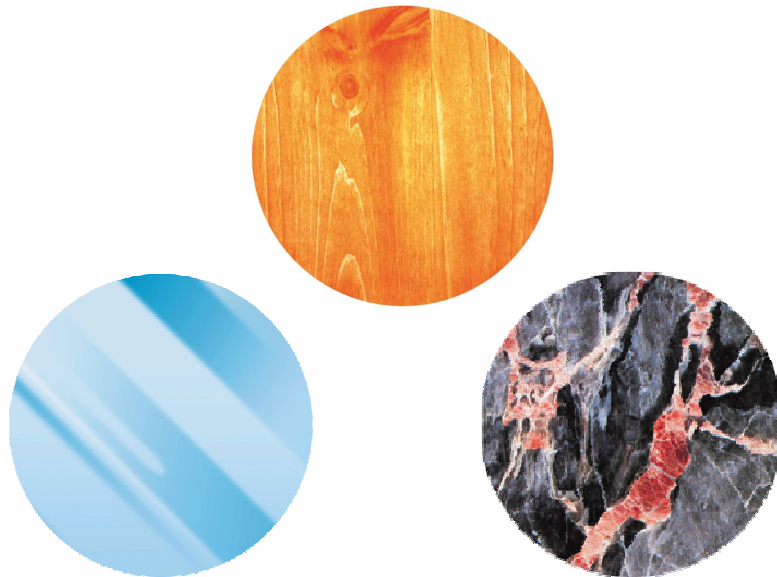




QUARTERLY REPORT
MARCH 31ST, 2006



BIESSE



BIESSE S.p.A.

