



PRIMA INDUSTRIE

INTERIM REPORT ON OPERATIONS
ENDING March 31, 2010

May 13, 2010

MANAGEMENT AND CONTROL**Board of Directors (B.o.D.)**

Chairman and Managing Director	Gianfranco Carbonato
Non-independent Directors	Michael Mansour, Rafic Y. Mansour
Independent Directors	Sandro D'Isidoro Mario Mauri
Other Executive Directors	Domenico Peiretti Ezio G. Basso
Secretary of the Board of Directors	Massimo Ratti

General Director

Ezio G. Basso

Internal Control Committee

Chairman	Sandro D'Isidoro
Members	Mario Mauri, Michael Mansour

Remuneration Committee

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

Board of Auditors

Chairman	Riccardo Formica
Regular Auditors	Andrea Mosca Roberto Petrignani
Alternate auditors	Roberto Coda Franco Nada

Auditing Company

Reconta Ernst & Young SpA

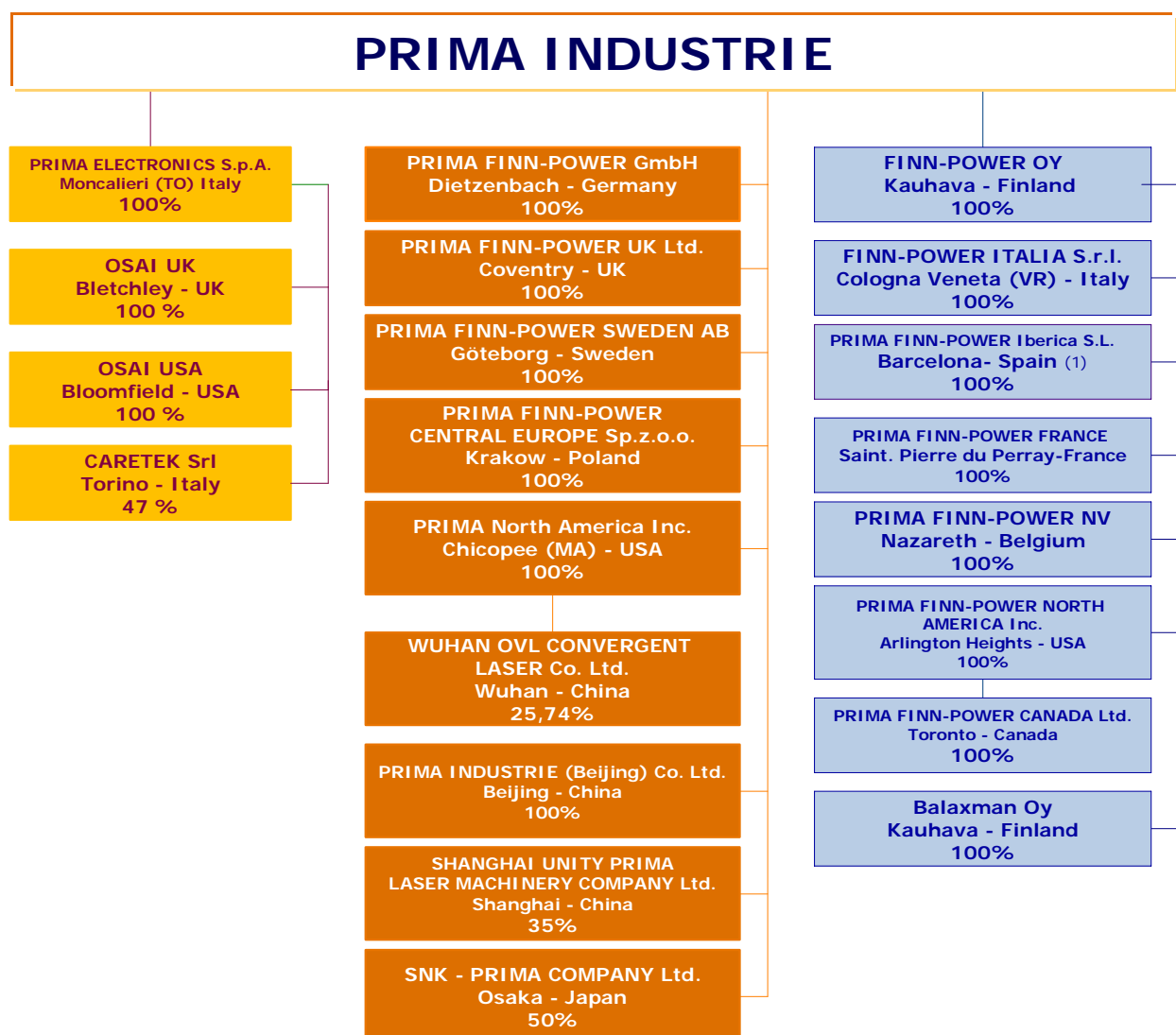
Expiry of mandates and Appointments

- | | |
|---|---|
| <ul style="list-style-type: none"> ▶ The BoD shall remain in office until the approval of the 2010 Financial Statements. ▶ At the meeting of May 7, 2008 the B.o.D. appointed as Managing Director Mr. Gianfranco Carbonato, endowing him with the relative powers. ▶ In terms of clause 25 of the Company By-Laws, the Chairman and Managing Director is the legal representative of the Company. | <ul style="list-style-type: none"> ▶ The Board of Statutory Auditors shall remain in office until the approval of the 2012 Financial Statements. ▶ The Auditing company was appointed by the Stockholder's Meeting held on April 29, 2008 for the period 2008 - 2016. |
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Chapter 1. STRUCTURE OF THE PRIMA INDUSTRIE GROUP AS OF 31/03/2010



⁽¹⁾FINN-POWER OY holds 78% of PRIMA FINN-POWER IBERICA S.L. (the remaining 22% is held by PRIMA INDUSTRIE SpA).

Chapter 2. INTRODUCTION

FOREWORD

The Interim Report on Operations of the PRIMA INDUSTRIE Group at March 31, 2010 was prepared pursuant to section 154 ter of Legislative Decree 58/1998 as amended, and to the Issuers regulations issued by CONSOB.

The Interim Report was prepared in accordance with the International Accounting Standards (the "IFRS") issued by the International Accounting Standards Board (the "IASB") and approved by the European Union and were prepared in accordance with IAS 34 - Interim Financial Statements.

This Interim Report was approved by the Board of Directors on May 13, 2010 and is not subject to audit.

ALTERNATIVE PERFORMANCE MEASURES

In addition to the other conventional financial indicators prescribed in the IFRS this interim report contains other alternative performance indicators in order to provide a better assessment of the economic and financial management.

These indicators, that are also presented in the Management Report at the time of filing the other periodical reports must not, however, be considered as replacements for the conventional ones foreseen by the IFRS.

The Group uses as alternative performance indicators:

- the EBIT (which corresponds to the "*Operating Profit*"),
- the EBITDA ("*Profit before interest, taxes and depreciation*"), that is calculated by adding to the "*Operating Profit*" in the financial statements "*Depreciation*", "*Impairment*" and "*Write-downs*".

Also mentioned are:

- The "*Value of production*", represented by the sum of the items "*Net revenues from sales and services*", "*Other operating revenues*", "*Variation in inventories of unfinished and finished products*" and "*Increases for internal works*", and
- the "*Margin of contribution*", represented by the sum of the items "*Net revenues from sales and services*", "*Other operating revenues*", "*Consumption of raw materials*", "*Variation of inventories of unfinished and finished products*" and "*Other overhead costs*".

EXCHANGE RATES

The rates of exchange applied in conversion in the financial statements expressed in currencies other than the euro, for purposes of consolidation, are as follows.

CURRENCY	AVERAGE EXCHANGE RATE		SPOT EXCHANGE RATE	
	1st Quarter 2010	1st Quarter 2009	March 31, 2010	December 31, 2009
US DOLLAR	1,3842	1,3024	1,3479	1,4406
POUND STERLING	0,8807	0,9083	0,8898	0,8881
SWEDISH KRONA	10,1128	10,9367	9,7135	10,2520
CHINESE RENMINBI	9,6112	8,9037	9,2006	9,8350
JAPANESE YEN	128,0447	121,8957	125,9300	133,1600
POLISH ZLOTY	4,0517	4,4493	3,8673	4,1045
CANADIAN DOLLAR	1,4408	1,6214	1,3687	1,5128

CONSOLIDATION AREA

During the first three months of the year 2010 no variations took place within the area of consolidation for companies consolidated with the "integral method". It should be noted, however, that PRIMA ELECTRONICS S.p.A. incorporated, in February 2010, Caretek S.r.l. and holds 47% of the shares; this company is consolidated with the method of "shareholders' equity".

It should further be noted that, on February 19, 2010, a merger took place between the two companies that the group controls in Germany: PRIMA INDUSTRIE GmbH and FINN-POWER GmbH, previously 100% owned respectively by PRIMA INDUSTRIE S.p.A. and FINN-POWER OY.

For more information regarding these two operations, reference is made to "Chapter 3 – Group Interim Management Report".

The under mentioned companies fell within the scope of consolidation indicated in the tables below as of 31/03/2010.

SUBSIDIARY COMPANIES				
LASER SYSTEMS SEGMENT	REGISTERED OFFICE	SHARE CAPITAL	STAKE	CONSOLIDATION METHOD
PRIMA North America, Inc.	CONVERGENT LASERS: 711 East Main Street, Chicopee, MA 01020, U.S.A.	USD 24,000,000	100%	Line-by-line method
	LASERDYNE SYSTEMS DIVISION: 8600, 109th Av. North, Champlin, MN 55316, U.S.A.			
PRIMA INDUSTRIE GmbH	Lise-Meitner Strasse 5, Dietzenbach, GERMANY	€ 500.000	100%	Line-by-line method
PRIMA FINN-POWER SWEDEN AB	Mölnålsvägen 30 C, Göteborg, SWEDEN	SEK 100,000	100%	Line-by-line method
PRIMA FINN-POWER UK LTD.	Unit 1, Phoenix Park, Bayton Road, Coventry CV7 9QN, UNITED KINGDOM	GBP 1	100%	Line-by-line method
PRIMA FINN-POWER CENTRAL EUROPE Sp.z.o.o.	ul. Przemysłowa 25 - 32-083 Balice, POLSKA	PLN 350,000	100%	Line-by-line method
PRIMA INDUSTRIE (Beijing) Company Ltd.	Rm.1 M, no. 1 Zuo Jiazhuang. Guomen Building, Chaoyang District, Beijing, P.R. CHINA	RMB 1,046,900	100%	Line-by-line method
ELECTRONICS SEGMENT				
PRIMA ELECTRONICS S.p.A.	Strada Carignano 48/2, 10024 Moncalieri, (TO) ITALY	€ 6.000.000	100%	Line-by-line method
OSAI USA, LLC	711 East Main Street, Chicopee, MA 01020, U.S.A.	USD 39,985	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

SUBSIDIARY COMPANIES				
METAL SHEET MACHINES SEGMENT	REGISTERED OFFICE	SHARE CAPITAL	STAKE	CONSOLIDATION METHOD
FINN POWER Oy	Metallite 4, FI - 62200 Kauhava, FINLAND	€ 23.417.108	100%	Line-by-line method
BALAXMAN Oy	Metallite 4, FI-62200 Kauhava, FINLAND	€ 2.522	100%	Line-by-line method
PRIMA FINN-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
FINN-POWER Italia S.r.l.	Viale Finlandia 2, 37044, Cologna Veneta (VR), ITALY	€ 1.500.000	100%	Line-by-line method
PRIMA FINN-POWER NV	Leenstraat 5, B-9810 Nazareth, BELGIUM	€ 500.000	100%	Line-by-line method
PRIMA FINN-POWER FRANCE	Espace Green Parc , Route de Villepècle 91280 St. Pierre du Perray, FRANCE	€ 792.000	100%	Line-by-line method
PRIMA FINN-POWER NORTH AMERICA Inc.	555W Algonquin Rd., Arlington Heights, IL 60005, U.S.A.	USD 10,000	100%	Line-by-line method
PRIMA FINN-POWER CANADA Ltd.	1040 Martingrove Road, Unit 11, Toronto, Ontario M9W 4W4, CANADA	CAD 200	100%	Line-by-line method

JOINT VENTURES				
	REGISTERED OFFICE	SHARE CAPITAL	STAKE	CONSOLIDATION METHOD
SNK PRIMA Company Ltd	Misaki Works 3513-1, Fuke Misaki-Cho, Sennan-Gun, Osaka, JAPAN	Yen 90,000,000	50%	Net equity method
Shanghai Unity PRIMA Laser Machinery Co Ltd.	2019, Kunyang Rd., Shanghai 201111 - P.R. CHINA	Rmb 16,000,000	35%	Net equity method
Wuhan OVL Convergent Laser Co., Ltd.	Building No.1, Great Wall Technology Industry Park,no.1,Townson Lake Road, Wuhan East Lake High-Tech Development Zone Wuhan, 430223, Hubei, P.R. CHINA	Rmb 62,364,091	25,7%	Net equity method
CARETEK S.r.l.	Via Pio VII, 127 10127 Torino, ITALIA	€ 100.000	47%	Net equity method

Chapter 3. GROUP INTERIM MANAGEMENT REPORT

MACROECONOMIC CONTEXT

The first three months of 2010 showed the first halting signs of recovery in the sector of goods and investment property, opening the way to what is still considered by the operators a year of transition, after a year in 2009 in which the market shrank to an unprecedented degree.

