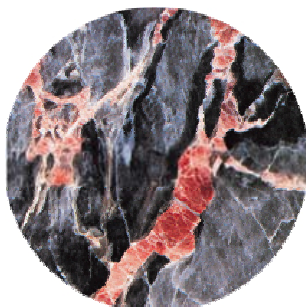
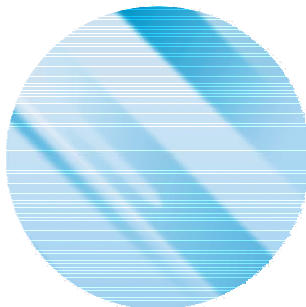




**QUARTERLY REPORT  
DECEMBER 31<sup>th</sup>, 2002**





**BIESSE S.p.A.**

**QUARTERLY REPORT AT DECEMBER 31, 2002**

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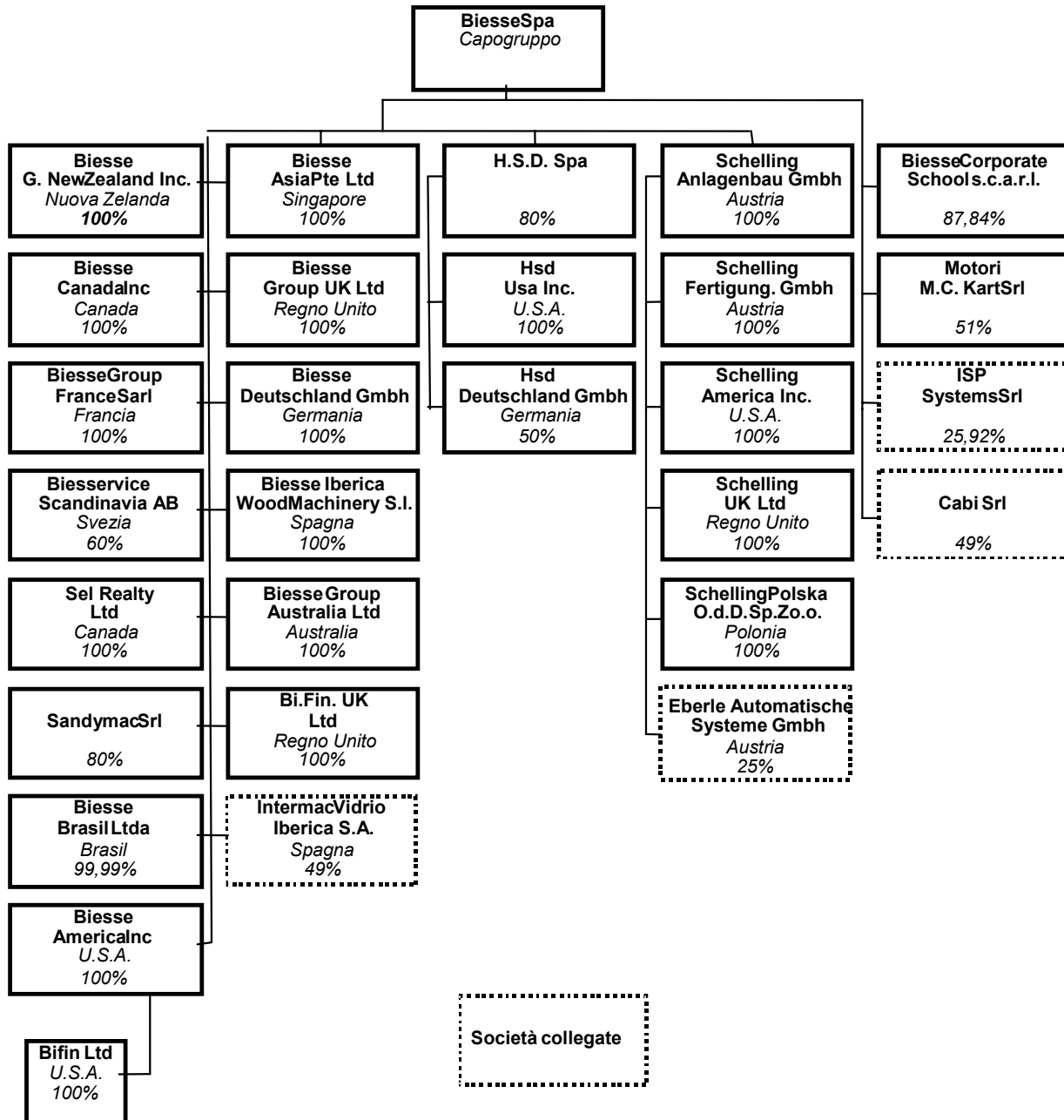
**SUMMARY**

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## GROUP STRUCTURE

The following companies are part of Biesse Group.



