

THE PRIMA INDUSTRIE GROUP
CONSOLIDATED HALF-YEARLY REPORT
AT JUNE 30, 2004

Board of Directors
August 27, 2004

**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
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**BOARD OF
DIRECTORS (*)**

Chairman
Aldo Palmeri

Chief Executive Officer
Gianfranco Carbonato

Directors
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Sandro D'Isidoro
Domenico Peiretti
Rafic Y. Mansour
(**) Giuseppe Morfino
(**) Marco Pincioli

Secretary
Giuseppe Favaloro

**Corporate General
Manager**

Alberto Delle Piane

General manager

Ezio Basso

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AUDITORS (***)**

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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 14, 2004 for the three-year period 2004-2006

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.

In terms of article 23 of the Articles of Association, the Chairman and the Chief Executive Officer are the legal representatives of the company.

THE PRIMA INDUSTRIE GROUP

CONSOLIDATED HALF-YEARLY REPORT AT JUNE 30, 2004

(Approved by the Board of Directors of the Company on August 27, 2004)

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. As a result, there is consistency and uniformity in the accounting principles applied when making the comparison between the two accounting periods (01/01/04-06/30/04 and 01/01/03-06/30/03).

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, 2004.
- The report of the independent auditors on the limited audit as provided for by CONSOB resolution No. 11971 of the 05/14/99 as amended;
- The Statutory Auditors' report on the consolidated half-yearly figures of the group at June 30, 2004.

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. We point out the following purely formal changes in the area of consolidation, compared to 06/30/2003:

- Prima Industrie UK Ltd, (a wholly-owned subsidiary of Prima Industrie), which took over the activities of the pre-existing English branch has been consolidated using the full consolidation method;
- Prima Scandinavia AB (incorporated in September 2003), a directly controlled, wholly-owned subsidiary of Prima Industrie was consolidated using the full consolidation method.

All the subsidiary companies have been consolidated using the full consolidation method. Other associated companies 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

The consolidated sales for the first half of 2004 (47,563 thousand Euro) increased by 9% compared to that for the same period in 2003 (43,790 thousand Euro). This is in spite of the depreciation of the Dollar, the currency in which approximately 30% of Group sales are expressed. Had the exchange rate been equal the growth in sales would have been 12%.

In addition, during the first half of the year the Group's EBIT, already at a positive figure of 263 thousand Euro as at 03/31/04, reached 1,311 thousand Euro (compared to a loss of 264 thousand Euro as at 06/30/03). This was due to the improved profitability not only of the parent company, but also of the subsidiary Prima North America, which achieved an operating profit during the second quarter of 2004.

The net financial position also improved, decreasing to 18,814 thousand Euro compared to the 24,530 thousand Euro at 06/30/03 (22,323 thousand Euro at 12/31/03).

PRIMA NORTH AMERICA ACHIEVES PROFITABILITY

During the first half of 2004 Prima North America increased sales by approximately 20% compared to 06/30/2003 and achieved definite improvements in its financial results. The company achieved profitability in the second quarter (EBIT equal to 244 thousand Euro and EBT equal to 151 thousand Euro).

The excellent performance of the Laserdyne division and the improved results of the Prima Laser Tools Division were decisive factors that contributed to this improvement.

Laserdyne increased its sales of approximately 50% during the second quarter compared to 2003, thanks to the returning to normal conditions of the aerospace market, both in the civil and military sectors. The Division showed an operating profit of 890 thousand Dollars during the first half of 2004 (a net increase, compared to the 111 thousand Dollars as at 06/30/03).

Insofar as the other two divisions are concerned, Convergent Lasers recorded an operating loss of 830 thousand Dollars (805 thousand Dollars at 06/30/03), whereas Prima Laser Tools greatly reduced its loss at an operating level from 1,176 thousand Dollars to 189 thousand Dollars also because of the increase in sales.

It must however be emphasized that Convergent Lasers division's performance is in line with the budget forecasts which identify a regular growth in the number of units produced during 2004 compared to the approximately 30 units of the first half. Thanks also to the significant captive market, the group objective of Convergent Lasers break-even point at an operating level in the fourth quarter of the current year remains firm.

STOCK OPTION PLANS

As a result of the failure to achieve some of the company objectives for 2003 and the change in the price of the Prima Industrie stock (which remained lower than the exercise price of 7.88 Euro), the options assigned to the Group's management on the 05/15/03 were not exercised during the period provided for (between 07/01/04 and 07/13/04). At present there is no other stock option plan underway for Company and Group employees and the plan resolved upon on 05/14/99 (subsequently amended on 05/11/01) has expired.

ACQUISITION OF TREASURY STOCK

On 05/14/2004 the Stockholders' meeting of Prima Industrie revoked the prior mandate to purchase treasury stock and gave authorization to purchase 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 new resolution stems from the company's desire to make the activities to support the stock more flexible and to ensure adequate liquidity at all times.

In fact, based on the new resolution, the Company's Board of Directors received a mandate to purchase treasury stock at a minimum price of 2.5 Euro per share (equal to the nominal value) and a maximum of 15 Euro per share (close to the highest value recorded in the last 24 months) and to resell them for a minimum of 2.5 Euro per share and a maximum to be determined on each occasion depending on the market conditions.

As at 06/30/04, Prima Industries held 49,200 treasury stock in portfolio (equal to approximately 1.1% of the capital stock) valued at an average price of 6.3055 Euro each compared to an average price in June of 6.211 Euro.

In addition, following on from the stabilizing activities in respect of the stock, during the first half of the year, Prima Industrie sold a block of 60,000 shares (at a price in line with the average price for the period) to Banca Leonardo (who acted on behalf of some of its customers).

At 07/31/04 the block of treasury stock held by the Company decreased to 7,370 shares, held at the average price of 6.3585 Euro per share.

RESEARCH AND DEVELOPMENT

Research and Development during the six months, totaling 3.5 million Euro (3.0 million Euro as at 06/30/2003) was, as usual, accounted for in the Income Statement.

In particular the activities related to:

- The completion of the development of the new Domino HS, which was exhibited at the Lamiera fair in Bologna in May.
- The development of the Numerical Controller P20-L towards the management of production cells and integrated production systems.

- The development of a new head with high levels of dynamics for 2D machines, which will be introduced into the market within the year
- The definition of the specifications and the configuration of a new laser model which will be more powerful than the lasers currently produced or purchased by the Group.

On 7/20/2004 Prima Industrie was advised that in terms of the Ministerial Decree of 06/21/2004, the Company is entitled to receive financing for the RESALT Project. This project relates to the study of a flexible system for remote welding using a CO₂ laser.

In addition, during the six months the granting of financing for the PAMELA project was published in the Official Gazette. Prima Industrie has presented all the necessary documents for the conclusion of the relevant contract.

START OF OPERATIONS FOR THE NEW JOINT VENTURE IN CHINA

The Shanghai Unity Prima Joint Venture acquired all the licenses necessary to start full operations on 06/30/2004.

