



PRIMA INDUSTRIE

QUARTERLY REPORT AT SEPTEMBER 30, 2007

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Approved by the Board of Directors on November 13 2007

PRIMA INDUSTRIE S.p.A.

Nominal Capital 11,500,000 Euro
 Turin Companies' Register No
 03736080015
 Financial and Administrative Index (R.E.A.) No.
 582421
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BOARD OF DIRECTORS ⁽¹⁾

Chairman and Managing Director
 Gianfranco Carbonato

Directors

Ezio Basso ⁽⁷⁾
 Stefano Devescovi ⁽⁶⁾
 Sandro D'Isidoro ⁽²⁾
 Michael R. Mansour ⁽⁶⁾
 Mario Mauri ⁽²⁾
 Domenico Peiretti
 Pio Pellegrini ^{(2) (3)}
 Marco Pinciroli (Managing Director) ⁽⁵⁾

Secretary

Massimo Ratti

General Manager

Ezio Basso

BOARD OF STATUTORY AUDITORS⁽⁴⁾

Chairman
 Riccardo Formica

Auditors

Andrea Mosca
 Roberto Petrignani

Alternate auditors

Roberto Coda
 Franco Nada

AUDITING COMPANY

PricewaterhouseCoopers S.p.A.

⁽¹⁾ Appointed at the Stockholders' Meeting held on May 13, 2005 for the three-year period 2005-2007

⁽²⁾ Independent director

⁽³⁾ Appointed at the Stockholders' Meeting held on Sept. 8, 2005 for the three-year period 2005-07

⁽⁴⁾ Appointed at the Stockholders' Meeting held on May 14, 2007 for the three-year period 2007-2009

⁽⁵⁾ Appointed by the Board of Directors on June 14, 2006 for the activities of Mergers & Acquisitions and external growth

⁽⁶⁾ Appointed at the Stockholders' Meeting held on May 14, 2007 and in charge until the approval of the 07 Financial Statements

⁽⁷⁾ Appointed at the Stockholders' Meeting held on June 28, 2007 and in charge until the approval of the 07 Financial Statements.

POWERS RELATING TO COMPANY APPOINTMENTS

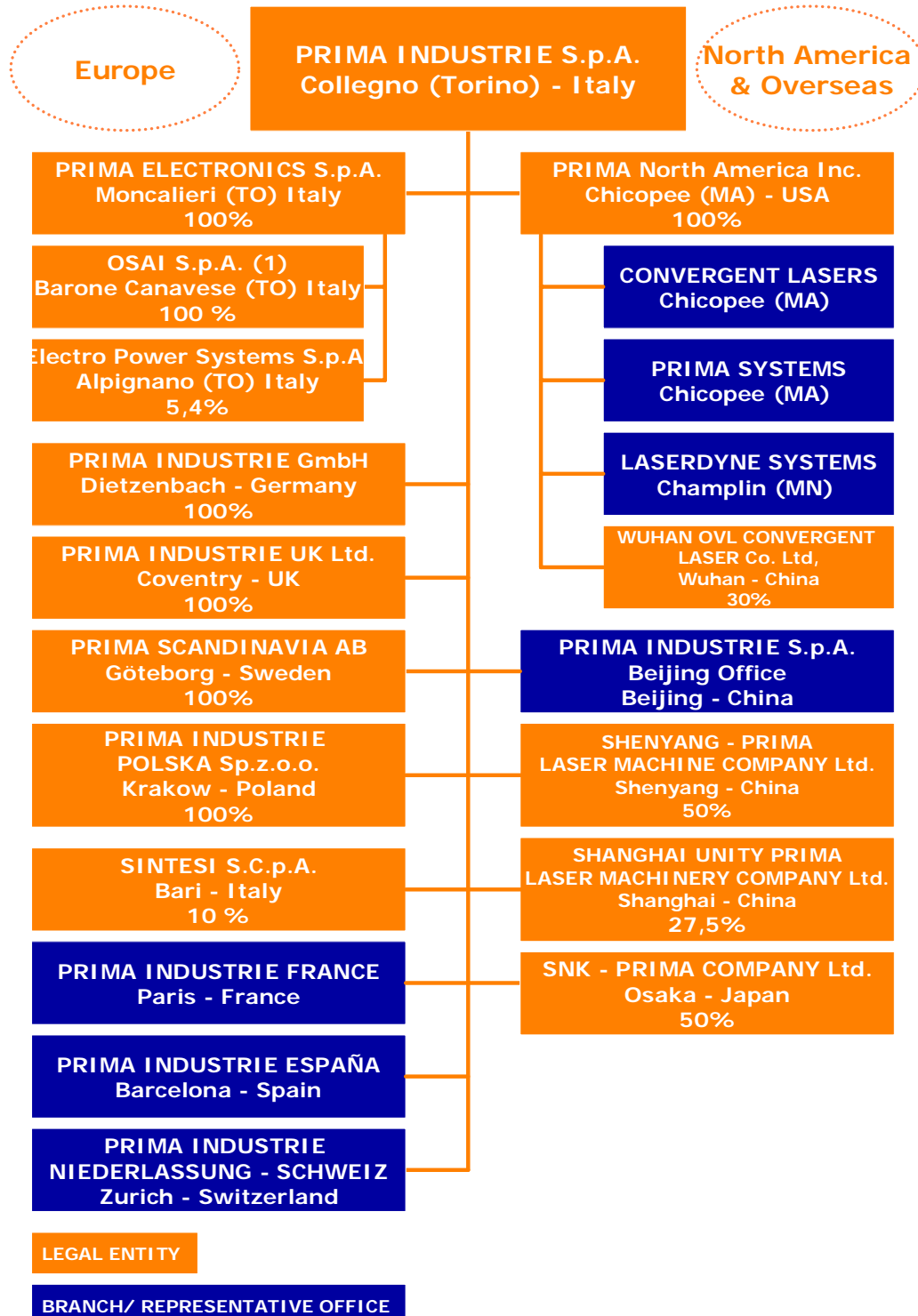
In terms of a resolution dated June 7, 2005 the Board of Directors appointed Gianfranco Carbonato as the Chief Executive Officer and determined his powers. In terms of clause 25 of the Articles of Association, the Chairman and Chief Executive Officer is the legal representative of the Company.

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1. STRUCTURE OF PRIMA INDUSTRIE GROUP



(1) The list of Subsidiaries is shown in the appropriate table dealing with the consolidated companies

2. INTRODUCTION

NORMATIVE FRAMEWORK

In application of European Regulation No.1606 of July 19, 2002, and in compliance with section 82 of the Issuers Regulation No. 11971, as amended by CONSOB resolution No. 14990 dated 14 April 2005, the PRIMA INDUSTRIE Group prepared the quarterly report at September 30, 2007 in accordance with the International Accounting Principles approved by the European Commission (hereinafter referred to individually as the IAS/IFRS or together as IFRS).

In accordance with paragraph 8 of IAS 34 ("Interim Financial Reporting"), the quarterly report at 09/30/2007 includes the following minimum components:

- a) abridged Balance Sheet;
- b) abridged Income Statement;
- c) abridged Statement of Changes in Stockholders' Equity;
- d) abridged Cash Flow Statement
- e) the specific explanatory notes required by paragraph 16 of IAS 34.

In addition, in accordance with the section 82 of the aforesaid Issuers Regulation no.11971 the quarterly report is also made up of the parent company's accounting statements, prepared in accordance with IAS/IFRS.

The quarterly information was not audited by the external auditors PriceWaterhouseCoopers S.p.A because no mandate was given to them, as there was no duty to submit the quarterly Financial Statements for audit.

This quarterly report was approved by the Board of Directors on November 13, 2007.

At 09/30/2007 the following companies were included in the area of consolidation:

SUBSIDIARIES	REGISTERED OFFICE	SHARE CAPITAL	STAKE	CONSOLIDATED METHOD
PRIMA ELECTRONICS S.p.A.	Strada Carignano 48/2, 10024 Moncalieri, Torino	€ 1.500.000	100%	Line-by-line
PRIMA North America, Inc.	CONVERGENT LASERS Divison & PRIMA LASER SYSTEMS Division: 711 East Main Street, Chicopee, MA 01020, U.S.A. LASERDYNE SYSTEMS Division: 8600, 109th Av. North, Champlin, MN 55316, U.S.A.	USD 24.000.000	100%	Line-by-line
OSAI S.p.A	Via Torino 14, 10010 Barone Canavese, Torino	€ 1.172.000	100%	Line-by-line
OSAI-USA, LLC	105A West Dudley Town Road, Bloomfield, CT 06002, U.S.A.	USD 39.985	100%	Line-by-line
OSAI UK LTD.	Mount House - Bond Avenue, Bletchley, MK1 1SF Milton Keynes, UK	GBP 160.000	82%	Line-by-line
OSAI GmbH	Am Stegskeuz 6, 65719 Hofheim, Deutschland	€ 25.000	100%	Line-by-line
Techmark S.r.l.	Via Torino 14, 10018 Barone Canavese, Torino	€ 50.000	100%	Line-by-line
PRIMA INDUSTRIE GmbH	Lise-Meitner Strasse 5, Dietzenbach, Deutschland	€ 500.000	100%	Line-by-line
PRIMA SCANDINAVIA AB	Mölnålsvägen 30 C, Göteborg, SE	SEK 100.000	100%	Line-by-line
PRIMA INDUSTRIE UK LTD.	Unit 1, Phoenix Park, Bayton Road, Coventry CV7 9QN, UK	GBP 1	100%	Line-by-line
PRIMA INDUSTRIE POLSKA Sp.z.o.o.	ul. Przemysłowa 25 - 32-083 Balice	PLN 350.000	100%	Line-by-line

ASSOCIATED COMPANIES & JOINT VENTURES	REGISTERED OFFICE	SHARE CAPITAL	STAKE	CONSOLIDATED METHOD
Shenyang PRIMA Laser Machine Company Ltd	45 Huanghai Rd, Yuhong District	USD 2.000.000	50%	Equity method
SNK PRIMA Company Ltd	Misaki Plant Fuke, Misak Sennan-Gun, Osaka Japan, Shanghai 201111	Yen 90.000.000	50%	Equity method
Shanghai Unity PRIMA Laser Machinery Co Ltd.	2019, Kunyang Rd., Shanghai 201111 - China	Rmb 16.000.000	27,50%	Equity method
Wuhan OVL Convergent Laser Co., Ltd.	Building No.1, Great Wall Technology Industry Park, no.1, Townson Lake Road, Wuhan East Lake High-Tech Development Zone Wuhan, 430223, Hubei, P.R. China	USD 6.800.000	30%	Equity method
Macro Meccanica S.p.A. (in liquidazione)	Via don Sapino 134, 10040 Venaria, Fraz. Savonera, Torino	L./mil. 630	35,48%	Equity method
e-motion GmbH	Zettachring 2 (Businesspark), D-70567 Stuttgart, Deutschland	€ 150.000	61%	Cost method (activity bound to sale)

From the quarter under consideration OSAI S.p.A., a company acquired by PRIMA ELECTRONICS S.p.A. on July 2nd 2007, and consequently all the companies controlled by Osai, were included in the consolidated financial statements

ALTERNATIVE PERFORMANCE INDICATORS

The Group and the company, in measuring their income performance, in addition to the indicators anticipated in the layout of the Financial Statement prepared in accordance with International Accounting Standards, also use EBITDA ("Earnings before interest taxes and depreciation and amortization), which is determined by adding the Operating Income, as per the Financial Statements, to the item "Amortization, depreciation and writedowns" and Working Capital, calculated by adding "Inventories" and "Trade receivables" net of "Trade payables" and "Advances".

