

PRIMA INDUSTRIE GROUP
BOARD OF DIRECTORS' REPORT
ON CONSOLIDATED
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2002

This is a free translation from Italian into English

Board of Directors
February 14, 2003

PRIMA INDUSTRIE SpA

Paid-up Share Capital Euro 10,375,000
Company House of Turin
Register no. 3549/80
R.E.A. of Turin no. 582421

Registered office: Collegno (Turin)
Via Antonelli, 32
website internet: <http://www.primaindustrie.com>
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BOARD OF DIRECTORS (*)

Chairman of the Board
Aldo Palmeri

Managing Director (CEO)
Gianfranco Carbonato

Directors:

Giulia Della Rosa
Sandro D'Isidoro
Domenico Peiretti
Francesco Takanen

(**) Giuseppe Morfino

(**) Paolo Mazzotto

Secretary

Giuseppe Favalaro

Corporate General Manager

Alberto Delle Piane

General Manager

Ezio Basso

STATUTORY AUDITORS (*)**

President of the Statutory Auditors Committee
Riccardo Formica

Active Auditors

Andrea Mosca
Roberto Petri gnani

Substitute Auditors

Roberto Coda
Stefano Maria Ruggeri

INDEPENDENT AUDITORS

PricewaterhouseCoopers SpA

(*) Appointed by the Shareholders' Meeting of May 14, 2002 for the three years term 2002-2004

(**) Independent Directors

(***) Appointed by the Shareholders' Meeting of May 11, 2001 for the three years term 2001-2003

DIRECTORS' POWER

The Board of Directors held on May 14, 2002 appointed Mr Gianfranco Carbonato as the Managing Director granting him all operating powers safe those that the law reserves to the Board of Directors. Both, the Chairman and the Managing Director have the Company legal representation in accordance with article 23 of the Company bylaws.

PRIMA INDUSTRIE GROUP

BOARD OF DIRECTORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2002

(Approved by the Company Board of Directors held on February 14, 2003)

INTRODUCTION

This report covers the Group consolidated financial information up to December 31, 2002 prepared and divulged in accordance with article 2.6.2. of the *Nuovo Mercato* of the Italian Stock Exchange regulations and IA 2.4.1 of the Instructions and complies with article 82 of Consob rulings ex resolution 11971 and following amendments. Data related with the quarter under consideration have not been audited by PricewaterhouseCoopers SpA being not compulsory.

The information which follows was prepared on same principles previously used by the Group for its interim and end-of-the year accounts. Therefore the comparison between the two periods 01/01/2002-12/31/2002 and 01/01/2001-12/31/2001 is homogeneous.

All figures are expressed in thousands of euro unless otherwise specified.

The financial statements concerning Prima Industrie SpA (the Group leader) as at December 31, 2002 are also herewith enclosed.

THE GROUP ACTIVITY

During the period under consideration, there have been no changes in the activity performed by Prima Industrie SpA nor by the other companies of the Group.

ACCOUNTING PRINCIPLES

During the period under examination, there have been no changes on the accounting principles adopted and therefore data comparison is consistent with those of the past.

In drawing the accounts have not been made estimations which could have in anyway influenced the overall position of the Group.

However, estimation procedures eventually different from those normally practised still assure reliable information and communication to the market. Through the comment to the schedules which follows, is given explanation of such possible estimating procedures.

As for treasury stock held by the Company it has been valued at the cost (in accordance with the related accounting principles) instead of the lowest between cost and market values, the latter being assessed as average of the listing values of the previous month dates of the closing period. It was followed this way because during the month of January a consistent number of same was sold on the market at an higher value and thus generating a capital gain.

FORM AND CONTENT OF THE CONSOLIDATED ACCOUNTS

The companies involved with the consolidation process have been consolidated using the line-by-line method. The area of consolidation did not change in respect of December 31st, 2001.

Companies directly controlled or controlled through other controlled companies have all been fully consolidated. Other participations have been valued with the net equity method.

The economic transactions between the consolidated companies of the Group and those valued with the net equity method do not generate any significant impact on the Group result.

MOST SIGNIFICANT EVENTS

IMPROVEMENT OF THE GROUP ECONOMIC TREND

The evolution of the year 2002 economic trend analysed by quarters and by geographical area (Italy/U.S.A.) shows signals of an economic trend inversion with respect to the recent past.

