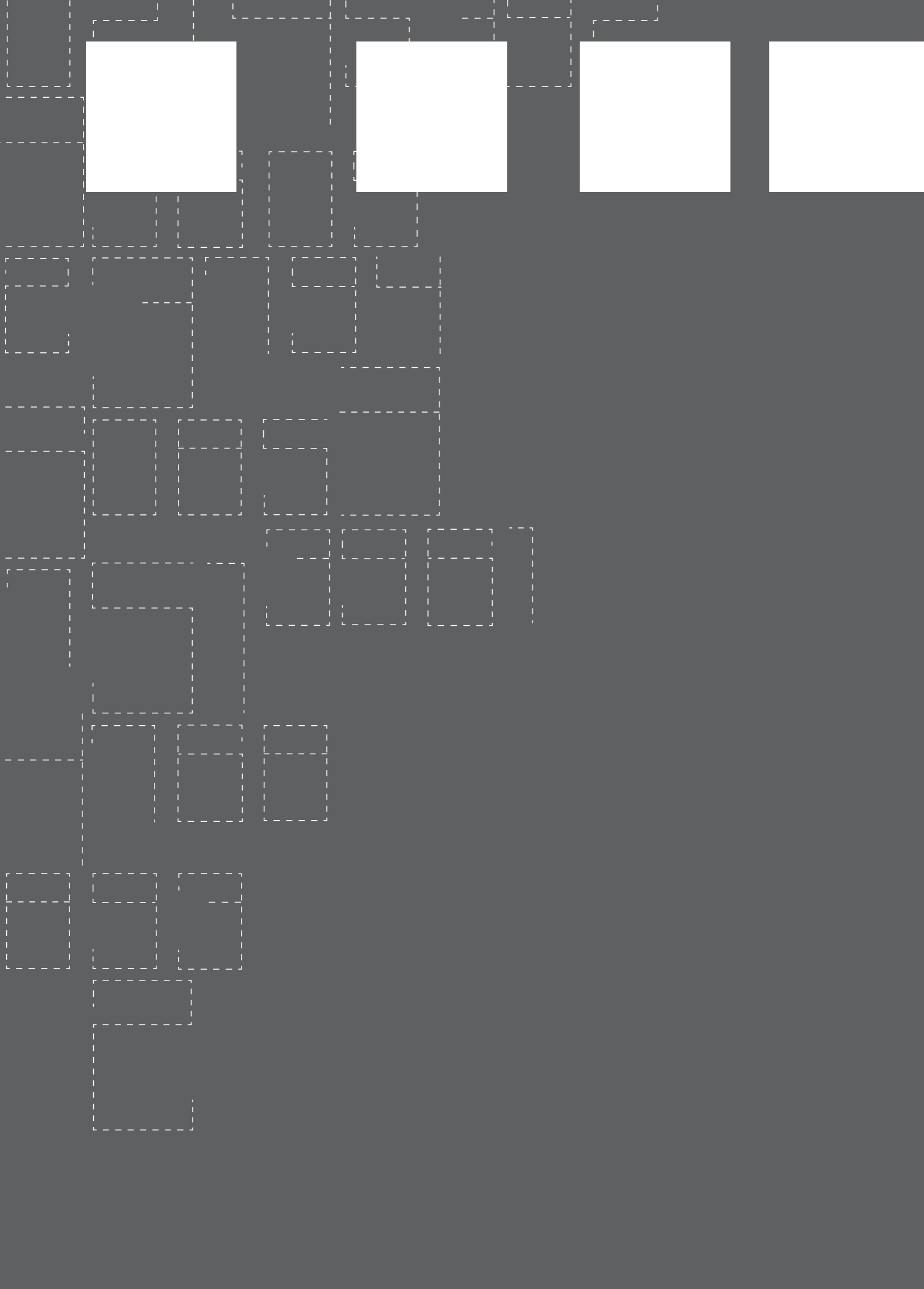


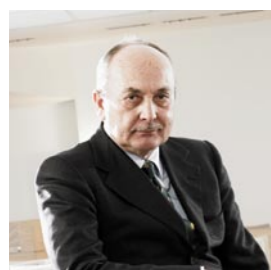
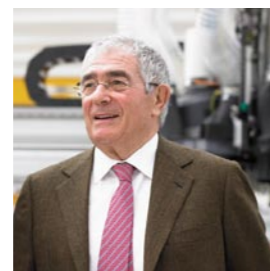


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Interim report
on operation



company office holders

Board of Directors

Chairman and Chief Executive Officer
Chief Executive Officer ¹
Chief Executive Officer
Executive Director
Executive Director
Independent Director
Independent Director
Independent Director

Roberto Selci
Giancarlo Selci
Giovanni Barra
Alessandra Parpajola
Stefano Porcellini
Leone Sibani
Giampaolo Garattoni
Salvatore Giordano

Board of Statutory Auditors

Chairman
Statutory Auditor
Statutory Auditor
Alternate Auditor
Alternate Auditor

Giovanni Ciurlo
Adriano Franzoni
Claudio Sanchioni
Daniela Gabucci
Cristina Amadori

Internal Control Committee Remuneration Committee

Leone Sibani
Giampaolo Garattoni
Salvatore Giordano

Supervisory body

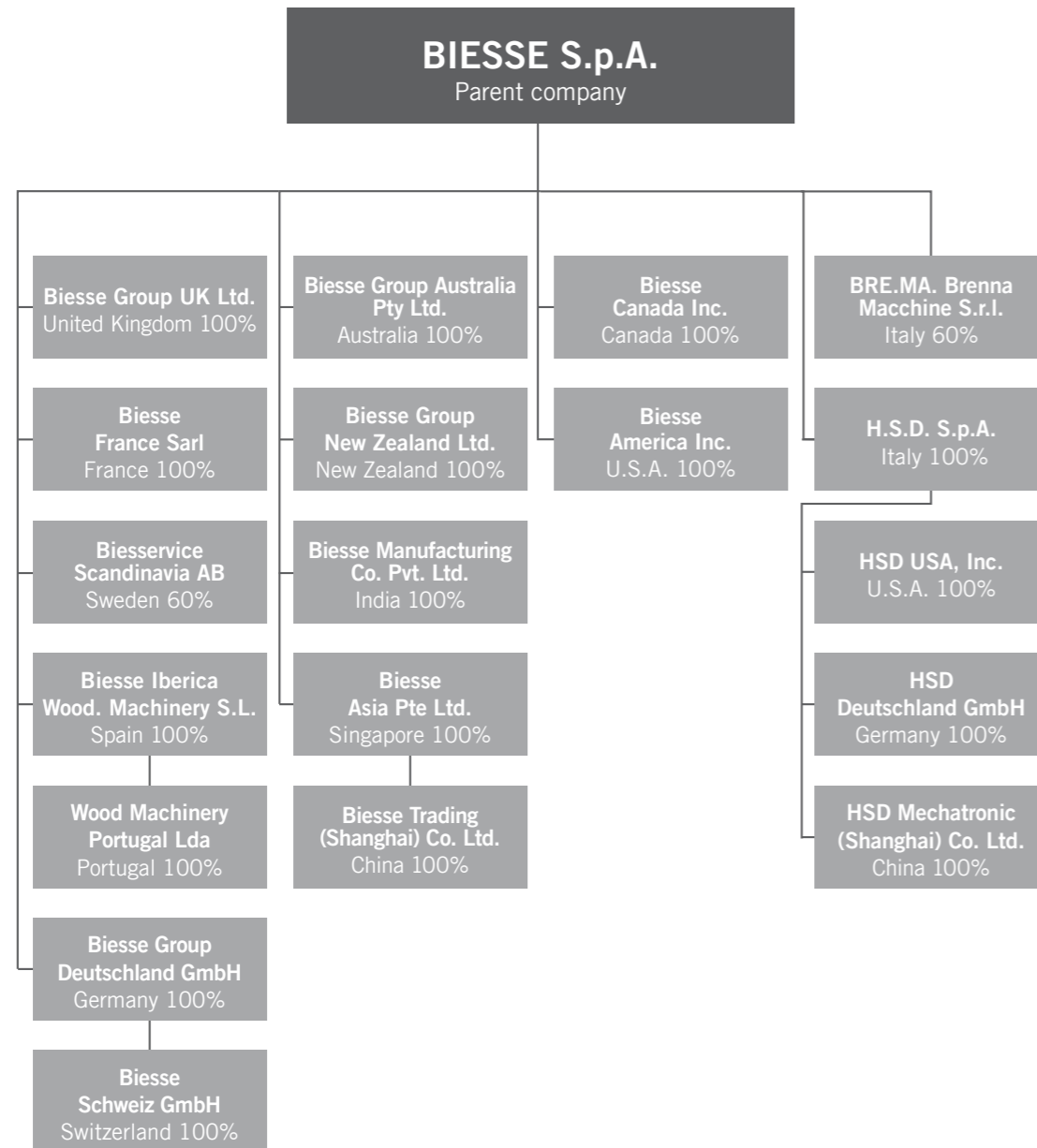
Leone Sibani
Giampaolo Garattoni
Salvatore Giordano
Cristian Berardi
Elena Grassetti

Independent auditors

KPMG S.p.A.

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

group structure



The scope of consolidation has changed compared to the last set of approved financial statements following corporate rationalisation (the merger through incorporation of some companies already within the Biesse Group) that involved Biesse S.p.A., Biesse America Inc. and Biesse Canada Inc as the merging companies; merged companies were respectively Digipac S.r.l., Bifin Ltd. and Sel Realty Ltd.

In the first case, the economic reasons underlying the merger are to be found in the ongoing corporate rationalisation and organisational integration aimed at attaining a more effective use of the human and technical resources used in the manufacturing processes and, consequently, an improved absorption of fixed costs.

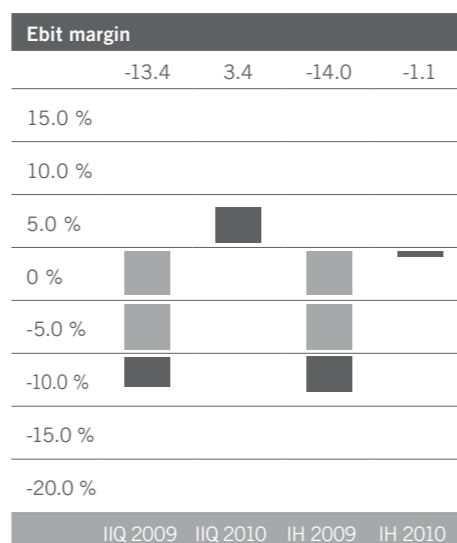
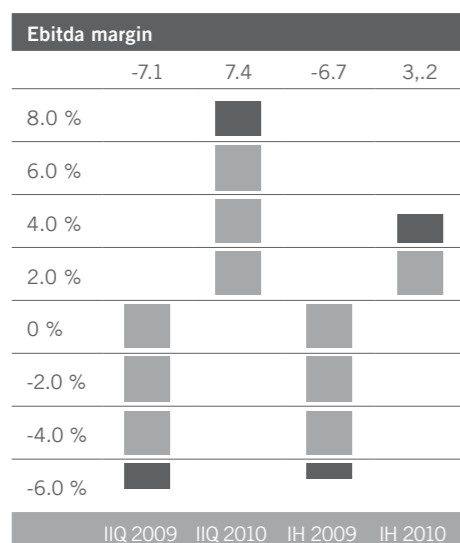
As regards the companies Bifin Ltd. and Sel Realty Ltd., which were exclusively active in real estate (their only assets were the factories of the two North-American subsidiaries), the mergers were aimed purely at simplifying company administration.

