

2006 FACTS AND FIGURES

Contents

COMPANY PROFILE	2
FINANCIAL HIGHLIGHTS	3
MESSAGE TO SHAREHOLDERS	4
REVENUE ANALYSIS	6
MARKETING AND SALES	8
WORLDWIDE COVERAGE	10
RESEARCH AND DEVELOPMENT	12
PERSONNEL AND ORGANIZATION	14
GROUP'S COMPANIES AND JOINT VENTURES	16
PERFORMANCE ON THE STOCK MARKET	22
DIRECTORS AND OFFICERS	23
CONSOLIDATED FINANCIAL STATEMENTS	24
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	27

Company Profile

Founded in 1977, PRIMA INDUSTRIE S.p.A. designs, manufactures and markets high power laser systems for cutting, welding and drilling of three-dimensional (3D) and two-dimensional (2D) components.

Having focused its strategy on laser systems for industrial applications, the Company has continuously recorded double-figure growth rates, thus becoming one of the leaders in the laser systems market. More recently, maintaining its own leadership in three-dimensional applications, PRIMA INDUSTRIE has also become an important player on the market of laser cutting of flat surfaces, thanks to its strong commitment to product innovation and its extensive sales and customer service network.

Together with its subsidiary company PRIMA ELECTRONICS S.p.A., PRIMA INDUSTRIE has accumulated significant skill and know-how in the industrial electronics field, as well as in control technology and real-time software, success factors in the continuous innovation of the product necessary to maintain its leadership in a high-tech sector with highly developmental dynamics.

In the year 2000, the Company acquired Convergent Energy Inc. in U.S.A., thus internalizing CO₂ and solid state lasers knowledge. In 2001, the Company acquired the net assets of the Laserdyne Division from GSI Lumonics – the leader in the design, manufacture and sale of multi-axis laser systems, for precision micro-drilling, cutting and welding for the aerospace and energy industries.

In 2002, the U.S.A. activities were combined and consolidated into a single legal entity - PRIMA North America Inc. - located at two operational premises: Chicopee in Massachusetts (CONVERGENT LASERS and PRIMA SYSTEMS) and Champlin in Minnesota (LASERDYNE SYSTEMS). Thanks to these operations the PRIMA Group has considerably broadened its presence in North America.

In 2003, the Company increased its presence on the Asian market, where it also operates through three joint ventures, two in China and one in Japan.

During the period 2004-2005, the Company further consolidated its sales and service structures in Europe through PRIMA SCANDINAVIA AB, PRIMA INDUSTRIE UK Ltd., and PRIMA INDUSTRIE GmbH. In addition to the three companies mentioned above there are also the branch offices in Spain, France, Switzerland and China, as well as the Research and Development centre set up in Bari (Italy) in 2003.

In 2005 the Group established a new joint venture between the PRIMA North America CONVERGENT LASERS Division and Wuhan Optics Valley Laser Technology for the manufacturing and distribution of CO₂ lasers in China; while in 2006 it strengthened its direct presence in the power electronics sector through the control acquisition of M.L.T.A. S.r.l., in Italy.

The PRIMA Group's mission is to systematically expand the range of its products and services and to continue to grow as a world supplier of laser systems and solutions for industrial applications and of industrial electronics - markets that are characterized by high technology with strong growth rates.

The Parent Company, PRIMA INDUSTRIE S.p.A., has been listed on the Italian Stock Exchange since October 1999 (currently STAR segment).



Listed



ISO 9001 - Cert. n° 0758/2

Certified



Audited



Member

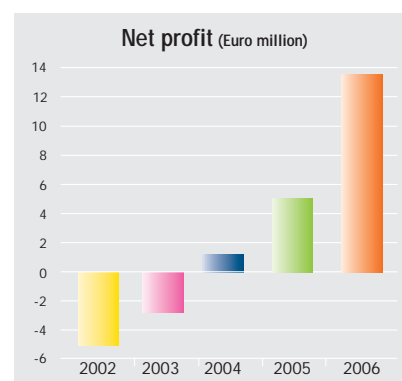
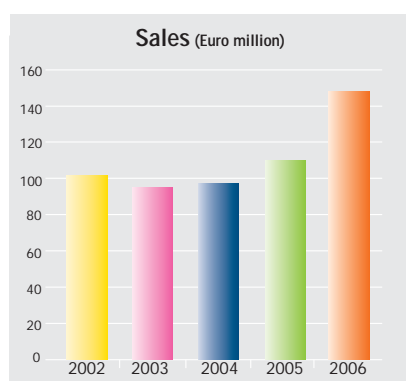
Financial Highlights

Please note that 2006, 2005 and 2004 figures are prepared/restated in accordance with IAS/IFRS. 2003 and 2002 figures are prepared according to Italian Gaap.

Year ended December 31st, (Euro thousand, except per share data)

	2006	2005	2004	2003	2002
PROFIT AND LOSS STATEMENT					
Net Sales	147,569	110,885	97,106	95,000	100,528
Operating Margin (EBITDA)	19,797	9,125	6,205	2,731	124
Operating Profit (EBIT)	18,467	7,916	4,991	589	(2,523)
Profit Before Taxes (EBT)	17,577	7,113	3,431	(2,083)	(5,569)
Minority Interests	14	-	-	-	-
Group Net Profit	13,706	5,108	1,043	(2,953)	(5,024)
BALANCE SHEET					
Fixed Assets (net)	19,093	17,378	9,522	10,432	10,985
Working Capital (net)	25,734	26,131	36,076	43,784	59,225
Shareholders' Equity and Minority Interests	42,359	30,839	25,682	27,729	27,248
Financial Position (net)	(3,076)	7,733	15,418	22,323	39,254
Employees' severance indemnity	5,544	4,937	4,498	4,164	3,708
PER SHARE DATA					
Number of outstanding shares	4,600,000	4,600,000	4,600,000	4,600,000	4,150,000
Weighted average outstanding shares	4,594,139	4,588,553	4,559,015	4,543,750	4,150,000
Net Profit per share (on weighted average of shares)	2.98	1.11	0.23	(0.65)	(1.21)
Book value per share (on weighted average of shares)	9.22	6.72	5.63	6.10	6.57
RATIOS					
Operating Income/Net Sales (ROS)	12.5%	7.1%	5.1%	0.6%	(2.5%)
Operating Income/Invested Capital (ROI)	38.6%	20.5%	12.1%	1.1%	(3.6%)
Net Income/Stockholders' Equity (ROE) ⁽¹⁾	37.5%	18.1%	3.9%	(10.8%)	(16.8%)
OTHER KEY INFORMATION					
Research and Development Expenses	8,077	7,723	6,926	6,935	7,475
Year-end Order Backlog	55,568	40,742	35,766	19,050	27,895
Number of employees	546	498	465	446	443

NOTES: (1) ROE is calculated on average Stockholders' Equity





Ladies and Gentlemen,

30 years ago, on 25 March 1977, the first Group Company was founded, Prima Progetti S.p.A., which began operating in June 1977.

Thus, it is with great satisfaction that the Board of Directors, in the thirtieth anniversary of its founding, submits for your approval the best financial statements in the history of the Group, with sales of € 147.6m up 33% on the previous year and a strong increase in profitability:

- more than doubled EBITDA;
- EBIT up 130% on 2005;
- Net Profits up 168% on 2005.

Other major elements are a strong increase in order intake (+40%) and in the year-end backlog. The Net Financial Position was positive by the end of the year (€ 3.1m) for the first time in the history of the Company.

The 2006 results are the effect of external variables and of an industrial vision that has inspired the business choices made over the last few years.

With regards to external factors, faced with a moderate but significant growth in GDP, finally registered also in Europe's "traditional" markets (particularly

Germany, France and Italy), the industrial laser systems sector posted an increase of more than 20% during the year.

This value, confirmed by external analyses (Optech Consulting), underlines the strength of the reference market in which the Company operates, guided by solid growth drivers resulting from the high level of competitiveness of laser technologies over more traditional ones.

