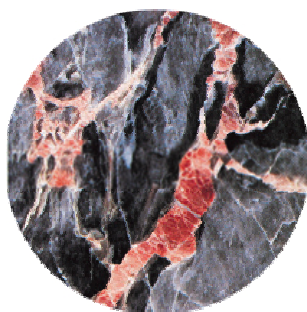
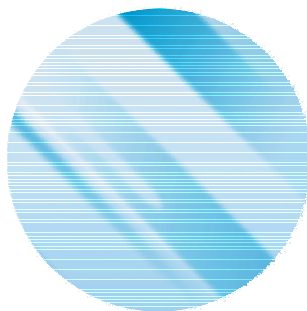




QUARTERLY REPORT
DECEMBER 31st, 2003





BIESSE S.p.A.

QUARTERLY REPORT AT DECEMBER 31, 2003

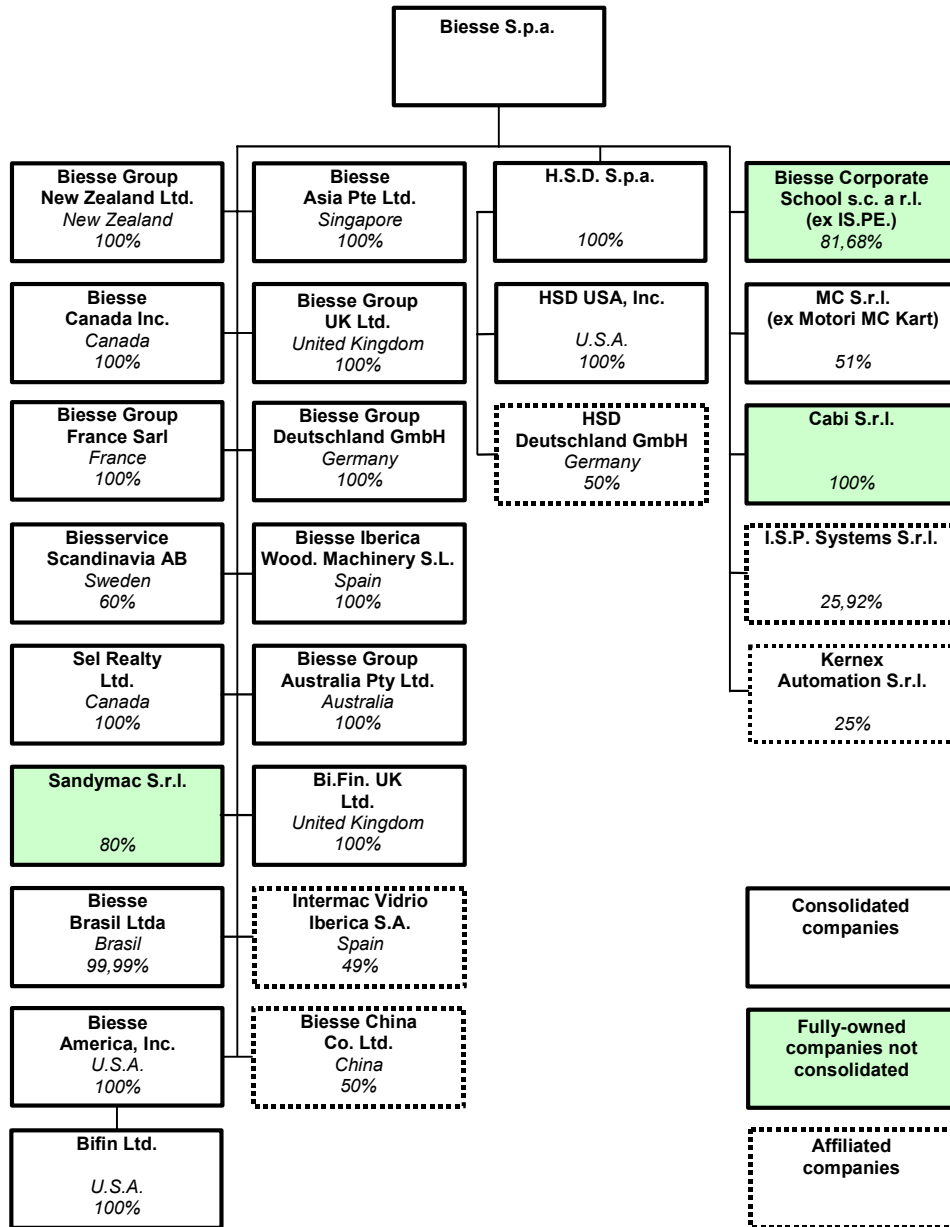
SUMMARY

- Group structure	page 3
- Parent company corporate bodies	page 4
- Highlights	page 5
- Accounting statements	page 7
Income statements of the 4 th quarter year 2003	
Income statements at December 31 st 2003	
Net financial position at December 31 st 2003	
- Explanatory notes	page 9
- Board of Directors' remarks	page 10
Annexes	
- Reclassified accounting statements	page 15
Reclassified income statements of the 4 th quarter year 2003	
Reclassified income statements at December 31 st 2003	



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 September 30th 2003, the consolidation area has changed: on December 23rd, 2003 the Austrian company Schelling Anlagenbau GmbH was sold and on December 12th, 2003 the remaining 20% of HSD S.p.a., now totally owned by Biesse S.p.A., was purchased. The Schelling Group results have been consolidated for eleven months.

