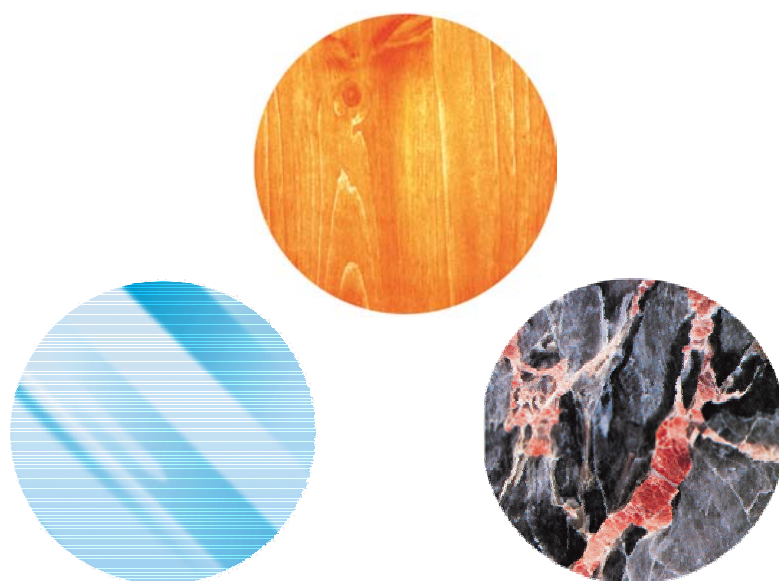




QUARTERLY REPORT DECEMBER 31ST, 2004



BIESSE



BIESSE S.p.A.