3. BUSINESS TREND

INCOME AND PROFITABILITY

Consolidated revenues at 09/30/2007, valued in accordance with IAS 18 (that provides for the recognition of revenue generally at the time of the end-customer's acceptance) amount to 117,739 thousand Euro, with an increase of approximately 17% compared to the 100,479 thousand Euro at 09/30/2006.

For the third quarter the figure amounts to 44,431 thousand Euro compared to the 33,802 thousand Euro of the third quarter of 2006 (+31% approx.). This amount takes into account the OSAI Group's contribution, which fell into the consolidation with effect from the third quarter, amounting to 4,297 thousand Euro.

The geographical breakdown of the revenues at 09/30/2007 is as follow:

	9 MONTHS 09/30//2007		9 MONTHS 09/30/2006		3RD QUARTER 2007		3RD QUARTER 2006	
	thousands of Euro	%	thousands of Euro	%	thousands of Euro	%	thousands of Euro	%
ITALY	29,965	25.4	23,412	23.3	13,792	31.0	7,924	23.4
EUROPE	55,758	47.4	46,048	45.8	19,606	44.1	16,677	49.3
NORTH AMERICA	19,348	16.4	21,562	21.5	5,135	11.6	6,712	19.9
ASIA AND THE REST OF THE WORLD	12,668	10.8	9,457	9.4	5,898	13.3	2,489	7.4
TOTAL	117,739	100.0	100,479	100.0	44,431	100.0	33,802	100

It can be seen that the significant growth in turnover relates in the first instance to the European countries, but also to Asia and the Rest of the World, markets which grew not only at a level of percentage weight but also in absolute terms thanks to the excellent performance of the parent company PRIMA INDUSTRIE S.p.A. and of the subsidiary, PRIMA ELECTRONICS S.p.A., as well as the affiliate, PRIMA INDUSTRIE GmbH.

A reminder that the Eastern European countries, whose weight represents approximately 9% of the Group's turnover at 09/30/2007, are becoming increasingly important in Europe.

The contraction of sales in North America must be attributed on the one hand to the fact that the first nine months of 2006 benefited from the higher number of Laserdyne systems delivered in 2005, but accepted by customers and thus recorded as revenue only at the beginning of 2006, and on the other, to the strong depreciation in the Dollar/Euro exchange rate at 09/30/2006 (approx. -8%).

At a level of reference market, the significant growth in the electronics sector is to be noted, *inter alia* due to the new acquisition, as well as the continued expansion of the sales in the 2D systems sector (in particular PLATINO and SINCRONO), accompanied by a satisfactory increase in the revenues from after-sales services and spare parts;

The sales of 3D systems declined, essentially due, as previously mentioned to the lesser number of Laserdyne systems recorded as revenue compared to the 2006 period.

The breakdown of the sales in the third quarter of 2007 is as follows: 31% in Italy (showing a net increase compared to the 23.4% in the third quarter of 2006); 44.1% in Europe (49.3% in the third quarter of 2006); 11.6% in North America (19.9% in the third quarter of 2006) and 13.3% in Asia and the rest of the world (7.4 % in the third quarter of 2006).

At a level of the individual quarter we can note a significant growth in the Italian and "overseas" markets, notwithstanding the fact that *inter alia*, the sales achieved by the *Joint ventures* in China do not fall within the area of consolidation.

The **value of production** at 09/30/2007 amounted to 128,665 thousand Euro, a growth of 27% compared to the same period in the previous year (101,199 thousand Euro), thanks to the presence of a higher number of laser system already delivered but not yet recorded in revenue at 09/30/2007.

It must be borne in mind that in terms of IAS 18, the Group recognises revenues at the time of acceptance of the systems on the part of the end customers

At the end of the third quarter the figure amounted to 47,815 Euro compared to the 32,709 thousand Euro for the same period in 2006 (+46%).

	9 MONTHS 09/30/2007		9 MONTHS 09/30/2006		3RD QUARTER 2007		3RD QUARTER 2006	
	thousands of Euro	%	thousands of Euro	%	thousands of Euro	%	thousands of Euro	%
EBITDA	16,212	13.8	11,853	11.8	6,896	15.5	4,505	13.3
EBIT	15,190	12.9	10,887	10.8	6,536	14.7	4,182	12.4
EBT	14,542	12.4	10,295	10.2	6,161	13.9	4,077	12.1
NET PROFIT	7,781	6.6	7,514	7.5	3,753	8.4	3,021	8.9

All the profitability ratios showed significant growth compared to the previous years' figures, *inter alia* as a consequence of the operating lever effect and of the economies of scale and know-how gained in the quarter.

The **EBITDA** of the Group, equal to 16,212 thousand Euro (13.8% of turnover), grew by 37% compared to the 11,853 thousand Euro at 09/30/2006 (11.8% of the turnover).

The consolidated **EBIT** (15,190 thousand Euro, equal to 12.9% of turnover) grew by 39% compared to the 10,887 thousand Euro at 09/30/2006 (10.8% of turnover).

As far as the third quarter of 2007 is concerned, the consolidated EBITDA and EBIT, amounted respectively to 6,896 and 6,536 thousand Euro, as against 4,505 and 4,182 thousand Euro in the third quarter of 2006.

The increase in operating profit is reflected in the **profit before tax** at 09/30/2007 that amounted to 14,542 thousand Euro, compared to the 10,295 thousand Euro at 09/30/2006 (up +41%). The figure for the quarter amounted to 6,161 thousand Euro (down 4,077 thousand Euro in the third quarter of 2006).

The **net profit** at 09/30/2007 amounted to 7,781 thousand Euro (of which 7,774 thousand Euro related to the Group) compared to the 7,514 thousand Euro at 09/30/2006, as a result of the greater fiscal burden compared to the same period of the previous financial year that instead still benefited from the considerable prior year tax losses relative to PRIMA North America.

In particular, the third quarter of 2007 contributed a sum of 3,753 thousand Euro to this figure, compared to the 3,021 thousand Euro for the third quarter of 2006.

ORDERS ACQUISITION AND ORDERS BACKLOG

At 9/30/07 the **consolidated orders acquisition** amounted to 126,456 thousand Euro, (of which 4,612 thousand Euro related to the OSAI Group) with an increase of more than 9% compared to the 115,779 thousand Euro of the same period of 2006.

In relation to the third quarter of 2007 the orders acquisition amounted to 33,887 thousand Euro, (it was 33,562 thousand Euro in the third quarter of 2006).

The growth in orders in the first nine months of the year confirmed in particular the good performance of the 2D sector, the tendency to sell machines that are increasingly more integrated with automated systems, as well as an increase in demand in relation to the Convergent laser sources coming from the Chinese market.

The **Consolidated Orders backlog** was also good at 09/30/2007 and was set at 65,115 thousand Euro, (of which 1,813 thousand Euro related to the OSAI Group) with an increase of 19% compared to the 54,575 thousand Euro at 09/30/2006.

SALES ACTIVITY

In September 2007 the Group took part in EMO, an important fair in Hanover (Germany). At this venue PRIMA INDUSTRIE presented the new OPTIMO EVOLUZIONE, the latest generation of these historic 3D machines, with the same substantial size but with a much higher performance level in terms of speed and acceleration.

Again at Emo in Hanover PRIMA INDUSTRIE exhibited a SINCRONO machine equipped with new options to further improve its technological performance. The feedback from visitors was very positive.

In addition the fair was the occasion for PRIMA INDUSTRIE to cement many deals with customers that had already been initiated.

NET FINANCIAL POSITION

The net financial position amounts to -5,417 thousand Euro at 09/30/2007.

The change compared to 06/30/2007 takes into account the payment of the price relative to the acquisition of OSAI, of 9.6 million Euro (including ancillary expenses), net of the cash generated during the period.

Precisely as a result of the Groups satisfactory cash generation, the financial position is in line with the corresponding period of the previous financial year, notwithstanding the disbursement for the acquisition, as well as the dividend distribution in an amount of approximately 3 million Euro.

	09/30/07	06/30/07	09/30/06
CASH	15,784	22,126	13,956
SHORT-TERM BORROWINGS	(1,812)	(3,306)	(3,757)
MEDIUM/LONG-TERM BORROWINGS	(19,389)	(15,874)	(15,476)
TOTAL NET FINANCIAL POSITION	(5,417)	2,946	(5,277)

The financial borrowings highlight the overall exposure to credit institutions and other lenders (including leasing charges)

Compared to 12/31/2006 new loans for 7,002 thousand Euro were stipulated, whereas loans and financing worth a total of 4,035 thousand Euro were repaid.

RESEARCH

As usual, the Research and Development carried out during the nine months, totalling 6,945 thousand Euro (6,111 thousand Euro at 09/30/06), equal to 5.9% of the sales for the nine months, was accounted for in the Income Statement.

In particular in the third quarter of 2007, the parent company PRIMA INDUSTRIE continued with the start-up of the new DOMINO Evoluzione (with new P20L numeric control) and the first unit was delivered to the USA, where it will be presented to the market at the Fabtech fair in Chicago.

At the R&D centre in Bari, at the end of September, the inspection of the Ministry of the University and Research was carried out relative to the closure of the European financed project Pamela. The project and the visit concluded very successfully. Certain highly innovative results developed during this project will have an impact on the technological innovations of the Group's products in the next few years.

