

Innovation is our
driving force

 **BIESSEGROUP**

Interim Report
at 30 June 2016

Innovation is our driving force



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

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

We innovate to introduce new technology standards to the market.

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

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

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



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Biesse Group



BIESSEGROUP

 **BIESSE**

 **INTERMAC**

 **DIAMUT**

MECHATRONICS

In

1 industrial group, 4 divisions and 8 production sites

How

€ 14 million p/a in R&D and 200 patents registered

Where

34 branches and 300 agents/selected resellers

With

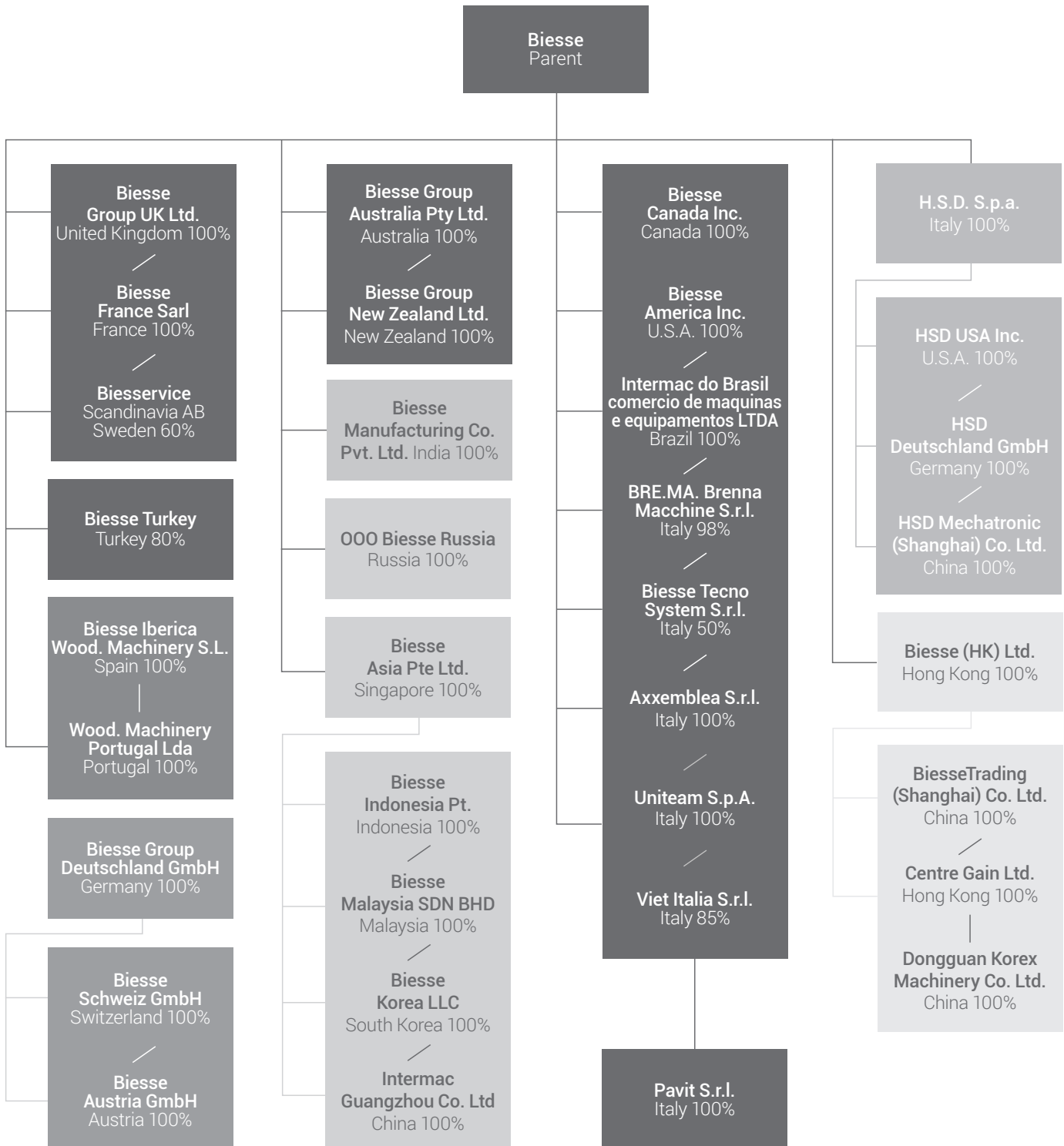
customers in 120 countries: manufacturers of furniture, design items, and door/window frames, producers of components for the building, nautical and aerospace industries

We

3450 employees throughout the world

Group structure

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



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

Compared to the financial statements as at and for the year ended 31 December 2015, the scope of consolidation underwent the following changes:

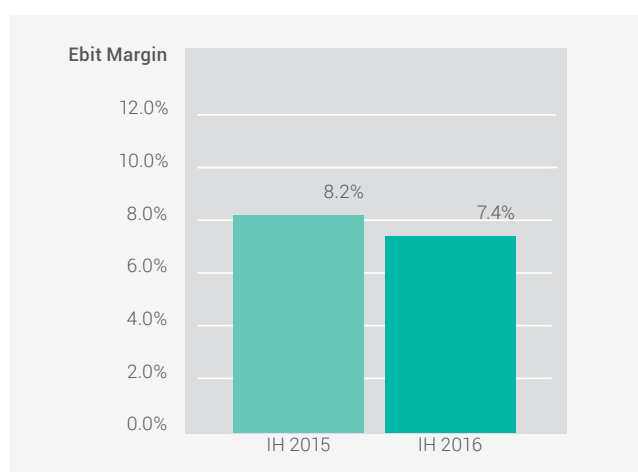
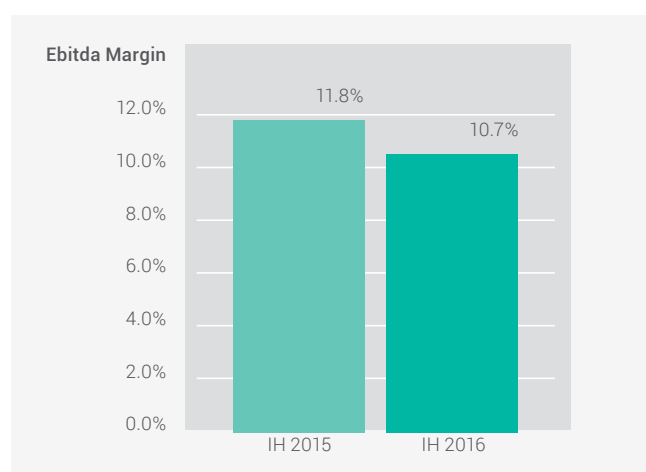
- the setting up of the company OOO Biesse Group Russia 100% owned by Biesse S.p.A., aimed at developing the marketing of products from the Glass/Stone and Tooling Divisions on the Russian market, as well as providing technical assistance with installation and testing and after-sales services. The company was set up on 31 March 2016 and is based in Moscow (share capital of RUB 10 million);

- Uniteam S.p.A. was included in the scope of consolidation on 19 May 2016, as a result of the acquisition of 100% of the shares of the company by Biesse S.p.A. Uniteam S.p.A. is based in Thiene and produces and sells CNC mechanical-cutting machines for the furniture industry, for the processing of solid wood and laminated beams (beams, panels and big structures) and for the processing of composite materials (plastic and aluminium products, special alloys etc.). The share capital amounts to € 390 thousand.

Financial Highlights

	1H 2016	% on sales	1H 2015	% on sales	CHANGE %
<i>Euro 000's</i>					
Revenue from sales and services	283,439	100.0%	245,553	100.0%	15.4%
Added value ⁽¹⁾	116,381	41.1%	101,923	41.5%	14.2%
EBITDA (Gross operating profit) ⁽¹⁾	30,431	10.7%	28,949	11.8%	5.1%
Normalised Ebit (Normalised operating profit) ⁽¹⁾	20,887	7.4%	20,180	8.2%	3.5%
EBIT (Operating profit) ⁽¹⁾	20,864	7.4%	20,180	8.2%	3.4%
Profit for the period	11,934	4.2%	10,500	4.3%	13.7%

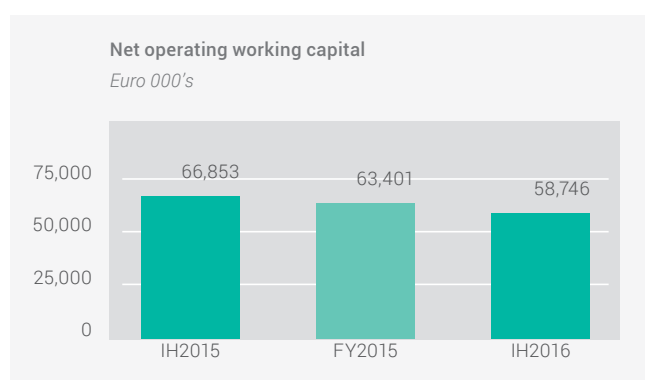
⁽¹⁾ The criteria for determining amounts relating to interim results and aggregate equity and financial data are described in the Directors' Report and the Notes to the Consolidated Financial Statements.



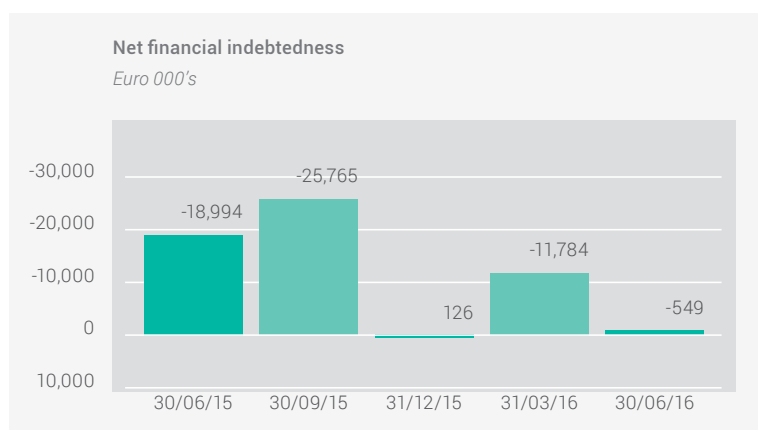
Statement of financial position data and financial ratios

	30 June 2016	31 December 2015	30 June 2015
<i>Euro 000's</i>			
Net Invested Capital ⁽¹⁾	141,734	141,260	151,040
Equity	141,185	141,386	132,046
Net financial indebtedness ⁽¹⁾	549	(126)	18,994
Net operating working capital ⁽¹⁾	58,746	63,401	66,853
Gearing (net financial position/equity)	0.00	(0.00)	0.14
Fixed asset/standing capital ratio	0.96	0.91	0.93

⁽¹⁾ The criteria for determining amounts relating to interim results and aggregate equity and financial data are described in the Directors' Report and the Notes to the Financial Statements.

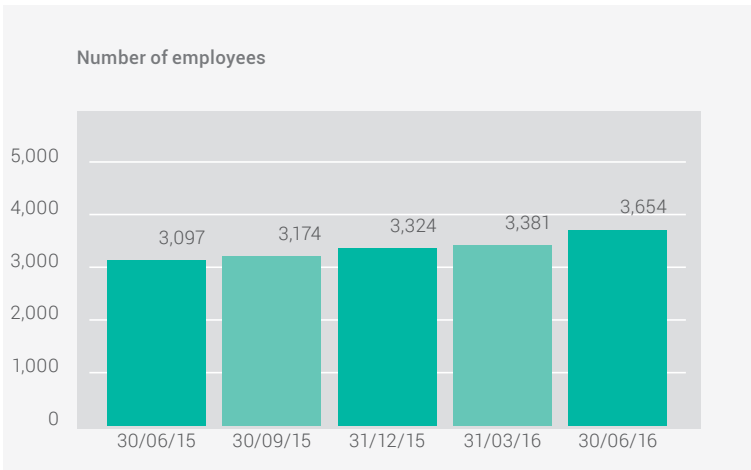


	1H 2016	1H 2015
<i>Euro 000's</i>		
EBITDA (Gross operating profit)	30,431	28,949
Change in net working capital	1,648	(10,903)
Change in other operating assets/liabilities	(7,336)	(8,308)
Operating cash flow	24,743	9,739
Cash flow used in investment activity	(15,566)	(11,453)
Cash flow	9,178	(1,714)
Dividends paid	(9,871)	(9,824)
Sale of treasury shares	-	4,498
Exchange rate gain (losses)	19	(682)
Change in net financial indebtedness	(674)	(7,722)



Personnel

	30 June 2016	30 June 2015
Number of employees at period end	3,654	3,097



* the figure includes temporary staff.