In this context, despite being subject to cyclical phases, as in all capital goods markets, this sector has in the past registered (and is expected to continue registering in the coming years) average growth rates above 10%.

This average stems from rates rising above 20% in the years of positive economic cycles (such as last year), and from situations of zero growth (or marginal reductions) when the general situation is negative.

It is nevertheless certain that, since mid-2005, even the economies of European countries, whose negative trend had until then diluted the strong growth of emerging countries, have picked up, thanks to exports (particularly towards eastern Europe), and investments.

However, it would be reductive to see the Group's excellent performance merely as the result of a good trend in its reference market.

Indeed, even in strictly numerical terms, compared to 2005, growth outperformed (+33%, achieved almost completely internally) the market, thanks to the right business strategies, made particularly in the last few years, which we would like to highlight below:

- "Internalisation" of technological components fundamental for laser systems. After the acquisition of Convergent Energy in 2000, the Group, which was already independent for its own mechanical and electronic components and software, also gradually achieved independence for laser sources. In 2006, around 80% of the sources sold on systems delivered to Customers were manufactured internally.
- Continuous investment in Research, Development and Innovation. Even in the most difficult years, the Group continued to invest resources, fully expensed in the financial statements, for competitive renewal of the product range. Sincrono, the revolutionary 2D cutting system, at the end of 2005, and Rapido Evoluzione, a new performance benchmark in 3D systems, at the end of 2006, represent the latest significant examples of this policy;
- Increased direct presence in the main geographical markets. During the year, in addition to

confirming its presence in terms of sales and customer service in Western Europe, North America and China, the Group laid the ground for improving its footing in Eastern Europe and Asia. This consolidation will continue throughout the current year and the coming year;

- Continuous emphasis on the quality and training of human resources. In 2006 the Group's workforce increased by approximately 50 units (10% of the total, not including the joint ventures in China). As usual, by far the largest portion of new entries concerned young university graduates and/or high school-leavers, for whose recruitment and training the Group invests attention and resources.

During the year, the Company benefited from a significant improvement in its image on the markets, both in industrial and financial terms, as a result of the increasing success of its products worldwide. In particular, prestigious recognition was obtained in Germany and the United Kingdom for the innovative Sincrono system, which also received appreciation from the best in world competition.

Consolidated revenues in 2006, valued in accordance with IAS 18 (which recognises revenues at the time of acceptance by the final Customer), amount to € 147.6m, up 33% on the € 110.9m at 31/12/2005.

All the profitability indexes showed significant growth compared to the previous year's figures. In particular the Group's net result at 31/12/2006 stood at € 13.7m, up 168% on the figure at 31/12/2005 (€ 5.1m). As far as the tax burden is concerned, the results to 31/12/2006 benefit from a reduced tax burden, mainly due to utilization during the period of previous tax losses of PRIMA North America and, considering the favourable trend of this Company, due to the registration at 31/12/2006 of deferred taxes corresponding to previous tax losses not yet utilized at that date amounting to € 1.7m.

Consequently Net Profits per share stood at € 2.98, which is more than double the figure of € 1.11 in 2005.

The continuous improvement in Company performance, communicated progressively to the market though quarterly reports, was reflected in the share value, which rose from € 12.74 per share at 01/01/06 to € 22.46 per share at 31/12/06. For this performance, PRIMA INDUSTRIE shares received the Value Creators Prize 2006 for the best share of the year in Borsa Italiana's Mid Caps segment.

The additional acceleration of results, posted in the last quarter and communicated to the market in the quarterly report of 13/02/07, further improved appreciation of the Company by investors with a consequent intense increase in capitalization during the first months of 2007.

The sizeable liquidity will also enable the Company to follow up any external growth opportunities arising in the areas of business in which the Group operates (laser systems, complementary machinery and industrial electronics).

In light of the above, the Board of Directors has decided to submit for approval to the next General Meeting of Shareholders a dividend more than doubled from € 0.28 to € 0.65 per share, which follows the doubling of dividends from € 0.14 to € 0.28 already approved in the previous year.

For the current year, the Group proposes to consolidate the strong internal growth achieved during 2006, also as a result of the substantial orders backlog at 31/12/06 and the ongoing positive situation in the markets, confirmed during the first months of 2007.

While preparing for celebrations of the Company's 30th birthday, the Board and the Management would like to thank Shareholders, Customers and Partners for the support received, and express their heartfelt congratulations to all Group employees for the brilliant results achieved last year.

Sincerely yours



Gianfranco Carbonato
Chairman and Chief Executive Officer



Revenue Analysis

As previously mentioned, consolidated revenues in 2006 amount to € 147.6m, up 33% on the € 110.9m at 31/12/2005.

The data show an increase of sales in Europe of around 50% from € 45.6m to € 68.4m.

This important result derives from the overall improved situation in the economies of European countries and from the strong growth in the emerging countries of Eastern Europe (Poland, Czech Republic, Slovakia, Russia, Turkey).

Growth in the markets of Western Europe was supported by an improved macroeconomic climate, and was also a return of the important investments made to increase Group direct presence (in Germany, Sweden, United Kingdom).

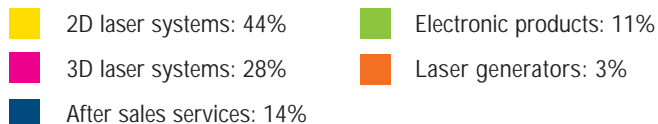
Sales on the Italian market, which remained more or less stable until September, began rising sharply in the last quarter of the year and led to an annual increase in absolute terms of around 19% at € 35.8m (up from € 30.1m at 31/12/2005).

The increase in sales recorded in North America was similarly significant (€ 29.4m, up 38% on € 21.2m in 2005) with a strong trend in all three divisions; before consolidation adjustments, overall growth recorded by PRIMA North America stood at around 55% of overall sales of \$ 63.5m

In Asia and the rest of the world, sales remained stable (€ 14m), owing to non-consolidation of proceeds from joint ventures in China and Japan in which the Group does not have a controlling stake.

In particular, sales from SHANGHAI UNITY PRIMA (around 100m RMB, without considering the value of directly imported lasers) were up more than 40% on the previous year.

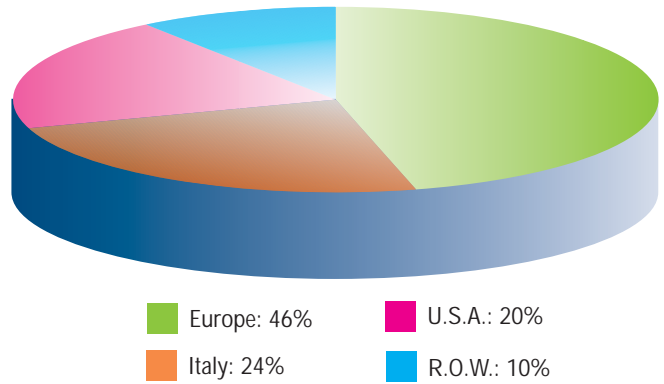
2006 revenues by product



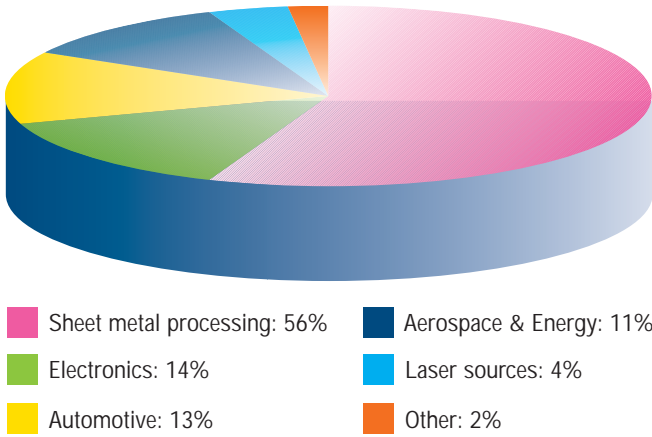
TWO RAPIDO IN AN AUTOMATED PRODUCTION LINE (SPAIN)

At product level, the expansion of sales in the 2D systems sector (in particular Platino and Sincrono) continued. This was accompanied by a satisfactory increase in the revenues from electronic products, after-sales services and spare parts. Substantial stability was recorded in the sales of 3D systems, where a growth in the aerospace segment was diluted by a decline in the automobile sector owing to the unfavourable business trend in this industry, mainly in the European and North American markets.

