



PRIMA INDUSTRIE

QUARTERLY REPORT AT SEPTEMBER 30, 2008

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APPROVED BY THE BOARD OF DIRECTORS ON NOVEMBER 13, 2008

PRIMA INDUSTRIE S.p.A.

Share capital Euro 16,000,000
Turin Registry of Business Enterprises
No. 03736080015
Turin R.E.A. no. 582421

Registered offices in Collegno (Turin)
Via Antonelli, 32
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BOARD OF DIRECTORS ⁽¹⁾

Chairman and Managing Director
Gianfranco Carbonato

Directors
Sandro D'Isidoro ⁽²⁾
Michael R. Mansour
Rafic Y. Mansour
Mario Mauri ⁽²⁾
Domenico Peiretti
Marco Pinciroli (Managing Director) ⁽³⁾

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

Reconta Ernst & Young S.p.A.⁽⁵⁾

(1) Appointed at the Shareholders' Meeting held on 29 April 2008 for the three-year period 2008-2010

(2) Independent director

(3) Appointed by the Board of Directors on 7 May 2008 for the activities of *Merger & Acquisition* and *Investor relations*

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

(5) Appointed at the Shareholders' meeting held on 29 April 2008 for the nine-year period 2008-2016

POWERS RELATING TO COMPANY APPOINTMENTS

In terms of a resolution of 7 May 2008, the Board of Directors appointed Mr. Gianfranco Carbonato as the Chief Executive Officer and determined his powers.

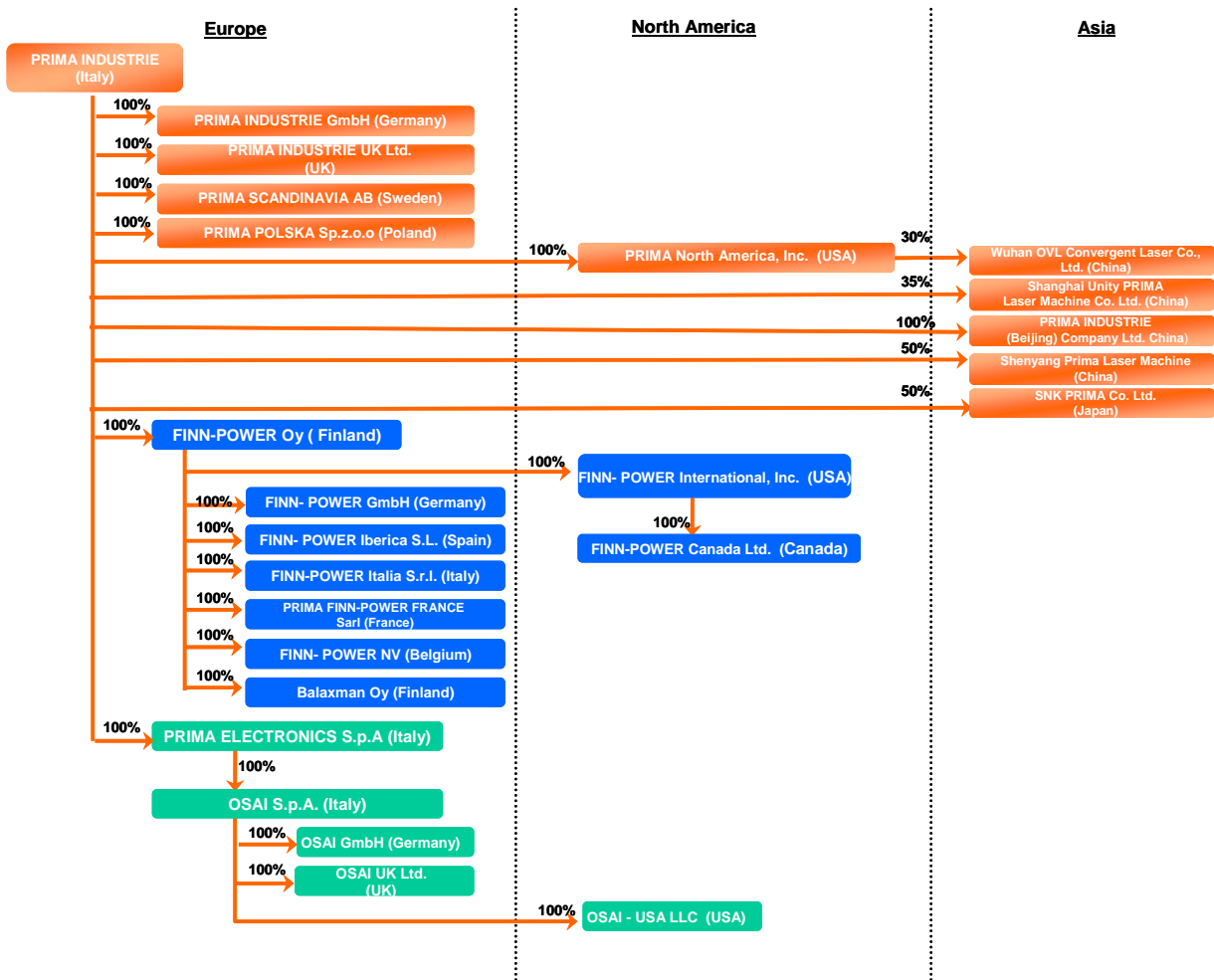
In terms of clause 25 of the Articles of Association, the Chairman and Chief Executive Officer is the legal representative of the company.

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1. STRUCTURE OF PRIMA INDUSTRIE GROUP AT 30/09/2008



2. INTRODUCTION

NORMATIVE FRAMEWORK

The Interim Report at September 30, 2008 of Prima Industrie Group has been drawn in accordance with art. No.154-ter (Financial Reports) of Law No. 58/1998 (TUF) and subsequent amendments and integrations as well as in accordance with Consob Communication No. n. DEM/8041082 dated 30 April 2008 (Corporate quarterly information from listed issuers having Italy as origination country).

The Interim Report has not been audited and has been prepared in accordance with the International Accounting Principles approved by the European Commission (“IFRS”).



This Quarterly Report was approved by the Board of Directors on November 13, 2008.

AREA OF CONSOLIDATION

As at 30/09/2008 the companies included in the schedules set out below formed part of the consolidation:

The following were the main changes to the area of consolidation:

- the FINN-POWER Group entered the consolidation with effect from February 2008;
- the OSAI Group entered the consolidation with effect from July 2007.

In addition, it should be noted that with effect from 01/07/2008 Techmark S.r.l. merged with OSAI SpA (the Controlling Company). The merged company was a wholly-owned subsidiary, for which reason, for the purposes of the Consolidated Financial Statements the merger did not produce any changes to the portrayal of the Group's Balance Sheet and Income Statement.

For a better understanding of the information, the paragraphs "Business trends", "Performance of group companies" and "Explanatory notes" contain the information believed necessary for the relevant matter in point.

SUBSIDIARIES	REGISTERED OFFICE	SHARE CAPITAL	STAKE	Consolidated method	Consolidation Area Variation
PRIMA ELECTRONICS S.p.A.	Strada Carignano 48/2, 10024 Moncalieri (TO) - ITALY	€ 6.000.000	100%	Line-by-line	---
PRIMA North America, Inc.	CONVERGENT LASERS Divison & PRIMA 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 (TO) - ITALY	€ 1.172.000	100%	Line-by-line	OSAI Group
OSAI-USA, LLC	105A West Dudley Town Road, Bloomfield, CT 06002 - U.S.A.	USD 39.985	100%	Line-by-line	OSAI Group
OSAI UK LTD.	Mount House - Bond Avenue, Bletchley, MK1 1SF Milton Keynes - U.K.	GBP 160.000	100%	Line-by-line	OSAI Group
OSAI GmbH	Am Stegskeuz 6, 65719 Hofheim - GERMANY	€ 25.000	100%	Line-by-line	OSAI Group
PRIMA INDUSTRIE GmbH	Lise-Meitner Strasse 5, Dietzenbach - GERMANY	€ 500.000	100%	Line-by-line	---

SUBSIDIARIES	REGISTERED OFFICE	SHARE CAPITAL	STAKE	Consolidated method	Consolidation Area Variation
PRIMA SCANDINAVIA AB	Mölnsdalsvägen 30 C, Göteborg - SWEDEN	SEK 100.000	100%	Line-by-line	---
PRIMA INDUSTRIE UK LTD.	Unit 1, Phoenix Park, Bayton Road, Coventry CV7 9QN - U.K.	GBP 1	100%	Line-by-line	---
PRIMA INDUSTRIE POLSKA Sp.z.o.o.	ul. Przemysłowa 25 - 32-083 Balice - POLAND	PLN 350.000	100%	Line-by-line	---
PRIMA INDUSTRIE (Beijing) Company Ltd.	Rm.1 M, no. 1 Zuo Jiazhuang. Guomen Building, Chaoyang District Beijing - P.R. CHINA	€ 500.000	100%	Line-by-line	---
FINN POWER Oy	Metallite 4, FI - 62200 Kauhava - FINLAND	€ 23.417.108	100%	Line-by-line	Finn Power Group
BALAXMAN Oy	Metallitie 4, FI-62200 Kauhava - FINLAND	€ 2.522	100%	Line-by-line	Finn Power Group
FINN - POWER GmbH	Finn-Power GmbH Lilienthalstrasse 2 a, D-85399 Hallbergmoos - GERMANY	€ 180.000	100%	Line-by-line	Finn Power Group
FINN - POWER Iberica S.L.	Ctra. Molins de Rei a Sabadell, km. 13,5 Nau 5, 08191 Rubi, Barcelona - SPAIN	€ 5.040.000	100%	Line-by-line	Finn Power Group
FINN - POWER Italia S.r.l.	Viale Finlandia 2, 37044, Cologna Veneta (VR) - ITALY	€ 1.500.000	100%	Line-by-line	Finn Power Group
FINN - POWER NV	Leenstraat 5, B-9810 Nazareth - BELGIUM	€ 500.000	100%	Line-by-line	Finn Power Group
PRIMA FINN - POWER FRANCE Sarl	Avenue Condorcet 13, F-91240 Saint Michel sur Orge - FRANCE	€ 792.000	100%	Line-by-line	Finn Power Group
FINN - POWER International Inc.	555W Algonquin Rd., Arlington Heights, IL 60005 - U.S.A.	USD 10.000	100%	Line-by-line	Finn Power Group
FINN - POWER Canada Ltd.	1040 Martingrove Road, Unit 11, Toronto, Ontario M9W 4W4 - CANADA	CAD 200	100%	Line-by-line	Finn Power Group
SAMAT S.r.l in liquidazione	Via Massimo d'Azeglio n. 61 25128 Brescia - ITALY	€ 19.800	100%	Equity Method	Finn Power Group

