

Innovation is our
driving force

 **BIESSEGROUP**

Interim Report
at 30 June 2015

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**

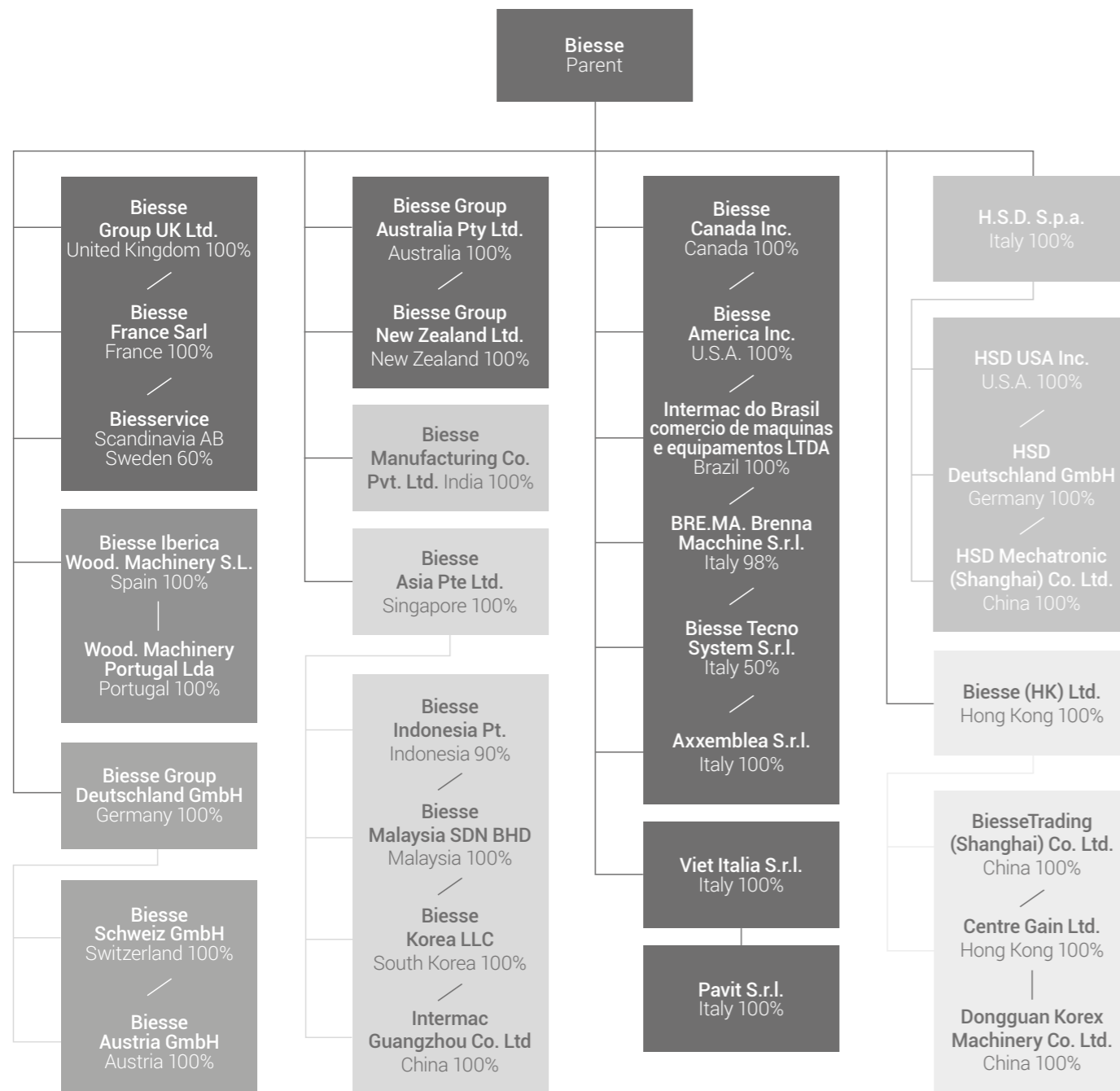
Where **33 branches and 300 agents/certified dealers**

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

We **3,000 employees throughout the world**

Group structure

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



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

Compared with the 2014 annual report, the consolidation scope underwent the following changes:

- Pavit S.r.l, a direct subsidiary of Viet Italia S.r.l., was added to the consolidation scope on 27 February 2015 following the acquisition of Viet S.r.l. in liquidation, which included also the equity investment in the company concerned. Pavit S.r.l. is a company active in mechanical processing whose output is largely absorbed by Viet Italia S.r.l.;

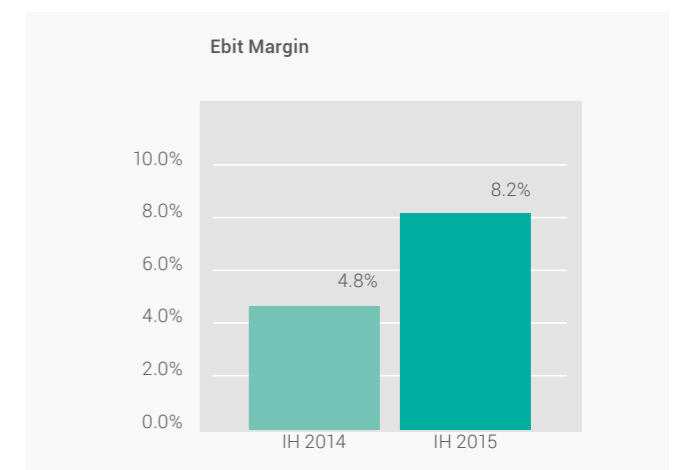
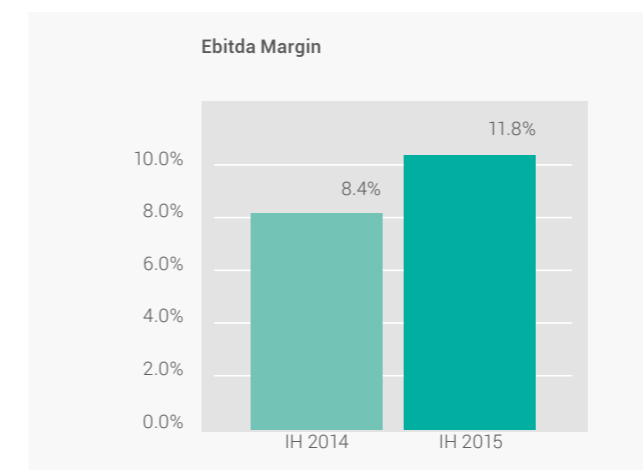
• Biesse Austria GmbH is now included in the consolidation scope. The company was established by Biesse Deutschland GmbH on 9 March 2015 to sell the Group's equipment and provide after-sales service in Austria;

• the merger of the company Nuova Faos International Manufacturing Pvt. Ltd. into the parent Biesse Manufacturing Co. Pvt. Ltd., completed on 31 March 2015. This extraordinary transaction was the final step in the rationalisation of the organisational structure of the Indian subsidiaries.

Financial highlights

	1H 2015	% on sales	1H 2014	% on sales	CHANGE %
<i>Euro 000's</i>					
Revenue from sales and services	245,553	100.0%	201,127	100.0%	22.1%
Added value ⁽¹⁾	101,923	41.5%	79,841	39.7%	27.7%
EBITDA (Gross operating profit) ⁽¹⁾	28,949	11.8%	16,961	8.4%	70.7%
Normalised EBIT (Normalised operating profit) ⁽¹⁾	20,180	8.2%	9,867	4.9%	104.5%
Ebit (Operating profit) ⁽¹⁾	20,180	8.2%	9,699	4.8%	108.1%
Profit for the period	10,500	4.3%	3,937	2.0%	-

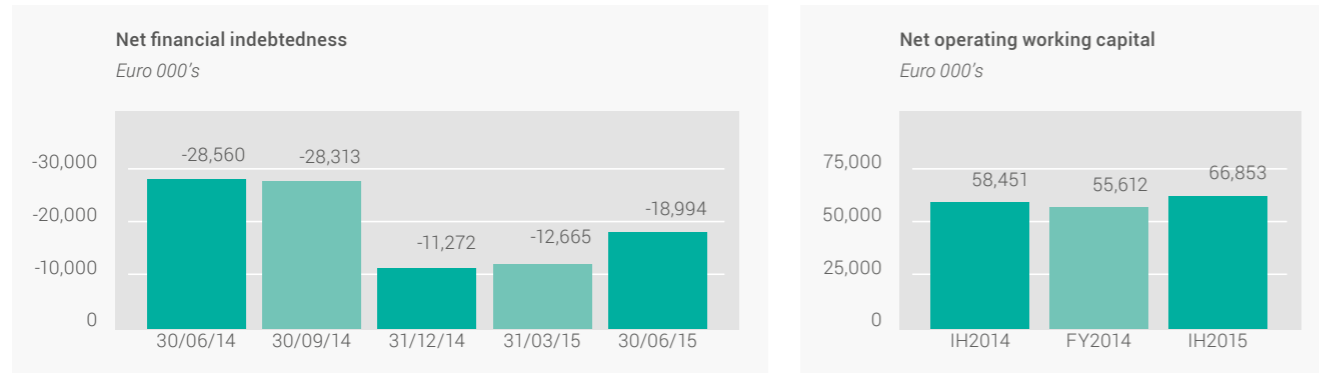
⁽¹⁾ The criteria for determining amounts relating to interim results and aggregate equity and financial data are described in the Directors' Report and the Notes to the condensed interim consolidated Financial Statements.



Statement of financial position data and financial ratios

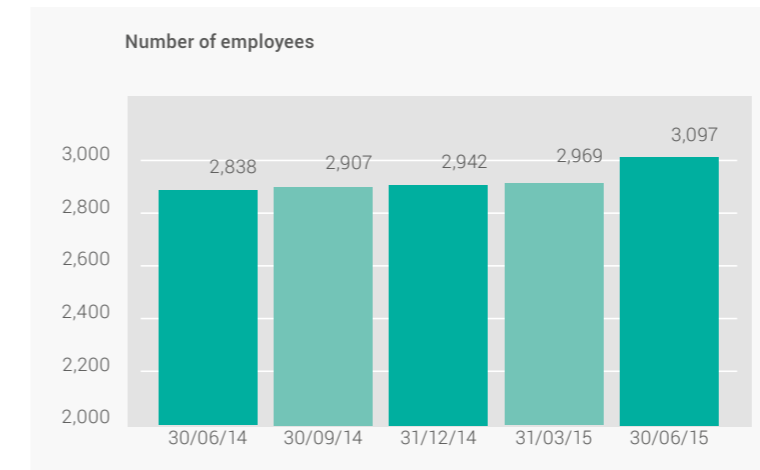
	30 June 2015	31 December 2014	30 June 2014
<i>Euro 000's</i>			
Net Invested Capital ⁽¹⁾	151,040	134,464	140,662
Equity	132,046	123,192	112,103
Net financial indebtedness ⁽¹⁾	18,994	11,272	28,560
Net operating working capital ⁽¹⁾	66,853	55,612	58,451
Gearing (net financial position/equity)	0.14	0.09	0.25
Fixed asset/standing capital ratio	0.93	0.93	0.99

⁽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 condensed interim consolidated Financial Statements.



Personnel

	30 June 2015	30 June 2014
Number of employees at period end	3,097	2,838



* the figure includes temporary staff.

