

# RE PORT<sup>17</sup>

INTERIM REPORT

AT 30 JUNE 2017

 **BIESSEGROUP**

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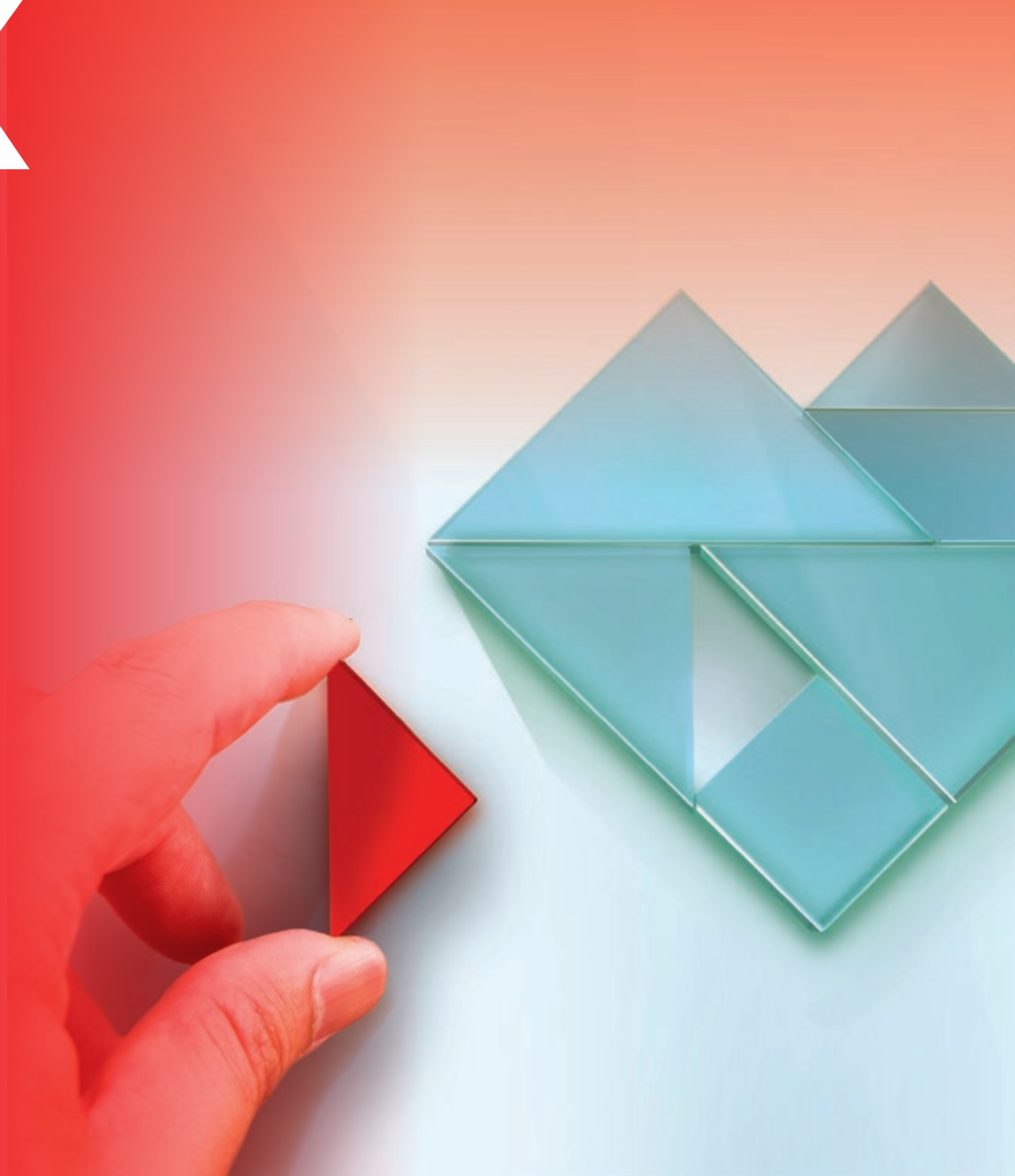
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# THINK FOR WARD

THINKFORWARD is all about Biesse Group's ability to innovate and provide integrated solutions that are sophisticated but easy to use, allowing our customers to produce more, better and at a lower cost. It is an incentive to look ahead, to understand how the digital factory can change the way in which we conceive and produce things.

LIVE THE EXPERIENCE



# THE GROUP UP

 **BIESSEGROUP**

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 **BIESSE**

 **INTERMAC**

 **DIAMUT**

MECHATRONICS

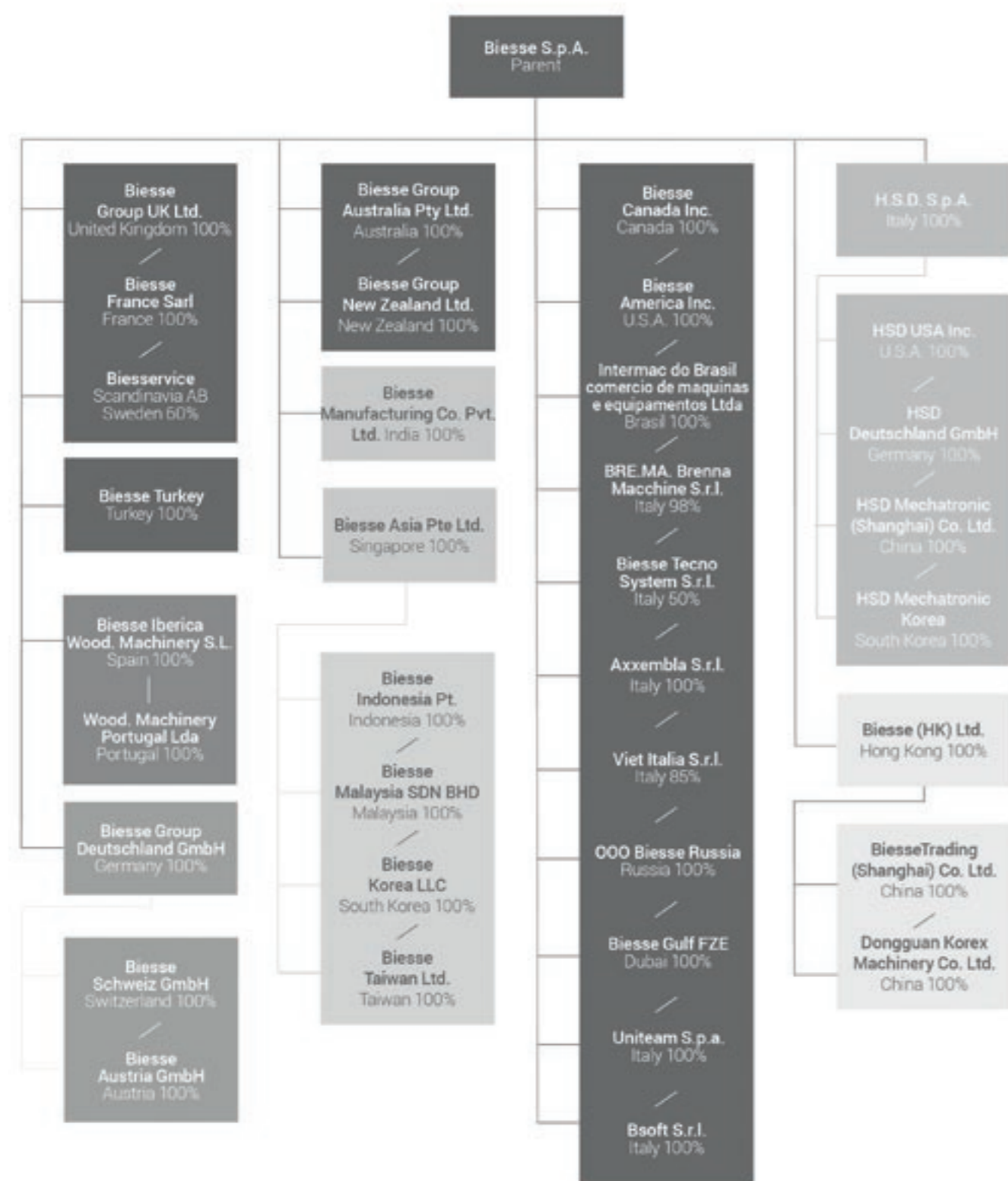
Biesse Group is a global leader in technologies for processing wood, glass, stone, plastic and metal. Founded in Pesaro in 1969 by Giancarlo Selci, the company has been listed on the STAR sector of Borsa Italiana since June 2001 and is currently a constituent of the FTSE IT Mid Cap index.



ROVER

# GROUP STRUCTURE

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



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

Compared to the financial statements as at and for the year ended 31 December 2016, the scope of consolidation underwent the following changes:

Acquisition of the company BS SOFT S.r.l. on 10 April 2017. With the aim of strengthening its offer in the System world and being even more autonomous in the development of projects in support of Industry 4.0, Biesse S.p.A., through the NewCo. BT SOFT, on 10 April 2017 acquired control of the company Avant S.r.l. Software & Engineering, specialised in the development of software for the integration and supervision of working cells and lines. The Avant applications can automatically manage all information of the production process, from cutting to edgebanding, drilling and, in recent years, also sorting, the backbone of every batch-one production. The acquisition price amounted to €500 thousand. The difference between the acquisition price and the value of assets and liabilities ac-

quired, amounting to €494,210 pending the PPA, was provisionally allocated to goodwill in the wood division.

The liquidation of Intermac Guangzhou Co. Ltd was completed in June 2017.

Furthermore, it should be noted that during 2016 the process was started to shorten the chain of control over the Chinese companies. This project involved the companies Biesse Hong Kong Ltd and Centre Gain Ltd, both resident in Hong Kong, and involved the transfer of all the assets and liabilities from the parent to the subsidiary (the name of which was changed as part of this operation to Biesse Hong Kong Ltd) and the subsequent liquidation of the parent. Liquidation and the removal of the parent was completed in June 2017. The diagram shows the equity investments at 30 June 2017.

# FINANCIAL HIGHLIGHTS

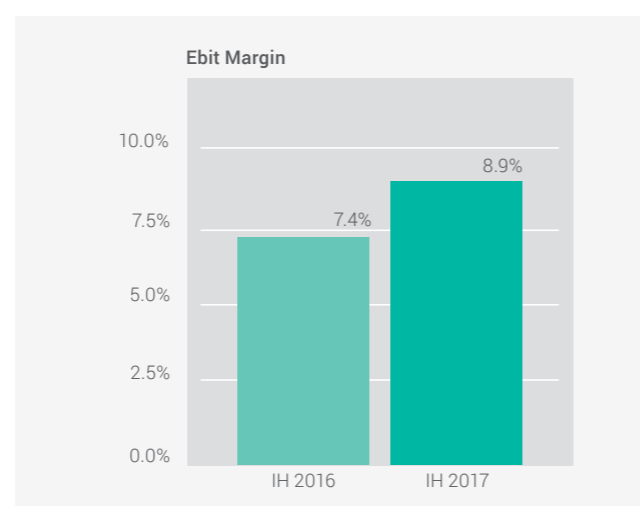
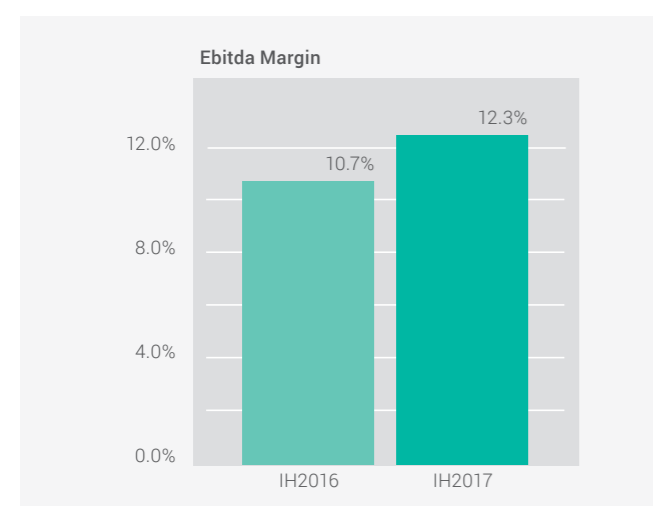


# FINANCIAL HIGHLIGHTS

## Income Statement

Euro 000's	1H 2017	% on sales	1H 2016	% on sales	Change %
<b>Revenue from sales and services</b>	331,232	100.0%	283,439	100.0%	16.9%
Added value (1)	139,052	42.0%	116,381	41.1%	19.5%
Ebitda (Gross operating profit) (1)	40,771	12.3%	30,432	10.7%	34.0%
Normalised Ebit (Normalised operating profit) (1)	29,630	8.9%	20,888	7.4%	41.8%
Ebit (Operating profit) (1)	29,630	8.9%	20,865	7.4%	42.0%
Profit/Loss for the period	17,467	5.3%	11,935	4.2%	46.4%

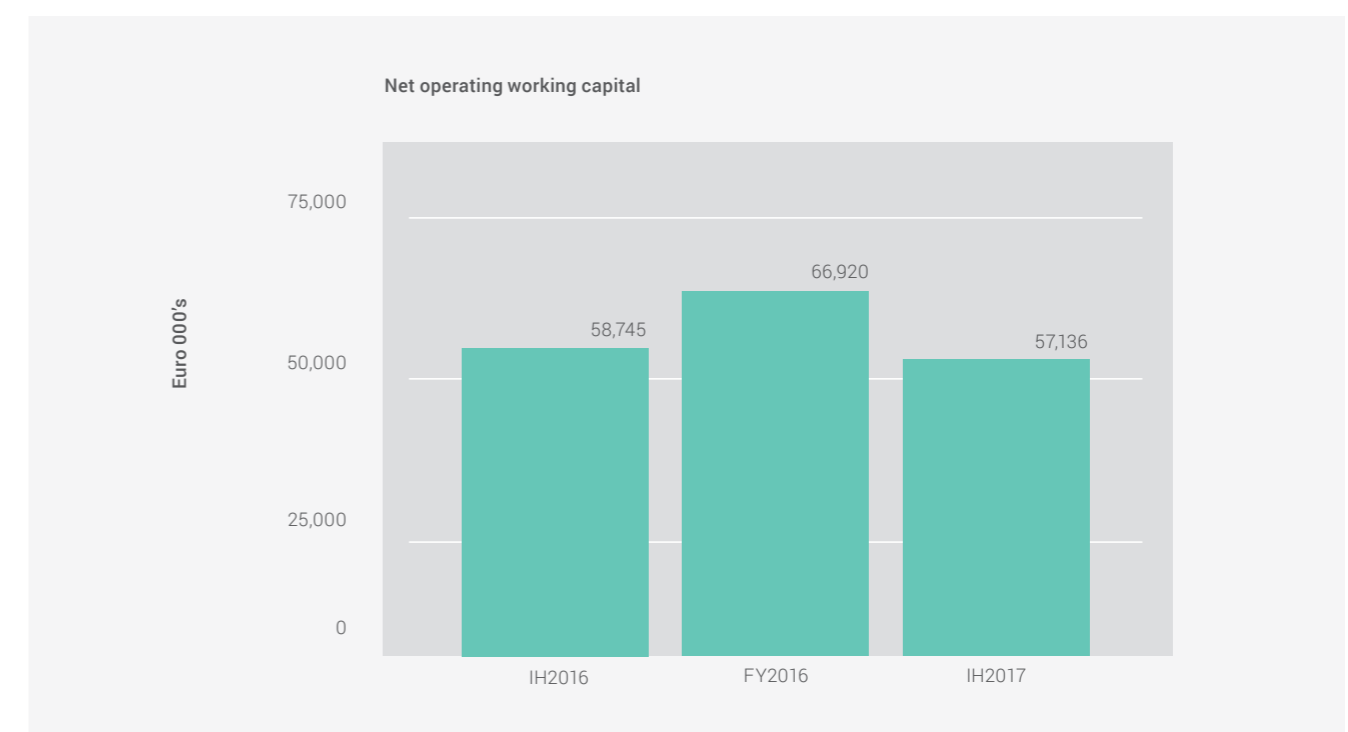
(1) The criteria for determining amounts relating to interim results and aggregate equity and financial data are described in the Directors' Report and the Notes to the Consolidated Financial Statements.



