

**PRESS RELEASE**

*ITALIAN STOCK EXCHANGE – STAR Segment*

**PRIMA INDUSTRIE**

**CONSOLIDATED ACCOUNTS AS AT SEPTEMBER 30, 2005:  
REMARKABLE INCREASE OF PROFITABILITY AND ORDERS' ACQUISITION**

- **Consolidated sales at 73.9 million euro (73.5 million euro as at 09/30/04)**
- **Profitability significantly increased:**
  - **EBITDA at 5.9 million euro (+13.6% compared to 5.2 million euro as at 09/30/04)**
  - **EBIT at 5.0 million euro (+16.1% compared to 4.3 million euro as at 09/30/04)**
  - **Net Profit at 2.3 million euro (+92% compared to 1.2 million euro as at 09/30/04)**
- **Net financial position at –17.8 million euro (-15.4 million euro as at 12/31/04 and –18.8 million euro as at 09/30/04)**
- **Backlog at 41.5 million euro (27.3 million euro as at 09/30/04)**

***Economic and financial results of Prima Industrie Group and historical comparison data included in this press release have been drawn according to the IAS/IFRS accounting principles.  
As for the single Group companies, data have been drawn according to local GAAP.***

*Collegno (Torino), November 14, 2005* - The Board of Directors of PRIMA INDUSTRIE S.p.A., a leader company in the high-technology sector of laser systems for industrial applications, examined and approved today the consolidated results as at 09/30/05.

**Consolidated sales** in the first 9 months of 2005, accounted according to IAS 18 (which envisages the revenue recognition at the moment of the acceptance by the final customer) amount to 73,937 thousand euro. These sales, slightly increased with respect to 73,545 thousand euro as at 09/30/04, were realized for 33.2% in Italy (31.6% at 09/30/04), for 37.7% in Europe (34.4% at 09/30/04), for 16.9% in North America (21.6% at 09/30/04) and for 12.2% in Asia and R.O.W. (12.4% at 09/30/04).

The above splitting confirms the reassuring signals of recovery coming from the domestic and European markets and a contingent slow down of the North American market.

All profitability ratios record a significant improvement, with the Group **EBITDA** at 5,898 thousand euro, growing of 13.6% with respect to 5,193 thousand euro as at 09/30/04, the consolidated **EBIT** at 5,002 thousand euro, 6.8% of the sales, growing of 16.1% with respect to 4,307 thousand euro as at 09/30/04 and the **Gross Profit** at 3,762 thousand euro, increased of 17.8% with respect to same period last year (which was 3,193 thousand euro).



A particular attention has to be dedicated to the strong growth of **Net profit**, increased of over 90% with respect to 09/30/04 (2,304 thousand euro as against 1,196 thousand euro). The consolidated tax rate decrease, both in comparison with previous year and with 06/30/05, is mainly due to the increasing contribution to profit coming from PRIMA North America, which takes advantage also of previous fiscal losses.

As a consequence, the **profit per share** of the period, taking into account the average treasury stock held, amounts to 0.50 euro per share (as against 0.26 euro per share at 09/30/04).

The increased profitability has been achieved notwithstanding the higher **Research** expenses (5,505 thousand euro, increased of 9.1% as against 09/30/04), which the Group, in accordance with IAS 38 accounting principle, fully charge to Profit & Loss Account. In particular, in the third quarter the Group parent company PRIMA INDUSTRIE started the production of SYNCRONO, the revolutionary 2D system with double acceleration performances with respect to the best competition. Following the great success reached at the EMO show in Hannover, first purchase orders have been acquired with deliveries starting in the fourth quarter.

The consolidated **orders' acquisition** at 09/30/05 amounts to 82,196 thousand euro, increased of 19.5% with respect to 68,788 thousand euro at 09/30/04. It is remarkable that the increase in orders' acquisition has been reached during the third quarter, so confirming the recovery signals shown by the market in Europe since last July.

As a consequence, the **orders' backlog** at 09/30/05, amounting to 41,528 thousand euro, has increased of more than 50% as against 27,340 thousand euro at 09/30/04.

October data confirm the prosecution of the favorable trend of the orders' acquisition.

The net financial position (-17,775 thousand euro at 09/30/05) is higher of 2.4 million euro with respect to 12/31/04 (-15,419 thousand euro), while is lower of 1 million euro with respect of 09/30/04 (-18,786 thousand euro).

The above trend acknowledges the increase of working capital (particularly as far as stock of finished products and work-in-progress), which become necessary following the increased level of orders' acquisition and, for about 0.4 million euro, the capital increase resolved in one of the two joint-ventures in China.

Net financial position (mostly medium-long term) to net equity ratio, estimated according to IAS/IFRS principles, reaches 0.64 as against 0.72 at 09/30/04.

As far as the **Group parent company PRIMA INDUSTRIE S.p.A.**, sales of the period (48,542 thousand euro) have increased of 8% as against same period last year (44,944 thousand euro).

The operating profit, notwithstanding the costs incurred upon the suspended merge with Fidia of about 200 thousand euro, has maintained a positive trend (1,525 thousand euro as against 1,185 thousand euro at 09/30/04) and gross profit has increased from 253 thousand euro at 09/30/04 to 1,228 thousand euro.

