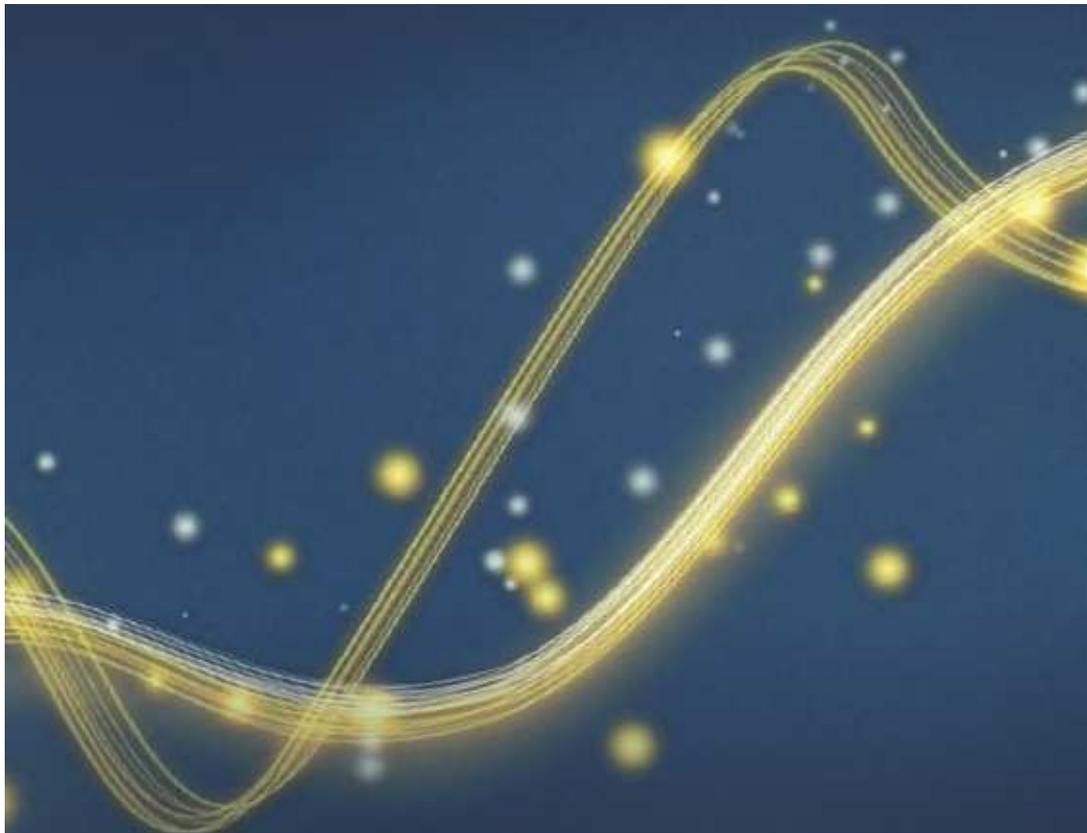




INTERIM FINANCIAL REPORT
March 31st, 2016



Board of Directors - May 13th, 2016

PRIMA INDUSTRIE S.p.A.
Registered office: Via Antonelli 32 - Collegno (Turin)
Share Capital € 26.208.185 (fully paid-up)
Company Register of Turin and VAT number 03736080015

MANAGEMENT AND CONTROL

Board of Directors

Executive Chairman	Gianfranco Carbonato
Managing Directors	Ezio G. Basso ⁽¹⁾ Domenico Peiretti ⁽²⁾
Independent Directors	Chiara Damiana Burberi Donatella Busso Sandro D'Isidoro Enrico Marchetti Mario Mauri
Other Directors	Rafic Y. Mansour Michael R. Mansour

Internal Control Committee

Chairman	Enrico Marchetti
Members	Chiara Damiana Burberi Donatella Busso

Remuneration Committee

Chairman	Mario Mauri
Members	Sandro D'Isidoro Rafic Y. Mansour

Board of Statutory Auditors

Chairman	Franco Nada
Regular Auditors	Maura Campra Roberto Petrignani

Alternate Auditors	Roberto Coda Gaetana Laselva
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Audit Company

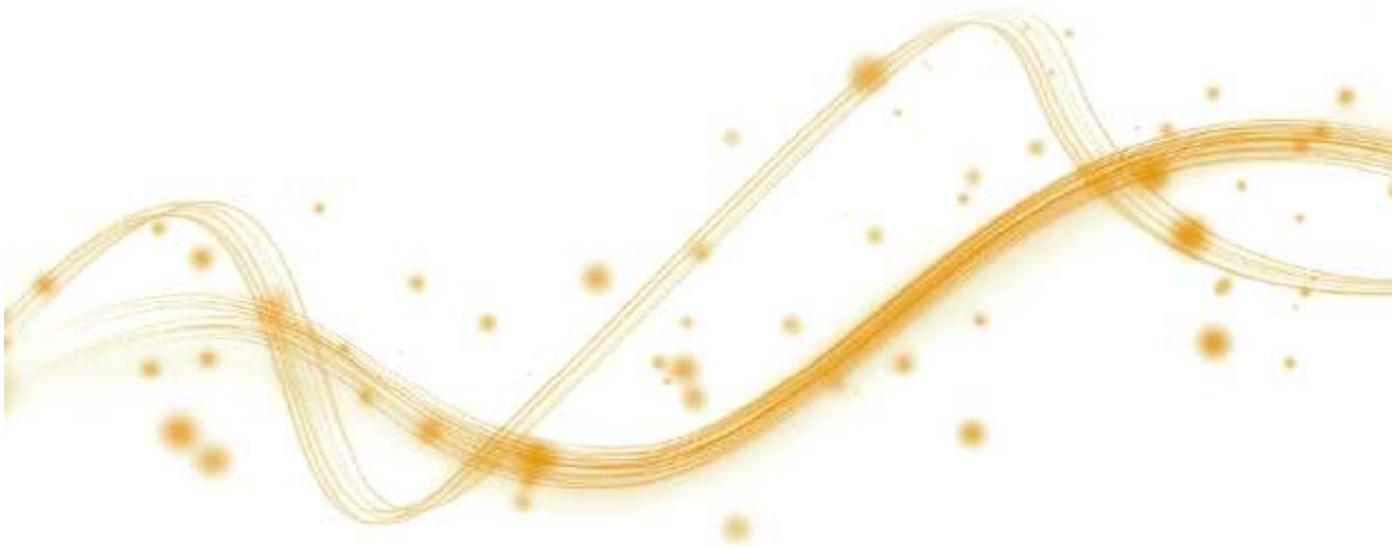
Reconta Ernst & Young SpA

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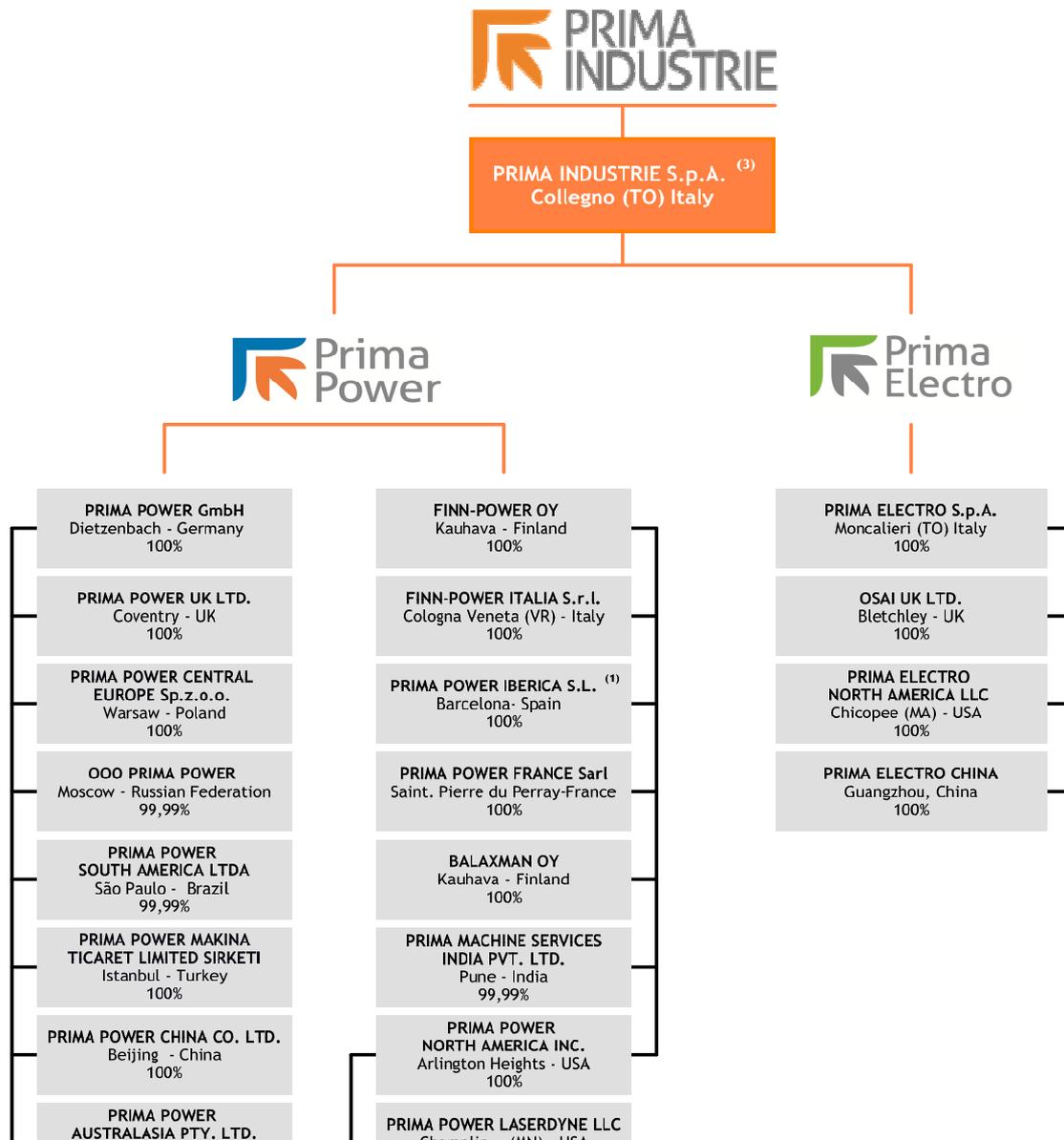
CHAPTER 1

Prima Industrie Group Structure and Profile as of March 31st, 2016



CHAPTER 1. STRUCTURE AND PROFILE OF PRIMA INDUSTRIE GROUP AS OF MARCH 31, 2016

STRUCTURE OF PRIMA INDUSTRIE GROUP



The statement on this page represents the corporate situation of PRIMA INDUSTRIE Group on March 31st, 2016.

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

PRIMA INDUSTRIE GROUP PROFILE

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

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

The PRIMA INDUSTRIE Group boasts over 35 years of experience and has over 12,000 machines installed in more than 70 Countries. Owing also to the acquisition of the FINN-POWER Group in February 2008, it has stably ranked among world leaders in the sector of sheet metal processing applications. In recent years, the Group has reorganized its structure, branching its business in the following two divisions:

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

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

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

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

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

Over 35 years after its establishment, the mission of the PRIMA INDUSTRIE Group continues to be that of systematically expanding its range of products and services and to continue to grow as a global supplier of laser systems and sheet metal processing systems for industrial applications, including industrial electronics, markets that demand top-range technology and where growth rates are quite good, though in the presence of a cyclical context.

AREA OF CONSOLIDATION

There was no changes in the area of consolidation for the first quarter of 2016.

