



first-half report
at 30 june
2008

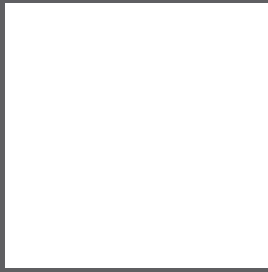
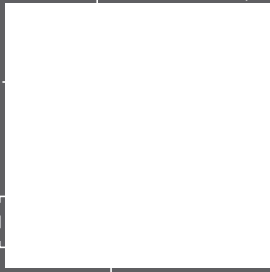




abbreviated consolidated
results for the six months
to 30 June 2008

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Management report

company office holders



Board of Directors

Chairman and Managing Director	<i>Roberto Selci</i>
Managing Director ¹	<i>Giancarlo Selci</i>
Director	<i>Alessandra Parpajola</i>
Director	<i>Stefano Porcellini</i>
Director	<i>Leone Sibani</i>
Director	<i>Giampaolo Garattoni</i>
Director	<i>Salvatore Giordano</i>

Board of Statutory Auditors

Chairman	<i>Giovanni Ciurlo</i>
Serving Auditor	<i>Adriano Franzoni</i>
Serving Auditor	<i>Claudio Sanchioni</i>
Substitute Auditor	<i>Daniela Gabucci</i>
Substitute Auditor	<i>Cristina Amadori</i>

Internal Control Committee Remuneration Committee

Leone Sibani
Giampaolo Garattoni
Salvatore Giordano

Supervisory body

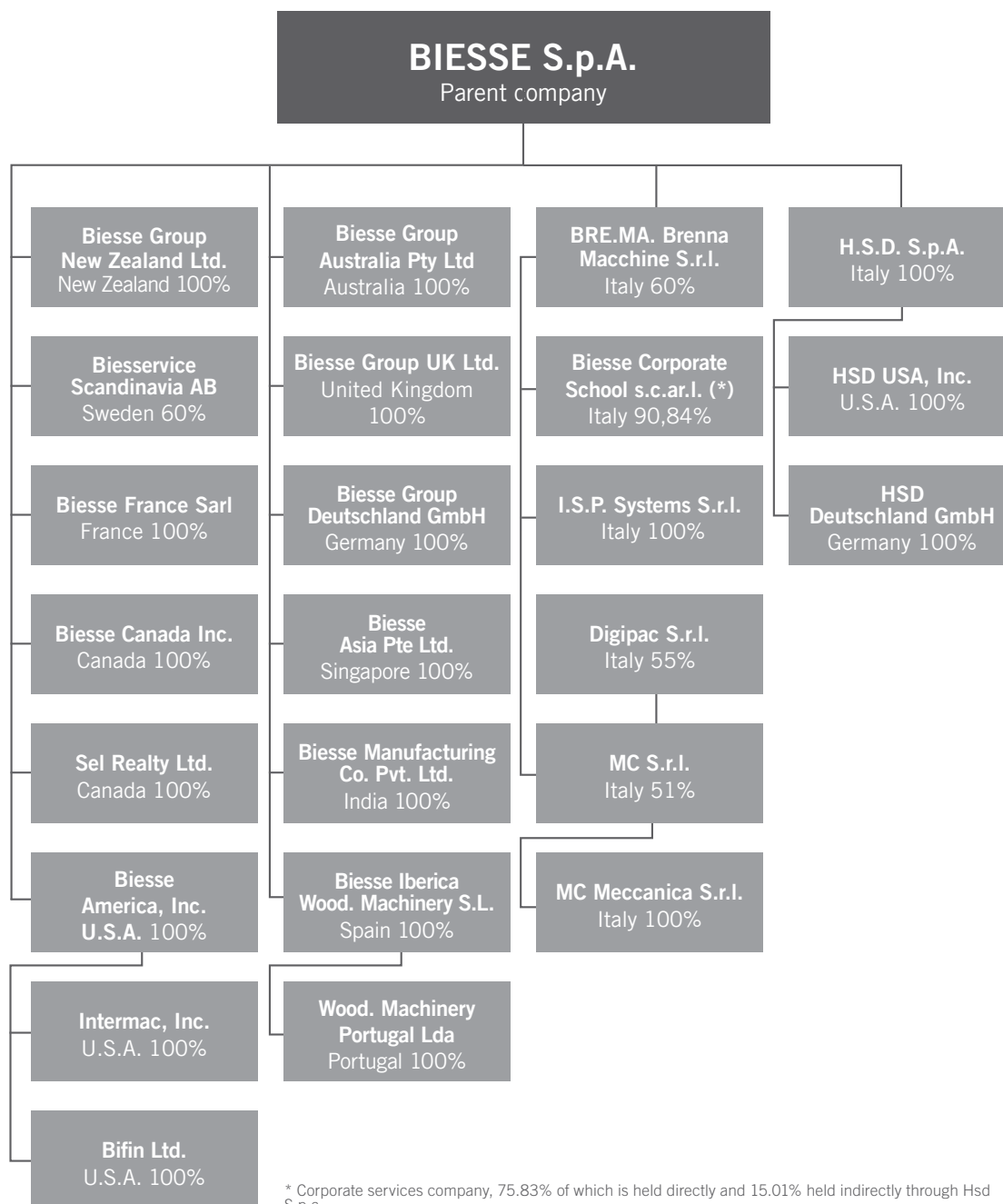
Leone Sibani
Giampaolo Garattoni
Salvatore Giordano
Cristian Berardi
Elena Grassetti

Independent auditors

Deloitte & Touche S.p.A.

¹ With exclusive mandate for the strategic direction and co-ordination of the Group.

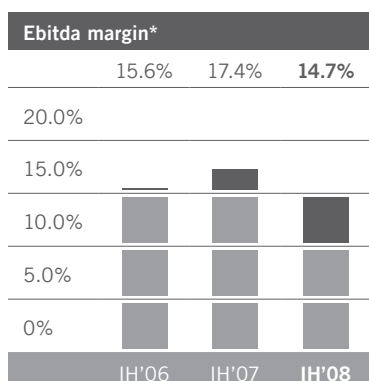
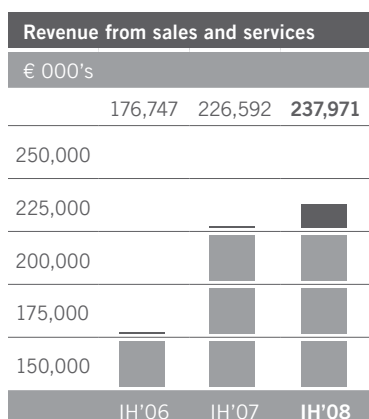
group structure



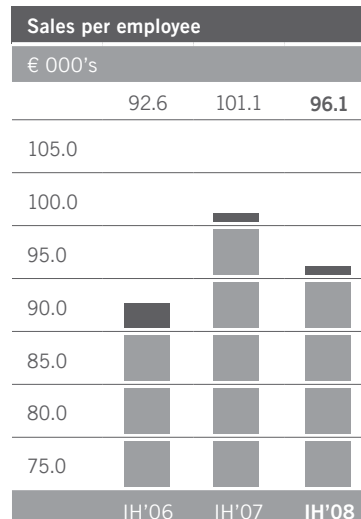
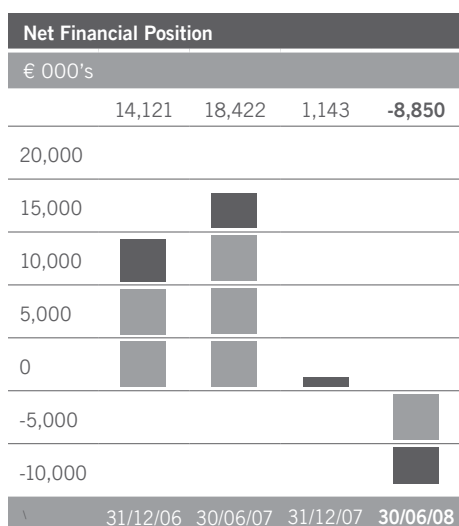
The consolidation area has changed since the last approved report and accounts to include Woodworking Machinery Portugal Lda, which, since January 2008, has been an active subsidiary of Biesse Iberica for the marketing and after sales service of the Group's machines in Portugal.

The acquisition of the outstanding share capital of MC Meccanica S.r.l., by the subsidiary MC S.r.l., on 4 June 2008 should also be noted. This company, previously 51% controlled, is now wholly owned; the operation involved a total cost of € 691,000, of which € 146,000 has already been paid, while the remainder will be paid in four annual installments beginning in 2009.