Commenting the results as at September 30, 2005, Gianfranco Carbonato, PRIMA INDUSTRIE S.p.A. Chairman and C.E.O., declared: *"The recovery signals in Europe together with the increasing profitability at PRIMA North America allowed a two-digits improvement of all profitability ratios, with a consolidated Ebit close to 7% of sales and a net profit nearly doubled with respect to same period last year.*

*The 50% increase in the orders' backlog should bring as well, in the near future, a remarkable increase of sales volumes.*

*This makes us optimistic towards the end of the year results and the prosecution of the remuneration policy of our Shareholders".*



**PRIMA INDUSTRIE**, established in 1977 and listed at the Italian Stock Exchange since 1999, currently present on the STAR segment, develops, manufactures and markets high-power laser systems for cutting, welding and drilling of three-dimensional (3D) and bi-dimensional (2D) parts. PRIMA INDUSTRIE leads a Group with nearly 500 employees, with manufacturing facilities in Italy (PRIMA INDUSTRIE S.p.A. and PRIMA ELECTRONICS S.p.A.); USA (PRIMA North America Inc.) and China (Shanghai Unity Prima Ltd. and Shenyang Prima Laser Machine Company Ltd.), and with a wide sales network in over 40 countries. At present the Group has 2000 systems installed worldwide with more than 1000 customers in the automotive, aerospace and in a wide range of other industries.

For further information:

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

Massimo Ratti  
C.F.O. & Investor Relator  
phone: +39 011 4103208  
[m.ratti@primaindustrie.com](mailto:m.ratti@primaindustrie.com)

**Ad Hoc Communication Advisors**

Giorgio Zambelletti, Marco Fraquelli, Sara Balzarotti  
Press Office  
phone: +39 02 7606741  
[sara.balzarotti@adhoccommunication.it](mailto:sara.balzarotti@adhoccommunication.it)

| <b>CONSOLIDATED FINANCIAL STATEMENTS<br/>OF PRIMA INDUSTRIE GROUP</b> |                                  |                 |
|---|----------------------------------|-----------------|
|   | <i>(values in thousand Euro)</i> |                 |
| <b>CONSOLIDATED BALANCESHEET AT 09/30/05 - 31/12/04</b>               | <b>09/30/05</b>                  | <b>12/31/04</b> |
| <b>ASSETS</b>   |                                  |                 |
| Tangible fixed assets   | 5.908                            | 5.985           |
| Goodwill  | 2.591                            | 2.298           |
| Other intangible fixed assets   | 184                              | 189             |
| Equity investments valued using the equity method                     | 1.327                            | 970             |
| Equity investments valued using the cost method                       | 17                               | -               |
| Financial assets held for sale  | 257                              | 249             |
| Other receivables   | 56                               | 81              |
| Derivative financial instruments                                      | -                                | -               |
| <b>TOTAL NON CURRENT ASSETS</b>                                       | <b>10.340</b>                    | <b>9.772</b>    |
| Inventories   | 31.933                           | 21.092          |
| Finished products awaiting acceptance (IAS 18)                        | 10.884                           | 10.489          |
| Trade receivables   | 41.918                           | 39.648          |
| Other receivables   | 4.666                            | 3.095           |
| Other tax assets  | 1.583                            | 2.044           |
| Tax assets - prepaid taxes  | 7.553                            | 7.071           |
| Derivative financial instruments                                      | -                                | 310             |
| Cash and cash equivalents   | 6.084                            | 6.448           |
| <b>TOTAL CURRENT ASSETS</b>   | <b>104.621</b>                   | <b>90.197</b>   |
| <b>Non current assets held for sale</b>                               | <b>-</b>                         | <b>-</b>        |
| <b>TOTAL ASSETS</b>   | <b>114.961</b>                   | <b>99.969</b>   |
| <b>STOCKHOLDERS' EQUITY</b>   |                                  |                 |
| Capital stock   | 11.500                           | 11.500          |
| Treasury stock  | (100)                            | (171)           |
| Other reserves  | 16.649                           | 16.395          |
| Conversion reserve  | 141                              | (174)           |
| Profits (Losses) carried forward                                      | (2.680)                          | (2.912)         |
| Profit (loss) for the year  | 2.304                            | 1.043           |
| <i>Total Group stockholders' equity</i>                               | <i>27.814</i>                    | <i>25.681</i>   |
| Minority interests  | -                                | -               |
| <b>Total stockholders' equity</b>                                     | <b>27.814</b>                    | <b>25.681</b>   |
| <b>LIABILITIES</b>  |                                  |                 |
| Loans   | 16.730                           | 12.368          |
| Employee benefits   | 4.984                            | 4.499           |
| Provision for risks and charges                                       | 68                               | 91              |
| Derivative financial instruments                                      | 37                               | 37              |
| <b>TOTAL NON CURRENT LIABILITIES</b>                                  | <b>21.819</b>                    | <b>16.995</b>   |
| Trade payables  | 26.190                           | 19.418          |
| Advances  | 19.574                           | 17.718          |
| Other payables  | 4.199                            | 3.758           |
| Amounts due to banks  | 7.332                            | 9.992           |
| Tax liabilities - deferred taxes                                      | 3.116                            | 2.538           |
| Tax liabilities - current taxes                                       | 1.943                            | 1.871           |
| Provision for risks and charges                                       | 2.957                            | 1.969           |
| Derivative financial instruments                                      | 17                               | 29              |
| <b>TOTAL CURRENT LIABILITIES</b>                                      | <b>65.328</b>                    | <b>57.293</b>   |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>                     | <b>114.961</b>                   | <b>99.969</b>   |

