

half-year
report at
30 june 2013

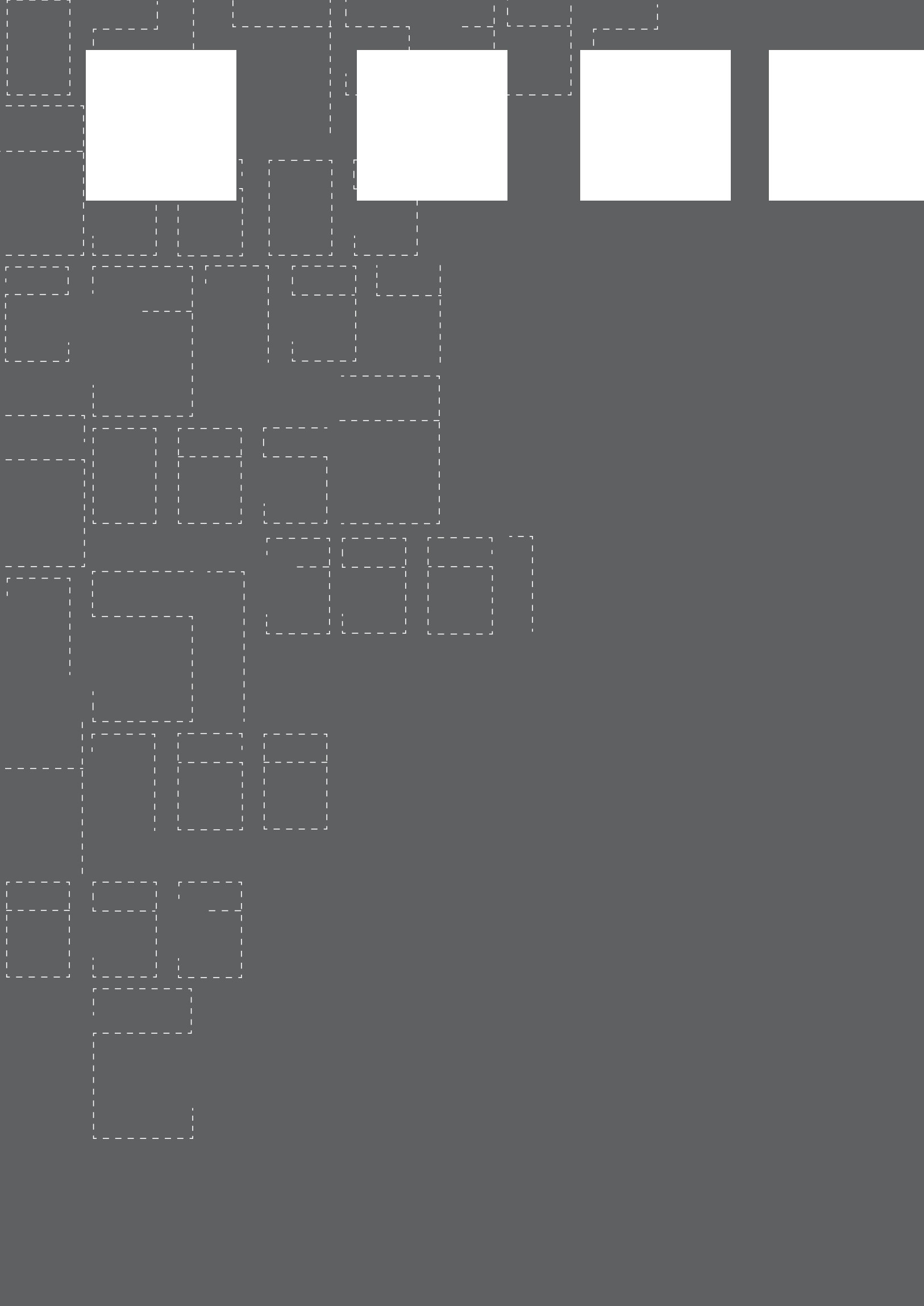
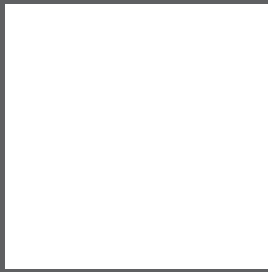
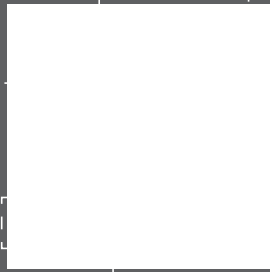






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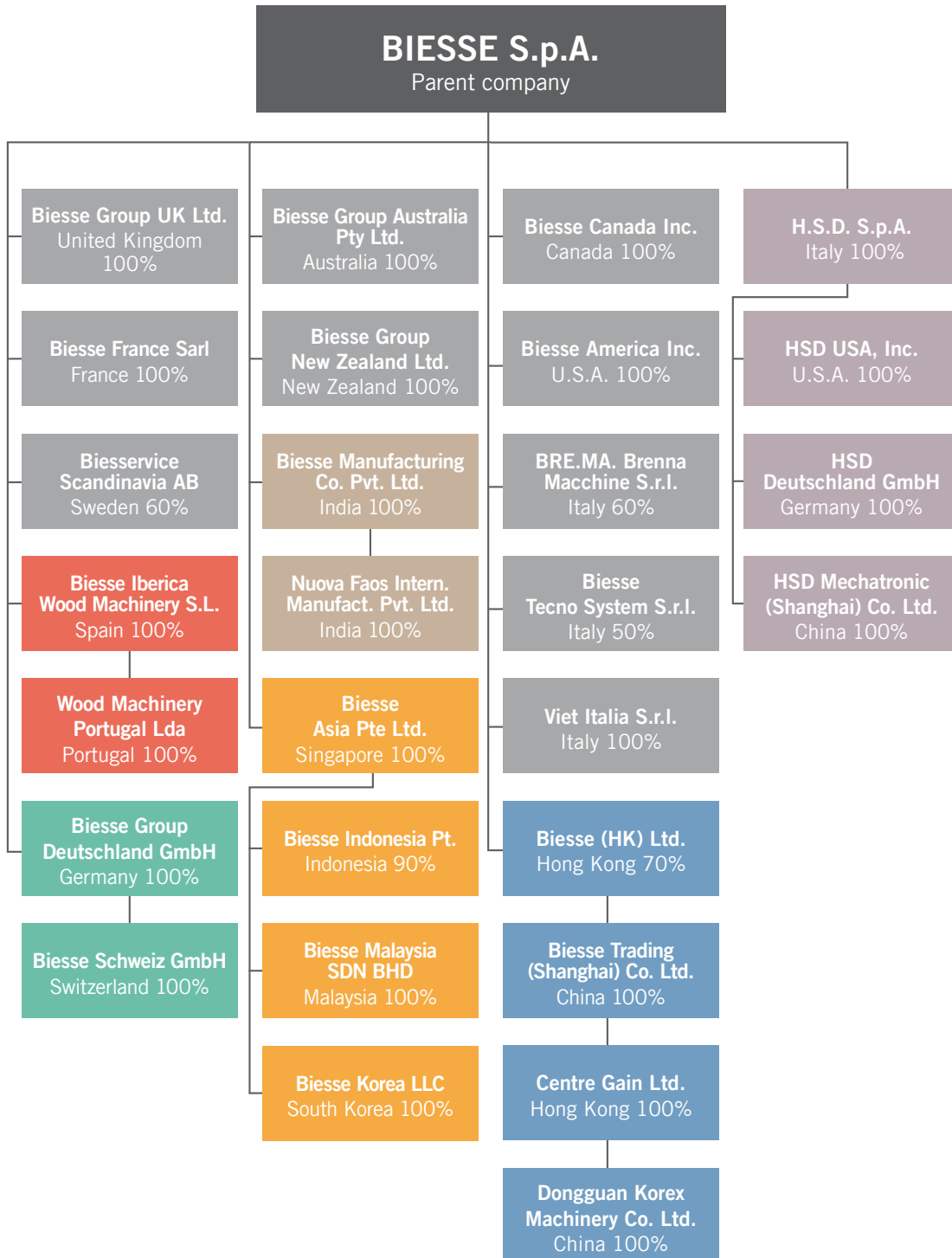
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the biesse group

group structure

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



Note: the different colors represent the subgroups of the control chain

Compared with the annual report for the year ended 31 December 2012, the consolidation scope has not changed.

We note the receipt on 17 July 2013 from the local authorities of all the authorisations required for starting the business of INTERMAC GUANGZHOU COMPANY LIMITED with the aim of fostering and developing – through a dedicated company – the marketing on the Chinese market of products of the Glass/Stone Division. This company is expected to actually start operating in autumn 2013.

It should be taken into account that Viet Italia S.r.l. is a structured vehicle set up to rent and subsequently acquire the business unit of the Pesaro-based brand under the same name (Viet) market leader in the wood calibrating and

sanding sector, which was part of a company that was put into liquidation in November 2010 following a severe financial crisis. On 17 June 2013, an irrevocable purchase offer was re-presented to the relevant authorities albeit subject to condition subsequent should the transfer of the company to the Biesse Group not occur within 90 days from the admission to the arrangement before bankruptcy.

The irrevocable offer also includes the equity investment in Pavit S.r.l. (a company active in mechanical processing, whose output is largely absorbed by Viet Italia S.r.l.).

The company will be consolidated on a line-by-line basis once the above conditions are met.



board of directors



company office holders

Board of Directors

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

Board of Statutory Auditors

Chairman	<i>Giovanni Ciurlo</i>
Standing Statutory Auditor	<i>Claudio Sanchioni</i>
Standing Statutory Auditor	<i>Riccardo Pierpaoli</i>
Alternate Statutory Auditor	<i>Cristina Amadori</i>
Alternate Statutory Auditor	<i>Silvia Cecchini</i>

Internal Control Committee Remuneration Committee

Leone Sibani
Giampaolo Garattoni
Salvatore Giordano

Control and Risk Management Committee – Remuneration Committee

Leone Sibani
Giampaolo Garattoni
Salvatore Giordano

Supervisory Body

Leone Sibani
Giampaolo Garattoni
Salvatore Giordano
Demetrio Pensabene
Elena Grassetti

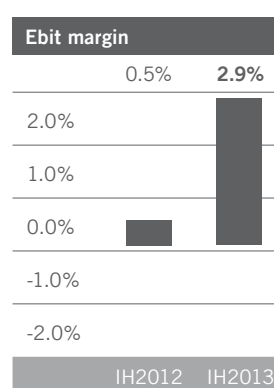
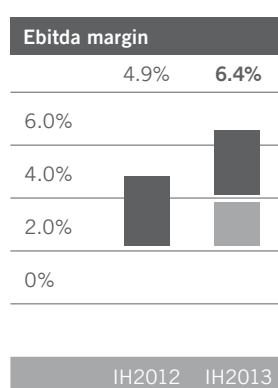
Independent Auditors

KPMG S.p.A.

financial highlights

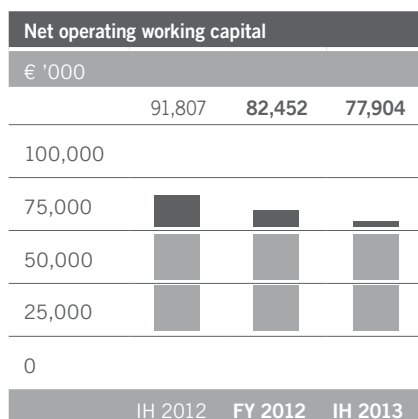
INCOME STATEMENT					
€ '000	1 H 2013	% of sales	1 H 2012	% of sales	Change %
Revenue from sales and services	180,251	100.0%	192,086	100.0%	(6.2)%
Added value ⁽¹⁾	69,374	38.5%	71,021	37.0%	(2.3)%
EBITDA	11,574	6.4%	9,410	4.9%	23.0%
Normalised Ebit (Normalised net operating profit) ⁽¹⁾	4,935	2.7%	1,386	0.7%	-
Ebit (Net operating profit) ⁽¹⁾	5,149	2.9%	921	0.5%	-
Profit/Loss for the period	1,162	0.6%	(3,283)	(1.7)%	-

(1) Amounts referring to interim results and to combined equity and financial figures. Relevant calculation criteria are provided in the Directors' Report and in the Notes.



STATEMENT OF FINANCIAL POSITION			
€ '000	30 June 2013	31 December 2012	30 June 2012
Net Invested Capital ⁽¹⁾	161,336	166,313	181,855
Equity	110,054	110,126	115,075
Net financial indebtedness ⁽¹⁾	51,282	56,187	66,780
Net operating working capital ⁽¹⁾	77,904	82,452	91,807
Gearing (net financial position/equity)	0.47	0.51	0.58
Fixed asset/standing capital ratio	0.97	1.00	0.99

(1) Amounts referring to interim results and to combined equity and financial figures. Relevant calculation criteria are provided in the Directors' Report and in the Notes.

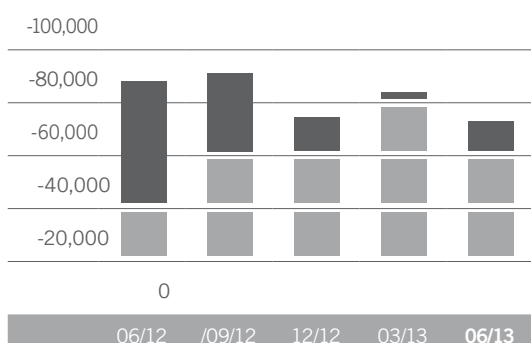


CASH FLOW ⁽²⁾		
€ '000	1H 2013	1H 2012
Ebitda (Gross operating profit)	11,574	9,410
Change in net working capital	3,916	(6,362)
Change in other operating assets/liabilities	(6,151)	(8,559)
Operating cash flow	9,338	(5,511)
Cash flow used in investment activity	(4,093)	(10,708)
Cash flow	5,246	(16,219)
Foreign exchange rate differences	(341)	(186)
Change in net financial indebtedness	4,905	(16,405)

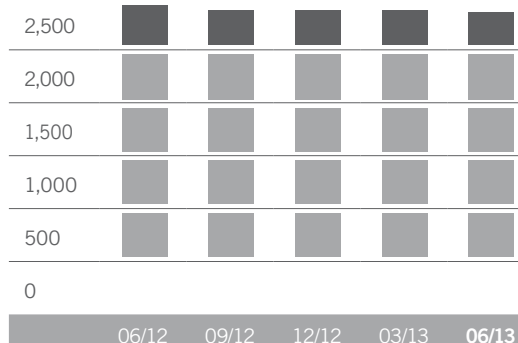
(2) The sub-totals may differ from those in the statement of cash flows due to the differing exchange rate impact on statement of financial position items.

