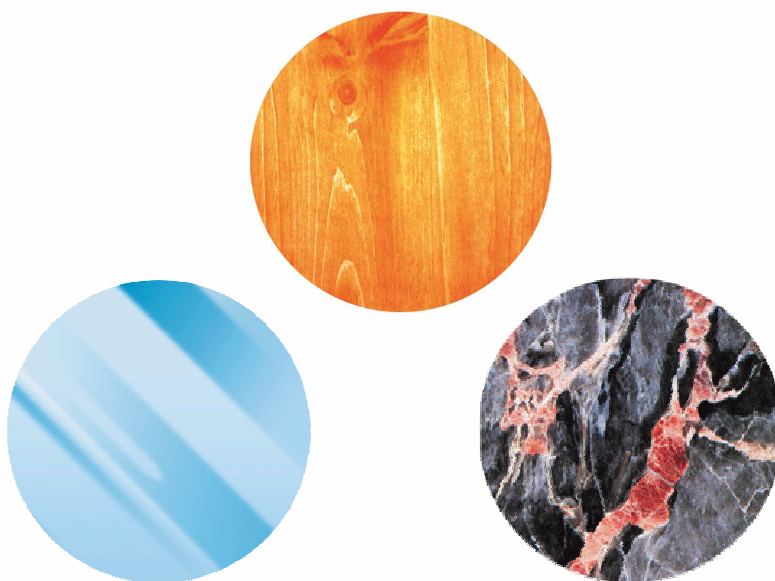




QUARTERLY REPORT  
MARCH 31<sup>ST</sup>, 2008





BIESSE S.p.A.

QUARTERLY REPORT AT MARCH 31<sup>ST</sup>, 2008

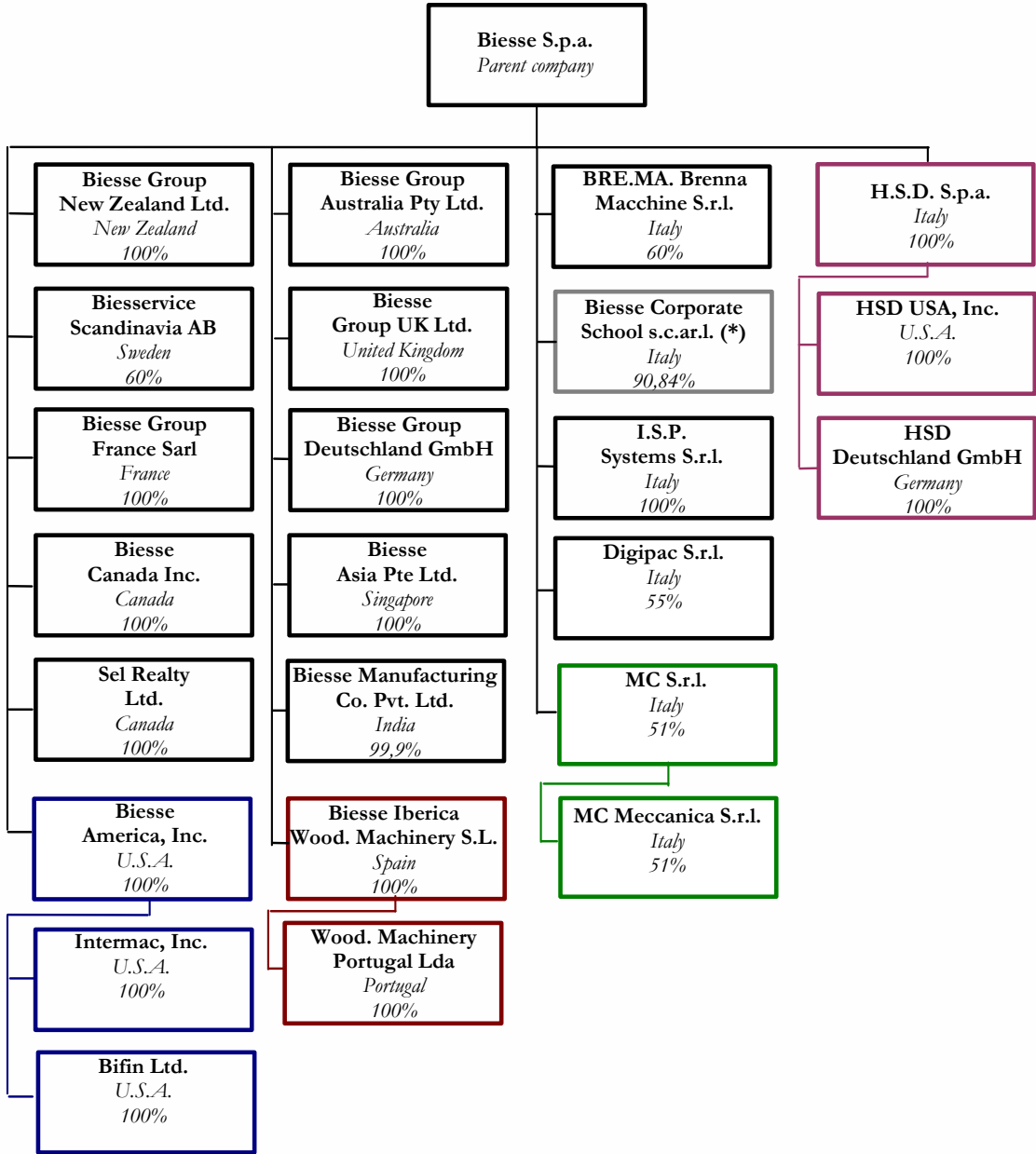
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SUMMARY

