

**QUARTERLY
REPORT
AT 30 SEPTEMBER
2012**

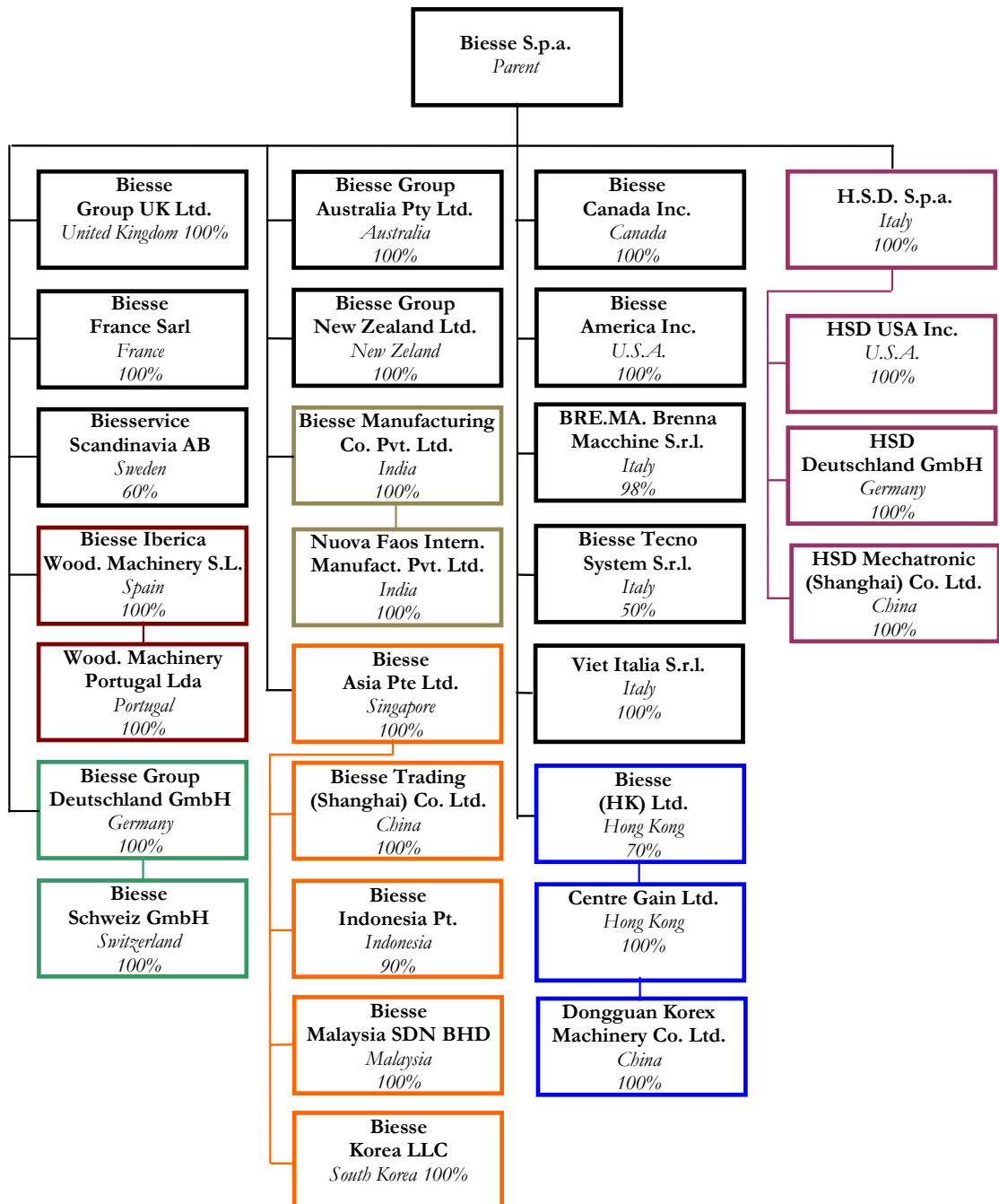
BIESSE S.p.A.
QUARTERLY REPORT
AT 30 SEPTEMBER 2012

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GROUP STRUCTURE

The following companies form part of the Biesse Group:



PREMISE

The Biesse Group's consolidated quarterly report at 30 September 2012, unaudited, has been prepared pursuant to Article 154-ter, paragraph 2 of the Consolidated Law on Finance and in accordance with the recognition and measurement criteria established by the International Financial Reporting Standards (IFRS)

Accounting standards and measurement criteria are consistent with those of the 2011 Annual Report, to which reference should be made. Furthermore, it should be noted that:

- the quarterly financial statements have been prepared under the discrete method, taking the reference period as a separate period. In this respect, the quarterly income statement reflects the period's income statement components on an accruals basis;
- the financial statements underlying the consolidation process are those prepared by subsidiaries with reference to the period ended 30 September 2012, adjusted, where necessary, to align them with Group financial standards and policies;
- some of the economic information contained in this report presents interim profitability indicators such as gross operating margin (EBITDA). This indicator is considered by management to be an important parameter for measuring and assessing the Group's operational performance, in that it is not affected by the various methodologies adopted to determine taxable income, by the amount and features of capital employed, or by depreciation and amortisation policies. We should point out, however, that this indicator is not identified as an accounting measure for IFRS purposes, meaning that the criterion used to determine taxable income might not be consistent with what is reported by other groups or companies;
- with a view to making the data presented in this report as understandable and comparable as possible, the effects of non-recurring items and events have been isolated and shown on a separate line of the income statement.

Compared with the half-year report at 30 June 2012, the scope of consolidation has not changed. Please note that in September, control of the company Biesse Trading (Shanghai) Co. Ltd. was successfully transferred from Biesse Asia Pte Ltd. to Biesse (HK) Ltd. The purpose of this transfer has been to rationalise corporate structure in the Far East, thanks to the creation of an integrated group (from production to sales & marketing to after-sales service) pitched specifically at the Chinese market.

PARENT COMPANY OFFICE HOLDERS

Board of Directors

Chairman and Managing Director	Roberto Selci
Managing Director	Giancarlo Selci
Executive Director	Alessandra Parpajola
Chief Financial Officer	Stefano Porcellini
Director ¹	Leone Sibani
Director ¹	Giampaolo Garattoni
Director ¹	Salvatore Giordano

Board of Statutory Auditors

Chairman	Giovanni Ciurlo
Standing Statutory Auditor	Claudio Sanchioni
Standing Statutory Auditor	Riccardo Pierpaoli
Alternate Statutory Auditor	Cristina Amadori
Alternate Statutory Auditor	Silvia Cecchini

