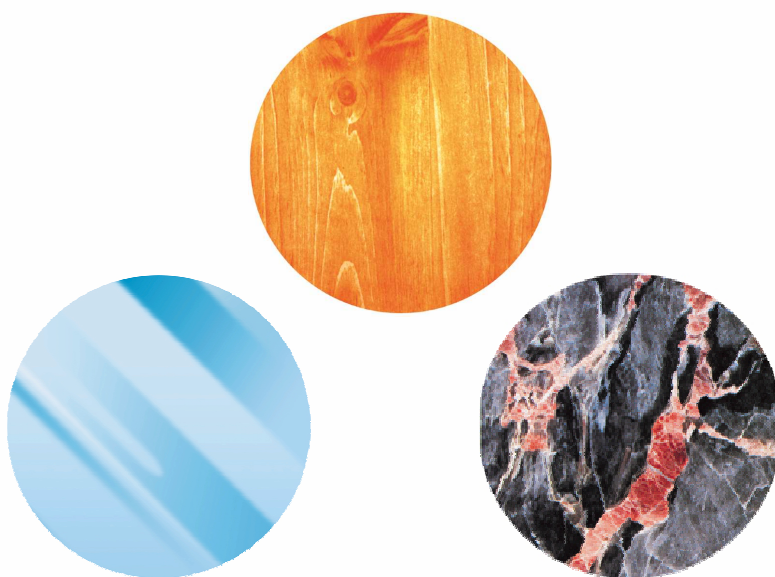




QUARTERLY REPORT  
MARCH 31<sup>ST</sup>, 2005





BIESSE S.p.A.

QUARTERLY REPORT AT MARCH 31<sup>ST</sup>, 2005

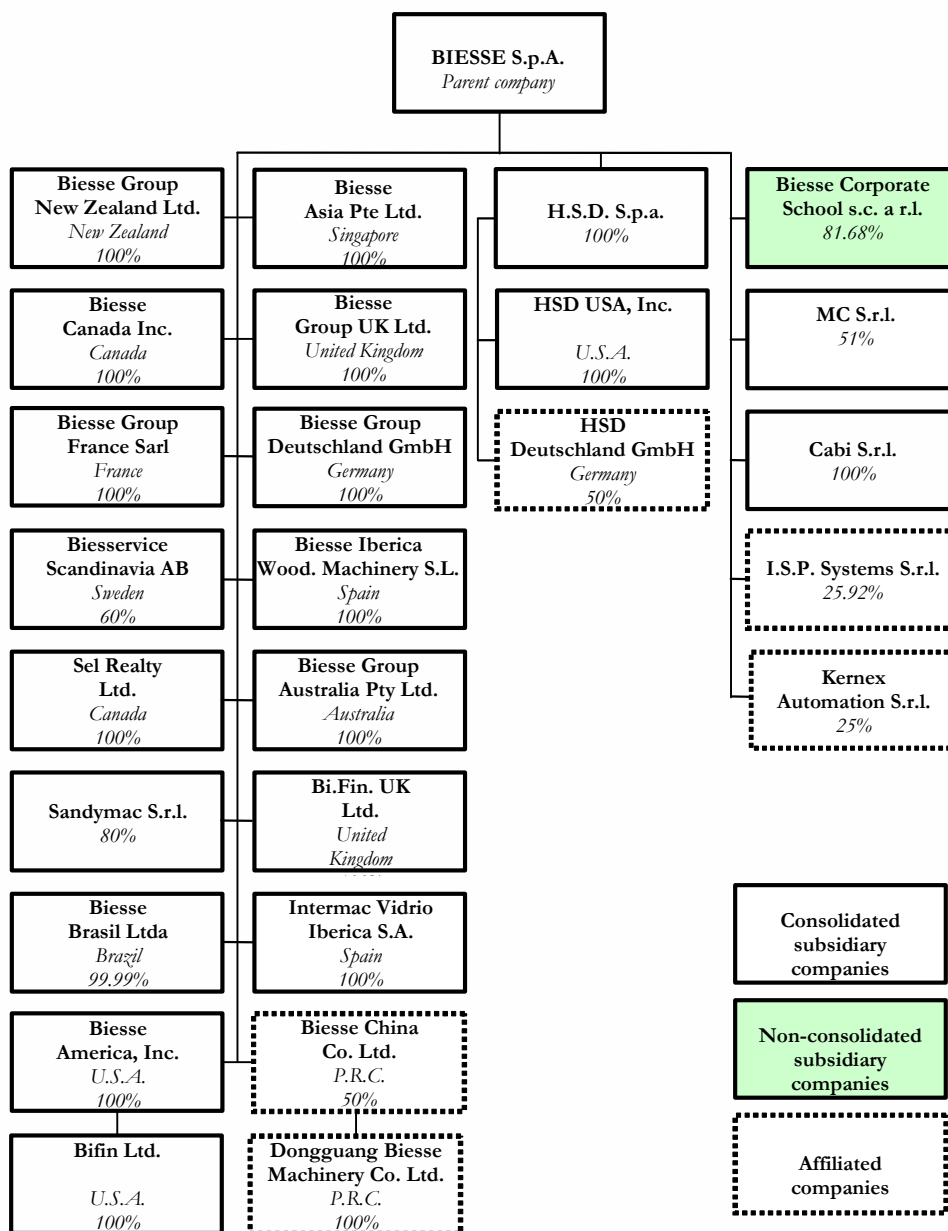
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SUMMARY

