Innovation is our driving force

BIESSE GROUP

Annual Report

31 December 2014

Innovation is our driving force

Innovation is the driving force of the way we do business, continuously striving for excellence to support our customers' competitiveness.

We innovate to produce the most widely-sold processing centres at a global level.

We innovate to introduce new technology standards to the market.

We innovate to design production lines and systems for large enterprises.

We innovate to develop solutions and software programs to facilitate our customers' day-to-day work.

Innovation is hard-wired in our DNA. Past, present and future.

BIESSEGROUP

Summary

Biesse Group

BIESSEGROUP

BIESSE / INTERMAC / DIAMUT / MECHATRONICS

In	/	1 industrial group, 4 divisions and 8 production sites
How	/	€ 14 million p/a in R&D and 200 patents registered
Where	/	33 branches and 300 agents/certified dealers
With	/	customers in 120 countries: manufacturers of furniture, design items and door/window frames, producers of elements for the building, nautical and aerospace industries
We	/	3,000 employees throughout the world

Letter from the managing director

Dear Shareholder,

Biesse's 2014 fiscal year closed with an increase in revenue of €48.7 million (+12.9%), and with a 20% increase in orders as compared to the previous year, a particularly significant figure given that - at the macroeconomic level - 2014, especially the first six months, did not achieve the anticipated turning point in terms of worldwide growth.

Furthermore, during this fiscal year, Biesse experienced a major increase in its profit margins: the gross profit margin (EBITDA) and the net profit margin (EBIT) totaled €41 million* and €27 million* respectively. Total profits exceeded 115.3% as compared to 2013, for a total of €13.8 million. Biesse also registered an additional significant reduction in its total debt (PFN equal to €11.2 million, a recovery of €12.7 million as compared to the figures from December 2013), even though investments in sales/marketing, products/innovation, and distribution of dividends have gradually increased.

Regarding its primary geographical target areas, Biesse was able to significantly increase market quotas, with the only exceptions being Brazil and Russia due to the obvious economic difficulties and political tensions present in the two countries.

Biesse's exceptionally positive performance within the general economic context and that of its sector, permits us to look ahead to 2015 with optimism, also in terms of the increase in demand which is taking place in the more important markets.

Based on this outlook we have approved measures aimed at guaranteeing the Biesse Group's continued development during the three year period 2015-2017, focusing more than ever on technological innovation, the broadening of our sales network, and financial discipline in the management of affairs.
The approved plan foresees an average growth of 8.1% (CAGR) over the three-year period, stronger in the 2015 fiscal year, which is beginning to benefit from the long-awaited cycle of economic expansion.

As a direct consequence of this overview, we have proposed a payment of ordinary dividends to all shareholders equal to €0.36/share, to be paid with a value date of 20 May 2015 (ex-dividend date 18 May 2015).

As a company listed on the STAR segment of the Italian stock exchange, we have provided ample disclosure of the projects included in the Three-Year Plan and on their expected economic-financial results, garnering significant interest in recent meetings with the financial community (Milan-Paris-London). We must also mention Biesse's extraordinary results on the stock exchange, up 67% in the first three months of 2015 and 137% as compared to March 2014.

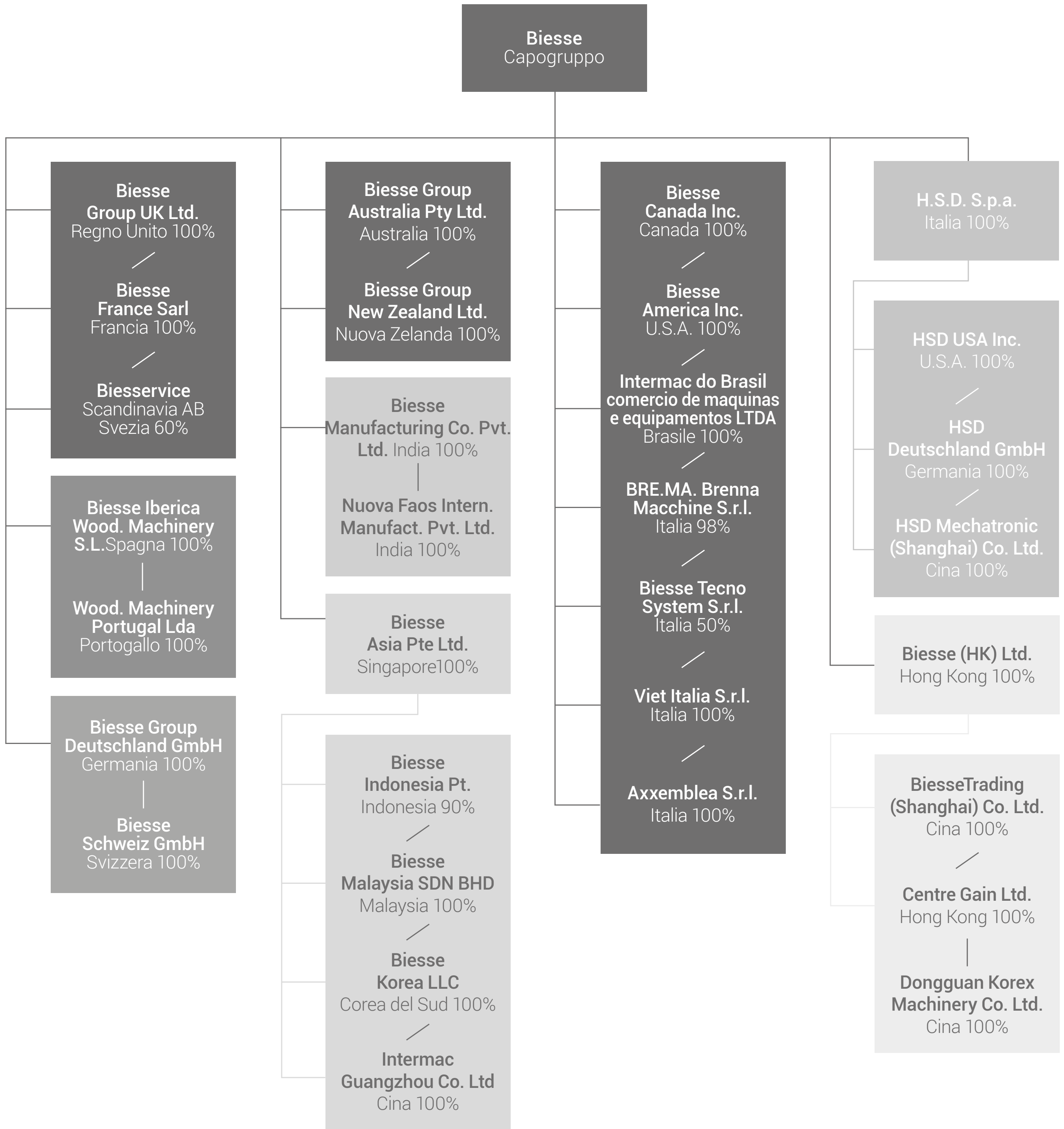
Lastly, a heartfelt thank you goes out to all of our employees and collaborators for the competence, determination, and passion which they demonstrate on a daily basis.

Managing director
Stefano Porcellini

*ante eventi non ricorrenti

Group structure

The following companies belong to the Biesse Group and are included in the scope of consolidation:



Notes: The different colours represent the subgroups of the control chain.

Compared with the 2013 Annual Report, the consolidation scope underwent the following changes:

• Intermac Do Brasil Comércio de Máquinas e Equipamentos LTDA is now included in the scope of consolidation. The company was established in late 2013 with the purpose of developing trading of products of the Glass/Marble and Tooling Divisions within the Brazilian market; the company is still in the start-up phase and its contribution to the Group's results is limited.

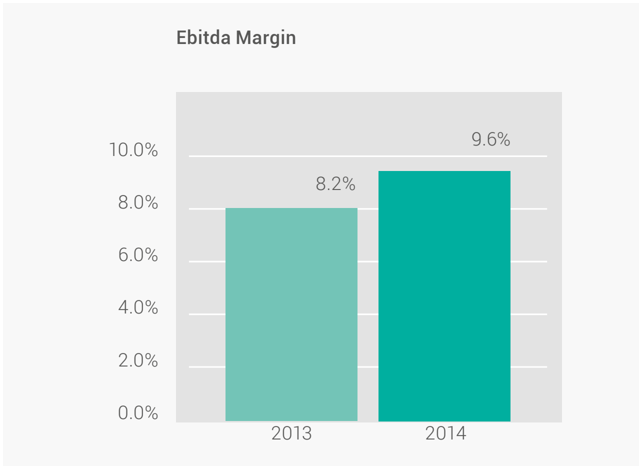
• Axxemblea S.r.l is now included in the scope of consolidation. The company was established on 27 March 2014, with the purpose of producing mechanical components for the Wood Division by leasing the relevant business unit from the company Asservice S.r.l. because the latter was no longer able to maintain the production levels necessary for Biesse Group. The lease agreement for the business unit will last five years and provides for an annual expense of € 40 thousand.

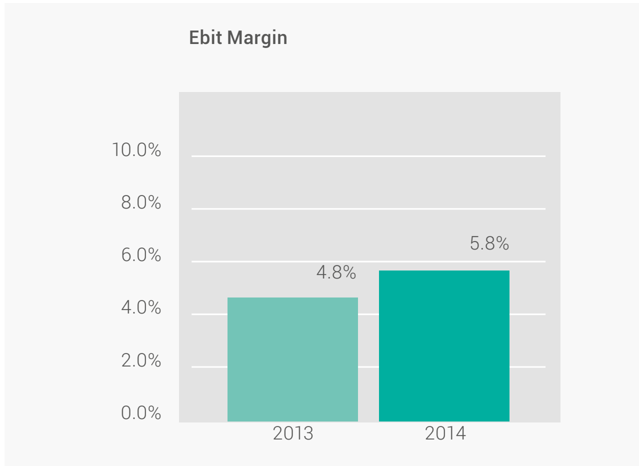
On 27 February 2015, Viet Italia S.r.l., 100% owned by Biesse S.p.A., completed the purchase of Viet S.r.l. in liquidation, for which there had been a lease agreement for the business unit since 2011 with related binding option to purchase the company. The amount related to the purchase of the company was agreed at € 2,127,959, which will be paid in 42 equal monthly instalments, the first one falling due on 31 March 2015. As a guarantee for the timely payment by instalments, Viet Italia S.r.l. issued a bank guarantee. It should be noted that the assets of the purchased company also include the entire equity investment in Pavit S.r.l. (a company active in mechanical processing, whose output is largely absorbed by Viet Italia S.r.l. and Biesse S.p.A.) and which will therefore be fully consolidated as from 2015.

Financial highlights

	31 December 2014	% on sales	31 December 2013	% on sales	CHANGE %
Euro 000's					
Revenue from sales and services	427,144	100.0%	378,417	100.0%	12.9%
Normalised added value [1]	169,120	39.6%	143,586	37.9%	17.8%
Normalised EBITDA (normalised net operating profit) [1]	40,878	9.6%	30,946	8.2%	32.1%
Normalised EBIT (normalised gross operating profit) [1]	26,509	6.2%	15,074	4.0%	75.9%
EBIT (Operating profit) [1]	24,766	5.8%	18,146	4.8%	36.5%
Profit for the year	13,805	3.2%	6,412	1.7%	115.3%

[1] The criteria for determining amounts relating to interim results and aggregate equity and financial data are described in the directors' report and the notes to the financial statements.



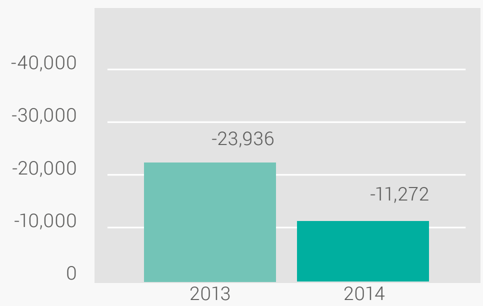


Statement of financial position data and financial ratios

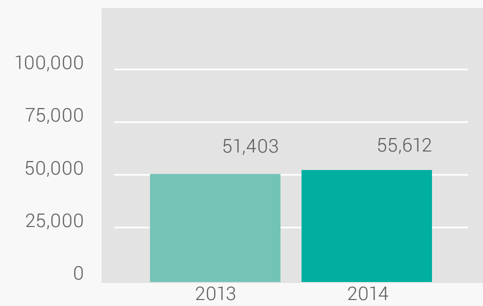
	31 December 2014	31 December 2013
Euro 000's		
Net invested capital [1]	134,464	137,030
Equity	123,192	113,094
Net financial indebtedness [1]	11,272	23,936
Net operating working capital [1]	55,612	51,403
Gearing (net financial position/equity)	0.09	0.21
Fixed asset/standing capital ratio	1.08	1.04
Order intake	375,615	312,687

[1] The criteria for determining amounts relating to interim results and aggregate equity and financial data are described in the directors' report and the notes to the financial statements.

Net financial indebtedness
Euro 000's



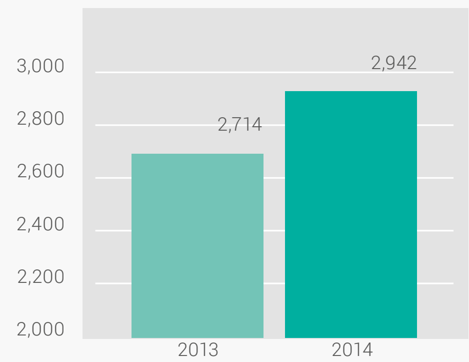
Net operating working capital
Euro 000's



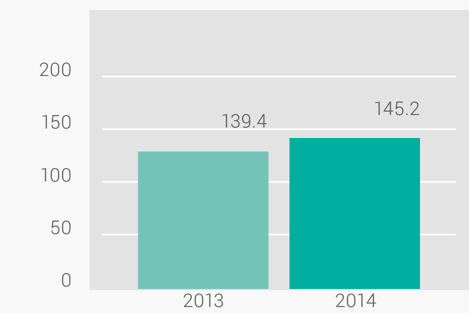
Personnel

	31 December 2014	31 December 2013
Number of employees at year end	2,942	2,714

Number of employees



Turnover per employee
Euro 000's



* the figure includes temporary staff.

Company office holders

Board of Directors

Chairman and Chief Executive Officer	Roberto Selci
Chief Executive Officer	Giancarlo Selci
Executive Director	Alessandra Parpajola
Executive Director and Group General Manager	Stefano Porcellini
Executive Director	Cesare Tinti
Independent Director	Leone Sibani
Independent Director	Giampaolo Garattoni
Independent Director	Salvatore Giordano

Board of Statutory Auditors

Chairman	Giovanni Ciurlo
Standing Statutory Auditor	Claudio Sanchioni
Standing Statutory Auditor	Riccardo Pierpaoli

Control and Risk Committee
Remuneration Committee
Related-Party Transactions Committee

Leone Sibani
Giampaolo Garattoni
Salvatore Giordano

Supervisory Body

Leone Sibani
Giampaolo Garattoni
Salvatore Giordano
Domenico Ciccopiedi
Elena Grassetti

Independent Auditors

KPMG S.p.A.

Main events

Fairs & Events

Jan

In January 2014, as part of the integration process of the Group's information systems, the implementation project of the ERP - Oracle's E-Business Suite - started in the foreign branches of the Group. In this phase, the project involved some Asian branches.

In the same month, the first deployment of Oracle E-Business Suite was carried out. This concerned the Cosmec Business Unit of the Wood Division and enabled the implementation of the manufacturing processes of the new ERP.

In January 2014, procedures relating to the establishment of the new company INTERMAC DO BRASIL SERVICOS E NEGOCIOS LTDA were finally completed. This company was established with the aim of fostering and developing the trading of products of the Glass/Marble and Tooling Divisions within the Brazilian market.

Fairs & Events

Feb

From 11 to 14 February, Biesse Iberica took part in the Valencia FIMMA 2014, the international trade show for machinery and equipment for the Wood sector.

On 7 February, Biesse S.p.A. met in Paris some important investors in collaboration with its specialist Banca IMI. On that occasion, in addition to describing its activities and industrial projects underway, the top management of Biesse updated its indications concerning the 2014 financial year.

Further integrating and improving the use of the ERP - Oracle's E-Business Suite - to its full potential, a reporting project was started, aimed at implementing a Business Intelligence tool and supporting ERP data processing and analysis.

On 27 February 2014, Biesse America celebrated its first 25 years on the US market. In 1989, the showroom and spare parts warehouse were opened to serve North American customers. As Federico Broccoli, CEO of Biesse America and Biesse Canada, said "Biesse believes strongly in North America as a strategic region for our Group, and is continuing to invest aggressively on this market. In the year just ended, we made significant investments to ensure our customers the best service possible, expanding our sales team and implementing a new cloud-based CRM application. In addition, we started a project to expand the Charlotte facility, in order to increase the area dedicated to demonstrations and training".

In February 2014, the implementation of the Salesforce CRM was started at the Biesse America Branch. The global rollout of Salesforce.com provided the company with a Sales Force Automation system in order to give more timely responses to the market and collect structured data through which to drive the sales strategies and production forecasts. It was also an opportunity to unify and streamline sales processes world-wide while trying to safeguard, where possible, local characteristics.

Mar

On 3 March, the Board of Directors of Biesse S.p.A. approved the update to the business plan for the 2014-2016 period. Based on the initiatives set out in the above business plan, the results expected by the Group in the next three years are as follows:

• higher consolidated revenue (three-year CAGR: 7.0%)

• higher added value (41.5% as a percentage of revenue in 2016)

• improvement in operating profits:
  - (EBITDA: 13.8% as a percentage of revenue in 2016)
  - (EBIT: 10.1% as a percentage of sales in 2016)

From 11 to 14 March, Biesse Indonesia participated in the Jakarta International Expo Kemayoran with a wide range of machines for small workshops that are looking for technologically advanced solutions.

On 12 March, the Board of Directors of Biesse S.p.A. approved the draft financial statements as at end for the year ended 31 December 2013.

From 16 to 19 March, Biesse Deutschland took part in Holz-Handwerk 2014 in Nuremberg: the international trade fair for wood processing machinery and the most important event of 2014 in Germany.

On 27 March, Axxemblea S.r.l was established with the purpose of producing mechanical components for the Wood Division by leasing the relevant business unit from the company Asservice S.r.l. because the latter was no longer able to maintain the production levels necessary for Biesse Group. The lease agreement for the business unit will last five years and provide for an annual expense of € 40 thousand.

On 25 March, Biesse S.p.A. took part in the 2014 Milan STAR Conference – the event organised by Borsa Italiana - in order to meet the national and international financial community.

Fairs & Events

Apr

From 8 to 10 April, Biesse Middle East took part in Woodshow, Dubai: an event to showcase Biesse technologies in Arab countries.

On 30 April 2014, the Ordinary Shareholders' Meeting of Biesse S.p.A. approved the 2013 separate and consolidated financial statements, both of which were prepared in accordance with IFRS and resolved a dividend distribution (€ 0.18 for each eligible share) on the back of the results achieved in 2013.

May

Intermac Inside took place on 8-10 May in Pesaro, where the industry operators took part in three open days on the world of technological innovations for glass, stone and metal.

From 13 to 17 May, Biesse took part in Xylexpo, a global biennial trade show for wood technologies and components for the furniture industry, in Milan (Italy), the most important international trade fair for the industry.
Biesse participated with a fully revised communication strategy. A bLab was present at the Biesse stand: a gallery of finished products to show visitors the results achieved by the Biesse machinery: the merging of design and technology. The furniture of Lago was exhibited, a Biesse customer that creates design objects, Fiam objects, including the well-known Ghost chair, the main Intermac customer for glass processing and several case histories where customers described their experience using the machines of the Group. Xylexpo was the perfect opportunity to launch the new biesse.com website whose design and features have been fully overhanded. The trade show saw a strong presence of international operators; the last days of the event saw the “return” of the Italian visitors.

On 12 May, the Board of Directors of Biesse S.p.A. approved the 2014 First Quarter Report.

From 14 to 17 May, Intermac took part in the Bologna (Italy) “Lamiere” trade show dedicated to plant, machinery and equipment for processing sheet metal, pipes, sections, wires and metalworking structures.

In May 2014, the implementation of the Salesforce CRM was started in the Biesse UK Branch.

Fairs & Events

Jul

On 1 July 2014, the hearing that approved the arrangement with creditors of Viet Italia S.r.l. was held.

On 9 July, the Long-Term Incentive Plan (LTI) dated 19 March 2012 was partially implemented: 46,280 Biesse shares were assigned to the plan's beneficiaries (Biesse employees) as they had achieved the targets set. The parent's remuneration committee - meeting on 4 July - confirmed and approved the above assignment, verifying the effective achievement of the economic and financial targets provided for in the Long-Term Incentive Plan.

In July, Biesse S.p.A sold 50,000 treasury shares at a price of € 9.58 per share (for a total amount of around € 479 thousand).

On 31 July 2014, negotiations ended to renew the Supplementary Labour Agreement and Profit-Sharing Agreement, which had started in January 2014 with the presentation, jointly signed by the unions and the Single Trade Union Representative Board (RSU – Rappresentanza Sindacale Unitaria), of a proposal covering numerous economic and trade union requests as well as increases in both fixed and variable pay. During the meeting the company informed the unions and the RSU of the decision not to extend the use of work-sharing agreements.

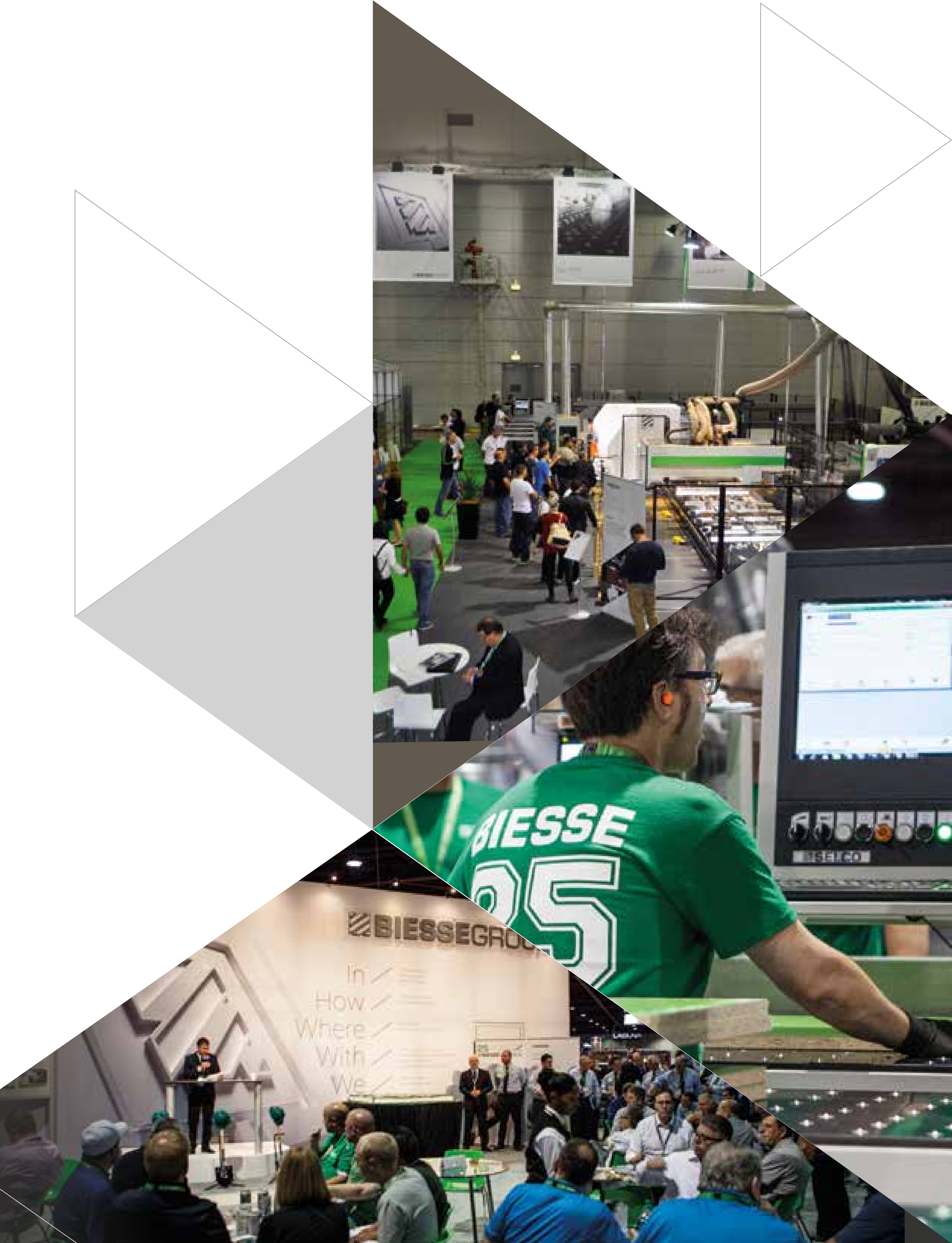
Aug

On 4 August, the Board of Directors of Biesse S.p.A. approved the 2014 Half-Year Report.

The AWISA international exhibition for the woodworking and furniture industries was held on 6-9 August in Brisbane, Australia. Visitors and customers were able to see Biesse's ground breaking innovations in person (including automatic nesting machines, 5-axis CNC machining centres, wide belt sanders, edgebanders featuring the AirForce system, vertical drilling machines and routers, the Winstore centre equipped with an integrated storage system, CNC stone & glass technology, and Twin Pusher panel sizing centres).

Subsequently, the IWF 2014 show was held from the 20 to 23 August in Atlanta. The event was extremely successful for the Group, with a record number of visitors (exceeding two thousand) coming to the Biesse's stand to see cutting-edge woodworking technologies up close. IWF was also the perfect opportunity to celebrate the 25 years of Biesse America, in addition to presenting the evolution of the Group's American office in Charlotte to the public.

The new voice system based on the technology of Cisco's IP Telephony was activated for the whole district of Pesaro. The new system allows greater integration between all the premises of Biesse in the world with regard to voice services and collaboration tools.



Fairs & Events

Sep

From 10 to 13 September, Biesse China took part in FMC Shanghai, the trade show for the production of wood processing machines where the latest technological innovations were shown: the Airforce System for applying edges to water and heat resistant panels, thus ensuring edges with no glue residues. There are also demos of bSolid, the software that simplifies the management of CNC machines.

From 24 to 27 September, Intermac took part in the Marmomacc event in Verona: the main event for stonework technologies. The latest novelties were shown at the Intermac stand with live demos on Primus, water-jet cutting systems, on the Master 30 and Master 35 multifunctional machining centres and on Master 1200, the universal machining centre able to ensure the highest quality of finish on both sheets and blocks of stone. Moreover, the stand showed all the new Diamut products in the world of machine tools for stonework and demos on the innovative software bSolid.

From 27 September to 1 October, Biesse took part in the trade show Intermob.

The entire workforce of the Group was back in operation. The use of any form of state-backed temporary lay-off schemes was interrupted.

In September, the Group entered into a supply contract for a plant for the construction of honeycomb sandwich doors for BALLAY FRANCE of € 6.4 million for the production of 10 doors/minute in a continuous process.

In September 2014, the implementation of the CRM Salesforce commenced at the Biesse Australia Branch and all the trade area for the wood division not covered by owned branches. This also allowed to provide the entire direct sales network with an instrument that can unify and optimise sales processes world-wide trying to safeguard, where possible, local characteristics.

Fairs & Events

Oct

From 5 to 8 October, Biesse UK took part in the W14 event in Birmingham, trade show of manufacturers of furniture and woodwork of the United Kingdom with a wide range of solutions for drilling, milling, sizing and sanding of the panels.

From 8 to 11 October, Biesse Asia took part in AseanWood Woodtech in Kuala Lumpur, Malaysia.

bInside, the important annual event for all the industry operators of woodworking machinery, took place from 9 to 11 October. This year Biesse opened its new show room during the event. Visitors from around the world were able to appreciate and discover all this in a brand new 5000 sqm “concept space” devoted to customers. A space designed to encompass the essence of the Biesse Group innovation and its identity, thanks to the use of materials such as wood and glass that represent the main areas of application of the Group’s solutions. Among the over 30 technological solutions shown, the lines and automation systems for handling the panels that perfectly integrate and optimise the production cycles of sizing, edgebanding and CNC machining attracted the most attention. A great emphasis was given to sanding solutions and to the new Biesse solutions for nesting. Innovation to be experienced also in the field of software, the feather in the Biesse group’s Research and Development cap. The expansion of the bSuite range with the launch of the bCabinet, bProcess and bNest modules showed once again that the Biesse Group software applications are able to support, facilitate and improve the everyday work of furniture-makers and door and window manufacturers. A special exhibition area was dedicated to door and window manufacturers where to discover the most advanced and intelligent solutions for the production of windows.

From 20 to 23 October, Biesse Russia took part in the fifteenth edition of Lesdrevmash in Moscow: trade show for the supply of machines, machine tools and equipment for the furniture industry.

Oct

From 21 to 24 October, Intermac took part in the Glasstec trade show in Düsseldorf (Germany): the leading international biennial industry trade show for manufacturers of glass processing machines and systems. Intermac exhibited the new range of Genius RSA and Genius CTA float tables. Stand-alone machines with the same characteristics as those installed in the cutting lines of the largest industries. Genius RSA and Genius CTA are intended to set a new standard in glass cutting. Another important novelty was Vertmax 2.2, a vertical solution for companies whose production area is limited but which need to produce large quantities of medium to large glasses. Moreover, the following products were also present: Primus 322, the water-jet cutting systems with double head and infinite rotation C-axis (patented), Master 35, the CNC machining centre, the double-edging machine Busetti F10 and the complete range of Diamut machine tools for glass in order to provide a complete picture of the product range.

In October, the parent Biesse S.p.A. finalised the acquisition of a non-controlling interest (equal to 30%) in the holding company Biesse (HK) Limited from the former Chinese shareholder Lionsky Limited. The sale was settled with a lump sum payment of HKD 24.5 million and was mutually agreed between the parties to grant the Biesse Group a direct presence in the strategically important local market.

In October, the implementation process of ERP - Oracle's E-Business Suite - was started also for the North American branches (United States and Canada).

Nov

In November 2014, the implementation of the Salesforce CRM was started in the Biesse India Branch.

Dic

Biesse Group Asia strengthened its service with a new space in Malaysia, where 1800 sqm of technology will be available to customers throughout the year, giving the opportunity to get in touch and experience the most advanced technologies in the world. With a new office, showroom and warehouse, within only 25 minutes of Kuala Lumpur International Airport, the Group's objective is to provide an excellent service with increasing inventories and with trained technicians and specialists always available to meet specific needs.
The new office in Malaysia will serve as many as nine countries: in addition to Malaysia, Japan, South Korea, Thailand, Indonesia, Vietnam, the Philippines and Taiwan.

In December 2014, the implementation of the Salesforce CRM was started in the Trade area of the Glass &Stone Division.

Fairs & Events

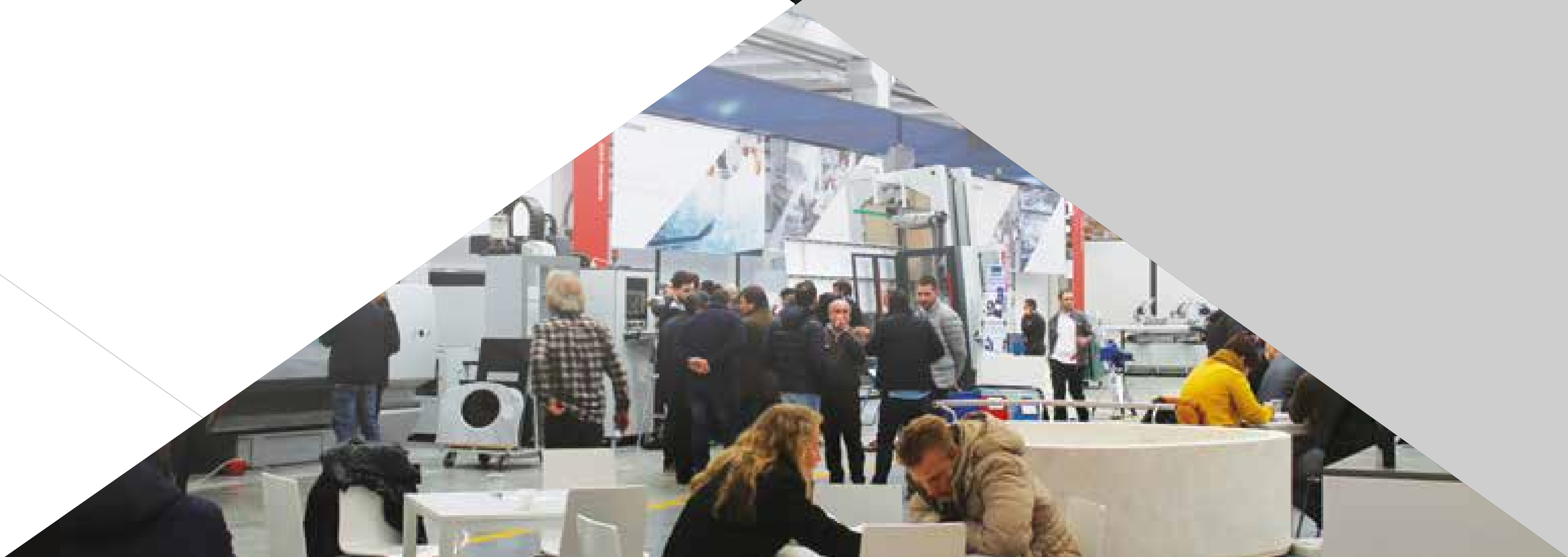
Feb

Delhiwood - New Dehli India 4-7 February 2015

Mar

From 28 March to 1 April, Biesse China took part in Interzum Guaghzhou (China), the most complete trade fair in Asia for wood processing, production of furniture and interior design.

From 26 to 29 March 2015, Intermac has opened the doors of its completely renovated headquarters in Pesaro for the new edition of Inside Intermac, a three-day event where its customers can view first-hand demonstrations of the technological solutions for the transformation of glass, stone and metal.
More than 700 visitors from over 30 countries around the world, 1,200 sqm of innovation thanks to the fully renovated Tech Centre, over 10 solutions on display: work centres, machines and systems for glass cutting, double edgers, waterjet cutting systems and the world premiere of the brand new Mastersaw 625, the Intermac evolution of the bridge saw!
Inside Intermac has been an incredible success, an opportunity for the customers and the reaffirmation of Intermac leading position in the market, thanks to the technology and the tangible advantages that its solution offer to the end user.



2014 research and development activities

The following list details research and development activities undertaken in 2014:

WOOD DIVISION – Biesse brand

Rover B G Edge Step5 machining centre
Development began on the gantry machining centre for edge-banding shaped panels.
The gantry structure allows for higher acceleration and a wider variability of the operating units, increasing productivity.

