

PRIMA INDUSTRIE GROUP
CONSOLIDATED HALF-YEARLY REPORT
AT JUNE 30, 2003

Board of Directors
August 28, 2003

**PRIMA INDUSTRIE
S.p.A.**

Paid-in Capital Stock 11,500,000 Euro

Registered in the Turin Company Register under No.
03736080015
Turin R.E.A. No. 582421

Registered offices in Collegno (Turin)
Via Antonelli, 32
Internet site: <http://www.primaindustrie.com>
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**BOARD OF
DIRECTORS (*)**

Chairman
Aldo Palmeri

Chief Executive Officer
Gianfranco Carbonato

Directors
Giulia Della Rosa
Sandro D'Isidoro
Domenico Peiretti
Francesco Takanen (resigned with effect from 06/19/03)
(**) Giuseppe Morfino
(**) Paolo Mazzotto

Secretary
Giuseppe Favaloro

**Corporate General
Manager**

Alberto Delle Piane

General Manager

Ezio Basso

**BOARD OF STATUTORY
AUDITORS (***)**

Chairman
Riccardo Formica

Statutory Auditors
Andrea Mosca
Roberto Petri gnani

Alternate Auditors
Roberto Coda
Stefano Maria Ruggeri

(*) Appointed at the Stockholders' Meeting held on May 14, 2002 for the three-year period, 2002-2004

(**) Independent Directors

(***) Appointed at the Stockholders' Meeting held on May 11, 2001 for the three-year period, 2001-2003

POWERS RELATING TO COMPANY APPOINTMENTS

In terms of a resolution dated the May 14, 2002 the Board of Directors appointed Gianfranco Carbonato as the Chief Executive Officer and conferred upon him all executive powers except those that the law expressly reserves for the Board of Directors.

PRIMA INDUSTRIE GROUP

CONSOLIDATED HALF-YEARLY REPORT AT JUNE 30, 2003

(Approved by the Board of Directors of the Company on August 28, 2003)

INTRODUCTION

The report set out below was prepared using the same criteria as those applied by the Group in the past in the preparation of both the half-yearly and annual accounts. Consequently, there is constancy and consistency in the accounting principles applied when making the comparison between the two accounting periods (06/30/2003 - 06/30/2002).

The information set out below was submitted to the independent auditors PricewaterhouseCoopers S.p.A., which company performed the limited audit required.

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

The following reports are enclosed:

- The accounting statements of the parent company Prima Industrie SpA, at June 30, 2003.
- The report by the independent auditors on the limited audit as provided for by CONSOB resolution No. 11971 of the 5/14/99 as amended.
- The report of the Board of Statutory Auditors on the consolidated half-yearly figures of the group at June 30, 2003.

GROUP ACTIVITIES

During the relevant six-month period there were no significant variations in the activities of the parent company Prima Industrie S.p.A. nor in those of the other group companies.

FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The companies included in the consolidation have been consolidated using the full consolidation method. The area of consolidation is consistent with that of 12/31/02.

The subsidiaries have been consolidated. Other companies in which an equity investment is held have been valued using the equity method.

The financial transactions between group companies that have been consolidated using the full consolidation method and the companies valued using the equity method do not have a significant impact on the operating income of the group.

SIGNIFICANT EVENTS

PRIMA INDUSTRIE GROUP

Consolidated sales for the first half of 2003 (43,790 thousand Euro) were 5% lower than sales in the same period of 2002 (46,198 thousand Euro). However, this difference is more than adequately explained by the depreciation of the dollar against the Euro that amounted to 23%. Insofar as sales in dollars at 06/30/2003 equal 30% of consolidated sales, the depreciation of the dollar caused a reduction in consolidated sales of approximately 7% when compared to 06/30/2002, in other words higher than the actual decrease (- 5%).

NET IMPROVEMENT IN THE FINANCIAL POSITION

During the first six months of 2003 the Prima Industrie Group significantly improved its net financial position, which went from 39,254 thousand Euro at 12/31/2002 to 24,530 thousand Euro at 06/30/2003 (at 06/30/2002 it was 33,001 thousand Euro). This improvement, attributable in an amount of 3,982 thousand Euro to the increase in capital subscribed for on the 02/11/2003, is mainly due to the reduction in net working capital that was obtained mainly by concentrating on the trade receivables. The actions taken included a factoring transaction "without the right of recourse" of approximately 2.6 million Euro. The result is even more satisfactory if one takes into account the general conditions of the capital goods market in which the Group operates. The increase in stockholders' equity, together with the reduction of indebtedness resulted in the Debt to equity ratio moving from 1.4 at 12/31/2002 to 0.8 at 06/30/2003.

CAPITAL STOCK AND STOCK OPTION PLANS

On February 11, 2003 the Board of Directors gave effect to the increase in capital stock, which had already been resolved by the Board on 11/13/2002. This increase was implemented in accordance with the terms of the Extraordinary meeting of Stockholders held on May 14, 1999 by issuing 450,000 new ordinary shares with a par value of € 2.50 each at a subscription price of € 8.85 per share. The stock was subscribed for by two institutional investors that were already Prima Industrie stockholders: Lestri Holding S.p.A and Erste International S.A., which subscribed for 125,000 and 325,000 new stock respectively.

As a consequence of the above, the Company's capital stock increased from €10,375,000 to €11,500,000 and the Stockholder's Equity increased by 3,982 thousand Euro.

The stock options allotted to management on 02/14/2002 (142,000 stock rights), which could have been exercised in July 2003 relative to the 2001 and 2002 objectives, were not exercised. This was partly due to the fact that the pre-established company objectives were not reached and partly due to the variation in the stock price (which was constantly lower than the option exercise price of € 13.11 per share). Moreover, because since May it was known that part of the objectives had not been reached and thus that the related rights would not be exercised, the Board of Directors of Prima Industrie at the meeting of the 05/15/2003 reallocated a total of 90,400 options, which

were once again made available to the Board, at a price of €7.88 each. These options may be exercised in July 2004 based on the achievement of the 2003 Prima Industrie and Group objectives relating to sales and margins.

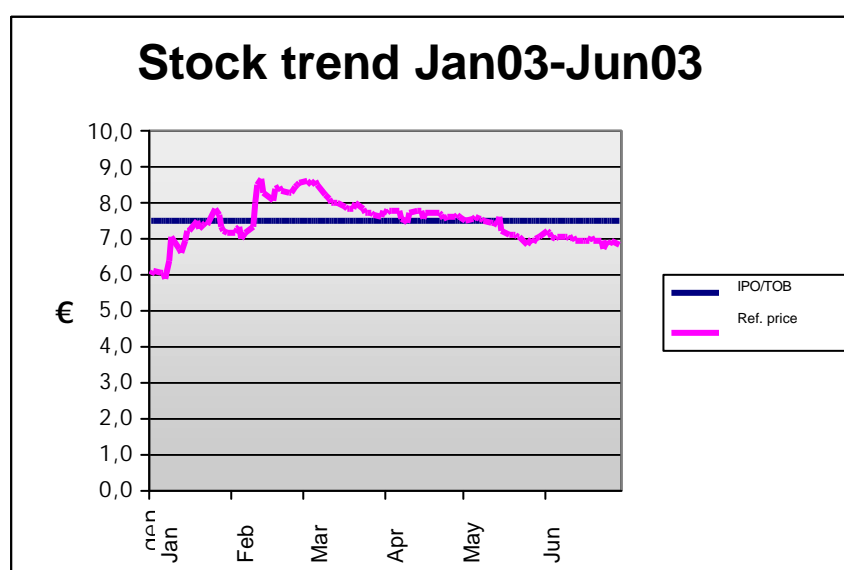
NEWCO LASER TAKE-OVER BID (TOB)

As you are aware on February 11, 2003 NEWCO LASER SpA made a take-over bid in respect of 100% of Prima Industrie's stock that was not agreed to. The Board of Directors of Prima Industrie, which met on March 5, 2003, regarded the take-over bid as hostile and the consideration offered of 7.50 Euro per share as "totally inadequate to reflect the value of the economic capital" of the Company. This was also the view after obtaining the opinion of the financial advisor, Banca Akros. At the end of the acceptance period (which lasted from 03/10/2003 to 04/11/2003) and in confirmation of the stockholders' refusal of the terms of the offer, the number of those supporting the offer was extremely limited and amounted to approximately 4.42% of Prima Industrie's capital stock. The offer, which was conditional upon a minimum of 34% of the capital accepting the offer, therefore lapsed.

