



**DIRECTORS' COMMENTS
ON THE CONSOLIDATED INFORMATION OF THE
THE PRIMA INDUSTRIE GROUP
AT MARCH 31, 2005**

Board of Directors
March 13, 2005

PRIMA INDUSTRIE S.p.A. Paid-in Capital Stock 11,500,000 Euro
Registered in the
Turin Company Register under No.03736080015
Turin R.E.A. No.582421

Registered offices in Collegno (Turin)
Via Antonelli, 32
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**BOARD OF
DIRECTORS (*)**

Chairman and Chief Executive Officer
Gianfranco Carbonato

Directors
Sandro D'Isidoro
Mario Mauri
Fabrizio Lugaesi
Giuseppe Morfino (**)
Domenico Pei retti
Marco Pinciroli (**)

Corporate General Manager Alberto Delle Piane

General manager Ezio Basso

**BOARD OF STATUTORY
AUDITORS (***)** *Chairman*
Riccardo Formica

Statutory Auditors
Andrea Mosca
Roberto Petrigiani

Alternate Auditors
Roberto Coda
Gianluigi Frigerio

AUDITING COMPANY PricewaterhouseCoopers S.p.A.

(*) Appointed at the Stockholders' Meeting held on May 13, 2005 for the three-year period 2005 - 2007

(**) Independent Directors

(***) Appointed at the Stockholders' Meeting held on May 14, 2004 for the three-year period 2004-2006

POWERS RELATING TO COMPANY APPOINTMENTS

In terms of a resolution dated May 13, 2005 the Board of Directors appointed Gianfranco Carbonato as the Chief Executive Officer and conferred upon him all the executive powers except those that the law expressly reserves for the Board of Directors.

In terms of article 23 of the Articles of Association, the Chairman and the Chief Executive Officer is the legal representatives of the company.

THE PRIMA INDUSTRIE GROUP

DIRECTORS' COMMENTS ON THE CONSOLIDATED INFORMATION OF THE PRIMA INDUSTRIE GROUP AT 3/31/2005

(Approved by the Board of Directors of the Company on May 13, 2005)

INTRODUCTION

The quarterly report at March 31, 2005 on the consolidated information of the Prima Industrie Group was drawn up and is communicated in compliance with articles 2.6.2. of the Regulations of the New Market, as well as I.A. 2.4.1. of the Directions relating to the Regulations of the New Market and article 82 of the CONSOB Regulation adopted in terms of resolution No.11971 as amended. The quarterly information was not submitted to the independent auditors, PricewaterhouseCoopers S.p.A., for examination because as at date hereof the corresponding appointment had not been made (insofar as it is not compulsory).

The report set out below was prepared using the same criteria as those applied by the Group in the past in the preparation of both the half-yearly and the annual accounts. Consequently, there is total consistency in the accounting principles applied when making the comparison between the two accounting periods (01/01/2005-3/31/2005 and 01/01/2004-3/31/2004).

Unless otherwise indicated, all amounts are expressed in thousands of Euro.

The accounting statements of the parent company Prima Industrie SpA at 3/31/2005 are enclosed.

GROUP ACTIVITIES

During the reference period there were no changes in the activities of the parent company, Prima Industrie S.p.A. nor in those of the other companies of the group.

ACCOUNTING PRINCIPLES

There were no changes in the accounting principles during the period under examination.

Consequently the comparison between the present and prior information is uniform.

In drawing up the information referred to above no estimates that could have had a significant impact on the financial and equity situation of the group were made.

Any estimating methods used that differ from those normally adopted to draw up the annual accounts nevertheless ensure reliable information, within the limits imposed by the need to provide timely information to the market. Information on these procedures, (if they were adopted), is set out in the comments to the accounting schedules.

The treasury stock held in portfolio has been valued (in accordance with the accounting principles of reference) at the lower of cost and market value, which value was determined as the average of the listings in the month preceding the closing date of the period.

FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The companies included in the consolidation have been consolidated using the full consolidation method. Compared to 03/31/2004 there were no changes in the area of consolidation.

All the subsidiary companies have been consolidated using the full consolidation method. Other associated companies have been valued using the equity method.

The financial transactions between group companies that have been consolidated using the full consolidation method and the companies valued using the equity method do not have a significant impact on the operating income of the group.