Rover B YYXX G STEP 4 machining centre
Development was completed on the gantry machining centre for high productivity and flexibility for machining panels and solid wood.
The gantry structure allows the management of configurations with many operating units to reduce cycle times.

Rover B G FT machining centre Product list Rev.
Development was completed on enhancing processing performance of top-end market machining centres for nesting.
Both the productivity achieved through higher performance and the configuration options of this product range, with a larger number of options for the operating units to meet all needs, were enhanced. The flexibility of the automatic panel loading and unloading systems of this product range was improved.

Rover B FT plastic machining centre and WINSTORE
Development began both on functional groups for processing plastics and on modules for the integration of Winstore loaders on the range of Rover B FT.

Rover C G machining centre
Development continued on the gantry machining centre for processing thick wood pieces.

Rover A FT machining centre
Development was started on a mid-to-low-end gantry machining centre for processing panels fixed with phenolic work surface and optional inexpensive automatic loading and unloading systems.

Rover CHP 3200
The aim of the research is to produce a machining centre for working window and door fittings dedicated to the mid-to-high-end range of the market.
The aim is to give the customer the possibility of purchasing with a medium-sized investment a machining centre that is able to perform all the processing required for the correct production process of windows and doors and prepared for processing without the presence of an operator.

WinLine ONE 4500
The aim of the research is to produce a machining centre for working window and door fittings dedicated to the mid-to-high-end range of the market; moreover, this model has the possibility of processing elements up to 6000 mm long.
The aim is to give the customer the possibility of purchasing with a medium-sized investment a machining centre that is able to perform all the processing required for the correct production process of windows and doors and prepared for processing without the presence of an operator.

HANDLING
WINSTORE 3D K3
The development of the Winstore 3D range was completed. During the year, the Winstore 3D K3 project was completed with the production of the prototype and all the endurance tests required by the internal process quality standards (PCP).

WINNER W1
During the year, the development of a new top-end market bridge loader was started that, based on the experience of the existing Winner, aimed at: increasing performance, decreasing costs.
The project will be completed in the first half of 2015.

NESTING PANEL-SIZING MACHINES
NEXTSTEP X1
The machine belongs to the "Smart Flow" product plan for the management of the Batch One production processes, to which the storage systems of the Winstore 3D range and the MDS edgebanding machine also belong.
During the year, the development of the NEXTSTEP X1 flexible panel-sizing machine project continued with the production of the prototype and the first functional tests.
The validation activities of the prototype will continue throughout the first half of 2015.

NEXTSTEP X2
As part of this project the need arose to complete the range with a range of entry-level machines in order to appeal to the low-end market.
To this end a new machine NEXTSTEP X2 was developed: it will join this range exploiting the know-how of the model already in production, and thanks to innovative solutions and limited functions, it will be at lower costs.
The new project will be completed in 2016.

INSIDER FT2-700
During the year, the restyling of the Insider FT2-700 machine was completed. The project led to the implementation on the machine of improved solutions for piece transport and reference, updated electrical and pneumatic components, of the drilling operating units. Moreover, the components were aligned to those of other models being developed of the Insider Range and Biesse Wood standard. Further implementation will be performed on the SW and interface during 2016.

INSIDER FT2-1300
In 2014 a restyling similar to that of Insider FT2 700 was carried out on Insider FT2 1300. The further development planned for the SW will take place in 2016 also for this model.

INSIDER KB2
During the year, the prototyping phase of the Insider KB2 model - mainly dedicated to the processing of delicate doors and panels - was completed with drilling, routing and hinge insertion functions.

INSIDER MODULO range
In 2014, a new product plan was presented for the range of INSIDER MODULO flexible drilling machines. The range will completely replace the current MATRIX range.

INSIDER MFTB
During 2014, the planning and prototyping phase of the Insider MFTB Model flexible in-line longitudinal drilling machine was carried out. The machine allows drilling and milling on the top, bottom, and on three sides of the panel. The bSolid interface SW introduces on the range of Insider drilling machines the CAM 3D and advanced tools for processing simulation. The aim is to present the model to the market in 2015.

RANGE OF TRANSVERSE FLEXIBLE DRILLING MACHINE (FTF)
In 2014, a new product plan was presented for the range of FTF flexible in-line drilling machines in order to produce a product range for the processing of large batches of panels with minimisation of tooling time. The planning is underway and will continue in 2015 for the construction of a prototype and presentation to the market in 2016.

SINGLE LINE PANEL-SIZING MACHINES AND PANEL-SIZING CENTRES
Loading system with integrated labelling
A new vacuum suction cup loading system is being developed with integrated labelling (patented), unprecedented within the panel-sizing centres, characterised by much reduced dimensions compared to the models available on the market, high productivity and maximum mechanical and software integration.

Selco WNA Series 6 and WN Series 6 panel-sizing centres
Design work continues on the new mid-market range of angular panel-sizing centres (WNA Series 6), characterised by the high compatibility of its modules with the corresponding single cutting line range (WN Series 6). New operating units (patented) whose function is to further improve the efficiency of suction, precision and quality machining were introduced. The new machines are characterised by heavy-duty structures and high-tech components.

Selco WN Series 6 panel-sizing centres with automatic labelling
A new automatic labelling system was introduced on the presser to facilitate the identification of the outgoing parts and manage the flow of information of the downstream process.

Selco WN Series 7 (WN 710-730-750) panel-sizing centres
Design work continues on the new mid-market range of single line panel-sizing machines, provided with new operating units (patented) whose function is to further improve the efficiency of dust suction and of precision machining. The new machines are characterised by heavy-duty structures and high-tech components.

Selco SK panel-sizing centres with integrated vacuum suction cup storage system
Design work continues on a new range of low-end panel-sizing machines. A new integrated vacuum suction cup storage system was developed for automatic loading of panels.

Selco WNA Series 7 panel-sizing centres
Design work of new mid-to-high-end angular panel-sizing centres has started. New ideas for the suction of wood chips optimised for dust cut will be tested.

Selco WNA Series 8 panel-sizing centres
Design work of new high-end angular panel-sizing centres has started. New ideas of gripping and transport will be tested with multi-pushers with Gantry controlled motors (patented).

OSI interface, PLC and Optiplanning optimiser
SW developments of the OSI interface, PLC and of the Optiplanning optimiser continue with new implementation solutions to speed up, optimise and simplify the use of the machines.

bOSI (bCONTROL)
The new HMI touch interface was also optimised for the panel-sizing centres. It will be produced in accordance with Biesse's "Family Feeling" approach. The development will focus on a new set of graphic elements designed specifically for touch screens.
Moreover, in-depth ergonomic studies will be carried out to ensure utmost ease of use, the main requirement of the machine. The objective is to allow the use of machines, complex or otherwise, by all.

Air force system
The integration of the Air Force technology in all the gluing units of the linear edgebanding machines has been completed.
The prototype for the SP30 gluing unit was completed in the last quarter of 2014 allowing the outfitting of highly-productive squaring-edgebanding machines. The prototyping of AFS 1.1 for Akron1400 was also started. This evolution will allow to increase productivity by 25% compared to the first version released to the market.
Ergonomic noise-reducing solutions were implemented across the range.

Stream lean MDS
The single batch cells used on this machine are being consolidated. A new supervision system was implemented to facilitate the integration with different production facilities and the management with automatic differential unloading system was added (based on the Winner bridge unloader) in addition to the automatic panel feeding system managed by the operator.

Single batch edgebanding cell (CBS and BL handling)
The first prototype-concept of a single batch production cell based on an Akron1400 machine was presented at Biesse Inside. It is characterised by a loading/unloading system managed by the operator but the feeding system is completely automatic and it is based on two bridge loaders - one incoming and one outgoing - designed as an integration with the panel introduction system. The system is also characterised by a centralised software management on the only CNC of the edgebanding machine unlike the traditional cells in which there are CNCs for each function and a supervision and coordination software.

Q system - Real time range change

The project (patented) for the real time range change was consolidated with the first systems installed at the end customers' production facilities. The performance of range change was optimised by reducing the gap between two subsequent panels with different edge thicknesses.

Akron 1400

The machine was officially presented at XYLEXPO 2014 and put into full production in July.

Akron 1300

The updating and consolidation of the operating units continues by adjusting the performance of the gluing unit with the introduction of a new cutter and the management of solid wood edges up to a thickness of 5mm. The trimming unit was revised in some important features for the purpose of increasing its reliability and ergonomics and reducing noise.

Stream B/SB/BD

The evolution of the operating units continued. In particular, new concepts on the edge-scraper unit (patented) were introduced for the reliable removal of processing residues. The process to replace all the pneumatic components with SMC components was started with objective results in terms of processing reliability and repeatability.

Brema VEKTOR

The range of machines was expanded with the introduction of new features that were well-received by the market.
The range was completed with the development of the GM and FC models that ensure an adequate response to market demand.

Brema VEKTOR 3.0

The top-of-the-range machine project was equipped with the innovative system of panel transport management.
The machine will feature the same components of the Vektor range increasing its potential by virtue of the technical details of the product designed to be used by new customer segments meeting even the most complex requirements.

Skipper V31

Early in 2012 this machine entered mass production: during this stage, the product continued to be improved through project engineering.
The machine also underwent development and improvement of its controlling software in order to improve its production performance and increase the appeal and payback to the customer.

Brema EKO 2.1

A new machine was produced with a clamp panel transport system for expanding the range of entry level product offer.
The product positioning is in-between the Skipper V31 and EKO 902 models.
The machine is part of a project that aims to increase the portfolio of proposals in the vertical range by improving the positioning of the different products in order to maximise profitability.

GLASS & STONE DIVISION – Intermac brand

Range of machining centres

Design work of the first step of the range ended and a CNC mechanical-cutting machine, for glass products, natural or synthetic marble products, with diamond tools for machining of furniture and building industries, has been put in production. Design work of the second step of the range began.

Workbench for machining centres

Design work ended and a CNC mechanical-cutting machine for the furniture and building industries with a workbench that facilitates the positioning of part blocking systems - to be used for processing flat glass sheets, natural or synthetic marble products through mechanical cutting - will be put in production.

Master Saw

Machining tests of the second step of a range for the validation of CNC mechanical-cutting machines for cutting and processing natural or synthetic marble products, with diamond tools, including two working environments, for processing slabs and blocks for furniture and building industries, are in progress.

Range of cutting benches (Genius CT 2013)

The development of a range of machines for cutting monolithic sheets was started and validated. The machining tests are in progress for the validation of optional features intended for these machines included in automated production lines, mainly used in the building, energy, furniture and automotive sectors.

Genius Comby J-HP

An up-market high-performance line for cutting laminated sheets, used mainly in the building industry, with the main purpose of increasing productivity, was developed.

Vertical range (3.3)

A range of mechanical-cutting machines for manufacturers of glass products, with diamond tools for processing for furniture and building sectors, was designed and manufactured.

Vertical range (2.2)

A mechanical-cutting machine for manufacturers of industrial glass or plastic products, with diamond tools, for workshops and industrial facilities operating in the furniture and building sectors, was produced.

Vertical range (1.6)

A conceptual study of a mechanical-cutting machine for manufacturers of industrial glass or plastic products, with diamond tools, mainly for workshops operating in the furniture and building sectors, was carried out.

Double grinding machine (KF)
Design work on a flat profile edging machine, which can be adjusted depending on the glass sheet size, with diamond tools, for workshops and industrial facilities operating in the furniture and building sectors.

Cutting bench (Genius 60 LM-A)
Design and production of an up-market bench for cutting laminated glass sheets, primarily for use in the construction sector, with a cutting length of 6 meters and automatic handling and cutting processes.

MECHATRONICS DIVISION – HSD brand

2-axis heads
Design work began on the new HS 570 range of heads. The new model is targeted at the market for machining centres dedicated to wood processing, in particular solid wood routing. Design work began in the field of milling of metal and light alloys on a new range of single-side 2-axis heads called HS 805, equipped with powerful electrospindles with different types of tool holder.

High frequency motors
Design work continues on a new range of electrospindles called ES 510. The range is expanded with the introduction of electrospindles suitable for milling and turning by blocking the spindle. Moreover, the range is developed through the ES 511 series with torques starting from 150 Nm, suitable for power milling on 5-axes machines.
Design work began on a range of high-speed electrospindles called ES 333, dedicated to the "Tapping Centres". They are characterised by the speed of 32,000 rpm with air-oil lubrication of the bearings, with acceleration/deceleration of less than 2 s.

Smart motor
Design work continues on the new Sm 137 servomotor, which will support two fieldbuses (Enet, Canopen); based on this design a drive version for remote applications will be created, fit for brushless and stepper motors.

Printed-circuit boards
Design work continues on a new electronic control board for the electrospindle functions, the new versions support three different fielbuses (Enet, Canopen, I/O Link), alternatively with digital line-outs.
Development began on a triaxial accelerometer to be used for electrospindles, for detecting vibrations caused by milling.

Independent spindle boring heads
Design work continues on a new independent spindle boring head characterised by a new generation of gears ensuring greater rigidity and precision in drilling operations.

Aggregates
Design work began on a new multifunctional group with integrated direct motor, suitable for horizontal drilling and blade cutting. The system is equipped with a 180mm blade unit, four independent horizontal units. The component is designed for a 0-360° working area.

Further research activities concern the following:
- Edgebanding units for both machining centres and linear machines with non-standard technologies
- Development of units dedicated to the management of the chips arising from processing
- Study of machines with integrated nesting-edgebanding-drilling functions
- Machine solution concepts for blocking patents
- Development of sensors for detecting accelerations, fumes, noise, view and data management in order to improve the machine operating environment with a view to the environment, ease of use and quality of life.

TOOLING DIVISION – Diamut brand

Resins: product range of resinoid bonded machine tools
Analysis, design and production of resinoid bonded machine tools for sanding and glazing glass and mirrors. Production of the product range for each type of machining centre available on the market.

Flash: product range of polishing tools for natural and synthetic stone materials
Analysis, design and production of rubber-based polishing tools using diamond particles for polishing and furbishing natural stone materials (marble and granite) and synthetic materials (engineered stone). Production of the product range for each type of CNC machining centre available on the market.

K Series: diamond tools for high-speed grinding of glass and mirrors
Analysis, design and production of metal bonded diamond tools using diamond particles with different granulometry for grinding and sanding monolithic glass, laminated glass, safety glass and high performance mirrors. Production of the product range for each type of CNC machining centre available on the market.

Sphere: diamond and polishing tools for the creation of "finger touch" spheres
Analysis, design and production of metal bonded diamond and polishing tools using diamond particles with different granulometry for the creation of "finger touch" spheres on glass sheets to be used for mobile phones, interactive displays, induction cooktops and similar industrial applications.

SOFTWARE PLATFORM AND COMPONENTS

bSolid 2.0 (CAD/CAM)
This is a new integrated programming system for wood, marble and glass processing. The main focus was on the development of new features:
• New working programme parametric schedule
• Multi-part management
• On-board machine simulation
The automatic processing allow the switching from the drawing to the object to be manufactured by the machine with a click.
The unique realistic simulation allows the engineering of product before manufacturing it and removes many of the uncertainties arising from the use of complex machines such as machining centres. bSolid 2.0 was presented in 2014 at the Xilexpo fair in Milan, enjoying great success in terms of both visitor satisfaction and sales.

bControl
The development of the new HMI touch interface continues for all machines of the Biesse Group and it is expected to end in 2015. The machines on which it was developed in 2014 were the panel-sizing machines (Selco), the machining centres (Biesse UN1) and boring-milling machines (Comil and Bre.Ma.) The development will focus on a new set of graphic components designed specifically for touch screens. Moreover, in-depth ergonomic studies were carried out to ensure utmost ease of use, the main requirement of the machine. The objective is to allow the use of machines, complex or otherwise, by all, through the development of Widget interfaces, customisable according to the customer's needs, and helper tools that assist in everyday operations, as well as the real-time simulation that allows the customer to always have an eye on what the machine is doing.

bProcess
bProcess was developed in 2014 mainly for supervision purposes through the Spartan contract and especially for the purposes of complete factory management through the contract with the customer "La Alpina", a scenario that included the complete management from the design of furniture items to the order, production and shipping.
To date, bProcess is ready to adapt to a variety of production environments, from the small cell to the whole factory. The major features are:
• Connection with external design applications such as cabinet designers and windows designers and related splitting of the processing into different cell/factory production stages.
• Flexible planning of the customer's production process.
• Integration and traceability of all customers' processing phases, including manual processing or the use of third-party machines.
• Traceability of events (such as breakage of a part) and reintegration into production.
• Advanced machine and production statistics and report.
• Manual warehouse management and leftover stock.
• Assembly management.
• Management of the plant synoptic scheme.

bFaster
The development of the new optimisation framework of the bPlatform platform continues, with the aim of optimising the performance of the machines both in terms of speed on each part and on daily/weekly production, through innovative optimisation drivers arising from the latest discoveries in the field of operational research and artificial intelligence. In 2014, EKO 2.1 of Bre.Ma., WinlineONE and the double-head Rover machines (BG and CG) were developed through this new optimisation framework. The development of the new NextStep and of Modulo started in 2014.

bWindows
Add-in for bSolid for designing and manufacturing windows. It allows the design of the most varied forms of windows and increases integration with Biesse machines. It drastically reduces window-designing time, offering 3D design features. The first version of bWindows was presented in 2014 at the Xilexpo trade show in Milan: it was targeted at Italian door and window manufacturers and enjoyed great success among customers. The development for the specific features of the French market started at the end of 2014, and will be followed by the English and German markets.

bEdge
Add-in for bSolid for the management of machining centres for edgebanding.
The goal of this project is to simplify to the nth degree the use of these machines that is very difficult today, through the massive use of simplified interfaces and technologies arising from operational research and artificial intelligence, which allow bEdge to carry out all those edgebanding design phases that are carried out manually today. bEdge was presented in 2014 at the Xilexpo trade show in Milan, enjoying great success and setting new standards in the programming of the shaped edgebanding. The development continued during the year by adding new features and simplifications, in addition to the management of new aggregates of pre/post edgebanding.

bNest
The development of the new software for the FT machining centres started in 2014. bNest adds a very high ease of use and total integration with bSolid to the current characteristics of BiesseNest: this allows the customer to work in a more organised and controlled way, thanks to the bSolid simulation. Based on a bProcess platform, it allows a direct connection with the cabinet designing software and to be integrated into the most popular ERP systems.

bCabinet
The development of bCabinet was started in 2014 by BrainSoftware in accordance with the specifications of Biesse. This development phase concerned the integration with bSolid, whereas with reference to cabinet designing, the multi-year experience of BrainSoftware will allow to create a product comprising all the features required by the market. Its integration does not only concern the interface but also the integration with bSolid and bProcess, for which it is able to generate all the files required for producing each part of the designed furniture item.

iDoors
Development of this new interface for all Intermac-branded VertMax machines continued. Fully integrated into the bSolid platform, it allows for a high level of processing customisation. Additional features and significant improvements and optimisation were developed during 2014.

BiesseWorks
CAD/CAM application for Biesse machining centres. In 2014, minimum adjustments were implemented to market requirements for machining centres.

ICam
CAD/CAM application for Intermac machines. In 2014, minimum adjustments were implemented to market requirements for Waterjet Primus machines.

CNC - WRT

New collision control algorithms
With the arrival of new multi-head machines performing machining operations at the same time also on "5 axes", it was necessary to develop new anti-collision algorithms that keep under control the movement dynamics and kinematics taking into account the overall mechanical dimensions.
This development is designed to prevent mechanical damage as a result of a programming or operator error.

New schedule management
Creation of libraries that enable the integration of the work schedule in bSolid, starting the phasing out of the obsolete WRT-native operator interface.

BH1000
The small integrated PC with I/O devices was improved with the HRT support. The mid-to-low-end edgebanding machines will be enhanced, thus improving reliability and reducing costs.

Drive CPH400 (Firmware)
New control algorithms and various improvements were developed in the firmware for supporting new HSD devices with integrated torque motors. Special care has been taken to improve the machining quality achieved through such devices.

Stepper motor Firmware CP100
Development of the firmware for controlling the stepper motors with HSD hardware derived from the new drive for the SM137 motor. Various control techniques were envisaged:
• In open loop, standard control algorithm for steppers.
• By checking the position with encoder.
• Vector control with feedback speed and position control.
The management of absolute transducers was also introduced, with a view to producing machines that do not require resetting on power-up.

Made With Biesse Group technology

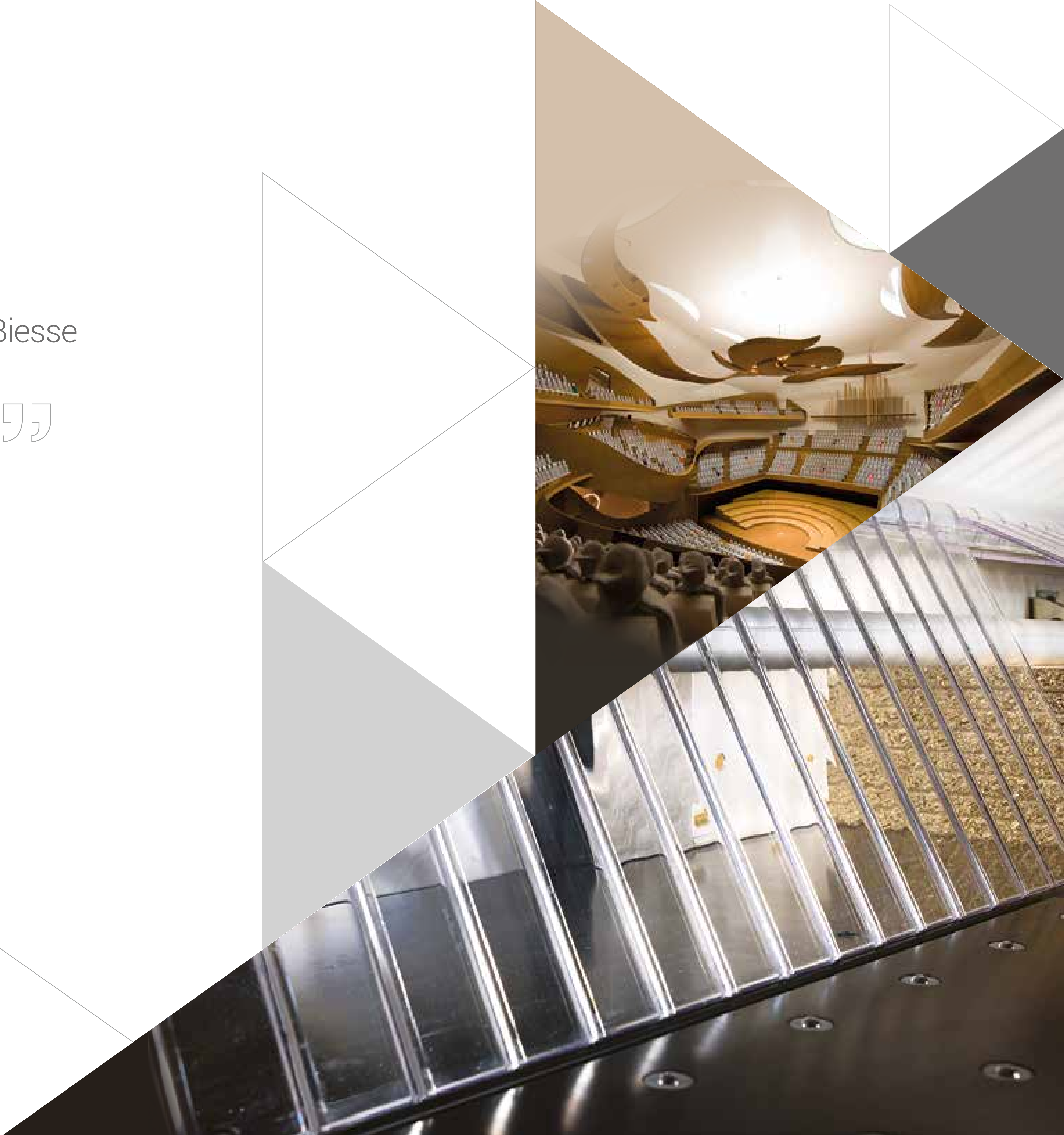
BIESSEGROUP

Stechert Group, Germany

Growing thanks to new machines

> The automatic module of the Biesse beamsaw cuts delivery times to the customer by up to 50%.

Martin Rauscher
Stechert Group's qualified cabinet-maker



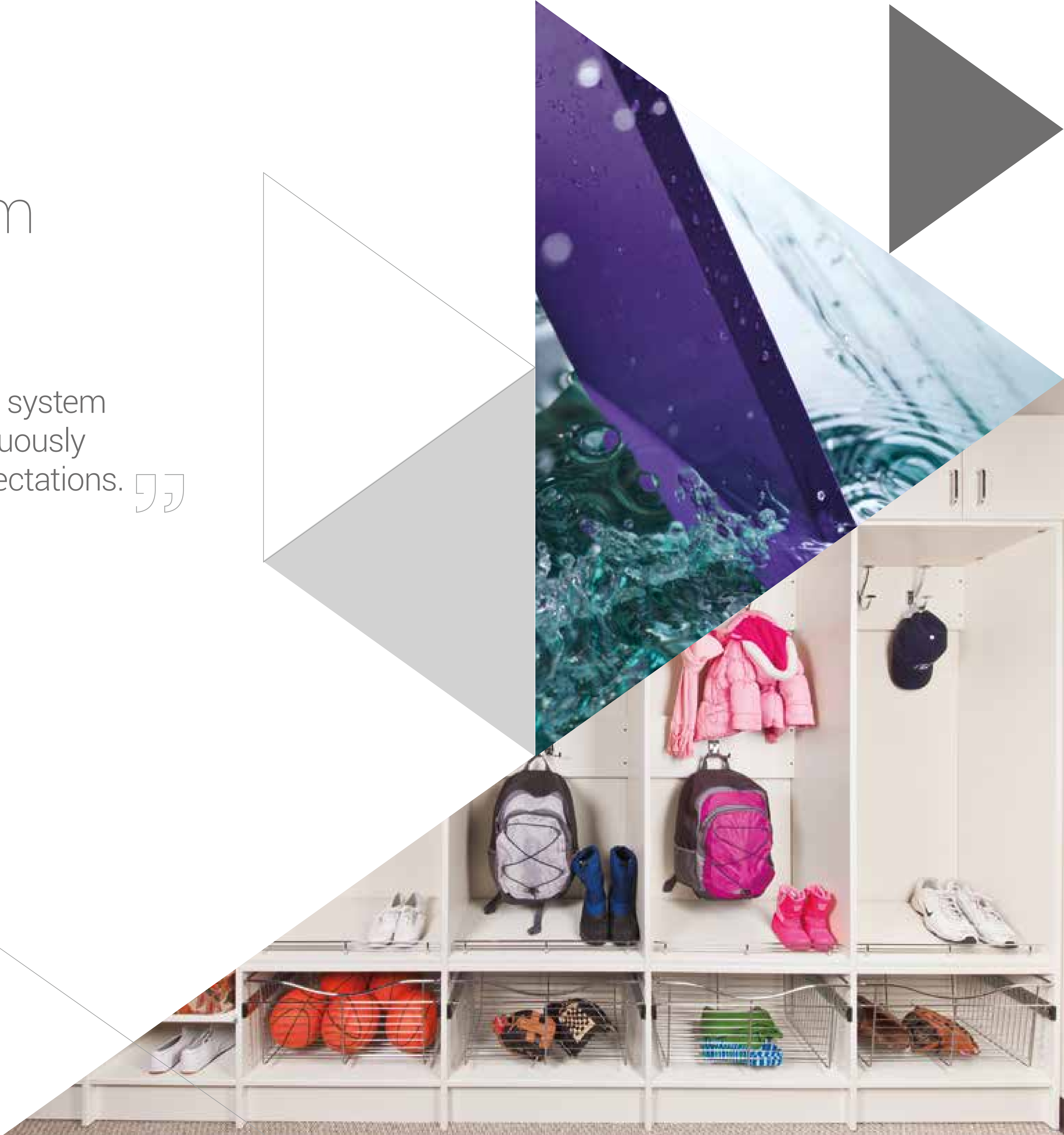
Made **With** Biesse Group technology

Closet America, United States

A new edgebanding system to ensure quality

> Our investment in the AirForce system is another step towards continuously exceeding our customers' expectations.

Skip Labella
President of Closet America



Allen Organ, United States

Custom craftmanship combined with high technology to produce sweet sounds

“Allen has a high level of vertical integration that requires modifications to be made quickly, on the basis of our customers’ needs.”

Dan Hummel
Production manager

Made **With** Biesse Group technology

VKDP, Russia

Made in Italy technology

“When choosing a technology supplier, one of the key considerations is the price/quality ratio and Biesse has proven to be a great choice.”

Alexey Firsov
VKDP owner

Mornagoglass, Italy

Customized technology

> We have believed in the great idea of Intermac who has proposed a complete and integrated island for grinding, drilling and vertical milling, specially designed for our applications.

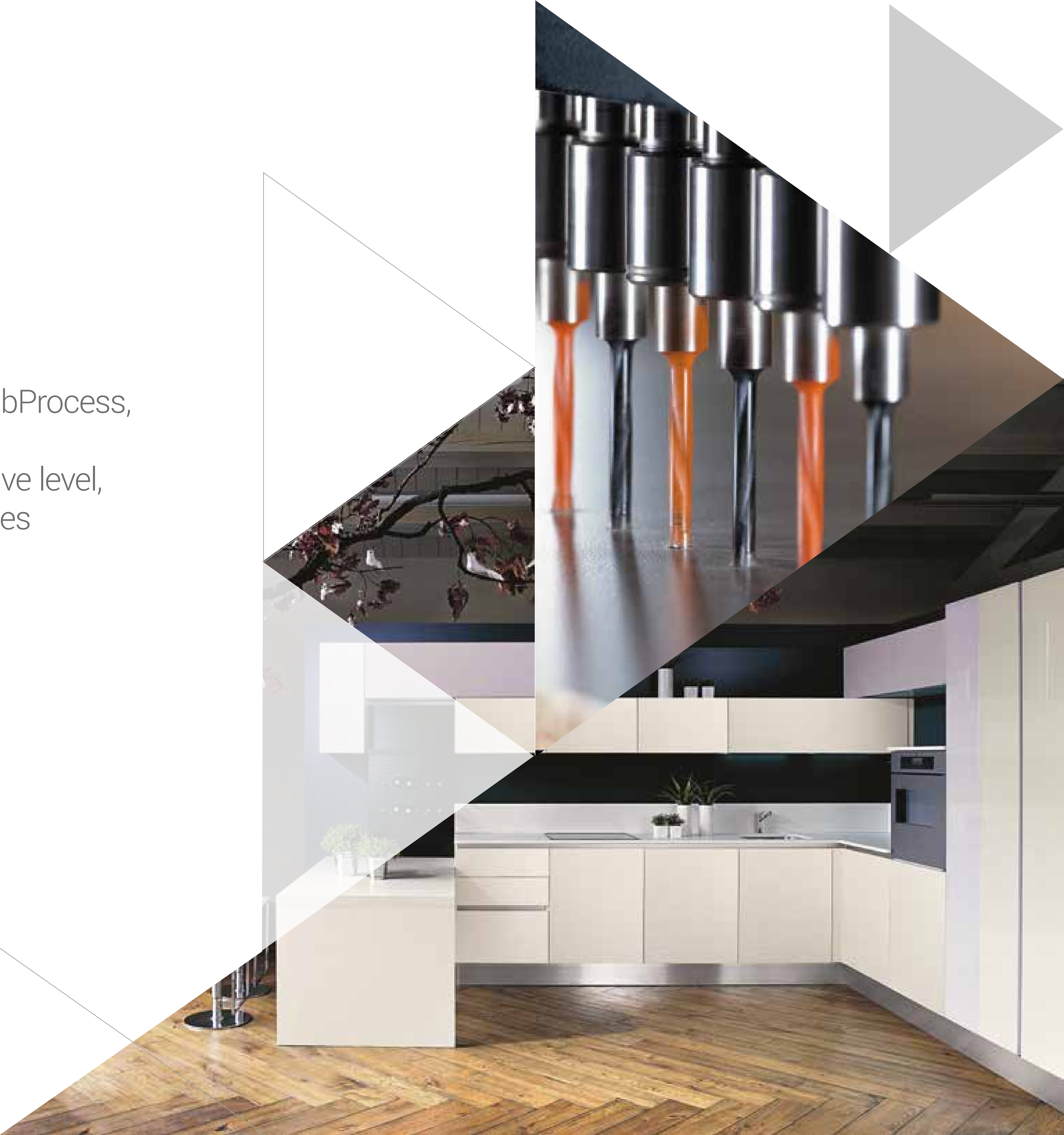
Marco Cantaluppi
Mornagoglass owner

Made **With** Biesse Group technology

Imab Group
the smart factory

"We were the first to start using bProcess, that now allows us to minimise our costs, optimise our qualitative level, and speed up our response times for the customer."

Federico Salvatori
Imab Group engineering



Made **With** Biesse Group technology

Panel manufacturing leader

> The level of technical assistance provided during the specification and design process ensures that we are fully satisfied with our decision.

Phil Dalton
Decorative Panels production manager

Made **With** Biesse Group technology

Yachtline 1618, Italy

A century-long tradition for luxury yachts

> Thanks to the accuracy of Biesse's numerical control machines, we can produce notches, mathematical curves and minimal sections.

Enzo Bandecchi
Yachtline 1618 owner

Made **With** Biesse Group technology

Alpilegno, Italy

Sanding and profiling with a single solution

> “I analysed for two years all companies who produce doors and windows systems. And I choose Biesse again.”