2006 revenues by geography



2006 revenues by markets



SYNCRONO WITH AUTOMATION FOR ROUND-THE-CLOCK PRODUCTION (UK)

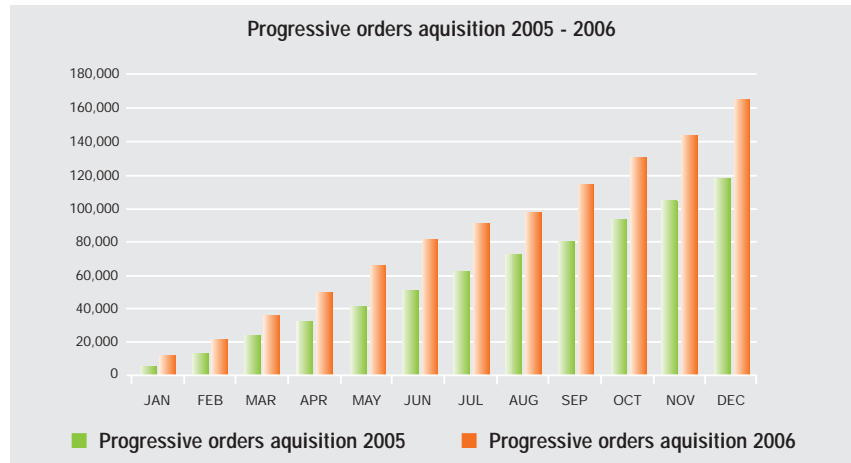


Marketing and Sales

The order acquisition at 31/12/2006 amounted to € 165m, with an increase of almost 40% compared to € 118.8m in 2005, thus continuing and reinforcing the favourable trend already observed from mid 2005.

In particular, order intake in the laser systems and sources segment stood at € 120.4m (€ 105.5m in 2005), while in the electronic products segment for third-party customers it was € 17.6m in 2006 (€ 13.3m in 2005).

In addition to the positive economic climate, the growth in order intake was due to important activities which saw the Group take part in the most important tradeshows in the sector in all the main European markets, including, by way of example, BIMU Mediterranea (Bari - Italy), BIEMH (Bilbao - Spain), TECHNI-SHOW (Utrecht - Netherlands), MACH (Birmingham - UK), LAMIERA (Bologna - Italy), METALLOBRABOTKA (Moscow - Russia), and the EUROBLECH (Hannover - Germany), where the new 3D machine, Rapido Evoluzione, was officially presented.



It also attended a number of trade fairs in the emerging countries of Eastern Europe, such as Poland, the Czech Republic and Turkey, which have become indubitably important for the Group.

Outside of Europe the Group took part in other prestigious exhibitions, namely CCMT 2006 (Shanghai - China), FABTECH (Atlanta - USA), JIMTOF (Tokyo - Japan) and AUSTECH (Sydney - Australia).

The excellent orders collection results during the year were also a consequence of the Group's commercial policy, whereby our direct presence on the main geographical reference markets was increased.

As a result, the orders backlog at 31/12/06 stood at € 55.6m, with an increase of 36.4% compared to € 40.7m at 31/12/05.



EUROBLECH - HANNOVER



LAMIERA - BOLOGNA



FABTECH - ATLANTA

Worldwide Coverage



● Headquarters

● Group Companies, Joint Ventures, Subsidiaries and Branch Offices

● Distributors and Agents

Europe



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Overseas



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 Headquarters

 Group Companies, Joint Ventures, Subsidiaries and Branch Offices

 Distributors and Agents

Research and Development

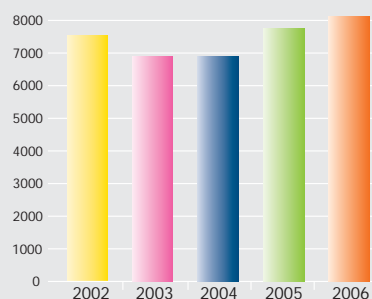
Research and Development activities, amounting to € 8.1 million (5.5% of the turnover) have been as usual totally charged to Income Statement.

The R&D activities have been mainly performed at PRIMA INDUSTRIE headquarters, but also at PRIMA ELECTRONICS, in our Bari Research Centre (in cooperation with the R&D Consortium SINTESI) and in the U.S.A. both in Chicopee (MA) and Champlin (MN).

Among the various activities performed, the most significant have been:

- The development of the brand new 3D machine Rapido Evoluzione. The new product, which has been presented at the EUROBLECH exhibition in Hannover, last October, has received very positive feedback from the market. It is setting new higher standards in 3D productivity and processing quality, so confirming PRIMA's long-lasting leadership in this segment;
- A new rotary axis which will equip from 2007 the line of 2D machines;
- A research activity finalised to the introduction of low-weight/high rigidity innovative composite materials on moving structures on PRIMA machines;
- The introduction on all 3D line of the new Primach-20L high performance CNC (already equipping our Platino and Sincrono lines) which can allow an increase of the dynamic performance of the systems up to 30%;
- The development of TelePRIMA, an intelligent module for remote monitoring. It allows, through CanOpen interface based on GSM/GPRS technology, to send SMS messages whenever a maintenance intervention is requested by a machine running unmanned.
- A new generation of the High Power pulsed solid state laser P50 with improved integration with LASERDYNE SYSTEMS for drilling applications of aerospace and land-based turbine components;
- The development of a new family of high power/high mode quality CO₂ lasers, denominated CV, whose first component, CV 5000 will be delivered to customers as from mid 2007.

Research and Development expenses
(Euro thousand)



THE NEW "EVOLUZIONE" DIRECT DRIVE HEAD

GIANFRANCO CARBONATO WELCOMES FRANCESCO PROFUMO, RECTOR OF POLITECNICO DI TORINO



PRIMA INDUSTRIE MARKETING DIRECTOR
DOMENICO APPENDINO RECEIVES THE PRIZE
FOR SYNCRONO - HANNOVER



PRIMA INDUSTRIE GENERAL MANAGER EZIO BASSO
RECEIVES THE PRIZE FOR SYNCRONO - BIRMINGHAM

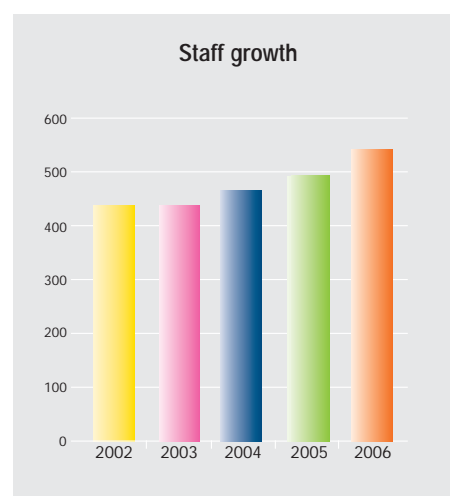
Personnel and Organization

At year-end 2006 the Group's workforce stood at 546 employees, up 9.6% compared with the previous year (498 units).

Per capita sales at 31/12/2006 (€ 270 thousand) increased by around 21% compared to € 223 thousand at 31/12/2005).