¹ independent

Internal Control Committee – Remuneration Committee

Leone Sibani

Giampaolo Garattoni

Salvatore Giordano

Supervisory Body

Leone Sibani

Giampaolo Garattoni

Salvatore Giordano

Demetrio Pensabene

Elena Grassetti

Independent Auditors

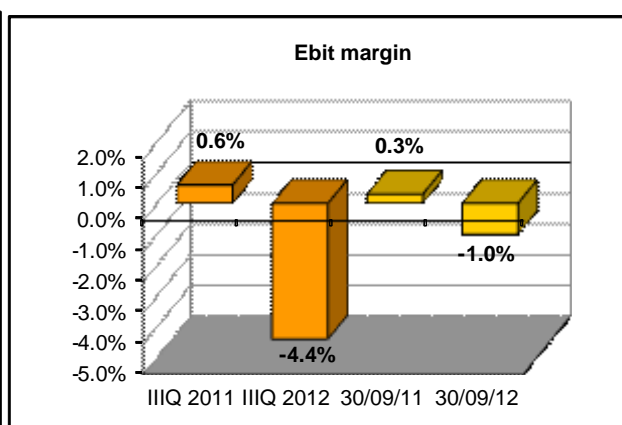
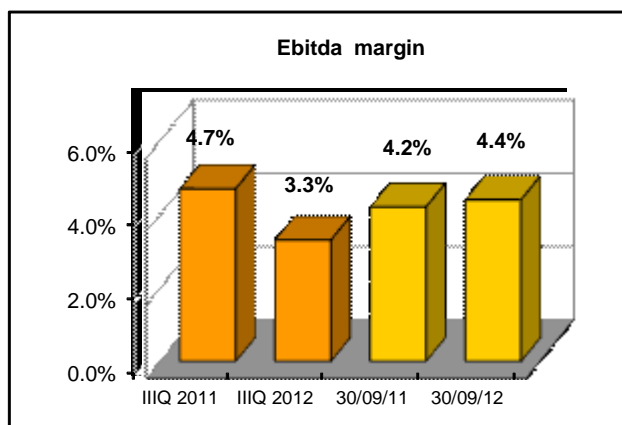
KPMG S.p.A.

FINANCIAL HIGHLIGHTS

Income Statement

<i>Euro 000's</i>	September	% on	September	% on	change %
	2012	sales	2011	sales	
Revenue from sales and services	272,078	100.0%	275,279	100.0%	(1.2%)
Added value	100,856	37.1%	99,904	36.3%	1.0%
Ebitda (Gross operating profit/loss)	12,218	4.5%	11,613	4.2%	5.2%
Normalised Ebit (Normalised net operating profit)	32	-	755	0.3%	(95.8%)
Ebit (Net operating profit/loss)	(2,389)	(0.9%)	755	0.3%	-
Loss for the period	(8,641)	(3.2%)	(5,437)	(2.0%)	58.9%

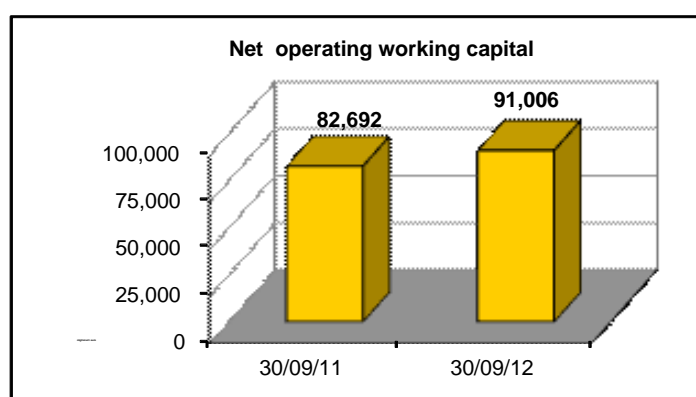
<i>Euro 000's</i>	3Q	% on	3Q	% on	change %
	2012	sales	2011	sales	
Revenue from sales and services	79,993	100.0%	93,714	100.0%	(14.6%)
Added value	29,835	37.3%	32,466	34.6%	(8.1%)
Ebitda (Gross operating profit/loss)	2,837	3.5%	4,372	4.7%	(35.1%)
Normalised Ebit (Normalised net operating profit)	(1,325)	(1.7%)	549	0.6%	-
Ebit (Net operating profit/loss)	(3,280)	(4.1%)	549	0.6%	-
Loss for the period	(5,337)	(6.7%)	(1,220)	(1.3%)	-



Statement of Financial Position

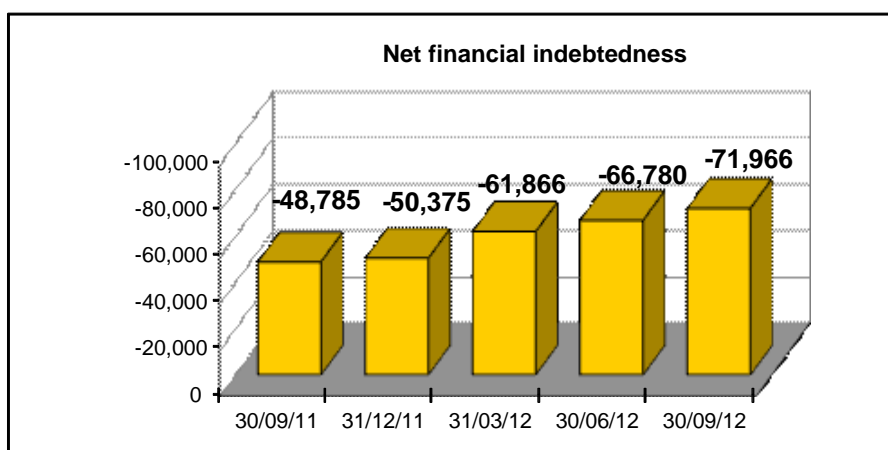
	30 September 2012	31 December 2011	30 September 2011
<i>Euro 000's</i>			
Net Invested Capital (1)	184,511	171,038	165,890
Equity	112,545	120,663	117,105
Net financial indebtedness (1)	71,966	50,375	48,785
Net operating working capital (1)	91,006	87,542	82,692
Gearing (net financial indebtedness/equity)	0.64	0.42	0.42
Fixed asset/standing capital ratio	0.99	1.08	1.16

(1) Amounts referring to intermediate results and to aggregate equity and financial figures. Relevant calculation criteria are provided in the Directors' Report on Operations



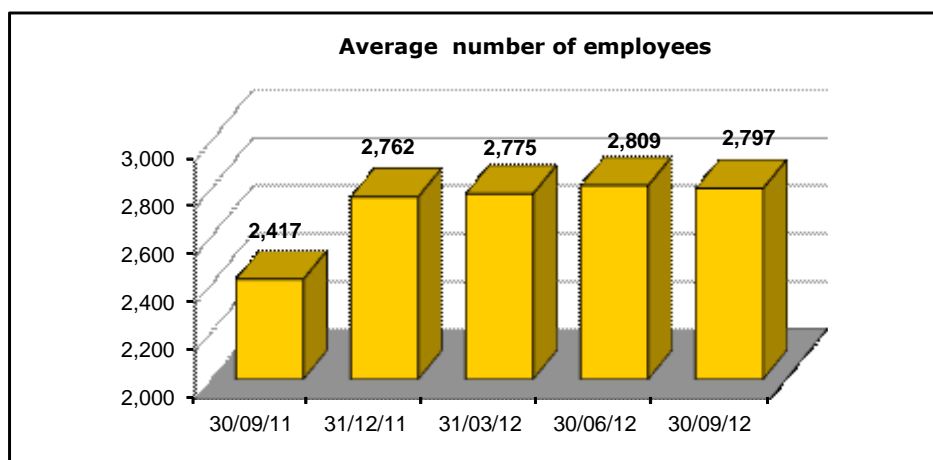
Cash flow

<i>Euro 000's</i>	September 2012	September 2011	September 2010
Ebitda (Gross operating profit/loss)	12,218	11,613	7,617
Change in net working capital	(6,154)	(23,401)	19,365
Change in other operating assets/liabilities	(13,133)	(6,677)	(9,334)
Operating cash flow	(7,070)	(18,465)	17,918
Cash flow used in investment activity	(14,657)	(11,364)	(7,993)
Cash flow	(21,727)	(29,829)	9,925
Foreign exchange rate differences	136	(35)	79
Increase/decrease in net financial indebtedness	(21,591)	(29,864)	10,004



Personnel

	30 September 2012	30 September 2011
Average number of employees at the end of the reporting period*	2,797	2,417



- The figures include temporary staff.
- The figures at 30 September 2012 include the employees of the Centre Gain group (330 employees) and of Nuova Faos International Manufacturing Pvt. Ltd (353 employees)

GENERAL ECONOMIC ENVIRONMENT

Against a backdrop of ongoing instability and a widespread decline in business confidence, both in Italy and around the world, our key sectors were significantly affected by this negative sentiment, with notable contractions being recorded as a result.

