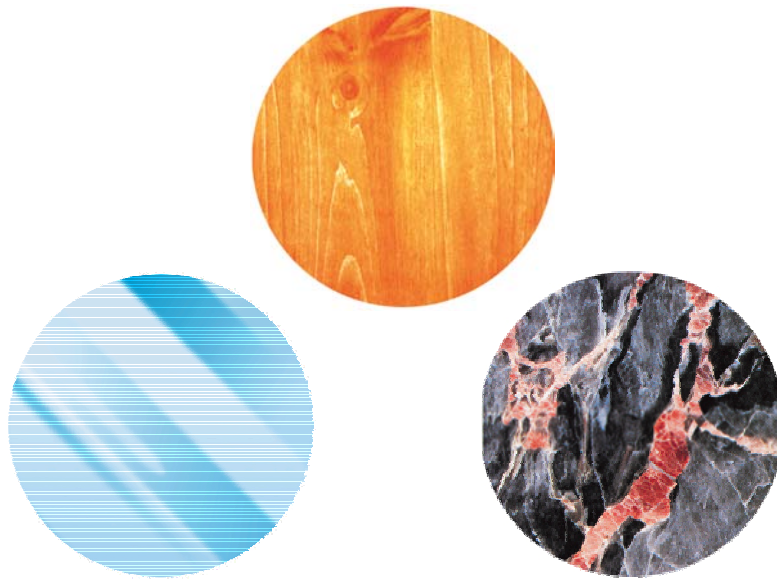




QUARTERLY REPORT JUNE 30TH, 2004



BIESSE



BIESSE S.p.A.