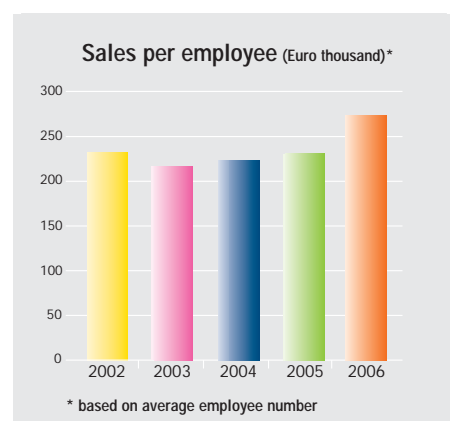
The breakdown by Group Company is shown below:

	31/12/2006	31/12/2005
PRIMA INDUSTRIE S.p.A. - Italy	276	251
• PRIMA INDUSTRIE European Branch offices (France, Spain, Switzerland)	28	25
• PRIMA INDUSTRIE UK Ltd - United Kingdom	12	11
• PRIMA INDUSTRIE GmbH - Germany	13	12
• PRIMA SCANDINAVIA AB - Sweden	5	4
• PRIMA INDUSTRIE China Branch office	1	1
PRIMA ELECTRONICS S.p.A. + M.L.T.A. S.r.l. - Italy	104	88
PRIMA North America, Inc. - U.S.A.	107	106
Total employees (*)	546	498



Breakdown of employees by department:

	31/12/2006	31/12/2005
Production	240	208
Quality	8	6
Research & Development	83	76
Marketing and Sales	51	44
After sales service	100	101
Management and Administration	62	56
Employees on leave	2	7
Total employees (*)	546	498



(*) The employees of the joint ventures in Shanghai, Shenyang, Wuhan and Osaka are not included in the total as these Companies are not consolidated.

THE ITALIAN SALES STAFF RECEIVES THE AWARD FOR THE BEST PERFORMANCE IN 2006



PRIMA SCANDINAVIA IS AWARDED FOR ITS SALES RESULTS BY SALES DIRECTOR CLAUDIO BANCHI (LEFT)

Group's Companies and Joint Ventures



PRIMA INDUSTRIE S.p.A.
Collegno (Torino) - ITALY

The Parent Company's sales turnover in 2006 amounted to € 93.7m, up 27.7% on € 73.3m in 2005.

The increase in turnover took place in all the main sectors of activity (2D, 3D, Service and After Sales). The growth in the 2D segment (+49%) was particularly evident, thanks to an exceptionally favourable market and to the excellent performance of the Platino systems and the growing contribution of the new Sincrono.

In terms of sales breakdown by geographical area, there was a significant increase in Europe, particularly in emerging countries in Eastern Europe (Poland, Czech Republic, Slovakia, Russia, Turkey).

The Company's EBITDA margin stood at € 7.5m (8% of turnover), against € 6.3m in the previous year.

EBIT stood at € 6.8m (7.3% of turnover), against € 5.6m in 2005.

The Group's pre-tax profits stood at € 6.6m up 20.7% on the figure at 2005 (€ 5.4m).

Net Profits following provisions for overall current tax liabilities and deferred taxes of € 3.4m, totalled € 3.2m against € 3.9m in 2005.

At € 1.9m the Net Financial Position improved even further (from € 8.5m at 31/12/2005), thanks to the increase in cash flow generated by operations and to effective management of Net Working Capital.

Indebtedness consists mainly of medium-term loans net of the Company's

cash in bank accounts, which totalled € 14.5m at 31/12/2006.

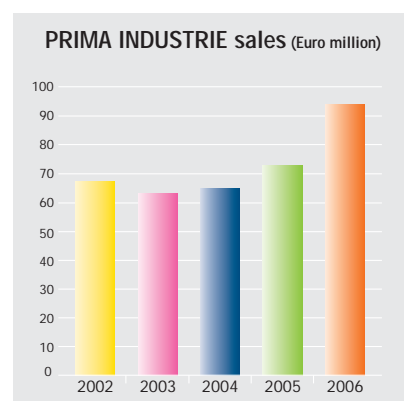
The Company's debt to equity ratio showed an improvement for the fourth year running, passing from 0.19 at 31/12/2005 to 0.04 at year-end 2006.

Orders acquisition in 2006 from third-party Customers and subsidiary companies totalled € 111.2m against € 74.1m in the previous year, confirming the excellent trend of the Company's reference market.

Consequently, the orders backlog increased considerably to € 39.9m at 01/01/2007 million from € 21.1m at 01/01/2006.

R&D activities during the year involved costs totalling € 4.5m, or 4.8% of turnover, all charged directly to P&L, as against € 4.3 m in 2005.

At 31/12/2006, the Company had 305 employees (including 28 units employed at the European Branch offices) against 277 (of which 25 employed at the European Branches) at the end of the previous year.



	2006	2005	2004	2003	2002
Net Sales	93.7	73.3	65.9	62.6	67.5
Operating Profit	6.8	5.6	3.0	1.8	2.5
Net Profit (*)	3.2	3.9	0.8	(2.8)	(4.9)
Order booking	111.2	74.1	66.7	59.3	69.1
Research and Development expenses	4.5	4.3	4.1	3.6	3.5
Number of employees	305	277	263	265	253

Figures 2006 and 2005 have been prepared/restated according to IAS/IFRS. Figures till 2004 have been prepared according to Italian Gaap.
(*) Including consolidation of Group Companies results

PLATINO WITH TOWERSERVER





PRIMA ELECTRONICS S.p.A.
Moncalieri (Torino) - ITALY

The Company ended 2006 with the best results in its history, in terms of turnover, profitability and orders.

A turnover of € 20.1m was posted for the year, an increase of 23% on the previous period (€ 16.4m). The € 3.8m increase is particularly satisfying, both in terms of size and also for the fact that it was achieved through contributions from all lines of business.

The profit and loss accounts showed an EBIT of € 3m, or 14.7% of turnover, against € 1.8m in the previous year.

Net Profits were doubled the previous year's, at € 1.7m, or 8.5% of the total turnover (these were € 1m in 2005).

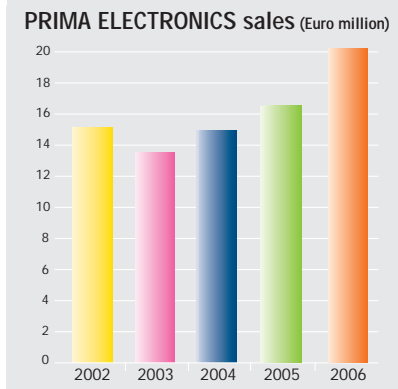
The Company's Net Financial Position at 31/12/2006 was positive at € 1.8m, against € 2.1m at the end of the previous year.

It was a reassuring year for sales with orders totalling € 22.4m, 29.4% higher than in the previous year, which produced € 17.3m. Consequently the year closed with a good orders backlog, confirming the positive outlook for the business trend in the current year. The orders backlog at 1 January 2007 stood indeed at € 10.3m, compared to € 6.7m in January 2006.

Among the significant events taking place during the year, on 12 January 2006 the Company increased its stakes in M.L.T.A. S.r.l. from 41.63 to 57.84%, thereby taking control. Later, on 23/01/2007, the Shareholding went to 100%, after purchasing the remaining stakes from the other Shareholders, with

an overall disbursement of € 0.1m.

This is a first step towards full integration with PRIMA ELECTRONICS, already resolved by the Board of Directors on 23/02/07, with the aim of achieving greater synergy in existing



Furthermore, during 2006, the Company acquired, in several phases between June and December, a minority stake (6.34%) in Electro Power Systems S.p.A. a start-up company operating in the sector of power systems based on hydrogen fuel-cell technology.

R&D activities during the year involved costs totalling € 1.3m, or 6.6% of turnover, all charged directly against income (€ 1.1 m in 2005)

At 31/12/2006, the Company had 92 employees (in addition to 4 temporary workers) against 88 at the end of the previous year.

(Euro million)	2006	2005	2004	2003	2002
Net Sales	20.1	16.4	14.9	13.6	15.3
Operating Profit	3.0	1.8	1.7	1.8	2.1
Net Profit	1.7	1.0	1.0	1.0	1.1
Order booking	22.4	17.3	15.3	12.5	15.2
Research and Development expenses	1.3	1.1	1.1	1.2	1.2
Number of employees	92	88	84	81	80

Figures prepared according to Italian Gaap.