In the third quarter alone, UCIMU – the Italian association for machine tool manufacturers – reported a net decline in orders of 16.8% compared with the same period of the previous year, with far from encouraging prospects, due above all to it being difficult to obtain sufficient financial support to enable investments in durable goods.

During its most recent report, the specific Italian trade association for the wood industry (ACIMALL) not only confirmed the across-the-board deadlock experienced by new orders, including during the third quarter, while also underlining the structural dichotomy between the domestic market and the foreign market, performing in opposite directions but nevertheless continuing to report a negative net balance of -3.7% if added together. To be more precise, while modest growth was enjoyed by exports, Italy remained extremely weak (-25.2%) due to the clear economic-financial difficulties it has been experiencing. No different was the viewpoint of the VDMA (Germany's machine engineering association), which at 30 September 2012 saw demand taken in its entirety decrease by 11.0%), with the demand seen in the domestic market (in this case, Germany) also being weaker than that registered in the foreign market. VDMA, on the eve of the Glasstec trade fair (plant and machinery for glass manufacture) also foresaw a slight increase for the sector, with positive prospects for the markets of both Eastern Europe and Asia.

World economic growth slowed in the second and third quarters, with a slackening of activity in the advanced and the emerging countries alike; world trade lost vigour. Growth expectations are weighed down by uncertainty over US budgetary policy, the performance of demand in the emerging countries and the sovereign debt crisis in the euro area. The main central banks have stepped up their expansive policy action.

The disparities in growth rates between different euro-area countries persist, but the slowdown has now spread even to the most robust economies. According to the €-coin coincident indicator, which estimates growth net of the most erratic components, economic activity remained weak in the summer months.

Inflation has been fuelled by higher energy prices and by tax measures in some countries but should subside in the coming months. The financial markets are being affected not only by the weakness of economic activity but also by uncertainty about the timing and method of possible requests for assistance by troubled euro area countries, the conditions that will be attached to such assistance, and the state of some National banking systems. Social tensions could complicate the implementation of adjustment measures.

Weak consumer and business confidence, fragile labour markets and ongoing balance sheet repair will continue to restrain the pace of growth in a number of advanced economies, while GDP growth in emerging economies, albeit decelerating, is expected to remain solid by comparison.

United States

In the United States, real GDP growth lost some momentum in the second quarter of 2012. According to the third estimate by the Bureau of Economic Analysis, real GDP increased at an annualized rate of 1.3% (0.3% quarter on quarter) in the second quarter of 2012, down from 2.0% (0.5% quarter on quarter) in the first quarter.

The increase in real GDP in the second quarter mainly reflects positive contributions from personal consumption expenditure and, to a lesser extent, private investment and net exports, which were partly offset by negative contributions from private inventories and

government spending. Recent data releases have given mixed signals. On the negative side, business confidence in the third quarter was lower than in the second quarter, whereas industrial production fell considerably in August.

In addition, employment data for the first two months of the third quarter were somewhat weak, while external trade developments in July were sluggish. On a more positive note, consumer confidence increased sharply in September. Furthermore, housing market indicators continued to improve, providing further evidence that the housing market is steadily picking up and is expected to have continued to contribute positively to growth in the third quarter of 2012.

Japan

In Japan, the second release of national accounts data showed that real GDP growth decelerated to 0.2% (revised downwards from 0.3%) quarter on quarter in the second quarter of the year, compared with 1.3% in the first quarter.

The slowdown was partly due to stagnating private consumption, which contributed a mere 0.1 percentage point to GDP growth in the second quarter of 2012 (compared with 0.7 percentage point in the previous quarter). Moreover, the contribution to real GDP of both net exports of goods and services and private inventories was negative in the second quarter (around -0.1 and -0.2 percentage point, respectively).

The latest high-frequency data seem to point to some loss in growth momentum in the third quarter. Japan's Tankan diffusion index of business conditions for large manufacturing firms stood at -3 in the third quarter of 2012 (compared with -1 in the previous quarter), confirming the weak outlook for this quarter.

United Kingdom

In the United Kingdom, real GDP declined by 0.4% quarter on quarter in the second quarter of 2012, mainly owing to temporary factors. Real GDP is likely to have increased in the third quarter, again largely on account of temporary factors.

Survey indicators for manufacturing and services mostly improved in August and industrial production rebounded in July. However, forward looking indicators remain relatively subdued, and consumer confidence is still low, confirming the underlying weak growth momentum of the economy. Looking ahead, the economic recovery is likely to gather pace only very gradually, as domestic demand is expected to remain constrained by tight credit conditions, ongoing household balance sheet adjustment and substantial fiscal tightening.

CHINA

In China, economic indicators showed a mixed picture, suggesting that growth might have bottomed out, although there are no convincing signs as yet of it picking up. Industrial production growth continued to weaken, standing at 8.9% year on year in August 2012. Both the private sector and the official PMI for manufacturing for September increased moderately, but remained below the expansion/contraction threshold of 50.

The forward-looking sub-component new orders rose more strongly, although remaining below the threshold of 50, while the build-up of inventories seems to have stopped. The housing market continued to improve in August, with activity indicators once again showing positive growth in year-on-year terms and prices increasing for the third month in a row. Retail sales growth stabilized while external trade remained subdued in August.

Total export growth remained weak, with exports to the euro area continuing to decline in year-on-year terms, while exports to Asia and the United States picked up. As imports declined in August, the monthly trade surplus increased further, to USD 26.6 billion.

DEVELOPMENTS IN THE HOUSING MARKET IN CHINA

After the sharp rise in prices and activity in the housing sector between 2005 and 2011, the recent weakness in the Chinese housing market has exacerbated fears of a sharp correction, which would have a negative impact on China's growth prospects and, consequently, on the world economy.

The importance of investment in residential construction as a source of growth for China has been increasing in recent years. Real estate investments represent approximately 25 percent of total fixed investment, which are the source of 50 percent of the expansion of GDP by 2006. Their impact on product has risen from 10 to 16 percent between 2006 and 2011. Real estate investments also have strong links with other industrial sectors, such as machinery and equipment.

While housing investment and house prices have risen sharply in recent years, a number of factors suggest that a sharp correction seems unlikely. First, housing demand remains high on account of continuing urbanization. In addition, new construction partly reflects the replacement of old, low-quality housing, and does not add to the net housing supply. At the same time, tight administrative restrictions, in particular on the purchase of second and third homes, discourage speculation.

