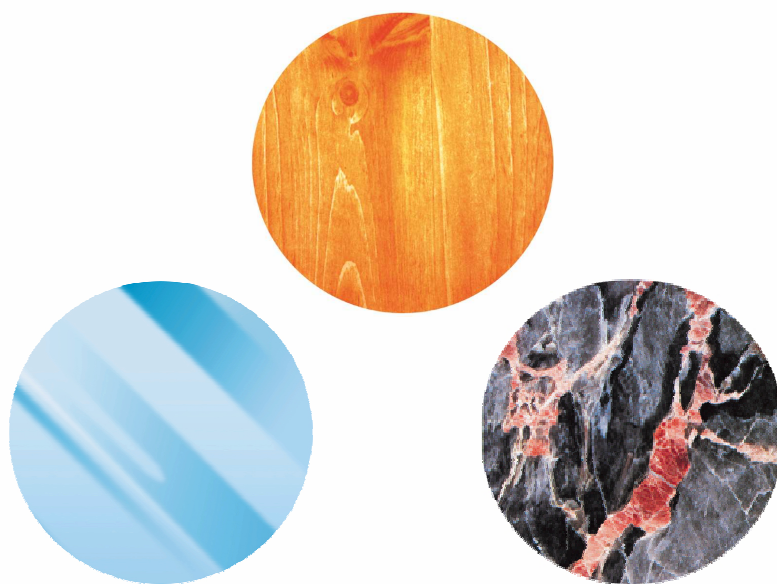




QUARTERLY REPORT
DECEMBER 31ST, 2005





BIESSE S.p.A.

