FIDIA GROUP

CONSOLIDATED QUARTERLY REPORT

AS AT 30 SEPTEMBER 2013

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

Fidia S.p.A.
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Paid-in share capital euro 5.123.000,00
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Board of Directors
14 November 2013

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 until the approval of the annual financial statements for 2013; appointed Managing Director by the Board of Directors on 28 April 2011.
(b) Appointed at the Shareholders' Meeting on 28 April 2011 until the approval of the annual financial statements for 2013; appointed Vice Chairman by the Board of Directors on 28 April 2011; appointed *Lead Indipendent Director* by the Board of Directors on 15 March 2012.
(c) Appointed at the Shareholders' Meeting on 28 April 2011 until the approval of the annual financial statements for 2013; appointed Managing Director by the Board of Directors on 28 April 2011.
(d) Appointed at the Shareholders' Meeting on 28 April 2011 until the approval of the annual financial statements for 2013.
(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
  99,99% Fidia S.p.A.
  0,01% altri
- FIDIA DO BRASIL Ltda
  Brasile
  99.75% Fidia S.p.A.
  0.25% altri
- FIDIA GmbH
  Germania
  100% Fidia S.p.A.
- Beijing Fidia M. & E. Co.
  Cina
  92% Fidia S.p.A.
  4% Bamtri - 4% Catic
- FIDIA Co.
  Stati Uniti
  100% Fidia S.p.A.
- Shenyang Fidia
  NC & M Co. Ltd.
  Cina
  51% Fidia S.p.A.
  49% Shenyang M.T. Co. Ltd.
- OOO FIDIA
  Russia
  100% Fidia S.p.A.
- FIDIA S.a.r.l.
  Francia
  93.19% Fidia S.p.A.
  6.81% Fidia GmbH
- FIDIA IBERICA S.A.
  Spagna
  99,993% Fidia S.p.A
  0,007% altri

FIDIA GROUP

RICLASSIFIED FINANCIAL STATEMENTS

AS AT 30 SEPTEMBER 2013

Reclassified consolidated profit and loss statement

(thousand euros)	30/09/2013	%	30/09/2012	%
Net revenues	**29.426**	**100%**	**30.347**	**100%**
Change in finished goods and W.I.P. stock	1.269	4,3%	2.587	8,5%
Other operating revenues	1.827	6,2%	2.503	8,2%
Value of production	**32.522**	**110,5%**	**35.437**	**116,8%**
Raw materials and consumables	(10.989)	-37,3%	(12.594)	-41,5%
Commissions, transport and subcontractors	(4.065)	-13,8%	(3.664)	-12,1%
Other services and operating costs	(7.297)	-24,8%	(6.854)	-22,6%
Added value	**10.171**	**34,6%**	**12.325**	**40,6%**
Personnel costs	(11.551)	-39,3%	(11.427)	-37,7%
Gross operating margin (EBITDA)	**(1.380)**	**-4,7%**	**898**	**3,0%**
Allocation to provision for doubtful accounts	(157)	-0,5%	(146)	-0,5%
Depreciation and amortization	(378)	-1,3%	(405)	-1,3%
Operating margin of the ordinary activity	**(1.915)**	**-6,5%**	**347**	**1,1%**
Non-recurring costs	(300)	-1,0%	**-**	**-**
Operating margin (EBIT)	**(2.215)**	**-7,5%**	**347**	**1,1%**
Net financial income (expenses)	(226)	-0,8%	(115)	-0,4%
Profit (loss) on exchange rates	23	0,1%	30	0,1%
Margin before taxes (EBT)	**(2.418)**	**-8,2%**	**262**	**0,9%**
Income taxes (current and deferred)	(248)	-0,8%	(619)	**-2,0%**
Net income (loss) for the accounting period	**(2.666)**	**-9,1%**	**(357)**	**-1,2%**
- (Income)/Loss attributable to minority interest shareholders	218	0,7%	(171)	-0,6%
- Income/(Loss) attributable to the Group	**(2.448)**	**-8,3%**	**(528)**	**-1,7%**

