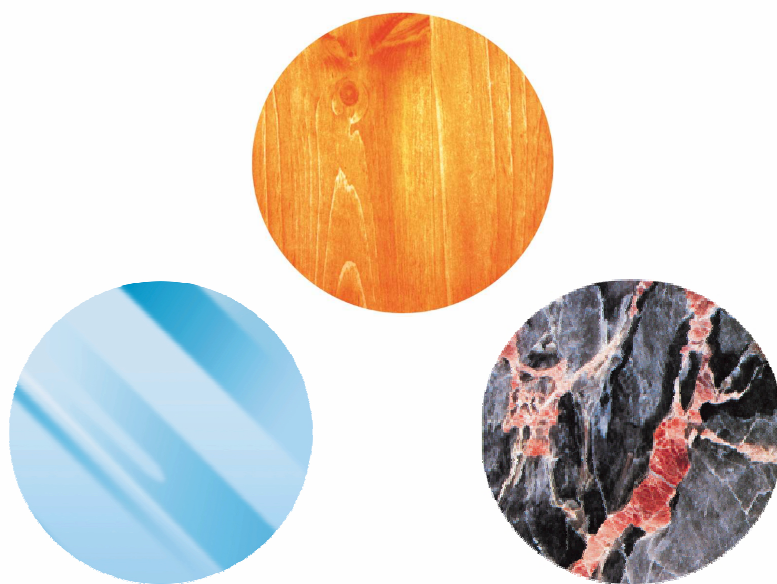




QUARTERLY REPORT
SEPTEMBER 30TH, 2006





BIESSE S.p.A.

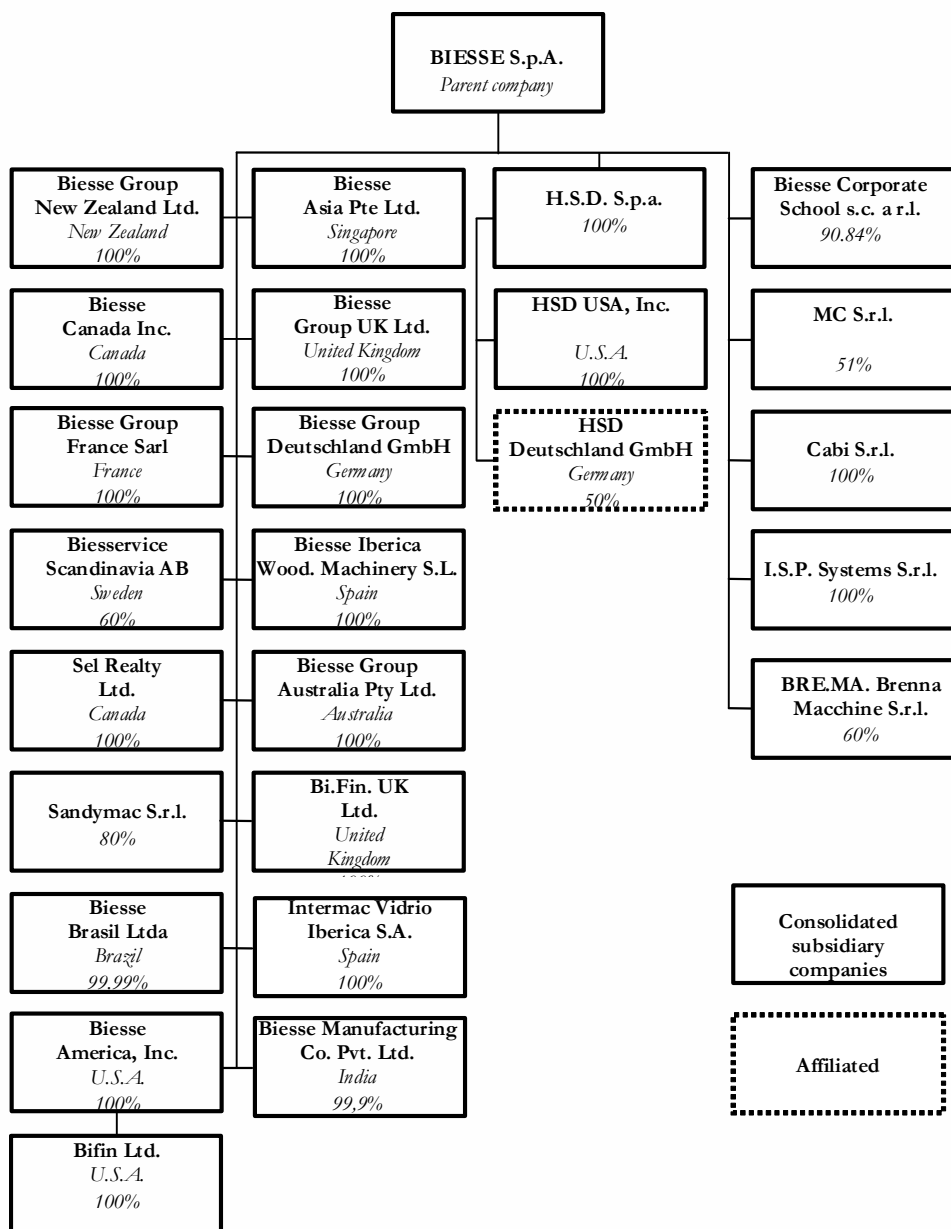
QUARTERLY REPORT AT SEPTEMBER 30TH, 2006

