

**PRIMA
INDUSTRIE**

st, 2017

Board of Directors - May 8th, 2017

INDEX

CHAPTER 1. PRIMA INDUSTRIE MANAGEMENT AND CONTROL	4
CHAPTER 2. PRIMA INDUSTRIE GROUP STRUCTURE	6
CHAPTER 3. PRIMA INDUSTRIE GROUP PROFILE	8
CHAPTER 4. INTRODUCTION	10
CHAPTER 5. GROUP MANAGEMENT REPORT	12
GROUP RESULTS SUMMARY	12
ECONOMIC PERFORMACE	12
FINANCIAL PERFORMANCE	15
BUSINESS PERFORMANCE	16
FORESEEABLE DEVELOPMENTS OF MANAGEMENT	16
EVENTS OCCURRING AFTER THE REFERENCE DATE OF THE FINANCIAL STATEMENT	16
CHAPTER 6. CONSOLIDATED FINANCIAL STATEMENTS OF PRIMA INDUSTRIE GROUP	19
ST , 2017	19
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	19
CONSOLIDATED INCOME STATEMENT	20
CONSOLIDATED STATEMENT OF CONPREHENSIVE INCOME	21
CONSOLIDATED STATEMENT OF CHANGES ON SHAREHOLDERS' EQUITY	22
CONSOLIDATED CASH FLOW STATEMENT	23
CHAPTER 7. EXPLANATORY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	25
MARCH 31 ST , 2017	25
ACCOUNTING TABLES FORM AND CONTENT	25
DRAFTING PRINCIPLES AND CRITERIA	25
EXPLANATORY NOTES	26
ANNEXES	33
ANNEX 1 - CONSOLIDATION AREA	33
ANNEX 2 - "NON-GAAP" PERFORMANCE INDICATORS	34
ANNEX 3 - CURRENCY EXCHANGE RATES	35
ATTESTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AT MARCH 31 ST , 2017	36

CHAPTER 1

Prima Industrie SpA management and control



CHAPTER 1. PRIMA INDUSTRIE MANAGEMENT AND CONTROL

Board of Directors

Executive Chairman	Gianfranco Carbonato
Managing Directors	Ezio G. Basso ⁽¹⁾ Domenico Peiretti ⁽²⁾
Independent Directors	Donatella Busso Paolo Cantarella Carla Patrizia Ferrari Paola Gatto Mario Mauri Marina Meliga
Other Directors	Rafic Y. Mansour Michael R. Mansour

Internal Control Committee

Chairman	Donatella Busso
Members	Paolo Cantarella Carla Patrizia Ferrari

Remuneration Committee

Chairman	Mario Mauri
Members	Paola Gatto Rafic Y. Mansour

Operations with Related parties Committee

Chairman	Donatella Busso
Members	Paola Gatto Marina Meliga

Board of Statutory Auditors

Chairman	Franco Nada
Regular Auditors	Maura Campra Roberto Petrignani
Alternate Auditors	Roberto Coda Gaetana Laselva

Audit Company

PricewaterhouseCoopers S.p.A.

Expiry of Mandates and Appointments

The Board of Directors shall remain in office until the approval of 2019 Financial Statements.

The Board of Statutory Auditors shall remain in office until the approval of 2018 Financial Statements.

The Audit company was appointed by the Stockholders's Meeting held on April 11th, 2017 for the period 2017 -2025.

⁽¹⁾ Ezio G.Basso is also the General Manager of PRIMA INDUSTRIE SpA

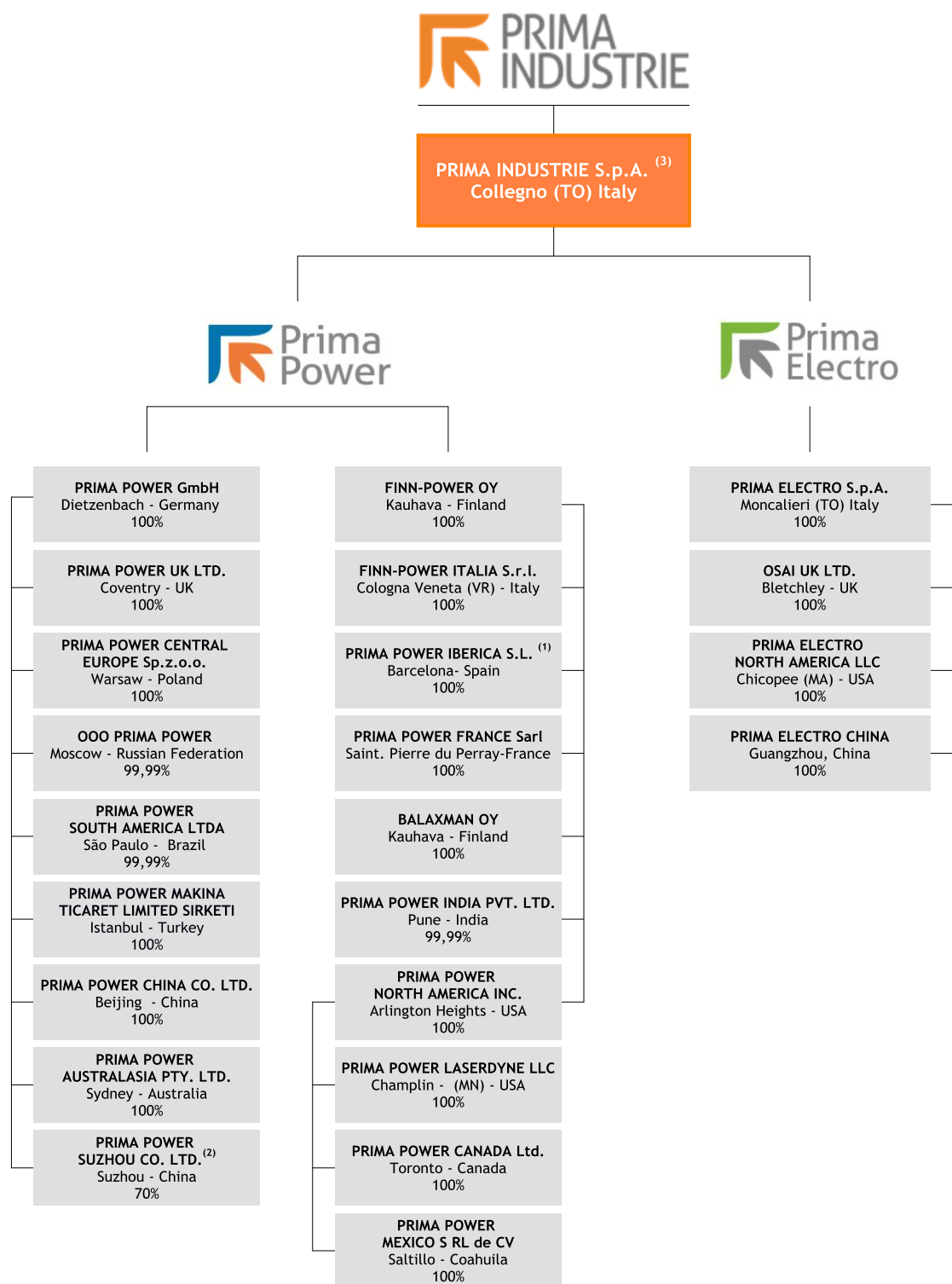
⁽²⁾ Domenico Peiretti is also the Managing Director and General Manager of PRIMA ELECTRO SpA

CHAPTER 2

Prima Industrie Group structure



CHAPTER 2. PRIMA INDUSTRIE GROUP STRUCTURE



The statement on this page represents the corporate situation of PRIMA INDUSTRIE Group on March 31st, 2017.

- ⁽¹⁾ FINN-POWER OY holds 78% of PRIMA POWER IBERICA SL (the remaining 22% is held by PRIMA INDUSTRIE SpA).
⁽²⁾ PRIMA INDUSTRIE SpA holds 70% of PRIMA POWER SUZHOU Co. Ltd. (the remaining 30% is held by third parties).
⁽³⁾ PRIMA INDUSTRIE SpA is included in PRIMA POWER Division for Reporting purposes.