Company Officers

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	Salvatore Giordano
Independent Director	Elisabetta Righini

Board of Statutory Auditors

Chairman	Giovanni Ciurlo
Standing Statutory Auditor	Cristina Amadori
Standing Statutory Auditor	Riccardo Pierpaoli
Alternate Statutory Auditor	Silvia Cecchini
Alternate Statutory Auditor	Nicole Magnifico

Control and Risk Committee - Remuneration Committee - Related-Party Transactions Committee

Salvatore Giordano
Elisabetta Righini

Supervisory Body

Salvatore Giordano
Elisabetta Righini
Domenico Ciccopiedi
Elena Grasseti

Independent Auditors

KPMG S.p.A.



Directors' report



bLab

bSuite



bSolid



bWest



bEdge



bCabinet



bWindows



bProcess

SEG GROUP



General economic overview

The International Business Cycle

The weakness of the global economy is confirmed: forecasts on the trend of the world trade carried out by the main international organisations were still revised downwards. After the outcome of the referendum on the exit of the United Kingdom from the European Union, risks increased; the economic policy authorities confirmed they were ready to counter tensions and to sustain growth.

The result of the referendum of 23 June, in which the votes in favour of the exit of the United Kingdom from the European Union (known as Brexit) prevailed, will deeply affect the relations between these two areas. The outcome of the consultation on Brexit increased the volatility of international financial markets and, although its consequences are difficult to evaluate, increased the risks on global growth prospects, already affected by the weakness of the emerging economies. In the UK, after the referendum, the Governor of the Bank of England estimated that economic prospects deteriorated due to the increased uncertainty and less favourable financial developments.

In the first quarter of 2016 in the United States, economic activity slowed down to 1.1 per cent on an annual basis, due to the slowdown in consumption and the drop in productive investments. In Japan, after the decrease at the end of 2015, GDP expanded more than expected (1.9 per cent), benefiting from the positive contributions of consumption, net exports and public spending. In the United Kingdom, production increased more moderately (1.8 per cent). Available data suggest an acceleration of growth in the second quarter in the United States: the SMEs indicator shows an expansion in the manufacturing sector after a prolonged period of stagnation; consumption grew at a rapid pace in the spring months and employment accelerated in June. In Japan, the SMEs suggests instead a progressive weakening of the manufacturing sector, which was affected by the earthquake last April and by the fall in foreign orders; household spending also declined.

In China, the stimulus measures adopted by the Government and the Central Bank countered the slowdown in economic activity; in the first quarter, GDP growth amounted to 6.7 per cent, supported by public investments; the abundant supply of credit stimulated the recovery of the real estate market. In the second quarter, growth in retail sales continued, while the manufacturing activity and private investments slowed down. In India, after a first quarter in which growth was high (8.0 per cent), economic activity slightly decelerated. In the winter months, recession continued in Brazil (-5.4 per cent), while it decreased in Russia (-1.2 per cent) thanks also to the increase in oil production.

According to the latest OECD forecasts, published in early June before the referendum in the United Kingdom, the global GDP

growth in 2016 will remain at the levels of last year (3 per cent), in line with February estimates. The downward revision for some of the advanced countries was affected by the slowdown observed in the first quarter; among the emerging economies, forecasts remained unchanged for China and India, while they worsened for Brazil and Russia.

Eurozone

In the Eurozone, the cyclical expansion continued in the second quarter, albeit at a moderate pace; consumer price inflation was once again positive in June. A stimulus to growth and to the price trend should come from monetary policy measures already put in place by the ECB; an additional contribution may derive from the impact on the supply of credit of new refinancing operations launched last June.

In the first quarter of 2016, the GDP of the Eurozone accelerated (0.6 per cent compared to the previous period), back above the level recorded before the financial crisis. Domestic demand remains the main driver of the recovery: the further rise in investments is associated with the strengthening of household spending. The Bank of England foreshadows a monetary easing, the Fed a more gradual normalisation. GDP is supported by domestic demand.

Based on preliminary data, after two months being negative, in June, consumer price inflation stood at 0.1 per cent on a twelve-month basis. The underlying inflation remained weak at 0.9 per cent, affected by the still large spare production capacity.

Italy

In Italy, economic activity stepped up, albeit slightly, at the beginning of 2016, driven more by household spending than investments; as in the other major countries in the Eurozone, growth was curbed by foreign trade. GDP continued to expand in the second quarter, but at a more moderate pace. In the first quarter of 2016, GDP rose by 0.3 per cent compared to the autumn months (from 0.2 at the end of 2015); the product, rising for the fifth consecutive quarter, still ranks 8.5 percentage points below the cyclical peak reached in early 2008 (it was lower by almost 10 points at the end of 2014).

After the temporary stagnation observed at the end of last year, the added value in the industrial sector recorded the most pronounced increase since summer 2010.

In the second quarter of 2016, manufacturing activity decreased slightly, while the recovery in services consolidated and there were signs of recovery in the building industry. The business confidence indicators, measured before the referendum on Brexit, remained high as a whole; prospects for investment spending improved. However, the weak and uncertain trend in foreign demand and geopolitical risks continue to curb production.

Operating Segment

Ucimu - Sistemi per produrre

In the second quarter of 2016, the machine tools order index, prepared by the Business Culture and Research Centre of UCIMU-SISTEMI PER PRODURRE, recorded a 6.9% decrease on the prior-year period.

Domestic orders rose a further 5% over the April-June 2015 period, while foreign orders decreased by 10.5%

Massimo Carboniero, new chairman of UCIMU-SISTEMI PER PRODURRE, said: "There are many reasons for which the decline reported by the order index for the second quarter of the year for us builders must not be considered absolutely worrying. First of all, the overall result is due to the negative result on foreign markets that are experiencing a period of concerns. Just think of China, which slowed down significantly its pace of growth, but also of Russia, where the sale of machine tools coming from European markets are heavily penalised by the restrictions imposed by the European Union to the full advantage of Asian competitors".

Acimall

According to Acimall (the Association of Italian manufacturers of woodworking machinery and accessories), the second quarter of 2016 saw the usual divide between domestic and foreign orders. Specifically, international sales were up, even though

only at large companies and those offering high-end products. The customary survey, conducted among a statistical sample representing the entire sector, shows that the Italian woodworking machinery and machine tools industry grew by 21.2% over the prior-year period.

Foreign orders rose by 17.2%, while domestic ones declined by 30.4%.

As for the survey outlining the sector's short-term trend, the indications for the next quarter are generally favourable. The balance is positive for both the international and domestic markets.

VDMA

The Research Department of the German Engineering Association VDMA (Verband Deutscher Maschinen) has dramatically increased the manufacturing indices for the machinery construction industry. The growth rate of June was 6% (compared to the previous year). Domestic orders increased by 3%, those to foreign countries by 7%. The Chief Economist of VDMA Ralph Wiechers declared: "positive order intake in the first half of the year and a steady order backlog guarantee sales and production for the coming months. However, recent political developments, including the BREXIT and the attempted coup d'état in Turkey do keep attention focused on macro-economic data."

Trend In The First Half Of 2016 And Main Events

At the end of the first half of 2016, the Biesse Group confirms the positive trend both in terms of increase in turnover (+15.4% compared to the same period last year), and in terms of development in the short-term of order intake (+16.1% compared to 30 June 2015). The Group's order backlog amounted to approximately € 178.5 million (+27.8% compared to the corresponding prior-year period).

In terms of profitability, the second quarter shows a good performance both in terms of increase in turnover (€ 165.8 million, +24.9% compared to the second quarter of 2015) and in terms of margins (EBITDA stood at € 20.8 million, EBIT was around € 15.5 million, +20% and +23.3%, respectively, compared to the corresponding prior-year period).

The good economic performance allowed during the year a recovery of profitability compared to the first quarter of 2016. However, profitability is not fully in line with all the target items: this is due to the investments in place, to the seasonality of the business, to a different product/market mix more focused on marketed products and on countries with higher competition, and to geo-political events on important markets (Brexit).

As for the financial aspect, there has been a strong improvement compared to the same period last year and a reduction in net working capital.

As far as the performance for the period is concerned, the Biesse Group's revenues for the first half of 2016 amounted to

€ 283,439 thousand, up an impressive 15.4% compared to corresponding prior-year period (€ 245,553 thousand in revenues).

In the first six months of 2016, added value totalled € 116,381 thousand, rising by 14.2% over corresponding prior-year period.

EBITDA for the first half of 2016 totalled € 30,431 thousand, up € 1,482 thousand (+5.1%) compared to the same period last year. EBIT improved in the same period as well, increasing by € 684 thousand (€ 20,864 thousand in 2016 compared to € 20,180 thousand for the same period last year).

As for the financial position, the Net Operating Working Capital decreased by around € 4.7 million compared to December 2015. The decrease was mainly due to the increase in trade payables (+ € 41.4 million) related to the need for increased supply to support production. The decrease of the net working capital is partly offset by the change in inventories (+ € 25.0 million) related to the positive order intake and the resulting need to meet the deliveries scheduled for the coming months of 2016, and by the increase in trade receivables (around € 11.7 million).

Finally, at 30 June 2016 the Group's net financial indebtedness amounted to nearly € 0.5 million, down € 0.7 million from 31 December 2015 due to the changes in net operating working capital. However, it should be noted that it significantly improved by € 18.5 million year-on-year, showing that cash flows held steady.

Main Events

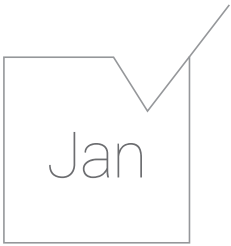


Fairs & Events

 **BIESSE**

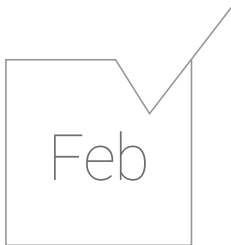
Think4ward

biesse.com



From 18 to 31 January, Biesse Group organised at its own Pesaro Business Centre the Academy weeks during which the different branches of the Group went to the headquarters for training on the new products and on business strategies.





From 2 to 5 February, Biesse Iberica took part in Fimma Valencia with technological solutions developed to meet market demand, with high standards of quality, finish and design that have always characterised the Biesse machines.

From 25 to 29 February, Biesse took part in the ninth edition of Indiawood, enjoying great success among visitors. Nearly 50,000 people from all over the world visited the five-day fair. The Biesse stand hosted for the first time in India a 5-axis machining centre, line edge-banding machines and the revolutionary software package CAD/CAM bSuite confirming Biesse's ability to be close to its customers in the challenge of the fourth industrial revolution.

On 26 February 2016, the Board of Directors of Biesse S.p.A. approved the updating of the business plan for the 2016-2018 period.

Based on the initiatives set out in the above business plan and on the assessment of the international macroeconomic situation, the results expected by the Biesse Group in the next three years are as follows:

- higher consolidated revenue at a CAGR of 10.7% (revenue expected in 2018 above € 704 million) higher Added Value with a three-year CAGR of 11.9% (42.4% record percentage)
- increase in operating profit margins:
- EBITDA with a three-year CAGR of 14.3% (EBITDA margin 13.6% in 2018)
- EBIT with a three-year CAGR of 17.9% (EBIT margin 10.2% in 2018)
- positive free cash flow totalling € 82 million in the 2016-2018 period (free cash flow margin 5.6% in 2018)

“The plan is based on the excellent result of 2015” - commented the Group General Manager Stefano Porcellini – “a year that ends with a record growth in revenue, strongly growing profitability and zeroing of the debt.





From 2 to 4 March, Biesse organised the first Inside Solid Wood in which Italian and foreign customers took part, event entirely dedicated to solid wood in all its processing: from raw to finish. Thanks to Biesse machines, the 3, 4, 5-axis processing techniques of solid wood as well as the most innovative Viet solutions for what concerns the high-quality finishing techniques of solid wood products and components for windows and doors through calibrating, sanding and brushing were shown. This event was accompanied by a workshop dedicated to “bSolid 5-axis Evolved Planning” to show the wide potentials of advanced software entirely developed by Biesse, with a special focus on the 5-axis processing.