SUMMARY

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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 2006 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.

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, 2006 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 December 31, 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 30 2006, adjusted as necessary to comply with the Group’s accounting principles;
- estimated figures of a significant amount are not presented.

In comparison with the quarterly report dated June 30 2006, the consolidation area now includes the company Bre.Ma. Brenna Macchine S.r.l., because of the purchase of the 60% of the share capital of the company, made on 1st August 2006 by Biesse S.p.A. Bre.Ma., based in Alzate Brianza (CO) is involved from 1976 in designing and manufacturing numerical control boring, milling, routing and inserting machines used to process furniture.

The investment in the affiliated company Hsd Deutschland GmbH is 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.*

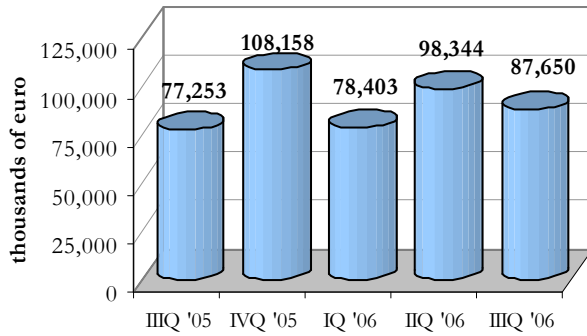
*** Mr. Cipolletta resigned on 04/10/2006*

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

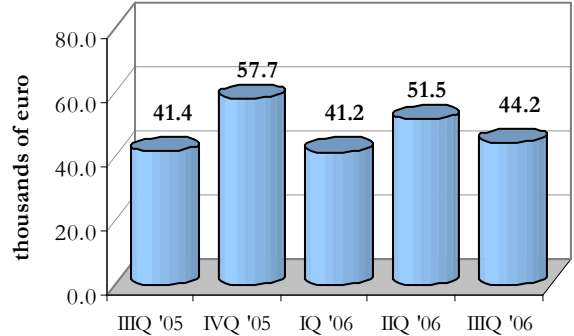
Giovanni Ciurlo	Chairman
Adriano Franzoni	Statutory Auditor
Claudio Sanchioni	Statutory Auditor