| <b>CONSOLIDATED FINANCIAL STATEMENTS OF PRIMA INDUSTRIE GROUP</b>           |                                  |                 |
|---|----------------------------------|-----------------|
|   | <i>(values in thousand Euro)</i> |                 |
| <b>CONSOLIDATED INCOME STATEMENT FOR NINE-MONTHS AT 09/30/05 - 09/30/04</b> |                                  |                 |
|   | <b>30/09/05</b>                  | <b>30/09/04</b> |
| Net revenues from sales and services  | 73.937                           | 73.545          |
| Other operating income  | 1.811                            | 1.793           |
| Changes in inventories of semifinished and finished products                | 4.253                            | 3.965           |
| Increases in fixed assets for internal work                                 | 40                               | 145             |
| Use of raw materials, consumables, supplies and goods                       | (38.707)                         | (40.585)        |
| Personnel cost  | (18.318)                         | (17.004)        |
| Amortizations   | (896)                            | (886)           |
| Impairment and Writedowns   | -                                | -               |
| Other operating costs   | (17.118)                         | (16.666)        |
| <b>OPERATING INCOME (LOSS)</b>  | <b>5.002</b>                     | <b>4.307</b>    |
| Financial income  | 361                              | 236             |
| Financial expenses  | (1.556)                          | (1.163)         |
| Income (Loss) from transactions in foreign exchange                         | 13                               | (65)            |
| Income (Loss) from associated companies & joint ventures                    | (58)                             | (122)           |
| Income (Loss) from financial assets held for sale                           |                                  |                 |
| <b>INCOME (LOSS) BEFORE TAX</b>   | <b>3.762</b>                     | <b>3.193</b>    |
| Current and deferred taxes  | (1.458)                          | (1.997)         |
| <b>NET PROFIT/(LOSS)</b>  | <b>2.304</b>                     | <b>1.196</b>    |
| <b>Income (Loss) from assets held for disposal</b>                          | <b>-</b>                         | <b>-</b>        |
| <b>NET PROFIT</b>   | <b>2.304</b>                     | <b>1.196</b>    |
| - due to parent company stockholders'                                       | <b>2.304</b>                     | <b>1.196</b>    |
| - due to the minority interest  | -                                | -               |
| Earnings per share  | 0,50                             | 0,26            |

| PRIMA INDUSTRIE GROUP - STATEMENT OF CHANGES IN CONSOLIDATED STOCKHOLDERS' EQUITY |               |                                 |  |   |                           |                  |                                  |               |
|---|---------------|---------------------------------|--|---|---------------------------|------------------|----------------------------------|---------------|
|   |               |                                 |  |   |                           |                  | <i>(values in thousand Euro)</i> |               |
| FROM JANUARY 1, 2004 TO SEPTEMBER 30, 2004  |               |                                 |  |   |                           |                  |                                  |               |
|   | 01/01/2004    | Purchase/Sale<br>Treasury stock | Gains/Losses on disposal<br>treasury stock | Allocation of Result<br>Previous financial year | Distribution<br>Dividends | Profit of period | Conversion<br>reserve            | 09/30/2004    |
| Capital stock   | 11.500        |                                 |  |   |                           |                  |                                  | 11.500        |
| Treasury stock  | (324)         | 216                             |  |   |                           |                  |                                  | (108)         |
| Share premium reserve   | 16.863        |                                 |  | (1.350)   |                           |                  |                                  | 15.513        |
| Legal reserve   | 2.213         |                                 |  | (1.484)   |                           |                  |                                  | 729           |
| Other reserves  | -             |                                 |  | -   |                           |                  |                                  | -             |
| Conversion reserve  | -             |                                 |  |   |                           |                  | 10                               | 10            |
| Profits (losses) carried forward  | (5.579)       |                                 | (15)                                       | 2.834   |                           |                  |                                  | (2.760)       |
| Income (Loss) for the period  | -             |                                 |  | -   |                           | 1.196            |                                  | 1.196         |
| <b>Total</b>  | <b>24.673</b> | <b>216</b>                      | <b>(15)</b>                                | <b>-</b>  | <b>-</b>                  | <b>1.196</b>     | <b>10</b>                        | <b>26.080</b> |
|   |               |                                 |  |   |                           |                  |                                  |               |
| DAL 31 DICEMBRE 2004 AL 30 SETTEMBRE 2005   |               |                                 |  |   |                           |                  |                                  |               |
|   | 31/12/2004    | Purchase<br>Treasury stock      | Gains/Losses on disposal<br>treasury stock | Allocation of Result<br>Previous financial year | Distribution<br>Dividends | Profit of period | Conversion<br>reserve            | 09/30/2005    |
| Capital stock   | 11.500        |                                 |  |   |                           |                  |                                  | 11.500        |
| Treasury stock  | (171)         | 70                              |  |   |                           |                  |                                  | (101)         |
| Share premium reserve   | 15.666        |                                 |  |   |                           |                  |                                  | 15.666        |
| Legal reserve   | 729           |                                 |  | 41  |                           |                  |                                  | 770           |
| Other reserves  | -             |                                 |  | 80  |                           |                  |                                  | 80            |
| Conversion reserve  | (174)         |                                 |  |   |                           |                  | 316                              | 142           |
| Profits (losses) carried forward  | (2.912)       |                                 | 86   | 922   | (643)                     |                  |                                  | (2.547)       |
| Income (Loss) for the period  | 1.043         |                                 |  | (1.043)   |                           | 2.304            |                                  | 2.304         |
| <b>Total</b>  | <b>25.681</b> | <b>70</b>                       | <b>86</b>                                  | <b>-</b>  | <b>(643)</b>              | <b>2.304</b>     | <b>316</b>                       | <b>27.814</b> |