The investments in affiliated 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 using the equity method. As far as the investments in Biesse Corporate School s.c.a. r.l., Sandymac S.r.l. 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

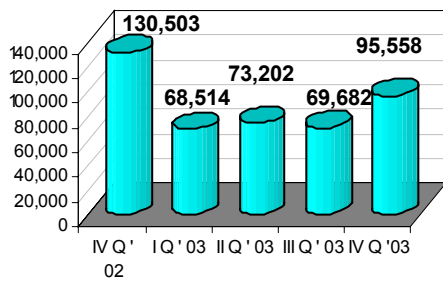
The Board of Statutory Auditors currently in office is composed as follows:

Giovanni Ciurlo	Chairman
Adriano Franzoni	Statutory Auditor
Claudio Sanchioni	Statutory Auditor

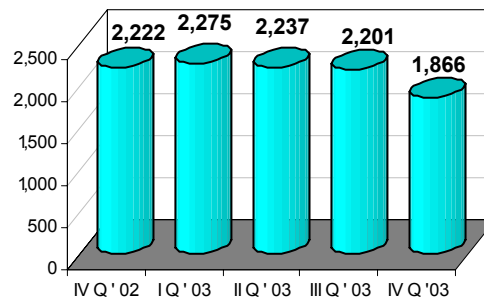


HIGHLIGHTS

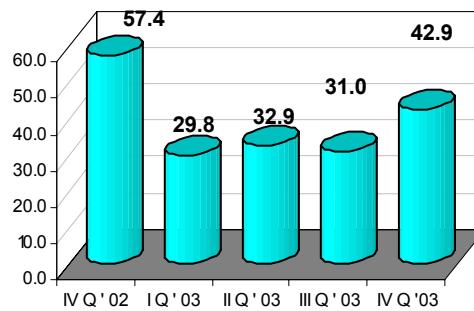
Revenues from sales and services



Staff at the end of the period



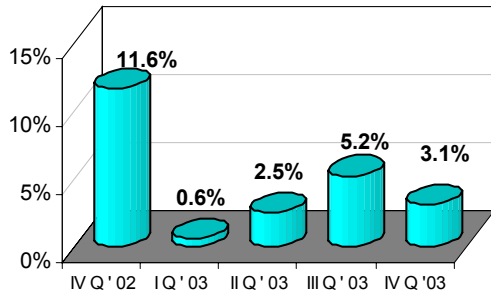
Sales for employee



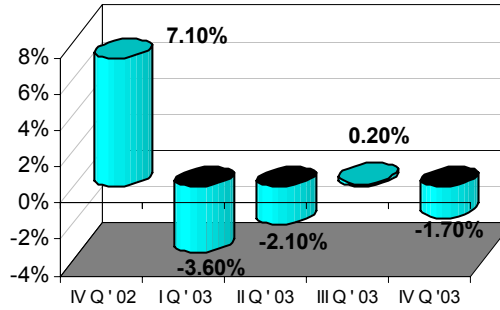
<u>STAFF</u>	IV Q ' 02	I Q ' 03	II Q ' 03	III Q ' 03	IV Q ' 03
Staff at the end of the period (no.)	2,222	2,275	2,237	2,201	1,866
Sales for employee (<i>thousands of euro</i>)	57,4	29,8	32,9	31,0	42,9



