Half Yearly Financial Report

As at 30 June 2012

Fidia Group

(Translation from the Italian that is the original report. This translation has to be intended solely for the convenience of international readers)

Board of Directors
August 29, 2012

Fidia S.p.A.
Registered office in San Mauro Torinese, Corso Lombardia, 11
Paid-in share capital €5,123,000
Turin Register of Companies
Tax Code/VAT number 05787820017
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Date of issue: August 29, 2012
This report is available on the Internet at:
www.fidia.com

BOARD OF DIRECTORS AND AUDITORS

Board of Directors

Chairman and Managing Director	Giuseppe Morfino (a)
Vice Chairman	Luigino Azzolin (b) (1) (2)
Managing Director	Paolo Morfino (c)
Directors	Guido Giovando (d) (1) (2) Luca Mastromatteo (d) (1) (2) Luca Morfino (d) Mariachiara Zanetti (e)

(a) Appointed Chairman by the General Shareholders' Meeting on 28 April 2011 up to the approval of the FY2013 Financial Statements; appointed Managing Director by the Board of Directors on 28 April 2011.
(b) Appointed by the General Shareholders' Meeting on 28 April 2011 up to the approval of the FY2013 Financial Statements; appointed Deputy Chairman by the Board of Directors on 28 April 2011; appointed *Lead Independent Director* by the Board of Directors on 15 March 2012.
(c) Appointed by the General Shareholders' Meeting on 28 April 2011 up to the approval of the FY2013 Financial Statements; appointed Managing Director by the Board of Directors on 28 April 2011.
(d) Appointed by the General Shareholders' Meeting on 28 April 2011 up to the approval of the FY2013 Financial Statements
(e) Appointed at the Shareholders' Meeting on 27 April 2012 until the approval of the annual financial statements for 2013.

(1) Member of the Compensation Committee.
(2) Member of the Internal Control Committee.

Board of Statutory Auditors (*)

Statutory Auditors	Roberto Panero – Chairman (**) Giovanni Rayneri Michela Rayneri
Alternate Auditors	Luca Bolognesi (**) Marcello Rabbia

(*) Appointed at the Shareholders' Meeting on 28 April 2011 until the approval of the annual financial statements for 2013.
(**) Appointed at the Shareholders' Meeting on 27 April 2012 until the approval of the annual financial statements for 2013.

Independent Auditors (***) Reconta Ernst&Young S.p.A.

(***) Appointed at the Shareholders' Meeting on 27 April 2012 for the nine-year period 2012-2020.

CHAIRMAN, VICE CHAIRMAN AND MANAGING DIRECTORS' POWERS

Chairman of the Board of Directors and Managing Director: Mr. Giuseppe Morfino

He is the company's legal representative in respect of third parties and courts of law, with sole signing authority, to exercise the fullest powers of ordinary and extraordinary administration, with the power to appoint and to dismiss special proxy-holders for single operations or groups of operations, with the sole exclusion of the powers and rights expressly reserved to the Board of Directors under the law or the company's Bylaws. The Board of the Directors retains the following powers:

- Purchase, sale, and conferment of equity investments;
- Assignment, conferment, and/or hire of the company or any branches thereof;
- Purchase of companies or branches of a company;
- Purchase and/or transfer of real estate and/or tangible rights and/or related easements;
- Registration of mortgages on corporate real estate;
- Definition of company strategies relating to the purchase/disposal of equity investments, business units and real estate.

As Managing Director, the Chairman is vested with the capacity of "employer" as well as holder of the plants, emissions and wastes.

Deputy Chairman of the Board of Directors: Mr. Luigino Azzolin

He is the company's legal representative in case of absence of or impediment to the Chairman of the Board of Directors.

Chief executive officer: Mr. Paolo Morfino

He is the company's legal representative in respect of third parties and courts of law, with sole signing authority, to exercise the fullest powers of ordinary and extraordinary administration, with the power to appoint and to dismiss special proxy-holders for single operations or groups of operations, with the sole exclusion of the powers and rights expressly reserved to the Board of Directors under the law or the company's Bylaws. The Board of the Directors retains the following powers:

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- Registration of mortgages on corporate real estate;
- Definition of company strategies relating to the purchase/disposal of equity investments, business units and real estate.

STRUTTURA DEL GRUPPO FIDIA

FIDIA S.p.A. Italia

FIDIA INDIA Private Ltd. India	FIDIA DO BRASIL Ltda Brasile
99,99% Fidia S.p.A. 0,01% altri	99.75% Fidia S.p.A. 0.25% altri
FIDIA GmbH Germania	Beijing Fidia M. & E. Co. Cina
100% Fidia S.p.A.	92% Fidia S.p.A. 4% Bamtri - 4% Catic
FIDIA Co. Stati Uniti	Shenyang Fidia NC & M Co. Ltd. Cina
100% Fidia S.p.A.	51% Fidia S.p.A. 49% Shenyang M.T. Co. Ltd.
OOO FIDIA Russia	FIDIA S.a.r.l. Francia
100% Fidia S.p.A.	93.19% Fidia S.p.A. 6.81% Fidia GmbH
FIDIA IBERICA S.A. Spagna	FIDIA Sp. z o.o. Polonia
99,993% Fidia S.p.A 0,007% altri	80% Fidia S.p.A. 20% altri

INTERIM REPORT ON OPERATIONS

GROUP FINANCIAL PERFORMANCE

The first half of 2012 was characterized by a strong increase in revenues, which were up by over 57% compared to its turnover in the first half of 2011.

Margins were up (EBITDA at €424 thousand vs. €279 thousand at June 30, 2011; positive EBIT of €57 thousand compared to a loss of €101 thousand at June 30, 2011), despite the expected and significant decrease of "Other operating revenues" and an inevitable increase in both personnel and organization costs.

More specifically, the reclassified income statement for the first half of 2012 compared with the first half of 2011 is as follows:

(€thousand)	**30/06/2012**	**%**	**30/06/2011**	**%**
Net revenues	**18.574**	**100%**	**11.794**	**100%**
Change in finished goods and W.I.P. stock	4.204	22.6%	2.905	24.6%
Other operating revenue	1.680	9.0%	3.373	28.6%
Value of production	**24.458**	**131.7%**	**18.072**	**153.2%**
Raw materials and consumables	(9,197)	-49.5%	(5,291)	-44.9%
Commissions, transport and subcontractors	(2,511)	-13.5%	(1,715)	-14.5%
Other services and overheads	(4,503)	-24.2%	(3,884)	-32.9%
Value added	**8.247**	**44.4%**	**7.182**	**60.9%**
Personnel costs	(7,823)	-42.1%	(6,903)	-58.5%
EBITDA	**424**	**2.3%**	**279**	**2.4%**
Bad debts provision	(96)	-0.5%	(52)	-0.4%
Depreciation & amortization	(271)	-1.5%	(328)	-2.8%
EBIT	**57**	**0.3%**	**(101)**	**-0.9%**
Net financial income (expenses)	(115)	-0.6%	(116)	-1.0%
Profit/(Loss) on exchange rates	60	0.3%	(153)	-1.3%
EBT	**2**	**0.0%**	**(370)**	**-3.1%**
Income taxes (current, paid and deferred)	(423)	-2.3%	(264)	-2.2%
Profit/(loss) for the accounting period	**(421)**	**-2.3%**	**(634)**	**-5.4%**
- (Profit)/Loss of minority interests	(50)	-0.3%	39	0.3%
- Profit/(Loss) of Group	**(471)**	**-2.5%**	**(595)**	**-5.0%**

ANALYSIS OF OPERATING PERFORMANCE - PROFIT & LOSS

Revenues

In the 1st half of 2012 the Group recorded revenues for €18.574 thousand, a sharp increase (+57.5%) compared to the same period of 2011 (€11.794 thousand).

All three lines of business in which the Group operates showed significant progress compared to revenues for the first half of 2011: the electronics sector (CNC) grew by 9.7% with revenues of €1.912 thousand; the mechanical sector (HSM) reported revenues of more than double the same period in 2011 (+105.2% at €11.871 thousand), the Service sector showed a growth of 12.3%, reaching a turnover of €4.791 thousand.

The trend in revenues by business line is illustrated more in detail in the following table:

(€thousand)	**30/06/2012**	**%**	**30/06/2011**	**%**	**Change in %**
Numerical controls, drives and software	1.912	10.3%	1.743	14.8%	9.7%
High-speed milling systems	11.871	63.9%	5.786	49.0%	105.2%
After-sales service	4.791	25.8	4.265	36.2%	12.3%
Grand total	**18.574**	**100%**	**11.794**	**100%**	**57.5%**

The revenues by geographical region are illustrated in the following tables:

(€thousand) **GEOGRAPHIC AREA**	**NUMERICAL CONTROLS AND *SOFTWARE* 30/06/2012**	**%**	**NUMERICAL CONTROLS AND *SOFTWARE* 30/06/2011**	**%**	**Change in %**
ITALY	343	17.9%	565	32.4%	-39.3%
EUROPE	777	40.6%	446	25.6%	74.2%
ASIA	608	31.8%	487	27.9%	24.8%
NORTH and SOUTH AMERICA	104	5.4%	234	13.4%	-55.6%
REST OF THE WORLD	80	4.2%	11	0.6%	627.3%
TOTAL	**1.912**	**100%**	**1.743**	**100%**	**9.7%**

(€thousand) **GEOGRAPHIC AREA**	**HIGH-SPEED MILLING SYSTEMS 30/06/2012**	**%**	**HIGH-SPEED MILLING SYSTEMS 30/06/2011**	**%**	**Change in %**
ITALY	1.163	9.8%	713	12.3%	63.1%
EUROPE	2.247	18.9%	324	5.6%	593.5%
ASIA	7.039	59.3%	3.877	67.0%	81.6%
NORTH and SOUTH AMERICA	1.422	12.0%	386	6.7%	268.4%
REST OF THE WORLD	-	-	486	8.4%	-100.0%
TOTAL	**11.871**	**100%**	**5.786**	**100%**	**105.2%**

(€thousand) GEOGRAPHIC AREA	AFTER SALES SERVICE 30/06/2012	%	AFTER SALES SERVICE 30/06/2011	%	Change in %
ITALY	903	18.9%	1.054	24.7%	-14.3%
EUROPE	1.601	33.4%	1.514	35.5%	5.7%
ASIA	825	17.2%	472	11.1%	74.8%
NORTH and SOUTH AMERICA	1.207	25.2%	942	22.1%	28.1%
REST OF THE WORLD	255	5.3%	283	6.6%	-9.9%
TOTAL	**4.791**	**100%**	**4.265**	**100%**	**12.3%**

(€thousand) GEOGRAPHIC AREA	TOTAL NET SALES 30/06/2012	%	TOTAL NET SALES 30/06/2011	%	Change in %
ITALY	2.409	13.0%	2.332	19.8%	3.3%
EUROPE	4.625	24.9%	2.284	19.4%	102.5%
ASIA	8.472	45.6%	4.836	41.0%	75.2%
NORTH and SOUTH AMERICA	2.733	14.7%	1.562	13.2%	75.0%
REST OF THE WORLD	335	1.8%	780	6.6%	-57.1%
TOTAL	**18.574**	**100%**	**11.794**	**100%**	**57.5%**

Numerical controls and software

The revenues of the electronic sector grew by 9.7% compared to the 1st half of 2011 and reached €1.912 thousand vs. €1.743 thousand in the same period of last year.

The increase in turnover was seen in all the geographical areas in which the Group operates, with the exception of the Americas. The domestic market also showed signs of weakness in the first half of 2011, but the drop in Italy was offset by strong growth in other European markets.

High-speed milling systems

Turnover of high-speed milling systems more than doubled (+105.2%) compared to the same period last year and reached a total value of €11.871 thousand compared to €5.786 thousand in the first half of 2011. In the first half 29 milling systems were delivered and accepted by customers, as opposed to 17 of the previous year. At the end of the semester, 7 milling systems had already been delivered and were being installed; these will generate consolidated revenues totalling approximately €4 million.

From a geographical point of view, all areas, except for the rest of the world, are growing strongly.

After-sales service

The turnover of the Service Division, which includes revenue from after-sales service, the sale of spare parts and scheduled maintenance contracts, grew by 12.3% compared to the previous year and amounted to €4.791 thousand. As already noted in the past, this line of business has been showing a trend of steady growth that is little affected by cyclical variations induced by the international situation.

From a geographical point of view, there has been strong growth in the Asian and American markets, with substantial stability in the European market (the drop in Italy has been offset by growth in other countries) and a slight decrease in rest of the world.

Commercial activity

The following tables show the trend in the backlog orders and new orders in the two periods under consideration.

The commercial data referring to backlog orders and new orders in the Service sector are not shown, as these coincide with the turnover, given that the time to process any requests for intervention is extremely low.