In particular, the UCIMU (Union of Italian Machine Tool Manufacturers) reported a recovery in the first quarter of this year, with regard to orders, of 15.2% (compared with the first quarter of the previous year), after six consecutive quarters showing decreases. According to the UCIMU, this reversal of the trend, that in the last quarter of 2009 was only glimpsed, is now becoming consistent. Unlike the previous report relative to the fourth quarter of 2009, the recovery in the number of orders places refers both to the domestic and to the foreign market.

Although we are seeing a slight recovery after the crisis, the absolute index of orders placed by the foreign market was still below the level reported five years ago.

In the U.S., purchases of high technology machine tools in the first three months of the year improved by 33.7% compared to the previous period of 2009 (sources: AMT - The Association For Manufacturing Technology and AMTDA, the American Machine Tool Distributors' Association), showing a reversal of the trend in progress, compared to what was the worst year in history for the reference market. Although we are seeing an acceleration in the acquisition of orders for machine tools, however, according to the AMT 2010 will be characterized by ups and downs due to the persisting uncertainty in the world economy.

The independent American research company Longbow (machinery and laser system market) considers that the reference market will probably show the first signs of recovery in the first half of 2010 but will only show a more significant recovery starting from the second half of the year.

The general opinion of all the main associations in the category of machine tool construction and the studies of the sector is that 2010 will be a year of transition, with a recovery at different speeds in different parts of the world, but led, undoubtedly, by emerging economies like China, India, Brazil and other growing markets, mainly in Asia and central-eastern Europe.

SIGNIFICANT EVENTS IN THE PERIOD

SALE OF EQUITY INVESTMENT IN THE JV SPLMC LTD.

On January 13, 2010, PRIMA INDUSTRIE S.p.A. sold its 50% share in the Joint Venture Shenyang Prima Laser Machine Co. to the Chinese partner, Shenyang Machine Tool Company Ltd., since it is no longer considered strategic in the light of the other Group initiatives in China.

After the transfer of the shares to the Chinese partner, the duration of the JV, due to expire in 2009, was extended by 12 months.

The share sale agreement consisted of taking over a financial payable of 491 thousand euro and a payment to PRIMA INDUSTRIE of 80 thousand euro to settle of the credit/debit positions open at the time of the sale. The transaction

had a net cost of 411 thousand euro, already reported in the financial statements at of 31/12/2009.

MERGER OF THE TWO GERMAN SUBSIDIARIES

On February 19, 2010 the two German subsidiaries of the company were merged: PRIMA INDUSTRIE GmbH and FINN-POWER GmbH, previously 100% owned respectively by PRIMA INDUSTRIE S.p.A. and FINN-POWER OY.

The operation was made according to the following procedure:

- Acquisition of 100% of FINN-POWER GmbH from FINN-POWER OY by PRIMA INDUSTRIE S.p.A.
- Merger of FINN-POWER GmbH and PRIMA INDUSTRIE GmbH. The accounting effects of the transaction are retroactive to July 1, 2009.

The transaction, between subsidiaries of the same company (PRIMA INDUSTRIE S.p.A.) has no effects on the consolidated financial statements, determining the acquisition of the assets and liabilities of FINN-POWER GmbH by PRIMA INDUSTRIE GMBH.

The merger of the two companies in the Group operating in Germany is part of a process of rationalization of the sales and technical assistance network following the acquisition of the FINN-POWER Group.

The new company, called PRIMA FINN-POWER GmbH, has its registered office in Dietzenbach (Frankfurt), where the former PRIMA INDUSTRIE GmbH was located.

INCORPORATION OF THE COMPANY CARETEK S.r.l.

On February 10, 2010, Caretek S.r.l. was incorporated by notarized deed. The company has a share capital of 100 thousand euro, fully paid-in, of which PRIMA ELECTRONICS S.p.A. holds 47%, Consoft Sistemi S.p.A. 47% and Etica S.r.l. 6%. Caretek S.r.l. was incorporated to promote the "*health care*" business to be implemented through the sale and rental of the Adamo electronic devices for remote assistance and monitoring. Adamo is on exhibit at this time as one of the examples of hi-tech *made in Italy* at the Italian building of Expo 2010 in Shanghai.

PRIMA ELECTRONICS S.p.A. is expected to become the preferential producer of all the electronic products marketed by the new company.

INCOME AND PROFITABILITY

The consolidated **REVENUES** as of 31/03/2010 amounted to 48,060 thousand euro, down 28% with respect to the corresponding period of 2009.

The turnover for the first quarter 2010 reflects the weak acquisition of orders in 2009, while the first quarter of 2009 still benefited from the order portfolio acquired in 2008 before the start of the crisis.

In outlining a more complete picture of the performance of demand, it is also necessary to point out that the acquisition of orders in the first quarter of 2010 showed a significant increase, reaching higher levels than those reached in the same period of 2009 (for more details, see the paragraph "TRADE ASSETS AND ORDER PORTFOLIO").

The geographical breakdown of consolidated revenues at 31/03/2010 is as follows:

Revenues	I Quarter 2010		I Quarter 2009	
	<i>Euro thousand</i>	%	<i>Euro thousand</i>	%
Italy	9.856	20,5	12.438	18,7
Europe	19.966	41,5	31.702	47,5
North America	5.944	12,4	9.867	14,8
Asia and Rest of the World	12.294	25,6	12.668	19,0
TOTAL	48.060	100,0	66.675	100

The economic slowdown had an impact on sales in all geographical areas except Asia and the Rest of the World, where the Group's sales remained substantially stable. Sales in Italy were down by 21%, in North America by 40% and in Europe by 37%. The Rest of the World, as we said, was only marginally affected by this decrease, down only 3% compared to the corresponding period of 2009.

The Group's turnover outside Italy was almost 80% in this quarter, in confirmation of the PRIMA INDUSTRIE Group's international vocation.

The subdivision of the revenues by business segment 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	I Quarter 2010		I Quarter 2009	
	<i>Euro thousand</i>	%	<i>Euro thousand</i>	%
Laser Systems	17.957	37,4	25.729	38,6
Electronics	8.524	17,7	7.177	10,8
Sheet metal machinery	26.283	54,7	35.668	53,5
Inter-sector revenues	(4.704)	(9,8)	(1.899)	(2,9)
TOTAL	48.060	100,0	66.675	100,0

The breakdown by segment reveals that two segments relative to *machinery* (Laser systems and sheet metal processing machines) were affected by the decrease in turnover with respect to the first quarter of 2009, while the Electronic segment showed an increase of 19% in 2009. The higher intersectorial revenues testify to the increasing level of integration of the Group.

In particular, with respect to the first quarter of 2009, the Laser systems segment showed a reduction of 30% while the sheet metal processing machines segment was down by 26%.

The Laser systems segment had 50% of its sales in Europe, 26% in Italy, and shows good performance in the Rest of the World (19% of the total), where it obtained appreciable results in Russia and China. The Electronic segment shows good performance above all in Italy and Europe (particularly Benelux and Spain). The sheet metal processing machines are a very important factor in northern Europe, the United States and China.

The turnover does not include the earnings of the Chinese joint ventures (consolidated with the shareholders' equity method), amounting to about 10.5 million euro in the quarter.

The **VALUE OF PRODUCTION** at 31/03/2010 was 52,980 thousand euro, down 7% compared to the corresponding period of the previous financial year (a decrease of 3,976 thousand euro). The value of production, which is higher than the turnover by 4,920 thousand euro highlights the reduction in stocks of finished and unfinished products of the Group. Analyzing the difference in percentage of

the margin of contribution on revenues from sales, this amounts to 32%, in line with the first quarter of 2009, despite the reduction in revenues and thanks to the actions of cost reduction implemented.

Performance indicators	I Quarter 2010		I Quarter 2009	
	<i>Euro thousand</i>	%	<i>Euro thousand</i>	%
EBITDA	(1.713)	(3,6)	1.852	2,8
EBIT	(4.039)	(8,4)	(441)	(0,7)
EBT	(5.688)	(11,8)	(2.305)	(3,5)
NET RESULT	(4.629)	(9,6)	(2.763)	(4,1)

The Group **EBITDA** is -1,713 thousand euro (-3.6% of turnover), compared with +1,852 thousand euro (2.8% of turnover) at 31/03/2009.

The EBITDA per segment is illustrated here below, gross of inter-segment items.

EBITDA	I Quarter 2010		I Quarter 2009	
	<i>Euro thousand</i>	%	<i>Euro thousand</i>	%
Laser Systems	(1.012)	59,1	2.446	132,1
Electronics	1.013	(59,1)	428	23,1
Sheet metal machinery	(1.587)	92,6	(922)	(49,8)
Inter-sector eliminations	(127)	7,4	(100)	(5,4)
TOTAL	(1.713)	100,0	1.852	100,0

The consolidated **EBIT** for the first three months of 2010 was -4.039 thousand euro (-441 thousand euro at 31/03/2009). This result is affected by the depreciation of tangible fixed assets for 754 thousand euro and intangible fixed assets for 1,572 thousand euro; as regards the latter, 633 thousand refer to depreciation relative to assets with a definite useful life entered in the corporate aggregation of the FINN-POWER Group (brand and customer relations - "customer list") and 673 thousand euro refer to the amortization of development costs.

The consolidated **EBT** as of 31/03/2010 is -5,688 thousand euro (-2,305 thousand euro at 31/03/2009); it should be noted that this value discounts net costs deriving from financial management (including profits and losses on exchange rates) for 1,661 thousand euro (2,160 thousand euro at 31/03/2009).

In particular, these also include the loan stipulated in 2008 for acquisition of the FINN-POWER Group (hereinafter referred to as the FINPOLAR Loan") for 1,038 thousand euro and net financial costs for derivative instruments (mainly linked to the FINPOLAR Loan) for 655 thousand euro.

The **NET PROFIT** as of 31/03/2010 is -4,629 thousand euro (it was -2,763 thousand euro as of 31/03/2009). Income taxes in the first quarter of 2010 indicate a positive net balance of 1,059 thousand euro. This positive balance is mainly due to limited current taxes on the reduced taxable income of some of the companies and to the entry of deferred tax assets on the temporary differences arising in the quarter.

SALES ACTIVITY AND ORDERS BACKLOG

The Group, as usual, pursued an intensive activity of order acquisition during the quarter, participating in some of the main trade fairs in the sector, particularly:

in Western Europe:

- METAPRO (Brussels – Belgium)
- SAMUMETAL (Pordenone – Italy)
- TECHNI SHOW (Utrecht – the Netherlands)

and in Asia:

- STEELFAB (Sharjah – Arab Emirates)
- IMTEX (Bangalore – India)

In the first months of 2010, order acquisition showed good performance, especially in Italy (also thanks to the effects of the so-called Tremonti-ter law), in China and in several countries in central and eastern Europe; as a result, the **order portfolio** at 30/04/2010 amounts to 79.7 million euro (compared with 75.6 million euro at 31/03/2010 and 71.2 million euro at 31/03/2009).

NET FINANCIAL POSITION

As of 31/03/2010 the net financial position of the Group shows a debt of 140.2 million euro, value that can be compared with 150.1 million euro as of 31/12/2009.

The table here below shows the breakdown of the net financial position.