Should the housing market suddenly cool off, such measures could be reversed in order to stimulate demand, as could the recent preference for larger housing in case of affordability concerns. Finally, the overhang of unsold housing owing to the recent cooling of the real estate market has recently begun to decline in major cities such as Beijing.

That said, in view of the reasons mentioned above, a broad and sharp correction of house prices seems unlikely, though house prices in individual cities might exhibit some volatility.

ITALY

In Italy, business activity – which during the second quarter moved back down to the pace seen during the first quarter (-0.8 per cent on the previous period), continued to decline during the summer months as well, albeit less sharply. Weak demand in terms of spending and investments is a reflection of what are still tense financial conditions, the effects of budgetary measures in respect of disposable income and the low level of confidence expressed by households and businesses. In September, surveys carried out with companies provided signs of a slight panning-out of pessimism with regard to short-term prospects, which were still not such to herald an immediate return to growth, however.

Export trends were relatively favourable and lent a positive contribution, albeit a modest one, to growth in product. The pick-up in the overseas sales of goods during the second quarter was witnessed primarily outside of the European Union. Recent surveys indicate substantial stability. The current account deficit seen in the balance of payments sharply narrowed, due in part to the fall in imports (in turn related to the decline in domestic demand).

Employment remained more or less stable during the second quarter, although the rise in people looking for work – predominantly young people, women and those living in the regions in the south of Italy – drove the unemployment rate up above 10 per cent. Gross wages decreased in real terms. Most recent information and quality surveys carried out with businesses foresee an employment situation that remains unfavourable.

BUSINESS SECTOR REVIEW

UCIMU – SISTEMI PER PRODURRE

In the third quarter of 2012, the machine tools order index, prepared by the Business Culture and Research Centre of UCIMU-SISTEMI PER PRODURRE, recorded a 16.8% decrease on the prior-year period, 61.5 (2005=100) in absolute terms. The result recorded was affected, albeit to a different extent, by the negative response encountered by Italian manufacturers both at home and abroad.

Specifically, the orders index for overseas activities was down 11.8% on the period July-September 2011 (100.8 in absolute terms), more therefore than the average recorded in 2005: evidence of the fact that the slowdown highlighted is nevertheless acceptable, since it is being compared with record levels.

New orders received by Italian manufacturers in the domestic market underwent a decline. Contracting by 42.6% on the same period of the previous year, the index in question fell in absolute terms to 17.4 (only in the third quarter of 2010 was a worse performance recorded). Apart from the final decrease recorded, the absolute value paints a picture of a falloff in domestic consumption, to which Italian businesses have been responding so far by boosting their activities abroad.

On the domestic front, comfort may however be drawn from consumer data from BI-MU, the biannual fair for machine tools held from 2 to 6 October 2012 in Milan: out of more than 58,000 visits recorded, it is fair to assume that at least 30,000 people (Italian for the most part) visited the fair.

Luigi Galdabini, Chairman of UCIMU-SISTEMI PER PRODURRE, said: "These figures, together with the initial impressions gleaned from those exhibiting, portray a situation that is, to say the least, a paradox. In Italy as well, despite the situation of uncertainty, there is the desire to invest in instrumental goods, and probably with more determination than was seen in the recent past. The problem is that the interest in demand is not subsequently managing to become a reality due to the lack of liquidity held by companies that, during the two-year period 2010-2012, due in part to the new regulations imposed by Basel III, saw their funding from banks cut considerably. If, as the case already clearly seems to be, the lack of financial resources is one of the main problems afflicting Italy's economic system," added Luigi Galdabini, "the tools that may enable businesses to access funding need to be stimulated and supported in all possible ways. Through this, in addition to "mini bonds", Italian machine tool manufacturers want to be able to count on leasing services that are actually adapted to meet their needs and deal with the complexity of the situation. The lifeline guaranteed by these types of support must, however, be accompanied by a structured economic policy that is geared to stimulate a pick-up in consumer confidence at all levels of the production chain. In this sense", concluded Luigi Galdabini, "the restoration of structural and infrastructural action plans by private and public concerns, constitutes the first step towards getting the domestic economy up on its feet again, while sustaining the recovery of investments in instrumental goods".

* * *

According to ACIMALL, the Association for Italian manufacturers of machine tools and woodworking accessories, the machines and technologies used for the processing of wood and its derivatives are still facing a delicate situation: in the last four quarters, confidence shown in foreign markets fluctuated while the conditions in Italy remained extremely tough, with a "structural" stagnation jeopardising those businesses operating predominantly in the domestic market.

The usual survey carried out by ACIMALL's research department shows, for the period July-September 2012, a 3.7 per cent fall in orders compared with the same period of 2011. Foreign orders increased by 3.1 per cent, while the Italian market experienced a 25.2 per cent.

If they stood at 100 in an index in January 2002, then orders now stand at 73.

The guaranteed production period is around two months, while since the start of 2012, prices are considered to have increased by around 1 per cent. Employment is considered unchanged from the 68 per cent seen in the sample: down 24 per cent.

Turning to short-term forecasts, there is a clear lack of confidence in the domestic market (the recovery of said confidence having already been put back to next year), while modest optimism is instead being shown towards the foreign market. 32 per cent of those interviewed believe there will be a rise in orders outside of Italy, 52 per cent foresee stability, and 16 per cent predict a further fall (balance equal to +16). The domestic market will decline according to 56 per cent of the sample, remain stable according to 32 per cent, and grow according to just 12 per cent (balance equal to -44).

* * *

According to data from the VDMA (Verband Deutscher Maschinen- und Anlagenbau - German Engineering Federation), at the end of August, the demand for German plant and machinery fell by 11% y/y: the domestic market proved to be weak still, while foreign orders were unable to repeat the comeback witnessed at the end of July. Domestic orders fell by 18% for the second month in a row, while foreign orders fell by 6% after jumping back up 8% in July.

The sharp contraction recorded in August caused the figure for the quarter June-August to decrease as well: domestic orders fell by 12%, while foreign orders remained flat.

According to a statement issued by the VDMA's Chief Economist Ralph Wiechers, the falloff in demand was experienced by both Eurozone countries (-9%) and others (-5%).

* * *

According to a statement issued by Joachim Schmid, General Manager of the VDMA, during the Glasstec trade fair, 2012 revenues for the glass-manufacture plant and machinery sector should amount to around € 850 million, a slight improvement on the level seen the previous year. This industry-specific trade fair is expected to give orders a significant boost in 2013, specifically as far as machines for plate glass and special machinery are concerned.

Said sector generates around two-thirds of its revenues abroad. As was the case in previous years, EU countries make up the reference market. Nevertheless, Eastern Asia is becoming increasingly important. According to a survey conducted by the VDMA, Eastern Asia will be at the same level as Europe as early as next year, thus becoming one of the sector's most important markets.

Demand in Russia and Latin America is on the rise, with businesses foreseeing sound growth opportunities over the medium term in both the Far and Middle East.