financial highlights

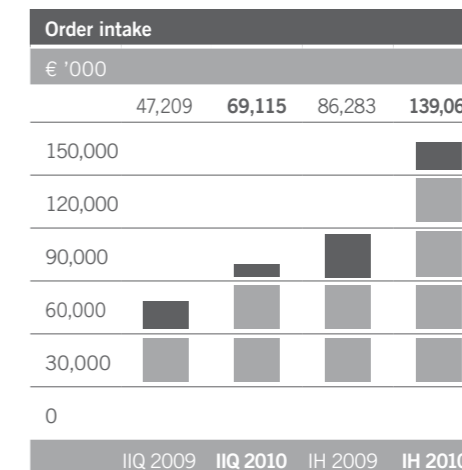
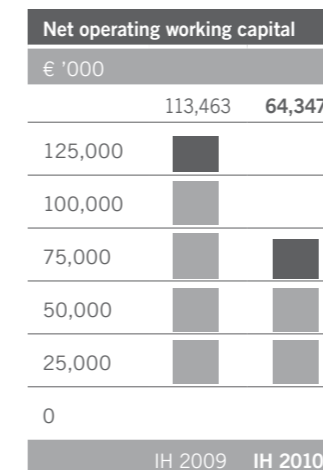
half-year report at 30 June 2010

FINANCIAL HIGHLIGHTS					
€ '000	IIQ 2010	% on sales	IIQ 2009	% on sales	Change %
Revenues from sales and services	92,722	100.0%	61,887	100.0%	49.8%
Value Added	35,064	37.8%	19,410	31.4%	80.6%
Ebitda (Gross operating income)	6,847	7.4%	(4,374)	(7.1%)	-
Ebit (Net operating income)	3,139	3.4%	(8,275)	(13.4%)	(137.9%)
Profit (Loss) of the period	438	0.5%	(7,600)	(12.3%)	(105.8%)

€ '000	IH 2010	% on sales	IH 2009	% on sales	Change %
Revenues from sales and services	155,881	100.0%	126,610	100.0%	23.1%
Value Added	59,420	38.1%	41,189	32.5%	44.3%
Ebitda (Gross operating income)	4,953	3.2%	(8,453)	(6.7%)	-
Ebit (Net operating income)	(1,748)	(1.1%)	(17,720)	(14.0%)	(90.1%)
Profit (Loss) of the period	(3,739)	(2.4%)	(14,856)	(11.7%)	(74.8%)

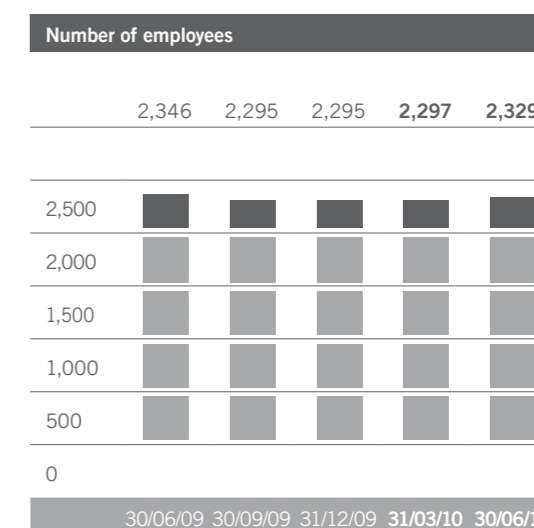
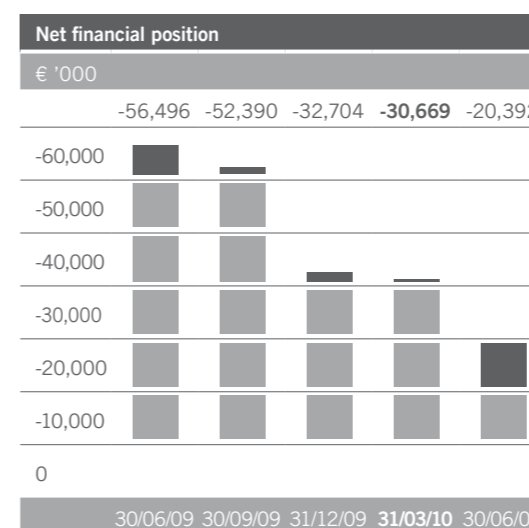


BALANCE SHEET DATA				
€ '000	30 June 2010	30 June 2009	Change	Change %
Invested Capital	146,178	195,281	(49,103)	(25.1)%
Total net equity	125,786	138,785	(12,999)	(9.4)%
Net financial position	20,392	56,496	(36,104)	(63.9)%
Net operating working capital	64,347	113,463	(49,117)	(43.3)%
Order intake	139,063	86,283	52,779	61.2%



CASH FLOW			
€ '000	IH 2010	IH 2009	IH 2008
Ebitda (Gross operating income)	4,953	(8,453)	34,913
Change in net working capital	18,015	(8,793)	(17,475)
Change in other operating assets/liabilities	(5,168)	(6,665)	(2,112)
Operating cash flow	17,800	(23,911)	15,326
Cash flow used in investment activity	(5,388)	(5,924)	(7,939)
Cash flow	12,412	(29,835)	7,387
Foreign exchange differences	(100)	-	320
Net financial indebtedness variation	12,312	(29,835)	7,707

STRUCTURAL DATA		
€ '000	30 June 2010	30 June 2009
Number of employees at period end	2,329	2,346



The **Biesse Group**, with Headquarters in Pesaro, is primarily engaged in the production, marketing and after-sales service of machines and systems for the wood, glass and stone processing sectors. Production activity is concentrated in Italy and in India. Marketing and after-sales support are organised both through the direct geographical presence of companies belonging to the Group which is composed of 30 subsidiaries and commercial offices, and through a select network of 300 importers, distributors and agents. The Group is composed of three main business divisions each of which is highly specialised in its own sector:

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

The Group is also involved in other activities such as the production of precision mechanical, electrical, electronic and pneumodynamic industrial components.





biesse wood division

Biesse Wood Division develops and produces machinery for the furniture and carpentry industry, and offers a full range of solutions covering the entire industrial processing cycle for wood, wood derivatives, composite materials and non-ferrous alloys. Biesse Wood Division also develops specially designed application software used to program the numerical control machines and to solve various woodworking problems. By means of a capillary world wide distribution network, made up of branches and dealers, Biesse Wood Division is strongly focused on customer care offering service and support which ranges from pre-sales consultancy to after-sales services and supply of spare parts. The trade marks used on the market by Biesse Wood Division are:

Biesse for CNC machining centres, routers and automatic drilling machines; **BiesseEdge** for edgebanders and combination machines; **BiesseSand** for sanding and calibrating machines; **Comil** for furniture assembly; **Rbo** for panel handling equipment; **Selco** for panel saw; **Bre.Ma.** is specialized in the production of machining centres for drilling, routing and hardware inserting; **BiesseArtech** is dedicated to craftsmen. It focuses on edgebanding, sanding and panel cutting operations; **Biesse Systems** designs ready-to-use woodworking systems and plant, it acts as a provider of high technology solutions, supplying systems and engineering solutions for customers who are faced with solving complex production, technology and logistic problems; **Digipac Sistemi** is specialized in stretch film wrappers design and construction, used to stabilize and to protect loads on pallets.



intermac glass & stone division

World leader in the production of multi function work centres for flat glass working. **Intermac** has revolutionised 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. **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. "Mechatronics" means the integration of machine and electronics, for which **HSD** supplies highly sophisticated, high precision, reliable products.



COSMEC

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.



the market

General economic overview

Annualised world economic growth of 5% in the first quarter has led the IMF to revise its estimates for 2010 growth to 4.6%. The industrial activity in advanced countries is showing almost double-digit growth trends while it is even higher in emerging countries, where consumption is also increasing, but remains stagnant in OECD countries.

The economic situation is certainly showing some signs of general improvement but is definitely characterised by uncertainty and possible discontinuity: the chain reaction among debt crisis, credit flows and economic environment has been avoided but the number of risks and variables that could impact the economic picture means that the system remains extremely tense.

In Europe the cyclical phase varies considerably from country to country with Germany strong and Spain almost recession. In the American market, the process of reducing the stock of family and corporate debt, which started halfway through 2008, is acting as a break on the recovery but is being accompanied by a gradual increase in the net wealth of private individuals. The consolidation in the labour market is in line with the acceleration in growth of the net wealth of families, although confidence remains almost at its lowest levels.

In Italy, preliminary estimates from ISTAT (Istituto Nazionale di Statistica) for Italian GDP in the first-quarter 2010 indicate an increase of 0.5% quarter-on-quarter and of 0.6% compared to the same period of 2009..

Industrial sector review

Figures for orders received in the second quarter 2010 – reported by the Business Culture and Study Centre of UCIMU, the association of Italian producers of machine tools, robots and automated equipment –, showed an increase of 66.4%, compared to the same period of the previous year, taking the absolute value of the index to 79.7 (base 2005=100).

<This confirms the inversion in the trend experienced by Italian manufacturers since the end of 2009, which also shows a recovery in both internal and external demand. Nevertheless, the order intake index remains well below its average level>.

<The increase in orders from abroad> continued UCIMU <leads us to be optimistic in the short-term when we expect a speedy recovery in demand from traditional markets and a significant increase in that coming from emerging markets>.

< However, the domestic market remains a cause for concern. The results of the last quarters have benefited from the provisions of the Tremonti-law which, despite pressure and continuous requests from the world of capital goods, has not been extended. The fact that the tax relief on profits reinvested in machinery and advanced technology has not been extended to the end of 2010, as requested by UCIMU and numerous other associations could act as a break on the recovery in the domestic market, which in early July already showed signs of slowing>.

The monthly report from the German organisation, VDMA, on orders/sales in the sub-sector “Holzbearbeitungsmaschinen” (woodworking machinery) for the first half of 2010 shows a significant +85% in cumulative order intake compared to the orders received in the same period of the previous year, which was at the height of the recession.