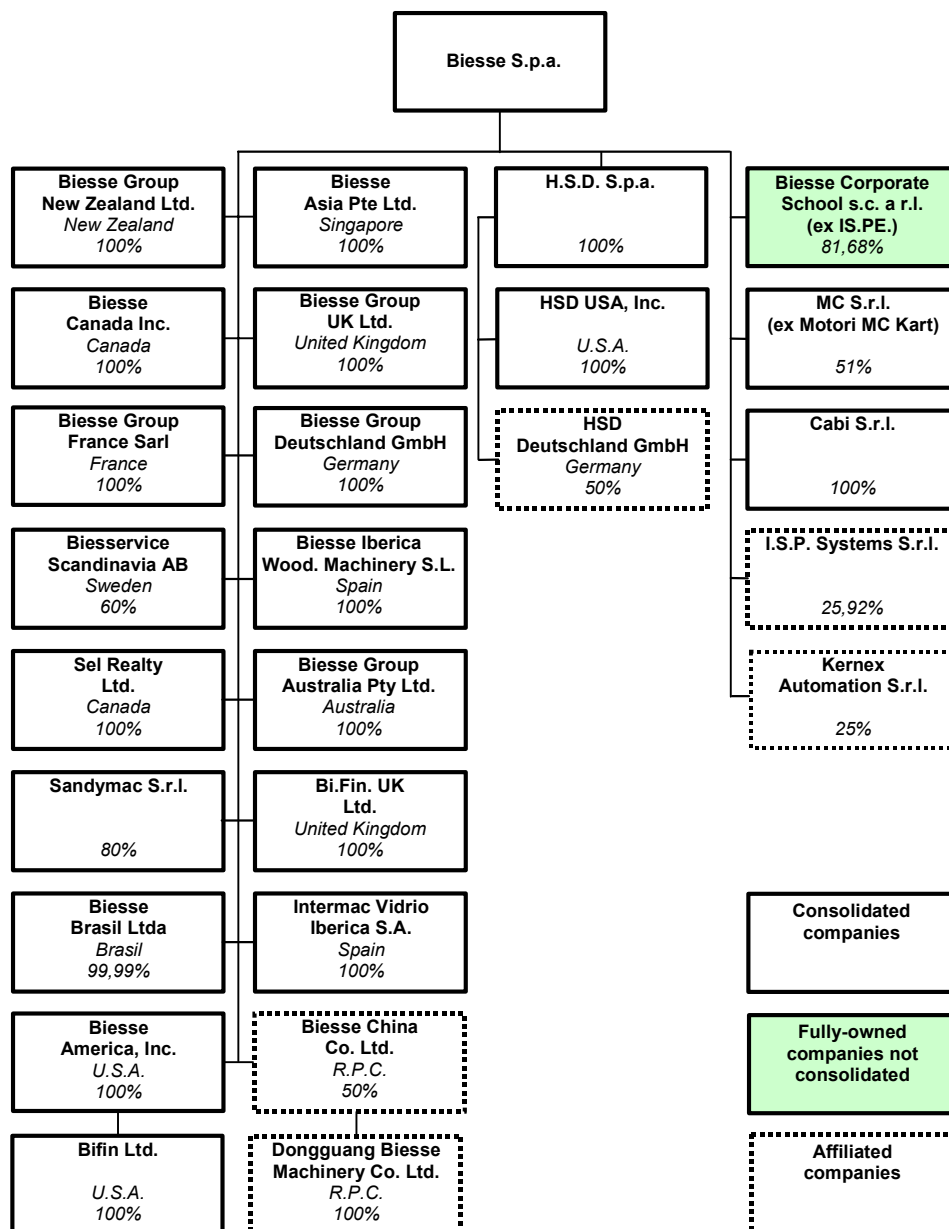
QUARTERLY REPORT AT DECEMBER 31ST, 2004

SUMMARY

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GROUP STRUCTURE

The following companies are part of Biesse Group:



* the shareholding of 81.68% is directly held by Biesse S.p.A. for 66,67% and indirectly through Hsd S.p.a. for 15.01%



In comparison with the previous quarterly report, dated September 30th 2004, the consolidation area has not changed.

The investments in the associated companies Biesse China Co. Ltd., ISP Systems S.r.l., Hsd Deutschland GmbH and Kernex Automation S.r.l. are valued with the equity method. Also the investment in the affiliated company Biesse Corporate School s.c.a r.l. is valued with the equity method and not integrally consolidated, because of its irrelevant size.

Since the consolidated companies have changed significantly in comparison to the same period of 2003, the present report also shows the pro-forma accounting statements, in order to allow a like for like comparison of the results for the two periods: in the 2003 accounting statement the Schelling Group has been excluded, while in the 2004 accounting statement the affiliated companies Cabi S.r.l., Sandymac S.r.l. and Intermac Vidrio Iberica S.A. have been excluded.



PARENT COMPANY CORPORATE BODIES

The Board of Directors currently in office is composed as follows:

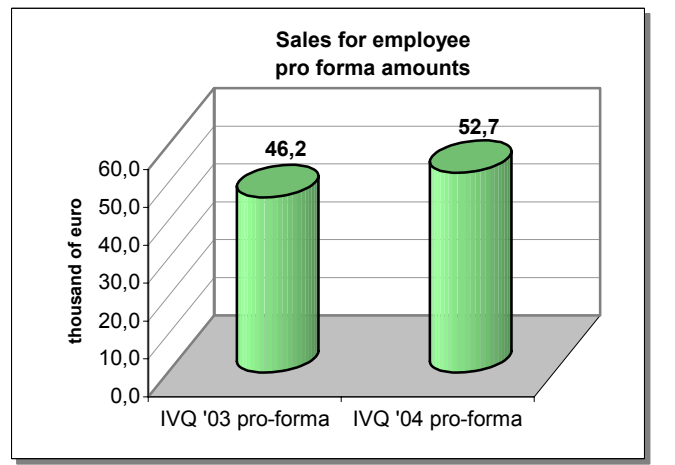
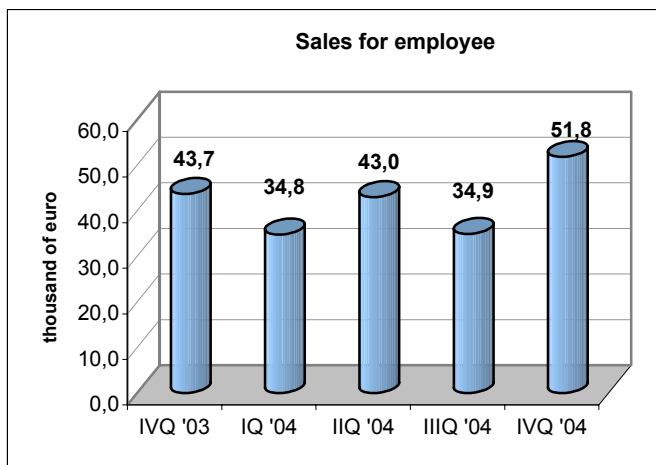
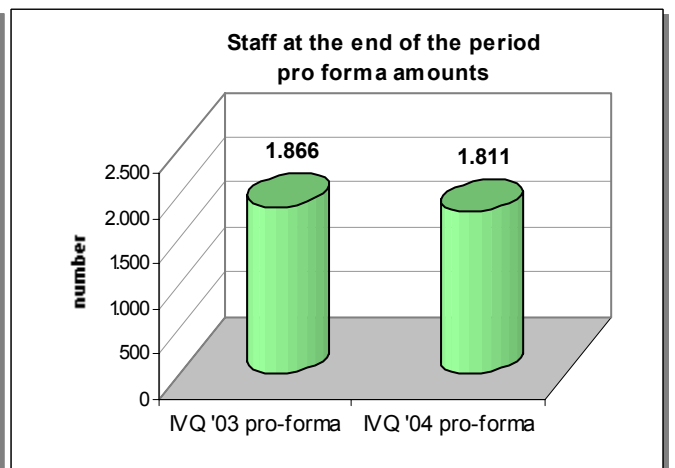
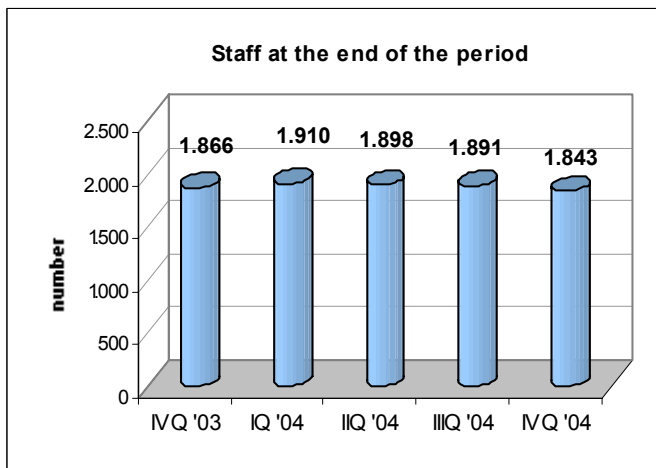
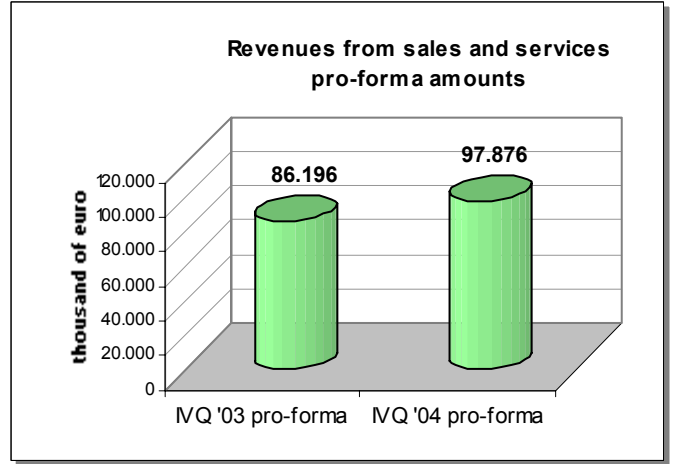
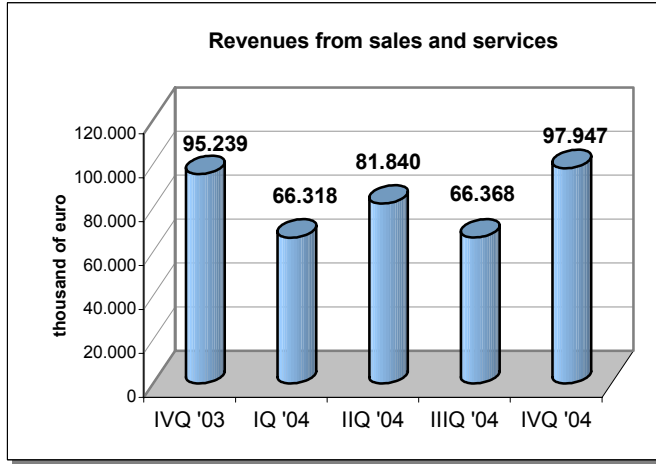
Roberto Selci	Chairman
Giancarlo Selci	Vice President
Innocenzo Cipolletta	Director *
Leone Sibani	Director *
Giampaolo Garattoni	Director *