NEW PRIMACH-20L
 HANDBOX WITH JOYSTICK

Group's Companies and Joint Ventures



PRIMA INDUSTRIE

PRIMA INDUSTRIE GmbH
Dietzenbach - DEUTSCHLAND

2006 was the first year of full activity for PRIMA INDUSTRIE GmbH, which, on 1/07/05, took over distribution and after-sales assistance for PRIMA INDUSTRIE laser machines on the German market.

Turnover in 2006 was € 9.1m (€ 2.5m in 2005), with Net Profits of € 0.1m (€ 0.15m in 2005).

At 31/12/2006 the Company had a workforce of 13 (12 at 31/12/2005).



PRIMA INDUSTRIE

PRIMA INDUSTRIE UK Ltd.
Coventry - UNITED KINGDOM

During 2006 PRIMA INDUSTRIE UK Ltd. generated a turnover of £ 3.6m (against £ 3.2m in 2005) with Net Profits of £ 0.1m (£ 0.2m in 2005).

At 31/12/2006 the Company had a workforce of 12, compared to 11 employees at year-end 2005.



PRIMA INDUSTRIE

PRIMA SCANDINAVIA AB
Göteborg - SVERIGE

Sales at PRIMA SCANDINAVIA AB totalled € 7m (against € 0.9m in 2005), and profits stood at € 0.4m (against losses of € 0.2m in 2005).

At 31/12/2006 the Company had a workforce of 5, compared to 4 employees at year-end 2005.

INAUGURATION OF PRIMA INDUSTRIE GMBH'S NEW PREMISES





PRIMA NORTH AMERICA

PRIMA North America, Inc.
Chicopee (Springfield), MA
Champlin (Minneapolis), MN - U.S.A.

2006 was a very positive year with the best results in the Company's history in terms of turnover and profitability.

The positive trend was even more remarkable given that it was generated by all three business units (CONVERGENT LASERS, PRIMA SYSTEMS, LASERDYNE SYSTEMS).

The growing use of the CP laser source on Group machines produced an excellent effect, while a strong demand sustained sales of the LASERDYNE SYSTEMS for the aerospace market and systems produced by PRIMA INDUSTRIE on the North American market (around 56% more systems were sold compared to 2005).

The Company's turnover rose to \$63.5m (against \$41m in 2005) with an increase of 55%. The operating result stood at \$11.3m, a three-fold increase on the \$3.8m posted in 2005.

On the whole PRIMA North America, which benefited from a balance of tax receivables of around \$0.8m (due from current tax liabilities of \$0.7m and deferred tax assets of \$1.5m), closed the year with Net Profits of \$11.5m (against \$2.8m at 31/12/05).

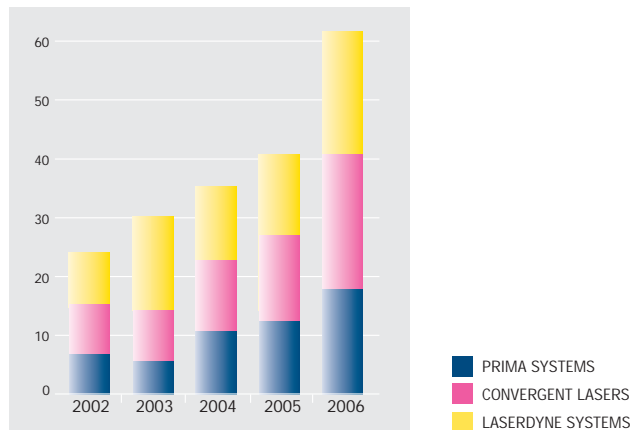
Investments in Research and Development, all of which were expensed during the year, totalled \$2.7m against \$2.9m in the 2005.

The increase in profitability was confirmed by the improvement in the Net Financial Position

At 31/12/06 the Company had a workforce of 107 (in addition to 11 temporary workers), compared to 106 (in addition to 12 temporary workers) at the end of 2005.



OPEN HOUSE IN PRIMA NORTH AMERICA - CHICOPEE



(US\$ million)	2006	2005	2004	2003	2002
Sales	63.5	41.0	34.1	30.0	24.0
Operating Profit	11.3	3.9	(0.2)	(2.9)	(6.7)
Net Profit	11.5	2.8	(0.4)	(4.2)	(7.2)
Order booking	66.4	46.5	32.2	24.9	27.3
Research and Development expenses	2.7	2.9	2.2	2.4	2.6
Number of employees	107	106	105	100	110

Figures prepared according to U.S. Gaap.

Group's Companies and Joint Ventures



SHENYANG-PRIMA LASER MACHINE
COMPANY Ltd.
Shenyang - PEOPLE'S REPUBLIC OF CHINA

During 2006, the joint venture, in which PRIMA INDUSTRIE holds a 50% stake, produced a volume of sales of 26.17m RMB (€ 2.61m), compared to 33.92m RMB in 2005.

Net losses of 4.9m RMB (€ 0.5m) were due to the insufficient absorption of higher structure costs and financial charges (exchange rate losses).



SHANGHAI UNITY PRIMA
LASER MACHINERY COMPANY Ltd.
Shanghai - PEOPLE'S REPUBLIC OF CHINA

During 2006, the turnover of the Shanghai joint venture in which PRIMA holds a 27.5% stake, totalled 100m RMB (around € 10m), against 72.8m RMB in 2005. The Net Financial Position at 31/12/06 was positive with an amount of 20.8m RMB.

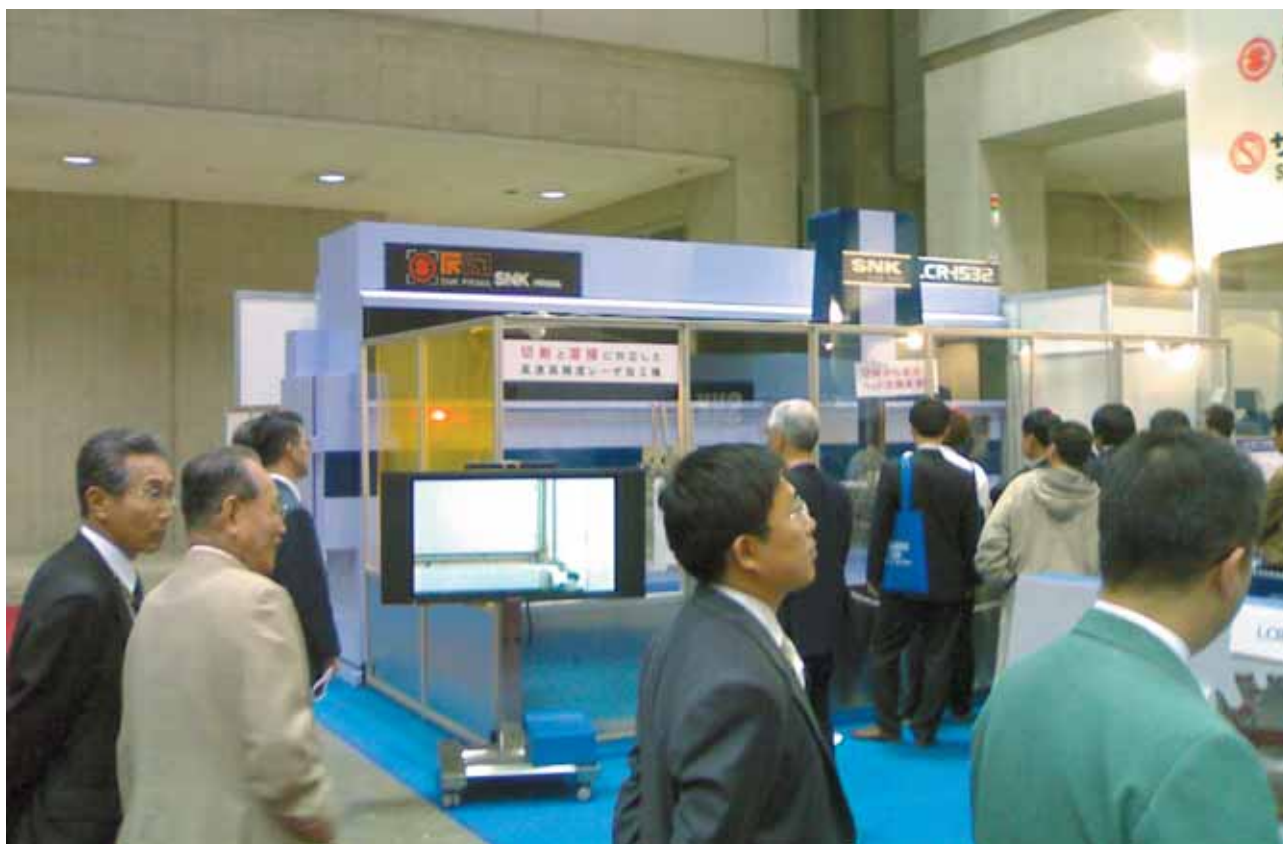
Net Profits were 10.7m RMB (€ 1.1m), compared to 14.9m RMB in 2005, mostly due to the effect of higher structure costs and taxation.



