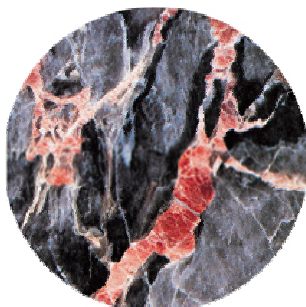
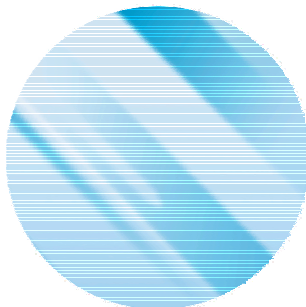




**QUARTERLY REPORT
JUNE 30TH, 2003**





BIESSE S.p.A.

QUARTERLY REPORT AT JUNE 30, 2003

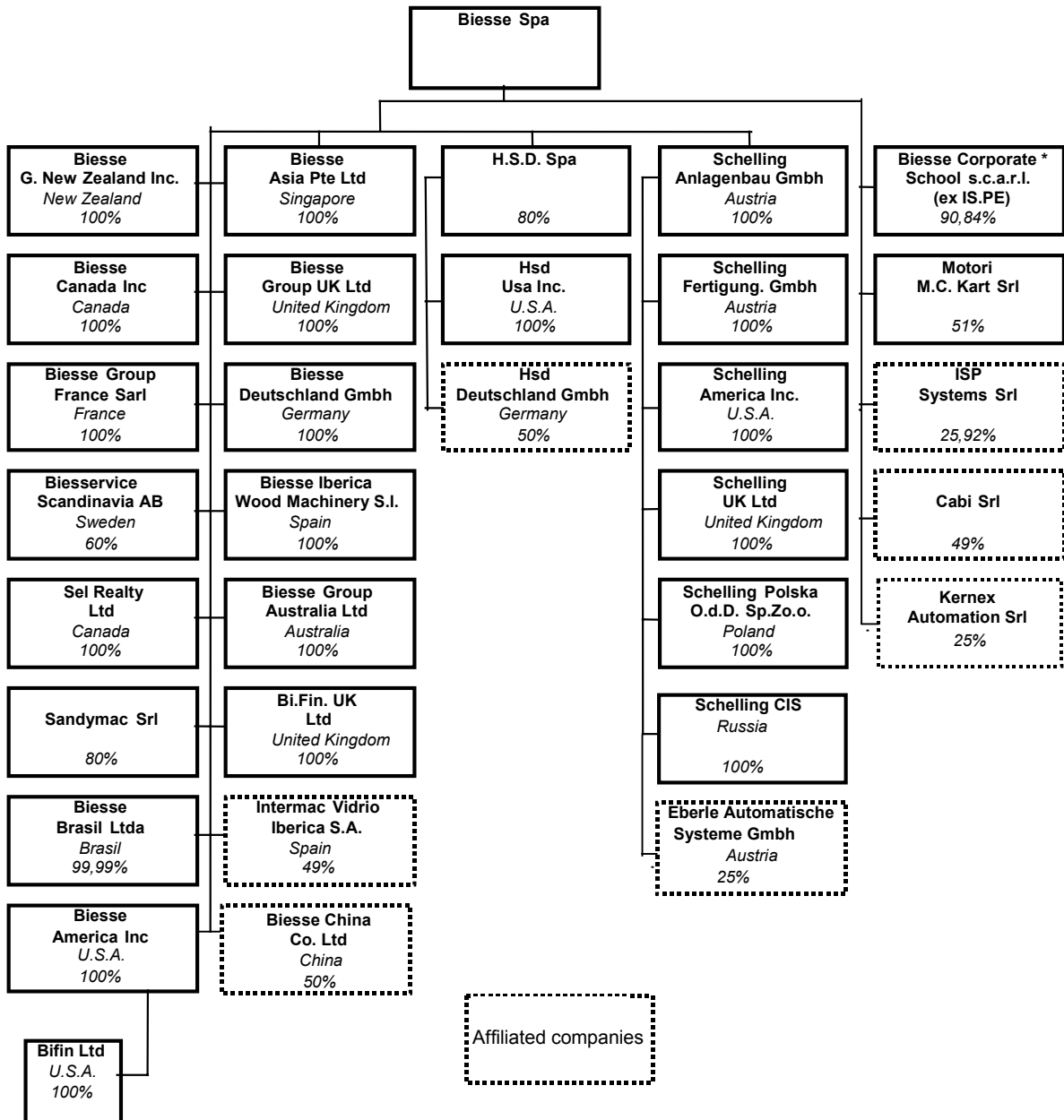
SUMMARY

- Group structure	page 3
- Parent company corporate bodies	page 4
- Accounting statements	page 5
Income statements of the 2 nd quarter year 2003	
Income statements at June 30 th 2003	
Net financial position at June 30 th 2003	
- Explanatory notes	page 7
- Directors' comments	page 7
 Annexes	
- Reclassified accounting statements	page 12
Reclassified income statements of the 2 nd quarter year 2003	
Reclassified income statements at June 30 th 2003	



GROUP STRUCTURE

The following companies are part of Biesse Group.



* The share investment of 90,84% is owned directly 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 of the consolidation area.

The Group composition is changed because of the incorporation of Biesse China Company Ltd and the investment in Kernex Automation Srl. The first company is a joint venture between Biesse S.p.A. and an important local transactor and it will take care of the sale and post-sale services of the Biesse products on the Chinese market. The second company was a supplier of the Group and its business is the creation of software for machinery for fixtures production. These investments were valued at cost because of the recent incorporation/acquisition.

As far as the investments in Biesse Corporate School s.c.a.r.l., Sandymac S.r.l., Schelling CIS, they 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 to confirm the corporate bodies of the parent company Biesse S.p.A. for the 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 years 2003-2006 currently in office is composed as follows:

Giovanni Ciurlo	Chairman
Adriano Franzoni	Statutory Auditor
Claudio Sanchioni	Statutory Auditor



