first-half report at 30 june 2009

BIESSE

BIESSE

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Management report

company office holders

Board of Directors

Chairman and Managing Director	*Roberto Selci*
Managing Director [1]	*Giancarlo Selci*
Director	*Alessandra Parpajola*
Director	*Stefano Porcellini*
Director independent	*Leone Sibani*
Director independent	*Giampaolo Garattoni*
Director independent	*Salvatore Giordano*

Board of Statutory Auditors

Chairman	*Giovanni Ciurlo*
Serving Auditor	*Adriano Franzoni*
Serving Auditor	*Claudio Sanchioni*
Substitute Auditor	*Daniela Gabucci*
Substitute Auditor	*Cristina Amadori*

Internal Control Committee
Remuneration Committee

Leone Sibani
Giampaolo Garattoni
Salvatore Giordano

Supervisory body

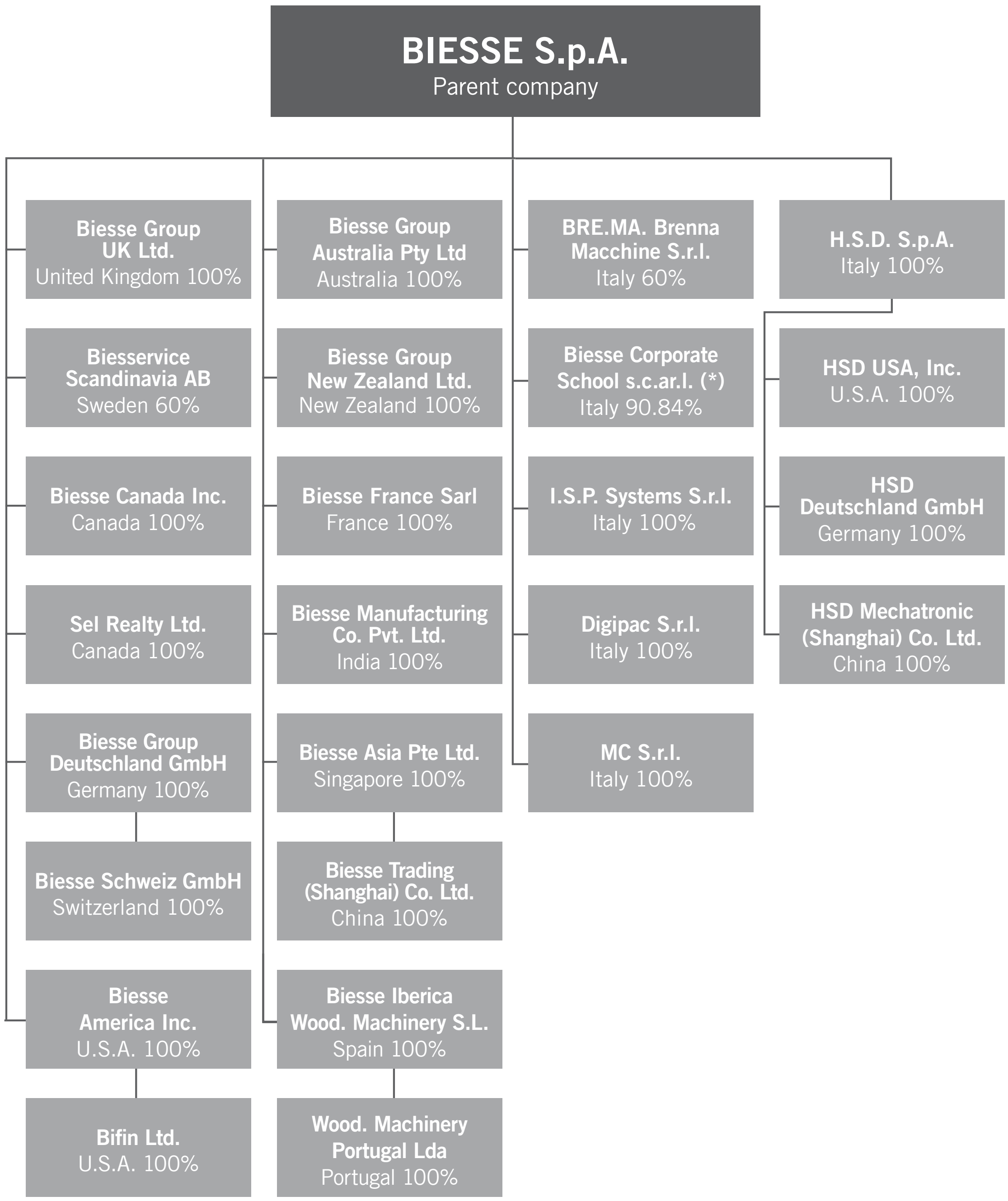
Leone Sibani
Giampaolo Garattoni
Salvatore Giordano
Cristian Berardi
Elena Grassetti

Independent auditors

Deloitte & Touche S.p.A.

[1] With exclusive mandate for the strategic direction and co-ordination of the Group.

group structure



* Corporate services company, 75.83% of which is held directly and 15.01% held indirectly through Hsd S.p.a.

The consolidation area has changed, compared with the last set of approved financial statements, to reflect the inclusion of the company Biesse Schweiz GmbH, which has been operating since January 2009 as a subsidiary of Biesse Deutschland for the marketing and after sales service of the Group's machines in Switzerland.

In addition, Biesse S.p.A. in May acquired total control of the companies MC S.r.l. and Digipac S.r.l. (previously 51% and 55% respectively controlled). In the case of MC S.r.l., Biesse S.p.A. acquired the minority stake, in exchange for no. 225,000 shares Biesse S.p.A., already held in treasury.

The aim of the transaction was the closer integration of MC within the Group, with the specific objective of realising potentially very strong synergies with HSD SpA, in particular with regard to commercial – distribution activities, in order to increase revenues outside the Group perimeter, under the direction of HSD Spa which has in the recent past achieved notable commercial success in the sale of components to third parties.

With regard to Digipac S.r.l., the parent company provided for the write-off of the loss reported in 2008 and the reconstitution of the share capital regarding both its own shareholding as well as the shareholding attributable to minorities, the latter having relinquished the option rights available to them.

Finally it is signalled that on May 20th 2009, the Board of directors of HSD S.p.A. has deliberated the approval of the project of merger of the MC s.r.l., both controlled by Biesse S.p.A. Besides on June 12th 2009, the Board of directors of Biesse S.p.A. has deliberated the approval of the project of merger of the fully-owned company ISP Systems s.r.l. Both the operations derive from needs of business rationalization and integration of the productive process.
The possibility of unification and standardization of the whole productive process, will allow a rationalization of the organizational exploitation of the group, as well as of the human and technical resources employed in the productive processes with a consequent best sharing of the fixed costs. The synergies that the mergers will allow to realize in productive terms, in fact, will allow to eliminate the duplications of common services with concrete savings in terms of fixed costs, producing notable economies of scale.

The **Biesse Group's** core business, with headquarters in Pesaro, Italy includes production, marketing and customer services for wood, glass and stone machines and systems. Production operations are concentrated in Pesaro and India. Marketing and customer assistance are organized both through the actual presence of 30 subsidiaries and commercial offices in the territory as well as through an exclusive network of 300 importers, distributors and agents. Biesse is comprised of three main business divisions, each highly specialized in its own area.

- Biesse Wood Division
- Intermac Glass & Stone Division
- HSD Mechatronic Division

The Group is also active in other areas, including precision machining as well as the production of mechanical, electrical, electronic and pneumodynamic components for industrial uses.

trademarks

BIESSE

Presents its complete range of CNC machines and systems dedicated to panel processing and window and door manufacturing; CNC machining centres for milling, boring and edgebanding; CNC routers. BIESSE is able to provide numerous solutions to increase productivity, reliability and machining quality, all made-to-measure for the customer.

BIESSEEDGE

Produces edgebanding and squaring-edgebanding machines for the furniture industry. Our dedication to satisfying the needs of even our most demanding customers remains constant by granting high-speed, flexible and high precision machining solutions.

BIESSESAND

Produces automatic calibrating and sanding machines for medium and large industries.
These machines are capable of carrying out continuous machining, giving maximum reliability and producing excellent quality results on any type of article.

trademarks

BIESSEARTECH

Presents a complete range of Easy Tech solutions, specialized in the production of woodworking machines mainly designed for small and medium-sized companies. The company's extensive experience, service and widespread distribution network make BIESSEARTECH a brand name synonymous with reliability and profitable investment. This line of products, in fact, is destined to revolutionize production times and phases, while offering highly personalized and innovative technical and logistics support. BIESSEARTECH solutions are designed for all the various panel machining phases: panel sizing, edgebanding, boring, milling, sanding and assembly of furniture items.

COMIL

Produces plants and systems for drilling and drilling-inserting of hardware, flexible machines for companies offering a customizable product and giving importance to the 'lead time' and to the reduction of the half-finished products stock.
Moreover, COMIL produces machines and plants for the assembling of furniture and doors and packaging machines with thermoretractable shrink film.

RBO

Produces complete solutions for panel handling. The main feature of the RBO product is the capacity to find the best solution to meet the customers' requests with always reliable and highly engineered products.

SELCO

Is the Biesse Wood Division brand that produces and distributes single line sizing centres, angular systems and integrated cutting cells with automatic storage and unloading solutions.

Bre.Ma.

Is specialized in the production of NC vertical processing cells for boring, routing, milling and hardware inserting operations.
All Bre.Ma. installations allow to process in sequence, panels with different dimensions without any manual set-up interventions.

