PRIMA INDUSTRIE

QUARTERLY REPORT AT SEPTEMBER 30, 2005

***

Version approved by the Board of Directors on November 14, 2005

PRIMA INDUSTRIE SpA	Paid-in Capital Stock 11,500,000 Euro Registered in the Turin Company Register under No.03736080015 Turin R.E.A. No. 582421 Registered offices in Collegno (Turin) Via Antonelli, 32 Web site: http://www.primaindustrie.com e-mail: prima.dg@primaindustrie.com
Board of Directors	***Chairman and Chief Executive Officer*** Gianfranco Carbonato ***Directors*** Sandro D'Isidoro Fabrizio Lugaresi Mario Mauri Domenico Peiretti Pio Pellegrini (**) (***) Marco Pinciroli (**) ***Secretary*** Massimo Ratti
Corporate General Manager	Alberto Delle Piane
General Manager	Ezio Basso
BOARD OF STATUTORY AUDITORS (****)	***Chairman*** Riccardo Formica ***Statutory Auditors*** Andrea Mosca Roberto Petrignani ***Alternate Auditors*** Roberto Coda Gianluigi Frigerio
AUDITING COMPANY	PricewaterhouseCoopers SpA

(*) Appointed at the Stockholders' Meeting held on May 13, 2005 for the three-year period 2005-2007
(**) Independent director
(***) Appointed at the Stockholders' Meeting held on September 8, 2005 for the three-year period 2005-2007
(****) Appointed at the Stockholders' Meeting held on May 14, 2004 for the three-year period 2004-2006

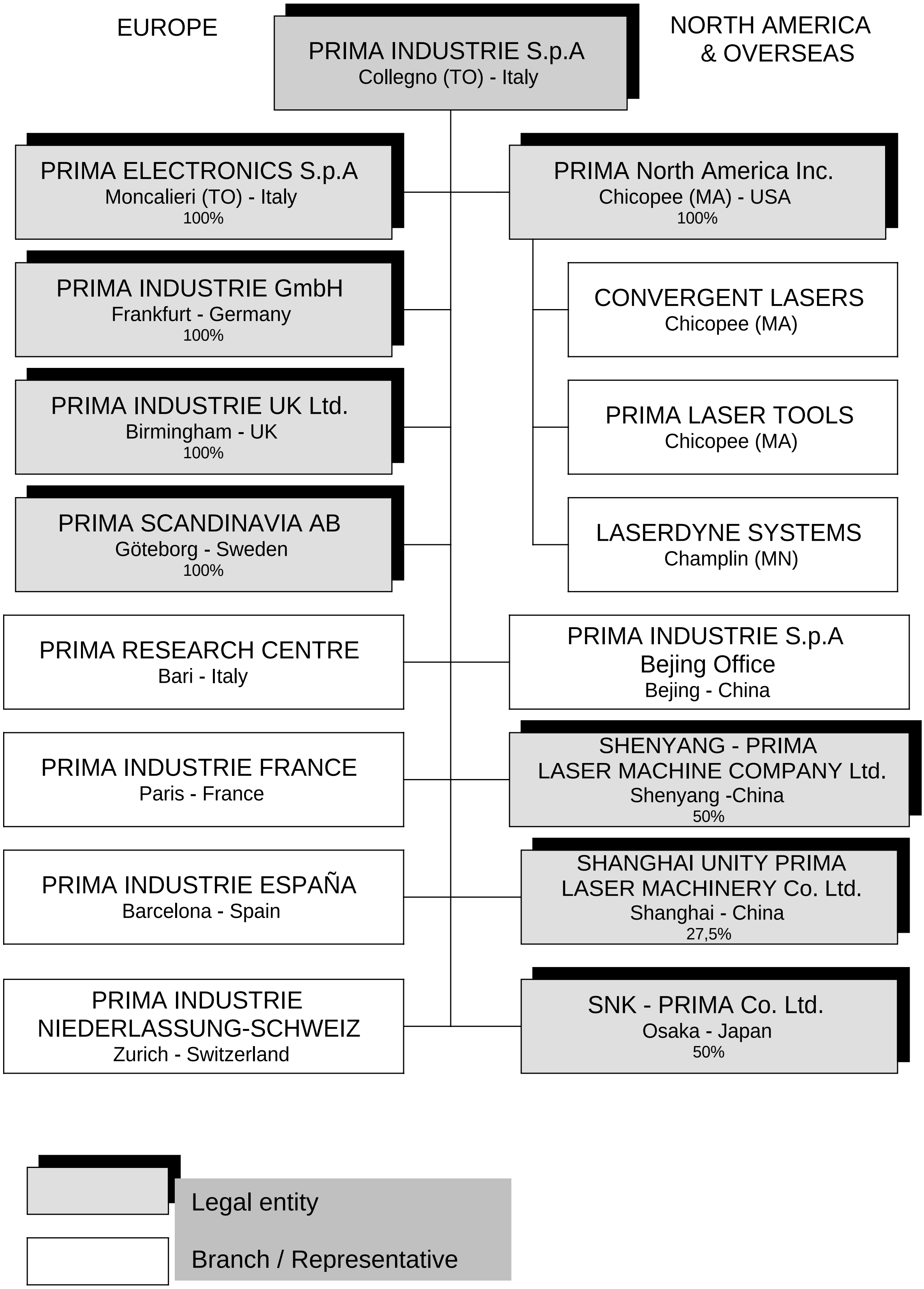
POWERS RELATING TO COMPANY APPOINTMENTS

In terms of resolutions dated May 13 and June 7, 2005 the Board of Directors appointed Gianfranco Carbonato as the Chief Executive Officer and determined his powers.
In terms of article 25 of the Articles of Association, the Chairman and Chief Executive Officer are the legal representatives of the company.

Index

Index

1. STRUCTURE OF THE PRIMA INDUSTRIE GROUP



2. INTRODUCTION

NORMATIVE FRAMEWORK

In the application of European Regulation No.1606 dated July 19, 2002 and in accordance with section 81 of Regulation No. 11971 on Issuers, as amended by Consob resolution No.14990 of April 14, 2005, the PRIMA INDUSTRIE Group has prepared the quarterly report at September 30, 2005 in conformity with the International Accounting Principles approved by the European Commission (hereinafter referred to individually as IAS/IFRS or together, as IFRS).

The quarterly report at 09/30/2005, in compliance with paragraph 8 of IAS 34 ("Interim Financial Statements"), includes the following minimum components:

a) Summarized Balance Sheet;
b) Summarized Income Statement;
c) Summarized statement of changes in stockholders' equity
d) Summarized cash flow statement and
e) Specific explanatory notes as required by paragraph 16 of IAS 34.

Moreover, in accordance with paragraph 3 of section 81 of the Issuers Regulation No. 11971 referred to above, the quarterly report also includes the accounting statements of the parent company, prepared in accordance with Italian Accounting Principles (local GAAP) because these statements will also be used for PRIMA INDUSTRIE'S Annual Financial Statements at December 31, 2005. Reference will be made to these principles when information relating to the Parent Company is set out.

Similarily, the information relative to the Financial Statements of the other subsidiary companies of the Group is shown using local GAAP.

The information included in the quarterly report relating to December 31, 2004 re-determined in accordance with IFRS, approved at the date of this quarterly report, is the information that will be published for comparative purposes in the Consolidated Financial Statements of the Group at December 31, 2005. For certain aspects, the adjustment and interpretation activities of the official bodies set up in this regard and the necessary approval process by the European Commission is currently underway. It follows that as at date hereof, it is still possible that such information will undergo change in the course of the next few months.

GENERAL INFORMATION

Incorporated in 1977, PRIMA INDUSTRIE S.p.A. (“the Company”) designs, manufactures and markets high power systems for cutting, welding and surface treatment of three-dimensional (3D) and flat (2D) components.

During the period 1995 – 2001, after focusing the strategic business on laser systems for industrial applications, the Company has continuously recorded double-figure growth rates, simultaneously 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 manufacturer on the market relating to the 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 product innovation necessary to maintain its leadership in a high-tech sector with highly developmental dynamics.

In May 2000, the Company acquired Convergent Energy Inc. in America. Through this acquisition the Prima Group integrated the knowledge required to internationalise its design and manufacture of CO_2 and solid-state lasers, in addition to strengthening its own presence on the US market.

In April 2001, the Company acquired the net assets of the LASERDYNE DIVISION from GSI Lumonics – the division is a leader in the design, manufacture and sale of multi-axis laser systems, especially in the field of precision micro-boring, cutting and welding for the aero-space and energy industries. Thanks to this acquisition, the PRIMA Group has broadened its presence in North America and in the aerospace market.

In 2002, the USA activities were combined and consolidated into a single legal entity - PRIMA North America Inc. - located at two productive premises: Chicopee in Massachusetts (CONVERGENT LASERS and PRIMA LASER TOOLS) and Champlin in Minnesota (LASERDYNE SYSTEMS).

In 2003, the Company increased its presence on the Asian market, where it currently 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 the incorporation of PRIMA SCANDINAVIA AB and PRIMA INDUSTRIE UK Ltd., as well as through PRIMA INDUSTRIE GmbH’ s acquisition of the activities of the previous German distributor with effect from 7/01/2005. 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 in 2003.

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 industrial electronics - markets that are characterized by high technology with elevated growth rates.

The Parent Company, PRIMA INDUSTRIE S.p.A., has been listed on the Italian Stock Exchange since October 1999 (currently STAR section); the company has its registered office and its business premises in Collegno (Turin), via Antonelli 32.

This quarterly report was approved by the Board of Directors on November 14, 2005.