From 18 to 20 March, the Intermac open house was held, involving customers from all over the world for the glass, stone and metal sectors. This event evolves and grows from year to year, and it is a major investment for the company that thereby confirms its desire to retain a leadership position in the market.

From 28 to 31 March, the Pazhou Complex in Guangzhou, China hosted the CIFM/Interzum Guangzhou 2016, Asia’s most important trade fair for subcontracting and wood-working machinery. A total of 1,243 companies from across the globe met over a surface area of 140,000 square metres to present their latest innovations, ranging from the raw materials, materials and components for furniture, textiles, padded furniture and wood-working machinery and machines for interior decoration works.

Around 67,000 visitors came from over 140 countries and areas to visit the fair.

On 31 March 2016, the company OOO Biesse Group Russia was established, with registered office in Moscow (share capital of RUB 10 million, 100% owned by Biesse S.p.A.). The company aims to develop the marketing of products from the Glass/Stone and Tooling Divisions on the Russian market, as well as to provide technical assistance with installation and testing and after-sales services. To date, the company is still in a start-up phase and its contribution to the Group’s performance is minimal.



INTERMAC





From 4 to 6 April, Dubai hosted WoodShow, Middle East's largest international fair for the sector dedicated to wood-working technologies. Specialists and operators flocked to Dubai Woodshow from all over the world, making it a well-established B2B meeting place for the wood industry. The 11th edition made for the perfect launchpad for suppliers, manufacturers and companies involved in wood-working, giving them full opportunity to present their products, innovative technologies, production plans and machinery on a large scale. Biesse also chose to present innovative machines and cutting-edge software solutions at the Dubai World Trade Centre, the futuristic site of the fair.

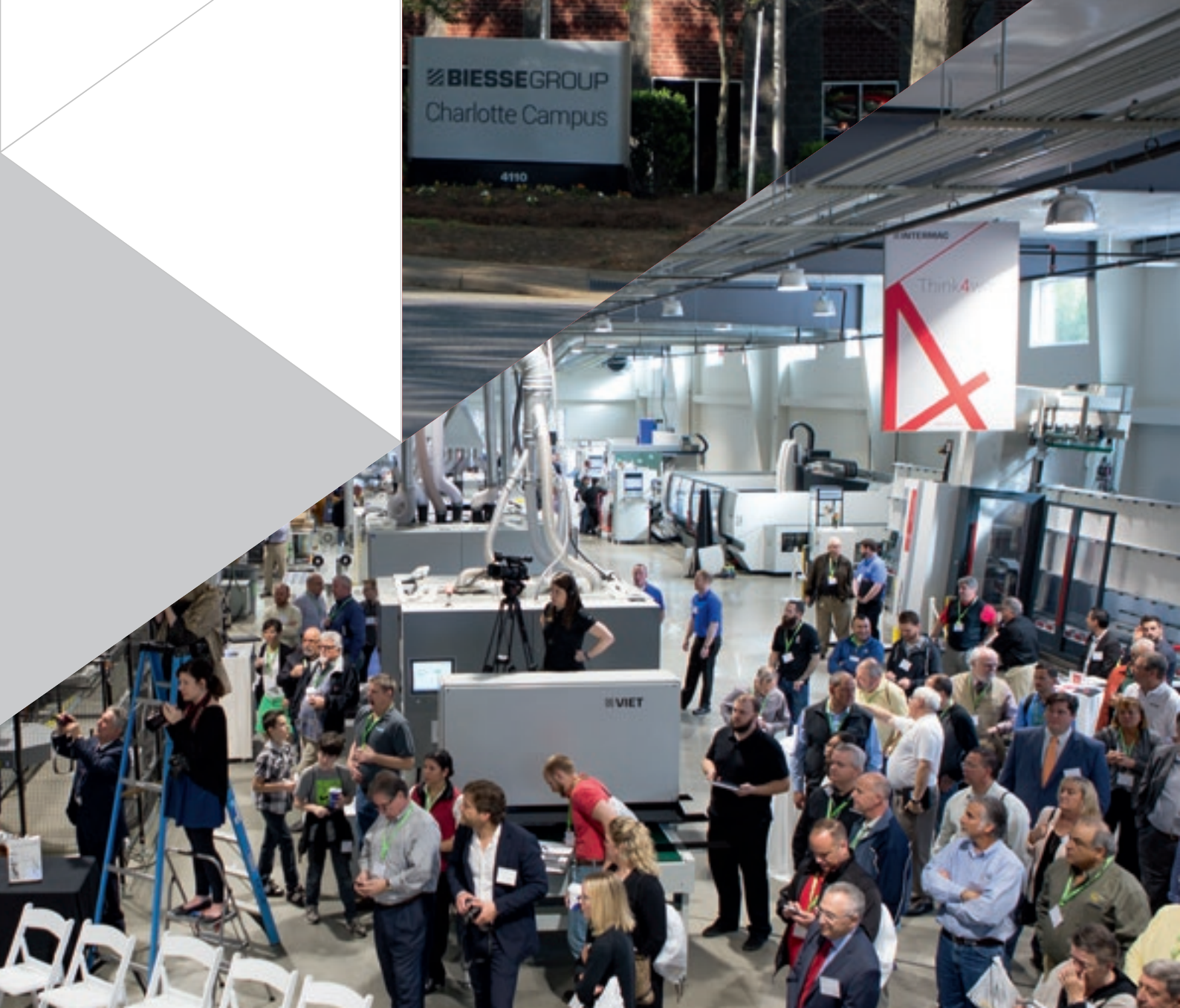
On 6, 7 and 8 April, the new Charlotte showroom was opened. With a special celebration, Charlotte chose to welcome the new "Biesse Group Campus", an area that exceeds 20 thousand square metres, to present the outstanding Biesse and Intermac technology in North America.

With a surface area that stretches out over 7,000 square metres, the new showroom is fully equipped with all the machinery necessary to work with panels, solid wood, plastic, non-ferrous metals, glass and stone, all in a convenient location.

From 12 to 17 April, the Biesse Group took part in the 2016 Milan, Salone del Mobile.

Innovation and internationalization were the watchwords for this 55th edition of the international furniture fair, the world's most important design and furnishings fair held in Milan Rho.

The Biesse Group was amongst the leaders of the Acimall stand, the association for Italian manufacturers of wood processing machines and accessories. The key theme of the Acimall stand was "all this depends on us" showing that behind the scenes of many elements that make Italian design an international hallmark of excellence, is a wood-working machine that can transform brilliant creative ideas into reality on a production level.





Based on the think4ward concept, the company's desire is to support its customers in facing the challenges of the fourth industrial revolution, taking an approach that is oriented to novelties and change, simplifying design and production through unparalleled machines that are easy and convenient to use.

On 29 April 2016, the Ordinary Shareholders' Meeting of Biesse S.p.A. approved in second call the 2015 Separate and Consolidated Financial Statements, both prepared in accordance with IASs/IFRSs, and resolved to distribute a € 0.36 dividend per share in light of the positive results achieved in 2015 (ex-dividend date scheduled for 9 May 2016 – record date 10 May 2016), paying a total of € 9,857,895.12 – excluding treasury shares.



GOOD WORKING
TECHNOLOGY



From 24 to 28 May, the 25th edition of Xylexpo 2016 took place in Milan, a biennial trade show for wood technologies and components for the furniture industry. In the wake of the outstanding results announced last March at the end of the reporting period, Biesse confirms the stability of its growth recording a new record at Xylexpo.

The order commitments recorded by the Group grew by 103% compared to the 2015 edition of the same event; an even more significant figure if translated in € 20.6 million that these sales generated.

During May and June, several one2one events took place in the show room of Biesse Group at Pesaro: meetings on specific technologies such as edge-banding, nesting, panel sizing and, in particular, an event dedicated to Systems, where it was possible to see the operation of a complete line for the production of furniture.

It should be reported that Uniteam S.p.A. was included in the scope of consolidation on 19 May 2016, as a result of the acquisition of 100% of the shares of the company by Biesse S.p.A. Uniteam S.p.A. is based in Thiene and produces and sells CNC mechanical-cutting machines for the furniture industry, for the processing of solid wood and laminated beams (beams, panels and big structures) and for the processing of composite materials (plastic and aluminium products, special alloys etc.). The share capital amounts to € 390 thousand.

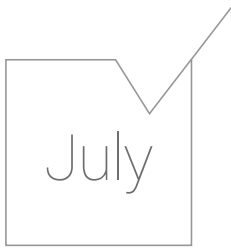






During June, several open house events were held in the foreign branches and in particular, on 24 and 25 June in Dongguan at Biesse China and on 30 June and 1 July at Biesse France. During these events, customers were able to visit the showroom and the branch and see how the Made in Biesse technologies are available anywhere near them.





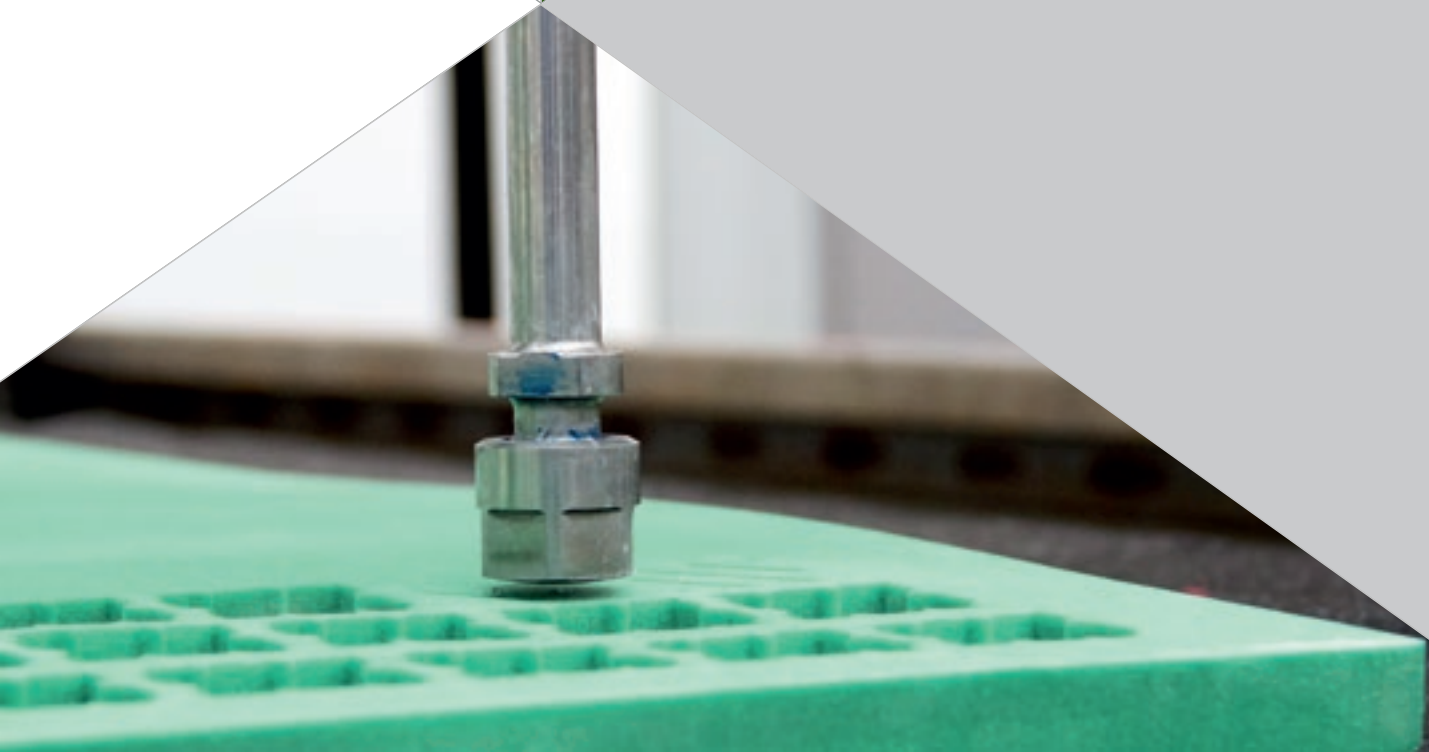
From 6 to 9 July, Melbourne hosted Awisa 2016, the Australian trade fair for furniture industries, woodwork, wood and panels. Biesse recorded another success closing with an order volume of around AUD 10 million. In the 1,200 sq.m of exhibition space at the fair, the Group was able to show to its public over 20 innovative wood, composite materials and stone processing machinery, with visits up 54% compared to the previous edition.