ASSOCIATED COMPANIES & JOINT VENTURES	REGISTERED OFFICE	SHARE CAPITAL	STAKE	Consolidated method	Consolidation Area Variation
Shenyang PRIMA Laser Machine Company Ltd	No.17 Jia-1 Kaifa Dalu - Shenyang E&T Development Zone - Shenyang City - Lianoning Prov - 110041 P.R.CHINA	USD 2.000.000	50%	Equity Method	---
SNK PRIMA Company Ltd	Misaki Plant Fuke, Misak Sennan-Gun, Osaka JAPAN	Yen 90.000000	50%	Equity Method	---
Shanghai Unity PRIMA Laser Machinery Co Ltd.	2019, Kunyang Rd., Shanghai 201111 - P.R.CHINA	Rmb 16.000.000	35%	Equity Method	Increasing participation %
Wuhan OVL Convergent Laser Co., Ltd.	Building No.1, Tower B, Changcheng Innovative S&T Park Wuhan East Lake High-Tech Development Zone Wuhan, 430223, Hubei Prov. - P.R. CHINA	USD 6.800.000	25,7%	Equity Method	---

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 "Impairment and writedowns", and Working Capital, calculated by adding "Inventories" and "Trade receivables" net of "Trade payables" and "Advances".

3. BUSINESS TRENDS

INCOME AND PROFITABILITY

It should be noted that, because PRIMA INDUSTRIE acquired the Finn-Power Group on 04/02/08, the information relative to the Consolidated Financial Statements for the first nine months of 2008 include the information relating to the eight months (1st February - 30th September) of the FINN-POWER Group. In addition, the Osai Group is also included in the period under review; this group was included only for three months in the corresponding period of the previous financial year because it only formed part of the consolidation with effect from July 2007.

Consolidated revenues at 30 September 2008, valued in accordance with IAS 18 (that provides for the recognition of revenue generally at the time of acceptance by the end customer) amount to €264,921 thousand Euro.

Such revenues include, within the area of consolidation:

- 8 months' revenue from the FINN-POWER Group (consolidated with effect from February) in an amount of 133,813 thousand Euro;
- the revenues for the first six months of the OSAI Group (part of the consolidation for only three months as at 30/09/2007) amounting to 9,588 thousand Euro.

Thus for the same area of consolidation, the sales for the first nine months of 2008 would have been 121,520 thousand Euro, an increase of about 3% compared to the first nine months of 2007.

In other words, the companies of the Group that operate in the laser segment recorded still further improvements compared to 30/09/2007, and those of the "Electronics" segment shrunk slightly compared to the previous year, on the other hand the "Sheet metal processing machinery" segment which forms part of the FINN-POWER Group (has formed part of the Prima Industrie Group from February 2008) recorded a slowdown as a result of the economic recession.

The geographical breakdown of the revenues at 30/09/2008 is as follow:

	30/09/2008		30/09/2007	
	THOUSAND EURO	%	THOUSAND EURO	%
ITALY	68.091	25.7	29,965	25.4
EUROPE	118.683	44.8	55,758	47.4
NORTH AMERICA	44.217	16.7	19,348	16.4
ASIA & ROW	33.930	12.8	12,668	10.8
TOTAL	264.921	100.0	117,739	100.0

It should be noted that "Europe" maintains its fundamental role for the Group, even though the impact on the total sales is reduced compared to the previous financial period. The percentage decrease in the European Area is compensated for by the significant growth in the Asian and "Overseas" countries where the Group is developing an efficient sales network, *inter alia* owing to the purchase of the FINN-POWER Group, with the aim of acquiring new markets in the main developing countries.

The United States area slightly increased its percentage weight compared to 30/09/2007, which is even more remarkable considering the consistent depreciation of the dollar compared to the first nine months of 2007, which penalised the conversion into Euro of the sales by the American companies of the Group.

At a product level, within the ambit of the "Laser Systems" the growth of the sales in the 3D systems sector continued (Italy and Western Europe) which is moreover reflected in the orders backlog as at 30/09/2008.

It should be noted that "Europe" also includes Russia and Turkey; in these two Countries the Group recorded total revenues of 7,570 thousand Euro.

For more details in relation to information by business segment please refer to the paragraph headed "Segment Report" set out below.

The **value of production** at 30/09/2008 amounted to 279,582 thousand Euro.

Again in relation to this comparison, one must bear in mind the important contribution arising from the consolidation of the FINN-POWER Group (equal to 135,299 thousand Euro) and the OSAI Group (equal to 10,855 thousand Euro 2008 for the first 6 months of 2008).

Thus, comparing the same area of consolidation and compared to 30/09/2007 one observes a growth of approximately 4% compared to the same figure in the previous year (133,428 thousand Euro compared to 128,665 thousand Euro at 30/09/2007).

EBITDA and **EBIT** showed significant growth, in absolute value, compared to the previous year's figures; this is attributable to the fairly good performance of the companies already included in the area of consolidation as at 30/09/2007 as well as to the contribution of the OSAI and FINN-POWER Groups.

INCOME & PROFITABILITY	9 months 2008		9 months 2007	
	thousand euros	%	thousand euros	%
EBITDA	23.784	9,0	16.212	13,8
EBIT	19.665	7,4	15.190	12,9
EBT	11.403	4,3	14.542	12,4
NET PROFIT	7.441	2,8	7.781	6,6

Group **EBITDA** amounting to 23,784 thousand Euro (9% of sales) increased by 47% compared to the 16,212 thousand Euro at 30/09/2007 (13.8% of sales).

In regard to the external growth:

- the contribution of the FINN-POWER Group amounted to 6,426 thousand Euro;
- the contribution of the OSAI Group (for the first 6 months only) amounted to 716 thousand Euro.

Thus the increase, comparing the same area of consolidation and the same period as the previous financial year, is 2.6% (16,642 thousand Euro as against 16,212 thousand Euro at 30/09/2007).

The **consolidated EBIT** (19,665 thousand Euro, equal to 7.4% of sales) grew by 29.4% compared to the 15,190 thousand Euro at 30/09/2007 (12.9% of sales).

This includes:

- the contribution of the FINN-POWER Group, of 3,736 thousand Euro;
- the contribution of the OSAI Group (for the first 6 months only) of 611 thousand Euro.

Thus the increase taking into account the same area of consolidation (15,318 thousand Euro, compared to the 15,190 thousand Euro at 30/09/2007) was 0.8%.

The consolidated **EBT** at 30/09/2008 amounted to 11,403 thousand Euro (it was 14,542 thousand Euro at 30/09/2007); it should be borne in mind that, unlike the corresponding period of 2007, this value includes the financial expenses arising from the loan entered into for the acquisition of the FINN-POWER Group.

The **Net profit** at 30/09/2008 amounted to 7,441 thousand Euro (2.8% of the Group's sales), compared to the 7,781 thousand Euro at 30/09/2007 (6.6% of sales).

The impact of taxation for the nine months 2008 reduced compared to the corresponding period of the previous financial year, both because the FINN-POWER Group benefits from substantial prior year tax losses, as well as because the Italian companies, compared to the previous financial year, benefit from reduced tax rates as well as the tax credit for Research and Development.

ORDERS ACQUISITION AND THE ORDERS PORTFOLIO

The **orders acquisition** at 30/09/2008, relative to the "Laser systems" and "Electronics" segments (excluding after-sale services), amounted to 117,539 thousand Euro; in the corresponding period of the 2007 financial year, the figure was 109,395 thousand Euro.

The evolution of the orders result confirms the trend that was already found for the first 6 months of the financial year, characterised by a gradual movement of the volumes from the 2D sector to the 3D Laser systems.

The trend in the orders backlog in the electronics sector is satisfactory and in line with expectations.

As far as the FINN-POWER Group is concerned, the orders acquisition, compared to the last months of 2007, slowed down in the months immediately after the acquisition; this is to be attributed to the impact of the reorganisation of the Group's sales network, which is in the stage of completion as at the date of the approval of this report; the slowdown is also due to the difficulty in the Group's own reference market. The orders acquisition of the FINN-POWER Group as at 30/09/2008, also excluding after-sales service, amounted to 103,353 thousand Euro.

The **Consolidated Orders backlog** as at 30/09/2008 was on the whole satisfactory and was set at 139,339 thousand Euro (of which 73,737 thousand Euro related to the Finn-Power Group and 2,513 thousand Euro to the OSAI Group); at 30/09/2007 it amounted to 64,342 thousand Euro.

SALES ACTIVITY

During the third quarter of the year, a period when seasonally there are fewer fairs organised, the Group took part in the following fairs:

- MOS (CELJE - SLOVENIA)
- IMT MSV (BRNO – THE CZECH REPUBLIC)

These fairs were followed in October by far the most important fair of the year - EUROBLECH (HANOVER – GERMANY), where Prima Industrie and Finn-Power were presented together in a single stand fitted out in a special way for the occasion, to present many of the products in the new Group's portfolio as well as the interesting innovations. The feedback from the public and the customers was particularly positive and found material expression in the receipt of a number of orders.

