



PRIMA INDUSTRIE GROUP

**REPORT ON THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE SIX MONTHS ENDED
30 JUNE 2002**

**Board of Directors
28 August 2002**

PRIMA INDUSTRIE S.p.A.

Share capital €10,375,000
Fully subscribed
Recorded at the Companies Office of Turin
At No. 03736080015
R.E.A. of Turin No. 582421

Head Office in Collegno (Turin)
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**BOARD
OF DIRECTORS (*)**

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Managing Director
Gianfranco Carbonato

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Domenico Peiretti
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Roberto Petrigiani

Supplementary statutory auditors
Roberto Coda
Stefano Maria Ruggeri

AUDITORS

PricewaterhouseCoopers S.p.A.

- (*) Nominated at the shareholders' meeting of 14 May 2002 for the three year period 2002-2004
(**) Independent director
(***) Nominated at the shareholders' meeting of 11 May 2001 for the three year period 2001-2003

RESPONSIBILITIES OF DIRECTORS

The Board of Directors, with the deliberation of 14 May 2002, conferred the responsibility of Managing Director to Mr. Gianfranco Carbonato including all operating rights with the exception of those reserved by law expressly for the Board of Directors. The President and the Managing Director are the legal representatives of the Company in line with article 23 of the Company statute.

PRIMA INDUSTRIE GROUP

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2002

(Approved by the Board of Directors of the Company on 28 August 2002)

INTRODUCTION

The following financial information is based on the same principles as those applied in the preparation of the Group's interim and year-end financial statements. Accordingly, the comparison between the two six month periods (30/6/2002 and 30/6/2001) is presented using accounting principles which have been applied on a consistent and uniform basis.

The data and information contained in the following paragraphs have been subject to a limited review conducted by PricewaterhouseCoopers S.p.A., the Company's auditors. Consequently, the financial information contained herein should be considered "unaudited".

All amounts are expressed in thousands of Euro, unless otherwise stated.

Included in the appendix are the financial statements of the parent company, Prima Industrie SpA for the six months ended 30 June 2002.

ACTIVITY OF THE GROUP

There were no significant changes in the activity of the parent company, Prima Industrie SpA or other group companies in the six-month period under review.

FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The companies included in the consolidated financial statements have been consolidated using the line-by-line method. The area of consolidation has not changed with respect to 31 December 2001.

The subsidiaries of the group, both held directly and indirectly, have been consolidated using the line-by-line method. Other investments are carried under the equity method.

Transactions between companies consolidated on a line-by-line basis and those carried under the equity method do not significantly impact the results of the Group.

SIGNIFICANT EVENTS

RESEARCH AND DEVELOPMENT ACTIVITY

Of all the intense research and development activities of the operative companies of the group, we emphasise the commitment and the resources invested in the implementation of the new numerical control, Primach 20L (which has been installed on the Platino product from the beginning of the year) and the definition and completion of the laser CP 4000 which will be installed on our laser machines from the second semester of 2002. Both these projects, fundamental under a strategic profile of the technological evolution of products, are also an opportunity for the integration of resources and competencies between companies of the group. Overall, research and development activities resulted in an investment during the period equivalent to Euro 3.1 million compared to Euro 2.7 million for the same period in 2001.

COMMERCIAL ACTIVITY

In Europe, notwithstanding a difficult situation in the markets, our promotional activities have been intense, through participation in numerous and important fairs held during the period.

In the United States, in the second half of the semester the commercial structure of Prima Industrie products was modified and started operating. A first significant initiative, called ITALY TOUR took place at the beginning of May. The American sales managers accompanied to Turin, representatives from 26 American companies potentially interested in the purchase of a Prima Industrie system. Of these representatives, some 50 percent have already issued orders in our favour. This initiative, considering the success achieved, will be repeated in autumn. In relation to Laserdyne products (for aeronautics), the market has not yet provided significant signals of recovery after the substantial freeze of investments following the events of 11 September.

For other foreign geographic markets, promotional activities have been intense, both direct and through joint ventures recently established in China and Japan, and resulted in a more than satisfactory acquisitions during the period, also including new markets (for example Israel).

MOVEMENT OF THE SHARE PRICE

During the six months ended 30 June 2002, the share price of Prima Industrie's shares followed the movement of the NUMTEL (index of the stock market "Nuovo Mercato"), with positive movements particularly in the months of February and April, when the share price returned to an amount of more than Euro 12 per share.

A reduction in the share price followed, which should be seen in light of the unfavourable movement in the stock markets in general and technological stocks in particular in addition to the economic result of the group in these first months of the year, resulting principally from the American companies of the group. At the end of the

period under review, the share price, although being slightly higher than the IPO price, is around Euro 7.50 per share.

SHARE CAPITAL AND STOCK OPTION PLAN

During the six months ended 30 June 2002, share capital did not change. The third and last portion of the stock option plan approved on 17 December 1999 was not exercised by management, partly (50 percent) due to objectives relating to the 2001 consolidation not being met and partly (50 percent) due to the unfavourable trend of the stock market.

The 50,000 rights not exercised are returned to the Board of Directors for future allocation. In the meantime, on 14 February 2002, the Board of Directors passed a resolution for a second allocation applicable to managers (“dirigenti”) and certain other officials (“funzionari” and “quadri”) of the group for 142,600 rights exercisable in July 2003 at a price of Euro 13.11. This last plan is the only stock option plan currently in force.

PURCHASE OF TREASURY STOCK

During the month of June, Prima Industrie effected certain limited operations to purchase treasury stock in accordance with the resolution of the Board of Directors dated 4 December 2001. The objective of these actions was to support the share price in light of generally low prices linked to investor emotions and lack of confidence in the financial markets in the first half of the year.

As at 30 June 2002, the treasury stock held in the portfolio of Prima Industrie was 6,300 (equivalent to 3 percent of the maximum foreseen in the above mentioned Board of Directors meeting) at an average price of Euro 8.2335 per share. The purchase of the treasury stock continued in the month of July for a total of 15,200 shares (equivalent to 7.6 percent of the maximum foreseen and 0.37 percent of total share capital), at an average price of Euro 7.7515 per share.

PURCHASE OF TOTAL CONTROL OF CONVERGENT PRIMA

ACD Technologies (formerly Pluritec), a 20 percent shareholder of Convergent Prima, declared the intention to exercise the put option which expired in June 2002 towards Laserdyne Prima in relation to its investment in Convergent Prima. Once completed however, Laserdyne Prima (a 100 percent subsidiary) will acquire total control of Convergent Prima. The purchase of the 20 percent of the shares of Convergent Prima, which will be at the nominal value, and the corresponding cash outlay, which will be in two instalments (September and December 2002), amount to US\$ 1,260,000 each.

The decision of Pluritec to sell the share capital of Convergent Prima is motivated by the drastic slowdown of the market in which it operates which forced the company to delay its more significant innovative investments. The activity of development, which has been up to now performed in conjunction with Pluritec, will be delayed while a new commercial agreement is established with Pluritec or third parties, without eliminating the opportunity of a future sale of the whole project.

This operation will, in addition, complete the reorganisation involving the two American companies and which should be concluded with the merger of these companies into one legal entity, combined with the relocation of the factories to facilities more suitable to the size of the current business (see Restructuring of the American companies).

RESTRUCTURING OF THE AMERICAN COMPANIES

The operation of restructuring of the American Companies, which commenced at the end of 2001, is in the completion stage. These companies are oversized with respect to their level of business and operate in a sector which is contracting.

