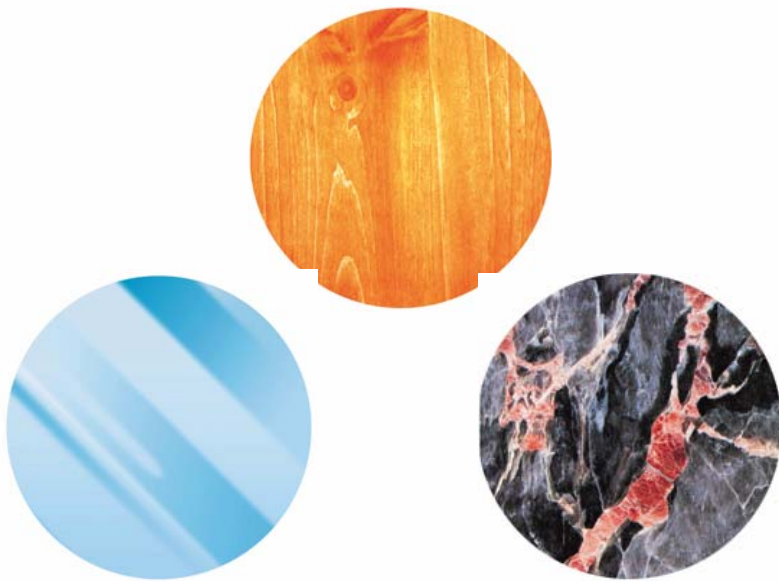


QUARTERLY REPORT
MARCH 31ST, 2004





BIESSE S.p.A.