The start-up and certification of the CV5000 laser on the PRIMA INDUSTRIE products continued and the first prototypes of the new Tower Server warehouse and metal sheet loading/unloading produced internally, entirely by PRIMA INDUSTRIE and based on PRIMA ELECTRONICS control electronics, were produced.

PRIMA ELECTRONICS continued with the development of the new series of I/O modules based on the *fieldbus Canopen* and the first prototypes, which are currently in the test phase, were produced. Their production is anticipated for the beginning of 2008.

In collaboration with Osai, the development of a new family of new generation *servodrives* was started, which in addition to broadening the power ranges available will implement a series of new functions. In particular a functionality called *autotuning*, is currently in the experimental stage, which will enable the automatic calculations of the best control parameters.

The Research and Development activities in CONVERGENT LASERS continued to be centred around the new CV5000 laser source and on its integration on to the PLATINO machine.

The LASERDYNE division has performed the tests on the first examples of *LASERDYNE® 795*, a new generation of machine dedicated to the aerospace sector. The new machine that has a new focalisation head with heightened performance was presented at the open-house that was held in Champlin (Minnesota) at the company on October 1 and 2. At this event, the performance of the new *LASERDYNE® 795* was presented to the customers, particularly in relation to the production of the shaped holes on aerospace engines.

TREASURY STOCK AND THE STOCK TREND

As has already been noted, with effect from 7/01/2007 the issuer entrusted the contract for the performance of the activity of *specialist* in terms of the Regulations of Borsa Italiana S.p.A. to Banca Akros S.p.A, who thus replaced the previous appointee (Banca Intermobiliare S.p.A.).

The stock trend and the *Allstar* reference index for the period 1/01/2007 to 11/7/2007 are set out below.

This trend highlights a strong appreciation (almost 50%) compared to the beginning of the year (with sharp increases especially after the publication of the 2006 financial year's results)

The lowering of the listings with effect from the second half of July anticipated the general decline of the world stock markets tied to the so-called "subprime" *loans crisis*. The security however recorded a fairly rapid recovery half way through August, bringing the security to a listing of around 34 Euro, a level which it has stayed at in the last few months.



Insofar as the treasury stock is concerned on 09/30/2007 PRIMA INDUSTRIE S.p.A. held 3000 ordinary shares (equal to approximately 0.07% of the nominal capital) at an average weighted price of 29.2934 Euro per share; these shares were acquired in the execution of the resolution of the Ordinary Stockholders' Meeting of 05/11/2006, which authorized the purchase and sale of the Company's treasury stock up to a maximum of 200,000 shares (equal to approximately 4.3% of the subscribed and paid-up capital) for a duration of 18 months from the date of the resolution.

Such authorisation (which could not be used because the market exceeded the maximum established for the purchase of the shares) was revoked and replaced by a new resolution of the Meeting of Members taken on 14/05/2007.

This new resolution, which is valid for 18 months, envisages a minimum buying price equal to the par value, and a maximum price of € 60.

The maximum number of shares in terms of the resolution was 200,000 (equal to 4.35% of the total capital made up of 4,600,000 shares) with a corresponding maximum value of 12,000,000 Euro.

EARNINGS AND DIVIDEND PER SHARE

(a) *Basic earnings per share*

The basic earnings per share is determined by dividing the profit due to the stockholders of the Parent Company by the average number of shares in circulation during the period, excluding the ordinary stock acquired by the Parent Company, held as treasury stock in portfolio.

During the first nine months of the year, the stock in circulation amounted to 4,600,000, shares, whereas the average treasury stock held during the period amounted to 2,944 shares; thus the earnings per share for the period January-September 2007 amounted to 1.69 Euro per share (compared to 1.63 Euro per share for the first nine months of 2006).

<i>Earnings per share</i>	<i>September 30, 2007</i>	<i>September 30,2006</i>
Earnings due to stockholders (Euro/1,000)	7,774	7,506
Weighted average - number of ordinary shares	4,597,056	4,594,429
Basic earnings per share (Euro)	1.69	1.63

(b) *Diluted earnings per share*

The diluted earnings per share are determined by dividing the profit due to the stockholders of the Parent Company by the average number of shares in circulation during the period, corrected by the potential share number, represented by the pre-emptive rights. The estimate of the potential share number is determined as an estimate of the number of shares that can be subscribed for, at the exercise price, given the value of the option.

As on 09/30/2007 no subscription rights on PRIMA INDUSTRIE's shares were in circulation, the calculation of diluted earnings per share was not applicable.

(c) *Dividend per share*

On 5/14/07 the Stockholders' Meeting resolved to distribute a gross dividend per share on the 2006 profit of 0.65 Euro, to be paid to all the shares in circulation, excluding treasury stock held in portfolio, at the cut-off date for the payment of the said dividend. On that date the treasury stock in portfolio amounted to 3,000 shares and thus the dividend distributed amounted to 2,988,050 Euro.

The cut off date for the coupon and the payment date were respectively 05/28/2007 and 05/31/2007.

EVENTS WHICH TOOK PLACE DURING THE QUARTER

COMPLETION OF THE PURCHASE OF OSAI S.p.A.

As already noted on 07/2/2007 the subsidiary company PRIMA ELECTRONICS S.p.A. completed the purchase of 100% of the capital in OSAI S.p.A., a leader in the sector of numeric control applied particularly to machines for the processing of marble, wood and glass, complementary markets to those in which the parent company PRIMA INDUSTRIE S.p.A. operates.

The purchase consideration amounted to 9.6 million Euro (including ancillary charges) and was determined on the basis of the consolidated EBITDA of the OSAI Group at 12/31/2006 equal to 1.25 million Euro (*Italian Gaap*), a positive net financial position of 0.95 million Euro (*Italian Gaap*) and taking account of the real estate assets of the company acquired.

The consolidated stockholders' equity of the OSAI Group on 12/31/2006 determined in accordance with *Italian Gaap*, amounted to 4,678 thousand Euro.

A supplementary amount, by way of an *earn-out* equal to three times the growth of the EBITDA between 2006 and 2007, with a *floor* of zero and a *cap* of 1.5 million Euro, is provided for, which sum will be settled after the approval of the 2007 Consolidated Financial Statements 2007. The most recent information leads one to believe that the amount should be set around 0.4-0.5 million Euro.

The advantages of this acquisition for the Group are represented by a greater presence in the electronics sector characterised by reduced cyclicity, as well as by the Groups strategy to improve leadership in a sector where it is already present and where it possesses high levels of expertise, also acquiring complementary products and know-how, in addition to a direct presence and an assistance network in the USA, the UK and Germany with the advantage of making the marketing of the PRIMA ELECTRONICS products more efficient on a global scale.

With this operation the electronics division of the Group reaches a size adequate to the markets in which it has to compete with a pro forma turnover exceeding 41 million Euro already in 2006 and pro forma EBITDA of 4.7 million Euro (information *Italian Gaap*).

Other aspects (approximately 18 months after the purchase) moreover include expected synergies for an approximate value of 1 million Euro at the level of the gross operating margin that should be triggered by the Purchases Area (greater contractual power in the purchase of electronic components), Production (insourcing of OSAI electronic boards), Sales and Marketing (common selling power with a wider portfolio of products), and moreover by the optimizations on products in the Research and Development field and savings at a level of structural costs.

As regards the goodwill generated by the transaction and the illustration of the fair value relative to the assets and liabilities from the *Business Combination*, kindly refer to the specific paragraph dealing with the subject.

SUBSEQUENT EVENTS

AGREEMENT WITH THE PARTNERS OF THE SHANGHAI UNITY PRIMA JV

In October PRIMA INDUSTRIE reached an agreement with its partners in the Chinese JV, Shanghai Unity Prima, regarding the reorganisation of the JV.

The agreement anticipates that, within a maximum of 15 months, there will be a reorganisation of the JV and that, pursuant to such reorganisation PRIMA INDUSTRIE will be entitled to an option to increase its stake from 27.5% to 35% with a disbursement of about 900 thousand Euro.

The agreement reflects the strategic desire of PRIMA INDUSTRIE to strengthen its presence on the Chinese market aiming at a greater influence in the Shanghai JV as well as, for the top range products, to strengthen the direct Peking structure. It is noted that the Group *inter alia* and mainly through the JV has a share in the Chinese market, which is absolutely significant (about 40%).

ATYPICAL AND/OR UNUSUAL TRANSACTIONS

There were no atypical and/or unusual transactions during the period.

RECONCILIATION OF GROUP AND PARENT COMPANY NET EQUITY AND NET RESULT AT 30 SEPTEMBER 2007

	Stockholders' equity at 12/31/2006	Capital increase	Increases/decreases Stockholders' equity	Profit/loss for the fin. year	Stockholders' equity at 09/30/2007
As per Parent Co.'s Fin.Statements	32.096.622		(2.943.042)	5.419.623	34.573.203
Parent co. shares held by companies of the group method	24.530.646		2.563.502	5.451.160	32.545.308
Adjustments to conform with IAS-IFRS accounting principles:					
- Adjustments on intangible fixed assets & related depreciation	(731.364)		52.045		(679.319)
- Adjustment to the value of MLTA equity investment held by PRIMA ELECTRONICS	28.370		(28.370)		-
Consolidation adjustments:					
- Elimination of book value of equity investments	(12.973.416)		(10.257.707)		(23.231.123)
- Goodwill on the acquisition of the OSAI Group			4.060.121		4.060.121
- reversal of infra-group & JV margins	(2.605.431)		(39.523)	(1.217.418)	(3.862.372)
- reversal of dividends from group companies	-		2.715.804	(2.715.804)	-
- Other minor items	-		13.630	(13.630)	-
- Correction JV valuation to Net Equity	778.112		(14.155)	409.481	1.173.438
- Net deferred taxes on consolidation adjustments	1.235.536		(18.394)	447.807	1.664.949
- Minority share of equity and result	(60.266)		(171.206)	(7.414)	(238.886)
As per consolidated Financial Statements	42.298.809		(4.067.295)	7.773.805	46.005.319

4. PERFORMANCE OF THE MAIN COMPANIES OF THE GROUP

As highlighted in the table below, on 09/30/2007 the Italian companies of the Group (PRIMA INDUSTRIE and PRIMA ELECTRONICS) showed an excellent trend both in terms of turnover, which showed a significant growth compared to the same period in the previous year, i.e. +40% for PRIMA ELECTRONICS and +17% for the parent company PRIMA INDUSTRIE, both in terms of the gross operating margin (+67% for PRIMA ELECTRONICS and +95% for PRIMA INDUSTRIE).