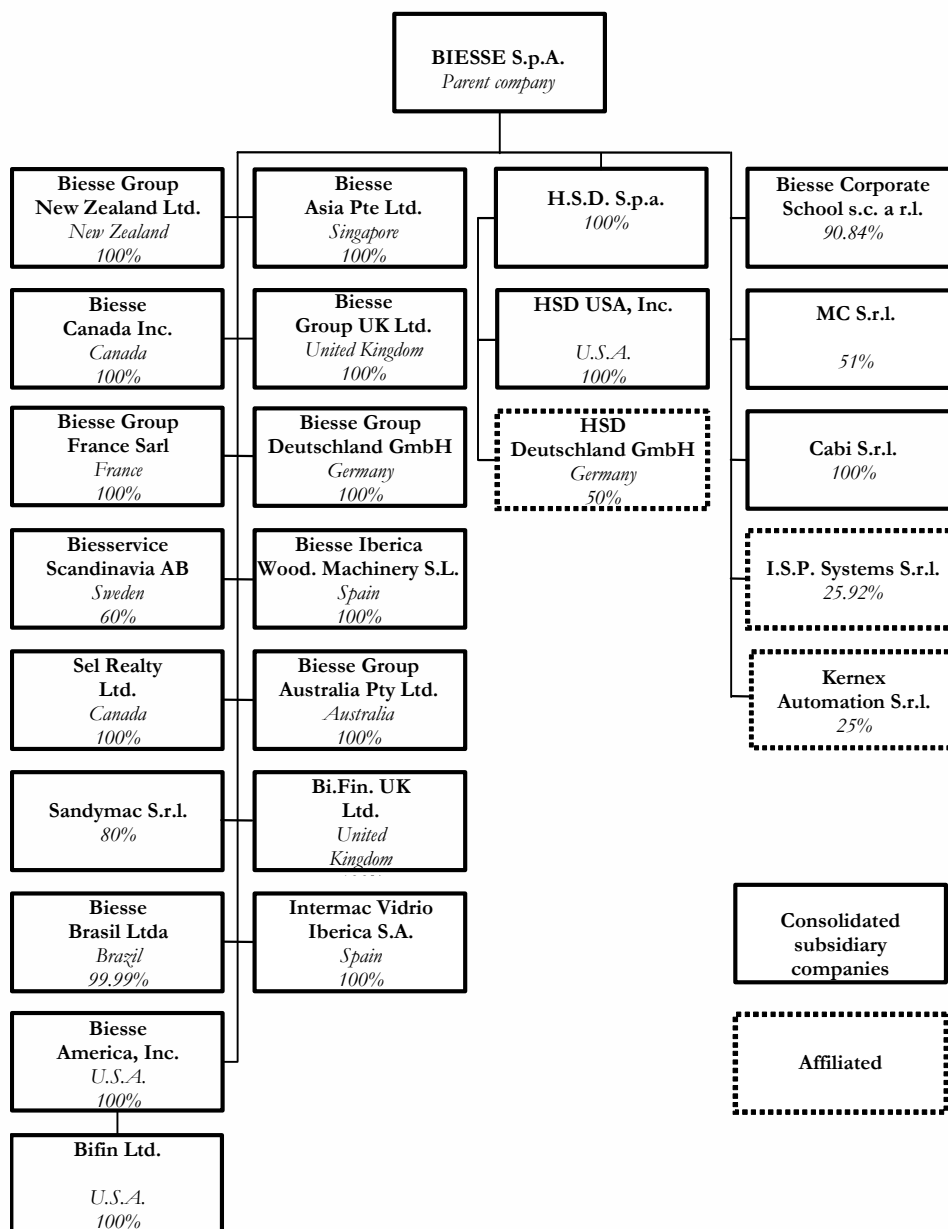
QUARTERLY REPORT AT DECEMBER 31ST, 2005

SUMMARY

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GROUP STRUCTURE

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



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



EXPLANATORY NOTES

The unaudited consolidated financial statements at December 31 2005 have been prepared in accordance with IAS/IFRS, in force on the date of its preparation.

The comparison data of the periods have also been determined according to IAS/IFRS.

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

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

- the quarterly statement was prepared according to the criterion of separating the periods on the basis of which the reference period is considered as an independent financial period; from this view point the quarterly Income Statement reflects the economic components relating to the period in respect of the pro-tempore basis principle;
- the accounting statements taken as a basis of the consolidation process are prepared by the subsidiary companies with reference to December 31st 2005, adjusted as necessary to comply with the Group’s accounting principles;
- estimated figures of a significant amount are not presented.

In comparison with the quarterly report, dated September 30th 2005, the consolidation area has not changed.

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



PARENT COMPANY CORPORATE BODIES

The Board of Directors currently in office are as follows:

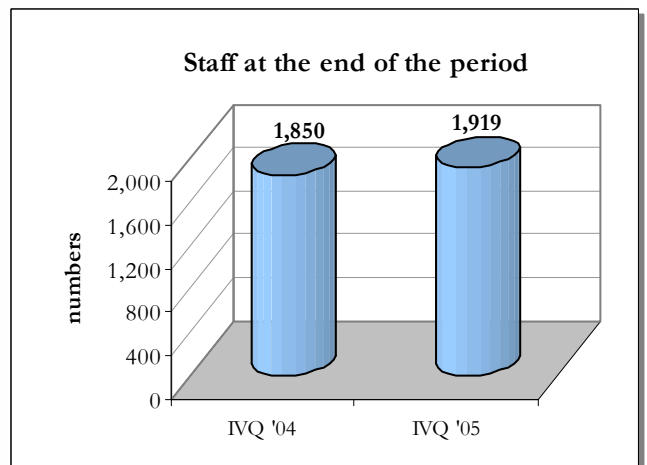
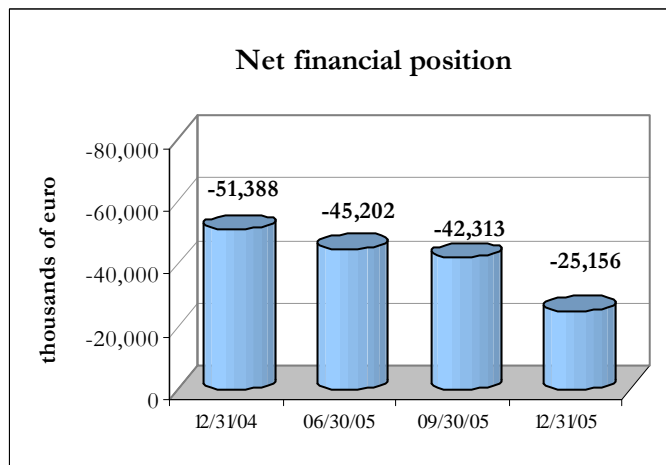
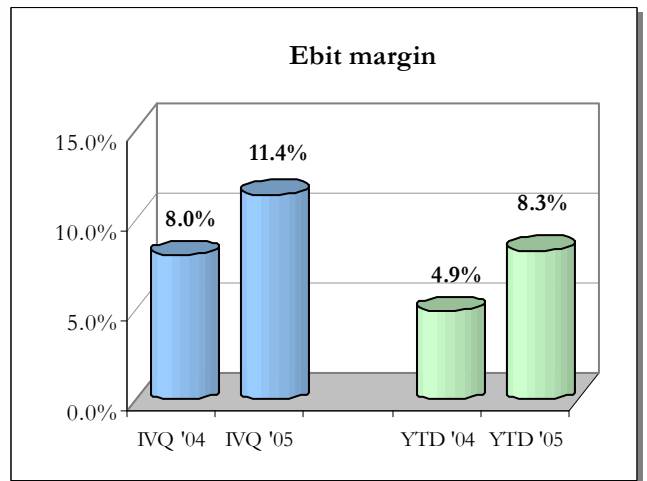
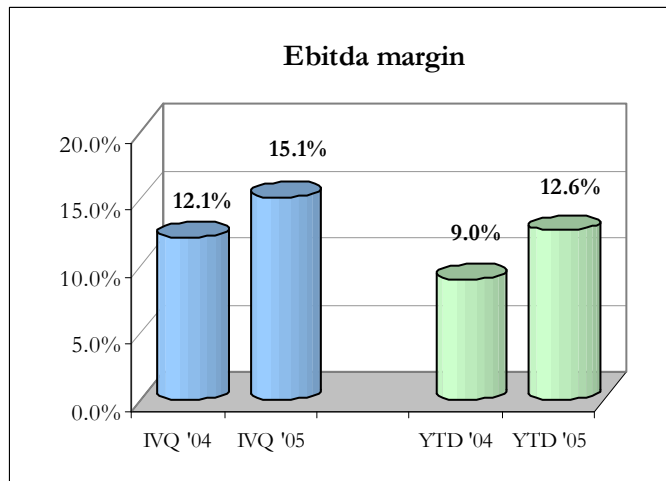
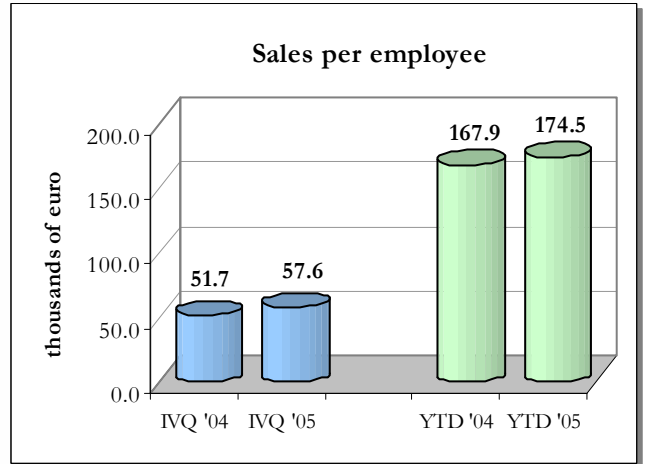
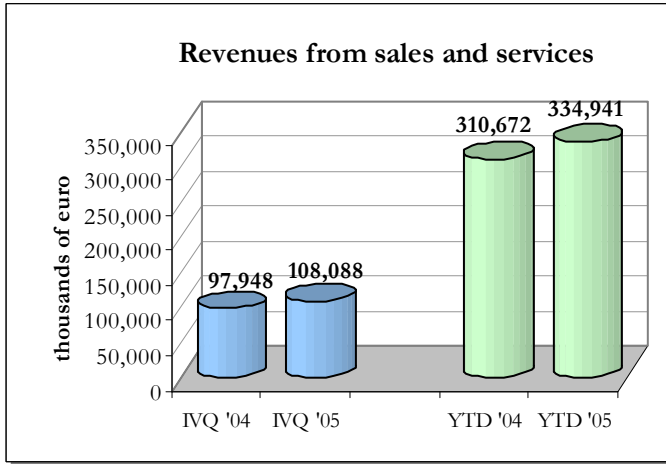
Roberto Selci	Chairman
Giancarlo Selci	Vice President
Alessandra Parpajola	Director
Innocenzo Cipolletta	Director *
Leone Sibani	Director *
Giampaolo Garattoni	Director *

