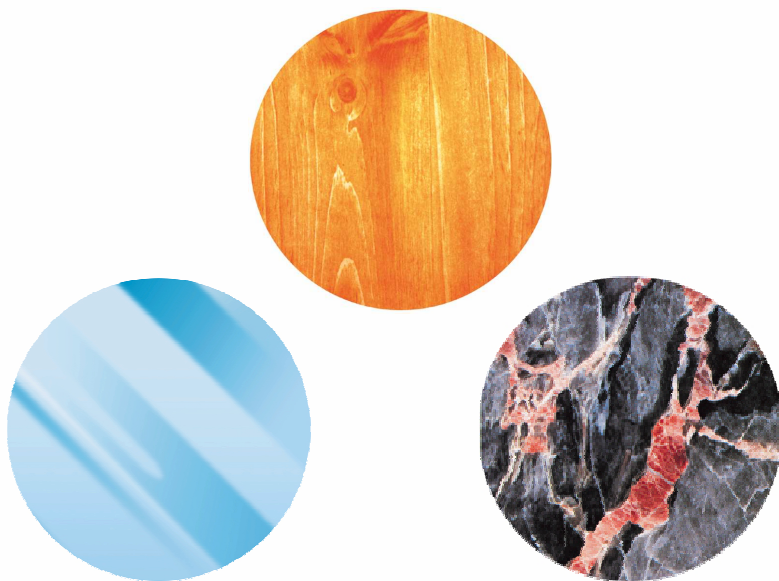




QUARTERLY REPORT
DECEMBER 31ST, 2006





BIESSE S.p.A.

