



**THE PRIMA INDUSTRIE GROUP**

**DIRECTORS' COMMENTS**  
**ON THE CONSOLIDATED INFORMATION OF THE**  
**PRIMA INDUSTRIE GROUP**  
**AT SEPTEMBER 30, 2004**

Board of Directors  
November 12, 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*  
Giulia Della Rosa  
Sandro D'Isidoro  
Domenico Peiretti  
Rafic Y. Mansour  
(\*\*) Giuseppe Morfino  
(\*\*) Marco Pincioli  
(\*\*) Francesco Scarpari (\*\*\*\*)

*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 Petrigiani

*Alternate Auditors*  
Roberto Coda  
Gianluigi Frigerio

**AUDITING COMPANY** PricewaterhouseCoopers S.p.A.

- (\*) 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
- (\*\*\*\*) Appointed at the Stockholders' Meeting held on September 23, 2004.

**POWERS RELATING TO COMPANY APPOINTMENTS**

In terms of a resolution dated May 14, 2002 the Board of Directors appointed Gianfranco Carbonato as the Chief Executive Officer and conferred upon him all the 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**

### **DIRECTORS' COMMENTS ON THE CONSOLIDATED INFORMATION OF THE PRIMA INDUSTRIE GROUP AT 09/30/2004**

(Approved by the Board of Directors of the Company on November 12, 2004)

#### **INTRODUCTION**

The quarterly report at September 30, 2004 on the consolidated information of the Prima Industrie Group was drawn up and is communicated in compliance with articles 2.6.2. of the Regulations of the New Market, as well as I.A. 2.4.1. of the Directions relating to the Regulations of the New Market and article 82 of the CONSOB Regulation adopted in terms of resolution no. 11971 as amended. The quarterly information was not submitted to the independent auditors, PricewaterhouseCoopers S.p.A., for examination because as at the date of this report the corresponding appointment had not been made (insofar as the appointment was not compulsory).

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 the annual accounts. Consequently, there is total constancy and consistency in the accounting principles applied in comparing the two interim accounting periods (01/01/2004-09/30/2004 and 01/01/2003-09/30/2003).

Unless otherwise indicated, all amounts are expressed in thousands of Euro.

The accounting statements of the parent company, Prima Industrie S.p.A., at 09/30/2004 are enclosed.

#### **GROUP ACTIVITIES**

During the period there were no changes in the activities of the parent company, Prima Industrie S.p.A. nor in those of the other companies of the group.

## ACCOUNTING PRINCIPLES

There were no changes in the accounting principles during the period under examination.

Consequently the comparison between the present and prior information is uniform.

In drawing up the information referred to above no estimates that could have had a significant impact on the financial and equity situation of the group were made.

Any estimating methods used that differ from those normally adopted to draw up the annual accounts nevertheless ensure reliable information, within the limits imposed by the need to provide timely information to the market. Information on these procedures, (if they were adopted), is set out in the comments to the accounting schedules.

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 closing date of the period.

## FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The companies included in the consolidation have been consolidated using the full consolidation method. The following purely formal changes in the area of consolidation, compared to 09/30/2003 are mentioned:

- 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 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 nine months of 2004 (69,695 thousand Euro) increased by 5% compared to that of the same period in 2003 (66,513 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 in excess of 8%.

In addition, during the quarter the Group's EBIT, already equal to 1,311 thousand Euro at 06/30/04, increased to 2,475 thousand Euro at 09/30/04 (compared to 143 thousand Euro at 09/30/03). This is attributable to the improved profitability of the subsidiary, Prima North America, as well as the good trend in the Italian activities.

The net financial position again proved to be satisfactory and was fixed at 18,991 thousand Euro, in line with the figure of 18,814 thousand Euro at June 30.

In the first nine months of the financial year the consolidated order acquisitions amounted to 69,561 thousand Euro (+ 11.4% compared to the 62,447 thousand Euro at 09/30/03). This can be attributed to the positive trend in foreign orders (mainly coming from the United States, Eastern European Countries and *Overseas* markets, like China, Brasil and Israel, which are experiencing a strong growth), which balanced the orders coming from the EU market, which remained stagnant.

The order backlog at 09/30/04 amounted to 17,774 thousand Euro and is in line with the 17,673 thousand Euro at 09/30/2003.

