



PRIMA INDUSTRIE

**INTERIM REPORT ON OPERATIONS
ENDING SEPTEMBER 30, 2010**

November 10, 2010

MANAGEMENT AND CONTROL

Board of Directors (B.o.D.)

Chairman and Managing Director	Gianfranco Carbonato
Non-independent Directors	Michael Mansour, Rafic Y. Mansour
Independent Directors	Sandro d'Isidoro Mario Mauri
Other Executive Directors	Domenico Peiretti Ezio G. Basso
Secretary of the Board of Directors	Massimo Ratti

General Director

Ezio G. Basso

Internal Control Committee

Chairman	Sandro d'Isidoro
Components	Mario Mauri, Michael Mansour

Remuneration Committee

Chairman	Mario Mauri
Components	Sandro d'Isidoro Rafic Y. Mansour

Board of Auditors

Chairman	Riccardo Formica
Regular Auditors	Andrea Mosca Roberto Petrignani
Alternate auditors	Roberto Coda Franco Nada
Auditing Company	Reconta Ernst & Young SpA

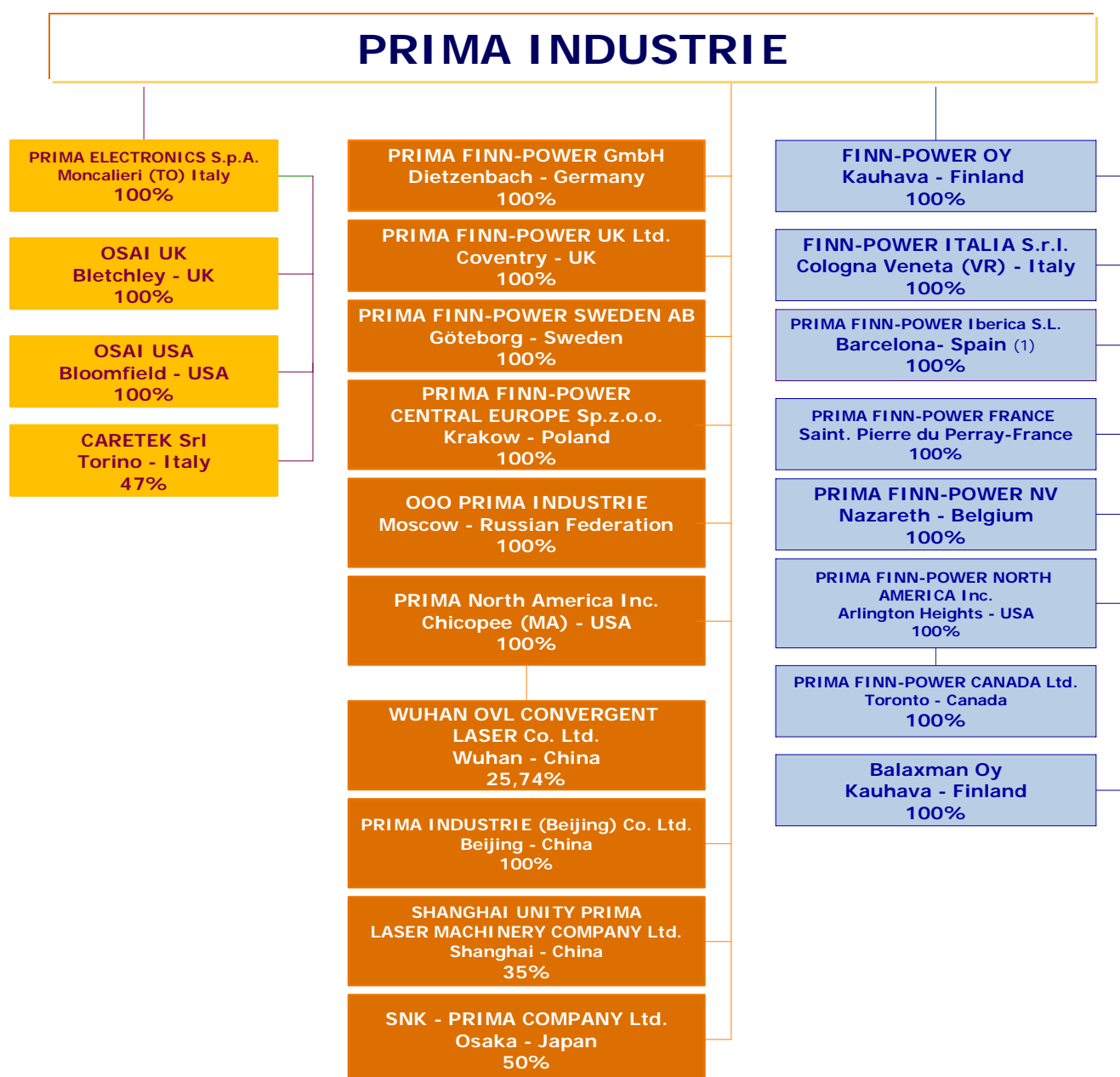
Expiry of mandates and Appointments

- | | |
|---|---|
| <ul style="list-style-type: none"> ▶ The BoD shall remain in office until the approval of the 2010 Financial Statements. ▶ At the meeting of May 7, 2008 the B.o.D. appointed as Managing Director Mr. Gianfranco Carbonato, endowing him with the relative powers. ▶ In terms of clause 25 of the Company By-Laws, the Chairman and Managing Director is the legal representative of the Company. | <ul style="list-style-type: none"> ▶ The Board of Statutory Auditors shall remain in office until the approval of the 2012 Financial Statements. ▶ The Auditing company was appointed by the Stockholder's Meeting held on April 29, 2008 for the period 2008 - 2016. |
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INDEX

MANAGEMENT AND CONTROL	2
CHAPTER 1. STRUCTURE OF THE PRIMA INDUSTRIE GROUP AS OF 30/09/2010	4
CHAPTER 2. INTRODUCTION	5
FOREWORD	5
ALTERNATIVE PERFORMANCE INDICATORS	5
EXCHANGE RATES	6
CONSOLIDATION AREA	6
CHAPTER 3. GROUP INTERIM MANAGEMENT REPORT	10
MACROECONOMIC CONTEXT	10
SIGNIFICANT EVENTS IN THE PERIOD	10
INCOME AND PROFITABILITY	11
ORDER ACQUISITION AND PORTFOLIO	15
NET FINANCIAL POSITION	16
RESEARCH AND DEVELOPMENT	17
PERSONNEL	18
THE STOCK TREND AND TREASURY STOCK	18
SHAREHOLDING STRUCTURE	19
STOCK OPTION PLANS	20
OPERATIONS WITH ASSOCIATES	20
ATYPICAL AND UNUSUAL TRANSACTIONS	20
EVENTS WHICH TOOK PLACE AFTER THE END OF THE QUARTER	20
FORESEEABLE MANAGEMENT DEVELOPMENTS AND PROSPECTS FOR THE YEAR IN PROGRESS	20
CHAPTER 4. ECONOMIC PERFORMANCE BY SEGMENT	21
LASER SYSTEMS	21
ELECTRONICS	22
SHEET METAL PROCESSING EQUIPMENT	22
5. ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS OF THE PRIMA INDUSTRIE GROUP AS OF 30/09/2010	23
ACCOUNTING TABLES	23
BALANCE SHEET – CONSOLIDATED FINANCING	24
CONSOLIDATED INCOME STATEMENT	25
TOTAL CONSOLIDATED INCOME STATEMENT	26
TABLE OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY	27
CONSOLIDATED STATEMENT OF CASH FLOW	28
CHAPTER 6. EXPLANATORY NOTES	29
COMPANY INFORMATION	29
FORM AND CONTENT	30
ACCOUNTING PRINCIPLES	31
FINANCIAL STATEMENT FORMAT	31
EXPLANATORY NOTES	33

Chapter 1. STRUCTURE OF THE PRIMA INDUSTRIE GROUP AS OF 30/09/2010



⁽¹⁾FINN-POWER OY holds 78% of PRIMA FINN-POWER IBERICA S.L. (the remaining 22% is held by PRIMA INDUSTRIE SpA).

Chapter 2. INTRODUCTION

FOREWORD

The Interim Report on Operations of the PRIMA INDUSTRIE Group at September 30, 2010 was prepared pursuant to section 154 ter of Legislative Decree 58/1998 as amended, and to the Issuers regulations issued by CONSOB.

The Interim Report was prepared in accordance with the International Accounting Standards (the "IFRS") issued by the International Accounting Standards Board (the "IASB") and approved by the European Union and were prepared in accordance with IAS 34 - Interim Financial Statements.

This Interim Report was approved by the Board of Directors on November 10, 2010 and is not subject to audit.

ALTERNATIVE PERFORMANCE INDICATORS

In addition to the other conventional financial indicators prescribed in the IFRS this interim report contains other alternative performance indicators in order to provide a better assessment of the economic and financial management.

These indicators, that are also presented in the Management Report at the time of filing the other periodical reports must not, however, be considered as replacements for the conventional ones foreseen by the IFRS.

The Group uses as alternative performance indicators:

- the EBIT (which corresponds to the "Operating Profit"),
- the EBITDA ("Profit before interest, taxes and depreciation"), that is calculated by adding to the "Operating Profit" in the financial statements "Depreciation", "Impairment and Write-downs".
- the normalized EBIT and EBITDA, which correspond to the aforementioned indicators net of non-recurrent items.

Also mentioned are:

- The "Value of production", represented by the sum of the items "Net revenues from sales and services", "Other operating revenues", "Variation in inventories of unfinished and finished products" and "Increases for internal works", and
- the "Margin of contribution", represented by the sum of the items "Net revenues from sales and services", "Other operating revenues", "Consumption of raw materials", "Variation of inventories of unfinished and finished products" and "Other overhead costs".

EXCHANGE RATES

The rates of exchange applied in conversion in the financial statements expressed in currencies other than the euro, for purposes of consolidation, are as follows.

CURRENCY	AVERAGE EXCHANGE RATE		SPOT EXCHANGE RATE	
	30/09/10	30/09/09	30/09/10	31/12/09
US DOLLAR	1,3160	1,3650	1,3648	1,4406
POUND STERLING	0,8556	0,8865	0,8600	0,8881
SWEDISH KRONA	9,7086	10,7097	9,1421	10,2520
CHINESE RENMINBI	9,0116	9,3259	9,1321	9,8350
JAPANESE YEN	118,7007	129,4137	113,6800	133,1600
POLISH ZLOTY	4,0246	4,3817	3,9847	4,1045
CANADIAN DOLLAR	1,3630	1,5934	1,4073	1,5128
RUSSIAN RUBLE	39,7905	44,3295	41,6923	43,1540

CONSOLIDATION AREA

The only variation which occurred in the area of consolidation during the first nine months of the 2010 financial period, was the entrance in the perimeter of the newly incorporated Russian branch OOO PRIMA INDUSTRIE (for further details on the subject, see also SIGNIFICANT EVENTS IN THE PERIOD, in the next paragraph); this company is wholly owned by PRIMA INDUSTRIE SpA. It should be noted, however, that PRIMA ELECTRONICS S.p.A. incorporated, in February 2010, Caretek S.r.l. and holds 47% of the shares; this company is consolidated with the "shareholders' equity method".

On February 19, 2010 the two German subsidiaries of the company were merged: PRIMA INDUSTRIE GmbH and FINN-POWER GmbH, previously 100% owned respectively by PRIMA INDUSTRIE S.p.A. and FINN-POWER OY.

For more information regarding these operations, reference is made to "CHAPTER 3 – GROUP INTERIM MANAGEMENT REPORT".

The under mentioned companies fell within the scope of consolidation indicated in the tables below as of 30/09/2010.