On March 31st, 2016, the subsidiaries listed in the statements below have been fully consolidated.

SUBSIDIARIES

PRIMA POWER	REGISTERED OFFICE	SHARE CAPITAL	OWNERSHIP	CONSOLIDATION METHOD
PRIMA POWER GmbH	Lise-Meitner Strasse 5, Dietzenbach, GERMANY	€ 500.000	100%	Line-by-line method
PRIMA POWER UK LTD	Unit 1, Phoenix Park, Bayton Road, Coventry CV7 9QN, UNITED KINGDOM	GBP 1	100%	Line-by-line method
PRIMA POWER CENTRAL EUROPE Sp.z.o.o.	UL Holenderska 6 - 05 - 152 Czosnów Warsaw, POLAND	PLN 350.000	100%	Line-by-line method
OOO PRIMA POWER	Ordzhonikidze str., 11/A - 115419, Moscow - RUSSIAN FEDERATION	RUB 4.800.000	99,99%	Line-by-line method
PRIMA POWER SOUTH AMERICA Ltda	Av Fuad Lutfalla, 1,182 - Freguesia do Ó - 02968-00, Sao Paulo BRASIL	R\$ 4.471.965	99,99%	Line-by-line method
PRIMA POWER MAKINA TICARET LIMITED SIRKETI	Soğanlık Yeni Mah. Balıkesir Cad. Uprise Elite Teras Evler B1 B Dupleks Gül Blok Daire:3 Kartal - Istanbul, TURKEY	TRY 1.470.000	100%	Line-by-line method
PRIMA POWER CHINA Company Ltd.	Room 2006, Unit C, Tower 1, Wangjing SOHO, Chaoyang District, Beijing, P.R. CHINA	RMB 2.038.778	100%	Line-by-line method
PRIMA POWER AUSTRALASIA Pty. LTD.	Minter Ellison, LEVEL 3, 25 National circuit, Forrest, ACT, 2603 AUSTRALIA	A\$ 1	100%	Line-by-line method
PRIMA POWER SUZHOU Co. LTD.	Xinrui Road 459, Wujiang Ec. & Tech. Develop. Zone, Suzhou City Jiangsu Prov. CHINA	USD 8.000.000	70%	Line-by-line method
FINN POWER Oy	Metallite 4, FI - 62200 Kauhava, FINLAND	€ 49.417.108	100%	Line-by-line method
FINN-POWER Italia S.r.l.	Viale Artigianato 9, 37044, Cologna Veneta (VR), ITALY	€ 1.500.000	100%	Line-by-line method
PRIMA POWER IBERICA S.L.	C/Primero de Mayo 13-15, 08908 L'Hospitalet de Llobregat, Barcelona, SPAIN	€ 6.440.000	100%	Line-by-line method
PRIMA POWER FRANCE Sarl	Espace Green Parc , Route de Villepècle, 91280 St. Pierre du Perray, FRANCE	€ 160.005	100%	Line-by-line method
BALAXMAN Oy	Metallitie 4, FI-62200 Kauhava, FINLAND	€ 2.523	100%	Line-by-line method
PRIMA MACHINE SERVICES INDIA PVT. LTD.	Plot No A-54/55, H Block, MIDC, Pimpri, Pune - 411018, Maharashtra, INDIA	Rs. 7.000.000	99,99%	Line-by-line method
PRIMA POWER NORTH AMERICA Inc.	555W Algonquin Rd., Arlington Heights, IL 60005, U.S.A.	USD 10.000	100%	Line-by-line method
PRIMA POWER LASERDYNE LLC	8600, 109th Av. North, Champlin, MN 55316, U.S.A.	USD 200.000	100%	Line-by-line method
PRIMA POWER CANADA Ltd.	390 Bay Street Suite 2800 Toronto, Ontario M5H 2Y2 CANADA	CAD 200	100%	Line-by-line method
PRIMA POWER MEXICO S DE RL DE CV	Campo Real, 121 FRACC. Valle Real, Saltillo, Coahuila C.P. 25198 MEXICO	USD 250	100%	Line-by-line method

SUBSIDIARIES

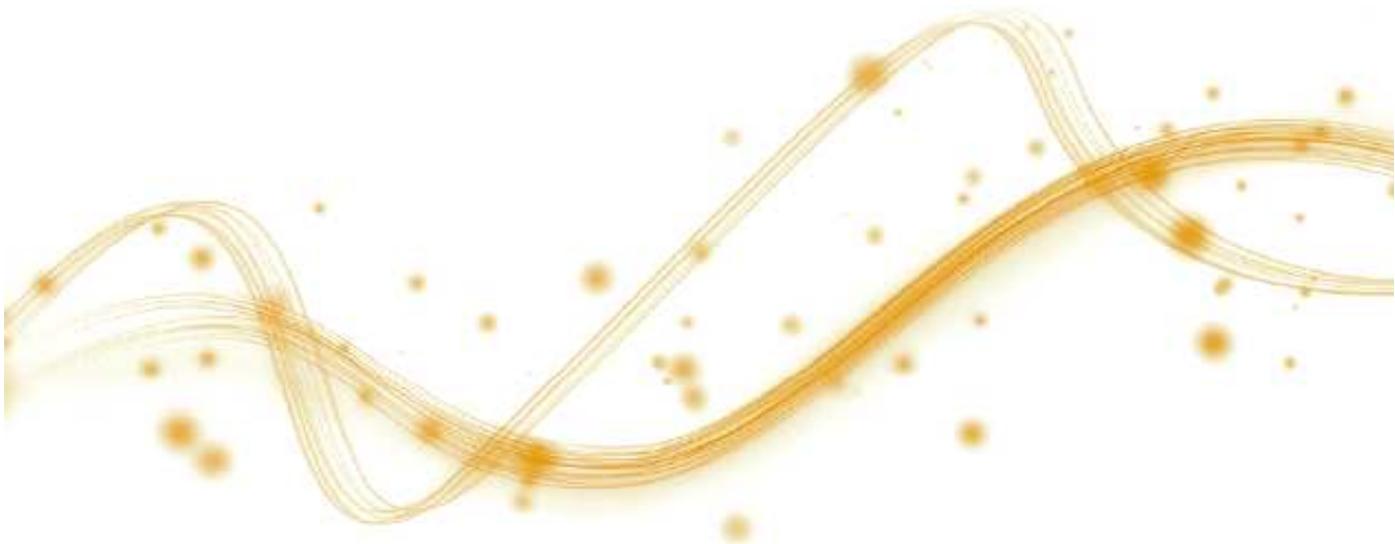
PRIMA ELECTRO	REGISTERED OFFICE	SHARE CAPITAL	OWNERSHIP	CONSOLIDATION METHOD
PRIMA ELECTRO S.p.A.	Strada Carignano 48/2, 10024 Moncalieri, (TO) ITALY	€ 15.000.000	100%	Line-by-line method
OSAI UK Ltd.	Mount House - Bond Avenue, Bletchley, MK1 1SF Milton Keynes, UNITED KINGDOM	GBP 160.000	100%	Line-by-line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

ASSOCIATES

PRIMA ELECTRO	REGISTERED OFFICE	SHARE CAPITAL	OWNERSHIP	CONSOLIDATION METHOD
ELECTRO POWER SYSTEM SA	Boulevard Poissonnière 14-16, 75009 Paris - FRANCE	€ 1.576.361	17,64%	Net Equity Method

CHAPTER 2

Introduction



CHAPTER 2. INTRODUCTION

FOREWORD

The Interim Management Report at March 31st, 2016 of the PRIMA INDUSTRIE Group was prepared pursuant to article 154-ter of Leg. Decree 58/1998 and subsequent amendments, as well as the issuer's Regulation issued by CONSOB .

This Interim Management Report has been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and recognized by the European Union and has been compiled in accordance with the IAS 34 - Interim Balance Sheets.

This Interim Financial Report has been approved by the Board of Directors on May 13th, 2016, and has not been subject to an audit.

ALTERNATIVE PERFORMANCE INDICATORS

In this report, added to the conventional financial indicators required by the IFRS, some alternative performance indicators are present in order to permit a better evaluation of the progress of the economic-financial management.

Such indicators, which are also presented in the Interim report on management, on the occasion of the other periodic statements, must not on the other hand be considered as a substitute to the conventional ones required by the IFRS.

The Group uses the following as alternative performance indicators:

- EBIT (which corresponds to the "Operating Profit");
- EBITDA ("Earnings before interest, taxes, depreciation and amortization"), which is given by adding the "Amortization" and "Impairment and Depreciation" entries to the "Operating Profit";
- the EBT (which corresponds to the "Income before taxation").

The following entries are also mentioned:

- the "Production Value", given by the algebraic sum of the entries "Net Revenues and services", "Other income", "Change in inventories of semi-finished and finished products" and "Increases in fixed assets for internal work";
- the "Operational Working Capital", given by the algebraic sum of "Inventory", "Trade Receivables", "Trade Payables" and "Advances".

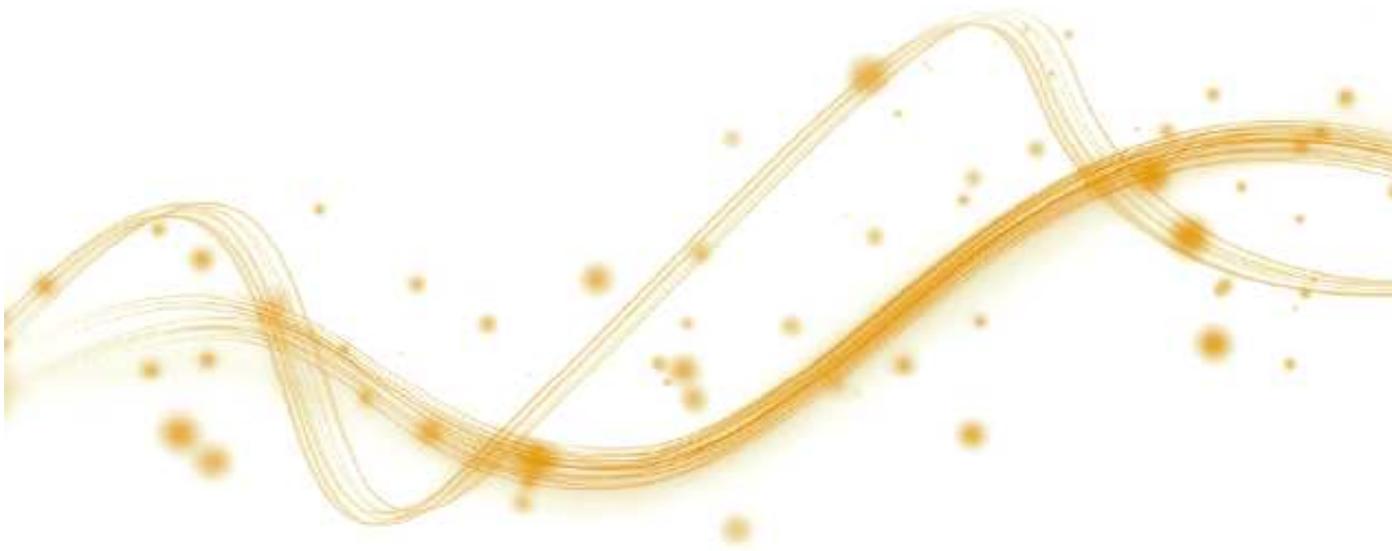
CURRENCY EXCHANGE RATES

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

CURRENCY	AVERAGE EXCHANGE RATE		SPOT EXCHANGE RATE	
	March 31, 2016	March 31, 2015	March 31, 2016	December 31, 2015
US DOLLAR	1.1018	1.1270	1.1385	1.0887
CHINESE RENMINBI	7.2090	7.0284	7.3514	7.0608
RUSSIAN RUBLE	82.4730	71.0867	76.3051	80.6736
TURKISH LIRA	3.2474	2.7729	3.2118	3.1765
POLISH ZLOTY	4.3659	4.1934	4.2576	4.2639
POUND STERLING	0.7701	0.7436	0.7916	0.7340
BRAZILIAN REAL	4.3056	3.2204	4.1174	4.3117
INDIAN RUPEE	74.4075	70.1295	75.4298	72,0215
AUSTRALIAN DOLLAR	1.5296	1.4322	1.4807	1,4897
CANADIAN DOLLAR	1.5154	1.3966	1.4738	1.5116
MEXICAN PESO	19.8936	16.8344	19.5903	18.9145

