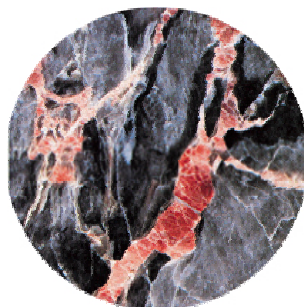




**QUARTERLY REPORT
SEPTEMBER 30th, 2003**





BIESSE S.p.A.

QUARTERLY REPORT AT SEPTEMBER 30, 2003

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In comparison with the previous report, relating to June 30th 2003, there are not variations of the consolidation area.

The investment in Cabi S.r.l. has changed on July 23rd 2003, when Biesse S.p.A. covered the past losses as per its share ownership and paid in full the refunding of the company stock, getting the total ownership of the company.

The investments in affiliated companies Intermac Vidrio Iberica S.A., Biesse China Co. Ltd., ISP Systems S.r.l., Eberle A.S. GmbH, HSD Deutschland GmbH and Kernex Automation S.r.l. are valued using the equity method. As far as the investments in Biesse Corporate School s.c.a. r.l., Sandymac S.r.l., Schelling CIS and Cabi S.r.l. they are valued using the equity method and not integrally consolidated because of their recent incorporation and/or their irrelevant size.

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

On August 8th, 2003 the Vice President Anna Gasparucci resigned due to her commitments. The Board of Directors therefore resolved to co-opt Mr. Giancarlo Selci – currently the company's reference shareholder – in the same offices.

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

3rd QUARTER 2003 INCOME STATEMENTS

<i>Thousands Euros</i>	September 30, 2003	%	September 30, 2002	%
Revenues from sales and services	69,682	100.5%	79,028	98.6%
Variation of stocks of finished products	(1,304)	(1.9%)	286	0.4%
Increase in asset value for internal work	13	0.0%	24	0.0%
Other revenues and income	965	1.4%	835	1.0%
Value of production	69,356	100.0%	80,173	100.0%
Costs for raw materials	(28,707)	(41.4%)	(31,666)	(39.5%)
Costs for services	(12,866)	(18.6%)	(14,445)	(18.0%)
Use of third party assets	(2,154)	(3.1%)	(2,161)	(2.7%)
Personnel expenses	(20,135)	(29.0%)	(21,267)	(26.5%)
Amortizations and depreciations	(3,467)	(5.0%)	(3,636)	(4.5%)
Variation of stocks of materials and parts	(773)	(1.1%)	(4,250)	(5.3%)
Provisions for risks	(13)	0.0%	62	0.1%
Other operating expenses	(1,117)	(1.6%)	(1,258)	(1.6%)
Costs of production	(69,232)	(99.8%)	(78,620)	(98.1%)
Operating result	124	0.2%	1,553	1.9%



INCOME STATEMENTS AT SEPTEMBER 30th, 2003

<i>Thousands Euros</i>	September 30, 2002	%	September 30, 2002	%
Revenues from sales and services	211,398	92.1%	240,230	94.1%
Variation of stocks of finished products	14,255	6.2%	11,145	4.4%
Increase in asset value for internal work	58	0.0%	71	0.0%
Other revenues and income	3,841	1.7%	3,793	1.5%
Value of production	229,552	100.0%	255,239	100.0%
Costs for raw materials	(103,275)	(45.0%)	(113,718)	(44.6%)
Costs for services	(44,541)	(19.4%)	(47,478)	(18.6%)
Use of third party assets	(6,436)	(2.8%)	(6,491)	(2.5%)
Personnel expenses	(67,195)	(29.3%)	(69,702)	(27.3%)
Amortizations and depreciations	(10,340)	(4.5%)	(9,355)	(3.7%)
Variation of stocks of materials and parts	1,702	0.7%	(4,089)	(1.6%)
Provisions for risks	(131)	(0.1%)	(56)	(0.0%)
Other operating expenses	(3,816)	(1.7%)	(4,083)	(1.6%)
Costs of production	(234,032)	(102.0%)	(254,973)	(99.9%)
Operating result	(4,479)	(2.0%)	266	0.1%