SUBSIDIARY COMPANIES				
LASER SYSTEMS SEGMENT	REGISTERED OFFICE	SHARE CAPITAL	STAKE	CONSOLIDATION METHOD
PRIMA North America, Inc.	CONVERGENT LASERS: 711 East Main Street, Chicopee, MA 01020, U.S.A.	USD 24,000,000	100%	Line-by-line method
	LASERDYNE SYSTEMS DIVISION: 8600, 109th Av. North, Champlin, MN 55316, U.S.A.			
PRIMA INDUSTRIE GmbH	Lise-Meitner Strasse 5, Dietzenbach, GERMANY	€ 500.000	100%	Line-by-line method
PRIMA FINN-POWER SWEDEN AB	Mölnålsvägen 30 C, Göteborg, SWEDEN	SEK 100,000	100%	Line-by-line method
PRIMA FINN-POWER UK LTD.	Unit 1, Phoenix Park, Bayton Road, Coventry CV7 9QN, UNITED KINGDOM	GBP 1	100%	Line-by-line method
PRIMA FINN-POWER CENTRAL EUROPE Sp.z.o.o.	ul. Przemysłowa 25 - 32-083 Balice, POLSKA	PLN 350,000	100%	Line-by-line method
PRIMA INDUSTRIE (Beijing) Company Ltd.	Rm.1 M, no. 1 Zuo Jiazhuang. Guomen Building, Chaoyang District, Beijing, P.R. CHINA	RMB 1,046,900	100%	Line-by-line method
OOO Prima Industrie	Ordzhonikidze str., 11/A - 115419, Moscow - RUSSIAN FEDERATION	RUB 4.800.000	100%	Line-by-line method
ELECTRONICS SEGMENT				
PRIMA ELECTRONICS S.p.A.	Strada Carignano 48/2, 10024 Moncalieri, (TO) ITALY	€ 6.000.000	100%	Line-by-line method
OSAI USA, LLC	711 East Main Street, Chicopee, MA 01020, U.S.A.	USD 39,985	100%	Line-by-line method
OSAI UK Ltd.	Mount House - Bond Avenue, Bletchley, MK1 1SF Milton Keynes, UNITED KINGDOM	GBP 160,000	100%	Line-by-line method

SUBSIDIARY COMPANIES					
METAL SHEET MACHINES SEGMENT	REGISTERED OFFICE	SHARE CAPITAL	STAKE	CONSOLIDATION METHOD	
FINN POWER Oy	Metallite 4, FI - 62200 Kauhava, FINLAND	€ 23.417.108	100%	Line-by-line method	
BALAXMAN Oy	Metallite 4, FI-62200 Kauhava, FINLAND	€ 2.522	100%	Line-by-line method	
PRIMA FINN-POWER Iberica S.L.	C/Primero de Mayo 13-15, 08908 L'Hospitalet de Llobregat, Barcelona, SPAIN	€ 6.440.000	100%	Line-by-line method	
FINN-POWER Italia S.r.l.	Viale Finlandia 2, 37044, Cologna Veneta (VR), ITALY	€ 1.500.000	100%	Line-by-line method	
PRIMA FINN-POWER NV	Leenstraat 5, B-9810 Nazareth, BELGIUM	€ 500.000	100%	Line-by-line method	
PRIMA FINN-POWER FRANCE	Espace Green Parc , Route de Villepècle 91280 St. Pierre du Perray, FRANCE	€ 792.000	100%	Line-by-line method	
PRIMA FINN-POWER NORTH AMERICA Inc.	555W Algonquin Rd., Arlington Heights, IL 60005, U.S.A.	USD 10,000	100%	Line-by-line method	
PRIMA FINN-POWER CANADA Ltd.	1040 Martingrove Road, Unit 11, Toronto, Ontario M9W 4W4, CANADA	CAD 200	100%	Line-by-line method	

JOINT VENTURES				
	REGISTERED OFFICE	SHARE CAPITAL	STAKE	CONSOLIDATION METHOD
SNK PRIMA Company Ltd	Misaki Works 3513-1, Fuke Misaki-Cho, Sennan-Gun, Osaka, JAPAN	Yen 90,000,000	50%	Net equity method
Shanghai Unity PRIMA Laser Machinery Co Ltd.	2019, Kunyang Rd., Shanghai 201111 - P.R. CHINA	Rmb 16,000,000	35%	Net 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	Rmb 62,364,091	25,7%	Net equity method
CARETEK S.r.l.	Via Pio VII, 127 10127 Torino, ITALIA	€ 100.000	47%	Net equity method

Chapter 3. GROUP INTERIM MANAGEMENT REPORT

MACROECONOMIC CONTEXT

After a first semester that showed an unquestionable recovery of the economy in all its sector, the third quarter 2010 showed fluctuating performance, introducing a more moderate economic growth stage.

In Italy, industrial production fell in September by 0.70% after the jump in August (+1.6%). A monthly survey by the Confindustria Study Centre reports that the loss of impetus of the recovery could precede a period of slower economic growth until the beginning of 2011.

In the forecasts published by the International Monetary Fund (FMI) for 2010-2011, the European recovery also appears weak. Europe will grow this year by 2.3% and next year by 2.2%. The GDP for the Euro Zone (the countries that adopt the Euro as their currency) will climb by 1.7% this year and 1.5% next year, while the emerging European economies, that are recovering after the recession, will fare better. The GDP of the entire region should grow by 3.9% in 2010 and 3.8% in 2011, a net reversal with respect to the reduction of 6% in 2009.

The OECD has revised its forecasts of economic growth for the United States, with an expected expansion of the GDP of 2.6% in both 2010 and 2011.

Germany is the country, among the developed economies, with the best expectations of growth, which have been revised upward for both 2010 (from +1.4% to +3.4%) and 2011 (+1.8%).

In particular, for the sector of investment properties, the year 2010 confirms its role as a year of transition. The UCIMU (the Association of Italian Manufacturers of Machine Tools) recorded an increase in orders in the third quarter of 24.9% compared to the same period in 2009, with a more definitely positive trend as regards orders from foreign markets, and negative for those from the domestic market, also due to the loss of the effects of the so-called Tremonti-ter law.

Also according to the UCIMU, moreover, the international prospects for the sector are good, with a growth forecast of 4.7% for the year in progress.

In the U.S., purchases of high technology machine tools in the first three months of the year improved by 62.4% compared to the previous period of 2009 (sources: AMT - The Association For Manufacturing Technology and AMTDA, the American Machine Tool Distributors' Association).

Also for the VDW, the German association of machine tool manufacturers, 2010 remains a year of transition.

A study by Longbow Research, relative to the specific sector of laser technology, reveals that the sector experienced a growth in demand by 69% in the first seven months of the year, compared to 2009, but concentrated mainly on low power products, while the high powers for sheet metal cutting are showing a slower recovery trend.

SIGNIFICANT EVENTS IN THE PERIOD

SALE OF THE COMPANY DIVISION IN SWEDEN

In the sphere of reorganization of the Group's sales sector, its representation on the Scandinavian market was trimmed in a view of greater efficiency. PRIMA

FINN-POWER SWEDEN AB sold its historical distributor Din Maskin, the company division for distribution and after-sales service of its 3D laser systems in Sweden and Norway (including 4 employees).

The sale, for about 0.3 million euro, is part of a program of long-term cooperation between the PRIMA INDUSTRIE Group and Din Maskin, which already distributes and provides service in Scandinavia on the other PRIMA INDUSTRIE and FINN-POWER products, in the Group's strategy of adjustment of its presence on the European markets to the effective size of the business, deriving resources to reinvest on emerging markets with higher growth rates.

INCORPORATION OF A BRANCH IN THE RUSSIAN FEDERATION

On 08/07/2010 OOO PRIMA INDUSTRIE was incorporated, with headquarters in Moscow. The company, a direct 100% subsidiary of PRIMA INDUSTRIE SpA, became operational in the third quarter of the year, and will handle the promotion, sale and technical service of the Group's machines in Russia. The incorporation of a company under Russian law corresponds to the intention of the Group to be more directly present on markets with a high expected rate of growth.

SETTLEMENT WITH OSAI VENDORS:

During the third quarter 2010, PRIMA ELECTRONICS SpA concluded positively with the vendors of OSAI SpA (the company acquired in July 2007 and subsequently merged by incorporation into PRIMA ELECTRONICS) a settlement agreement relative to the controversies caused by the violation of the guarantee statements foreseen in the purchase contract, for an amount of about 0.6 million euro.

INCOME AND PROFITABILITY

The consolidated revenues as of 30/09/2010 amounted to 168,665,000 euro, up by 4,237,000 euro with compared to the same period in 2009 (164,428,000 euro). This increase took place mainly in the second and third quarters, after a first quarter (see table below), that on the one hand reflected the weak order acquisition in 2009 and on the other was compared to a positive first quarter in 2009, in consideration of orders acquired in 2008, before the start of the crisis.

Therefore, on a quarterly basis, revenues in the second and third quarter 2010 showed an increase of 29% and 17%, respectively, compared with the same periods in 2009, as a consequence of the signs of recovery in orders (see the paragraph "Trade assets and order portfolio").

<i>Revenues (€/000)</i>	<i>I Quarter</i>	<i>II Quarter</i>	<i>III Quarter</i>	<i>9 months</i>
Year 2010	48.060	66.452	54.153	168.665
Year 2009	66.675	51.410	46.343	164.428
Change	(18.615)	15.042	7.810	4.237
Change%	-28%	29%	17%	3%

The geographical breakdown of consolidated revenues at 30/09/2010, compared with the corresponding period in 2009, is shown below.

Revenues	September 30, 2010		September 30, 2009	
	<i>Euro thousand</i>	%	<i>Euro thousand</i>	%
Italy	38.052	22,6	33.610	20,4
Europe	59.420	35,2	70.814	43,1
North America	31.171	18,5	30.267	18,4
Asia and Rest of the World	40.022	23,7	29.737	18,1
TOTAL	168.665	100,0	164.428	100,0

Sales by geographical area show a shift of the Group's turnover from Europe to the emerging markets of Asia and the Rest of the World (where business reaches almost 25% of the total consolidated turnover), to the detriment of the European countries. In Italy there was a significant improvement thanks to the effects of the so-called Tremonti-ter law. The North American market remained substantially stable (with a share still around 18%).

The subdivision of the revenues by business segment is set out below, (for more details with regard to the Group's operating segments reference is made to note "6.30 – Segment Report").

Revenues	September 30, 2010		September 30, 2009	
	<i>Euro thousand</i>	%	<i>Euro thousand</i>	%
Laser Systems	68.534	40,6	62.124	37,8
Electronics	22.883	13,6	20.291	12,3
Sheet metal machinery	94.421	56,0	92.181	56,1
Inter-sector revenues	(17.173)	(10,2)	(10.168)	(6,2)
TOTAL	168.665	100,0	164.428	100,0

The breakdown by segment reveals that all segments showed an increase compared to the corresponding period in 2009. The higher inter-segment revenues testify to the increasing level of integration of the Group.

To complete the report on revenues for the first nine months of 2010, we set out below the breakdown of the revenues (net of inter-segment items) by segment and geographical area.

Revenues	Italy	Europe	North America	Asia and Rest of the World	TOTAL
<i>euro thousand</i>					
Laser Systems	13.967	20.710	7.093	16.343	58.113
Electronics	9.720	8.390	774	1.228	20.112
Sheet metal machinery	14.365	30.320	23.304	22.451	90.440
TOTAL	38.052	59.420	31.171	40.022	168.665

The Laser systems segment had 36% of its sales in Europe, 24% in Italy, and shows good performance in the Asia and Rest of the World (28% of the total), where it obtained appreciable results in China. The Electronic segment shows good performance above all in Italy and Europe (particularly Benelux and Spain). The sheet metal processing machines are a very important factor in northern Europe, the United States, Italy and China.

The Group's turnover does not include revenues earned by the Chinese joint ventures, (consolidated with the shareholders' equity method), amounting to 38.1 million euro in the first nine months of 2010 (value almost twice that earned in the first nine months of 2009); in particular we can report that the JV Shanghai Unity PRIMA (35% owned) contributed to this result for 35.4 million euro.

The **VALUE OF PRODUCTION** at 30/09/10 was 184,390,000 euro, up 17% compared to the corresponding period of the previous financial year (an increase of 27,401,000 euro). The value of production, which is higher than the turnover (which amounts to 168,665,000 euro) includes the increased stocks of finished and unfinished products of the Group, made necessary by the better order performance.

The value of production also includes increases for internal work amounting to 4,931,000 Euro (4,986,000 euro in the corresponding period of 2009); these costs mainly refer to investments in development activities.

Performance indicators	September 30, 2010		September 30, 2009	
	<i>Euro thousand</i>	<i>%</i>	<i>Euro thousand</i>	<i>%</i>
EBITDA	4.844	2,9	4.579	2,8
EBIT	(2.677)	(1,6)	(3.055)	(1,9)
EBT	(8.271)	(4,9)	(7.460)	(4,5)
NET RESULT	(8.301)	(4,9)	(7.129)	(4,3)

The Group **EBITDA** is 4,844,000 euro (2,9% of turnover), compared with 4,579,000 euro (2.8% of turnover) at 30/09/2009.

In this regard it should also be remembered that EBITDA for the first nine months of 2009 benefited from significant income of a non-recurrent character (mainly connected with the EQT settlement).

The main variations concerning this indicator result from the net effects of the following factors:

- the increase in the volumes and margins on sales;
- greater absorption of fixed costs at a time of production recovery with respect to 2009;
- reduction of non-recurrent income (as shown in the table).

As can be seen in the table below, starting from the second quarter 2010 the Group return to generate a positive operating margin, reporting better results than the corresponding period of 2009.

<i>EBITDA (€/000)</i>	<i>I Quarter</i>	<i>II Quarter</i>	<i>III Quarter</i>	<i>9 months</i>
Year 2010	(1.713)	4.071	2.486	4.844
Year 2009	1.852	3.200	(473)	4.579
Change	(3.565)	871	2.959	265

The comparison with the corresponding period of 2009 is even more significant if we analyse it net of the non-recurrent items.

