Quarterly Report

at 30 September 2014

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Summary

Biesse s.p.a.
Quarterly report at 30 September 2014

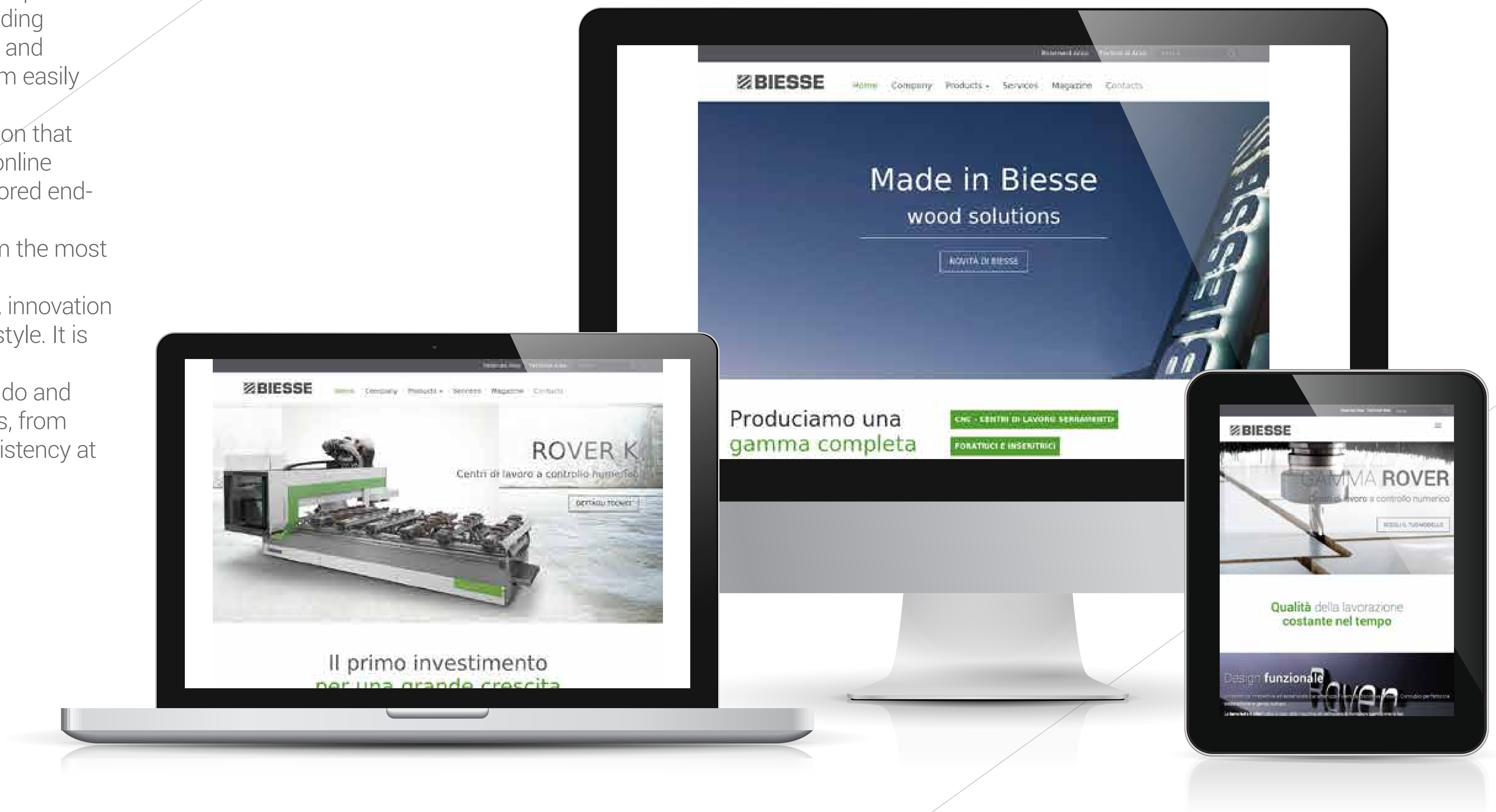
BIESSEGROUP

BIESSE / **INTERMAC** / **DIAMUT** / MECHATRONICS

In /	1 industrial group, 4 business areas and 8 production sites
How /	around € 14 million p/y (real) in R&D and more than 200 patents registered
Where /	30 branches and 300 agents/selected dealers
With /	customers in 120 countries: manufacturers of furniture, design items and door/window frames, producers of elements for the building, nautical and aerospace industries
We /	more than 2800 employees all over the world

The new biesse websites

Biesse Group has reorganized its digital presence on the web through the development and release of the new corporate and Biesse website for worldwide, Italian and Russian markets
The new websites present the new group image, triggered by the recent re-branding which reorganized the group's brands and product families, in order to make them easily recognizable.
The image of technology and innovation that distinguishes Biesse is reflected into online identity through a modern design, tailored end-user.
We started to rething our website from the most important thing: our products.
We want to communicate technology, innovation and quality using a simple and clean style. It is our mission.
We follow this route in every thing we do and promote, from brochures to invitations, from advertising to the web. Ensuring consistency at all levels.

