



## **PRESS RELEASE**

### ***Italian Stock Exchange - STAR Segment***

#### **PRIMA INDUSTRIE**

#### **SALES GROWTH IN 2005 OF OVER 14% IMPORTANT IMPROVEMENT OF ALL ECONOMIC AND FINANCIAL RATIOS NET PROFIT OVER EURO 5 MILLION DIVIDEND DOUBLED AT EURO 0.28 PER SHARE**

- **Consolidated sales at 110.9 million euro, up 14.2% from 97.1 million euro in 2004**
- **EBITDA of 9.1 million euro (6.2 million euro as of 12/31/2004)**
- **EBIT of 7.9 million euro (5.0 million euro as of 12/31/2004)**
- **Net Profit of 5.1 million euro (1.1 million euro as of 12/31/2004)**
- **Net financial position further improved to -7.7 million euro (-15.4 million euro as of 12/31/2004)**
- **Backlog of 40.7 million euro, up 13.9% from 35.8 million euro as of 12/31/2004**
- **Proposal for a gross dividend payment of EUR 0.28 per share**

***The economic and financial results of Prima Industrie Group and historical comparison data included in this press release have been calculated according to the IAS/IFRS accounting principles.  
For the individual Group companies, these data have been calculated in accordance with local GAAP.***

*Collegno (Torino), February 27, 2006* – The Board of Directors of Prima Industrie S.p.A., a leading company in the high-technology sector of laser systems for industrial applications, approved today the project for the annual report at December 31, 2005.

The 2005 fiscal year has confirmed the positive trend started in 2004 with the return to consolidated net profit. With a consolidated sales growth of over 14% (it is the first two-digit percentage increase since the year 2000), 2005 net profit of 5.1 million euro has increased almost five times compared to net profit in 2004.

Such profit originates from the net positive results of all main companies of the Group, in a general situation showing initial recovery signals in the European and Italian markets after four years of stagnation. In particular, it must be pointed out the positive performance of the fully owned company PRIMA North America, Inc. which, with a net profit of \$2.8 million, has successfully ended its turnaround process started in 2001 and also represents one of the key factors for the profitability growth of the Group.

The positive trend of all economic and financial ratios allows to continue the policy of profit distribution started in 2004, with the payment of a gross dividend of 0.28 euro per share, doubled in respect to previous year.

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Data of 2005 highlight a **consolidated turnover**, which, thanks to the improved performance of all Group companies, rose to 110.9 million euro, up 14.2% from 97.1 million euro in 2004. About 24% of the turnover is expressed in US\$; the comparison with the previous year substantially shows that the exchange rate has not influenced the turnover growth in 2005.

Sales breakdown by market segments shows that laser systems and generators have registered a growth of 15.2% while electronic products (net from the intercompany sales) improved of 6.9%. All product lines have shown a growth. Particularly significant the 2D laser systems which have started to take advantage of the launch of the new product SYNCRONO last autumn.

The geographic breakdown shows a growing share of the European market (41.1% in respect to 36% of 2004), thanks not only to the improved macroeconomic conditions but also to a stronger direct presence in some key markets such as Germany.

The Italian share is stable in percentage (27.1% in 2005, equal to 2004), with a growth in terms of value, and stable are also sales in the U.S. market (19.1% in 2005 as against 20.5% in 2004).

The overseas markets have shown a limited decrease in amount (in percentage 12.7% in 2005 as against 16.4% in 2004), essentially due to a major value of local production by Chinese joint-ventures, which are not included in the consolidation area.

The Group **EBITDA** increased to 9.1 million euro (8.2% of sales), with a growth of 47% as against 6.2 million euro of 2004 (6.4% of sales), thanks to the excellent trend of the fully owned company PRIMA North America, Inc. and, in general, to the positive trend of all Group companies.

The consolidated **EBIT** grew up to 7.9 million euro (7.1% of sales), strongly improving in respect to 5.0 million euro as at 12/31/2004 (5.1% of sales).

Profitability is net from Research & Development expenses for 7.7 million euro (fully charged to P/L statement), equal to 7% of sales (as against 6.9 million euro, equal to 7.1% of sales, in 2004), this confirming the Group attention to technological innovation.

Notable the improvement of the **EBT**, more than doubled up to 7.1 million euro as against 3.5 million euro of 12/31/2004.