PERSONNEL		
€ '000	30 June 2013	30 June 2012
Number of employees	2,708	2,809

Net financial indebtedness					
€ '000					
	-66,780	-71,966	-56,187	-61,996	-51,282



Staff					
	2,809	2,797	2,753	2,721	2,708



The figures include temporary staff.

the group





The **Biesse Group**, with Headquarters in Pesaro, is primarily engaged in the production, marketing and after-sales service of machines and systems for the wood, glass and stone processing sectors. Production activity is concentrated in Italy and in India. Marketing and after-sales support are organised both through the direct geographical presence of companies belonging to the Group which is composed of 30 subsidiaries and commercial offices, and through a select network of 300 importers, distributors and agents. The Group is composed of three main business divisions each of which is highly specialised in its own sector:

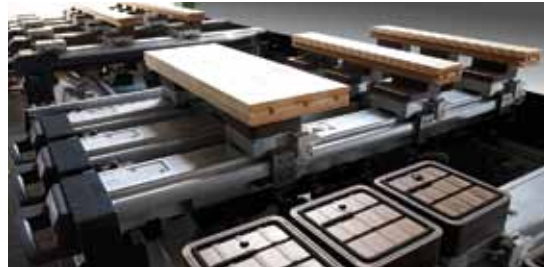
- Biesse Wood Division
- Intermac Glass & Stone Division
- HSD Mechatronic Division

The Group is also involved in other activities such as the production of precision mechanical, electrical, electronic and pneumodynamic industrial components.

the brands

BIESSE

Presents its complete range of CNC machines and systems dedicated to panel processing, and window and door manufacturing; CNC machining centres for milling, boring and edgelanding; CNC routers. Biesse is able to provide numerous solutions to increase productivity, reliability and machining quality, all made-to-measure for the customer.



BIESSEEDGE

Produces edgelanding and squaring-edgelanding machines for the furniture industry. Our dedication to satisfying the needs of even our most demanding customers remains constant by granting high-speed, flexible and high precision machining solutions.



Viet calibrating and sanding machines adapt to any context: from the needs of small carpentry workshops to the production chains of large-scale industry. Moreover, our solid specialisation makes it possible to create unique products on customer request to satisfy the single requirements of specific processes.



BIESSEARTECH

Presents a complete range of Easy Tech solutions, specialized in the production of woodworking machines mainly designed for small and medium-sized companies. The company's extensive experience, service and widespread distribution network make BiesseArtech a brand name synonymous with reliability and profitable investment.



COMIL

Produces plants and systems for drilling and drilling-inserting of hardware, flexible machines for companies offering a customizable product and giving importance to the 'lead time' and to the reduction of the half-finished products stock. Moreover, Comil produces machines and plants for the assembling of furniture and doors and packaging machines with thermoretractable shrink film.



RBO

Produces complete solutions for panel handling. The main feature of the Rbo product is the capacity to find the best solution to meet the customers' requests with always reliable and highly engineered products.



the brands

SELCO

Is the Biesse Wood Division Brand that produces and distributes single line sizing centres, angular systems and integrated cutting cells with automatic storage and unloading solutions.



Bre.Ma.

Is specialized in the production of NC vertical processing cells for boring, routing, milling and hardware inserting operations. All Bre.Ma. installations allow to process in sequence, panels with different dimensions without any manual set-up interventions.





bie sse systems

Offers design and execution of turnkey plant, automatic and integrated processing lines to satisfy the automation needs of the furniture industry including an integrated boring and insertion line managed by a supervisor.

the brands

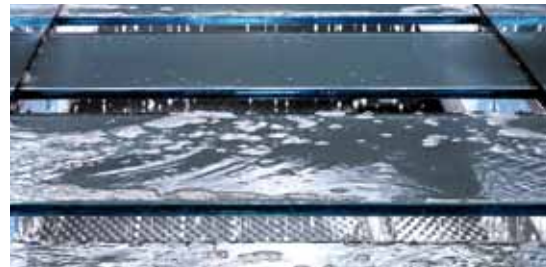
INTERMAC

World leader in the production of multi function work centres for flat glass working. Intermac has revolutioned the technological standards in this sector since the release of its first line of machinery. Completes his offer with a range of machines and systems for the cutting of monolithic and laminated glass. Intermac occupies a leading position also in the production of technologies for natural and synthetic stone processing with its complete line of multi function work centres.



BUSETTI

Leading brand in the segment of double edging machines and lines for flat glass. The vast experience and profound knowledge of the market needs allow the development of solutions that are able to meet the needs of the customers. The product range is completed with vertical and horizontal glass drilling machines.



DIAMUT

Complete range of tools for the working of glass and stone. Diamut products can be used on all the machines on the market always granting the maximum quality of the final result.



COSMEC

COSTRUZIONI MECCANICHE
DI PRECISIONE

The production unit Cosmec manufactures high-precision mechanical components, which allows Biesse to guarantee perfect control and consistent quality of its processes throughout the product life cycle, from conception and design through manufacturing, distribution and after-sale service.

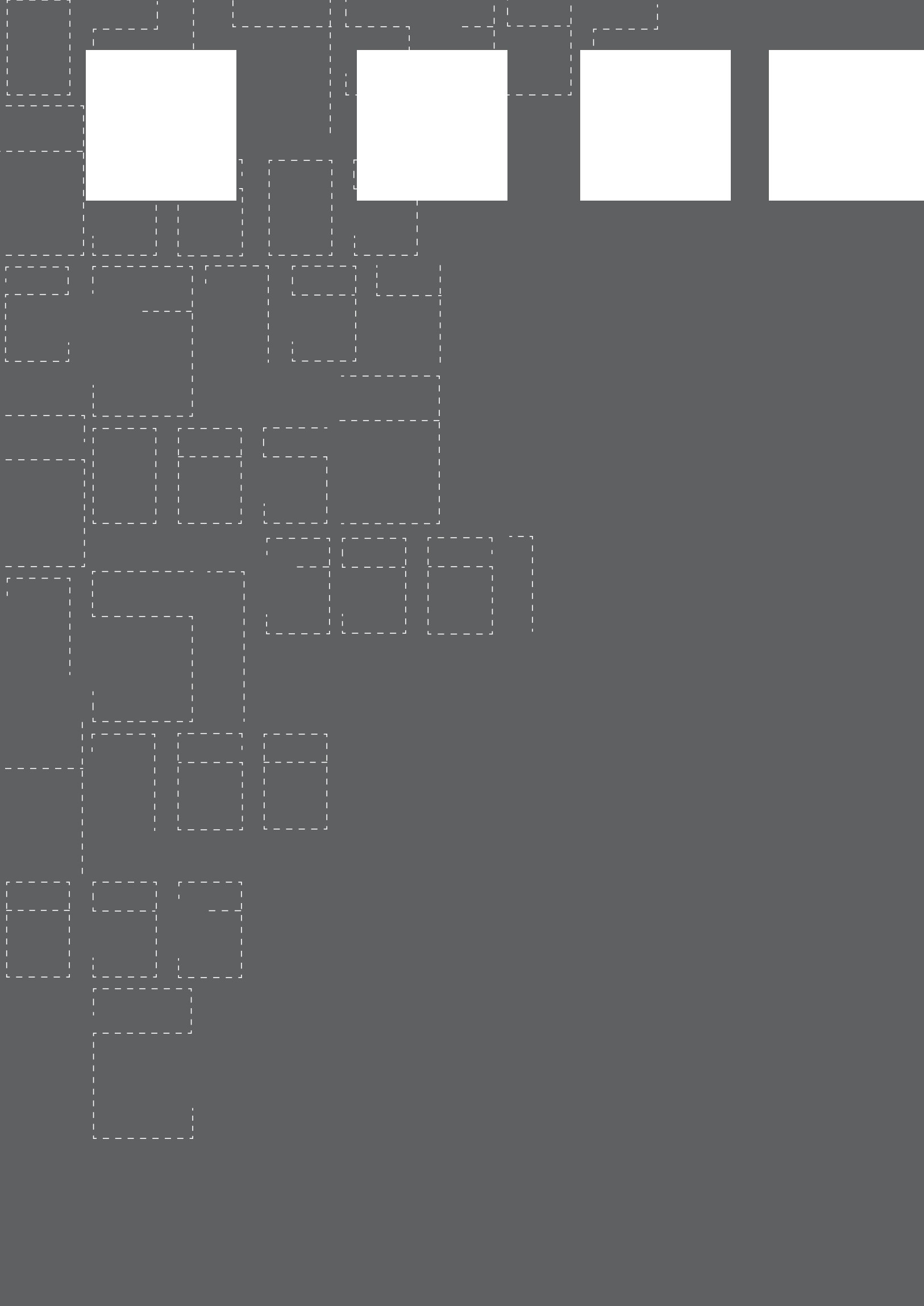
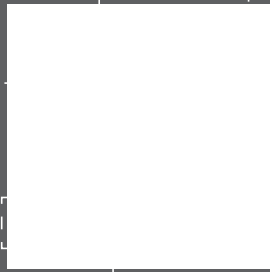


HSD

MECHATRONIC
DIVISION

The Mechatronic Division supplies and manufactures high precision *mechanical* and *electronic* components for machines and systems designed for the Biesse Group and other companies.





interim
directors' report
at 30 june 2013



GLOBAL ECONOMIC TREND

The global economic recovery remains modest and diverse across regions. While sentiment indicators softened slightly in June, hard data have been rather mixed. The Purchasing Managers' Index (PMI) for all-industry output stood at 51.4 in June (down from 52.9 in May), driven mainly by the services sector. Looking at quarterly averages,

the index declined in the second quarter of 2013 compared with the first quarter.

In advanced economies, while growth has begun to gain some traction in a few countries, overall the recovery is likely to remain uneven and moderate, with activity still expected to accelerate only gradually, as the pace of growth is restrained by ongoing public budget repair, fiscal tightening

and continuing tight credit conditions. Meanwhile, prospects in emerging markets have softened somewhat recently, but growth is expected to recover gradually following a slight slowdown earlier this year, and thereby make a significant contribution to global economic activity.

The outlook for the global economy continues to be surrounded by considerable uncertainty and the balance of risks to world activity remains tilted to the downside. The recent tightening of global money and financial market conditions and related uncertainties may have the potential to negatively affect economic conditions. Other downside risks include the possibility of weaker than expected global demand, spillovers from slow or insufficient implementation of structural reforms in the euro area, geopolitical issues, and imbalances in major industrialised countries, which could have an impact on developments in global commodities and financial markets.

In the majority of advanced economies, inflation picked up slightly in May following a series of declines since the beginning of the year. In the OECD area, annual headline consumer price inflation rose to 1.5% in May (from 1.3% in April). Excluding food and energy, inflation in the OECD area also increased to 1.5% in May. The slight increase in annual headline inflation was observed in the majority of the OECD countries. Meanwhile, annual inflation in the large emerging economies showed mixed developments in May. It picked up in India, Russia and Turkey, but slowed down in China, South Africa and Indonesia.

UNITED STATES

In the United States, real GDP growth accelerated in the first quarter of 2013. According to the third estimate by the Bureau of Economic Analysis, real GDP increased at an annualised quarter-on-quarter rate of 1.8% in the first quarter of 2013, up from 0.4% in the previous three months.

In the third estimate, annualised real GDP growth was revised down by 0.6 percentage point, owing mainly to significant downward revisions to personal consumption expenditure. In contrast to the fourth quarter of 2012, the acceleration in GDP growth was driven largely by strong personal consumption expenditure, which grew at its fastest rate in two years, and by a pick-up in inventories. Private fixed investment also contributed positively to real GDP growth, despite growth slowing down sharply in the non-residential segment.

Government spending contracted further. Moreover, the contribution from net exports turned negative, with exports declining more than imports. The latest economic indicators for the United States have been broadly positive, suggesting that the economy is likely to have continued expanding in the second quarter, although at a slower pace compared with the first quarter, mostly on account of the impact of the government spending cuts. Job creation increased in May by 175,000 relative to April, but the unemployment rate edged higher to 7.6%, as the labour force participation rate increased. Consumer spending rose in May, and consumer confidence indicators in June were generally supportive regarding the outlook for private consumption. Housing market indicators continued to improve solidly, with rising sales and strong residential construction activity in May, and sustained price increases in April.

JAPAN


According to the second preliminary release of national accounts data, real GDP growth in Japan was revised to 1.0% in the first quarter of 2013, in quarter-on-quarter seasonally-adjusted terms, up from 0.9% estimated in the first release and from the 0.3% growth recorded in the previous quarter. Despite some mixed data releases and substantial volatility in financial markets, positive growth is likely to have continued into the second quarter.

In May, industrial production grew solidly by 2.0% month-on-month, while private consumption decreased for the first time in five months and was notably weaker than market expectations. According to the Bank of Japan's Tankan survey, the sentiment index for large manufacturing firms improved in June. Confidence indicators for small and medium-sized enterprises also increased, standing in June above their expansion thresholds after having lagged behind the improving sentiment levels of consumers and large firms.

UNITED KINGDOM

In the United Kingdom, the economic recovery is set to gradually gather pace. Private and public sector balance sheet adjustment has progressed steadily, but this process, together with tight credit conditions and weak household real income growth, is still likely to constrain domestic demand for some time.

Labour markets have remained relatively resilient, with the unemployment rate hovering just below 8%, while housing market activity has shown



some signs of picking up.

Industrial production continued to increase in April, while retail sales volumes rebounded strongly in May, pointing to a continuation of the economic recovery at the beginning of the second quarter of 2013. Looking ahead, the improvement in the main survey indicators in May and June suggests that the recovery will strengthen somewhat in the short term.

CHINA

Recent data releases both for survey indicators and hard data point to weakening growth in China. Both the Markit and official manufacturing PMIs declined in June, with the latter remaining just above the threshold of 50. Trade growth showed a sharp decline in May, partly reflecting a month-on-month decline in exports to and via Hong Kong, which are widely believed to have been overstated in recent months. Retail sales continued to grow in May. Housing prices rose by 5.3% year on year in May, with price increases reported in 69 out of 70 surveyed cities. Since bottoming out in May 2012, housing prices have risen by a cumulative 7.0%.

The growth rates of overall money supply and loans remain high, despite declining marginally in May. Inflationary pressures remain subdued in China, with annual consumer price inflation decelerating to 2.1% in May.

THE EURO AREA

In the euro area, following the continued weakening of GDP in the first quarter of this year, the

economic indicators signalled some progress in the second; however, the levels are still low. In the last three months, consumer price inflation has fallen significantly, to 1.4 per cent on average.

The European Central Bank expects the key ECB interest rates to remain at present or lower levels for an extended period of time, given the subdued outlook for inflation, the broad-based weakness in the real economy and subdued monetary dynamics.

In the first quarter of 2013 euro-area GDP fell for the sixth quarter running (-0.3 per cent compared with the previous period, against -0.6 per cent at end-2012), reflecting mainly the further contraction in investment. In the period April-May industrial output increased by better than half a percentage point compared with February-March.

The composite Purchasing Managers Index (PMI) rose in June for the third consecutive month, although it was still below the threshold value compatible with an increase in economic activity. This trend was common to all the main economies, but only in Germany did the level of the indicator suggest the possibility of a slight increase in output in the second quarter. Again in June, the European Commission's Economic Sentiment Indicator showed an improvement across the euro area and the leading economies.

THE ITALIAN ECONOMY

Following the decline in GDP in the first quarter of the year, industrial production in Italy fell again in April, before picking up slightly in May, possibly presaging a stabilization of economic activity in the third quarter. Firms' assessments, including of investment conditions, have shown some improvement in recent months. At the beginning of the year the prolonged decline in households' real disposable income came to a halt. However, the cyclical outlook reflects the uncertainty caused by the latest financial market tensions.

Business sector review

UCIMU – SISTEMI PER PRODURRE

In the second quarter of 2013, the machine tools order index, prepared by the Business Culture and Research Centre of UCIMU-SISTEMI PER PRODURRE (Association of Italian Manufacturers of Machine Tools and Automation Systems), recorded a 0.7% increase on the prior-year period, for an absolute value of 72 (2005=100) only thanks to the positive effects abroad.

In particular, the domestic order index fell by 21.2% compared to the already difficult second quarter of 2012, for an absolute value of 41.3, which is the lowest ever recorded. This survey highlights the weakness of domestic demand and the now structural crisis of the Italian market that has drastically reduced investments in production technology.

