14	30/09/15	31/12/14
US DOLLAR	1,1145	1,3554	1,1203	1,2141
CHINESE RENMINBI	6,9647	8,3579	7,1206	7,5358
RUSSIAN RUBLE	66,5540	48,0390	73,2416	72,3370
TURKISH LIRA	2,9676	2,9342	3,3903	2,8320
POLISH ZLOTY	4,1559	4,1755	4,2448	4,2732
POUND STERLING	0,7274	0,8122	0,7385	0,7789
BRAZILIAN REAL	3,5183	3,1043	4,4808	3,2207
INDIAN RUPEE	70,8406	82,3003	73,4805	76,7190
AUSTRALIAN DOLLAR	1,4619	1,4766	1,5939	1,4829
CANADIAN DOLLAR	1,4031	1,4829	1,5034	1,4063
MEXICAN PESO	17,3513	17,7800	18,9768	17,8679

# CHAPTER 3

## GROUP INTERIM MANAGEMENT REPORT

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## CHAPTER 3. GROUP INTERIM MANAGEMENT REPORT

### SIGNIFICANT EVENTS OF THE PERIOD

As for the significant events of the period, refer to that reported in the Interim Financial Report as of June 30<sup>th</sup>, 2015.

### MACRO ECONOMIC CONTEXT

Below is a description of the world macroeconomic situation for the first nine months of 2015 and the expectations that follow according to the indications provided mainly by Banca Intesa Sanpaolo (whose group includes Banca IMI, specialist of the company) and by other primary sources and associations.

Towards the end of the third quarter of the year, the global economy has been monopolized by two issues: the extent of the slowdown in China and the fallout of the Volkswagen scandal. The devaluation of the renminbi and the storm that hit the stock markets in August the Chinese have awakened the attention around the risk of a deep and persistent downturn in economic activity in emerging countries likely to have repercussions also on the growth of the advanced economies, although in fact the phenomenon was already in progress.

In return, the most recent forecasts on the critical situation of China provide data that seem to dilute the excessive pessimism, bringing the economic phase that China is going through in a more balanced perspective. Economy, it should be remembered, that is trying to reorient the development model towards domestic consumption and demand, reducing excess capacity in some key sectors.

The slowdown of China has a significant impact on the import demand, directly affecting the Asian countries but also the most exposed European countries, such as Germany.

The IMF, in its October report, has revised downwards its April forecast. World growth is estimated at 3.1% in 2015 (0.3 points less than in 2014 and 0.2 points below the estimates of six months ago), while in 2016 a moderate acceleration (3.6%) is expected.

The deceleration is explained by the slowdown in emerging economies as a whole, particularly accentuated for some important countries such as Brazil and Russia, which entered into recession also due to the low prices of *commodities*. But also other economies in the Asian region, the Middle East and Central South have in common a more or less marked slowdown.

However the worst phase for the international exchange should be over and in mid-September there have also been signs of a return of capital to the emerging markets.

In advanced countries, growth will still be supported by accommodative financial conditions and neutral fiscal policies. Although the United States will start a cycle of official interest rate rise, perhaps by the end of 2015, the restriction will be modest and the interest rates level in the short and long term will remain low in the historical comparison.

In Europe, the gradual consolidation of the recovery continued in the last weeks. With many uncertainties, given the certainly not brilliant level of the latest data. Data which, moreover, do not yet take into account the Volkswagen effect on the German economy, which will not be, in any case, irrelevant.

As for the United States, recent data confirm the good health of the American economy. The employment data is less brilliant than in the past few months, while the housing market continues to grow; good is also the trend in the *automotive* sector.

The new (and final) estimates on GDP growth in the second quarter slightly remodel the previous ones upward. The increase over the first quarter was in fact 3.9% (annualized), a couple of tenths more than the previous calculations. All the demand components showed a positive trend, in acceleration compared to the first quarter.

With regard to the Euro area, the growth recovery scenario above the potential in 2015-17 is confirmed, but the downside risks have increased. The uncertainty about the slowdown in China and other emerging countries will affect the Euro area activity, but except extreme scenarios like in 1997, it will be partly offset by the continued decline in oil prices, by the past depreciation of the Euro exchange and by the improvement of the monetary policy transmission mechanism.

Among the peripheral countries Ireland and Spain will travel (3.5% and 3.0%) far above the average, benefiting from the strong post-program recovery, while Portugal will advance in line with the Eurozone average. Among the larger countries, Germany will be characterized by a more robust growth, but the recovery becomes more robust even in Italy. We confirm, however, the estimates of a moderate recovery for France.

Regarding in particular the capital goods sector, which is by definition the derivative with respect to the economic trend, Oxford Economics, in the "The Global Machine Tool Outlook" study (Fall 2015), based on the slowdown of China and emerging economies represents a scenario where the growth expectations in 2015 for the machine tool industry change from 4.1% (just six months ago) to 1.3% and then 5.8% in 2016. Despite the growth slowdown, it is expected that China will in any case maintain its leadership as a consumer and manufacturer of machine tools in the coming years.

## REVENUES AND PROFITABILITY

The consolidated revenues at 30/09/2015 amount to a 260,095 thousand Euro an increase of 9.8% compared to the corresponding period of the year 2014 (on 30/09/2014 were equal to 236,920 thousand Euro).

The consolidated turnover is shown below on a geographic basis at 30/09/2015 compared with the corresponding period for the previous financial year.

Revenues	30/09/15		30/09/14	
	<i>Euro thousand</i>	%	<i>Euro thousand</i>	%
EMEA	164.303	63,2	140.984	59,5
AMERICAS	54.427	20,9	54.728	23,1
APAC	41.365	15,9	41.208	17,4
<b>TOTAL</b>	<b>260.095</b>	<b>100,0</b>	<b>236.920</b>	<b>100,0</b>

The trend that sees the Group generate a significant portion of revenues in the EMEA region is confirmed; the weight of this area increased from 59.5% in 30/09/2014 to 63.2% on 30/09/2015. In particular, the Group achieved good results in Italy (14.5% of consolidated turnover, positively influenced by revenues from the PRIMA ELECTRO division), in the northern European countries (9.9% of consolidated turnover), Spain (7.7% of consolidated

turnover), Germany (6.4% of consolidated turnover) and Eastern Europe (6.2% of consolidated turnover); the turnover achieved in Russia, in the light of the complicated political situation, fell from 6.6% on 30/09/2014 to 3.9% on 30/09/2015.

The share achieved in the AMERICAS is primarily attributable to North America, whose turnover is 20.2% of consolidated turnover at 30/09/2015.

As for the APAC countries the largest share refers to China (11.4% of consolidated turnover), these results benefit from the investment made in the period with the Prima Power Suzhou.

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 6.31 - Sector Information).