(€thousand)	**NUMERICAL CONTROLS AND SOFTWARE 30/06/2012**	**NUMERICAL CONTROLS AND SOFTWARE 30/06/2011**	**Change in %**
Order backlog as at 1/1	553	941	-41.2%
New orders	**2.634**	**1.881**	**40.0%**
Sales	(1,912)	(1,743)	9.7%
Order backlog as at 30/6	**1.276**	**1.079**	**18.3%**

(€thousand)	**HIGH-SPEED MILLING SYSTEMS 30/06/2012**	**HIGH-SPEED MILLING SYSTEMS 30/06/2011**	**Change in %**
Order backlog as at 1/1	30.478	15.121	101.6%
New orders	**15.688**	**23.727**	**-33.9%**
Sales	(11.871)	(5.786)	105.2%
Order backlog as at 30/06	**34.295**	**33.062**	**3.7%**

(€thousand)	**TOTAL 30/06/2012**	**TOTAL 30/06/2011**	**Change in %**
Order backlog as at 1/1	31.031	16.062	93.2%
New orders	**18.322**	**25.608**	**-28.5%**
Sales	(13.783)	(7.529)	83.1%
Order backlog as at 30/6	**35.571**	**34.141**	**4.2%**

New orders by geographical region:

(€thousand) GEOGRAPHIC AREA	NUMERICAL AND *SOFTWARE* 30/06/2012	%	NUMERICAL AND *SOFTWARE* 30/06/2011	%	Change in %
ITALY	348	13.2%	590	31.4%	-41.0%
EUROPE	739	28.1%	875	46.5%	-15.5%
ASIA	1.006	38.2%	109	5.8%	822.9%
NORTH and SOUTH AMERICA	501	19.0%	297	15.8%	68.7%
REST OF THE WORLD	40	1.5%	10	0.5%	300.0%
TOTAL	**2.634**	**100%**	**1.881**	**100%**	**40.0%**

(€thousand) GEOGRAPHIC AREA	HIGH-SPEED MILLING SYSTEMS 30/06/2012	%	HIGH-SPEED MILLING SYSTEMS 30/06/2011	%	Change in %
ITALY	1.089	6.9%	784	3.3%	38.9%
EUROPE	2.437	15.5%	3.515	14.8%	-30.6%
ASIA	11.143	71.0%	14.187	59.8%	-21.5%
NORTH and SOUTH AMERICA	1.019	6.5%	4.729	19.9%	-78.5%
REST OF THE WORLD	-	-	512	2.2%	-100.0%
TOTAL	**15.688**	**100%**	**23.727**	**100%**	**-33.9%**

(€thousand) GEOGRAPHIC AREA	TOTAL ORDERS (CNC+HSM) 30/06/2012	%	TOTAL ORDERS (CNC+HSM) 30/06/2011	%	Change in %
ITALY	1.437	7.8%	1.374	5.4%	4.6%
EUROPE	3.176	17.3%	4.390	17.2%	-27.7%
ASIA	12.149	66.3%	14.296	55.8%	-15.0%
NORTH and SOUTH AMERICA	1.520	8.3%	5.026	19.6%	-69.8%
REST OF THE WORLD	40	0.2%	522	2.0%	-92.3%
TOTAL	**18.322**	**100%**	**25.608**	**100%**	**-28.5%**

Numerical controls and software

In the first half of this year, orders in the electronics sector showed a growth of 40% compared to the same period last year, totalling €2.634 thousand of new orders vs. €1.881 thousand in the first half of 2011.

The increase in new orders was due mainly to the Asian market, especially China, and orders in the Americas, while the domestic market and the rest of Europe lagged behind, with a decline by 41% and 15.5% respectively compared to the orders for the first half of 2011.

High-speed milling systems

After a first quarter in which orders reached values close to all-time highs for the Group, in the following months the milling systems sector recorded a stabilization of orders, which at the end of the first semester were down by 33.9% compared to same period last year. The large portfolio available in 2012, however, has made it possible not to review the short- and medium-term objectives.

All regions were affected by the slowdown, the only exception being the Italian market through the acquisition of some major jobs in the aviation industry.

The distribution by geographical region of the backlog orders was as follows on 30 June 2012:

(€thousand) GEOGRAPHIC AREA	NUMERICAL AND *SOFTWARE* 30/06/2012	%	NUMERICAL AND *SOFTWARE* 30/06/2011	%	Change in %
ITALY	137	10.7%	208	19.3%	-34.1%
EUROPE	92	7.2%	431	39.9%	-78.7%
ASIA	544	42.6%	353	32.7%	54.1%
NORTH and SOUTH AMERICA	499	39.1%	87	8.1%	473.6%
REST OF THE WORLD	4	0.4%	-	-	-
TOTAL	**1.276**	**100%**	**1.079**	**100%**	**18.3%**

(€thousand) GEOGRAPHIC AREA	HIGH-SPEED MILLING SYSTEMS 30/06/2012	%	HIGH-SPEED MILLING SYSTEMS 30/06/2011	%	Change in %
ITALY	1.486	4.3%	751	2.3%	97.9%
EUROPE	4.278	12.5%	4.054	12.3%	5.5%
ASIA	23.349	68.1%	23.049	69.7%	1.3%
NORTH and SOUTH AMERICA	5.182	15.1%	5.208	15.7%	-0.5%
REST OF THE WORLD	-	-	-	-	-
TOTAL	**34.295**	**100%**	**33.062**	**100%**	**3.7%**

(€thousand) GEOGRAPHIC AREA	TOTAL BACKLOG 30/06/2012		TOTAL BACKLOG 30/06/2011	%	Change in %
ITALY	1.623	4.5%	959	2.8%	69.2%
EUROPE	4.370	12.3%	4.485	13.2%	-2.6%
ASIA	23.893	67.2%	23.402	68.5%	2.1%
NORTH and SOUTH AMERICA	5.681	16.0%	5.295	15.5%	7.3%
REST OF THE WORLD	4	0.0%	-	-	-
TOTAL	**35.571**	**100%**	**34.141**	**100%**	**4.2%**

A substantial part of the order backlog for milling systems has estimated delivery dates for the following year: on 30 June 2012, it amounted to approximately €13.2 million against €13.1 million at 30 June 2011.

Other operating revenues

Other operating revenues in the 1st half of 2012 amounted to €1.680 thousand (€3.373 thousand in the same period of 2011). This figure includes the other revenues from the ordinary activity, but that cannot be included in the typical sale of goods and services.

This figure includes:

- government grants from the local government in Shenyang (China) pursuant to the agreement with the Chinese partner SMTCL for the joint development of a project in the CNC sector (€670 thousand; €1.872 thousand in the same period of 2011);
- grants from the EU and the Italian Ministry of University to Fidia S.p.A. for research and development (€639 thousand, €677 thousand as at 30 June 2011);
- release of the warranty provision and bad debts provision and any accruals in excess in comparison with the risk to be covered (€169 thousand vs. €181 thousand as at 30 June 2011);
- capital gains from disposal of tangible assets (€32 thousand vs. €146 thousand as at 301 June 2011).
- capital gains from disposal of tangible assets (€32 thousand vs. €146 thousand as at 301 June 2011);
- contingent assets, recovery of costs, insurance allowances, income on disposal of property, plant and equipment and other sundry incomes (€138 thousand; €243 thousand in the same period of last year).

Value of production

In the first half, the value of production grew significantly compared to the same period of 2011 (€24.458 thousand compared with €18.072 of 30 June 2011), primarily due to the higher turnover and greater changes in inventories of finished goods and work in progress. On the other hand, as shown in the previous section, there was a reduction in other operating revenues.

Margins on sales

Margins are calculated as the difference between sale revenues, changes in stock, raw materials consumption and costs of variable services, which amounted to €11.070 thousand compared to €7.693 thousand in the 1st half of 2011.

The overall profitability of sales in the first half of 2012 was lower than that at 30 June 2011 (59.6% and 65.2% respectively) due to the higher incidence on total revenues of sales in the mechanical sector, characterized by a lower margin compared to the electronics and Service divisions.

Other services and overheads

This item amounted to €4.503 thousand in the first half, up from €3.884 thousand in 2011. All cost items included in this grouping (production costs, sales and marketing costs, R&D costs and overheads) were higher compared to the same period last year, while the impact on turnover was significantly lower (24.2% in the first half of 2012 vs. 32.9% in the first half of 2011), as a result of increased absorption of fixed cost components, given by higher revenues.

Value added

Value added rose from €7.182 thousand at 30 June 2011 to €8.247 thousand at 30 June 2012.

Personnel

The following tables show the workforce average trend and cost of labour.

	30/06/2012	30/06/2011	Abs. change	Change in %
Executives	9	11	-2	-18.2%
Clerks and supervisors	298	302	-4	-1.3%
Workers	35	35	-	-
Total number of employees	342	348	-6	-1.7%
Total average number of employees	342.5	350.5	-8.0	-2.3%

	30/06/2012	30/06/2011	Abs. change	Change in %
Cost of labour (€ thousand)	7.823	6.903	920	13.3%

The cost of labour showed an increase of €920 thousand compared to the first half of 2011 (+13.3%) and also includes the costs for temporary work for approximately €227 thousand (€31 thousand euro at 30 June 2011). Employees were reduced by an average of 2.3%, while temporary staff at June 30th rose from 4 units in 2011 to 12 in 2012. The increased costs and the hiring of temporary staff are justified by the higher levels of production that followed a particularly strong increase in costs for direct and indirect production personnel. Please be noted also that last year the recourse to public redundancy funds made it possible to curb overall personnel costs.

EBITDA

EBITDA was positive (€424 thousand), improving compared with last year's negative result (€279 thousand). It amounted to 2.3% of turnover, roughly in line with that at 30 June 2011 (2.4%).

EBIT

EBIT as at 30 June 2012 was positive and equal to €57 thousand (0.3% of turnover), compared with a loss of €101 thousand at 30 June 2011 (-0.9% of turnover).

FINANCIAL INCOME & EXPENSES – PROFIT (LOSS) ON EXCHANGE RATES

Net financial expenses were in line with those at the end of the first half of 2011 (net loss of €115 thousand at 30 June 2012 vs. €116 thousand in the same period last year). Differences in exchange rates, either realised or resulting from evaluation in the financial statements, generated net profit in the amount of €60 thousand vs. a net loss of €153 thousand at 30 June 2011.

EBT

Earnings before taxes (EBT) basically recorded a breakeven (€2 thousand), it too up compared to the loss in the same period last year (-€370 thousand).

Net result attributable to the Group

The Group's net result, after tax of €423 thousand and the breakdown of the profits attributable to third parties (€50 thousand), is a loss of €471 thousand compared with a loss of €595 thousand in the first half of 2011.

Despite the breakeven of EBT, income taxes are related to IRAP and taxes of foreign companies that had taxable income.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Group's reclassified statement of financial position is as follows:

(€ thousand)	**30/06/2012**	**31/12/2011**	**30/06/2011**
Net tangible assets	1.789	1.921	2.148
Intangible assets	211	195	149
Financial assets	16	18	25
Other financial assets	2.120	2.352	667
Fixed assets – (A)	**4.136**	**4.486**	**2.989**
Net trade receivables	9.736	11.187	11.905
Inventory	25.005	19.391	20.655
Other current assets	1.987	2.113	3.842
Current assets – (B)	**36.728**	**32.691**	**36.402**
Trade payables to suppliers	(11.275)	(9.386)	(10.193)
Other current liabilities	(16.728)	(15.680)	(14.726)
Current liabilities – (C)	**(28.003)**	**(25.066)**	**(24.919)**
Net working capital (D) = (B+C)	**8.725**	**7.625**	**11.483**
Termination benefits (E)	(2.401)	(2.538)	(2.442)
Other long-term liabilities (F)	(285)	(240)	(181)
Net invested capital (G) = (A+D+E+F)	**10.175**	**9.333**	**11.849**
Financial position			
Available-for-sale financial assets	-	-	-
Cash on hand, bank deposits	(10.703)	(11.648)	(6.560)
Short-term loans	5.695	5.195	4.746
Current financial position	**(5.008)**	**(6.453)**	**(1.814)**
Long-term loans, net of current portion	833	1.056	1.379
Net financial position (H)	**(4.175)**	**(5.397)**	**(435)**
Share capital	5.123	5.123	5.123
Reserves	7.182	6.699	5.769
Profit/(loss) for the accounting period	(471)	407	(595)
Total shareholders' equity of Group	**11.834**	**12.229**	**10.297**
Shareholders' equity attributable to minority interests	2.516	2.501	1.987
Shareholders' equity (I)	**14.350**	**14.730**	**12.284**
Shareholders' equity and net financial position (L) = (H+I)	**10.175**	**9.333**	**11.849**

Net financial position

The trend in the net financial position is as follows.

(€ thousand)	**30/06/2012**	**31/12/2011**	**30/06/2011**
Financial position			
Available-for-sale financial assets	-	-	-
Cash on hand, bank deposits	10.703	11.648	6.560
Short-term loans	(5.695)	(5.195)	(4.746)
Current financial position	**5.008**	**6.453**	**1.814**
Long-term loans, net of current portion	(833)	(1.056)	(1.379)
Net financial position	**4.175**	**5.397**	**435**

The detail of assets and liabilities in the net financial position follows below.

(€ thousand)	30/06/2012	31/12/2011	30/06/2011
AVAILABLE-FOR-SALE FINANCIAL ASSETS	**-**	**-**	**-**
BANK DEPOSITS AND CASH			
Fidia S.p.A.	4.238	4.432	1.035
Fidia Co.	726	485	553
Fidia GmbH	1.023	748	841
Fidia Iberica S.A.	332	570	352
Fidia S.a.r.l.	189	112	209
Beijing Fidia Machinery & Electronics Co.,Ltd	3.682	3.396	2.598
Fidia do Brasil Ltda.	29	125	110
Shenyang Fidia NC & M Co., Ltd	464	1.776	829
OOO Fidia	-	-	-
Fidia Sp.zo.o.	18	2	32
Fidia India Private Ltd.	2	2	1
	10.703	**11.648**	**6.560**
TOTAL CASH AND EQUIVALENTS	**10.703**	**11.648**	**6.560**

(€ thousand)	30/06/2012	31/12/2011	30/06/2011
Short-term loans			
Fidia S.p.A.	(5.683)	(5.168)	(4.493)
Fidia GmbH	-	-	(218)
Fidia Co.	(4)	(12)	(11)
Fidia Iberica S.A.	(8)	(15)	(24)
	(5.695)	**(5.195)**	**(4.746)**
Long-term loans, net of current portion			
Fidia S.p.A.	(833)	(1.038)	(1.243)
Fidia GmbH	-	-	(114)
Fidia Co.	-	(10)	(14)
Fidia Iberica S.A.	-	(8)	(8)
	(833)	**(1.056)**	**(1.379)**
Total loans	**(6.528)**	**(6.251)**	**(6.125)**

At 30 June 2012, the net financial position was positive at €4.175 thousand, a decrease compared to 31 December 2011, mainly due to the increased inventory, as a result of the high levels of production.

The following table is a summary of the cash flow statement as at 30 June 2012 showing the cash flows composing the net financial position.

CONSOLIDATED CONDENSED CASH FLOW STATEMENT

(€ thousand)	**1st half 2012**	**1st half 2011**
A) Cash and cash equivalents at the beginning of the period	**7.051**	**9.805**
B) Cash from/(used in) operating activities	**(1.135)**	**(5.962)**
C) Cash from/(used in) investing activities	**(114)**	**(61)**
D) Cash from/(used in) financing activities	**(390)**	**(922)**
Currency translation differences	162	(380)
E) Net change in cash and cash equivalents	**(1.477)**	**(7.325)**
F) Cash and cash equivalents at end of period	5.574	2.480
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	10.703	6.560
Bank overdraft	(5.129)	(4.080)
	5.574	2.480

Reconciliation of the Parent Company's shareholders' equity and net income (loss) with those of the Group

In compliance with the Consob Communication dated 28 July 2006, the following table provides the reconciliation of the Group's net income (loss) and shareholders' equity as at 30 June 2012 (excluding minority interests) with those of the parent company Fidia S.p.A. (in thousand euros).