HIGHLIGHTS

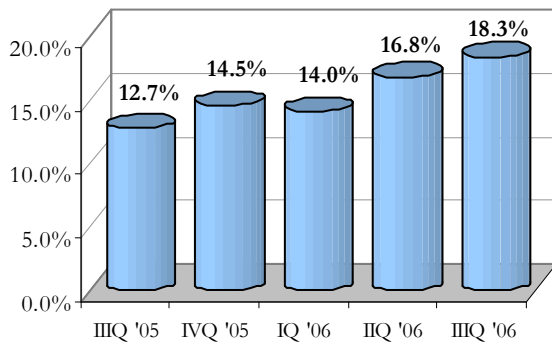
Revenues from sales and services



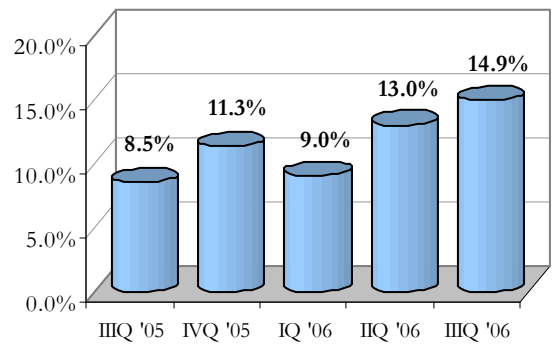
Sales for employee



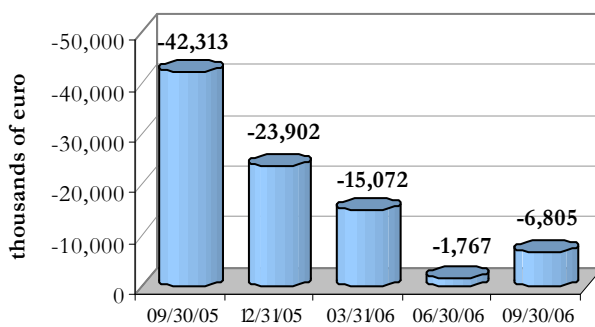
Ebitda margin



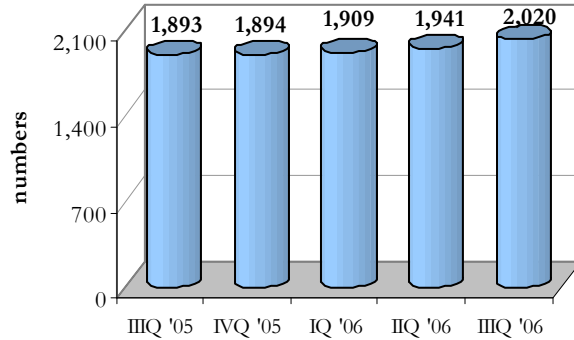
Ebit margin



Net financial position



Staff at the end of the period





GENERAL ECONOMIC CONTEXT

In this quarter, the world economy has continued a relatively generalised recovery in the various areas of the world. Even the most developed countries, in particular those countries who are members of the European Unions, have returned to the sensitive growth of the Gross Domestic Product (that seems to continue also in the next year), while the data related to the investments in capital equipment have recorded stronger growth rates in comparison to the same period of the proceeding year.

In this quarter, the prices of oil and raw materials are stabilizing after the highs of June. The other item that determines an important stability of the demand is the Euro/USD exchange rate that is still under the 1.30 area.

REFERENCE MARKET

According to the most recent figures issued by Acimall, the association of the woodworking machinery market, “for the fourth consecutive period, the quarterly survey shows a positive trend. In fact in the period July-September 2006, the enterprises recorded a growth of orders of 13.5 per cent, a figure that confirms the long waited trend, started in mid 2005. Good news that has risen from in the successes achieved in the national and in the international market: according to the sample of the survey, the orders signed from foreign customers increased by 11.3% in respect to the same period 2005, while the national orders increased by 21.3%. The prices increase by 2.2 per cent and at the end of June the production is planned for 3.4 months”.

Other “qualitative” indications emerge from the Acimall analysis. The production is considered flat from 57% of the sample, increasing from 27% and decreasing from 16%. Stocks are considered flat from 87% of the sample, decreasing from 7% and increasing from 6%. Employment is considered flat from 87% of the sample, increasing from 10% and decreasing from 3%.

The diffuse prudence that characterised the interviews of the survey of the second quarter has not been confirmed and even the forecasts for next year seem moderately optimistic: the foreign orders will be stable according to 63% of the sample, will increase according to 37% and there no expectations of decline (positive balance +37). According to the national enterprises, the perspectives for the future months are similar to the actual for 63% of the sample, increasing for 27% and decreasing for 10% (positive balance +17).