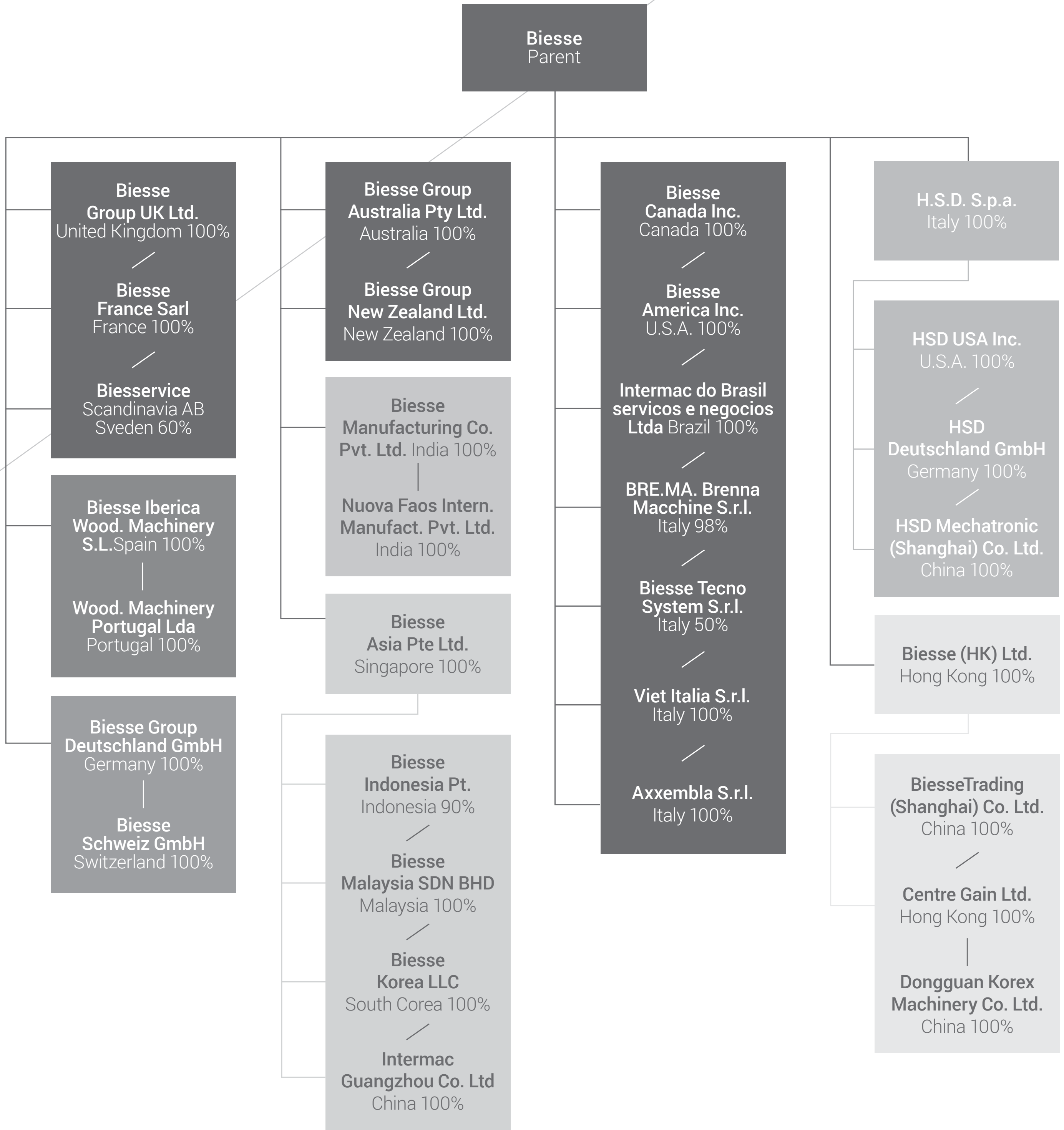


http://www.biessegroup.com

http://www.biesse.com

Group structure

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



Notes to the consolidated financial statements

The Biesse Group's consolidated quarterly report at 30 September 2014, unaudited, has been prepared pursuant to Article 154-ter, paragraph 2 of the Consolidated Law on Finance and in accordance with the Consob Issuers' Regulations. It also complies with the recognition and measurement criteria established by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB).

Accounting standards and measurement criteria are consistent with those of the 2013 Annual Report, to which reference should be made. Furthermore, it should be noted that:

- the quarterly financial statements have been prepared under the discrete method, taking the reference period as a separate period. In this respect, the quarterly 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 September 2014, adjusted, where necessary, to align them with Group accounting standards and policies;
- some of the economic information contained in this report presents interim profitability indicators such as gross operating profit (EBITDA). This indicator is considered by management to be an important parameter for measuring and assessing the Group's operational performance, in that it is not affected by the various methodologies adopted to determine taxable income, by the amount and features of capital employed, or by depreciation and amortisation policies. We should point out, however, that this indicator is not identified as an accounting measure for IFRS purposes, meaning that the criterion used to determine taxable income might not be consistent with what is reported by other groups or companies;
- with a view to making the data presented in this report as understandable and comparable as possible, the effects of non-recurring items and events have been isolated and shown on a separate line of the income statement.

Compared with the annual report for the year ended 31 December 2013, the consolidation scope underwent the following changes:

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

- Axxemblea S.r.l is now included in the scope of consolidation. The company was established on 27 March 2014, with the purpose of producing mechanical components for the Wood Division by leasing the relevant business unit from the company Asservice S.r.l. because the latter was no longer able of maintaining the necessary Biesse Group's production levels. The lease agreement for the business unit will last 5 years and provide for an annual expense of € 40 thousand.

It should also be noted that Viet Italia S.r.l. is a special purpose entity 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 submitted to the relevant stakeholders albeit subject to resolutory condition should the transfer of the company to the Biesse Group have not occurred within 90 days from entitlement to the arrangement with creditors. On 1 July 2014, the hearing was held which approved the arrangement with creditors. The signing of the contract is currently awaited in order to make the irrevocable purchase offer for the business unit following the implementation of the necessary procedures by the Court. 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.); therefore, when entering into the aforementioned contract the company will be consolidated on a line-by-line basis.

Company office holders

Board of Directors

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

Board of Statutory Auditors

Chairman	Giovanni Ciurlo
Standing Statutory Auditor	Claudio Sanchioni
Standing Statutory Auditor	Riccardo Pierpaoli
Alternative Statutory Auditor	Cristina Amadori
Alternative Statutory Auditor	Silvia Cecchini

Internal Control and Risk Management Committee – Remuneration Committee

Leone Sibani
Giampaolo Garattoni
Salvatore Giordano

Supervisory Body

Leone Sibani
Giampaolo Garattoni
Salvatore Giordano
Elena Grassetti

Independent Auditors

KPMG S.p.A.





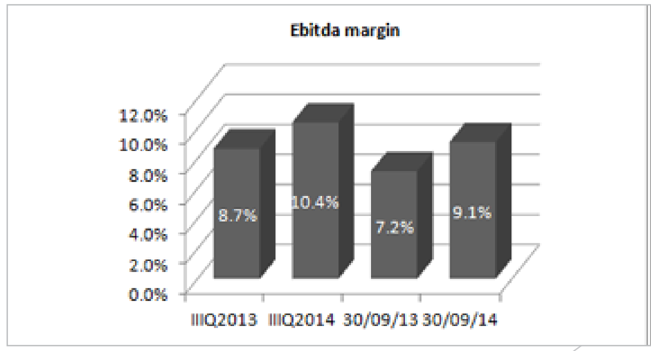


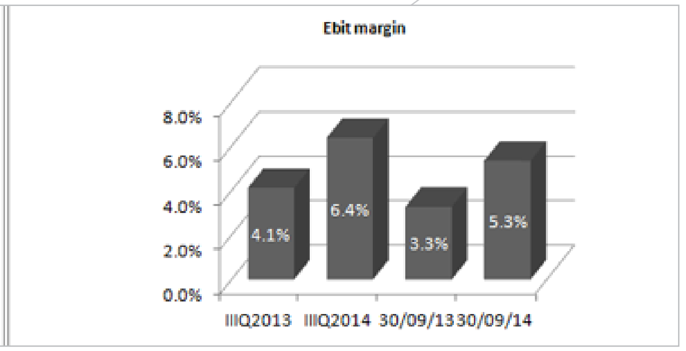

Financial highlights

Income Statement

	30 September 2014	% on sales	30 September 2013	% on sales	Change %
Euro 000's					
Revenue from sales and services	302,707	100.0%	268,501	100.0%	12.7%
Added value (1)	120,385	39.8%	103,024	38.4%	16.9%
EBITDA (Gross operating profit) (1)	27,540	9.1%	19,225	7.2%	43.3%
Normalised EBIT (Normalised operating profit) (1)	16,596	5.5%	8,551	3.2%	94.1%
EBIT (Operating profit) (1)	16,168	5.3%	8,784	3.3%	84.1%
Profit for the period	6,665	2.2%	1,973	0.7%	-

	III Q 2014	% on sales	III Q 2013	% on sales	Change %
Euro 000's					
Revenue from sales and services	101,581	100.0%	88,250	100.0%	15.1%
Added value (1)	40,545	39.9%	33,650	38.1%	20.5%
EBITDA (Gross operating profit) (1)	10,579	10.4%	7,650	8.7%	38.3%
Normalised EBIT (Normalised operating profit) (1)	6,729	6.6%	3,616	4.1%	86.1%
EBIT (Operating profit) (1)	6,469	6.4%	3,636	4.1%	77.9%
Profit for the period	2,728	2.7%	811	0.9%	-