STOCK TREND

The trend of the Prima Industrie's stock during the first half of 2003 was obviously influenced by the take-over bid referred to above. During the period prior to the announcement of the bid and thereafter right up to the start of the acceptance period, or rather between the beginning of January and 03/10/03, the stock benefited by a considerable increase in demand, which raised its listings from approximately €6 to over €8.5, with trading volumes that were far greater than the average volumes in the preceding months.

During the acceptance period (03/10/03 to 04/11/03) the value of the stock fluctuated between Euro 8.2 and 7.5, with a reduction in the period that followed that brought the stock to just under €7 (€6.825 at 06/30/2003).



ACQUISITION OF TREASURY STOCK

On the 05/15/2003 the Stockholders' meeting of Prima Industrie renewed the mandate to the Board of Directors for the purchase of a maximum of 200,000 shares of treasury stock (equal to approximately 4.3% of the subscribed and paid-up capital stock) for a period of 18 months from the date of the resolution. The reasons for the buy-back essentially lie in management's desire to support the trend of the stock where the conditions of the financial markets make this necessary, or sustain any developments in the stock option plan or extraordinary financial transactions.

As at June 30, 2003, 34,402 treasury stock were held in portfolio by Prima Industrie at an average price of €6.8224 per share.

EXPANSION IN CHINA

With reference to the Group's strategy of pursuing expansion in the Chinese market, the negotiations aimed at acquiring a holding of 27.5% in a Chinese company that is a leader in the Chinese market for laser systems (with a market share of approximately 40%) were pursued. This course of action was approved by the Stockholders' meeting of the 03/28/03. Once the transaction is finalized, Prima Industrie will increase its market share in China (where it already holds 10% through both Prima or Laserdyne products), bringing itself into a leading position.

The investment, estimated at approximately USD 550,000 will be carried out in an amount of approximately USD 250,000 via a transfer of technology. During the first half of the year the necessary Due Diligence procedures regarding the Chinese company were completed. The legal inspections with the counterpart are currently underway as is the process of obtaining Chinese ministerial authorizations. This should not present an obstacle to the perfection of the acquisition.

RESEARCH AND DEVELOPMENT

In accordance with the Group's policy of innovation that was pursued in the recent unfavorable market period, the projects that had already been started were pursued in the first six months of the year.

The investment in the period, which was totally paid for, amounted to 3 million Euro compared to 3.1 million Euro for the same period in 2002.

Prima Industrie's adhesion to the SINTESI Consortium, located in the Bari area, is strategically essential for the pursuit of the Company's research objectives and thus of its industrial growth and competitiveness. This alliance allows the company to develop collaboration with the CNR as well as possible forms of interaction with other research laboratories and institutions.

As a result of this during June the Company established a branch office in Modugno (BA) and transferred three employees to the new office. These employees will be joined by new qualified professional staff (up to a maximum of approximately 10-12 people) coming from Universities and Polytechnics in the south of Italy.

RESTRUCTURING OF THE USA COMPANY

The restructuring of Prima North America Inc, which began at the end of 2001 was substantially completed within the first few months of 2003: in January 2003 the Laserdyne Systems Division was moved to its new premises in Champlin (Minnesota) and in February 2003 the Convergent Lasers and Prima Laser Tools Divisions were moved to the newly constructed premises in Springfield (Massachusetts).

The company's staff component, which has already been reduced to 110 members at 12/31/2002 was further reduced to 106 members at 06/30/2003.

MANAGEMENT INFORMATION

During the first half of 2003 the Prima Industrie Group recorded sales of 43.8 million Euro compared to 46.2 million Euro in the same period of 2002. Despite the reduction in sales (approximately 5%) this result must nevertheless be considered satisfactory when viewed within the framework of the current general and sector economic context. This is more so if one takes into account the impact caused by the appreciation of the European currency as regards the dollar.

The economic situation remains difficult insofar as new markets are concerned. Notwithstanding certain signs of recovery in the 3D sector after a long period of stagnation that began in 2001, the first half of 2003 showed a slowdown in the “sheet metal processing” sector. In this context, the Prima Industrie Group is pursuing a strategy of reorganization and cost containment and at the same time is pursuing a policy of expansion in foreign markets that are experiencing strong growth (e.g. China), whilst waiting for a definite recovery of the European and North American economies.

As far as the individual companies are concerned, the Parent Company Prima Industrie and Prima Electronics nevertheless maintained a positive EBITDA and EBIT. The Group's margins are influenced by the trend of Prima North America that still shows negative marginality, although it has recorded a net improvement compared to 06/30/2003.

SUMMARY OF THE MORE SIGNIFICANT INCOME PARAMETERS AND INDICES

A brief preliminary comment on the activities of the three companies, which are significant for the purposes of the consolidated financial figures, is considered useful. The other two subsidiary companies, which were consolidated using the full method of consolidation, Prima Industrie GmbH and Prima Industrie International BV are in fact inactive.

(figures expressed in thousands of Euro)

Thousands of Euro	PRIMA INDUSTRIE S.p.A.				Prima Electronics S.p.A.				Prima North America Inc.			
	06/30/03		06/30/02		06/30/03		06/30/02		06/30/03		06/30/02	
	Thousands of Euro	%	Thousands of Euro	%	Thousands of Euro	%	Thousands of Euro	%	Thousands of Euro	%	Thousands of Euro	%
Sales	28,157	100.0	29,734	100.0	7,731	100.0	7,780	100.0	12,880	100.0	12,597	100.0
MOL/EBITDA	432	1.5	1,102	3.7	1,744	22.6	1,475	19.0	(1,363)	(10.6)	(4,032)	(32.0)
Operating income (EBIT) (2)	105	0.4	688	2.3	1552	20.1	1,273	16.4	(1,525)	(11.8)	(4,373)	(34.7)
Income before tax	(791) (1)	(2.8)	(768) (1)	(2.6)	1,405	18.2	1,249	16.1	(2,067)	(16.0)	(4,701)	(37.3)

- (1) Pro forma figures, gross of the writedown of the stake in Prima North America Inc, whose financial result has been highlighted in the relevant column.
- (2) The sum of the individual operating incomes (as shown in the table) differs from the consolidated operating income as a result of the consolidation adjustments.

RATES OF EXCHANGE USED FOR THE CONVERSION OF NON-EURO CURRENCIES

Currency	Average exchange for the period		Current exchange at the end of period		
	06/30/03	06/30/02	06/30/03	12/31/02	06/30/02
United States Dollar	1.104893	0.8979	1.1427	1.0487	0.9975

PRIMA INDUSTRIE SPA

The sales are slightly lower (approximately -5%) with respect to the same period in 2003.

The decline in profitability reflects this reduction in sales, in addition to a slight increase in industrial costs, partially minimized by a SG & A cost containment.

The order portfolio at the end of the period, which is slightly lower with respect to the previous financial period, but which recovered approximately 1.9 thousand Euro with respect to 03/31/2003, has reached three months of sales.

