

**PRIMA INDUSTRIE GROUP  
BOARD OF DIRECTORS' REPORT  
ON CONSOLIDATED  
FINANCIAL STATEMENTS  
AS AT SEPTEMBER 30, 2003**

This is a free translation from Italian into English

Board of Directors  
November 13, 2003

**PRIMA INDUSTRIE S.p.A.** Paid-up Share Capital Euro 11,500,000  
Company House of Turin  
Register no. 03736080015  
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  
Rafic Y. Mansour  
(\*\*) 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 Petrignani

*Substitute Auditors*  
Roberto Coda  
Stefano Maria Ruggeri

**INDEPENDENT AUDITORS** PricewaterhouseCoopers S.p.A.

- (\*) 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. 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 SEPTEMBER 30, 2003**

(Approved by the Company Board of Directors held on November 13, 2003)

#### **INTRODUCTION**

This report covers the Group consolidated financial information up to September 30, 2003 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 01/01/2003-09/30/2003 and 01/01/2002-09/30/2002 is homogeneous.

All figures are expressed in Euro thousand unless otherwise specified.

The financial statements concerning Prima Industrie S.p.A. (the Group leader) as at September 30, 2003 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 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 practiced in preparing the annual accounts 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 (in accordance with the related accounting principles) same have been valued at the lowest between cost and market values, the latter being assessed as average of the listing values of the month before the closing period.

## 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 has not changed in respect of September 30, 2002 .

Controlled companies have been consolidated. Participated companies have been valued with the net equity method.

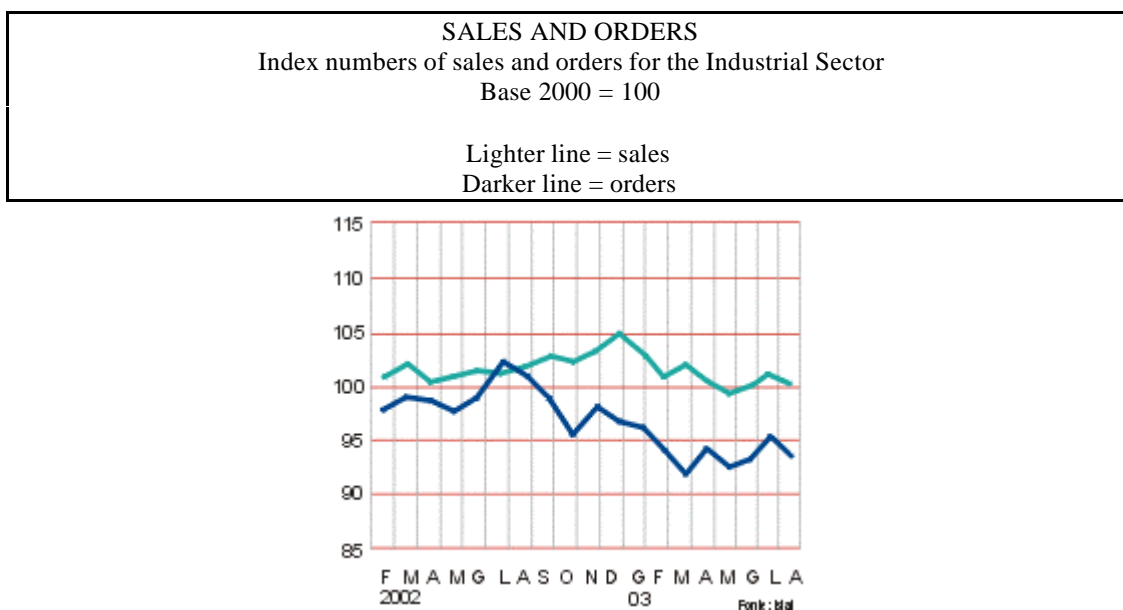
The economic transactions between the consolidated companies of the Group and those valued with the net equity method do not generate any significant impact on the Group result.

## MOST SIGNIFICANT EVENTS

The consolidated sales of first nine months of the year 2003 ( Euro 66,513 thousand) is stable in respect of same period of 2002 (Euro 68,902 thousand). As already indicated, analyzing the information as at June 30, 2003 the slight reduction of 3.5% is widely explained by the dollar depreciation in respect of the Euro. Because the turnover as at September 30, 2003 expressed in dollars is equal to 34% of the consolidate invoicing, for the same dollar exchange rate the consolidated sales would have recorded an increase of 3.3% in respect of 09/30/2002.

