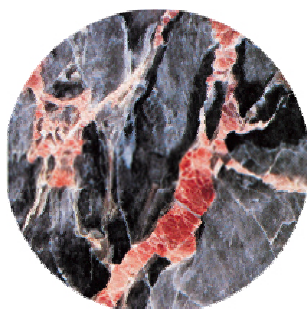
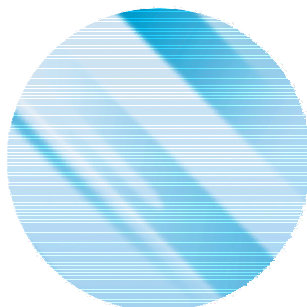




**QUARTERLY REPORT  
SEPTEMBER 30<sup>th</sup>, 2002**





**BIESSE S.p.A.**

**QUARTERLY REPORT AT SEPTEMBER 30, 2002**

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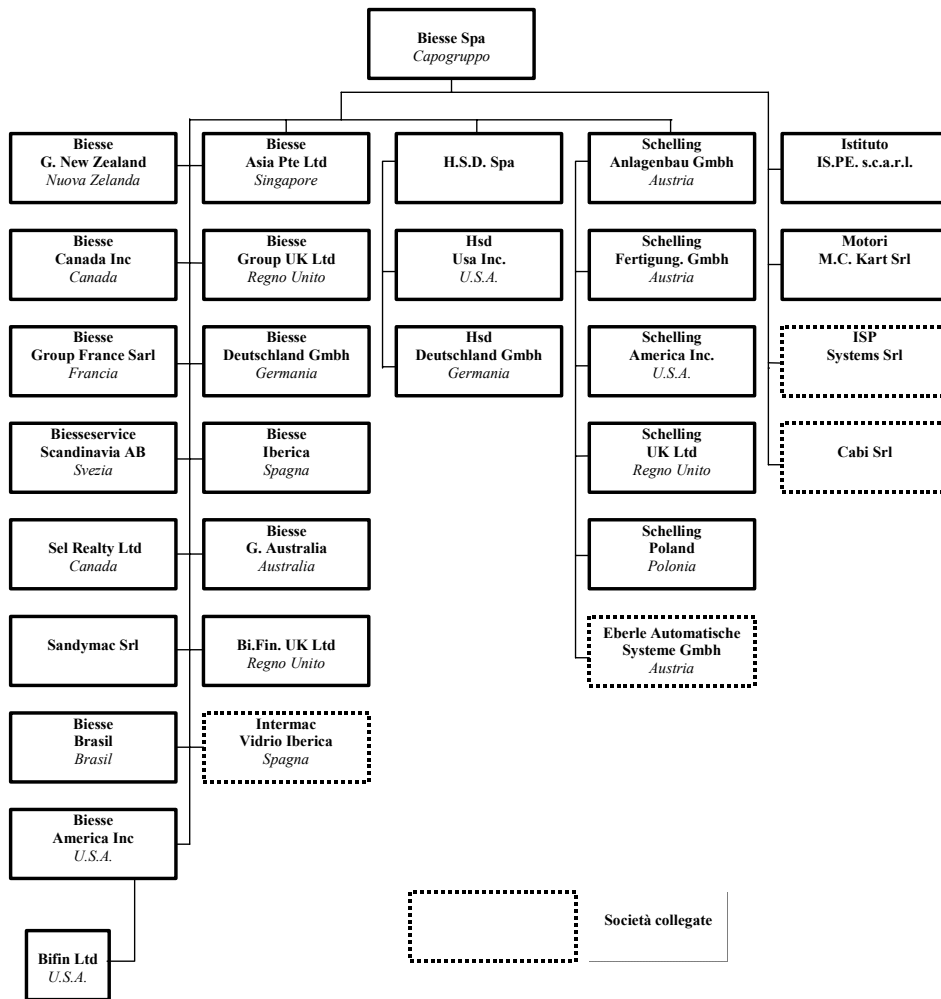
**SUMMARY**

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## GROUP STRUCTURE

The following companies are part of Biesse Group.



In comparison with the previous quarterly report, relating to June 30<sup>th</sup> 2002, the company Intermac S.p.A. has not been included anymore within the consolidation area due to the merge into Biesse S.p.a. since 1<sup>st</sup> July 2002. The results obtained by Intermac Spa until the merge has been fully incorporated into the Group results.

Sandymac S.r.l. also became a member of the Group: on 10<sup>th</sup> September 2002 it has been undersigned the 80% of equity.