CHAPTER 3

GROUP Interim Management Report



CHAPTER 3. GROUP INTERIM MANAGEMENT REPORT

MACRO ECONOMIC CONTEXT

The market trend in the first quarter of 2016 was sharply divided into two: until early February a pessimistic assessment of the overall world economy has prevailed, reflecting in the further depreciation of raw materials and a return of volatility in the stock markets to levels similar to those that characterized summer 2015. The aggressive movement of the markets at the beginning of 2016 was likely exaggerated by the settling of the sovereign wealth fund portfolios of countries exporting raw materials; furthermore, it might have been amplified by idiosyncratic factors (e.g. related to the European banking sector), but it is certain that the uncertainty about the world economy trend has played a crucial role, creating an unfavourable climate for the absorption of selling pressure from other categories of investors. In fact, the macroeconomic data trend has mostly disappointed the expectations in Europe, United States and China. From February, however, there has been a gradual but clear improvement in several areas: raw materials prices, stock market indices and volatility, capital flows to emerging countries. As the turmoil of the beginning of the year was accompanied by disappointing data, so the subsequent recovery was associated with a more positive US economic data analysis; however, the improvement has been extended to Chinese and European data only from March.

According to CECIMO (the association that brings together European machine tool manufacturers) in the last quarter of 2015 the European machine tool industry showed solid orders overcoming the collapse of the previous quarter. The total orders increased by 19% compared to the previous quarter, showing approximately stable levels in comparison with the previous year. The machine tool orders are mainly driven by the European national markets. The index of foreign orders increased by 20% compared to the third quarter of 2015 but it decreased by 2% compared to the fourth quarter of 2014. Domestic orders gained 36% and 2% compared with the levels of the previous quarter and the previous year. In conclusion, the growth of the machine tool market is generated mainly in Europe.

Among the member countries of CECIMO, orders were in increase in Austria, Germany, France and the Czech Republic, while they decreased in the United States. The orders collection of Italy, Switzerland and Spain were characterized by a strong recovery from the previous quarter, while on a yearly basis, the collection was lower due to the term of comparison that was already extremely high.

REVENUES AND PROFITABILITY

The consolidated revenues at March 31st, 2016 amount to 79,421 thousand Euro, an increase of 12.08% compared to the corresponding period of the year 2015 (equal to 70,863 thousand Euro).

The consolidated turnover is shown below on a geographic basis at March 31st, 2016 compared with the corresponding period for the previous financial year.

Revenues	March 31, 2016		March 31, 2015	
	<i>Euro thousand</i>	%	<i>Euro thousand</i>	%
EMEA	47,023	59.2	45,311	63.9
AMERICAS	18,244	23.0	13,790	19.5
APAC	14,154	17.8	11,762	16.6
TOTAL	79,421	100.0	70,863	100.0

It should be noted that the Group continues to generate a significant portion of revenues in the EMEA region, whose turnover amounted to 47,023 thousand Euro (increase of 1,712 thousand Euro compared to March 31st, 2015); in particular, the Group achieved good results in Italy (15.3% of consolidated turnover), Germany (9.8% of consolidated turnover), in the countries of Northern Europe (9.3% of consolidated turnover) and Spain (7.6% of consolidated turnover). It should also be noted that there is a sign of recovery in Russia, whose turnover from 1,270 thousand Euro on March 31st, 2015 increased to 2,478 thousand Euro on March 31st, 2016, while the situation is still negative in Brazil.

The amount of turnover achieved in the AMERICAS has increased compared to 2015, going from 13,790 thousand Euro to 18,244 thousand Euro; the increase is attributable to the NAFTA, whose turnover has increased from 12,970 thousand Euro to 17,721 thousand Euro.

Also with regard to the APAC countries the turnover increased compared to 2015; the increase is attributable to China and India, whose turnover increased respectively from 7,890 thousand Euro to 10,260 thousand Euro and from 172 thousand Euro to 1,774 thousand Euro.

The division of the revenues by segment, inclusive of inter-segment items, is set out below, (for more details with regard to the Group's operating segments reference is made to note 6.30 - Segment Report).

Revenues	March 31, 2016		March 31, 2015	
	<i>Euro thousand</i>	%	<i>Euro thousand</i>	%
PRIMA POWER	73,169	92.1	59,080	83.4
PRIMA ELECTRO	9,600	12.1	16,055	22.7
Inter-sector revenues	(3,348)	(4.2)	(4,272)	(6.1)
TOTAL	79,421	100.0	70,863	100.0

For a clearer view of revenues, the following table shows their breakdown by both segment and geographical area, inclusive of inter-segment items, both for the first quarter 2016 and the first quarter 2015.

Revenues segment/area -March 31, 2015	EMEA	AMERICAS	APAC	TOTAL
<i>Euro thousand</i>				
PRIMA POWER	35,315	13,058	10,670	59,043
PRIMA ELECTRO	9,996	732	1,092	11,820
TOTAL	45,311	13,790	11,762	70,863

From the above it is noted that the overall increase in revenues is attributable to the PRIMA POWER division, while the PRIMA ELECTRO division reported revenues in significant decrease due to the sharp reduction in the supply of orbital welding systems (intended for the *oil & gas* sector) as well as the reduction in CO2 laser sales not yet compensated by the start of the fiber laser supplies.

The revenues of PRIMA POWER division increased by 24.0% compared with the corresponding period of the previous year. The division achieved 57.8% of sales in the EMEA region (mainly in Italy, Spain, Germany, Countries of North Europe), 23.8% in the AMERICAS Countries (mainly NAFTA) and 18.4% in the APAC region (mainly China).

The revenues of PRIMA ELECTRO division decreased compared with the corresponding period of the previous year. The division achieved 75.6% of sales in the EMEA region (mainly Italy and Benelux), 13.3% in the AMERICAS Countries and 11.1% in the APAC region (mainly China).

The **Value of production** at March 31st, 2016 is equal to 100,405 thousand Euro, an increase of 19.5% with respect to the corresponding period of the financial year 2015 (increase of 16,363 thousand Euro).

The value of production in the period also includes increases in fixed assets for internal work equal to 2,740 thousand Euro (3,235 thousand Euro at March 31st, 2015); these costs principally refer to investments in development costs.

Performance indicators	March 31, 2016		March 31, 2015	
	<i>Euro thousand</i>	<i>% on sales</i>	<i>Euro thousand</i>	<i>% on sales</i>
EBITDA	4,702	5.9	3,002	4.2
EBIT	1,048	1.3	(97)	(0.1)
EBT	(821)	(1.0)	(3,280)	(4.6)
NET RESULT	(437)	(0.5)	(3,537)	(5.0)

The **EBITDA** of the Group amounted to 4,702 thousand Euro (5.9% of turnover), in increase of 1,700 thousand Euro compared to the same period of 2015, mainly due to the increase in turnover.

The EBITDA of the Group is shown below at March 31st, 2016 and at March 31st, 2015 subdivided by sector (gross of the inter-sector transactions).

EBITDA	March 31, 2016		March 31, 2015	
	<i>Euro thousand</i>	%	<i>Euro thousand</i>	%
PRIMA POWER	4,830	102.7	357	11.9
PRIMA ELECTRO	6	0.1	2,657	88.5
Inter sector items and eliminations	(134)	(2.8)	(12)	(0.4)
TOTAL	4,702	100.0	3,002	100.0

The consolidated EBIT at March 31st, 2016 amounts to 1,048 thousand Euro and is in increase of 1,145 thousand Euro compared to the corresponding period of 2015 (which was negative for 97 thousand Euro). The depreciation of the intangible assets influences this result for an amount of 2,761 thousand Euro and Property, Plant & Equipment for an amount of 893 thousand Euro. With regard to the depreciation of intangible fixed assets, it mainly relates to the depreciation of development costs (1,798 thousand Euro) and the depreciation related to assets with a defined useful life recognized in the business merger of the FINN-POWER Group (brand and relations with customers - “customer list”) which amounts to 784 thousand Euro.

The EBIT of the group is shown below at March 31st, 2016 and March 31st, 2015, subdivided by sector gross of the inter-sector transactions.

EBIT	March 31, 2016		March 31, 2015	
	<i>Euro thousand</i>	%	<i>Euro thousand</i>	%
PRIMA POWER	2,058	196.4	(2,065)	2,128.9
PRIMA ELECTRO	(879)	(83.9)	1,976	(2,037.2)
Inter sector items and eliminations	(131)	(12.5)	(8)	8.3
TOTAL	1,048	100.0	(97)	100.0

The consolidated EBT at March 31st, 2016 is negative for 821 thousand Euro and is in increase of 2,459 thousand Euro compared to the corresponding period of 2015 (negative for 3,280 thousand Euro). This value discounts net burdens arising from financial management (including gains and losses on exchange rates) of 2,079 thousand Euro (at March 31st, 2015 equal to 3,084 thousand Euro). It should be noted that the result of net financial costs at March 31st, 2015 was influenced by the financial charges incurred between February and March 2015 due to the full early repayment of the FINPOLAR loan amounting to 2,123 thousand Euro.

Financial results	March 31, 2016	March 31, 2015
<i>Euro thousand</i>		
Advance Finpolar loan expenses	-	(2,123)
Finpolar loan expenses	-	(295)
<i>Bond</i> expenses	(601)	(357)
Club-Deal loan expenses	(328)	(159)
Finnish Loan expenses	(166)	-
Derivate expenses (CRS)	469	21
Other financial expenses	(624)	(553)
Net financial expenses	(1,250)	(3,466)
Net exchange differences	(829)	382
TOTAL	(2,079)	(3,084)

The result of the exchange rate management is negative for 829 thousand Euro (on March 31st, 2015 it was positive for 382 thousand Euro); also the effect arising from the management of foreign exchange derivatives should be noted, which is positive for 469 thousand Euro.

The net result from investments accounted for using the equity method is positive for 209 thousand Euro and refers to a capital gain generated by the sale of the EPS SA shares.

The **NET RESULT** of the Group on March 31st, 2016 was negative for 432 thousand Euro (negative for 3,537 thousand Euro on March 31st, 2015); while the Net Result attributable to the parent company was negative for 359 thousand Euro (-3,442 thousand Euro at March 31st, 2015). Income taxes in the first quarter of 2016 indicate a positive net balance of 390 thousand Euro. The balance of current and deferred taxes is positive for 447 thousand Euro, IRAP is equal to 51 thousand Euro and other taxes including those relating to prior years amounts to 6 thousand Euro.

NET FINANCIAL POSITION

On March 31st, 2016, the net financial position of the Group shows a Net Financial Position for an amount of 117,334 thousand Euro, compared to 101,747 thousand Euro on December 31st, 2015 and 112,894 thousand Euro on March 31st, 2015. The change compared to the year-end value is attributable to the increase in financial resources, used by the overall working capital, to meet increased production volumes of the following quarters.