In fact, the tables below show the first positive effects obtained through the increase of the turnover and the costs reduction following the U.S. restructuring operations.

AGGREGATE PRIMA INDUSTRIE + PRIMA ELECTRONICS (K€)

	1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER	TOTAL
SALES	16,800	20,714	21,855	26,385	85,754
EBITDA	1,618	959	1,341	1,976	5,894
EBIT	1,318	643	897	1,646	4,504

AGGREGATE LASERDYNE PRIMA + CONVERGENT PRIMA (K€)

	1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER	TOTAL
SALES	5,878	6,719	7,107	8,172	27,876
EBITDA	(2,385)	(1,647)	(974)	(1,424)	(6,430)
EBIT	(2,565)	(1,808)	(1,114)	(1,473)	(6,960)

GROUP CONSOLIDATION (K€)

	1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER	TOTAL
SALES	21,546	24,652	22,704	31,603	100,505
EBITDA	(425)	(466)	247	701	57
EBIT	(1,033)	(1,184)	(513)	136	(2,594)

The above summarises the economic trend of both the Italian and the U.S. companies, evidencing the Group consolidation. In particular it must be underlined the following:

- a growth of the turnover for all companies along the year including the third quarter which traditionally carries a lower weight;
- an improved profitability of the Italian companies during the second part of the year and, in particular, during the last quarter;
- EBITDA and EBIT of the American companies during the fourth quarter suffered from an inventory depreciation of about Euro 645 thousand. If this was not done the USA margins of profit would have drawn an important improvement as they already did in the first three quarters. To such improvement

substantially contributed the progressive cost/expensed reduction in consequence of the Company restructuring;

- besides a noticeable increase of the turnover, the consolidated results of the fourth quarter also show a considerable improvement of the EBITDA and EBIT both positive.

MERGING OF THE US COMPANIES

Laserdyne Prima and Convergent Prima, the two American companies of the Group, merged on December 31, 2002. As for Convergent Prima, during December it was also repurchased from ACD Technologies the last 10 percent.

The new resulting Company whose name is Prima North America Inc. with head office in Massachusetts, is organised on three productive divisions:

- Convergent Lasers: manufacturing and marketing laser generators;
- Laserdyne Systems: manufacturing and selling Laserdyne Systems;
- Prima Laser Tools: marketing and sale of Prima Industrie SpA systems on the North American market.

As from February 24, 2003 Convergent Lasers and Prima Lasers Tools activity will be moved to new premises located near Springfield (Massachusetts) whose official opening is expected to be made next April present to local authorities. The division Laserdyne Systems will continue its work in Minnesota (Champlin) in a smaller premises where was transferred early in February this year.

With the accomplishment of the merging and the new set-up of the Group activity in America the phase restructuring is completed, having also reduced the headcount to 110 units (from 154) which means about 30 percent.

Furthermore, with a view to recapitalize the new company the 2,000,000 dollars loan jointed in due course by Prima Industrie to Laserdyne Prima, was converted into Prima North America Inc. capital which is now 15,000,000 US dollars paid-up.

CODE OF CONDUCT ON THE SUBJECT OF INTERNAL DEALING

The Company Board of Directors of December 19, 2002 approved the “Code of conduct on the subject of Internal Dealing” with effect January 1, 2003.

The code intends to discipline the obligations of the Company to communicate to the market possible operations carried-out by “significant persons” (these are persons who in virtue of their position with the Company or its subsidiary may have access to relevant reserved information on the Company economic perspectives) on its listed financial instruments.

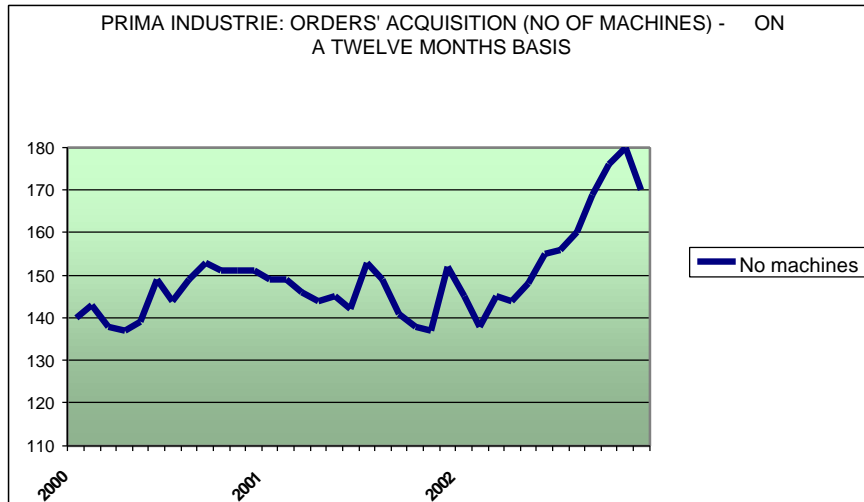
The acceptance of the code assures that the Company will inform the market of all purchasing, selling and/or subscriptions made by significant persons within 10 trading days after the closing of each calendar quarter if the total amount for each quarter is included between 50,000 to 250,000 euro. With no delay (and however within two trading days) if the operations, even if cumulating with other of the quarter, are equal or superior to 250,000 euro.