Loris Cellana
Alpilegno owner

Made **With** Biesse Group technology

Fiam, Italy

Glass art and cutting-edge technology

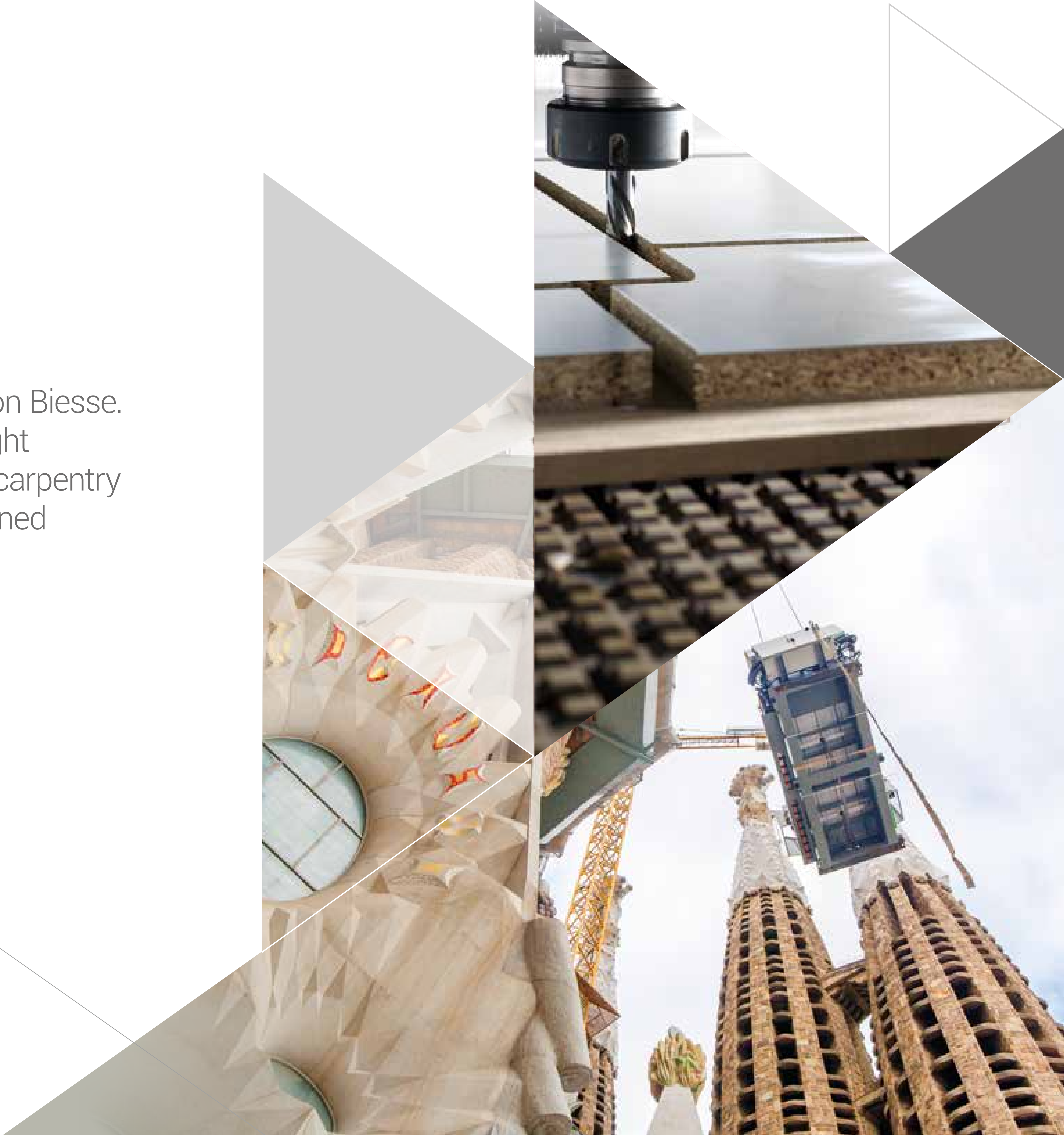
“Along with design innovation, Fiam has always invested in technological innovation too.
In this respect, the partnership with Intermac for the development of solutions such as bilateral grinding machines and the Master processing centres range is a strategic one.”

Vittorio Livi
Fiam, founder and sole administrator

Barcellona, Spain

Sagrada Familia

“The Sagrada Família site bets on Biesse.
The processing centre at a height
of 30 meters for access to the carpentry
of the majestic Cathedral designed
by Antoni Gaudì.”



Made **With** Biesse Group technology

Moda Life, Turkey

The giant that furnishes Turkish homes

> The energy that Biesse gives us is a very positive one: it's a partnership that provides us exactly with what we need and allows us to tackle our challenges knowing that producing large volumes to a high quality standard will never be a problem for us.

Ozcan Tonga
Moda Life's founder

Made **With** Biesse Group technology

Lago, Italy

Design as cultural vision for the business chain

> The machines that we purchased are a modest investment compared to their return; they are linked to a specific manufacturing approach. What I am talking about is high manufacturing volumes with Lago-standard quality levels and the possibility of customising as late as possible, at the customer's request: in short, the very basic principles of lean manufacturing.

Daniele Lago
Owner of Lago

Made **With** Biesse Group technology

Maton and Biesse, making music together

> We found we can accomplish much more than we thought on a Biesse machine.

Patrick Evans
Head of product development of Maton Guitars

Made **With** Biesse Group technology

MCM Cantù, Italy

Greater benefits and competitiveness

“Reduced cost and processing times, greater benefits and competitiveness. This is the results that Mcm, a company headquartered in Cantù - Italy’s furniture hub - managed to achieve thanks to the new “bSolid” software by Biesse.”

Mirco Molteni
MCM Cantù owner

Made **With** Biesse Group technology

Biesse Group technology supports the manufacturing efficiency of the world's largest furniture manufacturers

> With Biesse we defined a "turnkey" solution to be planned, built, tested, in-stalled, inspected and commissioned within a precisely defined schedule.

excerpt from an interview with the manufacturing manager of one of the world's largest furniture manufacturers.

Made **With** Biesse Group technology

Cosentino Group, Spain

High quality result

“ The technical cooperation with Diamut led to the development of a range of tools with a mixture dedicated to Dekton that allows the achievement of a result of the highest finishing quality. ”

Cosentino Group

Made **With** Biesse Group technology

Directors' report

General economic overview

Global economic trend

The global recovery remains gradual and uneven. After a rather volatile and moderate global growth in the first half of the year, the activity strengthened in the second half, mainly supported by stronger fundamentals in some of the more advanced economies, despite signs of some toning down of the growth trend in the fourth quarter.
Beyond the short term, the global economy is expected to gradually improve; however, expectations of a modest recovery persist. The combined effect due to the accumulation of economic imbalances, structural impediments, political and economic uncertainty and, in several countries, tightening of financial conditions weighs on growth prospects in the medium term.
Geopolitical risks related to the conflict in Ukraine and tensions in some oil-producing countries remain high, but their impact on oil prices, on international activity and on inflation has so far been moderate, affecting mostly confidence. Preliminary estimates show that, in the third quarter of 2014, the economic activity in the G20 countries (excluding the Eurozone) grew by 1.1 per cent compared to the previous period, with the persistence of uneven trends across countries.
The expansionary trend was consolidated in the United States and remained robust in the United Kingdom, driven by strong domestic demand. On the other hand, GDP contracted in Japan for the second consecutive quarter, inducing the application of further quantitative easing measures by the Bank of Japan. In China, the activity was somewhat reduced, mainly due to the weakening of investments. As for the other emerging economies, in recent quarters, Brazil showed a reduced expansion and high inflation, while growth in Russia was partly curbed by the tightening of financial conditions and by international sanctions. On the contrary, the economy of India improved.

At global level, the most recent indicators of confidence indicate a positive trend, but to some extent weaker in the fourth quarter. The composite purchasing managers' index (PMI) related to the product, excluding the Eurozone, remained essentially unchanged in November, at a level just below both its long-term average and the value registered in the third quarter, due to a rather sharp decline in the manufacturing sector.

Trends were uneven across countries, with significant improvements of the composite PMI for the United Kingdom, Japan and India and deterioration for the United States, China and Russia. Looking ahead, the component of the global composite PMI referring to new orders slightly decreased, suggesting a more gradual recovery of the international activity in November. At the same time, the OECD's composite leading indicators, which are designed to predict turning points in the economy compared to the trend, reported heterogeneous prospects among the major economies in September, characterised by a weakening of the trend in Japan, a stable growth in the United States, Brazil and China, a toning down of the growth rate in the United Kingdom, albeit from high levels, and a strengthening of the upswing in India.

United States

In the United States, the economic activity gained momentum in the last quarters, after a period of sharp volatility of the data at the beginning of the year. Following the sharp recovery in the second quarter, growth remained robust in the third quarter of 2014 as well. According to the second estimate by the Bureau of Economic Analysis, real GDP grew at an annualised rate of 3.9 percent (1.0 from the previous quarter), supported both by domestic and foreign demand.

Net foreign trade made a considerable positive contribution to growth, in the presence of a substantial increase in exports and a fall in imports. At the same time, consumer spending and private fixed investments helped the economy, confirming the strength of the economic fundamentals.

The short-term prospects for economic activity remain favourable, also in the light of a high degree of business confidence. Over the long term, the recovery in the United States is expected to continue above the trend, supported by steadily improving labour and housing markets, accommodating financial conditions, and the end of the curbing effect due to household and public finance debt reduction.

Japan

In Japan, economic activity in the third quarter was lower than expected, after a sharp decline in the second quarter. According to the first preliminary estimate of the Cabinet Office, real GDP decreased unexpectedly by 0.4 per cent in the third quarter, after a decline of 1.9% in the second quarter, related to a rebalancing in the activity after the increase in consumption tax on 1 April.

The fall in GDP in the third quarter is mainly due to stocks, in addition to the reduction in investments in both the housing sector and in other sectors. Private consumption began to grow during the third quarter, setting at modest levels, while exports increased after the prevailing weakness as from the second half of 2013. As imports have also strengthened, the net foreign trade contributed only marginally to growth.

United Kingdom

In the United Kingdom, the economic activity continued to expand at a rapid pace in the first three quarters of 2014. The growth was driven by the strong domestic demand, in particular, private spending and investments in the housing sector, in turn supported by a lower macroeconomic uncertainty and by relatively favourable credit conditions. The labour market continued to strengthen and the unemployment rate fell to 6.0 per cent in the third quarter, the lowest level of the last five years, compared to a rate of more than 7 percent a year earlier.
Looking ahead, high-frequency data and investigations on expectations suggest that the expansionary trend will remain strong in the short term, albeit the growth rate will probably slow down compared to the first three quarters of 2014. In the medium term, the need for budget consolidation in the public and private sector will continue to weigh on the economic activity.

Emerging countries of Asia

In China, the gradual decrease in GDP growth recorded as from the end of 2013 continued in the third quarter. Consumption and trade provided the largest contribution whereas the contribution of investments weakened, mainly due to a drop in investments in the residential sector and to a lower expansion of credit. The housing market in China, albeit still worsening, is showing signs of a temporary stabilisation. The contraction in the housing sector and the drop in prices slowed down at the beginning of the fourth quarter as a result of the implementation of some accommodating measures by central and local authorities in recent months, such as less strict deposit criteria and purchase restrictions. Moreover, the ongoing urbanisation and the strong increase in income continue to provide support.

In India, confidence remains high since the election of the new government and stock markets are still improving. The favourable economic climate is consistent with GDP growth at 6 percent compared to the same period last year (at market prices) in the third quarter of 2014. As a large net importer of raw materials, India benefits from declining raw material prices, whereas its exports driven by services are less affected by the current weakness in the global demand for products. Moreover, inflation has sharply fallen during the year as a result of the decline in energy and food prices and due to restrictive monetary and budgetary policies.

In other emerging Asian economies, economic recovery remains gradual, after a period of weak growth, as the slowdown in the Chinese economy in recent months has affected, in particular, many export-oriented countries in the region.

Latin America

The slowdown in growth in Latin America persisted in the second half of the year, while the difference in trends in the region became more pronounced. The trend mainly reflects significant internal weaknesses, in part related to lower raw material prices and higher production costs, but also to substantial imbalances in some major economies.

Brazil is characterised by low growth and high inflation. After two quarters of negative growth, real GDP increased by 0.1 per cent compared to the previous period in the third quarter of 2014, driven by investments and collective consumption, whereas private consumption continued to worsen. The substantial tightening of the monetary policy, the weaker foreign demand, the fragile confidence and the uncertainty on policies weighed on growth.
At the same time, inflationary pressures intensified in recent months, exceeding the upper limit (6.5 percent) of the inflation target, largely due to the weakening of the exchange rate compared to major currencies. This, in addition to expectations of high inflation, led the central bank to further increase the benchmark interest rate to 11.25 percent in October (+25 basis points).

Argentina is currently in a recession. According to the monthly indicator of the economic activity, real GDP decreased by 0.2 per cent on an annual basis as at September 2014. The large internal imbalances, high inflation and the weakness of public finances curb growth. On the other hand, in Mexico, the activity is recovering from a sharp slowdown in 2013 since it benefits from a strengthening of the US demand, from an expansionary budgetary policy and from low interest rates.

Eurozone

The economic growth in the Eurozone remains modest. In December, consumer inflation fell to negative values for the first time since October 2009. The two longer-term refinancing operations carried out in September and in December resulted only in a modest expansion of the budget of the Eurosystem that the Governing Council of the European Central Bank intends to further increase; the Council plans to review the size, composition and frequency of its operations, including through large-scale purchases of assets to counter the risks related to an excessively prolonged period of low inflation.

In the third quarter of 2014, the GDP of the Eurozone grew by 0.2 per cent, supported by the rise in consumption (0.5 and 0.3 per cent those of households and public administrations, respectively).

Domestic demand was curbed by the new decline in investments (-0.3 per cent) and changes in stocks; the contribution of net foreign demand to growth was almost zero. Among the major economies, GDP increased again in France (0.3 percent) and very slightly in Germany (0.1 percent), whereas it decreased in Italy (-0.1 percent). The French economy benefited from the growth of private and public consumption and change in stocks. In Germany, a modest support to the activity derived from the acceleration in household and public administration spending.

The most recent indicators confirm the cyclical weakness of the Eurozone economy and forecast for the fourth quarter a still weak growth, with different trends among countries. In December, the €-Coin indicator – which provides an estimate of the area's quarterly GDP change shorn of short-term fluctuations, prepared by the Bank of Italy – returned to values consistent with a modest growth. In the same month, the staff of the Euro-system has further lowered its projections for growth to 0.8 percent for 2014 and 1.0 in 2015.

Italy

In Italy, the weakness in investments is affected by wide margins of spare capacity. Conversely the slow recovery of household consumption – started in the summer of 2013 – continues. Exports continue to shore up the GDP trend, despite fluctuations in worldwide demand.

In the summer months of last year, Italian GDP fell by 0.1 percent compared to the previous period; added value decreased in the industrial sector, especially in the construction sector, whereas it was almost stable in services and agriculture. The economic activity was curbed by the decline in investments (-1.0 per cent, both in construction and in capital goods, only partially offset by the rise in household consumption (0.1 per cent). Net foreign demand continued to prop up GDP (by 0.1 percentage point).

Based on the information available so far, it seems that GDP was marginally down in the final quarter of 2014; during the same period, according to estimates by the Bank of Italy, industrial production would have fallen by almost half a percentage point in economic terms. Qualitative surveys in the autumn months show still uncertain household and business evaluations and uncertain outlook for external demand.

According to the main observers, a trend reversal in production could occur in the first part of the year; a return of capital accumulation to positive values would be a necessary condition.

Leading indicators still indicate high uncertainty; according to estimates by the Bank of Italy, the probability of a turning point in the early months of the year would stand at around 50 percent. The change on a twelve-month basis of the harmonised index of consumer prices (HICP) was -0.1 per cent in December, reflecting the decline in prices of the most volatile components. Even excluding food and energy, inflation remains very low, affected by wide margins of spare capacity: in December, it stood at 0.7 per cent.

Operating segment review

UCIMU - Sistemi per produrre

As is clear from the provisional figures prepared by the Business Culture and Research Centre of UCIMU, in 2014, production increased by 4.6% compared to the previous financial year.
Exports remained at the level of 2013, standing at -0.7%, negatively affected by the general reduction in world trade and, in particular, by the European Union's decision to limit exports of machine tools to Russia as a result of tensions between the Russian Federation and Ukraine.

The growth of Italian consumption was particularly significant: with a plus sign, it stood at a value of € 2,420 million, 18.2% more than 2013, confirming the recovery of investments in production systems by the Italian manufacturing industry.

This trend benefited mainly manufacturers whose deliveries to the domestic market rose by 21.1%. Imports registered a smaller increase (+14.9%).

Luigi Galdabini, chairman of UCIMU, stated: "The recovery which had started at the end of 2013 actually occurred in 2014. Among all indicators, the most important figures are those concerning domestic consumption that returned at last to be positive, showing a new willingness to invest by Italian users. The increase in Italian demand for production systems was enhanced by the introduction of the New Sabatini law that in its first eight months of implementation financed purchases (not only of machine tools) of € 2.3 billion. The very success of this instrument shows that the demand for production systems still exists also in Italy. The problem is the lack of liquidity for companies that would like to invest but do not have available resources. Due to the validity of the measure, capable like few others of fuelling optimism in the market, UCIMU-SISTEMI PER PRODURRE was committed to obtain the refinancing also for next year: for 2015, the New Sabatini law was refinanced for € 12 million but the funds will reach € 31.6 million in 2016 and € 46.6 million in 2017. Therefore, it should be pointed out the need for specific measures capable of supporting, in a structured way, the relaunch of the domestic market and of the Italian manufacturing sector that, to date, is working with production systems that are often obsolete. In addition to the New Sabatini law, the liberalisation of the depreciation of purchased capital goods and the review of their calculation coefficients, unchanged since 1988, should occur".

Acimall

The fourth quarter of 2014 leads to greater optimism on the "state of health" of Italian woodworking technologies. In fact, in the last quarter of the year, the orders recorded an increase of as much as 20.1 percent compared to the same period of 2013. It is also worth mentioning that this time the Italian orders are more dynamic, up by 24.7 per cent, again compared to October-December 2013. Foreign orders increased by 19.7 per cent. This result improves confidence and enhances the feeling that 2015 will be a better than expected year.

Pending further and necessary confirmations in the near future, what can be said is that 2014, marked by a substantial stability in the first few months, from April onwards was characterised by three quarters of growth, with Italian players more inclined to invest, certainly encouraged by measures such as the New Sabatini law and the possibility of making use of tax credits. The balance of exports had instead to deal with the drop in sales in Russia, fortunately well offset by the actual boom in exports to North American markets, first and foremost the United States. The figures emerging from the economic survey of the ACIMALL's research department (Associazione dei costruttori italiani di macchine e accessori per la lavorazione del legno, the association of Italian manufacturers of wood processing machines and accessories), which involves a statistical sample representing the entire technology sector for wood and its derivatives, also indicate that the order book is 2.5 months (2.2 in the fourth quarter of 2013), whereas the increase in prices in 2014 was 1.3 per cent.

The qualitative survey shows that 39 percent of respondents report performance as positive, 44 percent as stable, and 17 percent as falling. The perception on the employment trend was positive: 22 per cent of the sample declared that it is increasing again, a judgment that no one had dared to express at the end of 2013 when employment was indicated as "stable" by 91 per cent of the sample (today only 72 per cent) and down by 9 per cent (today only 6 per cent). Therefore, the figure for the last quarter of 2014 was a positive balance of 31. Inventories were stable according to 56 per cent of respondents, down in the remaining 44 per cent.

An indication of possible trends in the woodworking technology sector comes from the survey, albeit conflicting indications: as a matter of fact, according to 61 per cent of those interviewed, in the period from January to March 2015 foreign orders will be steady, they will grow according to 33 per cent and will drop according to 6 per cent of the sample (positive balance of 27). Different evaluations for the Italian market: according to 72 per cent of the respondents, the orders of Italian companies will remain substantially stable, they will drop according to 22 per cent and they will further grow according to 6 per cent (negative balance of 16).

Vdma

The German association of engineering VDMA (Verband Deutscher Maschinen- und Anlagenbau e.V.) announced that the manufacturers of German plant and machinery confirmed the growth forecasts of 1% for 2014 already suggested since summer. "In the first ten months of the year, plant and machinery production in Germany grew by 1.0% year on year in real terms. We are very optimistic that our forecasts will be confirmed", said the chairman of VDMA Reinhold Festge. The production of woodworking machinery increased by 14% (2014 compared to 2013) and it is expected to grow by 3% in 2015. The growth forecast of the overall index is 2% for 2015. However, there are still incalculable risks, such as the Russia/Ukraine crisis, the slow pace of reforms in France and Italy, and the restrictive effect on growth by the laws introduced by the German Federal Government over the last few months.

The manufacturers of machinery see opportunities especially in the process of re-industrialisation in the United States. The low prices of raw materials represent a stimulus to the global economy. The weakening of the Euro also provides support. "In the past, the overvaluation of the Euro reduced the margins and hindered negotiations. Strong demand is obviously more important than a low exchange rate", Festge explained.

2014 trends

The Biesse Group, during the fourth quarter of 2014, reinforced the positive trend already registered during the year, both in terms of economic profitability and improvement in the net financial position (as a result of significant cash flows in the last quarter of the year).

As concerns the order intake, an overall increase of approximately 20% was recorded at the end of 2014 (€ 375 million compared to € 313 million the same period last year), with a Group backlog at the end of December 2014 of around € 116.3 million (approximately +49.7% over the same period of 2013), confirming the positive trend already achieved in the first nine months of the year (around +24% over the same period of 2013).

As regards sales volumes, Group revenue amounted to € 427,144 thousand at the end of 2014, reporting a significant increase of 12.9% compared to the prior-year period.

Normalised EBITDA totalled € 40,878 thousand, up by € 9,932 thousand (+32.1%) compared with the same period last year and note should also be taken of the improvement in EBIT in the current period, up by € 6,620 thousand (€ 24,766 thousand in 2014 vs. € 18,146 thousand in 2013).

As explained in the following paragraphs, the Wood Division recorded excellent results due to the increase in sales volumes (+15.6% compared to 2013), the different sales mix by distribution channel (increasing importance of its own sales branches) and by product (luxury items with a high technological content). The Mechatronics Division too performed outstandingly, continuing its growth trend in terms of volumes (+18.3% compared to 2013) and profits.

In addition, it should be pointed out that the Group's result was negatively affected by "non-recurring events and impairment losses" totalling € 1,743 thousand, whereas last year they affected positively EBIT for a total amount of € 3,072 thousand.

For 2014, "non-recurring events" mainly refer to the extra cost borne of € 1,101 thousand, compared to what was set aside in the previous years, for the acquisition of the non-controlling interest in the Chinese Centre Gain group and to impairment losses and write-downs recognised on assets no longer considered strategic of about € 480 thousand.

As in the income statement of the previous years, in order to make the impact during the period clearer to understand, these "non-recurring events" were reported in a separate line of the reclassified income statement in the directors' report.

As for the financial position, net operating working capital increased by € 4.2 million, mainly due to the increase in trade receivables (about € 4.5 million), related to the increase in sales of the last quarter of the year.
The change in inventories (about € 11.8 million), due to the need to facilitate the scheduling of the deliveries planned in the first months of 2015 in the light of the strong trend in orders, was almost completely balanced by the increase in trade payables (€ 12 million).

Group net financial indebtedness at 31 December 2014 amounted to € 11.3 million and is more than halved compared to the figure as at 31 December 2013 (about € 23.9 million, -53%). This result is attributable to the positive trend of the economic results and to careful management of the working capital.

Finally, it should be noted that this strong improvement was achieved even though the Group during 2014 incurred non-operating expense: the 2013 dividend distribution totalling € 4.8 million and non-recurring transactions (such as the acquisition of the non-controlling interest in the Chinese Centre Gain group by the holding company Biesse Hong Kong totalling € 3.7 million).

Income statement highlights

Income Statement for the year ended 2014 highlighting non-recurring items

	31 December 2014	% on sales	31 December 2013	% on sales	CHANGE %
'Euro 000's					
Revenue from sales and services	**427,144**	**100.0%**	**378,417**	**100.0%**	**12.9%**
Change in inventories, wip, semi-finished and finished goods	6,409	1.5%	(72)	(0.0)%	-
Other revenue	2,856	0.7%	3,008	0.8%	(5.0)%
Revenue	**436,409**	**102.2%**	**381,354**	**100.8%**	**14.4%**
Consumption of raw materials, consumables, supplies and goods	(177,606)	(41.6)%	(155,903)	(41.2)%	13.9%
Other operating expense	(89,682)	(21.0)%	(81,865)	(21.6)%	9.5%
Normalised added value	**169,120**	**39.6%**	**143,586**	**37.9%**	**17.8%**
Personnel expense	(128,242)	(30.0)%	(112,640)	(29.8)%	(13.9)%
Normalised gross operating profit	**40,878**	**9.6%**	**30,946**	**8.2%**	**32.1%**
Depreciation and amortisation	(13,323)	(3.1)%	(13,836)	(3.7)%	(3.7)%
Provisions	(1,046)	(0.2)%	(2,035)	(0.5)%	(48.6)%
Normalised operating profit	**26,509**	**6.2%**	**15,074**	**4.0%**	**75.9%**
Impairment losses and non-recurring items	(1,743)	0.4%	(2,533)	(0.7)%	-
Operating profit	**24,766**	**5.8%**	**18,146**	**4.8%**	**36.5%**
Net finance expense	(1,549)	(0.4)%	(2,533)	(0.7)%	(38.8)%
Net exchange rate losses	(541)	(0.1)%	(933)	(0.3)%	(45.5)%
Pre-tax profit	**22,676**	**5.3%**	**14,619**	**3.9%**	**55.1%**
Income taxes	(8,871)	(2.1)%	8,207	(2.2)%	8.1%
Profit for the year	**13,805**	**3.2%**	**6,412**	**1.7%**	**115.3%**

Revenue from sales and services for 2014 amounted to € 427,144 thousand, compared with € 378,417 thousand for 2013, up by 12.9% on the previous year.

The breakdown of revenue by segment shows the significant increase in the Wood division (+ 15.7% compared to 2013), from € 267,417 thousand to € 309,512 thousand; the division also increased its share of Group revenue (from 70.7% to 72.5%).

The Components Division, a vertical integration of the Wood Division, benefited in turn from this trend, increasing by 16.5%.

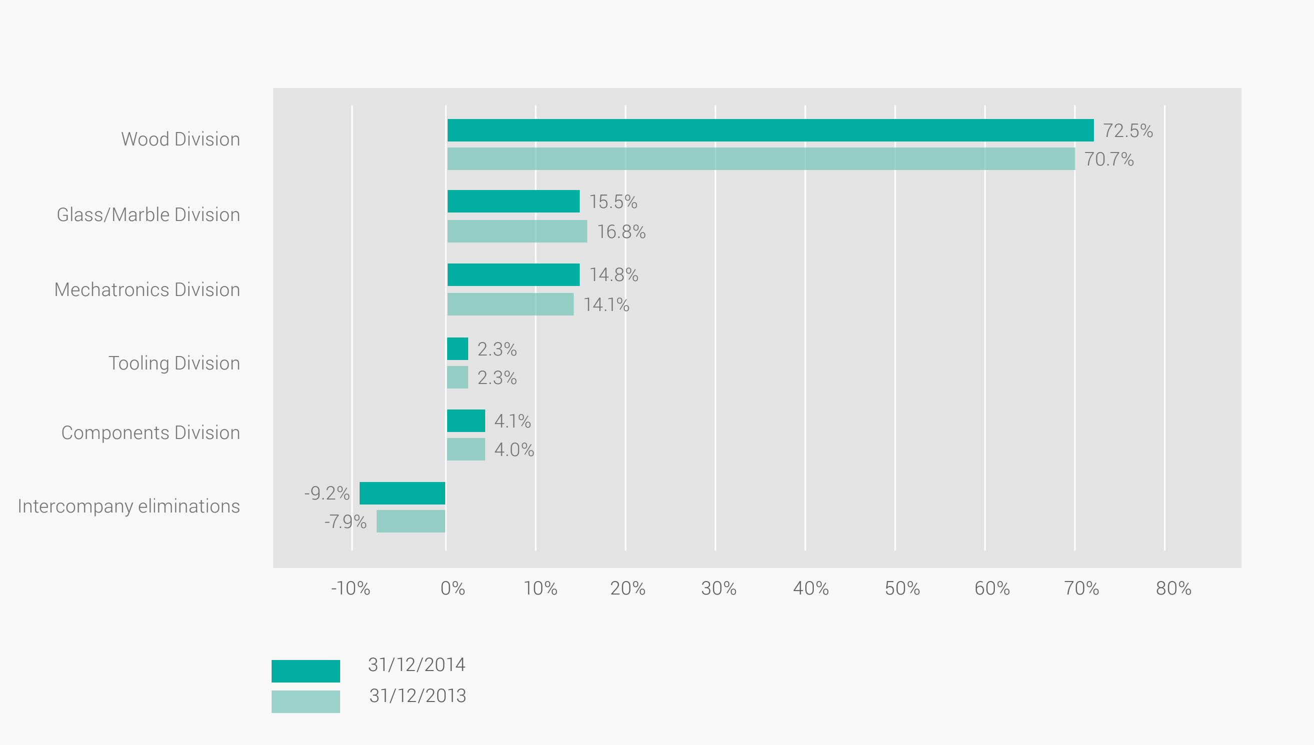
The performances of the other Divisions show increases compared to 2013. To be more precise, the Mechatronics Division recorded the highest increase with +18.5%, whereas the Tooling and Glass/Marble Divisions reported +11.8% and +4.2%, respectively.

Reclassified Income Statement for the year ended 31 December 2014

	31 December 2014	% on sales	31 December 2013	% on sales	CHANGE %
Euro 000's					
Revenue from sales and services	**427,144**	**100.0%**	**378,417**	**100.0%**	**12.9%**
Change in inventories, wip, semi-finished and finished goods	6,409	1.5%	(72)	(0.0)%	-
Other revenue	2,856	0.7%	6,346	1.7%	(55.0)%
Revenue	**436,409**	**102.2%**	**384,692**	**101.7%**	**13.4%**
Consumption of raw materials, consumables, supplies and goods	(177,606)	(41.6)%	(155,903)	(41.2)%	13.9%
Other operating expense	(90,945)	(21.3)%	(81,865)	(21.6)%	11.1%
Added value	**167,857**	**39.3%**	**146,924**	**38.8%**	**14.2%**
Personnel expense	(128,242)	(30.0)%	(112,640)	(29.8)%	13.9%
Gross operating profit	**39,615**	**9.3%**	**34,283**	**9.1%**	**15.6%**
Depreciation and amortisation	(13,323)	(3.1)%	(13,836)	(3.7)%	(3.7)%
Provisions	(1,046)	(0.2)%	(1,739)	(0.5)%	(39.8)%
Impairment losses	(480)	(0.1)%	(562)	(0.1)%	(14.5)%
Operating profit	**24,766**	**5.8%**	**18,146**	**4.8%**	**36.5%**
Net finance expense	(1,549)	(0.4)%	(2,533)	(0.7)%	(38.8)%
Net exchange rate losses	(541)	(0.1)%	(993)	(0.3)%	(45.5)%
Pre-tax profit	**22,676**	**5.3%**	**14,619**	**3.9%**	**55.1%**
Income taxes	(8,871)	(2.1)%	(8,207)	(2.2)%	8.1%
Profit for the year	**13,805**	**3.2%**	**6,412**	**1.7%**	**115.3%**

Breakdown of revenue by operating segment

	31 December 2014	%	31 December 2013	%	Change %
€ 000					
Wood Division	309,512	72.5%	267,417	70.7%	15.7%
Glass/Marble Division	66,345	15.5%	63,668	16.8%	4.2%
Mechatronics Division	63,318	14.8%	53,452	14.1%	18.5%
Tooling Division	9,779	2.3%	8,748	2.3%	11.8%
Components Division	17,618	4.1%	15,118	4.0%	16.5%
Intercompany eliminations	(39,428)	(9.2)%	(29,985)	(7.9)%	31.5%
Total	**427,144**	**100.0%**	**378,417**	**100.0%**	**12.9%**

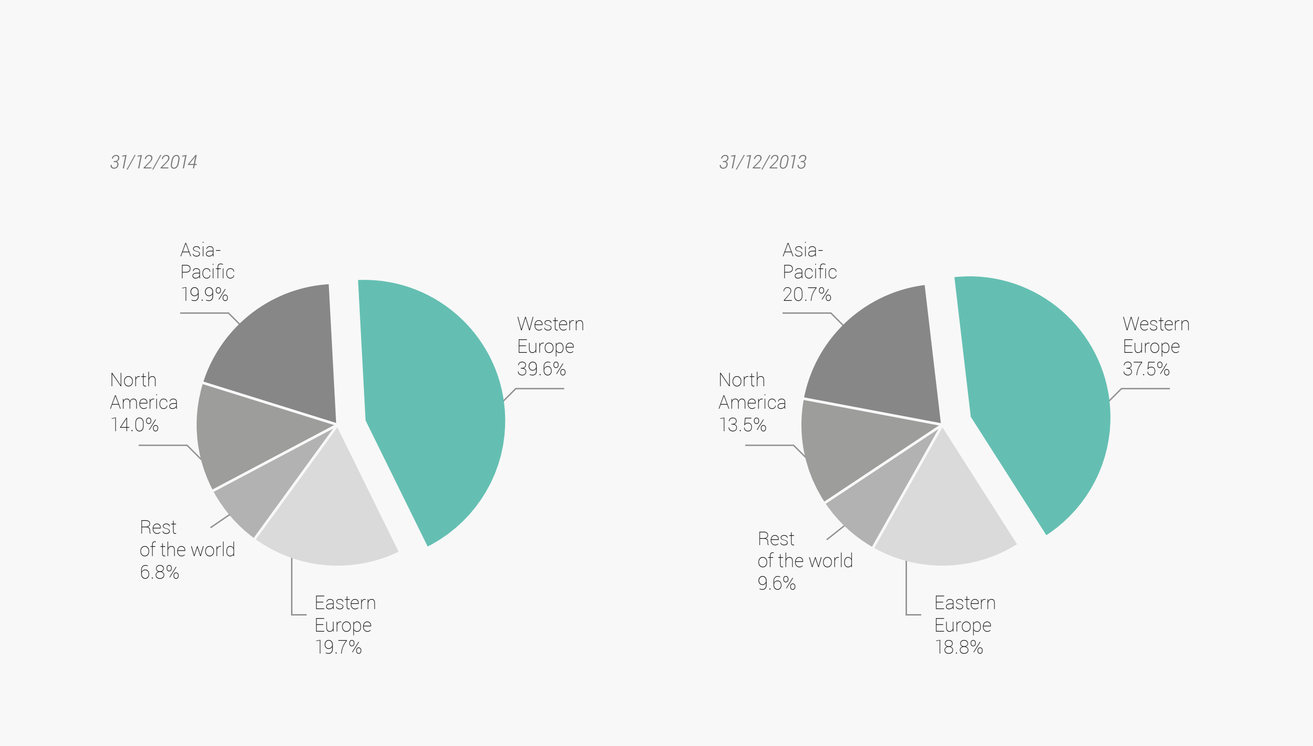


Breakdown of revenue by geographical segment

The breakdown of revenue by geographical segment shows that compared to 2013, Western Europe's performance was particularly positive (+19.3%), confirming its position as the Group's core market (its share of total revenue increased from 37.5% to 39.6%). The Eastern Europe's performance was also particularly positive (+18.2%), increasing its share of the consolidated turnover from 18.8% to 19.7%.

Finally, North America and Asia-Pacific increased significantly (by 17.1% and 8.6%, respectively). Worthy of mention is the decrease in the Rest of the World (-19.6% compared with the prior-year period), mainly due to the sharp fall in the South American market. For further details on sales analysis, reference should be made to the following tables in the section concerning segment reporting.

	31 December 2014	%	31 December 2013	%	Change %
€ 000					
Western Europe	169,156	39.6%	141,763	37.5%	19.3%
Asia-Pacific	84,969	19.9%	78,239	20.7%	8.6%
Eastern Europe	83,987	19.7%	71,044	18.8%	18.2%
North America	59,954	14.0%	51,191	13.5%	17.1%
Rest of the World	29,077	6.8%	36,181	9.6%	(19.6)%
Total	**427,144**	**100.0%**	**378,417**	**100.0%**	**12.9%**



Revenue amounted to € 436,409 thousand, up by 14.4% compared to 2013 (€ 381,354 thousand).

