

QUARTERLY
REPORT
SEPTEMBER 30TH, 2009



BIESSE

BIESSE S.p.A.

QUARTERLY REPORT AT SEPTEMBER 30TH, 2009

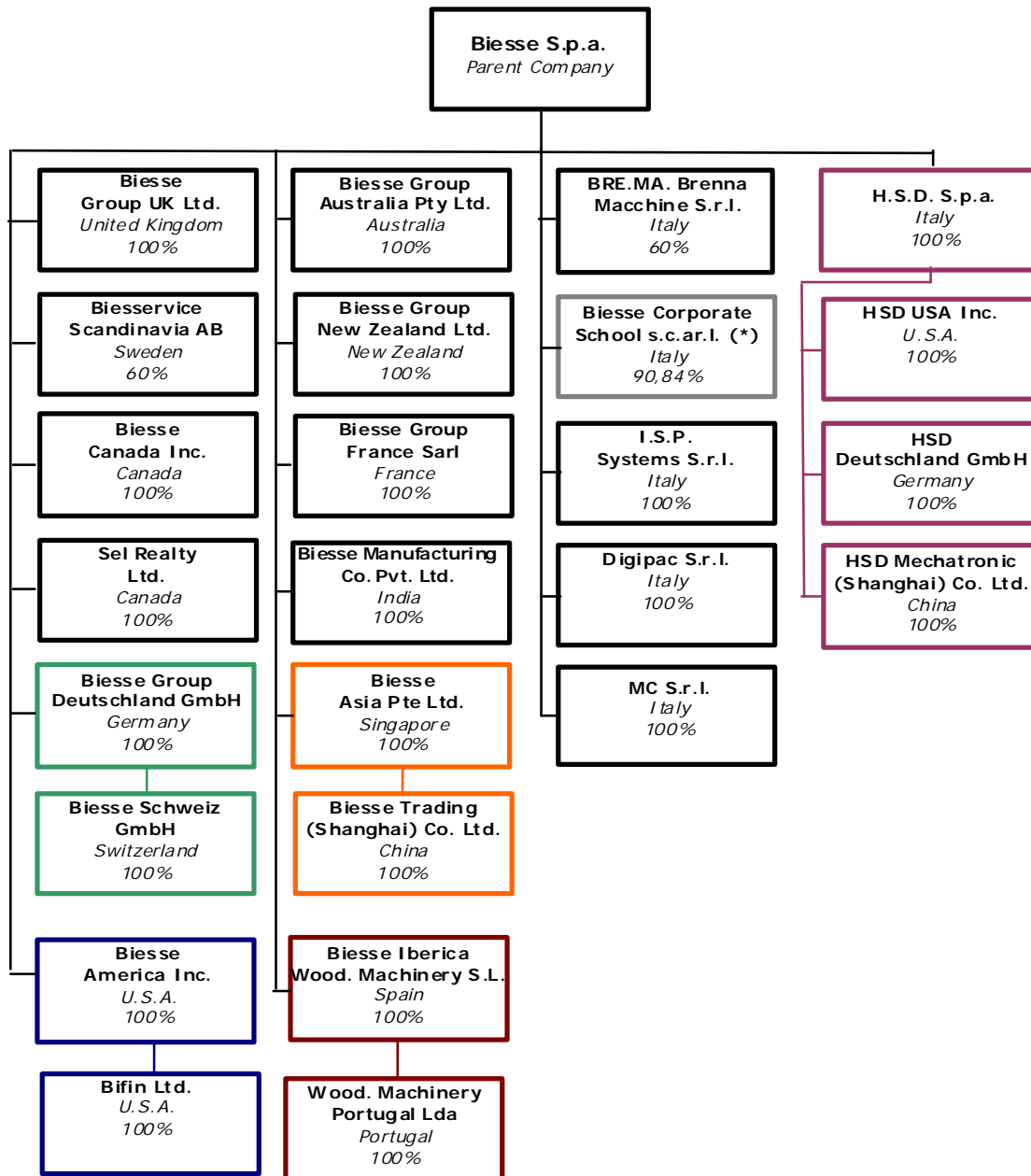
SUMMARY

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GROUP STRUCTURE

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



* Consortium service company, the shareholding in which is 75.83% directly owned and 15.01% held indirectly through Hsd S.p.a.



EXPLANATORY NOTES

The consolidated quarterly report of Biesse Group to 30 September 2009, which has not been subjected to an independent audit, has been prepared in accordance with the international accounting principles IAS/IFRS, in force at the time of preparation. The figures for comparable periods have also been prepared in accordance with IAS/IFRS.