PRIMA ELECTRONICS SPA

Sales are substantially the same with respect to the same period during 2002, whilst the profit margins show a net improvement, thanks to the consolidation of long-term commercial relations with certain important clients. The period ends with an order portfolio that covers over 4 months of sales.

PRIMA NORTH AMERICA INC

Sales in dollars increased by over 25%. An improvement in the performance of Prima North America Inc can also be seen at a profit margin level. Losses at the levels of EBITDA and EBIT have been reduced by 66% and 65% respectively when compared to the same period of the previous financial period.

This overall improvement in the results is undoubtedly a consequence of the in-depth restructuring that took place in the American subsidiary during the last 18-24 months and which consisted essentially in the resizing of the staff component and the productive premises.

The activity of the Convergent Laser division is focused on setting up and perfecting the CP laser generator for the Group. This product has already been installed at certain clients' premises in Europe and the U.S.A. By the end of the year this Laser will be fitted to a large number of Prima Industrie systems.

CONSOLIDATED INFORMATION

Certain summarized consolidated information is set out hereunder (the information is provided in thousands of Euro, excluding the number of shares and the income per share):

	06/30/03		06/30/02	
	Thousands of Euro	%	Thousands of Euro	%
Sales	43,790	100.0	46,198	100.0
Gross margin (EBITDA)	891	2.0	(894)	(1.9)
Operating income (EBIT)	(264)	(0.6)	(2,217)	(4.8)
Income before tax (EBT)	(1,861)	(4.2)	(4,088)	(8.8)
Number of shares (par value 2.5 Euro)	4,600,000		4,150,000	
Gross margin per share	0.19		(0.21)	
Operating income per share	(0.06)		(0.53)	
Income before tax per share	(0.40)		(0.98)	

ORDER ACQUISITION

	Orders acquired from 01/01/03 to 06/30/03		Orders acquired from 01/01/02 to 06/30/02	
	Thousands of Euro	%	Thousands of Euro	%
2D laser machines	9,687	23.0	18,992	39.2
3D laser machines	14,724	35.0	13,057	27.0
Other laser systems	-	-	628	1.3
Electronic systems	3,502	8.3	5,102	10.5
Laser generators	2,085	5.0	1,383	2.9
Service and other	12,054	28.7	9,267	19.1
Total	42,052	100.0	48,429	100.0

ORDER PORTFOLIO (BACKLOG)

	At 06/30/03		At 06/30/02	
	Thousands of Euro	%	Thousands of Euro	%
2D laser machines	5,749	26.0	12,339	42.3
3D laser machines	10,770	48.6	9,078	31.1
Other laser systems	-	0.0	1,348	4.6
Electronic systems	3,409	15.4	4,156	14.2
Laser generators	555	2.5	-	-
Technical assistance and others	1,660	7.5	2,276	7.8
Total	22,143	100.0	29,197	100.0

The information relative to 2003 is influenced by the depreciation of the dollar which significantly effected the portfolio values of the subsidiary, Prima North America Inc. Order acquisitions are feeling the effect of the difficult situation that the asset investment markets are experiencing, both in Italy (where the sector is paying for the effects of the Tremonti bis Act that caused investments to be made in advance up to the last part of 2002) and in the main western markets.

The drop in acquisitions for the period (equal to 13%) is however more contained compared to the machine tool sector in general, which experienced a drop of 18% in the first half of 2003 (source: UCIMU).

The order portfolio at the end of the period, even if lower than that at 06/30/02, shows a slight growth compared to that at 03/31/03 and remains at around a threshold of approximately 3 months' sales. In particular a slight recovery in the 3D systems (with higher margins) has been noted, as well as a recovery in the overseas demand for laser generators.

NET WORKING CAPITAL

	06/30/03	12/31/02	06/30/02
Inventories	30,707	28,077	30,935
Trade receivables	35,417	52,625	43,411
Other receivables	10,134	10,477	8,615
Accrued income and prepaid expenses	179	145	236
Reserves for risks and charges	(4,519)	(4,730)	(3,813)
Trade payables	(20,679)	(21,412)	(19,240)
Sundry payables	(4,333)	(5,142)	(5,818)
Accrued expenses and deferred income	(342)	(815)	(853)
Total	46,564	59,225	53,473

The considerable reduction in working capital is a reflection of the Group's management effort.

NET FINANCIAL POSITION

	06/30/03	12/31/02	06/30/02
Cash	7,208	3,329	6,885
Short-term borrowing from banks and other lenders	(15,037)	(24,897)	(17,609)
Medium/long-term payables due to banks and other lenders	(*) (16,701)	(17,686)	(22,277)
Total net exposure to the credit system	(24,530)	(39,254)	(33,001)

(*) Includes 3.1 million Euro of pro solvendo Sabatini transactions, in which Prima Industrie's financial obligation would only derive on the insolvency of the principal debtor.

The net financial position highlights the overall exposure to credit institutions and other lenders (including the Ministry of Productive Activities, and leasing companies).

As far as overall short-term credit commitments on the banking system are concerned the situation is as follows: Prima Industrie SpA (the parent company) has commitments totaling approximately 28.8 million Euro; Prima Electronics SpA has commitments totaling approximately 1 million Euro and Prima North America Inc. has commitments totaling 11.7 million USD.

The ratio between the net financial position (mainly long-term) and stockholders' equity has greatly improved compared to 12/31/2002 and is now at 0.8.

MOVEMENTS IN FIXED ASSETS AND IN MEDIUM/LONG-TERM SOURCES OF FINANCE

(from 01/01/03 to 06/30/03)

Increase in group stockholders' equity	1,900
(-) Net investment in fixed assets	86
(+) Net increase in retirement allowance	77
Liquidity generated (absorbed) by self-financing net of investments in fixed assets	2,063

Change in net working capital	(12,661)
Change in net financial position	14,724
Change	2,063

RECLASSIFIED CONSOLIDATED BALANCE SHEET

	06/30/03	12/31/02	06/30/02
Group stockholders' equity (A)	29,149	27,248	28,192
Total fixed assets (B)	10,899	10,985	12,405
Surplus in own resources (A-B)	18,250	16,263	15,787
Retirement allowance	3,784	3,708	3,422
Minority interest in capital and reserves	-	-	1,263
Surplus in long-term capital	22,034	19,971	20,472
Change in net working capital (C)	46,564	59,225	53,473
Net Financial Position (D)	(24,530)	(39,254)	(33,001)
Surplus in working capital (C + D)	22,034	19,971	20,472

SUBSEQUENT EVENTS

After the closure of the six-month period (the trend of the period has been summarized in the figures and notes set out in this report) no other events occurred which might have a significant impact on the financial and economic situation of the companies included in the consolidation.

We set out below the information which is available to us, as well as the transactions which were, or which will be concluded during the second half of 2003.

- BUSINESS ACTIVITY AND ORDER ACQUISITION:

Notwithstanding some signals of recovery of US and Japanese GDP, the situation of investment goods remains difficult, since even a limited increase in consumptions will take some time (and an increasing employment of production capacity) to generate new investments.

In Europe the negative growth of GDP in Germany, France and Italy in the second quarter of the year leads to a cautious attitude for next months.

As far as the two most significant national markets for the Group (U.S.A. and Italy, which wholly represented about 38% of the total turnover of the first 6 months of 2003), the information about the market trend of the first 6-month period are the following:

- In North America (source: AMT) the laser systems recorded a drop of 21.6% against same period of 2002 while the wider sector of machine tools recorded a drop of 23.4%.
- In Italy (source: UCIMU) the domestic market orders for machine tools recorded a drop of 20.3% against same period of 2002.

In this difficult landscape, July has shown no turnabout signs, remaining the order acquisition below the values of 2002. Since the turnover is stable in respect of last year, the backlog remains around 3 months.

