

L A S E R W O R L D W I D E



2004 FACTS AND FIGURES



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Company Profile

Since its incorporation in 1977, PRIMA INDUSTRIE S.p.A.'s main business has been to develop, manufacture, and market advanced industrial products incorporating mechanics, electronics, software, control and sensor technologies. A three-dimensional laser system was one of the first products developed and successfully brought to the marketplace in 1978.

Since 1995, when the corporate business strategy focused on industrial laser processing systems, the Company has repeatedly registered two-digit growth, becoming one of the major players in the laser systems market. More recently, while maintaining its leadership in three-dimensional applications, PRIMA INDUSTRIE has also become an important player in the flat laser cutting market, as a result of the strong commitment to product innovation and wider marketing and customer support coverage.

Along with its affiliate, PRIMA ELECTRONICS S.p.A., PRIMA INDUSTRIE has accumulated remarkable skills and know-how in the areas of industrial electronics, control technology, and real-time software, key success factors in the Company's continuing pursuit of product innovation.

In the fall of 1999, the Company successfully completed its IPO at the Nuovo Mercato of the Borsa Italiana.

In May 2000, the Company acquired Convergent Energy Inc. in the U.S.A. With this acquisition, the PRIMA Group added internal capabilities for CO₂ and solid-state laser engineering, applications and manufacturing, and strengthened its presence in the U.S. market.

In April 2001, the Company acquired the assets of the Laserdyne Division of GSI Lumonics, including engineering, sales and manufacturing resources in the U.S. Laserdyne is among the world leaders in CNC multi-axis laser processing systems, particularly in the field of precision micro-hole drilling, cutting and welding for the aerospace and energy industries. Thanks to this acquisition, the PRIMA Group further expanded its presence in North America and in the aerospace market.

In 2002, the PRIMA operations in the U.S.A. were merged and consolidated into a single corporation - PRIMA North America, Inc. - organized in three operating Divisions: CONVERGENT LASERS, LASERDYNE SYSTEMS, and PRIMA LASER TOOLS.

In 2003 and 2004 the Company has further enhanced its presence in Asia, where it is now operating also with three joint ventures, two in China and one in Japan.

PRIMA INDUSTRIE's corporate mission remains to systematically expand the scope of its products and services and continue to grow as a worldwide supplier of quality systems and solutions to the advanced-technology, high-growth market of industrial laser applications for material processing.



Listed



ISO 9001 - Cert. n° 0758/1

Certified



Audited



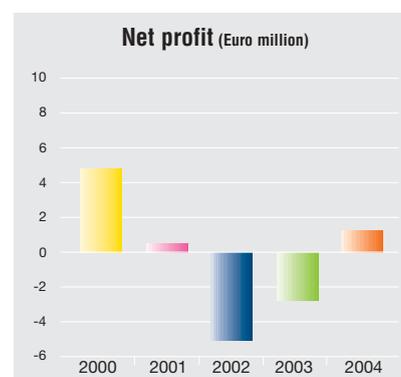
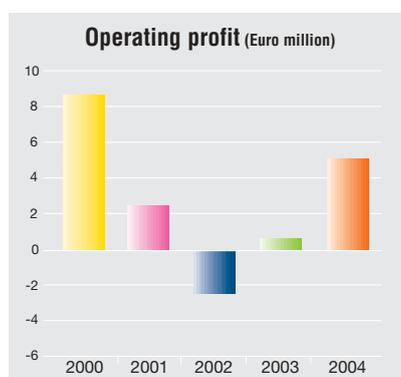
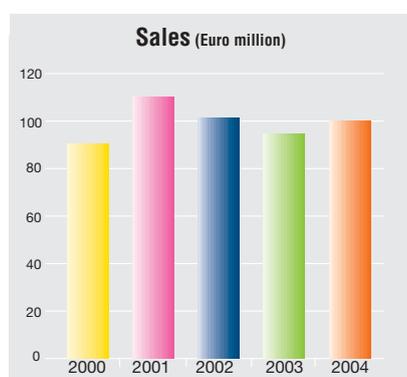
Member

Financial Highlights

Year ended December 31 st , (Euro thousand, except per share data)	2004	2003	2002	2001	2000
PROFIT AND LOSS STATEMENT					
Net Sales	100,044	95,000	100,528	111,895	89,971
Operating Margin (EBITDA)	6,932	2,731	124	4,313	10,698
Operating Profit (EBIT)	5,099	589	(2,523)	2,113	8,554
Profit Before Taxes (EBT)	3,789	(2,083)	(5,569)	1,471	9,049
Minority Interests	-	-	-	(48)	(548)
Group Net Profit	1,249	(2,953)	(5,024)	197	4,865
BALANCE SHEET					
Fixed Assets (net)	9,502	10,432	10,985	14,358	10,301
Working Capital (net)	39,057	43,784	59,225	51,912	35,252
Shareholders' Equity and Minority Interests	28,741	27,729	27,248	33,863	28,303
Financial Position (net)	15,618	22,323	39,254	29,203	14,425
Employees' severance indemnity	4,200	4,164	3,708	3,204	2,825
PER SHARE DATA⁽¹⁾					
Number of outstanding shares	4,600,000	4,600,000	4,150,000	4,150,000	3,600,000
Weighted average outstanding shares	4,600,000	4,543,750	4,150,000	3,760,833	3,494,000
Net Profit per share (on weighted average of shares)	0.27	(0.65)	(1.21)	0.05	1.39
Book value per share (on weighted average of shares)	6.25	6.10	6.57	8.62	7.27
RATIOS					
Operating Income/Net Sales (ROS)	5.1%	0.6%	(2.5%)	1.9%	9.5%
Operating Income/Invested Capital (ROI)	10.5%	1.1%	(3.6%)	3.3%	20.0%
Net Income/Stockholders' Equity (ROE) ⁽²⁾	4.4%	(10.8%)	(16.8%)	0.7%	25.5%
OTHER KEY INFORMATION					
Research and Development Expenses	6,926	6,935	7,475	6,119	4,132
Year-end Order Backlog	19,059	19,050	27,895	30,006	34,189
Number of employees	465	446	443	470	379

NOTES: (1) Number of shares as per split executed on June 4, 2001

(2) ROE is calculated on average Stockholders' Equity



Message to Shareholders

Ladies and Gentlemen,

The consolidated financial results for the year 2004 show that the Group has returned to profitability, thus successfully completing the turn-around plan that was implemented after the acquisitions in the U.S.A in 2000 and 2001, and the infamous events which conditioned the international economic situation and the performance of the Group over the subsequent two years.

The significant improvement in turnover and financial results is, in part, attributable to the strong growth of PRIMA North America, although the weakness of the Dollar has reduced its impact in terms of consolidated sales.

PRIMA North America has returned to positive operating results, thereby ending the dilution of the consolidated results, which began in 2001, reached a peak in 2002, and improved gradually throughout 2003 as restructuring strategies gradually took place.

Both PRIMA INDUSTRIE and PRIMA ELECTRONICS' turnover and earnings were on the increase, thus reversing the recent negative trend, and confirming the solid structure of the two companies and the strength of the market in which they operate.

It is, in fact, significant that the improvement in the consolidated results, which remain still lower than those reached in the years 1999 and 2000, was achieved in a year when the economic situation was still quite uncertain.

Although 2004 will be remembered as one of the strongest growth-years in global GDP in the post-war period, it must be remembered that this growth represents the result of highly positive trends in the North American and Asian markets, and substantial stagnation in the European Union.

This stagnation, which has a negative effect on the investment goods sector, continues to affect those European countries (Germany, France, Italy) where the Group makes a substantial percentage of its sales.



This phenomenon has been partially compensated by the strong growth in some Eastern European markets, where significant results have been achieved.

However, it is clear that the overall growth in turnover derives from increased volumes of activity in markets outside the European Union, where PRIMA INDUSTRIE has invested, and continues to invest heavily in order to strengthen its presence, and which, today, account for over 40% of consolidated sales.