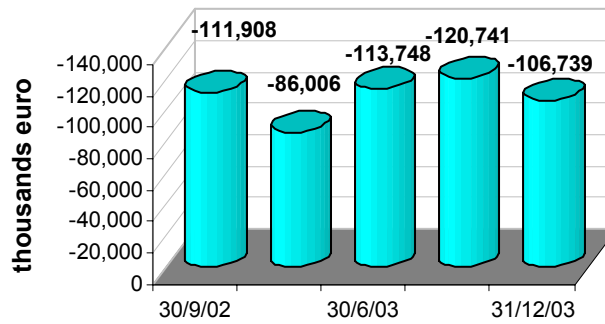
Ebitda margin



Ebit margin



Net financial position





ACCOUNTING STATEMENTS

4th QUARTER 2003 INCOME STATEMENTS

<i>Thousands Euros</i>	December 31, 2003	%	December 31, 2002	%
Revenues from sales and services	95,558	112.1%	130,503	120.0 %
Variation of stocks of finished products	(11,570)	(13.6%)	(24,652)	(22.7%)
Increase in asset value for internal work	15	0.0%	19	0.0%
Other revenues and income	1,238	1.5%	2,906	2.7%
Value of production	85,242	100.0%	108,776	100.0%
Costs for raw materials	(35,043)	(41.1%)	(43,375)	(39.9%)
Costs for services	(16,673)	(19.6%)	(21,757)	(20.0%)
Use of third party assets	(1,920)	(2.3%)	(2,072)	(1.9%)
Personnel expenses	(24,402)	(28.6%)	(28,270)	(26.0%)
Amortizations and depreciations	(3,930)	(4.6%)	(4,367)	(4.0%)
Variation of stocks of materials and parts	(3,077)	(3.6%)	1,374	1.3%
Provisions for risks	(137)	(0.2%)	(465)	(0.4%)
Other operating expenses	(1,505)	(1.8%)	(2,098)	(1.9%)
Costs of production	(86,687)	(101.7%)	(101,029)	(92.9%)
Operating result	(1,445)	(1.7%)	7,747	7.1%



INCOME STATEMENTS AT DECEMBER 31st, 2003

<i>Thousands Euros</i>	December 31, 2003	%	December 31, 2002	%
Revenues from sales and services	306,956	97.5%	370,733	101.8%
Variation of stocks of finished products	2,685	0.9%	(13,508)	(3.7%)
Increase in asset value for internal work	74	0.0%	90	0.0%
Other revenues and incomes	5,080	1.6%	6,699	1.8%
Value of production	314,794	100.0%	364,015	100.0%
Costs for raw materials	(138,318)	(43.9%)	(157,093)	(43.2%)
Costs for services	(61,214)	(19.4%)	(69,235)	(19.0%)
Use of third party assets	(8,356)	(2.7%)	(8,562)	(2.4%)
Personnel expenses	(91,597)	(29.1%)	(97,973)	(26.9%)
Amortizations and depreciations	(14,270)	(4.5%)	(13,726)	(3.8%)
Variation of stocks of materials and parts	(1,375)	(0.4%)	(2,715)	(0.7%)
Provisions for risks	(268)	(0.1%)	(520)	(0.1%)
Other operating expenses	(5,322)	(1.7%)	(6,180)	(1.7%)
Costs of production	(320,719)	(101.9%)	(356,002)	(97.8%)
Operating result	(5,925)	(1.9%)	8,013	2.2%



NET FINANCIAL POSITION AT DECEMBER 31st 2003

<i>Thousands Euros</i>	December 31, 2003	September 30, 2003	June 30, 2003	December 31, 2002
Financial assets	26,768	29,514	19,510	36,218
- <i>Liquid assets</i>	20,401	25,883	15,880	33,189
- <i>Short-term activities (notes)</i>	2,531	2,530	2,488	2,489
- <i>Biesse S.p.A. shares buy-back</i>	3,836	1,101	1,142	540
Short term financial debts	(2,318)	(2,474)	(2,470)	(2,378)
Short term bank debts	(103,056)	(104,782)	(86,428)	(67,263)
Short term net financial position	(78,606)	(77,742)	(69,389)	(33,423)
Medium/long term financial debts	(19,852)	(29,219)	(29,490)	(30,716)
Medium/long term bank debts	(8,281)	(13,780)	(14,870)	(21,867)
Medium/long term net financial position	(28,133)	(42,999)	(44,360)	(52,583)
Total financial position	(106,739)	(120,741)	(113,748)	(86,006)

EXPLANATORY NOTES

The quarterly report of the Biesse Group at December 31st 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 December 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.