	Shareholders' equity 31/12/2011	**Change in S.E. 2012**	**Net income 30/06/2012**	**Shareholders' equity 30/06/2012**
Financial Statements of Fidia S.p.A.	**8,502**	**(11)**	**(199)**	**8,292**
Consolidation adjustments				
* Elimination of book value of investments	8,556	(84)	658	9,130
* Conversion difference	880	171	-	1,051
* Dividends received from Fidia Spa	(8.068)	-	(799)	(8.867)
* Write-down of investments (2005, 2006, 2008 and 2010)	3,793	-	-	3,793
* Reversal of the impairment loss (2009)	(666)	-	-	(666)
* Reversal of gain on transfer and amortization	(194)	-	27	(167)
* Reversal of intra-group profit 2012	-	(23)	(910)	(933)
* Reversal of intra-group profit 2011	(746)	21	725	-
* Pre-paid taxes on intra-group profit	46	2	3	51
* Other adjustments	143	-	24	167
* Exchange rate differences on intra-group transactions	(17)	-	-	(17)
Consolidated Financial Statements (attributable to the Group)	**12,229**	**76**	**(471)**	**11,834**

SEGMENT REPORTING

Earnings performance by business sector

The following table shows earning performance broken down by business segment. The Group data are presented broken down into three sectors: Numerical Controls - CNC -, High Speed Milling Systems - HSM - and after-sales servicing - Service.

The items that cannot be classified as CNC, HSM or SERVICE are reported in the last column of the income statement; these items are mainly overheads and costs for advertising, promotion and trade fairs for the benefit of all three lines of business.
Inter-segment revenues consist of numerical controls, electrical control panels, drives and systems transferred from the electronics segment to the milling systems segment and of mechanical components and milling heads provided to the electronics segment for specific applications.

Progressive data as at June 2012	CNC		HSM		SERVICE		N/A	TOTAL
(€thousand)	2012	%	2012	%	2012	%	2012	2012
Revenues	**1.912**	**67,7%**	**11.871**	**99,2%**	**4.791**	**100,0%**	**-**	**18.574**
Cross-sector revenues	**913**	**32,3%**	**92**	**0,8%**	**-**	**0,0%**	**-**	
Total revenues	**2.825**	**100,0%**	**11.963**	**100,0%**	**4.791**	**100,0%**	**-**	**18.574**
stock	263	9,3%	3.698	30,9%	243	5,1%	-	4.204
Raw materials and consumables	(992)	-35,1%	(7.675)	-64,2%	(442)	-9,2%	(88)	(9.197)
Cross-sector expenses	(89)	-3,2%	(1.081)	-9,0%	92	1,9%	73	
Commissions, transport and subcontrac	(373)	-13,2%	(1.965)	-16,4%	(172)	-3,6%	(1)	(2.511)
Sales margin	**1.634**	**57,8%**	**4.940**	**41,3%**	**4.512**	**94,2%**	**(16)**	**11.070**
Other operating revenue	1.131	40,0%	308	2,6%	131	2,7%	110	1.680
Other operating expenses	(385)	-13,6%	(973)	-8,1%	(894)	-18,7%	(2.251)	(4.503)
Personnel costs	(1.852)	-65,6%	(2.238)	-18,7%	(1.955)	-40,8%	(1.778)	(7.823)
Depreciation and amortization	(54)	-1,9%	(143)	-1,2%	(19)	-0,4%	(151)	(367)
Operating result	**474**	**16,8%**	**1.894**	**15,8%**	**1.775**	**37,0%**	**(4.086)**	**57**

Progressive data as at June 2011	CNC		HSM		SERVICE		N/A	TOTAL
(€thousand)	2011	%	2011	%	2011	%	2011	2011
Revenues	**1.743**	**74,2%**	**5.786**	**98,4%**	**4.265**	**100,0%**	**-**	**11.794**
Cross-sector revenues	**605**	**25,8%**	**93**	**1,6%**	**-**	**0,0%**	**-**	
Total revenues	**2.348**	**100,0%**	**5.879**	**100,0%**	**4.265**	**100,0%**	**-**	**11.794**
stock	266	11,3%	2.630	44,7%	9	0,2%	-	2.905
Raw materials and consumables	(1.003)	-42,7%	(4.029)	-68,5%	(183)	-4,3%	(76)	(5.291)
Cross-sector expenses	(93)	-4,0%	(605)	-10,3%	-	0,0%	-	
Commissions, transport and subcontrac	(300)	-12,8%	(1.271)	-21,6%	(142)	-3,3%	(2)	(1.715)
Sales margin	**1.218**	**51,9%**	**2.604**	**44,3%**	**3.949**	**92,6%**	**(78)**	**7.693**
Other operating revenue	2.317	98,7%	793	13,5%	49	1,1%	214	3.373
Other operating expenses	(399)	-17,0%	(758)	-12,9%	(832)	-19,5%	(1.895)	(3.884)
Personnel costs	(1.659)	-70,7%	(1.928)	-32,8%	(1.853)	-43,4%	(1.463)	(6.903)
Depreciation and amortization	(28)	-1,2%	(149)	-2,5%	(28)	-0,7%	(175)	(380)
Operating result	**1.449**	**61,7%**	**562**	**9,6%**	**1.285**	**30,1%**	**(3.397)**	**(101)**

In the first half of the year, the electronic products line registered a margin on sales higher than the same period of 2011 (€1.634 thousand compared with €1.218 thousand at 30 June 2011), mainly because of growth in revenues. Although the margins of the first half of 2012 were higher than in the first half of 2011 (57.8% compared to 51.9% the year before) due to a different mix of products sold. The operating margin in the first half of 2012 was decidedly lower than the same figure a year ago mainly due to the strong decrease in other operating revenues mainly resulting from lower contributions.

The high-speed milling systems segment also showed a strong increase in margin on sales (from €2.604 thousand at 30 June 2011 to €4.940 thousand at 30 June 2012) due to a turnover that more than doubled compared to the first half of a year ago. The margin on sales slightly decreased, from 44.3% in the first half of 2011 to 41.3% in the first half of 2012. The operating margin was positively affected by the growth in turnover and amounted to €1.894 thousand vs. €562 thousand in the first half of 2011.

Finally, the Service sector showed a 12.3% increase in revenues compared to the first half of 2011 and this, together with a slight improvement in margins, resulted in an improvement in terms of both the margin on sales (from €3.949 thousand at 30 June 2011 to €4.512 thousand at 30 June 2012) and operating margin (from €1.285 thousand in the first half of 2011 to €1.775 thousand in the first half of 2012).

R&D

R&D activities have always been one of the strengths of the Fidia Group and received substantial investments over the years. A team of 46 people supported by specialised consultants is currently dedicated to R&D activities.

The costs incurred by the Group in the first half amounted to approximately €1.7 million, equal to approximately 9% of turnover (compared to €1.6 million in the first half of 2011, slightly less than 14% of revenues) and were incurred by the parent company Fidia SpA and the Chinese joint-venture Shenyang Fidia NC & M Co., Ltd.

Since R&D is carried out mainly by in-house resources, a significant part of the costs (approximately €1.3 million) consisted of personnel costs.

These costs, partially funded through grants, were fully recorded in the income statement of the period in which these were incurred, according to the accounting policies adopted in previous years.

Through R&D, the Group aims to constantly adapt its products to customer needs, to always be at the forefront through technological innovation in the commodity sector of reference and to enhance its offering in the market segments that are considered as drivers and having the greatest potential. Most of the investments in R&D in recent years have allowed the Group to strengthen its presence in the aerospace industry and acquire contracts for machinery to manufacture components in the energy sector and to process innovative materials (e.g., carbon fibre and titanium).

Research covers both lines of business of the Group.

In the **numerical controls** and **drives**, the main lines of R&D that characterized activities during 2012 were:

HMS (Head Measuring System) - system for the measurement, calibration and compensation of bi-rotary heads and tables

- **Extension of HEC (Head Error Compensation) to several points in the table**

  The development of this feature extends and further complements the use of the HMS, providing maintainers the possibility to measure HEC compensation in different points of the table. This new feature is particularly useful on large machines, where the deviations of the linear axes substantially affect the corresponding kinematic chain of the head.

LOOK AHEAD - CNC module for the calculation of the end-of-block speed

- **Improved management of positioning blocks**

  The innovations introduced at the level of control algorithms regarded the implementation of an algorithm that filters the superfluous positioning blocks, which in some cases can cause abnormal slowing of the machine during milling. This condition occurs not infrequently when the CAM generates the tool path starting from a mathematical path whose surfaces are not perfectly facing each other, a condition under which the CAM misinterprets the small gap between the surfaces as an angle subtended by segments of a few micrometers in length.

AXES CONTROL - CNC module dedicated to drive control

- **Management of tracking error**

  In the early months of 2012, a new control strategy was implemented. It manages dynamically the axis error tracking recovery, allowing optimal management of gain in both static and dynamic conditions.

  The diagnostics of the auxiliary services and accessories of a machine tool are an obstacle to the timeliness and efficiency of maintenance activities. Therefore, an activity was started to develop a graphical interface dedicated to the management of the diagnostics of the accessories, with the aim of supporting maintenance technicians in localising and isolating a fault.

CUSTOMER VIRTUAL MACHINE

- **Development of the virtual machine for third-party applications**

  In order to limit interferences between the Fidia application software and applications supplied by third parties that the customer may install on the control (production management, CAD/CAM, etc.), virtual machine management has been implemented on the Fidia CPI. Customers are free to install their own applications on it and apply their own custom configurations, such as access to the company network and security policies. This way only Fidia applications, among which the user interface of the numerical control, are installed on the "real" machine. The result is increased overall reliability of the system, simplifying also the service activity, which is carried out on systems with a standard configuration and standard supplied SW.

X-POWER DRIVES

- **Improved performance on bi-axis drive**

  Development activities undertaken were aimed at improving the performance of the X-Power 8050 bi-axis drive, with the goal of raising the limit of current supplied from 8-16 A to 12-24 A.

- **Drive firmware**

  The innovations adopted at the level of drive firmware made it possible to increase the sampling and PWM frequency from 8 kHz to 12 kHz without changing the DSP and the hardware architecture, with the aim of controlling high-speed spindles.

- **New line of modular drives**

  In the first half of 2012, the groundwork was laid for an ambitious project to completely renovate the line of FIDIA drivers, in view of the development of a modular, compact architecture with a low environmental impact, which provides for the elimination of the dissipative version in favour of a completely regenerative line.

In the high-speed milling systems sector, the Group has pursued a development strategy starting from 2011 centred on broadening its range of machines and on searching cutting-edge solutions for processing new materials and gaining access to new sectors and fields of application.

The main projects launched in 2011 and still in progress during the first half of 2012 are:

GTF/M

Gantry machine with compact structure suitable for fast installation. This machine model has started to meet with success in Europe primarily in the automotive sector. In this regard, a project has been launched to make it more competitive. In parallel, studies have started to include all the accessories already available for other models in the model's portfolio.

GTF/H

Large-size gantry machine equipped with high-torque milling head. This model has 2 versions of new concept 5-axis milling head. One with high torque spindle suitable for the machining of structural elements made of aluminium, steel and titanium and another with high torque mechanical cartridge for machining of titanium aviation components. Two pilot projects for major Chinese customers operating in the aerospace industry were delivered during the semester and have allowed Fidia to gain access to application sectors marked by high levels of power and force and hence to projects for the machining of titanium and also to the general mechanics and energy sectors. As a result of this, the study of a series of milling accessories has been started to complete the range and versatility of this machine model.

GTF/P

There is still ongoing interest for this type of machine for the machining of composite materials. The machine is equipped with a 5-axis head and sophisticated suction and storage systems for highly toxic and flammable powdered fibre resulting from machining work. Year 2012 sees the Group involved in the realization of projects of increasing complexity and matched by the integration of different technologies such as 5-axis laser cutting of composite materials using accessories to be mounted on the milling head and milling techniques that use cold fluids that freeze the material to facilitate cutting and contouring.

G and HS product lines

There were also major developments for the products of the G and HS lines. This range, well established for some time now on the market, benefited from significant innovations aimed at making it suitable for new applications required by a leading Italian company in the aerospace sector that will soon use it for machining engine components. The partnership with this important customer also led to the birth of a project to develop a G-line machine capable of 5-axis milling and grinding of aircraft and helicopter engine parts.

K Line

A special milling head was developed during the semester for a major U.S. customer in the energy and aerospace sector. It can machine engine components in particularly narrow areas. The project promises to bring a major change in the machining methodology in the industry.

GTFL

A new line of machines for machining large parts made of materials that require limited cutting forces. This project was completed in the course of this semester. It is a new type of milling machine that has made it possible to find the right solution for handling large volumes of work, especially in the vertical direction, while keeping weight down. The excellent dynamic performance and low cost complete the picture. Typical applications are fibre and composite materials processing in the aerospace industry and the construction of life-size models in plasticine or other soft materials for the automotive industry. Precisely for this type of applications, Fidia is building a machine for a major French car manufacturer and one for a strategic supplier of aircraft parts in South America. There is great interest in this model in the European car automotive sector and in the U.S. aerospace industry.

New design and product management systems introduced last year and put into service in the first half of 2012 have also led to standardization activities of components and accessories designed by

Fidia. The growing number of machine models and the explosion of combinations of options have made this activity necessary to achieve more streamlined and simpler planning of configurations and production launches.

Finally, in the first half of 2012, the Group continued its activities in the financed research field. Fidia participated in:

- twelve projects promoted by the European Commission: Integ-Micro, COMETA, SOMMACT, InTIME, ESTOMAD, HARCO, AIMACS, DYNXPERTS, FOFdation, Transparency, SustainValue, IFaCOM
- two projects funded by the Italian Ministry of Economic Development (Michelangelo, SIGI-X);
- three projects funded by the Piedmont Region (MagDamp, AMICO, Mechexp).

The results of these projects have significantly contributed to the definition of the Group's main lines of product development in the medium and long term.