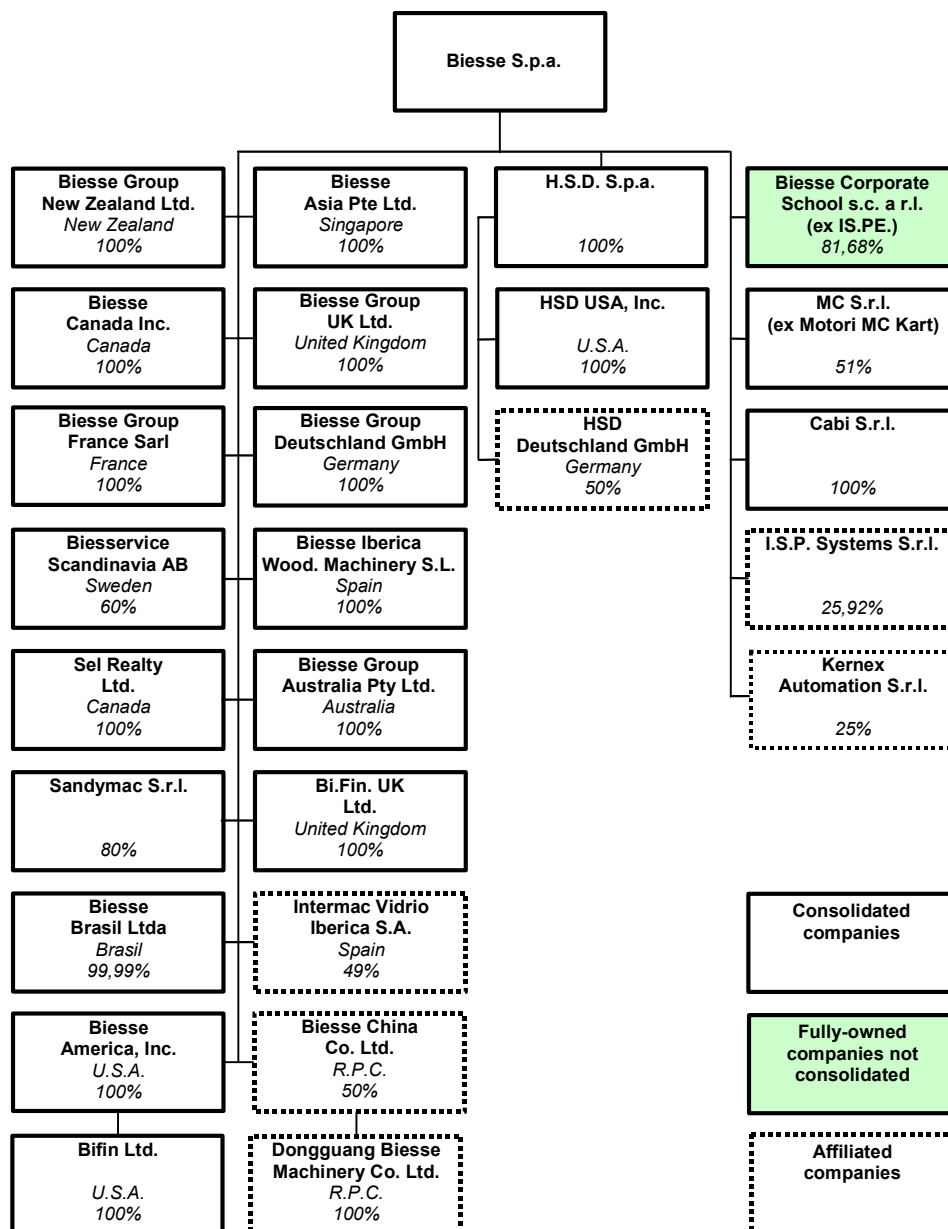
QUARTERLY REPORT AT JUNE 30TH, 2004

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 March 31st 2004, the consolidation area has not changed.

The investments in the associated companies Intermac Vidrio Iberica S.a., 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 consolidation area has deeply changed in comparison with the same period of 2003, the present report will show also the pro-forma accounting statements, in order to allow a comparison of the figures with the same consolidation area 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. and Sandymac S.r.l. have been excluded.



PARENT COMPANY CORPORATE BODIES

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

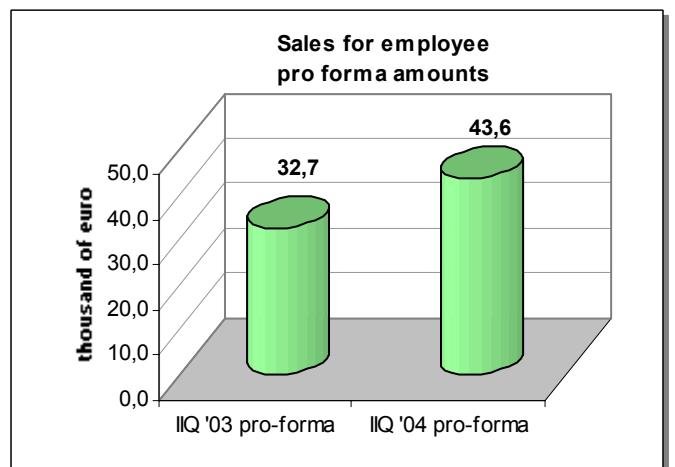
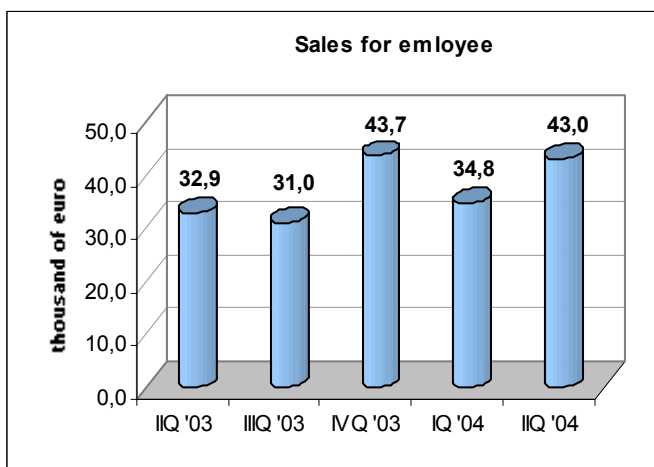
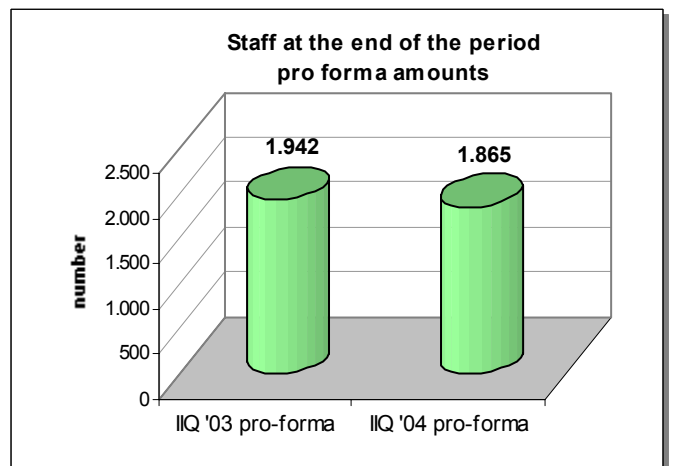
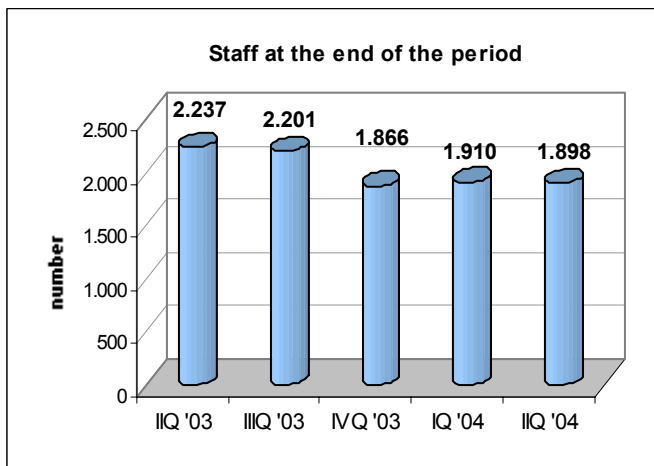
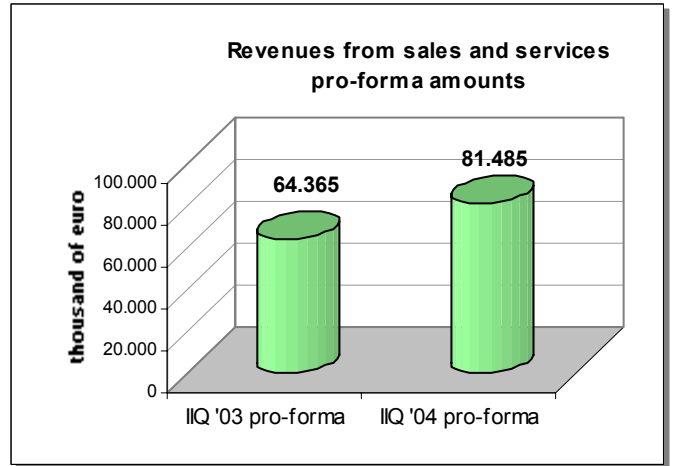
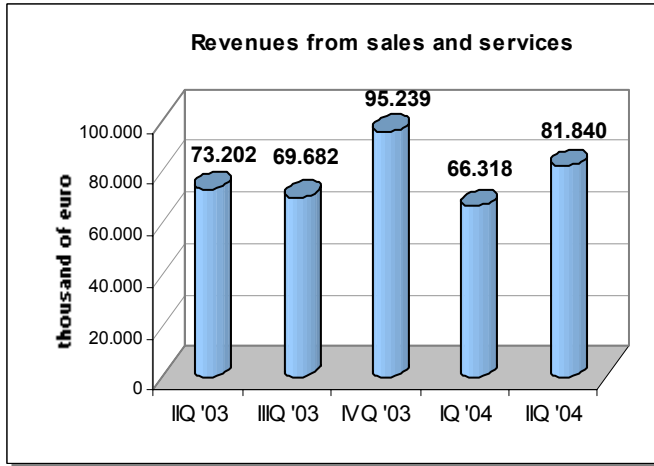
Roberto Selci	Chairman
Giancarlo Selci	Vice President
Innocenzo Cipolletta	Director *
Leone Sibani	Director *
Giampaolo Garattoni	Director *