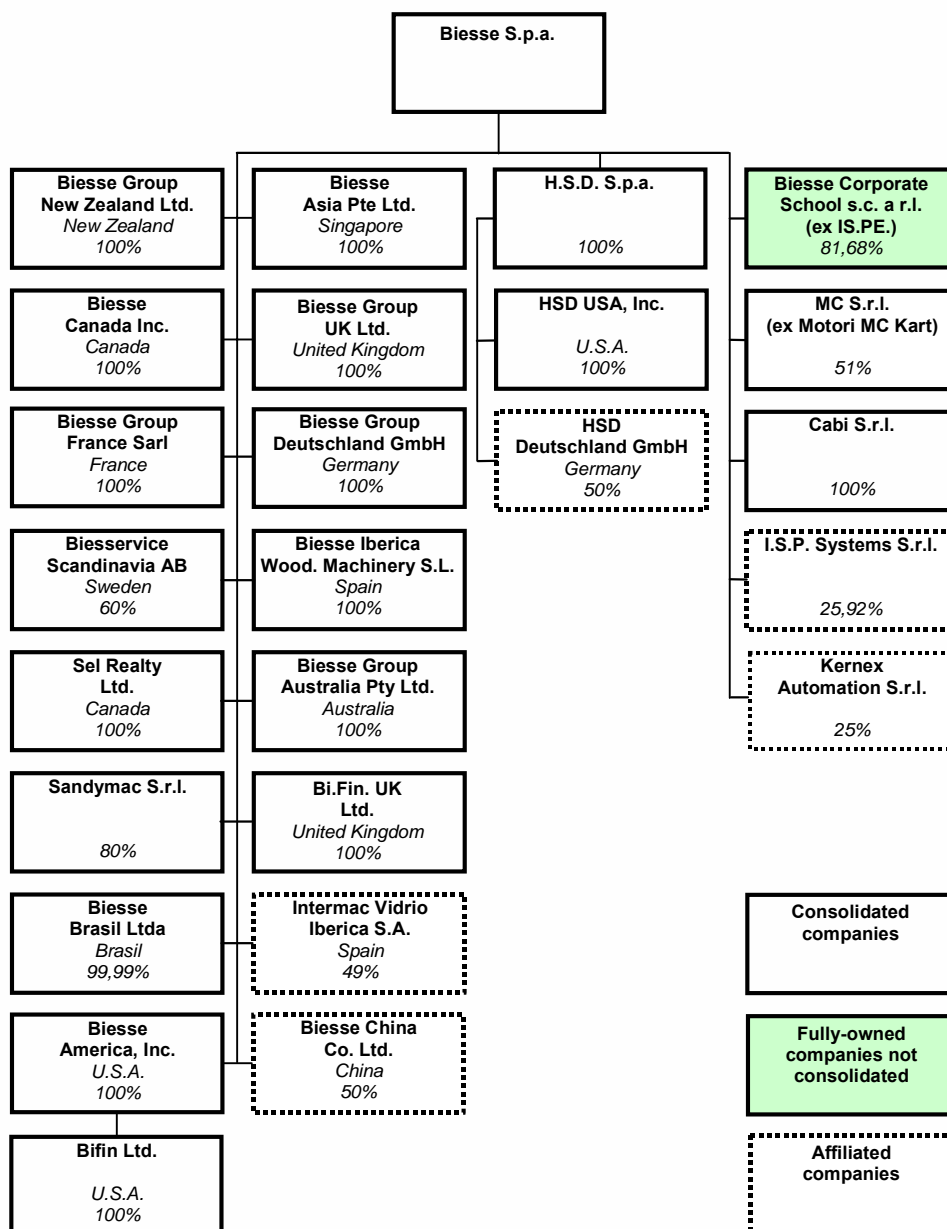
QUARTERLY REPORT AT MARCH 31ST, 2004

SUMMARY

- Group structure page 3
- Parent company corporate bodies page 5
- Highlights page 6
- Accounting statements page 8
 - Income statements of the 1st quarter year 2004
 - Net financial position at March 31st 2004
- Explanatory notes page 12
- Board of Directors' remarks page 12

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 December 31st 2004, the consolidation area has changed, because of the inclusion of the companies Sandymac S.r.l. (owned by 80%) and Cabi S.r.l. (owned by 100%), previously valued with the equity method. The former company was incorporated in September 2002 and it is involved in the design and production of sanding machines, distributed by the sales network of Biesse. The latter was acquired on July 2003 and is involved in the production of electronic and pneumatic components, used in the assembly of Biesse Group machines. Moreover in the previous quarterly report, the economic results of the Schelling Group were included. Shelling was then sold during December 2003 and longer belongs to the Biesse Group.

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 first quarter 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 quarters: 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:

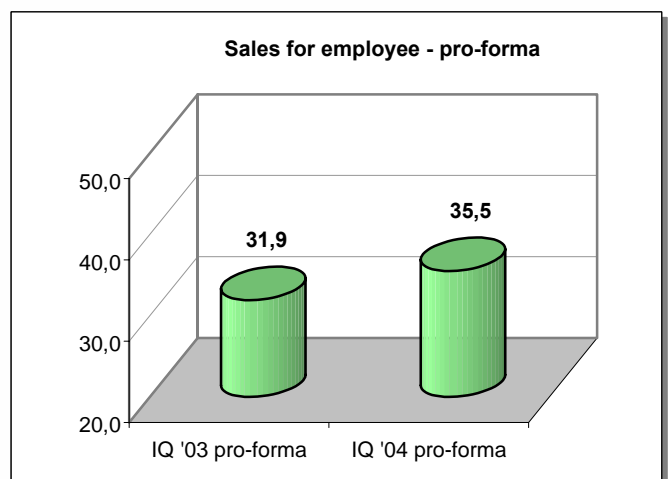
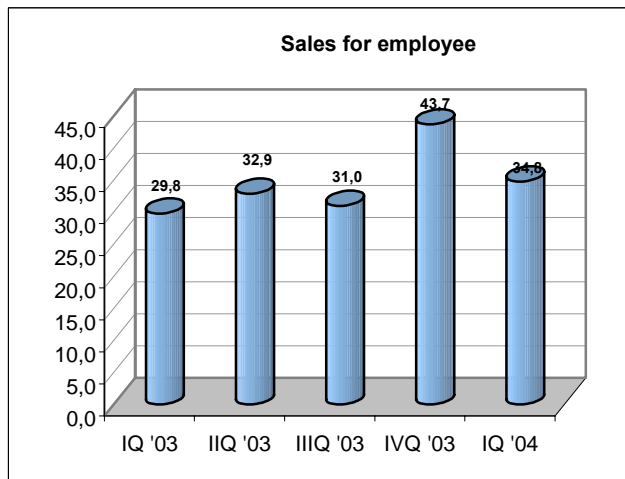
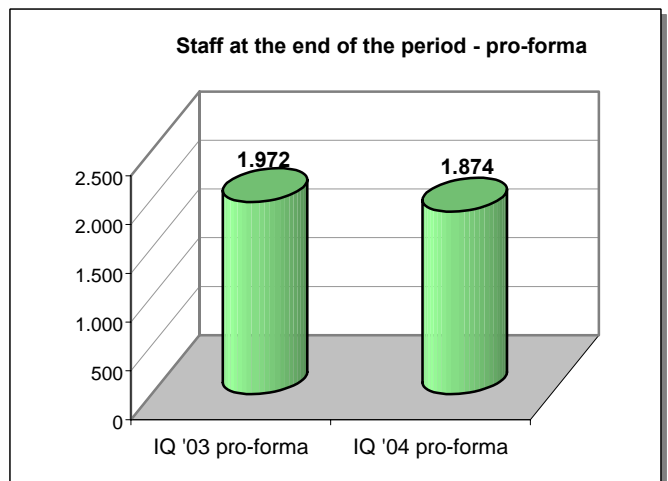
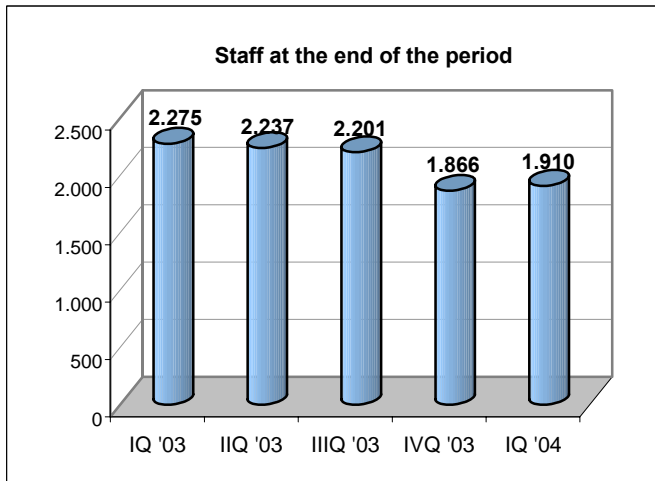
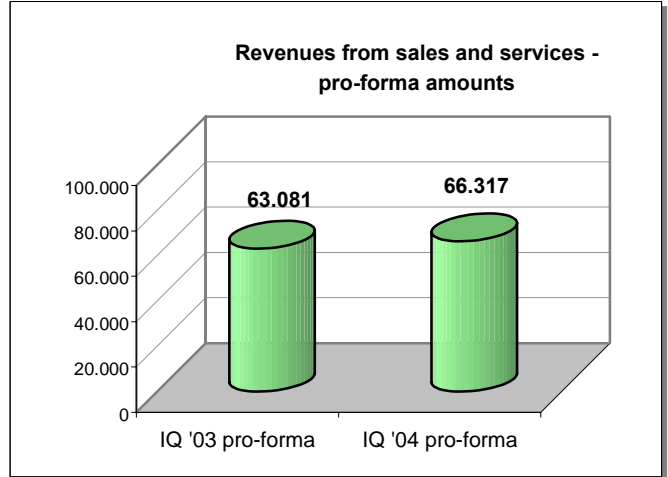
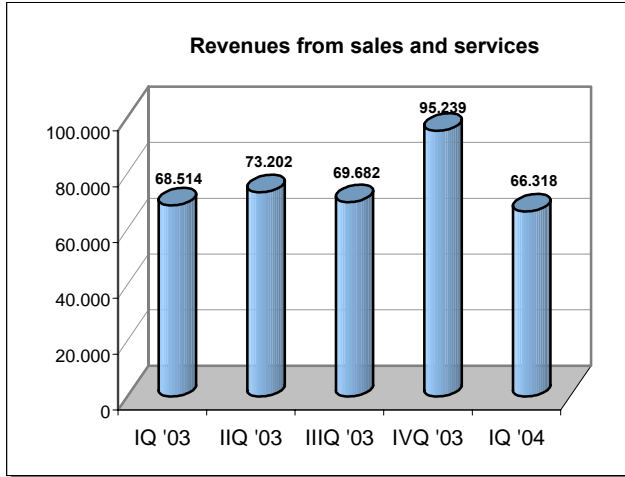
Roberto Selci	Chairman
Giancarlo Selci	Vice President
Innocenzo Cipolletta	Director *
Leone Sibani	Director *
Giampaolo Garattoni	Director *

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

The Board of Statutory Auditors currently in office is composed as follows:

