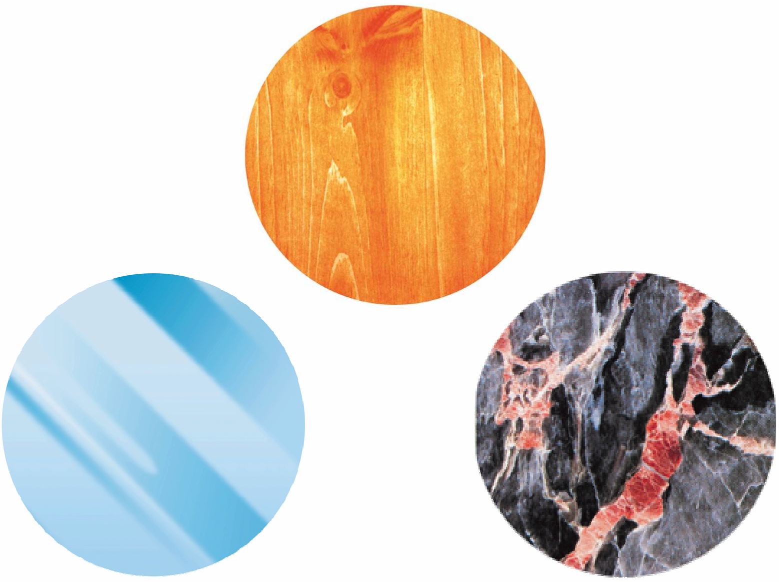
QUARTERLY REPORT
JUNE 30TH, 2006



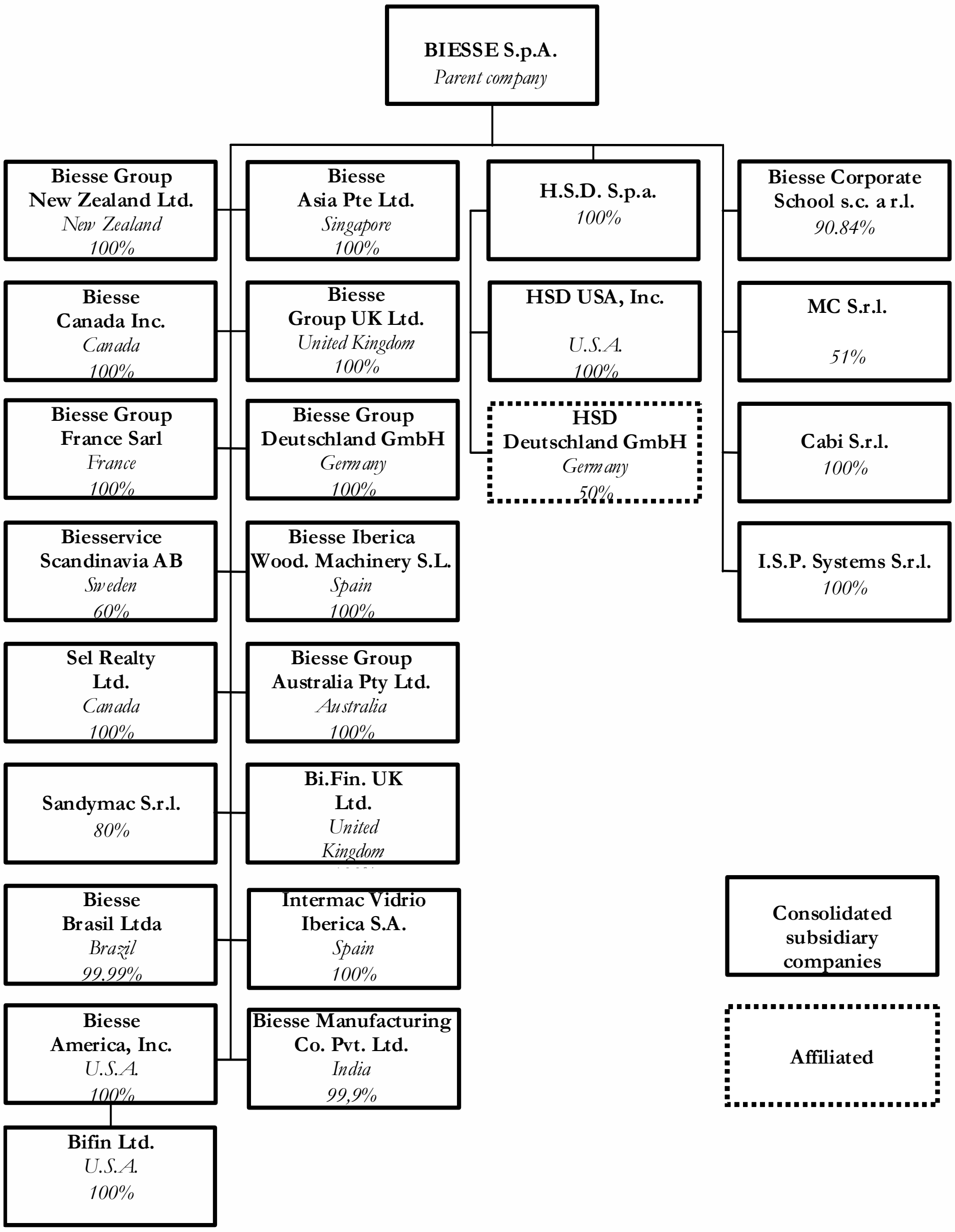
BIESSE S.p.A.