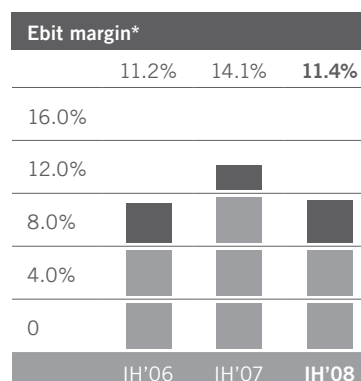
financial highlights



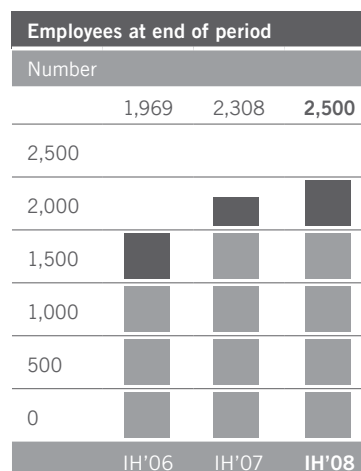
* 2007 values net of curtailment effect (Italian TFR reform)




N.B.: data includes temporary staff



* 2007 values net of curtailment effect (Italian TFR reform)



N.B.: data includes temporary staff



The **Biesse Group's** core business, with headquarters in Pesaro, Italy includes production, marketing and customer services for wood, glass and stone machines and systems. Production operations are concentrated in Pesaro and India. Marketing and customer assistance are organized both through the actual presence of 30 subsidiaries and commercial offices in the territory as well as through an exclusive network of 300 importers, distributors and agents. Biesse is comprised of three main business divisions, each highly specialized in its own area.

- Biesse Wood Division
- Intermac Glass & Stone Division
- HSD Mechatronic Division

The Group is also active in other areas, including precision machining as well as the production of mechanical, electrical, electronic and pneumodynamic components for industrial uses.

trademarks

BIESSE

Presents its complete range of CNC machines and systems dedicated to panel processing and window and door manufacturing; CNC machining centres for milling, boring and edgebanding; CNC routers. BIESSE is able to provide numerous solutions to increase productivity, reliability and machining quality, all made-to-measure for the customer.



BIESSEEDGE

Produces edgebanding and squaring-edgebanding machines for the furniture industry. Our dedication to satisfying the needs of even our most demanding customers remains constant by granting high-speed, flexible and high precision machining solutions.



BIESSESAND

Produces automatic calibrating and sanding machines for medium and large industries. These machines are capable of carrying out continuous machining, giving maximum reliability and producing excellent quality results on any type of article.



trademarks

BIESSEARTECH

Presents a complete range of Easy Tech solutions, specialized in the production of woodworking machines mainly designed for small and medium-sized companies. The company's extensive experience, service and widespread distribution network make BIESSEARTECH a brand name synonymous with reliability and profitable investment. This line of products, in fact, is destined to revolutionize production times and phases, while offering highly personalized and innovative technical and logistics support. BIESSEARTECH solutions are designed for all the various panel machining phases: panel sizing, edgebanding, boring, milling, sanding and assembly of furniture items.



COMIL

Produces plants and systems for drilling and drilling-inserting of hardware, flexible machines for companies offering a customizable product and giving importance to the 'lead time' and to the reduction of the half-finished products stock. Moreover, COMIL produces machines and plants for the assembling of furniture and doors and packaging machines with thermoretractable shrink film.



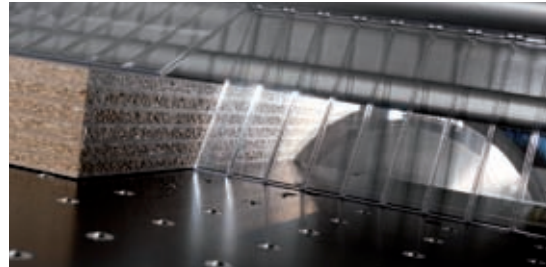
RBO

Produces complete solutions for panel handling. The main feature of the RBO product is the capacity to find the best solution to meet the customers' requests with always reliable and highly engineered products.



SELCO

Is the Biesse Wood Division brand that produces and distributes single line sizing centres, angular systems and integrated cutting cells with automatic storage and unloading solutions.



Bre.Ma.

Is specialized in the production of NC vertical processing cells for boring, routing, milling and hardware inserting operations. All Bre.Ma. installations allow to process in sequence, panels with different dimensions without any manual set-up interventions.



BIESSE SYSTEMS

Offers design and execution of turnkey plant, automatic and integrated processing lines to satisfy the automation needs of the furniture industry including an integrated boring and insertion line managed by a supervisor.



trademarks

INTERMAC

World leader in the production of multi function work centres for flat glass working. Intermac has revolutioned the technological standards in this sector since the release of its first line of machinery. Completes his offer with a range of machines and systems for the cutting of monolithic and laminated glass. Intermac occupies a leading position also in the production of technologies for natural and synthetic stone processing with its complete line of multi function work centres.



BUSETTI

Leading brand in the segment of double edging machines and lines for flat glass. The vast experience and profound knowledge of the market needs allow the development of solutions that are able to meet the needs of the customers. The product range is completed with vertical and horizontal glass drilling machines.



diamut

Complete range of tools for the working of glass and stone. Diamut products can be used on all the machines on the market always granting the maximum quality of the final result.



HSD

MECHATRONIC
DIVISION

The Mechatronic Division supplies and manufactures high precision mechanical and electronic components for machines and systems designed for the Biesse Group and other companies.



COSMEC

Costruzioni Meccaniche
di Precisione

The production unit COSMEC manufactures high-precision mechanical components, which allows Biesse to guarantee perfect control and consistent quality of its processes throughout the product life cycle, from conception and design through manufacturing, distribution and after-sale service.





review of operations

The general economic environment

The global economy, in the first semester of 2008, has clearly entered a phase of slowdown of the economic cycle, which is combined with a significant and generalised inflationary trend extending from energy to raw materials and essential goods (food products) which complicates an already negative macro scenario. The increase in asset price volatility and the recent financial market crisis have had a substantial macroeconomic impact extending, at this stage, to the global economy. For several quarters the grave condition of the US economy has been a noted and confirmed fact; the fallout being felt in Western Europe, whilst predictable, is definite confirmation of the concerns signaled in previous periods. In the Euro area the economic survey returns for July have significantly highlighted signs of weakness in economic activity, especially in the manufacturing sector. The level of Euro area PMI and the Italian Ifo index, as well as changes in the German Ifo, are the worst seen since "post 11 September 2001". In greater detail, the German Ifo fell to 97.5 from a previous level of 101.2: as previously indicated, this represents the most severe decline since October 2001 (a month that reflected the shock of the terrorist attacks on the twin towers); the decline is general and affects all sectors, with an especially negative impact in construction (-23.3) and in retail sales (-20.4). The data confirms the weakness indicated by the Zew index and raises fears that the recent falls in industrial production and orders may not be temporary. The French INSEE index fell to 98 from 101; The Italian ISAE collapsed from 86.7 to 83.5, not only wiping out the brief post election rally in May (as reflected in consumer confidence data), but reaching a new minimum, once again, since September 2001. Risks of downgrades to economic growth projections are therefore increasing; there is a risk that Euro area GDP may experience the first quarter of negative growth since the introduction of the single European currency.

The reference sector

According to data provided by Acimall, - the national trade association for the woodworking machinery sector - relating to the order trend in the period April - June 2008, based on a statistical sample representing the entire sector << the negative trend of orders, already evident in the first quarter of 2008, - after three years of constant growth -, has further deteriorated in the second period of the year >>.

<< In the second quarter of 2008, - the Acimall report continues -, orders from the Italian market and abroad, have fallen by 17.0% and 10.7% respectively compared with the same period of the previous year. The global trend decline in orders is therefore equal to 12.5% >>.

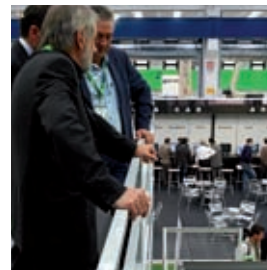
<< From January to June 2008 prices rose by 2.3%, while the number of months of production assured at the end of the first semester fell to 2.4 from 3 in the preceding quarter >>.

<< The qualitative survey relating to the trend of the period, on the basis of opinions expressed by companies included in the sample group, show the following results: 76% of those interviewed expect the production trend to be flat, 15% expect a decline and 9% expect growth >>; in the forthcoming period, according to respondents << 46% of the sample expects foreign orders to be flat, 51% expects a further decline and 3% expects growth (negative balance -48) while with regard to the domestic market and indications for the coming months 42% of respondents incline towards a situation similar to the current scenario, 46% expect a decline and the remaining 12% expect growth (negative balance of -34) >>.



bieesse inside

BIESSEiNSIDE is the initiative promoted by the Biesse Wood Division to “open” the doors to the world of Biesse woodworking processes and technology to customers and operators in the woodworking sector from all over the world. A direct link with the market, providing a live demonstration of the Group’s potential and the innovations in products and processes, foremost among which is the new Kaizen model, fruit of the rationalization and renovation process implemented within Biesse itself and aimed at transforming the company into a *Lean Company*. The state-of-the-art Biesse machines were on display



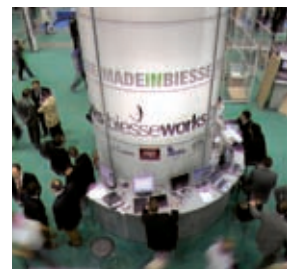
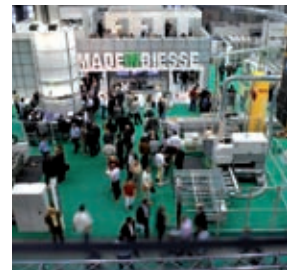
in the brand new Tech Centre, the new area measuring 3000 m² with 32 machines constantly in operation and over 100 demonstrations carried out on the entire Biesse range: processing centres, line boring machines, manual, automatic and line edgebanding machines, panel saws and sanding machines. BIESSEINSIDE is a unique, strategic initiative for the Biesse Group, calling the attention of both Italian and foreign analysts and investors. A week dedicated to technology and innovation, which saw the participation of approximately 2000 people from over 50 different countries.