Value expressed in Euro thousand	31/03/2010	31/12/2009
CASH & CASH EQUIVALENTS	(8.504)	(15.084)
CURRENT FINANCIAL LIABILITIES	31.129	44.163
NON CURRENT FINANCIAL LIABILITIES	117.557	121.012
NET FINANCIAL LIABILITIES	140.182	150.091

For better disclosure relating to the Consolidated Net Financial Position as of 31.03.10, the following should be borne in mind:

- the FINPOLAR loan amounts totally to 121,565 thousand euro and is subject to respect of certain *covenants* measured on an annual basis;
- payables due to leasing companies (almost exclusively referring to real estate) amount to 2,436 thousand euro;
- bank payables include the negative fair value of several IRS for 8,170 thousand euro; the main IRS were contracted by the parent company in partial coverage of the interest rate risk on the FINPOLAR Loan (underwriting these derivatives was foreseen by the underlying loan contract);
- payables due to factoring companies amount to only 14 thousand Euro.
- the parent company PRIMA INDUSTRIE successfully concluded, in the first quarter of 2010, an offer of ordinary shares arising from the increase of capital resolved by the Board of Directors of the company on December 18, 2009; this increase of capital led to collection of 15,232 thousand euro (inclusive of the accessory costs of the transaction).

RESEARCH AND DEVELOPMENT

The activities of research & development performed by the Group in the first quarter of 2010 totaled approximately 3,498 thousand euro (7.3% of the

turnover). The portion capitalized amounted to 1,544 thousand euro; for all the development assets capitalized, the technical feasibility and generation of probable future economic benefits was ascertained. Completing the part entered in the income statement was 1,953 thousand euro, testifying to the intention of the Group to continue investing in the future and strengthening its own competitiveness on the international markets.

During the first three months of 2010 the activities of research & development in the sector of LASER SYSTEMS concluded the development and construction of the first example of automation for the connection of the PRIMA INDUSTRIE 2D laser machines with the Night Train sheet metal magazine. This unit was delivered to a client and at the moment is in the installation and startup stage. This project is significant for two reasons: it is the first project of product integration between PRIMA INDUSTRIE and FINN-POWER that also uses, as electronics, the basic version of OPEN, the first application of the future common hardware and software platform of the Group and, in the second place, it opens new avenues of trade for PRIMA INDUSTRIE's 2D laser products, in a context with high technical content and automation.

As regards the CONVERGENT Lasers division (PRIMA North America) the activities of research & development concerned the development of a new CO₂ laser generator for cutting sheet metal and the development of the CL-R laser, a generator derived from the CL-50k, retrofittable on LASERDYNE machines of the previous generations equipped with laser generators produced by others.

As regards the LASERDYNE Division (PRIMA North America), the activity of research & development is concentrated on the preliminary project of the LASERDYNE 430 machine, a work platform with from 3 to 5 axes.

As regards the ELECTRONIC sector, the PRIMALOGIC, a low cost PLC with integrated functions of Motion Control has now gone into production. With the cooperation of PRIMA INDUSTRIE, the development of the OPEN10 application for control of the Night Train sheet metal magazine was also completed.

As regards the sector of SHEET METAL PROCESSING MACHINES, during the first quarter the new BLUE TECH series of hydraulic punches was developed, with the following features: optimization of energy consumption, higher punching speed, optimization of pressure levels (with elimination of pressure peaks), intelligent load control and minimization of heat generation. Activities for the completion of the new TULUS software modules also continued.

PERSONNEL

In the first quarter of 2010, with the worsening economic situation and in the sphere of a policy of cost reduction, many companies in the Group continued measures to reduce their personnel and make their use of the workforce more flexible so as to reduce its incidence on company costs.

On March 31, 2010, the Group employed 1,409 people, 54 less than on December 31, 2009. During the quarter the reduction was concentrated in the companies of the Sheet Metal Processing Machines segment.

THE STOCK TREND AND TREASURY STOCK

During the first quarter of 2010, PRIMA INDUSTRIE stocks went from a unit value of 7.90 euro on 04.01.10 to a value of 8.24 euro per share on 31.03.10.

The lowest value recorded was 7.20 Euro (on 26.02.2010) and the highest was 9.45 Euro (on 13.01.1010).

In particular, as can be seen from the graph, the stock rose sharply during the period of the option to the shareholders (which officially ended on 15/01/2010) of the new shares relative to the capital increase; in that period the volumes exchanged were particularly high relative both to the rights and to the shares themselves.

Following the capital increase, and in particular starting from March 2010, the stock followed the performance of the stock exchange and the reference index, which remained on an upward trend until the middle of April, and then dropped sharply in the second part of the month, also due to the events linked to the Greek situation and fear of possible default by other countries.

The graph shows these trends.



As of 31.03.2010 and as at the date of approval of this report, PRIMA INDUSTRIE S.p.A. did not and does not hold any treasury stock.

SHAREHOLDINGS

The capital of PRIMA INDUSTRIE S.p.A. amounts to 21,600,075 Euro divided into 8,640,030 ordinary shares with a par value of 2.5 Euro each.

The Group has issued no bonds or securities other than ordinary shares.

The variation of share capital with respect to 31/12/2009 is a consequence of the capital increase resolved by the Board of Directors on December 18, 2009, in application of the proxies conferred on it, pursuant to art. 2443 c.c., by the extraordinary shareholders' meeting held on June 8, 2009, and integrating the resolution passed by the Board on October 12, 2009.

This increase was made for 2,240 thousand ordinary shares (par value of Euro 2.50 each), for a total par value of euro 5,600 thousand, that were the subject of an option offer, in the ratio of 7 new shares every 20 ordinary shares owned, at a

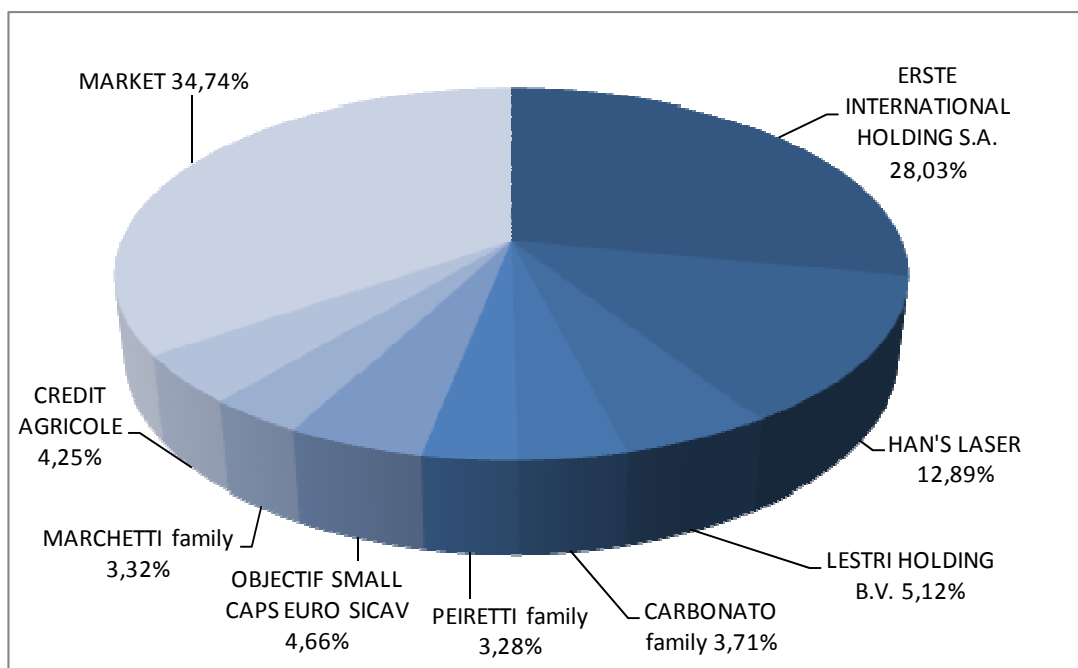
price of Euro 6.80 each, and thus for a total value, inclusive of the premium, of Euro 15,232 thousand.

The shares offered on option were combined free of charge with the "Prima Industrie 2009-2013" Warrants, in the ratio of 1 Warrant every new share underwritten. The Warrant give the right to underwrite new shares in the ratio of 1 new share every Warrant held, at the price of Euro 8.50 each; therefore, the capital increase allocated to the service of the Warrants will have as its subject a maximum of 2,240 thousand ordinary shares (for a par value of Euro 2.50 each), for a total maximum par value of Euro 5,600 thousand and for a total maximum monetary value, inclusive of premium, of Euro 19,040 thousand.

The period for exercise of the warrants was set at December 16, 2013.

Following this capital increased, resolved on February 11, 2010, and until 31/03/2010, 30 warrants had been converted; this again changed the share capital, with the issue of 30 new shares corresponding to the warrants exercised, and bring the amount of the share capital to Euro 21,600,075 (divided into 8,640,030 ordinary shares with a par value of Euro 2.50 each).

In the light of the entries in the shareholders' ledger, updated on the basis of the capital increase mentioned and subsequent communications received by the company or monitoring authorities, the most updated shareholding structure is as follows:



STOCK OPTION PLANS

At the reference date of this Interim Report a stock option plan is in existence, which was approved by the Shareholders' Meeting on the 29/04/2008. The plan is intended for the Executive Directors of PRIMA INDUSTRIE SpA., PRIMA ELECTRONICS SpA. and FINNPOWER OY, as well as the General Manager of PRIMA INDUSTRIE SpA. and the financial manager of the Group.

In particular the beneficiaries at 31.03.10 were the following:

SURNAME NAME	FUNCTION
CARBONATO Gianfranco	Chairman and Managing Director of PRIMA INDUSTRIE SpA
BASSO Ezio	CEO of PRIMA INDUSTRIE SpA
HEDENBORG Tomas	Managing Director of FINN POWER OY
PEIRETTI Domenico	Managing Director of PRIMA ELECTRONICS SpA
RATTI Massimo	CFO of PRIMA INDUSTRIE Group

In the first three months of the year the cost of the stock options, determined at the beginning of the plan on the basis of the pro-tempore value of the PRIMA INDUSTRIE shares, was 103 thousand euro.

Further information about the stock option plan is published on the company's website: www.primaindustrie.com

TRANSACTIONS WITH RELATED PARTIES

For details on the subject of transactions by the Group with associates, see "Note 6.29 – INFORMATION ON ASSOCIATES".

ATYPICAL AND UNUSUAL TRANSACTIONS

For the purposes of Consob Notice No. DEM/6064296 dated 28/07/2006 it should be noted that the Group did not perform any atypical and/or unusual transactions as defined in the aforesaid notice during the reference period.

FORESEEABLE MANAGEMENT DEVELOPMENTS AND OUTLOOK FOR THE CURRENT YEAR

The Group records a difficult quarter, with results that were to a great extent predictable as they were a direct consequence of the market situation in 2009. Positive signals are starting to come from the market, however, particularly as regards the increase of orders in Italy, the U.S., China and other emerging markets. 2010 is thus confirmed, as expected, as a period of transition that the Group is handling with the determined will to continue to optimize its costs, organization structure and net financial position.

Chapter 4. ECONOMIC PERFORMANCE BY SEGMENT

The data reported here refer to profits for the first quarter of 2010 for the three operating segments (inclusive of intersectorial items) of the PRIMA INDUSTRIE Group.

Values in thousands of Euros	1st Quarter 2010				1st Quarter 2009					
	REVENUES	EBITDA	% on Revenues	EBIT	% on Revenues	REVENUES	EBITDA	% on Revenues	EBIT	% on Revenues
LASER SYSTEMS	17.957	(1.012)	-5,6%	(1.429)	-8,0%	25.729	2.446	9,5%	2.103	8,2%
ELECTRONICS	8.524	1.013	11,9%	770	9,0%	7.177	428	6,0%	245	3,4%
SHEET METAL PROCESSING EQUIPMENT	26.283	(1.587)	-6,0%	(3.255)	-12,4%	35.668	(922)	-2,6%	(2.689)	-7,5%
ELISIONS	(4.704)	(127)	2,7%	(125)	2,7%	(1.899)	(100)	5,3%	(100)	5,3%
CONSOLIDATED	48.060	(1.713)	-3,6%	(4.039)	-8,4%	66.675	1.852	2,8%	(441)	-0,7%

It should be noted that on April 23, 2010 the Group announced a new organization structure. The Group will be structured in two divisions, Machines and Electronics. The Electronics division will develop electronic products while the Machines division will include laser systems and sheet metal processing equipment.