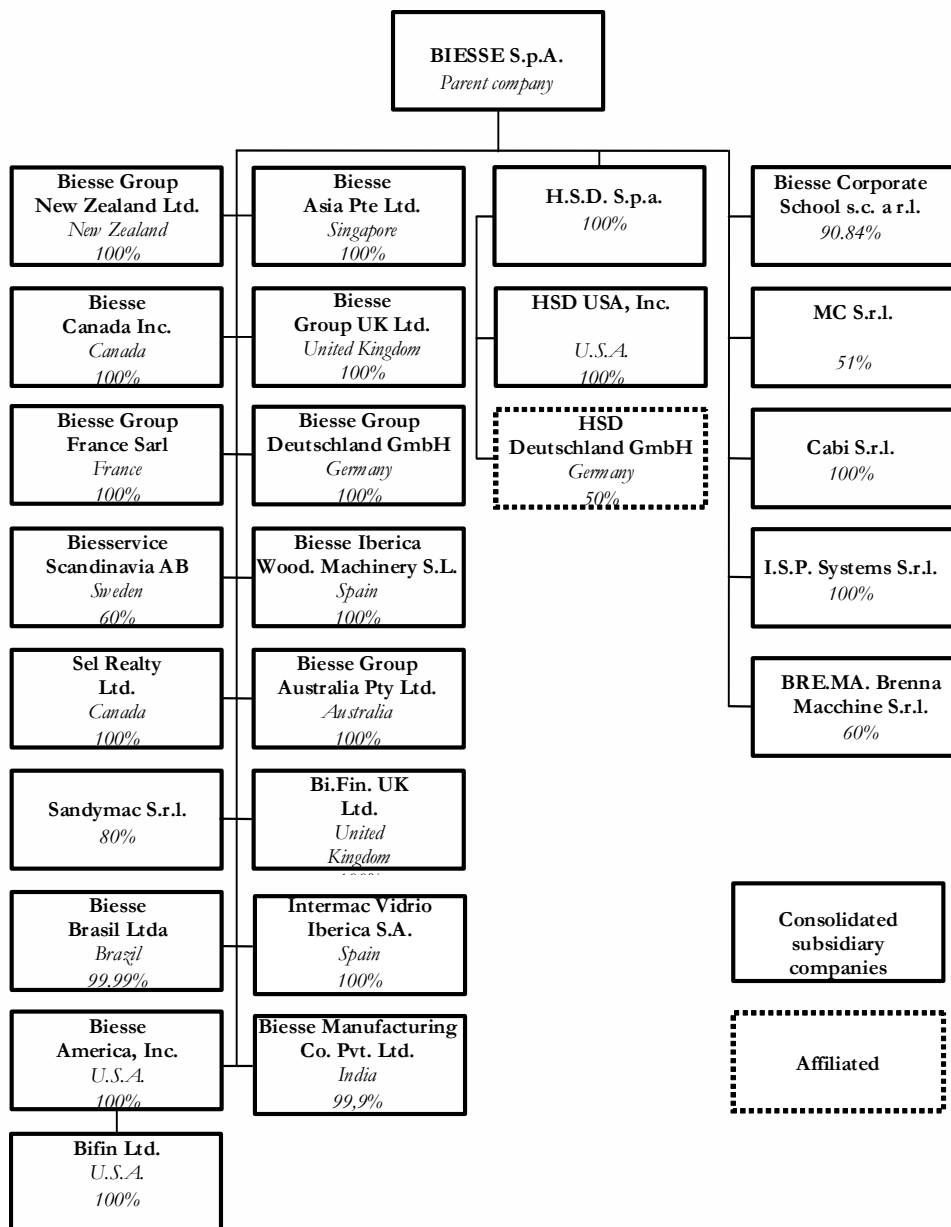
QUARTERLY REPORT AT DECEMBER 31ST, 2006

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 December 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 December 31, 2006 has not been prepared according to the accounting standards concerning disclosure in interim reports (IAS 34 “Interim financial reporting”).

Accounting principles and valuation criteria comply with those of the interim financial statement at December 31, 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 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 September 30 2006, the consolidation area has not changed.

The investment in the affiliated company Hsd Deutschland GmbH is 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
Stefano Porcellini	Director
Leone Sibani	Director *
Giampaolo Garattoni	Director *
Salvatore Giordano	Director *

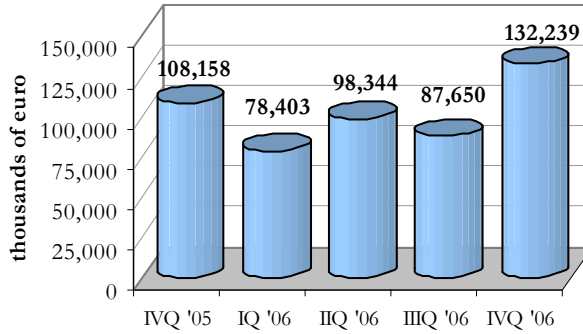
** Independent Director, as required under the Code of Conduct.*

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

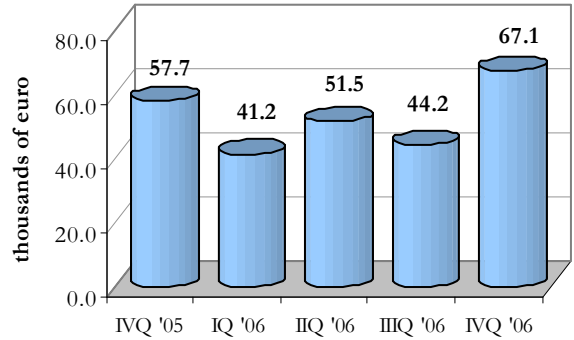
Giovanni Ciurlo	Chairman
Adriano Franzoni	Statutory Auditor
Claudio Sanchioni	Statutory Auditor

