



PRIMA INDUSTRIE

QUARTERLY REPORT AT 31 DECEMBER 2007

≈ ≈ ≈ ≈ ≈ ≈

Approved by the Board of Directors on February 14, 2008

PRIMA INDUSTRIE S.p.A.

Nominal Capital 11,500,000 Euro
Fully Paid-up
Turin Companies' Register No.
03736080015
Financial and Administrative Index (R.E.A.)
No. 582421
Head office: Collegno (Turin)
Via Antonelli, 32
Website: <http://www.primaindustrie.com>
e-mail: ir@primaindustrie.com

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 Pincioli (Managing Director) ⁽⁵⁾

Secretary

Massimo Ratti

General Manager

Ezio Basso

BOARD OF STATUTORY AUDITORS⁽⁴⁾

Chairman

Riccardo Formica

Auditors

Andrea Mosca
Roberto Petriani

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 September 8, 05 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 2007 Financial Statements

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

POWERS RELATING TO COMPANY APPOINTMENTS

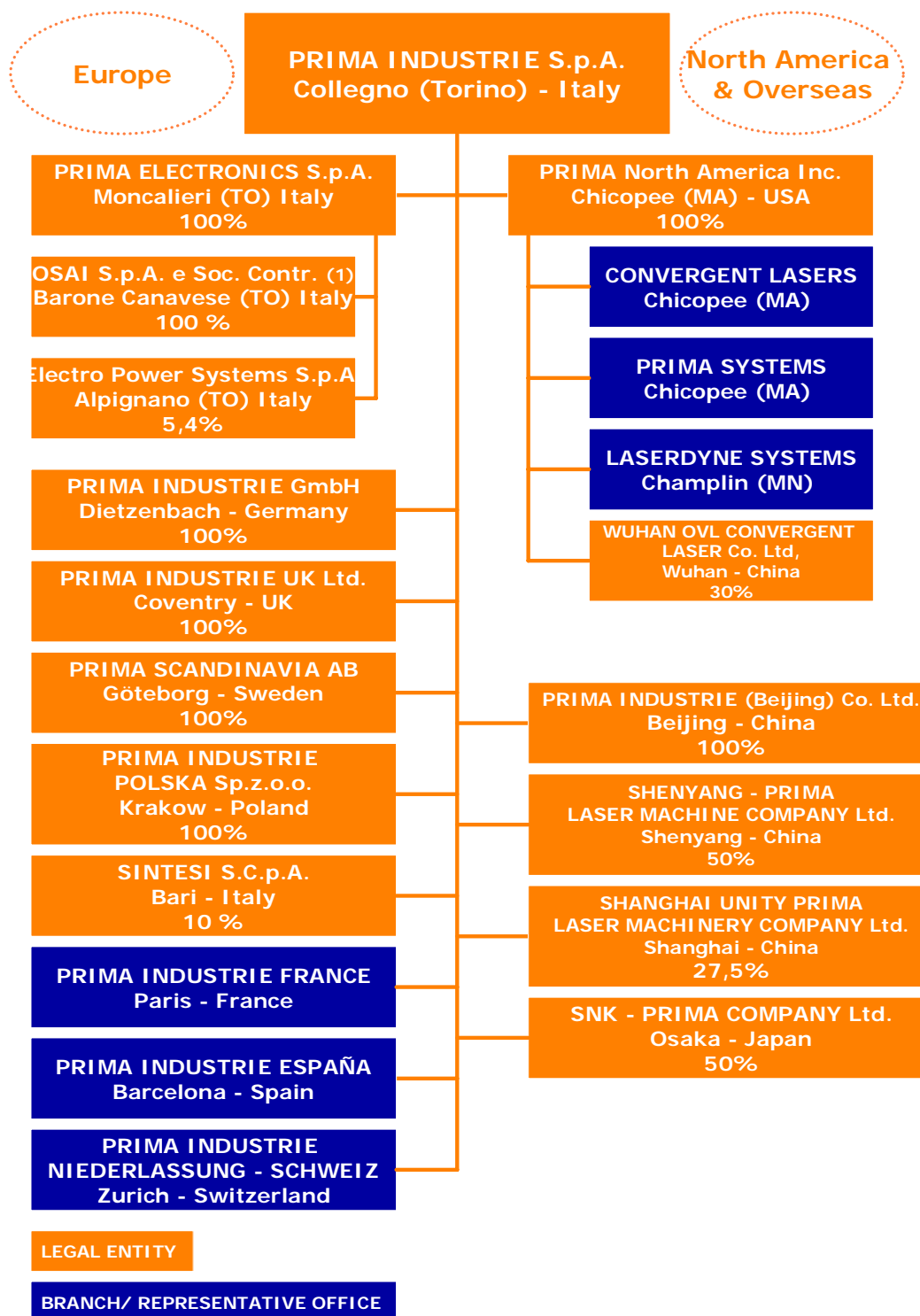
In terms of a resolution dated June 7, 2005 the Board of Directors appointed Gianfranco Carbonato as the Chief Executive Officer and determined his powers. In terms of clause 25 of the Articles of Association, the Chairman and Chief Executive Officer is the legal representative of the Company.

INDEX

1. STRUCTURE OF PRIMA INDUSTRIE GROUP AT 31/12/07.....	- 5 -
2. INTRODUCTION.....	- 6 -
□ NORMATIVE FRAMEWORK	- 6 -
□ ALTERNATIVE PERFORMANCE INDICATORS	8
3. BUSINESS TREND	9
□ INCOME AND PROFITABILITY	9
□ ORDERS ACQUISITION AND ORDERS BACKLOG.....	11
□ SALES ACTIVITY.....	11
□ NET FINANCIAL POSITION	12
□ RESEARCH	12
□ TREASURY STOCK AND THE STOCK TREND	13
□ EARNINGS AND DIVIDEND PER SHARE	14
□ EVENTS WHICH TOOK PLACE DURING THE QUARTER	16
□ AGREEMENT WITH THE PARTNERS OF THE SHANGHAI UNITY PRIMA JV	16
□ SUBSEQUENT EVENTS	16
□ ATYPICAL AND/OR UNUSUAL TRANSACTIONS	17
□ RECONCILIATION BETWEEN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY AND THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2007 RELATIVE TO STOCKHOLDERS' EQUITY AND PROFIT	18
4. PERFORMANCE OF THE MAIN COMPANIES OF THE GROUP	19
□ SUMMARY OF THE MOST SIGNIFICANT INCOME PARAMETERS AND RATIOS	20
□ EXCHANGE RATES USED FOR THE CONVERSION OF NON-EURO CURRENCIES.....	20
□ PRIMA INDUSTRIE S.P.A.....	20
□ PRIMA ELECTRONICS S.P.A.	20
□ PRIMA NORTH AMERICA INC.....	21
□ OSAI S.P.A.....	21
□ OTHER SUBSIDIARIES.....	21
□ ASSOCIATED COMPANIES AND JOINT VENTURES	22