Furthermore, the code intends to discipline the time period in which are limited or forbidden the operations made by significant persons on listed financial instruments of the issuing entity. For the purpose it was established a period of 15 days preceding the Board meetings supposed to resolve on the Company quarterly reports.

COMMERCIAL TREND

During 2002, the Group leader, Prima Industrie SpA, acquired orders for Euro 69,092 thousand as against Euro 68,090 thousand for same period of the previous year, thanks to the excellent acquisition from October to December.

The trend improvement of the orders’ acquisition achieved during the year 2002 is shown by the following chart related to 12 months orders collected (number of machines) by Prima Industrie SpA only. Notable the last part of the year in which collection was clearly exceeding the previous years.



At the end of the period, orders backlog of Prima Industrie SpA was Euro 16,884 thousand as against Euro 16,318 thousand at December 31, 2001.

Consolidated backlog as at December 31, 2002 is Euro 27,894 thousand which is slightly lower than Euro 30,006 thousand as at December 31, 2001, due to the non-positive reference markets of the U.S. divisions that showed positive signals only in the last part of the year.

The aggregate orders' acquisition of 2002 for all companies of the Group was Euro 118,989 thousand as against Euro 109,977 thousand for the previous year same period. Such positive trend for this part of the year confirms the good order collection realised during the second part of the year also thanks to the improvement of the USA market.

RESEARCH AND DEVELOPMENT

As at December 31, 2002, the overall expense for Research and Development was Euro 7,361 thousand as against Euro 6,119 thousand for the previous year.

In the last quarter, it was completed the development of our laser manufactured by Convergent Lasers whose first units were installed on machines delivered to customers in Italy and USA in beta-test.

As for Prima Industrie SpA main commitment concerned the engineering of the numerical control supplied by Prima Electronics for the 2D machines and the perfecting of the Platino machine 2040 (a larger version). It was also started the development of Domino HS (high-speed). Furthermore, starting from Domino will start the engineering of Prima Electronics numerical control dedicated to the 3D systems.

SHORT-TERM EVOLUTION

The precarious world-wide situation together with the risk of an imminent war, makes terribly difficult to focus a general economic picture of the international market with a view to the future. Also Prima Industrie Group, being internationally oriented, suffers from this climate of uncertainty dominating the world-wide scene.

On the other hand, the Group takes advantage of the fact that operating in a section of high technology and industrial laser applications that is less sensitive to economical cycles than the traditional machine tools and other investment goods. In fact, although the present climate of reduced investments, the Group order acquisition was satisfactory. The improving trend noticed towards the end of 2002 continued with several important orders from the U.S. also in January 2003 although this is a month of the year less significant.

Supposing European and American markets still stalling, the Group short-medium term targets aim to maintain its own competitive position improving Prima Industrie profitability also thanks to the range of new products together and to achieve a sales recovery of the Laserdyne Systems division at least to the level achieved during the last quarter of 2002.

Furthermore, during 2003 will start series production of Convergent Prima laser generators which should allow a further recovery of the consolidate profitability.

The dollar progressive depreciation towards the Euro during 2002 which lead the Euro to overrun parity with the dollar at the beginning of 2003 does not bear an important significance at economic level for the Group accounts because Prima

Industrie purchases and sales exposed in US dollars tend to be basically equivalent in the medium term.

As for the “overseas” countries sales the Group did not incur in competitive losses because also competitors belong to the “Euro” and/or the “yen” area which also appreciated vis-a-vis the dollar.