Employees in the two companies (154 in total at 31 December 2001), decreased to 131 employees in the first quarter of 2002, and reduced further to 122 as at 30 June 2002 (71 in Convergent Prima and 51 in Laserdyne Prima) resulting in a decrease of over 20 percent in the first six months of the year.

As of today, the principal action remains to complete the merger of the two companies into one legal entity and the relocation of the factories to facilities more suitable to their needs and size with the resulting fixed cost savings. The essential areas of this plan have already been defined and involve the transfer of the activities of Convergent Prima into a newly constructed facility in Chicopee (Massachusetts), where the production of lasers and all the activities of the products of Prima Industrie for the USA market will be combined. The transfer in this facility, which will be rented with a fifteen-year contract, is expected to occur in the first quarter of 2003.

The activities of Laserdyne Prima, on the other hand, will be transferred to one smaller facility situated in Minnesota, where the company is currently located.

The group is anyway assured that the personnel which held key management positions will remain with the companies in their new locations, guaranteeing the continuation of operations.

REPORT ON OPERATIONS

In the six months ended 30 June 2002, the Prima Industrie Group recorded revenues of Euro 46.2 million compared to Euro 51.1 million in the same period in 2001. Notwithstanding the decrease (approximately 9.6 percent), we consider this to be satisfactory, if seen in light of the actual economic scenario, which is definitely worse.

The 2D laser sector experienced growth and the movement of revenues in electronic products and after sales service was also positive. The consolidation of the American subsidiaries, which are in the phase of integration and restructuring, was the reason for a negative result of the group as a whole. As a result of this, operating loss was Euro 2,217 thousand compared to a profit of Euro 2,054 thousand for the six months ended 30 June 2001 and the loss before income taxes was Euro 4,088 thousand compared to a profit of Euro 2,257 thousand for the six months ended 30 June 2001, which was partly

due to the write down of investments in Rambaudi Industriale SpA and Mechanical Industries Srl amounting to Euro 839 thousand.

Notwithstanding the continuing unfavourable economic scenario, given that our Group operates in differentiated markets, we have been able to offset the contraction of the “automobile” sector (evident in the information relative to 3D laser systems) by a good performance in the “sheet metal processing” sector, which experienced growth in the period.

SUMMARY OF KEY PARAMETERS AND INCOME INDICES

We believe it is useful to provide a brief commentary on the activities of the four significant companies included in the consolidation (the other two subsidiaries consolidated on a line by line basis, Prima Industrie GmbH and Prima Industrie International BV are non operative).

(Exchange rate utilised with the \$ as at 30/6/02: average 0.8979; period end 0.9975)

	Prima Industrie SpA				Prima Electronics SpA				Convergent Prima Inc.				Laserdyne Prima Inc. (previously Prima US Inc.) (2)			
	30/6/02		30/6/01		30/6/02		30/6/01		30/6/02		30/6/01		30/6/02		30/6/01	
	Thousands of euro	%	Thousands of euro	%	Thousands of euro	%	Thousands of euro	%	Thousands of euro	%	Thousands of euro	%	Thousands of euro	%	Thousands of euro	%
Net sales and revenues	29,734	100.0	31,041	100.0	7,780	100.0	8,202	100.0	6,186	100.0	9,133	100.0	6,411	100.0	6,845	100.0
EBITDA	1,102	3.7	2,435	7.8	1,475	19.0	1,457	17.8	(1,493)	(24.1)	(193)	(2.1)	(2,583)	(40.3)	(391)	(5.7)
Operating profit (EBIT) (3)	688	2.3	2,015	6.5	1,273	16.4	1,296	15.8	(1,624)	(26.3)	(335)	(3.7)	(2,798)	(43.6)	(564)	(8.2)
Profit before tax	72 (1)	0.2	2,532 (1)	8.2	1,249	16.1	1,271	15.5	(1,722)	(27.8)	(533)	(5.8)	(2,979)	(46.5)	(641)	(9.4)

- (1) Pro-forma balance which excludes the write down of the investment in Laserdyne Prima and Convergent Prima, which is included in their respective columns; and the write down of the investments in Rambaudi Industriale SpA and group companies for Euro 839 thousand.
- (2) The information for 30 June 2001 relates to six months of activity of Prima US plus three months of activity purchased from Laserdyne.
- (3) The sum of the individual operating profits per the above table do not agree to the consolidated operating profit due to the effect of consolidation adjustments primarily due to intercompany profit in inventories and differing accounting principles utilised for the American subsidiary (US GAAP), which are adjusted on consolidation to bring them in line with European standards.

PRIMA INDUSTRIE SPA

Revenues are slightly lower (approximately –4 percent) with respect to the same period in 2001.

The decrease in terms of profitability is due to the mix of laser products where a drop in demand for 3D laser systems (highly sensitive to “automotive” cycles) was experienced in favour of 2D, where profitability is lower.

The order backlog at the end of the period is in line with the previous period and represents some 3 months of revenues.

PRIMA ELECTRONICS SPA

Revenues are slightly lower (approximately –5 percent) with respect to the same period in 2001.

Profitability remained stable in absolute terms, but improved as a percentage of revenues. The period closes with an order backlog which covers the whole of the 2002 year.

CONVERGENT PRIMA INC.

The activity of this company was focused on planning the “CP4000” laser (4 Kw) for Prima Industrie and the “via driller” system for the perforation of printed circuits. In this phase of completion of restructuring, margins generated on actual products and service offered, even if at a good level, are not considered sufficient to fully support the structure required for the development noted above.

The completion of the laser project and its mass-production, foreseen in the next few months will allow the company to have a balanced cost and revenue structure. Considering that the laser will have an important captive market (with Prima Industrie and Laserdyne Prima), it is realistic to assume a positive economic future for the Company and a break-even position in the near future (approximately the end of 2002).

LASERDYNE PRIMA INC.

This acquisition, effected in April 2001, strengthened the Group’s strategic competitive position in the USA. We have perfected commercial and production integration in the company. The economic results for the period are still negative both for the unfavourable trend in the worldwide aerospace industry, the American market in particular, and for the restructuring in place which will be complete in the first months of 2003 and will result in a relocation of activities.

Revenues realised in the period are principally due to inventories acquired which was in line with expectations.

The Company was restructured at the minimum level possible compatible with the objective of maintaining the critical resources and know how that has made the company the world-wide leader in the market in which it operates. The evolution of this market in the next few months, after the critical phase of this semester, will be the determining factor in achieving a break-even position. The restructuring effected (which will be completed with the transfer of the operating headquarters) will, in any case, result in a significant decrease of future losses, even if the recovery of the market is delayed.

CONSOLIDATED FINANCIAL INFORMATION

The following is an analysis of certain summarised consolidated financial information (in thousands of Euro, with the exception of number of shares and result per share – exchange rate used with the \$ as at 30 June 2002: average 0.8979 – period end 0.9975):

	30/6/02		30/6/01	
	Thousands of Euro	%	Thousands of Euro	%
Net sales and revenues	46,198	100.0	51,149	100.0
Gross operating profit (EBITDA)	(894)	(1.9)	3,255	6.4
Operating profit (EBIT)	(2,217)	(4.8)	2,054	4.0
Profit before tax (EBT)	(4,088)	(8.8)	2,257	4.4
Number of shares (nominal value Euro 2.5)	4,150,000		3,860,000	
EBITDA per share	(0.21)		0.84	
EBIT per share	(0.53)		0.53	
Profit before tax per share	(0.98)		0.58	

The consolidated financial information accurately summarises the events of the first six months of 2002 taking account of:

- decrease in revenues due to the unfavourable economic environment;
- reduction in profitability primarily due to the higher competition in the markets that the group operates, to a less favourable product mix, and to the integration process of the two American companies (which is definitely strategic for the future);
- the impact on profit before tax resulting from the complete write down of the investment in Rambaudi Industriale SpA and the accrual relative to Mechanical Industries Srl (extraordinary events), in addition to the devaluation of the US dollar against the Euro.