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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 December 31<sup>st</sup> 2004, the consolidation area has not changed.

The investments in the affiliated companies Biesse China Co. Ltd., ISP Systems S.r.l., Hsd Deutschland GmbH and Kernex Automation S.r.l. are valued with the equity method. The investment in the subsidiary Biesse Corporate School s.c.a r.l. is also valued with the equity method but not integrally consolidated, because of its irrelevant size.



## PARENT COMPANY CORPORATE BODIES

The Board of Directors currently in office are as follows:

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

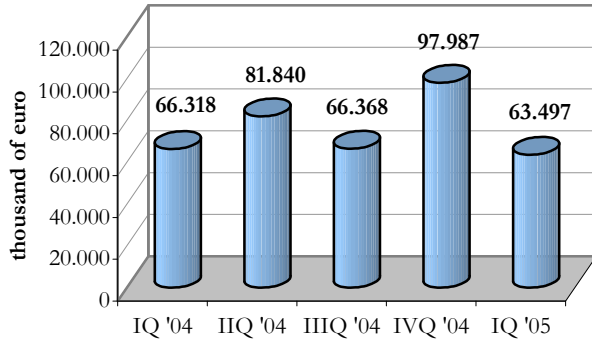
*\* Independent Director, as required under the Code of Conduct.*

The Board of Statutory Auditors currently in office are as follows:

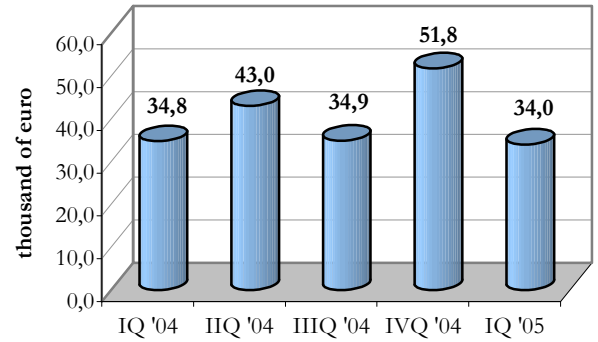
Giovanni Ciurlo	Chairman
Adriano Franzoni	Statutory Auditor
Claudio Sanchioni	Statutory Auditor