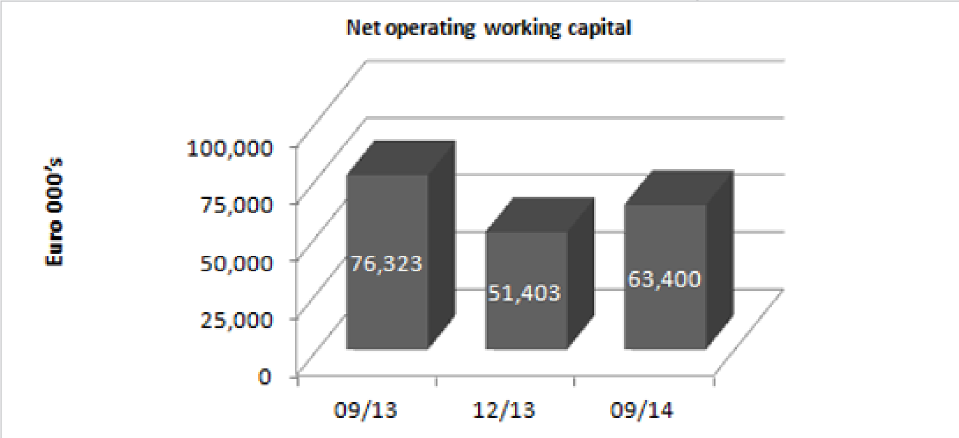




Statement of Financial Position

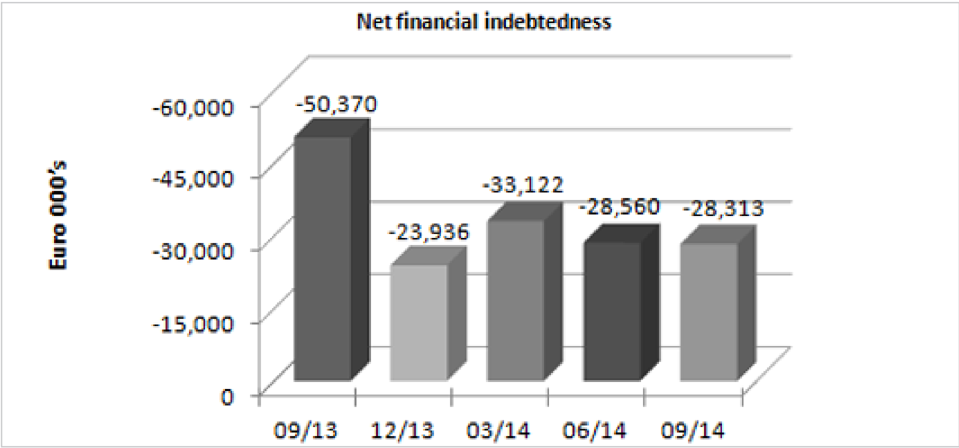
	30 September 2014	31 December 2013	30 September 2013
Euro 000's			
Net Invested Capital (1)	145,474	137,030	159,719
Equity	117,160	113,094	109,349
Net financial indebtedness (1)	28,313	23,936	50,370
Net operating working capital (1)	63,400	51,403	76,323
Gearing (net financial position/equity)	0.24	0.21	0.46
Fixed asset/standing capital ratio	0.96	0.96	0.97

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



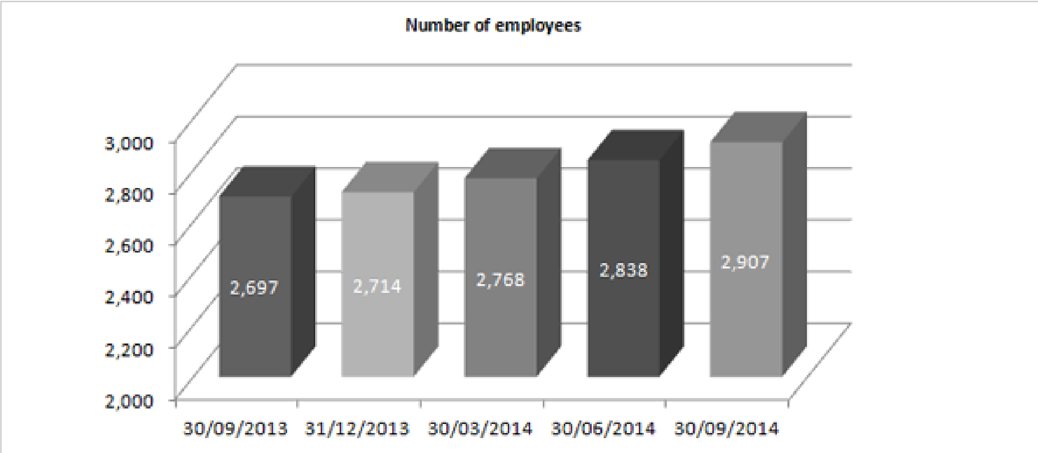
Cash flow

	30 September 2014	30 September 2013
Euro 000's		
EBITDA (Gross operating profit)	27,540	19,225
Change in net working capital	(11,765)	4,679
Change in other operating assets/liabilities	1,572	(9,476)
Operating cash flow	**17,347**	**14,428**
Cash flow used in investment activity	(16,657)	(8,665)
Cash flow	**690**	**5,763**
Dividends paid	(4,879)	-
Treasury shares sold	479	-
Exchange rate gains (losses)	(668)	54
Change in net financial indebtedness	**(4,378)**	**5,818**



Personnel

	30 September 2014	30 September 2013
Number of employees at period end	2,907	2,697



The figures include temporary staff.

General Economic Overview

World ecomonic trend

The world economy is experiencing a gradual, if fragile and uneven, recovery. After a weak first half of 2014, global GDP growth should gain momentum in the second half of the year.

Developed economies should increasingly benefit from accommodating monetary policies, easing fiscal constraints, and budget consolidation in the private sector. This should prop up foreign demand from emerging countries, where structural obstacles and geopolitical uncertainty are stifling growth. Although the international repercussions of the Ukraine crisis have been limited so far, the relevant risks are on the rise. A spiralling conflict and tougher sanctions could broadly affect the world economy in terms of trade, financial flows and confidence.

The most recent confidence indicators point to steady global growth in the third quarter, albeit with growing divergence between countries. The global Purchasing Managers' Index (PMI), excluding the Eurozone, edged down to 55.8 in August, confirming the strong readings for June and July thanks to robust economic activity in the services sector. Meanwhile, the most recent global manufacturing PMI survey, excluding the Eurozone, dipped slightly in September, although it remained above the historical average. On a quarterly basis, global manufacturing GDP growth was essentially stable in the third quarter compared to the prior period.

World trade growth, after faltering somewhat in the second quarter, showed signs of recovery in the third quarter. Risks concerning global growth prospects continue to be generally limited. Mounting geopolitical risks and trends on international financial markets as well as in emerging countries could negatively affect economic conditions.

United States

In the United States, economic activity is steadily recovering. After contracting in the first quarter of 2014 due to harsh weather, GDP rebounded strongly.