The net financial position detail is shown as follows.

Value expressed in Euro thousand	March 31st, 2016	December 31st, 2015	March 31st, 2015
CASH & CASH EQUIVALENTS	(26,543)	(41,365)	(20,718)
CURRENT FINANCIAL RECEIVABLES	(1,224)	(839)	(646)
CURRENT FINANCIAL LIABILITIES	26,228	25,731	53,188
NON CURRENT FINANCIAL LIABILITIES	118,873	118,220	81,070
NET FINANCIAL POSITION	117,334	101,747	112,894

With the aim of supplying better information relating to the net consolidated financial position on March 31st, 2016, the following should be remembered (costs included):

- the *Bond* amounts comprehensively to 39,885 thousand Euro;
- the *Club Deal* loan amounts comprehensively to 36,323 thousand Euro;
- the *Finnish Loan* amounts comprehensively to 23,683 thousand Euro;
- payables due to leasing companies (almost exclusively of a property nature) amount to 2,565 thousand Euro.

For greater detail on the net financial position see the Note 6.11 - Net Financial Position.

TRADE ASSETS AND ORDER PORTFOLIO

During the first quarter of 2016 the **acquisition of orders** of the Group (including *after-sale service*) amounted to 82.5 million Euro, in decrease of 14.4% related to 96.4 million Euro at March 31st, 2015. The acquisition of orders of the PRIMA POWER segment amounted to 75.7 million Euro, while that of the PRIMA ELECTRO, only from customers outside the Group, amounted to 6.8 million Euro.

The consolidated **order portfolio** (not including the *after-sale service*) at March 31st, 2016 amounts to 120.8 million Euro (compared to 120.2 million Euro at March 31st, 2015). The portfolio includes 113 million Euro relating to the PRIMA POWER sector and 7.8 million Euro relating to the PRIMA ELECTRO sector.

At April 30th, 2016, the order portfolio increased to 133.9 million Euro.

RESEARCH AND DEVELOPMENT

The research and development activity carried out by the Group during the first quarter of 2016 has been comprehensively equal to 5,828 thousand Euro (of which 4,061 thousand Euro in the PRIMA POWER sector and 1,767 thousand Euro in the PRIMA ELECTRO sector) equal to 7% of turnover.

The capitalized share was equal to 2,698 thousand Euro (of which 1,877 thousand Euro in the PRIMA POWER sector and 821 thousand Euro in the PRIMA ELECTRO sector).

Costs sustained in research and development activities for new products proved the Group main purposes in investing for the future and improving products always in the competitiveness on the international markets. For all the capitalized development activities, the technical feasibility has been verified as well as the generation of probable future economic benefits.

OPERATIONS WITH RELATED PARTIES

During the reporting period no significant operations with related parties were concluded in accordance with Article 5, paragraph 8 of the Regulations containing provisions on related parties No. 17221, issued by Consob on March 12th, 2010.

For further details of the subject and of other operations carried out by the Group with related parties, refer to Note 6.29 - Information on related parties.

STOCK TREND AND TREASURY STOCK

During the first quarter of 2016, the PRIMA INDUSTRIE stock has passed from a unit value of 14.72 Euro on January 4th, 2016 to a value of 10.98 Euro each share on March 31st, 2016.

The minimum value of the stock in the period amounted to 8.75 Euro (February 11th, 2016), while the maximum value reached was 14,72 Euro, at the opening of the year (January 4th, 2016).

The stock trend was affected until mid-February by the widespread collapse of the financial markets in the period; then the trend has recovered first returning the stock to values around 12 Euro and then placing firmly around 11 Euro each, even after the end of the quarter.

The stock trend compared with the reference index trend (FTSE STAR) was as follows:



On April 21st, 2016 the Shareholders' Meeting of PRIMA INDUSTRIE SpA has authorized the purchase, in one or more tranches, for a period of eighteen months, of ordinary shares of Prima Industrie S.p.A. for a maximum number of shares equal to 500,000, establishing an equivalent value for the purchase of 10,000,000 Euro, allowing as of now the disposal of treasury stock, in one or multiple times, without time limits, in the methods deemed most appropriate in the interests of the Company and in compliance with applicable regulations.

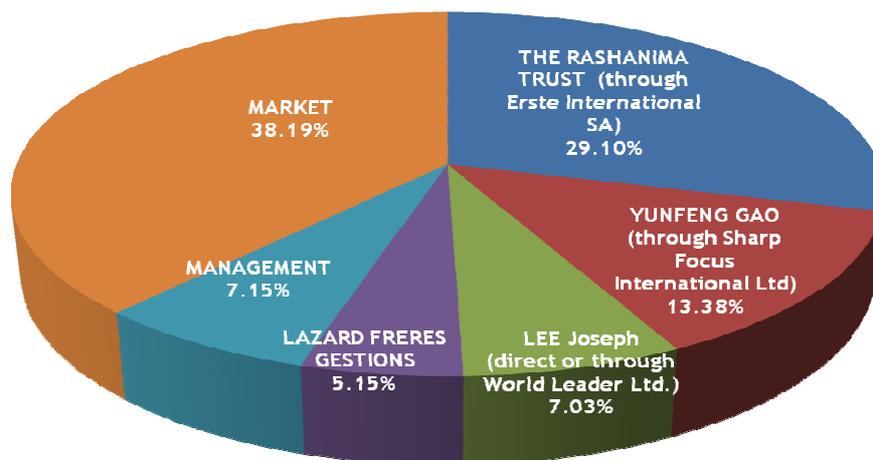
The purchases will be made on regulated markets according to operating procedures established in the markets organization and management regulations according to the operating methods established in the Italian Stock Exchange S.p.A. regulation, in accordance with Art. 144 bis, paragraph 1, sub-paragraph b), of Consob Regulation no. 11971/99 and subsequent amendments.

At the date of this report, PRIMA INDUSTRIE does not hold any treasury stock.

SHAREHOLDING STRUCTURE

On March 31st, 2016, the share capital of PRIMA INDUSTRIE SpA amounts to Euro 26,208,185 divided into 10,483,274 ordinary shares at the nominal value of 2.50 Euro each. No classes of shares or bonds have been issued other than ordinary shares.

In the light of the results of the shareholders diary and from subsequent communications carried out between the company and the overseeing authority, the most up-to-date share structure is as follows:



Pursuant to the combined provisions of Article 1, paragraph 1, sub-paragraph w-quater 1) of Legislative Decree no. 58/1998 and Article 117, paragraph 1 of the Issuers Consob Regulation 11971/1999, significant investments are the investment of those who participate in the Issuer's share capital with a share of over 5%, as the Issuer is defined as SME.

FORESEEABLE DEVELOPMENTS OF MANAGEMENT

The first quarter was marked by good results from the PRIMA POWER division thanks to the excellent performance achieved in North America and in China; this allowed to balance the temporary decline of the PRIMA ELECTRO division, mainly linked to the technology change from CO₂ laser to fiber laser. The situation of PRIMA ELECTRO is expected to improve in the second half of the year.

Also according to the high order portfolio for the second quarter of the year we expect a further strengthening of the results for the PRIMA POWER division.

EVENTS WHICH TOOK PLACE AFTER THE END OF THE QUARTER

APPOINTMENT OF NEW BOARD OF STATUTORY AUDITORS

On April 21st, 2016 the shareholders' meeting of PRIMA INDUSTRIE appointed the new Board of Statutory Auditors that will remain in office for the years 2016, 2017 and 2018. It consists of: Franco Nada, Chairman (elected by the minority list), Roberto Petrignani and Maura Campra; Gaetana Laselva and Roberto Coda have been appointed as alternate auditors.

AUTHORIZATION TO PURCHASE TREASURY STOCK

The Shareholders' Meeting on April 21st, 2016 has authorized the purchase, in one or more tranches, for a period of eighteen months, of ordinary shares of Prima Industrie S.p.A. for a maximum number of shares equal to 500,000, establishing an equivalent value for the purchase of 10,000,000 Euro, allowing as of now the disposal of treasury stock, in one or multiple times, without time limits, in the methods deemed most appropriate in the interests of the Company and in compliance with applicable regulations.

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

ATYPICAL AND USUAL TRANSACTIONS

Pursuant to Consob Bulletin of July 28th, 2006 no. DEM/6064296, we wish to specify that in the examined period, the Group has not engaged in transactions defined as atypical or unusual in the Bulletin.

CHAPTER 4

Economic performance by segment



CHAPTER 4. ECONOMIC PERFORMANCE BY SEGMENT

The Group conducts its business with an organizational structure that concentrates its activities in two divisions: PRIMA POWER and PRIMA ELECTRO.

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

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

The PRIMA ELECTRO Division includes the development, construction and sale of electronic power and control components, and hi-power laser sources for industrial applications, intended for the machines of the Group and third customers.

Shown here below, is a summary table of the economic progress for the two sectors in which the Group currently operates.

Values expressed in Euro thousand

March 31st, 2016	REVENUES	EBITDA	% on Revenues	EBIT	% on Revenues
PRIMA POWER	73,169	4,830	6.6%	2,058	2.8%
PRIMA ELECTRO	9,600	6	0.1%	(879)	-9.2%
ELIMINATION	(3,348)	(134)	4.0%	(131)	3.9%
GROUP	79,421	4,702	5.9%	1,048	1.3%

Values expressed in Euro thousand

March 31st, 2015	REVENUES	EBITDA	% on Revenues	EBIT	% on Revenues
PRIMA POWER	59,080	357	0.6%	(2,065)	-3.5%
PRIMA ELECTRO	16,055	2,657	16.5%	1,976	12.3%
ELIMINATION	(4,272)	(12)	0.3%	(8)	0.2%
GROUP	70.863	3.002	4.2%	(97)	-0.1%

PRIMA POWER

The revenues of PRIMA POWER division increased by 24% compared with the corresponding period of the previous year. The division has achieved excellent results in terms of revenues in Italy (13.2% of turnover of the division), in Germany (10.5%), in the countries of Northern Europe (10.0%), and in Spain (8.1%); a sign of recovery of Russia should be noted, whose turnover increased from 1,270 thousand Euro on March 31st, 2015 to 2,440 thousand Euro on March 31st, 2016, while the situation in Brazil is still negative. The NAFTA countries account for 23.1% of the division revenues and China accounts for 13.4%.

The EBITDA for the PRIMA POWER segment amounted to 4,830 thousand Euro and is an increase of 4,473 thousand Euro compared to the same period of the previous year.

PRIMA ELECTRO

The revenues of the PRIMA ELECTRO division, net of elisions to the PRIMA POWER division, are in decrease compared to March 31st, 2015 of 5,531 thousand Euro. This significant decrease is due to the sharp reduction in the supply of orbital welding systems (intended for the *oil & gas* sector) as well as the reduction in CO2 laser sales not yet compensated by the start of the fiber laser supplies.

The EBITDA of the division amounted to 6 thousand Euro and is in decrease compared to March 31st, 2015 both in absolute value (-2,651 thousand Euro), and in percentage terms (from 16.5% to 0.1 %) compared to the same period of the previous year. This decrease is entirely attributable to the decrease in turnover.