SUMMARY OF FINANCIAL DATA

INCOME STATEMENT 2ND QUARTER 2010					
€ '000	II Quarter 2010	% on sales	II Quarter 2009	% on sales	Change %
Revenues from sales and services	92,722	100.0%	61,887	100.0%	49.8%
Change in inventories, wip, semi-finished and finished goods	(1,977)	(2.1)%	(7,682)	(12.4)%	(74.3)%
Other revenues	569	0.6%	1,165	1.8%	(49.9)%
Value of Production	91,314	98.5%	55,369	89.4%	65.0%
Consumption of materials, accessory products and goods	37,177	40.1%	20,742	33.5%	79.2%
Other operating expenses	19,073	20.6%	15,187	24.5%	25.6%
Value Added	35,064	37.8%	19,410	31.4%	80.6%
Staff costs	28,217	30.4%	23,224	37.5%	21.7%
Gross Operating Income normalized	6,847	7.4%	(3,784)	(6.1)%	-
Non recurring expenses	-	-	(590)	(1.0)%	(100.0)%
Gross Operating Income	6,847	7.4%	(4,374)	(7.1)%	-
Depreciation and amortisation	2,846	3.1%	3,308	5.3%	(14.0)%
Provisions	861	0.9%	563	0.9%	52.9%
Impairment losses	-	-	30	-	(100.0)%
Net Operating Income	3,139	3.4%	(8,275)	(13.4)%	(137.9)%
Finance income/expense	(415)	(0.4)%	(789)	(1.3)%	(47.4)%
Gains (Losses) on exchange rate differences	187	0.2%	(619)	(1.0)%	(130.2)%
Profit (Loss) before tax	2,911	3.1%	(9,683)	(15.6)%	(130.1)%
Taxes	(2,473)	(2.7)%	2,083	3.4%	-
Profit (Loss) of the period	438	0.5%	(7,600)	(12.3)%	(105.8)%

INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2010					
€ '000	30 June 2010	% on sales	30 June 2009	% on sales	Change %
Revenues from sales and services	155,881	100.0%	126,610	100.0%	23.1%
Change in inventories, wip, semi-finished and finished goods	3,054	2.0%	(7,332)	(5.8)%	(141.7)%
Other revenues	988	0.6%	1,843	1.5%	(46.4)%
Value of Production	159,922	102.6%	121,121	95.7%	32.0%
Consumption of materials, accessory products and goods	66,767	42.8%	49,703	39.3%	34.3%
Other operating expenses	33,735	21.6%	30,229	23.9%	11.6%
Value Added	59,420	38.1%	41,189	32.5%	44.3%
Staff costs	54,467	34.9%	49,052	38.7%	11.0%
Gross Operating Income normalized	4,953	3.2%	(7,863)	(6.2)%	-
Non recurring expenses	-	-	(590)	(0.5)%	(100.0)%
Gross Operating Income	4,953	3.2%	(8,453)	(6.7)%	-
Depreciation and amortisation	5,760	3.7%	6,556	5.2%	(12.1)%
Provisions	942	0.6%	2,681	2.1%	(64.9)%
Impairment losses	-	-	30	-	(100.0)%
Net Operating Income	(1,748)	(1.1)%	(17,720)	(14.0)%	(90.1)%
Finance income/expense	(805)	(0.5)%	(1,461)	(1.2)%	(44.9)%
Gains (Losses) on exchange rate differences	669	0.4%	176	0.1%	0.0%
Profit (Loss) before tax	(1,885)	(1.2)%	(19,004)	(15.0)%	(90.1)%
Taxes	(1,855)	(1.2)%	4,148	3.3%	(144.7)%
Profit (Loss) of the period	(3,739)	(2.4)%	(14,856)	(11.7)%	(74.8)%

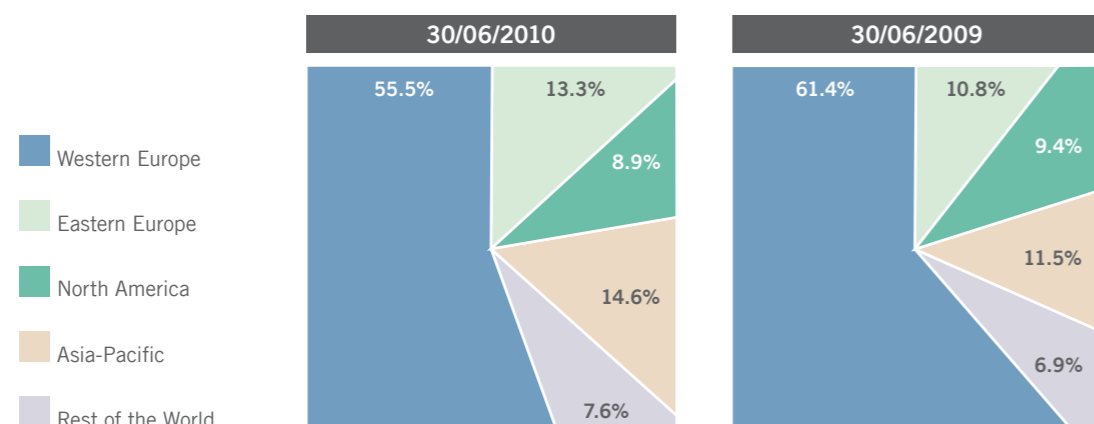
The Group began to see the effects of the order intake which, compared to the same period in 2009, had an overall increase of 61% (Wood Division +71%). Despite a still uncertain economic environment, the Group has managed to take advantage of the positive, although volatile, demand for capital goods in its key markets due to its innovative products and the strength of its distribution network; in the month of June 2010 alone, the Wood Division, for the first time in a long time, had an order intake higher than in the same period 2009 (+34.5%): although this does not establish a trend, it is an important indication of improved commercial performance.

From an industrial viewpoint, at the end of 2009, Biesse launched an ambitious cost reduction project aimed at achieving significant product cost reductions and, at the same time, reaching a maximum standardisation of production solutions and components.

It is worth highlighting the excellent capital and financial indicator, present in each of the last four quarters (since June 2009), coming from the decrease in net debt. In the second quarter of 2010 alone, the Group managed to deliver an improvement of more than € 10 million in the Net Financial Position compared with the situation reported at the end of March, as a result of further compression of net working capital, together with a return to positive ebitda between April and June 2010.

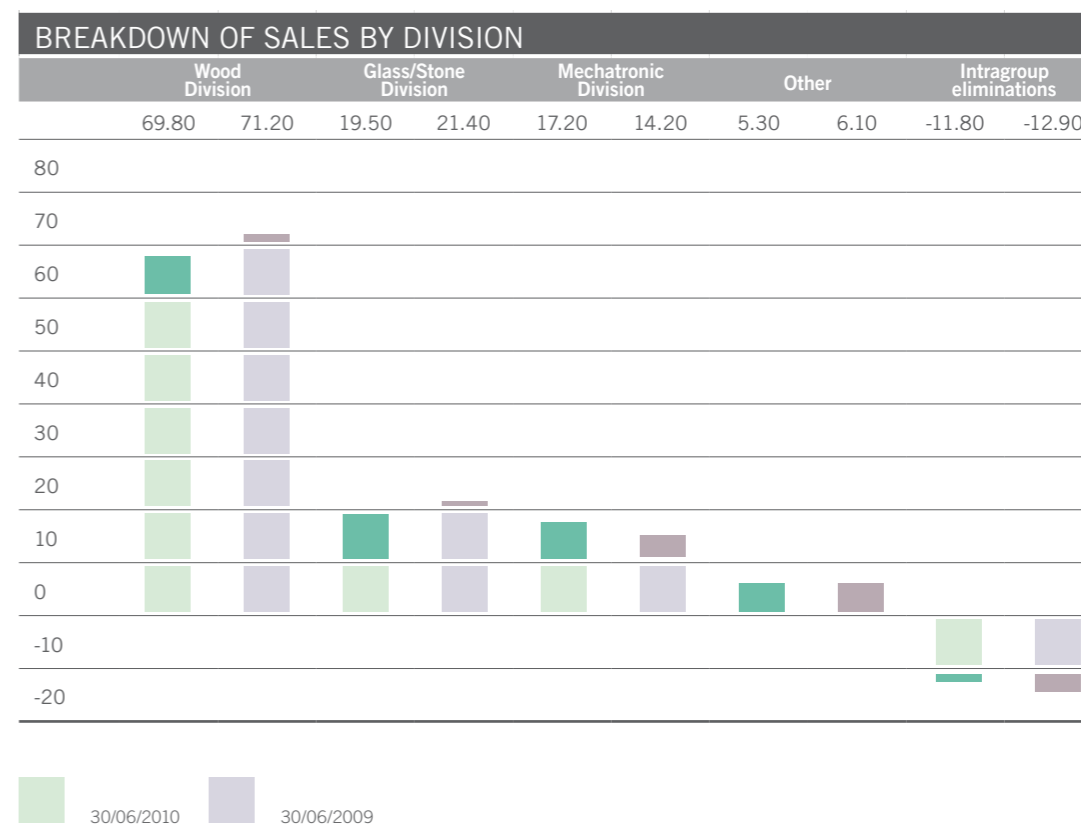
Net revenues in the first half of 2010 were € 155,881 thousand, an increase of 23.1% compared with the result at 30 June 2009. In the second quarter, net revenues were € 92,722 thousand (+49.8% in second quarter 2010 compared to the same period of 2009).

€ '000	30 June 2010	%	30 June 2009	%	Change %
Western Europe	86,586	55.5%	77,757	61.4%	11.4%
Asia-Pacific	22,701	14.5%	14,497	11.4%	56.6%
Eastern Europe	20,803	13.3%	13,730	10.8%	51.5%
North America	13,913	8.9%	11,880	9.4%	17.1%
Rest of the World	11,877	7.6%	8,746	6.9%	35.8%
Group Total	155,881	100.0%	126,610	100.0%	23.1%



In the first six months of 2010, the geographic breakdown of sales reveals that all key markets had double-digit growth with +56.6% for the Asia-Pacific region and 51.5% for Eastern Europe. Western Europe continued to be the Group's most important market (55.5% share of total sales, a figure that compared to 61.4% at the end of June 2009) with the Italian market making an increased contribution to consolidated revenues (26.7% of total revenues, compared to 22.9% at the end of June 2009), also due to the effects of the Tremonti-ter law.

€ '000	30 June 2010	%	30 June 2009	%	Change %
Wood Division	108,873	69.80%	90,117	71.20%	20.80%
Glass/Stone Division	30,436	19.50%	27,128	21.40%	12.20%
Mechatronic Division	26,736	17.20%	17,964	14.20%	48.80%
Other	8,240	5.30%	7,728	6.10%	6.60%
Intragroup eliminations	(18,404)	(11.80%)	(16,328)	(12.90%)	(12.70%)
Total	155,881	100.00%	126,610	100.00%	23.10%



An analysis of performance by division shows that all divisions did well and, in particular, the Mechatronic Division (+48.8% or +61.4% excluding inter-division sales). The Wood Division increased 20.8% (reversing the trend of the first quarter when sales were down 8.5%), whilst the Glass/Stone Division consolidated and increased the good results achieved in the first quarter (+7.9%), by increasing sales by 12.2%.

The different growth rates also impacted the average weighted contribution of each division to the total with the Mechatronic Division increasing its share to the benefit of the Wood and Glass/Stone Divisions.

In contrast to the end of June 2009, semi-finished and finished product inventories increased compared to the previous financial year by € 3,054 thousand (€ 2,617 thousand of this increase was due to semi-finished product inventories and reflected the positive growth in the order intake), while at the end of June 2009 there was a decline in inventories of € 7,332 thousand due to the inventory reduction implemented at this difficult time. The different trend in inventories meant that the value of production in the first half of 2010 was € 159,922 thousand, an increase of 32.0% compared to the June 2009 figure of € 121,121 thousand.

€ '000	30 June 2010	%	30 June 2009	%
Value of Production	159,922	100.0%	121,121	100.0%
Consumption of materials	66,767	41.7%	49,703	41.0%
Other operating expenses	33,735	21.1%	30,229	25.0%

The percentage of raw material costs calculated on the value of production (instead of on net sales) was 41.7% in this semester (compared with 41.0% at 30 June 2009), a slight deterioration entirely due to the increase in the share of production and sales of machinery compared to the other components of revenue (replacement parts and services), which use less materials.

The operating leverage effect linked to the increase in volumes led to a decrease in the other operating expenses calculated as a percentage of the value of production (21.1% compared to 25.0% at the end of June 2009), and as a percentage of revenues (21.6% compared to 23.9% in the same period of 2009). The 11.6% increase is mainly linked to costs that are strictly correlated to sales (third-party work, transport costs, commissions, travel expenses), whilst the component of fixed costs (maintenance, rent and hire costs, consultancy fees) fell compared to the same period of 2009. Costs for exhibitions also registered significant reductions mainly due to the lower costs for the trade fair Technodomus (held in Rimini from 20 - 24 April 2010), compared to Ligna (held in Hanover from 18 - 22 May 2009), and to the different marketing strategy of some subsidiaries, which organised in-house events rather than participating in local exhibitions.