QUARTERLY REPORT AT JUNE 30TH, 2006

SUMMARY

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 June 30 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 June 30 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 March 31 2006, the consolidation area now includes the company ISP Systems S.r.l.., previously affiliated due to an ownership percentage of 25.93%. On June 22 2006, the shareholders of ISP Systems S.r.l. covered the accumulated losses until the end of April 2006; at the same date, Biesse S.p.A. acquired the entire capital of the company, after the previous shareholders released their options on the capital. Biesse considered the ownership of this company to be of strategic importance, due to it's know-how on projects already in production and under research.

For the purposes of the measurement of the effects of the acquisition, the control of the company has been valued as at June 30, 2006, since the result related to the period between the date of capital subscription and the date of the present report (8 days) is immaterial.

The investment in the affiliated company Hsd Deutschland GmbH is valued with the equity method. Regarding the company Kernex Automation S.r.l., the investment and the receivables have been written down, due to the declaration of bankruptcy of the company.

PARENT COMPANY CORPORATE BODIES

The Board of Directors currently in office are as follows:

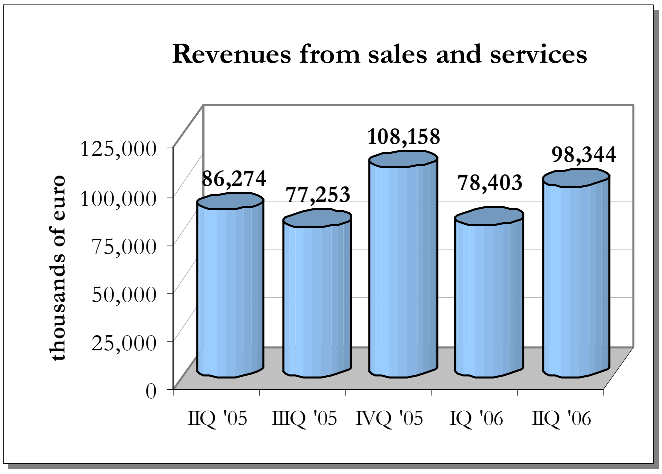
Roberto Selci	Chairman
Giancarlo Selci	Vice President
Alessandra Parpajola	Director
Innocenzo Cipolletta	Director *
Leone Sibani	Director *
Giampaolo Garattoni	Director *

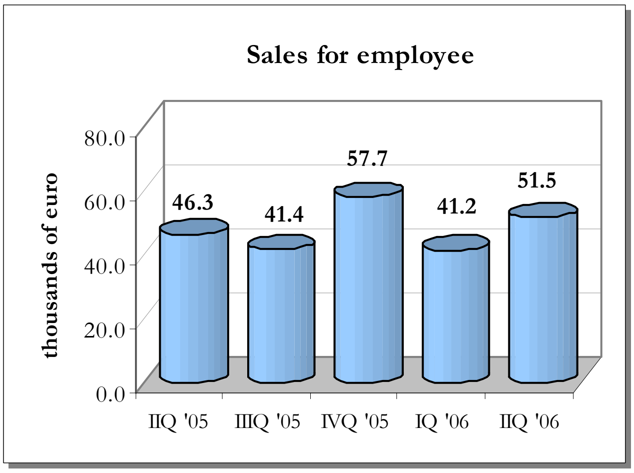
** Independent Director, as required under the Code of Conduct.*