SIGNIFICANT EVENTS

In the first quarter of 2005 the Prima Industrie Group recorded a limited drop in sales, which is partially explained by the decline in the value of the dollar compared to 03/31/04 (which, considering the Group's turnover expressed in that currency, counted for about 1%). The decline is however mainly explained by the postponement of the delivery dates of certain machines from March to April- May 2005. In fact value of production of the period slightly increased from 22,566 thousand Euro to 23,363 thousand Euro

Notwithstanding the decline in Group turnover in the first quarter of 2005, the Group profitability grew compared to 03/31/04, as a result of the profitability of Prima Industrie and Prima Electronics, but mainly of Prima North America, which registered a positive operating result (it was negative in the first quarter of 2004).

Finally, there was a considerable improvement in the net financial position, which decreased from 15,618 thousand Euro at 12/31/04 to 13,279 thousand Euro at 3/31/05, thanks to proper management of the working capital and to a positive cash-flow for the period.

TERMINATION OF THE AGREEMENT WITH SALVAGNINI

During March 2005 Prima Industrie broke off the collaboration agreement signed with Salvagnini in July 2004, as the agreement did not produce the results hoped for in terms of possible synergy at a commercial level, as well as in respect of product research and development.

Prima Industrie confirmed its focus on the production of high technology laser cutting and welding systems that has made it the major Italian producer, as well as one of the leading players in the world market for such systems.

The termination of the agreement did not, anyhow, generate any negative effect on the growth prospects of the Prima Industrie Group.

ACQUISITION OF TREASURY STOCK

It should be noted that as at 03/31/05 Prima Industrie S.p.A. holds 11,800 ordinary shares (equal to approximately 0.3% of the capital) at an average weighted price of 8.4758 Euro per share. These shares were acquired in the performance of the mandate granted at the Ordinary Stockholders' Meeting held on May 14, 2004.

At 04/30/05 this figure declined to 8000 ordinary shares (0.2% of the capital) at an average weighted price of 8.492 Euro per share.

BUSINESS TREND

At a consolidated level, during the first quarter orders with an overall value of 24,757 thousand Euro were acquired, compared to the figure of approximately 24,513 thousand Euro acquired during the same period in 2004.

The slight increase arises out of a good recovery in the orders obtained by the Parent Company, Prima Industrie, mainly during March (with orders mainly coming from overseas). The increase is also due to an improvement in the number of orders obtained by Prima Electronics in comparison to the same quarter of the previous financial year.

This information is positive, mostly if seen in the economic context of machine tool constructors, where in the quarter typical was, according to UCIMU (the sector trade association) a still weak internal demand, including a slackening in order acquisitions also on the overseas front.

This uncertain and difficult economic context confirms the picture which emerged during 2004, in other words the tendency of customers to shorten the period between the order and delivery.

In consolidated terms at 03/31/2005 the backlog amounts to 21,268 thousand Euro, an increase of 12% compared to the period ended 03/31/04 (19,059 thousand Euro) which is slightly less than at 12/31/04 (22,710 thousand Euro).

In addition it is emphasized that during the first quarter, the Prima Industrie Group participated in sector fair held in Staines in England.

RESEARCH AND DEVELOPMENT

During the quarter, the intense research and development activities continued. These activities are aimed at the continuation of the numerous projects in all the sectors in which the Group operates.

This entailed an investment, which was totally expensed during the period, amounting to 1,808 thousand Euro compared to the 1,669 thousand Euro for the same period in 2004.

In particular it should be noted that during the first quarter, Prima Industrie S.p.A officially subscribed the RESALT project with MIUR for the realization of remote welding systems.

Prima Electronics in same period continued the developing of the PRIMACH control for tri-dimensional applications and, with the support of the Group company MLTA, is working on a new high voltage power supply used for the Group laser generators.

As far as Prima North America, it is continuing its development activity of the laser family CP, also for voltage today not available yet.

COMPLIANCE WITH THE PRIVACY PROVISIONS EX ENCLOSURES B - D OF LEGISLATIVE DECREE No.196 OF 06/30/2003

Prima Industrie S.p.A., the person responsible for the processing (the Data Controller), advises in terms of section 26 of the Technical Specifications relating to the minimum security measures (Enclosure B-D of Legislative Decree No. 196 of 06/30/03 "Code on the protection of personal data") that on March 26, 2004, the Security Policy Document was updated by Dr Massimo Revello the person in charge of the processing (the Data Processor) in terms of section 19 of the abovementioned Specifications relating to the minimum security measures.