FINANCIAL STATEMENTS

Income Statement for the quarter ended 30 September 2012

	3Q	% on sales	3Q	% on sales	change %
	2012		2011		
<i>Euro 000's</i>					
Net revenue	79,993	100.0%	93,714	100.0%	(14.6)%
Change in inventories, wip, semi-finished and finished goods	3,147	3.9%	(3,748)	(4.0)%	-
Other revenue	1,085	1.4%	(47)	(0.1)%	-
Value of Production	84,225	105.3%	89,919	96.0%	(6.3)%
Consumption of raw materials, consumables, supplies and	(34,328)	(42.9)%	(38,510)	(41.1)%	(10.9)%
Other operating expense	(20,061)	(25.1)%	(18,942)	(20.2)%	5.9%
Added Value	29,835	37.3%	32,466	34.6%	(8.1)%
Personnel expense	(26,997)	(33.7)%	(28,094)	(30.0)%	(3.9)%
Gross Operating profit	2,837	3.5%	4,372	4.7%	(35.1)%
Depreciation and amortisation	(3,365)	(4.2)%	(3,175)	(3.4)%	6.0%
Provisions	(798)	(1.0)%	(648)	(0.7)%	23.1%
Normalised Operating profit	(1,325)	(1.7)%	549	0.6%	-
Impairment losses and non recurring items	(1,955)	(2.4)%	-	-	NA
Operating profit	(3,280)	(4.1)%	549	0.6%	-
Finance income/expense	(832)	(1.0)%	(889)	(0.9)%	(6.4)%
Exchange rate losses	(323)	(0.4)%	(200)	(0.2)%	61.5%
Pre-tax profit(loss)	(4,436)	(5.5)%	(540)	(0.6)%	-
Income taxes	(901)	(1.1)%	(680)	(0.7)%	32.5%
Loss for the year	(5,337)	(6.7)%	(1,220)	(1.3)%	-

Income Statement at 30 September 2012

	30 September	% on sales	30 September	% on sales	change %
	2012		2011		
<i>Euro 000's</i>					
Net revenue	272,078	100.0%	275,279	100.0%	(1.2)%
Change in inventories, wip, semi-finished and finished goods	11,742	4.3%	12,061	4.4%	(2.6)%
Other revenue	1,831	0.7%	1,371	0.5%	33.6%
Value of Production	285,651	105.0%	288,711	104.9%	(1.1)%
Consumption of raw materials, consumables, supplies and	(122,832)	(45.1)%	(130,373)	(47.4)%	(5.8)%
Other operating expense	(61,963)	(22.8)%	(58,435)	(21.2)%	6.0%
Added Value	100,856	37.1%	99,904	36.3%	1.0%
Personnel expense	(88,858)	(32.6)%	(88,291)	(32.1)%	0.4%
Gross Operating profit	12,218	4.5%	11,613	4.2%	5.2%
Depreciation and amortisation	(10,304)	(3.8)%	(9,375)	(3.4)%	9.9%
Provisions	(1,882)	(0.7)%	(1,483)	(0.5)%	26.9%
Normalised Operating profit	32	-	755	0.3%	(95.8)%
Impairment losses and non recurring items	(2,421)	(0.9)%	-	-	NA
Operating profit	(2,389)	(0.9)%	755	0.3%	-
Finance income/expense	(2,537)	(0.9)%	(1,975)	(0.7)%	28.5%
Exchange rate losses	(997)	(0.4)%	(1,508)	(0.5)%	(33.9)%
Pre-tax profit(loss)	(5,924)	(2.2)%	(2,728)	(1.0)%	0.0%
Income taxes	(2,717)	(1.0)%	(2,709)	(1.0)%	0.3%
Loss for the year	(8,641)	(3.2)%	(5,437)	(2.0)%	58.9%

DIRECTORS' REPORT ON OPERATIONS

Group order intake for the first nine months of 2012 slumped by 10% compared to the prior-year period and grew by 8% on the first half of the year. Compared to the first nine months of 2010, it was up by 6%.

At the end of the first nine months of 2012, Group revenues amounted to € 272,078 thousand, -1.2% compared to the prior-year period. Gross operating profit (EBITDA) grew by € 605 thousand, up 5.2% year-on-year. On the other hand, during same nine months, the operating margin (EBIT) decreased by € 3,144 thousand, due to non-recurring events mainly associated with the change in management and organisation that took place during July and August following the resignation of Managing Director Giorgio Pitzurra, as well as to impairments carried out in respect of assets no longer considered strategic. In order to make the impact that these effects had (equal to € 2,421 thousand) during the period clearer to understand, they have been taken out and reported on a separate line of the income statement.

As for the financial position, net operating working capital rose by around € 3.5 million (referring mainly to the € 11.3 million increase in inventories, as well as the € 7.7 million drop in trade payables, while trade receivables fell by € 15.5 million) compared to December 2011.

Group net financial indebtedness at 30 September 2012 amounted to approximately € 72 million, up by € 5.2 million and € 21.6 million compared to the figures at 30 June 2012 and at 31 December 2011, respectively.

Compared to 31 December 2011, cash absorption includes extraordinary items for a total amount of € 7 million, of which € 4.8 million deriving from the recent Chinese acquisition, approximately € 1 million in voluntary termination benefits, € 0.9 million relating to the purchase of the new premises for the sales office of Biesse Triveneto, and € 0.3 million relating to the purchase of the shares of Nuova Faos International (India) Manufacturing.

MAIN EVENTS OF THE PERIOD

July 2012

As from 2 July 2012, the sales and post-sales premises serving North-Western Italy (Biesse Brianza) moved to the nearby location of Alzate Brianza, which is already home to Bre.Ma. Brenna Macchine S.r.l. The unification of the two sites has allowed to obtain operating synergies and will ensure a more integrated service for local customers.

On 20 July 2012, the Managing Director Giorgio Pitzurra resigned from his post following the request of the majority shareholder due to differing views over the Group organisation. In the following two weeks, in line with the new organisational vision, the Group structure underwent an initial restructuring process, focussing on business units dedicated to specific product lines; this led to the elimination of a series of positions (which led to the recognition of extraordinary expenses in the third quarter of 2012) and the allocation of new responsibilities within the Group.

August 2012

On 3 August 2012, the Board of Directors met to approve the consolidated half-year report for the period to 30 June 2012. During this meeting, the powers and authorities of the Director leaving office, Giorgio Pitzurra, were assigned by the Board of Directors to Giancarlo Selci (invested with the Italian title of *Cavaliere del Lavoro*). The co-optation of an eighth member was deferred until a future Board meeting.

The Board of Directors appointed Stefano Porcellini – already an executive member of the Board of Directors – as the new Group General Manager, while entrusting the management of the Wood Division to Cesare Tinti and the management of the Glass & Marble Division to Rodolfo Scatigna.

September 2012

The tenth edition of BiesseInside took place on 27-29 September 2012. During this event, Biesse opened its doors to present a number of innovative solutions, and encountered considerable approval and interest from its own clients: Rover B Gantry, the new mobile portal-based work centre for the processing of panel and solid wood, and Uniline, a compact multi-centre, reflect how the company intends to develop and position itself in the door- and window-frame market both in Italy and the rest of Europe, completing its range with highly flexible and productive manufacturing solutions devised to meet the requirements of small craftsmen as much as major industrial concerns.

BiesseInside went beyond expectations, enjoying a positive response in terms of turnout and the great interest shown in the technological solutions presented.

The final day of the event was dedicated to the Group's employees, with activities aimed at employees' families and more than a thousand people taking part in them. The event was also twinned with the charity initiative "Tanzania in Lambretta", a fundraising venture for the building of a high school in Tanzania.