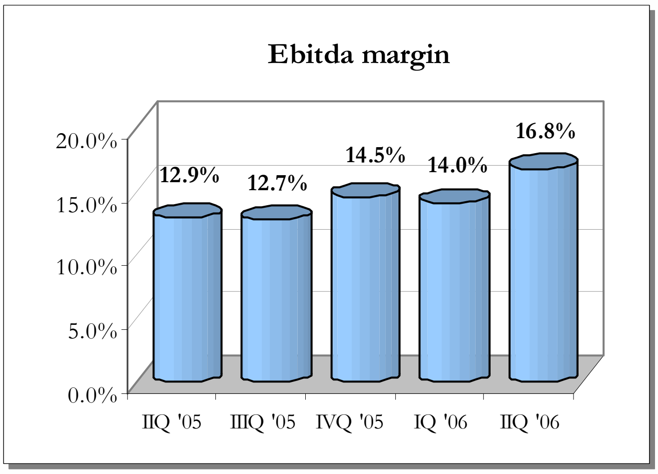
The Board of Statutory Auditors currently in office are as follows:

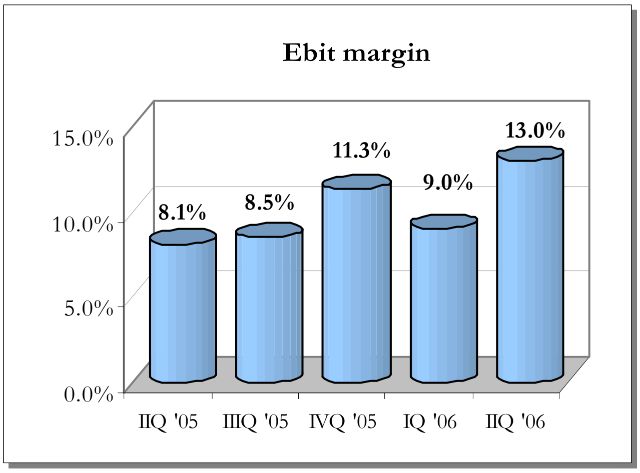
Giovanni Ciurlo	Chairman
Adriano Franzoni	Statutory Auditor
Claudio Sanchioni	Statutory Auditor