Personnel costs in the first half of 2010 were € 54,467 thousand, an increase compared to the figure for the same period in 2009 (+ 11.6% compared to June 2009 when the figure was € 49,052 thousand, net of non-recurring costs of € 590 thousand). The increase is due for approximately € 2 million to the variable component of costs (commissions on results, bonuses and related payments), valued in 2010 at full nominal value, in contrast to the treatment in the previous financial year when the quarterly pro-rata amounts were valued at 50% and the final year-end figure was about 30%, because of the negative results of the 2009 financial year, whilst fixed costs increased approximately € 3 million (due to an increased requirement for personnel, particularly those employed directly by the Group, to deal with the increased volumes, with a consequent reduction in the use of social welfare assistance compared to 2009). Capitalisation of salaries and wages of employees involved in development activities totalled € 2,311 thousand (€ 2,487 thousand in first half 2009).

The financial statements at the end of June 2009 also included non-recurring expenses of € 590 thousand for the mobility procedures for employees at the "Sev" plant in Turin, who were transferred to the parent company (HSD SpA) in Pesaro.

The gross operating profit in the first half 2010 was positive for € 4,953 thousand, while at the end of the same period in 2009 it was negative for € 8,453 thousand.

Depreciation declined 12.1% (from € 6,556 thousand to € 5,760 thousand): that for tangible fixed assets was € 3,166 thousand (down 9.8%), whilst that for intangible fixed assets was € 2,594 thousand (down 8.3%). The figure for fixed assets confirms the programme started in March 2009 to rationalise sites and investments connected to production and to optimise the space dedicated to production. The figure for intangible assets should be considered a contingent figure as it reflects the inexact linear correlation between new capitalisation of development expenses and the initial sale on the market of the products developed (the date which marks the commercial use and, therefore, the amortisation of the relative studies and research).

Provisions totalled € 942 thousand, a sharp decline compared to the first half 2009 (when the adverse market conditions impacted trade receivables).

As regards financial management, financial expenses were € 805 thousand, a decline compared to first half 2009 (€ 1,461 thousand, -44.9%) but in line with the trend in the net financial position; there was income of € 669 thousand from foreign currency management due to lower volatility on the foreign exchange markets.

The pre-tax result was, therefore, negative for € 1,885 thousand.

The estimated balance of tax items was negative for € 1,855 thousand, due to current taxes of € 2,155 thousand, deferred tax assets of € 205 thousand and positive adjustments for taxes payable in prior periods of € 96 thousand.

The net result for the semester showed a loss of € 3,739 thousand.

SUMMARY BALANCE SHEET DATA

SUMMARY BALANCE SHEET DATA AT 30 JUNE 2010			
€ '000	30 June 2010	31 December 2009	30 June 2009
Intangible	43,156	41,073	40,865
Tangible	58,022	57,431	60,152
Finacial	867	616	578
Fixed assets	102,045	99,119	101,595
Inventories	70,921	63,242	91,412
Trade receivables	89,243	77,307	72,132
Trade payables	(95,817)	(60,977)	(50,080)
Net Operating Working Capital	64,347	79,572	113,463
Retirement benefit liabilities	(11,252)	(11,857)	(11,975)
Provision for risk and charges	(7,940)	(10,067)	(5,785)
Other net receivables/payables	(17,591)	(13,018)	(12,746)
Deferred tax assets/liabilities	16,570	15,805	10,728
Other net assets/liabilities	(20,213)	(19,137)	(19,777)
Net Invested Capital	146,178	159,555	195,281
Share capital	27,393	27,393	27,393
Result of the previous period and other reserve	101,601	125,636	125,418
Result of the period	(3,580)	(26,696)	(14,549)
Minority interests	372	517	523
Net Equity	125,786	126,850	138,785
Bank debt and other financial liabilities	50,191	63,853	86,463
Other financial assets	-	-	-
Cash and equivalents	(29,799)	(31,148)	(29,967)
Net financial position	20,392	32,704	56,496
Financial sources	146,178	159,555	195,281

The depreciation of the euro against the dollar and currencies linked to the dollar underlies the increases in tangible and intangible fixed assets: in fact, the figure for new investments (respectively € 4,045 thousand and € 1,057 thousand) was almost completely offset by the depreciation for the period.

Inventories totalled € 7,680 thousand, of which € 2,585 thousand for the currency translation effect. As mentioned in the section on the income statement figures, the change is due to the positive trend in the order intake which resulted in an increase in inventories of semi-finished products of € 2,617 thousand and of manufacturing raw materials of € 1,977 thousand. The increase in inventories of finished products was lower (€ 500 thousand), and reflected a focus on stock control, particular by the commercial subsidiaries.

The remaining entries in Operating Net Working Capital (trade receivables and payables) benefited from the focus on managing production and the supply chain. The total improvement of € 15,225 thousand mainly reflects an increase in trade payables (€ 34,840 thousand), which more than compensated for the aforementioned increase in inventories and trade receivables (€ 11,936 thousand) linked to the positive sales trend.

Operating Net Working Capital as a percentage of net revenues fell sharply to 41.3% at 30 June 2010 from 89.6% at the same date of 2009.

NET FINANCIAL POSITION

€ '000	30 June 2010	31 March 2010	31 December 2009	30 September 2009	30 June 2009
Financial assets:	29,799	31,517	31,148	20,547	29,967
<i>Liquidity</i>	29,799	31,517	31,148	20,547	29,967
ST finance lease liabilities	(2,185)	(2,219)	(2,290)	(2,328)	(2,419)
Bank and other ST financial debt	(35,770)	(44,756)	(42,988)	(23,993)	(33,511)
Net Short Term Financial Position	(8,156)	(15,458)	(14,130)	(5,774)	(5,963)
M/L term finance lease liabilities	(4,120)	(5,133)	(5,225)	(6,210)	(6,291)
M/L term bank debt	(8,116)	(10,079)	(13,349)	(40,406)	(44,242)
Net M/L Term Financial Position	(12,236)	(15,211)	(18,575)	(46,616)	(50,533)
Total Net Financial Position (*)	(20,392)	(30,669)	(32,704)	(52,390)	(56,496)

(*) As defined in CONSOB Communication DEM /6064293 dated 28/07/2006, applying the CESR recommendations dated 10/02/2005

At the end of June 2010, Group net debt was € 20.4 million (gearing of 0.16), a significant reduction (of € 36.1 million) on the figure of 30 June 2009 and (of € 12.3 million, of which over € 10 million in the second quarter alone) on that at the end of December 2009.

With no material one-off items, the result reflects the further improvement in net working capital and the return to positive EBITDA (in the second quarter).

RECONCILIATION WITH THE SHAREHOLDERS' EQUITY AND NET PROFIT FOR THE PERIOD OF THE PARENT COMPANY

€ '000	Shareholders' equity 30/06/2010	Profit for the period 30/06/2010	Shareholders' equity 31/12/2009	Profit for the period 31/12/2009
Net shareholders' equity and parent company result for the year	115,340	(3,106)	118,363	(21,752)
Elimination of carrying value of consolidated shareholdings:				
Difference between carrying amount and equity of group companies	13,644		11,983	
Pro-quota results contributed by investments		(941)		(9,834)
Cancellation of write-downs/revaluations of investments				1,069
Elimination of the effects of transactions between subsidiaries:				
Infragroup profits included in final inventories	(3,005)	443	(3,448)	3,676
Infragroup profits on tangible and intangible assets	(564)	24	(564)	145
Valuation of associated companies on a net equity basis	125,414	(3,579)	126,334	(26,696)
Net shareholders' equity and profit for the period attributable to non-controlling interest	372	(160)	517	(496)
Net shareholders' equity and profit for the period as reported in the Consolidated balance sheet	125,786	(3,739)	126,850	(27,192)

INTERCOMPANY AND RELATED-PARTY TRANSACTIONS

At 30 June 2010, the Group had no associated companies. For details of transactions with the controlling company Bi.Fin. S.r.l., please refer to note 21 of the explanatory notes.

RELATED PARTY TRANSACTIONS

The following companies controlled by the Selci family have been identified as related parties: Fincobi S.r.l. and Edilriviera S.r.l. During the semester, Biesse was involved in transactions (of negligible value) only with the company Fincobi S.r.l.

NON-BUSINESS OR UNUSUAL OPERATIONS OCCURRING IN THE FINANCIAL PERIOD

As at 30 June 2010 no operations of this nature were reported.

SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

No significant events occurred after 30 June 2010.

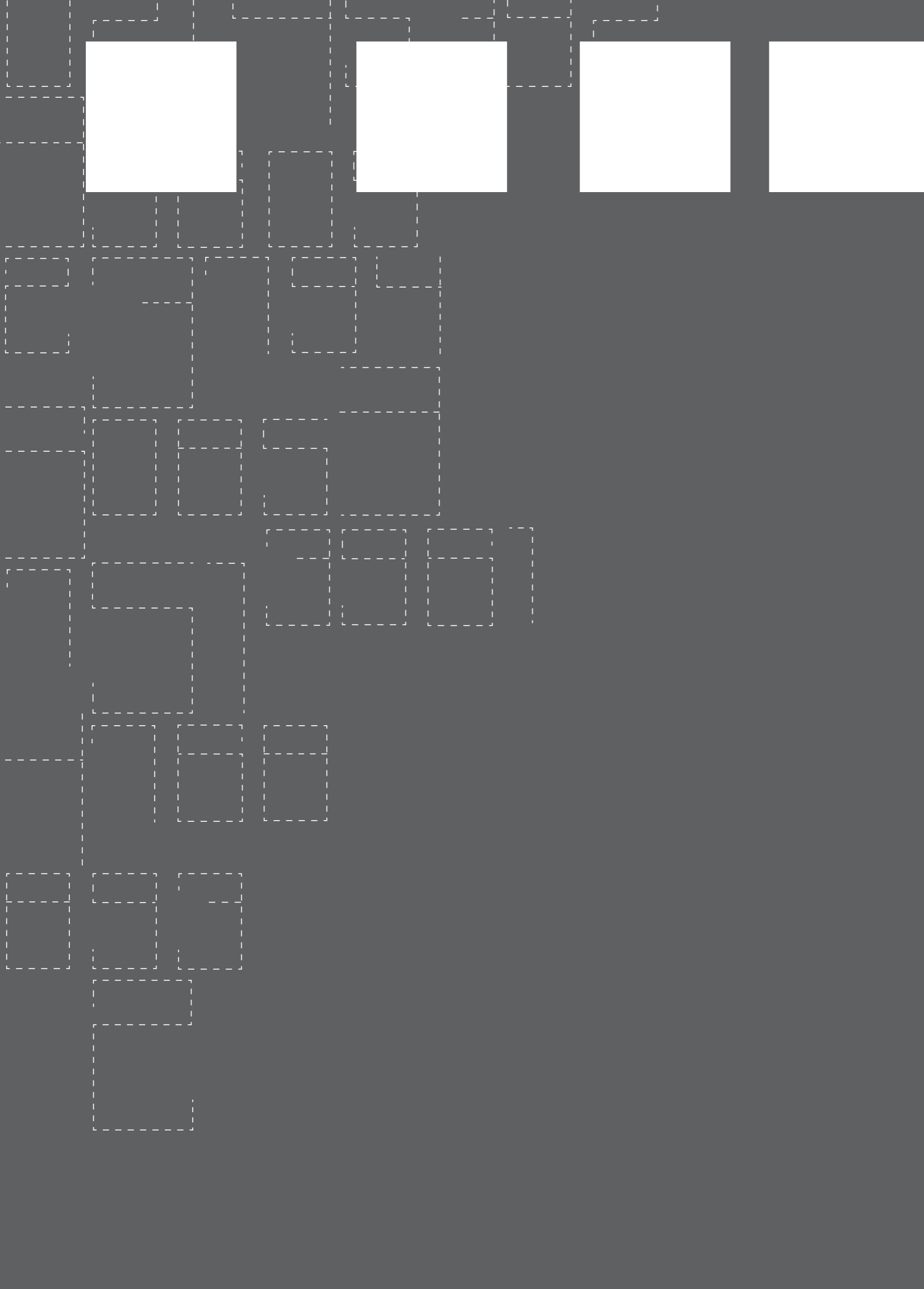
For the second half of the 2010 financial year, given the existing order portfolio and the macroeconomic scenario, the Group expects that figures targeted in the business plan will be confirmed; in particular, following a third quarter of transition – characterised by the seasonal reduction in volumes linked to the summer holiday period in Europe – the fourth quarter should have the (usual) major contribution that should ensure that the gap is closed with the guidance given by management.