Revenues	30/09/15		30/09/14	
	<i>Euro thousand</i>	%	<i>Euro thousand</i>	%
PRIMA POWER	227.842	87,6	207.364	87,5
PRIMA ELECTRO	43.535	16,7	39.988	16,9
Inter-sector revenues	(11.282)	(4,3)	(10.432)	(4,4)
<b>TOTAL</b>	<b>260.095</b>	<b>100,0</b>	<b>236.920</b>	<b>100,0</b>

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 both for the first nine months of 2015 and for the first nine months of 2014.

Revenues segment/area - 30/09/2015	EMEA	AMERICAS	APAC	TOTAL
<i>€/000</i>				
PRIMA POWER	139.176	52.418	36.193	227.787
PRIMA ELECTRO	25.127	2.009	5.172	32.308
<b>TOTAL</b>	<b>164.303</b>	<b>54.427</b>	<b>41.365</b>	<b>260.095</b>

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
<b>TOTAL</b>	<b>140.984</b>	<b>54.728</b>	<b>41.208</b>	<b>236.920</b>

The revenues in both divisions are growing: in particular those of the PRIMA POWER division are growing of 9.9% and the revenues of the PRIMA ELECTRO division increased by 9.2% compared to the same period of the previous financial year.

The PRIMA POWER division achieved 61.1% of sales in the EMEA area (mainly in Italy, Spain, Germany, the Northern and Eastern Europe countries), 23.0% in the countries of the Americas (mainly North America) and 15.9% in the APAC area (mainly China).



The PRIMA ELECTRO division achieved 77.8% of sales in the EMEA region (mainly Italy, Benelux, Kazakhstan and Spain), 6.2% in the AMERICAS Countries and 16.0% in the APAC region (mainly China).

The **Value of production** at 30/09/2015 is equal to 283,556 thousand Euro, an increase of 4.9% with respect to the corresponding period of the financial year 2014 (increase of 13,346 thousand Euro).

The value of production in the period also includes increases in fixed assets for internal work equal to 8,778 thousand Euro (8,541 thousand Euro at 30/09/2014); these costs principally refer to investments in development costs.

Performance indicators	30/09/15		30/09/14	
	<i>Euro thousand</i>	<i>% on sales</i>	<i>Euro thousand</i>	<i>% on sales</i>
EBITDA	21.717	8,4	23.649	10,0
EBIT	11.816	4,5	15.292	6,5
EBT	4.096	1,6	10.272	4,3
NET RESULT	2.222	0,9	6.844	2,9
NET RESULT ATTRIBUTABLE TO GROUP SHAREHOLDERS	2.622	1,0	7.182	3,0

The Group's **EBITDA** is 21,717 thousand Euro (8.4% of turnover).

The EBITDA of the Group is shown below at 30/09/2015 and at 30/09/2014 subdivided by sector (gross of the inter-sector transactions).

EBITDA	30/09/15		30/09/14	
	<i>Euro thousand</i>	<i>%</i>	<i>Euro thousand</i>	<i>%</i>
PRIMA POWER	15.427	71,0	18.868	79,8
PRIMA ELECTRO	6.467	29,8	4.807	20,3
Inter sector items and eliminations	(177)	(0,8)	(26)	(0,1)
<b>TOTAL</b>	<b>21.717</b>	<b>100,0</b>	<b>23.649</b>	<b>100,0</b>

This indicator, despite the increase in turnover, is in decrease as affected by the underperformance of the PRIMA POWER segment.

The EBITDA for the segment amounted to 15,427 thousand Euro, 18.2% down compared to the previous year (decrease of 3,441 thousand Euro). In this regard it should be noted that the EBITDA of 30/09/2014 benefited from a net positive non-recurring effect of 2,455 thousand Euro; on the result at 30/09/2015 instead, nonrecurring events amounted to -354 thousand Euro and refer mainly to a gain on the sale of licenses amounting to 1,260 thousand Euro and costs for restructuring/reorganization, litigation and customers penalties amounting to 1,614 thousand Euro. In addition, the result is also negatively affected by the drop in sales in Russia (market with high-margin for PRIMA POWER products) and the continuation of the investment in the PRIMA POWER Suzhou, for which costs have continued to be held for the production start-up and for the strengthening of both the sales and after-sales service.



The consolidated **EBIT** at 30/09/2015 amounted to 11,816 thousand Euro and is in decrease by 3,476 thousand Euro compared to the same period of the last year. This decline is attributable to the lower EBITDA previously illustrated, and also to the increased depreciation amounting to 9,900 thousand Euro (in increase on 30/09/2014 of 1,543 thousand Euro). The depreciation of the intangible assets influence this result for an amount of 7,439 thousand Euro and the Property, Plant & Equipment for an amount of 2,461 thousand Euro. With regard to the depreciation of intangible assets, the main items relate to the depreciation of development costs (4,739 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 amounted to 2,321 thousand Euro.

The EBIT of the group is shown below at 30/09/2015 and 30/09/2014, subdivided by sector gross of the inter-sector transactions.

EBIT	30/09/15		30/09/14	
	€/000	%	€/000	%
PRIMA POWER	7.608	64,4	12.239	80,0
PRIMA ELECTRO	4.374	37,0	3.069	20,1
Inter sector items and eliminations	(166)	(1,4)	(16)	(0,1)
<b>TOTAL</b>	<b>11.816</b>	<b>100,0</b>	<b>15.292</b>	<b>100,0</b>

The consolidated **EBT** on 30/09/2015 amounted to 4,096 thousand Euro and is in decrease by 6,176 thousand Euro compared to the same period of the last year. It should be noted that this value discounts net burdens arising from financial management (including gains and losses on exchange rates) of 7,621 thousand Euro (at 30/09/2014 equal to 5,019 thousand Euro). It should be noted that the financial expenses of the first nine months of 2015 include extraordinary expenses held between February and March 2015 due to the full repayment of the FINPOLAR loan, amounting to 2,123 thousand Euro; these costs (primarily related to the hedging derivative previously subscribed), if FINPOLAR had come to its natural end, they would have been calculated pro-rata over the following quarters until February 2016 .

Financial results (€/000)	30/09/15	30/09/14
Advance Finpolar loan expenses	(2.123)	-
Finpolar loan expenses	(295)	(2.204)
<i>Bond</i> expenses	(1.558)	-
Club-Deal loan expenses	(1.076)	-
Finnish Loan expenses	(177)	-
Derivates expenses (IRS)	-	(1.335)
Derivate expenses (CRS)	566	(148)
Other financial expenses	(2.039)	(1.647)
<b>Net financial expenses</b>	<b>(6.702)</b>	<b>(5.334)</b>
Net exchange differences	(919)	315
<b>TOTAL</b>	<b>(7.621)</b>	<b>(5.019)</b>

The EBT was negatively influenced also by the exchange management result, that in the first nine months of 2015 were negative for 919 thousand Euro (positive for 315 thousand Euro on 30/09/2014); the effect of the management of foreign exchange derivatives, which is positive for 566 thousand Euro should be noted.