## CASH FLOW STATEMENT FOR THE 9 MONTHS AT 09/30/2004 AND AT 09/30/2005

(values in thousand Euro, except for earnings per share)

|   | 30/09/2005    | 30/09/2004    |
|---|---------------|---------------|
| <b>Cash flow derived from operating activity</b>            |               |               |
| Profit (Loss) before tax                                    | 2.304         | 1.196         |
| Adjustments   | 2.631         | 2.538         |
| Amortizations for the financial year                        | 896           | 886           |
| Provisions raised to Employee' severance fund               | 494           | 538           |
| Loss (Profit) on exchange rates for currency transactions   | -13           | 65            |
| Loss (Income) from equity investments                       | 58            | 122           |
| Financial expenses  | 1.557         | 1.163         |
| Financial (incomes)   | -361          | -236          |
|   | <u>4.935</u>  | <u>3.734</u>  |
| (Increase)/Decrease in trade and other receivables          | -3.707        | 2.082         |
| (Increase)/Decrease in inventories                          | -9.673        | -1.880        |
| Increase/(Decrease) in trade payables                       | 8.528         | -729          |
| Increase/(Decrease) in other payables                       | 1.322         | 1.560         |
|   | <u>1.405</u>  | <u>4.767</u>  |
| <i>Cash flow from typical activity</i>                      |               |               |
| Interest payment  | -1.500        | -1.098        |
| Tax payment   | 0             | 0             |
|   | <u>-95</u>    | <u>3.669</u>  |
| <i>Cash flow derived from operating activity</i>            |               |               |
| <b>Cash flow derived from investment activities</b>         |               |               |
| Purchase of Prima GmbH division                             | -976          | 0             |
| Purchase of tangible fixed assets                           | -726          | -735          |
| Purchase of intangible fixed assets                         | -364          | -224          |
| Sale/(Purchase) of financial assets (at cost)               | -16           | 0             |
| Sale/(Purchase) of investments in associates                | -415          | -57           |
| Receipts from sales of fixed assets                         | 39            | 114           |
| Interest encashed   | 361           | 236           |
|   | <u>-2.097</u> | <u>-666</u>   |
| <i>Cash flow on loan management</i>                         |               |               |
| <b>Cash flow derived from financing activities</b>          |               |               |
| Variation in the conversion reserve                         | 315           | 10            |
| (Purchase)/sale of treasury stock                           | 156           | 201           |
| Changes in balance- derivative instruments (at fare value)  | 298           | 87            |
| Stipulation of loans and financing                          | 5.842         | 2.321         |
| Repayments of loans and financing                           | -3.371        | -4.012        |
| (Repayments)/ Raising of financial leases                   | -181          | -178          |
| (Repayments)/ Raising of Sabatini transactions              | -588          | -571          |
| Dividends paid  | -643          | 0             |
|   | <u>1.828</u>  | <u>-2.142</u> |
| <i>Cash flow on loan management</i>                         |               |               |
| <b>Increase (decrease) in the cash and cash equivalents</b> | -364          | 861           |
| <b>Cash and cash equivalents at the start of the period</b> | 6.448         | 3.607         |
| <b>Cash and cash equivalents at the end of the period</b>   | 6.084         | 4.468         |

