QUARTERLY REPORT AT 30 SEPTEMBER 2013

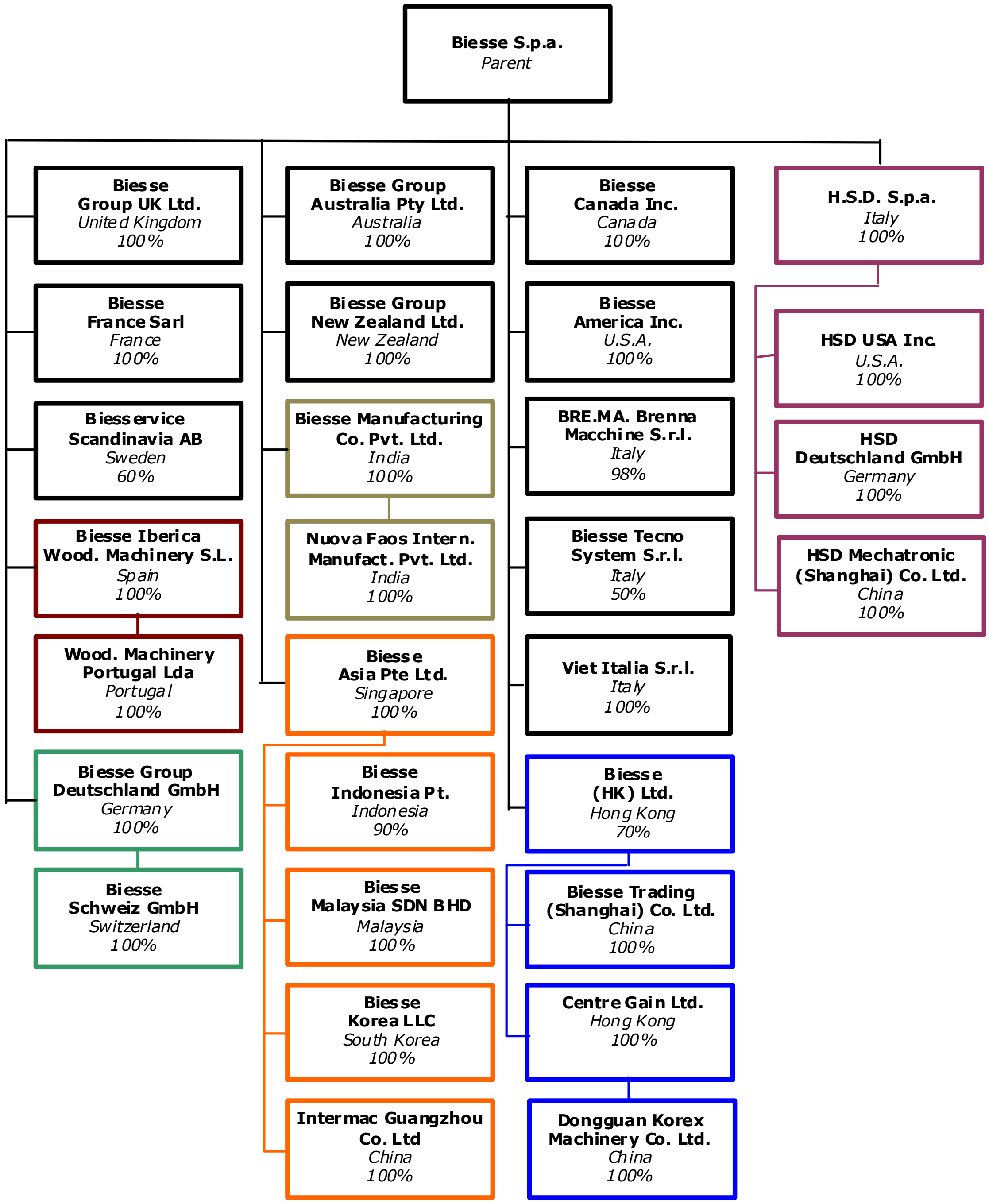
BIESSE S.p.A.

QUARTERLY REPORT
AT 30 SEPTEMBER 2013

CONTENTS

GROUP STRUCTURE

The following companies form part of the Biesse Group:



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Biesse Group's consolidated quarterly report at 30 September 2013, unaudited, has been prepared pursuant to Article 154-ter, paragraph 2 of the Consolidated Law on Finance and in accordance with the recognition and measurement criteria established by the International Financial Reporting Standards (IFRS).

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

- the quarterly financial statements have been prepared under the discrete method, taking the reference period as a separate period. In this respect, the quarterly income statement reflects the period's income statement components on an accruals basis;
- the financial statements underlying the consolidation process are those prepared by subsidiaries with reference to the period ended 30 September 2013, adjusted, where necessary, to align them with Group financial standards and policies;
- some of the economic information contained in this report presents interim profitability indicators such as gross operating margin (EBITDA). This indicator is considered by management to be an important parameter for measuring and assessing the Group's operational performance, in that it is not affected by the various methodologies adopted to determine taxable income, by the amount and features of capital employed, or by depreciation and amortisation policies. We should point out, however, that this indicator is not identified as an accounting measure for IFRS purposes, meaning that the criterion used to determine taxable income might not be consistent with what is reported by other groups or companies;
- with a view to making the data presented in this report as understandable and comparable as possible, the effects of non-recurring items and events have been isolated and shown on a separate line of the income statement.

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

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

€ '000	Staff cost	Gross operating profit	Operating profit	Pre-tax profit/(loss)	Taxes	Profit/(loss) for the period
Income stament						
3Q 2012	- 26,997	2,837	- 3,280	- 4,436	- 901	- 5,337
IAS 19R effect	14	14	14	14	- 4	11
IIIQ 2012 restated	**- 26,983**	**2,852**	**- 3,266**	**- 4,421**	**- 905**	**- 5,326**
30 september 2012	- 88,638	12,218	- 2,389	- 5,924	- 2,717	- 8,641
IAS 19R effect	44	44	44	44	- 12	32
30 september 2012 restated	- 88,594	12,262	- 2,345	- 5,880	- 2,729	- 8,609

€ '000	Post-employment benefits	Net deferred tax assets	Equity
Statement of financial position			
At 31 December 2012	**- 10,007**	**15,936**	**113,696**
IAS 19R effect	- 4,322	1,188	- 3,570
At 31 December 2012 restated	**- 14,329**	**17,124**	**110,126**
At 30 September 2012	- 10,098	15,478	112,545
IAS 19R effect	- 3,675	1,010	- 2,664
At 30 September 2012 restated	**- 13,773**	**16,488**	**109,881**

Compared to the half-year financial statements as at 30 June 2013, INTERMAC GUANGZHOU COMPANY LIMITED is now included in the scope of consolidation. The company was established on 17 July 2013 with the purpose of developing trading of products of the Glass/Stone Division within the Chinese market.