As for order acquisition, during the first nine months of 2003 have been acquired orders by the Group leader for as much as Euro 39,603 thousand as against Euro 48,378 thousand for same period of previous year.

In the following chart (source: ISTAT) the process, particularly pronounced on the domestic market, is clearly visible: to a modest reduction of the industrial sales corresponds a substantial drop in order acquisition.



The situation affected mostly the investment goods sector (UCIMU recorded a reduction in order acquisition during the whole 2003 with a major drop of 18% and 10.6% in the second and third quarter).

This was due to lack of investments stimulating measures related with the period if compared with previous year (“Tremonti bis”) but also by the home unfavorable economic situation unable to receive the weak signs of improvement coming from the international economic trend in particular from U.S.A. and Asia.

In consequence at the end of the period the orders back-log of Prima Industrie S.p.A. was Euro 13,055 thousand as against Euro 20,457 thousand as at September 30, 2002.

During the first nine months of the year the consolidated order acquisition for all Group Companies was Euro 64,659 thousand.

In consolidated terms back-log as at September 30, 2003 was Euro 22,169 thousand. It reduced as against Euro 35,087 thousand as at September 30, 2002, but it is stable in respect of June 30, 2003 (Euro 22,143 thousand) and March 31, 2003 (Euro 21,985 thousand). The visibility reduction, which is a case shared also by the Group's main competitors, does not necessarily lead to a drop in turnover, since Companies are asked to be more flexible towards a market requiring quicker delivering times.

#### RESERCH AND DEVELOPMENT WORKS

As at September 30, 2003 the total amount of research and development charged to profit and loss account was Euro 4,261 thousand as against Euro 5,080 thousand at September 30, 2002.

The Group continued its usual activities of development of new products within the laser systems sector (both 3D and 2D), of improvement of CNC and laser generators (CP3500 and CP4000) performances.

The R & D activity was performed also at the Bari's office, now completely effective, located at the SINTESI Consortium (Bari) which was joined by Prima Industrie in collaboration with CNR and other research institutions.

#### GROWTH IN SCANDINAVIA

During September 2003 was formed "Prima Industrie Scandinavia AB" a Company fully controlled by Prima Industrie S.p.A., which, in this way, consolidates its presence in North Europe.

In this area (Sweden, Denmark, Norway, Finland) laser systems involves the sales of approximately 75 machines per year (therefore not much different from the French or the Spanish market) equal to almost Euro 50 million.

On this market Prima Industrie is at the moment leader in the 3D machine sector (with 30 installations) and enjoys a noticeable presence also on the 2D (about 10% of the market). Through the new organization, Prima Scandinavia based in Goteborg (Sweden), Prima Industrie intends to strengthen its direct presence in the areas with a view to improving customers services and increase its market share (expected growth rate 10% per year up to the year 2010).

#### PURCHASING OF TREASURY STOCK

As authorized by the shareholder meeting as at May 15, 2003 during the current quarter Prima Industrie continued to operate on treasury stock when market, required to stabilize its quotation.

In particular, with an agreement dated August 1<sup>st</sup>, 2003 the Company appointed Banca Immobiliare (which will be appointed also as the listed company specialist as

from October 27, 2003) to take care of the purchase and sale of the Company treasury stock with a view to insure professional buy-back

On the other hand, due to the fact that the Company objective is not the investment in its own shares, under present circumstances some treasury stock was sold when it was advisable realizing a capital gain.

After the purchases and sales of the period, as at September 30, 2003 Prima Industrie owns n° 33,252 own shares (equal to 0.7% of its capital) valued at an average price of 6.8543 Euro per share.

#### TREND OF PRIMA NORTH AMERICA

Concluded the re-organization process, the controlled Company Prima North America Inc closed the first nine months of the year 2003 with a clear improvement of its profitability in respect of previous year. This comes from costs reductions (generated by the restructuring), but also from market conditions improvement and in particular that of Laserdyne System Division (aerospace) which increased its sales by more than 50% on 2002 reaching a positive operating result.