COMMERCIAL ACTIVITY

The trend concerning orders' acquisition recorded during the last months of the third quarter continued also in January 2003, when the Group acquired an aggregate number of orders for Euro 5,695 thousand as against Euro 4,218 thousand same period 2002. In particular a good signal comes from United States where Prima North America increased by 67 percent its order collection on previous year (from \$ 1,223 thousand to \$ 3,270 thousand).

EVOLUTION OF THE FINANCIAL STRUCTURE

The financial year closed with the ratio debt equity of about 1.5. As it happens every year this ratio should improve during the first part of 2003 following the reduction of the item “Receivables” within the working capital as a consequence of payment of a large number of machines delivered to customers in the last quarter of 2002. Special investments are not expected and the Group will work with a view to better balance medium with short-term loans.

PURCHASES OF TREASURY STOCK

During the month of January 2003, the Company sold no. 50,500 of own shares out of the total held of 71,500 at December 31, 2002 which in value was the equivalent of Euro 472,000. The sales reduced the stock held by the Company approximately by 70 percent generating a satisfactory capital gain, taking advantage of a particularly favourable market trend, in which in a single month the share Prima Industrie appreciated by almost 20 percent.

INFORMATION ON FINANCIAL STATEMENTS

The Group turnover as at December 31, 2002 is Euro 100,505 thousand as against Euro 111,895 thousand of same period of the previous year.

The reduction over the year was 10.2 percent and was 12.3 percent on September 30, 2002 is due to insufficient invoicing of the U.S. companies (in particularly Convergent Prima) which have suffered from the bad performance of the respective reference markets (aerospace and automotive) causing also a strong impact on the profitability of the Group in general.

The Group EBITDA in fact moved from Euro 4,270 thousand as at December 31, 2001 to Euro 57 thousand as at December 31, 2002. The EBIT dropped from Euro 2,052 thousand at December 31, 2001 to -2,594 thousand at December 31, 2002.

Of course 2001 did not suffer of the full impact of “September 11th” whilst 2002 suffered through-out the year of the precarious political and economical general situation.

Briefly, consolidated accounts may be summarised as follows:

	12/31/2002		12/31/2001	
	Thousands of euro	%	Thousands of euro	%
Sales	100,505	100.0	111,895	100.0
MOL/EBITDA	57	-	4,270	3.8
Operating profit	-2,594	-2.6	2,052	1.8
Profit before taxes	-5,716	-5.7	1,620	1.4
Number of shares end of period (face value Euro 2.5 each)	4,150,000		4,150,000	
Average shares for the period	4,150,000		3,755,000	
MOL/EBITDA per share	-		1.14	
Operating profit per share	-0.62		0.55	
Profit before taxes per share	-1.38		0.43	

The following table shows with synthetic information the trend of the four consolidated operating companies: it can be easily noted the positive trend of the two Italian companies, whose results are diluted by the consolidation with the two U.S. companies recently acquired and under reorganisation throughout the year 2002.

CONDENSED INDICATION OF MOST SIGNIFICANT PARAMETERS AND PROFITABILITY INDEX (in thousands of euro)

	Prima Industrie SpA				Prima Electronics SpA				Convergent Prima Inc.				Laserdyne Prima Inc. (formerly Prima US Inc.) (2)			
	12/31/02		12/31/01		12/31/02		12/31/01		12/31/02		12/31/01		12/31/02		12/31/01	
	Thousands of euro	%	Thousands of euro	%	Thousands of euro	%	Thousands of euro	%	Thousands of euro	%	Thousands of euro	%	Thousands of euro	%	Thousands of euro	%
Sales	67,415	100.0	67,472	100.0	15,339	100.0	16,069	100.0	11,935	100.0	18,732	100.0	15,941	100.0	19,766	100.0
MOL/EBITDA	3,377	5.0	6,390	9.5	2,516	16.4	2,729	17.0	(3,125)	(26.2)	(1,637)	(8.7)	(3,305)	(20.7)	(2,881)	(14.6)
Operating profit (EBIT) (3)	2,400	3.6	5,549	8.2	2,130	13.7	2,380	14.8	(3,478)	(29.1)	(1,645)	(8.8)	(3,482)	(21.8)	(3,418)	(17.3)
Core business gross operating profit	367 (1)	0.5	6,720 (1)	10.0	2,072	13.5	2,351	14.6	(3,808)	(31.9)	(2,024)	(10.8)	(3,809)	(23.9)	(3,701)	(18.7)
Extraordinary items	(150)	(0.2)	-	-												
Profit before taxes	217 (1)	0.3	6,720 (1)	10.0												