The foreign order book increased by 6.2% compared to April-June 2012, thereby breaking the negative series recorded as from the second quarter last year. However, the absolute value of 83.4 is well below the average.

On a half-yearly basis, the index fell by 6%

determined by the bad results obtained by the manufacturers on the Italian market (-29.6%) and by the weakness of foreign demand (-1%).

The chairman of UCIMU-SISTEMI PER PRODURRE stated that these figures depict the difficulties currently besetting Italian machine tool manufacturers still struggling with an almost non-existent domestic demand plus a reduction in foreign demand.

The chairman of the association emphasised that there is a lack of liquidity and action must be taken to facilitate the access to credit by Italian companies.

VDMA

VDMA (*Verband Deutscher Maschinen- und Anlagenbau - German Engineering Federation*), announced a slowdown of orders of machinery in Germany.

The German Association of manufacturers of machinery and plants informed that in May orders of machinery and plants decreased by 5% compared to the same period last year. This decline was mainly affected by the 14% drop in domestic orders, whereas foreign orders were stable.

INTERIM DIRECTORS' REPORT

INCOME STATEMENT – FIRST HALF 2013 (AT 30 JUNE 2013)					
€ '000	1 H 2013	% on sales	1 H 2012	% on sales	CHANGE %
Revenue from sales and services	180,251	100.0%	192,086	100.0%	(6.2)%
Change in inventories, wip, semi-finished and finished goods	6,908	3.8%	8,595	4.5%	(19.6)%
Other revenue	1,376	0.8%	746	0.4%	84.4%
Revenue	188,535	104.6%	201,427	104.9%	(6.4)%
Consumption of raw materials, consumables, supplies and goods	(78,955)	(43.8)%	(88,503)	(46.1)%	(10.8)%
Other operating expense	(40,205)	(22.3)%	(41,902)	(21.8)%	(4.0)%
Added Value	69,374	38.5%	71,021	37.0%	(2.3)%
Personnel expense	(57,800)	(32.1)%	(61,612)	(32.1)%	(6.2)%
Gross Operating profit	11,574	6.4%	9,410	4.9%	23.0%
Depreciation and amortisation	(6,501)	(3.6)%	(6,940)	(3.6)%	(6.3)%
Provisions	(138)	(0.1)%	(1,084)	(0.6)%	(87.2)%
Normalised Operating profit	4,935	2.7%	1,386	0.7%	-
Impairment losses and non recurring items	213	0.1%	(465)	(0.2)%	-
Operating profit	5,149	2.9%	921	0.5%	-
Finance income/expense	(1,224)	(0.7)%	(1,705)	(0.9)%	(28.2)%
Net exchange rate losses	(141)	(0.1)%	(674)	(0.4)%	(79.1)%
Pre-tax profit/loss	3,784	2.1%	(1,459)	(0.8)%	-
Income taxes	(2,623)	(1.5)%	(1,824)	(0.9)%	43.8%
Profit/Loss for the period	1,162	0.6%	(3,283)	(1.7)%	-

At the end of the first half of 2013, the Group revenue amounted to € 180,251 thousand, decreasing by 6.2% compared to the previous-year period.

This reduction is mainly due to weaker European demand and to a slowdown on the Brazilian market, which is particularly important for Biesse; in particular the slowdown was felt in the demand for engineering systems (in the previous year there was significant revenue invoiced in regard to the Howdens Joinery order, a project worth over € 12 million in total).

Despite this, as already noted in the report on the 1st quarter of 2013, the launch and consolidation

of a prudent reorganisation plan and initiatives to contain operating costs enabled a substantial improvement in the operating profit (€ 5.1 million in the first half of 2013 compared to € 0.9 million in the first half of the previous year).

This improvement means that the 1st half of 2013 can end with a profit for the period which bears witness to the on-going turnaround and the effectiveness of the initiatives undertaken to return the Group to solidity and balance and to lay the groundwork for improved performance as soon as the macroeconomic context allows it - on the basis of current forecasts - in 2014.

In particular, there was a reduction in personnel

expense during the half-year (€ 57.8 million in 2013 compared to € 61.6 million last year, that is a decrease totalling € 3.8 million, -6.2%). This result is the combined effect of structural actions aimed at reducing staff, using subsidised temporary lay-off schemes granted more effectively, as well as making a one-off reduction of some of the variable components for the current year.

The added value increased as a percentage of sales (from 37% to 38.5%) due both to improved efficiency in the consumption of raw materials and to a better pricing performance.

As for the financial position, Net Operating Working Capital decreased by around € 4.5 million (referring mainly to the decrease in trade receivables of € 9.5 million and to the increase in trade payables by around € 2.1 million, partially offset by the increase in inventories by € 7.1 million) compared to December 2012.

Therefore, the careful management of the components of the Net Operating Working Capital allowed a significant reduction in the absorption of liquidity in the first half of 2013. Group net financial indebtedness at 30 June 2013 (amounting to € 51.3 million), increased by € 4.9 million and € 15.5 million compared respectively to 31 December 2012 and to 30 June 2012, respectively. To complete the information, it is specified that the figure of the same period last year included non-recurring items amounting to € 4.8 million, of which € 3.6 million deriving from the recent Chinese acquisition, € 0.9 million relating to the purchase of the new premises for the sales office of Biesse Triveneto and € 0.3 million relating to the purchase of the shares of Nuova Faos International Manufacturing in India.

MAIN EVENTS

JANUARY 2013

In January 2013, the Manufacturing module of the Oracle E-Business Suite ERP went live. The operation involved the Mechatronics division and specifically the HSD S.p.A. company. This is the last module required for the full implementation of the ERP. The operation is the pilot project for the implementation of the module in the other companies of the group.

FEBRUARY 2013

On 14 February 2013, the Board of Directors of Biesse S.p.A. approved the new Business Plan

for the 2013-2015 period. As a consequence of 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: 3.8%)
- higher added value (41% as a percentage of revenue in 2015)
- recovering operating profits:
 - (Gross Operating Profit/EBITDA: accounting for more than 12% of revenue in 2015)
 - (Operating Profit/EBIT: accounting for more than 8.5% of revenue in 2015)
- three-year free cash flow € 48 million.

MARCH 2013

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 creating a Business Intelligence tool and supporting ERP data processing and analysis.

APRIL 2013

On 30 April 2013, the Ordinary Shareholders' Meeting of Biesse S.p.A. approved the Separate and Consolidated Financial Statements for 2012, both of which were prepared in accordance with IFRS. The same Shareholders' Meeting also approved the 2012 Remuneration Report of the Biesse Group as per article 123-ter, paragraph 3 of Legislative Decree 58/98.

MAY 2013

From 6-10 May, Biesse took part in the International Fair for the wood and furniture industry "LIGNA 2013" in Hannover (Germany) - the most important event in the world for the wood and furniture industry and for woodworking - where all the most important suppliers of technologies in the sector are represented.

The event saw a good turnout of visitors: about 90 thousand people from over 100 countries, with increasing arrivals from North America and Northern Europe. There was also a good turnout of visitors at the Biesse stand where several innovations were presented, including bSolid - the software launched in preview in Hannover that was particularly successful. This state-of-the-art software allows simulation and design in a simple and intuitive manner, even by inexperienced users, and therefore the possibility to go directly and in a very simple way from the idea to the visual design of the "part".

JUNE 2013

On 17 June 2013, an irrevocable purchase offer of the business unit of the Viet brand - market leader in the wood calibrating and sanding sector - was presented to the relevant authorities. This offer is subject to condition subsequent should the transfer of the company not occur within 90 days from the admission to the arrangement before bankruptcy.

The Biesse Group and Howdens Joinery Co. celebrated the successful conclusion of the contract (€ 12.2 million) concerning two plants for the production of 220 cabinets /h.

The supplied plants, related to the production of kitchens, consist of:

- 2 automatic panel sizing lines
- 4 automatic square-edgebanding and boring lines
- 2 automatic storing systems with shuttles for storing and sorting the panels.

Delivered in line with the forecasts, the installation and final testing emphasised the importance to cooperate in the search for increasingly sophisticated technological progresses.

For the Biesse group, in particular, having obtained a formal recognition by an extremely important, demanding and qualified customer such as Howdens Joinery, Co. represents a further incentive to focus on its own Division of Systems for the development of innovative products and ideas by offering itself as a business-partner of leading companies in the furniture/wood sector.

JULY 2013

We note the receipt on 17 July 2013 from the local authorities of all the authorisations required for starting the business of INTERMAC GUANGZHOU COMPANY LIMITED with the aim of fostering and developing through a company dedicated to the marketing within the Chinese market of products of the Glass/Stone Division. This company is expected to start operating in the second half of the year.

The important exhibition *AWFS Fair* was held in Las Vegas, USA in July: it achieved excellent results and visibility confirming the growth trend in the North American market, becoming strategic again in the Group's business development. During this event, the Biesse Group presented its main technological innovations, including the innovative edgebanding system *AirForce* for which it was also selected for the *Visionary New Product innovation Award AWFS 2013*.

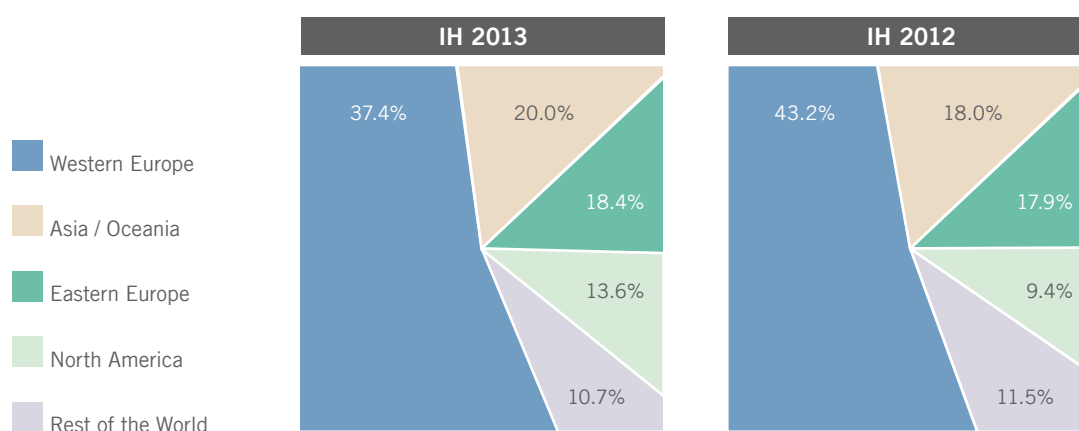
Following the conclusion of the special redundancy plan (CIGS) in July 2013, an agreement was

reached with Trade unions to sign a so-called "defensive" Work-sharing Agreement, effective as from 2 September 2013, for a period of validity of 12 months.

The Work-sharing Agreement may involve a total of 1,000 employees, 863 of whom are in the Wood and Components Divisions and Centralised Departments and 137 in the Glass & Stone Division, for a maximum reduction in the average workload of 40%, calculated over a 4-week timeframe.

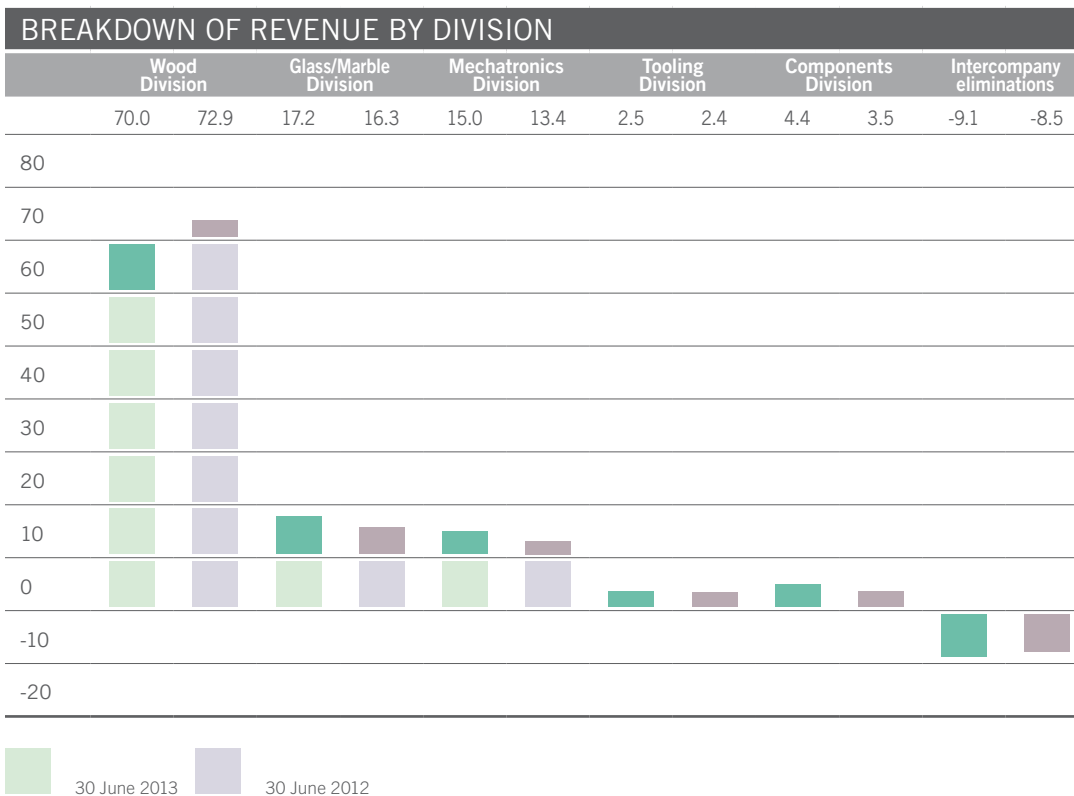
Net revenue in the first half of 2013 amounted to € 180,251 thousand, down by 6.2% compared to the figure for the corresponding period of 2012.

BREAKDOWN OF SALES BY GEOGRAPHICAL AREA					
€ '000	1 H 2013	%	1 H 2012	%	CHANGE %
Western europe	67,430	37.4%	82,934	43.2%	(18.7)%
Asia – Pacific	35,961	20.0%	34,650	18.0%	3.8%
Eastern Europe	33,211	18.4%	34,346	17.9%	(3.3)%
North America	24,451	13.6%	18,073	9.4%	35.3%
Rest of the World	19,198	10.7%	22,083	11.5%	(13.1)%
GROUP TOTAL	180,251	100.0%	192,086	100.0%	(6.2)%



The geographic distribution of sales in the first six months of 2013 showed a particularly positive performance for the area of North America of +35.3%, increasing its share within the consolidated turnover (from 9.4% to 13.6%). The area of Asia-Pacific recorded a slight 3.8% increase while the remaining areas recorded decreases compared to the same period in 2012. In particular, Western Europe reported the worst performance –18.7% (its share of consolidated turnover decreased from 43.2% to 37.4% due to 2012 revenue arising from the aforementioned Howdens order), followed by the Rest of the World -13.1% (slowdown in the Brazilian market) and by Eastern Europe – 3.3%.