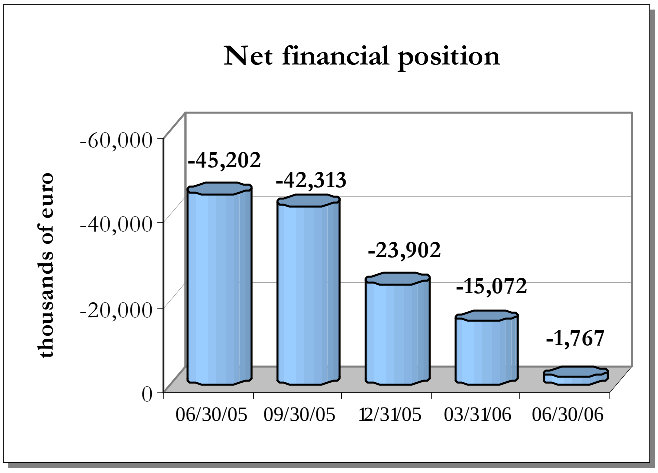
HIGHLIGHTS

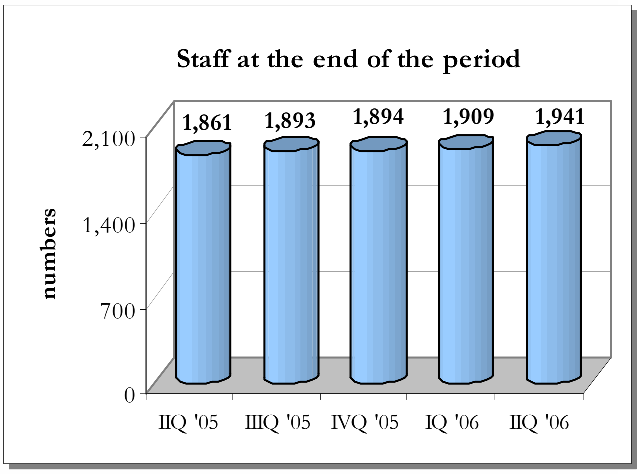

Revenues from sales and services
thousands of euro
125,000
100,000
75,000
50,000
25,000
0
86,274
77,253
108,158
78,403
98,344
IIQ '05
IIIQ '05
IVQ '05
IQ '06
IIQ '06


Sales for employee
thousands of euro
80.0
60.0
40.0
20.0
0.0
46.3
41.4
57.7
41.2
51.5
IIQ '05
IIIQ '05
IVQ '05
IQ '06
IIQ '06


Ebitda margin
20.0%
15.0%
10.0%
5.0%
0.0%
12.9%
12.7%
14.5%
14.0%
16.8%
IIQ '05
IIIQ '05
IVQ '05
IQ '06
IIQ '06


Ebit margin
15.0%
10.0%
5.0%
0.0%
8.1%
8.5%
11.3%
9.0%
13.0%
IIQ '05
IIIQ '05
IVQ '05
IQ '06
IIQ '06


Net financial position
thousands of euro
-60,000
-40,000
-20,000
0
-45,202
-42,313
-23,902
-15,072
-1,767
06/30/05
09/30/05
12/31/05
03/31/06
06/30/06


Staff at the end of the period
numbers
2,100
1,400
700
0
1,861
1,893
1,894
1,909
1,941
IIQ '05
IIIQ '05
IVQ '05
IQ '06
IIQ '06

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, those countries who are members of the European Unions, have returned to the sensitive growth of the Gross Domestic Product, while the data related to the investments in capital equipment have recorded stronger growth rates in comparison to the same period of the proceeding year.

The stability of this expansive cycle is in potential risk by the political uncertainties originated from the Middle East. This region determines the prices of oil and consequently, of the raw materials. Another element to be aware of is the Euro/USD exchange rate, and exchange rate decidedly over 1.30 could negatively influence the investments prosperity in the North American markets and also the emergent countries with currencies linked to the USD. However the incoming orders remain strong at a global level, which is where is impact is no than likely to impact.

REFERENCE MARKET

According to the most recent figures issued by Acimall, the association of the woodworking machinery market, "the second quarter of 2006 confirms that the Italian industry of machines and utensils for wood working is on a high. Even if the dynamics have not been as good as the previous quarter, the indexes are once more showing a positive result, confirming the trend that started in the second half of 2005"

The conjuncture investigation, undertaken by analysts at Acimall, on a sample representing all types and dimensional class of the productive realities of the sector, reveals that, "from April to June the orders have grown by 5.2 percent in comparison to the same quarter in 2005, a result due to the national market demand (+23.5%) and to the substantial stability of the exports, increased by 1 percent. In the first six months of this year, according to the interviewed companies, the prices have increased by 2.1 percent. The insured production, at the end of the second quarter, has stabilised at around 3,4 months"

The qualitative forecast investigation shows, based on the opinions of the companies of the sample, that "the estimates on the next period are optimistic and these are taken with a view of prudence. The orders from the foreign countries will be stable according to the 68 percent of the sample, they will increase for the 25 percent and they will be decreased for 7 percent (positive balance +18). For the national market the indications related to the next months show a similar signs to the actual in 71 percent of the cases, a further growth of 18 percent for the interviewed ones and a decrease of 11 percent in the remaining (positive balance +7)"