Within the Machine division, two functional units have been identified:

- Operations
- Sales, Marketing and Service.

The new organization flanks the existing corporate structure, that continues to regulate the legal, accounting and fiscal areas of the Group.

In the future, with this new organization, the information by operating sectors may change with respect to that furnished until now.

LASER SYSTEMS

The revenues for the first quarter 2010 were down by 30% compared to the corresponding period of 2009; consequently the EBIT and EBITDA were also lower. This decrease is due to the fact that in the first quarter of the past year, revenues were still benefiting from the orders placed prior to the most severe stage of the financial and economic crisis.

We set out in detail the operating results of the Laser systems segment, highlighting PRIMA INDUSTRIE S.p.A.'s information.

Company	1st Quarter 2010			1st Quarter 2009		
	REVENUES	EBITDA	EBIT	REVENUES	EBITDA	EBIT
PRIMA INDUSTRIE SpA	13.272	(14)	(335)	20.230	2.144	1.876
Other companies and elisions	4.685	(998)	(1.094)	5.499	302	227
LASER SYSTEMS	17.957	(1.012)	(1.429)	25.729	2.446	2.103

As can be seen from the table above, the parent company reported a significant decrease in revenues (down by 34%), but the EBITDA, despite the decrease, remained substantially the same. This was made possible by the continuing activities of cost containment implemented by PRIMA INDUSTRIE.

On the whole, the profitability of this segment was negative (EBITDA negative for 1,012 thousand euro) due to the negative contribution of certain foreign subsidiaries (in particular the American and German once), and to a number of entry elisions (mainly for the transfer of intercompany warehouse margins).

ELECTRONICS

Compared to the same period in 2009, in the first three months of 2009 the Electronics segment reported an increase in revenues (+19%) and consequently of the EBITDA (+137%).

We set out hereunder an analysis of the operating results of the Electronics segment, highlighting the information relative to PRIMA ELECTRONICS SpA.

Company	1st Quarter 2010			1st Quarter 2009		
Values in thousands of Euros	REVENUES	EBITDA	EBIT	REVENUES	EBITDA	EBIT
PRIMA ELECTRONICS SpA	8.208	1.071	840	6.881	529	353
Other companies and elisions	316	(58)	(70)	296	(101)	(108)
ELECTRONICS	8.524	1.013	770	7.177	428	245

As can be seen from the above table, PRIMA ELECTRONICS SpA had an increase of revenues (up by 19%) and the EBITDA was also positively affected by this increase, as it doubled in comparison with the first quarter of 2009, from 529 thousand to 1,071 thousand euro.

SHEET METAL PROCESSING MACHINERY

In terms of revenues in these first three months of 2010, the sheet metal processing equipment segment seems the most significant division of the Group. The EBITDA for the period is negative for 1,587 thousand euro. The EBIT for this segment is negative for 3,255 thousand; depreciation of the trademark and customer list, amounting to 633 thousand Euro, and amortization of development costs for 450 thousand Euro impacted significantly on this result.

A detailed analysis of the operating results of the metal sheet machines segment is set out below, highlighting the data relative to FINN POWER OY.

Company	1st Quarter 2010			1st Quarter 2009 (*)		
Values in thousands of Euros	REVENUES	EBITDA	EBIT	REVENUES	EBITDA	EBIT
FINN-POWER Oy	18.448	44	(669)	24.502	843	99
Other companies and elisions	7.835	(1.631)	(2.586)	11.166	(1.765)	(2.788)
SHEET METAL PROCESSING EQUIP	26.283	(1.587)	(3.255)	35.668	(922)	(2.689)

(*) For greater comparability of data, the EBIT values relative to the 1st Quarter 2009 have been reclassified

Chapter 5. CONSOLIDATED FINANCIAL STATEMENTS OF THE PRIMA INDUSTRIE GROUP AS OF 31/03/10

ACCOUNTING TABLES

BALANCE SHEET – CONSOLIDATED BALANCE SHEET

Values in Euro	Notes	31/03/2010	31/12/2009
Property, plant and equipment	6.1	26.097.852	26.446.492
Intangible assets	6.2	154.059.812	153.850.327
Investment properties	6.3	158.000	158.000
Investments accounted for using the equity method	6.4	5.064.312	4.699.761
Other investments	6.5	880.853	880.853
Other non current financial assets	6.6	-	-
Deferred tax assets	6.7	6.173.491	4.916.371
Other non current assets	6.10	17.707	18.696
NON CURRENT ASSETS		192.452.027	190.970.500
Inventories	6.8	77.688.384	71.807.653
Trade receivables	6.9	52.051.060	58.823.172
Other receivables	6.10	5.091.820	4.398.680
Current tax receivables	6.11	5.921.147	5.984.885
Cash and cash equivalents	6.12	8.503.851	15.083.752
CURRENT ASSETS		149.256.262	156.098.142
TOTAL ASSETS		341.708.289	347.068.642
Capital stock	6.13	21.600.075	16.000.000
Legal reserve	6.13	2.733.635	2.733.635
Other capital reserves	6.13	53.925.190	45.185.605
Currency translation reserve	6.13	(897.463)	(2.384.892)
Retained earnings	6.13	3.443.305	12.138.832
Net result	6.13	(4.628.520)	(8.695.527)
Stockholders' equity of the Group		76.176.222	64.977.653
<i>Minority interest</i>		-	-
STOCKHOLDERS' EQUITY		76.176.222	64.977.653
Interest-bearing loans and borrowings	6.12	109.387.273	113.495.746
Employee benefit liabilities	6.14	7.177.282	7.503.809
Deferred tax liabilities	6.15	10.628.277	10.902.912
Provisions	6.16	67.754	67.754
Derivatives	6.12	8.168.970	7.516.059
NON CURRENT LIABILITIES		135.429.556	139.486.280
Trade payables	6.17	53.348.886	51.429.488
Advance payments	6.17	20.349.280	19.664.435
Other payables	6.17	15.253.076	15.398.252
Interest-bearing loans and borrowings	6.12	31.128.354	44.160.205
Current tax payables	6.18	1.585.680	2.671.847
Provisions	6.16	8.436.169	9.277.398
Derivatives	6.12	1.066	3.084
CURRENT LIABILITIES		130.102.511	142.604.709
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		341.708.289	347.068.642

CONSOLIDATED INCOME STATEMENT

Values in Euro	Notes	31/03/2010	31/03/2009
Net revenues	6.19	48.060.102	66.675.075
Other income	6.20	419.781	543.957
Change in inventories of finished goods and WIP		2.918.486	(11.975.944)
Increases in fixed assets for internal work	6.21	1.581.150	1.712.575
Use of raw materials, consumables, supplies and goods		(24.119.513)	(20.574.831)
Personnel cost	6.22	(18.849.375)	(21.408.909)
Depreciation	6.23	(2.326.022)	(2.292.880)
Amortization and impairment	6.23	-	-
Other operating expenses	6.24	(11.723.593)	(13.120.067)
OPERATING PROFIT		(4.038.984)	(441.024)
Financial income	6.25	47.958	171.028
Financial expenses	6.25	(2.132.981)	(2.771.659)
Net exchange differences	6.26	424.141	440.315
Net result of investments accounted for using the equity method		12.054	296.109
RESULT BEFORE TAXES		(5.687.812)	(2.305.231)
Income taxes	6.27	1.059.292	(457.911)
NET RESULT		(4.628.520)	(2.763.142)
- Attributable to Group shareholders		(4.628.520)	(2.763.142)
- Attributable to minority shareholders		-	-
RESULT PER SHARE - BASIC (in euro)	6.28	(0,62)	(0,43)
RESULT PER SHARE - DILUTED (in euro)	6.28	(0,47)	(0,42)

STATEMENT OF COMPREHENSIVE INCOME

Values in Euro	Notes	31/03/2010	31/03/2009
NET RESULT (A)		(4.628.520)	(2.763.142)
Gains/(Losses) on cash flow hedges	6.13	(980.124)	(1.525.575)
Gains/(Losses) on exchange differences on translating foreign operations	6.13	1.487.429	979.302
TOTAL OTHER GAIN/(LOSSES) (B)		507.305	(546.273)
TOTAL NET RESULT OF THE PERIOD (A) + (B)		(4.121.215)	(3.309.415)
- Attributable to Group shareholders		(4.121.215)	(3.309.415)
- Attributable to minority shareholders		-	-

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

from January 1st to March 31st, 2009

Values in Euro	01/01/2009	Change of consolidation area	Purchase/Sale of treasury stock	Gain on sale of treasury stock	Capital increase	Allocation of prior year profits	Distribution of dividends to stockholders	Net result	Other movements	Currency translation reserve	31/03/2009
Capital stock	16.000.000	-	-	-	-	-	-	-	-	-	16.000.000
Additional paid-in capital	36.814.893	-	-	-	-	-	-	-	-	-	36.814.893
Legal reserve	2.300.000	-	-	-	-	-	-	-	-	-	2.300.000
Capital increase - expenses	(973.223)	-	-	-	-	-	-	-	-	-	(973.223)
Stock option reserve	318.364	-	-	-	-	-	-	-	102.532	-	420.896
Change in the FV of hedging derivatives	(4.247.108)	-	-	-	-	-	-	(1.525.575)	-	-	(5.772.683)
Other reserves	5.881.314	-	-	-	-	-	-	-	-	-	5.881.314
Currency translation reserve	(1.776.810)	-	-	-	-	-	-	979.302	-	-	(797.508)
Retained earnings	15.293.409	-	-	-	-	5.476.434	-	-	-	-	20.769.843
Net result	5.476.434	-	-	-	-	(5.476.434)	-	(2.763.142)	-	-	(2.763.142)
Stockholders' equity of the Group	75.087.273	-	-	-	-	-	-	(3.309.415)	102.532	-	71.880.390
Minority interest	-	-	-	-	-	-	-	-	-	-	-
STOCKHOLDERS' EQUITY	75.087.273	-	-	-	-	-	-	(3.309.415)	102.532	-	71.880.390

from January 1st to December 31st, 2009

Values in Euro	01/01/2010	Change of consolidation area	Purchase/Sale of treasury stock	Gain on sale of treasury stock	Capital increase	Allocation of prior year profits	Distribution of dividends to stockholders	Net result	Other movements	Currency translation reserve	31/03/2010
Capital stock	16.000.000	-	-	-	5.600.075	-	-	-	-	-	21.600.075
Additional paid-in capital	36.814.893	-	-	-	9.632.180	-	-	-	-	-	46.447.073
Legal reserve	2.733.635	-	-	-	-	-	-	-	-	-	2.733.635
Capital increase - expenses	(1.263.903)	-	-	-	(15.003)	-	-	-	-	-	(1.278.906)
Stock option reserve	728.494	-	-	-	-	-	-	-	102.532	-	831.026
Change in the FV of hedging derivatives	(5.214.268)	-	-	-	-	-	-	(980.124)	-	-	(6.194.392)
Other reserves	14.120.389	-	-	-	-	-	-	-	-	-	14.120.389
Currency translation reserve	(2.384.892)	-	-	-	-	-	-	1.487.429	-	-	(897.463)
Retained earnings	12.138.832	-	-	-	-	(8.695.527)	-	-	-	-	3.443.305
Net result	(8.695.527)	-	-	-	-	8.695.527	-	(4.628.520)	-	-	(4.628.520)
Stockholders' equity of the Group	64.977.653	-	-	-	15.217.252	-	-	(4.121.215)	102.532	-	76.176.222
Minority interest	-	-	-	-	-	-	-	-	-	-	-
STOCKHOLDERS' EQUITY	64.977.653	-	-	-	15.217.252	-	-	(4.121.215)	102.532	-	76.176.222

CONSOLIDATED STATEMENT OF CASH FLOW

VALUES IN EURO	31/03/2010	31/03/2009
Net result	(4.628.520)	(2.763.142)
Adjustments (sub-total)	1.250.324	(2.727.463)
Depreciation and amortization	2.326.022	2.292.880
Net change in deferred tax assets and liabilities	(1.531.755)	101.997
Net result of investments accounted for using the equity method	(12.054)	(296.109)
Change in employee benefits	(326.527)	(414.060)
Change in inventories	(5.880.731)	11.283.559
Change in trade receivables	6.772.112	8.574.340
Change in trade payables	2.604.243	(22.255.843)
Net change in other receivables/payables and other assets/liabilities	(2.700.986)	(2.014.227)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES (A)	(3.378.196)	(5.490.605)
Cash flow from investments		
Acquisition of tangible fixed assets	(211.140)	(366.830)
Acquisition of intangible fixed assets	(25.780)	(199.094)
Capitalization of development costs	(1.544.335)	(1.497.124)
Disposal/(Purchase) investments accounted for using the equity method	(47.000)	-
Net disposal of tangible and intangible fixed assets	7.350	653.097
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)	(1.820.905)	(1.409.951)
Cash flow from financing activities		
Change in other non current financial liabilities and other minor items	257.298	1.964.289
Increases in loans and borrowings	1.275.396	14.824.927
Repayment of loans and borrowings	(18.658.987)	(8.101.360)
Net change in financial lease liabilities	(81.596)	(209.633)
Capital increase	15.217.252	-
Other changes in equity	609.837	(643.188)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES (C)	(1.380.800)	7.835.035
Net change in cash and equivalents (D=A+B+C)	(6.579.901)	934.479
Cash and equivalents beginning of period (E)	15.083.752	14.467.456
Cash and equivalents end of period (F=D+E)	8.503.851	15.401.935

Chapter 6. EXPLANATORY NOTES

COMPANY INFORMATION

PRIMA INDUSTRIE S.p.A.'s corporate mission is the design, manufacture and sale of electrical and electronic equipment, machines and mechanical systems and the related software programs for use in industrial automation or in other sectors in which the Company's technology may be usefully employed.