BOARD OF DIRECTORS' REMARKS

After the first six months of the year, which were characterised by uncertainty, and on the wave of one of the worst periods for the world economy, the situation changed starting from the third quarter of 2003, when there was a slight recover of most of the markets.

The principal engine of the economy is still the USA, and partially Japan with other Far East economies: the USA gross product of the fourth quarter increased by 4%, while in the previous quarter it had increased by 8.2%. The same scenario is confirmed also by the consumers confidence, which amounted to 92,6 points in December 2003, rising to 103.8 points in January 2004 (the same figure of the end of 2000, period of high expansion).

In the Euro market, according to the Monthly Bulletin of the ECB, the last figures about production and confidence are in line with the recovery of the activities. GDP recovered in the third quarter 2003 due to the positive growth of exports, caused by rising international demand. Given the last economic figures the recovery should have continued in the fourth quarter, even if the December results suggest to be more careful about the future perspective of the European continent. In any case, internal demand should rise, as already happened in America and Asia.

But it has to be remarked that the recent movements of the exchange rate, with reference to the speed and the weight of the appreciation of the euro against the dollar, still negatively affect the competitiveness of the prices of the European companies. The strength of the euro should also affect future growth, not yet consolidated, even if supported by the increases of the confidence indexes.

On the other hand, the strengthening of the euro should help stabilise the inflation rate under 2% in the mid term, determining a lower incidence of costs of raw materials and allowing the reduction of indebtedness cost and the use of monetary leverage to increase consumption, in particular of material assets.

On the side of the demand, private consumption was stagnate in the third quarter, while in the fourth quarter the indicators are not clear. The conditions of the labour market are still critical, but the estimates regarding the number of unemployment at the end of 2003 are slightly lower.

The Italian economy, after the decline of the first part of the year, due to the negative contribution of the exports and of the demand of material assets, it is characterised by a reversal of trend starting from the third quarter, which showed a growth of the GDP by 0.5%.

Therefore the confidence of companies and consumers is rising: the new cycle of expansion should be strengthen by the good recovery of internal consumption.

The situation of the reference market of the Group, woodworking machinery and systems, is still difficult, even if the figures about incoming orders of the last quarter



of 2003 give some encouraging signal. Overall decrease has slowed down and during the period October–December 2003 there was a total worsening of 11.6% in comparison with the same period the previous year.

The decrease of incoming orders from foreign customers was of 6.3% while the contraction of the domestic incoming orders was of 26.5%.

With reference to Biesse Group, the fourth quarter 2003 was marked by an important strategic decision: the sale of ownership of the company Schelling Anlagenbau GmbH. This decision was made because of the low perspectives of return to profitability in the short/middle period of the Austrian company. The operation has two effects: on one side, the indebtedness of Biesse Group decreases by euro 12,7 million, because the debts of the company have been transferred to the purchasers; on the other side, the structural costs will be reduced, because of the reduction of the staff (288 units, amounting to euro 14 million).

It is also important to note that an agreement was stipulated which enables the Group to use some industrial patents of Schelling for ten years, thereby allowing the Group to carry on the business of large equipments and systems through its team and brand “ Biesse Engineering” . Finally, a non-competition agreement was not signed, thereby permitting Biesse to still address the “ big clients” segment, already existing or acquired through the Shelling Group.

The group performance of the fourth quarter (and of the full year) is particularly affected by the stagnation of the reference market, which determined a relevant decrease of the volumes. This is worsened by the bad result of the Schelling Group, which contributed negatively to the operating result for **euro 7.2 million**, highly over the expectations.

Besides, for prudential purpose, the Group deemed proper to make relevant provisions for obsolescence of materials and for doubtful accounts, **for euro 2,2 million**.

Taking into account the fact that Schelling has been consolidated for the first eleven months of the year, the fourth quarter turnover decreased by 26.78% in comparison with same period of the previous year (from € 130.503 million to € 95.558 million); the full year turnover decreases by 17.2%, from € 370.733 million to 306.958 million.

The value of production of the fourth quarter is equal to € 85.242 million, in decrease of 21.64% in comparison to the same period of the previous year, while the full year figure amounts to € 314.794 million in decrease of 13.52%.

The incidence of the costs for raw materials and services on the value of production does not reflect the previous trend, mainly because of the higher depreciations of the period, and because of the effect of the Schelling Group (which incidence increases in the last quarter from 41.8% to 45.9%, giving an absolute worsening of one million of euro).