In order to better understand the data, it should be noted that the rise in inventories of semi-finished and finished products (+ € 5.8 million) also contributed to this increase; costs as a percentage of revenue are broken down below.

	31 December 2014	%	31 December 2013	%
Euro 000's				
Revenue	**436,409**	**100.0%**	**381,354**	**100.0%**
Consumption of raw materials and goods	177,606	40.7%	155,903	40.9%
Other operating expense	89,682	20.6%	81,865	21.5%
Service costs	*76,299*	*17.5%*	*70,241*	*18.4%*
Use of third party assets	*7,558*	*1.7%*	*7,200*	*1.9%*
Sundry operating expense	*5,825*	*1.3%*	*4,424*	*1.2%*
Normalised Added Value	**169,120**	**38.8%**	**143,586**	**37.7%**

Added value as a percentage of revenue increased by 1.1% compared with the previous year (38.8% compared to 37.7%). This increase is related to the lower impact of raw materials and goods (40.7% compared to 40.9%), due to a different sales mix more focused on single machines than on lines, to the improvement in consumption efficiency, and to better pricing performance. Albeit an increase in absolute terms compared to the previous year (€ 7,817 thousand) is reported, to a significant extent attributable to the item Services (which increased by 8.6% from € 70,241 thousand to € 76,299 thousand), the percent impact of other operating expense also decreased (20.6% compared to 21.5% in 2013). In detail, this change is attributable to both "variable" cost items (for example: outsourced processing, third party technical services, sales commissions and transport fees) and to "fixed" cost items (travel and lodging expenses, trade fairs and maintenance).

In 2014 the normalised added value totalled € 169,120 thousand, up by 17.8% compared to last year (€ 143,586 thousand) and with an impact on sales increasing from 37.9% to 39.6%.

In 2014 Personnel expense amounted to € 128,242 thousand, compared to € 112,640 thousand in 2013, an approximately € 15,602 thousand increase in absolute terms. The increase in personnel expense did not change the impact on revenue that stood at 30.0%, substantially in line with the previous year (29.8%).

This increase was mainly due to the fixed component of wages, salaries and social security contributions (+€ 12,635 thousand, or +11.7%, on 2013), especially as a result of the expansion of the sales network, in particular as far as branches are concerned. It should also be noted that the Group stopped using state-backed temporary lay-off schemes starting from September. In addition to this phenomenon, the increase in personnel expense was due to the increase in the bonus remuneration variable component (+ € 3,526 thousand, or +60.6%, on the prior-year period) in line with the positive trend of the economic indicators of the Group. The overall increase in the item was partly offset by higher R&D capitalisation (+1,479 thousand, +21.4%).

The normalised gross operating profit was € 40,878 thousand (€ 30,946 thousand at 31 December 2013).

Depreciation and amortisation fell by 3.7% (from € 13,836 thousand to € 13,323 thousand) as a result of careful management of investments in recent years. Depreciation totalled € 5,972 thousand (unchanged compared to the previous year), while amortisation amounted to € 7,351 thousand (down by 6.8%).

Provisions amounted to € 1,046 thousand, sharply decreasing compared to the previous year (- € 989 thousand, 48.6%) due to increased control over risks and any future charge, confirming the good operating performance.

The normalised operating profit amounted to € 26,509 thousand, sharply improving on last year (€ 15,074 thousand).

Impairment losses and non-recurring items were negative to the tune of € 1,743 thousand, mainly due to the extra cost incurred, compared to what was set aside in the previous years, for the acquisition of the non-controlling interests in the Chinese Centre Gain group of € 1,101 thousand; to this were added impairment losses and write-downs on assets no longer considered strategic of about € 480 thousand.

Consequently, operating profit amounted to € 24,766 thousand, up by 36.5% compared to the previous year.

Net financial expense amounted to € 1,549 thousand, down by 38.8% compared to the previous year (€ 2,533 thousand) as a result of lower average debt exposure.

Net exchange rate losses in 2014 were € 541 thousand (net loss of € 993 thousand in 2013).

Pre-tax profit amounted to € 22,676 thousand.

The net balance of income taxes was negative to the tune of € 8,871 thousand due to the following factors: current IRES (Italian corporate income tax) and IRAP (regional business tax) amounting to € 1,067 thousand and € 3,672 thousand, respectively; provisions for income taxes relating to foreign subsidiaries (€ 1,919 thousand), previous-year taxes (+€ 238 thousand), other taxes (€ 115 thousand), net deferred taxes (€ 2,336 thousand).

The Group therefore recorded a profit for the year of € 13,805 thousand.

Statement of financial position highlights

Statement of financial position highlights at 31 December 2014

	31 December 2014	31 December 2013
Euro 000's		
Intangible assets	52,584	47,899
Property, plant and equipment	61,865	61,086
Financial assets	1,478	973
Non current assets	**115,927**	**109,958**
Inventories	98,051	86,273
Trade receivables	80,714	76,231
Trade payables	(123,153)	(111,102)
Net operating working capital	**55,612**	**51,403**
Post-employment benefits	(14,484)	(12,795)
Provision for risk and charges	(8,915)	(8,975)
Other net payables	(25,253)	(16,547)
Net deferred tax assets	11,576	13,987
Other net liabilities	**(37,076)**	**(24,331)**
Net invested capital	**134,464**	**137,030**
Share capital	27,393	27,393
Profit for the previous year and other reserves	81,834	79,077
Profit for the year	13,766	6,435
Non-controlling interests	200	190
Equity	**123,192**	**113,094**
Bank loans and borrowings and loans and borrowings from other financial backers	65,630	60,035
Other financial assets	(1,048)	(949)
Cash and cash equivalents	(53,310)	(35,151)
Net financial indebtedness	**11,272**	**23,936**
Total sources of funding	**134,464**	**137,030**

With respect to the analysis of the trend of the statement of financial position compared to 31 December 2013, net intangible assets increased by € 4.7 million due to higher investments (totalling around € 12.6 million, mainly attributable to R&D capitalisation of new products of € 9.4 million and new ICT investments of around € 2.1 million), net of relevant amortisation for the period (around € 7.4 million) and impairment losses recognised on assets no longer considered strategic (around € 0.5 million).

Compared to 31 December 2013, property, plant and equipment slightly increased by € 0.8 million.

Compared to 31 December 2013, financial assets increased by € 0.5 million mainly due to higher guarantee deposits.

As for the current components, net operating working capital increased by € 4.2 million, mainly due to the increase in trade receivables (around € 4.5 million), related to the increase in sales of the last quarter of the year.
The change in inventories (about € 11.8 million), due to the need to facilitate the scheduling of the deliveries planned for the first months of 2015 in light of the strong trend in orders, was almost completely offset by the increase in trade payables (€ 12 million).

	31 December 2014	30 September 2014	30 June 2014	31 March 2014	31 December 2013
Euro 000's					
Financial assets:	54,359	29,913	29,359	27,975	36,099
Current financial assets	1,048	1,095	1,044	1,039	949
Cash and cash equivalents	53,310	28,818	28,315	26,936	35,151
Short-term finance lease payables	(301)	(297)	(293)	(452)	(285)
Short-term bank loans and borrowings and loans and borrowings from other financial backers	(20,511)	(29,673)	(28,816)	(41,587)	(44,599)
Short-term net financial position	**33,547**	**(58)**	**250**	**(14,065)**	**(8,785)**
Medium/long-term finance lease payables	(1,659)	(1,736)	(1,812)	(2,121)	(1,960)
Medium/long-term bank loans and borrowings	(43,159)	(26,520)	(26,998)	(16,936)	(13,191)
Medium/long-term net financial indebtedness	**(44,818)**	**(28,256)**	**(28,810)**	**(19,057)**	**(15,151)**
Total net financial indebtedness	**(11,272)**	**(28,313)**	**(28,560)**	**(33,122)**	**(23,936)**

At 31 December 2014, the Group's net financial indebtedness amounted to € 11.3 million (gearing = 0.09), a considerable improvement compared to 31 December 2013 (- € 12.7 million, or -52.9%, compared to 31 December 2013).

The strong reduction is attributable to the improvement in operating performance and to the focus on the performance of net operating working capital also against the current backdrop of increasing volumes.

The figure at 31 December 2014 takes into account the payment of the 2013 dividend to shareholders for a total amount of around € 4.8 million, and the expense concerning investments in China for a total amount of € 3.7 million (€ 1.3 million for the last tranche concerning the contract to acquire the Centre Gain Ltd Group, signed in 2011, and € 2.4 million for the acquisition of a 30% stake in the holding Biesse (HK) Limited, entered into in October 2014).

With due prudence regarding the trend of the key market and the international political and economic scenario, in the coming months the Group foresees a further increase in cash flows from operations.

Principal risks and uncertainties to which Biesse S.p.A. and the group are exposed

Operating risks

Risks relating to general economic conditions

As it operates in a competitive global market, the Biesse Group's performance, financial position and cash flows are affected by the general conditions and performance of the world economy. Therefore, any economic downturn or political instability in one or more key markets, as well as lending conditions, can have a significant impact on the Group's economic performance and strategies and affect its future prospects in both the short and medium to long term.

Risks related to the level of competitiveness and cyclicity in the industry

Demand is cyclical and depends on general economic conditions, end customers' propensity to consume, credit availability, and public stimulus measures. A negative trend in demand, or the Group's inability to adapt effectively to external market conditions, could have a significant negative impact on the Group's business prospects as well as on its results and financial position.
All of the Group's revenues substantially come from the mechanical goods sector, which is a competitive industry. The Group competes in Europe, North America and in the Asia Pacific region with other major international players. These markets are all highly competitive in terms of product quality, innovation, price and customer service.

Risks relating to sales on international markets and exposure to shifting local conditions

A significant part of the Group's production and sales is carried out in countries outside the European Union. The Group is exposed to risks inherent to operating on a global scale, including risks relating to exposure to local economic and political conditions and to the potential implementation of policies restricting imports and/or exports.
In addition, the Biesse Group is exposed to compliance with several tax regimes, therefore it is exposed to transfer pricing risks. The Biesse Group operates in several emerging markets including India, Russia, China and Brazil. The Group's exposure to these countries has gradually increased; therefore any adverse political or economic development in these areas could have a negative impact on the Group's prospects and business as well as on its results.

Risks relating to fluctuations in the prices of raw materials and components

The Group's exposure to increases in the prices of raw materials mainly derives from the purchase of components and semi-finished goods, as direct purchasing of raw materials for production is not significant.
The Group, therefore, does not hedge those risks, but rather tends to transfer their management and economic impact to its own suppliers, agreeing with them, where necessary, purchase prices that ensure stability for periods of at least one quarter.
The high level of competition and fragmentation of the sector in which Biesse operates often make it difficult to transfer sudden and/or significant increases in purchase prices entirely on to sales prices.

Risks relating to the ability to offer innovative products

The success of the Group's operations depends on its ability to maintain or increase its share of the markets in which it currently operates and/or to expand in new markets by offering innovative, high-quality products that ensure adequate profitability levels. Should the Group fail to develop and offer innovative and competitive products compared to those of its main competitors in terms of, amongst other things, price, quality and functionality, or should there be any delay in launching new models that are strategic to the Group's business, the Group's market share may decline, negatively affecting its business prospects as well as its results and/or financial position.

Risks relating to management

The success of the Group depends in large part on the ability of its executives and other managers to effectively manage the Group and its individual business divisions. The loss of an executive director, senior manager or other key personnel as a result of organisational changes and/or the company's restructuring, with no timely and adequate replacement and reorganisation, as well as the inability to attract and retain new and qualified staff, could therefore have a negative impact on the Group's business prospects as well as on its results and/or its financial position.

Risks relating to relations with employees

In several countries in which the Group operates, its employees are protected by various laws and/or collective labour contracts that guarantee them, through local and national representation, the right to be consulted on specific questions, including restructuring or closure of departments and staff cuts. The laws and/or collective labour contracts applicable to the Group could affect its flexibility in redefining and/or strategically repositioning its operations. Biesse's ability to reduce the number of employees or either terminate or temporarily suspend employment contracts is influenced by government authorisations and trade union approval.

Risks relating to relations with suppliers

The Group purchases raw materials, semi-finished goods and components from a large number of suppliers and relies on services and products provided by other companies outside the Group. Close collaboration between manufacturers and suppliers is customary in the sectors in which Biesse operates: on the one hand, it can result in economic benefits in terms of cost reduction; on the other, the Group's reliance on these suppliers implies that the difficulties they experience (whether due to internal or external factors) could negatively impact the Group.

Risks related to offshoring

The Group has been delocalising its manufacturing operations for a few years now to China and India, both by starting new production plants and acquiring existing ones. As a result, the Group's exposure to the performance of these countries has increased in recent years. Political and economic developments in these emerging markets, including any situation of crisis or instability, could significantly affect negatively the Group's business prospects in the future.

FINANCIAL RISKS

Risks relating to financial requirements

The liquidity risk is normally defined as the risk that the company might be unable to meet its payment obligations due to the difficulty in raising funds (funding liquidity risk) or to sell assets on the market (asset liquidity risk). The result is a negative impact on profit or loss should the company be forced to bear additional costs to meet its obligations or, in the worst case scenario, a situation of insolvency threatening its viability as a going concern.

The Biesse Group is implementing measures to ensure adequate financing of net working capital and, more in general, to secure its current assets. Short-term uncommitted credit lines of the Group account for 67.7% of total financing, whereas the remaining part is represented by the residual portions of unsecured loans (18 months minus one business day), mortgage loans, residual real estate leases and medium-term committed credit lines.

In 2014, the main credit lines granted to both Biesse S.p.A. and its foreign subsidiaries by Italian lending institutions were renewed/renegotiated. Thanks to funding by supranational entities (EIB), a specific five-year loan was granted through Unicredit Banca.

Given that cash flow generation was concentrated especially at the end of 2014, the Group has a high availability of credit lines – higher than actual needs – hence debt consists almost entirely of residual amounts relating to previous unsecured/mortgage loans, whereas, to optimise treasury management, special conditions were agreed in order to use any liquidity "sessions" (eonia – t/n).

Credit risks

The Group is exposed to various concentrations of credit risk in the various markets on which it operates, although credit exposure is divided across a large number of counterparties and customers.
Financial assets are recognised net of impairment losses calculated on the basis of counterparty default risk, taking into account available information on the customer's solvency as well as historical-statistical data.

Risks relating to exchange rate fluctuations

The Biesse Group, as it operates in several markets around the world, is naturally exposed to market risks relating to the fluctuation in interest and exchange rates. Its exposure to currency risk is related primarily to the geographical diversification of its commercial operations, which leads to revenue from exports being denominated in currencies other than that of the country of production; in particular, the Biesse Group is mainly exposed to net exports from the Eurozone to other currency areas (mainly US dollar, Australian dollar, Pound sterling, Indian Rupee and Chinese Renminbi). Consistently with its risk management policy, the Biesse Group seeks to hedge its exposure to the risk of exchange rate fluctuations through financial hedging instruments. Nevertheless, sudden fluctuations in exchange rates could have a negative impact on the Group's results.

Risks relating to interest rate fluctuations

Due to its net financial indebtedness, the Group is exposed to an interest rate fluctuation risk. The Group's exposure to interest rate risk mainly arises from the volatility of financial expense related to floating rate debt.
The Group's operating and financial policies are aimed at minimising the impact of such risks on the Group's performance by improving its results and net financial position.

Risks relating to the ability of customers to finance the investments

The Biesse Group, since it operates in the sector of long-term capital goods, is subject to the negative impact of potential tightening of credit standards by financial institutions for customers intending to buy goods using financing (e.g. operating leases, secured credit, etc.).

Corporate governance

The Corporate Governance system of Biesse S.p.A. complies with the principles set out in the Corporate Governance Code for Listed Companies and international best practices. On 12 March 2015, the Board of Directors approved the Report on Corporate Governance and Ownership Structure pursuant to Article 123-bis of the 2014 Consolidated Finance Act.
This Report is published on the Company's website www.biesse.com in the "Investor Relations" section, "Biesse Profile" subsection, and constitutes a reference for legal purposes.
Biesse S.p.A.'s management and control model is the traditional model envisaged by Italian Law, with a Shareholders' Meeting, a Board of Directors, a Board of Statutory Auditors and Independent Auditors. The corporate bodies are appointed by the Shareholders' Meeting and hold office for three years. The representation of Independent Directors, as defined in the Code, and their role in both the Board and the Company's Committees (Internal Control Committee, Related-Party Transactions Committee, Remuneration Committee), are fit for ensuring the interests of all shareholders are balanced and all sides of a discussion are freely aired in the meetings of the Board of Directors.

Reconciliation between the equity and results of the parent and consolidated equity and results

In compliance with Consob Communication no. DEM/6064293 of 28 July 2006 the following schedule shows the reconciliation of the equity and results for the year of the parent with the consolidated equity and results for the year.

	Equity 31/12/2014	Profit 31/12/2014	Equity 31/12/2013	Profit 31/12/2013
Euro 000's				
Equity and loss for the year of the parent	**126,462**	**14,490**	**117,985**	**8,242**
Elimination of carrying amount of consolidated equity investments:				
Difference between carrying amount and amount of equity held	4,123		800	
Pro-quota results contributed by investees		10,145		6,452
Derecognition of impairment losses/reversal of impairment losses on equity investments		2.370		2,800
Dividends		(11,527)		(11,270)
Elimination of the effects of transactions between subsidiaries:				
Intercompany losses included in closing inventories	(7,029)	(1,712)	(5,317)	211
Intercompany losses on non-current assets	(564)		(564)	
Equity and loss of the year attributable to owners of the parent	**122,993**	**13,766**	**112,905**	**6,435**
Non-controlling interests	200	40	190	(23)
Total equity	**123,192**	**13,805**	**113,094**	**6,412**

Transactions with associates, ultimate parents and the latter's subsidiaries

Details on transactions with the ultimate parent Bi.Fin. S.r.l. are reported below:

	Receivables	Payables	Revenue	Expense
Euro 000's				
Bi. Fin. S.r.l.	1,552	-	-	54

It is hereby declared that , pursuant to Article 2.6.2., paragraph 13 of the Rules of the Markets organised and managed by Borsa Italiana S.p.A., all of the conditions set forth in Article 37 of Consob Regulation no. 16191/2007 have been complied with.

Other related party transactions

The following have been identified as related parties: the Board of Directors, the Board of Statutory Auditors, SEMAR S.r.l. and Fincobi S.r.l.. During the year, transactions with the aforementioned parties were as follows:

	Equity 31/12/2014	Profit 31/12/2014	Equity 31/12/2013	Profit 31/12/2013
Euro 000's				
Fincobi S.r.l.	-	-	1	(0)
Se. Mar. S.r.l.	2	912	2	2,542
Members of the Board of Directors	1	0	1	2,343
Members of the Board of Statutory Auditors	-	171	-	166
Total	**3**	**1,083**	**3**	**5,051**

We can confirm that the transactions disclosed above were carried out under terms and conditions that were not different from those arm's length parties would have agreed.

Information on significant companies outside the EU

Biesse S.p.A. controls directly or indirectly some companies established and regulated by the law of States outside the European Union ("Significant Companies outside the EU" as defined by Consob Regulation no. 16191 of 29 October 2007 as amended).
With reference to these companies, it should be noted that:
• all the Significant Companies outside the EU draw up a reporting package for the purposes of preparing the consolidated financial statements; their statement of financial position and income statement are made available to the shareholders of Biesse S.p.A. within the terms provided for by the relevant regulations;
• Biesse S.p.A. obtained the articles of association as well as the composition and powers of the corporate bodies of the Significant Companies outside the EU;
• the Significant Companies outside the EU:
- provide the independent auditor of the parent with the information required for auditing the annual and interim financial statements of the parent;
- have an administrative and accounting system fit for submitting on a regular basis to the management and the independent auditor of Biesse S.p.A. the data related to financial position, results of operations and cash flows required for preparing the consolidated financial statements.
The supervisory body of Biesse S.p.A., in order to fulfil its regulatory obligations, checked the adequacy of the administrative and accounting system for submitting on a regular basis to the management and the independent auditor of Biesse S.p.A. the data related to financial position, results of operations and cash flows required for preparing the consolidated financial statements, as well as the effectiveness of the information flow through meetings both with the managers and the local auditors of the Significant Companies outside the EU.

Personnel

Staff

In 2014, the Group continued to pursue its restructuring and relaunch strategy, completing the streamlining process and making investments to fully grasp growth and relaunch opportunities.

All human resource initiatives to relaunch the Group resulted in the following figures: 2,881 Group employees, increasing by 186 compared to 2013. The increase is divided in 59 in Italy and 127 in foreign premises.

In relation to the significant focus on the recruitment of technical staff, as from September 2014 an assessment programme has been started for recent university graduates in Engineering who have been able to visit the company, listen to the managers and take part in individual and group selection tests aimed at identifying the best talents to be recruited.

Industrial relations

During the year, the use of the so-called "defensive" work-sharing agreement effective as from 2 September 2013 to 1 September 2014 ended. As part of and within the limits of the provisions included in the signed statement of agreement, the work-sharing agreement, in the period from January to September 2014, involved 617 staff members totalling 46,363 hours, with an average reduction of working hours on a 4-week period of approximately 9%. During 2014, the Supplementary Labour Agreement was renewed with a special reference to the Performance Bonus for the period from 2014 to 2016.

Training

The training programmes activated during 2014 focused on two main areas:

• Training on tools to support the improvement of business processes
• Completion of the programme dedicated to Safety, already started in previous years.

Training of Research and development engineers

Following a diagnosis and review of the development methods started in 2013, workshops were organised aimed at the study of synchronous design methods, to assess their costs and benefits and possibility of implementation in the company.

Training on ERP systems

The major intervention of 2014 concerned the training to support the implementation of the new Oracle ERP system, with special reference to manufacturing and supply-chain modules being definitively rolled out in the Wood Division.

Safety course

The training programme started in 2012 for all the personnel, according to the provisions of the State Region Agreement, continued. In 2014, priority was given to the completion of training on specific risks for workers belonging to high-risk categories.

Shares

Shares in biesse and/or its subsidiaries, held directly or indirectly by members of the board of directors, the board of statutory auditors and the general manager, as well as by their respective spouses where not legally separated and by their minor children

	No. of shares held directly and indirectly at 31/12/2013	No. of shares sold in 2014	No. of shares purchased in 2014	No. of shares held directly and indirectly at 31/12/2014	% of share capital
Roberto Selci Chairman	31,944	0	0	31,944	0.12%
Giancarlo Selci Managing Director	16,015,000	0	0	16,015,000	58.46%
Stefano Porcellini Executive Director and General Manager	0	0	0	0	0.00%
Alessandra Parpajola Executive Director	600	0	0	600	0.00%
Cesare Tinti Executive Director	0	0	0	0	0.00%
Leone Sibani Independent Director	6,000	0	0	6,000	0.02%
Giampaolo Garattoni Independent Director	40,000	0	0	40,000	0.15%
Salvatore Giordano Independent Director	200	0	0	200	0.00%
Giovanni Ciurlo Member of the Board of Statutory Auditors	0	0	0	0	0.00%
Claudio Sanchioni Member of the Board of Statutory Auditors	200	0	0	200	0.00%
Riccardo Pierpaoli Member of the Board of Statutory Auditors	0	0	0	0	0.00%

Atypical and/or unusual transactions of the year

No transactions of this nature were reported in 2014.

Events after the reporting date and outlook

Genuary 2015

On 29 January, Biesse took part in Ligna Preview where the top management of Deutsche Messe together with the director of the German association of engineering VDMA (Verband Deutscher Maschinen- und Anlagenbau e.V) illustrated the trends in the wood industry and the main innovations of the 2015 Ligna fair of May to more than 85 journalists from 25 countries and to major exhibitors.

February 2015

On 19 March 2015, the Board of Directors of Biesse S.p.A. approved the updating of the business plan for the 2015-2017 period. Based on the initiatives set out in the above business plan and on the assessment of the international macroeconomic situation, the results expected by the Biesse Group in the next three years are as follows:
• higher consolidated revenue at a CAGR of 8.1% (€ 540 million in 2017)
• higher added value with a record-breaking 42.5% as a percentage of revenue (€ 229 million in 2017)
• increasing operating profits:
• EBITDA margin 13.1% (€ 71 million in 2017)
• EBIT margin 10.0% (€ 54 million in 2017)
• aggregate investments of more than € 53 million in the 2015-2017 period
• positive free cashflow of almost € 69 million in the 2015-2017 period

"The plan further develops what has been achieved in 2014" - explained the General Manager, Stefano Porcellini - "which ended for Biesse with revenue equal to around € 427 million and with an order intake 20.1% higher than in 2013, although we have not yet moved into the expansion phase of the economic cycle. Also in 2014, Biesse recovered operating profits and halved net debt (NFP at around € 11.3 million, improving by € 12.7 million compared to 31 December 2013), even though commercial and product investments, dividend distribution, etc., gradually increased. Drawing on these elements, today we approved the actions that will support the further growth of the Group during the 2015-2017 period, focusing more than ever on innovation and on commercial / marketing investments.

On 27 February 2015, Viet Italia S.r.l., 100% owned by Biesse S.p.A., completed the purchase of Viet S.r.l. in liquidation, for which there had been a lease agreement for the business unit since 2011 with related binding option to purchase the company. The amount related to the purchase of the company was agreed in € 2,127,959, which will be paid in 42 equal monthly instalments, the first one falling due on 31 March 2015.

March 2015
On 3 March 2015, Biesse S.p.A. met in Paris some important investors in collaboration with its specialist Banca IMI. On that occasion, in addition to describing its activities and industrial projects underway, the top management of Biesse updated its indications concerning 2014. On 5 March, the same meeting was held in London. From 4 to 7 March, Biesse France took part in the Eurobois trade show in Lyon where it won the Eurobois Award for innovation for bSolid.

Outlook
The approved plan provides for an average growth of 8.1% in the three-year period, with a particularly aggressive approach in 2015 (expected double-digit percentage growth) on the assumption of a more robust entry into the expansion phase of the economic cycle and a backlog of more than € 116 million (+49.7% compared to 31 December 2013), and also due to the current greater competitiveness of the Euro. As in the last two-year period, the focus of the plan will be on the further massive expansion of the sales network.
The analysis of the first two months of the current year shows positive results for order intake both for achieving the budget targets (+13.1%) and for the increase compared to the same period of 2014 (+17.1%). Sales are not in line with budget targets (-5%) but they however increased compared to last year (+15.3%).

Directors' report on Biesse S.p.A.

INCOME STATEMENT HIGHLIGHTS

Income Statement for the year ended 2014 highlighting non-recurring items

	31 December 2014	% on sales	31 December 2013	% on sales	CHANGE %
Euro 000's					
Revenue from sales and services	**282,521**	**100.0%**	**254,592**	**100.0%**	**11.0%**
Change in inventories, wip, semi-finished and finished goods	68	0.0%	(824)	(0.3)%	-
Other revenue	4,197	1.5%	4,386	1.7%	(4.3)%
Revenue	**286,785**	**101.5%**	**258,154**	**101.4%**	**11.1%**
Consumption of raw materials, consumables, supplies and goods	(145,872)	(51.6)%	(133,638)	(52.5)%	9.2%
Other operating expense	(41,668)	(14.7)%	(41,551)	(16.3)%	0.3%
Added value	**99,245**	**35.1%**	**82,965**	**32.6%**	**19.6%**
Personnel expense	(75,442)	(26.7)%	(67,723)	(26.6)%	11.4%
Gross operating profit	**23,803**	**8.4%**	**15,242**	**6.0%**	**56.2%**
Depreciation and amortisation	(9,696)	(3.4)%	(10,260)	(4.0)%	(5.5)%
Provisions	(1,338)	(0.5)%	(1,009)	(0.4)%	32.6%
Normalised operating profit	**12,769**	**4.5%**	**3,973**	**1.6%**	**-**
Impairment losses and non-recurring items	(305)	(0.1)%	3,142	1.2%	-
Operating profit	**12,463**	**4.4%**	**7,115**	**2.8%**	**75.2%**
Net finance expense	(1,603)	(0.6)%	(2,124)	(0.8)%	(24.5)%
Net exchange rate losses	(917)	(0.3)%	(499)	(0.2)%	83.7%
Impairment losses on financial assets	(2,370)	(0.8)%	(2,800)	(1.1)%	(15.4)%
Dividends	11,527	4.1%	11,270	4.4%	2.3%
Pre-tax profit	**19,100**	**6.8%**	**12,962**	**5.1%**	**47.4%**
Income taxes	(4,611)	(1.6)%	(4,720)	(1.9)%	(2.3)%
Profit for the year	**14,490**	**5.1%**	**8,242**	**3.2%**	**75.8%**

In 2014 Revenue from sales and services amounted to € 282,521 thousand, compared with € 254,592 thousand in 2013, up by 11.0% over the previous year. As already shown in the Group's sales analysis, the good performance of the Wood Division also had a positive impact on the Components Division. Reference should be made to what has already been said on the Group's sales analysis. Revenue amounted to € 286,785 thousand, compared with € 258,154 thousand in 2013, up by 11.1% from the previous year; costs as a percentage of revenue are presented so as to give a clearer indication of profitability.

	31 December 2014	%	31 December 2013	%
Euro 000's				
Revenue	**286,785**	**100.0%**	**258,154**	**100.0%**
Consumption of raw materials and goods	145,872	50.9%	133,638	51.8%
Other operating expense	41,668	14.5%	41,551	16.1%
Service costs	36,662	12.8%	36,459	14.1%
Use of third party assets	3,180	1.1%	3,352	1.3%
Sundry operating expense	1,826	0.6%	1,740	0.7%
Added value	**99,245**	**34.6%**	**82,965**	**32.1%**

Added value as a percentage of revenue increased compared to the previous year (up by 2.5%). This increase is mainly due to the lower incidence of costs of raw materials and goods (50.9% compared to 51.8%), due to a different sales mix more focused on single machines than on lines, to the improvement in consumption efficiency, and to better pricing performance. Other operating expense also recorded a lower impact on revenue both in percentage terms (from 16.1% to 14.5%) whereas in absolute terms they remained unchanged (+ € 117 thousand).

In 2014 personnel expense in 2014 amounted to € 75,442 thousand, compared with € 67,723 thousand in 2013, with an increase in absolute terms of € 7,719 thousand (11.4%). The fixed component of wages and salaries increased by about € 5,873 thousand (+8.8%), in part attributable to the expansion of the sales network and in part to the decision of the Group to stop using state-backed temporary lay-off schemes as from September. The variable components related to performance bonuses and other bonuses increased by about € 3,058 thousand (+81.7%) in line with the positive trend of the economic indicators of the company. Capitalisation of R&D expenditure for employees' wages and salaries increased by € 1,489 thousand (€ 8,187 thousand compared to € 6,699 thousand in 2013).

Gross operating profit was € 23,803 thousand, with a 56.2% improvement compared to the previous year.

Depreciation and amortisation decreased by 5.5% (from € 10,260 thousand to € 9.696 thousand): depreciation totalled € 3,206 thousand (up by 4.6%), while amortisation amounted to € 6,490 thousand (down by 9.8%).

Provisions stood at € 1,338 thousand, up by € 329 thousand compared to the previous year. The reported amount is mainly composed of provisions amounting to € 1,210 thousand to the allowance for impairment (€ 1,009 thousand in 2013).

Normalised operating profit amounted to € 12,769 thousand.

2014 profit was negatively affected by impairment losses and write-downs of assets no longer considered strategic of € 305 thousand. Consequently, operating profit amounted to € 12,463 thousand.

Net finance expense decreased sharply compared to the previous year (from € 2,124 thousand to € 1,603 thousand, -24.5%) in line with the reduction of the average debt exposure. Net exchange losses increased compared to the previous year (from € 499 thousand to € 917 thousand).
Net finance expense included the net impairment losses recognised on financial assets of € 2,370 thousand; this amount refers to the impairment of equity investments held in Viet Italia S.r.l of € 1,194 thousand and in Biesse (HK) Ltd. of € 5,807 thousand; to provision for the reconstitution of the deficit of Viet Italia S.r.l of € 500 thousand; to reversal of impairment losses on equity investments written down in past years held in Biesse America Inc. of € 2,731 thousand and in Biesse Manufacturing Co. Pvt. Ltd. of € 2,400 thousand.

Net finance expense also includes € 11,527 thousand (€ 11,270 thousand in 2013) concerning dividends received from the following subsidiaries:

- HSD S.p.A.: € 8,800 thousand;
- Biesse France Sarl: € 400 thousand;
- Biesse Canada Inc.: € 2,273 thousand;
- Biesservice Scandinavia AB: € 54 thousand;

Pre-tax profit amounted to € 19,100 thousand, compared to a pre-tax profit of € 12,962 thousand in 2013.

The net balance of income taxes was negative to the tune of € 4,611 thousand.

Income taxes refer to current IRES (Italian corporate income tax), positive to the tune of € 1,657 thousand, determined by the difference between the positive effect (equal to € 3,982 thousand) deriving from the use of past losses during tax consolidation, and the negative effect (equal to € 2,325 thousand) deriving from the calculation of the profit for the year, negative current IRAP (regional business tax) of € 2,666 thousand, negative deferred taxes of € 3,984 and taxes relating to previous financial years positive to the tune of € 382 thousand for the partial release of the provision for taxes on tax disputes.

Consequently, profit for the year amounted to € 14,490 thousand.

STATEMENT OF FINANCIAL POSITION HIGHLIGHTS

	31 December 2014	31 December 2013
Euro 000's		
Intangible assets	37,724	33,403
Property, plant and equipment	35,972	36,040
Financial assets	54,988	57,620
Non-current assets	**128,684**	**127,063**
Inventories	40,280	37,987
Trade receivables	43,847	45,574
Intercompany trade receivables	38,057	27,243
Trade payables	(81,882)	(72,682)
Intercompany trade payables	(12,754)	(12,750)
Net operating working capital	**27,548**	**25,372**
Post-employment benefits	(12,568)	(11,273)
Provision for risk and charges	(4,762)	(9,679)
Other net payables	(14,300)	(11,061)
Net deferred tax assets	5,194	9,335
Other net liabilities	**(26,437)**	**(22,677)**
Net invested capital	**129,795**	**129,758**
Share capital	27,393	27,393
Profit for the previous year and other reserves	84,579	82,350
Profit for the year	14,490	8,242
Equity	**126,462**	**117,985**
Bank loans and borrowings from other financial backers	53,931	51,623
Financial liabilities to group	5,872	8,193
Other financial assets	(30,800)	(32,018)
Cash and cash equivalents	(25,671)	(16,024)
Net financial indebtedness	**3,333**	**11,773**
Total sources of founding	**129,795**	**129,758**

Net intangible assets increased compared to 2013 (+ € 4.3 million). This increase is due to higher investments totalling around € 11.1 million, mainly attributable to R&D capitalisation of new products (of around € 8.7 million) and new ICT investments (of around € 2.1 million), net of relevant amortisation for the period (around € 6.5 million) and impairment losses recognised on assets no longer considered strategic (around € 0.3 million).