As stated above, the performance of PRIMA North America takes account, on the one hand, of the fact that in the first nine months of 2006 it benefited from a significant number of Laserdyne systems (with high return) which had been delivered in 2005, but accepted by the customers and thus recorded amongst revenue at the beginning of 2006 and, on the other hand by the strong depreciation of the Dollar/Euro exchange rate (approx. -8%).

SUMMARY OF THE MOST SIGNIFICANT INCOME PARAMETERS AND RATIOS

(THE INFORMATION RELATES TO THE FINANCIAL STATEMENTS RECLASSIFIED ON THE BASIS OF IAS/IFRS ACCOUNTING PRINCIPLES)

	PRIMA INDUSTRIE S.p.A.		PRIMA ELECTRONICS S.p.A. (3)		PRIMA North America Inc.		OSAI Group (4)		OTHER SUB. COMPANIES											
	09/30/2007	09/30/2006	09/30/2007	09/30/2006	09/30/2007	09/30/2006	09/30/2007	09/30/2006	9/30/2007 (2)	9/30/2006										
	K€	%	K€	%	K€	%	K€	%	K€	%										
Sales	76.154	100	64.843	100	22.011	100	15.709	100	33.258	100	36.253	100	4.297	100	-	-	16.775	100	13.378	100
MOL (EBITDA)	7.015	9,2	3.598	5,5	4.492	20,4	2.691	17,1	5.410	16,3	6.185	16,9	519	12,1	-	-	(174)	(1)	336	2,5
Operating result (EBIT) (1)	6.513	8,6	3.127	4,8	4.216	19,2	2.393	15,2	5.254	15,8	6.013	16,5	477	11,1	-	-	(218)	(1)	312	2,3

EXCHANGE RATES USED FOR THE CONVERSION OF NON-EURO CURRENCIES

CURRENCY	AVERAGE EXCHANGE RATE FOR THE PERIOD		CURRENT EXCHANGE RATE AT THE END OF THE PERIOD	
	09/30/2007	09/30/2006	9/30/2007	9/30/2006
	US DOLLAR	1.344439	1.244163	1.4179
POUND STERLING	0.676541	0.684722	0.6968	0.6777
SWEDISH KRONA	9.236816	9.294216	9.2147	9.2797

SUMMARY OF THE MOST SIGNIFICANT INCOME PARAMETERS AND INDEX

- (1) The sum of the individual operating results (as per the table) differs from the consolidated operating results due to the effects of the consolidation adjustments.
- (2) The values relate to PRIMA INDUSTRIE UK Ltd., PRIMA SCANDINAVIA AB, PRIMA INDUSTRIE GmbH.
- (3) The information on 09/30/07 and 09/30/06 also includes the business of M.L.T.A., which merged with PRIMA ELECTRONICS S.p.A
- (4)The information relating to the 3Q06 of the OSAI Group was not considered, because at that date it did not form part of the Group.

PRIMA INDUSTRIE S.p.A.

The parent company PRIMA INDUSTRIE S.p.A. has continued with the constant, considerable improvement of the turnover as well as the profitability.

The sales on 09/30/2007 (76,154 thousand Euro) in fact grew by 17% compared to 09/30/2006 (64,843 thousand Euro). In particular in the third quarter sales amounted to 25,908 thousand compared to the 21,091 thousand Euro of the third quarter of 2006 (+23%).

The operating profit at 09/30/2007 also increased to 6,513 thousand Euro from 3,127 thousand Euro on 09/30/2006.

This improvement of approximately 3.4 million Euro, reflects above all an improvement of the margins achieved on the systems sold, due to a favourable trend in the selling price of the pieces as well as to significant economies of scale and acquired skills; the result moreover takes account of:

- a positive effect for approximately 500 thousand Euro relative to the lesser expenses for the Employees severance indemnity liability recalculated in terms of IAS 19 (recalculation made necessary by the introduction of the recent provisions);
- an unfavourable impact due to the provisions made on receivables for 570 thousand Euro and an extra bonus to management for approximately 520 thousand Euro.

In the quarter, the EBIT generated amounted to 2,557 thousand Euro (compared to the 971 thousand Euro in the third quarter of 2006).

As regards the financial management, the data relative to the nine months of the financial period and that relating to the previous period, takes account of the dividends received from subsidiaries, that were accounted for on the basis of the date on which the right to receive the dividend arose

The net result of the first nine months of 2007 which *inter alia* benefited from the dividends distributed by the subsidiary PRIMA North America for approximately 2,268 thousand Euro and from the lower tax rate applied to same (5% compared to an average *tax rate* of more than 50%), went from 1,299 thousand Euro on 09/30/2006 to 5,420 thousand Euro on 09/30/2007. The result generated in the quarter was 1,211 thousand Euro against the 101 thousand Euro of the third quarter of 2006.

The good performance of the parent company, PRIMA INDUSTRIE S.p.A. should also continue in the next few months thanks to the orders backlog from third party customers that on 09/30/2007 amounted to 35,005 thousand Euro - a growth of more than 27% compared to the 27,542 thousand Euro on 9/30/2006.

PRIMA ELECTRONICS S.p.A.

Sales in the first nine months of the financial year increased by 40% to 22,011 thousand Euro compared to the 15,709 thousand Euro on 09/30/2006 (pro forma amount recalculated taking into account the sales generated by M.L.T.A, which merged with PRIMA ELECTRONICS on 09/30/07); the information shows that the profitability was also markedly stronger with an EBIT equal to 4,216 thousand Euro, a growth of more than 76%

compared to the 2,393 thousand Euro at 09/30/2006, thanks to particularly profitable jobs and a general improvement in managerial efficiency.

In particular, during the third quarter of the year the company generated a turnover of 6,843 thousand Euro, against 5,047 thousand Euro of the same period in the previous financial year (up 35%) and EBIT of 1,307 thousand Euro against the 922 thousand Euro of the third quarter of 2006 (up +42%).

PRIMA NORTH AMERICA Inc.

In the first nine months of the financial year PRIMA North America Inc. achieved sales of 44.7 million Dollars compared to the 45.4 million Dollars in the same period of 2006) (an amount which includes approximately 4 million dollars relating to the Laserdyne systems delivered at the end of 2005 accepted in the first months of 2006).

The EBIT for the period amounted to 7.1 million Dollars, equal to 15.8% of the sales (it was 7.5 million Dollars at 09/30/2006, equal to 16.5% of sales).

In particular, during the third quarter of the year the American company realised a turnover of 13.8 million Dollars and EBIT of 1.8 million Dollars (it was 14.6 million Dollars with an EBIT of 2.6 million Dollars in the third quarter of 2006).

Finally, it must be borne in mind that compared to the first six months of 2006 the Dollar/Euro exchange rate depreciated by more than 8%, a factor that determined a contraction of the revenues and the margins expressed in Euro.

OSAI S.p.A

The OSAI Group which formed part of the consolidation with effect from the quarter under review, generated sales of 4,297 thousand Euro in the three months, with a result before tax of 434 thousand Euro (about 10% of the sales) *inter alia* due to certain non recurring income in the subsidiary OSAI USA.

OTHER SUBSIDIARIES

The subsidiary PRIMA INDUSTRIE UK at 09/30/2007 recorded turnover in excess of that recorded in the same period of the previous financial year (4.2 million Euro against 3.2 million Euro) with EBIT that were slightly negative (-106 thousand Euro; it was -102 thousand Euro at 09/30/2006).

The subsidiary PRIMA SCANDINAVIA at 09/30/2007 recorded turnover of 2,708 thousand Euro (it was 4,654 thousand Euro at 09/30/2006) with EBIT of 144 thousand Euro (it was 205 thousand Euro at 09/30/2006).

PRIMA INDUSTRIE GmbH achieved sales in the nine months of 9.8 million Euro, a strong growth compared to the first nine months of 2006 (the turnover was 5.5 million Euro), with a negative EBIT of 256 thousand Euro (it was 0.1 million Euro at 09/30/2006), but which is an improvement compared to the -297 thousand Euro of 06/30/2007.

All the European companies (and especially PRIMA INDUSTRIE GmbH) have a good orders backlog at 09/30/2007, which confirms the healthy state of the respective reference markets.

ASSOCIATED COMPANIES AND JOINT VENTURES

Amongst the associated companies, the significant growth of the Chinese JV Shanghai Unity PRIMA should be noted; in the first nine months of 2007 the JV achieved sales of 96.6 million Rmb (approx. 9.4 million Euro) with an increase of 23% compared to the 78.7 million Rmb (approx. 7.7 million Euro) in the same period of 2006.

In particular, in the third quarter of 2007 the JV achieved sales of 33.4 million Rmb (equal to approximately 3.2 million Euro).

In addition the company at 09/30/07 shows an interesting return that brought the net profit for the period to 16.1 million Rmb (about 1.6 million Euro) equal to more than 16% of the sales, which increased compared to the 9.9 million Rmb (about 1 million Euro) at 09/30/2006.

At a quarterly level this figure amounts to 4 million Rmb (approx. 0.4 million Euro).

The JV, Shenyang PRIMA Laser Machine Company, recorded a negative trend in the period; in addition it should be borne in mind that PRIMA INDUSTRIE S.p.A., a 50% partner in the JV, has already written off the value of the equity investment.

The Chinese JV, Wuhan OVL in which PRIMA North America holds a 30% stake, is still in a *start-up* phase. It must be remembered that the Group believed it necessary to write the value of the equity investment in the JV down to zero because PRIMA North America will keep a managerial interest in the JV (*inter alia* because the licence was not granted exclusively).