TRANSITION TO THE IAS/IFRS

In addition to the above, in terms of the applicable regulations and as required by the market supervisory bodies, we advise that during the quarter the transition activities to the IAS/IFRS were on-going. In particular, as at date hereof, the analysis activities in relation to the various accounting principles as well as the critical aspects which emerged and the implementation of the solutions in respect of accounting problems can be considered as finalized. In addition the adaptation of the information systems was also finalized. The activity relating to the preparation of the equity situations required in terms of the "*First time adoption*" is still to be completed.

In light of the above, the first infra-annual Financial Statements prepared in accordance with the IAS/IFRS will coincide with the half-yearly report at 06/30/2005.

MANAGEMENT INFORMATION

Consolidated sales at 03/31/2005 equalled 20,187 thousand Euro compared to 21,784 thousand Euro at 03/31/04; as already mentioned this decrease was mainly caused by the postponement of the delivery dates of certain machines (mainly destined for the aerospace market) from March to April - May 2005.

On a profitability level, a growth in all the indicators was recorded (EBITDA, EBIT and EBT). In particular, the EBITDA and EBIT of the Group are fixed at 845 thousand Euro (668 thousand Euro at 3/31/04) and 459 thousand Euro (263 thousand Euro at 3/31/04) respectively.

This result takes account of the following factors:

- A reduction in the profitability of the parent company Prima Industrie (which can moreover be attributed to a mix of products) compared to the same period in the previous financial year, with a lesser presence in the 3D sector, which sector is traditionally a greater added value sector.
- An improvement in the profitability of Prima Electronics compared to the same period in 2004.
- A positive trend experienced by Prima North America which recorded its fourth consecutive quarter with a positive EBIT. In particular, against the negative gross margin of the Laserdyne (-74 thousand Euro owing to the postponement of the sales to the next quarter) and Prima Laser Tools divisions (-105 thousand Euro), Convergent Lasers reached a positive operating profit (EBIT: 367 thousand Euro) thanks both to higher volumes and to a favourable product mix with good margins.

The pre-tax result for the period improved to a figure of 387 thousand Euro compared to the 21 thousand Euro at 03/31/04. The improvement, in addition to a higher operating return, must be attributed to decreased financial expenses (82 thousand Euro compared to the 188 thousand Euro in the same period of 2004) and to a positive balance in respect of extraordinary items (10 thousand Euro compared to the -27 thousand Euro at 03/31/2004).

The most important consolidated information can be summarised as follows:

	03/31/2005		03/31/2004	
	Thousands of Euro	%	Thousands of Euro	%
Sales	20,187	100.0	21,784	100.0
MOL/EBITDA	845	4.2	668	3.1
Operating income (loss)	459	2.3	263	1.2
Income (loss) before tax	387	1.9	21	0.1
Number of shares at the end of the period (par value of 2.5 Euro)	4,600,000		4,600,000	
Average number of shares for the period	4,600,000		4,600,000	
MOL/EBITDA per share	0.18		0.15	
Operating income (loss) per share	0.10		0.06	
Income (loss) before tax per share	0.08		-	

The table below gives a summary of the trend of the operating companies, included in the consolidation.

SUMMARY OF THE MORE SIGNIFICANT INCOME PARAMETERS AND INDICES (in thousands of Euro. Information relative to the number of shares and the income (loss) per share has been excluded.)