Reclassified consolidated statement of financial position

(thousand euros)	30/9/2013	31/12/2012	30/9/2012
Property, plant and equipment	1.760	1.685	1.746
Intangible fixed assets	367	200	215
Investments	16	16	16
Other financial assets	2.166	2.105	2.058
Fixed assets – (A)	**4.309**	**4.006**	**4.035**
Net trade receivables	8.174	11.943	10.899
Inventory	19.624	19.910	23.584
Other current assets	1.554	1.324	1.795
Current assets – (B)	**29.352**	**33.177**	**36.278**
Supplier payables	(8.165)	(9.237)	(9.297)
Other current liabilities	(13.991)	(11.300)	(17.800)
Current liabilities – (C)	**(22.156)**	**(20.537)**	**(27.097)**
Net working capital (D) = (B+C)	**7.196**	**12.640**	**9.181**
Provision for employee severance indemnities (E)	(2.305)	(2.335)	(2.407)
Other long-term liabilities (F)	(573)	(168)	(192)
Net invested capital (G) = (A+D+E+F)	**8.627**	**14.143**	**10.617**
Financial position			
Financial assets available for sale	-	-	-
Bank deposits and cash	(10.531)	(10.379)	(11.110)
Short-term loans	5.062	6.902	6.783
Other current financial liabilities	182	-	-
Current financial position (credit)/debt	**(5.287)**	**(3.477)**	**(4.327)**
Long-term loans, net of current portion	2.053	2.782	730
Net financial position (credit)/debt (H)	**(3.234)**	**(695)**	**(3.597)**
Share capital	5.123	5.123	5.123
Reserves	6.700	6.948	7.021
Net income (loss) for the accounting period attributable to the Group	(2.448)	(45)	(528)
Total shareholders' equity attributable to the Group	**9.375**	**12.026**	**11.616**
Shareholders' equity attributable to minority interests	2.486	2.812	2.598
Shareholders' equity (I)	**11.861**	**14.838**	**14.214**
Shareholders' equity and net financial position (L) = (H+I)	**8.627**	**14.143**	**10.617**

OVERVIEW ON OPERATING PERFORMANCE OF THE GROUP

Revenues

In the first nine months 2013 the revenues are 29.426 thousand euros, almost in line with 30.347 thousand euros in the same period of last year (-3%).

The three divisions in which the Group operates show different trends. The electronic sector (CNC) reports a strong revenues decrease in comparison with the same period of last year (revenues for 1.742 thousand euros vs 3.000 thousand euros as at 30 September 2012, a slowdown by 41,9%) confirming the negative trend already shown at the end of the 1st H 2013. In the High Speed Milling Machine sector (HSM) the revenues are almost in line with the same period of last year (-1,2%; 19.835 thousand euros as at 30 September 2013 vs 20.066 thousand euros as at 30 September 2012). Finally the Service sector reports, in the third quarter too, a revenues increase, so that since the beginning of the year the turnover is 7,8% higher than the same period 2012 (7.849 thousand euros as at 30 September 2013 vs 7.281 thousand euros as at 30 September 2012).

The trend in revenues by business line is shown in the following table:

(thousand euros)	**30.9.2013**	%	**30.9.2012**	%	**Change %**
Numerical controls, drives and software	1.742	5,9%	3.000	9,9%	-41,9%
High-speed milling systems	19.835	67,4%	20.066	66,1%	-1,2%
After-sales service	7.849	26,7%	7.281	24,0%	7,8%
Total revenues	**29.426**	**100%**	**30.347**	**100%**	**-3,0%**

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

(thousand euros) **GEOGRAPHIC AREA**	**NUMERICAL CONTROLS AND SOFTWARE 30.9.2013**		**NUMERICAL CONTROLS AND SOFTWARE 30.9.2012**	**%**	**Change %**
ITALY	500	28,7%	431	14,4%	16,0%
EUROPE	776	44,5%	949	31,6%	-18,2%
ASIA	73	4,2%	1.045	34,8%	-93,0%
NORTH and SOUTH AMERICA	260	14,9%	488	16,3%	-46,7%
REST OF THE WORLD	133	7,6%	87	2,9%	52,9%
TOTAL	**1.742**	**100%**	**3.000**	**100%**	**-41,9%**