	1H 2015	1H 2014
<i>Euro 000's</i>		
Ebitda (Gross operating profit)	28,949	16,961
Change in net working capital	(10,903)	(7,129)
Change in other operating assets/liabilities	(8,308)	(853)
Operating cash flow	9,739	8,979
Cash flow used in investment activity	(11,453)	(8,836)
Cash flow	(1,714)	143
Dividends paid	(9,824)	(4,879)
Sale of treasury shares	4,498	-
Exchange rate gains (losses)	(682)	113
Change in net financial indebtedness	(7,722)	(4,624)

Company officers

Board of Directors

Chairman and Chief Executive Officer
Managing Director
Executive Director
Executive Director and Group General Manager
Executive Director
Independent Director
Independent Director

Roberto Selci
Giancarlo Selci
Alessandra Parpajola
Stefano Porcellini
Cesare Tinti
Salvatore Giordano
Elisabetta Righini

Board of Statutory Auditors

Chairman
Standing Statutory Auditor
Standing Statutory Auditor
Alternate Statutory Auditor
Alternate Statutory Auditor

Giovanni Ciurlo
Cristina Amadori
Riccardo Pierpaoli
Silvia Cecchini
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 Grassetto

Independent Auditors

KPMG S.p.A.



Directors'
report



General economic overview

The international business cycle

The global recovery continues, but is showing signs of slowing down due to temporary factors in advanced countries and more persistent problems in emerging markets. The main international organisations expect global trade to accelerate compared to 2014. The outlook for the world economy still hinges on the tensions potentially deriving from a rate hike in the US, the potential fallout of the stock market's instability on business activity in China, the outcome of Greece's crisis, and oil prices—which will likely remain weak because of continued excess supplies.

According to the IMF's forecasts released in July, global economic activity will slow down slightly this year and then pick up again in 2016. The IMF lowered its 2015 estimates for advanced countries compared to last April. Specifically, the outlook for the United States was significantly pared back (to 2.5 percent), whereas projections for the euro area remained unchanged. Economic growth is expected to hold steady in India and slacken in China. While Brazil should see its GDP shrink more than previously estimated, the picture appears somewhat improved for Russia.

Business segment review

Ucimu - Sistemi per produrre

In the second quarter of 2015, the machine tools order index, prepared by the Business Culture and Research Centre of UCIMU-SISTEMI PER PRODURRE, recorded a 30% increase on the prior-year period.

Domestic orders rose a further 46.7% over the April-June 2014 period, while foreign orders grew 26.1%

Luigi Galdabini, Chairman of UCIMU-SISTEMI PER PRODURRE, said: "In 2015, Italian manufacturers are continuing to recover: while they continue focusing on exports as usual, they harnessed the increased domestic demand for production systems. There are clear signs that the Italian market is mending: certainly the New Sabatini Law, which the government has already funded for the whole year, and the tax credit for new plants and equipment, which expired on June 30, certainly played a role.

Eurozone

The tensions arising from the negotiations over Greece's debt have abated after Athens reached an agreement with its international creditors in mid-July. Nonetheless, elements of uncertainty remain. Although diminished, the risks that inflation in the Eurozone will stay at record lows for a long time have not entirely disappeared. The Eurosystem's asset purchase programme has brought about accommodating financial conditions that have continued supporting the recovery, even after bond yields started bouncing back in mid-April.

In the first quarter of 2015, the Eurozone's GDP growth rate was unchanged from the end of last year (+0.4 percent compared to the prior-year period, buoyed by household and business spending).

Italy

Italy's economic recovery continues. Qualitative indicators show that after rising in the first quarter of 2015, GDP growth consolidated in the second quarter, with domestic demand finally making a positive contribution.

After stabilising late last year, in the first three months of 2015 Italy's GDP was up 0.3 percent year-on-year. Economic activity rose across all sectors except the service industry, where it remained flat. Domestic demand has been fuelling GDP growth, with inventories contributing 0.5 percent.

Investments accelerated steadily (1.5 percent), driven by transport infrastructure and construction, whereas consumption fell slightly. The stronger domestic demand was reflected in the robust rise in imports; exports of goods were up once again, but overall foreign sales remained flat.

Acimall

According to Acimall (the Association of Italian manufacturers of woodworking machinery and accessories), the second quarter of 2015 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, performed based on a statistical sample representing the entire sector, shows that the Italian woodworking machinery and machine tools industry grew 13.5% over the prior-year period. Foreign orders rose 15.9%, while domestic ones declined by 11.9%.

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 lowered the manufacturing indices for the machinery construction industry. After growing 1.1% between January and April 2015, the sector slowed down by -1.4% year-on-year. Then, in May it shrunk a further -6.8%, causing production to fall by -2.5% overall in the first 5 months of the year. Ralph

Wiechers, VDMA's chief economist, said "last autumn's forecast that Germany's production of machinery and plants would rise 2% in 2015 is no longer valid".

"However, nothing has changed concerning the overall business cycle," adds Mr. Wiechers. "We expect this delicate sector to grow moderately during the rest of the year, and are certain that it will not end the year into negative territory."

Trend in the first half of 2015 and main events

At the end of the first half of 2015, the Biesse Group confirms that both the short-term outlook (order intake) and the earnings results remain positive. As for the Group's financial performance, it has considerably improved over the prior-year period, while the deterioration compared to December 2014 is attributable to the seasonality of the business—as well as the impact of the dividend payout in May.

At the end of June 2015, the order intake increased by 13% overall compared to the same period last year. This positive trend underlies the increase in both sales and inventories of finished and semi-finished goods.

As far as the performance for the period is concerned, the Biesse Group's revenues for the first half of 2015 amounted to €245,553 thousand, up an impressive 22.1% compared to the prior-year period (€201,127 thousand in revenues).

In the first six months of 2015, added value totalled €101,923 thousand, rising 27.7% over the same period last year.

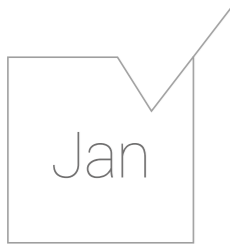
EBITDA for the first half of 2015 totalled €28,949 thousand, up €11,988 thousand year-over-year (+70.7%). EBIT improved as well, increasing by €10,481 thousand (€20,180 thousand in 2015 compared to €9,699 thousand in the prior-year period).

As regards the financial position, net operating working capital rose by around €11.2 million from 31 December 2014. This was mainly because of the increase in inventories (+€26.3 million), attributable to the positive order intake and the resulting need to meet the deliveries scheduled for the rest of the year. Trade receivables were up nearly €12.2 million. These changes were partially offset by the approximately €27.2 million increase in trade payables.

Finally, at 30 June 2015 the Group's net financial indebtedness amounted to nearly €19 million, down €7.7 million from 31 December 2014 due to the changes in net operating working capital and the dividend payout (€9.8 million) in May. However, it should be noted that it significantly improved by €9.6 million year-on-year, showing that cash flows held steady.

Main events





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



Feb

On 19 February 2015, the Board of Directors of Biesse S.p.A. approved the updating of the business plan for the 2015-2017 period.

Based on the initiatives set out in the above business plan and the assessment of the international macroeconomic situation, the Biesse Group expects to achieve the following results in the next three years:

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

On 27 February 2015, Viet Italia S.r.l., 100% owned by Biesse S.p.A., completed the purchase of Viet S.r.l. in liquidation. In 2011, the Company had entered into a lease agreement for the business unit including an irrevocable offer to purchase it. As part of this transaction, Viet Italia S.r.l. acquired also the equity investment in Pavit S.r.l., a subsidiary of Viet S.r.l. in liquidation.



Mar

On 3 March 2015, Biesse S.p.A. met with some important investors in Paris in collaboration with its specialist Banca IMI. On that occasion, in addition to describing its activities and the industrial projects underway, Biesse's top management updated its indications concerning the 2014 financial year. On 5 March, the same meeting was held in London.

From 4 to 7 March, Biesse France took part in the Eurobois trade show in Lyon, where it won the Eurobois Award for innovation for bSolid.

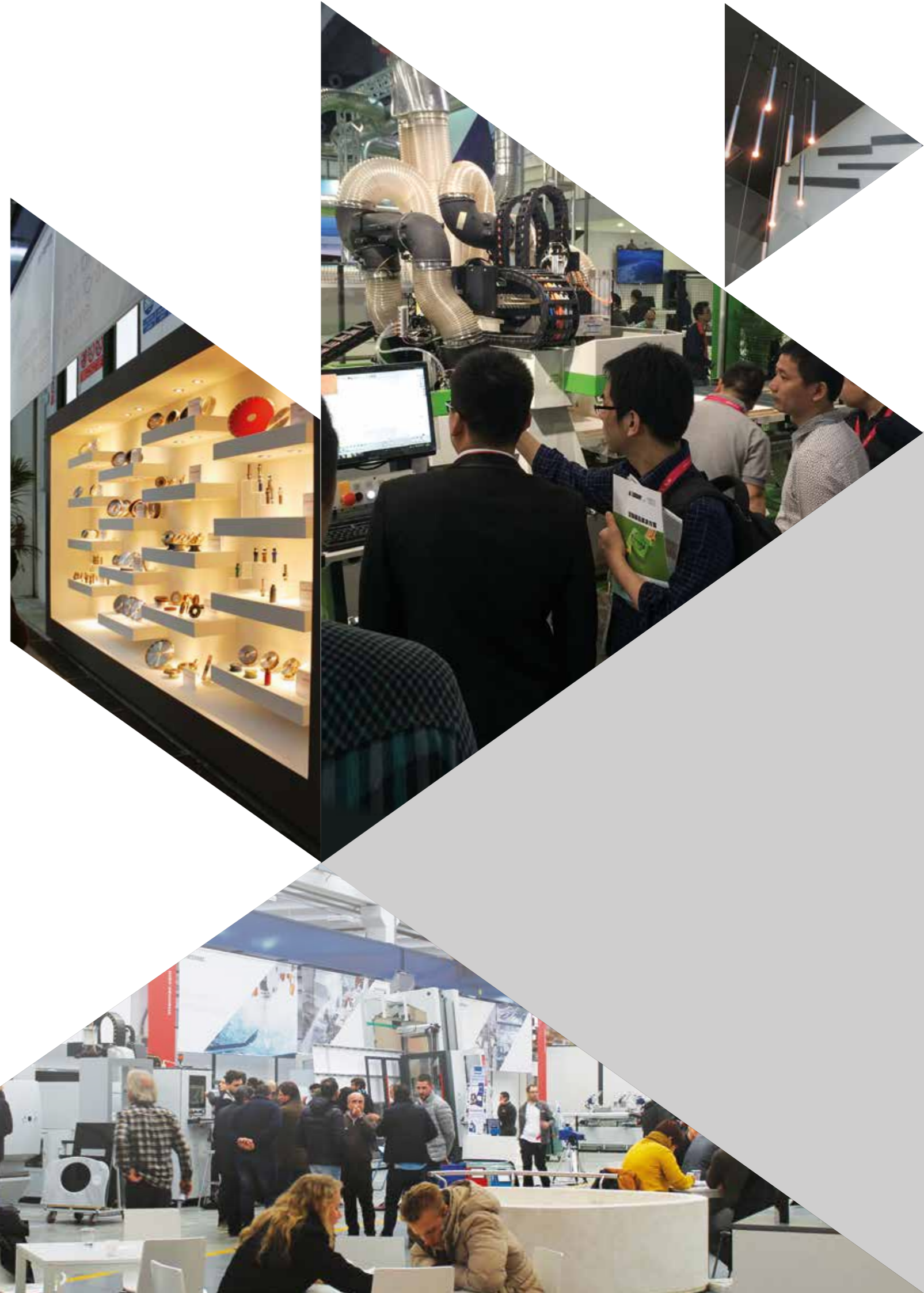
On 9 March 2015, the company Biesse Austria GmbH was established as a subsidiary of Biesse Deutschland GmbH to sell the Group's equipment and provide after-sales service in Austria.