## HIGHLIGHTS

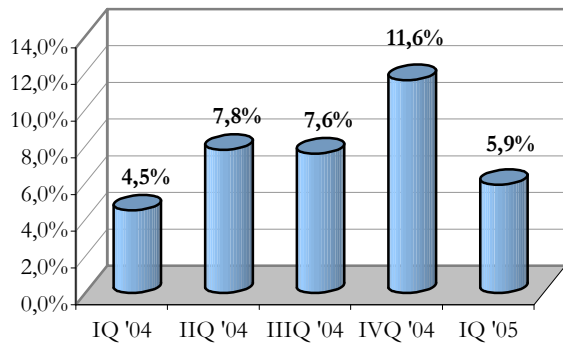
Revenues from sales and services



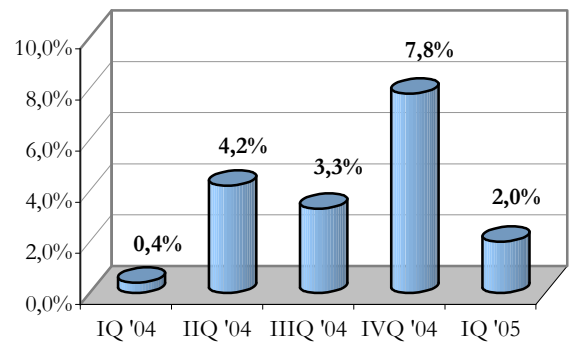
Sales for employee



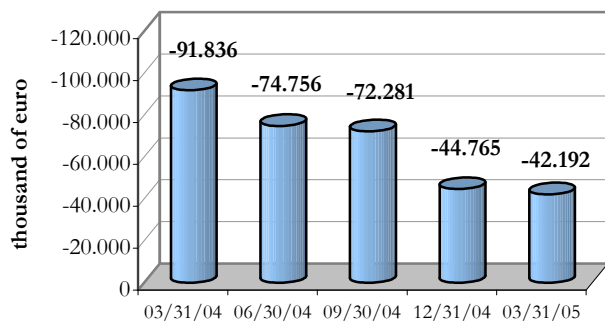
Ebitda margin



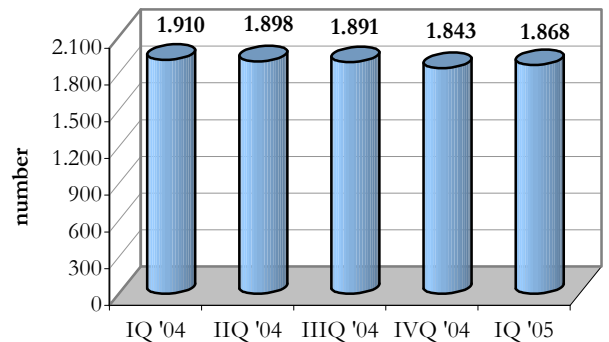
Ebit margin



Net financial position



Staff at the end of the period



## ACCOUNTING STATEMENTS

### *First Quarter 2005 Income Statement*

(thousand of Euro)	I Q 2005	%	I Q 2005	%	Δ %
<b>Revenues from sales and services</b>	<b>63,497</b>	<b>100.0%</b>	<b>66,318</b>	<b>100.0%</b>	<b>(4.3%)</b>
Change in work in progress and semi finished goods	6,673	10.5%	4,602	6.9%	45.0%
Other revenues and income	1,180	1.9%	1,076	1.6%	9.7%
<b>Value of production</b>	<b>71,350</b>	<b>112.4%</b>	<b>71,996</b>	<b>108.6%</b>	<b>(0.9%)</b>
Raw materials	(31,577)	(49.7%)	(33,140)	(50.0%)	(4.7%)
Services	(12,428)	(19.6%)	(12,397)	(18.7%)	0.3%
Leases and rentals	(1,750)	(2.8%)	(1,703)	(2.6%)	2.8%
Other operating expenses	(1,287)	(2.0%)	(1,138)	(1.7%)	13.1%
<b>Added value</b>	<b>24,308</b>	<b>38.3%</b>	<b>23,618</b>	<b>35.6%</b>	<b>2.9%</b>
Personnel expenses	(20,539)	(32.3%)	(20,632)	(31.1%)	(0.5%)
<b>Gross operating margin</b>	<b>3,769</b>	<b>5.9%</b>	<b>2,986</b>	<b>4.5%</b>	<b>26.2%</b>
Amortizations, depreciations and write-down	(2,364)	(3.7%)	(2,605)	(3.9%)	(9.3%)
<b>Profit before depreciation of consolidation difference</b>	<b>1,405</b>	<b>2.2%</b>	<b>381</b>	<b>0.6%</b>	<b>---</b>
Amortization of consolidation difference	(130)	(0.2%)	(126)	(0.2%)	3.2%
<b>Operating result</b>	<b>1,275</b>	<b>2.0%</b>	<b>255</b>	<b>0.4%</b>	<b>---</b>
Financial income and expense	(624)	(1.0%)	(1,826)	(2.8%)	---
Extra-ordinary items	45	0.1%	9,764	14.7%	---
<b>Income before tax</b>	<b>696</b>	<b>1.1%</b>	<b>8,193</b>	<b>12.4%</b>	<b>---</b>