CHAPTER 5

Condensed Consolidated Financial Statements **Prima Industrie Group** as of March 31th, 2016

ACCOUNTING TABLES



CHAPTER 5. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF PRIMA INDUSTRIE GROUP AT MARCH 31ST, 2016
CONSOLIDATED BALANCE SHEET

Values in Euro	Notes	March 31st, 2016	December 31st, 2015
Property, plant and equipment	6.1	28,037,697	28,465,557
Intangible assets	6.2	157,572,014	157,770,974
Investments accounted for using the equity method	6.3	1,186,455	1,223,555
Other investments	6.4	121,358	121,358
Non current financial assets	6.5	35,000	35,000
Deferred tax assets	6.6	10,454,528	9,845,765
Other non current assets	6.9	-	19,703
NON CURRENT ASSETS		197,407,052	197,481,912
Inventories	6.7	109,675,360	93,992,707
Trade receivables	6.8	84,416,545	86,413,895
Other receivables	6.9	9,699,495	8,019,131
Current tax receivables	6.10	6,753,730	7,029,222
Derivatives	6.11	432,112	47,225
Financial assets	6.11	791,509	791,509
Cash and cash equivalents	6.11	26,543,042	41,365,408
CURRENT ASSETS		238,311,793	237,659,097
Assets held for sale	6.12	284,000	284,000
TOTAL ASSETS		436,002,845	435,425,009
Capital stock	6.13	26,208,185	26,208,185
Legal reserve	6.13	4,494,745	4,494,745
Other reserves	6.13	72,243,694	72,243,694
Currency translation reserve	6.13	3,994,794	5,965,409
Retained earnings	6.13	20,803,091	14,786,376
Net result	6.13	(359,397)	6,016,715
<i>Stockholders' equity of the Group</i>		127,385,112	129,715,124
<i>Minority interest</i>		1,078,187	1,196,407
STOCKHOLDERS' EQUITY		128,463,299	130,911,531
Interest-bearing loans and borrowings	6.11	118,458,012	117,805,350
Employee benefit liabilities	6.14	7,933,905	7,912,782
Deferred tax liabilities	6.15	10,358,028	10,518,305

CONSOLIDATED INCOME STATEMENT

Values in Euro	Notes	March 31st, 2016	March 31st, 2015
Net revenues	6.19	79,420,511	70,863,117
Other income	6.20	893,030	594,124
Change in inventories of finished goods and WIP	-	17,351,599	9,349,390
Increases in fixed assets for internal work	6.21	2,739,539	3,234,594
Use of raw materials, consumables, supplies and goods	-	(49,700,740)	(35,232,354)
Personnel cost	6.22	(27,093,629)	(25,162,298)
Depreciation	6.23	(3,653,902)	(3,099,232)
Other operating expenses	6.24	(18,908,379)	(20,644,146)
OPERATING PROFIT		1,048,029	(96,805)
Financial income	6.25	501,928	104,287
Financial expenses	6.25	(1,751,578)	(3,570,180)
Net exchange differences	6.25	(829,183)	382,328
Net result of investments accounted for using the equity method	6.26	209,324)	(105,000)
Net result of other investments	-	-	5,700
RESULT BEFORE TAXES		(821,480)	(3,279,670)
Taxes	6.27	389,754	(257,699)
NET RESULT		(431,726)	(3,537,369)
- <i>Attributable to Group shareholders</i>		(359,397)	(3,441,744)
- <i>Attributable to minority shareholders</i>		(72,329)	(95,625)
RESULT PER SHARE - BASIC (in euro)	6.28	(0.03)	(0.33)
RESULT PER SHARE - DILUTED (in euro)	6.28	(0.03)	(0.33)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Values in Euro	Notes	March 31st, 2016	March 31st, 2015
NET RESULT (A)		(431,726)	(3,537,369)
Gains/ (Losses) on actuarial defined benefit plans	6.13	-	-
Total other comprehensive gains/(losses) not to be classified in the Income Statement, net of tax effects (B)		-	-
Gains / (Losses) on cash flow hedges	6.13	-	1,227,332
Gains/ (Losses) on exchange differences on translating foreign operations	6.13	(2,016,506)	5,352,774
Total other comprehensive gains/(losses) to be classified in the Income Statement, net of tax effects (C)		(2,016,506)	6,580,106
TOTAL COMPREHENSIVE INCOME (A) + (B) +(C)		(2,448,232)	3,042,737
- <i>Attributable to Group shareholders</i>		(2,330,012)	2,994,358
- <i>Attributable to minority shareholders</i>		(118,220)	48,379

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

from the January 1, 2015 to the March 31, 2015

VALUES IN EURO	Capital stock	Additional paid-in capital	Legal reserve	Capital increase expenses	Change in the FV of hedging derivatives	Other reserves	Currency translation reserve	Retained earnings	Net re
Balance as at January 1st, 2015	26,208,185	57,506,537	4,455,497	(1,286,154)	(1,227,332)	16,974,650	1,639,850	5,523,165	9,7
Capital increase Prima Power Suzhou	-	-	-	-	-	450,576	-	-	-
Allocation of prior year net result	-	-	-	-	-	-	-	9,762,948	(9,7
Result of comprehensive Income	-	-	-	-	1,227,332	-	5,208,770	-	(3,4
Balance as at March 31st, 2015	26,208,185	57,506,537	4,455,497	(1,286,154)	-	17,425,226	6,848,620	15,286,113	(3,44

from the January 1, 2016 to the March 31, 2016

VALUES IN EURO	Capital stock	Additional paid-in capital	Legal reserve	Capital increase expenses	Change in the FV of hedging derivatives	Other reserves	Currency translation reserve	Retained earnings	Net re
Balance as at January 1st, 2016	26,208,185	57,506,537	4,494,745	(1,286,154)	-	16,023,311	5,965,409	14,786,376	6,0
Allocation of prior year net result	-	-	-	-	-	-	-	6,016,715	(6,0
Result of comprehensive Income	-	-	-	-	-	-	(1,970,615)	-	(3
Balance as at March 31st, 2016	26,208,185	57,506,537	4,494,745	(1,286,154)	-	16,023,311	3,994,794	20,803,091	(35

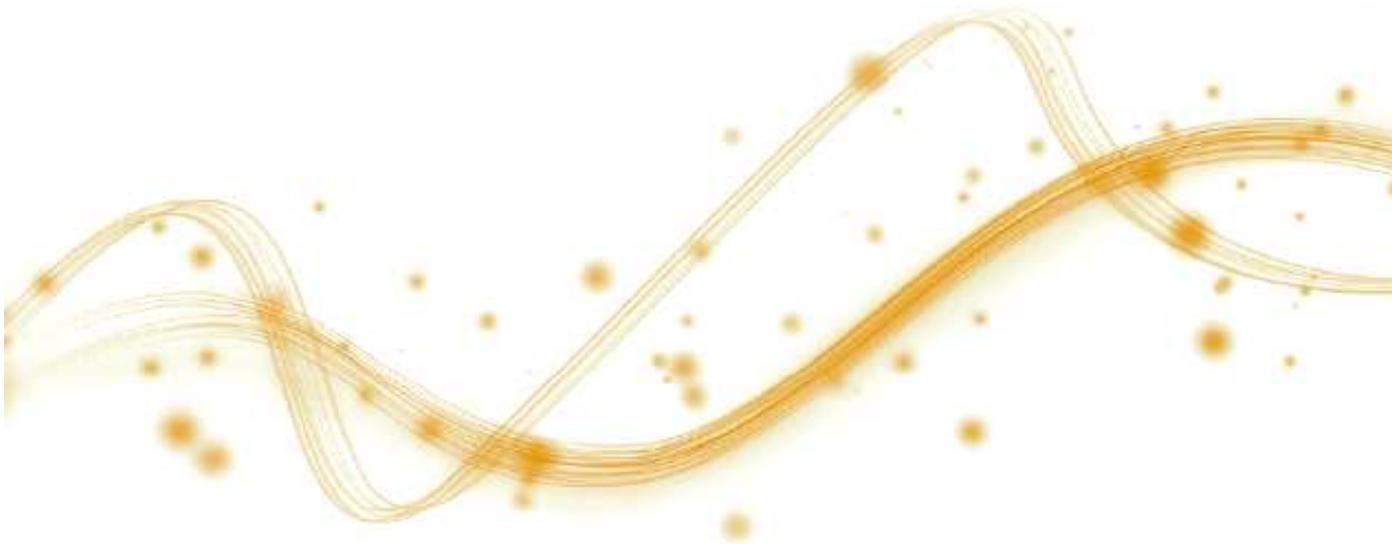
CONSOLIDATED STATEMENT OF CASH FLOWS

VALUES IN EURO	March 31st, 2016	March 31st, 2015 (**)
Net result	(431,726)	(3,537,369)
<i>Adjustments (sub-total)</i>	(10,147,984)	(18,549,758)
Depreciation and impairment	3,653,902	3,099,232
Net change in deferred tax assets and liabilities	(769,040)	(851,266)
Change in employee benefits	21,123	(39,675)
Change in inventories	(15,682,653)	(23,115,254)
Change in trade receivables	1,997,350	1,079,607
Change in trade payables and advances	930,495	3,205,876
Net change in other receivables/payables and other assets/liabilities	(299,161)	(1,928,278)
Cash Flows from (used in) operating activities (A)	(10,579,710)	(22,087,127)
Cash flow from investments		
Acquisition of tangible fixed assets (*)	(812,979)	(1,084,264)
Acquisition of intangible fixed assets	(352,811)	(206,008)
Capitalization of development costs	(2,697,798)	(2,968,966)
Net disposal of fixed assets (*)	47,464	4,595
Changes in capital of investments accounted for using the equity method	37,100	2,600
Net result of investments accounted for using the equity method	-	105,000
Cash Flows from (used in) investing activities (B)	(3,779,024)	(4,147,043)
Cash flow from financing activities		
Change in other financial assets/liabilities and other minor items	232,437	(2,735,093)
Increases in loans and borrowings (including bank overdrafts)	2,412,232	99,390,885
Repayment of loans and borrowings (including bank overdrafts)	(1,077,218)	(91,728,474)
Change in currency translation reserve	(1,970,615)	5,208,770
Other variations	(14,577)	408,993
Cash Flows from (used in) financing activities (C)	(417,741)	10,545,081
Cash Flows from (used in) change of minority shareholders (D)	(45,891)	540,274
Net change in cash and equivalents (E=A+B+C+D)	(14,822,366)	(15,148,815)
Cash and equivalents beginning of period (F)	41,365,408	35,866,508
Cash and equivalents end of period (G=E+F)	26,543,042	20,717,693

Additional Information to the Consolidated Statement of Cash-Flow	March 31st, 2016	March 31st, 2015 (**)
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CHAPTER 6

Description of Accounting Principles Explanatory Notes



CHAPTER 6. DESCRIPTION OF ACCOUNTING PRINCIPLES - EXPLANATORY NOTES

FORM AND CONTENT

The abbreviated consolidated balance sheet of the PRIMA INDUSTRIE Group on March 31st, 2016 has been drawn up on the assumption of the company continuing trading (for greater detail see the note "Accounting Principles") and in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and recognised by the European Union (defined as "IFRS"), as well as the legislative and regulatory directions in force in Italy (with particular reference to Leg. Decree 58/1998 and subsequent amendments, as well as the issuer's Regulation issued by CONSOB). "IFRS" is also meant as the International Accounting Standard (IAS) still in force, as well as all the interpretive documents issued by the International Financial Reporting Interpretations Committee ("IFRIC") previously called the Standing Interpretations Committee ("SIC").

The abbreviated consolidated balance sheet on March 31st, 2016 has been laid out in abbreviated form, in conformity with IAS 34 "Interim balances", and does not include therefore all the information required in the annual balance sheet and must be read together with the annual balance sheet prepared for the closed financial year at December 31st, 2015, to which attention is drawn for greater detail.

The abbreviated consolidated balance on March 31st, 2016 of the PRIMA INDUSTRIE Group is presented in a Euro which is also the currency of the economies in which the Group mainly operates.