BIESSE SYSTEMS

Offers design and execution of turnkey plant, automatic and integrated processing lines to satisfy the automation needs of the furniture industry including an integrated boring and insertion line managed by a supervisor.

trademarks

INTERMAC

World leader in the production of multi function work centres for flat glass working. Intermac has revolutioned the technological standards in this sector since the release of its first line of machinery. Completes his offer with a range of machines and systems for the cutting of monolithic and laminated glass. Intermac occupies a leading position also in the production of technologies for natural and synthetic stone processing with its complete line of multi function work centres.

BUSETTI

Leading brand in the segment of double edging machines and lines for flat glass. The vast experience and profound knowledge of the market needs allow the development of solutions that are able to meet the needs of the customers. The product range is completed with vertical and horizontal glass drilling machines.

diamut

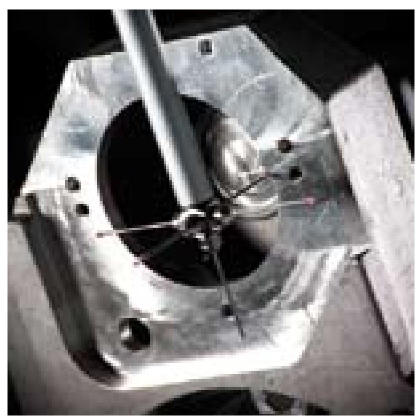
Complete range of tools for the working of glass and stone. Diamut products can be used on all the machines on the market always granting the maximum quality of the final result.

HSD
MECHATRONIC DIVISION

The Mechatronic Division supplies and manufactures high precision mechanical and electronic components for machines and systems designed for the Biesse Group and other companies.

COSMEC
COSTRUZIONI MECCANICHE DI PRECISIONE

The production unit COSMEC manufactures high-precision mechanical components, which allows Biesse to guarantee perfect control and consistent quality of its processes throughout the product life cycle, from conception and design through manufacturing, distribution and after-sale service.



review of operations

General economic overview

As is generally recognised, the first six months of 2009 experienced the full impact of the most violent systemic crisis since the Second World War.

The impact of the recession was particularly significant for the most cyclical sectors, such as the manufacturing sector, with even greater impact in the capital goods sector for which demand is a direct function of business confidence and access to sources of financing, availability of which is subject to the impact of the full-blown credit crunch phenomenon.

As this report was being prepared several sources reported signs that the global recession was beginning to soften; the necessity of rebuilding inventories has given an initial stimulus to productive activity. The decline in GDP in the OECD area (-8,3%) and in international trade (-30%) deepened in the first quarter of 2009, but industrial production and other lead indicators of economic activity indicate a slowing of the rate of decline in the second quarter; in particular there are signs of improvement in activity and trade flows in the Asian economies.

The IMF estimates that the average rate of decline in global economic activity in the current year could stabilise at about –1.5% (which nevertheless remains the worst result in the post war period); a return to global GDP growth is expected in 2010, with 2.5% growth expected.

These are encouraging signals, but the timing and strength of the recovery remain uncertain, while the possibility cannot be technically excluded that the repercussions of the recession on the labour market could have a severe impact on demand which could be reflected in a dangerous tightening.

The effects of economic policies which should be fully deployed in the coming months, could support the recovery, but the exceptional monetary and fiscal strategies adopted in recent months to exit the crisis could limit potential growth rates in the future.

Industrial sector review

According to data published by Acimall, - the national trade association for the woodworking machinery sector – in its press release of 28 July < the difficulties experienced by the sector during this phase were unfortunately fully confirmed by the economic data relating to the second quarter of 2009>.

In the period April-June 2009 –Acimall continues – <there was a decline in orders of 53.8% compared with the same quarter of 2008; this figure reflects a reduction in foreign orders of -58.5%, and a 35.6% decline in domestic demand>.

Prices, in the period under review, fell slightly (-0,1%), while those interviewed reported that at the period of production guaranteed by the order backlog at the end of the second quarter of 2009 was 1.2 months.

Order intake in the second quarter of 2009 as reported by UCIMU, the association of Italian producers of machine tools, robots and automated equipment, revealed a decline of 63.1% compared with the same period of 2008. The absolute value of the reference index was 47.9 (base 2005=100); suggesting that it would be necessary to go back 26 years to find a result that is worse than the current figure

The monthly orders/sales report of the German association VDMA on the sub-segment “Holzbearbeitungs-maschinen” (wood processing machinery), in the second quarter of 2009, revealed a dramatic -63% in cumulative orders received (but, -41% just for the month of June 2009, the “best” month of the year) and a fall of -58% in aggregate revenues (-57% in the month of June 2009), with the pre-existing support of the order backlog now exhausted.

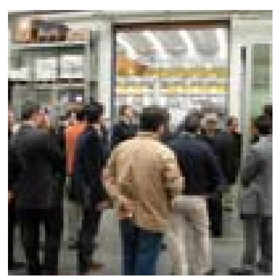
Between May 2009 and the present date Biesse has effectively registered, a moderate uplift in commercial activity in several geographical areas (with the sole exception, for the time being, of the USA, Russia and, in the European Union, Spain), but it seems unrealistic to expect a significant impact on revenues in the second half of 2009.

Therefore, in terms of incoming orders, the acute phase of the crisis seems to be overcome, with an exercise 2010 that it will profit more sensitively of the reconstructing climate of trust and the realization of the expansive economic politics. In Biesse, the combination of the economic effects deriving from the restructuring of the company’s costs and a return to volume growth, postpones therefore to 2010 the goal of achieving break even at the level of operating margins.

Even the effects expected in the domestic market of the Anti-Crisis Decree (the so-called Tremonti ter), confirm the same scenario: greater commercial activity should already be evident in the second half of 2009, but concrete economic effects are not expected till 2010.

biesse inside

BIESSEINSIDE is the initiative promoted by the Biesse Wood Division to "open" the doors to the world of Biesse woodworking processes and technology to customers and operators in the woodworking sector from all over the world. A direct link with the market, providing a live demonstration of the Group's potential and the innovations in products and processes, foremost among which is the new Kaizen model, fruit of the rationalization and renovation process implemented within Biesse itself and aimed at transforming the company into a *Lean Company*.
The state-of-the-art Biesse machines were on display



in the brand new Tech Centre, the new area measuring 3000 m2 with 32 machines constantly in operation and over 100 demonstrations carried out on the entire Biesse range: processing centres, line boring machines, manual, automatic and line edgebanding machines, panel saws and sanding machines.
BIESSEINSIDE is a unique, strategic initiative for the Biesse Group, calling the attention of both Italyn and foreign analysts and investors. A week dedicated to technology and innovation, which saw the participation in 2008 of approximately 9000 people from over 50 different countries.

EXHIBITIONS TECH TOUR OPEN HOUSE

The Biesse Group sponsors and promotes over 150 events around the globe, such as exhibitions, open-house and tech tours showing customers our know-how, technology and innovation.

The Group reinforces partnerships with its customers by giving them the possibility to touch and test the machine portfolio and cutting-edge solutions available in multiple showrooms throughout the 30 worldwide subsidiaries and commercial offices.


INTERMAC


MADE
BIESSE


BIESSE

employees

Our most valuable asset: people.
The **more than 2,400 employees** in our production plants and subsidiaries all over the world are critical to the process of continuing success that has taken Biesse to the highest levels of our industry.
Certain in the belief that each individual has the potential to make a uniquely valuable contribution, Biesse constantly invests in employee training through the Biesse Corporate School, established to develop skills and provide hands-on training. Furthermore, by applying an efficient organizational model, compliant with the Code of Ethics and Company Governance, Biesse can count on employees with a **strong sense of belonging and responsibility**.

customers

The satisfaction and success of our customers is paramount. We strive to earn the trust of our customers with effective service and support, combined with the excellence of products *Made in Biesse*. Regardless of where our customers may be, **Biesse is there - always**.

Years of experience achieved in every corner of the globe makes Biesse the ideal partner, one that is able to anticipate market demands, satisfy customer needs, supply the right solution and offer consulting, services and products with high added value.

SUMMARY OF FINANCIAL DATA

INCOME STATEMENT 2ND QUARTER 2009					
€ '000	30 June 2009	% of revenue	30 June 2009	% of revenue	DELTA %
Revenues from sales and services	**61,886**	**100.0%**	**125,985**	**100.0%**	**(50.9)%**
Changes in inventories, WIP, semi-finished and finished goods	(7,682)	(12.4)%	7,757	6.2%	-
Other revenues	1,165	1.9%	1,004	0.8%	16.0%
Value of Production	**55,369**	**89.5%**	**134,747**	**107.0%**	**(58.9)%**
Consumption of raw materials, accessory products and goods	20,742	33.5%	61,699	49.0%	(66.4)%
Other operating expenses	15,187	24.5%	23,691	18.8%	(35.9)%
Value Added	**19,440**	**31.4%**	**49,356**	**39.2%**	**(60.6)%**
Personnel costs	23,224	37.5%	29,915	23.7%	(22.4)%
Non recurring income (Curtailment/TFR reform)	590	1.0%	0	0.0%	0.0%
Gross Operating Margin	**(4,375)**	**(7.1)%**	**19,441**	**15.4%**	**(122.5)%**
Depreciation and amortisation	3,308	5.3%	3,258	2.6%	1.5%
Provisions	563	0.9%	590	0.5%	(4.6)%
Impairment	30	0.0%	396	0.3%	(92.4)%
Operating Result	**(8,275)**	**(13.4)%**	**15,197**	**12.1%**	**-**
Financial income/expense	(789)	(1.3)%	(536)	(0.4)%	47.2%
Foreign exchange gains/losses	(619)	(1.0)%	631	0.5%	-
Pre-tax profit	**(9,683)**	**(15.6)%**	**15,293**	**12.1%**	**-**
Tax for the period	(2,083)	(3.4)%	3,847	3.1%	-
Result for the period	**(7,599)**	**(12.3)%**	**11,446**	**9.1%**	**-**

The results to 30 June 2009 reflect in all their rawness the effects of the loss of almost half of the sales compared to the previous period, in the context of personnel costs and overheads which have not yet decoupled from the pre-existing volumes of 2008; use of social support mechanisms and the elimination of a significant proportion of general costs only partially alleviates the "leverage" effect of such a significant decrease in volumes.

