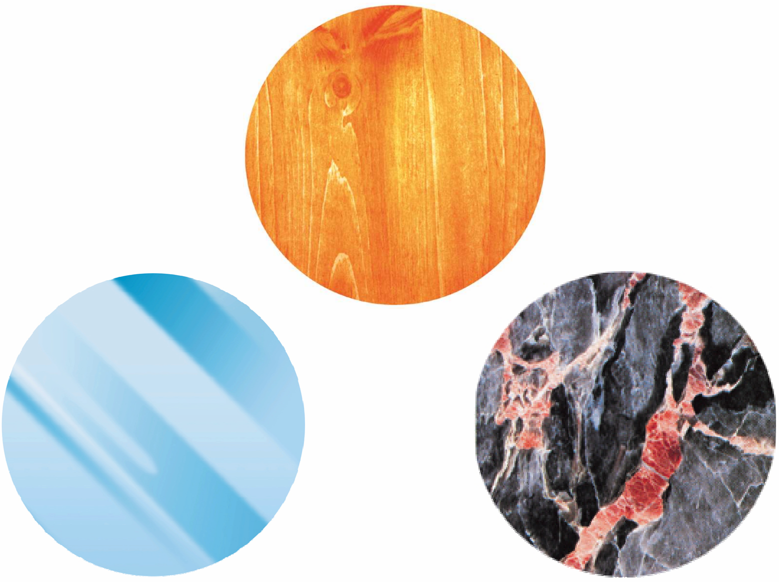
QUARTERLY REPORT
SEPTEMBER 30TH, 2005



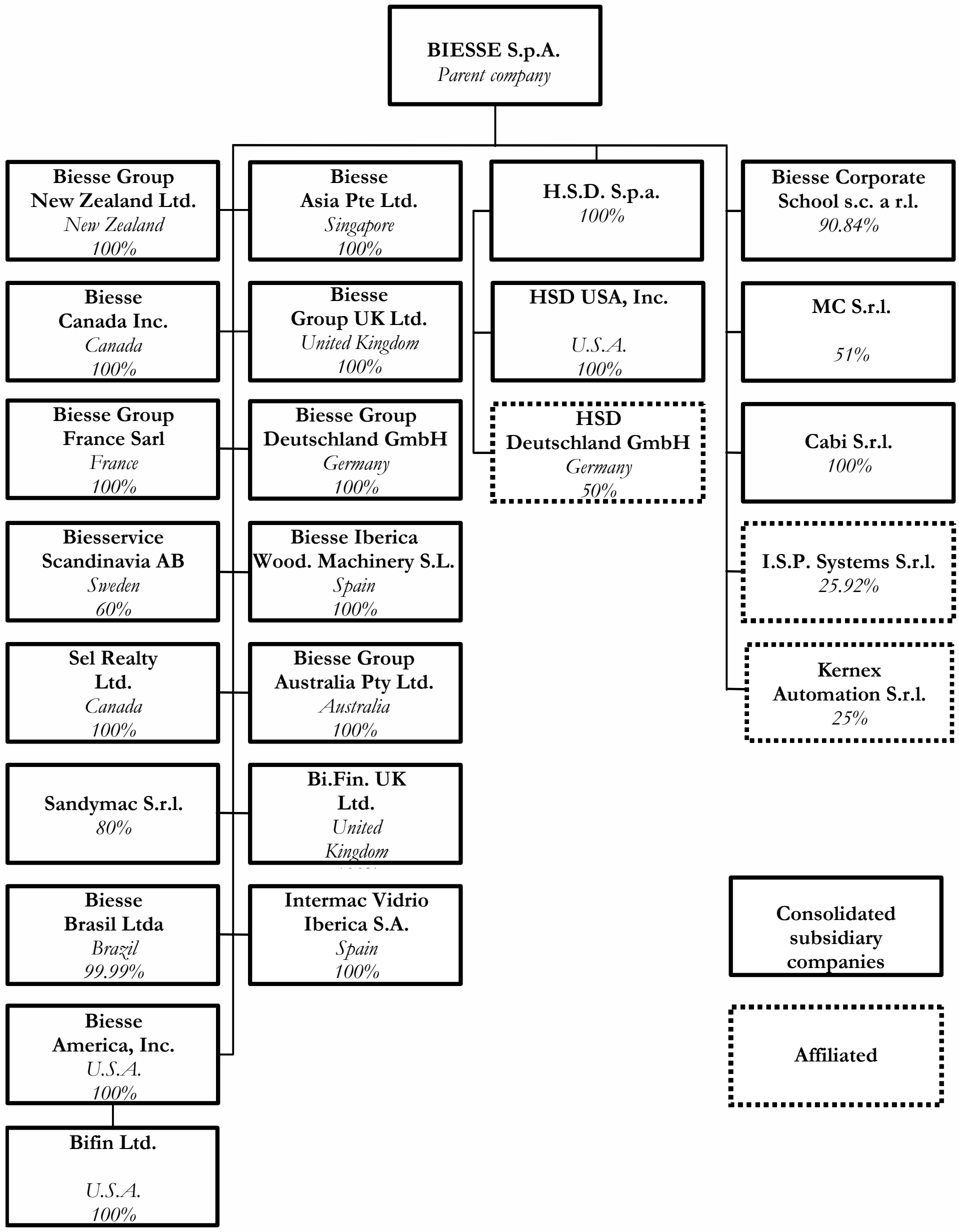
BIESSE S.p.A.

QUARTERLY REPORT AT SEPTEMBER 30^{TH}, 2005

SUMMARY

GROUP STRUCTURE

The companies belonging to the Biesse Group and included in the consolidation area are the following:



* the shareholding of 90.84% is directly held by Biesse S.p.A. for 75.83% and indirectly through Hsd S.p.a. for 15.01%

EXPLANATORY NOTES

The unaudited consolidated financial statements at September 30 2005 have been prepared in accordance with IAS/IFRS, in force on the date of its preparation.