This figure also includes the net result of associated companies and joint-ventures equal to 0.3 million euro (as against a result of -0.2 million euro in 2004); Shanghai Unity Prima has given its contribution to this result with a net profit of 0.5 million euro.

The **net profit** of the year, which took advantage of a significant reduction of tax rate due to previous fiscal losses in the US, is at 5.1 million euro (as against 1.1 million euro as at 12/31/2004).

Furtherly improved **net financial position**, down to -7.7 million euro (as against -15.4 million euro of 12/31/2004 and -22.3 million euro of 12/31/2003), thanks to the cash flow generated by favorable profitability and by improved working capital management.

Improving results also for the parent company **Prima Industrie S.p.A.** whose sales were 72.7 million euro (up 10.3% as against 65.9 million euro of 12/31/2004).

EBITDA and EBIT have been respectively to 3.7 million euro (3.7 million euro as at 12/31/2004) and 3.1 million euro (3.0 million euro as at 12/31/2004), though an increased level of allowances and write-downs for an amount of 1.1 million euro (as against 0.9 million euro of 2004).

The annual result, which took advantage also of the partial recovery of PRIMA North America write-down for 2.2 million euro, was at 3.8 million euro as against 0.8 million euro as at 12/31/2004.

In consideration of all the above results, the Board of Directors has resolved to propose to next Shareholders' Meeting a dividend distribution of 0.28 euro per ordinary share of 2.5 euro face value with ex-dividend date 05/22/2006 and payment date on 05/25/2006.

While expressing his satisfaction for the Group results, Prima Industrie Chairman and C.E.O., Gianfranco Carbonato, has declared: *"I am very pleased about year 2005 results, to which all Group companies have contributed. The strengthened direct presence on the international markets, the wider and more competitive line of products and the durable positive trend of the market (finally also in Western Europe) make us optimistic for the current year. The strong Group financial structure will allow to pursue efficiently also external growth opportunities"*

**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.

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**GRUPPO PRIMA INDUSTRIE S.p.A - Consolidated Balance Sheet at 12.31.2005***(Values expressed in thousands of Euro)*

<b>Assets</b>	<b>31/12/05</b>	<b>31/12/04</b>
Tangible fixed assets	5.778.520	5.984.511
Other intangible fixed assets	2.738.927	2.487.422
Equity investments valued using the equity method	1.809.079	969.284
Equity investments valued using the cost method	51.832	232
Other financial assets		
Financial assets held for sale	272.117	249.478
Other receivables	52.391	81.035
Derivative financial instruments	-	-
<b>TOTAL NON CURRENT ASSETS</b>	<b>10.702.866</b>	<b>9.771.962</b>
Inventories	36.319.402	31.580.854
Trade receivables	39.869.959	39.647.527
Other receivables	3.048.672	3.095.227
Other tax assets	1.357.085	2.043.815
Tax assets - prepaid taxes	6.946.898	7.071.463
Derivative financial instruments	4.595	309.804
Cash and cash equivalents	11.495.383	6.448.282
<b>TOTAL CURRENT ASSETS</b>	<b>99.041.994</b>	<b>90.196.972</b>
<b>Non current assets held for sale</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>109.744.860</b>	<b>99.968.934</b>
Capital stock	11.500.000	11.500.000
Treasury stock	(92.872)	(170.606)
Other reserves	16.656.427	16.394.443
Conversion reserve	329.937	(173.718)
Profits (Losses) carried forward	(2.661.910)	(2.911.767)
Profit (loss) for the year	5.107.631	1.043.212
<i>Total Group stockholders' equity</i>	<i>30.839.213</i>	<i>25.681.564</i>
Minority interests	-	-
<b>Total stockholders' equity</b>	<b>30.839.213</b>	<b>25.681.564</b>
Loans	5.570.596	12.368.197
Employee benefits	4.936.694	4.498.328
Provision for risks and charges	29.110	90.890
Derivative financial instruments	15.970	36.848
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>10.552.370</b>	<b>16.994.263</b>
Trade payables	23.089.151	19.417.485
Advances	18.371.290	17.718.415
Other payables	4.668.838	3.758.182
Amounts due to banks and i.r.o loans	13.918.168	9.991.552
Tax liabilities - deferred taxes	2.502.156	2.538.233
Tax liabilities - current taxes	2.027.955	1.870.921
Provision for risks and charges	3.775.719	1.968.972
Derivative financial instruments	-	29.347
<b>TOTAL CURRENT LIABILITIES</b>	<b>68.353.277</b>	<b>57.293.107</b>
<b>Liabilities due to non current assets held for sale</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>109.744.860</b>	<b>99.968.934</b>