HIGHLIGHTS

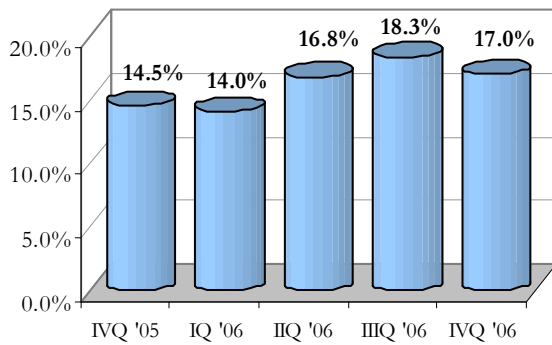
Revenues from sales and services



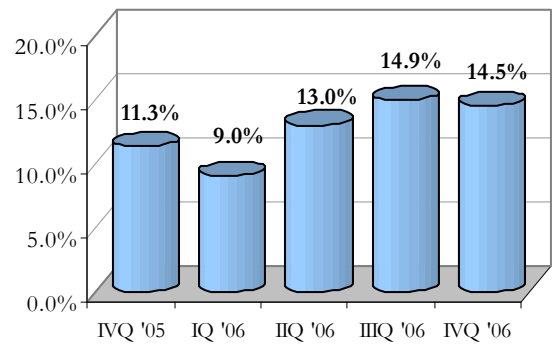
Sales for employee



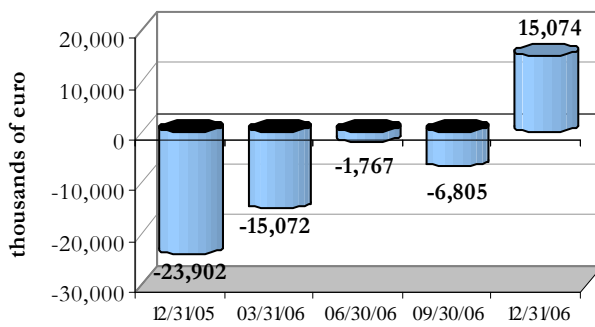
Ebitda margin



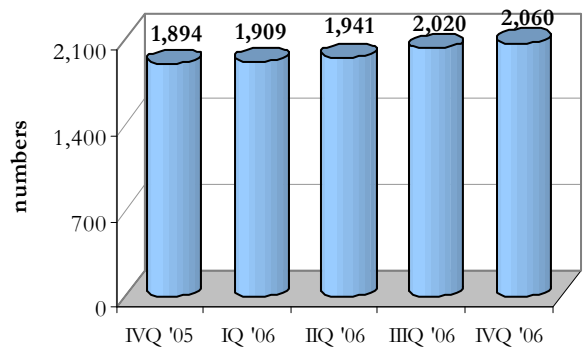
Ebit margin



Net financial position



Staff at the end of the period





GENERAL ECONOMIC CONTEXT

In this quarter, the world economy has continued a relatively generalised recovery in the various areas of the world. Even the most developed countries, in particular the Middle and Northern Europe, have recorded growth by 2% of the Gross Domestic Product, this can be realistically projected also in 2007, while the investments in capital equipment have recorded stronger growth rates in comparison to the same period of the proceeding year.

In this quarter, the prices of oil and raw materials are stabilizing after the highs of June. The other item that determines an important stability of the demand is the Euro/USD exchange rate that is still under the 1.30 area.

REFERENCE MARKET

According to the most recent figures issued by Acimall, the association of the woodworking machinery market, in the last quarter 2006 the orders have increased by 6.6% in comparison to the equivalent period of 2005. The result, although positive, represent a deceleration of the expansive dynamic, that characterised the last six quarters.

The contribution of the foreign orders, increased by 10.9%, has been very relevant, as stated from the typical sample of companies of the entire sector. The trend of the national market has been different, with a decrease of 8.8% in comparison with the same quarter 2005.

With reference to the prices, the companies of the sample communicated an increase of 2.5%. The back-log is in slight decrease: the production is planned for 3.1 months, while in the third quarter 2006 it was 3.4 months.

Other “qualitative” indications complete the Acimall analysis: the production is considered flat from 65% of the sample and increasing from 35%. Stocks are considered flat from 69% of the sample, decreasing from 21% and increasing from 10%. Employment is considered flat from 90% of the sample, increasing from 10%.

According to the interviews, the forecasts for next year give further optimistic signs. This is the opinion of the 35% of the sample, that consider the situation in further improvement. There will be non change for the 62% of sample, while only 3% is looking bad (positive balance +32). According to the national enterprises, the perspectives for the future months are similar to the actual for 65% of the sample, increasing for 28% and decreasing for 8% (positive balance +21).