ACCOUNTING STATEMENTS

2nd QUARTER 2003 INCOME STATEMENTS

<i>Thousands Euros</i>	June 30, 2003	%	June 30, 2002	%
Revenues from sales and services	73,202	93.5%	90,570	97.0%
Variation of stocks of finished products	3,575	4.6%	1,057	1.1%
Increase in asset value for internal work	21	0.0%	32	0.0%
Other revenues and income	1,501	1.9%	1,738	1.9%
Value of production	78,299	100.0%	93,397	100.0%
Costs for raw materials	(34,128)	(43.6%)	(42,624)	(45.6%)
Costs for services	(16,479)	(21.1%)	(17,253)	(18.5%)
Use of third party assets	(2,233)	(2.9%)	(2,224)	(2.4%)
Personnel expenses	(23,209)	(29.6%)	(24,546)	(26.3%)
Amortizations and depreciations	(3,534)	(4.5%)	(2,720)	(2.9%)
Variation of stocks of materials and parts	908	1.2%	1,348	1.4%
Provisions for risks	(40)	(0.1%)	(113)	(0.1%)
Other operating expenses	(1,239)	(1.6%)	(1,249)	(1.3%)
Costs of production	(79,920)	(102.1%)	(89,381)	(95.7%)
Operating result	(1,653)	(2.1%)	4,016	4.3%



INCOME STATEMENTS AT JUNE 30TH, 2003

<i>Thousands Euros</i>	June 30, 2003	%	June 30, 2002	%
Revenues from sales and services	141,716	88.5%	161,114	92.1%
Variation of stocks of finished products	15,559	9.7%	10,813	6.2%
Increase in asset value for internal work	45	0.0%	47	0.0%
Other revenues and income	2,876	1.8%	2,953	1.7%
Value of production	160,197	100.0%	174,927	100.0%
Costs for raw materials	(74,568)	(46.6%)	(82,053)	(46.9%)
Costs for services	(31,675)	(19.8%)	(33,050)	(18.9%)
Use of third party assets	(4,282)	(2.7%)	(4,330)	(2.5%)
Personnel expenses	(47,060)	(29.4%)	(48,435)	(27.7%)
Amortizations and depreciations	(6,873)	(4.3%)	(5,725)	(3.3%)
Variation of stocks of materials and parts	2,474	1.5%	161	0.1%
Provisions for risks	(118)	(0.1%)	(117)	(0.1%)
Other operating expenses	(2,699)	(1.7%)	(2,818)	(1.6%)
Costs of production	(164,769)	(102.9%)	(176,368)	(100.8%)
Operating result	(4,603)	(2.9%)	(1,441)	(0.8%)