It should also be taken into account that Viet Italia S.r.l. is a special purpose entity set up to rent and subsequently acquire the business unit of the Pesaro-based brand under the same name (Viet), market leader in the wood calibrating and sanding sector, which was part of a company that was put into liquidation in November 2010 following a severe financial crisis. On 17 June 2013, an irrevocable purchase offer was re-presented to the relevant authorities albeit subject to resolutory condition should the transfer of the company to the Biesse Group not occur within 90 days from the admission to the arrangement with creditors. At present, a new petition for arrangement with creditors has been filed. We are awaiting the Court order that should either initiate the procedure or reject the petition.
The irrevocable offer also includes the equity investment in Pavit S.r.l. (a company active in mechanical processing, whose output is largely absorbed by Viet Italia S.r.l.); the company will be consolidated on a line-by-line basis once the above conditions will be met.

COMPANY OFFICE HOLDERS

Board of Directors

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

Board of Statutory Auditors

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

Control and Risk Management Committee – Remuneration Committee

Leone Sibani

Giampaolo Garattoni

Salvatore Giordano

Supervisory Body

Leone Sibani

Giampaolo Garattoni

Salvatore Giordano

Demetrio Pensabene

Elena Grassetti

Independent Auditors

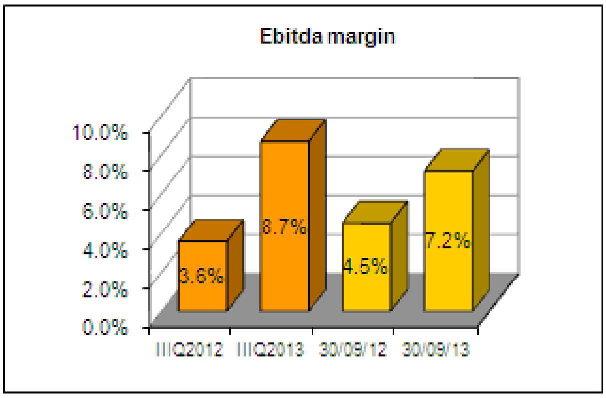
KPMG S.p.A.

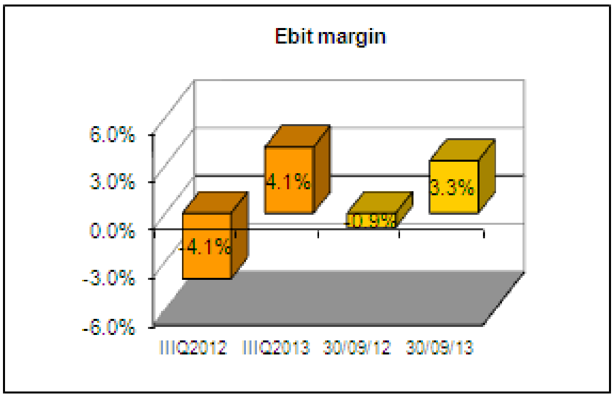
FINANCIAL HIGHLIGHTS

Income Statement

Euro 000's	September 2013	% on sales	September 2012	% on sales	Change %
Revenue from sales and services	268,501	100.0%	272,078	100.0%	(1.3)%
Added value (1)	103,024	38.4%	100,856	37.1%	2.1%
EBITDA	19,225	7.2%	12,262	4.5%	56.8%
Normalised Ebit (Normalised net operating profit) (1)	8,551	3.2%	76	0.0%	-
Ebit (Net operating profit) (1)	8,784	3.3%	(2,345)	(0.9)%	-
Profit/Loss for the period	1,973	0.7%	(8,609)	(3.2)%	-

Euro 000's	3Q 2013	% on sales	3Q 2012	% on sales	Change %
Revenue from sales and services	88,250	100.0%	79,993	100.0%	10.3%
Added value (1)	33,650	38.1%	29,835	37.3%	12.8%
EBITDA	7,650	8.7%	2,852	3.6%	-
Normalised Ebit (Normalised net operating profit) (1)	3,616	4.1%	(1,311)	(1.6)%	-
Ebit (Net operating profit) (1)	3,636	4.1%	(3,266)	(4.1)%	-
Profit/Loss for the period	811	0.9%	(5,326)	(6.7)%	-

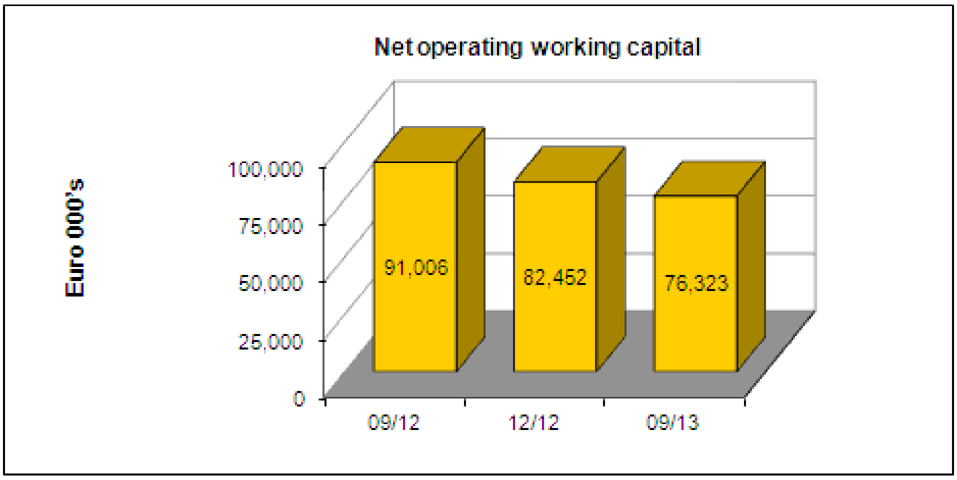




Statement of Financial Position

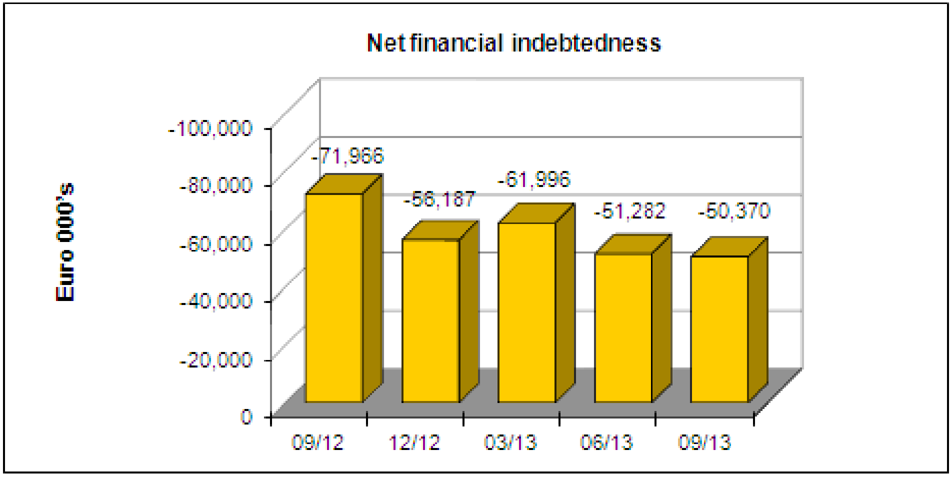
Euro 000's	30 September 2013	31 December 2012	30 September 2012
Net Invested Capital (1)	159,719	166,313	181,847
Equity	109,349	110,126	109,881
Net financial indebtedness (1)	50,370	56,187	71,966
Net operating working capital (1)	76,323	82,452	91,006
Gearing (net financial position/equity)	0.46	0.51	0.65
Fixed asset/standing capital ratio	0.97	1.00	1.03