5.	CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2007≈ ACCOUNTING STATEMENTS.....	23
□	CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2007 AND DECEMBER 31, 2006	24
□	CONSOLIDATED INCOME STATEMENT AT DECEMBER 31 2007 AND DECEMBER 31 2006	25
□	CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY AT DEC. 31, 2006 AND DEC. 31, 2007	26
□	CONSOLIDATED CASH FLOW STATEMENT AT DECEMBER 31, 07 & DEC. 31, 06.....	28
6.	EXPLANATORY NOTES.....	29
□	GROUP ACTIVITIES.....	29
□	VALUATION CRITERIA	30
□	DISCLOSURE OF ACCOUNTING STATEMENT FORMAT	30
□	EXPLANATORY DETAILS	31
□	BUSINESS COMBINATION	37
□	SEGMENT REPORT.....	38
7.	FINANCIAL STATEMENTS AT DECEMBER 31 2007≈	40
□	CONSOLIDATED BALANCE SHEET AT DECEMBER 31 2007 AND DECEMBER 31 2006	- 41 -
□	FINANCIAL STATEMENTS AT DECEMBER 31, 2007 AND DECEMBER 31, 2006	- 42 -
□	STATEMENT OF CHANGES IN STOCKHOLDERS'EQUITY AT DECEMBER 31 2006 AND DECEMBER 2007	- 43 -
□	FINANCIAL STATEMENTS AT DECEMBER 31, 2007 AND DECEMBER 31, 2006	- 44 -

1. STRUCTURE OF PRIMA INDUSTRIE GROUP AT 31/12/07



(1) The list of Subsidiaries is shown in the appropriate table dealing with the consolidated companies (pg.8-9)

2. INTRODUCTION

NORMATIVE FRAMEWORK

In application of European Regulation No.1606 of July 19, 2002, and in compliance with Issuers Regulation No. 11971, as amended by CONSOB resolution No. 14990 dated 14 April 2005, the PRIMA INDUSTRIE Group prepared the quarterly report at December 31, 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 12/31/2007 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.

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 February 14, 2008.

The under mentioned companies did not fall within the scope of the consolidation at 9/30/2007

subsidiaries	registered offices	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.	USD 24.000.000	100%	line by line
	LASERDYNE SYSTEMS Division: 8600, 109th Av. North, Champlin, MN 55316, U.S.A.			
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	Mölnsdalsvägen 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
PRIMA INDUSTRIE (Beijing) Company Ltd.	Rm.1 M, no. 1 Zuo Jiazhuang. Guomen Building, Chaoyang District Beijing, People'sRepublic of China	€ 500.000	100%	line by line

associated companies & joint ventures	registered offices	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, Misaki 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)

The company, e-Motion GmbH, previously controlled through OSAI S.p.A. was transferred during the quarter.

ALTERNATIVE PERFORMANCE INDICATORS

The Group and the Company, in measuring their income performance, in addition to the indicators envisaged 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 12/31/2007, 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 176,329 thousand Euro, with an increase of approximately 19.5% compared to the 147,569 thousand Euro at 31/12/2006.

For the fourth quarter the figure amounts to 58,590 thousand Euro compared to the 47,090 thousand Euro of the fourth quarter of 2006 (+24% approx.).

These amounts take into account the OSAI Group's contribution, which fell within the area of consolidation with effect from the third quarter, amounting to 9,390 thousand Euro, for the six months and 5,093 thousand Euro for the fourth quarter in particular.

The geographical breakdown of the revenues at 12/31/2007 is as follow:

	12 MONTHS 31/12/2007		12 MONTHS 31/12/2006		4TH QUARTER 2007		4TH QUARTER 2006	
	<i>thousands of Euro</i>	%	<i>thousands of Euro</i>	%	<i>thousands of Euro</i>	%	<i>thousands of Euro</i>	%
ITALY	42,896	24.3	35,786	24.2	12,931	22.1	12,374	26.3
EUROPE	82,774	46.9	68,400	46.4	27,016	46.1	22,352	47.5
NORTH AMERICA	29,762	16.9	29,412	19.9	10,414	17.8	7,850	16.7
ASIA AND THE REST OF THE WORLD	20,897	11.9	13,971	9.5	8,229	14.0	4,514	9.5
TOTAL	176,329	100.0	147,569	100.0	58,590	100.0	47,090	100.0

It can be seen that the significant growth in turnover, in absolute terms related in particular to Italy and the European countries, (about 20%) but also to Asia and the Rest of the World; in these latter countries the strong growth in absolute value (+50%) was also accompanied by an increase in percentage weight, which went from less than 10% to about 12% of the consolidated revenues.

The excellent performance in Europe related not only to the laser systems directly marketed by PRIMA INDUSTRIE or its network of agencies and subsidiaries in Europe, but also to the electronic products of PRIMA ELECTRONICS S.p.A. and OSAI S.p.A..

Amongst the European countries we must bear in mind the increasing importance acquired by the Eastern European countries, whose weight represents approximately 9.75% of the Group's turnover at 12/31/2007.

The stability of sales in North America, on the other hand must be attributed to the strong depreciation in the Dollar/Euro exchange rate at 12/31/2006 (approx.-9%) that penalised the conversion of the portion of turnover expressed in dollars.

At a level of the reference market, the significant growth in the electronics sector was confirmed *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 trend in turnover during the fourth quarter of 2007 substantially reflects the main features found during the whole financial year, save to highlight an increase in the sales both in absolute value as well as in percentages in North America, which is even more remarkable when seen in the light of the negative trend of the Dollar compared to the Euro.

The **value of production** at 12/31/2007 amounted to 183,256 thousand Euro, a growth of 25.6% compared to the same period in the previous year (145,873 thousand Euro), thanks to the presence of a higher number of laser system already delivered but not yet recorded in revenue at 31/12/2007.

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 fourth quarter the figure amounted to 54,591 Euro compared to the 44,673 thousand Euro for the same period in 2006 (+22%).

	12 MONTHS 31/12/2007		12 MONTHS 31/12/2006		4TH QUARTER 2007		4TH QUARTER 2006	
	thousands of Euro	% on t/over.	thousands of Euro	% on t/over.	thousands of Euro	% on t/over.	thousands of Euro	% on t/over.
EBITDA	24,934	14.1	19,797	13.4	8,722	14.9	7,944	16.9
EBIT	23,432	13.3	18,467	12.5	8,241	14.1	7,580	16.1
EBT	22,752	12.9	17,577	11.9	8,210	14.0	7,281	15.5
NET PROFIT	13,535	7.7	13,720	9.3	5,754	9.8	6,207	13.2

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 24,934 thousand Euro (14.1% of turnover), grew by 26% compared to the 19,797 thousand Euro at 12/31/2006 (13.4% of the turnover).

The **consolidated EBIT** (23,432 thousand Euro, equal to 13.3% of turnover) grew by 27% compared to the 18,467 thousand Euro at 12/31/2006 (12.5% of turnover).

As far as the fourth quarter of 2007 is concerned, the consolidated EBITDA and EBIT, amounted respectively to 8,722 and 8,241 thousand Euro, as against 7,944 and 7,580 thousand Euro in the fourth quarter of 2006.

The increase in operating profit is reflected in the **profit before tax** at 12/31/2007 that amounted to 22,752 thousand Euro, compared to the 17,577 thousand Euro at 12/31/2006 (up +30%). The figure for the quarter amounted to 8,210 thousand Euro (down 7,281 thousand Euro in the fourth quarter of 2006).

The **net profit** at 12/31/2007 amounted to 13,535 thousand Euro (of which 18 thousand Euro related to the minorities) compared to the 13,720 thousand Euro at 12/31/2006, (of which 14 thousand Euro is attributable to the minorities) 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 fourth quarter of 2007 contributed a sum of 5,754 thousand Euro to this figure, compared to the 6,207 thousand Euro for the fourth quarter of 2006.

It must also be noted that in calculating taxes, the tax credit for research and development envisaged in terms of paragraphs 280, 281 and 282 of section 1 of Act 296 dated 27/12/2006 (the Finance Act 2007) was not taken into account insofar as the related Ministerial Decree had not yet been published in the Official Gazette.