3. BUSINESS TREND

REVENUES AND PROFITABILITY

The consolidated revenues for the first nine months of 2005, valued in compliance with IAS 18 (which directive provides for the recognition of revenue generally at the time of the end-customer's acceptance of the project) amounts to 73,937 thousand Euro.
This figure, which was slightly up compared to 09/30/04 – (it was 73,545 thousand Euro) was earned as follows: 33.2% in Italy (31.6% at 09/30/04); 37.7% in Europe (34.4% at 09/30/04); 16.9% in North America (21.6% at 09/30/04) and 12.2% in Asia and the rest of the world (12.4% at 09/30/04). As usual these revenues do not consolidate the turnover of the Japanese and Chinese Joint Ventures, where the Group does not hold a controlling interest. These percentages highlight - over and above the enduring good trend in the emerging markets ("New Europe" and Overseas) - the comforting signs of recovery that the Italian and European markets are showing.
On the other hand, the lesser weight of the American market can to some extent be attributed to the lower average rate of exchange of the Euro/USD compared to the rate at 09/30/2004. The lesser weight is however mainly related to the increase in the amount of PRIMA North America’s sales, destined for overseas markets.

Consequently, even the value of production at 09/30/05, equal to 80,042 thousand Euro, is slightly up when compared to the value of the previous year (it was in fact 79,448 thousand Euro at 09/30/04).

All the profitability ratios showed significant growth compared to the corresponding values of the previous year. The Group's EBITDA, equal to 5,898 thousand Euro, grew by 13.6% compared to the 5,193 thousand Euro at 09/30/04, whereas the consolidated EBIT (5,002 thousand Euro equal to about 6.8% of the sales) improved by 16.1% compared to the previous year (4,307 thousand Euro at 09/30/04 equal to 5.8% of sales).
The profit before tax for the period was 3,762 thousand Euro, with an increase of 17.8%, compared to the 3,193 thousand Euro at 09/30/04.

The increase in the net profit was particularly significant (up 93%) and was fixed at 2,304 thousand Euro compared to the 1,196 thousand Euro of the previous financial year. The reduction of the average tax rate continued, thanks to PRIMA North America’s growing positive contribution to the consolidated result.
It follows that the profit per share for the period, taking into account the average number of treasury stock held in the six months, amounts to 0.50 Euro per share (compared to 0.26 Euro per share at 09/30/04).

ORDER ACQUISITION AND THE ORDER PORTFOLIO

As at 09/30/05 the consolidated orders acquisition amounted to 82,196 thousand Euro, a significant increase (up 19.5%) when compared to the 68,788 thousand Euro of the first nine months of 2004. The fact that this increase is almost entirely due to the orders acquired during the third quarter of 2005, is particularly significant.
Consequently the orders portfolio at 09/30/05 has increased by more than 50% - i.e. to 41,528 thousand Euro compared to the 27,340 thousand Euro at 09/30/04.

NET FINANCIAL POSITION

	09/30/05	**12/31/04**	**09/30/04**
CASH AND CASH EQUIVALENTS	6,084	6,448	4,468
SHORT-TERM BORROWINGS FROM BANKS AND OTHER LENDERS	(7,349)	(9,711)	(6,560)
MEDIUM/LONG-TERM PAYABLES DUE TO BANKS AND OTHER LENDERS (*)	(16,510)	(12,156)	(16,676)
TOTAL NET EXPOSURE TO THE CREDIT SYSTEM	(17,775)	(15,419)	(18,768)

(*) Also includes the leasing charges and the debt items relating to the Sabatini pro-solvendo transactions in existence. These items amount to 2,092 thousand Euro at 09/30/05 (they were 2,860 thousand Euro at 12/31/04).

The net financial position highlights the overall exposure to credit institutions and other lenders (including the Ministry of Productive Activities and leasing companies).
The net financial position (-17,775 thousand Euro at 09/30/05) reflects an increase of approximately 2.4 million Euro compared to 12/31/04 (-15,419 thousand Euro), whereas it has improved by about 1 million Euro compared to 09/30/04 (-18,768 thousand Euro). This trend can to some extent be attributed to the increase in working capital (in particular at the level of the stock of finished and semi-finished products) which was made necessary in view of the signs of the recovery coming from the European markets. To a lesser extent, it can be attributed to the increase in capital ($500,000) in the Joint Venture Shenyang Prima Laser Machine Co., which took place during the quarter. On 10/31/05 the grant amounting to 1,415,123 Euro, in respect of the PAMELA project, which had already been recognized, was received.
Compared to 06/30/2005 new medium/long-term loans for 842 thousand Euro were entered into, whereas during the quarter loan instalments for a total amount of 1,881 thousand Euro were paid.

The ratio between the net financial position (mainly medium/long-term) and stockholders' equity estimated on the basis of IAS/IFRS principles is 0.64 as against 0.72 at 09/30/04.

RESEARCH

As usual, the research activity carried out during the six months, totalling 5,505 thousand Euro (5,047 thousand Euro at 09/30/04) was accounted for in the Income Statement in compliance with IAS 38. In the face of these costs, grants in an amount of 1,091 thousand Euro (they were 1,141 thousand Euro at 09/30/2004) were estimated.

For the parent company PRIMA INDUSTRIE the third quarter represented the start of producion relating to SYNCRONO, the revolutionary 2D machine based on a parallel kinematic head capable of an acceleration performance that is double that of the competitors’. After the widespread success during the presentation at the EMO fair in Hanover, the first orders were received for machines that will be delivered starting from the fourth quarter of 2005.
In addition, the new compact load-unload system, COMPACT SERVER was completed. This system is managed by the PRIMA ELECTRONICS numerical control and will be fitted to the 2D machines in the 3000x1500 format. The prototype was presented at the Maquitec fair in Barcellona during October 2005.

During the period, the prototype phase of a new model of the 3D RAPIDO machine was also completed. This model has a Z stroke that has been lengthened to 765 mm as well as new intake and support tables for pieces and in addition can be fitted with new rotating tables for fast loading and unloading as well as the new wire welder.
Finally, in collaboration with the subsidiary PRIMA ELECTRONICS, the buses were introduced initially on Agilaser: Profibus, Interbus and DeviceNet.

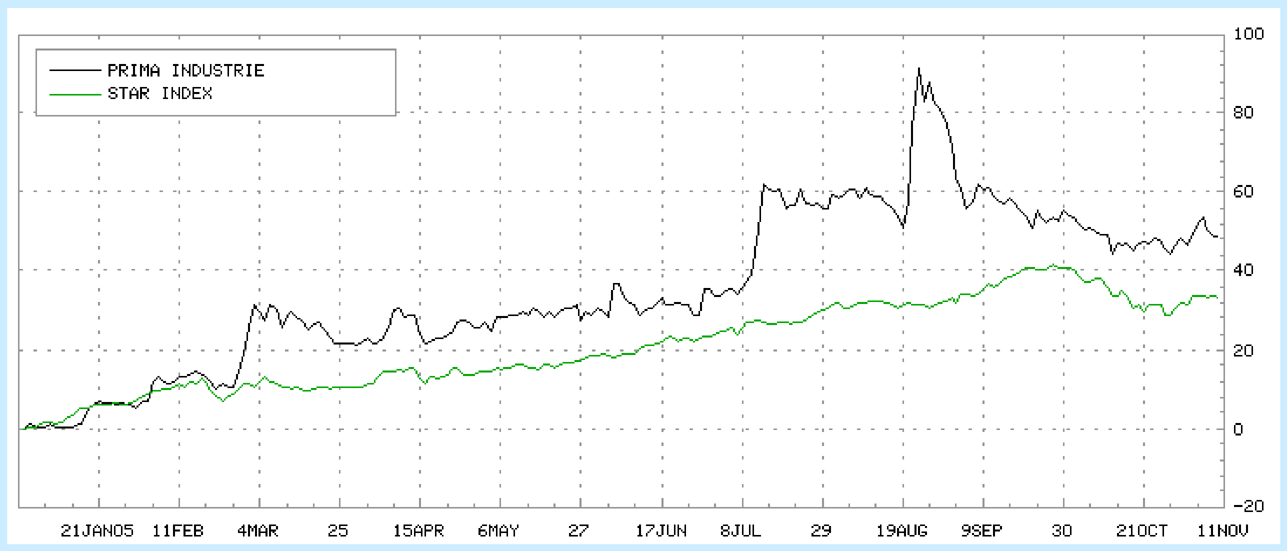
As far as PRIMA North America is concerned, during the quarter research concentrated on continuing the development of the new more powerful CP laser and the new Laserdyne machine with Laserdyne CNC and new compact head with direct motors.

TREASURY STOCK AND THE STOCK TREND

As at 09/30/05 PRIMA INDUSTRIE S.p.A. held 9,500 ordinary shares (equal to approximately 0.21% of the capital) at an average weighted price of 10.6690 Euro per share; these shares were acquired in the performance of the mandates granted by the Ordinary Stockholders' Meetings held on May 14, 2004 and September 8, 2005. The new mandate authorizes the purchase and sale of the Company's treasury stock up to a maximum of 200,000 shares (equal to approximately 4.3% of the capital that has been subscribed and paid for) for a duration of 18 months from the date of the resolution.
This new buy-back resolution also envisages a minimum buying and selling price of 2.5 Euro per share (equal to the par value) and a maximum buying and selling price equal to 17.533 Euro (which equates to the highest reference price recorded in the 48 months preceding July 25, 2005). Moreover, the maximum selling price can be established on the basis of terms and procedures deemed expedient, from time to time. As far as off-market deals are concerned, the agreed price must not give rise to any loss for the Company.

As at 10/31/05 the portfolio was increased to 14,054 shares, held at an average weighted price of 10.2126 Euro per share.

We set out hereunder the stock trend from the beginning of the year until the date of this report which highlights a trend of consistent growth from the start of the year:



Earnings per share and dividend per share

(a) Basic earnings per share

The basic earnings per share is determined by dividing the profit due to the stockholders of the Parent Company, by the average number of shares in circulation during the period, excluding the ordinary stock acquired by the Parent Company, held as treasury stock in portfolio.

In the first nine months of the year, the stock in circulation amounted to 4,600,000 shares, whereas the average treasury stock held in the period was 10,755 shares; thus the earnings per share in respect of the period January-September 2005 amounts to 0.50 Euro per share (compared to 0.26 Euro per share for the first nine months of 2004).