The comparison data of the periods have also been determined according to IAS/IFRS. It is possible that new versions or new interpretations of the IFRS principles will be issued prior to the publication of the balance sheet for the 2005 financial year, i.e the first complete balance sheet prepared by the Group in accordance with the IFRS principles and with backdated effects. Should this occur, there may well be effects on the data presented in this report.

The Quarterly Report has been prepared in accordance with Article 82 and Article 82 – bis of the “Regulations for the implementation of the Legislative Decree No. 58 of February 24, 1998 on the activities of issuers of securities” (Consob Resolution No. 11971 of May 14, 1999, as amended), amended by the Consob Resolution No. 14990 of April 14, 2005. Pursuant to the above mentioned Article 82, the Quarterly Report has been prepared applying for evaluations under the international accounting standards (IFRS), as according to the content stated by Exhibit 3D of the same Regulations. Therefore the Quarterly Report as of September 30, 2005 has not been prepared according to the accounting standards concerning disclosure in interim reports (IAS 34 “Interim financial reporting”).

Accounting principles and valuation criteria comply with those of the interim financial statement at June 30th, 2005, to which is referenced. We briefly state also the following:

- the quarterly statement was prepared according to the criterion of separating the periods on the basis of which the reference period is considered as an independent financial period; from this view point the quarterly Income Statement reflects the economic components relating to the period in respect of the pro-tempore basis principle;
- the accounting statements taken as a basis of the consolidation process are prepared by the subsidiary companies with reference to September 30th 2005, adjusted as necessary to comply with the Group’s accounting principles;
- estimated figures of a significant amount are not presented.

In comparison with the interim report, dated June 30th 2005, we underline the sale of the investment in the affiliated company Biesse China Co. Ltd. (and it’s subsidiary Dongguang Biesse Machinery Co. Ltd.), finalized in the month of August 2005.

The investments in the affiliated companies ISP Systems S.r.l., Hsd Deutschland GmbH and Kernex Automation S.r.l. are valued with the equity method.

PARENT COMPANY CORPORATE BODIES

The Board of Directors currently in office are as follows:

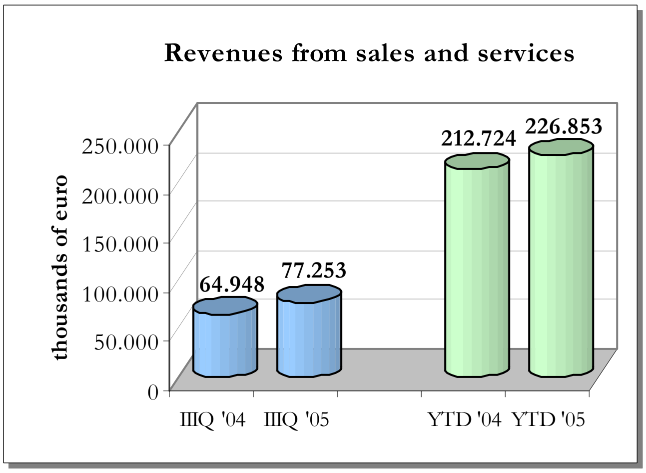
Roberto Selci	Chairman
Giancarlo Selci	Vice President
Alessandra Parpajola	Director
Innocenzo Cipolletta	Director *
Leone Sibani	Director *
Giampaolo Garattoni	Director *

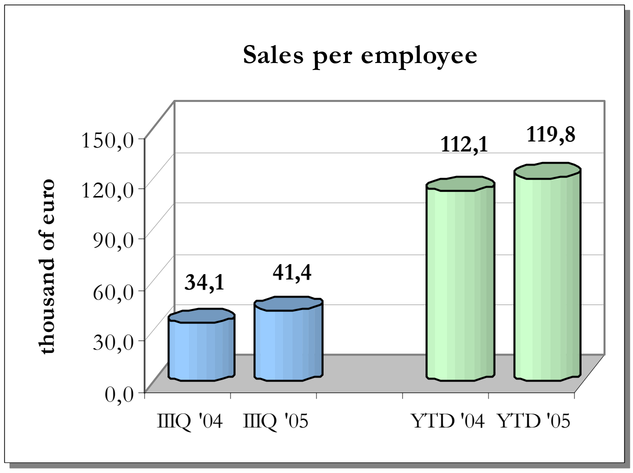
** Independent Director, as required under the Code of Conduct.*

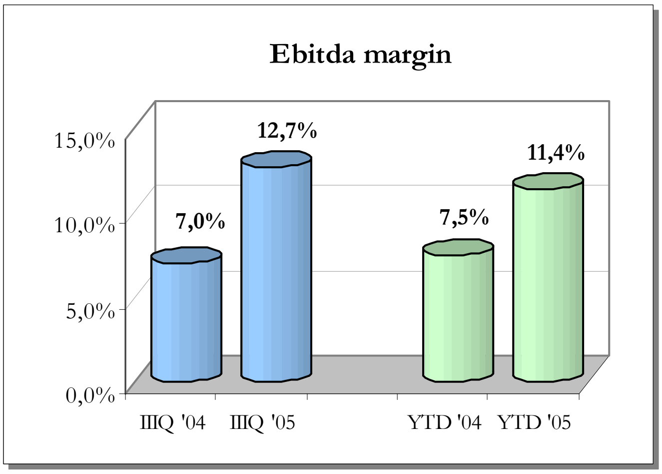
The Board of Statutory Auditors currently in office are as follows:

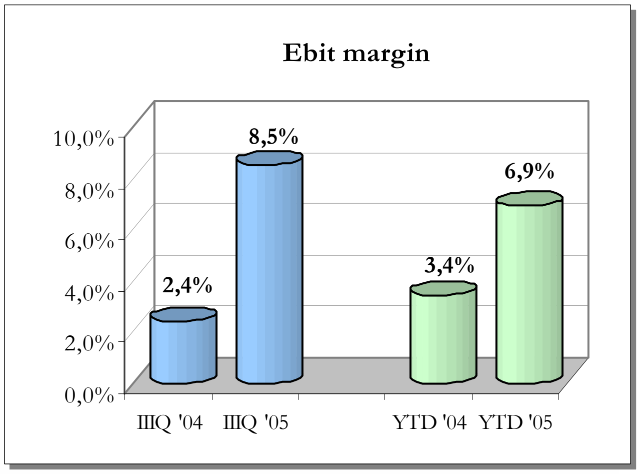
Giovanni Ciurlo	Chairman
Adriano Franzoni	Statutory Auditor
Claudio Sanchioni	Statutory Auditor

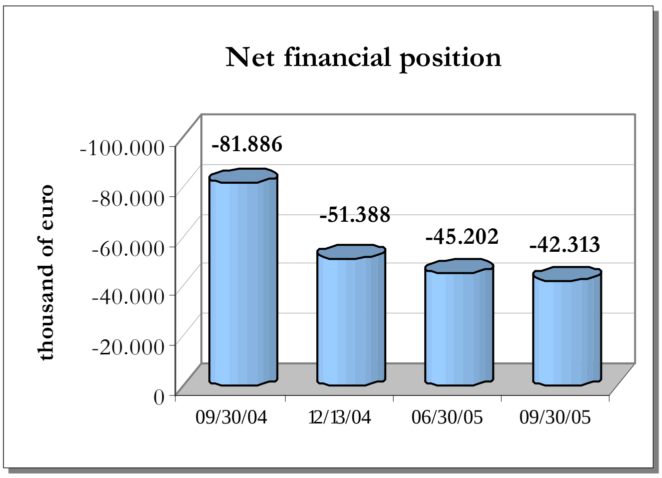
HIGHLIGHTS

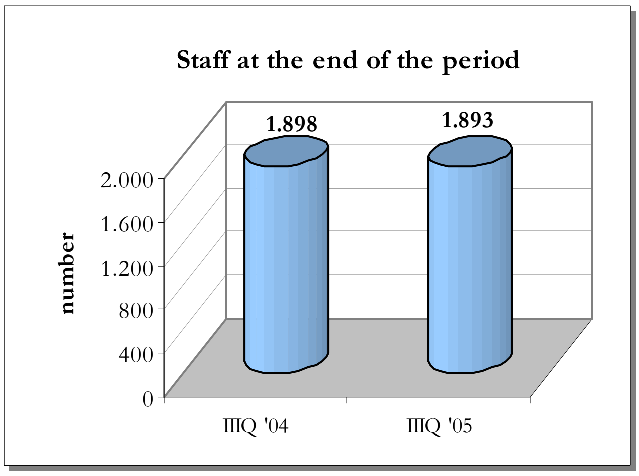

Revenues from sales and services
thousands of euro
250.000
200.000
150.000
100.000
50.000
0
64.948
77.253
212.724
226.853
IIIQ '04
IIIQ '05
YTD '04
YTD '05


Sales per employee
thousand of euro
150,0
120,0
90,0
60,0
30,0
0,0
34,1
41,4
112,1
119,8
IIIQ '04
IIIQ '05
YTD '04
YTD '05


Ebitda margin
15,0%
10,0%
5,0%
0,0%
7,0%
12,7%
7,5%
11,4%
IIIQ '04
IIIQ '05
YTD '04
YTD '05


Ebit margin
10,0%
8,0%
6,0%
4,0%
2,0%
0,0%
2,4%
8,5%
3,4%
6,9%
IIIQ '04
IIIQ '05
YTD '04
YTD '05


Net financial position
thousand of euro
-100.000
-80.000
-60.000
-40.000
-20.000
0
-81.886
-51.388
-45.202
-42.313
09/30/04
12/13/04
06/30/05
09/30/05


Staff at the end of the period
number
2.000
1.600
1.200
800
400
0
1.898
1.893
IIIQ '04
IIIQ '05

GENERAL ECONOMIC CONTEXT

In this quarter, the world economy has continued the trend of consolidation of the recovery started in 2004, despite the still present geo-political uncertainties. The strong elements of disequilibrium on the markets and on the currency exchange rates that have characterized the last 18-24 months , finally record moderate reduction of the tensions both on the price of the oil and on the euro/dollar rate that - attesting itself in area 1.20-1.18 - brings to a diminution of the difficulties for the European exporter.

The recovery continues to be distributed in different way on the principal geographical macro-areas: the results of the American economy are fairly good (IMF estimate 2005 +3.3%). The European area increases its GDP by only 1%, confirming the slowest growth but, - even though of few decimals -, the worrying figures of Italy and Germany start to record estimates above zero and in further slight improvement for 2006.

REFERENCE MARKET

According to the data spread by Acimall, the association of the woodworking machinery market category, the third quarter 2005 for the Italian production return, after 3 years of depth reduction, finds encouraging signals in the sense of a change of the trend, at least for the foreign orders. In fact, Acimall reports that from July to September, the orders are increased by 3.4% in comparison to the same period 2004, thanking, above all, the 4.7% growth of the foreign demand that is compared with a substantial stability of the inside market (-0.5%).

According again to Acimall, from the figures given by the companies belonging to the representative sample, it emerges with clarity that the best trend is that of the realities, making business with the most advanced technologies. Regarding the producers of traditional machinery, the situation is different, since they must increasingly compare themselves with the offer of new competitors (of the emergent countries).

From the Acimall economic survey, it emerges other indicators. The production prices are substantially stable (+1.3%), while the back-log is attested to 2.5 months. It reveals that the 60% of the interviewed entrepreneurs point out a static course of the production, 17% report growth and 23% report diminution. The stocks are stable for 70% of the sample, 17% reported a decrease, and 13% reported an increase. Employment is pointed out static for 77% of the interviewed ones, a reduction for 17% of the interviewees, and an increase for the remaining 6%.