ORDERS ACQUISITION AND ORDERS BACKLOG

At 12/31/07 the **consolidated orders** acquisition amounted to 184,861 thousand Euro, (of which 9,320 thousand Euro related to the OSAI Group from 7/01 to 12/31/07) with an increase of approximately 12% compared to the 164,988 thousand Euro of the same period of 2006.

In relation to the fourth quarter of 2007 the orders acquisition amounted to 58,405 thousand Euro, (it was 49,209 thousand Euro in the fourth quarter of 2006).

The growth in the orders collected during the year confirmed in particular, the growth of the 2D sector and the electronics activities (only partially attributable to the consolidation for 6 months of the newly acquired OSAI Group) 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 12/31/2007 and was set at 63,789 thousand Euro, (of which 3,126 thousand Euro related to the OSAI Group) with an increase of 15% compared to the 55,568 thousand Euro at 12/31/2006.

SALES ACTIVITY

During the course of the last quarter of the year the Group took part in many important sector fairs:

- MSV (Brno - Cech Republic)
- CMTS (Toronto – Canada)
- Fabtech (Chicago – USA)
- Expolaser (Piacenza)
- Tolexpo (Paris Villepinte – France)

At Fabtech in Chicago the Domino Evoluzione was officially presented (with new P20L numeric control and mechanical updates).

The feedback from visitors was very positive thus highlighting the significant progress in terms of performance tied to the introduction of this new product, that establishes new reference standards in terms of flexibility and performance in its market range.

NET FINANCIAL POSITION

The net financial position amounts to + 1,429 thousand Euro at 12/31/2007.

The improvement compared to 09/30/2007 was due to the good generation of cash by the Group during the period, which once again brought the financial position into positive figures and allowed the Group to make the full disbursement due for the payment of the price relative to the acquisition of OSAI, of 9.6 million Euro (including ancillary expenses).

Precisely as a result of the Groups satisfactory cash generation, the financial position has shifted minimally compared to 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.

	31/12/07	30/09/07	31/12/06
CASH	21,830	15,784	20,971
SHORT-TERM BORROWINGS	(5,220)	(1,812)	(5,232)
MEDIUM/LONG-TERM BORROWINGS	(15,181)	(19,389)	(12,663)
TOTAL NET FINANCIAL POSITION	1,429	(5,417)	3,076

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

Compared to 12/31/2006 new loans for 7,440 thousand Euro were stipulated, whereas loans and financing worth a total of 5,823 thousand Euro were repaid (including leasing and Sabatini *pro-solvendo* repayments).

RESEARCH

As usual, the Research carried out during the financial period, totalling 10,085 thousand Euro (8,077 thousand Euro at 12/31/06), equal to 5.7% of the sales for the financial period, was accounted for in the Income Statement.

In particular, in the fourth quarter of 2007, the parent company PRIMA INDUSTRIE undertook Research and Development to identify specific technical solutions for the development of three dimensional machines for laser cutting of press-forged automotive parts.

The developments were concentrated in the technological field to increase the cutting speed, in the field of automatic interlocking systems for the loading and unloading of the parts and in the development of innovative locking equipment fitted with automation and special sensors.

Similarly, in respect of the new Tower Server warehouse and metal sheet loading/unloading produced internally and entirely by PRIMA INDUSTRIE and based on PRIMA ELECTRONICS' electronics, the start up activities continued and the construction of a second pre-series unit was launched.

PRIMA ELECTRONICS produced a new version of the operator consol of the P20L numeric control, fitted with a more powerful processor compared to the current version, which will enter production in the first quarter of 2008.

In addition the development of a wearable device (called the "supportive watch") was launched destined to assist fragile subjects. This device will permit one to make calls for assistance as well as monitor certain parameters from a distance that indicate the state of the assisted subject, via a radio connection to a base station, in turn connected by telephone to an assistance centre.

As regards OSAI, in October it presented at VITRUM in Milan, the first product in the new generation of XTEND numeric controls called XT/210 OS-Wire. The new product is ready for the Beta test activities at certain pilot customers as well as the subsequent launch onto the sales network.

In addition, PRIMA ELECTRONICS and OSAI, have together produced a customised version of the TOP5 Operator terminal based on Windows CE for the OSAI CNC and Automation products.

The Research and Development activities in CONVERGENT LASERS concentrated on the preparations for the launch of the CV5000 laser, with the first units of the pre-series being tested.

In addition certain changes were implemented to the Nd:YAG laser installed on the *LASERDYNE®* machines for micro-drilling. In view of the many important changes made to this laser (previously called the P50L), it has now been given the new name CL50k.

TREASURY STOCK AND THE STOCK TREND

The stock trend and the Allstar reference index for the period 1/01/2007 to 12/31/2007 are set out below.

This trend highlights two distinct time phases: the first coincides with the first half of the year, in which the share significantly increased its value reaching its peak for the year at 41.40 Euro per share (+84% compared to the trend at the beginning of the year) and a second phase starting from the second half of July, in which the share was involved in the general decline of the world stock markets. At 12/31/2007 the share was listed at 23.21 Euro per share.

At the start of 2008 and in particular towards the end of January, *inter alia* simultaneously with the announcement of the acquisition Finn-Power, the share once again started a growth trend, which carried it above 24 Euro per share.



Insofar as the treasury stock is concerned on 12/31/2007 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 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 financial year, the stock in circulation amounted to 4,600,000, shares, whereas the average treasury stock held during the period amounted to 2,958 shares; thus the earnings per share for 2007 amounted to 2.94 Euro per share (compared to 2.99 Euro per share in 2006).

<i>Earnings per share</i>	<i>December 31, 2007</i>	<i>31 December 2006</i>
Earnings due to stockholders (Euro/1,000)	13,517	13,706
Weighted average - number of ordinary shares	4,597,042	4,594,139
Basic earnings per share (Euro)	2.94	2.98

(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 12/31/2007 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

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 Peking's direct structure. It is noted that the Group *inter alia* and mainly through the JV has a share in the Chinese market, which is totally significant (about 40%).

INCORPORATION OF PRIMA INDUSTRIE BEIJING CO. LTD.

On 12/5/2007 on obtaining the business licence PRIMA INDUSTRIE BEIJING CO. LTD. was formally incorporated with headquarters in Peking; the company will however start business during the first 6 months of 2008.

The company's object shall be to market high range Prima Industrie machines on the Chinese market - that is to say high tec 3D machines that are not produced locally in China.

SUBSEQUENT EVENTS

ACQUISITION OF FINN-POWER

On January 30, 2008 PRIMA INDUSTRIE S.p.A. took a resolution to acquire 100% of Finn-Power Oy, a Finnish company with a twenty-five year history of growth and innovation in the machines and systems for the processing of sheet; thus a group with an international profile and size in the sector of laser systems and processing of sheet was established with a pro forma turnover for 2007 in excess of 400 million Euro; the business is present in 50 countries with 10 production sites in Italy, Finland, the USA and China and has more than 1,700 employees throughout the world. The Finn-Power Group with headquarters in Kauhava in Finland, and with productive sites in both Finland and Italy and subsidiary companies in Italy, Germany, France, Belgium, Spain, the USA and Canada, operates mainly in the sector of machines for the processing of sheet (punching machines, punching-shearing cells and punching machines-lasers, automatic bending cells and the related automation systems) and to a lesser extent, in the sector of laser cutting machines. The Finn-Power products are positioned in the medium-upper range and are characterised by high versatility and dimensions and by a high degree of automation.