<i>Year 2010 (€/000)</i>	<i>I Quarter</i>	<i>II Quarter</i>	<i>III Quarter</i>	<i>9 months</i>
EBITDA	(1.713)	4.071	2.486	4.844
Non recurring items	(144)	804	811	1.471
EBITDA norm. (€/000)	(1.569)	3.267	1.675	3.373

<i>Year 2009 (€/000)</i>	<i>I Quarter</i>	<i>II Quarter</i>	<i>III Quarter</i>	<i>9 months</i>
EBITDA	1.852	3.200	(473)	4.579
Non recurring items	(763)	5.625	(729)	4.133
EBITDA norm. (€/000)	2.615	(2.425)	256	446

<i>EBITDA norm. (€/000)</i>	<i>I Quarter</i>	<i>II Quarter</i>	<i>III Quarter</i>	<i>9 months</i>
Year 2010	(1.569)	3.267	1.675	3.373
Year 2009	2.615	(2.425)	256	446
Change	(4.184)	5.692	1.419	2.927

The EBITDA per segment is illustrated here below, inclusive of inter-segment items.

EBITDA	September 30, 2010		September 30, 2009	
	<i>Euro thousand</i>	<i>%</i>	<i>Euro thousand</i>	<i>%</i>
Laser Systems	1.394	28,8	1.206	26,3
Electronics	2.883	59,5	1.194	26,1
Sheet metal machinery	1.098	22,7	2.431	53,1
Inter-sector eliminations	(531)	(11,0)	(252)	(5,5)
TOTAL	4.844	100,0	4.579	100,0

The consolidated **EBIT** for the first nine months of 2010 was -2,677,000 euro (-3,055,000 euro at 30/09/2009). This result is affected by the depreciation of tangible fixed assets for 2,335,000 euro and intangible fixed assets for 4,933,000 euro; as regards the latter, 1,899,000 refer to depreciation relative to assets with a definite useful life entered in the corporate aggregation of the FINN-POWER Group (brand and customer relations - "customer list") and 2,219,000 euro refer to the amortization of development costs.

The progress of the EBIT by quarter is illustrated here below, compared with the corresponding period in 2009.

<i>EBIT (€/000)</i>	<i>I Quarter</i>	<i>II Quarter</i>	<i>III Quarter</i>	<i>9 months</i>
Year 2010	(4.039)	1.362	-	(2.677)
Year 2009	(441)	838	(3.452)	(3.055)
Change	(3.598)	524	3.452	378

The consolidated EBT as of 30/09/2010 is -8,271,000 euro (-7,460,000 euro at 30/09/2009); it should be noted that this value discounts net costs deriving from financial management (including profits and losses on exchange rates) for 6,246,000 euro (compared with 4,412,000 at 30/09/2009, amount which takes account of the positive non-recurrent portion for 2,795,000 euro).

In particular, costs for the loan stipulated in 2008 for acquisition of the FINN-POWER Group (hereinafter referred to as the FINPOLAR Loan") for 3,214,000 euro and net financial costs for derivative instruments (mainly linked to the FINPOLAR Loan) for 1,772,000 euro.

The result of exchange rate management in the first nine months of 2010 is positive for 144,000 euro (negative for 124,000 euro at 30/09/2009) thanks mainly to the improvement of the U.S. dollar against the euro, which was strongly expressed in the second quarter, and attenuated during the third quarter.

The net result of joint ventures pertinent to the Group for the first nine months of 2010 is positive for 651,000 euro (7,000 euro at 30/09/2009). It should be noted that the result for 2009 included non-recurrent items for 411,000 Euro).

As we pointed out above, the financial management and joint ventures for the nine months of 2009 were favourably influenced by a net non-recurrent effect of 2,384,000 euro; the main non-recurrent item referred to the settlement with EQT, that resulted in lower financial costs by about 2,795,000 euro (relative to the cancellation of financial costs accrued on the debt toward the Vendors for 1,730,000 euro and other financial costs indemnified for 1,065,000 euro).

The **NET PROFIT** as of 30/09/2010 is -8,301,000 euro (it was -7,129,000 euro as of 30/09/2009). Income taxes in the first nine months of 2010 indicate a positive net balance of 30,000 euro.

The comparison between the net profits of the two periods is also profoundly influenced by non-recurrent items (positive for 1,471,000 euro in 2010 and positive for 6,517,000 euro in 2009), so that net of that effect the net profit is up by 3,874,000 euro.

ORDER ACQUISITION AND PORTFOLIO

In addition to the fairs relative to different segments in which the Group participated during the first half of the year (and for which reference is made to the comment in the Interim Financial Report at 30/06/2010), the main fairs in which the Group participated during the third quarter were:

in Western Europe:

- FARNBOROUGH AIR SHOW (Farnborough – UK)
- ALIHANKINTA (Tampere – Finland)
- INDUSTRI DAGENE (Lillestrom – Norway)

in Eastern Europe:

- IMT (Brno – the Czech Republic)

in North America:

- IMTS (Chicago – USA)

and in Asia:

- KOFAS (Seoul – Korea)

After the end of the quarter, moreover, the Group participated in the most important fair in the sector, EuroBlech (Hannover – Germany), presenting with success the new developments in its machines (see also the paragraph below on RESEARCH AND DEVELOPMENT).

In the first nine months of 2010, order acquisition showed good performance, especially in Italy (also thanks to the effects of the so-called Tremonti-ter law), in China and in several emerging countries; as a result, the **order portfolio** at 30/09/2010 amounted to 80 million euro and has grown further to 85.8 million

euro at 31/10/2010 (compared with 77.2 million euro at 30/09/2009 and 74.5 million euro at 30/06/2010).

NET FINANCIAL POSITION

As of 30/09/2010 the net financial position of the Group shows a debt of 145.9 million euro, value that can be compared with 150.1 million euro as of 31/12/2009. The table here below shows the breakdown of the net financial position.

Value expressed in Euro thousand	30/09/2010	31/12/2009
CASH & CASH EQUIVALENTS	(11.909)	(15.084)
CURRENT FINANCIAL LIABILITIES	45.718	44.163
NON CURRENT FINANCIAL LIABILITIES	112.127	121.012
NET FINANCIAL LIABILITIES	145.936	150.091

As illustrated in the cash-flow statement, the improvement of the net financial debt is mainly explained by the liquidity acquired from the capital increase, which was used to repay medium/long-term loans and for the management of operating activities.

The net financial position reveals the total exposure toward banks and other lenders.

For better disclosure relating to the Consolidated Net Financial Position as of 30/09/2010, the following should be borne in mind:

- the FINPOLAR loan amounts totally to 125,692,000 euro and is subject to respect of certain *covenants* measured on an annual basis (for a breakdown of the details see the financial statements at 31/12/2009);
- the payables due to leasing companies (almost exclusively referring to real estate) amount to 2,341,000 euro;
- bank payables include the negative fair value of several IRS for 9,042,000 euro; the main IRS were contracted by the parent company in partial coverage of the interest rate risk on the FINPOLAR Loan (underwriting these derivatives was foreseen by the underlying loan contract);
- the parent company PRIMA INDUSTRIE successfully concluded, in the first part of 2010, an offer of ordinary shares arising from the increase of capital resolved by the Board of Directors of the company on December 18, 2009; this increase of capital led to collection of 15,233,000 euro (inclusive of the accessory costs of the transaction).

In view of the consolidated improvement, still in progress, and the encouraging signs of recovery coming from its reference market, the Group has undertaken to renegotiate the FINPOLAR loan (underwritten early in 2008 to finance the acquisition of the FINN-POWER Group) with the banking system, with particular reference to the *covenants* and terms of expiration for repayment of portions of the loan.

The breakdown of the net financial position is illustrated in the following Explanatory Note (see Note 6.12).

RESEARCH AND DEVELOPMENT

The activities of research & development performed by the Group in the first nine months of 2010 totalled approximately 11,122,000 euro (6,6 % of the turnover). The capitalized portion amounted to 4,551,000 euro. Completing the part entered in the income statement was 6,571,000 euro, testifying to the intention of the Group to continue investing in the future and strengthening its own competitiveness on the international markets.

For all the development assets capitalized, the technical feasibility and generation of probable future economic benefits was ascertained, and they were written down when they did not possess these requisites.

During the third quarter 2010 the LASER SYSTEMS segment continued development of a new version of the Zaphiro, presented at the EuroBlech fair in Hannover at the end of October. A number of new developments of Maestro, the CAD/CAM programming software for the 2D machines, were financed, particularly the new version of Maestro (also presented at the fair in Hannover) with some new production management and cost calculation modules.

Tests continued in the field of fiber lasers, which led to a demonstration on stainless steel at the EuroBlech fair. Tests on the Rapido with the fiber laser were also carried out, for activities of both welding and cutting. Finally, a load/unload system was introduced on the Rapido with fiber laser, consisting of two independent motor-driven shuttles that enable the client to optimise processing times.

The CONVERGENT Laser division (PRIMA North America) started tests on the first models of the laser CX3000, which will replace the current lasers CP2500 and CP3000, and to equip its entry level versions of the Group's new laser machines. As regards solid state lasers (Nd:YAG) the focus concerned the laser CL-R, a laser designed to replace the JK704 installed on over 120 LASERDYNE machines in the world.

Activities at the LASERDYNE SYSTEMS division (PRIMA North America), concerned assembly of the prototype of the next generation LASERDYNE 430, a three-axis system (with a fourth optional axis) designed for precision cutting and welding in a wide range of industries, industry including filters, medical devices and the aerospace sector. The prototype will be presented during the AeroDays event organized at PRIMA INDUSTRIE in Collegno on November 17 and 18, 2010.

As regards the ELECTRONIC sector, integration proceeded for integration on OPEN20 of the laser technology and volumetric compensation, to develop the application for the Combi machine (laser + punching) with the prototype expected in the first quarter 2011. The development of OPEN30 also continued, for control of 3D machines.

Development of the Primalogic PLC application got underway for the CO₂ laser generators of the CV series, and construction began on two 2kW fiber laser prototypes.

Development of control and power equipment for the management of fuel cell generators continued, also in an innovative version that calls for the use of an electrolyzer for local production of hydrogen.

As regards the sector of SHEET METAL PROCESSING MACHINES, the most recent innovations developed were presented at the EuroBlech fair in Hannover. They consisted of:

- a new servo-electric shearing machine, Shear Genius, of which a few units have already been sold,
- a new combined laser-punch machine
- the third generation Tulus software,
- a new generation of FBe5 panelling machines with larger dimensions and D3 masterBend CAM software.

PERSONNEL

In the third quarter of 2010, the plan of personnel reduction undertaken in 2009 continued, in the sphere of a policy of cost reduction and greater flexibility in the use of the workforce, so as to reduce its incidence on company costs.

On September 30, 2010, the Group employed 1,355 people, 23 less than the 1,378 people employed on June 30, 2010 and 108 less than the 1,463 people employed on December 31, 2009. The reduction was concentrated mainly on the Sheet Metal Processing Machines segment.

THE STOCK TREND AND TREASURY STOCK

During the first nine months of 2010, PRIMA INDUSTRIE stocks went from a unit value of 7.90 euro on 04/01/2010 to a value of 7.00 euro per share on 30/09/2010.

The lowest value recorded was 6.565 Euro (on 25/05/2010) and the highest was 9.45 Euro (on 13/01/2010).

As can be seen from the graph, the stock rose sharply during the period of the option to shareholders of the new shares relative to the capital increase. Starting from March 2010, the stock followed the performance of the stock exchange and the reference index, which remained on an upward trend until the middle of April, and then dropped sharply in the second part of the month, also due to the events linked to the Greek situation and fear of possible default by other countries.

Starting in June, the stock quotation returned more or less stably to around 7 euro.

The graph shows these trends.

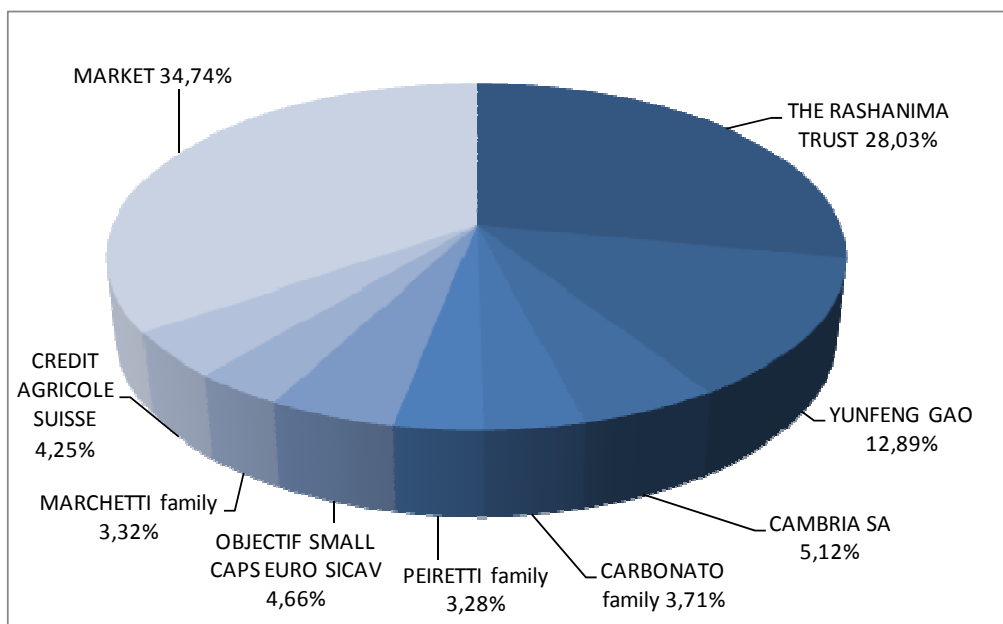


As of 30/09/2010 and as at the date of approval of this report, PRIMA INDUSTRIE S.p.A. did not and does not hold any treasury stock, and there has been no resolution of authorization for its acquisition.

