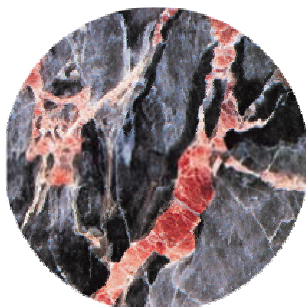
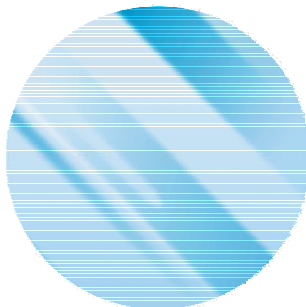




**QUARTERLY REPORT
MARCH 31st 2003**





BIESSE S.p.A.

QUARTERLY REPORT AT MARCH 31st, 2003

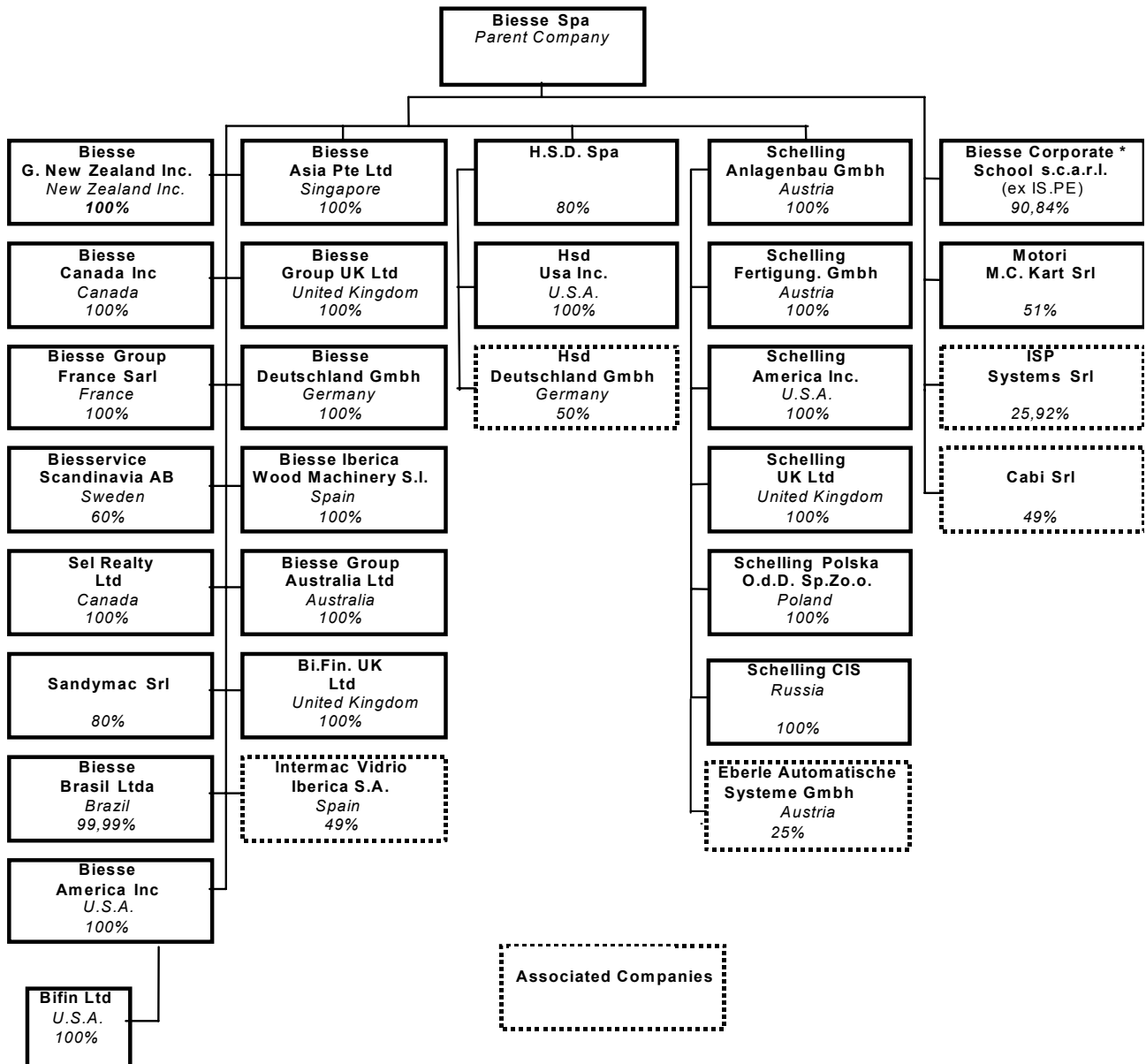
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GROUP STRUCTURE

The following companies are part of Biesse Group.