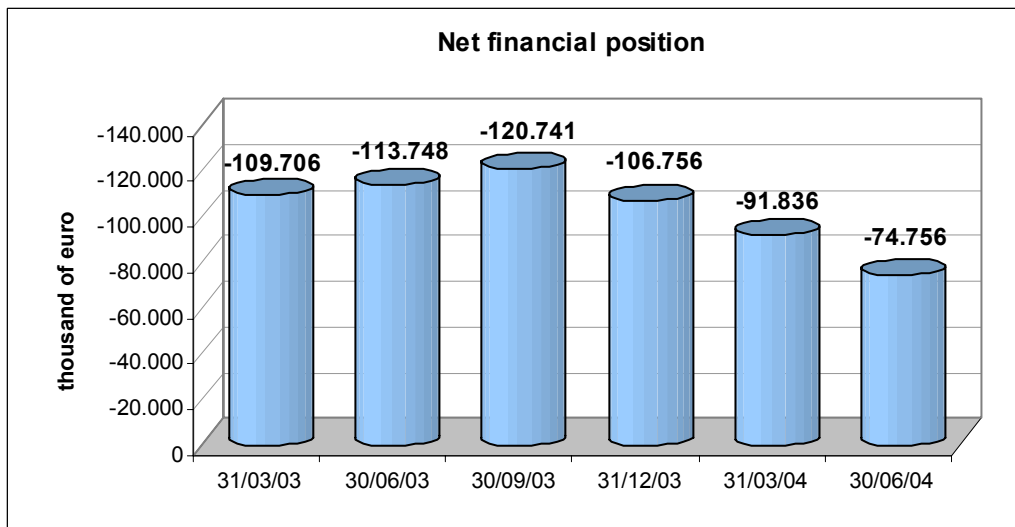
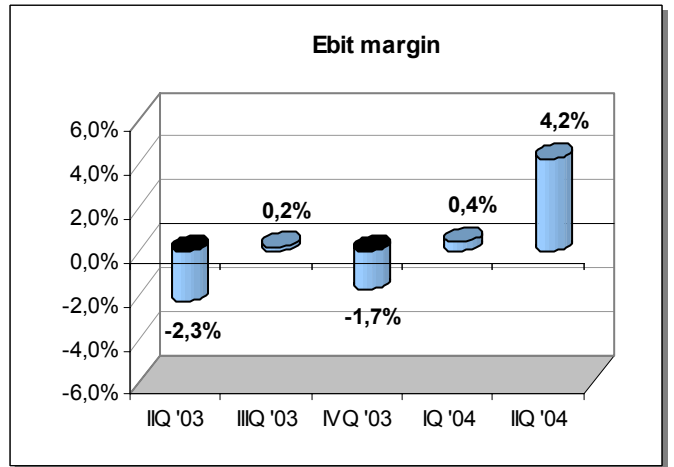
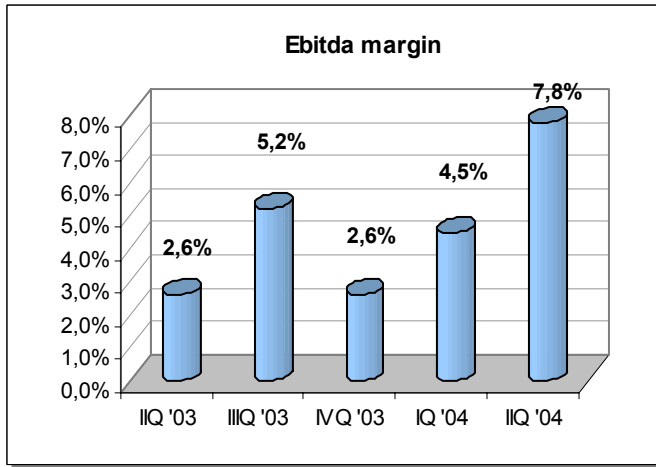
** Independent Director, as required under the Code of Conduct.*