SHAREHOLDING STRUCTURE

The capital of PRIMA INDUSTRIE S.p.A. at 30/09/2010 amounts to 21,600,337.50 Euro divided into 8,640,135 ordinary shares with a par value of 2.5 Euro each. The Group has issued no bonds or securities other than ordinary shares. There are, however, 2,239,865 "Prima Industrie 2009-2013 warrants" in circulation.

In the light of the entries in the shareholders' ledger, updated on the basis of the capital increase mentioned and subsequent communications received by the company or monitoring authorities, the most updated shareholding structure is as follows:



STOCK OPTION PLANS

At the reference date of this Interim Report a stock option plan is in existence, approved by the Shareholders' Meeting on the 29/04/2008. The plan is intended for the Executive Directors of PRIMA INDUSTRIE SpA., PRIMA ELECTRONICS SpA. and FINNPOWER OY, as well as the General Manager of PRIMA INDUSTRIE SpA. and the financial manager of the Group.

In particular the beneficiaries at 30/09/2010 were the following:

SURNAME NAME	FUNCTION
CARBONATO Gianfranco	Chairman and Managing Director of PRIMA INDUSTRIE SpA
BASSO Ezio	General Director and Executive Manager of PRIMA INDUSTRIE SpA
HEDENBORG Tomas	Managing Director of FINN POWER OY
PEIRETTI Domenico	Managing Director of PRIMA ELECTRONICS SpA and Executive Manager of PRIMA INDUSTRIE SpA
RATTI Massimo	CFO of PRIMA INDUSTRIE Group

In the first nine months of the year the cost of the stock options, determined at the beginning of the plan on the basis of the pro-tempore value of the PRIMA INDUSTRIE shares, was 308,000 euro.

Further information about the stock option plan is published on the company's website: www.primaindustrie.com

OPERATIONS WITH ASSOCIATES

For details on the subject of transactions by the Group with associates, see "Note 6.29 – INFORMATION ON ASSOCIATES".

ATYPICAL AND UNUSUAL TRANSACTIONS

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

EVENTS WHICH TOOK PLACE AFTER THE END OF THE QUARTER

No significant events have occurred since the reference date of this Interim Management Report.

FORESEEABLE MANAGEMENT DEVELOPMENTS AND PROSPECTS FOR THE YEAR IN PROGRESS

During the third quarter of the year, the Group confirmed the improvement of profitability that had already been seen in the second quarter. The fourth quarter should continue this trend, also considering the traditionally favourable seasonal elements that distinguish the last part of the year.

Chapter 4. ECONOMIC PERFORMANCE BY SEGMENT

The data reported here refer to profits for the first nine months of 2010 for the three operating segments (inclusive of inter-segment items) of the PRIMA INDUSTRIE Group.

Values in thousands of Euros	September 30, 2010					September 30, 2009				
	REVENUES	EBITDA	% on Revenue	EBIT	% on Revenue	REVENUES	EBITDA	% on Revenue	EBIT	% on Revenue
LASER SYSTEMS	68.534	1.394	2,0%	(28)	0,0%	62.124	1.206	1,9%	(16)	0,0%
ELECTRONICS	22.883	2.883	12,6%	2.146	9,4%	20.291	1.194	5,9%	610	3,0%
SHEET METAL PROCESSING EQUIPMENT	94.421	1.098	1,2%	(4.269)	-4,5%	92.181	2.431	2,6%	(3.402)	-3,7%
ELISIONS	(17.173)	(531)	3,1%	(526)	3,1%	(10.168)	(252)	2,5%	(247)	2,4%
CONSOLIDATED	168.665	4.844	2,9%	(2.677)	-1,6%	164.428	4.579	2,8%	(3.055)	-1,9%

It should be noted that on April 23, 2010 the Group announced a new organization structure. The Group will be structured in two divisions, Machines and Electronics. The Electronics division will develop electronic products while the Machines division will include laser systems and sheet metal processing equipment.

Within the Machine division, two functional units have been identified:

- Operations
- Sales, Marketing and Service.

The new organization flanks the existing corporate structure, that continues to regulate the legal, accounting and fiscal areas of the Group.

In the future, with this new organization, the information by operating sectors may change with respect to that furnished until now.

LASER SYSTEMS

Revenues for the first nine months of 2010 were higher by about 10% compared to the same period in 2009, with consequent improvement of the EBITDA (which went from 1,206,000 euro to 1,394,000 euro).

We set out in detail the operating results of the laser system segment with emphasis on the PRIMA INDUSTRIE SpA data

Company	September 30, 2010			September 30, 2009		
	REVENUES	EBITDA	EBIT	REVENUES	EBITDA	EBIT
PRIMA INDUSTRIE SpA	49.416	2.753	1.627	42.444	1.398	389
Other companies and elisions	19.118	(1.359)	(1.655)	19.680	(192)	(405)
LASER SYSTEMS	68.534	1.394	(28)	62.124	1.206	(16)

As shown in the table above, the parent company reported a significant increase in revenues (+16%). The EBITDA went from 1,398,000 euro to 2,753,000 euro (+97%) and the EBIT from 389,000 euro to 1,627,000 euro; this improvement is due to the effect of increased revenues, as well as to the positive contribution of non-recurrent items in the period.

On the whole, the profitability of this segment was positive (EBITDA of 1,394,000 euro) thanks to the contribution of the parent company, which is diluted, however, by the negative results of certain foreign subsidiaries (in particular the German one), and to a number of entry elisions (mainly for the transfer of intercompany warehouse margins).

ELECTRONICS

Compared to the same period in 2009, in the first nine months of 2010 the Electronics segment reported an increase in revenues (+13%) and consequently of the EBITDA, which went from 1,194,000 euro to 2,883,000 euro.

We set out hereunder an analysis of the operating results of the Electronics segment, highlighting the information relative to PRIMA ELECTRONICS SpA.

Company	September 30, 2010			September 30, 2009		
Values in thousands of Euros	REVENUES	EBITDA	EBIT	REVENUES	EBITDA	EBIT
PRIMA ELECTRONICS SpA	22.026	3.044	2.333	19.474	1.471	918
Other companies and elisions	857	(161)	(187)	817	(277)	(308)
ELECTRONICS	22.883	2.883	2.146	20.291	1.194	610

As can be seen from the above table, PRIMA ELECTRONICS SpA had an increase of revenues (up by 13%) and the EBITDA was also positively affected by this increase, as it more than doubled in comparison with the corresponding period of 2009, from 1,471,000 to 3,044,000 euro; certain items of a non-recurrent character affected this result favourably.

SHEET METAL PROCESSING EQUIPMENT

In terms of revenues in the first nine months of 2010, the sheet metal processing equipment segment seems the most significant division of the Group. The EBITDA for the period is positive for 1,098,000 euro. The EBIT for this segment is negative, however, for 4,269,000; depreciation of the trademark and customer relations ("customer list"), amounting to 1,899,000 Euro, and amortization of development costs for 1,421,000 Euro impacted significantly on this result.

A detailed analysis of the operating results of the metal sheet machines segment is set out below, highlighting the data relative to FINN POWER OY.

Company	September 30, 2010			September 30, 2009		
Values in thousands of Euros	REVENUES	EBITDA	EBIT	REVENUES	EBITDA	EBIT
FINN-POWER Oy	57.396	1.931	(479)	49.833	119	(2.689)
Other companies and elisions	37.025	(833)	(3.790)	42.348	2.312	(713)
SHEET METAL PROCESSING EQUIPMENT	94.421	1.098	(4.269)	92.181	2.431	(3.402)

For a coherent comparison of the data for the first nine months of 2010 with the corresponding period of 2009 it is useful to sterilize the results for the period of the non-recurrent items. For this comparison, see the table here below.

Values in Euro/000	September 30, 2010	September 30, 2009	Change	Change%
EBITDA	1.098	2.431	(1.333)	54,8%
Non-recurrent items	(695)	4.703	(5.398)	-114,8%
Normalized EBITDA	1.793	(2.272)	4.065	178,9%

As can be seen from the table above, under the same conditions, the EBITDA of the sheet metal processing machines segment grew significantly in with respect to the first nine months of 2009.

5. ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS OF THE PRIMA INDUSTRIE GROUP AS OF 30/09/2010

ACCOUNTING TABLES

BALANCE SHEET – CONSOLIDATED FINANCING

Values in Euro	Notes	30/09/2010	31/12/2009
Property, plant and equipment	6.1	25.344.749	26.446.492
Intangible assets	6.2	153.515.934	153.850.327
Investment properties	6.3	-	158.000
Investments accounted for using the equity method	6.4	5.736.155	4.699.761
Other investments	6.5	880.853	880.853
Other non current financial assets	6.6	47.000	-
Deferred tax assets	6.7	5.852.224	4.916.371
Other non current assets	6.10	26.425	18.696
NON CURRENT ASSETS		191.403.340	190.970.500
Inventories	6.8	82.156.170	71.807.653
Trade receivables	6.9	60.105.726	58.823.172
Other receivables	6.10	6.007.073	4.398.680
Current tax receivables	6.11	6.549.488	5.984.885
Cash and cash equivalents	6.12	11.908.794	15.083.752
CURRENT ASSETS		166.727.251	156.098.142
TOTAL ASSETS		358.130.591	347.068.642
Capital stock	6.13	21.600.337	16.000.000
Legal reserve	6.13	2.733.635	2.733.635
Other capital reserves	6.13	53.230.644	45.185.605
Currency translation reserve	6.13	(932.301)	(2.384.892)
Retained earnings	6.13	3.443.305	12.138.832
Net result	6.13	(8.301.005)	(8.695.527)
Stockholders' equity of the Group		71.774.615	64.977.653
<i>Minority interest</i>		-	-
STOCKHOLDERS' EQUITY		71.774.615	64.977.653
Interest-bearing loans and borrowings	6.12	103.096.781	113.495.746
Employee benefit liabilities	6.14	6.969.601	7.503.809
Deferred tax liabilities	6.15	10.951.174	10.902.912
Provisions	6.16	57.667	67.754
Derivatives	6.12	9.029.613	7.516.059
NON CURRENT LIABILITIES		130.104.836	139.486.280
Trade payables	6.17	60.612.710	51.429.488
Advance payments	6.17	25.399.750	19.664.435
Other payables	6.17	14.336.571	15.398.252
Interest-bearing loans and borrowings	6.12	45.706.030	44.160.205
Current tax payables	6.18	2.754.059	2.671.847
Provisions	6.16	7.429.688	9.277.398
Derivatives	6.12	12.332	3.084
CURRENT LIABILITIES		156.251.140	142.604.709
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		358.130.591	347.068.642

CONSOLIDATED INCOME STATEMENT

Values in Euro	Notes	30/09/2010	30/09/2009
Net revenues	6.19	168.665.402	164.428.343
Other income	6.20	3.689.446	2.624.743
Change in inventories of finished goods and WIP		7.104.854	(15.049.360)
Increases in fixed assets for internal work	6.21	4.930.683	4.985.666
Use of raw materials, consumables, supplies and goods		(86.751.287)	(67.237.083)
Personnel cost	6.22	(56.030.914)	(57.565.625)
Depreciation	6.23	(7.268.117)	(7.634.233)
Amortization and impairment	6.23	(252.798)	-
Other operating expenses	6.24	(36.763.987)	(27.607.284)
OPERATING PROFIT		(2.676.718)	(3.054.833)
Financial income	6.25	113.043	256.915
Financial expenses	6.25	(6.502.703)	(4.544.704)
Net exchange differences	6.26	144.061	(124.077)
Net result of investments accounted for using the equity method		650.838	7.155
RESULT BEFORE TAXES		(8.271.479)	(7.459.544)
Income taxes	6.27	(29.526)	330.302
NET RESULT		(8.301.005)	(7.129.242)
- Attributable to Group shareholders		(8.301.005)	(7.129.242)
- Attributable to minority shareholders		-	-
RESULT PER SHARE - BASIC (in euro)	6.28	(1,01)	(1,11)
RESULT PER SHARE - DILUTED (in euro)	6.28	(1,01)	(1,09)