PRIMA INDUSTRIE

**5. CONSOLIDATED FINANCIAL STATEMENTS
AT SEPTEMBER 30TH 2007~ACCOUNTING STATEMENTS**

**THE PRIMA INDUSTRIE GROUP CONSOLIDATED FINANCIAL STATEMENTS AT
SEPTEMBER 30TH 2007**
**CONSOLIDATED BALANCE SHEET AT SEPTEMBER 30 2007 AND SEPTEMBER 30
2006**

VALUES IN EURO	NOTE	30/09/2007	31/12/2006
Tangible fixed assets		9.898.062	6.427.108
Intangible fixed assets		6.760.735	2.511.075
Equity investments valued using the equity method		1.837.573	1.787.906
Equity investments valued using the cost method		801.885	801.885
Other financial assets		275.268	267.999
Tax assets for prepaid taxes		6.657.561	7.525.805
Other receivables		-	38.791
Derivative financial instruments		27.595	-
TOTAL NON CURRENT ASSETS		26.258.679	19.360.569
Inventories	1	51.399.984	33.870.201
Trade receivables	2	51.326.087	38.960.582
Other receivables	3	3.552.184	2.802.967
Other tax assets		4.216.741	1.643.701
Derivative financial instruments		-	-
Trading securities valued at fair value		364.603	-
Cash and cash equivalents		15.143.649	20.702.707
TOTAL CURRENT ASSETS		126.003.248	97.980.158
Non current assets held for sale		1	-
TOTALE ATTIVITA'		152.261.928	117.340.727
Share Capital		11.500.000	11.500.000
Treasury stock		(87.880)	(109.034)
Treasury stock owned by subsidiaries		-	-
Legal reserve		2.300.000	2.300.000
Other reserve		17.018.984	16.849.034
Conversion reserve		(1.798.813)	(639.537)
Profits (Losses) carried forward		9.299.223	(1.307.575)
Profit (losses) for the year		7.773.805	13.705.921
Total Group stockholders' equity		46.005.319	42.298.809
Minority interests		238.886	60.266
TOTAL NET EQUITY		46.244.205	42.359.075
Loans		19.416.068	12.657.033
Employee benefits		7.546.084	5.544.236
Deferred tax liabilities		3.322.088	2.384.507
Provisions for risks and charges	5	27.688	33.500
Derivative financial instruments		-	6.071
TOTAL NON CURRENT LIABILITIES		30.311.928	20.625.347
Trade payables	4	37.100.757	26.054.651
Advances	4	14.012.728	7.387.989
Other payables	4	10.491.990	5.905.438
Amounts due to banks and in respect of loans		1.704.025	5.231.281
Tax liabilities - current taxes		7.317.106	5.066.445
Provision for risks and charges	5	4.970.910	4.709.897
Derivative financial instruments		108.279	604
TOTAL CURRENT LIABILITIES		75.705.795	54.356.305
Liabilities due to non current assets held for sale		-	-
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		152.261.928	117.340.727

THE PRIMA INDUSTRIE GROUP CONSOLIDATED FINANCIAL STATEMENTS AT SEPTEMBER 30TH 2007
CONSOLIDATED INCOME STATEMENT AT SEPTEMBER 30 2007 AND SEPTEMBER 30 2006

VALUES IN EURO	30/09/2007	30/09/2006	III quarter 07	III quarter 06
Net revenues from sales and services	117.739.307	100.479.212	44.431.025	33.802.194
Other operating income	2.117.047	1.079.216	899.728	294.588
Changes in inventories of semifinished and finished products	8.601.380	(457.849)	2.389.191	(1.435.466)
Increases in fixed assets for internal work	208.097	98.850	95.394	48.451
Use of raw materials, consumables, supplies and goods	(57.321.547)	(45.455.203)	(20.360.824)	(13.761.755)
Personnel cost	(26.080.876)	(21.067.914)	(9.771.599)	(6.527.601)
Amortization	(1.021.444)	(966.187)	(359.627)	(323.518)
Impairment & Writedowns	-	-	-	-
Other operating costs	(29.051.338)	(22.823.268)	(10.787.015)	(7.915.308)
OPERATING INCOME	15.190.626	10.886.857	6.536.273	4.181.585
Financial income	515.948	428.620	154.901	263.249
Financial expenses	(1.203.232)	(1.210.504)	(570.586)	(489.826)
Net income from transactions in foreign exchange	(25.651)	71.990	(54.898)	(16.085)
Net income from associated companies & joint ventures	63.822	118.453	95.272	138.573
INCOME BEFORE TAX	14.541.513	10.295.416	6.160.962	4.077.496
Current and deferred taxes	(6.760.294)	(2.781.392)	(2.407.438)	(1.056.839)
NET PROFIT	7.781.219	7.514.024	3.753.524	3.020.657
Income from assets held for disposal	-	-	-	-
NET PROFIT	7.781.219	7.514.024	3.753.524	3.020.657
- Group Stockholders' net profit	7.773.805	7.506.474	3.746.110	2.985.604
- Minorities net profit	7.414	7.550	7.414	35.053
EARNING PER SHARE (euro)	1,7	1,6	0,8	0,7

THE PRIMA INDUSTRIE GROUP CONSOLIDATED FINANCIAL STATEMENTS AT SEPTEMBER 30TH 2007
CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY AT SEPTEMBER 30 2006 AND SEPTEMBER 30 2007

From January 1st, 2006 to September 30th, 2006

VALUES IN EURO	1.1.06	Variation of Consolidation Area	Purchase/ Sale of treasury stock	Gains on disposal of treasury stock	Losses on disposal of treasury stock	Allocation of Previous Financial Year's income	Dividends Distribution	Profit of the period	Other	Conversion Reserve	30.9.06
Share Capital	11.500.000										11.500.000
Treasury stock	(92.872)		(11.798)								(104.670)
Treasury stock owned by Subsidiaries	-										0
Share premium reserve	15.664.893										15.664.893
Legal reserve	770.910					1.529.090					2.300.000
Other reserve	220.624					964.856					1.185.480
Conversion reserve	329.937									(469.832)	(139.895)
Profit / (loss) carried forward	(2.661.910)	(28.370)		57.216	(20.252)	1.327.771					(1.325.545)
Income for the year	5.107.631					(3.821.717)	(1.285.914)	7.506.474			7.506.474
Net Equity	30.839.213	(28.370)	(11.798)	57.216	(20.252)	-	(1.285.914)	7.506.474		(469.832)	36.586.737
Minorities' interest	-	53.871									53.871
Total Net Equity	30.839.213	25.501	(11.798)	57.216	(20.252)	-	(1.285.914)	7.506.474	-	(469.832)	36.640.608

From January 1st, 2007 to September 30th, 2007

VALUES IN EURO	1.1.07	Variation of Consolidation Area	Purchase/ Sale of treasury stock	Gains on disposal of treasury stock	Losses on disposal of treasury stock	Allocation of Previous Financial Year's income	Dividends Distribution	Profit of the period	Other	Conversion Reserve	30.9.07
Share Capital	11.500.000										11.500.000
Treasury stock	(109.034)		21.154								(87.880)
Treasury stock owned by Subsidiaries	-										-
Share premium reserve	15.664.893										15.664.893
Legal reserve	2.300.000										2.300.000
Other reserve	1.184.141					169.950					1.354.091
Conversion reserve	(639.537)									(1.159.276)	(1.798.813)
Profit / (loss) carried forward	(1.307.575)	21.393		38.630	(1.146)	10.547.921				-	9.299.223
Income for the year	13.705.921	0				(10.717.871)	(2.988.050)	7.773.805			7.773.805
Net Equity	42.298.809	21.393	21.154	38.630	(1.146)	-	(2.988.050)	7.773.805	-	(1.159.276)	46.005.319
Minorities' interest	60.266	178.620									238.886
Total Net Equity	42.359.075	200.013	21.154	38.630	(1.146)	-	(2.988.050)	7.773.805	-	(1.159.276)	46.244.205

THE PRIMA INDUSTRIE GROUP CONSOLIDATED FINANCIAL STATEMENTS AT SEPTEMBER 30TH 2007

CONSOLIDATED CASH-FLOW STATEMENT AT SEPTEMBER 30 2007 AND SEPTEMBER 30 2006

THOUSAND OF EURO	30/09/2007	30/09/2006
Profit (Loss) before tax	14.541.513	10.295.416
Adjustments	1.729.220	2.257.681
Amortization for the financial year	1.021.444	966.187
Provisions raised to Employees' severance fund	58.663	700.053
Loss (Profit) on foreign currency transactions	25.651	(71.990)
Loss (Income) from equity investments	(63.822)	(118.453)
Financial expenses	1.203.232	1.210.504
Financial (income)	(515.948)	(428.620)
	<u>16.270.733</u>	<u>12.553.097</u>
(Increase) /Decrease in trade and other receivables	(7.196.199)	2.182.762
(Increase) /Decrease in inventories	(14.213.230)	(4.023.877)
Increase / (Decrease) in trade payables	12.189.361	(3.162.565)
Increase / (Decrease) in other payables	452.396	(152.131)
Cash flow from typical activity	7.503.061	7.397.286
Interest payment	(1.203.232)	(1.158.000)
Tax payment	(1.577.542)	(482.242)
Cash flow derived from operating activity	4.722.287	5.757.044
<i>Cash flow derived from investment activity</i>		
Acquisition OSAI Group	(10.058.685)	-
Cash at the time of OSAI acquisition	2.006.540	-
Acquisition MLTA	-	(38.622)
Purchase of tangible fixed assets	(1.044.492)	(1.275.949)
Purchase of intangible fixed assets	(538.225)	17.498
Sale /(Purchase) of financial assets (at cost)	(7.269)	(243.257)
Sale /(Purchase) investments in associates	14.155	26.039
Sale/ (Purchase) of treasury stock at fair value	300.122	-
Receipts from sales of fixed assets	41.803	53.094
Interest encashed	515.948	428.620
Cash flow derived from investing activity	(8.770.104)	(1.032.577)
<i>Cash flow derived from financing activity</i>		
Variation in the conversion reserve	(1.159.276)	(469.832)
(Purchase)/sale of treasury stock	58.638	25.166
Variation of other reserves	192.599	17.951
Changes in balance- derivative instruments (FV)	74.009	30.437
Loan agreements	7.002.108	11.674.366
Repayments of loans and financing	(4.034.720)	(11.777.015)
(Repayments)/ Raising of financial leases	(377.944)	(172.959)
(Repayments)/ Raising of Sabatini transactions	(278.605)	(306.171)
Dividends paid	(2.988.050)	(1.285.914)
Net Cash flow derived from financing activity	(1.511.241)	(2.263.971)
Increase (decrease) in the cash and cash equivalents	(5.559.058)	2.460.496
Cash and cash equivalents at start of year	20.702.707	11.495.383
Cash and cash equivalents at year end	15.143.649	13.955.879

6. EXPLANATORY NOTES

GROUP ACTIVITIES

PRIMA INDUSTRIE S.p.A.'s corporate mission is the design, manufacture and sale of electrical and electronic equipment, instruments, machines and mechanical systems and the related software programs for use in industrial automation or in other sectors in which the Company's technology may be usefully employed.

The Company is also capable of providing industrial services of a technical, design and organizational nature in the field relating to the production of capital goods and industrial automation.

The main activity is focused in the cutting and welding laser machines sector.

PRIMA ELECTRONICS S.p.A.'s corporate mission is the design, manufacture and sale of mechanical, electrical and electronic equipment, systems and installations and the relevant software programs.