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# GROUP STRUCTURE

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



\* the 90.84% shareholding is 75.83 directly owned by Biesse S.p.A. and 15.01% is indirectly held through H.S.D. S.p.A.





## EXPLANATORY NOTES

The unaudited consolidated financial statements at March 31 2008 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 December 31, 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, 2007, 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 March 31 2008, adjusted as necessary to comply with the Group’s accounting principles;
- estimated figures of a significant amount are not presented.

The area of consolidation has changed with respect to the quarterly financial statements to 31 December 2007 and now includes the company, Woodworking Machinery Portugal Lda, a subsidiary of Biesse Iberica active since January 2008 in marketing and post-sales for the Group’s machines in Portugal.



## PARENT COMPANY CORPORATE BODIES

The Board of Directors currently in office are as follows:

Roberto Selci	Chairman
Giancarlo Selci	Vice President
Alessandra Parpajola	Director
Stafano Porcellini	Director
Leone Sibani	Director *
Giampaolo Garattoni	Director *
Salvatore Giordano	Director *

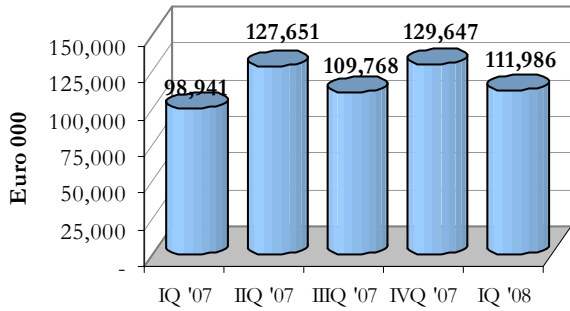
*\* Independent Director, as required under the Code of Conduct.*

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

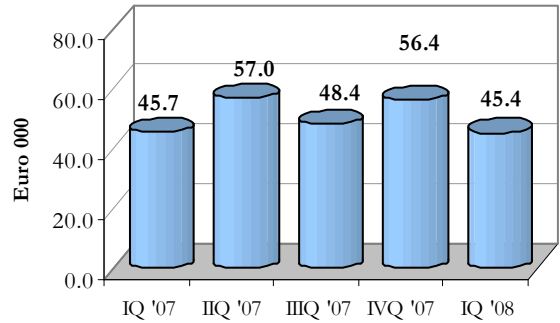
Giovanni Ciurlo	Chairman
Adriano Franzoni	Statutory Auditor
Claudio Sanchioni	Statutory Auditor