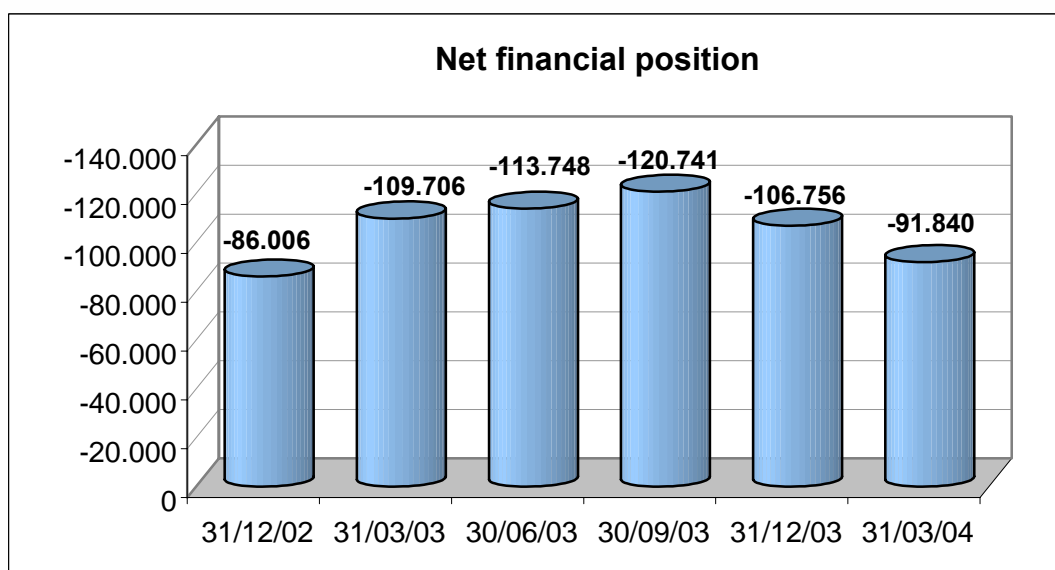
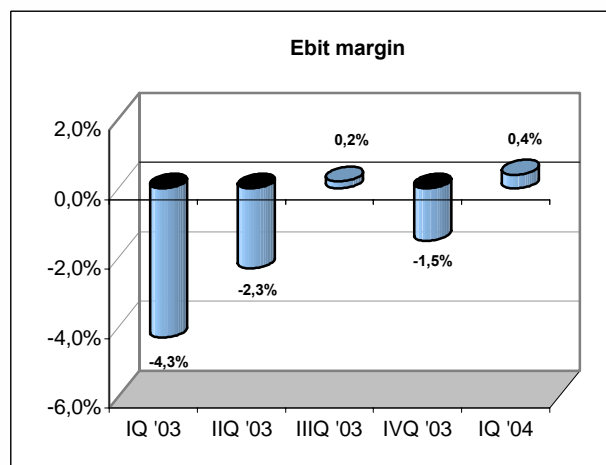
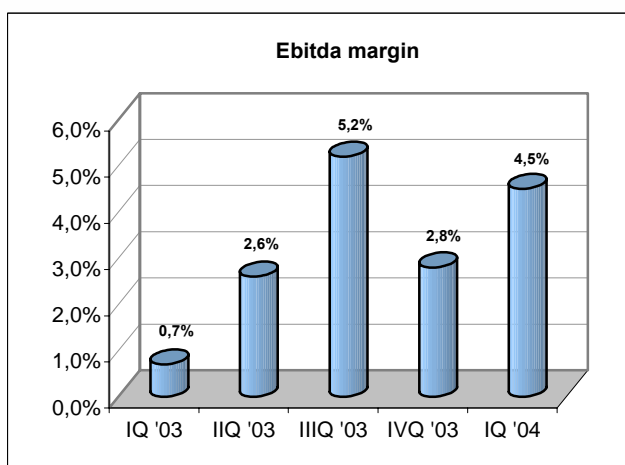
Giovanni Ciurlo	Chairman
Adriano Franzoni	Statutory Auditor
Claudio Sanchioni	Statutory Auditor

HIGHLIGHTS



STAFF	I Q '03	II Q '03	III Q '03	IV Q '03	I Q '04
Staff at the end of the period (no.)	2,275	2,237	2,201	1,866	1,910
Sales per employee (thousand of euro)	29.8	32.9	31.0	43.9	34.8

(*) The variation of the consolidation area increases the staff of the first quarter 2004 by 36 units.