The added value decreases its incidence on the value of production, both on the quarter and on the full year; the fourth quarter amount is € 27.024 million, with the incidence reducing from 37.6% to 31.7%, while the full year amount is € 100.210 million (in comparison to € 120.229 million of the previous year), with the incidence decreasing from 33.0% to 31.8%.

The gross operating margin of the fourth quarter is equal to € 2.621 million, with an incidence of 3,1% on the value of production, while in the same period of the previous year it was € 12.579 million (11.6% on the value of production); on the yearly basis, it is equal to € 8.613 million (2.7% on the value of production), in comparison to € 22.256 million of the previous year (6.1% on the value of production).

The operating result of the fourth quarter is negative for € 1,445 thousand, while it was positive for € 7,747 thousand in the fourth quarter 2002; on the yearly basis, it is negative for € 5,925 thousand, while in the previous period it was positive for € 8,013 thousand.

Net financial indebtedness improves of euro 14 million in comparison with the previous quarter, while the confrontation with the previous year is negative for euro 20,7 million. This is due to extra-ordinary events, such as the prosecution of the payments related to past acquisitions, investments in fixed assets and R&D for euro 8 million, while the ordinary activities consumed liquid assets, due to the negative economic situation.

In the chart below, it is described the result of the consolidation of the Schelling Group on the Biesse Group results.

<i>(thousand of euro)</i>	December 31, ' 03	December 31, ' 03 Schelling	December 31, ' 03 without Schelling
Value of production	314,794	31,362	283,103
Gross operating margin	8,613	(5,570)	14,183
<i>% on value of production</i>	2.74%	(17.76%)	5.01%
Operating result	(5,925)	(7,196)	1,271*
<i>% on value of production</i>	(1.88%)	(22.94%)	0.45%

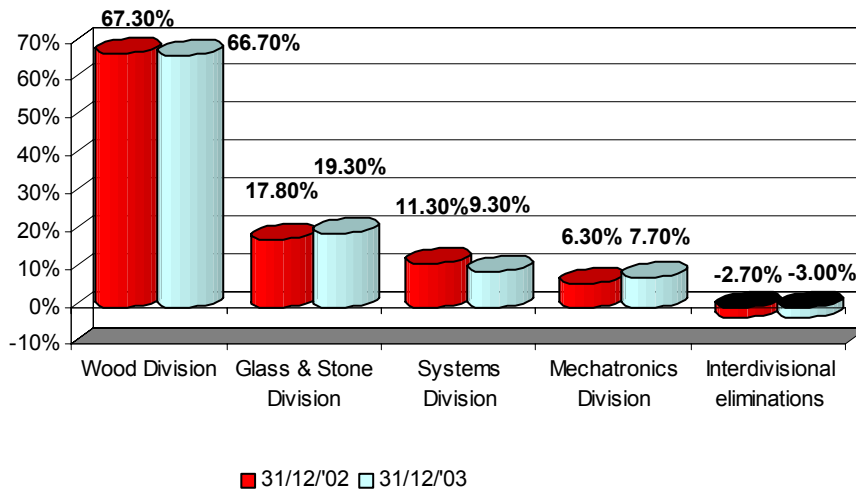
*after provisions for € 2.2 million



Revenues by division:

<i>Thousands Euros</i>	December 31, 2003	In %	December 31, 2002	In%	Var. %
Wood Division	204,644	66.7%	249,360	67.3%	(17.9%)
Glass & Stone Division	59,128	19.3%	66,095	17.8%	(10.5%)
Systems Division	28,606	9.3%	41,909	11.3%	(31.7%)
Mechatronics Division	23,781	7.7%	23,386	6.3%	1.7%
Interdivisional eliminations	(9,203)	(3.0%)	(10,016)	(2.7%)	(8.1%)
Total	306,956	100.0%	370,733	100.0%	(17.2%)