ACCOUNTING STATEMENTS

Fourth quarter 2006 Income Statement

(thousand of Euro)	IV Q 2006	%	IV Q 2005	%	Δ %
Revenues from sales and services	132,239	100.0%	108,158	100.0%	22.3%
Change in work in progress and semi finished goods	(9,290)	(7.0%)	(9,052)	(8.4%)	2.6%
Other revenues and income	1,716	1.3%	1,633	1.5%	5.1%
Value of production	124,665	94.3%	100,739	93.1%	23.8%
Raw materials	(51,915)	(39.3%)	(42,573)	(39.4%)	21.9%
Other operating expenses	(25,779)	(19.5%)	(21,403)	(19.7%)	20.4%
Added value	46,971	35.5%	36,763	34.0%	27.8%
Personnel expenses	(24,515)	(18.5%)	(21,094)	(19.5%)	16.2%
Gross operating margin	22,456	17.0%	15,669	14.5%	43.3%
Amortizations expense	(2,889)	(2.2%)	(2,995)	(2.8%)	(3.5%)
Accruals to provisions	(519)	(0.4%)	(451)	(0.4%)	15.1%
Non recurrent revenues and expenses	102	0.1%	---	---	---
Operating result	19,150	14.5%	12,223	11.3%	56.7%
Financial income and expense	(477)	(0.4%)	(762)	(0.7%)	(37.4%)
Revenues and expenses on currency exchanges	596	0.5%	(489)	(0.5%)	---
Share of profit/loss of affiliated companies	56	0.0%	(158)	(0.1%)	---
Income before tax	19,325	14.6%	10,814	10.0%	78.7%
Taxes for the period	(5,829)	(4.4%)	(3,215)	(3.0%)	81.3%
Result of the period	13,496	10.2%	7,599	7.0%	77.6%

Income Statement at December 31st, 2006

(thousand of Euro)	December 31 2006	%	December 31 2005	%	Δ %
Revenues from sales and services	396,636	100.0%	335,011	100.0%	18.4%
Change in work in progress and semi finished goods	7,874	2.0%	(1,837)	(0.5%)	---
Other revenues and income	5,096	1.3%	5,439	1.6%	(6.3%)
Value of production	409,606	103.3%	338,613	101.1%	21.0%
Raw materials	(173,023)	(43.6%)	(144,807)	(43.2%)	19.5%
Other operating expenses	(81,208)	(20.5%)	(70,005)	(20.9%)	16.0%
Added value	155,375	39.2%	123,801	37.0%	25.5%
Personnel expenses	(89,355)	(22.5%)	(82,365)	(24.6%)	8.5%
Gross operating margin	66,020	16.6%	41,436	12.4%	59.3%
Amortizations expense	(10,878)	(2.7%)	(10,890)	(3.3%)	(0.1%)
Accruals to provisions	(2,625)	(0.7%)	(2,764)	(0.8%)	(5.0%)
Impairment loss	(497)	(0.1%)	---	---	---
Non recurrent revenues and expenses	52,020	13.1%	27,782	8.3%	87.2%
Operating result	(1,692)	(0.4%)	(2,787)	(0.8%)	(39.3%)
Financial income and expense	1,104	0.3%	(714)	(0.2%)	---
Revenues and expenses on currency exchanges	(230)	(0.1%)	(279)	(0.1%)	(17.6%)
Share of profit/loss of affiliated companies	51,202	12.9%	24,002	7.2%	113.3%
Income before tax	(17,287)	(4.4%)	(7,949)	(2.4%)	117.5%
Taxes for the period	33,915	8.5%	16,053	4.8%	112.7%
Result of the period	396,636	100.0%	335,011	100.0%	18.4%

OPERATIONAL REPORT

The year 2006 recorded a strong upsurge of sales (+18.4%), as well as a strong growth of the profits derived by the effects of the deep action of rationalisation made in the last two years, combined with the "operational lever" effect (Ebit + 87.2%). Considering the good result of this quarter and the rich back-log, the forecasts for the first part of 2007 are positive.

Net sales of 2006 are equal to € 396,636 thousand, against the € 335,011 thousand of 2005, with a 18.4% growth on the preceding exercise (+ 22.3% quarter-to-quarter).

The company Bre.Ma. Brenna Macchine S.r.l., consolidated from 1st August 2006, contributed to this result with € 6,963 thousand of sales, representing an increase of 1.7%, related to the Wood Division.

The sales increase is generalized for all the divisions, with the Mechatronics Division showing a particularly positive performance of sales (+28.1%) after two years of stability. Regarding the geographical distribution of the sales, (details of which are given in the following segment information tables), in the year 2006 it is confirmed that the trend of the incoming orders has moved away from Eastern Europe and Asia and is now tending towards Europe and North America *in primis*; this has happened mainly due to the return of technology investments, and the replacement of the equipment in Central Europe and in Italy, after several years of inactivity. Also underlined is the good result of North America (+29.9%), mainly determined by the good performance of the three branches Biesse America, Biesse Canada and HSD USA.