**GRUPPO PRIMA INDUSTRIE S.p.A - Consolidated Income Statement at 12.31.2005***(Valori in migliaia di euro)*

<b>Income Statement</b>	<b>31/12/05</b>	<b>31/12/04</b>
Net revenues from sales and services	110.884.661	97.106.312
Other operating income	3.000.218	2.478.929
Changes in inventories of semifinished and finished products	1.903.152	3.030.646
Increases in fixed assets for internal work	62.886	157.343
Use of raw materials, consumables, supplies and goods	(55.422.679)	(51.064.783)
Personnel cost	(26.040.097)	(23.818.823)
Amortization	(1.208.232)	(1.213.512)
Impairment and Writedowns		
Other operating costs	(25.263.299)	(21.685.118)
<b>OPERATING INCOME</b>	<b>7.916.610</b>	<b>4.990.994</b>
Financial income	475.513	491.680
Financial expenses	(1.638.575)	(1.747.067)
Income from transactions in foreign exchange	22.758	(140.611)
Income from associated companies & joint ventures	336.716	(164.032)
Income from financial assets held for sale		
<b>INCOME BEFORE TAX</b>	<b>7.113.022</b>	<b>3.430.964</b>
Current and deferred taxes	(2.005.391)	(2.387.752)
<b>NET PROFIT</b>	<b>5.107.631</b>	<b>1.043.212</b>
<b>Income from assets held for disposal</b>	-	-
<b>NET PROFIT</b>	<b>5.107.631</b>	<b>1.043.212</b>
- due to parent company stockholders'	5.107.631	1.043.212
- due to the minority interest	-	-
	-	-

## THE PRIMA INDUSTRIE GROUP - STATEMENT OF CHANGES IN CONSOLIDATED STOCKHOLDERS' EQUITY

From January 1, 2004 to December 31, 2004

	01/01/2004	Purchase Treasury stock	Gains/Losses on disposal treasury stock	Allocation of Result Previous financial year	Allocation of Result Previous financial year	Distribution Dividends	Profit for the period	Conversion reserve	30/06/2004
Capital stock	11.500.000								11.500.000
Treasury stock	-323.797	153.191							-170.606
Share premium reserve	16.862.488				-1.197.595				15.664.893
Legal reserve	2.213.212				-1.483.662				729.550
Other reserves	0				0				0
Conversion reserve	0							-173.718	-173.718
Profits (losses) carried forward	-5.578.931		11.058	-25.151	2.681.257				-2.911.767
Income (Loss) for the period	0				0		1.043.212		1.043.212
<b>Total</b>	<b>24.672.972</b>	<b>153.191</b>	<b>11.058</b>	<b>-25.151</b>	<b>0</b>	<b>0</b>	<b>1.043.212</b>	<b>-173.718</b>	<b>25.681.564</b>

From December 31, 2004 to December 31, 2005

	31/12/2004	Purchase Treasury stock	Gains/Losses on disposal treasury stock	Allocation of Result Previous financial year	Allocation of Result Previous financial year	Distribution Dividends	Profit for the period	Conversion reserve	30/06/2005
Capital stock	11.500.000								11.500.000
Treasury stock	-170.606	77.734							-92.872
Share premium reserve	15.664.893								15.664.893
Legal reserve	729.550				41.360				770.910
Other reserves	0	77.735			142.889				220.624
Conversion reserve	-173.718							503.655	329.937
Profits (losses) carried forward	-2.911.767	-77.735	123.176	-11.597	858.963	-642.950			-2.661.910
Income (Loss) for the period	1.043.212				-1.043.212		5.107.631		5.107.631
<b>Total</b>	<b>25.681.564</b>	<b>77.734</b>	<b>123.176</b>	<b>-11.597</b>	<b>0</b>	<b>-642.950</b>	<b>5.107.631</b>	<b>503.655</b>	<b>30.839.213</b>

**GRUPPO PRIMA INDUSTRIE S.p.A. - CASH FLOWS STATEMENT****Year ended December 31, 2004 and December 31, 2005***(Values expressed in thousands of Euro)*