EXCHANGE RATES USED TO TRANSLATE NON EURO CURRENCIES

Currency	Average exchange rate for the period		Period-end exchange rate	
	12/31/02	12/31/01	12/31/02	12/31/01
US dollar	0.944906	0.895636	1.0487	0.8813

- (1) Pro-forma figure gross from depreciation in Laserdyne Prima and Convergent Prima (whose results are represented in their respective columns).
(2) The figure as at 12/31/01 concerns 3 months of Prima US activity plus 9 months of activity acquired from Laserdyne.
(3) The total of the operating results (see table) differs from the operating consolidated result because of the consolidation adjustments

SALES

The turnover was Euro 100,505 thousand which compares with Euro 111,895 thousand of the previous year.

As at December 31, sales may be classified as follows (thousands of euro):

BY PRODUCT AND BY GEOGRAPHICAL AREA

	12/31/02	12/31/01
	Thousands of euro	Thousands of euro
2D laser systems:		
Italy	14,119	12,476
Europe	13,923	12,140
USA	3,891	2,432
Rest of the world	5,221	5,820
Total	37,154	32,868
3D laser systems:		
Italy	6,355	4,492
Europe	14,148	18,860
USA	6,547	8,771
Rest of the world	1,957	5,451
Total	29,007	37,574
Other laser systems:		
Italy	-	-
Europe	-	-
USA	-	3,095
Rest of the world	-	1,024
Total	-	4,119
Electronics systems:		
Italy	2,960	3,599
Europe	8,758	7,621
USA	-	-
Rest of the world	16	88
Total	11,734	11,308

	12/31/02	12/31/01
	Thousands of euro	Thousands of euro
Laser generators:		
Italy	217	122
Europe	693	1,679
USA	1,671	1,623
Rest of the world	214	1,308
Total	2,795	4,732
After sale service and miscellaneous:		
Italy	4,653	5,154
Europe	4,725	5,448
USA	8,928	9,226
Rest of the world	1,509	1,466
Total	19,815	21,294
Total sales	100,505	111,895

With reference to the above classification, the percentage of the product referred to the turnover was the following:

	12/31/02	12/31/01
2D laser machines	36.97%	29.37%
3D laser machines	28.86%	33.58%
Other systems	0.00%	3.68%
Electronics systems	11.68%	10.11%
Laser generators	2.78%	4.23%
After sales and miscellaneous	19.71%	19.03%
Total	100.00%	100.00%

The above shows the remarkable increase of the 2D laser systems in respect of the previous year. The market of this type of machines, as several times explained, is much more extended. On the contrary, 3D is a much sophisticated machine, mostly devoted to aerospace and automotive applications in difficulty throughout 2002.

The sales reduction for the 3D was uniforme in all areas; the impact was less evident in Italy where 3D sales, though remaining moderate, were positively affected by the new product Magico, developed for Comau.

The external invoicing of laser generators reduced because the Group concentrated every effort to the development and engineering of its own laser. This production is mostly directed to the Group Companies and therefore is strategical.

The category “other laser systems” is at zero as at December 31, 2002 because it included only marginal product lines which were dismissed as part of the reorganisation.

Very good the after sale activity which represents a component of stability and high profitability for the Group.

The geographical distribution of sales was the following:

	12/31/02		12/31/01	
	Thousands of euro	%	Thousands of euro	%
Italy	28,304	28.16%	25,843	23.10%
Europe	42,247	42.04%	45,748	40.88%
USA	21,037	20.93%	25,147	22.47%
Rest of the world	8,917	8.87%	15,157	13.55%
Total	100,505	100.00%	111,895	100.00%

The above shows the growth in absolute value and in percentage achieved on the Italian market and the improved weight carried on the European market in respect of 2001 also due to the growing commercial efficiency of the Company direct branches operating the area. As already noticed at September 30, 2002, remains unchanged the slowdown of the “overseas markets” due to the reduced sales of the American companies in the airspace area through the world.

MOL (EBITDA) AND OPERATING RESULT (EBIT)

The Group achieved break-even at level of operating gross profit (Euro 57 thousand as at December 31, 2002 as against Euro 4,270 thousand at December 31, 2001).