The reduction in costs was more significant in this second quarter of 2009, compared with the first quarter – personnel costs fell by almost € 6.7 million between April and June 2009 compared with € 3.1 million in the first quarter – this trend will continue and will expand in the second half of 2009.

However, at these levels of sales (which we also forecast for the second half of the year) – and not wishing Biesse to dismantle its strategic projects and organisational structure which must remain prepared for the "recovery" – it is not realistic to expect the measures taken to reduce costs to fully offset the leverage effect; this means that in the 2009 financial year the gross operating margin will therefore remain in negative territory.

The efforts taken to contain/reduce debt will be more beneficial.
Although the Net Financial Position remains negligible as a proportion of Group capital, Biesse's management places particular emphasis on its financial autonomy and considers it a priority to put in place any useful action to avoid absorbing cash in this economic environment, in order to maintain the solidity of its balance sheet.

INCOME STATEMENT AT 30 JUNE 2009

€ '000	30 June 2009	% of revenue	30 June 2008	% of revenue	DELTA %
Revenues from sales and services	**126,610**	**100.0%**	**237,971**	**100.0%**	**(46.8)%**
Change in inventories, wip, semi-finished and finished goods	(7,332)	(5.8)%	15,111	6.3%	(148.5)%
Other revenues	1,843	1.5%	1,662	0.7%	10.9%
Value of Production	**121,121**	**95.7%**	**254,745**	**107.0%**	**(52.5)%**
Consumption of materials, accesory products and goods	49,703	39.3%	114,321	48.0%	(56.5)%
Other operating expenses	30,229	23.9%	46,631	19.6%	(35.2)%
Value Added	**41,189**	**32.5%**	**93,793**	**39.4%**	**(56.1)%**
Personnel costs	49,052	38.7%	58,880	24.7%	(16.7)%
Non recurring income (Curtailment/TFR reform)	590	0.5%	0	0.0%	-
Gross Operating Margin	**(8,453)**	**(6.7)%**	**34,913**	**14.7%**	**(124.2)%**
Depreciation and amortisation	6,556	5.2%	6,239	2.6%	5.1%
Provisions	2,681	2.1%	1,032	0.4%	-
Impairment	30	0.0%	396	0.2%	(92.4)%
Operating Result	**(17,720)**	**(14.0)%**	**27,245**	**11.4%**	**-**
Financial income/expense	(1,461)	(1.2)%	(743)	(0.3)%	96.6%
Foreign exchange gains/losses	176	0.1%	29	0.0%	-
Pre-tax profit	**(19,004)**	**(15.0)%**	**26,532**	**11.1%**	**-**
Tax for the period	4,148	3.3%	(8,693)	(3.7)%	(147.7)%
Result for the period	**(14,856)**	**(11.7)%**	**17,839**	**7.5%**	**-**

Between April and June 2009 net debt rose by a marginal amount compared with the figure at 31 March (+ € 6 million), as the negative trend in net working capital was curtailed and capital expenditure restricted to activities of product/process innovation; in particular, the monthly financial position improved between the months of May and June 2009 by € 3.4 million, reversing a negative trend that had persisted for more than 12 months.

The results achieved in reducing inventories have been very comforting (a further significant reduction is expected in the second half), particularly when viewed in the light of demand weakness, while payment received from client and payments to suppliers were more synchronized.

This allows us to realize the budgeted stabilization of the financial position in the second half of 2009; the first data on the trend of the working capital and on the utilization of the bank facilities in the month of July of the parent company Biesse S.p.A. confirm such address.

Net revenues in the first half of 2009 were € 126,610 thousend, down 46.8% compared with the result at 30 June 2008 (- 50.9% for just the second quarter of 2009, compared with the same period of the previous year).

The reduction in sales was common to all divisions, with sales holding up in the Glass/Marble Division. (cfr. note 4 of the explanatory notes)

The geographical breakdown of revenues – details of which are given in the tables following in the segment information section - in this period of 2009 reflect a broad decline in sales, with a particularly negative result in Eastern Europe (with Russia at the epicentre) and the USA.

In contrast to the usual seasonal trend the inventory of finished goods fell by € 7.3 million compared with the increase of over € 15 million reported for the same period of 2008, attributable to the progressive containment of working capital.
This figure is particularly comforting when viewed in the context of the weakness of demand.

The **Value of Production** in the first half of 2009 was therefore € 121,121 thousand, down by 52.5% compared with June 2008, when it amounted to € 254,745 thousand.

€ '000	30 June 2009	%	30 June 2008	%
Value of Production	**121,121**	**100.0%**	**254,745**	**100.0%**
Consumption of materials	49,703	41.0%	114,321	44.9%
Other operating expenses	30,229	25.0%	46,631	18.3%

The percentage of raw material costs calculated on the value of production (instead of on net sales) was 41% in this half (compared with 44.9% at 30 June 2008), a significant improvement attributable also to the profit-in-stock freed up by the comprehensive sale of inventories by the foreign subsidiaries of the Group.
Less positive, in percentage terms, was the figure for operating expenses which – while falling in absolute terms by over € 16 million – however, as a percentage of value of production were 7 percentage points higher than the figure reported at June 2008, owing to the presence of inelastic costs compared to the trend of revenues such as: leasing expenses, external consultancy costs on strategic projects initiated in previous years, travel expenses, utilities, events/trade fairs, etc.
The second quarter of 2009 includes, in particular, all the expenses relating to the biennial Hanover trade fair, equal to more than € 1.3 million, which amounts to a further 2% of the revenues in the second quarter.

Personnel costs in the first half of 2009 were € 49,052 thousand, which was € 9,828 thousand less than in the first half of 2008, due to the utilisation of social support mechanisms and the ban on overtime and temporary staff. The personnel cost savings are augmented by a further € 1 million due to the lower capitalisation of research and development costs in this half compared to the same half of 2008, due to the utilisation of the Cassa Integrazione temporary lay-off scheme that also affected projects with lower strategic content.
The reduction in personnel costs was more significant in the second quarter compared with the first: personnel costs fell by about € 6.7 million between April and June compared with € 3.1 million in the period January- March; as previously stated, this trend will continue and will expand in the second half of 2009.

The financial statements include non-recurring expenses of € 590,000, relating to labour mobility procedures for employees of the "Sev" plant in Turin, the activities of which were transferred to the parent company (HSD SpA) in Pesaro.

The **gross operating margin** for the first half of 2009 was negative for € 8,453 thousand (€ 7,863 thousand before non-recurring costs).

Depreciation rose slightly due to significant investments in intangible assets (information systems and R&D) during the two years 2007-2008, while provisions were particularly high to reflect a worst case scenario regarding the estimated potential risk regarding trade receivables: the provisions made in the first half of

2009 bring the reserve for credit risk rose to € 8,756 thousand (11.1% of the credits outstanding at the end of the period; it was 6.2% at end-December 2008).
Financial expenses of € 1,461 thousand, were in line with the increase in the debt position; foreign currency management in this semester produced income of € 176,000 due to lower volatility in foreign exchange markets.

The pre-tax result was therefore negative at - € 19,004 thousand.

The estimated balance of tax items Totald € 4,148 thousand, because of the effect of accounting for the positive element of advance taxes calculated on the loss for the period.

The net result for the semester shows a loss of € 14,856 thousand.

SUMMARY BALANCE SHEET DATA

SUMMARY BALANCE SHEET DATA AT 30 JUNE 2009

€ '000	30 June 2009	31 March 2009	31 December 2008	30 September 2008	30 June 2008
Intangible fixed assets	40,865	40,303	40,106	45,912	45,349
Tangible fixed assets	60,152	61,007	61,236	60,469	59,229
Non current assets	14,006	12,561	10,115	9,665	9,691
Non current assets	**115,023**	**113,871**	**111,458**	**116,045**	**114,269**
Inventories	93,622	103,947	103,678	116,560	119,375
Trade receivables	69,921	78,847	99,804	105,887	108,138
Other receivables	10,686	12,787	14,364	7,316	9,600
Other current financial assets	0	27	0	647	562
Cash and equivalents	29,967	19,366	22,173	25,967	28,751
Current assets	**204,197**	**214,974**	**240,020**	**256,376**	**266,427**
TOTAL ASSETS	**319,220**	**328,845**	**351,478**	**372,421**	**380,696**
Net Equity of the Group	138,262	145,777	152,208	156,789	153,688
Minority interests	523	890	1,103	236	348
Net equity	**138,785**	**146,667**	**153,311**	**157,024**	**154,036**
Bank debt and M/L term finance leases	50,533	8,977	9,199	10,262	9,055
Retirement benefit liabilities	11,975	12,314	12,718	13,212	13,618
Other payables and M/L term liabilities	3,717	4,515	4,195	4,783	5,077
Non current liabilities	**66,225**	**25,807**	**26,112**	**28,258**	**27,751**
Trade payables	50,080	65,702	98,611	101,980	120,345
Other short term payables	28,200	29,773	33,809	46,415	49,457
Bank debt and short term finance leases	35,930	60,897	39,635	38,744	29,108
Current liabilities	**114,211**	**156,371**	**172,055**	**187,139**	**198,910**
TOTAL LIABILITIES AND NET EQUITY	319,220	328,845	351,478	372,421	380,696

Working capital decreased compared with the first quarter of 2009 by € 3.6 million which reveresed a rising trend that had lasted for over 12 months. Bank debt shifted from the utilisation of short term lines to new committed medium term lines (18-36 months) without capital or financial covenants and with no ties to the considerable real estate assets of the Group.