The net result of the investments accounted for using the net equity method includes the assessment of EPS SA and is negative for 105 thousand Euro; this assessment considers the latest data available at the time of this Interim 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 RESULT** at 30/09/2015 is equal to 2,222 thousand Euro (6,844 thousand Euro at 30/09/2014). Income taxes in the first nine months of 2015 indicate a negative net balance of 1,874 thousand Euro, including IRAP for 812 thousand Euro).

## NET FINANCIAL POSITION

On 30/09/2015, the net financial position of the Group was negative for an amount of 110,901 thousand Euro compared to 92,089 thousand Euro on 31/12/2014 and 106,686 thousand Euro on 30/09/2014.

The net financial position detail is shown as follows.

Value expressed in Euro thousand	30/09/15	31/12/14	30/09/14
CASH & CASH EQUIVALENTS	(36.436)	(35.867)	(20.857)
CURRENT FINANCIAL RECEIVABLES	(1.121)	(442)	-
CURRENT FINANCIAL LIABILITIES	22.407	56.663	55.379
NON CURRENT FINANCIAL LIABILITIES	126.051	71.735	72.164
<b>NET FINANCIAL POSITION</b>	<b>110.901</b>	<b>92.089</b>	<b>106.686</b>

Following the issue of a seven-year Bond loan of 40 million Euro and the conclusion of a new *Club Deal* loan agreement for 60 million Euro, transactions that were both concluded in February 2015, the residual capital value of the FINPOLAR loan was repaid in full and in advance. On both new forms of loan there are financial *covenants* with measurements on an annual and half-yearly basis (for further details, refer to the indications in the Interim Financial Report at 30/06/2015). Thanks to this debt medium-long term refinancing operation provided by Finnish banks (Nordea Bank Finland Plc and Danske Bank Plc) to the company Finn-Power Oy (hereinafter for brevity "*Finnish Loan*"), the Group has financial resources of the average duration of over 5 years.

For more details about these transactions see the paragraph entitled "Significant events of the period" of the Interim Financial Report at 30 June 2015.

With the aim of supplying better information relating to the net financial position on 30/09/2015, the following should be remembered:

- the *Club-Deal* loan total amount is 39,591 thousand Euro;

- the loan *Bond* total amount is 39,851 thousand Euro;
- the *Finnish Loan* total amount is 24,917 thousand Euro;
- the payables due to leasing companies (almost exclusively of a property nature) amount to 2,600 thousand Euro.

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

## TRADE ASSETS AND ORDER PORTFOLIO

During the first nine months of 2015 the **acquisition of orders** of the Group (including *after-sale service*) amounted to 274.0 million Euro in increase of 2.2% compared to 268.1 million Euro at 30/09/2014. The acquisition of orders of the PRIMA POWER segment amounted to 250.9 million Euro, while that of the PRIMA ELECTRO, only from customers outside the Group, amounted to 23.1 million Euro.

The consolidated **order portfolio** (not including the *after-sale service*) at 30/09/2015 amounts to 107.6 million Euro (compared to 102.1 million Euro at 30/09/2014). The portfolio includes 100.6 million Euro relating to the PRIMA POWER sector and 7.0 million Euro relating to the PRIMA ELECTRO sector.

At 31/10/2015, the order portfolio value is 119.9 million Euro.

## RESEARCH AND DEVELOPMENT

The research and development activity carried out by the Group during the first nine months of 2015 has been comprehensively equal to 16,696 thousand Euro (of which 11,946 thousand Euro in the PRIMA POWER sector and 4,750 thousand Euro in the PRIMA ELECTRO sector) equal to 6,4% of turnover.

The capitalized share was equal to 8,091 thousand Euro (of which 5,684 thousand Euro in the PRIMA POWER sector and 2,407 thousand Euro in the PRIMA ELECTRO sector).

The costs levels 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.

## 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.

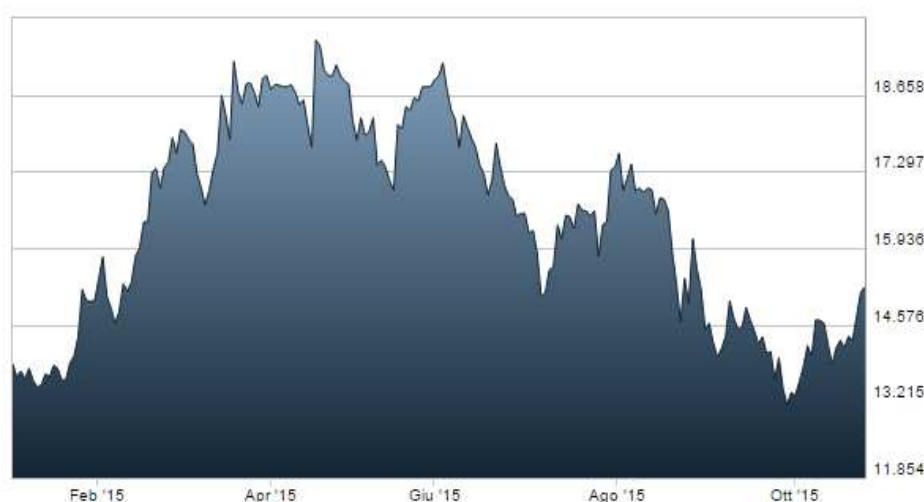
## STOCK TREND AND TREASURY STOCK

During the first nine months of 2015, the title PRIMA INDUSTRIE has passed from a unit value of 13.88 Euro on 02/01/2015 to a value of 13.37 Euro each share on 30/09/2015.

The maximum value of the stock during the period amounted to 19.63 Euro per share (20/04/2015).

The minimum value reached during the period amounted to 13.15 Euro per share (29/09/2015).

After the end of the quarter, the stock started to increase again compared to the minimum value reached at the end of September.