The foreign subsidiaries are included in the abbreviated consolidated balance sheet on March 31st, 2016 according to the principles described in the "Accounting Principle" Note of the consolidated balance on December 31st, 2015, to which attention is drawn.

For purposes of comparison, the balance sheet data on December 31st, 2015 have been presented as well as the data of the profit and loss account and the financial statement relating to March 31st, 2015 with the movements of net assets of the first three months of 2015 as well, as required by IAS 1.

ACCOUNTING PRINCIPLES

ACCOUNTING CRITERIA AND PRINCIPLES OF CONSOLIDATION

The accounting criteria and principles of consolidation adopted for setting out the abbreviated consolidated balance sheet at March 31st, 2016 are compatible with those used for the consolidated annual balance sheet at December 31st, 2015, to which reference is made subject to the new standards/interpretations adopted by the Group starting from January 1st, 2016, as well as the adjustments required by the nature of the interim findings.

ON-GOING CONCERN

The condensed consolidated balance sheet at March 31st, 2016 has been set out on the assumption of the company continuing trading in that it is reasonably expected that PRIMA INDUSTRIE will continue with its operational activities in the foreseeable future.

USE OF ACCOUNTING ESTIMATES

The drawing up of an interim balance sheet requires the carrying out of estimates and assumptions which have effect on the values of revenues, costs, assets and liabilities of the

balance sheet and on the information report relating to the potential assets and liabilities on the date of the interim balance sheet. If in the future, such estimates and assumptions which are based on the best evaluation by management, should differ through effective circumstances, they will be modified in an appropriate manner in the period in which the circumstance themselves vary. In particular, with regard to the condensed consolidated balance sheet of March 31st, 2016, the taxes on income for the period of the individual consolidated companies are determined on the basis of the best estimate possible in relation to the available information, and on a reasonable forecast of the progress of the financial year up to the end of the tax period.

FINANCIAL STATEMENTS

The Group has opted to use the formats described hereinafter in drafting its Financial Statements:

- a) for the Consolidated Assets & Liabilities Statement, the format used distinguishes the assets and liabilities in “current” (i.e. receivable or payable in 12 months) and “non-current (i.e. receivable or payable after 12 months);
- b) for the Consolidated Profit & Loss Account, the format used distributes costs according to their kind; the Global Consolidated Profit & Loss includes, besides the Profit in the year as listed in the Consolidated Profit & Loss, the other variations to the Net Equity that do not refer to transactions with Shareholders;
- c) for the Variations to the Net Equity, the format used reconciles the opening and closing of every entry in both the current year and the previous one;
- d) for the Financial Account, the so-called “indirect” method was chosen, whereby the net financial flow of Corporate business is determined by adjusting the profit and loss, because of the effects of:
 - non-monetary elements such as amortization and depreciation;
 - variations of inventory, receivables and payables generated by Corporate business;
 - other elements whose financial flows are generated by investments and financings.

This Interim Financial Report was authorized for publication by the Board of Directors on 13th May 2016.

EXPLANATORY NOTES

The data shown in the explanatory notes, if not shown otherwise, are expressed in Euro.

NOTE 6.1 - TANGIBLE FIXED ASSETS

The tangible fixed assets on March 31st, 2016 are equal to 28,038 thousand Euro, a decrease of 428 thousand Euro compared with December 31st, 2015.

For greater detail on the subject, see the table below.

Tangible Fixed Assets	Land and buildings	Plants and machinery	Industrial and commercial equipment	Other tangible fixed assets	Fixed assets under construction	TOTAL
Net value as at December 31, 2014	18,992,681	2,201,670	2,331,670	2,606,706	779,439	26,912,167
Movements 2015						
Increases	473,892	548,917	2,059,884	1,065,328	431,175	4,579,196
Disinvestments	(98,837)	(86,612)	(42,257)	(680,349)	-	(908,055)
Utilization of accumulated depreciation	5,835	85,503	40,888	622,397	-	754,623
Depreciation	(718,985)	(495,993)	(1,125,844)	(1,062,226)	-	(3,403,048)
Impairment	-	-	-	(25,087)	-	(25,087)
Reclassifications with tangible fixed assets	-	-	208,993	19,439	(228,432)	-
Differences on exchange rates	322,577	38,593	137,960	53,590	3,041	555,761
Net value as at December 31, 2015	18,977,163	2,292,078	3,611,294	2,599,798	985,223	28,465,557
2016 1st quarter's movements						
Increases	48,062	92,914	285,120	269,312	95,831	791,239
Disinvestments	-	(105,148)	-	(216,086)	-	(321,234)
Utilization of accumulated depreciation	-	105,148	-	190,363	-	295,511
Depreciation	(183,459)	(125,729)	(329,934)	(253,498)	-	(892,620)
Reclassifications with tangible fixed assets	(108,776)	-	129,193	57,482	(77.899)	-
Differences on exchange rates	(163,520)	(26,291)	(77,548)	(29,906)	(3,491)	(300,756)
Net Value as at March 31, 2016	18,569,470	2,232,972	3,618,125	2,617,465	999,664	28,037,697

NOTE 6.2 - INTANGIBLE ASSETS

The intangible assets on March 31st, 2016 are equal to 157,572 thousand Euro, a decrease of 199 thousand Euro compared with December 31st, 2015.

For greater detail on the subject, see the table below.

Intangible assets	Goodwill	Development costs	Other intangible assets	TOTAL
Net value as at December 31, 2014	102,880,429	32,164,841	20,507,052	155,552,322
Movements 2015				
Increases/ (decreases)	-	10,337,511	1,334,088	11,671,599
Depreciation	-	(6,479,777)	(3,624,307)	(10,104,084)
Impairment	-	(357,777)	(25,060)	(382,837)
Differences on exchange rates	289,417	683,479	61,078	1,033,974
Net value as at December 31, 2015	103,169,846	36,348,277	18,252,851	157,770,974
2016 1st quarter's movements				
Increases/ (decreases)		2,697,798	352,811	3,050,609
Depreciation		(1,797,539)	(963,743)	(2,761,282)
Differences on exchange rates	(122,568)	(333,644)	(32,075)	(488,287)
Net Value as at March 31, 2016	103,047,278	36,914,892	17,609,844	157,572,014

The most significant item is represented by Goodwill, which on March 31st, 2016 is equal to 103,047 thousand Euro. All goodwill recorded into the financial statements refers to the larger value paid with respect to the fair value of the net assets acquired.

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

CASH GENERATING UNIT	BOOK VALUE GOODWILL March 31, 2016	BOOK VALUE GOODWILL December 31, 2015
PRIMA POWER	97,717	97,794
OSAI (Service)	4,125	4,125
PRIMA ELECTRO NORTH AMERICA	1,014	1,060
MLTA	154	154
OSAI UK	37	37
TOTAL	103,047	103,170

Goodwill (being an asset with an undefined life) is not subject to depreciation and is subject to verification at least annually of the reduction of value (*impairment test*). On December 31st, 2015 the Group carried out the *impairment test* on the value of the main elements of goodwill (PRIMA POWER, OSAI-Service and PRIMA ELECTRO NORTH AMERICA), for which attention is drawn to the Consolidated Financial Statements at December 31st, 2015. Regarding the above mentioned goodwill, as no indicators of loss in value have appeared compared with the financial statements closed on December 31st, 2015, it was not considered necessary to update the related *impairment tests*.

NOTE 6.3 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

This heading is classified for 1,186 thousand Euro for the investment in EPS SA, 17.64% owned by PRIMA ELECTRO SpA. The variation of 37 thousand Euro relates to the sale of approximately 43 thousand shares.

NOTE 6.4 - OTHER INVESTMENTS

At March 31st, 2016 this Other Investments amount to 121 thousand Euro and is and it is unchanged compared to December 31st, 2015.

Consequently this heading on March 31st, 2016 is composed of:

- Caretek Srl: 5 thousand Euro (investment equal to 19.3% held by PRIMA ELECTRO SpA);
- Fimecc OY: 50 thousand Euro (investment equal to 2.4% held by FINN-POWER OY);
- Härmämedi OY: 25 thousand Euro (investment equal to 8.3% held by FINN-POWER OY);
- Lamiera Servizi Srl: 11 thousand Euro (investment equal to 19% held by PRIMA INDUSTRIE SpA);
- other minor investments: 30 thousand Euro.

NOTE 6.5 - NON CURRENT FINANCIAL ASSETS

This heading at March 31st, 2016 is equal to 35 thousand Euro and it is unchanged compared to December 31st, 2015. This heading consists of a loan issued by PRIMA ELECTRO SpA to the company Caretek Srl.

NOTE 6.6 - DEFERRED TAX ASSETS

The Deferred Tax Assets are equal to 10,455 thousand Euro, showing an increase compared with the preceding financial year of 609 thousand Euro.

The accounting statement of prepaid taxes has been carried out, only where suppositions of recoverability exist. The valuation on the recoverability of anticipated taxes take into account the expected profits in future financial years and furthermore, is supported by the fact that the anticipated taxes mainly refer to adjusted asset funds and to provisions for risks and charges, for which there is no expiry. The anticipated taxes on the accumulated claimable losses have been recognized in the measure at which it is probable that a future taxable income against which they might be recovered. In the light of what has been illustrated, elements such as to modify the preceding valuations regarding the recoverability of the anticipated taxes have not been experienced.

NOTE 6.7 - INVENTORIES

The following table shows the composition of inventories at March 31st, 2016 and at December 31st, 2015.

Inventories	March 31 st , 2016	December 31 st , 2015
Raw materials	33,351,775	28,983,532
Semi-finished goods	22,011,589	18,200,325
Finished goods	61,934,751	54,485,981
(Inventories provisions)	(7,622,755)	(7,677,131)
TOTAL	109,675,360	93,992,707

The inventories on March 31st, 2016 amount to 109,675 thousand Euro, net of the warehouse devaluation fund for a total of 7,623 thousand Euro. The net value of the warehouse inventories on March 31st, 2016 shows an increase equal to 15,683 thousand Euro compared with December 31st, 2015. This increase is related to the need to support the production volumes in subsequent quarters.

NOTE 6.8 - TRADE RECEIVABLES

The trade receivables on March 31st, 2016 amounted to 84,417 thousand Euro and compared to December 31st, 2015 a decrease of 1,997 thousand Euro was experienced.

Trade receivables	March 31 st , 2016	December 31 st , 2015
Receivables from customers	88,201,235	90,264,658
Bad Debt Reserve	(3,784,690)	(3,850,763)
TOTAL	84,416,545	86,413,895

The receivables write-down fund reflects the management's best estimate about the expected losses of the Group. The book value of Trade Receivables is considered to be equal to its fair value.

NOTE 6.9 - OTHER RECEIVABLES

The other receivables on March 31st, 2016 are equal to 9,699 thousand Euro and increased by 1,680 thousand Euro compared with December 31st, 2015.

Other receivables	March 31 st , 2016	December 31 st , 2015

NOTE 6.10 - CURRENT TAX RECEIVABLES

The heading amounts to 6,754 thousand Euro in decrease of 275 thousand Euro compared to December 31st, 2015. Tax assets are represented by direct tax advances for 3,647 thousand Euro (3,956 thousand Euro on December 31st, 2015), VAT receivables for 1,810 thousand Euro (1,730 thousand Euro on December 31st, 2015), by a tax receivable amounting to 1,048 thousand Euro following the submission of claims for IRES reimbursement (IRAP deductions for IRES purposes for the years 2007-2011), which arose in February 2013, by withholding taxes for 187 thousand Euro (184 thousand Euro on December 31st, 2015) and by other receivables for minor tax assets for 62 thousand Euro (111 thousand Euro on December 31st, 2015).