NET FINANCIAL POSITION

As of 30/09/2008 the Net Financial Position was negative in an amount of 151,517 thousand Euro.

The considerable worsening of the net financial position compared to the past was mainly due to the debt contracted by the Group for the acquisition of FINN-POWER. As can be seen from the table below, in each case we can see an improvement compared to the situation as at 30/06/2008 thanks to the capital increase which was concluded in July 2008 and which resulted in a net receipt of about 24.7 million Euro.

	30/09/2008	30/06/2008	31/12/2007 (*)	30/09/2007 (*)
Cash	(18.104)	(25.299)	(21.551)	(15.508)
Short-term payables	20.243	50.760	5.577	1.812
Medium/long-term payables	149.378	148.655	15.206	19.416
Total Net Financial Position	151.517	174.116	(768)	5.720

(*) For a better understanding of the information, the values relative to 2007 have been reclassified

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

For better disclosure relating to the Consolidated Net Financial Position at 30/09/2008, the following must be borne in mind:

- the payables due to leasing companies amount to 9,152 thousand Euro and
- the bank payables include the negative fair value of certain IRSs amounting to approximately 1,918 thousand Euro; this figure increased compared to 30/06/2008 *inter alia* pursuant to the raising of two covering IRSs on one part of the loan relating to the acquisition of FINN-POWER.

RESEARCH AND DEVELOPMENT

The costs of research are written to the Income Statement at the time that they are incurred.

The costs of research incurred in relation to determined projects are capitalized only when the companies of the Group can demonstrate the technical possibility of completing the intangible asset in such a way as to make it available for use or sale, the companies'

intention to complete the said asset for use or sale, the ways in which the asset will generate probable future economic benefits, the availability of technical/financial or other resources to complete the development and its capacity to assess in a reliable way the costs attributable to the asset during its development.

After the initial recognition, the costs of research are assessed at cost reduced by any depreciation or accumulated loss. The depreciation of the asset starts at the time when the development is completed and the asset is available for use. The assets are depreciated over the period in which it is envisaged that the related project will generate revenues for the Group.

During the period in which the asset is not yet in use, the cost incurred will be reviewed annually to detect any losses in value.

The research and development carried out by the Group during the nine months totalled 13,057 thousand Euro; of this, the portion capitalised amounted to 4,305 thousand Euro.

During the period R& D by the parent company **PRIMA INDUSTRIE** centred on the following activities.

For the 3D segment:

- Completion of the final phases of the revolutionary machine (derived from OPTIMO) for fast laser cutting of large parts, which machine was presented at the latest edition of Euroblech. This system is fitted with a cutting head that is able to triple the performance to follow the cutting path at high speed. The machine uses a larger number of axes compared to those strictly necessary to guarantee the best processing times possible (on average 30% on the cutting times). The system that was presented represents the final stage in a group of development processes that have lasted a few years.

With this product Prima Industrie reinforces its presence on the markets like that of the intensive working of three dimensional bodywork parts with a machine that is equipped for large work volumes, at the same time opening new prospectives for the high-yield employment of laser processing in all the sectors in which it is necessary to have great productivity *inter alia* on “oversized” parts and on parts with complex geometry, like for example in the aeronautical industry.

As regards the electronics segment (**PRIMA ELECTRONICS** and **OSAI**), a new axes control card was developed that allows interface with different types of high-speed communication buses.

The activities on the Solid state lasers were directed at the realisation of the first power units. Certain modules are in the process of being finalised and they should be available in December 2008.

The development of the electronics for the electric car continued. In particular a first prototype was constructed and delivered to the Turin Polytechnic within the scope of the cooperation for the development of this application.

The *roadmap* for the development of a new line of numerical controls known as OPEN was defined and approved; this line integrates the applicational needs of the machines of Prima Industrie, Finn Power and Osai's traditional customers.

Research and development in **PRIMA North America** in the Convergent Laser division concentrated on the development of certain features to improve performance and reliability on the new CV5000 lasers. In addition, part of the research was directed at

studying improvements on the entire CP range in order to make it more efficient from an energy-savings point of view.

The Laserdyne division focused on a new development destined to reduce the angle of the cooling holes compared to the surface of the turbine, an application demanded by the market to maximize the flexibility and the productivity of the systems earmarked for the aerospace market.

The **FINN-POWER** Group finalised certain product innovations that were presented at EuroBLECH (Hanover – Germany – October '08), an important fair in the sector.

In particular the innovations related to:

- a new integrated shearing-punching machine, Shear Brilliance[®], which has greater productivity thanks to the higher acceleration and speed produced by new linear motors;
- a completely new product in Finn-Power's range of bending machines: a semi-automatic (FBe4) "FastBend", capable of offering cycles of automatic processing with automatic tool changing;
- finally, new integrated and modular software was introduced, ideal for the management of the entire manufacturing process.

TREASURY STOCK AND THE STOCK TREND

The graph below shows the stock trend of PRIMA INDUSTRIA compared to the Allstar reference index for the period 01/01/2008 to 5/11/2008.

The positive trend of the first months of the year was broken at the end of May, in correspondence with the accentuation of the negative period that brought about a crisis in the international financial system and more generally a weakening of the entire economic system.

The lowest value recorded by the security in the nine months was 9.90 Euro (27 and 28/10/2008).



As at 30/09/2008 and as at the date of approval of this report, PRIMA INDUSTRIE S.p.A. did not and does not hold any treasury stock, even though there is a purchase resolution applicable, for a maximum of 80,000 shares (equal to 1.25% of the share capital) with a minimum purchase and selling price of 2.5 Euro per share (par value) and a maximum

purchase and selling price of 60 Euro; the maximum selling price can also be set at a greater figure, taking into account the *pro-tempore* market conditions applicable.

SIGNIFICANT EVENTS

In addition to what has been fully set out in the "Six-monthly financial report as at 30 June 2008" we set out below the events that took place in the third quarter of the 2008 financial year.

CONCLUSION OF THE CAPITAL INCREASE

On 31/07/2008 the capital increase against payment was successfully finalised; this increase had been resolved upon by the Board of Directors of the company on 18/06/2008 pursuant to the mandate given to it in terms of section 2443 of the Italian Civil Code by the Extraordinary Meeting of Shareholders held on 29 April 2008.

The capital increase, was finalised with 1,800,000 newly issued ordinary shares being fully subscribed for, for an amount of 25,650 thousand Euro; the intervention of the Guarantee Consortium, made up of UniCredit Group (Lead Manager and Guarantor of the Guarantee Consortium) and Banca IMI S.p.A. (Guarantor of the Guarantee Consortium) was not necessary.

In addition, in execution of the obligations respectively undertaken, Erste International S.A. and Lestri Holding B.V fully exercised their option and as a result they subscribed for 504,621 and 83,979 shares respectively.

The other shareholders that undertook to exercise their rights partly directly and partly by obtaining the subscription by third parties, i.e. Gianfranco Carbonato (Chairman and Chief Executive Officer of the company) and Domenico Peiretti (Executive Director of the company), holders of 3.79% and 3.00% respectively in the company before the capital increase, also complied with their commitments.

The new capital of PRIMA INDUSTRIE S.p.A thus amounts to 16,000,000 Euro divided into 6,400,000 ordinary shares with a par value of 2.5 Euro each.

The capital increase falls within the financing plan connected to the purchase of the FINN-POWER by PRIMA INDUSTRIE S.p.A.

CHANGE IN THE EXERCISE PRICE RELATIVE TO THE STOCK OPTION PLAN

The Shareholders' Meeting of 29/04/2008 and the subsequent Meeting of the Board of Directors of PRIMA INDUSTRIE S.p.A. dated 07/05/2008 approved the creation of a *stock option plan*, aimed at the executive directors of PRIMA INDUSTRIE S.p.A., PRIMA ELECTRONICS S.p.A. and FINN-POWER Oy, as well as the financial director of the Group and the General Manager of PRIMA INDUSTRIE S.p.A., in their capacity as executives with the power to adopt strategic decisions.

The plan envisages that the exercise price of the stock options will be amended, in the case of capital increases occurring after the approval of the plan, on the basis of the AIAF adjustment factor.

Thus, because after 7 May 2008 the abovementioned capital increase with option rights was resolved upon and executed, to the extent of 9 new shares for every 23 shares held, it became necessary to provide for the adjustment of the exercise price of the option on the basis of the AIAF adjustment factor that was fixed at 0.93105069.

The updated exercise price of the options allocated is thus 32.55 Euro.

RESOLUTION TO EFFECT A MERGER OF OSAI S.P.A AND PRIMA ELECTRONICS S.p.A.

On 9 September 2009 the Extraordinary Meeting of PRIMA ELECTRONICS S.p.A. and OSAI S.p.A. resolved to effect a merger of the subsidiary with the parent company, PRIMA ELECTRONICS S.p.A..

As you will already have noted, the merger answers the need to rationalize and simplify the company structure in the electronics segment, simultaneously reducing the general and administrative costs, as well as the fixed costs.

The merger will take effect for tax and accounting purposes on 01.01.09.

CAPITAL INCREASE IN PRIMA ELECTRONICS S.p.A.

In execution of the resolution adopted by the Extraordinary Meeting of PRIMA ELECTRONICS S.p.A. dated 9 September 2008, we advise that the share capital of the company was increased from 1,500,000 to 6,000,000 Euro by way of a transfer to capital of an amount of 4,500,000 withdrawn from the item "Other Reserves" amounting to Euro 6,173,066.00, with a consequent amendment of Article 5 of the Articles of Association.