The main activity focuses on the cutting and welding laser machines sector.

PRIMA North America, Inc. (incorporated under American law) is structured in three divisions:

- CONVERGENT LASERS DIVISION: which designs, manufactures, sells and provides service in respect of industrial lasers throughout the world.
- LASERDYNE SYSTEMS DIVISION: which designs, manufactures, sells and provides assistance in respect of Laserdyne systems throughout the world. These systems are specialized in the use of lasers for the production of components for aeronautic motors and turbines for the generation of energy.
- PRIMA LASER SYSTEMS: sells and services the 3D laser machines produced by PRIMA INDUSTRIE on the North American market.

PRIMA FINN-POWER GmbH (incorporated under German law) performs activities of management, promotion and service on the German market.

PRIMA FINN-POWER SWEDEN AB (incorporated under Swedish law) performs activities of management, promotion and service on the Scandinavian market.

PRIMA FINN-POWER UK LTD. (incorporated under British law) carries out management, promotion and service for PRIMA INDUSTRIE's products on the English and neighbouring markets.

PRIMA FINN-POWER CENTRAL EUROPE Sp.zo.o. (formerly PRIMA FINN-POWER POLSKA Sp.z.o.o.) (incorporated under Polish law), performs activities of management, promotion and service on the Eastern European markets.

PRIMA INDUSTRIE (Beijing) Co. Ltd. (incorporated under Chinese law) performs servicing activities on the Chinese market.

PRIMA ELECTRONICS S.p.A.'s corporate mission is the design, manufacture and sale of mechanical, electrical and electronic equipment, systems and installations and the relevant software programs bearing the PRIMA ELECTRONICS, OSAI and TECHMARK trademark. The company may also acquire and grant manufacturing licences.

This company is the parent company of the group composed of the following firms:

- OSAI USA Llc., 100% shareholding
- OSAI UK Ltd., 100% shareholding
- CARETEK S.r.l. 47% shareholding

The FINN-POWER Group with headquarters in Kauhava, Finland, and with productive sites in both Finland and Italy and subsidiary companies in Italy, France, Belgium, Spain, the USA and Canada, operates mainly in the sector of machines for sheet metal

processing (punching machines, punching-shearing cells and punching machines-lasers, automatic bending cells and the related automation systems) and to a lesser extent, in the sector of laser cutting machines, a sector in which the PRIMA INDUSTRIE Group is a leader.

FINN-POWER products are positioned in the medium-high range and are characterized by good versatility and size as well as a high degree of automation: the company is renowned for its flexible production systems operating throughout the whole production unit.

FINN-POWER OY (acquired by PRIMA INDUSTRIE S.p.A. in February 2008) is the parent company of a group consisting of:

- FINN-POWER ITALIA S.r.l., 100% shareholding, whose mission is the production of a line of FINN-POWER products (paneling machines), and the sale and servicing of all the FINN-POWER products on the Italian market.
- PRIMA FINN-POWER FRANCE Sarl, 100% shareholding, a marketing and servicing company
- PRIMA FINN-POWER NV, 100% shareholding, a marketing and servicing company
- PRIMA FINN-POWER IBERICA,SL, holding of 78% (the remaining 22% is held by PRIMA INDUSTRIE S.p.A.), a marketing and servicing company.
- BALAXMAN OY, 100% shareholding
- PRIMA FINN-POWER North America, 100% shareholding, a marketing and servicing company
- PRIMA FINN-POWER CANADA Ltd, 100% shareholding through PRIMA FINN-POWER North America, a marketing and servicing company

FORM AND CONTENT

The abridged consolidated financial statements of the PRIMA INDUSTRIE Group as of 31/03/2010 were prepared in the perspective of an on-going concern (for more details see the note on "Accounting Standards") and in respect of the International Financial Reporting Standards issued by the International Accounting Standards Board and approved by the European Union (defined as "IFRS"), as well as the legislative provisions and regulations in force in Italy (with particular reference to Legislative Decree 58/1998 and subsequent amendments, and the emitter regulations published by the CONSOB). "IFRS" means the International Accounting Standards (IAS) still in force, as well as all the interpretational documents issued by the International Financial Reporting Interpretations Committee ("IFRIC") previously known as the Standing Interpretations Committee ("SIC").

The abridged consolidated financial statements at 31/03/2010 were prepared, in summary form, in accordance with IAS 34 "Interim Financial Statements" and do not include all the information required in the annual Financial Statements and must be read together with the annual Financial Statements prepared for the year ending 31/12/2009.

The abridged Consolidated Financial Statements at 31/03/2010 of the PRIMA INDUSTRIE Group are expressed in Euro, which is also the applicable currency in the economies in which the Group mainly operates.

The foreign subsidiaries are included in the abridged Consolidated Financial Statements at 31/03/2010 in accordance with the principles described in the Note entitled "Accounting Principles" in the Consolidated Financial Statements as of 31.12.09.

The Balance Sheet information as at 31.12.09, the Income Statement information as well as that relative to the cash-flow for the first three months of 2009 was presented for comparative purposes, in application of IAS 1 (Presentation of the Financial Statements).

ACCOUNTING PRINCIPLES

Ongoing concern

The abridged consolidated financial statements at 31/03/2010 were prepared in the perspective of an ongoing concern, as there are reasonable expectations that PRIMA INDUSTRIE will continue its operations in the foreseeable future.

Accounting criteria and principles of consolidation

The accounting criteria and principles of consolidation used for the preparation of the abridged consolidated financial statements at 31/03/2010 are the same as those used in preparing the annual consolidated financial statements at 31/12/2009, to which reference is made, save application of the new standards/interpretations applied by the Group after January 1, 2010, and any adaptations required by the nature of interim reporting.

Use of account estimates

The preparation of the interim Financial Statements requires management to make estimates and assumptions that have an effect on the revenue values, as well as on the costs and the assets and liabilities in the Financial Statements and on the report relating to the potential assets and liabilities at the date of the interim Financial Statements. In the future should these estimates and assumption that are based on management's best assessment, differ from the actual circumstances, they will be changed in an appropriate way in the period in which the circumstances themselves change. In particular and at the time of preparing the abridged consolidated financial statements as at 31.03.10, the income taxes for the period for the individual consolidated enterprises were determined on the basis of the best estimate possible in relation to the information available and on the reasonable estimate of the trend for the financial year until the end of the tax period.

FINANCIAL STATEMENT FORMAT

As far as the layout of the Financial Statements is concerned, the Group has elected to use the layout described here below:

- a) as regards the Balance Sheet the Company has adopted the layout which reflects the assets and liabilities distinguishing between "current" (i.e. liquid/due within one year) and "non current" (i.e. illiquid/ due beyond one year);
- b) as regards the consolidated income statement, the layout used divides the costs by their nature; the total consolidated income statement includes, in addition to the profit for the period, the other changes in movements of the shareholders' equity different from those with the shareholders;

- c) as regards the table of changes in Stockholders' Equity, the Company adopted the layout that reconciles the opening and closing balances of each item of equity both for the period underway as well as for the previous one;
- d) as regards the Cash Flow Statement the Company elected the so-called "indirect" method, in which one determines the financial flow net of operating activities adjusting the profit and loss for the effects of:
 - non monetary elements such as depreciation, impairment, profits and losses on associated unrealized items;
 - the changes in inventories, receivables and payables generated by the operating activities;
 - other elements where the financial flows are generated by investment activities and financing.

In order to provide a better presentation of the equity situation of the group, the items "Other equity investments" and "Other financial assets" at 31/12/2009 have been reclassified.

These Financial Statements were authorised for publication by the Board of Directors on 13.05.2010.

EXPLANATORY NOTES

The data provided in the explanatory notes are in euro, unless specified otherwise.

NOTE 6.1 – INTANGIBLE FIXED ASSETS

At 31.03.10 the tangible fixed assets amount to 26,098 euro, down from 349 thousand Euro as at 31.12.2009.

For more details, see the table here below.

Tangible fixed assets	Land and buildings	Plants and machinery	Industrial and trade equipment	Other goods	Fixed assets under construction	TOTAL
Values as of January 1, 2009						
Historic cost	31.122.650	17.021.629	5.417.312	14.003.341	448.308	68.013.240
Depreciation fund	(4.629.022)	(11.936.583)	(4.501.745)	(11.442.023)	-	(32.509.373)
Net value as of January 1, 2009	26.493.628	5.085.046	915.567	2.561.318	448.308	35.503.867
Year 2009						
Net value as of January 1, 2009	26.493.628	5.085.046	915.567	2.561.318	448.308	35.503.867
Variation in the area of consolidation	-	-	-	-	-	-
Variation in the area of consolidation on depr.fund	-	-	-	-	-	-
Increases	30.677	234.624	235.100	424.805	217.619	1.142.825
Disinvestments	(7.409.563)	(412.020)	(796)	(692.487)	-	(8.514.866)
Use of depreciation fund	1.360.762	322.750	-	671.495	-	2.355.007
Depreciation	(1.146.019)	(1.422.372)	(415.647)	(950.948)	-	(3.934.986)
Impairment	-	-	-	-	-	-
Reclassifications	-	(113.953)	47.377	66.576	-	-
Depreciation funds reclassified	-	-	-	-	-	-
Difference on exchange rates	(72.870)	(97.053)	697	(74.620)	-	(243.846)
Difference on exchange on depr.funds	9.831	58.701	(800)	70.759	-	138.491
Net value as of December 31, 2009	19.266.446	3.655.723	781.498	2.076.898	665.927	26.446.492
December 31, 2009						
Historic cost	23.670.894	16.633.227	5.699.690	13.727.615	665.927	60.397.353
Depreciation fund	(4.404.448)	(12.977.504)	(4.918.192)	(11.650.717)	-	(33.950.861)
Net value as of December 31, 2009	19.266.446	3.655.723	781.498	2.076.898	665.927	26.446.492
Values as of January 1, 2010						
Historic cost	23.670.894	16.633.227	5.699.690	13.727.615	665.927	60.397.353
Depreciation fund	(4.404.448)	(12.977.504)	(4.918.192)	(11.650.717)	-	(33.950.861)
Net value as of January 1, 2010	19.266.446	3.655.723	781.498	2.076.898	665.927	26.446.492
1st Quarter 2010						
Net value as of January 1, 2009	19.266.446	3.655.723	781.498	2.076.898	665.927	26.446.492
Variation in the area of consolidation	-	-	-	-	-	-
Variation in the area of consolidation on depr.fund	-	-	-	-	-	-
Increases	-	37.519	68.600	91.791	13.230	211.140
Disinvestments	-	-	-	(100.659)	-	(100.659)
Use of depreciation fund	-	-	-	93.309	-	93.309
Depreciation	(176.660)	(277.851)	(100.977)	(198.221)	-	(753.709)
Impairment	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Depreciation funds reclassified	-	-	-	-	-	-
Difference on exchange rates	-	197.911	1.910	281.417	-	481.238
Difference on exchange on depr.funds	-	(131.001)	(1.683)	(147.275)	-	(279.959)
Net value as of March 31, 2010	19.089.786	3.482.301	749.348	2.097.260	679.157	26.097.852
March 31, 2010						
Historic cost	23.670.894	16.868.657	5.770.200	14.000.164	679.157	60.989.072
Depreciation fund	(4.581.108)	(13.386.356)	(5.020.852)	(11.902.904)	-	(34.891.220)
Net value as of March 31, 2010	19.089.786	3.482.301	749.348	2.097.260	679.157	26.097.852

During the period, no significant investments and disinvestments took place. The reduction in net book value of tangible fixed assets mainly reflects depreciation in the period, against rather low net investments.