Earnings per share	***September 30, 2005***	***September 30, 2004***
Earnings due to stockholders (Euro/1.000)	2,304	1,196
Weighted average - number of ordinary shares	4,589,245	4,552,584
Basic earnings per share (Euro)	0.50	0.26

(b) Diluted earnings per share

The diluted earnings per share is determined by dividing the profit due to the stockholders of the Parent Company, by the average number of shares in circulation during the period, corrected by the potential number of shares, represented by the subscription rights. The estimate of the potential number of shares is determined as a probable estimate of the number of shares that can be subscribed for, at the exercise price, given the value of the option.

Because at 09/30/05 no subscription rights on PRIMA INDUSTRIE's shares were in circulation, the calculation of diluted profit per share was not applicable.

(c) Dividend per share

On 05/13/05 the Stockholders' Meeting resolved to pay a dividend per share on the 2004 profit of 0.14 Euro, to be paid to all the shares in circulation, excluding treasury stock held in portfolio as at the cut-off date for the said dividend. At 05/13/05 the treasury stock held amounted to 7,500 shares and thus the amount of the dividend to be paid totalled 642,950 Euro.

Insofar as 9,000 treasury stocks were held by the company at the cut-off date (05/23/05) the dividend payment which took place on 05/26/05 actually amounted to 642,740 Euro.

SUBSEQUENT EVENTS

Star Company Presentations 2005, London

On October 13 and 14, 2005 the company was presented at the Road Show organized by Borsa Italiana S.p.A in London. The show aimed to facilitate contacts between the European financial community and the Italian companies belonging to the STAR section.

The event was an important opportunity to present PRIMA INDUSTRIE Group’s forecasts to a qualified audience of international institutional investors. As proof of the interest that was aroused, in the weeks following the event the purchase by new institutional investors of significant interests in the company's capital was recorded.

4. TREND OF THE MAIN COMPANIES OF THE GROUP

4.1 Accounting principles and general comment

As referred to in paragraph 2 (Introduction - Normative Framework) the Financial Statements of the Parent Company PRIMA INDUSTRIE S.p.A, as well as those of PRIMA ELECTRONICS S.p.A., were prepared using Italian Accounting Principles. The Financial Statements of the main foreign subsidiary company, PRIMA North America Inc., were drawn up as in the past, using the GAAP of the USA.

As the table below highlights, the three main Companies of the Group (PRIMA INDUSTRIE, PRIMA North America and PRIMA ELECTRONICS) achieved sales at 09/30/05, which are significantly higher compared to the same period of the previous financial year, with increases that range from 8% in respect of PRIMA INDUSTRIE to 17% in respect of PRIMA North America; at a profitability level they all show positive results with a net improvement compared to 09/30/04 (particularly PRIMA North America that went from a negative to a positive EBIT of 6.5% with respect to sales).

SUMMARY OF THE MOST SIGNIFICANT INCOME PARAMETERS AND RATIOS

(DRAWN UP IN ACCORDANCE WITH LOCAL GAAP – FIGURES EXPRESSED IN THOUSANDS OF EURO)

	PRIMA INDUSTRIE S.p.A.				PRIMA ELECTRONICS S.p.A.				PRIMA North America Inc.				OTHER SUBSIDIARY COMPANIES			
	09/30/05		09/30/04		09/30/05		09/30/04		09/30/05		09/30/04		09/30/05 (3)		09/30/04 (4)	
	THOUSANDS OF EURO	%	THOUSANDS OF EURO	%	THOUSANDS OF EURO	%	THOUSANDS OF EURO	%	THOUSANDS OF EURO	%	THOUSANDS OF EURO	%	THOUSANDS OF EURO	%	THOUSANDS OF EURO	%
REVENUES	48,542	100.0	44,944	100.0	12,133	100.0	11,090	100.0	23,296	100.0	20,459	100.0	4,308	100.0	4,968	100.0
MOL/EBITDA	1,968	4.1	1,625	3.6	1,698	14.0	1,687	15.2	1,681	7.2	18	0.1	(9)	(0.21)	35	0.7
Operating profit (EBIT) (2)	1,525	3.1	1,185	2.6	1,441	11.9	1,428	12.9	1,518	6.5	(151)	(0.17)	(24)	(0.56)	25	0.5
Income (loss) before Taxes	1,228 (1)	2.5	673 (1)	1.8	1,462	12.0	1,437	13.0	1,128	4.8	(415)	(2.0)	(9)	(0.21)	23	0.5

EXCHANGE RATES USED FOR THE CONVERSION OF NON-EURO CURRENCIES

Currency	*AVERAGE EXCHANGE RATE FOR THE PERIOD*		*CURRENT EXCHANGE RATE AT THE END OF THE PERIOD*		
	09/30/05	**09/30/04**	**09/30/05**	**12/31/04**	**09/30/04**
UNITED STATES DOLLAR	1.263491	1.2258	1.2042	1.3621	1.2409
POUND STERLING	0.68522	0.673067	0.68195	0.70505	0.6868
SWEDISH KRONE	9.216187	9.162009	9.3267	9.0206	9.0588

(1) PRO FORMA FIGURES, GROSS OF ANY WRITEDOWNS OF THE EQUITY INVESTMENTS IN THE SUBSIDIARY COMPANIES, WHOSE FINANCIAL RESULT HAS BEEN HIGHLIGHTED IN THE RELEVANT COLUMN.

(2) THE SUM OF THE INDIVIDUAL OPERATING PROFITS (AS SHOWN IN THE TABLE) DIFFERS FROM THE CONSOLIDATED OPERATING PROFIT AS A RESULT OF THE CONSOLIDATION ADJUSTMENTS AND DUE TO THE LACK OF UNIFORMITY IN THE ACCOUNTING PRINCIPLES OF REFERENCE.

(3) THE INFORMATION RELATES TO PRIMA INDUSTRIE UK LTD., PRIMA SCANDINAVIA AB AND PRIMA INDUSTRIE GMBH.

(4) THE INFORMATION RELATES TO PRIMA INDUSTRIE UK LTD. AND PRIMA SCANDINAVIA AB.

PRIMA INDUSTRIE S.p.A.

The revenues for the period (48,542 thousand Euro) are significantly higher (+8%) compared to the same period of the previous financial year (44,944 thousand Euro).

Consequently, there is an improvement in the operating result both at a percentage level as well as in terms of absolute value; EBIT amounts to 1,525 thousand Euro (1,185 thousand Euro at 09/30/04) and the pre-tax profit is 1,228 thousand Euro compared to the 253 thousand Euro at 09/30/04. The increase in profitability is significant as it also takes into account the costs relating to the merger operation with Fidia in an amount of approximately 200 thousand Euro.

The Parent Company's good results should continue into the fourth quarter thanks to the backlog of orders from third party customers - at 09/30/05 it amounts to 10,512 thousand Euro, a slight growth compared to the 10,424 thousand Euro at 9/30/04.

PRIMA ELECTRONICS S.p.A.

Revenues increased by 9.4% compared to the same period of 2004; the operating return is substantially stable, with an EBIT of 1,441 thousand Euro compared to the 1,428 thousand Euro at 09/30/04.
The prospects look very positive for the last part of the year, taking into account the fact that the orders backlog from third party customers at 09/30/05 amounts to 5,774 thousand Euro, compared to the 4,068 thousand Euro at 09/30/04 (+42%).

PRIMA North America Inc.

During the quarter the positive trend of PRIMA North America Inc., already evident at 06/30/05, continued in terms of both revenues and profitability. During the first 9 months of the year PRIMA North America achieved revenus of approximately 29.5 million Dollars compared to the approximately 25 million for the same period in 2004 (+17.4%), with a positive EBIT of 1.9 million Dollars compared to the -0.15 million Dollars at 09/30/2004.

PRIMA North America's performance was thus particularly satisfying, thanks to the excellent performance of the CONVERGENT LASERS division (sales increased by approximately 50% compared to 09/30/2004 with a double figure operating return), the good results achieved by the LASERDYNE DIVISION and the substantial break-even of the PRIMA LASER TOOLS DIVISION.

The orders trend was also very positive with an orders backlog from third party customers at 09/30/05 equal to 7.6 million Dollars, compared to the 3.2 million Dollars at 09/30/04.

OTHER SUBSIDIARY COMPANIES

As already occurred in the first semester, the subsidiary PRIMA INDUSTRIE UK generated a positive return, even if the results are lower compared to the corresponding period of the previous year as a result of the changed conditions in the geographic market of reference.
The subsidiary PRIMA SCANDINAVIA continues to feel the effects of the conditions of the market of reference, with a turnover that is still insufficient to cover the overheads, but which improved compared to 06/30/2005.
Finally the performance of PRIMA INDUSTRIE GmbH must be highlighted. With effect from 07/01/2005 the subsidiary took over from MATRA the branch of the business relating to the distribution and after-sales service of the Prima Industrie laser machines in Germany. Despite the objective start-up difficulties, the signs of improvement in the German market have allowed the company to break even in the third quarter of 2005.