The new share capital is currently divided into 2,400,000 shares with a par value of 2.5 Euro each.

The previous certificates (numbers 1, 3, 4, 5, 7, 8, 9 and 10) totalling 1,500,000 Euro (onemillionfivehundredthousand) were therefore cancelled and simultaneously a new share certificate (no. 11) was issued to the sole shareholder, PRIMA INDUSTRIE S.p.A.

COMPLIANCE WITH THE CONDITIONS REFERRED TO IN SECTION 36 OF THE MARKET REGULATIONS

As regards the "Conditions for the quotation of shares of companies controlling companies established and regulated by the laws of non European Union countries" referred to in section 36 and 39 of the Consob Market Regulations we advise that PRIMA INDUSTRIE S.p.A. has complied with the conditions referred to in section 36, paragraph 1, letters a), b) and c) of the said Regulation.

For the purpose of compliance the company carried out the following checks:

- The regulation applies to two subsidiary companies, with registered office situated in a country not forming part of the European Union (the USA), which have significant relevance in terms of paragraph 2 of section 36.
- The administrative-accounting and *reporting* systems currently in existence in the PRIMA INDUSTRIE Group already enable substantial compliance with the requirements of the regulation, with reference to the companies in the area referred to in the previous point in terms both of making available the accounting situation for the purposes of the Consolidated Financial Statements as well as in regard to making the necessary information regularly available to management and the auditing company of the Holding company for the purpose of drawing up the Consolidated Financial Statements.

- Regarding the request to acquire the articles of association and the composition and powers of the corporate bodies from the said companies, the Holding company has started to collect these documents and has asked to be constantly informed on any changes.
- As regards the Holding Company's investigation into the flow of information towards the central auditing company, necessary for the activity of checking the annual and interim accounts of the Holding Company, it is believed that the current process of communication with the auditing company operates efficiently in this regard during the whole year.

During the quarter no acquisitions took place of companies with registered offices situated in non European Community Countries..

ATYPICAL AND/OR UNUSUAL TRANSACTIONS

For the purposes of Consob Notice No. DEM/6064296 dated 28/07/2006 it should be noted that the Group did not effect any atypical and/or unusual transactions as defined in the aforesaid notice.

PRINCIPAL RISKS AND UNCERTAINTIES FOR THE REMAINING 3 MONTHS OF THE FINANCIAL YEAR

The principal risks and uncertainties that could influence the future development of the Group's operations, over an even longer period than that of the next three months of the 2008 financial year, relate to the areas set out herein below.

- ◆ **THE INTEGRATION PROCESS IN RESPECT OF THE FINN-POWER GROUP WITHIN THE PRIMA INDUSTRIE GROUP AND THE RELATED FINANCIAL BORROWINGS:** the process of integrating the FINN-POWER Group into the PRIMA INDUSTRIE Group involves the typical risks of integrating two large independent groups; it should be noted that the incurring of significant and unforeseen investments and integration costs, or rather the absence of the full implementation of the aforesaid integration in the times and in the ways hypothesised, could have negative effects on the financial situation of the PRIMA INDUSTRIE Group.

As regards the borrowings connected to the acquisition it must be borne in mind that the financing contract resulted in a significant increase of the Group's borrowings. Within the scope of this contract PRIMA INDUSTRIE undertook to comply with certain financial soundness parameters, with reference to the Consolidated Annual Financial Statements, with effect from the financial year ending 31 December 2008; if these parameters are not met the financing banks may request the immediate return of the full amount of the loan, a fact which might have significant negative effects on the economic and financial situation of the Group.

- ◆ **RISKS CONNECTED TO THE CYCLIC NATURE OF THE REFERENCE MARKET, THE TREND OF THE MACRO-ECONOMIC FACTORS AND THE SECTORS IN WHICH THE GROUP OPERATES:** the Group operates in the capital goods market which is cyclic in nature, with specific reference to the more developed markets: in particular in the last 30 years, cycles with an average duration of ten years have been recorded, characterised by

two/three years with a negative trend and seven/eight years with a positive one. Insofar as certain reference markets have deteriorated over the last months, should the reference market undergo a further deterioration, in particular during the course of the integration process of the FINN-POWER Group, there may be an even more negative impact on the business and on the economic results of the PRIMA INDUSTRIE Group.

4. PERFORMANCE OF THE MAIN COMPANIES OF THE GROUP

SUMMARY OF THE MOST SIGNIFICANT INCOME PARAMETERS AND RATIOS ⁽¹⁾

(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.		PRIMA North America Inc.		Finn-Power Group (2)		OSAI Group		Other Sub. Companies (3)													
	30/09/08		30/09/07		30/09/08		30/09/07		30/09/08		30/09/07													
	K€	%	K€	%	K€	%	K€	%	K€	%	K€	%												
Sales	85.442	100%	76.154	100%	20.016	100%	22.011	100%	30.305	100%	33.258	100%	133.813	100%	-	-	13.615	100%	4.297	100%	19.420	100%	16.775	100%
MOL (EBITDA)	10.530	12,3%	7.015	9,2%	3.488	17,4%	4.492	20,4%	2.613	8,6%	5.410	16,3%	6.426	4,8%	-	-	1.077	7,9%	519	12,1%	189	1,0%	(174)	-1,0%
Operating Result (EBIT)	9.768	11,4%	6.513	8,6%	3.173	15,9%	4.216	19,2%	2.473	8,2%	5.254	15,8%	3.736	2,8%	-	-	910	6,7%	477	11,1%	141	0,7%	(218)	-1,3%

EXCHANGE RATES USED FOR THE CONVERSION OF NON-EURO CURRENCIES

CURRENCY	AVG EXCHANGE RATE FOR THE PERIOD		CURRENT EXCHANGE RATE AT THE END OF PERIOD	
	30/09/2008	30/09/2007	30/09/2008	30/09/2007
US DOLLAR	1,5219	1,3444	1,4303	1,4179
POUND STERLING	0,7819	0,6765	0,7903	0,6968
SWEDISH KRONA	9,4078	9,2368	9,7943	9,2147
POLISH ZLOTY	3,4297	-	3,3967	-
CANADIAN DOLLAR	1,5484	-	1,4961	-
CHINESE RMB	10,6304	-	9,7954	-

1. INDIVIDUAL AMOUNTS DIFFER FROM THE CONSOLIDATED VALUES DUE TO THE CONSOLIDATION ADJUSTMENTS
2. THE FINN-POWER VALUES AT 30/09/2007 ARE NOT MENTIONED BECAUSE AT THAT DATE FINN-POWER WAS NOT PART OF THE GROUP.
3. VALUES RELATE TO PRIMA INDUSTRIE UK LTD., PRIMA SCANDINAVIA AB AND PRIMA INDUSTRIE GMBH AND FOR THE 2008 ONLY, TO PRIMA INDUSTRIE POLSKA SP.Z.O.O. AND PRIMA INDUSTRIE BEIJING
4. OSAI GROUP DATA AT 30/09/07 INCLUDE ONLY ONE QUARTER, BECAUSE THE GROUP IS CONSOLIDATED SINCE JULY 2007

PRIMA INDUSTRIE S.p.A.

In the first nine months of the financial year, the parent company, PRIMA INDUSTRIE S.p.A., achieved constant improvement both in sales and profitability.

Sales as at 30/09/2008 (85,442 thousand Euro) in fact grew by more than 12% compared to 30/09/2007 (76,154 thousand Euro) notwithstanding the period of uncertainty at a macroeconomic level that characterised the last months.

Even more obvious is the improvement at a level of operating profit which as of 30/09/2008 grew to 9,768 thousand Euro (equal to 11% on sales) compared to the 6,513 thousand Euro at 30/09/2007 (8.6% of sales) with an increase in the absolute value of 50%.

This improvement reflects, above all, the increased weight of the sales of 3D systems, characterised by greater profitability, as well as the important effect of the operating lever being the significant increase of the company's sales.

As regards the financial management the information takes into account, as a positive factor, the dividends received from the subsidiaries PRIMA ELECTRONICS S.p.A. and PRIMA North America Inc. (in total 3,146 thousand Euro), and the proceeds of the financing granted by PRIMA INDUSTRIE to the subsidiaries and, as a negative factor, the financial expenses connected to the significant loan provided by a pool of banks organised by Banca IMI (Mandated Lead Arranger), Unicredit Banca di Impresa (Mandated Lead Arranger) and Intesa Sanpaolo (Financing Bank) in support of the acquisition of the FINN-POWER Group. This loan, which totals 183,500 thousand Euro, (of which 20,000 thousand Euro is a working capital facility), as of 30/09/2008 was utilized in cash for an amount of 113,500 thousand Euro.

As already mentioned these borrowings reduced, compared to the situation as of 30/06/2008, pursuant to the capital increase against payment that occurred in the quarter. The capital increase was in fact finalised on 31/07/2008 with 1,800,000 newly issued ordinary shares being fully subscribed for, for a figure of 25,650 thousand Euro, of which 25,000 thousand Euro was used to repay a tranche of the aforesaid loan.

Net profits in the nine months totalled 7,365 thousand Euro. This result benefited from both the lower *tax rates* applied to dividends distributed by the subsidiaries (1,375% compared to the higher average tax rate of the company), as well as from the recording of the tax credit on Research and Development costs.

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, taking into account only orders relating to systems, at 30/09/2008, amounted to 37,861 thousand Euro (up approx. 9% compared to 30/09/2007).

PRIMA ELECTRONICS S.p.A. – OSAI S.p.A.

In the light of the merger of OSAI S.p.A. and PRIMA ELECTRONICS S.p.A., from this quarter a report relative to the trend in the “electronics” sector is provided, intended as a *unicum*. In addition the comparison with the prior year will not be particularly important because in 2007 the Osai Group was only consolidated for three of the first nine months.