NET FINANCIAL POSITION

€ '000	30 June 2009	31 March 2009	31 December 2008	30 June 2008
Financial assets:	29,967	19,393	22,173	29,313
Current financial assets	*0*	*27*	*0*	*562*
Liquidity	*29,967*	*19,366*	*22,173*	*28,751*
ST finance lease liabilities	(2,419)	(2,517)	(2,602)	(2,735)
Bank and other ST financial debt	(33,511)	(58,380)	(37,033)	(26,373)
Net Short Term Financial Position	**(5,963)**	**(41,503)**	**(17,462)**	**206**
M/L term finance lease liabilities	(6,291)	(7,284)	(7,426)	(8,614)
M/L term bank debt	(44,242)	(1,693)	(1,772)	(442)
Net M/L Term Financial Position	**(50,533)**	**(8,977)**	**(9,199)**	**(9,055)**
Total Net Financial Position	**(56,496)**	**(50,481)**	**(26,661)**	**(8,850)**

As previously indicated, between April and June 2009 the deterioration of the financial position was marginal compared to the figure at 31 March, increasing by just € 6 million, due to the curtailment of the negative trend in net working capital and the restriction of capex to innovation projects; on a monthly basis, net debt fell between May and June 2009 by € 3.4 million, reversing a negative trend that had lasted for more than 12 months.

Even the first data on the trend of the working capital and on the utilization of the bank facilities in the month of July of the parent company Biesse S.p.A. confirm such address.

This figure supports expectations of a stabilisation in the financial position in the second half of 2009.

It is also very positive the lengthening of the duration of bank facilities, which was achieved without cove-nant or collateral obligations.

TRANSACTIONS WITH ASSOCIATED COMPANIES, PARENT COMPANIES AND COMPANIES SUBJECT TO CONTROL BY THESE

At 30 June 2009 the Group had no associated companies.
For details of transactions with the controlling company Bi.Fin. S.r.l., please refer to note 12 of the explanatory notes.

RELATED PARTY TRANSACTIONS

The following companies controlled by the Selci family have been identified as related parties: Fincobi S.r.l. and Edilriviera S.r.l.
During the semester Biesse was involved in transactions (of negligible value) only with the company Fincobi S.r.l.

SIGNIFICANT EVENTS OCCURRING AFTER 30 JUNE 2009 AND OUTLOOK FOR THE FULL YEAR

There are no significant events occurred after 30 June 2009.
With regard to the prospects for the second half of the 2009 financial year, the Board of Directors of Biesse has today approved revisions to the industrial plan which reflect the expected 50% decline in revenues for 2009 (compared with the previous estimated decline of -35%) and the effects of the significant measures taken to reduce costs.
While conscious of the unprecedented difficulty of preparing forecasts in such highly volatile conditions, the Directors of Biesse have prepared forecasts for the following two year period, 2010 and 2011 – on the basis of the most reputable macro-economic scenarios and the new product and market penetration strategies of the Group – reflecting a gradual rebound in volumes and profitability.
These estimates are comforted by a real revitalization of the commercial activity in May 2009 and today in most of the geographical areas; such signals should see their realization in terms of sales in the first part of the exercise 2010.
In terms of incoming orders, therefore, the acute phase of the crisis seems to be overcome.
On the basis of this scenario, Biesse will continue to implement its cost containment initiatives with utmost determination during the full year 2009, including utilization of ordinary temporary lay-off schemes (cassa integrazione ordinaria). The current trend of orders in the sector (common to all of Biesse's competitors) suggests that utilization of social support mechanisms will have to continue as appropriate even beyond the 2009 financial year.
The combination of the economic effects deriving from the restructuring of the corporate cost base and from the return to volume growth, postpones to 2010 the goal of achieving break even at the level of operating margins; a scenario which is confirmed by the effect expected in the domestic market by the Anti-Crisis Decree (the so-called Tremonti ter): higher levels of commercial activity in the second half of 2009 but with concrete effects only in 2010.
The Directors of Biesse despite operating in a difficult economic-financial environment estimate that no uncertainty exist about the ability to continue as a going concern and repeat their conviction that the company is already in a position – in terms of strategy, organization, management and financial robustness – to overcome this severe phase of the cycle.

OTHER INFORMATION

At the date of approval of the present interim report, Biesse S.p.A holds some of its own shares in treasury; please refer to note 9 below for further details
It should also be noted that the parent company Biesse S.p.A. does not own shares/shareholdings in controlling companies nor has it owned or transferred such shares during the course of the first half of the 2009 financial year. There is therefore nothing to report in accordance with art. 2428 paragraph 2 points 3 and 4 of the Italian Civil Code.

Pesaro, 08/08/2009

Chairman of the Board of Directors
Roberto Selci

Financial statements at 30 june 2009

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30/06/2009

€ '000	Note	30 June 2009	30 June 2008
Revenues	4	126,610	237,971
Other operating income	6	1,843	1,662
Change in inventories of finished and semi-finished goods and work in progress		(7,332)	15,111
Consumption of raw materials and consumables		(49,703)	(114,321)
Personnel costs		(49,642)	(58,880)
Other operating expenses		(30,229)	(46,631)
Depreciation and amortisation		(6,556)	(6,239)
Provisions		(2,681)	(1,032)
Impairment		(30)	(396)
Operating Profit		**(17,720)**	**27,245**
Financial income		235	353
Financial expenses		(1,696)	(1,096)
Foreign exchange gains/losses		176	29
Pre-tax profit		**(19,004)**	**26,532**
Tax	8	4,148	(8,693)
Profit for the period		(14,856)	17,839
Net profit for the period		**(14,856)**	**17,839**
Attribuibile to:			
Controlling shareholder		(14,549)	17,763
Minority shareholder		(307)	76
		(14,856)	**17,839**
Earnings per share			
Basic (€/cents)	9	(54.41)	65.21
Diluted (€/cents)	9	(54.41)	65.21

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30/06/2009

€ '000	Note	30 June 2009	30 June 2008
Result for the period		(14,856)	17,839
Gains/(Losses) on exchange differences on translating foreign operations		546	(835)
Gains/(Losses) on cash flow hedges	16	(105)	0
Income tax relating to components of Other comprehensive income	16	29	0
Total Other comprehensive income, net of tax		**470**	**(835)**
Total Comprehensive income of the period		**(14,386)**	**17,004**
Total Comprehensive income attributable to:			
Controlling shareholder		(14,080)	16,929
Minority shareholder		(306)	76
Total Comprehensive income of the period		**(14,386)**	**17,005**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 30/06/2009

€ '000	Note	30 June 2009	31 December2008
ASSETS			
Non current assets			
Property, plant and machinery	11	51,220	52,306
Equipment and other tangible fixed assets	11	8,932	8,930
Goodwill	12	17,349	17,168
Other intangible assets	12	23,516	22,939
Deferred tax assets	8	13,428	9,546
Other financial assets and non current receivables		578	569
		115,023	**111,458**
Current assets			
Inventories	13	93,622	103,678
Trade receivables from third parties	14	69,904	99,792
Trade receivables from related parties		18	13
Other current assets		10,582	13,799
Derivative instrument financial assets		105	565
Cash and cash equivalents		29,967	22,173
		204,197	240,020
TOTAL ASSETS		**319,220**	**351,478**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 30/06/2009

€ '000	Note	30 June 2009	31 December 2008
NET EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	27,393	27,393
(Own shares)	14	(4,676)	(6,839)
Capital reserves		36,202	36,202
Hedging and translation reserve	16	(2,282)	(2,885)
Other reserves	17	96,173	78,349
Profit for the period		(14,549)	19,987
Equity attributable to parent company shareholders		138,262	152,208
Minority interests		523	1,103
Net equity		**138,785**	**153,311**
Non current liabilities			
Retirment benefit liabilities		11,975	12,718
Deferred tax liabilities		2,700	2,987
Bank debt and other financial liabilities	18	44,242	1,772
Finance lease liabilities	18	6,291	7,426
Provisions for risks and charges		1,017	1,208
		66,225	**26,112**
CURRENT LIABILITIES			
Trade payables		49,852	98,416
Trade payables to related parties		229	195
Other Current liabilities		21,771	26,445
Other Current liabilities related parties		494	0
Tax payables		688	1,634
Finance lease liabilities	18	2,419	2,602
Bank overdrafts and loans	18	33,511	37,033
Provisions for risks and charges		4,767	5,711
Derivative instrument financial liabilities		480	18
		114,211	**172,055**
Liabilities		**180,435**	**198,167**
TOTAL NET EQUITY AND LIABILITIES		**319,220**	**351,478**

SUMMARY CASH FLOW STATEMENT FOR THE PERIOD ENDED 30/06/2009

€ '000	Note	30/06/2009	30/06/2008
= Cash flow from operating activities		(23,291)	14,464
INVESTMENT			
- Acquisition of patents, brands, licenses and capitalisation of development costs		(3,500)	(5,018)
- Acquisition of property, plant and machinery		(2,606)	(6,716)
+ Sale of property, plant, machinery and other tangible assets		117	3,655
Acquisition of shareholdings in subsidiaries		0	(950)
+/- Increase/decrease in other financial assets		130	(196)
= Cash flow used in investment activity		**(5,859)**	**(9,225)**
FINANCIAL OPERATIONS			
+/- New bank loans received	18	60,076	827
+/- Loans repaid	18	(2,532)	-118
Finance leasing payments	18	(1,318)	-1,269
Change in bank overdrafts	18	(19,555)	3,122
- Dividends paid		0	(11,972)
- Purchase of own shares		0	(3,033)
= Cash flow from/(used in) financial operations		**36,671**	**(12,443)**
= Net increase/(decrease) in cash and cash equivalents		**7,521**	**(7,204)**
Cash and cash equivalents at start of the period		**22,173**	**36,539**
+/- Foreign exchange differences		**273**	**(584)**
+ Cash and cash equivalents at end of the period			
Cash and cash equivalents		29,967	28,751