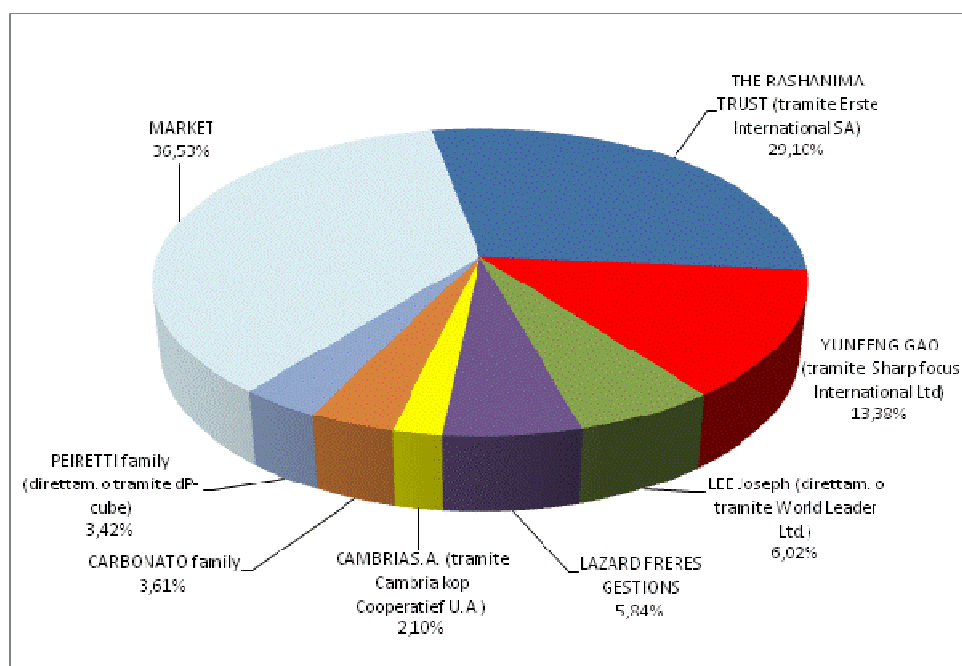


On 30/09/2015, also being the date of approval of this Interim Financial Report PRIMA INDUSTRIE SpA did not hold nor holds any of its own shares, as there is no current resolution authorizing the purchase of its own shares.

### SHAREHOLDING STRUCTURE

On September 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:



## FORESEEABLE DEVELOPMENTS OF MANAGEMENT

The first nine months of the year, despite a slowdown in some important markets of the Group, have been characterized by a significant increase in turnover; the fragmented macroeconomic scenario has however influenced, together with some non-recurring items, the margins. The positive trend of orders collection (continued even after 30/09/2015) and the successful launch of new products at trade fairs in Stuttgart, Shanghai and Chicago in early November enable us to confirm the trend of revenue growth and a recovery of profitability compared to the first part 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 UNUSUAL 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*

30/09/15	REVENUES	EBITDA	% on Revenues	EBIT	% on Revenues
PRIMA POWER	227.842	15.427	6,8%	7.608	3,3%
PRIMA ELECTRO	43.535	6.467	14,9%	4.374	10,0%
ELIMINATIONS	(11.282)	(177)	1,6%	(166)	1,5%
<b>GROUP</b>	<b>260.095</b>	<b>21.717</b>	<b>8,4%</b>	<b>11.816</b>	<b>4,5%</b>

*Values in Euro thousand*

30/09/14	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%
ELIMINATIONS	(10.432)	(26)	0,2%	(16)	0,2%
<b>GROUP</b>	<b>236.920</b>	<b>23.649</b>	<b>10,0%</b>	<b>15.292</b>	<b>6,5%</b>

### PRIMA POWER

The revenues of the PRIMA POWER division increased by 9.9% compared with the corresponding period of the previous year. The division has achieved excellent results in terms of revenues in Italy (11.5% of the division turnover), in the North European countries (11.2%), in Spain (7.4%), in Germany (7.3%) and in East Europe (6.9%); the countries of the NAFTA area influence the division turnover by 22.3% and China by 11.0%.

The EBITDA for the segment amounted to 15,427 thousand Euro, 18.2% down compared to the previous year (decrease of 3,441 thousand Euro). In this regard it should be noted that the EBITDA of 30/09/2014 benefited from a net positive non-recurring effect of 2,455 thousand Euro; on the result at 30/09/2015 instead, non-recurring events amounted to -354 thousand Euro and refer mainly to a gain on the sale of licenses amounting to 1,260 thousand Euro and costs for restructuring/reorganization, litigation and customers penalties amounting to 1,614 thousand Euro. In addition, the result is also negatively affected by the drop in sales in Russia (market with high-margin for PRIMA POWER products) and the continuation of the investment in the PRIMA POWER Suzhou, for which costs have continued to be held for the production start-up and for the strengthening of both the sales and after-sales service.

### **PRIMA ELECTRO**

The revenues of PRIMA ELECTRO division, net of elisions towards the PRIMA POWER division, are in increase by 9.2% compared with the corresponding period of the previous year.

The EBITDA of the division amounts to 6,467 thousand Euro, sharply up both in absolute terms (+1,660 thousand Euro), and as in percentage rate (from 12.0% to 14.9%) compared to the same period of the previous year.



# CHAPTER 5

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
PRIMA INDUSTRIE GROUP

SEPTEMBER 30, 2015

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ACCOUNTING TABLES



**CHAPTER 5. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF PRIMA INDUSTRIE GROUP AT SEPTEMBER 30<sup>TH</sup>, 2015**  
**CONSOLIDATED BALANCE SHEET**

Values in Euro	Notes	30/09/2015	31/12/2014
Property, plant and equipment	6.1	28.005.928	26.912.167
Intangible assets	6.2	157.926.169	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	35.000	35.000
Deferred tax assets	6.6	10.700.648	9.957.302
Other non current assets	6.9	19.702	19.867
<b>NON CURRENT ASSETS</b>		<b>197.977.360</b>	<b>193.407.088</b>
Inventories	6.7	99.228.926	77.503.950
Trade receivables	6.8	76.893.000	85.663.907
Other receivables	6.9	7.960.386	6.943.043
Current tax receivables	6.10	6.300.855	5.951.830
Derivatives	6.11	123.283	-
Financial assets	6.11	997.591	441.891
Cash and cash equivalents	6.11	36.435.557	35.866.508
<b>CURRENT ASSETS</b>		<b>227.939.598</b>	<b>212.371.129</b>
Assets held for sale	6.12	284.000	284.000
<b>TOTAL ASSETS</b>		<b>426.200.958</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	72.236.357	71.967.701
Currency translation reserve	6.13	4.980.726	1.639.850
Retained earnings	6.13	14.501.156	5.523.165
Net result	6.13	2.621.614	9.762.948
<b>Stockholders' equity of the Group</b>		<b>125.042.783</b>	<b>119.557.346</b>
<b>Minority interest</b>		<b>1.197.524</b>	<b>1.150.354</b>
<b>STOCKHOLDERS' EQUITY</b>		<b>126.240.307</b>	<b>120.707.700</b>
Interest-bearing loans and borrowings	6.11	125.495.186	68.678.974
Employee benefit liabilities	6.14	8.503.403	8.682.372
Deferred tax liabilities	6.15	10.881.261	10.822.071
Provisions	6.16	143.603	144.551
Derivatives	6.11	555.372	3.055.597
<b>NON CURRENT LIABILITIES</b>		<b>145.578.825</b>	<b>91.383.565</b>
Trade payables	6.17	73.006.047	77.593.622
Advance payments	6.17	18.933.252	16.933.871
Other payables	6.17	19.258.477	19.926.668
Interest-bearing loans and borrowings	6.11	22.394.921	56.534.173
Current tax payables	6.18	5.567.263	8.027.279
Provisions	6.16	15.209.495	14.826.479
Derivatives	6.11	12.371	128.860
<b>CURRENT LIABILITIES</b>		<b>154.381.826</b>	<b>193.970.952</b>
<b>TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES</b>		<b>426.200.958</b>	<b>406.062.217</b>