From 01/01/2004 the Joint Venture, together with the pre-existing company in liquidation, acquired orders for 51 million Rmb (in excess of 5 million Euro), delivering machines with a countervalue of 17 million Rmb (approximately 1.7 million Euro).

The financial result for the period is positive and in line with the budget for the 2004 financial year.

At 06/30/2004 the backlog was 53 million Rmb (approximately 5.3 million Euro).

SUMMARY OF THE MORE SIGNIFICANT INCOME PARAMETERS AND RATIOS (in thousands of Euro)

	Prima Industrie SpA				Prima Electronics SpA				Prima North America Inc.				Other subsidiary companies			
	06/30/04		06/30/03		06/30/04		06/30/03		06/30/04		06/30/03		06/30/04		06/30/03 ⁽³⁾	
	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	31,114	100.0	28,157	100.0	7,003	100.0	7,731	100.0	13,865	100.0	12,880	100.0	3,506	100.0		
MOL/EBITDA	1,292	4.2	432	1.5	979	14.0	1,744	22.6	(168)	(1.2)	(1,363)	(10.6)	(64)	(1.8)		
Operating income (loss) (EBIT) ⁽²⁾	850	2.7	105	0.4	773	11.0	1,552	20.1	(276)	(2.0)	(1,525)	(11.8)	(73)	(2.1)		
Income before Taxes (loss)	603 ⁽¹⁾	1.9	(791) ⁽¹⁾	(2.8)	782	11.2	1,405	18.2	(453)	(3.3)	(2,067)	(16.0)	(51)	(1.5)		

EXCHANGE RATES USED FOR THE CONVERSION OF NON-EURO CURRENCIES

Currency	Average exchange rate for the period		Current exchange rate at the end of the period		
	06/30/04	06/30/03	06/30/04	12/31/03	06/30/03
United States Dollar	1.2277	1.104893	1.2155	1.2630	1.1427
Pound sterling	0.673521	-	0.670750	-	-
Swedish krona	9.163965	-	9.1451	-	-

- (1) Pro forma figures, gross of the writedown of the equity investments in Prima North America and other subsidiaries, whose financial result has been highlighted in the relevant column.
- (2) The sum of the individual operating results (as shown in the table) differs from the consolidated operating result because of the consolidation adjustments.
- (3) The information relates to Prima Industrie UK Ltd. and Prima Scandinavia AB. The Prima Industrie UK figures for the previous financial period are included in the figures relative to the Parent Company because the company was incorporated with effect from 01/01/04. In the previous financial period the company was merely a branch of Prima Industrie. Prima Scandinavia was consolidated for the first time using the full consolidation method with effect from 01/01/04. The results as at 06/30/04 take into consideration the activity carried out from the date of incorporation (September 2003). For the previous period the results are included in those of the Parent Company, which operated in Scandinavia directly from Italy or via the U.K. branch.

PRIMA INDUSTRIE SPA

Sales showed a good increase (approximately +11%) compared to the same period in 2003. This increase can be attributed to the favorable trend in the 2D sector and the forecasted increase in respect of 3D machines for welding applications.

The companies' efforts to contain costs in addition to the improved absorption of fixed costs are also reflected in the profitability, with EBITDA and EBIT strongly increasing.

The order backlog from third party customers at the end of the period was 13.8 million Euro. This is slightly lower compared to the previous period but shows a recovery of approximately 0.8 million Euro compared to 03/31/2004.

PRIMA ELECTRONICS SPA

Sales reduced by approximately 9% compared to the same period in 2003, as did the profit margins, which in the previous financial year benefited from a work order which had particularly high margins. Nevertheless the period closes with an order backlog from third party customers of 5.2 million Euro, a recovery compared to the 4.6 million Euro as at 12/31/03.

PRIMA NORTH AMERICA INC

Sales in Dollars increased by approximately 20%. An improvement in the performance of Prima North America Inc is also visible at a profit margin level, with EBITDA and EBIT drawing closer to break-even point during the six months, becoming positive in the last three months.

This overall progress in the results is as much a consequence of the in-depth restructuring of the American subsidiary over the last 2 financial years, as of the good recovery in the North American economy.

At the end of the period the order backlog from third party customers is approximately 2.9 million Dollars (+32% compared to 12/31/03).

OTHER SUBSIDIARY COMPANIES

Despite the fact that the European subsidiaries have only recently commenced business, Prima Industrie UK and Prima Scandinavia are at the point of break-even point. In particular, Prima Industrie UK achieved a satisfactory turnover of over 2.5 million Euro, during the first half of the year.

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 (loss) per share):

	06/30/04		06/30/03	
	Thousands of Euro	%	Thousands of Euro	%
Sales	47,563	100.0	43,790	100.0
Gross operating margin (EBITDA)	2,311	4.9	891	2.0
Operating income (loss) (EBIT)	1,311	2.8	(264)	(0.6)
Income (loss) before tax (EBT)	734	1.5	(1,861)	(4.2)
Number of shares (par value of 2.5 Euro)	4,600,000		4,600,000	
Gross operating margin per share	0.50		0.19	
Operating income (loss) per share	0.28		(0.06)	
Income (loss) before tax per share	0.16		(0.40)	

ORDER ACQUISITION

	Orders acquired from 01/01/04 to 06/30/04		Orders acquired from 01/01/03 to 06/30/03	
	Thousands of Euro	%	Thousands of Euro	%
2D laser machines	18,097	35.8	9,687	23.0
3D laser machines	17,548	34.7	14,724	35.0
Electronic systems	5,981	11.8	3,502	8.3
Laser generators	642	1.3	2,085	5.0
Assistance and other services	8,322	16.4	12,054	28.7
Total	50,590	100.0	42,052	100.0

ORDER PORTFOLIO (BACKLOG)

	At 06/30/04		At 06/30/03	
	Thousands of Euro	%	Thousands of Euro	%
2D laser machines	9,607	42.3	5,749	26.0
3D laser machines	6,077	28.2	10,770	48.6
Electronic systems	5,157	23.9	3,409	15.4
Laser generators	240	1.1	555	2.5
Assistance and other services	981	4.5	1,660	7.5
Total	22,062	100.0	22,143	100.0

The data at 06/30/04 shows a marked recovery in order acquisitions (+20%) compared to the same period in the previous financial year. This result, which was achieved in the laser systems as well as in the electronic sectors, is better compared to the figures recorded by the entire sector of the capital goods whose orders, after a stagnant first quarter in 2004, experienced an increase of 18% only in the second quarter.

On the other hand, the consolidated order backlog remains by and large in line with the previous financial year. This confirms the tendency of customers to request very fast delivery times, which results in the majority of orders being transformed almost immediately into revenue.