## Statement of financial position data and financial ratios

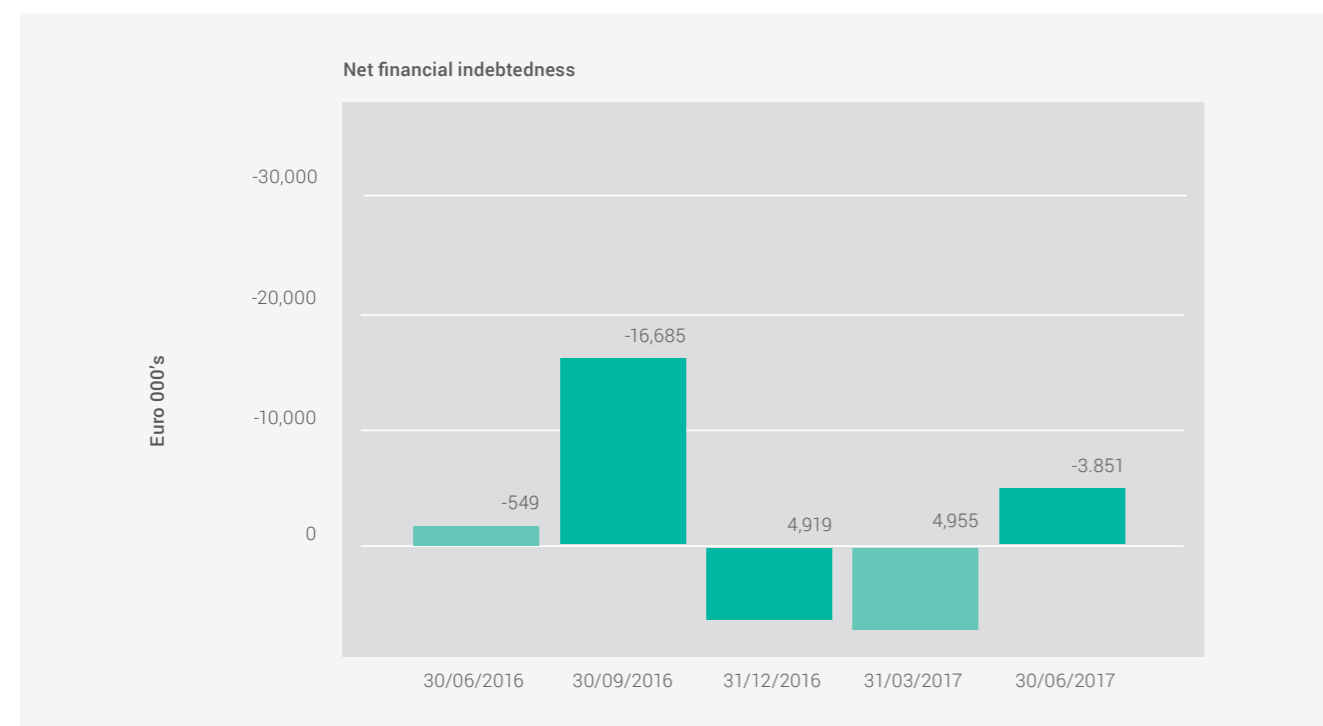
Euro 000's	30 June 2017	31 December 2016	30 June 2016
<b>Net Invested Capital (1)</b>	<b>168,669</b>	<b>154,804</b>	<b>141,735</b>
Equity	164,819	159,723	141,186
Net financial indebtedness (1)	3,851	(4,919)	549
<b>Net operating working capital (1)</b>	<b>57,136</b>	<b>66,920</b>	<b>58,745</b>
Gearing (net financial position/equity)	0.02	(0.03)	0.00
<b>Fixed asset/standing capital ratio</b>	<b>0.93</b>	<b>1.09</b>	<b>0.96</b>

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



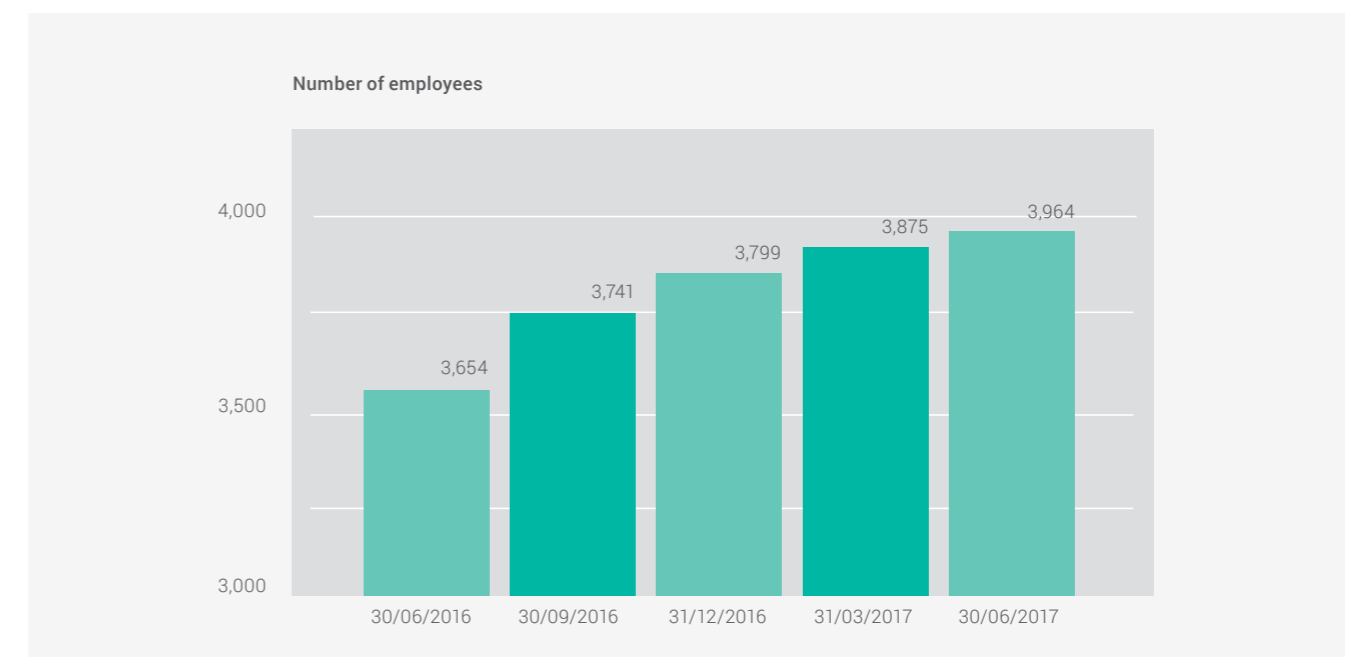
### Cash flow

Euro 000's	1H 2017	1H 2016
<b>Ebitda (Gross operating profit)</b>	<b>40,772</b>	<b>30,431</b>
Change in net working capital	7,204	1,648
Change in other operating assets/liabilities	(28,849)	(7,336)
<b>Operating cash flow</b>	<b>19,128</b>	<b>24,743</b>
Cash flow used in investment activity	(18,013)	(15,566)
<b>Cash flow</b>	<b>1,114</b>	<b>9,178</b>
Dividends paid	(9,879)	(9,871)
Foreign exchange rate differences	17	19
<b>Change in net financial indebtedness</b>	<b>(8,748)</b>	<b>(674)</b>



### Personnel

	30 June 2017	30 June 2016
Number of employees at period end	3,964	3,654



The figure includes temporary staff.



# CORPORATE BODIES

## 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 RISKS COMMITTEE – REMUNERATION COMMITTEE – RELATED PARTY COMMITTEE

Salvatore Giordano  
Elisabetta Righini

## SUPERVISORY BODY

Salvatore Giordano  
Elisabetta Righini  
Domenico Ciccopiedi  
Elena Grassetti

## INDEPENDENT AUDITORS

KPMG S.p.A.



# DIRECTORS'

REPORT ON  
OPERATIONS



## GENERAL ECONOMIC OVERVIEW

### THE INTERNATIONAL BUSINESS CYCLE

The international business cycle is consolidating; the acceleration of investments in most economies is driving trade which has been in clear recovery since the end of 2016. The overall prospects for global medium-term growth are positive, but there are still significant downside risks, linked to the uncertainty about economic policies and the continuation of geopolitical tensions.

The economic recovery has continued in advanced economies. In the United States, after a slowdown in the first quarter, the most recent indications show a strengthening of growth, driven by internal demand; in the United Kingdom the SMEs indicator continues to show a substantial stability of the economy, despite the ongoing uncertainty around Brexit. In Japan the economic indicators suggest a consolidation of economic activity. In emerging countries the picture has remained positive overall. In China growth strengthened at the start of the year thanks to the fiscally expansive policy and the recovery in foreign demand; over the coming quarters the increase in GDP should gradually slow down, in line with the profile set out by the authorities to reabsorb existing economic and financial imbalances.

According to the OECD's latest forecasts, the global economy will grow at some 3.5 per cent in 2017-18, higher than last year. The growth will be helped by Russia and Brazil coming out of recession, as well as by the strengthening of investments and employment in advanced economies. The uncertainty over economic policies, and in particular over the extent, composition and timeframes for the fiscal expansion measures put forward by the American administration, is a risk factor for the prospects for the global economy. The spread of protectionist measures could impact negatively on international trade. In addition, geopolitical tensions remain in various areas. The economic policy uncertainty (EPU) index has remained high, albeit falling, while the volatility of the financial markets remains very low. A sudden correction to risk perception could have negative effects. The most recent data confirm the strengthening of trade. The growth, which has been more marked since the end of 2016, is driven by the recovery in manufacturing and the investments being made in both advanced and emerging economies. The short-term prospects remain positive. The OECD has revised upwards its forecasts on global trade for the current year.

### EUROZONE

In the Eurozone the favourable signs as regards economic growth have increased, supported above all by investments. On the other hand, there has been no improvement in the inflation outlook, which has unexpectedly started to dip compared to expectations in previous months; the underlying component remains modest, slowed down by continuing high unemployment and ongoing wage moderation in many economies in the area. The Governing Council of the European Central Bank (ECB) considers it necessary to maintain a high level of monetary easing in order to guarantee the adjustment to inflation.

In the first quarter of this year Eurozone GDP rose by 0.6 per cent compared to the corresponding prior-year period, more than it was initially estimated; on the basis of the information available, in the second quarter economic activity in the Eurozone continued to grow at similar rates. The €-coin indicator developed by the Bank of Italy, which estimates the

underlying GDP trend in the Eurozone, stood at high levels in June. The qualitative indicators relating to households and business are positive: the SMEs confirm the continuation of the expansion of business in both the manufacturing and services sectors; in June consumer confidence continued to grow. According to the forecasts prepared by the central banks in the Eurosystem, which were published in June, in 2017 GDP will rise by 1.9% overall. National Accounts data made available after the closure of the draft statements suggests that GDP growth in the current year may be higher.

### ITALY

Business accelerated in the first few months of 2017, supported above all by the marked rise in household spending and, in terms of supply, by the consolidation of the services sector. In the second quarter, GDP continued to grow at a rate of around 0.4% compared to the corresponding prior period.

In the first quarter of 2017, GDP rose by 0.4% compared to the corresponding prior period; the figure was revised significantly upwards compared to the initial estimates disseminated by ISTAT. Domestic demand contributed by 0.7 percentage points to the growth (including 0.4 due to change in inventories). The consolidation of household spending, above all on services and durable goods, more than offset the fall in fixed capital expenditure which was focussed in non-construction sectors. Added value grew in all the main sectors, with the exception of manufacturing in the strict sense; there was a marked acceleration in services.

On the basis of our assessments, in the second quarter GDP continued to grow at a rate that was practically unchanged on that recorded in the prior quarter. In June the Ita-coin indicator developed by the Bank of Italy stood at values similar to those of the first quarter. Household and business surveys overall showed a consolidation in confidence at cyclically high levels.

## BUSINESS OPERATING SEGMENT

### UCIMU – SISTEMI PER PRODURRE

In the second quarter of 2017, the index of machine tool orders prepared by the Studies & Business Culture Dept. of UCIMU-SISTEMI PER PRODURRE, recorded a 17.2% increase from the corresponding prior-year period.

Domestic orders rose a further 28.5% over the April-June 2016 period, while foreign orders increased by 13.8%

Massimo Carboniero, new chairman of UCIMU-SISTEMI PER PRODURRE, said: "in a context where the global sector is generally contracting, Italy has proven that it has the energy and the ability to grow and keep growing, compared to what it has already achieved in the previous two years. Because of this

performance, turnover in the sector exceeded 8 billion euro. And in 2017 forecasts tell us that our country will do even better: all economic indicators will rise, including exports, which were already improving in the first quarter of the year, but above all consumption will continue to grow".

## TREND IN THE FIRST HALF OF 2017 AND MAIN EVENTS

Even at the end of the first half of 2017, the Biesse Group confirms the positive trend both in terms of increase in turnover (+16.9% compared to the same period of last year), and in terms of development in the short-term of order intake (+15.3% compared to 30 June 2016). The Group's order backlog amounted to approximately € 212.9 million (+14.7% compared to the corresponding prior-year period), confirming that it was in line with the targets set for the current year, also thanks to the positive short-term forecasts.

In comparison with the results for 2016, the second quarter of the current year showed a good performance in terms of turnover growth (€ 169.7 million, + 2.3% compared to the second quarter of 2016), while, as expected, it suffered in terms of profits (EBITDA stood at € 19.2 million and EBIT was around € 13.5 million, respectively down by 7.7% and 12.9% on the corresponding prior-year period), above all because in the second quarter of 2017 there were higher costs incurred for the biennial Hannover trade fair, which were not a factor in 2016.

As regards the financial aspect, there was a slight deterioration both compared to the end of December 2016 and to the corresponding prior-year period, above all owing to the higher tax payments on account which this year were paid in June.

As far as the performance for the period is concerned, the Biesse Group's revenues from sales and services for the first half of 2017 amounted to €331,232 thousand, up 16.9% compared to the corresponding prior-year period (€283,439 in revenues).

In the first six months of 2017, added value totalled €139,053 thousand, thus rising by 19.5% over the same period of last year.