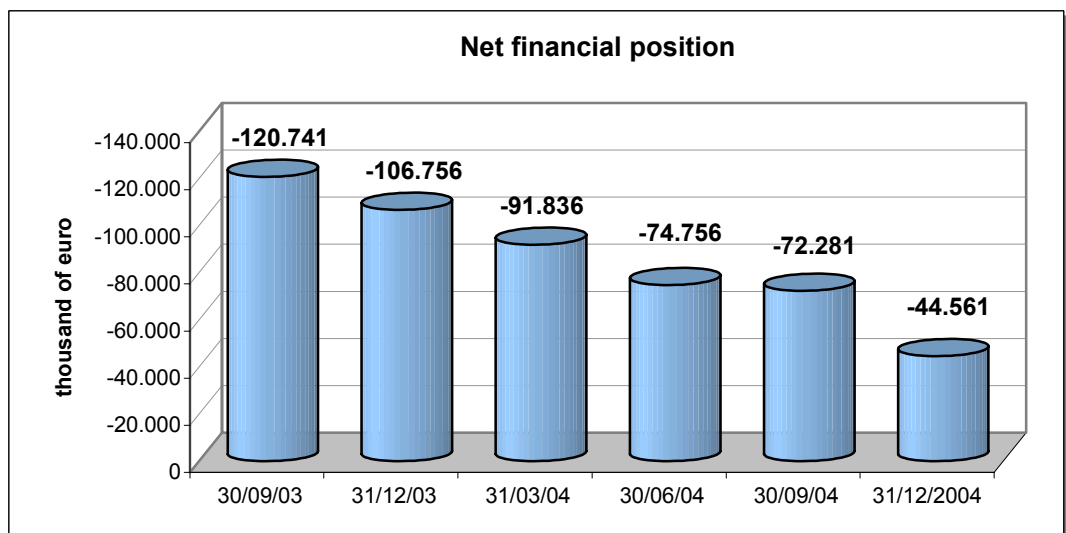
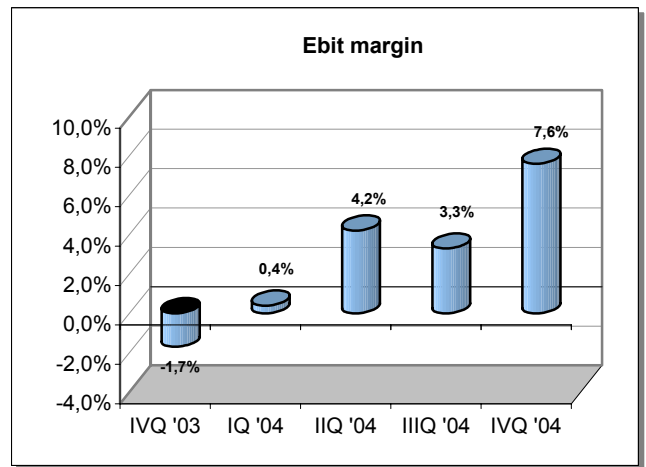
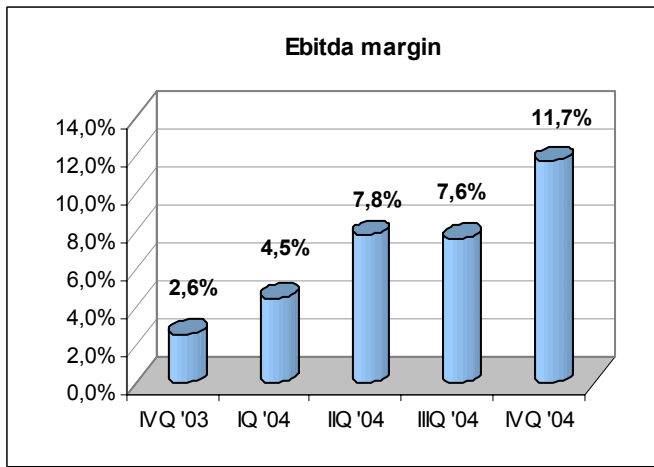
** Independent Director, as required under the Code of Conduct.*

The Board of Statutory Auditors currently in office is composed as follows:

Giovanni Ciurlo	Chairman
Adriano Franzoni	Statutory Auditor
Claudio Sanchioni	Statutory Auditor

HIGHLIGHTS





ACCOUNTING STATEMENTS

Fourth Quarter 2004 Income Statement

(thousand of Euro)	IV Q 2004	%	IV Q 2003	%	Δ %
Revenues from sales and services	97,947	100.0%	95,239	100.0%	2.8%
Variation of stocks of finished products	(10,433)	(10.7%)	(11,560)	(12.1%)	(9.7%)
Other revenues and income	2,122	2.2%	1,790	1.9%	18.5%
Value of production	89,636	91.5%	85,469	89.7%	4.9%
Consumption of raw materials	(36,180)	(36.9%)	(38,009)	(39.9%)	(4.8%)
Costs for services	(17,124)	(17.5%)	(16,872)	(17.7%)	1.5%
Use of third party assets	(1,652)	(1.7%)	(1,918)	(2.0%)	(13.9%)
Other operating expenses	(1,742)	(1.8%)	(2,054)	(2.2%)	(15.2%)
Added value	32,938	33.6%	26,616	27.9%	23.8%
Personnel expenses	(21,494)	(21.9%)	(24,433)	(25.7%)	(12.0%)
Gross operating margin	11,444	11.7%	2,183	2.3%	---
Amortizations, depreciations and provisions	(3,838)	(3.9%)	(3,352)	(3.5%)	14.5%
Profit before depreciation of consolidation difference	7,606	7.8%	(1,169)	(1.2%)	---
Amortization of consolidation difference	(131)	(0.1%)	(278)	(0.3%)	(52.9%)
Operating result	7,475	7.6%	(1,447)	(1.5%)	---
Financial charges and incomes	(824)	(0.8%)	(1,470)	(1.5%)	(43.9%)
Extra-ordinary charges and incomes	465	0.5%	(28,400)	(29.8%)	(101.6%)
Pre-tax result	7,116	7.3%	(31,317)	(32.9%)	---