The quarterly Report was prepared in compliance with the provisions of article 82 and article 82-*bis* of the "Regulation incorporating rules for implementation of Decree Law no. 58 of 24 February 1998, regarding issuers" (Consob Resolution no. 11971 of 14 May 1999 and subsequent amendments), as amended by Consob Resolution no. 14990 of 14 April 2005. On the basis of aforementioned article 82, the quarterly Report has been prepared applying IFRS international accounting principles with regard to valuations in accordance with the procedures referred to in Appendix 3D of the same Regulation. The present quarterly report therefore has not been prepared according to the provisions of the accounting principle regarding interim financial reporting (IAS 34 "Interim financial reporting").

The accounting principles and the valuation criteria conform to those of the financial statements to 31/12/2008 to which we refer you for further information. In these circumstances, the following should also be noted:

- The quarterly report has been prepared in accordance with the criteria regarding separation of periods, on which basis the period referred to is considered as an autonomous financial period; in this respect the quarterly income statement reflects the economic components relating to the period in accordance with the accruals principle;
- The accounting records which form the basis for consolidation are those provided by subsidiary companies to 30/09/2009, adjusted, where necessary, to align them to the accounting principles of the Group.

The consolidation area is unchanged with respect to that for the period ended 30 June 2009.

It should be noted that on 15 September 2009, the shareholders' meeting of Biesse Corporate School S.c.a r.l. approved the early winding-up of the company and to put it in liquidation, as



no entrepreneurial motives can currently be identified to justify continuing the activities of the company.

PARENT COMPANY CORPORATE BODIES

Board of Directors

Chairman and Managing Director	Roberto Selci
Managing Director ¹	Giancarlo Selci
Managing Director	Giovanni Barra
Director	Alessandra Parpajola
Director	Stefano Porcellini
Director ²	Leone Sibani
Director ²	Giampaolo Garattoni
Director ²	Salvatore Giordano

Board of Statutory Auditors

Chairman	Giovanni Ciurlo
Serving Auditor	Adriano Franzoni
Serving Auditor	Claudio Sanchioni
Substitute Auditor	Daniela Gabucci
Substitute Auditor	Cristina Amadori

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

² independent



Internal Control Committee - Remuneration Committee

Leone Sibani

Giampaolo Garattoni

Salvatore Giordano

Supervisory body

Leone Sibani

Giampaolo Garattoni

Salvatore Giordano

Cristian Berardi

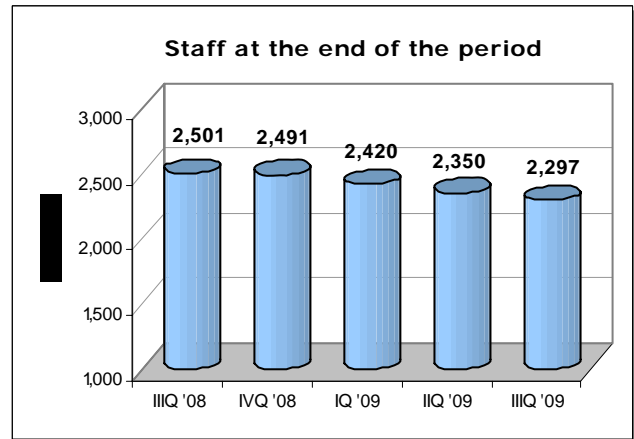
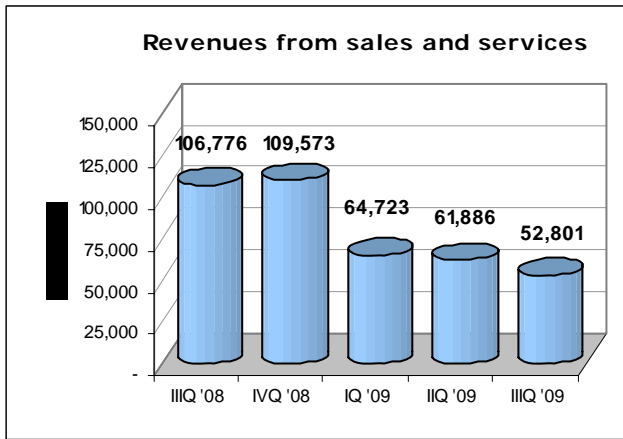
Elena Grassetti