The Group allocates a substantial part of its investments budget in said R&D activities. The investments in capital assets were made to the extent deemed necessary to keep the production and commercial structure at a level appropriate to the business targets and needs of single markets.

INTRA-GROUP RELATIONS AND RELATIONS WITH RELATED PARTIES

Relations among the Group's companies are governed by competitive conditions compared to those of the market, considering the nature of the goods and services provided. These relations are basically of a commercial nature.

The Meeting of the Board of Directors on 11 November 2010 drew up and approved specific internal procedures called "*Guidelines and rules of conduct on "extremely significant, atypical or unusual" transactions and with "related parties"* ("*Guidelines*"). These procedures implement both the criteria of the Self-Discipline Code and the Regulation on related parties adopted by Consob Resolution No. 17221 of 12 March 2010 as amended by the following Consob Resolution No. 17389 of 23 June 2010.

These procedures can be found at the company website www.fidia.com, under section *Investor Relations*, subsection *corporate governance*.

The manufacturing of milling systems, mechanical components and electrical systems is carried out entirely by Fidia S.p.A. following the mergers in previous fiscal years.

The foreign subsidiaries of Fidia deal with the sales and service of the Group's products in the relevant markets and for this purpose they purchase directly from the Parent Company. Intra-group sales relations are carried out based on transfer pricing applied in a continuous and uniform manner between companies. Supply relations are carried out based on normal market prices.

The joint-venture Shenyang Fidia NC & M Co. Ltd. manufactures and sells numerical controls and milling systems designed by Fidia for the Chinese market. The strategic components are purchased from the parent company Fidia S.p.A. at normal market conditions and the remaining parts from local suppliers.

Based on the information received from the Group companies, there were no atypical or unusual transactions as defined by Consob.

Article 7.2, letter c), of the aforementioned "*Guidelines*" states that during the first six months of 2012 there were no transactions with related parties defined as "most relevant".

Please be noted that the transaction approved in 2011 and relating to a capital increase of up to 40 million RMB in the Chinese subsidiary Shenyang Fidia NC&M Co. Ltd., an account of which was given through a dedicated document issued pursuant to existing regulations and available on the

Company website at www.fidia.com, under section *Investor Relations,* subsection *2011 press releases*, has so far not been implemented, since there has been no significant change in scenario compared to 31 December 2011.

During 2012 two high-speed milling systems were supplied among the subsidiaries Shenyang Fidia NC&M Co. Ltd and Beijing Fidia M&E Co. Ltd. for a total value of approximately 7.7 million RMB (equivalent to approximately €968,000). The transaction in question, falling among ordinary transactions and closed at terms equivalent to those of the market, was excluded from the application of the provisions for transactions with related parties as per Article 7.2, item f), of the aforementioned "*Guidelines*". The transaction under consideration crossed the threshold of significance, as it was part of a series of homogeneous transactions carried out within the framework of a single unitary plan, which, cumulatively, exceed the threshold of significance.

Pursuant to Consob Resolution 15519 of 27 July 2006, dedicated supplementary schedules have been prepared for the consolidated income statement, statement of financial position and cash flow statement, which show the impact of related party transactions on the individual financial statements items.

PERFORMANCE OF GROUP COMPANIES

A brief overview of the performance of the Group companies during the first half of 2012 is provided below. Data refer to the financial statements prepared in accordance with IAS/IFRS accounting standards and all the companies have been consolidated on a line by line basis.

	Fidia S.p.A.	Fidia GmbH	Fidia Co	Fidia Sarl	Fidia Iberica S.A.	Fidia India Private Ltd
Accounting currency	KEURO	KEURO	KUSD	KEURO	KEURO	KRUPEE
Period of reference of financial statement information	30/06/2012	30/06/2012	30/06/2012	30/06/2012	30/06/2012	30/06/2012
ASSETS						
Non-current assets						
- Property, plant and equipment	853	70	161	4	566	
- Intangible assets	58		13	1		
- Investments	6.949				3	
- Other non-current financial assets					2	
- Trade receivables and other non-current assets	1.132		4	6	322	
- Pre-paid tax assets	419	24				55
Total non-current assets	**9.411**	**94**	**178**	**11**	**893**	**55**
Current assets						
- Inventories	16.371	617	3.101	760	133	
- Trade receivables and other current assets	10.804	1.088	1.113	252	424	
- Other current financial assets	30	25		152		
- Cash and cash equivalents	4.238	1.023	914	189	333	126
Total current assets	**31.443**	**2.753**	**5.128**	**1.353**	**890**	**126**
Total assets	**40.854**	**2.847**	**5.306**	**1.364**	**1.783**	**181**
LIABILITIES						
Shareholders' equity						
- Share capital	5.123	520	400	300	180	100
- Other reserves	3.368	791	2.463	136	1.249	103
- Profit/(Loss) of accounting period	(199)	154	44	(14)	(1)	(233)
TOTAL SHAREHOLDERS' EQUITY	**8.292**	**1.465**	**2.907**	**422**	**1.428**	**(30)**
Non-current liabilities						
- Other non-current payables and liabilities	180					
- Termination benefits	2.401					
- Deferred tax liabilities	2	7			73	
- Other non-current financial liabilities	24					
- Non-current financial liabilities	833					
Total non-current liabilities	**3.440**	**7**			**73**	
Current liabilities						
- Current financial liabilities	5.835		5		8	
- Other current financial liabilities	59					
- Trade payables and other current payables	22.620	1.328	2.380	936	256	211
- Short-term provisions	608	47	14	6	18	
Total current liabilities	**29.122**	**1.375**	**2.399**	**942**	**282**	**211**
Total liabilities	**40.854**	**2.847**	**5.306**	**1.364**	**1.783**	**181**

	Fidia S.p.A.	Fidia GmbH	Fidia Co	Fidia Sarl	Fidia Iberica S.A.	Fidia India Private Ltd
Accounting currency	KEURO	KEURO	KUSD	KEURO	KEURO	KRUPEES
Period of reference of financial statement information	30/06/2012	30/06/2012	30/06/2012	30/06/2012	30/06/2012	30/06/2012
INCOME STATEMENT						
- Net sales	13.819	3.444	2.060	452	402	
- Other operating revenue	796	126	69	34	119	
Total revenues	**14.615**	**3.570**	**2.129**	**486**	**521**	
- Change in finished goods and work in progress	2.953	(309)	953	597		
- Raw materials and consumables	(7.499)	(1.800)	(1.671)	(817)	(148)	(8)
- Personnel costs	(5.069)	(650)	(506)	(156)	(247)	
- Other operating costs	(5.536)	(580)	(822)	(126)	(112)	(226)
- Depreciation and amortization	(202)	(32)	(39)	(1)	(37)	
Operating margin	**(738)**	**199**	**44**	**(17)**	**(23)**	**(234)**
- Finance income (expenses)	666	30		3	20	1
EBT	**(72)**	**229**	**44**	**(14)**	**(3)**	**(233)**
Income taxes	(127)	(75)			2	
Net profit/(loss) of accounting period	**(199)**	**154**	**44**	**(14)**	**(1)**	**(233)**

	Fidia do Brasil Ltda	Beijing Fidia M&E. Co Ltd	Shenyang Fidia NC&M Company Ltd	OOO Fidia	Fidia Sp.zo.o.
Accounting currency	KREALS	KRMB	KRMB	KRUR	KZloty
Period of reference of financial statement information	30/06/2012	30/06/2012	30/06/2012	30/06/2012	30/06/2012
ASSETS					
Non-current assets					
- Property, plant and equipment	107	274	732		5
- Intangible assets	1		2.467		
- Investments					
- Other non-current financial assets					
- Trade receivables and other non-current assets					
- Pre-paid tax assets	54	14	119		
Total non-current assets	**162**	**288**	**3,318**		**5**
Current assets					
- Inventories	279	14,712	34,827	292	12
- Trade receivables and other current assets	540	36,267	33,944	8	255
- Other current financial assets					
- Cash and cash equivalents	75	29,461	3,710		76
Total current assets	**894**	**80,440**	**72,481**	**300**	**343**
Total assets	**1,056**	**80,728**	**75,799**	**300**	**348**
LIABILITIES					
Shareholders' equity					
- Share capital	401	12,814	42,518	3,600	515
- Other reserves	259	12,434	(7.156)	(3.299)	(1.373)
- Profit/(Loss) of accounting period	(67)	5,344	(588)	(1)	(75)
TOTAL SHAREHOLDERS' EQUITY	**593**	**30,592**	**34,774**	**300**	**(933)**
Non-current liabilities					
- Other non-current payables and liabilities					
- Termination benefits					
- Deferred tax liabilities					
- Other non-current financial liabilities					
- Non-current financial liabilities					
Total non-current liabilities					
Current liabilities					
- Current financial liabilities					134
- Other current financial liabilities					
- Trade payables and other current payables	354	49,732	41,003		1,147
- Short-term provisions	109	404	22		
Total current liabilities	**463**	**50,136**	**41,025**		**1,281**
Total liabilities	**1,056**	**80,728**	**75,799**	**300**	**348**

	Fidia do Brasil Ltda	Beijing Fidia M&E. Co Ltd	Shenyang Fidia NC&M Company Ltd	OOO Fidia	Fidia Sp.zo.o.
Accounting currency	KREALS	KRMB	KRMB	KRUR	KZloty
Period of reference of financial statement information	30/06/2012	30/06/2012	30/06/2012	30/06/2012	30/06/2012
INCOME STATEMENT					
- Net sales	725	40,240	21,440		838
- Other operating revenue	50	746	5,541		10
Total revenues	**775**	**40,986**	**26,981**		**848**
- Change in finished goods and work in progress	53	308	2,725		
- Raw materials and consumables	(152)	(22.767)	(20.191)		(712)
- Personnel costs	(323)	(3.964)	(5.456)		(120)
- Other operating costs	(396)	(6.967)	(4.539)	(1)	(79)
- Depreciation and amortization	(20)	(110)	(566)		(1)
Operating margin	**(63)**	**7,486**	**(1.046)**	**(1)**	**(64)**
- Finance income (expenses)	4	(341)	444		(11)
EBT	**(59)**	**7,145**	**(602)**	**(1)**	**(75)**
Income taxes	(8)	(1.801)	14		
Net profit/(loss) of accounting period	**(67)**	**5,344**	**(588)**	**(1)**	**(75)**

FIDIA GROUP

Condensed Semi-Annual Consolidated Financial Statements as at 30 June 2012

CONSOLIDATED INCOME STATEMENT (*)

(€thousand)	Notes	1st half of 2012	1st half of 2011
- Net sales	1	18.574	11.794
- Other operating revenue	2	1.680	3.373
Total revenues		**20.254**	**15.167**
- Change in finished goods and W.I.P. stock		4.204	2.905
- Raw materials and consumables	3	(9.197)	(5.291)
- Personnel costs	4	(7.823)	(6.903)
- Other operating expenses	5	(7.014)	(5.599)
- Depreciation and amortization	6	(367)	(380)
Operating profit/(loss)		**57**	**(101)**
- Finance revenue (expenses)	7	(55)	(269)
Profit/(loss) before taxes		**2**	**(370)**
- Income taxes	8	(423)	(264)
Profit/(loss) from continuing operations		**(421)**	**(634)**
- Profit/(loss) from discontinued operations		**-**	**-**
Profit/(Loss) of reporting period		**(421)**	**(634)**
Profit/(Loss) attributable to:			
- Shareholders of parent company		**(471)**	**(595)**
- Minority interests		**50**	**(39)**

(in euro)

Earnings per ordinary share	9	(0,09)	(0,12)
Diluted earnings per ordinary share	9	(0,09)	(0,12)

(*) According to Consob Resolution n° 15519 of 27 July 2006, the effects of relations with related parties on the Consolidated Income Statement are posted in the relevant Income Statement Schedule in the following pages and are further detailed in Note No. 33.

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(€thousand)	Notes	1st half of 2012	1st half of 2011
Profit/(loss) of the reporting period (A)		**(421)**	**(634)**
Profit/(loss) on cash flow hedges	20	(7)	13
Profit/(loss) on translation of financial statements of foreign companies	20	218	(540)
Actuarial gains/(losses) on defined benefit plans	20	(8)	(11)
Tax effect of Other profit/(loss)	20	4	(1)
Total other profit/(loss), net of tax effect (B)		**207**	**(539)**
Total comprehensive profit/(loss) of reporting period (A)+(B)		**(214)**	**(1.173)**
Total comprehensive profit/(loss) attributable to:			
Shareholders of parent company		**(311)**	**(1.019)**
Minority interests		**97**	**(154)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*)

(€thousand)	Notes	30 giugno 2012	31 dicembre 2011
ASSETS			
NON-CURRENT ASSETS			
- Property, plant and equipment	10	1.789	1.921
- Intangible assets	11	211	195
- Investments	12	16	18
- Other non-current financial assets	13	2	3
- Other non-current receivables and assets	14	1.464	1.688
- Pre-paid tax assets	8	654	661
TOTAL NON-CURRENT ASSETS		**4.136**	**4.486**
CURRENT ASSETS			
- Inventories	15	25.005	19.391
- Trade receivables	16	9.736	11.187
- current tax receivables	17	418	414
- Other current receivables and assets	17	1.565	1.673
- Other current financial assets	18	4	26
- Cash and Cash equivalents	19	10.703	11.648
TOTAL CURRENT ASSETS		**47.431**	**44.339**
TOTAL ASSETS		**51.567**	**48.825**
LIABILITIES			
SHAREHOLDERS' EQUITY			
- Share capital and reserves attributable to shareholders of		11.834	12.229
- Minority interests		2.516	2.501
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY	20	**14.350**	**14.730**
NON-CURRENT LIABILITIES			
- Other non-current payables and liabilities	21	179	136
- Termination benefits	22	2.401	2.538
- Deferred tax liabilities	8	82	86
- Other non-current financial liabilities	23	24	18
- non-current financial liabilities	24	833	1.056
TOTAL NON-CURRENT LIABILITIES		**3.519**	**3.834**
CURRENT LIABILITIES			
- current financial liabilities	24	5.695	5.195
- Other current financial liabilities	25	59	93
- Trade payables	26	11.275	9.386
- current tax payables	27	649	1.011
- Other current payables and liabilities	27	15.378	13.939
- Short-term provisions	28	642	637
TOTAL CURRENT LIABILITIES		**33.698**	**30.261**
TOTAL LIABILITIES		**51.567**	**48.825**

(*) According to Consob Resolution n° 15519 of 27 Ju ly 2006, the effects of relations with related parties on the Consolidated Statement of Financial Position are posted in the relevant Statement of Financial Position Schedule in the following pages and are further detailed in Note No. 33.