ACCOUNTING STATEMENTS

Third quarter 2006 Income Statement

(thousand of Euro)	III Q 2006	%	III Q 2005	%	Δ %
Revenues from sales and services	87,650	100.0%	77,253	100.0%	13.5%
Change in work in progress and semi finished goods	1,628	1.9%	(3,926)	(5.1%)	----
Other revenues and income	787	0.9%	1,151	1.5%	(31.6%)
Value of production	90,065	102.8%	74,478	96.4%	20.9%
Raw materials	(36,095)	(41.2%)	(30,706)	(39.7%)	17.6%
Other operating expenses	(17,219)	(19.6%)	(15,278)	(19.8%)	12.7%
Added value	36,751	41.9%	28,494	36.9%	29.0%
Personnel expenses	(20,709)	(23.6%)	(18,655)	(24.1%)	11.0%
Gross operating margin	16,042	18.3%	9,839	12.7%	63.0%
Amortizations expense	(2,828)	(3.2%)	(2,648)	(3.4%)	6.8%
Accruals to provisions	(148)	(0.2%)	(636)	(0.8%)	(76.7%)
Operating result	13,066	14.9%	6,555	8.5%	99.3%
Financial income and expense	(268)	(0.3%)	(643)	(0.8%)	(58.3%)
Revenues and expenses on currency exchanges	(420)	(0.5%)	(13)	(0.02%)	----
Share of profit/loss of affiliated companies	(41)	(0.0%)	(26)	(0.03%)	57.7%
Income before tax	12,337	14.1%	5,873	7.6%	110.1%
Taxes for the period	(4,898)	(5.6%)	(1,919)	(2.5%)	155.2%
Result of the period	7,439	8.5%	3,954	5.1%	88.1%

Income Statement at September 30th, 2006

(thousand of Euro)	September 30 2006	%	September 30 2005	%	Δ %
Revenues from sales and services	264,397	100.0%	226,853	100.0%	16.5%
Change in work in progress and semi finished goods	17,164	6.5%	7,215	3.2%	137.9
Other revenues and income	3,380	1.3%	3,806	1.7%	(11.2%)
Value of production	284,941	107.8%	237,874	104.9%	19.8%
Raw materials	(121,108)	(45.8%)	(102,234)	(45.1%)	18.5%
Other operating expenses	(55,429)	(21.0%)	(48,602)	(21.4%)	14.0%
Added value	108,404	41.0%	87,038	38.4%	24.5%
Personnel expenses	(64,840)	(24.5%)	(61,271)	(27.0%)	5.8%
Gross operating margin	43,564	16.5%	25,767	11.4%	69.1%
Amortizations expense	(7,989)	(3.0%)	(7,895)	(3.5%)	1.2%
Accruals to provisions	(2,106)	(0.8%)	(2,313)	(1.0%)	(8.9%)
Impairment loss	(774)	(0.3%)	0	0.0%	---
Non recurrent revenues and expenses	174	0.1%	0	0.0%	---
Operating result	32,869	12.4%	15,559	6.9%	111.3%
Financial income and expense	(1,215)	(0.5%)	(2,025)	(0.9%)	(40.0%)
Revenues and expenses on currency exchanges	508	0.2%	(225)	(0.1%)	---
Share of profit/loss of affiliated companies	(286)	(0.1%)	(121)	(0.1%)	136.4%
Income before tax	31,876	12.1%	13,188	5.8%	141.7%
Taxes for the period	(11,458)	(4.3%)	(4,734)	(2.1%)	142.0%
Result of the period	20,418	7.7%	8,454	3.7%	141.5%

OPERATIONAL REPORT

This first nine months of 2006 recorded a strong upsurge of sales (+16.5%), as well as a strong growth of the profits derived by the effects of the deep action of rationalisation made in the last two years, combined with the "operational lever" effect (Ebit + 111.3%). Considering the good result of this quarter and the rich back-log, it is almost sure that the actual exercise will close with a record.