# HIGHLIGHTS

Revenues from sales and services

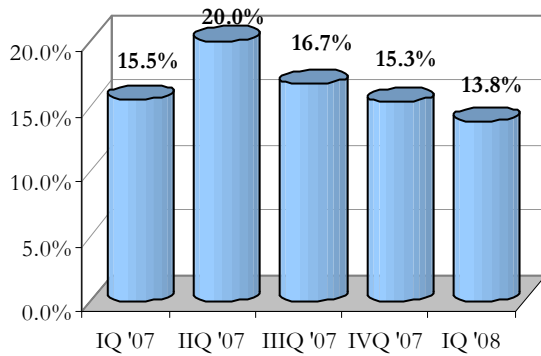


Sales for employee

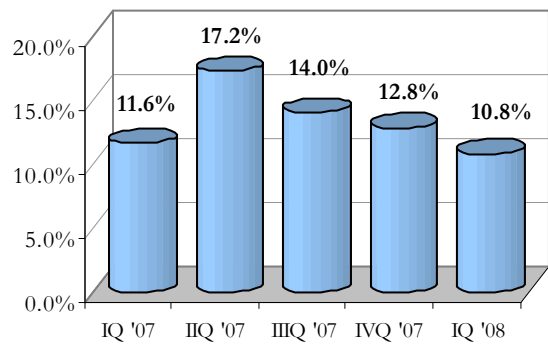


\* the data includes temporary staff

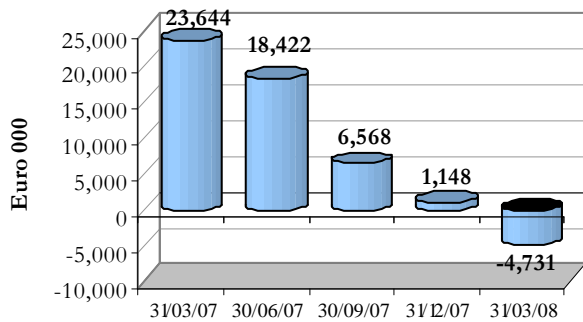
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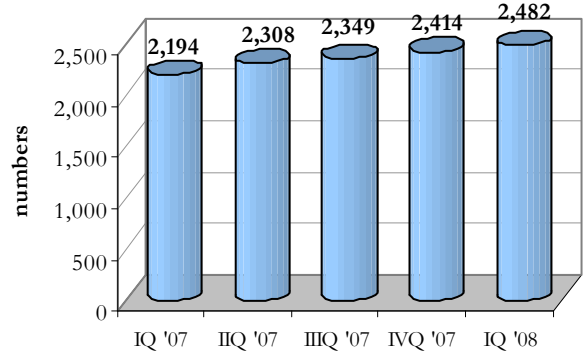
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Net financial position



Staff at the end of the period



\* the data includes temporary staff





## GENERAL ECONOMIC OUTLOOK

The signs of slowdown in the Western economies continued, led by the United States, in the first quarter 2008; Italy is among the industrialised countries with the lowest estimates of future economic growth.

However, the signs of a slowdown in industrial production are generally less pessimistic; the machinery sector in Italy and, in particular, in Germany seems to have been only marginally affected by the lower economic growth at the macro level because of the growing demand for automated production processes. It should also be noted that the results of this quarter are compared with first quarter 2007, a period of very high demand (Ucimu, press release of 17 April 2008).

The Euro/Dollar exchange rate, whilst remaining very volatile, has fallen slightly in the last few weeks compared to the levels reached in March; nevertheless it remains at a “critical” level for potential exports in the manufacturing sector.

The oil price continues to rise above US\$ 120 with an increasingly tangible impact on raw material and energy costs, giving rise to inflation and a strong risk of a further slowdown in consumption.

## REFERENCE SECTOR

According to Acimall (the national association for the sector of woodworking machinery) in its press release of 6 May, this quarter “ends a positive cycle which has lasted three years; in the first quarter 2008 there was a 5.8% fall in orders compared to first quarter 2007. It should be stressed that, in first quarter 2007, results were very good, a trend which has underlined the slowdown of January-March 2008”. According to those companies interviewed, “the drop in demand was strongest on the domestic market (-8.5%) whilst the drop in orders from abroad was -5%”.

The qualitative research showed that, “65% of those interviewed considered production to have been stable in the first quarter 2008, 26% believed it had grown and 9% felt it had declined. 76% of those questioned judged employment within the sector to have been stable, 18% believed it had increased and 6% believed it had declined”.

According to those questioned, the next period will also be characterised by a “pause for reflection”. “47% of those questioned believe that domestic orders will remain at current levels, 15% believe they will grow further and 38% believe that they will decline. 47% are forecasting stability on foreign markets in coming months, 21% foresee a slight increase and 32% fear a further decline. Worries about the exchange rate and the loss of competitiveness in Italy have influenced these considerations”.