From 20 to 22 July, one2one Plast Range was held at the Biesse showroom of Pesaro: an event totally focusing on the processing of plastics and advanced materials and dedicated to selected customers in order to ensure a deep and direct interaction.

It is worth mentioning that on 24 June 2016 (effective as from 1 July 2016), the merger of Pavit S.r.l. into Viet Italia S.r.l. was signed. This transaction will affect the quarterly consolidated report of 30 September 2016.

BIESSE

CDF
STUDIO



Income statement highlights

Reclassified Income Statement for the six months ended at 30 June 2016

	1H 2016	% of sales	1H 2015	% of sales	CHANGE %
<i>Euro 000's</i>					
Revenue from sales and services	283,439	100.0%	245,553	100.0%	15.4%
Change in inventories, wip, semi-finished and finished goods	15,737	5.6%	16,579	6.8%	(5.1)%
Other revenue	2,222	0.8%	1,979	0.8%	12.3%
Revenue	301,398	106.3%	264,112	107.6%	14.1%
Consumption of raw materials, consumables, supplies and goods	(127,249)	(44.9)%	(110,079)	(44.8)%	15.6%
Other operating expense	(57,768)	(20.4)%	(52,110)	(21.2)%	10.9%
Added Value	116,381	41.1%	101,923	41.5%	14.2%
Personnel expense	(85,949)	(30.3)%	(72,974)	(29.7)%	17.8%
Gross Operating profit	30,431	10.7%	28,949	11.8%	5.1%
Depreciation and amortisation	(8,626)	(3.0)%	(7,770)	(3.2)%	11.0%
Provisions	(918)	(0.3)%	(999)	(0.4)%	(8.1)%
Normalised Operating profit	20,887	7.4%	20,180	8.2%	3.5%
Impairment losses and non recurring items	(23)	(0.0)%	-	-	-
Operating profit	20,864	7.4%	20,180	8.2%	3.4%
Net finance expense	(777)	(0.3)%	(357)	(0.1)%	117.9%
Net exchange rate gain (losses)	913	0.3%	(1,398)	(0.6)%	-
Pre-tax profit/loss	21,000	7.4%	18,425	7.5%	14.0%
Income taxes	(9,066)	(3.2)%	(7,925)	(3.2)%	14.4%
Profit for the period	11,934	4.2%	10,500	4.3%	13.7%

Net revenues for first half of 2016 showed an increase of 15.4% compared to the same period of 2015, rising from € 245,553 thousand to € 283,439 thousand.

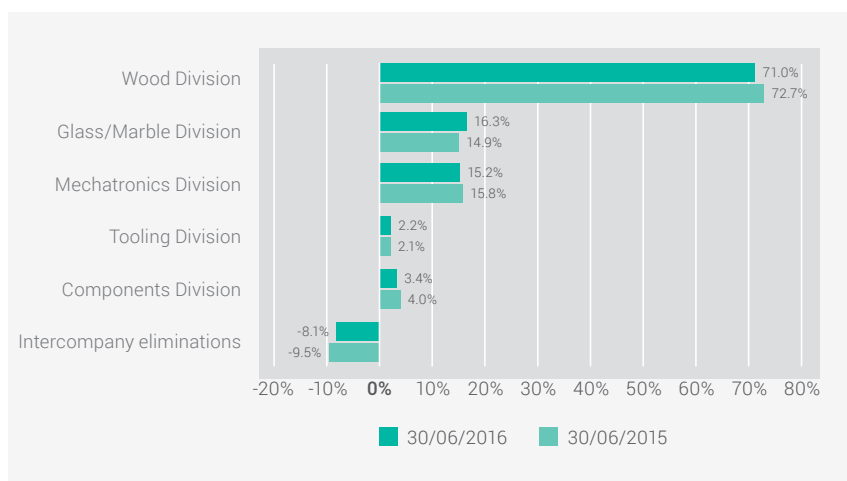
The breakdown of sales by segment shows that all divisions (excluding the components division) grew in the first half. The Wood Division surged from € 178,637 thousand to € 201,263 thousand (+12.7%), confirming its role as the Group's volume driver. Also the Glass/Stone Division made considerable progress, growing by 26.3 % (turnover for the period: € 46,204 thousand). The Mechatronics Division rose from € 38,812 thousand to € 43,183 thousand (+11.3%), while the

Tooling Division ended the first half up +23.9% (turnover for the period: € 6,364 thousand). Only the Components Division recorded a slight decrease (-2.8%, - € 0.3 million).

As for the geographical breakdown of sales during the first six months of 2016, all areas grew steadily except for the Rest of the World. North America continued the positive trend seen since early this year and was the fastest-growing area (+35.5%), as sales surged from € 35,851 thousand to € 48,576 thousand. Western Europe remained Biesse's main market (€ 121,701, accounting for 43% of the Group's sales) and was up 19%.

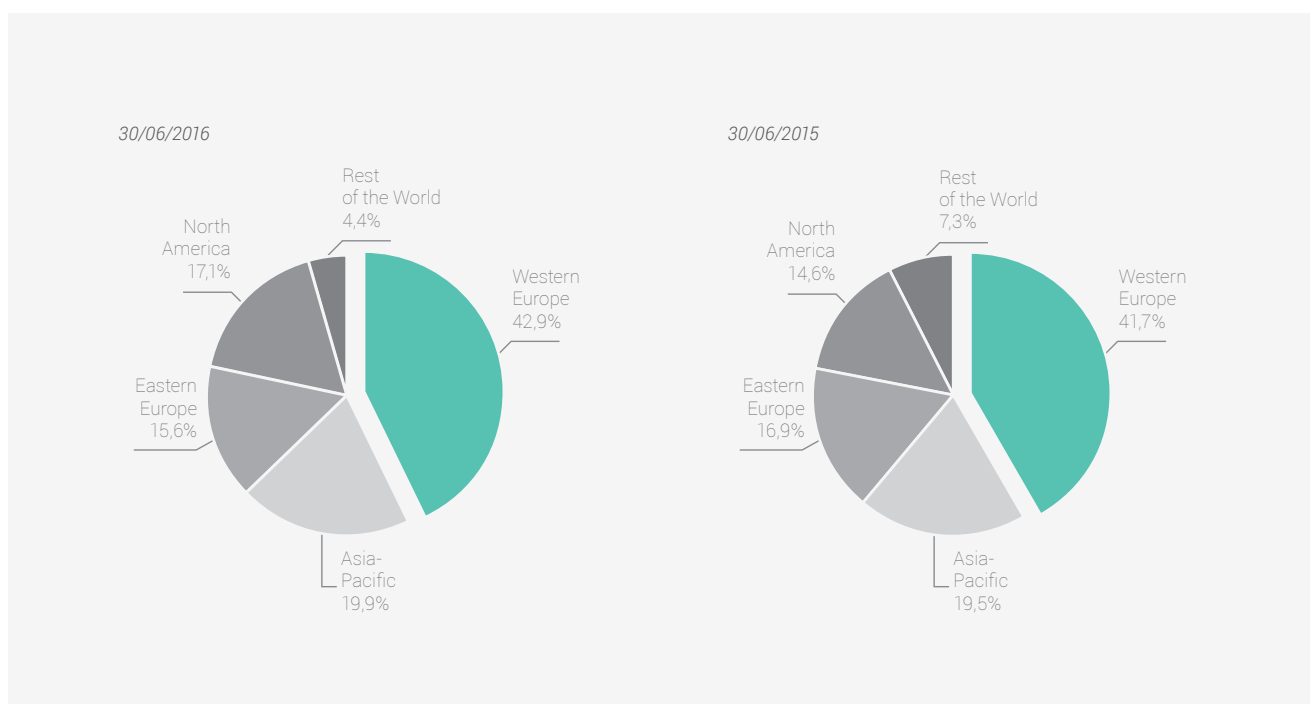
Breakdown of revenue by operating segment

	1H 2016	% of sales	1H 2015	% of sales	Change %
<i>Euro 000's</i>					
Wood Division	201,263	71.0%	178,637	72.7%	12.7%
Glass/Marble Division	46,204	16.3%	36,593	14.9%	26.3%
Mechatronics Division	43,183	15.2%	38,812	15.8%	11.3%
Tooling Division	6,364	2.2%	5,138	2.1%	23.9%
Components Division	9,502	3.4%	9,777	4.0%	(2.8)%
Intercompany eliminations	(23,077)	(8.1)%	(23,404)	(9.5)%	(1.4)%
Total	283,439	100.0%	245,553	100.0%	15.4%



Breakdown of revenue by geographical Segments

	1H 2016	%	1H 2015	%	Change %
<i>Euro 000's</i>					
Western Europe	121,701	42.9%	102,282	41.7%	19.0%
Asia-Pacific	56,532	19.9%	47,867	19.5%	18.1%
Eastern Europe	44,179	15.6%	41,531	16.9%	6.4%
North America	48,576	17.1%	35,851	14.6%	35.5%
Rest of the World	12,450	4.4%	18,023	7.3%	(30.9)%
Total	283,439	100.0%	245,553	100.0%	15.4%



Inventories increased by € 25 million compared to 31 December 2015: the change refers to inventories of raw materials (€ 11 million) and finished products (€ 9.8 million) as the Group geared up to meet the deliveries scheduled for the rest of the year, also in light of the positive order intake.

The Revenues in the first half of 2016 was € 301,398 thousand, up 14.1% compared to June 2015, when it amounted to € 264,112 thousand due to rising volumes.

The impact of consumption and other operating expense as a percentage of the value of production shows an increase in

the weight of raw materials and goods (42.2%, compared to 41.7% in the corresponding prior-year period), deriving from the negative effect of write-downs in progress on obsolete stock in the Chinese factory, as a result of the introduction of the new product portfolio; the interference of other operating expenses decreased; they fell from 19.7% to 19.2%, due to the efficiency measures in progress. As a result of these changes, the added value remains virtually unchanged (38.6% of the value of production).

	1H 2016	%	1H 2015	%
<i>Euro 000's</i>				
Revenue	301,398	100.0%	264,112	100.0%
Consumption of raw materials and goods	127,249	42.2%	110,079	41.7%
Other operating expense	57,768	19.2%	52,110	19.7%
<i>Service costs</i>	50,676	16.8%	45,726	17.3%
<i>Use of third party assets</i>	4,306	1.4%	4,022	1.5%
<i>Sundry operating expense</i>	2,786	0.9%	2,362	0.9%
Added Value	116,381	38.6%	101,923	38.6%

The € 5,658 thousand increase in Other operating expense was largely due to Service costs (+€ 4,949 thousand). Specifically, this change is attributable to both "variable" costs (outsourced processing, third-party technical services, transport costs and commissions) and "fixed" costs (consulting services, travel and lodging expenses, trade fairs, maintenance) due to rising production volumes.

In the first six months of 2016, added value totalled € 116,381 thousand, up 14.2% over the corresponding last year (€ 101,923 thousand) and from 41.5% to 41.1% as a percentage of revenues.

In the first six months of 2016, personnel expense amounted to € 85,949 thousand, up € 12,975 thousand (+17.8%) compared to the prior-year period (€ 72,974 thousand). The change is mainly attributable to wages and salaries (+€ 11,680 thousand, +16.7% on the same period of 2015) and is due to the increase in the headcount as part of the Group's recruiting policy. However, the impact on revenues was almost unchanged increasing from 29.7% in 2015 to 30.3% this year.

EBITDA amounted to € 30,431 thousand at 30 June 2016 (€ 28,949 thousand in the prior-year period), showing an increase of 5.1%.

Depreciation and amortisation increased by 11.0% (from € 7,770 thousand in 2015 to € 8,626 thousand in this period): the change, due to the corporate policy to increase investments,

related both to property, plant and equipment which increased by € 7,164 thousand (+ 10.8%) and to intangible assets that increased by € 5,139 thousand (+9.0%) compared to the same period last year.

Provisions totalled € 918 thousand, substantially unchanged from € 999 thousand in the first half of 2015, mainly because the product warranty provision was adjusted.

As regards financing activities, finance expense amounted to € 777 thousand, deteriorating compared to the same period in 2015 (€ 357 thousand).

Currency risk management in the first six months resulted in gains of € 913 thousand, improving compared to the same period last year (€ 1,398 thousand loss).

Pre-tax profit amounted to € 21,000 thousand.