ACCOUNTING STATEMENTS

Second quarter 2006 Income Statement

(thousand of Euro)	II Q 2006	%	II Q 2005	%	Δ %
Revenues from sales and services	**98,344**	**100.0%**	**86,274**	**100.0%**	**14.0%**
Change in work in progress and semi finished goods	4,228	4.3%	4,472	5.2%	(5.5%)
Other revenues and income	1,430	1.5%	1,472	1.7%	(2.9%)
Value of production	**104,002**	**105.8%**	**92,218**	**106.9%**	**12.8%**
Raw materials	(44,048)	(44.8%)	(39,989)	(46.4%)	10.2%
Other operating expenses	(21,204)	(21.6%)	(18,293)	(21.2%)	15.9%
Added value	**38,750**	**39.4%**	**33,936**	**39.3%**	**14.2%**
Personnel expenses	(22,262)	(22.6%)	(22,821)	(26.5%)	(2.4%)
Gross operating margin	**16,488**	**16.8%**	**11,115**	**12.9%**	**48.3%**
Amortizations expense	(2,583)	(2.6%)	(2,633)	(3.1%)	(1.9%)
Accruals to provisions	(810)	(0.8%)	(1,525)	(1.8%)	(46.9%)
Impairment loss	(515)	(0.5%)	0	0.0%	----
Non recurrent revenues and expenses	175	0.2%	0	0.0%	----
Operating result	**12,755**	**13.0%**	**6,957**	**8.1%**	**83.3%**
Financial income and expense	(418)	(0.4%)	(675)	(0.8%)	(38.1%)
Revenues and expenses on currency exchanges	402	0.4%	(248)	(0.3%)	(262.1%)
Share of profit/loss of affiliated companies	17	0.0%	(95)	(0.1%)	(117.9%)
Income before tax	**12,756**	**13.0%**	**5,939**	**6.9%**	**114.8%**
Taxes for the period	(3,418)	(3.5%)	(1,452)	(1.7%)	135.4%
Result of the period	**9,338**	**9.5%**	**4,487**	**5.2%**	**108.1%**

Income Statement at June 30th, 2006

(thousand of Euro)	June 30 2006	%	June 30 2005	%	Δ %
Revenues from sales and services	**176,747**	**100.0%**	**149,600**	**100.0%**	**18.1%**
Change in work in progress and semi finished goods	15,536	8.8%	11,141	7.4%	39.4%
Other revenues and income	2,581	1.5%	2,655	1.7%	(2.8%)
Value of production	**194,864**	**110.3%**	**163,396**	**109.2%**	**19.3%**
Raw materials	(85,013)	(48.1%)	(71,527)	(47.8%)	18.9%
Other operating expenses	(38,240)	(21.6%)	(33,324)	(22.3%)	14.8%
Added value	**71,611**	**40.5%**	**58,544**	**39.1%**	**22.3%**
Personnel expenses	(44,131)	(25.0%)	(42,616)	(28.5%)	3.6%
Gross operating margin	**27,480**	**15.5%**	**15,928**	**10.6%**	**72.5%**
Amortizations expense	(5,160)	(2.9%)	(5,246)	(3.5%)	(1.6%)
Accruals to provisions	(1,803)	(1.0%)	(1,677)	(1.1%)	7.5%
Impairment loss	(888)	(0.5%)	0	0.0%	---
Non recurrent revenues and expenses	175	0.1%	0	0.0%	---
Operating result	**19,804**	**11.2%**	**9,005**	**6.0%**	**119.9%**
Financial income and expense	(947)	(0.5%)	(1,382)	(0.9%)	(31.5%)
Revenues and expenses on currency exchanges	928	0.5%	(212)	(0.1%)	(537.7%)
Share of profit/loss of affiliated companies	(245)	(0.1%)	(95)	(0.1%)	**157.9%**
Income before tax	**19,540**	**11.1%**	**7,316**	**4.9%**	**167.1%**
Taxes for the period	(6,162)	(3.5%)	(2,815)	(1.9%)	118.9%
Result of the period	**13,378**	**7.6%**	**4,501**	**3.0%**	**197.2%**

OPERATIONAL REPORT

This first semester 2006 recorded a strong upsurge of sales (+18.1%), as well as a strong growth of the profits derived to the "operational lever" effect (Ebit + 119%). We also point out that incoming orders and sales in 2005 have been decidedly stronger in the second semester in comparison to the first one; as a consequence in the first half of 2006 the comparison with the preceding year is particularly positive. Therefore, if the figures in the second half of 2006 show a small decline compared to last year, the figures as a whole should show a positive result for the Group.