The sales for the first nine months of the financial year amounted to 32,949 thousand Euro, with EBIT of 4,546 thousand Euro (approx. 14% of the sales) and EBIT of 4,063 thousand Euro (12% of the sales).

PRIMA NORTH AMERICA Inc.

During the first nine months of 2008 PRIMA North America Inc. achieved sales of 46.1 million Dollars which grew compared to the sales for the same period in 2007 (44.7 million Dollars).

The EBIT for the period amounted to 3.8 million Dollars, equal to 8.2% of the sales (it was 7.1 million Dollars at 30/09/2007, equal to 16.5% of sales).

The lower results compared to the corresponding period of the previous financial year are due to the increase in the costs of certain parts of the laser sources (in particular those bought from European suppliers, that suffered from the more unfavourable dollar/euro exchange), in addition to a sales mix, including a greater number of laser source kits with lower margins, as well as the fact that certain customers deferred the acceptance (and thus the recognition of the revenues) of the laser systems to the next quarter.

FINN-POWER GROUP

The trend for the eight months (from 01/02/2008 to 30/09/2008) included in the Consolidated Financial Statements, reflected sales of 133,813 thousand Euro (that includes a part of the revenues expressed in dollars, equal to US\$ 40.9 million, negatively influenced by the depreciation of the currency compared to the Euro) with EBITDA and EBIT of 6,426 thousand Euro (equal to 4.8% of the sales) and 3,736 thousand Euro respectively (equal to 2.8% of sales). The profitability of the FINN-POWER Group was negatively influenced by a series of non-recurring costs largely related to the situation prior to the date that control was assumed by PRIMA INDUSTRIE. These costs will be debated with the seller in accordance with the purchase contract signed on 04/02/2008.

OTHER SUBSIDIARY COMPANIES

Amongst the other subsidiaries of the Group, the good performance of PRIMA INDUSTRIE GmbH should be noted; the subsidiary recorded a very positive trend, both from the point of view of sales (equal to 13,345 thousand Euro, a growth of more than 35% compared to same period in 2007) as well as from the point of view of the orders collection, in respect of which as of 30/09/2008 the subsidiary has a portfolio of 7,772 thousand Euro.

This improvement has started to be reflected in the operating result as of 30/09/2008, which from a negative amount (256 thousand Euro as at 30/09/2007) has become positive in an amount of 265 thousand Euro, *inter alia* because of the product mix sold, which is mainly composed of 3D machines as opposed to 2D systems.

ASSOCIATED COMPANIES AND JOINT VENTURES

Particular mention should be made of the continued growth of the Chinese JV Shanghai Unity PRIMA; the JV achieved sales of 135.4 million Rmb during the first nine months of 2008 (equal to approx. 12.7 million Euro) with an increase of 40% compared to the 96.6 million Rmb (equal to approx. 9.4 million Euro) of the corresponding period of the 2007 financial year.

In addition and as at 30/09/08, the company showed a very high return that brought the net profit for the period to 14.4 million Rmb, (about 1.4 million Euro), equal to 10.6% of sales.

There are no particularly significant results in the other 2 Chinese JV: Wuhan OVL and Shenyang PRIMA Laser Machine Company; the stakes in these JV are recorded in the Financial Statements, for various reasons, at zero.



PRIMA INDUSTRIE

5. CONSOLIDATED FINANCIAL STATEMENTS AT SEPTEMBER 30, 2008 ≈

ACCOUNTING STATEMENTS

**PRIMA INDUSTRIE GROUP CONSOLIDATED FINANCIAL STATEMENTS AT
SEPTEMBER 30, 2008**

CONSOLIDATED BALANCE SHEET

VALUES IN EURO	Note	30/09/2008	related parties	31/12/2007	related parties
Tangible fixed assets	1	34.173.442		10.165.878	
Intangible fixed assets	2	146.026.615		6.713.046	
Property Investments	3	158.000		-	
Investments accounted for using the equity method	4	3.564.874	3.564.874	2.234.917	2.234.917
Other assets		801.885		801.885	
Other financial assets		365.197		1.133.223	
Investments in other companies		7.523.885		5.073.208	
Deferred tax assets	8	1.700.841		30.126	
Derivative financial instruments	5	18.923		25.902	
TOTAL NON CURRENT ASSETS		194.333.662		26.178.185	
Inventory	6	122.260.640		41.967.051	
Trade receivables	7	79.035.358	188.126	51.703.785	379.963
Other receivables	8	10.813.844		2.564.642	
Other tax assets		6.048.150		5.373.666	
Derivative financial instruments		-		-	
Trading securities valued at fair value		-		-	
Cash and cash equivalents	9	18.104.066		21.551.369	
TOTAL CURRENT ASSETS		236.262.058		123.160.513	
Non current assets held for sale				-	
TOTAL ASSETS		430.595.720		149.338.698	
Share Capital		16.000.000		11.500.000	
Treasury stock		-		(87.880)	
Treasury stock owned by subsidiaries		-		-	
Legal reserve		2.300.000		2.300.000	
Other reserve		41.160.286		17.018.984	
CTA reserve		(1.983.668)		(2.559.891)	
Profits (Losses) carried forward		15.510.512		9.303.872	
Profit (losses) for the year		7.440.939		13.728.496	
Total Group stockholders' equity		80.428.069		51.203.581	
Minority interests		-		237.134	
TOTAL NET EQUITY	10	80.428.069		51.440.715	
Borrowings from Banks and other financial institutions	9	147.459.798		15.205.862	
Employee benefits		8.797.793		7.561.363	
Deferred tax liabilities		1.681.432		1.905.744	
Provisions for risks and charges		488.042		44.235	
Derivative financial instruments	5	1.918.141		-	
TOTAL NON CURRENT LIABILITIES		160.345.206		24.717.204	
Trade payables	11	83.693.245	74.965	33.727.779	-
Advances	12	46.064.810		10.545.432	
Other payables		22.489.488	498.093	9.883.075	286.738
Borrowings from Banks and other financial institutions	9	20.243.271		5.577.448	
Tax payables		7.186.463		7.976.815	
Provision for risks and charges	13	10.145.168		5.470.230	
Derivative financial instruments	5	-		-	
TOTAL CURRENT LIABILITIES		189.822.445		73.180.779	
Liabilities due to non current assets held for sale				-	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		430.595.720		149.338.698	

PRIMA INDUSTRIE GROUP CONSOLIDATED FINANCIAL STATEMENTS AT SEPTEMBER 30, 2008
CONSOLIDATED INCOME STATEMENT

VALUES IN EURO	Note	30/09/2008	related parties	30/09/2007	related parties
Net revenues from sales and services	14	264.920.824	1.880.081	117.739.307	521.903
Other operating income		2.822.424		2.117.047	
Changes in inventories of semifinished and finished products		6.521.525		8.601.380	
Increases in fixed assets for internal work		5.317.613		208.097	
Use of raw materials, consumables, supplies and goods		(133.364.565)		(57.321.547)	
Personnel cost		(65.562.191)	(1.824.445)	(26.080.876)	(1.430.089)
Depreciation & Amortization		(4.118.858)		(1.021.444)	
Impairment & Writedowns		-		-	
Other operating costs		(56.871.573)	-	(29.051.338)	
OPERATING INCOME		19.665.199		15.190.626	
Financial income		639.632		515.948	
Financial expenses		(9.116.334)		(1.203.232)	
Net income from transactions in foreign exchange		(251.836)		(25.651)	
Net income from associated companies & joint ventures	15	466.367	466.367	63.822	63.822
Net result from transactions in foreign exchange		-		-	
INCOME BEFORE TAX		11.403.028		14.541.513	
Current and deferred taxes		(3.962.089)		(6.760.294)	
NET PROFIT		7.440.939		7.781.219	
Income from assets held for disposal		-		-	
NET PROFIT		7.440.939		7.781.219	
- Group Stockholders' net profit		7.440.939		7.773.805	
- Minorities net profit		-		7.414	
EARNING PER SHARE (euro)		1,49		1,69	

PRIMA INDUSTRIE GROUP CONSOLIDATED FINANCIAL STATEMENTS AT SEPTEMBER 30, 2008
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

from January 1st to September 30th, 2007

VALUES IN EURO	01/01/07	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	CTA reserve	30/09/07
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	-	-	-	-	(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

from January 1st 2008 to September 30, 2008

VALUES IN EURO	01/01/08	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	CTA reserve	30/09/08
Share Capital	11.500.000	-	-	-	4.500.000	-	-	-	-	-	16.000.000
Treasury stock	(87.880)	-	87.880	-	-	-	-	-	-	-	-
Treasury stock owned by Subsidiaries	-	-	-	-	-	-	-	-	-	-	-
Share premium reserve	15.664.893	-	-	-	21.150.000	-	-	-	-	-	36.814.893
Legal reserve	2.300.000	-	-	-	-	-	-	-	-	-	2.300.000
Capital increase expenses	-	-	-	-	(935.688)	-	-	-	-	-	(935.688)
Stock option reserve	-	-	-	-	-	-	-	-	195.299	-	195.299
Reserve for adjustments fair value derivative	-	-	-	-	-	-	-	-	(795.532)	-	(795.532)
Other reserve	1.354.091	-	-	-	-	4.527.223	-	-	-	-	5.881.314
Conversion reserve	(2.559.891)	(44.744)	-	-	-	-	-	-	-	620.967	(1.983.668)
Profit / (loss) carried forward	9.303.872	(9.313)	-	4.680	-	6.211.273	-	-	-	-	15.510.512
Income for the year	13.728.496	-	-	-	-	(10.738.496)	(2.990.000)	7.440.939	-	-	7.440.939
Net Equity	51.203.581	(54.057)	87.880	4.680	24.714.312	-	(2.990.000)	7.440.939	(600.233)	620.967	80.428.069
Minorities' interest	237.134	(257.410)	-	-	-	-	-	-	-	20.276	-
Total Net Equity	51.440.715	(311.467)	87.880	4.680	24.714.312	-	(2.990.000)	7.440.939	(600.233)	641.243	80.428.069