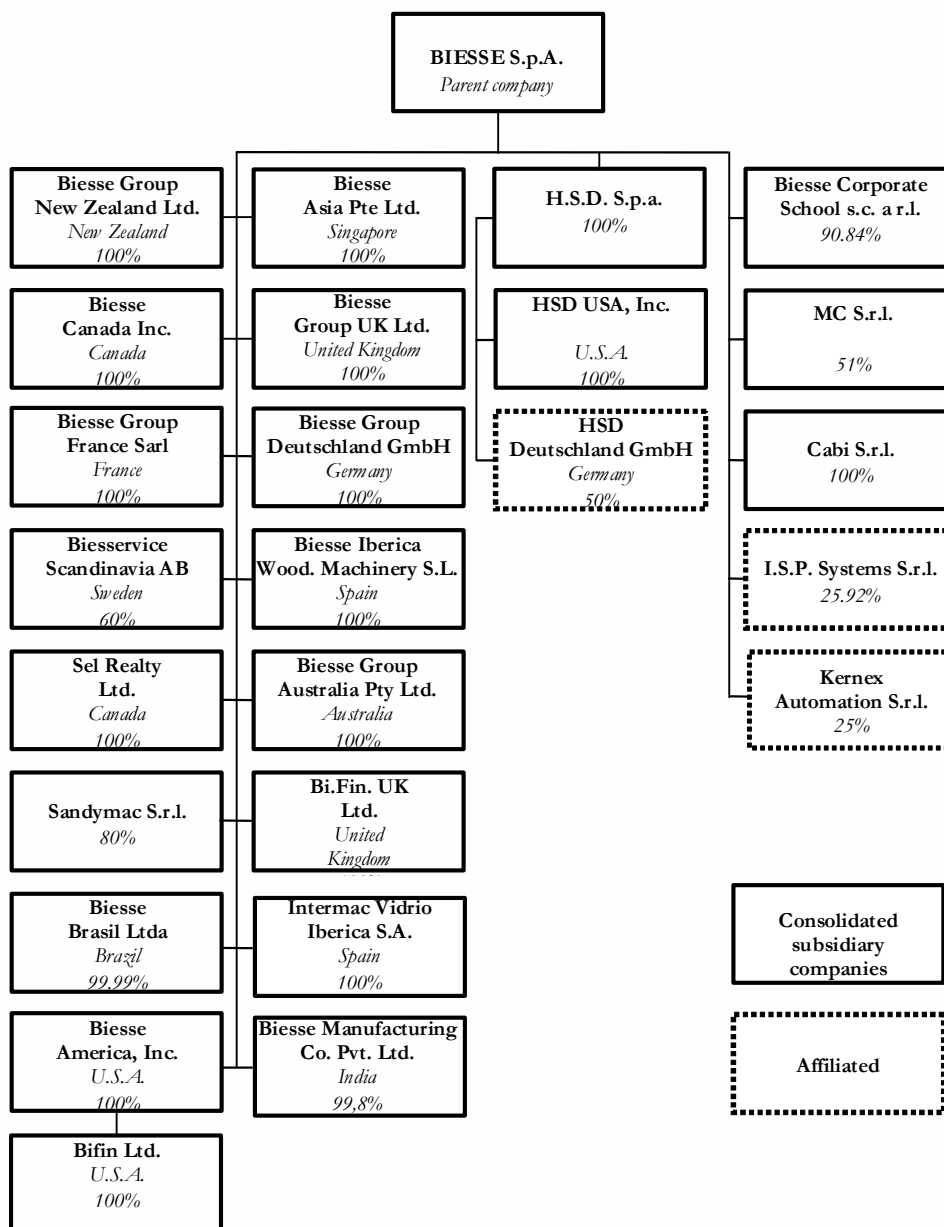
QUARTERLY REPORT AT MARCH 31ST, 2006

SUMMARY

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GROUP STRUCTURE

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



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



EXPLANATORY NOTES

The unaudited consolidated financial statements at March 31 2006 have been prepared in accordance with IAS/IFRS, in force on the date of its preparation.

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

The Quarterly Report has been prepared in accordance with Article 82 and Article 82 – bis of the “Regulations for the implementation of the Legislative Decree No. 58 of February 24, 1998 on the activities of issuers of securities” (Consob Resolution No. 11971 of May 14, 1999, as amended), amended by the Consob Resolution No. 14990 of April 14, 2005. Pursuant to the above mentioned Article 82, the Quarterly Report has been prepared applying for evaluations under the international accounting standards (IFRS), as according to the content stated by Exhibit 3D of the same Regulations. Therefore the Quarterly Report as of March 31, 2006 has not been prepared according to the accounting standards concerning disclosure in interim reports (IAS 34 “Interim financial reporting”).

Accounting principles and valuation criteria comply with those of the interim financial statement at December 31, 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 March 31 2006, adjusted as necessary to comply with the Group’s accounting principles;
- estimated figures of a significant amount are not presented.

In comparison with the quarterly report, dated December 31 2005, the consolidation area now include the company Biesse Manufacturing Co. Pvt. Ltd, incorporated in February, which is aimed at local sourcing and the production of mechanical components.

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



PARENT COMPANY CORPORATE BODIES

The Board of Directors currently in office are as follows:

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

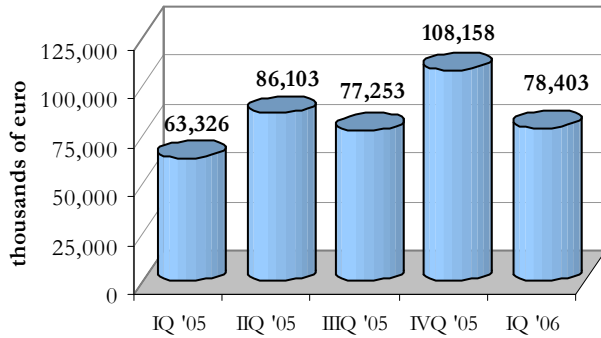
** Independent Director, as required under the Code of Conduct.*