ACCOUNTING STATEMENTS

First Quarter 2004 Income Statement

(thousand of euro)	I Q 2004	%	I Q 2003	%	Δ %
Revenues from sales and services	66,318	100.0%	68,514	100.0%	(3.2%)
Variation of stocks of finished products	4,602	6.9%	11,985	17.5%	(61.6%)
Other revenues and income	1,076	1.6%	1,399	2.0%	(23.1%)
Value of production	71,997	108.6%	81,898	119.5%	(12.1%)
Consumption of raw materials	(33,140)	(50.0%)	(38,874)	(56.7%)	(14.8%)
Costs for services	(12,397)	(18.7%)	(15,196)	(22.2%)	(18.4%)
Use of third party assets	(1,703)	(2.6%)	(2,049)	(3.0%)	(16.9%)
Other operating expenses	(1,138)	(1.7%)	(1,461)	(2.1%)	(22.1%)
Added value	23,619	35.6%	24,318	35.5%	(2.9%)
Personnel expenses	(20,632)	(31.1%)	(23,851)	(34.8%)	(13.5%)
Gross operating margin	2,987	4.5%	467	0.7%	---
Amortizations, depreciations and provisions	(2,605)	(3.9%)	(3,052)	(4.5%)	(14.7%)
Profit before depreciation of consolidation difference	383	0.6%	(2,585)	(3.8%)	---
Amortization of consolidation difference	(126)	(0.2%)	(366)	(0.5%)	(65.4%)
Operating result	256	0.4%	(2,951)	(4.3%)	---
Financial charges and incomes	(1,826)	(2.8%)	(1,299)	(1.9%)	40.5%
Extra-ordinary charges and incomes	9,764	14.7%	(504)	(0.7%)	---
Pre-tax result	8,195	12.4%	(4,753)	(6.9%)	---

First Quarter 2004 Income Statement – pro-forma amounts (*)

(thousand of euro)	I Q 2004	%	I Q 2003	%	Δ %
Revenues from sales and services	66,317	100.0%	63,081	100.0%	5.1%
Variation of stocks of finished products	4,541	6.8%	10,877	17.2%	(58.3%)
Other revenues and income	1,088	1.6%	1,334	2.1%	(18.4%)
Value of production	71,946	108.5%	75,292	119.4%	(4.4%)
Consumption of raw materials	(33,464)	(50.5%)	(35,487)	(56.3%)	(5.7%)
Costs for services	(12,215)	(18.4%)	(13,638)	(21.6%)	(10.4%)
Use of third party assets	(1,684)	(2.5%)	(1,867)	(3.0%)	(9.8%)
Other operating expenses	(1,132)	(1.7%)	(1,263)	(2.0%)	(10.3%)
Added value	23,452	35.4%	23,038	36.5%	1.8%
Personnel expenses	(20,363)	(30.7%)	(20,453)	(32.4%)	(0.4%)
Gross operating margin	3,089	4.7%	2,584	4.1%	19.5%
Amortizations, depreciations and provisions	(2,557)	(3.9%)	(2,791)	(4.4%)	(8.4%)
Profit before depreciation of consolidation difference	532	0.8%	(207)	(0.3%)	---
Amortization of consolidation difference	(126)	(0.2%)	(365)	(0.6%)	(65.4%)
Operating result	405	0.6%	(571)	(0.9%)	---
Financial charges and incomes	(1,820)	(2.7%)	(1,029)	(1.6%)	77.0%
Extra-ordinary charges and incomes	9,765	14.7%	(504)	(0.8%)	---
Pre-tax result	8,350	12.6%	(2,104)	(3.3%)	---

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

Net Financial Position at March 31st, 2004

<i>(thousand of Euro)</i>	March 31 2004	December 31 2003	March 31 2003	December 31 2002
Financial assets	23,312	26,870	33,441	36,218
- Liquid assets	16,981	20,504	30,057	33,189
- Short-term activities (notes)	2,488	2,530	2,566	2,489
- Biesse S.p.A. shares buy-back	3,843	3,836	818	540
Short term financial debts	(2,441)	(2,421)	2,398	(2,378)
Short term bank debts	(84,845)	(102,925)	88,689	(67,263)
Short term net financial position	(63,974)	(78,476)	(57,645)	(33,423)
Medium/long term financial debts	(19,627)	(19,865)	(30,502)	(30,716)
Medium/long term bank debts	(8,235)	(8,415)	(21,557)	(21,867)
Medium/long term net financial position	(27,862)	(28,280)	(52,059)	(52,583)
Total financial position	(91,836)	(106,756)	(109,706)	(86,006)