Based on the Bureau of Economic Analysis's third estimate, real GDP, after falling 2.1 percent on an annual basis (0.5 from the prior period), in the first quarter climbed 4.6 percent (1.1 from the prior period), at higher levels than previously estimated.

In the second quarter, business activity picked up mainly because the temporary factors that had curbed growth in the previous period, such as the build-up of inventories and exports, disappeared. Furthermore, consumer spending and private fixed investments helped the economy. On the other hand, the contribution from net exports was negative, albeit to a lesser extent than in the first quarter.

High-frequency indicators point to sustained economic growth for the third quarter of 2014. Expectations for consumer spending are positive, against the backdrop of strong car and retail sales in August as well as growing consumer confidence. Over the long term, the recovery in the United States is expected to gain momentum, supported by steadily improving labour and housing markets, accommodating financial conditions, and the end of problems associated with household debt reduction and fiscal consolidation.

Japan

In Japan, the second preliminary estimate of national accounts for the second quarter of 2014 confirmed that economic activity fell sharply following the VAT hike in April, which caused consumers to bring forward spending in the previous quarter. The result was a substantial reversal of previous gains.

Real GDP contracted by 1.8 percent compared to the previous quarter on a seasonally adjusted basis, after expanding by 1.5 percent in the first quarter of the year. The downward revision from the original estimate was largely due to slowing domestic demand (net of inventories)—especially concerning private investments in industries other than residential housing—that was only partially offset by growing inventories.

After a weak second quarter, the most recent monthly indicators point to a fairly moderate recovery. In July and August, private spending and industrial production were substantially muted and below the levels registered in early 2014.

Most indicators show that confidence is waning: the manufacturing PMI fell slightly from 52.2 in August to 51.7 in September.

United Kingdom

In the United Kingdom, expectations are for the strong economic performance registered in the first half of 2014 to continue into the third quarter. Based on the second GDP estimate, real quarterly GDP growth edged up from 0.7 percent in the first quarter to 0.9 percent in the second quarter, driven by domestic demand and especially by private investments and spending.

The labour market continued to improve: in the three months to July, the unemployment rate dropped to 6.2 percent, the lowest level in five years. GDP surveys for the third quarter confirm robust economic growth, with strong performance across all sectors, and especially in the services industry. However, business surveys point to a potential slowdown in the final quarter.

The necessary budget consolidation in the public and private sector and weak foreign demand represent the main risks to the downside.

China

Economic growth in China reportedly slowed down due to a weak housing market. Investments in residential housing fell sharply from the beginning of the year due to low housing sales, with consumers anticipating further price cuts as property developers try to pare down high inventories.

Nonetheless, robust public infrastructure spending arguably averted a steeper drop in investments, while retail sales proved resilient. Economic growth was propped up also by strong exports, especially to emerging markets in Asia, the United States and the Eurozone; the trade surplus reached record highs in July and August.

Government officials maintained that China is on a path to slower but more sustainable growth, and that therefore economic forecasts should be adjusted accordingly and market expectations for further stimulus measures scaled down.

Eurozone

In the Eurozone, the recovery lost momentum. While investments slowed down, consumption remained steady and foreign demand returned to growth. Inflation continues to soften and prices are increasingly likely to fall further. In September, the European Central Bank's Governing Council eased monetary policy, slashing official interest rates and adopting fresh unconventional measures aimed at stimulating lending and expanding the ECB's balance sheet.

In the second quarter, business activity in the Eurozone substantially stagnated (up 0.1 percent from the previous period). Foreign trade gave a slightly positive contribution to GDP growth, whereas domestic demand was muted, as investments fell (-0.9 percent), consumption rose (0.3 percent), and inventories remained flat. GDP slumped in both Germany and Italy (-0.2 percent from the previous quarter) and stagnated in France, while Spain and the Netherlands posted growth.

The most recent indicators point to limited economic growth for the third quarter. In September, the Bank of Italy's indicator (which estimates underlying GDP growth for the Eurozone) fell for the third consecutive month to the lowest level in a year. Business confidence is deteriorating: the Eurozone's PMI was down in August and September, staying just above the level indicating an expansion.

Italy

After stabilising in the second half of 2013, Italy's economy slumped once again in the spring due to falling investments. In the third quarter, GDP reportedly contracted again. While household spending somewhat increased, capital is building up due to mounting uncertainty concerning demand and the persistent glut of unused capacity. Weak economic performance is weighing on inflation, which was slightly negative in August and September.

According to new quarterly figures based on the new European System of Accounts (ESA 2010), in the second quarter of 2014 Italy's GDP was down 0.2 from the previous period; the slump in economic activity, reflected also in the previous estimate and not anticipated by the main indicators, concerned all major industries.

Domestic demand fell slightly, as the drop in investments and inventories was only partially offset by a modest rise in consumption. The contraction in investments (-0.9 percent compared to the previous period) was especially significant in the construction industry (-1.1 percent). The positive contribution of net exports was the result of foreign sales growing at a moderately faster pace than imports (1.1 and 0.8 percent, respectively).

According to the most recent indicators, in the third quarter GDP faltered again, as signalled by the slowdown in industrial production. The outlook for external demand has become more uncertain, due to mounting geopolitical tensions. After improving since late last year, household and business confidence stalled in the summer.

Consumer inflation (as measured by the harmonised index of consumer prices, HICP) was negative in both August and September (-0.2 and -0.1 percent year-on-year, respectively). Stripping out the most volatile components such as food and energy prices, inflation was positive, but down nonetheless, and reached a historic low in August.

Business sector review

Ucimu – Sistemi per produrre

In the third quarter of 2014, the machine tools order index, prepared by the Business Culture and Research Centre of UCIMU-SISTEMI PER PRODURRE, recorded a 7.8% increase on the prior-year period. In absolute terms, the index was equal to 86.7, much lower than the average (=100) considering 2010 as the reference year. Overall performance was influenced by the positive contribution from both foreign and Italian manufacturers.
In particular, the foreign order index grew by 5.3%, compared to the 2013 July-September period, standing at 102.8 in absolute terms. The domestic order index increased by 19.1% compared to the prior-year period, positively influenced by the New Sabatini Law. In absolute terms it remained at very low levels (33.7).
Luigi Galdabini, the Chairman of UCIMU-SISTEMI PER PRODURRE, stated: "Certainly the increase is encouraging for Italian machine tool manufacturers, considering also that orders have now been growing for four quarters in a row. Although 2014 may represent a turning point for economic growth, we shall remind ourselves that the fledgling recovery is weak and uncertain. Indeed, while business activity has been picking up abroad, it remains subdued in the domestic market, even though it has improved compared to recent years."

The most recent quarterly survey by Acimall, the association of Italian manufacturers of machines and accessories for processing wood and its derivatives, reports a moderate increase in orders.

As a matter of fact, in the third quarter of 2014 domestic order climbed 9.0 percent from the prior-year period. Also foreign sales performed moderate, with orders up 11.8 percent from the period from July to September 2013.

Overall, orders grew by an impressive 11.3 percent. Nonetheless, the increase was is confirmed also by similar results for other segments of the Italian machine tool industry.

The order backlog extended to 2.6 months while prices are estimated to have climbed 1.3 percent from the beginning of the year.