As for property, plant and equipment, the net value remains substantially unchanged. The figure confirms a trend observed in previous years, with the streamlining of manufacturing facilities and investments and improving the use of manufacturing space.

Financial assets decreased by around € 2.6 million, mainly due to the combined write-down and write-back on the equity investments held.

Net working capital increased by around € 2.2 million compared to the previous year due to the increase in trade payables (of around € 9.1 million) as a result of the increase in sales at the end of the year and of the increase in inventories (of around € 2.3 million) in light of the strong trend in orders. These increases were partially offset by the increase in trade payables (by approximately € 9.2 million).

Net financial indebtedness

	31 December 2014	31 December 2013
Euro 000's		
Financial assets:	56,471	48,043
Other current financial assets due from related parties	*24,811*	*22,018*
Dividends	*5,989*	*10,000*
Cash and cash equivalents	*25,671*	*16,024*
Short-term finance lease payables	-	-
Short-term bank loans and borrowings and loans and borrowings from other financial backers	(13,957)	(38,432)
Other current financial liabilities due to related parties	(5,872)	(8,193)
Short-term net financial position	**36,641**	**1,417**
Medium/long-term finance lease payables	-	-
Medium/long term bank loans and borrowings	(39,974)	(13,191)
Medium/long-term net financial indebtedness	**(39,974)**	**(13,191)**
Total net financial indebtedness	**(3,333)**	**(11,773)**

At 31 December 2014, the Company's net financial indebtedness was around € 3.3 million, improved (- € 8.4 million) compared to the previous year, thanks to improved results and to better working capital management.

For further details, reference should be made to what has already been said about the Group's net financial indebtedness.

Other information

Finally, it should be noted that the Company does not own shares or stakes in ultimate parents, nor has it owned or traded any such shares or stakes during 2014. There is, therefore, nothing to report in relation to Article 2428 paragraph 2 sections 3 and 4 of the Italian Civil Code.

Pursuant to Article 2497-bis paragraph 4 of the Italian Civil Code, it is noted that Bi.fin. S.r.l., based in Pesaro, via della Meccanica no. 16, manages and coordinates Biesse S.p.A. and indirectly, through the latter, the relevant subsidiaries.

Proposal to the ordinary shareholders' meeting

Dear shareholders,
You are invited to approve the financial statements as at and for the year ended 31 December 2014, with the present directors' report, as they stand.
The Board of Directors, taking into account the positive financial position and results for 2014, proposes to distribute dividends to shareholders to be taken from the profit for the year at the rate of € 0.36 for each eligible share, totalling € 9,861,495.12, less the dividends on treasury shares held on the ex-dividend date of 18 May 2015. Portion of the dividend referring to the latter will be allocated to the extraordinary reserve.
Therefore, you are invited to resolve on the allocation of the profit for the year of € 14,489,837.95 as follows:

- allocation of € 9,861,495.12 to dividends;
- allocation of € 541,578.59 to the reserve for unrealised exchange rate gains;
- allocation of the residual profit of € 4,086,764.24 to the extraordinary reserve.

The coupons will be paid in a lump sum starting from 20 May 2015 (with ex-dividend date as from 18 May 2015 and record date on 19 May 2015) by means of qualified financial intermediaries.

Pesaro, lì 12/03/2015

The Chairman of the Board of Directors
Roberto Selci

Consolidated financial statements

as at and for the year ended 31 December 2014

Consolidated financial statements

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014 [1]

	Note	31 December 2014	31 December 2013
Euro 000's			
Revenue	5	427,144	378,417
Other operating income	5	2,856	6,346
Change in the inventories of finished goods and work in progress		6,409	(72)
Purchase of raw materials and consumables	7	(177,606)	(155,903)
Personnel expense	8	(128,242)	(112,640)
Other operating expense	9	(90,945)	(81,865)
Depreciation and amortisation		(13,323)	(13,836)
Provisions		(1,046)	(1,739)
Impairment losses	15	(480)	(562)
Operating profit		**24,766**	**18,146**
Finance income	10	7,324	5,397
Finance expense	11	(8,873)	(7,930)
Net eschange rate losses	12	(541)	(993)
Pre-tax profit		**22,676**	**14,619**
Income taxes	13	(8,871)	(8,207)
Profit for the year		**13,805**	**6,412**
Profit for the year		**13,805**	**6,412**
Attributable to:			
Owners of the parent		13,766	6,435
Non-controlling interests	28	40	(23)
Earnings per share			
Basic (€ /cents)	16	51.08	23.92
Diluted (€ /cents)	16	51.08	23.92

[1] In accordance with Consob Resolution no. 15519 of 27 July 2006, the effects of related-party transactions and non-recurring transactions on the income statement are shown in the relevant statement in Appendix 1 and, respectively, in note 44.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	31 December 2014	31 December 2013
Euro 000's			
Profit for the year		**13,805**	**6,412**
	27	2,532	(3,553)
Translation differences of foreign operations	27	(51)	11
Net gain(loss) on cash flow hedges	13	14	(3)
Income taxes on other comprehensive income			
Effects with possible future impact on the income statement		**2,495**	**(3,545)**
		(2,097)	89
Measurement of defined-benefit plans			
Effects with no future impact on the income statement		**(2,097)**	**89**
Total comprehensive income for the year		**14,203**	**2,957**
Attributable to:			
Owners of the parent		14,173	2,984
Non-controlling interests		31	(27)
Total comprehensive income for the year		**14,203**	**2,957**

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014 [2]

	Note	31 December 2014	31 December 2013
Euro 000's			
ASSETS			
Non current assets			
Property, plant and equipment	17	55,349	54,955
Equipment and other items of property, plant and equipment	17	6,517	6,131
Goodwill	18	17,069	16,852
Other intangible assets	19	35,515	31,048
Deferred tax assets	34	15,111	16,995
Other non-current financial assets and receivables	20	1,478	973
		131,038	**126,953**
Current assets			
Inventories	21	98,051	86,273
Trade receivables due from third parties	22	80,712	76,217
Trade receivables due from related parties	44	2	14
Other current assets	23	13,928	11,799
Other current assets due from related parties	23	1,553	1,554
Derivatives	38	43	340
Current financial assets		1,048	949
Cash and cash equivalents	24	53,310	35,151
		248,648	**212,297**
TOTAL ASSETS		**379,686**	**339,250**

[2] In accordance with Consob Resolution no. 15519 of 27 July 2006, the effects of related-party transactions and non-recurring transactions on the income statement are shown in the relevant statement in Appendix 1 and, respectively, in note 44.

	Note	31 December 2014	31 December 2013
Euro 000's			
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	25	27,393	27,393
(Treasury shares)	25	(3,750)	(4,676)
Equity reserves	26	36,202	36,202
Hedging and translation reserve	27	(2,564)	(5,067)
Other reserves	28	51,946	52,617
Profit for the year		13,766	6,435
Equity attributable to the owners of the parent		122,993	112,905
Non-controlling interests	28	200	190
TOTAL EQUITY		**123,192**	**113,094**
Non-current liabilities			
Post-employment benefits	33	14,484	12,795
Deferred tax liabilities	34	3,535	3,008
Medium and long-term bank loans and borrowings and other loans and borrowings	30	43,159	13,191
Finance lease payables	32	1,659	1,960
Provisions for risks and charges	35	1,421	3,213
Other non-current liabilities	37	0	1,187
		64,258	**35,354**
Current liabilities			
Trade payables	36	122,059	108,502
Trade payables due to related parties		1,094	2,600
Other current liabilities	37	36,842	28,115
Other current liabilities due to related parties		0	0
Tax payables		2,682	933
Finance lease payables	32	301	285
Bank loans and borrowings	30	20,511	44,599
Provisions for risks and charges	35	7,494	5,763
Derivatives	38	1,254	6
		192,236	**190,802**
LIABILITIES		**256,494**	**226,156**
TOTAL EQUITY AND LIABILITIES		**379,686**	**339,250**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	31 December 2014	31 December 2013
Euro 000's			
OPERATING ACTIVITIES			
+ Profit for the year		13,805	6,412
+ Depreciation and amortisation:			
of property, plant and equipment		5,972	5,951
of intangible assets		7,351	7,885
+ Provisions :			
Increase/decrease in provisions for post-employment benefits		47	358
Increase/decrease in allowance for impairment		1,589	1,365
Increase/decrease allowance for inventory write-down		1,831	(1,862)
Increase/decrease in provisions for risk and charges		(543)	338
Other non-financial changes in provisions		0	0
Gains/losses from sales of property, plant and equipment		(56)	(3,350)
Income/expense on intangible assets		0	0
Impairment losses on other intangible assets		480	550
Income from investing activities		(7,324)	(5,397)
Unrealised exchange rate gains (losses)		(1,983)	627
Income taxes		8,871	8,207
Finance expense		8,873	7,930
SUBTOTAL OPERATING ACTIVITIES		**38,914**	**29,015**
Post-employment benefits paid		(674)	(1,657)
Risk provisions utilised		(1,099)	(2,173)
Change in trade receivables		(6,793)	21,930
Change in inventories		(8,406)	1.666
Change in trade payables		10,997	4,871
Change in other payables		8,178	(28)
Income tax paid		(4,529)	(4,610)
Interest paid		(1,243)	(7,374)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**35,345**	**41,640**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(5,765)	(2,726)
Proceeds from sale of property, plant and equipment and other items of property, plant and equipment		159	227
Acquisition of patents, trademarks and other intangible assets. Capitalisation of development costs		(12,144)	(9,244)
Proceeds from sale of intangible assets		0	0
Acquisitions of equity investments		(2,452)	0
Acquisitions of/increases in other financial assets		(492)	403
Interest received		148	1,736
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(20,546)**	**(9,604)**

Euro 000's	Note	31 December 2014	31 December 2013
FINANCING ACTIVITIES			
Loans repaid/New banker's advance	30	13,072	12,615
Finance lease payments	32	(285)	(270)
Change in bank loans and borrowings	30	(10,621)	(25,139)
Change in other financial assets		3,710	0
Gains on current derivates		388	402
Capital injections - non-controlling interests		15	17
Dividends paid		(4,877)	0
Sale of treasuary shares		490	0
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**1,892**	**(12,375)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**16,691**	**19,661**
OPENING CASH AND CASH EQUIVALENTS		**35,151**	**16,156**
Effect of exchange rate fluctuations on cash held		1,468	(666)
CLOSING CASH AND CASH EQUIVALENTS			
Cash and cash equivalents		**53,310**	**35,151**

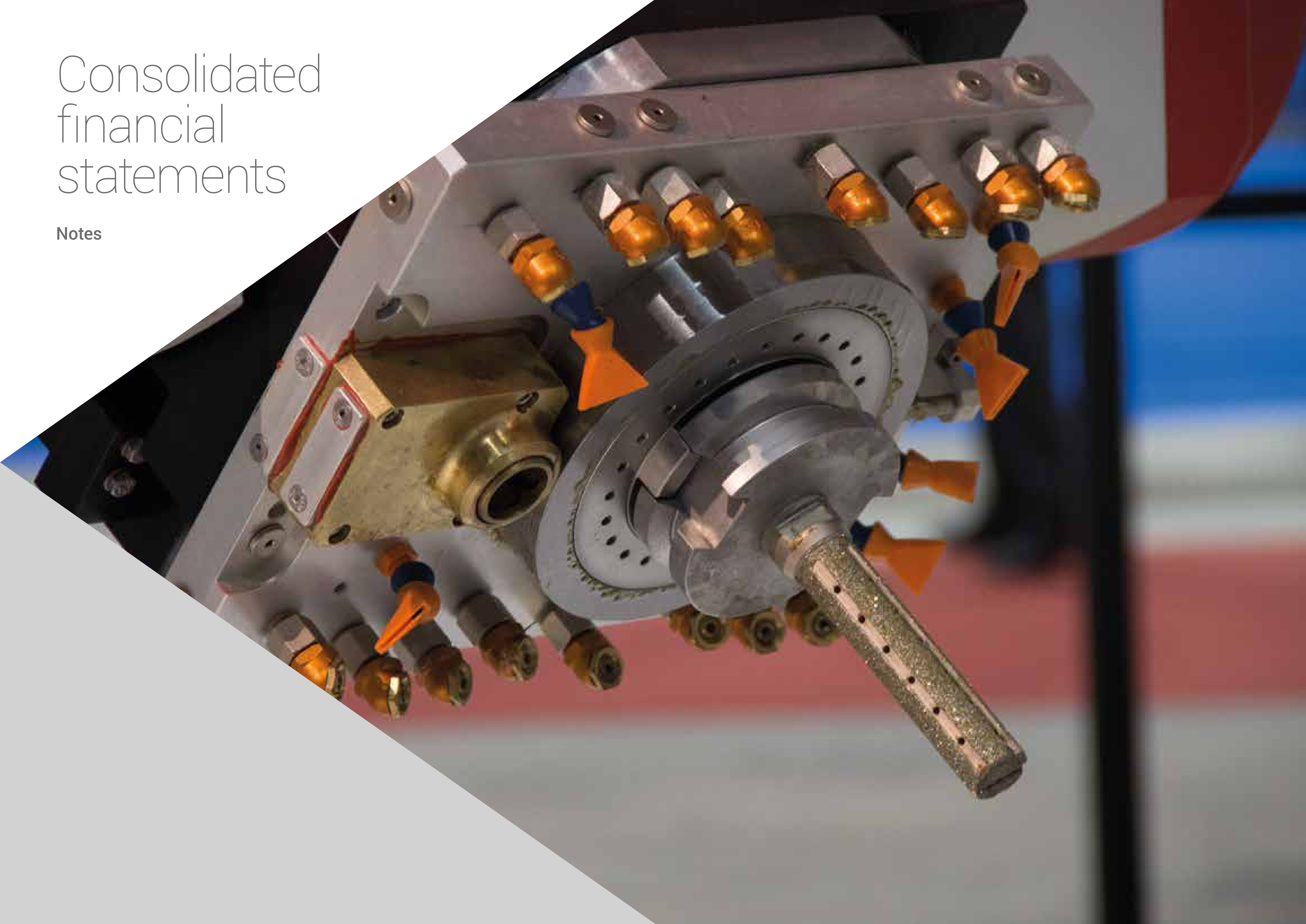
STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2014

Euro 000's	**Note**	**Opening balances as at 01/01/2014**	Other gains/losses	Profit for the year	**Total comprehensive income for the year**	Change in treasury shares	Dividends paid	Other changes	Allocation of profit for the previous year	**Tota effects of transactions with shareholders**	**Closing balances as at 31/12/2014**
STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AT 31 DECEMBER 2014											
Share capital		27,393			-					-	27,393
- Treasury shares	25	(4,676)			-	926				926	(3,750)
Equity reserves	26	36,202			-					-	36,202
Hedging and translation reserve	27	(5,067)	2,503		2,503					-	(2,564)
Other reserves	28	52,617	(2,096)		(2,096)	(301)	(4,843)	134	6,435	1,425	51,946
Profit for the year		6,435		13,766	13,766				(6,435)	(6,435)	13,766
Equity attributable to the owners of the parent		**112,905**	**407**	**13,766**	**14,173**	**625**	**(4,843)**	**134**	**0**	**(4,085)**	**122,993**
Non-controlling interests		190	(9)	40	31		(36)	15		(21)	200
TOTAL EQUITY		**113,094**	**398**	**13,805**	**14,204**	**625**	**(4,879)**	**149**	**0**	**(4,106)**	**123,192**

Euro 000's	**Note**	**Opening balances as at 01/01/2013**	Other gains/losses	Profit for the year	**Total comprehensive income for the year**	Change in treasury shares	Dividends paid	Other changes	Allocation of profit for the previous year	**Tota effects of transactions with shareholders**	**Closing balances as at 31/12/2013**
STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AT 31 DECEMBER 2013											
Share capital		27,393			-					-	27,393
- Treasury shares	25	(4,676)			-					-	(4,676)
Equity reserves	26	36,202			-					-	36,202
Hedging and translation reserve	27	(1,527)	(3,540)		(3,540)					-	(5,067)
Other reserves	28	59,015	89		89				(6,487)	(6,487)	52,617
Profit for the year		(6,487)		6,435	6,435				6,487	6,487	6,435
Equity attributable to the owners of the parent		**109,920**	**(3,451)**	**6,435**	**2,984**	**0**	**0**	**0**	**0**	**0**	**112,905**
Non-controlling interests		206	(5)	(23)	(27)			11		11	190
TOTAL EQUITY		**110,126**	**(3,455)**	**6,412**	**2,957**	**0**	**0**	**11**	**0**	**11**	**113,094**

Consolidated financial statements

Notes



Consolidated financial statements

NOTES

1. GENERAL

Biesse S.p.A. is an Italian company, with registered office in Pesaro. It is the parent company of the Biesse Group and operates in the market for machinery and systems for processing wood, glass and marble. The company is listed on the STAR segment of the Milan Stock Exchange.

The consolidated financial statements as at and for the year ended 31 December 2014 comprise the financial statements of Biesse S.p.A. and its subsidiaries which it controls directly or indirectly (hereinafter defined as the "Group") and the amount of its equity investment in associates.
The consolidated financial statements as at and for the year ended 31 December 2014 were approved during the meeting of the Board of Directors held today (12 March 2015).
The consolidated financial statements of the Group are prepared in Euro and presented in thousands of Euro except where otherwise indicated.

List of companies consolidated on a line-by-line basis

Name and registered office	Currency	Share/quota capital	Directly controlled	Indirectly controlled	Ownership vehicle	Biesse Group
Parent						
Biesse S.p.A. Via della Meccanica, 16 - Loc. Chiusa di Ginestreto (PU)	EUR	27,393,042				
Italian subsidiaries						
HSD S.p.A. Via della Meccanica, 16 - Loc. Chiusa di Ginestreto (PU)	EUR	1,141,490	100%			100%
Bre.Ma. Brenna Macchine S.r.l. Via Manzoni, snc - Alzate Brianza (CO)	EUR	70,000	98%			98%
Biesse Tecno System S.r.l. Via della Meccanica, 16 - Loc. Chiusa di Ginestreto (PU)	EUR	100,000	50%			50%
Viet Italia S.r.l. Via della Meccanica, 16 - Loc. Chiusa di Ginestreto (PU)	EUR	10,000	100%			100%
Axxembla S.r.l. Via della Meccanica, 16 - Loc. Chiusa di Ginestreto (PU)	EUR	10,000	100%			100%

Name and registered office	Currency	Share/quota capital	Directly controlled	Indirectly controlled	Ownership vehicle	Biesse Group
Foreign subsidiaries						
Biesse America Inc. 4110 Meadow Oak Drive - Charlotte, North Carolina - USA	USD	11,500,000	100%			100%
Biesse Canada Inc. 18005 Rue Lapointe - Mirabel (Quebec) - Canada	CAD	180,000	100%			100%
Biesse Asia Pte. Ltd. Zagro Global Hub 5 Woodlands Terr. - Singapore	EUR	1,524,635	100%			100%
Biesse Group UK Ltd. Lamport Drive - Daventry Northamptonshire United Kingdom	GBP	655,019	100%			100%
Biesse France Sarl 4, Chemin de Moninsable - Brignais - France	EUR	1,244,000	100%			100%
Biesse Group Deutschland GmbH Gewerberstrasse, 6 - Elchingen (Ulm) - Germany	EUR	1,432,600	100%			100%
Biesservice Scandinavia AB Maskinvagen 1 - Lindas - Sweden	SEK	200,000	60%			60%
Biesse Iberica Woodworking Machinery s.l. C/De La Imaginaciò, 14 Poligon Ind. La Marina Gavà Barcellona - Spain	EUR	6,088,290	100%			100%
Biesse Group Australia Pty Ltd. 3 Widemere Road Wetherill Park Sydney - Australia	AUD	15,046,547	100%			100%
Biesse Group New Zealand Ltd. Unit B, 13 Vogler Drive Manukau - Auckland - New Zealand	NZD	3,415,665	100%			100%
Hsd Usa Inc. 3764 SW 30th Avenue - Hollywood, Florida - USA	USD	250,000		100%	Hsd S.p.A.	100%
HSD Deutschland GmbH Brükenstrasse, 2 - Gingen - Germany	EUR	25,000		100%	Hsd S.p.A.	100%
Biesse Manufacturing Co. Pvt. Ltd. Jakkasandra Village, Sondekoppa rd. Nelamanga Taluk - Bangalore - India	INR	1,224,518,392	100%			100%
WMP- Woodworking Machinery Portugal, Unipessoal Lda Sintra Business Park, 1, São Pedro de Penaferrim - Sintra - Portugal	EUR	5,000		100%	Biesse Iberica W. M. s.l.	100%

Name and registered office	Currency	Share/quota capital	Directly controlled	Indirectly controlled	Ownership vehicle	Biesse Group
Biesse Trading (Shanghai) Co. Ltd. Room 301, No.228, Jiang Chang No.3 Road, Zha Bei District - Shanghai - Cina	RMB	7,870,000		100%	Biesse Asia Pte. Ltd.	100%
HSD Mechatronic (Shanghai) Co. Ltd. D2, first floor, 207 Taiguroad Waigaoqiao free trade zone - Shanghai - Cina	RMB	2,118,319		100%	Hsd S.p.A.	100%
Biesse Schweiz GmbH Grabenhofstrasse, 1 - Kriens - Svizzera	CHF	100,000		100%	Biesse G. Deutschland GmbH	100%
Biesse Indonesia Pt. Jl. Kh.Mas Mansyur 121 - Jakarta - Indonesia	IDR	1,224,737,602		90%	Biesse Asia Pte. Ltd.	90%
Biesse (HK) LTD Unit 1105. 11 floor, Regent Centre, N0.88 Queen's Road Central, Central - Hong Kong	HKD	45,000,000	100%			100%
Centre Gain LTD Room 703, 7/F,Cheong Tai Comm, Bldg., 60 Wing Lok Street, Sheung Wan - Hong Kong	HKD	110,000,000		100%	Biesse (HK) LTD	100%
Dongguan Korex Machinery Co. Ltd Dongguan City - Guangdong Province - Cina	RMB	128,435,513		100%	Biesse (HK) LTD	100%
Nuova Faos International Manufacturing Pvt. Ltd. Peenya 1st Stage, Peenya Industrial Area Bangalore - India	INR	23,158,450		100%	Biesse Manufacturing Co. Pvt. Ltd.	100%
Biesse Malaysia SDN BHD Dataran Sunway , Kota Damansara Petaling Jaya, Selangor Darul Ehsan - Malaysia	MYR	1,000,000		100%	Biesse Asia Pte. Ltd.	100%
Biesse Korea LLC Geomdan Industrial Estate, Oryu-Dong, Seo-Gu Incheon Corea del Sud	KRW	102,000,000		100%	Biesse Asia Pte. Ltd.	100%
Intermac Guangzhou Co. Ltd. Guangzhou Free Trade Area-GuangBao street No. 241-243 Cina	USD	150,000		100%	Biesse Asia Pte. Ltd.	100%
Intermac do Brasil Comercio de Maquinas e Equipamentos Ltda. Andar Pilotis Sala, 42 - Sao Paulo - 2300 Brazil	BRL	601,000	100%			100%

Compared with the 2013 annual report, the consolidation scope underwent the following changes:

- Intermac Do Brasil Comércio de Máquinas e Equipamentos LTDA is now included in the scope of consolidation. The company was established in late 2013 with the purpose of developing trading of products of the Glass/Marble and Tooling Divisions within the Brazilian market; the company is still in the start-up phase and its contribution to the Group's results is limited.

- Axxemblea S.r.l is now included in the scope of consolidation. The company was established on 27 March 2014, with the purpose of producing mechanical components for the Wood Division by leasing the relevant business unit from the company Asseservice S.r.l. because the latter was no longer able to maintain the production levels necessary for Biesse Group. The lease agreement for the business unit will last five years and provide for an annual expense of € 40 thousand.

On 27 February 2015, Viet Italia S.r.l., 100% owned by Biesse S.p.A., completed the purchase of Viet S.r.l. in liquidation, for which there had been a lease agreement for the business unit since 2011 with related binding option to purchase the company. The amount related to the purchase of the company was agreed at € 2,127,959, which will be paid in 42 equal monthly instalments, the first one falling due on 31 March 2015. As a guarantee for the timely payment by instalments, Viet Italia S.r.l. issued a bank guarantee. It should be noted that the assets of the purchased company also include the entire equity investment in Pavit S.r.l. (a company active in mechanical processing, whose output is largely absorbed by Viet Italia S.r.l. and Biesse S.p.A.) and which will therefore be fully consolidated as from 2015.

2. EVENTS AFTER THE REPORTING DATE

January 2015

On 29 January, Biesse took part in Ligna Preview where the top management of Deutsche Messe together with the director of the German association of engineering VDMA (Verband Deutscher Maschinen- und Anlagenbau e.V) illustrated the trends in the wood industry and the main innovations of the 2015 Ligna fair of May to more than 85 journalists from 25 countries and to major exhibitors.

February 2015

On 19 March 2015, the Board of Directors of Biesse S.p.A. approved the updating of the business plan for the 2015-2017 period. Based on the initiatives set out in the above business plan and on the assessment of the international macroeconomic situation, the results expected by the Biesse Group in the next three years are as follows:

• higher consolidated revenue at a CAGR of 8.1% (EUR 540 million in 2017)
• higher added value with a record-breaking 42.5% as a percentage of revenue (EUR 229 million in 2017)
• increasing operating profits:
• EBITDA margin 13.1% (EUR 71 million in 2017)
• EBIT margin 10.0% (EUR 54 million in 2017)
• aggregate investments of more than EUR 53 million in the 2015-2017 period
• positive free cashflow of almost EUR 69 million in the 2015-2017 period

"The plan further develops what has been achieved in 2014" - explained the General Manager, Stefano Porcellini - "which ended for Biesse with revenue equal to around € 427 million and with an order intake 20.1% higher than in 2013, although we have not yet moved into the expansion phase of the economic cycle. Also in 2014, Biesse recovered operating profits and halved net debt (around € 11.2 million, improving by € 12.7 million compared to 31 December 2013), even though commercial and product investments, dividend distribution, etc., gradually increased. Drawing on these elements, today we approved the actions that will support the further growth of the Group during the 2015-2017 period, focusing more than ever on innovation and on commercial / marketing investments. The approved plan provides for an average growth of 8.1% in the three-year period, with a particularly aggressive approach in 2015 (expected double-digit percentage growth) on the assumption of a more robust entry in the expansion phase of the economic cycle and a backlog of more than € 116 million (+49.7% compared to 31 December 2013), and also due to the current greater competitiveness of the Euro. As in the last two-year period, the focus of the plan will be on the further massive expansion of the sales network".

March 2015

On 3 March 2015, Biesse S.p.A. met in Paris some important investors in collaboration with its specialist Banca IMI. On that occasion, in addition to describing its activities and industrial projects underway, the top management of Biesse updated its indications concerning 2014.
On 5 March, the same meeting was held in London.
From 4 to 7 March, Biesse France took part in the Eurobois trade show in Lyon where it won the Eurobois Award for innovation for bSolid.

The analysis of the first two months of the current year shows positive results for order intake both for achieving the budget targets (+13.1%) and for the increase compared to the same period of 2014 (+17.1%). Sales are not in line with budget targets (-5%) but they however increased compared to the same period of 2014 (+15.3%).

STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AND CONSOLIDATION

Statement of compliance with international financial reporting standards and general policies

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standard Board ("IASB") and endorsed by the European Union, as well as with the provisions issued pursuant to article 9 of Decree Law 38/2005 and the CONSOB regulations and recommendations regarding financial statements. The consolidated financial statements have been prepared on the historical cost basis, with the exception of derivative financial instruments, held-for-sale financial assets and financial instruments classified as available for sale, which are measured at fair value; the consolidated financial statements have been prepared also on a going concern basis. This disclosure was prepared in accordance with the provisions of CONSOB, the regulatory authority for the Italian securities market, with particular reference to resolutions no. 15519 and 15520 of 27 July 2006 and to communication no. 6064293 of 28/07/2006.

Consolidation criteria

The consolidated financial statements as at and for the year ended 31 December 2014 include the financial statements of the parent Biesse and of the Italian and foreign companies which it controls directly and indirectly. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where material differences arise, these financial statements are reclassified and adjusted as appropriate to conform to the accounting policies and measurement bases adopted by the parent. 31 December is the year end for all the companies in the Group.

In the preparation of the consolidated financial statements, intra-group balances, transactions, income and expenses are all eliminated in full.

The carrying amount of equity investments in consolidated companies is eliminated to offset the corresponding share of equity in them. The fair value of each equity investment at the date of acquisition is attributed to the relevant individual assets or liabilities. Any residual difference, if positive, is included in non-current assets and, secondarily, goodwill: if negative, it is recognised in profit or loss. The results of subsidiaries acquired or divested during the period are included in the consolidated Income Statement from the effective date of acquisition to the effective date of disposal. Non-controlling interests in the acquiree are initially measured at their proportionate interest in the fair value of reported assets, liabilities and contingent liabilities.

Receivables and payables, income and expenses, and gains and losses arising from intra-group transactions are eliminated. In addition, all transactions between the companies of the Biesse Group and an independent financial services company, which operates as an intermediary for most of the commercial transactions between the parent and some consolidated companies, are eliminated.
Gains and losses on intra-group sales of capital goods are eliminated where they are deemed to be material.

The amount of the share capital and reserves of subsidiaries attributable to non-controlling interests is recognised in equity under "Non-controlling interests"; the portion of profit (loss) for the year attributable to non-controlling interests is shown separately under "Profit (loss) for the year attributable to non-controlling interests".

For the purposes of presentation of the consolidated financial statements, the assets and liabilities of foreign subsidiaries with functional currencies other than the Euro are translated at the exchange rate on the reporting date. Income and expense are translated at the average exchange rate for the year. The resulting exchange rate gains or losses are recognised in equity under "Hedging and Translation Reserve". This reserve is recognised in profit or loss as income or expense in the period in which the relevant subsidiary is sold.

Average and closing exchange rates are as follows:

Currency	31 December 2014		31 December 2013	
	Average	Closing	Average	Closing
US Dollar / Euro	1.3285	1.2141	1.3281	1.3791
Brazilian Real / Euro	3.1211	3.2207	-	-
Canadian Dollar / Euro	1.4661	1.4063	1.3684	1.4671
Pound Sterling / Euro	0.8061	0.7789	0.8493	0.8337
Swedish Krone / Euro	9.0985	9.3930	8.6515	8.8591
Australian Dollar / Euro	1.4719	1.4829	1.3777	1.5423
New Zealand Dollar / Euro	1.5995	1.5525	1.6206	1.6762
Indian Rupee / Euro	81.0406	76.7190	77.9300	85.3660
Chinese Renmimbi Yuan / Euro	8.1857	7.5358	8.1646	8.3491
Swiss Franc / Euro	1.2146	1.2024	1.2311	1.2276
Indonesian Rupiah / Euro	15,748.92	15,076.10	13,857.50	16,764.78
Hong Kong Dollar /Euro	10.3025	9.4170	10.3016	10.6933
Malaysian Ringgit /EURO	4.3446	4.2473	4.1855	4.5221
South Korean Won /EURO	1,398.14	1,324.80	1,453.91	1,450.93

Equity investments in associates
An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

The results and the assets and liabilities of associates are accounted for using the equity method.

Equity investments in other companies
Equity investments in other companies constituting available-for-sale financial assets are measured at fair value, where it can be determined, and gains and losses arising from changes in fair value are recognised directly in Other comprehensive income/(expense) until they are sold or impaired; then, the Other comprehensive income/(expense) previously recognised in equity is recognised in profit or loss for the year.

Equity investments in other minor companies whose fair value cannot be determined are measured at cost less any impairment losses.

Basis of presentation
In accordance with IAS 1, the management of the Group has made the following choices with regard to the basis of presentation of the consolidated financial statements.
In the statement of financial position, current and non-current assets and liabilities are presented as separate classifications. An asset/liability is considered to be current when it satisfies any of the following criteria:

- it is expected to be realised/settled, or intended for sale or consumption, in the Group's normal operating cycle;

- it is held primarily for the purpose of being traded;

- it is expected to be realised/settled within 12 months after the reporting date;

- in the absence of all three conditions, the assets/liabilities are classified as non-current.

In the income statement, expenses are classified based on their nature, highlighting operating and pre-tax profit (loss). Operating profit/(loss) is calculated as the difference between net revenue and operating expense (including non-monetary costs relating to depreciation, amortisation and impairment losses on current and non-current assets, net of any reversal of impairment losses) and including gains and losses on the sale of non-current assets. In order to make actual performance more measurable, details of the costs and revenue arising from events and operations to be considered as non-recurring due to their nature and materiality are given in the directors' report.

The statement of comprehensive income includes the components that make up the result for the period and the items of income and expense recognised directly in equity arising from transactions other than those carried out with owners.
The statement of changes in equity illustrates the changes in the components of equity related to:

- the allocation of the parent's and subsidiaries' profit for the year to non-controlling interests;

- amounts relating to transactions with owners (purchase and sale of treasury shares);

- any gains or losses net of any tax effects which, as required by IFRS, are either recognised directly in equity (gains or losses from trading of treasury shares, actuarial gains or losses arising from the measurement of defined-benefit plans) or in a separate component of equity (share-based payments for stock option plans);

- changes in revaluation reserves relating to derivative instruments hedging future cash flows net of any tax effects.

The statement of cash flows is prepared using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Cash and cash equivalents recognised in the statement of cash flows include the balance of this item at the reporting date. Foreign currency cash flows have been translated at the average exchange rate for the year. Income and expense relating to interests, dividends received and income taxes are classified as cash flows from operating activities.

All statements conform to the minimum content requirements set by the International Financial Reporting Standards and the applicable rules laid down by national legislation and Consob.
Finally, it should be noted that, with reference to Consob resolution no. 15519 of 27 July 2006 on the format of financial statements, specific additional income statement and statement of financial position were included, highlighting significant related-party transactions, so as not to compromise the overall readability of the financial statements.

The statements adopted are considered fit for fairly presenting the Group's financial position, financial performance and cash flows; in particular, we believe that the financial statements reclassified by nature provide reliable and material information for the purposes of correctly representing the Group's performance.

3. MEASUREMENT CRITERIA

The most significant measurement criteria used in preparing the financial statements as at and for the year ended 31 December 2014 are illustrated below. The accounting policies adopted in the consolidated financial statements at 31 December 2014 were applied in the same way also to all the periods of comparison.

Revenue recognition
Sales of goods are recognised when goods are shipped and the company has transferred to the buyer all significant risks and rewards of ownership of the goods. Generally, revenue from the sale of goods is recognised when the goods are delivered to the carrier: under the terms of the relevant contracts, that is the time when the aforementioned risks and rewards are transferred. Revenue is not recognised when there is no certainty that the related consideration is recoverable. Revenue is stated net of discounts, rebates, premiums, returns and promotional expenses that substantially fall under commercial discounts, and does not include sales of raw materials and waste. Revenue arising from the rendering of services is recognised in profit or loss by reference to the stage of completion of the contract activity at the reporting date, determined either on the basis of work already carried out or in relation to the percentage of completion of total services.