October 2012

As planned, Biesse attended the STAR Conference, which was organised by the Italian Stock Exchange and took place in London on 3 October 2012.

In October, the Intermac Division participated in the Intermac Glasstec in Dusseldorf (main world event for manufacturers of machinery for the glass) and found a strong interest in the new table, in particular for the new vertical cutting machine Vertmax.

Revenue in the first nine months of 2012 totalled € 272,078 thousand, down 1.2% compared to the same period last year. As regards the third quarter, revenue amounted to € 79,993 thousand (-14.6% compared to the same period last year).

As for the geographical breakdown of sales – for a detailed analysis refer to the tables below in segment reporting (pp. 23-24) – in the first nine months of 2012 North America grew remarkably (+20.0%). Western Europe continues to be the Group's core market, although its share of sales fell slightly (40.9% of total sales, whereas at the end of September 2011 it accounted for 44.6%, down 9.2%).

As for the analysis of sales by segment, the Tooling Division reported the best performance (+4.7%), followed by the Mechatronics Division (+1.0%). The Wood Division was stable (slight 0.3% decrease), while the Glass & Marble Division fell back (-10.5%). The fall in the Components Division (-43.6%) was due to a different operating strategy which saw the outsourcing of some activities (electrical switchboards) that were previously carried out by the Division; this strategy also caused a reduction in intragroup eliminations.

It should be stressed that the values for revenues by division at 30 September 2011 were restated according to the new reporting structure. As a matter of fact, during the last year the reorganisation process of the operating segments was completed with the break-up of the Service segment and the transfer of its functions to the Wood and Glass & Marble segments.

In line with the prior-year period, the finished and semi-finished product inventories increased compared to the end of 2011 by € 11,742 thousand (€ 12,061 thousand at 30 September 2011). This trend was in keeping with the seasonality of sales, which are historically concentrated around the final quarter of the year, meaning that sales subsidiaries (particularly those overseas) are forced to replenish their stocks.

Inventory trends caused the value of production for the first nine months of 2012 to fall to €285,651 thousand, slightly down by 1.1% compared to the prior-year period, when it amounted to € 288,711 thousand.

This trend is also confirmed quarter-on-quarter, with stock production amounting to € 3,147 thousand (bucking the trend in the third quarter of 2011, when finished and semi-finished product inventories fell by € 3,748 thousand), while the value of production decreased by 6.3%, from € 89,919 thousand to € 84,225 thousand. The increase in the value of semi-finished stock is substantially determined by the progressive shift in the product mix towards complete lines/systems engineering are characterized by a longer production lead time.

The incidence of consumables and other operating expenses, calculated on production value rather than on revenues, saw raw materials make up a smaller percentage, which was due to a the different sales mix employed and an increase in the percentage represented by the service costs (up from 17.3% to 18.7%). The cost of the use of third parties assets and sundry operating charges both remained stable as a percentage of production value.

	September		September	
	2012	%	2011	%
<i>Euro 000's</i>				
Revenue	285,651	100.0%	288,711	100.0%
Consumption of raw materials and goods	122,832	43.0%	130,373	45.2%
Other operating expenses	61,963	21.7%	58,435	20.2%
<i>Services</i>	<i>53,277</i>	<i>18.7%</i>	<i>50,034</i>	<i>17.3%</i>
<i>Use of third party assets</i>	<i>5,698</i>	<i>2.0%</i>	<i>5,452</i>	<i>1.9%</i>
<i>Other operating expense</i>	<i>2,989</i>	<i>1.0%</i>	<i>2,948</i>	<i>1.00%</i>
Added Value	100,856	35.3%	99,904	34.6%

Other operating expenses grew by 6%, from € 58,435 thousand to € 61,963 thousand. This increase largely related to Services (which grew by 6.5%, from € 50,034 thousand to € 53,277 thousand), mainly due to variable costs (outsourced processing, third-party technical services, transport, sales commissions, travel and lodging expenses). Costs related to trade shows and advertising, as well as to maintenance, were stable, while consultancy fees decreased.

In the first nine months of 2012, added value totalled € 100,856 thousand, increasing by 1.0% compared to the same period last year (€ 99,904 thousand) and growing from 36.3% to 37.1% as a percentage of sales. Consistently with the previous quarters, this change, as previously noted, was due to the different trend of the final market, where demand grew for large plants, highly customised to meet customers' needs (and obviously reducing the possibility of exploiting economies of scale), whereas stand-alone machines' share of sales decreased. This different sales mix led to an increase in production time and in direct and indirect design and installation costs. This factor was joined by raw material price inflation.

Personnel expense in the first nine months of 2012 amounted to € 88,638 thousand, up by 0.4% compared to the prior year period (€ 88,291 thousand). On a quarterly basis, in 2012 the expense amounted to € 26,997 thousand, compared to a 2011 cost of € 28,094 thousand, a decrease of 3.9%. The increase for the nine months is the net result of the following factors: increase of wages and salaries amounted to € 2.3 million as a result of the change of perimeter due to the introduction of new legal entities in China and India, and the lowest estimate of appropriations for bonuses and performance bonuses curtailed their nominal value as a reflection of the delay figure at 30 September 2012 compared to budget targets, with particular reference to target cash-flow and operating margin.

Capitalisation of wages and salaries of employees deployed in development activities increased slightly from 2011 (€ 4,722 thousand in the first nine months of 2012 compared to € 4,613 thousand in the prior year).

At 30 September 2012 EBITDA was positive by € 12,218 thousand, while at 30 September 2011 it was positive by € 11,613 thousand. EBITDA in the third quarter of 2012 was positive by € 2,837 thousand, while the same period of last year saw positive EBITDA of € 4,372 thousand. The sharp fall in the interim figure reported was attributable mainly to the decline in sales and mix volumes, which was not adequately balanced out with costs: this led to a decrease in the overall margin expressed as a percentage.

Depreciation and amortisation grew overall by 9.9% (from € 9,375 thousand of 2011 to € 10,304 thousand for this year: depreciation totalled € 4,940 thousand (up by 10.7%), while amortisation amounted to € 5,364 thousand (up by 9.2%). Depreciation was affected by the change in the scope of consolidation: the acquisitions made in 2011 and 2012 in China and India led to greater investments in manufacturing facilities.

The trend relating to intangible assets is connected with the different trend, in the two years analysed, of the market launch of products – to which capitalised development activities refer – (i.e. the event triggering the start of amortisation of related costs) and the effect of further capitalization in licences and software for the implementation of the new ERP.

Provisions amounted to € 1,882 thousand, up 26.9% compared to the prior-year period. The increase was due to higher provisions for bad debts and for legal disputes with customers.

Impairment losses and non-recurring items included € 235 thousand attributable to the impairment of the goodwill arising from the acquisition of Nuova Faos International (India) Manufacturing, which was completed in June 2012. Furthermore, there were € 387 thousand relating to R&D capitalisation of projects that are no longer considered strategic. Finally, non-recurring items, amounting to € 1,799 thousand, refer to voluntary termination benefits. Such non-recurring events occurred mainly in the third quarter, therefore Ebit for the period was negative to the tune of € 3,280 thousand and € 2,389 in the year to date (at the end of 2011 it was + € 549 thousand and + € 755 thousand, respectively).