The forecasts for the future show a better situation, with a propensity to the optimism for the exports from the 23% of the interviewed ones, while 70% expect a substantial stability and 7% a diminution (positive balance +16%). For the inside market there will be no big changes in comparison to the actual situation for the 73% of the sample, while the optimists are 10% and the pessimists the remainder 17% (negative balance 7%).

As for the previous periods, Biesse outperformed such indexes thanks to the positioning in the segment of high content of technology and to the capillarity and effectiveness of its selling network.

ACCOUNTING STATEMENTS

Third quarter 2005 Income Statement

(thousand of Euro)	III Q 2005	%	III Q 2004	%	Δ %
Revenues from sales and services	**77,253**	**100.0%**	**64,948**	**100.0%**	**18.9%**
Change in work in progress and semi finished goods	(3,926)	(5.1%)	(594)	(0.9%)	560.9%
Other revenues and income	1,151	1.5%	1,635	2.5%	(29.6%)
Value of production	**74,478**	**96.4%**	**65,989**	**101.6%**	**12.9%**
Raw materials	(30,706)	(39.7%)	(28,742)	(44.3%)	6.8%
Other operating expenses	(15,278)	(21.4%)	(14,848)	(22.6%)	2.9%
Added value	**28,494**	**36.9%**	**22,399**	**34.5%**	**27.2%**
Personnel expenses	(18,655)	(24.1%)	(17,827)	(27.4%)	4.6%
Gross operating margin	**9,839**	**12.7%**	**4,572**	**7.0%**	**115.2%**
Amortizations expense	(2,648)	(3.4%)	(2,807)	(4.3%)	(5.7%)
Accruals to provisions	(636)	(0.8%)	(208)	(0.3%)	205.7%
Operating result	**6,555**	**8.5%**	**1,557**	**2.4%**	**321.0%**
Financial income and expense	(642)	(0.8%)	(799)	(1.2%)	(19.6%)
Revenues and expenses on currency exchanges	(13)	(0.0%)	(307)	(0.5%)	(95.7%)
Share of profit/loss of affiliated companies	(27)	(0.0%)	(140)	(0.2%)	(80.7%)
Income before tax	**5,873**	**7.6%**	**311**	**0.5%**	**- - -**
Taxes for the period	(1,919)	(2.5%)	(1,270)	(2.0%)	51.1%
Result of the period	**3,954**	**5.1%**	**(959)**	**(1.5%)**	**- - -**

Income Statement at September 30th, 2005

(thousand of Euro)	September 30 2005	%	September 30 2004	%	Δ %
Revenues from sales and services	**226,853**	**100.0%**	**212,724**	**100.0%**	**6.6%**
Change in work in progress and semi finished goods	7,215	3.2%	5,541	2.6%	30.2%
Other revenues and income	3,806	1.7%	4,306	2.0%	(11.6%)
Value of production	**237,874**	**104.9%**	**222,571**	**104.6%**	**6.9%**
Raw materials	(102,234)	(45.1%)	(100,008)	(47.0%)	2.2%
Other operating expenses	(48,602)	(21.4%)	(48,015)	(22.6%)	1.2%
Added value	**87,038**	**38.4%**	**74,548**	**35.0%**	**16.8%**
Personnel expenses	(61,271)	(27.0%)	(58,586)	(27.5%)	4.6%
Gross operating margin	**25,767**	**11.4%**	**15,962**	**7.5%**	**61.4%**
Amortizations expense	(7,895)	(3.5%)	(8,088)	(3.8%)	(2.4%)
Accruals to provisions	(2,313)	(1.0%)	(638)	(0.3%)	262.4%
Operating result	**15,559**	**6.9%**	**7,236**	**3.4%**	**115.0%**
Financial income and expense	(2,022)	(0.9%)	(3,085)	(1.5%)	(34.5%)
Revenues and expenses on currency exchanges	(225)	(0.1%)	(172)	(0.1%)	30.7%
Share of profit/loss of affiliated companies	(123)	(0.1%)	(618)	(0.3%)	(80.1%)
Capital gain from sales of non-instrumental assets	0	0.0%	10,323	4.9%	(100.0%)
Income before tax	**13,189**	**5.8%**	**13,684**	**6.4%**	**(3.6%)**
Taxes for the period	(4,734)	(2.1%)	(8,562)	(4.0%)	(44.7%)
Result of the period	**8,455**	**3.7%**	**5,122**	**2.4%**	**65.1%**

OPERATIONAL REPORT

As underlined in the previous interim report, also the third quarter 2005 takes advantage from some effects of the strategies of costs management and the profuse efforts for the improvement of the productive efficiency. This has allowed the continuation. in this quarter, the trend of important recovery of profitability that started in 2004. A resumption of the demand in the sub-segment of the numerical control woodworking machinery (sector of high technological content) has determined a more balanced absorption of the productive ability of the principal competitors, loosening the pressure on the margins thanks to a generalized smaller use of the discount incentive. The introduction of new products, the consequent rationalization of the arrays and the industrialization of the series, have subsequently contributed to widen the difference between value of the production and cost of goods sold.

Unlike the previous year, in the current period there are no determinations of extraordinary operations of relevant size, allowing to attribute the whole result of the first nine months of 2005 to the characteristic activity of the Group. Instead, since in 2004, a meaningful gain on the sale non instrumental land to the parent company Bi.fin. Srl for € 10.323 thousand has been recorded, therefore the comparison of the profit before and after tax must be made, taking into consideration that this was not an ordinary operation.