SNK - PRIMA COMPANY Ltd.
Osaka - JAPAN

The Company's operations in 2006 were limited to marketing activities, taking part in the main tradeshow in the sector, JIMTOF, in Tokyo in November.

SNK PRIMA RAPIDO MACHINE AT JIMTOF - TOKYO





Performance on the Stock Market

During 2006 PRIMA INDUSTRIE shares, which rose from € 12.74 per share at 01/01/06 to € 22.46 per share at 31/12/06, closed the year with an appreciation of 76.30%, considerably outperforming the reference STAR index, which went from 16,788 to 20,766 points (+23.70%).

For this performance, PRIMA INDUSTRIE shares received the Value Creators Prize 2006 for the best share of the year in Borsa Italiana's Mid Caps segment. The minimum value of the share during the year was €12.60 per share, with a maximum value of € 22.46 per share.

The strong appreciation increased even further during the first months of 2007 taking it to € 39.66 per share at 28/02/07.

Volumes went from a daily average of 36,108 shares in 2005 to a daily average of 32,525 shares during 2006. Overall, during 2006 8,194,602 shares were exchanged with a counter value of € 150.1m, against 9,207,522 shares and € 96.8m in 2005.

At 31/12/2006 PRIMA INDUSTRIE S.p.A. held 5,036 ordinary shares (equal to approximately 0.11% of the share capital) at an average weighted price of € 21.7552 per share; these shares were acquired according to the mandates granted by the Ordinary Shareholders' Meeting of 11/05/2006.

This resolution involves a minimum price of € 2.5 per share (equal to the face value) and a maximum buying price of € 30.

Following the stock exchange appreciation of the Company's shares, with a market price higher than the above maximum buying price (€ 30), the Shareholders' Meeting of PRIMA ELECTRONICS resolved on 6/02/07 and, subsequently, on 23/02/07 to purchase and sell shares in the parent Company PRIMA INDUSTRIE, raising the maximum buying price first to € 45 and later to € 60 per share.

On 28/02/2007 the portfolio of shares held in PRIMA INDUSTRIE S.p.A. was of

3,000 shares at an average weighted price of € 29.2934 per share. The portfolio of shares held in PRIMA ELECTRONICS S.p.A. stood at 1,000 shares at an average weighted price of € 39.5244 per share.

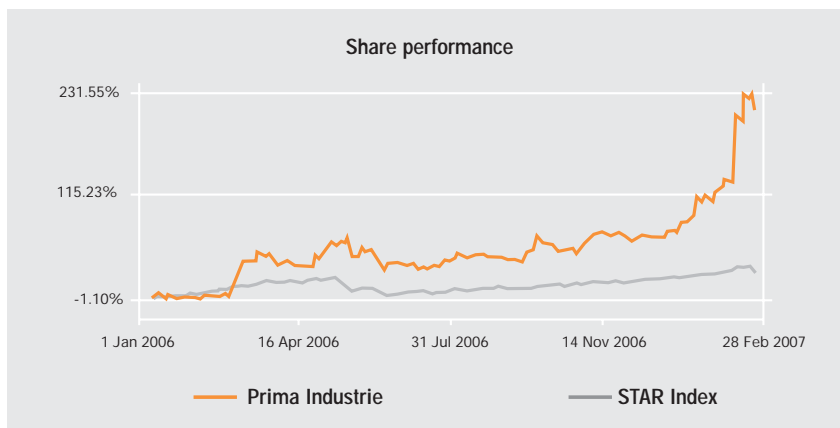
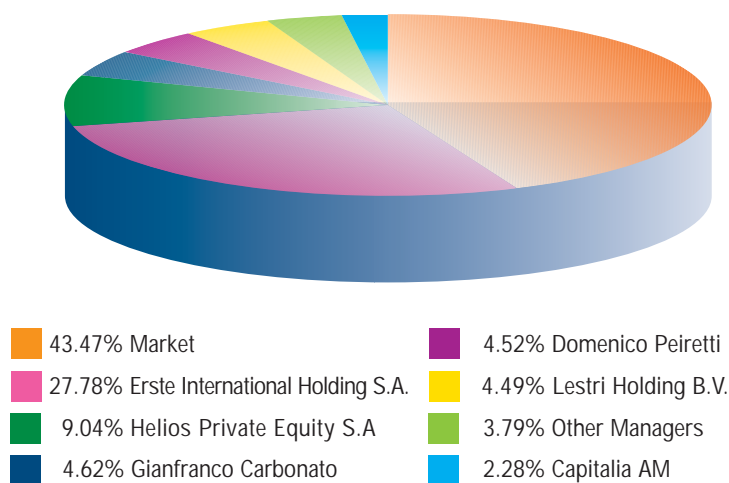
PRIMA INDUSTRIE share capital at 31/12/2006 was made up of 4,600,000 ordinary shares with a par value of € 2.5 each. The Group has issued no bonds or securities other than ordinary shares.

As recorded in the Shareholders' Ledger, updated with the distribution of dividends, which took place in May 2006, and integrated with the communications subsequently received, the share structure at 31/12/2006 is shown in the diagram below.



PRIMA INDUSTRIE CFO MASSIMO RATTI RECEIVES THE VALUE CREATORS PRIZE 2006 - MILANO

Shareholders' Structure



Board of Directors

Gianfranco CARBONATO	Chairman and CEO
Domenico PEIRETTI	Executive Director
Marco PINCIROLI	Executive Director
Sandro D'ISIDORO	Non - Executive Director
Fabrizio LUGARESÌ	Independent Director
Mario MAURI	Independent Director
Pio PELLEGRINI	Independent Director

Statutory Auditors Committee

Riccardo FORMICA	President
Andrea MOSCA	Effective Auditor
Roberto PETRIGNANI	Effective Auditor

Management

Gianfranco CARBONATO	CORPORATE	Chairman and CEO
Domenico APPENDINO	CORPORATE	Marketing and Asia-Pacific Operations
Alberto DELLE PIANE	CORPORATE	Customer Relations
Massimo RATTI	CORPORATE	CFO and Secretary of the Board
Ezio BASSO	PRIMA INDUSTRIE	General Manager
Claudio BANCHI	PRIMA INDUSTRIE	Sales
Elio BAROSSO	PRIMA INDUSTRIE	Internal Controlling
Cinzia BELTRAMO	PRIMA INDUSTRIE	Administration and Treasury
Massimo CAVOZZA	PRIMA INDUSTRIE	Customer Service
Roberto DELPIANO	PRIMA INDUSTRIE	Procurement
Maurizio GATTIGLIO	PRIMA INDUSTRIE	2D Division
Flavio GREGORI	PRIMA INDUSTRIE	3D Production
Salvatore LIBRERA	PRIMA INDUSTRIE	3D Division
Emilio MAIO	PRIMA INDUSTRIE	Product Manager Automotive
Domenico PEIRETTI	PRIMA ELECTRONICS	Managing Director
Federico DE SARIO	PRIMA ELECTRONICS	General Manager
Luca DI STEFANO	PRIMA ELECTRONICS	Technical Advisor
Giovanni GIOVINAZZO	PRIMA ELECTRONICS	Manufacturing
Francesco SGANDURRA	PRIMA ELECTRONICS	Research and Development
Paolo CIGNA	PRIMA North America	CEO
Terry VANDERWERT	PRIMA North America	President and General Manager
Mark BARRY	PRIMA North America	Marketing and Sales, LASERDYNE and CONVERGENT
Thomas BURDEL	PRIMA North America	Marketing and Sales, PRIMA SYSTEMS
Pieter SCHWARZENBACH	PRIMA North America	Laser Technology
Ray VERMOKOWITZ	PRIMA North America	Operations, CONVERGENT
Barbara WENNER	PRIMA North America	Operations, LASERDYNE