EXHIBITIONS TECH TOURS OPEN HOUSES

The Biese Group sponsors and promotes over 150 events around the globe, such as exhibitions, open-house and tech tours showing customers our know-how, technology and innovation.

The Group reinforces partnerships with its customers by giving them the possibility to touch and test the machine portfolio and cutting-edge solutions available in multiple showrooms throughout the 30 worldwide subsidiaries and commercial offices.





employees

Our most valuable asset: people.

The **more than 2,400 employees** in our production plants and subsidiaries all over the world are critical to the process of continuing success that has taken Biesse to the highest levels of our industry.

Certain in the belief that each individual has the potential to make a uniquely valuable contribution, Biesse constantly invests in employee training through the Biesse Corporate School, established to develop skills and provide hands-on training. Furthermore, by applying an efficient organizational model, compliant with the Code of Ethics and Company Governance, Biesse can count on employees with a **strong sense of belonging and responsibility**.



customers

The satisfaction and success of our customers is paramount. We strive to earn the trust of our customers with effective service and support, combined with the excellence of products *Made in Biesse*. Regardless of where our customers may be, **Biesse is there - always.**

Years of experience achieved in every corner of the globe makes Biesse the ideal partner, one that is able to anticipate market demands, satisfy customer needs, supply the right solution and offer consulting, services and products with high added value.

SUMMARY OF FINANCIAL DATA

INCOME STATEMENT AT 30 JUNE 2008					
€ 000's	30 June 2008	% of revenue	30 June 2007	% of revenue	DELTA %
Revenues from sales and services	237,971	100.00%	226,592	100.0%	5.0%
Changes in inventories, WIP, semi-finished and finished goods	15,111	6.4%	17,791	7.9%	(15.1)%
Other revenues and income	1,923	0.8%	2,671	1.2%	(28.0)%
Value of Production	255,004	107.2%	247,054	109.0%	3.2%
Consumption of raw materials, accessory products and goods	114,310	48.0%	107,678	47.5%	6.2%
Other operating expenses	47,137	19.8%	47,117	20.8%	0.0%
Value Added	93,557	39.3%	92,260	40.7%	1.4%
Personnel costs	58,645	24.6%	52,876	23.3%	10.9%
Curtailement/TFR reform	-	-	(1,574)	(0.7)%	(100.0)%
Gross Operating Margin	34,912	14.7%	40,958	18.1%	(14.8)%
Depreciation and amortisation	6,635	2.8%	5,559	2.5%	19.4%
Provisions	1,032	0.4%	1,922	0.8%	(46.3)%
Operating Result	27,245	11.4%	33,477	14.8%	(18.6)%
Financial income/expense	(743)	(0.3)%	(475)	(0.2)%	56.6%
Foreign exchange gains/losses	29	0.0%	360	0.2%	(91.9)%
Share of associates profits/losses	-	-	63	0.0%	(100.0)%
Pre-tax profit	26,531	11.1%	33,425	14.8%	(20.6)%
Tax for the period	8,692	3.7%	14,046	6.2%	(38.1)%
Result for the period	17,839	7.5%	19,378	8.6%	(7.9)%

In order to understand more clearly the data presented for the first half of 2008 it is extremely important to recall that the comparative period of the previous year was characterised by extraordinary growth in volumes (revenues in that period rose by +28% compared with the first half of 2006), from which there was a very significant "leverage effect". This effect, in the first half of 2007, was particularly impacted by the fact that the trend of costs (labour costs in particular) and investments followed a more moderate path than the very rapid growth of revenues; costs and investments that became necessary between the second half of 2007 and the first half of 2008 for the necessary progressive upgrading of the organization and infrastructure in view of the growth of the Group over the three year period 2005-2007 (annual revenue CAGR + 14.5%).

Another important factor to be taken into consideration in order to correctly evaluate the performance in the first half of 2008 is the sudden strengthening of the Euro. As a benchmark of its performance against a reference currency, the Euro rose by over 16% between June 2007 and June 2008 (13% at average monthly exchange rates) against the US dollar; this means that the revenues generated by foreign subsidiaries have suffered a significant devaluation in 2008 (the principle is also valid for Asia-Pacific subsidiaries as well as the UK subsidiary), something which is not compensated by the reduction in costs expressed in the same currencies.

Net revenues in the first half of 2008 were € 237.971 million, compared with € 226.592 million at 30 June 2007, representing growth of 5% over the previous year.

The increase in revenues was equally distributed across the various divisions of the Group (for details please refer to the tables shown in the section on segment information).

With regard to the geographical breakdown of revenues, in this period of 2008 the growth in sales in Europe and the so-called “area RoW” are notable (particularly in the Middle East and South America), as is the substantial stability of Asia-Pacific sales, and the anticipated decline in North America relating mainly to the difficulties in the United States market where there was a combined effect of a slowdown in demand and the negative impact of the translation of dollar revenues into Euro.

Value of production in the first half of 2008 was € 255.004 million, compared with € 247.054 million at 30 June 2007, representing growth of 3.2% over the previous period. The change in inventories of semi-finished and finished products was € 15.111 million (circa € 2.7 million less than in the same period of the previous year), this growth is tied to seasonal stockbuilding by overseas subsidiaries.

In view of the aforementioned “inventory change” effect a clearer reading of the margin performance of the Group is provided by the following breakdown of costs reported as percentage of Value of Production.

€ 000's	30 June 2008	%	30 June 2007	%
Value of Production	255,004	100.0%	247,054	100.0%
Consumption of raw materials and goods	114,310	44.8%	107,678	43.6%
Other operating expenses	47,137	18.5%	47,117	19.1%
<i>Service costs</i>	40,232	15.8%	40,197	16.3%
<i>Leasing costs</i>	3,357	1.3%	3,251	1.3%
<i>Other operating costs</i>	3,548	1.4%	3,669	1.5%
Value Added	93,557	36.7%	92,260	37.3%

The percentage of Value Added calculated on Value of Production contracted, compared with the same period of the previous year, by 0.6% (the increase of 1.2% in the share of cost of raw materials in particular is to be noted) because of the previously mentioned effect of the strengthening of the Euro (which reduced the revenues of non-Euro zone subsidiaries and compressed margins as a percentage of revenues) and due to an initial, but still partial, inflationary effect on raw materials.

Personnel expenses in the first half of 2008 were € 58.645 million, compared with € 52.876 million at 30 June 2007, representing a percentage of 24.6% of net revenues compared with 23.3% in the previous period; we have already indicated that this growth is attributable to the upgrade of the organisation and the infrastructure of the Group as a consequence of the strong growth of the preceding three years. Finally, it is important to emphasise that the first half of 2007 included non-recurring income of € 1.574 million deriving from the so-called curtailment (the effect of actuarial calculations carried out in accordance with the application of the 2007 reform of the TFR – staff leaving indemnity- in Italy). This effect, which accounted for 0.7% of revenues, should be eliminated from the calculation of profit margins in 2007 in order to provide a more transparent comparison with the first half of 2008.

Gross Operating Profit (Ebitda) in the first half of 2008 was € 34.912 million, a reduction of 14.8% compared with the previous year, while Operating Profit (Ebit), which was € 33.477 million in the first half of the previous year, was € 27.245 million, registering a decline of 18.6%.

Ebitda and Ebit as percentages of net revenues in the two six month periods 2007 and 2008, - having eliminated gains from curtailment from the 2007 results (0.7%) - reveal margin reductions from 17.4% (Ebitda 2007) to 14.7% (Ebitda 2008) and from 14.1% (Ebit 2007) to 11.4% (Ebit 2008), with a negative shift of 2.7 percentage points, attributable – as previously indicated – to the increase in personnel costs and the reduction of margins on sales (strong euro and slightly higher purchasing costs).

This performance occurred in the context of a slight increase in **depreciation** (in particular on intangible assets) and after transfers of € 1.032 million to various risk provisions.

With regard to **financial management**, the progressive return to a net debt position (for a detailed analysis of which please refer to subsequent notes) resulted in a consequent increase in financial expenses payable to banks and other financial institutions for € 268,000 semester on semester, while foreign exchange items were broadly neutral.

Pre-tax profit is, therefore, positive at € 26.531 million (11.1% as a percentage of net revenues), a decline of 20.6% compared with the same period of 2007.

The **estimate** of the balance of **tax components** is reveals a charge of € 8.692 million in total, of which € 2.853 million relates to IRAP, € 8.261 million relates to current income taxes, net of deferred tax assets of € 1.330 million and recovery of € 1.091 million of taxes relating to previous years due mainly to the recovery of Ires tax credits on research and development activity in 2007 for which the activating decree was published in the Official Gazette of 18 April 2008.

Therefore, due to a better tax rate (the main driver of which was the reduction of the IRES rate in Italy), the Group generated an **estimated net profit** of € 17.839 million, amounting to 7.5% of net revenues, a decline of 7.9% compared with the result for the same period of 2007.