TOTAL CONSOLIDATED INCOME STATEMENT

Values in Euro	Notes	30/09/2010	30/09/2009
NET RESULT (A)		(8.301.005)	(7.129.242)
Gains/(Losses) on cash flow hedges	6.13	(1.874.804)	(1.340.776)
Gains/(Losses) on exchange differences on translating foreign operations	6.13	1.452.591	(969.156)
TOTAL OTHER GAIN/(LOSSES) (B)		(422.213)	(2.309.932)
TOTAL NET RESULT OF THE PERIOD (A) + (B)		(8.723.218)	(9.439.174)
- Attributable to Group shareholders		(8.723.218)	(9.439.174)
- Attributable to minority shareholders		-	-

TABLE OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

from January 1st to March 31st, 2009

Values in Euro	01/01/2009	Change of consolidation area	Purchase/Sale of treasury stock	Gain on sale of treasury stock	Capital increase	Allocation of prior year profits	Distribution of dividends to stockholders	Net result	Other movements	Currency translation reserve	30/09/2009
Capital stock	16.000.000	-	-	-	-	-	-	-	-	-	16.000.000
Additional paid-in capital	36.814.893	-	-	-	-	-	-	-	-	-	36.814.893
Legal reserve	2.300.000	-	-	-	-	-	-	-	-	-	2.300.000
Capital increase - expenses	(973.223)	-	-	-	-	-	-	-	-	-	(973.223)
Stock option reserve	318.364	-	-	-	-	-	-	-	307.596	-	625.960
Change in the FV of hedging derivatives	(4.247.108)	-	-	-	-	-	-	(1.340.776)	-	-	(5.587.884)
Other reserves	5.881.314	-	-	-	-	-	-	-	-	-	5.881.314
Currency translation reserve	(1.776.810)	-	-	-	-	-	-	(969.156)	-	-	(2.745.966)
Retained earnings	15.293.409	41.699	-	-	-	5.476.434	-	-	-	-	20.811.542
Net result	5.476.434	-	-	-	-	(5.476.434)	-	(7.129.242)	-	-	(7.129.242)
Stockholders' equity of the Group	75.087.273	41.699	-	-	-	-	-	(9.439.174)	307.596	-	65.997.394
Minority interest	-	-	-	-	-	-	-	-	-	-	-
STOCKHOLDERS' EQUITY	75.087.273	41.699	-	-	-	-	-	(9.439.174)	307.596	-	65.997.394

from January 1st to December 31st, 2009

Values in Euro	01/01/2010	Change of consolidation area	Purchase/Sale of treasury stock	Gain on sale of treasury stock	Capital increase	Allocation of prior year profits	Distribution of dividends to stockholders	Net result	Other movements	Currency translation reserve	30/09/2010
Capital stock	16.000.000	-	-	-	5.600.337	-	-	-	-	-	21.600.337
Additional paid-in capital	36.814.893	-	-	-	9.632.810	-	-	-	-	-	46.447.703
Legal reserve	2.733.635	-	-	-	-	-	-	-	-	-	2.733.635
Capital increase - expenses	(1.263.903)	-	-	-	(20.563)	-	-	-	-	-	(1.284.466)
Stock option reserve	728.494	-	-	-	-	-	-	-	307.596	-	1.036.090
Change in the FV of hedging derivatives	(5.214.268)	-	-	-	-	-	-	(1.874.804)	-	-	(7.089.072)
Other reserves	14.120.389	-	-	-	-	-	-	-	-	-	14.120.389
Currency translation reserve	(2.384.892)	-	-	-	-	-	-	1.452.591	-	-	(932.301)
Retained earnings	12.138.832	-	-	-	-	(8.695.527)	-	-	-	-	3.443.305
Net result	(8.695.527)	-	-	-	-	8.695.527	-	(8.301.005)	-	-	(8.301.005)
Stockholders' equity of the Group	64.977.653	-	-	-	15.212.584	-	-	(8.723.218)	307.596	-	71.774.615
Minority interest	-	-	-	-	-	-	-	-	-	-	-
STOCKHOLDERS' EQUITY	64.977.653	-	-	-	15.212.584	-	-	(8.723.218)	307.596	-	71.774.615

CONSOLIDATED STATEMENT OF CASH FLOW

VALUES IN EURO	30/09/2010	30/09/2009
Net result	(8.301.005)	(7.129.242)
Adjustments (sub-total)	3.670.752	11.403.452
Depreciation and amortization	7.520.915	7.634.233
Net change in deferred tax assets and liabilities	(887.591)	900.830
Net result of investments accounted for using the equity method	(650.838)	(7.155)
Change in employee benefits	(534.208)	(1.406.077)
Change in inventories	(10.348.517)	23.270.978
Change in trade receivables	(1.282.554)	17.435.138
Change in trade payables	14.918.537	(30.829.267)
Net change in other receivables/payables and other assets/liabilities	(5.064.992)	(5.595.228)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES (A)	(4.630.253)	4.274.210
Cash flow from investments		
Acquisition of tangible fixed assets	(1.235.347)	(942.199)
Acquisition of intangible fixed assets	(105.141)	(552.499)
Capitalization of development costs	(4.551.342)	(4.471.371)
Disposal/(Purchase) investments accounted for using the equity method	(47.000)	-
Net disposal of fixed assets and investment properties	318.850	640.706
Devaluation of Shenyang investment	-	(410.000)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)	(5.619.980)	(5.735.363)
Cash flow from financing activities		
Change in other non current financial liabilities and other minor items	1.010.767	1.913.663
Increases in loans and borrowings (including bank overdrafts)	10.974.676	25.190.717
Repayment of loans and borrowings (including bank overdrafts)	(19.826.736)	(28.561.783)
Increases/(repayments) in financial lease liabilities	(181.399)	(710.185)
Capital increase	15.212.584	-
Other changes in equity	(114.617)	(1.960.638)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES (C)	7.075.275	(4.128.226)
Net change in cash and equivalents (D=A+B+C)	(3.174.958)	(5.589.379)
Cash and equivalents beginning of period (E)	15.083.752	14.467.456
Cash and equivalents end of period (F=D+E)	11.908.794	8.878.077

Chapter 6. EXPLANATORY NOTES

COMPANY INFORMATION

PRIMA INDUSTRIE SpA's corporate mission is the design, manufacture and sale of electrical and electronic equipment, 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 main activity focuses on the cutting and welding laser machines sector.

PRIMA North America, Inc. (incorporated under American law) is structured in three divisions:

- CONVERGENT LASERS DIVISION: which designs, manufactures, sells and provides service 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 LASER SYSTEMS: sells and services the 3D laser machines produced by PRIMA INDUSTRIE on the North American market.

PRIMA FINN-POWER GmbH (incorporated under German law) performs activities of management, promotion and service on the German market.

PRIMA FINN-POWER SWEDEN AB (incorporated under Swedish law) performs activities of management, promotion and service on the Scandinavian market.

PRIMA FINN-POWER UK LTD. (incorporated under British law) carries out management, promotion and service for PRIMA INDUSTRIE's products on the English and neighbouring markets.

PRIMA FINN-POWER CENTRAL EUROPE Sp.zo.o. (incorporated under Polish law), performs activities of management, promotion and service on the Eastern European markets.

PRIMA INDUSTRIE (Beijing) Co. Ltd. (incorporated under Chinese law) performs servicing activities on the Chinese market.

000 PRIMA INDUSTRIE (incorporated under Russian law) carries out management, promotion and service for PRIMA INDUSTRIE's products in the Russian Federation and neighbouring markets.

PRIMA ELECTRONICS SpA's corporate mission is the design, manufacture and sale of mechanical, electrical and electronic equipment, systems and installations and the relevant software programs bearing the PRIMA ELECTRONICS, OSAI and TECHMARK trademark. The company may also acquire and grant manufacturing licences.

This company is the parent company of the group composed of the following firms:

- OSAI USA Llc., 100% shareholding
- OSAI UK Ltd., 100% shareholding
- CARETEK Srl 47% shareholding

The Finn-Power Group, with registered office in Kauhava in Finland as well as production facilities in Finland and Italy and subsidiaries in Italy, France, Belgium, Spain, the US and Canada, primarily operates in the sector of plate processing machinery (punching presses, punching press/shears cells and laser punching presses, automatic folding cells and related automation systems).

FINN-POWER products are positioned in the medium-high range and are characterized by good 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.

FINN-POWER OY (acquired by PRIMA INDUSTRIE SpA in February 2008) is the parent company of a group consisting of:

- FINN-POWER ITALIA Srl, 100% shareholding, whose mission is the production of a line of FINN-POWER products (panelling machines), and the sale and servicing of all the FINN-POWER products on the Italian market.
- PRIMA FINN-POWER FRANCE Sarl, 100% shareholding, a marketing and servicing company
- PRIMA FINN-POWER NV, 100% shareholding, a marketing and servicing company
- PRIMA FINN-POWER IBERICA,SL, holding of 78% (the remaining 22% is held by PRIMA INDUSTRIE SpA), a marketing and servicing company.
- BALAXMAN OY, 100% shareholding
- PRIMA FINN-POWER North America, 100% shareholding, a marketing and servicing company
- PRIMA FINN-POWER CANADA Ltd, 100% shareholding through PRIMA FINN-POWER North America, a marketing and servicing company

FORM AND CONTENT

The abridged consolidated financial statements of the PRIMA INDUSTRIE Group as of 30/09/2010 were prepared in the perspective of an on-going concern (for more details see the note on "Accounting Standards") and in respect of the International Financial Reporting Standards issued by the International Accounting Standards Board and approved by the European Union (defined as "IFRS"), as well as the legislative provisions and regulations in force in Italy (with particular reference to Legislative Decree 58/1998 and subsequent amendments, and the emitter regulations published by the CONSOB). "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 abridged consolidated financial statements at 30/09/2010 were prepared, in summary form, 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 ending 31/12/2009.

The abridged Consolidated Financial Statements at 30/09/2010 of the PRIMA INDUSTRIE Group are expressed in Euro, which is also the applicable currency in the economies in which the Group mainly operates.

The foreign subsidiaries are included in the abridged Consolidated Financial Statements at 30/09/2010 in accordance with the principles described in the Note entitled "Accounting Principles" in the Consolidated Financial Statements as of 31/12/2009, to which we refer.

The Balance Sheet information as at 31/12/2009, the Income Statement information as well as that relative to the cash-flow for the first nine months of 2009 was presented for comparative purposes, in application of IAS 1 (Presentation of the Financial Statements).

ACCOUNTING PRINCIPLES

Ongoing concern

The abridged consolidated financial statements at 30/09/2010 were prepared in the perspective of an ongoing concern, as there are reasonable expectations that PRIMA INDUSTRIE will continue its operations in the foreseeable future.

Accounting criteria and principles of consolidation

The accounting criteria and principles of consolidation used for the preparation of the abridged consolidated financial statements at 30/09/2010 are the same as those used in preparing the annual consolidated financial statements at 31/12/2009, to which reference is made, save application of the new standards/interpretations applied by the Group after January 1, 2010, and any adaptations required by the nature of interim reporting.

Use of account estimates

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 abridged consolidated financial statements as at 30/09/2010, 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.

FINANCIAL STATEMENT FORMAT

As far as the layout of the Financial Statements is concerned, the Group has elected to use the layout described here below:

- a) as regards the Balance Sheet the Company has adopted the layout 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 consolidated income statement, the layout used divides the costs by their nature; the total consolidated income statement includes, in addition to the profit for the period, the other changes in movements of the shareholders' equity different from those with the shareholders;

- c) as regards the table of changes in Stockholders' Equity, the Company adopted the layout 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 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.

In order to provide a better presentation of the equity situation of the group, the items "Other equity investments" and "Other financial assets" at 31/12/2009 have been reclassified.

These Financial Statements were authorised for publication by the Board of Directors on 10/11/2010.

EXPLANATORY NOTES

The data provided in the explanatory notes are in euro, unless specified otherwise.

NOTE 6.1 – INTANGIBLE FIXED ASSETS

At 30/09/2010 the tangible fixed assets amount to 25,345 euro, down from 1,102,000 euro as at 31/12/2009.

For more details, see the table here below.