### Net Financial Position at March 31<sup>st</sup>, 2005

(thousand of Euro)	March 31 2005	December 31 2004	June 30 2004	March 31 2004
Financial assets	22,796	21,929	20,272	23,312
- <i>Liquid assets</i>	21,434	20,567	16,339	16,981
- <i>Short-term activities (notes)</i>	0	0	0	2,488
- <i>Biesse S.p.A. shares buy-back</i>	1,362	1,362	3,933	3,843
- <i>Short term financing credits due by parent company</i>	(2,043)	(2,027)	(3,257)	(2,441)
Short term financial debts	(26,544)	(36,142)	(65,194)	(84,845)
Short term bank debts	22,796	21,929	20,272	23,312
<b>Short term net financial position</b>	<b>(5,791)</b>	<b>(16,240)</b>	<b>(49,979)</b>	<b>(63,974)</b>
Medium/long term financial debts	(14,231)	(15,111)	(18,700)	(19,627)
Medium/long term bank debts	(22,170)	(13,414)	(6,077)	(8,235)
<b>Medium/long term net financial position</b>	<b>(36,401)</b>	<b>(28,525)</b>	<b>(24,777)</b>	<b>(27,862)</b>
<b>Total financial position</b>	<b>(42,192)</b>	<b>(44,765)</b>	<b>(74,756)</b>	<b>(91,836)</b>

RATIO	March 31 2005	December 31 2004
Gearing	0.47	0.50
Equity on net fixed assets	1.23	1.19
Financial Leverage	2.09	2.16



### Balance sheet figures

	March 31 2005	December 31 2004
Trade receivables	79,753	91,599
Other receivables	18,573	18,957
Stocks	83,678	74,473
Trade payables	(80,828)	(81,056)
Other payables	(19,968)	(22,890)
Provisions for risks	(22,357)	(21,806)
<b>Net Deferred Capital</b>	<b>58,851</b>	<b>59,277</b>
Intangible assets	13,676	14,225
Tangible assets	57,590	58,295
Financial assets	2,176	1,989
<b>Net Assets</b>	<b>73,442</b>	<b>74,509</b>
<b>TOTAL ASSETS</b>	<b>132,293</b>	<b>133,786</b>
Net Financial Position	(42,192)	(44,765)
Group Equity <sup>(1)</sup>	(89,873)	(88,788)
Minority equity	(228)	(233)
<b>FINANCIAL SOURCES</b>	<b>132,293</b>	<b>133,786</b>

(1) The first quarter 2005 amount does not include the taxes. The December 2004 amount is net of the tax provisions.