The sales of the first nine months of 2005 are equal to € 226,853 thousand, with an increase of 6.6% from the same period of the previous year (€ 77,253 thousand in the quarter, + 18.9% on third quarter 2004). The driving increase is recorded by the Wood Division (+9%), while the Glass and Marble Division integrally recovers, - as foreseen -, the gap formed in the first part of the year in comparison to the volumes 2004. Regarding the geographical distribution of the sales, whose detail are reported in the segment information charts, in this period of 2005 the light turnaround of the orders coming from the European Union was continued, after years of the movement of the focus toward East Europe and Asia-Pacific markets, as a result of the settling of the Russian demand after 4 years of prolonging growth and of the return of the investments for the replacement of machinery in the countries of central Europe after 3 years of inactivity. The weight of North America on the sales of the Group substantially maintains itself on the levels of the previous year, thanks to the good results of USA that compensates the decline of the Canadian demand. Further improvements are expected from the US market because of the interesting actual euro/dollar exchange rate in the 1.18 range.

The value of production for the first nine months of 2005 is equal to € 237,874 thousand, a 6.9% increase on the analogous period of the previous year (€ 74,478 thousand in the quarter, + 12.9% on third quarter 2004). The change in stock is equal to € 7,215 thousand in diminution, as foreseen, of around € 4 million in comparison to June 30th 2005, but superior to the same period of the previous year of around € 1.700 thousand to face the good course of the markets over-seas.

For an easier analysis of the effect of the change in stock value, we report the percentage of the raw materials on the value of production, that better illustrates the recovery of profitability.

(thousand of Euro)	September 30 2005	%	September 30 2004	%
Value of production	**237,874**	**100.0%**	**222,571**	**100.0%**
Raw materials	(102,234)	(43.0%)	(100,008)	(44.9%)
Services	(41,292)	(18.2%)	(40,401)	(19.0%)
Leases and rentals	(3,904)	(1.7%)	(3,820)	(1.8%)
Other operating expenses	(3,406)	(1.5%)	(3,794)	(1.8%)
Added value	**87,038**	**36.6%**	**74,548**	**33.5%**

BIESSE

In line with the trend of the first half of the year, the percentage of raw materials on the Value of Production (VdP) a reduction of a meaningful 1.9%, thanks to the above-mentioned decreased use of the discount incentive and to the deflating of the component costs which is due to the rationalization of the ranges of products that allows a more aggressive and effectiveness political of purchases. The necessity of the provisions to the obsolescence funds are now marginal in comparison to the years 2003 and 2004, where entire non-profitable lines were terminated. A lower incidence of the other operating expenses determined an increase of the Added Value to € 87,038 thousand (36.6% incidence on the VdP) against the € 74,548 thousand (33.5% incidence on the VdP) of the same period 2004.

The cost of the personnel was equal to € 61,271 thousand from the € 58,586 thousand of 2004, with a 4.6% increase partly related to the staff meritocracy, to the revision of the local employment contract, as well as to the increase deriving from the revision of the national employment contract still in progress among labour unions and Italian Manufacturers' Association. Biesse has deemed to cautiously incorporate the costs through an accrual. Besides, on the basis of the good results and the perspectives of such trend in the last quarter, Biesse charged prudentially the full amount of bonuses and awards in the hypothesis of total achievement of the targets of the Group. Finally, about 0.7% of the recorded increase is owed to the greater capitalization of costs of development (€ 425 thousand) effected in 2004 in comparison to the actual period.

The Gross Operating Margin was equal to € 25,767 thousand, an increase from € 15,962 of 2004, with a percentage on sales improving from 7.5% to 11.4%, (€ 9,839 thousand in the quarter [12,7%], against € 4,572 thousand [7%] of the third quarter 2004). The Operating Result, positive in the previous year for € 7,236 thousand, increased to € 15,559 thousand with a percentage on sales improving from the 3.4% to 6.9% (€ 6,555 thousand in the quarter [8.5%], against € 1,557 thousand [2.4%] of the third quarter 2004). This after accruals for provision for risks of € 2,313 thousand (1% on sales), four times the amount accrued on the same period of the last year. These provisions are mainly affected by the evaluation on the solvency of the Biesse dealer in Poland, Slovakia and Czech Republic, with whom a legal case opened between December 2004 and the beginning of 2005, consisting of a Biesse claim for receivables due and a claim by other parties asking payments from Biesse as part of the termination of the distribution contract.

With reference to the financial management, note should be taken of the debt situation of the Group (detailed analysis of which is given in the successive notes). Such situation has generated a reduction in charges of bank and other financial institutions for more than € one million.

As far as currency exchange risk management is concerned, the expenses amount to € 225 thousand (€ 172 for the same period 2004), mainly due to the increase in hedging operations in compliance with the Group's policy in terms of currency exchange risk management.

The pre-tax result is positive for € 13,189 thousand (5.8% on sales) and, as anticipated, is not readily comparable to that of 2004 which was positive for € 13,684 thousand because it included a gain from the transfer of land to the parent company Bi.fin. Srl for € 10,323 thousand. In the third quarter, the pre-tax result was positive for € 5,873 thousand (7.6% on sales), against € 311 thousand of the same period of previous year.

The balance of tax components is negative for a total of € 4,734 thousand, of which € 3,326 thousand is for IRAP. The major part of this figure is justified by the non allocation of IRES tax by the Biesse company which benefits from the partial use of retained losses, tax relevant, but not entered as deferred and prepaid tax in the previous year.

Therefore the Result of the period were equal to € 8,455 thousand, not readily comparable, because of the extra-ordinary items, to that of 2004 that equalled € 5,122 thousand

Regarding the tax, as explained in the previous reports, we underline that on 12/01/2005 the Regional Tax Office has started a tax verification for the 2002-2003 year of the Biesse books. On 21/10/2005, the Office has concluded the verification and provided the relative report.

For little remarks, whose result of loss in a lawsuit is held possible / probable, accruals have been made for taxes and sanctions, equal to € 300 thousand. No accruals have been made for the following whose result of loss in a lawsuit is unlikely:

a) remark about the Dual Income Tax calculation of € 360 thousand (involving the relative taxable basis); the remark will be impugned and the risk of loose is unlikely.
b) remark that the write-down of the investment in Schelling Anlagenbau GmbH was non-deductible. The Regional Tax Office estimated an amount of € 45,118 thousand as non-deductible. The Board of Directors of Biesse, on the basis of a positive opinion obtained from a primary tributary Office, deemed the remark unfounded and therefore possible to impugn it with a positive result.