Shareholdings in affiliated companies Intermac Vidrio Iberica S.a., Cabi S.r.l., ISP Systems S.r.l., Eberle Gmbh have been valued at cost, while also shareholdings into Motori M.C. Kart S.r.l. , Hsd Deutschland Gmbh, Sandymac S.r.l. and Istituto IS.PE. s.c.a.r.l have been valued at cost and not consolidated using the line-by-line method, given their recent incorporation and their unrellevant size.



## **PARENT COMPANY CORPORATE BODIES**

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

Giancarlo Selci	Chairman
Anna Gasparucci	Chief Executive Officer
Roberto Selci	Chief Executive Officer
Werner Deuring	Director
Attilio Giampaoli	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



## **ACCOUNTING STATEMENTS**

### *3<sup>th</sup> QUARTER 2002 INCOME STATEMENTS*

<i>Thousands Euros</i>	<b>September 30, 2002</b>	<b>%</b>	<b>September 30, 2001</b>	<b>%</b>
Revenues from sales and services	79.028	98,6%	76.766	95,7%
Variation of stocks of finished products	286	0,4%	2.892	3,6%
Increase in asset value for internal work	24	0,0%	14	0,0%
Other revenues and income	835	1,0%	523	0,6%
<b>Value of production</b>	<b>80.173</b>	<b>100,0%</b>	<b>80.195</b>	<b>100,0%</b>
Costs for raw materials	(31.666)	(39,5%)	(41.496)	(51,7%)
Costs for services	(14.445)	(18,0%)	(13.418)	(16,7%)
Use of third party assets	(2.161)	(2,7%)	(1.896)	(2,4%)
Personnel expenses	(21.267)	(26,5%)	(21.560)	(26,9%)
Amortizations and depreciations	(3.636)	(4,5%)	(2.918)	(3,6%)
Variation of stocks of materials and parts	(4.250)	(5,3%)	3.853	4,8%
Provisions for risks	62	0,1%	(14)	0,0%
Other operating expenses	(1.258)	(1,6%)	(1.500)	1,9%
<b>Costs of production</b>	<b>(78.620)</b>	<b>(98,1%)</b>	<b>(78.949)</b>	<b>(98,5%)</b>
<b>Operating result</b>	<b>1.553</b>	<b>1,9%</b>	<b>1.246</b>	<b>1,6%</b>



*INCOME STATEMENTS AT SEPTEMBER 30<sup>th</sup>, 2002*

<i>Thousands Euros</i>	<b>September 30, 2002</b>	<b>%</b>	<b>September 30, 2001</b>	<b>%</b>
Revenues from sales and services	240.230	94,1%	252.176	90,8%
Variation of stocks of finished products	11.145	4,4%	23.168	8,3%
Increase in asset value for internal work	71	0,0%	55	0,0%
Other revenues and income	3.793	1,5%	2.374	0,9%
<b>Value of production</b>	<b>255.239</b>	<b>100,0%</b>	<b>277.773</b>	<b>100,0%</b>
Costs for raw materials	(113.718)	(44,6%)	(143.831)	(51,9%)
Costs for services	(47.478)	(18,6%)	(48.355)	(17,4%)
Use of third party assets	(6.491)	(2,5%)	(5.154)	(1,9%)
Personnel expenses	(69.702)	(27,3%)	(67.436)	(24,3%)
Amortizations and depreciations	(9.355)	(3,7%)	(8.162)	(2,9%)
Variation of stocks of materials and parts	(4.089)	(1,6%)	10.999	4,0%
Provisions for risks	(56)	(0,0%)	(251)	0,0%
Other operating expenses	(4.083)	(1,6%)	(4.840)	1,7%
<b>Costs of production</b>	<b>(254.973)</b>	<b>(99,9%)</b>	<b>(267.031)</b>	<b>(96,1)</b>
<b>Operating result</b>	<b>266</b>	<b>0,1%</b>	<b>10.742</b>	<b>3,9%</b>



*NET FINANCIAL POSITION AT SEPTEMBER 30<sup>th</sup> 2002*

<i>Thousands Euros</i>	<b>September 30, 2002</b>	<b>June 30, 2002</b>	<b>December 31, 2001</b>
Liquid assets	20.356	27.349	13.882
Short term financial debts	(2.209)	(1.438)	0
Short term bank debts	(84.834)	(93.954)	(84.860)
<b>Short term net financial position</b>	<b>(66.687)</b>	<b>(68.044)</b>	<b>(70.978)</b>
Medium/long term financial debts	(24.063)	(13.933)	0
Medium/long term bank debts	(21.158)	(21.865)	(15.060)
<b>Medium/long term net financial position</b>	<b>(45.221)</b>	<b>(35.798)</b>	<b>(15.060)</b>
<b>Total financial position</b>	<b>(111.908)</b>	<b>(103.842)</b>	<b>(86.038)</b>

**EXPLANATORY NOTES**

The quarterly report of the Biesse Group at September 30<sup>th</sup> 2002 was prepared on the basis of Consob Rule no. 11971 of 14<sup>th</sup> May 1999 and subsequent amendments and additions. Accounting principles and valuation criteria comply with those of the financial statement at December 31<sup>st</sup>, 2001, to which reference is made. We briefly state 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 pr
- o-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 30<sup>th</sup> 2002, adjusted, where necessary, to adapt them to the Group's accounting principles;
- the Income Statement is presented gross of tax, extraordinary and financial components;
- estimated figures of a significant amount are not present.

