



PRESS RELEASE

Italian Stock Exchange - STAR SEGMENT

PRIMA INDUSTRIE

THE BOARD OF DIRECTORS APPROVES THE CONSOLIDATED ACCOUNTS AT 3/31/06

CONSOLIDATED ACCOUNTS STRONGLY GROWING IN RESPECT TO MARCH 31, 2005:

- SALES UP 26.6% TO 33.5 MILLION EURO (26.4 MILLION EURO AT 3/31/05);
- EBITDA UP 69.2% TO 4,346 THOUSAND EURO (2,568 thousand euro at 3/31/05);
- EBIT UP 76.2% TO 4,041 THOUSAND EURO (2,293 thousand euro at 3/31/05);
- NET PROFIT AT 3,044 THOUSAND EURO (707 thousand euro 3/31/05);
- NET FINANCIAL POSITION AT -9.8 MILLION EURO (-7.7 at 12/31/05 and -13.2 at 3/31/05);
- BACKLOG AT 44.9 MILLION EURO (31.3 million euro at 3/31/05).

Economic and financial results of Prima Industrie Group and of Prima Industrie S.p.A. and the historical comparison data included in this press release have been drawn according to the IAS/IFRS accounting principles.

Collegno (Torino), May 12, 2006 – The Board of Directors of PRIMA INDUSTRIE S.p.A., a leader company in the high-technology sector of laser systems for industrial applications, examined and approved today the consolidated accounts as at 3/31/06.

Consolidated sales (33,462 thousand euro) are 26.6% higher in respect to 26,422 thousand euro of same period last year, thanks to a favorable trend of all markets where the Group is operating, particularly the European and North American.

The production value is at 31,883 thousand euro, up 24.9% in respect to 25,541 thousand euro of same period last year.

As for the product range, it has been recorded a growth both in the 3D laser systems, particularly those of PRIMA North America, Laserdyne Systems Division for the aerospace market, as well as in the 2D laser systems.

Also sales of electronics products grew (thanks also to the entry of M.L.T.A. S.r.l. in the consolidation area).

Sales coming from after-sale services appear stable.

The strong growth in sales and profitability also depends on the high number of Laserdyne systems delivered during 2005 whose final acceptance by respective customers took place during first quarter 2006 and therefore were recognized as revenues; all that has favorably affected sales for about 10% and EBIT for about 20%.

Consolidated sales were destined to export for 84.5%, a percentage higher than in 2005 (72%).

Among the growing markets, a remarkable performance has been recorded by North America, thanks to the sales of Laserdyne Systems Division, and by European countries.

In details, sales were realized for 15.5% in Italy (28.8% at 3/31/05), for 44.1% in Europe (43.5% at 3/31/05), for 32.4% in North America (14.4% at 3/3/05) and for 7.9% in Asia and R.O.W. (13.2% at 3/31/05).

All profitability ratios strongly grew in respect to same period last year. Consolidated **EBITDA** and **EBIT** have respectively reached 4,346 thousand euro, i.e. 13.0% of sales (2,568 thousand euro at 3/31/05) and 4,041 thousand euro, i.e. 12.1% of sales (2,293 thousand euro at 3/31/05), while the Profit before Taxes has nearly doubled at 3,700 thousand euro in respect to 1,863 thousand euro at 3/31/05.

Even more important the growth of the **Net Profit**, more than quadruplicated in respect to 3/31/05 (3,044 thousand euro as against 707 thousand euro) thanks to the strong contribution to the consolidated net result by PRIMA North America, which takes advantage also of carry-forward tax losses.

Although the strong sales increase, the **Net Financial Position** remains under control at 9,834 thousand euro, as against 7,733 thousand euro at 12/31/05 and a 13,192 thousand euro at 3/31/05, with an improvement of 3,358 thousand euro as against same period last year. The variation of Net Financial Position must be attributed only to some non recurring events, such as the payment of the price due for the acquisition of a company branch and a new entry into the consolidation area. The operating working capital, on the contrary, has registered a light contraction.

The Net Financial Position on Net Equity ratio is at 0.29 (0.50 at 3/31/05).

Both the consolidated orders' acquisition during the quarter and the orders' backlog at the end of the same highly improved as against same period last year, so confirming the prosecution of the favorable growing trend started in the middle of 2005; the consolidated orders' acquisition was at 36,757 thousand euro (24,697 thousand euro in 2005) while backlog at 3/31/06 was 44,869 thousand euro (31,455 thousand euro at 3/31/05).

The same trend is confirmed also for April and the orders' backlog at 4/30/06 shows a further improvement to 52,362 thousand euro.