The qualitative survey shows that 25 percent of respondents report performance as positive, 50 percent as stable, and 25 percent as falling.

The business survey indicated that, despite the surge in orders, entrepreneurs still have some concerns, confirming that sentiment is particularly sensitive to international developments, which have been too often worrying. Concerning the domestic market, 15 percent of respondents report activity as slowing, 85 percent as substantially stable, and none of respondents expect that the orders will rise. 45 percent believe that in the near future foreign orders will rise, whereas 50 percent see them as stable and 5 percent expect a fall.

In September 2014, machine tool orders in Germany grew 13 percent compared to the previous year. Indeed, the VDMA (Verband Deutscher Maschinen -und Anlagenbau- German Engineering Federation), representing the various sectors of mechanical engineering, reported a nine percent drop in domestic activity and a 24 percent increase in foreign trade on an annual basis.

On a quarterly basis, less influenced from short-term fluctuations, between July and September 2014 orders grew at a five percent rate compared to the prior-year period. Domestic orders were up one percent, whereas foreign orders climbed 6 percent.

Concerning the outlook for the short-term, the analysts at VDMA expect Germany's production of machine tools and equipment to increase by two percent in 2015. "The uncertainties about future economic developments are high, and the risks are not to be underestimated", comments Ralph Wiechers, the VDMA chief economist. "However, we believe the outlook is positive: deliveries of German machine tools to the United States and China, the two most important export markets for our industry, are already on a growth path. Furthermore, economic activity is accelerating in both developing countries as well as emerging markets", he says.

Financial Statement

Income Statement for the third quarter of 2014

	III Q 2014	% on sales	III Q 2013	% on sales	Change %
Euro 000's					
Revenue from sales and services	**101,581**	**100.0%**	**88,250**	**100.0%**	**15.1%**
Change in inventories, wip, semi-finished and finished goods	(934)	(0.9)%	(3,670)	(4.2)%	(74.6)%
Other revenue	296	0.3%	755	0.9%	(60.8)%
Revenue	**100,943**	**99.4%**	**85,334**	**96.7%**	**18.3%**
Consumption of raw materials, consumables, supplies and goods	(39,740)	(39.1)%	(32,706)	(37.1)%	21.5%
Other operating expense	(20,659)	(20.3)%	(18,979)	(21.5)%	8.8%
Added Value	**40,545**	**39.9%**	**33,650**	**38.1%**	**20.5%**
Personnel expense	(29,966)	(29.5)%	(25,999)	(29.5)%	15.3%
Gross Operating profit	**10,579**	**10.4%**	**7,650**	**8.7%**	**38.3%**
Depreciation and amortisation	(3,280)	(3.2)%	(3,484)	(3.9)%	(5.9)%
Provisions	(569)	(0.6)%	(550)	(0.6)%	3.4%
Normalised Operating profit	**6,729**	**6.6%**	**3,616**	**4.1%**	**86.1%**
Impairment losses and non recurring items	(260)	(0.3)%	20	0.0%	-
Operating profit	**6,469**	**6.4%**	**3,636**	**4.1%**	**77.9%**
Net finance expense	(404)	(0.4)%	(855)	(1.0)%	(52.7)%
Net exchange rate losses	(656)	(0.6)%	(606)	(0.7)%	8.2%
Pre-tax profit	**5,409**	**5.3%**	**2,175**	**2.5%**	**148.7%**
Income taxes	(2,681)	(2.6)%	(1,363)	(1.5)%	96.6%
Profit for the period	**2,728**	**2.7%**	**811**	**0.9%**	**-**

Income Statement at 30 September 2014

	30 September 2014	% on sales	30 September 2013	% on sales	Change %
Euro 000's					
Revenue from sales and services	**302,707**	**100.0%**	**268,501**	**100.0%**	**12.7%**
Change in inventories, wip, semi-finished and finished goods	6,497	2.1%	3,238	1.2%	100.6%
Other revenue	1,037	0.3%	2,130	0.8%	(51.3)%
Revenue	**310,242**	**102.5%**	**273,869**	**102.0%**	**13.3%**
Consumption of raw materials, consumables, supplies and goods	(126,210)	(41.7)%	(111,661)	(41.6)%	13.0%
Other operating expense	(63,647)	(21.0)%	(59,184)	(22.0)%	7.5%
Added Value	**120,385**	**39.8%**	**103,024**	**38.4%**	**16.9%**
Personnel expense	(92,845)	(30.7)%	(83,799)	(31.2)%	10.8%
Gross Operating profit	**27,540**	**9.1%**	**19,225**	**7.2%**	**43.3%**
Depreciation and amortisation	(9,640)	(3.2)%	(9,985)	(3.7)%	(3.5)%
Provisions	(1,304)	(0.4)%	(689)	(0.3)%	89.4%
Normalised Operating profit	**16,596**	**5.5%**	**8,551**	**3.2%**	**94.1%**
Impairment losses and non recurring items	(428)	(0.1)%	234	0.1%	-
Operating profit	**16,168**	**5.3%**	**8,784**	**3.3%**	**84.1%**
Net finance expense	(1,227)	(0.4)%	(2,079)	(0.8)%	(41.0)%
Net exchange rate losses	(1,030)	(0.3)%	(747)	(0.3)%	37.9%
Pre-tax profit	**13,912**	**4.6%**	**5,959**	**2.2%**	**133.5%**
Income taxes	(7,246)	(2.4)%	(3,986)	(1.5)%	81.8%
Profit for the period	**6,665**	**2.2%**	**1,973**	**0.7%**	**-**

Directors' report on operations

At the end of the third quarter of 2014, the Group's position is still positive both in terms of short-term trend (orders received) and results achieved (profitability). As for the financial position, the deterioration in net financial indebtedness by € 4.4 million compared to 31 December 2013 is mainly attributable to expenses not connected to operations: the 2013 dividend distribution totalling € 4.8 million, and non-recurring transactions (such as the acquisition of non-controlling interests in the Chinese Centre Gain group totalling € 3.7 million).

As for the order intake at the end of September 2014, in comparison with the prior-year period, an overall increase of approximately 24.4% was recorded (€ 280 million compared to € 225 million of the same period last year), confirming the positive trend already achieved in the first six months of the year (approximately +27.7% over the same period of 2013).

The positive trend of order intake and the last quarter's sales forecasts underlay the increase in finished and semi-finished product inventories at the end of the period.

As regards the performance for the period, at 30 September 2014 Group revenue amounted to € 302,707 thousand, sharply up compared to the prior-year period (+12.7%). The third quarter's trend is also in line with the positive performance of the period: the Group's revenue amounted to € 101,581 thousand, up 15.1% compared to the prior-year period (€ 88,250 thousand).

In the first nine months of 2014 added value totalled € 120,385 thousand, up 16.9% compared to the same period last year (or up 20.5% with reference to the third quarter only).

EBITDA for the first nine months of 2014 totalled € 27,540 thousand, up by € 8,315 thousand compared with the same period last year (+43.3%). As a percentage of revenue it increased from 7.2% to 9.1%. EBIT improved in the same period as well, increasing by € 7,384 thousand (€ 16,168 thousand in 2014 compared to € 8,784 thousand for the same period in 2013). As a percentage of revenue it increased from 3.3% to 5.3%.