In comparison with the previous quarterly report, relating to September 30<sup>th</sup> 2002, the affiliated company Motor M.C. Kart S.r.l. has been consolidated with the integral method. Shareholdings in affiliated companies Intermac Vidrio Iberica S.a., Cabi S.r.l., ISP Systems S.r.l., Eberle Gmbh and shareholdings into Hsd Deutschland Gmbh, Sandymac S.r.l. and Biesse Corporate School s.c.a.r.l are not object of integral consolidation given their recent incorporation and/or their unrelevant 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**

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

<i>Thousands Euros</i>	<b>December 31, 2002</b>	<b>%</b>	<b>December 31, 2001</b>	<b>%</b>
Revenues from sales and services	130,543	120.2%	101,583	102.6%
Variation of stocks of finished products	(24,631)	(22.8%)	(6,414)	(6.5%)
Increase in asset value for internal work	19	0.0%	27	0.0%
Other revenues and income	2,219	2.1%	3,822	3.9%
<b>Value of production</b>	<b>108,150</b>	<b>100.0%</b>	<b>99,018</b>	<b>100.0%</b>
Costs for raw materials	(43,377)	(40.1%)	(36,906)	(37.3%)
Costs for services	(21,383)	(19.8%)	(22,734)	(23.0%)
Use of third party assets	(2,071)	(1.9%)	(2,006)	(2.0%)
Personnel expenses	(28,491)	(26.3%)	(23,133)	(23.4%)
Amortizations and depreciations	(4,214)	(3.9%)	(2,849)	(2.9%)
Variation of stocks of materials and parts	1,686	1.6%	(6,727)	(6.8%)
Provisions for risks	(428)	(0.4%)	(263)	(0.3%)
Other operating expenses	(2,133)	(2.0%)	(1,235)	(1.2%)
<b>Costs of production</b>	<b>(100,411)</b>	<b>(92.8%)</b>	<b>(95,853)</b>	<b>(96.8%)</b>
<b>Operating result</b>	<b>7,738</b>	<b>7.2%</b>	<b>3,165</b>	<b>3.2%</b>



*INCOME STATEMENTS AT DECEMBER 31<sup>th</sup>, 2002*

<i>Thousands Euros</i>	<b>December 31, 2002</b>	<b>%</b>	<b>December 31, 2001</b>	<b>%</b>
Revenues from sales and services	370,773	102.0%	353,760	93.9%
Variation of stocks of finished products	(13,487)	(3.7%)	16,754	4.4%
Increase in asset value for internal work	90	0.0%	82	0.0%
Other revenues and incomes	6,012	1.7%	6,195	1.6%
<b>Value of production</b>	<b>363,389</b>	<b>100.0%</b>	<b>376,791</b>	<b>100.0%</b>
Costs for raw materials	(157,096)	(43.2%)	(180,738)	(48.0%)
Costs for services	(68,861)	(18.9%)	(71,090)	(18.9%)
Use of third party assets	(8,562)	(2.4%)	(7,160)	(1.9%)
Personnel expenses	(98,193)	(27.0%)	(90,569)	(24.0%)
Amortizations and depreciations	(13,569)	(3.7%)	(11,011)	(2.9%)
Variation of stocks of materials and parts	(2,404)	(0.7%)	4,271	1.1%
Provisions for risks	(484)	(0.1%)	(514)	(0.1%)
Other operating expenses	(6,215)	(1.7%)	(6,075)	(1.6%)
<b>Costs of production</b>	<b>(355,384)</b>	<b>(97.8%)</b>	<b>(362,885)</b>	<b>(96.3)</b>
<b>Operating result</b>	<b>8,005</b>	<b>2.2%</b>	<b>13,907</b>	<b>3.7%</b>