Independent auditors

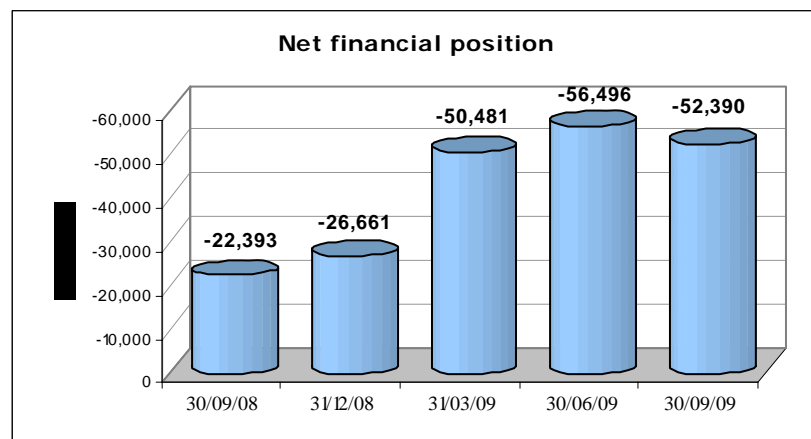
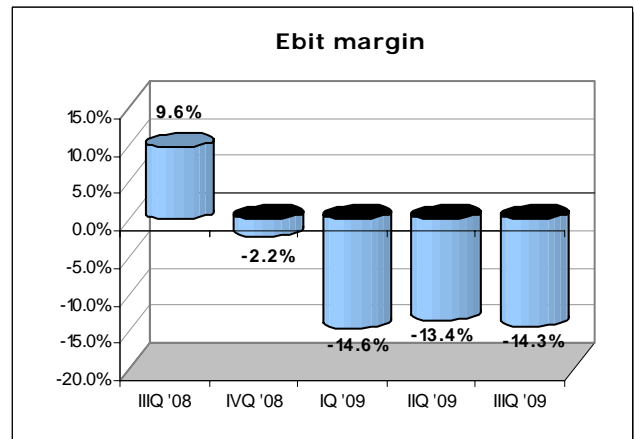
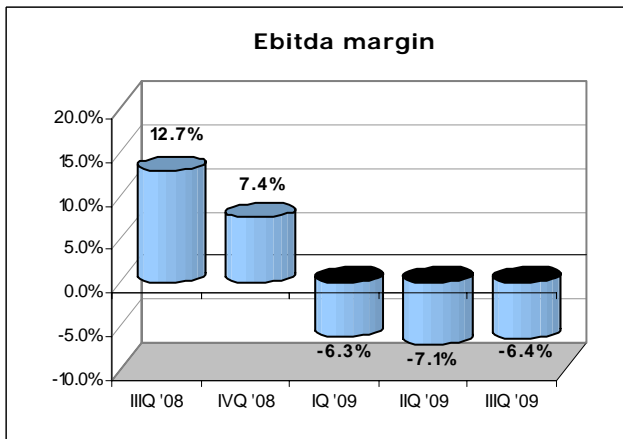
Deloitte & Touche S.p.A.



HIGHLIGHTS



* the data includes temporary staff



REFERENCE MARKET

According to data published by Acimall - the national trade association for the woodworking machinery sector – in its press release of 3 November, “the usual survey, conducted on the basis of a statistical sample representing the entire sector, shows a decline (of order intake) of 47.5% compared with the same period of the previous year; in particular, foreign orders fell by 50.5%, while the reported decline in the Italian market was equal to 35.0%”.

In the period July-September 2009 – Acimall continues – “employment levels were considered to be stable by 55% of the sample while the remaining 45% expected a decline. Inventories were stable for 55% of respondents, and in decline for 42% while the remaining 3% saw expects an increase.”

* * *

The order intake data for the third quarter of 2009, as reported by the Research Department and Business Intelligence unit of UCIMU, the trade association for Italian producers of machine tools, robot and automated equipment, revealed a decline of 51.6%, compared with the same period of 2008; “the total result was impacted by the poor result recorded by producers for the domestic market and demand weakness in foreign markets, which confirms the extent to which the crisis is affecting general demand for capital goods; in fact, order intake in the domestic market was down by 54% compared with the third quarter of 2008; similarly, in the period July-September 2009, the index of orders received from foreign markets was down by 49.9%. Orders received in the first nine months of the year more than halved, with a fall of 55.3% compared with the same period of 2008. However, from this analysis of the change in the indices - according to Ucima – there are indications of a reduction in the intensity of the decline in order intake, since the decline in the index has improved from the previous fall of - 63.1% reported for the second quarter of 2009; (...) the impression that the low point of the negative economic cycle is behind us, is also confirmed by the good result reported by EMO MILANO 2009, the world trade exhibition for the sector which was held at the start of October in Milan.”