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

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

Giovanni Ciurlo	Chairman
Adriano Franzoni	Statutory Auditor
Claudio Sanchioni	Statutory Auditor

HIGHLIGHTS





GENERAL ECONOMIC CONTEXT

The world economy has confirmed in this quarter the trend of gradual and more generalized consolidation of the recovery. The more developed western economies, those of the countries of the European Union, seem particularly geared up to produce interesting growths of GDP in the next two years (2006 to 2007). For the European exporter, the agreement of exchange rates is extremely important: the stable rate of the Euro/Dollar needs to be in the area of 1.20 for optimistic developments to be achieved in the north-American market and the emergent countries with currencies linked to the USD.

REFERENCE MARKET

According to the data surveyed by Acimall, the association of the woodworking machinery market, the last quarter 2005 closed positively; in fact, from October to December the orders have increased by 7.4% compared to the same quarter in 2004, confirming the [more timid] positive trend of the previous quarter.

<The orders from the foreign markets (according to Acimall) have grown some 5.1 percent, against an amazing growth of the domestic market, 15.4 percent, that comes after two years of decline. This is good news, since Italy exports over 83 percent of the production of the Sector. This however leaves a space for greater optimism for investments from the domestic industry. According to the survey, price trends close in 2005 with an increase equal to 1.4 percent, with an average of 2-6 months of insured production (figures up dated to 31 December)

<The qualitative part of the survey reveals that the last quarter of 2005 has seen 55 percent of the interviewed enterprises have a static production, 39 percent have an increase and 6 percent have a decline (balance +33). The stocks are stable in 71 percent of the cases, in decline in 19 percent and in growth in 10 percent (firm -9). The occupation is pointed out static of 77 percent of the champion, in decline of 16 percent, in increase of 7 percent (firm -9)>.

<The prevision survey shows moderate optimism of the enterprises for the future: the foreign orders will grow according to the 19 percent of the interviewed ones, they will be stable for the 71 percent and they will decrease for the 10 percent (positive balance +9). For the domestic market the 77 percent of the pattern foresees a situation analogous to the actual one, a recovery for the 20 percent and a contraction in the remainder 3 percent (positive balance +17)>.

ACCOUNTING STATEMENTS

Fourth quarter 2005 Income Statement

(thousand of Euro)	IV Q 2005	%	IV Q 2004	%	Δ %
Revenues from sales and services	108,088	100.0%	97,948	100.0%	10.4%
Change in work in progress and semi finished goods	(9,125)	(8.4%)	(10,087)	(10.3%)	(9.5%)
Other revenues and income	1,287	1.2%	3,052	3.1%	(57.8%)
Value of production	100,250	92.7%	90,913	92.8%	10.3%
Raw materials	(42,055)	(38.9%)	(36,641)	(37.4%)	14.8%
Other operating expenses	(20,724)	(20.7%)	(21,116)	(22.3%)	(1.9%)
Added value	37,471	34.7%	33,156	33.9%	13.0%
Personnel expenses	(21,124)	(19.5%)	(21,276)	(21.7%)	(0.7%)
Gross operating margin	16,347	15.1%	11,880	12.1%	37.6%
Amortizations expense	(2,985)	(2.8%)	(3,068)	(3.1%)	(2.7%)
Accruals to provisions	(1,016)	(0.9%)	(949)	(1.0%)	7.1%
Operating result	12,346	11.4%	7,863	8.0%	57.0%
Financial income and expense	(556)	(0.5%)	(920)	(0.9%)	(39.5%)
Revenues and expenses on currency exchanges	(483)	(0.4%)	(472)	(0.5%)	2.2%
Share of profit/loss of affiliated companies	(393)	(0.4%)	138	0.1%	(384.8%)
Capital gain from sales of non-instrumental assets	-	-	989	1.0%	(100.0%)
Income before tax	10,913	10.1%	7,598	7.8%	43.6%
Taxes for the period	(4,119)	(3.8%)	(5,037)	(5.1%)	(18.2%)
Result of the period	6,794	6.3%	2,561	2.6%	165.3%