The operating result registered at December 31, 2002 was a loss of Euro 2,594 thousand (2.6 percent on turnover) as against a profit of Euro 2,052 thousand for the previous year (1.8 percent on turnover).

Such remarkable reductions are due to the general downward trend of the world economy of the moment, and to the drastic change of the products mix.

Furthermore, the Group margins absorbed an inventory depreciation of about Euro 645 thousand due to the too slow moving items of the Convergent Prima inventory.

RESULT BEFORE TAXES

Result before taxes was negative by Euro 5,716 thousand (-5.7% on turnover) as against a profit of Euro 1,620 thousand (1.4% on turnover) of previous year.

The gross result includes about Euro 550 thousand financial expenses (exchange rate differences) as a consequence of the appreciation of the U.S. dollar as against Euro during 2003. The result also suffers from the devaluation for Euro 938 thousand of the participation held by Prima Industrie in Rambaudi Industriale and companies of the same group.

Besides the above, the result takes into account a prudential provision for Euro 150 thousand as suggested by the customs officers during an inspective visit to the Company which took place in the second part of 2002.

NET FINANCIAL POSITION

	12/31/02	09/30/02	12/31/01
Liquidity available	2,979	3,089	8,173
Short term facilities from financial institution	(25,033)	(16,828)	(17,950)
Medium-long term loans towards banks and others	(17,734)	(25,548)	(19,426)
Total position towards banking systems	(39,788)	(39,287)	(29,203)

(*) they include also the leasing IAS accounting and the payables against Sabatini pro-solvendo. Such items amount to Euro 4,771 thousand as at December 31, 2002 (they were Euro 5,237 thousand as at September 30, 2002 and Euro 3,037 thousand as at December 31, 2001).

The net financial position at the end of the year is basically in line with September 30, 2002. It may be noticed a different mix between short and medium-long term loans in view of the fact that during 2003 must be repaid part of the loan granted. The worsening vis-a-vis December 31, 2001 is due to the more difficult market condition in which the Group had to operate during the year. They have also notably affected the Company net revolving capital (sales with delayed payments).

For the Board of Directors
The Managing Director
Ing. Gianfranco Carbonato

PRIMA INDUSTRIE GROUP

FINANCIAL STATEMENTS AS AT DECEMBER 31, 2002

(all amounts are expressed in thousands of euro)

BALANCE SHEET

	12/31/2002	09/30/2002	12/31/2001
	Unaudited	Unaudited	Audited
ASSETS			
Fixed assets			
Intangible assets	4,519	5,069	6,444
Tangible assets	5,393	5,567	5,829
Financial assets	1,082	1,184	2,086
Total assets	10,994	11,820	14,359
Working capital			
Inventories	28,077	33,072	33,040
Trade receivables	61,815	47,087	53,055
Other receivables	473	9,619	195
Cash and banks	2,979	3,089	8,174
Total working capital	93,344	92,867	94,464
Accrued income and prepaid expenses	149	137	170
Total assets	104,487	104,824	108,993
LIABILITIES			
Net Capital			
Net Group Capital	(*) 26,556	(*) 27,465	32,433
Capital and reserve of third party	-	(*) 639	1,430
Consolidated total Net Capital	(*) 26,556	(*) 28,104	33,863
Employees severance pay	3,708	3,564	3,204
Contingent liabilities fund	4,424	4,727	5,374
Liabilities			
Medium-long term loans	17,734	25,548	19,427
Short term loans	25,033	16,828	17,950
Trade payables	21,309	19,618	22,879
Other payables	4,906	5,777	5,161
Total liabilities	68,982	67,771	65,417
Accrued liabilities and deferred income	817	658	1,135
Total liabilities	104,487	104,824	108,993

(*) before income tax of the period

PRIMA INDUSTRIE GROUP

STATEMENT OF INCOME AS AT DECEMBER 31, 2002

(all amounts are expressed in thousands of euro)