ORDERS RECEIVED

	Orders received from 1/1/02 to 30/6/02		Orders received from 1/1/01 to 30/6/01	
	Thousands of Euro	%	Thousands of Euro	%
2D laser machines	18,992	37.4	16,471	31.1
3D laser machines	15,365	30.3	17,057	32.2
Other laser systems	628	1.2	1,985	3.7
Electronic products	5,102	10.1	5,742	10.8
Lasers	1,383	2.7	2,366	4.5
Assistance and sundry	9,267	18.3	9,420	17.7
Total	50,737	100.0	53,041	100.0

ORDER BACKLOG

	As at 30/6/02		As at 30/6/01	
	Thousands of Euro	%	Thousands of Euro	%
2D laser machines	12,516	38.4	10,449	25.4
3D laser machines	11,681	35.8	15,790	38.4
Other laser systems	1,348	4.1	4,383	10.6
Electronic products	6,006	18.4	6,177	15.0
Lasers	-	-	2,189	5.3
Assistance and sundry	1,063	3.3	2,168	5.3
Total	32,614	100.0	41,156	100.0

The information relative to 2002 is influenced by the strengthening of the Euro at the end of the period which reduces the value of orders in US dollars.

In relation to lasers as at 30 June 2002, the order backlog held by Convergent Prima relates exclusively to products assigned to Prima Industrie and are consequently eliminated on consolidation.

The order backlog at the end of the period, even if lower than that of 30 June 2001, permits the group to view the second part of the year with a degree of optimism since it is absolutely in line with the normal three month delivery period.

WORKING CAPITAL

	30/6/02	31/12/01	30/6/01
Inventories	30,935	33,040	37,738
Trade receivables	43,411	43,778	40,696
Other receivables	8,563	9,472	7,135
Accrued income and prepaid expenses	236	170	239
Provisions for risks and charges	(3,813)	(5,374)	(5,937)
Trade payables	(19,240)	(22,879)	(28,224)
Other payables	(5,818)	(5,161)	(7,347)
Accrued liabilities and deferred income	(853)	(1,135)	(721)
Total	53,421	51,911	43,579

The movement in working capital reflects the more difficult economic and financial conditions in which the group operates.

The trade payables caption decreased of 9 million euro in respect of June 30th, 2001, due to the reduction in purchases consequent to the higher use of products in inventories, as well as to the payment of Laserdyne Prima Inc. for some 3 million euro. Suppliers conditions have not changed.

NET FINANCIAL POSITION

	30/6/02	31/12/01	30/6/01
Current financial assets	6,885	8,174	11,153
Short terms loans with banks and other financial institutions	(17,609)	(17,950)	(15,546)
Medium and long term loans with banks and other financial institutions	(22,277)	(19,427)	(13,999)
Net financial position	(33,001)	(29,203)	(18,392)

We highlight the loans with banks and other financial institutions (Ministries of Industry, of Commerce and Artisans, and Itainvest).

In relation to short term bank overdrafts, Prima Industrie SpA (parent company) has an overdraft for Euro 28 million, Prima Electronics SpA for Euro 1 million, Convergent Prima Inc. for US\$ 3 million and Laserdyne Prima for US\$ 5 million.

The net financial position as at June 30th, 2001 was positively influenced by the capital increase subscribed at that time by Helios Private Equity S.A. The net financial position

as at June 30th, 2002 is the net result of the increased working capital (influenced by the payment of Laserdyne Prima, as above mentioned) and of the negative cash-flow generated by the U.S. companies.

The ratio between the net financial position (principally medium/long term) and shareholders' equity is maintained at around 1.

MOVEMENT IN FIXED ASSETS AND MEDIUM AND LONG TERM FINANCING
(from 1/1/02 to 30/6/02)

Increase in shareholders' equity of the group	(4,293)
(-) Net investments in fixed assets	(1,954)
(+) Increase in minority interests	(167)
(+) Net increase in employees' severance indemnity (TFR)	218
Liquidity generated (absorbed) from operations, net of investments in fixed assets	(2,288)

This absorption of liquidity was partially due to the increase in working capital:

Increase in net working capital	1,510
(-) Increase in net financial position	(3,798)
Difference	(2,288)

RECLASSIFIED CONSOLIDATED BALANCE SHEET

	30/6/02	31/12/01	30/6/01
Shareholders' equity of the group (A)	28,140	32,433	33,075
Total fixed assets (B)	12,405	14,359	14,108
Surplus (A-B)	15,735	18,074	18,967
Employees' severance indemnity	3,422	3,204	2,951
Minority interests	1,263	1,430	3,269
Permanent capital surplus	20,420	22,708	25,187
Net working capital (C)	53,421	51,911	43,579
Net financial position (D)	(33,001)	(29,203)	(18,392)
Surplus working capital (C-D)	20,420	22,708	25,187

SUBSEQUENT EVENTS

Subsequent to the closing of the financial statements for the six month period, which have been summarised numerically and in the notes to this report, no matters materialised which could have a significant impact on the financial position, shareholders' equity and results for the period in relation to companies included in the consolidation.

The following is a summary of operations that will be concluded in the second six-month period of 2002:

- **COMMERCIAL ACTIVITIES:**

In the next few months, we will complete the intense 2002 commercial activity by participating in the autumn fairs (Barcelona, Milan, Hanover and Lisbon). In addition, we will repeat the "Italy Tour" commercial initiative aimed at potential American customers (in October).

We expect from these actions to gain important indications on the market trend for 2003 in order to accurately program production activities in the immediate future. In particular, we will ascertain the appreciation of the market in relation to the product innovation that we are currently working on, which will allow us to make important improvements in the current products lines in the future.

- **CHANGE IN FINANCIAL STRUCTURE:**

In the second half of the year, we will reacquire (following the exercise of their put option) from ACD Technologies SpA (previously Pluritec SpA) the remaining 20 percent of the share capital of Convergent Prima, investing US\$ 1,260,000. No other significant investments are planned.

- **ORDER BACKLOG:**

In relation to the sole Prima Industrie laser machine, in July the order backlog reached 19 orders (for an amount of Euro 6,677 thousand) compared to 18 orders in July 2001 (for an amount of Euro 7,390 thousand). The order backlog in July for the American companies improved with respect to the previous year. Convergent Prima acquired orders for the month of some US\$ 1,000 thousand compared to US\$ 772 thousand in July 2001, and Laserdyne Prima acquired orders of some US\$ 1,756 thousand compared to US\$ 1,628 thousand in July 2001.

- **RAMBAUDI INDUSTRIALE SPA:**

The company passed a resolution on 19 July 2002 in relation to the request of the Turin Tribune for receivership proceedings ("concordato preventivo").

In the result for the six months ended 30 June 2002, we have reduced the value of the investment held by us, in addition to the residual financial receivable.

- **MECHANICAL INDUSTRIES SRL:**
The company is connected with collapse of Rambaudi Industriale SpA. Based on the information as at 30 June 2002 and the forecast for 31 December 2002, we have adjusted the value of the investment, in addition to the accrual for the residual portion of the receivable with the company to its estimated net realisable value.

- **RESTRUCTURING OF AMERICAN ACTIVITIES:**
At the end of the restructuring plan, which foresees the transfer of activities to the new facility in Chicopee (Massachusetts), and considering the departure of ACD Technologies (formerly Pluritec) from Convergent Prima, we will proceed with the restructuring of the two companies through the end of 2002 and accordingly further reducing fixed costs.

ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the six month financial statements are those applied in the year-end consolidated financial statements and have been applied on a consistent basis for the two six month periods under examination. These policies are applied on a uniform basis for all companies in the area of consolidation.

In relation to the treasury stock held, these have been recorded (in accordance with the applicable accounting principles) at the lower of cost and market, the latter determined as the average of the share price in the month prior to the date of the closure of the period.

PRINCIPLES OF CONSOLIDATION:

Subsidiaries have been consolidated under the line-by-line method, which briefly consists of recording all assets and liabilities as well as revenues and costs of the individual companies on a line-by-line basis.

The minority interest in the share capital and reserves of subsidiaries is recorded as a separate caption "minority interests". The minority interest in the consolidated results for the year is recorded under "minority interests" in the income statement.

The principal adjustments in arriving at the consolidation of the balance sheets and income statements as at 30 June 2002 from a simple aggregation are the same as those utilised in the preparation of the statutory and consolidated financial statements at 31 December 2001.

EXCHANGE RATES APPLIED:

The exchange rates applied in the translation of foreign currency financial statements into Euro are as follows:

Currency	Average exchange rate for the period		Period end exchange rate	
	30/6/02	30/6/01	30/6/02	31/12/01
US dollar	0.8979	0.8981	0.9975	0.8480

COMMENTS ON THE PRINCIPAL BALANCE SHEET COMPONENTS

Considering the devaluation of the US dollar, all US assets and liabilities have decreased with respect to the prior period. This phenomenon is not further discussed in the following section.

In addition, for comparative purposes, certain reclassifications have been made to the 2001 financial information.

INTANGIBLE ASSETS

During first six months of 2002, no research and development costs were capitalised. Such activities, which as in previous years were very intensive, related to the expansion of product lines and to technological improvements and efficiencies, were expensed in the profit and loss account as in previous years. The balance as at 30 June 2002 of Euro 158 thousand reduced with respect to the Euro 262 thousand as at 31 December 2001 as a result of the amortisation for the period.

The decrease in other captions relative to intangible assets, relate to the amortisation charge for the period.

Amortisation for the period was Euro 104 thousand for research and development costs and Euro 620 thousand for other intangible assets for a total of Euro 724 thousand, compared to a total amount of Euro 576 thousand for the six months ended 30 June 2001.

TANGIBLE ASSETS

The decrease of Euro 2 thousand with respect to 31 December 2001 is due to the purchase of technical fixed assets (plant, equipment and other machinery), net of the amortisation for the period (amounting to Euro 527 thousand against Euro 559 thousand for the six months ended 30 June 2001).

FINANCIAL FIXED ASSETS

Investments in associated companies relate to a joint venture with Shenyang Prima Laser Machine Co Ltd for Euro 391 thousand, to the investment held by Prima Electronics SpA in MLTA Srl (a company in the industrial electronics business) for some Euro 11 thousand, to the joint venture established in September 2001 in SNK-Prima Company Ltd for Euro 330 thousand, and to an investment in Mechanical Industries SpA for an amount of Euro 40 thousand which was classified as "other companies" as at 31 December 2001.

The investment held in Rambaudi Industriale SpA as at 31 December 2001 for an amount of Euro 775 thousand was reduced to zero since this company requested receivership proceedings ("concordato preventivo") from the Turin Tribune on 19 July 2002.

Financial receivables (Euro 463 thousand against Euro 475 thousand as at the end of 2001) consist of a financial loan provided by Prima Electronics to its affiliate MLTA for Euro 124 thousand, a receivable with Mechanical Industries Srl for Euro 150 thousand and the remaining amount of Euro 189 thousand for a receivable relating to taxation on employee severance indemnity (TFR).

INVENTORIES

Inventories decreased by Euro 2,105 thousand with respect to 31 December 2001. Inventories are made up of Euro 14,526 thousand for raw materials, Euro 8,787 thousand for work in progress and Euro 7,622 thousand for finished products.

The decrease in inventories of the group is in line with the policy of reducing the investment in working capital, which was realised through the reduction of inventories in the USA.

TRADE RECEIVABLES

Total trade receivables as at 30 June 2002 amounted to Euro 43,411 thousand, a decrease with respect to Euro 43,778 thousand as at 31 December 2001. This situation is due to the decrease in revenues during the period combined with a lengthening of average debtors days. Trade receivables are recorded net of a provision for doubtful debts amounting to Euro 1,413 thousand.

There are no receivables that are due over five years.

SHAREHOLDERS' EQUITY OF THE GROUP

Shareholders' equity decreased principally as a result of the negative result for the period (Euro -4,088 thousand). The total amount increased from Euro 32,433 thousand as at 31 December 2001 to Euro 28,192 thousand as at 30 June 2002.

Movements can be summarised as follows:

	Share Capital	Reserves	Profit for the period	Total
Balance as at 31/12/01	10,375	21,862	196	32,433
Appropriation of 2001 result		196	(196)	
Currency translation adjustments and other movements		(153)		(153)
Profit for the period to 30/6/02			(4,088)	(4,088)
Balance as at 30/6/02	10,375	21,905	(4,088)	28,192

SHAREHOLDERS' EQUITY AND RESULTS OF MINORITY INTERESTS

This solely represents an amount expressed in Euro (equivalent to US\$ 1,260,000) with ACD Technologies SpA, which as at 30 June 2002 held 20 percent of Convergent Prima. With respect to 31 December 2001 (Euro 1,430 thousand), the total value decreased to Euro 1,263 thousand as a result of the strengthening of the Euro.

PROVISIONS FOR RISKS AND CHARGES

The total amount decreased from Euro 5,374 thousand as at 31 December 2001 to Euro 3,813 thousand as at 30 June 2002. The most significant captions in this category consist of the warranty provision which decreased from Euro 3,091 thousand to Euro 2,528 thousand as a result of the decrease in deliveries effected in the first six months of 2002; and the residual restructuring provision relating to the American companies of the group equivalent to Euro 124 thousand; net of the positive variance of the provision for exchange risks of Euro 264 thousand which resulted from consolidation adjustments.

BORROWINGS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Certain operations already in existence with Mediocredito have been reclassified as “cash balances” in order to facilitate comparability between the two periods under review.

Borrowings with banks increased from Euro 30,698 thousand at 31 December 2001 to Euro 33,202 thousand as at 30 June 2002 as a result of the liquidity needs required from operating activities.

Borrowings with other financial institutions (Euro 6,684 thousand as at 30 June 2002 compared to Euro 6,679 thousand as at 31 December 2001) are made up as follows:

Short term borrowings of Prima Industrie	1,400
Medium/long term borrowings of Prima Industrie	3,522
Medium/long term borrowing of Prima Electronics	357
Finance leasing of the Group	1,405
Total	6,684

With respect to what was recorded in the financial statements at 31 December 2001, the group (Prima Industrie) obtained a new medium term loan from Banca Intesa BCI Mediocredito SpA for an amount of Euro 5,000,000. This loan, underwritten on 21 May 2002 for a period of 5 years, includes a year of pre-amortisation and quarterly instalments at an interest rate of Euribor plus 0.90 points commencing 30 June 2003.

There are no guarantees on any of the company’s assets in relation to its debts.

TRADE PAYABLES

Trade payable increased from Euro 22,879 thousand at the end of 2001 to Euro 19,240 thousand as at 30 June 2002. This decrease reflects the contraction of purchases in the group for the first six months of 2002, which relates primarily to the American subsidiaries.

In relation to purchases of raw materials, service expenses and lease and rent costs, the average payment period remained stable at around 96 days.