## ACCOUNTING STATEMENTS

### *First quarter 2008 Income Statement*

<i>Euro 000</i>	I Q 2008	% of sales	I Q 2007	% of sales	Change %
<b>Revenues from sales and services</b>	111,986	100.0%	98,941	100.0%	13.2%
Change in inventories, wip, semi-finished and finished goods	7,354	6.6%	15,219	15.4%	(51.7)%
Other revenues	747	0.7%	1,193	1.2%	(37.4)%
<b>Value of Production</b>	<b>120,087</b>	<b>107.2%</b>	<b>115,353</b>	<b>116.6%</b>	<b>4.1%</b>
Consumption of raw materials, accessory products and goods	52,616	47.0%	52,463	53.0%	0.3%
Other operating expenses	23,148	20.7%	22,216	22.5%	4.2%
<b>Value Added</b>	<b>44,323</b>	<b>39.6%</b>	<b>40,675</b>	<b>41.1%</b>	<b>9.0%</b>
Personnel costs	28,851	25.8%	25,320	25.6%	13.9%
Gross Operating Margin	15,472	13.8%	15,355	15.5%	0.8%
Depreciation and amortisation	2,980	2.7%	2,611	2.6%	14.1%
Provisions	443	0.4%	1,245	1.3%	(64.4)%
<b>Operating Result</b>	<b>12,048</b>	<b>10.8%</b>	<b>11,499</b>	<b>11.6%</b>	<b>4.8%</b>
Financial income/expense	(207)	(0.2)%	(185)	(0.2)%	11.9%
Foreign exchange gain/losses	(602)	(0.5)%	0	-	NA
Share of associates	-	-	38	-	(100.0)%
<b>Pre-tax profit</b>	<b>11,239</b>	<b>10.0%</b>	<b>11,352</b>	<b>11.5%</b>	<b>(1.0)%</b>
Tax for the period	4,846	4.3%	5,350	5.4%	(9.4)%
<b>Result for the period</b>	<b>6,393</b>	<b>5.7%</b>	<b>6,002</b>	<b>6.1%</b>	<b>6.5%</b>





## REPORT ON OPERATIONS

The results to 31 March 2008 show significant growth in revenues also due to the invoicing in this period of the inventory of finished goods that had accumulated at the end of 2007 as a result of the transport strike in December.

It must be emphasised that the results of this quarter and the next suffer from comparison with the results of the same quarters of 2007, which were characterised by an extraordinary growth in volumes that had a very significant operating leverage effect. This effect was particularly marked since costs showed more contained growth than the sharp acceleration in revenues; costs which, moreover, were linked to a necessary progressive organisational upgrade to cope with the growth experienced by the group in the two years 2006 and 2007.

Another important element when correctly evaluating the performance in first quarter 2008 is the sharp appreciation of the Euro. Between March 2007 and March 2008, there was an 18% appreciation in the Euro versus the US dollar; this means that revenues realised by overseas subsidiaries (including those from the Asia-Pacific region where currencies are linked to the US dollar) were significantly devalued in 2008 and this could not be offset by the smaller figure for costs expressed in the same currency.

\* \* \*

In first quarter 2008, net revenues were € 111.986 million, an increase of 13.2% year-on-year (€ 98.941 million in first quarter 2007).

The increase in revenues was across all divisions with slightly lower growth in the Meccatronic division.

As regards the geographical breakdown of sales - for details of which, please see the tables in the information section - first quarter 2008 confirmed the strong performance of Western European markets, and, in particular, Eastern European markets, whilst the North-American market suffered the combined effect of a slowdown in demand and the penalising effect of the translation of revenues into Euro. There was also a good performance from the Australian subsidiary and from the South American region (included in RoW).

As already mentioned, the inventory of finished products accumulated in December 2007 was shipped (thereby affecting the normal seasonal trend). Compared to the same period 2007, the change in inventories of finished and semi-finished goods was negative for € 7.865 million.

In first quarter 2008, the value of production totalled € 120.087 million, a 4.1% year-on-year increase on the € 115.353 million of first quarter 2007.

Details of costs as a percentage of value of production are given below.