NOTE 6.2 – INTANGIBLE FIXED ASSETS

The intangible fixed assets at 31.03.10 amounted to 154,060 thousand Euro an increase compared to 31.12.09 of 209 thousand Euro.

Reference is made to the table below for more details regarding the movements in the intangible fixed assets during the first quarter of 2010.

Intangible fixed assets	Goodwill	Development costs	Other goods	TOTAL
Year 2009				
Net value as of January 1, 2009	102.585.493	8.012.689	42.577.652	153.175.834
Variation in the area of consolidation	-	-	-	-
Increases/(decreases)	-	6.500.781	460.137	6.960.918
Reclassifications	-	3.316.084	(3.316.084)	-
Depreciation	-	(2.341.064)	(3.656.096)	(5.997.160)
Impairment	-	(174.025)	-	(174.025)
Difference on exchange rates	(74.393)	(40.847)	-	(115.240)
Net value as of December 31, 2009	102.511.100	15.273.618	36.065.609	153.850.327
1st Quarter 2010				
Net value as of January 01, 2010	102.511.100	15.273.618	36.065.609	153.850.327
Variation in the area of consolidation	-	-	-	-
Increases/(decreases)	-	1.544.335	25.780	1.570.115
Reclassifications	-	-	-	-
Depreciation	-	(672.757)	(899.556)	(1.572.313)
Impairment	-	-	-	-
Difference on exchange rates	145.597	66.086	-	211.683
Net value as of March 31, 2010	102.656.697	16.211.282	35.191.833	154.059.812

The most significant item is Goodwill, which as of 31/03/2010 amounts to 102,657 thousand euro. All Goodwill recorded in the Financial Statements relates to the greater value paid compared to the fair value of the business acquired.

The table below sets out the book value of the goodwill allocated to each unit that generates financial flows.

UNIT GENERATOR OF CASH FLOWS	BOOK VALUE OF GOODWILL	
	31/03/2010	31/12/2009
FINN-POWER GROUP	96.078	96.078
OSAI (Service)	4.125	4.125
PRIMA NORTH AMERICA	2.263	2.117
MLTA	154	154
OSAI UK	37	37
TOTAL	102.657	102.511

Goodwill is not subject to depreciation and is annually subject to the impairment test. In consideration of the consolidated profits for the year 2009, the Group performed the impairment test as of 31/12/2009 on the value of the main goodwill (FINN-POWER Group, OSAI-Service and PRIMA NORTH AMERICA), for which reference is made to the consolidated financial statements as of 31/12/2009.

NOTE 6.3 – INVESTMENT PROPERTIES

This item remained unchanged compared to 31.12.09 and amounts to 158 thousand Euro; the asset relates to an area zoned for agricultural purposes owned by FINN-POWER Italia, situated in Asola (MN). This area was valued by an independent appraiser during 2008.

NOTE 6.4 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The value of equity investments included in this item increased with respect to the past year by 365 thousand euro.

Equity investments valued with PN method	SUP (1)	SNK	CARETEK	TOTAL
December 31, 2007	2.081.034	153.883	-	2.234.917
Portion of result	829.056	(11.105)	-	817.951
Increases	823.625	-	-	823.625
Currency adjustment	249.244	(63.203)	-	186.041
December 31, 2008	3.982.959	79.575	-	4.062.534
Portion of result	794.499	(410)	-	794.089
Increases	-	-	-	-
Currency adjustment	(153.164)	(3.698)	-	(156.862)
December 31, 2009	4.624.294	75.467	-	4.699.761
Portion of result	12.062	(8)	-	12.054
Increases	-	-	47.000	47.000
Currency adjustment	301.191	4.306	-	305.497
March 31, 2010	4.937.547	79.765	47.000	5.064.312

(1) SHANGHAI UNITY PRIMA LASER MACHINERY CO. LTD.

The change was due to inclusion of the profit portion, currency adjustment of the equity investments included in this item and the incorporation of Caretek S.r.l. on February 10, 2010. Caretek S.r.l. has a share capital of 100 thousand euro, fully paid-in, of which PRIMA ELECTRONICS S.p.A. holds 47%, Consoft Sistemi S.p.A. 47% and Etica S.r.l. 6%. For more information regarding these two operations, reference is made to "Chapter 3 – Group Interim Management Report".

The value entered in the abridged consolidated financial statements at 31/03/2010 refers for 4,937 thousand euro to the equity investment of 35% in Shanghai Unity Prima Laser Machinery Co.Ltd, for 80 thousand euro to the equity investment of 50% in SNK Prima Company Ltd and for 47 thousand euro to Caretek S.r.l.. It should also be noted that on January 13, 2010, PRIMA INDUSTRIE S.p.A. sold to the Chinese partner Shenyang Machine Tool Company its 50% share in the Joint Venture Shenyang Prima Laser Machine Co. Ltd. For more information about this transaction see "Chapter 3 - Group Interim Management Report".

NOTE 6.5 - OTHER EQUITY INVESTMENTS

The value of the other equity investments as at 31/12/2009 has been reclassified, transferring the entire value reported under Other financial assets in this item; this was done to furnish a better representation of the Group's equity situation.

With the exception of this reclassification, the item Other equity investments remained unchanged with respect to the previous year. The item consists of the following elements:

- Electro Power Systems (750 thousand euro);
- Consorzio Sintesi (52 thousand euro).
- Fimecc OY (50 thousand euro);
- other lesser equity investments (29 thousand euro).

The equity investment in ELECTRO POWER SYSTEMS is held by the subsidiary PRIMA ELECTRONICS and amounts to 3.08%, the equity investment in the Consorzio Sintesi is held by the parent company in the amount of 10%, while the equity investment in Fimecc OY is held by FINN-POWER OY and amounts to 2.4%.

Among the Other equity investments is an equity investment, from the third quarter of 2009, in OSAI GmbH in liquidation, amounting to 1 Euro. During the third quarter 2009, OSAI GmbH was put in liquidation and has therefore been excluded from the area of consolidation.

NOTE 6.6 - OTHER FINANCIAL ASSETS

As already stated in "Note 6.5 – Other equity investments", in order to furnish a better representation of the Group's equity situation, we reclassified the Other financial assets at 31/12/2009 among Other equity investments.

NOTE 6.7 - FISCAL ASSETS FOR PREPAID TAXES

Fiscal assets for prepaid taxes amount to 6,173 thousand euro, up with respect to the previous year by 1,257 thousand euro.

The temporary differences that generated these fiscal assets refer mainly to margins on infragroup sales not realized, funds for risks on warranties and write-down funds for receivables and inventories; the increase with respect to 31/12/2009 is mainly due to the increase of infragroup warehouses. Entry in the financial statements of the prepaid taxes was made, wherever there was a definite probability of recovering them.

In the light of the foregoing, and taking account of the considerations made in general on the continuity of the business, in the first three months of 2010 no events occurred that would change our expectations concerning the recoverability of prepaid taxes.

On some companies of the FINN-POWER Group reports of prepaid taxes were made, while on the remainder no such reports were made, taking account of the losses historically reported and coherent with the policies adopted in previous years.

NOTE 6.8 - INVENTORIES

The following table illustrates the breakdown of inventories as of 31/12/2009 and as of 31/03/2010

INVENTORIES	31/03/10	31/12/09
Raw materials	34.861.304	32.648.395
(Raw materials devaluation fund)	(3.630.623)	(3.406.432)
Unfinished goods	12.977.805	9.161.872
(Unfinished goods devaluation fund)	(175.489)	(175.489)
Finished products	35.901.178	35.873.404
(Finished products write-down fund)	(2.245.791)	(2.294.097)
TOTAL	77.688.384	71.807.653

At 31.03.10 the inventories amounted to 77,688 thousand Euro net of the provision for writedowns of inventories totaling 6,052 thousand Euro.

The value of inventories in stock on 31/03/2010 shows a net increase of 5,881 thousand euro. The increase in the net value of inventories reflects the growth of the Group's order portfolio, following the increased acquisition of orders in the early months of 2010 and also by effect of the growth of the dollar against the euro.

NOTE 6.9 - TRADE RECEIVABLES

The trade receivables at 31.03.10 amounted to 52,051 thousand Euro and compared to the previous financial year the item recorded a decrease of 6,772 thousand Euro.

TRADE RECEIVABLES	31/03/10	31/12/09
Receivables from clients	57.168.358	63.673.042
Receivable write-down fund	(5.715.640)	(5.836.151)
Net receivables from clients	51.452.718	57.836.891
Receivables from associates	598.342	986.281
Write-down fund for rec. from assoc.	-	-
TOTAL	52.051.060	58.823.172

The receivables from associates amount to 598 thousand euro and are commented on in note 6.29 "Information about associates". The decrease in trade receivables between 31/12/2009 and 31/03/2010 was caused by the decrease in sales revenues. With reference to the receivables write-down fund, this does not show significant variations, since it was felt that the receivable risk was adequately covered by the fund allocated.

NOTE 6.10 - OTHER RECEIVABLES

The Other receivables in existence at 31.03.10 amount to 5,092 thousand Euro and decreased compared to the previous period by 693 thousand Euro. The value of the other receivables refers mainly to accruals and deferrals in assets, advances paid to suppliers, advances on travel expenses paid to employees, contributions for research & development to be received. Other non-current receivables amount to 18 thousand euro and are largely unchanged with respect to 31/12/2009.

NOTE 6.11 - OTHER FISCAL ASSETS

This item amounts to 5,921 thousand euro compared with 5,985 thousand at the end of the previous year. Fiscal assets refer mainly to VAT receivables (3,141 thousand euro), receivables entered by the three American subsidiaries and the German subsidiary on infra-annual losses (1,604 thousand euro), as well as from the Group's corporate income tax (783 thousand euro).

With reference to the receivable on fiscal losses accrued until 31/12/2009 in the U.S. and Germany, it should be noted that the American and German fiscal laws foresee that a company, if it has a loss in the year, can request a total or partial refund of taxes paid in previous years (three for the American law). To make this request it is not necessary to have positive fiscal results in the future, it is only necessary to send the tax authorities an application for the refund. Therefore, this item was included under the heading of "Other current fiscal assets".

NOTE 6.12 - NET FINANCIAL POSITION

As of 31.03.10 the Group's net financial position showed an indebtedness amounting to 140,182 thousand euro, down from 31.12.09 by 9,909 thousand euro. For a better understanding of the changes in the net financial position during the first quarter of 2010, reference is made to the cash-flow statement for the period.

As required by Consob Communication no. DEM/6064293 of July 28, 2006, the following table illustrates the net financial indebtedness as of 31.03.2010 and 31.12.2009, determined with the criteria indicated in the Recommendation of the CESR (Committee of European Securities Regulators) of February 10, 2005 "Recommendations for uniform implementation of the European Commission in information prospectuses" and cited also by Consob.

FINANCIAL POSITION				
	<i>Values in thousands of euro</i>			
	31/03/00	31/12/09	Variations	
A	CASH	8.504	15.084	(6.580)
B	OTHER VALUABLES ON HAND	-	-	-
C	SECURITIES HELD FOR NEGOTIATION	-	-	-
D	CASH ON HAND (A+B+C)	8.504	15.084	(6.580)
E	CURRENT FINANCIAL RECEIVABLES	-	-	-
F	CURRENT BANK PAYABLES	7.840	11.768	(3.928)
G	CURRENT PART OF NON-CURRENT INDEBTEDNESS	22.343	31.158	(8.815)
H	OTHER CURRENT FINANCIAL PAYABLES	946	1.237	(291)
I	CURRENT FINANCIAL INDEBTEDNESS (F+G+H)	31.129	44.163	(13.034)
J	NET CURRENT FINANCIAL INDEBTEDNESS (I-D-E)	22.625	29.079	(6.454)
K	NON-CURRENT CURRENT BANK PAYABLES	114.120	117.551	(3.431)
L	BONDS ISSUED	-	-	-
M	OTHER NON-CURRENT FINANCIAL PAYABLES	3.437	3.461	(24)
N	NON-CURRENT FINANCIAL INDEBTEDNESS (K+L+M)	117.557	121.012	(3.455)
O	NET FINANCIAL INDEBTEDNESS (J+N)	140.182	150.091	(9.909)

The improvement in net financial indebtedness is mainly due to the capital increase resolved on February 11, 2010, for 15,232 thousand euro (inclusive of accessory costs). Part of the liquidity collected from the capital increase was absorbed during the quarter by the flow deriving from ordinary management for operating activities, investments and loans.