On 24-25 March 2015, Biesse S.p.A. took part in the 2015 Milan STAR Conference – an event organised by Borsa Italiana – in order to meet the Italian and international financial community.

From 28 March to 1 April 2015, the Biesse Group took part in Interzum 2015, the world's largest trade fair for suppliers of the furniture industry and semi-finished products, held in Guangzhou (China). Biesse presented its state-of-the-art technology in over 500 square metres of booth space.

From 26 to 29 March 2015, the latest edition of Inside Intermac was held at the newly renovated showroom in Pesaro. More than 700 visitors from over 30 countries across the globe attended the event, enjoying the completely restructured 1,200 sq. m. Tech Centre. The exhibition focused on over 10 technological sectors and saw the world premiere of the new Mastersaw 625, the evolution of Intermac's bridge saw.

On display inside the new exhibition space is the full range of Diamut tools for processing glass and marble.



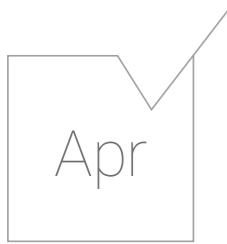


On April 17, the Biesse Group took part for the first time in Milan Design Week (Salone del Mobile and fuorisalone) with a night dedicated to Design & Digital Manufacturing. The Biesse Group had an institutional presence at the world's most important design event, participating in a round-table discussion that involved: Daniel Libeskind, a world-famous architect and designer; Vittorio Livi, Chairman of Fiam Italia; Giancarlo Selci, Founder and Chief Executive Officer of Biesse Group; Paola Vacchina, Chairwoman of Enaip; Valentina Aprea, Councillor for Education, Training And Employment of the Regional Government of Lombardy; Luca Delfinetti, Councillor for Economic Activities of the Municipality of Cantù; Luigi Bobba, Under Secretary of the Ministry of Labour and Social Policies.

From 13 to 19 April 2015, Biesse Middle East took part in the Woodshow Exhibition in Dubai, focusing on edgebanding technologies.

On 27 April 2015, Axxembla S.r.l., 100% owned by Biesse S.p.A., completed the purchase of Asseservice S.r.l. in liquidation. In 2014, the Company had entered into a lease agreement for the business unit including an irrevocable offer to purchase it.





At their ordinary meeting on 30 April 2015, the Shareholders of Biesse S.p.A. approved the 2014 Separate and Consolidated Financial Statements, both prepared in accordance with IFRS, and resolved to distribute a €0.36 dividend per share in light of the results achieved in 2014 (ex-dividend date scheduled for 18 May 2015 - record date 19 May 2015), paying a total of €9,811,066.68—excluding treasury shares.

In addition, the Shareholders, after determining the number of its members, elected Biesse S.p.A.'s new Board of Directors and Board of Statutory Auditors (for the financial years 2015-2016-2017) from the list submitted by the majority shareholder.

Finally, it also approved the new "LTI 2015-2017" incentive scheme, the remuneration policy for 2014, and the share buyback programme.





From 5 to 9 May 2015, Biesse took part for the first time in Milan's Plast exhibition, presenting equipment for processing technological materials.

On 8 May 2015, Viet Italia S.r.l. moved production from Gradara (province of Pesaro and Urbino) to Pesaro.

From 11 to 15 May 2015, the Biesse Group took part in Ligna, the largest international trade fair for the wood industry. On display in Biesse's over 3,700 sq. m. booth in Hannover, Germany was large-scale equipment for operating integrated industrial production processes and innovative automation systems.

At the closing press conference, Deutsche Messe announced that the event attracted over 96,000 official visitors from all over the world. The number of companies that visited Biesse's booth rose 20% compared to the 2013 edition, and they came mainly from Germany, Eastern and Northern Europe, Russia, and the United States. "Biesse's motto for the event was Think4ward," said Raphaël Prati, Head of Marketing and Communication. "It was a daunting challenge for our group: we had nearly double the booth space of the previous edition, and decided to showcase the latest technologies for both large industrial plants and small businesses, as well as a comprehensive range of software products. As Stefano Porcellini, our General Manager, pointed out, we set a new record for orders collected at an exhibition, up 63% compared to 2013."

On 11 May 2015, a Vietnamese delegation consisting of public officials and institutional representatives visited the Group's headquarters. It was led by the President of Bihn Duong, a fast-growing Province that comprises Vietnam's most important industrial park and represents a true smart city. After a meeting with the management and a presentation of the Group, which focused on the recent investments in Asia, the visitors were treated to a tour of the manufacturing facilities and the Tech Centre, where several technological solutions were on display.



June

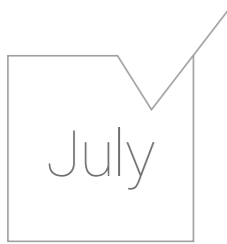
On 5 June, the Group inaugurated Biesse Asia, the largest sales office in Asia, with the aim of consolidating its presence in this key market. Based in Kuala Lumpur and spanning over 1,800 sq.m., it represents Asia's largest permanent showroom. From this strategic position, Biesse Asia can operate across all the largest Asian markets.

On 10 June 2015, Biesse hosted an event organised by Banca BPER in partnership with Il Sole 24 Ore dedicated to "Exporting Made in Italy. A new approach to competing and growing in international markets".

From 25 to 27 June 2015, Inside Triveneto edition - a show dedicated to Biesse's technologies - was held in Codognè. The three-day event featured the opening of the newly renovated tech-centre. The feedback from the customers and partners that visited Biesse Triveneto for the occasion has been extremely positive.

BIESSEGROUP





On 7 July 2015, the Pesaro-Urbino chapter of Confindustria—the Italian employers’ association—held its general meeting for the first time on a company’s premises (specifically, at Biesse’s new Tech Centre). The title of the event was “Our history: energy for the future”.

From 22 to 25 July 2015, Biesse America took part in the 2015 AFWS Fair in Las Vegas, attracting over 1000 visitors from 750 companies—an astounding success. Biesse showcased a comprehensive range of machines, from entry-level products to cutting-edge technological solutions.



Income statement highlights

Reclassified Income Statement for the six months ended 30 June 2015

	1H 2015	% of sales	1H 2014	% of sales	CHANGE %
<i>Euro 000's</i>					
Revenue from sales and services	245,553	100.0%	201,127	100.0%	22.1%
Change in inventories, wip, semi-finished and finished A4:F29	16,579	6.8%	7,431	3.7%	123.1%
Other revenue	1,979	0.8%	741	0.4%	-
Revenue	264,112	107.6%	209,299	104.1%	26.2%
Consumption of raw materials, consumables, supplies and goods	(110,079)	(44.8)%	(86,470)	(43.0)%	27.3%
Other operating expense	(52,110)	(21.2)%	(42,988)	(21.4)%	21.2%
Added Value	101,923	41.5%	79,841	39.7%	27.7%
Personnel expense	(72,974)	(29.7)%	(62,879)	(31.3)%	16.1%
Gross Operating profit	28,949	11.8%	16,961	8.4%	70.7%
Depreciation and amortisation	(7,770)	(3.2)%	(6,359)	(3.2)%	22.2%
Provisions	(999)	(0.4)%	(735)	(0.4)%	35.9%
Normalised Operating profit	20,180	8.2%	9,867	4.9%	104.5%
Impairment losses and non-recurring items	-	-	(168)	(0.1)%	(100.0)%
Operating profit	20,180	8.2%	9,699	4.8%	108.1%
Net finance expense	(357)	(0.1)%	(822)	(0.4)%	(56.6)%
Net exchange rate losses	(1,398)	(0.6)%	(374)	(0.2)%	-
Pre-tax profit/loss	18,425	7.5%	8,503	4.2%	116.7%
Income taxes	(7,925)	(3.2)%	(4,566)	(2.3)%	73.6%
Profit for the period	10,500	4.3%	3,937	2.0%	-

Revenue from sales and services in the first half of 2015 showed an increase of 22.1% compared with the same period of 2014, rising from €201,127 thousand to €245,553 thousand.

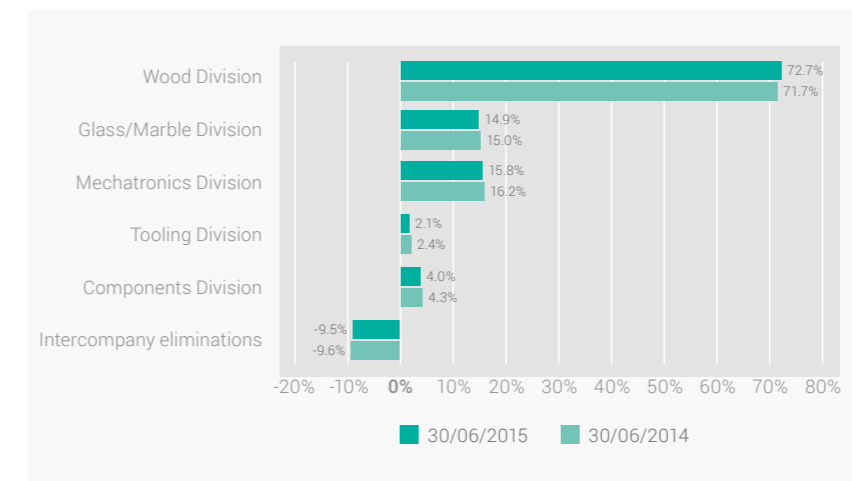
The breakdown of sales by segment shows that all divisions grew in the first half. The Wood division surged from €144,110 thousand to €178,637 thousand (+24%), confirming its role as the Group's volume driver. Also the Glass/Marble Division made considerable progress, growing by 20.9%. The Mechatronics Division rose from €32,523 thousand to €38,812 thousand (19.3%), while the Tooling Division ended the first

half up +8.3% (revenue for the period: €9,777 thousand).

As for the geographical breakdown of sales during the first six months of 2015, all areas grew steadily except for Eastern Europe. North America continued the positive trend seen since early this year and was the fastest-growing area (+35%), as sales surged from €26,561 thousand to €35,851 thousand. Western Europe remained Biesse's main market (€102,282 thousand, accounting for 41.7% of the Group's sales) and was up 27.2%.