SCHEDULE OF CHANGES IN CONSOLIDATED EQUITY FOR THE PERIOD ENDED 30/06/2009

€ '000	Note	Share capital	- Own shares	Capital reserves	Hedging and translation reserve	Retained earnings		Result for the period	Net equity attributable to parent company shareholders	Minority interests	Total
						Other reserves	Own shares reserve				
BALANCE AT 31 DECEMBER 2007		**27,393**	**0**	**36,202**	**(2,192)**	**48,577**		**41,719**	**151,699**	**794**	**152,494**
Allocation of result for 2007											
Dividend distribution						(11,972)			(11,972)		(11,972)
Other allocations						41,719		(41,719)	0		0
Other changes											
Purchase/sale of own shares			(3,033)			(3,033)	3,033		(3,033)		(3,033)
Increase in net equity arising from the revaluation of the fair value of investments held prior to acquisition of control in 2007						189			189		189
Other movements						(125)			(125)	(522)	(647)
Total Comprehensive income of the period					(834)			17,763	16,929	75	17,004
BALANCE AT 30 JUNE 2008		**27,393**	**(3,033)**	**36,202**	**(3,026)**	**75,355**	**3,033**	**17,763**	**153,688**	**347**	**154,035**
BALANCE AT 31 DECEMBER 2008		**27,393**	**(6,839)**	**36,202**	**(2,885)**	**71,511**	**6,839**	**19,987**	**152,208**	**1,103**	**153,312**
Allocation of result for the period 2008											
Other allocations					134	19,853		(19,987)	0		0
Other changes											
Purchase/sale of own shares	15		2,164			2,164	(2,164)		2,164		2,164
Loss on sale of own shares	15					(1,081)			(1,081)		(1,081)
Purchase/sale of shares from minorities	7					(949)			(949)	(274)	(1,223)
Total Comprehensive income of the period					469			(14,549)	(14,080)	(306)	(14,386)
BALANCE AT 30 JUNE 2009		**27,393**	**(4,675)**	**36,202**	**(2,282)**	**91,498**	**4,675**	**(14,549)**	**138,262**	**523**	**138,786**

Explanatory notes

1. general

Biesse S.p.A. is a company subject to Italian law, with registered office in Pesaro. The company is listed in the STAR segment of the Milan Stock Exchange.

The capital and economic statement at 30 June 2009 includes the financial statements of Biesse S.p.A. and its subsidiaries over which it directly or indirectly exercises control (hereinafter defined as the "Group") and the value of shareholdings relating to the relevant shareholdings in associated companies.

The capital and economic statement at 30 June 2009 has today been approved by the Board of Directors (7 August 2009)..

LIST OF BUSINESSES FULLY CONSOLIDATED IN THE ACCOUNTS

Name and Registered Office	Currency	Share Capital	Direct Control	Indirect Control	Through	Biesse Group
Parent company						
Biesse S.p.A. Loc. Chiusa di Ginestreto - Pesaro	Euro	27,393,042				
Italian subsidiaries:						
HSD S.p.A. Loc. Chiusa di Ginestreto - Pesaro	Euro	1,040,000	100%			100%
MC S.r.l. Pesaro	Euro	101,490	100%			100%
Biesse Corporate School S.c.r.l. Loc. Chiusa di Ginestreto (PU)	Euro	10,920	75.83%	15.01%	HSD S.p.a	90.84%
I.S.P. Systems S.r.l. Loc. Chiusa di Ginestreto (PU)	Euro	14,000	100%			100%
Bre.Ma. Brenna Macchine S.r.l. Alzate Brianza (CO)	Euro	70,000	60%[1]			60%
Digipac S.r.l. Loc. Chiusa di Ginestreto (PU)	Euro	10,000	100%			100%

[1] With reference to the company Bre.Ma. Brenna Macchine S.r.l., the existence of a Put option to acquire the remaining shares (referred to in note 3) is to be noted.

Name and Registered Office	Currency	Share capital	Direct Control	Indirect Control	Through	Biesse Group
Foreign subsidiaries:						
Biesse America Inc. Charlotte NC 28208 – USA	US $	11,500,000	100%			100%
Biesse Asia Pte. Ltd. Singapore	S $	2,655,000	100%			100%
Biesse Canada Inc. Mirabel (Quebec) – Canada	CAN $	180,000	100%			100%
Biesse Group Australia Pty Ltd. Wetherill Park - Australia	Aud	5,046,547	100%			100%
Biesse Group Deutschland GmbH Elchingen (Ulm) – Germany	Euro	1,432,600	100%			100%
Biesse Group New Zealand Ltd. Auckland – New Zealand	Nzd	334,262	100%			100%
Biesse Group UK Ltd. Daventry Northampt. - United Kingdom	£ STG	655,019	100%			100%
Biesse Groupe France Sarl Brignais – France	Euro	144,000	100%			100%
Biesse Iberica Woodworking Machinery s.l. Barcellona - Spain	Euro	1,233,290	100%			100%
Biesse Manufacturing Co. Pvt. Ltd. Bangalore -India	Inr	100,814,500	100%			100%
Biesse Schweiz GmbH Kriens - Switzerland	Chf	100,000		100%	Biesse Group Deutschland GmbH	100%
Biesse Trading (Shanghai) Co, Ltd. Shanghai - China	Rmb	1,000,000		100%	Biesse Asia Pte. Ltd.	100%
Biesservice Scandinavia AB Lindas - Sweden	SKR	200,000	60%			60%
Bifin Ltd. Atlanta, (Usa)	Usd	10,000		100%	Biesse America Inc.	100%
HSD Dutschland GmbH Gingen - Germany	Euro	25,000		100%	Hsd S.p.A.	100%
HSD Mechatronic (Shanghai) Co, Ltd. Shanghai - China	Rmb	1,367,360		100%	Hsd S.p.A.	100%
Hsd Usa Inc. Hollywood, Florida – Usa	Usd	10,000		100%	Hsd S.p.A.	100%
Sel Realty Inc. Mirabel (Quebec) – Canada	CAN $	100	100%			100%
Woodworking Machinery Portugal Unipessoal Lda Sintra - Portugal	Euro	5,000		100%	Biesse Iberica s.l.	100%

2. reference data and principles of consolidation and conversion

The capital and economic statement at 30 June, presented in condensed form in accordance with IAS 34, is composed of the obligatory accounting statements (statement of financial position, income statement and statement of comprehensive income, statement of changes in equity and cash flow statement) accompanied by explanatory notes. Values of the items in the financial statements are expressed in thousands of Euro.

The accounting principles and the valuation criteria conform to those of the financial statements for the year ended 31/12/2008 to which they refer. In this respect the following should also be noted:

- The six month interim report has been prepared according to the criteria of separation of periods and on which basis the reference period is considered autonomous; given this the six month interim income statement reflects the relevant economic components pertaining to the period in accordance with the accruals principle;
- The accounting information underlying the consolidation process are those submitted by subsidiary companies to 30/06/2009, adjusted, where necessary, to bring them into line with the Group's accounting principles.

It should also be noted that starting with this six monthly report the accounting principles that came into effect during 2009 are being applied for the first time, these include, for the potential impact on the reporting of Group information, the principle IFRS 8 – Operating Segments and the revised version of IAS 1 – Presentation of Financial Statements.
IFRS 8 replaced IAS 14 – Segment Reporting and requires companies to base their sector reporting on the components that the management utilizes in its own operational decision making, and which therefore requires the identification of operating segments on the basis of internal reporting criteria which are regularly reviewed by management in order to allocate resources to the various segments and to analyze their performance. In Biesse Group's case, the application of the new accounting principle has no effect on the reporting of items in the financial statements as they are already compliant with the new prescriptions.
With regard to IAS 1, the new version of the principle requires companies to present in a statement of changes in net equity all of the changes in transactions with shareholders. All third party transactions ("comprehensive income") must instead be reported in a separate statement of "comprehensive income" or in two statements (income statement and a statement of "comprehensive income"). In each case the changes generated by transactions with third parties may not be reported in the statement of changes in net equity. The Group has taken account of the new classification in preparing its financial statements, which form part of the present six month interim report.

The average and period end exchange rates are as follows:

Currency	30 June 2009		31 December 2008		30 June 2008	
	Average	Final	Average	Final	Average	Final
US Dollar / euro	1.3328	1.4134	1.4708	1.3917	1.5304	1.5764
Singapore Dollar / euro	1.9878	2.0441	2.0762	2.0040	2.1228	2.1446
Canadian Dollar / euro	1.6054	1.6275	1.5594	1.6998	1.5401	1.5942
Sterling / euro	0.8939	0.8521	0.7963	0.9525	0.7752	0.7923
Swedish Krone / euro	10.8614	10.8125	9.6152	10.8700	9.3753	9.4703
Australian Dollar / euro	1.8790	1.7359	1.7417	2.0274	1.6546	1.6371
New Zealand Dollar / euro	2.3539	2.1656	2.0770	2.4191	1.9553	2.0632
Indian Rupee / euro	65.5901	67.5180	63.7343	67.6360	62.3900	67.7974
Chinese Renmimbi Yuan / euro	9.1070	9.6545	10.2236	9.4956		

3. valuation criteria and use of estimates

The preparation of the financial statements and the related notes in application of IFRS requires Management to make certain estimates and assumptions that have an effect on the value of balance sheet assets and liabilities and on the information relating to potential assets and liabilities at the balance sheet date. The estimates and the assumptions utilized are based on management's experience and other factors considered relevant. Actual results may differ from these estimates. Estimates are utilised to value tangible and intangible assets subjected to impairment tests as described above, as well as to determine the useful life of tangible assets, determine provisions for credit risk, inventory obsolescence, asset write-downs, employee benefits, taxes and provisions allocated to reserves for risks and charges.
Estimates and assumptions, based on data that reflect currently available information, are reviewed periodically and the effect of each change is immediately recognised in the income statement.