**ACCOUNTING STATEMENTS AT SEPTEMBER 30, 2005 OF PARENT COMPANY PRIMA INDUSTRIE S.P.A.(ACCORDING TO NATIONAL GAAP)**

**PRIMA INDUSTRIE S.p.A.**  
**BALANCESHEET**  
**at September 30, 2005**

**ASSETS**

|   | <b>30.09.2005</b> |                   | <b>31.12.2004</b> |                   | <b>30.09.2004</b> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>A. DUE FROM STOCKHOLDERS FOR PAYMENTS STILL DUE</b>  | <u>0</u>          |                   | <u>0</u>          |                   | <u>0</u>          |
| <b>B. FIXED ASSETS</b>                                  |                   |                   |                   |                   |                   |
| I. Intangible fixed assets                              |                   |                   |                   |                   |                   |
| 1) Plant and expansion costs                            | 0                 |                   | 0                 |                   | 8.434             |
| 2) Research, development and advertising costs          | 0                 |                   | 0                 |                   | 0                 |
| 3) Industrial patent and intellectual property          | 192.512           |                   | 160.117           |                   | 143.240           |
| 4) Concessions, licences, trademarks and similar rights | 4.038             |                   | 4.783             |                   | 5.030             |
| 5) Goodwill   | 0                 |                   | 0                 |                   | 0                 |
| 6) Assets under construction and advances               | 0                 |                   | 0                 |                   | 0                 |
| 7) Other intangible fixed assets                        | <u>267.936</u>    | 464.486           | <u>322.212</u>    | 487.112           | <u>312.336</u>    |
| II. Tangible fixed assets                               |                   |                   |                   |                   |                   |
| 1) Land and buildings:                                  | 801.114           |                   | 801.114           |                   | 797.114           |
| less: accumulated depreciation                          | (255.009)         | 546.105           | (223.133)         | 577.981           | (213.405)         |
| 2) Plant and machinery                                  | 1.772.831         |                   | 1.648.551         |                   | 1.623.180         |
| less: accumulated depreciation                          | (1.241.062)       | 531.769           | (1.158.413)       | 490.138           | (1.133.553)       |
| 3) Industrial and commercial equipment                  | 1.823.206         |                   | 1.747.984         |                   | 1.747.704         |
| less: accumulated depreciation                          | (1.575.042)       | 248.164           | (1.399.420)       | 348.564           | (1.359.715)       |
| 4) Other assets   | 1.612.275         |                   | 1.515.969         |                   | 1.479.233         |
| less: accumulated depreciation                          | (1.308.042)       | 304.233           | (1.301.869)       | 214.100           | (1.276.063)       |
| 5) Assets under construction and advances               | <u>0</u>          | 1.630.271         | <u>0</u>          | 1.630.783         | <u>0</u>          |
| III. Financial fixed assets                             |                   |                   |                   |                   |                   |
| 1) Equity investments                                   |                   |                   |                   |                   |                   |
| a) in subsidiaries                                      | 26.519.193        |                   | 24.442.579        |                   | 22.691.380        |
| less: equity investment devaluation reserve             | (15.899.770)      |                   | (15.689.956)      |                   | (15.881.523)      |
| b) in associated companies                              | 2.271.463         |                   | 1.855.767         |                   | 1.855.767         |
| less: equity investment devaluation reserve             | (955.250)         |                   | (897.007)         |                   | (855.123)         |
| c) in controlling companies                             | 0                 |                   | 0                 |                   | 0                 |
| less: equity investment devaluation reserve             | 0                 |                   | 0                 |                   | 0                 |
| d) in other companies                                   | 791.059           |                   | 774.686           |                   | 774.685           |
| less: equity investment devaluation reserve             | <u>(774.685)</u>  | 11.952.010        | <u>(774.686)</u>  | 9.711.383         | <u>(774.685)</u>  |
| 2) Receivables (*)                                      |                   |                   |                   |                   |                   |
| a) from subsidiaries                                    | 0                 | 3.865.252         | 0                 | 4.265.685         | 7.059.751         |
| b) from associated companies                            | 0                 | 150.416           | 0                 | 150.416           | 150.416           |
| c) from controlling companies                           | 0                 | 0                 | 0                 | 0                 | 0                 |
| d) Other receivables                                    | 0                 | <u>9.347</u>      | 0                 | <u>31.388</u>     | 40.025            |
| 3) Other securities                                     |                   | 256.694           |                   | 249.478           | 250.000           |
| 4) Treasury stock                                       | <u>0</u>          | 16.233.719        | <u>0</u>          | 14.408.350        | <u>0</u>          |
| <b>TOTAL FIXED ASSETS (B)</b>                           |                   | <u>18.328.476</u> |                   | <u>16.526.245</u> | <u>17.444.228</u> |



### C. CURRENT ASSETS

#### I. Inventories

|  |            |            |           |            |            |
|--|------------|------------|-----------|------------|------------|
| 1) Raw materials, consumables and supplies         | 10.003.975 |            | 6.984.227 |            | 7.741.297  |
| 2) Work in progress and semifinished products      | 0          |            | 0         |            | 0          |
| 3) Contract work in progress                       | 3.357.714  |            | 2.765.540 |            | 3.445.186  |
| 4) Finished product and goods                      | 5.188.198  |            | 2.478.900 |            | 4.291.170  |
| 5) Advances  | 0          |            | 0         |            | 0          |
| less: provision for writedown of stock             | (925.666)  |            | (813.166) |            | (813.166)  |
| less: provision for writedown of finished products | (281.000)  | 17.343.221 | (490.000) | 10.925.501 | (522.000)  |
|  |            |            |           |            | 14.142.487 |

#### II. Receivables

(\*\*)

|   |             |            |             |            |             |
|---|-------------|------------|-------------|------------|-------------|
| 1) Trade receivables                              | 25.917.486  |            | 26.302.560  |            | 26.371.649  |
| less: taxed & non taxed allow. for doubtful a/cs: | (1.271.950) | 24.645.536 | (1.013.519) | 25.289.041 | (1.324.172) |
| 2) Subsidiaries                                   | 3.476.066   |            | 0           | 5.413.414  | 0           |
| 3) Associated companies                           | 2.418.362   |            | 0           | 1.280.171  | 0           |
| 4) Controlling companies                          | 0           |            | 0           | 0          | 0           |
| 4-bis) Tax receivables                            | 1.362.127   |            | 0           | 1.971.741  | 0           |
| 4-ter) Prepaid taxes                              | 2.923.447   |            | 0           | 2.923.447  | 0           |
| 5) Others   | 4.036.278   | 38.861.816 | 0           | 2.755.896  | 0           |
|   |             |            |             | 39.633.710 | 0           |
|   |             |            |             |            | 2.480.688   |
|   |             |            |             |            | 37.137.041  |