It should be remembered that in 1999, just five years ago, this value was just 10% and that one of the main objectives, stated when the Company went public at the end of 1999, was the internationalisation of the Group's business activities, beyond the "domestic" market constituted by the European Union.

Another positive development was the increasing use of proprietary laser generators on systems delivered during 2004.

In fact, PRIMA North America's CONVERGENT LASERS Division lasers were fitted on one third of all systems delivered.

After a long period of test and development carried out throughout 2003, and the early months of 2004, the quality and reliability of the CONVERGENT family of laser generators have reached a very satisfactory level, allowing to start supplying the market in significant quantities.

It is predicted that proprietary generators will account for more than 50% of the total in 2005, resulting in:

- improved profit-margins on delivered systems;
- a positive result for the CONVERGENT LASERS Division of PRIMA North America (even though this division showed a net improvement in 2004, it still diluted the excellent performance of LASERDYNE SYSTEMS);

- a substantial balance of Group cash flow expressed in Dollars, thus making the consolidated economic result largely independent of variations in the Euro/Dollar exchange rate.

It should be remembered at this point that insourcing of laser generators was the second-most important objective stated at the IPO in 1999.

Consolidated sales for 2004 were € 100 million, an increase of 5% on € 95 million in 2003. Group turnover, therefore, returned to the level achieved in 2002. This was despite approximately 30% of sales being denominated in U.S. Dollars which lost over 30% of its value against the Euro over 2003/2004.

The Operating Margin (EBITDA) showed a significant increase at € 6.9 million (6.9% of turnover) against € 2.7 million in 2003 (2.9% of turnover). This result was achieved after fully charging to P/L statement of Research and Development costs of € 6.9 million (the same value as in 2003), equivalent to 6.9% of turnover. Yearly investments in Research and Development prove the Group's policy of creating increasingly advanced products to meet the demands of a highly dynamic market.

Operating Profit (EBIT) was significantly improved, increasing to € 5.1 million (5.1% of turnover) against € 0.6 million in 2003 (0.6% of turnover).

Profit Before Taxes (EBT) was € 3.8 million, as against a loss of € 2.1 million in 2003, when results were also affected by a number of extraordinary events (hostile takeover bid, relocation of PRIMA North America, etc.)

The € 1.25 million net profit, against a loss of € 3.0 million in 2003, was strongly diluted by the high fiscal drag caused by IRAP (Business Tax) and non-deductible costs. The consequent provision has been of € 2.2 million in current tax liabilities and of € 0.35 million in deferred tax assets. Tax rate was not yet benefiting from the considerable carry forward losses in the U.S.A. where, however, a positive tax result was made for the first time.

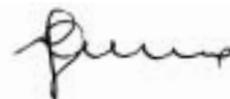
The improved management of working capital, that gave such excellent results in 2003, continued throughout 2004. As a consequence of these activities and the positive cash flow generated during the year, the Net Financial Position further improved to € 15.6 million as against € 22.3 million at 31/12/2003. This figure includes Sabatini factoring transactions to a value of € 1.7 million, € 1.1 million in financial leases on real estates and € 2.2 million in research loans provided by public bodies at favourable rates.

The short term portion of bank debt (including medium term loan repayments due during 2005) is € 2.8 million, while the medium to long term portion is € 7.8 million.

Therefore, the Net Financial Position/Assets ratio was 0.54 (against 0.81 at the end of 2003), while the Bank Debts/Assets ratio was 0.37 at 31/12/2004. This figure (which was 0.60 at 31/12/03) is also significant in the context of the introduction of the new international banking regulations (the "Basle 2" standards).

In the context of a European market where no substantial improvements are expected, the targets for the current year consist of a moderate growth in sales and further improvement in profitability. This will be pursued particularly in North America, where we are expecting the first positive results after the breakeven reached in 2004.

Also based on this confidence in the future prospects of the Group, the Board of Directors has resolved to propose a dividend of € 0.14 per share for approval at the Shareholders Meeting. We hope this signal will be positively received. We would like to thank you, together with our employees, partners, customers and suppliers, for having waited so patiently for our return to profitability: to this aim we have dedicated, in a difficult general context, all our efforts over the past few years.



Gianfranco Carbonato
Chief Executive Officer



Strategies for the Future: Innovation and Internationalization

In the context of the world economy at the start of the third millennium, European industry must adopt a range of strategic choices in order to maintain its medium-to-long-term competitiveness in the face of growing market globalisation and aggressive competition from emerging economies.

In particular, medium-sized companies, which form an especially active and dynamic sector of Italian industry (and to which category PRIMA INDUSTRIE belongs), will be required to make significant efforts in two specific directions: Innovation and Internationalization.

These two objectives played a very significant role in the activities of PRIMA INDUSTRIE during 2004.

As far as innovation, the year saw the completion of an entirely innovative and revolutionary product: Sincrono.

This new product, which was presented to a selected group of customers at the end of 2004, will be commercially available from the middle of 2005, and will permit PRIMA INDUSTRIE laser systems to take significant steps forward, both in technological terms, and in its strategic market position.

Based on modern parallel kinematic structures, and driven by linear motors, Sincrono's dynamic performance is at least twice that of the most advanced products currently available on the market.

Sincrono's innovative characteristics have been patented in the principal world markets.

As for internationalization, as has been stated, the Group is active in 40 countries worldwide, with its own sales and service networks in a dozen of these, and exports which vary between 70 and 75% depending on the year.

Over the last five years total sales have been nearly € 500 million of which € 350 million were exports.

Outside the European Union (which, as has been noted, is undergoing a period of economic stagnation) the quota touched a record value of over 40% in 2004.

The Group boasts five production centres, two in Italy, two in North America, and one in China.

This last facility is particularly significant as it has been recently expanded to 4000 m² to comply with the strong growth experienced in the Chinese market.

This is confirmed by the substantial backlog at the beginning of 2005 which amounts to 35 systems to be delivered as compared to a total of 58 systems shipped by the end of 2004.



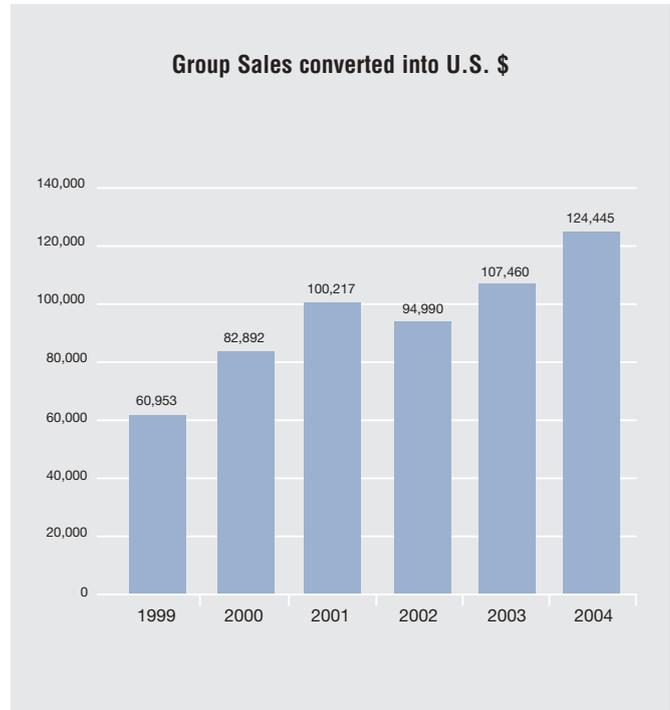
SYNCRONO

Above figures are not consolidated in our accounts and refer to the product lines of SHANGHAI UNITY PRIMA which cover a lower segment of the laser systems market compared to our current product lines.

As far as the accounting sector was concerned, a great deal of activity was required for the introduction of the IFRS (International Financial Reporting Standards), that will be applied to the preparation of the Consolidated Financial Statement from 2005, in conformity with national and European Union regulations.