Consolidated Financial Statements

Please note that 2006, 2005 and 2004 figures are prepared/restated in accordance with IAS/IFRS. 2003 and 2002 figures are prepared according to Italian Gaap.

CONSOLIDATED INCOME STATEMENT

Year ended December 31 st , (Euro thousand, except per share data)	2006	2005	2004	2003	2002
PRODUCTION VALUE					
Revenues from sales and services (Net Sales)	147,569	110,885	97,106	95,000	100,528
Changes in work-in-progress, semi-finished and finished goods	(3,480)	1,903	3,031	(2,248)	(1,779)
Increases in fixed assets for internal work	139	63	157	(740)	466
Other operating income	1,645	3,000	2,479	1,630	1,481
TOTAL PRODUCTION VALUE	145,873	115,851	102,773	93,642	100,696
PRODUCTION COSTS					
Purchases of raw material, consumables and supplies (net)	(64,818)	(55,423)	(51,064)	(46,048)	(51,705)
Other operating costs	(31,181)	(25,263)	(21,685)	(21,365)	(22,899)
TOTAL PRODUCTION COSTS	(95,999)	(80,686)	(72,749)	(67,413)	(74,604)
ADDED VALUE	49,874	35,165	30,024	26,229	26,092
Personnel cost	(30,077)	(26,040)	(23,819)	(23,498)	(25,968)
EBITDA	19,797	9,125	6,205	2,731	124
Amortization & Depreciation	(1,330)	(1,209)	(1,214)	(2,142)	(2,647)
OPERATING PROFIT (EBIT)	18,467	7,916	4,991	589	(2,523)
Financial income and expenses	(900)	(1,140)	(1,396)	(1,418)	(1,958)
Adjustment to financial assets	10	337	(164)	(48)	(939)
Extraordinary items	-	-	-	(1,206)	(149)
PROFIT BEFORE INCOME TAXES (EBT)	17,577	7,113	3,431	(2,083)	(5,569)
Income taxes	(3,857)	(2,005)	(2,388)	(870)	545
NET PROFIT FOR THE YEAR	13,720	5,108	1,043	(2,953)	(5,024)
Minority interests	14	-	-	-	-
NET PROFIT FOR THE YEAR-GROUP	13,706	5,108	1,043	(2,953)	(5,024)
EARNINGS PER SHARE	2.98	1.11	0.23	(0.65)	(1.21)

Please note that 2006, 2005 and 2004 figures are prepared/restated in accordance with IAS/IFRS. 2003 and 2002 figures are prepared according to Italian Gaap.

CONSOLIDATED BALANCE SHEET

Year ended December 31 st , (Euro thousand)	2006	2005	2004	2003	2002
FIXED ASSETS (NET)	19,093	17,378	9,522	10,432	10,985
Intangible assets	2,511	2,739	2,487	3,845	4,509
Tangible assets	6,427	5,779	5,984	5,054	5,394
Other fixed assets	10,155	8,860	1,051	1,533	1,082
EMPLOYEES' SEVERANCE INDEMNITY	5,544	4,937	4,498	4,164	3,708
NET WORKING CAPITAL	25,734	26,131	36,076	43,784	59,225
Inventories	33,870	36,319	31,581	21,565	28,077
Trade receivables (net of advances from Customers)	31,573	21,499	23,294	40,351	52,625
Other current assets	4,446	4,406	12,210	9,785	10,622
Trade payables	(26,055)	(23,089)	(19,417)	(19,007)	(22,539)
Other liabilities	(18,100)	(13,004)	(11,592)	(8,910)	(9,560)
FINANCIAL POSITION (NET)	(3,076)	7,733	15,418	22,323	39,254
Cash and banks	(20,971)	(11,768)	(6,698)	(3,607)	(3,329)
Bank borrowings	15,300	15,913	17,085	22,888	37,208
Borrowing from other financial institutions	2,595	3,588	5,031	3,042	5,375
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY	42,359	30,839	25,682	27,729	27,248
Minority interests	60	-	-	-	-
Shareholders' equity-group	42,299	30,839	25,682	27,729	27,248

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31 st , (Euro thousand)	2006	2005
Profit (Loss) before taxes	17,577	7,113
Adjustments (non-monetary changes)		
Amortization for the financial year	1,330	1,208
Provisions raised to Employees' severance fund	1,077	742
Loss (Profit) on exchange rates for currency transactions	(13)	(23)
Loss (Income) from equity investments	(10)	(337)
Financial expenses (net of income)	912	1,163
(Increase)/Decrease in trade and other receivables	1,103	785
(Increase)/Decrease in inventories	2,826	(3,175)
Increase/(Decrease) in trade payables	(8,469)	4,224
Increase/(Decrease) in other payables	2,366	1,171
Cash flow from typical activity	18,699	12,871
Interest payment	(1,580)	(1,571)
Tax payment	(1,726)	(1,462)
Cash flow derived from operating activity	15,393	9,838
Cash flow derived from investment activity		
(Purchase)/Sale of financial assets and business branches	(753)	(1,524)
Purchase of tangible fixed assets	(1,899)	(903)
(Purchase)/Dismissal of intangible fixed assets	59	(363)
Receipts from sales of fixed assets	167	68
Interest encashed	667	476
Net Cash flow derived from investment activity	(1,759)	(2,246)
Cash flow derived from financing activity		
Variation in the conversion reserve	(969)	504
(Purchase)/sale of treasury stock	39	188
Other changes in equity	18	-
Changes in balance- derivative instruments (FV)	(5)	255
Stipulation/(Repayments) of loans and financing	(1,447)	(1,815)
(Repayments)/Raising of financial leases	(263)	(776)
(Repayments)/Raising of Sabatini transaction	(512)	(258)
Dividend paid	(1,287)	(643)
Net Cash flow derived from financing activity	(4,426)	(2,545)
Increase (Decrease) in the cash and cash equivalents	9,208	5,047
Cash and cash equivalents at the start of the period	11,495	6,448
Cash and cash equivalents at the end of the period	20,703	11,495

BUSINESS OF THE GROUP

PRIMA INDUSTRIE S.p.A. designs, manufactures and sells machines and mechanical, electric and electronic engineering systems and the related software for use in industrial automation. The Company provides also technical services in the same field. The main business of the Company focuses on laser cutting and welding machines.

PRIMA ELECTRONICS S.p.A. designs, manufactures and sells apparatus, instruments, machines and mechanical, electric and electronic engineering systems and the related software.

PRIMA North America, Inc., operating in the North American market, is comprised of three operating divisions:

CONVERGENT LASERS which designs, manufactures and sells lasers for industrial applications; LASERDYNE SYSTEMS which designs, manufactures and sells laser systems for aerospace industrial applications; PRIMA SYSTEMS which sells imported PRIMA INDUSTRIE laser machines in North America and provides after sales services to customers.

PRIMA INDUSTRIE UK Ltd., PRIMA SCANDINAVIA AB and PRIMA INDUSTRIE GmbH sell imported PRIMA INDUSTRIE laser machines in their respective markets and provide after sale services to customers.