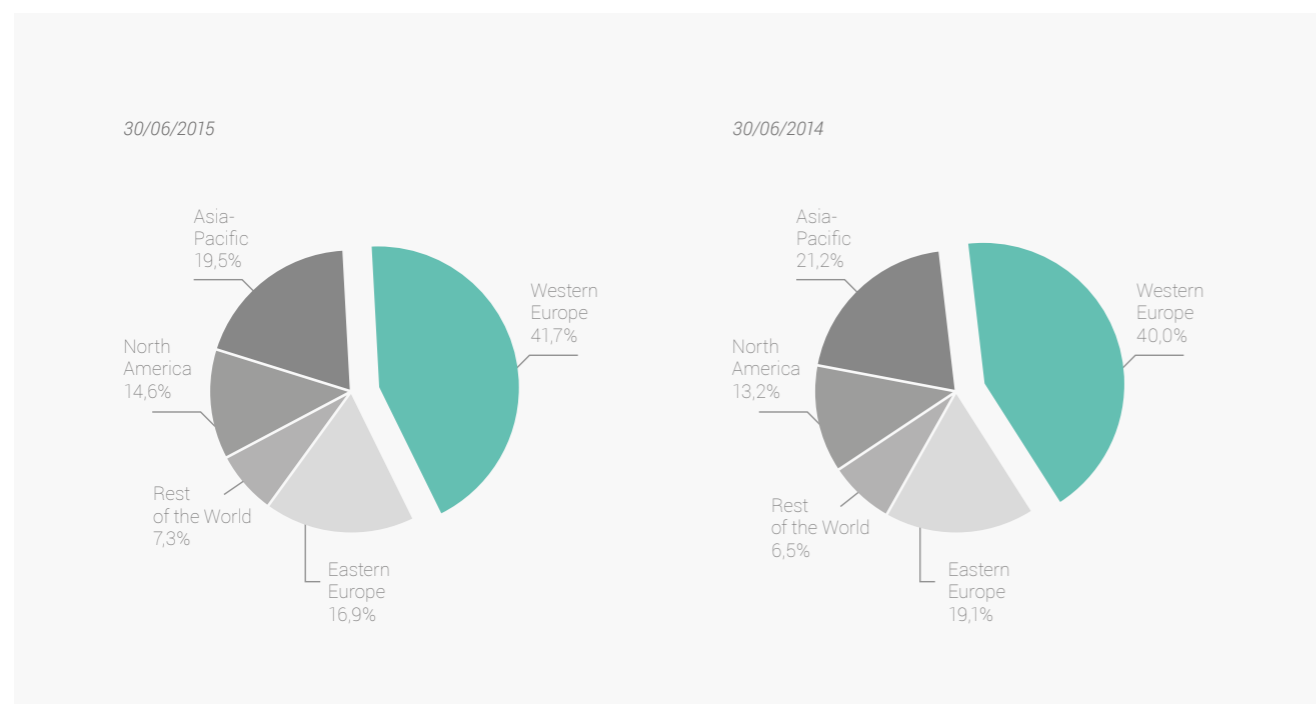
Breakdown of revenue by operating segment

	1H 2015	% of sales	1H 2014	% of sales	Change %
<i>Euro 000's</i>					
Wood Division	178,637	72.7%	144,110	71.7%	24.0%
Glass/Marble Division	36,593	14.9%	30,267	15.0%	20.9%
Mechatronics Division	38,812	15.8%	32,523	16.2%	19.3%
Tooling Division	5,138	2.1%	4,743	2.4%	8.3%
Components Division	9,777	4.0%	8,725	4.3%	12.1%
Intercompany eliminations	(23,404)	(9.5)%	(19,240)	(9.6)%	21.6%
Total	245,553	100.0%	201,127	100.0%	22.1%



Breakdown of revenue by geographical segment

	1H 2015	%	1H 2014	%	Change %
<i>Euro 000's</i>					
Western Europe	102,282	41.7%	80,431	40.0%	27.2%
Asia-Pacific	47,867	19.5%	38,361	19.1%	24.8%
Eastern Europe	41,531	16.9%	42,709	21.2%	(2.8)%
North America	35,851	14.6%	26,561	13.2%	35.0%
Rest of the World	18,023	7.3%	13,065	6.5%	37.9%
Total	245,553	100.0%	201,127	100.0%	22.1%



Inventories increased by €16.6 million overall since the end of last year. This was almost entirely due to finished goods (€14.6 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.

Other revenue grew from €741 thousand to €1,979 thousand, mainly as a result of €1.2 million in non-recurring income arising from the acquisition of Viet S.r.l. in liquidation: for more details, see Notes 4 and 24.

Revenue in the first half of 2015 was €264,112 thousand, up by 26.2% compared to €209,299 thousand at 30 June 2014.

As a percentage of Revenue, the consumption of raw materials was essentially unchanged (41.7%, compared to 41.3% in the prior-year period), while other operating expenses were down from 20.5% to 19.7%. This caused added value to grow from 38.1% to 38.6% as a percentage of revenue.

	1H 2015	%	1H 2014	%
<i>Euro 000's</i>				
Revenue	264,112	100.0%	209,299	100.0%
Consumption of raw materials and goods	110,079	41.7%	86,470	41.3%
Other operating expense	52,110	19.7%	42,988	20.5%
Service costs	45,726	17.3%	36,764	17.6%
Use of third party assets	4,022	1.5%	3,720	1.8%
Sundry operating expense	2,362	0.9%	2,504	1.2%
Added Value	101,923	38.6%	79,841	38.1%

The €9,122 thousand increase in Other operating expense was largely due to Service costs (+€8,963 thousand). Specifically, this change is attributable to both "variable" costs (outsourced processing, third-party technical services, transport costs and commissions) as well as "fixed" costs (consulting services, travel and lodging expenses, trade fairs, maintenance) due to rising production volumes.

In the first six months of 2015, added value totalled €101,923 thousand, up 27.7% over the same period last year (€79,841 thousand) and from 39.7% to 41.5% as a percentage of revenue.

In the first six months of 2015, personnel expense amounted to €72,974 thousand, up €10,095 thousand (+16.1%) compared to the prior-year period (€62,879 thousand). This was largely because of wages and salaries (+ €9,899 thousand, +16.6% compared year-on-year), as the Group increased its headcount in accordance with its recruiting policy and did not implement a Solidarity Agreement (as it did in 2014). However, it should be noted that this expense was down from 31.3% in 2014 to 29.7% as a proportion of revenue.

EBITDA amounted to €28,949 thousand for the six months ended 30 June 2015 (€16,961 thousand in the prior-year period), showing an increase of 70.7%.

Overall, depreciation and amortisation rose 22.2% (from €6,359 thousand in 2014 to €7,770 thousand this year) as a result of the Group's policy to invest more in both property, plant and equipment and intangible assets. Depreciation grew

by €588 thousand (from €2,869 thousand to €3,457 thousand, +20.5%) and amortisation by €823 thousand (from €3,490 thousand to €4,313 thousand, +23.6%).

Provisions totalled €999 thousand, up from €735 thousand in the first half of 2014, mainly because the product warranty provision was increased as a result of the higher revenue for the period.

As regards financial operations, finance expense amounted to €357 thousand and improved compared to 2014 (€822 thousand, -56.6%), as in the first half of 2015 the debt position improved compared with the prior-year period.

Net exchange rate losses in the first six months were €1,398 thousand, compared to €374 thousand in the prior-year period.

Pre-tax profit amounted to €18,425 thousand.

Estimated taxes amounted to €7,952 thousand. Current taxes had a negative €7,190 thousand impact (IRES – corporate income tax: €3,723 thousand; IRAP - regional business tax: €1,365 thousand; taxes from foreign jurisdictions: €1,393 thousand; prior years' taxes: €709 thousand), while deferred tax expense amounted to €734 thousand.

Therefore, the profit for the first six months of 2015 amounted to €10,500 thousand.

Statement of financial position highlights

Statement of financial position highlights at 30 June 2015

	30 June 2015	31 December 2014	30 June 2014
<i>Euro 000's</i>			
Intangible assets	57,173	52,584	50,281
Property, plant and equipment	66,194	61,865	60,540
Financial assets	1,225	1,478	1,180
Non current assets	124,592	115,927	112,002
Inventories	124,368	98,051	98,678
Trade receivables	99,654	80,714	78,561
Trade payables	(157,168)	(123,153)	(118,788)
Net Operating Working Capital	66,853	55,612	58,451
Post-employment benefits	(13,478)	(14,484)	(13,499)
Provision for risks and charges	(9,979)	(8,915)	(10,251)
Other net payables	(28,135)	(25,253)	(18,897)
Net deferred tax assets	11,186	11,576	12,857
Other net liabilities	(40,405)	(37,076)	(29,791)
Net Invested Capital	151,040	134,464	140,662
Share capital	27,393	27,393	27,393
Profit for the previous year/period and other reserves	93,963	81,834	80,609
Profit for the year/period	10,530	13,766	3,915
Non-controlling interests	159	200	186
Equity	132,046	123,192	112,103
Bank loans and borrowings and loans and borrowings from other financial backers	66,183	65,630	57,919
Other financial assets	(17)	(1,048)	(1,044)
Cash and cash equivalents	(47,172)	(53,310)	(28,315)
Net financial indebtedness	18,994	11,272	28,560
Total sources of funding	151,040	134,464	140,662

Compared to 31 December 2014, net intangible assets increased by approximately €4.6 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 operations), net of the relevant amortisation for the period (around €4.2 million).

As for net property, plant and equipment, they rose €4.3 million from December 2014, net of the relevant depreciation for the period.

Overall, inventories were up €26,317 thousand from 31 December 2014. The change compared with year-end figures was due to rising inventories of finished goods (up €14,564 thousand), semi-finished goods (up €3,748 thousand), and raw materials (up €7,491 thousand). At €514 thousand, spare parts inventories grew at a slower pace because of construction work for the continental logistic hubs. As previously mentioned, the trend in inventories was related to the positive order intake.

With reference to the other items of net operating working capital, which increased by €11,241 thousand overall compared to 31 December 2014, notably both trade payables and trade receivables were up, by €34,015 thousand and €18,940 thousand, respectively.

Net financial indebtedness

	30 June 2015	31 March 2015	31 December 2014	30 September 2014	30 June 2014
<i>Euro 000's</i>					
Financial assets:	47,189	60,297	54,359	29,913	29,359
<i>Current financial assets</i>	17	26	1,048	1,095	1,044
<i>Cash and cash equivalents</i>	47,172	60,271	53,310	28,818	28,315
Short term finance lease payables	(408)	(412)	(301)	(297)	(293)
Short term bank loans and borrowings and loans and borrowings from other financial backers	(31,640)	(29,402)	(20,511)	(29,673)	(28,816)
Short Term Net Financial Indebtedness	15,141	30,484	33,547	(58)	250
Medium/Long term finance lease payables	(1,672)	(1,769)	(1,659)	(1,736)	(1,812)
Medium/Long bank loans and borrowings	(32,463)	(41,380)	(43,159)	(26,520)	(26,998)
Medium/Long Term Net Financial Indebtedness	(34,135)	(43,149)	(44,818)	(28,256)	(28,810)
'Total Net Financial Indebtedness	(18,994)	(12,665)	(11,272)	(28,313)	(28,560)

At 30 June 2015, the Group's net financial indebtedness was nearly €19 million (gearing = 0.14). This marked an improvement over the prior-year period (- €9.3 million), but also a €7.7 million increase from 31 December 2014 that may be considered the inevitable result of the Group's operations.

In addition, during the first half Biesse S.p.A. disposed of 322,467 treasury shares at an average price of €13.905 per share (gross total: €4.483 million) and awarded 57,612 shares to Biesse employees under the Long-Term Incentive Plan (LTI).

Among the events that negatively affected the net financial position, in May 2015 the Group paid €9.8 million in dividends on ordinary shares.