OTHER PAYABLES, ACCRUED LIABILITIES AND DEFERRED INCOME

Other payables increased from Euro 5,161 thousand as at 31 December 2001 to Euro 5,818 thousand as at 30 June 2002. The increase is essentially due to the advance payments made during the period, net of other minor items.

MEMORANDUM ACCOUNTS

Memorandum accounts are not presented within the financial statements, however in order to complete the information on the balance sheet of the group, the following is a brief analysis of guarantees, commitments and pending liabilities.

In the past, certain significant items that were already included in receivables and payables were also included in the items that follow. In order to eliminate this duplication, the information presented for each category includes only the guarantees and risks not already mentioned in the balance sheet.

PERSONAL GUARANTEES GIVEN

Sureties given to others

These amount to Euro 72 thousand and refer to two sureties given to Consorzio Garanzia Fidi Unionfidi for Euro 33 thousand and a surety for Euro 39 thousand given to Sanpaolo IMI to guarantee a sales transaction in China.

COMMITMENTS

Lease commitments

Relate to a contract for an automobile where the future rent payments amount to some Euro 56 thousand.

OTHER

Re-purchase commitments

These amount in total to Euro 2,272 thousand and relate to re-purchase commitments signed by Prima Industrie in favour of leasing companies against sales to customers. This type of guarantee is released by Prima Industrie to reduce financing operations for clients where the client could not autonomously guarantee third party financing.

Assets with third parties

Relate to raw materials, work in progress, inventory on display and third party deposits. Such assets amount to Euro 4,835 thousand, of which Euro 4,346 thousand relate to assets of Prima Industrie and for Euro 489 thousand to assets of Prima Electronics.

SURETIES GIVEN BY THIRD PARTIES ON OUR BEHALF

The amount is equivalent to Euro 1,711 thousand and represents a bank surety primarily in favour of customers for advances on orders and to guarantee (a surety connected within the limits of the line of the credit) the sureties released to suppliers: Rofin Sinar, Kugelman and others.

The above balance includes guarantees received from third parties amounting to Euro 106 thousand primarily in relation to two policies issued by “La Viscontea Assicurazioni” in favour of Prima Electronics to guarantee VAT for the fourth quarter of 1997.

COMMENTS ON PRIMARY INCOME STATEMENT COMPONENTS

REVENUES

The following analysis provides details of sales by product and geographic market during the first half of 2002 compared to the same period in 2001.

The table highlights the sales of 2-D and 3-D laser systems (the latter includes in addition to the Prima Industrie systems the Laserdyne Prima Machines produced) and other laser systems (including certain systems produced by the American companies of the Group, Convergent Prima and Laserdyne Prima however these are destined to continue to decline), electronic products, lasers and other services (technical assistance, spare parts etc.) offered by all the companies of the Group. Revenues are then divided into geographic segments, in order to highlight, for each type of product, the market that has the highest level of revenues.

	30/6/02	30/6/01
2D laser systems:		
Italy	5,766	5,951
Europe	5,733	6,493
USA	2,868	-
Rest of world	2,849	1,568
Total	17,216	14,012
3D laser systems:		
Italy	2,301	2,860
Europe	6,645	8,732
USA	1,937	4,126
Rest of world	1,533	993
Total	12,416	16,711
Other laser systems:		
Italy	-	-
Europe	-	16
USA	-	1,244
Rest of world	100	881
Total	100	2,141
Electronic products:		
Italy	1,522	2,215
Europe	4,515	4,364
USA	-	1
Rest of world	-	26
Total	6,037	6,606

	30/6/02	30/6/01
Lasers:		
Italy	-	-
Europe	516	901
USA	875	2,048
Rest of world	-	306
Total	1,391	3,255
Assistance and sundry:		
Italy	2,494	2,066
Europe	2,257	1,987
USA	3,407	3,798
Rest of world	880	573
Total	9,038	8,424
Total revenues	46,198	51,149

In relation to laser systems, certain observations can be made. For the parent company, Prima Industrie, the mix for products sold shifted towards to 2-D systems which are very diversified (production of electro domestic appliances, earth moving and agricultural machinery, metal furniture, electronic equipment etc.). The favourable trend in this segment allowed the group to balance lower number of sales generated by 3D systems which have traditionally been connected with the automobile and aerospace sectors which continue to show significant signs of weakness on a global scale.

A good result was also demonstrated in the level of activity generated by technical assistance and other services offered by the group which for the six months ended 30 June 2002 represented 20 percent of total revenues (compared to 16.47 percent for the same period in 2001). This activity represents an important percentage of revenues for the American companies (over 37 percent) and represents a stable component for the group with high margins, in addition to building trust for its clients.

In relation to the split of sales by geographic area, revenues for the six months ended 30 June 2002 did not fluctuate notably with the same period in 2001, and reflected a prevalence in European markets (42.57 percent for the six months ended 30 June 2002) compared to the Italian market (26.15 percent) and North American market (19.67 percent), albeit with a lower variance. It is important to note that the percentage of revenues realised in foreign countries increased (11.61 percent for the six months ended 30 June 2002 compared to 8.5 percent for the same period in 2001), and in particular in China, Russia and Brazil, countries less subject to the unfavourable economic slowdown of recent months and with favourable prospects for future growth (China and Russia).

In relation to information presented above, it should be noted that:

1. The percentage trend in the product breakdown of sales is as follows:

	30/6/02	30/6/01
2D laser machines	37.26%	27.39%
3D laser machines	26.88%	32.67%
Other laser systems	0.22%	4.19%
Electronic products	13.07%	12.92%
Lasers	3.01%	6.36%
Assistance and sundry	19.56%	16.47%
Total	100.00%	100.00%

2. The percentage trend in the geographic distribution breakdown of sales is as follows:

	30/6/02	30/6/01
Italy	26.15%	25.60%
Europe	42.57%	43.97%
USA	19.67%	21.93%
Rest of world	11.61%	8.50%
Total	100.00%	100.00%

OTHER REVENUES AND INCOME

Other revenues and income in the six months to 30 June 2002 were Euro 597 thousand (Euro 1,126 thousand for 30 June 2001) and consist of Euro 286 thousand of extraordinary and other revenues of Euro 311 thousand which includes the reimbursement of other costs and other sundry services by Prima Industrie and Prima Electronics.

PRODUCTION COSTS

Production costs sustained during the six months ended 30 June 2002 were lower and more contained than the same period in 2001.

In terms of personnel costs, the reduction realised as a result of the reorganisation in the American companies in 2002 is still absorbed by the fact that for the six months ended 30 June 2002 Laserdyne Prima was consolidated for six months while for the same period in 2001, this company was consolidated for 3 months. Consequently, the personnel costs of Laserdyne Prima for the three months of 2001 were limited to only 6 employees of Prima US.

DIFFERENCE BETWEEN PRODUCTION REVENUES AND COSTS (EBIT)

The percentage to total revenues for the six months ended 30 June 2002 is negative and equivalent to -4.8 percent compared to +4 percent for 2001. Such decrease is due to the activity of the parent company which registered a temporary decrease in margins resulting from the critical situation in the global economic environment and the increased demand for 2D laser machines with lower margins. The remaining portion of the decrease can be attributed to the activity of the American companies which continue to experience a strong contraction of demand in the automobile and aerospace sectors where Laserdyne Prima's products and, to a lesser content, Convergent Prima's products are sold.

FINANCIAL EXPENSES

In the six months to 30 June 2002, analogous to the same period in 2001, tax credits were recorded on dividends by the subsidiary Prima Electronics for Euro 169 thousand.