Tangible fixed assets	Land and buildings	Plants and machinery	Industrial and trade equipment	Other goods	Fixed assets under construction	TOTAL
Values as of January 1, 2009						
Historic cost	31.122.650	17.021.629	5.417.312	14.003.341	448.308	68.013.240
Depreciation fund	(4.629.022)	(11.936.583)	(4.501.745)	(11.442.023)	-	(32.509.373)
Net value as of January 1, 2009	26.493.628	5.085.046	915.567	2.561.318	448.308	35.503.867
Year 2009						
Net value as of January 1, 2009	26.493.628	5.085.046	915.567	2.561.318	448.308	35.503.867
Variation in the area of consolidation	-	-	-	-	-	-
Variation in the area of consolidation on depr.fund	-	-	-	-	-	-
Increases	30.677	234.624	235.100	424.805	217.619	1.142.825
Disinvestments	(7.409.563)	(412.020)	(796)	(692.487)	-	(8.514.866)
Use of depreciation fund	1.360.762	322.750	-	671.495	-	2.355.007
Depreciation	(1.146.019)	(1.422.372)	(415.647)	(950.948)	-	(3.934.986)
Impairment	-	-	-	-	-	-
Reclassifications	-	(113.953)	47.377	66.576	-	-
Depreciation funds reclassified	-	-	-	-	-	-
Difference on exchange rates	(72.870)	(97.053)	697	(74.620)	-	(243.846)
Difference on exchange on depr.funds	9.831	58.701	(800)	70.759	-	138.491
Net value as of December 31, 2009	19.266.446	3.655.723	781.498	2.076.898	665.927	26.446.492
December 31, 2009						
Historic cost	23.670.894	16.633.227	5.699.690	13.727.615	665.927	60.397.353
Depreciation fund	(4.404.448)	(12.977.504)	(4.918.192)	(11.650.717)	-	(33.950.861)
Net value as of December 31, 2009	19.266.446	3.655.723	781.498	2.076.898	665.927	26.446.492
Values as of January 1, 2010						
Historic cost	23.670.894	16.633.227	5.699.690	13.727.615	665.927	60.397.353
Depreciation fund	(4.404.448)	(12.977.504)	(4.918.192)	(11.650.717)	-	(33.950.861)
Net value as of January 1, 2010	19.266.446	3.655.723	781.498	2.076.898	665.927	26.446.492
Nine months 2010						
Net value as of January 1, 2009	19.266.446	3.655.723	781.498	2.076.898	665.927	26.446.492
Variation in the area of consolidation	-	-	-	-	-	-
Variation in the area of consolidation on depr.fund	-	-	-	-	-	-
Increases	71.195	398.534	337.697	316.844	111.077	1.235.347
Disinvestments	(141.867)	(44.751)	(1.787)	(301.517)	-	(489.922)
Use of depreciation fund	8.519	27.899	-	292.654	-	329.072
Depreciation	(583.749)	(838.982)	(317.865)	(594.447)	-	(2.335.043)
Impairment	(28.000)	-	-	-	-	(28.000)
Reclassifications	-	-	-	151.237	(151.237)	-
Depreciation funds reclassified	-	-	-	-	-	-
Difference on exchange rates	115.183	161.155	3.312	148.095	-	427.745
Difference on exchange on depr.funds	(4.591)	(104.924)	(2.864)	(128.563)	-	(240.942)
Net value as of September 30, 2010	18.703.136	3.254.654	799.991	1.961.201	625.767	25.344.749
September 30, 2010						
Historic cost	23.687.405	17.148.165	6.038.912	14.042.274	625.767	61.542.523
Depreciation fund	(4.984.269)	(13.893.511)	(5.238.921)	(12.081.073)	-	(36.197.774)
Net value as of September 30, 2010	18.703.136	3.254.654	799.991	1.961.201	625.767	25.344.749

During the period, no significant investments and disinvestments took place. The reduction in net book value of tangible fixed assets mainly reflects depreciation in the period, against rather low net investments.

NOTE 6.2 – INTANGIBLE FIXED ASSETS

At 30/09/2010 the intangible fixed assets amount to 153,516 euro, down with respect to 31/12/2009 by 334,000 euro. Reference is made to the table below for more details regarding the movements in the intangible fixed assets during the first nine months of 2010.

Intangible fixed assets	Goodwill	Development costs	Other goods	TOTAL
Year 2009				
Net value as of January 1, 2009	102.585.493	8.012.689	42.577.652	153.175.834
Variation in the area of consolidation	-	-	-	-
Increases/(decreases)	-	6.500.781	460.137	6.960.918
Reclassifications	-	3.316.084	(3.316.084)	-
Depreciation	-	(2.341.064)	(3.656.096)	(5.997.160)
Impairment	-	(174.025)	-	(174.025)
Difference on exchange rates	(74.393)	(40.847)	-	(115.240)
Net value as of December 31, 2009	102.511.100	15.273.618	36.065.609	153.850.327
Nine months 2010				
Net value as of January 01, 2010	102.511.100	15.273.618	36.065.609	153.850.327
Variation in the area of consolidation	-	-	-	-
Increases/(decreases)	-	4.551.342	105.141	4.656.483
Reclassifications	-	-	-	-
Depreciation	-	(2.218.961)	(2.714.113)	(4.933.074)
Impairment	-	(224.798)	-	(224.798)
Difference on exchange rates	117.597	49.399	-	166.996
Net value as of September 30, 2010	102.628.697	17.430.600	33.456.637	153.515.934

The most significant item is Goodwill, which as of 30/09/2010 amounts to 102,629,000 euro. All Goodwill recorded in the Financial Statements relates to the greater value paid compared to the fair value of the business acquired.

The table below sets out the book value of the goodwill allocated to each unit that generates financial flows.

UNIT GENERATOR OF CASH FLOWS	BOOK VALUE OF GOODWILL AT 30/09/2010	BOOK VALUE OF GOODWILL AT 31/12/2009
FINN-POWER GROUP	96.078	96.078
OSAI (Service)	4.125	4.125
PRIMA NORTH AMERICA	2.235	2.117
MLTA	154	154
OSAI UK	37	37
TOTAL	102.629	102.511

Goodwill is not subject to depreciation and is annually subject to the impairment test. In consideration of the consolidated profits for first half of 2010, the Group performed the impairment test as of 30/06/2010 on the value of the main goodwill (FINN-POWER Group, OSAI-Service and PRIMA NORTH AMERICA), for which reference is made to the Interim Financial Report as at 30/06/2010. As there have been no significant changes in conditions of the CGU of the FINN-POWER Group with respect to 30/06/2010, it was not deemed necessary to repeat the test at 30/09/2010.

NOTE 6.3 – INVESTMENT PROPERTIES

In May 2010, FINN-POWER Italia sold the area for agricultural use located in Asola (MN) for a price substantially in line with the value entered in the financial statements.

NOTE 6.4 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The value of equity investments included in this item increased with respect to the past year by 1,036,000 euro.

Equity investments valued with PN method	SUP (1)	SNK	CARETEK	TOTAL
January 1, 2009	3.982.959	79.575	-	4.062.534
Portion of result	794.499	(410)	-	794.089
Increases	-	-	-	-
Currency adjustment	(153.164)	(3.698)	-	(156.862)
December 31, 2009	4.624.294	75.467	-	4.699.761
Portion of result	673.429	(1.091)	(21.500)	650.838
Increases	-	-	47.000	47.000
Currency adjustment	326.729	11.827	-	338.556
September 30, 2010	5.624.452	86.203	25.500	5.736.155

(1) SHANGHAI UNITY PRIMA LASER MACHINERY CO. LTD.

The change was due to inclusion of the profit portion of the three joint ventures, currency adjustment of the equity investments in SUP and SNK, and the incorporation of Caretek S.r.l. on February 10, 2010. Caretek S.r.l. has a share capital of 100,000 euro, fully paid-in, of which PRIMA ELECTRONICS S.p.A. holds 47%, Consoft Sistemi S.p.A. 47% and Etica S.r.l. 6%. The value entered in the abridged consolidated financial statements at 30/09/2010 refers for 5,624,000 euro to the equity investment of 35% in Shanghai Unity Prima Laser Machinery Co.Ltd, for 86,000 euro to the equity investment of 50% in SNK Prima Company Ltd and for remaining part to the newly incorporated company Caretek S.r.l.

NOTE 6.5 - OTHER EQUITY INVESTMENTS

The value of the other equity investments as at 31/12/2009 has been reclassified, transferring the entire value reported under Other financial assets in this item; this was done to furnish a better representation of the Group's equity situation.

With the exception of this reclassification, the item Other equity investments remained unchanged with respect to the previous year. The item consists of the following elements:

- Electro Power Systems (750,000 euro);
- Consorzio Sintesi (52,000 euro).
- Fimecc OY (50,000 euro);
- other lesser equity investments (29,000 euro).

The equity investment in ELECTRO POWER SYSTEMS is held by the subsidiary PRIMA ELECTRONICS and amounts to 3.08%, the equity investment in the Consorzio Sintesi is held by the parent company in the amount of 10%, while the equity investment in Fimecc OY is held by FINN-POWER OY and amounts to 2.4%.

Among the Other equity investments is an equity investment, from the third quarter of 2009, in OSAI GmbH in liquidation, amounting to 1 Euro. During the third quarter 2009, OSAI GmbH was put in liquidation and has been excluded from the area of consolidation as considered irrelevant.

NOTE 6.6 - OTHER FINANCIAL ASSETS

As already stated in "Note 6.5 – Other equity investments", in order to furnish a better representation of the Group's equity situation, we reclassified the Other financial assets at 31/12/2009 among Other equity investments.

NOTE 6.7 - FISCAL ASSETS FOR PREPAID TAXES

Fiscal assets for prepaid taxes amount to 5,852,000 euro, up with respect to the previous year by 936,000 euro.

The timing differences that generated this tax asset relate to unrealised margins on infragroup sales, off-balance sheet provisions, the provision for bad debts and for writedowns of inventories. Entry in the financial statements of the prepaid taxes was made, wherever there was a definite probability of recovering them.

In the light of the foregoing, and taking account of the considerations made in general on the continuity of the business, in the first nine months of 2010 no events occurred that would change our expectations concerning the recoverability of prepaid taxes. On some companies of the FINN-POWER Group reports of prepaid taxes were made, while on the remainder no such reports were made, taking account of the losses historically reported and coherent with the policies adopted in previous years. With reference to the recuperability of these taxes, we point out that the parent company and PRIMA ELECTRONICS historically realised positive taxable incomes, for both corporate and regional income tax purposes (the fiscal loss of PRIMA INDUSTRIE SpA in 2009 was due to the effects of the economic situation) and expect to reach positive taxable income values also in coming years. The assessment on recuperability of prepaid taxes takes account of the profitability expected in future years and is also prompted by the fact that the prepaid taxes refer mainly to asset fund adjustments and funds for costs and risks, for which there is no expiration.

NOTE 6.8 - INVENTORIES

The following table illustrates the breakdown of inventories as of 31/12/2009 and as of 30/09/2010

INVENTORIES	30/09/10	31/12/09
Raw materials	35.565.660	32.648.395
(Raw materials devaluation fund)	(3.805.760)	(3.406.432)
Unfinished goods	18.208.270	9.161.872
(Unfinished goods devaluation fund)	(175.489)	(175.489)
Finished products	34.553.161	35.873.404
(Finished products write-down fund)	(2.189.672)	(2.294.097)
TOTAL	82.156.170	71.807.653

At 30/09/2010 the inventories amounted to 82,156,000 euro net of the provision for writedowns of inventories totalling 6,171,000 euro. The value of inventories in stock on 30/09/2010 shows a net increase of 10,349,000 euro. The increase with respect to 31/12/2009 mainly concerns raw materials and unfinished products; this increase reflects the increase in production, in response to the improved sales trend of the Group in the last two quarters of 2010.

NOTE 6.9 - TRADE RECEIVABLES

The trade receivables at 30/09/2010 amounted to 60,106,000 Euro and compared to the previous financial year the item recorded an increase of 1,283,000 Euro.

TRADE RECEIVABLES	30/09/10	31/12/09
Receivables from clients	63.274.883	63.673.042
Receivable write-down fund	(3.874.607)	(5.836.151)
Net receivables from clients	59.400.276	57.836.891
Receivables from associates	705.450	986.281
Write-down fund for rec. from assoc.	-	-
TOTAL	60.105.726	58.823.172

The receivables from associates amount to 705,000 euro and are commented on in note 6.29 - Information about associates. The increase in trade receivables between

30/09/2010 and 31/12/2009 was caused by the increase in new revenues in the last two quarters of 2010. With reference to the receivable writedown fund, there was a noticeable decrease, for its use against a receivable subject to settlement with creditors and definitively entered among losses on receivables.

NOTE 6.10 - OTHER RECEIVABLES

The Other receivables in existence at 30/09/2010 amount to 6,007,000 Euro and increased compared to the previous period by 1,608,000 Euro. The value of the other receivables refers mainly to accruals and deferrals in assets, advances paid to suppliers, advances on travel expenses paid to employees, contributions for research & development to be received. Other non-current receivables amount to 26,000 Euro.

NOTE 6.11 - OTHER FISCAL ASSETS

This item amounts to 6,549,000 euro compared with 5,985,000 at the end of the previous year. Fiscal assets refer mainly to VAT receivables (4,937,000 euro), receivables entered by the American subsidiaries and the German subsidiary on losses incurred in the previous year or those incurred in the first nine months of 2010 (722,000 euro), as well as on prepaid taxes (872,000 euro).

With reference to the receivable on fiscal losses accrued in the U.S. and Germany, it should be noted that the American and German fiscal laws foresee that a company, if it has a loss in the year, can request a total or partial refund of taxes paid in previous years (five for the American law). To make this request it is not necessary to have positive fiscal results in the future, it is only necessary to send the tax authorities an application for the refund. Therefore, this item was included under the heading of "Other current fiscal assets".