Estimated tax amounted to € 9,066 thousand. Current taxes expenses amounted to € 11,284 thousand (IRES – corporate income tax: € 7,450 thousand; IRAP - regional business tax: € 1,503 thousand; taxes from foreign jurisdictions: € 2,314 thousand; taxes relating to previous years and other income taxes: € 16 thousand), deferred taxes were positive to the tune of € 2,217 thousand. The Tax rate remains unchanged compared to the previous year (around 43.1%).

Therefore, the profit for the first six months of 2016 amounted to € 11,934 thousand.

Statement Of Financial Position Highlights

Statement of financial position at 30 June 2016

	30 June 2016	31 December 2015	30 June 2015
<i>Euro 000's</i>			
Intangible assets	62.312	58.943	57.173
Property, plant and equipment	73.358	69.861	66.194
Financial assets	2.103	1.580	1.225
Non current assets	137.773	130.385	124.592
Inventories	136.418	111.374	124.368
Trade receivables	117.046	105.371	99.654
Trade payables	(194.719)	(153.344)	(157.168)
Net Operating Working Capital	58.746	63.401	66.853
Post-employment benefits	(14.767)	(13.536)	(13.478)
Provision for risk and charges	(11.064)	(11.731)	(9.979)
Other net payables	(41.619)	(37.202)	(28.135)
Net deferred tax assets	12.667	9.943	11.186
Other net liabilities	(54.784)	(52.526)	(40.405)
Net Invested Capital	141.734	141.260	151.040
Share capital	27.393	27.393	27.393
Profit/loss for the previous year/period and other reserves	101.644	92.746	93.963
Profit for the period	11.913	20.971	10.530
Non-controlling interests	236	275	159
Equity	141.185	141.386	132.046
Bank loans and borrowings and loans from other financial backers	41.749	51.445	66.183
Other financial assets	(30)	(17)	(17)
Cash and cash equivalents	(41.170)	(51.553)	(47.172)
Net financial indebtedness	549	(126)	18.994
Total sources of funding	141.734	141.260	151.040

Compared to December 2015, net intangible assets increased by € 3.4 million on the back of higher investments (mainly attributable to the capitalisation of R&D projects and the implementation of the new ERP Oracle E-BS at the Group's foreign branches), net of the relevant amortisation for the period (around € 4.9 million).

As for net property, plant and equipment, they rose € 3.5 million from December 2015, net of the relevant depreciation for the period.

Overall, inventories were up € 25,044 thousand from 31 December 2015. The change compared to year-end figures

was due to rising inventories of finished goods (up € 9,788 thousand), semi-finished products (up € 4,191 thousand), and raw materials (up € 10,971 thousand). Spare parts inventories grew at a slower pace (€ 0.9 thousand) because of construction work for the continental logistic hubs. As previously mentioned, the increase in inventories was related to the positive order intake and it is required to support the turnover of the next quarters of 2016.

With reference to the other items of Net Operating Working Capital, which decreased by € 4,655 thousand overall compared to 31 December 2015, notably both trade payables and trade receivables were up, by € 41,375 thousand and € 11,675 thousand, respectively.

Net financial indebtedness

	30 June 2016	31 March 2016	31 December 2015	30 September 2015	30 June 2015
<i>Euro 000's</i>					
Financial assets:	41.200	35.599	51.571	44.525	47.189
<i>Current financial assets</i>	30	16	17	16	17
<i>Cash and cash equivalents</i>	41.170	35.582	51.553	44.508	47.172
Short term finance lease payables	(137)	(457)	(489)	(422)	(408)
Short term bank loans and borrowings and loans from other financial backers	(26.750)	(27.069)	(28.209)	(36.503)	(31.640)
Short Term Net Financial Indebtedness	14.313	8.072	22.873	7.600	15.141
Medium/Long term finance lease payables	(92)	(1.236)	(1.514)	(1.555)	(1.672)
Medium/Long bank loans and borrowings	(14.770)	(18.621)	(21.234)	(31.810)	(32.463)
Medium/Long Term Net Financial Indebtedness	(14.863)	(19.857)	(22.748)	(33.365)	(34.135)
Total Net Financial Indebtedness	(549)	(11.784)	126	(25.765)	(18.994)

At 30 June 2016, the Group's net financial indebtedness amounted to - € 0.5 million, down € 11.2 million compared to 31 March 2016 net of the payment of ordinary dividends (equal to € 9,871 thousand) and the cash-out of the Uniteam S.p.A. acquisition (equal to € 2,131 thousand). On the other hand, the net financial position improved significantly compared to the same period last year (€ 18.5 million). The change of the net financial indebtedness from the beginning

of the year, excluding non recurring items, is substantially neutral (- € 0.7 million).

A considerable attention is still placed on the Group's main financial expenses: in the first 6 months of 2016, the Net Operating Working Capital decreased by € 5 million, especially due to the increase in trade payables. The average collection time (DSO 64 days) is in line with the Group's historical figures, and average payment times improved (DPO 122 days).

Transactions With Associates, Parents And The Latter's Subsidiaries

At 30 June 2016, there were no associates.
As regards transactions with the parent Bi.Fin. S.r.l., see Note 26 in the Notes.

Other Related-Party Transactions

Fincobi S.r.l., Edilriviera S.r.l., SEMAR S.r.l. and Wirutex S.r.l. qualify as related parties. As for transactions during the first half of the year with these companies, see Note 26 in the Notes.

Atypical And/Or Unusual Transactions Of The Period

In 2016, there were no such transactions.

Significant Events After The Reporting Date And Full-Year Outlook

First of all, we must emphasise the extraordinary ability of the Biesse Group to produce a similar organic growth of sales (+15.4% in the first half of 2016 compared to the previous financial year), even in the face of so many political and economic disturbances in place: tensions in Turkey and the negative suggestions following Brexit now add up to the recession in the markets of Russia and Brazil. Despite this, we achieved a +16.1% of order intake (compared to the same period last year) and the historical record of order backlog (more than € 178 million).

This is the result of exhaustive work carried out on the distribution network in recent years and of the growing reputation of our products in terms of innovation and reliability. Therefore, Biesse becomes further consolidated as

the first Italian Group in the sector of machines for processing Wood, Glass and Marble, and second player in the world in terms of revenues, but with much higher growth rates than German competitors.

The further surge in sales recorded in the second quarter of 2016 (+24.9% compared to the same period in 2015) suggested a parallel increase in investments in human resources to manage this sudden growth phase, and anticipates the one expected for the next two years. This decision will lead to revise upwards personnel expense in 2016 anticipating about 150 persons hired (originally expected in 2017) in the area of production and service, with a possible light refining of the income targets for the current year, but in line with the medium-term goals of the three-year plan.

Other Information

At the date on which the Interim report at 30 June 2016 was approved, Biesse S.p.A. held treasury shares. For further details, see Notes 10 and 16 below.

In addition, it should be noted that the Parent Company,

Biesse S.p.A., does not own shares in the parent nor did it own or trade them during the first half of 2016. There is therefore nothing to disclose for the purposes of Article 2428, paragraph 2, sections 3 and 4 of the Italian Civil Code.

Pesaro, 03 August 2016

The Chairman of the Board of Directors
Roberto Selci

Condensed Interim Consolidated Financial Statements

AT 30 JUNE 2016





SWISS M9

PROFESSOR DR. STEPHAN M. WIRTH

Address

WIRTSCHAFTS UNIVERSITÄT ZÜRICH

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Condensed interim Consolidated Financial Statements

INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Note	1H 2016	1H 2015
<i>Euro 000's</i>			
Revenue	4	283,439	245,553
Other operating income		2,222	1,979
Change in the inventories of finished goods and work in progress		15,737	16,579
Purchase of raw materials and consumables	6	(127,249)	(110,079)
Personnel expense	7	(85,949)	(72,974)
Other operating expense	8	(57,768)	(52,110)
Depreciation and amortisation		(8,626)	(7,770)
Provisions		(918)	(999)
Impairment losses		(23)	-
Operating profit		20,864	20,180
Finance income		334	3,814
Finance expense		(1,111)	(4,171)
Net exchange rate gain (losses)		913	(1,398)
Pre-tax profit/loss		21,000	18,425
Taxes	9	(9,066)	(7,925)
Profit for the period		11,934	10,500
Profit for the period		11,934	10,500
Attributable to:			
Owners of the parent		11,913	10,530
Non-controlling interests		21	(30)
Earnings per share			
Basic (€/cents)	10	43.51	38.75
Diluted (€/cents)	10	43.51	38.75

STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Note	1H 2016	1H 2015
<i>Euro 000's</i>			
Profit for the period		11,934	10,500
Translation differences of foreign operations	17	(1,463)	2,521
Net gain on cash flow hedges		-	327
Income taxes on other comprehensive income		-	(90)
Effects with possible future impact on the income statement		(1,463)	2,758
Total profit / (loss) from effects of remeasurement		(745)	888
Effects with no future impact on the income statement		(745)	888
Total comprehensive income for the period		9,725	14,146
Attributable to:			
Owners of the parent		9,711	14,173
Non-controlling interests		14	(27)
Total comprehensive income for the period		9,725	14,146

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

	Note	30 June 2016	31 December 2015
<i>Euro 000's</i>			
ASSETS			
Non current assets			
Property, plant and equipment	12	64.115	59.315
Equipment and other property, plant and equipment	12	9.242	10.547
Goodwill	13	18.871	17.683
Other intangible assets	13	43.441	41.260
Deferred tax assets	9	15.137	12.673
Other financial assets and non-current receivables		2.103	1.580
		152.910	143.057
Current assets			
Inventories	14	136.418	111.374
Trade receivables due from third parties	15	116.996	105.350
Trade receivables due from related parties	26	50	22
Other current assets		17.672	15.133
Other current assets due from related parties	26	1.001	1.006
Derivatives		362	333
Current financial assets		30	17
Cash and cash equivalents		41.170	51.553
		313.700	284.788
TOTAL ASSETS		466.610	427.846

	Note	30 June 2016	31 December 2015
<i>Euro 000's</i>			
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	16	27,393	27,393
(Treasury shares)	16	(96)	(96)
Equity reserves		36,202	36,202
Hedging and translation reserve	17	(2,726)	(1,214)
Other reserves	18	68,264	57,854
Profit for the period		11,913	20,971
Equity attributable to the owners of the parent		140,950	141,111
Non-controlling interests		236	275
TOTAL EQUITY		141,185	141,386
Non-current liabilities			
Post-employment benefits		14,767	13,536
Deferred tax liabilities		2,471	2,730
Medium and long-term bank loans and borrowings and other financial payables	19	14,743	21,220
Finance lease liabilities	19	92	1,514
Provisions for risks and charges	20	2,007	2,622
Other non-current liabilities		137	137
Derivatives		27	15
		34,245	41,773
Current liabilities			
Trade payables	21	192,761	152,043
Trade payables due to related parties	26	1,958	1,301
Other current liabilities		40,102	41,259
Other current liabilities due to related parties	26	705	2
Tax payables		19,030	11,786
Finance lease liabilities	19	137	489
Bank overdrafts and loans	19	26,750	28,209
Provisions for risks and charges	20	9,057	9,109
Derivatives		681	490
		291,179	244,687
LIABILITIES		325,425	286,460
TOTAL EQUITY AND LIABILITIES		466,610	427,846

STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Note	1H 2016	1H 2015
<i>Euro 000's</i>			
OPERATING ACTIVITIES			
+/- Profit for the period		11,934	10,500
+ Depreciation and amortisation:			
of property, plant and equipment		3,767	3,457
of intangible assets		4,859	4,313
+ Provisions :			
Increase/decrease in provisions for post-employment benefits		1	9
Increase/decrease in allowance for impairment		60	130
Increase/decrease allowance for inventory write-down		1,757	(372)
Increase/decrease in provisions for risk and charges		296	869
Gains/losses from sales of property, plant and equipment		(18)	(22)
Impairment losses on other intangible assets		23	0
Impairment on current assets		562	0
Income from investing activities		(334)	(918)
Unrealised exchange rate gains		(1,027)	(2,408)
Income taxes		9,066	7,925
Finance expense		1,111	1,275
SUBTOTAL OPERATING ACTIVITIES		32,057	24,758
Post-employment benefits paid		(171)	(419)
Risk provisions utilised		(841)	(759)
Change in trade receivables		(11,814)	(19,243)
Change in inventories		(22,146)	(24,510)
Change in trade payables		35,608	32,851
Change in other receivables and payables		(4,095)	(2,898)
Income tax paid		(3,817)	(2,872)
Interest paid		(344)	(939)
NET CASH FLOWS FROM OPERATING ACTIVITIES		24,438	5,969
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(6,518)	(4,612)
Proceeds from sale of property, plant and equipment and other items of property, plant and equipment		104	17
Acquisition of patents, trademarks and other intangible assets. Capitalisation of development costs		(6,759)	(5,897)
Proceeds from sale of intangible assets		(1)	0
Acquisitions of equity investments	24	(907)	(944)
Change in other financial assets		339	191
Interest received		74	795
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(13,667)	(10,450)