NOTE 6.11 - NET FINANCIAL POSITION

On March 31st, 2016 the net financial position of the Group was negative for an amount of 117,334 thousand Euro, increasing of 15,587 thousand Euro compared to the previous financial year (negative for 101,747 thousand Euro). For a better understanding of the variation in the net financial position achieved during the first quarter of 2016, refer to the consolidated financial report of the period.

As required by the Consob communication No. DEM/6064293 of July 28th, 2006, the net financial debt at March 31st, 2016 and December 31st, 2015 is shown in the following table, determined with the indicated criteria in the CESR (Committee of European Securities Regulators) Recommendations of February 10th, 2005 "Recommendations for the uniform activation of the European Commission Regulation on Information Sheets" and quoted by Consob itself.

Values expressed in Euro thousand

		March 31st, 2016	December 31st, 2015	Variations
A	CASH	26,543	41,365	(14,822)
B	OTHER CASH AND CASH EQUIVALENTS	-	-	-
C	SECURITIES HELD FOR TRADING	-	-	-
D	CASH ON HAND (A+B+C)	26,543	41,365	(14,822)
E	CURRENT FINANCIAL RECEIVABLES	1,224	839	385
F	CURRENT BANK PAYABLES	9,850	9,222	628
G	CURRENT PART OF NON-CURRENT INDEBTEDNESS	14,784	14,328	456
H	BOND ISSUED	287	869	(582)

LIQUIDITY

Liquid assets amount to 26,543 thousand Euro and consist of:

- bank deposits for 26,474 thousand Euro and
- cash for 69 thousand Euro.

For more details on cash and cash equivalents, see the consolidated Cash Flow Statement.

CURRENT FINANCIAL RECEIVABLES

The current financial receivables amount to 1,224 thousand Euro and include:

- a term deposit (expiring within twelve months) signed by PRIMA INDUSTRIE SpA as guarantee for a loan granted to the Brazilian subsidiary PRIMA POWER SOUTH AMERICA LTDA equal to 550 thousand Euro;
- financial instruments for coverage of the exchange rate risk (*Currency Rate Swap*) for 432 thousand Euro;
- receivables from the company Wuhan Huagong Unity deriving from the sale by PRIMA INDUSTRIE SpA of the last 5% of the investment in Shanghai Unity Prima amounting to 236 thousand Euro;
- receivables from the company Lamiera Servizi of 6 thousand Euro, a subsidiary of PRIMA INDUSTRIE SpA for 19%.

BONDS ISSUED

The payables to bondholders amounts comprehensively to 40,353 thousand Euro, inclusive of accrued and unpaid interests amounting to 353 thousand Euro. The payables refer exclusively to the *Bond* issued during the first quarter of 2015 and expiring on February 6th, 2022. The net payables entered in the financial statements amount to 39,885 thousand Euro. The accessory charges held at on the issue of the bonds were accounted as partial reduction of the payables. The share expiring beyond 12 months amounts to 39,599 thousand Euro.

INDEBTEDNESS WITH BANKS

The main debt included in the bank payables is the *Club Deal* loan and the *Finnish Loan*.

The Club Deal loan at March 31st, 2016 amounted to 36,945 thousand euro and consists to the loan repayment due on June 30th, 2021; the Club Deal loan also consists of a quota in the form of *revolving* credit lines amounting to 20,000 thousand euro expiring on December 31st, 2019 to March 31st, 2016 such commercial credit lines were fully available. Net debt in the balance sheet amounted to 36,323 and includes any additional costs incurred on the execution of the loan.

The *Club Deal* loan is for 29,567 thousand Euro expiring beyond 12 months.

The Finnish Loan at March 31st, 2016 amounts to 23,900 thousand euro and consists of two quotas of an amount of 12,500 thousand Euro each and a third in the amount of 11,000 thousand euro constituted from commercial credit lines; it is noted that these March 31st, 2016 commercial credit lines were fully available. The net payables entered in the financial statements amounting to 23,683 thousand Euro include the accessory charges held at the issue and accounted as reduction of the payables which amounted to 217 thousand Euro.

The *Finnish Loan* is for 21,094 thousand Euro expiring beyond 12 months.

The non current bank debt also includes other bank loans for 23.885 thousand Euro and relate mainly to new loans from the three Italian companies PRIMA INDUSTRIE SpA, PRIMA ELECTRO SpA e FINN-POWER ITALIA S.r.l. within the long term refinancing operation TLTRO (*Targeted Longer - Term Refinancing Operations*) issued by the European Central Bank. The non current bank debt also includes the negative *fair value* of a derivative financial instrument (IRS - Interest Rate Swap) equal to 415 thousand Euro whose *fair value* variations have been directly attributed to the income statement as the *hedge accounting* criteria has not been applied.

Encompassed into the current indebtedness with banks (also considering the current part of the non-current debt) there is the *Club Deal* loan for 6,756 thousand Euro, the *Finnish Loan* for 2,589 thousand Euro, *bank overdrafts* for 9,245 thousand Euro, other bank loans for 6,028 thousand Euro and other financial instruments hedging the foreign exchange risk (*Currency Rate Swap*) equal to 16 thousand Euro.

OTHER FINANCIAL PAYABLES

The Other financial payables amount comprehensively to 5,620 thousand Euro (of which 1,307 thousand are current).

The other financial payables include:

- payables for financial leasing for a sum equal to 2,565 thousand Euro (of which 563 thousand Euro are current);
- other financial payables for 3,055 thousand Euro (of which 744 thousand Euro are current); these payables refer principally to subsidized ministerial loans and some contributions of funded research activities collected by PRIMA INDUSTRIE SpA, as the project leader, that will be redistribute it in a short time between all partners in the project.

MOVEMENT OF PAYABLES DUE TO BANKS AND LOANS

The payables due to banks and the financing of the PRIMA INDUSTRIE Group on March 31st, 2016 (not including the derivatives *fair value*) are equal to 144,668 thousand Euro and during the first quarter of 2016, they changed as shown in the following table.

BANK PAYABLES AND LOANS	<i>Euro thousand</i>
Bank Payables and loans - current portion (December 31, 2015)	25,700
Bank Payables and loans - non-current portion (December 31, 2015)	117,805
TOTAL BANK PAYABLES AND LOANS AS OF DECEMBER 31, 2015	143,505
Stipulation of loans and borrowings (including bank overdrafts)	2,412
Repayment of loans and borrowings (including bank overdrafts)	(1,077)
Stipulation/(repayments) of financial leasing	(15)
Exchange rate effect	(157)
TOTAL BANK PAYABLES AND LOANS AS OF MARCH 31, 2016	144,668
of which:	
Bank Payables and loans - current portion (March 31, 2016)	26,210
Bank Payables and loans - non-current portion (March 31, 2016)	118,458
TOTAL BANK PAYABLES AND LOANS AS OF MARCH 31, 2016	(144,668)

NOTE 6.12 - ASSETS HELD FOR SALE

On March 31st, 2016, the value of assets held for sale is equal to 284 thousand Euro and remained unchanged compared with December 31st, 2015. This refers to some properties under construction held by the Company FINN-POWER ITALIA Srl located in Mantova, Italy. The properties are available for immediate sale and it is believed that this event is highly likely, as the Management has engaged in a divestment program.

NOTE 6.13 - NET EQUITY

The net equity of the PRIMA INDUSTRIE group has decreased compared to the end of last financial year of 2,448 thousand Euro. For more detail on the subject, see the movement of net assets statement.

NOTE 6.14 - EMPLOYEE BENEFITS LIABILITIES

The heading Benefits to employees includes:

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

The table below compares the above items.

Employee benefits	March 31st, 2016	December 31st, 2015
Severance indemnity fund	5,811,914	5,831,601
Fidelity premium and other pension funds	2,121,991	2,081,181
TOTAL	7,933,905	7,912,782

NOTE 6.15 - DEFERRED TAX LIABILITIES

The deferred tax liabilities are equal to 10,358 thousand Euro, showing a decrease of 160 thousand Euro compared with December 31st, 2015.

It should be noted that the deferred tax liabilities on the trademark, on the relation with clients and the Cologna Veneta real estate deriving from the company merger of the FINN-POWER Group amount to 5,209 thousand Euro.

NOTE 6.16 - PROVISIONS

The provisions for liabilities and charges are equal to 16,881 thousand Euro and are increased compared with December 31st, 2015 by 934 thousand Euro.

The non-current risks funds refer exclusively to the agent client indemnity fund and amount comprehensively to 147 thousand Euro.

The current risks funds mainly relate to product warranties (equal to 9,473 thousand Euro) and the best estimate of costs still to be incurred for the completion of certain activities ancillary to the sale of machinery already sold (equal to 6,573 thousand Euro). The Guarantee Fund relates to the provisions for technical guarantee interventions on the group's products and is considered appropriate in comparison to the guarantee costs which have to be provided for.

The other funds amounting to 689 thousand Euro refer to legal, fiscal procedures and other disputes; these funds represent the best estimate by management of the liabilities which must be accounted for with reference to legal, fiscal proceedings occasioned during normal operational activity with regard to resellers, clients, suppliers or public authorities

NOTE 6.17 - TRADE PAYABLES, ADVANCE PAYMENTS AND OTHER PAYABLES

The value of these payables has increased compared to December 31st, 2015 by 2,799 thousand Euro. It is recalled that the Clients advance payments heading contains both the advance payments on orders relating to machines which have not yet been delivered, as well as those generated by the application of the IAS 18 accounting principle relating to machines already delivered, but not yet accepted by the end client and therefore not booked as revenue. The Other payables heading includes social security and welfare payables, payables due to employees, accruals and deferrals and other minor payables.

For greater detail on the subject, see the table below.

Trade, advances and other payables	March 31st, 2016	December 31st, 2015
Trade payables	76,863,441	78,323,460
Advances	23,775,673	21,385,159
Other payables	21,086,680	19,218,309
TOTAL	121,725,794	118,926,928

NOTE 6.18 - CURRENT TAX PAYABLES

The tax payables for current taxes on March 31st, 2016 are equal to 5,541 thousand Euro, a reduction of 1,717 thousand Euro compared with December 31st, 2015 (7,258 thousand Euro on December 31st, 2015).

NOTE 6.19 - NET REVENUES

The income from the sales and services have been increased and commented on Chapter 3 of this document "Group Interim Management Report" in the paragraph "Revenues and Profitability".

NOTE 6.20 - OTHER INCOME

The other operating income amounts to 893 thousand Euro and refers principally to contributions for research and development activity received by public bodies.

NOTE 6.21 - INCREASES IN FIXED ASSETS FOR INTERNAL WORK

The increases in fixed assets for internal work on March 31st, 2016 amount to 2,740 thousand Euro and refer mainly to the capitalization of new project development costs (2,698 thousand Euro), of which the technical feasibility has been verified and the generation of probable future economic benefits. The capitalized development activity has been carried out by the Parent Company, by FINN-POWER OY, by FINN-POWER ITALIA Srl, by PRIMA POWER LASERDYNE Llc, by PRIMA ELECTRO SpA, and by PRIMA ELECTRO NORTH AMERICA Llc.

NOTE 6.22 - PERSONNEL COSTS

The personnel costs at March 31st, 2016 is equal to 27,094 thousand Euro and shows an increase compared with the corresponding period of the previous financial year of 1,931 thousand Euro.

NOTE 6.23 - DEPRECIATION -IMPAIRMENT

The depreciations at March 31st, 2016 are equal to 3,654 thousand Euro (of which 2,761 thousand Euro are related to intangible assets). No *impairment* was made in the first quarter of 2016.