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



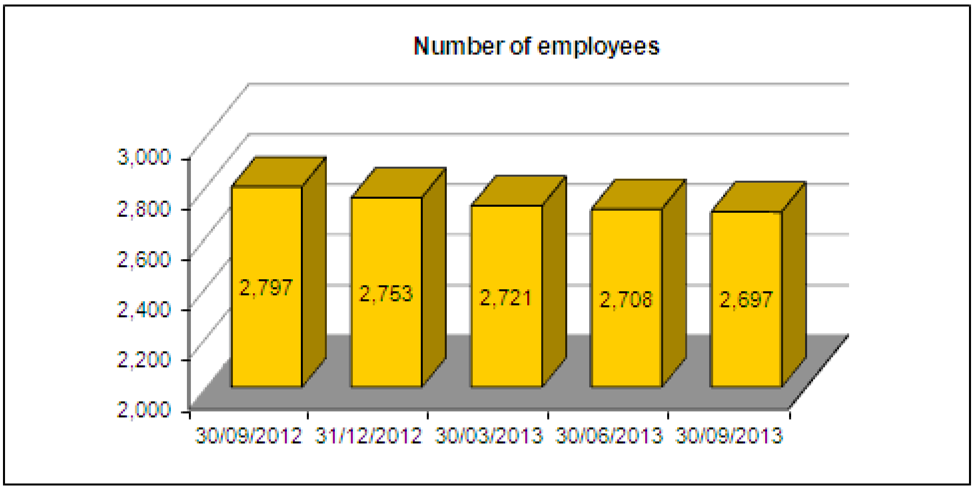
Cash flow

Euro 000's	30 September 2013	30 September 2012
Ebitda (Gross operating profit)	19,225	12,262
Change in net working capital	4,679	(6,154)
Change in other operating assets/liabilities	(10,651)	(13,177)
Operating cash flow	**13,253**	**(7,070)**
Cash flow used in investment activity	(7,490)	(14,657)
Cash flow	**5,763**	**(21,727)**
Foreign exchange rate differences	54	136
Change in net financial indebtedness	5,817	(21,591)



Personnel

	30 September 2013	30 September 2012
Number of employees at period end	2,697	2,797



The figures include temporary staff.

GENERAL ECONOMIC OVERVIEW

THE WORLD ECONOMY

ECONOMIC DEVELOPMENTS

Global growth remains subdued overall, albeit diverse across regions. The latest surveys point towards a more favourable outlook for the global economy in the third quarter and some firming-up of the growth momentum in advanced economies.

The global Purchasing Managers' Index (PMI) for all-industry output increased to 55.2 in August, from 54.0 in July, with both services and manufacturing sector components contributing to this expansion. Recent data for global manufacturing output up to September point to an ongoing expansion in this sector. Excluding the euro area, the all-industry output PMI strengthened to 56.0 in August, from 54.8 in July.

Other data releases, particularly of hard data, have been more mixed for both advanced and emerging market economies at the start of the third quarter. Following strong GDP growth in the second quarter, activity in the United States may lose some momentum in the near term, while short-term prospects look more robust in Japan and the United Kingdom. Growth momentum appears to be recovering somewhat in China, although other emerging countries have experienced a slowdown in economic activity following the tightening of global financial conditions in recent months.

Forward-looking global indicators generally seem to confirm the ongoing modest recovery. The new orders component of the global all-industry PMI excluding the euro area increased in August. By contrast, global manufacturing new export orders (excluding the euro area) stood very close to 50 in September, suggesting that global trade dynamics remain weak.

The global outlook continues to be surrounded by considerable uncertainty and the balance of risks for world activity remains tilted to the downside. Recent developments in global money and financial market conditions and related uncertainties may have the potential to negatively affect economic conditions. At the same time, there is a risk that renewed geopolitical tensions could lead to higher commodity prices, and that global demand turns out to be weaker than expected.

Overall, global inflation remains contained. In the OECD area, consumer price inflation was 1.7% year on year in August 2013, compared with 2.0% in July 2013. Among the major emerging economies, inflation has remained low in China and high in India, Russia and Brazil.

UNITED STATES

In the United States, real GDP growth accelerated in the second quarter of 2013. According to the third and final estimate by the Bureau of Economic Analysis, real GDP increased at an annualized quarterly rate of 2.5%, up from 1.1% in the first quarter. Real GDP growth in the second quarter was sustained by gains in personal consumption expenditure, although these gains were slower compared with the first quarter, and by strong private fixed investment, both non-residential and residential.

Recent data releases suggest that growth could have slowed somewhat in the third quarter, owing particularly to the loss of some momentum in private consumption and exports.

Furthermore, consumer confidence declined in September, suggesting that consumption started on a weak footing in the second half of 2013. Job creation has also lost some of its gains over the last few months, with the increase of 169,000 jobs in August relative to July being considerably below the previous six-month average of 200,000 jobs a month.

The widening in the external trade deficit in July, with a contraction in exports, suggests that the strong momentum in exports recorded in the second quarter of the year might not have been maintained in the third quarter, given the continuing subdued external environment.

The housing market recovery appears to be fairly robust, with home sales in July and house prices in August continuing to be on an upward trend.

Nevertheless, while hard data suggest that the economy might have slowed in the third quarter, business survey data in August and September have remained very strong. Increasing political uncertainty might weigh on the recovery in the short term, particularly if the partial government shutdown since 1 October were to last for a longer period.

Looking ahead, both headline and core inflation should remain contained, as there are few indications so far that inflationary pressures are building up.

JAPAN

The Japanese economy continued to expand at a robust pace. According to the final release of the national accounts, quarter-on-quarter GDP growth in the second quarter of 2013 was revised upwards to 0.9%, from 0.6%, owing to both private and public stronger investment.

Both sentiment and hard indicators suggest a continued robust growth momentum. On the domestic side, industrial production in August contracted by just 0.7% on a monthly basis, following a 3.4% expansion the previous month. Meanwhile, real exports and imports of goods increased in August by 6.4% and 1.3% month on month, respectively.

Recent consumer and business confidence indicators were also positive, with the overall PMI diffusion index for manufacturing increasing to 52.5 in September, from 52.2 in the previous month.

Consumer price inflation has maintained its gradual upward trend since the beginning of the year, with the headline index moving into positive territory in June 2013. Annual consumer price inflation increased to 0.9% in August, from 0.7% in the previous month, largely owing to higher energy prices.