	Note	1H 2016	1H 2015
<i>Euro 000's</i>			
FINANCING ACTIVITIES			
Loans repaid/New banker's advance	19	(10,355)	(13,327)
Change in finance lease	19	(1,773)	(148)
Change in bank loans and borrowings	19	1,129	17,093
Gain (losses) on current derivatives		26	(928)
Dividends paid		(9,871)	(9,824)
Sale of treasury shares		0	4,498
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		(20,844)	(2,635)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(10,074)	(7,116)
OPENING CASH AND CASH EQUIVALENTS		51,553	53,310
Effect of exchange rate fluctuations on cash held		(309)	978
CLOSING CASH AND CASH EQUIVALENTS			
Cash and cash equivalents		41,170	47,172

STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Opening balances as at 01/01/2016	Other gains/losses, net of taxation	Profit for the period	Total comprehensive expense for the period	Change in treasury shares	Dividends paid	Other changes	Allocation of profit of the previous year	Total effects of transactions with shareholders	Closing balances as at 30/06/2016
<i>Euro 000's</i>										
STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AT 30 JUNE 2016										
Share capital	27,393			-					-	27,393
- Treasury shares	(96)			-	0				-	(96)
Equity reserves	36,202			-					-	36,202
Hedging and translation reserve	(1,214)	(1,460)		(1,460)			(53)		-53	(2,726)
Other reserves	57,854	(743)		(743)	0	(9,858)	40	20,971	11,153	68,264
Profit for the period	20,971		11,913	11,913				(20,971)	(20,971)	11,913
Equity attributable to the owners of the parent	141,111	(2,203)	11,913	9,710	-	(9,858)	(13)	-	(9,871)	140,950
Non-controlling interests	275	(6)	21	14		(13)	(41)		(54)	236
TOTAL EQUITY	141,386	(2,209)	11,934	9,725	-	(9,871)	(54)	-	(9,925)	141,185

	Opening balances as at 01/01/2015	Other gains/losses, net of taxation	Profit for the period	Total comprehensive expense for the period	Change in treasury shares	Dividends paid	Other changes	Allocation of profit of the previous year	Total effects of transactions with shareholders	Closing balances as at 30/06/2015
<i>Euro 000's</i>										
STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AT 30 JUNE 2015										
Share capital	27.393			-					-	27.393
- Treasury shares	(3.750)			-					3.654	(96)
Equity reserves	36.202			-					-	36.202
Hedging and translation reserve	(2.564)	2.756		2.756					-	192
Other reserves	51.946	887		887		(9.811)	34	13.766	4.832	57.666
Profit for the period	13.766		10.530	10.530				(13.766)	(13.766)	10.530
Equity attributable to the owners of the parent	122.993	3.643	10.530	14.173	-	(9.811)	34	-	(5.280)	131.887
Non-controlling interests	200	3	(30)	(27)		(13)	0		(13)	159
TOTAL EQUITY	123.192	3.646	10.500	14.146	-	(9.824)	34	-	(5.292)	132.046

Condensed Interim Consolidated Financial Statements

Notes





Condensed Interim consolidated financial Statements

NOTES

1. OVERVIEW

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

The financial position and operating results at 30 June 2016 comprises the financial statements of Biesse S.p.A. and subsidiaries that it controls directly or indirectly (hereinafter defined as the "Group") and the amount of its equity investments, in proportion to the percentage held, in associates.

The Board of Directors approved the condensed consolidated interim financial statements at 30 June 2016 during the meeting held today (3 August 2016).

The consolidated financial statements of the Group are prepared in Euro and presented in thousands of Euro except where otherwise indicated.

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

Name and registered office	Currency	Share capital	Directly controlled	Indirectly controlled	Ownership vehicle	Biesse Group
<i>Parent company</i>						
Biesse S.p.A. Via della Meccanica, 16 Loc. Chiusa di Ginestreto (PU)	EUR	27,393,042				
<i>Italian subsidiaries:</i>						
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, without number 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	85%			85%
Pavit S.r.l. Via Giovanni Santi, 22 Gradara (PU)	EUR	10,400		85%	Viet Italia S.r.l.	85%
Axxembla S.r.l. Via della Meccanica, 16 Loc. Chiusa di Ginestreto (PU)	EUR	10,000	100%			100%
Uniteam S.p.A. Via della Meccanica, 3 Thiene (VI)	EUR	390,000	100%			100%
<i>Foreign subsidiaries:</i>						
Biesse America Inc. 4110 Meadow Oak Drive Charlotte, North Carolina - USA	USD	11,500,000	100%			100%
Biesse Canada Inc. 18005 Rue Lapointe Mirabel (Quebec) - Canada	CAD	180,000	100%			100%
Biesse Group UK Ltd. Lampton Drive Daventry Northamptonshire - Great Britain	GBP	655,019	100%			100%
Biesse France Sarl 4, Chemin de Moninsable Brignais - France	EUR	1,244,000	100%			100%
Biesse Group Deutschland GmbH Gewerberstrasse, 6 Elchingen (Ulm) - Germany	EUR	1,432,600	100%			100%
Biesse Schweiz GmbH Grabenhofstrasse, 1 Kriens - Switzerland	CHF	100,000		100%	Biesse Group Deutschland GmbH	100%
Biesse Austria GmbH Am Messezentrum, 6 Salzburg - Austria	EUR	35,000		100%	Biesse Group Deutschland GmbH	100%
Biesse Service Scandinavia AB Maskinvagen 1 Lindas - Sweden	SEK	200,000	60%			60%

Name and registered office	Currency	Share capital	Directly controlled	Indirectly controlled	Ownership vehicle	Biesse Group
Biesse Iberica Woodworking Machinery s.l. C/De La Imaginació, 14 Poligon Ind. La Marina Gavà Barcellona - Spain	EUR	699,646	100%			100%
WMP- Woodworking Machinery Portugal, Unipessoal Lda Sintra Business Park, 1, São Pedro de Penaferrim - Sintra - Portugal	EUR	5,000		100%	Biesse Iberica W. M. s.l.	100%
Biesse Group Australia Pty Ltd. 3 Widemere Road Wetherill Park Sydney - Australia	AUD	15,046,547	100%			100%
Biesse Group New Zealand Ltd. Unit B, 13 Vogler Drive Manukau Auckland - New Zealand	NZD	3,415,665	100%			100%
Biesse Manufacturing Co. Pvt. Ltd. Jakkasandra Village, Sondekoppa rd. Nelamanga Taluk Bangalore - India	INR	1,224,518,392	100%			100%
Biesse Asia Pte. Ltd. Zagro Global Hub 5 Woodlands Terr. Singapore	EUR	1,524,635	100%			100%
Biesse Indonesia Pt. Jl. Kh.Mas Mansyur 121 Jakarta - Indonesia	IDR	2,500,000,000		100%	Biesse Asia Pte. Ltd.	100%
Biesse Malaysia SDN BHD Dataran Sunway , Kota Damansara Petaling Jaya, Selangor Darul Ehsan - Malaysia	MYR	5,000,000		100%	Biesse Asia Pte. Ltd.	100%
Biesse Korea LLC Geomdan Industrial Estate, Oryu-Dong, Seo-Gu - Incheon - South Korea	KRW	100,000,000		100%	Biesse Asia Pte. Ltd.	100%
Intermac Guangzhou Co. Ltd. Guangzhou Free Trade Area GuangBao street No. 241-243 - China	USD	916,050		100%	Biesse Asia Pte. Ltd.	100%
Biesse (HK) LTD Room 1530, 15/F, Langham Place, 8 Argyle Street, Mongkok, Kowloon - Hong Kong	HKD	200,700,000	100%			100%
Centre Gain LTD Room 1530, 15/F, Langham Place, 8 Argyle Street, Mongkok, Kowloon - Hong Kong	HKD	110,000,000		100%	Biesse (HK) LTD	100%
Dongguan Korex Machinery Co. Ltd Dongguan City Guangdong Province - China	RMB	139,224,108		100%	Biesse (HK) LTD	100%
Biesse Trading (Shanghai) Co. Ltd. Room 301, No.228, Jiang Chang No.3 Road, Zha Bei District - Shanghai - China	RMB	7,870,000		100%	Biesse (HK) LTD	100%
Intermac do Brasil Comercio de Maquinas e Equipamentos Ltda. Andar Pilotis Sala, 42 - São Paulo - 2300 Brasil	BRL	9,478,339	100%			100%
HSD Mechatronic (Shanghai) Co. Ltd. D2, 1 st floor, 207 Taiguroad Waigaoqiao free trade zone - Shanghai - China	RMB	2,118,319		100%	Hsd S.p.A.	100%
HSD Usa Inc. 3764 SW 30 th Avenue Hollywood, Florida - USA	USD	250,000		100%	Hsd S.p.A.	100%
HSD Deutschland GmbH Brükenstrasse,2 Gingen - Germany	EUR	25,000		100%	Hsd S.p.A.	100%
Biesse Turkey Serifali Mah. Bayraktar Cad. Nutuk Sokak No:4 Ümraniye, Istanbul - Turkey	TRY	2,500,000		100%		100%*
OOO Biesse Group Russia Ul. Elektrozavodskaya, 27 Moscow, Russian Federation	RUB	10,000,000		100%		100%

* The Biesse group owns directly 80% of Biesse Turkey; a call/put option for purchasing/selling the remaining 20% is expected.

Compared to the financial statements for the year ended 31 December 2015, the scope of consolidation underwent the following changes:

- the setting up of the company OOO Biesse Group Russia 100% owned by Biesse S.p.A., aimed at developing the marketing of products from the Glass/Stone and Tooling Divisions on the Russian market, as well as providing technical assistance with installation and testing and after-sales services. The company was set up on 31 March 2016 and is

based in Moscow (share capital of RUB 10 million);
- Uniteam S.p.A. was included in the scope of consolidation on 19 May 2016, as a result of the acquisition of 100% of the shares of the company by Biesse S.p.A. Uniteam S.p.A. is based in Thiene and produces and sells CNC mechanical-cutting machines for the furniture industry, for the processing of solid wood and laminated beams (beams, panels and big structures) and for the processing of composite materials (plastic and aluminium products, special alloys etc.). The share capital amounts to € 390 thousand.

2. DECLARATION OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS, BASIS OF PRESENTATION AND CONSOLIDATION AND FOREIGN CURRENCY TRANSLATION 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 Law on Finance) 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 for the year ended 31 December 2015. In particular, it should be noted that they include a complete set of financial statements consisting of the consolidated income statement, consolidated statement of financial position, and consolidated statement of cash flows, which are the same adopted for the consolidated financial statements for the year ended 31 December 2015. The following notes are instead 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 duplicating previously reported 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, due to their size or nature or because they are unusual, are significant to an understanding of the Group's financial position, financial performance and cash flows.

The condensed consolidated interim financial statements at 30 June 2016 consist of the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity, and these Notes.

The Consolidated Income Statement classifies expenses by nature. The Statement of Financial Position presents current and non-current assets and liabilities as separate classifications. 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 Consolidated Statement of Comprehensive Income, includes the components that make up the result for the period

and expense and income recognised directly in equity arising from transactions other than those carried out with shareholders. Transactions carried out with shareholders as well as those relating to the net result are reported in the Statement of Changes in Equity.

The presentation currency for the Consolidated Interim Financial Statements is the euro and the amounts of items in financial statements are expressed in thousands of euro (unless otherwise expressly indicated).

The accounting standards used, recognition and measurement criteria, and the consolidation principles applied in preparing the condensed consolidated interim financial statements are consistent with those of the annual financial statements for the year ended 31 December 2015, to which reference is made. The accounting standards adopted in the condensed consolidated interim financial statements at 30 June 2016 have been consistently applied to all periods included for comparison purposes. Furthermore, it should be noted that:

- Condensed half-year 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 2016, adjusted, where necessary, to align them with the Group's accounting policies;
- the condensed consolidated interim 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; in addition, the financial statements have been prepared on a going concern basis. Based on demand trends and the results achieved in terms of financial position and performance, the Group believes there are no uncertainties regarding its ability to continue as a going concern.