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

Second Quarter 2004 Income Statement

(thousand of Euro)	II Q 2004	%	II Q 2003	%	Δ %
Revenues from sales and services	81,840	100.0%	73,202	100.0%	11.8%
Variation of stocks of finished products	1,680	2.1%	3,575	4.9%	(53.0%)
Other revenues and income	1,491	1.8%	1,522	2.1%	(2.0%)
Value of production	85,011	103.9%	78,299	107.0%	8.6%
Consumption of raw materials	(37,979)	(46.4%)	(33,219)	(45.4%)	14.3%
Costs for services	(15,174)	(18.5%)	(16,479)	(22.5%)	(7.9%)
Use of third party assets	(1,692)	(2.1%)	(2,233)	(3.1%)	(24.2%)
Other operating expenses	(1,070)	(1.3%)	(1,239)	(1.7%)	(13.6%)
Added value	29,096	35.6%	25,129	34.3%	15.8%
Personnel expenses	(22,690)	(27.7%)	(23,209)	(31.7%)	(2.2%)
Gross operating margin	6,406	7.8%	1,920	2.6%	233.5%
Amortizations, depreciations and provisions	(2,818)	(3.4%)	(3,209)	(4.4%)	(12.2%)
Profit before depreciation of consolidation difference	3,588	4.4%	(1,289)	(1.8%)	---
Amortization of consolidation difference	(126)	(0.2%)	(364)	(0.5%)	(65.4%)
Operating result	3,462	4.2%	(1,653)	(2.3%)	---
Financial charges and incomes	(247)	(0.3%)	(2,539)	(3.5%)	(90.3%)
Extra-ordinary charges and incomes	(2,018)	(2.5%)	(1,816)	(2.5%)	11.1%
Pre-tax result	1,197	1.5%	(6,008)	(8.2%)	---