Net sales of the first semester of 2006 are equal to € 176,747 thousand, against the € 149,600 thousand of June 30 2005, with a 18.1% growth on the preceding exercise (+ 14% quarter-to-quarter). The sales increase is generalized for all the divisions, with the Glass and Marble Division showing a particularly positive performance of sales mainly due to it being compared with a rather weak first semester 2005 (a large part of the recovery was realized in the second semester of 2005). The Mechatronics Division after two years of stability has made a very positive turn around regarding the geographical distribution of the sales, (details of which are given in the following segment information tables), in this period of the result of 2006 it is evident that the trend of the incoming orders has moved away from Eastern Europe and Asia and is now tending towards Western Europe; this has happened mainly due to the return of technology investments, and the replacement of the equipment in Central Europe and in Italy, after three years of inactivity. Also underlined is the good result of North America, mainly determined by the good performance of USA branch - Biesse America -, combined with the recovery of the sales of the Canadian branch, after some years of difficulty.

The value of the production of the first semester of 2006 is equal to € 194,864 thousand, against € 163,396 thousand of June 30 2005, with a 19.3% growth on the previous result (+ 12.8% quarter-to-quarter). The Change in work in progress and semi finished goods is equal to € 15,536 thousand, over € 4,3 million more than the analogous period of the previous result, a growth necessary for covering the more greater demands of delivery of the American and Australian markets; thanks to the good course of the orders, such increases will be reabsorbed with the sales of the second semester.

For an clearer analysis of the effect of the change in stock value, we report the percentage of the raw materials on the value of production. It is still evident that the margins are under-dimensioned respect the effective comparison, due to value of the stocks that not include the mark-up on final sales.

(thousand of Euro)	June 30 2006	%	June 30 2005	%
Value of production	**194,864**	**100.0%**	**163,396**	**100.0%**
Raw materials	(85,013)	(43.6%)	(71,527)	(43.8%)
Services	(32,865)	(16.9%)	(28,175)	(17.2%)
Leases and rentals	(2,690)	(1.4%)	(2,779)	(1.7%)
Other operating expenses	(2,685)	(1.4%)	(2,370)	(1.5%)
Added value	**71,611**	**36.7%**	**58,544**	**35.8%**

Continuing the trend of the previous periods the Added Value grows by a further 0.9%, by virtue of the improved productivity and efficiency.

The personnel expenses of the first semester of 2006 are equal to € 44,131 thousand, against the € 42,616 of June 30 2005, with a percentage on sales decreasing from 28.5% (first semester of 2005) to 25%.

The gross operating margin of the first semester of 2006 is equal to € 27,408 thousand (15.5% on net sales), a datum in 72.5% growth in comparison to the previous result (€ 16,488 thousand in the second quarter 2006, 16.8% of the sales), while the operating margin, positive in the first semester of the previous result for € 9,005 thousand, is equal to € 19,804 thousand, with a percentage on sales that raises to 11.2% from the precedent 6%, recording a growth of 120%. This after amortizations remains substantially unchanged and after provisions for different risks of € 1,803 thousand, (provisions for bad debts, warranties on sales), and after charging € 888 thousand as impairment loss of a industrial building (and the related plants) which sale is under hypothesis for the second part of the period 2006.

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 € 435 thousand, on a semestral basis.

As far as currency exchange risk management is concerned, the income amount of € 928 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., before the mentioned acquisition.

The pre-tax result is therefore positive for € 19,540 thousand (11.1 % on sales) grown of 167% in comparison to the first semester 2005.

The estimated taxes for the period are € 6,162 thousand, including € 2,436 thousand for IRAP, € 3,729 thousand for current income taxes, after deferred income taxes positive for € 3 thousand.

The result for the period is equal to € 13,378 thousand, which has more than doubled in respect of the 2005 result.

Net financial position at June 30th, 2006

(thousand of Euro)	June 30 2006	March 31 2006	December 31 2005	June 30 2005
Financial assets:	38,672	39,287	31,210	19,890
- Liquid assets	*38,609*	*39,224*	*31,210*	*19,890*
- Short term financing credits due by parent company	*63*	*63*	*0*	*0*
Short term financial debts	(3,079)	(3,459)	(3,266)	(3,091)
Short term bank debts	(17,632)	(21,291)	(20,550)	(26,520)
Short term net financial position	**17,961**	**14,537**	**7,394**	**(9,721)**
Medium/long term financial debts	(12,546)	(13,539)	(13,942)	(14,579)
Medium/long term bank debts	(7,182)	(16,070)	(17,354)	(20,902)
Medium/long term net financial position	**(19,728)**	**(29,609)**	**(31,296)**	**(35,481)**
Total financial position	**(1,767)**	**(15,072)**	**(23,902)**	**(45,202)**

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 € 22 million of lower debt in respect of December 2005), despite the payment of dividends for about € 5 million, made in May 2006.