EBITDA for the first half of 2017 totalled €40,772 thousand, up €10,340 thousand (+34%) compared to the same prior-year period. EBIT improved in the same period as well, increasing by €8,765 thousand (€29,630 thousand in 2017 compared to €20,865 thousand in the same prior-year period).

As for the financial position, the Net Operating Working Capital decreased by around €9.8 million compared to December 2016. The decrease is due both to the increase in trade payables (+€12.9 million) linked to the need for more supplies to support production, and to the change in inventories (+€14.3 million) related to the positive order intake and the resulting need to meet the deliveries scheduled for the coming months of 2017, and to the increase in trade receivables (around €11.2 million).

# MAIN EVENTS

## JAN

Intermac America exhibited its hi-tech products at StonExpo Marmomacc Americas, held in Las Vegas from 18 to 20 January. At the Mandalay Bay Convention Center the Intermac stand had working versions of the Master 38 machining centre and the 5-axis JET 625 by Donatoni, an outstanding partner of the group. On 27 January at the Biesse Campus in Pesaro the one2one event Integrated Automation on CNC took place, a meeting dedicated to the manufacturers of furniture and contract manufacturers of shaped panels, as well as to companies which are looking for innovative solutions for the loading and unloading of heavy panels. From 23 January to 3 February the Biesse Campus in Pesaro hosted the Academy weeks, to allow partners and subsidiaries, above all, to discover and experience Biesse innovation. The annual event allows colleagues to take part, through an innovative formula, in continuous training, to receive updates on the innovations in Biesse products and on the last year news, taking part in seminars and discussion panels.

## FEB

From 22 to 24 February the Distributor 2.0 dealer meeting was held in Pesaro, an event with a highly innovative formula, which was designed by Biesse in order to listen to its strategic partners and organised to facilitate interaction and the exchange of knowhow and successful experiences among professionals from around the world. On the same dates, the subsidiary Biesse Iberica exhibited its technologies at the Promat fair in Valencia, dedicated to materials, technologies and solutions for interior design and architecture projects. In the Biesse stand customers and visitors were able to see the flexible and innovative Made in Biesse technological solutions, with a focus on the residential building and construction sector. On 28 February 2016, the Board of Directors of Biesse S.p.A. approved the updating of the business plan for the three-year period 2017-2019.

## MAR

From 1 to 4 March Biesse India took part in Delhiwood at India Expo Center, the main Indian fair dedicated to hi-tech solutions for the woodworking sector, exhibiting machines that meet the requirement for "Affordable High-tech Solutions". The four days

of the fair allowed Biesse to show the latest technological innovations for the processing of panels and solid wood, and more besides. One of the main innovations was the presentation of the Cabinet software to manage production, a solution of great interest for customers and visitors. 450 sq.m. in surface area, 10 machines exhibited, including CNC, solutions for sizing, drilling, edgebanding and sanding. Holding centre stage was Skipper V31 for drilling, which will be manufactured in the Biesse Group factory in India. In addition, at the exhibition Biesse announced the forthcoming inauguration of the new factory near Makali, in Bangalore, which will allow to increase the production area to more than 20 thousand square metres. From 7 to 9 March Biesse took part in the Woodshow trade fair in Dubai with a larger exhibition space and a wider range of technologies compared to previous editions. Confirming of the Group's particular attention to the Middle East, during the fair the ambitious project of the Biesse Group Campus in Dubai was presented, a project aimed at providing all the necessary support to customers in this important geographic area. From 14 to 16 March Biesse solutions for advanced hi-tech materials were on display at Jec World 2017 in Paris, the international exhibition dedicated to the whole segment of composite materials, from raw materials to machines for the transformation of finished products. This event shows that Biesse renewed its range of technologies for advanced materials, with ad-hoc solutions for a growing sector, offering its customers a complete and integrated range of machining centres, sizing centres, waterjet cutting systems and sanding machines for all the stages of advanced material processing. In addition, again with specialist technologies for the processing of advanced materials, Biesse took part in the Mecspe trade fair in Parma from 23 to 25 March. Diamut and Intermac opened the doors for Inside Intermac "Stone Edition", the event dedicated for the first time exclusively to the working of stone, stone materials and ceramics, once again alongside Donatoni Macchine. From 16 to 18 March the Inside Intermac "Glass edition" event took place for solutions dedicated to the working of glass. In addition, Intermac exhibited its hi-tech innovations at the Intec trade fair in Leipzig in Germany from 7 to 10 March and at the Izmir trade fair in Turkey from 22 to 25 March. Biesse was present at the Fimma trade fair in Brazil from 28 to 31 March in collaboration with the local dealer. On the same dates, the company took part in the Interzum trade fair in Guangzhou in China, the key Asian meeting for machines for woodworking and furniture and furnishings production. An opportunity to discover how the opportunities offered by the fourth industrial revolution are accessible to everyone through machines made by the Biesse Group.



# BIESSEGROUP



APR

The one2one Advanced Material event held at the Biesse Triveneto branch included three days dedicated to plastic and advanced materials processing, as well as an area entirely given over to Uniteam technologies. From 19 to 21 April, the one2one Solid Wood event was held at Campus Biesse in Pesaro, dedicated to the world of solid wood in its universal use, which also staged the first ever seminar on Biesse Housing solutions, with special guest Casa Clima. Biesse Schweiz organised an open house, opening up the doors of its office to its current and potential customers from 27 to 29 April.

Thanks to two important collaborations with customers in the world of glass and wood, Biesse Group successfully took part in the 2017 Design Week, which saw Milan become a world capital of furnishing and design from 4 to 9 April. Having teamed up with Fiam, it was present at the Salone del Mobile with its "Ghost 30th Anniversary" project, created to celebrate with 30 years of the icon international design armchair, developed thanks to the technological solutions produced by Intermac. It is a matter of great pride that Biesse Group took part in this project, which combines technology, design and social issues. In fact, the mini Ghosts developed as part of the project by internationally-famous designers will be put up for auction and the profits will be allocated to support the populations struck by the earthquake in Central Italy. We would also remind you of the institutional presence of the group at the Fuorisalone, together with Wood-Skin in the location of Ventura Lambrate, a temporary design district given over entirely to Innovation, design and experimentation.

Among the most important participations during this month, from 4 to 7 April Intermac America was present at the Coverings Expo fair in Orlando, the most important stone sector appointment in North America, exhibiting, at centre stage, the Master 38 machining centre. On these same dates, Biesse France showed off its technology for the processing of plastic and composite materials at the Industrie Lyon fair. From 8 to 12 April, it took part in the Izwood fair, one of the most important sector events in Turkey, and from 20 to 22 April in Isa Sign Expo, held in Las Vegas with a focus on technologies used to process plastic and composite materials. Finally, from 25 to 27 April, Intermac UK exhibited at the 25th edition of the Natural Stone Show in London, showing its innovative technological solutions for stone processing.

Biesse Group then exhibited for the first time at the Hanover Messe trade fair, the world's most important showcase for innovation, with a technological solution displayed on the Accenture stand from 24 to 28 April. The joint participation in Hanover Messe is the next step in a partnership embarked on with Accenture, for the development of an IIoT project, which will allow group customers to generate even more value from industrial machines, offering customers new functions and creating a solid range of evolved digital services. The Milan Technology Hub fair set the stage for the third dimension from 20 to 22 April: Biesse Group teamed up with Indexlab and Wood-Skin to unveil the Arches project, a 3-metre tall structure comprising 202 different two-dimensional elements assembled together.

Biesse Group also had a great many HR appointments: Contamination Lab of the Marche Polytechnic University stopped off at the Pesaro Campus, with students of agriculture, economics, engineering, sciences and medicine. The project stems from the initiative promoted by MIUR (Ministry for Education, University and Research), which envisages a cross-contamination of the academic world and social-economic system, with a view to promoting culture. The Assessment Days continue to run for talented young graduates, meeting the Biesse Group for the very first time. A staff selection technique, focused on assessing potential and personal aptitudes, uses different individual and group tools, such as simulations, tests and drills, through which selectors can record the behaviour of candidates in order to assess their skills, capacities, motivation and attitudes, a real opportunity to test competences and invest in the future.

On 28 April 2017, the Ordinary Shareholders' Meeting of Biesse S.p.A. approved in second call the 2016 Separate and Consolidated Financial Statements, both prepared in accordance with IASs/IFRSs, and resolved to distribute a €0.36 dividend per share in light of the positive results achieved in 2016 (ex-dividend date scheduled for 8 May 2017 – record date 9 May 2017), paying a total of €9,861,495.12 – excluding treasury shares.

MAY

From 22 to 26 May Hannover hosted the Ligna trade fair, the most important biennial appointment in the wood sector. The great flow of visitors to the stand, which covered more than 5,000 square metres, and the satisfaction shown by customers, the press and partners were an important and gratifying response to the investments made by the company to develop increasingly efficient services, offer increasingly innovative products and strengthen its experience in global markets. "This edition made us particularly proud of the innovations presented by Biesse" said Federico Broccoli, Wood Division Director/Sales and Branch Division Director. "The layout of our stand was entirely based on the 4.0 concept with interconnected technologies that offer customers the significant benefit of reducing production times and creating efficiency." The interest aroused by the Machine Knowledge Center, a new platform developed in collaboration with Accenture that guarantees a series of features and services for obtaining more value from the machines, and by the renewed bSuite, a software suite made in Biesse that makes the most advanced technology accessible to anyone, bear witness to how strongly customers need products and services that can revolutionise traditional production areas. Over the 5-day trade fair 4,500 visitors from all around the world visited the Biesse stand, generating 45 million euro worth of incoming orders, 35% of which are 4.0 lines. Never before had the company achieved such figures at any trade fair.



From 17 to 20 May Intermac took part in Lamiera, the trade fair dedicated to the metalworking industry, and presented a range of 4.0 ready solutions to turn the factories belonging to our customers into true "smart factories". Intermac Commercial Director Franco Angelotti commented: "The participation of the company in the Lamiera trade fair certainly represents a positive development for Intermac, and the interest in our company's technologies has been confirmed by a steady influx of visitors, welcomed by a team of staff that has recently been strengthened even further, with new members engaged with a view to responding fully to the growing demands we receive from the market. Intermac solutions for the metal processing industry are extremely versatile, and are therefore widely used across many sectors, and are perfect for both small-scale artisan applications and large industrial companies".

Middle East Stone, which is now in its third edition, took place from 22 to 25 May at the Dubai World Trade Centre, hosting over 300 companies and international brands from the natural stone, marble and ceramics industry. Intermac, by its participation in this event, showed its desire to strengthen its presence in this fast-growing market. From 24 to 27 May Intermac also took part in China Glass in Beijing with specific solutions for the Chinese market, an excellent showcase for presenting solutions tailored to the needs of the Chinese market.

JUN

In June, the Group took part in a number of small events, such as roadshows at resellers, tech tours at the Campuses around the world and collaboration with universities and training institutes, hosting meetings at the Headquarters in Pesaro. On 16 and 17 June the Biesse and Intermac Inside took place in Dongguan in China. Over 100 visitors from 50 companies visited our showroom to discover the technological innovations for working wood, glass and stone. From 13 to 16 June Biesse France took part in the FIP trade fair in Lyon, the key event in France for the plastic materials sector, showing the Group's strong investment in this growing sector.

An institutional event worth mentioning was the charity dinner "A new school for Cascia" organized in collaboration with Fiam Italia together with Fondazione Mediolanum Onlus in favour of Fondazione Francesca Rava - NPH Italia Onlus to support the school rebuilding programme in Central Italy following the earthquake, in particular a school for 60 children in Cascia. The event saw the participation of numerous guests and partners, who actively contributed to the fund-raising, thus giving even more value to the solidarity project. Numerous institutions and guests took part, such as Foreign Minister Alfano who opened the evening, followed by speeches by the Chief Executive Officer of Fiam Italia, representatives of the Selci family, Fondazione Mediolanum Onlus and Fondazione Francesca Rava. This project coincided with the 30th anniversary of Fiam's Ghost chair and with the 30th anniversary of Intermac, the Biesse Group division that specialises in technologies for working glass that can assist in the creation

of outstanding products, such as the iconic Ghost. This is a bond which goes beyond business, a date on which to meet and promote solidarity, inviting numerous partners from the local area to contribute to the cause.

JUL

On 9 and 10 July, the Inside event of Biesse China took place in Guangzhou dedicated to Biesse and Intermac technological innovations, with a focus on solutions for automation and the opportunities offered by the 4.0 industrial revolution. In July, the Headquarters hosted the meeting of Assiot and Assofluid, which was designed to examine, through discussion with the main players in the user sectors, the trends which characterise technological development in the sector of mechatronics for power transmission and automation. The Tech Tours from Turkey, Israel and Poland took place in Pesaro and gave visitors insight into the types of technology, the possibility to visit our factories and to see our systems installed at customers' premises. In addition, the Headquarters was the focus of a training trip undertaken by students of the German Berufssakademie Melle university, who visited our company to see and touch at first hand Biesse-branded technologies, enriching their theoretical know-how with a full-immersion experience.

The AWFS trade fair took place from 19 to 22 July, and the Biesse America and Biesse Canada branches enjoyed great success and an excellent level of order intake. The edition was focused on the global launch of Sophia, the Biesse platform, created from an IIoT pilot project, which now enables customers to enjoy a wide range of services in order to optimise their asset management. "We can provide efficient add-ons to give added value to our machines. IIoT is a new world for our industry. Our vision for IIoT is to become more predictive of our customers' needs and anticipate all requirements for support. We want to deliver the new power to our customers to give them a tangible competitive advantage" said Federico Broccoli, Branch Division Director and Wood Division Director/Sales.

On 27 July 2017 Biesse S.p.A. signed an agreement to acquire 60% of MOVETRO S.r.l., which operates in the production of flat-glass storage and movement systems and is based in the province of Padua. This operation will enable the Glass & Stone Division to extend the offer of products to high-end customers and to integrate systems projects. The contract envisages the payment of € 2.7 million (Biesse S.p.A. has already paid a deposit of € 540 thousand). The contract also envisages the granting of a put option in favour of the sellers and a call option in favour of the buyers on the remaining 40% stake. The put option cannot be exercised before 31 July 2022 and after 31 December 2025, while the call option cannot be exercised before 31 July 2025 and after 31 July 2028. The consideration for the two options will be calculated on the basis of the multipliers of some financial statement values of the company being acquired. The above acquisition

will have accounting effect in the consolidated financial statements starting from the third quarter of 2017.

On 27 July 2017, a newco called Montresor & Co. S.r.l. (with a 90% stake held by Biesse S.p.A. and 10 % by Donatoni Macchine S.r.l.) was set up, whose purpose is the acquisition of Montresor & C. S.r.l., which is based in the province of Verona and manufactures edge polishers machinery (glass and marble). The acquisition was completed on 3 August 2017 with the payment of the first tranche of 65% of the agreed price (€ 4.8 million, net of payables due to employees, payments on account and/or guarantee deposits and the estimate of the inventories bought). In the agreements among the members of the newco (Montresor & Co. S.r.l.), the possibility is envisaged for the non-controlling stakeholder Donatoni to undertake a share capital increase for a further 30% to reach a 40% stake. The payment of the remaining 35% should take place by the end of 2017.