### Financial statement

(thousand of Euro)	I Q 2005	I Q 2004	2004
Income (loss) of the period	695	8,195	4,860
Amortizations	2,342	2,597	10,750
Provisions	1,054	1,049	5,091
Extraordinary items	0	(10,323)	(10,539)
<b>Cash flow</b>	<b>4,091</b>	<b>1,518</b>	<b>10,163</b>
Use of risk funds	(420)	(2,215)	(4,194)
Variation of stocks	(9,205)	(6,865)	6,408
Variation of receivables	13,061	507	17,734
Variation of payables	(3,903)	4,705	12,862
Variation in accruals	(162)	91	481
<b>Variation of the working capital</b>	<b>(629)</b>	<b>(3,777)</b>	<b>33,291</b>
<b>Cash flow from ordinary activities</b>	<b>3,462</b>	<b>(2,259)</b>	<b>43,454</b>
Investments	(1,293)	17,373	21,611
Dividends	0	0	(2,465)
Variation of the equity	405	(193)	(610)
<b>Cash flow</b>	<b>2,574</b>	<b>14,921</b>	<b>61,990</b>
<b>Initial Net Financial Position</b>	<b>44,766</b>	<b>106,756</b>	<b>106,756</b>
<b>Final Net Financial Position</b>	<b>42,192</b>	<b>91,835</b>	<b>44,766</b>



## EXPLANATORY NOTES

The quarterly report of the Biesse Group at March 31<sup>st</sup> 2005 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>, 2004, to which reference is made. 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 prepared by the subsidiary companies with reference to March 31<sup>st</sup> 2005, adjusted as necessary to comply with the Group's accounting principles;
- the Income Statement is presented excluding tax;
- estimated figures of a significant amount are not presented.

## BOARD OF DIRECTORS' REMARKS

The first quarter 2005 is closed with a light decrease of volume, accompanied by an improvement in profitability. The production is substantially stable in comparison with the previous year, while the margins (Added value, Ebitda, Ebit) are increasing.

With reference to the markets, the 2004 trend of increasing the market share in the emerging areas is confirmed (East Europe, Far East, Oceania Continent). The European market is still weak, as is the North-American area, where the performance is affected by the exchange rate.

The analysis by Division shows a good result for the Wood Division (+3.3% respect the first quarter 2004), the confirmation of the past figures for the Mechatronics Division (comparing figures after deducting the interdivisional transactions), and the regression of Glass & Marble Division (-26.6%), - although these figures are counterbalanced by a good trend of incoming orders, that will strongly correct the performance in the second semester.

According to the sector analysis, in the first part of the year the woodworking machinery market, main business of the Group, was negatively affected by the uncertainty of the general situation, as underlined by the figures of the incoming orders, both decreasing as respect to first quarter 2004 (-11.6%, -19.6% Italy, -8.5% foreign markets), and fourth quarter 2004 (-11,4%, -8.9% Italy, -14% foreign markets). Like in the past, Biesse over-perform these indexes, because of its positioning in the high technology level of the market and because of the capillarity of the distribution system.

Total sales are equal to Euro 63,497 thousand, a 4.3% decrease in comparison with the same period of 2004. The analysis by Division and geographical area are better represented in the charts below.

The value of production decreased from Euro 71,996 thousand to Euro 71,350 thousand, a 0.9% decrease in comparison with the previous year. The decrease in turnover is partly counterbalanced by the increase in stock, necessary to satisfy the demand traditionally concentrated in the following months.

The added value is equal to Euro 24,308 thousand, increasing by Euro 690 thousand in comparison with the same period of 2004 (+2.9%); the result has been achieved because of the decrease of sales discounts and the deflating of costs, due to the more effective action on purchases and to the outsourcing agreements for some production activities.

In order to ease the comprehension of the figures, the chart below indicates the costs percentages on the value of production.

(thousand of Euro)	I Q 2005	%	I Q 2004	%	Δ %
<b>Value of production</b>	<b>71.350</b>	<b>100,0%</b>	<b>71.996</b>	<b>100,0%</b>	<b>(0,9%)</b>
Raw materials	(31.577)	(44,3%)	(33.140)	(46,0%)	(4,7%)
Services	(12.428)	(17,4%)	(12.397)	(17,2%)	0,3%
Leases and rentals	(1.750)	(2,5%)	(1.703)	(2,4%)	2,8%
Other operating expenses	(1.287)	(1,8%)	(1.138)	(1,6%)	13,1%
<b>Added value</b>	<b>24.308</b>	<b>34,1%</b>	<b>23.618</b>	<b>32,8%</b>	<b>2,9%</b>



The Gross Operating Margin increased from Euro 2,986 thousand to Euro 3,769 thousand. The percentage on sales was 5.9%, while in the previous year it was 4.5%. The personnel expenses decreased from Euro 20,632 thousand to Euro 20,539 thousand, where the expected increase of staff cost has been compensated by the staff reductions made in 2004.