Income Statement at December 31st, 2004

(thousand of Euro)	December 31 2004	%	December 31 2003	%	Δ %
Revenues from sales and services	312,474	100.0%	306,637	100.0%	1.9%
Variation of stocks of finished products	(4,705)	(1.5%)	2,695	0.9%	---
Other revenues and income	6,386	2.0%	5,689	1.9%	12.3%
Value of production	314,155	100.5%	315,021	102.7%	(0.3%)
Consumption of raw materials	(136,188)	(43.6%)	(139,582)	(45.5%)	(2.4%)
Costs for services	(57,259)	(18.3%)	(61,413)	(20.0%)	(6.8%)
Use of third party assets	(6,928)	(2.2%)	(8,354)	(2.7%)	(17.1%)
Other operating expenses	(4,739)	(1.5%)	(5,870)	(1.9%)	(19.3%)
Added value	109,041	34.9%	99,802	32.5%	9.3%
Personnel expenses	(83,130)	(26.6%)	(91,628)	(29.9%)	(9.3%)
Gross operating margin	25,911	8.3%	8,174	2.7%	---
Amortizations, depreciations and provisions	(11,990)	(3.8%)	(12,729)	(4.2%)	(5.8%)
Profit before depreciation of consolidation difference	13,921	4.5%	(4,555)	(1.5%)	---
Amortization of consolidation difference	(512)	(0.2%)	(1,372)	(0.4%)	(62.7%)
Operating result	13,409	4.3%	(5,927)	(1.9%)	---
Financial charges and incomes	(3,980)	(1.3%)	(6,558)	(2.1%)	(39.3%)
Extra-ordinary charges and incomes	7,256	2.3%	(31,283)	(10.2%)	---
Pre-tax result	16,885	5.3%	(43,768)	(14.3%)	---

Pro-forma Income Statement (*)

(thousand of Euro)	IV Q 2004	IV Q 2003	December 31 2004	December 31 2003
Revenues from sales and services	97,876	89,169	312,045	278,122
Variation of stocks of finished products	(10,447)	(12,465)	(4,692)	714
Other revenues and income	1,789	1,841	6,108	4,824
Value of production	89,218	78,545	313,461	283,660
Consumption of raw materials	(36,796)	(34,563)	(137,415)	(125,181)
Costs for services	(17,089)	(15,626)	(56,838)	(54,328)
Use of third party assets	(1,616)	(1,695)	(6,833)	(7,184)
Other operating expenses	(1,711)	(1,065)	(4,698)	(4,293)
Added value % on revenues	32,006 32.7%	25,596 28.7%	107,677 34.5%	92,764 33.3%
Personnel expenses	(21,033)	(21,744)	(81,919)	(78,639)
Gross operating margin % on revenues	10,973 11.2%	3,852 4.3%	25,758 8.3%	14,035 5.0%
Amortizations, depreciations and provisions	(3,733)	(3,510)	(11,739)	(11,394)
Profit before depreciation of consolidation difference	7,240	342	14,019	2,641
Amortization of consolidation difference	(131)	(278)	(512)	(1,372)
Operating result % on revenues	7,109 7.3%	64 0.1%	13,507 4.3%	1,269 0.5%
Financial charges and incomes	(816)	(1,301)	(3,961)	(5,236)
Extra-ordinary charges and incomes	464	718	7,258	(1,877)
Pre-tax result % on revenues	6,757 6.9%	(519) (0.6%)	16,804 5.4%	(5,844) (2.1%)

(*)The amounts of the third quarter 2003 do not include the Schelling Group results, while the amounts of the fourth quarter 2004 do not include the results of the affiliated companies Cabi S.r.l., Sandymac S.r.l. and Intermac Vidrio Iberica S. A.

Net Financial Position at December 31st, 2004

(thousand of Euro)	December 31 2004	September 30 2003	June 30 2003	December 31 2003
Financial assets	22,130	24,125	20,272	26,870
- Liquid assets	20,567	16,628	16,339	20,504
- Short-term activities (notes)	0	0	0	2,530
- Biesse S.p.A. shares buy-back	1,563	4,577	3,933	3,836
- Short term financing credits due by parent company	0	2,920	0	0
Short term financial debts	(2,027)	(2,444)	(3,257)	(2,421)
Short term bank debts	(35,984)	(69,907)	(65,194)	(102,925)
Short term financing debts due to parent company	0	0	(1,800)	0
Short term net financial position	(15,881)	(48,226)	(49,979)	(78,476)
Medium/long term financial debts	(15,111)	(18,446)	(18,700)	(19,865)
Medium/long term bank debts	(13,569)	(5,609)	(6,077)	(8,415)
Medium/long term net financial position	(28,680)	(24,055)	(24,777)	(28,280)
Total financial position	(44,561)	(72,281)	(74,756)	(106,756)