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

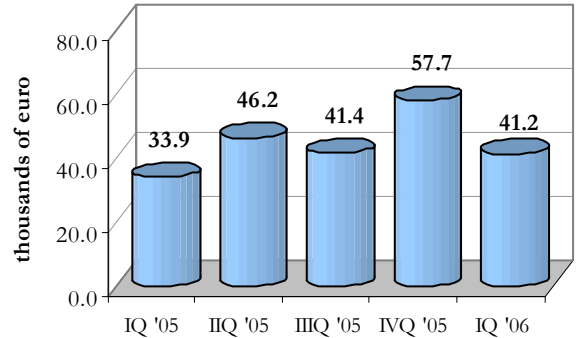
Giovanni Ciurlo	Chairman
Adriano Franzoni	Statutory Auditor
Claudio Sanchioni	Statutory Auditor

HIGHLIGHTS

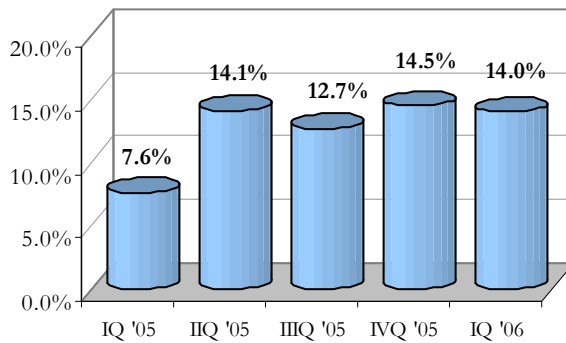
Revenues from sales and services



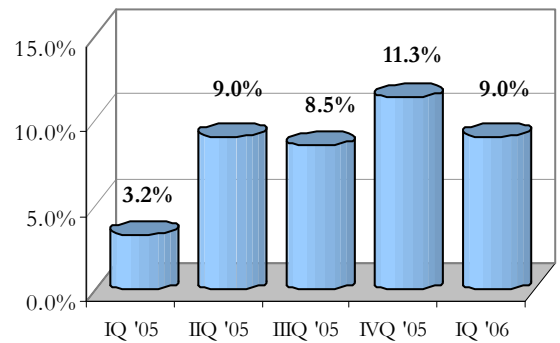
Sales for employee



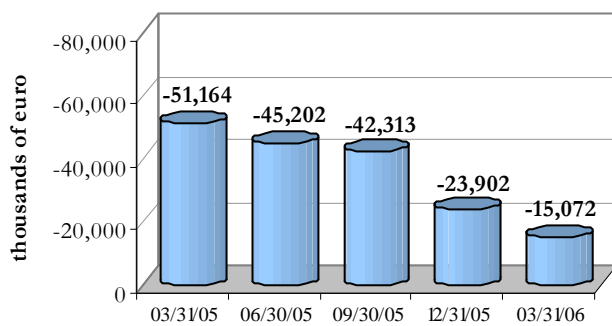
Ebitda margin



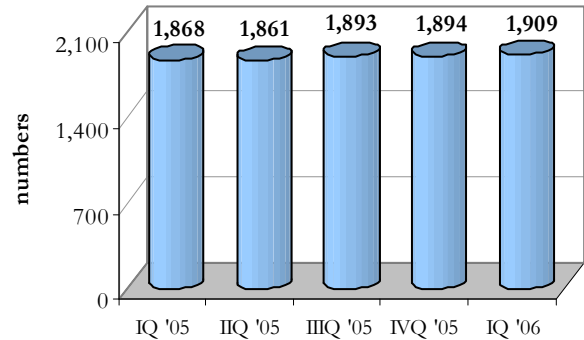
Ebit margin



Net financial position



Staff at the end of the period





GENERAL ECONOMIC CONTEXT

At the end of 2005 the world economy made a definite recovery in the various areas of the world generally. This underlining trend continued in this quarter. Even the more mature western economies, in particular those of the European Union, returned to producing growth of their Gross Domestic Product, that has been absent for at least 3 years, while the estimates on the two years 2006-2007 are systematically upgraded.

The stability of this expansive cycle is exposed to the potential risk derived by the weakening of the USD towards the Euro - at least for our sector of business; an exchange rate Euro/USD of 1.30 could influence the demand in equipment in the next months, both in the north-American and USD-linked market. As at the actual date any negative impact has been taken into account on the incoming orders which without exception are strong to a global level.