As allowed by the Consob rule, comparison with the same period of the previous financial year has been omitted since this is the first financial year of application.

**DIRECTORS' COMMENTS**

The world economic scenario described in forecasts expressed by the most important research institutes, shows no sign of wished recovery: the expected take-off for the second half of year 2002 has delays on all fronts.

The difficulties of America, which always pulls European economy, and Italian in particular, have been shown clearly in third quarter 2002.

In spite off an aggressive monetary policy adopted by FED (till now there have been 12 cuts to the interest rates), consumers confidence and expenses for investments keep up at the same pace, touching bottom. In August, the monthly barometer of the United States



economy, the economic superindex, has recorded the third consecutive drop, going down of 0,2 points.

On the other hand, as America appeals to effects of an expansive strategy as BCE remains anchored to the decision of maintain interest rates unchanged with hopeness to make investments in Euro area more desirables and so attract capital. On the other hand no support comes to fiscal policy, conditional to the observance of limit of 3% wanted by Pact of Stability.

In September, the German industrial production indicator shows all the weackness of the first Union European economy : the output is in decrease of 1,2% monthly and most recent forecasts see it in further decrease.

Even if the term " recession" seems to be strong, we can certainly say that economy runs with a rate of growth near to zero.

Even though the global economic situation influences the results of Gruppo Biesse, the third quarter data shows that the reorganization plan, made to face the low growth rate of sales, have brought to encouraging results in terms of reached efficiency.

The double operation concerning the cost of good optimization and fixed costs reduction will broaden Group's recovery in profitability structurally and not incidentally.

On the other side, encouraging signs of recovery from incoming orders started to come back, expecially from North America. This leads to foresee a likely upswing beginning from the fourth quarter of current year .

Third quarter revenues amount to € 79.028 million, with an increase of 3.0% compared to same period of previous year while in first nine months revenues amount to € 240.230 million, down by 4.7%.

Value of production amounts to € 80.173 million in the third quarter, in line with that realized in the third quarter year 2001; in first nine months value of production amounts to € 255.239 million, down by 8.1%.

Value added of third quarter amounts to € 26.394 million, with an increase of 2.6% compared to the same period of previous year (€ 25.738 million); in first nine months it is equal to € 79.380 million, down by 8.3% (compared to € 86.591 million relating to the third quarter 2001).

Gross operating margin of third quarter amounts to € 5.127 million, with an increase of 22.7% compared to the same period of previous year (€ 4.178 million); in first nine months of year 2002 it is equal to € 9.677 million, down by 49.5% (€ 19.154 million).

Operating result amounts to € 1.553 million in the third quarter, with an increase of 24.6% compared to the same period of previous year; in first nine months it amounts to € 0.266 million, compared to € 10.742 million realized in the same period of previous year.

Net financial indebtedness is in slight worsening compared to the previous quarter, in reason of an increase of mid-long term debts for € 8.066 million.





**Revenues by division:**

<i>Thousands Euros</i>	<b>September 30, 2002</b>	<b>In %</b>	<b>September 30, 2001 %</b>	<b>In%</b>	<b>Var. % 2002/2001</b>
Wood Division	164.375	68,4%	161.559	64,1%	1,7%
Glass & Stone Division	43.634	18,2%	38.384	15,2%	13,7%
Systems Division	26.405	11,0%	46.857	18,6%	(43,7%)
Mechatronics Division	17.020	7,1%	16.454	6,5%	3,4%
Interdivisional eliminations	(11.204)	(4,7)%	(11.078)	(4,4%)	1,1%
<b>Total</b>	<b>240.230</b>	<b>100,0%</b>	<b>252.176</b>	<b>100,0%</b>	<b>(4,7%)</b>

As regards performance in terms of sales by division, the Wood Division is still outperforming previous year, that records an increase of 1.7%.

Even both Glass and Stone Division and Mechatronics Division are in improvement respectively of 13.7% and 3.4% compared to the first nine months of previous year 2001.