RATIO	December 31 2004	December 31 2003
Gearing	0.44	1.23
Equity on net fixed assets	1.36	0.92
Financial Leverage	1.92	2.80

Balance sheet figures

	December 31 2004	December 31 2003
Trade receivables	89,938	98,830
Other receivables	34,337	28,950
Stocks	74,367	80,833
Trade payables	(81,262)	(68,432)
Other payables	(25,648)	(19,288)
Provisions for risks	(20,495)	(21,788)
Net Deferred Capital	71,237	99,105
Immaterial assets	14,014	14,858
Material assets	58,247	77,141
Financial investments	1,995	2,557
Net Assets	74,256	94,556
TOTAL ASSETS	145,493	193,661
Net Financial Position	(44,561)	(106,756)
Group Equity ⁽¹⁾	(100,670)	(86,658)
Minority equity	(261)	(247)
FINANCIAL SOURCES	145,493	193,661

(1) The fourth quarter 2004 amount does not include the taxes. The December 2003 amount is net of the tax provisions.

Financial statement

(thousand of Euro)	IV Q 2004	IV Q 2003	2004	2003
Income (loss) of the period	7,114	(28,818)	16,683	(41,268)
Amortizations	2,904	2,915	10,799	12,476
Provisions	1,065	715	1,703	1,625
Cash flow	11,083	(25,187)	29,185	(27,167)
Use of risk funds	(1,414)	(3,707)	(2,996)	(2,890)
Variation of stocks	13,786	25,316	6,466	9,774
Variation of receivables	(6,298)	(14,398)	3,269	18,168
Variation of payables	5,959	4,949	18,590	(33,390)
Variation in accruals	872	(1,689)	836	(924)
Variation of the working capital	12,905	10,472	26,165	(9,262)
Cash flow from ordinary activities	23,998	(14,715)	55,350	(36,429)
Investments	3,905	26,047	9,501	19,433
Variation of the equity	(173)	2,654	(2,656)	(3,754)
Cash flow	27,720	13,985	62,195	(20,750)
Initial Net Financial Position	72,283	120,741	106,756	86,006
Final Net Financial Position	44,561	106,756	44,561	106,756



EXPLANATORY NOTES

The quarterly report of the Biesse Group at December 31st 2004 was prepared on the basis of Consob Rule no. 11971 of 14th May 1999 and subsequent amendments and additions.

Accounting principles and valuation criteria comply with those of the financial statement at December 31st, 2003, to which reference is made, with the exception of valuation of closing inventories. This was changed from the LIFO method to the average cost method, as stated by the IAS, the new accounting standards to be used by the EU public companies. We briefly state also the following:

- the quarterly statement was prepared according to the criterion of separating the periods on the basis of which the reference period is considered as an independent financial period; from this view point the quarterly Income Statement reflects the economic components relating to the period in respect of the pro-tempore basis principle;
- the accounting statements taken as a basis of the consolidation process are the ones prepared by the subsidiary companies with reference to September 30th 2004, adjusted, where necessary, to adapt them to the Group's accounting principles;
- the Income Statement is presented excluding tax;
- estimated figures of a significant amount are not presented.

BOARD OF DIRECTORS' REMARKS

Biesse Group closes the year 2004 with satisfactory results in terms of volume and margins. The trend has been confirmed in the fourth quarter, as started in the previous quarters, for improving sales and production. The improved international situation and the deep and on-going rationalisation of the organisation and processes, determined a sensitive jump of the margins.

With reference to the turnover, the significant results of the not traditional markets (East Europe, Far East, Oceania Continent) are important, which have offset the drop of the national market and the decreased contribution of the



European and North-American markets: for Italy and European market, the decrease of the turnover is due to conjuncture difficulties, while for the North American region, the decline of volume is due to the exchange rate (in fact, the results of the US market, expressed in USD, are 14% higher than 2003).

As far as the divisions are concerned, the strong increase of sales of the Wood and Mechatronics Divisions and the good results of the Glass Division must be noted.

The Biesse Group results outperform the results of the reference market of its principal division (woodworking machinery). According to the analysis made by the category association, Acimall, the year 2004 signed a production increase by 4%, mainly due to the good trend of the exports (+8%), particularly of the Middle East, Far East and East Europe. According to the Acimall analysis, 2005 should have similar results, unless the exchange rate of the Euro/USD improves, allowing the recovery of the demand from the USD countries.