A key target for our future development will be to pursue cooperation strategies with other companies operating in our business with the purpose of better covering the world markets by enjoying market/product synergies.

After a first attempt in this direction made in 2004, we will carry on the above guideline as part of our strategy for the future.



SHANGHAI UNITY PRIMA FACILITIES



Revenue Analysis

Despite the weakening Dollar, which accounts for a significant part of the Group's business (approx. 30%), consolidated sales were 100 million Euro, an increase of over 5% on the 95 million Euro in 2003.

The improvements shown by all the Group's Divisions, thanks to the encouraging recovery of the North American market, and strong

growth in a number of non-EU markets, in Eastern Europe and other developing countries, contributed to this good result.

Revenues do not take into account sales made by the joint venture companies in China and Japan, as these are not consolidated.

During the year, a total of 175 laser systems were delivered, as against 156 systems in 2003.

The breakdown by product category shows that the sales of 3D and 2D systems were roughly equal (33% and 34% of consolidated sales, equivalent to € 33.3 and € 34 million, respectively).

Compared to the previous year sales of 3D systems have been approximately constant in value.

They were mainly concentrated in Italy (also thanks to sales of remote welding systems produced in collaboration with Comau), Germany, and the United States.

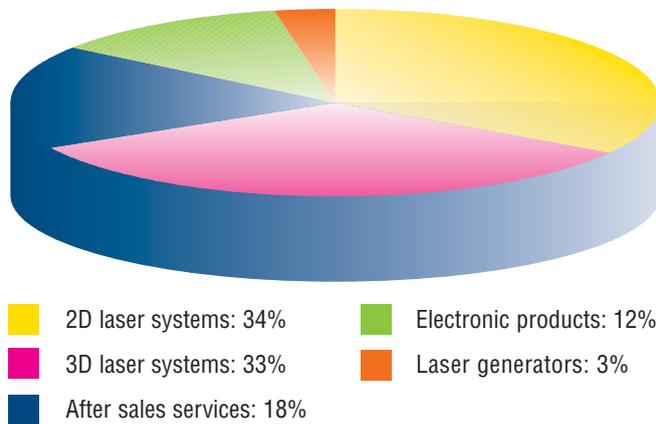
On the contrary, sales of 2D systems have grown 8% from 2003 mainly thanks to increased results in new emerging markets.

Turnover on electronic products (12% as against 11% in 2003) and after sales activities (18%) remained largely unchanged.

By geographical area, there was a modest recovery in the Italian market (which also benefited from sales of remote welding systems, as mentioned above), that accounted for 28% of sales in 2004 (24% in 2003).

This was in contrast to the shrinking European market (from 44% to 37%),

2004 revenues by product



2D ROUND-THE-CLOCK PRODUCTION

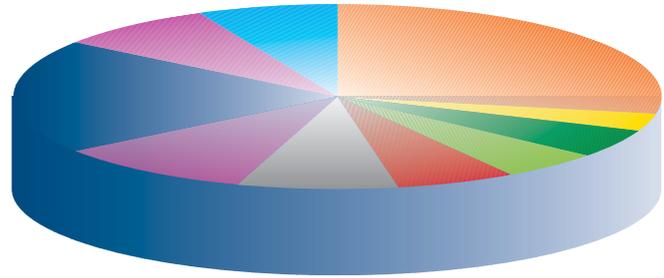


caused by the difficult situation in a number of traditional markets (France and Germany especially) and was only partially balanced out by growth in the "New Europe".

Sales in North America were largely stable (equivalent to 20% of the total at 31/12/2004, as against 21% at 31/12/2003), as the growth achieved in U.S. Dollars has been diluted by Dollar/Euro exchange rate variation.

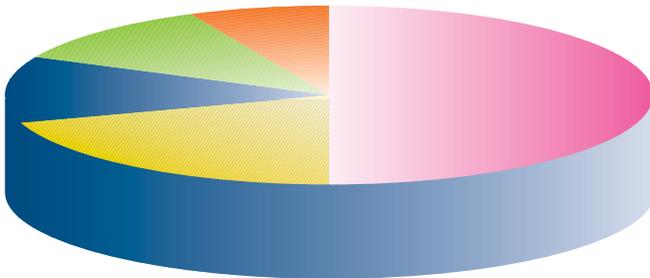
There was strong growth in Asia and other overseas markets (increased from 11% to 15%), as mentioned above.

2004 revenues by geography



- Italy: 28%
- U.S.A.: 20%
- R.O.E.: 10%
- New Europe: 8%
- China & Japan: 8%
- R.O.W.: 7%
- Spain: 6%
- UK: 5%
- Germany: 5%
- France: 3%

2004 revenues by markets



- Sheet metal processing: 50%
- Automotive: 20%
- Aerospace & Energy: 12%
- Electronics: 11%
- Other: 7%

3D ROUND-THE-CLOCK PRODUCTION



Marketing and Sales

Consolidated orders in 2004 were € 102.6 million, an increase of 13% with respect to € 91.0 million in 2003.

The consolidated order backlog at 1/1/2005 was the same as the previous year (€ 19.1 million), also because the increased order value with respect to turnover was diluted by the weakening Dollar.

In confirmation of the continuing market tendency to demand faster delivery times, the phenomenon of reduced order backlog with respect to effective sales continued to affect all the companies active in this sector, in particular our competitors. To summarise, in a market where the

general economic situation (in Europe) tends to discourage investment, customers who do decide to invest will demand fast delivery, and it is important that they be satisfied in this respect.

It is, therefore, of paramount importance that companies involved in this sector increase production flexibility (without increasing work-in-progress) in order to satisfy the increasingly exacting demand.

During the year the Group, which is already present either directly or indirectly in 40 countries, participated at numerous trade fairs in Europe: in February at BIMU SUD (Bari - Italy), in March at TECHNISHOW (Utrecht -

the Netherlands) and MACHINE OUTIL (Paris - France), in April at METALWORKING (Birmingham - United Kingdom) and SÜDBLECH (Sinsheim - Germany), in May at LAMIERA (Bologna - Italy), INTERTOOL (Vienna - Austria), and METALLOBRABOTKA (Moscow - Russia), in June at BIEMH (Bilbao - Spain) and MACHTOOL (Poznan - Poland) and, finally in October at BIMU (Milano - Italy), MAQUITEC (Barcelona - Spain) and EUROBLECH (Hannover - Germany). Outside Europe, the Group displayed its products in the U.S.A. (FABTECH in Cleveland), in China (CIMT - Beijing), in Brazil (MECANICA - São Paulo) and in Japan (JIMTOF - Tokyo, in collaboration with our partner SNK).

LAMIERA - BOLOGNA





EUROBLECH - HANNOVER



FABTECH - CHICAGO



JIMTOF - TOKYO

Italy

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Research and Development

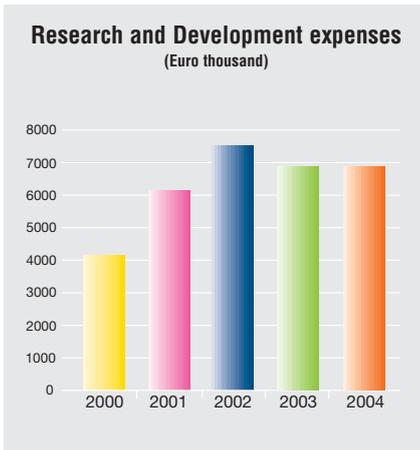
Research and Development costs totalled € 6.9 million for the year (stable with respect to the € 6.9 million for the previous year), and, as in the past, all expenditures were charged directly against income.

This sizeable investment (6.9% of turnover) will enable the Company to maintain, and, if possible, improve its competitive position in the fast-paced world of laser technology, through innovation and improvement of its product range.

To confirm the validity of this decision, Research and Development activities contributed extra earnings of € 1.0 million net through the granting of a limited, non-exclusive license for the Japanese market.