Income Statement at June 30th, 2004

(thousand of Euro)	June 30 2004	%	June 30 2003	%	Δ %
Revenues from sales and services	148,159	100.0%	141,716	100.0%	4.5%
Variation of stocks of finished products	6,282	4.2%	15,559	11.0%	(59.6%)
Other revenues and income	2,567	1.7%	2,922	2.1%	(12.1%)
Value of production	157,008	106.0%	160,197	113.0%	(2.0%)
Consumption of raw materials	(71,119)	(48.0%)	(72,094)	(50.9%)	(1.4%)
Costs for services	(27,571)	(18.6%)	(31,675)	(22.4%)	(13.0%)
Use of third party assets	(3,395)	(2.3%)	(4,282)	(3.0%)	(20.7%)
Other operating expenses	(2,208)	(1.5%)	(2,699)	(1.9%)	(18.2%)
Added value	52,715	35.6%	49,477	34.9%	6.5%
Personnel expenses	(43,322)	(29.2%)	(47,060)	(33.2%)	(7.9%)
Gross operating margin	9,393	6.3%	2,387	1.7%	293.5%
Amortizations, depreciations and provisions	(5,422)	(3.7%)	(6,261)	(4.4%)	(13.4%)
Profit before depreciation of consolidation difference	3,971	2.7%	(3,874)	(2.7%)	---
Amortization of consolidation difference	(253)	(0.2%)	(729)	(0.5%)	(65.3%)
Operating result	3,718	2.5%	(4,603)	(3.2%)	---
Financial charges and incomes	(2,072)	(1.4%)	(3,838)	(2.7%)	(46.0%)
Extra-ordinary charges and incomes	7,746	5.2%	(2,319)	(1.6%)	---
Pre-tax result	9,392	6.3%	(10,760)	(7.6%)	---

Pro-forma Income Statement (*)

(thousand of Euro)	II Q 2004	II Q 2003	June 30 2004	June 30 2003
Revenues from sales and services	81,485	64,365	147,802	127,446
Variation of stocks of finished products	1,804	3,712	6,345	14,589
Other revenues and income	1,523	757	2,612	2,091
Value of production	84,812	68,834	156,759	144,126
Consumption of raw materials	(38,065)	(29,542)	(71,529)	(65,029)
Costs for services	(15,064)	(14,156)	(27,279)	(27,794)
Use of third party assets	(1,672)	(1,864)	(3,356)	(3,731)
Other operating expenses	(1,068)	(1,046)	(2,200)	(2,308)
Added value % on revenues	28,943 35.5%	22,226 34.5%	52,395 35.4%	45,264 35.5%
Personnel expenses	(22,423)	(19,114)	(42,786)	(39,567)
Gross operating margin % on revenues	6,520 8.0%	3,112 4.8%	9,609 6.5%	5,697 4.5%
Amortizations, depreciations and provisions	(2,769)	(2,571)	(5,326)	(5,362)
Profit before depreciation of consolidation difference	3,751	541	4,283	335
Amortization of consolidation difference	(126)	(365)	(253)	(729)
Operating result % on revenues	3,625 4.4%	176 0.3%	4,030 2.7%	(394) (0.3%)
Financial charges and incomes	(244)	(2,030)	(2,064)	(3,059)
Extra-ordinary charges and incomes	(2,017)	(1,525)	7,748	(2,029)
Pre-tax result % on revenues	1,364 1.7%	(3,379) (5.2%)	9,714 6.6%	(5,482) (4.3%)

(*)The amounts of the second quarter 2003 do not include the Schelling Group results, while the amounts of the second quarter 2004 do not include the results of the affiliated companies Cabi S.r.l. e Sandymac S.r.l.

Net Financial Position at June 30th, 2004

(thousand of Euro)	June 30 2004	March 31 2003	December 31 2003	June 30 2003
Financial assets	20,272	23,312	26,870	19,510
- Liquid assets	16,339	16,981	20,504	15,880
- Short-term activities (notes)	0	2,488	2,530	2,489
- Biesse S.p.A. shares buy-back	3,933	3,843	3,836	1,141
Short term financial debts	(5,057)	(2,441)	(2,421)	(2,470)
Short term bank debts	(65,194)	(84,845)	(102,925)	(86,428)
Short term net financial position	(49,979)	(63,974)	(78,476)	(69,389)
Medium/long term financial debts	(18,700)	(19,627)	(19,865)	(29,490)
Medium/long term bank debts	(6,077)	(8,235)	(8,415)	(14,870)
Medium/long term net financial position	(24,777)	(27,862)	(28,280)	(44,360)
Total financial position	(74,756)	(91,836)	(106,756)	(113,748)

RATIO	June 30 2004	December 31 2003
Gearing (PFN/Patrimonio Netto)	0.80	1.23
Equity on net fixed assets	1.13	0.92
Financial Leverage	2.38	2.80

Balance sheet figures

	June 30 2004	December 31 2003
Receivables	124,709	127,779
Stocks ⁽¹⁾	87,607	80,833
Payables	(106,039)	(87,720)
Provisions for risks	(20,863)	(21,788)
Net Working Capital	85,413	99,105
Immaterial assets	14,202	14,858
Material assets	66,642	77,141
Financial investments	2,399	2,557
Net Assets	83,243	94,556
TOTAL ASSETS	168,656	193,661
Net Financial Position	(74,756)	(106,756)
Group Equity ⁽²⁾	(93,718)	(86,658)
Minority equity	(182)	(247)
FINANCIAL SOURCES	168,656	193,661

(1) Stock value at 06/30/2003 pro-forma: euro/000 86,801.