CONSOLIDATED CASH FLOW STATEMENT (*)

(€thousand)	1st half of 2012	1st half of 2011
A) Cash and cash equivalents at beginning of reporting period	**7.051**	**9.805**
B) Cash from/(used in) operating activities during the reporting period:		
- Result of Group and minority interests	(421)	(634)
- Depreciation and Amortization	271	328
- Net losses (gains) on disposal of tangible assets	(30)	(114)
- Net change in provisions for termination benefits	(137)	(51)
- Net change in provisions for risks and expenses	4	(202)
- Net change (assets) liabilities for (pre-paid) deferred taxes	3	(44)
Net change in working capital:		
- receivables	1.780	(5.071)
- inventories	(5.614)	(6.685)
- payables	3.009	6.511
	(1.135)	**(5.962)**
C) Cash from/(used in) investing activities		
- Investing activities:		
Property, plant and equipment	(143)	(471)
intangible assets	(40)	(9)
- Profit on sale of:		
Property, plant and equipment	67	419
Financial assets	2	-
	(114)	**(61)**
D) Cash from/(used in) financing activities		
- change in loans	(255)	(691)
- change in capital and reserves	(95)	(55)
- Net change in amounts due by minority interests	(36)	(186)
- Net change in current and non-current financial assets and liabilities	(4)	10
	(390)	**(922)**
Currency translation differences	162	(380)
E) Net change in cash and cash equivalents	**(1.477)**	**(7.325)**
F) Cash and cash equivalents at end of reporting period	**5.574**	**2.480**
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	10.703	6.560
Bank overdraft	(5.129)	(4.080)
	5.574	2.480

(*) According to Consob Resolution n° 15519 of 27 Ju ly 2006, the effects of relations with related parties on the Consolidated Cash Flow Statement are posted in the relevant Cash Flow Statement Schedule illustrated below.

SCHEDULE OF CONSOLIDATED SHAREHOLDERS' EQUITY

(€thousand)	Share capital	Own shares	Capital reserves	Retained earnings	Cash flow hedge reserve	Translation reserve	Reserve for actuarial profit/loss	Other reserves	Total shareholders' equity of Group	Minority interests	Total shareholders' equity
Balance at 1 January 2011	5,123	(45)	1,486	4,194	-	313	87	213	11,371	2,212	13,583
Total comprehensive profit/(loss)				(595)	9	(425)	(8)		(1.019)	(154)	(1.173)
Reclassifications				(21)			21				
Other changes				(55)					(55)	(71)	(126)
Balance at 30 June 2011	5,123	(45)	1,486	3,523	9	(112)	100	213	10,297	1,987	12,284
Balance at 1 January 2012	5,123	(45)	1,486	4,500	(12)	919	45	213	12,229	2,501	14,730
Total comprehensive profit/(loss)				(471)	(5)	171	(6)		(311)	97	(214)
Other changes				(84)					(84)	(82)	(166)
Balance at 30 June 2012	5,123	(45)	1,486	3,945	(17)	1,090	39	213	11,834	2,516	14,350

CONSOLIDATED INCOME STATEMENT

as per Consob Resolution n°15519 of 27 July 2006

(€thousand)	Notes	1st half of 2012	of which related parties	1st half of 2011	of which related parties
- Net sales	1	18.574	95	11.794	39
- Other operating revenue	2	1.680		3.373	
Total revenues		**20.254**		**15.167**	
- Changes in inventories of finished goods and W.I.P.		4.204		2.905	
- Raw materials and consumables	3	(9.197)	(3)	(5.291)	(3)
- Personnel expenses	4	(7.823)	(462)	(6.903)	(331)
- Other operating expenses	5	(7.014)	(133)	(5.599)	(121)
- Depreciation and amortization	6	(367)		(380)	
Operating profit/(loss)		**57**		**(101)**	
- Finance revenue (expenses)	7	(55)		(269)	
Profit/(loss) before taxes		**2**		**(370)**	
- Income taxes	8	(423)		(264)	
Profit/(loss) from continuing operations		**(421)**		**(634)**	
- Profit/(loss) from discontinued operations		**-**		**-**	
Profit/(Loss) of reporting period		**(421)**		**(634)**	
Profit/(Loss) attributable to:					
- Shareholders of parent company		**(471)**		**(595)**	
- Minority interests		**50**		**(39)**	

(in euro)

Earnings per ordinary share	9	(0,09)		(0,12)	
Diluted earnings per ordinary share	9	(0,09)		(0,12)	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as per Consob Resolution n°15519 of 27 July 2006

(€thousand)	Notes	30 June 2012	of which related parties	December 31, 2011	of which related parties
ASSETS					
NON-CURRENT ASSETS					
- Property, plant and equipment	10	1.789		1.921	
- Intangible assets	11	211		195	
- Investments	12	16		18	
- Other non-current financial assets	13	2		3	
- Other non-current receivables and assets	14	1.464		1.688	
- Pre-paid tax assets	8	654		661	
TOTAL NON-CURRENT ASSETS		**4.136**		**4.486**	
CURRENT ASSETS					
- Inventories	15	25.005		19.391	
- Trade receivables	16	9.736	1.369	11.187	1.346
- current tax receivables	17	418		414	
- Other current receivables and assets	17	1.565		1.673	
- Other current financial assets	18	4		26	
- Cash and Cash equivalents	19	10.703		11.648	
TOTAL CURRENT ASSETS		**47.431**		**44.339**	
TOTAL ASSETS		**51.567**		**48.825**	
LIABILITIES					
NET EQUITY					
- Share capital and reserves attributable to shareholders of parent co		11.834		12.229	
- Minority interests		2.516		2.501	
TOTAL CONSOLIDATED NET EQUITY	20	**14.350**		**14.730**	
NON-CURRENT LIABILITIES					
- Other non-current payables and liabilities	21	179		136	
- Termination benefits	22	2.401		2.538	
- Deferred tax liabilities	8	82		86	
- Other non-current financial liabilities	23	24		18	
- non-current financial liabilities	24	833		1.056	
TOTAL NON-CURRENT LIABILITIES		**3.519**		**3.834**	
CURRENT LIABILITIES					
- current financial liabilities	24	5.695		5.195	
- Other current financial liabilities	25	59		93	
- Trade payables	26	11.275	15	9.386	362
- current tax payables	27	649		1.011	
- Other current payables and liabilities	27	15.378	519	13.939	66
- Short-term provisions	28	642		637	
TOTAL CURRENT LIABILITIES		**33.698**		**30.261**	
TOTAL LIABILITIES		**51.567**		**48.825**	

CONSOLIDATED CASH FLOW STATEMENT

as per Consob Resolution n°15519 of 27 July 2006

(€thousand)	1st half of 2012	of which related parties	1st half of 2011	of which related parties
A) Cash and cash equivalents at the beginning of the period	**7.051**		**9.805**	
B) Cash from/(used in) operating activities during the reporting period:				
- Result of Group and minority interests	(421)		(634)	
- Depreciation and Amortization	271		328	
- Net losses/(gains) on disposal of tangible assets	(30)		(114)	
- Net change in provisions for termination benefits	(137)		(51)	
- Net change in provisions for risks and expenses	4		(202)	
- Net change (assets) liabilities for (pre-paid) deferred taxes	3		(44)	
Net change in working capital:				
- receivables	1.780	(23)	(5.071)	364
- inventories	(5.614)		(6.685)	
- payables	3.009	106	6.511	71
	(1.135)		**(5.962)**	
C) Cash from/(used in) investing activities				
- Investing activities:				
Property, plant and equipment	(143)		(471)	
intangible assets	(40)		(9)	
- Profit on sale of:				
Property, plant and equipment	67		419	
Financial assets	2		-	
	(114)		**(61)**	
D) Cash from/(used in) financing activities				
- change in loans	(255)		(691)	
- change in capital and reserves	(95)		(55)	
- Net change in amounts due by minority interests	(36)		(186)	
- Net change in current and non-current financial assets and liabilities	(4)		10	
	(390)		**(922)**	
Currency translation differences	162		(380)	
E) Net change in cash and cash equivalents	**(1.477)**		**(7.325)**	
F) Cash and cash equivalents at end of reporting period	**5.574**		**2.480**	
Breakdown of cash and cash equivalents:				
Cash and cash equivalents	10.703		6.560	
Bank overdraft	(5.129)		(4.080)	
	5.574		2.480	

Notes

MAIN ACTIVITIES

Fidia S.p.A. is a company under Italian law. Fidia S.p.A. and its subsidiaries ("Group") are active in over 20 countries.

Fidia S.p.A. is engaged in the manufacture of high-speed milling machines, numerical control devices and the accessories, products, materials and components employed therein, including the associated software processes.

Fidia GmbH is involved in marketing and selling of numerical controls and milling machines and supplies after-sale technical support for all the Group's products in Germany, Austria, Netherlands, the Czech Republic and the German-speaking Cantons of Switzerland.

Fidia S.a.r.l. markets and sells numerical controls and milling systems and provides after-sale technical support for all Group products in France and Belgium.

Fidia Iberica S.A. sells numerical controls and milling systems and supplies after-sales technical support for all Group products in Spain, Portugal and Mexico.

OOO Fidia carries commercial activity in the Russian market.

Fidia Sp. z o.o. sells numerical controls and milling systems and supplies after-sales technical support for all Group products in Poland.

Fidia do Brasil Ltda. sells numerical controls and milling systems and supplies after-sales technical support for all Group products in Brazil and neighbouring countries.

Beijing Fidia M&E Co. Ltd. (Fidia JVE) sells and supplies after-sales technical support for all Group products in the People's Republic of China and neighbouring countries.

Shenyang Fidia NC & Machine Company Ltd is a joint venture incorporated together with China's largest machine-tool manufacturer - Shenyang Machine Tool Company Ltd. (SMTCL). The joint venture produces and sells electronic components and high-speed milling systems.

Fidia India Private Ltd. conducts commercial activity in India.

The Group headquarters and registered office is in San Mauro Torinese (Turin), Italy.

The Consolidated Financial Statements of Fidia Group is presented in euro, which is the accounting currency of the Parent Company, Fidia S.p.A.

SIGNIFICANT ACCOUNTING STANDARDS

These Condensed Semi-Annual Financial Statements as at 30 June 2012 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and adopted by the European Union. The designation "IFRS" also includes all currently valid International Accounting Standards ("IAS"), as well as all interpretations of the International Accounting Reporting Interpretations Committee ("IFRIC"), formerly the Standing Interpretations Committee ("SIC").

These Condensed Semi-Annual Financial Statements his Quarterly Report have been prepared in accordance with IAS 34 – *Interim Financial Reporting*, applying the same accounting standards and policies used in the preparation of the Consolidated Financial Statements at 31 December 2011, with the exception of the contents of the next paragraph "Accounting standards, amendments and interpretations applied since January 1st, 2012".

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent assets and liabilities at the date of the interim financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. For a more detailed description of the valuation processes most relevant to the Group, please refer to the section "Use of Estimates" in the consolidated financial statements at 31 December 2011.

Moreover, certain valuation procedures, in particular those of a more complex nature such as the determination of the impairment of non-current assets, are only carried out in full during the preparation of the annual financial statements, when all the information required is available, unless there are signs of impairment that require an immediate assessment of possible loss.

The Group business activity and the sales trend are subject to a seasonal cycle.

Taxes have been determined on the basis of the best estimate of the average rate expected for the whole financial year.

The Group is exposed to financial risks associated with its operations: credit risk, liquidity risk, market risk (mainly relating to exchange rates and interest rates).
These Condensed Consolidated Financial Statements do not include all information and notes on the management of financial risks required in the preparation of the financial statements. A detailed description of this information can be found in the Consolidated Financial Statements of the Fidia Group at 31 December 2011, under the section of the Notes "Risk Management" and Note 32 of said Notes "Financial risks".

Financial Statements

The Fidia Group presents the income statement by nature of expense, which is deemed more representative compared to the so-called presentation by function. The form chosen complies with the internal reporting methods.

With reference to the statement of financial position, the "non-current/current" format of presentation has been adopted.

The cash flow statement was drawn up by applying the indirect method.

Finally, please be noted that with reference to Consob Resolution n° 15519 of 27 July 2006 on financial statements, supplementary schedules for the income statement, statement of financial position and statement of cash flows were added in order to underscore significant relations with related parties and not to impair the overall readability of the financial statements.

Accounting principles, amendments and interpretations adopted from 1st January 2012

On 7 October 2010 the IASB published some amendments to standard IFRS 7 – *Financial Instruments*: *Enhancing Disclosures*, applicable to accounting periods starting on or after 1 July 2011. The amendments were issued in order to improve the understanding of transfer transactions of financial assets (derecognition), including the understanding of the possible effects resulting from any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken near the end of a reporting period. The adoption of said revision will not have any effect in terms of the evaluation of the financial statement items of Fidia Group.

Accounting standards, amendments and interpretations not applicable yet and not adopted in advance by the Group

The Group has not applied in advance any accounting standard or amendments or interpretations not yet applicable. The content is briefly summarized below:

IAS 1 - Presentation of Financial Statements. This amendment should be applied for annual periods beginning on or after 1 July 2012, and requires to concentrate all the components presented in Other profit/(loss) depending on whether these can or cannot be reclassified subsequently to the income statement.

IAS 19 - Employee Benefits. This amendment should be applied retrospectively as from the period beginning from 1 January 2013 and provides for the elimination of the option to defer the recognition of actuarial gains and losses with the corridor method.

IAS 12 - Income Taxes. This amendment should be applied retrospectively from 1 January 2012; however, on the date of these Semi-Annual Financial Statements, the competent bodies of the European Union had not yet completed the homologation process. The amendment sets forth that deferred tax on investment property measured at fair value in accordance with IAS 40 must be calculated on the basis of the carrying amount that will be recovered from the sale.

IFRS 7 - Financial Instruments: Disclosures. The amendment is effective for annual periods beginning on or after 1 January 2013 and requires information on the effects or potential effects of contracts offsetting financial assets and liabilities on the statement of financial position.