**PRIMA INDUSTRIE GROUP CONSOLIDATED FINANCIAL STATEMENTS AT
SEPTEMBER 30, 2008**

CONSOLIDATED CASH-FLOW

VALUES IN EURO	30/09/2008	30/09/2007
Profit (Loss) before tax	11.403.028	14.541.513
Adjustments	12.865.587	1.729.220
Amortization for the financial year	4.118.858	1.021.444
Provisions raised to Employees' severance fund	289.259	58.663
Loss (Profit) on foreign currency transactions	251.836	25.651
Loss (Income) from equity investments	(466.367)	(63.822)
Costs for payments based on shares	195.299	-
Financial expenses	9.116.334	1.203.232
Financial (income)	(639.632)	(515.948)
	<u>24.268.615</u>	<u>16.270.733</u>
(Increase) /Decrease in trade and other receivables	10.668.626	(7.196.199)
(Increase) /Decrease in inventories	(17.707.474)	(14.213.230)
Increase / (Decrease) in trade payables	12.300.687	12.189.361
Increase / (Decrease) in other payables	(7.006.263)	452.396
Cash flow from typical activity	<u>22.524.191</u>	<u>7.503.061</u>
Interest payment	(4.244.963)	(1.577.542)
Cash flow derived from operating activity	18.279.228	5.925.519
Cash flow derived from financing activity		
Acquisition Finn Power Group (net of cash acquired)	(85.214.076)	-
Acquisition of OSAI Group (net of cash acquired)	-	(8.052.146)
Acquisition of OSAI Uk minorities	(256.525)	-
Acquisition of tangible fixed assets	(5.866.846)	(1.044.492)
Acquisition of intangible fixed assets	(5.009.202)	(538.225)
Goodwill MLTA Srl	-	-
Sale /(Purchase) of financial assets (at cost)	913.219	(7.269)
Sale /(Purchase) investments in associates	(823.625)	14.155
Sale / (Purchase) of negotiable shares at fair value	-	300.122
Interest encashed	639.632	515.948
Receipts from sales of fixed assets	33.254	41.803
Cash flow derived from investing activity	(95.584.169)	(8.770.104)
Cash flow derived from investment activity		
Variation of other items of net equity	(204.551)	(966.677)
Capital Increase	24.714.312	-
(Purchase)/sale of treasury stock	87.880	58.638
Variation of other financial assets & liabilities	636.444	74.009
Loan agreements	173.067.974	7.002.108
Repayments of loans and financing	(111.756.104)	(4.034.720)
(Repayments)/ Raising of Sabatini transactions	(581.983)	(656.549)
Repayment of interests	(9.116.334)	(1.203.232)
Dividends paid	(2.990.000)	(2.988.050)
	-	-
Net Cash flow derived from financing activity	73.857.638	(2.714.473)
Increase (decrease) in the cash and cash equivalents	(3.447.303)	(5.559.058)
Cash and cash equivalents at start of year	21.551.369	20.702.707
Cash and cash equivalents at year end	18.104.066	15.143.649

6. EXPLANATORY NOTES

GROUP ACTIVITIES

PRIMA INDUSTRIE S.p.A. has been listed on the Italian Stock Exchange since October 1999 (MTA – STAR segment) and has its registered and operating office in Collegno (Turin), Via Antonelli 32. The company's corporate object 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 addition to a 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.

The FINN-POWER Group, with headquarters in Finland and 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 plate processing (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, a sector in which the PRIMA INDUSTRIE Group is a leader.

FINN-POWER products are positioned within the average to high range and are characterized by elevated versatility and size as well as a high degree of automation: the company is renowned for its flexible production systems operating throughout the whole production unit.

The Group is made up as follows:

- FINN-POWER Oy, the parent company, has two production facilities in Finland (in which the majority of the Group's products are made, with particular focus on

punching presses, automatic plate treatment systems and 2D laser machines) and markets its products directly in Finland and abroad via subsidiary and distribution companies;

- FINN-POWER Italia has a productive facility in which panelling machines are made and in addition, via a sales office, it carries out distribution and after-sales services for the FINN-POWER products on the Italian market;
- FINN-POWER GmbH carries out distribution and after-sales services in respect of the FINN-POWER Group's products on the German market;
- FINN-POWER Iberica carries out distribution and after-sales services in respect of the FINN-POWER Group's products on the Spanish and Portuguese markets;
- FINN-POWER NV carries out distribution and after-sales services in respect of the FINN-POWER Group's products on the Benelux markets, in addition it carries out activities that are of benefit to the whole Group in relation to research and development and distribution of spare-parts;
- Prima FINN-POWER France Sarl carries out distribution and after-sales services for the products of the PRIMA INDUSTRIE group on the French market;
- FINN-POWER International, which has a series of offices in the USA, carries out activities of distribution and after-sales services in respect of the FINN-POWER Group's products on the American market;
- FINN-POWER Canada carries out activities of distribution and after-sales services in respect of the FINN-POWER Group's products on the Canadian market;
- Balaxman Oy (formerly Jetair Oy) is the holder of a good portion of the intellectual property rights of the FINN-POWER Group.

The OSAI Group includes the following companies:

- 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 01/07/2005 pursuant to the acquisition of the business unit from Matra, relative to the distribution of the PRIMA INDUSTRIE 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 operative from 01/04/2008 and will manage, promote and provide assistance for PRIMA INDUSTRIE products on the Chinese market.

FORM AND CONTENT

The Interim Report on Operations of the PRIMA INDUSTRIE Group is presented in Euro which is also the currency of the economy in which the group mainly operates. The foreign subsidiaries are included in these Consolidated Financial Statements in accordance with the principles described in the Note entitled "Accounting Principles" in the Consolidated Financial Statements as at 31 December 2007, to which the reader is referred.

The Interim Report on Operations of the PRIMA INDUSTRIE Group was prepared in accordance with the IFRS issued by the International Accounting Standards Board and approved by the European Union ("IFRS"), as well as in accordance with the legislative provisions and regulations applicable in Italy.

During the first nine months of 2008 the Group did not apply any of the IFRS in advance. "IFRS" means the International Accounting Standards (IAS) still in force, as well as all the interpretational documents issued by the International Financial Reporting Interpretations Committee ("IFRIC") previously known as the Standing Interpretations Committee ("SIC").

The Interim Report on Operations was prepared in accordance with IAS 34 "Interim Financial Statements" and do not include all the information required in the annual Financial Statements and must be read together with the annual Financial Statements prepared for the year ended 31/12/2007.

The preparation of the interim Financial Statements requires management to make estimates and assumptions that have an effect on the revenue values, as well as on the costs and the assets and liabilities in the Financial Statements and on the report relating to the potential assets and liabilities at the date of the interim Financial Statements. In the future should these estimates and assumption that are based on management's best assessment, differ from the actual circumstances, they will be changed in an appropriate way in the period in which the circumstances themselves change.

In particular and at the time of preparing the Interim Report on Operations as at 30/09/2008, the income taxes for the period for the individual consolidated enterprises were determined on the basis of the best estimate possible in relation to the information available and on the reasonable estimate of the trend for the financial year until the end of the tax period.

The Balance Sheet information as at 31/12/2007, the Income Statement information as well as that relative to the cash-flow for the first nine months of 2007 was presented for comparative purposes; we have also set out the movements in shareholders' equity for the first nine months of 2007 in application of IAS 1 (Presentation of the Financial Statements).

As set out herein on 04/02/2008 PRIMA INDUSTRIE S.p.A. perfected the purchase of all the share capital of FINN-POWER OY and its subsidiaries. As a result of this operation the information in the Interim Report on Operations is not comparable to the data relative to the Consolidated Financial Statements of the previous financial year nor with the data relative to the corresponding period of the previous financial year.

ACCOUNTING PRINCIPLES

The same accounting standards as those used for the Consolidated Financial Statements for the year ended 31/12/2007 were applied for the preparation of the interim Financial Statements. In this regard, the reader is referred to the Annual Financial Statements for further information.

In the first nine months of the 2008 financial year, the Group carried out operations with the minority shareholders and for the detail in this regard the reader is referred to the paragraph entitled "Business Combination" in the Notes to the Financial Statements. For the purposes of the accounting treatment of the purchases and sales of the minority shares in the subsidiary companies, the PRIMA INDUSTRIE Group adopted the "*Parent entity extension method*", which provides that the difference between the purchase price of the minority share acquired and the value of same included in the Consolidated Financial Statements at the date of the acquisition must be treated as an operation with third parties and thus disclosed as a change in the value of goodwill. Similarly the effects of the sales are set out in the Income Statement.

ACCOUNTING STATEMENT FORMAT

As far as the lay-out of the Financial Statements is concerned, the Company has elected to use the lay-out described hereinbelow:

- 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 Shareholders' 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 unrealized 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.

These Financial Statement were authorised for publication by the Board of Directors on 13/11/2008.

BUSINESS COMBINATIONS

FINN-POWER Oy

On 04/02/2008 PRIMA INDUSTRIE S.p.A. perfected the acquisition of all the share capital of FINN-POWER OY and its subsidiary companies (the FINN-POWER Group).

The acquisition costs amounted to 90,722 thousand Euro.

The net value of the assets and liabilities, amounting to 41,164 thousand Euro includes goodwill of 76,599 thousand Euro, the accounting value of which was written off. In view of the fact that the establishment of the fair value of the assets, liabilities and potential liabilities acquired is, at date hereof, still in progress, we have taken advantage of the right accorded in paragraph 62 of IFRS 3 that regulates the methods of recording the business aggregations allowing the company to complete the definition of the fair value of the assets and liabilities acquired within 12 months of the date of the acquisition.