Net financial position at September 30th, 2005

(thousand of Euro)*	September 30 2005	June 30 2005	December 31 2004	September 30 2004
Financial assets:	18,716	19,890	20,567	20,362
- Liquid assets	*18,716*	*19,890*	*20,567*	*17,442*
- Short term financing credits due by parent company	*0*	*0*	*0*	*2,920*
Short term financial debts	(3,622)	(3,091)	(3,955)	(3,168)
Short term bank debts	(24,012)	(26,520)	(37,904)	(73,451)
Short term net financial position	**(8,918)**	**(9,721)**	**(21,292)**	**(56,257)**
Medium/long term financial debts	(14,827)	(14,579)	(16,682)	(20,020)
Medium/long term bank debts	(18,568)	(20,902)	(13,414)	(5,609)
Medium/long term net financial position	**(33,395)**	**(35,481)**	**(30,096)**	**(25,629)**
Total financial position	**(42,313)**	**(45,202)**	**(51,388)**	**(81,886)**

** The data at 30 September and 31 December 2004 are rectified on the basis of that published previously to take into account the new IAS accounting principles.*

Concerning the net financial position, cash flow is improving constantly and represents a fall of net debt position with respect to June 2005 and September 2004 (39.6 million euros). In absence of special components, the result can be fully attributed to the ordinary operations which also takes advantage of the general positive trend in all economic/asset components.

As far as the data item highlighted in the previous quarters, the IAS-IFRS effect on the net financial position of the Group is summed up here below with its major components:

(thousand of Euro)	September 30 2005	June 30 2005	December 31 2004	September 30 2004
Opening balances on the basis of previous accounting principles	**(35,109)**	**(37,044)**	**(44,765)**	**(72,281)**
***IAS* entries**				
Rectification of treasury shares	*(1,362)*	*(1,362)*	*(1,362)*	*(4,577)*
Application of IAS 17 to leasing on production assets	*(2,979)*	*(2,393)*	*(3,142)*	*(2,297)*
Reclassification of payables to financial factoring companies	*(2,786)*	*(4,201)*	*(1,677)*	*(3,544)*
Other variations	*(77)*	*(202)*	*(442)*	*813*
IAS balances	**(42,313)**	**(45,202)**	**(51,388)**	**(81,886)**

RATIO	September 30 2005	December 31 2004
Gearing	0.43	0.56
Equity on net fixed assets	1.18	1.09
Financial Leverage	1.91	2.15

Balance sheet figures

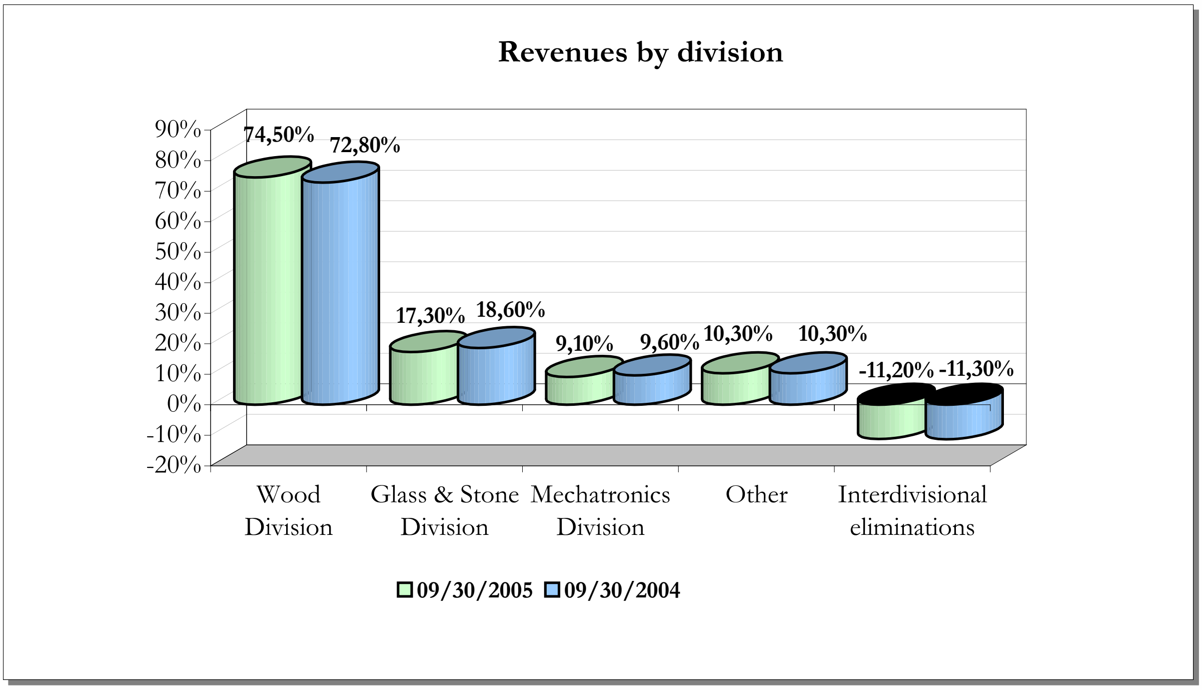
	September 30 2005	December 31 2004
Intangible assets	21,611	20,283
Tangible assets	60,563	63,278
Other non current assets	12,450	12,403
Non-current assets	**94,625**	**95,965**
Inventories	86,304	74,172
Trade receivables	73,790	88,125
Other receivables	10,680	10,681
Cash and cash equivalents	18,716	20,567
Current assets	**189,490**	**193,545**
TOTAL ASSETS	**284,115**	**289,509**
Shareholders' equity	97,221	91,546
Minority interest	312	265
Total equity	**97,532**	**91,811**
Bank loans	33,395	30,096
Retirement benefit obligation	14,951	13,671
Other payables	12,223	10,474
Non-current liabilities	**60,568**	**54,241**
Trade and other payables	98,381	101,598
Bank overdrafts, loans and obligations under finance leases	27,633	41,859
Current liabilities	**126,014**	**143,457**
TOTAL EQUITY AND LIABILITIES	**284,115**	**289,509**

In reference to the non current assets, the intangible assets mainly increased because of the capitalization of the activities of development of new products (equal to around € 2,7 million in the period), while the tangible assets decreased because of the amortization of the period that more than compensate the marginal new investments.