The reference market for the Finn-Power products is very wide and to a large extent coincides with that in which the Prima Group already operates: telecommunications, HVAC (Heating, Ventilating, Air-Conditioning), electrical equipment, lighting installations, farming machinery, household electrical appliances and metal furnishing.

The operation fully meets the strategic desire of the Prima Industrie Group for growth, *inter alia* in sectors that are complementary to those in which it currently operates.

The combination of the two companies will permit the realisation of important synergies at a commercial and productive level: it is estimated at a level of pre-tax profits that 10 million Euro per annum will be realized in synergies. The acquisition has already had growth effects in terms of profit per share in the year in progress.

Moreover, the spirit of the operation is to make a lever of the exceptional qualities of the human and managerial resources in the two companies with the purpose of achieving significant effects in terms of synergies for further development and value creation.

The operation was closed on February 4, 2008 with the acquisition by Prima Industrie, of 100% of the stock in Finn-Power Oy, of which 91.64% was held by the Private Equity fund EQT III Limited and the remaining share was held by minority shareholders.

The Enterprise Value amounted to 170 million Euro, including the financial borrowings of Finn-Power at the Closing date.

On the basis of the preliminary data for 2007 (Finnish Accounting Principles), the financial results of the Finn-Power Group show turnover of 240 million Euro - up 15% (208 million Euro in 2006) and EBITDA of 23.6 million Euro - up by almost 90% (12.6 million Euro in 2006).

Again on the basis of this preliminary data (Finnish Gaap) the net financial position at 12/31/07 amounts to -60.4 million Euro (it was -66.5 at 12/31/06).

The operation was financed by a credit line, (mainly medium-long-term, for a total amount of 183.5 million Euro, of which 20 million Euro is a working capital facility), supplied by a pool of banks organised by Banca IMI (Mandated Lead Arranger), Unicredit Banca di Impresa (Mandated Lead Arranger) and Intesa Sanpaolo (Financing Bank).

A part of this loan, estimated at 25 million Euro, will be replaced within about 12 months by an increase in equity to be achieved by an increase in capital.

ATYPICAL AND/OR UNUSUAL TRANSACTIONS

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

**RECONCILIATION BETWEEN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY AND
THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2007 RELATIVE TO STOCKHOLDERS' EQUITY AND
PROFIT**

	Stockholders' equity at 12/31/06	Capital increase	Inc./dec. in Stockholders' equity	Profit/loss for the fin. year	Stockholders' equity at 12/31/2007
As per Parent Co.'s Fin.Statements	32.096.622		(2.943.042)	7.374.187	36.527.767
Parent co. shares held by companies of the group					
Fin.Stats - co's consolidated using net asset method	24.530.646		2.213.676	8.588.472	35.332.794
Adjustments to conform with IAS-IFRS accounting principles:					
- Adjustments to intangible fixed assets & related depreciation	(731.364)		77.056		(654.308)
- 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			3.668.407		3.668.407
- Reversal of infra-group & JV margins	(2.605.431)		5.438	(748.170)	(3.348.163)
- Reversal of dividends from group companies	-		2.637.906	(2.637.906)	-
- Other minor items	-		13.630	(13.630)	-
- Correction JV valuation to Net Equity	778.112		(25.575)	818.245	1.570.782
- Net deferred taxes on consolidation adjustments	1.235.536		(27.029)	153.840	1.362.347
- Minority share of equity and result	-60.266		(158.663)	(18.205)	(237.134)
As per Consolidated Financial Statements	42.298.809		(4.824.273)	13.516.833	50.991.369

4. PERFORMANCE OF THE MAIN COMPANIES OF THE GROUP

As highlighted in the table below, on 12/31/2007 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. +30% for PRIMA ELECTRONICS and +19% for the parent company PRIMA INDUSTRIE, both in terms of the operating result (+50% for PRIMA ELECTRONICS and +49% for PRIMA INDUSTRIE).

The performance of PRIMA North America, on the other hand, takes account, on the one hand, of the fact that in 2006 it benefited from a significant number of Laserdyne systems recorded as revenue during the year, but which were delivered in 2005 and, on the other hand by the strong depreciation of the Dollar/Euro exchange rate (more than 9%) during the period under review.

This was notwithstanding the fact that the turnover expressed in dollars increased in 2007 by about 1.4 million dollars compared to 2006.

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 Subsidiary Companies (2)					
	31/12/07		31/12/06		31/12/07		31/12/06		31/12/07		31/12/06		31/12/07		31/12/06		31/12/07		31/12/06	
	K€	%	K€	%	K€	%	K€	%	K€	%	K€	%	K€	%	K€	%	K€	%	K€	%
Sales	111.339	100	93.676	100	28.138	100%	21.610	100%	47.359	100	50.592	100	9.390	100	-	-	29.367	100	21.424	100
MOL (EBITDA)	10.889	9,8%	7.483	8,0%	4.976	17,7%	3.468	16,0%	7.869	16,6%	8.960	17,7%	648	6,9%	-	-	940	3,2%	714	3,3%
Operating result (EBIT) (1)	10.146	9,1%	6.829	7,3%	4.581	16,3%	3.059	14,2%	7.665	16,2%	8.740	17,3%	553	5,9%	-	-	872	3,0%	668	3,1%

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	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
	US DOLLAR	1.37048	1.2556	1.4721
POUND STERLING	0.684337	0.68173	0.73335	0.6715
SWEDISH KRONA	9.25011	9.25439	9.4415	9.0404
POLISH ZLOTY	3.7837	3.89586	3.5935	3.831

(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 and only for 2007, to PRIMA INDUSTRIE POLSKA S.p.z.o.o.

(3) The information on 12/31/07 and 12/31/06 also includes the business of M.L.T.A., which merged with PRIMA ELECTRONICS S.p.A

(4) The information relating to 2006 for 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 12/31/2007 (111,339 thousand Euro) in fact grew by 19% compared to 12/31/2006 (93,676 thousand Euro). In particular in the fourth quarter sales amounted to 35,185 thousand compared to the 28,833 thousand Euro of the fourth quarter of 2006 (+22%).

Still more apparent is the improvement at a level of operating profit which at 12/31/2007 increased to 10,146 thousand Euro, compared to the 6,829 thousand Euro at 12/31/2006 (+49%).

This improvement of approximately 3.3 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 564 thousand Euro and an extra bonus to management for approximately 520 thousand Euro.

In the quarter, the EBIT generated amounted to 3,633 thousand Euro (compared to the 3,701 thousand Euro in the fourth quarter of 2006).

As regards the financial management, the data relative to 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 for the 2007 financial year which *inter alia* benefited from the dividends distributed by the subsidiary PRIMA North America of 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%), more than doubled going from 3,158 thousand Euro on 12/31/2006 to 7,374 thousand Euro on 31/12/2007.

The result generated in the quarter was 1,954 thousand Euro against the 1,859 thousand Euro of the fourth 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 12/31/2007 amounted to 42,711 thousand Euro - a growth of more than 7% compared to the 39,893 thousand Euro on 31/12/2006.

PRIMA ELECTRONICS S.p.A.

Sales in the financial period increased by 30% to 28,138 thousand Euro compared to the 21,610 thousand Euro on 12/31/2006 (pro forma amount recalculated taking into account the sales generated by M.L.T.A S.r.l., which merged with PRIMA ELECTRONICS during 2007).

The profitability was markedly stronger with an EBIT equal to 4,581 thousand Euro, a growth of more than 50% compared to the 3,059 thousand Euro at 12/31/2006, thanks to particularly profitable jobs and a general improvement in managerial efficiency.