The determination of the fair value of the assets and liabilities acquired will be finalised with the preparation of the consolidated Financial Statements as of 31 December 2008.

The amount of 126,157 thousand Euro was provisionally allocated to the item "Goodwill", included amongst the "Intangible fixed assets".

The final valuation of the fair value of the assets and liabilities has been entrusted to an independent expert and will in the future give rise to an adjustment of the values recorded as at September 2008. These adjustments will have an influence on the determination of the result for the 2008 financial year through the amortisation quotas applicable to the financial year related to the fair value of the assets acquired.

The cost of the aggregation, in an amount of 63,984 thousand Euro, was paid to the seller, whereas a residual debt of 25,000 thousand Euro was recorded as of 30/09/2008, increased by the financial charges which matured during the period in an amount of 982 thousand Euro.

The parent company procured the financial resources necessary for the acquisition and repayment of the financial borrowings of the acquired Group by way of a loan of 183.5 million Euro made up of a credit line, 113.5 million Euro of which was employed as at 30 September 2008; additional resources were obtained by means of a capital increase finalised in July 2008 which resulted in a net receipt of 24.7 million Euro.

OSAI UK Ltd.

During the course of the 2008 financial year OSAI S.p.A. acquired the remaining minority interest (18%) in OSAI UK Ltd. The price paid amounted to 257 thousand Euro.

As set out in the section entitled "Accounting Principles" the difference between the purchase price of the minority share acquired and the value of the said share as at the acquisition date (220 thousand Euro) was recorded as an increase in Goodwill.

OSAI UK Ltd, insofar as it is a subsidiary company, was already consolidated on a line by line basis in the Consolidated Financial Statements of the Group as at 31 December 2007 and thus it is not believed to be necessary to provide the declaration required by IFRS 3 paragraphs 67 et seq., nor to proceed to recalculate the value of the net assets that can be recorded in the Financial Statements.

EXPLANATORY NOTES

Some details relative to the more important changes in the items of the Financial Statements are provided below. The figures are expressed in thousands of Euro unless stated to the contrary.

Note 1.

Tangible fixed assets	Land and building	Plant and machinery	Industrial & commercial equipment	Other assets	Fixed ass. under constr.	TOTAL
Net value as at 31 December 2007	5.967	2.038	840	1.077	244	10.166
Net value as at 30 September 2008	25.615	3.806	2.389	2.363	-	34.173

The increase in the tangible fixed assets is mainly due to the entry of the FINN-POWER Group into the area of consolidation, which has a net book value of tangible fixed assets amounting to 20,099 thousand Euro as of 30/09/2008.

The net investments for the period amount to 3.6 million Euro and mainly relate to the acquisition of industrial land in the municipality of Collegno.

Note 2.

Intangible fixed assets	Goodwill	Research & development	Other assets	TOTAL
Net value as at 31 December 2007	6.351	-	362	6.713
Net value as at 30 September 2008	132.605	4.564	8.858	146.027

The most significant item of the intangible fixed assets is the goodwill which as at 30/09/2008 amounted to 132,605 thousand Euro. This item is made up as follows:

- 126,157 thousand Euro relates to the acquisition of the FINN-POWER Group; for greater detail the reader is referred to the section entitled "BUSINESS COMBINATION";
- 4,162 thousand Euro relates to the acquisition of the OSAI Group, which took place in the previous financial year; this goodwill increased during the period by 37 thousand Euro as a result of the acquisition of the minority interest in OSAI UK Ltd.;
- 2,133 thousand Euro relates to the acquisition in 2000 and 2001 of the LASERDYNE SYSTEMS and CONVERGENT LASERS which formed PRIMA North America, Inc.;
- 153 thousand Euro relates to the goodwill recorded in PRIMA ELECTRONICS pursuant to the merger of MLTA.

Note 3.

The item includes the figure in respect of the land owned by a company of the Group and is not instrumental to the business operations.

Note 4.

The item includes the valuation of the shareholders' equity of the JVs. The figure mainly relates to the Shanghai Unity PRIMA JV (3,422 thousand Euro); during the first nine months of 2008 the Parent company's stake was increased by 7.5% (rising from 27.5% to 35%), by way of an investment of 833 thousand Euro. Thus the increase in the value of the equity investments compared to 31/12/2007 reflects the aforesaid increase in the Shanghai Unity Prima JV, the portion of the result relative to the Group and the effect of the exchange rate.

Note 5.

The derivative financial instruments as of 30/09/2008 relate to the three Interest Rate Swap contracts (IRS); the valuation of these derivative instruments includes the fair value of the instruments put into place to meet the interest rate risk.

Note 6.

Inventories	30/09/2008	31/12/2007
Raw materials	48.807	18.870
(Prov. for writedown of raw materials)	(3.695)	(2.812)
Semifinished products	26.597	11.996
(Prov. for writedown of semifinished products)	(110)	-
Finished products	53.164	15.399
(Prov. for writedown of finished prod.)	(2.502)	(1.486)
TOTAL	122.261	41.967

The breakdown of the inventories at 30/09/2008 highlights a significant increase in all items, mainly due to the entry into the area of consolidation of the FINN-POWER Group, which as at 30/09/2008 has an effect of approximately 61 million Euro;

Note 7.

The trade receivables increased compared to 31/12/2007 by 27,332 thousand Euro. This increase must mainly be attributed to the increase in the area of consolidation of the Group. The contribution of the FINN-POWER Group as of 30/09/2008 in fact amounted to approximately 34 million Euro; without taking this effect into account, the balance of the receivables would reflect a reduction off approximately 7 million Euro compared to the figure at 31/12/2007; The increased receivables as of 31/12/2007 reflect the increased sales volume in the last part of the 2007 financial year.

Note 8.

The other receivables at 30/09/2008 amount to 12,515 thousand (of which 1,701 thousand Euro is not current), and have increased as of 31/12/2007 by approx. 9.9 million Euro.

As already emphasized in relation to the trade receivables, the increase in other receivables must be attributed almost exclusively to the increase in the area of consolidation.

Other receivables mainly relate to advances to suppliers and receivables due by inland revenue.

Note 9.

	30/09/2008	30/06/2008	31/12/2007 (*)	30/09/2007 (*)
Cash	(18.104)	(25.299)	(21.551)	(15.508)
Short-term payables	20.243	50.760	5.577	1.812
Medium/long-term payables	149.378	148.655	15.206	19.416
Total Net Financial Position	151.517	174.116	(768)	5.720

(*) For a better understanding of the information, the values relative to 2007 have been reclassified

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

	in thousands of Euro	
	30/09/2008	31/12/2007
A CASH	18.104	21.551
B OTHER CASH AND CASH EQUIVALENTS		
C SECURITIES HELD FOR TRADING		
D LIQUIDITY (A+B+C)	18.104	21.551
E CURRENT FINANCIAL RECEIVABLES		
F CURRENT BANK PAYABLES	1.626	359
G CURRENT PTN OF NON CURRENT BANK BORROWINGS	16.657	4.135
H OTHER CURRENT FINANCIAL PAYABLES	1.960	1.083
I CURRENT FINANCIAL BORROWINGS (F+G+H) (LIQUIDITY)	20.243	5.577
J NET CURRENT FINANCIAL BORROWINGS / (LIQUIDITY) (I-E-D)	2.139	(15.974)
K NON CURRENT BANK PAYABLES	116.203	13.805
L DEBENTURES ISSUED		
M OTHER NON CURRENT PAYABLES	33.175	1.401
N NET NON CURRENT FINANCIAL BORROWINGS (K+L+M-N)	149.378	15.206
O NET FINANCIAL BORROWINGS (J+N)	151.517	(768)

As of 30/09/2008 the Net Financial Position was negative in an amount of 151,517 thousand Euro and was significantly influenced by the loan signed for the acquisition of the FINN-POWER Group. The financial cover for the purchase of the FINN-POWER Group was ensured by various medium/long-term credit lines.

Note 10.

We set out hereunder the main operations of a capital nature that took place in the first months of the 2008 financial year.

Stock options plan

The Shareholders' Meeting of 29/04/2008 approved the creation of a stock option plan, aimed at the executive directors of PRIMA INDUSTRIE S.p.A., PRIMA ELECTRONICS S.p.A. and FINN-POWER Oy, as well as the financial director of the Group and the General Manager of PRIMA INDUSTRIE S.p.A., in their capacity as executives with the power to adopt strategic decisions. For further detail the reader is referred to the Six-monthly report as of 30/06/2008 as well as the documentation published on the Company's website. www.primaindustrie.com, in the section "Investors" – "Shareholders' information".

In the first nine months the costs relative to the aforesaid plan amounted to 195 thousand Euro.

Capital increase

On 31/07/2008 the capital increase against payment was successfully finalised; this increase had been resolved upon by the Board of Directors of the company on 18/06/2008 pursuant to the mandate given to it in terms of section 2443 of the Italian Civil Code by the Extraordinary Meeting of Shareholders held on 29 April 2008. The capital increase thus concluded with the entire 1,800,000 newly issued ordinary shares being subscribed for, for an amount of 25,650,000 thousand Euro. This operation has been fully discussed in the section headed "Business trends" in the paragraph "Significant events of the quarter" and the reader is asked to refer to this paragraph for further comments.

Note 11.

The trade payables of the PRIMA INDUSTRIE Group went from 33,728 thousand Euro as at 31/12/2007 to 83,693 thousand Euro at 30/09/2008. This significant increase reflects the entry of the FINN POWER Group into the area of consolidation.

The effect of the FINN-POWER Group as at 30/09/2008 amounts to 38,673 thousand Euro.

Note 12.