NET FINANCIAL POSITION AT JUNE 30TH 2003

<i>Thousands Euros</i>	June 30, 2003	March 31, 2003	December 31, 2002	June 30, 2002
Liquid assets	19,510	33,441	36,218	27,349
Short term financial debts	(2,432)	(2,398)	(2,378)	(1,438)
Short term bank debts	(86,128)	(88,689)	(67,263)	(93,954)
Short term net financial position	(69,050)	(57,645)	(33,424)	(68,044)
Medium/long term financial debts	(29,490)	(30,502)	(30,716)	(13,933)
Medium/long term bank debts	(14,870)	(21,557)	(21,867)	(21,865)
Medium/long term net financial position	(44,360)	(52,059)	(52,582)	(35,798)
Total financial position	(113,410)	(109,706)	(86,006)	(103,842)

EXPLANATORY NOTES

The quarterly report of the Biesse Group at June 30th 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 June 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 world-wide macroeconomic scenario is still characterized from uncertainty, despite the end of two of the main elements that had negatively affected the first part of the year, such as the conclusion of the Iraq war and of the Sars emergency. The international context remains however uncertain because of the residual tensions of geopolitical character and the risk of new terroristic attacks.

As a consequence the economic operators are cautious, feeding conflicting signals of conjuncture, despite good reasons for the economic recovery, as the decrease of the oil price, the low inflation rate, the expansive macroeconomic politics of the main economies and the most realistic levels of the stock markets.



In such situation it is reasonable to expect that the economic recovery will be more possible in 2004 and however it will be tied to the ability of the United States to exit from the actual situation of stagnation, rather than to the perspectives of the European continent or Japan.

As far as the United States, the economy has not still succeeded in evidencing a sustainable growth. Positive signals are not missing, in particular on the level of the expectations expressed through the indexes of the consumers confidence; however signals of uncertainty are evident, as the contraction of the orders to the industry, the decline of the occupational perspectives and the expectation of deflation.

The Japanese economy is still affected from the phase of international stagnation. The exports continue to grow but they are contrasted by the increase of the importations and the reduction of the commercial surplus with the United States. On the inside front difficulties prevail, as signalled by the contraction of all the main economic indicators. Some hope of recovery could be tied up to the fact that the index of the prices to consumers seems to have slowed down its decrease.

The situation of the European economy is very critical: the economic activity is in stall and the inflation rate slows down more quickly than forecasted, strengthening the fears of a deflationary spiral. The recent appreciation of the Euro has reduced the competitiveness of the prices of the products. In the second quarter the most greater contribution to the growth of the GNP has come from the side of the consumers, rather than from the investments and the exports. Nevertheless some signal of recovery can be seen: the objective of inflation pursued by the BCE is very near, while all the confidence indexes have lightly increased during the month of June. Another signal of relative stabilization can be read in the unchanged rate of unemployment.

The forecasts for Italy follow those of the European area. Economic activity has maintained on low levels in the first semester 2003. A slight acceleration of the growth should come beginning from summer months, together with the auspicious world recovery and the general confidence climate. For this year the growth rate of the economy should be the 0,8%, due to the weakness of the export, determined particularly by the Germany crisis, our main trade partner, and to the high appreciation of the Euro.

As far as the reference market is concerned, machinery and systems for wood glass and stone, the quarter has been affected by the difficult economic situation. Concerning the woodworking machineries business, the data of Acimall (Association of category) for the second quarter of 2003 show a decrease in the incoming orders of 15,5% in comparison to the same period of the previous year. The general decrease is due to the reduction of the orders coming from foreign customers (-11,4%), but above all to the contraction of the domestic market (-23%), caused by the end of the tax benefits of the Tremonti law.