As regards financial operations, finance expense amounted to € 2,537 thousand, increasing by +28.5% compared to 2011 (€ 1,975 thousand), in line with the debt position's trend and its increased cost. Exchange rate risk management in the first nine months of 2012 resulted in a loss of € 997 thousand, mainly relating to costs stemming from valuation of items in Australian dollars and Indian rupees, negatively affected by the respective currency trends, emphasizes, however, as the data is an improvement compared to the same perimeter of the previous year due to the improved exchange rates

Pre-tax loss amounted to € 5,924 thousand.

The estimated balance of tax items was negative by a total of € 2,717 thousand. The component relating to current taxes was negative at € 3,037 thousand (IRAP – regional business tax: € 2,034 thousand; IRES – corporate income tax: € 382 thousand; taxes from foreign jurisdictions: € 621 thousand). The component relating to deferred taxes was positive at € 320 thousand, of which € 286 thousand was recorded by the Group's Italian companies.

There was an estimated net loss for the first nine months of 2012 of € 8,641 thousand.

Net financial position at 30 September 2012

	30 September	30 June	31 March	31 December	30 September
	2012	2012	2011	2011	2011
<i>Euro 000's</i>					
Financial assets	21,350	19,659	22,035	23,254	26,580
<i>Current financial assets</i>	714	712	700	650	2,794
<i>Cash and cash equivalents</i>	20,636	18,946	21,335	22,604	23,786
ST finance lease liabilities	(266)	(261)	(444)	(464)	(1,438)
Bank and other ST financial debt	(87,356)	(78,715)	(68,969)	(45,400)	(49,510)
Short Term Net Financial Indebtedness	(66,272)	(59,317)	(47,378)	(22,610)	(24,368)
M/L term finance lease liabilities	(2,314)	(2,381)	(2,447)	(2,519)	(2,565)
M/L term bank debt	(3,380)	(5,082)	(12,040)	(25,245)	(21,852)
M/L Term Net Financial Indebtedness	(5,694)	(7,463)	(14,487)	(27,765)	(24,417)
Total Net Financial Indebtedness	(71,966)	(66,780)	(61,866)	(50,375)	(48,785)

At the end of September 2012, Group net indebtedness was approximately € 72 million (gearing = 0.64), deteriorating compared with the previous quarters. Indeed, Group net indebtedness grew by € 23 million compared to 30 September 2011 and € 21.5 million compared to 31 December 2011.

In particular, compared to 31 December 2011, the decrease was influenced by various factors, namely the trend in working capital, which was affected by the growth in volumes and the different sales mix, the investments in manufacturing companies in China and India, and the investments related to the launch of new products.

Compared to 31 December 2011, the following should be noted: the settlements in January 2012 and September 2012 of the third and fourth payments on account relating to the acquisition of the Centre Gain Group, totalling HKD 49,200 thousand (approximately € 4.8 million); € 1 million in voluntary termination benefits paid following the company's restructuring; the € 0.9 million outlay to purchase the new sales premises of Biesse Triveneto; and the € 0.3 million payment to purchase the shares of Nuova Faos International (India) Manufacturing.

In order to optimise the management of the Group cash flows, in September a daily cash pooling system named "target balance" was implemented for some European subsidiaries (United Kingdom and France). It will gradually be rolled out to the other subsidiaries.

Summary Statement of Financial Position

Euro 000's	September 2012	December 2011	September 2011
Intangible assets	50,191	48,027	46,361
Property, plant and equipment	62,924	63,652	54,368
Financial assets	1,154	1,140	738
Non current assets	114,269	112,819	101,467
Inventories	99,754	88,459	94,842
Trade receivables	96,642	112,207	93,506
Trade payables	(105,389)	(113,124)	(105,656)
Net Operating Working Capital	91,006	87,542	82,692
Post-employment benefits	(10,098)	(10,544)	(10,602)
Provision for risk and charges	(9,872)	(9,438)	(8,016)
Other net receivables/payables	(16,273)	(24,778)	(15,659)
Net deferred tax assets/liabilities	15,478	15,437	16,009
Other net assets/liabilities	(20,765)	(29,323)	(18,269)
Net Invested Capital	184,511	171,038	165,890
Share capital	27,393	27,393	27,393
Profit/loss for the previous period and other reserves	93,081	95,028	94,119
Loss for the period	(8,334)	(2,438)	(4,926)
Non controlling interests	404	680	520
Equity	112,545	120,663	117,105
Due to bank and other financial institutions	93,316	73,629	75,365
Other financial assets	(714)	(650)	(2,794)
Cash and cash equivalents	(20,636)	(22,604)	(23,786)
Net financial indebtedness	71,966	50,375	48,785
Total sources of funding	184,511	171,038	165,890

Compared to December 2011, net property, plant and equipment decreased by € 728 thousand, as depreciation for the period (€ 4,940) exceeded investments. Conversely, net intangible assets increased by € 2,164 thousand, mainly for the following effects: € 1,889 thousand for capitalization of the new ERP system, € 580 thousand due to the change in goodwill (this item provisionally includes -as provided for by IFRS 3- the difference between the price paid and the equity of the subsidiary Nuova Faos International Manufacturing), the residue is the net effect of capitalization and depreciation of R&D period.

Inventories grew by € 11,295 thousand compared to 31 December 2011, largely due to the increase in semi-finished products (up € 4,554 thousand) arising from the different production mix of orders with longer lead-times, as well as rising finished product inventories (up € 7,594 thousand). It should be noted that, due to the seasonality of this

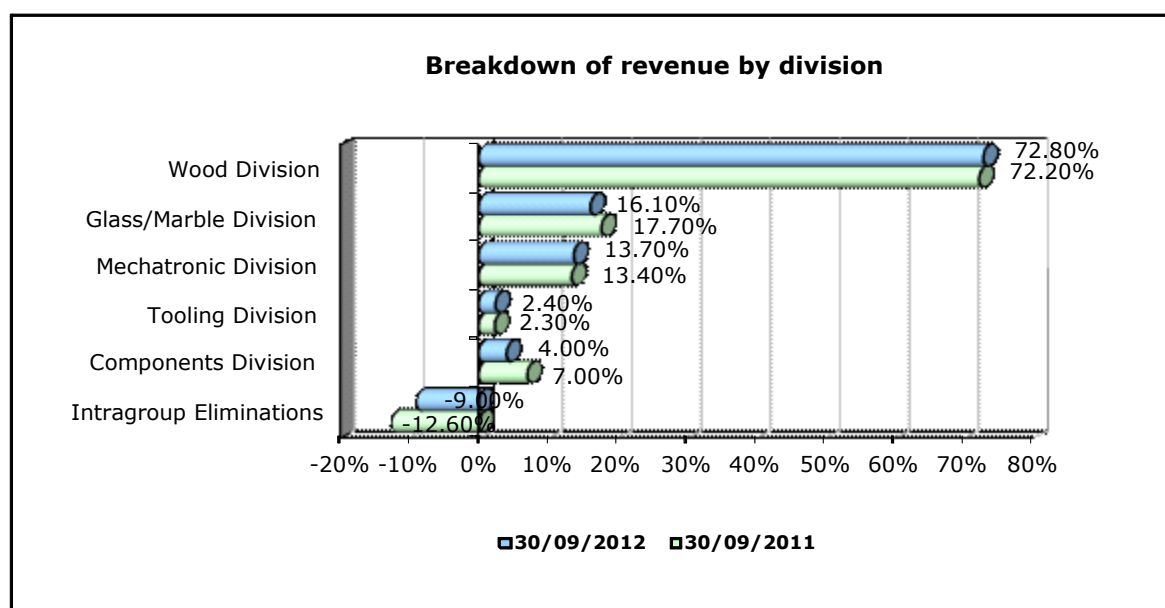
business, finished product inventories usually grow at the end of the third quarter and then fall in the last quarter.