CHAPTER 3

Prima Industrie Group Profile



CHAPTER 3. PRIMA INDUSTRIE GROUP PROFILE

The PRIMA INDUSTRIE Group is a market leader in the development, manufacture and sale of laser systems for industrial applications and of machines to process sheet metal, besides in the fields of industrial electronics and laser sources.

The Parent Company PRIMA INDUSTRIE SpA, established in 1977 and listed in the Italian Stock Exchange since 1999 (currently MTA - STAR segment), designs and manufactures high-power laser systems for cutting, welding and surface treatment of three-dimensional (3D) and flat (2D) components.

The PRIMA INDUSTRIE Group boasts 40 years of experience and has over 13,000 machines installed in more than 70 Countries. Owing also to the acquisition of the FINN-POWER Group in February 2008, it has stably ranked among world leaders in the sector of sheet metal processing applications. In recent years, the Group has reorganized its structure, branching its *business* in the following two divisions:

- PRIMA POWER for laser machines and sheet metal processing;
- PRIMA ELECTRO for industrial electronics and laser technologies.

The **PRIMA POWER** division includes the design, manufacture and sale of:

- cutting, welding and punching machines for three-dimensional (3D) and two-dimensional (2D) metallic components;
- sheet metal processing machines that use mechanical tools (punchers, integrated punching and shearing systems, integrated punching and laser cutting systems, panel bending, bending machines and automated systems).

This division owns manufacturing plants in Italy (PRIMA INDUSTRIE SpA and FINN-POWER ITALIA Srl), in Finland (FINN-POWER OY), in the United States (PRIMA POWER LASERDYNE LLC), in China (PRIMA POWER Suzhou Co. Ltd.) and has direct sales and customer service facilities in France, Switzerland, Spain, Germany, the United Kingdom, Belgium, Poland, Czech Republic, Lithuania, Hungary, Russia, Turkey, USA, Canada, Mexico, Brazil, China, India, South Korea, Australia and the United Arab Emirates.

The **PRIMA ELECTRO** division includes the development, construction and sale of electronic power and control components, and high-power laser sources for industrial applications, intended for the machines of the Group and third customers. The division has manufacturing plants in Italy (PRIMA ELECTRO SpA) and in the United States (PRIMA ELECTRO NORTH AMERICA LLC.), as well as sales & marketing facilities in the United Kingdom and China.

After 40 years of its establishment, the mission of the PRIMA INDUSTRIE Group continues to be that of systematically expanding its range of products and services and to continue to grow as a global supplier of laser systems and sheet metal processing systems for industrial applications, including industrial electronics, markets that demand top-range technology and where growth rates are quite good, though in the presence of a cyclical context.

This Company draft of Financial Statement was approved by the Board of Directors on May 8th, 2017.

CHAPTER 4

Introduction



CHAPTER 4 INTRODUCTION

The Interim Management Report at March 31st, 2017 of the PRIMA INDUSTRIE Group was prepared in accordance with the provisions of article 154-ter, paragraph 5 of Consolidated Finance Law et seq. in accordance with the International Financial Reporting Standards (IFRS) and with applicable Italian statutory regulations.

This report was approved by the Board of Directors on May 8th, 2017 and is published in accordance with the provisions of article 2.2.3 of Borsa Italiana SpA Regulations applicable to issuers listed in the STAR segment.

Quarterly data were not audited by the independent auditors.

It should be noted that, to improve disclosure of its financial results, the Group has decided, beginning financial year 2017, to present the income statement according to functional area, rather than by expenditure type, as done until the Consolidated Financial statements for the year 2016 (approved by the Shareholders' Meeting on April 11th, 2017). Therefore, the financial data presented in this Interim Report are presented according to functional area and, to facilitate comparison of the data from the current year with those of the corresponding period of the previous financial year have been reclassified in the same manner.

The company presents the income statement according to functional area, otherwise referred to as "at cost of the sale". This cost analysis is based on cost destination and is considered more representative than expenditure type. The form chosen conforms to internal reporting and business management procedures and is in line with international practice within the sector in which the Group operates.

"Cost of the sale" includes costs relating to the functional areas that participated directly or indirectly to the generation of revenues with the sale of goods and services. It includes all costs of materials, processing and overheads directly related to production.

CHAPTER 5

Group Interim Management Report



CHAPTER 5. GROUP MANAGEMENT REPORT

GROUP RESULTS SUMMARY

Values in euro thousand	March 31, 2017	March 31, 2016	Variations	%
ORDER INTAKE	112,242	82,528	29,714	36.0%
BACKLOG	164,150	120,794	43,356	35.9%
REVENUES	89,483	79,421	10,062	12.7%
EBITDA	6,278	4,702	1,576	33.5%
EBITDA %	7.0%	5.9%	1.1%	-
EBIT	1,979	1,048	931	88.8%
EBIT %	2.2%	1.3%	0.9%	-
NET RESULT	770	(432)	1,202	278.2%
FCF	(16,426)	(12,950)	(3,476)	-26.8%
NFP	(101,122)	(117,334)	16,212	13.8%
HEADCOUNT	1,702	1,654	48	2.9%

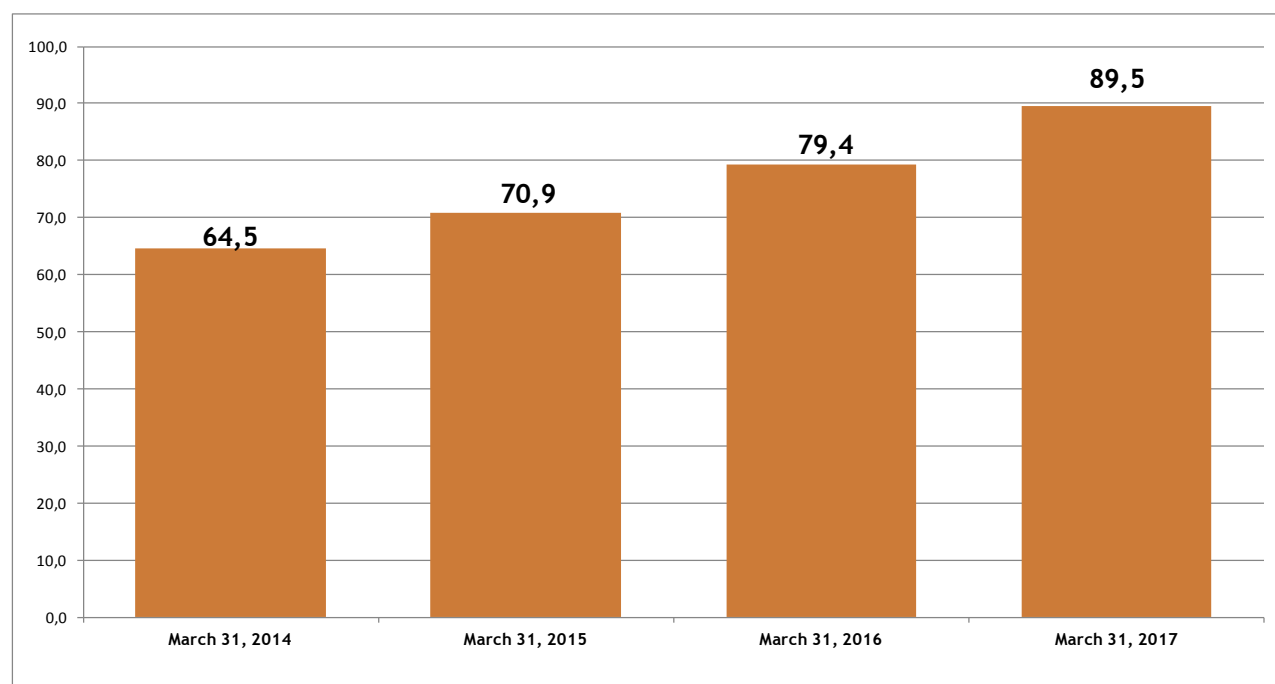
(% calculated over the revenues, headcount expressed in units)

ECONOMIC PERFORMANCE

The Groups ended the first quarter of 2017 reaching consolidated revenues of 89,483 thousand euro, increasing about 12.7% against the same period of the previous year.