Interest and other finance costs represent costs (amounting to Euro 1,803 thousand compared to Euro 1,390 thousand for 30 June 2001) sustained by the group in relation to financial instruments.

Details of finance charges are as follows:

Interest expense on overdrafts	196
Discount on Sabatini Law transactions	201
Interest expense on medium and long term loan	254
Interest expenses on leasing transactions	43
Exchange differences	678
Other	431
Total	1,803

The discount on Sabatini Law transactions is offset by the same amount recorded in financial income (this relates to a simple accounting entry relative to contracts with recourse).

Where possible (in Italy), companies utilise a form of financing (Sabatini) which permits it to accelerate the realisation of machine sales which are characterised by lengthy payment terms. In addition, the finance charges associated with such operations are the responsibility of the client.

The caption "Other financial income" (equivalent to Euro 602 thousand compared to Euro 1,489 thousand for 30 June 2001) is composed as follows:

Interest income on current accounts and postal accounts	14
Sabatini discounts	220
Exchange differences	333
Interest income on short term investments	11
Other	24
Total	602

As noted in the tables above, the net finance charges/income for the period is negative primarily as a result of unfavourable exchange differences of the US dollar compared to the Euro which generated a negative intercompany exchange difference which was not hedged due to the absence of cash inflows.

PROFIT BEFORE INCOME TAXES

Profit before taxes reduced from a profit of Euro 2,257 thousand for the six months ended 30 June 2001 to a loss of Euro 4,088 thousand for the same period in 2002. The percentage to total revenues changed from +4.4 percent in 2001 to -8.8 percent to 2002. The result of the Group takes into account, in addition to the unfavourable global economic environment, the not as yet positive results of the two American companies, which, as previously indicated, are currently in an internal restructuring phase with the intention of focusing their productive capacity on a series of key products and standardised components, the realisation of which will result in economies of scale and synergies with other Group companies. In addition, the result of the group was influenced by the write down relating to investments in Rambaudi Industriale SpA and Mechanical Industries Srl.

A calculation of taxation for the period has not been performed, as allowed by section 7 of article 81 of the Consob regulation approved on the deliberation No. 11971 of 14 May 1999 with subsequent modifications.

OTHER INFORMATION

The average number of employees in the first six months of 2002 amounted to 456 compared to 437 for the first six months of 2001. As at 30 June 2002 the group employed 441 employees compared to 495 as at 30 June 2001.

The decrease in employees, which already decreased to 470 at 31 December 2001, is a direct consequence of the restructuring effected commencing from the last few months of 2001 in the American companies of the Group (see “Restructuring of American Companies” above) which reduced the number of their employees by almost 30 percent in the last 12 months.

Employees as at 30 June 2002 can be divided geographically as follows:

	Italy	France	Spain	Great Britain	Switzerland	USA	30/6/02 Total	31/12/01 Total
Prima Industrie SpA (*)	216	6	7	11	3	-	243	240
Prima Electronics SpA	76	-	-	-	-	-	76	76
Laserdyne Prima Inc.	-	-	-	-	-	51	51	74
Convergent Prima Inc.	-	-	-	-	-	71	71	80
Total	292	6	7	11	3	122	441	470

AREA OF CONSOLIDATION

COMPANIES CONSOLIDATED ON A LINE BY LINE BASIS

Company/ Headquarters	Currency	Share Capital	Direct percentage held as at 30/6/02	Indirect percentage held as at 30/6/02
Parent Company				
Prima Industrie SpA Collegno (TO)	Euro	10,375,000	-	-
Subsidiaries				
Prima Electronics SpA Moncalieri (TO)	Euro	1,500,000	100%	-
Laserdyne Prima Inc. Maple Grove, Minnesota, USA	US\$	13,000,000 (*)	100%	-
Prima Industrie GmbH Kronberg, Germany	DM	50,000	100%	-
Prima Industrie International BV Amsterdam, The Netherlands	HFL	50,000	99%	1% held by Prima Electronics SpA
Convergent Prima Inc. Sturbridge, Massachusetts, USA	US\$	6,300,000 (*)	-	80% held by Laserdyne Prima Inc. (**)

(*) The balance corresponds to an amount subscribed and paid up. In reality, the American company has a nominal capital for an amount which is purely figurative.

(**) The remaining 20 percent of Convergent Prima shares as at 30 June 2002 is still held by ACD Technologies SpA (formerly Pluritec).

COMPANIES CONSOLIDATED UNDER THE PROPORTIONAL METHOD

There are no companies carried under the proportional consolidation method.

COMPANIES CARRIED UNDER THE EQUITY METHOD

Company/ Headquarters	Currency	Share Capital	Direct percentage held as at 30/6/02	Indirect percentage held as at 30/6/02
Mechanical Industries Srl Venaria (TO)	Euro	487,289	21.62%	-
Shenyang-Prima Laser Machine Company Ltd. Shenyang, China	US\$	1,000,000	50%	-
SNK Prima Company Ltd Osaka, Japan	Yen	90,000,000	40%	-
Rambaudi Industriale SpA Rivoli (TO)	Euro	12,408,884	6.24%	-
Macro Meccanica SpA (in liquidation) Savonera (TO)	Lire	1,000,000,00 0	35.48%	-
MLTA Srl Nichelino (TO)	Euro	33,800	-	7.7% held by Prima Electronics
Convergent Energy Srl (in liquidation) Asti	Lire	20,000,000	-	99.5% held by Convergent Prima

On behalf of the Board of Directors

The President

Dott. Aldo Palmeri

PRIMA INDUSTRIE GROUP

Consolidated financial statements as at June 30, 2002 and 2001

Balance Sheet

in thousands of Euro			
	06/30/2002	12/31/2001	06/30/2001
A. RECEIVABLES FROM SHAREHOLDERS FOR UNPAID CAPITAL WITH SEPARATE INDICATION FOR UNCALLED AMOUNT	0	0	0
B. FIXED ASSETS			
B.I. INTANGIBLE ASSETS			
1) Costs of start up and expansion	84	101	118
2) Research, development and advertising costs	158	262	348
3) Industrial patents and intellectual property rights	452	623	788
4) Concessions, licences, trademarks and similar rights	8	9	9
5) Goodwill	3.822	4.476	4.123
7) Other intangible assets	818	972	1.420
Total intangible assets	5.342	6.443	6.806
B.II. TANGIBLE ASSETS			
1) Land and buildings	2.957	3.006	2.659
2) Plant and machinery	1.229	1.203	1.205
3) Industrial and commercial equipment	652	453	531
4) Other assets	990	1.168	1.407
5) Construction in process and advances	0	0	0
Total tangible assets	5.828	5.830	5.802
B.III. FINANCIAL FIXED ASSETS			
1) Investments in:	772	1.611	918
a) subsidiaries	0	0	0
b) associated companies	772	731	401
c) other companies	0	880	517
2) Receivables:	463	475	582
b) towards associated companies	274	124	124
d) towards others	189	351	458
3) Other securities:	0	0	0
4) Treasury shares:	0	0	0
Total financial fixed assets	1.235	2.086	1.500
TOTAL FIXED ASSETS	12.405	14.359	14.108
C. CURRENT ASSETS			
C.I. INVENTORIES			
1) Raw materials, supplies and consumables	14.526	16.418	19.200
3) Work in progress	8.787	8.483	11.227
4) Finished products and goods	7.622	8.139	7.311
Total inventories	30.935	33.040	37.738
C.II. RECEIVABLES			
1) Trade receivables	42.393	43.035	39.646
3) Receivables from associated companies	1.018	743	1.050
5) Other receivables	8.563	9.277	6.515
Total receivables	51.974	53.055	47.211