NET FINANCIAL POSITION AT SEPTEMBER 30th 2003

<i>Thousands Euros</i>	September 30, 2003	June 30, 2003	December 31, 2002	September 30, 2002	June 30, 2002
Liquid assets	29,514	19,510	36,218	20,356	27,349
Short term financial debts	(2,474)	(2,470)	(2,378)	(2,209)	(1,438)
Short term bank debts	(104,782)	(86,428)	(67,263)	(84,834)	(93,954)
Short term net financial position	(77,742)	(69,389)	(33,423)	(66,687)	(68,044)
Medium/long term financial debts	(29,219)	(29,490)	(30,716)	(24,063)	(13,933)
Medium/long term bank debts	(13,780)	(14,870)	(21,867)	(21,258)	(21,865)
Medium/long term net financial position	(42,999)	(44,360)	(52,583)	(45,221)	(35,798)
Total financial position	(120,741)	(113,748)	(86,006)	(111,908)	(103,842)

EXPLANATORY NOTES

The quarterly report of the Biesse Group at September 30th, 2003 was prepared on the basis of Consob Rule no. 11971 of May 14th, 1999 and subsequent amendments and additions. Accounting principles and valuation criteria comply with those of the financial statement at December 31st, 2002, 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 point of view 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, 2003, 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.

DIRECTORS' COMMENTS

The paths undertaken by the major world economies in the third quarter 2003 are very different.

The USA market increased its GDP by 1.7% in comparison with the previous quarter, mainly due to the private domestic demand, instead of the investment in capital assets and the government expenditure; the forecasts for the year end are positive, but there are some doubts about the sustainability of the recovery, given the weakness of the labour market and the existence of structural unbalances.

The Euro Area is still dominated by uncertainty: the business and consumers confidence' indexes are firm, such as the consumer price index. Also on yearly basis the situation seems



to be the same, considering the weakness of the household demand and of the exports and the absence of development economic policies.

Italy maintains in the summer months its gap by the other Euro Area states. The consumers' price index shows an increase of 2.9%, but the consumer confidence' index and the industry production are growing, while the labour market is settling.

Among the other countries where the Group is conducting its business, we underline the good performance of Australia, whose growing figures of the September retail sales bring the estimates of the GDP's yearly rise to 2.0% for the first nine months and to 3% for the whole year.

The reference market of the Group, woodworking machineries and systems, is still affected by the bad economic situation. The data of Acimall (Association of category), for the third quarter 2003, show an overall decrease of the incoming orders of 14.7% in comparison with the same period of the previous year. The decrease of the incoming orders from foreign customers was of 14.4%, while the contraction of the domestic incoming orders was of 15.2%.

Third quarter results of Biesse Group reflect the difficulties of the reference markets, that negatively affected the volumes, bringing to a reduction of the third quarter turnover of 11.8% in comparison with the same period of the previous year (€ 69.682 million instead of € 79.028 million); in the first nine months the turnover is down of 12.0%, decreasing by € 240.230 million to € 211.398 million).

Value of production of the third quarter is equal to € 69.356 million, in decrease of 13.5% in comparison with the same period of the previous year, while in the first nine months it is equal to € 229.552 million, in decrease of 10,1%.

However the restructuring and rationalisation plan, started in the past months, has brought to achieve savings on structural costs, both fixed and variables, allowing to contain the profitability loss, determined by the turnover decrease. There have been confirmed the gains on the raw materials costs incidence, increasing by 46.2% to 44.2% (and by 45%, relating to the first six months of the year), and the reduction of the staff and services cost, obtained through a careful management of the staff replacement and an overall expenses downsize.

The incidence of value added on value of production is growing both on the quarter and on the first nine months figures: the amount of the third quarter 2003 is equal to € 23.739 million, and its incidence is growing by 32.9% to 34.2%; in the first nine months it is equal to 73.186 million (in comparison to € 79.380 million of the same period of the previous year), and its incidence is growing by 31.1% to 31.9% (and by 30.9%, relating to the first six months of the year).

Third quarter gross operating margin amounts to € 3.604 million (5.2% of the value of production) in comparison to € 5.127 million of the same period of previous year (6.4% of the value of production); in first nine months of the year it is equal to € 5.992 million (2.6% of the value of production) in comparison to € 9.677 million of the first nine months of year 2002 (3.8% of the value of production), in improvement in comparison with the amount of the first six month of year 2003 (1.5% of value of production).

Operating result amounts to € 124 thousand in the third quarter (0.2% of the value of production), while it was € 1.553 million in the third quarter of the previous year. In the first nine months it is negative for € 4.479 million, while in the same period of the previous year it



was positive for € 266 thousand. The operating result is in improvement in comparison with the amount of the first six months of the year, which was negative for € 4.603 million.

As far as the net financial position, the amount is in line with the historic trend of the Group, whose figures are worse at the end of the third quarter, and improve at the end of the year due to the higher sales. We underline that in the third quarter 2003 the total consumption of financial resources is of about 7 million of euro, while in the same period of the previous year it was of about 8 million of euro. Referring to the total absorption of liquidity, about € 11 million are due to extraordinary operations and particularly to the activity of investment in fixed assets, the prosecution of the payments related to past acquisitions and the buy-back plan.