UNITED KINGDOM

In the United Kingdom, real GDP increased by 0.7% quarter on quarter in the second quarter of 2013, and the strength of the main survey indicators in August and September suggests that robust growth will continue in the short term.

In the medium term, however, the pace of growth is likely to moderate. The need for private and public sector balance sheet adjustment, as well as weak household real income dynamics, will continue to constrain domestic demand for some time, while prospects for export growth remain relatively modest.

The labour market situation has continued to improve gradually, with the unemployment rate falling by 0.1 percentage point to 7.7% in the three months to July and employment growth remaining steady. Buoyed by recent policy measures, both activity and price indicators have picked up further in the housing market, but credit growth dynamics have remained weak.

CHINA

In China, recent data releases for survey indicators and hard data point to a moderate recovery in the growth momentum in the near term. Growth in industrial production, fixed asset investment, retail sales and exports accelerated in August, although import growth weakened somewhat.

In September, both the Markit and official manufacturing PMIs, which were already above the neutral threshold of 50 in August, improved slightly. The growth rates of money supply and loans remained high. Total financing to the economy accelerated to 20.2% in August, driven by a sharp increase in non-bank credit. Inflationary pressures remained moderate, with annual consumer price inflation decelerating slightly to 2.6% in August from 2.7% in July. House prices continued to rise in August, with price increases reported in 69 out of 70 surveyed cities.

In the medium term, the necessary economic rebalancing in the financial and real sectors might shift the Chinese economy onto a somewhat lower growth trajectory.

THE ITALIAN ECONOMY

Since the beginning of the summer there have been signs of the Italian economy stabilizing, although it is performing less well than the rest of the euro area and the outlook for the coming months is uncertain. The latest business opinion surveys indicate a less pessimistic assessment of the general state of the economy.

The cyclical improvement reflects the recovery in exports, which has been accompanied by signs of a more favourable investment environment. Household spending continues to be held back by the weakness of disposable income and the difficult conditions in the labour market.

In the second quarter of 2013 Italy’s GDP diminished by 0.3 per cent on the previous period, a much smaller contraction than in the two preceding quarters. If economic activity were to remain at the level reached in the second quarter, GDP would contract by 1.9 per cent in 2013 as a whole.

The main positive contribution to growth came from net exports, which added 0.4 percentage points in the second quarter; exports grew by 0.6 per cent and imports contracted by 0.8 per cent. Gross fixed investment virtually stabilized. Investment in machinery, equipment and transport equipment rose after declining for seven quarters. Construction investment recorded a further decrease, though not as large as in the first quarter (1.0 per cent, as against 4.2 per cent). Household consumption diminished, albeit less than in the preceding quarters.

Value added stagnated in industry excluding construction but declined again in the construction sector and to a lesser extent in services.

The indicators available show that output stabilized in the summer months. In August and, according to our estimates, in September as well, the decline in industrial production was less pronounced. In the qualitative surveys conducted in September, firms' pessimism moderated.

Inflation (measured by the twelve-month change in the HICP) slowed to 0.9 per cent in September, remaining slightly below the euro-area average; excluding the most volatile components, consumer prices rose by 1.3 per cent, in line with the prolonged weakness of domestic demand. Even if the increase in the ordinary VAT rate that came into force at the beginning of October is passed on in full to consumer prices, it will have only a modest impact on inflation (less than half a percentage point over the next twelve months).

BUSINESS SECTOR REVIEW

UCIMU – SISTEMI PER PRODURRE

In the third quarter of 2013, the machine tools order index, prepared by the Business Culture and Research Centre of UCIMU-SISTEMI PER PRODURRE, recorded a 5.7% decrease on the prior-year period. The absolute value of the index was 58 (2005 base =100).

Profit for the period was affected by the slowdown in foreign demand. As a matter of fact, the index of foreign orders received by Italian manufacturers decreased by 6.8%, compared to the July-September 2012 period, amounting to an absolute value of 93.9.

The domestic market reacted differently: the domestic order index began to grow again, up by 1.7% compared with the previous-year period. The absolute value of the index is 17.7.

"The most apparent aspect, – stated Luigi Galdabini, the chairman of UCIMU-SISTEMI PER PRODURRE – is the trend reversal in the domestic market that is experiencing a recovery, albeit weak, of capital expenditures in production machinery".

"The positive domestic order book is much more than an injection of confidence for Italian manufacturers – continued Galdabini – it is most likely a demonstration that the market, undoubtedly downsized after the devastation brought on by the crisis, is regaining stability, which is absolutely necessary to allow the relaunch of the manufacturing system, that has been inactive for too long".

The association emphasized that now is the time to act. It is the right time in particular because the regulations enacting the facilitation of investment in capital goods based pursuant to the Italian "Sabatini" Law that, as indicated in an Italian decree, the so-called "Decreto del fare", will become operational in 2014, the year when, according to the forecasts just now worked out and revised by the econometric institute *Oxford Economics*, the Italian consumption of machine tools will begin growing again.

According to *Oxford Economics*' forecasts, machine tool consumption in Italy will grow by 4.5% in 2014, by 7.1% in 2015, by 8.7% in 2016, and by 9.6% in 2017. The increases forecast by the institute were all revised upwards with respect to the previous survey carried out last spring, and demonstrate a constant growth higher than that surveyed for Europe in the same period of reference.

* * *

According to Acimall, the association for Italian manufacturers of wood processing machines and accessories, the machines and technologies used for the processing of wood and its derivatives are still facing a difficult situation. But with a substantial difference: if on the one hand the "stable" volume of foreign orders is a further positive step towards consolidation of our strong propensity to export, on the other, mentioning the "stability" of the domestic market means once again emphasizing how Italian companies that use wood technologies show no sign of vitality, and does not lead us to believe in an imminent recovery.

The survey outlines the sector's short-term trends: cautious optimism for exports, though nobody anticipates an increase in sales on the Italian market. In fact, according to 27 percent of respondents foreign orders will increase, whereas, according to 54 percent, they will remain unchanged. The remaining 19 percent anticipates a drop (resulting in a positive difference of 8). The domestic market is decreasing according to 27 percent of the respondents, whereas 73 percent anticipate stability.

The Italian manufacturers' confidence grew slightly for foreign markets after a long period of oscillation between a positive and negative sentiment; this is a small positive sign of an overall "wait-and-see" approach to future developments of the market and the international economy. On the contrary, the sentiment on the future of the domestic markets can be described as inherent pessimism.

The recovery must necessarily be achieved through government intervention in favour of domestic demand: this is expected to occur as a result of recent tax relief measures concerning building renovations and the "furniture bonus", for which several parties are requesting a further extension, at least until June 2014.

* * *

According to statements issued by the German association VDMA (*Verband Deutscher Maschinen- und Anlagenbau - German Engineering Federation*), in September 2013, orders for machine tools in general and German machine tools dropped six percent in real terms compared with last year's result. The domestic market increased 21 percent whereas trading dropped by 16 percent. In the third quarter of 2013, orders received decreased one percent compared with the previous year. In particular, domestic orders increased by eleven percent, whereas foreign orders decreased by seven percent.