Income Statement at December 31st, 2005

(thousand of Euro)	December 31 2005	%	December 31 2004	%	Δ %
Revenues from sales and services	334,941	100.0%	310,672	100.0%	7.8%
Change in work in progress and semi finished goods	(1,910)	(0.6%)	(4,546)	(1.5%)	(58.0%)
Other revenues and income	5,093	1.5%	7,358	2.4%	(30.8%)
Value of production	338,124	101.0%	313,484	100.9%	7.9%
Raw materials	(144,289)	(43.1%)	(136,649)	(44.0%)	5.6%
Other operating expenses	(69,326)	(20.7%)	(69,131)	(22.3%)	0.3%
Added value	124,509	37.2%	107,704	34.7%	15.6%
Personnel expenses	(82,395)	(24.6%)	(79,862)	(25.7%)	3.2%
Gross operating margin	42,114	12.6%	27,842	9.0%	51.3%
Amortizations expense	(10,880)	(3.2%)	(11,156)	(3.6%)	(2.5%)
Accruals to provisions	(3,329)	(1.0%)	(1,587)	(0.5%)	109.8%
Operating result	27,905	8.3%	15,099	4.9%	84.8%
Financial income and expense	(2,578)	(0.8%)	(4,005)	(1.3%)	(35.6%)
Revenues and expenses on currency exchanges	(708)	(0.2%)	(644)	(0.2%)	9.8%
Share of profit/loss of affiliated companies	(517)	(0.2%)	(480)	(0.2%)	7.5%
Capital gain from sales of non-instrumental assets	-	-	11,312	3.6%	(100.0%)
Income before tax	24,102	7.2%	21,282	6.9%	13.3%
Taxes for the period	(8,853)	(2.6%)	(13,599)	(4.4%)	(34.9%)
Result of the period	15,249	4.6%	7,683	2.5%	98.5%

OPERATIONAL REPORT

As underlined in the previous quarterly report, the fourth quarter of 2005 also takes advantage from some effects of the strategies of costs management and the profuse efforts for the improvement of the productive efficiency. Together with a positive dynamics of the orders, this has allowed to continue in the trend of meaningful recovery of profitability started in 2004.

The growth of the sales strongly contributed to the good absorption of the most balanced costs of structure, in a market where the greater demand loosened the pressure on the margins, through a generalized smaller use of the discount lever. The introduction of new products, the consequent rationalization of the arrays and the industrialization of the series, have contributed finally to widen the gap between value of the production and cost of goods sold.

Unlike the precedent exercise they have not been concluded extraordinary operations worthy of note, allowing so to attribute the whole result of the exercise to the characteristic operation of the Group.

The sales of 2005 are equal to € 334,941 thousand, an increase of 7.8% on the preceding year (€ 108,088 thousand in the quarter, + 10.4% on the fourth quarter 2004). The increase of the sales is spread amongst the various divisions, with the Glass and Marble Division recuperating the gap formed in the first part of the year to show an 11.3 percent growth in comparison with the volumes of 2004. Regarding the geographical distribution of the sales, details to be shown later in the segmental reporting charts, a turnaround has incurred of orders coming from the EU after the move of the Group to centre its attentions towards Eastern Europe and Asia-Pacific. This is mainly for the return of the technology investments as well as for the substitution of the machinery in the countries of central Europe after 3 years of inactivity. Northern American sales have added weight to the sales of the Group showing growth that compensates for the deceleration of the Canadian market. Further improvements for the USA are expected dependant on the exchange rate of the euro/dollar.

The value of the production of the exercise 2005 is equal to € 338,124 thousand, in 7.9% increase on the previous exercise (€ 100,250 thousand in the quarter, + 10.3% on the fourth quarter 2004).