SEGMENT REPORTING - BREAKDOWN BY DIVISION					
€ '000	1 H 2013	%	1 H 2012	%	CHANGE % 2013/2012
Wood Division	126,239	70.0%	139,979	72.9%	(9.8)%
Glass/Marble Division	31,017	17.2%	31,391	16.3%	(1.2)%
Mechatronics Division	27,072	15.0%	25,791	13.4%	5.0%
Tooling Division	4,424	2.5%	4,565	2.4%	(3.1)%
Components Division	7,971	4.4%	6,746	3.5%	18.2%
Intercompany eliminations	(16,473)	(9.1)%	(16,386)	(8.5)%	0.5%
TOTAL	180,251	100.0%	192,086	100.0%	(6.2)%



As for the analysis of sales by segment, the Wood Division was the worst performer (-9.8%, see: Howdens), followed by the Tooling Division (-3.1%) and finally by the Glass/Stone Division (-1.2%). Whereas the Component Division was the best performer (+18.2%), followed by the Mechatronics Division (+5%).

As for the trend in inventory production, as normally happens in this period of the year, the inventories of finished and semi-finished products rose compared to the end of the previous year in anticipation of increased deliveries that will probably be made in the second part of the year.

At the end of June 2013, the increase was € 7,043 thousand (of which € 3,706 thousand for finished goods and € 2,643 thousand for semi-finished goods), whereas the inventory amount remained almost unchanged compared to the previous-year figure (€ -599 thousand).

Revenue for the first half of 2013 amounted to € 188,835, whereas the figure of the first half of 2012 was € 201,427 thousand, decreasing by 6.4%. Raw material consumption calculated as a percentage of sales fell from 46.1% to 43.8%.

If we refer to the total revenue for the period, the consumption ratio was 41.9%, compared to 43.9% for the corresponding period of 2012. The improvement is related both to the different sales mix (reduction in revenue from orders), to the improvement in consumption efficiency as well as to the better pricing performance.

€ '000	1 H 2013	%	1 H 2012	%
Revenue	188,535	100.0%	201,427	100.0%
Consumption of raw materials and goods	78,955	41.9%	88,503	43.9%
Other operating expense	40,205	21.3%	41,902	20.8%
<i>Service costs</i>	34,473	18.3%	36,175	18.0%
<i>Use of third party assets</i>	3,679	2.0%	3,769	1.9%
<i>Sundry operating expense</i>	2,053	1.1%	1,958	1.0%
Added Value	69,374	36.8%	71,021	35.3%

As regards other operating expense, the € 1,697 thousand decrease (-4%) is largely related to variable costs (sales commissions, transports and outsourced processing), normally related to sales volumes. Semi-variable costs (such as travel expenses, utility costs) and fixed components (such as exhibitions and advertising, consultancy fees, maintenance, remuneration paid to directors and statutory auditors, rental costs and hire charges), although own, increased slightly as a percentage of the reduced revenue.

In the first half of 2013, added value totalled € 69,374 thousand, decreasing by 2.3% compared to the same period last year (€ 71,021 thousand) but with a significant impact on sales increasing from 37% to 38.5%.

In the first half of 2013, personnel expense amounted to € 57,800 thousand, down by € 3,997 thousand compared to the 2012 figure (€ 61,797 thousand, - 6.5% over the same period 2012).

The decrease was mainly due to the fixed component (€ -3,439 thousand, -5.8% over the same period of 2012) as a result of the implementation of the structural reorganisation plan and the greater use of welfare support provisions. The remaining part of the reduction refers to the decrease in the variable component (€ -478 thousand, -14.8% over the same period of 2012), as a consequence of the corporate policy to make one-off reductions of part of the premiums and bonuses obtained through agreements with social partners.

Despite the policy of cost reduction, the attention by the management to the development of new products led to a lower use of State-assisted special temporary layoff schemes; therefore, the capitalisation value remained broadly in line with the figure of 2012 (€ 3,309 thousand in the first half of 2013, compared to € 3,380 thousand in 2012).

Gross operating profit for the first half of 2013 amounted to € 11,574 thousand, up by 23.0% compared to the first half of 2012 (€ 9,410 thousand), increasing from 4.9% to 6.4% of revenue.

The decrease in amortisation/depreciation amounted to € 439 thousand, with a 6.3% decrease (from € 6,940 thousand to € 6,501 thousand); the change is mainly due to property, plant and equipment that decreased by € 339 thousand (from € 3,276 thousand to € 2,937 thousand, that is -10.3%) due to a careful management of investments. The share related to intangible assets also reported a slight decrease of € 100 thousand (from € 3,664 thousand to € 3,564 thousand, that is -2.7%).

Provisions amounted to € 138 thousand, decreasing significantly compared to the first half of 2012 (€ 1,084 thousand) due to increased control over risks and any future charges, a sign of the good performance of ordinary operations.

Impairment losses and non-recurring items amounted to € 213 thousand, due to the release of the excess restructuring provision created by the parent Biesse SpA in December 2012 (€ 264 thousand), that it is no longer usable due to the expiry of the time limits provided by the agreements with social partners.

With reference to the financial management, expense amounted to € 1,224 thousand, decreasing significantly compared to the 2012 figure (€ 1,705 thousand for the first half of 2012, that is -28.2%), in line with the debt position's trend.



Currency risk management in this half-year resulted in a loss of € 141 thousand, an improvement compared to the previous-year figure (loss of € 674 thousand in the first half of 2012).

The pre-tax profit was € 3,784 thousand.

The estimated balance of tax items was an expense of € 2,623 thousand. The component relating to current taxes was € 2,963 thousand (IRAP: €1,402 thousand; IRES: €38 thousand; taxes from foreign jurisdictions: € 670 thousand; previous-year taxes: € 852 thousand), whereas the component relating to deferred taxes was positive at € 340 thousand.

Therefore, profit for the period amounted to € 1,162 thousand.

SUMMARY STATEMENT OF FINANCIAL POSITION

SUMMARY STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013			
€ '000	30 June 2013	31 December 2012	30 June 2012
Intangible assets	47,621	47,616	50,170
Property, plant and equipment	59,397	62,102	64,309
Financial assets	912	1,153	1,278
Non current assets	107,930	110,872	115,756
Inventories	97,364	90,321	97,963
Trade receivables	89,978	99,455	111,436
Trade payables	(109,439)	(107,323)	(117,592)
Net Operating Working Capital	77,904	82,452	91,807
Post-employment benefits	(13,285)	(14,329)	(13,893)
Provision for risk and charges	(10,991)	(11,703)	(9,936)
Other net payables	(17,600)	(18,104)	(19,104)
Net deferred tax assets	17,378	17,124	17,225
Other net liabilities	(24,497)	(27,011)	(25,709)
NET INVESTED CAPITAL	161,336	166,313	181,855
Share capital	27,393	27,393	27,393
Profit/loss for the previous year/period and other reserves	81,298	89,015	90,294
Profit/Loss for the period	1,157	(6,487)	(3,270)
Non-controlling interests	206	206	658
Equity	110,054	110,126	115,075
Bank loans and borrowings and loans from other financial backers	79,963	73,191	86,438
Other financial assets	(890)	(849)	(712)
Cash and cash equivalents	(27,791)	(16,156)	(18,946)
Net financial indebtedness	51,282	56,187	66,780
TOTAL SOURCES OF FUNDING	161,336	166,313	181,855

Compared to December 2012, net intangible assets remained almost unchanged. In fact, investments amounting to around € 3.9 million were totally offset by the relevant amortisation for the period that amounted to € 3.7 million and by the exchange rate differences of € 0.2 million.

In regards to property, plant and equipment, the amount decreased by € 2.7 million as a result of depreciation for the period.

As for the items included under Net Operating Working Capital, as a whole, the amount decreased by € 4,548 thousand compared to the figure at the end of 2012. This reduction is the result of a (seasonal) increase in inventories of € 7,043 thousand compared to the figure of December 2012 (of which € 677 thousand due to exchange rate differences), whereas the remaining items (trade receivables and payables) conversely had an improving effect on the Net Operating Working Capital. In particular, the change in inventories was caused by an increase in semi-finished goods of € 2,643 thousand and in inventories of finished goods of € 3,706 thousand, due to the need to facilitate the scheduling of the deliveries planned in the second half of the year, in particular for the subsidiaries.

Lastly, the overall change in Net Operating Working Capital was positively affected by exchange rate differences of € 1,134 thousand.

NET FINANCIAL INDEBTEDNESS

NET FINANCIAL POSITION					
€ '000	30 June 2013	31 March 2013	31 December 2012	30 September 2012	30 June 2012
Financial assets:	28,681	22,221	17,004	21,350	19,659
<i>Current financial assets</i>	890	849	849	714	712
<i>Cash and cash equivalents</i>	27,791	21,372	16,156	20,636	18,946
Short term finance lease payables	(277)	(273)	(270)	(266)	(261)
Short term bank loans and borrowings and loans and borrowings from other financial backers	(50,624)	(79,182)	(67,055)	(87,356)	(78,715)
Short Term Net Financial Indebtedness	(22,220)	(57,235)	(50,321)	(66,272)	(59,317)
Medium/long term finance lease payables	(2,105)	(2,175)	(2,245)	(2,314)	(2,381)
Medium/long term bank loans and borrowings	(26,958)	(2,586)	(3,621)	(3,380)	(5,082)
Medium/long Term Net Financial Indebtedness	(29,062)	(4,762)	(5,866)	(5,694)	(7,463)
Total Net Financial Indebtedness	(51,282)	(61,996)	(56,187)	(71,966)	(66,780)

As of 30 June 2013, Group net financial indebtedness was € 51.3 million (gearing = 0.47), considerably improving compared to previous recording periods:

- - € 10.7 million compared to 31 March 2013 (-17.2%)
- - € 4.9 million compared to 31 December 2012 (-8.7%)
- - € 15.5 million compared to 30 June 2012 (-23.2%)

With regard to the financial position, Net Operating Working Capital developed positively, as already mentioned.

With the required prudence on the unfolding of the international political and economic scenario, in the second half of 2013, also due to its seasonal periodicity, the Biesse Group expects a further increase in the cash flow generated by the core business, referring to the management of receipts from customers/reduction in inventory, in particular.

Moreover, in 2013, the start at full capacity of the new daily cash-pooling I/C system called "Target balance" must be pointed out (to date extended only to the European branches but from autumn extended also to the branches in North America); this will led to a better and more efficient management of liquidity in particular (still high in the figures recorded in June 2013 owing to a significant flow of receipts in the final few days of the month which prevented the simultaneous closure of short-term debt positions within the cut-off date).

Compared to the financial statements as at and for the end of December 2012, the Group's financial payables increased by € 6,906 thousand (net of finance lease payments of € 133 thousand). While the medium-/long-term portion increased by € 23,337 thousand, the current portion decreased by € 16,431 thousand.

As at 30 June 2013, short-term revocable credit lines represent 65% of total financing, whereas the remaining 35% is represented by unsecured loans (18 months minus one business day), real estate leases and mortgage loans (5 years).

PERSONNEL

During the first half of 2013, in compliance with the already mentioned guide lines identified in the new business plan of the group, within the Human Resource Management, the use of welfare support provisions continues (State Subsidised Temporary Lay-Off Measures), as a means to implement a partial reduction of direct and indirect production capacity, recovering efficiency and competitiveness on the market.

The State Subsidised Temporary Lay-Off Measures involved, during the first half of the year, 971 working units for a total of 136,002.25 hours, equivalent to a monthly average of 131 FTE.

More specifically, the Measures above concerned:

Wood division
695 workers
for a total of 100,477.50 hours
monthly average of 71 FTE

Component Division
48 workers
for a total of 6,752.25 hours
monthly average of 6 FTE

Glass/Marble Division
116 workers
for a total of 9,548.00 hours
monthly average of 10 FTE

Centralised departments
112 workers
for a total of 19,224.50 hours
monthly average of 18 FTE

Following the conclusion of the special redundancy plan (CIGS) in July 2013, an agreement was reached with Trade Unions to enter into a so-called "defensive" Work-sharing Agreement, effective as from 2 September 2013, for a period of validity of 12 months.

The Work-sharing Agreement may involve a total of 1,000 employees, 863 of whom are in the Wood and Components Divisions and Centralised Departments and 137 in the Glass & Stone Division, for a maximum reduction in the average workload of 40%, calculated over a 4-week timeframe.

TRANSACTIONS WITH ASSOCIATES, PARENTS AND THE LATTER'S SUBSIDIARIES

At 30 June 2013 there were no associates.

As regards transactions with the parent Bi.Fin. S.r.l., reference should be made to Note 31 in the Notes.

OTHER RELATED PARTY TRANSACTIONS

Fincobi S.r.l., Edilriviera S.r.l. and SEMAR S.r.l. are identified as related parties.

As for transactions during the first half of the year with these companies, reference should be made to Note 31 in the Notes.

ATYPICAL AND/OR UNUSUAL TRANSACTIONS IN THE FIRST HALF OF THE YEAR

As at 30 June 2013, no transactions of this nature were reported.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE AND YEAR-END BUSINESS OUTLOOK

As for the outlook for the second part of 2013, in light of the existing portfolio and the macro-economic situation, while confirming the achievement of Targets set for the end of the year, it cannot but be reported the continued climate of uncertainty in which, despite slow signs of recovery in some areas, prudence and cautious optimism are required.

Last year, strategies aimed at cost control and at making the company safe were carried out: today, these strategies are finally beginning to yield results. While continuing with determination in this process, as shown also by the recent agreements with social partners to sign work-sharing agreements in Italy, it is clear that the company's profitability will also and especially go through the completion of the incisive action of development of the product portfolio already in place and the improvement of business strategies. In fact, the competition of the producers in developing countries is increasing more and more in the presence of a growing competition of European producers.

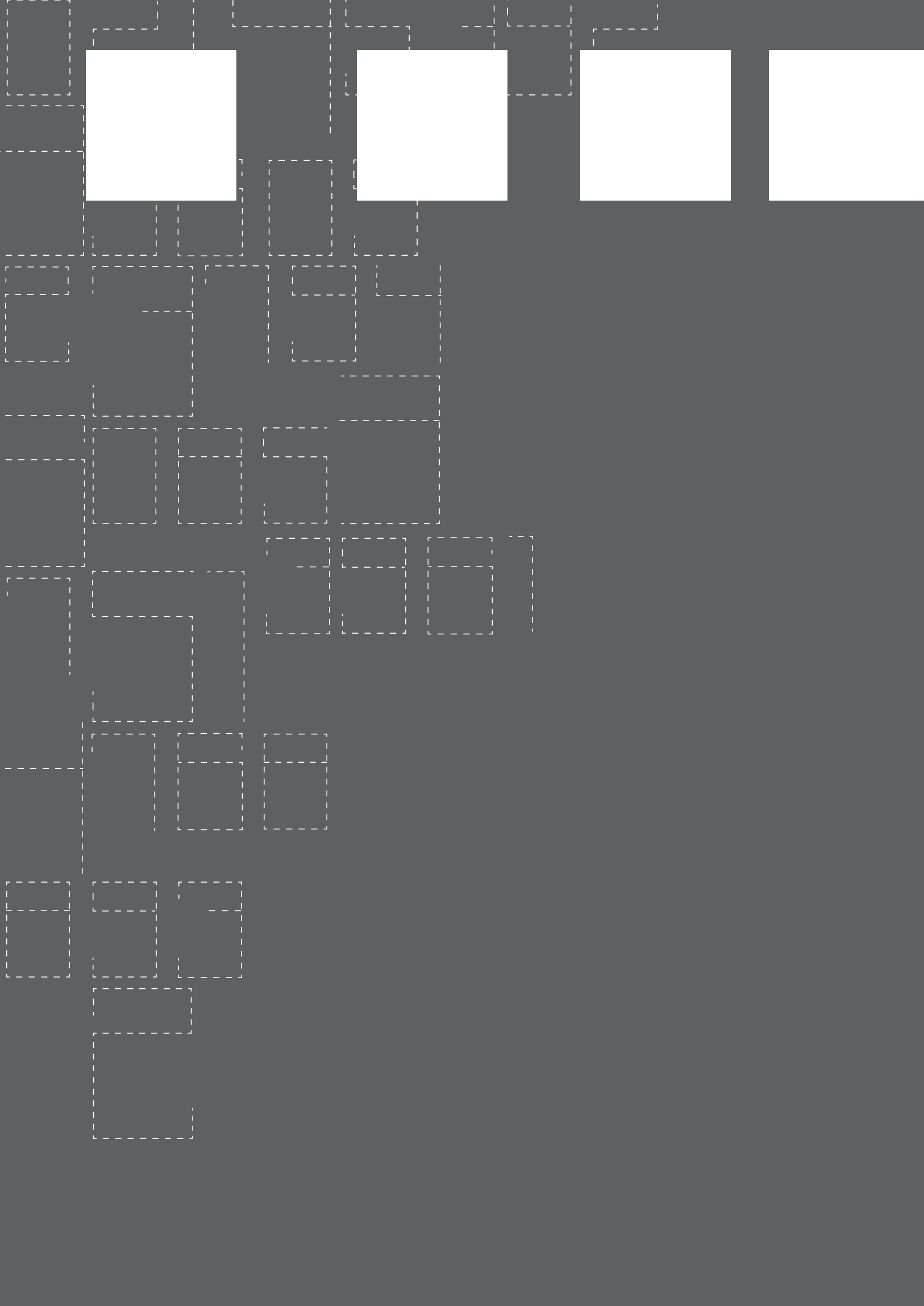
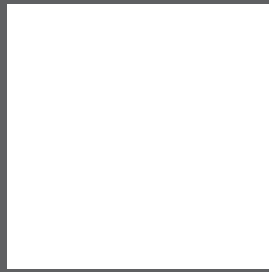
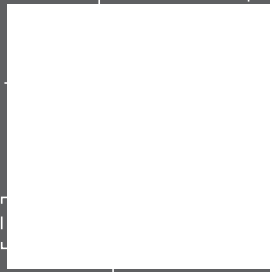
OTHER INFORMATION

At the date on which these financial statements were approved, Biesse S.p.A. held treasury shares. For further details reference should be made to the Notes 13 and 19.