REFERENCE MARKET

According to the most recent figures issued by Acimall, - the woodworking machinery sector business association -, from this quarter there is at last a signal which allows for more than “cautious optimism” for the machines and utensils woodworking industry. In fact, the year 2006 starts with a growth, confirming the figures already recorded in the last weeks of 2005>.

According to the association, <the first three months of this year recorded a general increase in orders, equal to 36.4 per cent in comparison with the same period in 2005. This trend refers both to the foreign and the home markets: in fact, the foreign orders increased by 37.2 per cent, while the Italian markets rose by 33.7 per cent with respect to January-March 2005>.

<This situation does not have to bring on excessive optimism – continues Acimall – as the quarter comparison [1st quarter 2005] had decidedly been characterized by a negative phase. Besides, from January to March of this year, according to the companies included in the survey, the prices increased by 0.8 per cent, with a back-log that will insure the production for 3,4 months>.

Finally Acimall concludes underlining that <the next edition of Xylexpo, the international biennial exhibition of machineries for woodworking and furniture industry, taking place in Milan from 16 to 20 May, will constitute an important moment of verification, with the participation of thousand of exhibitors and the expectation of 90 thousand visitors from the whole world>.

ACCOUNTING STATEMENTS

First quarter 2006 Income Statement

(thousand of Euro)	I Q 2006	%	I Q 2005	%	Δ %
Revenues from sales and services	78,403	100.0%	63,326	100.0%	23.8%
Change in work in progress and semi finished goods	11,308	14.4%	6,669	10.5%	69.6%
Other revenues and income	1,151	1.5%	1,183	1.9%	(2.7%)
Value of production	90,862	115.9%	71,178	112.4%	27.7%
Raw materials	(40,965)	(52.2%)	(31,539)	(49.8%)	29.9%
Other operating expenses	(17,036)	(21.7%)	(15,031)	(23.7%)	13.3%
Added value	32,861	41.9%	24,608	38.9%	33.5%
Personnel expenses	(21,869)	(27.9%)	(19,795)	(31.3%)	10.5%
Gross operating margin	10,992	14.0%	4,813	7.6%	128.4%
Amortizations expense	(2,577)	(3.3%)	(2,614)	(4.1%)	(1.4%)
Accruals to provisions	(1,366)	(1.7%)	(152)	(0.2%)	---
Operating result	7,049	9.0%	2,047	3.2%	244.4%
Financial income and expense	(529)	(0.7%)	(707)	(1.1%)	(25.2%)
Revenues and expenses on currency exchanges	526	0.7%	36	0.1%	---
Share of profit/loss of affiliated companies	(262)	(0.3%)	0	0.0%	---
Income before tax	6,784	8.7%	1,376	2.2%	393.1%
Taxes for the period	(2,744)	(3.5%)	(1,363)	(2.2%)	101.3%
Result of the period	4,040	5.2%	13	0.0%	---

OPERATIONAL REPORT

The first quarter of 2006 recorded a strong upsurge of sales, deriving from a stronger increase of the incoming orders, only gradually satisfied by production, so constituting at the end a back-log higher by 42% in comparison to March 2005.

We need also to remark that in 2005 orders and sales were decidedly stronger in the second quarter in comparison to the first one, so in this part of 2006 the comparison with the previous period is particularly positive. Nevertheless, even if the percentages of growth should lower predictably in the following quarters, it is rather evident that we are at the beginning of a particularly positive period for the Group.

This quarter, - and it is estimated also the following one -, recorded a meaningful effect of “operational leverage”, that is the good absorption of the fixed costs, already reduced in the previous two years, and the greater demand of the market reduces the pressure on the margins.