Revenues by division:

<i>Thousands Euros</i>	September 30, 2003	In %	September 30, 2002	In %	Var. %
Wood Division	138,565	65.5%	162,570	67.7%	(14.8%)
Glass & Stone Division	39,296	18.6%	40,553	16.9%	(3.1%)
Systems Division	22,466	10.6%	26,461	11.0%	(15.1%)
Mechatronics Division	17,897	8.5%	17,020	7.1%	5.1%
Interdivisional eliminations	(6,826)	(3.2%)	(6,375)	(2.7%)	7.1%
Total	211,398	100.0%	240,230	100.0%	(12.0%)

As regards performance in terms of sales by division, the turnover reduction is common to all the divisions, excepting the Mechatronics Division, whose revenues are growing of 5.1%. The Glass and Stone Division decrease of 3.1%, while Wood Division and Systems Division are down by 14.8% and 15.1% respectively.

Revenues by geographical area:

<i>Thousands Euros</i>	September 30, 2003	In %	September 30, 2002	In %	Var. %
European Union	113,182	53.5%	146,368	60.9%	(22.7%)
North America	36,055	17.1%	43,358	18.0%	(16.8%)
Rest of the World	62,161	29.4%	50,504	21.0%	23.1%
Total	211,398	100.0%	240,230	100.0%	(12.0%)



Sales by geographical area underlines the good performance of the Rest of the World Area, whose revenues increase by 23.1% in comparison with the same period of the previous year, and the difficulties of the European Union and North America Areas (in decrease of 22.7% and 16.8% respectively).

Pesaro, November 12th, 2002

*Chairman of the Board of Directors
Roberto Selci*



ANNEXES

RECLASSIFIED ACCOUNTING STATEMENTS

3rd QUARTER 2003 INCOME STATEMENTS

<i>Thousands Euros</i>	September 30, 2003	%	September 30, 2002	%
Revenues from sales and services	69.682	100,5%	79.028	98,6%
Variation of stocks of finished products	(1.304)	(1,9%)	286	0,4%
Other revenues and income	978	1,4%	859	1,1%
Value of production	69.356	100,0%	80.173	100,0%
Consumption of raw materials	(29.480)	(42,5%)	(35.915)	(44,8%)
Costs for services	(12.866)	(18,6%)	(14.445)	(18,0%)
Use of third party assets	(2.154)	(3,1%)	(2.161)	(2,7%)
Other operating expenses	(1.117)	(1,6%)	(1.258)	(1,6%)
Added value	23.739	34,2%	26.394	32,9%
Personnel expenses	(20.135)	(29,0%)	(21.267)	(26,5%)
Gross operating margin	3.604	5,2%	5.127	6,4%
Amortizations, depreciations and provisions	(3.116)	(4,5%)	(3.212)	(4,0%)
Profit before depreciation of consolidation difference	489	0,7%	1.915	2,4%
Amortization of consolidation difference	(365)	(0,5%)	(362)	(0,5%)
Operating result	124	0,2%	1.553	1,9%



INCOME STATEMENTS AT SEPTEMBER 30th, 2003

<i>Thousands Euros</i>	September 30, 2003	%	September 30, 2002	%
Revenues from sales and services	211.398	92,1%	240.230	94,1%
Variation of stocks of finished products	14.255	6,2%	11.145	4,4%
Other revenues and income	3.900	1,7%	3.864	1,5%
Value of production	229.552	100,0%	255.239	100,0%
Consumption of raw materials	(101.573)	(44,2%)	(117.808)	(46,2%)
Costs for services	(44.541)	(19,4%)	(47.478)	(18,6%)
Use of third party assets	(6.436)	(2,8%)	(6.491)	(2,5%)
Other operating expenses	(3.816)	(1,7%)	(4.083)	(1,6%)
Added value	73.186	31,9%	79.380	31,1%
Personnel expenses	(67.195)	(29,3%)	(69.702)	(27,3%)
Gross operating margin	5.992	2,6%	9.677	3,8%
Amortizations, depreciations and provisions	(9.377)	(4,1%)	(8.326)	(3,3%)
Profit before depreciation of consolidation difference	(3.385)	(1,5%)	1.352	0,5%
Amortization of consolidation difference	(1.094)	(0,5%)	(1.085)	(0,4%)
Operating result	(4.479)	(2,0%)	266	0,1%