The amount of the stocks is growing in comparison to the end of 2004, as a consequence of the relative seasonality of the business of the Group, for which a major portion of the sales occur in the last part of the year. The increase is compensated by the decrease of the trade receivables and from the slight decrease of the short term payables which is also subject to the above mentioned seasonality, (affected also from the greater use of the factoring in comparison to December 2004, declassified IAS in the financial liabilities), determining a marginal increase (around € 1.000 thousand of increase) of the working capital.

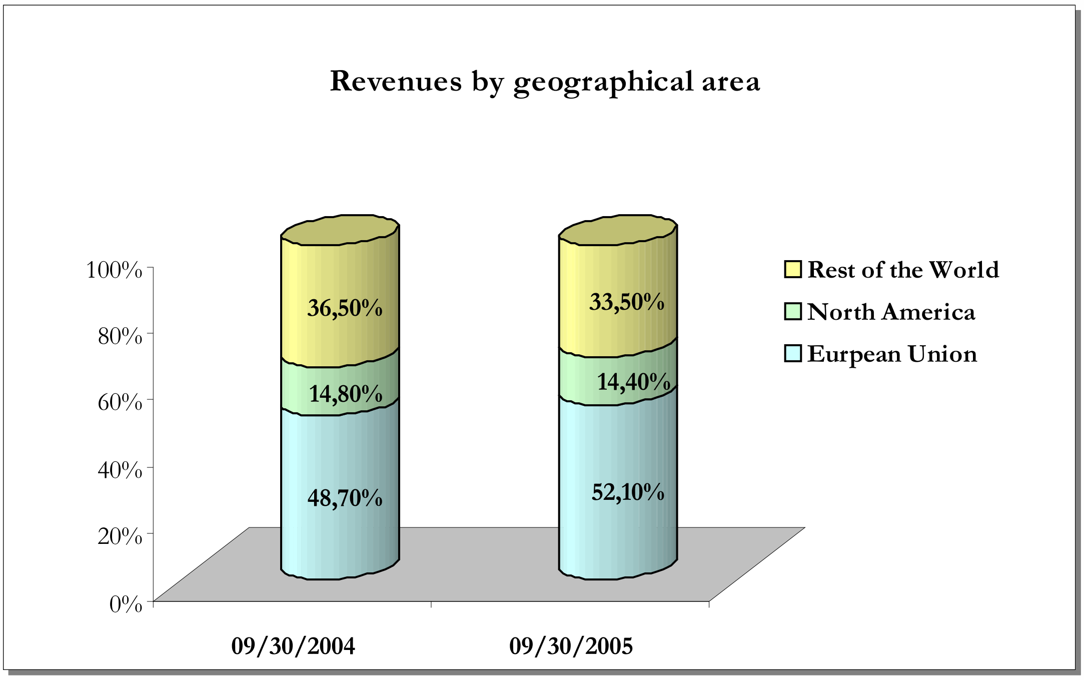
Revenues by division

(thousand of Euro)	III Q 2005	%	III Q 2005 - restated	%	Δ % 2004/2005
Wood Division	169,063	74.5%	154,956	72.8%	9.1%
Glass & Stone Division	39,230	17.3%	39,555	18.6%	(0.8%)
Mechatronics Division	20,643	9.1%	20,460	9.6%	0.9%
Other	23,388	10.3%	21,848	10.3%	7.1%
Interdivisional eliminations	(25,470)	(11.2%)	(24,095)	(11.3%)	5.7%
Total	**226,853**	**100.0%**	**212,724**	**100.0%**	**6.6%**



Revenues by geographical area

(thousand of Euro)	III Q 2005	%	III Q 2005 - restated	%	Δ % 2004/2005
European Union	118,221	52.1%	103,708	48.7%	14.0%
North America	32,747	14.4%	31,457	14.8%	4.1%
Rest of the World	75,885	33.5%	77,559	36.5%	(2.2%)
Total	**226,853**	**100.0%**	**212,724**	**100.0%**	**6.6%**



APPENDIX

TRANSITION TO THE IAS/IFRS INTERNATIONAL ACCOUNTING PRINCIPLES RECONCILIATIONS AS AT 30TH SEPTEMBER 2004

EFFECTS OF THE ADOPTION OF THE IFRS PRINCIPLES ON THE INCOME STATEMENT AS AT 30TH SEPTEMBER 2004

Pursuant to sub-section 4 of Art. 82-bis of the "Regulations for the implementation of the Legislative Decree No. 58 of February 24, 1998 on the activities of issuers of securities" (Consob Resolution No. 11971 of May 14, 1999, as amended), amended by the Consob Resolution No. 14990 of April 14, 2005, for reconciliations of the balance sheet as of the date of transition to IFRS (January 1, 2004) and as of December 31, 2004 and for the reconciliation of income statement of 2004, required by paragraphs no. 39 and 40 of IFRS 1 "*First-time adoption of International Financial Reporting Standards*" make reference to the proper Appendix in the Half Year report as of June 30, 2005.

In addition the reconciliations of the income statement and of the result as of the end of the comparable interim period of the previous year (September 30, 2004 and third quarter 2004) are included.