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

Financial statement

(thousand of Euro)	II Q 2004	II Q 2003	2003
Income (loss) of the period	1,197	(6,008)	(41,268)
Amortizations	2,648	3,055	12,476
Provisions	296	519	1,625
Cash flow	4,141	(2,434)	(27,167)
Use of risk funds	(41)	2,361	(2,890)
Variation of stocks	92	(3,901)	9,774
Variation of receivables	3,247	10,570	18,168
Variation of payables	13,196	(5,582)	(33,390)
Variation in accruals	(370)	118	(924)
Variation of the working capital	16,124	3,565	(9,262)
Cash flow from ordinary activities	20,265	1,131	(36,429)
Investments	(489)	(2,029)	19,433
Variation of the equity	(2,696)	(3,086)	(3,754)
Cash flow	17,079	(3,984)	(20,750)
Initial Net Financial Position	91,835	109,765	86,006
Final Net Financial Position	74,756	113,748	106,756



EXPLANATORY NOTES

The quarterly report of the Biesse Group at June 30th 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. Exception is made for the evaluation of the final inventories, that was changed from the LIFO method to the average cost, 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 March 31st 2004, adjusted, where necessary, to adapt them to the Group's accounting principles;
- the Income Statement is presented gross of tax components;
- estimated figures of a significant amount are not present.

BOARD OF DIRECTORS' REMARKS

The second quarter 2004 confirms the change of direction of the Biesse Group, started in the first months of the year, both on the economic side, and on the financial side. Volumes and margins are growing, the net financial position is improving, while the back-log is increasing in comparison with 2003. This result is determined by the better economic trend of the reference market and by the Group strategies involving the improving of the production efficiency and the expansion of the final market coverage.



As far as the Biesse group' reference market is concerned, the production of woodworking machineries (which represents the 71% of the Group sales), the Association of category Acimall communicated that the incoming orders of the second quarter 2004 increased by 12.6% in comparison with the same period of the previous year. The increase is due to the foreign markets (+27%), while the national market is still weak (-17.1%).

This situation is also due to the changed conditions of the currency values, with a moderate reduction of the Euro respect the principal currencies and mainly with a deep reduction of the volatility: both these factors bring to the improving of the sales on the most important markets of the Biesse Group. In particular, the US market recovers partly the 2003 drop, with a net increase by 10% in comparison to same period of the previous year, keeping unchanged the exchange rate.

In the meantime, the Biesse Group took profit from the strategy of expansion of the final market coverage, in particular in East Europe, Far East and Pacific Area, undertaken in the past years: the Rest of the World area increased its volumes by 24% in comparison with the same period of the previous year and its weight is the 36% of the consolidated turnover.

The improvement of the volumes allows to recover several points of profitability, because of the better cost absorption: besides the fixed costs decreased in absolute value and their lowering will go on also in second semester 2004. It is also improved the production efficiency (as a result of the restructuring strategies, undertaken in the past years) and the profitability given by the marketed models.

We also underline that the margins are affected by provisions for materials obsolescence (amounting to 1.3 million of euro, equal to 0.9% of the consolidated turnover), determined by the interruption of productions no longer profitable.

The analysis of the economic figures is affected by the deep change of the consolidation area: then it is necessary to take into consideration the amounts, coming from the pro-forma accounting statements (that do not include



the economic result of Schelling for 2003 and of Cabi S.r.l. and Sandymac S.r.l. for 2004).

The total sales increase by Euro 8,638 thousand (+11.8%) in comparison with the second quarter 2003: this increase is particularly evident, looking at the pro-forma figures, since the sales improve by Euro 17,120 thousand (+26.6%). This increase is spread to all the Group divisions, such as represented by the following charts of the revenues by division.

The value of production increases from Euro 78,299 thousand to Euro 85,011 thousand (net increase of the pro-forma figures: Euro 15,978 thousand), due to the increase of the sales and to the reduction of the inventories.

The Added Value is equal to Euro 29,096 thousand and it increases by Euro 3,967 thousand (+15.8%; the pro-forma figures have an increase of Euro 6,717 thousand, + 30.2%), and its percentage on sales improves from 34.3% to 35.6%. This result has been achieved - notwithstanding the above-mentioned provisions, which determine a worsening of the percentage of consumption by almost one per cent – because of the increase of the volumes and of the savings made in the main categories of costs.