This confirms the tendency of customers, (already noted in the first months of the financial year), to request very fast delivery times, which results in the majority of orders being transformed almost immediately into revenue, without affecting the *backlog*.

## RESEARCH AND DEVELOPMENT

At 09/30/2004 the Research and Development costs, which were totally accounted for in the Income Statement, amounted to 5,047 thousand Euro compared to the 4,261 thousand Euro at 09/30/03.

Grants amounting to 1,141 thousand Euro were accounted for in respect of the costs sustained, in respect of which a sum of 1,112 was in the form of a forgivable loan and refers to the financing of the PAMELA and RESALT projects.

Research and development related particularly to projects already under way namely:

- The development of a new machine for the high-speed laser cutting of thin metal sheets
- The development of a flexible system of remote welding
- The completion of the Domino HS machine
- The development of a new generation of 3D laser heads

## ACQUISITION OF TREASURY STOCK

In the quarter under review Prima Industrie S.p.A continued to trade its own stock, in cases in which the market listing determined the need to stabilize the share trend, as authorized by the resolution of the Stockholders' meeting dated 05/14/2004.

After the purchases and sales during the period, at 09/30/2004 Prima Industrie held 16,101 treasury stock in portfolio (equal to 0.35% of the capital stock) valued at an average price of 6.7274 Euro per share compared to an average listing in September of 6.826 Euro. At 10/30/2004 the block of treasury stock held by the Company amounted to 19,282 shares at an average price of 6.7165 Euro per share.

## PRIMA NORTH AMERICA: PROFITABILITY FOR THE NINE MONTHS

During the first nine months of 2004, Prima North America realized sales of 25,011 thousand Dollars reflecting a growth (in Dollars) in excess of 20% compared to the figure at 09/30/2003. In particular and insofar as the third quarter of 2004 was concerned, the sales amounted to 8,039 thousand Dollars, with a growth of 23% compared to a figure of 6,526 thousand Dollars in the third quarter of 2003.

From the point of view of profitability, the quarter under review was the second consecutive quarter in which Prima North America achieved positive margins both at the level of EBIT (+ 146 thousand Dollars compared to a loss of 602 thousand Dollars in the third quarter of 2003) as well as at the level of income before tax (+ 47 thousand Dollars compared to a loss of 765 thousand Dollars in the third quarter of 2003).

Consequently, in the nine months Prima North America achieved a positive EBITDA of 22 thousand Dollars and is now almost at the break-even point.

The excellent performance of the Laserdyne division (EBIT at 314 thousand dollars and EBT at 300 thousand dollars in the quarter), achieved thanks to higher margin per unit and more contained operating costs, and Convergent Lasers improvement (almost at break even) contributed to these results.

As far as the Convergent Lasers Division is concerned, we stress that the integration of the Lasers within the Group is proceeding according to budget forecasts, in other words with a constant increase in the number of lasers delivered.

## **SHORT-TERM DEVELOPMENTS**

### **BUSINESS ACTIVITY**

The result of the order acquisitions for October 2004 is positive (10,717 thousand Euro) and is an improvement when compared to an already satisfactory month in October 2003 (9,302 thousand Euro). Accordingly, the consolidated backlog at 10/31/2004 is equal to 23,657 thousand Euro (essentially unchanged compared to the 23,679 thousand Euro at 10/31/2003).

During October, Prima Industrie exhibited its products at the fairs held in Milan (BIMU) and Barcellona (MAQUITEC) as well as at the main sector fair, the EUROBLECH in Hanover. Many customers visited the Prima Industrie stands at these fairs and in a number of cases this should lead to the acquisition of new orders in the near future. Moreover and again in October, Prima North America took part in the FABTECH fair held in CLEVELAND (U.S.A.) and the company noticed the positive effects of the favourable trend in the American economy.

### **AGREEMENT WITH SALVAGINI**

During the course of the third quarter of 2004 the activities relating to the implementation of the industrial and commercial collaboration agreement signed with Salvagini on July 8, 2004 went ahead. The latter company is a world leader in the sheet metal sector (punching, shearing, cutting and bending) as well as in integrated production processes.

### **JOINT VENTURE IN CHINA**

After having obtained all the authorizations necessary to commence full activities in June, the joint-venture, Shanghai Unity Prima continued with its own business and the company is now a leader in the sector which produces average-low range laser machines destined for the internal market.