Net sales of the first nine months of 2006 are equal to € 264,397 thousand, against the € 226,853 thousand of September 30 2005, with a 16.5% growth on the preceding exercise (+ 13.5% quarter-to-quarter). The sales increase is generalized for all the divisions, with the Mechatronics Division showing a particularly positive performance of sales (+29.9%) after two years of stability. Regarding the geographical distribution of the sales, (details of which are given in the following segment information tables), in this period of 2006 it is confirmed that the trend of the incoming orders has moved away from Eastern Europe and Asia and is now tending towards Western Europe; this has happened mainly due to the return of technology investments, and the replacement of the equipment in Central Europe and in Italy, after several years of inactivity. Also underlined is the good result of North America (+45.1%), mainly determined by the good performance of USA branch - Biesse America -, combined with the recovery of the sales of the Canadian branch, after two years of difficulty.

The value of the production of the first nine months of 2006 is equal to € 284,941 thousand, against € 237,874 thousand of September 30 2005, with a 19.8% growth on the previous result (+ 20.9% quarter-to-quarter). The Change in work in progress and semi finished goods is equal to € 17,164 thousand, more than doubled respect the analogous period of the previous year, a growth necessary for covering the more greater world demand, that will be reabsorbed with the sales of the fourth quarter.


For a clearer analysis of the effect of the change in stock value (particularly important in this quarter), we report the percentage of the raw materials on the value of production. It is still evident that the margins are under-dimensioned respect the effective comparison, due to value of the stocks that not include the mark-up on final sales.

(thousand of Euro)	September 30 2006	%	September 30 2005	%
Value of production	284,941	100.0%	237,874	100.0%
Raw materials	(121,108)	(42.5%)	(102,234)	(43.0%)
Services	(47,362)	(16.6%)	(41,292)	(17.4%)
Leases and rentals	(3,987)	(1.4%)	(3,904)	(1.6%)
Other operating expenses	(4,080)	(1.5%)	(3,406)	(1.4%)
Added value	108,404	38.0%	87,038	36.6%

Continuing the trend of the previous periods the Added Value grows by a further 1.4%, by virtue of the improved productivity and efficiency.

The personnel expenses of the first nine months of 2006 are equal to € 64,840 thousand, against the € 61,271 of September 30 2005, with a percentage on sales decreasing from 27% (first semester of 2005) to 24.5%.

The gross operating margin at 30 September 2006 is equal to € 43,564 thousand (16.5% on net sales), a datum in 69.1% growth in comparison to the previous result (€ 16,042 thousand in the third quarter 2006, 18.3% of the sales), while the operating margin, positive at September of the previous year for € 15,559 thousand, is equal to € 32,869 thousand, with a percentage on sales that raises to 12.4% from the precedent 6.9%, recording a growth of more than 110%. This after amortizations remains substantially unchanged and after provisions for different risks of € 2,106



thousand, (provisions for bad debts, warranties on sales), and after charging € 774 thousand as impairment loss of a industrial building (and the related plants) which sale is under hypothesis for the last quarter 2006.

With reference to the financial management, attention should be taken to the improvement of the debtors situation of the Group (detailed analysis of which is given in the successive notes). This situation has generated a reduction in bank charges and other financial institutions for about € 800 thousand, respect the same period of the previous year.

As far as currency exchange risk management is concerned, the income amount of € 508 thousand, is mainly due to the hedging operations in compliance with the Group's policy in terms of currency exchange risk management.

The share profit/loss of associates refers to the loss of the company ISP Systems S.r.l., before the acquisition of the minority share, made in June 2006.

The pre-tax result is therefore positive for € 31,876 thousand (12.1 % on sales) grown of 141.7% in comparison to the first nine months 2005.

The estimated taxes for the period are € 11,458 thousand, including € 3,024 thousand for IRAP, € 8,096 thousand for current income taxes, after deferred income taxes for € 337 thousand.

The result for the period is equal to € 20,418 thousand, +141.5% in respect of the 2005 result.