Net sales of the first quarter of 2006 are equal to € 78,403 thousand, an increase of 23.8% with respect to the previous period (€ 63,326 thousand in the first quarter of 2005). The increase is generalized for all the divisions, with the Glass & Marble Division showing a particularly positive performance, because it is compared with the first quarter of 2005 which was very weak (the recovery happened in the second quarter of 2005). The positive recovery of the Mechatronics Division, after two years of stability is very encouraging. As it regards the geographical distribution of the sales, (details of which are given in the following segment information tables), in the period of 2006 we comment on the fore mentioned return of a trend of the orders coming from the European Union, after several years of movement of sales toward Eastern Europe and Asia-Pacific; this happens mainly because of the return of the technology investments, and the substitution of the equipments in the Central Europe and in Italy, after three years of inactivity. It has to be underlined the extra-ordinary result of the North-American area, which doubled its sales, mainly because of the good performance of the US subsidiary, Biesse America.

The value of production of the first quarter of 2006 is equal to € 90,862 thousand, an increase of 27.7% with respect to the previous period (€ 71,178 thousand in the first quarter of 2005).

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)	March 31 2006	%	March 31 2005	%
Value of production	90,862	100.0%	71,178	100.0%
Raw materials	(40,965)	(45.1%)	(31,539)	(44.3%)
Services	(14,340)	(15.8%)	(12,430)	(17.5%)
Leases and rentals	(1,300)	(1.4%)	(1,301)	(1.8%)
Other operating expenses	(1,396)	(1.5%)	(1,300)	(1.8%)
Added value	32,861	36.2%	24,608	34.6%

Continuing the trend of the previous periods the Added Value grows by a further 1.6%, by virtue of the improved productivity and efficiency (the turnover per employee of the first quarter of 2006 increased by 21.5% in comparison with the same quarter of the previous year). The percentage of the raw materials on the Value of Production grows only apparently, because of the greater variation of the stocks in respect to the previous period; after the neutralisation of this effect (that is adding the averaged sale margin on the stocks, included in the Value of Production), the percentage of raw materials on the simulated Value of Production is slightly increasing with respect to the previous year.



The personnel expenses of the first quarter of 2006 are equal to € 21,869 thousand, with a percentage on sales decreasing from 31.3% (first quarter of 2005) to 27.9%.

The gross operating margin of the first quarter of 2006 is equal to € 10,992 thousand (14% on net sales), which has more than doubled in comparison with the previous period (€ 4,813 thousand in the first quarter of 2005, 7.6% on sales); the operating margin increased from € 2,047 thousand to € 7,049 thousand, with the percentage on sales increasing from 3.2% to 9%. This after charging depreciation of € 10,889 thousand (substantially unchanged) and a provision for € 1,366 thousand, which includes a provision for bad debts, warranties on sales and estimated loss on impairment of an asset, which sale is under evaluation.

With reference to the financial management, attention should be taken of the debt situation of the Group (detailed analysis of which is given in the successive notes). This situation has generated a reduction in charges of bank and other financial institutions for € 178 thousand, on a quarterly basis.

As far as currency exchange risk management is concerned, the income amount of € 526 thousand, is mainly due to the hedging operations in compliance with the Group's policy in terms of currency exchange risk management.

The share profit of associates refers to the loss of the company ISP Systems S.r.l.

The pre-tax result of € 6,784 thousand (8.7% on sales) is positive, which quadrupled in comparison to the same period of the previous year (€ 1,376 thousand).

The taxes for the period are € 2,744 thousand, including € 1,086 thousand for IRAP, € 175 for deferred income taxes and € 1,483 thousand for current income taxes.

The result for the period is equal to € 4,040 thousand, while in the first quarter of 2005 the result was equal to € 13 thousand.