In interpreting these results, VDMA's head economist, Ralph Wiechers, stated that "the data for both domestic and foreign orders are highly distorted. The drop in foreign demand is mainly attributable to the last year's high volume of large orders from outside the Euro zone. In September 2013, the domestic market was also stimulated by orders for large-size systems but probably this significant growth amounting to 21 percent was partly due to the pent-up demand among German customers".

FINANCIAL STATEMENTS

Income Statement for the quarter ended 30 September 2013

Euro 000's	3Q 2013	% on sales	3Q 2012	% on sales	CHANGE %
Revenue from sales and services	**88,250**	**100.0%**	**79,993**	**100.0%**	**10.3%**
Change in inventories, wip, semi-finished and finished goods	(3,670)	(4.2)%	3,147	3.9%	-
Other revenue	755	0.9%	1,085	1.4%	(30.4)%
Revenue	**85,334**	**96.7%**	**84,225**	**105.3%**	**1.3%**
Consumption of raw materials, consumables, supplies and goods	(32,706)	(37.1)%	(34,328)	(42.9)%	(4.7)%
Other operating expense	(18,979)	(21.5)%	(20,061)	(25.1)%	(5.4)%
Added Value	**33,650**	**38.1%**	**29,835**	**37.3%**	**12.8%**
Personnel expense	(25,999)	(29.5)%	(26,983)	(33.7)%	(3.6)%
Gross Operating profit	**7,650**	**8.7%**	**2,852**	**3.6%**	-
Depreciation and amortisation	(3,484)	(3.9)%	(3,365)	(4.2)%	3.6%
Provisions	(550)	(0.6)%	(798)	(1.0)%	(31.0)%
Normalised Operating profit	**3,616**	**4.1%**	**(1,311)**	**(1.6)%**	-
Impairment losses and non recurring items	20	0.0%	(1,955)	(2.4)%	-
Operating profit	**3,636**	**4.1%**	**(3,266)**	**(4.1)%**	-
Finance income/expense	(855)	(1.0)%	(832)	(1.0)%	2.8%
Net exchange rate losses	(606)	(0.7)%	(323)	(0.4)%	87.5%
Pre-tax profit/loss	**2,175**	**2.5%**	**(4,421)**	**(5.5)%**	-
Income taxes	(1,363)	(1.5)%	(905)	(1.1)%	50.6%
Profit/Loss for the period	**811**	**0.9%**	**(5,326)**	**(6.7)%**	-

Income Statement at 30 September 2013

	September 2013	% on sales	September 2012	% on sales	CHANGE %
Euro 000's					
Revenue from sales and services	**268,501**	**100.0%**	**272,078**	**100.0%**	**(1.3)%**
Change in inventories, wip, semi-finished and finished goods	3,238	1.2%	11,742	4.3%	(72.4)%
Other revenue	2,130	0.8%	1,831	0.7%	16.4%
Revenue	**273,869**	**102.0%**	**285,651**	**105.0%**	**(4.1)%**
Consumption of raw materials, consumables, supplies and goods	(111,661)	(41.6)%	(122,832)	(45.1)%	(9.1)%
Other operating expense	(59,184)	(22.0)%	(61,963)	(22.8)%	(4.5)%
Added Value	**103,024**	**38.4%**	**100,856**	**37.1%**	**2.1%**
Personnel expense	(83,799)	(31.2)%	(88,594)	(32.6)%	(5.4)%
Gross Operating profit	**19,225**	**7.2%**	**12,262**	**4.5%**	**56.8%**
Depreciation and amortisation	(9,985)	(3.7)%	(10,304)	(3.8)%	(3.1)%
Provisions	(689)	(0.3)%	(1,882)	(0.7)%	(63.4)%
Normalised Operating profit	**8,551**	**3.2%**	**76**	**0.0%**	-
Impairment losses and non recurring items	234	0.1%	(2,421)	(0.9)%	-
Operating profit	**8,784**	**3.3%**	**(2,345)**	**(0.9)%**	-
Finance income/expense	(2,079)	(0.8)%	(2,537)	(0.9)%	(18.1)%
Net exchange rate losses	(747)	(0.3)%	(997)	(0.4)%	(25.1)%
Pre-tax profit/loss	**5,959**	**2.2%**	**(5,880)**	**(2.2)%**	-
Income taxes	(3,986)	(1.5)%	(2,729)	(1.0)%	46.0%
Profit/Loss for the period	**1,973**	**0.7%**	**(8,609)**	**(3.2)%**	-

DIRECTORS' REPORT ON OPERATIONS

At the end of the third quarter of 2013, the Biesse Group confirms the positive trend recorded during the year, both as regards the evolution of the short term (in terms of incoming orders), both as regards the actual results (in terms of profitability and cash generation).

As for incoming orders in fact, at the end of September 2013, compared to the same period in 2012, there has been an overall increase of about 5% (€ 225 million against € 214 million in the same period previous year), confirming the positive trend recorded in the first six months of the year (+4.5% on the same period of 2012).

As for Performance in the current year, Group revenues for the first nine months of 2013 amounted to € 268,501 thousand, down by 1.3% compared to the prior-year period. As regards the third quarter alone, it should be noted that Group revenues totalled € 88,250, up by 10.3% compared with the same period in 2012.

EBITDA for the first nine months of 2013 totalled € 19,225 thousand, up by € 6,963 thousand compared with the same period last year (+56.8%). The improvement in EBIT in the same period, amounting to € 11,129 thousand (in the black by € 8,784 thousand in 2013 vs. € 2,345 thousand in the red for the same period in 2012).

It should be noted that the aforementioned improvement has contributed significantly to the third quarter results of 2013. As a matter of fact, in this period EBITDA increased by € 4,798 thousand and EBIT increased by € 6,902 thousand compared with 2012.

However, it should be specified that the 2012 results were negatively affected by non-recurring events for a total of € 2,421 thousand. In 2013, impairment losses and non recurring items amounted to € 234 thousand, mainly due to the release of the excess restructuring provision created by the parent company Biesse SpA in December 2012 (€ 264 thousand), in that no longer usable due to the expiry of the time limits provided for by the agreements with social partners.

As far as the statement of financial position is concerned, net working capital decreased approximately by € 6.1 million compared with December 2012. The decrease is mainly due to the reduction in trade receivables by € 15.6 million, even though partially offset by the increase in inventories by around € 3.2 million and by the reduction in trade payables by € 6.2 million.

Finally, it should be noted that the Group's net financial indebtedness as at 30 September 2013 amounts to approximately € 50.4 million increasing by about € 0.9 million and € 5.8 million compared to the figures as at 30 June 2013 and as at 31 December 2012, respectively, as a result of the improvement in net working capital and operating performance.