## CONSOLIDATED INCOME STATEMENT

Values in Euro	Notes	30/09/2015	30/09/2014
Net revenues	6.19	260.095.199	236.920.029
Other income	6.20	3.610.171	4.906.975
Change in inventories of finished goods and WIP	-	11.072.340	19.841.627
Increases in fixed assets for internal work	6.21	8.777.872	8.541.244
Use of raw materials, consumables, supplies and goods	-	(124.472.642)	(120.058.150)
Personnel cost	6.22	(74.194.678)	(68.242.583)
Depreciation	6.23	(9.900.439)	(8.357.100)
Other operating expenses	6.24	(63.171.664)	(58.260.406)
<b>OPERATING PROFIT</b>		<b>11.816.159</b>	<b>15.291.636</b>
Financial income	6.25	718.889	88.176
Financial expenses	6.25	(7.421.334)	(5.422.942)
Net exchange differences	6.25	(918.509)	315.356
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>4.095.905</b>	<b>10.272.226</b>
Taxes	6.28	(1.874.234)	(3.428.008)
<b>NET RESULT</b>		<b>2.221.671</b>	<b>6.844.218</b>
- Attributable to Group shareholders		2.621.614	7.181.509
- Attributable to minority shareholders		(399.943)	(337.291)
<b>RESULT PER SHARE - BASIC (in euro)</b>	<b>6.29</b>	<b>0,25</b>	<b>0,69</b>
<b>RESULT PER SHARE - DILUTED (in euro)</b>	<b>6.29</b>	<b>0,25</b>	<b>0,69</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Values in Euro	Notes	30/09/2015	30/09/2014
<b>NET RESULT (A)</b>		<b>2.221.671</b>	<b>6.844.218</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	1.092.680
Gains/(Losses) on exchange differences on translating foreign operations	6.13	3.416.707	3.093.150
<b>Total other comprehensive gains/(losses) to be classified in the Income Statement, net of tax effects (C)</b>		<b>4.644.039</b>	<b>4.185.830</b>
<b>TOTAL COMPREHENSIVE INCOME (A) + (B) +(C)</b>		<b>6.865.710</b>	<b>11.021.814</b>
- Attributable to Group shareholders		7.189.822	11.299.235
- Attributable to minority shareholders		(324.112)	(277.421)

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

from the 1<sup>st</sup> of January 2014 to the 30th of September 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	-	-	-	-	-	-	(290.076)	-	-	-	(290.076)	871.957	581.881
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

from the 1<sup>st</sup> of January 2015 to the 30th of September 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	-	-	-	-	-	-	392.270	-	-	-	392.270	371.282	763.552
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	-	3.340.876	-	2.621.614	7.189.822	(324.112)	6.865.710
Balance as at 30/09/2015	26.208.185	57.506.537	4.494.745	(1.286.154)	-	-	16.015.974	4.980.726	14.501.156	2.621.614	125.042.783	1.197.524	126.240.307

## CONSOLIDATED STATEMENT OF CASH FLOWS

VALUES IN EURO	30/09/2015	30/09/2014 (**)
<b>Net result</b>	<b>2.221.671</b>	<b>6.844.218</b>
<i>Adjustments (sub-total)</i>	<i>(10.617.291)</i>	<i>(3.998.253)</i>
Depreciation and impairment	9.900.439	8.357.100
Net change in deferred tax assets and liabilities	(684.156)	(456.569)
Change in employee benefits	(178.969)	60.193
Change in inventories	(21.724.976)	(28.042.363)
Change in trade receivables	8.770.907	8.746.725
Change in trade payables and advances	(2.588.194)	11.174.627
Net change in other receivables/payables and other assets/liabilities	(4.112.342)	(3.837.966)
<b>Cash Flows from (used in) operating activities (A)</b>	<b>(8.395.620)</b>	<b>2.845.965</b>
<b>Cash flow from investments</b>		
Acquisition of tangible fixed assets (*)	(3.276.097)	(3.874.381)
Acquisition of intangible fixed assets	(986.634)	(399.027)
Capitalization of development costs	(8.091.365)	(8.211.845)
Net disposal of fixed assets (*)	152.551	51.346
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	-	(743.668)
<b>Cash Flows from (used in) investing activities (B)</b>	<b>(12.561.028)</b>	<b>(13.177.575)</b>
<b>Cash flow from financing activities</b>		
Change in other financial assets/liabilities and other minor items	(2.993.474)	(1.372.883)
Increases in loans and borrowings (including bank overdrafts)	137.071.170	8.296.741
Repayment of loans and borrowings (including bank overdrafts)	(114.335.546)	(8.449.904)
Dividends paid	(2.096.655)	-
Change in currency translation reserve	3.340.876	3.033.280
Other variations	92.213	(444.326)
<b>Cash Flows from (used in) financing activities (C)</b>	<b>21.078.584</b>	<b>1.062.908</b>
<b>Cash Flows from (used in) change of minority shareholders (D)</b>	<b>447.113</b>	<b>931.827</b>
<b>Net change in cash and equivalents (E=A+B+C+D)</b>	<b>569.049</b>	<b>(8.336.875)</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>36.435.557</b>	<b>20.857.274</b>

Additional Information to the Consolidated Statement of Cash-Flow	30/09/2015	30/09/2014 (**)
<i>Values in Euro</i>		
Taxes	(1.874.234)	(3.428.008)
Financial incomes	718.889	88.176
Financial expenses	(7.421.334)	(5.422.942)

(\*) 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 30/09/2015 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 30/09/2015 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 30/09/2015 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 30/09/2015 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 30/09/2014 with the movements of net assets of the first nine 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 30/09/2015 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 30/09/2015 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.

#### 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 30/09/2015, 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 November 13<sup>th</sup>, 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 30/09/2015 is equal to 28,006 thousand Euro, showing an increase of 1,094 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 First nine months</b>						
Increases	264.033	408.622	1.538.031	613.521	451.890	3.276.097
Disinvestments	(121.066)	(1.292)	(4.472)	(412.968)	-	(539.798)
Utilization of accumulated depreciation	-	498	3.101	383.648	-	387.247
Depreciation	(536.649)	(363.085)	(794.357)	(766.641)	-	(2.460.732)
Reclassifications with tangible fixed assets	-	-	12.930	19.439	(32.369)	-
Differences on exchange rates	264.650	32.416	92.230	41.821	(170)	430.947
Net value as at September 30th, 2015	18.863.649	2.278.829	3.179.133	2.485.526	1.198.790	28.005.928

### NOTE 6.2 - INTANGIBLE ASSETS

The intangible assets on 30/09/2015 are equal to 157,926 thousand Euro, an increase of 2,374 thousand Euro compared with 31/12/2014.