The customer advances mainly refer to the advances received on the machines ordered and/or installed and machines delivered but not yet accepted by the customer (and thus not accounted for as revenue in terms of IAS 18). As already highlighted for the items previously explained, the increase in this item (of 35,519 thousand Euro) is mainly due to the FINN-POWER Group.

Note 13.

These items mainly include the product warranty funds, which as at 30/09/2008 amount to 8,669 thousand Euro (of which 3,786 thousand Euro relates to the FINN-POWER Group).

Note 14.

Consolidated revenues amounted 264,921 thousand Euro as at 30/09/2008. The significant increase compared to the corresponding period of 2007 is due both to the growth in the company's business, as well as to the change in the area of consolidation. These aspects have been fully discussed in the section headed "Business trends" in the paragraph "Revenues and profitability" and the reader is asked to refer to this paragraph for further comments.

Note 15.

477 thousand Euro of this revenue relates to the pro rata result achieved in the first nine months by the Shanghai Unity PRIMA JV and 11 thousand Euro relates to the loss for the period in the SNK PRIMA JV.

Note 16. Transactions with related parties

The transactions with related 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: 1/01/2008 to 30/09/2008

TRANSACTIONS WITH JVs	SHENYANG PRIMA LASER MACHINE CO.LTD	SHANGHAI UNITY PRIMA LASER MACHINERY CO. LTD	WUHAN OVL CONVERGENT	TOTAL TRANS. WITH JVs
RECEIVABLES AT 01/01/2008	379.963	-	-	379.963
RECEIVABLES AT 30/09/2008	188.126	-	-	188.126
PAYABLES AT 01/01/2008	-	-	-	-
PAYABLES AT 30/09/2008	46.065	28.900	-	74.965
REVENUES 01/01/08-30/09/2008	304.643	74.532	1.500.906	1.880.081
COSTS 01/01/08 - 30/09/2008	-	-	-	-
CHANGE IN RECEIVABLES 01/01/08 - 30/09/2008	-	-	-	-
CHANGE IN PAYABLES 01/01/08 - 30/09/2008	191.837	-	-	(191.837)
CHANGE IN PAYABLES 01/01/08 - 30/09/2008	46.065	28.900	-	74.965

TRANSACTIONS WITH OTHER ASSOCIATED PARTIES	STRATEGIC MANAGEMENT
RECEIVABLES AT 01/01/08	-
RECEIVABLES AT 30/09/2008	-
PAYABLES AT 01/01/08	286.738
PAYABLES AT 30/09/2008	265.950
REVENUES 01/01/08 - 30/09/2008	-
COSTS 01/01/08 - 30/09/2008	1.824.445
CHANGE IN RECEIVABLES 01/01/08 - 30/09/2008	-
CHANGE IN PAYABLES 01/01/08 - 30/09/2008	(20.788)
CHANGE IN PAYABLES 01/01/08 - 30/09/2008	-

TRANSACTIONS WITH ASSOCIATED PARTIES	TOTAL
RECEIVABLES AT 01/01/08	379.963
RECEIVABLES AT 30/09/2008	188.126
PAYABLES AT 01/01/08	286.738
PAYABLES AT 30/09/2008	340.915
REVENUES 01/01/08 - 30/09/2008	1.880.081
COSTS 01/01/08 - 30/09/2008	1.824.445
CHANGE IN RECEIVABLES 01/01/08 - 30/09/2008	-
CHANGE IN PAYABLES 01/01/08 - 30/09/2008	(191.837)
CHANGE IN PAYABLES 01/01/08 - 30/09/2008	(20.788)
CHANGE IN PAYABLES 01/01/08 - 30/09/2008	74.965

Note 17. Significant non recurring events

During the period under review the only significant non recurring event was the acquisition of the FINN-POWER Group. For more detail please refer to the paragraph headed “Events that took place in the six months – acquisition of the FINN-POWER Group”, as well as to the document prepared in terms of clause 71 of the Issuers' Regulation, or to the Prospectus available on the Company's website www.primaindustrie.com www.primaindustrie.com, in the section “Investors” – “Shareholders' information”.

Note 18. Atypical and/or unusual positions or transactions during the period

For the purposes of Consob Notice No. DEM/6064296 dated 28/07/2006 it should be noted that during the first nine months of 2008 the Group did not effect any atypical and/or unusual transactions as defined in the aforesaid notice.

Note 19. Information pursuant to § 116 et seq. of IAS-IFRS

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.

As regards the goodwill that arose as a result of the acquisition of FINN-POWER, we point out that we are in the process of carrying out the allocation of the cost of the business aggregation, which will be finalised by the end of this financial year.

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.

SEASONAL NATURE OF BUSINESS

The Group's business is characterised by seasonality tied to the dynamics of the capital goods market. In particular the first and third quarters are usually weaker than the second and third quarters.

EARNINGS PER SHARE AND DIVIDEND PER SHARE

(a) *Basic earnings per share*

The basic earnings per share is determined by dividing the earnings due to the shareholders 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 period, the stock in circulation, until 31/07/2008 amounted to 4,400,000, shares, (of which 3,000 are treasury stock held by the company until 28/02/2008 and after the capital increase they amounted to 6,400,000; thus the earnings per share for the first nine months of 2008 amounted to €1.49 per share (compared to €1.69 per share for the same period in 2007).

	30/09/2008	30/09/2007
Profits due to shareholders (euro/1,000)	7.441	7.774
Weighted average no. of ordinary shares	5.000.062	4.597.056
Basic earnings per share (euro)	1,49	1,69

(b) *Diluted earnings per share*

The diluted earnings per share is determined by dividing the earnings allocated to the shareholders of the Parent Company by the average number of shares in circulation during the period, corrected to take into account the effects of the potential ordinary shares with dilutive effect.

Those shares tied to the stock option plan were considered as potential ordinary shares with a dilutive effect.

	30/09/2008	30/09/2007
PROFITS DUE TO SHAREHOLDERS (EURO/1,000)	7.441	7.774
WEIGHTED AVERAGE NO. OF ORDINARY SHARES	5.000.062	4.597.056
ADJUSTED AVERAGE NO. OF ORDINARY SHARES	5.150.062	4.597.056
DILUTED EARNINGS PER SHARE	1,44	1,69

In relation to the stock option plan the reader is referred to the specific paragraph dedicated to this subject in this document.

(c) ***Dividend per share***

On 29/04/2008 the Shareholders' Meeting resolved to distribute a gross dividend per share on the 2007 profit of 0.65 Euro (i.e. equal to the previous financial year), to be paid to all the shares in circulation, (excluding treasury stock held in portfolio by the company itself) at the cut-off date for the payment of the said dividend (26/05/2008). The total amount of the dividend distributed, with payment date being the 29/05/2008, amounts to 2,990 thousand Euro.

SUBSEQUENT EVENTS

After 30 September 2008 no circumstances arose that required amendment or supplementation of this Interim Report on Operations.

SEGMENT REPORT

With effect from 2008, pursuant to the acquisition of the FINN-POWER Group, a third business sector has been identified, namely the segment dedicated to “Sheet metal processing machinery”.

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

No comparative data is available in relation to the segment "Plate processing machinery".

(in thousands of Euro)

Sector result - 30/09/2008	Laser systems	Electronics	Sheet Metal Processing Machinery	Unallocated	Group
Total sector revenues	104.163	32.949	133.890	-	271.002
(Infra-sector revenues)	(1.141)	(4.863)	(77)	-	(6.081)
Revenues	103.022	28.086	133.813	-	264.921
Operating profit/loss	13.402	2.551	3.712	-	19.665
Net financial income/expenses	(4.221)	(454)	(4.053)	-	(8.728)
Income/exp. from assoc. co. & joint ventures	466	-	-	-	466
Operating profit/loss before tax	-	-	-	-	11.403
Taxes	-	-	-	-	(3.962)
Net profit/loss	-	-	-	-	7.441

Sector result - 30/09/2007	Laser systems	Electronics	Sheet Metal Processing Machinery	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 profit/loss	11.809	3382	-	-	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

(in thousands of Euro)

Sector result - 30/09/2008	Laser systems	Electronics	Sheet Metal Processing Machinery	Unallocated	Group
Depreciation - Tangible fixed assets	606	454	1.639	-	2.699
Amortisation - Intangible fixed assets	341	28	1.051	-	1.420
Total	947	482	2.690	-	4.119

Sector result - 30/09/2007	Laser systems	Electronics	Sheet Metal Processing Machinery	Unallocated	Group
Depreciation - Tangible fixed assets	603	294	-	-	897
Amortisation - Intangible fixed assets	100	24	-	-	124
Total	703	318	-	-	1.021

Sector result - 30/09/2008	Laser systems	Electronics	Sheet Metal Processing Machinery	Unallocated	Group
Assets	147.305	35.942	210.922	31.981	426.150
Associated companies & JVs	3.696	750	-	-	4.446
Total assets	151.001	36.692	210.922	31.981	430.596
Liabilities	65.497	16.828	89.368	178.474	350.167

Sector result - 30/09/2007	Laser systems	Electronics	Sheet Metal Processing Machinery	Unallocated	Group
Assets	78.419	44.516	-	26.687	149.622
Associated companies & JVs	2.640	-	-	-	2.640
Total assets	81.059	44.516	-	26.687	152.262
Liabilities	57.727	16.424	-	31.867	106.018

On behalf of the Board of Directors
The Chairman



Mr. Gianfranco Carbonato.



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

I the undersigned, Massimo Ratti, the director appointed to draw up the corporate accounting documents of the PRIMA INDUSTRIE Group certify, in terms of the second paragraph of section 154 bis, part IV, title III, item II, section V bis, of Legislative Decree No. 58 dated 24th February 1998, that the accounting disclosure contained in this Interim Report on Operations corresponds with the documentary situation, as well as with the accounting books and entries.