#### III. Current financial

##### assets

|  |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|
| 1) Equity investments in subsidiaries          | 0       |         | 0       |         | 0       |
| less: equity investment devaluation reserve    | 0       | 0       | 0       | 0       | 0       |
| 2) Equity investments in associated companies  | 0       |         | 0       |         | 0       |
| 3) Equity investments in controlling companies | 0       |         | 0       |         | 0       |
| 4) Equity investments in other companies       | 232     |         | 232     |         | 232     |
| less: equity investment devaluation reserve    | 0       |         | 0       |         | 0       |
| 5) Treasury stock (par value 66.250)           | 100.329 |         | 170.607 |         | 108.301 |
| 6) Other securities                            | 0       | 100.561 | 0       | 170.839 | 0       |
|  |         |         |         |         | 108.533 |

#### IV. Cash and cash equivalents

|                                      |           |           |           |           |           |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|
| 1) Bank and postal accounts          | 3.640.867 |           | 3.132.218 |           | 3.023.881 |
| 2) Cheques                           | 0         |           | 0         |           | 0         |
| 3) Cash and cash equivalents on hand | 15.362    | 3.656.229 | 8.945     | 3.141.163 | 5.393     |
|                                      |           |           |           |           | 3.029.274 |

#### TOTAL CURRENT ASSETS (C)

59.961.827 53.871.213 54.417.335

### D. ACCRUED INCOME & PREPAID EXPENSES

|  |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|
| 1) Issue discounts and other similar expenses on loans | 0       |         | 0       |         | 0       |
| 2) Other accrued income and prepaid expenses           | 367.400 | 367.400 | 489.677 | 489.677 | 223.248 |
|  |         |         |         |         | 223.248 |

#### TOTAL ASSETS

78.657.703 70.887.135 72.084.811

(\*) RECEIVABLES DUE WITHIN ONE YEAR

(\*\*) RECEIVABLES DUE BEYOND ONE YEAR

**PRIMA INDUSTRIE S.P.A**

**BALANCESHEET**

at September 30, 2005

**LIABILITIES**

**30.09.2005**

**31.12.2004**

**30.09.2004**

**A. STOCKHOLDERS' EQUITY**

|   |  |            |  |            |  |            |
|---|--|------------|--|------------|--|------------|
| I. Capital stock                            |  | 11.500.000 |  | 11.500.000 |  | 11.500.000 |
| II. Share premium reserve                   |  | 15.664.893 |  | 15.664.893 |  | 15.727.198 |
| III. Revaluation reserve                    |  | 0          |  | 0          |  | 0          |
| IV. Legal reserve                           |  | 770.910    |  | 729.550    |  | 729.550    |
| V. Statutory reserves                       |  | 0          |  | 0          |  | 0          |
| VI. Reserve for treasury stock in portfolio |  | 100.330    |  | 170.606    |  | 108.301    |
| VII. Other reserves                         |  | 213.166    |  | 0          |  | 0          |
| VIII. Profits (losses) carried forward      |  | 0          |  | 0          |  | 0          |
| IX. Profit (loss) for the year              |  | 1.228.018  |  | 827.199    |  | 253.030    |

**TOTAL STOCKHOLDERS' EQUITY**

29.477.317

28.892.248

28.318.079

**B. PROVISIONS FOR RISKS AND CHARGES**

|   |  |           |                  |           |                  |                  |
|---|--|-----------|------------------|-----------|------------------|------------------|
| 1) Retirement fund and similar provisions |  | 0         |                  | 0         |                  | 0                |
| 2) Provisions for taxes                   |  | 1.198.163 |                  | 1.198.163 |                  | 964.991          |
| 3) Others                                 |  | 2.339.405 | <u>3.537.568</u> | 2.198.503 | <u>3.396.666</u> | 2.840.108        |
|   |  |           |                  |           |                  | <u>3.805.099</u> |

**C. EMPLOYEES'**

**SEVERANCE PAY**

3.240.419

2.973.925

2.855.717

**D. PAYABLES**

(\*\*)

(\*\*)

(\*\*)

|   |            |            |                   |           |            |                   |
|---|------------|------------|-------------------|-----------|------------|-------------------|
| 1) Bonds  |            | 0          |                   | 0         |            | 0                 |
| 2) Convertible bonds  |            | 0          |                   | 0         |            | 0                 |
| 3) Amounts due to stockholders i.r.o. funding                 |            | 0          |                   | 0         |            | 0                 |
| 4) Amounts due to banks                                       | 11.134.079 | 14.315.742 |                   | 6.376.108 | 12.013.094 | 12.886.146        |
| 5) Amounts due to other lenders                               | 726.471    | 726.471    |                   | 726.471   | 810.821    | 810.821           |
| 6) Advances   |            | 1.425.328  |                   |           | 915.886    | 1.450.428         |
| 7) Trade accounts payable                                     |            | 17.777.175 |                   |           | 14.257.854 | 15.563.857        |
| 8) Payables represented by debt instruments                   |            | 0          |                   |           | 0          | 0                 |
| 9) Amounts due to subsidiaries                                |            | 5.445.584  |                   |           | 4.121.782  | 4.067.547         |
| 10) Amounts due to associated companies                       |            | 0          |                   |           | 0          | 0                 |
| 11) Amounts due to Parent company                             |            | 0          |                   |           | 0          | 0                 |
| 12) Taxes payable   |            | 400.453    |                   |           | 1.334.905  | 539.735           |
| 13) Amounts due to provident and social security institutions |            | 597.279    |                   |           | 750.657    | 503.849           |
| 14) Other payables  |            | 1.217.536  | <u>41.905.568</u> |           | 1.088.221  | <u>35.293.220</u> |
|   |            |            |                   |           |            | 879.839           |
|   |            |            |                   |           |            | <u>36.702.222</u> |