In particular at 09/30/04 the joint-venture obtained orders for 59 machines with a corresponding value of approximately 77.2 million Rmb (almost 7,6 million euro); at the aforesaid date there was a backlog of 38 machines (equal to approximately 58.2 million Rmb).

In addition, the forecasts of a profit and sales at least equal to the budget estimates (almost 72 million Rmb, which is almost 5,8 million euro) are confirmed for the 2004 financial year.

## EVENTS

Prima Industrie will be present on 12/02/04 at the Techstar Road Show organized and hosted by Borsa Italiana S.p.A.

The event will be an opportunity for the company and the financial community to meet.

## MANAGEMENT INFORMATION

Certain summarized consolidated information is set out hereunder (the information is expressed in thousands of Euro, except for the information relating to the number of shares and the income per share):

	09/30/04		09/30/03	
	Thousands of Euro	%	Thousands of Euro	%
Sales	69,695	100.0	66,513	100.0
EBITDA	4,103	5.9	1,758	2.9
Operating income (loss)	2,475	3.6	143	0.2
Income (loss) before tax	1,615	2.3	(1,629)	(2.4)
Number of shares (par value of 2.5 Euro)	4,600,000		4,600,000	
EBITDA per share	0.89		0.38	
Operating income (loss) per share	0.54		0.03	
Income (loss) before tax per share	0.35		(0.35)	

The table below highlights the trend of the operating companies included in the consolidation.



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

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.

	Prima Industrie SpA				Prima Electronics SpA				Prima North America Inc.				Other subsidiary companies			
	09/30/04		09/30/03		09/30/04		09/30/03		09/30/04		09/30/03		09/30/04		09/30/03 <sup>(2)</sup>	
	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	44,944	100.0	43,114	100.0	11,090	100.0	10,585	100.0	20,459	100.0	19,085	100.0	4,968	100.0		
MOL/EBITDA	1,975	4.4	1,243	2.9	1,735	15.6	1,951	18.4	18	0.1	(1,573)	(8.2)	35	0.7		
Operating income (loss) (EBIT)	1,185	2.6	749	1.7	1,428	12.9	1,665	15.7	(151)	(0.17)	(1,947)	(10.2)	25	0.5		
Income (loss) before Taxes	673 <sup>(1)</sup>	1.8	(297) <sup>(1)</sup>	(0.7)	1,437	13.0	1,669	15.8	(415)	(2.0)	(2,699)	(14.1)	23	0.5		

## 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		
	09/30/04	09/30/03	09/30/04	12/31/03	09/30/03
United States Dollar	1.2258	1.1114	1.2904	1.2630	1.1652
Pound sterling	0.673067	-	0.6868	-	-
Swedish krona	9.162009	-	9.0588	-	-

(1) Pro forma figures, gross of the writedown of the stakes in Prima North America and other subsidiaries, whose financial result has been highlighted in the relevant column.

(2) 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 09/30/04 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.

## SALES

Sales amounted to 69,695 thousand Euro compared to 66,513 thousand Euro in the same period of the previous financial year.

At September 30, sales can be analysed as follows (information expressed in thousands of Euro):

### PER PRODUCT AND PER GEOGRAPHICAL AREA

	09/30/04	09/30/03
	Thousands of Euro	Thousands of Euro
<b>2D laser systems:</b>		
Italy	5,169	3,747
Europe	8,875	10,773
North America	3,691	4,016
Rest of the world	5,364	2,737
<b>Total</b>	<b>23,100</b>	<b>21,273</b>
<b>3D laser systems:</b>		
Italy	8,570	4,584
Europe	6,703	10,406
North America	6,350	4,913
Rest of the world	2,187	3,205
<b>Total</b>	<b>23,809</b>	<b>23,108</b>
<b>Electronic systems:</b>		
Italy	1,314	951
Europe	5,894	6,450
North America	1	-
Rest of the world	-	-
<b>Total</b>	<b>7,209</b>	<b>7,401</b>
<b>Laser generators:</b>		
Italy	-	-
Europe	166	-
North America	245	415
Rest of the world	517	479
<b>Total</b>	<b>927</b>	<b>894</b>
<b>Assistance and other services:</b>		
Italy	5,203	3,994
Europe	4,438	4,497
North America	4,069	4,141
Rest of the world	940	1,205
<b>Total</b>	<b>14,651</b>	<b>13,837</b>
<b>Total sales</b>	<b>69,695</b>	<b>66,513</b>