Interest income is recognised on an accruals basis, according to the amount of the loan and the effective interest rate, which represents the rate used to discount estimated future cash receipts over the expected life of the financial asset to the carrying amount.

Dividends are recognised when the right of shareholders to receive payment is established.

Construction contracts
The Group applies the accounting treatment provided for by IAS 11 to sales contracts for contract plants. Those plants include drilling and insertion lines and the lines that involve several operating machines interconnected via software and/or hardware within the same order, where the amount of the plant is considerable. On the contrary, packages of stand-alone machines as well as all work cells consisting of one operating machine and the relevant handling (loading/unloading) system shall not be considered as contract lines and plants. When the outcome of a construction contract can be reliably estimated, revenue and costs associated with the contract are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed up to the end of the reporting period relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, price revisions and incentive payments are included to the extent that they have been agreed upon with the customer.

When the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable. Contract costs are recognised as expense in the year in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Foreign currency transactions
All transactions are accounted for in the functional currency of the primary economic environment in which each company of the Group operates. Transactions denominated in currencies other than the functional currency of the Group's companies are translated into the functional currency using the exchange rate at the date of the transaction.

Monetary assets and liabilities (defined as assets and liabilities to be received or paid in a fixed or determinable amount - IAS 21) are translated using the exchange rate at the reporting date; exchange rate gains/losses are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

To hedge its exposure to currency risk, the Group has entered into some forward and option contracts (see below the Group's accounting policies relating to these derivative instruments).

Translation financial statements of foreign operations
The financial statements of companies whose functional currency is different from the presentation currency of the consolidated financial statements (Euro) and that do not operate in countries with hyperinflationary economies, are translated as follows:

a) assets and liabilities, including goodwill and fair value adjustments arising on consolidation, are translated at the closing rates;

b) income and expense are translated at the average exchange rate for the year, considered as a reasonable approximation of the exchange rate at the dates of the transactions;

c) all resulting exchange rate gains and losses are recognised in a separate component of equity.
On disposal of the economic entity that gave rise to exchange rate gains and losses, the cumulative amount of exchange differences recognised in a separate component of equity are reclassified to profit or loss.

On first-time adoption of IFRS, the cumulative exchange rate gains and losses were reclassified to other reserves, therefore gains and losses arising from the future disposal will include only the exchange rate gains and losses that arose as from 1 January 2004.

Net investments in foreign operations
The exchange rate gains and losses arising from the translation of net investments in a functional currency other than the Euro, generally represented by intercompany loans, are recognised in the translation reserve. These exchange rate gains and losses are recognised in profit or loss on settlement (repayment/disposal) of the net investment.

Finance and operating lease contracts
Lease contracts are classified as finance leases whenever the terms of the contract substantially transfer all the risks and rewards incidental to ownership to the lessee. All other leases are considered as operating leases.

Assets held under finance leases are recognised as property, plant and equipment of the Group, recognising a financial liability of equal amount. The liability is progressively reduced on the basis of the principal repayment plan included in the contractual lease terms, while the carrying amount of the asset is systematically depreciated on the basis of its useful life.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Government grants
Government grants are recognised when there is reasonable assurance that the entity will comply with the conditions attaching to the grant and that the grant will be received. Grants are recognised in profit or loss over the period in which the entity recognises as expenses the related costs which the grants are intended to compensate.
The benefit of a government loan at a below-market rate of interest is treated as a government grant. This benefit is measured at the inception of the loan as the difference between the initial carrying amount of the loan (fair value plus any costs directly attributable to obtaining it) and the proceeds received, and it is subsequently recognised in profit or loss in accordance with the regulations relating to the recognition of government grants.

Costs and charges
The costs relating to the purchase of goods and services are recognised when their amount can be measured reliably. Costs for the purchase of goods are recognised at the time of delivery, which, on the basis of the existing contracts, is the time when all related risks and rewards are transferred. Service costs are recognised on an accrual basis as the services are rendered.

Income taxes
Taxes are recognised in profit or loss, with the exception of those relating to transactions recognised directly in equity, in which case the related effect is also recognised in equity. Income taxes include current taxes and deferred tax assets and liabilities. Current taxes are recognised on the basis of the estimated amount that Biesse expects to have to pay, calculated by applying to the tax base of each company in the Group the applicable tax rate at the reporting date in force in the respective countries.
Deferred tax assets and liabilities are stated using the liability method, i.e. they are calculated on all temporary differences arising between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes. Deferred tax assets and liabilities are not recognised on goodwill and on assets and liabilities that do not affect tax abse. Income taxes relating to dividend distribution are recognised when a liability to pay the dividend is recognised.
The recoverability of deferred tax assets is assessed at the end of each reporting period, and any amount no longer likely to be recovered is recognised in profit or loss.

The tax rates used in recognising deferred tax assets and liabilities are those expected to be in force in the relevant country in the tax period in which the temporary differences will be realised or settled.

Deferred tax assets are recognised if the taxes are considered to be recoverable in the light of the expected tax base of future years. The carrying amount of deferred tax assets is assessed at the end of the year and reduced where necessary. Deferred tax assets and liabilities are offset only for similar positions and if there is a legally enforceable right to offset them; otherwise, the related payables and receivables are recognised.

As from 2008, Biesse S.p.A. participates in the national tax consolidation scheme as the parent in accordance with article 117 and following articles of Italian Presidential Decree 917/86 together with its subsidiaries Hsd S.p.A and Bre.ma. Brenna Macchine S.r.l., as from 2012 together with its subsidiary Viet Italia S.r.l. and as from 2014 with its subsidiary Axxembla S.r.l..
Consequently, Biesse S.p.A. will determine the Group's IRES (corporate income tax) in accordance with the aforementioned law, offsetting its own profit/loss for the year with the tax base of the companies involved. The financial relationships and the mutual responsibilities and obligations between the aforementioned companies are defined in the "Regulation" governing participation in the tax consolidation scheme.

The tax balance for the Group is recognised under "Tax payables" or "Tax receivables" in the financial statements of the parent net of payments on account. In the financial statements of the subsidiaries, the specific tax payable transferred to the parent is recognised under "Payables due to related parties". Receivables deriving from the transfer of IRES losses are classified under "Receivables due from related parties".

Earnings per share
Basic earnings per share are calculated by dividing profit or loss attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are calculated by dividing profit or loss attributable to owners of the parent by the weighted average number of shares outstanding, taking into account the effects of all potential dilutive ordinary shares.

Business combinations
Business combinations are accounted for using the acquisition method. This method requires that the consideration transferred in a business combination be measured at fair value, calculated as the sum of the acquisition-date fair value of the assets transferred, the liabilities assumed and the equity instruments issued by the Group in exchange for control of the acquiree. Transaction-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their acquisition-date fair value, except for the following items which are measured instead in accordance with the relevant standards:
• Deferred tax assets and liabilities;

• Employee benefit assets and liabilities;
• Liabilities or equity instruments relating to share-based payment transaction of the acquiree or Group-related share-based payments issued in exchange for contracts of the acquiree;
• Assets held for sale and discontinued operations.

In accordance with IFRS 3 (Business Combinations), goodwill is recognised at the date the Group obtains control of a business, and is measured as the excess of (a) over (b) in the following way:

a) the aggregate of:
• the consideration transferred (measured in accordance with IFRS 3, i.e. generally determined on the basis of the acquisition-date fair value);
• the amount of any non-controlling interest in the acquiree measured in proportion to the non-controlling interest's share in the recognised amounts of the acquiree's identifiable net assets measured at their fair value;
• in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree;
b) the acquisition-date fair value of the identifiable assets acquired, net of the liabilities assumed at the date control is obtained.

IFRS 3 also requires:
• separate recognition in profit or loss of costs relating to the business combination;
• in a business combination achieved in stages, the acquirer shall re-measure its previously held equity interest in the acquiree at the acquisition-date fair value, and separately recognise the resulting gain or loss, if any, in profit or loss.

Any considerations subject to conditions set out in the business combination contract are measured at the acquisition-date fair value and included in the consideration paid during the business combination in order to determine goodwill. Any subsequent changes in this fair value classifiable as measurement period adjustments are included retrospectively in goodwill. Changes in fair value classifiable as measurement period adjustments are those deriving from new information about facts and circumstances that existed at the acquisition date, obtained during the measurement period (which shall not exceed one year from the date of the business combination).

In business combinations achieved in stages, the Group's previously held equity interest in the acquiree is re-measured at the acquisition-date fair value, and any resulting gain or loss is recognised in profit or loss. Any amounts deriving from the previously held equity investment and recognised in other comprehensive income/(expense) are reclassified to profit or loss as though the equity investment had been disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurred, the Group recognises the provisional amounts for the items for which the accounting is incomplete. These provisional amounts are adjusted during the measurement period to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the amounts of the assets and liabilities recognised as of that date.

Business combinations that occurred prior to 1 January 2010 have been recognised in accordance with the previous version of IFRS 3.

Property, plant, equipment and other items of property, plant and equipment
An item of property, plant and equipment is measured at acquisition or production cost including related expense less any subsequent accumulated depreciation and any accumulated impairment losses.

Ordinary maintenance costs are recognised in full in profit or loss. Incremental maintenance expenses are attributed to the relevant asset and depreciated at the depreciation rate applicable to the asset.

Leasehold improvements are classified under property, plant and equipment in accordance with the nature of the cost incurred. The depreciation period is the shorter of the asset's residual useful life and the residual lease term.

An item of property, plant and equipment – with the exception of land, which is not depreciated – is depreciated on a straight-line basis over its estimated useful life as from the date on which the asset became available for use or could potentially provide the related economic benefits, by applying the following depreciation rates:

Buildings	2% - 3%
Plant and machinery	10% - 20%
Equipment	12% - 25%
Furniture and fittings	12%
Motor vehicles	25%

This item also includes assets held under finance leases, which are accounted for as property, plant and equipment according to the previously described method.

Investment property
Investment property, represented by property held to earn rentals and/or for capital appreciation, is measured at cost including transaction costs less any accumulated depreciation and any accumulated impairment losses. Investment property is depreciated on a straight-line basis over its useful life at a 3% rate for buildings and a 10% rate for plant.

Goodwill and other intangible assets
Intangible assets with a finite useful life are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Goodwill
Goodwill is an intangible asset with an indefinite useful life that arises from business combinations accounted for using the acquisition method. It is recognised as the positive difference between the acquisition cost and the Group's

interest, having measured at fair value all other identifiable assets, liabilities and contingent liabilities attributable to both the Group and non-controlling interests (full fair value method) at the acquisition date.
Goodwill is not subject to amortisation, but it is measured at least once a year, usually at the reporting date, to ensure it is not impaired. Any impairment losses are immediately recognised in profit or loss and are not reversed in a subsequent period.
Goodwill is measured by identifying the cash-generating units (CGUs) that benefit from the synergies of the acquisition. The cash flows are discounted at the cost of capital in relation to the specific risks of the unit. Impairment losses are recognised whenever the discounted cash flow calculation indicates that the recoverable amount of the CGU is lower than its carrying amount, and they are recognised primarily under goodwill. On disposal of a subsidiary or a jointly-controlled entity, the residual amount of goodwill attributable to it is included in the calculation of the gain or loss on disposal.

Goodwill arising from acquisitions made prior to the transition to IFRSs is maintained at the amounts arising from the application of Italian GAAP at that date and is allocated to CGUs in order to test it for impairment.

Internally-generated intangible assets - Research and development costs

Research and development costs are recognised in profit or loss as incurred.

Internally-generated intangible assets arising from development of the Group's products (machine tools for processing wood, glass and marble) are recognised as assets only if all the following conditions are met:

• the asset is identifiable (for example, software or new processes)

• the asset is likely to generate future economic benefits

• the development costs of the asset can be reliably measured.

These intangible assets are amortised on a straight-line basis over their useful lives.

When internally-generated intangible assets cannot be recognised, development costs are recognised in profit or loss in the reporting period in which they are incurred.

Trademarks, licences and patents
Trademarks, licences and patents are initially recognised at acquisition cost, and are systematically amortised on a straight-line basis over their useful life or over a period not longer than that established by the underlying licence or purchase contract.

Impairment losses on property, plant and equipment and intangible assets
At each reporting date, the Group assesses whether any events occurred or circumstances changed that may impair the recoverable amount of property, plant and equipment and intangible assets with a finite useful life, and, if an indication of impairment exists, it estimates the recoverable amount of the assets in order to determine whether they are impaired.
Intangible assets with an indefinite useful life, including goodwill, are tested for impairment annually and whenever there is any indication of impairment.

In accordance with the relevant accounting standards, impairment tests are carried out with reference to the individual asset, where possible, or to a group of assets (the so-called CGU). The CGUs have been identified consistently with the business and organisational structure of the Group as a group of similar assets that generates independent cash inflows through continuing use of the assets attributable to it.

The recoverability of the recognised amount is tested by comparing the carrying amount with the higher of its fair value less costs to sell, where an active market exists, and the value in use. The value in use is determined based on the present value of the future cash flows expected to be derived from continuing use of an asset or group of assets and from its disposal at the end of its useful life.

Management makes several assumptions in calculating the present value of future cash flows, including estimates of future increases in sales, gross operating profit, operating expense, the growth rate of terminal values, investments, changes in working capital and the weighted average cost of capital (discount rate), taking account of the specific risks of the asset or of the cash-generating unit. The expected cash flows used in the model are calculated during the Group's budgeting and planning process and represent the best estimate of the amounts and timing of future cash flows based on the Group's long-term plan, which is updated annually, reviewed by the strategic management and approved by the parent's board of directors. Expected sales growth is based on management forecasts.

The operating expense estimated in the cash flow model is also determined on the basis of management estimates for the next three years and are supported by the Group's product development and production plans.

The amounts of investments and working capital estimated in the cash flow model are determined on the basis of several factors, including the information necessary to support expected future growth rates and the product development plan. The carrying amount attributed to the cash-generating units is determined with reference to the consolidated statement of financial position by direct, where applicable, or indirect allocation criteria.

If any impairment exists, the assets are impaired accordingly, while the impairment loss is reversed (with the exception of goodwill) if in subsequent years the reasons for impairment no longer exist.

Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.
Non-current assets are classified as held for sale when their carrying amount is expected to be recovered through a sale transaction rather than through their use in the operating activities of the company. This condition is met only when the sale is highly probable, the asset is available for immediate sale in its present condition, and management has committed to sell it within twelve months of the date of classification.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost comprises the cost of direct materials and, where appropriate, direct labour, general production overheads and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated on a weighted average cost basis. The net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Obsolete and slow moving inventories are written down in relation to the possibility that they can be used or sold.

Financial assets and liabilities

Financial assets and liabilities include available-for-sale equity investments in other companies, non-current receivables and loans, trade receivables, as well as other receivables and financial assets such as cash and cash equivalents. Financial liabilities include financial payables, trade payables, other payables and financial liabilities. Derivative instruments are also included amongst financial assets and liabilities.

Financial assets and liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Their initial recognition takes into account directly attributable transaction and issue costs. Subsequent measurement depends on the type of financial instrument and is subject to the categories of financial assets and liabilities listed below:

Loans and receivables
They include trade receivables, financial receivables and other receivables that qualify as financial assets.

These are recognised at nominal value where this is substantially representative of their fair value; otherwise, they are measured at amortised cost using the effective interest method. Loans and receivables are written down in profit or loss to account for expected impairment losses.

The impairment losses are calculated on the basis of the difference between the carrying amount of receivables and the present value of estimated future cash flows. Impairment losses on trade receivables are generally recognised through specific allowances for impairment.

Held-to-maturity financial assets
The financial assets that the Group is willing and able to hold to maturity (held-to-maturity securities) are recognised at amortised cost using the effective interest method less any impairment losses. If in subsequent reporting periods the indications that led to the impairment loss no longer exist, the impairment loss is reversed.

Financial assets held for trading
Financial assets classified as held for trading are measured at fair value at the end of each reporting period; gains and losses from changes in fair value are recognised in profit or loss.

Available-for-sale financial assets
Available-for-sale financial assets are measured at fair value; gains and losses from changes in fair value are recognised directly in equity until disposal; at that time, the cumulative gain or loss is reclassified from equity to profit or loss. Unlisted equity investments whose fair value cannot be reliably measured are measured at cost less any impairment losses. This category mainly includes non-controlling interests.

Trade payables
Trade payables are recognised at nominal value where this is substantially representative of their fair value; otherwise, they are measured at amortised cost using the effective interest method.

Financial liabilities and equity instruments
Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements that generated them and the definitions of financial liability and equity instrument. The latter is defined as any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.
The accounting policies adopted for specific financial liabilities and equity instruments are described below.

Bank loans and borrowings and loans and borrowings from other financial backers
Bank loans and borrowings consisting of long-term bank loans and other bank overdrafts, as well as loans and borrowings from other financial backers, including payables for assets acquired through finance lease contracts, are measured on the basis of consideration received less any transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Equity instruments
Issued equity instruments are reported on the basis of consideration received less any direct issue costs.

Derivative instruments and hedge accounting
Derivative instruments are initially measured at fair value at the date they are entered into and are re-measured at fair value at subsequent reporting dates.

Where applicable, the hedge accounting method is adopted. Under this method, derivatives are recognised in the statement of financial position at their fair value. Changes in the fair value of derivative instruments are treated differently according to the type of hedging relationship at the measurement date:

• For those derivatives hedging forecast transactions (i.e. cash flow hedges), changes in the fair value of derivative instruments are recognised in equity for the portion determined to be an effective hedge, while the ineffective portion is recognised in profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or liability, the cash-flow hedging reserve is eliminated from equity to offset the initial cost of the non-financial asset or liability. Whenever a hedge of a forecast transaction subsequently results in the recognition of a financial asset or liability, the cash flow hedging reserve is reclassified to profit or loss in the reporting period in which the asset acquired or liability assumed affect profit or loss. In any other case, the hedging reserve is reclassified to profit or loss consistently with the hedged transaction or when its economic effects materialise.

• For those derivatives hedging recognised receivables and payables (i.e. fair value hedges), changes in fair value are recognised in full in profit or loss. In addition, the amount of the hedged item (receivable/payable) is adjusted in profit or loss for any changes in the amount attributable to the hedged risk.

Fair value gains and losses on derivative instruments that do not qualify as hedging instruments are recognised in profit or loss in the reporting period in which they arise.
Derivatives embedded in other financial instruments or in other contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the latter are not measured at fair value, recognising the related gains and losses in profit or loss.

Treasury shares
Treasury shares are recognised at acquisition cost and are deducted from consolidated equity. Gains and losses from trading treasury shares net of tax effects are recognised in equity reserves.

Stock options
Remuneration granted to employees and directors in the form of stock options is recognised in profit or loss by recognising the expense as a deduction from equity and measured on the basis of the fair value of the options at grant date.

This amount is determined at the time the *stock options* are granted and is recognised over their *vesting period*. The *fair value* of the option at grant date is measured using mathematical financial models, taking into account the terms and conditions upon which the options were granted. As at 31 December 2014, there were no stock option plans.

Post-employment benefits
For defined-benefit plans, the cost related to benefits paid is determined using the projected unit credit method, making actuarial valuations at the end of each reporting period.

The Euro Composite AA interest-rate curve was used for the actuarial calculation.

Recognised post-employment benefit obligations represent the present value of defined-benefit obligations.

Obligations towards employees for pensions and other similar defined-contribution plans are recognised in profit or loss on an accruals basis.

With reference to Italian companies' post-employment benefits, pursuant to the Italian supplementary pension reform, post-employment benefits earned after 1 January 2007 are considered elements of a defined-contribution plan, while post-employment benefits earned prior to 31 December 2006 continue to be considered as elements of a defined-benefit plan.

Provisions for risks and charges
Provisions for risks and charges are recognised for the Group's obligations, whether legal or constructive (contractual or of any other kind), as a result of a past event. Provisions for risks and charges are recognised if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Whenever it is estimated that these obligations will mature after twelve months and that the related effects will be material, they are discounted at a rate that reflects the time value of money and the risks specific to the liability.

Any change in the estimate of provisions is reflected in profit or loss in the reporting period in which they arise. Where discounting is used, the increase in the provision due to the passage of time and any changes arising from a change in the discount rate is recognised as a borrowing cost.

Provisions for risks and charges include, amongst other things, the provision for product guarantees, which is recognised to allow to anticipate the economic impact of guarantee costs, so as to match them with sales revenue.

Accounting standards, amendments and interpretations not adopted early by the company
Moreover, at the date of these financial statements, the relevant bodies of the European Union have not yet completed the endorsement process necessary for the adoption of the following accounting standards and amendments:

In November 2013, the IASB published some minor amendments to *IAS 19 - Employee Benefits named "Defined Benefit Plans: Employee Contributions"*. These amendments simplify the accounting treatment of contributions to defined benefit plans by employees or third parties in specific cases. The amendments apply retrospectively for annual periods beginning on 1 July 2014, with early adoption allowed.

In December 2013, the IASB issued a set of amendments to IFRS (*Annual Improvements to IFRSs - 2010-2012 Cycle and Annual Improvements to IFRSs - 2011-2013 Cycle*). The most important issues addressed include: the definition of vesting conditions in *IFRS 2 - Share-based Payment*, the aggregation of operating segments in *IFRS 8 - Operating Segments* and the definition of key management personnel in *IAS 24 - Related Party Disclosures*, the exclusion from the scope of *IFRS 3 - Business Combinations* of all types of joint arrangements (as defined in *IFRS 11 - Joint Arrangements*), and some clarifications on exceptions to the application of *IFRS 13 - Fair Value Measurement*. The amendments apply to annual periods beginning on or after 1 July 2014. Early adoption is permitted.

In May 2014 the IASB issued some amendments to *IAS 16 - Property, Plant and Equipment* and to *IAS 38 - Intangible Assets. Amendments* to IAS 16 clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate. Amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset for the same reasons as in amendments to IAS 16. Amendments apply beginning on 1 January 2016 with early adoption permitted.

In May 2014, the IASB issued some amendments to *IFRS 11 - Joint Arrangements* addressing the accounting for acquisitions of interests in joint operations that constitute a business, as defined in IFRS 3. These amendments require the application of the principles on business combinations accounting outlined in IFRS 3. Amendments apply beginning on 1 January 2016 with early adoption permitted.

In May 2014 the IASB issued "*IFRS 15 - Revenue from Contracts with Customers*", which will replace I*AS 18 - Revenue* and *IAS 11 - Construction Contracts* as well as some IFRIC interpretations. This standard sets out the requirements for recognising revenue pursuant to the new framework. The standard is applicable beginning on 1 January 2016 with early adoption permitted.

In June 2014, the IASB published *IFRS 9 - Financial instruments*". The amendments introduced by the new standard include a logical approach for the classification and measurement of financial instruments driven by cash flow characteristics and the business model in which the asset is held, an expected loss impairment model for financial assets and a substantially-reformed approach to hedge accounting. The standard is applicable retrospectively, with limited exceptions, beginning on 1 January 2018 with early adoption permitted.

In September 2014, the IASB published some amendments to "*IFRS 10 - Consolidated Financial Statements*" and to *"IAS 28 - Investments in Associates and Joint Ventures (2011)"*. The amendments address the acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. Amendments apply prospectively beginning on 1 January 2016.

In September 2014, the IASB issued a set of amendments to IFRS (*Annual Improvements to IFRSs - 2012-2014 Cycle*). The most important issues addressed include: the change in the disposal plan in *IFRS 5 - Non-current assets held for sale and discontinued operations*, *IFRS 7 - Financial Instruments: Disclosures on the servicing contracts* and the determination of the discount rate in *IAS 19 - Employee Benefits*. Amendments apply beginning on 1 January 2016.

In December 2014, the IASB published some amendments to *IAS 1 - Presentation of Financial Statements* as part of the wider project aimed at defining a standard on the structure and presentation of financial statements. The amendments clarify that the materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. Amendments apply beginning on 1 January 2016 with early adoption permitted.

The Group will adopt these new standards and amendments, based on the relevant expected effective date; the adoption of the new standards should have no significant impact on the Group's financial statements.

4. MEASUREMENT CRITERIA AND USE OF ESTIMATES

The preparation of the consolidated financial statements and related notes pursuant to IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as disclosures relating to contingent assets and liabilities at the reporting date. The estimates and assumptions used are based on historical experience and other factors deemed as material. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis and the effect of any resulting changes is reflected in profit or loss in the period in which the estimates are revised if the revision affects only that reporting period, or also in subsequent reporting periods if the revision affects both the current year and future years.
Despite the improvement in the economic situation, the persistence of economic and financial crisis has led to the necessity of making significantly uncertain assumptions about future trends: therefore, it cannot be ruled out that actual results for the coming year may differ from those estimates, and the carrying amount of the relevant items may need to be adjusted to an extent that could be significant and cannot be estimated nor foreseen today. The main items in the consolidated financial statements affected by this uncertainty are the allowance for impairment, the allowance for inventory write-downs, non-current assets (property, plant and equipment and intangible assets), the provision for product guarantees and contingent liabilities. A summary follows of the critical judgements and the key assumptions made by management in applying the accounting policies regarding the future. They could have a significant impact on the amounts recognised in the consolidated financial statements or have the risk of resulting in material adjustments within the next year of the carrying amount of assets and liabilities.

Allowance for impairment
The allowance for impairment reflects management's estimates of impairment losses on the portfolio of receivables due from end customers and the sales network. The estimate of the allowance for impairment is based on losses expected by the Group, calculated on the basis of past experience for similar receivables, current and historical past dues, losses and payments received, the careful monitoring of credit quality, and projections of economic and market conditions. The persistence and potential worsening of the current economic and financial crisis could further compromise the financial position of the Group's debtors compared to the deterioration already accounted for in quantifying the recognised allowance.

Allowance for inventory write-downs
The allowance for inventory write-downs reflects management's estimate of impairment losses expected by the Group and is calculated on the basis of past experience as well as historical and expected trends in the market for second-hand equipment and spare parts. The persistence and potential worsening of the current financial and economic crisis could further compromise market conditions compared with the deterioration already accounted for in quantifying the recognised allowance.

Recoverable amount of non-current assets (including goodwill)
Non-current assets include property, plant and equipment, intangible assets (including goodwill), equity investments and other financial assets. Management reviews on an ongoing basis the carrying amount of the non-current assets the Group owns and uses and the assets that are to be divested, whenever events and circumstances require such assessments. For goodwill and intangible assets with an indefinite useful life, this analysis is carried out at least once a year and whenever events and circumstances so require. The analysis of the recoverability of non-current assets' carrying amount is generally performed using estimates of cash flows expected from the use or sale of the assets and appropriate discount rates to calculate their present value. When the carrying amount of a non-current asset is impaired, the Group recognises an impairment loss equal to the difference between the carrying amount of the asset and the amount recoverable through its use or sale calculated with reference to the cash flows projections in the Group's latest plans. With regard to the calculation of the expected cash flows, we estimated in detail the cash flows for a set period of five years (i.e. 2015 – 2019), where the figures concerning the first three years are extrapolated from the most recent three-year plan approved on 19 February 2015 by the Board of Directors of the parent, whereas those referring to the last two-year period are projected, by using a flat growth rate of 1.5%, and we added the terminal value at that future time. For the sake of completeness it should be noted that the first year of the three-year plan corresponds to the Group's 2015 budget, prepared in the September-December period, so that the forecast and reporting periods are closer. In fact, the Group operates in a niche segment (almost totally penetrated by major players), for which it is difficult to find sector surveys and estimates. Projections were discounted at a pre-tax Weighted Average Cost of Capital (WACC) rate of 8.00%. A sensitivity analysis was also carried out by taking into account unfavourable assumptions in calculating terminal value, both in terms of long-term growth rate, discount rate and industrial variables. As regards changes in the discount rate, an increase of half a percentage point was considered (8.00% + 0.5% = 8.50%). As far as changes in the growth rate are concerned, a decrease of half a percentage point was considered (1.5% - 0.5% = 1.0%). As for the changes to industrial variables, the case of a halving of the CAGR of sales revenue has been considered (€ 480 million in 2017). For the sensitivity analysis, the effects of these changes were analysed, considering them both separately and together. The analysis carried out in this way did not show any critical issue of the Value in Use compared to Net Invested Capital for the different divisions. Finally, an analysis was carried out on specific asset classes, which resulted in the recognition of impairment losses amounting to € 480 thousand in 2014, mainly related to development costs and intangible assets. In 2013, the analysis resulted in the recognition of impairment losses amounting to € 562 thousand. The estimates and the assumptions used for this analysis reflect what the Group knows about the business trend in the different sectors and in the different areas, and take into account assumptions considered reasonable about future market trends that remain highly uncertain due to the persistence of the current financial and economic crisis and its effects on the real-estate industry. Although the Group's current estimates do not indicate other impairment losses on non-current assets in other business areas, any different development in this economic scenario or any different performance of the Group may lead to results different from the original estimates and, where necessary, require adjustments to the carrying amount of some non-current assets.

Product warranties
When a product is sold, the Group makes a provision for the relevant estimated warranty costs. Management establishes the amount of this provision on the basis of historical information regarding the nature, frequency and average cost of repairs under warranty. The Group is working to improve product quality and to minimise the cost of repairs under warranty.

Pension plans and other post-employment benefits
The provisions for employee benefits, the relevant assets, costs and net interest costs are measured with an actuarial method that requires the use of estimates and assumptions for measuring the net value of the liability or asset. The actuarial method considers financial variables such as, for instance, the discount rate or the expected long-term rate of return on plan assets and the growth rates of salaries, and considers the probability that potential future events will occur using demographic variables such as, for instance, mortality rates and employee turnover or retirement rates.
More precisely, the discount rates taken as reference are the yields or yield curves on high quality corporate bonds (Euro Composite AA yield curves) in the respective reference markets. The expected return on assets is calculated on the basis of the different data provided by experts on long-term expectations of market yields, inflation, current yield on bonds, and other variables, and may be adjusted to take account of the asset investment strategies. The rates of future salary increases reflect the long-term expectation of the Group for the reference markets and inflation. Any change in any of these variables may affect future contributions to the provisions.

Contingent liabilities
The Group is subject to legal and tax claims regarding a wide range of issues that are within the jurisdiction of various countries. Owing to the uncertainties inherent to these issues, it is hard to make a reliable estimate of the outflow of resources that could arise from said disputes. The claims and disputes against the Group frequently arise from complex and difficult legal issues, subject to varying degrees of uncertainty, including the facts and circumstances inherent to each case, as well as the jurisdiction and the different laws applicable to each case. In the ordinary course of business, management consults with its own legal advisors as well as legal and tax experts. The Group recognises a liability for said disputes when it deems it probable that an outflow of financial resources will be required to settle the obligation and the relevant amount can be measured reliably. If an outflow of financial resources becomes probable but its amount cannot be determined, this fact is reported in the notes to the financial statements.

Recoverability of deferred tax assets
At 31 December 2014, the Group had deferred tax assets amounting to € 15,111 thousand (€ 16,995 thousand in 2013). Management recognised such deferred tax assets up to the amount it considers likely to be recoverable. The calculation of the various items took into consideration budget results and forecasts for the subsequent years consistent with those used for the purposes of impairment testing, approved by the board of directors of the parent on 19 February 2015, and described in the paragraph above concerning the recoverable amount of non-current assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONSOLIDATED INCOME STATEMENT

5. REVENUE AND OTHER OPERATING INCOME

The breakdown of Group revenue is as follows:

€ '000	31 December 2014	31 December 2013
Revenue from sales of goods	401,549	352,794
Revenue from services	23,983	24,162
Other revenue	1,612	1,461
Total revenue	**427,144**	**378,417**
Lease and rental income	179	282
Commissions and royalties	12	188
Income-related grants	1,224	44
Gains on sales of assets	60	3,369
Other non-recurring income and prior year income	1,381	2,464
Total other operating income	**2,856**	**6,346**

For further details on the trend in revenue reference should be made to the directors' report.

The most significant component of other operating income refers to income-related grants of approximately € 1,224 thousand, attributable to the portion of government grants allocated by the Italian Government to encourage research and development. In 2013, this item included the gain of approximately € 3,338 thousand, recorded by the parent Biesse S.p.A. as a result of the exchange transaction with the ultimate parent Bi.Fin. S.r.l. of its own industrial building no longer in operational use, located in Pesaro in via Toscana, with a portion of land in Chiusa di Ginestreto (owned by the ultimate parent) adjacent to the main manufacturing hub of the Group and therefore considered strategic for future expansion needs/rationalisation of its production capacity.
As no operations were discontinued, the data above relates exclusively to continuing operations.

6. ANALYSIS BY OPERATING SEGMENT AND GEOGRAPHICAL SEGMENT

Analysis by operating segment

The Group is currently organised into five operating divisions - Wood, Glass & Marble, Mechatronics, Tooling and Components - for management purposes. These divisions constitute the basis for the Group's segment reporting.

The principal operating segments are as follows:

Wood
production, distribution, installation and after-sales service of panel processing machines and systems;

Glass & Marble
production, distribution, installation and after-sales service of glass and marble processing machines;

Mechatronics
production and distribution of industrial mechanical and electronic components;

Tooling
production and distribution of Diamut-branded grinders and tools;

Components
production of mechanical components for wood and glass & marble processing machines.

The information relating to these operating segments is as follows:

Income Statement by operating segment

31/12/2014 *Euro 000's*	Wood	Glass & Marble	Tooling	Mechatronics	Components	Eliminations	Group Total
External revenue	307,117	66,340	9,411	44,275	0	0	427,144
Intrasegment revenue	2,394	5	368	19,043	17,618	(39,428)	0
Total revenue	309,512	66,345	9,779	63,318	17,618	(39,428)	427,144
Operating profit of segment	**16,752**	**3,055**	**808**	**11,670**	**72**	**0**	**32,358**
Unallocated ordinary costs							(7,591)
Operating profit							24,766
Unallocated finance expense							(2,090)
Pre-tax profit							**22,676**
Income taxes							(8,871)
Profit for the year							**13,805**

31/12/2013 *Euro 000's*	Wood	Glass & Marble	Tooling	Mechatronics	Components	Eliminations	Group Total
External revenue	266,637	63,668	8,444	37,158	2,511	0	378,417
Intrasegment revenue	780	0	304	16,294	12,608	(29,985)	0
Total revenue	267,417	63,668	8,748	53,452	15,118	(29,985)	378,417
Operating profit of segment	**6,620**	**3,391**	**708**	**9,643**	**314**	**0**	**20,676**
Unallocated non-recurring revenue							3,338
Unallocated ordinary costs							(5,868)
Operating profit							**18,146**
Unallocated finance expense							(3,527)
Pre-tax profit							**14,619**
Income taxes							(8,207)
Profit for the year							**6,412**

Net revenue for 2014 amounted to € 427,144 thousand, compared with € 378,417 thousand for 2013, up by 12.9 % compared with the previous year.