NOTE 6.12 - NET FINANCIAL POSITION

As of 30/09/2010 the Group's net financial position showed an indebtedness amounting to 145,936,000 euro, down from 31/12/2009 by 4,155,000 euro. For a better understanding of the changes in the net financial position during the first nine months of 2010, reference is made to the cash-flow statement for the period.

As required by Consob Communication no. DEM/6064293 of 28/07/2006, the following table illustrates the net financial indebtedness as of 30/09/2010 and 31/12/2009, determined with the criteria indicated in the Recommendation of the CESR (Committee of European Securities Regulators) of 10/02/2005 "Recommendations for uniform implementation of the European Commission in information prospectuses" and cited also by Consob.

FINANCIAL POSITION			
<i>Values in thousands of euro</i>			
	30/09/10	31/12/09	Changes
A CASH	11.909	15.084	(3.175)
B OTHER VALUABLES ON HAND	-	-	-
C SECURITIES HELD FOR NEGOTIATION	-	-	-
D CASH ON HAND (A+B+C)	11.909	15.084	(3.175)
E CURRENT FINANCIAL RECEIVABLES	-	-	-
F CURRENT BANK PAYABLES	14.461	11.768	2.693
G CURRENT PART OF NON-CURRENT INDEBTEDNESS	30.300	31.158	(858)
H OTHER CURRENT FINANCIAL PAYABLES	957	1.237	(280)
I CURRENT FINANCIAL INDEBTEDNESS (F+G+H)	45.718	44.163	1.555
J NET CURRENT FINANCIAL INDEBTEDNESS (I-D-E)	33.809	29.079	4.730
K NON-CURRENT CURRENT BANK PAYABLES	108.924	117.551	(8.627)
L BONDS ISSUED	-	-	-
M OTHER NON-CURRENT FINANCIAL PAYABLES	3.203	3.461	(258)
N NON-CURRENT FINANCIAL INDEBTEDNESS (K+L+M)	112.127	121.012	(8.885)
O NET FINANCIAL INDEBTEDNESS (J+N)	145.936	150.091	(4.155)

The improvement of the net financial debt is mainly explained by the liquidity acquired from the capital increase, which was used to repay medium/long-term loans and for the management of operating activities.

LIQUIDITY

The reader is referred to the Consolidated Cash-flow Statement for greater detail relative to the increase in liquidity

INDEBTEDNESS WITH BANKS

The main debt included in indebtedness with banks is the FINPOLAR loan. This loan that amounted to a total of 125,692,000 euro on 30/09/2010 is divided as follows:

- Section A: medium/long-term loan of 31,401,000 (expiring in February 2015 with repayment in semi-annual installments of unvarying capital);
- Section B: medium/long-term loan of 63,443,000 (expiring in February 2016 with a "bullet" repayment at expiration);
- Section C1: medium/long-term loan of 12,600,000 (expiring in February 2015 with repayment in semi-annual installments of unvarying capital starting August 4, 2011);
- Section C2: revolving credit line of advances on invoices used until September 30, 2010 for 1,755,000 euro;
- Section D: cash credit line for 15,817,000 euro (for a maximum capital amount of 20 million euro).
- Accrued interest for all 5 sections amounting to 676,000 euro.

As regards the loan with repayment in semi-annual installments expiring in 2015 (Section A), the installments due in February and August 2010 were duly repaid (the capital amounts to 3,525,000 euro for each installment).

The FINPOLAR loan is subject to the respect of certain covenants that are measured annually on a consolidated basis.

The FINPOLAR loan is for 98,879,000 expiring after 12 months.

Non-current bank indebtedness also includes bank payables for 1,016,000 euro and the negative fair value of certain financial derivative instruments (IRS – Interest Rate Swap) which amount to a total of 9,029,000 euro. The main contracts are those stipulated by PRIMA INDUSTRIE SpA in partial coverage of the interest rate risk on the above-mentioned FINPOLAR loan. The tests of effectiveness made on the derivative hedge contracts were found to be substantially effective as of 30/09/2010 and have therefore been entered, as all the other requisites of IAS 39 were satisfied, using the criterion of "hedge accounting". The financial instruments for which the test of effec-

tiveness is not performed, in consideration of their characteristics, are accounted for assigning them to the income statement of the relative variations of *fair value*.

In current bank indebtedness (considering also the current part of the non-current indebtedness) we have included the FINPOLAR loan for 26,813,000 euro, bank overdrafts for 10,535,000 euro, other bank loans for 7,401,000 euro and derivatives for 12,000 euro.

OTHER FINANCIAL PAYABLES

The other financial payables amount in total to 4,160,000 euro (of which 3,203,000 are not current).

The other financial payables include:

- interest on the residual payable due to EQT (also relative to the acquisition of the FINN-POWER Group), which came due from July to November 2009, and entirely classified in the current portion of the payable, for 311,000 euro;
- payables for financial leases amounting to 2,342,000 euro (of which 237,000 euro current);
- other financial payables for 1,507,000 euro (of which 409,000 euro current); these payables refer mainly to facilitated ministry loans.

CHANGES IN PAYABLES TO BANKS AND LOANS

The payables to banks and the loans taken out by the PRIMA INDUSTRIE Group as of 30/09/2010 (not inclusive of the fair value of derivatives) amount to 148,803,000 euro and in the first nine months of 2010 they changes as shown in the table here below.

PAYABLES TO BANKS AND LOANS	<i>Euro/000</i>
Payables to banks and loans - current portion (01/01/2010)	44.160
Payables to banks and loans - non-current portion (01/01/2010)	113.496
TOTAL PAYABLES TO BANKS AND LOANS AS OF 01/01/2010	157.656
Variation in the area of consolidation	-
Stipulation of loans and borrowings	10.975
Repayment of loans and borrowings	(19.827)
Net variation in liabilities for financial leases and Sabatini transactions	(181)
Exchange effect	180
TOTAL PAYABLES TO BANKS AND LOANS AS OF 30/09/2010	148.803
of which:	
Payables to banks and loans - current portion (30/09/10)	45.706
Payables to banks and loans - non-current portion (30/09/10)	103.097
TOTAL PAYABLES TO BANKS AND LOANS AS OF 30/09/2010	148.803

NOTE 6.13 - SHAREHOLDERS' EQUITY

During the period, the company concluded the increase of capital resolved by the Board of Directors of the company on December 18, 2009; this increase of capital led to collection of 15,233,000 euro (inclusive of the accessory costs of the transaction). For more details on this subject, see the table of changes in shareholders' equity.

NOTE 6.14 - EMPLOYEE BENEFITS

The item Employee benefits includes:

- Severance Indemnity paid by Italian companies to their employees;
- a fidelity bonus granted by the Parent Company and PRIMA ELECTRONICS to their employees;
- a pension fund recognized by PRIMA INDUSTRIE GmbH and PRIMA FINN-POWER FRANCE Sarl to their employees.

EMPLOYEE BENEFITS	30/09/10	31/12/09
Severance indemnity fund	5.800.885	6.405.048
Fidelity premium	1.168.716	1.098.761
TOTAL	6.969.601	7.503.809

The reduction with respect to the year 2009 is due, substantially, to the reduction in the Group's personnel.

NOTE 6.15 - FISCAL LIABILITIES FOR DEFERRED TAXES

Fiscal liabilities for deferred taxes amount to 10,951,000 euro, up with respect to the previous year by 48,000 euro.

It should be noted that this item also includes tax liabilities for deferred taxes on the trademark, in relation to the customer list and on the real estate property in Cologna Veneta arising from the FINN-POWER business combination amounting to 8,680,000 euro.

NOTE 6.16 - FUNDS FOR RISKS AND CHARGES

The provisions for risks and charges amount to 7,487 thousand Euro a decrease compared to 31/12/2009 of 1,858 thousand Euro.

The most significant type is that relating to the Product Guarantee Reserve. The Product Guarantee Reserve relates to the provisions made for work undertaken in technical guarantee on Group products and is considered to be appropriate in relation to the guarantee costs that must be incurred.

The provisions for non-current risks refer exclusively to the client indemnity fund for agents and amount to a total of 58,000 euro. The current provision for risks refers mainly to product warranties (euro 5,860,000 euro down from 982,000 euro with respect to 31/12/2009). Other than the aforementioned reduction of the product warranty fund, the reduction of funds is due to the use of funds for restructuring/reorganization of the company, allocated on 31/12/2009.

The other funds refer to lawsuits and other disputes; these funds represent the best estimate by the management of the liabilities that must be accounted for with reference to law suit brought during the course of ordinary business against retailers, clients, suppliers or public authorities, and also legal procedures relative to disputes with former employees.

NOTE 6.17 - TRADE PAYABLES, ADVANCES AND OTHER PAYABLES

The value of these payables has increased compared to 31/12/2009 by a total amount of 13,857,000 euro. Trade payables and advances are the types of payables that increased, while other payables decreased. It should be noted that the item Advances by customers includes both the advances on orders relative to machines not yet delivered, as well as those generated by the application of IAS 18 relative to machinery already delivered but not yet accepted by the end customer and thus not accountable as revenue.

TRADE AND OTHER PAYABLES	30/09/10	31/12/09
Payables to suppliers	60.612.710	51.429.488
Trade payables	60.612.710	51.429.488
Advances from clients	25.399.750	19.664.435
Advances from clients	25.399.750	19.664.435
Tax and social security payables	1.928.621	3.581.415
Payables to employees	3.967.456	3.131.090
Other short-term payables	8.440.494	8.685.747
Other payables	14.336.571	15.398.252

NOTE 6.18 - FISCAL LIABILITIES FOR CURRENT TAXES

Fiscal liabilities for current taxes as of 30/09/2010 amounted to 2,754,000 euro, down compared to 31/12/2009 by 82,000 euro.

NOTE 6.19 - NET REVENUES FROM SALES AND SERVICES

The income from sales and services has already been dealt with both in chapter 3 of this document: "INTERIM MANAGEMENT REPORT" in the paragraph entitled "REVENUES AND PROFITABILITY" and at note 6.30 – Segment report.

NOTE 6.20 - OTHER OPERATING REVENUES

The item Other revenues and income amounts to 3,689,000 euro and is up with respect to the corresponding period of 2009 by 1,065,000 euro.

The main elements of this item should be considered non-recurrent and are:

a contribution in to the capital account (law 46/82), relative to a program of technological innovation, to be paid by the Ministry for Economic Development to the parent company, for about 1.1 million euro;

collection of a deposit made to guarantee a contract (of a non commercial nature) not stipulated according to the conditions foreseen, due to non-performance by the other party (for about 0.6 million euro);

a settlement having as its subject resolution of the disputes deriving from the declarations and guarantees foreseen in the contract for acquisition of OSAI SpA by PRIMA ELECTRONICS SpA, for about 0.6 million euro.

NOTE 6.21 - INCREASES FOR INTERNAL WORKS

Increases for internal works as of 30/09/2010 amount to 4,931,000 euro and refer mainly to capitalization of assets for the development of new projects (4,551,000 euro), for which the technical feasibility and generation of probable future economic benefits has been ascertained.

NOTE 6.22 - PERSONNEL COST

The cost of the personnel as of 30/09/2010 amounts to 56,031,000 euro as is down from the corresponding period of the past year. This reduction is due to the effective action of cost reduction undertaken by the Group, with a view to adjusting staff requirements and using redundancy provisions such as temporary government subsidized layoffs in Italy or equivalent instruments in other countries. It should be noted that this item includes non-recurrent items for 725,000 Euro.

NOTE 6.23 – DEPRECIATION – IMPAIRMENT AND WRITEDOWNS

Depreciation for the period amounted to 7,268,000 euro (of which 4,933,000 euro relative to intangible fixed assets). It should be noted that depreciations relative to trademarks and customer relations (“customer list”) amount to a total of 1,899,000 euro. During the period, the Group wrote down a project for development that had been capitalized previously, for an 225,000 euro. This writedown was made in the framework of the audits made by the management to determinate any impairment of value.

NOTE 6.24 - OTHER OPERATING COSTS

The other operating costs for nine months in 2010 amounted to 36,764,000 euro. This item is not directly comparable with that of the previous year, as the costs for 2009 were net of the indemnity received from EQT (amounting to 6,031,000 euro).

NOTE 6.25 - FINANCIAL INCOME AND COSTS

The financial management of the first nine months of 2010 was negative for 6,246,000 euro.

FINANCIAL MANAGEMENT	30/09/10	30/09/09
Financial income	113.043	256.915
Financial costs	(6.502.703)	(4.544.704)
Net result deriving from transactions in foreign currency	144.061	(124.077)
TOTAL	(6.245.599)	(4.411.866)

The financial costs relative to the FINPOLAR loan incurred by PRIMA INDUSTRIE amount to 3,214,000 euro, while net financial costs on derivatives stipulated by the Group amount to 1,772,000 euro.