# INCOME

# STATEMENT

# HIGHLIGHTS

STATEMENT  
HIGHLIGHTS





# INCOME STATEMENT HIGHLIGHTS

RECLASSIFIED INCOME STATEMENT FOR THE SIX MONTH ENDED 30 JUNE 2017

Euro 000's	1H 2017	% on sales	1H 2016	% on sales	CHANGE %
<b>Revenue from sales and services</b>	<b>331,232</b>	<b>100.0%</b>	<b>283,439</b>	<b>100.0%</b>	<b>16.9%</b>
Change in inventories, wip, semi-finished and finished goods	19,370	5.8%	15,737	5.6%	23.1%
Other revenue and income	1,379	0.4%	2,222	0.8%	(38.0)%
<b>Revenue</b>	<b>351,980</b>	<b>106.3%</b>	<b>301,398</b>	<b>106.3%</b>	<b>16.8%</b>
Consumption of raw materials, consumables, supplies and goods	(146,236)	<b>(44.1)%</b>	<b>(127,249)</b>	<b>(44.9)%</b>	<b>14.9%</b>
Other operating expense	(66,692)	(20.1)%	(57,768)	(20.4)%	15.4%
<b>Added Value</b>	<b>139,052</b>	<b>42.0%</b>	<b>116,381</b>	<b>41.1%</b>	<b>19.5%</b>
Personnel expense	(98,281)	(29.7)%	(85,949)	(30.3)%	14.3%
<b>Gross Operating profit</b>	<b>40,771</b>	<b>12.3%</b>	<b>30,432</b>	<b>10.7%</b>	<b>34.0%</b>
Depreciation and amortisation	(9,763)	(2.9)%	(8,626)	(3.0)%	13.2%
Provisions	(1,378)	(0.4)%	(918)	(0.3)%	50.2%
<b>Normalised Operating profit</b>	<b>29,630</b>	<b>8.9%</b>	<b>20,888</b>	<b>7.4%</b>	<b>41.8%</b>
Impairment losses and non recurring items	-	-	(23)	(0.0)%	(100.0)%
<b>Operating profit</b>	<b>29,630</b>	<b>8.9%</b>	<b>20,865</b>	<b>7.4%</b>	<b>42.0%</b>
Net finance expense	(1,050)	(0.3)%	(777)	(0.3)%	35.1%
Net exchange rate gain/losses	(739)	(0.2)%	913	0.3%	-
<b>Pre-tax profit</b>	<b>27,841</b>	<b>8.4%</b>	<b>21,001</b>	<b>7.4%</b>	<b>32.6%</b>
Income taxes	(10,373)	(3.1)%	(9,066)	(3.2)%	14.4%
<b>Profit for the period</b>	<b>17,467</b>	<b>5.3%</b>	<b>11,935</b>	<b>4.2%</b>	<b>46.4%</b>

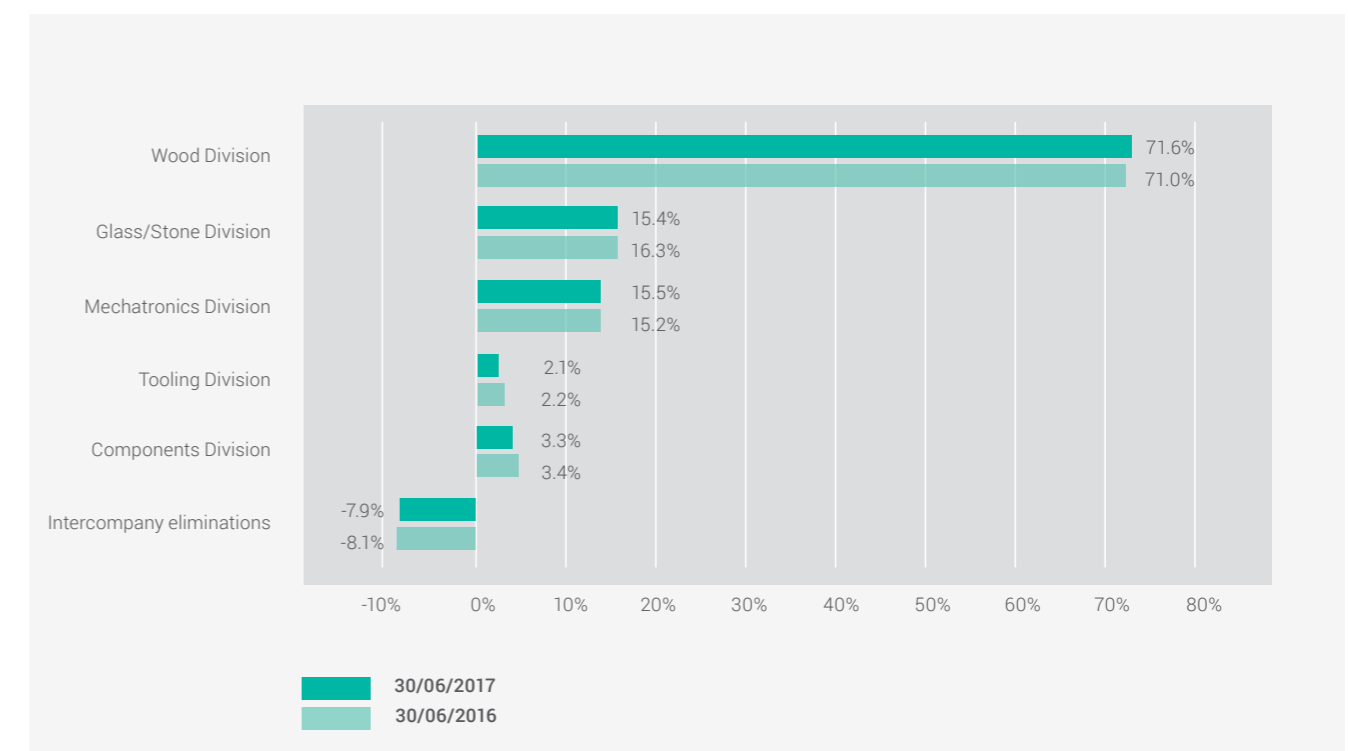
Revenue from sales and services for the first half of 2017 showed an increase of 16.9% compared to the same period of 2016, rising from €283,439 thousand to €331,232 thousand.

The breakdown of sales by segment shows that all divisions grew in the first half of the year. The Wood Division surged from €201,263 thousand to €237,295 thousand (+17.9%), confirming its role as the Group's volume driver. Also the Glass & Stone Division made considerable progress, growing by 10.3% (turnover for the period: €50,974 thousand). The Mechatronics Division rose from €43,183 thousand to €51,182 thousand (18.5%), while the Tooling Division ended the first half up 9.7% (turnover for the period: €6,979 thousand). The Components Division recorded an increase of 15.1% (€1.4 million).

As for the geographical distribution of sales in the first half of 2017, all the areas (except for Eastern Europe and the Rest of the World) saw increases. Western Europe confirmed the positive trend recorded at the start of the year and rose by 20%, with turnover going from € 121,701 thousand to € 146,089 thousand and remained the key market for the Group. Also Asia/Oceania recorded a positive trend, with an increase of 27.2%. North America increased from €48,576 thousand to €58,255 thousand (+19.9%).

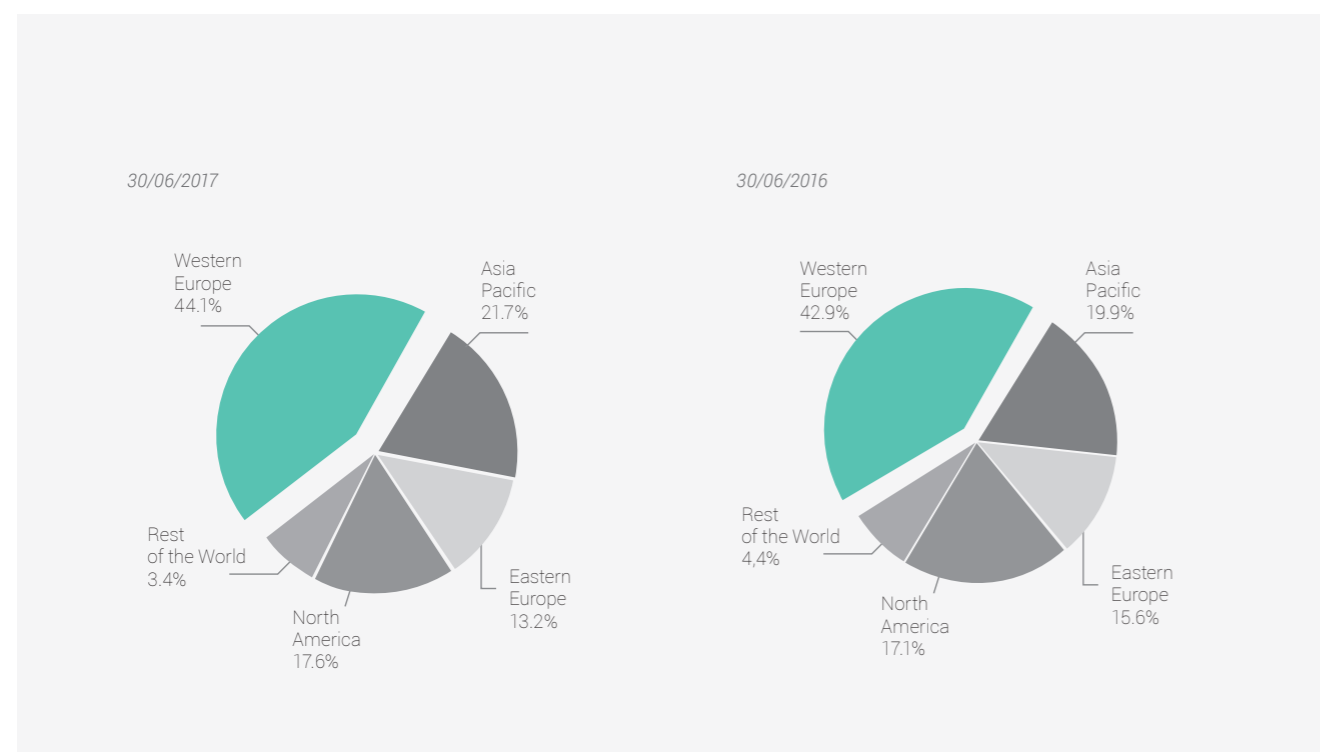
# BREAKDOWN OF REVENUE BY OPERATING SEGMENT

Euro 000's	1H 2017	%	1H 2016	%	CHANGE %
Wood Division	237,295	71.6%	201,263	71.0%	17.9%
Glass/Stone Division	50,974	15.4%	46,204	16.3%	10.3%
Mechatronics Division	51,182	15.5%	43,183	15.2%	18.5%
Tooling Division	6,979	2.1%	6,364	2.2%	9.7%
Components Division	10,933	3.3%	9,502	3.4%	15.1%
Intercompany eliminations	(26,131)	(7.9)%	(23,077)	(8.1)%	13.2%
<b>Total</b>	<b>331,232</b>	<b>100.0%</b>	<b>283,439</b>	<b>100.0%</b>	<b>16.9%</b>



# BREAKDOWN OF REVENUE BY GEOGRAPHICAL SEGMENT

Euro 000's	1H 2017	%	1H 2016	%	CHANGE %
Western Europe	146,089	44.1%	121,701	42.9%	20.0%
Asia-Pacific	71,899	21.7%	56,532	19.9%	27.2%
Eastern Europe	43,863	13.2%	44,179	15.6%	(0.7)%
North America	58,255	17.59%	48,576	17.1%	19.9%
Rest of the World	11,125	3.4%	12,450	4.4%	(10.6)%
<b>Total</b>	<b>331,232</b>	<b>100.0%</b>	<b>283,439</b>	<b>100.0%</b>	<b>16.9%</b>



The Revenue in the first half of 2017 was €351,980 thousand, up 16.8% compared to June 2016, when it amounted to €301,398 thousand due to rising volumes.

The impact of consumption and other operating expense as a percentage of the Revenue shows a decrease in the wei-

ght of raw materials and goods (41.5%, compared to 42.2% in the corresponding prior-year period); the interference of other operating expenses decreased, falling from 19.2% to 18.9%, due to the efficiency measures in progress. As a result of these changes, added value increased (39.5% of the Revenue compared to 38.6% in 2016).

Euro 000's	1H 2017	%	1H 2016	%
<b>Revenue</b>	<b>351,980</b>	<b>100.0%</b>	<b>301,398</b>	<b>100.0%</b>
Consumption of raw materials and goods	146,236	41.5%	127,249	42.2%
Other operating expense	66,692	18.9%	57,768	19.2%
Service costs	58,105	16.5%	50,676	16.8%
Use of third party assets	5,234	1.5%	4,306	1.4%
Sundry operating expense	3,354	1.0%	2,786	0.9%
<b>Added Value</b>	<b>139,052</b>	<b>39.5%</b>	<b>116,381</b>	<b>38.6%</b>

The €8,924 thousand increase in Other operating expense was largely due to Service costs (+€7,429 thousand). Specifically, this change is attributable to both "variable" costs (outsourced processing, third-party technical services, transport costs and commissions) and "fixed" costs (consulting services, travel and lodging expenses, trade fairs, maintenance), both due to rising production volumes and turnover.

In the first six months of 2017, added value totalled €139,052 thousand, up 19.5% over the corresponding prior-year period (€116,381 thousand) and from 38.6% to 39.5% as a percentage of revenue from sales and services.

In the first six months of 2017, personnel expense amounted to €98,281 thousand, up €12,332 thousand (+14.3%) in absolute terms compared to the corresponding prior-year period (€85,949 thousand). The change is mainly attributable to wages and salaries (+€10,769 thousand, 13.2% over the corresponding prior-year period), due to the increase in the headcount as part of the Group's recruiting policy necessary to support future development plans. Albeit increasing in absolute terms, it should be noted that this expense fell by half a per cent as a proportion of revenues, going from 30.3% in 2016 to 29.7% in the current year, showing the close correlation between the growth in turnover and the work force used to support operations, starting with product development up to the sale of goods and services.

EBITDA amounted to €40,771 thousand at 30 June 2017 (€30,431 thousand in the corresponding prior-year period), showing an increase of 34%.

Depreciation and amortisation increased by 13.2% (from € 8,626 thousand in 2016 to € 9,763 thousand in 2017): the change is due to the corporate policy to increase investments.

Provisions totalled €1,378 thousand, slightly up from €918 thousand in the first half of 2016, mainly because of the adjustment of the product warranty provision and of impairment losses on specific positions held by subsidiaries.

As regards financial operations, financial expense amounted to €1,050 thousand, deteriorating compared to the corresponding period in 2016 (€777 thousand).

Exchange rate risk management in the first six months resulted in a loss of €739 thousand, down compared to the €913 thousand positive result in the corresponding prior-year period, above all owing to the hedges on the Indian, Turkish and Chinese currencies.

Exchange rate losses amounted to some € 853 thousand, deteriorating by about € 739 thousand compared to the corresponding prior-year period. The exchange rate gains to be realized were € 113 thousand, down around € 913 thousand compared to the value at 30 June 2016.

The decrease was due in particular to the exchange rate effects on the GB pound and the US dollar.

Pre-tax profit thus amounted to €27,841 thousand.