During October and November, the Group will attend the two most important exhibitions of the year, EMO in Milan and FABTECH in Chicago.

At that time the Management will acknowledge the market situation in Europe and North America and will plan consequently the actions to be carried out in the last part of the year and first months of 2004.

- DEVELOPMENT OF THE FINANCIAL STRUCTURE AND INVESTMENTS:

After the net improvement of the first 6 months, the short term target is to consolidate the achievements and to widen the activities of controlling and planning of receivables collecting also for minor items, such as those coming from After-Sales operations.

As far as investments, the foreseen expansion of the productive capacity in Collegno (Torino) has been delayed; it is instead in progress, as previously described, the process of acquisition of a minority but strategic stake in a Chinese laser systems company with a high growth rate; the operation, already resolved by Prima Industrie Shareholders meeting of March 28, 2003, is now waiting for the necessary authorization from the competent Chinese authorities. The foreseen cash investment will be around US\$ 250,000 and thus will not impact on the Group financial structure.

- **SHARE TREND:**

After a downward trend in the month of July, as from the second part of August Prima Industrie stock recorded an appreciation as well as an increase in volumes exchanged.

VALUATION CRITERIA

The accounting principles and the valuation criteria applied are the same as those used for drawing up the Financial Statements of the company and the consolidated Financial Statements. The principles and criteria are consistent in the two periods under examination and are applied to all the companies included in the area of consolidation.

The treasury stock held in portfolio has been valued (in accordance with the accounting principles of reference) at the lower of cost and market value, which value was determined as the average of the listings in the month preceding the date of closure of the period.

CONSOLIDATION PRINCIPLES:

The group companies included in the area of consolidation have been consolidated using the full consolidation method, which briefly consists in the assumption of the assets and liabilities, as well as the revenues and costs of the individual companies.

The amount of the capital and reserves of the consolidated companies corresponding to minority holdings were recorded in the Financial Statement as at June 30, 2002 in an item of stockholders' equity called "Minority interest in capital and reserves".

As at June 30, 2003 there were not recorded any minority interests.

The principal adjustments made to pass from the simple accounting of the figures to the consolidation of the Balance Sheets and the Income Statements at 06/30/03 are the same as those already applied in drawing up the consolidated Financial Statements at December 31, 2002.

INFORMATION ON THE BALANCE SHEET

The depreciation of the dollar reduced all the USA assets and liabilities. In the comments that follow this factor is not considered further.

Moreover, for the sake of consistency certain reclassifications amongst the items (including values relating to the 2002 financial year) have been effected.

INTANGIBLE FIXED ASSETS

Insofar as research and development costs are concerned no capitalizations were made during the first half of 2003 and thus all the activity carried out during the period (as always very intense and aimed at expanding the range of products and improving the technology and performance of existing products) was accounted for in the Income Statement as in previous financial years. As a result of this, the figure at 06/30/03 amounting to 26 thousand Euro has decreased compared to 53 thousand Euro at 12/31/02, owing to the effect of amortization effected in the period.

The decreases in the other items relating to intangible fixed assets all refer to the amortization allowance for the period and exchange differences.

The increase in the item "Other intangible fixed assets" from 617 thousand Euro at 12/31/2002 to 1,314 thousand Euro at 06/30/2003 is a result of the capitalization by Prima North America, of the costs incurred for the realization of plant at the new premises rented over several years, net of the amortization allowance for the period, as well as exchange differences.

The total amortization for the period is 548 thousand Euro, compared to 724 thousand Euro at 06/30/2002.

TANGIBLE FIXED ASSETS

The reduction of 68 thousand Euro with respect to 12/31/02 is the algebraic result of the physiological investment in technical fixed assets (plant, equipment and other machines) net of amortization for the period (totaling 476 thousand Euro compared to 527 thousand Euro at 06/30/02) and exchange differences.

FINANCIAL FIXED ASSETS

Investments in associated companies relate to the joint venture, Shenyang Prima Laser Machine Co Ltd in an amount of 332 thousand Euro, as well as to the investment held by Prima Electronics SpA in MLTA Srl in an amount of approximately 10 thousand Euro and 330 thousand Euro in the joint venture SNK-Prima Company Ltd, established in September 2001.

The investments held in Macro Meccanica SpA (in liquidation from the end of 1999), in Mechanical Industries Srl and Rambaudi Industriale SpA (both undergoing bankruptcy proceedings) have been completely written down.

Long-term receivables (equal to 368 thousand Euro compared to 409 thousand Euro at the end of 2002) are made up as follows: 60 thousand Euro for a loan granted by Prima Electronics to its associated company MLTA; 150 thousand Euro for receivables due by Mechanical Industries Srl and the balance (158 thousand Euro) for prepaid taxes on retirement allowance.

INVENTORIES

Amount to 30,707 thousand Euro compared to 28,077 thousand Euro at 12/31/2002. The inventories are made up follows: 15,144 thousand Euro for raw materials; 8,546 thousand Euro for contract work-in-process and 7,017 thousand Euro in respect of finished products.

The level of inventories on hand is substantially the same as that for the same period of the previous financial year (30,935 thousand Euro at 06/30/2002).

TRADE RECEIVABLES

At 06/30/03 total trade receivables amount to 35,417 thousand Euro, which is a significant reduction compared to 52,625 thousand Euro at 12/31/02 and 43,411 thousand Euro at 06/30/02. The significant improvement forms part of a broad plan to pay greater attention to the management of trade receivables, which includes greater selectivity in acquiring orders.

Trade receivables are recorded net of the allowance for doubtful accounts amounting to 1,565 thousand Euro.

There are no receivables due beyond a period of 5 years.

GROUP STOCKHOLDERS' EQUITY

This has increased mainly due to the combined effect of the negative gross income for the period equal to -1,861 thousand Euro and the increase in capital stock equal to 3,982 thousand Euro, as well as the variation of the reserves arising on consolidation.

The total value has increased from 27,248 thousand Euro at 12/31/2002 to 29,149 thousand Euro at 6/30/2003.

The details are as follows:

	Capital stock	Reserves	Income for the period	Total
12/31/02	10,375	21,897	(5,024)	27,248
Allocation of the income for the 2002 financial year		(5,024)	5,024	
Increase in capital stock (02/11/03)	1,125	2,857		3,982
Translation differences and other movements		(220)		(220)
Gross income for the period (06/30/03)			(1,861)	(1,861)
06/30/03	11,500	19,510	(1,861)	29,149

RESERVES FOR RISKS AND CHARGES

The overall amount decreased from 4,730 thousand Euro at 12/31/2002 to 4,519 thousand Euro at 6/30/2003. The most consistent item is the guarantee fund, which went from 3,025 thousand Euro at 12/31/2002 to 2,845 thousand Euro due to the decrease in deliveries which took place in the first part of 2003. The deferred income tax fund (which includes the amount due for deferred taxes provided for in previous financial years) and the income tax fund amount to 1,258 thousand Euro and 150 thousand Euro respectively.

Other minor items are made up of the litigation risk fund (54 thousand Euro), customer agent indemnity fund (69 thousand Euro) and the exchange fluctuation fund (141 thousand Euro) which arises from consolidation adjustments as well as other minor adjustments (2 thousand Euro).

SHORT-TERM BORROWING FROM BANKS AND OTHER LENDERS

Amounts due to banks decreased from 37,208 thousand Euro at 12/31/2002 to 27,835 thousand Euro at 06/30/03.