In addition, it should be noted that the parent, Biesse S.p.A., does not hold shares or quotas in parents, nor did it hold or trade any shares or quotas in parents during the first half of 2013. There is therefore nothing to disclose for the purposes of Article 2428, paragraph 2, sections 3 and 4, of the Italian Civil Code.

Pesaro, 8 August 2013

The Chairman of the Board of Directors
Roberto Selci



condensed
interim
consolidated
financial
statements at
30 june 2013

INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013

€ '000	Note	1H 2013	1H 2012 (restated)
Revenue	5	180,251	192,086
Other revenue		1,640	746
Change in the inventories of finished goods and work in progress		6,908	8,595
Purchase of raw materials and consumables	7	(78,955)	(88,503)
Personnel costs	8	(57,800)	(61,797)
Other operating expense	9	(40,205)	(41,902)
Depreciation and amortisation		(6,501)	(6,940)
Provisions		(138)	(1,084)
Impairment losses		(51)	(280)
Operating profit		5,149	921
Finance income	10	1,963	469
Finance expense	11	(3,187)	(2,175)
Net exchange rate losses		(141)	(674)
Pre-tax profit/loss		3,784	(1,459)
Income taxes	12	(2,623)	(1,824)
Profit/Loss for the period		1,162	(3,283)
Profit/Loss for the period		1,162	(3,283)
Attributable to:			
Owners of the parent		1,157	(3,270)
Non-controlling interests		4	(12)
Earnings per share			
Basic (€/cents)	13	4.30	(12.15)
Diluted (€/cents)	13	4.30	(12.15)

STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2013

€ '000	Note	1 H 2013	1 H 2012 (restated)
Profit/Loss for the period		1,162	(3,283)
Foreign currency translation differences for foreign operations	20	(1,311)	427
Gain/(Losses) on cash flow hedges	20	(33)	78
Income tax on other comprehensive expense components	12	9	(22)
Other comprehensive income/(expense) (affecting profit or loss)		(1,335)	484
Gains (losses) from remeasurement	2	101	(1,238)
Other comprehensive income/(expense) (not affecting profit or loss)		101	(1,238)
Total comprehensive expense for the period		(72)	(4,036)
Attributable to:			
Owners of the parent		(72)	(3,997)
Non-controlling interest			(39)
Other comprehensive income/(expense) (affecting profit or loss)		(72)	(4,036)

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

€ '000	Note	30 June 2013	31 December 2012 (restated)
ASSETS			
Non-current assets			
Property, plant and equipment	15	53,314	55,615
Equipment and other items of property, plant and equipment	15	6,083	6,487
Goodwill	16	17,057	17,252
Other intangible assets	16	30,564	30,365
Deferred tax assets	12	19,607	19,537
Other financial assets and non-current receivables		912	1,153
		127,537	130,409
Current assets			
Inventories	17	97,364	90,321
Trade receivables due from third parties	18	89,961	99,435
Trade receivables due from related parties	31	18	19
Other current assets		12,305	11,646
Other current assets due from related parties	31	1,569	1,569
Other current assets due from related parties		490	614
Current financial assets		890	849
Cash and cash equivalents		27,791	16,156
		230,389	220,608
TOTAL ASSETS		357,926	351,017

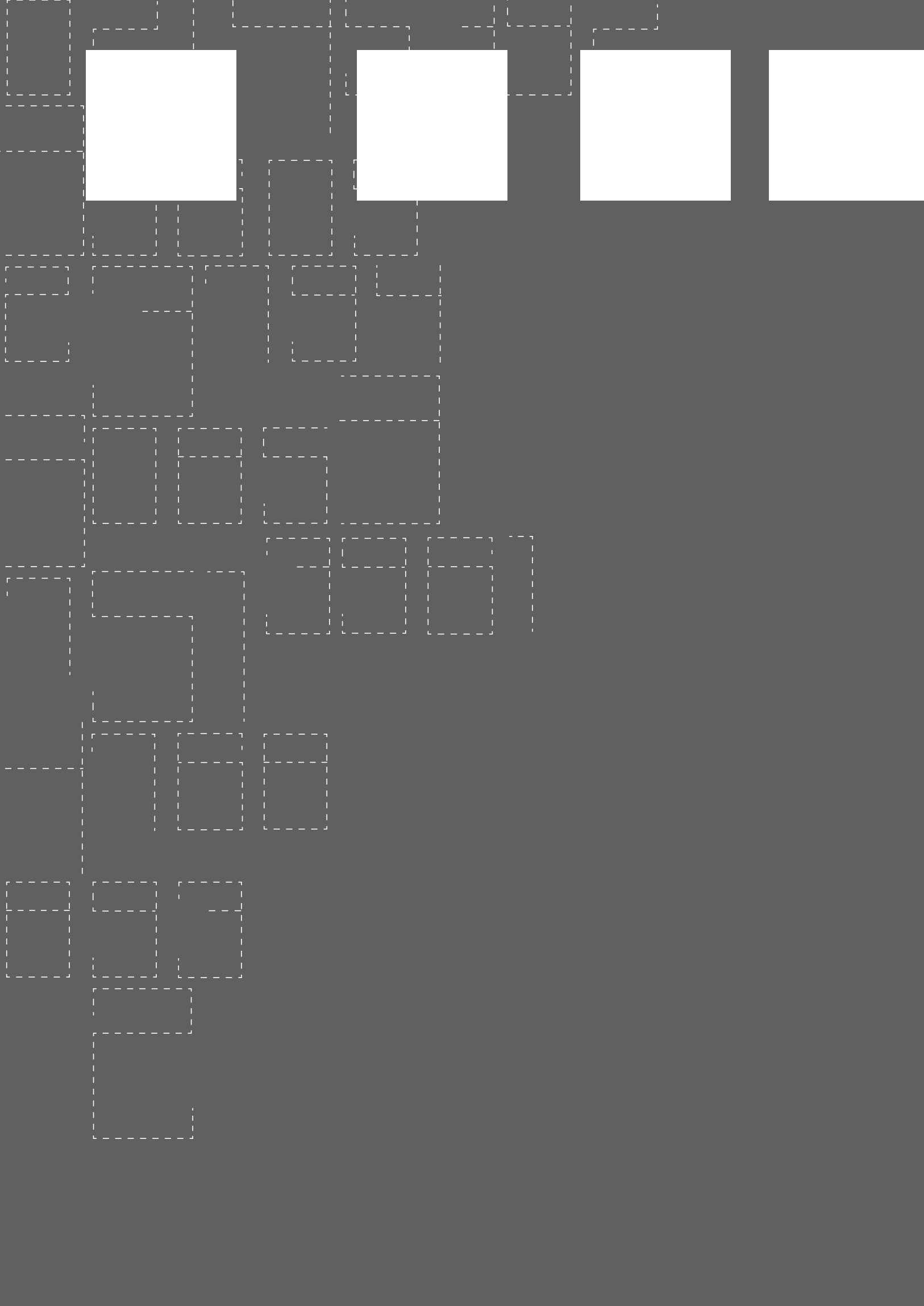
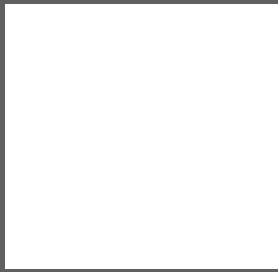
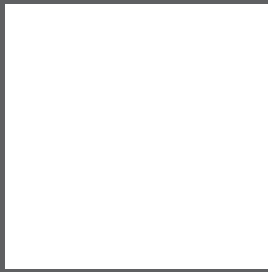
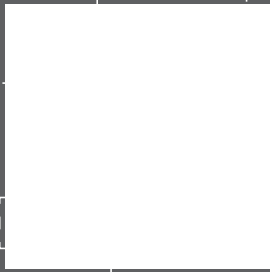
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013			
€ '000	Note	30 June 2013	31 December 2012 (restated)
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	19	27,393	27,393
(Treasury shares)	19	(4,676)	(4,676)
Equity reserves		36,202	36,202
Hedging and translation reserve	20	(2,858)	(1,527)
Other reserves	21	52,629	59,015
Profit/Loss for the period		1,157	(6,487)
Equity attributable to the owners of the parent		109,848	109,920
Non-controlling interests		206	206
TOTAL EQUITY		110,054	110,126
Non-current liabilities			
Post-employment benefits	24	13,285	14,329
Deferred tax liabilities		2,229	2,412
Medium and long-term bank loans and borrowings and other financial payables	22	26,958	3,621
Finance lease payables	22	2,105	2,245
Provisions for risks and charges	25	3,479	2,187
Other non-current liabilities	28	1,493	1,466
		49,547	26,260
Current liabilities			
Trade payables	26	108,695	106,391
Trade payables due to related parties	31	744	932
Other current liabilities		27,722	29,309
Other current liabilities due to related parties	31	584	13
Tax payables		2,156	1,121
Finance lease payables	22	277	270
Bank overdrafts and loans	22	50,624	67,055
Provisions for risks and charges	25	7,512	9,516
Derivatives		11	24
		198,324	214,631
LIABILITIES		247,871	240,891
TOTAL EQUITY E LIABILITIES		357,926	351,017

STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2013			
€ '000	Note	IH 2013	IH 2012 (restated)
OPERATING ACTIVITIES			
+/- Profit (loss) for the period		1,162	(3,283)
+ Depreciation and amortisation:			
of property, plant and equipment		2,937	3,276
of intangible assets		3,564	3,664
+ Provisions :			
Increase/decrease in provisions for post-employment benefits		18	166
Increase/decrease in allowance for impairment		235	504
Increase/decrease allowance for inventory write-down		(905)	1,015
Increase/decrease in provisions for risk and charges		(85)	594
Other non-financial changes in provisions		(49)	54
Gains/losses from sales of property, plant and equipment		24	4
Impairment losses on other intangible assets		51	44
Income from investing activities		(1,963)	(469)
Unrealised exchange rate (gains)/losses		1,021	60
Income taxes		2,623	1,824
Financial expense		3,187	2,175
SUBTOTAL OPERATING ACTIVITIES		11,819	9,629
Post-employment benefits paid		(870)	(540)
Risk provisions utilised		(1,448)	(490)
Change in trade receivables		7,898	(2,117)
Change in inventories		(6,666)	(9,662)
Change in trade payables		2,684	4,058
Change in other payables		(1,021)	(2,428)
Income tax paid		(144)	(2,457)
Interest paid		(2,913)	(1,504)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		9,338	(5,511)
INVESTING ACTIVITIES			
Acquisition of property plant and equipment		(874)	(1,603)
Proceeds from sale of property, plant and equipment and other items of property, plant and equipment		29	25
Acquisition of patents, trademarks and other intangible assets. Capitalisation of development costs		(3,958)	(5,266)
Acquisitions of equity investments		0	(3,969)
Interest received		710	105
NET CASH FLOW USED IN INVESTING ACTIVITIES		(4,093)	(10,708)
FINANCING ACTIVITIES			
Loans repaid/New banker's advance	22	14,078	32,877
Finance lease payments	22	(133)	(341)
Change in bank loans and borrowings	22	(7,398)	(19,996)
Change in current derivative instrument financial assets/liabilities		385	(243)
Capital injections - non-controlling interests		6	15
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		6,937	12,312
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		12,182	(3,906)
OPENING CASH AND CASH EQUIVALENTS		16,156	22,604
Effect of exchange rate fluctuations on cash held		(547)	249
CLOSING CASH AND CASH EQUIVALENTS			
Cash and cash equivalents		27,791	18,946

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2013

€ '000	Note	Opening balances as at 01/01/2013	IAS19 revised	Opening balances restated as at 01/01/2013	Other gains/losses, net of taxation	Profit/Loss for the period	Total comprehensive expense for the period	Increase in the reserve for share-based payments	Other changes	Allocation of loss of the previous year	Total effects of transactions with shareholders	Closing balances as at 30/06/2013
STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AT 30 JUNE 2013												
Share capital		27,393		27,393			-				-	27,393
- Treasury shares	19	(4,676)		(4,676)			-				-	(4,676)
Equity reserves		36,202		36,202			-				-	36,202
Hedging and translation reserve	20	(1,527)		(1,527)	(1,331)		(1,331)				-	(2,858)
Other reserves	21	62,190	(3,175)	59,015			101			(6,487)	(6,487)	52,629
Profit/Loss for the period		(6,530)	42	(6,487)		1,158	1,158			6,487	6,487	1,157
Equity attributable to the owners of the parent		113,052	(3,132)	109,920	(1,230)	1,158	(72)			-		109,848
Non-controlling interests		208	(2)	206	(4)	4	0					206
TOTAL EQUITY		113,260	(3,134)	110,126	1,234	1,162	(72)			-		110,054

€ '000	Note	Opening balances as at 01/01/2012	IAS19 revised	Opening balances restated as at 01/01/2012	Other gains/losses, net of taxation	Profit/Loss for the period	Total comprehensive expense for the period	Increase in the reserve for share-based payments	Other changes	Allocation of loss of the previous year	Total effects of transactions with shareholders	Closing balances as at 30/06/2012
STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AT 30 JUNE 2012												
Share capital		27,393		27,393			-				-	27,393
- Treasury shares	19	(4,676)		(4,676)			-				-	(4,676)
Equity reserves		36,202		36,202			-				-	36,202
Hedging and translation reserve	20	(1,241)		(1,241)	508		508				-	(733)
Other reserves	21	64,743	(1,502)	63,241	(1,235)		(1,235)	(106)		(2,397)	(2,503)	59,503
Profit/Loss for the period		(2,438)	40	(2,397)		(3,270)	(3,270)			2,397	2,397	(3,270)
Equity attributable to the owners of the parent		119,983	(1,462)	118,522	(727)	(3,270)	(3,997)	(106)	0	-	(106)	114,418
Non-controlling interests		680	(1)	679	(27)	(12)	(39)		15		15	655
TOTAL EQUITY		120,663	(1,462)	119,201	(754)	(3,282)	(4,036)	(106)	15	-	(91)	115,074



notes to the
condensed
interim
consolidated
financial
statements
at 30 june 2013

1. general

Biesse S.p.A. is an Italian company, with its registered office in Pesaro. The company is listed on the STAR segment of the Milan Stock Exchange.