Two extremely interesting proposals, which are fully recognised by Biesse S.p.A., were put forward by the Chairman of Ucima, Giancarlo Losma, who hoped for industrial policy initiatives to incentivise replacement of capital goods through the subsidised scrapping of obsolete machinery; such an incentive would have positive implications in many sectors of the socio-economic structure, and would also ensure a low environmental impact from production and greater security for machinery operators. In addition, - continued Losma – in order to allow companies to confront the current difficulties and to place themselves in the best position to take advantage of the coming recovery, it is essential that government institutions intervene effectively at a European level to support credit and lending activity through adherence to the Basel 2 criteria.

* * *

The monthly orders/sales report by the German organisation VDMA on the sub-segment “Holzbearbeitungs-maschinen” (woodworking machinery) for the third quarter of 2009 reveals a decline of -46% in cumulative order intake, which is an improvement relative to the -63% reported in the second quarter of 2009, and a decline of -45% in cumulative sales (from - 58%).

* * *



In the third quarter of 2009 Biesse experienced a revival of orders that will produce the expected first signs of improvement in results in the fourth quarter of 2009.

In particular the economic analysis of order intake for the first nine months of the current financial year reveals a figure for the third quarter that is respectively 28.3% and 55% higher than in the 2nd and 1st quarters of 2009. Compared with the same period of the previous year (which is not yet distorted by the collapse in October 2008) the order intake for July-September 2009 was down 27% compared with the third quarter of 2008 (at the end of the first half of 2009, the decline compared with the figure for June 2008 reached the level of - 57.8%); which represents an extremely comforting signal that a reversal of the trend is under way



ACCOUNTING STATEMENTS

Third quarter 2009 Income Statement

	IIIQ 2009	% of revenue	IIIQ 2008	% of revenue	DELTA %
<i>€ 000's</i>					
Revenues from sales and services	52,801	100.0%	106,776	100.0%	(50.5)%
Changes in inventories, WIP, semi-finished and finished goods	(2,812)	(5.3)%	(4,824)	(4.5)%	(41.7)%
Other revenues and income	867	1.6%	164	0.2%	0.0%
Value of Production	50,857	96.3%	102,116	95.6%	(50.2)%
Consumption of raw materials, accessory products and goods	23,307	44.1%	41,549	38.9%	(43.9)%
Other operating expenses	12,180	23.1%	20,767	19.4%	(41.3)%
Non recurring other operating expenses	223	0.4%	0	0.0%	0.0%
Value Added	15,146	28.7%	39,800	37.3%	(61.9)%
Personnel costs	18,203	34.5%	26,245	24.6%	(30.6)%
Non recurring expenses (reorganization)	319	0.6%	0	0.0%	0.0%
Gross Operating Margin	(3,375)	(6.4)%	13,555	12.7%	(124.9)%
Depreciation and amortisation	3,372	6.4%	3,038	2.8%	11.0%
Provisions	787	1.5%	299	0.3%	0.0%
Impairment	0	0.0%	1	0.0%	(100.0)%
Operating Result	(7,534)	(14.3)%	10,218	9.6%	0.0%
Financial income/expense	(606)	(1.1)%	(545)	(0.5)%	11.3%
Foreign exchange gains/losses	(656)	(1.2)%	(188)	(0.2)%	0.0%
Pre-tax profit	(8,796)	(16.7)%	9,486	8.9%	0.0%
Tax for the period	(1,593)	(3.0)%	3,500	3.3%	(145.5)%
Result for the period	(7,203)	(13.6)%	5,986	5.6%	0.0%