As for Convergent Lasers Division, the completed costs and structure reorganization is not balanced by adequate levels of sales. In fact the series production of the laser generators CP3500 and CP4000, mainly destined to the Group companies, is just in a starting phase.

An important acknowledgment of Prima North America business validity was received also from Chicopee municipality (where are established Convergent Lasers and Prima Laser Tools Divisions) who, granting a substantial tax reduction on the premises build on purpose for Prima North America, recognized that, it has contributed in a remarkable way to the economy of the Chicopee River Business Park by investing 4.5 million of dollars in factory and connected places generating 70 new job opportunities.

With a view to assure a suitable capitalization and a reasonable proportion between equity and financial loans, during September Prima Industrie S.p.A. resolved and executed to Prima North America a capital increase of \$ 2 million. The operation was realized through the changing of \$ 2 million of financial receivables (of which, \$ 1 million were previously changed from commercial receivables) into Company net equity.

## **SHORT TERM EVOLUTION**

### **COMMERCIAL ACTIVITY (DA FARE)**

The order acquisition of October 2003, is positive (Euro 9,302 thousand) and improving in respect of an already satisfying month of October 2002 (Euro 9,066 thousand).

During October Prima Industrie participated with its products in the EMO exhibition in Milan, where it was registered a particularly high people attendance.

Such visits should in many cases lead to new orders in a short time.

During November Prima North America will take part in the FABTECH exhibition in Chicago (U.S.A.), where the Company hope to find a confirmation to the first signs of recovery of the U.S.A. economy.

### **JOINT VENTURE IN CHINA**

In October, Prima Industrie and Shangai Unity Bestchoice, ( main Chinese maker of laser systems) established together a Joint Venture to operate in this market with a high growth rate .

The Shangai Unity Bestchoice, a Company recently formed (2000), has a control of a substantial share of the global Chinese market and is absolute leader of the market in which are active local makers.

The Company, during the first nine months of 2003, reached a turnover of Dollar 4.1 million ( Dollar 3,9 million in the whole 2002) and its backlog as at 09/30/2003 was Dollar 4.5 million (Dollar 3.2 million as at 12/31/2002).

The operation will therefore consent to Prima Industrie, already market leader of the 3D systems, to control approximately 50% of the 2D systems, at present involving 120 machines per year expected to grow up to 200 units by 2005.

In practice, Shangai Unity Bestchoice transferred its assets to a new Company denominated Shangai Unity Prima who will increase its share capital to be subscribed for a position by the present shareholders and for the other position by Prima Industrie. At the end of the operation Prima Industrie S.p.A. will obtain 27.5% of the new Company share capital.

According to the agreement Shangai Unity Prima will manufacture and sale on the Chinese market Prima Industrie Domino System (together with its own products) and will purchase from Prima Industrie S.p.A. some essential technological components ( numerical controls, laser generators, cutting and welding heads) for which two contracts have already been signed for a total value of 500,000 Euro.

Prima Industrie investment amounts to approximately 450,000 Euro and will be paid: up to 200,000 Euro by transfer of technology and for the remaining balance by cash during last quarter of 2003.



## EVENTS

On November 25<sup>th</sup>, 2003 Prima Industrie will attend the 4<sup>th</sup> Road Show of the *Nuovo Mercato* organized and hosted by the Italian Stock Exchange. The event will certainly provide an opportunity to meet the financial community.

## INFORMATION ON MANAGEMENT

Hear after are presented some summarized consolidated data (in Euro thousand, excluded number of shares an result for share).

	30/9/03		30/9/02	
	Euro thousand	%	Euro thousand	%
Sales	66,513	100.0	68,902	100.0
MOL/EBITDA	1,758	2.9	(644)	(0.9)
Operating profit	143	0.4	(2,730)	(4.0)
Profit before taxes	(1,629)	(2.2)	(4,802)	(7.0)
Number of shares (face value Euro 2.5 each)	4,600,000		4,150,000	
MOL/EBITDA per share	0.38		(0.16)	
Operating profit per share	0.03		(0.66)	
Profit before taxes per share	(0.35)		(1.16)	

The following table shows the trend of the three consolidated operating Companies: noticeable are the positive results of the two Italian Companies whose results are diluted in consolidating with Prima North America, that however enjoyed a remarkable recovery of profitability during the nine months under consideration mostly thanks to the Laserdyne Systems Division turnaround, come back to positive results.