5. IFRS CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS OF THE PRIMA INDUSTRIE GROUP

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

CONSOLIDATED FINANCIAL STATEMENTS OF THE PRIMA INDUSTRIE GROUP

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

CONSOLIDATED FINANCIAL STATEMENTS OF THE PRIMA INDUSTRIE GROUP

FROM JANUARY 1, 2004 TO SEPTEMBER 30, 2004

	01/01/2004	Purchase/Sale Treasury stock	Gains/Losses on disposal treasury stock	Allocation of Result Previous financial year	Distribution Dividends	Profit of period	Conversion reserve	09/30/2004
Capital stock	11.500							11.500
Treasury stock	(324)	216						(108)
Share premium reserve	16.863			(1.350)				15.513
Legal reserve	2.213			(1.484)				729
Other reserves	-			-				-
Conversion reserve	-						10	10
Profits (losses) carried forward	(5.579)		(15)	2.834				(2.760)
Income (Loss) for the period	-			-		1.196		1.196
Total	24.673	216	(15)	-	-	1.196	10	26.080

DAL 31 DICEMBRE 2004 AL 30 SETTEMBRE 2005

	31/12/2004	Purchase Treasury stock	Gains/Losses on disposal treasury stock	Allocation of Result Previous financial year	Distribution Dividends	Profit of period	Conversion reserve	09/30/2005
Capital stock	11.500							11.500
Treasury stock	(171)	70						(101)
Share premium reserve	15.666							15.666
Legal reserve	729			41				770
Other reserves	-			80				80
Conversion reserve	(174)						316	142
Profits (losses) carried forward	(2.912)		86	922	(643)			(2.547)
Income (Loss) for the period	1.043			(1.043)		2.304		2.304
Total	25.681	70	86	-	(643)	2.304	316	27.814

CONSOLIDATED FINANCIAL STATEMENTS OF THE PRIMA INDUSTRIE GROUP

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

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

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

6. ACCOUNTING POLICIES

6.1 Valuation criteria

This report of the PRIMA INDUSTRIE Group relates to the period ended September 30, 2005 and was drawn up in accordance with the *International Financial Reporting Standards* (IFRS).

The Report was prepared in accordance with IAS 34 "Interim Financial Statements" and IFRS 1 "First-time adoption of the *International Financial Reporting Standards*", because the period under review falls within the first financial year for the application of IFRS, the period ending December 31, 2005.

The accounting principles and the IFRIC interpretations applicable to the consolidated Financial Statements at December 31, 2005 might differ with respect to the principles and interpretations applied to this report.

The valuation criteria were applied with continuity in relation to the data at January 1, 2004 including the information applicable to the classification and measurement of the financial instruments.

The previous consolidated Financial Statements of the Prima Industrie Group were prepared in accordance with the provisions of the Italian Civil Code and the accounting principles of the Italian Accounting Profession, which differ in certain areas of the Financial Statements, from IFRS. The comparative information relative to 2004 was thus amended to take account of the adjustments made.

These Consolidated Financial Statements were drawn up using the cost principle except for financial assets belonging to the category "financial assets held for sale" and in respect of financial assets and liabilities (including derivative financial instruments) falling into the category "at "fair value", with changes in "fair value" being recorded in the Income Statement.

The preparation of the Financial Statements in accordance with IAS 34 - "Interim Financial Statements" inevitably requires recourse to accounting estimates and the expression of opinions by the Directors of the company.

6.2 IFRS and the IFRIC interpretations not yet approved

During the past months, the IASB *(International Accounting Standards Board*) and IFRIC (the International Financial Reporting Interpretation Committee) have published new Principles and Interpretations; notwithstanding the fact that as at date hereof these Principles and Interpretations have not yet been approved by the Community Legislator, the Group has nonetheless considered the effects, highlighting the potential impact on its Balance Sheet and Income Statement position as follows:

IFRS/FRIC INTERPRETATION	*EFFECTS FOR THE GROUP*
IAS 39 AMENDMENT FAIR VALUE OPTION	NONE
IFRS6 EXPLORATION RIGHTS AND VALUATION OF MINING ASSETS	NONE: THE GROUP DOES NOT CARRY OUT ANY EXPLORATION ACTIVITIES AND DOES NOT HAVE ANY MINING ASSETS
IFRIC2 SHAREHOLDINGS IN COOPERATIVES AND SIMILAR INSTRUMENTS	NONE
IFRIC3 EMISSION RIGHTS	NONE: THE GROUP DOES NOT PARTICIPATE IN "EMISSION RIGHTS SCHEMES"
IFRIC4 DETERMINING WHETHER A CONTRACT CONTAINS A LEASE	NONE
IFRIC5 RIGHTS TO INTERESTS ARISING FROM DECOMISSIONING, RESTORATION AND ENVIRONMENTAL REHABILITATION FUNDS	NONE: THE GROUP DOES NOT HAVE ANY INTERESTS IN FUNDS FOR THE DECOMMISSIONING, RESTORATION AND REHABILITATION OF SITES

6.3 Consolidation principles

(a) Subsidiaries

All companies, including any vehicle-company, in which the Group has the capacity to control the financial and operating choices, are defined as subsidiary companies.

Generally, control is presumed to exist if the Group holds more than half of the voting rights, also amongst the shareholders' agreements or potential voting rights. The subsidiary companies are consolidated from the time that the Group is able to exercise control and they are de-consolidated when control ceases.

The Group accounts for the acquisition of a controlling interest using the purchase method.
The cost of the acquisition is the sum of the price paid and any ancillary charges.
The identifiable assets and liabilities acquired are initially recorded in the Consolidated Financial Statements at fair value, determined at the date of acquisition, without considering the minority interests.
The excess of the fair value of the net asset acquired over the cost of the equity investment is capitalized as goodwill and is included amongst the intangible fixed assets, if positive and if negative, it is immediately reflected in the Income Statement.

The costs, sales, receivables, payables and gains realized amongst companies belonging to the group are eliminated. Where necessary, the accounting principles of the Subsidiaries are amended to bring them into line with those of the Parent Company.

(b) Associated companies & Joint Ventures

Associated companies are those in which the Group has a significant influence but does not have control. The significant influence is presumed in the case of possession of 20% to 50% of the voting rights. The associated companies are initially recorded at cost and then accounted for using the equity method.

Joint Ventures are companies subject to common control. They are accounted for in accordance with the provisions of IAS 31, paragraph 38, which provides for the recording of the interest using the equity method, as an alternative to the proportional consolidation referred to in IAS 31, paragraph 30.

The Group's equity investment in associated companies and Joint Ventures includes goodwill calculated at the time of acquisition, net of any accumulated losses in value.

The Group's Income Statement reflects the applicable share of the associated company and Joint Venture's result. If the associated company or the Joint Venture records an adjustment with a direct effect on stockholders' equity, the Group determines the portion that applies to it, reflecting such change in the Statement of Changes in Stockholders' Equity.
The recognition in the Group's accounts of a share of an associated company or Joint Venture's loss has as a limit the write-off of the value of the investment; further shares of losses are recorded amongst the liabilities, only if the Group has commitments or has effected payments on account of the associated company or Joint Venture.

The earnings realized through transactions with the associated company or the Joint Venture are eliminated against the value of the equity investment. The same procedure is adopted in the case of losses, on condition that there is no "impairment" of the assets that are the object of the transaction. Where necessary the accounting principles of the associated companies are modified to bring them into line with those of the Parent Company.

6.4 Segment report

A market sector is a group of activities or operations which produce products or services that are subject to risks and benefits, which differ from those of other market sectors.

A geographical sector distinguishes itself from others because within that sector products and services are produced which are subject to risks and benefits, which differ from those of other geographical sectors.

The PRIMA INDUSTRIE Group highlights the following sectors which are the main object of the report:
- Laser systems and sources (sector 1);
- Numeric controls (sector 2)

The Group's choice is justified by the clear differentiation of the two activities in terms of products, customers and productive cycles.

Although important, the laser source production activity, was not identified as a sector on its own, in that it is "captive" for the Group.

In terms of IAS 14, in relation to the information relating to the assets and liabilities of the two market sectors, the assets and liabilities specifically inherent to the activity carried out were allocated to the sectors. Accordingly, the assets and liabilities of a financial and tax nature (see the annexed tables) were not included.

6.5 Conversion of items in foreign currency

(a) Functional currency and presentation currency

The Financial Statements of the subsidiaries, associated companies and Joint Ventures are prepared using the applicable functional currency, i.e. the currency used in their primary economic environment. The presentation currency adopted by the Prima Industrie Group is the Euro.

(b) Assets, liabilities and transactions in non-Euro currencies

The transactions in non-Euro currencies are initially reflected at the exchange rate applicable on the date of the transaction.

The monetary assets and liabilities in non-Euro currencies are converted into Euro using the exchange rate in force at the date of closure of the Financial Statements. All the exchange differences are reflected in the Income Statement.

The non-monetary items recorded at historical cost are converted into Euro using the exchange rate in force at the starting date of the disclosure of the transaction. The non-monetary entries recorded at fair value are converted using the exchange rate at the date of determination of that value.

(c) Companies of the Group

At the date of closure of the Financial Statements the assets and liabilities of the companies of the Group, in non-Euro currencies, are converted into Euro at the exchange rate in force at the date of closure of the Financial Statements. Their Income Statements are converted using the average exchange rate for the period. The exchange differences are disclosed directly in stockholders' equity and are shown separately in the "Conversion reserve". When the subsidiary company is disposed of the sum of the reserve is reversed to the Income statement.

The goodwill and the adjustments to the fair value of the assets and liabilities of the foreign company are converted into Euro at the exchange rate at the end of the period.

6.6 Tangible assets

All the tangible fixed asset categories, including the investments in real estate are included in the Financial Statements at historical cost, reduced by depreciation and "impairment", except for land, which is recorded at historical cost reduced by any "impairment". The cost includes any expenses directly attributable to the purchase.

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

The depreciation on the tangible fixed assets is calculated using the straight-line method so as to allocate their residual accounting value over their technical-financial life estimated as follows:

- Buildings and incremental work	33	years
- Plant and machinery	10 - 5	years
- Equipment	4 - 5	years
- Furniture, fixtures and office equipment	9 - 5	years
- Electronic office equipment	5	years
- Motor vehicles	3 - 5	years

The extraordinary maintenance capitalized as an increase to an existing asset is depreciated on the basis of its residual useful life, or if less, in the period that remains until the next maintenance work.

The residual value and the useful life of the tangible fixed assets are reviewed and modified, if necessary, at the closing date of the Financial Statements.

"Impairment": the carrying value of the tangible fixed assets is immediately written down to the recoverable value, whenever the former value exceeds the latter.

The gains and losses on the disposal of tangible fixed assets are recorded in the Income Statement and are determined by comparing their carrying value with the selling price.

The financial expenses incurred for the construction of tangible assets are allocated to the Income Statement for the applicable financial year.