30 September 2009 Income Statement

	30 September 2009	% of revenue	30 September 2008	% of revenue	DELTA %
<i>€ 000's</i>					
Revenues from sales and services	179,411	100.0%	344,747	100.0%	(48.0)%
Changes in inventories, WIP, semi-finished and finished goods	(10,144)	(5.7)%	10,299	3.0%	0.0%
Other revenues and income	2,710	1.5%	1,827	0.5%	48.3%
Value of Production	171,977	95.9%	356,873	103.5%	(51.8)%
Consumption of raw materials, accessory products and goods	73,010	40.7%	155,882	45.2%	(53.2)%
Other operating expenses	42,409	23.6%	67,398	19.5%	(37.1)%
Non recurring other operating expenses	223	0.1%	0	0.0%	0.0%
Value Added	56,335	31.4%	133,593	38.8%	(57.8)%
Personnel costs	67,255	37.5%	85,125	24.7%	(21.0)%
Non recurring expenses (reorganization)	909	0.5%	0	0.0%	0.0%
Gross Operating Margin	(11,828)	(6.6)%	48,468	14.1%	(124.4)%
Depreciation and amortisation	9,928	5.5%	9,276	2.7%	7.0%
Provisions	3,467	1.9%	1,331	0.4%	0.0%
Impairment	30	0.0%	397	0.1%	(92.4)%
Operating Result	(25,254)	(14.1)%	37,464	10.9%	0.0%
Financial income/expense	(2,067)	(1.2)%	(1,288)	(0.4)%	60.5%
Foreign exchange gains/losses	(479)	(0.3)%	(159)	0.0%	0.0%
Pre-tax profit	(27,801)	(15.5)%	36,018	10.4%	0.0%
Tax for the period	5,741	3.2%	(12,193)	(3.5)%	(147.1)%
Result for the period	(22,059)	(12.3)%	23,825	6.9%	0.0%



OPERATIONAL REPORT

The results to 30 September 2009 reflect the weak order intake recorded up until the end of May, a trend that has gradually improved in the months of June and July (a trend confirmed and strengthened in September and October), the effect of which on production (and revenues) will materialise, however, in the fourth quarter of 2009. The third quarter also reflects, in terms of revenues, the closure of the Italian production facilities during August.

Recourse to temporary lay-off schemes and the reduction, however substantial, of a significant amount of general costs only partially smoothed the gearing impact of the steady decline in volumes to 30 September 2009 which equated to more than € 165 million compared with the same period of 2008 (-48%).

Personnel cost reductions amounted to € 17.8 million, while the year-on-year reduction in operating costs (overheads) came to a little less than € 24.8 million, which represents a significant effort that was achieved without jeopardising research and development activities, market penetration or client services, all of which are crucial factors in increasing market share during the demand recovery phase.

The containment of net debt is already a very positive signal: during the quarter under consideration the Group succeeded in improving the Net Financial Position by more than € 4 million compared with June 2009 due to the significant improvement in net working capital which more than compensated for the negative revenue trend.

* * *

Net revenues in the first nine months of 2009 were € 179.411 million, a reduction of 48% compared with the previous period (€ 52.801 million in the third quarter alone, representing a decline of 50.5% compared with the same period of 2008).

With regard to the geographical breakdown of revenues – for details please refer to the tables that follow in the section on segment information (pages 16 and 17) – in the first nine months of 2009 the largest declines were recorded in Eastern Europe (-69.8%, which was particularly impacted by the collapse of demand in Russia) and North America (-58.6), while the decline in Asia was more modest at -26%.

The fall in revenues was more severe in the Wood Division (-51.5%) and in the Mechatronics Division (-52.7%), while the decline in the Glass/Stone Division amounted to -32.3%.

The trend in stocks of finished and semi-finished goods revealed an important reversal of the trend in the previous period: from an increase of about € 10.3 million reported in the period to September 2008 there was a reduction of over € 10.1 million in the current period.

This figure is particularly encouraging when considered in the context of the weakness of demand compared with the previous year.

The value of Production for the first nine months of 2009 was therefore equal to € 171.977 million, -51.8% compared with September 2008, when it amounted to € 356.873 million.

The ratio of raw material costs re-calculated as a percentage of the the value of production (instead of on net revenues) was 42.5% in the first nine months of 2009 (compared with 43.7% for the period to 30 September 2008); this figure reflects the benefit of the impact of the profit-in-stock released by the comprehensive sale of the Group's inventory.



	30 September		30 September	
	2009	%	2008	%
<i>€ 000's</i>				
Value of Production	171,977	100.0%	356,873	100.0%
Consumption of raw materials and goods	73,010	42.5%	155,882	43.7%
Other operating expenses	42,632	24.8%	67,398	18.9%

On the other hand, in terms of percentage of value of production, the figure for operating expenses – while lower by about € 24.8 million in absolute terms – was, as a percentage of value of production, about 6 percentage points higher than the figure at September 2008, due to the presence of cost items which are inelastic relative to the trend of revenues such as: leasing expenses, external consultancy on strategic projects initiated in previous periods, travel and accommodation, utilities, events/trade fairs, etc.

Personnel costs in the third quarter of 2009 were € 18.203 million, or more than € 8 million lower than in the third quarter of 2008, as a result of the use of temporary lay-off schemes and the substantial block on temporary labour and overtime working; the impact of the reduction in personnel costs was more significant in this third quarter of 2009 compared with the preceding 2 quarters: the recovery of € 8 million relative to the same period of 2008 should be compared with the saving of about € 6.7 million achieved in the second quarter of 2009 and the € 3.1 million saved in the period January-March.