	PRIMA INDUSTRIE SPA				Prima Electronics SpA				Prima North America Inc.				Other subsidiary companies ⁽³⁾			
	03/31/05		03/31/04		03/31/05		03/31/04		03/31/05		03/31/04		03/31/05		03/31/04	
	'000s of Euro	%	'000s of Euro	%	'000s of Euro	%	'000s Euro	%	'000s of Euro	%	'000s of Euro	%	'000s of Euro	%	'000s of Euro	%
Sales	13,943	100.0	14,410	100.0	3,856	100.0	3,410	100.0	5,447	100.0	5,890	100.0	1,125	100.0	782	100.0
MOL/EBITDA	446	3.2	609	4.2	521	13.5	472	13.8	115	2.1	(458)	(7.8)	(3)	(0.3)	(116)	(14.8)
Operating income (EBIT) ⁽²⁾	311	2.2	463	3.2	440	11.4	388	11.4	64	1.2	(520)	(8.8)	(5)	(0.4)	(120)	(15.3)
Gross income (loss): Main activity	201	1.4	336 ⁽¹⁾	2.3	447	11.6	392	11.5	(48)	(0.9)	(583)	(9.9)	46	4.1	(129)	(16.5)
Extraordinary items	10	0.1	(6)	(0.0)	-	-	-	-	-	-	(21)	(0.4)	-	-		
Income (loss) before Taxes	211	1.5	330 ⁽¹⁾	2.3	447	11.6	392	11.5	(48)	(0.9)	(604)	(10.3)	46	4.1	(129)	(16.5)

EXCHANGE RATES USED FOR THE CONVERSION OF NON-EURO CURRENCIES

Currency	Average exchange rate for the period		Current exchange rate at the end of the period	
	03/31/05	03/31/04	03/31/05	03/31/04
	United States Dollar	1.31141	1.2507	1.2964
Pound sterling	0.693559	0.6801	0.6885	0.6659
Swedish Krona	9.073753	9.1826	9.143	9.2581

- (1) Pro forma figures, gross of the writedown of the stakes in Prima North America and Prima Scandinavia, whose financial result has been highlighted in the relevant column.
(2) The sum of the individual operating incomes (as shown in the table) differs from the consolidated operating income as a result of the consolidation adjustments.
(3) This relates to the data relative to the three European Companies of the Group: Prima Industrie UK Ltd, Prima Scandinavia AB and Prima Industrie GmbH

DISTRIBUTION OF SALES

At March 31, sales can be analysed as follows (information expressed in thousands of Euro):

BY PRODUCT AND BY GEOGRAPHICAL AREA

	03/31/05	03/31/04
	Thousands of Euro	Thousands of Euro
2D laser systems:		
Italy	1,832	1,566
Europe	3,818	3,451
USA	944	329
Rest of the world	1,851	1,729
Total	8,445	7,075
3D laser systems:		
Italy	888	1,373
Europe	1,060	1,732
USA	515	2,512
Rest of the world	1,079	1,442
Total	3,542	7,059
Electronic systems:		
Italy	342	540
Europe	2,120	1,853
USA	-	-
Rest of the world	-	-
Total	2,462	2,393
Laser generators:		
Italy	-	-
Europe	-	-
USA	-	118
Rest of the world	269	182
Total	269	300

	03/31/05	03/31/04
	Thousands of Euro	Thousands of Euro
Assistance and other services:		
Italy	1,569	1,791
Europe	1,705	1,470
USA	1,759	1,332
Rest of the world	436	364
Total	5,469	4,957
Total sales	20,187	21,784

Insofar as the information contained in the table is concerned, it should be noted that in summary the percentage distribution of product sales, was as follows:

	03/31/05	03/31/04
2D laser machines	41.8%	32.5%
3D laser machines	17.5%	32.4%
Electronic systems	12.2%	11.0%
Laser generators	1.3%	1.4%
Assistance and other services	27.2%	22.7%
Total	100.0%	100.0%

The distribution of Group sales amongst the individual product categories shows, compared to the same period in 2004, a consistent increase in the delivery of 2D laser systems (8,445 thousand Euro compared to the 7,075 thousand Euro). This is contrasted by a decrease in sales relating to 3D machines (3,542 thousand Euro compared to 7,059 thousand Euro), in essence linked to the postponement of the deliveries in the second quarter of the year of the Laserdyne systems in the USA, as well as for the presence in 2004 of some deliveries concerning the remote welding systems developed for Comau. It must also be remembered that the 3D sector is feeling the effects, in a more general way, of the difficult situation being experienced by the automotive market.

The income derived from the after-sales assistance activities shows a positive trend, in that its percentage weight grew from 22.7% of the consolidated sales to 27.2%. This is a positive element in that the after-sales service activity represents a fundamental aspect for the Group, as well as a stable sales component with high profitability levels.