Growth in turnover has now been steady over time and, as we can see in the chart below, over the last 3 years, the CAGR of Q1 revenues has been 11.5%.

Values in Euro million



This positive performance was the result of the significant investments made by the Group during the recent years and in particular those in research and development aimed to the renewal of the product range, to the development of the proprietary fibre laser source, as well as investments to strengthen its

presence on several geographic markets. A further accelerator of this growth has been the building of the new HQTC (*Headquarters & Technology Centre*) in Collegno (Torino). The HQTC, where all the Group product lines are exposed, was inaugurated at the end of May 2016 and continues to be visited by many customers from all over the world, contributing significantly to the Group orders acquisition.

Below are the main economic indicators of the Group broken down by Division, compared with the same period of the previous year:

Values in euro thousand

March 31, 2017	Revenues	Gross Margin	Gross Margin %	EBITDA	EBITDA %	EBIT	EBIT %	NET RESULT
PRIMA POWER	83,391	19,526	23.4%	5,969	7.2%	2,518	3.0%	1,002
PRIMA ELECTRO	12,090	2,732	22.6%	500	4.1%	(352)	-2.9%	(110)
ELIMINATIONS	(5,998)	(232)	3.9%	(191)	3.2%	(187)	3.1%	(122)
GROUP	89,483	22,026	24.6%	6,278	7.0%	1,979	2.2%	770

(% calculated over the revenues)

Values in euro thousand

March 31, 2016	Revenues	Gross Margin	Gross Margin %	EBITDA	EBITDA %	EBIT	EBIT %	NET RESULT
PRIMA POWER	73,169	17,434	23.8%	4,830	6.6%	2,058	2.8%	455
PRIMA ELECTRO	9,600	2,655	27.7%	6	0.1%	(879)	-9.2%	(438)
ELIMINATIONS	(3,348)	107	-3.2%	(134)	4.0%	(131)	3.9%	(449)
GROUP	79,421	20,196	25.4%	4,702	5.9%	1,048	1.3%	(432)

(% calculated over the revenues)

Values in euro thousand

Variations	Revenues	Gross Margin	Gross Margin %	EBITDA	EBITDA %	EBIT	EBIT %	NET RESULT
PRIMA POWER	10,222	2,092	20.5%	1,139	11.1%	460	4.5%	547
PRIMA ELECTRO	2,490	77	3.1%	494	19.8%	527	21.2%	328
ELIMINATIONS	(2,650)	(339)	12.8%	(57)	2.2%	(56)	2.1%	327
GROUP	10,062	1,830	18.2%	1,576	15.7%	931	9.3%	1,202

(% calculated over the revenues)

Following is the consolidated revenues geographical breakdown at March ,31st, 2017 compared with same period of the previous year:

Revenues	March 31, 2017		March 31, 2016	
	Euro thousand	%	Euro thousand	%
EMEA	46,584	52.0	47,023	59.2
AMERICAS	27,096	30.3	18,244	23.0
APAC	15,803	17.7	14,154	17.8
TOTAL	89,483	100.0	79,421	100.0

The table above shows that, the Group revenues of the first quarter of 2017 (compared with the first quarter of 2016) recorded a significant growth in AMERICAS (+48.5%) and in APAC region in which it achieved an increase of 11.7%; the turnover of EMEA area, in absolute values, remains instead substantially unchanged. Therefore, the Group's turnover is gradually moving more and more out of Europe.

It should be noted that the Group generated consolidated revenues in the EMEA area for 46,584 thousand Euro; in particular, the Group achieved good results in Italy (13.0% of consolidated revenues), in Germany (8.1% of consolidated revenues), in the countries of Northern Europe (7.1% of consolidated revenues), in the countries of Central Europe (5.5% of consolidated revenues) and Spain (5.0% of consolidated revenues).

The portion generated by AMERICAS rose significantly compared to 2016, growing from 18,244 thousand euro to 27,096 thousand euro (+48.5%); this growth is related to revenues generated in Canada and Mexico, which rose from a total of 1,623 thousand euro to a total of 9,269 thousand euro.

Also with regard to the APAC countries, the revenues also increased compared to 2016, growing from 14,154 thousand euro to 15,803 thousand euro (+11.7%); this growth mainly refers to China whose turnover grew from 10,260 thousand euro to 12,025 thousand euro (+17.2%; equal to 13.4% of consolidated revenues).

Shown below it is a subdivision of the revenues by sector of the gross inter-sector transactions:

Revenues	March 31, 2017		March 31, 2016	
	<i>Euro thousand</i>	%	<i>Euro thousand</i>	%
PRIMA POWER	83,391	93.2	73,169	92.1
PRIMA ELECTRO	12,090	13.5	9,600	12.1
Inter-sector revenues	(5,998)	(6.7)	(3,348)	(4.2)
TOTAL	89,483	100.0	79,421	100.0

As can be seen from the above table, total revenue growth was seen from both the PRIMA POWER division (10,222 thousand EUR) and the PRIMA ELECTRO division (2,490 thousand EUR). For the PRIMA ELECTRO division growth was due to internal supplies of fibre lasers.

Group gross margin at March 31st, 2017 remained stable at around 25%.

The Group's **EBITDA** at March 31st, 2017 amounted to 6,278 thousand euro (7.0% of revenues), an increase of 1,576 thousand euro compared to the same period of the previous year (it was 4,702 thousand euro, equal to 5.9% of revenues).

The Group's **EBIT** at March 31st, 2017 is equal to 1,979 thousand euro (2.2% of revenues), an increase of 931 thousand euro compared to March 31st, 2016 (it was 1,048 thousand euro, equal to 1.3% of revenues). This result is affected by depreciation of intangible assets for 3,238 thousand euro and of tangible assets for 1,061 thousand euro. With regard to the amortization of intangible assets, the main relates to amortization of development costs (2,238 thousand euro) and to the amortization related to assets with a defined useful life recognized in the FINN-POWER Group business (brand and customer relations - "customer list") which are equal to 795 thousand euro.

Consolidated **EBT** at March 31st, 2017 is positive for 1,040 thousand euro and significantly increased compared to March 31st, 2016, when EBT was negative for 821 thousand euro. Consolidated EBT reflects net financial charges (including profits and losses on exchange rates) for 1,165 thousand euro (at March 31st, 2016 they were equal to 2,079 thousand euro).

Financial results (€/000)	March 31, 2017	March 31, 2016
Bond expenses	(595)	(601)
Club-Deal loan expenses	(254)	(328)
Finnish Loan loan expenses	(148)	(166)
Derivate expenses (CRS)	556	469
Derivates expenses (IRS)	(19)	-
Other financial expenses	(566)	(624)
Net financial expenses	(1,026)	(1,250)
Net exchange differences	(139)	(829)
TOTAL	(1,165)	(2,079)

The Group **NET RESULT** at March 31st, 2017 is positive for 770 thousand euro (it was negative for 432 thousand euro at March 31st, 2016); the Net Result attributable to the Parent Company is equal to 837 thousand euro.