<i>Euro 000</i>	<b>I Q 2008</b>	<b>%</b>	<b>I Q 2007</b>	<b>%</b>
<b>Value of Production</b>	<b>120,087</b>	<b>100.0%</b>	<b>115,353</b>	<b>100.0%</b>
Consumption of materials	52,616	43.8%	52,463	45.5%
Other operating expenses	23,148	19.3%	22,216	19.3%
<i>Service costs</i>	<i>19,101</i>	<i>15.9%</i>	<i>18,974</i>	<i>16.4%</i>
<i>Leasing costs</i>	<i>1,677</i>	<i>1.4%</i>	<i>1,513</i>	<i>1.3%</i>
<i>Other operating costs</i>	<i>2,370</i>	<i>2.0%</i>	<i>1,729</i>	<i>1.5%</i>
<b>Value Added</b>	<b>44,323</b>	<b>36.9%</b>	<b>40,675</b>	<b>35.3%</b>

This initial simple analysis shows that the Value Added as a percentage of Value of Production (rather than as a percentage of revenues) grew 1.6%. However, raw materials as a percentage of Value of Production actually fell less than a first reading of this table might suggest; in fact, the first quarter 2007 figure is penalised when compared to first quarter 2008 as it lacks the profit implicit in the higher than normal inventories of finished products shipped in first quarter 2008. Adjusting for this effect, the weight of raw materials as a percentage of Value of Production is stable between the first quarters of the two financial periods.

Personnel costs in the first quarter 2008 were € 28.851 million, with a weighting that rose to 25.8% compared to 25.6% in the first quarter 2007.

First quarter 2008 gross operating profit was € 15.472 million, a slight increase year-on-year, whilst the operating profit was € 12.048 million, a 4.8% increase on the figure at March 2007.

There were financial costs of € 207,000, roughly in line with the figure for 2007, whilst exchange rate risk management showed costs of € 602,000: the hedging transactions for sales in foreign currencies only covered in part the unexpected fall in all foreign currencies against the Euro.

Pre-tax profit totalled € 11.239 million (10% of net revenues), in line with the figure for the same period 2007.

The estimated total for taxes payable is € 4.846 million, a figure which, compared to 2007, benefits from the reduction in the corporate tax rate in Italy in 2008.

Net profit is estimated at € 6.393 million, +6.5% year-on-year.

*Net financial position at March 31<sup>st</sup>, 2008*

	31 March 2008	31 December 2007	31 March 2007	31 December 2006
<i>Euro 000</i>				
Financial assets:	30,498	36,861	50,997	36,102
Current financial assets	110	372	50	50
Liquidity	30,388	36,488	50,947	36,052
ST finance lease liabilities	(2,757)	(2,756)	(5,121)	(2,336)
Bank and other ST financial debt	(22,390)	(22,571)	(13,616)	(10,786)
<b>Net Short Term Financial Position</b>	<b>5,351</b>	<b>11,534</b>	<b>32,260</b>	<b>22,980</b>
M/L term finance lease liabilities	(9,640)	(9,866)	(8,092)	(8,217)
M/L term bank debt	(442)	(524)	(524)	(642)
<b>Net M/L term Financial Position</b>	<b>(10,082)</b>	<b>(10,390)</b>	<b>(8,616)</b>	<b>(8,859)</b>
<b>Total Net Financial Position</b>	<b>(4,731)</b>	<b>1,143</b>	<b>23,644</b>	<b>14,121</b>

Net debt was € 4.731 million, due to the delay in invoicing a total of € 10 million in December 2007 which resulted in a delay in cash in.

The main balance sheet ratios are as follows:

RATIO	31 marzo 2008	31 dicembre 2007
Gearing	0.03	(0.01)
Equity on net fixed assets	1.49	1.47
Financial Leverage	1.44	1.44