It is opportune to highlight that the amortization relating to the trademark and relationships with clients ("*customers list*") amount to a comprehensive 784 thousand Euro, while those relating to development costs are equal to 1,798 thousand Euro.

NOTE 6.24 - OTHER OPERATING EXPENSES

The Other operating expenses for the first three months of 2016 amounted to 18,908 thousand Euro compared with 20,644 thousand Euro at March 31st, 2015.

NOTE 6.25 - FINANCIAL INCOME AND EXPENSES

The financial management of the first three months of 2016 shows a negative result of 2,079 thousand Euro.

Financial Management	March 31 st , 2016	March 31 st , 2015
Financial income	501,928	104,287
Financial expenses	(1,751,578)	(3,570,180)
Net financial expenses	(1,249,650)	(3,465,893)
Net exchange of transactions in foreign currency	(829,183)	382,328
Total Financial Management	(2,078,833)	(3,083,565)

It should be pointed out that the financial expenses for the first quarter of 2016 include financial expenses for 601 thousand Euro related to the issue of the *Bond*, 328 thousand Euro related to the new *Club Deal* loan and 166 thousand Euro related to the *Finnish Loan*.

NOTE 6.26 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The net result from investments accounted for using the equity method is positive for 209 thousand Euro and refers to a capital gain generated by the sale of the EPS SA shares.

NOTE 6.27 - CURRENT AND DEFERRED TAXES

Income taxes in the first quarter of 2016 indicate a positive net balance of 390 thousand Euro. The balance of current and deferred taxes is positive for 447 thousand Euro, IRAP is equal to 51 thousand Euro and other taxes including those relating to prior years amounts to 6 thousand Euro.

NOTE 6.28 - RESULT PER SHARE

The earnings per share on March 31st, 2016, negative for 0.03 Euro (negative for 0.33 Euro on March 31st, 2015) is calculated by dividing the profits attributable to the shareholders of the Parent Company by the average number of ordinary shares in circulation during the financial year which are 10,483,274. The diluted earnings per share is equal to the basic earning because at March 31st, 2016 there are no dilutive operations.

NOTE 6.29 - INFORMATION ON RELATED PARTIES

In addition to the relationships with the strategic management and the Board of Statutory Auditors, operations with related parties were connected to transactions with EPS SpA (100% owned by EPS SA) mainly for research and development of special electronic components.

OPERATIONS WITH RELATED PARTIES	Strategic Management	Board of Statutory Auditors	EPS	TOTAL
RECEIVABLES AS AT January 1 st , 2016	-	-	221,005	221,005
RECEIVABLES AS AT March 31 st , 2016	-	-	257,136	257,136
PAYABLES AS AT January 1 st , 2016	512,896	105,000	1,283	619,179
PAYABLES AS AT March 31 st , 2016	275,173	135,000	1,283	411,456
REVENUES Jan.1 st 2016 - March 31 st , 2016	-	-	212,081	212,081
COSTS Jan.1 st , 2016 - March 31 st , 2016	333,959	26,250	-	366,209
VARIATIONS IN RECEIVABLES				
Jan.1 st , 2016 - March 31 st , 2016	-	-	36,131	36,131
VARIATIONS IN PAYABLES				
Jan.1 st , 2016 - March 31 st , 2016	(237,723)	30,000	-	(207,723)

NOTE 6.30 SECTOR INFORMATION SHEET

Attention is drawn to the fact that not all the data shown below are directly comparable with those presented in chapters "3 - Group Interim Management Report" and "4 - Economic Performance by Segment", given that the latter are expressed as gross of the inter-sector parties.

Information sheet by sector of activity

The inter-sector revenues have been determined on the basis of market prices.

The operational sectors of the group are the following two:

- PRIMA POWER
- PRIMA ELECTRO

The principal sector details are supplied below.

Segment results as at March 31, 2016	PRIMA POWER	PRIMA ELECTRO	Items not allocated	TOTAL
Total sector revenues	73,169	9,600	-	82,769
(Inter-sector revenues)	(38)	(3,310)	-	(3,348)
Revenues	73,131	6,290	-	79,421
EBITDA	4,810	(108)	-	4,702
EBIT	2,042	(994)	-	1,048

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

Segment results as at March 31, 2015	PRIMA POWER	PRIMA ELECTRO	Items not allocated	TOTAL
Total sector revenues	59,080	16,055	-	75,135
(Inter-sector revenues)	(37)	(4,235)	-	(4,272)
Revenues	59,043	11,820	-	70,863
EBITDA	736	2,266	-	3,002
EBIT	(1,682)	1,585	-	(97)
Net financial income/expenses	(3,150)	66	-	(3,084)
Net result of investments accounted for using the equity method	-	(105)	-	(105)
Net result of investments not fully consolidated	6	-	-	6
Profit before taxes	(4,826)	1,546	-	(3,280)
Taxes	-	-	(257)	(257)
Net result	(4,826)	1,546	(257)	(3,537)

EBIT and EBITDA values here presented are not directly reconcilable with the data presented in Chapter 4 - ECONOMIC PERFORMANCE BY SEGMENT since they are presented at net of inter-sector items.

Segment assets and liabilities as at March 31, 2015	PRIMA POWER	PRIMA ELECTRO	Items not allocated	TOTAL
Assets	313,311	66,798	37,814	417,923
Associates and other equity investments	116	707	-	823
Total assets	313,427	67,505	37,814	418,746
Liabilities	121,665	20,795	151,688	294,148

Information sheet by geographic area

For details regarding the information on returns subdivided by geographical area, see the information shown in Chapter 3 "Group Interim Management Report", in the paragraph "Revenues and Profitability".

NOTE 6.31 - MANAGEMENT OF FINANCIAL RISKS

The financial instruments of the Group, aimed at financing the operational activity, include the bank financing, the financial leasing contracts and factoring, the cash and short term bank deposits. There are then other financial instruments, such as commercial payables and receivables, deriving from the operational activity.

The PRIMA INDUSTRIE Group is mainly exposed to the following categories of risk:

- Interest rate risk
- Exchange rate risk
- Credit risk
- Liquidity risk

The Group has adopted a specific policies with the aims of correctly managing the risks mentioned, in order to safeguard its own activity and capacity to create value for shareholders and for all the stakeholders.

The objectives and politics of the Group for the management of risks described above is detailed below.

Interest rate risk

The debit position towards the credit system and capital markets can be negotiated at a fixed or variable rate.

Variations of interest rate in the market generate the following categories of risk:

- an increase in market interest rates exposes to the risk of greater financial burdens to be paid on the quota of variable interest rate debits;
- a decrease in market interest rates exposes to the risk of excessive financial burdens to be paid on the quota of fixed interest rate debits.

In particular, the strategies adopted by the Group to confront these risks are as follows:

- Interest rate \longrightarrow Management/Hedging

Exposure to interest rates is by nature structural, in that the net financial position generates net financial burdens subject to the volatility of interest rates, according to the contractual conditions established with the financing party. Consequently, the identified strategy is of Management/Hedging and is confirmed by:

- Continuous Monitoring of the exposure to interest rate risks;
- Hedging activity through derivative financial instruments.

At the date of approval of this Interim Financial Report, the Group has not any derivative financial instrument to hedge the interest rate risk; in the future the Group could decide to hedge this risk using derivative instruments.

Exchange rate risk

The debit position towards the banking system and the capital market, as well as towards other creditors, can be expressed in one's own account currency (Euro), or in other currencies on account. In this case, the financial burden of the debit in currency is subject to the interest rate risks, not of the European market, but of the market of the chosen currency.

The attitude and strategy to follow with regards to risk factors are determined by the plurality of elements which concerned both the characteristics of the reference market and their impact on the company balance sheet results. Indeed, four possible strategic and distinctive areas for the operational management of individual risk factors can be identified:

- “Avoid” strategy (Avoidance)
- Acceptance
- Management/Hedging
- “Market Intelligence” (Speculation)

In particular, the strategies primarily adopted by the Group to confront these risks are as follows:

- Exchange rate Management/Hedging

Exposure to exchange rate risks deriving from financial factors is currently contained, in that the company does not take on financing in currency different from the Europe, with the exception of some financing of the U.S. subsidiaries, for which the U.S. dollar is the reference currency.

In relation to the commercial transactions, on the other hand, at Group level there exists a certain exposure to exchange rate risk, because the fluctuations of purchase in U.S. dollars (substantially the only relevant accounting currency different from the Euro) of the Parent Company PRIMA INDUSTRIE SpA, of FINN-POWER OY and of PRIMA ELECTRO SpA are not sufficient to balance the fluctuations of sales carried out in U.S. dollars and because the Group also works with other currencies for which hedging transactions are not available (or appropriate).

Nevertheless, the Group carries out *monitoring* to reduce such exchange risks even through the use of covering instruments.

With regard to account currencies different from the U.S. dollar, which concern almost exclusively some of the subsidiary companies which carry out sales and after sales service activities, the risk management strategy is rather one of acceptance, both because they normally deal with sums of modest value, and because of the difficulty of finding suitable covering instruments.

Credit risk

The Group only deals with noted and trustworthy clients; furthermore, the amount of credit is monitored during the financial year so that the sum exposed to losses is not significant.

For this purpose, with regards to PRIMA INDUSTRIE, a function of Group of *credit management* to PRIMA INDUSTRIE, a function of Group of credit management has been put in place.

It should be noted that there are no significant concentrations of credit risk within the Group. The financial activities are shown in the balance sheet net of the devaluation calculated on the basis of risk of non-fulfilment by the counter party, determined in consideration of the information available on the solvency of the client and eventually considering historical data. In compliance with the CONSOB DEM/RM 11070007 communication August 5th, 2011, we inform that the PRIMA INDUSTRIE Group Holds no bonds issued by central and local governments nor by government bodies, and has certainly not granted loans to these institutions.

Liquidity risk

The liquidity risk represents the risk that the financial resources are not sufficient to fund the financial and commercial obligations within the pre-established periods and due dates.

The risk of liquidity to which the group is subject may emerge from late payments on its sales and more generally from the difficulty of obtaining financing to support operational activities in the time necessary. The cash flows, the financing needs and the liquidity of the group

companies are monitored or managed centrally under the control of the Group Treasury, with the aims of guaranteeing effective and efficient management of financial resources.

The Group operates with the aims of carrying out collection operations on the various financial markets with varied techniques, with the aims of guaranteeing a correct level of liquidity whether current or prospective. The strategic aim is to ensure that at any moment of the group has sufficient credit lines to service financial due dates over the following twelve months.

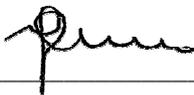
The current difficult market environment whether operational or financial requires particular attention to the management of liquidity risks and, in this sense, particular attention is given to those actions aimed at generating financial resources through operational management and the maintenance of an adequate level of available liquidity.

Therefore, the group has arranged to confront the requirements emerging from financial payable due dates and from the investments, through the fluctuations caused by operational management, available liquidity, use of credit lines, the renewing of bank loans and eventual recourse to other forms of provision of a non-ordinary nature.

NOTE 6.32 - SUBSEQUENT EVENTS

No events have took place after the reference date of the Interim Management Report that, if known, would have resulted in a correction of the values.

Signature of the authorized governing body

A handwritten signature in black ink, appearing to be a stylized name, is written above a horizontal line.

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AT MARCH 31ST, 2016

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

The manager responsible for preparing the company accounting documents of the PRIMA INDUSTRIE Group, Davide Danieli, declares, in accordance with the provisions of the second paragraph of Art. 154 bis, Part IV, Title III, Chapter II, Section V bis of Legislative Decree of February 24th, 1998, No. 58, that the accounting information contained in this Interim Financial Report at March 31st, 2016 corresponds to the document results, books and accounting records.