Estimated taxes amounted to negative to the tune of €10,373 thousand. The impact relating to current tax expenses amounted to €12,553 thousand (IRES – corporate income tax: € 7,711 thousand; IRAP – regional business tax: €1,792 thousand; taxes from foreign jurisdictions: €3,044 thousand; previous-year taxes and other income taxes: €6 thousand), deferred tax income amounted to €2,179 thousand. The tax rate remains unchanged compared to the previous year (around 37.2%).

Therefore, the profit for the first six months of 2017 amounted to €17,467 thousand.

# STATEMENT OF FINANCIAL POSITION HIGHLIGHTS

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

Euro 000's	30 June 2017	31 December 2016	30 June 2016
Intangible assets	67,833	65,218	62,312
Property, plant and equipment	85,005	81,939	73,358
Financial assets	3,208	2,346	2,103
<b>Non current assets</b>	<b>156,046</b>	<b>149,503</b>	<b>137,773</b>
Inventories	145,109	130,785	136,418
Trade receivables	117,582	128,748	117,046
Trade payables	(205,555)	(192,613)	(194,719)
<b>Net Operating Working Capital</b>	<b>57,136</b>	<b>66,920</b>	<b>58,745</b>
Post-employment benefits	(13,402)	(13,746)	(14,767)
Provision for risk and charges	(11,963)	(11,994)	(11,064)
Other net payables	(31,085)	(45,890)	(41,619)
Net deferred tax assets	11,938	10,011	12,667
<b>Other net liabilities</b>	<b>(44,513)</b>	<b>(61,618)</b>	<b>(54,783)</b>
<b>Net Invested Capital</b>	<b>168,669</b>	<b>154,804</b>	<b>141,735</b>
Share capital	27,393	27,393	27,393
Profit/loss for the previous year/period and other reserves	119,710	102,656	101,644
Profit/Loss for the period	17,363	29,384	11,913
Non-controlling interests	352	290	236
<b>Equity</b>	<b>164,819</b>	<b>159,723</b>	<b>141,186</b>
Bank loans and borrowings and loans from other financial backers	47,951	41,462	41,749
Other financial assets	(15)	(87)	(30)
Cash and cash equivalents	(44,084)	(46,295)	(41,170)
<b>Net financial indebtedness</b>	<b>3,851</b>	<b>(4,919)</b>	<b>549</b>
<b>Total sources of funding</b>	<b>168,669</b>	<b>154,804</b>	<b>141,735</b>

Compared to December 2016, net intangible assets increased by €2.6 million on the back of higher investments (mainly attributable to the capitalisation of R&D projects and the implementation of the new Group Oracle E-BS ERP system at the foreign branches), net of the relevant amortisation for the period (around €5.3 million).

As for net property, plant and equipment, they increased by €3 million compared to 31 December 2016, net of the relevant depreciation for the period (€4.4 million).

Inventories increased by €14,324 thousand overall compared to 31 December 2016. The change compared with year-end

figures was due to rising inventories of finished goods (up €11,443 thousand), semi-finished goods (up €4,187 thousand), and raw materials (up €2,345 thousand). Spare part inventories showed a decrease (equal to €2,905 thousand). As previously mentioned, the increase in inventories was mainly related to the positive order intake, and therefore it is a necessary factor to support turnover in the next quarters of 2017.

With reference to the other items of Net Operating Working Capital, which decreased by €9,784 thousand overall compared to 31 December 2016, trade payables increased by €12,942 thousand and trade receivables decreased by €11,166 thousand.

# NET FINANCIAL POSITION

Euro 000's	30 June 2017	31 March 2017	31 December 2016	30 September 2016	30 June 2016
Financial assets:	44,099	49,510	46,381	33,432	41,200
<i>Current financial assets</i>	15	(587)	87	17	30
<i>Cash and cash equivalents</i>	44,084	50,097	46,295	33,414	41,170
Short term finance lease payables	(59)	(111)	(111)	(137)	(137)
Short term bank loans and borrowings and loans from other financial backers	(21,430)	(37,140)	(33,769)	(40,331)	(26,750)
<b>Short Term Net Financial Indebtedness</b>	<b>22,610</b>	<b>12,259</b>	<b>12,501</b>	<b>(7,037)</b>	<b>14,313</b>
Medium/Long term finance lease payables	(23)	-	(43)	(54)	(92)
Medium/Long bank loans and borrowings	(26,438)	(7,305)	(7,539)	(9,594)	(14,770)
<b>Medium/Long Term Net Financial Indebtedness</b>	<b>(26,460)</b>	<b>(7,305)</b>	<b>(7,582)</b>	<b>(9,648)</b>	<b>(14,862)</b>
<b>Total Net Financial Indebtedness</b>	<b>(3,851)</b>	<b>4,955</b>	<b>4,919</b>	<b>(16,685)</b>	<b>(549)</b>

Group net financial indebtedness at 30 June 2017 amounted to €3.8 million, up €8.8 million compared to both 31 March 2017 and 31 December 2016. The difference includes the payment of ordinary dividends, taxes and other non-recurring items totalling over €26 million in the quarter. Compared to the net financial position in the same prior-year period, the increase in indebtedness was €3.3 million and was due mainly to the concentration in the first half of 2017 of tax payments

on account which in the previous year were spread also over the second part of the year.

In the first 6 months of 2017, Net Operating Working Capital fell by over €9 million, in particular due to the increase in payables and the reduction in trade receivables; compared to the end of 2016, the average collection times are therefore in line with the Group's historical figures (DSO 54 days), while payment times improved (DPO 124 days).

## TRANSACTIONS WITH ASSOCIATES, PARENTS AND THE LATTER'S SUBSIDIARIES

At 30 June 2017, there were no associates. As regards transactions with the parent Bi.Fin. S.r.l., reference should be made to Note 24 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, reference should be made to Note 24 in the Notes.

## "ATYPICAL AND/OR UNUSUAL" TRANSACTIONS OCCURRED OF THE PERIOD

In 2017 there were no such transactions.

# SIGNIFICANT EVENTS AFTER THE REPORTING DATE AND FULL-YEAR OUTLOOK

First of all, we must emphasise the extraordinary ability of Biesse Group to produce organic growth in sales (+16.9% in the first half of 2017 compared to the previous financial year) at the same time maintaining a similar percentage of growth in both order intake and order backlog. This is a prerequisite to maintaining constant growth over time.

This is the result of exhaustive work carried out on the distribution network in recent years and of the growing reputation of our products in terms of innovation and reliability. Therefore, Biesse becomes further consolidated as the first Italian Group in the sector of machines for processing Wood, Glass and Stone, and the second player in the world in terms of revenues, with growth rates at the top of the sector which have been steady for some time now.

Maintaining turnover growth rates in coming years also depends on maintaining investment in human resources in the main strategic areas for the Group (R&D, Sales Force, After Sales).

Finally, it must be highlighted that Biesse Group is also engaged in a significant financial commitment in terms of investments, both to adapt future manufacturing capacity to medium-term targets and to maintain technological leadership in terms of products and after-sales services with ready for industry 4.0 solutions.

On 27 July 2017 Biesse S.p.A. signed an agreement to acquire 60% of MOVETRO S.r.l., which operates in the production of flat-glass storage and movement systems and is based in the province of Padua. This operation will enable the Glass

& Stone Division to extend the offer of products to high-end customers and to integrate systems projects. The contract envisages the payment of € 2.7 million (Biesse S.p.A. has already paid a deposit of € 540 thousand). The contract also envisages the granting of a put option in favour of the sellers and a call option in favour of the buyers on the remaining 40% stake. The put option cannot be exercised before 31 July 2022 and after 31 December 2025, while the call option cannot be exercised before 31 July 2025 and after 31 July 2028. The consideration for the two options will be calculated on the basis of the multipliers of some financial statement values of the company being acquired. The above acquisition will have accounting effect in the consolidated financial statements as from the third quarter of 2017.

On 27 July 2017, a newco was set up called Montresor & Co. S.r.l. (with a 90% stake held by Biesse S.p.A. and 10 % by Donatoni Macchine S.r.l.) whose purpose is the acquisition of Montresor & C. S.r.l., which is based in the province of Verona and manufactures edge polishers machinery (glass and marble). The acquisition was completed on 3 August 2017 with the payment of the first tranche of 65% of the agreed price (€ 4.8 million, net of payables due to employees, payments on account and/or guarantee deposits and the estimate of the inventories bought). In the agreements among the members of the newco (Montresor & Co. S.r.l.), the possibility is envisaged for the non-controlling stakeholder Donatoni to undertake a share capital increase for a further 30% to reach a 40% stake. The payment of the remaining 35% should take place by the end of 2017.

## OTHER INFORMATION

At the date on which the Interim report at 30 June 2017 was approved, Biesse S.p.A. held treasury shares. For further details, see Notes 10 and 15 below. In addition, it should be noted that the parent company Biesse

S.p.A. does not own shares in the parent nor did it own or trade them during the first half of 2017. There is therefore nothing to disclose for the purposes of Article 2428, paragraph 2, points 3 and 4 of the Italian Civil Code.

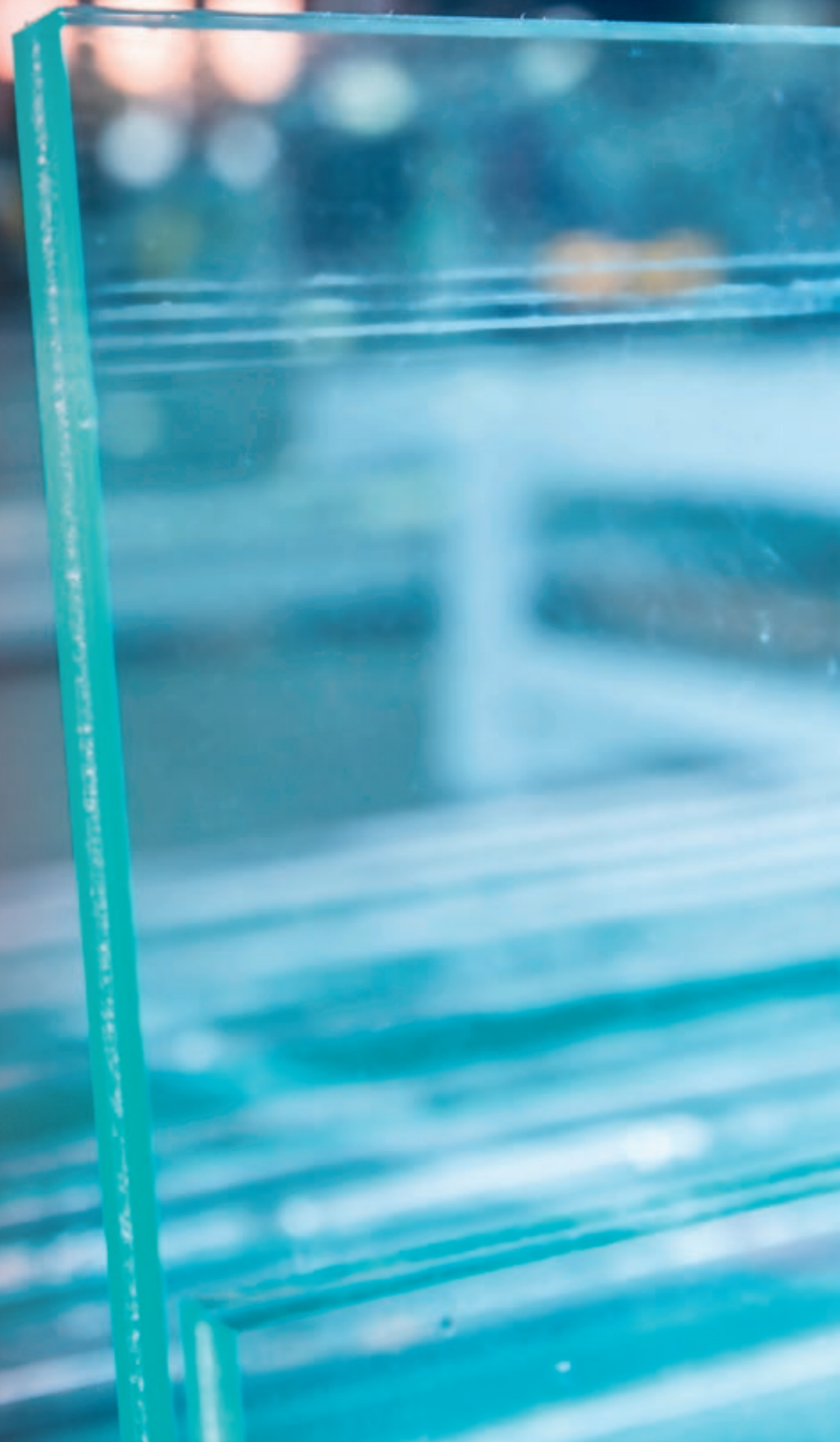
Pesaro, 4 August 2017

The Chairman of the Board of Directors  
**Roberto Selci**



# CONSOLIDATED

INTERIM FINANCIAL  
STATEMENTS



# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2017

## INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

Euro 000's	Note	1H 2017	1H 2016
Revenue	4	331,232	283,439
Other operating income		1,379	2,222
Change in inventories of finished goods and work in progress		19,370	15,737
Purchase of raw materials and consumables	6	(146,236)	(127,249)
Personnel expense	7	(98,281)	(85,949)
Other operating expense		(66,692)	(57,768)
Depreciation and amortisation		(9,763)	(8,626)
Provisions		(1,378)	(918)
Impairment losses		-	(23)
<b>Operating profit</b>		<b>29,630</b>	<b>20,864</b>
Finance income		74	334
Finance expense		(1,124)	(1,111)
Net exchange rate gains/losses		(739)	913
<b>Pre-tax profit</b>		<b>27,841</b>	<b>21,000</b>
Taxes	8	(10,373)	(9,066)
<b>Profit for the period</b>		<b>17,467</b>	<b>11,934</b>
<b>Profit for the period</b>		<b>17,467</b>	<b>11,934</b>
Attributable to:			
Owners of the parent		17,363	11,913
Non-controlling interests		104	21
<b>Earnings per share</b>			
Basic (€/cents)	9	63,41	43,51
Diluted (€/cents)	9	63,41	43,51

# INCOME STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2017

Euro 000's	Note	1H 2017	1H 2016
<b>Profit for the period</b>		<b>17,467</b>	11,934
Translation differences of foreign operations	16	(2,517)	(1,467)
<b>Effects with possible future impact on the income statement</b>		<b>(2,517)</b>	(1,467)
Measurement of defined-benefit plans		32	(745)
<b>Effects with no future impact on the income statement</b>		<b>32</b>	(745)
<b>Total comprehensive income for the period</b>		<b>14,982</b>	<b>9,722</b>
Attributable to:			
Owners of the parent		14,880	9,708
Non-controlling interests		102	14
<b>Total comprehensive income for the period</b>		<b>14,982</b>	<b>9,722</b>

# STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

Euro 000's	Note	30 June 2017	31 December 2016
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	11	69,877	64,926
Equipment and other property, plant and equipment	11	15,128	17,014
Goodwill	12	19,669	19,316
Other intangible assets	12	48,164	45,901
Deferred tax assets	8	14,616	12,987
Other financial assets and non-current receivables		3,208	2,346
		<b>170,662</b>	<b>162,490</b>
<b>Current assets</b>			
Inventories	13	145,109	130,785
Trade receivables due from third parties	14	117,522	128,697
Trade receivables due from related parties	24	61	51
Other current assets		18,082	16,338
Other current assets due from related parties	24	977	977
Derivatives		1,471	374
Other financial assets due from related parties		0	-
Current financial assets		14	87
Cash and cash equivalents		44,084	46,295
		<b>327,320</b>	<b>323,603</b>
<b>TOTAL ASSETS</b>		<b>497,982</b>	<b>486,093</b>

Euro 000's	Note	30 June 2017	31 December 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	15	27,393	27,393
(Treasury shares)	15	(96)	(96)
Equity reserves		36,202	36,202
Hedging and translation reserve	16	(4,763)	(2,248)
Other reserves	17	88,367	68,798
Profit for the period		17,363	29,384
Equity attributable to the owners of the parent		164,466	159,433
Non-controlling interests		352	290
<b>TOTAL EQUITY</b>		<b>164,819</b>	<b>159,723</b>
<b>Non-current liabilities</b>			
Post-employment benefits		13,402	13,746
Deferred tax liabilities		2,679	2,976
Medium and long-term bank loans and borrowings and other financial payables	18	26,438	7,539
Finance lease liabilities	18	23	43
Provisions for risks and charges	20	1,959	2,377
Other non-current liabilities		307	137
		-	-
Current liabilities		<b>44,807</b>	<b>26,818</b>
<b>Trade payables</b>			
Trade payables due to related parties	19	203,690	190,843
Other current liabilities	19	1,865	1,770
Other current liabilities due to related parties		43,491	53,176
Tax payables	24	721	18
Finance lease liabilities		7,063	8,982
Bank overdrafts and loans	18	59	111
Other financial liabilities due to related parties	18	21,431	33,769
Provisions for risks and charges	20	10,004	9,617
Derivatives		34	1,266
		<b>288,356</b>	<b>299,551</b>
<b>LIABILITIES</b>		<b>333,164</b>	<b>326,369</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>497,982</b>	<b>486,093</b>

## STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2017

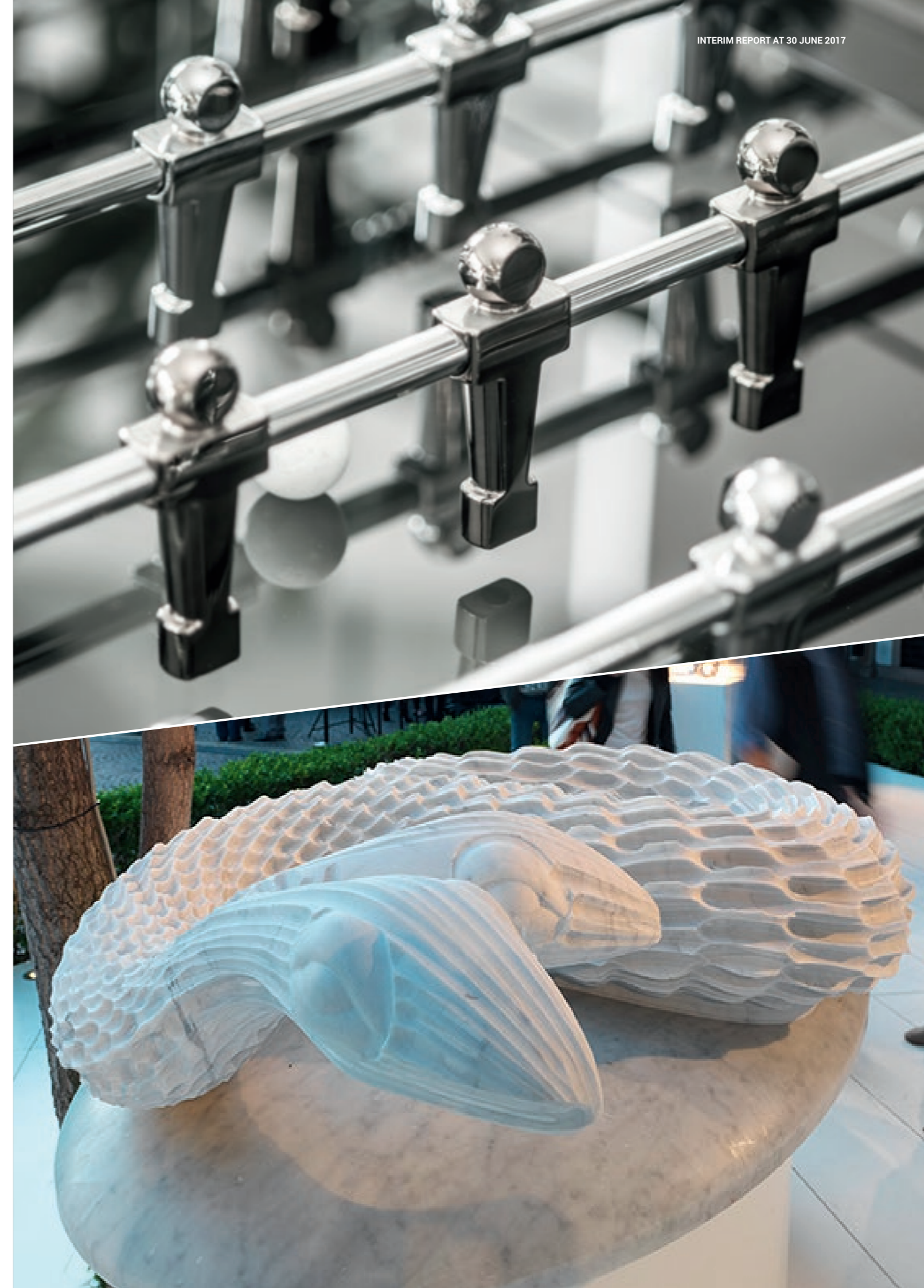
Euro 000's	Note	HY 2017	HY 2016
<b>OPERATING ACTIVITIES</b>			
+/- Profit for the year		17,467	11,934
+ Depreciation and amortisation: of property, plant and equipment		4,411	3,767

of intangible assets	5,352	4,859	
+ Provisions :			
Increase/decrease in provisions for post-employment benefits	(13)	1	
Increase/decrease in allowance for impairment	<b>981</b>	<b>60</b>	
Increase/decrease in allowance for inventory write-down	636	1,757	
Increase/decrease in provisions for risk and charges	397	296	
Gains/losses from sales of property, plant and equipment	(11)	(18)	
Impairment losses on other intangible assets	0	23	
Impairment losses on current assets	0	562	
Income from investing activities	(74)	(334)	
Unrealised exchange rate gains	(114)	(1,027)	
Income taxes	10,373	9,066	
Financial expense	1,124	1,111	
<b>SUBTOTAL OPERATING ACTIVITIES</b>	<b>40,530</b>	<b>32,057</b>	
Post-employment benefits paid	(287)	(171)	
Risk provisions utilised	(297)	(841)	
Change in trade receivables	10,279	(11,814)	
Change in inventories	(17,813)	(22,146)	
Change in trade payables	14,738	35,608	
Change in other receivables and payables	(16,658)	(4,095)	
Income tax paid	(6,632)	(3,817)	
Interest paid	(725)	(344)	
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>23,135</b>	<b>24,438</b>	
<b>INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	(11,169)	(6,518)	
Proceeds from sale of property, plant and equipment and other items of property, plant and equipment	2,300	104	
Acquisition of patents, trademarks and other intangible assets. Capitalisation of development costs	(7,702)	(6,759)	
Proceeds from sale of intangible assets	249	(1)	
Acquisitions of equity investments	(1,393)	(907)	
Change in other financial assets	(915)	339	
Interest received	45	74	
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(18,585)</b>	<b>(13,667)</b>	
<b>FINANCING ACTIVITIES</b>			
Loans repaid/New bank loans	11,759	(10,355)	
Finance lease payments	(73)	(1,773)	
Change in bank overdraft	(6,691)	1,129	
Gains (losses) on current derivatives	(984)	26	
Dividends paid	0	0	
Sale of treasury shares	(9,879)	(9,871)	
Acquisto/cessione azioni proprie	0	0	
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>(5,867)</b>	<b>(20,844)</b>	
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,317)</b>	<b>(10,074)</b>	
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>46,295</b>	<b>51,553</b>	
Effect of exchange rate fluctuations on cash held	(894)	(309)	
<b>CLOSING CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents	<b>44,084</b>	<b>41,170</b>	

# STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Note	Opening balances as at 01/01/2017	Other gains/losses, net of taxation	Profit/loss for the period	Total comprehensive expense for the period	Change in treasury shares	Dividends paid	Other changes	Allocation of loss of the previous year	Total effects of transactions with shareholders	Closing balances as at 30/06/2017
<i>Euro 000's</i>											
<b>STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AT 30 JUNE 2016</b>											
Share capital		27,393			-					-	27,393
- Treasury shares	15	(96)			-					-	(96)
Equity reserves		36,202			-					-	36,202
Hedging and translation reserve	16	(2,248)	(2,515)		(2,515)					-	(4,763)
Other reserves	17	68,798	31		31		(9,858)	12	29,384	19,539	88,367
Profit/loss for the period		29,384		17,363	17,363				(29,384)	(29,384)	17,363
<b>Equity attributable to the owners of the parent</b>		<b>159,433</b>	<b>(2,484)</b>	<b>17,363</b>	<b>14,879</b>	-	<b>(9,858)</b>	<b>12</b>	-	<b>(9,846)</b>	<b>164,466</b>
Non-controlling interests		290	(1)	104	103	-	(41)			(41)	352
<b>TOTAL EQUITY</b>		<b>159,723</b>	<b>(2,485)</b>	<b>17,467</b>	<b>14,982</b>	-	<b>(9,899)</b>	<b>12</b>	-	<b>(9,887)</b>	<b>164,819</b>

	Note	Opening balances as at 01/01/2016	Other gains/losses, net of taxation	Profit/loss for the period	Total comprehensive expense for the period	Change in treasury shares	Dividends paid	Other changes	Allocation of loss of the previous year	Total effects of transactions with shareholders	Closing balances as at 30/06/2016
<i>Euro 000's</i>											
<b>STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AT 30 JUNE 2015</b>											
Share capital		27,393			-					-	27,393
- Treasury shares	15	(96)			-					-	(96)
Equity reserves		36,202			-					-	36,202
Hedging and translation reserve	16	(1,214)	(1,460)		(1,460)			(53)	-	53	(2,726)
Other reserves	17	57,854	(743)		(743)		(9,858)	40	20,971	11,153	68,264
Profit/loss for the period		20,971	0	11,913	11,913				(20,971)	(20,971)	11,913
<b>Equity attributable to the owners of the parent</b>		<b>141,111</b>	<b>(2,203)</b>	<b>11,727</b>	<b>9,710</b>	-	<b>(9,858)</b>	<b>(13)</b>	-	<b>(9,871)</b>	<b>10,950</b>
Non-controlling interests		275	(6)	21	14	-	(13)	(41)		(54)	236
<b>TOTAL EQUITY</b>		<b>141,386</b>	<b>(2,209)</b>	<b>11,934</b>	<b>9,725</b>	-	<b>(9,871)</b>	<b>(54)</b>	-	<b>(9,925)</b>	<b>141,185</b>





# CONSOLIDATED

INTERIM FINANCIAL  
STATEMENTS

NOTES



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## 1. OVERVIEW

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

The financial position and results as at and for 30 June 2017 comprise the financial statements of Biesse S.p.A. and subsidiaries which it controls directly or indirectly (hereinafter

defined as the "Group") and the amount of its equity investment, in proportion to the percentage held, in associates.

The Board of Directors approved the condensed interim consolidated financial statements at 30 June 2017 during the meeting held today (4 August 2017).

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

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

Name and registered office	Currency	Share Capital	Directly controlled	Indirectly controlled	Through	Biesse Group
<i>Parent</i>						
<b>Biesse S.p.A.</b> Via della Meccanica, 16 - Loc. Chiusa di Ginestreto (PU)	EUR	27,393,042				
<i>Italian subsidiaries:</i>						
<b>HSD S.p.A.</b> Via della Meccanica, 16 - Loc. Chiusa di Ginestreto (PU)	EUR	1,141,490	100%			100%
<b>Bre.Ma. Brenna Macchine S.r.l.</b> Via Manzoni, snc - Alzate Brianza (CO)	EUR	70,000	98%			98%
<b>Biesse Tecno System S.r.l.</b> Via della Meccanica, 16 - Loc. Chiusa di Ginestreto (PU)	EUR	100,000	50%			50%
<b>Viet Italia S.r.l.</b> Via della Meccanica, 16 - Loc. Chiusa di Ginestreto (PU)	EUR	10,000	85%			85%
<b>Axxembla S.r.l.</b> Via della Meccanica, 16 - Loc. Chiusa di Ginestreto (PU)	EUR	10,000	100%			100%
<b>Uniteam S.p.A.</b> Via della Meccanica 12 - Thiene (VI)	EUR	390,000	100%			100%
<b>BSoft S.r.l.</b> Via Perletti 13 - Piacenza (PC)	EUR	10,000	100%			100%
<i>Foreign subsidiaries:</i>						
<b>Biesse America Inc.</b> 4110 Meadow Oak Drive - Charlotte, North Carolina - USA	USD	11,500,000	100%			100%
<b>Biesse Canada Inc.</b> 18005 Rue Lapointe - Mirabel (Quebec) - Canada	CAD	180,000	100%			100%
<b>Biesse Group UK Ltd.</b> Lampport Drive - Daventry Northamptonshire Great Britain	GBP	655,019	100%			100%
<b>Biesse France Sarl</b> 4, Chemin de Moninsable - Brignais - France	EUR	1,244,000	100%			100%
<b>Biesse Group Deutschland GmbH</b> Gewerberstrasse, 6 - Elchingen (Ulm) - Germany	EUR	1,432,600	100%			100%
<b>Biesse Schweiz GmbH</b> Grabenhofstrasse, 1 - Kriens - Switzerland	EUR	100,000		100%	Biesse Group Deutschland GmbH	100%
<b>Biesse Austria GmbH</b> Am Messezentrum, 6 - Salzburg - Austria	EUR	35,000		100%	Biesse Group Deutschland GmbH	100%
<b>Biesservice Scandinavia AB</b> Maskinvagen 1 - Lindas - Sweden	SEK	200,000	60%			60%
<b>Biesse Iberica Woodworking Machinery s.l.</b> C/De La Imaginació, 14 Poligon Ind. La Marina Gavà Barcellona - Spain	EUR	699,646	100%			100%
<b>WMP - Woodworking Machinery Portugal, Unipessoal Lda</b> Sintra Business Park, 1, São Pedro de Penaferrim - Sintra - Portugal	EUR	5,000		100%	Biesse Iberica W. M. s.l.	100%
<b>Biesse Group Australia Pty Ltd.</b> 3 Widemere Road Wetherill Park Sydney - Australia	AUD	15,046,547	100%			100%
<b>Biesse Group New Zealand Ltd.</b> Unit B, 13 Vogler Drive Manukau - Auckland - New Zealand	NZD	3,415,665	100%			100%
<b>Biesse Manufacturing Co. Pvt. Ltd.</b> Jakkasandra Village, Sondekoppa rd. Nelamanga Taluk - Bangalore - India	INR	1,224,518,391	100%			100%
<b>Biesse Asia Pte. Ltd.</b> Zagro Global Hub 5 Woodlands Terr. - Singapore	EUR	1,548,927	100%			100%
<b>Biesse Indonesia Pt.</b> Jl. Kh.Mas Mansyur 121 - Jakarta - Indonesia	IDR	2,500,000,000		100%	Biesse Asia Pte. Ltd.	100%