## Balance sheet figures

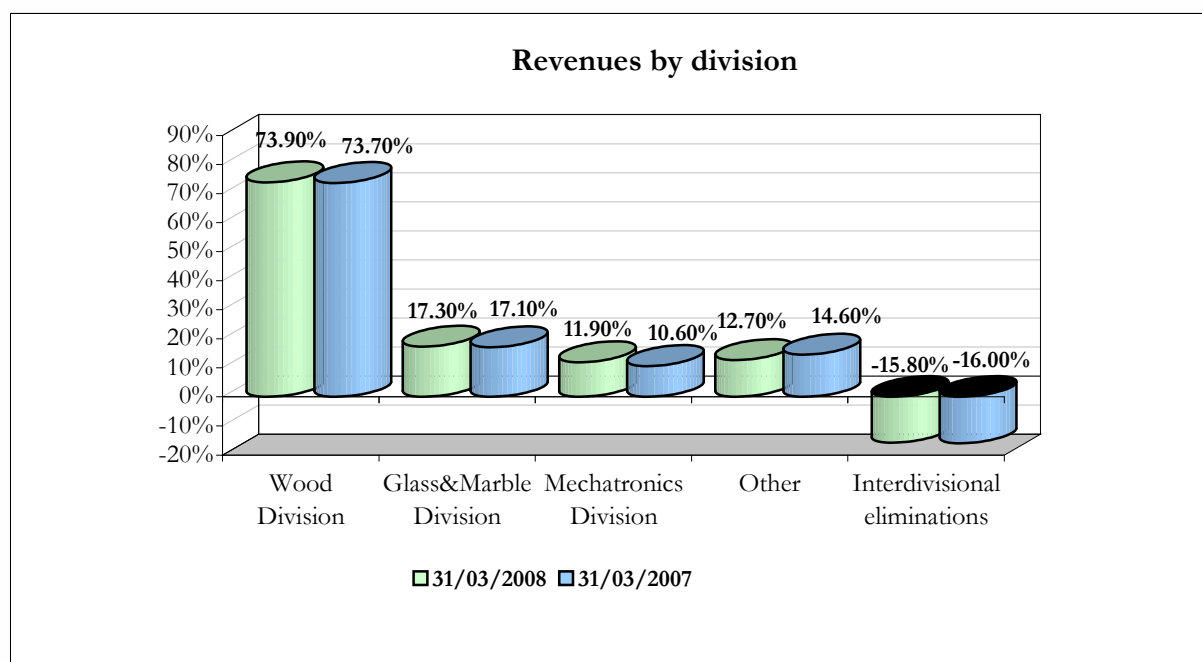
<i>Euro 000</i>	31 March 2008	31 December 2007
Intangible fixed assets	44,263	43,146
Tangible fixed assets	58,876	57,641
Non current assets	10,476	9,285
Investment property	1,311	2,426
<b>NON CURRENT ASSETS</b>	<b>114,926</b>	<b>112,498</b>
Inventories	112,986	104,192
Trade receivables	108,303	109,969
Other receivables	10,906	8,749
Cash and equivalents	32,328	36,539
<b>CURRENT ASSETS</b>	<b>264,524</b>	<b>259,449</b>
<b>TOTAL ASSETS</b>	<b>379,450</b>	<b>371,947</b>
Net Equity of the Group	154,757	151,699
Minority Interests	856	794
<b>NET EQUITY</b>	<b>155,613</b>	<b>152,493</b>
Bank debt and M/L term finance leases	10,082	10,390
Retirement benefit liabilities	13,425	13,331
Other payables and M/L term liabilities	4,872	4,967
<b>NON CURRENT LIABILITIES</b>	<b>28,379</b>	<b>28,688</b>
Trade payables and other short term liabilities	118,010	119,464
Other short term payables	52,301	45,975
Bank debt and short term finance leases	25,147	25,327
<b>CURRENT LIABILITIES</b>	<b>195,458</b>	<b>190,765</b>
<b>TOTAL LIABILITIES AND NET EQUITY</b>	<b>379,450</b>	<b>371,947</b>

The figure for non-current assets was substantially unchanged whilst current assets, when compared with the figure for December 2007, are affected by the seasonal trend in inventories.

Trade payables and trade receivables were relatively unchanged on the December 2007 figures.