As a consequence all the main ratios improve.

RATIO	June 30 2006	December 31 2005
Gearing	0.01	0.24
Equity on net fixed assets	1.46	1.28
Financial Leverage	1.66	1.85

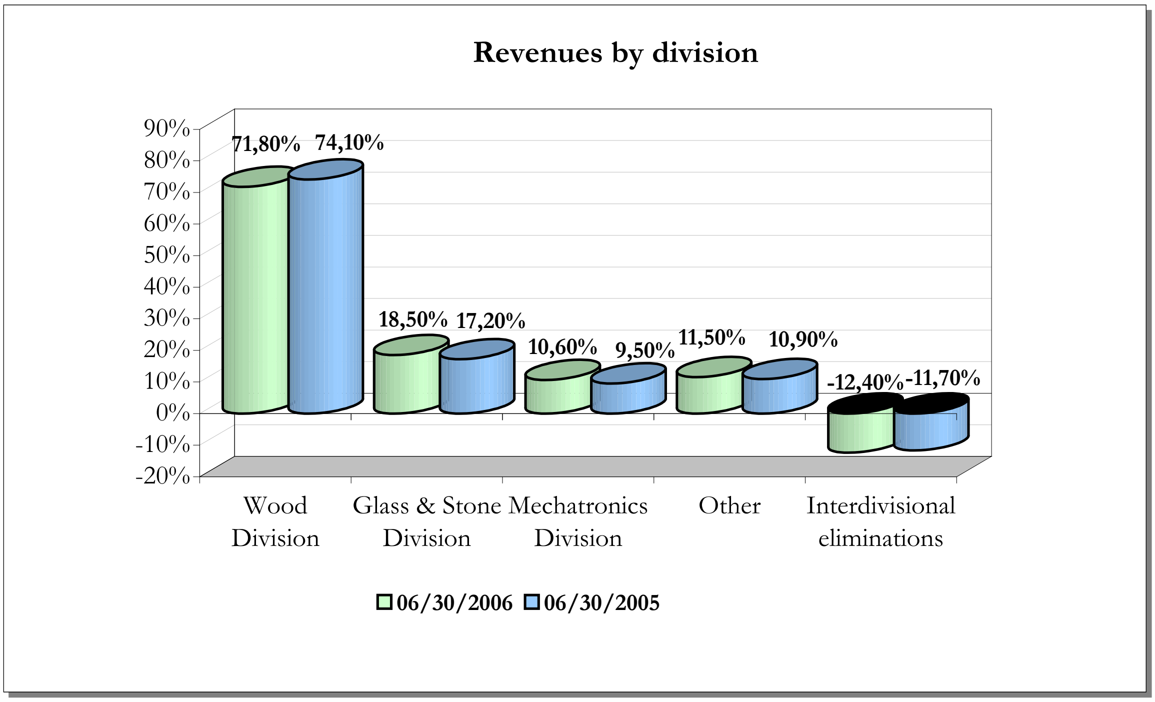
Balance sheet figures

	June 30 2006	December 31 2005
Intangible assets	24,560	23,673
Tangible assets	57,355	59,572
Other non current assets	10,475	9,100
Non-current assets	**92,390**	**93,245**
Inventories	90,520	72,798
Trade receivables	89,007	97,960
Other receivables	9,363	7,464
Cash and cash equivalents	38,672	31,210
Current assets	**227,562**	**209,432**
TOTAL ASSETS	**319,952**	**301,777**
Shareholders' equity	119,791	105,293
Minority interest	348	343
Total equity	**120,139**	**105,636**
Bank loans	19,728	31,296
Retirement benefit obligation	15,582	15,090
Other payables	10,713	9,772
Non-current liabilities	**46,023**	**56,158**
Trade and other payables	133,079	116,167
Bank overdrafts, loans and obligations under finance leases	20,711	23,816
Current liabilities	**153,790**	**139,983**
TOTAL EQUITY AND LIABILITIES	**319,952**	**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) and by the increase of the payables.