Finally, the consolidation of the company Pavit S.r.l. caused the net financial position to deteriorate by €1.9 million compared to the end of the previous year.

Transactions with associates, parents and the latter's subsidiaries

At 30 June 2015, 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

There were no such transactions during the period.

Significant events after the reporting date and full-year outlook

As for the outlook for the second part of 2015, in light of the existing portfolio and the macro-economic situation, the Group confirms it is on track to meet its full-year targets. It remains focused on executing its plans by expanding the sales network as well as investing to support its growth, despite the adverse impact of economic and political instability in several parts of the world. Brazil, Russia and North Africa remain weak, while Chinese financial markets are raising some concerns that risk affecting Asia's real

economy. The consolidated order intake in the first half of the year was robust and steady in spite of several sources of political-economic uncertainty and the resulting bout of volatility. The comparison between 30 June 2015 and the prior-year period shows a 13% increase, deriving mainly from mid-range and high-end products as well as lines, with companies returning to invest in technology as the business cycle moves into the expansion phase.

Other information

At the date on which the Interim report at 30 June 2014 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, Biesse S.p.A., does not own shares in the ultimate parent nor did it own or trade them during the first half of 2014. There is therefore nothing to disclose for the purposes of Article 2428, paragraph 2, sections 3 and 4 of the Italian Civil Code.

Pesaro, 05/08/2015

The Chairman of the Board of Directors
Roberto Selci

Condensed interim consolidated financial statements

at 30 June 2015



Condensed interim consolidated financial statements

INCOME STATEMENT FOR THE SIX MONTHS ENDED 30/06/2015

	Note	1H 2015	1H 2014
<i>Euro 000's</i>			
Revenue	4	245,553	201,127
Other operating income		1,979	741
Change in the inventories of finished goods and work in progress		16,579	7,431
Purchase of raw materials and consumables	6	(110,079)	(86,470)
Personnel expense	7	(72,974)	(62,879)
Other operating expense	8	(52,110)	(42,988)
Depreciation and amortisation		(7,770)	(6,359)
Provisions		(999)	(735)
Impairment losses		-	(168)
Operating profit		20,180	9,699
Finance income		3,814	3,372
Finance expense		(4,171)	(4,194)
Net exchange rate losses		(1,398)	(374)
Pre-tax profit		18,425	8,503
Taxes	9	(7,925)	(4,566)
Profit for the period		10,500	3,937
Profit for the period		10,500	3,937
Attributable to:			
Owners of the parent		10,530	3,915
Non-controlling interests		(30)	22
Earnings per share			
Basic (€/cents)	10	38.75	14.55
Diluted (€/cents)	10	38.75	14.55

STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Note	1H 2015	1H 2014
<i>Euro 000's</i>			
Profit/Loss for the period		10,500	3,937
Translation differences of foreign operations	17	2,521	668
Net gain (loss) on cash flow hedges		327	(175)
Income taxes on other comprehensive income		(90)	48
Items that may be reclassified to profit or loss		2,758	541
Total profit / (loss) from effects of remeasurement		888	(844)
Items that will not be reclassified to profit or loss		888	(844)
Total comprehensive income for the period		14,146	3,634
Attributable to:			
Owners of the parent		14,173	3,617
Non-controlling interests		(27)	17
Total comprehensive income for the period		14,146	3,634

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

	Note	30 June 2015	31 December 2014
<i>Euro 000's</i>			
ASSETS			
Non current assets			
Property, plant and equipment	12	57,903	55,349
Equipment and other items of property, plant and equipment	12	8,291	6,517
Goodwill	13	17,210	17,069
Other intangible assets	13	39,964	35,515
Deferred tax assets	9	15,081	15,111
Other financial assets and non-current receivables		1,225	1,478
		139,673	131,038
Current assets			
Inventories	14	124,368	98,051
Trade receivables due from third parties	15	99,617	80,712
Trade receivables due from related parties	26	36	2
Other current assets		15,094	13,928
Other current assets due from related parties	26	1,036	1,553
Derivatives		845	43
Current financial assets		17	1,048
Cash and cash equivalents		47,172	53,310
		288,186	248,648
TOTAL ASSETS		427,859	379,686

	Note	30 June 2015	31 December 2014
<i>Euro 000's</i>			
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	16	27,393	27,393
(Treasury shares)	16	(96)	(3,750)
Equity reserves		36,202	36,202
Hedging and translation reserves	17	192	(2,564)
Other reserves	18	57,666	51,946
Profit for the period/year		10,530	13,766
Equity attributable to the owners of the parent		131,887	122,993
Non-controlling interests		159	200
TOTAL EQUITY		132,046	123,192
Non-current liabilities			
Post-employment benefits		13,478	14,484
Deferred tax liabilities		3,895	3,535
Medium and long-term bank loans and borrowings and other loans and borrowings	19	32,463	43,159
Finance lease payables	19	1,672	1,659
Provisions for risks and charges	20	995	1,421
Other non-current liabilities		10	0
		52,514	64,258
Current liabilities			
Trade payables	21	155,608	122,059
Trade payables due to related parties	21	1,560	1,094
Other current liabilities		38,014	36,842
Other current liabilities due to related parties	26	572	0
Tax payables		6,231	2,682
Finance lease payables	19	408	301
Bank overdrafts and loans and borrowings	19	31,640	20,511
Provisions for risks and charges		8,984	7,494
Derivatives		283	1,254
		243,300	192,236
LIABILITIES		295,814	256,494
TOTAL EQUITY AND LIABILITIES		427,859	379,686

STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Note	1H 2015	1H 2014
<i>Euro 000's</i>			
OPERATING ACTIVITIES			
+/- Profit for the period		10,500	3,937
+ Depreciation and amortisation:			
of property, plant and equipment		3,457	2,869
of intangible assets		4,313	3,490
+ Provisions :			
Increase/decrease in provisions for post-employment benefits		9	24
Increase/decrease in allowance for impairment		130	413
Increase/decrease allowance for inventory write-down		(372)	(163)
Increase/decrease in provisions for risk and charges		869	330
Gains/losses from sales of property, plant and equipment		(22)	(11)
Impairment losses on other intangible assets		0	168
Income from investing activities		(918)	(3,372)
Unrealised exchange rate gains		(2,408)	32
Income taxes		7,925	4,566
Finance expense		1,275	4,194
SUBTOTAL OPERATING ACTIVITIES		24,758	16,477
Post-employment benefits paid		(419)	(561)
Risk provisions utilised		(759)	(291)
Change in trade receivables		(19,243)	(2,626)
Change in inventories		(24,510)	(11,978)
Change in trade payables		32,851	7,474
Change in other receivables/payables		(2,898)	3,787
Income tax paid		(2,872)	(2,271)
Interest paid		(939)	(3,993)
NET CASH FLOWS FROM OPERATING ACTIVITIES		5,969	6,018
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(4,612)	(2,961)
Proceeds from sale of property, plant and equipment and other items of property, plant and equipment		17	5
Acquisition of patents, trademarks and other intangible assets. Capitalisation of development costs		(5,897)	(5,877)
Proceeds from sale of intangible assets		0	(3)
Acquisitions of equity investments	24	(944)	0
Change in other financial assets		191	(958)
Interest received		795	3,140
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(10,450)	(6,654)

	Note	1H 2015	1H 2014
<i>Euro 000's</i>			
FINANCING ACTIVITIES			
Loans repaid/New banker's advance	22	(13,327)	8,763
Finance lease payments	22	(148)	(141)
Change in bank loans and borrowings	22	17,093	(10,449)
Change in current derivative instrument financial assets/liabilities		(928)	297
Capital injections - non-controlling interests		0	15
Dividends paid		(9,824)	(4,879)
Sale of treasury shares		4,498	0
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(2,635)	(6,394)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(7,116)	(7,029)
OPENING CASH AND CASH EQUIVALENTS		53,310	35,151
Effect of exchange rate fluctuations on cash held		978	193
CLOSING CASH AND CASH EQUIVALENTS		47,172	28,315

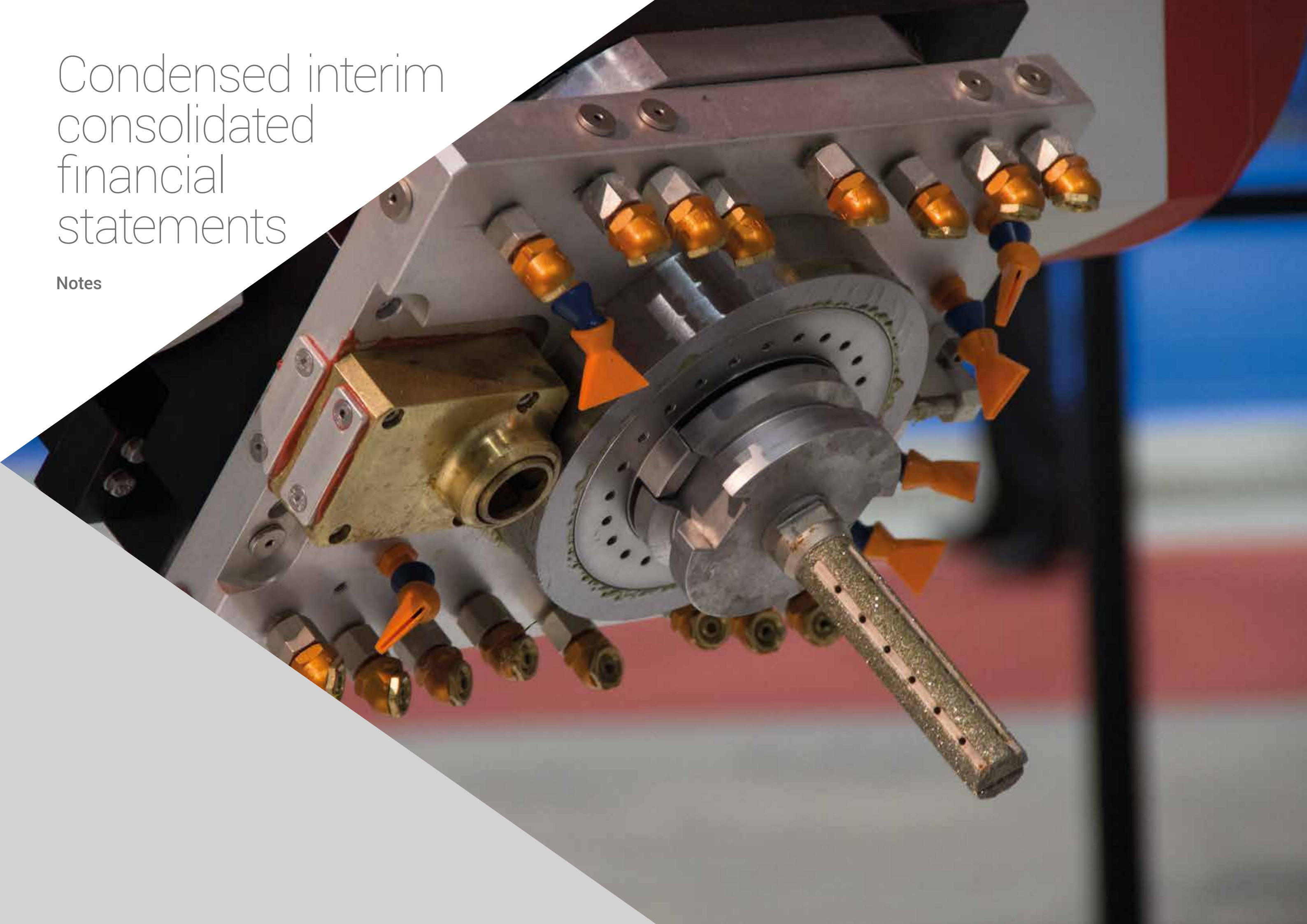
STATEMENT OF CHANGES IN EQUITY AT 30 JUNE 2015

	Note	Opening balances as at 01/01/2015	Other gains/losses, net of taxation	Profit for the period	Total comprehensive income 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 EQUITY AT 30 JUNE 2015											
Share capital		27,393			-					-	27,393
- Treasury shares	16	(3,750)			-	3,654				3,654	(96)
Equity reserves		36,202			-					-	36,202
Hedging and translation reserve	17	(2,564)	2,756		2,756					-	192
Other reserves	18	51,946	887		887	844	(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	4,498	(9,811)	34	-	(5,279)	131,887
Non-controlling interests		200	3	(30)	(27)		(13)	0		(13)	159
TOTAL EQUITY		123,192	3,646	10,500	14,146	4,498	(9,824)	34	-	(5,292)	132,046