As explained in the following Notes, at the end of the first nine months of 2014 the Wood Division recorded excellent results due to the increase in sales volumes (+14.3%), the different sales mix by distribution channel (increasing importance of its own sales branches) and by product (luxury items with a high technological content). The Mechatronics Division too performed outstandingly, continuing its growth trend in terms of volumes and profits.

It should be noted that the performance of the third quarter 2014 significantly contributed to the aforementioned improvement. In comparison to the third quarter of 2013, EBITDA grew by € 2,929 thousand and EBIT by € 2,833 thousand.

As regards the financial position, net operating working capital rose by around € 12 million compared to 31 December 2013. The increase is mainly attributable to the increase in inventories by approximately € 17.5 million. It should be noted that the company has been building up inventories to support the scheduling of the deliveries planned for the final part of the year, especially as far as the subsidiaries are concerned, also in light of the strong trend in orders. In terms of overall working capital, the impact is partially offset by the approximately € 6 million increase in trade payables, while trade receivables were slightly up (about € 0.5 million).

It should be noted that net operating working capital nonetheless dropped sharply from the prior-year period (falling by nearly € 13 million).

Finally, as at 30 September 2014 Group net indebtedness was approximately € 28.3 million: although growing from 31 December 2013 (due to the above mentioned payments), it improved markedly on 30 September 2013 (down nearly € 22 million, -43.8%) as a result of the positive trend in net operating working capital and significantly improved operating results.

Main events of the period

July 2014

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

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

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

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

August 2014

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

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

October 2014

On 3 October 2014 Biesse took part in the STAR Conference, the event organised by Borsa Italiana in London in order to meet the national and international community.

On 9-11 October, a new edition of Biesse Inside was held at the Group's headquarters in Pesaro. The event offered the opportunity to present the "concept space", i.e. a brand new 5,000 sq m space allowing customers, employees, sales accounts, business partners or institutions to experience technologies, products and processes first-hand in a comprehensive manner. During the event, which attracted an outstanding number of visitors (more than 2,500 from over 40 countries during three days), the Group introduced over 30 technological and software solutions that were met with approval and enthusiasm by customers.
In late October, the Glasstec 2014 exhibition was held in Dusseldorf, Germany. This is the world's most important event for the glass working industry. The Group introduced a number of brand new products at the show (including: the Chevron, the K series, and the new line of pencil edge double edgers).

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

Net revenue of the first nine months of 2014 totalled € 302,707 thousand, up 12.7% compared to 30 September 2013 (net revenue of € 268,501 thousand). This trend was confirmed by the third quarter's positive performance: net revenue amounted to € 101,581 thousand, sharply up (+15.1%) compared to the prior-year period (€ 88,250 thousand).

As regards the breakdown of sales by sector, growth was recorded by all the Divisions compared to the first nine months of 2013. Note should be taken of the result achieved by the Mechatronics Division which saw the biggest rise in percentage terms (+18.4%), with revenue increasing from € 39,606 thousand to € 46,908 thousand. The Wood Division, the leading segment of the Group in terms of volumes (€ 217,921 thousand), rose by 14.3% (with a positive impact on the Components Division, which rose by 15.1%); finally, the Tooling Division grew by 8.3% and the Glass/Marble Division by 6.0%.

The geographical breakdown of sales compared to the prior-year period showed a particularly positive performance for Eastern Europe (+28%), thereby increasing its share of the consolidated turnover (from 18.2% to 20.7%). Western Europe also recorded a good performance (+17.6%), confirming its position as the Group's core market and increasing its share of the consolidated turnover (from 37.4% to 39%). Finally, North America and Asia-Pacific also increased significantly – by 18.8% and 8.3%, respectively. Worthy

Xylexpo Milan, Italy May 2014

Iws Atlanta, Usa August 2014

Awisa Brisbane, Australia August 2014

Marmomacc Verona, Italy September 2014

Intermob Instanbul, Turkey September 2014

of mention is the decrease in the Rest of the World (-32.0% compared with the prior-year period), mainly due to the sharp fall in the South American market.

For further details on sales analysis, reference should be made to the following tables in the Segment reporting section. Inventories of finished and semi-finished products increased by € 6,497 thousand on the year-end results at 31 December 2013 (they increased by € 3,238 thousand at 30 September 2013).

The value of production for the first nine months of 2014 amounted to € 310,242 thousand, increasing by 13.3% compared to September 2013, when it amounted to € 273,869 thousand.

The quarterly analysis shows a decrease in stock production by € 934 thousand (in the third quarter of 2013 the change in inventories of finished and semi-finished products was negative to the tune of € 3,670 thousand); therefore, the overall value of production increased by € 15,609 thousand (+18.3%) compared with the same period in 2013.

The analysis of the percentage impact of consumptions and other operating expenses – calculated on the value of production, instead of on revenue – shows a slightly lower adsorption of raw materials (40.7% compared to 40.8% at 30 September 2013).

Other operating expense fell from 21.6% to 20.5%. In absolute terms they increased by € 4,463 thousand (+7.5%), mainly due to service costs (€ 3,725 thousand). More in detail, this change is attributable to both "variable" cost items (for example: outsourced processing, third party technical services, sales commissions and transport fees) and to "fixed" cost items (travel and lodging expenses, trade fairs and maintenance).

	30 September 2014	%	30 September 2013	%
Euro 000's				
Revenue	**310,242**	**100.0%**	**273,869**	**100.0%**
Consumption of raw materials and goods	126,210	40.7%	111,661	40.8%
Other operating expense	63,647	20.5%	59,184	21.6%
Service costs	54,329	17.5%	50,604	18.5%
Use of third party assets	5,590	1.8%	5,369	2.0%
Sundry operating expense	3,727	1.2%	3,211	1.2%
Added value	**120,385**	**38.8%**	**103,024**	**37.6%**

In the first nine months of 2014 added value totalled € 120,385 thousand, up by 16.9% compared to the same period last year (€ 103,024 thousand). As a percentage of revenue it improved from 38.4% to 39.8%.

In the first nine months of 2014, personnel expense amounted to € 92,845 thousand, up by € 9,046 thousand (+10.8%) compared to the same period last year (€ 83,799 thousand). The increase was mainly due to the fixed component of wages and salaries (+€ 8,352 thousand, or +10.4%, on the same period in 2013), largely as a result of the expansion of the sales network, in particular as far as branches are concerned. It should also be noted that the Group decided to stop using state-backed temporary lay-off schemes starting from September.

The increase in personnel expense was partly due to the increase in the bonus remuneration variable component (+ € 1,742 thousand, or +41.3%, on the prior-year period) following the one-off reduction agreed to last year. Finally, the overall increase in the item was partly offset by higher R&D capitalisation (+1,296 thousand, or +28.2%).

At 30 September 2014 EBITDA was positive at € 27,540 thousand while at 30 September 2013 it amounted to € 19,225 thousand. EBITDA in the third quarter of 2014 was positive at € 10,579 thousand, improving on the same period of last year, when it totalled € 7,650 thousand.

Depreciation and amortization decreased by 3.5% overall (from € 9,985 thousand in 2013 to € 9,640 thousand in the current year): the change is mainly attributable to the € 369 thousand decrease in property, plant and equipment (from 4,712 thousand to € 4,344 thousand, down 7.8%). The share related to intangible assets reported a slight increase of € 23 thousand (from € 5,273 thousand to € 5,296 thousand).