Income Statement at September 30th 2004		**According to national principles**	**Effects of the conversion to the IFRS principles**		**According to IFRS principles**
Notes	(amounts in thousands of €)		**Reclassification**	**Adjustments**	
	Revenues	214,527	(1,852)	49	212,724
	Other operating revenues:	4,263	27	15	4,306
	Finished product and semi finished product inventory variation	5,728	0	(187)	5,541
	Consumption of raw materials and consumable materials	(100,008)	0	(0)	(100,008)
1	Other operating costs	(48,407)	(861)	1,253	(48,015)
2	Personnel expenses	(61,636)	(36)	3,087	(58,586)
3	Depreciation	(7,894)	0	(193)	(8,088)
	Provisions	(638)	0	(0)	(638)
	Operating profit	**5,934**	**(2,722)**	**4,023**	**7,236**
	Profit share of subsidiary companies	(618)	0	(0)	(618)
4	Income and expenses from investment activities	1,012	0	(627)	385
	Capital gains on non-instrumental fixed asset transfer	0	10,323	0	10,323
5	Financial expenses	(3,339)	0	(131)	(3,470)
	Exchange revenues and charges	(172)	0	0	(172)
6	Extraordinary items	6,752	(7,277)	525	0
	Pre-tax profit	**9,569**	**324**	**3,790**	**13,683**
	Taxes for the period	(0)	(324)	(8,238)	(8,562)
	Gross operating profit	**9,569**	**0**	**(4,448)**	**5,122**
	Minority interests	(79)	0	7	(72)
	Group interests	9,648	0	(4,455)	5,194

Notes	Third quarter 2005 Income Statement (amounts in thousands of €)	According to national principles	Effects of the conversion to the IFRS principles: Reclassification	Effects of the conversion to the IFRS principles: Adjustments	According to IFRS principles
	Revenues	66,369	(1,420)	(0)	64,948
	Other operating revenues:	1,696	(61)	(0)	1,635
	Finished product and semi finished product inventory variation	(554)	0	(40)	(594)
	Consumptions of raw materials and consumable materials	(28,889)	147	1	(28,742)
1	Other operating costs	(15,234)	(111)	496	(14,848)
2	Personnel expenses	(18,314)	0	487	(17,827)
3	Depreciation	(2,650)	0	(158)	(2,807)
	Provisions	(208)	0	(0)	(208)
	Operating profit	**2,216**	**(1,445)**	**787**	**1,557**
	Profit share of subsidiary companies	(140)	0	0	(140)
4	Income and expenses from investment activities	764	19	(605)	177
	Other gains and losses	0	0	0	0
5	Financial expenses	(929)	0	(48)	(977)
	Exchange revenues and charges	(307)	0	0	(307)
6	Extraordinary items	(1,427)	1,427	0	0
	Pre-tax profit	**177**	**0**	**135**	**311**
	Taxes for the period	(0)	0	(1,270)	(1,270)
	Result for the period	**177**	**0**	**(1,136)**	**(959)**
	Minority interests	(17)	0	(42)	(59)
	Group interests	194	0	(1,094)	(900)

Notes

The principal reclassifications have been effected in order to share the positive and negative components entered as extraordinary items between the individual lines of the income statement. Particularly important is the transfer of the capital gain earned on the sale of non-instrumental land for € 10,323 thousand.
As a result of the updating carried out, described in detail in the following notes, the consolidated sales pass from € 214,527 thousand to € 212,724 thousand, while on a quarterly basis the net sales decreased from € 66,369 thousand to € 64,948 thousand; the operating profit increased from € 5,934 thousand to € 7,236 thousand, (principally due to the reduction in the amortisation of the goodwill and the capitalisation of the development costs), while the quarterly comparison shows a decrease from € 2,216 thousand to € 1,557 thousand. The Group interests pass from € 9,648 thousand to € 5,194 thousand (after having accounted for taxes as at 30th September 2004 in the amount of € 8,562 not previously entered, in that allowed for by the reference standard).

The following prospectus and the successive notes summarize the principal variations entered, where found, net of the tax bills, occurring on the date of transfer to the consolidated shareholders' equity and net income of the Group, with reference to the number and type of adjustment already mentioned in the previous prospectus.

Reconciliation of the net income of the Group as at 30th September 2004

(amounts in thousands of €)

Gross income according to national principles	**9,648**
Taxes for the period	(6,855)
Risultato netto secondo i principi nazionali	**2,793**
Recording of leasing contracts relating to machinery and equipment	(134)
Goodwill	819
Capitalisation of development costs	1,654
Reclassification of own shares minus the shareholders' equity	(406)
Assessment of the inventories at the weighted average cost	525
Employee benefits – IAS 19 impact	264
Transfer of restructuring funds	(369)
Other variations	48
Total IAS/IFRS adjustments	***2,401***
IAS/IFRS net income	**5,194**

1. **Other operating costs**

The diminution of the item Other operating costs is mainly due to the different classification of the costs related to financial lease contracts, that have determined the elimination of costs for € 1,497 thousand.

2. **Personnel expenses**

The capitalization of personnel expenses, related to Costs of development, has determined the elimination of costs of the personnel for € 3,050 thousand. Moreover, the effect of the different bookkeeping of the employee benefits must be considered that determined a diminution of the cost related to the quota matured by the employee in the period of € 427 thousand.

3. **Depreciation**

The item is affected from the elimination of the amortization of the goodwill and from the registration of the amortizations on the Costs of development and on the leased assets.

4. **Income and expenses from investment activities**

According to the IAS/IFRSs, the cost of the owned shares is exposed in the balance sheet as a deduction of the equity. Consequently the economic effects related to the owne shares have been eliminated.

5. **Financial expenses**

With reference to that described in item Depreciation, increased financial costs have been accounted for in the amount of € 131 thousand.

6. **Extraordinary items**

According to the previous accounting principles, the item included in extra-ordinary expense of € 525 thousand is related to the change of evaluation criterion of the stock (weighted average cost instead of LIFO).

Pesaro, September 14th 2005

Chairman of the Board of Directors
Roberto Selci