In particular, during the fourth quarter of the year the company generated a significant volume of business of 6,127 thousand Euro, against 5,901 thousand Euro for the same period in the previous financial year (up 4%) and EBIT of 365 thousand Euro against the 666 thousand Euro of the fourth quarter of 2006 owing to the impact of certain non recurring marketing expenses and expenses for the renovation of local offices and the factory.

PRIMA NORTH AMERICA Inc.

In the course of the 2007 financial year PRIMA North America Inc. achieved sales of 64.9 million Dollars compared to the 63.5 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 10.5 million Dollars, equal to 16.2% of the sales (it was 10.9 million Dollars at 12/31/2006, equal to 17.2% of sales).

In particular, during the fourth quarter of the year the American company realised a turnover of 20.2 million Dollars and EBIT of 3.4 million Dollars (it was 18.1 million Dollars with an EBIT of 3.4 million Dollars in the fourth quarter of 2006).

Finally, it must be borne in mind that compared to the 2006 financial year the Dollar/Euro exchange rate depreciated by approx. 9% on the annual base, 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 third quarter, generated sales of 9,390 thousand Euro in the six months, with an operating result of 553 thousand Euro (5.9% of the sales) and a result before tax of 433 thousand Euro (4.6% of turnover).

OTHER SUBSIDIARIES

The subsidiary PRIMA INDUSTRIE UK at 12/31/2007 recorded about 33% more turnover than that recorded in the same period of the previous financial year (about 7 million Euro against 5.3 million Euro) with EBIT of 123 thousand Euro (in line with the 125 thousand Euro at 12/31/2006).

The subsidiary PRIMA SCANDINAVIA, even though it showed turnover of 5 million Euro at 12/31/2007 (it was 7 million Euro at 12/31/2006) achieved EBIT of 369 thousand Euro (not much less than the 412 thousand Euro at 12/31/2006).

PRIMA INDUSTRIE GmbH recorded a very positive financial period both from the point of view of a growth in volumes, as well as from the point of view of an increase in profitability, achieving turnover during the financial period of 17.2 million Euro, with a significant increase (+89%) compared to the 2006 financial year (it was 9.1 million Euro), and an EBIT of 398 thousand Euro (it was 0.1 million Euro at 12/31/2006).

PRIMA INDUSTRIE GmbH has, in addition, a good orders backlog at 12/31/2007, which confirms the healthy state of the respective reference markets.

PRIMA INDUSTRIE POLSKA S.p.z.o.o. has just started its activities and its results for the period are insignificant.

ASSOCIATED COMPANIES AND JOINT VENTURES

Amongst the associated companies, the significant growth of the Chinese JV Shanghai Unity PRIMA should be noted; in the 2007 financial period the JV achieved sales of 187.1 million Rmb (approx. 18.0 million Euro) with an increase of 88% compared to the 99.4 million Rmb (approx. 9.9 million Euro) in the 2006 financial year.

In particular, in the fourth quarter of 2007 the JV achieved sales of 90.5 million Rmb (equal to approximately 8.7 million Euro).

In addition at 12/31/07 the company shows a very high return that brought the net profit for the period to 31.8 million Rmb (about 3.5 million Euro) equal to more than 17% of the sales, an net increase compared to the 10.7 million Rmb (about 1.1 million Euro) at 31/12/2006.

At a level of the fourth quarter this figure amounts to 15.7 million Rmb (approx. 1.5 million Euro).

The Chinese JV Wuhan OVL in which PRIMA North America holds 30% was recorded in the Financial Statement with a value of zero because PRIMA North America will keep a managerial interest in the JV (*inter alia* because the licence was not granted exclusively).

During the 2007 financial year the JV, that is moreover in an early stage, has achieved revenues of 3.4 million Rmb (equal to 0.3 million Euro) with an operating result which is still negative of -6.4 million Rmb (about -0.6 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.



PRIMA INDUSTRIE

**5. CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2007≈
ACCOUNTING STATEMENTS**

**THE PRIMA INDUSTRIE GROUP CONSOLIDATED FINANCIAL STATEMENTS AT
DECEMBER 31, 2007**

**CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2007 AND DECEMBER 31,
2006**

VALUES IN EURO	NOTE	31/12/2007	31/12/2006
Tangible fixed assets		10.188.919	6.427.108
Intangible fixed assets		6.256.222	2.511.075
Equity investments valued using the equity method		2.234.917	1.787.906
Equity investments valued using the cost method		801.885	801.885
Other financial assets		1.133.223	267.999
Tax assets for prepaid taxes		4.985.526	7.525.805
Other receivables		30.126	38.791
Derivative financial instruments		25.902	
TOTAL NON CURRENT ASSETS		25.656.720	19.360.569
Inventories	1	41.968.248	33.870.201
Trade receivables	2	51.720.782	38.960.582
Other receivables	3	2.569.692	2.802.967
Other tax assets		6.217.025	1.643.701
Derivative financial instruments		-	-
Trading securities valued at fair value		-	-
Cash and cash equivalents		21.550.863	20.702.707
TOTAL CURRENT ASSETS		124.026.610	97.980.158
Non current assets held for sale		-	-
TOTALE ATTIVITA'		149.683.330	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		(2.559.882)	(639.537)
Profits (Losses) carried forward		9.303.314	(1.307.575)
Profit (losses) for the year		13.516.833	13.705.921
Total Group stockholders' equity		50.991.369	42.298.809
Minority interests		237.134	60.266
TOTAL NET EQUITY		51.228.503	42.359.075
Loans		15.205.862	12.657.033
Employee benefits		7.561.363	5.544.236
Deferred tax liabilities		1.807.360	2.384.507
Provisions for risks and charges	5	44.235	33.500
Derivative financial instruments		-	6.071
TOTAL NON CURRENT LIABILITIES		24.618.820	20.625.347
Trade payables	4	33.658.403	26.054.651
Advances	4	10.545.432	7.387.989
Other payables	4	9.979.211	5.905.438
Amounts due to banks and in respect of loans		5.220.448	5.231.281
Tax liabilities - current taxes		8.938.283	5.066.445
Provision for risks and charges	5	5.494.230	4.709.897
Derivative financial instruments		-	604
TOTAL CURRENT LIABILITIES		73.836.007	54.356.305
Liabilities due to non current assets held for sale		-	-
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		149.683.330	117.340.727

THE PRIMA INDUSTRIE GROUP CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2007

CONSOLIDATED INCOME STATEMENT AT DECEMBER 31 2007 AND DECEMBER 31 2006

VALUES IN EURO	31/12/2007	31/12/2006	IV trimestre 07	IV trimestre 06
Net revenues from sales and services	176.329.086	147.569.053	58.589.779	47.089.841
Other operating income	2.656.876	1.644.672	539.829	565.456
Changes in inventories of semifinished and finished products	4.031.219	(3.480.276)	(4.570.161)	(3.022.427)
Increases in fixed assets for internal work	239.052	138.510	30.955	39.660
Use of raw materials, consumables, supplies and goods	(79.637.145)	(64.817.871)	(22.315.598)	(19.362.668)
Personnel cost	(37.318.677)	(30.075.984)	(11.237.801)	(9.008.070)
Amortization	(1.502.589)	(1.330.386)	(481.145)	(364.199)
Impairment & Writedowns	-	-	-	-
Other operating costs	(41.366.135)	(31.181.168)	(12.314.797)	(8.357.900)
OPERATING INCOME	23.431.687	18.466.550	8.241.061	7.579.693
Financial income	711.180	667.089	195.232	238.469
Financial expenses	(1.504.247)	(1.580.007)	(301.015)	(369.503)
Net income from transactions in foreign exchange	(358.714)	12.628	(333.063)	(59.362)
Net income from associated companies & joint ventures	472.586	10.384	408.764	(108.069)
INCOME BEFORE TAX	22.752.492	17.576.644	8.210.979	7.281.228
Current and deferred taxes	(9.217.454)	(3.856.779)	(2.457.160)	(1.075.387)
NET PROFIT	13.535.038	13.719.865	5.753.819	6.205.841
Income from assets held for disposal	-	-	-	-
NET PROFIT	13.535.038	13.719.865	5.753.819	6.205.841
- Group Stockholders' net profit	13.516.833	13.705.921	5.743.028	6.199.447
- Minorities net profit	18.205	13.944	10.791	6.394
EARNING PER SHARE (euro)	2,94	2,98	1,25	1,35