**CONDENSED INDICATION OF MOST SIGNIFICANT PARAMETERS AND  
PROFITABILITY INDEX**

*(expressed in Euro thousand excluding number of shares and profit per share)*

	Prima Industrie SpA				Prima Electronics SpA				Prima North America Inc			
	09/30/03		09/30/02		09/30/03		09/30/02		09/30/03		09/30/02	
	Euro thousand	%	Euro thousand	%	Euro thousand	%	Euro thousand	%	Euro thousand	%	Euro thousand	%
Sales	43,114	100.0	44,745	100.0	10,585	100.0	11,624	100.0	19,085	100.0	19,704	100.0
MOL/EBITDA	1,245	2.9	1,749	3.9	1,951	18.4	2,169	18.7	(1,573)	(8.2)	(5,006)	(25.4)
Operating profit (EBIT) (2)	749	1.7	998	2.2	1,665	15.7	1,860	16.0	(1,947)	(10.2)	(5,487)	(27.8)
Core business gross operating profit	132 (1)	0.3	401 (1)	0.9	1,629	15.4	1,831	15.8	(2,363)	(12.4)	(5,980)	(30.3)
Extraordinary items	(429)	(1.0)	-	-	40	0.4	-	-	(336)	(1.8)	-	-
Profit before taxes	(297) (1)	(0.7)	401 (1)	0.9	1,669	15.8	1,831	15.8	(2,699)	(14.1)	(5,980)	(30.3)

EXCHANGE RATES USED TO TRANSLATE NON EURO CURRENCIES

Currency	Average exchange rate for the period		Period-end exchange rate	
	09/30/03	09/30/02	09/30/03	09/30/02
US dollar	1.1114	0.92646	1.1652	0.9860

- (1) Pro-forma figure gross from depreciation in Prima North America (whose results are represented in its column).  
(2) The total of the operating results (see table) differs from the operating consolidated result because of the consolidation adjustments

## SALES

The turnover was Euro 66,513 thousand which compares with Euro 68,902 thousand of the previous year same period.

As at September 30, sales may be classified as follows (thousand of Euro):

### BY PRODUCT AND BY GEOGRAPHICAL AREA

	30/09/03	30/09/02
	Euro thousand	Euro thousand
<b>2D laser systems:</b>		
Italy	3,747	8,978
Europe	10,773	9,665
North America	4,016	3,148
Rest of the world	2,737	3,405
<b>Total</b>	<b>21,273</b>	<b>25,196</b>
<b>3D laser systems:</b>		
Italy	4,584	4,418
Europe	10,406	8,307
North America	4,913	4,315
Rest of the world	3,205	1,547
<b>Total</b>	<b>23,108</b>	<b>18,587</b>
<b>Other laser systems:</b>		
Italy	-	-
Europe	-	458
North America	-	-
Rest of the world	-	97
<b>Total</b>	<b>-</b>	<b>555</b>
<b>Electronics systems:</b>		
Italy	951	2,015
Europe	6,450	6,906
North America	-	-
Rest of the world	-	-
<b>Total</b>	<b>7,401</b>	<b>8,921</b>

	30/09/03	30/09/02
	Euro thousand	Euro thousand
<b>Laser generators:</b>		
Italy	-	-
Europe	-	500
North America	415	1,090
Rest of the world	479	-
<b>Total</b>	<b>894</b>	<b>1,590</b>
<b>After sale service and miscellaneous:</b>		
Italy	3,994	3,599
Europe	4,497	3,226
North America	4,141	6,066
Rest of the world	1,205	1,162
<b>Total</b>	<b>13,837</b>	<b>14,053</b>
<b>Total sales</b>	<b>66,513</b>	<b>68,902</b>

With reference to the above classification, it is possible to briefly show products evolution and invoicing classification as follows:

	30/09/03	30/09/02
2D laser machines	32.0%	36.6%
3D laser machines	34.8%	27.0%
Other systems	0.0%	0.8%
Electronics systems	11.1%	12.9%
Laser generators	1.3%	2.3%
After sales and miscellaneous	20.8%	20.4%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

As already mentioned at June 30, 2003 the weight of the various products shows a straight recovery, in respect of previous year, of the 3D category (particularly abroad) together with a less substantial drop of 2D Systems.