SUMMARY BALANCE SHEET DATA

SUMMARY BALANCE SHEET DATA		
€ 000's	30 June 2008	31 December 2007
Intangible fixed assets	45,349	43,146
Tangible fixed assets	59,229	57,641
Other non-current assets	9,691	9,285
Investment property	-	2,426
Non current assets	114,269	112,498
Inventories	119,375	104,192
Trade receivables	108,138	109,981
Other receivables	9,032	8,415
Cash and equivalents	29,882	36,861
Current assets	266,427	259,449
TOTAL ASSETS	380,696	371,947
Net equity of the Group	153,688	151,699
Minority interests	348	794
Net equity	154,036	152,493
Bank debt and M/L term finance leases	9,055	10,390
Retirement benefit liabilities	13,618	13,331
Other payables and M/L term liabilities	5,077	4,967
Non current liabilities	27,751	28,688
Trade payables and other short term liabilities	120,345	119,464
Other short term payables	49,445	45,975
Bank debt and short term finance leases	29,120	25,327
Current liabilities	198,910	190,765
TOTAL LIABILITIES AND NET EQUITY	380,696	371,947

Intangible Assets principally reflect the impact of capitalisation of R&D activities and of IT projects (new ERP/Oracle).

Current assets, - compared with December 2007 -, reflect seasonal trends, in particular the trend of inventories. Unlike the situation in 2007, the trend of inventories was not neutralized by a compensating effect of trade receivables (which were down slightly) and on trade payables (which were slightly higher), which resulted in the absorption of over €12 million in working capital in the semester.

NET FINANCIAL POSITION				
€ 000's	30 June 2008	31 March 2008	31 December 2007	30 June 2007
Financial assets:	29,313	30,498	36,861	35,705
<i>Current financial assets</i>	562	110	372	50
<i>Liquidity</i>	28,751	30,388	36,488	35,655
ST finance lease liabilities	(2,735)	(2,757)	(2,756)	(2,554)
Bank and other ST financial debt	(26,373)	(22,390)	(22,571)	(3,654)
Net Short Term Financial Position	206	5,351	11,534	29,496
M/L term finance lease liabilities	(8,614)	(9,640)	(9,866)	(10,550)
M/L term bank debt	(442)	(442)	(524)	(524)
Net M/L Term Financial Position	(9,055)	(10,082)	(10,390)	(11,074)
Total Net Financial Position	(8,850)	(4,731)	1,143	18,422

The Net Financial Position shows a negative balance of € 8.850 million, an increase in net debt of € 4.119 million compared with 31 March 2008. This figure reflects the impact of extraordinary factors with a total value of € 15 million, including dividends of €12 million (paid in May 2008) and the buy-back programme implemented to 30 June 2008 with expenditure of € 3 million. The above mentioned cash absorption relating to working capital is reflected in the Net Financial Position compared with the Net Financial Position at 31 December 2007, with particular reference to the seasonal trend affecting inventories of finished products.



TRANSACTIONS WITH ASSOCIATED COMPANIES, PARENT COMPANIES AND COMPANIES SUBJECT TO CONTROL BY THESE

At 30 June 2008 there were no associated companies.

With regard to transactions with the parent company Bi.Fin. S.r.l., please refer to note 21 of the explanatory notes.

OTHER RELATED PARTY TRANSACTIONS

The company Fincobi S.r.l. has been identified as a related party, as it is a company majority controlled by the combined members of the Selci family.

The amounts involved in transactions between Biesse and the aforementioned company during the first half of the year were negligible.

SIGNIFICANT EVENTS OCCURRING AFTER 30 JUNE 2008 AND OUTLOOK FOR THE FULL YEAR

Biesse SpA, on 25 July 2008 signed an exclusive option to acquire, by the end of September 2009, 60% of B.H.T. s.r.l., a company operating in the design, construction and management of plant for the processing of safety glass (tempering furnaces). The operation is consistent with the Glass Division's growth and development programme, also by external means, to progressively broaden the product range offered through focused and synergistic integration of technologies that complement those that company already possesses.

The Biesse Group intends to achieve productive integration of B.H.T. within its own industrial and distribution structure, and hopes to rapidly generate substantial benefits in terms of volumes and profitability of the company based in Vasto (CH). B.H.T. (www.bht.it) is capable of supplying glass curving and tempering plant for applications in a wide range of sectors such as the automobile, construction, furnishing and electrodomestic industries. Bearing in mind that BHT's revenues are generated from large orders, and that these may be given in an irregular pattern across time periods, BHT has, in the last two years, achieved annual average revenues of about € 6 million with an EBIT margin of 9.1%.

On exercise of the option, Biesse's investment in 60% of the share capital of BHT will amount to a minimum of € 1.8 million, payable in two installments in 2009 and 2010.

The management of Biesse Group, taking into account the potentially marked impact that the global economic and financial crisis could have on short-term results, and in the light of the continuing deterioration of the international macro-economic scenario in which it operates, has reviewed its guidance for 2008 and now expects to achieve a slight increase in consolidated Revenues (+1-1.5% over 2007) and a decline in profits. In particular the management expects to end 2008 with declines in Ebitda and Ebit, compared with 2007, of 16-17% and 19-20% respectively. Expected Net Profit for 2008 is about € 35 million, which should benefit from a lower Group tax rate.

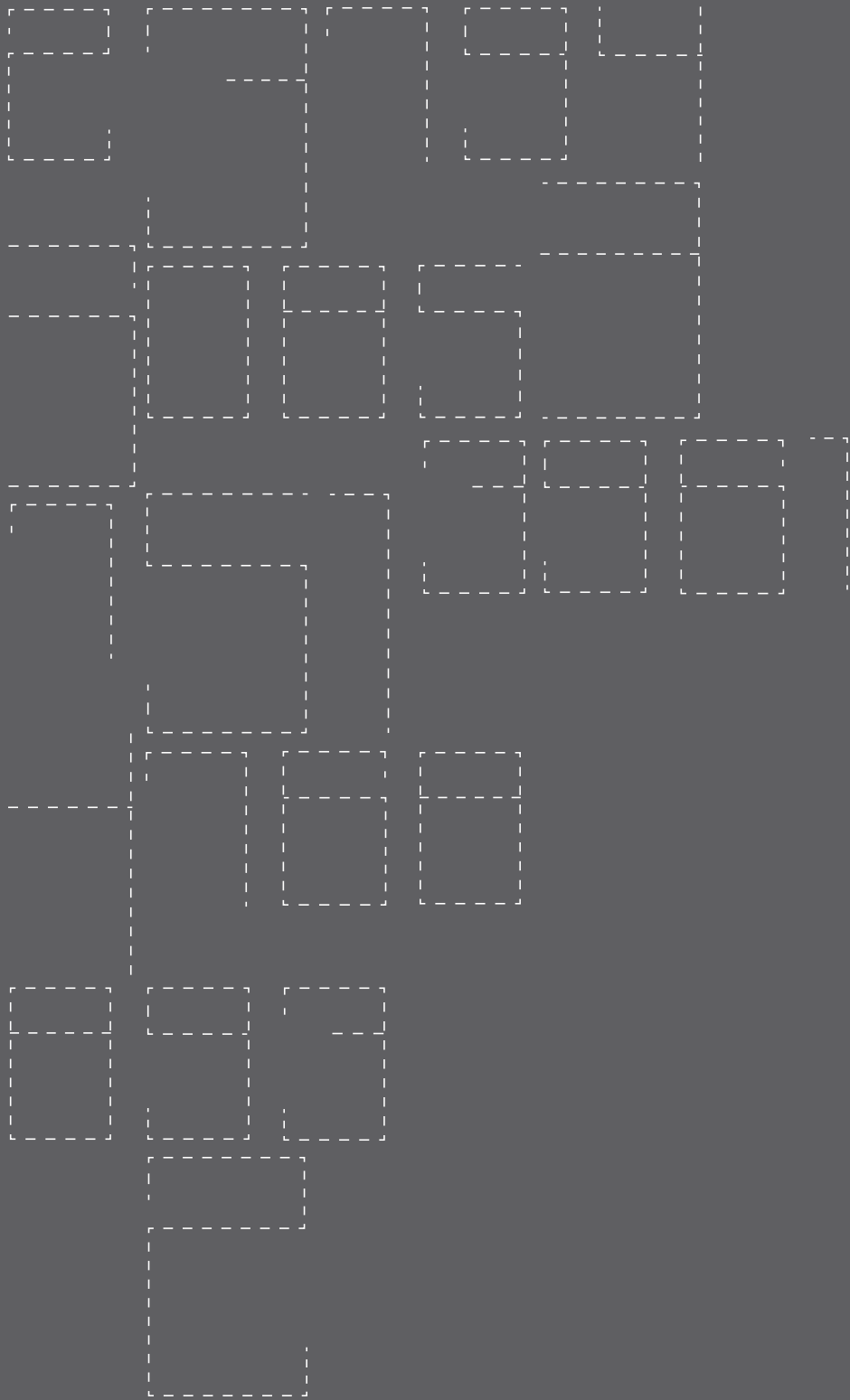
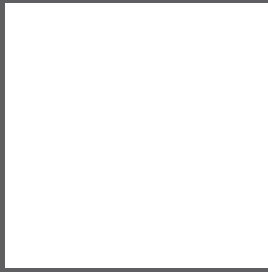
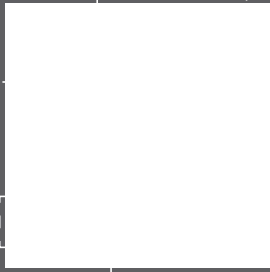
OTHER INFORMATION

At the date of approval of the present interim results Biesse S.p.A. held some of its own shares in treasury; for more detail please refer to note 15 below.