In the first quarter the Group continued its policy of investments in **Research & Development**. At 3/31/06 Research costs were in fact charged to P&L for 2,097 thousand euro, i.e. 6.3% of sales, as against 1,808 thousand euro at 3/31/05.

As for the parent company PRIMA INDUSTRIE, whose accounts are drawn according to IAS/IFRS as from 1/1/06, sales in the quarter were 18,446 thousand euro, up 5.4% in respect to 17,506 thousand euro at 3/31/05, with an EBIT at 836 thousand euro (973 thousand euro at 3/31/05) and a net result at 114 thousand euro as against a loss of 150 thousand euro at 3/31/05.

Commenting the results of the first quarter of 2006, Gianfranco Carbonato, Chairman and C.E.O. of Prima Industrie S.p.A., declared: *“We acknowledge with deep satisfaction the consolidated results at March 31, 2006, which bring us back to record values in term of orders’ acquisition, sales and profitability in the Group story.*

This thanks to some positive factors such as the market recovery, finally also in Europe, a major strengthness of products’ range, following a continuous policy of investments in Research & Development, and a wider coverage of main reference markets.

The strong orders’ backlog at March 31 and the favorable market trend, also confirmed afterwards, allow us to look positively at the prosecution of the current year”

PRIMA INDUSTRIE, established in 1977 and listed at the Italian Stock Exchange since 1999, currently present on the STAR segment, develops, manufactures and markets high-power laser systems for cutting, welding and drilling of three-dimensional (3D) and bi-dimensional (2D) parts. PRIMA INDUSTRIE leads a Group with nearly 500 employees, with manufacturing facilities in Italy (PRIMA INDUSTRIE S.p.A. and PRIMA ELECTRONICS S.p.A.); USA (PRIMA North America Inc.) and China (Shanghai Unity Prima Ltd. and Shenyang Prima Laser Machine Company Ltd.), and with a wide sales network in over 40 countries. At present the Group has 2000 systems installed worldwide with more than 1000 customers in the automotive, aerospace and in a wide range of other industries.

For further information:

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**CONSOLIDATED FINANCIAL STATEMENT
AT MARCH 31, 2006**

PRIMA INDUSTRIE GROUP, CONSOLIDATED BALANCE SHEET AT MARCH 31 2006 AND 2005

BALANCE SHEET

(Amounts in euro)

	31/03/06	31/12/05
Tangible fixed assets	5.956.612	5.778.520
Intangible fixed assets	2.788.250	2.738.927
Equity investments valued using the equity method	1.792.247	1.809.079
Equity investments valued using the cost method	51.832	51.832
Other financial assets	272.117	272.117
Other receivables	50.058	52.391
TOTAL NON CURRENT ASSETS	10.911.116	10.702.866
Inventories	37.850.719	36.319.402
Trade receivables	33.683.695	39.869.959
Other receivables	3.959.943	3.048.672
Other tax assets	2.182.913	1.357.085
Tax assets - prepaid taxes	6.601.882	6.946.898
Derivative financial instruments	-	4.595
Cash and cash equivalents	10.159.133	11.495.383
TOTAL CURRENT ASSETS	94.438.285	99.041.994
non current assets held for sale	-	-
TOTAL ASSETS	105.349.401	109.744.860
Capital stock	11.500.000	11.500.000
Treasury stock	(39.339)	(92.872)
Treasury stock owned by subsidiaries	(192.134)	-
Other reserves	16.656.427	16.656.427
Conversion reserve	155.966	329.937
Profits (Losses) carried forward	2.477.558	(2.661.910)
Profit (loss) for the year	3.081.383	5.107.631
<i>Total Group stockholders' equity</i>	<i>33.639.861</i>	<i>30.839.213</i>
Minority interests	9.169	-
TOTAL NET EQUITY	33.649.030	30.839.213
Loans	7.258.326	5.570.596
Employee benefits	4.838.473	4.936.694
Provision for risks and charges	29.110	29.110
Derivative financial instruments	10.617	15.970
TOTAL NON CURRENT LIABILITIES	12.136.526	10.552.370
Trade payables	23.584.399	23.089.151
Advances	9.103.066	18.371.290
Other payables	4.814.120	4.668.838
Amounts due to banks and i.r.o loans	12.988.569	13.918.168
Tax liabilities - deferred taxes	2.211.025	2.502.156
Tax liabilities - current taxes	2.785.577	2.027.955
Provision for risks and charges	4.069.694	3.775.719
Derivative financial instruments	7.395	-
TOTAL CURRENT LIABILITIES	59.563.845	68.353.277
Liabilities due to non current assets held for sale	-	-
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	105.349.401	109.744.860