The Wood Division confirmed its position as the Group's main segment, accounting for 72.5% of consolidated revenue (70.7% in 2013); sales increased from € 267,417 thousand to € 309,512 thousand (+15.7%). The segment's operating profit rose considerably from € 6,620 thousand to € 16,752 thousand (the relevant impact on sales increased from 2.5% to 5.4%).

The Glass & Marble segment reported a 4.2% increase in sales (€ 66,345 thousand compared to € 63,668 thousand), with its impact on consolidated sales decreasing from 16.8% to 15.5%. The segment's operating profit fell from € 3,391 thousand to € 3,055 thousand (impact on sales from 5.3% to 4.6%).

The Mechatronics segment, in terms of revenue, reported the highest increase of the Group (+18.5% compared to 2013) and increased by 0.7% its contribution to consolidated revenue (14.8% compared with 14.1% in 2013).

The segment's operating profit increased from € 9,643 thousand to € 11,670 thousand (impact on sales from 18.0% to 18.4%).

The Tooling segment recorded an increase of 11.8% and its impact on consolidated sales remained unchanged. Operating profit increased from € 708 thousand to € 808 thousand.

Finally, the Components segment, driven by the Wood Division of which this segment is a vertical integration, improved compared to 2013 in terms of revenue (+16.5%) while operating profit decreased from € 314 thousand to € 72 thousand.

Statement of financial position - Inventories

With the exception of inventories and goodwill, the assets, liabilities and investments are not allocated to business segments and are examined by the top management at Group level. The following table shows the breakdown of inventories by operating segment.

The inventory analysis by segment shows that the increase (€ 11,778 thousand) mainly refers to the Wood division (€ 10,469 thousand compared to 31 December 2013) and increases are reported in the Glass&Marble (€ 606 thousand) and Mechatronics (€ 960 thousand) divisions.

Euro 000's	Wood	Glass & Marble	Tooling	Mechatronics	Components	Group Total
31/12/2014	71.404	10.174	2.113	11.173	3.188	98.051
31/12/2013	60.935	9.568	2.291	10.213	3.266	86.273

Analysis by geographical segment

Revenue

Euro 000's	Revenue			
	31/12/2014	%	31/12/2013	%
Western Europe	169,156	39.6%	141,763	37.5%
Asia - Pacific	84,969	19.9%	78,239	20.7%
Eastern Europe	83,987	19.7%	71,044	18.8%
North America	59,954	14.0%	51,191	13.5%
Rest of the World	29,077	6.8%	36,181	9.6%
Group Total	**427,144**	**100.0%**	**378,417**	**100.0%**

The disclosure of the allocation of goodwill by operating segment is set out in note 18.

7. RAW MATERIALS AND CONSUMABLES

Consumption of raw materials and consumables rose from € 155,903 thousand to € 177,606 thousand, up by 13.9% compared to the previous year. This increase is mainly due to the volume effect that more than offsets the positive impact due to the efficiency in consumption and the better pricing performance (as shown by the positive trend of the impact on consumption on revenue, down from 40.9% to 40.7%).

8. PERSONNEL EXPENSE

Euro 000's	31 December 2014	31 December 2013
Wages, salaries and social security contributions	120,430	107,796
Productivity bonus, other bonuses and related social security contributions	9,346	5,820
Accruals to pension plans	4,966	4,535
Other personnel expense	1,879	1,390
Capitalisation and recovery of personnel expense	(8,380)	(6,900)
Personnel expense	**128,242**	**112,640**

In 2014 personnel expense amounted to € 128,242 thousand, compared with € 112,640 thousand at 31 December 2013, up € 15,602 thousand in absolute terms and 13.9% in percentage terms.

€ 12.6 million of the cumulative increase is attributable to the fixed component (wages, salaries and social security contributions), especially as a result of the expansion of the sales network, in particular as far as branches are concerned. It should also be noted that the Group decided to stop using state-backed temporary lay-off schemes starting from September 2014. With regard to variable costs (performance bonuses, other bonuses and related social security contributions) resulted in higher expense amounting to € 3.5 million, both due to the achievement of 2014 budget targets, and because a one-off reduction in the wage and salary component was agreed with the trade union in 2013.

The amount of capitalised costs increased from € 6,900 thousand to € 8,380 thousand (+ 21.4%), due to the greater commitment of the Group in new product development.

9. OTHER OPERATING EXPENSE

Euro 000's	31 December 2014	31 December 2013
Production services	20,354	19,130
Maintenance	3,036	2,600
Sales commissions and transport	16,775	16,025
Consultancy fees	3,339	2,800
Utilities	4,274	4,551
Exhibitions and advertising	6,559	5,236
Insurance	1,668	1,492
Directors, statutory auditors and consultants' remuneration	2,821	2,617
Travel	11,290	10,229
Other	6,344	5,561
Use of third party assets	7,558	7,200
Other operating costs	6,926	4,424
Other operating expense	**90,945**	**81,865**

Other operating expense increased by € 9,080 thousand compared to 2013 (+ 11.1%). This increase is due both to variable cost components (production services up by € 1,224 thousand, sales commissions and transport up by € 750 thousand) and to fixed components (maintenance up by € 436 thousand, other operating costs up by € 2,502 thousand and consultancy fees up by € 539 thousand). In particular, the item other operating costs includes the contingent liability of € 1.1 million arising from additional costs compared to what was set aside in previous years, for the acquisition of non-controlling interest in the Chinese Centre Gain group.

Costs for exhibitions and advertising increased from € 5,236 thousand to € 6,559 thousand due to the boost given by the Group to promotional activities, which are considered strategic for the achievement of business objectives.

Remuneration paid to Directors, Statutory Auditors and Independent Auditors is included in the item other operating expense.
As required by article 149-duodecies of the Consob Issuers' Regulations, a list of the services provided by the independent auditors is shown below:

Services	Provider	Beneficiary	Fees (€'000)
Audit	KPMG S.p.A.	Biesse S.p.A.	198
	Rete KPMG	Subsidiaries	175
Other services	Rete KPMG	Biesse S.p.A.	0
	KPMG S.p.A.	Biesse S.p.A.	109
	KPMG S.p.A.	Subsidiaries	21
Total			**503**

10. FINANCE INCOME

The breakdown of finance income is as follows:

Euro 000's	31 December 2014	31 December 2013
Income from financial receivables	30	23
Bank interest	59	31
Interest from customers	92	152
Interest from others	37	70
Received financial discounts	137	35
Other finance income	224	601
Finance income for export transactions	6,746	4,484
Total financial income	**7,324**	**5,397**

The most important changes of the item finance income include income for export transactions (€ 6,746 thousand compared to € 4,484 thousand in 2013, +50.4%). The change must be interpreted together with the change in financial expense (reference should be made to the next paragraph), which increased from € 3,775 thousand to € 5,724 thousand, with a net effect of € 1,022 thousand (compared to € 709 thousand in 2013, +44.2%). These income components are due to the attainment of Subsidised loans of export credits - Italian Legislative Decree no. 143 of 31 March 1998 (former Ossola Law). The increase is related both to the trend in revenue (in particular that relating to exports), and to the fact that this procedure has become fully operational as from April 2013.

11. FINANCE EXPENSE

Euro 000's	31 December 2014	31 December 2013
Bank, mortgage and financing interest	2,113	3,260
Finance lease interest	25	40
Interest expense to others	467	195
Bills discounted	391	367
Finance expense for export transactions	5,724	3,775
Other interest	0	21
Other financial expense	154	272
Total financial expense	**8,873**	**7,930**

Total finance expense increased by € 943 thousand compared to last year. The change is mainly determined by the expense related to export transactions (reference should be made to the previous paragraph). Cost components related to loans by financial institutions, lease companies and other subjects decreased (- € 911 thousand compared to 31 December 2013), as a result of lower average debt exposure. The financial discount payable related to the trend in sales, increased from € 367 thousand to € 391 thousand.

12. EXCHANGE RATE GAINS AND LOSSES

In 2014, the Group recognised net exchange rate losses amounting to € 541 thousand (compared with a € 993 thousand loss in 2013). The Group's operations are exposed primarily to financial risks relating to currency fluctuations. The risk management policy approved by the board of directors of the parent provides that the existing hedging amount must not fall below 70% of net foreign currency exposure and that the underlying asset must be identified at the inception of any hedging transaction. Forward contracts (outright/currency swap) or also derivatives (currency option) can be used for hedging. The particular nature of theGroup's business implies that its currency exposure is fragmented into several currency positions (relating to individual orders and invoices), making it complicated (as well as uneconomic) to micro-hedge them (i.e. with a direct correlation between the hedging instrument and the underlying asset: for this reason, the Group macro-hedges these risks, especially by matching all foreign currency positions. The Group has hedges compatible with the requirements provided by IAS 39 for hedge accounting. Consequently, the part of the transactions that qualifies for hedge accounting, considered a hedging instrument as it passed the assessment of hedge effectiveness, has been accounted for in accordance with the provisions of IAS 39. In particular, exchange rate losses amounting to € 219 thousand were recognised as "Revenue", while as at 31 December 2014 exchange rate gains amounting to € 18 thousand net of tax effects remain separately in equity.
As for the remaining hedges, though effective from a management perspective, they do not qualify for hedge accounting based on the provisions of the international accounting standards and entailed the recognition in profit or loss of a loss of € 734 thousand.
Finally, it should be noted that the item exchange rate gains and losses includes the amount relating to the balance of unrealised gains and losses arising from the translation of foreign currency assets and liabilities at the closing rate at the end of the reporting period (€ 1,983 thousand gain).
Net realised exchange rate losses were € 2,524 thousand.

13. INCOME TAXES

Euro 000's	31 December 2014	31 December 2013
IRES and other deferred taxes	3,389	2,885
Income tax related to foreign subsidiaries	1,919	1,209
IRES and other taxes for the year	**5,308**	**4,094**
IRAP and other current taxes	3,672	3,027
IRAP and other deferred taxes	14	112
Income tax relating to previous years	(238)	893
Other taxes	115	81
Total income taxes for the year	**8,871**	**8,207**

Income tax related to foreign subsidiaries is calculated at the tax rates in force in each country.

IRES and other deferred taxes, negative to the tune of € 3,389 thousand overall, include the IRES (corporate income tax) tax expense for the year (determined by the national tax consolidation scheme) and the use of deferred tax assets set aside in previous years.
IRAP (the regional corporate tax) and other minor taxes, applied in other jurisdictions and calculated on tax bases other than pre-tax profit, are stated separately.
Income taxes relating to previous years, positive to the tune of € 238 thousand, are mainly due to the provision for taxation to cover the risk of tax litigation.

The provision for taxation for the year can be reconciled with the reported profit or loss for the year as follows:

Euro 000's	31 December 2014		31 December 2013	
Pre-tax profit	22,676		14,619	
National income tax rate 27.5%	(6,236)	27.50%	(4,020)	27.50%
Tax effect of non-deductible expense/exempt profit in determining income	54	(0.24)%	(282)	1.93%
Tax effect of the use of previously unrecognised losses	2,084	(9.19)%	775	(5.30%)
Tax effect of unrecognised losses	(1,215)	5.36%	(672)	4.60%
Effect of the different tax rates relating to subsidiaries operating under other jurisdictions	(10)	0.04%	91	(0.62%)
Other differences	16	(0.07)%	14	(0.09%)
Income taxes for the year and effective tax rate	**(5,308)**	**23.41%**	**(4,094)**	**28.01%**

15. IMPAIRMENT LOSSES

At the end of 2013, the item amounted to € 480 thousand relating to the capitalisation of projects carried out in previous years that are no longer considered strategic.
For further details, reference should be made to the directors' report. This expense is recognised as "Impairment losses" in profit or loss.

16. EARNINGS/LOSS PER SHARE

Basic earnings per share for the year ended 31 December 2014 was 51.08 euro/cent (23.92 euro/cent in 2013) and is calculated by dividing the profit attributable to owners of the parent, amounting to € 13,766 thousand (€ 6,435 thousand in 2013) by the weighted average number of ordinary shares outstanding during the year, which amounted to 26,950,979 (26,906,683 in 2013).

The number of shares outstanding was lower than the total number of shares issued due to the buyback of treasury shares on the stock exchange during 2008, as provided for by the shareholders' meeting resolution dated 21 January 2008.
On 9 July the Long-Term Incentive Plan (LTI) dated 19 March 2012 was partially implemented: 46,280 Biesse shares were assigned to the plan's beneficiaries (Biesse employees) as they had achieved the targets set. The parent's Remuneration Committee - meeting on 4 July - confirmed and approved the above assignment, verifying the effective achievement of the economic and financial targets provided for in the Long-Term Incentive Plan.

Compared to the figure at the end of 2013, the number of treasury shares held decreased also as a result of sales on the stock exchange which occurred in July 2014, for a total of 50,000 shares; sales were made at an average price of € 9.58, resulting in a total amount received of € 479,079, with a loss of € 1,616.

At 31 December 2014, the number of treasury shares was 390,079 (1.42% of the share capital), with a weighted average balance for the year of 442,063 (1.61% of the share capital).

As there were no dilutive effects, the same calculation is also applicable to diluted earnings per share. The calculations are illustrated in the following tables:

Profit attributable to owners of the parent

Euro 000's	31 December 2014	31 December 2013
Basic profit for the year	13,766	6,435
Dilutive effect on profit for the year	0	0
Diluted profit for the year	13,766	6,435

Weighted average number of outstanding ordinary shares

Euro 000's	31 December 2014	31 December 2013
Weighted average number of ordinary shares used to calculate basic earnings per share	27,393	27,393
Effect of treasury shares	(442)	(486)
Weighted average number of outstanding shares - for the calculation of basic earnings	26,951	26,907
Dilutive effects	0	0
Weighted average number of outstanding shares - for the calculation of diluted earnings	26,951	26,907

As no operations were discontinued during the year, the earnings per share are entirely attributable to continuing operations.
As shown, there are no dilutive effects.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

17. PROPERTY, PLANT, EQUIPMENT AND OTHER ITEMS OF PROPERTY, PLANT AND EQUIPMENT

Euro 000's	Property, plant and equipment	Equipment and other items of property, plant and equipment		Total
		Equipment and other items of property, plant and equipment	Assets under construction and prepayments	
Historical cost				
Amount at 31/12/2012	**112,946**	**41,912**	**64**	**154,922**
Increase	4,971	1,915	1	6,887
Disposals	(1,571)	(577)	-	(2,149)
Change in consolidation scope				-
Impairment losses				-
Exchange rate gains(losses), reclassifications and other changes	(2,176)	(1,271)	(17)	(3,463)
Amount at 31/12/2013	**114,170**	**41,979**	**48**	**156,197**
Increase	2,269	2,606	55	4,930
Disposals	(208)	(526)	-	(735)
Change in consolidation scope				-
Impairment losses				-
Exchange rate gains(losses), reclassifications and other changes	2,925	357	(59)	3,222
Amount at 31/12/2014	**119,155**	**44,415**	**44**	**163,614**

Euro 000's	Property, plant and equipment	Equipment and other items of property, plant and equipment		Total
		Equipment and other items of property, plant and equipment	Assets under construction and prepayments	
Accumulated depreciation				
Amount at 31/12/2012	**57,331**	**35,488**	**-**	**92,819**
Depreciation of the year	4,115	1,836		5,951
Release on disposal	(1,780)	(1,068)	-	(2,848)
Change in consolidation scope	0			0
Exchange rate gains(losses), reclassifications and other changes	(450)	(361)		(811)
Amount at 31/12/2013	**59,215**	**35,895**	**-**	**95,111**
Depreciation of the year	4,005	1,967		5,972
Release on disposal	(162)	(413)	-	(576)
Change in consolidation scope	(0)			(0)
Exchange rate gains(losses), reclassifications and other changes	749	493		1,242
Amount at 31/12/2014	**63,807**	**37,942**	**-**	**101,749**
Carrying Amount				
Amount at 31/12/2013	**54,955**	**6,083**	**48**	**61,086**
Amount at 31/12/2014	**55,349**	**6,473**	**44**	**61,865**

Investments in the reporting period amounted to approximately € 4.9 million. These increases mainly refer to normal replacement of work tools, necessary for ordinary manufacturing activity.

It should be noted that the reported amounts include assets acquired under finance leases for a net carrying amount of € 10,342 thousand (€ 10,615 thousand at 31 Decembre 2013), depreciated during the year for € 392 thousand (€ 435 thousand at 31 Decembre 2013); in particular, the net carrying amount refers to land and industrial buildings for € 10,243 thousand (€ 10,480 thousand at the end of 2013), equipment for € 97 thousand (€ 133 thousand at 31 Decembre 2013) and office equipment for € 2 thousand as at 31 Decembre 2013.
The item Property, plant and equipment includes land, which is not depreciated, amounting to € 12,195 thousand (€ 12,039 thousand at the end of the previous year). A building located in Pesaro is encumbered by a mortgage as a guarantee for a loan received from the financial institution GE Capital, whose debt balance at year end totalled € 7,120 thousand.
There were no outstanding commitments to acquire property, plant and equipment at 31 December 2014.

18. GOODWILL

Goodwill is allocated to the cash-generating units (CGU) identified on the basis of the Group's operating segments. Management, in line with the provisions of IFRS 8, identified the following operating segments:
1. **Wood** - production and distribution of woodworking machines and systems;
2. **Glass & Marble** - production and distribution of glass and marble processing machines;
3. **Mechatronics** - production and distribution of industrial mechanical and electronic components;
4. **Tooling** - production and distribution of glass and marble processing tools for all the machines on the market;
5. **Components** - production and distribution of other components related to additional precision processing.

The following table illustrates the allocation of goodwill by operating segment:

Euro 000's	31 December 2014	31 December 2013
Wood	6,056	5,998
Glass & Marble	1,473	1,314
Mechatronics	5,599	5,599
Tooling	3,940	3,940
Total	**17,069**	**16,852**

The main changes during 2014 are due to the exchange rate difference undergone by the Australian and American branches.

In accordance with accounting standards, the Group tests the recoverability of goodwill at least once a year or more frequently if there is any indication of impairment. The recoverable amount of the CGU is tested by calculating the value in use. In the discounted cash flow model, a terminal value is recognised at the end of the cash flow projections for the period to reflect the residual value each CGU is expected to generate. The terminal value represents the present value for the last forecast year of all future cash flows in perpetuity. The growth rate of the terminal value is a key variable in determining the terminal value itself, as it represents the annual growth rate of all future cash flows in perpetuity. It is calculated based on the cash flow for the last forecast year, provided no measures to normalise cash flows are taken, by discounting that cash flow using the discount rate. In calculating value in use, it is assumed that the growth rate is equal to the inflation rate.

The main assumptions used relate to the discount rate, the growth rate, and the expected changes in selling prices and direct costs during the measurement period. The Group's management has therefore adopted a discount rate (WACC) including tax that reflects the current market assessment of the time value of money and the specific risk. The growth rates adopted are based on growth forecasts for the relevant industrial sector. Changes in selling prices and direct costs are based on past experience and future market expectations.

The operating cash flows derive from the business plan approved on 19 February 2015 by the Board of Directors for the three-year period from 2015 to 2017; the cash flows for the residual period are extrapolated on the basis of the medium/long-term industry growth rate, equal to 1.5%. The expected future cash flows refer to the CGUs in their current condition and exclude the estimates of future cash flows that may arise from future restructuring plans or other structural changes.

The discount rate used to discount cash flows is 8.00% (in the 2013 annual report it was 8.40%). The discount rate is the same for all CGUs, as all refer to the Equipment sector – Euro area. In detail, in order to determine the rate:

- with reference to the yield on risk-free securities, reference was made to the yield curve of 10-year Italian Government bonds (based on a 24-month measurement period);

- the systematic risk coefficient (β) considered was that of Biesse (compared to that of comparable businesses in the Equipment sector - Euro Area);

- as for the specific risk premium (SRP), it was assumed to be 5.5%;

- finally, the rate of the gross cost of debt was assumed to be 2%, determined on the basis of the average cost of the Group's debt and takes into account a Biesse spread applied to the Free risk Rate.

Based on the projects and initiatives set out in the above business plan, the results expected by the Biesse Group within the next three years are as follows:

· higher consolidated revenue (three-year CAGR: 8.1%);

· higher added value (42.5% as a percentage of revenue in 2017);

· improvement in operating profits;

· EBITDA target: 13.1% as a percentage of revenue in 2017;

· EBIT target: 10.0% as a percentage of revenue in 2017.

The Management paid special attention in assessing the results of the analysis, taking also into account the outcome of sensitivity analyses.

In this regard, the sensitivity analysis of impairment tests was carried out considering unfavourable assumptions in calculating the terminal value, in terms of long-term growth rate, discount rate and industrial variables.

As concerns changes in the discount rate, an increase of half a percentage point was considered (8.00% + 0.5% = 8.50%). As far as changes in the growth rate are concerned, a decrease of half a percentage point was considered (1.5% - 0.5% = 1.0%).

As for the changes to industrial variables, the case of a halving of the CAGR of sales revenues has been considered (with an absolute value of € 480 million in 2017). For the sensitivity analysis, the effects of these changes were analysed, considering them both separately and together.

The analysis carried out in this way did not show any critical issue of the value in use compared to net invested capital for the different CGUs.

Finally, it should be noted that the estimates and budget figures to which the aforementioned variables were applied are calculated by the Group's management on the basis of past experience and expectations about the trend in the markets in which the Group operates.

Therefore, the management makes judgements and estimates in calculating the recoverable amount of cash-generating units. The Group cannot guarantee that goodwill will not become impaired in future periods.

Indeed, various factors relating also to the evolution of the challenging market conditions could result in adjustments to goodwill. The Group will continue to monitor the circumstances and events that could require further impairment testing.

It should be noted that the relevant impairment tests were specifically approved by the Group's Board of Directors during the meeting on 19 February 2015.

19. OTHER INTANGIBLE ASSETS

Euro 000's	Development expense	Patents, trademarks and other intangible assets	Assets under development and prepayments	Total
Historical cost				
Amount at 01/01/2013	**35,353**	**21,236**	**7,158**	**63,747**
Increase	-	1,301	7,942	9,244
Disposals	-	1	-	1
Exchange rate gains(losses), reclassifications and other changes	4,854	928	(6,505)	(723)
Amount at 31/12/2013	**40,207**	**23,464**	**8,596**	**72,267**
Increase	205	2,336	9,640	12,181
Disposals	-	-	-	-
Exchange rate gains(losses), reclassifications and other changes	8,018	698	(8,897)	(182)
Amount at 31/12/2014	**48,430**	**26,498**	**9,339**	**84,266**
Accumulated amortisation				
Amount at 01/01/2013	**21,017**	**10,793**	**-**	**31,810**
Amortisation of the year	6,043	1,842	-	7,885
Release on disposal	-	(25)	-	(25)
Exchange rate gains(losses), reclassifications and other changes	(7)	7	-	0
Amount at 31/12/2013	**27,052**	**12,617**	**-**	**39,669**
Amortisation of the year	5,384	1,967	-	7,351
Release on disposal	-	(3)	-	(3)
Exchange rate gains(losses), reclassifications and other changes	6	106	-	112
Amount at 31/12/2014	**32,442**	**14,688**	**-**	**47,129**
Impairment losses				
Amount at 31/12/2013	**-**	**1,549**	**-**	**1,549**
Exchange rate gains(losses), reclassifications and other changes		73		73
Amount at 31/12/2014	**-**	**1,622**	**-**	**1,622**
Carrying Amount				
Amount at 31/12/2013	**13,155**	**9,298**	**8,596**	**31,048**
Amount at 31/12/2014	**15,988**	**10,188**	**9,339**	**35,515**

The intangible assets illustrated above have a finite useful life and are amortised accordingly.

Development costs refer to products for which returns on investments are expected over an average period of five years. Patents, trademarks and other intangible assets are amortised in relation to their useful life, which is estimated to be five years on average.

The increase in the item assets under development and prepayments is largely due to the capitalisation of costs for the development of products which are nearly completed and expected to generate an economic return in the coming years. In the reporting period, design activities required new investments amounting to approximately € 9,500 thousand (€ 7,335 thousand at 31 Decembre 2013), made mainly by the parent Biesse S.p.A. and the subsidiary HSD S.p.A. Furthermore, the Group invested € 2,081 thousand to develop the new Oracle ERP system (€ 1,168 thousand at 31 Decembre 2013).

Development costs during the year resulted in amortisation of € 5,384 thousand.

20. OTHER NON-CURRENT FINANCIAL ASSETS AND RECEIVABLES

This item is broken down as follows:

Euro 000's	31 December 2014	31 December 2013
Non-controlling equity investments in other businesses	33	28
Other receivables / Guarantee deposits - non-current portion	1,445	945
Total	**1,478**	**973**

21. INVENTORIES

This item is broken down as follows:

Euro 000's	31 December 2014	31 December 2013
Raw materials, consumables and suppliers	30,419	25,655
Work in progress and semi-finished goods	15,053	13,712
Work in progress	-	-
Finished goods	36,868	30,107
Spare parts	15,712	16,799
Inventories	**98,051**	**86,273**

The carrying amount, equal to € 98,051 thousand, is net of the allowances for inventory write-downs, amounting to € 2,856 thousand for raw materials (€ 2,246 thousand at the end of 2013), € 2,917 thousand for spare parts (€ 3,179 thousand at the end of 2013) and € 2,797 thousand for finished goods (€ 2,152 thousand at the end of 2013). The allowance for the write-downs of raw materials amounts to 8.6% as a percentage of the historical cost of the related inventories (8.1% at the end of 2013), while the one for spare parts is 15.7% (15.9% at the end of 2013) and the one for finished products is 7.1% (6.7% at the end of 2013).

The Group's inventories increased compared to the previous year (+ € 11,778 thousand of which € 3,371 thousand due to exchange-rate differences). This increase is due to the need to facilitate the scheduling of the deliveries planned in the first quarter of 2015 in light of the positive trend in orders. More specifically, inventories of raw materials (+ € 4,764 thousand), inventories of semi-finished goods (+ € 1,341) and inventories of finished goods (+ € 6,761 thousand) increased. Spare parts inventories decreased (- € 1,087 thousand), in particular for North America and the Far East: in both cases, this phenomenon is related to the rationalisation of the related logistics centres, which resulted in the return at the premises of Pesaro of articles with lower turnover.

22. TRADE RECEIVABLES FROM THIRD PARTIES

This item is broken down as follows:

Euro 000's	31 December 2014	31 December 2013
Trade receivables due within 12 months	82,515	75,663
Trade receivables due after 12 months	4,685	6,984
Allowance for impairment	(6,489)	(6,430)
Trade receivables from third parties	**80,712**	**76,217**

Management believes that the carrying amount of trade receivables is a reasonable approximation of their fair value. The increase in trade receivables from third parties is due to the increase in sales.

Trade receivables are recognised net of the allowance for impairment, which is conservatively estimated with reference to both non-performing and loans overdue more than 180 days.

The changes in the allowance are summarised in the following table:

Euro 000's	31 December 2014	31 December 2013
Opening balance	6,430	5,671
Accrual for the year	1,589	1,365
Utilised	(1,570)	(553)
Derecognition of excess allowance	(1)	(8)
Net exchange rate gains (losses)	38	(45)
Discounting	2	(0)
Closing balance	**6,489**	**6,430**

The accruals to the allowance for impairment are made on the basis of impairment losses on individual overdue loans and impairment losses on groups of loans calculated in statistical terms based on historical data. The amount of the accruals is calculated on the basis of the present value of estimated recoverable amounts, accounting for the related recovery expenses, if any, and the fair value of the collateral given to the Group, if any.

Trade receivables include receivables specifically impaired as individual assets whose net value is € 2,415 thousand, following impairment losses of € 6,489 thousand (net receivables of € 2,677 thousand following specific impairment losses of € 6,430 thousand at 31 December 2013). Impairment losses recognised in profit or loss are mainly recognised indirectly through accruals to the allowance for impairment.
Specific impairment losses arise mainly from the measurement of receivables subject to specific legal disputes, and the relevant legal opinion is usually provided.

It should be noted that other trade receivables exist for which a general impairment loss was recognised of € 160 thousand.

Euro 000's	31 December 2014	31 December 2013
Overdue by 1 to 30 days	9,611	6,710
Overdue by 30 to 180 days	5,587	5,216
Total	**15,197**	**11,926**

At 31 December 2014, there were no receivables given as collateral in favour of third parties and financial institutions.

23. OTHER CURRENT ASSETS

Other current assets are detailed as follows:

Euro 000's	31 December 2014	31 December 2013
Consumption tax receivables and other tax receivables	8,177	6,301
Income tax assets	548	571
Other receivables from related parties	1,553	1,554
Other receivables from third parties	5,203	4,927
Total	**15,481**	**13,353**

Other receivables from related parties" consist of the IRES refund claims made by the ultimate parent Bi.Fin. S.r.l. following the tax consolidation for the three-year period from 2005 to 2007 in which it participated as the consolidating company.
The item "Other receivables from third parties" consists of deferred income and prepaid expenses amounting to € 923 thousand and other receivables amounting to € 4,281 thousand.

24. CASH AND CASH EQUIVALENTS

This item includes the cash held by the Group and bank deposits with maturities of less than three months.
The carrying amount of these assets is a reasonable approximation of their *fair value*.

25. SHARE CAPITAL / TREASURY SHARES

The share capital amounts to € 27,393 thousand and consists of 27,393,042 ordinary shares, each with a par value of € 1 and dividend rights. At the date on which the financial statements were approved, the Group held 390,079 treasury shares with an average carrying amount of € 9.61 per share.
Based on the resolution of the shareholders' meeting of 19 October 2010, treasury shares may be used for the purposes of stock option plans, including stock grants or incentive and retention plans, reserved for the management, employees or consultants of the Group. The same resolution authorised an incentive plan called "Retention Plan 2011 - 2013 di Biesse S.p.A." reserved for the top management of Biesse S.p.A. and the companies belonging to the Group involving stock grants and cash bonuses. The shareholders' meeting of 27 April 2012 approved the withdrawal of this plan and the simultaneous adoption of a new incentive scheme called "Long Term Incentive Plan 2012 - 2014", which involves cash bonuses and stock grants, subject to economic and financial performance conditions and the assessment of the beneficiaries' individual performance. At 31 December 2014, the number of treasury shares earmarked for the Long Term Incentive plan is 57,612.

On 9 July the Long-Term Incentive Plan (LTI) dated 19 March 2012 was partially implemented: 46,280 Biesse shares were assigned to the plan's beneficiaries (Biesse employees) as they had achieved the targets set. The parent's Remuneration Committee – meeting on 4 July – confirmed and approved the above assignment, verifying the effective achievement of the economic and financial targets provided for in the Long-Term Incentive Plan.
Compared to the figure at the end of 2013, the number of treasury shares held decreased also as a result of sales on the stock exchange occurred in July 2014, for a total of 50,000 shares; sales were made at an average price of € 9.58, resulting in a total amount received of € 479,079, with a loss of € 1,616.
The following table summarises the data concerning treasury shares at 31 December 2014.

Number of shares:	390,079
Carrying amount (in Euro):	3,750,178
Percentage of share capital:	1.42%

26. EQUITY RESERVES

The carrying amount, equal to € 36,202 thousand (unchanged from 2013), refers to the share premium reserve.

27. HEDGING AND TRANSLATION RESERVES

The carrying amount was broken down as follows:

Euro 000's	31 December 2014	31 December 2013
Translation reserve	(2,546)	(5,086)
Hedging reserve	(18)	19
Total	**(2,564)**	**(5,067)**

The reserve for translation of foreign currency financial statements, negative by € 2,546 thousand, includes the differences arising from the translation of the financial statements denominated in foreign currencies of countries that do not belong to the Eurozone (United States, Canada, Singapore, United Kingdom, Sweden, Switzerland, Australia, New Zealand, India, China, Indonesia, Hong Kong, Malaysia, South Korea and Brazil), down € 2,540 thousand from the previous year.

28. OTHER RESERVES AND NON-CONTROLLING INTERESTS

Retained earnings

The carrying amount was broken down as follows:

Euro 000's	31 December 2014	31 December 2013
Legal reserve	5,479	5,479
Extraordinary reserve	45,067	41,074
Reserve for treasury shares	3,750	4,676
Retained earnings and other reserves	(2,350)	1,388
Other reserves	**51,946**	**52,617**

As indicated in the statement of changes in equity, the change in the item "Other reserves" mainly concerns the allocation of the profit for 2013 (+ € 6,435 thousand) and dividend distribution (- € 4,843 thousand). It should be noted that the item changed also due to the impact of the actuarial valuation of defined benefit plans (- € 2,097 thousand), the recognition of the reserve for treasury shares to be allocated in relation to the partial implementation of the Long-Term Incentive Plan (€ 134 thousand) and recognition of the loss of € 301 thousand, relating both to shares sold to employees (LTI plan), and those sold on the free market.

Non-controlling interests

As for the changes in the equity attributable to non-controlling interests, we highlight the changes relating to dividend distribution and in the translation reserve.

29. DIVIDENDS

Dividends of Euro 4,843 thousand were paid in 2014.

30. BANK LOANS AND BORROWINGS

The table below provides the breakdown of bank loans and borrowings.

Euro 000's	31 December 2014	31 December 2013
Bank loans and borrowings	6,807	13,999
Secured mortgages	1,780	3,485
Unsecured mortgages	11,924	27,116
Current liabilities	**20,511**	**44,599**
Loans	3,186	-
Secured mortgages	5,340	12,001
Unsecured mortgages	34,634	1,189
Non-current liabilities	**43,159**	**13,191**
Total	**63,670**	**57,790**

These liabilities are payable as follows:

Euro 000's	31 December 2014	31 December 2013
On demand or within one year	20,511	44,599
Within two years	23,642	3,480
Within three years	12,283	3,578
Within four years	5,967	3,647
Within five years	1,267	2,485
After five years	-	-
Total	**63,670**	**57,790**

Analysis of bank loans and borrowings by currency

Euro 000's	31 December 2014	31 December 2013
Euro	57,842	52,995
Indian Rupee	-	13
US Dollar	29	-
Canadian Dollar	54	-
Swiss Franc	308	-
Chinese Renmimbi Yuan	2,526	2,041
Hong Kong Dollar	2,912	2,741
Total	**63,670**	**57,790**

At 31 December 2014, the average interest rate on outstanding loans is 2.34%, the amount of granted cash credit lines was € 162.5 million.
Compared with the financial statements as at anf for the year ended 31 December 2013, the Group's financial liabilities increased by € 5,880 thousand; the amount due within 12 months is € 20,511 thousand, down by € 24,088 thousand, the amount due after 12 months is € 43,159 thousand, up by € 29,969 thousand. Medium/long-term debt as a percentage of total debt increased from 23% to 68%. The item collateral-backed mortgages refers to a loan to the financial institution GE Capital with mortgage on a building located in Pesaro.
Please refer to the directors' report for more details regarding the trend in the net financial indebtedness and the analysis of the statement of cash flows, in addition to what is mentioned in the paragraph on financial risks.