	<b>31/12/2005</b>	<b>31/12/2004</b>
<b>Cash flow derived from operating activity</b>		
Profit (Loss) before tax	7.113	3.431
Adjustments	2.753	3.491
Amortization for the financial year	1.208	1.214
Provisions raised to Employees' severance fund	742	717
Loss (Profit) on exchange rates for currency transactions	-23	141
Loss (Income) from equity investments	-337	164
Financial expenses	1.639	1.747
Financial (income)	-476	-492
	<u>9.866</u>	<u>6.922</u>
(Increase) /Decrease in trade and other receivables	785	205
(Increase) /Decrease in inventories	-3.175	-1.461
Increase / (Decrease) in trade payables	4.224	4.072
Increase / (Decrease) in other payables	1.171	363
	<u>12.871</u>	<u>10.101</u>
<i>Cash flow from typical activity</i>	<u>12.871</u>	<u>10.101</u>
Interest payment	-1.571	-1.679
Tax payment	-1.462	-1.357
	<u>9.838</u>	<u>7.065</u>
<i>Cash flow derived from operating activity</i>	<u>9.838</u>	<u>7.065</u>
<b>Cash flow derived from investment activities</b>		
Purchase of PRIMA GmbH	-969	0
Purchase of tangible fixed assets	-903	-1.097
Purchase of intangible fixed assets	-363	-143
Sale /(Purchase) of financial assets (at cost)	-52	0
Sale /(Purchase) investments in associates	-503	0
Receipts from sales of fixed assets	68	362
Interest encashed	476	492
	<u>-2.246</u>	<u>-386</u>
<i>Cash flow net of loan management</i>	<u>-2.246</u>	<u>-386</u>
<b>cash flow derived from financing activities</b>		
Variation in the conversion reserve	504	-174
(Purchase)/sale of treasury stock	188	139
Changes in balance- derivative instruments (FV)	255	-43
Stipulation of loans and financing	7.842	4.508
Repayments of loans and financing	-9.657	-7.047
(Repayments)/ Raising of financial leases	-258	-125
(Repayments)/ Raising of Sabatini transactions	-776	-1.096
Dividends paid	-643	0
	<u>-2.545</u>	<u>-3.838</u>
<i>Cash flow net of loan management</i>	<u>-2.545</u>	<u>-3.838</u>
<b>Increase (decrease) in the cash and cash equivalents</b>	<b>5.047</b>	<b>2.841</b>
<b>Cash and cash equivalents at the start of the period</b>	<b>6.448</b>	<b>3.607</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>11.495</b>	<b>6.448</b>

**PRIMA INDUSTRIE S.p.A. - Balance Sheet at 31.12.2005**

**ASSETS**

	<b>12.31.2005</b>		<b>12.31.2004</b>	
<b>A. DUE FROM STOCKHOLDERS FOR PAYMENTS STILL DUE</b>		0		0
<b>B. FIXED ASSETS</b>				
I. Intangible fixed assets				
1) Plant and expansion costs		0		0
2) Research, development and advertising costs		0		0
3) Industrial patent and intellectual property	189.108		160.117	
4) Concessions, licences, trademarks and similar rights	3.790		4.783	
5) Goodwill		0		0
6) Assets under construction and advances		0		0
7) Other intangible fixed assets	271.263	464.161	322.212	487.112
II. Tangible fixed assets				
1) Land and buildings:	801.114		801.114	
less: accumulated depreciation	(265.634)	535.480	(223.133)	577.981
2) Plant and machinery	1.795.631		1.648.551	
less: accumulated depreciation	(1.269.792)	525.839	(1.158.413)	490.138
3) Industrial and commercial equipment	1.835.976		1.747.984	
less: accumulated depreciation	(1.562.003)	273.973	(1.399.420)	348.564
4) Other assets	1.649.567		1.515.969	
less: accumulated depreciation	(1.387.910)	261.657	(1.301.869)	214.100
5) Assets under construction and advances		0	0	1.630.783
less: accumulated depreciation		1.596.949		
III. Financial fixed assets				
1) Equity investments				
a) in subsidiaries	26.633.954		24.442.579	
less: equity investment devaluation reserve	(13.793.041)		(15.689.956)	
b) in associated companies	2.271.464		1.855.767	
less: equity investment devaluation reserve	(1.021.686)		(897.007)	
c) in controlling companies	0		0	
less: equity investment devaluation reserve	0		0	
d) in other companies	826.286		774.686	
less: equity investment devaluation reserve	(774.686)	14.142.291	(774.686)	9.711.383
2) Receivables (*)				
a) from subsidiaries	0	2.898.962	0	4.265.685
b) from associated companies	0	150.416	0	150.416
less: receivables devaluation reserve	0	(150.416)	0	(150.416)
c) from controlling companies	0	0	0	0
d) Other receivables	0	9.446	0	31.388
3) Other securities		258.484		249.478
4) Treasury stock		0		0
		17.309.183		14.257.934
<b>TOTAL FIXED ASSETS (B)</b>		<b>19.370.293</b>		<b>16.375.829</b>