	Note	Opening balances as at 01/01/2014	Other gains/losses, net of taxation	Profit for the period	Total comprehensive income 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 30/06/2014
<i>Euro 000's</i>											
STATEMENT OF CHANGES IN EQUITY AT 30 JUNE 2014											
Share capital		27,393			-					-	27,393
- Treasury shares	16	(4,676)			-					-	(4,676)
Equity reserves		36,202			-					-	36,202
Hedging and translation reserve	17	(5,067)	546		546					-	(4,520)
Other reserves	18	52,617	(844)		(844)		(4,843)	238	6,435	1,830	53,604
Profit for the period		6,435		3,915	3,915				(6,435)	(6,435)	3,915
Equity attributable to the owners of the parent		112,905	(297)	3,915	3,617	-	(4,843)	238	-	(4,605)	111,917
Non-controlling interests		190	(5)	22	17		(36)	15		(21)	186
TOTAL EQUITY		113,094	(303)	3,937	3,634	-	(4,879)	253	-	(4,626)	112,103

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 marble. The company is listed on the STAR segment of the Milan Stock Exchange.

The condensed interim consolidated financial statements at 30 June 2015 comprise the financial statements of Biesse S.p.A. and its subsidiaries which it controls directly or indirectly (hereinafter defined as the "Group") and the amount of its equity investments in associates.

The Board of Directors approved the condensed interim consolidated financial statements at 30 June 2015 during the meeting held today (5 August 2015).

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

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

Name and registered office	Currency	Share/quota Capital	Directly controlled	Indirectly controlled	Ownership vehicle	Biesse Group
<i>Parent</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, snc - Alzate Brianza (CO)	EUR	70,000	98%			98%
Biesse Tecno System S.r.l. Via della Meccanica, 16 - Loc. Chiusa di Ginestreto (PU)	EUR	100,000	50%			50%
Viet Italia S.r.l. Via della Meccanica, 16 - Loc. Chiusa di Ginestreto (PU)	EUR	10,000	100%			100%
Pavit S.r.l. Via Giovanni Santi, 22 - Gradara (PU)	EUR	10,400		100%	Viet Italia S.r.l.	100%
Axxembla S.r.l. Via della Meccanica, 16 - Loc. Chiusa di Ginestreto (PU)	EUR	10,000	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. Lampport Drive - Daventry Northamptonshire United Kingdom	GBP	655,019	100%			100%
Biesse France Sarl 4, Chemin de Moninsable - Brignais - France	EUR	1,244,000	100%			100%
Biesse Group Deutschland GmbH Gewerberstrasse, 6 - Elchingen (Ulm) - Germany	EUR	1,432,600	100%			100%
Biesse Schweiz GmbH Grabenhofstrasse, 1 - Kriens - Switzerland	CHF	100,000		100%	Biesse Group Deutschland GmbH	100%
Biesse Austria GmbH Am Messezentrum, 6 - Salisburgo - Austria	EUR	35,000		100%	Biesse Group Deutschland GmbH	100%
Biesse Service Scandinavia AB Maskinvagen 1 - Lindas - Sweden	SEK	200,000	60%			60%
Biesse Iberica Woodworking Machinery s.l. C/De La Imaginació, 14 Poligon Ind. La Marina Gavà Barcelona - Spain	EUR	6,088,290	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%

Name and registered office	Currency	Share/quota Capital	Directly controlled	Indirectly controlled	Ownership vehicle	Biesse Group
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	1,224,737,602		90%	Biesse Asia Pte. Ltd.	90%
Biesse Malaysia SDN BHD Dataran Sunway, Kota Damansara Petaling Jaya, Selangor Darul Ehsan - Malaysia	MYR	1,000,000		100%	Biesse Asia Pte. Ltd.	100%
Biesse Korea LLC Geomdan Industrial Estate, Oryu-Dong, Seo-Gu Incheon South Korea	KRW	102,000,000		100%	Biesse Asia Pte. Ltd.	100%
Intermac Guangzhou Co. Ltd. Guangzhou Free Trade Area-GuangBao street No. 241-243 China	USD	150,000		100%	Biesse Asia Pte. Ltd.	100%
Biesse (HK) LTD Unit 1105, 11 floor, Regent Centre, N0.88 Queen's Road Central, Central - Hong Kong	HKD	45,000,000	100%			100%
Centre Gain LTD Room 703, 7/F, Cheong Tai Comm, Bldg., 60 Wing Lok Street, Sheung Wan - Hong Kong	HKD	110,000,000		100%	Biesse (HK) LTD	100%
Dongguan Korex Machinery Co. Ltd Dongguan City - Guangdong Province - China	RMB	128,435,513		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 - Sao Paulo - 2300 Brasil	BRL	601,000	100%			100%
HSD Mechatronic (Shanghai) Co. Ltd. D2, first floor, 207 Taigu Road Waigaoqiao free trade zone - Shanghai - China	RMB	2,118,319		100%	Hsd S.p.A.	100%
HSD Usa Inc. 3764 SW 30th Avenue - Hollywood, Florida - USA	USD	250,000		100%	Hsd S.p.A.	100%
HSD Deutschland GmbH Brükenstrasse, 2 - Gingen - Germany	EUR	25,000		100%	Hsd S.p.A.	100%

Compared with the 2014 annual report, the consolidation scope underwent the following changes:

- Pavit S.r.l, a direct subsidiary of Viet Italia S.r.l., was added to the consolidation scope on 27 February 2015 following the acquisition of Viet S.r.l. in liquidation, which included also the equity investment in the company concerned. Pavit S.r.l. is a company active in mechanical processing whose output is largely absorbed by Viet Italia S.r.l.;

- Biesse Austria GmbH is now included in the consolidation scope. The company was established by Biesse Deutsch-

land GmbH on 9 March 2015 to sell the Group's equipment and provide after-sales service in Austria;

- the merger of the company Nuova Faos International Manufacturing Pvt. Ltd. into the parent Biesse Manufacturing Co. Pvt. Ltd., completed on 31 March 2015. This extraordinary transaction was the final step in the rationalisation of the organisational structure of the Indian subsidiaries.

2. STATEMENT 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 Finance Act) as subsequently amended. They do not include all of the information required for the annual report and must be read in conjunction with the consolidated financial statements as at and for the year ended 31 December 2014. In particular, it should be noted that they include a complete set of financial statements consisting of the income statement, statement of financial position, and statement of cash flows, which are the same adopted for the consolidated financial statements as at and for the year ended 31 December 2014.

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 interim consolidated financial statements at 30 June 2015 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 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 Statement of Comprehensive Income, includes the components that make up the profit for the period and expense and income recognised directly in equity arising from transactions other than those carried out with shareholders. Owner

transactions as well as those relating to the profit for the period are reported in the Statement of Changes in Equity.

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

The accounting standards used, recognition and measurement criteria, and the consolidation principles applied in preparing the condensed interim consolidated financial statements are consistent with those of the annual financial statements as at and for the year ended 31 December 2014, to which reference is made. The accounting standards adopted in the condensed interim consolidated financial statements at 30 June 2015 have been consistently applied to all periods included for comparison purposes. Furthermore, it should be noted that:

- the condensed interim consolidated financial statements have been prepared using the discrete approach, considering the interim period as a distinct accounting period. In this respect, the income statement for the six months ended 30 June reflects the period's items of income and expense in accordance with the accrual basis of accounting;
- the financial statements underlying the consolidation process are those prepared by subsidiaries with reference to the period ended 30 June 2015, adjusted, where necessary, to align them with the Group's accounting policies;
- the condensed interim consolidated financial statements are drawn up according to the cost approach – with the exception of derivative financial instruments, held-for-sale financial assets and financial instruments classified as available for sale, which are measured at fair value; 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.

Here below are the average and closing exchange rates:

Currency	30 June 2015		31 December 2014		30 June 2014	
	Average	Final	Average	Final	Average	Final
US Dollar / Euro	1.1158	1.1189	1.3285	1.2141	1.3703	1.3658
Singapore Dollar / Euro	1.5061	1.5068	1.6823	1.6058	1.7279	1.7047
Canadian Dollar / Euro	1.3774	1.3839	1.4661	1.4063	1.5029	1.4589
Sterling / Euro	0.7323	0.7114	0.8061	0.7789	0.8213	0.8015
Swedish Krone / Euro	9.3401	9.2150	9.0985	9.3930	8.9535	9.1762
Australian Dollar / Euro	1.4261	1.4550	1.4719	1.4829	1.4989	1.4537
New Zealand Dollar / Euro	1.5063	1.6548	1.5995	1.5525	1.6149	1.5626
Brazilian Real / Euro	3.3101	3.4699	3.1211	3.2207	3.1499	3.0002
Indian Rupee / Euro	70.1244	71.1873	81.0406	76.7190	83.2889	82.2023
Chinese Renmimbi Yuan / Euro	6.9408	6.9366	8.1857	7.5358	8.4500	8.4722
Swiss Franc / Euro	1.0567	1.0413	1.2146	1.2024	1.2215	1.2156
Indonesian Rupiah / Euro	14,469.19	14,938.43	15,748.92	15,076.10	16,058.25	16,248.15
Hong Kong Dollar / Euro	8.6517	8.6740	10.3025	9.4170	10.6292	10.5858
Malaysian Ringgit / Euro	4.0621	4.2185	4.3446	4.2473	4.4771	4.3856
South Korean Won / Euro	1,227.3118	1,251.2700	1,398.14	1,324.80	1,438.29	1,382.04

3. MEASUREMENT CRITERIA, USE OF ESTIMATES AND RECLASSIFICATIONS

The preparation of the financial statements and related notes pursuant to IFRS 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 impairment, inventory write-downs, impairment losses on assets, 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 2015, the carrying amount of goodwill was €17.2 million. Goodwill was tested for impairment at 31 December 2014, while at 30 June 2015 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 consolidated 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 2015 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 2014.