OTHER INFORMATION

At the date of the approval of the present interim financial report, Biesse S.p.A. holds some of its own shares in treasury; please refer to notes 7 and 13 below for further details. It should also be noted that the parent company Biesse S.p.A. does not own shares/shareholdings, nor has it owned or transferred any such shares during the course of the first half of the 2010 financial year. There is, therefore, nothing to report under art. 2428 paragraph 2 points 3 and 4 of the Italian Civil Code.

Pesaro, 06/08/2010

Chairman of the Board of Directors
Roberto Selci



condensed
interim
consolidated
financial
statements
at 30 june 2010

**CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS
ENDED 30/06/2010**

€ '000	Note	30 June 2010	30 June 2009
Revenues	5	155,881	126,610
Other operating income		988	1,843
Change in the inventories of finished and semi-finished goods and work in progress		3,054	(7,332)
Purchase of raw materials and consumables		(66,767)	(49,703)
Payroll costs		(54,467)	(49,642)
Other operating expenses		(33,735)	(30,229)
Depreciation and amortisation		(5,760)	(6,556)
Provisions		(942)	(2,681)
Impairment		(0)	(30)
Operating profit		(1,748)	(17,720)
Finance income		339	235
Finance costs		(1,144)	(1,696)
Gains/(Losses) on exchange rate differences		669	176
Profit (Loss) before tax		(1,885)	(19,004)
Income Tax	7	(1,855)	4,148
Profit for the period		(3,739)	(14,856)
Net result for the period		(3,739)	(14,856)
Attributable to:			
The Group		(3,579)	(14,549)
Non-controlling interest		(160)	(307)
		(3,739)	(14,856)
Earnings per share			
Basic (€/cents)	8	(13,30)	(54,41)
Diluted (€/cents)	8	(13,30)	(54,41)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30/06/2010**

€ '000	Note	30 June 2010	30 June 2009
Profit for the period		(3,739)	(14,856)
Foreign currency translation differences for foreign operations		2,682	546
Gain/(Losses) on cash flow hedges	15	(8)	(105)
Income tax relating to components of other comprehensive income	15	2	29
Total Other comprehensive income/(losses), net of tax		2,676	470
Total comprehensive income/(losses) for the period		(1,063)	(14,386)
<i>Total comprehensive income attributable to:</i>			
The Group		(919)	(14,080)
Non-controlling interest		(145)	(306)
Total comprehensive income/(losses) for the period		(1,063)	(14,386)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30/06/2010

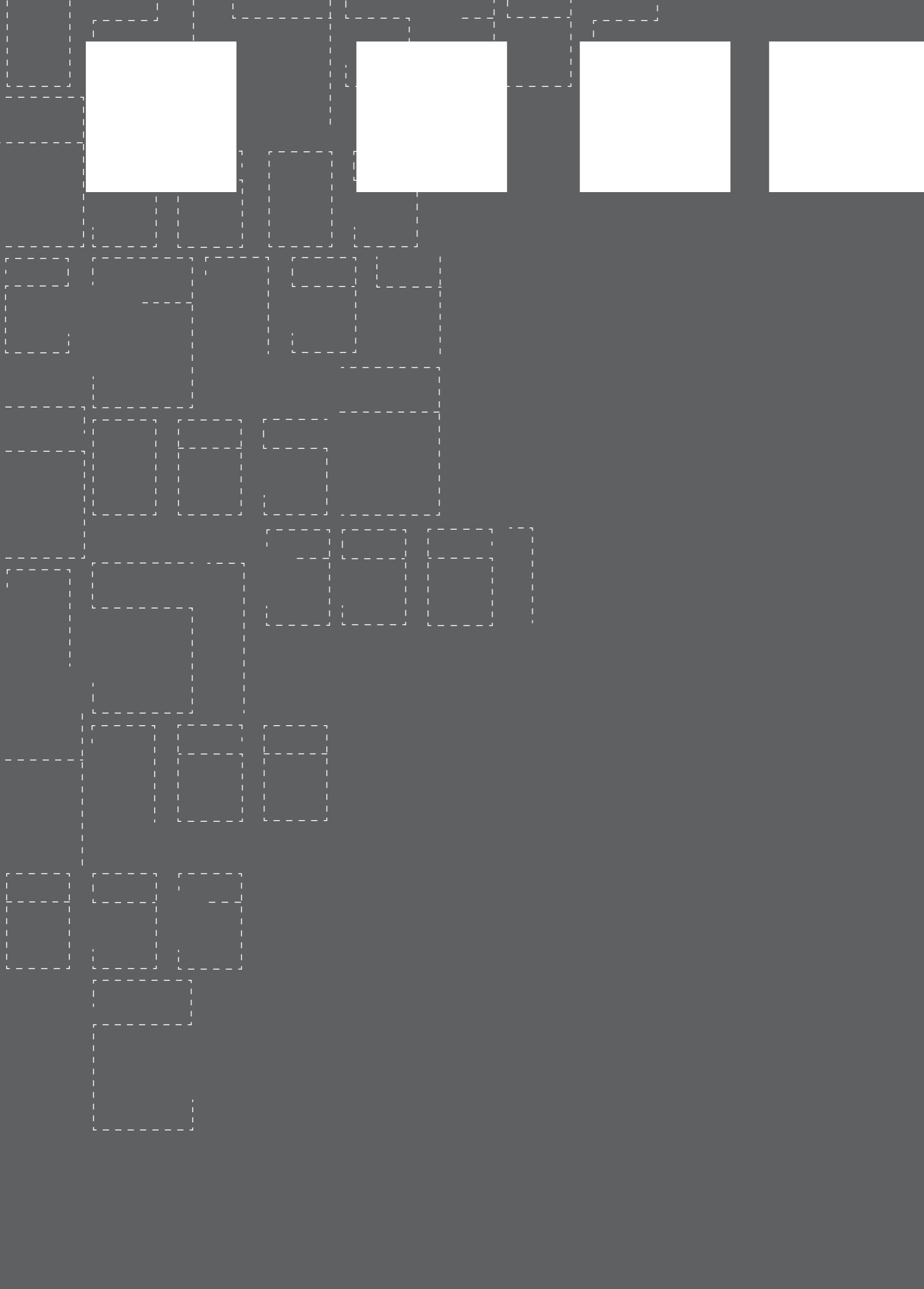
€ '000	Note	30 June 2010	31 December 2009
ASSETS			
Non current assets			
Property, plant and machinery	10	50,815	50,061
Equipment and other tangible fixed assets	10	7,207	7,370
Goodwill	11	17,921	17,438
Other intangible assets with a finite life	11	25,235	23,635
Deferred tax assets	7	19,461	18,233
Other financial assets and non current receivables		867	616
		121,506	117,353
Current assets			
Inventories	12	70,921	63,242
Trade receivables from third parties	13	89,237	77,307
Trade receivables from related parties		6	0
Other current assets		7,520	10,073
Other current assets from related parties		584	574
Cash and cash equivalents		29,799	31,148
		198,068	182,345
Total assets		319,574	299,698

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30/06/2010			
€ '000	Note	30 June 2010	31 December 2009
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	14	27,393	27,393
(Own shares)	14	(4,676)	(4,676)
Capital reserves		36,202	36,202
Hedging and translation reserve	15	380	(2,280)
Retained earnings	16	69,695	96,391
Profit/(losses) attributable to the Group		(3,580)	(26,696)
Equity attributable to the Group		125,414	126,334
Non-controlling interest		372	517
Net Equity		125,786	126,850
Non current liabilities			
Employee benefits		11,252	11,857
Deferred tax liabilities	7	2,892	2,429
Medium and long-term loans and borrowings	17	8,116	13,349
Finance lease liabilities	17	4,120	5,225
Provisions for risks and charges	18	711	905
		27,090	33,765
Current liabilities			
Trade payables		95,681	60,866
Trade payables to related parties		136	111
Other current liabilities		23,731	21,919
Other current liabilities to related parties		496	7
Tax payables		553	941
Finance lease liabilities	17	2,185	2,290
Bank overdrafts and loans	17	35,770	42,988
Provision for risk and charges	18	7,229	9,162
Derivatives		915	799
		166,697	139,083
Liabilities		193,787	172,848
Total equity and liabilities		319,574	299,698

CONSOLIDATED CASH FLOWS STATEMENT FOR THE SIX MONTHS ENDED 30/06/2010			
€ '000	Note	30/06/2010	30/06/2009
OPERATING ACTIVITIES			
+/- Profit (loss) for the period		(3,739)	(14,856)
+ Depreciation and amortisation:			
of tangible assets		3,166	3,677
of intangible assets		2,594	2,878
+ Other non-monetary income and expenses, net :			
Increase/decrease in provisions for TFR		387	516
Increase/decrease in provision for doubtful accounts		116	2,130
Increase/decrease in provision for inventories		(1,081)	1,494
Increase/decrease in provisions for risk reserves		736	453
Other non-financial changes in reserves		(161)	(1,356)
Gains/losses from sales of property, plant and machinery		51	(2)
Write-downs of other intangible assets		(11)	0
Impairment losses on intangible assets		0	30
Impairment losses on current assets		(12)	0
Income from investment activity		(339)	(235)
Unrealised gains/losses on foreign exchange		(2,275)	(59)
Income taxes		1,855	(4,148)
Financial expenses		1,144	1,696
SUBTOTAL OPERATING ACTIVITIES		2,430	(7,781)
TFR paid		(984)	(1,250)
Risk provisions utilised		(2,422)	(125)
Change in trade receivables		(13,960)	27,539
Change in inventories		(4,374)	10,006
Change in trade payables		33,566	(48,302)
Change in other payables		5,349	(1,763)
Income tax paid		(1,063)	(885)
Interest paid		(1,000)	(1,335)
Cash flow from operating activities		17,541	(23,897)
INVESTMENT			
Acquisition of property plant and equipment		(2,085)	(2,606)
Proceeds from sale of property plant and equipment		202	117
Acquisition of intangible asset		(3,642)	(3,500)
Proceeds from sale of intangible assets		55	0
Acquisitions/increases in other financial assets		(212)	(7)
Income received from financial assets held for trading		289	130
Interest received		(130)	6
Cash flow used in investment activity		(5,522)	(5,860)
FINANCIAL OPERATIONS			
New bank loans received		0	60,076
Loans repaid	17	(16,680)	(2,532)
Finance leasing payments	17	(1,218)	(1,318)
Change in bank overdrafts	17	3,426	(19,554)
Change in current derivative instrument financial assets/liabilities		(415)	605
Cash flow from/(used in) financial operations		(14,887)	37,277
Net increase/(decrease) in cash and cash equivalents		(2,868)	7,520
Cash and cash equivalents at start of period		31,148	22,173
Effect of exchange rate fluctuations on cash held		1,518	273
Cash and cash equivalents at end of the period			
Cash and cash equivalents		29,799	29,967