The distribution of sales into geographical area is as follows:

	03/31/05		03/31/04	
	Thousands of Euro	%	Thousands of Euro	%
Italy	4,630	23.0%	5,272	24.2%
Europe	8,704	43.1%	8,505	39.0%
USA	3,217	15.9%	4,290	19.7%
Rest of the world	3,636	18.0%	3,717	17.1%
Total	20,187	100.0%	21,784	100.0%

77% of group sales is realized overseas. Whilst the weakness remains in Italy, the growing weight of the overseas markets must be highlighted. In particular the following must be mentioned: China which as at 03/31/05 represents over 4.5% of sales, in addition to Mexico and Australia which represent 3.5% and 3.2% respectively of the Group turnover.

FINANCIAL POSITION

In the quarter under examination the Group continued its activities to optimize the management of the financial position, which showed an additional decrease from 15,618 thousand Euro at 12/31/2004 to 13,279 thousand Euro at 03/31/2005. The strong decrease is the result of an improved management of the working capital, in addition to a positive cash-flow for the period (result + amortization, depreciation and writedowns).

In particular and within the scope of the reduction of the financial indebtedness during the quarter, we highlight the decrease in the amounts due to banks which, net of liquidity, decreased from 19,281 thousand Euro at 12/31/03 to 10,210 thousand Euro at 03/31/05.

	03/31/05	12/31/04	03/31/04
Cash and cash equivalents	9,338	6,698	5,873
Short-term borrowings from banks and other lenders	(8,946)	(10,009)	(9,389)
Medium/long-term borrowings from banks and other lenders (**)	(13,671)	(12,307)	(15,203)
Net financial position	(13,279)	(15,618)	(18,719)

(*) = including instalments expiring within the year of medium term borrowings for 5,238 thousand Euro.

(**) = also includes the recalculation of the Leasing charges according to the IA standard and the debt entries relating to the Sabatini pro-solvendo transactions in existence. These items amount to 2,539 thousand Euro at 03/31/2005 (they were 2,818 thousand Euro at 12/31/2004 and 3,749 thousand Euro at 03/31/04).

SHORT-TERM DEVELOPMENTS

At the end of April 2005 the Group's order acquisition is in line with that of the corresponding period during the previous financial year (32,587 thousand Euro compared to the 32,906 thousand Euro at 04/30/04). In particular the acquisitions by Prima North America for the month of April 2005 were extremely positive. This confirms the end of the negative economic cycle in the USA and the positive results of the in-depth reorganization of the Company itself.

As at 04/30/2004 the portfolio is equal to 24,597 thousand Euro (it was 26,430 thousand Euro at 04/30/2005).

During April and May the Group exhibited at the most important fairs in the sector, which are being held in Peking (CIMT), Melbourne Australia (Austech) and San Paolo Brazil (Feimafe).

On behalf of the Board of Directors
Chief Executive Officer
Gianfranco Carbonato



THE PRIMA INDUSTRIE GROUP

ACCOUNTING STATEMENT AT MARCH 31, 2005

(amounts expressed in thousands of Euro)

BALANCE SHEET

	03/31/2005	03/31/2004	03/31/2004
	Not subject to audit	Subject to audit	Not subject to audit
ASSETS			
Fixed assets			
Intangible fixed assets	3,246	3,257	3,882
Tangible fixed assets	4,876	5,044	5,052
Financial fixed assets	1,452	1,450	1,396
Total fixed assets	9,574	9,751	10,330
Current assets			
Inventories	26,119	21,149	23,417
Trade receivables	33,294	39,497	35,835
Other sundry assets	10,134	9,661	9,616
Cash and cash equivalents	9,089	6,448	5,873
Total current assets	78,636	76,755	74,741
Accrued income & prepaid expenses	624	429	249
Total assets	88,834	86,935	85,320
LIABILITIES			
Stockholders' equity			
Group stockholders' equity	29,266 (*)	28,741	(*) 27,784
Total Group stockholders' equity	29,266 (*)	28,741	(*) 27,784
Employees' severance pay	4,294	4,200	3,928
Provision for risks and charges	5,210	5,386	5,098
Payables			
Medium/long-term borrowings	22,617	12,307	15,203
Short-term borrowings		10,009	9,389
Vendors/Advances	22,431	20,663	20,032
Other payables	4,416	5,168	3,511
Total payables	49,464	48,147	48,135
Accrued expenses and deferred income	600	461	375
Total liabilities	88,834	86,935	85,320