The above trend has also influenced the results of the Biesse Group, that has suffered the biggest contraction in the wood division, as underlined by the segment analysis of the revenues.

In this difficult phase of the markets, the Group is concentrating on internal rationalization, both from project and production side (bringing to a reduction in the incidence of the cost of production and to a boost in the activity of development of new products), and on the front of the structure of fixed costs (characterized by a general reduction); despite this, the reduction of the volumes of production and sale has brought to a worsening of the results.



It has to be remarked the growth of the sales in the rest of the world area, and particularly in east Europe and in Far East, that partially compensated the before mentioned contraction on the European and North American traditional reference markets. This result has been achieved thanks to the strategy of a greater coverage of the markets undertaken by the Group in the last years, pursued through the direct control of the final dealers.

In order to invest in the higher growth markets, it has been concluded a joint-venture for the incorporation of Biesse China Company Ltd: such company, located in the southeast of China, will produce and sell low-price machinery for the wood; it will initially exploit the Chinese market, then it will expand its activity to the other Asian markets. In such way it will be possible to take advantage of one of the markets with greater potential of growth, increasing volumes and margins, and maintaining the competitiveness of the general costs.

Second quarter 2003 revenues amounts to € 73.202 million, in decrease of 19.2% in comparison to the same period of previous year. In the first six months revenues amount to € 141.716 million, in decrease of 12%.

Value of production of second quarter 2003 amounts to € 78.299 million in decrease of 16.2% compared with the same period of the previous year; in the first six months value of production amount to € 160.197, in decrease of 8.4%. It is important to point out the reduction of the incidence of the raw materials on the value of production, due to the activity of standardization and unification of the components used to assemble the machineries. This activity will also bring benefits to all the company processes, from the materials supply to the post-sale services.

Added value of second quarter amounts to € 25.129 million in decrease of 20.0% in comparison with the same period of the previous year; in the first six months it amounts to € 49.447 million in decrease of 6.4%.

Gross operating margin of the second quarter is equal to € 1.920 million in decrease of 72% compared with the same period of the previous year; in the first six months gross operating margin amounts to € 2.387 million, in decrease of 45.8%.

Operating result of second quarter is negative for € 1.653 million, while in the same period of the previous period it was positive for € 4.016 million. In the first six months operating result is negative for € 4.603 million, while in the same period of the previous year it was negative for € 1.441 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 second and third quarter, and improve at the end of the year due to the higher sales.

Referring to the total absorption of liquidity, about € 9 million are due to extraordinary operations and particularly to the activity of investment in fixed assets and to the prosecution of the payments related to past acquisitions.



Revenues by division (Thousands Euro):

	2nd quarter 2003	2nd quarter 2002	June 30, 2003	June 30, 2002
Wood Division	47.227	59.995	90.413	110.662
Glass & Stone Division	13.970	16.302	28.247	28.043
Systems Division	8.090	9.940	14.308	15.519
Mechatronics Division	6.007	6.239	13.571	12.325
Interdivisional eliminations	(2.092)	(1.906)	(4.824)	(5.435)
Total	73.202	90.659	141.716	161.114

Revenues by division (%):

	2nd quarter 2003	2nd quarter 2002	June 30, 2003	June 30, 2002
Wood Division	64,5%	66,2%	63,8%	68,7%
Glass & Stone Division	19,1%	18,0%	19,9%	17,4%
Systems Division	11,1%	11,0%	10,1%	9,6%
Mechatronics Division	8,2%	6,9%	9,6%	7,6%
Interdivisional eliminations	(2,9%)	(2,1%)	(3,4%)	(3,3%)
Total	100,0%	100,0%	100,0%	100,0%

The distribution of the sales underlines the decrease of the wood and systems divisions, whose figures lower of 21,3% and of 18,7% respectively. The glass & stone and mechatronics divisions are in line with previous year results.