NET WORKING CAPITAL

	06/30/04	12/31/03	06/30/03
Inventories	23,944	21,565	30,707
Trade receivables	39,951	40,351	35,417
Other receivables	9,707	9,620	10,134
Accrued income and prepaid expenses	225	164	179
Provision for risk and charges	(5,484)	(5,027)	(4,519)
Trade payables	(21,297)	(17,565)	(20,679)
Sundry payables	(5,373)	(4,877)	(4,333)
Accrued expenses and deferred income	(734)	(447)	(342)
Total	40,939	43,784	46,564

The reduction in working capital reflects the management effort put into place by the Group.

NET FINANCIAL POSITION

	06/30/04	12/31/03	06/30/03
Cash and cash equivalents	4,853	3,607	7,208
Short-term borrowing from banks and other lenders	(6,589)	(10,538)	(15,037)
Medium/long-term payables due to banks and other lenders (*)	(17,078)	(15,392)	(16,701)
Total net exposure to the financial system	(18,814)	(22,323)	(24,530)

(*) also includes the recalculation of the leasing charges according to the IAS and the debt entries relating to the Sabatini pro-solvendo transactions in existence. These items amount to 3,603 thousand Euro at 06/30/04 (compared to 4,035 thousand Euro at 12/31/03 and 4,860 thousand Euro at 06/30/03).

The net financial position highlights the overall exposure to credit institutions and other lenders (including the Ministry of Productive Activities, and leasing companies). The improvement in the financial position compared to 06/30/2003 is a consequence of the cash flow generated by the business, in addition to the increased efficiency in managing the working capital.

As far as overall short-term credit commitments on the banking system are concerned (thus excluding loans, guarantees, exchange transactions and credit for transactions ex Law 1329/65), Prima Industrie SpA (the parent company) has commitments totaling approximately 19 million Euro, Prima Electronics SpA has commitments totaling approximately 3 million Euro and Prima North America Inc. has commitments totaling 6.3 million USD.

The ratio between the net financial position (mainly medium to long-term) and stockholders' equity (gross of the tax effect) improved further compared to 12/31/2003 and is now at 0.66.

If one considers only bank borrowings (net of liquidity), the ratio with stockholders' equity has declined from 0.69 to 0.55.

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

(from 01/01/04 to 06/30/04)

Increase in group stockholders' equity	785
(-) Net investment in fixed assets	99
(+) Net increase in employees severance pay	-220
Liquidity generated (absorbed) by self-financing net of investments in fixed assets	664

Change in net working capital	2,845
Change in net financial position	3,509
Difference	664

RECLASSIFIED CONSOLIDATED BALANCE SHEET

	06/30/04	12/31/03	06/30/03
Group stockholders' equity (A)	28,514	27,729	29,149
Total fixed assets (B)	10,333	10,432	10,899
Surplus in own resources (A-B)	18,181	17,297	18,250
Employees' severance pay	3,944	4,164	3,784
Surplus in long-term capital	22,125	21,461	22,034
Change in net working capital (C)	40,939	43,784	46,564
Net Financial Position (D)	(18,814)	(22,323)	(24,530)
Surplus in working capital (C + D)	22,125	21,461	22,034

SUBSEQUENT EVENTS

COLLABORATION AGREEMENT WITH SALVAGNINI

On July 8, 2004 Prima Industrie signed a broad collaboration agreement with Salvagnini BV, a world leader in the metal sheeting sector (punching, shearing, cutting and bending), as well as in integrated production processes.

This agreement provides for a close collaboration between the two companies in relation to the designing as well as the distribution of products. The aim is to significantly increase the technological level of the products and to offer customers throughout the world a larger range of production tools.

Prima Industrie and Salvagnini will collaborate in relation to Research & Development, in order to allow both companies to maintain their leadership in their respective markets and to furnish top quality products with high levels of technology.

Within the sphere of the distribution networks the collaboration makes provision for both companies, through their respective branch offices, distributors and agents throughout the world, to promote the product lines of both companies.

In order to strengthen the agreement, the Managing Director of each company will in the near future be elected a member of the Board of Directors of the other company.

M.L.T.A. ACQUISITION

On 07/01/2004 the subsidiary Prima Electronics S.p.A. purchased approximately 35% of M.L.T.A. S.r.l. of Nichelino (Turin) from the pre-existing members thus obtaining approximately 42% of the capital.

M.L.T.A. is a company with marked abilities in the electronic sector relating to power for laser sources. During 2003 the company's turnover was 1,118 thousand Euro with total staff of 7 units.

Prima Electronics paid approximately 60 thousand Euro.

In addition Prima Electronics is entitled to acquire the majority of M.L.T.A.'s capital by means of a capital increase during 2005.

BUSINESS ACTIVITIES AND ORDER ACQUISITIONS

Throughout the first half of 2004 the consolidated order acquisitions remained constantly at higher levels compared to the corresponding period of the previous financial year. At 06/30/2004 they increased by over 20% compared to 06/30/2003.

This trend exceeds even UCIMU's (the sector association's) estimates which reported that the index of work orders for machine tools on average increased by 7.5% in the first half of the year on an annual base, with a recovery particularly in the emerging markets and the USA.

At 07/31/2004 the number of orders obtained by the Group was 55,840 thousand Euro (compared to the 47,209 thousand Euro at 07/31/2003).

In the next few months more precise indications relating to the Group's reference markets will be supplied by the sector fairs in which the Group will participate in Italy

(BIMU-Milan), Spain (Maquitech - Barcellona), Germany (Euroblech - Hanover) and the United States (Fabtech - Cleveland).

DEVELOPMENT OF THE FINANCIAL STRUCTURE AND INVESTMENTS

After the net improvement achieved in the period 06/30/2003 - 06/30/2004, the short-term goal is to consolidate the progress and extend the control and planning activities for collections also in relation to minor items, arising out of after-sales service. This consolidation cannot however disregard the need to support sales in certain markets with high growth potential (Australia, Brazil, Mexico...), which however require financial support for sales activity.

In the second half of the year a limited investment in the data processing field is envisaged. This investment is necessary for the implementation of the new international accounting principles (IFRS).

After the closure of the semester the Group received a request for payment of approximately 440 thousand Dollars relating to laser materials supplied in 1999. The Group is of the opinion that this request is not justified because it relates to supplies which did not comply with the technical-productive specifications requested at the time.

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 review 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 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 in short consists in the assumption of the assets and liabilities, as well as the revenues and costs of the individual companies.

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 06/30/04 are the same as those already applied in drawing up the Consolidated Financial Statements at December 31, 2003.

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 have been made (also to values relating to the 2003 financial year).

INTANGIBLE FIXED ASSETS

The only increases arising from the Group's investment activities relate to the item, "Industrial patent and intellectual property rights", which increased from 122 thousand Euro at 12/31/03 to 168 thousand Euro at 06/30/04, and to the item "Other intangible fixed assets", which increased from 1,175 thousand Euro to 1,177 thousand Euro as a result of work carried out at the premises rented on a long-term basis by Prima North America and other minor investments net of the decrease for amortization.