(*) gross of the tax effect for the period

THE PRIMA INDUSTRIE GROUP

ACCOUNTING STATEMENT AT MARCH 31, 2005

(amounts expressed in thousands of Euro)

INCOME STATEMENT

	At 03/31/2005	At 03/31/2004
Revenues from sales and services	20,187	21,784
Changes in inventories of semifinished and finished products	2,690	53
Increases in fixed assets for internal work	15	106
Other income and revenues	471	623
TOTAL VALUE OF PRODUCTION	23,363	22,566
Purchase of materials (net change invent.)	(11,709)	(10,829)
Acquisition of services	(4,280)	(4,503)
Leases and rentals	(420)	(375)
Sundry operating expenses (net)	(22)	(204)
TOTAL COSTS OF PRODUCTION	(16,431)	(15,911)
ADDED VALUE	6,932	6,655
Personnel	(6,087)	(5,987)
MOL (EBITDA)	845	668
Amortization, depreciation and writedowns	(386)	(405)
OPERATING INCOME (LOSS) (EBIT)	459	263
Net financial income and expenses	(82)	(188)
Adjustments to the value of financial assets (net)	-	(27)
Net extraordinary items	10	(27)
INCOME (LOSS) BEFORE TAX	387	(21)

PRIMA INDUSTRIE SPA

ACCOUNTING STATEMENT AT MARCH 31, 2005

PRIMA INDUSTRIE SPA
ACCOUNTING STATEMENT AT MARCH 31, 2005
(amounts expressed in thousands of Euro)

BALANCE SHEET

	03/31/2005	12/31/2004	03/31/2004
	Not subject to audit	Subject to audit	Not subject to audit
ASSETS			
Fixed assets			
Intangible fixed assets	469	487	507
Tangible fixed assets	1,561	1,631	1,743
Financial fixed assets	14,461	14,408	14,995
Total fixed assets	16,491	16,526	17,245
Current assets			
Inventories	13,949	10,926	12,120
Trade receivables	27,639	31,982	27,785
Other sundry receivables (includes treasury stock)	8,138	7,822	7,268
Cash and cash equivalents	6,339	3,141	4,467
Total current assets	56,065	53,871	51,640
Accrued income & prepaid expenses	650	490	400
Total assets	73,206	70,887	69,285
LIABILITIES			
Stockholders' equity			
Stockholders' equity	(*) 29,103	28,892	(*) 27,766
Employees' severance pay	3,029	2,974	2,772
Provision for risk and charges	3,307	3,397	4,017
Payables			
Medium/long-term borrowings	8,510	7,102	9,076
Short-term borrowings	5,344	5,722	4,991
Vendors/Advances	20,714	19,296	18,260
Other payables	2,759	3,173	2,120
Total payables	37,327	35,293	34,447
Accrued expenses & deferred income	440	331	283
Total liabilities	73,206	70,887	69,285

(*) gross of the tax effect for the period

PRIMA INDUSTRIE SPA**ACCOUNTING STATEMENT AT MARCH 31, 2005**

(amounts expressed in thousands of Euro)

INCOME STATEMENT

	At 03/31/2005	At 03/31/2004
Revenues from sales and services	13,943	14,410
Changes in inventories of semifinished and finished products	2,051	635
Increases in fixed assets for internal work	8	93
Other income and revenues	458	615
TOTAL VALUE OF PRODUCTION	16,460	15,753
Purchase of materials (net change invent.)	(8,779)	(8,033)
Acquisition of services	(3,532)	(3,611)
Leases and rentals	(291)	(241)
Sundry operating expenses (net)	(95)	(107)
TOTAL COSTS OF PRODUCTION	(12,697)	(11,992)
ADDED VALUE	3,763	3,761
Personnel	(3,317)	(3,152)
MOL (EBITDA)	446	609
Amortization, depreciation and writedowns	(135)	(146)
OPERATING INCOME (LOSS) (EBIT)	311	463
Net financial income and expenses	(17)	(102)
Adjustments to the value of financial assets (net)	(93)	(656)
Net extraordinary items	10	(6)
INCOME (LOSS) BEFORE TAXES	(211)	(299)