It is also communicated that the parent company, Biesse S.p.A. does not hold shares or parcels of shares in controlling companies, nor has it owned or transferred any such shares or parcels thereof during the first six months of 2008. There is, therefore, nothing to report in accordance with article 2428, paragraph 2, points 3 and 4 of the Civil Code.

Pesaro, 08/08/2008

Chairman of the Board of Directors
Roberto Selci



Financial
statements at
30 june 2008

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30/06/2008

€ 000's	Note	30 June 2008	30 June 2007
Revenues	4	237,971	226,592
Other operating income	6	1,923	2,671
Change in inventories of finished and semi-finished goods and work in progress		15,111	17,791
Consumption of raw materials and consumables		114,310	107,678
Personnel costs		58,645	51,302
Other operating expenses		47,137	47,117
Depreciation and amortisation		6,239	5,559
Provisions		1,032	1,922
Permanent loss of value		396	-
Operating profit		27,245	33,477
Share of associates' profit/loss		-	63
Financial income		353	333
Other income and expenses		-	-
Financial expenses		1,096	807
Foreign exchange gains/losses		29	360
Pre-tax Profit		26,531	33,425
Tax	8	8,692	14,046
Profit for the period		17,839	19,378
Net profit for the period		17,839	19,378
Attributable to:			
Shareholders of the parent company		17,763	19,585
Minority shareholders		76	(207)
		17,839	19,378
Earnings per share			
Basic (€/cents)	9	65.21	71.50
Diluted (€/cents)	9	65.21	71.50

CONSOLIDATED BALANCE SHEET FOR THE PERIOD ENDED 30/06/2008			
€ 000's	Note	30 June 2008	31 December 2007
ASSETS			
Non current assets			
Property, plant and machinery	11	49,235	47,983
Equipment and other tangible fixed assets	11	9,995	9,659
Investment property		-	2,426
Goodwill	12	21,190	21,473
Other intangible fixed assets	13	24,158	21,673
Deferred tax assets		9,235	8,857
Other financial assets and non current receivables		457	428
		114,269	112,498
Current assets			
Inventories	14	119,375	104,192
Trade receivables		108,120	109,969
Trade receivables from related parties	21	18	13
Other current assets		8,942	8,415
Other current receivables from related parties		90	-
Derivative instrument financial assets		569	322
Cash and cash equivalents		29,313	36,539
		266,427	259,449
TOTAL ASSETS		380,696	371,947

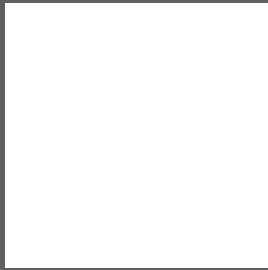
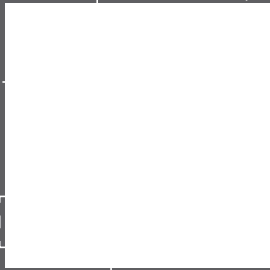
CONSOLIDATED BALANCE SHEET FOR THE PERIOD ENDED 30/06/2008

€ 000's	Note	30 June 2008	31 December 2007
NET EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	15	27,393	27,393
(Treasury shares)	15	(3,033)	-
Capital reserves		36,202	36,202
Hedging and translation reserves	16	(3,026)	(2,190)
Other reserves	17	78,388	48,575
Profit for the period		17,763	41,719
Equity attributable to parent company shareholders		153,688	151,699
Minorities		348	794
Net equity		154,036	152,493
NON-CURRENT LIABILITIES			
Retirement benefit obligations		13,618	13,331
Deferred tax liabilities		3,570	3,656
Bank debt and other financial liabilities	18	442	524
Finance lease obligations	18	8,614	9,866
Provisions for risks and charges		1,507	1,311
		27,751	28,688
CURRENT LIABILITIES			
Trade payables		120,239	119,355
Trade payables to related parties	21	106	108
Other current liabilities		28,122	32,134
Other current liabilities to related parties		5,428	5,033
Tax payables		10,222	3,124
Finance lease obligations	18	2,735	2,756
Bank overdrafts and loans	18	26,373	22,497
Provisions for risks and charges		5,674	5,684
Derivative instrument financial liabilities		12	75
		198,910	190,765
Liabilities		226,660	219,454
TOTAL NET EQUITY AND LIABILITIES		380,696	371,947

SUMMARY CASH FLOW STATEMENT FOR THE PERIOD ENDED 30/06/2008			
€ 000's	Note	30/06/2008	30/06/2007
= Net liquidity from operating activities		14,464	32,989
INVESTMENT ACTIVITY			
- Acquisition of intangible assets and capitalised development costs		(5,018)	(3,044)
+ Disposal of intangible assets		0	0
- Acquisition of tangible assets		(6,716)	(5,080)
+ Disposal of tangible assets and investment property	12	3,655	391
Acquisition of shareholdings in subsidiaries	7	(950)	(7,658)
Balance of acquisition of shareholding in Bre.Ma. Brenna Macchine S.r.l.		0	(2,805)
-/+ Increase/decrease in financial receivables		(196)	(172)
= Net liquidity used in investment activity		(9,225)	(18,368)
FINANCIAL ACTIVITY			
+/- Increase/decrease in medium/long term bank finance	18	(118)	(118)
+/- Increase/decrease in bank debt	18	3,949	(7,132)
Incurrence/repayment of finance leases		(1,269)	1,566
- Dividend payment	10	(11,972)	(9,861)
- Purchase of own shares	15	(3,033)	0
= Net liquidity from/(used in) financial activity		(12,443)	(15,545)
= Net increase/(decrease) in cash and cash equivalents		(7,204)	(924)
= Cash and cash equivalents at start of the period		36,539	36,102
-/+ Foreign exchange differences		(584)	510
+ Cash and cash equivalents at end of period			
Cash and cash equivalents		28,751	35,688

SCHEDULE OF CHANGES TO NET EQUITY FOR THE PERIOD ENDED 30 JUNE 2008

€ 000's	Note	Share capital	- Own shares	Capital reserves	Revaluation reserve	Hedging and translation reserve	Other reserves	Result for the period	Net equity attributable to parent company shareholders	Minority interests	Total
BALANCE AT 31 DECEMBER 2006		27,393	0	36,202	0	(1,633)	40,022	32,239	134,223	320	134,543
Allocation of result for 2006											
Dividend distribution (as per AGM of 02/05/2007)							(9,861)		(9,861)		(9,861)
Other allocations							32,239	(32,239)	0		0
Economic result recognised directly in net equity											
Revaluation reserve adjustment net of fiscal impact					102				102		102
Translation differences						1	112		113		113
Other changes											
Other movements									0	148	148
Result for the period								19,585	19,585	(207)	19,378
BALANCE AT 30 JUNE 2007		27,393	0	36,202	102	(1,632)	62,512	19,585	144,162	261	144,424
BALANCE AT 31 DECEMBER 2007		27,393	0	36,202	0	(2,192)	48,577	41,719	151,699	794	152,494
Allocation of result for 2007											
Dividend distribution	10						(11,972)		(11,972)		(11,972)
Other allocations							41,719	(41,719)	0		0
Economic result recognised directly in net equity											
Translation differences						(834)			(834)		(834)
Other changes											
Own shares movements	15		(3,033)						(3,033)		(3,033)
-Net equity increase arising from recalculation of 2007 acquisition fair values	7						189		189		189
Other movements	7						(125)		(125)	(522)	(647)
Result for the period								17,763	17,763	76	17,839
BALANCE AT 30 JUNE 2008		27,393	(3,033)	36,202	0	(3,026)	78,388	17,763	153,688	348	154,036



Explanatory notes

1. general

Biesse S.p.A. is a company operating under Italian law, domiciled in Pesaro. The company is quoted on the STAR segment of the Milan stock exchange.

The economic, financial and capital report and accounts at 30 June 2008 include the financial statements of Biesse S.p.A. and its subsidiaries over which it directly or indirectly exercises control (hereinafter referred to as the "Group") and the value of the relevant shareholdings held in associated companies.

The economic, financial and capital report and accounts at 30 June 2008 have today been approved by the Board of Directors (8 August 2008).