The decreases in the other intangible fixed asset items all relate to the amortization quota for the period and exchange differences.

The total amortization for the period is 353 thousand Euro, compared to 548 thousand Euro at 06/30/2003.

TANGIBLE FIXED ASSETS

The increase of 257 thousand Euro compared to 12/31/03 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, unchanged compared to 06/30/03) and exchange differences.

FINANCIAL FIXED ASSETS

Equity investments in associated companies relate to the joint ventures, Shenyang Prima Laser Machine Co Ltd (262 thousand Euro), SNK Prima Co. (290 thousand Euro) and Shanghai Unity Prima (449 thousand Euro), as well as to the investment held by Prima Electronics SpA in MLTA Srl for approximately 10 thousand Euro.

Long-term receivables (equal to 248 thousand Euro compared to 389 thousand Euro at the end of 2003) relate to the sum of 150 thousand Euro for receivables due by Mechanical Industries Srl (insolvent) to Prima Industrie (this amount is entirely covered by the Allowance for doubtful accounts). The balance (98 thousand Euro) relates to prepaid taxes on employees severance indemnity.

INVENTORIES

These amount to 23,944 thousand Euro compared to 21,565 thousand Euro at 12/31/2003. The inventories are made up as follows: 13,036 thousand Euro for raw materials, 6,335 thousand Euro for contract work in progress, 4,540 thousand Euro for finished products and 33 thousand Euro for advances.

The level of inventories reduced compared to the same period of the previous financial year (30,707 thousand Euro at 06/30/2003) and reflects the Group's effort to contain working capital.

TRADE RECEIVABLES

At 06/30/04 total trade receivables amount to 39,951 thousand Euro, in line with the 40,348 thousand Euro at 12/31/03, increasing compared to the 35,417 thousand Euro at 06/30/03. The previous figure already highlighted a decrease in sales of approximately 10% compared with the same period of the current year and which figure benefited from a pro-solvendo factoring transaction of 2,638 thousand Euro.

Trade receivables are recorded net of the allowance for doubtful accounts amounting to 1,533 thousand Euro which refer to receivables owed to Prima Industrie (1,124 thousand Euro), Prima Electronics (87 thousand Euro) and Prima North America (378 thousand Euro).

Trade receivables include amounts due by associated Companies made up as follows: Shenyang Prima Laser Machine (876 thousand Euro), Mechanical Industries (43 thousand Euro) and the joint venture SNK Prima (1 thousand Euro).

There are no receivables due beyond 5 years.

GROUP STOCKHOLDERS' EQUITY

This increased owing to the combined effect of the positive gross result for the period equal to 734 thousand Euro and the change in the conversion reserve.

The total value increased from 27,729 thousand Euro at 12/31/2003 to 28,514 thousand Euro at 06/30/2004.

The details are as follows:

	Capital stock	Reserves	Result for the period	Total
12/31/03	11,500	19,182	(2,953)	27,729
Allocation of the result for the 2003 financial year		(2,953)	2,953	-
Conversion differences		51		51
Gross income (loss) for the period (06/30/04)			734	734
06/30/04	11,500	16,280	734	28,514

PROVISIONS FOR RISKS AND CHARGES

The overall amount increased from 5,027 thousand Euro at 12/31/2003 to 5,484 thousand Euro at 6/30/2004. The most consistent item is the guarantee fund, which increased from 3,470 thousand Euro at 12/31/2003 to 3,872 thousand Euro, owing to the increase in deliveries which took place in the first six months of 2004. 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 1,217 thousand Euro and 109 thousand Euro respectively.

Other minor items are made up of the provision for litigation risks (83 thousand Euro), the provision for agents' customer indemnity (79 thousand Euro) and the exchange fluctuation fund (122 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 22,888 thousand Euro at 12/31/2002 to 20,668 thousand Euro at 06/30/04.

The item, Payables to other lenders (2,999 thousand Euro at 06/30/04 compared to 3,042 thousand Euro at the year end) is made up as follows:

Medium/long-term portion of Prima Industrie loans	811
Medium/long-term portion of Prima Electronics loans	880
Group leasing	1,308
Total	2,999

TRADE PAYABLES

These increased from 17,565 thousand Euro at the end of the 2003 financial year to 21,297 thousand Euro at 06/30/2004. This increase reflects the growth in Group turnover in the first half of 2004.

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 100 days at 12/31/03 to approximately 105 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 increased from the 4,877 thousand Euro at 12/31/2003 to 5,373 thousand Euro at 06/30/2004 because at the end of the six month period the item included the amounts due to personnel for 13th cheques and production bonuses.

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 35 thousand Euro and relate to two suretyships granted by Prima Industrie: one in favor of Sanpaolo IMI for 32 thousand Euro in order to guarantee a sale in China and a suretyship issued to Consorzio Garanzia FIDINDUSTRIA for approximately 3 thousand Euro.

OBLIGATIONS

Interest Rate Swap Contract

On 05/30/03 an Interest Rate Swap contract was entered into with Banca Akros. The contract is on the following terms and conditions:

- Starting date: 06/03/03
- Final expiry: 06/05/06
- Periodical expiry: quarterly
- Capital: 5,000,000 Euro
- Rate 1:
 - 1st year: 2.2
 - 2nd year: 2.5
 - 3rd year 2.75
 - Basis: ACT/360
- Rate 2: Euribor 3-month, for currency, the rate applicable is the rate recorded at the starting date of each period
 - Basis: ACT/360

At the expiry of each quarterly period the difference between the amount resulting from the application of rate 1 and the amount resulting from the application of rate 2 will be paid by Banca Akros to Prima Industrie, if the difference is a positive one. Vice-versa, if the difference is negative, Prima Industrie will pay Banca Akros.

During the first half of 2004, the effect of this transaction on the Income Statement equaled 3,854 Euro to the disadvantage of Prima Industrie.

PK17 Export Contract

– On 05/04/04 a contract to cover exchange rate risk was signed with Banca Monte dei Paschi di Siena S.p.A.. The transaction called the PK17 Export contract is on the following terms:

- Notional amount: USD 1,000,000
- Exercise price: the average rate of exchange for the USD/EUR applicable on 05/26/04-05/27/04-05/28/04-05/31/04
- Final price: the arithmetic average of the USD/EUR exchange rate recorded on the following dates: 06/15/04-06/30/04-07/15/04-07/30/04-08/31/04-09/30/04-10/29/04-11/15/04
- Expiry date of the option: 11/24/04
- Premium: 2.60% on the notional value in USD
- Conditions of settlement: on the expiry of the option, Banca Monte dei Paschi di Siena will pay Prima Industrie an amount in Euro, equal to the positive difference between the equivalent value of the notional amount calculated at the exercise price and the equivalent value of the aforesaid amount calculated on the basis of the final price.
If the difference is negative, Prima Industrie will not be required to pay anything.