In particular, thanks to the merger of M.L.T.A. S.r.l, the Company also possesses special expertise in the power electronics sector.

The company may also acquire and grant manufacturing licences.

PRIMA NORTH AMERICA Inc. (incorporated in terms of American law) has three divisions:

- CONVERGENT LASERS DIVISION, which designs, manufactures, sells and renders assistance in respect of industrial lasers throughout the world.
- LASERDYNE SYSTEMS DIVISION, which designs, manufactures, sells and provides assistance in respect of Laserdyne systems throughout the world. These systems are specialized in the use of lasers for the production of components for aeronautic motors and turbines for the generation of energy.
- PRIMA SYSTEMS DIVISION, which is engaged in the sale and installation in North America of PRIME INDUSTRIE's products, as well as the provision of technical assistance in respect thereof.

OSAI S.p.A. has as its main business the production of numerical controls destined for machines for the processing of marble, wood and glass.

PRIMA INDUSTRIE GmbH, (a company incorporated in terms of German law), is primarily engaged in providing after-sales services. The company recommenced operations with effect from 7/01/2005 pursuant to the acquisition of the business unit from Matra, relative to the distribution of the PRIMA machines on the German market.

PRIMA SCANDINAVIA AB (incorporated in terms of Swedish law) carries out management and promotional activities and also provides assistance for Prima Industrie's products on the Scandinavian market.

PRIMA INDUSTRIE UK LTD. (incorporated in terms of English law) carries out management and promotional activities and also provides assistance for PRIMA INDUSTRIE's products on the English and neighbouring markets.

PRIMA INDUSTRIE POLSKA S.p.z.o.o. (incorporated in terms of Polish Law) which started its activities in the second half of 2007 manages, promotes and provides assistance for PRIMA INDUSTRIE products on the Polish and neighbouring markets.

VALUATION CRITERIA

The same accounting standards as those used for the consolidated accounts for the year ended December 31, 2006 were applied for the preparation of the quarterly Financial Statements. In this regard, the reader is referred to the Annual Financial Statements for further information.

DISCLOSURE OF ACCOUNTING STATEMENT FORMAT

As far as the lay-out of the Financial Statements is concerned, the Company has elected to use the same lay-out for both the Consolidated Financial Statements as well as the separate Financial Statements of the Parent Company.

More precisely:

- a) as regards the Balance Sheet the Company has adopted the lay-out which reflects the assets and liabilities distinguishing between “current” (i.e. liquid/due within one year) and “non current” (i.e. illiquid/due beyond one year);
 - b) as regards the Income Statement, the Company has adopted the lay-out that provides for the allocation of costs according to their nature;
 - c) as regards the statement of changes in Stockholders' Equity, the Company adopted the lay-out that reconciles the opening and closing balances of each item of equity both for the period underway as well as for the previous one;
 - d) as regards the Cash Flow Statement the Company elected the so-called “indirect” method, in which one determines the financial flow net of operating activities adjusting the profit and loss for the effects of:
 - non monetary elements such as depreciation, impairment, profits and losses on exchange and associated unrealised items;
 - the changes in inventories, receivables and payables generated by the operating activities;
 - other elements where the financial flows are generated from investment activities and from financing.
-

EXPLANATORY DETAILS

Some details relative to the more important changes in the items of the Financial Statements are provided below.

Note 1.

Inventories	09/30/2007	12/31/2006
Raw materials	24.095.231	16.987.804
(Prov. for writedown of raw materials)	(2.869.490)	(2.758.456)
Semifinished products	15.127.252	9.769.767
(Prov. for writedown of semifinished prod	(11.239)	-
Finished products	16.492.146	10.516.205
(Prov. for writedown of finished products)	(1.433.916)	(645.119)
Stock advances	-	-
Total inventories	51.399.984	33.870.201

The breakdown of the inventories at 09/30/2007 highlights an increase in all the items as a result of the increased level of activity and production of the Group and due to the increase in the area of consolidation. On the other hand the increase in the related provisions for writedown were less than proportional.

Note 2.

Trade receivables	09/30/2007	12/31/2006
Trade receivables	53.578.824	40.303.952
Allowance for doubtful accounts	(3.076.669)	(2.596.306)
Net trade receivables	50.502.155	37.707.646
Amounts due by correlated parties	823.932	1.252.936
Loans granted to correlated parties	-	-
TOTAL	51.326.087	38.960.582

The greater amount of trade payables is likewise due to the increase in turnover, as well as to the expansion of the area of consolidation of the group.

Note 3.

Other receivables	09/30/2007	12/31/2006
Receivables for grants to be received	712.810	1.231.298
Other short-term receivables	2.662.544	1.404.876
Prepayments and accrued income	176.830	166.793
Total other receivables	3.552.184	2.802.967

Compared to 12/31/06 there has been a significant reduction (-518 thousand Euro) of the receivables for state grants to be received, in the face of an increase in the sundry receivables, tied essentially to the increased volume of business.

Note 4.

Trade and other payables	09/30/2007	12/31/2006
Trade payables	37.100.757	26.054.651
Amounts due to correlated parties	-	-
Total trade payables	37.100.757	26.054.651
Advances from customers	14.012.728	7.387.989
Total advances from customers	14.012.728	7.387.989
Social security and welfare payables	1.323.411	1.445.012
Amounts due to employees	3.613.959	2.932.765
Other short-term payables	910.061	465.321
Accrued expenses & deferred income	4.644.559	1.062.340
Total other payables	10.491.990	5.905.438
TOTAL	61.605.475	39.348.078

Again in confirmation of the increased volume of business, to meet the growth in inventories and in trade receivables, a significant increase in trade payables can be observed (approximately 42% up), in guarantee of a good net working capital management. A significant increase in the advances from customers (approx. +90%) attributable to the increased number of machines already delivered and invoiced but not yet accepted by customers at 09/30/2007.

Note 5.

Medium/long-term provisions for risks	Provisions for agents' customers indemnities	Provision for litigation risks	Other minor items	Restructuring provision	Provision E	Total
01/01/2006	29.110					29.110
Amounts to the Income Statement:						-
- Provisions	5.500					5.500
- Re-transfer of excess provisions						-
Draw-downs for the period	(1.110)					(1.110)
Amts assumed through acquisitions						-
Exchange differences						-
31/12/2006	33.500					33.500
Amounts to the Income Statement:						-
- Provisions						-
- Re-transfer of excess provisions						-
Draw-downs for the period	(6.512)					(6.512)
Amts assumed through acquisitions			700			700
Exchange differences						-
30/09/2007	26.988		700			27.688

Short-term provisions for risks	Guarantee fund	Prov.- exch. rate fluct.	Prov. for profit sharing	Restruct. prov.	Others	Total
01/01/2006	3.377.994		46.000	144.875	206.850	3.775.719
Amounts to the Income Statement:						-
- Provisions	3.396.794				6.488	3.403.282
- Re-transfer of excess provisions						-
Draw-downs for the period	(2.335.846)		(11.000)			(2.346.846)
Amts assumed through acquisitions						-
Exchange differences	(122.258)					(122.258)
31/12/2006	4.316.684		35.000	144.875	213.338	4.709.897
Amounts to the Income Statement:						-
- Provisions	4.186.603		2.500		86.386	4.275.489
- Re-transfer of excess provisions						-
Draw-downs for the period	(3.799.633)			(144.875)	(22.017)	(3.966.525)
Amts assumed through acquisitions	63.970					63.970
Exchange differences	(111.921)					(111.921)
30/09/2007	4.655.703		37.500	-	277.707	4.970.910

More provisions were raised and draw-downs effected to the guarantee fund compared to the 2006 financial year as a result of the increased turnover for the period. No significant changes occurred with respect to the situation on 12/31/2006.

Note 6. Transactions with associated parties

The transactions with associated parties, in addition to the remuneration to strategic management, were mainly connected to the supply of laser systems and components to the Joint Ventures in the Far East. The aforesaid supplies were made at market price.

A table that summarises the equity and financial effects of these transactions is set out hereunder.

Period: 1/01/07 to 09/30/07

Transactions with assoc. parties	SHENYANG PRIMA LASER MACHINE CO.LTD	SHANGHAI UNITY PRIMA LASER MACHINERY CO. LTD	SNK PRIMA CO. LTD	WUHAN OVL CONVERGENT	STRATEGIC MANAGEMENT	TOTAL
RECEIVABLES AT 01/01/2007	1.209.586	-	660	379.651		1.589.897
RECEIVABLES AT 09/30/2007	649.850			174.082		823.932
PAYABLES AT 01/01/2007	-	-	-		165.937	165.937
PAYABLES AT 09/30/2007	-	-	-		339.822	339.822
REVENUES 01/01/07-09/30/2007	429.211	92.692	-			521.903
COSTS 01/01/07-09/30/2007	-	-	-		1.430.089	1.430.089
CHANGE IN RECEIVABLES 01/01/07 - 09/30/2007	(559.736)	-	(660)	(205.569)		(765.965)
CHANGE IN PAYABLES 01/01/07 - 09/30/2007	-	-	-		173.885	173.885
	-	-	-			-

Note 7. Significant non recurring events

The only important non recurring operation during the period was the acquisition of the OSAI Group which took place on 07/02/2007.

For the effects of this transaction on the financial and equity situation of the Prima Industrie Group kindly refer to the paragraph entitled “Business Combination”, whereas for the effects on the Consolidated Financial situation information is provided in the Consolidated Cash-flow Statement.

Note 8. Atypical and/or unusual positions or transactions during the period

There were no atypical and/or unusual operations, positions or transactions during the period.

Note 9. Net Financial Position

We set out hereunder the detailed breakdown of the Net Financial Position.

Kindly refer to the appropriate section of the Directors' Report on Operations for the relevant comments.

in thousands of Euro		09/30/2007	12/31/2006
A	CASH	15.144	20.703
B	OTHER CASH AND CASH EQUIVALENTS	275	268
C	SECURITIES HELD FOR TRADING	365	-
D	LIQUIDITY (A+B+C)	15.784	20.971
E	CURRENT FINANCIAL RECEIVABLES	-	-
F	CURRENT BANK PAYABLES	209	413
G	CURRENT PORTION OF NON CURRENT BORROWINGS	1.228	4.258
H	OTHER CURRENT FINANCIAL PAYABLES	375	561
I	CURRENT FINANCIAL BORROWINGS (F+G+H) (LIQUIDITY)	1.812	5.232
J	NET CURRENT FINANCIAL BORROWINGS / (LIQUIDITY) (I-E-D)	(13.972)	(15.739)
K	NON-CURRENT BANK PAYABLES	17.127	10.623
L	DEBENTURES ISSUED	-	-
M	OTHER NON-CURRENT PAYABLES	2.290	2.040
N	OTHER NON-CURRENT RECEIVABLES	28	-
O	NET NON CURRENT FINANCIAL BORROWINGS (K+L+M-N)	19.389	12.663
P	NET FINANCIAL BORROWINGS (J+O)	5.417	(3.076)

Certain of the medium term loans in existence contain “covenants”, normally based on the ratio between the Net Financial Position and the EBITDA and on the ratio between the Net Financial Position and Stockholders' Equity. In this regard it must be noted that the company fully complies with these “covenants”.