The comparison of this first nine months with the previous year reveals a saving of more than € 17.8 million; this saving increases by a further € 1.3 million if we take into account the lower capitalisation of research and development costs reported in the first nine months of 2009 compared with the figure for 2008, saving on design operations with a lower strategic content.

During this period there were non-recurring expenses of € 909,000, mainly attributable to the redundancy procedures relating to the closure of the HSD factory in Turin and to other activities of relocation, centralisation and ongoing divisional/production plant concentration.

The gross operating margin (Ebitda) for the nine month period to 30 September 2009 was € -11.828 million; The ebitda for the third quarter of 2009 was a negative € 3.375 million, an improvement on the results for the 1st and 2nd quarters (respectively € -4.078 million and € -4.375 million), even though revenues were € 10-12 million lower than in the two preceding quarters and this was attributable to the already mentioned significant cuts in personnel costs and overheads in the quarter.

Amortisation was slightly higher due to the significant investment in intangible assets (information systems and R&D) in the two years 2007-2008, while provisions were particularly high to account for a worst case scenario regarding estimated potential risk relating to trade receivables: the balance between provisions and provisions utilised brought the credit risk reserve to € 7.919 million (11% of receivables outstanding at that date; the figure at end-December 2008 was 6.2%).

Consequently Ebit totalled € -7.534 million in the quarter and € -25.254 million for the first nine months of the current financial year.

Financial management resulted in expenses of € 2.547 million, which resulted in a negative pre-tax result of € 27.801 million.



The estimated tax balance amounts to € 5.741 million, due to accounting for the positive component of deferred tax assets calculated on the loss for the period.

The estimated net result for the first nine months of 2009 is negative € 22.059 million.

Net financial position at September 30th, 2009

	30 September 2009	30 June 2009	31 March 2009	31 December 2008
<i>€ 000's</i>				
Financial assets:	20,547	29,967	19,393	22,173
<i>Current financial assets</i>	0	0	27	0
<i>Liquidity</i>	20,547	29,967	19,366	22,173
ST finance lease liabilities	(2,328)	(2,419)	(2,517)	(2,602)
Bank and other ST financial debt	(23,993)	(33,511)	(58,380)	(37,033)
Net Short Term Financial Position	(5,774)	(5,963)	(41,503)	(17,462)
M/L term finance lease liabilities	(6,210)	(6,291)	(7,284)	(7,426)
M/L term bank debt	(40,406)	(44,242)	(1,693)	(1,772)
Net M/L Term Financial Position	(46,616)	(50,533)	(8,977)	(9,199)
Total Net Financial Position	(52,390)	(56,496)	(50,481)	(26,661)

The financial position reveals a significant reversal of the trend of previous quarters, improving by more than € 4 million in the third quarter due to the expected significant working capital improvement which more than compensated for the negative revenue trend; the effect of containment of capex to production-processing activities only helped the improvement in the financial position.

In particular gross short term bank exposure fell by more than € 9.5 million compared with June 2009, while medium term debt declined in synchronisation with the contractual repayment plans.



Balance sheet figures

	30 September	30 June	31 March	31 December	30 September
	2009	2009	2009	2008	2008
<i>€ 000's</i>					
Intangible fixed assets	41,057	40,865	40,303	40,106	45,912
Tangible fixed assets	58,369	60,152	61,007	61,236	60,469
Other non-current assets	16,266	14,006	12,561	10,115	9,665
NON CURRENT ASSETS	115,692	115,023	113,871	111,458	116,045
Inventories	83,733	93,622	103,947	103,678	116,560
Trade receivables	63,953	69,921	78,847	99,804	105,887
Other receivables	9,394	10,686	12,787	14,364	7,316
Other current financial assets	0	0	27	0	647
Cash and equivalents	20,547	29,967	19,366	22,173	25,967
CURRENT ASSETS	177,627	204,197	214,974	240,020	256,376
TOTAL ASSETS	293,319	319,220	328,845	351,478	372,421
Net equity of the Group	130,883	138,262	145,777	152,208	156,749
Minority interests	400	523	890	1,103	276
NET EQUITY	131,283	138,785	146,667	153,311	157,024
Bank debt and M/L term finance leases	46,616	50,533	8,977	9,199	10,262
Retirement benefit liabilities	12,033	11,975	12,314	12,718	13,212
Other payables and M/L term liabilities	3,431	3,717	4,515	4,195	4,783
NON CURRENT LIABILITIES	62,080	66,225	25,807	26,112	28,258
Trade payables and other short term liabilities	47,989	50,080	65,702	98,611	101,980
Other short term payables	25,646	28,200	29,773	33,809	46,415
Bank debt and short term finance leases	26,321	35,930	60,897	39,635	38,744
CURRENT LIABILITIES	99,956	114,211	156,371	172,055	187,139
TOTAL LIABILITIES AND NET EQUITY	293,319	319,220	328,845	351,478	372,421