Name and registered office	Currency	Share Capital	Directly controlled	Indirectly controlled	Through	Biesse Group
<b>Biesse Malaysia SDN BHD</b> Dataran Sunway , Kota Damansara Petaling Jaya, Selangor Darul Ehsan - Malaysia	MYR	5,000,000		100%	Biesse Asia Pte. Ltd.	100%
<b>Biesse Korea LLC</b> Geomdan Industrial Estate, Oryu-Dong, Seo-Gu Incheon South Korea	KRW	100,000,000		100%	Biesse Asia Pte. Ltd.	100%
<b>Biesse Taiwan (Ltd)</b> 6F-5, No. 188, Sec. 5, Nanking E. Rd., Taipei City 105, Taiwan (ROC)	TWD	500,000		100%	Biesse Asia	100%
<b>Biesse (HK) LTD</b> Room 1530, 15/F, Langham Place, 8 Argyle Street, Mongkok, Kowloon - Hong Kong	HKD	154,000,000		100%	Biesse (HK) LTD	100%
<b>Dongguan Korex Machinery Co. Ltd</b> Dongguan City - Guangdong Province - China	RMB	163,384,472		100%	Centre Gain LTD	100%
<b>Biesse Trading (Shanghai) Co. Ltd.</b> Room 301, No.228, Jiang Chang No.3 Road, Zha Bei District - Shanghai - China	RMB	7,870,000		100%	Biesse Asia Pte. Ltd.	100%
<b>Intermac do Brasil Comercio de Maquinas e Equipamentos Ltda.</b> Andar Pilotis Sala, 42 - Sao Paulo - 2300 Brasil	BRL	9,478,339	100%			100%
<b>HSD Mechatronic (Shanghai) Co. Ltd.</b> D2, 1st floor, 207 Taiguroad, Waigaoqiao Free Trade Zone - Shanghai - China	RMB	2,118,319		100%	Hsd S.p.A.	100%
<b>Hsd Usa Inc.</b> 3764 SW 30th Avenue - Hollywood, Florida USA	USD	250,000		100%	Hsd S.p.A.	100%
<b>HSD Deutschland GmbH</b> Brükenstrasse,2 - Gingen - Germany	EUR	25,000		100%	Hsd S.p.A.	100%
<b>HSD Mechatronic Korea LLC</b> 414, Tawontakra2, 76, Dongsan-ro, Danwon-gu, Ansan-si 15434, South Korea	KWN	101,270,000		1000%	Hsd S.p.A.	100%
<b>Biesse Turkey</b> Serifali Mah. Bayraktar Cad. Nutuk Sokak No:4 Ümraniye, Istanbul - Turkey	TRY	2,500,000	100%			100%
<b>OOO Biesse Group Russia</b> Ul. Elektrozavodskaya, 27 Moscow, Russian Federation	RUB	10,000,000		100%		100%
<b>Biesse Gulf FZE</b> Dubai, free Trade Zone	AED	400,000		100%		100%

Compared to the financial statements as at and for the year ended 31 December 2016, the scope of consolidation underwent the following changes:

- Acquisition of the company BS SOFT S.r.l. on 10 April 2017. With the aim of strengthening its offer in the System world and being even more autonomous in the development of projects in support of Industry 4.0, Biesse S.p.A., through the NewCo. On 10 April 2017 BT SOFT acquired control of the company Avant S.r.l. Software & Engineering, specialised in the development of software for the integration and supervision of working cells and lines. The Avant applications can automatically manage all information of the production process, from cutting to edgebanding, drilling and, in recent years, also sorting, the backbone of every batch-one production. The acquisition price amounted to € 500 thousand. The difference between the acquisition price and the value of assets and liabilities acquired, amounting to €494,210,

pending the PPA, was provisionally allocated to goodwill in the wood division.

- The liquidation of Intermac Guangzhou Co. Ltd was completed in June 2017.

- Furthermore, it should be noted that during 2016 the process was started to shorten the chain of control over the Chinese companies. This project involved the companies Biesse Hong Kong Ltd and Centre Gain Ltd, both resident in Hong Kong, and involved the transfer of all the assets and liabilities from the parent to the subsidiary (the name of which was changed as part of this operation in Biesse Hong Kong Ltd) and the subsequent liquidation of the parent. The liquidation and cancellation of the parent was completed in June 2017. The diagram shows the equity investments at 30 June 2017.

## 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 Law on Finance) as subsequently amended. They do not include all of the information required for the annual report and must be read in conjunction with the consolidated financial statements as at and for the year ended 31 December 2016. In particular, it should be noted that they include a complete set of financial statements consisting of the consolidated income statement, consolidated statement of financial position, and consolidated statement of cash flows, which are the same as those adopted for the consolidated financial statements as at and for the year ended 31 December 2016.

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, statement of financial position and 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 interim financial statements at 30 June 2017 consist of the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity, and these Notes.

The Consolidated Income Statement classifies expenses by nature. The Statement of Financial Position presents current and non-current assets and liabilities as separate classifications. The Statement of Cash Flows is presented in accordance with the indirect method and the Statement of Changes in Equity is presented in accordance with the standard format. In addition, a separate statement - the Consolidated Statement of Comprehensive Income - includes the components that make up the 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 net profit for the period are reported in the Statement of Changes in Equity.

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

The accounting policies used, recognition and measurement criteria, and the basis of consolidation principles applied in preparing the condensed interim consolidated financial statements are consistent with those of the annual financial statements for the year ended 31 December 2016, to which reference is made. The accounting policies adopted in the condensed interim consolidated financial statements at 30 June 2017 have been consistently applied to all periods included for comparison purposes.

Here below are the new standards or amendments to standards which are applicable for financial years starting after 1 January 2017 and in respect of which early application is allowed. Nonetheless, the Group decided not to adopt them in advance to prepare these condensed interim consolidated financial statements.

In January 2016, the IASB published a new accounting standard, IFRS 16, amending the regulations envisaged by IAS 17. The new accounting standard standardises the lessee's accounting treatment of operating and finance leases. IFRS 16 requires the lessee to recognise in the statement of financial position the assets and liabilities concerning the transaction both for operating and finance lease contracts. Lease contracts with a term equal or less than 12 months and those covering assets of very low value are excluded from the financial method. With IFRS 16, the issue of distinguishing between operating and finance lease does no longer exist, since each lease contract must be recognised with the financial method, with the exception of short-term contracts and those for assets with a non-significant value. The standard is applicable beginning on 1 January 2019, with early adoption permitted. The Group expects the application of this standard to increase financial payables with an impact on the Net Financial Position that has not yet been precisely calculated.

In May 2014 the IASB issued IFRS 15 – Revenue from Contracts with Customers, which will replace IAS 18 – Revenue and IAS 11 – Construction Contracts, as well as some IFRIC interpretations. This standard sets out the requirements for recognising revenue pursuant to the new framework. Initially, it was expected to become effective as from 1 January 2016. In September 2015, the IASB decided to postpone this date to 1 January 2018, with early adoption permitted. The Group does not expect significant effects from application of this standard.

Furthermore, it should be noted that:

- the condensed interim consolidated financial statements have been prepared using the discrete approach, according to which the reference period is considered to be a discrete 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 2017, 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.

The average and closing exchange rates are shown below:

Currency	30 June 2017		31 December 2016		30 June 2016		31 December 2015		30 June 2015	
	Average	Closing	Average	Closing	Average	Closing	Average	Closing	Average	Closing
US Dollar / Euro	1,0830	1,1412	1,1069	1,0541	1,1159	1,1102	1,1095	1,0887	1,1158	1,1189
Singapore Dollar / Euro	1,5208	1,571	1,5275	1,5234	1,5400	1,4957	1,5255	1,5417	1,5061	1,5068
Canadian Dollar / Euro	1,4453	1,4785	1,4659	1,4188	1,4844	1,4384	1,4186	1,5116	1,3774	1,3839
Sterling / Euro	0,8606	0,87933	0,8195	0,85618	0,7788	0,8265	0,7259	0,7340	0,7323	0,7114
Swedish Krone / Euro	9,5968	9,6398	9,4689	9,5525	9,3019	9,4242	9,3535	9,1895	9,3401	9,2150
Australian Dollar / Euro	1,4364	1,4851	1,4883	1,4596	1,5220	1,4929	1,4777	1,4897	1,4261	1,4550
New Zealand Dollar / Euro	1,5297	1,5554	1,5886	1,5158	1,6480	1,5616	1,5930	1,5923	1,5063	1,6548
Brazilian Real / Euro	3,4431	3,76	3,8561	3,4305	4,1295	3,5898	3,7004	4,3117	3,3101	3,4699
Indian Rupee / Euro	71,1760	73,7445	74,3717	71,5935	75,0019	74,9603	71,1956	72,0215	70,1244	71,1873
Chinese Renminbi Yuan / Euro	7,4448	7,7385	7,3522	7,3202	7,2965	7,3755	6,9733	7,0608	6,9408	6,9366
Swiss Franc / Euro	1,0766	1,093	1,0902	1,0739	1,0960	1,0867	1,0679	1,0835	1,0567	1,0413
Indonesian Rupiah / Euro	14434,1806	15209,3	14720,8298	14173,4	14,963,4460	14,601,7000	14,870,3892	15,039,9900	14,469,1936	14,938,4300
Hong Kong Dollar / Euro	8,4199	8,9068	8,5922	8,1751	8,6684	8,6135	8,6014	8,4376	8,6517	8,6740
Malaysian Ringgit / Euro	4,7511	4,8986	4,5835	4,7287	4,5737	4,4301	4,3373	4,6959	4,0621	4,2185
South Korean Won / Euro	1236,3302	1304,56	1284,1811	1269,36	1,318,9161	1,278,4800	1,256,5444	1,280,7800	1,227,3118	1,251,2700
Lira Turca / Euro	3,9391	4,0134	3,3433	3,7072	3,2593	3,2060	3,0255	3,1765	-	-
Rublo Russia / Euro	62,8057	67,5449	74,1446	64,3	78,2968	71,5200	-	-	-	-
Emirati Arabi Dirham / Euro	3,9758	4,18935	4,0634	3,8696	-	-	-	-	-	-
Taiwan Dollar / Euro	33,2144	34,7118	35,6892	33,9995	-	-	-	-	-	-

## 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 doubtful debts, inventory write-downs, impairment, employee benefits, income taxes, and provisions for risks and charges. Estimates and assumptions – based on existing knowledge – are regularly reviewed and the effects of any change are immediately recognised in profit or loss.

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

At 30 June 2017, the carrying amount of goodwill was €19.7 million. Goodwill was tested for impairment at 31 December 2016, while at 30 June 2017 the Group assessed whether

any events or other circumstances indicated that it may be impaired (the so-called "impairment indicators"). The analysis performed did not reveal any impairment indicators and/or impairment losses besides those already recognised in the condensed interim financial statements, if any.

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

Concerning internal impairment indicators, as highlighted in Note 4 below, all Divisions ended the first half of 2017 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 the absence of critical issues compared to the impairment tests carried out on 31 December 2016.

At 30 June 2017, the Group's deferred tax assets totalled €14,617 thousand (€12,987 thousand at 31 December 2016). 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 & Stone, Mechatronics, Tooling and Components – for management purposes. These divisions constitute the bases for the Group's reporting of segment reporting. The main activities are as follows:

Wood – production, distribution, installation and after-sales service of panel processing machines and systems;  
 Glass & Stone – production, distribution, installation and after-sales service of glass and stone 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 & stone processing machines.  
 Below is the information on these operating segments:

Euro 000's	Revenue		Operating profit	
	1H 2017	1H 2016	1H 2017	1H 2016
Wood	237,295	201,263	16,688	11,559
Glass & Stone	50,974	46,204	654	2,461
Mechatronics	51,182	43,183	11,593	9,594
Tooling	6,979	6,364	516	919
Components	10,933	9,502	546	357
(Intragroup eliminations)	(26,131)	(23,077)		-
	<b>331,232</b>	<b>283,439</b>	<b>29,997</b>	<b>24,890</b>
Unallocated corporate costs			(367)	(4,026)
<b>Operating profit</b>			<b>29,630</b>	<b>20,864</b>

Net revenue from sales and services for the first half of 2017 amounted to €331,232 thousand, compared to € 283,439 thousand for the first half of 2016, up 16.9% compared to the previous year.

As already noted in the Directors' Interim Report, the Wood Division – the Group's largest segment – saw an increase in percentage terms of 17.9% compared to the first half of 2016; also the Glass & Stone and Mechatronics Divisions grew remarkably (10.3% and 18.5%, respectively), while the Tooling and Components Divisions reported + 9.7% and + 15.1%, respectively.

As for the operating performances of the Divisions, the Wood Division reported an operating profit of €16,688 thousand (€11,559 thousand in 2016) on the back of higher sales volumes, the different sales mix by distribution channel as well as by product category (top-quality items with a high technological content), and improved production efficiency. Also the Mechatronics Division harnessed operating leverage, reporting a €11,593 thousand operating profit (€9,594 thousand in 2016).

##### ANALYSIS BY GEOGRAPHICAL SEGMENT

Euro 000's	Revenue			
	1H 2017	%	1H 2016	%
Western Europe	146,089	44.1%	121,701	42.9%
Asia - Pacific	71,899	21.7%	56,532	19.9%
Eastern Europe	43,863	13.2%	44,179	15.6%
North America	58,255	17.6%	48,576	17.1%
Rest of the World	11,125	3.4%	12,450	4.4%
<b>Group Total</b>	<b>331,232</b>	<b>100.0%</b>	<b>283,439</b>	<b>100.0%</b>

As for the geographical breakdown of sales, the first half of 2017 saw positive performances in all areas, with the exception of Eastern Europe (-0.7%) and the Rest of the World (-10.6%). Asia/Oceania reported the best performance (+27.2%).

#### 5. SEASONALITY

The operating 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 normally replenish their inventories 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 €127,249 thousand to €146,236 thousand, up by 14.9% compared to the previous year.

Consumption of raw materials and goods increased on the back of higher sales volumes (+16.9%) compared to the corresponding prior-year period.

#### 7. PERSONNEL EXPENSE

Euro 000's	1H 2017	1H 2016
Wages, salaries and social security contributions	92,093	81,324
Productivity bonus, other bonuses and related social security contributions	6,290	5,421
Accruals to pension plans	3,103	2,676
Other personnel expense	1,455	1,263
Capitalization and recovery of personnel expense	(4,660)	(4,734)
<b>Personnel expense</b>	<b>98,281</b>	<b>85,949</b>

In the first half of 2017, personnel expense amounted to € 98,281 thousand, up €12,332 thousand compared to 2016 (€85,949 thousand, +14.3%) mainly due to the increase in staff already mentioned in the Directors' Report.