*NET FINANCIAL POSITION AT DECEMBER 31<sup>th</sup> 2002*

<i>Thousands Euros</i>	<b>December 31, 2002</b>	<b>September 30, 2002</b>	<b>December 31, 2001</b>
Liquid assets	36,449	20,356	13,882
Short term financial debts	(2,424)	(2,209)	0
Short term bank debts	(67,262)	(84,834)	(84,860)
<b>Short term net financial position</b>	<b>(33,310)</b>	<b>(66,687)</b>	<b>(70,978)</b>
Medium/long term financial debts	(30,718)	(24,063)	0
Medium/long term bank debts	(21,867)	(21,158)	(15,060)
<b>Medium/long term net financial position</b>	<b>(52,585)</b>	<b>(45,221)</b>	<b>(15,060)</b>
<b>Total financial position</b>	<b>(85,821)</b>	<b>(111,908)</b>	<b>(86,038)</b>

**EXPLANATORY NOTES**

The quarterly report of the Biesse Group at December 31<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 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 December 31<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 prepares to draw-up the balancesheet of one of the most difficult years for the economy and the uncertainties that dominate the international scenario (the uncertainties geopolitics, those of the labour market and those of real estate) condition the times of the world recovery. In fact, the principal available indicators do not allow to glimpse, at least in the short time, an inversion of tendency. Despite the realization of expansive economic politics to face the economic crisis, the climate of uncertainty in all the markets has compromised the confidence of enterprises and consumers, suggesting so to move forward the return to sustained rates of growth.



It seems the United States have anticipated the resumption in comparison to the European partners thanks to the recovery of the inside demand: in the last quarter the economic superindex of the United States has recorded three consecutive rises, best of the attended ones; unfortunately the most recent indications do not allow to speak of decisive turn toward the phase of expansion yet. The recovery is conditioned from the confidence of the unemployment that compresses the expense to the consumption and, accordingly, the investments.

On the European front, the 2002 rate of growth of the countries of the European Union results clearly inferior to that of 2001. The recent manoeuvres of expansive politics of the BCE will get their effects only beginning from the second semester 2003 and, on the other hand, the good course of the exports has not been enough to stimulate the resumption of the domestic demand that has been weak.

The climate of trust is worsened: both for the enterprises because of the strong appreciation of the unique currency that penalizes the competitiveness both for the consumers because of the international tensions and of not good occupational perspectives.

On the Italian economic scenario the political-military tensions in the Middle East, the consequent effect on the price of the oil that is historically attested to elevated levels in real terms and the appreciation of the European currency that would have contributed to reduce the growth of the Pil have kept on weighing. Besides, the difficulties of the principal commercial partner, Germany, weighs on the short term perspectives of Italy.

The real GDP of Japan is returned to the 1999 levels, burning so in two years the 2000 increase. The industrial production has essentially been directed to satisfy the foreign orders: in fact, in the last months the depreciation of the Yen has kept on sustaining the export that nevertheless suffers of the phase of stalemate of the world demand. The inside demand results instead stagnant yet.

In this picture the group of the virtuosos is represented by the emergent markets of Asia and Europe Center Oriental: in the first ones the growth of the inside demand and the exchanges intra-area have not been mined by the bending of the purses while in the seconds the inside demand and the foreign direct investments have sustained the resumption.

As it regards the sector of reference, the quarter underlines good signals of recovery. According to the research conducted by Acimall (Association Builders Italian Machines and Accessories for the Workmanship of the Wood), the orders introduce an increase of 10,8% on the same period of the previous period, 70% of which is to attribute to the foreign orders (that are grown of 12,2%). In the inside market an increase of 7,4% is recorded. On the other hand it is opportune to underline that the comparison with the fourth quarter 2001 appears strongly influenced by the 11 September terrorist events therefore heavily depressed.

Also for the Group Biesse, the recovery, already started third quarter, has shown decision realizing encouraging results. The company strategy to reach a good efficiency conjugated to the slight resumption of the wood market have allowed to trace a positive trend.

In fact, the optimization of the costs of production and the slimming of the structure of the fixed costs is continued in fact also in the fourth quarter, improving the profitability of the Group. On the other hand the actual economic and political context it doesn't allow to formulate too much enthusiastic hypothesis postponing it to the conclusion of the quarter in progress.





Fourth quarter 2002 revenues amount to € 130.543 million, with an increase of 28.5% compared to same period of previous year while on the progressive datum of the twelve months revenues amount to € 370.773 million, recording a 4.8% increase.