Provisions totalled € 1,304 thousand, up on the first nine months of 2013 (€ 689 thousand), mainly due to the adjustment to the allowance for impairment (€ 572 thousand) and the product warranty provision (€ 386 thousand).

Impairment losses and non-recurring items were negative to the tune of € 428 thousand and refer to development costs no longer considered strategic.

As for financing activities, expense amounted to € 1,227 thousand, sharply decreasing compared to 2013 (€ 2,079 thousand, -41.0%), in line with the improvement in debt compared to the previous year.

Exchange risk management in these first nine months resulted in a loss of € 1,030 thousand, deteriorating compared to the same period last year (loss of € 747 thousand).

Pre-tax profit amounted to € 13,912 thousand.

The estimated balance of tax items was negative at € 7,246 thousand. The impact relating to current taxes was negative at € 4,866 thousand (IRAP – regional business tax: € 2,465 thousand; IRES, i.e. the corporate income tax: € 693 thousand; taxes from foreign jurisdictions: € 1,230 thousand; previous-year taxes: € 428 thousand; other taxes: € 51 thousand). The impact relating to deferred taxes was negative at € 2,379 thousand.

Therefore, profit for the first nine months of 2014 amounted to € 6,665 thousand.

Net financial position at 30 September 2014

	30 September 2014	30 June 2014	31 March 2014	31 December 2013	30 September 2013
Euro 000's					
Financial assets:	29,913	29,359	27,975	36,099	24,605
Current financial assets	1,095	1,044	1,039	949	949
Cash and cash equivalents	28,818	28,315	26,936	35,151	23,657
Short term finance lease payables	(297)	(293)	(452)	(285)	(281)
Short term bank loans and borrowings and loans from other financial backers	(29,673)	(28,816)	(41,587)	(44,599)	(50,226)
Short-Term Net Financial Position	**(58)**	**250**	**(14,065)**	**(8,785)**	**(25,902)**
Medium/Long-term finance lease payables	(1,736)	(1,812)	(2,121)	(1,960)	(2,033)
Medium/Long-term bank loans and borrowings	(26,520)	(26,998)	(16,936)	(13,191)	(22,435)
Medium/Long-term Net Financial Indebtedness	**(28,256)**	**(28,810)**	**(19,057)**	**(15,151)**	**(24,468)**
Total Net Financial Indebtedness	**(28,313)**	**(28,560)**	**(33,122)**	**(23,936)**	**(50,370)**

At 30 September 2014, the Group's net financial indebtedness was € 28.3 million (gearing = 0.24). It deteriorated compared with 31 December 2013 (+ € 4.4 million, or +18.4%) but showed an improvement compared to the previous quarters of 2014 and to the prior-year period. Specifically:

- - € 0.2 million compared to 30 June 2014;
- - € 4.8 million compared to 31 March 2014;
- - € 22 million compared to 30 September 2013.

The figures at 30 September 2014 were impacted by the payment of the 2013 dividend to shareholders for a total amount of € 4.8 million, and by the expense concerning investments in China for a total amount of € 3.7 million (€ 1.3 million for the last tranche concerning the 2011 acquisition of the Centre Gain Ltd Group and € 2.4 million for the acquisition of a 30% stake in Holding Biesse (HK) Limited).

Finally, net of such expense, the improving trend compared to the previous quarters continued, thus confirming the increased focus on the performance of net operating working capital.

With due prudence regarding the trend of the key market and the international political and economic scenario, in the last months of 2014 the Group foresees a further increase in cash flows from operations, also due to the seasonal business cycle.

Summary Statement of Financial Position

Euro 000's	30 September 2014	31 December 2013	30 September 2013
Intangible assets	51,195	47,899	47,699
Property, plant and equipment	61,759	61,086	57,980
Financial assets	1,443	973	946
Non current assets	**114,397**	**109,958**	**106,625**
Inventories	103,762	86,273	93,550
Trade receivables	76,758	76,231	83,859
Trade payables	(117,120)	(111,102)	(101,086)
Net Operating Working Capital	**63,400**	**51,403**	**76,323**
Post-employment benefits	(13,619)	(12,795)	(12,928)
Provision for risk and charges	(9,544)	(8,975)	(10,161)
Other net payables	(20,726)	(16,547)	(16,811)
Net deferred tax assets	11,565	13,987	16,671
Other net liabilities	**(32,324)**	**(24,331)**	**(23,229)**
Net Invested Capital	**145,474**	**137,030**	**159,719**
Share capital	27,393	27,393	27,393
Profit/loss for the previous year/period and other reserves	82,938	79,077	79,768
Profit for the period	6,637	6,435	1,980
Non-controlling interests	193	190	209
Equity	**117,160**	**113,094**	**109,349**
Bank loans and borrowings and loans from other financial backers	58,226	60,035	74,975
Other financial assets	(1,095)	(949)	(949)
Cash and cash equivalents	(28,818)	(35,151)	(23,657)
Net financial indebtedness	**28,313**	**23,936**	**50,370**
Total sources of funding	**145,474**	**137,030**	**159,719**

Compared to December 2013, net intangible assets increased by € 3.3 million due to higher investments (totalling around € 8.6 million, mainly attributable to R&D capitalisation of new products of € 6.7 million and new ICT investments of around € 1.6 million), net of relevant amortisation for the period (around € 5.3 million).

Compared to 31 December 2013, net tangible assets slightly increased by € 0.7 million.

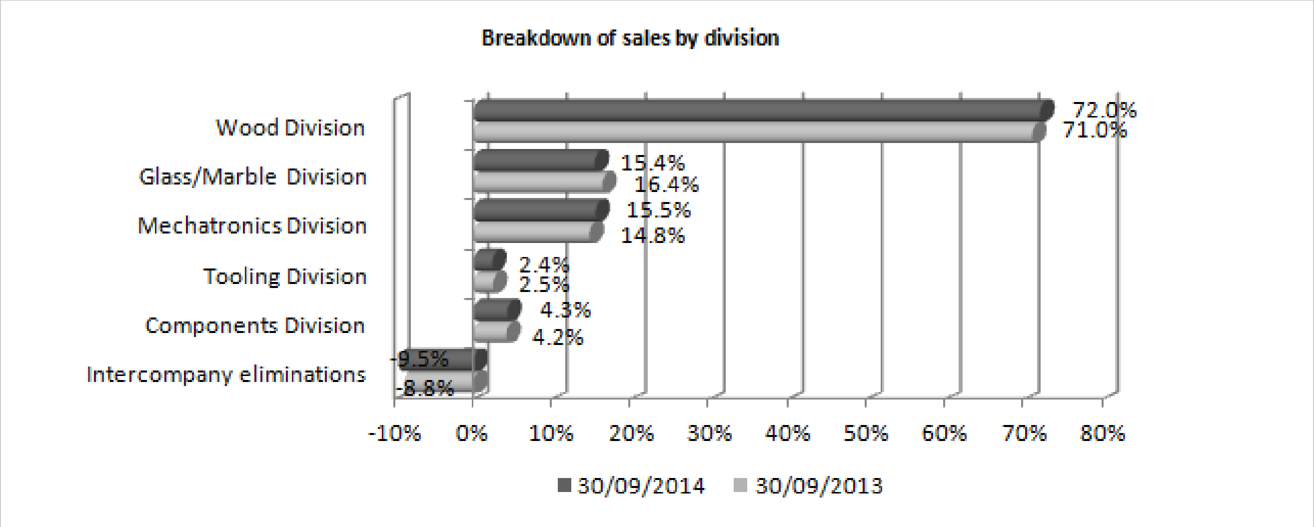
Compared to 31 December 2013, financial assets increased by € 0.5 million mainly due to higher guarantee deposits.