FINANCIAL PERFORMANCE

Values in euro thousand	March 31, 2017	March 31, 2016	Variations
Net Indebtness Opening	(84,215)	(101,747)	17,532
EBITDA	6,278	4,702	1,576
Taxes	(4,089)	(1,820)	(2,269)
Net financial expenses	(1,026)	(1,250)	224
Provisions and Retirement Benefit Oblig.	2,013	955	1,058
Change in Equity reserves	36	-	36
Other changes	(886)	997	(1,883)
Cash from operating activities before TWC	2,326	3,584	(1,258)
Change in Trade Working Capital	(16,117)	(12,755)	(3,362)
Cash from operating activities	(13,791)	(9,171)	(4,620)
Investments in development costs	(1,879)	(2,698)	819
Other investments	(756)	(1,081)	325
Cash from investment activities	(2,635)	(3,779)	1,144
FREE CASH FLOW (FCF)	(16,426)	(12,950)	(3,476)
Net financial result of investments	227	209	18
Cash from financing activities	227	209	18
Net exchange differences	(708)	(2,846)	2,138
CASH FLOW - TOTAL	(16,907)	(15,587)	(1,320)
Net Indebtness Closing	(101,122)	(117,334)	16,212

At March 31st, 2017 net financial position of the Group shows a net debt of 101,122 thousand euro, compared to 117,334 thousand euro at March 31st, 2016 and to 84,215 thousand euro at December 31st, 2016. The increase in indebtedness in the first quarter of 2017 reflects the higher volumes expected in

the coming quarters of the year; the growth in sales volumes expected over the coming months is confirmed by the high orders' backlog, with consequent effect on the working capital of the Group.

Below is the breakdown of the net financial position:

Values expressed in Euro thousand	March 31, 2017	December 31, 2016	March 31, 2016
CASH & CASH EQUIVALENTS	(43,817)	(62,680)	(26,543)
CURRENT FINANCIAL RECEIVABLES	(792)	(792)	(1,224)
CURRENT FINANCIAL LIABILITIES	32,764	35,790	26,228
NON CURRENT FINANCIAL LIABILITIES	112,967	111,897	118,873
NET FINANCIAL POSITION	101,122	84,215	117,334

BUSINESS PERFORMANCE

During the three first months of 2017 the order acquisition of the Group (including *after-sale service*) amounted to 112.2 million euro, an increase of 36% against 82.5 million euro at st, 2016. Order acquisition of PRIMA POWER segment was equal to 105.1 million euro, order acquisition relating to PRIMA ELECTRO segment, from customers outside the Group only, was equal to 7.1 million euro. Consolidated order backlog (not including after-sale service) at st, 2017 amounts to 164.2 million euro (against 120.8 million euro at st, 2016). The backlog includes 157.1 million euro relating to PRIMA POWER segment and 7.1 million euro relating to PRIMA ELECTRO segment.

At April 30th, 2017 the order backlog amounts to 185,7 million euro.

FORESEEABLE DEVELOPMENTS OF MANAGEMENT

Although the first quarter of the year is seasonally weak, the first quarter of 2017 saw good results from the PRIMA POWER division. This was also down to the excellent performance in North America and China and the recovery seen in the PRIMA ELECTRO division, resulting from increased volumes of fibre lasers delivered. On the basis of our strong order book, confirmation of the positive climate on the market, we expect the growth trend to continue into the next quarters of the year.

EVENTS OCCURRING AFTER THE REFERENCE DATE OF THE FINANCIAL STATEMENT

Appointment of new Board of Directors and related Committees

On April 11th, 2017, the Shareholders' Meeting of Prima Industrie SpA appointed the new Board of Directors to remain in office until approval of the financial statements of 2019. The Board is made up as follows: Gianfranco Carbonato (confirmed as Chairman of the Board of Directors), Ezio Giovanni Basso, Domenico Peiretti, Rafic Mansour, Michael Mansour, Mario Mauri, Donatella Busso, Paolo Cantarella, Carla Patrizia Ferrari, Paola Gatto and Marina Meliga. The directors Mario Mauri, Donatella Busso, Paolo Cantarella, Paola Gatto, Marina Meliga and Carla Ferrari have declared that they possess the independence requisite referred to in article 148, paragraph 3 of the Consolidated Finance Law (applicable in accordance with article 147-ter, paragraph 4 of the Consolidated Finance Law) and the Code of Conduct endorsed by Borsa Italiana SpA, and as applied by Prima Industrie SpA and specified in the Annual Report on Corporate Governance and Ownership Structure. The independence requirements and the requirements of propriety were immediately verified and confirmed by the Board of Directors after appointment by the Shareholders' Meeting. In that session, the Board also:

- assigned executive powers to the Chairman, Gianfranco Carbonato, appointing him Executive Chairman, and appointed Ezio Giovanni Basso and Domenico Peiretti as Managing Directors, assigning them operational powers;
- appointed Gianfranco Carbonato, the Executive Chairman to be the director in charge of the internal control and risk management system, with the task setting up and maintaining an effective internal control and risk management system;
- appointed the following members to the Remuneration Committee: Mario Mauri, Rafic Mansour and Paola Gatto;
- appointed the following members to the control and risk committee: Donatella Busso (Chairwoman), Paolo Cantarella and Carla Ferrari;
- appointed the following members to the Committee for operations with related parties: Donatella Busso (Chairwoman), Marina Meliga and Paola Gatto, with the task of expressing the opinions required by the applicable CONSOB regulation;
- appointed the following members to the Strategies Committee: Gianfranco Carbonato, Ezio Giovanni Basso, Domenico Peiretti, Paolo Cantarella, Mario Mauri, Michael Mansour and Marina Meliga;
- named Donatella Busso as the Lead Independent Director (in accordance with the Code of Conduct recommended by Borsa Italiana SpA).

Appointment for statutory audit

On 11 April 2017, the Shareholders' Meeting of Prima Industrie SpA assigned PricewaterhouseCoopers SpA the task of auditing the annual and consolidated financial statements for the period 2017-2025. The appointment was proposed by the Board of Statutory Auditors, which took into consideration the firm's knowledge of the sector, the methodology presented, its organisation and its technical suitability to carry out the assignment, as well as its annual fee, which was deemed appropriate for the process.

Authorization to purchase treasury stock

The Shareholders' Meeting on April 11th, 2017 has authorized the purchase, in one or more tranches, for a period of eighteen months, of ordinary shares of Prima Industrie S.p.A. for a maximum number of shares equal to 500,000, establishing an equivalent value for the purchase of 10,000,000 Euro, allowing as of now the disposal of treasury stock, in one or multiple times, without time limits, in the methods deemed most appropriate in the interests of the Company and in compliance with applicable regulations.

Purchases, primarily aimed at supporting the liquidity of the market and at the service of any free allocation to shareholders, even dividends in kind will be made on regulated markets according to operating procedures established in the markets organization and management regulations according to the operating methods established in the Italian Stock Exchange S.p.A. regulation, in accordance with Art. 144 bis, paragraph 1, sub-paragraph b), of Consob Regulation no. 11971/99 and subsequent amendments.

CAPITOLO 6

Consolidated Financial Statements of **Prima Industrie Group**
st, 2017



CHAPTER 6. CONSOLIDATED FINANCIAL STATEMENTS OF PRIMA INDUSTRIE GROUP

17

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Values in Euro	March 31, 2017	December 31, 2016
Property, plant and equipment	34,761,324	35,281,369
Intangible assets	154,367,930	155,713,399
Investments accounted for using the equity method	-	1,009,341
Other investments	179,551	139,051
Non current financial assets	9,578	9,578
Deferred tax assets	12,702,300	11,555,324
NON CURRENT ASSETS	202,020,683	203,708,062
Inventories	117,563,897	98,561,165
Trade receivables	85,624,409	88,376,748
Other receivables	8,261,808	6,425,617
Current tax receivables	7,305,127	5,053,888
Financial assets	791,509	791,509
Cash and cash equivalents	43,816,685	62,679,901
CURRENT ASSETS	263,363,436	261,888,828
Assets held for sale	1,303,208	318,812
TOTAL ASSETS	466,687,326	465,915,702
Capital stock	26,208,185	26,208,185
Legal reserve	4,565,082	4,565,082
Other reserves	72,532,677	70,738,752
Currency translation reserve	6,286,626	6,848,598
Retained earnings	27,621,702	19,276,926
Net result	836,514	10,102,304
<i>Stockholders' equity of the Group</i>	138,050,785	137,739,847
<i>Minority interest</i>	1,138,245	1,212,065
STOCKHOLDERS' EQUITY	139,189,030	138,951,912
Interest-bearing loans and borrowings	112,913,724	111,675,762
Employee benefit liabilities	7,976,956	8,100,353
Deferred tax liabilities	8,407,960	8,340,653
Provisions	160,545	162,684
Derivatives	53,833	220,866
NON CURRENT LIABILITIES	129,513,018	128,500,318
Trade payables	84,148,336	88,448,383
Advance payments	30,463,089	26,029,170
Other payables	22,839,886	22,076,067
Interest-bearing loans and borrowings	32,362,645	34,894,444
Current tax payables	7,207,921	7,695,264
Provisions	20,562,965	18,424,370
Derivatives	400,436	895,774
CURRENT LIABILITIES	197,985,278	198,463,472
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	466,687,326	465,915,702