(thousand euros) GEOGRAPHIC AREA	HIGH SPEED MILLING SYSTEMS 30.9.2013	%	HIGH SPEED MILLING SYSTEMS 30.9.2012	%	Change %
ITALY	1.295	6,5%	1.293	6,4%	0,2%
EUROPE	5.584	28,2%	2.891	14,4%	93,2%
ASIA	10.213	51,5%	13.154	65,6%	-22,4%
NORTH and SOUTH AMERICA	2.743	13,8%	2.728	13,6%	0,5%
REST OF THE WORLD	-	-	-	-	-
TOTAL	**19.835**	**100%**	**20.066**	**100%**	**-1,2%**

(thousand euros) GEOGRAPHIC AREA	AFTER SALES SERVICE 30.9.2013	%	AFTER SALES SERVICE 30.9.2012	%	Change %
ITALY	1.297	16,5%	1.388	19,1%	-6,6%
EUROPE	2.782	35,4%	2.492	34,2%	11,6%
ASIA	1.632	20,8%	1.278	17,6%	27,7%
NORTH and SOUTH AMERICA	1.895	24,1%	1.843	25,3%	2,8%
REST OF THE WORLD	243	3,1%	280	3,8%	-13,2%
TOTAL	**7.849**	**100%**	**7.281**	**100%**	**7,8%**

(thousand euros) GEOGRAPHIC AREA	TOTAL TURNOVER 30.9.2013	%	TOTAL TURNOVER 30.9.2012	%	Change %
ITALY	3.092	10,6%	3.112	10,3%	-0,6%
EUROPE	9.142	31,0%	6.332	20,9%	44,4%
ASIA	11.918	40,5%	15.477	51,0%	-23,0%
NORTH and SOUTH AMERICA	4.898	16,6%	5.059	16,7%	-3,2%
REST OF THE WORLD	376	1,3%	367	1,2%	2,5%
TOTAL	**29.426**	**100%**	**30.347**	**100%**	**-3,0%**

Numerical controls and software

In the first nine months 2013 the revenues of the electronic sector (CNC) decrease by 41,9% in comparison with the same period of last year and reach 1.742 thousand euros vs 3.000 thousand euros as at 30 September 2012.

The area most affected by the slowdown is Asia where the turnover has been particularly low (73 thousand euros) and the Americas where the revenues are almost halved in comparison with the same period of last year (from 488 to 260 thousand euros). Europe is characterized by a positive trend of the domestic market (+16% in comparison with the first nine months 2012) and by a decrease in the other countries (-18,2%). The Rest of the World increases by 52,9% reaching revenues for 133 thousand euros.

High-speed milling systems

In the High Speed Milling Machine sector (HSM) the revenues are almost in line with the same period of last year and reach 19.835 thousand euros (-1,2% in comparison with 20.066 thousand euros as at 30 September 2012).

The increase in Europe (+93,2%, from 2.891 thousand euros as at 30 September 2012 to 5.584 thousand euros as at 30 September 2013) and the substantially unchanged domestic market allow a better balance in the distribution of the turnover between the various areas in which the company operates. In fact the Asian market decreases from little more than 65% to 51,5%, whilst North and South American markets are almost in line with the same period of the previous year.

As at 30 September 2013 32 milling machines have been installed and accepted by the final users, in comparison with 49 as at 30 September 2012. The average revenues have increased mainly because of the growing interest of the market in the Gantry machines tools, a machine model that has received substantial investments during the current and the past financial years.

After-sales service

In the first nine months 2013 the turnover of the *Service* sector is 7,8% higher than the same period 2012 (7.849 thousand euros as at 30 September 2013 vs 7.281 thousand euros as at 30 September 2012). Therefore this business area confirms the trend of steady growth that occurs for some time now.