Obligations in respect of currency transactions

The sum of 1,970 thousand Euro relates to a foreign currency futures transaction of USD 2,300,000.

Obligations in respect of leasing installments

These relate to a motor vehicle contract. The related outstanding installments amount to an overall figure of 31 thousand Euro.

RISKS RELATIVE TO DISCOUNTED BILLS

This item amounts to 73 thousand Euro and is made up of Prima Industrie bank receipts anticipated by the bank.

OTHERS

Repurchase obligations

These total 3,905 thousand Euro (at 06/30/2003 they amounted to 1,653 thousand Euro) and relate to repurchase obligations signed by Prima Industrie S.p.A. in favor of leasing companies in respect of sales to customers. 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 3,431 thousand

Euro of which 2,666 thousand Euro relates to assets of Prima Industrie and 765 thousand Euro to assets of Prima Electronics.

SURETYSHIPS GRANTED BY THIRD PARTIES ON OUR BEHALF

This item amounts to a total of 2,586 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 minor suppliers.

The abovementioned amount includes guarantees to third parties by Prima Electronics totaling 67 thousand Euro.

It should also be noted that the parent company issued guarantees in favor of the real estate companies that own the factories to which the company transferred the divisions of the subsidiary Prima North America in 2003. More precisely:

- guarantees in favor of Oxford Investment LLC for the lease agreement in respect of the premises located on East Main Street, Chicopee River Business Park, Chicopee, Massachusetts.

The lease installments for future years are as follows:

- 2004	565 thousand USD
- 2005	565 thousand USD
- 2006	565 thousand USD
- 2007	609 thousand USD
- 2008	594 thousand USD
- 2009/2018	6,005 thousand USD
Total	8,903 thousand USD

- guarantees in favor of OIRE Minnesota LLC for the lease agreement in respect of the factory situated at 8600 109th Avenue North, Champlin, Minnesota.

The lease installments for future years are as follows:

- 2004	175 thousand USD
- 2005	175 thousand USD
- 2006	189 thousand USD
- 2007	191 thousand USD
- 2008	64 thousand USD
Total	794 thousand USD

INFORMATION ON THE INCOME STATEMENT

SALES

Business volumes, divided into product and geographical market relative to the volumes realized in the first half of 2004 and compared to the same period in 2003 are set out below.

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 electronic products, laser generators, and 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.

	06/30/04	06/30/03
2D laser systems:		
Italy	3,174	2,044
Europe	6,342	7,291
USA	1,493	3,580
Rest of the world	4,207	2,740
Total	15,216	15,655
3D laser systems:		
Italy	4,874	1,760
Europe	4,625	5,941
USA	5,712	2,191
Rest of the world	2,186	2,444
Total	17,397	12,336
Electronic systems:		
Italy	942	940
Europe	3,709	4,516
USA	-	-
Rest of the world	-	-
Total	4,651	5,456
Laser generators		
Italy	-	-
Europe	-	-
USA	244	592
Rest of the world	279	164
Total	523	756
Assistance and other services:		
Italy	3,400	2,530
Europe	2,996	3,260
USA	2,596	2,908
Rest of the world	784	889
Total	9,776	9,587
Total sales	47,563	43,790

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

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

	06/30/04	06/30/03
2D laser machines	32.0%	35.8%
3D laser machines	36.6%	28.2%
Electronic systems	9.8%	12.5%
Laser generators	1.1%	1.7%
Assistance and other services	20.5%	21.8%
Total	100.00%	100.00%

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

	06/30/04	06/30/03
Italy	26.0%	16.6%
Europe	37.2%	48.0%
USA	21.1%	21.2%
Rest of the world	15.7%	14.2%
Total	100.00%	100.00%

The distribution of sales shows the following:

- The overall increase in sales is essentially attributable to the good recovery in the 3D sector, particularly in Italy and the United States.
- Sales in the 2D sector remain stable in terms of absolute value. Sales however strengthened in Italy and in overseas countries.
- Sales of electronic products are on the decline in Europe, whereas they remain stable in Italy.
- Sales of laser generators are decreasing only at a consolidated level, because the Convergent Lasers Division, as foreseen, has increased sales of lasers to the Group Companies (Prima Industrie and the other Division of Prima North America).
- The volume of turnover generated by after-sales services expressed as an absolute value is slightly increasing. These services represent a strong, stable sales component with high margins for the Group.

As far as the geographical distribution is concerned, sales in the first half of 2004 showed a change compared to sales achieved in the corresponding period in 2003 marking a strong recovery in the Italian market (26.0% at 06/30/2004 compared to 16.6% at 06/30/2003). This recovery must however be related to the fact that the same period of 2003 was penalized by the termination of the effects of the "Tremonti-bis" law.

The further increase in the sales quota in overseas countries (15.7% at 06/30/2004 compared to 14.2% at 06/30/2003) must also be noted. In this regard the role played by China, which today represents one of Prima Industrie Group's main markets, must be mentioned.

OTHER INCOME AND REVENUES

In the first half of 2004 this item amounted to 1,217 thousand Euro (310 thousand Euro at 06/30/03) and is apportioned as follows: 526 thousand Euro to non-operating profits; 569 thousand Euro to Research and Development grants for the period (398 thousand Euro for the Pamela project and 171 thousand Euro for Resalt) and 122 thousand Euro for other revenue, which includes the recovery of other costs and the supply of other services by Prima Industrie and Prima Electronics.

COSTS OF PRODUCTION

Production costs during the first half of the year increased slightly compared to the corresponding period of the previous financial year as a result of the greater volumes produced.

In terms of personnel costs, this amounts to 11,881 thousand Euro, which is substantially constant compared to 06/30/03 (11,856 thousand Euro).

DIFFERENCE BETWEEN THE VALUE AND COSTS OF PRODUCTION (EBIT)

The percentage effect on sales is equal to 2.8%, a net improvement compared to the -0.6% at 06/30/2003.

FINANCIAL MANAGEMENT

The item, "Interest and other financial expenses" (amounting to 1,450 thousand Euro, compared to 1,849 thousand Euro at 06/30/03) is made up as follows:

Interest on credit	29
Interest paid and trade allowances	103
Medium/long-term loans	178
Leasing interest	38
Negative foreign exchange differences	831
Others	271
Total	1,450

The item, Interest paid and trade allowances includes the interest paid relative to the "Sabatini Discount" which is offset by a similar item included in 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 is totally carried by the purchasing customer.

The item, "Other financial income" (amounting to 1,084 thousand Euro, compared to 913 thousand Euro at 06/30/03) is made up as follows:

Interest on bank and post office current accounts	5
Interest and trade discounts received	107
Positive exchange differences	965
Others	7
Total	1,084

During the first 6 months of 2004 the financial management generated a total cost of 366 thousand Euro, compared to the 782 thousand Euro in the first half of 2003. This improvement is attributable both to the net reduction in the financial indebtedness and to the reduction in the interest rates.