The condensed interim consolidated financial statements at 30 June 2013 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 proportion to the percentage held, in associates.

The condensed interim consolidated financial statements at 30 June 2013 were approved during the meeting of the Board of Directors held today (8 August 2013).

LIST OF COMPANIES CONSOLIDATED ON A LINE-BY-LINE BASIS

Name and registered office	Currency	Share/ Capital quota	Directly controller	Indirectly controller	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%
Foreign subsidiaries:						
Biesse America Inc. 4110 Meadow Oak Drive Charlotte NC 28208 - 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	SGD	2,655,000	100%			100%
Biesse Group UK Ltd. Lamport Drive - Daventry Northampt. - Great Britain	GBP	655,019	100%			100%
Biesse France Sarl 4, Chemin de Moninsable - Brignais - France	EUR	144,000	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%

Name and registered office	Currency	Share/ Capital	Directly controller	Indirectly controller	Ownership vehicle	Biesse Group
Foreign subsidiaries:						
Biesse Iberica Woodworking Machinery s.l. Cl. Pedrosa C., 9 - Barcellona – Spagna	EUR	1,233,290	100%			100%
Biesse Group Australia Pty Ltd. 3 Widemere Road Wetherill Park – 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	10,000		100%	Hsd S.p.A.	100%
HSD Deutschland GmbH Brükenstrasse, 2 – Gingen – Germania	EUR	25,000		100%	Hsd S.p.A.	100%
Biesse Manufacturing Co. Pvt. Ltd. Jakkasandra Village, Sondekoppa rd. Nelamanga Taluk Bangalore –India	INR	674,518,392	100%			100%
WMP- Woodworking Machinery Portugal, Unipessoal Lda Sintra Business Park, 1, São Pedro de Penaferrim, Sintra - Portogallo	EUR	5,000		100%	Biesse Iberica W. M. s.l.	100%
Biesse Trading (Shanghai) Co. Ltd. Building 10 No.205 Dong Ye Road Dong Jing Industrial Zone, Song Jiang District Shanghai 201619, Cina	RMB	7,870,000		100%	Biesse (HK) 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	1,250,000,000		90%	Biesse Asia Pte. Ltd.	90%
Biesse (HK) LTD Unit 1105. 11 floor, Regent Centre, NO.88 Queen's Road Central, Central – Hong Kong	HKD	15,000,000		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	70%
Dongguan Korex Machinery Co. Ltd Dongguan City – Guangdong Province – Cina	RMB	128,435,513		100%	Biesse (HK) LTD	70%
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	100,000,000		100%	Biesse Asia Pte. Ltd.	100%

⁽¹⁾ The Biesse group directly owns 70% of Biesse (HK) LTD; non-controlling interests were granted a put option for selling the remaining 30% to the Biesse Group.



Compared with the 2012 annual report, the consolidation scope has not changed.

We note the receipt on 17 July 2013 from the local authorities of all the authorisations required for starting the business of INTERMAC GUANGZHOU COMPANY LIMITED with the aim of fostering and developing through a company dedicated to the marketing within the Chinese market of products of the Glass/Stone Division. This company is expected to start operating in the second half of the year.

It should be pointed out that Viet Italia S.r.l. is a structured vehicle set up to rent and subsequently acquire the business unit of the Pesaro-based brand with the same name – Viet – market leader in the wood calibrating and sanding sector, which was part of a company that was put into liquidation in November 2010 following a severe financial crisis. On 17 June 2013, an irrevocable purchase offer was re-presented to the relevant authorities albeit subject to condition subsequent should the transfer of the company not occur within 90 days from the admission to the arrangement before bankruptcy.

The irrevocable offer also includes the equity investment in Pavit S.r.l. (a company active in mechanical processing, whose output is largely absorbed by Viet Italia S.r.l.).

The company will be consolidated once the above conditions are met.

2. declaration of compliance with international financial reporting standards, basis of presentation and consolidation and conversion principles

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 and in compliance with the provisions of Article 154-ter of Italian Legislative Decree no. 58 of 24 February 1998 (Consolidated Finance Act) as subsequently amended. They do not include all of the information required for the annual report and must be read in conjunction with the consolidated financial statements as at and for the year ended 31 December 2012. In particular, it should be noted that the income statement, statement of comprehensive income, statement of financial position and statement of cash flows are of the extended type and are the same as the formats adopted for the consolidated financial statements as at and for the year ended 31 December 2012. On the other hand, note should be taken of the change, following application of IAS 1 – Presentation of financial statements, in the statement of comprehensive income. For further details on the new accounting standard, please refer to the following section “Amendments and accounting standards revised and applied for the first time in the Group”.

The following notes are conversely presented in a condensed format and therefore do not include all the information required for annual reports. In particular, it should be noted that, as provided for by IAS 34, in order to avoid the duplication of previously published information, the notes refer exclusively to those items in the income statement, the statement of financial position and the statement of cash flows whose composition or changes recorded in their amount, due to their nature or because they are unusual, make it necessary to provide an explanation in order to ensure full understanding of the Group’s financial position, results of operations and cash flows.

The condensed interim financial statements at 30 June 2013 consist of the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity, and also of these Notes.

The Income Statement distinguishes costs by nature. The Statement of Financial Position distinguishes between current and non-current assets and liabilities. The Statement of Cash Flows is presented in accordance with the indirect method and the Statement of Changes in Equity is presented in accordance with the standard format. In addition, a separate statement, the Statement of Comprehensive Income, includes the components that make up the profit or loss for the period and the expenses and income recognised directly in equity arising from transactions other than those carried out with shareholders. Owner transactions and total comprehensive income are reported in the Statement of Changes in Equity.

The presentation currency for the condensed interim consolidated financial statements is the Euro and the amounts of items in the financial statements are expressed in thousands of Euro (€ 000) (unless otherwise expressly indicated).

The accounting standards used, valuation and measurement criteria and the consolidation principles applied for preparation of the condensed interim financial statements are consistent with those applied for the annual financial statements as at and for the year ended 31 December 2012, to which reference is made and that should be considered an integral part of these Notes, except for the information on the new IAS 19, as detailed below. The accounting policies adopted in the condensed interim consolidated financial statements at 30 June 2013 have been uniformly applied to all periods included for comparison purposes. Furthermore, it should be noted that:

- condensed interim consolidated financial statements have been prepared under the discrete method, taking the reference period as a separate period. In this respect, the half-year income statement reflects the period's income statement components on an accruals basis;
- the financial statements underlying the consolidation process are those prepared by subsidiaries with reference to the period ended 30 June 2013, adjusted, where necessary, to align them with Group accounting policies;
- the condensed interim consolidated financial statements are drawn up according to the cost approach – 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 financial statements have been prepared also on a going concern basis. In view of the demand trend and in the light of the results achieved as regards statement of financial position and income statement, the Group's assessment is that there are no uncertainties regarding the group's ability to continue as a going concern.

The Group adopted for the first time some accounting standards and amendments that led to the restatement of some amounts of the previous financial statements, in particular IAS 19 "Employee benefits" and the amendments to IAS 1 "Presentation of Financial Statements".

In fact, it should be noted that from 1 January 2013 the Group adopted the new version of IAS 19 with retrospective application. Therefore, in compliance with the transition rules envisaged by this accounting standard, the carrying amount of some items of the income statement for the first half of 2012 and the statements of financial position at 31 December 2012 and at 30 June 2012 have been amended with respect to those included in the previous published reports. The main changes included in the financial statements are listed below.

€ '000	Personnel expense	Operating profit/(loss)	Pre-tax profit/(loss)	Income Taxes	Profit/(loss) for the period
Income statement					
IH 2012	- 61,826	891	- 1,488	- 1,816	- 3,304
IAS 19R effect	29	29	29	- 8	21
IH 2012 RESTATED	- 61,797	921	- 1,459	- 1,824	- 3,283

€ '000	Total equity	Deferred tax liabilities	Deferred tax assets	Post-employment benefits
Statement of financial position				
At 31 December 2012	113,260	2,447	18,383	10,007
IAS 19R effect	-3,134	-35	1,154	4,322
AT 31 DECEMBER 2012 RESTATED	110,126	2,412	19,537	14,329



Amendments and revised accounting standards applied by the Group for the first time

IAS 1 Financial Statements Presentation - Presentation of Items of Other Comprehensive Income

The amendment to IAS 1 introduces the grouping of items presented in other comprehensive income items. Items that could be reclassified to the income statement at a future point in time (for example, exchange rate differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now must be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment concerned only the methods of presentation and had no impact on the financial position of the Group or on the profit or loss for the period.

IAS 19 (2011) Employee Benefits (IAS 19R)

The new standard, adopted by the European Union and applicable as from 1 January 2013 (early application authorized as from 1 January 2012) eliminates the option to defer the recognition of actuarial gains and losses with the corridor method, requiring the presentation of the deficit or surplus of the provision in the statement of financial position, and the separate recognition of cost components associated with service and the net financial expense in the income statement, and the recognition of actuarial gains and losses resulting from the re-measurement of liabilities and assets in "Other comprehensive profits/(losses)". Furthermore, the return on assets included in net financial expense must be calculated on the basis of the discount rate of the liability and no longer on their expected return. Lastly, the amendment introduces additional disclosures to be made in the notes. Please refer to the appropriate financial statements for details.

IFRS 13 – Fair value measurement

This standard explains how the fair value should be calculated for financial statement purposes and introduces disclosure common to all the items measured at fair value. It is applied to all IFRS standards that require or permit the measurement of fair value or the presentation of information based on fair value. The standard must be applied prospectively as from 1 January 2013. The adoption of the new standard should have no significant effect on the Group's Financial Statements.

IAS 12 – Income Taxes – Recovery of underlying assets

This amendment clarifies the calculation of deferred taxes on investment property measured at fair value. This amendment introduces the rebuttable assumption that the carrying amount of an investment property, measured using the fair value model envisaged by IAS 40 will be recovered through its sale and that, consequently, the related deferred tax asset should be measured on a sale basis. This assumption is refuted if the investment property is depreciated and held for the purpose of using substantially all of the benefits resulting from said investment property over time, instead of realising said benefits through its sale. The adoption of the new standard should have no significant effect on the Group's Financial Statements.

IFRS 7 Disclosure – Offsetting

Financial Assets and Financial Liabilities

These amendments require an entity to disclose information about rights to offset and related arrangements (e.g., collateral agreements). The disclosures will provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are offset in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset in accordance

with IAS 32. The adoption of the new standard should have no significant effect on the Group's Financial Statements.

Accounting standards, amendments and interpretations not adopted early by the company

IFRS 10 – Consolidated financial statements

The standard will replace *SIC-12 - Consolidation: Special Purpose Entities and parts of IAS 27 - Consolidated and Separate Financial Statements*, which will be renamed *Separate Financial Statements* and will regulate the accounting treatment of investments in the separate financial statements. The standard is required to be applied retrospectively, at the latest, for annual periods beginning on or after 1 January 2014. Based on the analyses being conducted, no significant impact on the measurement of the investments of the Company is expected following the adoption of the revised IAS 27.

IFRS 11 – Joint arrangements

The standard replaces *IAS 31 – Interests in Joint Venture and SIC -13 - Jointly Controlled Entities: Non-Monetary Contributions by Venturers*. The standard is required to be applied retrospectively, at the latest, for annual periods beginning on or after 1 January 2014. Subsequent to the issue of the standard, *IAS 28 – Investments in Associates* was amended to include also investments in jointly-controlled entities within its scope starting from the standard's effective date.

IFRS 12 - Disclosure of interests in other entities

This is a new and complete standard on the disclosure requirements for each type of interest, including interests in subsidiaries, joint arrangements, associates, structured entities, and other unconsolidated structured entities. The standard is required to be applied retrospectively, at the latest, for annual periods beginning on or after 1 January 2014.

Average and closing exchange rates are as follows:

Currency	30 June 2013		31 December 2012		30 June 2012	
	Average	Final	Average	Final	Average	Final
US Dollar / Euro	1.3134	1.3080	1.2848	1.3194	1.2965	1.2590
Singapore Dollar / Euro	1.6328	1.6545	1.6055	1.6111	1.6391	1.5974
Canadian Dollar / Euro	1.3341	1.3714	1.2842	1.3137	1.3040	1.2871
Sterling / Euro	0.8508	0.8572	0.8109	0.8161	0.8225	0.8068
Swedish Krone / Euro	8.5311	8.7773	8.7041	8.5820	8.8824	8.7728
Australian Dollar / Euro	1.2961	1.4171	1.2407	1.2712	1.2559	1.2339
New Zealand Dollar / Euro	1.5872	1.6792	1.5867	1.6045	1.6133	1.5746
Indian Rupee / Euro	72.2776	77.7210	68.5973	72.5600	67.5963	70.1200
Chinese Renmimbi Yuan / Euro	8.1285	8.0280	8.1052	8.2207	8.1901	8.0011
Swiss Franc / Euro	1.2299	1.2338	1.2053	1.2072	1.2048	1.2030
Indonesian Rupiah / Euro	12,786.82	12,980.41	12,045.73	72.56	11,916.90	11,878.50
Hong Kong Dollar /Euro	10.1901	10.1477	9.9663	10.2260	10.0619	9.7658
Malaysian Ringgit /EURO	4.0391	4.1340	3.9672	4.0347	4.0022	3.9960
South Korean Won /EURO	1,450.22	1,494.24	1,447.69	1,406.23	1,480.41	1,441.00

3. measurement criteria, use of estimates and reclassifications

The preparation of the financial statements and related notes pursuant to IFRS requires that the management makes estimates and assumptions that have an effect on the amounts of assets and liabilities and on the disclosure of contingent assets and liabilities at the reporting date. The estimates and assumptions used are based on historical experience and other factors deemed as material. The actual outcome may differ from these estimates. Estimates are used to assess property, plant and equipment and intangible assets subject to impairment tests, as described above, as well as to establish the useful life of property, plant and equipment, and recognise accruals to the allowance for impairment, inventory and asset write-downs, employee benefits, income taxes and accruals to the provisions for risks and charges.

Estimates and assumptions – based on data reflecting knowledge up to any given date – are regularly reviewed and the effects of every change are immediately reflected in profit or loss.

Basic assumptions concerning the future and other uncertainty factors in making estimates at the reporting date that may cause significant adjustments to the carrying amount of assets and liabilities within the following year mainly refer to the possible impairment on the carrying amount of goodwill.

At 30 June 2013, the carrying amount of goodwill was € 17.1 million. Goodwill was tested for impairment, with reference to 31 December 2012, while at 30 June 2013, checks were carried out to assess whether any event or other circumstances existed such as to indicate potential impairment losses (the so-called impairment indicators). The analysis performed, notwithstanding the continued uncertainty of the economy and of the reference market, as already pointed out in the Directors' interim report on operations, did not reveal any impairment indicator and/or impairment loss besides those already recognised in the condensed interim consolidated financial statements.