The increase of the quarter is partly due to the effect of the Tremonti law but we confirm that the comparison with the same period of the period 2001 result particularly positive because the last quarter 2001 had accused of American terrorist attacks.

Value of production amounts to € 108.150 million in the fourth quarter, in substantial increase in comparison to the € 99.018 million realized in the same period of the previous exercise, while on the progressive datum of the first twelve months the value of the production amounts to € 363.389 million, in 3.6% contraction on the twelve months of 2001.

Value added of fourth quarter amounts to € 40.871 million, with an increase of 39.0% compared to the same period of previous year (€ 29.409 million) while on the progressive datum of the whole year 2002 value added amounts to € 120.251 million, with a little increase in comparison to € 116.001 million the same period of the preceding exercise.

Gross operating margin of fourth quarter amounts to € 12.380 million, with an increase of 97.2% compared to the same period of previous year (€ 6.277 million) while on the progressive datum calculated around 12 months the gross operating margin amounts to € 22.054 million, in 13.3% contraction (€ 25.432 million).

Operating result amounts to € 7.738 million in the fourth quarter, with an increase of 144.5% compared to the same period of previous year (€ 3.165 million) while on the progressive datum of the year the operating result is equal to € 8.005 million, against a result of the same period of the preceding exercise of € 13.907 million.

Following the emptying of the stores mainly in subsidiaries that have pursued the politics of "sell-out" after a 2001 of suspended deliveries, variation of stocks of finished products passes from an equal 2001 positive value € 16.754 mlns, to a negative value of € 13.487 that brings to a strong increase of the added value. The margin however has been corroded from an increase of the staff cost because of the acquisitions effected in the last months of 2001 that have widened the perimeter of consolidation and because of the most greater amortizations.

Net financial indebtedness improves notably in comparison to the preceding quarter returning to the levels of the exercise 2001. Instead of the execution of the plan of anticipated investment, characterized particularly by the completion of the establishment of St. Giovanni in Marignano, the Group has produced a positive cash flow. The net financial indebtedness is attested in fact to € 85.821 million and it underlines an equilibrium of the temporal horizon in the short one and in the mid/long term also thanks to the completion of 3 operations of real estate sale and lease back on 2 built industrial sites in Italy and one in Austria (the consequential economic-property effects from the aforesaid operations have correctly been declassified according to the laws of the international bookkeeping principle IAS 17).



At December 31 st 2002 the staff of the Group is constituted by 2,222 employees, with a decrement of 109 unities in comparison to December 31 st 2001 to parity of area of consolidation.

**Revenues by division:**

<i>Thousands Euros</i>	<b>December 31, 2002</b>	<b>In %</b>	<b>December 31, 2001 %</b>	<b>In%</b>	<b>Var. %</b>
Wood Division	259,840	70.1%	228,971	64.7%	13.5%
Glass & Stone Division	55,654	17.5%	52,749	14.9%	5.5%
Systems Division	41,909	11.3%	65,351	18.5%	(35.9)%
Mechatronics Division	23,386	6.3%	21,797	6.2%	7.3%
Interdivisional eliminations	(10,017)	(2.7)%	(15,110)	(4.3%)	33.7%
<b>Total</b>	<b>370,773</b>	<b>100.0%</b>	<b>353,758</b>	<b>100.0%</b>	<b>4.8%</b>

The distribution of the sales underlines a definite increase for the three divisions: the Wood Division (that has an improvement of 13.5% compared to the previous year 2001), Glass and Stone Division (+5.5%) and Mechatronics Division (+7.3%). The System Division is still weak, since it is mostly affected by the situation of uncertainty of the markets.

**Revenues by geographical area:**

<b>Thousands Euros</b>	<b>December 31, 2002</b>	<b>In %</b>	<b>December 31, 2001</b>	<b>In %</b>	<b>Var. % 2001/2002</b>
European Union	213,277	57.5%	228,120	64.5%	(6.5%)
North America	68,847	18.0%	64,551	18.2%	3.6%
Rest of the World	90,649	24.5%	61,087	17.3%	48.4%
<b>Total</b>	<b>370,773</b>	<b>100.0%</b>	<b>353,758</b>	<b>100.0%</b>	<b>4.8%</b>

The trend of the sales for geographic area confirm the tendency already underlined in the last quarter: a slow recovery in the North American area (+3.6%) and European exports that decrease in favour of the rest of the world, that earns well 48.4%.