Net financial position at March 31st, 2006

(thousand of Euro)	March 31 2006	December 31 2005	June 30 2005	March 31 2005
Financial assets:	39,287	31,210	19,890	21,434
- <i>Liquid assets</i>	39,224	31,210	19,890	21,434
- <i>Short term financing credits due by parent company</i>	63	0	0	0
Short term financial debts	(3,459)	(3,266)	(3,091)	(3,409)
Short term bank debts	(21,291)	(20,550)	(26,520)	(31,357)
Short term net financial position	14,537	7,394	(9,721)	(13,332)
Medium/long term financial debts	(13,539)	(13,942)	(14,579)	(15,662)
Medium/long term bank debts	(16,070)	(17,354)	(20,902)	(22,170)
Medium/long term net financial position	(29,609)	(31,296)	(35,481)	(37,832)
Total financial position	(15,072)	(23,902)	(45,202)	(51,164)

Concerning the net financial position, cash flow is improving constantly with a further reduction of the net debt position with respect to previous periods (about € 9 million of lower debt in respect of December 2005). The cash generation of the quarter includes € 4 million, deriving from the placement of the residual treasury shares, still owned at the end of December 2005.

As a consequence all the main ratios improve.

RATIO	March 31 2006	December 31 2005
Gearing	0.13	0.24
Equity on net fixed assets	1.40	1.28
Financial Leverage	1.68	1.85

Balance sheet figures

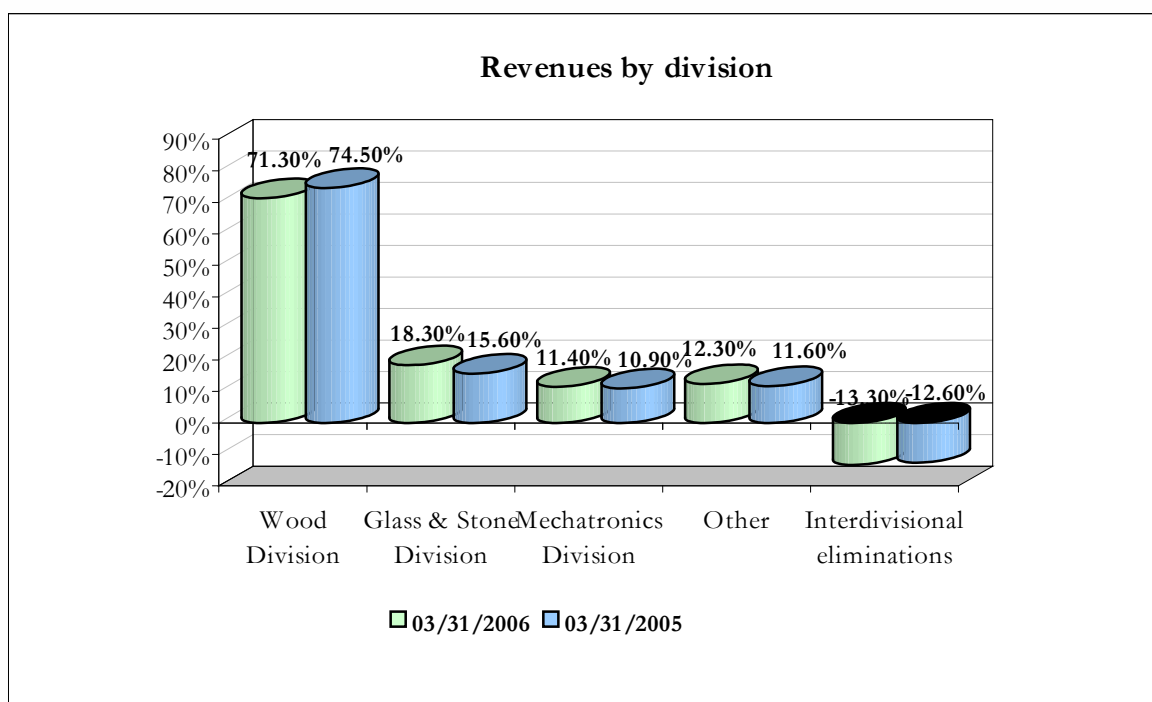
	March 31 2006	December 31 2005
Intangible assets	23,738	23,673
Tangible assets	58,367	59,572
Other non current assets	9,355	9,100
Non-current assets	91,460	93,245
Inventories	84,464	72,798
Trade receivables	88,838	97,960
Other receivables	6,844	7,464
Cash and cash equivalents	39,287	31,210
Current assets	219,434	209,432
TOTAL ASSETS	310,893	301,777
Shareholders' equity	115,809	105,293
Minority interest	364	343
Total equity	116,173	105,636
Bank loans	29,609	31,296
Retirement benefit obligation	15,247	15,090
Other payables	10,686	9,772
Non-current liabilities	55,542	56,158
Trade and other payables	114,428	116,167
Bank overdrafts, loans and obligations under finance leases	24,750	23,816
Current liabilities	139,178	139,983
TOTAL EQUITY AND LIABILITIES	310,893	301,777