In relation to the contents of the table, it is possible to highlight in summary that the percentage distribution of product sales, was as follows:

	09/30/04	09/30/03
2D laser machines	33.1%	32.0%
3D laser machines	34.2%	34.8%
Electronic systems	10.4%	11.1%
Laser generators	1.3%	1.3%
Assistance and other services	21.0%	20.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

The distribution of products among the various categories does not show any significant difference compared to 09/30/03. The slight recovery in the sector relating to 2D machines, which was evident throughout the financial period, must be linked to the growing demand coming from the USA, Eastern Europe and from overseas countries, in particular China and Brazil.

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

	09/30/04		09/30/03	
	Thousands of Euro	%	Thousands of Euro	%
Italy	20,255	29.1%	13,276	20.0%
Europe	26,076	37.4%	32,126	48.3%
North America	14,356	20.6%	13,485	20.3%
Rest of the world	9,008	12.9%	7,626	11.4%
<b>Total</b>	<b>69,695</b>	<b>100.0%</b>	<b>66,513</b>	<b>100.0%</b>

The data highlights the growth in absolute values and in percentage achieved on the Italian market (which was penalized last year by the termination of the effects tied to the so-called "Tremonti-bis" law) and particularly on the overseas markets (especially China, Israel and Brazil) where 13% of consolidated sales were concentrated at 09/30/04. As already pointed out at 06/30/04, the weakness of the traditional European markets persists. This situation is only partially balanced by the favourable trend of the "new" European markets (Turkey, Russia and Poland) which are characterized by high growth rate economies.

## **GROSS OPERATING MARGIN (EBITDA) AND OPERATING INCOME (EBIT)**

- At 09/30/2004 the gross margin was equal to 4,103 thousand Euro (equal to 5.9 per cent on sales) compared to EBITDA of 1,758 thousand Euro (equal to 2.6 per cent on sales) for the same period in 2003.
- The operating result at 09/30/04 was equal to 2,475 thousand Euro (equal to approximately 3.6 per cent on sales) compared to an operating result of 143 thousand Euro (equal to 0,2 per cent on sales) for the same period in 2003.

The significant improvement must be seen mainly in relation to Prima North America's return to an almost break-even position during the first nine months and an increase in the profitability of the parent company, thanks to the efforts made to contain expenses and to an improved absorption of fixed costs.

## **INCOME BEFORE TAX**

The gross income was equal to 1,615 thousand Euro (2.3 per cent on sales) compared to the loss of 1,629 thousand Euro (- 2.4 per cent on sales) in the previous financial year.

## **NET FINANCIAL POSITION**

	<b>09/30/04</b>	<b>06/30/04</b>	<b>12/31/03</b>
Cash and cash equivalents	4,718	4,853	3,607
Short-term borrowings from banks and other lenders	(6,602)	(6,589)	(10,538)
Medium/long-term borrowings from banks and other lenders(*)	(17,107)	(17,078)	(15,392)
Exposure to the credit system	(18,991)	(18,814)	(22,323)

(\*) = also includes the recalculation of the Leasing charges according to the International Accounting Standards and the debt entries relating to the Sabatini pro-solvendo transactions in existence. These items amount to 3,378 thousand Euro at 09/30/2004.

The net financial position at 09/30/04 is in line with that at 06/30/2004, in other words a significant improvement compared to the previous financial year thanks to careful management of the working capital (in particular trade receivables). At 09/30/2004 the “debt to equity” ratio was 0.65, down compared to the 0.8 at

09/30/2003.

The improvement in the net financial position compared to the corresponding period in the previous financial year (when it totalled - 24,007 thousand Euro) translates into a reduction of the net financial expenses from 1,046 to 657 thousand Euro.