LIST OF BUSINESSES FULLY CONSOLIDATED IN THE ACCOUNTS

Name and registered office	Currency	Share Capital	Directly controlled	Indirectly controlled	Through	Biesse Group
<i>Parent company</i>						
Biesse S.p.A. Via della Meccanica, 16 Loc. Chiusa di Ginestreto (PU)	Euro	27,393,042				
<i>Italian subsidiaries:</i>						
HSD S.p.A. Via della Meccanica, 16 Loc. Chiusa di Ginestreto (PU)	Euro	1,040,000	100%			100%
MC S.r.l. Via Mario Ricci, 12 Pesaro	Euro	101,490	51%			51%
Biesse Corporate School S.c.r.l. Via della Meccanica, 16 Loc. Chiusa di Ginestreto (PU)	Euro	10,920	75.83%	15.01%	HSD S.p.a	90.84%
I.S.P. Systems S.r.l. Via F.lli Rosselli 46 – Pesaro	Euro	14,000	100%			100%
Bre.Ma. Brenna Macchine S.r.l. Via Manzoni, snc Alzate Brianza (CO)	Euro	70,000	60%			60%
MC Meccanica S.r.l. Via Liguria, 15 Sant'Angelo in Lizzola (PU)	Euro	30,000		100%	MC S.r.l.	51%
Digipac S.r.l. Via Gutenberg, 5 Santarcangelo di Romagna (RN)	Euro	33,333	55%			55%

Name and registered office	Currency	Share Capital	Directly controlled	Indirectly controlled	Through	Biesse Group
Foreign subsidiaries:						
Biesse America Inc. 4110 Meadow Oak Drive Charlotte NC 28208 – USA	US \$	11,500,000	100%			100%
Biesse Canada Inc. 1845 Rue Jean Monnet Terrebonne (Quebec) – Canada	CAN \$	180,000	100%			100%
Intermac Inc. 4110 Meadow Oak Drive Charlotte NC 28208 – USA	US \$	500,000		100%	Biesse America Inc.	100%
Biesse Asia Pte. Ltd. Zagro Global Hub 5 Woodlands Terr. – Singapore	S \$	2,655,000	100%			100%
Biesse Group UK Ltd. Lampport Drive – Daventry Northampt. Gran Bretagna	£ STG	655,019	100%			100%
Biesse Groupe France Sarl 4, Chemin de Moninsable Brignais – Francia	Euro	144,000	100%			100%
Biesse Group Deutschland GmbH Gewerberstrasse, 6 Elchingen (Ulm) – Germania	Euro	1,432,600	100%			100%
Biesservice Scandinavia AB Maskinvagen 1 Lindas - Svezia	SKR	200,000	60%			60%
Biesse Iberica Woodworking Machinery s.l. Cl. Pedrosa C., 9 Barcelona - Spagna	Euro	1,093,843	100%			100%
Woodworking Machinery Portugal Sintra - Portugal	Euro	5,000		100%	Biesse Iberica s.l.	100%
Biesse Group Australia Pty Ltd. 3 Widemere Road Wetherill Park Australia	Aud	5,046,547	100%			100%
Biesse Group New Zealand Ltd. UNIT 7/519– Rosebank Avondale Auckland – New Zealand	Nzd	334,262	100%			100%
Hsd Usa Inc. 3764 SW 30th Avenue – Hollywood Florida – Usa	Usd	10,000		100%	Hsd S.p.A.	100%
HSD Dutschland GmbH Brükenstrasse,2 – Gingen Germania	Euro	25,000		100%	Hsd S.p.A.	100%
Sel Realty Inc. 1845 Rue Jean Monnet Terrebonne (Quebec) – Canada	CAN \$	100	100%			100%
Bifin Ltd. 233, Peachtree St., NE – Harris Tower Atlanta, GA 30303 (Usa)	Usd	10,000		100%	Biesse America Inc.	100%
Biesse Manufacturing Co. Pvt. Ltd. #63, 1st Main, 2nd Stage, Yeshwantpur Indl. Suburb Bangalore -India	Inr	100,814,500	100%			100%

⁽¹⁾ With reference to the company Bre.Ma. Brenna Macchine S.r.l., the existence of a Put option to acquire the remaining shares (referred to in note 3) is to be noted..

2. reference data and principles of consolidation and conversion

The economic, financial and capital report and accounts at 30 June 2008, prepared in abbreviated format in accordance with IAS 34, is composed of the mandatory accounting statements (balance sheet, income statement, schedule of changes in shareholders' funds and cash flow statement) accompanied by explanatory notes. The values in the accounts are expressed in thousands of Euro.

The accounting principles and accounting criteria are consistent with those used in the preparation of the financial statements to 31/12/2007 to which you are referred. In addition the following criteria are highlighted with regard to the present financial statements:

- The interim results for the first six months have been prepared in accordance with the criteria of separation of reporting periods according to which each reference period is considered as an independent period; as a result, the interim income statement for the first six months of the year includes the economic components relating to the period in accordance with the accruals principle;
- The accounting statements used in the process of consolidation are those prepared by the subsidiary companies to 30/06/2008, adjusted, where necessary, to make them consistent with the accounting principles of the Group;
- There are no estimates of significance present.

The average and period end exchange rates are as follows:

Currency	30 June 2008		31 December 2007		30 June 2007	
	Average	Final	Average	Final	Average	Final
US Dollar / euro	1.5304	1.5764	1.3705	1.4721	1.3291	1.3505
Singapore Dollar / euro	2.1228	2.1446	2.0636	2.1163	2.0314	2.0664
Canadian Dollar / euro	1.5401	1.5942	1.4678	1.4449	1.5078	1.4245
Sterling / euro	0.7752	0.7923	0.6843	0.7334	0.6746	0.6740
Swedish Krone / euro	9.3753	9.4703	9.2501	9.4415	9.2228	9.2525
Australian Dollar / euro	1.6546	1.6371	1.6348	1.6757	1.6446	1.5885
New Zealand Dollar / euro	1.9553	2.0632	1.8627	1.9024	1.8517	1.7502
Indian Rupee / euro	62.39	67.7974	56.5716	58.021	56.7239	55.0153

3. valuation criteria and use of estimates

The preparation of the financial statements and the related notes in accordance with IFRS requires management to make estimates and assumptions that have an impact on the values of the assets and liabilities of the balance sheet and regarding the information relating to potential assets and liabilities at the balance sheet date. Actual results may differ from these estimates. The estimates are used to value tangible and intangible assets subjected to impairment tests as described above, as well as to determine the useful life of tangible assets, to determine the amount of credit risk provisions, inventory obsolescence, asset write-downs, employee benefits, taxes and provisions for risks and charges.

The estimates and assumptions, based on data that reflects current available information, are periodically reviewed and the effect of any change is immediately reflected in the income statement.

With regard to the acquisition of 60% of Bre.Ma. Brenna Macchine S.r.l., which occurred in 2006, it should be noted that the contract granted a Put option to the vendors, relating to the remaining 40% of the share

capital of the company. The option may be exercised after three years and within five years of the signing of the aforementioned contract. In accordance with IFRS 3 and in line with best practice, the option has been valued along with the contract to acquire control of the company, anticipating the potential effects of exercise during the 2006 financial period (the first year of consolidation of the company); as a consequence a liability was included in the balance sheet with a value equal to the present value of the liability expected at the date of exercise and, having eliminated the appropriate value from the minorities capital account, the amount of goodwill on the balance sheet was increased to take into account the outstanding shareholding.

The fundamental assumptions regarding the future and other sources of uncertainty in making estimates at the balance sheet date which could cause significant adjustments to the accounting values of the assets and the liabilities within the next accounting period primarily refer to the possible loss of value of goodwill carried in the balance sheet.

At 30 June 2008 the book value of goodwill was € 21 million. Goodwill is subjected to annual impairment tests, with reference to 31 December 2007 while at 30 June 2008 a check was carried out to ascertain the existence of events or other circumstances that could indicate the existence of possible losses in value (so-called impairment indicators); the analysis uncovered no impairment indicators and/or losses of value to be reflected in the balance sheet.

4. analysis by operating segment and geographical area

Analysis by operating segment

For management purposes, the Group is currently organised into four operating divisions – Wood, Glass & Marble, Mechatronics, Other. These divisions constitute the basis on which the Group reports sector information according to the primary schedule.

The principal activities are as follows:

Wood - production and distribution of machinery and systems for wooden panel processing,

Glass & Marble - production and distribution of glass and marble processing machinery,

Mechatronics - production and distribution of mechanical and electronic industrial components,

Other – production and distribution of packaging machinery; production and distribution of tools and components and other precision processing accessories.

The information relating to these sectors of activity is as follows:

€ '000	REVENUE		OPERATING RESULT	
	Ist Half 2008	Ist Half 2007	Ist Half 2008	Ist Half 2007
Wood	175,425	170,265	19,377	25,646
Glass & Marble	42,716	38,116	5,226	5,104
Mechatronic	27,634	25,428	4,815	4,397
Other	29,414	25,365	2,022	2,742
(Interdivisional eliminations)	(37,218)	(32,582)	-	-
	237,971	226,592	31,440	37,889
Unallocated Corporate costs			(4,195)	(4,412)
Operating Profit			27,245	33,477

As previously stated in the review of operations, in order to understand more clearly the figures relating to the first half of 2008 it is important to repeat that the comparative six month period of the previous year was characterized by extraordinary growth in volumes (revenues in that period rose by +28% compared with

the first half of 2006), from which there was a very significant leverage effect. This effect, in the first half of 2007, was also particularly marked by the fact that the trend of costs (labour costs in particular) and investments followed a more moderate path than the very rapid growth of revenues; costs and investments that became necessary between the second half of 2007 and the first half of 2008 for the necessary progressive upgrading of the organization and infrastructure in view of the growth in size of the Group over the three year period 2005-2007 (three year CAGR in revenues of +14.5%)

Another important factor to be taken into consideration in order to correctly evaluate the performance in the first half of 2008 is the sudden strengthening of the Euro. As a benchmark of its performance against a reference currency, the Euro rose by over 16% between June 2007 and June 2008 (13% at average monthly exchange rates) against the US Dollar; this means that the revenues generated by foreign subsidiaries have suffered a significant devaluation in 2008 (the principal is also valid for Asia Pacific subsidiaries as well as the UK subsidiary), something which is not compensated by the reduction in costs expressed in the same currencies.