The item Payables to other lenders (3,903 thousand Euro at 06/30/03 compared to 5,375 thousand Euro at the year end) is made up as follows:

Short-term portion of Prima Industrie loans	1,400
Medium/long-term portion of Prima Industrie loans	894
Medium/long-term portion of Prima Electronics loans	357
Group leasing	1,252
Total	3,903

TRADE PAYABLES

These decreased from 21,412 thousand Euro at the end of the 2002 financial year to 20,679 thousand Euro at 06/30/2003. This modest decrease reflects the drop in group acquisitions in the first half of 2003.

In relation to the volume of acquisitions of raw materials, services as well as leases and rentals, the average payment period has increased from approximately 96 days to approximately 107 days. This is also a result of obtaining better payment terms from the Group's suppliers.

SUNDRY PAYABLES, ACCRUED EXPENSES AND DEFERRED INCOME

Sundry payables decreased from the 5,957 thousand Euro at 12/31/2002 to 4,675 thousand Euro at 06/30/2003. This decrease is mainly attributable to the decrease in the item "Tax payables", net of certain minor items.

MEMORANDUM ACCOUNTS

These are not highlighted in the Balance Sheet layout but are useful to complete the information regarding the financial position of the group and accordingly we set out below brief details regarding guarantees, obligations and risks that are pending.

In the past certain significant entries that had already been included in the receivables and payables of the Consolidated Balance Sheet were included in the undermentioned items. These duplications were eliminated herein and only obligations and risks not highlighted in the Balance Sheet are recorded for each single category.

UNSECURED GUARANTEES GRANTED

Suretyships on behalf of others

These amount to 67 thousand Euro and related to two suretyships granted by Prima Industrie to the Consorzio Garanzia Fidi Unionfidi in an amount of 33 thousand Euro and a suretyship of 34 thousand Euro granted to Sanpaolo IMI in order to guarantee a sales transaction in China.

OBLIGATIONS

Obligations in respect of leasing installments

These relate to a motor vehicle contract. The related outstanding installments amount to an overall figure of 44 thousand Euro.

RISKS RELATIVE TO DISCOUNTED BILLS

This item amounts to 139 thousand Euro and is made up of bank receipts relating to Prima Electronics anticipated by the bank.

At 06/30/03 an amount of 2,638 thousand Euro relates to a factoring transaction "without right of recourse". The item refers to receivables due by leading customers, which will be collected by the Factor during October 2003.

OTHERS

Repurchase obligations

These total 1,653 thousand Euro (at 06/30/2002 they amounted to 2,272 thousand Euro) and relate to repurchase obligations signed by Prima Industrie S.p.A. in favor of leasing companies in respect of sales to clients. This type of guarantee is granted by Prima Industrie in order to facilitate the customer's financial transaction in those cases where the customer is unable to independently guarantee the transaction as regards the third party lender. The guarantee usually reflects the residual market value of the asset.

Company assets held by third parties

This item relates to raw materials, materials undergoing external processing and inspection and materials on deposit with third parties and amounts to 4,994 thousand Euro of which 4,514 thousand Euro relates to assets of Prima Industrie and 480 thousand Euro to assets of Prima Electronics.

SURETYSHIPS GRANTED BY THIRD PARTIES ON OUR BEHALF

This item amounts to a total of 2,974 thousand Euro and is made up of bank suretyships mainly in favor of customers for advance payments on order and for final guarantees (suretyships granted within the limits of agreed credit commitments) and by suretyships granted to suppliers: Rofin Sinar, Kugelman and other smaller suppliers.

We also point out that the Parent Company Prima Industrie issued guarantees in favor of the real estate companies, which own the premises which the operational divisions of Prima North America occupied during the first quarter.

The abovementioned amount includes guarantees received from third parties on behalf of Prima Electronics totaling 20 thousand Euro.

INFORMATION ON THE INCOME STATEMENT

SALES

Business volumes, divided into product and geographical market relative to volumes realized in the first half of 2003 and compared to the same period in 2002 are set out hereinbelow.

The table shows the sales of 2D and 3D laser systems (which in addition to the Prima Industrie systems, include the machines produced by Prima North America's Laserdyne Systems Division) as well as other laser systems (a residual category that included certain product lines of Prima North America that have now been discontinued) and electronic products, laser generators, as well as turnover generated by the services (technical assistance, spare parts, etc.) offered by all the companies in the group. Sales have also been divided into geographical area so as to highlight for each type of product the market that offers the greatest contribution to sales.

	06/30/03	06/30/02
2D laser systems:		
Italy	2,044	5,766
Europe	7,291	5,733
USA	3,580	2,868
Rest of the world	2,740	2,849
Total	15,655	17,216
3D laser systems:		
Italy	1,760	2,301
Europe	5,941	6,645
USA	2,191	1,937
Rest of the world	2,444	1,533
Total	12,336	12,416
Other laser systems:		
Italy	-	-
Europe	-	-
USA	-	-
Rest of the world	-	100
Total	-	100
Electronic systems:		
Italy	940	1,522
Europe	4,516	4,515
USA	-	-
Rest of the world	-	-
Total	5,456	6,037

	06/30/03	06/30/02
Laser generators:		
Italy	-	-
Europe	-	516
USA	592	875
Rest of the world	164	-
Total	756	1,391
Service and various:		
Italy	2,530	2,494
Europe	3,260	2,257
USA	2,908	3,407
Rest of the world	889	880
Total	9,587	9,038
Total sales	43,790	46,198

We highlight the following in relation to the information set out in the table:

1. The percentage distribution of product sales was as follows:

	06/30/03	06/30/02
2D laser machines	35.8%	37.2%
3D laser machines	28.2%	26.9%
Other laser systems	0.0%	0.2%
Electronic systems	12.5%	13.1%
Laser generators	1.7%	3.0%
Technical assistance and others	21.8%	19.6%
Total	100.00%	100.00%

2. The percentage distribution of sales into geographical area is as follows:

	06/30/03	06/30/02
Italy	16.6%	26.1%
Europe	48.0%	42.6%
USA	21.2%	19.7%
Rest of the world	14.2%	11.6%
Total	100.00%	100.00%

The distribution of sales shows the following:

- Sales of 2D machines have decreased compared to the period ended 06/30/2002, whereas sales of 3D systems have recovered slightly (especially overseas); this trend also appears to be confirmed by the portfolio at the end of the period, which is characterized by a prevailing demand for 3D machines.
- Sales of electronic products are on the decline in Italy, whilst they remain stable in the other European countries.
- Sales of laser generators are decreasing only at a consolidated level, because in reality the Convergent Laser Division has increased sales of lasers to Prima Industrie.
- The volume of business generated by after-sales services is increasing (it has risen from 19.6% to 21.8% of consolidated sales). This represents a strong, stable sales component with high margins for the Group.

As far as the geographical distribution of sales is concerned, sales in the first half of 2003 did not deviate greatly from those realized in the corresponding period of 2002. Sales took place predominantly in the European markets (48% at 06/30/2003) compared to the Italian (16.6% at 06/30/03) and North American (21.2% at 06/30/03) markets. The increase in the amount of sales realized in overseas countries (14.2% at 06/30/2003 compared to 11.6% at 06/30/2002) is noteworthy. This was particularly so in China, Australia and Malaysia. These countries are less influenced by the unfavorable economic conditions of the last few months and have good future growth prospects (especially China).

OTHER INCOME AND REVENUES

In the first half of 2003 this item amounted to 310 thousand Euro (597 thousand Euro at 06/30/02) and is apportioned as follows: 176 thousand Euro to non-operating profits; 134 thousand Euro to other revenue, which includes the recovery of other costs and the supply of sundry other services by Prima Industrie and Prima Electronics.

COSTS OF PRODUCTION

Production costs during the first half of the year are more contained compared to the corresponding period of the previous financial period.

The drastic reduction in personnel costs due to the reorganization at Prima North America during the past 18/24 months is noteworthy. Overall personnel costs have been reduced by approximately 15%, which is also attributable to the depreciation of the dollar against the Euro.