PRIMA INDUSTRIE GROUP, CONSOLIDATED BALANCE SHEET AT MARCH 31 2006 & 2005

INCOME STATEMENT

<i>(Amounts in euro)</i>	Period 1/01/06-31/03/06	Period 1/01/05-31/03/05
Net revenues from sales and services	33.462.128	26.422.176
Other operating income	467.920	470.100
Changes in inventories of semifinished and finished products	(2.073.534)	(1.376.753)
Increases in fixed assets for internal work	26.736	15.216
Use of raw materials, consumables, supplies and goods	(13.302.890)	(11.657.699)
Personnel cost	(7.253.830)	(5.995.031)
Amortization & Depreciation	(305.134)	(275.137)
Other operating costs	(6.980.370)	(5.310.002)
OPERATING INCOME	4.041.026	2.292.870
Financial income	89.161	154.599
Financial expenses	(419.723)	(549.348)
Net income from transactions in foreign exchange	(21.089)	(35.588)
Net income from associated companies & joint ventures	10.185	-
INCOME BEFORE TAX	3.699.560	1.862.533
Current and deferred taxes	(655.330)	(1.155.805)
NET RESULT	3.044.230	706.728
Income from assets held for disposal	-	-
NET PROFIT	3.044.230	706.728
- <i>Group stockholders' net profit</i>	3.081.383	706.728
- <i>Minorities net profit</i>	(37.153)	-

PRIMA INDUSTRIE GROUP, CONSOLIDATED BALANCE SHEET AT MARCH 31 2006 AND 2005

STATEMENT OF CHANGES IN CONSOLIDATED STOCKHOLDERS' EQUITY

(Amounts in euro)

From January 1, 2005 to March 31, 2005

	01/01/2005	Purchase / sale of treasury stock	Gains on disposal of treasury stock	Losses on disposal of treasury stock	Allocation of result - Previous financial year	Distribution dividends	Profit for the period	Conversion reserve	31/03/2005
Capital stock	11.500.000								11.500.000
Treasury stock	(170.606)	72.548							(98.058)
Treasury stock owned by subsidiaries	-								-
Share premium reserve	15.664.893	72.548							15.737.441
Legal reserve	729.550								729.550
Other reserves	0								0
Conversion reserve	(173.718)							94.028	(79.690)
Profits (losses) carried forward	(2.911.767)	(72.548)	12.108	(2.146)	1.043.212				(1.931.141)
Income (Loss) for the period	1.043.212				(1.043.212)		706.728		706.728
Group stockholders' Equity	25.681.564	72.548	12.108	(2.146)	-	-	706.728	94.028	26.564.830
Minorities interest									0
Total Net Equity									26.564.830

From January 1, 2006 to March 31, 2006

	01/01/2006	Purchase / sale of treasury stock	Gains on disposal of treasury stock	Losses on disposal of treasury stock	Allocation of result - Previous financial year	Distribution dividends	Profit for the period	Conversion reserve	31/03/2006
Capital stock	11.500.000								11.500.000
Treasury stock	(92.872)	53.533							(39.339)
Treasury stock owned by subsidiaries	-	(192.134)							(192.134)
Share premium reserve	15.664.893								15.664.893
Legal reserve	770.910								770.910
Other reserves	220.624								220.624
Conversion reserve	329.937							(173.971)	155.966
Profits (losses) carried forward	(2.661.910)		33.018	(1.181)	5.107.631				2.477.558
Income (Loss) for the period	5.107.631				(5.107.631)		3.081.383		3.081.383
Group stockholders' Equity	30.839.213	(138.601)	33.018	(1.181)	-	-	3.081.383	(173.971)	33.639.861
Minorities interest									9.169
Total Net Equity									33.649.030

PRIMA INDUSTRIE GROUP, CONSOLIDATED BALANCE SHEET AT MARCH 31 2006 AND 2005

(Amounts in euro thousand)