PRIMA INDUSTRIE GROUP

Consolidated financial statements as at June 30, 2002 and 2001

<i>in thousands of Euro</i>			
	<i>06/30/2002</i>	<i>12/31/2001</i>	<i>06/30/2001</i>
C.III. FINANCIAL ASSETS NOT HELD AS FIXED ASSETS			
1) Investments in subsidiaries	0	195	620
4) Treasury stocks	52	0	0
5) Other marketable securities	2.017	517	517
Total financial assets not held as fixed assets	2.069	712	1.137
C.IV. CASH			
1) Bank and postal accounts	4.852	7.644	10.614
3) Cash in hand and cash equivalents	16	13	22
Total cash	4.868	7.657	10.636
TOTAL CURRENT ASSETS	89.846	94.464	96.722
D. ACCRUED INCOME AND PREPAID EXPENSES			
1) Accrued income	30	47	61
2) Prepaid expenses	206	123	178
TOTAL ACCRUED INCOME AND PREPAID EXPENSES	236	170	239
TOTAL ASSETS	102.487	108.993	111.069

PRIMA INDUSTRIE GROUP

Consolidated financial statements as at June 30, 2002 and 2001

<i>in thousands of Euro</i>			
	<i>06/30/2002</i>	<i>12/31/2001</i>	<i>06/30/2001</i>
A. SHAREHOLDERS' EQUITY			
A.I. SHARE CAPITAL	10.375	10.375	9.650
A.II. SHARE PREMIUM	12.891	12.891	12.120
A.IV. LEGAL RESERVE	715	658	718
A.V. RESERVE FOR TREASURY STOCKS	52	0	0
A.VII. OTHER RESERVES			
<i>Consolidation reserve</i>	0	0	0
<i>Currency translation adjustment</i>	-1.313	37	651
<i>Other</i>	6.635	5.610	5.610
A.VIII. RETAINED EARNINGS	2.925	2.666	2.418
A.IX. GROSS PROFIT FOR THE PERIOD (net as at 12/31/01)	-4.088	196	1.908
TOTAL SHAREHOLDERS' EQUITY OF THE GROUP	28.192	32.433	33.075
A.X. CAPITAL AND RESERVES OF MINORITY INTERESTS	1.263	1.382	2.920
NET RESULT OF MINORITY INTERESTS	0	48	349
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY	29.455	33.863	36.344
B. PROVISIONS FOR RISKS AND CHARGES			
2) Income tax reserves	0	0	0
3) Other	2.388	3.949	4.774
4) Deferred income taxes	1.425	1.425	1.163
TOTAL PROVISIONS FOR RISKS AND CHARGES	3.813	5.374	5.937
C. EMPLOYEE SEVERANCE INDEMNITY	3.422	3.204	2.951
D. PAYABLES			
3) Borrowings with banks	33.202	30.698	21.466
4) Borrowings with other financial institutions	6.684	6.679	8.079
5) Advances	2.181	1.093	2.704
6) Trade payables	19.240	22.879	28.224
9) Payables with associated companies	0	0	0
11) Taxes payable	529	742	1.679
12) Social security taxes payable	902	951	710
13) Other payables	2.206	2.375	2.254
TOTAL PAYABLES	64.944	65.417	65.116
E. ACCRUED EXPENSES AND DEFERRED INCOME			
1) Accrued expenses	271	0	488
2) Deferred income	582	1.135	233
TOTAL DEFERRED EXPENSES AND DEFERRED INCOME	853	1.135	721
TOTAL LIABILITIES AND EQUITY	102.487	108.993	111.069

PRIMA INDUSTRIE GROUP

Consolidated financial statements as at June 30, 2002 and 2001

Income Statement

in thousands of Euro

	06/30/2002	12/31/2001	06/30/2001
A. VALUE OF PRODUCTION			
1) Net sales and revenues	46.198	51.149	111.895
2) Change in semi finished and finished goods	739	4.277	2.882
3) Change in work in progress	0	0	0
4) Internal production of tangible assets	97	36	75
5) Other sales and revenues	597	1.126	1.844
TOTAL VALUE OF PRODUCTION	47.631	56.588	116.696
B. PRODUCTION COSTS			
6) Cost of raw, ancilliary and consumable materials and goods	-23.416	-28.672	-61.006
7) Services	-9.418	-10.609	-21.626
8) Leasing costs	-987	-927	-1.726
9) Personnel costs	-13.853	-12.358	-26.620
<i>a) wages and salaries</i>	-10.395	-9.393	-20.469
<i>b) social contributions</i>	-2.882	-2.413	-5.058
<i>c) employee severance indemnity</i>	-345	-303	-664
<i>e) other costs</i>	-231	-249	-429
10) Amortisation and depreciation	-1.323	-1.201	-2.199
<i>a) ammortisation of intangible assets</i>	-724	-576	-1.233
<i>b) depreciation of tangible assets</i>	-527	-559	-1.116
<i>d) Adjustments to the value of financial assets</i>	-72	-66	150
11) Changes in raw materials, supplies and consumables	-1.105	211	-330
12) Provisions for risks and charges	1.015	-439	203
13) Other accruals	0	0	0
14) Other operating costs	-761	-539	-1.279
TOTAL PRODUCTION COSTS	-49.848	-54.534	-114.583
DIFFERENCE BETWEEN REVENUES AND PRODUCTION COSTS	-2.217	2.054	2.113
C. FINANCIAL INCOME AND CHARGES			
15) Income from investments	169	104	449
a. dividends and other income from associated companies	169	104	449
16) Other financial income	602	1.489	1.975
d. other financial income	602	1.489	1.975
17) Interest and other financial charges	-1.803	-1.390	-2.871
TOTAL FINANCIAL INCOME AND EXPENSES	-1.032	203	-447
D. ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS			
18) Revaluations	0	0	0
a. of investments	0	0	0
19) Write downs	0	0	-195
a. of investments	-839	0	0
b. of financial fixed assets	0	0	0

PRIMA INDUSTRIE GROUP

Consolidated financial statements as at June 30, 2002 and 2001

c. of financial current assets

0

0

-195

PRIMA INDUSTRIE GROUP

Consolidated financial statements as at June 30, 2002 and 2001

<i>in thousands of Euro</i>				
		<i>06/30/2002</i>	<i>12/31/2001</i>	<i>06/30/2001</i>
TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS		-839	0	-195
E. EXTRAORDINARY INCOME AND CHARGES				
20)	Extraordinary income	0	0	0
	<i>b. Other income</i>	<i>0</i>	<i>0</i>	<i>0</i>
21)	Extraordinary charges	0	0	0
	<i>c. Other charges</i>	<i>0</i>	<i>0</i>	<i>0</i>
TOTAL EXTRAORDINARY INCOME AND CHARGES		0	0	0
PROFIT BEFORE TAX		-4.088	2.257	1.471
22)	Income taxes	0	0	-1.226
	22.1) Current taxes	<i>0</i>	<i>0</i>	<i>-2.807</i>
	22.2) Deferred taxes	<i>0</i>	<i>0</i>	<i>1.581</i>
23)	PROFIT FOR THE PERIOD	-4.088	2.257	245
24)	Minority interests (income) /costs	0	-349	-48
25)	PROFIT OF THE PERIOD FOR THE GROUP	-4.088	1.908	197

PRIMA INDUSTRIE SpA

Head office and factory: Collegno (Turin), via Antonelli, 32
Registered at the Company Register of Turin No. 3549/80