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AT 30/06/2010

€ '000	Share capital	- Own shares	Capital reserves	Hedging and translation reserve		Retained earnings	Profit for the period	Equity attributable to the Group	Non controlling interest	Total	
				Hedging	Translation						
						Other reserves	Own shares reserve				
BALANCE AT 31 DECEMBER 2008	27,393	(6,839)	36,202	85	(2,969)	71,511	6,839	19,987	152,208	1,103	153,312
Allocation of profit of the year 2008											
Other allocations				134		19,853	(19,987)	-	-		
Other changes											
Own share sold		2,164				2,164	(2,164)		2,164		2,164
Loss on own shares movements						(1,081)		(1,081)			(1,081)
Acquisition of non controlling interests						(949)		(949)	(274)		(1,223)
Profit for the period				(76)	546		(14,549)	(14,079)	(306)		(14,385)
BALANCE AT 30 JUNE 2009	27,393	(4,675)	36,202	143	(2,423)	91,498	4,675	(14,549)	138,263	523	138,787
BALANCE AT 31 DECEMBER 2009	27,393	(4,675)	36,202	(8)	(2,272)	91,717	4,675	(26,696)	126,334	516	126,850
Allocation of profit of the year 2009											
Other allocations						(26,696)	26,696	-	-		
Profit for the period				(6)	2,666		(3,579)	(919)	(144)		(1,063)
BALANCE AT 30 JUNE 2010	27,393	(4,675)	36,202	(14)	394	65,021	4,675	(3,579)	125,415	372	125,787



Explanatory
notes

1. general

Biesse S.p.A. is a company subject to Italian law with registered offices in Pesaro. The company is listed on the STAR segment of the Milan Stock Exchange.

Condensed interim financial statement at 30 June 2010 includes the financial statements of Biesse S.p.A. and its subsidiaries over which it exercises direct or indirect control (hereinafter defined as the "Group") and the value of shareholdings relating to the relevant shareholdings in associated companies.

The Condensed interim financial report at 30 June 2010 has been approved by the Board of Directors today (6 August 2010).

LIST OF COMPANIES CONSOLIDATED ON A LINE-BY-LINE BASIS

Name and registered office	Currency	Share Capital	Directly controlled	Indirectly controlled	Ownership vehicle	Biesse Group
Parent company						
Biesse S.p.A. Loc. Chiusa di Ginestreto - Pesaro	EUR	27,393,042				
Società italiane controllate:						
HSD S.p.A. Loc. Chiusa di Ginestreto - Pesaro	EUR	1,040,000	100%			100%
Bre.Ma. Brenna Macchine S.r.l. Alzate Brianza (CO)	EUR	70,000	60% ⁽¹⁾			60%

⁽¹⁾ Regarding the company Bre.Ma. Brenna Macchine S.r.l., it should be noted the existence of the Put option to buy the remaining shares (see note 3).

Name and registered office	Currency	Share Capital	Directly	Indirectly controlled	Ownership vehicle	Biesse Group
Foreign subsidiaries:						
Biesse America Inc. Charlotte NC 28208 – USA	USD	11,500,000	100%			100%
Biesse Asia Pte. Ltd. Singapore	SGD	2,655,000	100%			100%
Biesse Canada Inc. Mirabel (Quebec) – Canada	CAD	180,000	100%			100%
Biesse Group Australia Pty Ltd. Wetherill Park - Australia	AUD	5,046,547	100%			100%
Biesse Group Deutschland GmbH Elchingen (Ulm) – Germania	EUR	1,432,600	100%			100%
Biesse Group New Zealand Ltd. Auckland – New Zealand	NZD	334,262	100%			100%
Biesse Group UK Ltd. Daventry Northampt. - Gran Bretagna	GBP	655,019	100%			100%
Biesse Groupe France Sarl Brignais – Francia	EUR	144,000	100%			100%
Biesse Iberica Woodworking Machinery s.l. Barcelona - Spagna	EUR	1,233,290	100%			100%
Biesse Manufacturing Co. Pvt. Ltd. Bangalore -India	INR	100,814,500	100%			100%
Biesse Schweiz GmbH Kriens - Svizzera	CHF	100,000		100%	Biesse Group Deutschland GmbH	100%
Biesse Trading (Shanghai) Co. Ltd. Shanghai - Cina	RMB	1,000,000		100%	Biesse Asia Pte. Ltd.	100%
Biesservice Scandinavia AB Lindas - Svezia	SEK	200,000	60%			60%
HSD Dutschland GmbH Gingen - Germania	EUR	25,000		100%	Hsd S.p.A.	100%
HSD Mechatronic (Shanghai) Co. Ltd. Shanghai - Cina	RMB	1,367,360		100%	Hsd S.p.A.	100%
Hsd Usa Inc. Hollywood, Florida – Usa	USD	10,000		100%	Hsd S.p.A.	100%
Woodworking Machinery Portugal, Unipessoal Lda Sintra - Portogallo	EUR	5,000		100%	Biesse Iberica s.l.	100%

2. declaration of compliance with international accounting standards, basis of presentation and principles of consolidation and conversion

The present condensed interim consolidated financial statements at 30 June 2010 have been prepared in accordance with IAS 34 and in compliance with the provisions of article 154-ter of Decree Law no. 58 of 24 February 1998 (Consolidated Financial Law) and subsequent amendments. They do not include all of the information required for the annual financial statements and must be read in conjunction with the Consolidated Financial Statements for the year ended 31 December 2009. In particular it should be noted that the formats of the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of financial position and Consolidated cash flow statement are prepared in their extended format and are the same as the formats adopted for the Consolidated Financial Statements for the year ended 31 December 2009.

The following notes to the accounts, however, are presented in a condensed format and do not therefore include all of the information required for the annual financial statements. In particular it should be noted that, as provided by IAS 34, in order to avoid the duplication of previously published information, the explanatory notes refer exclusively to those items in the income statement, the statement of financial position and the cash flow statement whose composition or changes recorded in their value, or their nature or where such changes are unusual, render it necessary to provide an explanation in order to provide a complete understanding of the Group's economic, financial and capital situation.

The condensed consolidated interim financial statements to 30 June 2010 consist of the Consolidated income statement for the six months ended 30 June 2010, Consolidated statement of comprehensive income for the six months ended 30 June 2010, Consolidated statement of financial position at 30 June 2010, Consolidated cash flow statement for the six months ended 30 June 2010, Statement of changes in consolidated equity at 30 June 2010 and the present explanatory notes.

The Consolidated Income Statement is presented in accordance with the criteria of costs by nature, the presentation of the statement of financial position distinguishes between current and non-current assets and liabilities, the cash flow statement is presented in accordance with the indirect method and the statement of changes in equity is presented in accordance with the approved format of the "Statement of Changes in Equity". In addition, a separate statement, the Consolidated Statement of Comprehensive Income, incorporates those items that together constitute the result for the period and the expenses and income recognised directly in Equity relating to transactions different to those carried out with shareholders. Transactions carried out with shareholders together with those relating to the Comprehensive Result are reported in the statement of changes in Equity.

The Condensed Consolidated Interim Financial Statements are expressed in Euro and the value of items in the financial statements are expressed in thousands of Euro (except where indicated otherwise).

The accounting principles, valuation and measuring criteria, and the consolidation principles utilised for the preparation of the Condensed Consolidated Interim Financial Statements are consistent with those used for the Financial Statements for the period ended 31 December 2009 to which they expressly refer and which should be considered an integral part of the present notes. The accounting principles adopted for the Condensed Consolidated Interim Financial Statements for the period to 30 June 2010 have been applied consistently to all periods presented for comparison. The following should be noted in this regard:

- the half-year report at 30 June 2010 has been prepared according to the criteria of separation of periods and on which basis the reference period is considered autonomous; given this, the Income Statement for the six months ended 30 June 2010 reflects the relevant economic components pertaining to the period in accordance with the accruals principle;
- the accounting data underlying the consolidation process are those submitted by subsidiary companies to 30 June 2010, adjusted, where necessary, to bring them into line with the Group's accounting principles.
- The Condensed Consolidated Interim Financial Statements have been prepared in accordance with the cost criteria, with the exception of derivative financial instruments, financial assets held for sale and

financial instruments classified as available for sale, which are valued at current value (*fair value*), as well as the assumption of going concern. Given signs of improvement in demand and in view of the results achieved in terms of strengthening the Group's financial and capital solidity, the Group believes that there is no uncertainty regarding its corporate continuity.

The average and period-end exchange rates were as follows:

Currency	30 June 2010		31 December 2009		30 June 2009	
	Average	Closing	Average	Closing	Average	Closing
US Dollar / euro	1.3268	1.2271	1.3948	1.4406	1.5304	1.5764
Singapore Dollar / euro	1.8534	1.7160	2.0241	2.0194	2.1228	2.1446
Canadian Dollar / euro	1.3719	1.2890	1.5850	1.5128	1.5401	1.5942
Sterling / euro	0.8700	0.8175	0.8909	0.8881	0.7752	0.7923
Swedish Kroner / euro	9.7888	9.5259	10.6191	10.2520	9.3753	9.4703
Australian Dollar / euro	1.4848	1.4403	1.7727	1.6008	1.6546	1.6371
New Zealand Dollar / euro	1.8828	1.7761	2.2121	1.9803	1.9553	2.0632
Indian Rupee / euro	60.7337	56.9930	67.3611	67.0400	62.3900	67.7974
Chinese Renmimbi Yuan / euro	9.0567	8.3215	9.5277	9.8350	-	-
Swiss Franc / euro	1.4359	1.3283	1.5100	1.4836		

3. valuation criteria, use of estimates and reclassification

The preparation of the financial statements and the related explanatory notes requires management to make certain estimates and assumptions that have an effect on the value of statement of financial position and on the information relating to potential assets and liabilities at the year-end date. The estimates and assumptions utilised are based on Management's experience and other factors considered relevant. Actual results may differ from these estimates. Estimates are used to value tangible and intangible assets subject to impairment tests as described above, as well as to determine the useful life of tangible assets, provisions for credit risk, inventory obsolescence, asset write-downs, employee benefits, taxes, and provisions allocated to reserves for risks and charges.

Estimates and assumptions based on data that reflect currently available information are reviewed periodically and the effect of each change is immediately recognised in the income statement. In this context, management has considered it opportune to reduce the percentage of depreciation of some automatic operating machines (in use in the Italian plants) to reflect the better estimates for their useful life, as established in the latest approved three-year plan; the transformation of the company into a lean company has brought about a significant revision of the production processes, which entail the full use of company equipment, whilst respecting the principles of just-in-time manufacturing. Where the Group has not changed the percentages of depreciation, higher amounts of depreciation have been recognised for € 105 thousand, while the average useful life of the assets concerned have been changed to 4.5 years from 6.5 years.

With reference to the acquisition of 60% of Bre.Ma. Brenna Macchine S.r.l., which occurred in August 2006, it should be noted that the contract included a put option in favour of the vendors, relating to the residual 40% of the share capital of the company. The option may be exercised no earlier than three years and no later than five years from the date the aforementioned contract was signed.