	31/03/06	31/03/05
Cash flow derived from operating activity		
Profit (Loss) before tax	3.700	1.863
Adjustments	1.072	870
Amortization for the financial year	305	275
Provisions raised to Employees' severance fund	425	165
Loss (Profit) on exchange rates for currency transactions	21	36
Loss (Income) from equity investments	(10)	-
Financial expenses	420	549
Financial (income)	(89)	(155)
	4.771	2.733
(Increase) /Decrease in trade and other receivables	5.597	6.129
(Increase) /Decrease in inventories	(1.154)	(1.142)
Increase / (Decrease) in trade payables	(9.224)	(4.173)
Increase / (Decrease) in other payables	(488)	(908)
Cash flow from typical activity	(499)	2.639
Interest payment	(369)	(505)
Tax payment	-	-
Cash flow derived from operating activity	(868)	2.133
Cash flow derived from investment activity		
Purchase of MLTA	(39)	-
Purchase of tangible fixed assets	(370)	(95)
Purchase of intangible fixed assets	(84)	(130)
Sale /(Purchase) of financial assets (at cost)	-	(16)
Sale /(Purchase) investments in associates	27	-
Receipts from sales of fixed assets	-	4
Interest encashed	89	155
Net Cash flow derived from investment activity	(377)	(83)
Cash flow derived from financing activity		
Variation in the conversion reserve	(174)	94
(Purchase)/sale of treasury stock	(107)	83
Variation of other reserves	46	-
Changes in balance- derivative instruments (FV)	7	110
Stipulation of loans and financing	2.000	2.000
Repayments of loans and financing	(1.614)	(1.421)
(Repayments)/ Raising of financial leases	(59)	(65)
(Repayments)/ Raising of Sabatini transactions	(190)	(213)
Dividends paid	-	-
Net Cash flow derived from financing activity	(91)	587
Increase (decrease) in the cash and cash equivalents	(1.336)	2.638
Cash and cash equivalents at the start of the period	11.495	6.448
Cash and cash equivalents at the end of the period	10.159	9.086



PRIMA INDUSTRIE SPA

FINANCIAL STATEMENT AT MARCH 31, 2006

FINANCIAL STATEMENT AT MARCH 31, 2006 AND 2005

BALANCE SHEET

(Amounts in euro)

	31/03/06	31/12/05
Tangible fixed assets	3.026.698	3.038.861
Intangible fixed assets	192.547	98.697
Equity investments in subsidiaries	12.840.913	12.840.913
Equity investments valued using the equity method	1.249.778	1.249.778
Equity investments valued using the cost method	51.832	51.832
Loans to related parties	3.141.866	2.898.962
Other financial assets	258.484	258.484
Other receivables	9.232	9.446
TOTAL NON CURRENT ASSETS	20.771.350	20.446.973
Inventories	21.653.531	18.081.051
Trade receivables	28.754.474	33.997.642
Other receivables	3.426.727	2.652.279
Other tax assets	2.085.666	1.264.262
Tax assets - prepaid taxes	3.625.029	3.859.224
Derivative financial instruments		4.595
Cash and cash equivalents	7.175.758	7.138.093
TOTAL CURRENT ASSETS	66.721.185	66.997.146
Non current assets held for sale	-	-
TOTAL ASSETS	87.492.535	87.444.119
Capital stock	11.500.000	11.500.000
Treasury stock	(39.339)	(92.872)
Other reserves	16.656.427	16.656.427
Conversion reserve		
Profits (Losses) carried forward	2.755.388	(1.181.405)
Profit (loss) for the year	114.320	3.904.952
<i>Total Group stockholders' equity</i>	<i>30.986.796</i>	<i>30.787.102</i>
Minority interests	-	-
TOTAL NET EQUITY	30.986.796	30.787.102
Loans	6.095.667	4.535.931
Employee benefits	3.390.507	3.616.835
Provision for risks and charges	28.000	28.000
Derivative financial instruments	10.617	15.970
TOTAL NON CURRENT LIABILITIES	9.524.791	8.196.736
Trade payables	22.676.338	20.521.385
Advances	6.183.672	8.726.329
Other payables	2.621.747	2.510.061
Amounts due to banks and i.r.o loans	9.627.763	11.386.273
Tax liabilities - deferred taxes	2.043.424	2.014.840
Tax liabilities - current taxes	1.862.809	1.405.393
Provision for risks and charges	1.957.800	1.896.000
Derivative financial instruments	7.395	-
TOTAL CURRENT LIABILITIES	46.980.948	48.460.281
Liabilities due to non current assets held for sale	-	-
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	87.492.535	87.444.119

FINANCIAL STATEMENT AT MARCH 31, 2006 AND 2005

INCOME STATEMENT

	31/03/06	31/03/05
Net revenues from sales and services	18.445.764	17.506.309
Other operating income	476.059	458.272
Changes in inventories of semifinished and finished products	819.694	(620.806)
Increases in fixed assets for internal work	20.736	8.216
Use of raw materials, consumables, supplies and goods	(10.328.947)	(8.779.706)
Personnel cost	(3.864.685)	(3.252.649)
Amortization & Depreciation	(149.916)	(142.917)
Impairment and writedowns		(93.483)
Other operating costs	(4.582.890)	(4.110.381)
OPERATING INCOME	835.815	972.855
Financial income	111.384	158.887
Financial expenses	(356.649)	(464.567)
Net income from transactions in foreign exchange	(888)	(88.264)
INCOME BEFORE TAX	589.662	578.911
Current and deferred taxes	(475.342)	(728.755)
NET RESULT	114.320	(149.844)
Income from assets held for disposal	-	-
NET PROFIT	114.320	(149.844)
<i>Stockholders' net profit</i>	114.320	(149.844)
	-	-
	-	-