*the shareholding of 90,84% is directly held by Biesse S.p.A. for 66,67% and indirectly through Hsd S.p.a. and Schelling An. for 24,17%



In comparison with the previous report, relating to the exercise 2002 there are not variations in the composition of the Biesse Group and own consolidation area.

In the diagram brought above, the shareholdings in Biesse Corporate School s.c.a.r.l., Sandymac S.r.l., Schelling CIS and also the shareholdings in the affiliated companies Intermac Vidrio Iberica S.a., Eberle GmbH ISP Systems S.r.l., Cabi S.r.l. and Hsd Deutschland GmbH are not integrally consolidated because of their recent incorporation and/or their unrelevant size.

PARENT COMPANY CORPORATE BODIES

During the Ordinary meeting of the Partners held in date April 29 th 2003, it has been deliberated the renovation of the corporate bodies of the parent company Biesse S.p.A. for the three years 2003-2006.

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

Roberto Selci	Chairman
Anna Gasparucci	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, also renovated in the same meeting for the three years 2003-2006 currently in office is composed as follows:

Giovanni Ciurlo	Chairman
Adriano Franzoni	Statutory Auditor
Claudio Sanchioni	Statutory Auditor



ACCOUNTING STATEMENTS

1st QUARTER 2003 INCOME STATEMENTS

<i>Thousands Euros</i>	March 31, 2003	%	March 31, 2002	%
Revenues from sales and services	68,514	83.7%	70,544	86.5%
Variation of stocks of finished products	11,985	14.6%	9,756	12.0%
Increase in asset value for internal work	24	0.0%	15	0.0%
Other revenues and income	1,375	1.7%	1,215	1.5%
Value of production	81,898	100.0%	81,530	100.0%
Costs for raw materials	(40,440)	(49.4%)	(39,429)	(48.4%)
Costs for services	(15,196)	(18.6%)	(15,798)	(19.4%)
Use of third party assets	(2,049)	(2.5%)	(2,106)	(2.6%)
Personnel expenses	(23,851)	(29.1%)	(23,889)	(29.3%)
Amortizations and depreciations	(3,339)	(4.0%)	(3,001)	(3.7%)
Variation of stocks of materials and parts	1,566	1.9%	(1,188)	(1.5%)
Provisions for risks	(78)	(0.0%)	(4)	0.0%
Other operating expenses	(1,461)	(1.8%)	(1,568)	(1.9%)
Costs of production	(84,848)	(103.6%)	(86,983)	(106.7%)
Operating result	(2,951)	(3.6%)	(5,453)	(6.7%)



NET FINANCIAL POSITION AT MARCH 31st 2003

<i>Thousands Euros</i>	March 31, 2003	December 31, 2002	March 31 200
Liquid assets	33,441	36,218	
Short term financial debts	(2,398)	(2,378)	
Short term bank debts	(88,689)	(67,263)	
Short term net financial position	(57,645)	(33,424)	
Medium/long term financial debts	(30,502)	(30,716)	
Medium/long term bank debts	(21,557)	(21,867)	
Medium/long term net financial position	(52,059)	(52,582)	
Total financial position	(109,706)	(86,006)	(1

EXPLANATORY NOTES

The quarterly report of the Biesse Group at March 31th 2003 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, 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 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 31th 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.

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 economy is on the way of a modest resumption, to the drawing of the American inside demand but the times are still uncertain. Restarting previously announced is therefore once more postponed, allowing to foresee the beginning only from the second half 2003. The available indicators don't allow to see a meaningful inversion of tendency, both for the demand and for the production.

The year 2002 on the other hand has been characterized by an heavy crisis of the stocks exchanges, accented by the financial scandals and by the tensions connected to the probability of a conflict USA-Irak with immediate effects on the price of the crude oil and on



the political instability in Middle East area prolonged in the first months of the year in progress.