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

(thousand of Euro)	December		December	
	31 2005	%	31 2004	%
Value of production	338,124	100.0%	313,484	100.0%
Raw materials	(144,289)	(42.7%)	(136,649)	(43.6%)
Services	(59,112)	(17.5%)	(58,684)	(18.7%)
Leases and rentals	(5,284)	(1.6%)	(4,933)	(1.6%)
Other operating expenses	(4,930)	(1.5%)	(5,514)	(1.8%)
Added value	124,509	36.8%	107,704	34.4%

Continuing the trend of the previous periods, the incidence of the raw materials on the Value of the Production (VdP) decrease a meaningful 0.9%, in virtue of the above mentioned smaller use of the discount lever as well as of a more aggressive and effectiveness purchases management; a smaller incidence of all the other operating expenses brings the Added Value to € 124,509 thousand (36.8% on the VdP) against the € 107,704 thousand (34.4% on the VdP) of 2004.

The 2005 personnel expenses are equal to € 82,395 thousand, while they were € 79,862 thousand in 2004, with an increase of 3.2% due to the meritocracy, to the lump-sum indemnity provided for from the Italian labour contract recently initialled and to the integrative company contract.

The Gross Operating Margin is equal to € 42,114 thousand, an increase from € 27,842 of 2004, with a percentage on sales improving from 9% to 12.6%, (€ 16,347 thousand in the quarter [15.1%], against € 11,880 thousand [12.1%] of the fourth quarter 2004). The Operating Result, positive in the previous year for € 15,099 thousand, increased to € 27,905 thousand with a percentage on sales improving from the 4.9% to 8.3% (€ 12,346 thousand in the quarter [11.4%], against € 7,863 thousand [8%] of the fourth quarter 2004). This result includes accruals for provision for risks of € 3,329 thousand (1% on sales), two times the amount accrued on the same period of the last year.

With reference to the financial management, note should be taken of the debt situation of the Group (detailed analysis of which is given in the successive notes). Such situation has generated a reduction in charges of bank and other financial institutions for € 1,427 thousand.

As far as currency exchange risk management is concerned, the expenses amount to € 708 thousand, mainly due to the increase in hedging operations in compliance with the Group's policy in terms of currency exchange risk management.

The pre-tax result is positive for € 24,102 thousand (7.2% on sales) and, as anticipated, is not readily comparable to that of 2004 which was positive for € 21,282 thousand because it included a gain from the transfer of land to the parent company Bi.fin. Srl for € 11,312 thousand.

The balance of tax components is negative for a total of € 8,853 thousand, of which € 4,620 thousand for IRAP, about € 2,740 thousand for deferred income taxes and € 940 thousand for current income taxes. The amount also include a provision of € 558 thousand, accrued prudentially by the parent company Biesse S.p.A., in consideration of the risk coming from the tax assessment made by the Inland Revenue for the years 2002-2003. With regard to this, and to the non tax deductibility of the write-off of the Schelling investment, according to the new provisions of the tax law D.L. 273 of 30.12.2005, the terms for the communication as per art. 1, paragraph 4 D.L. 209/72 have been extended. The Parent company, even if not considering the existence of liability, has provided to the deposit of the communication, which claimed omission determined the start of the tax assessment.

Therefore the Result of the period is equal to € 15,249 thousand, not readily comparable, because of the extraordinary items, to that of 2004 that equalled € 7,683 thousand.

Net financial position at December 31st, 2005

(thousand of Euro)*	December 31 2005	September 30 2005	June 30 2005	December 31 2004
Financial assets:	31,198	18,716	19,890	20,567
- <i>Liquid assets</i>	<i>31,198</i>	<i>18,716</i>	<i>19,890</i>	<i>20,567</i>
- <i>Short term financing credits due by parent company</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Short term financial debts	(3,383)	(3,622)	(3,091)	(3,955)
Short term bank debts	(21,549)	(24,012)	(26,520)	(37,904)
Short term net financial position	6,266	(8,918)	(9,721)	(21,292)
Medium/long term financial debts	(14,015)	(14,827)	(14,579)	(16,682)
Medium/long term bank debts	(17,407)	(18,568)	(20,902)	(13,414)
Medium/long term net financial position	(31,422)	(33,395)	(35,481)	(30,096)
Total financial position	(25,156)	(42,313)	(45,202)	(51,388)

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

Concerning the net financial position, cash flow is improving constantly and represents a fall of net debt position with respect to previous periods (more than 26 million of € in comparison to December 2004). The result can be fully attributed to the ordinary operations. The improvement of the net financial position, together to the growth of the Equity, brings to an important improvement of the principal ratios.