THE PRIMA INDUSTRIE GROUP CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2007
CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY AT DEC. 31, 2006 AND DEC. 31, 2007

From January 1st, 2006 to December 31, 2006

VALUES IN EURO	1-gen-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	31-dic-06
Share Capital	11.500.000										11.500.000
Treasury stock	(92.872)		(16.162)								(109.034)
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					963.517					1.184.141
Conversion reserve	329.937									(969.474)	(639.537)
Profit / (loss) carried forward	(2.661.910)	(28.370)		71.273	(16.339)	1.327.771					(1.307.575)
Income for the year	5.107.631					(3.820.378)	(1.287.253)	13.705.921			13.705.921
Net Equity	30.839.213	(28.370)	(16.162)	71.273	(16.339)	-	(1.287.253)	13.705.921		(969.474)	42.298.809
Minorities' interest	-	-									60.266
Total Net Equity	30.839.213	(28.370)	(16.162)	71.273	(16.339)	-	(1.287.253)	13.705.921	-	(969.474)	42.359.075

From January 1st, 2007 to December 31, 2007

VALUES IN EURO	1-gen-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	31-dic-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)									(1.920.345)	(2.559.882)
Profit / (loss) carried forward	(1.307.575)	25.484		38.630	(1.146)	10.547.921				-	9.303.314
Income for the year	13.705.921					(10.717.871)	(2.988.050)	13.516.833			13.516.833
Net Equity	42.298.809	25.484	21.154	38.630	(1.146)	-	(2.988.050)	13.516.833	-	(1.920.345)	50.991.369
Minorities' interest	60.266	176.868									237.134
Total Net Equity	42.359.075	202.352	21.154	38.630	(1.146)	-	(2.988.050)	13.516.833	-	(1.920.345)	51.228.503

**THE PRIMA INDUSTRIE GROUP CONSOLIDATED FINANCIAL STATEMENTS AT
DECEMBER 31, 2007**

CONSOLIDATED CASH FLOW STATEMENT AT DECEMBER 31, 07 & DEC. 31, 06

thousand euro	31/12/2007	31/12/2006
Profit (Loss) before tax	22.752.492	17.576.644
Adjustments	2.229.387	3.295.984
Amortization for the financial year	1.502.589	1.330.386
Provisions raised to Employees' severance fund	47.603	1.075.692
Loss (Profit) on foreign currency transactions	358.714	(12.628)
Loss (Income) from equity investments	(472.586)	(10.384)
Financial expenses	1.504.247	1.580.007
Financial (income)	(711.180)	(667.089)
	<u>24.981.879</u>	<u>20.872.628</u>
(Increase) /Decrease in trade and other receivables	(6.814.030)	1.103.099
(Increase) /Decrease in inventories	(4.481.639)	2.825.901
Increase / (Decrease) in trade payables	5.279.711	(8.469.238)
Increase / (Decrease) in other payables	(170.337)	2.366.271
Cash flow from typical activity	<u>18.795.584</u>	<u>18.698.661</u>
Interest payment	(1.504.247)	(1.580.007)
Tax payment	(3.646.040)	(1.725.654)
Cash flow derived from operating activity	13.645.297	15.393.000
<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	(1.691.916)	(1.899.046)
Purchase of intangible fixed assets	(292.819)	58.727
Sale /(Purchase) of financial assets (at cost)	(865.224)	(745.935)
Sale /(Purchase) investments in associates	25.575	31.557
Sale/ (Purchase) of treasury stock at fair value	664.725	-
Receipts from sales of fixed assets	24.143	167.063
Interest encashed	711.180	667.089
Cash flow derived from investing activity	(9.476.481)	(1.759.167)
<i>Cash flow derived from financing activity</i>		
Variation in the conversion reserve	(1.920.345)	(969.474)
(Purchase)/sale of treasury stock	58.638	38.772
Variation area for OSAI minorities	(239.525)	-
Variation of other reserves	184.147	17.952
Changes in balance- derivative instruments (FV)	(32.577)	(4.700)
Loan agreements	7.440.108	13.674.366
Repayments of loans and financing	(5.030.468)	(15.120.949)
(Repayments)/ Raising of financial leases	(408.572)	(262.861)
(Repayments)/ Raising of Sabatini transactions	(384.016)	(512.362)
Dividends paid	(2.988.050)	(1.287.253)
Net Cash flow derived from financing activity	(3.320.660)	(4.426.509)
Increase (decrease) in the cash and cash equivalents	848.156	9.207.324
Cash and cash equivalents at start of year	20.702.707	11.495.383
Cash and cash equivalents at year end	21.550.863	20.702.707

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 Prima 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.

OSAI USA Inc. (incorporated in terms of American law) OSAI UK Ltd. (incorporated in terms of English law) and OSAI GmbH (incorporated in terms of German law) carry out management, promotional activities and provide assistance for OSAI's products on the North American, English and German markets.

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.

PRIMA INDUSTRIE (Beijing) Company Ltd. (incorporated in terms of Chinese Law) is not yet operative and will manage, promote and provide assistance for PRIMA INDUSTRIE products on the Chinese market.

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 by investment activities and financing.

EXPLANATORY DETAILS

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

Note 1.

Inventories	31/12/2007	31/12/2006
Raw materials	18.869.781	16.987.804
(Prov. for writedown of raw materials)	(2.811.880)	(2.758.456)
Semifinished products	11.995.656	9.769.767
(Prov. for writedown of semifinished products)	-	-
Finished products	15.399.209	10.516.205
(Prov. for writedown of finished products)	(1.484.518)	(645.119)
Stock advances	-	-
Total inventories	41.968.248	33.870.201

The breakdown of the inventories at 12/31/2007 highlights an increase in all the items, but above all in the inventories of semi finished and finished products, as a result of the increased level of activity and production of the Group and due to the increase in the area of consolidation.

Note 2.

Trade receivables	31/12/2007	31/12/2006
Trade receivables	54.176.456	40.303.952
Allowance for doubtful accounts	(2.835.637)	(2.596.306)
Net trade receivables	51.340.819	37.707.646
Amounts due by correlated parties	379.963	1.252.936
Loans granted to correlated parties	-	-
TOTAL	51.720.782	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	31/12/2007	31/12/2006
Receivables for grants to be received	395.269	1.231.298
Other short-term receivables	1.950.182	1.404.876
Prepayments and accrued income	224.241	166.793
Total other receivables	2.569.692	2.802.967

Compared to 12/31/06, in particular there has been a reduction (-836 thousand Euro) in 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	31/12/2007	31/12/2006
Trade payables	33.658.403	26.054.651
Amounts due to correlated parties		-
Total trade payables	33.658.403	26.054.651
Advances from customers	10.545.432	7.387.989
Total advances from customers	10.545.432	7.387.989
Social security and welfare payables	2.208.220	1.445.012
Amounts due to employees	4.266.618	2.932.765
Other short-term payables	552.100	465.321
Accrued expenses & deferred income	2.952.273	1.062.340
Total other payables	9.979.211	5.905.438
TOTAL	54.183.046	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 29% up), in guarantee of a good net working capital management. A significant increase in the advances from customers (approx. +43%) attributable to the increased number of machines already delivered and invoiced but not yet accepted by customers at 12/31/2007.