IFRS 9 - Financial Instruments. The IASB has introduced this new standard, which will be applied retrospectively from 1 January 2015. It sets forth new criteria for the classification and measurement of financial assets and liabilities.

IFRS 10 - Consolidated Financial Statements. This new standard will be applied retrospectively from 1 January 2013 and relates to the accounting treatment of investments in the separate financial statements.

IFRS 11 - Joint Arrangements. This new standard will be applied retrospectively from 1 January 2013 and sets forth that investments in joint ventures must all be accounted for using the equity method.

IFRS 12 - Disclosure of Interests in Other Entities. This new standard will be applied retrospectively from 1 January 2013 and relates to additional information to be given on all types of interests.

IFRS 13 - Fair Value Measurement. This new standard will be applied retrospectively from 1 January 2013 and sets forth how fair value should be treated for accounting purposes.

IAS 32 - Financial Instruments: Presentation. This amendment will be applied retrospectively for annual periods beginning on or after 1 January 2014 and clarifies the application of certain criteria for offsetting financial assets and liabilities.

The IASB has issued a number of amendments to the IFRS ("Improvements 2012") which will apply retrospectively from 1 January 2013. The changes that will change presentation, recognition and measurement of financial concern are:

IAS 1 - Presentation of Financial Statements

IAS 16 – Property, plant and equipment

IFRS 32 - Financial Instruments: Presentation

IAS 34 - Interim Financial Reporting.

Scope of consolidation

The scope of consolidation in the first half of 2012 has not changed compared to the Consolidated Financial Statements as at 31 December 2011. The following table shows the companies falling within the consolidation area compared with the 31 December 2011 and the 30 June 2011 closing period:

Name / Registered office	Currency	Share capital	Equity ownership at 30/06/2011	Equity ownership at 31/12/2011	Equity ownership at 30/06/2012
Fidia Gmbh, Dreiech - Germany	EUR	520,000	100%	100%	100%
Fidia Co, Troy - U.S.A.	USD	400,000	100%	100%	100%
Fidia Sarl, Emerainville – France	EUR	300,000	100%	100%	100%
Fidia Iberica S.A., Zamudio - Spain	EUR	180,300	99.993%	99.993%	99.993%
Fidia do Brasil Ltda, Sao Paulo - Brazil	Reals	400,843	99.75%	99.75%	99.75%
Beijing Fidia M&E Co Ltd, Beijing - China	USD	1,500,000	92 %	92 %	92 %
Shenyang Fidia NC & Machine Company Ltd., Shenyang – China	Rmb	42,517,648	51%	51%	51%
Fidia Sp. Zo.o., Warsaw – Poland	Zloty	515,000	80%	80%	80%
OOO Fidia, Moscow - Russian Federation	Rouble	3,599,790	100%	100%	100%
Fidia India Private Ltd. - Pune - India	Rupee	100,000	99.99%	99.99%	99.99%

OTHER INFORMATION

A dedicated section of this Report provides information on significant events occurring after the end of the first half of 2012 and on the foreseeable outlook.

CONTENT AND MAIN CHANGES

INCOME STATEMENT

1. NET SALES

The breakdown by Sector of net revenues from third parties (excluding intra-group transactions) is indicated in the following table:

(€thousand)	1st half of 2012	%	1st half of 2011	%
Numerical controls, drives and software	1.912	10,3%	1.743	14,8%
High-speed milling systems	11.871	63,9%	5.786	49,1%
After-sales service	4.791	25,8%	4.265	36,2%
Total	18.574	100,0%	11.794	100,0%

2. OTHER OPERATING REVENUE

Other operating revenue in the 1st half of 2012 amounted to €1.680 thousand (€3.373 thousand in the same period of 2011). This figure includes the other revenues from the ordinary activity, but that cannot be included in the typical sale of goods and services.

This figure includes:

- government grants from the local government in Shenyang (China) pursuant to the agreement with the Chinese partner SMTCL for the joint development of a project in the CNC sector (€670 thousand; €1.872 thousand in the same period of 2011);
- grants from the EU and the Italian Ministry of University to Fidia S.p.A. for research and development (€639 thousand, €677 thousand as at 30 June 2011);
- release of the warranty provision and bad debts provision and/or any accruals in excess in comparison with the risk to be covered (€169 thousand vs. €181 thousand as at 30 June 2011);
- capital gains from disposal of tangible assets (€32 thousand vs. €146 thousand as at 301 June 2011).
- capital gains from disposal of tangible assets (€32 thousand vs. €146 thousand as at 301 June 2011);
- contingent assets, recovery of costs, insurance allowances, income on disposal of property, plant and equipment and other sundry incomes (€138 thousand; €243 thousand in the same period of last year).

3. RAW MATERIALS AND CONSUMABLES

These were:

(€thousand)	1st half of 2012	1st half of 2011
Production materials	9.863	7.420
Service materials	433	399
Consumables	74	54
Equipment and software	31	24
Packaging	200	95
Other	154	1.112
Change in inventory raw materials and consumables	(1.558)	(3.813)
Total	9.197	5.291

In the 1st half of 2012, raw material consumption amounted to €9.197 thousand (€5.291 thousand in the same period of 2011) and rose as a consequence of increased turnover.

4. PERSONNEL COSTS

Personnel costs amounted to €7.823 thousand vs. €6.903 thousand in the same period of 2011. These consisted of:

(€thousand)	1st half of 2012	1st half of 2011
Wages and salaries	5.904	5.182
Social security charges	1.681	1.490
Termination benefits (TFR)	194	184
Other personnel costs	44	47
Total	7.823	6.903

Personnel costs showed an increase of €920 thousand compared to the first half of 2011 (+13.3%). These costs also included €227 thousand relating to temporary staff (€31 thousand at 30 June 2011).

The increase was mainly due to higher costs for personnel involved directly and indirectly in production due to the particularly intense levels of activity; moreover, in the course of 2011, the Group had resorted to public redundancy funds that made it possible to curb overall personnel costs.

The change recorded in the first half of 2012 in the number of employees, broken down by category, is illustrated below:

	30 June 2011	31 December 2011	Inbound	Outbound	Change	30 June 2012	Period average
Executives	11	11	-	(3)	1	9	10,0
Clerks and supervis	302	298	16	(15)	(1)	298	298,0
Workers	35	34	1	-	-	35	34,5
Total	348	343	17	(18)	0	342	342,5

At 30 June 2012 there were also 12 temporary units (4 at 30 June 2011).

5. OTHER OPERATING COSTS

Other operating costs were as follows:

(€thousand)	1st half of 2012	1st half of 2011
Costs for services related to turnover	2.511	1.715
Production expenses	1.362	1.128
Commercial expenses	472	356
R&D expenses	453	388
Administration and other general overheads.	2.216	2.012
Total	7.014	5.599

Other operating costs totalled €7.014 thousand and increased by approximately €1.415 thousand compared to the first half of 2011. The increase was partly due to the presence of cost items directly linked to turnover (e.g., commissions, transport and subcontractors). In the other cases there was a sharp drop in the impact on turnover compared to the same period of 2011.

6. DEPRECIATION AND AMORTIZATION

(€thousand)	1st half of 2012	1st half of 2011
Depreciation of property, plant and equipment	241	304
Amortization of intangible assets	30	24
Bad debts	96	52
Total	367	380

7. FINANCE REVENUE (EXPENSES)

Finance revenue and expenses consisted of:

(€thousand)	1st half of 2012	1st half of 2011
Finance revenue	105	50
Finance expenses	(178)	(163)
Net profit/(loss) on derivatives	(42)	(4)
Profit (loss) from foreign currency transactions	60	(152)
Total	(55)	(269)

Finance revenue consisted of:

(€thousand)	1st half of 2012	1st half of 2011
Interests received from banks	83	40
Interests and commercial discounts	2	
Other financial income	20	10
Total	105	50

Finance expenses consisted of:

(€thousand)	1st half of 2012	1st half of 2011
Interests paid on short-term loans from banks	(124)	(65)
Interests paid on medium/long-term loans from banks	(26)	(35)
Interests paid on amounts due to leasing companies	0	(21)
Financial expenses on termination benefits	(27)	(38)
Other financial expenses	(1)	(4)
Total	(178)	(163)

Net profit (loss) on derivatives:

(€thousand)	1st half of 2012	1st half of 2011
Loss on derivatives due to fair value adjustment	(43)	(7)
Gain on derivatives due to fair value adjustment	1	3
Total	(42)	(4)

The profit on derivatives resulted from the fair value valuation of an *interest rate swap* contract entered into by the parent company Fidia S.p.A. to hedge the risk of fluctuations in interest rates on a medium-long term loan. Expenses on derivatives resulted instead from the fair value valuation of some forward contracts to hedge the risk of exchange rate fluctuations.

Profit (loss) on foreign currency transactions consists of:

(€thousand)	1st half of 2012	1st half of 2011
Currency gain	49	54
Revenue from exchange rate adjustment	116	156
Profit on currency forward contract	38	14
Currency loss	(50)	(149)
Expenses for exchange rate adjustment	(92)	(227)
Loss on currency forward contract	(1)	-
Total	60	(152)

8. INCOME TAXES

The following table shows the taxes allocated in the Consolidated Income Statement:

(€thousand)	1st half of 2012	1st half of 2011
Current taxes:		
IRES (Corporate tax)	-	-
IRAP (Italian Regional Tax on Production Activities)	123	119
Income tax of foreign subsidiaries	307	187
Total current taxes	430	306
Deferred tax assets absorbed	4	3
Pre-paid taxes	(11)	(45)
Total	423	264

The higher tax burden recorded in the first half of 2012 compared to the same period last year was due to the better economic performance of some Group companies and the consequent greater taxable income realized during the reporting period.

At 30 June 2012 the net balance of pre-paid tax assets and liabilities for deferred taxes for the individual companies was as follows:

(€thousand)	30 June 2012	31 December 2011
Pre-paid tax assets	654	661
Deferred tax liabilities	(82)	(86)
Total	572	575

The pre-paid tax assets amounted to €654 thousand, down from the previous year by €7 thousand. These assets were mainly generated from temporary differences on assets and liabilities, tax losses and consolidation adjustments.
The accounting of the pre-paid taxes in the financial statements was carried out, wherever there were conditions for recovery. In particular, the pre-paid tax assets recognized in respect of losses recorded by the Parent Company were recognized by critically evaluating the recoverability of these assets.

9. EARNING PER SHARE

The share capital of Fidia S.p.A. at 30 June 2012 consisted of 5,123,000 ordinary shares having the same rights in the distribution of profits and was unchanged with respect to the statements in paragraph 21 of the Consolidated Financial Statements at 31 December 2011.

Earning/loss per share was determined on the basis of the following data:

		1st half of 2012	1st half of 2011
Net earnings pertaining to Group	€ thousand	(471)	(595)
Earnings attributable to ordinary shares	€ thousand	(471)	(595)
Number of ordinary shares in circulation	Number	5.113.000	5.113.000
Basic earnings per share	euro	(0,09)	(0,12)
Diluted earnings per share	euro	(0,09)	(0,12)

There was no difference between the earnings per share and diluted earnings per share because Fidia S.p.A. does not have any potentially dilutive instruments.

STATEMENT OF FINANCIAL POSITION

10. PROPERTY, PLANT AND EQUIPMENT

The following table shows the changes in property, plant and equipment in the first half of 2012:

(€thousand)	Property	Plant, machinery and equipment	Other assets	Total
Net carrying amount at 31/12/2011	**566**	**717**	**638**	**1.921**
Additions	-	63	79	**142**
Net value of disposals	-	(29)	(8)	**(37)**
Depreciation	(21)	(106)	(114)	**(241)**
Currency gain/(loss)	-	1	3	**4**
Net carrying amount at 30/06/2012	**545**	**646**	**598**	**1.789**

The investments made in the first half of 2012 amounted to approximately €142 thousand and related mostly to the purchase of tools, electronic equipment and means of transport. Investments do not include capitalized borrowing costs.

At 30 June 2012 there were no assets pledged as collateral or other constraints that may limit full availability.

11. INTANGIBLE ASSETS

The following table shows the changes in intangible assets in the first half of 2012:

(€thousand)	Utilization rights for know-how	Licenses	Software	Others	Total
Net carrying amount at 31/12/2011	**153**	**-**	**42**	**-**	**195**
Acquisitions/write-offs	-		40		**40**
Amortization	(18)		(12)	-	**(30)**
Currency gain/(loss)	7	-	(1)	-	**6**
Closing net carrying amount at 30/06/2012	**142**	**-**	**69**	**-**	**211**

There were no intangible assets generated internally. Please be noted that all the costs of research (both basic and applied) are charged to the income statement as incurred

12. INVESTMENTS

(€thousand)	Balance 30 June 2012	Balance 31 December 2011
Investments measured with equity method	2	4
Investments measured at cost	14	14
Total	16	18

This figure amounted to €16 thousand (€18 thousand at 31 December 2011) and is related to investments in associated companies evaluated with the equity method and to investments in other companies evaluated at cost. The decrease compared to 31 December 2011 was related to the disposal by Fidia S.p.A. of its investment in the Prometec consortium.

13. OTHER NON-CURRENT FINANCIAL LIABILITIES

This figure amounted to €2 thousand (€3 thousand at 31 December 2011) and consisted of financial prepaid expenses on bank loans.

14. OTHER NON-CURRENT RECEIVABLES AND ASSETS

The other non-current receivables and assets are detailed below:

(€thousand)	Balance 30 June 2012	Balance 31 December 2011
Receivables for EU grants	112	302
Guarantee deposits	56	54
Trade receivables from customers	322	356
Receivables for foreign VAT	7	8
Receivables from Chinese tax authorities	965	965
Long-term pre-paid expenses	2	3
Total	1.464	1.688

The tax assets with Chinese tax authorities related to withholding tax on invoices paid by the Parent Company to Shenyang Fidia in previous years and to receipts of dividends.

15. INVENTORIES

The breakdown of the item is illustrated in the following table:

(€thousand)	Balance 30 June 2012	Balance 31 December 2011
Raw materials	11.358	9.669
Provisions for raw materials depreciation	(1.140)	(1.051)
	10.218	8.618
Semi-finished products and work in progress	4.542	3.330
Finished products and goods	10.476	7.281
Provisions for depreciation finished products	(440)	(362)
	10.036	6.919
Advances	209	524
Net value	25.005	19.391

Inventories showed a total increase of €5.614 thousand in the first half of 2011. Inventories of finished products included machines already delivered to customers, but still awaiting acceptance by the latter. These amounted to €2.4 million (€1.1 million at 31 December 2011).