The average and final exchange rates are shown below:

Currency	30 June 2016		31 December 2015		30 June 2015	
	Average	Final	Average	Final	Average	Final
US Dollar / Euro	1.1159	1.1102	1.1095	1.0887	1,1158	1,1189
Singapore Dollar / Euro	1.5400	1.4957	1.5255	1.5417	1,5061	1,5068
Canadian Dollar / Euro	1.4844	1.4384	1.4186	1.5116	1,3774	1,3839
Sterling / Euro	0.7788	0.8265	0.7259	0.73395	0,7323	0,7114
Swedish Krone / Euro	9.3019	9.4242	9.3535	9.1895	9,3401	9,2150
Australian Dollar / Euro	1.5220	1.4929	1.4777	1.4897	1,4261	1,4550
New Zealand Dollar / Euro	1.6480	1.5616	1.5930	1.5923	1,5063	1,6548
Brazilian Real / Euro	4.1295	3.5898	3.7004	4.3117	3,3101	3,4699
Indian Rupee / Euro	75.0019	74.9603	71.1956	72.0215	70,1244	71,1873
Chinese Renmimbi Yuan / Euro	7.2965	7.3755	6.9733	7.0608	6,9408	6,9366
Swiss Franc / Euro	1.0960	1.0867	1.0679	1.0835	1,0567	1,0413
Indonesian Rupiah / Euro	14963.4460	14601.7	14870.3892	15039.99	14,469.19	14,938.43
Hong Kong Dollar /Euro	8.6684	8.6135	8.6014	8.4376	8,6517	8,6740
Malaysian Ringgit /Euro	4.5737	4.4301	4.3373	4.6959	4,0621	4,2185
South Korean Won /Euro	1318.9161	1278.48	1256.5444	1280.78	1,227.31	1,251.27
Turkish Lira/Euro	3.2593	3.206	3.0255	3.1765	-	-
Russian Rouble/Euro	78.2968	71.52	-	-	-	-

3. MEASUREMENT CRITERIA, USE OF ESTIMATES AND RECLASSIFICATIONS

The preparation of the financial statements and related notes pursuant to IFRSs requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 measure property, plant and equipment and intangible assets tested for impairment, as well as to establish the useful life of property, plant and equipment and recognise allowances for doubtful debts, inventory write-downs, impairment, employee benefits, income taxes, and provisions for risks and charges.

Estimates and assumptions – based on existing knowledge – are regularly reviewed and the effects of any change are immediately recognised in profit or loss.

The key assumptions concerning the future and the other sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year mainly refer to the potential impairment of the reported goodwill.

At 30 June 2016, the carrying amount of goodwill was € 18.9 million. Goodwill was tested for impairment at 31 December

2015, while at 30 June 2016 the Group assessed whether any events or other circumstances indicated that it may be impaired (the so-called “impairment indicators”). The analysis performed did not reveal any impairment indicators and/or impairment losses besides those already recognised in the condensed interim financial statements, if any.

As regards external impairment indicators, there have been no substantial changes to the financial indices used to determine the rate for discounting the cash flows of the cash-generating units.

Concerning internal impairment indicators, as highlighted in Note 4 below, all Divisions ended the first half of 2016 with an operating profit. As for the financial position, the deterioration was attributable to seasonal events (with reference to net operating working capital) or other events (dividend distribution with reference to the net financial position). This further confirms there are no critical issues compared to the impairment tests carried out at 31 December 2015.

At 30 June 2016, the Group's deferred tax assets totalled € 15,137 thousand (€ 12,673 thousand at the end of 2015). Management recognised such deferred tax assets to the extent they are likely to be recovered. In calculating the various items, the Group took into consideration forecasts for subsequent years consistent with those used for the purposes of impairment tests.

4. REVENUE AND ANALYSIS BY BUSINESS SEGMENT AND GEOGRAPHICAL AREA

Analysis By Operating Segment

The Group is currently organised into five operating divisions – Wood, Glass & Marble, Mechatronics, Tooling and Components – for management purposes. These divisions constitute the bases for the Group's reporting of segment information. The main 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, Mechatronics – production and distribution of industrial mechanical and electronic components,

Tooling – production and distribution of Diamut-branded grinders and tools,

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

Below is the information on these operating segments:

	Revenue		Operating profit	
	1H 2016	1H 2015	1H 2016	1H 2015
<i>Euro 000's</i>				
Wood	201,263	178,637	11,559	13,130
Glass & Marble	46,204	36,593	2,461	945
Mechatronics	43,183	38,812	9,594	8,608
Tooling	6,364	5,138	919	204
Components	9,502	9,777	357	504
(Intragroup eliminations)	(23,077)	(23,404)		
	283,439	245,553	24,890	23,390
Unallocated corporate costs			(4,026)	(3,210)
Operating profit			20,864	20,180

Net revenue for the first half of 2016 amounted to € 283,439 thousand, compared to € 245,553 thousand at 30 June 2015, up 15.4% compared to the previous year.

As already noted in the Directors' Interim Report on Operations, the Wood Division—the Group's largest segment—saw an increase in percentage terms of +12.7% compared to the first half of 2015; also the Glass/Marble and Mechatronics Divisions grew remarkably (+26.3% and +11.3%, respectively), while the Tooling and Components Divisions reported +23.9% and -2.8%, respectively.

As for the operating performances of the Divisions, the Mechatronics Division reported an operating profit of € 9,594 thousand (€ 8,608 thousand in 2015) on the back of higher sales volumes, the different sales mix by distribution channel

as well as by product category (top-quality items with a high technological content), and improved production efficiency. Also the Glass & Marble Division harnessed operating leverage, reporting a € 2,461 thousand operating profit (€ 945 thousand in 2015).

The Wood Division recognised a performance of € 11,559 thousand, down compared to 2015 (€ 13,130 thousand); the change is mainly due to the strong growth in size of the Group that suggested a parallel acceleration in investments in human resources. Moreover, the change also derives from the negative effect of write-downs in progress on obsolete stock in the Chinese factory, as a result of the introduction of the new product portfolio.

Finally, the Tooling Division increased slightly (from € 204 thousand in 2015 to € 919 thousand in 2016).

Analysis By Geographical Segment

	REVENUE			
	1H 2016	%	1H 2015	%
<i>Euro 000's</i>				
Western Europe	121,701	42.9%	102,282	41.7%
Asia - Pacific	56,532	19.9%	47,867	19.5%
Eastern Europe	44,179	15.6%	41,531	16.9%
North America	48,576	17.1%	35,851	14.6%
Rest of the World	12,450	4.4%	18,023	7.3%
Group Total	283,439	100.0%	245,553	100.0%

As regards the geographical breakdown of sales, the first half of 2016 featured positive performance for the following segment: North America that marks the largest increase (+35.5%); Western Europe (+19.0%); Asia – Pacific (+18.1%) and Eastern Europe (+6.4%).

Conversely, only the Rest of the World declined (-30.9%), decreasing its share of consolidated revenue from 7.3% to 4.4%.

5. SEASONALITY

The business segments in which the Biesse Group operates experience significant seasonality, since demand for machine tools is typically concentrated in the second part of the year (and especially in the last quarter). This is because of end customers' purchasing habits, which are significantly affected by expectations concerning investment incentive policies as well as forecasts for their reference markets.

Another aspect to be taken into account is the Group's structure, as overseas branches (USA, Canada, Pacific, and Far East) generate on average a third of total business volumes. Given the lead time necessary for delivering machine tools to these markets, and that the end market is particularly sensitive to the turnaround between order and delivery, these branches normally replenish their stocks in the first half in order to handle year-end sales.

6. PURCHASE OF RAW MATERIALS AND CONSUMABLES

Purchase of raw materials and consumables rose from € 110,079 thousand to € 127,249 thousand, up 15.6% compared to the previous year.

Consumption of raw materials and goods increased on the back of higher sales volumes (+15.4%) compared to the prior-year period.

7. PERSONNEL EXPENSE

	1H 2016	1H 2015
<i>Euro 000's</i>		
Wages, salaries and social security contributions	81,324	69,644
Productivity bonus, other bonuses and related social security contributions	5,421	4,741
Accruals to pension plans	2,676	2,342
Other personnel expense	1,263	540
Capitalization and recovery of personnel expense	(4,734)	(4,293)
Personnel expense	85,949	72,974

In the first half of 2016, personnel expense amounted to € 85,949 thousand, up € 12,975 thousand compared to 2015 (€

72,974 thousand, +17.8%) mainly due to the increase in staff already mentioned in the Directors' Report on Operations.

8. OTHER OPERATING EXPENSE

	1H 2016	1H 2015
<i>Euro 000's</i>		
Production services	13,964	11,702
Maintenance	2,074	1,727
Sales commissions and transport	9,558	10,570
Consultancy fees	2,393	1,598
Utilities	2,645	2,344
Exhibitions and advertising	5,256	4,440
Insurance	1,164	866
Directors, statutory auditors and consultants' remuneration	1,190	1,275
Travel	7,701	6,572
Other	4,732	4,631
Use of third party assets	4,306	4,022
Other operating costs	2,786	2,362
Other operating expense	57,768	52,110

Operating expense increased by € 5,658 thousand compared to 2015 (+10.9%).

9. TAXES

The Italian corporate income tax rate (IRES) was 27.5% (unchanged from 2015) of the taxable income of the Parent company and the Italian subsidiaries, while income taxes for other jurisdictions are calculated based on the rates in force in the relevant countries. For the purposes of calculating the income tax expense for the period, the Group applied to the interim profit the tax rate applicable to the estimated year-end results.

At 30 June 2016, the Group's deferred tax assets totalled € 15,137 thousand, up compared to 31 December 2015 (+ €

2,464 thousand). Management recognised deferred tax assets to the extent they are likely to be recovered; in doing so, it considered the forecasts for subsequent years consistent with those used for the purposes of impairment tests.

Taxes recognised in the income statement amounted to € 9,066 thousand with a tax rate of 43.1%, stable compared to the same period last year but decreasing in percentage compared to December 2015 especially due to the tax effects of the foreign subsidiaries.

10. EARNINGS PER SHARE

Basic earnings per share for the period ended 30 June 2016 totalled 43.51 euro/cent (38.75 euro/cent in 2015) and were calculated by dividing the profit attributable to the owners of the Parent, amounting to € 11,913 thousand (€ 10,530 thousand in 2015) by the weighted average number of ordinary shares outstanding during the period, which amounted to 27,383,042 (27,175,547 in 2015).

The number of outstanding shares was lower than the total number of shares issued due to the buyback of treasury shares on the stock exchange during 2008, as provided for

by the Shareholders' Meeting resolution dated 21 January 2008.

At 30 June 2016 the number of treasury shares held was 10,000 (0.04% of the share capital), with a weighted average balance for the year of 10,000 (0.04% of the share capital).

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

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

	1H 2016	1H 2015
<i>Euro 000's</i>		
Basic profit/loss for the period	11,913	10,530
Dilutive effect on profit/loss for the period	0	0
Diluted profit/loss for the period	11,913	10,530

Weighted average number of outstanding ordinary shares

	1H 2016	1H 2015
<i>in thousands of shares</i>		
Weighted average number of ordinary shares used to calculate basic earnings per share	27,393	27,393
Effect of own shares	(10)	(217)
Weighted average number of outstanding shares – for the calculation of basic earnings	27,383	27,176
Dilutive effects	0	0
Weighted average number of outstanding shares – for the calculation of diluted earnings	27,383	27,176

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

operations. As previously mentioned, there are no dilutive effects.

11. DIVIDENDS

During the first half of the year, pursuant to the resolution of the Shareholders' Meeting of the Parent company held on 29 April 2016, shareholders received a dividend of around € 9,858 thousand (Euro 0.36 per ordinary share outstanding at

the ex-dividend date – excluding treasury shares). The ex-dividend date was 9 May 2016.

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

In the reference period, besides the amounts concerning the regular replacement of work equipment, the Group bolstered the Biesse America branches (spending a total

€ 0.7 million), with the opening of the new showroom in Charlotte (North Carolina).

13. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

Compared to the end of the previous year, goodwill increased by around € 1,188 thousand. Main changes during 2016 are due to the exchange rate differences undergone by the goodwill of the Australian and American branches and to the amounts referring to the purchase of the company Uniteam

S.p.A. (€ 1.2 million). The amount was provisionally allocated to goodwill in the Wood segment.