Note 5.

Medium/long-term prov.for risks	Provisions- agents' customers indemnities	Provision for litigation risks	Other minor items	Restructuring provision	Provision E	Total
1 January 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 December 2006	33.500					33.500
Amounts to the Income Statement:						-
- Provisions	10.035					10.035
- Re-transfer of excess provisions						-
Draw-downs for the period						-
Amts assumed through acquisitions	700					700
Exchange differences						-
31 December 2007	44.235					44.235

Short-term provisions for risks	Guarantee fund	Legal expert prov.	Profit sharing prov.	Restruct. prov.	Others	Total
1 January 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 December 2006	4.316.684		35.000	144.875	213.338	4.709.897
Amounts to the Income Statement:						-
- Provisions	3.323.493	100.000	55.000		252.700	3.731.193
- Re-transfer of excess provisions						-
Draw-downs for the period	(2.635.927)		(10.000)	(144.875)	(51.372)	(2.842.174)
Amts assumed through acquisitions	63.970					63.970
Exchange differences	(168.656)					(168.656)
31 December 2007	4.899.564	100.000	80.000	-	414.666	5.494.230

More provisions were raised to the guarantee fund compared to the 2006 financial year as a result of the increased turnover for the period.

The restructuring fund, raised on the acquisition of Prima Industrie GmbH, which was still in place at 12/31/2006 amounting to approximately 145 thousand Euro, was closed during the financial period, in that the reasons for its existence no longer exist.

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 ÷ 31/12/07

Trans.with correlated 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 31/12/2007	379.963		-	-		379.963
PAYABLES AT 01/01/2007	-	-	-		165.937	165.937
PAYABLES AT 31/12/2007	-	-	-		197.701	197.701
REVENUES 01/01/07 - 31/12/2007	661.358	34.773	-	452.913		1.149.044
COSTS 01/01/07 - 31/12/2007	-	-	-		1.732.651	1.732.651
CHANGE IN RECEIVABLES 01/01/07 - 31/12/2007	(829.623)	-	(660)	(379.651)		(1.209.934)
CHANGE IN PAYABLES 01/01/07 - 31/12/2007	-	-	-		31.764	31.764
	-	-	-			-

Note 7. Significant non recurring events

During the period under review there were no significant/non recurring events.

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.

	values in 000s of Euro	31/12/2007	31/12/2006
A	CASH	21.551	20.703
B	OTHER CASH AND CASH EQUIVALENTS	279	268
C	SECURITIES HELD FOR TRADING	-	-
D	LIQUIDITY (A+B+C)	21.830	20.971
E	CURRENT FINANCIAL RECEIVABLES	-	-
F	CURRENT BANK PAYABLES	359	413
G	CURRENT PORTION OF NON CURRENT BORROWINGS	3.922	4.258
H	OTHER CURRENT FINANCIAL PAYABLES	939	561
I	CURRENT FINANCIAL BORROWINGS (F+G+H) (LIQUIDITY)	5.220	5.232
J	NET CURRENT FINANCIAL BORROWINGS / (LIQUIDITY) (I-E-D)	(16.610)	(15.739)
K	NON-CURRENT BANK PAYABLES	13.205	10.623
L	DEBENTURES ISSUED	-	-
M	OTHER NON-CURRENT PAYABLES	2.001	2.040
N	OTHER NON-CURRENT RECEIVABLES	25	-
O	NET NON CURRENT FINANCIAL BORROWINGS (K+L+M-N)	15.181	12.663
P	NET FINANCIAL BORROWINGS (J+O)	(1.429)	(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 at 12/31/07 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 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

As far as the Business combination of the OSAI group is concerned kindly refer to the Quarterly Report at 09/30/2007.

The difference between the purchase price of 10,059 thousand Euro (including the earn out subject to further valuation) and the net value of the assets and the liabilities of Euro 6,630 (of which 96.16% pertains to the purchaser) amounting to 3,668 thousand Euro, was provisionally allocated to the item Goodwill.

It should be noted that the valuation of the assets and liabilities acquired, on the basis of the relative fair-value, was effected provisionally and limited to certain specific items of the Financial Statements in respect of which the related information was available.

In this regard it should be noted that this course of action is in accordance with the provisions of paragraph 62 of IFRS 3. In particular, the accounting standard in question provides that in the case where the market value of the assets and the liabilities acquired, including the potential ones, are not yet available at the date of preparation of the Financial Statements the company ought to proceed to a preliminary allocation of the purchase price and complete the valuation in the subsequent period, within 12 months of the date of the acquisition. In this case, therefore, the final determination of the goodwill could change with respect to that recorded, due to the final definition of the purchase price and the definition of the fair-value of the assets and liabilities acquired at the date of acquisition of the group in question.

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, reflects a growth at 12/31/2007 of 10.8% compared to 12/31/2006, whereas the "Electronics" segment achieved, again net of inter-sector revenues, a growth of 88.6%, *inter alia* due to the acquisition of the OSAI Group (2/07/2007).

(in thousands of Euro)

Sector result - 31/12/2007	Laser systems	Electronics	Unallocated	Group
Total sector revenues	145.144	37.345	-	182.489
(Infra-sector revenues)	-	(6.160)	-	(6.160)
Revenues	145.144	31.185	-	176.329
Operating result	20.133	3.299	-	23.432
Net financial income/expenses	(933)	(219)	-	(1.152)
Income/exp. from assoc. co. & joint ventures	473	-	-	472
Operating profit/loss before tax	-	-	-	22.752
Taxes	-	-	-	(9.217)
Net profit/loss	-	-	-	13.535

Sector result - 31/12/2006	Laser systems	Electronics	Unallocated	Group
Total sector revenues	131.035	21.592	-	152.627
(Infra-sector revenues)	-	(5.058)	-	(5.058)
Revenues	131.035	16.534	-	147.569
Operating result	16.806	1661	-	18.467
Net financial income/expenses	(870)	(30)	-	(900)
Income/exp. from assoc. co. & joint ventures	10	-	-	10
Operating profit/loss before tax	-	-	-	17.577
Taxes	-	-	-	(3.857)
Net profit/loss	-	-	-	13.720

(in thousands of Euro)

Sector information - 31/12/2007	Laser systems	Electronics	Unallocated	Group
Depreciation of tangible fixed assets	822	450	-	1272
Deprec. & impairment of intang.fixed assets	192	39	-	231
Total	1.014	489		1.503

Sector information - 31/12/2006	Laser systems	Electronics	Unallocated	Group
Depreciation of tangible fixed assets	806	353	-	1159
Deprec. & impairment of intang.fixed assets	116	56	-	172
Total	922	409		1.331

26991

Assets and liabilities - 31/12/2007	Laser systems	Electronics	Unallocated	Group
Assets	81.302	31.431	33.913	146.646
Associated companies & joint ventures	2.287	750	-	3.037
Total assets	83.589	32.181	33.913	149.683
Liabilities	50.856	16.427	31.171	98.454

Assets and liabilities - 31/12/2006	Laser systems	Electronics	Unallocated	Group
Assets	68.556	16.054	30.141	114.751
Associated companies & joint ventures	2.590		-	2.590
Total assets	71.146	16.054	30.141	117.341
Liabilities	41.868	7.769	25.345	74.982