RATIO	December 30 2005	December 31 2004
Gearing	0.24	0.56
Equity on net fixed assets	1.28	1.09
Financial Leverage	1.85	2.15

Balance sheet figures

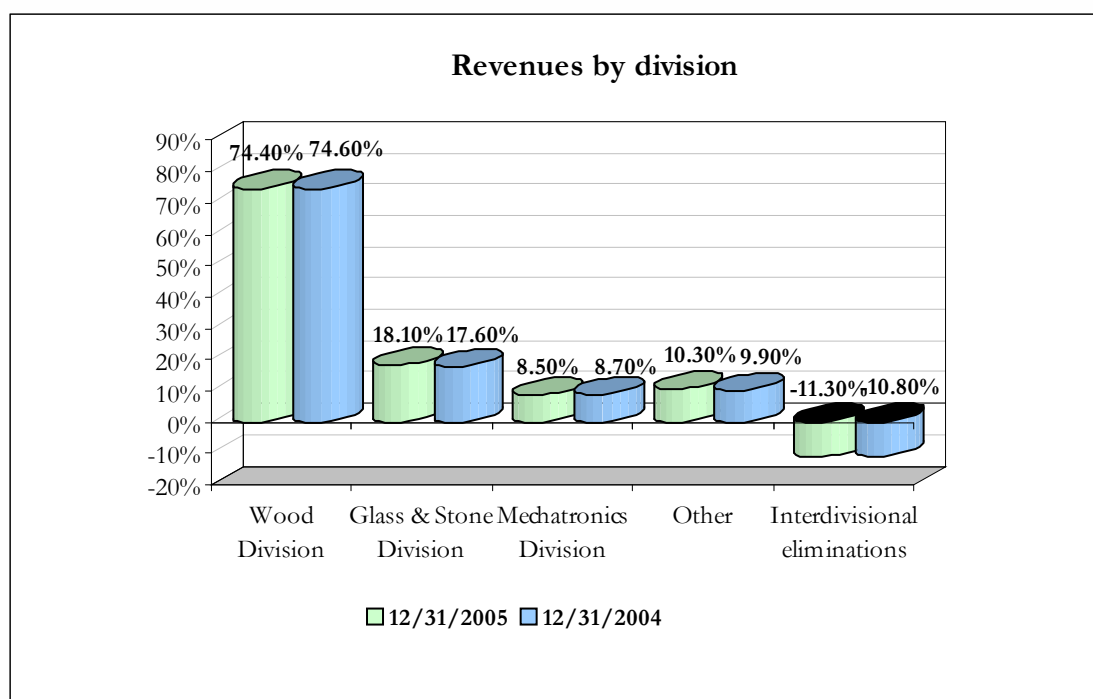
	December 31 2005	December 31 2004
Intangible assets	21,970	20,283
Tangible assets	59,311	63,278
Other non current assets	9,924	12,403
Non-current assets	91,205	95,965
Inventories	73,298	74,172
Trade receivables	95,289	88,125
Other receivables	8,202	10,681
Cash and cash equivalents	31,198	20,567
Current assets	207,987	193,545
TOTAL ASSETS	299,192	289,509
Shareholders' equity	104,633	91,546
Minority interest	341	265
Total equity	104,975	91,811
Bank loans	31,422	30,096
Retirement benefit obligation	15,090	13,671
Other payables	14,890	10,474
Non-current liabilities	61,402	54,241
Trade and other payables	107,884	101,598
Bank overdrafts, loans and obligations under finance leases	24,932	41,859
Current liabilities	132,816	143,457
TOTAL EQUITY AND LIABILITIES	299,192	289,509

In reference to the non current assets, the intangible assets mainly increased because of the capitalization of the activities of development of new products (equal to around € 3,7 million in the period), while the tangible assets decreased because of the amortization of the period that more than compensate the marginal new investments.