PRIMA INDUSTRIE GmbH, previously a non-operating Company, took over from Matra, a company of the Linde Group with effect since 07/01/2005, a branch of the business involved in the distribution and after-sales service of PRIMA INDUSTRIE's laser machines on the German market. Therefore, since July 2005, the Company directly performs these activities on the German market.

FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements for the financial years closed as from December 31st, 2004 were prepared (or, with specific reference to 2004, restated) according to International Financial Reporting Standards (IFRS).

The Consolidated financial statements for the years up to 2003 have been prepared according to the Italian accounting principles (Italian Gaap).

The above mentioned Companies, as well as M.L.T.A., a Company controlled by PRIMA ELECTRONICS specialized in power electronics, are included in consolidation on the line-by-line consolidation method. The date of reference for the consolidated financial statements coincides with the closing date of the financial statements of the Group holding Company.

The financial statements used in consolidation are those approved by the legal bodies governing the individual Companies. Such financial statements have been reclassified and, where necessary, adjusted to conform to the accounting principles used by the entire Group.

PRINCIPLES OF CONSOLIDATION

The consolidated Subsidiaries are those in which PRIMA INDUSTRIE holds a direct interest of more than 50 per cent of that Company's share capital.

The minority interest in the share capital and reserves of Subsidiaries are recorded separately under "minority interests" in Shareholders' equity, and the minority interest in the consolidated results for the year are recorded under "minority interests" in the income statement.

The main adjustments in arriving at the consolidation of the balance sheets and income statements from a simple aggregation, are the following:

- elimination of the carrying value of the investments against the underlying share of net equity
- elimination of intercompany receivables and payables and income and expenses arising from intercompany transactions
- the translation of financial statements expressed in foreign currencies has been effected by applying the average rate for the year to the income statement and the year-end rate to the balance sheet. Exchange differences arising from the translation of the net investment in foreign Subsidiaries, associated undertakings and borrowings which hedge such investments are recorded in "Cumulative translation adjustments" in Shareholders' equity.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Intangible assets

Intangible assets are stated at purchase cost and reduced by amortisation. The research costs are recorded in the Income Statement in the financial year in which they are incurred.

Software licences are capitalized at the cost incurred to obtain and put them into operation and are amortized on the basis of their estimated useful life (from 3 to 5 years).

Goodwill generated by the acquisition of a stake in associated companies is recorded in the Financial Statements at cost adjusted for impairment, which is reviewed annually.

The other intangible fixed assets that were separately acquired are capitalized at cost, whereas those acquired via business combination are capitalized at fair value, identified at the date of acquisition.

After the first determination the intangible fixed assets with a definite useful life are recorded at cost reduced by the amortization and impairment; the intangible fixed assets with an indefinite useful life are shown at cost and are tested annually for impairment and whenever there is any indication that their carrying value is not recoverable.

Tangible assets

Tangible assets are stated at purchase or production cost. Cost includes expenses directly chargeable to the asset.

Tangible assets are depreciated on the straight-line method over the estimated useful lives of the assets.

The costs incurred after the purchase of the asset are accounted for as an increase to its value or are recorded separately, only if it is likely that they will generate future financial benefits and their cost can be reliably measured.

Depreciation rates are as follows:

- Buildings and improvements 33 years
- Plant and machinery 10 - 5 years

Notes to the Consolidated Financial Statements

• Equipment	4 - 5 years
• Furniture, fixtures and office equipment	9 - 5 years
• Electronic office equipment	5 years
• Motor vehicles	3 - 5 years

Assets under financial leases

Assets acquired under financial leases are accounted for by recording the assets under tangible assets and the lease obligation under liabilities and are depreciated on the straight-line method over the estimated useful lives of the assets.

Assets under financial leases are depreciated on the straight-line method over the estimated useful lives of the assets. The depreciation rates are in line with those used to depreciate tangible assets. Lease instalments are recorded in financial expenses and as reduction of the residual lease payable.

Financial assets

All the financial assets (with the exception of those at "fair value with changes in value recorded in the Income Statement"), are initially stated at fair value increased by the costs of selling transaction.

Financial assets "held for sale" and at "fair value with changes in value recorded in the Income Statement", are valued at fair value after purchase. The other two classes, "loans and financial receivables" and "financial assets held to maturity" are valued using the amortized cost using the effective interest rate method.

The gains and losses, whether realized or not, arising from a change in the fair value of the financial asset belonging to the category "fair value with changes in value recorded in the Income Statement", are recorded in the Income Statement for the financial year in which they are generated. The unrealized gains and losses arising from the change in fair value of the non-monetary securities classified in the category "held for sale", are recorded in stockholders' equity and only when are sold or undergo an impairment in value, the accumulated adjustments to their fair value in stockholders' equity are transferred to the Income Statement.

Inventories

Inventory is stated at the lower between cost and net realisable value.

Raw materials are valued at the weighted average purchase cost during the year, adjusted to realisable value by an allowance for write-downs.

Contract work in progress is valued at the weighted average purchase cost of materials during the year at the time the materials are used in production, plus the average hourly production labor cost and the purchase cost of external work.

Finished goods are valued in the same way as contract work in progress.

Trade receivables are initially stated at their "fair value" and are measured after the cost has been depreciated using the effective interest method, net of writedowns to take account of irrecoverability.

The debt is written off if there exists objective evidence that the Group is not able to collect the entire amount due on the date agreed to with the customer. The writedown of receivables is recorded in the Income Statement.

Prepayments and accruals

Accruals are portions of income or expenses to be received or paid in future periods but referring the current year. Prepayments are portions of costs or income paid or received in the current year but referring to future periods.

Provisions are raised to the provisions for risks and charges when:

- a legal or implied obligation arises for the Group as a result of past events,
- an outflow of resources will probably be required to settle the obligation, and its amount
- can be reliably determined.

Employee benefits

The Employees' severance indemnity, accrued in conformity with existing legislation, and the benefits granted by some of the Group's companies at the employees' achievement of a certain level of seniority are liabilities recorded in the financial statement at the actual value of the obligation, corrected for the amount of the actuarial gains and losses and for the social security cost relative to past services. The present value of the obligation is determined by discounting the estimated future disbursements at the interest rate relating to first class bonds, issued in the same currency with which the benefits will be paid and which fall due approximately at the same time as the correlated liability.

The Group records a cost and a debt to meet the liabilities that arise for bonuses, employee incentives and benefits granted on the early termination of the employment relationship for a corporate restructuring plan.

Revenue is recognized when the Company transfers the risks and the important benefits, therefore, the revenues for the sale of laser systems are accounted for when the machines are accepted by the end-customer, which generally coincides with the signature of the testing report by the customer.

The invoicing date is not in alignment with the date of recognition of the revenue, the value of the machines invoiced but not yet accepted by the customer is brought back into the accounts, amongst the inventories of finished products, net of the margin, with the contra-entry being made to "advances" in the Balance Sheet liabilities.

Grants

The state grants are recorded in the Financial Statements at their fair value, only if there exists a reasonable certainty that they will be granted and all the requirements to obtain them are satisfied (obtaining the competent Ministerial resolution).

Income taxes

Income taxes are calculated on the basis of estimated taxable income applying to existing laws and taking into account any tax exemptions.

Deferred taxes are provided at an enacted statutory tax rate expected to apply to future periods for all differences between the value of assets and liabilities for financial reporting purposes and their underlying tax basis when it is probable that such assets and liabilities will be realized.

Translation of balances in non Euro currency

In the financial statements, the receivables and payables originally denominated in non Euro currency are translated into functional currency at the historical exchange rates as of the transaction date. Exchange differences arising at the time of collection or payment are recorded in the income statement.

Receivables and payables, expressed in non Euro currencies have been adjusted to the exchange rates in effect at the balance sheet date and any unrealized exchange gains or losses have been recorded to profit and loss. Realized gains and losses are recorded in the income statement.