On the operational side, the agreement signed with a local partner for the sale of part of the production site of San Giovanni in Marignano, along with some machinery, generated a positive cash flow of 6.3 million Euro. The agreement includes the outsourcing of carpentry and painting activities, resulting in a reduction of staff levels by 40 employees. The operation produced an extra-ordinary income of 1.1 million Euro.

The analysis of the economic figures are affected by the significant change in consolidated companies: it is therefore necessary to consider the pro-forma accounting statements (that do not include the economic result of Schelling for 2003, Cabi S.r.l., Sandymac S.r.l. and Intermac Vidrio Iberica S.A. for 2004).

The total sales are equal to Euro 97,947 thousand, a 2.9% increase in comparison with the same period of 2003: the pro-forma analysis indicates a even higher increase of Euro 8,707 thousand (+9.8%). The increase is spreading to all Divisions of the Group, as better represented by the following charts of revenues by division.



The value of production increased from Euro 85,469 thousand to Euro 89,636 thousand, a 4.9% increase in comparison with the previous year. The pro-forma figures indicate again an increase, equal to Euro 10,673 thousand (+13.6%).

The Added Value is equal to Euro 32,938 thousand, and it increased by Euro 6,322 thousand in comparison with the same period of 2003 (+23.8%, while the pro-forma increase is equal to 25%); the result has been achieved because of the higher volume and the decrease of sales discounts. The production efficiency is improving, as showed by the lower cost of sales, connected to the better purchase management and to the outsourcing of some operations.

The Gross Operating Margin increased from Euro 2,183 thousand to Euro 11,444 thousand. The percentage on sales was 11.7%, while in the previous year it was 2.3%. The personnel expenses decreased from Euro 24,433 thousand to Euro 21,494 thousand. The percentage on sales decreased from 25.7% to 21.9% (the same decrease is referable to the pro-forma figures).

Amortizations and depreciations are increasing from Euro 3,352 thousand to Euro 3,838 thousand (+14.5%): the increase is mainly due to higher provision for warranties on sales and generic risks.

The Operating Result is positive Euro 7,475 thousand (percentage on sales of 7.6%), while in the previous year it was negative Euro 1,447 thousand.

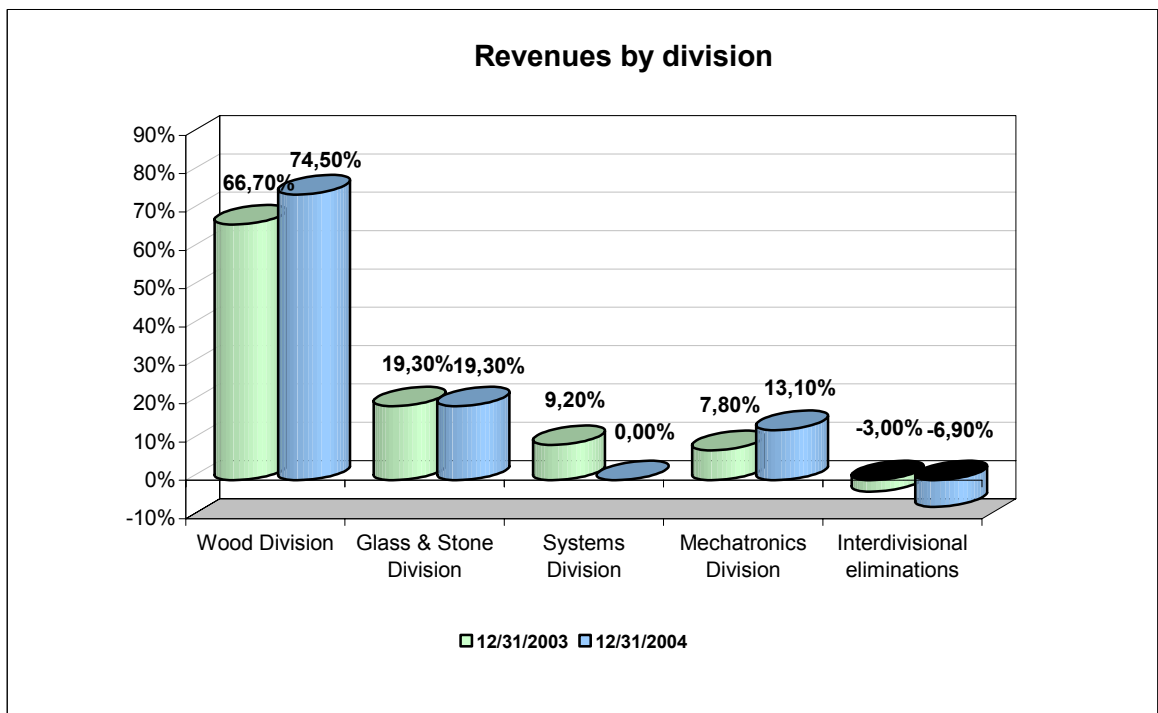
The balance of financial charges and income is negative Euro 824 thousand mainly represented by: the interest expense (Euro 619 thousand), declining as compared to the past due to the improving Net Financial Position; the exchange rate management, negative by Euro 414 thousand; the profit on sales of own shares for Euro 463 thousand.