Amortization and depreciation expenses are decreasing from Euro 2,605 thousand to Euro 2,364 thousand (with the percentage on sales of 3.7%), as a result of the reduction of the assets amortisations and the decrease of the provision for warranties on sales.

The Operating Result is positive Euro 1,275 thousand (percentage on sales of 2.0%), an increase of Euro 1,020 thousand with respect to the previous year.

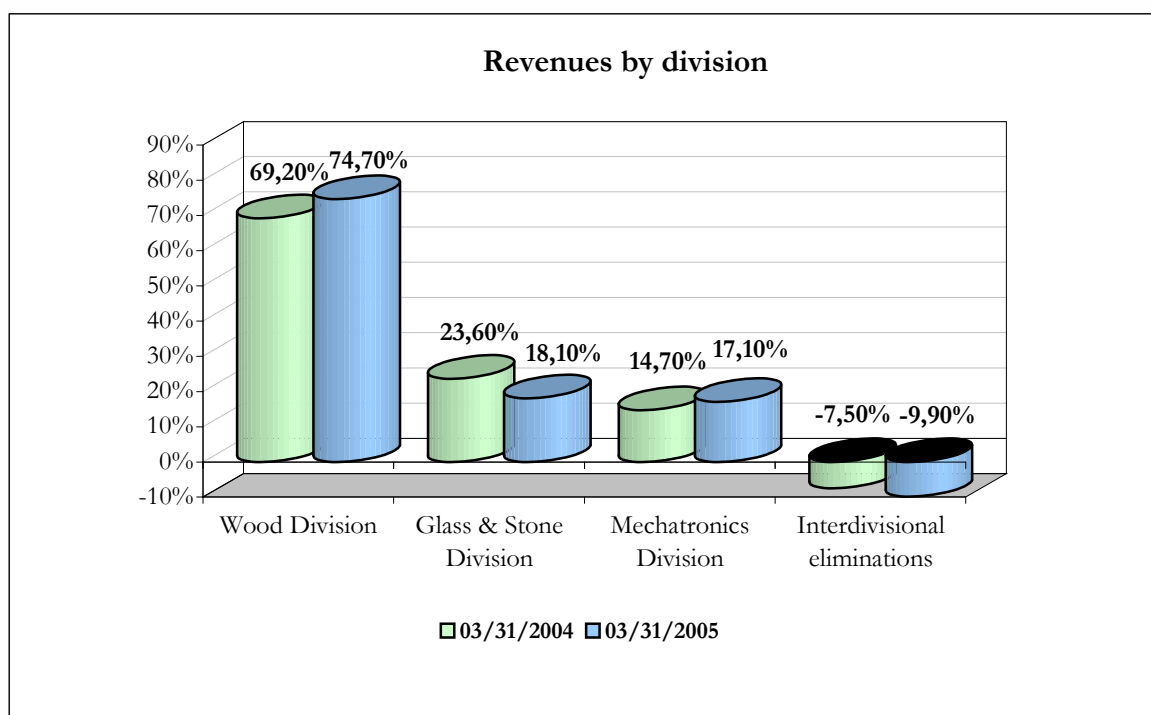
The balance of financial income and expense is negative Euro 624 thousand: the strong reduction of interest expense is to be noted (Euro 659 thousand, while in the previous year it was Euro 1,099 thousand), declining due to the improving Net Financial Position; the exchange rate management is positive by Euro 36 thousand, while in the previous year it was negative by Euro 766 thousand.