LIQUIDITY

The reader is referred to the Consolidated Cash-flow Statement for greater detail relative to the increase in liquidity

INDEBTEDNESS WITH BANKS

The main debt included in indebtedness with banks is the FINPOLAR loan. This loan that amounted to a total of 121,565 thousand euro on 31/03/2010 is divided as follows:

- Section A: medium/long-term loan of 34,843 thousand (expiring in February 2015 with repayment in semi-annual installments of unvarying capital);
- Section B: medium/long-term loan of 63,363 thousand (expiring in February 2016 with a "bullet" repayment at expiration);
- Section C1: medium/long-term loan of 12,562 thousand (expiring in February 2015 with repayment in semi-annual installments of unvarying capital starting August 4, 2011);
- Section C2: revolving credit line of advances on invoices used until March 31, 2010 for 466 thousand euro;
- Section D: cash credit line for 9,800 thousand euro (for a maximum capital amount of 20 million euro).
- Accrued interest for all 5 sections amounting to 531 thousand euro.

As regards the loan with repayment in semi-annual installments expiring in 2015 (Section A), the installment due in February 2010 was duly repaid (the capital amounts to 3,525 thousand euro).

The FINPOLAR loan is subject to the respect of certain *covenants* that are measured annually on a consolidated basis.

The FINPOLAR loan is for 103,742 thousand expiring after 12 months.

Non-current bank indebtedness also includes bank payables for 2,209 thousand euro and the negative *fair value* of certain financial derivative instruments (IRS – Interest Rate Swap) which amount to a total of 8,169 thousand euro. The main contracts are those stipulated by PRIMA INDUSTRIE S.p.A. in partial coverage of the interest rate risk on the above-mentioned FINPOLAR loan. The tests of effectiveness made on the

derivative hedge contracts were found to be substantially effective as of 31/03/2010 and have therefore been entered, as all the other requisites of IAS 39 were satisfied, using the criterion of "*hedge accounting*". The financial instruments for which the test of effectiveness is not performed, in consideration of their characteristics, are accounted for assigning them to the income statement of the relative variations of *fair value*.

In current bank indebtedness (considering also the current part of the non-current indebtedness) we have included the FINPOLAR loan for 17,825 thousand euro, *bank overdrafts* for 4,080 thousand euro, other bank loans for 8,277 thousand euro and derivatives for 1 thousand euro.

OTHER FINANCIAL PAYABLES

The other financial payables amount in total to 4,383 thousand euro (of which 3,437 thousand are not current).

The other financial payables include:

- interest on the residual payable due to EQT (also relative to the acquisition of the FINN-POWER Group), which came due from July to November 2009, and entirely classified in the current portion of the payable, for 311 thousand euro;
- payables for financial leases amounting to 2,436 thousand euro (of which 269 thousand euro current);
- payables to factoring companies for 14 thousand euro (classified in current payables);
- other financial payables for 1,622 thousand euro (of which 352 thousand euro current); these payables refer mainly to facilitated ministry loans.

CHANGES IN PAYABLES TO BANKS AND LOANS

The payables to banks and the loans taken out by the PRIMA INDUSTRIE Group as of 31/03/2010 (not inclusive of the *fair value* of derivatives) amount to 140,516 thousand euro and in the first quarter of 2009 they changes as shown in the table here below.

PAYABLES TO BANKS AND LOANS	Euro
Payables to banks and loans - current portion (01/01/2010)	44.160.205
Payables to banks and loans - non-current portion (01/01/2010)	113.495.746
TOTAL PAYABLES TO BANKS AND LOANS AS OF 01/01/2010	157.655.951
Variation in the area of consolidation	-
Stipulation of loans and borrowings	1.275.396
Repayment of loans and borrowings	(18.658.987)
Net variation in liabilities for financial leases and Sabatini transactions	(81.596)
Exchange effect	324.863
TOTAL PAYABLES TO BANKS AND LOANS AS OF 31/03/2010	140.515.627
of which:	
Payables to banks and loans - current portion (31.03.10)	31.128.354
Payables to banks and loans - non-current portion (31.03.10)	109.387.273
TOTAL PAYABLES TO BANKS AND LOANS AS OF 31/03/2010	140.515.627

NOTE 6.13 - SHAREHOLDERS' EQUITY

During the period, the company concluded the increase of capital resolved by the Board of Directors of the company on December 18, 2009; this increase of capital led to collection of 15,232 thousand euro (inclusive of the accessory costs of the

transaction). For more details on this subject, see the table of changes in shareholders' equity.

NOTE 6.14 - EMPLOYEE BENEFITS

The item Employee benefits includes:

- Severance Indemnity paid by Italian companies to their employees;
- a fidelity bonus granted by the Parent Company and PRIMA ELECTRONICS to their employees;
- a pension fund recognized by PRIMA INDUSTRIE GmbH and PRIMA FINN-POWER FRANCE Sarl to their employees.

EMPLOYEE BENEFITS	31/03/10	31/12/09
Severance indemnity fund	6.058.429	6.405.048
Fidelity premium	1.118.853	1.098.761
TOTAL	7.177.282	7.503.809

The reduction with respect to the year 2009 is due, substantially, to the reduction in the Group's personnel.

NOTE 6.15 - FISCAL LIABILITIES FOR DEFERRED TAXES

The tax liabilities for deferred taxes amount to 10,628 thousand euro and reflect a decrease compared to the previous financial year which amounted to 275 thousand euro.

It should be noted that this item also includes tax liabilities for deferred taxes on the trademark, in relation to the customer list and on the real estate property in Cologne Veneta arising from the FINN-POWER business combination amounting to 9,032 thousand euro.

NOTE 6.16 - FUNDS FOR RISKS AND CHARGES

The provisions for risks and charges amount to 8,504 thousand euro, a decrease compared to 31.12.09 of 841 thousand euro.

The most significant type is that relating to the Product Guarantee Reserve. The Product Guarantee Reserve relates to the provisions made for work undertaken in technical guarantee on Group products and is considered to be appropriate in relation to the guarantee costs that must be incurred.

The provisions for non-current risks refer exclusively to the client indemnity fund for agents and amount to a total of 68 thousand euro. The current provision for risks refers mainly to product warranties (euro 6,495 thousand euro down from 347 thousand euro with respect to 31/12/2009). The reduction in the fund is the direct consequence of the reduction in sales in the first three months of 2010 and the relative reduction in the number of machines covered by warranty.

NOTE 6.17 - TRADE PAYABLES, ADVANCES AND OTHER PAYABLES

The value of this payable has decreased compared to 31.12.09 by a total amount of 2,459 thousand euro. Trade payables and advances are the types of payables that increased, while other payables decreased. It should be noted that the item Advances by customers includes both the advances on orders relative to machines not yet delivered, as well as those generated by the application of IAS 18 relative to machinery already delivered but not yet accepted by the end customer and thus not accountable as revenue.

TRADE AND OTHER PAYABLES	31/03/10	31/12/09
Payables to suppliers	53.348.886	51.429.488
Trade payables	53.348.886	51.429.488
Advances from clients	20.349.280	19.664.435
Advances from clients	20.349.280	19.664.435
Tax and social security payables	2.304.396	3.581.415
Payables to employees	6.205.044	3.131.090
Other short-term payables	6.743.636	8.685.747
Other payables	15.253.076	15.398.252

NOTE 6.18 - FISCAL LIABILITIES FOR CURRENT TAXES

Fiscal liabilities for current taxes as of 31/03/2010 amounted to 1,586 thousand euro, down compared to 31/12/2009 by 1,086 thousand euro.

NOTE 9.19 - NET REVENUES FROM SALES AND SERVICES

The income from sales and services has already been dealt with both in chapter 3 of this document: "ECONOMIC PERFORMANCE OF THE GROUP" in the paragraph entitled "REVENUES AND PROFITABILITY" and at note 6.30 – Segment report.

NOTE 6.20 - OTHER OPERATING REVENUES

The item Other revenues and income amounts to 420 thousand euro and mainly includes research grants, atypical earnings and some contingent assets.

NOTE 6.24 - INCREASES FOR INTERNAL WORKS

Increases for internal works as of 31.03.10 amount to 1,581 thousand euro and refer mainly to capitalization of assets for the development of new projects (1,544 thousand euro), for which the technical feasibility and generation of probable future economic benefits has been ascertained.

NOTE 6.22 - PERSONNEL COST

The cost of the personnel as of 31/03/2010 amounts to 18,849 thousand euro as is down from the corresponding period of the past year. This reduction is due to the effective action of cost reduction undertaken by the Group, with a view to adjusting staff requirements and using redundancy provisions such as temporary government subsidized layoffs in Italy or equivalent instruments in other countries.

NOTE 6.23 - DEPRECIATION

Depreciation in the period increase with respect to the same period in 2009, above all following their increase incidence on development costs. It should be noted that depreciation relative to the brand and customer relations ("*customer list*") amount to a total of 633 thousand euro.

NOTE 6.24 - OTHER OPERATING COSTS

The other operating costs for the first three months of 2010 amount to 11,724 thousand euro compared with 13,120 thousand euro as of 31/03/2009. The decrease is due to the reduction in revenues and the actions undertaken by the Group management to reduce costs.

NOTE 6.25 - FINANCIAL INCOME AND COSTS

The financial management of the first three months of 2010 was negative for 1,661 thousand euro.

FINANCIAL MANAGEMENT	31/03/10	31/03/09
Financial income	47.958	171.028
Financial costs	(2.132.981)	(2.771.659)
Net result deriving from transactions in foreign currency	424.141	440.315
TOTAL	(1.660.882)	(2.160.316)

The financial costs relative to the FINPOLAR loan incurred by PRIMA INDUSTRIE amount to 1,038 thousand euro, while net financial costs on derivatives stipulated by the Group amount to 665 thousand euro.

NOTE 6.26 - NET PROFIT OF AFFILIATED COMPANIES AND JOINT VENTURES

As of 31/03/2010, this item amounts to 12 thousand euro and is down with respect to the corresponding period of the previous year (at 31/03/2009 it was 296 thousand euro). The result recorded in the Income Statement refers to the revaluation of the Chinese JV Shanghai Unity PRIMA Laser Machinery Co Ltd (SUP).

NOTE 6.27 - CURRENT AND DEFERRED TAXES

Income taxes in the first quarter of 2010 indicate a positive net balance of 1,059 thousand euro. This positive balance is mainly due to limited current taxes on the reduced taxable income of some of the companies and to the entry of deferred tax assets on the temporary differences arising in the quarter.

NOTE 6.28 – EARNING PER SHARE

(a) Basic profit per share

The basic result per share is determined by dividing the result due to the shareholders 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 three months of 2010, there were 7,495,111 shares in circulation; therefore the profit per share relative to the first three months of 2010 amounts to a loss of 0.62 euro per share (against a loss of 0.43 euro per share relative to the first three months of 2009).

BASIC PROFIT PER SHARE	31/03/10	31/03/09
Profit due to shareholders (Euro/000)	(4.629)	(2.763)
Weighted average - number of ordinary shares	7.495.111	6.400.000
Basic profit per share (Euro)	(0,62)	(0,43)

(b) Diluted profit per share

The diluted result per share is determined by dividing the result allocated to the shareholders of the Parent Company by the average number of shares in circulation during the period, corrected to take into account the effects of the potential ordinary shares with dilutive effect.

DILUTED PROFIT PER SHARE	31/03/10	31/03/09
Profit due to shareholders (Euro/000)	(4.629)	(2.763)
Weighted average - number of ordinary shares	7.495.111	6.400.000
Corrected average number of ordinary shares	9.861.111	6.526.000
Diluted profit per share (Euro)	(0,47)	(0,42)

As potential ordinary shares with dilutive effect, we considered those linked to the *stock option* plan and the warrant, that can be exercised until December 16, 2013.