At 30/06/2015, the Group's deferred tax assets totalled €15,081 thousand (€15,111 thousand at the end of 2014). 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 OPERATING AND GEOGRAPHICAL SEGMENT

Analysis by operating segment

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

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 2015	1H 2014	1H 2015	1H 2014
<i>Euro 000's</i>				
Wood	178,637	144,110	13,130	6,206
Glass & Marble	36,593	30,267	945	290
Mechatronics	38,812	32,523	8,608	6,435
Tooling	5,138	4,743	204	359
Components	9,777	8,725	504	(3)
(Intragroup eliminations)	(23,404)	(19,240)		
	245,553	201,127	23,390	13,285
Unallocated corporate costs			(3,210)	(3,586)
Operating profit			20,180	9,699

Net revenue for the first half of 2015 amounted to €245,553 thousand, compared with €201,127 thousand for the first half of 2014, up 22.1%.

As already noted in the Directors' Report, the Wood Division - the Group's largest segment - saw the biggest increase in percentage terms (+24%) compared to the first half of 2014; also the Glass/Marble and Mechatronics Divisions grew remarkably (+20.9% and +19.3%, respectively), while the Tooling and Components Divisions were up 8.3% and 12.1%, respectively.

As for the operating performances of the Divisions, the Wood Division performed strongly, reporting an operating profit of €13,130 thousand (€6,206 thousand in 2014) on the back of higher sales volumes, the different sales mix by distribution channel (increased activity at its own branches, the result of significant investments in the sales team) as well as by product category (top-quality items with a high technological content), and improved production efficiency. The Mechatronics Division did better than in 2014, achieving an operating profit of €8,608 thousand (€6,435 thousand in 2014, +33.8%); the change was mainly due to the increase in sales volumes. Also the Glass & Marble Division harnessed operating leverage, reporting a €945 thousand operating profit. Finally, the Tooling Division declined slightly (from €359 thousand in 2014 to €204 thousand in 2015).

Other revenue included €1,244 thousand in non-recurring income arising from the acquisition of Viet S.r.l. in liquidation and the ensuing termination of the relevant business lease agreement. In accordance with the purchase offer, in the period between the bid's submission and the company's acquisition, the Biesse Group paid €741 thousand under the business lease and set aside €503 thousand for future charges concerning the residual value guarantee for property, plant and equipment. Since the Group successfully completed the acquisition, the amounts paid under the lease were considered as a downpayment on the acquisition of Viet S.r.l. in liquidation, in accordance with the purchase agreement. Concerning the property, plant and equipment used during the lease but not owned by the acquirer, at the end of the lease they were returned to the lessor without paying any amount to the latter; therefore, the residual value guarantee was reversed through profit or loss. You can find more details on the acquisition in Note 24 below.

Analysis by geographical segment

Revenue

	REVENUE			
	1H 2015	%	1H 2014	%
<i>Euro 000's</i>				
Western Europe	102,282	41.7%	80,431	40.0%
Asia - Pacific	47,867	19.5%	38,361	19.1%
Eastern Europe	41,531	16.9%	42,709	21.2%
North America	35,851	14.6%	26,561	13.2%
Rest of the World	18,023	7.3%	13,065	6.5%
Group Total	245,553	100.0%	201,127	100.0%

As regards the geographical breakdown of sales, the first half of 2015 saw positive performance in the following areas: Eastern Europe, which was the fastest-growing region (+28.6%), Western Europe (+19.3%), Asia-Pacific (+6.7%), and North America (+8.6%).

Conversely, only the Rest of the World declined (-31.9%) due to the slowdown in the South American market, which saw its share of consolidated turnover fall from 10.7% to 6.5%.

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, Oceania, 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 are forced to 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 €86,470 thousand to €110,079 thousand, up 27.3% compared to the previous year.

Consumption of raw materials and goods increased on the back of higher sales volumes (+22.1%) compared to the prior-year period.

7. PERSONNEL EXPENSE

	1H 2015	1H 2014
<i>Euro 000's</i>		
Wages, salaries and social security contributions	69,644	59,745
Productivity bonus, other bonuses and related social security contributions	4,741	4,253
Accruals to pension plans	2,342	2,179
Other personnel expense	540	761
Capitalisation and recovery of personnel expense	(4,293)	(4,058)
Personnel expense	72,974	62,879

In the first half of 2015, personnel expense amounted to €72,974 thousand, up €10,095 thousand compared to the same period last year (€62,879 thousand, + 16.1%).

8. OTHER OPERATING EXPENSE

	1H 2015	1H 2014
<i>Euro 000's</i>		
Production services	11,702	10,123
Maintenance	1,727	1,480
Sales commissions and transport	10,570	7,636
Consultancy fees	1,598	1,444
Utilities	2,344	2,279
Exhibitions and advertising	4,440	2,954
Insurance	866	770
Directors, statutory auditors and consultants' remuneration	1,275	1,403
Travel	6,572	5,736
Other	4,631	2,939
Use of third party assets	4,022	3,720
Other operating costs	2,362	2,504
Other operating expense	52,110	42,988

Operating expense increased by €9,122 thousand compared to the same period of 2014 (+21.2%).

9. INCOME TAXES

The Italian corporate income tax rate (IRES) was 27.5% (unchanged from 2014) of the taxable income of the Parent and the Italian subsidiaries, while income taxes for other jurisdictions are calculated based on the rates in force. 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 2015, deferred tax assets amounted to €15,081 thousand, unchanged from the previous year. 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.

The income tax expense recognised through profit or loss amounted to €7,925 thousand, corresponding to a 43% tax rate—up from December 2014 largely because of the higher income tax expense at foreign subsidiaries due to rising profits.

10. EARNINGS/LOSS PER SHARE

Basic earnings per share for the period ended 30 June 2015 totalled 38.75 euro/cent (14.55 euro/cent in 2014) and was calculated by dividing the profit attributable to the owners of the Parent, amounting to €10,500 thousand (€3,915 thousand in 2014) by the weighted average number of ordinary shares outstanding during the period, which amounted to 27,175,547 (26,906,683 in 2014).

The number of shares outstanding was lower than the total number of shares issued due to the share buyback in 2008, as provided for by the Shareholders' resolution dated 21 January 2008. On 9 July 2014 and 10 June 2015, under the Long-Term Incentive Plan (LTI) dated 19 March 2012, the Group awarded 103,892 Biesse shares to the plan's beneficiaries (Biesse employees) as the performance conditions were met.

Compared to the end of 2014, the number of treasury shares held decreased also as a result of the 322,467 shares sold on the stock exchange in the first half; the average selling price was €13.905, resulting in a total consideration of €4,483,904, with a gain of €1,712,542.

At 30 June 2015, the number of treasury shares was 10,000 (0.04% of the share capital), with a weighted average balance for the year of 217,495 (0.79% of the share capital). At their meeting on 30 April 2015, the Shareholders of Biesse S.p.A. approved the new buyback plan, which will run for 18 months starting from the date of the Meeting, in accordance with the limits set by the Parent's Board of Directors and filed on 8 April 2015.

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

Profit attributable to owners of the parent

	1H 2015	1H 2014
<i>Euro 000's</i>		
Basic earnings for the period	10,530	3,915
Dilutive effect on earnings for the period	0	0
Diluted earnings for the period	10,530	3,915

Weighted average number of outstanding ordinary shares

	1H 2015	1H 2014
<i>Euro 000's</i>		
Weighted average number of ordinary shares used to calculate basic earnings per share	27,393	27,393
Effect of own shares	(217)	(486)
Weighted average number of outstanding shares – for the calculation of basic earnings	27,176	26,907
Dilutive effects	0	0
Weighted average number of outstanding shares – for the calculation of diluted earnings	27,176	26,907

As no operations were discontinued during the year, the 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 of the Parent at their meeting held on 30 April 2015, shareholders received a dividend of around €9,811 thousand (Euro 0.36 per ordinary share outstanding

at the ex-dividend date – excluding treasury shares). The ex-dividend date was 18 May 2015.

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

During the period, besides the amounts concerning the regular replacement of work equipment (€1.8 million), the Group bolstered the Biesse America and Biesse Asia branches (spending a total €1.2 million), opening the new service centre in Anaheim (California) and the new sales office in Kuala Lumpur (Malaysia). In addition, it made investments in plant and equipment associated with the

relocation of the manufacturing facilities of HSD S.p.A. and Viet Italia S.r.l. to Gradara (province of Pesaro and Urbino) and Pesaro, respectively (approximately €1.1 million).

The reported amount includes the facility and the relevant plant and equipment of Pavit S.r.l. acquired following the purchase of the parent Viet S.r.l. in liquidation.

13. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

Compared to the end of the previous year, goodwill increased by around €141 thousand, exclusively due to exchange rate effect.

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

	30/06/2015	31/12/2014
<i>Euro 000's</i>		
Wood	6,085	6,056
Glass & Marble	1,586	1,473
Mechatronics	5,599	5,599
Tooling	3,940	3,940
Total	17,210	17,069

As for the estimates of the recoverable amount, see 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 €18,813 thousand; investments for software licenses and similar rights,

amounting to €10,227 thousand; and costs for development projects and licenses, which have not yet been completed (and therefore temporarily allocated to assets under development and advance payments), amounting to €8,249 thousand. In the first half of the year, development costs led to €3,186 thousand in amortisation. During the reporting period, the Group continued designing new products (spending around €4.4 million) and invested nearly €1.2 million in ICT.

14. INVENTORIES

	30/06/2015	31/12/2014
<i>Euro 000's</i>		
Raw materials, consumables and supplies	37,910	30,419
Work in progress and semi-finished goods	18,800	15,053
Work in progress	-	-
Finished goods	51,432	36,868
Spare parts	16,225	15,712
Inventories	124,368	98,051

The carrying amount, equal to €124,368 thousand, is net of the allowances for inventory write-downs, amounting to €2,867 thousand for raw materials (€2,856 thousand at the end of 2014), €2,754 thousand for spare parts (€2,917 thousand at the end of 2014) and €1,999 thousand for finished

goods (€2,797 thousand at the end of 2014). The allowance for the write-downs of raw materials amounted to 7.0% as a percentage of the historical cost of the relevant inventories (8.6% at the end of 2014), the one for spare parts was 14.5% (15.7% at the end of 2014), and the one for finished goods 3.7% (7.1% at the end of 2014).

15. TRADE RECEIVABLES DUE FROM THIRD PARTIES

Trade receivables, measured at fair value, were up €18,906 thousand (before the relevant allowance for impairment) compared to the 2014 year-end figure.

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

At €6,105, the allowance for impairment declined slightly (-€384 thousand) from December 2014, and it was down from 7.5% to 5.8% as a proportion of par value.

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.

16. SHARE CAPITAL / TREASURY SHARES

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

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

Based on the resolution of the Shareholders at their Meeting of 19 October 2010, treasury shares may be used for the purposes of stock option plans, including stock grants or incentive and retention plans, reserved for the management, employees or consultants of the Group. At their meeting of 30 April 2015 the Shareholders approved a new buyback plan (duration 18 months) and the adoption of a new incentive scheme called "Long Term Incentive Plan 2015 - 2017", which involves cash bonuses and stock grants conditional on operating and financial performance conditions and the assessment of the beneficiaries' individual performance.

On 10 June 2015, under the Long-Term Incentive Plan (LTI) dated 19 March 2012, the Group awarded 57,612 Biesse shares (on top of the 46,280 shares already awarded in July 2014) to the plan's beneficiaries (Biesse employees)

as the performance conditions were met. The Parent's Remuneration Committee confirmed and approved said award, confirming that the operating and financial conditions provided for in the Long-Term Incentive Plan had been met.