Hereinafter is the detail of the changes in the provisions for raw materials and finished products depreciation during the first half of 2012:

(€thousand)	Balance 31 December 2011	Provisions	Releases/recovery	Exchange rate effect	Balance 30 June 2011
Provisions for raw materials depreciation	1.051	89			1.140
Provisions for depreciation finished products	362	88	(8)	(2)	440

The warehouses of the Group companies are not affected by significant problems of obsolescence with regard either to finished products (which also includes used equipment, withdrawn after the sale of new machinery, and spare parts), or to raw materials, by making the companies operate primarily in relation to specific customer orders. Depreciation through the creation of a specific adjustment provision is therefore necessary to cope mainly with slow-moving items, mostly due to the need to provide customers with the availability of spare parts for technical assistance beyond the period of ordinary merchantability of the components.

16. TRADE RECEIVABLES

(€thousand)	Balance 30 June 2012	Balance 31 December 2011
Trade receivables from others	10.815	12.254
Bad debt provisions	(1.079)	(1.067)
Receivables from related companies	-	-
Total	9.736	11.187

Trade receivables decreased compared to 31 December 2012 by approximately €1.451 thousand; said variation was mostly related to the different dynamics in turnover in the two periods compared.

Bad debt provisions amounted to €1.079 thousand (€1.067 thousand at 31 December 2011) and was set up for the risk of uncollectible receivables related to litigation and/or overdue receivables.

The changes in bad debt provisions (in thousands of euros) were:

Balance at 1 January 2012	1.067
Accrual	96
Releases/recovery	(86)
Currency gain/(loss)	2
Balance at 30 June 2012	1.079

17. TAX RECEIVABLES AND OTHER CURRENT RECEIVABLES AND ASSETS

(€thousand)	Balance 30 June 2012	Balance 31 December 2011
VAT receivables	273	371
Income tax and IRAP receivables	126	25
Receivables for short-term foreign VAT	19	18
Other	-	-
Total current tax assets	418	414
Research grants	533	120
Receivables from INPS for temporary layoff	19	698
Prepayments and accrued expenses	344	254
Receivables from employees	85	52
Advances from suppliers	214	163
Loans from Fondimpresa	175	175
Other	195	211
Total other current receivables	1.565	1.673
Total	1.983	2.087

There are no receivables due beyond five years.

18. OTHER CURRENT FINANCIAL ASSETS

This item, amounting to €4 thousand (€26 thousand at 31 December 2011) mainly included the positive *fair value* of contracts for forward sale of Czech Koruna, entered into by the subsidiary company Fidia GmbH.

19. CASH AND CASH EQUIVALENTS

The total amount of the Group's cash and cash equivalents amounted to €10.703 thousand (€11.648 thousand at 31 December 2011) and consisted of temporary liquid assets of bank accounts held for future use. It is deemed that their book value was aligned to the *fair value* on the reporting date.

Credit risk correlated with cash and cash equivalents is limited because the counterparts are leading Italian and international banks.

20. NET EQUITY

Consolidated shareholders' equity amounted to €14.350 thousand, down by €380 thousand compared to 31 December 2011, due to the combined effect of the loss for the period (-€421 thousand), accounting of actuarial losses on termination benefits (-€6 thousand, net of tax estimated in the amount of about €2 thousand), *fair value* measurement of hedging instruments set aside in the Cash flow hedge reserve (-€5 thousand, net of tax estimated in the amount of about €2 thousand), share of dividends for third parties (-€70 thousand), the positive effect of exchange rate fluctuations on the translation of financial statements of subsidiaries denominated in currencies other than the EUR (€218 thousand) and other variations (-€96 thousand).

As at 30 June 2012 the fully paid-in share capital was unchanged compared to 31 December 2011 and it was composed of 5,123,000 ordinary shares with a nominal value of 1 euro each for a total of €5,123,000.

More information on the share capital of the company can be found in Note 21 to the Consolidated Financial Statements at 31 December 2011.

Own shares consisted of 10,000 ordinary shares issued by Fidia S.p.A. for a value of €45 thousand (unchanged compared to 31 December 2011).

The value of Other profit/(loss) consisted of:

(€thousand)	Balance 30 June 2012	Balance 31 December 2011
Profit/(loss) on cash flow hedge instruments in reporting period	(7)	13
Profit/(loss) on cash flow hedge instruments reclassified to income statement	-	-
Profit/(loss) on cash flow hedge instruments	(7)	13
Profit(loss) on translation of financial statements of foreign companies in the reporting period	218	(540)
Profit(loss) on translation of financial statements of foreign companies reclassified to income statement	-	-
Profit/(loss) on translation of financial statements of foreign companies	**218**	**(540)**
Actuarial profit/(loss) on defined benefit plans (TFR) in the reporting period	(8)	(11)
Actuarial profit/(loss) on defined benefit plans (TFR) reclassified in the income statement	-	-
Actuarial profit/(loss) on defined benefit plans (TFR)	**(8)**	**(11)**
Tax effect for Other components of comprehensive income statement	**4**	**(1)**
Total Other profit/(loss), net of tax effect	**207**	**(539)**

Tax effect pertaining to Other profit/(loss) consisted of:

€ thousand	Balance at 30 June 2012			Balance at 30 June 2011		
	Gross value	Tax (expense)/benefit	Net value	Gross value	Tax (expense)/benefit	Net value
Profit/(loss) on cash flow hedge instruments	(7)	2	(5)	13	(4)	9
Profit(loss) on translation of financial statements of foreign companies	218	-	218	(540)	-	(540)
Actuarial gains/(losses) on defined benefit plans	(8)	2	(6)	(11)	3	(8)
Total other profit/(loss)	**203**	**4**	**207**	**(538)**	**(1)**	**(539)**

21. OTHER NON-CURRENT PAYABLES AND LIABILITIES

This item, amounting to €179 thousand (€136 thousand at 31 December 2011), consisted of advances paid by the EU and by the Italy's Ministry of University for R&D projects associated with outright grants.

22. TERMINATION BENEFITS

Termination benefits reflected the residual obligation of the parent company, the only Italian company, concerning allowances to employees that are settled upon cessation of the employment relationship. Under specific conditions, a part of it can be paid in advance to the employee during his/her working life. These are benefit plans defined as *unfunded*.

Changes in the termination benefits are illustrated in the table below (€ thousand):

Balance at 1 January 2012	2.538
Amount accrued and allocated in the reporting period	191
Allowances paid in the reporting period	(172)
Amount transferred to State Fund and complementary pension scheme	(186)
Substitute tax	(5)
Financial expenses on termination benefits	27
Accounting of actuarial losses	8
Balance at 30 June 2012	2.401

Moreover, please be noted that the Group has decided to state the interests on charges relating to the defined benefits plans for employees under borrowings costs, hence leading to an increase of €27 thousand.

Termination benefits are calculated based on the following actuarial assumptions:

	As at 30 June 2012	As at 31 December 2011
Discount rate (*)	1.76%	2.23%
Future inflation rate	0.75%	1.20%
Frequency of request for advances	3.0%	3.0%
Relative frequency of resignation/dismissal supervisors, employees, workers	3.0%	3.0%
Relative frequency of resignation/dismissal executives - year 2012	30.0%	30.0%
Relative frequency of resignation/dismissal executives - year 2013 and beyond	5.0%	5.0%

(*) The discount rate on future benefits is determined, according to the provisions of IAS 19, at market yields. In particular, the Euroswap rate as at the end of June 2012 was applied with a mean financial duration of benefits envisaged for the groups under consideration.

23. OTHER NON-CURRENT FINANCIAL LIABILITIES

This item amounting to €24 thousand (€18 thousand as at 31 December 2011) comprised the *fair value* of an *interest rate swap* contract signed in order to cover the risk on interest rate changes on a medium-long term loan entered into by the parent company Fidia S.p.A.

24. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Financial liabilities amounted to €6.528 thousand as per the relevant schedule.

(€thousand)	Balance 30 June 2012	Balance 31 December 2011
Bank overdraft and short-term advances	5.129	4.597
Accrued liabilities on loans	4	7
BNL medium/long-term loan	1.243	1.447
BNL short-term loan (money at short notice)	140	155
Treasury Ministry - Spain	8	16
BBK mortgage	-	7
Installment loan Fidia Co	4	22
Total	6.528	6.251

	Within 1 year	Within 5 years	Beyond 5 years	Total
Bank overdraft	5.129	-	-	5.129
Bank loans	554	833	-	1.387
Treasury Ministry - Spain	8		-	8
Instalment loan Fidia Co	4		-	4
	5.695	833	-	6.528

The current loans have the following characteristics:

<u>BNL loan</u>

Original amount	€2.000 thousand
Residual amount	€1.243 thousand
Date of loan	31/08/2010
Term	Loan due date 30/06/2015
Repayment	19 quarterly instalments (31/12/2010 to 30/06/2015)
Interest rate	3-month Euribor, base 360 + 1.8% spread

The loan granted by BNL is secured in the amount of €1 million by Sace.
An *interest rate swap* contract was entered into in order to cover the risk arising from interest rate variability.

<u>BNL short-term loan (money at short notice)</u>

Original amount	€140 thousand
Residual amount	€140 thousand
Date of loan	19/06/2012
Term	Loan due date 06/07/2012
Repayment	Single payment on loan due date
Interest rate	3-month Euribor, base 360 + 1.3% spread

Borrowings from Treasury Ministry (Spain): 10-year, no-interest loan granted in 2003 to the subsidiary Fidia Iberica, with repayment starting from the third year, in the amount of €77,000, residual value as at 30 June 2012 equal to €8 thousand.

Instalment loan Fidia Co.: a loan for the purchase of a motor vehicle having the following characteristics:

Original amount	€8 thousand
Residual amount	€4 thousand
Date of loan	09/06/2011
Term	24 months
Repayment	Single payment on loan due date
Interest rate	1.9%

25. OTHER CURRENT FINANCIAL LIABILITIES

This item amounted to €59 thousand (€93 thousand as at 31 December 2011) and consisted of the *fair value* evaluation of some forward contracts in foreign currency signed in order to reduce the risk on exchange rate fluctuations.

26. TRADE PAYABLES

(€thousand)	Balance 30 June 2012	Balance 31 December 2011
Payables to other suppliers	11.274	9.382
Payables to related companies	1	4
Total trade payables	11.275	9.386

Trade payables, amounting to €11.275 thousand at 30 June 2012, showed an increase of €1.889 thousand compared to 31 December 2011 as a result of higher volumes of purchase.

27. TAX LIABILITIES AND OTHER CURRENT PAYABLES AND LIABILITIES

(€thousand)	Balance 30 June 2012	Balance 31 December 2011
Payables to employees	1.384	1.250
Social security payables	401	766
Advances from customers	10.965	9.243
Payables to public administrations	1.382	2.028
Grants to be reallocated	43	43
Advances for EU grants	-	98
Payables for compensation	134	63
Payables to State Fund, Cometa and other funds	63	85
Other prepayments and accrued expenses	322	210
Payables for dividends	70	-
Other payables	614	153
Total other payables	15.378	13.939
Payables to tax authorities for withholdings	182	394
Payables to tax authorities for income tax	264	118
Payables to tax authorities for VAT	102	311
Others	101	188
Total tax payables	649	1.011
Total	16.027	14.950

28. SHORT-TERM PROVISIONS

Short-term provisions amounted to €642 thousand (€637 thousand as at 31 December 2011). This item includes: €578 thousand for the product warranty provision, which is the best estimate of the Group's contractual obligations, either legal or habitual, associated with the warranties for its products for a given period of time from when they are sold to the customer; €38 thousand for tax risk provision accrued to face a tax inspection related to the company Fidia do Brazil; €26 thousand for litigation provision. Changes in the short-term provisions are illustrated in the table below:

(€thousand)	Balance at 1 January 2012	Provisions	Releases/ recovery	Exchange rate effect	Balance at 30 June 2012
Provisions for tax disputes	40			(2)	38
Warranty provision	597	104	(123)	0	578
Other short-term provisions		26			26
Total short-term provisions	637	130	(123)	(2)	642

29. COLLATERAL GUARANTEES AND OTHER CONTINGENT LIABILITIES

Sureties issued on our behalf to others

Sureties issued on our behalf to third parties amounted to €978 thousand at 30 June 2012 (€1.328 thousand at 30 June 2011).

This item consisted mainly of sureties provided for commercial transactions with foreign customers of the parent company, for advances received on future supplies and correct performance of contractual obligations during the warranty period.

Contingent liabilities

As at 30 June 2012, although it is exposed to various risks (product, legal and fiscal responsibility), the Fidia Group is not aware of other circumstances, other than those for which provisions have already been made in the financial statements, that might generate foreseeable or estimable contingent liabilities and hence does not deem it necessary to make any further allocations.

30. OTHER INFORMATION

The exchange rates used to translate the values of companies outside of the euro area into euro were:

Currency	1st half of 2012		As at 31 December 2011		1st half of 2011	
	Average	**Punctual**	**Average**	**Punctual**	**Average**	**Punctual**
USD	1.29678	1.25900	1.39196	1.29390	1.40311	1.44530
Reals	2.41510	2.57880	2.32651	2.41590	2.28711	2.26010
Chinese RMB	8.19181	8.00110	8.99600	8.15880	9.17551	9.34160
Rouble	39.6978	41.3700	40.8846	41.7650	40.1448	40.4000
Zloty	4.24428	4.24880	4.12061	4.45800	3.95176	3.99030
Rupee	67.6101	70.1200	64.8859	68.7130	63.1315	64.5620

31. INFORMATION BY SECTOR AND GEOGRAPHICAL AREA

Disclosure by line of business

Within the Fidia Group three main areas of business have been identified: *i)* high-speed milling systems (HSM), *ii)* numerical controls sector, drives, software (CNC) and *iii)* after-sales service (Service).

The consolidated economic results per sector as at 30 June 2012 and at 30 June 2011 are provided below.