**PRIMA INDUSTRIE S.p.A. - Balance Sheet at 31.12.2005**

**C. CURRENT ASSETS**

I. Inventories					
1) Raw materials, consumables and supplies		7.770.394		6.984.227	
2) Work in progress and semifinished products		3.167.820		2.765.540	
3) Contract work in progress		0		0	
4) Finished product and goods		2.975.902		2.478.900	
5) Advances		0		0	
less: provision for writedown of stock		(1.188.166)		(813.166)	
less: provision for writedown of finished products		0	12.725.950	(490.000)	10.925.501
II. Receivables					
1) Trade receivables	(**)	27.049.775		26.302.560	
less: taxed & non taxed allow. for doubtful a/c's:	1.434.304	(1.571.534)	25.478.241	(863.103)	25.439.457
2) Subsidiaries		0	5.536.702	0	5.413.414
3) Associated companies		0	2.086.321	0	1.280.171
4) Controlling companies		0	0	0	0
4-bis) Tax receivables		0	1.265.584	0	1.971.741
4-ter) Prepaid taxes		0	2.607.963	0	2.923.447
5) Others		0	2.583.950	0	2.755.896
			39.558.761	0	39.784.126
III. Current financial assets					
1) Equity investments in subsidiaries		0		0	
less: equity investment devaluation reserve		0	0	0	0
2) Equity investments in associated companies		0		0	
3) Equity investments in controlling companies		0		0	
4) Equity investments in other companies			232		232
less: equity investment devaluation reserve			0		0
5) Treasury stock (par value 20.000)			92.872		170.607
6) Other securities			0		0
			93.104		170.839
IV. Cash and cash equivalents					
1) Bank and postal accounts			7.118.870		3.132.218
2) Cheques			0		0
3) Cash and cash equivalents on hand			19.223	7.138.093	8.945
					3.141.163
<b>TOTAL CURRENT ASSETS (C)</b>			<b>59.515.908</b>		<b>54.021.629</b>
<b>D. ACCRUED INCOME &amp; PREPAID EXPENSES</b>					
1) Issue discounts and other similar expenses on loans		0		0	
2) Other accrued income and prepaid expenses		167.869	167.869	489.677	489.677
<b>TOTAL ASSETS</b>			<b>79.054.070</b>		<b>70.887.135</b>