DIFFERENCE BETWEEN THE VALUE AND COSTS OF PRODUCTION (EBIT)

The percentage effect on sales is equal to – 0.6%, a net improvement compared to the – 4.8% at 06/30/2002.

FINANCIAL MANAGEMENT

Tax credits on dividends received by the subsidiary Prima Electronics (154 thousand Euro) were accounted for during the six-month period, in the same way as in the same period of 2002.

The item Interest and other financial expenses (amounting to 1,849 thousand Euro, compared to 1,803 thousand Euro at 06/30/02) is broken down as follows:

Interest on credit	136
Sabatini discount	204
Medium/long-term loans	227
Leasing interest	38
Negative foreign exchange differences	793
Others	451
Total	1,849

Interest paid relative to the “Sabatini discount” is offset by a similar item included under financial income.

In the past (in Italy) Prima Industrie financed sales in terms of the Sabatini Act that allowed the company a faster realization of sales of machines in those cases where the collection period was longer. Moreover, the financial cost of this transaction was borne totally by the purchasing customer.

The item “Other financial income” (amounting to 913 thousand Euro, compared to 602 thousand Euro at 06/30/02) is made up as follows:

Interest on bank and post office current accounts	21
Sabatini discount	231
Positive exchange differences	633
Interest on short-term securities	6
Others	22
Total	913

From the information set out above it is apparent that there is an adverse balance in respect of financial management for the period. This is mainly due to the unfavorable performance of the US dollar against the Euro that generated a negative exchange difference for the inter-company items in respect of which it was not possible to take out cover.

During the first half of 2003 a contract to cover rate risk was entered into (Interest Rate Swap). This contract is for a period of 3 years and is for a notional amount of 5 million Euro. This contract allowed a fixed rate borrowing structure at the best market terms currently in force to be obtained

EXTRAORDINARY MANAGEMENT

The result of extraordinary management, amounting to 815 thousand Euro, is due to extraordinary expenses of 435 thousand Euro incurred by the Parent company Prima Industrie relative to the take-over bid (financial advice, legal expenses, etc.), expenses of 261 thousand Euro incurred by Prima North America relating to the transfer to the

new premises and to costs incurred relative to an intervention campaign on new generation systems in an amount of 480 thousand Euro. These expenses are countered by a gain generated by the sale of portion of treasury stock (equal to 37 thousand Euro) and income of 324 thousand Euro relating to a debt for which provision for payment was made in prior years and in respect of which the creditor has not demanded payment for a period of 5 years. The risk relative to the debt is thus considered remote.

RESULT BEFORE TAX

This has improved from a loss of 4,088 thousand Euro at 06/30/02 to a loss of 1,861 thousand Euro at 06/30/03. The percentage effect on sales has moved from -8.8% in 2002 to -4.2% in 2003. The group result is the effect of the unfavorable global economic situation, as well as the still negative results of Prima North America and the extraordinary expenses set out above.

The income taxes for the period were not calculated in terms of paragraph 7 of article 81 of the Consob Regulation approved by resolution No. 11971 dated May 14, 1999 and as amended.

OTHER INFORMATION

The average number of employees during the first half of the year was 441 (456 in the first half of 2002) and at 06/30/03 the Group employed 438 employees compared with 441 at 06/30/02.

The decrease in the number of employees is a direct result of the restructuring that had already started at the end of 2001, particularly by Prima North America that reduced its own staff by more than 30% in the last 12 months.

At 06/30/03, personnel is geographically divided as follows:

							06/30/03	12/31/02
	Italy	France	Spain	Great Britain	Switzerland	USA	Total	Total
Prima Industrie SpA	220	7	9	12	3	-	251	253
Prima Electronics SpA	81	-	-	-	-	-	81	80
Prima North America Inc.	-	-	-	-	-	106	106	110
Total	301	7	9	12	3	106	438	443

AREA OF CONSOLIDATION

COMPANIES INCLUDED IN THE CONSOLIDATION ON A LINE-BY-LINE BASIS.

Name Registered Office	Currency	Capital Stock	Direct stake 06/30/03	Indirect stake 06/30/03
Group Parent Company				
Prima Industrie SpA Collegno (TO)	Euro	11,500,000	-	-
Subsidiaries				
Prima Electronics SpA Moncalieri (TO)	Euro	1,500,000	100%	-
Prima North America Inc Springfield, Massachusetts, USA	US\$	18,000,000	100%	-
Prima Industrie GmbH Kronberg, Germany	Euro	25,565	100%	-
Prima Industrie International BV Amsterdam, Holland (in liquidation)	Euro	22,689	99%	1% held by Prima Electronics SpA

COMPANIES INCLUDED IN THE CONSOLIDATION USING THE PRO-RATA METHOD

No companies of the group have been consolidated using the pro-rata method.

STAKE VALUED USING THE EQUITY METHOD

Name Registered Office	Currency	Capital Stock	Direct stake 06/30/03	Indirect stake 06/30/03
Mechanical Industries Srl Venaria (TO) (undergoing bankruptcy proceedings)	Euro	487,289	21.62%	-
Shenyang-Prima Laser Machine Company Ltd. Shenyang, China	\$	1,000,000	50%	-
SNK Prima Company Ltd Osaka, Japan	Yen	90,000,000	40%	-
Rambaudi Industriale SpA Rivoli (TO) (undergoing bankruptcy proceedings)	Euro	12,408,884	6.24%	-
Macro Meccanica SpA (in liquidation) Savonera (TO)	Lire	630,000,000	35.48%	-
MLTA Srl Nichelino (TO)	Euro	33,800	-	7.7% held through Prima Electronics
Convergent Energy Srl (in liquidation) Asti	Lire	20,000,000	-	99.5% held through Prima North America

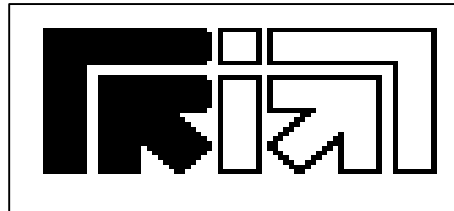
On behalf of the Board of Directors

Chairman

Dr. Aldo Palmeri

PRIMA INDUSTRIE GROUP

CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2003



PRIMA INDUSTRIE GROUP

Consolidated financial statements as at June 30, 2003 and 2002

Balance Sheet

in thousands of Euro			
	06/30/2003	12/31/2002	06/30/2002
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	51	67	84
2) Research, development and advertising costs	27	53	158
3) Industrial patents and intellectual property rights	150	292	452
4) Concessions, licences, trademarks and similar rights	8	9	8
5) Goodwill	2.982	3.471	3.822
7) Other intangible assets	1.314	617	818
Total intangible assets	4.532	4.509	5.342
B.II. TANGIBLE ASSETS			
1) Land and buildings	2.848	2.901	2.957
2) Plant and machinery	948	1.063	1.229
3) Industrial and commercial equipment	825	554	652
4) Other assets	705	876	990
5) Construction in process and advances	0	0	0
Total tangible assets	5.326	5.394	5.828
B.III. FINANCIAL FIXED ASSETS			
1) Investments in:	673	673	772
a) subsidiaries	0	0	0
b) associated companies	673	673	772
c) other companies	0	0	0
2) Receivables:	368	409	463
b) towards associated companies	210	231	274
d) towards others	158	178	189
3) Other securities:	0	0	0
4) Treasury shares:	0	0	0
Total financial fixed assets	1.041	1.082	1.235
TOTAL FIXED ASSETS	10.899	10.985	12.405
C. CURRENT ASSETS			
C.I. INVENTORIES			
1) Raw materials, supplies and consumables	15.144	14.129	14.526
3) Work in progress	8.546	7.228	8.787
4) Finished products and goods	7.017	6.720	7.622
Total inventories	30.707	28.077	30.935
C.II. RECEIVABLES			
1) Trade receivables	34.432	50.790	42.393
3) Receivables from associated companies	985	1.835	1.018
5) Other receivables	9.899	10.005	8.563
Total receivables	45.316	62.630	51.974