RATIO	March 31 2004	December 31 2003
Gearing	0.96	1.23
Equity on net fixed assets	1.12	0.92
Financial Leverage	2.40	2.80

Balance sheet figures

	March 31 2004	December 31 2003
Receivables	127,620	127,779
Stocks ⁽¹⁾	87,698	80,833
Payables	(92,879)	(87,720)
Provisions for risks	(20,608)	(21,788)
Net Working Capital	101,832	99,105
Immaterial assets	14,896	14,858
Material assets	68,022	77,141
Financial investments	2,483	2,557
Net Assets	85,401	94,556
TOTAL ASSETS	187,233	193,661
Net Financial Position	(91,836)	(106,756)
Group Equity ⁽²⁾	(95,187)	(86,658)
Minority equity	(211)	(247)
FINANCIAL SOURCES	187,233	193,661

(1) Stock value at 03/31/2003 pro-forma: euro/000 95,448.

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

Financial statement

(thousand of Euro)	I Q 2004	I Q 2003	2003
Income (loss) of the period	8,195	(4,753)	(41,268)
Amortisations	2,597	3,048	12,476
Provisions	134	369	1,625
Cash flow	10,926	(1,337)	(27,167)
Use of risk funds	(1,314)	(2,996)	(2,890)
Variation of stocks	(6,865)	(13,974)	9,774
Variation of receivables	522	15,991	18,168
Variation of payables	4,705	(18,609)	(33,390)
Variation in accruals	91	(470)	(924)
Variation of the working capital	(2,861)	(20,058)	(9,262)
Cash flow from ordinary activities	8,064	(21,395)	(36,429)
Investments	6,558	(2,825)	19,433
Variation of the equity	299	520	(3,754)
Cash flow	14,920	(23,700)	(20,750)
Initial Net Financial Position	106,756	86,006	86,006
Final Net Financial Position	91,836	109,706	106,756



EXPLANATORY NOTES

The quarterly report of the Biesse Group at March 31st 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. 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 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 year 2003 was very difficult for the world economy and particularly for the reference market of Biesse. On the contrary the first quarter 2004 starts with some encouraging signs. In particular the growth showed in the last months of 2003 by U.S.A., Japan and some countries of the Far East and of Eastern Europe are consolidating in the first quarter of



2004 and the development of the indicators published in the period give reason of optimism for the future (ISM: 62,5; industrial orders: +4,3%, in particular for equipment; unemployment rate: 5,7%; expected GDP for 2004: 4,2%, increasing from the 2003 figure, 3,1%). In Europe the long awaited domino effect comes true, in particular for consumer confidence and for the business sentiment regarding the economic situation (PMI Euro area 53,3). In contrast with this positive climate, the employment index is moving differently with respect to industry orders and retail sales.

As far as the Biesse group' reference market is concerned, Acimall (Association of category) communicated an increase by 16% of the incoming orders of the first quarter 2004, but we should keep in consideration that the first quarter of 2003 was a particularly negative situation. In this scenario the partial weakening of the Euro respect the other currencies has played an important role (-3.2% Euro/USD from December 2003), particularly for its diminished volatility. If this trend will continue for the next months, the pressure on sales prices will decrease, at least in the most relevant geographical areas of Biesse and the total sales could increase by 4-5%, thanks to the better exchange rate. The fear of relevant increases of costs of raw materials (primarily steel) is less strong, because the lowering of the expected Chinese GDP will keep prices under control.

Biesse starts the new year with an important sign of change, determined both by the better situation in the reference markets and by the implementation of company strategies in order to improve production efficiency and focus on the most profitable activities.