Activities carried out in 2004 were principally concerned with:

- The completion of the development of the new Domino HS machine, which was presented at the LAMIERA trade fair in Bologna in May 2004.
- The development of the new 2D Sincrono machine, equipped with a parallel kinematic head. This innovative product, which is the only one of its type in the world, will be commercially available from the middle of 2005, and was developed as part of a EUREKA project named PAMELA.
- The evolution of the PRIMACH-20L numerical control to include cell and integrated production system management, as well as the management of machines having parallel kinematic redundant axes.



DOMINO HS



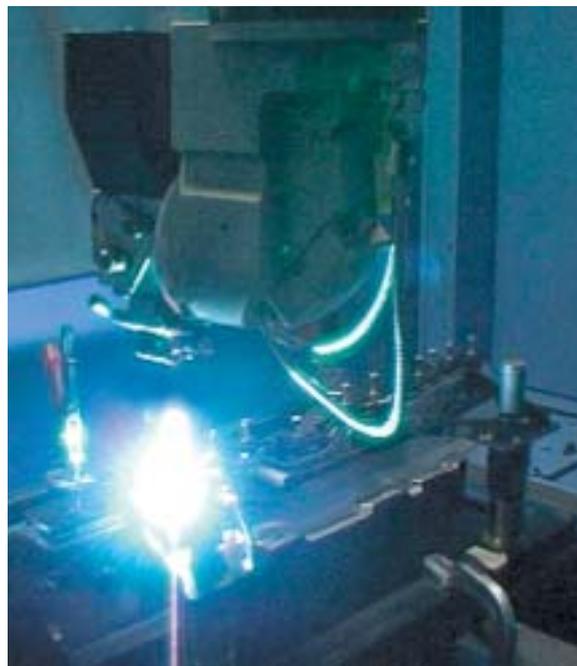
- The completion of the basic version of the three-dimensional PRIMACH-20L control software. The new control software will be available before the end of the current year.
- The development of a new structure of CNC control for LASERDYNE drilling systems based on PRIMACH-20L hardware and relevant migration on the new platform of the advanced and well recognized LASERDYNE control software.
- The definition of the specifications and configuration of a new CO₂ laser model, offering greater power than those currently produced or purchased by the Group.
- The development of a high-performance laser generator, currently in progress as part of the RESALT project, in collaboration with leading international research centres, and intended, primarily, for use in welding applications.

Research and Development was carried by all the divisions of the Group, as well as at the new PRIMA INDUSTRIE S.p.A. research centre in Bari, inaugurated at the end of 2003, and which employs 15 researchers.

The new centre is located in a modern facility set by a multi purpose consortium

named Sintesi to which PRIMA INDUSTRIE participates together with other high level Italian companies, all active in high technology equipment design and manufacturing.

The acquisition of a 10% stake in such consortium has been finalized in the first part of 2005.



LASER STITCH WELDING



R&D DEPT. - CHICOPEE (MA) - U.S.A.

Personnel and Organization

At the end of 2004 the Group's workforce numbers 465 employees, an increase of 4% on the previous year (446 employees).

Per capita sales thus amounted to € 215 thousand, slightly over the € 213 thousand in 2003.

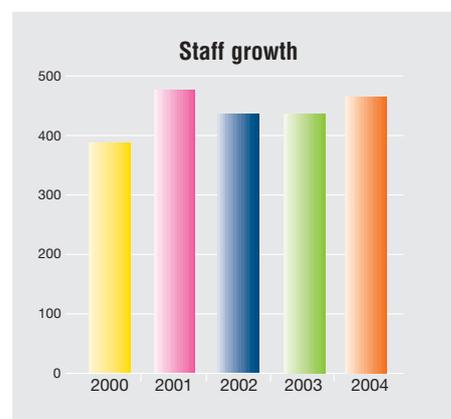
As already mentioned, this parameter too was affected by the weakening U.S. Dollar, as 23% of the Group's employees work in the United States.

Workforce breakdown by Group Company is as follows:

	31/12/2004	31/12/2003
PRIMA INDUSTRIE S.p.A. - Italy	234	234
• PRIMA INDUSTRIE European Branch offices	27	31
• PRIMA INDUSTRIE UK Ltd - United Kingdom	10	(*)
• PRIMA SCANDINAVIA AB - Sweden	3	(*)
• PRIMA INDUSTRIE China Branch office	2(**)	-
PRIMA ELECTRONICS S.p.A. - Italy	84	81
PRIMA North America, Inc. - USA	105	100
Total	465	446

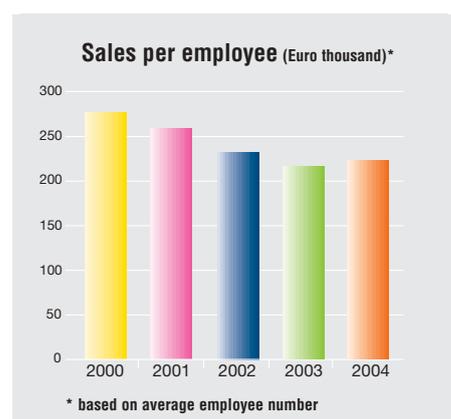
(*) At 31/12/03 these employees were included with Prima Industrie European Branch office employees.

(**) The employees of the two Chinese joint ventures companies - 100 units at Shanghai Unity Prima and 14 units at Shenyang Prima - are not included in the total as they are not consolidated.



Breakdown by job function is as follows:

	31/12/2004	31/12/2003
Management and administration	49	45
Marketing and Sales	38	41
R&D and Engineering	80	72
Production	205	200
Customer Service	86	77
<i>Subtotal</i>	<i>458</i>	<i>435</i>
Temporary employees	7	11
Total	465	446





RESEARCH CENTRE IN BARI - ITALY



DEMO ROOM ENTRANCE IN CHICOPEE (MA) - U.S.A.

Group's Companies and Joint Ventures



PRIMA INDUSTRIE S.p.A.
Collegno (Torino) - ITALY

Despite the weakening Dollar - which affected the share of turnover expressed in Dollars and realized in North America - in 2004, sales by the Group's principal Company were € 65.9 million, an increase of 5.3% on the previous year's figure of € 62.6 million.

Sales growth was mainly due to the two following factors:

- Increased sales of laser welding systems in the automotive sector.
- Increased demand from the new European countries - which partially compensated for the difficult situation in traditional markets such as France and Germany - and from overseas markets where growth is strong, such as China, Brazil and Australia.

Operating profit (EBIT) was € 3.0 million, equivalent to 4.6 per cent of turnover, compared to € 1.8 million (2.9 per cent of turnover) in 2003.

This improvement was due to increased operating margins.

The net result, after putting aside € 1.3 million for current taxes, and allocating € 0.6 million for deferred taxes and € 0.2 million for prepaid taxes, was a profit of € 0.8 million, as against a net loss of € 2.8 million in 2003.

The most important aspect is the significant improvement in the Net Financial Position (€ 9.4 million at 31/12/04 as against € 13.6 million at 31/12/03), the result of increased profitability and a remarkable improvement in Net Working Capital management, achieved chiefly through increased selectivity during the order acquisition phase and more efficient credit recovery.

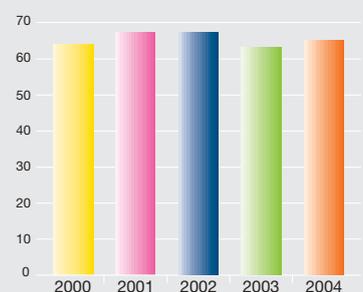
Order acquisition was € 58.1 million in 2004 compared to € 59.3 million in the previous year.

Year-end backlog of laser machines was € 11.6 million, as against € 12.5 million in 2003.

At 31/12/2004 the workforce was 263 employees, of whom 27 were employed in European branch offices.

R&D expenses, entirely charged against income, were € 4.1 million.