PRIMA INDUSTRIE GROUP

Consolidated financial statements as at June 30, 2003 and 2002

<i>in thousands of Euro</i>			
	<i>06/30/2003</i>	<i>12/31/2002</i>	<i>06/30/2002</i>
C.III. FINANCIAL ASSETS NOT HELD AS FIXED ASSETS			
1) Investments in subsidiaries	0	0	0
3) Investments in other companies	0	0	0
4) Treasury stocks	235	472	52
5) Other marketable securities	0	517	2.017
Total financial assets not held as fixed assets	235	989	2.069
C.IV. CASH			
1) Bank and postal accounts	7.189	2.799	4.852
3) Cash in hand and cash equivalents	19	13	16
Total cash	7.208	2.812	4.868
TOTAL CURRENT ASSETS	83.466	94.508	89.846
D. ACCRUED INCOME AND PREPAID EXPENSES			
1) Accrued income	24	43	30
2) Prepaid expenses	156	101	206
TOTAL ACCRUED INCOME AND PREPAID EXPENSES	180	144	236
TOTAL ASSETS	94.545	105.637	102.487

PRIMA INDUSTRIE GROUP

Consolidated financial statements as at June 30, 2003 and 2002

<i>in thousands of Euro</i>			
	06/30/2003	12/31/2002	06/30/2002
A. SHAREHOLDERS' EQUITY			
A.I. SHARE CAPITAL	11.500	10.375	10.375
A.II. SHARE PREMIUM	15.733	12.891	12.891
A.IV. LEGAL RESERVE	730	715	715
A.V. RESERVE FOR TREASURY STOCKS	235	472	52
A.VII. OTHER RESERVES			
<i>Consolidation reserve</i>	0	0	0
<i>Currency translation adjustment</i>	-345	-124	-1.313
<i>Other</i>	1.573	6.215	6.635
A.VIII. RETAINED EARNINGS	1.584	1.728	2.925
A.IX. GROSS PROFIT FOR THE PERIOD (net as at 12/31/02)	-1.861	-5.024	-4.088
TOTAL SHAREHOLDERS' EQUITY OF THE GROUP	29.149	27.248	28.192
A.X. CAPITAL AND RESERVES OF MINORITY INTERESTS	0	0	1.263
NET RESULT OF MINORITY INTERESTS	0	0	0
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY	29.149	27.248	29.455
B. PROVISIONS FOR RISKS AND CHARGES			
2) Income tax reserves	150	150	0
3) Other	3.111	3.322	2.388
4) Deferred income taxes	1.258	1.258	1.425
TOTAL PROVISIONS FOR RISKS AND CHARGES	4.519	4.730	3.813
C. EMPLOYEE SEVERANCE INDEMNITY	3.785	3.708	3.422
D. PAYABLES			
3) Borrowings with banks	27.835	37.208	33.202
4) Borrowings with other financial institutions	3.903	5.375	6.684
5) Advances	1.023	1.126	2.181
6) Trade payables	20.679	21.412	19.240
9) Payables with associated companies	0	0	0
11) Taxes payable	570	1.288	529
12) Social security taxes payable	673	1.096	902
13) Other payables	2.067	1.631	2.206
TOTAL PAYABLES	56.750	69.136	64.944
E. ACCRUED EXPENSES AND DEFERRED INCOME			
1) Accrued expenses	127	140	271
2) Deferred income	215	675	582
TOTAL DEFERRED EXPENSES AND DEFERRED INCOME	342	815	853
TOTAL LIABILITIES AND EQUITY	94.545	105.637	102.487

PRIMA INDUSTRIE GROUP

Consolidated financial statements as at June 30, 2003 and 2002

Income Statement

in thousands of Euro

	06/30/2003	06/30/2002	12/31/2002
A. VALUE OF PRODUCTION			
1) Net sales and revenues	43.790	46.198	100.528
2) Change in semi finished and finished goods	569	739	-1.779
3) Change in work in progress	1.553	0	302
4) Internal production of tangible assets	331	97	164
5) Other sales and revenues	310	597	1.481
TOTAL VALUE OF PRODUCTION	46.553	47.631	100.696
B. PRODUCTION COSTS			
6) Cost of raw, ancilliary and consumable materials and goods	-25.631	-23.416	-53.160
7) Services	-8.892	-9.418	-20.120
8) Leasing costs	-862	-987	-1.889
9) Personnel costs	-11.856	-13.853	-25.968
<i>a) wages and salaries</i>	-8.644	-10.395	-19.707
<i>b) social contributions</i>	-2.606	-2.882	-5.215
<i>c) employee severance indemnity</i>	-360	-345	-693
<i>e) other costs</i>	-246	-231	-353
10) Amortisation and depreciation	-1.154	-1.323	-2.647
<i>a) ammortisation of intangible assets</i>	-548	-724	-1.433
<i>b) depreciation of tangible assets</i>	-476	-527	-1.084
<i>d) Adjustments to the value of financial assets</i>	-130	-72	-130
11) Changes in raw materials, supplies and consumables	1.435	-1.105	-1.456
12) Provisions for risks and charges	666	1.015	452
13) Other accruals	0	0	0
14) Other operating costs	-523	-761	-1.343
TOTAL PRODUCTION COSTS	-46.817	-49.848	-103.219
DIFFERENCE BETWEEN REVENUES AND PRODUCTION COSTS	-264	-2.217	-2.523
C. FINANCIAL INCOME AND CHARGES			
15) Income from investments	154	169	169
a. dividends and other income from associated companies	154	169	169
16) Other financial income	913	602	1.291
d. other financial income	913	602	1.291
17) Interest and other financial charges	-1.849	-1.803	-3.418
TOTAL FINANCIAL INCOME AND EXPENSES	-782	-1.032	-1.958
D. ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS			
18) Revaluations	0	0	0
a. of investments	0	0	0
19) Write downs	0	-839	-938
a. of investments	0	-839	-938
b. of financial fixed assets	0	0	0

PRIMA INDUSTRIE GROUP

Consolidated financial statements as at June 30, 2003 and 2002

c. of financial current assets

0

0

0

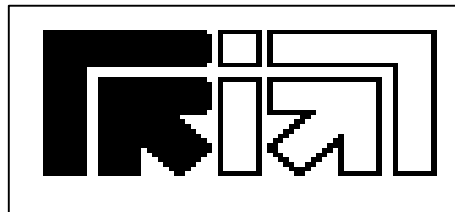
PRIMA INDUSTRIE GROUP

Consolidated financial statements as at June 30, 2003 and 2002

in thousands of Euro			
	06/30/2003	06/30/2002	12/31/2002
TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	0	-839	-938
E. EXTRAORDINARY INCOME AND CHARGES			
20) Extraordinary income	361	0	0
<i>b. Other income</i>	<i>361</i>	<i>0</i>	<i>0</i>
21) Extraordinary charges	-1.176	0	-150
<i>c. Other charges</i>	<i>-1.176</i>	<i>0</i>	<i>-150</i>
TOTAL EXTRAORDINARY INCOME AND CHARGES	-815	0	-150
PROFIT BEFORE TAX	-1.861	-4.088	-5.569
22) Income taxes	0	0	545
22.1) Current taxes	<i>0</i>	<i>0</i>	<i>-2.163</i>
22.2) Deferred taxes	<i>0</i>	<i>0</i>	<i>2.708</i>
23) PROFIT FOR THE PERIOD	-1.861	-4.088	-5.024
24) Minority interests (income) /costs	0	0	0
25) PROFIT OF THE PERIOD FOR THE GROUP	-1.861	-4.088	-5.024