The value of the production of 2006 is equal to € 409,606 thousand, against € 338,613 thousand of 2005, with a 21% growth on the previous result (+ 23.8% quarter-to-quarter). The Change in work in progress and semi finished goods is positive for € 7,874 thousand, while it was negative in 2005 for € 1,837 thousand; the growth of the stocks is necessary for covering the more greater demand and it is mainly composed by finished products already sold and under delivery/installation.

For a clearer analysis of the effect of the change in stock value, we report the percentage of the raw materials on the value of production.

(thousand of Euro)	December 31		December 31	
	2006	%	2005	%
Value of production	409,606	100.0%	338,613	100.0%
Raw materials	(173,023)	(42.2%)	(144,807)	(42.7%)
Services	(68,528)	(16.8%)	(59,787)	(17.7%)
Leases and rentals	(5,500)	(1.3%)	(5,298)	(1.5%)
Other operating expenses	(7,180)	(1.8%)	(4,920)	(1.5%)
Added value	155,375	37.9%	123,801	36.6%

Continuing the trend of the previous quarters the Added Value grows by a further 1.3%, by virtue of the improved productivity and efficiency and the never ending action of the purchasing department.

The personnel expenses are equal to € 89,335 thousand, against the € 82,365 of 2005, with a percentage on sales decreasing from 24.6% to 22.5%.



The gross operating margin is equal to € 66,020 thousand (16.6% on net sales), a datum in 59.3% growth in comparison to the previous result (€ 22,456 thousand in the fourth quarter 2006, 17% of the sales).

Amortizations and provisions are constant: this is due to the substantially constancy of the combined amount of amortizations on intangible and tangible assets (the first ones are increasing, the second are decreasing), while the provisions for doubtful accounts and for warranties are still determined on a prudent basis.

We also highlight not recurrent revenues and expenses for € 497 thousand, as the balance of the loss on the sale of the factory, placed in San Giovanni in Marignano (RN – Italy), the badwill deriving from the consolidation of ISP Systems S.r.l. (as already evidenced in the previous management reports) and the estimate of the contingent gain, made on a prudential basis, referred to the reimbursement of the VAT on cars costs (as per the sentence of the European Court).

The operating result, positive in 2005 for € 27,782 thousand, is increasing to € 52,020 thousand, with a percentage on sales that raises to 13.1% from the precedent 8.3%, recording a growth of more than 87%. On the subject, it has to be underlined that, according to IAS principles, the result of the company Bre.Ma. have been adjusted to reflect the fair value valuation of the opening stocks, determining the attribution of the operating result of the period to the computation of the goodwill.

With reference to the financial management, attention should be taken to the improvement of the debtors situation of the Group (detailed analysis of which is given in the successive notes). This situation has generated a reduction in bank charges and other financial institutions for about € 1,100 thousand, respect the previous year.

As far as currency exchange risk management is concerned, the income amount of € 1,104 thousand, is mainly due to the hedging operations in compliance with the Group's policy in terms of currency exchange risk management.

The pre-tax result is therefore positive for € 51,202 thousand (12.9 % on sales) grown of 113% in comparison to 2005.

The estimated taxes for the period are € 17,287 thousand, including € 4,712 thousand for IRAP, € 13,519 thousand for current income taxes, after deferred income taxes positive for € 944 thousand.

The result for the period is equal to € 33,916 thousand, +112.7% in respect of the 2005 result.

Net financial position at December 31st, 2006

(thousand of Euro)	December 31 2006	September 30 2006	June 30 2006	December 31 2005
Financial assets:	35,378	23,592	38,672	31,210
- <i>Liquid assets</i>	35,328	23,529	38,609	31,210
- <i>Short term financing credits due by parent company</i>	50	63	63	0
Short term financial debts	(2,336)	(6,027)	(3,079)	(3,266)
Short term bank debts	(9,109)	(14,444)	(17,685)	(20,550)
Short term net financial position	23,933	3,121	17,908	7,394
Medium/long term financial debts	(8,217)	(9,240)	(12,546)	(13,942)
Medium/long term bank debts	(642)	(686)	(7,129)	(17,354)
Medium/long term net financial position	(8,859)	(9,926)	(19,675)	(31,296)
Total financial position	15,074	(6,805)	(1,767)	(23,902)

The net financial position is positive by more than € 15 million, with a recovery of about € 39 million in 12 months, that is the crowning of the virtuous trend started in 2004; this after having paid dividend for € 9,861 thousand in May and December. The result is possible also for the missing payment of the advances on 2006 current income taxes.