FINANCIAL STATEMENT AT MARCH 31, 2006 AND 2005

STATEMENT OF CHANGES IN CONSOLIDATED STOCKHOLDERS' EQUITY

(Amounts in euro)

From January 1, 2005 to March 31, 2005

	01/01/2005	Acquisto / Vendita azioni proprie	Plusvalenza cessione azioni proprie	Minusvalenza cessione azioni proprie	Destinazione Utile Esercizio precedente	Distribuzione Dividendi	Utile di periodo	31/03/2005
Capital stock	11.500.000							11.500.000
Treasury stock	(170.606)	72.548						(98.058)
Share premium reserve	15.664.893	72.548						15.737.441
Legal reserve	729.550							729.550
Other reserves	0							0
Conversion reserve	-							0
Profits (losses) carried forward	(1.319.776)	(72.548)	12.108	(2.146)	931.735			(450.627)
Income (Loss) for the period	931.735				(931.735)		(149.844)	(149.844)
Net Equity	27.335.796	72.548	12.108	(2.146)	-	-	(149.844)	27.268.462

From January 1, 2006 to March 31, 2006

	01/01/2006	Acquisto / Vendita azioni proprie	Plusvalenza cessione azioni proprie	Minusvalenza cessione azioni proprie	Destinazione Utile Esercizio precedente	Distribuzione Dividendi	Utile di periodo	31/03/2006
Capital stock	11.500.000							11.500.000
Treasury stock	(92.872)	53.533						(39.339)
Share premium reserve	15.664.893							15.664.893
Legal reserve	770.910							770.910
Other reserves	220.624							220.624
Conversion reserve	-							0
Profits (losses) carried forward	(1.181.405)		33.018	(1.177)	3.904.952			2.755.388
Income (Loss) for the period	3.904.952				(3.904.952)		114.320	114.320
Net Equity	30.787.102	53.533	33.018	(1.177)	-	-	114.320	30.986.796

FINANCIAL STATEMENT AT MARCH 31, 2006 AND 2005
CASH FLOW STATEMENT AT MARCH 31, 2006 AND 2005

(Amounts in euro thousand)

	<u>31/03/2006</u>	<u>31/03/2005</u>
Cash flow derived from operating activity		
Profit (Loss) before tax	590	579
Adjustments	504	741
Amortization for the financial year	150	143
Provisions raised to Employees' severance fund	108	110
Loss (Profit) on exchange rates for currency transactions	1	88
Loss (Income) from equity investments	0	93
Financial expenses	357	465
Financial (income)	-111	-159
	1.094	1.320
(Increase) /Decrease in trade and other receivables	3.647	4.182
(Increase) /Decrease in inventories	-3.572	-352
Increase / (Decrease) in trade payables	-388	-2.145
Increase / (Decrease) in other payables	33	-247
<i>Cash flow from typical activity</i>	814	2.758
Interest payment	-307	-509
Tax payment	0	0
Cash flow derived from operating activity	<u>507</u>	<u>2.249</u>
Cash flow derived from investment activity		
Purchase of tangible fixed assets	-114	-23
Purchase of intangible fixed assets	-118	-17
Sale /(Purchase) of financial assets (at cost)	-243	-146
Sale /(Purchase) investments in associates		
Receipts from sales of fixed assets	0	0
Interest encashed	111	159
Net Cash flow derived from investment activity	<u>-363</u>	<u>-27</u>
Cash flow derived from financing activity		
Variation in the conversion reserve		
(Purchase)/sale of treasury stock	85	83
Changes in balance- derivative instruments (FV)	7	139
Stipulation of loans and financing	2.000	2.000
Repayments of loans and financing	-2.009	-1.035
(Repayments)/ Raising of financial leases	-190	-213
(Repayments)/ Raising of Sabatini transactions		
Dividends paid	0	0
Net Cash flow derived from financing activity	<u>-107</u>	<u>973</u>
Increase (decrease) in the cash and cash equivalents	38	3.195
Cash and cash equivalents at the start of the period	7.138	3.141
Cash and cash equivalents at the end of the period	7.176	6.336

*per il Consiglio di Amministrazione
Il Presidente*



ing. Gianfranco Carbonato.