Net financial position at September 30^h, 2006

(thousand of Euro)	September 30 2006	June 30 2006	December 31 2005	September 30 2005
Financial assets:	23,592	38,672	31,210	18,716
- <i>Liquid assets</i>	23,529	38,609	31,210	18,716
- <i>Short term financing credits due by parent company</i>	63	63	0	0
Short term financial debts	(6,027)	(3,079)	(3,266)	(3,622)
Short term bank debts	(14,444)	(17,685)	(20,550)	(24,012)
Short term net financial position	3,121	17,908	7,394	(8,918)
Medium/long term financial debts	(9,240)	(12,546)	(13,942)	(14,827)
Medium/long term bank debts	(686)	(7,129)	(17,354)	(18,568)
Medium/long term net financial position	(9,926)	(19,675)	(31,296)	(33,395)
Total financial position	(6,805)	(1,767)	(23,902)	(42,313)

The net financial position is worsening of about € 5 million, entirely due to the acquisition of the company Bre.Ma. Brenna Machine S.r.l., that is for the impact of the consolidation of the debt financial position of the company (€ 1.3 million), and for the disbursement made for the first instalment of the payment of the purchase price (€ 3.85 million). Without these effects, the net financial position would be nearly the same as the previous quarter, while the comparison with the same period in 2005 the increase is however € 35.5 million.

As a consequence all the main ratios improve.

RATIO	September 30 2006	December 31 2005
Gearing	0.05	0.24
Equity on net fixed assets	1.43	1.28
Financial Leverage	1.55	1.85

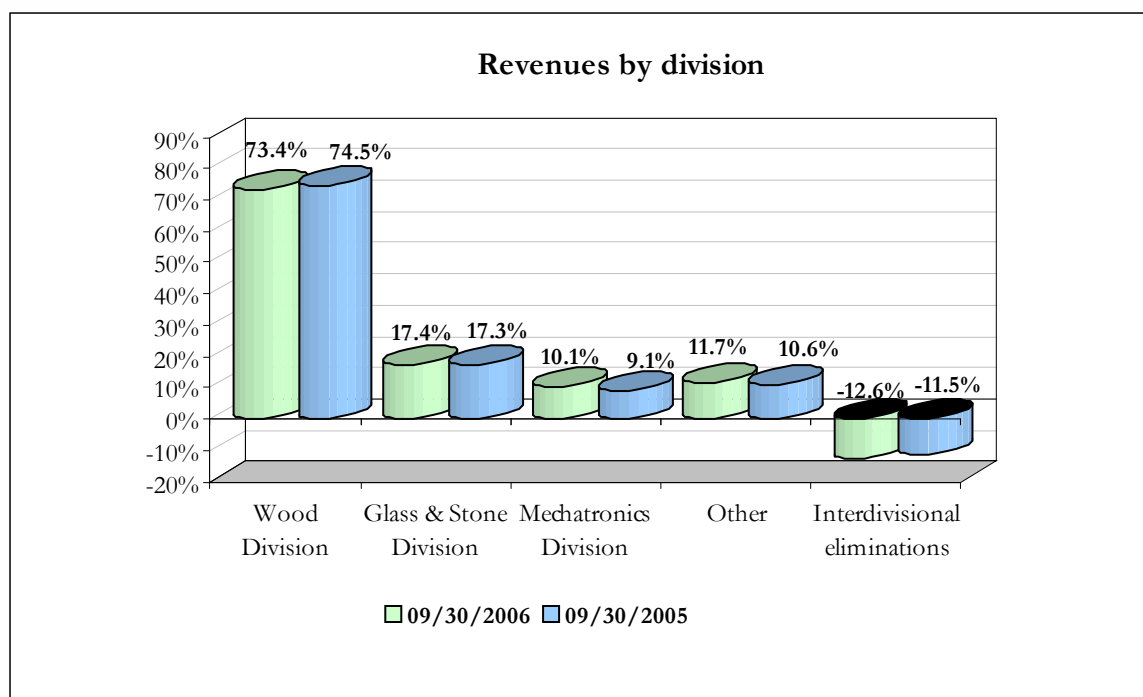
Balance sheet figures

	September 30 2006	December 31 2005
Intangible assets	31,483	23,673
Tangible assets	56,747	59,572
Other non current assets	10,717	9,100
Non-current assets	98,947	92,345
Inventories	100,495	72,798
Trade receivables	92,681	97,960
Other receivables	10,927	7,464
Cash and cash equivalents	23,592	31,210
Current assets	227,695	209,432
TOTAL ASSETS	326,642	301,777
Shareholders' equity	127,308	105,293
Minority interest	641	343
Total equity	127,949	105,636
Bank loans	9,926	31,296
Retirement benefit obligation	16,131	15,090
Other payables	10,791	9,772
Non-current liabilities	36,848	56,158
Trade and other payables	141,373	116,167
Bank overdrafts, loans and obligations under finance leases	20,471	23,816
Current liabilities	161,844	139,983
TOTAL EQUITY AND LIABILITIES	326,642	301,777