Financial statements as at June 30, 2002 and 2001

Balance Sheet

in thousands of Euro

	06/30/2002	12/31/2001	06/30/2001
A. RECEIVABLES FROM SHAREHOLDERS FOR UNPAID CAPITAL WITH SEPARATE INDICATION FOR UNCALLED AMOUNT	0	0	0
B. FIXED ASSETS			
B.I. INTANGIBLE ASSETS			
1) Costs of start up and expansion	84	101	118
2) Research, development and advertising costs	158	262	367
3) Industrial patents and intellectual property rights	223	281	321
4) Concessions, licences, trademarks and similar rights	5	6	6
7) Other intangible assets	419	470	445
Total intangible assets	889	1.120	1.257
B.II. TANGIBLE ASSETS			
1) Land and buildings	519	533	139
2) Plant and machinery	668	704	626
3) Industrial and commercial equipment	233	158	194
4) Other assets	257	274	273
5) Construction in process and advances	0	0	0
Total tangible assets	1.677	1.669	1.232
B.III. FINANCIAL FIXED ASSETS			
1) Investments in:	7.479	9.413	10.600
a) subsidiaries	6.718	7.812	9.693
b) associated companies	761	712	391
c) other companies	0	880	516
2) Receivables:	447	3.841	565
a) towards subsidiaries	170	3.554	170
b) towards associated companies	150	0	0
d) towards others	127	287	395
3) Other securities:	0	0	0
Total financial fixed assets	7.926	13.254	11.165
TOTAL FIXED ASSETS	10.492	16.043	13.654
C. CURRENT ASSETS			
C.I. INVENTORIES			
1) Raw materials, supplies and consumables	7.063	6.886	7.106
3) Work in progress	3.652	2.390	3.012
4) Finished products and goods	4.070	4.567	3.135
Total inventories	14.785	13.843	13.253
C.II. RECEIVABLES			
1) Trade receivables	30.922	30.507	25.875
2) Receivables from subsidiaries	4.970	6.436	6.529
3) Receivables from associated companies	807	695	753
5) Other receivables	6.486	6.933	5.269
Total receivables	43.185	44.571	38.426

PRIMA INDUSTRIE SpA

Head office and factory: Collegno (Turin), via Antonelli, 32
Registered at the Company Register of Turin No. 3549/80

Financial statements as at June 30, 2002 and 2001

<i>in thousands of Euro</i>			
	<i>06/30/2002</i>	<i>12/31/2001</i>	<i>06/30/2001</i>
C.III. FINANCIAL ASSETS NOT HELD AS FIXED ASSETS			
5) Treasury shares	52	0	0
6) Other marketable securities	2.017	517	517
Total financial assets not held as fixed assets	2.069	517	517
C.IV. CASH			
1) Bank and postal accounts	3.241	5.859	9.882
3) Cash in hand and cash equivalents	13	9	18
Total cash	3.254	5.868	9.900
TOTAL CURRENT ASSETS	63.293	64.799	62.096
D. ACCRUED INCOME AND PREPAID EXPENSES			
1) Accrued income	446	48	155
2) Prepaid expenses	177	299	178
TOTAL ACCRUED INCOME AND PREPAID EXPENSES	623	347	333
TOTAL ASSETS	74.408	81.189	76.083

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Financial statements as at June 30, 2002 and 2001

<i>in thousands of Euro</i>			
	<i>06/30/2002</i>	<i>12/31/2001</i>	<i>06/30/2001</i>
A. SHAREHOLDERS' EQUITY			
A.I. SHARE CAPITAL	10.375	10.375	9.650
A.II. SHARE PREMIUM	14.020	14.020	13.249
A.IV. LEGAL RESERVE	714	658	718
A.VII. OTHER RESERVES	6.687	5.610	5.610
A.VIII. RETAINED EARNINGS	0	0	0
A. IX. GROSS PROFIT FOR THE PERIOD (net as at 12/31/01)	-4.999	1.134	1.402
TOTAL SHAREHOLDERS' EQUITY	26.797	31.797	30.629
B. PROVISIONS FOR RISKS AND CHARGES			
2) Income tax reserves	1.202	1.202	1.109
3) Other	2.302	2.306	2.300
TOTAL PROVISIONS FOR RISKS AND CHARGES	3.504	3.508	3.409
C. EMPLOYEE SEVERANCE INDEMNITY	2.508	2.360	2.162
D. PAYABLES			
3) Borrowings with banks	15.853	12.665	8.935
4) Borrowings with other financial institutions	4.922	6.322	7.722
5) Advances	1.917	484	991
6) Trade payables	14.444	18.106	16.850
6) Payables with subsidiaries	1.398	3.129	1.960
9) Payables with associated companies	0	0	0
11) Taxes payable	330	421	1.309
12) Social security taxes payable	726	829	647
13) Other payables	1.160	757	993
TOTAL PAYABLES	40.750	42.713	39.407
E. ACCRUED EXPENSES AND DEFERRED INCOME			
1) Accrued expenses	792	208	412
2) Deferred income	57	603	64
TOTAL ACCRUED EXPENSES AND DEFERRED INCOME	849	811	476
TOTAL LIABILITIES AND EQUITY	74.408	81.189	76.083

PRIMA INDUSTRIE SpA

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Financial statements as at June 30, 2002 and 2001

Income statement

in thousands of Euro

	06/30/2002	12/31/2001	06/30/2001
A. VALUE OF PRODUCTION			
1) Net sales and revenues	29.734	31.041	67.472
2) Change in semi finished and finished goods	764	1.609	3.041
3) Change in work in progress	31	1.221	599
4) Internal production of tangible assets	0	0	6
5) Other sales and revenues	600	795	1.637
TOTAL VALUE OF PRODUCTION	31.129	34.666	72.755
B. PRODUCTION COSTS			
6) Cost of raw, ancilliary and consumable materials and goods	-16.781	-18.434	-38.105
7) Services	-6.710	-7.893	-15.600
8) Leasing costs	-535	-560	-1.129
9) Personnel costs	-5.970	-5.597	-11.345
<i>a) wages and salaries</i>	<i>-4.194</i>	<i>-3.935</i>	<i>-8.006</i>
<i>b) social contributions</i>	<i>-1.383</i>	<i>-1.256</i>	<i>-2.553</i>
<i>c) employee severance indemnity</i>	<i>-258</i>	<i>-228</i>	<i>-509</i>
<i>e) other costs</i>	<i>-135</i>	<i>-178</i>	<i>-277</i>
10) Amortisation and depreciation	-414	-420	-830
<i>a) ammortisation of intangible assets</i>	<i>-263</i>	<i>-294</i>	<i>-557</i>
<i>b) depreciation of tangible assets</i>	<i>-151</i>	<i>-126</i>	<i>-273</i>
<i>d) Adjustments to the value of financial assets</i>	<i>0</i>	<i>0</i>	<i>0</i>
11) Changes in raw materials, supplies and consumables	177	705	484
12) Provisions for risks and charges	122	-34	-21
13) Other accruals	0	0	0
14) Other operating costs	-330	-418	-683
TOTAL PRODUCTION COSTS	-30.441	-32.651	-67.229
DIFFERENCE BETWEEN REVENUES AND PRODUCTION COSTS	688	2.015	5.526
c. FINANCIAL INCOME AND CHARGES			
15) Income from investments	212	178	1.360
a. dividends and other income from associated companies	212	178	1.360
16) Other financial income	610	1.422	1.891
a. from receivables with subsidiaries	0	0	74
d. other financial income	610	1.422	1.817
17) Interest and other financial charges	-1.438	-1.083	-2.090
a) With subsidiary companies	0	0	0
d) Other	-1.438	-1.083	-2.090
TOTAL FINANCIAL INCOME AND EXPENSES	-616	517	1.161