EXTRAORDINARY MANAGEMENT

The balance at 06/30/04 amounts to -89 thousand Euro compared to the -815 thousand Euro at 06/30/03 (which included 435 thousand Euro for the costs incurred in relation to the take-over bid).

RESULT BEFORE TAX

This has become positive going from a loss of 1,861 thousand Euro at 06/30/03 to a profit of 734 thousand Euro at 06/30/04. The percentage effect on sales has increased from -4.2% in 2003 to +1.5% in 2004.

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 as amended.

OTHER INFORMATION

The average number of employees during the first half of the year was 444 (441 in the first half of 2003) and at 06/30/03 the Group employed 443 employees compared to the 438 at 06/30/03.

At 06/30/04, on a geographical basis, personnel is divided as follows:

	Italy	France	Spain	Great Britain	Switzerland	Sweden	USA	China	06/30/04 Total	12/31/03 Total
Prima Industrie SpA	227	6	13	-	3	-	-	2	251	265
Prima Electronics SpA	79	-	-	-	-	-	-	-	79	81
Prima North America Inc.	-	-	-	-	-	-	101	-	101	100
Prima Industrie UK	-	-	-	9	-	-	-	-	9	-
Prima Scandinavia	-	-	-	-	-	3	-	-	3	-
Total	306	6	13	9	3	3	101	2	443	446

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 (Turin)	Euro	11,500,000	-	-
Subsidiaries				
Prima Electronics SpA Moncalieri (Turin)	Euro	1,500,000	100%	-
Prima North America Inc Springfield, Massachusetts, USA	US\$	20,000,000	100%	-
Prima Industrie UK Ltd.	GBP	1	100%	-
Prima Scandinavia AB	SEK	100,000	100%	-
Prima Industrie GmbH Kronberg, Germany	Euro	25,565	100%	-

COMPANIES INCLUDED IN THE CONSOLIDATION USING THE PRO-RATA METHOD

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

EQUITY INVESTMENTS VALUED USING THE EQUITY METHOD

Name Registered Office	Currency	Capital Stock	Direct stake 06/30/04	Indirect stake 06/30/04
Shanghai Unity Prima Ltd.	Rmb	16,000,000	27.5%	-
Shenyang-Prima Laser Machine Company Ltd. Shenyang, China	\$	1,000,000	50%	-
SNK Prima Company Ltd. Osaka, Japan	Yen	90,000,000	40%	-
MLTA Srl Nichelino (Turin)	Euro	33,800	-	7.7% (*) held through Prima Electronics
Companies in liquidation/insolvent				
Rambaudi Industriale SpA Rivoli (Turin) (insolvent)	Euro	12,408,884	6.24%	-
Macro Meccanica SpA (in liquidation) Savonera (Turin)	Lire	630,000,000	35.48%	-
Mechanical Industries Srl Venaria (Turin) (insolvent)	Euro	487,289	21.62%	-

(*) = the stake increased to 42% as at 7/1/2004.

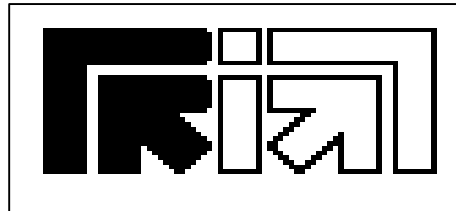
On behalf of the Board of Directors

The Chief Executive Officer

Mr. Gianfranco Carbonato

PRIMA INDUSTRIE GROUP

CONSOLIDATED
FINANCIAL STATEMENTS
AS AT JUNE 30, 2004



PRIMA INDUSTRIE GROUP

Consolidated financial statements as at June 30, 2004 and 2003

Balance Sheet

<i>in thousands of Euro</i>			
	<i>06/30/2004</i>	<i>12/31/2003</i>	<i>06/30/2003</i>
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	17	34	51
2) Research, development and advertising costs	0	0	27
3) Industrial patents and intellectual property rights	168	122	150
4) Concessions, licences, trademarks and similar rights	7	8	8
5) Goodwill	2.394	2.506	2.982
7) Other intangible assets	1.177	1.175	1.314
Total intangible assets	3.763	3.845	4.532
B.II. TANGIBLE ASSETS			
1) Land and buildings	2.868	2.849	2.848
2) Plant and machinery	921	811	948
3) Industrial and commercial equipment	744	741	825
4) Other assets	778	653	705
5) Construction in process and advances	0	0	0
Total tangible assets	5.311	5.054	5.326
B.III. FINANCIAL FIXED ASSETS			
1) Investments in:	1.011	1.144	673
<i>a) subsidiaries</i>	<i>0</i>	<i>11</i>	<i>0</i>
<i>b) associated companies</i>	<i>1.011</i>	<i>1.133</i>	<i>673</i>
<i>c) other companies</i>	<i>0</i>	<i>0</i>	<i>0</i>
2) Receivables:	248	389	368
a) towards subsidiaries	0	101	0
<i>b) towards associated companies</i>	<i>150</i>	<i>151</i>	<i>210</i>
<i>d) towards others</i>	<i>98</i>	<i>137</i>	<i>158</i>
3) Other securities:	0	0	0
4) Treasury shares:	0	0	0
Total financial fixed assets	1.259	1.533	1.041
TOTAL FIXED ASSETS	10.333	10.432	10.899
C. CURRENT ASSETS			
C.I. INVENTORIES			
1) Raw materials, supplies and consumables	13.036	11.781	15.144
2) Semifinished goods	1.849	1.479	0
3) Work in progress	4.486	4.203	8.546
4) Finished products and goods	4.540	4.061	7.017
5) Down payments	33	41	0
Total inventories	23.944	21.565	30.707
C.II. RECEIVABLES			
1) Trade receivables	39.032	38.997	34.432
2) towards subsidiaries	0	3	0
3) Receivables from associated companies	919	1.351	985
5) Other receivables	9.402	9.296	9.899
Total receivables	49.353	49.647	45.316

PRIMA INDUSTRIE GROUP

Consolidated financial statements as at June 30, 2004 and 2003

<i>in thousands of Euro</i>			
	<i>06/30/2004</i>	<i>12/31/2003</i>	<i>06/30/2003</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	305	324	235
5) Other marketable securities	0	0	0
Total financial assets not held as fixed assets	305	324	235
C.IV. CASH			
1) Bank and postal accounts	4.841	3.589	7.189
3) Cash in hand and cash equivalents	12	18	19
Total cash	4.853	3.607	7.208
TOTAL CURRENT ASSETS	78.455	75.143	83.466
D. ACCRUED INCOME AND PREPAID EXPENSES			
1) Accrued income	2	5	24
2) Prepaid expenses	223	159	156
TOTAL ACCRUED INCOME AND PREPAID EXPENSES	225	164	180
TOTAL ASSETS	89.013	85.740	94.545