The Management of the Group Biesse, also giving attention to the macroeconomic events and the political and war episodes that could characterize this first phase of the year 2003 and that reduce the visibility in the short term, is optimistic because of the profuse continuous appointment in the search of new technological solutions and innovations looking for the position of leadership however to make more and more competitive. Currently the Direction of the Group is evaluating an important project of reengineering of the processes of management of the business flows concerning the planning, the logistics and the production, to the purpose to reduce the requirements of cash flow and the time to market.

Pesaro, February 14<sup>th</sup>, 2003

*Chairman of the Board of Directors  
Giancarlo Selci*



## ANNEXE

### RECLASSIFIED ACCOUNTING STATEMENTS

#### 4<sup>th</sup> QUARTER 2002 INCOME STATEMENTS

<i>Thousands Euros</i>	<b>December 31, 2002</b>	<b>%</b>	<b>December 31, 2001</b>	<b>%</b>
Revenues from sales and services	130,543	120.7%	101,583	102.6%
Variation of stocks of finished products	(24,631)	(22.8%)	(6,414)	(6.5%)
Other revenues and income	2,238	2.1%	3,849	3.9%
<b>Value of production</b>	<b>108,150</b>	<b>100.0%</b>	<b>99,018</b>	<b>100.0%</b>
Consumption of raw materials	(41,692)	(38.5%)	(43,633)	(44.1%)
Costs for services	(21,383)	(19.8%)	(22,734)	(23.0%)
Use of third party assets	(2,071)	(1.9%)	(2,006)	(2.0%)
Other operating expenses	(2,133)	(2.0%)	(1,235)	(1.2%)
<b>Added value</b>	<b>40,871</b>	<b>37.8%</b>	<b>29,409</b>	<b>29.7%</b>
Personnel expenses	(28,491)	(26.3%)	(23,133)	(23.4%)
<b>Gross operating margin</b>	<b>12,380</b>	<b>11.4%</b>	<b>6,277</b>	<b>6.3%</b>
Amortizations, depreciations and provisions	(4,272)	(3.9%)	(2,914)	(2.9%)
<b>Profit before depreciation of consolidation difference</b>	<b>8,109</b>	<b>7.5%</b>	<b>3,362</b>	<b>3.4%</b>
Amortization of consolidation difference	(371)	(0.3%)	(198)	(0.2%)
<b>Operating result</b>	<b>7,738</b>	<b>7.2%</b>	<b>3,165</b>	<b>3.2%</b>



*INCOME STATEMENTS AT DECEMBER 31<sup>th</sup>, 2002*

<i>Thousands Euros</i>	<b>December 31, 2002</b>	<b>%</b>	<b>December 31, 2001</b>	<b>%</b>
Revenues from sales and services	370,773	102.0%	353,760	93.9%
Variation of stocks of finished products	(13,487)	(3.7%)	16,754	4.4%
Other revenues and income	6,102	1.7%	6,277	1.7%
<b>Value of production</b>	<b>363,389</b>	<b>100.0%</b>	<b>376,791</b>	<b>100.0%</b>
Consumption of raw materials	(159,499)	(43.9%)	(176,466)	(46.8%)
Costs for services	(68,861)	(18.9%)	(71,090)	(18.9%)
Use of third party assets	(8,562)	(2.4%)	(7,160)	(1.9%)
Other operating expenses	(6,215)	(1.7%)	(6,075)	(1.6%)
<b>Added value</b>	<b>120,251</b>	<b>33.1%</b>	<b>116,001</b>	<b>30.8%</b>
Personnel expenses	(98,193)	(27.0%)	(90,569)	(24.0%)
<b>Gross operating margin</b>	<b>22,058</b>	<b>6.1%</b>	<b>25,432</b>	<b>6.7%</b>
Amortizations, depreciations and provisions	(12,597)	(3.5%)	(10,078)	(2.7%)
<b>Profit before depreciation of consolidation difference</b>	<b>9,461</b>	<b>2.6%</b>	<b>15,354</b>	<b>4.1%</b>
Amortization of consolidation difference	(1,456)	(0.4%)	(1,447)	(0.4%)
<b>Operating result</b>	<b>8,005</b>	<b>2.2%</b>	<b>13,907</b>	<b>3.7%</b>