NOTE 6.26 - NET PROFIT OF AFFILIATED COMPANIES AND JOINT VENTURES

As of 30/09/2010, this item amounts to 651,000 euro and is up with respect to the corresponding period of the previous year (at 30/09/2009 it was 7,000 euro) of 644,000 euro. It should be noted that last year a non-recurring cost was reported for 411,000 euro.

The result recorded in the Income Statement refers to the revaluation of the Chinese JV Shanghai Unity PRIMA Laser Machinery Co Ltd (SUP).

NOTE 6.27 - CURRENT AND DEFERRED TAXES

Income taxes in the first nine months of 2010 indicate a negative net balance of 30,000 euro. This balance is mainly due to limited current taxes on the reduced taxable income of some of the companies, release of deferred tax liabilities reported in previous years (of which 494,000 relative to the trademark and *customer list*) and entry of a tax credit on the previous years' losses of PRIMA North America.

NOTE 6.28 – EARNING PER SHARE*(a) Basic profit per share*

The basic result per share is determined by dividing the result 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.

In the first nine months of 2010, an average of 8,254,425 shares were in circulation; therefore the profit per share relative to the first nine months of 2010 amounts to a loss of 1.01 euro per share (against a loss of 1.11 euro per share relative to the first nine months of 2009).

BASIC PROFIT PER SHARE	30/09/10	30/09/09
Profit due to shareholders (Euro/000)	(8.301)	(7.129)
Weighted average - number of ordinary shares	8.254.425	6.400.000
Basic profit per share (Euro)	(1,01)	(1,11)

(b) Diluted profit per share

The diluted result per share is determined by dividing the result 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.

DILUTED PROFIT PER SHARE	30/09/10	30/09/09
Profit due to shareholders (Euro/000)	(8.301)	(7.129)
Weighted average - number of ordinary shares	8.254.425	6.400.000
Corrected average number of ordinary shares	10.620.290	6.526.000
Diluted profit per share (Euro)	(0,78)	(1,09)

As potential ordinary shares with dilutive effect, we considered those linked to the *stock option* plan and the warrant, that can be exercised until December 16, 2013.

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

The diluted profit per share reported in the tables of the financial statements is equal to the basic profit, as foreseen by the IAS/IFRS accounting standards in which a situation of anti-dilution recurs (i.e. the loss deriving from the dilutive calculation is lower than the base loss).

NOTE 6.29 - INFORMATION ON ASSOCIATES

In addition to the relations with strategic management, transactions with associated parties, mainly related to the supply of laser systems and components to the Joint Ventures. The aforesaid supplies were made at market price.

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

OPERATIONS WITH ASSOCIATES	SHENYANG PRIMA LASER MACHINE	SHANGHAI UNITY PRIMA LASER MACHINERY	WUHAN OVL CONVERGENT	CARETEK	TOTAL OPERATIONS WITH JV	STRATEGIC MANAGEMENT	TOTAL OPERATIONS WITH ASSOCIATES
RECEIVABLES AS OF 01/01/2010 ^(a)	116.726	504.028	365.527	-	986.281	-	986.281
RECEIVABLES AS OF 30/09/2010 ^(a)	-	385.317	320.133	47.000	752.450	-	752.450
PAYABLES AS OF 01/01/2010	46.065	-	-	-	46.065	284.482	330.547
PAYABLES AS OF 30/09/2010	-	-	-	-	-	165.632	165.632
REVENUES 01/01/10 - 30/09/2010	-	1.227.683	1.695.640	6.836	2.930.159	-	2.930.159
COSTS 01/01/2010 - 30/09/2010	-	-	-	-	-	1.147.667	1.147.667
CHANGES IN RECEIVABLES							
01/01/2010 - 30/09/2010	(116.726)	(118.711)	(45.394)	47.000	(233.831)	-	(233.831)
CHANGES IN PAYABLES							
01/01/2010 - 30/09/2010	(46.065)	-	-	-	(46.065)	(118.850)	(164.915)

(a) - including those of a financial nature

NOTE 6.30 – SEGMENT REPORT

It should be noted that not all the data set forth hereunder are directly related to those presented in Chapters “3 - GROUP INTERIM MANAGEMENT REPORT” and “4 – ECONOMIC PERFORMANCE BY SEGMENT”, since the latter are expressed inclusive of intersectorial items.

Information by sector of activity

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

The Group has the following three operating segments:

- Laser Systems
- Electronics
- Sheet Metal Processing Machines

The following table illustrates the main details of by sector.

Profits for sector 30/09/2010	Laser Systems	Electronics	Sheet Metal Processing Machines	Items not allocated	Total
Total revenues for sector	68.534	22.883	94.421	-	185.838
<i>(Inter-sectorial revenues)</i>	<i>(10.421)</i>	<i>(2.771)</i>	<i>(3.981)</i>	-	<i>(17.173)</i>
Revenues	58.113	20.112	90.440	-	168.665
EBITDA	2.728	2.053	63	-	4.844
EBIT	1.312	1.315	(5.304)	-	(2.677)
Net financial costs/income	(3.775)	(262)	(2.208)	-	(6.245)
Income/costs from affiliates and joint ventures	673	(22)	-	-	651
Profit before taxes	-	-	-	-	(8.271)
Taxes	-	-	-	(30)	(30)
Net profit	-	-	-	-	(8.301)

Profits for sector 30/09/2009	Laser Systems	Electronics	Sheet Metal Processing Machines	Items not allocated	Total
Total revenues for sector	62.124	20.291	92.181	-	174.596
<i>(Inter-sectorial revenues)</i>	<i>(7.545)</i>	<i>(1.620)</i>	<i>(1.003)</i>	-	<i>(10.168)</i>
Revenues	54.579	18.671	91.178	-	164.428
EBITDA	1.682	768	2.129	-	4.579
EBIT	459	189	(3.703)	-	(3.055)
Net financial costs/income	(1.567)	(400)	(2.444)	-	(4.411)
Income/costs from affiliates and joint ventures	7	-	-	-	7
Profit before taxes	-	-	-	-	(7.459)
Taxes	-	-	-	330	330
Net profit	-	-	-	-	(7.129)

Assets and liabilities for sector 30/09/2010	Laser Systems	Electronics	Sheet Metal Processing Machines	Not allocated	Group
Assets	59.316	33.273	234.568	24.357	351.514
Affiliates, JV and other equity investments	5.763	775	79	-	6.617
Total Assets	65.079	34.048	234.647	24.357	358.131
Liabilities	37.816	14.398	62.592	171.550	286.356

Assets and liabilities for sector 31/12/2009	Laser Systems	Electronics	Sheet Metal Processing Machines	Not allocated	Group
Assets	53.960	29.580	231.963	25.985	341.488
Affiliates, JV and other equity investments	4.752	750	79	-	5.581
Total Assets	58.712	30.330	232.042	25.985	347.069
Liabilities	27.612	12.098	63.631	178.750	282.091

(*) For greater comparability of data, the values relative to "affiliates, JV and other equity investments" as of 31.12.2009 have been reclassified

Sales breakdown by geographical area

For details relating to the revenues subdivided by geographical area the reader is referred to the contents of chapter 3 "Economic Performance of the Group", in the paragraph entitled "Revenues and profitability"

NOTE 6.31 - MANAGEMENT OF FINANCIAL RISKS

The financial instruments of the Group which are allocated for the purposes of financing operations include bank loans, financial lease contracts, sight and short-term bank deposits. There are also other financial instruments, such as trade receivables and payables, deriving from operating activities.

The Group also performed operations in derivatives, such as "Interest Rate Swap – IRS" contracts. The purpose of these instruments is to manage interest rate risks generated by the Group's operations and its loan sources.

The main risks generated by the Group's aforementioned financial instruments are interest risks, exchange rate risks, credit risks and cash flow risks.

The Group has applied a specific policy to manage financial risks correctly, with the purpose of safeguarding its business and its ability to create value for the shareholders and all the Stakeholders.

As indicated in the Management Report, the PRIMA INDUSTRIE Group is mainly exposed in the following risks categories:

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

The following table illustrates the goals and policies of the Group for management of the risks indicated above.

Interest rate risk

The position of indebtedness toward the credit system and capital market can be negotiated at fixed or variable rates.

The variation of interest rates on the market generates the following categories of risk:

- an upward variation of market rates exposes the group to the risk of higher financial costs to pay on the amount payable at the variable rate;
- a downward variation of market rates exposes the group to the risk of higher financial costs to pay on the amount payable at the fixed rate;

The strategies of the Group to meet these risks are as follows:

- Interest rate \longrightarrow Management/Hedging

Exposure to the interest rate is structural in nature, as the net financial position generates net financial costs subject to the volatility of interest rates, depending on the contract conditions established with the financial counterparts.

Consequently, the strategy identified, consisting of Management/Hedging consists of:

- Continuous monitoring of exposure to interest rate risk
- Activities of Hedging via derivative financial instruments.

Exchange rate risk

The position of indebtedness toward the banking system and capital market, as well as toward the other creditors, can be expressed in the group's own reporting currency (euro), or in other reporting currencies.

In this case, the financial cost of the payable in currency is subject to the interest rate risk of a market other than the euro market, that of the chosen currency.

The attitude and strategies to pursue toward the risk factors are determined by a number of elements that concern both the characteristics of the reference markets and their impact on the results of the corporate financial statements.

Four possible strategic orientations can be identified for operating management of the separate risk factors:

- Avoidance
- Acceptance
- Management/Hedging
- "Market Intelligence" (Speculation)

The strategies of the Group to meet these risks are as follows:

- Exchange rate \longrightarrow Management/Hedging

Exposure to the exchange rate risks deriving from financial factors is currently limited, as the company does not take out loans in currencies other than the euro, with the exception of a few loans in the U.S. pertaining to the subsidiary PRIMA North America, for which the U.S. dollar is the currency of reference.

Relative to trade items, these are partially balanced between trade flows in U.S. dollars (substantially the only currency of account different from the euro) from the subsidiaries PRIMA North America Inc., PRIMA FINN-POWER North America Inc. and OSAI USA Inc. (which operate only in dollars) and flows from the parent company PRIMA INDUSTRIE SpA and PRIMA ELECTRONICS (which acquire a large quantity of parts the price of which is linked to the dollar). The Group therefore tends to minimize its recourse to financial markets for hedges due to the benefits deriving from this natural hedge, that is subject to constant monitoring.

As regards the reporting currencies other than the U.S. dollar, almost exclusively used only by a few subsidiaries that perform activities of sales and after-sales service, the

risk management strategy is generally one of acceptance, both because generally the amounts are not large, and also because of the difficulty of finding adequate hedges.

Credit risk

The company deals only with known and reliable clients, moreover the receivable balance is monitored during the year so that the exposure to losses is never great. For this purpose, PRIMA INDUSTRIE recently established a function of Group credit management.

It should be noted that part of receivables from clients are transferred to factoring companies.

There are no significant concentrations of receivable risk for the Group.

Financial assets are reported in the financial statements net of the write-down calculated on the basis of the risk of non-performance by the other party, determined on the basis of the available information on the solvency of the client and possibly considering the history.

Liquidity risk

The liquidity risk is the risk that financial sources may not be sufficient to meet the financial and trade obligations of the Group within the terms and deadlines established for them. The liquidity risk to which the Group is subject may arise following delayed payments and, more in general, to the difficulty in obtaining financing to support operating activities in the necessary time. The cash flows, financing needs and liquidity of the companies in the Group are monitored or managed centrally, under the control of the Group treasury, with the goal of ensuring effective and efficient management of the financial resources.

The Group operates with a view to performing operations of collection on different financial markets and with different technical forms, in order to guarantee a proper level of liquidity currently and in the future. The strategic goal is to ensure that the company disposes at all times of sufficient credit to meet its financial obligations in the next twelve months.

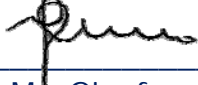
The persistence of the current difficult market situation from the operating and financial standpoint, requires particular attention to management of the liquidity risk, and in this sense the company pays close attention to actions capable of generating the necessary financial resources to support operations and meet its short-term financial needs. For this purpose, the Group expects to meet its financial deadlines and cover the investments foreseen using cash on hand, credit lines and the specific measures illustrated more in detail in the paragraphs of the Group Interim Management Report entitled "NET FINANCIAL POSITION".

On the basis of the above information, and the positive outcome of the actions undertaken to locate the necessary financial resources and support the short-term needs, we consider the liquidity risk adequately monitored.

NOTE 6.32 – EVENTS SUBSEQUENT TO THE PERIOD

No events have occurred since the reference date of this Interim Management Report that, if known previously, would have necessitated a correction of the values reported.

On behalf of the Board of Directors
The Chairman



Mr. Gianfranco Carbonato

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Declaration pursuant to art.154 bis clause 2-part IV, title III, item II, section V bis, of Legislative Decree no. 58 of February 24,1998: Unified text of provisions on financial brokerage pursuant to sections 8 and 21 of Law No. 52 dated February 6, 1996.

Massimo Ratti, the director appointed to draw up the corporate accounting documents of the PRIMA INDUSTRIE Group, certifies 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.