PRIMA INDUSTRIE sales (Euro million)

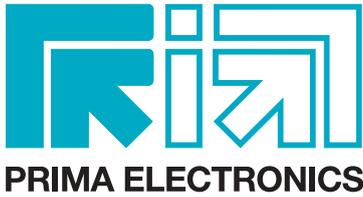


(Euro million)	2004	2003	2002	2001	2000
Net Sales	65.9	62.6	67.5	67.5	63.4
Operating Profit	3.0	1.8	2.5	5.5	6.7
Net Profit (*)	0.8	(2.8)	(4.9)	1.1	4.2
Order booking	58.1	59.3	69.1	68.1	62.7
Research and Development expenses	4.1	3.6	3.5	2.5	2.2
Number of employees	263	265	253	240	218

(*) Including consolidation of Group Companies results



REMOTE WELDING SYSTEM



PRIMA ELECTRONICS S.p.A.
Moncalieri (Torino) - ITALY

The Company ended the year 2004 showing satisfactory results, having increased sales again, after two years in which volumes had fallen. Turnover was € 14.9 million, an increase of 9.6% with respect to € 13.6 million in 2003.

Growth of € 1.3 million, equivalent to 9.6%, was largely due to a number of new products, developed over the last few years, and classified as “other electronic products”. The moderate growth of the electronic regulators range, and the encouraging progress in sales generated by development projects carried out on behalf of third parties, offset the decreased revenues from motion control products.

Operating profit (EBIT) was € 1.7 million, equivalent to 11.6% of turnover, compared to € 1.8 million in 2003. This slight fall was due to variations in the sales mix over the year, as well as increased allocations to credit devaluation and slow moving stock funds. Net profits, in line with the previous year, were € 1 million, equivalent to 6.6% of sales.

From a commercial point of view, the year was a positive one, not just for the order book, which totalled € 15.3 million, but also because two new customers signed long-term supply contracts, that should begin to bear fruit as early as the current year. Order backlog at 1st January 2005 was € 5.8 million, as against € 5.3 million at 1st January 2004.

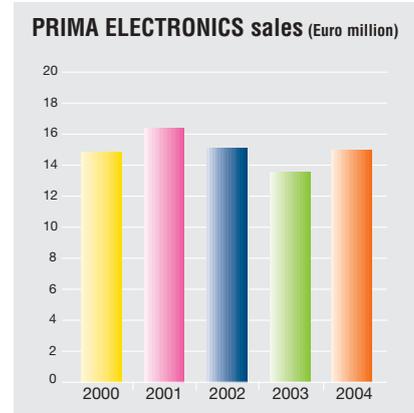
R&D costs, which were entirely charged against income, totalled € 1.05 million, equivalent to 7.1% of turnover.

Among the various activities carried out during 2004, we would like to highlight the following:

- The motion control range of products was increased through the development of a converter for use with asynchronous motors, a new rating of the VFD 400 series, and a miniaturised model for connection via field bus.
- New PRIMACH-20L control software functions were developed for two-dimensional (high performance look ahead, and parallel kinematic redundant axes control), and three-dimensional machines (new self-teaching software).
- RFID (Radio Frequency IDentification) technology, for identifying original spares, was implemented on a compressor regulator, at a prototype level. Interesting developments in this technology are expected during the course of 2005.

The Company's Net Financial Position improved again to the positive value of € 1.8 million at 31/12/04, as against € 1.7 million at 31/12/03.

At 31/12/2004 the workforce was 84 employees (including 3 temporary staff).



(Euro million)	2004	2003	2002	2001	2000
Net Sales	14.9	13.6	15.3	16.1	14.7
Operating Profit	1.7	1.8	2.1	2.4	2.4
Net Profit	1.0	1.0	1.1	1.2	1.3
Order booking	15.3	12.5	15.2	13.9	18.1
Research and Development expenses	1.1	1.2	1.2	1.0	0.6
Number of employees	84	81	80	76	68

PRIMACH-20L CPU BOARD



Group's Companies and Joint Ventures



**CONVERGENT LASERS
PRIMA LASER TOOLS
LASERDYNE SYSTEMS**

**PRIMA North America, Inc.
Chicopee (Springfield), MA
and Champlin, MN - U.S.A.**

In addition to the favourable conditions in the North American market, in 2004 the Company began to feel the benefits of the structural reorganisation and management strengthening carried out approximately two years ago.

Turnover rose to \$ 36 million, an increase of 22% with respect to 2003, and 50% with respect to 2002.

LASERDYNE Division's sales were down slightly from \$ 16 million to \$ 13.4 million, however, profitability remained substantially constant, with an EBIT of \$ 1.7 million (equivalent to 12.3% of turnover) compared with \$ 1.8 million in 2003 (equivalent to 10.9% of turnover).

CONVERGENT LASERS Division's sales rose by 28.6% from \$ 10.5 million at 31/12/03 to \$ 13.5 million at 31/12/04. Furthermore, the Division's EBIT was practically balanced (\$ -0.8 million at 31/12/04) with a return to profitability in the second half of the year.

Sales by PRIMA LASER TOOLS Division, which markets, installs and services PRIMA INDUSTRIE S.p.A. products, more than doubled, from \$ 5.6 million in 2003 to \$ 12.7 million in 2004.

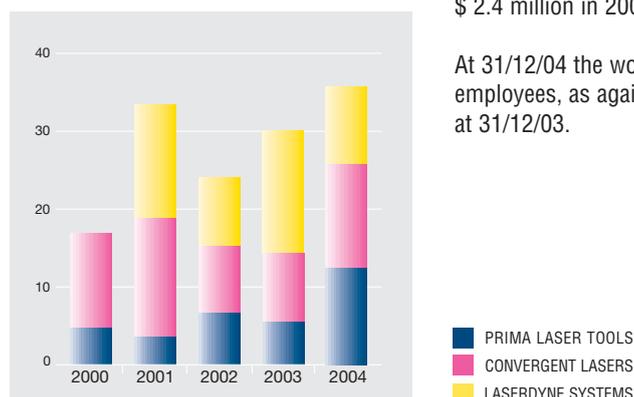
Apart from the radical reorganisation of the commercial structures and promotional activities, the principal factor contributing to this strong growth was the increasing demand from the sheet-metal manufacturing sector.

Overall, PRIMA North America made an operating profit of \$ 0.25 million (as against a loss of \$ 2.9 million in 2003), having made positive operating results in all three last quarters of the year, after the strong loss still made in the first quarter.

The net result was \$ -0.2 million, a distinct improvement on the previous year's result when losses were \$ 4.2 million.

R&D costs, which were entirely charged against income, totalled \$ 2.2 million (compared with \$ 2.4 million in 2003).

At 31/12/04 the workforce was 105 employees, as against 100 employees at 31/12/03.



(US\$ million)	2004	2003	2002	2001
Sales	36.0	30.0	24.0	33.2
Operating Profit	0.3	(2.9)	(6.7)	(4.5)
Net Profit	(0.2)	(4.2)	(7.2)	(4.0)
Order booking	32.2	24.9	27.3	25.2
Research and Development expenses	2.2	2.4	2.6	2.8
Number of employees	105	100	110	154



PRIMA NORTH AMERICA - CHAMPLIN FACILITIES



**PRIMA INDUSTRIE UK Ltd.
Coventry - UNITED KINGDOM**

The newly formed PRIMA UK Ltd. (which took over the activities of PRIMA INDUSTRIE's UK branch office) returned encouraging results in 2004, in terms of turnover (equivalent to £ 3,440,000), and profitability (a net profit of £ 113,000).

The healthy condition of the British market, which was reflected in increased sales volumes (12 machines delivered during the year), led to results considerably better than those achieved by the PRIMA UK branch office in 2003, even though margins remained low due to a mix that is strongly oriented towards two-dimensional machines.



**PRIMA SCANDINAVIA AB
Göteborg - SVERIGE**

PRIMA SCANDINAVIA AB's balance sheet reflects the sales and capital situation of the Company since its incorporation in the summer of 2003 and takes into account a series of start-up costs which were charged to expenses.