Overall inventories increased by € 17,489 thousand compared to 31 December 2013. This increase was mainly due to the € 9,242 thousand increase in raw materials and the € 6,964 thousand increase in finished products as a result of the need to support the scheduling of the deliveries planned for the last months of the year and in light of the strong trend in orders.
It should also be noted that the increase in inventories was also affected by exchange rate differences to the tune of € 2,779 thousand.

With reference to the other items of net operating working capital, which increased overall by € 11,997 thousand compared to 31 December 2013, worthy of mention is the increase in trade payables by € 6,018 thousand and in trade receivables by € 527 thousand. Lastly, the overall change in net operating working capital was negatively affected by exchange rate differences of € 2,798 thousand.

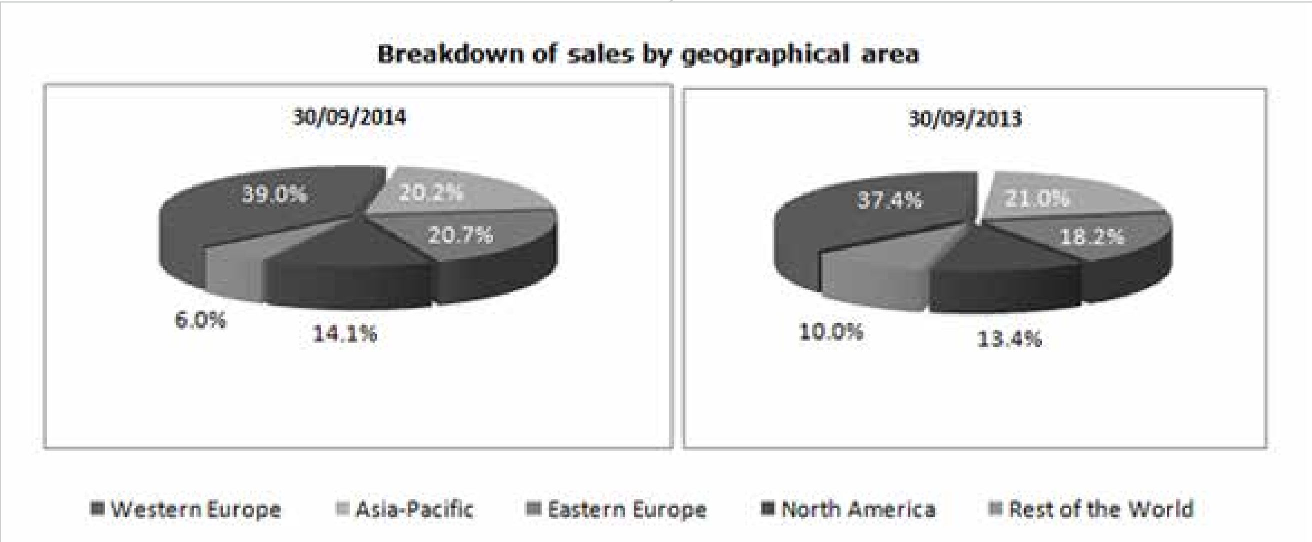
Segment reporting
Breakdown by division

Euro 000's	30 September 2014	%	30 September 2013	%	Var % 2014/2013
Wood Division	217,921	72.0%	190,606	71.0%	14.3%
Glass/Marble Division	46,573	15.4%	43,920	16.4%	6.0%
Mechatronics Division	46,908	15.5%	39,606	14.8%	18.4%
Tooling Division	7,178	2.4%	6,625	2.5%	8.3%
Components Division	13,013	4.3%	11,305	4.2%	15.1%
Intercompany eliminations	(28,885)	(9.5)%	(23,562)	(8.8)%	22.6%
Total	**302,707**	**100.0%**	**268,501**	**100.0%**	**12.7%**



Segment reporting
Breakdown by geographical area

	30 September 2014	%	30 September 2013	%	Var % 2014/2013
Euro 000's					
Western Europe	117,977	39.0%	100,336	37.4%	17.6%
Asia-Pacific	61,091	20.2%	56,392	21.0%	8.3%
Eastern Europe	62,527	20.7%	48,843	18.2%	28.0%
North America	42,798	14.1%	36,016	13.4%	18.8%
Rest of the World	18,314	6.0%	26,913	10.0%	(32.0)%
Total	**302,707**	**100.0%**	**268,501**	**100.0%**	**12.7%**



Pesaro, 14 November 2014

Roberto Selci

The Chairman of the Board of Directors

Annex

	30 September 2014	'% on sales	30 September 2013	'% on sales	Change %
Euro 000's					
Revenue from sales and services	302,707	100.0%	268,501	100.0%	12.7%
Other revenues	1,037	0.3%	2,130	0.8%	(51.3)%
Net Revenues	**303,745**	**100.3%**	**270,631**	**100.8%**	**12.2%**
COGS	(147,257)	(48.6)%	(134,929)	(50.3)%	9.1%
Gross Profit	**156,487**	**51.7%**	**135,702**	**50.5%**	**15.3%**
Overhead	(36,102)	(11.9)%	(32,678)	(12.2)%	10.5%
Added Value	**120,385**	**39.8%**	**103,024**	**38.4%**	**16.9%**
Personnel expense	(92,845)	(30.7)%	(83,799)	(31.2)%	10.8%
Gross Operating Income (EBITDA)	**27,540**	**9.1%**	**19,225**	**7.2%**	**43.3%**
Depreciation and amortisation	(9,640)	(3.2)%	(9,985)	(3.7)%	(3.5)%
Provisions	(1,304)	(0.4)%	(689)	(0.3)%	89.4%
Normalised Operating profit	**16,596**	**5.5%**	**8,551**	**3.2%**	**94.1%**
Impairment losses and non recurring items	(428)	(0.1)%	234	0.1%	-
Net Operating Income (EBIT)	**16,168**	**5.3%**	**8,784**	**3.3%**	**84.1%**
Financial revenues and expenses	(1,227)	(0.4)%	(2,079)	(0.8)%	(41.0)%
Net exchange rate losses	(1,030)	(0.3)%	(747)	(0.3)%	37.9%
Pre-tax profit	**13,912**	**4.6%**	**5,959**	**2.2%**	**133.5%**
Taxes	(7,246)	(2.4)%	(3,986)	(1.5)%	81.8%
Profit for the period	**6,665**	**2.2%**	**1,973**	**0.7%**	**-**

Certification pursuant to Article 154-bis, paragraph 2 of the Consolidated Law on Finance

The Manager charged with preparing the company's financial reports declares that, pursuant to Article 154-bis, paragraph 2 of the Consolidated Law on Finance, the accounting information contained herein corresponds to the results contained in the company's documents and accounting books and records.

Cristian Berardi

Manager charged with preparing the company's financial reports