With reference to the acquisition of 60% of Bre.Ma. Brenna Macchine S.r.l., which occurred in August 2006, it should be noted that the contract included a put option in favour of the vendors, relating to the residual 40% of the share capital of the company. The option may be exercised no earlier than three years and no later than five years from the date of signing of the aforementioned contract.
In accordance with IFRS 3 and in line with best practice (OPI 4), in previous periods this option was valued together with the purchase contract relating to the acquisition of the controlling stake, anticipating the effects of possible exercise of the option on the financial statements for 2006 (the first year of consolidation of the company), recognising in the balance sheet the value of the liability thus estimated amongst other payables with a corresponding reduction in the value of equity and, for any difference, an increase in the value of goodwill in the balance sheet; on the basis of the latest available forecasts, it is considered that the option will not be exercised by the counterparty and therefore, as was the case in the financial statements to 31 December 2008, no liability has been recognised.

The fundamental assumptions regarding the future and the other uncertainties involved in carrying out estimates at the balance sheet date that may lead to material adjustments in the accounting values of assets and liabilities in the next accounting period principally refer to the potential losses in the value of goodwill in the balance sheet.

At 30 June 2009 the accounting value of goodwill was € 17 million. Goodwill was subjected to an annual impairment test, with reference to 31 December 2008. At 30 June 2009, a further test was carried out, in view of the change in economic circumstances since December 2008. As previously communicated on 15 July 2009, during a meeting with financial analysts, the Group has revised its estimates for the 2009 financial year, taking into account a decline in volumes of 50%, negative Ebitda of € 6-8 million, negative Ebit of € 26-28 million and Net Debt of € 53-58 million (at last year end the forecasts were based on an estimated decline in revenues of -35%, positive Ebitda of € 19 million, Ebit at break even and Net Debt of € 39 million). The test was carried out using the three year budget estimates that have today been revised by the Board of Directors; the analysis revealed no indications of impairment and/or losses of value to report in the financial statements. Should the plan's underlying assumptions deteriorate further (in particular regarding the discount rate), the analysis indicated that, excepting Brema, Diamut and AGM Glass Machinery, the respective CGUs should still succeed in recovering their allocated goodwill value, even if the changed general conditions have adversely affected their ability to generate positive cash flow..

4. operating segments and geographical areas analsyis

Operating segments analysis

Beginning in 2009, operating segment and geographical sector reporting must be provided in accordance with IFRS 8, which replaces IAS 14. The new accounting principle requires the company to base its segment reporting on the components that management utilises in operational decision making, which therefore requires the identification of operating segments based on internal reporting that are regularly reviewed by management in order to allocate resources to the various segments and to analyse their performance. In Biesse Group's case, the application of the new principle has no effect on the information reported in the financial statements as, at present, the segments previously identified in accordance with IAS 14 are the same as the operating segments utilised by management in making its own operational decisions, nor are there any material differences between the capital and economic valuation criteria utilised by management and those used in the preparation of the financial statements.

The Group is currently organised into four operating divisions for management purposes – Wood, Glass & Marble, Mechatronics, Other. These divisions constitute the basis on which the Group reports sector information in accordance with the primary schedule.

The main activities are as follows:
Wood – production and distribution of machines and panel processing systems,
Glass & Marble – production and distribution of machines for working glass and marble,
Mechatronics – production and distribution of mechanical and electronic components for the industry
Other – production and distribution of tools and components and other precision tooling accessories; production and distribution of packaging machinery.
The information relating to these operating sectors is as follows:

	REVENUES		OPERATING RESULT	
€ '000	1st Half 2009	1st Half 2008	1st Half 2009	1st Half 2008
Wood	89,807	175,425	(9,691)	19,377
Glass & Marble	27,128	42,716	(117)	5,226
Mechatronic	12,947	27,634	(459)	4,815
Other	12,964	29,414	(2,664)	2,022
(Interdivisional eliminations)	(16,236)	(37,218)	-	-
	126,610	**237,971**	(12,931)	31,440
Unallocated Corporate costs			(4,789)	(4,195)
Operating Profit			**(17,720)**	**27,245**

The analysis by operating segment reflects the information previously reported in the review of operations for the Biesse Group: sharp falls in sales and margin erosion is common to all of the divisions.
The biggest falls in sales were recorded in the Mechatronic and Other segments (-53% and -56% respectively), which suffered from both the fall in orders relating to production of new machinery and the decline in manufacturing activity of existing clients, which led to a reduction in sales of replacement parts and consumables. Wood division sales fell by 49%, while Glass & Marble sales were down -37%. The reduction in volumes impacted on the operating results of each segment which were negative, despite substantial savings in both personnel and structural costs, owing to the effect of operating leverage.

Net revenues for the first half of 2009 were € 126,610 thousand, compared with € 237,971 thousand for the period to 30 June 2008, a decline of 46.8% over the comparable period.
The decline in revenues was common to all of the Group's divisions.
The geographical breakdown of revenues reveals a particularly negative performance in North America (-56%) and Eastern Europe (-71%).

Geographical area analysis

REVENUES				
€ '000	1st Half 2009	%	1st Half 2008	%
Western Europe	**77,757**	**61.4%**	123,451	51.9%
North America	**11,880**	**9.4%**	27,137	11.4%
Eastern Europe	**13,730**	**10.8%**	48,157	20.2%
Australasia	**6,128**	**4.8%**	11,819	5.0%
Asia	**8,369**	**6.6%**	12,621	5.3%
Rest of the World	**8,746**	**6.9%**	14,786	6.2%
GROUP TOTAL	**126,610**	**100.00%**	**237,971**	**100.0%**

5. seasonality

The general financial and economic crisis that characterised the trend of the first half of 2009 has also had an indirect impact on the usual seasonal trends that typified Biesse Group's business until 2008.
The business sectors in which Biesse Group operates are usually characterised by relative seasonality, due to the fact that demand for machine tools is normally concentrated in the second half of the year (particularly in the last quarter). This concentration was historically tied to the purchasing habits of final clients, notably influenced by expectations about investment incentive policies, as well as expectations about the economic trend of reference markets.
This seasonality was amplified by the particular structure of the Group, in which overseas subsidiaries (USA, Canada and Australia) accounted for about one fifth of total sales volumes. Given the lead times involved in delivery of machines to these markets and the existence of a final market which is particularly sensitive to speed of delivery with regard to timing of orders, these subsidiaries were obliged to build inventories in the first half of the year in order to meet the demand for sales towards the year end (with a consequent impact on the net working capital of the Group).
The current economic situation, which is characterised by difficulty in accessing finance as a result of the credit crunch, extreme weakness in demand for capital goods and uncertainty concerning the efficacy of government policies to support the real economy, has obliged the Group to review its usual industrial and commercial planning strategy, in order to minimise the economic and financial impact of the crisis. This has upset the usual logic which has hitherto been used to explain the economic and capital trends of the Group relating to interim financial reports. Contrary to past experience, the period under review was marked by a sharp decline in production (which was also evident in the utilisation of about € 7 million of inventories to meet sales demand), as a consequence of the fall in orders, amplified by the decision to significantly reduce net working capital, primarily by reducing inventories, in order to generate cash to offset the negative trend of operating profitability allowing the Group to stabilise its net debt (in particular in the comparison between the first and second quarters 2009). The trend in Net working capital, particularly the €10 million reduction in inventories, attributable to a large extent to the subsidiary network (where at the end of June 2008, net inventories had risen by about € 15 million), the reduction in trade receivables of about €30 million, due to the decline in sales, but also the result of greater efforts made to recover payments due (at end June 2008, trade payables were slightly down compared with the situation at December 2007) and the decline in trade payables of about € 50 million, due largely to the decline in sales, since the Group had not put in place any particular policy of financial assistence to its suppliers (in this case too at end June 2008, the situation was substantially in line with that of December 2007). Obviously the different dynamic between the decline in production (which took particular effect in the second quarter of 2009) and the trend of sales led to a temporary increase in working capital (as a result of the sharp fall in payables which was not immediately offset by a reduction in inventories and receivables) which will be more than fully absorbed in the second half of the year.

6. other operating income

This item is largely composed of a contingent asset, relating to the reduction in the product guarantee reserve (about € 1.2 million), due to the decline in sales volumes. At the end of June 2008, the item was largely composed of capital gains on the sale of fixed assets (€ 742,000) and by other contingent income (€ 886,000). The figure for 2008 was adjusted taking into account the reclassifications carried out at end 2008 and at end-June 2009, regarding expenses paid from the relevant income item (and viceversa). In particular other operating revenues were reduced by about € 260,000, which were carried over to reduce other operating expenses; to this adjustment is added a € 235,000 increase in personnel costs relating to the reclassification within it of costs relating to insurance policies and other expenses which were previously included amongst operating costs.