In accordance with IFRS 3 and in line with best practice (OPI 4), in previous periods this option was valued together with the purchase contract relating to the acquisition of the controlling stake, anticipating the effects of possible exercise of the option on the financial statements for 2006 (the first year of consolidation of the company), recognising in the balance sheet the value of the liability thus estimated amongst other payables with a corresponding reduction in the value of equity and, for any difference, an increase of

goodwill in the balance sheet; on the basis of the latest available forecasts, it is considered that the option will not be exercised by the counterparty and, therefore, the amounts (as in 2008) of the relative liabilities recognised in 2006 and the corresponding adjustments to equity net of minorities and to goodwill have been confirmed.

The fundamental assumptions regarding the future and other uncertainties involved in making estimates at the year-end date that may lead to material adjustments in the accounting values of assets and liabilities within the next accounting period principally refer to the potential losses in the value of goodwill in the statement of financial position.

At 30 June 2010, the accounting value of goodwill was € 18 million. Goodwill was subjected to an annual impairment test at 31 December 2009. At 30 June 2010, a check was carried out to verify the existence of events or other circumstances that might indicate any impairment losses; there were no indications of impairment losses required to be recognised in the financial statements. In this regard, it should be noted that the economic and financial results of the Group are in line with those incorporated in the Plan approved by the Board of Directors on 22 February 2010.

It should be noted that, in order to improve the presentation of the results, from the present half-year report at 30 June 2010, receivables for pre-payments made for the supply of raw and semi-worked production materials, previously included in inventories, are now included in trade receivables; the comparative data for 31 December 2009 have, therefore, been reclassified.

4. risks

The Group is exposed to financial risk connected to its operations:

- market risk, consists primarily of risk relating to fluctuations in exchange rates and interest rates;
- credit risk, relates particularly to trade creditors and, to a lesser degree, to other financial assets;
- liquidity risk, with reference to liquid financial resources to offset the obligations connected to financial liabilities.

Exchange rate risk

The risk relating to exchange rate variations is represented by the possible fluctuation in the value of the Euro against currency positions or net exposure to other currencies, constituted by the algebraic result of sales invoices issued, orders in portfolio, purchasing invoices received, of the financial balance in foreign currency and of cash held in foreign currency. The risk management policy approved by the Board of Directors provides that the amount of cover must not fall below 70% of the net foreign currency exposure and that the initiation of any hedging operation must be tied to an underlying asset. Hedging can be carried out using forward contracts (outright/currency swap). As they do not respond to the requirements of effective hedge accounting are classified as trading instruments. In considering the amount exposed to exchange rate risk, the Group includes also the orders acquired denominated in foreign currencies in the period preceding their conversion into trade receivables (dispatch-invoicing).

Interest rates risk

The Group is exposed to fluctuations in interest rates with reference to financial expenses relating to bank debt and to leasing companies for the acquisition of assets made via finance leasing contracts. Interest rate risks derive primarily from short term bank lending given the continuing recourse to immediate financing. Given the current trend in interest rates, the company's has decided not to carry out further hedging of its own debt due both to expectations that the trend of interest rates is tending towards substantial stability, and expectations of a structural reduction in debt payable to financial institutions.

Credit risk

Credit risk refers to Biesse Group's exposure to potential losses deriving from the failure of commercial and financial counterparties to fulfil contractual obligations. The principal exposure is towards clients. The management of credit risk is constantly monitored with reference both to the reliability of clients and the control of cash flows and management of eventual credit recovery operations. In the case of clients considered by management to be strategic the credit limits attributed to them are defined and monitored. In other cases the sale is managed by obtaining advance payments, utilisation of leasing type payment forms and, in the case of foreign clients, letters of credit. On contracts relating to sales uncovered by adequate guarantees, reserve property rights are attached to the goods being sold.

With reference to trade creditors there are no identifiable risks of concentration insofar as no single client accounts for more than 5% of sales. The book value of financial assets, expressed net of write-downs for expected losses represents the maximum exposure to credit risk.

5. operating segments and geographical areas analysis

Operating segment analysis

The operating segments of the Group, in accordance with IFRS 8 – Operating segments have been segregated for management control purposes into four operating divisions –Wood, Glass and Stone, Mechatronics, Other. These divisions constitute the basis on which the Group reports segment information.

The main activities are as follows:

Wood – production and distribution of machines and panel processing systems ,
Glass & Stone – production and distribution of machines for working glass and stone,
Mechatronics – production and distribution of mechanical and electronic components for the industry,
Other – production and distribution of tools and components and other precision tooling accessories.

The information relating to these operating segments is as follows:

€ '000	REVENUES		OPERATING RESULTS	
	1 st Half 2010	1 st Half 2009	1 st Half 2010	1 st Half 2009
Wood	108,873	90,117	(1,377)	(10,021)
Glass & Stone	30,436	27,128	950	(117)
Mechatronics	26,736	17,964	2,938	(634)
Other	8,240	7,728	(317)	(2,158)
(Intragroup eliminations)	(18,404)	(16,328)	-	-
	155,881	126,610	2,194	(12,931)
Not allocated Corporate Costs			(3,942)	(4,789)
Operating Profit			(1,748)	(17,720)

It should be noted that in the data for the 2009 financial year the figures for the business units MC and Digipac have been reclassified (where attributable to these companies) to take account of the new management organisation and the consequent change in the internal reporting for measuring performance. Previously both units were included in the segment Other. The operating performance of MC is now analysed as part of the Mechatronic segment whilst that of Digipac is part of the Wood segment.

The analysis by operating segment reflects the considerations already made in the interim review of operations concerning the whole of the Biesse Group: a significant recovery in volumes with a positive operational leverage effect on margins.

All divisions had strong revenues and, in particular, the Mechatronic division (+48.8% or +61.4% excluding inter-divisional sales). The Wood division increased revenues by 20.8% (reversing the trend of the first quarter when sales declined 8.5%), while the Glass/Stone division consolidated the positive results of the first quarter (+7.9%) with an increase of +12.2%.

The increase in volumes meant that all divisions had a material improvement in the margin on sales compared to the first semester of 2009: the Wood division was almost at breakeven (-1.3% compared -11.1% at the end of June 2009), the Glass and Stone and the Mechatronic divisions both had positive margins (3.1% and 11.0% respectively; at the end of June 2009, the relative margins were negative for 0.4% and 3.5% respectively), the division Other registered a slight loss (€ 317 thousand, a negative margin on sales of 3.8%, an improvement compared to the negative margin of 27.9% at 30 June 2009). There were important savings in unallocated corporate costs, which totalled € 3,942 thousand, a 17.7% decrease on the figure of June 2009 (€ 4,789 thousand).

It should also be noted that in January 2010 the Group initiated an internal organisational review, aimed at completing its transformation into a lean company, whilst keeping unchanged the key principles approved with the 2010-2012 industrial plan. Although this process has not so far resulted in substantial changes to the output of the internal reporting structure, periodically reviewed by management, has led to a revision of the calendar of internal reporting periods (involving greater frequency in the production of reports) and the inclusion of detailed analyses of management data (profitability by product family and/or geographical area), which are represented in the published segment information. The current process of updating the Corporate Reporting System is expected to be completed by autumn 2010, and should result in a system that better reflects the new organisational structure; it is also possible that this will lead to some possible impact on the information to be disclosed in the year-end financial statements in accordance with IFRS 8

Geographical area analysis

REVENUES				
€ '000	1 st Half 2010	%	1 st Half 2009	%
Europa Occidentale	86,586	55.5%	77,757	61.4%
Asia - Oceania	22,701	14.5%	14,497	11.4%
Europa Orientale	20,803	13.3%	13,730	10.8%
Nord America	13,913	8.9%	11,880	9.4%
Resto del Mondo	11,877	7.6%	8,746	6.9%
Group Total	155,881	100.0%	126,610	100.0%

An analysis of sales by geographical area in the first six months of the 2010 financial year shows that all the reference markets had double digit growth with the Asia-Pacific markets +56.6% and Eastern Europe +51.5%.

Western Europe continued to be the main market of the Group (55.5% of total sales, compared to 61.4% at the end of June 2009) with the Italian market increasing its contribution to consolidated revenues (26.7% of the total, compared to 22.9% at the end of June 2009), also due to the effect of the Tremont-ter law.

6. seasonality

The business sectors in which Biesse Group operates are characterised by a relative seasonality due to the fact that demand for machine tools is normally concentrated in the second half of the year (particularly in the last quarter). This concentration was historically tied to the purchasing habits of final clients notably influenced by expectations about investment incentive policies, as well as expectations about the economic trend of reference markets.

This seasonality was amplified by the particular structure of the Group, in which overseas subsidiaries (USA, Canada and Australia) account for about one-fifth of total sales volumes. Given the lead times involved in

the delivery of machines to these markets and the existence of a final market which is particularly sensitive to speed of delivery with regard to timing of orders, these subsidiaries are obliged to build inventories in the first half of the year to meet the demand for sales towards the year-end.

It should be said that the support packages for the real economy instigated by the governments of the more industrialised countries (in Italy, particularly the so-called Tremonti-ter law) have resulted in an unusual increase in volumes in the first semester of 2010. Demand for capital goods has reached levels that are usually only seen in the third quarter of the year. To meet this increased demand from the market, the Group has drawn on its own stocks of finished products. Given the production/delivery times for new products it is reasonable to expect a natural decline in volumes in the third quarter.

It should be stressed that the efforts focused by the company management on the supply chain have resulted in the good results described above, without causing a deterioration in the key balance sheet indicators (in particular, Operating Net Working Capital, and Net Financial Debt), which, on the contrary, have all shown a positive trend.

7. taxes

National income taxes (IRES) are calculated at 27.5 per cent (unchanged with respect to 2009) on the taxable income of the parent company and the Italian companies. Taxes for other jurisdictions are calculated according to the prevailing rates in those countries. In order to estimate the taxes for the period, the tax rate expected for the full year was applied to the interim results.

The estimate includes € 2,307 thousand of pre-paid taxes calculated on the losses of the period, a figure that is in line with the results forecast for the first half of 2010 in the last approved business plan and which it is believed will probably be recouped.

At 30 June 2010 the Group had prepaid tax assets and assets relating to tax losses of € 19.461 million. Management has reported prepaid taxes to the value that it believes is recoverable; in this regard it has also taken into account the results of the budget and expectations for future years consistent with those utilised for the purposes of impairment tests.

The results for the period ended 30 June 2010 are in line with the expectations contained in the Industrial Plan approved on 22 February 2010 by the Board of Directors of the Parent Company.

8. earnings per share (eps)

Basic earnings per share for the period ended 30 June 2010 were negative for 13.30 euro/cent (in 2009 they were negative for 54.41 euro/cent) and are calculated by dividing the loss attributable to parent company shareholders, equal to a negative figure of € 3,579 thousand (in 2009 the figure used to calculate basic EPS was negative for € 14,549 thousand), by the average weighted number of ordinary shares in circulation during the period, which was no. 26,906,683 (no. 26,740,108 in 2009). The number of shares in circulation was lower than the number in issue due to the purchase on the Stock Market of the company's own shares during 2008 as approved by the Shareholders' Meeting of 21 January 2008. At 30 June 2010, the number of shares held in treasury was 486,359 (1.78% of the share capital), and the average amount for the semester was the same. Since there were no dilutive effects, the calculation used for basic earnings is equally valid for the calculation of diluted earnings. The calculation is illustrated below:

EARNINGS ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY		
	Period ended	
€ '000	30/06/2010	30/06/2009
Basic attributable earnings	(3,579)	(14,549)
Dilution effect on earnings	-	-
Diluted earnings	(3,579)	(14,549)

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

Thousands of shares	Period ended	
	30/06/2010	30/06/2009
Basic average number of ordinary shares used to calculate basic earnings per share	27,393	27,393
Effect of treasury shares	(486)	(653)
Basic average number of ordinary shares – for the calculation of basic earnings per share	26,907	26,740
Dilutive effects	-	-
Basic average number of ordinary shares – for the calculation of diluted earnings per share	26,907	26,740

Since no operations were discontinued during the course of the period, the earnings per share refers entirely to continuing operations.