Revenues by geographical area (Thousands Euro):

	2 nd quarter 2003	2 nd quarter 2002	June 30, 2003	June 30, 2002
European Union	39.761	56.725	76.076	99.705
North America	10.267	16.724	22.577	27.951
Rest of the World	23.174	17.210	43.063	33.459
Total	73.202	90.659	141.716	161.114

Revenues by geographical area (%):

	2 nd quarter 2003	2 nd quarter 2002	June 30, 2003	June 30, 2002
European Union	54,3%	62,6%	53,7%	61,9%
North America	14,0%	18,4%	15,9%	17,3%
Rest of the World	31,7%	19,0%	30,4%	20,8%
Total	100,0%	100,0%	100,0%	100,0%

The analysis of the sales by geographical area shows the lowering of the traditional markets (UE and North America, in decrease in the second quarter of 30% and 28,6% respectively, in comparison to the same period of previous year), while the rest of the world increases of 34,7%.

Despite the lasting deceleration on its own reference markets, the Management of the Biesse Group continues to pay the maximum attention to the rationalization of the processes and of the company structures, and to the development of new products with innovative features that will be able to amplify the positive return as soon as the market will start recovering. In accordance with this, the project of reengineering of the internal processes is already giving the first results, in terms of reduction of lead-time and improvement of the time-to-market, as well as of greater involvement of the human resources, thanks to the philosophy of continuous improvement that is at the base of the new organizational approach.

Pesaro, August 8th, 2003

*Chairman of the Board of Directors
Roberto Selci*



ANNEXE

RECLASSIFIED ACCOUNTING STATEMENTS

2nd QUARTER 2003 INCOME STATEMENTS

<i>Thousands Euros</i>	June 30, 2003	%	June 30, 2002	%
Revenues from sales and services	73,202	93.5%	90,570	97.0%
Variation of stocks of finished products	3,575	4.6%	1,057	1.1%
Other revenues and income	1,522	1.9%	1,770	1.9%
Value of production	78,299	100.0%	93,397	100.0%
Consumption of raw materials	(33,219)	(42.4%)	(41,276)	(44.2%)
Costs for services	(16,479)	(21.1%)	(17,253)	(18.5%)
Use of third party assets	(2,233)	(2.9%)	(2,224)	(2.4%)
Other operating expenses	(1,239)	(1.6%)	(1,249)	(1.3%)
Added value	25,129	32.1%	31,395	33.6%
Personnel expenses	(23,209)	(29.6%)	(24,546)	(26.3%)
Gross operating margin	1,920	2.4%	6,849	7.3%
Amortizations, depreciations and provisions	(3,209)	(4.1%)	(2,471)	(2.6%)
Profit before depreciation of consolidation difference	(1,289)	(1.6%)	4,378	4.7%
Amortization of consolidation difference	(365)	(0.5%)	(362)	(0.4%)
Operating result	(1,653)	(2.1%)	4,016	4.3%



INCOME STATEMENTS AT JUNE 30TH, 2003

<i>Thousands Euros</i>	June 30, 2003	%	June 30, 2002	%
Revenues from sales and services	141,716	88.5%	161,114	92.1%
Variation of stocks of finished products	15,559	9.7%	10,813	6.2%
Other revenues and income	2,922	1.8%	3,000	1.7%
Value of production	160,197	100.0%	174,927	100.0%
Consumption of raw materials	(72,094)	(45.0%)	(81,892)	(46.8%)
Costs for services	(31,675)	(19.8%)	(33,050)	(18.9%)
Use of third party assets	(4,282)	(2.7%)	(4,330)	(2.5%)
Other operating expenses	(2,699)	(1.7%)	(2,818)	(1.6%)
Added value	49,447	30.9%	52,837	30.2%
Personnel expenses	(47,060)	(29.4%)	(48,435)	(27.7%)
Gross operating margin	2,387	1.5%	4,402	2.5%
Amortizations, depreciations and provisions	(6,261)	(3.9%)	(5,119)	(2.9%)
Profit before depreciation of consolidation difference	(3,874)	(2.4%)	(717)	(0.4%)
Amortization of consolidation difference	(729)	(0.5%)	(724)	(0.4%)
Operating result	(4,603)	(2.9%)	(1,441)	(0.8%)