MAIN EVENTS OF THE PERIOD

July 2013

On 17 July 2013 INTERMAC GUANGZHOU COMPANY LIMITED was established with the aim of fostering and developing, through a dedicated company, trading of products of the Glass/Stone Division within the Chinese market. The company is expected to start gradually operations as from the last months of 2013.

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

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

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

September 2013

On 18 September 2013 Biesse took part in the Italian Stock Market Opportunities, the event organised in Milan by Banca IMI.

October 2013

On 1 October 2013 Biesse took part in the STAR Conference, the event organised by Borsa Italiana in order to meet the national and international community.

The new edition of Biesse Inside took place on 17-19 October 2013 at the Headquarters in Pesaro: 3.000 sqm of exhibition space open to all wood industry operators.

During this event Biesse opened its doors to present a number of innovative solutions, and received considerable approval and interest from its own clients: the first one is "*Winstore*", the automatic storing system that offers a practical solution to increasingly complex demand and the revolutionary software "*bSolid*" that allows a machine to be operated in a simple and intuitive manner. Two other technological innovations that received special attention should be noted: on one hand, the innovative work centre for *nesting* applications, for which Biesse has developed new solutions; on the other hand there is an innovative edgebanding system which earned the "*Visionary*" award in the most recent *Awfs* fair held in Las Vegas.

Biesse Inside exceeded expectations: participating companies increased by 35% compared with the previous year, totalling 2,200 people during the three open days.

During 23-26 October 2013, the Glass & Stone Division participated in VITRUM, the important fair in Milan dedicated to the glass processing machinery sector, where the most recent product innovations (for example the new vertical cutting machine Vertmax) were presented, recording positive results both in terms of customer attendance and orders received.

In October, the governing board of Acimall (the association for Italian manufacturers of wood processing machines and accessories), announced it had unanimously approved Biesse S.p.A.'s request to join the association.

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Net revenues in the first nine months of 2013 totalled € 268,501 thousand, down by 1.3% compared to the same period last year. As regards the third quarter, net revenues amounted to € 88,250 thousand (+10.3% compared to the same period last year).

As for the geographical breakdown of sales (a detailed analysis is provided in the tables below in the "Segment reporting" section, pages 26 and 27), the significant progress in North America (+23.9%) and Asia/Oceania (+7.5%) already noted in the half-year report continued in the first nine months of 2013.

Meanwhile the Western European area continues to be the Biesse Group's core market, although its share of sales dropped by 9.9% (37.4% in September 2013 compared with 40.9% in September 2012).

Finally, worthy of mention is the decrease in the Rest of the World (-12.7% compared with the previous year period), mainly due to the slowdown in the Brazilian market.

As regards the breakdown of sales by sector, the positive results of the Mechatronics (+6.4%) and Components Divisions (+4.0%), whereas the Glass/Stone and Tooling Divisions are stable. Wood Division marks a contraction (-3.8% compared with the previous year); for a correct understanding of the figure, however, it should be specified that 2012 was positively influenced by the Howdens order.

Inventories of finished and semi-finished goods increased by € 3,238 thousand compared with 31 December 2012, but decreased compared with the September 2012 figure (€ 11,742 thousand), thus highlighting better production management, focused on supporting sales to final customers rather than building up stocks at the branches.

The value of production for the period amounted to € 273,869 thousand, falling by 4.1% compared to September 2012, when it amounted to € 285,651 thousand.

The quarterly analysis shows a decrease in stock production by € 3,670 thousand (opposite to the trend in the third quarter of 2012, when inventories of finished and semi-finished goods increased by € 3,147 thousand); therefore, the overall value of production increased by € 1,109 thousand (+1.3%) compared with the same period in 2012.

The analysis of the percent impact of consumptions and other operating expenses – calculated on the value of production, instead of on revenues – shows a lower adsorption of raw materials (40.8% vs. 43.0% as at 30 September 2012). This improvement is attributable to the different sales mix, improved efficiency in consumption, and the better pricing performance.

Finally, the percent impact of other operating expenses is mostly unchanged (21.6% vs. 21.7%) while in absolute terms it decreased by € 2,779 thousand as indicated in the table below.

Euro 000's	September 2013	%	September 2012	%
Revenue	**273,869**	**100.0%**	**285,651**	**100.0%**
Consumption of raw materials and goods	111,661	40.8%	122,832	43.0%
Other operating expense	59,184	21.6%	61,963	21.7%
Service costs	*50,604*	*18.5%*	*53,277*	*18.7%*
Use of third party assets	*5,369*	*2.0%*	*5,698*	*2.0%*
Sundry operating expense	*3,211*	*1.2%*	*2,989*	*1.0%*
Added Value	**103,024**	**37.6%**	**100,856**	**35.3%**

This decrease is to a significant extent attributable to the item Services (which dropped from € 53,277 thousand to € 50,604 thousand, equal to -5% percent). In detail, this improvement is mainly attributable to "variable" cost items (for example: outsourced processing, third party technical services, sales commissions and transport fees) while among the "fixed" cost items, particularly worthy of mention is the reduction in consultancy fees (- € 569 thousand, equal to -22%).

In the first nine months of 2013 added value totalled € 103,024 thousand, up by 2.1% compared to the same period last year (€ 100,856 thousand), with an impact on sales increasing from 37.1% to 38.4%.

In the first nine months of 2013 personnel expense amounted to € 83,799 thousand, down by € 4,795 compared to the figure for 2012 (€ 88,594 thousand, -5.4%). The decrease is mainly due to the fixed component (€ -5,113 thousand, -6% over the same period of 2012) mainly relating to the reorganisation plan underway and the greater use of welfare support provisions.

It should also be noted that, although reduced, capitalization of wages and salaries for in-house resources employed in research and development activities decreased less than the overall trend of personnel costs (–€ 164 thousand; - 3%), thus confirming the importance of not cutting back on investment in product development and new technologies.

At 30 September 2013 EBITDA was positive at € 19,225 thousand while at 30 September 2012 it amounted to € 12,262 thousand. EBITDA in the third quarter of 2013 was positive at € 7,650 thousand, sharply improving on the same period of last year, when it totalled € 2,852 thousand.

Depreciation and amortization decreased by 3.1% overall (from € 10,304 thousand in 2012 to € 9,985 thousand in the current year): the change is mainly attributable to the decrease in tangible fixed assets by € 228 thousand (from 4,940 thousand to € 4,712 thousand, down by 4.6%) as a result of particularly careful management of investments. The share related to intangible assets also reported a slight decrease by € 91 thousand (from € 5,364 thousand to € 5,273 thousand, down by 1.7%).

Provisions amounted to € 689 thousand, decreasing by 63.4% compared to the first nine months of 2012 (€ 1,882 thousand) due to increased control over risks and any future charges, confirming the good operating performance.

Impairment losses and non recurring items amounted to € 234 thousand, due to the release of the excess restructuring provision created by the parent company Biesse SpA in

December 2012 (€ 264 thousand), in that no longer usable due to the expiry of the time limits provided for by the agreements with social partners.