Net revenues in the first half of 2008 were € 237,971 million, compared with € 226,592 million at 30 June 2007, rising by 5% compared with the previous period.

The increase in revenues was equally distributed across the various divisions of the Group.

With regard to the geographical breakdown of revenues, in this period of 2008 the growth in sales in Europe and the so-called "area RoW" are notable (particularly in the Middle East and South America), as is the substantial stability of Asia-Pacific sales, and the anticipated decline in North America relating mainly to the difficulties in the United States market where there was a combined effect of a slowdown in demand and the negative impact of the translation of dollar revenues into Euro

Analysis by geographical area

REVENUES				
€ '000	1st Half 2008	%	1st Half 2007	%
Western Europe	123,451	51.9%	112,809	49.8%
North America	27,137	11.4%	32,823	14.5%
Eastern Europe	48,157	20.2%	43,414	19.2%
Australasia	11,819	5.0%	12,719	5.6%
Asia	12,621	5.3%	11,678	5.1%
Rest of the World	14,786	6.2%	13,149	5.8%
GROUP TOTAL	237,971	100.00%	226,592	100.0%

5. seasonality

The business sectors in which the Biesse Group operates are characterized by related seasonal influences, due to the fact that the demand for machine tools is normally concentrated in the second half of the year (and in particular in the last quarter). This concentration is related to the purchasing behaviour of end users, notably influenced by expectations regarding investment incentive policies, as well as by expectations about the economic trend of their reference markets. To this is added the particular structure of the Group, in which subsidiaries located abroad (USA, Canada, Australia) account for about one fifth of total sales. Given the time required to deliver machinery to these markets and the presence of a final market, which is particularly sensitive to short delivery lead times relative to orders being made, these subsidiaries find it necessary to build inventory in the first half of the year to satisfy sales towards the end of the year.

This seasonality has had more of an impact on the balance sheet than on the income statement, leading to an increase in inventory levels (connected to the higher level of sales booked at the end of the year) and a consequent increase in working capital, leading to greater absorption of the Group's liquidity. Trade payables, however, are less subject to fluctuation as production is spread across the year in a broadly uniform fashion.

6. other operating revenues

With regard to the item "Other operating revenues", it is to be noted that from 2008, revenues relating to the recovery of expenses charged to related income statement items have been reclassified, in order to provide a representation of revenues and value of production (the sum of revenues and changes in inventories of finished and semi-finished goods) that more closely corresponds to the actual situation of the Biesse Group. As required by accounting principles, the reclassification also applies to figures relating to the financial period ending 30 June 2007, to allow a more consistent comparison. The item in the financial statements consists mainly of capital gains on sale of fixed assets (€ 816,000) and contingent assets (€ 1.070 million). This amount has fallen by about € 700,000 compared with the previous semester, largely due to compensation claims (registered in 2007) relating to sales carried out by application of the Sabbatini Law.

7. acquisition of subsidiaries

There were no acquisitions of companies or business divisions during the first half. The only transaction having an impact on the consolidation area was the acquisition of the outstanding share capital of MC Meccanica S.r.l. by the subsidiary MC S.r.l. Following this transaction, the percentage owned rose from 51% to 100%. This acquisition, completed on 4 June 2008, cost € 691,000 (of which € 146,000 was paid at the date of signing, while the balance, included in "Other debt", will be paid in four annual installments beginning from 2009). Lien has been granted on the outstanding amount against the deferred payment. The difference between purchase price and the net equity acquired, equal to € 124,000 has been deducted from the shareholders' funds of the Group.

With regard to the accounts approved for 31 December 2007, there has been an adjustment to the provisional fair value attributed to the assets and liabilities of Digipac s.r.l. and HSD Deutschland GmbH at the date of acquisition of control, allowing a more precise definition of the net value of the assets acquired. The effects of the adjustment to the provisional values imputed to the 2007 financial statements are as follows.

Digipac S.r.l.

With regard to Digipac S.r.l., the recalculation of the fair value of assets and liabilities generated additional intangible assets, relating to new product development costs. Consequently, the value already provisionally allocated to goodwill (equal to € 127,000) has been reallocated to development costs (€ 230,000), gross of the related tax effect (€ 70,000).

HSD Deutschland GmbH

On 13 March 2008, the subsidiary HSD S.p.A. paid € 804,000 for the acquisition of the outstanding share capital of HSD Deutschland GmbH. This was already fully consolidated in the financial year ending 31/12/2007, substantial control of the company having been acquired in December 2007. The recalculation of the fair value of the acquired assets and liabilities, together with the recalculation of the purchase price, led to the allocation of additional intangible assets of € 619,000, relating to the valuation of the sales network of this company. In addition to these assets deferred tax liabilities of € 241,000 were identified. Consequently the value of goodwill relating to the acquisition of this stake was reduced by € 77,000 taking it to € 603,000.

The recalculation of the fair value of the assets and liabilities at the date of acquisition of control, reflected an increased net equity equal to € 189,000 relating to the shareholding (50%) previously held by the Group, which led to an increase in the net equity of the Group.

8. taxes

National taxes (IRES) are calculated at 27.5 per cent (33 per cent in 2007) on the taxable income of the parent company and its Italian subsidiaries. Taxes in other jurisdictions are calculated in accordance with the rates applicable in those countries. In order to estimate the taxes for the period, the tax rate expected for the full year is applied to the interim profit.

9. earnings per share (eps)

Basic earnings per share at 30 June 2008 was 65.21 euro/cent (71.50 in 2007) and is calculated by dividing the earnings attributable to the shareholders of the parent company, equal to €17.763 million (€19.585 million), by the weighted average number of ordinary shares in issue during the period, corresponding to no. 27,240,651 (no. 27,393,042 in 2007). The number of shares in issue is lower than the total number of shares issued because the Group purchased its own shares on the open market during the semester, as approved by the shareholders' meeting of 21 January 2008. At 30 June 2008 the number of own shares held in treasury was 242,343, with an average holding in the semester of 152,391. There being no dilutive effects, the calculation utilised for basic earnings is also applicable for diluted earnings.

The following tables illustrate the calculation:

EARNINGS ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY				
€ '000	II Quarter		Period ending	
	2008	2007	30/06/2008	30/06/2007
Basic earnings for the period	11,361	13,425	17,763	19,585
Dilution effect on earnings for the period	0	0	0	0
Diluted earnings for the period	11,361	13,425	17,763	19,585

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES IN ISSUE				
Thousands of shares	II Quarter		Period ending	
	2008	2007	30/06/2008	30/06/2007
Weighted average number of ordinary shares used to calculate basic earnings per share	27,393	27,393	27,393	27,393
Effect of treasury shares	(24)	0	(152)	0
Weighted average number of ordinary shares in issue – for the calculation of basic earnings per share	27,369	27,393	27,241	27,393
Dilutive effects	0	0	0	0
Weighted average number of ordinary shares in issue – for the calculation of diluted earnings per share	27,369	27,393	27,241	27,393

There being no discontinued activities in the year, the earnings per share refers entirely to ongoing activities.

10. dividends

On 10 May 2008 the Parent company paid to shareholders a dividend of 44 Eurocents per share (total dividends of € 11.97 million). In the first half of 2007 it paid an ordinary dividend of 36 Eurocents per share (for a total payout of € 9.9 million), to which at year end was added an extraordinary dividend of 50 Eurocents (total amount € 13.7 million).

11. fixed assets, plant, machinery and other tangible assets

Investments totalled € 6 million in the period under review. In addition to the amount relating to the normal replacement of work equipment, required for normal production, the amount of commitments, at the reference date, relating to construction and completion of new production facilities for the subsidiary Biesse Manufacturing Co. Pvt. Ltd. (€ 1.5 million, located in Bangalore, India) and the American subsidiaries (circa € 900,000) must also be noted.

The investment in new machinery for precision engineering work, equal to about € 1 million, which will allow increases in production of the Cosmec factory is of particular significance.

12. property investments

At the end of the previous period, the balance sheet item referred to the amortised cost of the property owned by the subsidiary MC S.r.l. (€ 1.097 million) and of the Alfonsine factory, previously utilized by the CNI business unit, which was part of the subsidiary HSD S.p.A. (€ 1.328 million).

The first property was sold, on 29/02/2008 for a consideration of € 1.430 million, with a net capital gain of € 329,000. The Alfonsine property was sold on 15/05/2008 for a consideration of € 1.730 million, with a net capital gain of € 427,000.

13. goodwill and other intangible assets

Goodwill has been reduced, with respect to the end of the previous period, both due to the effect of exchange rates relating to the goodwill of Biesse Group Australia Pty Ltd and Intermac Inc. (€ 79,000), and due to the reduction of goodwill deriving from the consolidation of Digipac S.r.l. and HSD Deutschland GmbH (€ 127,000 and € 77,000 respectively). This reduction is due to the definitive allocation of the purchase price of the two companies relating to the assets acquired, as explained in more detail in note 6, above. The other intangible assets include development investment, equal to € 19.481 million, after amortization of € 10.458 million (of which €1.855 million in the first semester) and write-downs of non-recoverable projects of € 396,000. New product design and planning continued during the reference period and involved new investment of € 4.326 million (€ 2.259 million in 2006).