The Gross Operating Margin increases from Euro 1,920 thousand to Euro 6,406 thousand and its percentage on sales is 7.8%, while in the previous year it was 2.6%. The personnel expenses increase from Euro 19,114 thousand to Euro 22,423 thousand (but its percentage of increase of 17.3% is lower than that of the sales and its percentage on sales drops from 29.7% to 27.5%).

Even the weight of amortizations and depreciations is lowering, because of the Group strategy of reducing the fixed costs (percentage on sales 2004: 3.4%; 2003: 4.4%)

The Operating Result increases its growth and, after the encouraging result of the first quarter (Euro 256 thousand), it amounts to Euro 3,462 thousand.

The improvement of the Net Financial Position and the changed situation of the currencies markets allowed to keep under control the financial costs. The charges for interests and other costs on loans amount to Euro 1,148 thousand, but they are counterbalanced by the revenues on exchange equal to Euro 901



thousand, giving a negative financial position of Euro 247 thousand. In the same period of the previous year, the costs for interests amounted to Euro 2,049 thousand, while the exchange rates determined a loss of Euro 490 thousand.

The Extra-ordinary charges and incomes are negative for Euro 2,018 thousand and include Euro 958 thousand, equal to the extra-ordinary cost due to the change of evaluation criterion of the inventories (from LIFO to average cost) and determined by the impact of the different evaluation criterion on initial inventories, as recommended by the accounting principles.

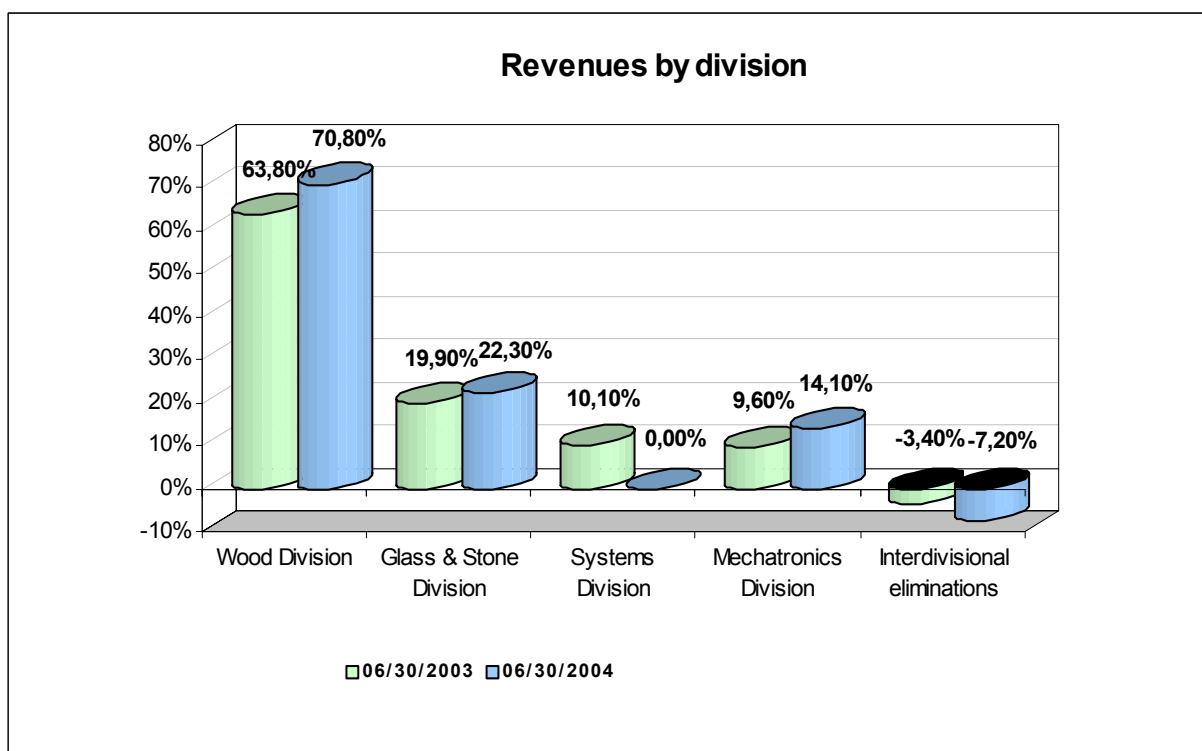
With reference to the Net Financial Position, the amount at the end of June 2004 improves in comparison to June 2003 and December 2003 (Euro 39 million and 32 million respectively): this result, partly due to the operation of sales of assets, made at the beginning of the year (cash-in at June 2004: Euro 17.1 million), is very important, since it has been obtained in the first part of the year, normally the period of higher indebtedness for the Group.