As regards external impairment indicators, it should be noted that the subdued financial market tensions have also decreased the returns on government bonds, used as the basis for determining discount rates for the cash flows of cash generating units. In order to determine the discount rate, reference has been made not to the precise figure for such returns, but to their historical trends. Hence, the discount rate as measured at 30 June 2013 remained close to the range used for sensitivity analysis relating to the interest-rate component (8.80% +0.5%).

As regards internal impairment indicators, as highlighted later on in Note 5, the Wood Division ended the first half of 2013 with an operating profit of about € 0.5 million, increasing considerably compared to the same period last year (where an operating loss of about € 2.5 million was recognised). All the other Divisions ended the first half of 2013 with an operating profit as well. Moreover, the improvement of the net operating working capital (overall reduction by about € 4.5 million compared to 31 December 2012) and of the net financial indebtedness (down by about € 4.9 million compared to 31 December 2012) is also reported: it further confirms the absence of critical situations compared to the impairment tests carried out on 31 December 2012.

At 30 June 2013, the Group's deferred tax assets totalled € 19,607 thousand (€ 19,537 thousand at 2012 year-end). Management has 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 future years which are consistent with those used for the purpose of impairment tests and also described in the paragraph above in relation to the recoverable amount of non-current assets.

4. risks

OPERATING RISKS

Risks relating to general economic conditions

The Group's financial position, results and cash flows are influenced by several macro-economic factors - including the trend of global and domestic GDP, the level of business and consumer confidence, the trend in interest rates for consumer and business credit, prices of energy or other raw materials, and the

unemployment rate - in the various countries in which the Group operates.

For example, the global economic recession in the first half of 2009 had a negative impact on the Group's operating result.

Currently, the global economic outlook remains uncertain. In Europe, despite the measures taken by several governments, international and national organisations, and monetary authorities to provide financial support to struggling Eurozone Member States, to re-capitalise some banks in critical conditions, and to face the possibility of sovereign default by some countries, there are still concerns about the debt burden of certain Eurozone countries, including Italy, and their ability to meet future financial obligations, as well as about the overall stability of the euro and its functionality as a single currency, in light of the different economic and political contexts across the Member States of the Eurozone.

Moreover, widespread austerity measures implemented in Europe and other areas in which the Group operates could continue to adversely affect consumers' confidence, purchasing power and spending capacity. This could have a negative impact on the Group's business prospects, as well as on its results and financial position.

In addition, low growth rates have recently characterised not only the most developed economies, but also major emerging markets such as China, Brazil and India, where also the weakness in exports and domestic demand caused the economy to slow down. These potential developments could have a negative impact on the Group's business.

Risks relating to Group results

The Biesse Group operates primarily in a highly cyclical sector, i.e. mechanical goods.

It should be noted that it is difficult to predict the amplitude and duration of economic cycles; furthermore, the cyclical nature of the sector in which the Biesse Group operates tends to mirror the general economic trend, in some cases even amplifying its impact.

Therefore, each macro-economic event, such as a significant fall in one of the main markets, the volatility of financial markets and the consequent deterioration of capital markets, a spike in energy prices, fluctuations in the prices of commodities and other raw materials, adverse fluctuations in specific factors such as interest rates, exchange rates etc. that could negatively impact the sectors in which the Group operates may have a significantly negative effect on the prospects and the activities of the Group, as well as on its results and financial position. Furthermore, the profitability of the Group is subject to risks related to the fluctuation in interest and inflation rates, the solvency of counterparties and the general economic situation of the countries in which it conducts its business.

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 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 in international markets and exposure to shifting local conditions

A significant part of the Group's production and sales are 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.

The Biesse Group is also exposed to compliance with several tax regimes, in particular with reference to transfer pricing.

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 guarantee stability for periods of at least one quarter.

The high level of competition and fragmentation of the sector in which Biesse operates often makes it difficult to transfer sudden and/or significant increases in raw material 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 guarantee adequate levels of profitability. 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 manage effectively 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 unions approval. Industrial actions by unionised employees could have a negative impact on the company's business.

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 the delocalisation of manufacturing

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. These emerging countries contribute more and more significantly to the Group's results in terms of revenue and profitability. 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 the Group's business prospects as well as its results and financial position 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 evolution of the financial position of the Biesse Group depends on several conditions, including, in particular, the ability to achieve its objectives, as well as the general trend in the economy, the financial markets and the sectors in which the Group operates. Moreover, the current critical conditions of financial counterparties inevitably affect financing activities.

The Biesse Group has been implementing measures to ensure adequate financing of net working capital and, more in general, to secure its current assets. 65% of the lines of credit currently available are short-term lines (revocable lines). In 2013 the renewal procedures, which started in 2012, were completed for the most important lines of credit with a special commitment on the extension of their duration (unsecured lines for 18 months – 1 day).

It is also clear that, even though the Group has put in place measures to ensure that adequate levels of working capital and liquidity are maintained, any significant reduction in sales volumes could have a negative impact on the ability of the Group's operations to generate positive cash flows.

Credit risk

The Group is exposed to various concentrations of credit risk in various reference markets, mitigated by the fact that 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.

Currency risk

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 risks 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 principally exposed to net exports from the Euro area to other currency areas (mainly US dollar, Australian dollar, Sterling, Indian Rupee and Chinese Renmimbi). 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.

Interest rate risk

The Biesse Group uses various types of financing in order to fund its industrial activities; in the current macroeconomic scenario, especially in Europe, financial institutions can identify operating problems that have a negative impact on the levels of interest rates.

Risks related to the availability of funding for customers

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.). The current economic scenario, with financial institutions reducing access to credit and loans, especially in Europe as a result of the sovereign debt crisis, represents an obstacle to the conclusion of trade negotiations.

5. analysis by business segment and geographical area

ANALYSIS BY BUSINESS SEGMENT

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

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 machinery.

The information relating to these business segments is as follows:

€ '000	NET REVENUE		OPERATING PROFIT	
	1H 2013	1H 2012	1H 2013	1H 2012
Wood	126,239	139,979	458	(2,498)
Glass & Marble	31,017	31,391	1,690	1,254
Mechatronics	27,072	25,791	4,693	4,841
Tooling	4,424	4,565	411	519
Components	7,971	6,746	257	(127)
(Intragroup eliminations)	(16,473)	(16,386)		
	180,251	192,086	7,510	3,989
Unallocated corporate costs			(2,361)	(3,068)
Operating profit			5,149	921

As already noted in the Directors' report, sales performance by segment is not uniform. The Wood Division that confirmed its position as the Group's main segment, representing 70% of total consolidated revenue (72.9% in 2012), shows the greatest decrease (-9.8%). The Tooling Division decreased by 3.1%, whereas the Mechatronics Division slightly increased by 5% compared to the previous year. The Component Division recorded the greatest increase in turnover compared to the same period of last year (+18.2%).

The operating performances of the Divisions reflect the policy reducing operating costs pursued by the company: in fact, the Wood Division, with an operating profit of € 458 thousand (compared to the operating loss of € 2,498 thousand in the first half of 2012) and the Glass/Marble Division (from € 1,254 thousand in the first half of 2012 to € 1,690 thousand in the first half of 2013) reported the largest increases, despite the reduction in revenues compared to the same period last year. The Mechatronics Division decreased by € 148 thousand (-3%), 17.3% of sales compared to 18.8% last year; the Tooling Division decreased from € 519 thousand to € 411 thousand (-21%), 9% of sales compared to 11.3% in 2012. The Component Division, by using the greater volumes, recorded an operating profit of € 257 thousand (compared to the operating loss of € 127 thousand in 2012).

Analysis by geographical area

NET REVENUE				
€ '000	I H 2013	%	I H 2012	%
Western Europe	67,430	37.4%	82,934	43.2%
Asia - Pacific	35,961	20.0%	34,650	18.0%
Eastern Europe	33,211	18.4%	34,346	17.9%
North America	24,451	13.6%	18,073	9.4%
Rest of the World	19,198	10.7%	22,083	11.5%
GROUP TOTAL	180,251	100.0%	192,086	100.0%

As regards the geographical breakdown of sales, the first half of 2013 featured positive performance for the following areas: North America, which shows the greatest increase (+35.3%), and the Asia – Pacific area (+3.8%). On the other hand the Group's traditional core market, consisting of Western Europe, shows the greatest decrease (-18.7%) compared to the same period of last year, recording a drop in share of total consolidated revenue (from 43.2% in the first half of 2012 to 37.4% in the first half of 2013).

6. seasonality

The business segments in which the Biesse Group is active feature seasonality, due to the fact that demand for machine tools is typically concentrated in the second part of the year (and in particular in the last quarter). This is due to the purchasing habits of end customers, considerably influenced by expectations concerning investment incentive policies, as well as by expectations concerning economic trends in their reference markets.

Another aspect to be taken into account is the Group's specific structure, where branches based overseas (North America, Asia - Pacific) account on average for a third of total business turnover. Given the lead time necessary for delivery of machine tools to these markets and the presence of a final market, which is particularly sensitive to the timeliness of delivery in relation to the purchase order, these branches are forced to replenish their inventories in the first half in order to be able to handle year-end sales.

7. raw materials and consumables

Consumption of raw materials and consumables dropped from € 88,503 thousand to € 78,955 thousand, a decrease by 10.7% compared to the corresponding period of the previous year.

The lower consumption of raw materials and goods was due to the reduction in sales volumes (-6.2%) compared to the same figure of the corresponding period of 2012, to the different sales mix and to lower inventory generation. This resulted in an improved impact on the net revenue (from 43.9% to 41.9%). For further details, please refer to the interim Directors' report.

8. personnel expense

€ '000	1 H 2013	1 H 2012
Wages, salaries and social security contributions	55,486	58,925
Productivity bonus, other bonuses and related social security contributions	2,749	3,227
Accruals to pension plans	2,170	2,390
Other personnel expense	715	635
Capitalization and recovery of personnel expense	(3,319)	(3,380)
PERSONNEL EXPENSE	57,800	61,797

In the first half of 2013, personnel expense amounted to € 57,800 thousand, down by € 3,997 thousand compared to the figure for the corresponding period of 2012 (€ 61,797 thousand, - 6.5%).

The decrease is mainly attributable to the fixed component (€ -3,439 thousand, -5.8% over the same period of 2012) mainly due to the implementation of the reorganisation plan and the greater use of welfare support provisions. The remaining part of the reduction refers to the decrease in the variable component (€ -478 thousand, -14.8% over the same period of 2012), as a consequence of the corporate policy to make one-off reductions of premiums and bonuses obtained through agreements with social partners.

Despite the policy of cost reduction, capitalisation of wages and salaries of employees deployed in development activities remained basically unchanged compared to 2012 (€ 3,319 thousand in the first half of 2013 compared to € 3,380 thousand in 2012).

9. other operating expense

€ '000	1 H 2013	1 H 2012
Production services	9,234	10,109
Maintenance	1,270	1,339
Sales commissions and transport	7,389	7,980
Consultancy fees	1,374	1,872
Utilities	2,448	2,538
Exhibitions and advertising	2,908	2,408
Insurance	752	622
Directors, statutory auditors and consultants' remuneration	1,288	1,589
Travel	5,286	5,064
Other	2,524	2,652
Use of third party assets	3,679	3,769
Other operating costs	2,053	1,958
OTHER OPERATING EXPENSE	40,205	41,902

Operating expense decreased by € 1,697 thousand compared to the first half of 2012, that is -4%. The decrease is mainly due to production services (€ -875 thousand, -8.7% compared to the first half of 2012), variable sales costs (€ -591, -7.4% compared to the first half of 2012), and consultancy fees (€ -498 thousand, -27% compared to the first half of 2012). For further details, please refer to what was already mentioned in the interim Directors' report.

Remuneration paid to directors, statutory auditors and the independent auditors is included in the item Other operating expense.

10. financial income

Details of financial income are reported below:

€ '000	1 H 2013	1 H 2012
Income from financial receivables	1,029	26
Bank interest	18	22
Interest from customers	81	54
Interest from others	571	348
Received financial discounts	15	19
Other financial income	250	-
TOTAL FINANCIAL INCOME	1,963	469

11. financial expense

Details of financial expense are reported below:

€ '000	1 H 2013	1 H 2012
Bank, mortgage and financing interest	803	1,066
Finance lease interest	21	71
Interest expense to others	1,414	28
Bills discounted	169	219
Other interest	713	485
Other financial expense	66	305
TOTAL FINANCIAL EXPENSE	3,187	2,175

The total amount of financial expense and financial income increased compared to the same period of last year (+ € 1,012 thousand and + € 1,494 thousand, respectively).

It is specified that increases were mainly due to new operating methods, adopted as from 2013, used for obtaining Subsidised loans of export credits - Italian Legislative Decree no. 143 of 31 March 1998 (former Ossola Law). The new operating methods adopted by the Biesse Group have an accounting impact on the financial results in that they were based on obtaining interest subsidies to cover the cost borne on the discounting of bills of exchange.

12. income taxes

The Italian corporate income tax (IRES) is calculated at 27.5% (the same as in 2012) on the taxable income of the parent and the Italian subsidiaries. Income taxes for the other jurisdictions are calculated according to the tax rates currently in force in the countries concerned. For estimates of the period's income tax, the tax rate applicable to projected year-end results is applied to interim profit.

At 30 June 2013 deferred tax assets amounted to € 19,607. Management has recognised deferred tax assets up to the amount for which it considers recovery likely. For this purpose, the calculation took into consideration budget results and forecasts for future years consistent with those used for the purpose of impairment tests.

13. earnings per share (eps)

Basic earnings per share at 30 June 2013 were positive at 4.30 euro/cent (-12.15 euro/cent at 30 June 2012) and were calculated by dividing the profit attributable to owners of the parent of € 1,157 thousand (a loss of € 3,270 thousand in 2012), by the weighted average number of outstanding ordinary shares during the period, which amounted to 26,906,683 (unchanged compared to 2012). The number of outstanding shares was lower than the total number of shares issued, because the parent bought back its own shares on the stock exchange during 2008, in accordance with the approval granted by shareholders on 21 January 2008. At 30 June 2013 the number of treasury shares held was 486,359 (1.78% of the share capital), with an equal number on an average weighted basis for the period.

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/(Loss) attributable to owners of the Parent

€ '000	1 H 2013	1 H 2012
Basic profit/loss for the period	1,157	(3,270)
Dilutive effect on profit/loss for the period	0	0
Diluted profit/loss for the period	1,157	(3,270)

Weighted average number of ordinary shares outstanding

€ '000	1 H 2013	1 H 2012
Weighted average number of ordinary shares used to calculate basic earnings per share	27,393	27,393
Effect of own shares	(486)	(486)
Weighted average number of outstanding shares – for the calculation of basic earnings	26,907	26,907
Dilutive effects	0	0
Weighted average number of outstanding shares – for the calculation of diluted earnings	26,907	26,907

As there were no discontinued operations during the year, the loss per share is entirely attributable to continuing operations.

14. dividends

No dividends were distributed in the first half of 2013 nor is distribution in the second part of the year scheduled, as resolved at the Shareholders' Meeting of the parent.

15. property, plant, equipment and other items of property, plant and equipment

In the period under review, no significant investments were carried out except those aimed at the natural and physiological replacement of industrial and commercial equipment and other assets (about € 0.5 million).