Note 10. Information in terms of § 116 et seq. of IAS-IFRS 1

The preparation of the Financial Statements requires Management to make a series of subjective assumptions and estimates based on past experience.

The application of these estimates and assumptions influences the amount of the assets and liabilities recorded in the Balance Sheet, as well as the costs and income disclosed in the Income Statement. The actual results can differ significantly from the estimate made, in view of the natural uncertainty that surrounds the assumptions and conditions on which the estimates are based.

We set out hereunder a list of the main accounting entries whose formulation required management to formulate to a greater extent subjective assumptions and estimates.

Impairment of goodwill

The goodwill relative to the Laserdyne and Convergent Lasers divisions of PRIMA North America, as well as the OSAI Group, is periodically subject to the impairment test on the basis of the forecasted cash flows generated by the said business units.

The estimates of the cash flows are based on the best forecast of the future results and require a series of assumptions relative to the trend of the reference markets, the competitive situation and the costs of production.

In the event that the estimates are found to be inadequate, a re-determination of the value of the goodwill recorded in the Financial Statements will be made, with possible negative effects on income.

Deferred taxes

The deferred tax assets and liabilities recorded in the Financial Statements are determined by applying to the differences between the value attributed to an asset or a liability according to Statutory criteria and the value attributed to that asset or liability for tax purpose, the tax rates that one presumes will be applicable in the different countries in the year in which one expects the timing difference to cease.

The deferred taxes relating to fiscal losses that can be carried forward to future financial years are recorded in the Financial Statements only if and to the extent that management believes that in future financial years the company concerned will achieve a positive tax result that will allow the deferred tax loss to be absorbed.

If, after the estimate was made, circumstances intervene that result in a change to the estimates or the rate used for the calculation of the deferred taxes changes, the items recorded in the Financial Statements will be adjusted.

Allocation of the value of the assets and liabilities derived from business combinations

In the case of a business combination the purchaser is required to effect a valuation of the assets and liabilities acquired, attributing a fair value to them, which may differ significantly from their book value.

In determining the fair value the purchaser is required to make a series of valuations that take into account the future cash flows, the economic and market outlook and a series of factors that may be useful in order to determine the correct value.

The actual results may differ materially from the estimates made, thus requiring an adjustment to the amounts recorded in the Financial Statements in relation to the assets and liabilities acquired.

Provisions for inventory obsolescence

In determining the provision for inventory obsolescence the Group companies effect a series of estimates relative to the future demand for the various types of products and materials in stock, on the basis of the production plan and past experience of customer demand.

If these estimates are found to be inappropriate, this will be translated into an adjustment to the provision for obsolescence with the related impact in the Income Statement.

Provisions raised to the allowance for doubtful accounts

The provisions raised to the allowance for doubtful accounts are determined on the basis of an analysis of the individual debt positions in the light of the relationships with the individual customers.

If there is an unexpected worsening of the income-financial situation of an important customer, this could result in the need to adjust the allowance for doubtful accounts, with the consequent negative effects on the Income Statement.

Employee benefits

In many companies of the Group (particularly in Italy and Germany) benefit programmes are in existence, prescribed by labour agreements or by law. Benefits are received on the termination of the working relationship.

The determination of the amount to be recorded in the Financial Statements requires actuarial estimates to be made that take into account a series of presumptions relating to parameters such as the annual rate of inflation, the growth in wages, the annual rate of staff turn-over and other variables.

Any change in these parameters requires a re-adjustment of the actuarial estimates and consequently an adjustment of the amounts disclosed in the Financial Statements.

BUSINESS COMBINATION

On 07/02/2007 PRIMA ELECTRONICS S.p.A. acquired 100% of the capital of OSAI S.p.A. The consideration paid amounted to 9,621 thousand Euro including ancillary expenses (*due diligence* and consultancy fees) of 121 thousand Euro, in addition to an earn-out which is currently estimated to amount to 438 thousand Euro (totalling 10,059 thousand Euro).

In terms of IFRS 3, paragraph 67, we provide a breakdown at the same date of the assets and liabilities acquired and, by subtracting the one from the other, we obtain the net asset balance:

ASSETS	(000s of Euro)
Intangible fixed assets	32
Tangible fixed assets	1.039
Long-term investments (at cost)	0
Tax assets i.r.o. prepaid taxes	19
TOTAL NON-CURRENT ASSETS	1.090
Inventories	3.684
Trade and other receivables	7.492
Financial assets	568
Cas and cash equivalents	2.007
TOTAL CURRENT ASSETS	13.751
TOTAL ASSETS	14.841
LIABILITIES	(000s of Euro)
Loans	707
Deferred liab.- emp.ees - defined benefit (Emp.ees' sev. ind.)	3.072
Tax payables for deferred taxes	17
TOTAL NON- CURRENT LIABILITIES	3.796
Bank borrowings and loans	214
Trade and other payables	5.481
Tax payables for current taxes	424
Provisions for risks & charges	661
TOTAL CURRENT LIABILITIES	6.780
TOTAL LIABILITIES	10.576
NET ASSETS ACQUIRED	4.265

The analysis required by IFRS 3 relative to the recordability in the Balance Sheet of the various classes of assets and liabilities has resulted in the following:

ASSETS	(s of Euro)
Intangible fixed assets	15
Tangible fixed assets	3.366
Long-term investments (at cost)	0
Tax assets i.r.o. prepaid taxes	328
TOTAL NON-CURRENT ASSETS	3.709
Inventories	3.316
Trade and other receivables	7.256
Financial assets	665
Cas and cash equivalents	2.007
TOTAL CURRENT ASSETS	13.244
TOTAL ASSETS	16.953
LIABILITIES	(000s of Euro)
Loans	707
Deferred liab. to emp.ees - defined benefit (Emp.ees' sev. ind.)	2.677
Tax payables for deferred taxes	1147
TOTAL NON-CURRENT LIABILITIES	4.531
Bank borrowings and loans	214
Trade and other payables	5.481
Tax payables for current taxes	424
Provisions for risks & charges	65
TOTAL CURRENT LIABILITIES	6.184
TOTAL LIABILITIES	10.715
NET ASSETS AQUIRED & RECORDED IN THE BALANCE	6.238

The difference between the net assets from the Balance Sheet and the excess recordable (equal to 1,973 thousand Euro) is mainly due to the increase in the value assigned to the real estate property owned by Barone Canavese (where OSAI S.p.A has its head office), on the basis of an updated expert valuation.

In the course of the valuation it was moreover decided to consider the equity investment in the company E-motion (with a value of one Euro) amongst the assets destined for sale.

Taking into account that at 06/30/2007, 96.16% of the OSAI Group was acquired, from this analysis an excess of 4,060 thousand Euro emerges, equal to the difference between the price paid and the corresponding assets acquired and recordable in the Consolidated Financial Statements of the Group.

This amount must be considered as goodwill and also takes into account the estimate of the earn-out to be paid to the sellers on the basis of the results of the 2007 Financial Statements (equal to 3 times the increase in the EBITDA in 2007 compared to 2006, with a cap at 1,500 thousand Euro and a floor of zero); because this amount is only an estimate on the basis of the available information at 09/30/2007 it will no doubt be subject to change and thus the goodwill will also vary in consequence.

During the third quarter of 2007, which was the first period in which the financial results of the OSAI group were considered in the Financial Statements of the Prima Industrie Group, OSAI achieved an operating result of (EBIT) of 477 thousand Euro, with sales of 4,297 thousand Euro.

These sales and results were determined in accordance with the IAS-IFRS accounting standards.

As regards the information required by IFRS 3 paragraph 70, relative to sales and the pro-forma financial result of OSAI, if the purchase of the company was effected at 01/01/2007 the added sales would have amounted to 9,370 thousand Euro whereas the net result for the period would not have undergone any significant changes.

SEGMENT REPORT

The infra-sector revenues were determined on the basis of the market price using the "cost plus" method.

As regards the performance of the two business sectors, one can observe that the "Laser systems" sector, net of inter-sector revenues, reflects a growth at 09/30/2007 of 7.4% compared to 09/30/2006, whereas the "Electronics" segment achieved, again net of inter-sector revenues, a growth of 76.6%, *inter alia* due to the acquisition of the OSAI Group (07/02/2007).

(in thousands of Euro)

Sector result - 09/30/2007	Laser systems	Electronics	Unallocated	Group
Total sector revenues	96.114	26.218	-	122.332
(Infra-sector revenues)	-	(4.593)	-	(4.593)
Revenues	96.114	21.625	-	117.739
Operating result	11.809	3.382	-	15.191
Net financial income/expenses	(494)	(219)	-	(713)
Income/exp. from assoc. co. & joint ventures	63	-	-	63
Operating profit/loss before tax	-	-	-	14.541
Taxes	-	-	-	(6.760)
Net profit/loss	-	-	-	7.781

Sector result - 09/30/2006	Laser systems	Electronics	Unallocated	Group
Total sector revenues	89.522	14.844	-	104.366
(Infra-sector revenues)	-	(3.887)	-	(3.887)
Revenues	89.522	10.957	-	100.479
Operating result	9.613	1274	-	10.887
Net financial income/expenses	(723)	13	-	(710)
Income/exp. from assoc. co. & joint ventures	118	-	-	118
Operating profit/loss before tax	-	-	-	10.295
Taxes	-	-	-	(2.781)
Net profit/loss	-	-	-	7.514

Sector information - 09/30/2007	Laser systems	Electronics	Unallocated	Group
Depreciation of tangible fixed assets	603	294	-	897
Deprec. & impairment of intang.fixed assets	100	24	-	124
Total	703	318		1.021

Sector information - 09/30/2006	Laser systems	Electronics	Unallocated	Group
Depreciation of tangible fixed assets	624	229	-	853
Deprec. & impairment of intang.fixed assets	73	40	-	113
Total	697	269		966

Assets and liabilities - 09/30/2007	Laser systems	Electronics	Unallocated	Group
Assets	78.419	44.516	26.687	149.622
Associated companies & joint ventures	2.640	-	-	2.640
Total assets	81.059	44.516	26.687	152.262
Liabilities	57.727	16.424	31.867	106.018

Assets and liabilities - 09/30/2006	Laser systems	Electronics	Unallocated	Group
Assets	76.067	15.242	22.359	113.668
Associated companies & joint ventures	2.070	133	-	2.203
Total assets	78.137	15.375	22.359	115.871
Liabilities	45.863	7.897	25.470	79.230

Declaration in terms of section 154 bis paragraph 2-part IV, title III, item II, section V bis, of Legislative Decree No. 58 dated February 24, 1998: Consolidated provisions on financial brokerage in terms of sections 8 and 21 of Act No. 52 dated February 6, 1996.