#### 8. TAXES

The Italian corporate income tax (IRES) rate was 24% (27.5% in 2016) of the taxable income of the Parent company and the Italian subsidiaries, while income taxes for other jurisdictions are calculated based on the rates in force in the relevant countries. For the purposes of calculating the income tax expense for the period, the Group applied to the interim profit the tax rate applicable to the estimated year-end results. At 30 June 2017, the Group's deferred tax assets totalled €14,616 thousand, up compared to 31 December 2016

(+ €1,629 thousand). Management recognised deferred tax assets to the extent they are likely to be recovered; in doing so, it considered the forecasts for subsequent years consistent with those used for the purposes of impairment tests. Taxes recognised in the income statement amounted to € 10,373 thousand with a tax rate of 37.3%, decreasing compared to the corresponding prior-year period mainly because of the lower Italian tax rates.

#### 9. EARNINGS PER SHARE

Basic earnings per share for the period ended 30 June 2017 totalled 63.41 Euro/cent (43.51 Euro/cent in 2016) and were calculated by dividing the profit attributable to the owners of the Parent, amounting to € 17,363 thousand (11,913 thousand in 2016) by the weighted average number of ordinary shares outstanding during the period, which amounted to 27,383,042 (as in 2016).

The number of outstanding shares was lower than the total number of shares issued due to the buyback of treasury sha-

res on the stock exchange during 2008, as provided for by the Shareholders' Meeting resolution dated 21 January 2008. At 30 June 2017, the number of treasury shares held was 10,000 (0.04% of the share capital), with a weighted average balance for the year of 10,000 (0.04% of the share capital). As there were no dilutive effects, the same calculation is also applicable to diluted earnings per share. The calculations are shown in the following tables:

##### Profit attributable to owners of the Parent

Euro 000's	1H 2017	1H 2016
Basic earnings for the period	17,363	11,913
Dilutive effect on profit for the period	0	0
Diluted earnings for the period	17,363	11,913

**Weighted average number of outstanding ordinary shares**

<i>in thousands of shares</i>	1H 2017	1H 2016
Weighted average number of ordinary shares used to calculate basic earnings per share	27,393	27,393
Effect of own shares	(10)	(10)
Weighted average number of outstanding shares – for the calculation of basic earnings	27,383	27,383
Dilutive effects	0	0
Weighted average number of outstanding shares – for the calculation of diluted earnings	27,383	27,383

**10. DIVIDENDS**

During the first half of the year, pursuant to the resolution of the Shareholders' Meeting of the Parent company held on 28 April 2017, shareholders received a dividend of around € 9,858 thousand (Euro 0.36 per ordinary share outstanding at

the ex-dividend date – excluding treasury shares). The ex-dividend date was 13 May 2017.

**11. PROPERTY, PLANT AND EQUIPMENT AND OTHER ITEMS OF PROPERTY, PLANT AND EQUIPMENT**

In the reference period, besides the amounts concerning the regular replacement of work equipment, the Group bolstered the HSD USA branches (spending a total €1.4 million), with

the opening of the new showroom in Charlotte (North Carolina) and Biesse S.p.A. buildings (around € 4.9 million).

**12. GOODWILL AND OTHER INTANGIBLE ASSETS****Goodwill**

Rispetto alla chiusura dell'esercizio precedente, Compared to the end of the previous year, goodwill increased by around €353 thousand. Changes occurred during 2017 are due to the exchange rate differences undergone by the goodwill of

the Australian and American branches and to the amounts referring to the acquisition of the company BSOFT S.r.l. (€0.5 million). The amount was provisionally allocated to goodwill in the Wood segment.

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

Euro 000's	30/06/17	31/12/16
Wood	8,577	8,117
Glass & Stone	1,554	1,660
Mechatronics	5,598	5,599
Tooling	3,940	3,940
<b>Total</b>	<b>19,669</b>	<b>19,316</b>

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

**13. INVENTORIES**

Euro 000's	30/06/17	31/12/16
Raw materials, consumables and supplier	43,344	40,999
Work in progress and semi-finished goods	21,950	17,762
Work in progress	0	745
Finished goods	68,114	56,672
Spare parts	11,701	14,607
<b>Inventories</b>	<b>145,109</b>	<b>130,785</b>

The carrying amount, equal to €145,109 thousand, is net of the allowances for inventory write-downs, amounting to €2,243 thousand for raw materials (€2,056 thousand at the end of 2016), €2,525 thousand for spare parts (€2,028 thousand at the end of 2016) and €1,223 thousand for finished goods (€1,248 thousand at the end of 2016). The allowance

for the write-downs of raw materials amounted to 4.9% as a percentage of the historical cost of the relevant inventories (4.8% at the end of 2016), the one for spare parts was 17.8% (12.9% at the end of 2016), and the one for finished goods 1.8% (2.2% at the end of 2016).

**14. TRADE RECEIVABLES DUE FROM THIRD PARTIES**

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

Trade receivables were down €10,579 thousand (before the relevant allowance for impairment) compared to December 2016.

The decrease in trade receivables from third parties related to the increase in turnover.

The allowance for impairment of €5,080 thousand increased (€595 thousand) from December 2016, and it was down from 3.7% to 4.1% as a proportion of par value.

**15. 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. Compared to the end of 2016, the number of treasury shares

held remained unchanged. The following table summarises the data concerning treasury shares at 30 June 2017.

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

**16. HEDGING AND TRANSLATION RESERVES**

The carrying amount was broken down as follows:

Euro 000's	30/06/17	31/12/16
Translation reserve	(4,763)	(2,183)
Hedging reserve	-	0
<b>Total</b>	<b>(4,763)</b>	<b>(2,183)</b>

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

stralia, New Zealand, India, China, Indonesia, Hong Kong, Malaysia, South Korea, Brazil, Russia, Turkey, Taiwan, UAE) and underwent a change during the period of € 2,580 thousand, mainly due to the trend of the Hong Kong Dollar, the Indian Rupee, the British Pound and the Turkish Lira.

**17. OTHER RESERVES**

The carrying amount was broken down as follows:

Euro 000's	30/06/17	31/12/16
Legal reserve	5,479	5,479
Extraordinary reserve	70,670	58,586
Reserve for treasury shares	96	96
Retained earnings and other reserves	12,122	4,571
<b>Other reserves</b>	<b>88,367</b>	<b>68,732</b>

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 2016 (+ €29,384 thousand) and the dividend distribution (- €9,858 thousand).

**18. FINANCIAL PAYABLES LOANS AND BORROWINGS**

Compared to the financial statements at 31 December 2016, the Group's financial payables decreased by €6,488 thousand. During the first half of the year the Group took out a new 4-year long-term loan of € 20 million with UBI Banca. At

the same time, the process of gradual reduction of existing loans continued to optimise the financial resources by lowering the overall borrowing cost.

**19. TRADE PAYABLES**

Trade payables to third parties refer primarily to payables to suppliers for the procurement of materials delivered in the last months of the period. It should be noted that trade payables are due within the next year and it is believed that

their carrying amount at the reporting date is a reasonable approximation of their fair value. Trade payables to suppliers increased by €12,942 thousand compared to 2016, from €192,613 thousand to €205,555 thousand.

**20. 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. The financial statements include provisions for risks and charges for € 11,963 thousand (€ 11,994 thousand at 31 December 2016) consisting of € 7,399 thousand for product warranty provision, € 0.3 thousand for provisions for tax risks, € 0.3 thousand for provisions for legal disputes and the remainder for provisions for general risks.

### Risk Management

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

- market risks, consisting primarily of risks relating to fluctuations in exchange and interest rates;
  - credit risk, relating specifically to trade receivables and, to a lesser extent, other financial assets;
  - liquidity risk, with reference to the availability of financial resources to settle the obligations related to financial liabilities.
- The impact of the main raw materials, steel in particular, on the average value of the Group's products is marginal compared to the final production cost and, therefore, the Group has a limited exposure to the "commodities" risk.

### Currency Rate Risk

The risk related to exchange rate fluctuations is represented by the potential fluctuation in the amount in Euro of the foreign 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 forward contracts (outright/currency swap) or also derivatives (currency option) can be used for exchange risk hedging.

## 21. CLASSIFICATION OF FINANCIAL INSTRUMENTS

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

Euro 000's	30/06/17	31/12/16
Financial Assets		
Designated at fair value through profit or loss:		
<i>Derivative financial assets</i>	1,471	374
Loans and receivables measured at amortised cost:		
<i>Trade receivables</i>	117,582	128,748
<i>Other assets</i>	9,057	7,571
- other financial assets and non-current receivables	3,133	2,296
- other current assets	5,924	5,275
<i>Cash and cash equivalents</i>	44,084	46,295
<b>FINANCIAL LIABILITIES</b>		
Designated at fair value through profit or loss:		
<i>Derivative financial liabilities</i>	34	1,266
Measured at amortised cost :		
<i>Trade payables</i>	142,622	144,973
<i>Bank loans and borrowing, finance leases and other financial liabilities</i>	47,949	41,462
<i>Other current liabilities</i>	30,995	31,253

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

### 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 fixed assets acquired under finance leases. Interest rate risks derive primarily from bank loans and borrowings. Given the current trend in interest rates, the company confirms its decision not to hedge its own debt any further, as the level of interest rates is expected to remain substantially stable.

### Credit Risk

Credit risk refers to the Biesse Group's exposure to potential financial losses deriving from the failure of commercial and financial counterparties to fulfil their contractual obligations. The principal exposure is towards customers. The management of credit risk is constantly monitored with reference both to the reliability of customers and to the control of cash receipts and debt collection management, if required. In the case of customers considered to be strategic by the Management, the credit limits attributed to them are defined and monitored. In other cases, the sale involves advance payments, lease-type payments and, in the case of foreign customers, letters of credit. In contracts relating to some sales without adequate guarantees, the Group reserves property rights on the goods being sold. The carrying amount of financial assets, less any expected impairment losses, represents the maximum exposure to credit risk. For more information on how the allowance for impairment was determined and on the characteristics of overdue receivables, please refer to Note 14 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.

## 22. ACQUISITION OF SUBSIDIARIES

On 10 April 2017, with the aim of strengthening its offer in the System world and being even more autonomous in the development of projects in support of Industry 4.0, Biesse S.p.A., through the NewCo. BT SOFT, acquired control of the company Avant S.r.l. Software & Engineering, specialised in the development of software for the integration and supervision of working cells and lines. The Avant applications can auto-

matically manage all information of the production process, from cutting to edgbanding, drilling and, in recent years, also sorting, the backbone of every batch-one production. The acquisition price amounted to € 500 thousand. The difference between the acquisition price and the value of assets and liabilities acquired, amounting to €494,210, pending the PPA, was provisionally allocated to goodwill in the wood division.

## 23. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

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

## 24. RELATED-PARTY TRANSACTIONS

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

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

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

Euro 000's	Revenue		Costs	
	For the six months ended 30/06/2017	For the six months ended 30/06/2016	For the six months ended 30/06/2017	For the six months ended 30/06/2016
<b>Ultimate Parent</b>				
Bi. Fin. S.r.l.	-	-	179	189
<b>Other related companies</b>				
Fincobi S.r.l.	1	1	12	12
Edilriviera S.r.l.	-	-	-	-
Se. Mar. S.r.l.	24	3	1,691	1,644
Wirutex S.r.l.	33	7	608	557
<b>Members of the Board of Directors</b>				
Members of the Board of Directors	0	0	914	1,260
<b>Members of the Board of Statutory Auditors</b>				
Members of the Board of Statutory Auditors	-	-	81	78
<b>Total</b>	<b>58</b>	<b>11</b>	<b>3,484</b>	<b>3,739</b>

Euro 000's	Receivables		Payables	
	At 30/06/2017	At 31/12/2016	At 30/06/2017	At 31/12/2016
<b>Ultimate Parent</b>				
Bi. Fin. S.r.l.	977	1,011	7	40
<b>Other related companies</b>				
Fincobi S.r.l.	-	-	-	-
Edilriviera S.r.l.	-	-	-	-
Se. Mar. S.r.l.	26	10	1,274	1,358
Wirutex S.r.l.	34	7	509	481
<b>Members of the Board of Directors</b>				
Members of the Board of Directors	0	24	714	705
<b>Members of the Board of Statutory Auditors</b>				
Members of the Board of Statutory Auditors	-	-	81	78
<b>Total</b>	<b>1,038</b>	<b>1,051</b>	<b>2,585</b>	<b>2,663</b>

The terms and conditions agreed with the above related parties do not differ from those that would have been established between parties at arm's length. The amounts payable to related parties are trade payables and refer to transactions undertaken for the sale of goods and/or rendering of services.

#### Remuneration of directors, general managers, managers with strategic responsibilities and the members of the Board of Statutory Auditors

Euro 000's	Remuneration			
	Fees	Non-monetary benefits	Bonuses and other incentives	Other remuneration
Board of Directors	905	19	100	278
Board of Statutory Auditors	81	0	0	0
Key management personnel	8	2	45	117
<b>Total</b>	<b>993</b>	<b>22</b>	<b>145</b>	<b>395</b>

Pesaro, 4 August 2017

The Chairman of the Board of Directors  
**Roberto Selci**

#### STATEMENTS OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH ARTICLE 81-TER OF CONSOB REGULATION 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 2017.

The assessment of the adequacy of administrative and accounting procedures for the preparation of the condensed interim consolidated financial statements at 30 June 2017 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:

- the condensed interim consolidated financial statements:
  - have been drawn up in compliance with the applicable international accounting standards endorsed by the European Union in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and the Council dated 19 July 2002 and, in particular with IAS 34 – Interim Financial Reporting – as well as the enabling legislation for Article 9 of Italian Legislative Decree no. 38/2005;
  - are consistent with the entries in accounting books and records;
  - as far as we know, they provide a true and fair view of the financial position, financial performance and cash flows of the issuer and the group of companies included in the consolidation;
- the Directors' interim report contains references to significant events of the 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, 4 August 2017

Chairman  
and Chief Executive Officer  
**Roberto Selci**

Manager in charge  
of financial reporting  
**Cristian Berardi**

# INDEPENDENT

AUDITORS'  
REPORT







KPMG S.p.A.  
 Revisione e organizzazione contabile  
 Via 1° Maggio, 150/A  
 60131 ANCONA AN  
 Telefono +39 071 2901140  
 Email it-fmauditaly@kpmg.it  
 PEC kpmgspa@pec.kpmg.it

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

## Report on review of condensed interim consolidated financial statements

To the Shareholders of  
 Biesse S.p.A.

### Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Biesse Group, comprising the income statement and the statements of comprehensive income, financial position, cash flows and changes in equity and notes thereto, as at and for the six months ended 30 June 2017. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

### Scope of Review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Biesse Group as at and for the six months ended 30 June 2017 have not been prepared, in all material



**Biesse Group**  
 Report on review of condensed interim consolidated financial statements  
 30 June 2017

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

Ancona, 4 August 2017

KPMG S.p.A.

(signed on the original)

Gianluca Geminiani  
 Director of Audit

# THANK YOU

**BIESSE S.P.A.**

Headquarters  
Via della Meccanica, 16  
61122 Pesaro - Italy  
[www.biessegroup.com](http://www.biessegroup.com)