As a consequence all the main ratios improve.

RATIO	December 31 2006	December 31 2005
Gearing	(0.11)	0.24
Equity on net fixed assets	1.56	1.28
Financial Leverage	1.54	1.85

Balance sheet figures

	December 31 2006	December 31 2005
Intangible assets	36,035	23,673
Tangible assets	49,984	59,572
Other non current assets	10,829	9,100
Non-current assets	96,848	92,345
Inventories	88,232	72,798
Trade receivables	115,021	97,960
Other receivables	9,794	7,464
Cash and cash equivalents	35,378	31,210
Current assets	249,249	209,432
TOTAL ASSETS	346,097	301,777
Shareholders' equity	135,692	105,293
Minority interest	357	343
Total equity	136,049	105,636
Bank loans	8,859	31,296
Retirement benefit obligation	15,885	15,090
Other payables	11,388	9,772
Non-current liabilities	36,132	56,158
Trade and other payables	162,471	116,167
Bank overdrafts, loans and obligations under finance leases	11,445	23,816
Current liabilities	173,916	139,983
TOTAL EQUITY AND LIABILITIES	346,097	301,777

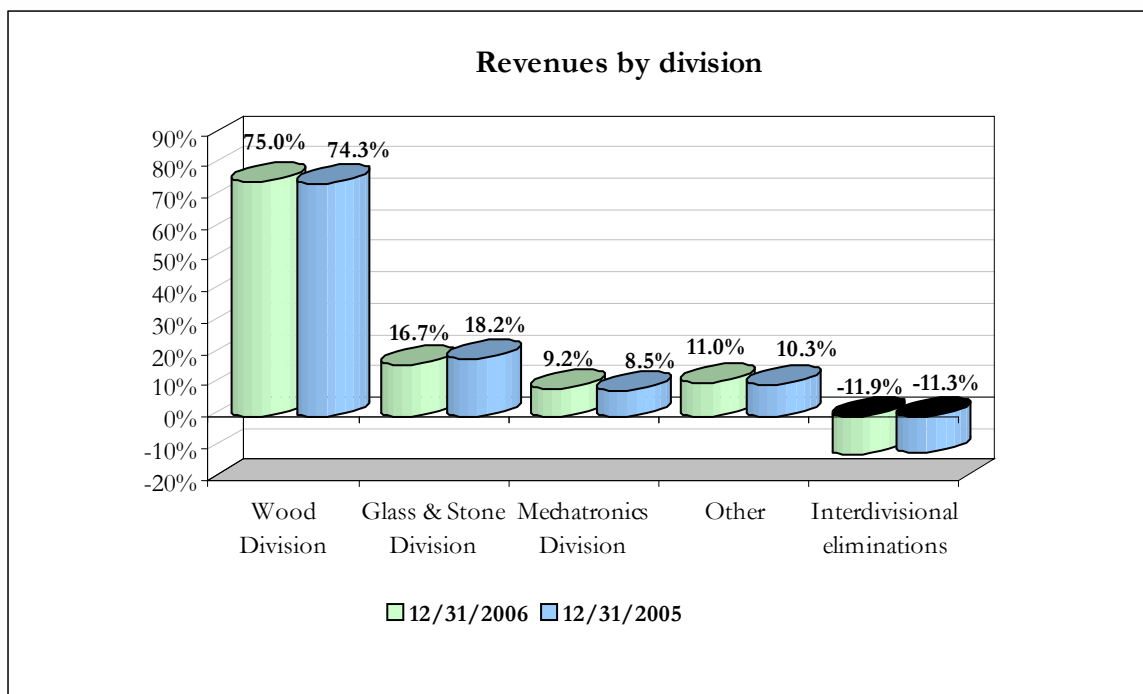
The intangible assets are mainly influenced by the effects of the acquisition of Bre.Ma., which consolidation determined further intangibles, referred to brand, technology and goodwill for about € 10.6 million, although the purchase contract includes a possible price adjustment. We specify that according to the most recent interpretations of the IFRS 3, the goodwill includes both the share indeed acquired, and the share referred to the minorities, by virtue of the Put option recognised to the founder shareholders of Bre.Ma.