9. dividends

No dividends were distributed in the first six months of 2010, nor is any distribution expected for the second half of the year, as approved by the Parent Company Shareholders' Meeting.

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

In the period covered by the current report, investments totalled € 2.1 million (€ 2.5 million at end of June 2009). In addition to those for the normal replacement of production equipment required in the ordinary manufacturing activity, the amounts used in the period for the construction, completion or restructuring of the following sites should be noted:

- Extension of the manufacturing sites of the subsidiary Biesse Manufacturing Co. Pvt. Ltd. (€ 521 thousand) to meet the increase in production volumes, as foreseen in the 2010-2012 three-year business plan;
- Refitting of the HSD S.p.A. building for € 112 thousand following the move by the latter from its previous site in via della Meccanica to the current site in Piazzale De Simone (in Pesaro); the move was considered opportune following the incorporation of MC (the owner of the building in Piazzale De Simone) in HSD S.p.A.

The parent company Biesse S.p.A. acquired a new numerical control lathe for €278 thousand, for the mechanical works department.

11. goodwill and other intangible assets with a finite life**Goodwill**

Goodwill increased by € 483 thousand compared with the end of the previous financial period due to foreign exchange factors regarding the goodwill of Biesse America Inc. (an increase of € 307 thousand) and of Biesse Group Australia Pty Ltd (an increase of € 176 thousand).

Goodwill is allocated at the date of acquisition to the cash generating units (CGU), which are expected to benefit from the combination..

Other intangible assets with a finite life

Other intangible assets with a finite life mainly include capitalised development costs of € 7,532 thousand and costs for development projects and licenses still to be completed (and therefore temporarily accounted in the category intangible assets in progress and advances) of € 11,684 thousand. During the semester, the capitalised development costs resulted in amortisation of € 1,646 thousand. During the first semester, the design of new products continued and involved new investments totalling € 2,744 thousand (€3,131 thousand in 2009).

12. inventories

Inventories increased in absolute value by approximately € 7.7 million, of which approximately € 3 million was raw materials and replacement parts, € 2.6 million was semi-finished products and products under construction, and € 2 million was finished products (the effect of exchange rates resulted in an increase in the value of raw materials and replacement parts and finished goods of € 0.982 million and € 1.603 million respectively).

The obsolescence reserve for stocks of raw materials and replacement parts totalled € 5,264 thousand (a slight decrease of € 108 thousand compared to the figure at the end of 2009, whilst the figure for the end of June 2009 was € 4,529 thousand), representing a percentage of historic costs of the related inventories of 11.6% (12.6% at the end of 2009).

The write-down reserve for finished products was € 1,088 thousand (a €764 thousand decrease compared to December 2009, whilst the figure at the end of June 2009 was € 967 thousand), representing a percentage of historic costs of the related inventories 4.5% (8.1% at the end of 2009).

Receivables for pre-payments for the supply of raw and semi-worked production materials, previously recognised in inventories, are now included in trade receivables; consequently the comparative data for 2009 have been reclassified.

13. receivables

Trade receivables, valued at fair value, increased € 20,832 thousand (gross of the related write-down reserve) compared to December 2009. The increase is mainly attributable to sales arising in the second quarter of 2010.

The write-down reserve decreased from € 7,183 thousand at the end of December 2009 (5.8% of nominal value) to € 7,018 thousand (4.8% of nominal value of receivables at the end of June 2010).

14. share capital – own shares

The share capital of the parent company Biesse S.p.A. is composed of no. 27,393,042 shares each of nominal value € 1.

At the date on which the present half-year report was approved, the Group owned 486,359 of its own shares. As indicated in note 7 above, the Shareholders' Meeting of Biesse S.p.A. of 21 January 2008 approved a share buy-back programme. The programme provided for the purchase of a maximum of 2,739,304 ordinary Biesse shares, corresponding to 10% of the share capital, each of € 1 nominal value, to be purchased on the regulated market for a maximum period of 18 months commencing 22 January 2008.

The approval of the Shareholders provided that the purchases should be made at a price not exceeding 10% and no lower than 20% of the average weighted official share price reported by Borsa Italiana S.p.A. for the three days preceding any single purchase transaction, in accordance with related regulations in force.

The buy-back programme was primarily motivated by the opportunity to intervene in the market, in accordance with the relevant regulations, in order to guarantee the liquidity of Biesse shares, particularly during periods of excess volatility. The Group also considered it opportune to invest part of its own reserves in acquiring its own shares whenever there was a significant divergence between market prices and the fair value of the shares.

The change in the macroeconomic scenario resulted in the situation that when the buy-back mandate expired (21 July 2009) the company had not bought back all the shares that it was authorised to repurchase as management preferred to preserve the Group's liquidity for the management and maintenance of traditional activities and strategic industrial projects.

A summary of the treasury shares at 30/06/2010 are shown below:
 Number of shares: 486,359
 Balance sheet value (euro): 4,675,804
 Percentage of share capital: 1.78%

15. translation and hedging reserve

The statement of financial position value is composed as follows:

€ '000	30 June 2010	31 December 2009
Reserve for translation of foreign currency accounts	394	(2,273)
Reserve for profits (losses) on foreign exchange cash flow hedging derivatives	(14)	(8)
Total	380	(2,280)

In the semester, the reserve for negative differences from cash flow hedges increased by € 6 thousand. To comply with IAS 39, revenue payments of € 276 thousand, exchange rate losses on valuation of € 96 thousand and higher deferred tax assets of € 2 thousand were recognised. The fair value of hedging instruments increased € 188 thousand.

16. retained earnings

The statement of financial position value is composed as follows:

€ '000	30 June 2010	31 December 2009
Legal reserve	5,479	5,479
Extraordinary reserve	46,937	68,734
Reserve for treasury shares	4,676	4,676
Retained earnings	12,603	17,502
Retained earnings	69,695	96,391

As highlighted in the statement of changes in consolidated equity, the item other Reserves (particularly retained earnings) has changed due to the coverage of 2009 losses (€ 26,696 thousand).

17. financial debts

Compared to the financial statements to 31 December 2009, the financial debt of the Group declined € 13,661 thousand (net of financial lease payments of €1,210 thousand). The reduction in debt was mainly in the medium-term committed credit lines (18-36 months), with no capital/financial covenants, that were signed at the end of June 2009; this were reduced by € 16,680 thousand. There are no financial covenants on existing lines of credit. It should also be noted that no non-recourse and/or with recourse sales of loans took place in the period.

For further details, please refer to the comments in the review of operations regarding the net financial position and cash flows.

18. provisions for risks and charges

In the first half of 2010 the provision for risks and charges was affected by the utilisation of € 3.062 million of the corporate restructuring reserve which was set up at end-2009 relating to extraordinary operations and re-organisation of personnel and production locations (the amount was classified amongst short term liabilities). Following the utilisation of this amount the fund was reduced to € 0.780 million.

19. potential liabilities and commitments

The parent company and some of its subsidiaries are involved in various legal actions and disputes. However, it is believed that resolution of these disputes should not generate additional liabilities to those already provided for in the appropriate risk reserves.

At the end of June 2010, there were no commitments of a material amount for the purchase of new assets.

20. subsequent events

With reference to subsequent events, please refer to the relevant note in the interim 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 related parties of the Parent Company, have been eliminated from the financial statements and are not reported in these notes. Details of transactions between the Group and other related parties are given below.

Commercial transactions

During the financial period, the companies of the Group conducted the following commercial transactions with related parties outside the consolidation area.

€ '000	REVENUES		COSTS	
	Period ended 30/06/2010	Period ended 30/06/2009	Period ended 30/06/2010	Period ended 30/06/2009
Parent Company Bi.Fin. S.r.l.	5	5	-	-
Other related companies Fincobi S.r.l.	1	1	5	3

€ '000	REVENUES		PAYABLES	
	Period ended 30/06/2010	Period ended 31/12/2009	Period ended 30/06/2010	Period ended 31/12/2009
Parent Company Bi.Fin. S.r.l.	579	574	-	-
Other related companies Fincobi S.r.l.	1	-	11	-

All commercial and financial transactions with these entities were arranged on arms'-length terms and in the interests of the Group.

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

Remuneration for directors, Statutory Auditors and executive with strategic responsibility

REMUNERATION				
€ '000	Salary	Non monetary benefits	Bonuses and other incentives	Other remuneration
Board of Directors	646	53	185	351
Board of Statutory Auditors	36	-	-	-
Total	682	53	185	351

Pesaro, 06/08/2010

Attestation of the half-year condensed financial statements pursuant to article 154-bis of legislative decree no. 58/98

The signatories Roberto Selci, in his capacity as the Chairman, and Stefano Porcellini, in his capacity as the Manager with responsibility for the preparation of the Biesse S.p.A. financial statements, 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 condensed six month interim results during the first six months of 2010.

The evaluation of the appropriateness of the administrative and accounting procedures for the preparation of the condensed interim consolidated financial statements at 30 June 2010 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 half year condensed financial statements report:

- have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Counsel, dated 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;
- correspond to the amounts shown in the Company's accounts books and records;
- and, as such, is qualified to provide a fair 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 condensed six month interim financial statements, together with a summary description of the principal risks and uncertainties for the remaining second half of the year, as well as information on potential relevant transactions conducted with related parties.

Pesaro, 06/08/2010

Chairman and Chief Executive Officer
Roberto Selci

Chief Financial Officer
Stefano Porcellini



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(Translation from the Italian original which remains the definitive version)

Review report

To the shareholders of
BIESSE S.p.A.

1. We have reviewed the condensed interim consolidated financial statements comprising the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes thereto of the BIESSE Group as at and for the six months ended 30 June 2010. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with IAS 34, "Interim Financial Reporting", endorsed by the European Union. Our responsibility is to prepare this report based on our review.
2. We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. The review consisted primarily of the collection of information relating to the captions of the condensed interim consolidated financial statements and the consistency of application of the accounting policies through discussions with company directors and analytical procedures applied to the financial data presented in such condensed interim consolidated financial statements. The review excluded such audit procedures as tests of controls and verification or validation of assets and liabilities and is significantly less than an audit performed in accordance with generally accepted auditing standards. As a consequence, contrary to the report of other auditors on the annual consolidated financial statements, we do not express an audit opinion on the condensed interim consolidated financial statements.

With regard to the corresponding figures included in the condensed interim consolidated financial statements, reference should be made to the audit and review reports of other auditors on the annual consolidated and condensed interim consolidated financial statements of the previous year dated 12 April 2010 and 27 August 2009, respectively.
3. Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the BIESSE Group as at and for the six months ended 30 June 2010 have not been prepared, in all material respects, in conformity with IAS 34, "Interim Financial Reporting", endorsed by the European Union.

Ancona, 10 August 2010

KPMG S.p.A.

(signed on the original)

Luca Ferranti
Director

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KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del



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