With reference to financial operations, charges amounted to € 2,079 thousand, down by 18.1% compared to 2012 (€ 2,537 thousand), in line with the debt's trend. Exchange risk management in this first nine months resulted in a loss of € 747 thousand, an improvement compared to the previous-year figure (loss of € 997 thousand).

The pre-tax profit was € 5,959 thousand.

The estimated balance of tax items was negative at € 3,986 thousand. The impact relating to current taxes was negative at € 4,276 thousand (IRAP – regional business tax: €1,984 thousand; IRES – corporate income tax: €28 thousand; taxes from foreign jurisdictions: € 1,151 thousand; previous-year taxes: 1,113 thousand) while the impact relating to deferred taxes is positive at € 290 thousand.

Therefore, net income for the first nine months of 2013 is positive at € 1,973 thousand.

Net financial position at 30 September 2013

	30 September 2013	30 June 2013	31 March 2013	31 December 2012	30 September 2012
Euro 000's					
Financial assets:	24,605	28,681	22,221	17,004	21,350
Current financial assets	*949*	*890*	*849*	*849*	*714*
Cash and cash equivalents	*23,657*	*27,791*	*21,372*	*16,156*	*20,636*
Short term finance lease payables	(281)	(277)	(273)	(270)	(266)
Short term bank loans and borrowings and loans from other financial backers	(50,226)	(50,624)	(79,182)	(67,055)	(87,356)
Short Term Net Financial Indebtedness	**(25,902)**	**(22,220)**	**(57,235)**	**(50,321)**	**(66,272)**
Medium/Long term finance lease payables	(2,033)	(2,105)	(2,175)	(2,245)	(2,314)
Medium/Long bank loans and borrowings	(22,435)	(26,958)	(2,586)	(3,621)	(3,380)
Medium/Long Term Net Financial Indebtedness	**(24,468)**	**(29,062)**	**(4,762)**	**(5,866)**	**(5,694)**
Total Net Financial Indebtedness	**(50,370)**	**(51,282)**	**(61,996)**	**(56,187)**	**(71,966)**

At 30 September 2013, the Group's net financial indebtedness was approximately € 50.4 million (gearing = 0.46), improving compared with the previous quarters.

- - € 0.9 million compared to 30 June 2013 (-1.8%)
- - € 11.6 million compared to 31 March 2013 (- 18.8%)
- - € 5.8 million compared to 31 December 2012 (-10.4%)
- - € 21.6 million compared to 30 September 2012 (-30%)

The improvement is due both to the positive development in net working capital, thanks to the greater attention given to the collection of trade receivable and to the improvement in operating performance. In particular, it should be noted that, compared to 30 June 2013, the figure is affected by the second-last instalment of HKD 12.3 million (approximately € 1.2 million) relating to the acquisition of the Chinese group Centre Gain.

2013 saw the launch of the new daily I/C cashpooling system called "*Target balance*" (currently adopted only by the European branches, but which will subsequently be extended to the North American branches) which will allow, in particular, a better and more efficient management of cash and cash equivalents.

Summary Statement of Financial Position

Euro 000's	30 September 2013	31 December 2012	30 September 2012
Intangible assets	47,699	47,616	50,191
Property, plant and equipment	57,980	62,102	62,924
Financial assets	946	1,153	1,154
Non current assets	**106,625**	**110,872**	**114,269**
Inventories	93,550	90,321	99,754
Trade receivables	83,859	99,455	96,642
Trade payables	(101,086)	(107,323)	(105,389)
Net Operating Working Capital	**76,323**	**82,452**	**91,006**
Post-employment benefits	(12,928)	(14,329)	(13,773)
Provision for risk and charges	(10,161)	(11,703)	(9,872)
Other net payables	(16,811)	(18,104)	(16,273)
Net deferred tax assets	16,671	17,124	16,488
Other net liabilities	**(23,229)**	**(27,011)**	**(23,428)**
Net Invested Capital	**159,719**	**166,313**	**181,847**
Share capital	27,393	27,393	27,393
Profit/loss for the previous year/period and other reserves	79,768	89,015	90,387
Profit/Loss for the period	1,980	(6,487)	(8,302)
Non-controlling interests	209	206	403
Equity	**109,349**	**110,126**	**109,881**
Bank loans and borrowings and loans from other financial backers	74,975	73,191	93,316
Other financial assets	(949)	(849)	(714)
Cash and cash equivalents	(23,657)	(16,156)	(20,636)
Net financial indebtedness	**50,370**	**56,187**	**71,966**
Total sources of funding	**159,719**	**166,313**	**181,847**

Compared with the figure at 31 December 2012, as far as intangible assets are concerned, investments amounted to around € 5.8 million (mainly attributable to R&D capitalisations of new products for € 4.2 million and to costs incurred for the purchase of licences relating to the new additional model of the "*Oracle Flow Manufacturing*" ERP system for around € 1.4 million). Such investments, as a whole, are more or less the same amount as the relevant amortisation for the period and consequently the net value remains substantially unchanged (+ € 83 thousand).

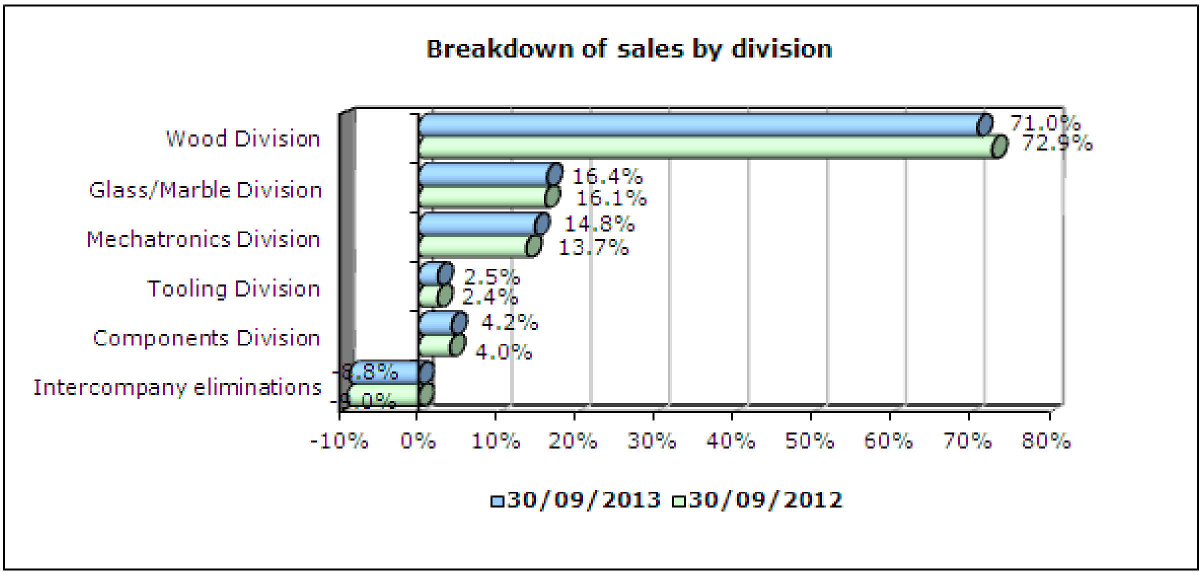
Net fixed assets decreased by € 4.1 million compared to 31 December 2012 due to increased depreciation for the period (€ 4.7 million) compared to capital expenditures and exchange rate differences (approximately € -1.1 million).