Spare part inventories grew by € 1,482 thousand, whereas inventories of raw materials fell by € 2,335 thousand.

Conversely, the remaining items (trade receivables and payables) contributed to the overall improvement in Net Operating Working Capital compared to December 2011. Indeed, trade receivables fell by € 15,565, offsetting the decrease in trade payables (down € 7,735 thousand) on the end of 2011. The net deterioration, amounting to € 3,464 thousand, was largely due to the mentioned increase in inventories. Lastly, it should be noted that the overall change in Net Operating Working Capital was positively affected by exchange differences to the tune of € 463 thousand.

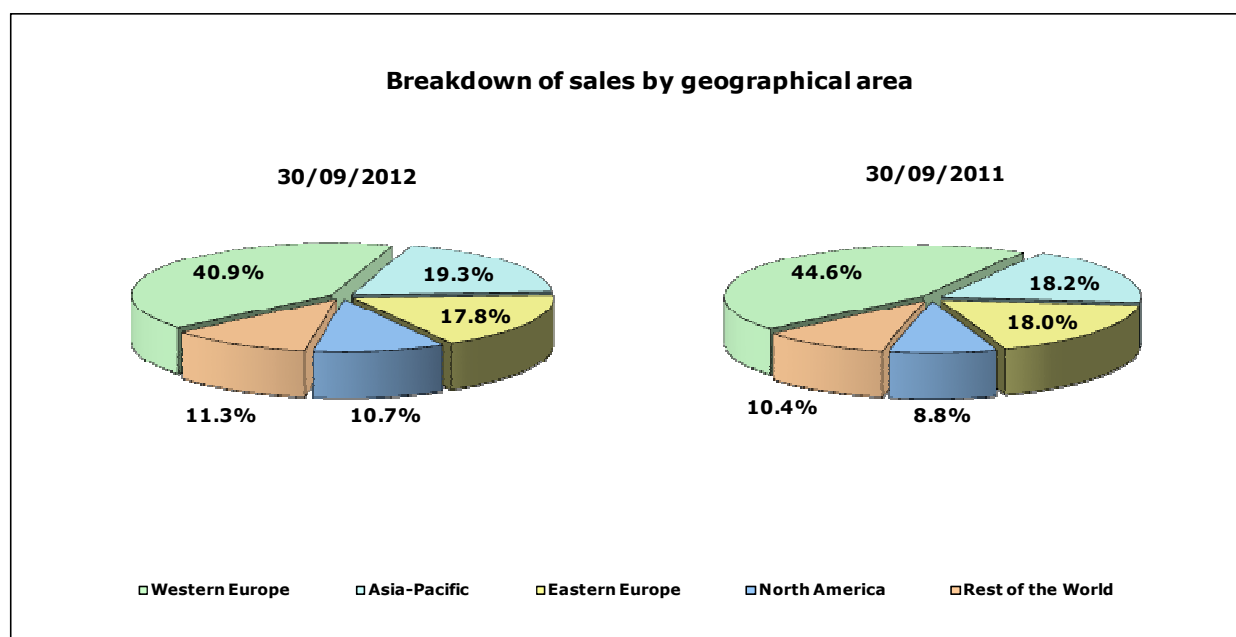
Segment reporting - Breakdown by division

Euro 000's	30 September 2012		30 September 2011		CHANGE %
		%		%	
Wood Division	198,235	72.8%	198,751	72.2%	(0.3)%
Glass/Marble Division	43,706	16.1%	48,815	17.7%	(10.5)%
Mechatronics Division	37,237	13.7%	36,876	13.4%	1.0%
Tooling Division	6,654	2.4%	6,354	2.3%	4.7%
Components Division	10,867	4.0%	19,278	7.0%	(43.6)%
Intragroup eliminations	(24,622)	(9.0)%	(34,795)	(12.6)%	(29.2)%
Total	272,078	100.0%	275,279	100.0%	(1.2)%



Segment reporting - Breakdown by geographical area

Breakdown of sales by geographical area € '000	September 2012		September 2011		Change %
		%		%	
Western Europe	111,410	40.9%	122,696	44.6%	(9.2)%
Asia-Pacific	52,456	19.3%	50,161	18.2%	4.6%
Eastern Europe	48,300	17.8%	49,609	18.0%	(2.6)%
North America	29,077	10.7%	24,222	8.8%	20.0%
Rest of the World	30,835	11.3%	28,591	10.4%	7.8%
Total	272,078	100.0%	275,279	100.0%	(1.2)%



Pesaro, 14 November 2012

The Chairman of the Board of Directors
Roberto Selci

ANNEX

	September 2012	% on sales	September 2011	% on sales	CHANGE %
<i>Euro 000's</i>					
Revenues from sales and services	272,078	100.0%	275,279	100.0%	(1.2)%
Other revenues	1,831	0.7%	1,371	0.5%	33.6%
Net Revenues	273,909	100.7%	276,650	100.5%	(1.0)%
COGS	(139,222)	(51.2)%	(143,944)	(52.3)%	(3.3)%
Gross Profit	134,687	49.5%	132,707	48.2%	1.5%
Overhead	(33,830)	(12.4)%	(32,803)	(11.9)%	3.1%
Value Added	100,856	37.1%	99,904	36.3%	1.0%
Staff costs	(88,638)	(32.6)%	(88,291)	(32.1)%	0.4%
Gross Operating Income (EBITDA)	12,218	4.5%	11,613	4.2%	5.2%
Depreciation and amortisation	(10,304)	(3.8)%	(9,375)	(3.4)%	9.9%
Provisions	(1,882)	(0.7)%	(1,483)	(0.5)%	26.9%
Normalised Operating profit	32	-	755	0.3%	(95.8)%
Normalised Ebit (Normalised net operating profit)	(2,421)	(0.9)%	-	-	NA
Net Operating Income (EBIT)	(2,389)	(0.9)%	755	0.3%	-
Financial revenues and expenses	(2,537)	(0.9)%	(1,975)	(0.7)%	28.5%
Exchange rate gains (losses)	(997)	(0.4)%	(1,508)	(0.5)%	(33.9)%
Profit (Loss) before tax	(5,924)	(2.2)%	(2,728)	(1.0)%	117.2%
Taxes	(2,717)	(1.0)%	(2,709)	(1.0)%	0.3%
Profit (Loss) of the period	(8,641)	(3.2)%	(5,437)	(2.0)%	58.9%

Certification pursuant to Article 154-bis, paragraph 2 of the Consolidated Law on Finance

The Corporate Financial Reporting Manager declares that, pursuant to Article 154-bis, paragraph 2 of the Consolidated Law on Finance, the accounting information contained herein corresponds to the results contained in the documentary evidence and accounting books and records.

The Corporate Financial
Reporting Manager
Cristian Berardi