CONSOLIDATED INCOME STATEMENT

Values in Euro	March 31, 2017	March 31, 2016
Net revenues	89,482,554	79,420,511
Cost of goods sold	(67,456,640)	(59,224,520)
GROSS MARGIN	22,025,914	20,195,991
Research and Development costs	(3,237,748)	(3,033,516)
Sales and marketing expenses	(6,916,527)	(6,832,778)
General and administrative expenses	(5,593,246)	(5,627,766)
OPERATING GROSS MARGIN (EBITDA)	6,278,393	4,701,931
Depreciation	(4,299,307)	(3,653,902)
OPERATING PROFIT (EBIT)	1,979,086	1,048,029
Financial income	666,105	501,928
Financial expenses	(1,692,113)	(1,751,578)
Net exchange differences	(139,282)	(829,183)
Net result of investments accounted for using the equity method	-	209,324
Net result of other investments	226,664	-
RESULT BEFORE TAXES (EBT)	1,040,460	(821,480)
Taxes	(270,797)	389,754
NET RESULT	769,663	(431,726)
- <i>Attributable to Group shareholders</i>	836,514	(359,397)
- <i>Attributable to minority shareholders</i>	(66,851)	(72,329)
RESULT PER SHARE - BASIC (in euro)	0.08	(0.03)
RESULT PER SHARE - DILUTED (in euro)	0.08	(0.03)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Values in Euro	March 31, 2017	March 31, 2016
NET RESULT (A)	769,663	(431,726)
Gains/ (Losses) on actuarial defined benefit plans	-	-
Tax effect	-	-
Total other comprehensive gains/(losses) not to be classified in the Income Statement, net of tax effects (B)	-	-
Gains / (Losses) on cash flow hedges	47,888	-
Tax effect	(11,492)	-
Gains/ (Losses) on exchange differences on translating foreign operations	(568,941)	(2,016,506)
Total other comprehensive gains/(losses) to be classified in the Income Statement, net of tax effects (C)	(532,545)	(2,016,506)
TOTAL COMPREHENSIVE INCOME (A) + (B) + (C)	237,118	(2,448,232)
- <i>Attributable to Group shareholders</i>	310,938	(2,330,012)
- <i>Attributable to minority shareholders</i>	(73,820)	(118,220)

CONSOLIDATED STATEMENT OF CHANGES ON SHAREHOLDERS' EQUITY

from the 1st of January 2016 to the 31st of March 2016

VALUES IN EURO	Capital stock	Additional paid-in capital	Legal reserve	Capital increase expenses	Change in the FV of hedging derivatives	Other reserves	Currency translation reserve	Retained earnings	Net result	Stockholders' equity of the Group	Minority interest	STOCKHOLDERS' EQUITY
Balance as at 01/01/2016	26,208,185	57,506,537	4,494,745	(1,286,154)	-	16,023,311	5,965,409	14,786,376	6,016,715	129,715,124	1,196,407	130,911,531
Allocation of prior year net result	-	-	-	-	-	-	-	6,016,715	(6,016,715)	-	-	-
Result of comprehensive Income	-	-	-	-	-	-	(1,970,615)	-	(359,397)	(2,330,012)	(118,220)	(2,448,232)
Balance as at 31/03/2016	26,208,185	57,506,537	4,494,745	(1,286,154)	-	16,023,311	3,994,794	20,803,091	(359,397)	127,385,112	1,078,187	128,463,299

from the 1st of January 2017 to the 31st of March 2017

VALUES IN EURO	Capital stock	Additional paid-in capital	Legal reserve	Capital increase expenses	Change in the FV of hedging derivatives	Other reserves	Currency translation reserve	Retained earnings	Net result	Stockholders' equity of the Group	Minority interest	STOCKHOLDERS' EQUITY
Balance as at 01/01/2017	26,208,185	57,506,537	4,565,082	(1,286,154)	(62,841)	14,581,210	6,848,598	19,276,926	10,102,304	137,739,847	1,212,065	138,951,912
Allocation of prior year net result	-	-	-	-	-	1,757,528	-	8,344,776	(10,102,304)	-	-	-
Result of comprehensive Income	-	-	-	-	36,396	-	(561,972)	-	836,514	310,938	(73,820)	237,118
Balance as at 31/03/2017	26,208,185	57,506,537	4,565,082	(1,286,154)	(26,445)	16,338,738	6,286,626	27,621,702	836,514	138,050,785	1,138,245	139,189,030

CONSOLIDATED CASH FLOW STATEMENT

VALUES IN EURO	March 31, 2017	March 31, 2016(**)
Net result	769,663	(431,726)
Adjustments (sub-total)	(14,921,442)	(10,147,984)
Depreciation, impairment & write-off	4,299,307	3,653,902
Gain from sales of shares in other investments	(226,664)	-
Net change in deferred tax assets and liabilities	(1,079,668)	(769,040)
Change in employee benefits	(123,397)	21,123
Change in inventories	(19,002,732)	(15,682,653)
Change in trade receivables	2,752,339	1,997,350
Change in trade payables and advances	133,872	930,495
Net change in other receivables/payables and other assets/liabilities	(1,674,498)	(299,161)
Cash Flows from (used in) operating activities (A)	(14,151,780)	(10,579,710)
Cash flow from investments		
Acquisition of tangible fixed assets (*)	(650,945)	(812,979)
Acquisition of intangible fixed assets	(82,663)	(352,811)
Capitalization of development costs	(1,878,999)	(2,697,798)
Net disposal of fixed assets	(10,147)	47,464
Capital increase/decrease in Other investments	217,737	-
Capital increase/decrease investments accounted for using the equity method	-	37,100
Cash Flows from (used in) investing activities (B)	(2,405,017)	(3,779,024)
Cash flow from financing activities		
Change in other financial assets/liabilities and other minor items	(470,004)	232,437
Increases in loans and borrowings (including bank overdrafts)	4,214,293	2,412,232
Repayment of loans and borrowings (including bank overdrafts)	(5,364,529)	(1,077,218)
Repayments in financial lease liabilities	(117,239)	(89,632)
Change in currency translation reserve	(561,972)	(1,970,615)
Other variations	-	75,055
Cash Flows from (used in) financing activities (C)	(2,299,451)	(417,741)
Cash Flows from (used in) change of minority shareholders (D)	(6,969)	(45,891)
Net change in cash and equivalents (E=A+B+C+D)	(18,863,216)	(14,822,366)
Cash and equivalents beginning of period (F)	62,679,901	41,365,408
Cash and equivalents end of period (G=E+F)	43,816,685	26,543,042
Additional Information to the Consolidated Statement of Cash-Flow	March 31, 2017	March 31, 2016(**)
<i>Values in Euro</i>		
Taxes	(270,797)	389,754
Financial incomes	666,105	501,928
Financial expenses	(1,692,113)	(1,751,578)

(*) not included the acquisition of real estate assets by means of a financial lease and included assets held for sale
(**) for a better comprehension, the 2016 figures have been re-exposed

CHAPTER 7

Explanatory Notes **to Consolidated Financial statements** **st, 2017**



CHAPTER 7. EXPLANATORY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31ST, 2017

ACCOUNTING TABLES FORM AND CONTENT

The Interim Management Report of the Prima Industrie Group at March 31st, 2017 was prepared on the basis that it is an ongoing concern and in accordance with the International Financial Reporting Standards (IFRS) and with applicable Italian statutory regulations.