(\*) RECEIVABLES DUE WITHIN ONE YEAR

(\*\*) RECEIVABLES DUE BEYOND ONE YEAR

**PRIMA INDUSTRIE S.p.A. - Balance Sheet at 12.31.2005**

**LIABILITIES**

	<b>31.12.2005</b>		<b>31.12.2004</b>	
<b>A. STOCKHOLDERS' EQUITY</b>				
I. Capital stock		11.500.000		11.500.000
II. Share premium reserve		15.664.893		15.664.893
III. Revaluation reserves		0		0
IV. Legal reserve		770.910		729.550
V. Statutory reserves		0		0
VI. Reserve for treasury stock in portfolio		92.872		170.606
VII. Other reserves		220.624		0
VIII. Profits (losses) carried forward		0		0
IX. Profit (loss) for the year		3.779.860		827.199
<b>TOTAL STOCKHOLDERS' EQUITY</b>		<b>32.029.159</b>		<b>28.892.248</b>
<b>B. PROVISIONS FOR RISKS AND CHARGES</b>				
1) Retirement funds and similar provisions		0		0
2) Provisions for taxes		1.482.986		1.198.163
3) Others		2.723.000	4.205.986	2.198.503
				3.396.666
<b>C. EMPLOYEES' SEVERANCE PAY</b>				
		3.370.190		2.973.925
<b>D. PAYABLES</b>				
	(**)		(**)	
1) Bonds	0	0	0	0
2) Convertible bonds	0	0	0	0
3) Amounts due to stockholders i.r.o. funding	0	0	0	0
4) Amounts due to banks	2.330.634	13.368.306	6.376.108	12.013.094
5) Amounts due to other lenders	640.740	726.471	726.471	810.821
6) Advances	0	836.094	0	915.886
7) Trade accounts payable	0	15.760.905	0	14.257.854
8) Payables represented by debt instruments	0	0	0	0
9) Amounts due to subsidiaries	0	4.764.798	0	4.121.782
10) Amounts due to associated companies	0	0	0	0
11) Amounts due to Parent company	0	0	0	0
12) Taxes payable	0	1.411.089	0	1.334.905
13) Amounts due to provident and social security institutions	0	860.608	0	750.657
14) Other payables	0	1.349.472	39.077.743	1.088.221
				35.293.220
<b>E. ACCRUED EXPENSES &amp; DEFERRED INCOME</b>				
1) Issue premiums		0		0
2) Other accrued expenses and deferred income		370.992	370.992	331.076
				331.076
<b>TOTAL LIABILITIES</b>		<b>79.054.070</b>		<b>70.887.135</b>

(\*\*) PAYABLES DUE BEYOND ONE YEAR

## PRIMA INDUSTRIE S.p.A. - Balance Sheet at December 31, 2005

### Memorandum Accounts

	<u>31 december 2005</u>		<u>31 december 2004</u>	
1. Unsecured guarantees granted				
a) Suretyships on behalf of:				
- subsidiaries				
- associated companies	1.695.346		1.468.321	
- controlling companies	0		0	
- subsidiaries of controlling companies	0		0	
- others	0		0	
	<u>35.641</u>	1.730.987	<u>31.214</u>	1.499.535
b) Bill guarantees on behalf of:				
- subsidiaries				
- associated companies	0		0	
- controlling companies	0		0	
- subsidiaries of controlling companies	0		0	
- others	0		0	
	<u>0</u>	0	<u>0</u>	0
c) Other unsecured guarantees on behalf of:				
- subsidiaries				
- associated companies				
- controlling companies	0		0	
- subsidiaries of controlling companies	0		0	
- others	0		0	
	<u>0</u>	0	<u>0</u>	0
Total unsecured guarantees granted		<u>1.730.987</u>		<u>1.499.535</u>
2. Real securities granted				
a) for third parties' payables and other obligations				
- subsidiaries				
- associated companies				
- controlling companies	0		0	
- subsidiaries of controlling companies	0		0	
- others	0		0	
	<u>0</u>		<u>0</u>	
b) for payables recorded in the Financial Statements		0		0
c) for other own obligations		0		0
		0		0
Total real security granted		<u>0</u>		<u>0</u>

**PRIMA INDUSTRIE S.p.A. - Bilancio d'esercizio al 31 dicembre 2005**

**Memorandum Accounts**

3. Total commitments	a) purchase	809.080	0
	b) sales	0	1.970.359
	c) lease installments falling due in the near future		
		1.006.327	1.335.617
Total impegni	a) discounted bills		
	b) others	<u>1.815.407</u>	<u>3.305.976</u>
4. Contingency accounts			
		923.242	
	a) Commitments to repurchase from customers		1.764.300
	b) Merchandise at third parties	0	
Total contingency accounts	c) Guarantees given by third parties for our account		0
		<u>923.242</u>	<u>1.764.300</u>
5. Others			
		2.028.901	3.090.169
		2.443.743	2.328.592
		7.300.774	6.145.266
Total others		<u>11.773.418</u>	<u>11.564.027</u>
		<u>16.243.054</u>	<u>18.133.838</u>