The intangible assets are mainly influenced by the effects of the acquisition of Bre.Ma., temporarily allocated generically in this item, waiting for the exact measurement and allocation of its fair value, actually still under verification, such as allowed by the IFRS 3, due to the relatively recent date of acquisition. The current assets, - in comparison with December 2005 -, are affected by the seasonality effects on stocks and sales. In particular, the stocks increased to enable the supply of the subsidiaries warehouses, these figures drastically fall in December, but this is partially compensated by the decrease of the receivables (linked to the lower sales with respect to the last quarter of 2005) and by the increase of the payables.

Revenues by division

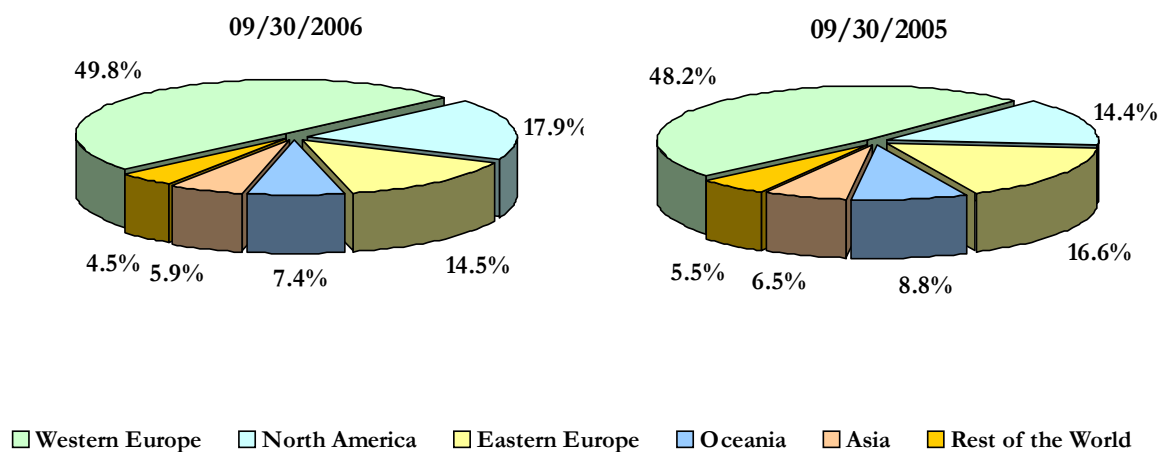
(thousand of Euro)	III Q 2006	%	III Q 2005	%	Δ % 2005/2006
Wood Division	194,063	73.4%	169,063	74.5%	14.8%
Glass & Stone Division	45,903	17.4%	39,230	17.3%	17.0%
Mechatronics Division	26,812	10.1%	20,643	9.1%	29.9%
Other	30,828	11.7%	23,949	10.6%	28.7%
Interdivisional eliminations	(33,209)	(12.6%)	(26,032)	(11.5%)	27.6%
Total	264,397	100.0%	226,853	100.0%	16.5%



Revenues by geographical area

(thousand of Euro)	III Q 2006	%	III Q 2005	%	Δ % 2005/2006
Western Europe	131,645	49.8%	109,394	48.2%	20.3%
North America	47,428	17.9%	32,677	14.4%	45.1%
Eastern Europe	38,171	14.5%	37,543	16.6%	1.7%
Oceania	19,657	7.4%	20,007	8.8%	(1.7%)
Asia	15,670	5.9%	14,790	6.5%	5.9%
Rest of the World	11,827	4.5%	12,442	5.5%	(4.9%)
Total	264,397	100.0%	226,853	100.0%	16.5%

Revenues by geographical area



Pesaro, November 13th 2006

Chairman of the Board of Directors
Roberto Selci