The tangible assets decrease both for the mentioned sale of the factory in San Giovanni in Marignano and for the trend of lower investments in new assets.

The items related to the working capital are changing in line with the strong growth of sales and orders.

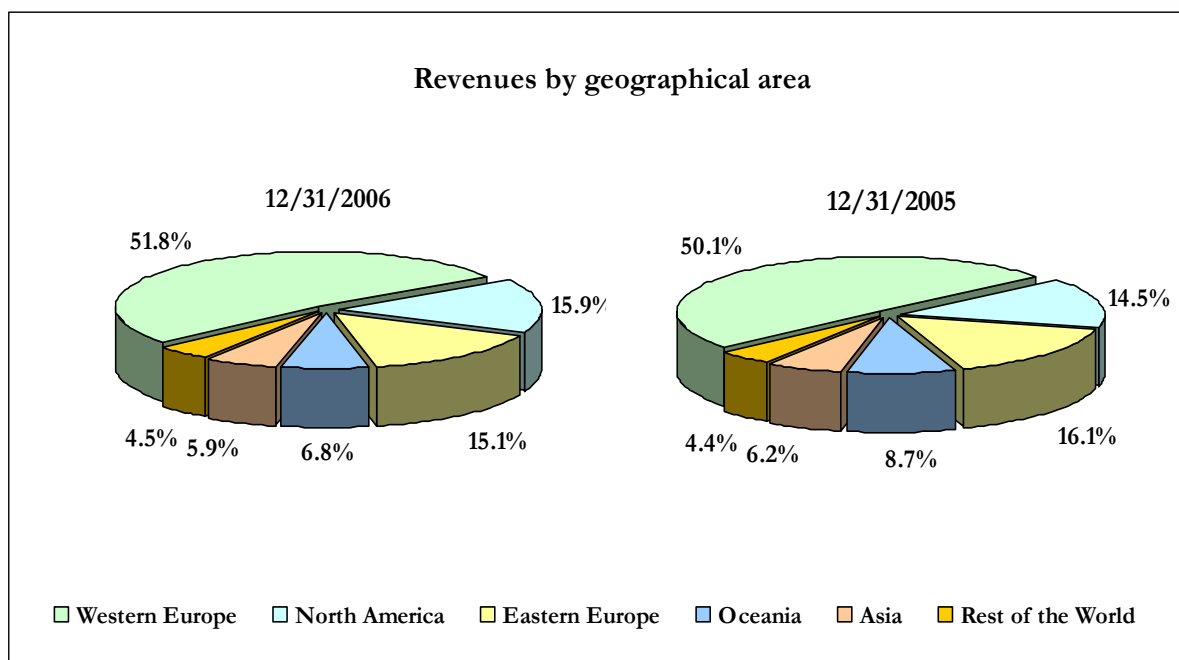
Revenues by division

(thousand of Euro)	IV Q 2006	%	IV Q 2005	%	Δ % 2005/2006
Wood Division	297,382	75.0%	249,152	74.3%	19.4%
Glass & Stone Division	66,053	16.7%	60,886	18.2%	8.5%
Mechatronics Division	36,295	9.2%	28,335	8.5%	28.1%
Other	43,618	11.0%	34,438	10.3%	26.7%
Interdivisional eliminations	(46,712)	(11.9%)	(37,800)	(11.3%)	23.6%
Total	396,636	100.0%	335,011	100.0%	18.4%



Revenues by geographical area

(thousand of Euro)	IV Q 2006	%	IV Q 2005	%	Δ % 2005/2006
Western Europe	205,664	51.8%	168,004	50.1%	22.4%
North America	62,917	15.9%	48,450	14.5%	29.9%
Eastern Europe	59,817	15.1%	53,826	16.1%	11.1%
Oceania	27,228	6.8%	29,020	8.7%	(6.2%)
Asia	23,300	5.9%	20,812	6.2%	11.9%
Rest of the World	17,710	4.5%	14,899	4.4%	18.9%
Total	396,636	100.0%	335,011	100.0%	18.4%



Pesaro, February 14th 2007

Chairman of the Board of Directors
Roberto Selci