As far as Systems Division is concerned, the comparison is still negative, since it has been more affected than any other Biesse Group Division by the slowdown underway worldwide.

**Revenues by geographical area:**

<i>Thousands Euros</i>	<b>September 30, 2002</b>	<b>In %</b>	<b>September 30, 2001</b>	<b>In %</b>	<b>Var. % 2002/2001</b>
European Union	146.368	60,9%	158.865	63,0%	(7,9%)
North America	43.358	18,0%	50.000	19,8%	(13,3%)
Rest of the World	50.504	21,0%	43.311	17,2%	16,6%
<b>Total</b>	<b>240.230</b>	<b>100,0%</b>	<b>252.176</b>	<b>100,0%</b>	<b>(4,7%)</b>

Sales by geographic area reflect the different economic situations of Biesse's various markets, showing a delay in recovery signals from North America and European Union while the Rest of the World, mainly in East Europe market, points out an increase of 16.6% compared to the first nine months of previous year.

Pesaro, November 14<sup>th</sup>, 2002

*Chairman of the Board of Directors  
Giancarlo Selci*



**ANNEXE**

**RECLASSIFIED ACCOUNTING STATEMENTS**

*3<sup>th</sup> QUARTER 2002 INCOME STATEMENTS*

<i>Thousands Euros</i>	<b>September 30, 2002</b>	<b>%</b>	<b>September 30, 2001</b>	<b>%</b>
Revenues from sales and services	79.028	98,6%	76.766	95,7%
Variation of stocks of finished products	286	0,4%	2.892	3,6%
Other revenues and income	859	1,1%	537	0,7%
<b>Value of production</b>	<b>80.173</b>	<b>100,0%</b>	<b>80.195</b>	<b>100,0%</b>
Consumption of raw materials	(35.915)	(44,8%)	(37.644)	(46,9%)
Costs for services	(14.445)	(18,0%)	(13.418)	(16,7%)
Use of third party assets	(2.161)	(2,7%)	(1.895)	(2,4%)
Other operating expenses	(1.258)	(1,6%)	(1.500)	(1,9%)
<b>Added value</b>	<b>26.394</b>	<b>32,9%</b>	<b>25.738</b>	<b>32,1%</b>
Personnel expenses	(21.267)	(26,5%)	(21.560)	(26,9%)
<b>Gross operating margin</b>	<b>5.127</b>	<b>6,4%</b>	<b>4.178</b>	<b>5,2%</b>
Amortizations, depreciations and provisions	(3.212)	(4,0%)	(2.287)	(2,9%)
<b>Profit before depreciation of consolidation difference</b>	<b>1.915</b>	<b>2,4%</b>	<b>1.891</b>	<b>2,4%</b>
Amortization of consolidation difference	(362)	(0,5%)	(645)	(0,8%)
<b>Operating result</b>	<b>1.553</b>	<b>1,9%</b>	<b>1.246</b>	<b>1,6%</b>



INCOME STATEMENTS AT SEPTEMBER 30<sup>th</sup>, 2002

<i>Thousands Euros</i>	<b>September 30, 2002</b>	<b>%</b>	<b>September 30, 2001</b>	<b>%</b>
Revenues from sales and services	240.230	94,1%	252.176	90,8%
Variation of stocks of finished products	11.145	4,4%	23.168	8,3%
Other revenues and income	3.864	1,5%	2.428	0,9%
<b>Value of production</b>	<b>255.239</b>	<b>100,0%</b>	<b>277.773</b>	<b>100,0%</b>
Consumption of raw materials	(117.808)	(46,2%)	(132.833)	(47,8%)
Costs for services	(47.478)	(18,6%)	(48.355)	(17,4%)
Use of third party assets	(6.491)	(2,5%)	(5.154)	(1,9%)
Other operating expenses	(4.083)	(1,6%)	(4.840)	(1,7%)
<b>Added value</b>	<b>79.380</b>	<b>31,1%</b>	<b>86.591</b>	<b>31,2%</b>
Personnel expenses	(69.702)	(27,3%)	(67.436)	(24,3%)
<b>Gross operating margin</b>	<b>9.677</b>	<b>3,8%</b>	<b>19.155</b>	<b>6,9%</b>
Amortizations, depreciations and provisions	(8.326)	(3,3%)	(7.164)	(2,6%)
<b>Profit before depreciation of consolidation difference</b>	<b>1.352</b>	<b>0,5%</b>	<b>11.991</b>	<b>4,3%</b>
Amortization of consolidation difference	(1.085)	(0,4%)	(1.249)	(0,4%)
<b>Operating result</b>	<b>266</b>	<b>0,1%</b>	<b>10.742</b>	<b>3,9%</b>