On behalf of the Board of Directors  
Chief Executive Officer  
Gianfranco Carbonato

**THE PRIMA INDUSTRIE GROUP**

**ACCOUNTING STATEMENT AT SEPTEMBER 30, 2004**

(amounts expressed in thousands of Euro)

**BALANCE SHEET**

	<b>09/30/2004</b>	<b>06/30/2004</b>	<b>12/31/2003</b>
	Not subject to audit	Subject to limited audit	Subject to audit
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible fixed assets	3,547	3,763	3,845
Tangible fixed assets	5,184	5,311	5,054
Financial fixed assets	1,565	1,259	1,533
<b>Total fixed assets</b>	<b>10,296</b>	<b>10,333</b>	<b>10,432</b>
<b>Current assets</b>			
Inventories	25,195	23,944	21,565
Receivables	38,436	39,951	40,351
Other sundry assets	9,909	9,707	9,620
Cash and cash equivalents	4,468	4,853	3,607
<b>Total current assets</b>	<b>78,008</b>	<b>78,455</b>	<b>75,143</b>
Accrued income and prepaid expenses	119	225	165
<b>Total assets</b>	<b>88,423</b>	<b>89,013</b>	<b>85,740</b>
<b>LIABILITIES</b>			
<b>Stockholders' equity</b>			
Group stockholders' equity	(*) 29,374	(*) 28,514	27,729
Minority interest in capital and reserves	-	-	-
<b>Total Group stockholders' equity</b>	<b>29,374</b>	<b>28,514</b>	<b>27,729</b>
Employees' severance pay	4,084	3,944	4,164
Provision for risk and charges	5,133	5,484	5,027
<b>Payables</b>			
Medium/long-term borrowings	17,107	17,078	15,392
Short-term borrowings	6,602	6,589	10,538
Trade payables	20,427	21,297	17,566
Other payables	4,981	5,373	4,877
<b>Total payables</b>	<b>49,117</b>	<b>50,337</b>	<b>48,373</b>
Accrued expenses and deferred income	715	734	447
<b>Total liabilities</b>	<b>88,423</b>	<b>89,013</b>	<b>85,740</b>

(\*) gross of the tax effect for the period

**THE PRIMA INDUSTRIE GROUP**

**ACCOUNTING STATEMENT AT SEPTEMBER 30, 2004**

(amounts expressed in thousands of Euro)

**INCOME STATEMENT**

	At 09/30/2004	At 09/30/2003	Third quarter 2004	Third quarter 2003
Revenues from sales and services	69,695	66,513	22,132	22,723
Changes in inventories of semifinished and finished products	2,665	(289)	1,661	(2,411)
Increases in fixed assets for internal work	145	350	23	19
Other income and revenues	1,864	558	647	248
<b>TOTAL VALUE OF PRODUCTION</b>	<b>74,369</b>	<b>67,132</b>	<b>24,463</b>	<b>20,579</b>
Purchase of materials (net change invent.)	(37,501)	(33,462)	(12,504)	(9,266)
Acquisition of services	(13,596)	(12,940)	(4,436)	(4,048)
Leases and rentals	(1,146)	(1,273)	(434)	(411)
Sundry operating expenses (net)	(860)	(322)	(15)	(465)
<b>TOTAL COSTS OF PRODUCTION</b>	<b>(53,103)</b>	<b>(47,997)</b>	<b>(17,389)</b>	<b>(14,190)</b>
<b>ADDED VALUE</b>	<b>21,266</b>	<b>19,135</b>	<b>7,074</b>	<b>6,389</b>
Personnel	(17,163)	(17,377)	(5,282)	(5,521)
<b>GROSS OPERATING INCOME (EBITDA)</b>	<b>4,103</b>	<b>1,758</b>	<b>1,792</b>	<b>868</b>
Amortization, depreciation and writedowns	(1,628)	(1,615)	(628)	(461)
<b>OPERATING INCOME (LOSS) (EBIT)</b>	<b>2,475</b>	<b>143</b>	<b>1,164</b>	<b>407</b>
Net financial income and expenses	(657)	(1,046)	(291)	(264)
Adjustments to the value of financial assets (net)	(122)	-	-	-
Net extraordinary items	(81)	(726)	8	89
<b>INCOME (LOSS) BEFORE TAX</b>	<b>1,615</b>	<b>(1,629)</b>	<b>881</b>	<b>232</b>
<b>-minority interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>- Group</b>	<b>1,615</b>	<b>(1,629)</b>	<b>881</b>	<b>232</b>