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

	30/06/2016	31/12/2015
<i>Euro 000's</i>		
Wood	7,741	6,525
Glass & Marble	1,591	1,619
Mechatronics	5,599	5,599
Tooling	3,940	3,940
Total	18,871	17,683

As for estimates of recoverable values, 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 € 7,800 thousand; investments for software licenses and similar rights, amounting to € 3,462 thousand; and costs for development

projects and licenses, which have not yet been completed (and therefore temporarily allocated to assets under development and advances), amounting to € 4,338 thousand.

14. INVENTORIES

	30/06/2016	31/12/2015
<i>Euro 000's</i>		
Raw materials, consumables and suppliers	46,950	35,979
Work in progress and semi-finished goods	19,378	15,187
Work in progress	-	-
Finished goods	54,799	45,010
Spare parts	15,292	15,198
Inventories	136,418	111,374

The carrying amount, equal to € 136,418 thousand, is net of the allowances for inventory write-downs, amounting to € 5,018 thousand for raw materials (€ 2,147 thousand at the end of 2015), € 2,449 thousand for spare parts (€ 2,426 thousand at the end of 2015) and € 1,936 thousand for finished goods (€ 1,837 thousand at the end of 2015). The allowance

for the write-downs of raw materials amounted to 9.7% as a percentage of the historical cost of the relevant inventories (5.6% at the end of 2015), the one for spare parts was 13.8% (13.8% at the end of 2015), and the one for finished goods 3.4% (3.9% at the end of 2015).

15. TRADE RECEIVABLES DUE FROM THIRD PARTIES

Trade receivables are recognised net of the allowance for impairment, which is conservatively estimated with reference to both non-performing and loans overdue more than 180 days. Trade receivables were up € 11,675 thousand (before the relevant allowance for impairment) compared to December 2015.

The increase in trade receivables from third parties was due to rising sales.

The allowance for impairment of € 5,525 increased slightly (€ 30 thousand) from December 2015, and it was down from 5.0% to 4.5% as a proportion of par value.

16. SHARE CAPITAL / TREASURY SHARES

Share capital amounts to € 27,393 thousand and consists of 27,393,042 ordinary shares, each with a par value of € 1 and dividend rights.

At the date on which the financial statements were approved, the Group held 10,000 treasury shares with an average carrying amount of € 9.61 per share.

Compared to the end of 2015, the number of treasury shares held remained unchanged.

The following table summarises the data concerning treasury shares at 30 June 2016.

Number of shares:	10,000
Carrying amount (in Euro):	96,137
Percentage of share capital:	0.04%

17. HEDGING AND TRANSLATION RESERVES

The carrying amount was broken down as follows:

	30/06/2016	31/12/2015
<i>Euro 000's</i>		
Translation reserve	(2,726)	(1,267)
Hedging reserve	-	53
Total	(2,726)	(1,214)

The reserve for the translation of foreign currency financial statements includes the differences arising from the translation of the financial statements denominated in foreign currencies of countries that do not belong to the Eurozone (United States, Canada, Singapore, United Kingdom, Swe-

den, Switzerland, Australia, New Zealand, India, China, Indonesia, Hong Kong, Malaysia, South Korea, Brazil, Russia and Turkey) and underwent a change during the period of € 1,459 thousand, mainly due to the trend of the Hong Kong Dollar, the Indian Rupee and the Sterling.

18. OTHER RESERVES

The carrying amount was broken down as follows:

	30/06/2016	31/12/2015
<i>Euro 000's</i>		
Legal reserve	5,479	5,479
Extraordinary reserve	58,586	53,870
Reserve for own shares	96	96
Retained earnings and other reserves	4,103	(1,591)
Other reserves	68,264	57,854

As indicated in the statement of changes in equity, the change in the item Other reserves mainly refers to the allocation of the profit for 2015 (+ € 20,971 thousand) and the dividend distribution (- € 9,858 thousand).

"Retained earnings" includes reserves for pension plans of € 4,842 thousand.

19. FINANCIAL LIABILITIES

Compared to the financial statements for the year ended 31 December 2015, the Group's financial liabilities decreased by € 9,708 thousand (including € 1,773 thousand in finance lease payments). During the first half, the Group did not enter

into new long-term loans. At the same time, the process of gradual reduction of existing loans continued to optimise the financial resources by lowering the overall borrowings.

20. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges were down € 667 thousand, largely because of the adjustment of the product warranty provision.

21. 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 period.

It should be noted that trade payables are due within the next year and it is believed that their carrying amount at the re-

porting date is a reasonable approximation of their fair value. Trade payables to suppliers increased by € 40,718 thousand compared to 2015, from € 152,043 thousand to € 192,761 thousand.

22. COMMITMENTS, CONTINGENT LIABILITIES AND RISK MANAGEMENT

Commitments

At the reporting date, there were no material commitments.

Contingent Liabilities

The Parent and some subsidiaries are parties to various lawsuits and disputes. Nevertheless, the Group believes that the settlement of such disputes will not give rise to further

Risk Management

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

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

The impact of the main raw materials, steel in particular, on the average value of the Group's products is marginal compared to the final production cost and, therefore, the Group has a limited exposure to the "commodities" risk.

EXCHANGE RATE RISK

The risk related to exchange rate fluctuations is represented by the potential fluctuation in the amount in euro of the currency position (or net foreign currency exposure), i.e. the algebraic result of sales invoices issued, outstanding orders, purchasing invoices received, the balance of foreign currency loans, and cash held in foreign currency. The risk management policy approved by the Board of Directors of the Parent provides that the existing hedging amount must not fall below 70% of net foreign currency exposure and that the underlying asset must be identified at the inception of any hedging transaction. Forward contracts (outright/currency swap) or also derivatives (currency option) can be used for hedging.

INTEREST RATE RISK

The Group is exposed to fluctuations in interest rates with reference to finance expense relating to payables due to banks

liabilities in addition to the amounts already set aside in a specific provision for risks.

and lease companies for fixed assets acquired under finance leases.

Interest rate risks derive primarily from bank lending. Given the current trend in interest rates, the company confirms its decision not to hedge its own debt any further, as the level of interest rates is expected to remain substantially stable.

CREDIT RISK

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

The carrying amount of financial assets, less any impairment for expected losses, represents the maximum exposure to credit risk.

For more information on how the allowance for impairment was determined and on the characteristics of overdue receivables, please refer to Note 15 above on trade receivables.

LIQUIDITY RISK

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

23. CLASSIFICATION OF FINANCIAL INSTRUMENTS

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

	30/06/2016	31/12/2015
<i>Euro 000's</i>		
FINANCIAL ASSETS		
Designated at fair value through profit or loss:		
<i>Derivative financial assets</i>	362	333
Loans and receivables measured at amortised cost:		
<i>Trade receivables</i>	117,046	105,371
<i>Other assets</i>	8,731	8,543
- <i>other financial assets and non-current receivables</i>	2,054	1,533
- <i>other current assets</i>	6,677	7,010
<i>Cash and cash equivalents</i>	41,170	51,553
FINANCIAL LIABILITIES		
Designated at fair value through profit or loss:		
<i>Derivative financial liabilities</i>	681	490
Measured at amortised cost :		
<i>Trade payables</i>	142,715	108,696
<i>Bank loans and borrowing, finance leases and other financial liabilities</i>	41,749	51,445
<i>Other current liabilities</i>	27,087	24,921

The carrying amount of the aforementioned financial assets and liabilities is equal or a reasonable approximation of their fair value.

24. ACQUISITION OF SUBSIDIARIES

On 19 May 2016, Biesse S.p.A. purchased the company Uniteam S.p.A. for a value of € 2,100 thousand for 100% of the share capital (the amount was fully paid). At the same time, an agreement was signed that bound Biesse S.p.A. to pay the previous shareholder a variable amount, estimated in € 600 thousand (earn-out) provided certain criteria are met referring to the margin of a contract already in progress

and that will be completed at the end of the year. The Group recognised the agreement in accordance with IFRS 3, by recording a debt of € 600 thousand as at 30 June 2016. The cost of the acquisition was temporarily allocated partly to land and buildings (based on an independent third party appraisal) in the amount of € 2.5 million and for the remaining part to goodwill.

25. EVENTS AFTER THE REPORTING DATE

Please refer to the note in the Directors' Report for the details of events after the reporting date.

26. RELATED-PARTY TRANSACTIONS

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

Transactions between Biesse S.p.A. and its subsidiaries,

which are entities related to the Parent, have been eliminated from the consolidated financial statements and are not included in these notes. The details of transactions between the Group and other related entities are specified below.

	Revenue		Costs	
	For the six months ended 30/06/2016	For the six months ended 30/06/2015	For the six months ended 30/06/2016	For the six months ended 30/06/2015
<i>Euro 000's</i>				
Ultimate Parent				
Bi. Fin. S.r.l.	-	-	189	85
Other related companies				
Fincobi S.r.l.	1	1	12	-
Edilriviera S.r.l.	-	-	-	-
Se. Mar. S.r.l.	3	3	1,644	1,738
Wirutex S.r.l.	7	-	557	65
Members of the Board of Directors				
Members of the Board of Directors	0	0	1,260	1,109
Members of the Board of Statutory Auditors				
Members of the Board of Statutory Auditors	-	-	78	69
Total	11	3	3,739	3,065

	Receivables		Payables	
	At 30/06/2016	At 31/12/2015	At 30/06/2016	At 31/12/2015
<i>Euro 000's</i>				
Ultimate Parent				
Bi. Fin. S.r.l.	1,011	1,006	40	-
Other related companies				
Fincobi S.r.l.	-	-	-	-
Edilriviera S.r.l.	-	-	-	-
Se. Mar. S.r.l.	10	1	1,358	844
Wirutex S.r.l.	7	21	481	306
Members of the Board of Directors				
Members of the Board of Directors	24	(0)	705	2
Members of the Board of Statutory Auditors				
Members of the Board of Statutory Auditors	-	-	78	150
Total	1,051	1,027	2,663	1,302

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

The amounts payable to related parties are trade payables and refer to transactions undertaken for the sale of goods and/or rendering of services.

Remuneration of directors, general managers, key management personnel, and members of the Board of Statutory Auditors

	REMUNERATION			
	Fees	Non-monetary benefits	Bonuses and other incentives	Other remuneration
<i>Euro 000's</i>				
Board of Directors	905	20	104	232
Board of Statutory Auditors	78	0	0	0
Key management personnel	3	4	54	128
Total	986	24	158	359

Pesaro, 03 August 2016

The Chairman of the Board of Directors
Roberto Selci

CERTIFICATION OF THE CONDENSED CONSOLIDATED INTERIM 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 corporate financial reporting of Biesse S.p.A, having also taken into account the provisions of art. 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998, hereby certify:

- the adequacy in relation to the characteristics of the business and
- the effective implementation of the administrative and accounting procedures for the preparation of the condensed consolidated interim financial statements during the first half of 2016.

The assessment of the adequacy of administrative and accounting procedures for the preparation of the condensed consolidated interim financial statements at 30 June 2016 is based on a process established by Biesse consistently 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.

We also certify that:

a) the condensed consolidated interim financial statements:

- have been drawn up in compliance with the applicable international accounting standards endorsed by the European Union in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and the Council dated 19 July 2002 and, in particular with IAS 34 – Interim Financial Reporting – as well as the enabling legislation for Article 9 of Italian Legislative Decree no. 38/2005;
- are consistent with the entries in accounting books and records;
- as far as we know, they provide a true and fair view of the financial position, financial performance and cash flows of the issuer and the group of companies included in the consolidation;

b) the Directors' interim report on operations contains references to significant events occurred during the reporting period and to their impact on the condensed consolidated interim financial statements, together with a brief 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, 3 August 2016

Chairman and Chief Executive Officer
Roberto Selci

Manager in Charge of Corporate Financial Reporting
Cristian Berardi



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

Report on review of condensed interim consolidated financial statements

To the shareholders of
Biesse S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Biesse Group, comprising the income statement, statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and notes thereto, as at and for the six months ended 30 June 2016. 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 express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

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. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.



Biesse Group
Report on review of condensed interim consolidated financial statements
30 June 2016

Conclusion

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 2016 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Ancona, 4 August 2016

KPMG S.p.A.

(signed on the original)

Luca Ferranti
Director