31. NET FINANCIAL INDEBTEDNESS

The table below provides the breakdown of bank loans and borrowings.

Euro 000's	31 December 2014	31 December 2013
Financial assets:	54,359	36,099
Current financial assets	1,048	949
Cash and cash equivalents	53,310	35,151
Short-term finance lease payables	(301)	(285)
Short-term bank loans and borrowings and loans and borrowings from other financial backers	(20,511)	(44,599)
Short-term net financial position	**33,547**	**(8,785)**
Medium/long-term finance lease payables	(1,659)	(1,960)
Medium/long-term bank loans and borrowings	(43,159)	(13,191)
Medium/Long term net financial indebtedness	**(44,818)**	**(15,151)**
Total net financial indebtedness	**(11,272)**	**(23,936)**

At the end of December 2014, the Group's net financial indebtedness amounted to € 11.3 million (gearing = 0.09), improving by € 12.7 million, compared with the value at the end of December 2013.

As said in the directors' report, the reduction is attributable to the improvement in operating performance and to the focus on the performance of net operating working capital also against the current backdrop of increasing volumes.

The figure at 31 December 2014 takes into account the payment of the 2013 dividend to shareholders for a total amount of around € 4.8 million, and the expense concerning investments in China for a total amount of € 3.7 million (€ 1.3 million for the last tranche concerning the contract to acquire the Centre Gain Ltd Group, signed in 2011, and € 2.4 million for the acquisition of a 30% stake in the holding company Biesse (HK) Limited, entered into in October 2014).

At 31 December 2014, short-term uncommitted credit lines of the Group account for 67.7% of total financing, whereas the remaining part is represented by the residual portions of unsecured loans (18 months minus one business day), mortgage loans, residual real estate leases and medium-term committed credit lines.

In 2014, the main credit lines granted to both Biesse S.p.A. and its foreign subsidiaries (China) by Italian lending institutions were renewed/renegotiated. Thanks to funding by supranational entities (EIB), a specific five-year loan was granted through Unicredit Banca.

Given that cash flow generation was concentrated especially at the end of 2014, the Group has a high availability of credit lines hence debt consists almost entirely of residual amounts relating to previous unsecured/mortgage loans, whereas, to optimise treasury management, special conditions were agreed in order to use any liquidity "sessions" (eonia – t/n).

32. FINANCE LEASE PAYABLES

The table below provides the breakdown of bank loans and borrowings.

Euro 000's	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	Minimum lease payments		Present value of minimum lease payments	
Due within one year	403	403	301	285
Due after one year but within five years	1,888	1,612	1,659	1,310
Due after the fifth year	-	679	-	650
	2,291	2,694	1,960	2,245
Charges deducted for future financial expense	(331)	(449)	-	-
	1,960	2,245	1,960	2,245
Less: amount due within one year			301	285
Amount of debt due after 12 months			**1,659**	**1,960**

Finance lease payables mainly relate to buildings (and related plant and equipment) with minimum lease payments outstanding at 31 December 2014 equal to € 1,960 thousand at present value (of which € 301 thousand due within 12 months).

The reported figure refers mainly to a contract relating to the purchase of a building with original term of twelve years, signed by MC S.r.l. (later on incorporated in Hsd S.p.A.), with maturity in December 2019 and average effective rate 5.5%.

The interest rates are set at the date the contracts are entered into and are subject to fluctuation, as they are tied to the trend in the time value of money. All existing leases are repayable through a constant payment plan with increasing principal and decreasing interest repayments. Their terms and conditions do not provide for any changes to the original plan.
All contracts are denominated in Euro.
The rights on the leased goods are given to the lessor as collateral for finance lease payables.

33. POST-EMPLOYMENT BENEFITS

Defined-contribution plans
As a result of the supplementary pension reform, benefits earned as from 1 January 2007, at the discretion of employees, will be paid into supplementary pension schemes or transferred by the company to the public treasury fund managed by INPS (the Italian Social Security Institute) and will qualify as a defined-contribution plan (and therefore will no longer be subject to actuarial valuation) since from the time the employee formally makes their choice.Defined-contribution liabilities at year-end amounted to € 4,966 thousand.
Defined-benefit plans
The Biesse Group measured at € 14,484 thousand the present value of the liability for post-employment benefits earned at the end of the year by the employees of the Italian companies of the Group. Said liability is represented by the provision for post-employment benefits.

Euro 000's	31 December 2014	31 December 2013
Current service cost	-	-
Financial expense	49	39
Total	**49**	**39**

The component relating to financial expense is recognised in financing activities.
The change for the year relating to the present value of obligations for post-employment benefits is as follows:

Euro 000's	31 December 2014	31 December 2013
Opening liabilities	12,795	14,329
Current services	-	-
Financial expense	49	39
Benefits paid out	(477)	(1,460)
Actuarial gains/losses	2,117	(113)
Closing liabilities	**14,484**	**12,795**

The assumptions used for measuring the obligation of post-employment benefits are set below:
- annual rate of inflation: 0.60% for 2015, 1.20% for 2016, 1.50% for 2017 and 2018, 2.00% from 2019 onwards.
- annual discount rate: determined by reference to market yields of bonds by leading companies on the measurement date. In this regard, the Euro Composite AA interest-rate curve was used for the actuarial calculation.

Average number of employees
The average number of employees in 2014 (including temporary staff) was 2,855 (2,716 in 2013):

34. DEFERRED TAX ASSETS AND LIABILITIES

Euro 000's	31 December 2014	31 December 2013
Deferred tax assets	15,111	16,995
Deferred tax liabilities	(3,535)	(3,008)
Net deferred tax assets	**11,576**	**13,987**

Below are the main items of deferred tax assets and liabilities.

Euro 000's	31 December 2014	31 December 2013
Accrual to allowance for impairment provisions for risks	4,684	4,185
Intercompany profits included in the amount of closing inventories	3,006	2,108
Recoverable tax losses	2,023	5,252
Other	5,398	5,449
Deferred tax assets	**15,111**	**16,995**
Accelerated amortisation	1,476	1,343
Capitalised costs	213	72
Goods under finance lease	38	39
Other	1,809	1,555
Deferred tax liabilities	**3,535**	**3,008**
Net deferred tax assets	**11,576**	**13,987**

At the reporting date, the Group had unused tax losses amounting to approximately € 12.8 million (€ 18 million at the end of the previous year) for which no deferred tax assets have been recognised. These losses relate to subsidiaries and there are no reasonable grounds to expect that they will be recovered in the short term.
In addition to the deferred taxes recognised in profit or loss, deferred tax liabilities amounting to € 7 thousand were recognised directly in equity (€ 7 thousand at the end of the previous year).

35. PROVISIONS FOR RISKS AND CHARGES

Euro 000's	Guarantees	Retirement of agents	Other	Total
Amount at 31/12/2013	**4,432**	**363**	**4,181**	**8,975**
Provisions	808	8	1,458	2,275
Derecognition of excess provisions	(8)	-	(1,981)	(1,989)
Utilised	(5)	(2)	(612)	(620)
Exchange rate gains and other differences	121	-	153	274
Amount at 31/12/2014	**5,348**	**369**	**3,198**	**8,915**

The provision for guarantees represents the Group management's best estimate of the obligations deriving from the 1-year warranty on products sold by the Group. The provision derives from estimates based on past experience and on the analysis of the level of reliability of the marketed products.
The provisions for retirement of agents refers to the liabilities related to existing agency agreements.

The item Other provisions for risks and charges is composed as follows:

Euro 000's	Restructuring	Legal disputes	Tax disputes	Total
Amount at 31/12/2013	**53**	**2,702**	**1,426**	**4,181**
Provisions	-	1,458	-	1,458
Derecognition of excess provisions	(10)	(1,611)	(361)	(1,981)
Utilised	(43)	(347)	(222)	(612)
Exchange rate gains and other differences	-	148	5	153
Amount at 31/12/2014	**-**	**2,350**	**848**	**3,198**

These provisions are split between:

Euro 000's	31 December 2014	31 December 2013
Current liabilities	7,494	5,763
Non-current liabilities	1,421	3,213
Total	**8,915**	**8,975**

The provisions for tax disputes relates to the amount regarding taxes and penalties, for which the risk of losing the dispute is probable, due to local taxation authorities.

36. TRADE PAYABLES TO THIRD PARTIES

The details of trade payables are as follows:

Euro 000's	31 December 2014	31 December 2013
Trade payables to suppliers	97,335	89,736
Deposits/prepayments for installation and testing costs	24,724	18,767
Total	**122,059**	**108,502**

Trade payables to third parties refer primarily to payables to suppliers for the procurement of materials delivered in the closing months of the year.
It should be noted that trade payables are payable within the next year and it is believed that their carrying amount at the reporting date is a reasonable approximation of their fair value.
Trade payables to suppliers increased by € 7,599 thousand compared to 2013, from € 89,736 thousand to € 97,335 thousand.
Trade payables to customers (for advances and/or prepayments for installations invoiced but not yet completed) increased by € 5,957 thousand.
With regard to prepayments received from customers, it should be noted that in relation to specific cases the Group has issued guarantees in favour of the customers themselves: their duration is directly related to the time between the receipt of the prepayment and the shipping of the machinery. For further details, please refer to note 39.

37. OTHER CURRENT AND NON-CURRENT LIABILITIES

The details of other current liabilities are as follows:

Euro 000's	31 December 2014	31 December 2013
Tax liabilities	8,091	6,334
Social security liabilities	9,077	7,044
Other payables to employees	15,211	11,143
Other current liabilities	4,464	3,594
Total	**36,842**	**28,115**

38. FINANCIAL INSTRUMENTS - CURRENCY DERIVATIVES

Euro 000's	31 December 2014		31 December 2013	
	Asset	Liability	Asset	Liability
Currency derivatives	43	(1,254)	340	(6)
Total	**43**	**(1,254)**	**340**	**(6)**

Some currency derivatives are related to orders and therefore qualify as hedging instruments. The value of contracts outstanding at year-end is recognised as an asset for € 43 thousand and as a liability for € 1,254 thousand, and is split between hedging contracts (€ 216 thousand) and hedging contracts that are not determined to be an effective hedge under IAS 39 (€ 995 thousand). Effective hedging contracts are measured using hedge accounting, while the other hedging contracts were recognised as exchange rate losses (please refer to note 3 for more details).

Derivative financial instruments and forward contracts outstanding at year-end.

Euro 000's	Nature of risk hedged	Notional amount		Fair value of derivatives	
		31 december 2014	31 december 2013	31 december 2014	31 december 2013
Operazioni di cash flow hedging					
Forward contracts (Australian Dollar)	Currency	3,399	412	88	29
Forward contracts (US Dollar)	Currency	3,235	1,015	(207)	12
Forward contracts (Pound Sterling)	Currency	3,678	756	(81)	(20)
Forward contracts (Swiss Franc)	Currency	241	566	(1)	(3)
Forward contracts (Canadian Dollar)	Currency	1,387	68	(8)	3
Forward contracts (New Zealand Dollar)	Currency	161	-	(7)	-
Total		**12,101**	**2,817**	**(216)**	**21**
Other hedges					
Forward contracts (Australian Dollar)	Currency	3,062	1,780	8	26
Forward contracts (US Dollar)	Currency	11,954	7,759	(526)	55
Forward contracts (Pound Sterling)	Currency	2,831	4,282	(46)	(34)
Forward contracts (Swiss Franc)	Currency	1,035	2,362	(1)	(3)
Forward contracts (Canadian Dollar)	Currency	1,976	2,386	(9)	203
Forward contracts (New Zealand Dollar)	Currency	1,018	1,313	(21)	(8)
Forward contracts (Hong Kong Dollar)	Currency	16,534	6,181	(400)	80
Total		**38,410**	**26,063**	**(995)**	**319**
Grand total		**50,511**	**28,880**	**(1,211)**	**340**

39. COMMITMENTS, CONTINGENT LIABILITIES, GUARANTEES AND RISK MANAGEMENT

Commitments

Repurchase commitments amounting to approximately € 181 thousand were signed in favour of lease companies, should the Group's customers not fulfil their obligations.

Contingent liabilities

The parent and some subsidiaries are involved as parties to various lawsuits and disputes. It is nevertheless believed that the settlement of such disputes will not give rise to further liabilities in addition to those already provided for in a specific provision for risks. Please refer to note 35 above for details on contingent liabilities relating to tax risks.

Guarantees issued and received

The Group has issued sureties totalling € 18,192 thousand. The most important components relate to: a guarantee issued to Commerzbank (€ 6,635 thousand) for credit lines granted in favour of the Chinese subsidiaries Korex Dongguan Machinery Co. Ltd. and Biesse Trading (Shanghai) Co. Ltd.; the guarantee given for the corporate credit cards issued by Banca Popolare dell'Emilia Romagna (€ 6,600 thousand); the guarantees issued to Banca Intesa and BNL for credit lines granted in favour of the subsidiary Biesse Manufacturing PVT Ltd (€ 1,916 thousand); the guarantees issued to customers for prepayments made (€ 2,802 thousand); and finally other minor guarantees (€ 239 thousand).

Risk management

The Group is exposed to financial risks connected to its operations:

- market risks, consisting primarily of risks relating to fluctuations in exchange and interest rates;
- credit risk, relating particularly to trade receivables and, to a lesser extent, other financial assets;
- liquidity risk, with reference to the availability of financial resources to settle the obligations related to financial liabilities.

With regard to the risk connected with the fluctuation in raw material prices, the Group tends to transfer their management and economic impact to its own suppliers by agreeing purchase costs for periods of no less than six months.

The impact of the main raw materials, steel in particular, on the average value of the Group's products is marginal relative to the final production cost.

Currency risk

The risk relating to exchange rate fluctuations is represented by the potential fluctuation in the amount in euro of the currency position or net foreign currency exposure, i.e. the algebraic result of sales invoices issued, outstanding orders, purchasing invoices received, the balance of foreign currency loans, and cash held in foreign currency.

The risk management policy approved by the board of directors of the parent provides that the existing hedging amount must not fall below 70% of net foreign currency exposure and that the underlying asset must be identified at the inception of any hedging transaction.

Forward contracts (outright/currency swap) or also derivatives (currency option) can be used for hedging.

Currency risk is expressed mainly in the following currencies:

Euro 000's	Financial assets		Financial liabilities	
	31/12/14	31/12/13	31/12/14	31/12/13
US Dollar	11,106	13,087	1,791	2,454
Canadian Dollar	4,188	1,607	119	884
Pound Sterling	3,652	10,866	2,304	863
Australian Dollar	3,687	1,145	0	4
Swiss Franc	1,088	1,491	444	117
New Zealand Dollar	908	701	29	-
Indian Rupee	273	2,930	395	2,075
Hong Kong Dollar	17,732	10,819	606	2,673
Chinese Renmimbi	11,381	1,005	7,662	6,771
Other currencies	1,540	3,519	3,992	1,036
Total	**55,553**	**47,169**	**17,343**	**16,878**

A sensitivity analysis follows illustrating the impact on profit or loss of a +15%/-15% appreciation/depreciation of the euro for single currency crosses.

It should be noted that the impact on other equity reserves is not calculated, considering the nature of the assets and liabilities subject to currency risk.

Euro 000's	Impact on income statement	
	if exchange rate > 15%	if exchange rate < 15%
US Dollar	(1,215)	1,644
Canadian Dollar	(531)	718
Pound Sterling	(176)	238
Australian Dollar	(481)	651
Swiss Franc	(84)	114
New Zealand Dollar	(115)	155
Indian Rupee	16	(22)
Hong Kong Dollar	(2,234)	3,022
Chinese Renmimbi	(485)	656
Total	**(5,304)**	**7,176**

The Biesse Group uses only forward contracts and cross currency swaps as hedging instruments. Should the latter fail to meet the criteria for hedge accounting, they are classified as trading instruments. In considering the amount exposed to currency risk, the Group includes also foreign currency orders acquired in the period before they become trade receivables (shipping-invoicing).

Outright contracts outstanding at 31 December 2014

Euro 000's	Nominal value local currency'000	Average forward rate	Maximum duration
US Dollar	18,440	1.2715	September-15
Canadian Dollar	4,750	1.4156	April-15
Pound Sterling	5,070	0.7953	June-15
Australian Dollar	9,581	1.4693	April-15
Swiss Franc	1,535	1.2032	May-15
New Zealand Dollar	1,830	1.6060	July-15
Hong Kong Dollar	155,700	9.6501	March-15

Outright contracts outstanding at 31 December 2013

Euro 000's	Nominal value local currency'000	Average forward rate	Maximum duration
US Dollar	12,100	1.3689	April-14
Canadian Dollar	3,600	1.4005	March-14
Pound Sterling	4,200	0.8412	March-14
Australian Dollar	3,381	1.5138	April-14
Swiss Franc	3,595	1.2288	April-14
New Zealand Dollar	2,200	1.6867	March-14
Hong Kong Dollar	66,100	10.5566	August-14

A sensitivity analysis follows illustrating the impact on profit or loss of a +15%/-15% appreciation/depreciation of the euro for single currency crosses.

Euro 000's	Impact on income statement	
	if exchange rate > 15%	if exchange rate < 15%
US Dollar	1,295	(3,366)
Canadian Dollar	418	(618)
Pound Sterling	714	(1,283)
Australian Dollar	902	(1,080)
Swiss Franc	166	(226)
New Zealand Dollar	114	(247)
Hong Kong Dollar	1,757	(3,317)
Total	**5,368**	**(10,139)**

Interest rate risk
The Group is exposed to fluctuations in interest rates with reference to finance expense relating to payables due to banks and lease companies for assets acquired under finance leases. Interest rate risks derive primarily from bank lending. Given the current trend in interest rates, the company confirms its decision not to hedge its own debt any further, as the level of interest rates is expected to remain substantially stable.
The sensitivity analysis aimed at assessing the potential impact of a hypothetical sudden and unfavourable 10% change in short-term interest rates on financial instruments (typically cash and some financial payables) reveals no significant impact on the results or the equity of the Group.

Credit Risk
Credit risk refers to the Biesse Group's exposure to potential financial losses deriving from the failure of commercial and financial counterparties to fulfil their contractual obligations. The principal exposure is towards customers. The management of credit risk is constantly monitored with reference both to the reliability of customers and to the control of cash receipts and debt collection management, if required. In the case of customers considered to be strategic, the credit limits attributed to them are defined and monitored. In other cases, the sale involves advance payments, lease-type payments and, in the case of foreign customers, letters of credit. In contracts relating to sales without adequate guarantees, the Group reserves property rights on the goods being sold until the purchase price is paid in full.

With reference to trade receivables, there are no identifiable concentration risks, as no single customer accounts for more than 5% of sales.
The carrying amount of financial assets, less any impairment for expected losses, represents the maximum exposure to credit risk.
For more information on how the allowance for impairment on receivables was determined and on the characteristics of overdue receivables, please refer to note 22 above on trade receivables.

Liquidity Risk
Liquidity risk is the Group's risk connected with the difficulty in fulfilling its obligations related to financial liabilities.

The following table illustrates the expected flows based on the maturities of financial liabilities other than derivatives. The flows are stated at non-discounted contract value, including therefore both principal and interest amounts. Loans and other financial liabilities are included on the basis of the earliest maturity date, and financial liabilities on demand were considered payable on demand (worst case scenario").

31 December 2014 *(Euro 000's)*	Less than 30 days	30-180 days	180 days-1year	1-5 years	After 5 years	Total
Trade and other payables	68,211	76,806	4,561	348	-	149,926
Finance lease payables	-	202	202	1,888	-	2,291
Bank loans and borrowings	4,968	9,191	7,352	44,199	-	65,710
Total	**73,180**	**86,199**	**12,114**	**46,435**	**-**	**217,928**

31 December 2014 *(Euro 000's)*	Less than 30 days	30-180 days	180 days-1year	1-5 years	After 5 years	Total
Trade and other payables	56,427	71,371	3,434	806	27	132,064
Finance lease payables	-	202	202	1,612	679	2,694
Bank loans and borrowings	12,135	10,183	23,808	14,046	-	60,173
Total	**68,562**	**81,755**	**27,443**	**16,464**	**706**	**194,931**

The group monitors liquidity risk by controlling net flows on a daily basis in order to ensure financial resources are managed efficiently.
The amount of trade receivables and the conditions attaching to them allow to balance the working capital and, in particular, cover trade payables. At 31 December 2014, the Group has cash credit lines outstanding totalling € 162.5 million (of which 32.3% after 12 months).

CLASSIFICATION OF FINANCIAL INSTRUMENTS

Below are the types of financial instruments included in the financial statements:

Euro 000's	31 December 2014	31 December 2013
FINANCIAL ASSETS		
Designated at fair value through profit or loss:		
Derivative financial assets	43	340
Loans and receivables measured at amortised cost:		
Trade receivables	80,714	76,231
Other assets	7,279	6,450
- other financial assets and non-current receivables	1,445	945
- other current assets	5,834	5,505
Cash and cash equivalents	53,310	35,151
FINANCIAL LIABILITIES		
Designated at fair value through profit or loss:		
Derivative financial liabilities	1,254	6
Measured at amortised cost :		
Trade payables	98,126	91,663
Bank loans and borrowing, finance leases and other financial liabilities	65,630	60,035
Other current liabilities	24,287	18,187

The carrying amount of the above financial assets and liabilities is equal to or a reasonable approximation of their fair value.
For fair value measurements recognised in the statement of financial position, IFRS 7 requires that fair value measurements be classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The levels are as follows:
Level 1 - quoted prices in an active market for assets or liabilities subject to measurement;
Level 2 - inputs other than quoted prices included within level 1 that are observable in the market, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
Level 3 - inputs that are not based on observable market data.

With reference to derivative instruments outstanding as at 31 December 2014:
• all derivative instruments measured at fair value are included in Level 2 (same as in 2013);
• during 2014, there were no transfers from Level 1 to Level 2 and vice versa;
• during 2014, there were no transfers from Level 3 to other levels and vice versa.

40. OPERATING LEASE CONTRACTS

Leases to which the Group is party as lessee

Euro 000's	31 December 2014	31 December 2013
Instalments paid during the year	(7,558)	(7,200)
Total	**(7,558)**	**(7,200)**

At the reporting date, the amount of lease payments still owed by the Group for operating leases is as follows:

Euro 000's	31 December 2014	31 December 2013
Within one year	5,081	4,051
Between one and five years	11,298	5,195
After five years	3,692	276
Total	**20,071**	**9,522**

These contracts relate to the lease of buildings (for industrial or commercial use), motor vehicles and office equipment. The leases have an average term of three years and the instalments are constant over this term.

Leases to which the Group is party as lessor

Euro 000's	31 December 2014	31 December 2013
Instalments received during the year	179	282
Total	**179**	**282**

41. TRANSACTIONS NOT INVOLVING CHANGES IN CASH FLOWS

In 2014, there were no significant transactions not involving changes in cash flows.

42. ATYPICAL AND UNUSUAL TRANSACTIONS

No transactions of this nature were reported in 2014.

43. EVENTS AFTER THE REPORTING DATE

Please refer to the note in the directors' report for details of events after the reporting date.

44. RELATED PARTY TRANSACTIONS

The Group is controlled directly by Bi. Fin. S.r.l. (operating in Italy) and indirectly by Mr Giancarlo Selci (resident in Italy).

Transactions between Biesse S.p.A. and its subsidiaries, which are entities related to the parent, have been eliminated from the consolidated financial statements and are not included in these notes. The details of transactions between the Group and other related entities are indicated below.

Euro 000's	Revenue		Expense	
	2014	**2013**	**2014**	**2013**
Ultimate parent				
Bi. Fin. S.r.l.	-	3,338	54	-
Other related companies				
Fincobi S.r.l.	1	1	(0)	5
Edilriviera S.r.l.	-	-		-
Se. Mar. S.r.l.	2	2	2,542	2,008
Members of the board of directors				
Members of the board of directors	1	-	2,343	2,010
Members of the board of statutory auditors				
Members of the board of statutory auditors	-	-	166	166
Total	**3**	**3,341**	**5,104**	**4,189**

Euro 000's	Receivables		Payables	
	2014	**2013**	**2014**	**2013**
Ultimate parent				
Bi. Fin. S.r.l.	1,552	1,564	-	-
Other related companies				
Fincobi S.r.l.	-	-	-	23
Edilriviera S.r.l.	-	-	-	-
Se. Mar. S.r.l.	2	2	912	747
Members of the board of directors				
Members of the board of directors	1	2	0	24
Members of the board of statutory auditors				
Members of the board of statutory auditors	-	-	171	171
Total	**1,555**	**1,568**	**1,083**	**964**

The terms and conditions agreed with the above related parties do not differ from those that would have been established between arm's-length parties.

The remuneration paid to directors is set by the remuneration committee on the basis of average market rates; please refer to the table "Remuneration of directors, general managers, key management personnel and members of the board of statutory auditors" for more details.

Other transactions with related parties have also been conducted under terms and conditions that are no different from those that would have been established between arm's-length parties.

Receivables will be paid in cash. No guarantee has been issued or received.

REMUNERATION OF DIRECTORS, GENERAL MANAGERS, KEY MANAGEMENT PERSONNEL AND MEMBERS OF THE BOARD OF STATUTORY AUDITORS

			Remuneration			
			Fees	Non-monetary benefits	Bonuses and other incentives	Other remuneration
Name	Position	Term of mandate				
Selci Roberto	Chairman of the Board of Directors	29/04/15	686	10	0	0
Selci Giancarlo	Managing Director	29/04/15	375	4	0	0
Parpajola Alessandra	Director	29/04/15	245	9	0	0
Porcellini Stefano	Director and General Manager	29/04/15	80	5	253	250
Tinti Cesare	Director	29/04/15	20	4	165	155
Garattoni Giampaolo	Director *	29/04/15	21			3
Giordano Salvatore	Director *	29/04/15	20			2
Sibani Leone	Director *	29/04/15	30			6
TOTAL			**1,477**	**32**	**418**	**415**
Key management personnel				7	218	253
Ciurlo Giovanni	Statutory Auditor	29/04/15	74			
Pierpaoli Riccardo	Statutory Auditor	29/04/15	46			
Sanchioni Claudio	Statutory Auditor	29/04/15	46			
TOTAL			**166**			

* Independent directors.

The managers of the main segments of the Group, i.e. Wood, Glass & Marble and Mechatronics, managed respectively by Cesare Tinti, Rodolfo Scatigna and Fabrizio Pierini, have been identified as Managers with strategic responsibilities.

The remuneration received by the managers with strategic responsibilities other than directors, including salaries, non-cash benefits, bonuses and other remuneration amounts to € 478 thousand.

Pesaro, 12 March 2015

The Chairman of the Board of Directors
Roberto Selci

Consolidated financial statements

APPENDIX

APPENDIX 1
INCOME STATEMENT IN ACCORDANCE WITH CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

	31 December 2014	of which with related parties	%	31 December 2013	of which with related parties	%
Euro 000's						
Revenue	427,144	2	0,0%	378,417	2	0.0%
Other revenues	2,856	2	0,1%	6,346	3,339	52.6%
Change in the inventories of finished goods and work in progress	6,409	-	0,0%	(72)	-	0.0%
Purchase of raw materials and consumables	(177,606)	(2,090)	1,2%	(155,903)	(1,633)	1.0%
Personnel expense	(128,242)	(823)	0,6%	(112,640)	(501)	0.4%
Other operating expense	(90,945)	(2,191)	2,4%	(81,865)	(2,055)	2.5%
Depreciation and amortisation	(13,323)	-	0,0%	(13,836)	-	0.0%
Provisions	(1,046)	-	0,0%	(1,739)	-	0.0%
Impairment losses	(480)	-	0,0%	(562)	-	0.0%
Operating profit	**24,766**	**(5,101)**		**18,146**	**(848)**	
Finance income	7,324	-	0,0%	5,397	-	0.0%
Finance expense	(8,873)	-	0,0%	(7,930)	-	0.0%
Net exchange rate losses	(541)	-	0,0%	(993)	-	0.0%
Pre-tax profit	**22,676**	**(5,101)**		**14,619**	**(848)**	
Income taxes	(8,871)	-	0,0%	(8,207)	-	0.0%
Profit for the year	**13,805**	**(5,101)**		**6,412**	**(848)**	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
IN ACCORDANCE WITH CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

	31 December 2014	of which with related parties	%	31 December 2013	of which with related parties	%
Euro 000's						
ASSETS						
Non-current assets						
Property, plant and equipment	55,349	-	0.0%	54,955	-	0.0%
Equipment and other items of property, plant and equipment	6,517	-	0.0%	6,131	-	0.0%
Goodwill	17,069	-	0.0%	16,852	-	0.0%
Other intangible assets	35,515	-	0.0%	31,048	-	0.0%
Deferred tax assets	15,111	-	0.0%	16,995	-	0.0%
Other financial assets and non-current receivables	1,478	-	0.0%	973	-	0.0%
	131,038	**-**	**0.0%**	**126,953**	**-**	**0.0%**
Current assets						
Inventories	98,051	-	0.0%	86,273	-	0.0%
Trade receivables	80,714	2	0.0%	76,231	14	0.0%
Other current assets	15,481	1,553	10.0%	13,353	1,554	11.6%
Derivatives	43	-	0.0%	340	-	0.0%
Cash and cash equivalents	54,359	-	0.0%	36,099	-	0.0%
	248,648	**1,555**	**0.6%**	**212,297**	**1,568**	**0.7%**
TOTAL ASSETS	**379,686**	**1,555**	**0.4%**	**339,250**	**1,568**	**0.5%**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN ACCORDANCE WITH CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

	31 December 2014	of which with related parties	%	31 December 2013	of which with related parties	%
Euro 000's						
EQUITY AND LIABILITIES						
Share capital and reserves						
Share capital	27,393	-	0.0%	27,393	-	0.0%
(Treasury shares)	(3,750)	-	0.0%	(4,676)	-	0.0%
Equity reserves	36,202	-	0.0%	36,202	-	0.0%
Hedging and translation reserve	(2,564)	-	0.0%	(5,067)	-	0.0%
Other reserves	51,946	-	0.0%	52,617	-	0.0%
Profit for the year	**13,766**	**-**	**0.0%**	**6,435**	**-**	**0.0%**
Equity attributable to the owners of the parent	122,993	-	0.0%	112,905	-	0.0%
Non-controlling interests	200	-	0.0%	190	-	0.0%
TOTAL EQUITY	**123,192**	**-**	**0.0%**	**113,094**	**-**	**0.0%**
Non-current liabilities						
Post-employment benefits	14,484	-	0.0%	12,795	-	0.0%
Deferred tax liabilities	3,535	-	0.0%	3,008	-	0.0%
Medium and long-term bank loans and borrowings and	43,159	-	0.0%	13,191	-	0.0%
Finance lease payables	1,659	-	0.0%	1,960	-	0.0%
Provisions for risks and charges	1,421	-	0.0%	3,213	-	0.0%
Other non-current liabilities	0	-	0.0%	1,187	-	0.0%
	64,258	**-**	**0.0%**	**35,354**	**-**	**0.0%**
Current liabilities						
Trade payables	123.153	1.094	0,9%	111.102	2.600	2,3%
Other current liabilities	36.842	0	0,0%	28.115	0	0,0%
Tax payables	2.682	-	0,0%	933	-	0,0%
Finance lease payables	301	-	0,0%	285	-	0,0%
Bank loans and borrowings	20.511	-	0,0%	44.599	-	0,0%
Provisions for risks and charges	7.494	-	0,0%	5.763	-	0,0%
Derivatives	1.254	-	0,0%	6	-	0,0%
	192.236	**1.094**	**0,6%**	**190.802**	**2.600**	**1,4%**
LIABILITIES	**256.494**	**1.094**	**0,4%**	**226.156**	**2.600**	**1,1%**
TOTAL EQUITY AND LIABILITIES	**379.686**	**1.094**	**0,3%**	**339.250**	**2.600**	**0,8%**

Consolidated financial statements

STATEMENT ON THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH ART. 81-TER

OF CONSOB RESOLUTION NO. 11971 OF 14 MAY 1999 AS AMENDED AND SUPPLEMENTED

1. The undersigned Roberto Selci and Cristian Berardi in their capacities as, respectively, Chairman and Chief Executive Officer and Manager in charge of the financial reporting of Biesse S.p.A., having also taken into account the provisions of art. 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998, hereby state:

• the adequacy in relation to the characteristics of the company

• the effective implementation of the administrative and accounting procedures for the preparation of the consolidated financial statements during 2014.

2. The administrative and accounting procedures for the preparation of the consolidated financial statements as at and for the year ended 31 December 2014 were defined, and their adequacy was assessed, on the basis of rules and methods defined by Biesse consistent with the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission, which represents a reference framework for internationally accepted internal control systems.

3. In addition, they also state that the consolidated financial statements as at and for the year ended 31 December 2014:
a) are consistent with the entries in accounting ledgers and records;

b) have been drawn up in accordance with the international financial reporting standards issued by the International Accounting Standards Board, endorsed by the European Commission with the procedure provided for by art. 6 of Resolution (EC) no. 1606/2002 of the European Parliament and the Council of 19 July 2002 and pursuant to art. 9 of the Italian Legislative Decree no. 38/2005; they are capable of providing a true and fair view of the financial position, results of operations and cash flows of the issuer and the group of companies included in the consolidation.

The directors' report includes a reliable analysis of the performance and the results of operations, and the overall position of the issuer and the group of companies included in the consolidation, together with a description of the main risks and uncertainties they are exposed to.

Pesaro, 12 March 2015

The Chairman of the Board of Directors
Roberto Selci

Manager in charge of financial reporting
Cristian Berardi

KPMG S.p.A.
Revisione e organizzazione contabile
Via 1° Maggio, 150/A
60131 ANCONA AN

Telefono +39 071 2901140
Telefax +39 071 2916381
e-mail it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Biesse S.p.A.

1 We have audited the consolidated financial statements of the Biesse Group as at and for the year ended 31 December 2014, comprising the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes thereto. The parent's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report dated 28 March 2014 for our opinion on the prior year consolidated financial statements, which included the corresponding figures presented for comparative purposes.

3 In our opinion, the consolidated financial statements of the Biesse Group as at and for the year ended 31 December 2014 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of the Biesse Group as at 31 December 2014, the results of its operations and its cash flows for the year then ended.

4 The directors of Biesse S.p.A. are responsible for the preparation of a directors' report on the financial statements and a report on the corporate governance and ownership structure, published in the "Investor relations" - "Biesse profile" section of Biesse

S.p.A.'s website, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the directors' report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and ownership structure with the financial statements to which they refer, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the directors' report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and ownership structure are consistent with the consolidated financial statements of the Biesse Group as at and for the year ended 31 December 2014.

Ancona, 30 March 2015

KPMG S.p.A.

(signed on the original)

Luca Ferranti
Director

Biesse S.p.A.
Headquarters
Via della Meccanica, 16
61122 Pesaro - Italy
www.biessegroup.com

biessegroup.com