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 DECEMBER 31 2007≈

FINANCIAL STATEMENTS AT DECEMBER 31, 2007
CONSOLIDATED BALANCE SHEET AT DECEMBER 31 2007 AND DECEMBER
31 2006

VALUES IN EURO	31/12/2007	31/12/2006
Tangible fixed assets	3.588.259	3.153.790
Intangible fixed assets	315.277	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	5.126.000	626.000
Other financial assets	1.133.223	267.999
Tax assets for prepaid taxes	2.702.582	2.784.368
Derivative financial instruments	25.902	
Other receivables	10.049	8.800
TOTAL NON CURRENT ASSETS	26.550.993	20.904.532
Inventories	22.968.611	19.957.839
Trade receivables	39.137.469	33.666.729
Other receivables	1.606.942	2.340.099
Other tax assets	5.736.391	1.592.722
Derivative financial instruments		
Trading securities valued at fair value	12.188.391	14.470.160
TOTAL CURRENT ASSETS	81.637.804	72.027.549
Non current assets held for sale	-	-
TOTAL ASSETS	108.188.797	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	7.374.187	3.158.000
Total Group stockholders' equity	36.527.767	32.096.622
TOTAL NET EQUITY	36.527.767	32.096.622
Loans	11.938.677	11.680.253
Employee benefits	3.369.756	3.935.385
Deferred tax liabilities	42.735	33.500
Provisions for risks and charges	1.093.251	1.661.121
Derivative financial instruments	-	6.071
TOTAL NON CURRENT LIABILITIES	16.444.419	17.316.330
Trade payables	29.341.229	23.765.426
Advances	8.554.554	5.299.076
Other payables	3.997.163	3.446.243
Amounts due to banks and in respect of loans	4.543.011	4.982.898
Tax liabilities - current taxes	5.966.654	3.666.882
Provision for risks and charges	2.814.000	2.358.000
Derivative financial instruments	-	604
TOTAL CURRENT LIABILITIES	55.216.611	43.519.129
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	108.188.797	92.932.081

FINANCIAL STATEMENTS AT DECEMBER 31, 2007

FINANCIAL STATEMENTS AT DECEMBER 31, 2007 AND DECEMBER 31, 2006

VALUE IN EURO	31/12/2007	31/12/2006	IV quarter 2007	IV quarter 2006
Net revenues from sales and services	111.339.466	93.675.508	35.185.276	28.832.055
Other operating revenues	2.331.670	1.568.542	781.719	482.404
Change in inventories of semifinished and finished products	2.527.549	(57.291)	(2.796.698)	(1.095.310)
Increases in fixed assets for internal work	134.807	97.298	12.109	22.448
Use of raw materials, consumables, supplies and goods	(58.993.573)	(50.231.382)	(16.207.489)	(14.485.391)
Personnel cost	(18.059.088)	(15.825.064)	(4.862.908)	(4.606.540)
Amortization	(742.913)	(654.019)	(240.440)	(183.274)
Impairment & Writedowns	-	-	-	-
Other operating costs	(28.391.682)	(21.745.024)	(8.238.705)	(5.264.910)
OPERATING INCOME	10.146.236	6.828.568	3.632.864	3.701.482
Financial income	3.556.412	1.301.486	171.387	262.244
Financial expenses	(1.215.602)	(1.414.872)	(196.293)	(364.276)
Net result from transactions in foreign exchange	30.300	103.102	(43.601)	(39.849)
Net result from associated companies & joint ventures	(345.659)	(239.984)	-	(239.984)
RESULT BEFORE TAXES	12.171.687	6.578.300	3.564.357	3.319.617
Current and deferred taxes	(4.797.500)	(3.420.300)	(1.609.793)	(1.460.649)
NET PROFIT/ (LOSS)	7.374.187	3.158.000	1.954.564	1.858.968

FINANCIAL STATEMENTS AT DECEMBER 31, 2007

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY AT DECEMBER 31 2006 AND DECEMBER 2007

From January 1st, 2006 to December 31, 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	31/12/2006
Share Capital	11.500.000							11.500.000
Treasury stock	(92.872)	(16.162)						(109.034)
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	(1.781.405)	-	71.273	(16.338)	125.092			(1.601.378)
Income for the year	3.904.952				(2.619.038)	(1.287.253)	3.158.000	3.156.661
Net Equity	30.187.102	(16.162)	71.273	(16.338)	-	(1.287.253)	3.158.000	32.096.622

From January 1st, 2007 to December 31, 2007

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	31/12/2007
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)	7.374.187	7.374.187
Net Equity	32.096.622	21.154	25.000	(1.146)	-	(2.988.050)	7.374.187	36.527.767

FINANCIAL STATEMENTS AT DECEMBER 31, 2007

FINANCIAL STATEMENTS AT DECEMBER 31, 2007 AND DECEMBER 31, 2006

VALUES IN EURO	31/12/2007	31/12/2006
Profit (Loss) before tax	12.171.687	6.578.300
Adjustments	(1.260.827)	1.401.825
Amortization for the financial year	742.913	654.019
Provisions raised to Employees' severance fund	21.711	497.538
Loss (Profit) on foreign currency transactions	(30.300)	(103.102)
Loss (Income) from equity investments	(2.522.600)	239.984
Financial expenses	1.215.602	1.414.872
Financial (income)	(688.153)	(1.301.486)
	10.910.860	7.980.125
(Increase) /Decrease in trade and other receivables	(8.800.715)	790.135
(Increase) /Decrease in inventories	(3.010.772)	(1.876.788)
Increase / (Decrease) in trade payables	10.331.281	(183.212)
Increase / (Decrease) in other payables	(4.547.663)	1.437.818
Cash flow from typical activity	4.882.991	8.148.078
Interest payment	(1.185.302)	(1.311.770)
Tax payment	1.910.880	(1.725.654)
Cash flow derived from operating activity	5.608.569	5.110.654
<i>Cash flow derived from investment activity</i>		
Purchase of tangible fixed assets	(987.250)	(672.310)
Purchase of intangible fixed assets	(346.811)	(178.499)
Sale / (Purchase) of financial assets (at cost)	(5.365.224)	(9.515)
Sale / (Purchase) of participation in subsidiaries	(92.821)	-
Sale / (Purchase) of participations (equity method)	-	-
Receipts from sales and fixed assets	2.438	19.522
Dividends encashed	2.868.259	600.000
Interest encashed	688.153	701.486
Cash flow derived from investing activity	(3.233.256)	460.684
Cash flow derivante dall'attività di finanziamento		
Variation in the conversion reserve	-	-
(Purchase)/sale of treasury stock	45.008	38.773
Changes in balance- derivative instruments (FV)	(32.577)	(4.700)
Repayments of loans and financing	5.000.000	13.674.366
Loan agreements	(4.597.784)	(12.158.186)
(Repayments)/ Raising of financial leases	(199.663)	(262.871)
(Repayments)/ Raising of Sabatini transactions	(384.016)	(512.362)
(Repayments)/ Raising of infragroup financing	(1.500.000)	2.272.962
Dividends paid	(2.988.050)	(1.287.253)
Net Cash flow derived from financing activity	(4.657.082)	1.760.729
Increase (decrease) in the cash and cash equivalents	(2.281.769)	7.332.067
Cash and cash equivalents at start of year	14.470.160	7.138.093
Cash and cash equivalents at year end	12.188.391	14.470.160

per il Consiglio di
Amministrazione
Il Presidente



ing. Gianfranco Carbonato.