6.7 Intangible assets

(a) Goodwill

Goodwill represents the excess of the price paid, over the fair value of the stake in the net assets identifiable at the date of acquisition.
Goodwill generated by the acquisition of a stake in a subsidiary company is included in the intangible assets. Goodwill generated by the acquisition of a stake in associated companies is recorded as an increase to the value of the equity investment. The goodwill is recorded in the Financial Statements at cost adjusted for impairment, which is reviewed annually. The gain or loss arising from the sale of the equity investment also takes into account the residual carrying value of the related goodwill.

(b) Software

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).

The costs linked to the development and maintenance of software programmes are considered to be costs for the period and are therefore allocated to the applicable Income Statement.

(c) Research and development costs

The research costs are recorded in the Income Statement in the financial year in which they are incurred.

The development costs incurred for an identifiable project are capitalized amongst the intangible fixed assets, if they can be reliably measured and if it is likely that the project to which they are tied will be successful, both in relation to its technical feasibility, as well as in regard to its market penetration.
The development costs allocated to the Income Statement in previous financial years are capitalized retrospectively if, in a later period they reflect the necessary characteristics.
The development costs having a definite useful life are amortized from the date of marketing the product, on the basis of the period over which it is estimated that they will produce a financial benefit and in any event over a period not exceeding five years.

The development costs that do not have these features are charged to the Income Statement in the year in which they were incurred.

(d) Other intangible assets

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 reduced by impairment only.

The intangible fixed assets which are produced internally are not capitalized but are reflected in the Income Statement of the financial year in which they were incurred.

The other intangible assets are annually tested for impairment - this analysis can be carried out at the level of the individual intangible asset or on the basis of the asset's revenue-generating unit.

The useful life of the other intangible fixed assets is reviewed annually: any changes, where this is possible, are shown in schedules.

6.8 Recovery value of the asset (“impairment”)

The assets with an indefinite useful life, not subject to amortization, are tested at least annually for impairment and whenever there is any indication that their carrying value is not recoverable.

The assets that are amortized are tested for impairment only if there is an indication that their carrying value is no longer recoverable.

The amount of the writedown for impairment is determined as the difference between the carrying value of the asset and its recoverable value, determined as the higher of the selling price, net of the transaction costs, and its value in use, or the actual value of the cash generated.
The recoverable value of the asset is determined by grouping the smallest cash-generating units.

6.9 Financial assets

The Group classifies its own investments into the following categories: a) financial assets at fair value with changes in value recorded in the Income Statement, b) loans and financial receivables, c) investments held to maturity and d) financial assets held for sale.
The classification is dependant on the purpose of the purchase, the Directors allocate the Financial assets to the applicable category at the time of the purchase, re-assessing the allocation at the end of each financial year.

(a) Financial assets at “fair value with changes in value recorded in the Income Statement”

This category is divided into two classes: 1) financial assets held for trading and 2) those assigned to this category from the start. A financial asset is placed in this category if it was acquired mainly for resale in the short-term or if it is put into this category by the Directors.
The derivative financial instruments that do not have the requirements to be defined as hedging instruments are recorded in the class “held for trading”.

The financial assets of these two classes are placed amongst current assets if they are of the "held for trading" type or if it is envisaged that they will be sold within 12 months from the date of closure of the Financial Statements.

(b) Loans and financial receivables

The loans and financial receivables are non-derivative financial assets with fixed or determinable payments, not listed on a regulated market and not intended for trading. They are included amongst the current assets, (except for the portion that exceeds twelve months from the date of the closure of the Balance Sheet) in the Balance Sheet category: "Trade and other receivables".

(c) Investments held to maturity

This relates to non-derivative financial assets with fixed or determinable payments and fixed maturity, which the Group both intends and has the capacity to hold until maturity.

(d) Financial investments held for sale

This refers to non-derivative financial assets allocated to this category, including those allocated here as a residual classification compared to the ones mentioned above. These financial assets are placed in current assets, provided that the Directors do not decide to sell them in the period beyond the 12 months following the closure of the Financial Statements.

The purchases and sales of financial assets are recognized at the trading date that coincides with the date on which the Group undertakes to buy or sell the asset.
All the financial assets (with the exception of those at "fair value with changes in value recorded in the Income statement”), are initially reflected at fair value increased by the costs of the selling transaction.
The financial assets are reversed from the Financial Statements at the time of sale or when the right to receive the financial flows is transferred, or when the Group has substantially transferred all the risks and benefits of ownership to third parties.
The two classes of financial assets "held for sale" and the at "fair value with changes in value recorded in the Income Statement" class, are thereafter valued at fair value. The other two classes, "loans and financial receivables" and "financial assets held to maturity" are valued using the amortized cost criterion 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 unrealised 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. When the securities classified as "held for sale" are sold or undergo an impairment in value, the accumulated adjustments to their fair value, in stockholders' equity are transferred to the Income Statement as gains or losses arising on the sale.

The fair value of listed equity investments is based on the current asking price. When there is no active market for the financial asset or if the equity investment is not listed, the fair value is set by the Group using valuation techniques, (including recent comparable market transactions, the discounted financial flows method etc.) which are adjusted to reflect the issuers' specific characteristics.

The Group tests at each closing of the Financial Statements whether objective evidence of the impairment of the financial assets exists. In the case of financial assets that are representative of stockholders' equity classified in the "held for sale" category, a significant and prolonged decline in fair value compared to cost, is considered as one of the elements in the assessment of the loss in value. If this evidence exists for financial assets in the "held for sale" category, the accumulated loss in value, (determined as the difference between the purchase cost and the current fair value, net of writedowns already made), is reversed out of stockholders' equity and allocated to the Income Statement. The writedowns recorded in the Income Statement can no longer be reversed.

6.10 Inventories

Inventories are stated at the lower of cost and the estimated realizable value of the inventories, which is represented by the normal sales price in the ordinary course of business, net of variable sales expenses.
The cost is determined using the average weighted cost method. The cost of finished and semi-finished products includes the design costs, raw materials, the cost of direct labour, other direct costs and other indirect costs that can be allocated to the productive activity on the basis of a normal productive capacity and of the state of advancement. This cost configuration does not include financial expenses.

6.11 Trade and other receivables

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 recoverability. 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 amount of the writedown is the difference between the book value of the debt and the actual value of future receipts, discounted on the basis of the effective interest rate. The writedown of receivables is recorded in the Income Statement.

6.12 Cash and cash equivalents

Cash and cash equivalents include cash, immediately available bank deposits and the current account overdraft and other liquid investments maturing within three months. The overdraft on the current account is recorded amongst the short-term loans.

6.13 Capital stock

The ordinary shares are classified in stockholders' equity.

The additional expenses directly tied to the issue of the stock or the options are recorded in the equity as a reduction of the cash received.

Whenever the Group buys stock of the Parent Company (treasury stock), the purchase price net of any additional expenses that can be directly attributed to the purchase (net of the related tax effect) is deducted from Group Stockholders' Equity until such time as the treasury stock is eliminated, re-issued or sold. When these situation manifests themselves, every additional expense incurred net of the related tax effect is included in Group Stockholders' Equity.

6.14 Loans

Loans are recorded in the Financial Statements at their fair value net of any additional expenses. After their first disclosure they are accounted for on the basis of amortized cost. Each difference between the receipts net of any additional expenses and the value of the repayment is recorded in the Income Statement for the period on the basis of the effective interest rate method.

The loans are recorded amongst short-term liabilities, provided that the Group does not have an unconditional right to defer the loan beyond 12 months of the closure of the Financial Statements.

6.15 Deferred taxes

The deferred taxes are calculated on all the temporary differences between the tax value and the carrying value of the assets and liabilities of the Consolidated Financial Statements. Deferred taxes are not calculated:

- on goodwill arising out of a business combination;
- on the initial recording of assets and liabilities arising from a transaction that is not a business combination and that does not entail effects either on the result for the financial year calculated for the purposes of the Financial Statements or on the taxable amount.

The deferred taxes are calculated using the tax rates and laws that are effective at the date of closure of the Financial Statements, or using rates and laws that are substantially in place and that are expected to be applicable at the time of the reversal of the temporary differences that gave rise to the recording of the deferred taxes.

The receivables for prepaid taxes are recorded in the Financial Statements only if, at the time of the reversal of the temporary difference, a likelihood exists of taxable income sufficient for them to be set off.

The receivables for prepaid taxes are re-examined at the closure of each financial year and they are reduced to the extent that it is no longer likely that sufficient taxable income will become available in the future to enable the receivable to be wholly or partially used.

The deferred taxes are also calculated on temporary differences that arise out of the equity investments in subsidiaries, associated companies and Joint Ventures, with the exemption of the case in which the reversal of the temporary differences can be controlled by the Group and it is likely that it will not occur in the immediate future.

The deferred taxes relating to the components disclosed directly in the stockholders' equity are also allocated directly to stockholders' equity.

6.16 Employee benefits

(a) Pension schemes

The Group considers the Employees' severance fund to be a defined benefits plan and the COMETA Fund (a supplementary fund to the national collective labour contract) as a defined contributions plan.

Defined benefits schemes are pension plans that define the amount of the pension benefit due to the employee at the time of termination of the employment relationship - a sum that depends on different factors such as age, years of service and salary.

The defined contribution schemes are pension plans in respect of which the Group pays a fixed sum to a separate entity. The Group does not have any legal or implicit obligation to pay further sums should the assets at the service of the scheme become insufficient to pay the employees the benefits due to them for current and past services.

The liability recorded in the Financial Statement in the face of the defined benefits plan is the actual value of the obligation at the date of closure of the Financial Statements, net of the fair value of the assets at the service of the plan (where they exists), both corrected for the amount of the actuarial gains and losses and for the social security cost relative to past services. The obligation is determined annually by an independent actuary using the projected unit credit method. The present value of the obligation is determined by discounting the estimated future disbursements at the interest rate relating to primary obligations, issued in the same currency with which the benefits will be paid and which fall due approximately at the same time as the correlated retirement liability.