With reference to the other items, the Net Working Capital decreases both in comparison to end of the first quarter 2004 (Euro 101,832 thousand), both to the end of 2003 (Euro 99,105 thousand). This trend is mainly due to the improvement of the inventories management, the reduction of the trade receivables and the increase of the trade payables, determined also by the politics of extension of the average periods of payment. With reference to the inventories, they are increasing respect the end of December 2003, but they are decreasing respect June 2004 by Euro 1.4 million. Finally also the Equity on net fixed assets and the debt equity indexes increase.

Revenues by division

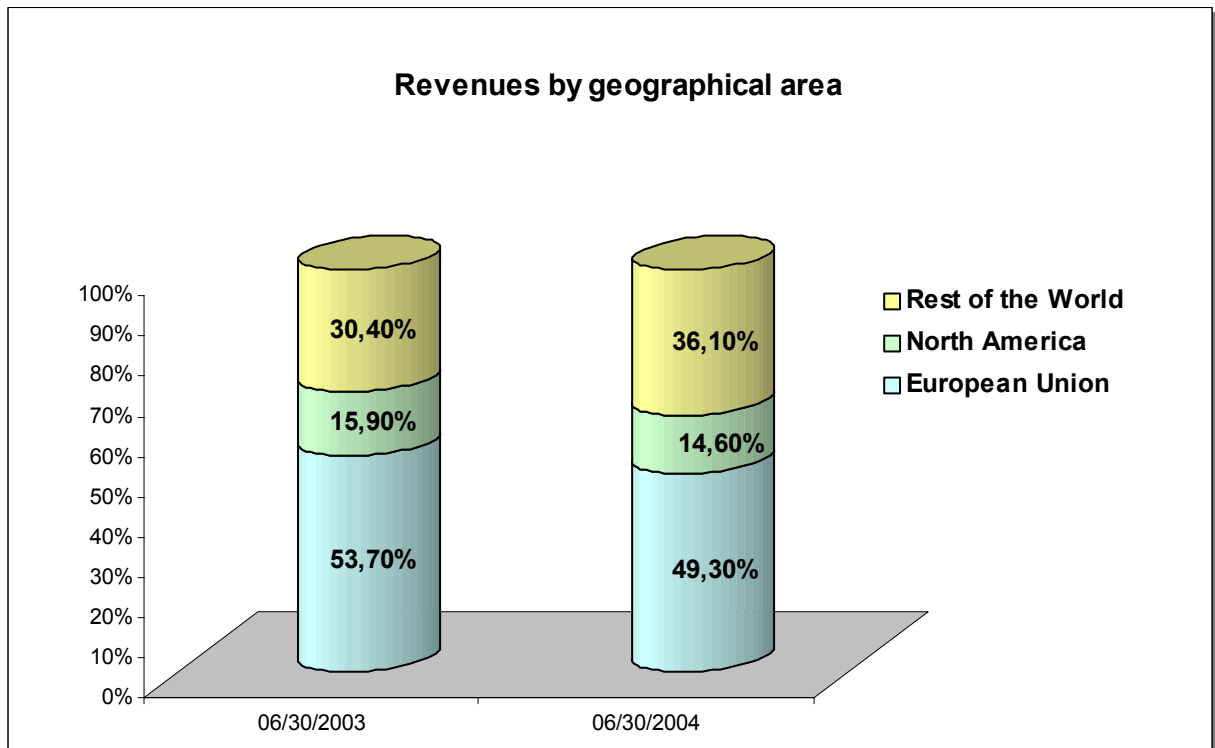
(thousand of Euro)	II Q 2004	%	II Q 2003	%	June 30 2004	%	June 30 2003	%
Wood Division	59,020	72.1%	47,227	64.5%	104,919	70.8%	90,413	63.8%
Glass & Stone Division	17,409	21.3%	13,970	19.1%	33,078	22.3%	28,247	19.9%
Systems Division*	---	---	8,090	11.1%	---	---	14,308	10.1%
Mechatronics Division	11,074	13.5%	6,007	8.2%	20,835	14.1%	13,571	9.6%
Interdivisional eliminations	(5,663)	(6.9%)	(2,092)	(2.9%)	(10,674)	(7.2%)	(4,824)	(3.4%)
Total	81,839	100.0%	73,202	100.0%	148,158	100.0%	141,715	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)	II Q 2004	%	II Q 2003	%	June 30 2004	%	June 30 2003	%
European Union	39,224	47.9%	39,761	54.3%	73,062	49.3%	76,076	53.7%
North America	12,641	15.5%	10,267	14.0%	21,639	14.6%	22,577	15.9%
Rest of the World	29,975	36.6%	23,173	31.7%	53,458	36.1%	43,063	30.4%
Total	81,840	100.0%	73,201	100.0%	148,159	100.0%	141,716	100.0%



Pesaro, August 6th 2004

The Chairman
Roberto Selci