Compared to the end of 2014, the number of treasury shares held decreased also as a result of the 322,467 shares sold on the stock exchange in the first half; the average selling price was €13.905, resulting in a total consideration of €4,484 thousand with a gain of €1,712 thousand.

The following table summarises the data concerning treasury shares at 30/06/2015.

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:

	30/06/2015	31/12/2014
<i>Euro 000's</i>		
Translation reserve	(27)	(2,546)
Hedging reserve	219	(18)
Total	192	(2,564)

The reserve for the translation of foreign currency financial statements, positive to the tune of €192 thousand, includes the differences arising from the translation of the financial statements denominated in foreign currencies of countries

that do not belong to the Eurozone (United States, Canada, Singapore, United Kingdom, Sweden, Switzerland, Australia, New Zealand, India, China, Indonesia, Hong Kong, Malaysia, South Korea and Brazil), down €2,756 thousand from the previous year.

18. OTHER RESERVES

The carrying amount was broken down as follows:

	30/06/2015	31/12/2014
<i>Euro 000's</i>		
Legal reserve	5,479	5,479
Extraordinary reserve	53,870	45,067
Reserve for own shares	96	3,750
Retained earnings and other reserves	(1,779)	(2,350)
Other reserves	57,666	51,946

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 2014 (+ €13,766 thousand) and the dividend distribution (- €9,811 thousand).

19. FINANCIAL LIABILITIES

Compared to the financial statements as at and for the year ended 31 December 2014, the Group's financial liabilities decreased by €553 thousand (including €119 thousand in finance lease payables). During the first half, the Group did

not enter into new long-term loans; the rise in short-term liabilities was attributable to the reclassification of loans entered into in prior periods, which will be settled by the end of the year.

20. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges were up €1,064 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 year.

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

reporting date is a reasonable approximation of their fair value.

Trade payables to suppliers increased by €33,549 thousand compared to 2014, from €122,059 thousand to €155,608 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

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

Risk management

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

- market risks, consisting primarily of risks relating to fluctuations in exchange and interest rates;
- credit risk, relating 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.

With regard to the risk connected with the fluctuation in raw material prices, the Group tends to transfer their management and economic impact to its own suppliers by agreeing purchase costs for periods of no less than six months. The impact of the main raw materials, steel in particular, on the average value of the Group's products is marginal relative to the final production cost.

CURRENCY RISK

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

INTEREST RATE RISK

The Group is exposed to fluctuations in interest rates with reference to finance expense relating to payables due to banks and lease companies for assets acquired under finance leases.

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

The sensitivity analysis aimed at assessing the potential impact of a hypothetical sudden and unfavourable 10% change in short-term interest rates on financial instruments (typically cash and some financial payables) reveals no significant impact on the results or the equity of the Group.

CREDIT RISK

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

With reference to trade receivables, there are no identifiable concentration risks, as no single customer accounts for more than 5% of sales.

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

For more information on how the allowance for impairment on receivables was determined and on the characteristics of overdue receivables, please refer to note 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:

	30/06/2015	31/12/2014
<i>Euro 000's</i>		
FINANCIAL ASSETS		
Designated at fair value through profit or loss:		
<i>Derivative financial assets</i>	845	43
Loans and receivables measured at amortised cost:		
<i>Trade receivables</i>	99,654	80,714
<i>Other assets</i>	7,245	7,279
- <i>other financial assets and non-current receivables</i>	1,178	1,445
- <i>other current assets</i>	6,067	5,834
<i>Cash and cash equivalents</i>	47,172	53,310
FINANCIAL LIABILITIES		
Designated at fair value through profit or loss:		
<i>Derivative financial liabilities</i>	283	1,254
Measured at amortised cost :		
<i>Trade payables</i>	120,120	90,157
<i>Bank loans and borrowings, finance leases and other financial liabilities</i>	66,183	65,630
<i>Other current liabilities</i>	24,112	24,287

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 27 February 2015, Viet Italia S.r.l., 100% owned by Biesse S.p.A., completed the purchase of Viet S.r.l. in liquidation. In 2011, the Company had entered into a lease agreement for the business unit including an irrevocable offer to purchase it. The business unit also includes the equity investment in Pavit S.r.l., a subsidiary of Viet S.r.l. in liquidation.

The parties agreed a consideration of €2,869 thousand, including €2,128 thousand to be paid in 42 equal monthly instalments starting from 31/03/2015, and €741 thousand in fees paid during the lease of the business unit and regarded as a downpayment on the acquisition.

The cost of the acquisition was temporarily allocated as follows:

Net assets acquired	
<i>Euro 000's</i>	
Property, plant and equipment and intangible assets temporary allocated	4,302
Other assets	814
Other liabilities	(2,247)
	2,869
Composed by:	
Cash	182
Rents paid in previous years and recognised as advances in the acquisition	711
Payables	1,976
	2,869
Net cash outflow for the purchase:	
Cash payments	182
Cash and cash equivalents	(35)
	147

On 27 April 2015, Axxembla S.r.l., 100% owned by Biesse S.p.A., completed the purchase of Asseservice S.r.l. in liquidation. In 2014, the Company had entered into a lease agreement for the business unit including an irrevocable offer to purchase it.

The parties agreed a consideration of €136 thousand, including €52 thousand paid upfront, €51 thousand consisting of assumed liabilities for post-employment benefits, and €33 thousand in fees paid during the lease of the business unit and regarded as a downpayment on the acquisition.

The cost of the acquisition was allocated to property, plant and equipment and intangible assets.

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. 26. RELATED PARTY TRANSACTIONS

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

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

	Revenue		Costs	
	For the six months ended 30/06/2015	For the six months ended 30/06/2014	For the six months ended 30/06/2015	For the six months ended 30/06/2014
<i>Euro 000's</i>				
Ultimate Parent				
Bi. Fin. S.r.l.	-	-	85	22
Other related companies				
Fincobi S.r.l.	1	1	-	-
Edilriviera S.r.l.	-	-	-	-
Se. Mar. S.r.l.	3	2	1,738	1,411
Wirutex S.r.l.	-	-	65	-
Members of the Board of Directors				
Members of the Board of Directors	0	1	1,109	1,186
Members of the Board of Statutory Auditors				
Members of the Board of Statutory Auditors	-	-	68	83
Total	3	3	3,065	2,702

	Receivables		Payables	
	At 30/06/2015	At 31/12/2014	At 30/06/2015	At 31/12/2014
<i>Euro 000's</i>				
Ultimate Parent				
Bi. Fin. S.r.l.	1,038	1,552	38	0
Other related companies				
Fincobi S.r.l.	-	-	-	-
Edilriviera S.r.l.	-	-	-	-
Se. Mar. S.r.l.	4	2	1,347	912
Wirutex S.r.l.	-	-	107	-
Members of the Board of Directors				
Members of the Board of Directors	31	1	572	0
Members of the Board of Statutory Auditors				
Members of the Board of Statutory Auditors	-	-	68	171
Total	1,073	1,555	2,132	1,084

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.

Share-based payment plans

In April 2015, the Biesse Group established a share-based payment plan intended – in line with international practices and those at the leading Italian listed companies – as an instrument to provide incentives and retain management as well as nurture a sense of belonging to the Company in key employees, ensuring they consistently strive to create value over time and thus aligning the interests of shareholders and managers.

Beneficiaries

The plan is available to a limited number of managers, specifically the General Manager of Biesse and other key management personnel at Biesse and the other Group companies, as identified at the Shareholders' Meeting of 30 April 2015.

Plan terms and conditions

The plan provides for the payment of a cash bonus and the free grant of up to 68,300 Biesse shares contingent upon the achievement of operating and financial performance targets for the Biesse Group, and is conditional on the managers remaining employed at the Group companies. The targets are calculated on a consolidated three-year basis (2015-2017) and refer to cash flows and EBITDA. The plan became effective in May 2015 and will end on 30 June 2018.

Exercise procedures and strike price

Once the achievement of the operating and financial targets has been verified, within 15 days of the date of approval of the 2017 consolidated financial statements, the pay-out proposal is sent to the beneficiaries. The options granted can be exercised within 10 days of the pay-out proposal. The strike price was originally set at €16.0225, equal to the average price of Biesse shares in the 30 days prior to the date of the proposal to join the Plan.

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	774	24	100	211
Board of Statutory Auditors	68	0	0	0
Key management personnel	0	4	58	127
Total	842	28	158	339

**STATEMENT ON THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
IN ACCORDANCE WITH ART. 81 TER OF CONSOB RESOLUTION NO. 11971 OF 14 MAY 1999
AS SUBSEQUENTLY AMENDED**

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

- the adequacy in relation to the characteristics of the business and
- the effective implementation of the administrative and accounting procedures for the preparation of the condensed interim consolidated financial statements during the first half of 2015.

The assessment of the adequacy of administrative and accounting procedures for the preparation of the condensed interim consolidated financial statements at 30 June 2015 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 state that:

- a) the condensed interim consolidated financial statements:
- have been drawn up in compliance with the applicable international financial reporting 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' report contains references to significant events occurred during the reporting period and to their impact on the condensed interim consolidated 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, 5 August 2015

Chairman and Chief Executive Officer
Roberto Selci

Manager in charge of financial reporting
Cristian Berardi



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**Relazione di revisione contabile limitata sul bilancio consolidato
semestrale abbreviato**

Agli Azionisti della
Biesse S.p.A.

Introduzione

Abbiamo svolto la revisione contabile limitata dell'allegato bilancio consolidato semestrale abbreviato, costituito dai prospetti del conto economico, del conto economico complessivo, della situazione patrimoniale-finanziaria, del rendiconto finanziario, delle variazioni di patrimonio netto e dalle relative note esplicative, del Gruppo Biesse al 30 giugno 2015. Gli amministratori sono responsabili per la redazione del bilancio consolidato semestrale abbreviato in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea. E' nostra la responsabilità di esprimere una conclusione sul bilancio consolidato semestrale abbreviato sulla base della revisione contabile limitata svolta.

Portata della revisione contabile limitata

Il nostro lavoro è stato svolto secondo i criteri per la revisione contabile limitata raccomandati dalla Consob con Delibera n. 10867 del 31 luglio 1997. La revisione contabile limitata del bilancio consolidato semestrale abbreviato consiste nell'effettuare colloqui, prevalentemente con il personale della società responsabile degli aspetti finanziari e contabili, analisi di bilancio ed altre procedure di revisione contabile limitata. La portata di una revisione contabile limitata è sostanzialmente inferiore rispetto a quella di una revisione contabile completa svolta in conformità ai principi di revisione internazionali (ISA Italia) e, conseguentemente, non ci consente di avere la sicurezza di essere venuti a conoscenza di tutti i fatti significativi che potrebbero essere identificati con lo svolgimento di una revisione contabile completa. Pertanto, non esprimiamo un giudizio sul bilancio consolidato semestrale abbreviato.

Conclusioni

Sulla base della revisione contabile limitata svolta, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che il bilancio consolidato semestrale abbreviato del Gruppo Biesse al 30 giugno 2015 non sia stato redatto, in tutti gli aspetti significativi, in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea.

Ancona, 6 agosto 2015

KPMG S.p.A.

Luca Ferranti
Socio

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