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 pre-tax result of the first quarter 2004 is positive for Euro 8,195 thousand, while in the first quarter 2003 it was negative for Euro 4,753



thousand. This result was achieved due to the improvement of the operating result (Ebit 2003: Euro –2,951 thousand; Ebit 2004: Euro 256 thousand) and extra-ordinary items (in particular the gain on the sale of not instrumental land by Biesse spa to its parent company Bifin Srl), equal to Euro 9,764 thousand. The operating result improves, thanks to the higher volumes and to the increased productive efficiency. As shown in the pro-forma income statement, the total sales increase by 5.1%, while the structure costs decrease (the Ebit increases by 19.5%, while the value added maintains its percentage on sales).

The total sales decrease by Euro 2,196 thousand in comparison to the first quarter 2003: this decrease is referable to exclusion of the Schelling Group by the consolidation area (Schelling sales in 2003: Euro 5,433 thousand). As already stated, referring to the pro-forma amounts, the sales increase by Euro 3,236 thousand (+5.1%).

The value of production decreases from Euro 81,898 thousand to Euro 71,997 thousand with a net decrease of Euro 9,901 thousand (Euro 3,346 thousand on the pro-forma comparison): this is due to the reduction of the stocks, achieved with the increase of the sales and with the optimisation of the timing of the production process.

The added value, equal to Euro 23,619 thousand, decrease by Euro 699 thousand, but its percentage on the sale does not change: this is a consequence of the savings made in all costs areas, that grow more than the decrease of the total sales.

The Ebit is equal to Euro 2.987 thousand, an increase with respect to the same period of the previous year (Euro 467 thousand), improving also its percentage on total sales (4.5% instead of 0.7%).



The financial incomes and charges worsens by Euro 527 thousand, due to the negative trend of the exchange rates and to the reduction of the financial incomes connected to financing operations requested by the Italian customers and related to credit facilities to the factories. On the contrary the financial charges decrease by Euro 122 thousand, as a consequence of the reduction of interest rates and of the indebtedness of the Group.

With reference to the Net Financial Position, the amount at end of March 2004 improves in comparison with December 2003 by Euro 14,920 thousand: not considering the extra-ordinary operation of sale of assets, the trend of indebtedness of the group (normally negative in the first quarter of the year) has improved, thanks to the operating activity.

With reference to the other items, the Net working Capital does not change in comparison to the end of 2003 and it reflects the normal activity of the Group, characterised by the concentration of the sales in the last quarter of the year: the production of the first months determine an increase of the payables and of the stocks, while the receivables do not change, thanks to the improvement of the credit management. With reference to the stocks, the amount increases respect the end of December 2003, but is lower by 10 million of Euro in comparison with the first quarter 2003.

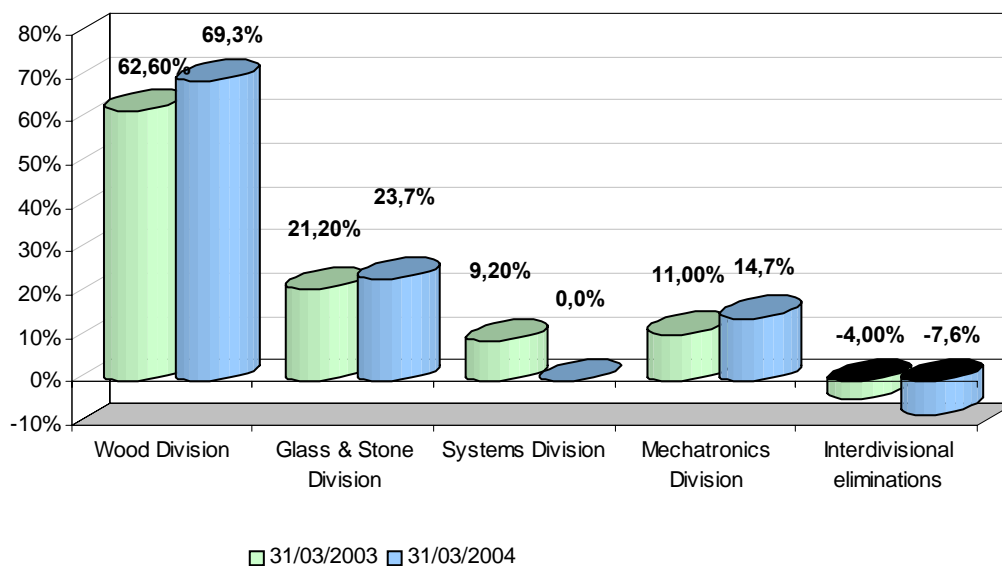
The analysis of the sales by division shows an increase of all divisions, that neutralises the decrease due to the Systems Division. The analysis by geographical area shows the relevance of the markets of the Rest of the World, that in the first part of the year are more steady than the UE and North America markets.