Sales were € 2,038,000, with three machines delivered during the year, and the annual result was a loss of € 73,000.

The Company aims to break even in 2005, thanks to a significant increase in sales volumes.



**SHENYANG-PRIMA LASER MACHINE COMPANY Ltd.
Shenyang - PEOPLE'S REPUBLIC OF CHINA**

During 2004, the joint venture, in which PRIMA INDUSTRIE holds a 50% stake, completed sales worth RMB 24.45 million (equivalent to \$ 2,950,000) with 12 machines being delivered.

This is the largest sales volume since the Company was formed in 1999.

Although the operating profit was positive, the net result was negative, with a loss of RMB 881,000 (equivalent to \$ 106,000), largely due to exchange rate losses caused by the weakening of the U.S. Dollar (to which the RMB is linked) against the Euro.



**SHANGHAI UNITY PRIMA LASER MACHINERY COMPANY Ltd.
Shanghai - PEOPLE'S REPUBLIC OF CHINA**

The Shanghai joint venture, in which PRIMA holds a 27.5% stake, started operations halfway through 2004.

The pro forma turnover (which takes into account imported lasers purchased on behalf of its customers) was RMB 53,400,000 (equivalent to \$ 6,442,000), with a total of 58 machines being delivered in 2004. The net result was RMB 7,980,000 (equivalent to \$ 960,000).



**SNK - PRIMA COMPANY Ltd.
Osaka - JAPAN**

During 2004 the Company was involved exclusively in marketing activities, participating at the JIMTOF trade fair in Tokyo.

SHANGHAI UNITY PRIMA WORKSHOP



Performance on the Stock Market

On the Nuovo Mercato of Borsa Italiana, the trend throughout 2004 was largely negative, in part due to the crises suffered by some of the companies trading in it.

The trend was negative until mid-August (when the lowest levels of the year were recorded), while a tentative recovery took place during the last five months of the year, thanks to which the NUMTEL Index, which had fallen from 1,648 points in January 2004 to a minimum level of 1,083, closed at above 1,300 points.

In this context, during the first part of the year (until approximately the beginning of May 2004) PRIMA INDUSTRIE's share price tended to mirror NUMTEL's progress, after which it continued to rise until the end of the year, outperforming the Index.

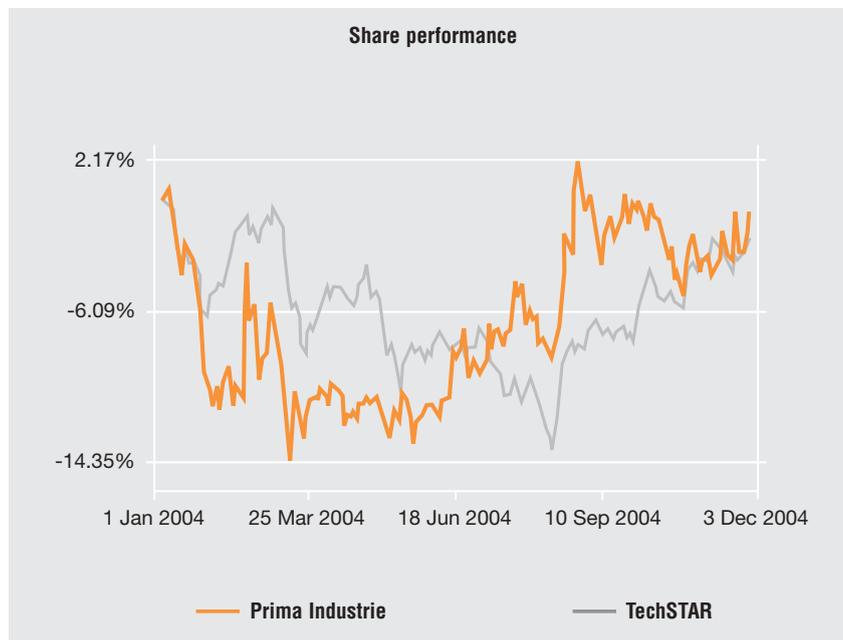
The minimum share price in 2004 was € 5.92, and the maximum was € 7.042. At 30/12/2004 stock was valued at € 6.78 per share.

During the months of January and February 2005, the share price rose again, reaching levels approximately 10-15% higher than in 2004.

With effect from 31/1/2005 the review of the Italian Stock Exchange indexes came into force: the NUMTEL and NUMEX indexes are no longer calculated, and the TechSTAR index has been introduced in their place.

This index deals with the sector of the same name, consisting of shares in Nuovo Mercato companies that satisfy high standards of growth and capital stability.

Furthermore, the shares from the TechSTAR index, together with those from the STAR index, are grouped together in the All STARS index, which, like TechSTAR, is calculated on the basis of the companies' floating funds, and no longer on their capitalisation.

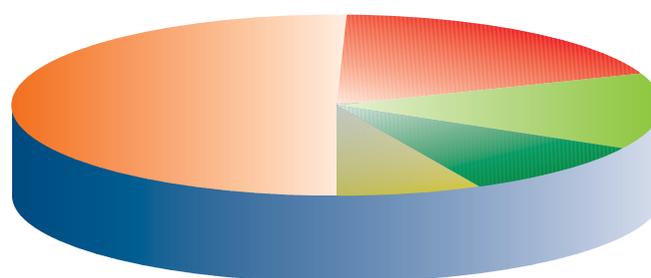


The Group worked to stabilize share price during the year, implementing all the measures approved by the Extraordinary Shareholders' Meeting in May 14, 2004.

At December 31, 2004 the Group held 25,300 of its own shares at an average value of € 6.7440. At February 28, 2005 the portfolio had been reduced to 7,500 shares at an average value of € 7.6573.

At the end of the year the purchase of a shareholding owned by Sviluppo Italia since 1995 was ratified by a group of managers and shareholders of the Society. This transaction, which was completed on January 26, allowed Sviluppo Italia to make a considerable capital gain on its original investment, and further strengthened the management shareholding role.

Shareholders' Structure



■ 50.50% Market	■ 9.87% Helios Private Equity S.A.
■ 18.79% Erste International Holding S.A.	■ 7.25% Lestri Holding B.V.
■ 13.59% Management	

Board of Directors

Aldo PALMERI	Chairman
Gianfranco CARBONATO	Chief Executive Officer
Giulia DELLA ROSA	Director
Sandro D'ISIDORO	Director
Rafic MANSOUR	Director
Domenico PEIRETTI	Director
Giuseppe MORFINO	Independent Director
Marco PINCIROLI	Independent Director

Statutory Auditors Committee

Riccardo FORMICA	President
Andrea MOSCA	Effective Auditor
Roberto PETRIGNANI	Effective Auditor

Management

Gianfranco CARBONATO	CORPORATE	Chief Executive Officer
Alberto DELLE PIANE	CORPORATE	General Manager
Massimo RATTI	CORPORATE	Chief Financial Officer
Domenico APPENDINO	CORPORATE	Marketing and Asia-Pacific Operations
Ezio BASSO	PRIMA INDUSTRIE	General Manager
Claudio BANCHI	PRIMA INDUSTRIE	Sales
Elio BAROSSO	PRIMA INDUSTRIE	Internal Controlling
Cinzia BELTRAMO	PRIMA INDUSTRIE	Administration and Treasury
Massimo CAVOZZA	PRIMA INDUSTRIE	Customer Service
Roberto DELPIANO	PRIMA INDUSTRIE	Procurement
Maurizio GATTIGLIO	PRIMA INDUSTRIE	2D Division
Salvatore LIBRERA	PRIMA INDUSTRIE	3D Division
Domenico PEIRETTI	PRIMA ELECTRONICS	Managing Director
Luca DI STEFANO	PRIMA ELECTRONICS	Technical Advisor
Giovanni GIOVINAZZO	PRIMA ELECTRONICS	Manufacturing
Flavio GREGORI	PRIMA ELECTRONICS	Marketing and Sales
Francesco SGANDURRA	PRIMA ELECTRONICS	Research and Development
Paolo CIGNA	PRIMA North America	President
Mark BARRY	PRIMA North America	Marketing and Sales, LDS and CVL
Thomas BURDEL	PRIMA North America	Marketing and Sales, PLT
Pieter SCHWARZENBACH	PRIMA North America	Laser Technology
Terry VANDERWERT	PRIMA North America	Vice President, LDS
Ray VERMOKOWITZ	PRIMA North America	Operations, CVL
Barbara WENNER	PRIMA North America	Operations, LDS