Sales involving electronic products are reducing, particularly in Italy.

Proceeds from after sale of the Company Group are stable: 20% of consolidated turnover.

The reduction on “Laser generators” is due to the Convergent Lasers Division addressing its production to lasers sources destined to the internal group requirements.

The geographical distribution of sales was the following:

	30/09/03		30/09/02	
	Euro thousand	%	Euro thousand	%
Italy	13,276	20.0%	19,010	27.6%
Europe	32,126	48.3%	29,062	42.2%
North America	13,485	20.3%	14,619	21.2%
Rest of the world	7,626	11.4%	6,211	9.0%
Total	66,513	100.0%	68,902	100.0%

The above shows the growth in absolute value and in percentage reached on the European and “overseas” markets at the detriment of the Italian market which, as mentioned, suffered the extinguishing effects of the “Tremonti-bis “ together with the lack of new incentives to investment.

Particularly important (growing in respect of 2002) are the sales on “overseas” markets such as China (6% of consolidated sales). These sales should further increase in the future thanks to new initiatives of the Group in such areas, the most relevant of which is the Chinese Joint Venture.

#### **MOL (EBITDA) AND OPERATING RESULT (EBIT)**

Despite the difficult market conditions, EBITDA and EBIT of the nine month under consideration are both positive. In particular:

- The gross operating margin as at 09/30/2003 was positive ( Euro 1,758 thousand equal to 2.6% on turnover) as against a negative EBITDA for Euro 644 thousand (- 0.9% on turnover) of same period of 2002.
- The operating result as at 09/30/03 was positive, Euro 143 thousand (0.2% on turnover) in respect of the operating loss of Euro 2,730 thousand (-4% on turnover) of same period 2002.

Such important improvement is significantly due to the reorganization of Prima North America so allowing the rationalizing of costs and structure, and to a mix of products sold at higher margins of profit.

## **RESULT BEFORE ON TAXES**

Gross profit was negative by Euro 1,629 thousand (- 2.4% on turnover) which compares with a loss of Euro 4,802 thousand (- 7% on turnover) of previous year.

The Group result before taxes, beyond the described penalties, suffers also from extraordinary charges equal to Euro 726 thousand.

In particular, the result of the extraordinary management is due to charges sustained by Prima Industrie S.p.A. (for Euro 435 thousand) in connection with the take-over bid, charges sustained by Prima North America in connection with the transfer to the new premises ( Euro 259 thousand), a campaign of intervention on laser of new generation (Euro 480 thousand) and others minor (Euro 22 thousand). To such charges opposed: extraordinary proceeds from plus-values generated by the sale of treasury stock (Euro 42 thousand), the entry of Research & Development contributions related with the past (Euro 160 thousand) and the write-off of a payable accounted in previous years and not claimed for 5 years by the creditor (Euro 324 thousand).

## NET FINANCIAL POSITION

	30/09/03	30/06/03	31/12/02
Liquidity available	5,626	7,208	3,329
Short term loans towards financial institution	(9,719)	(15,037)	(24,897)
Medium-long term loans towards banks and others (*)	(19,914)	(16,701)	(17,686)
Total position towards banking system	(24,007)	(24,530)	(39,254)

(\*) Include also the recalculation of Leasings in accordance with IAS rulings and the debt items against the SABATINI pro-solvendo financial operations. These items amounts to 4,198 thousand of euro.

The clear improvement of the Group financial position materialized during the whole 2003. In particular this is due for Euro 3,982 thousand to the share capital increase dated 02/11/03, but mostly to a substantial decrease in net working capital (especially trade receivables), including factoring without recourse operations for Euro 3,405 thousand.

As at September 30, 2003 the ratio “debt to equity” was 0.8.

The improvement of the net financial position in respect of same period of previous year ( Euro - 39,287 thousand) translates into a reduction of the financial charges from 1,192 to 1,046 thousands of Euro.