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

Intangible assets	Goodwill	Development costs	Other intangible assets	TOTAL
Net value as at December 31st, 2013	102.579.806	25.612.738	23.379.357	151.571.901
<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 First nine months</b>				
Increases/ (decreases)	-	8.091.365	986.640	9.078.005
Depreciation	-	(4.739.905)	(2.699.650)	(7.439.555)
Differences on exchange rates	210.379	480.648	44.370	735.397
Net value as at September 30th, 2015	103.090.808	35.996.949	18.838.412	157.926.169

The significant item is represented by Goodwill, which on 30/09/2015 is equal to 103,091 thousand Euro. All 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 September 30th, 2015	BOOK VALUE GOODWILL December 31st, 2014
PRIMA POWER	97.745	97.613
OSAI (Service)	4.125	4.125
PRIMA ELECTRO NORTH AMERICA	1.030	951
MLTA	154	154
OSAI UK	37	37
<b>TOTAL</b>	<b>103.091</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*.

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

This item includes 1,119 thousand Euro for the investment in EPS SA, 19.96% owned by PRIMA ELECTRO SpA. The change amounting to 359 thousand Euro refers to a positive effect of 464 thousand Euro concerning the listing on the regulated market of Euronext Paris and a negative effect of 105 thousand Euro due to the valuation of the investment based on the data available on 30/09/2015.

#### NOTE 6.4 - OTHER INVESTMENTS

The value of Other Investments at 30/09/2015 amounts to 171 thousand Euro and is unchanged from 31/12/2014.

This heading on 30/09/2015 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 30/09/2015 is equal to 35 thousand Euro and has remained unchanged compared with 31/12/2014. It consists of a loan issued by PRIMA ELECTRO SpA to the company Caretek Srl.

#### NOTE 6.6 - DEFERRED TAX ASSETS

The Deferred Tax Assets are equal to 10,701 thousand Euro, showing an increase compared with the preceding financial year of 743 thousand Euro.

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 30/09/2015 and at 31/12/2014.

Inventories	30/09/15	31/12/14
Raw materials	29.429.639	23.409.742
Semi-finished goods	21.475.401	13.204.340
Finished goods	56.211.990	48.096.743
(Inventories provisions)	(7.888.105)	(7.206.875)
<b>TOTAL</b>	<b>99.228.926</b>	<b>77.503.950</b>

The inventories on 30/09/2015 amount to 99,229 thousand Euro, net of the warehouse devaluation fund for a total of 7,888 thousand Euro. The net value of the warehouse inventories on 30/09/2015 shows an increase equal to 21,725 thousand Euro compared with 31/12/2014.

#### NOTE 6.8 - TRADE RECEIVABLES

The trade receivables on 30/09/2015 amounted to 76,893 thousand Euro and compared to the previous financial year a decrease of 8,771 thousand Euro was experienced.

Trade receivables	30/09/15	31/12/14
Receivables from customers	80.887.367	89.048.778
Bad debts reserve	(3.994.367)	(3.384.871)
<b>TOTAL</b>	<b>76.893.000</b>	<b>85.663.907</b>

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

#### NOTE 6.9 - OTHER RECEIVABLES

The other receivables on 30/09/2015 are equal to 7,960 thousand Euro and increased by 1,017 thousand Euro compared with 31/12/2014.

Other receivables	30/09/15	31/12/14
Contribution to be received for R&D projects	3.204.332	3.278.772
Prepayments and accrued income	2.252.135	1.608.576
Advances payments to suppliers	2.027.996	1.569.390
Advances to employees	298.853	289.242
Other receivables	177.071	197.063
<b>TOTAL</b>	<b>7.960.386</b>	<b>6.943.043</b>

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

#### NOTE 06.10 - CURRENT TAX RECEIVABLES

The heading amounts to 6,301 thousand Euro in increase of 349 thousand Euro compared to 31/12/2014. Tax assets are represented by VAT receivables of 3,275 thousand Euro (3,214 thousand Euro on 31/12/2014), by a tax receivable amounting to 1,735 thousand Euro (1,247 thousand Euro on 31/12/2014), by a tax credit of 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 withholding taxes for 183 thousand Euro (325 thousand Euro on 31/12/2014) and by other receivables for tax assets for 60 thousand Euro (118 thousand Euro on 31/12/2014).

#### NOTE 6.11 - NET FINANCIAL POSITION

On 30/09/2015, the net financial position of the Group was negative for an amount of 110,901 thousand Euro, increasing of 18,812 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 nine 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 30/09/2015 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

		30/09/15	31/12/14	Variations
A	CASH	36.436	35.867	569
B	OTHER CASH AND CASH EQUIVALENTS	-	-	-
C	SECURITIES HELD FOR TRADING	-	-	-
D	CASH ON HAND (A+B+C)	36.436	35.867	569
E	CURRENT FINANCIAL RECEIVABLES	1.121	442	679
F	CURRENT BANK PAYABLES	8.419	26.577	(18.158)
G	CURRENT PART OF NON-CURRENT INDEBTEDNESS	12.704	25.146	(12.442)
H	OTHER CURRENT FINANCIAL PAYABLES	1.284	4.940	(3.656)
I	CURRENT FINANCIAL INDEBTEDNESS (F+G+H)	22.407	56.663	(34.256)
J	NET CURRENT FINANCIAL INDEBTEDNESS (I-D-E)	(15.150)	20.354	(35.504)
K	NON-CURRENT BANK PAYABLES	81.655	67.454	14.201
L	BOND ISSUED	39.569	-	39.569
M	OTHER NON-CURRENT FINANCIAL PAYABLES	4.827	4.281	546
N	NON-CURRENT FINANCIAL INDEBTEDNESS (K+L+M)	126.051	71.735	54.316
O	NET FINANCIAL POSITION (J+N)	110.901	92.089	18.812

It is important to note before commenting all the items related to the Net Financial Position, that following the issue of a seven-year *Bond* loan of 40 million Euro and the conclusion of a new *Club Deal* loan agreement for 60 million Euro, transactions that were both concluded in February 2015, the residual capital value of the FINPOLAR loan was repaid in full and in advance. On both new forms of financing there are financial *covenants* with measurements on an annual and half-yearly basis. Thanks to this debt medium-long term refinancing operation and the new *Finnish Loan*, the Group has financial resources of the average duration of over 5 years. For more information about these transactions see the paragraph entitled “Significant events of the period” of the Interim Financial Report at 30/06/2015.

## LIQUIDITY

For more detail on the related liquid availability, see the Consolidated Statements of

## CURRENT FINANCIAL RECEIVABLES

The current financial receivables amount to 1,121 thousand Euro and include:

- a term deposit signed by PRIMA INDUSTRIE SpA as guarantee for a loan granted to the Brazilian subsidiary PRIMA POWER SOUTH AMERICA LTDA equal to 550 thousand Euro;
- receivables from the company Wuhan Huagong Unity deriving 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 for coverage of the exchange rate risk(*Currency Rate Swap*) for 123 thousand Euro.
- receivables from the company Lamiera Servizi of 6 thousand Euro, a subsidiary of PRIMA INDUSTRIE SpA for 19%.