I the undersigned, Massimo Ratti, the person appointed to prepare the corporate accounting documents of the Prima Industrie Group confirm, in accordance with the second paragraph of section 154 bis part IV, title III, item II, section V bis of Legislative Decree No. 58 dated February 24, 1998 that the accounting disclosure contained in this Quarterly Report corresponds with the documentary accounting results, as well as the accounting books and records.

On behalf of the Board of Directors

Chairman



Gianfranco Carbonato



PRIMA INDUSTRIE S.p.A.

7. FINANCIAL STATEMENTS AT SEPTEMBER 30TH 2007[≈]

FINANCIAL STATEMENTS AT SEPTEMBER 30TH 2007

BALANCE SHEET AT SEPTEMBER 30 2007 AND DECEMBER 31 2006

VALUES IN EURO	30/09/2007	31/12/2006
Tangible fixed assets	3.389.370	3.153.790
Intangible fixed assets	346.978	161.036
Equity investments in subsidiaries	12.933.734	12.840.913
Equity investments valued using the equity method	664.135	1.009.794
Equity investments valued using the cost method	51.832	51.832
Financial assets -financing to subsidiaries	6.635.729	626.000
Other financial assets	275.268	267.999
Tax assets for prepaid taxes	3.298.930	2.784.368
Derivative financial instruments	27.595	
Other receivables	-	8.800
TOTAL NON CURRENT ASSETS	27.623.571	20.904.532
Inventories	28.955.464	19.957.839
Trade receivables	39.095.555	33.666.729
Other receivables	1.968.074	2.340.099
Other tax assets	3.692.812	1.592.722
Derivative financial instruments		
Disponibilità liquide e mezzi equivalenti	6.698.236	14.470.160
TOTAL CURRENT ASSETS	80.410.141	72.027.549
Non current assets held for sale	-	-
TOTALE ATTIVITA'	108.033.712	92.932.081
Share Capital	11.500.000	11.500.000
Treasury stock	(87.880)	(109.034)
Legal reserve	2.300.000	2.300.000
Other reserve	17.018.984	16.849.034
Profits (Losses) carried forward	(1.577.524)	(1.601.378)
Profit (losses) for the year	5.419.623	3.158.000
Total Group stockholders' equity	34.573.203	32.096.622
TOTAL NET EQUITY	34.573.203	32.096.622
Loans	16.148.883	11.680.253
Employee benefits	3.384.970	3.935.385
Deferred tax liabilities	26.988	33.500
Provisions for risks and charges	1.610.074	1.661.121
Derivative financial instruments	-	6.071
TOTAL NON CURRENT LIABILITIES	21.170.915	17.316.330
Trade payables	30.115.141	23.765.426
Advances	10.261.235	5.299.076
Other payables	3.563.192	3.446.243
Amounts due to banks and in respect of loans	1.428.374	4.982.898
Tax liabilities - current taxes	4.164.073	3.666.882
Provision for risks and charges	2.649.300	2.358.000
Derivative financial instruments	108.279	604
TOTAL CURRENT LIABILITIES	52.289.594	43.519.129
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	108.033.712	92.932.081

FINANCIAL STATEMENTS AT SEPTEMBER 30TH 2007
INCOME STATEMENT AT SEPTEMBER 30, 2007 AND SEPTEMBER 30, 2006

VALUES IN EURO	30/09/2007	30/09/2006	III quarter 2007	III quarter 2006
Net revenues from sales and services	76.154.190	64.843.453	25.908.248	21.091.564
Other operating revenues	1.549.951	1.086.138	206.483	300.280
Change in inventories of semifinished and finished products	5.324.247	1.038.019	2.932.352	(88.420)
Increases in fixed assets for internal work	122.698	74.850	41.995	45.451
Use of raw materials, consumables, supplies and goods	(42.786.084)	(35.745.991)	(15.168.198)	(10.967.545)
Personnel cost	(13.196.180)	(11.218.524)	(4.358.611)	(3.427.551)
Amortization	(502.473)	(470.745)	(154.088)	(158.432)
Impairment & Writedowns	-	-	-	-
Other operating costs	(20.152.977)	(16.480.114)	(6.850.924)	(5.824.432)
OPERATING INCOME	6.513.372	3.127.086	2.557.257	970.915
Financial income	3.385.025	1.039.242	221.563	245.989
Financial expenses	(1.019.309)	(1.050.596)	(478.727)	(468.839)
Net result from transactions in foreign exchange	73.901	142.951	35.281	10.168
Net result from associated companies & joint ventures	(345.659)	-	-	-
RESULT BEFORE TAXES	8.607.330	3.258.683	2.335.374	758.233
Current and deferred taxes	(3.187.707)	(1.959.651)	(1.123.955)	(657.466)
NET PROFIT/ (LOSS)	5.419.623	1.299.032	1.211.419	100.767

FINANCIAL STATEMENTS AT SEPTEMBER 30TH 2007

CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY AT SEPTEMBER 30 2006 AND SEPTEMBER 30 2007

From January 1st, 2006 to September 30th, 2006

VALUES IN EURO	01/01/2006	Purchase/ Sale of treasury stock	Gains on disposal of treasury stock	Losses on disposal of treasury stock	Allocation of Previous Financial Year's income	Dividends Distribution	Profit of the period	30/09/2006
Share Capital	11.500.000							11.500.000
Treasury stock	(92.872)	(11.798)						(104.670)
Treasury stock owned by Subsidiaries	-							-
Share premium reserve	15.664.893							15.664.893
Legal reserve	770.910				1.529.090			2.300.000
Other reserve	220.624	-			964.856			1.185.480
Conversion reserve					0			-
Profit / (loss) carried forward	(1.181.405)	-	57.216	(20.252)	125.092			(1.019.349)
Income for the year	3.904.952				(2.619.038)	(1.285.914)	1.299.032	1.299.032
Net Equity	30.787.102	(11.798)	57.216	(20.252)	-	(1.285.914)	1.299.032	30.825.386

From January 1st, 2007 to September 30th, 2006

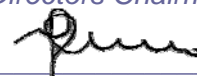
VALUES IN EURO	01/01/2007	Purchase/ Sale of treasury stock	Gains on disposal of treasury stock	Losses on disposal of treasury stock	Allocation of Previous Financial Year's income	Dividends Distribution	Profit of the period	30/09/2007
Share Capital	11.500.000							11.500.000
Treasury stock	(109.034)	21.154						(87.880)
Share premium reserve	15.664.893							15.664.893
Legal reserve	2.300.000				-			2.300.000
Other reserve	1.184.141				169.950			1.354.091
Conversion reserve	-				-			-
Profit / (loss) carried forward	(1.601.378)		25.000	(1.146)				(1.577.524)
Income for the year	3.158.000				(169.950)	(2.988.050)	5.419.623	5.419.623
Net Equity	32.096.622	21.154	25.000	(1.146)	-	(2.988.050)	5.419.623	34.573.203

FINANCIAL STATEMENTS AT SEPTEMBER 30TH 2007

CASH FLOWS STATEMENT AT SEPTEMBER 30, 2007 AND SEPTEMBER 30, 2006

VALUES IN EURO	30/09/2007	30/09/2006
Profit (Loss) before tax	8.607.330	3.258.683
Adjustments	(1.554.745)	756.746
Amortization for the financial year	502.473	470.745
Provisions raised to Employees' severance fund	36.740	417.598
Loss (Profit) on foreign currency transactions	(73.901)	(142.951)
Loss (Income) from equity investments	(2.522.600)	(600.000)
Financial expenses	1.019.309	1.050.596
Financial (income)	(516.766)	(439.242)
	7.052.585	4.015.429
(Increase) /Decrease in trade and other receivables	(7.662.653)	(387.924)
(Increase) /Decrease in inventories	(8.997.625)	(5.121.397)
Increase / (Decrease) in trade payables	12.811.874	3.403.314
Increase / (Decrease) in other payables	(1.476.524)	(405.460)
Cash flow from typical activity	1.727.657	1.503.962
Interest payment	(945.408)	(907.645)
Tax payment	(1.450.457)	(412.242)
Cash flow derived from operating activity	(668.208)	184.075
<i>Cash flow derived from investment activity</i>		
Purchase of tangible fixed assets	(638.267)	(461.948)
Purchase of intangible fixed assets	(285.728)	(126.422)
Sale / (Purchase) of financial assets (at cost)	(6.016.998)	146.108
Sale / (Purchase) of participation in subsidiaries	(92.821)	-
Sale / (Purchase) of participations (equity method)	-	-
Receipts from sales and fixed assets	-	19.923
Dividends encashed	2.868.259	600.000
Interest encashed	516.766	439.242
Cash flow derived from investing activity	(3.648.789)	616.903
Cash flow derivante dall'attività di finanziamento		
Variation in the conversion reserve	-	-
(Purchase)/sale of treasury stock	45.008	25.166
Changes in balance- derivative instruments (FV)	74.009	30.437
Repayments of loans and financing	5.000.000	11.674.366
Loan agreements	(3.556.437)	(8.875.817)
(Repayments)/ Raising of financial leases	(151.513)	(172.959)
(Repayments)/ Raising of Sabatini transactions	(377.944)	(306.171)
(Repayments)/ Raising of infragroup financing	(1.500.000)	-
Dividends paid	(2.988.050)	(1.285.914)
Net Cash flow derived from financing activity	(3.454.927)	1.089.108
Increase (decrease) in the cash and cash equivalents	(7.771.924)	1.890.086
Cash and cash equivalents at start of year	14.470.160	7.138.093
Cash and cash equivalents at year end	6.698.236	9.028.179

On behalf of the Board
of Directors Chairman



Gianfranco Carbonato.