For the Board of Directors  
The Managing Director  
Gianfranco Carbonato

**PRIMA INDUSTRIE GROUP**

**FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2003**

(all amounts are expressed in Euro thousand)

**BALANCE SHEET**

	<b>30/09/2003</b>	<b>30/06/2003</b>	<b>31/12/2002</b>
	Unaudited	Limited review	Audited
<b>ASSETS</b>			
Intangible assets	4,246	4,532	4,509
Tangible assets	5,167	5,326	5,394
Financial assets	1,032	1,041	1,082
<b>Total assets</b>	<b>10,445</b>	<b>10,899</b>	<b>10,985</b>
<b>Working capital</b>			
Inventories	27,355	30,707	28,077
Trade receivables	35,488	35,417	52,625
Other receivables	9,970	10,134	10,477
Cash and banks	5,626	7,208	3,329
<b>Total working capital</b>	<b>78,439</b>	<b>83,466</b>	<b>94,508</b>
Accrued income and prepaid expenses	118	180	144
<b>Total assets</b>	<b>89,002</b>	<b>94,545</b>	<b>105,637</b>
<b>LIABILITIES</b>			
<b>Net Equity</b>			
Net Group Equity	(*) 29,226	(*) 29,149	27,248
Capital and reserve of third party	-	-	-
<b>Consolidated total Net Equity</b>	<b>29,226</b>	<b>29,149</b>	<b>27,248</b>
Employees severance pay	3,943	3,785	3,708
Contingent liabilities fund	4,466	4,519	4,730
<b>Loans</b>			
Medium-long term loans	19,914	16,701	17,686
Short term loans	9,719	15,037	24,897
Trade payables	16,216	20,679	21,412
Other payables	5,034	4,333	5,141
<b>Total loans</b>	<b>50,883</b>	<b>56,750</b>	<b>69,136</b>
Accrued liabilities and deferred income	484	342	815
<b>Total liabilities</b>	<b>89,002</b>	<b>94,545</b>	<b>105,637</b>

(\*) before income tax of the period



**PRIMA INDUSTRIE GROUP**

**STATEMENT OF INCOME AS AT SEPTEMBER 30, 2003**

(all amounts are expressed in Euro thousand)

	As at 09/30/2003	As at 09/30/2002	Third quarter 2003	Third quarter 2002
Revenue from sales and services	66,513	68,902	22,723	22,704
Variation in WIP and finished goods	(289)	1,176	(2,411)	437
Increase from internal work (assets)	350	126	19	29
Other revenues and incomes	558	1,136	248	539
<b>TOTAL VALUE OF PRODUCTION</b>	<b>67,132</b>	<b>71,340</b>	<b>20,579</b>	<b>23,709</b>
Purchase of raw materials and suppliers	(33,462)	(36,453)	(9,266)	(11,932)
Purchases of services	(12,940)	(13,975)	(4,048)	(4,557)
Lease and rent costs	(1,273)	(1,524)	(411)	(537)
Other operating expenses	(322)	(491)	(465)	(745)
<b>TOTAL COSTS OF PRODUCTION</b>	<b>(47,997)</b>	<b>(52,443)</b>	<b>(14,190)</b>	<b>(17,771)</b>
<b>ADDED VALUE</b>	<b>19,135</b>	<b>18,897</b>	<b>6,389</b>	<b>5,938</b>
Personnel expenses	(17,377)	(19,541)	(5,521)	(5,691)
<b>MOL (EBITDA)</b>	<b>1,758</b>	<b>(644)</b>	<b>868</b>	<b>247</b>
Amortisation and depreciations	(1,615)	(2,086)	(461)	(760)
<b>OPERATING PROFIT (EBIT)</b>	<b>143</b>	<b>(2,730)</b>	<b>407</b>	<b>(513)</b>
Financial income and depreciations	(1,046)	(1,192)	(264)	(353)
Adjustments to financial assets	-	(880)	-	(41)
Net extraordinary items	(726)	-	89	-
<b>PROFIT BEFORE INCOME TAX</b>	<b>(1,629)</b>	<b>(4,802)</b>	<b>232</b>	<b>(907)</b>
- of which third party	-	-	-	-
- of which Group	<b>(1,629)</b>	<b>(4,802)</b>	<b>(232)</b>	<b>(907)</b>