The amount of the stocks is slightly improving in comparison to the end of 2004, while the growth of the trade receivables is proportionally linked to the increase of sales of the period, more than compensated by the increase of the trade payables, determining a further increase (around € 2,500 thousand) of the working capital.

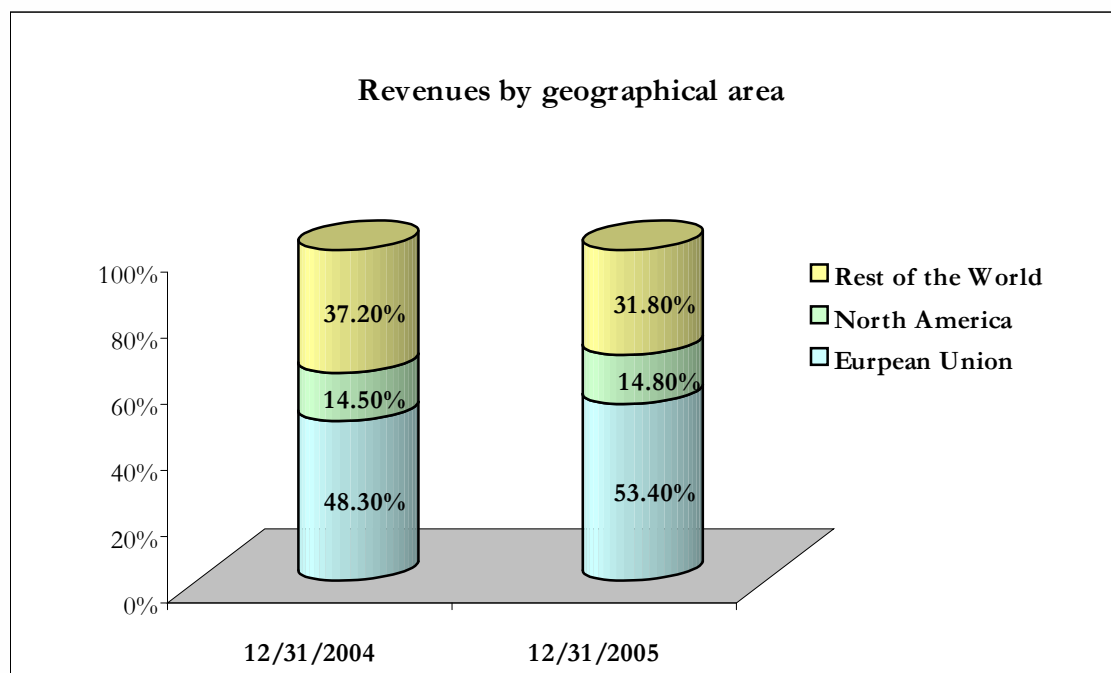
Revenues by division

(thousand of Euro)	IV Q 2005	%	IV Q 2005 - restated	%	Δ % 2004/2005
Wood Division	249,121	74.4%	231,901	74.6%	7.4%
Glass & Stone Division	60,886	18.1%	54,728	17.6%	11.3%
Mechatronics Division	28,335	8.5%	27,086	8.7%	4.6%
Other	34,399	10.3%	30,625	9.9%	12.3%
Interdivisional eliminations	(37,800)	(11.3%)	(33,668)	(10.8%)	12.3%
Total	334,941	100.0%	310,672	100.0%	7.8%



Revenues by geographical area

(thousand of Euro)	IV Q 2005	%	IV Q 2005 - restated	%	Δ % 2004/2005
European Union	178,846	53.4%	150,027	48.3%	19.2%
North America	49,532	14.8%	45,161	14.5%	9.7%
Rest of the World	106,563	31.8%	115,484	37.2%	(7.7%)
Total	334,941	100.0%	310,672	100.0%	7.8%



Pesaro, February 14th, 2006

Chairman of the Board of Directors
Roberto Selci