Revenues by division

(thousand of Euro)	I Q 2004	%	I Q 2003	%	Var. % 2003/2004
Wood Division	45,899	69.2%	42,872	62.6%	7.1%
Glass & Stone Division	15,669	23.6%	14,506	21.2%	8.0%
Systems Division	0	0.0%	6,292	9.2%	(100%)
Mechatronics Division	9,761	14.7%	7,564	11.0%	29.0%
Interdivisional eliminations	(5,010)	(7.6%)	(2,720)	(4.0%)	84.2%
Total	66,318	100.0%	68,514	100.0%	(3.2%)

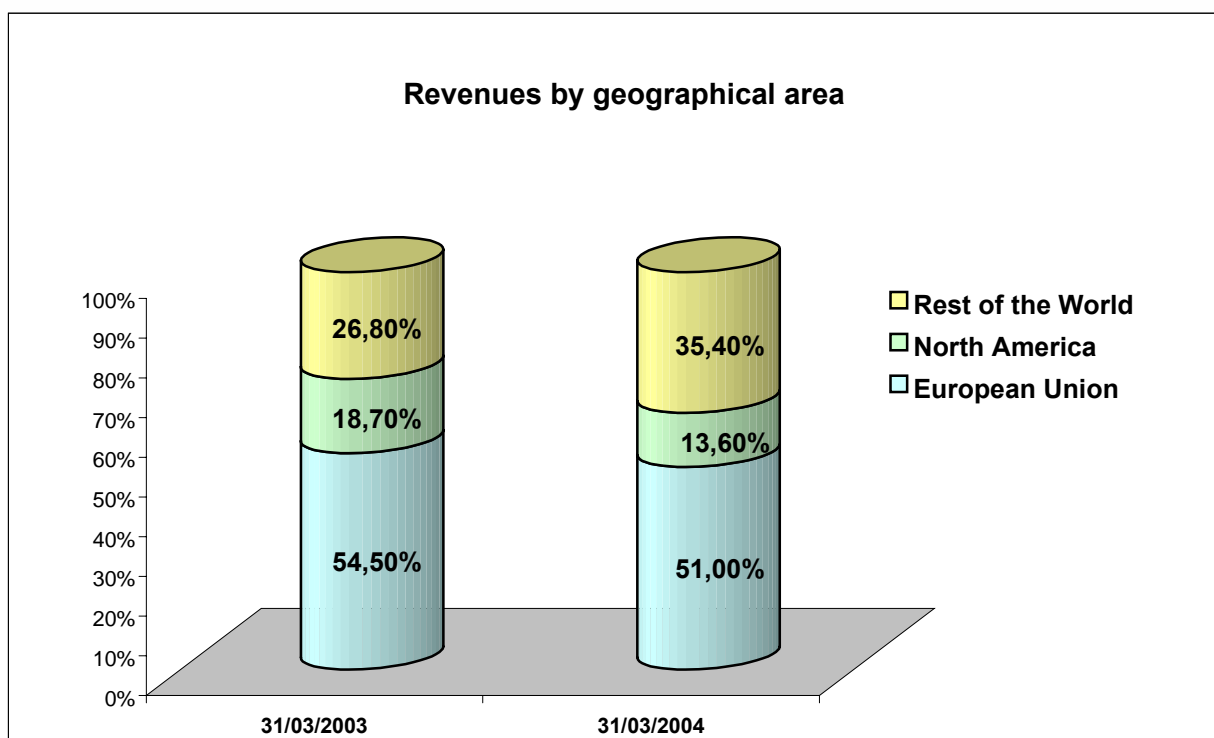
* Starting from 2004 the Systems Division is a business unit of the Wood Division.

Revenues by division



Revenues by geographical area:

<i>(thousand of Euro)</i>	I Q 2004	%	I Q 2003	%	Var. % 2003/2004
European Union	33,837	51.0%	37,316	54.5%	(9.3%)
North America	8,998	13.6%	12,804	18.7%	(29.7%)
Rest of the World	23,483	35.4%	18,394	26.8%	27.7%
Total	66,318	100.0%	68,514	100.0%	(3.2%)



Pesaro, May 14th, 2004

The Chairman
Roberto Selci