NOTE 6.29 - INFORMATION ON ASSOCIATES

In addition to the relations with strategic management, the transactions with associated parties, mainly related to the supply of laser systems and components to the Joint Ventures in the Far East. The aforesaid supplies were made at market price.

A table that summarizes the equity and financial effects of these transactions is set out hereunder.

BUSINESS WITH JV	SHENYANG PRIMA LASER MACHINERY CO. LTD	SHANGHAI UNITY PRIMA LASER MACHINERY CO. LTD	WUHAN OVL CONVERGENT	TOTAL BUSINESS WITH JV
RECEIVABLES AS OF 01.01.10	116.726	504.028	365.527	986.281
RECEIVABLES AS OF 31.03.10	-	308.345	289.997	598.342
PAYABLES AS OF 01.01.10	46.065	-	-	46.065
PAYABLES AS OF 31.03.10	-	-	-	-
REVENUES 01.01.10 - 31.03.10	-	11.524	585.653	597.177
COSTS 01.01.10 - 31.03.10	-	-	-	-
CHANGES IN RECEIVABLES				
01/01/2010 - 31/03/2010	(116.726)	(195.683)	(75.530)	(387.939)
CHANGES IN PAYABLES				
01/01/2010 - 31/03/2010	(46.065)	-	-	(46.065)

OPERATIONS WITH OTHER ASSOCIATES	STRATEGIC MANAGEMENT
RECEIVABLES AS OF 01.01.10	-
RECEIVABLES AS OF 31.03.10	-
PAYABLES AS OF 01.01.10	284.482
PAYABLES AS OF 31.03.10	116.378
REVENUES 01.01.10 - 31.03.10	-
COSTS 01.01.10 - 31.03.10	375.028
CHANGES IN RECEIVABLES	
01/01/2010 - 31/03/2010	-
CHANGES IN PAYABLES	
01/01/2010 - 31/03/2010	(168.104)

OPERATIONS WITH ASSOCIATES	TOTAL
RECEIVABLES AS OF 01.01.10	986.281
RECEIVABLES AS OF 31.03.10	598.342
PAYABLES AS OF 01.01.10	330.547
PAYABLES AS OF 31.03.10	116.378
REVENUES 01.01.10 - 31.03.10	597.177
COSTS 01.01.10 - 31.03.10	375.028
CHANGES IN RECEIVABLES	-
01/01/2010 - 31/03/2010	(387.939)
CHANGES IN PAYABLES	-
01/01/2010 - 31/03/2010	(214.169)

NOTE 6.30 – SEGMENT REPORT

It should be noted that not all the data set forth hereunder are directly related to those presented in Chapters "3 - GROUP INTERIM MANAGEMENT REPORT" and "4 – ECONOMIC PERFORMANCE BY SEGMENT", since the latter are expressed inclusive of intersectorial items.

Information by sector of activity

The infra-sector revenues were determined on the basis of the market price using the "cost plus" or "sales minus" method.

The Group has the following three operating segments:

- Laser Systems
- Electronics
- Sheet Metal Processing Machines

The following table illustrates the main details of by sector.

Profits for sector 31/03/2010	Laser Systems	Electronics	Sheet Metal Processing Machines	Items not allocated	Total
Total revenues for sector	17.957	8.524	26.283	-	52.764
<i>(Inter-sectorial revenues)</i>	<i>(2.910)</i>	<i>(810)</i>	<i>(984)</i>	-	<i>(4.704)</i>
Revenues	15.047	7.714	25.299	-	48.060
EBITDA	(637)	770	(1.846)	-	(1.713)
Operating result	(1.052)	527	(3.514)	-	(4.039)
Net financial costs/income	(1.269)	(21)	(371)	-	(1.661)
Income/costs from affiliates and joint ventur	12	-	-	-	12
Profit before taxes	-	-	-	-	(5.688)
Taxes	-	-	-	1.059	1.059
Net profit	-	-	-	-	(4.629)

Profits for sector 31/03/2009	Laser Systems	Electronics	Sheet Metal Processing Machines	Items not allocated	Total
Total revenues for sector	25.729	7.177	35.668	-	68.574
<i>(Inter-sectorial revenues)</i>	<i>(1.035)</i>	<i>(614)</i>	<i>(250)</i>	-	<i>(1.899)</i>
Revenues	24.694	6.563	35.418	-	66.675
EBITDA	2.456	397	(1.001)	-	1.852
Operating result	2.114	213	(2.768)	-	(441)
Net financial costs/income	(1.218)	(101)	(841)	-	(2.160)
Income/costs from affiliates and joint ventur	296	-	-	-	296
Profit before taxes	-	-	-	-	(2.305)
Taxes	-	-	-	(458)	(458)
Net profit	-	-	-	-	(2.763)

Assets and liabilities for sector 31/03/2010	Laser Systems	Electronics	Sheet Metal Processing Machines	Not allocated	Group
Assets	53.318	31.742	230.105	20.598	335.763
Affiliates, JV and other equity investments	5.069	797	79	-	5.945
Total Assets	58.387	32.539	230.184	20.598	341.708
Liabilities	33.712	13.833	57.087	160.900	265.532

Assets and liabilities for sector 31/12/2009	Laser Systems	Electronics	Sheet Metal Processing Machines	Not allocated	Group
Assets	53.960	29.580	231.963	25.985	341.488
Affiliates, JV and other equity investments	4.752	750	79	-	5.581
Total Assets	58.712	30.330	232.042	25.985	347.069
Liabilities	27.612	12.098	63.631	178.750	282.091

(*) For greater comparability of data, the values relative to "affiliates, JV and other equity investments" as of 31.12.2009 have been reclassified

Sales breakdown by geographical area

For details relating to the revenues subdivided by geographical area the reader is referred to the contents of chapter 3 "Economic Performance of the Group", in the paragraph entitled "Revenues and profitability"

NOTE 6.31 - MANAGEMENT OF FINANCIAL RISKS

The financial instruments of the Group which are allocated for the purposes of financing operations include bank loans, financial lease contracts, sight and short-term bank deposits. There are also other financial instruments, such as trade receivables and payables, deriving from operating activities.

The Group also performed operations in derivatives, such as "Interest Rate Swap – IRS" contracts. The purpose of these instruments is to manage interest rate risks generated by the Group's operations and its loan sources.

The main risks generated by the Group's aforementioned financial instruments are interest risks, exchange rate risks, credit risks and cash flow risks.

The Group has applied a specific policy to manage financial risks correctly, with the purpose of safeguarding its business and its ability to create value for the shareholders and all the Stakeholders.

As indicated in the Management Report, the PRIMA INDUSTRIE Group is mainly exposed in the following risks categories:

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

The following table illustrates the goals and policies of the Group for management of the risks indicated above.

Interest rate risk

The position of indebtedness toward the credit system and capital market can be negotiated at fixed or variable rates.

The variation of interest rates on the market generates the following categories of risk:

- an upward variation of market rates exposes the group to the risk of higher financial costs to pay on the amount payable at the variable rate;
- a downward variation of market rates exposes the group to the risk of higher financial costs to pay on the amount payable at the fixed rate;

The strategies of the Group to meet these risks are as follows:

- Interest rate \longrightarrow Management/Hedging

Exposure to the interest rate is structural in nature, as the net financial position generates net financial costs subject to the volatility of interest rates, depending on the contract conditions established with the financial counterparts.

Consequently, the strategy identified, consisting of Management/Hedging consists of:

- Continuous monitoring of exposure to interest rate risk
- Activities of Hedging via derivative financial instruments

Exchange rate risk

The position of indebtedness toward the banking system and capital market, as well as toward the other creditors, can be expressed in the group's own reporting currency (euro), or in other reporting currencies.

In this case, the financial cost of the payable in currency is subject to the interest rate risk of a market other than the euro market, that of the chosen currency.

The attitude and strategies to pursue toward the risk factors are determined by a number of elements that concern both the characteristics of the reference markets and their impact on the results of the corporate financial statements.

Four possible strategic orientations can be identified for operating management of the separate risk factors:

- Avoidance
- Acceptance
- Management/Hedging
- "Market Intelligence" (Speculation)

The strategies of the Group to meet these risks are as follows:

- Exchange rate  Management/Hedging

Exposure to the exchange rate risks deriving from financial factors is currently limited, as the company does not take out loans in currencies other than the euro, with the exception of a few loans in the U.S. pertaining to the subsidiary PRIMA North America, for which the U.S. dollar is the currency of reference.

Relative to trade items, however, the exposure to exchange rate risk is rather reduced at the group level, as it is partially balanced between trade flows in U.S. dollars (substantially the only currency of account different from the euro) from the subsidiaries PRIMA North America Inc., PRIMA FINN-POWER North America Inc. and OSAI USA Inc. (which operate only in dollars) and flows from the parent company PRIMA INDUSTRIE SpA and PRIMA ELECTRONICS (which acquire a large quantity of parts the price of which is linked to the dollar). The Group therefore tends to minimize its recourse to financial markets for hedges due to the benefits deriving from this natural hedge.

In any case, PRIMA INDUSTRIE performs frequent monitoring to ascertain the existence of this natural hedge at the Group level.

As regards the reporting currencies other than the U.S. dollar, almost exclusively used only by a few subsidiaries that perform activities of sales and after-sales service, the risk management strategy is generally one of acceptance, both because generally the amounts are not large, and also because of the difficulty of finding adequate hedges.

Credit risk

The company deals only with known and reliable clients, moreover the receivable balance is monitored during the year so that the exposure to losses is never great. For this purpose, PRIMA INDUSTRIE recently established a function of Group credit management.

It should be noted that part of receivables from clients are transferred to factoring companies.

There are no significant concentrations of receivable risk for the Group.

Financial assets are reported in the financial statements net of the write-down calculated on the basis of the risk of non-performance by the other party, determined on the basis of the available information on the solvency of the client and possibly considering the history.

Liquidity risk

The liquidity risk is the risk that financial sources may not be sufficient to meet the financial and trade obligations of the Group within the terms and deadlines established for them. The liquidity risk to which the Group is subject may arise following delayed payments and, more in general, to the difficulty in obtaining financing to support operating activities in the necessary time. The cash flows, financing needs and liquidity of the companies in the Group are monitored or managed centrally, under the

control of the Group treasury, with the goal of ensuring effective and efficient management of the financial resources.

The Group operates with a view to performing operations of collection on different financial markets and with different technical forms, in order to guarantee a proper level of liquidity currently and in the future. The strategic goal is to ensure that the company disposes at all times of sufficient credit to meet its financial obligations in the next twelve months.

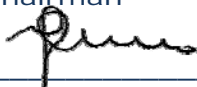
The persistence of the current difficult market situation from the operating and financial standpoint, requires particular attention to management of the liquidity risk, and in this sense the company pays close attention to actions capable of generating the necessary financial resources to support operations and meet its short-term financial needs. For this purpose, the Group expects to meet its financial deadlines and cover the investments foreseen using cash on hand, credit lines and the specific measures illustrated more in detail in the paragraphs of the Group Interim Management Report entitled "NET FINANCIAL POSITION and "FORESEEABLE EVENTS OF MANAGEMENT AND PROSPECTS FOR THE CURRENT YEAR".

On the basis of the above information, and the positive outcome of the actions undertaken to locate the necessary financial resources and support the short-term needs, we consider the liquidity risk adequately monitored.

NOTE 6.32 – EVENTS SUBSEQUENT TO THE PERIOD

No events have occurred since the reference date of this Interim Management Report that, if known previously, would have necessitated a correction of the values reported.

On behalf of the Board of Directors
The Chairman



Mr. Gianfranco Carbonato

Declaration pursuant to art.154 bis clause 2-part IV, title III, item II, section V bis, of Legislative Decree no. 58 of February 24,1998: Unified text of provisions on financial brokerage pursuant to sections 8 and 21 of LawNo. 52 dated February 6, 1996.

Massimo Ratti, the director appointed to draw up the corporate accounting documents of the PRIMA INDUSTRIE Group, certifies in terms of the second paragraph of section 154 bis, part IV, title III, item II, section V bis, of Legislative Decree No. 58 dated 24th February 1998, that the accounting disclosure contained in this Interim Report on Operations corresponds with the documentary situation, as well as with the accounting books and entries.