The increase is particularly strong in the Asian area (+27,7%); in Europe, the Italian market is down by 6,6%, more than compensated by a moderate increase in the other countries (+11,6%). Basically stable the revenues in the North and South America (+2,8%).

Commercial activity

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

With reference to the Service sector the commercial data (backlog orders and new orders) will not be shown because they almost match with the revenues as the time to fulfill the intervention requests is very short.

(thousand euros)	**NUMERICAL CONTROLS AND SOFTWARE 30.9.2013**	**NUMERICAL CONTROLS AND SOFTWARE 30.9.2012**	**Change %**
Order backlog as at 1.1	414	553	-25,1%
New orders	**2.532**	**3.620**	**-30,1%**
Sales	(1.742)	(3.000)	-41,9%
Order backlog as at 30.9	**1.204**	**1.173**	**2,6%**

(thousand euros)	HIGH-SPEED MILLING SYSTEMS 30.9.2013	HIGH-SPEED MILLING SYSTEMS 30.9.2012	Change %
Order backlog as at 1.1.	21.244	30.478	-30,3%
New orders	**25.717**	**21.357**	**20,4%**
Sales	(19.835)	(20.066)	-1,2%
Order backlog as at 30.9	**27.126**	**31.769**	**-14,6%**

(thousand euros)	TOTAL 30.9.2013	TOTAL 30.9.2012	Change %
Order backlog as at 1.1.	21.658	31.031	-30,2%
New orders	**28.249**	**24.997**	**13,0%**
Sales	(21.577)	(23.066)	-6,5%
Order backlog as at 30.9	**28.330**	**32.942**	**-14,0%**

New orders per geographic area follow:

(thousand euros) GEOGRAPHIC AREA	NUMERICAL CONTROLS AND SOFTWARE 30.9.2013	%	NUMERICAL CONTROLS AND SOFTWARE 30.9.2012	%	Change %
ITALY	564	22,3%	604	16,7%	-6,6%
EUROPE	1.053	41,6%	988	27,3%	6,6%
ASIA	325	12,8%	1.284	35,5%	-74,7%
NORTH and SOUTH AMERICA	462	18,2%	670	18,5%	-31,0%
REST OF THE WORLD	128	5,1%	74	2,0%	73,0%
TOTAL	**2.532**	**100%**	**3.620**	**100%**	**-30,1%**

(thousand euros) GEOGRAPHIC AREA	HIGH-SPEED MILLING SYSTEMS 30.9.2013	%	HIGH-SPEED MILLING SYSTEMS 30.9.2012	%	Change %
ITALY	1.137	4,4%	1.843	8,6%	-38,3%
EUROPE	5.735	22,3%	4.605	21,6%	24,5%
ASIA	15.841	61,6%	13.785	64,5%	14,9%
NORTH and SOUTH AMERICA	3.004	11,7%	1.124	5,3%	167,3%
REST OF THE WORLD	-	-	-	-	-
TOTAL	**25.717**	**100%**	**21.357**	**100%**	**20,4%**

(thousand euros) GEOGRAPHIC AREA	TOTAL NEW ORDERS 30.9.2013	%	TOTAL NEW ORDERS 30.9.2012	%	Change %
ITALY	1.701	6,0%	2.447	9,8%	-30,5%
EUROPE	6.788	24,0%	5.593	22,4%	21,4%
ASIA	16.166	57,2%	15.069	60,3%	7,3%
NORTH and SOUTH AMERICA	3.466	12,3%	1.794	7,2%	93,2%
REST OF THE WORLD	128	0,5%	74	0,3%	73,0%
TOTAL	**28.249**	**100%**	**24.977**	**100%**	**13,1%**

Numerical controls and software

In the first nine months of 2013 the order acquisition in the electronic sector is down by 30,1% in comparison with the same period of the last year.