The cumulative total of the actuarial losses and gains, derived from the variations on the estimates made, which exceeds 10% of the greater of the “fair value” of the assets at the service of the plan (where they exist) and 10% of the obligation relating to the defined benefits plan, is allocated to the Income Statement, using the accrual principal on the basis of the expected average residual working life of the employees who participate in the plans.

The employee benefit cost relative to past services is immediately recorded in the Income Statement, unless the changes to the pension plan are not dependant on the employees remaining employed for a certain period of time. In this case the employee benefit cost relative to past services is amortized on a straight-line basis in the period in which it accrued.

For defined contribution plans the Group pays contributions to state or private pension funds on a compulsory, contractual or voluntary basis. Once these contributions have been paid, the Group has no further obligations. The contributions paid are recorded in the Income Statement under labour costs when they fall due. The contributions paid in advance are recorded amongst the prepaid expenses only if a refund or a reduction of future payments is expected.

(b) Benefits granted on achieving a certain level of seniority in the company

Certain companies of the Group grant benefits to their employees when they reach a certain seniority of service in the company.

The liability recorded in the Financial Statement in the face of these benefits is the present value of the obligation at the date of closure of the Financial Statements, net of the fair value of the assets at the service of the plans (where they exists), both corrected for the amount of the actuarial gains and losses and for the cost relative to matured benefits. The obligation is determined annually by an independent actuary using the projected unit credit method. The present value of the obligation is determined by discounting the estimate of the future disbursements at the interest rate relating to primary obligations, 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 cumulative total of the actuarial losses and gains, derived from the variations in the estimates made, which exceeds 10% of the greater of the “fair value” of the assets at the service of the plan (where they exist) and 10% of the obligation in existence, is allocated to the Income Statement using the accrual principal on the basis of the expected remaining number of working years compared to the date of reaching the pre-established age of seniority by the employees who enjoy such benefits.

(c) Benefits granted on the termination of the employment relationship

These benefits are due to the worker on the early termination of the employment relationship, compared to the retirement date or in the face of a termination arising out of a corporate restructuring plan. The Group records a liability in the Financial Statements to meet such benefits when: a) a formal and detailed plan exists in respect of the early retirement incentives without the possibility that the employee renounces them b) an offer is made to the employees to encourage their voluntary retirement. The amounts payable beyond 12 months of the closure of the Financial Statements are discounted back.

(d) Incentives, bonuses and profit-sharing schemes

The Group records a cost and a debt to meet the liabilities that arise for bonuses, employee incentives and profit-sharing schemes, determined using a formula that takes into account the profits attributable to the stockholders after certain adjustments are made. The Group records a liability to a reserve only if contractually obliged or if a custom exists that defines an implicit obligation to do so.

(e) Employee benefits granted in shares

The management of the Group, on a discretional basis and from time to time allocates bonuses to key-employees, in the form of options on company stock (stock option plans). The right to exercise the options matures on the basis of personal objectives after a year's service. The fair value of the options is a working cost for the financial year, which for the entire maturity period of the options, causes an appropriate reserve to be raised to stockholders' equity. At the time when the option is exercised the amount received, net of any transaction costs, is allocated to capital stock (for the par value portion of the shares) and to the Share premium reserve (for the premium portion). At the moment there are no stock option plans in place in favour of employees of the Group.

6.17 Provisions for risks and charges

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.

The restructuring reserves include both the liability arising from the early retirement incentives, as well as the penalty tied to the termination of leasing contracts. Provisions cannot be raised to the provisions for risks and charges to meet future operating losses.

The provisions are recorded by discounting the Directors' best estimates of the total costs that the Group must incur to settle the obligation, at the date of closure of the Financial Statements.

6.18 Recognition of revenues

The revenues include the fair value arising from the sale of goods and services net of VAT, returns, discounts and transactions between Group companies. Revenues are recorded according to the following rules:

(a) Sale of goods

Revenue is recognized when the company transfers the risks and the important benefits implicit to ownership of the goods, and the amount thereof can be reliably estimated.

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.

On the other hand, invoicing takes place when the goods are taken on by the transporter in accordance with the international commercial terms (known as "Incoterms"). From then onwards the Prima Industrie Group is free from all liability relating to transportation.

As a result of the fact that 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. The Group has chosen this presentation, instead of reducing the "trade receivables" account, because this option protects the portrayal of the underlying contractual relationship.

The application of this principle creates a temporary misalignment between the date on which the machines are consigned and the time when they are accepted by the customer. The impact on the Group's Financial Statements is significant in that:

- the Group is a world-wide exporter and therefore it frequently occurs that there is a conspicuous lapse of time, owing to the transportation, between the consignment date of the goods and the date of acceptance by the customer in the Destination country and,
- a large part of the Group's customers is made up of large industrial concerns, with lengthy procedures for the approval of investments.

(b) Performance of services

The revenues from the performance of services are accounted for on the basis of the state of advancement in the financial year in which they are rendered.

(c) Interest

Interest received is accounted for on the accrual principle using the effective interest rate (a rate which exactly discounts the future expected financial flows on the basis of the expected life of the financial instrument).

(d) Royalties

The revenues from royalties are accounted for on the accrual principle on the basis of the contents of the underlying contracts.

(e) Dividends

Dividends are accounted for in the financial year in which the stockholders' right to receive payment of the dividend arose.

6.19 Leasing

The leasing contracts forming part of the tangible fixed assets are considered to be financial leases if the Group substantially bears all the risks and benefits incidental to the ownership of the asset. The assets under financial leases are capitalized at the start of the leasing contract at the lower of the "fair value" of the leased asset and the present value of the lease instalments. The lease instalments are broken down between the capital portion and the interest portion, determined by applying a constant interest rate to the residual debt.
The financial debt owed to the leasing company is recorded amongst short-term liabilities, for the current portion and amongst long-term liabilities for the portion to be repaid beyond the financial year.
The interest expense is allocated to the Income Statement for the duration of the contract.
The asset under a financial lease is recorded amongst the tangible fixed assets and is depreciated on the basis of the estimated financial-technical useful life of the asset.

The leasing contracts in which the lessor substantially retains all the risks and benefits incidental to ownership are accounted for as operating leases. The payments made net of any incentives received from the lessor are allocated to the Income Statement on the accrual principle for the duration of the lease.

6.20 Distribution of dividends

The distribution of dividends to stockholders gives rise to a debt to be accounted for after the approval of the dividend by the stockholders' meeting.

6.21 State grants

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 the Group has satisfied all the requirements dictated by the conditions to obtain them (obtaining the competent Ministerial resolution).

The revenues in respect of state grants are recorded in the Income Statement on the basis of the costs for which they were granted being incurred.

State grants for the purchase of tangible fixed assets are recorded amongst deferred income and credited to the Income Statement on the basis of the depreciation of the assets for which they were granted.

6.22 Valuations that effect the Interim Financial Statements

(a) Seasonal nature of the business

The revenues and consequently the Group's operating result are affected by a historical seasonality, a typical phenomenon of the world market for instrumental goods. The last quarter of each financial year is typically the one which foresees larger delivery volumes whereas in the first quarter the opposite usually occurs. Because in terms of IAS 18 the recognition of the revenue normally coincides with acceptance by the end-customer and acceptance normally takes place during the quarter after delivery, the first quarter of the year normally sees the greatest number of acceptances and the last quarter records the opposite phenomenon.

(b) Current taxes

The calculation of current taxes by the Directors in the Interim Financial Statements represents the best estimate of the weighted average tax burden that will be borne in the Annual Financial Statements.

(c) Costs

The costs that manifest themselves in a non-uniform way during the course of the year are estimated or deferred in the Interim Financial Statements only if it would also be appropriate to do so in the Annual Financial Statements.

6.23 The financial risk factors

The Group's financial instruments, destined to finance its operating activity, include bank loans, financial leases, at-sight bank deposits and short-term bank deposits.
Then there are other financial instruments such as trade payables and receivables, arising out of the operating activity and derivative financial instruments, such as "*interest rate swap*" contracts and forward contracts in foreign currency.

The financial risk factors that influence the Group can be summarized as follows:

- the risk that the value of a financial instrument will fluctuate as a result of changes in the rate of exchange (*currency risk*);
- the risk that the “fair value” of a financial instrument will fluctuate as a result of changes in the interest rates on the market (*interest rate risk on the “fair value”*);
- the risk that the value of a financial instrument will fluctuate arising out of the variations in market price (*price risk*);
- the risk that the counter-party will not fulfill its obligations (*credit risk*);
- the risk arising out of the difficulty of raising funds to meet commitments stemming from the financial instruments (*liquidity risk*);
- the risk that the future financial flows of a financial instrument will fluctuate arising out of a variation in the interest rates on the market (*interest rate risk on financial flows*).

Currency risk: the Group operates in an international environment and is exposed to exchange rate fluctuations mainly in regard to the USD/Euro exchange. Currency risk arises in the face of the following business transactions, mainly in US Dollars:

- sales to third parties of machines, components and technical assistance on the part of PRIMA North America Inc.;
- acquisition by PRIMA INDUSTRIE S.p.A. of laser sources from PRIMA North America Inc.;
- sales of machines by PRIMA INDUSTRIE S.p.A. to PRIMA North America Inc.;

The purchases and sales indicated in the last two points above constitute a "natural hedge" in that one is dealing with opposing flows whose monetary regulation takes place in the same currency.

The Group's central treasury signs forward contracts to manage the currency risk arising out of the deficit in the financial flows, stemming from the operations described above. The central treasury also stipulates forward contracts on the financial flows between the companies of the Group.

The Group holds equity investments in the Chinese Joint Ventures, Shenyang Prima Machine Laser Co. Ltd (50%) and Shanghai Unity Prima Laser Machinery Co. Ltd. (27,5%). The value of these equity investments is respectively subject to currency risk arising from the variation of the USD and the Renminbi (RMB) in relation to the Euro. The Group does not believe that the value of the equity investments is such that specific hedging activity is required to cover the currency risk.

Price risk: the Group's exposure to price risk is minimal.