Inventories increased by € 3,229 thousand overall compared to 31 December 2012. The change is due to the € 1,587 thousand increase in semi-finished products, to the € 1,080 thousand increase in raw materials, and to the € 410 thousand increase in inventories of finished goods. Spare part inventories also showed a slight increase (equal to € 152 thousand). Finally, exchange rate differences contributed to the aforementioned changes with an overall decrease of € 1,843 thousand.

Worthy of mention with reference to the other items of the net operating working capital, which decreased overall by € 6,129 thousand compared to 31 December 2012, is the considerable decrease in trade receivables by € 15,596 thousand, partially offset by the reduction in trade payables by € 6,237 thousand. Lastly, the overall change in net operating working capital was positively affected by exchange rate differences of € 2,419 thousand.

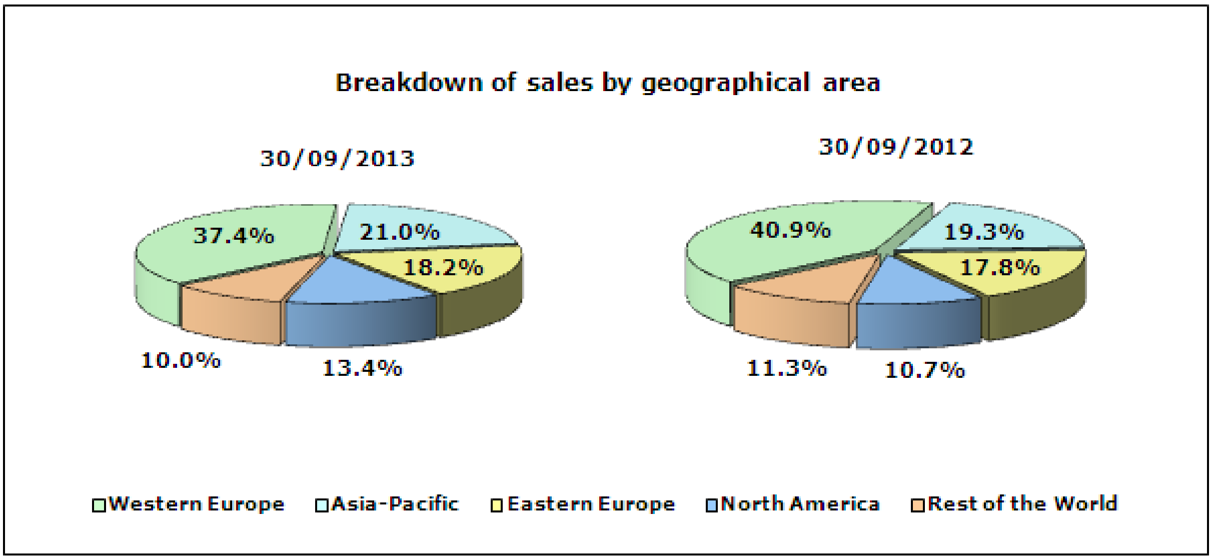
Segment reporting - Breakdown by division

Euro 000's	September 2013	%	September 2012	%	CHANGE %
Wood Division	190,606	71.0%	198,235	72.9%	(3.8)%
Glass/Marble Division	43,920	16.4%	43,706	16.1%	0.5%
Mechatronics Division	39,606	14.8%	37,237	13.7%	6.4%
Tooling Division	6,625	2.5%	6,654	2.4%	(0.4)%
Components Division	11,305	4.2%	10,867	4.0%	4.0%
Intercompany eliminations	(23,562)	(8.8)%	(24,621)	(9.0)%	(4.3)%
Total	**268,501**	**100.0%**	**272,078**	**100.0%**	**(1.3)%**



Segment reporting - Breakdown by geographical segment

	September 2013	%	September 2012	%	CHANGE %
Euro 000's					
Western Europe	100,336	37.4%	111,410	40.9%	(9.9)%
Asia-Pacific	56,392	21.0%	52,456	19.3%	7.5%
Eastern Europe	48,843	18.2%	48,300	17.8%	1.1%
North America	36,016	13.4%	29,077	10.7%	23.9%
Rest of the World	26,913	10.0%	30,835	11.3%	(12.7)%
Total	**268,501**	**100.0%**	**272,078**	**100.0%**	**(1.3)%**



Pesaro, 14 November 2013

The Chairman of the Board of Directors
Roberto Selci

ANNEX

Euro 000's	September 2013	% on sales	September 2012	% on sales	CHANGE %
Revenue from sales and services	268,501	100.0%	272,078	100.0%	(1.3)%
Other revenues	2,130	0.8%	1,831	0.7%	16.4%
Net Revenues	**270,631**	**100.8%**	**273,909**	**100.7%**	**(1.2)%**
COGS	(134,929)	(50.3)%	(139,222)	(51.2)%	(3.1)%
Gross Profit	**135,702**	**50.5%**	**134,687**	**49.5%**	**0.8%**
Overhead	(32,678)	(12.2)%	(33,830)	(12.4)%	(3.4)%
Added Value	**103,024**	**38.4%**	**100,856**	**37.1%**	**2.1%**
Personnel expense	(83,799)	(31.2)%	(88,594)	(32.6)%	(5.4)%
Gross Operating Income (EBITDA)	**19,225**	**7.2%**	**12,262**	**4.5%**	**56.8%**
Depreciation and amortisation	(9,985)	(3.7)%	(10,304)	(3.8)%	(3.1)%
Provisions	(689)	(0.3)%	(1,882)	(0.7)%	(63.4)%
Normalised Operating profit	**8,551**	**3.2%**	**76**	**0.0%**	-
Impairment losses and non recurring items	234	0.1%	(2,421)	(0.9)%	-
Net Operating Income (EBIT)	**8,784**	**3.3%**	**(2,345)**	**(0.9)%**	-
Financial revenues and expenses	(2,079)	(0.8)%	(2,537)	(0.9)%	(18.1)%
Net exchange rate losses	(747)	(0.3)%	(997)	(0.4)%	(25.1)%
Pre-tax profit/loss	**5,959**	**2.2%**	**(5,880)**	**(2.2)%**	-
Taxes	(3,986)	(1.5)%	(2,729)	(1.0)%	46.0%
Profit/Loss for the period	**1,973**	**0.7%**	**(8,609)**	**(3.2)%**	-

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

The Corporate Financial Reporting Manager declares that, pursuant to Article 154-bis, paragraph 2 of the Consolidated Law on Finance, the accounting information contained herein corresponds to the results contained in the documentary evidence and accounting books and records.

Manager charged with preparing
the company's financial reports
Cristian Berardi