The income before tax is positive for Euro 696 thousand, but the comparison with the previous year is not easy, because in 2004 the result, positive for Euro 8,193 thousand, was affected by extra-ordinary income for Euro 9,764 thousand, due to the gain on sale of real estate to the parent company Bi.Fin. S.r.l.

Finally, the Net Financial Position improved with respect to December 2004, due to the improving of the operating management.

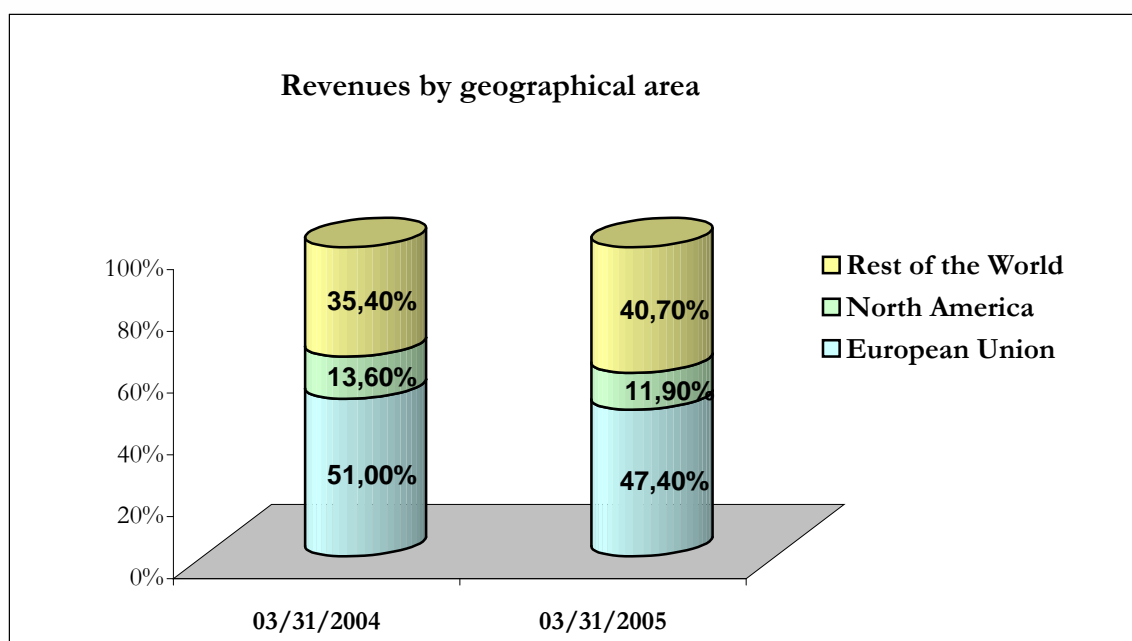
### Revenues by division

(thousand of Euro)	I Q 2005	%	I Q 2005	%	Δ % 2004/2005
Wood Division	47,418	74.7%	45,899	69.2%	3.3%
Glass & Stone Division	11,496	18.1%	15,669	23.6%	(26.6%)
Mechatronics Division	10,899	17.1%	9,760	14.7%	11.7%
Interdivisional eliminations	(6,316)	(9.9%)	(5,010)	(7.5%)	26.1%
<b>Total</b>	<b>63,497</b>	<b>100.0%</b>	<b>66,318</b>	<b>100.0%</b>	<b>(4.3%)</b>



### Revenues by geographical area

(thousand of Euro)	I Q 2005	%	I Q 2004	%	Δ % 2004/2005
European Union	30,113	47.4%	33,837	51.0%	(11.0%)
North America	7,550	11.9%	8,998	13.6%	(16.1%)
Rest of the World	25,834	40.7%	23,483	35.4%	10.0%
<b>Total</b>	<b>63,497</b>	<b>100.0%</b>	<b>66,318</b>	<b>100.0%</b>	<b>(4.3%)</b>



Pesaro, May 12<sup>nd</sup> 2005

Chairman of the Board of Directors  
**Roberto Selci**