**PRIMA INDUSTRIE SPA**

**FINANCIAL STATEMENTS  
AS AT SEPTEMBER 30, 2003**

**PRIMA INDUSTRIE SPA**

**FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2003**

(all amounts are expressed in Euro thousand)

**BALANCE SHEET**

	<b>30/09/2003</b>	<b>30/06/2003</b>	<b>31/12/2002</b>
	Unaudited	Limited review	Audited
<b>ASSETS</b>			
Intangible assets	478	546	660
Tangible assets	1,748	1,796	1,612
Financial assets	13,261	11,715	9,106
<b>Total fixed assets</b>	<b>15,487</b>	<b>14,057</b>	<b>11,378</b>
<b>Working capital</b>			
Inventories	15,005	16,761	13,989
Trade receivables	27,474	26,320	45,527
Other receivables	7,601	8,031	8,018
Cash and banks	4,263	6,774	2,672
<b>Total working capital</b>	<b>54,343</b>	<b>57,886</b>	<b>70,206</b>
Accrued income and prepaid expenses	382	480	541
<b>Total assets</b>	<b>70,212</b>	<b>72,423</b>	<b>82,125</b>
<b>LIABILITIES</b>			
<b>Net Equity</b>			
Net Equity	(*) 28,027	(*) 28,111	26,917
Employees' severance indemnity	2,852	2,736	2,725
Contingent liabilities fund	3,489	3,350	3,905
<b>Debts</b>			
Medium-long term loans	13,115	14,177	16,757
Short-term loans	2,624	2,758	7,811
Trade payables	16,194	18,216	19,663
Other payables	3,415	2,648	3,663
<b>Total loans</b>	<b>35,348</b>	<b>37,799</b>	<b>47,894</b>
Accrued liabilities and deferred income	496	427	683
<b>Total liabilities</b>	<b>70,212</b>	<b>72,423</b>	<b>82,125</b>

(\*) before income tax of the period

**PRIMA INDUSTRIE SPA**

**STATEMENT OF INCOME AS AT SEPTEMBER 30, 2003**

(all amounts are expressed in Euro thousand)

	<b>As at 09/30/2003</b>	<b>As at 09/30/2002</b>	<b>Third quarter 2003</b>	<b>Third quarter 2002</b>
Revenues from sales and services	43,114	44,745	14,957	15,011
Variations in WIP and finished goods	393	1,856	(1,683)	1,061
Increase from internal work (assets)	313	43	12	43
	578	953	202	353
<b>TOTAL VALUE OF PRODUCTION</b>	<b>44,398</b>	<b>47,597</b>	<b>13,488</b>	<b>16,468</b>
Purchase of raw materials and suppliers	(23,652)	(25,624)	(6,585)	(9,020)
Purchases of services	(9,766)	(9,933)	(2,783)	(3,223)
Lease and rent costs	(801)	(832)	(255)	(297)
Other operating expenses	168	(789)	(243)	(581)
<b>TOTAL COSTS OF PRODUCTION</b>	<b>(34,052)</b>	<b>(37,178)</b>	<b>(9,866)</b>	<b>(13,121)</b>
<b>ADDED VALUE</b>	<b>10,346</b>	<b>10,419</b>	<b>3,622</b>	<b>3,347</b>
Personnel expenses	(9,103)	(8,670)	(2,811)	(2,700)
<b>MOL (EBITDA)</b>	<b>1,243</b>	<b>1,749</b>	<b>811</b>	<b>647</b>
Amortization and depreciations	(494)	(751)	(167)	(337)
<b>OPERATING PROFIT (LOSSES) (EBIT)</b>	<b>749</b>	<b>998</b>	<b>644</b>	<b>310</b>
Financial income and depreciations	(617)	(597)	(156)	19
Adjustments to financial assets	(2,574)	(6,499)	(576)	(1,428)
Extraordinary items	(430)	-	5	-
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>	<b>(2,872)</b>	<b>(6,098)</b>	<b>(83)</b>	<b>(1,099)</b>