Revenues by division

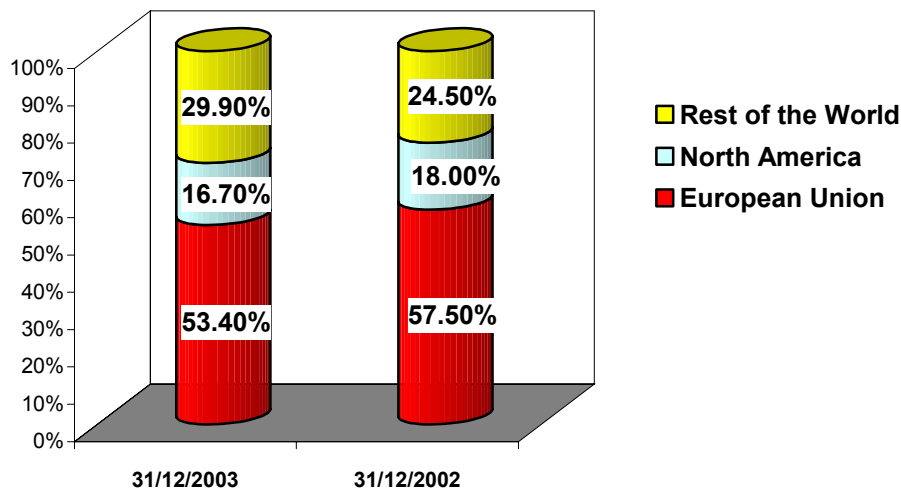




Revenues by geographical area:

<i>Thousand euro</i>	December 31, 2003	In %	December 31, 2002	In %	Var. %
European Union	163,896	53.4%	213,255	57.5%	(23.1%)
North America	51,384	16.7%	66,841	18.0%	(23.1%)
Rest of the World	91,676	29.9%	90,637	24.5%	1.1%
Total	306,956	100.0%	370,733	100.0%	(17.2%)

Revenues by geographical area



The analysis of the sales by geographical area shows the good performance of the ROW, in particular with reference to the East Europe and to China, which increase their weight in consideration of the stagnation of the advanced economies.

Pesaro, February 11th, 2004

*Chairman of the Board of Directors
Roberto Selci*



ANNEXE

RECLASSIFIED ACCOUNTING STATEMENTS

4th QUARTER 2003 INCOME STATEMENTS

<i>Thousands Euros</i>	December 31, 2003	%	December 31, 2002	%
Revenues from sales and services	95,558	112.5%	130,503	120.0%
Variation of stocks of finished products	(11,570)	(13.6%)	(24,652)	(22.7%)
Other revenues and income	1,254	1.5%	2,925	2.7%
Value of production	85,242	100.0%	108,776	100.0%
Consumption of raw materials	(38,120)	(44.7%)	(42,001)	(38.6%)
Costs for services	(16,673)	(19.6%)	(21,757)	(20.0%)
Use of third party assets	(1,920)	(2.3%)	(2,072)	(1.9%)
Other operating expenses	(1,505)	(1.8%)	(2,098)	(1.9%)
Added value	27,024	31.7%	40,849	37.6%
Personnel expenses	(24,402)	(28.6%)	(28,270)	(26.0%)
Gross operating margin	2,621	3.1%	12,579	11.6%
Amortizations, depreciations and provisions	(3,787)	(4.4%)	(4,461)	(4.1%)
Profit before depreciation of consolidation difference	(1,165)	(1.4%)	8,117	7.5%
Amortization of consolidation difference	(280)	(0.3%)	(371)	(0.3%)
Operating result	(1,445)	(1.7%)	7,747	7.1%



INCOME STATEMENTS AT DECEMBER 31st, 2003

<i>Thousands Euros</i>	December 31, 2003	%	December 31, 2002	%
Revenues from sales and services	306,956	97.5%	370,773	101.8%
Variation of stocks of finished products	2,685	0.9%	(13,487)	(3.7%)
Other revenues and income	5,154	1.6%	6,789	1.9%
Value of production	314,794	100.0%	364,015	100.0%
Consumption of raw materials	(139,693)	(44.4%)	(159,808)	(43.9%)
Costs for services	(61,214)	(19.4%)	(69,235)	(19.0%)
Use of third party assets	(8,356)	(2.7%)	(8,562)	(2.4%)
Other operating expenses	(5,322)	(1.7%)	(6,180)	(1.7%)
Added value	100,210	31.8%	120,229	33.0%
Personnel expenses	(91,597)	(29.1%)	(97,973)	(26.9%)
Gross operating margin	8,613	2.7%	22,256	6.1%
Amortizations, depreciations and provisions	(13,163)	(4.2%)	(12,787)	(3.5%)
Profit before depreciation of consolidation difference	(4,550)	(1.4%)	9,469	2.6%
Amortization of consolidation difference	(1,374)	(0.4%)	(1,456)	(0.4%)
Operating result	(5,925)	(1.9%)	8,013	2.2%