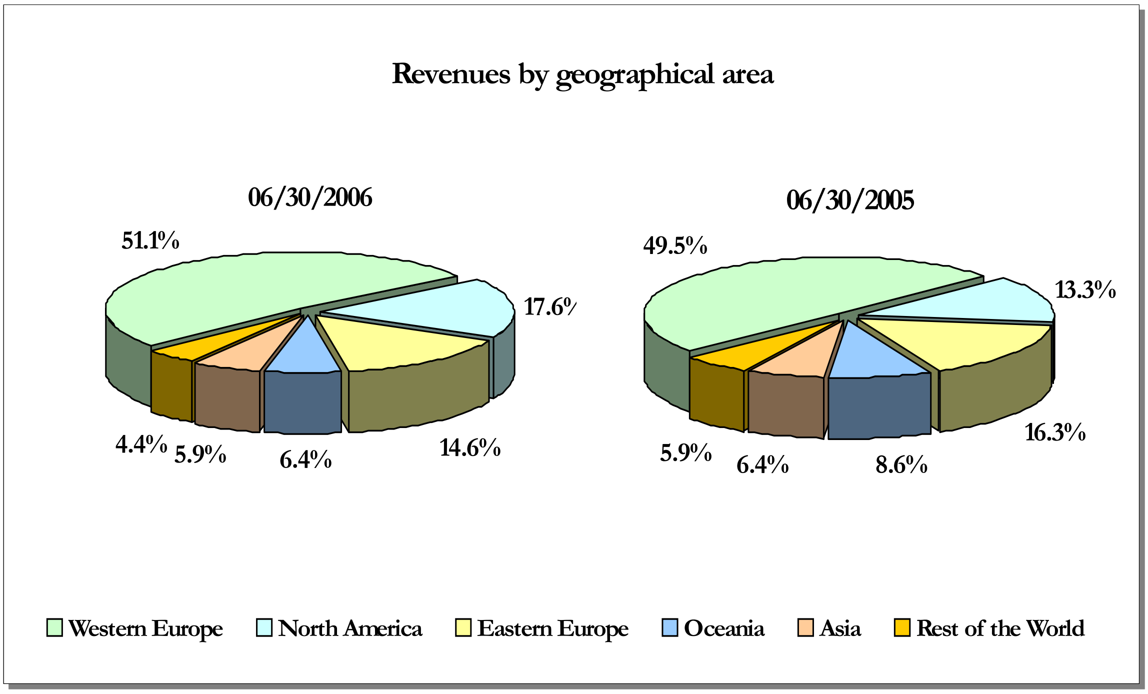
Revenues by division

(thousand of Euro)	II Q 2006	%	II Q 2005	%	Δ % 2005/2006
Wood Division	126,954	71.8%	110,813	74.1%	14.6%
Glass & Stone Division	32,516	18.5%	25,771	17.2%	26.2%
Mechatronics Division	18,795	10.6%	14,280	9.5%	31.6%
Other	20,375	11.5%	16,291	10.9%	25.1%
Interdivisional eliminations	(21,893)	(12.4%)	(17,555)	(11.7%)	24.7%
Total	**176,747**	**100.0%**	**149,600**	**100.0%**	**18.1%**



Revenues by geographical area

(thousand of Euro)	II Q 2006	%	II Q 2005	%	Δ % 2005/2006
Western Europe	90,271	51.1%	74,039	49.5%	21.9%
North America	31,083	17.6%	19,961	13.3%	55.72%
Eastern Europe	25,765	14.6%	24,390	16.3%	5.6%
Oceania	11,388	6.4%	12,800	8.6%	(11.0%)
Asia	10,392	5.9%	9,519	6.4%	9.2%
Rest of the World	7,848	4.4%	8,891	5.9%	(11.7%)
Total	**176,747**	**100.0%**	**149,600**	**100.0%**	**18.1%**



Pesaro, August 4th 2006

Chairman of the Board of Directors
Roberto Selci