**E. ACCRUED EXPENSES & DEFERRED INCOME**

|   |  |         |                |         |                |                |
|---|--|---------|----------------|---------|----------------|----------------|
| 1) Issue premiums                             |  | 0       |                | 0       |                | 0              |
| 2) Other accrued expenses and deferred income |  | 496.831 | <u>496.831</u> | 331.076 | <u>331.076</u> | 403.694        |
|   |  |         |                |         |                | <u>403.694</u> |

**TOTAL LIABILITIES**

78.657.703

70.887.135

72.084.811

(\*\*) PAYABLES DUE BEYOND ONE YEAR

# PRIMA INDUSTRIE S.p.A.

at September 30, 2005

## INCOME STATEMENT

|   | 30.09.2005          | 31.12.2004          | 30.09.2004          |
|---|---------------------|---------------------|---------------------|
| <b>A. VALUE OF PRODUCTION</b>   |                     |                     |                     |
| 1) Revenues from sales and services   | 48.542.187          | 65.913.443          | 44.943.643          |
| 2) Changes in inventories of work in progress, semifinished and finished products       | 2.918.298           | (309.158)           | 1.471.112           |
| 3) Change in contract work in progress  | 592.174             | 431.645             | 1.111.291           |
| 4) Increases in fixed assets for internal work  | 21.181              | 88.663              | 86.032              |
| 5) Other income and revenues  |                     |                     |                     |
| a) operating grants   | 0                   | 0                   | 0                   |
| b) other  | 1.600.480           | 2.399.321           | 1.790.618           |
| <b>TOTAL VALUE OF PRODUCTION (A)</b>  | <b>53.674.320</b>   | <b>68.523.914</b>   | <b>49.402.696</b>   |
| <b>B. COSTS OF PRODUCTION</b>   |                     |                     |                     |
| 6) Raw materials, consumables and supplies  | (31.765.971)        | (35.820.846)        | (27.798.534)        |
| 7) Service costs  | (10.641.092)        | (14.533.224)        | (10.443.679)        |
| 8) Leases and rentals   | (926.374)           | (1.098.953)         | (753.851)           |
| 9) Personnel costs:   |                     |                     |                     |
| a) salaries and wages   | (7.163.211)         | (9.033.353)         | (6.319.305)         |
| b) social security contributions  | (2.326.371)         | (2.988.881)         | (2.107.293)         |
| c) employees' severance pay   | (461.613)           | (558.714)           | (414.283)           |
| d) retirement fund and similar provisions   | 0                   | 0                   | 0                   |
| e) other personnel costs  | (182.149)           | (266.071)           | (208.637)           |
| 10) Amortization, depreciation and writedowns   |                     |                     |                     |
| a) amortization of intangible fixed assets  | (144.154)           | (217.130)           | (148.632)           |
| b) depreciation of tangible fixed assets  | (299.063)           | (395.543)           | (291.644)           |
| c) writedowns of intangible and tangible fixed assets                                   | 0                   | 0                   | 0                   |
| d) writedown of receivables incl. in current assets & w/down of cash & cash equivalents | (300.000)           | (100.000)           | (350.000)           |
| 11) Changes in inventories of raw materials, consumables, supplies and merchandise      | 2.907.248           | 49.635              | 806.705             |
| 12) Provisions for risks  | (419.804)           | 121.644             | 284.932             |
| 13) Other provisions  | 0                   | 0                   | 0                   |
| 14) Sundry operating expenses   | (426.364)           | (659.065)           | (473.914)           |
| <b>TOTAL COSTS OF PRODUCTION (B)</b>  | <b>(52.148.918)</b> | <b>(65.500.501)</b> | <b>(48.218.135)</b> |
| <b>DIFFERENCE BETWEEN THE VALUE AND COSTS OF PRODUCTION (A - B)</b>                     | <b>1.525.402</b>    | <b>3.023.413</b>    | <b>1.184.561</b>    |