16. goodwill and other intangible assets

Goodwill

Compared to the end of the previous year, goodwill decreased by € 195 thousand, exclusively due to exchange rate differences.

The following table illustrates the allocation of goodwill by segment:

€ '000	1 H 2013	1 H 2012
Wood	6,126	6,307
Glass & Marble	1,392	1,406
Mechatronics	5,599	5,599
Tooling	3,940	3,940
TOTAL	17,057	17,252

As for estimates of recoverable amounts, reference should be made to Note 3 above regarding measurement criteria, use of estimates and reclassifications.


Other intangible assets

Other intangible assets mainly comprise investments for development activities, amounting to € 13,956 thousand, investments for software licenses and similar rights, amounting to € 7,321 thousand and costs for development projects and licenses, not yet completed (and therefore temporarily allocated to assets under development and payments on account), amounting to € 7,484 thousand. In the first half of 2013, development costs led to amortisation of € 2,645 thousand. The period was characterised by further new-product design activities of € 2,278 thousand and costs incurred for the purchase of licences relating to the new additional model of the *Oracle Flow Manufacturing ERP system* of around € 1.1 million.

17. inventories

Inventories rose by around € 7 million, of which € 2.6 million related to semi-finished goods and work in progress and € 3.7 million to finished goods, while raw materials increased by € 248 thousand and spare parts increased by € 446 thousand (the exchange rate difference was part of the above-mentioned changes with an overall loss of € 677 thousand).

The allowance for write-down amounted to € 2,637 thousand (down by € 74 thousand compared to 31



December 2012, while the figure at the end of June 2012 was € 2,413 thousand) with an impact on the historical cost of 8.7% (9% at 2012 year-end).

As regards replacement parts, the allowance for write-down amounted to € 3,185 thousand (down by € 302 thousand compared to 31 December 2012, while the figure at the end of June 2012 was € 3,470 thousand) with an impact on the historical cost of 15.5% (17% at 2012 year-end).

As regards finished goods, the allowance for write-down amounted to € 2,930 thousand (down by € 642 thousand compared to 31 December 2012, due to the improved management of inventories and disposal of obsolete and used machines, while the figure at the end of June 2012 was € 2,570 thousand) with an impact on the historical cost of 7.5% (9.9% at 2012 year-end).

18. receivables

Trade receivables, measured at fair value, decreased by € 9,597 thousand (before the related allowance for impairment) compared to the 2012 year-end figure.

The decrease in trade receivables from third parties is due both to the good performance of receipts expected from sales and to the decrease in sales.

The allowance for impairment decreased by € 123 thousand compared to December 2012 (€ 5,548 thousand compared to € 5,671 thousand at the end of 2012), while its percentage impact on nominal amount increased from 5.4% to 5.8%.

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

19. share capital – treasury shares

The share capital amounts to € 27,393 thousand and is composed of 27,393,042 ordinary shares, each with a nominal value of € 1 and ordinary dividend rights.

At the date on which the financial statements were approved, the Group held 486,359 treasury shares with an average carrying amount of € 9.61 per share.

These shares were purchased during 2008, as resolved at the Shareholders' Meeting on 21 January 2008. It should also be noted that on 12 May 2011 Biesse informed the market that its Share Buyback and Disposal Plan, whose launch had been announced on 12 November 2009 as the Shareholders' Meeting approved it, was coming to an end.

Finally, it should be noted that, based on the resolution of the Shareholders' Meeting of 19 October 2010, the company's 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 of 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. The number of treasury shares earmarked for the Long Term Incentive plan is 235,952. At the end of the period, there was no effect on profit or loss owing to the failure to achieve the set goals.

The following table summarises the data concerning treasury shares at 30 June 2013.

Number of shares:	486,359
Carrying amount (in Euro):	4,675,804
Percentage (no. shares) compared to share capital (no. shares):	1.775%

20. hedging and translation reserves

The carrying amount is broken down as follows:

€ '000	30/06/2013	31/12/2012
Translation reserve	(2,845)	(1,538)
Hedging reserve	(12)	11
TOTAL	2,858	1,527

The translation reserve, negative by € 2,845 thousand, includes the differences arising from the translation of the financial statements denominated in foreign currencies of countries that do not belong to the Euro-zone (United States, Canada, Singapore, United Kingdom, Sweden, Switzerland, Australia, New Zealand, India, China, Indonesia, Hong Kong, Malaysia and South Korea) and decreased during the period by € 1,307 thousand mainly due to the translation of the financial statements of the Biesse Group Australia Pty Ltd. (of € 828 thousand) and of Biesse Manufacturing Co.Pvt. Ltd. (of € 559 thousand).

21. other reserves

The carrying amount was broken down as follows:

€ '000	30/06/2013	31/12/2012
Legal reserve	5,479	5,479
Extraordinary reserve	41,074	40,217
Reserve for own shares	4,676	4,676
Retained earnings and other reserves	1,400	8,644
OTHER RESERVES	52,629	59,015

As indicated in the statement of changes in equity, the item Other reserves (and in particular Retained earnings) has changed mainly to account for the loss recognised in 2012. The reserve for own shares numbered 486,359 shares with an average carrying amount of € 9.61 per share. For further information and details on this subject, please refer to what was already stated in note 19) Share Capital and treasury shares.

22. financial payables

Compared to the financial statements for the year ended 31 December 2012, the Group's financial payables increased by € 6,906 thousand (net of finance lease payments of € 133 thousand). While the medium-/long-term portion increased by € 23,337 thousand, the current portion decreased by € 16,431 thousand. In 2013, the most important credit lines were renewed with a special commitment extending the duration of unsecured loans (18 months minus one business day). To date, Banca Intesa, Banca delle Marche and IC-CREA (the latter through a five-year mortgage loan of € 7 million) reaffirmed their support to Biesse S.p.A. with transactions beyond 12 months. In addition to the above, with extremely positive feedbacks, increases in the credit lines of Unicredit and Banco Popolare are being decided both in their "business" version (disinvestment – advance payment on invoices) and for unsecured loans (18 months minus one business day).

23. net financial indebtedness

€ '000	30 June 2013	31 December 2012
Financial assets:	28,681	17,004
<i>Current financial assets</i>	890	849
<i>Cash and cash equivalents</i>	27,791	16,156
Short term finance lease payables	(277)	(270)
Short term bank loans and borrowings and loans and borrowings from other financial backers	(50,624)	(67,055)
Short term net financial indebtedness	(22,220)	(50,321)
Medium/Long term finance lease payables	(2,105)	(2,245)
Medium/Long bank loans and borrowings	(26,958)	(3,621)
Medium/Long term net financial indebtedness	(29,062)	(5,866)
TOTAL NET FINANCIAL INDEBTEDNESS	51,282	(56,187)

At 30 June 2013, Group net financial indebtedness was € 51.3 million (Gearing = 0.47), shrinking considerably compared to 31 December 2012 (€ -4.9 million).

The renewal of the most important credit lines allowed an extension of the duration, achieving a balance between short-and long-term portion. Moreover, it is noted that the improvement of the static figure of liquidity at the end of June 2013 was due both to the start at full capacity of the Cash pooling I/C (that allows greater efficiency and effectiveness of receipts and payments both to third parties and to I/C), and to business seasonality (as shown also by the Net Operating Working Capital that, for example, shows a good performance of receipts from customers).

24. post-employment benefits

As already stated above in note 2), the IASB issued an amendment to IAS 19 - Employee benefits that can be applied retrospectively for annual periods beginning on or after 1 January 2013. The amendment changes the accounting for defined-benefit plans and termination benefits.

In accordance with the transitional provisions of IAS 19 in paragraph 173, the group applied this standard retrospectively for annual periods beginning on or after 1 January 2013 adjusting the opening amounts of the statement of financial position at 1 January 2012 and the income statement for 2012 as though the amendments to IAS 19 had always been applied. For details on changes, please refer to note 2 as well as to the statement of changes in equity at 30 June 2012 for the change in opening balances of Other reserves.

25. provision for risks and charges

Provisions for risks and charges contain provisions to cover potential future risks. During the first half of 2013, the balances were adjusted to account for potential tax risks of € 1.1 million. On the other hand, the period adjustment of provisions for disputes with customers and employees amounted to € 138 thousand.

26. trade payables

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 fair value.

Trade payables to third parties increased by € 2,304 thousand compared to 31 December 2012, from € 106,391 thousand to € 108,695 thousand.

27. contingent liabilities and commitments

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.

As for the contract to purchase the controlling interest in the Centre Gain group, the non-controlling interest was granted a put option to sell to the Biesse Group all the shares in its possession at the option exercise date. The put option can be exercised after five years from the date the contract was signed. At 31 December 2012, the option was measured and recognised at € 435 thousand. At 30 June 2013, it was recognised at the same value.

At the reporting date, repurchase commitments amounting to € 1,287 thousand were signed in favour of lease companies, should the Group's customers not perform their obligations.

To date, there are no significant purchase commitments of fixed assets.

28. other payables

The item mainly includes payables for the instalments falling due after more than 12 months for the purchase of the Centre Gain Group (HKD 12,300,000, about € 1.1 million) to be paid in September 2014.

29. events after the reporting period

In regard to events after the reporting period, reference should be made to the specific note in the Directors' report.

30. classification of financial instruments

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

€ '000	30/06/2013	31/12/2012
FINANCIAL ASSETS		
Designated at fair value through profit or loss:		
<i>Derivative financial assets</i>	490	614
Loans and receivables measured at amortised cost:		
<i>Trade receivables</i>	89,978	99,455
<i>Other assets</i>	7,088	6,400
- <i>other financial assets and non-current receivables</i>	883	1,125
- <i>other current assets</i>	6,204	5,275
<i>Cash and cash equivalents</i>	27,791	16,156
FINANCIAL LIABILITIES		
Designated at fair value through profit or loss:		
<i>Derivative financial liabilities</i>	11	24
Measured at amortised cost :		
<i>Trade payables</i>	91,643	88,661
<i>Bank loans and borrowing, finance leases and other financial liabilities</i>	79,963	73,191
<i>Other current liabilities</i>	19,540	18,561

The carrying amount of the aforementioned financial assets and liabilities is equal or close to their fair value.

31. related party transactions

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

Commercial transactions

During the first half of 2013, group companies undertook the following commercial transactions with related entities, excluded from the scope of consolidation.

€ '000	REVENUE		COSTS	
	For the six months ended 30/06/2013	For the six months ended 30/06/2012	For the six months ended 30/06/2013	For the six months ended 30/06/2012
Parent				
Bi. Fin S.r.l.		5	-	-
Other related companies				
Fincobi S.r.l.	1	1	11	9
Edilriviera S.r.l.	-	-	-	-
Se.Mar. S.r.l.	1	-	1,082	872
Members of the Board of Directors				
Members of the Board of Directors	-	-	982	1,143
Members of the Board of Statutory Auditors				
Members of the Board of Statutory Auditors	-	-	83	80
TOTALE	2	6	2,158	2,104

Migliaia di euro	RECEIVABLES		PAYABLES	
	At 30/06/2013	At 31/12/2012	At 30/06/2013	At 31/12/2012
Parent				
Bi. Fin S.r.l.	1.564	1.564	-	-
Other related companies				
Fincobi S.r.l.	2	-	10	5
Edilriviera S.r.l.	-	-	-	-
Se.Mar. S.r.l.	4	7	615	693
Members of the Board of Directors				
Members of the Board of Directors	18	18	620	37
Members of the Board of Statutory Auditors				
Members of the Board of Statutory Auditors	-	-	83	170
TOTAL	1,587	1,589	1,327	905

The terms and conditions agreed with the above related parties are no different from those that would have been established between arm's-length parties.


Amounts payable to related parties are of a commercial nature and refer to transactions undertaken for the sale of goods and/or rendering of services.

Remuneration of directors, general managers, managers with strategic responsibilities and members of the board of statutory auditors

REMUNERATION				
€ '000	Fees	Non-monetary benefits	Bonuses and other incentives	Other remuneration
Board of Directors	735	16	60	171
Board of Statutory Auditors	83	0	0	0
Managers with strategic responsibilities	0	4	38	115
TOTAL	818	20	98	285

Pesaro, 8 August 2013

The Chairman of the Board of Directors
Roberto Selci



Statement on the condensed interim consolidated financial statements in accordance with art. 81 ter of Consob Resolution no. 11971 of 14 May 1999 as subsequently amended

The undersigned Roberto Selci, as Chairman, and Cristian Berardi, as Manager in charge of financial reporting of Biesse S.p.A, state, taking into account the provisions of art. 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998:

- the adequacy in relation to the characteristics of the business and
- the effective application of the administrative and accounting procedures for preparation of condensed interim consolidated financial statements as at and for the first six month ended 2013.

The assessment of the adequacy of administrative and accounting procedures for the preparation of condensed interim consolidated financial statements at 30 June 2013 is based on a process established by Biesse consistent with the Internal Control – Integrated framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission, which is an internationally accepted reference framework.

They also state that:

- a) the condensed interim consolidated financial statements:
- have been drawn up in compliance with the international financial reporting standards applicable and endorsed by the European Commission pursuant to Resolution (EC) no. 1606/2002 of the European Parliament and the Council of 19 July 2002 and, in particular, with IAS 34 – Interim Financial Reporting – and also with the measures enacted to implement Article 9 of Italian Legislative Decree no. 38/2005;
 - correspond to the accounting ledgers and records;
 - provide, as far as is known, a true and fair view of the financial position, results of operations and cash flows of the issuer and of the group of companies included in consolidation scope;
- b) the directors' report contains references to the significant events that occurred in the reporting period and to their impact on the condensed interim consolidated financial statements, together with a summary description of the main risks and uncertainties for the remaining six months of the year, as well as information on any material transactions undertaken with related parties.

Pesaro, 8 August 2013

Chairman and Chief Executive Officer
Roberto Selci

Manager in charge of financial reporting
Cristian Berardi



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

Auditors' report on review of condensed interim consolidated financial statements

To the shareholders of
 Biesse S.p.A.

- 1 We have reviewed the condensed interim consolidated financial statements of the Biesse Group as at and for the six months ended 30 June 2013, comprising the income statement, statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and notes thereto. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to prepare this report based on our review.
- 2 We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. The review consisted primarily of the collection of information about the captions of the condensed interim consolidated financial statements and the consistency of application of the accounting policies through discussions with company directors and analytical procedures applied to the financial data presented in such condensed interim consolidated financial statements. The review excluded such audit procedures as tests of controls and substantive procedures on assets and liabilities and is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. As a consequence, contrary to our report on the annual consolidated financial statements, we do not express an audit opinion on the condensed interim consolidated financial statements.

The condensed interim consolidated financial statements present the prior year corresponding figures for comparative purposes. As disclosed in the notes, the parent's directors restated some of the corresponding figures included in the prior year annual and condensed interim consolidated financial statements. We respectively audited and reviewed such annual and condensed interim consolidated financial statements and issued our reports thereon on 28 March 2013 and 6 August 2012. We have examined the methods used to restate the prior year corresponding figures and related disclosures for the purposes of preparing this report.

- 3 Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Biesse Group as at and for the six months ended 30 June 2013 have not been prepared, in all material respects, in

conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Ancona, 9 August 2013

KPMG S.p.A.

(signed on the original)

Luca Ferranti
 Director

Ancona Asolo Bari Bergamo
 Bologna Bolzano Brescia Cagliari

LAZIO MILANO NAPOLI NOVARA
 Padova Palermo Parma Perugia
 Pescara Roma Torino Treviso
 Trieste Udine Varese Verona

Società per azioni
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KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.



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