**PRIMA INDUSTRIE SPA**

**ACCOUNTING STATEMENTS AT SEPTEMBER 30,  
2004**



**PRIMA INDUSTRIE SPA****ACCOUNTING STATEMENT AT SEPTEMBER 30, 2004**

(amounts expressed in thousands of Euro)

**BALANCE SHEET**

	<b>09/30/2004</b>	<b>06/30/2004</b>	<b>12/31/2003</b>
	Not subject to audit	Subject to limited audit	Subject to audit
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible fixed assets	469	492	479
Tangible fixed assets	1,664	1,735	1,692
Financial fixed assets	15,311	15,093	14,943
<b>Total fixed assets</b>	<b>17,444</b>	<b>17,320</b>	<b>17,114</b>
<b>Current assets</b>			
Inventories	14,142	12,502	11,391
Receivables	29,601	31,366	32,601
Other sundry receivables	7,645	7,535	7,594
Cash and cash equivalents	3,029	3,753	2,229
<b>Total current assets</b>	<b>54,417</b>	<b>55,156</b>	<b>53,815</b>
Accrued income and prepaid expenses	224	338	377
<b>Total assets</b>	<b>72,085</b>	<b>72,814</b>	<b>71,306</b>
<b>LIABILITIES</b>			
<b>Stockholders' equity</b>			
Stockholders' equity	(*) 28,318	(*) 28,077	28,065
Employees' severance pay	2,856	2,757	3,046
Provision for risk and charges	3,805	3,896	4,166
<b>Payables</b>			
Medium/long-term borrowings	2,939	11,076	9,077
Short-term borrowings	10,758	3,249	6,701
Trade payables	19,632	20,047	16,319
Other payables	3,373	3,214	3,532
<b>Total payables</b>	<b>36,702</b>	<b>37,586</b>	<b>35,629</b>
Accrued expenses and deferred income	404	498	400
<b>Total liabilities</b>	<b>72,085</b>	<b>72,814</b>	<b>71,306</b>

(\*) gross of the tax effect for the period

**PRIMA INDUSTRIE SPA****ACCOUNTING STATEMENT AT SEPTEMBER 30, 2004**

(amounts expressed in thousands of Euro)

**INCOME STATEMENT**

	<b>At 09/30/2004</b>	<b>At 09/30/2003</b>	<b>Third quarter 2004</b>	<b>Third quarter 2003</b>
Revenues from sales and services	44,944	43,114	13,830	14,957
Changes in inventories of semifinished and finished products	2,582	393	1,287	(1,683)
Increases in fixed assets for internal work	86	313	7	12
Other income and revenues	1,791	578	656	202
<b>TOTAL VALUE OF PRODUCTION</b>	<b>49,403</b>	<b>44,398</b>	<b>15,780</b>	<b>13,488</b>
Purchase of materials (net change in invent.)	(26,992)	(23,652)	(8,731)	(6,585)
Acquisition of services	(10,444)	(9,766)	(3,374)	(2,783)
Leases and rentals	(754)	(801)	(275)	(255)
Sundry operating expenses (net)	(189)	168	23	(243)
<b>TOTAL COSTS OF PRODUCTION</b>	<b>(38,379)</b>	<b>(34,052)</b>	<b>(12,357)</b>	<b>(9,866)</b>
<b>ADDED VALUE</b>	<b>11,024</b>	<b>10,346</b>	<b>3,423</b>	<b>3,622</b>
Personnel	(9,049)	(9,103)	(2,740)	(2,811)
<b>GROSS OPERATING INCOME (EBITDA)</b>	<b>1,975</b>	<b>1,243</b>	<b>683</b>	<b>811</b>
Amortization, depreciation and writedowns	(790)	(494)	(348)	(167)
<b>OPERATING INCOME (LOSS) (EBIT)</b>	<b>1,185</b>	<b>749</b>	<b>335</b>	<b>644</b>
Net financial income and expenses	(373)	(617)	(156)	(156)
Adjustments to the value of financial assets (net)	(544)	(2,574)	47	(576)
Net extraordinary items	(15)	(430)	15	5
<b>INCOME (LOSS) BEFORE TAXES</b>	<b>253</b>	<b>(2,872)</b>	<b>241</b>	<b>(83)</b>