The report includes the Balance Sheet, the Income Statement, the Comprehensive Income Statement, the Cash Flow Statement, the Changes in Shareholders' Equity and the Explanatory Notes.

From the financial year 2017, the company presents the income statement according to functional areas, otherwise referred to as "at cost of the sale". This cost analysis is based on cost destination and is considered more representative than expenditure type. The form chosen conforms to internal reporting and business management procedures and is in line with international practice within the sector in which the Group operates.

"Cost of the sale" includes costs relating to the functional areas that participated directly or indirectly to the generation of revenues with the sale of goods and services. It includes all costs of materials, processing and overheads directly related to production.

DRAFTING PRINCIPLES AND CRITERIA

Accounting criteria and principles of consolidation

The accounting criteria and principles of consolidation adopted for setting out the abbreviated consolidated balance sheet at March 31st, 2017 are compatible with those used for the consolidated annual balance sheet at December 31st, 2016, to which reference is made subject to the new standards/interpretations adopted by the Group starting from January 1st, 2017, as well as the adjustments required by the nature of the interim findings.

On-going concern

The condensed consolidated balance sheet at March 31st, 2017 has been set out on the assumption of the company continuing trading in that it is reasonably expected that PRIMA INDUSTRIE will continue with its operational activities in the foreseeable future.

Use of accounting estimates

The drawing up of an interim balance sheet requires the carrying out of estimates and assumptions which have effect on the values of revenues, costs, assets and liabilities of the balance sheet and on the information report relating to the potential assets and liabilities on the date of the interim balance sheet. If in the future, such estimates and assumptions which are based on the best evaluation by management, should differ through effective circumstances, they will be modified in an appropriate manner in the period in which the circumstance themselves vary. In particular, with regard to the condensed consolidated balance sheet of March 31st, 2017, the taxes on income for the period of the individual consolidated companies are determined on the basis of the best estimate possible in relation to the available information, and on a reasonable forecast of the progress of the financial year up to the end of the tax period.

EXPLANATORY NOTES

The tangible fixed assets on March 31st, 2017 are equal to 34,761 thousand Euro, a decrease of 520 thousand Euro compared with December 31st, 2016.

The intangible assets on March 31st, 2017 are equal to 154,368 thousand Euro and decreased by 1,345 thousand Euro compared with December 31st, 2016. The most significant item is represented by Goodwill, which on March 31st, 2017 amounts to 103,221 thousand Euro.

Goodwill accounted for refers to the larger value paid with respect to the fair value of the net assets acquired.

The table below shows the book value of the goodwill allocated to each of the units generating financial flow.

CASH GENERATING UNIT	BOOK VALUE GOODWILL March 31, 2017	BOOK VALUE GOODWILL December 31, 2016
PRIMA POWER	97,826	97,851
OSAI (Service)	4,125	4,125
PRIMA ELECTRO NORTH AMERICA	1,079	1,095
MLTA	154	154
OSAI UK	37	37
TOTAL	103,221	103,262

Goodwill (being an asset with an undefined life) is not subject to depreciation and is subject to verification at least annually of the reduction of value (*impairment test*). On December 31st, 2016 the Group carried out the *impairment test* on the value of the main elements of goodwill (PRIMA POWER, OSAI-Service and PRIMA ELECTRO NORTH AMERICA), for which attention is drawn to the Consolidated

Statements at December 31st, 2016. Regarding the above mentioned goodwill, as no indicators of loss in value have appeared compared with the financial statements closed on December 31st, 2016, it was not considered necessary to update the related *impairment tests*.

The Deferred Tax Assets amounts to 12,702 thousand Euro, showing an increase compared with the preceding financial year of 1,147 thousand Euro. The accounting statement of prepaid taxes has been carried out, only where suppositions of recoverability exist. The valuation on the recoverability of anticipated taxes takes into account the expected profits in future financial years. The anticipated taxes calculated on the losses carried forward have been recognized in the measure at which it is probable that a future taxable income against which they might be recovered. During the first half of 2016 no elements have been identified which could modify the valuations made with regard to the recoverability of deferred tax assets.

The following table shows the composition of inventories at March 31st, 2017 and December 31st, 2016.

Inventories	March 31, 2017	December 31, 2016
Raw materials	39,930,599	34,127,407
Semi-finished goods	24,984,453	19,731,012
Finished goods	60,521,811	52,953,832
(Inventory provisions)	(7,872,966)	(8,251,086)
TOTAL	117,563,897	98,561,165

The net value of inventories on March 31st, 2017 shows an increase equal to 19,003 thousand Euro compared with December 31st, 2016. This increase is due to support the production volumes in subsequent quarters.

Net trade receivables at March 31st, 2017 amounted to 85,624 thousand Euro in reduction of 2,753 thousand Euro compared to December 31st, 2016.

Other receivables on March 31st, 2017 are equal to 8,262 thousand Euro and increased by 1,836 thousand Euro compared with December 31st, 2016. These receivables mainly refer to advance payments to suppliers, contributions to be received for R&D projects, accrued income and prepaid expenses and advances to employees.

The current tax receivables amount to 7,305 thousand Euro and are increased of 2,251 thousand Euro compared with December 31st, 2016. Tax assets mainly include VAT receivables for 4,028 thousand Euro (1,661 thousand Euro on December 31st, 2016), direct tax advances for 2,119 thousand Euro (2,260 thousand Euro on December 31st, 2016), a tax receivable amounting to 1,048 thousand Euro following the submission of claims for IRES reimbursement (IRAP deductions for IRES purposes for the years 2007-2011) which arose in February 2013, other receivables for minor tax assets for 104 thousand Euro (75 thousand Euro on December 31st, 2016) and withholding taxes for 6 thousand Euro (10 thousand Euro on December 31st, 2016).

On March 31st, 2017 the net financial position of the Group was negative for an amount of 101,122 thousand Euro, increasing of 16,907 thousand Euro compared to December 31st, 2016 (negative for 84,215 thousand Euro). For a better understanding of the variation in the net financial position achieved during the first three months of 2017, refer to the consolidated cash flow statement of the period.

As required by the Consob communication No. DEM/6064293 of July 28th, 2006, the net financial debt at March 31st, 2017 and December 31st, 2016 is shown in the following table, determined with the indicated criteria in the CESR (Committee of European Securities Regulators) Recommendations of February 10th, 2005 "Recommendations for the uniform activation of the European Commission Regulation on Information Sheets" and quoted by Consob itself.

Values expressed in Euro thousand

	Net Financial Position	March 31, 2017	December 31, 2016	Variations
A	CASH	43,817	62,680	(18,863)
B	OTHER CASH AND CASH EQUIVALENTS	-	-	-
C	SECURITIES HELD FOR TRADING	-	-	-
D	CASH ON HAND (A+B+C)	43,817	62,680	(18,863)
E	CURRENT FINANCIAL RECEIVABLES	792	792	-
F	CURRENT BANK DEBTS	3,616	5,454	(1,838)
G	CURRENT PART OF NON-CURRENT INDEBTEDNESS	26,516	24,993	1,523
H	BOND ISSUED	283	871	(588)
I	OTHER CURRENT FINANCIAL DEBTS	2,349	4,472	(2,123)
J	CURRENT FINANCIAL INDEBTEDNESS (F+G+H+I)	32,764	35,790	(3,026)
K	NET CURRENT FINANCIAL INDEBTEDNESS (J-D-E)	(11,845)	(27,682)	15,837
L	NON-CURRENT BANK DEBTS	60,772	59,195	1,577
M	BOND ISSUED	39,668	39,660	8
N	OTHER NON-CURRENT FINANCIAL DEBTS	12,527	13,042	(515)
O	NON-CURRENT FINANCIAL INDEBTEDNESS (L+M+N)	112,967	111,897	1,070
P	NET FINANCIAL POSITION (K+O)	101,122	84,215	16,907

The payables due to banks and the financing of the PRIMA INDUSTRIE Group on March 31st, 2017 (not including the derivatives *fair value*) are equal to 145,277 thousand Euro and during the first quarter of 2017, they changed as shown in the following table.