The non current assets do not change substantially, while the current assets, - in comparison with December 2005 -, are affected by the seasonality effects on stocks and sales.

In particular, the stocks increased to enable the supply of the subsidiaries warehouses, these figures drastically fall in December, but this is partially compensated by the decrease of the receivables (linked to the lower sales with respect to the last quarter of 2005), while the payables decrease a fraction. The consequence is an increase of net working capital of about € 4 million, as anticipated.

Revenues by division

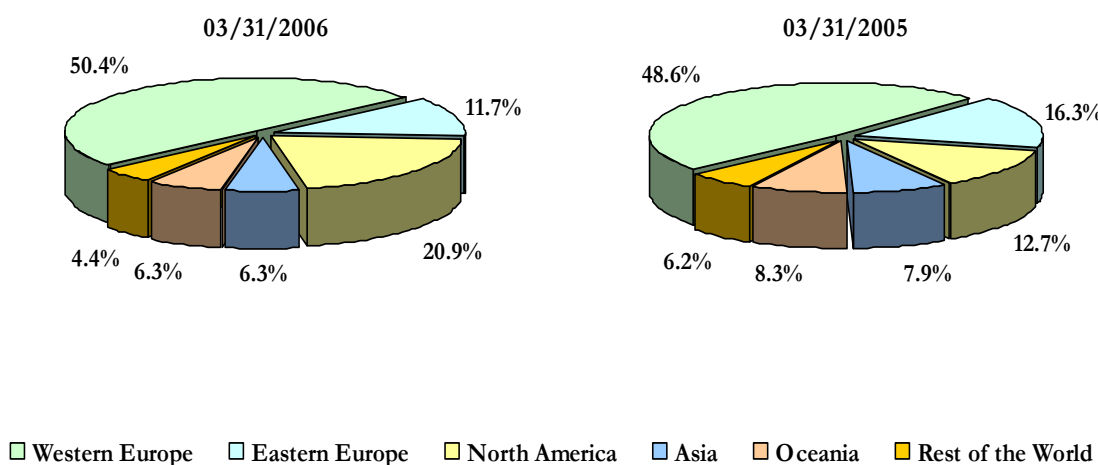
(thousand of Euro)	I Q 2006	%	I Q 2005 - restated	%	Δ % 2005/2006
Wood Division	55,939	71.3%	47,185	74.5%	18.6%
Glass & Stone Division	14,323	18.3%	9,890	15.6%	44.8%
Mechatronics Division	8,925	11.4%	6,910	10.9%	29.2%
Other	9,682	12.3%	7,365	11.6%	31.5%
Interdivisional eliminations	(10,466)	(13.3%)	(8,024)	(12.6%)	30.4%
Total	78,403	100.0%	63,326	100.0%	23.8%



Revenues by geographical area

(thousand of Euro)	I Q 2006	%	I Q 2005 - restated	%	Δ % 2005/2006
Western Europe	39,543	50.4%	30,776	48.6%	28.5%
North America	16,337	20.9%	8,041	12.7%	103.2%
Eastern Europe	9,165	11.7%	10,331	16.3%	(11.3%)
Asia	4,966	6.3%	5,004	7.9%	(0.8%)
Oceania	4,929	6.3%	5,260	8.3%	(6.3%)
Rest of the World	3,463	4.4%	3,914	6.2%	(11.5%)
Total	78,403	100.0%	63,326	100.0%	23.8%

Revenues by geographical area



Pesaro, March 15th 2006

Chairman of the Board of Directors
Roberto Selci