PRIMA INDUSTRIE SPA

FINANCIAL STATEMENTS
AS AT JUNE 30, 2003



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, 2003 and 2002

Balance Sheet

in thousands of Euro

	06/30/2003	12/31/2002	06/30/2002
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	51	67	84
2) Research, development and advertising costs	26	53	158
3) Industrial patents and intellectual property rights	148	188	223
4) Concessions, licences, trademarks and similar rights	5	6	6
7) Other intangible assets	316	346	419
Total intangible assets	546	660	890
B.II. TANGIBLE ASSETS			
1) Land and buildings	492	507	519
2) Plant and machinery	574	622	668
3) Industrial and commercial equipment	508	231	233
4) Other assets	222	252	257
5) Construction in process and advances	0	0	0
Total tangible assets	1.796	1.612	1.677
B.III. FINANCIAL FIXED ASSETS			
1) Investments in:	7.422	6.626	7.479
<i>a) subsidiaries</i>	6.759	5.964	6.718
<i>b) associated companies</i>	663	662	761
<i>c) other companies</i>	0	0	0
2) Receivables:	4.293	2.480	447
<i>a) towards subsidiaries</i>	4.044	2.211	170
<i>b) towards associated companies</i>	150	150	150
<i>d) towards others</i>	99	119	127
3) Other securities:	0	0	0
Total financial fixed assets	11.715	9.106	7.926
TOTAL FIXED ASSETS	14.057	11.378	10.492
C. CURRENT ASSETS			
C.I. INVENTORIES			
1) Raw materials, supplies and consumables	8.468	7.773	7.063
3) Work in progress	3.850	2.753	3.652
4) Finished products and goods	4.442	3.463	4.070
Total inventories	16.761	13.989	14.785
C.II. RECEIVABLES			
1) Trade receivables	22.598	37.690	30.922
2) Receivables from subsidiaries	2.774	6.042	4.970
3) Receivables from associated companies	948	1.795	807
5) Other receivables	7.796	7.546	6.486
Total receivables	34.116	53.073	43.185

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, 2003 and 2002

<i>in thousands of Euro</i>			
	<i>06/30/2003</i>	<i>12/31/2002</i>	<i>06/30/2002</i>
C.III. FINANCIAL ASSETS NOT HELD AS FIXED ASSETS			
5) Treasury shares	235	472	52
6) Other marketable securities	0	517	2.017
Total financial assets not held as fixed assets	235	989	2.069
C.IV. CASH			
1) Bank and postal accounts	6.759	2.147	3.241
3) Cash in hand and cash equivalents	15	8	13
Total cash	6.774	2.155	3.254
TOTAL CURRENT ASSETS	57.886	70.206	63.293
D. ACCRUED INCOME AND PREPAID EXPENSES			
1) Accrued income	14	41	446
2) Prepaid expenses	466	500	177
TOTAL ACCRUED INCOME AND PREPAID EXPENSES	480	541	623
TOTAL ASSETS	72.423	82.125	74.408

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Financial statements as at June 30, 2003 and 2002

<i>in thousands of Euro</i>			
	<i>06/30/2003</i>	<i>12/31/2002</i>	<i>06/30/2002</i>
A. SHAREHOLDERS' EQUITY			
A.I. SHARE CAPITAL	11.500	10.375	10.375
A.II. SHARE PREMIUM	16.863	14.020	14.020
A.IV. LEGAL RESERVE	730	715	714
A.VII. OTHER RESERVES	1.807	6.687	6.687
A.VIII. RETAINED EARNINGS	0	0	0
A. IX. GROSS PROFIT FOR THE PERIOD (net as at 12/31/02)	-2.789	-4.880	-4.999
TOTAL SHAREHOLDERS' EQUITY	28.111	26.917	26.797
B. PROVISIONS FOR RISKS AND CHARGES			
2) Income tax reserves	1.060	1.060	1.202
3) Other	2.290	2.845	2.302
TOTAL PROVISIONS FOR RISKS AND CHARGES	3.350	3.905	3.504
C. EMPLOYEE SEVERANCE INDEMNITY	2.736	2.725	2.508
D. PAYABLES			
3) Borrowings with banks	14.641	20.874	15.853
4) Borrowings with other financial institutions	2.294	3.694	4.922
5) Advances	690	943	1.917
6) Trade payables	15.368	16.201	14.444
6) Payables with subsidiaries	2.848	3.462	1.398
9) Payables with associated companies	0	0	0
11) Taxes payable	409	960	330
12) Social security taxes payable	490	960	726
13) Other payables	1.059	800	1.160
TOTAL PAYABLES	37.799	47.894	40.750
E. ACCRUED EXPENSES AND DEFERRED INCOME			
1) Accrued expenses	84	118	792
2) Deferred income	343	565	57
TOTAL ACCRUED EXPENSES AND DEFERRED INCOME	427	683	849
TOTAL LIABILITIES AND EQUITY	72.423	82.125	74.408

PRIMA INDUSTRIE SpA

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Financial statements as at June 30, 2003 and 2002

Income statement

in thousands of Euro

	06/30/2003	06/30/2002	12/31/2002
A. VALUE OF PRODUCTION			
1) Net sales and revenues	28.157	29.734	67.464
2) Change in semi finished and finished goods	2.076	764	-1.104
3) Change in work in progress	0	31	363
4) Internal production of tangible assets	301	0	74
5) Other sales and revenues	376	600	1.367
TOTAL VALUE OF PRODUCTION	30.910	31.129	68.164
B. PRODUCTION COSTS			
6) Cost of raw, ancilliary and consumable materials and goods	-17.763	-16.781	-36.898
7) Services	-6.984	-6.710	-14.729
8) Leasing costs	-546	-535	-1.129
9) Personnel costs	-6.292	-5.970	-12.003
<i>a) wages and salaries</i>	<i>-4.293</i>	<i>-4.194</i>	<i>-8.572</i>
<i>b) social contributions</i>	<i>-1.594</i>	<i>-1.383</i>	<i>-2.709</i>
<i>c) employee severance indemnity</i>	<i>-264</i>	<i>-258</i>	<i>-520</i>
<i>e) other costs</i>	<i>-141</i>	<i>-135</i>	<i>-202</i>
10) Amortisation and depreciation	-327	-414	-973
<i>a) amortisation of intangible assets</i>	<i>-150</i>	<i>-263</i>	<i>-543</i>
<i>b) depreciation of tangible assets</i>	<i>-177</i>	<i>-151</i>	<i>-308</i>
<i>d) Adjustments to the value of financial assets</i>	<i>0</i>	<i>0</i>	<i>-122</i>
11) Changes in raw materials, supplies and consumables	696	177	887
12) Provisions for risks and charges	757	122	-130
13) Other accruals	0	0	0
14) Other operating costs	-346	-330	-734
TOTAL PRODUCTION COSTS	-30.805	-30.441	-65.709
DIFFERENCE BETWEEN REVENUES AND PRODUCTION COSTS	105	688	2.455
c. FINANCIAL INCOME AND CHARGES			
15) Income from investments	155	212	469
a. dividends and other income from associated companies	155	212	469
16) Other financial income	895	610	1.349
a. from receivables with subsidiaries	0	0	49
d. other financial income	895	610	1.300
17) Interest and other financial charges	-1.511	-1.438	-2.694
a) With subsidiary companies	-16	0	0
d) Other	-1.495	-1.438	-2.684
TOTAL FINANCIAL INCOME AND EXPENSES	-461	-616	-876