(€thousand)	Sector							Total
1st half of 2012	**CNC**	**%**	**HSM**	**%**	**SERVICE**	**%**	**N/A**	
Revenues	**1.912**	**67,7%**	**11.871**	**99,2%**	**4.791**	**100,0%**	**-**	**18.574**
Cross-sector revenues	**913**	**32,3%**	**92**	**0,8%**	**-**	**0,0%**	**-**	
Total revenues	**2.825**	**100,0%**	**11.963**	**100,0%**	**4.791**	**100,0%**	**-**	**18.574**
Change in inventories of finished goods and W.I.P.	263	9,3%	3.698	30,9%	243	5,1%	-	4.204
Other operating revenue	1.131	40,0%	308	2,6%	131	2,7%	110	1.680
Raw materials and consumables	(992)	-35,1%	(7.675)	-64,2%	(442)	-9,2%	(88)	(9.197)
Cross-sector expenses	**(89)**	**-3,2%**	**(1.081)**	**-9,0%**	**92**	**1,9%**	**73**	
Other operating expenses	(758)	-26,8%	(2.938)	-24,6%	(1.066)	-22,3%	(2.252)	(7.014)
Personnel costs	(1.852)	-65,6%	(2.238)	-18,7%	(1.955)	-40,8%	(1.778)	(7.823)
Depreciation and amortization	(54)	-1,9%	(143)	-1,2%	(19)	-0,4%	(151)	(367)
Operating result	**474**	**16,8%**	**1.894**	**15,8%**	**1.775**	**37,0%**	**(4.086)**	**57**

(€thousand)	Sector							Total
1st half of 2011	**CNC**	**%**	**HSM**	**%**	**SERVICE**	**%**	**N/A**	
Revenues	**1.743**	**74,2%**	**5.786**	**98,4%**	**4.265**	**100,0%**	**-**	**11.794**
Cross-sector revenues	**605**	**25,8%**	**93**	**1,6%**	**-**	**0,0%**	**-**	
Total revenues	**2.348**	**100,0%**	**5.879**	**100,0%**	**4.265**	**100,0%**	**-**	**11.794**
Change in inventories of finished goods and W.I.P.	266	11,3%	2.630	44,7%	9	0,2%	-	2.905
Other operating revenue	2.317	98,7%	793	13,5%	49	1,1%	214	3.373
Raw materials and consumables	(1.003)	-42,7%	(4.029)	-68,5%	(183)	-4,3%	(76)	(5.291)
Cross-sector expenses	**(93)**	**-4,0%**	**(605)**	**-10,3%**	**-**	**0,0%**	**-**	
Other operating expenses	(699)	-29,8%	(2.029)	-34,5%	(974)	-22,8%	(1.897)	(5.599)
Personnel costs	(1.659)	-70,7%	(1.928)	-32,8%	(1.853)	-43,4%	(1.463)	(6.903)
Depreciation and amortization	(28)	-1,2%	(149)	-2,5%	(28)	-0,7%	(175)	(380)
Operating result	**1.449**	**61,7%**	**562**	**9,6%**	**1.285**	**30,1%**	**(3.397)**	**(101)**

The items that cannot be classified as CNC, HSM or SERVICE are reported in the "non-attributable" column; these items are mainly overheads and costs for advertising, promotion and trade fairs for the benefit of all three lines of business.

Inter-segment revenues consist of numerical controls, electrical control panels, drives and systems transferred from the electronics segment to the milling systems segment and of mechanical components provided to the electronics segment for specific applications.

Sector assets consist of operating assets that are employed by the sector in the conduct of its operations and are directly attributable or allocated, in a reasonable manner, to the same sector. These assets do not include income tax assets.

Sector liabilities consist of operating liabilities that are employed by the sector in the conduct of its operations and are directly attributable or allocated, in a reasonable manner, to the same sector. These liabilities do not include income tax liabilities.

The consolidated statements of financial position per business sector as at 30 June 2012 and 31 December 2011 are shown below:

As at 30 June 2012	CNC	HSM	SERVICE	N/A	Total
(€thousand)					
Property, plant and equipment	37	561	7	1.184	1.789
Intangible assets	-	142	-	69	211
Investments	-	-	-	16	16
Other non-current financial assets	-	-	-	2	2
Other non-current receivables and assets	78	394	-	992	1.464
Pre-paid tax assets	-	-	-	654	654
Total non-current assets	**115**	**1.097**	**7**	**2.917**	**4.136**
Inventories	3.285	17.371	4.344	5	25.005
Trade receivables and other current recei	2.669	5.492	2.468	672	11.301
Current tax receivables	-	-	-	418	418
Other current financial receivables	-	-	-	4	4
Cash and cash equivalents	-	-	-	10.703	10.703
Total current assets	**5.954**	**22.863**	**6.812**	**11.802**	**47.431**
Total assets	**6.069**	**23.960**	**6.819**	**14.719**	**51.567**
Other non-current payables and liabilities	146	33	-	-	179
Termination benefits	618	1.100	337	346	2.401
Deferred tax liabilities	-	-	-	82	82
Other non-current financial liabilities	-	-	-	24	24
Non-current financial liabilities	-	-	-	833	833
Total non-current liabilities	**764**	**1.133**	**337**	**1.285**	**3.519**
Current financial liabilities	-	-	-	5.695	5.695
Other current financial liabilities	-	-	-	59	59
Trade payables and other current payable	3.667	19.320	986	2.680	26.653
Current tax payables	-	-	-	649	649
Short-term provisions	116	322	140	64	642
Total current liabilities	**3.783**	**19.642**	**1.126**	**9.147**	**33.698**
Total liabilities	**4.547**	**20.775**	**1.463**	**10.432**	**37.217**
Shareholders' equity	**-**	**-**	**-**	**14.350**	**14.350**
Total liabilities	**4.547**	**20.775**	**1.463**	**24.782**	**51.567**

As at 31 December 2011	CNC	HSM	SERVICE	N/A	Total
(€thousand)					
Property, plant and equipment	49	625	6	1.241	1.921
Intangible assets	-	153	-	42	195
Investments	-	-	-	18	18
Other non-current financial assets	-	-	-	3	3
Other non-current receivables and assets	171	525	-	992	1.688
Pre-paid tax assets	-	-	-	661	661
Total non-current assets	**220**	**1.303**	**6**	**2.957**	**4.486**
Inventories	2.863	12.533	3.995	-	19.391
Trade receivables and other current recei	2.623	6.707	2.337	1.193	12.860
Current tax receivables	-	-	-	414	414
Other current financial receivables	-	-	-	26	26
Cash and cash equivalents	-	-	-	11.648	11.648
Total current assets	**5.486**	**19.240**	**6.332**	**13.281**	**44.339**
Total assets	**5.706**	**20.543**	**6.338**	**16.238**	**48.825**
Other non-current payables and liabilities	37	99	-	-	136
Termination benefits	742	1.182	306	308	2.538
Deferred tax liabilities	-	-	-	86	86
Other non-current financial liabilities	-	-	-	18	18
Non-current financial liabilities	-	-	-	1.056	1.056
Total non-current liabilities	**779**	**1.281**	**306**	**1.468**	**3.834**
Current financial liabilities	-	-	-	5.195	5.195
Other current financial liabilities	-	-	-	93	93
Trade payables and other current payable	3.807	16.267	855	2.396	23.325
Current tax payables	-	-	-	1.011	1.011
Short-term provisions	64	277	256	40	637
Total current liabilities	**3.871**	**16.544**	**1.111**	**8.735**	**30.261**
Total liabilities	**4.650**	**17.825**	**1.417**	**10.203**	**34.095**
Shareholders' equity	**-**	**-**	**-**	**14.730**	**14.730**
Total liabilities	**4.650**	**17.825**	**1.417**	**24.933**	**48.825**

32. Fair Value Hierarchies

According to the provisions of the amendment to IFRS 7, which requires that the Group classify financial instruments stated in the statement of financial position at *fair value*, based on a hierarchy that reflects the significance of the inputs used in determining the *fair value*, a distinction is made between:
Level 1 – quoted prices in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices);
Level 3 – inputs that are not based on observable market data.

As at 30 June 2012, the Group holds financial assets and liabilities at *fair value* consisting of derivatives amounting to €4 thousand and €83 thousand respectively, classified in the Level-2 hierarchical evaluation of *fair value*.

33. Relations with related parties

The Group has relations with associated companies and other related parties on commercial terms that are normal in the respective markets.

In detail, these relations have concerned the following:

- professional services for consulting in research projects carried out by the associate Consorzio Prometec;
- commercial transaction with the company Shenyang Machine Tool Co. Ltd.;
- compensation for employment of Mr. Paolo Morfino and Mr. Luca Morfino, both employees of Fidia S.p.A;
- emoluments to the Board of Directors and to Statutory Auditors.

The impact of said transactions on the single items was reported in the relevant supplementary schedules of the income statement, statement of financial position and cash flow statement.

34. Net financial position

Pursuant to the Consob Communication issued on 28 July 2006 and according to the CESR recommendation dated 10 February 2005 "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses", the net financial position of Fidia Group at 30 June 2012 was positive:

	(€thousand)	**30 June 2012**	**31 December 2011**
A	Cash	20	28
B	Bank deposits	10.683	11.620
C	Other cash	-	-
D	**Liquidity (A+B+C)**	**10.703**	**11.648**
E	**Current financial receivables**	-	-
F	Current bank payables	(5.269)	(4.597)
G	Current part of non-current debt	(414)	(578)
H	Other current financial payables	(12)	(20)
I	**Current financial debt (F+G+H)**	**(5.695)**	**(5.195)**
J	**Net current financial position (I-E-D)**	**5.008**	**6.453**
K	Non-current bank payables	(833)	(1.038)
L	Bonds issued	-	-
M	Other non-current financial payables	-	(18)
N	**Non-current financial debt (K+L+M)**	**(833)**	**(1.056)**
O	**Net financial position (J+N)**	**4.175**	**5.397**

35. Non-recurrent significant events and transactions

In the first half of 2012 the Group did not undertake any significant non-recurring transactions as defined by Consob Communication of July 28, 2006.

36. Items or transactions arising from atypical and/or unusual operations

Pursuant to Consob Notice of 28 July 2006, in the first half of 2012 there were no atypical and/or unusual transactions as defined by said Notice, by which atypical and/or unusual transactions are all those transactions whose significance/relevance, nature of the counterparts, subject-matter of the transaction, transfer pricing method and timing of the event (near year end) can give rise to doubts on: correctness/completeness of information posted, conflict of interests, safeguard of company equity, safeguard of minority interests.

FIDIA GROUP COMPANIES AS AT 30 JUNE 2012

In accordance with Consob resolution No. 11971 of 14 May 1999 and subsequent amendments (article 126), the complete list of businesses and significant shareholdings of the Group is provided below.

The listed companies are broken down by type of control and consolidation.

The business name, registered office, country and share capital in the original currency are also shown for each company. The percentage of consolidation of the Group and the percentage held by Fidia S.p.A. are also indicated.

COMPANIES CONSOLIDATED ON A LINE-BY-LINE BASIS Name / Registered office	Currency	Share capital	Consolidated investment shares 30 June 2012	Percentage held by parent company 30 June 2012
Parent Company:				
Fidia S.p.A., San Mauro Torinese (TO)	Euro	5.123.000		
Foreign subsidiaries:				
Fidia Gmbh, Dreiech, Germany	Euro	520.000	100%	100%
Fidia Co, Troy U.S.A.	USD	400.000	100%	100%
Fidia Sarl, Emerainville, France	Euro	300.000	100%	93,19%
Fidia Iberica S.A., Zamudio, Spain	Euro	180.300	99,993%	99,993%
Fidia do Brasil Ltda, Sao Paulo, Brazil	Reals	400.843	99,75%	99,75%
Beijing Fidia M&E Co Ltd, Beijing, China	USD	1.500.000	92%	92%
Shenyang Fidia NC & Machine Co Ltd, Shenyang, China	Rmb	42.517.648	51%	51%
OOO Fidia, Moscow, Russian Federation	Ruble	3.599.790	100%	100%
Fidia Spolka Z.o.o, Warsaw, Poland	Zloty	515.000	80%	80%
Fidia India Private Ltd., Pune, India	Rupee	100.000	99,99%	99,99%

COMPANIES CONSOLIDATED USING THE EQUITY METHOD Name / Registered office	Currency	Share capital	Equity ownership 30 June 2012	 31 December 2011
Consorzio Prometec - Bruzolo di Susa (TO)	Euro	10.329	20%	40%

SIGNIFICANT EVENTS AFTER THE END OF THE FIRST HALF OF 2012 AND OUTLOOK FOR THE CURRENT YEAR

Significant events occurring after the end of the first half of 2012

There were no significant events after the end of the first half of 2012.

Foreseeable outlook

The first half of the year saw a sharp increase in revenues in all three lines of business in which the Group operates and this allowed it to continue the good performance already achieved in the first quarter of 2012, thereby rewarding the efforts made in terms of increased production capacity. By contrast, the growth in turnover was matched by an inevitable increase in costs, both for personnel and organization, which together with the expected reduction in operating revenues, have hindered a significant increase in profitability.

In commercial terms, there was a further increase of orders in the numerical controls sector, thanks to rather strong demand in non-European markets.

After a first quarter in which new orders reached record highs for the Group, the high-speed milling sector recorded a stabilization in new orders in the following months. Since the second quarter of 2011 was particularly intense in commercial terms, the opposite effect of these two trends led to a 33.9% drop in new orders at the end of the first half compared to the same period last year. The large portfolio in the mechanical sector at 30 June 2012, over €34 million, along with new orders acquired in July and August, made it possible to maintain the objectives of expanding revenues in the short to medium term. Therefore, taking into account also of the seasonal effect of the historically recorded revenues in the electronic and mechanical sectors, it is likely to expect a further increase in turnover also in the second half of the year.

Finally, even in the first half of the year, Service registered an increase in turnover, confirming a trend of steady growth for several years now.

The net financial position continues to be positive (€4.2 million), thus making it possible to support much higher working capital needs caused by the current production volumes and the investing activities.

As for the latter, in addition to R&D activities, which have been expounded in a specific section of this report, it should be noted that it has not been possible yet to perfect the planned purchase of the industrial building in Forlì. The project and its investment will be delayed by several months compared to the initial estimate of the start of operating activities during the fourth quarter of the year.

San Mauro Torinese, 29 August 2012

On behalf of the Board of Directors

The Chairman and Managing Director

Mr. Giuseppe Morfino