## BONDS ISSUED

The debt to bondholders amount to 40,353 thousand Euro, including interest accrued but not yet paid for an amount of 353 thousand Euro. The debt relates exclusively to the *Bond* issued in the first quarter of 2015, and expires on 06/02/2022. The net debt on the accounting statement amounts to 39,851 thousand Euro as the accessory charges incurred at the bonds issue, partially reduced the debt. The quota due after 12 months is equal to 39,569 thousand Euro.

## INDEBTEDNESS WITH BANKS

The main debt included in the bank payables is the *Club Deal* loan and the *Finnish Loan*.

The *Club Deal* loan at 30/09/2015 amounts to 39,591 thousand Euro and consists of a quota equal to 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 with expiry on 31/12/2019; it should be noted that on 30/09/2015 this *revolving* credit line is fully available. Therefore, the net debt on the accounting statement includes, in addition to debt for the depreciated loan, interest accrued but not yet paid for 312 thousand Euro and as a partial reduction, the charges incurred for 721 thousand Euro.

The *Club Deal* loan is for 32,811 thousand Euro expiring beyond 12 months

The *Finnish Loan* at 30/09/2015 amounts to 24,917 thousand Euro and consists of two quotas of an amount of 12.5 million Euro each, of which one in depreciation and a third in the amount of 11.0 million Euro constituted from commercial credit lines; it should be noted that on 30/09/2015 such commercial credit lines were fully available. Therefore, the net debt on the accounting statement includes, in addition to the two aforementioned quotas for a total of 25 million Euro, the accrued but not yet paid interest amounting to 161 thousand Euro and a partial reduction of the accessory charges incurred at the issuing time and calculated in the debt reduction amounting to 244 thousand Euro.

The *Finnish Loan* is for 22,318 thousand Euro expiring beyond 12 months.

The non current bank debt also includes other bank loans for 25.971 thousand Euro and relate mainly to new loans from the three Italian companies PRIMA INDUSTRIE SpA, PRIMA ELECTRO SpA e FINN-POWER ITALIA S.r.l. within the long term refinancing operation TLTRO (*Targeted Longer - Term Refinancing Operations*) issued by the European Central Bank. The non current bank debt also includes the negative *fair value* of a derivative financial instrument (IRS - Interest Rate Swap) equal to 555 thousand Euro whose *fair value* variations have been directly attributed to the income statement as the *hedge accounting* criteria has not been applied.

Encompassed into the current indebtedness with banks (also considering the current part of the non-current debt) there is the *Club Deal* loan for 6,780 thousand Euro, the *Finnish Loan* for 2,599 thousand Euro, the *Bond* for 282 thousand Euro, *bank overdrafts* for 7,773 thousand Euro, other bank loans for 3,677 thousand Euro and other financial instruments hedging the foreign exchange risk (*Currency Rate Swap*) equal to 12 thousand Euro.

#### OTHER FINANCIAL PAYABLES

The Other financial payables amount comprehensively to 6,111 thousand Euro (of which 1,284 thousand are current).

The other financial payables encompass:

- payables for financial leasing for a sum equal to 2,600 thousand Euro (of which 559 thousand Euro are current);
- other financial payables for 3,511 thousand Euro (of which 725 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.

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

The payables due to banks and the financing of the PRIMA INDUSTRIE Group on 30/09/2015 (not including the derivatives *fair value*) are equal to 147,890 thousand Euro and during the first nine months of 2015, they changed as shown in the following table.

BANK PAYABLES AND LOANS	Euro thousand
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)	137.071
Repayment of loans and borrowings (including bank overdrafts)	(114.336)
Stipulation/(repayments) of financial leasing	(300)
Exchange rate effect	242
<b>TOTAL BANK PAYABLES AND LOANS AS OF SEPTEMBER 30th, 2015</b>	<b>147.890</b>
of which:	
Bank Payables and loans - current portion (September 30th, 2015)	22.395
Bank Payables and loans - non-current portion (September 30th, 2015)	125.495
<b>TOTAL BANK PAYABLES AND LOANS AS OF SEPTEMBER 30th, 2015</b>	<b>147.890</b>

#### NOTE 6.12 - ASSETS HELD FOR SALE

On 30/09/2015, the value of assets held for sale is equal to 284 thousand Euro and remained unchanged compared with 31/12/2014. This 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 has increased in comparison to the previous financial year by 5,533 thousand Euro. This increase is the result of the positive effects arising from the Group's overall result of the period (6,866 thousand Euro) and of the share capital increase in PRIMA POWER Suzhou (764 thousand Euro) partially compensated by the payment of dividends (2,097 thousand Euro) occurred in April 2015.



#### 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.

Employee benefits	30/09/15	31/12/14
Severance indemnity fund	6.207.028	6.531.753
Fidelity premium and other pension funds	2.296.375	2.150.619
<b>TOTAL</b>	<b>8.503.403</b>	<b>8.682.372</b>

#### NOTE 6.15 - DEFERRED TAX LIABILITIES

The deferred tax liabilities are equal to 10,881 thousand Euro, showing an increase of 59 thousand Euro compared with 31/12/2014.

It should be noted that the deferred tax liabilities on the trademark, on the relation with clients and the Cologne Veneta real estate deriving from the company merger of the FINN-POWER Group amount to 5,597 thousand Euro.

#### NOTE 6.16 - PROVISIONS

The provisions for liabilities and charges are equal to 15,353 thousand Euro and are increased compared with 31/12/2014 by 382 thousand Euro.

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

The current risks funds mainly relate to product warranties (equal to 9,486 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 5,209 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 514 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 has decreased compared to 31/12/2014 by 3,256 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	30/09/15	31/12/14
Trade payables	73.006.047	77.593.622
Advances	18.933.252	16.933.871
Other payables	19.258.477	19.926.668
<b>TOTAL</b>	<b>111.197.776</b>	<b>114.454.161</b>

#### NOTE 6.18 - CURRENT TAX PAYABLES

The tax payables for current taxes on 30/09/2015 are equal to 5,567 thousand Euro, a reduction of 2,460 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 of this document "Group Interim Management Report" in the paragraph "Revenues and Profitability".

#### NOTE 6.20 - OTHER INCOME

The Other Operational Income amounts to 3,610 thousand Euro; 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 and amount to 1,260 thousand Euro (at 30/09/2014 they amounted to 2,940 thousand Euro).

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

The increases in fixed assets for internal work on 30/09/2015 amount to 8,778 thousand Euro and refer mainly to the capitalization of new project development costs (8,091 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 30/09/2015 is equal to 74,195 thousand Euro and shows an increase compared with the corresponding period of the previous financial year of 5,952 thousand Euro.

#### NOTE 6.23 - DEPRECIATION -IMPAIRMENT

The depreciations at 30/09/2015 are equal to 9,900 thousand Euro (of which 7,439 thousand Euro are related to intangible assets). No *impairment* was made in the third quarter of 2015.

It is opportune to highlight that the amortization relating to the trademark and relationships with clients ("*customers list*") amount to a comprehensive 2,321 thousand Euro, while those relating to development costs are equal to 4,739 thousand Euro.