14. inventories

The risk of obsolescence of stocks of raw materials and finished products remained largely unchanged compared with the previous period. On the basis of estimates carried out, the reserve relating to finished products was increased by € 65,000 while that relating to raw materials was reduced by € 145,000.

15. share capital – own shares

The share capital of the Parent, Biesse S.p.A. is composed of no. 27,393,042 shares, each of €1 nominal value. At the date of approval of the present interim report the Group holds 242,343 of its own shares. As indicated in note 9, above, the shareholders' meeting of Biesse S.p.A. on 21 January 2008 approved a share buy-back programme. The programme allows the purchase of up to 2,739,304 Biesse ordinary shares corresponding to 10% of the share capital, of € 1 nominal value, to be purchased on the regulated market over an 18 month period commencing 22 January 2008. The shareholders' approval allows that purchases may be made at a price that is no greater than 10% and no less than 20% of the weighted average official price of the shares recorded by Borsa Italiana S.p.A. in the three days preceding each single purchase transaction, in accordance with the limits established by the relevant regulations in force. The buy-back programme is primarily motivated by the opportunity of intervening in the market, in accordance with existing regulations, in order to provide liquidity for Biesse shares in particular during periods of excessive volatility. The Group also believes that it is appropriate to invest part of its own reserves in acquiring its own shares in the event of significant divergence between the market price and the fair value of the shares.

The following schedule shows summary data regarding the company's own shares held in treasury at 30/06/2008.

Number of shares:	242,343
Book value (in Euro):	3,032,763
Percent of share capital:	0.88%

16. balance sheet foreign exchange conversion reserve

The balance sheet value is composed as follows:

€ '000	30 June 2008	31 December 2007
Hedging and translation reserve	(3,026)	(2,190)
TOTAL	(3,026)	(2,190)

17. retained earnings

The balance sheet value is composed as follows:

€ '000	30 June 2008	31 December 2007
Legal reserve	5,479	5,479
Extraordinary reserve	57,968	3,921
Retained earnings and other reserve	14,941	39,175
Other reserves	78,388	48,575

As shown in the schedule of changes in net equity, the item "Other reserves" (in particular Retained Earnings) has been changed by the allocation of 2007 earnings (€ 41.719 million) and the payment of dividends by the Parent company (€ 11.972 million); to this is added the adjustments required by the recalculation of the fair value of the assets and liabilities of HSD Deutschland (which led to an increase in net equity of € 189,000) as well as the adjustment deriving from the accounting for the acquisition of 49% of the share capital of MC Meccanica S.r.l. (reduction of net equity by € 125,000).

18. financial payables

Compared with financial statements for the period ended 31 December 2007, the Group's financial debt (consisting mainly of property finance leases, as regards the non-current element and overdrafts and advances on current account as regards the current element) rose by a net amount of about € 2.5 million. This increase is attributable to the greater utilisation of the portfolio of outstanding credits for €3.122 million and new short term financing of € 827,000, net of repayment of medium term loans of € 118,000 and payment of finance leases of € 1.268 million. For greater detail please refer to the comments in the Review of Operations relating to the trend of the net financial position and the analysis of the cash flow statement.

19. potential liabilities

The Parent company and some subsidiaries are involved in certain litigation and legal disputes. It is however considered that the resolution of these issues should not generate liabilities greater than those already provided for in the appropriate risk provisions.

20. subsequent events

With reference to significant events subsequent to the balance sheet date please refer to the relevant note in the Review of Operations.

21. related party transactions

The Group is directly controlled by Bi. Fin. S.r.l. (operating in Italy) and indirectly by Mr. Giancarlo Selci (resident in Italy).


Transactions between Biesse S.p.A. and its subsidiaries, which are entities related to the Parent company, have been eliminated from the consolidated financial statements and are not highlighted in this note. The details of transactions between the Group and other related parties are shown below:

Transactions of a commercial nature

During the period the companies of the Group engaged in the following transactions of a commercial nature with related parties, not included in the consolidation area.

€ '000	REVENUES		COSTS	
	Period ended 30/06/2008	Period ended 30/06/2007	Period ended 30/06/2008	Period ended 30/06/2007
Controlling companies Bi.Fin. S.r.l.	5	-	3	-
Associates HSD Deutschland GmbH		1,753		1
Other related companies Fincobi S.r.l.	1	-	5	

€ '000	RECEIVABLES		PAYABLES	
	Period ended 30/06/2008	Period ended 31/12/2007	Period ended 30/06/2008	Period ended 31/12/2007
Controlling companies Bi.Fin. S.r.l.	17	12	5,000	5,043



The contractual conditions applied with the aforementioned related parties are no different to those theoretically obtainable in transactions with third parties.

It should be remembered that the controlling company Bi.Fin. S.r.l. chose to take advantage of the regulations regarding the Consolidated National Tax (Consolidato Fiscale Nazionale) for the three year period 2005/2007; the consolidated tax area includes, as well as Bi.Fin., the companies Biesse S.p.A., HSD S.p.A., Cabi S.r.l. and I.S.P. Systems S.r.l. Payables to Bi.Fin. at 30/06/2008 are largely attributable to the transfer of IRES tax balances relating to the 2007 financial year by the subsidiaries Biesse S.p.A. and HSD S.p.A.

On 16 June 2008, the option to take advantage of the regulations regarding the tax consolidation was exercised by the Parent company Biesse S.p.A. and no longer by Bi.Fin. S.r.l.; In addition to Biesse S.p.A., the subsidiaries HSD S.p.A., ISP Systems s.r.l., Bre.Ma. Macchine S.r.l., MC S.r.l. and Digipac S.r.l. adhere to this consolidated plan.

At the end of the first half of 2007, HSD Deutschland GmbH was considered an associate company. The above table reports the transactions that took place in the semester. These were of a commercial nature, insofar as they relate to transactions involving the sale of goods and/or the provision of services.

Payables to related parties are of a commercial nature and refer to transactions involving the sale of goods and/or the provision of services.

Pesaro, 08/08/2008

Certification of the abbreviated six month interim results in accordance with article 154 bis of Decree Law 58/98

The signatories Roberto Selci, in his capacity as Chairman, and Stefano Porcellini, in his capacity as Manager with responsibility for preparing the company accounts of Biesse S.p.A., certify, - taking into account the provisions of article 154-bis, paragraphs 3 and 4, of Decree Law no. 58 of 24 February 1998:

- the pertinence in relation to the characteristics of the business
- the effective application of the administrative and accounting procedures for the preparation of the abbreviated six month interim results during the first six months of 2008.

The evaluation of the appropriateness of the administrative and accounting procedures for the preparation of the abbreviated six month interim results to 30 June 2008 is based on a procedure defined by Biesse which is consistent with the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission which represents a reference framework for internationally accepted internal control systems.

It is also certified that:

a) the abbreviated six month interim report:

- is prepared in conformity with the international accounting principles recognised by the European Community in accordance with resolution (CE) no. 1606/2002 of the European Parliament and the Council, of 19 July 2002, and in particular IAS 34 – Interim Financial Reporting, as well as to the provisions issued by article 9 of Decree Law no. 38/2005;
- corresponds to the results of the accounting books and records;
- and as such, is qualified to provide a true and correct representation of the capital, financial and economic situation of the issuer and the group of companies included in the consolidation;

b) the interim review of operations contains references to significant events that took place in the first six months of the financial year and to their impact on the abbreviated six month interim financial statements, together with a summary description of the principal risks and uncertainty for the remaining six months of the financial year as well as information on potential relevant transactions conducted with related parties.

Pesaro 8 August 2008

Chairman
Roberto Selci

Chief Financial Officer
Stefano Porcellini



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AUDITORS' REVIEW REPORT ON THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
BIESSE S.p.A.

1. We have reviewed the half-yearly condensed consolidated financial statements of BIESSE S.p.A. and subsidiaries (the BIESSE Group), which comprise the balance sheet as of June 30, 2008, and the income statement, statement of changes in equity and cash flow statement for the six-month period then ended, and the related explanatory notes. The Company's directors are responsible for the preparation and presentation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue a report on these half-yearly condensed consolidated financial statements based on our review.
2. We conducted our review in accordance with the standards recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly interim financial statements under Resolution n° 10867 of July 31, 1997. Our review consisted principally of applying analytical procedures to the underlying financial data, assessing whether accounting policies have been consistently applied and making enquiries of management responsible for financial and accounting matters. The review excluded audit procedures such as tests of controls and substantive procedures of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with established auditing standards. Accordingly, unlike our report on the year-end consolidated financial statements, we do not express an audit opinion on the half-yearly condensed consolidated financial statements.

As far as comparative figures related to the year ended December 31, 2007 and the six-month period ended June 30, 2007 are concerned, reference should be made to our auditors' report dated April 10, 2008 and our auditors' review report dated October 1, 2007, respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the half-yearly condensed consolidated financial statements of BIESSE Group as of June 30, 2008 are

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Perugia
Roma Torino Treviso Verona

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Member of
Deloitte Touche Tohmatsu

not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Giovanni Cherubini
Partner

Rome, Italy
August 28, 2008

This report has been translated into the English language solely for the convenience of international readers.



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