The American "locomotive" shows on the other hand in this first foreshortening of the year 2003, weak and contradictory signals. The resumption of America is not possible if the situations of international tensions that accompany the end of the conflict in Irak are not completely dissolved and if the uncertain perspectives of labour market continues. On this last front in fact signals of weakness have emerged with a rate of unemployment that has returned around 6%. The heavy climate of uncertainty can be seen in the economic dynamics of the orders, production and sales that at the same rate with the scarce climate of trust, has suffered a new decline in the autumn months and in the first months of 2003, immediately bouncing however following the quick conclusion of the war in the Middle East. The decline of the trust of companies and families, respectively motor of the demand of investments and of the demand of the consumptions, conditions therefore the slackening of the economic tensions.

The growth of the PIL in the first quarter has gone down to 1.6%: the braking of rate of expansion, will prevent therefore to the United States to return to rates of growth in line with the potential growth (3%).

The start of a modest expansion is due to the resistance of the private consumptions, sustained by the demand of durable goods. The fixed investments, on the contrary, have returned to lower following the braking of the demand of means of transport and some compartments high-tech. The impulses that derive from relieves on the taxes on the incomes appears important, from measures directed to stimulate enterprises and families and from the effects of a monetary politics that sees the interest rates to the least levels of the last twenty years.

Delicate is the situation of Japan: the economy remains flat in a climate of substantial uncertainty as concerning the future perspectives. On one side, the weak demand will keep on influencing the prices while from the other the descent of the prices paid by the firms should slow down because of the diminution of the stock and the increase of the raw material. In light improvement is the labour market with a rate of unemployment in rebate in comparison to the levels record of 5.5% of January 2003.

On the European area, the countries of the UE move with slowness.

The same European Committee has confirmed the forecasts of growth for the first quarter 2003, setting the estimates inside the range $-0.1\%/+0.3\%$, with a return to the attended potential (1.4%) only for next year. In this context, in the month of March, the Bce has effected a manoeuvre of monetary expansion, with a further cut of the interest rates that have been therefore fixed to 2.5%. Although in the last meeting happened in the days when we are writing there has been no variations it is not excluded possible further cuts in the immediate future.

In February, the "confidence indicators", for the whole European area, have shown a further descent both from the side of consumption and from business. Positive signals instead on the front of the inflation, that is attested to 2.4% in the month of March: an expected price of crude oil in decrease, a modest economic growth and the appreciation of the Euro should contribute to reduce the inflationary pressures in the brief term.

In Italy, the expectations of the industrial enterprises on the short term of the economic situation of the country make to record in April some signal of recovery after the decrease of the previous month. The index of the climate of consumer confidence continues nevertheless to worsen, showing a new decrease later gone up again recorded in the months January-February.



The exit from a nearly stagnant 2002, with a growth of the Pil 2002 equal to the 0,8%, is struck again in this 2003 first part, still manifesting one prolonged economic weakness.

The weakness of Germany, the most greater international partner of Italy, the effect changeover of the euro more probably accented in Italy, the serious crisis of a strategic sector for our economy as the car industry has caused an inevitable depression of the consumptions and the power of purchase of the families.

Also as regards the sector of reference, that of the machines for the wood workmanship the quarter accuses the hits of a very difficult economic and politics atmosphere.

The resumption, expressed on to end of last year, driven by Italian market also thanks to specific fiscal incentives, has suffered an effect of reflux that is primarily assembled in the first two months of the year.

Also Biesse Group has accused some difficulties for the economic context regarding their own market segment, suffering a deceleration that, started from 2001, is extended up to the quarter in consideration. The comparison with the same period of 2002 appears however positive, also as regards the improvement of profitability (MOL has returned to be positive).

First quarter 2003 revenues amounts to € 68.514 millions, in decrease of 2.3% in comparison to the same period of the previous exercise. It is necessary to remember that the first quarter 2002 had infact profited, in terms of sales, of the the requests by some clients of the Group to postpone the deliveries to first months of the year 2002 instead of within December 2001.

Value of production of first quarter 2003 amounts to € 81.898 million in line with the same period of the previous year (€ 81.530 millions).