Credit risk: within the Group there are no elevated concentrations of credit risk. The Group only engages in business transaction with customers that it considers to be reliable and transactions of a financial nature are entered into only with very reliable financial institutions.
New customers undergo special audits to certify their ability to meet the financial commitments.

Liquidity risk: the Group's objective is to preserve an equilibrium, (also by optimizing the management of the working capital,) between the maintenance of funding and financial flexibility by using overdrafts, loans and financial leasing contracts. The Group's objective is to keep the net debt to own resources ratio between 0.5 and 1. The Group has short-term credit lines that exceed its immediate liquidity requirements.

The interest rate risk on the "fair value" and on liquidity flows: the Group's exposure to interest rate risk is mainly in relation to financial payables to leasing companies and the medium and long-term loans due to credit institutions and other lenders, mainly stipulated at the Euribor rate increased by a "spread". The interest rate risk is partially covered by interest rate swap contracts (IRS), aimed at translating the variable rate into a fixed one and in each case the rate is lower than the rate that the Group could obtain by having recourse to the credit market. The IRS contracts are stipulated so that quarterly the two counter-parties exchange the net value of the net variable/fixed interest flows.

6.24 Accounting in respect of derivative financial instruments

The hedging instruments indicated in the previous paragraph, even though they are not speculative in nature, do not reflect the requirements demanded by IAS 39 for hedge accounting to be applicable, As a result of this in accordance with IAS 39, they are classified in the financial assets and liabilities category at "fair value with changes in fair value recorded in the Income Statement".

6.25 The estimate of "fair value"

The fair value of the financial interests quoted on an active market is determined on the basis of the market price at the date of closure of the Financial Statements. The reference market price for the financial assets held by the Group is the current selling price (the purchase price for financial liabilities).

The fair value of the financial instruments that are not traded on an active market is determined using various valuation techniques and assumptions depending on the market conditions that exist at the time of closure of the Financial Statements. The medium/long-term liabilities are compared with the prices of similar listed financial instruments, for other categories of financial instruments the financial flows are discounted.
The fair value of the IRS contracts is determined by discounting the estimated financial flows derived from them. On the other hand, for the forward contracts the forward market rates at the Balance Sheet date are used.

For receivables one assumes that the nominal value, net of any adjustments made to take account of the possibility that they might not be collected, approximates fair value.
The fair value of the Financial liabilities for reporting purposes is determined by discounting the financial flows from the contract at an interest rate that approximates the market rate at which the Group obtains financing.

7. BUSINESS COMBINATION

On 07/01/2005 the agreement in terms of which the subsidiary PRIMA GmbH acquired from MATRA (a company of the Linde Group, with its offices in Frankfurt, Germany) the branch of the business for the distribution and after-sales service of the PRIMA INDUSTRIE laser machines on the German market, came into full effect.

The purchase price, being the balance of the assets purchased and the liabilities assumed, was fixed in a sum of 779 thousand Euro.
In terms of the contract, the aforesaid amount has not yet been paid by the purchaser because settlement is linked to PRIMA GmbH' s receiving the money from the sales of machines in stock. In any case the price and the related VAT must be settled within and not beyond March 31, 2006.

In terms of IFRS 3 paragraph 67, the breakdown of the selling price by class of asset is set out:

TAB. 5		
	ASSETS (thousands of Euro)	
	Intangible fixed assets	78
	Tangible fixed assets	32
	Stock of finished products	1.099
	Stock of spare parts and accessories	464
	Prepaid costs:	
	to employees	27
	to suppliers	98
	TOTAL ASSETS	**1.798**
	LIABILITIES (thousands of Euro)	
	Pension funds and other deferred liabilities	
	to employees	278
	Current liabilities to employees	108
	Invoices to be received	100
	Product warranty provision	33
	Restructuring provision	150
	Provision for other integration costs	350
	TOTAL LIABILITIES	**1.019**
	NET BALANCE (PRICE)	**779**

The analysis required by IFRS 3 relative to the recordability in the Financial Statements of the various classes of assets and liabilities has led to the following results:

TAB 6		
	ASSETS (thousands of Euro)	
	Intangible fixed assets	25
	Tangible fixed assets	32
	Stock of finished products	1.099
	Stock of spare parts and accessories	464
	Prepaid costs:	
	to employees	27
	to suppliers	98
	TOTAL ASSETS	**1.745**
	LIABILITIES (thousands of Euro)	
	Pension funds and other deferred liabilities	
	to employees	278
	Current liabilities to employees	108
	Invoices to be received	100
	Product warranty provision	33
	Restructuring provision	150
	Provision for other integration costs	100
	TOTAL LIABILITIES	**769**
	NET BALANCE (PRICE)	**976**

What has emerged from the analysis is a surplus of the balance of the acquired assets/liabilities, compared to the price that was established (so-called "negative Goodwill"), namely 197 thousand Euro that was recorded in the Income Statement.
This amount, which is recorded in "Other operating revenues" stems from it not being possible to record, in terms of IAS-IFRS, the goodwill in an amount of 53 thousand Euro and relocation costs of 250 thousand Euro, which do not meet the requirements of IAS 37 in order to be recorded amongst the liabilities.

During the course of the third quarter of 2005, which was the first period in which the financial results of the branch of the business were taken into account in the Group's Consolidated Financial Statements, Prima GmbH achieved an operating profit (EBIT) of 145 thousand Euro (including the Negative Goodwill of 197 thousand Euro), with sales of 691 thousand Euro. The sales and results were determined in accordance with IAS-IFRS.

As regards the information required by IFRS 3 paragraph 70, relative to turnover and the pro-forma financial results of the branch of the business if the acquisition of such business had been effected at 01/01/2005, such information over and above being insignificant, cannot be reliably estimated because during the first half of 2005 the activity of the branch of the business was negatively influenced by the climate of uncertainty that followed on MATRA's decision to transfer the business in question.

8. SEGMENT REPORT

TAB. 7	Sector results - 09/30/2005	Sector 1	Sector 2	Others	Unallocated	Group
	Total sector income	64.433	12.133		-	76.566
	(Intra-sector revenues)		(2.629)		-	(2.629)
	Income	64.433	9.504	-	-	73.937
	Operating income (loss)	4.156	846			5.002
	Net financial expenses/income	(1.156)	(26)			(1.182)
	Income/exp.from assoc.companies & joint ventures	(58)	-			(58)
	Income (loss) before tax					3.762
	Taxes					(1.458)
	Net profit (loss)					2.304

TAB. 8	Sector results - 09/30/2004	Sector 1	Sector 2	Others	Unallocated	Group
	Total sector income	64.780	11.090			75.870
	(Intra-sector revenues)		(2.325)			(2.325)
	Income	64.780	8.765	-	-	73.545
	Operating income (loss)	3.421	886			4.307
	Net financial expenses/income	(964)	(28)			(992)
	Income/exp.from assoc.companies & joint ventures	(122)				(122)
	Income (loss) before tax					3.193
	Taxes					(1.997)
	Net profit (loss)					1.196

TAB. 9	Sector information - 09/30/2005	Sector 1	Sector 2	Others	Group
	Depreciation of tangible fixed assets	585	210		795
	Amortization of intangible fixed assets	62	39		101
	Total	**647**	**249**	-	**896**

TAB. 10	Sector information - 09/30/2004	Sector 1	Sector 2	Others	Group
	Depreciation of tangible fixed assets	486	213		699
	Amortization of intangible fixed assets	149	38		187
	Total	**635**	**251**	-	**886**

TAB. 11	Assets and Liabilities - 09/30/2005	Sector 1	Sector 2	Others	Unallocated	Group
	Assets	84.089	14.068		15.477	113.634
	Associated companies and Joint Ventures	1.259	68			1.327
	Total assets	85.348	14.136	-	15.477	114.961
	Liabilities	51.053	6.919		29.175	87.147

TAB. 12	Assets and Liabilities - 09/30/2004	Sector 1	Sector 2	Others	Unallocated	Group
	Assets	70.102	12.331		13.246	95.679
	Associated companies and Joint Ventures	1.000	68			1.068
	Total assets	71.102	12.399	-	13.246	96.747
	Liabilities	37.570	5.492		27.605	70.667

On behalf of the Board of Directors

The Chairman

Gianfranco Carbonato

ACCOUNTING STATEMENTS AT SEPTEMBER 30, 2005

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

PRIMA INDUSTRIE S.p.A.

BALANCESHEET

at September 30, 2005

ASSETS		30.09.2005			31.12.2004			30.09.2004		
A. DUE FROM STOCKHOLDERS FOR PAYMENTS STILL DUE				0			0			0
B. FIXED ASSETS										
I. Intangible fixed assets										
1) Plant and expansion costs			0			0			8.434	
2) Research, development and advertising costs			0			0			0	
3) Industrial patent and intellectual property			192.512			160.117			143.240	
4) Concessions, licences, trademarks and similar rights			4.038			4.783			5.030	
5) Goodwill			0			0			0	
6) Assets under construction and advances			0			0			0	
7) Other intangible fixed assets			267.936	464.486		322.212	487.112		312.336	469.040
II. Tangible fixed assets										
1) Land and buildings:		801.114			801.114			797.114		
less: accumulated depreciation		(255.009)	546.105		(223.133)	577.981		(213.405)	583.709	
2) Plant and machinery		1.772.831			1.648.551			1.623.180		
less: accumulated depreciation		(1.241.062)	531.769		(1.158.413)	490.138		(1.133.553)	489.627	
3) Industrial and commercial equipment		1.823.206			1.747.984			1.747.704		
less: accumulated depreciation		(1.575.042)	248.164		(1.399.420)	348.564		(1.359.715)	387.989	
4) Other assets		1.612.275			1.515.969			1.479.233		
less: accumulated depreciation		(1.308.042)	304.233		(1.301.869)	214.100		(1.276.063)	203.170	
5) Assets under construction and advances			0	1.630.271		0	1.630.783		0	1.664.495
III. Financial fixed assets										
1) Equity investments										
a) in subsidiaries		26.519.193			24.442.579			22.691.380		
less:equity investment devaluation reserve		(15.899.770)			(15.689.956)			(15.881.523)		
b) in associated companies		2.271.463			1.855.767			1.855.767		
less:equity investment devaluation reserve		(955.250)			(897.007)			(855.123)		
c) in controlling companies		0			0			0		
less:equity investment devaluation reserve		0			0			0		
d) in other companies		791.059			774.686			774.685		
less:equity investment devaluation reserve		(774.685)	11.952.010		(774.686)	9.711.383		(774.685)	7.810.501	
2) Receivables	(*)									
a) from subsidiaries	0	3.865.252			4.265.685			7.059.751		
b) from associated companies	0	150.416			150.416			150.416		
c) from controlling companies	0	0			0			0		
d) Other receivables	0	9.347	4.025.015		31.388	4.447.489		40.025	7.250.192	
3) Other securities			256.694			249.478			250.000	
4) Treasury stock			0	16.233.719		0	14.408.350		0	15.310.693
TOTAL FIXED ASSETS (B)				18.328.476			16.526.245			17.444.228