BANK PAYABLES AND LOANS	Euro thousand
Bank Payables and loans - current portion (December 31, 2016)	34,894
Bank Payables and loans - non-current portion (December 31, 2016)	111,676
TOTAL BANK PAYABLES AND LOANS AS OF DECEMBER 31, 2016	146,570
Stipulation of loans and borrowings (<i>including bank overdrafts</i>)	4,214
Repayment of loans and borrowings (<i>including bank overdrafts</i>)	(5,365)
Stipulation/(repayments) of financial leasing	(115)
Exchange rate effect	(27)
TOTAL BANK PAYABLES AND LOANS AS OF MARCH 31, 2017	145,277
of which:	
Bank Payables and loans - current portion (March 31, 2017)	32,363
Bank Payables and loans - non-current portion (March 31, 2017)	112,914
TOTAL BANK PAYABLES AND LOANS AS OF MARCH 31, 2017	145,277

At March 31st, 2017, the value of non-current assets held for sale is 1,303 thousand EUR. The increase is solely due to the reclassification of the shareholding in EPS SA (whose book value is 978 thousand EUR and accounts for 14.53% of all shares) from the equity method to this asset category. The remaining 325 thousand EUR refers to some properties under construction held by the Company FINN-POWER ITALIA Srl located in Mantua, Italy. All assets classified in this category are available for immediate sale, which is very likely to take place since the Management has engaged in a divestment programme.

The net equity of the PRIMA INDUSTRIE group has increased compared to the end of last financial year of 237 thousand Euro. For more detail on the subject, see the movement of net assets statement.

The item employees benefits liabilities on March 31st, 2017 is equal to 7,977 thousand Euro and is decreased compared to December 31st, 2016 of 123 thousand Euro, this item includes:

- the Severance Indemnity (TFR) recognized by Italian companies for employees;
- a loyalty premium recognized by the Parent Company and by PRIMA ELECTRO for their own employees;
- a pension fund recognized by PRIMA POWER GmbH and by PRIMA POWER France Sarl to their employees;
- a liability for employee benefits accounted for by PRIMA INDUSTRIE SpA relevant the South Korea *branch office*.

The deferred tax liabilities amounts to 8,408 thousand Euro, showing an increase of 67 thousand Euro compared with December 31st, 2016.

The provisions for liabilities and charges are equal to 20,724 thousand Euro and increased by 2,136 thousand Euro compared with December 31st, 2016.

Non-current provisions refer exclusively to the agent client indemnity provision and amounts comprehensively to 161 thousand Euro.

Current provisions mainly relate to product warranties (equal to 11,115 thousand Euro) and to the best estimate of costs still to be incurred for the completion of certain activities ancillary to the sale of machinery already sold (equal to 8,992 thousand Euro). The warranty provision relates to the provisions for technical interventions on the Group's products and is considered appropriate in comparison to the warranty costs which have to be provided for.

The other provisions amounting to 456 thousand Euro refer to legal, fiscal procedures and other disputes; these provisions represent the best estimate by management of the liabilities which must be accounted for with regard to legal, fiscal proceedings occasioned during normal operational activity with regard to dealers, clients, suppliers or public authorities.

The value of trade payables decreased compared to December 31st, 2016 by 4,300 thousand Euro.

The heading Clients advance payments increased compared to December 31st, 2016 : it has to be noted that the heading contains both the advance payments on orders relating to machines which have not yet been delivered, as well as those generated by the application of the IAS 18 accounting principle relating to machines already delivered, but not yet accepted by the end client and therefore not recognized as revenue.

The heading Other payables is increased by 764 thousand Euro compared to December 31st, 2016 and includes social security and welfare payables, payables due to employees, accruals and deferrals and other minor payables.

Tax payables for current taxes on March 31st, 2017 amounts to 7,208 thousand Euro which results in a reduction of 487 thousand Euro compared with December 31st, 2016.

The revenues from sales and services have been commented on Chapter 5 of this document "Group Interim Management Report" in the paragraph "Economic performance".

Depreciation at March 31st, 2017 amounts to 4,299 thousand Euro (of which 3,238 thousand Euro are related to intangible assets).

It has to be highlighted that amortization costs relating to the trademark and "customers list" amount to a comprehensive 795 thousand Euro, while those relating to development costs amount to 2,238 thousand Euro.

The financial management of the first three months of 2017 shows a negative result of 1,165 thousand Euro.

Financial Management	March 31, 2017	March 31, 2016
Financial income	666,105	501,928
Financial expenses	(1,692,113)	(1,751,578)
Net financial expenses	(1,026,008)	(1,249,650)
Net exchange of transactions in foreign currency	(139,282)	(829,183)
Total Financial Management	(1,165,290)	(2,078,833)

It should be noticed that the financial costs at March 31st, 2017 include financial expenses for 595 thousand Euro relevant to the issue of the *Bond*, 254 thousand Euro relevant to the new *Club Deal* loan and 148 thousand Euro relevant to the *Finnish Loan*.

The net result of investments accounted for using the net equity method was positive for 227 thousand Euro and refers to the capital gain generated by the sale of part of EPS SA shares.

Income taxes in the first three months of 2017 result in a negative net balance of 271 thousand Euro. The balance of current and deferred taxes is negative by 17 thousand Euro, IRAP is equal to 171 thousand Euro and other taxes, including those relating to prior years, amount to 83 thousand Euro.

The earnings per share on st, 2017, positive for 0.08 Euro (negative for 0.03 Euro on st, 2016) is calculated by dividing the profits attributable to the shareholders of the Parent Company by the weighted average number of ordinary shares in circulation during the period which is 10,483,274. The diluted earnings per share is equal to the earning per share because at st, 2017 there are no dilutive operations.

OPERATING SEGMENTS

It has to be noted that not all the figures shown below are directly comparable with those presented in chapter "5 - Group Interim Management Report", given that the last ones are expressed as gross of the inter-sector parties.

Information by operating segments

The inter-sector revenues have been determined based on market prices.

The operational sectors of the group are the following two:

- PRIMA POWER
- PRIMA ELECTRO

Further details relevant to operating segments are shown below:

Segment results as at March 31, 2017	PRIMA POWER	PRIMA ELECTRO	Items not allocated	TOTAL
Total sector revenues	83,391	12,090	-	95,481
(Inter-sector revenues)	(132)	(5,866)	-	(5,998)
Revenues	83,259	6,224	-	89,483
EBITDA	6,436	(158)	-	6,278
EBIT	2,989	(1,010)	-	1,979
Net financial income/expenses	(1,052)	(113)	-	(1,165)
Net result of other investments	-	227	-	227
Profit before taxes	1,937	(896)	-	1,040
Taxes	-	-	(271)	(271)
Net result	1,937	(896)	(271)	770

Segment assets and liabilities as at March 31, 2017	PRIMA POWER	PRIMA ELECTRO	Items not allocated	TOTAL
Assets	336,975	63,939	64,616	465,530
Associates and other equity investments	156	1,001	-	1,157
Total assets	337,131	64,940	64,616	466,687
Liabilities	148,409	17,742	161,347	327,498

Segment results as at March 31, 2016	PRIMA POWER	PRIMA ELECTRO	Items not allocated	TOTAL
Total sector revenues	73,169	9,600	-	82,769
(Inter-sector revenues)	(38)	(3,310)	-	(3,348)
Revenues	73,131	6,290	-	79,421
EBITDA	4,810	(108)	-	4,702
EBIT	2,042	(994)	-	1,048
Net financial income/expenses	(1,895)	(184)	-	(2,079)
Net result of investments accounted for using the equity method	-	209	-	209
Profit before taxes	147	(969)	-	(822)
Taxes	-	-	390	390
Net result	147	(969)	390	(432)

Segment assets and liabilities as at March 31, 2016	PRIMA POWER	PRIMA ELECTRO	Items not allocated	TOTAL
Assets	330,596	59,124	44,975	434,695
Associates and other equity investments	116	1,192	-	1,308
Total assets	330,712	60,316	44,975	436,003
Liabilities	130,523	16,018	160,999	307,540

Information by geographic area

For details regarding revenues subdivided by geographical area, refer to Chapter 5 "Group Interim Management Report".