PRIMA INDUSTRIE GROUP

Consolidated financial statements as at June 30, 2004 and 2003

in thousands of Euro			
	06/30/2004	12/31/2003	06/30/2003
A. SHAREHOLDERS' EQUITY			
A.I. SHARE CAPITAL	11.500	11.500	11.500
A.II. SHARE PREMIUM	14.401	15.733	15.733
A.IV. LEGAL RESERVE	730	730	730
A.V. RESERVE FOR TREASURY STOCKS	305	324	235
A.VII. OTHER RESERVES			
<i>Consolidation reserve</i>	0	0	0
<i>Currency translation adjustment</i>	-622	-673	-345
<i>Other</i>	0	1.484	1.573
A.VIII. RETAINED EARNINGS	1.466	1.584	1.584
A.IX. GROSS PROFIT FOR THE PERIOD (net as at 12/31/03)	734	-2.953	-1.861
TOTAL SHAREHOLDERS' EQUITY OF THE GROUP	28.514	27.729	29.149
A.X. CAPITAL AND RESERVES OF MINORITY INTERESTS	0	0	0
NET RESULT OF MINORITY INTERESTS	0	0	0
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY	28.514	27.729	29.149
B. PROVISIONS FOR RISKS AND CHARGES			
2) Income tax reserves	109	150	150
3) Other	4.158	3.660	3.111
4) Deferred income taxes	1.217	1.217	1.258
TOTAL PROVISIONS FOR RISKS AND CHARGES	5.484	5.027	4.519
C. EMPLOYEE SEVERANCE INDEMNITY			
	3.944	4.164	3.785
D. PAYABLES			
3) Borrowings with banks	20.668	22.888	27.835
4) Borrowings with other financial institutions	2.999	3.042	3.903
5) Advances	1.529	1.441	1.023
6) Trade payables	21.297	17.554	20.679
9) Payables with associated companies	0	12	0
11) Taxes payable	959	958	570
12) Social security taxes payable	802	822	673
13) Other payables	2.083	1.656	2.067
TOTAL PAYABLES	50.337	48.373	56.750
E. ACCRUED EXPENSES AND DEFERRED INCOME			
1) Accrued expenses	354	96	127
2) Deferred income	380	351	215
TOTAL DEFERRED EXPENSES AND DEFERRED INCOME	734	447	342
TOTAL LIABILITIES AND EQUITY	89.013	85.740	94.545

PRIMA INDUSTRIE GROUP

Consolidated financial statements as at June 30, 2004 and 2003

Income Statement

in thousands of Euro

	06/30/2004	06/30/2003	12/31/2003
A. VALUE OF PRODUCTION			
1) Net sales and revenues	47.563	43.790	95.000
2) Change in semi finished and finished goods	786	569	-2.248
3) Change in work in progress	218	1.553	-1.112
4) Internal production of tangible assets	122	331	372
5) Other sales and revenues	1.217	310	1.630
TOTAL VALUE OF PRODUCTION	49.906	46.553	93.642
B. PRODUCTION COSTS			
6) Cost of raw, ancilliary and consumable materials and goods	-26.755	-25.631	-44.449
7) Services	-9.160	-8.892	-17.955
8) Leasing costs	-712	-862	-1.729
9) Personnel costs	-11.881	-11.856	-23.498
<i>a) wages and salaries</i>	-8.540	-8.644	-17.134
<i>b) social contributions</i>	-2.678	-2.606	-5.111
<i>c) employee severance indemnity</i>	-379	-360	-747
<i>d) Employee retirement indemnity</i>	-16	0	0
<i>e) other costs</i>	-268	-246	-506
10) Amortisation and depreciation	-1.000	-1.154	-2.142
<i>a) amortisation of intangible assets</i>	-353	-548	-1.019
<i>b) depreciation of tangible assets</i>	-476	-476	-983
<i>d) Adjustments to the value of financial assets</i>	-171	-130	-140
11) Changes in raw materials, supplies and consumables	1.798	1.435	-1.599
12) Provisions for risks and charges	-384	666	-658
13) Other accruals	0	0	0
14) Other operating costs	461	-523	-1.023
TOTAL PRODUCTION COSTS	-48.595	-46.817	-93.053
DIFFERENCE BETWEEN REVENUES AND PRODUCTION COSTS	1.311	-264	589
C. FINANCIAL INCOME AND CHARGES			
15) Income from investments	0	154	154
a. dividends and other income from associated companies	0	154	154
16) Other financial income	1.084	913	2.297
d. other financial income	1.084	913	2.297
17) Interest and other financial charges	-1.450	-1.849	-3.869
d. others	-1.450	-1.849	-3.869
TOTAL FINANCIAL INCOME AND EXPENSES	-366	-782	-1.418
D. ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS			
18) Revaluations	0	0	0
a. of investments	0	0	0
19) Write downs	-122	0	-49
a. of investments	-122	0	-49
b. of financial fixed assets	0	0	0
c. of financial current assets	0	0	0

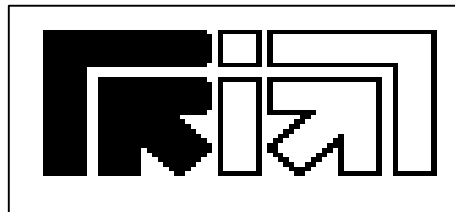
PRIMA INDUSTRIE GROUP

Consolidated financial statements as at June 30, 2004 and 2003

<i>in thousands of Euro</i>				
		06/30/2004	06/30/2003	12/31/2003
TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS		-122	0	-49
E. EXTRAORDINARY INCOME AND CHARGES				
20)	Extraordinary income		361	576
	<i>a. capital gains</i>	0	0	55
	<i>b. Other income</i>	0	361	521
21)	Extraordinary charges	-89	-1.176	-1.782
	<i>a. Capital losses</i>	-30	0	0
	<i>c. Other charges</i>	-59	-1.176	-1.782
TOTAL EXTRAORDINARY INCOME AND CHARGES		-89	-815	-1.206
PROFIT BEFORE TAX		734	-1.861	-2.084
22)	Income taxes	0	0	869
	22.1) Current taxes	0	0	-1.582
	22.2) Deferred taxes	0	0	713
23)	PROFIT FOR THE PERIOD	734	-1.861	-2.953
24)	Minority interests (income) /costs	0	0	0
25)	PROFIT OF THE PERIOD FOR THE GROUP	734	-1.861	-2.953

PRIMA INDUSTRIE SPA

FINANCIAL STATEMENTS
AS AT JUNE 30, 2004



PRIMA INDUSTRIE SpA

Head office and factory: Collegno (Turin), via Antonelli, 32
Registered at the Company Register of Turin No. 03736080015