### C. FINANCIAL INCOME AND EXPENSES

|   |                |                  |                |                 |                |                  |
|---|----------------|------------------|----------------|-----------------|----------------|------------------|
| 11) Income from equity investments  |                |                  |                |                 |                |                  |
| a) dividends and other income from subsidiary companies   | 0              |                  | 600.000        |                 | 0              |                  |
| b) dividends and other income from associated companies   | 0              |                  | 0              |                 | 0              |                  |
| c) dividends and other income from other companies  | <u>0</u>       | 0                | <u>0</u>       | 600.000         | <u>0</u>       | 0                |
| 16) Other financial income:   |                |                  |                |                 |                |                  |
| a) from receivables included in financial fixed assets  |                |                  |                |                 |                |                  |
| - from subsidiaries   | 0              |                  | 0              |                 | 0              |                  |
| - from associated companies   | 0              |                  | 0              |                 | 0              |                  |
| - from controlling companies  | 0              |                  | 0              |                 | 0              |                  |
| - others  | 0              |                  | 0              |                 | 0              |                  |
| b) from securities included in financial fixed assets that do not constitute equity investments | 0              |                  | 0              |                 | 0              |                  |
| c) from securities included in current assets that do not constitute equity investments         | 0              |                  | 0              |                 | 0              |                  |
| d) other income   |                |                  |                |                 |                |                  |
| - interest and commission from subsidiaries   | 143.617        |                  | 101.134        |                 | 75.993         |                  |
| - interest and commission from associated companies   | 0              |                  | 0              |                 | 0              |                  |
| - interest and commission from controlling companies  | 0              |                  | 0              |                 | 0              |                  |
| - other interest and commission and sundry income   | <u>307.295</u> | 450.912          | <u>466.295</u> | 567.429         | <u>218.272</u> | 294.265          |
| 17) Interest and other financial expenses   |                |                  |                |                 |                |                  |
| a) from subsidiaries  | (29.638)       |                  | (39.589)       |                 | (29.592)       |                  |
| b) from associated companies  | 0              |                  | 0              |                 | 0              |                  |
| c) to Controlling companies   | 0              |                  | 0              |                 | 0              |                  |
| d) others   | (789.340)      | (818.978)        | (1.126.289)    | (1.165.878)     | (709.680)      | (739.272)        |
| 17-bis) Gains and losses on exchange  |                | 103.430          |                | (27.090)        |                | 72.493           |
| <b>TOTAL FINANCIAL INCOME AND EXPENSES (C)</b>  |                | <u>(264.636)</u> |                | <u>(25.539)</u> |                | <u>(372.514)</u> |

**D. ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS**

## 18) Revaluations:

|  |   |   |   |   |   |
|--|---|---|---|---|---|
| a) equity investments                    | 0 |   | 0 |   | 0 |
| b) financial fixed assets                | 0 |   | 0 |   | 0 |
| c) securities included in current assets | 0 | 0 | 0 | 0 | 0 |

## 19) Writedowns:

|  |           |           |           |           |           |
|--|-----------|-----------|-----------|-----------|-----------|
| a) equity investments                    | (118.818) |           | (393.966) |           | (543.648) |
| b) financial fixed assets                | 0         |           | 0         |           | 0         |
| c) securities included in current assets | 0         | (118.818) | 0         | (393.966) | 0         |

**TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS (D)**

|  |                  |  |                  |  |                  |
|--|------------------|--|------------------|--|------------------|
|  | <u>(118.818)</u> |  | <u>(393.966)</u> |  | <u>(543.648)</u> |
|--|------------------|--|------------------|--|------------------|

**E. EXTRAORDINARY INCOME AND EXPENSES**

## 20) Income

|                           |        |        |        |        |       |
|---------------------------|--------|--------|--------|--------|-------|
| a) capital gains on sales | 93.712 |        | 11.032 |        | 9.768 |
| a) other                  | 0      | 93.712 | 0      | 11.032 | 0     |

|  |          |  |          |  |          |
|--|----------|--|----------|--|----------|
|  | <u>0</u> |  | <u>0</u> |  | <u>0</u> |
|--|----------|--|----------|--|----------|

|              |   |  |   |  |   |
|--------------|---|--|---|--|---|
| 21) expenses | 0 |  | 0 |  | 0 |
|--------------|---|--|---|--|---|

|                         |         |  |          |  |          |
|-------------------------|---------|--|----------|--|----------|
| 21) losses on disposals | (7.642) |  | (25.151) |  | (25.137) |
|-------------------------|---------|--|----------|--|----------|

|                     |   |  |   |  |   |
|---------------------|---|--|---|--|---|
| b) prior year taxes | 0 |  | 0 |  | 0 |
|---------------------|---|--|---|--|---|

|          |   |         |           |           |   |
|----------|---|---------|-----------|-----------|---|
| c) other | 0 | (7.642) | (100.000) | (125.151) | 0 |
|----------|---|---------|-----------|-----------|---|

**TOTAL OF THE EXTRAORDINARY ITEMS (E)**

|  |               |  |                  |  |                 |
|--|---------------|--|------------------|--|-----------------|
|  | <u>86.070</u> |  | <u>(114.119)</u> |  | <u>(15.369)</u> |
|--|---------------|--|------------------|--|-----------------|

**RESULT BEFORE TAX (A - B +- C +- D +- E)**

|  |           |  |           |  |         |
|--|-----------|--|-----------|--|---------|
|  | 1.228.018 |  | 2.489.789 |  | 253.030 |
|--|-----------|--|-----------|--|---------|

**22) INCOME TAXES FOR THE FINANCIAL YEAR**

|            |  |  |             |  |   |
|------------|--|--|-------------|--|---|
| a) current |  |  | (1.318.127) |  | 0 |
|------------|--|--|-------------|--|---|

|             |  |   |           |  |   |
|-------------|--|---|-----------|--|---|
| b) deferred |  | 0 | (553.086) |  | 0 |
|-------------|--|---|-----------|--|---|

|            |  |   |         |  |   |
|------------|--|---|---------|--|---|
| c) prepaid |  | 0 | 208.623 |  | 0 |
|------------|--|---|---------|--|---|

**23) PROFIT (LOSS) FOR THE YEAR**

|  |                  |  |                |  |                |
|--|------------------|--|----------------|--|----------------|
|  | <u>1.228.018</u> |  | <u>827.199</u> |  | <u>253.030</u> |
|--|------------------|--|----------------|--|----------------|