### Revenues by division

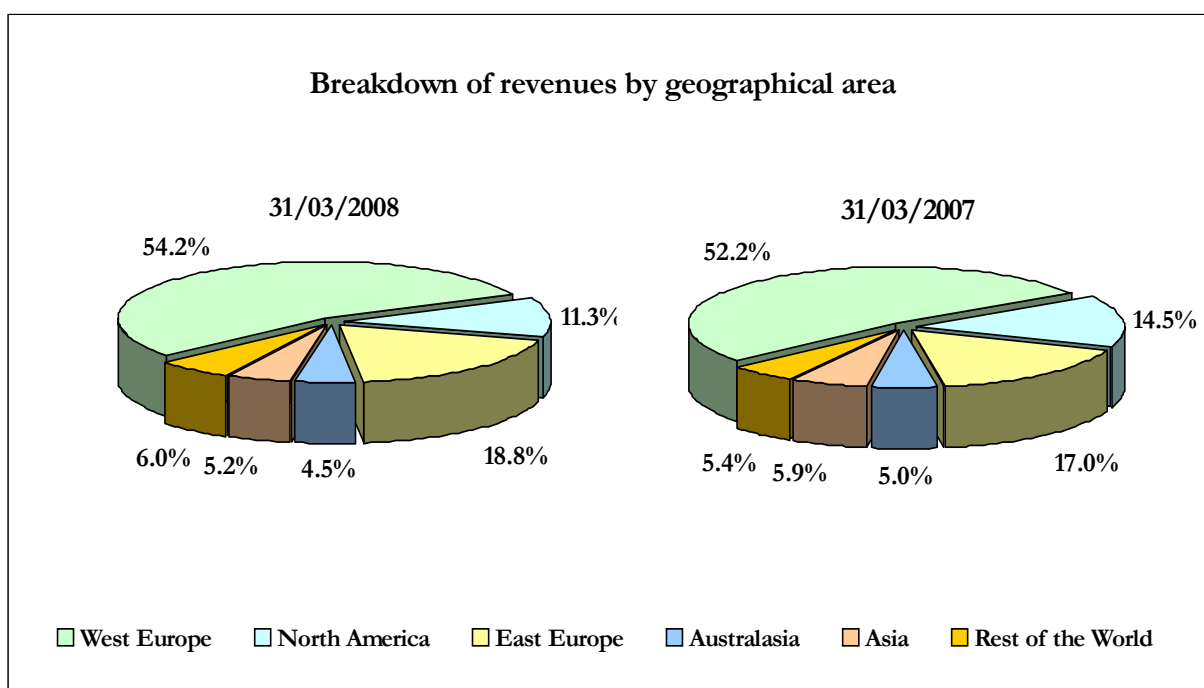
Euro 000	31 March 2008	%	31 March 2007	%	Change % 2007/2008
Wood Division	82,633	73.9%	72,914	73.7%	13.3%
Glass & Marble Divison	19,429	17.3%	16,983	17.1%	14.4%
Mechatronics Division	13,362	11.9%	12,671	12.9%	5.5%
Other	14,211	12.7%	11,913	12.0%	19.3%
Interdivisional eliminations	(17,648)	(15.8%)	(15,540)	(15.7%)	13.6%
<b>Total</b>	<b>111,986</b>	<b>100.0%</b>	<b>98,941</b>	<b>100.0%</b>	<b>13.2%</b>



### Revenues by geographical area

Geographical area <i>Euro 000</i>	31 March 2008	%	31 March 2007	%	Change % 2007/2008
Western Europe	60,646	54.2%	51,692	52.2%	17.3%
North America	12,710	11.3%	14,319	14.5%	(11.2%)
Eastern Europe	21,026	18.8%	16,841	17.0%	24.9%
Asia	5,062	4.5%	5,847	5.9%	(13.4%)
Australasia	5,816	5.2%	4,939	5.0%	17.7%
Rest of the World	6,726	6.0%	5,303	5.4%	26.8%
<b>Group Total</b>	<b>111,986</b>	<b>100.0%</b>	<b>98,941</b>	<b>100.00%</b>	<b>13.2%</b>


### Breakdown of revenues by geographical area



Pesaro, 14 May 2008

Chairman of the Board of Directors  
Roberto Selci





**DECLARATION OF THE NOMINATED MANAGER REGARDING THE PREPARATION OF THE COMPANY ACCOUNTING DOCUMENTS IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE 154-BIS PARAGRAPH 2 OF LEGISLATIVE DECREE 58/1998 (TESTO UNICO DELLA FINANZA – CONSOLIDATED FINANCIAL LAW)**

The undersigned Stefano Porcellini, Chief Financial Officer and Board Director of Biesse S.p.A., in his capacity as nominated manager responsible for the preparation of the company accounts, declares that the consolidated quarterly report at 31 December 2007 of Biesse S.p.A., unaudited, - prepared in compliance with the indications provided by CONSOB (in accordance with the provisions of article 82 and article 82-bis of the “Regulations governing rules of implementation of Legislative Decree 24 February 1998, n° 58 regarding issuers”) and conforming to the valuation and measurement criteria established *International Financial Reporting Standards* (IFRS) issued by the *International Accounting Standards Board* (IASB) and adopted by the European Commission according to the procedures referred to in article 6 of Regulation (EC) no. 1606/2002 of the European Parliament and by the Council of 19<sup>th</sup> July 2002-, as far as he is aware, corresponds to the results contained in the group’s records, books and accounts.

14 May 2008

/signature/  
Stefano Porcellini  
Chief Financial Officer