PROFIT AND LOSS ACCOUNT

	As at 12/31/2002	As at 12/31/2001	Fourth quarter 2002	Fourth quarter 2001
Revenue from sales and services	100,505	111,895	31,603	33,322
Variation in WIP and finished goods	(1,476)	2,882	(2,652)	(2,618)
Increase from internal work (assets)	164	75	38	15
Other revenues and incomes	1,419	1,844	283	40
TOTAL VALUE OF PRODUCTION	100,612	116,696	29,272	30,759
Purchase of raw materials net from inventory change	(51,708)	(63,840)	(15,255)	(16,971)
Purchases of services	(20,115)	(21,626)	(6,140)	(5,897)
Lease and rent costs	(1,890)	(1,725)	(366)	(181)
Other operating expenses	(879)	(1,077)	(388)	(349)
TOTAL COSTS OF PRODUCTION	(74,592)	(88,268)	(22,149)	(23,398)
ADDED VALUE	26,020	28,428	7,123	7,361
Personnel expenses	(25,963)	(24,115)	(6,422)	(6,922)
MOL (EBITDA)	57	4,313	701	439
Amortisation and depreciations	(2,651)	(2,200)	(565)	(402)
OPERATING PROFIT (EBIT)	(2,594)	2,113	136	37
Financial income and depreciations	(2,034)	(447)	(842)	76
Adjustments to financial assets	(938)	(195)	(58)	(195)
Net extraordinary items	(150)	-	(150)	-
PROFIT BEFORE INCOME TAX	(5,716)	1,471	(914)	(82)
- of which third party	-	294	-	(82)
- of which Group	(5,716)	1,177	(914)	-

PRIMA INDUSTRIE SPA

**FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2002**

PRIMA INDUSTRIE SPA

FINANCIAL STATEMENTS AS AT DECEMBER 31, 2002

(all amounts are expressed in thousands of euro)

BALANCE SHEET

	12/31/2002	09/30/2002	12/31/2001
	Unaudited	Unaudited	Audited
ASSETS			
Fixed assets			
Intangible assets	670	788	1,120
Tangible assets	1,611	1,624	1,669
Financial assets	9,108	7,136	13,254
Total assets	11,389	9,548	16,043
Working capital			
Inventories	13,989	16,919	13,843
Trade receivables	45,270	40,669	37,638
Other receivables	6,480	6,623	6,933
Cash and banks	2,313	2,482	6,385
Total working capital	68,052	66,693	64,799
Accrued income and prepaid expenses	544	571	347
Total assets	79,985	76,812	81,189
LIABILITIES			
Net Capital			
Net Group Capital	(*) 25,271	(*) 25,699	31,797
Employees severance pay	2,725	2,616	2,360
Contingent liabilities fund	4,032	3,858	3,508
Liabilities			
Medium-long term loans	15,354	17,166	11,708
Short term loans	8,932	5,403	7,279
Trade payables	18,560	17,447	21,235
Other payables	4,429	3,970	2,491
Total liabilities	47,275	43,986	42,713
Accrued liabilities and deferred income	682	653	811
Total liabilities	79,985	76,812	81,189

(*) before income tax of the period

PRIMA INDUSTRIE SPA

STATEMENT OF INCOME AS AT DECEMBER 31, 2002

(all amounts are expressed in thousands of euro)

PROFIT AND LOSS ACCOUNT

	As at 12/31/2002	As at 12/31/2001	Fourth quarter 2002	Fourth quarter 2001
Revenue from sales and services	67,415	67,472	22,670	20,152
Variation in WIP and finished goods	(741)	3,640	(2,597)	(902)
Increase from internal work (assets)	73	6	30	6
Other revenues and incomes	1,328	1,637	375	414
TOTAL VALUE OF PRODUCTION	68,075	72,755	20,478	19,670
Purchase of raw materials net from inventory change	(36,005)	(37,621)	(10,381)	(9,680)
Purchases of services	(14,721)	(15,600)	(4,788)	(4,100)
Lease and rent costs	(1,130)	(1,129)	(298)	(252)
Other operating expenses	(843)	(704)	(54)	225
TOTAL COSTS OF PRODUCTION	(52,699)	(55,054)	(15,521)	(13,807)
ADDED VALUE	15,376	17,701	4,957	5,863
Personnel expenses	(11,999)	(11,345)	(3,329)	(3,088)
MOL (EBITDA)	3,377	6,356	1,628	2,775
Amortisation and depreciations	(977)	(830)	(226)	(154)
OPERATING PROFIT (EBIT)	2,400	5,526	1,402	2,621
Financial income and depreciations	(945)	1,161	(348)	1,226
Adjustments to financial assets	(7,831)	(4,295)	(1,332)	(2,183)
Net extraordinary items	(150)	-	(150)	-
PROFIT BEFORE INCOME TAX	(6,526)	2,392	(428)	1,664