CVL - CONVERGENT LASERS
LDS - LASERDYNE SYSTEMS
PLT - PRIMA LASER TOOLS

Consolidated Financial Statements

CONSOLIDATED INCOME STATEMENT

Year ended December 31 st , (Euro thousand, except per share data)	2004	2003	2002	2001	2000
PRODUCTION VALUE					
Revenues from sales and services (Net Sales)	100,044	95,000	100,528	111,895	89,971
Changes in work-in-progress, semi-finished and finished goods	(469)	(2,248)	(1,779)	2,882	(1,032)
Increase from internal work (assets)	1,174	(740)	466	75	277
Other revenues and income	2,435	1,630	1,481	1,844	2,204
TOTAL PRODUCTION VALUE	103,184	93,642	100,696	116,696	91,420
PRODUCTION COSTS					
Purchases of raw material, consumables and supplies, net of inventory variation	(50,778)	(46,048)	(51,705)	(63,841)	(44,778)
Service expenses	(18,685)	(17,955)	(20,120)	(21,626)	(16,710)
Lease and rent costs	(1,630)	(1,729)	(1,889)	(1,725)	(1,071)
Other expenses	(1,292)	(1,681)	(890)	(1,076)	(1,250)
TOTAL PRODUCTION COSTS	(72,385)	(67,413)	(74,604)	(88,268)	(63,809)
ADDED VALUE	30,799	26,229	26,092	28,428	27,611
Personnel expenses	(23,867)	(23,498)	(25,968)	(24,115)	(16,913)
EBITDA	6,932	2,731	124	4,313	10,698
Amortisation and depreciation	(1,833)	(2,142)	(2,647)	(2,200)	(2,144)
OPERATING PROFIT (EBIT)	5,099	589	(2,523)	2,113	8,554
Financial income and expenses	(1,074)	(1,418)	(1,958)	(447)	(574)
Adjustments to financial assets	(164)	(48)	(939)	(195)	(108)
Extraordinary items	(72)	(1,206)	(149)	-	1,177
PROFIT BEFORE INCOME TAXES (EBT)	3,789	(2,083)	(5,569)	1,471	9,049
Income taxes	(2,540)	(870)	545	(1,226)	(3,636)
NET PROFIT FOR THE YEAR	1,249	(2,953)	(5,024)	245	5,413
Minority interests	-	-	-	(48)	(548)
NET PROFIT FOR THE YEAR-GROUP	1,249	(2,953)	(5,024)	197	4,865
EARNINGS PER SHARE	0.27	(0.65)	(1.21)	0.05	1.39

CONSOLIDATED BALANCE SHEET

Year ended December 31 st , (Euro thousand)	2004	2003	2002	2001	2000
FIXED ASSETS (NET)	9,502	10,432	10,985	14,358	10,301
Intangible assets	3,257	3,845	4,509	6,443	3,629
Tangible assets	5,044	5,054	5,394	5,829	5,157
Financial assets	1,201	1,533	1,082	2,086	1,515
EMPLOYEES' SEVERANCE INDEMNITY	4,200	4,164	3,708	3,204	2,825
NET WORKING CAPITAL	39,057	43,784	59,225	51,912	35,252
Inventories	21,149	21,565	28,077	33,040	21,197
Trade receivables	39,497	40,351	52,625	43,778	38,452
Other receivables	9,661	9,621	10,477	9,472	7,113
Accrued income and prepaid expenses	429	164	145	171	498
Trade payables	(20,663)	(19,007)	(22,539)	(23,973)	(21,877)
Other payables	(10,555)	(8,463)	(8,745)	(9,441)	(9,308)
Accrued liabilities and deferred income	(461)	(447)	(815)	(1,135)	(823)
FINANCIAL POSITION (NET)	15,618	22,323	39,254	29,203	14,425
Cash and banks	(6,698)	(3,607)	(3,329)	(8,173)	(4,421)
Bank borrowings	19,002	22,888	37,208	20,608	6,741
Borrowing from other financial institutions	3,314	3,042	5,375	16,768	12,105
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY	28,741	27,729	27,248	33,863	28,303
Minority interests	-	-	-	1,430	2,918
Shareholders' equity-group	28,741	27,729	27,248	32,433	25,385

SHAREHOLDERS' EQUITY

	Share capital	Reserves	Net profit for the year	Total
Net profit 2000	-	-	4,865	4,865
31.12.2000	9,296	11,223	4,865	25,384
Appropriation 2000 results	-	4,865	(4,865)	-
Company capital translation into Euro	(296)	296	-	-
Equity increases	1,375	5,529	-	6,904
Translation and other adjustments	-	(52)	-	(52)
Net profit 2001	-	-	197	197
31.12.2001	10,375	21,861	197	32,433
Appropriation 2001 results	-	197	(197)	-
Translation and other adjustments	-	(161)	-	(161)
Net result 2002	-	-	(5,024)	(5,024)
31.12.2002	10,375	21,897	(5,024)	27,248
Appropriation 2002 results	-	(5,024)	5,024	-
Equity increases	1,125	2,858	-	3,983
Translation and other adjustments	-	(549)	-	(549)
Net result 2003	-	-	(2,953)	(2,953)
31.12.2003	11,500	19,182	(2,953)	27,729
Appropriation 2003 results	-	(2,953)	2,953	-
Translation and other adjustments	-	(237)	-	(237)
Net result 2004	-	-	1,249	1,249
31.12.2004	11,500	15,992	-	28,741

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31 st , (Euro thousand)	2004	2003	2002	2001	2000
A) NET FINANCIAL POSITION AT 01.01	(22,323)	(39,254)	(29,203)	(14,425)	(3,466)
B) CASH-FLOWS PROVIDED BY OPERATING ACTIVITIES	3,327	(9)	(1,580)	3,596	10,099
Consolidated net income	1,249	(2,953)	(5,024)	197	4,865
Amortisation/depreciation of tangible/intangible assets	1,693	2,002	2,517	2,349	1,595
Accrual of employees' severance indemnity, net of payments	36	456	504	379	343
Accrual to other funds	359	297	(645)	476	3,189
Accrual to bad debt and depreciation of financial assets	(10)	189	1,068	195	107
B-BIS) EQUITY VARIATIONS	(236)	3,434	(1,591)	5,364	4,096
Equity Reserves increase (decrease)	(236)	3,434	(1,591)	5,896	4,204
IPO costs (effect net from taxation)	-	-	-	-	-
Dividend paid to third parties	-	-	-	(532)	(108)
C) CHANGES IN OPERATING ASSETS AND LIABILITIES	4,540	15,004	(6,800)	(17,136)	(18,434)
(Increase) decrease in inventories	417	6,512	4,963	(11,843)	(9,112)
(Increase) decrease in trade receivables	1,028	11,653	(8,977)	(5,239)	(8,777)
(Increase) decrease in other receivables	(41)	1,338	(1,005)	(2,298)	(3,960)
(Increase) decrease in short-term accruals (net)	(251)	(388)	(294)	639	158
Increase (decrease) in payables to suppliers	1,668	(3,544)	(1,433)	2,095	3,735
Increase (decrease) in other payables	1,719	(567)	(54)	(490)	(478)
D) CASH-FLOW PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(926)	(1,498)	(80)	(6,602)	(6,720)
(Additions) to intangible assets	(138)	(355)	502	(4,048)	(3,417)
(Additions) to tangible assets	(957)	(643)	(649)	(1,788)	(2,949)
(Additions) to financial assets	169	(500)	67	(766)	(354)
Proceeds from sale of fixed assets	-	-	-	-	-
E) NET FINANCIAL POSITION AT 31.12	(15,618)	(22,323)	(39,254)	(29,203)	(14,425)

Notes to the Consolidated Financial Statements

BUSINESS OF THE GROUP

PRIMA INDUSTRIE S.p.A. designs, manufactures and sells machines and mechanical, electric and electronic engineering systems and the related software for use in industrial automation. The Company provides also technical services in the same field. The main business of the Company focuses on laser sheet metal cutting and welding machines.