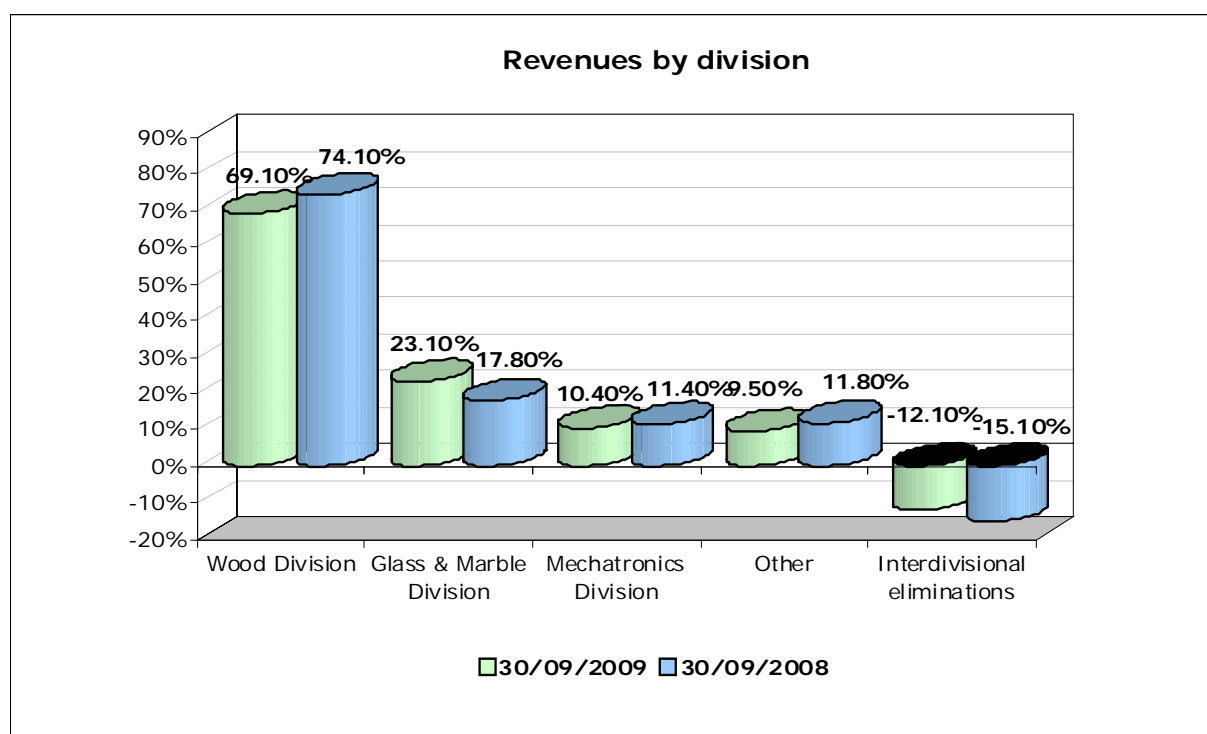
Non-current assets were substantially stable, while the most significant change occurred in the figure for inventories compared with the preceding quarters, with a recovery of, respectively, about € 10 and € 20 million compared with the figures for June and March 2009.

Remaining with operating net working capital it is interesting to note how the dynamic of trade receivables and payables has been re-balanced, generating a balance of about € 4 million on further reductions of absorption by net working capital.