Financial statements as at June 30, 2004 and 2003

Balance Sheet

in thousands of Euro

	06/30/2004	12/31/2003	06/30/2003
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	17	34	51
2) Research, development and advertising costs	0	0	26
3) Industrial patents and intellectual property rights	162	121	148
4) Concessions, licences, trademarks and similar rights	5	6	5
7) Other intangible assets	308	318	316
Total intangible assets	492	479	546
B.II. TANGIBLE ASSETS			
1) Land and buildings	591	532	492
2) Plant and machinery	508	507	574
3) Industrial and commercial equipment	420	445	508
4) Other assets	216	208	222
5) Construction in process and advances	0	0	0
Total tangible assets	1.735	1.692	1.796
B.III. FINANCIAL FIXED ASSETS			
1) Investments in:	7.763	8.354	7.422
<i>a) subsidiaries</i>	6.763	7.231	6.759
<i>b) associated companies</i>	1.000	1.123	663
<i>c) other companies</i>	0	0	0
2) Receivables:	7.330	6.589	4.293
<i>a) towards subsidiaries</i>	7.136	6.358	4.044
<i>b) towards associated companies</i>	150	150	150
<i>d) towards others</i>	43	51	99
3) Other securities:	0	0	0
Total financial fixed assets	15.093	14.943	11.715
TOTAL FIXED ASSETS	17.320	17.114	14.057
C. CURRENT ASSETS			
C.I. INVENTORIES			
1) Raw materials, supplies and consumables	6.574	6.759	8.468
3) Work in progress	2.906	2.334	3.850
4) Finished products and goods	3.022	2.298	4.442
Total inventories	12.502	11.391	16.761
C.II. RECEIVABLES			
1) Trade receivables	26.145	30.265	22.598
2) Receivables from subsidiaries	4.302	985	2.774
3) Receivables from associated companies	919	1.351	948
5) Other receivables	7.229	7.270	7.796
Total receivables	38.595	39.871	34.116

PRIMA INDUSTRIE SpA

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Registered at the Company Register of Turin No. 03736080015

Financial statements as at June 30, 2004 and 2003

<i>in thousands of Euro</i>			
	<i>06/30/2004</i>	<i>12/31/2003</i>	<i>06/30/2003</i>
C.III. FINANCIAL ASSETS NOT HELD AS FIXED ASSETS			
5) Treasury shares	306	324	235
6) Other marketable securities	0	0	0
Total financial assets not held as fixed assets	306	324	235
C.IV. CASH			
1) Bank and postal accounts	3.745	2.214	6.759
3) Cash in hand and cash equivalents	8	15	15
Total cash	3.753	2.229	6.774
TOTAL CURRENT ASSETS	55.156	53.815	57.886
D. ACCRUED INCOME AND PREPAID EXPENSES			
1) Accrued income	2	3	14
2) Prepaid expenses	336	374	466
TOTAL ACCRUED INCOME AND PREPAID EXPENSES	338	377	480
TOTAL ASSETS	72.814	71.306	72.423

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Financial statements as at June 30, 2004 and 2003

<i>in thousands of Euro</i>			
	<i>06/30/2004</i>	<i>12/31/2003</i>	<i>06/30/2003</i>
A. SHAREHOLDERS' EQUITY			
A.I. SHARE CAPITAL	11.500	11.500	11.500
A.II. SHARE PREMIUM	15.530	16.862	16.863
A.IV. LEGAL RESERVE	730	730	730
A.VII. OTHER RESERVES	305	1.807	1.807
A.VIII. RETAINED EARNINGS	0	0	0
A. IX. GROSS PROFIT FOR THE PERIOD (net as at 12/31/03)	12	-2.834	-2.789
TOTAL SHAREHOLDERS' EQUITY	28.077	28.065	28.111
B. PROVISIONS FOR RISKS AND CHARGES			
2) Income tax reserves	965	965	1.060
3) Other	2.931	3.201	2.290
TOTAL PROVISIONS FOR RISKS AND CHARGES	3.896	4.166	3.350
C. EMPLOYEE SEVERANCE INDEMNITY	2.757	3.046	2.736
D. PAYABLES			
3) Borrowings with banks	13.514	14.884	14.641
4) Borrowings with other financial institutions	811	894	2.294
5) Advances	1.107	1.204	690
6) Trade payables	15.740	13.532	15.368
6) Payables with subsidiaries	4.307	2.787	2.848
9) Payables with associated companies	0	0	0
11) Taxes payable	415	779	409
12) Social security taxes payable	560	665	490
13) Other payables	1.132	884	1.059
TOTAL PAYABLES	37.586	35.629	37.799
E. ACCRUED EXPENSES AND DEFERRED INCOME			
1) Accrued expenses	129	72	84
2) Deferred income	369	328	343
TOTAL ACCRUED EXPENSES AND DEFERRED INCOME	498	400	427
TOTAL LIABILITIES AND EQUITY	72.814	71.306	72.423

PRIMA INDUSTRIE SpA

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Financial statements as at June 30, 2004 and 2003

Income statement

in thousands of Euro

	06/30/2004	06/30/2003	12/31/2003
A. VALUE OF PRODUCTION			
1) Net sales and revenues	31.114	28.157	62.583
2) Change in semi finished and finished goods	724	2.076	-1.166
3) Change in work in progress	571	0	-419
4) Internal production of tangible assets	79	301	314
5) Other sales and revenues	1.135	376	1.757
TOTAL VALUE OF PRODUCTION	33.623	30.910	63.069
B. PRODUCTION COSTS			
6) Cost of raw, ancillary and consumable materials and goods	-18.714	-17.763	-31.951
7) Services	-7.070	-6.984	-13.306
8) Leasing costs	-479	-546	-1.066
9) Personnel costs	-6.309	-6.292	-12.657
<i>a) wages and salaries</i>	-4.412	-4.293	-12.657
<i>b) social contributions</i>	-1.454	-1.594	-2.961
<i>c) employee severance indemnity</i>	-278	-264	-557
<i>e) other costs</i>	-165	-141	-254
10) Amortisation and depreciation	-442	-327	-729
<i>a) amortisation of intangible assets</i>	-96	-150	-325
<i>b) depreciation of tangible assets</i>	-196	-177	-354
<i>d) Adjustments to the value of financial assets</i>	-150	0	-50
11) Changes in raw materials, supplies and consumables	453	696	-1.013
12) Provisions for risks and charges	103	757	136
13) Other accruals	0	0	0
14) Other operating costs	-315	-346	-647
TOTAL PRODUCTION COSTS	-32.773	-30.805	-61.233
DIFFERENCE BETWEEN REVENUES AND PRODUCTION COSTS	850	105	1.836
c. FINANCIAL INCOME AND CHARGES			
15) Income from investments	0	155	454
a. dividends and other income from associated companies	0	155	454
16) Other financial income	1.095	895	2.264
a. from receivables with subsidiaries	0	0	41
d. other financial income	1.095	895	2.223
17) Interest and other financial charges	-1.312	-1.511	-3.301
a) With subsidiary companies	-20	-16	-34
d) Other	-1.292	-1.495	-3.267
TOTAL FINANCIAL INCOME AND EXPENSES	-217	-461	-583