Value added of first quarter 2003 amounts to € 24.318 million, with an increase of 13.4% compared to the same period of previous year (€ 21.441 million): the better result is mainly due to the lower incidence of the consumption of materials (-6.5%) thanks to the effects of the politics business finalized to the industrializations of products and rationalization of the activity of provisioning with saving of the cost of the materials, started last year.

Gross operating margin of first quarter is positive and amounts to € 466 million in comparison to a negative result of the first quarter 2002, equal to € 2.448 million.

Operating result of the first quarter is negative for € 2.951 million but in substantial increase compared to the same period of previous year (€ 5.453 million).

As concerning the net financial position, worsening of the first quarter of around € 20 million confirms the expectations founded upon the historical course of the net financial position of the Group that, typically, in the first months of the year reaches the annual maximum levels and see the concentration of sales, profitability and improvement of cash-flow in the last part of the exercise.

The increase is in fact absorbed for 60% from the ordinary management of the Group while the remainder 40%, equal to around € 8 million, resides in the extraordinary management for the definitive completion of the acquisitions effected in the past and for the new investments in progress (buyback plan and existing sources).



Revenues by division:

<i>Thousands Euros</i>	March 31, 2003	In %	March 31, 2002	In%	Var. % 2002/2003
Wood Division	42,872	62.6%	50,773	71.9%	15.4%
Glass & Stone Division	14,506	21.2%	11,829	16.7%	22.6%
Systems Division	6,292	9.2%	5,579	7.9%	12.8%
Mechatronics Division	7,564	11.0%	6,086	8.6%	24.3%
Interdivisional eliminations	(2,720)	(4.0)%	(3,513)	(5.1%)	(22.5%)
Total	68,514	100.0%	70,544	100.0%	(2.9%)

The distribution of the sales underlines an increase for all divisions except the Wood Division that has suffered of the important increase realized in the last part of the previous exercise.

Revenues by geographical area:

<i>Thousands Euros</i>	March 31, 2003	In %	March 31, 2002	In %	Var. % 2002/2003
European Union	37,316	54.5%	43,122	61.1%	(13.3%)
North America	12,804	18.7%	11,255	15.9%	13.9%
Rest of the World	18,394	26.8%	16,167	23.0%	13.1%
Total	68,514	100.0%	70,544	100.0%	(2.9%)

The trend of the sales for geographic area confirms the tendency already underlined in the last quarters: a recovery in the North American area and sales in community area that decrease in favour of the rest of the world.

The Management of the Biesse Group, also giving attention to the macroeconomic events and with the caution that the redoubt visibility in the short term forces to maintain, is optimistic encouraged by signals of improvement that begin to emerge both as regards the direct costs both as regards the structure of the fixed costs.

Trust is also expressed as regards the first phase of the project of reengineering of processes of management of the business flows launched last February with the objectives to reduce the requirement of circulating capital and the time to market of the introduction of new products.

Pesaro, May 15th, 2003



*Chairman of the Board of Directors
Roberto Selci*



ANNEXE

RECLASSIFIED ACCOUNTING STATEMENTS

1st QUARTER 2003 INCOME STATEMENTS

<i>Thousands Euros</i>	March 31, 2003	%	March 31, 2002	%
Revenues from sales and services	68,514	83.7%	70,544	86.5%
Variation of stocks of finished products	11,985	14.6%	9,756	12.0%
Other revenues and income	1,399	1.7%	1,230	1.5%
Value of production	81,898	100.0%	81,530	100.0%
Consumption of raw materials	(38,874)	(47.5%)	(40,617)	(49.8%)
Costs for services	(15,196)	(18.6%)	(15,798)	(19.4%)
Use of third party assets	(2,049)	(2.5%)	(2,106)	(2.6%)
Other operating expenses	(1,461)	(1.8%)	(1,568)	(1.9%)
Added value	24,318	29.7%	21,441	26.3%
Personnel expenses	(23,851)	(29.1%)	(23,889)	(29.3%)
Gross operating margin	467	0.6%	(2,448)	(3.0%)
Amortizations, depreciations and provisions	(3,052)	(3.7%)	(2,643)	(3.3%)
Profit before depreciation of consolidation difference	(2,585)	(3.2)%	(5,091)	(6.2)%
Amortization of consolidation difference	(365)	(0.4%)	(362)	(0.4%)
Operating result	(2,951)	(3.6)%	(5,453)	(6.7)%