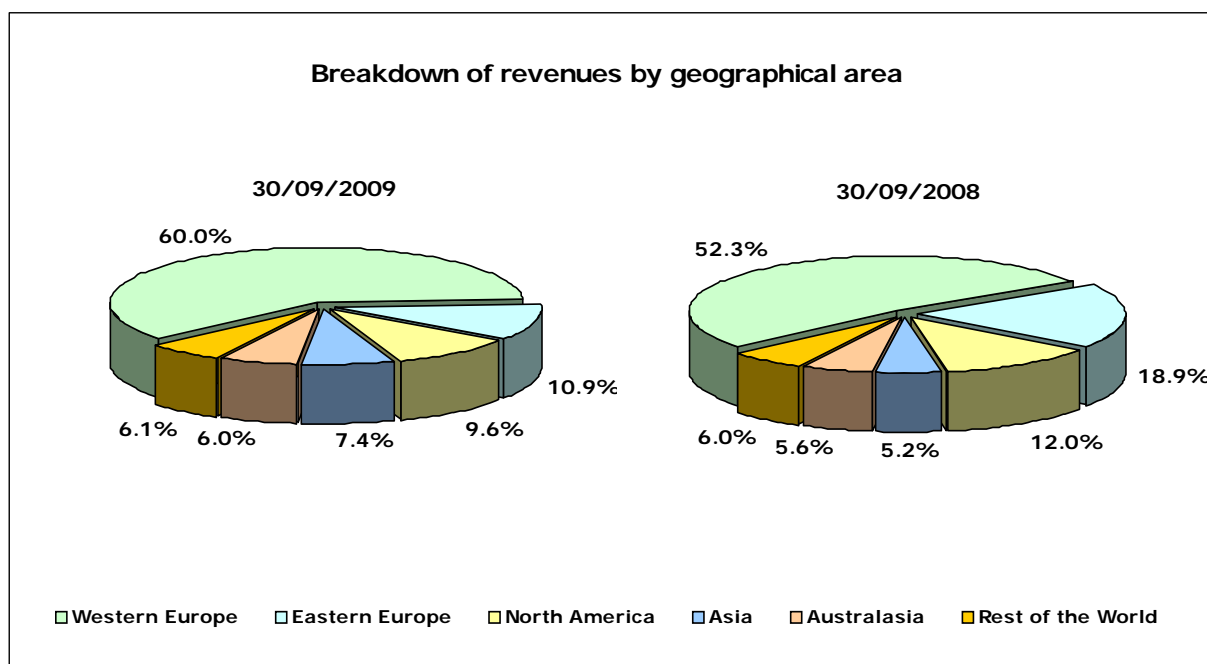
Revenues by division

<i>Euro '000</i>	30 September 2009	%	30 September 2008	%	Change % 2008/2009
Wood Division	123,936	69.1%	255,474	74.1%	(51.5%)
Glass & Marble Division	41,433	23.1%	61,244	17.8%	(32.3%)
Mechatronics Division	18,605	10.4%	39,328	11.4%	(52.7%)
Other	17,104	9.5%	40,892	11.8%	(58.2%)
Interdivisional eliminations	(21,667)	(12.1%)	(52,191)	(15.1%)	(58.5%)
Group Total	179,411	100.0%	344,746	100.00%	(48.0%)



Revenues by geographical area

Geographical area Euro '000	30 September 2009	%	30 September 2008	%	Change % 2008/2009
Western Europe	107,647	60.0%	180,284	52.3%	(40.3%)
Eastern Europe	19,638	10.9%	64,987	18.9%	(69.8%)
North America	17,175	9.6%	41,535	12.0%	(58.6%)
Asia	13,345	7.4%	18,044	5.2%	(26.0%)
Australasia	10,714	6.0%	19,329	5.6%	(44.6%)
Rest of the World	10,891	6.1%	20,568	6.0%	(47.0%)
Group Total	179,411	100.0%	344,746	100.0%	(48.0%)



Pesaro, 12 November 2009

Chairman of the Board of Directors
Roberto Selci



DECLARATION OF THE NOMINATED MANAGER REGARDING THE PREPARATION OF THE COMPANY ACCOUNTING DOCUMENTS IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE 154-BIS PARAGRAPH 2 OF LEGISLATIVE DECREE 58/1998 (TESTO UNICO DELLA FINANZA – CONSOLIDATED FINANCIAL LAW)

The undersigned Stefano Porcellini, Chief Financial Officer and Board Director of Biesse S.p.A., in his capacity as nominated manager responsible for the preparation of the company accounts, declares that the consolidated quarterly report at 30 September 2009 of Biesse S.p.A., unaudited, - prepared in compliance with the indications provided by CONSOB (in accordance with the provisions of article 82 and article 82-bis of the "Regulations governing rules of implementation of Legislative Decree 24 February 1998, n° 58 regarding issuers") and conforming to the valuation and measurement criteria established International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedures referred to in article 6 of Regulation (EC) no. 1606/2002 of the European Parliament and by the Council of 19th July 2002-, as far as he is aware, corresponds to the results contained in the group's records, books and accounts.

12 November 2009

/signature /
Stefano Porcellini
Chief Financial Officer