C. CURRENT ASSETS										
I. Inventories										
1) Raw materials, consumables and supplies			10.003.975			6.984.227			7.741.297	
2) Work in progress and semifinished products			0			0			0	
3) Contract work in progress			3.357.714			2.765.540			3.445.186	
4) Finished product and goods			5.188.198			2.478.900			4.291.170	
5) Advances			0			0			0	
less: provision for writedown of stock			(925.666)			(813.166)			(813.166)	
less: provision for writedown of finished products			(281.000)	17.343.221		(490.000)	10.925.501		(522.000)	14.142.487
II. Receivables	(**)									
1) Trade receivables	0	25.917.486			26.302.560			26.371.649		
less: taxed & non taxed allow. for doubtful a/cs:		(1.271.950)	24.645.536		(1.013.519)	25.289.041		(1.324.172)	25.047.477	
2) Subsidiaries			3.476.066		0	5.413.414		0	3.481.724	
3) Associated companies			2.418.362		0	1.280.171		0	1.071.587	
4) Controlling companies					0	0		0	0	
4-bis) Tax receivables			1.362.127		0	1.971.741		0	1.315.663	
4-ter) Prepaid taxes			2.923.447		0	2.923.447		0	3.739.902	
5) Others			4.036.278	38.861.816	0	2.755.896	39.633.710	0	2.480.688	37.137.041
III. Current financial assets										
1) Equity investments in subsidiaries		0			0			0		
less:equity investment devaluation reserve		0	0		0	0		0	0	
2) Equity investments in associated companies		0			0			0		
3) Equity investmentsin controlling companies		0			0			0		
4) Equity investments in other companies			232			232			232	
less:equity investment devaluation reserve			0			0			0	
5) Treasury stock (par value 66.250)			100.329			170.607			108.301	
6) Other securities			0	100.561		0	170.839		0	108.533
IV. Cash and cash equivalents										
1) Bank and postal accounts			3.640.867			3.132.218			3.023.881	
2) Cheques			0			0			0	
3) Cash and cash equivalents on hand			15.362	3.656.229		8.945	3.141.163		5.393	3.029.274
TOTAL CURRENT ASSETS (C)				59.961.827			53.871.213			54.417.335
D. ACCRUED INCOME & PREPAID EXPENSES										
1) Issue discounts and other similar expenses on loans			0			0			0	
2) Other accrued income and prepaid expenses			367.400	367.400		489.677	489.677		223.248	223.248
TOTAL ASSETS				78.657.703			70.887.135			72.084.811

PRIMA INDUSTRIE S.P.A

BALANCESHEET

at September 30, 2005

LIABILITIES			30.09.2005			31.12.2004			30.09.2004
A. STOCKHOLDERS' EQUITY									
I. Capital stock			11.500.000			11.500.000			11.500.000
II. Share premium reserve			15.664.893			15.664.893			15.727.198
III. Revaluation reserve			0			0			0
IV. Legal reserve			770.910			729.550			729.550
V. Statutory reserves			0			0			0
VI. Reserve for treasury stock in portfolio			100.330			170.606			108.301
VII. Other reserves			213.166			0			0
VIII. Profits (losses) carried forward			0			0			0
IX. Profit (loss) for the year			1.228.018			827.199			253.030
TOTAL STOCKHOLDERS' EQUITY			29.477.317			28.892.248			28.318.079
B. PROVISIONS FOR RISKS AND CHARGES									
1) Retirement fund and similar provisions		0			0			0	
2) Provisions for taxes		1.198.163			1.198.163			964.991	
3) Others		2.339.405	3.537.568		2.198.503	3.396.666		2.840.108	3.805.099
C. EMPLOYEES' SEVERANCE PAY			3.240.419			2.973.925			2.855.717
D. PAYABLES	(**)			(**)			(**)		
1) Bonds	0	0		0	0		0	0	
2) Convertible bonds	0	0		0	0		0	0	
3) Amounts due to stockholders i.r.o. funding	0	0		0	0		0	0	
4) Amounts due to banks	11.134.079	14.315.742		6.376.108	12.013.094		0	12.886.146	
5) Amounts due to other lenders	726.471	726.471		726.471	810.821		0	810.821	
6) Advances	0	1.425.328		0	915.886		0	1.450.428	
7) Trade accounts payable	0	17.777.175		0	14.257.854		0	15.563.857	
8) Payables represented by debt instruments	0	0		0	0		0	0	
9) Amounts due to subsidiaries	0	5.445.584		0	4.121.782		0	4.067.547	
10) Amounts due to associated companies	0	0		0	0		0	0	
11) Amounts due to Parent company	0			0			0		
12) Taxes payable	0	400.453		0	1.334.905		0	539.735	
13) Amounts due to provident and social security institutions	0	597.279		0	750.657		0	503.849	
14) Other payables	0	1.217.536	41.905.568	0	1.088.221	35.293.220	0	879.839	36.702.222
E. ACCRUED EXPENSES & DEFERRED INCOME									
1) Issue premiums		0			0			0	
2) Other accrued expenses and deferred income		496.831	496.831		331.076	331.076		403.694	403.694
TOTAL LIABILITIES			78.657.703			70.887.135			72.084.811

PRIMA INDUSTRIE S.p.A.

at September 30, 2005

INCOME STATEMENT

		30.09.2005		31.12.2004		30.09.2004
A. VALUE OF PRODUCTION						
1) Revenues from sales and services		48.542.187		65.913.443		44.943.643
2) Changes in inventories of work in progress, semifinished and finished products		2.918.298		(309.158)		1.471.112
3) Change in contract work in progress		592.174		431.645		1.111.291
4) Increases in fixed assets for internal work		21.181		88.663		86.032
5) Other income and revenues						
a) operating grants	0		0		0	
b) other	1.600.480	1.600.480	2.399.321	2.399.321	1.790.618	1.790.618
TOTAL VALUE OF PRODUCTION (A)		53.674.320		68.523.914		49.402.696
B. COSTS OF PRODUCTION						
6) Raw materials, consumables and supplies		(31.765.971)		(35.820.846)		(27.798.534)
7) Service costs		(10.641.092)		(14.533.224)		(10.443.679)
8) Leases and rentals		(926.374)		(1.098.953)		(753.851)
9) Personnel costs:						
a) salaries and wages	(7.163.211)		(9.033.353)		(6.319.305)	
b) social security contributions	(2.326.371)		(2.988.881)		(2.107.293)	
c) employees' severance pay	(461.613)		(558.714)		(414.283)	
d) retirement fund and similar provisions	0		0		0	
e) other personnel costs	(182.149)	(10.133.344)	(266.071)	(12.847.019)	(208.637)	(9.049.518)
10) Amortization, depreciation and writedowns						
a) amortization of intangible fixed assets	(144.154)		(217.130)		(148.632)	
b) depreciation of tangible fixed assets	(299.063)		(395.543)		(291.644)	
c) writedowns of intangible and tangible fixed assets	0		0		0	
d) writedown of receivables incl. in current assets & w/down of cash & cash equivalents	(300.000)	(743.217)	(100.000)	(712.673)	(350.000)	(790.276)
11) Changes in inventories of raw materials, consumables, supplies and merchandise		2.907.248		49.635		806.705
12) Provisions for risks		(419.804)		121.644		284.932
13) Other provisions		0		0		0
14) Sundry operating expenses		(426.364)		(659.065)		(473.914)
TOTAL COSTS OF PRODUCTION (B)		(52.148.918)		(65.500.501)		(48.218.135)
DIFFERENCE BETWEEN THE VALUE AND COSTS OF PRODUCTION (A - B)		1.525.402		3.023.413		1.184.561

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

D. ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS						
18) Revaluations:						
a) equity investments	0		0		0	
b) financial fixed assets	0		0		0	
c) securities included in current assets	0	0	0	0	0	0
19) Writedowns:						
a) equity investments	(118.818)		(393.966)		(543.648)	
b) financial fixed assets	0		0		0	
c) securities included in current assets	0	(118.818)	0	(393.966)	0	(543.648)
TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS (D)		(118.818)		(393.966)		(543.648)
E. EXTRAORDINARY INCOME AND EXPENSES						
20) Income						
a) capital gains on sales	93.712		11.032		9.768	
a) other	0	93.712	0	11.032	0	9.768
21) expenses	0		0		0	
21) losses on disposals	(7.642)		(25.151)		(25.137)	
b) prior year taxes	0		0		0	
c) other	0	(7.642)	(100.000)	(125.151)	0	(25.137)
TOTAL OF THE EXTRAORDINARY ITEMS (E)		86.070		(114.119)		(15.369)
RESULT BEFORE TAX (A -B +- C +- D +- E)		1.228.018		2.489.789		253.030
22) INCOME TAXES FOR THE FINANCIAL YEAR						
a) current				(1.318.127)		0
b) deferred		0		(553.086)		0
c) prepaid		0		208.623		0
23) PROFIT (LOSS) FOR THE YEAR		1.228.018		827.199		253.030