#### NOTE 6.24 - OTHER OPERATING EXPENSES

The Other operating expenses for the first nine months of 2015 amounted to 63,172 thousand Euro compared with 58,260 thousand Euro at 30/09/2014.

#### NOTE 6.25 - FINANCIAL INCOME AND EXPENSES

The financial management of the first nine months of 2015 shows a negative result of 7,621 thousand Euro.

Financial Management	30/09/15	30/09/14
Financial income	718.889	88.176
Financial expenses	(7.421.334)	(5.422.942)
<b>Net financial expenses</b>	<b>(6.702.445)</b>	<b>(5.334.766)</b>
Net exchange of transactions in foreign currency	(918.509)	315.356
<b>TOTAL</b>	<b>(7.620.954)</b>	<b>(5.019.410)</b>

It should be noted that the financial expenses on 30/09/2015 include extraordinary expenses held between February and March 2015 due to the full repayment of the FINPOLAR loan, amounting to 2,123 thousand Euro; these costs (primarily related to the hedging derivative previously subscribed), if FINPOLAR had come to its natural end, they would have been calculated pro-rata over the following quarters until February 2016 . Financial expenses for 1,558 thousand Euro related to the issue of *Bonds*, 1,076 thousand Euro related to the new *Club Deal* loan and 177 thousand Euro related to the *Finnish Loan* are noticed. The exchange management results in the first nine months of 2015 were negative for 919 thousand Euro (positive for 315 thousand Euro on 30/09/2014); the effect of the management of foreign exchange derivatives, which is positive for 566 thousand Euro should be noted.

#### NOTE 6.26 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The net result of the investments accounted for using the net equity method includes the assessment of EPS SA and is negative for 105 thousand Euro; this assessment considers the latest data available at the time of this interim financial report.

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

This heading on 30/09/2015 is positive for 6 thousand Euro and refers to the dividend distributed by LAMIERA SERVIZI whose investment (19%) is owned by PRIMA INDUSTRIE SpA.

#### NOTE 6.28- CURRENT AND DEFERRED TAXES

The taxes on income for the first nine months of 2015 show a net negative balance of 1,874 thousand Euro, of which negative currents for 2,919 thousand Euro (of which IRAP (Regional income tax) equal to 812 thousand Euro) and deferred positive for 1,045 thousand Euro.

#### NOTE 6.29 - EARNINGS PER SHARE

The earnings per share on 30/09/2015, positive for 0.25 Euro (0.69 Euro on 30/09/2014) is calculated by dividing the profits attributable to the shareholders of the Parent Company by the average number of ordinary shares in the period equal to 10,483,274. The diluted earning per share is equal to the basic earning because at 30/09/2015 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 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 30/09/2015	-	-	81.700	81.700
PAYABLES AS AT 01/01/2015	486.410	105.000	5.527	596.937
PAYABLES AS AT 30/09/2015	251.012	78.750	762	330.524
REVENUES 01/01/2015 - 30/09/2015	-	-	226.054	226.054
COSTS 01/01/2015 - 30/09/2015	881.872	78.750	4.159	964.781
VARIATIONS IN RECEIVABLES				
01/01/2015 - 30/09/2015	-	-	76.413	76.413
VARIATIONS IN PAYABLES				
01/01/2015 - 30/09/2015	(235.398)	(26.250)	(4.765)	(266.413)

#### NOTE 6.31 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 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 September 30th, 2015	PRIMA POWER	PRIMA ELECTRO	Items not allocated	TOTAL
Total sector revenues	227.842	43.535	-	271.377
(Inter-sector revenues)	(55)	(11.227)	-	(11.282)
<b>Revenues</b>	<b>227.787</b>	<b>32.308</b>	<b>-</b>	<b>260.095</b>
<b>EBITDA</b>	<b>16.151</b>	<b>5.566</b>	<b>-</b>	<b>21.717</b>
<b>EBIT</b>	<b>8.343</b>	<b>3.473</b>	<b>-</b>	<b>11.816</b>
Net financial income/expenses	(7.242)	(379)	-	(7.621)
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>1.107</b>	<b>2.989</b>	<b>-</b>	<b>4.096</b>
Taxes	-	-	(1.874)	(1.874)
<b>Net result</b>	<b>1.107</b>	<b>2.989</b>	<b>(1.874)</b>	<b>2.222</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 September 30th, 2015	PRIMA POWER	PRIMA ELECTRO	Items not allocated	TOTAL
Assets	311.903	58.450	54.558	424.911
Associates and other equity investments	116	1.174	-	1.290
<b>Total assets</b>	<b>312.019</b>	<b>59.624</b>	<b>54.558</b>	<b>426.201</b>
<b>Liabilities</b>	<b>117.055</b>	<b>18.000</b>	<b>164.906</b>	<b>299.961</b>

Segment results as at 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)
<b>Revenues</b>	<b>207.330</b>	<b>29.590</b>	<b>-</b>	<b>236.920</b>
<b>EBITDA</b>	<b>19.736</b>	<b>3.913</b>	<b>-</b>	<b>23.649</b>
<b>EBIT</b>	<b>13.116</b>	<b>2.176</b>	<b>-</b>	<b>15.292</b>
Net financial income/expenses	(4.538)	(482)	-	(5.020)
<b>Profit before taxes</b>	<b>8.578</b>	<b>1.694</b>	<b>-</b>	<b>10.272</b>
Taxes	-	-	(3.428)	(3.428)
<b>Net result</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.844</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 September 30th, 2014	PRIMA POWER	PRIMA ELECTRO	Items not allocated	TOTAL
Assets	294.816	59.092	37.049	390.957
Associates, JV and other equity investments (*)	1.358	917	-	2.275
<b>Total assets</b>	<b>296.174</b>	<b>60.009</b>	<b>37.049</b>	<b>393.232</b>
<b>Liabilities</b>	<b>114.472</b>	<b>17.766</b>	<b>143.329</b>	<b>275.567</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 6.32 - 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 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.

At the date of approval of this Interim Financial Report, the Group does not hold any derivative financial instruments to hedge the interest rate risk; however, the Group in the future may use these 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 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 other than Euro.

The Group has recently been adopted the guidelines for managing foreign exchange risk in the major currencies in which it operates (mainly the US dollar and Chinese RMB) The goal is to cover the exchange risk budget results, through the subscription of hedging derivatives. The management of such hedging is performed by the Parent Company PRIMA INDUSTRIE SpA.

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.

### **NOTA 6.33 - EVENTI SUCCESSIVI**

Non sono intervenuti fatti successivi alla data di riferimento del Resoconto Intermedio di Gestione che, se non noti precedentemente, avrebbero comportato una rettifica dei valori rilevati.

### **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 6.33 - 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

  
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## **CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AT 31/03/2015**

**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 at September 30<sup>th</sup>, 2015 corresponds to the document results, books and accounting records.