PRIMA ELECTRONICS S.p.A. designs, manufactures and sells apparatus, instruments, machines and mechanical, electric and electronic engineering systems and the related software.

PRIMA North America, Inc., operating in the North American market, is comprised of three operating divisions:

CONVERGENT LASERS which designs, manufactures and sells lasers for industrial applications; LASERDYNE SYSTEMS which designs, manufactures and sells laser systems for aerospace industrial applications;
PRIMA LASER TOOLS which sells imported PRIMA INDUSTRIE laser machines in North America and provides after sales services to customers.

PRIMA INDUSTRIE UK Ltd. and PRIMA SCANDINAVIA AB sell imported PRIMA INDUSTRIE laser machines in their respective markets and provide after sale services to customers.

PRIMA INDUSTRIE GmbH is a non-operating Group Company.

FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The accounting principles adopted in the preparation of the consolidated financial statements are the same as those adopted in the statutory financial statements of PRIMA INDUSTRIE S.p.A. Such accounting principles have been applied on a consistent basis over the years. Assets and liabilities are valued using uniform criteria.

The above mentioned Companies are included in consolidation on the line-by-line consolidation method.

The date of reference for the consolidated financial statements coincides with the closing date of the financial statements of the Group holding Company.

The financial statements used in consolidation are those approved by the legal bodies governing the individual Companies. Such financial statements have been reclassified and, where necessary, adjusted to conform to the accounting principles used by the entire Group.

PRINCIPLES OF CONSOLIDATION

The consolidated Subsidiaries are those in which PRIMA INDUSTRIE holds a direct interest of more than 50 per cent of that Company's share capital.

The minority interest in the share capital and reserves of Subsidiaries are recorded separately under "minority interests" in Shareholders' equity, and the minority interest in the consolidated results for the year are recorded under "minority interests" in the income statement.

The main adjustments in arriving at the consolidation of the balance sheets and income statements from a simple aggregation, are the following:

- elimination of the carrying value of the investments against the underlying share of net equity
- elimination of intercompany receivables and payables and income and expenses arising from intercompany transactions
- the translation of financial statements expressed in foreign currencies has been effected by applying the average rate for the year to the income statement and the year-end rate to the balance sheet. Exchange differences arising from the translation of the net investment in foreign Subsidiaries, associated undertakings and borrowings which hedge such investments are recorded in "Cumulative translation adjustments" in Shareholders' equity.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Intangible assets

Intangible assets are stated at purchase cost and reduced by amortisation.

Among them, Research and Development are expensed to the income statement of the year incurred.

Advertising costs are entirely charged to the income statement in the year incurred.

Goodwill arising from the acquisition of Subsidiaries is amortized over a ten-year period.

Other intangible assets are recorded with the agreement of the Board of Statutory Auditors and are amortised over a period of five years, with the exception of leasehold improvements and extraordinary maintenance on factory leaseholds which are amortised over the period of the lease contract.

Intangible assets are amortised as follows:

- Research and Development 5 years
- Industrial patents, intellectual property and similar rights 5 years
- Other 5 years/over the contract period

With respect to the above:

- the amortisation of industrial patents, intellectual properties and similar rights is considered sufficient in view of the estimated period of future benefit of the assets
- the amortisation of "other" intangible assets depends on the costs capitalised:
 - 5 years for extraordinary maintenance and deferred charges
 - over the life of the lease contract for leasehold improvements.

Tangible assets

Tangible assets are stated at purchase or production cost. Cost includes expenses directly chargeable to the asset.

Tangible assets are depreciated on the straight-line method over the estimated useful lives of the assets.

Ordinary maintenance is charged to the income statement when incurred. Maintenance costs which extend the life of the assets are charged to tangible assets and depreciated over the remaining life of the assets to which they refer.

Notes to the Consolidated Financial Statements

Depreciation rates are as follows:

• Light structures	10%
• Plant and machinery	10-15.50%
• Equipment and tools	25%
• Electronic office equipment	20%
• Office furniture machines and fixtures	12%
• Internal transport vehicles	20%
• Motor vehicles	25%
• Cellular phones	20%

Additions during the year are depreciated at half of the normal rate.

Assets under financial leases

Assets acquired under financial leases, if significant, are accounted for by recording the assets under tangible assets and the lease obligation under liabilities and are depreciated on the straight-line method over the estimated useful lives of the assets.

Assets under financial leases are depreciated on the straight-line method over the estimated useful lives of the assets. The depreciation rates are in line with those used to depreciate tangible assets. Lease instalments are recorded in financial expenses and as reduction of the residual lease payable.

Investments and securities recorded in financial assets

Unconsolidated investments are stated at cost, determined in relation to the purchase or subscription price, adjusted for any permanent diminution in value.

Fixed rate securities are recorded in "Financial Assets" at face value.

Inventories

Inventory is stated at the lower between cost and net realisable value.

Raw materials are valued at the weighted average purchase cost during the year, adjusted to realisable value by an allowance for write-downs.

Contract work in progress is valued at the weighted average purchase cost of materials during the year at the time the materials are used in production, plus the average hourly production labor cost and

the purchase cost of external work.

Finished goods are valued in the same way as contract work in progress.

Receivables

Receivables are stated at nominal value and reduced to estimated realised value by an allowance for doubtful receivables.

Prepayments and accruals

Accruals are portions of income or expenses to be received or paid in future periods but referring the current year. Prepayments are portions of costs or income paid or received in the current year but referring to future periods.

Provisions for liabilities and expenses

The provisions for liabilities and expenses include accruals relating to losses or liabilities likely to be incurred but uncertain as to the amount or as to the date on which they will arise.

Employees' severance indemnity

Employees' severance indemnity covers the entire liability accrued on behalf of employees in conformity with existing legislation, collective national labor contracts and supplementary corporate agreements. This liability is subject to revaluation based on indices.

Employees' benefit programs

U.S. Divisions have a defined contribution plan covering their employees. Furthermore, Companies sponsor a medical plan and provide a dental plan disability and life insurance benefits.

Recognition of revenues

Revenues for the sale of goods are recognised at the time of the transfer of ownership, which generally coincides with delivery.

Grants

Operating grants received from the state or other public body to cover specific operating costs are credited to the income statement when legal certainty of the receipt of the contribution has been

ascertained, or when the body disbursing the grant has issued a resolution approving the payment order.

Income taxes

Income taxes are calculated on the basis of estimated taxable income applying to existing laws and taking into account any tax exemptions.

Deferred taxes are provided at an enacted statutory tax rate expected to apply to future periods for all differences between the value of assets and liabilities for financial reporting purposes and their underlying tax basis when it is probable that such assets and liabilities will be realized.

Translation of balances in non euro currency

In the financial statements, the receivables and payables originally denominated in non Euro currency are translated into functional currency at the historical exchange rates as of the transaction date. Exchange differences arising at the time of collection or payment are recorded in the income statement. Receivables and payables, expressed in non Euro currencies have been adjusted to the exchange rates in effect at the balance sheet date and any unrealized exchange gains or losses have been recorded to profit and loss. Realized gains and losses are recorded in the income statement.