The Net Financial Position improved with respect to September 2004 (-27.7 million of Euro) and December 2003 (-62.2 million of Euro). This result is partly derived from the sale of assets, made at the beginning of the year (net cash-in of Euro 19.1 million) and it demonstrates the strong commitment for the reduction of debt as represented by the cash generation of the operational activities.

Revenues by division

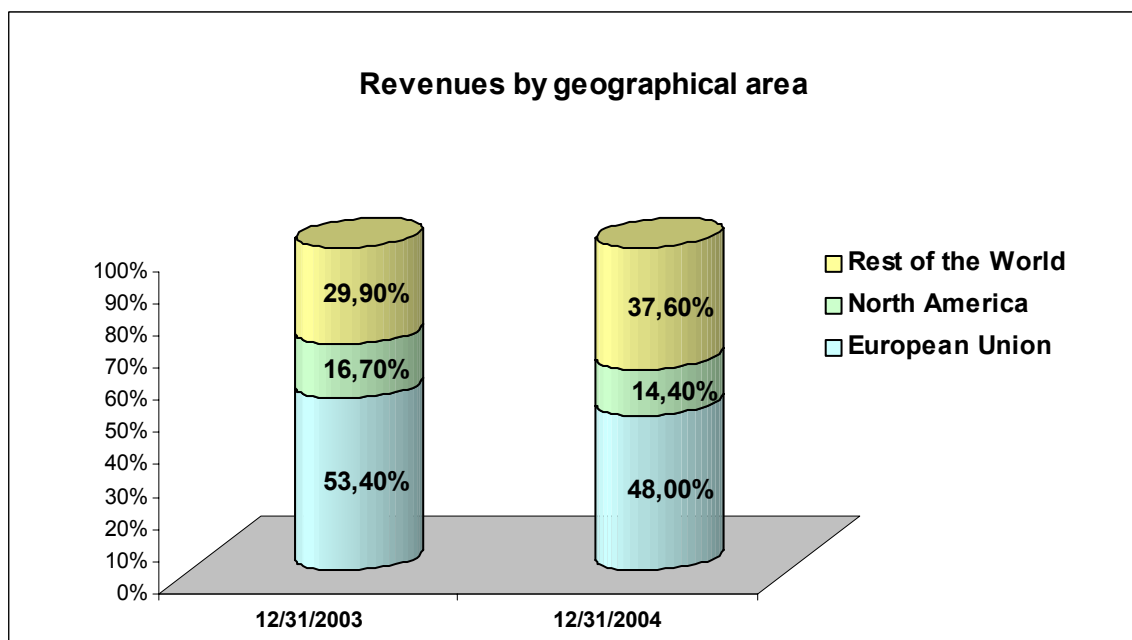
(thousand of Euro)	IV Q 2004	%	IV Q 2003	%	December 31 2004	%	December 31 2003	%
Wood Division	77,801	79.4%	66,153	69.5%	232,814	74.5%	204,717	66.7%
Glass & Stone Division	14,037	14.3%	19,743	20.7%	60,209	19.3%	59,039	19.3%
Systems Division*	-	-	5,849	6.1%	-	-	28,316	9.2%
Mechatronics Division	12,433	12.7%	5,871	6.2%	41,013	13.1%	23,768	7.8%
Interdivisional eliminations	(6,325)	(6.4%)	(2,377)	(2.5%)	(21,562)	(6.9%)	(9,203)	(3.0%)
Total	97,946	100.0%	95,239	100.0%	312,474	100.0%	306,637	100.0%

* Starting from 2004 the Systems Division is a business unit of the Wood Division (Biese Engineering).



Revenues by geographical area

(thousand of Euro)	IV Q 2004	%	IV Q 2003	%	December 31 2004	%	December 31 2003	%
European Union	45,956	46.9%	50,501	53.0%	150,099	48.0%	163,683	53.4%
North America	13,679	14.0%	15,274	16.0%	45,059	14.4%	51,329	16.7%
Rest of the World	38,311	39.1%	29,464	31.0%	117,316	37.6%	91,625	29.9%
Total	97,946	100.0%	95,239	100.0%	312,474	100.0%	306,637	100.0%



Pesaro, February 14th 2005

Chairman of the Board of Directors
Roberto Selci