7. acquisition of subsidiaries

During the first six months, the only transactions affecting the corporate perimeter were the acquisition in May 2009 of minority shareholdings in MC S.r.l. and Digipac S.r.l. (respectively 49% and 45%) by Biesse S.p.A.

In the first case, the acquisition was effected by the transfer of no. 225,000 Biesse S.p.A. shares, already held by the company in treasury (and therefore without impacting on the financial position in the period). This objective of this transaction was to achieve a closer integration of MC within the Group, with the specific aim of realising potentially substantial synergies with HSD SpA, particularly commercial-distribution synergies, in order to increase sales to thid party companies outwith the Group, since the management of HSD SpA has already achieved significant success in selling components to third parties in the recent past. The transfer agreement of the shareholding also incorporates a non-competition agreement by the vendor (who currently holds the position of director is some Group companies) for the entire duration of the co-operation agreement with Biesse S.p.A. and its subsidiaries and for five years following any annulment of this relationship; the estimated value of the non-competition agreement was considered a component of the price paid for the transfer of the shareholding.

Because the Group already controlled the acquired company, the difference between the price paid (equal to € 1.2 million) and the net equity acquired (€ 357,000), equal to € 866,000 was carried over as a reduction of the undistributed profit of the Group.

The same accounting treatment was followed to reflect the impact of the acquisition of the minority stake in Digipac S.r.l. In this case the acquisition is a direct consequence of the fact that the parent company wrote off the loss for 2008 and restructured the share capital both with regard to its own shareholding and regarding minority shareholders, the latter having relinquished the option rights that were available to them. This transaction has no financial effects because both the write-off of past losses and the share capital restructuring were compensated by trade and financial receivables existing between the two companies.

Since the company was already controlled the transaction led to the recognition in Group reserves of the share of previous losses attributable to outgoing shareholders (€ 83,000).

8. taxes

National income taxes (IRES) are calculated at 27.5 per cent (unchanged respect 2008) on the taxable income of the parent company and Italian subsidiaries. Taxes for other jurisdictions arecalculated according to the prevailing rates in those countries. In order to estimate the taxes for the period, the tax rate expected for the full year was applied to the interim results.

It should be noted that the aforementioned estimate takes into account the imposition of deferred taxes on losses for the period of € 4.1 million. As a result, following this impost, deferred tax credits are equal to € 4,581 thousand, (of which € 2,990 thousand relate to Biesse S.p.A., € 806,000 relate to Biesse America Inc. and € 704,000, relate to Biesse Group Australia Pty Ltd.); Management considers that there are reasonably certain grounds to believe that these losses may be recovered within the time limits established by law, in view of the objectives set down in the 2009-2011 three year industrial plan.

9. earnings per share (eps)

Basic earnings per share for the period ended 30 June 2009 were negative 54.41 euro/cent (in 2008 they were positive 65.21 euro/cent) and are calculated by dividing the loss attributable to parent company shareholders, equal to € 14,549 thousand (in 2008 the profit used to calculate basic EPS was € 17,763 thousand), by the average weighted number of ordinary shares in circulation during the period, corresponding to no. 26,740,108 (no. 27,240,651 in 2008). The number of shares in circulation were lower than the number of shares in issue, due to the purchase on the Stock Market of the company's own shares during 2008, as approved by the Board of Directors on 21 January 2008. At 30 June 2009 the number of shares held in treasury was 486,359 (1.78% of the share capital), with an average for the six month period equal to 652,394. It should be noted that the buy-back programme mandate expired on 21 July 2009 and that the balance held was formed by purchases on the regulated market of no. 711,359 shares and the sale of no. 225,000 shares as consideration for the acquisition of the minority shareholding in MC S.r.l. (see note no. 7).
Since there were no dilutive effects the calculation utilised for basic earnings is equally valid for the calculation of diluted earnings. The calculation is illustrated below:

EARNINGS ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY		
	Period ending	
€ '000	30/06/2009	30/06/2008
Basic earnings for the period	**(14,549)**	17,763
Dilution effect on earnings for the period	**0**	0
Diluted earnings for the period	**(14,549)**	17,763

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES IN ISSUE		
	Period ending	
Thousands of shares	30/06/2009	30/06/2008
Weighted average number of ordinary shares used to calculate basic earnings per share	**27,393**	27,393
Effect of treasury shares	**(653)**	(152)
Weighted average number of ordinary shares in issue – for the calculation of basic earnings per share	**26,740**	27,241
Dilutive effects	**0**	0
Weighted average number of ordinary shares in issue – for the calculation of diluted earnings per share	**26,740**	27,241

Since no operations were discontinued during the course of the year the earnings per share refers entirely to continuing operations

10. dividends

No dividends were distributed in the first six months of 2009, nor is any distribution expected for the second half of the year, as approved by the Parent Company Shareholders' Meeting.

11. fixed assets, plant, machinery and other tangible assets

Investments made during the reference period amounted to € 2.5 million. In addition to investments relating to the normal replacement of production equipment, necessary for ordinary production activity, the share of investments at the balance sheet date relating to the costruction, completion or restructuring of the following sites:

- Completion of the purchase of the new headquarters for the subsidiary Biesse Canada (€ 636,000);
- Continuation of planning activity regarding construction of the new headquarters for the subsidiary Biesse America (€ 380,000);

- Completion of construction of the new production plant of the subsidiary Biesse Manufacturing Co. Pvt. Ltd. (€ 275,000);
- Increase, relating to the constitution of the new subsidiary Biesse Schweiz (€ 221,000);
- Increase, relating to the subsidiary HSD Mechatronic (Shanghai), set up in 2008 (€ 110,000);
- Restructuring of the offices used by the Group's ICT operations and by the Group's Software Programming department (€ 158,000).

12. goodwill and other intangible assets

Godwill

Goodwill rose by € 181,000, compared with the end of the previous financial period, due to foreign exchange factors, regarding the goodwill of Biesse Group Australia Pty Ltd (increase of € 209,000) and Biesse America Inc. (decrease of € 28,000).
Goodwill is allocated at the date of acquisition, to the cash generating units (CGU), which are expected to benefit from the aggregation.
In consideration of the change of the economic scenario of reference (that consider a greater reduction of the volumes 2009, in comparison to how much foreseen at the end of 2008), the Group has verified the recoverability of goodwill, on the base of the new industrial plan 2009 - 2011, approved in today's date. The recoverable value of the CGU is calculated by determining the value in use. The main assumptions utilised regarding the discount rate, the growth rate and expected changes in selling prices and the trend of direct costs during the period assumed for the calculation. The Group's management has therefore adopted a discount rate net of taxes that reflects the correct market valuations of the cost of financing and specific risk. The growth rates adopted are based on growth forecasts for the relevant industrial sector. Changes in selling prices and direct costs are based on experience and market expectations.
Operating cash flows derive from the budget most recently approved by the Board of Directors for the next 2.5 years, while flows for the remaining period are extrapolated based on a medium/long term sector growth rate of 1.5%. The discount rate used in discounting cash flows is 7.8%.
The analysis of recoverability of goodwill and of value in use of the CGU produced no evidence of any reason to make write downs for losses of value.
Finally it is important to specify that the estimates and budget data which are subject to application of the parameters indicated above are determined by Group management on the basis of past experience and expectations of market developments in the areas in which the Group operates. It must therefore be noted that the negative economic data regarding the trend of demand during the period just ended and the estimates regarding the trend of orders for the second half of 2009, have compelled management to reconsider the rates of growth expected for revenues and profitability incorporated in the corporate plan prepared in previous periods and has led to the approval today of a more prudent indsutrial plan. The new plan foresees a more gradual timescale in achieving the objectives incorporated in the previous plan. Nevertheless the estimate of recoverable value of the cash-generating unit requires discretion and the use of estimates by management. The Group cannot ensure that there will not be impairment of goodwill in future periods. Various factors relating to the evolution of prevailing difficult market conditions may lead to a re-estimation of the value of goodwill. The circumstances and the events that could cause a further evaluation of the possible existence of reductions in value will be constantly monitored by the Group.

Other intangibile assets

Other Intangible Assets include mainly capitalised development costs of € 10,015 thousand, and costs for development projects and licenses, of € 7,292 thousand, still not completed (and therefore temporarily accounted in the category intangible assets under constructions and advances). In the semester the capitalised development costs determined amortisation for € 1,955 thousand and write-downs of non-recoverable projects of € 30,000. New product development continued during the period, which involved new investments of € 3.,131 thousand (€4,326 thousand in 2008).

13. Inventories

Inventories declined in absolute value by about € 10 million, of which about € 7 million relates to finished products (the reduction was largely attributable to commercial subsidiaries). The new subsidiary Biesse Schweiz contributed € 309,000 (net of the obsolescence reserve) to the consolidated result.
The obsolescence reserve for stocks of raw materials and replacement parts amounted to € 4.529 (an increase of € 1,065 thousand compared with december 2008, while the figure at end June 2008 was € 4,548 thousand), representing a percentage of historic cost of the related inventories of 8.4% (6% at end 2008).
The related write-down reserve for finished products amounted to € 967,000 (an increase of € 499,000 compared to December 2008, while the figure at end June 2008 was € 1,559 thousand).
The trend of both the obsolescence funds (largely increased in terms of incidence on the inventory value, respect to December 2008, but in absolute value similar or lower to June 2008) has to be analysed considering two macro-phenomenons: on one side, at the end of the previous financial period the Parent Company carried out some specific write-downs for certain categories of goods in stock (raw materials and slow-moving replacement parts, used machinery) by obtaining an independent estimate, determining therefore an anomalous mathematical effect on the calculation of obsolescence percentage on inventories at the end of 2008; on the other side, it should be noted that the slowdown in production (due to the weakness of the demand) resulted in an abnormal lowering of the rate of rotation of inventories of raw materials (driver used for the calculation of the obsolescence), with consequent provision to obsolescence reserve, due more to commercial, than technical-productive reasons.