ANNEXES



ANNEXES

ANNEX 1 - CONSOLIDATION AREA

PRIMA POWER	REGISTERED OFFICE	SHARE CAPITAL	OWNERSHIP	CONSOLIDATION METHOD
FINN POWER OY	Metallitie 4, FI - 62200 Kauhava, FINLAND	€ 49.417.108	100%	Line-by-line method
FINN-POWER Italia S.r.l.	Viale Artigianato 9, 37044, Cologna Veneta (VR), ITALY	€ 1.500.000	100%	Line-by-line method
PRIMA POWER LASERDYNE LLC	8600, 109th Av. North, Champlin, MN 55316, U.S.A.	USD 200.000	100%	Line-by-line method
PRIMA POWER SUZHOU Co. LTD.	Xinrui Road 459, Wujiang Ec. & Tech. Develop. Zone, Suzhou City Jiangsu Prov. CHINA	USD 8.000.000	70%	Line-by-line method
PRIMA POWER NORTH AMERICA Inc.	555W Algonquin Rd., Arlington Heights, IL 60005, U.S.A.	USD 10.000	100%	Line-by-line method
PRIMA POWER CANADA Ltd.	390 Bay Street Suite 2800 Toronto, Ontario M5H 2Y2 CANADA	CAD 200	100%	Line-by-line method
PRIMA POWER MEXICO S DE RL DE CV	Campo Real, 121 FRACC. Valle Real, Saltillo, Coahuila C.P. 25198 MEXICO	USD 250	100%	Line-by-line method
PRIMA POWER GmbH	Lise-Meitner Strasse 5, Dietzenbach, GERMANY	€ 500.000	100%	Line-by-line method
PRIMA POWER IBERICA S.L.	C/Primero de Mayo 13-15, 08908 L'Hospitalet de Llobregat, Barcelona, SPAIN	€ 6.440.000	100%	Line-by-line method
PRIMA POWER CENTRAL EUROPE Sp.z.o.o.	Ul. Holenderska 6 - 05 - 152 Czosnów Warsaw, POLAND	PLN 350.000	100%	Line-by-line method
OOO PRIMA POWER	Ordzhonikidze str., 11/A - 115419, Moscow - RUSSIAN FEDERATION	RUB 4.800.000	99,99%	Line-by-line method
PRIMA POWER FRANCE Sarl	Espace Green Parc , Route de Villepècle, 91280 St. Pierre du Perray, FRANCE	€ 160.005	100%	Line-by-line method
PRIMA POWER MAKINA TICARET LIMITED SIRKETI	Soğanlık Yeni Mah. Balıkesir Cad. Uprise Elite Teras Evler B2 A Dupleks Gül Blok Daire:4 Kartal - Istanbul, TURKEY	TRY 1.470.000	100%	Line-by-line method
PRIMA POWER UK LTD	Unit 1, Phoenix Park, Bayton Road, Coventry CV7 9QN, UNITED KINGDOM	GBP 1	100%	Line-by-line method
PRIMA POWER INDIA PVT. LTD.	Plot No A-54/55, H Block, MIDC, Pimpri, Pune - 411018, Maharashtra, INDIA	Rs. 7.000.000	99,99%	Line-by-line method
PRIMA POWER SOUTH AMERICA Ltda	Av Fuad Lutfalla, 1,182 - Freguesia do Ó - 02968-00, Sao Paulo BRASIL	R\$ 4.471.965	99,99%	Line-by-line method
PRIMA POWER CHINA Company Ltd.	Room 2006, Unit C, Tower 1, Wangjing SOHO, Chaoyang District, Beijing, P.R. CHINA	RMB 2.038.778	100%	Line-by-line method
PRIMA POWER AUSTRALASIA Pty. LTD.	Minter Ellison, LEVEL 3, 25 National circuit, Forrest, ACT, 2603 AUSTRALIA	A\$ 1	100%	Line-by-line method
BALAXMAN OY	Metallitie 4, FI-62200 Kauhava, FINLAND	€ 2.523	100%	Line-by-line method

PRIMA ELECTRO	REGISTERED OFFICE	SHARE CAPITAL	OWNERSHIP	CONSOLIDATION METHOD
PRIMA ELECTRO S.p.A.	Strada Carignano 48/2, 10024 Moncalieri, (TO) ITALY	€ 15.000.000	100%	Line-by-line method
PRIMA ELECTRO NORTH AMERICA LLC.	711 East Main Street, Chicopee, MA 01020, U.S.A.	USD 24.119.985	100%	Line-by-line method
PRIMA ELECTRO (CHINA) Co.Ltd.	23G East Tower, Fuxing Shangmao n.163, Huangpu Avenue Tianhe District 510620 Guangzhou P.R. CHINA	€ 100.000	100%	Line-by-line method
OSAI UK Ltd.	Mount House - Bond Avenue, Bletchley, MK1 1SF Milton Keynes, UNITED KINGDOM	GBP 160.000	100%	Line-by-line method

ANNEX 2 - “NON-GAAP” PERFORMANCE INDICATORS

The Management of PRIMA INDUSTRIE assesses the performance of the Group and its business segments using a number of non-IFRS indices. Below are described the components of each of these indices:

ORDERS: includes agreements entered into with customers during the reference period than can be considered part of the order books.

BACKLOG: this is the sum of orders from the previous period and current confirmed orders, net of revenues in the reference period.

EBIT: Operating Profit.

EBITDA: the Operating Profit, as shown in the income statement, gross of “Amortization”, “Write-downs and Impairment”. This index is also referred to as “Gross Operating Margin”.

EBITDA Margin: calculated as the ratio between EBITDA and revenues.

FCF (Free Cash Flow): is the cash flow from operations that is available after the company has made the necessary reinvestment in new fixed assets. It is the sum of cash flow from operations and the cash flow from investments.

Workforce: is the number of employees on the books on the last day of the reference period.

ANNEX 3 - CURRENCY EXCHANGE RATES

The exchange rates applied in converting the financial statements to a currency other than the Euro are, for the purpose of consolidation, the following:

CURRENCY	AVERAGE EXCHANGE RATE		SPOT EXCHANGE RATE	
	March 31, 2017	March 31, 2016	March 31, 2016	December 31, 2016
US DOLLAR	1.0647	1.1018	1.0691	1.0541
CHINESE RENMINBI	7.3341	7.2090	7.3642	7.3202
RUSSIAN RUBLE	62.5198	82.4730	60.3130	64.3000
TURKISH LIRA	3.9369	3.2474	3.8894	3.7072
POLISH ZLOTY	4.3208	4.3659	4.2265	4.4103
POUND STERLING	0.8598	0.7701	0.8555	0.8562
BRAZILIAN REAL	3.3455	4.3056	3.3800	3.4305
INDIAN RUPEE	71.2990	74.4075	69.3965	71.5935
AUSTRALIAN DOLLAR	1.4052	1.5296	1.3982	1.4596
CANADIAN DOLLAR	1.4093	1.5154	1.4265	1.4188
MEXICAN PESO	21.6312	19.8936	20.0175	21.7719

ATTESTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AT MARC

Declaration pursuant to article 154-bis, paragraph 2 of Part IV, Title III, Chapter II, Section V bis of Legislative Decree of February 24th, 1998, no. 58: Consolidated Law on Intermediation, pursuant to Articles 8 and 21 of the Law of February 6th, 1996, No. 52.

The manager responsible for preparing the company accounting documents of the PRIMA INDUSTRIE Group, Davide Danieli, declares, in accordance with the provisions of the second paragraph of Art. 154 bis, Part IV, Title III, Chapter II, Section V bis of Legislative Decree of February 24th, 1998, No. 58, that the accounting information contained in this Interim Financial Report at March 31st, 2017 corresponds to the document results, books and accounting records.