**PRIMA INDUSTRIE S.p.A. - Balance Sheet at 12.31.2005**

**Income Statement**

	<b>31.12.2005</b>	<b>31.12.2004</b>
<b>A. VALUE OF PRODUCTION</b>		
1) Revenues from sales and services	72.715.680	65.913.443
2) Changes in inventories of work in progress, semifinished and finished products	987.002	(309.158)
3) Change in contract work in progress	402.280	431.645
4) Increases in fixed assets for internal work	27.776	88.663
5) Other income and revenues		
a) operating grants	0	0
b) other	<u>2.720.283</u>	<u>2.399.321</u>
<b>TOTAL VALUE OF PRODUCTION (A)</b>	<u>76.853.021</u>	<u>68.523.914</u>
<b>B. COSTS OF PRODUCTION</b>		
6) Raw materials, consumables and supplies	(40.485.762)	(35.820.846)
7) Service costs	(15.284.147)	(14.533.224)
8) Leases and rentals	(1.108.666)	(1.098.953)
9) Personnel costs:		
a) salaries and wages	(10.079.185)	(9.033.353)
b) social security contributions	(3.293.296)	(2.988.881)
c) employees' severance pay	(609.294)	(558.714)
d) retirement fund and similar provisions	0	0
e) other personnel costs	<u>(267.482)</u>	<u>(266.071)</u>
10) Amortization, depreciation and writedowns		
a) amortization of intangible fixed assets	(205.419)	(217.130)
b) depreciation of tangible fixed assets	(405.248)	(395.543)
c) writedowns of intangible and tangible fixed assets	0	0
d) writedown of receivables incl. in current assets & w/down of cash & cas	<u>(750.000)</u>	<u>(100.000)</u>
11) Changes in inventories of raw materials, consumables, supplies and merchandise	411.167	49.635
12) Provisions for risks	(842.087)	121.644
13) Other provisions	0	0
14) Sundry operating expenses	(851.367)	(659.065)
<b>TOTAL COSTS OF PRODUCTION (B)</b>	<u>(73.770.786)</u>	<u>(65.500.501)</u>
<b>DIFFERENCE BETWEEN THE VALUE AND COSTS OF PRODUCTION (A - B)</b>	3.082.235	3.023.413
<b>C. FINANCIAL INCOME AND EXPENSES</b>		
15) Income from equity investments		
a) dividends and other income from subsidiary companies	600.000	600.000
b) dividends and other income from associated companies	0	0
c) dividends and other income from other companies	<u>0</u>	<u>0</u>
16) Other financial income:	600.000	600.000
a) from receivables included in financial fixed assets		
- from subsidiaries	0	0
- from associated companies	0	0
- from controlling companies	0	0
- others	0	0
b) from securities included in financial fixed assets that do not constitute equity investments	0	0
c) from securities included in current assets that do not constitute equity investments	0	0
d) other income		
- interest and commission from subsidiaries	190.379	101.134
- interest and commission from associated companies	0	0
- interest and commission from controlling companies	0	0
- other interest and commission and sundry income	<u>403.600</u>	<u>466.295</u>
17) Interest and other financial expenses	593.979	567.429
a) from subsidiaries	(39.718)	(39.589)
b) from associated companies	0	0
c) to Controlling companies	0	0
d) others	<u>(1.055.172)</u>	<u>(1.126.289)</u>
17-bis) Profits and losses on exchange	(11.018)	(27.090)
<b>TOTAL FINANCIAL INCOME AND EXPENSES (C)</b>	<u>88.071</u>	<u>(25.539)</u>

**PRIMA INDUSTRIE S.p.A. - Balance Sheet at 12.31.2005****Income Statement****D. ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS**

18) Revaluations:				
a) equity investments	2.208.046		0	
b) financial fixed assets	0		0	
c) securities included in current assets	0	2.208.046	0	0
19) Writedowns:				
a) equity investments	(295.287)		(393.966)	
b) financial fixed assets	0		0	
c) securities included in current assets	0	(295.287)	0	(393.966)
<b>TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS (D)</b>		<b>1.912.759</b>		<b>(393.966)</b>

**E. EXTRAORDINARY INCOME AND EXPENSES**

20) Income				
a) capital gains on sales	123.176		11.032	
a) other	110.422	233.598	0	11.032
21) expenses	0		0	
21) losses on disposals	(11.608)		(25.151)	
b) prior year taxes	0		0	
c) other	0	(11.608)	(100.000)	(125.151)
<b>TOTAL OF THE EXTRAORDINARY ITEMS (E)</b>		<b>221.990</b>		<b>(114.119)</b>

**RESULT BEFORE TAX (A -B +- C +- D +- E)**

5.305.055 2.489.789

**22) INCOME TAXES FOR THE FINANCIAL YEAR**

a) current	(1.523.274)		(1.318.127)	
b) deferred	(679.707)		(553.086)	
c) prepaid	677.786		208.623	

**23) PROFIT (LOSS) FOR THE YEAR**

3.779.860 827.199