14. receivables

Trade receivables, valued at fair value, fell by € 27,752 thousand (gross of the related write-down reserve) compared to December 2008. The write-down reserve rose from € 6,625 thousand at end-December (6.2% of nominal value) to € 8,756 thousand (11.1% of nominal value) of which 45% refers to unpaid receivables over 12 months old (a percentage that rises to 65% when unpaid receivables over 6 months old are taken into account).

15. share capital - own shares

The share capital of the parent company Biesse S.p.A. is composed of no. 27,393,042 shares each of € 1 nominal value.
At the date on which the present six month interim results were approved the company owned 486,359 of its own shares.
As indicated in note 9 above, the Shareholders' Meeting of Biesse S.p.A. of 21 January 2008 approved a share buy-back programme. The programme provided for the purchase of up to 2,739,304 ordinary Biesse shares corresponding to 10% of the share capital, each of 1 Euro nominal value, to be purchased on the regulated market for a maximum period of 18 months commencing 22 January 2008.
The approval by the Shareholders provided that the purchases should be made at a share price not exceeding 10% and no lower than 20% of the average weighted official share price reported by Borsa Italiana S.p.A. for the 3 days preceding any individual purchase transaction, in accordance with related regulations in force.
The buy-back programme was primarily motivated by the opportunity to intervene in the market, in accordance with the relevant regulations, in order to help guarantee the liquidity of Biesse shares particularly during periods of excess volatility. The Group also considered it opportune to invest part of its own reserves in acquiring its own shares whenever there was a significant divergence between market prices and the fair value of the shares.
The change in the macro economic scenario resulted in the situation that when the buy-back mandate expired (21 July 2009) the company had not bought back all of the shares that it was authorised to repurchase as management preferred to preserve the Group's liquidity for the management and maintenance of traditional activities and strategic industrial projects.
Finally, it must be signalled that according to the undersigned agreement for the purchase of the residual quotas of the share capital of MC s.r.l., in the month of May 2009, no. 225.000 actions Biesse have been delivered in barter to the seller as payment of the purchase. The sale has determined an equity increase

equal to € 2,164 thousand and an equity decrease equal to € 1,081 thousand (given by the difference among historical cost of the delivered shares and their fair value at the date of the transaction).
A summary of the shares held in treasury at 30/06/2009 is shown in the following schedule.

Number of shares:	486,359
Balance sheet value (in euro):	4,675,804
Percentage of Share Capital:	1.78%

16. translation and hedging reserve

The balance sheet value is composed of the following:

€ '000	30 June 2009	31 December 2008
Reserve for conversion of foreign currency accounts	**(2,290)**	(2,969)
Reserve for profits (losses) on foreign exchange cash flow hedging derivatives	**8**	85
Total	**(2,282)**	**(2,885)**

In the semester the cash flow hedge reserve, decreased by € 77,000. According to IAS 39, it has been accounted sales revenues for € 45,000, exchange rate gains on evaluation for € 134,000 and lesser deferred tax liabilities for € 29,000. The fair value of the hedging derivates has decreased by € 73,000.

17. retained earnings

The balance sheet value is composed of the following:

€ '000	30 June 2009	31 December 2008
Legal reserve	**5,479**	5,479
Extraordinary reserve	**68,734**	51,129
Reserve for own shares held	**4,676**	6,839
Retained earnings	**17,284**	14,902
Other reserves	**96,173**	**78,349**

As highlighted in the statement of changes in consolidated equity, the item other Reserves (particularly retained earnings) has changed due to the allocation of part of the profit for 2008 (€ 19,853 thousand), and for other changes the own shares. In fact, they determined an increase of the equity, for € 2,164 thousand, deriving from the sale of no. 225,000 shares to the minority of MC S.r.l. (see notes 7 and 15). Since their fair value at the transaction date was lower than their historical cost, it has been accounted an equity decrease of € 1,081 thousand.

Besides these variations, it has to be signalled the changes relating to the acquisition of the minority stakes in MC S.r.l. and Digipac S.r.l. (€ 866,000 thousand and € 83,000 thousand respectively; please refer to note 7 for more detail).

18. financial debts

The Group's financial debts rose by € 37,630 thousand (net of financial lease payments of € 1,318 thousand) compared with the position in the financial statements for the year ended 31 December 2008. In particular bank debt shifted from utilisation of short term lines to new medium term committed lines (18-36

months) without capital or financial covenants attached and with no ties to the Group's considerable real estate assets.
For greater detail please refer to the comments in the Review of Operations relating to the trend of the net financial position and the cash flow statement.

19. potential liabilities and commitments

The parent company and some of its subsidiaries are involved in various legal actions and disputes. It is however believed that resolution of these disputes should not generate additional liabilities to those already provided for in the appropriate risk reserves.
At the end of June 2009, there no commitments of relevant amount for the purchase of new assets.

20. subsequent events

With reference to post balance sheet events please refer to the relevant note in the Review of Operations.

21. related party transactions

The Group is directly controlled by Bi. Fin. S.r.l. (operating in Italy) and indirectly by Mr. Giancarlo Selci (resident in Italy).
Transactions between Biesse S.p.A. and its subsidiaries, which are related parties of the Parent Company, have been eliminated from the financial statements and are not reported in these notes. Details of transactions between the Group and other related parties are given below.

Commercial transactions

The companies of the Group conducted the following commercial transactions with related parties outwith the consolidation area during the financial period.

	REVENUES		COSTS	
€ '000	**Period ended 30/06/2009**	**Period ended 30/06/2008**	Period ended 30/06/2009	Period ended 30/06/2008
Controlling companies Bi.Fin. S.r.l.	**5**	5	**-**	3
Other related companies Fincobi S.r.l.	**1**	1	**5**	5

	RECEIVABLES		PAYABLES	
€ '000	**Period ended 30/06/2009**	**Period ended 31/12/2008**	Period ended 30/06/2009	Period ended 31/12/2008
Controlling companies Bi.Fin. S.r.l.	**17**	12	**-**	-
Other related companies Fincobi S.r.l.	**-**	-	**9**	-

The contractual terms agreed between the aforementioned parties are in line with those theoretically obtainable in negotations with third parties.

Payables to related parties are of a commercial nature and relate to transactions regarding the sale of goods and/or provision of services.

Pesaro, 07/08/2009

Certification of the condensed six month interim results in accordance with article 154 bis of Decree Law 58/98

The signatories Roberto Selci, in his capacity as Chairman, and Stefano Porcellini, in his capacity as Manager with responsibility for preparing the company accounts of Biesse S.p.A., certify, - taking into account the provisions of article 154-bis, paragraphs 3 and 4, of Decree Law no. 58 of 24 February 1998:

- the pertinence in relation to the characteristics of the business
- the effective application of the administrative and accounting procedures for the preparation of the abbreviated six month interim results during the first six months of 2009.

The evaluation of the appropriateness of the administrative and accounting procedures for the preparation of the abbreviated six month interim results to 30 June 2009is based on a procedure defined by Biesse which is consistent with the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission which represents a reference framework for internationally accepted internal control systems.

It is also certified that:

a) the abbreviated six month interim report:

- is prepared in conformity with the international accounting principles recognised by the European Community in accordance with resolution (CE) no. 1606/2002 of the European Parliament and the Council, of 19 July 2002, and in particular IAS 34 – Interim Financial Reporting, as well as to the provisions issued by article 9 of Decree Law no. 38/2005;
- corresponds to the results of the accounting books and records;
- and as such, is qualified to provide a true and correct representation of the capital, financial and economic situation of the issuer and the group of companies included in the consolidation;

b) the interim review of operations contains references to significant events that took place in the first six months of the financial year and to their impact on the abbreviated six month interim financial statements, together with a summary description of the principal risks and uncertainty for the remaining six months of the financial year as well as information on potential relevant transactions conducted with related parties.

7 August 2009

Chairman
Roberto Selci

Chief Financial Officer
Stefano Porcellini

Deloitte

Deloitte & Touche S.p.A.

AUDITORS' REVIEW REPORT ON THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
BIESSE S.p.A.

1. We have reviewed the half-yearly condensed consolidated financial statements of BIESSE S.p.A. and subsidiaries (the BIESSE Group), which comprise the statement of financial position as of June 30, 2009, the income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the six-month period then ended, and the related explanatory notes. The directors of BIESSE S.p.A. are responsible for the preparation and presentation of these half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue a report on these half-yearly condensed consolidated financial statements based on our review.

2. We conducted our review in accordance with the standards recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly condensed consolidated financial statements under Resolution n° 10867 of July 31, 1997. Our review consisted principally of applying analytical procedures to the underlying financial data, assessing whether accounting policies have been consistently applied and making enquiries of management responsible for financial and accounting matters. The review excluded audit procedures such as tests of controls and substantive procedures of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with established auditing standards. Accordingly, unlike our report on the year-end consolidated financial statements, we do not express an audit opinion on the half-yearly condensed consolidated financial statements.

   As far as comparative figures related to the year ended December 31, 2008 and the six-month period ended June 30, 2008 are concerned - reclassified to consider the changes in the financial statements required by IAS 1 (2007) - reference should be made to our auditors' report dated April 8, 2009 and our auditors' review report dated August 28, 2008, respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the half-yearly condensed consolidated financial statements of BIESSE Group as of June 30, 2009 are

not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Giovanni Cherubini
Partner

Rome, Italy
August 27, 2009

This report has been translated into the English language solely for the convenience of international readers.

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