The trends in the geographic markets in which the Group operates are similar to the content of the paragraph “revenues”, that means an important decrease of the orders both in the Asian and American markets and a basically stable European market on the whole, considering the opposite trends of slight decrease in Italy and slight improvement in the other European countries.

High-speed milling systems

In the first nine months 2013 the order entry in the high speed milling machine sector increases by more than 20% in comparison with the same period 2012, mainly because of the good performance in the 3rd Q., when new orders have been collected for approx. 13 million euros; so the total orders collection since the beginning of the year reaches 25.717 thousand euros, higher than the order entry of the full year 2012.

Under a geographical point of view, the increase is seen in all the geographical areas in which the Group operates with the only exception of the domestic market.

China continues to represent the main market, but also the European market (in the whole +6,6% despite the decrease of 38,3% reported in Italy) and, in particular, the American market (+167,3%) have reported a good commercial performance.

The distribution per geographic area of the backlog orders as at 30 September 2013 follows:

(thousand euros) GEOGRAPHIC AREA	NUMERICAL CONTROLS AND SOFTWARE 30.9.2013	%	NUMERICAL CONTROLS AND SOFTWARE 30.9.2012	%	Change %
ITALY	193	16,0%	305	26,0%	-36,7%
EUROPE	540	44,9%	168	14,3%	221,4%
ASIA	269	22,3%	385	32,8%	-30,1%
NORTH and SOUTH AMERICA	202	16,8%	283	24,1%	-28,6%
REST OF THE WORLD	-	-	32	2,7%	-100,0%
TOTAL	**1.204**	**100%**	**1.173**	**100%**	**2,6%**

(thousand euros) GEOGRAPHIC AREA	HIGH-SPEED MILLING SYSTEMS 30.9.2013	%	HIGH-SPEED MILLING SYSTEMS 30.9.2012	%	Change %
ITALY	474	1,7%	2.110	6,6%	-77,5%
EUROPE	5.551	20,5%	5.803	18,3%	-4,3%
ASIA	18.680	68,9%	19.876	62,6%	-6,0%
NORTH and SOUTH AMERICA	2.421	8,9%	3.980	12,5%	-39,2%
REST OF THE WORLD	-	-	-	-	-
TOTAL	**27.126**	**100%**	**31.769**	**100%**	**-14,6%**

(thousand euros) GEOGRAPHIC AREA	TOTAL BACKLOG 30.9.2013	%	TOTAL BACKLOG 30.9.2012	%	Change %
ITALY	667	2,4%	2.415	7,3%	-72,4%
EUROPE	6.091	21,5%	5.971	18,1%	2,0%
ASIA	18.949	66,9%	20.261	61,5%	-6,5%
NORTH and SOUTH AMERICA	2.623	9,3%	4.263	12,9%	-38,5%
REST OF THE WORLD	-	-	32	0,1%	-100,0%
TOTAL	**28.330**	**100%**	**32.942**	**100%**	**-14,0%**

As at 30 September 2013 the backlog orders decreases by 14% in comparison with 30 September 2012 and reaches 28.330 thousand euros. This variation, despite higher new orders, is due to an higher back-log at the beginning of the year 2012, as the turnover in the two periods has only slightly changed.

Other operating revenues

The other operating revenues in the first nine months 2013 have been 1.827 thousand euros (2.503 thousand euros in the same period 2012). This figure includes the other incomes coming from the ordinary activity, but that cannot be included in the typical sale of goods and services.

This figure includes:

- grants provided by EU and Italy's Ministry of University (MUR) to Fidia S.p.A. on research and development activity and grants provided by the local government in Shenyang (China) to the subsidiary Shenyang Fidia NC & M Co. Ltd. (1.196 thousand euros as at 30 September 2013; 1.892 thousand euros as at 30 September 2012);
- increase of tangible assets own built (211 thousand euros as at 30 September 2013; 172 thousand euros as at 30 September 2012);
- the release of the warranty provision, the bad debts provision and risks provision for the part over accrued in comparison with the risk to be covered (129 thousand euros as at 30 September 2013; 234 thousand euros as at 30 September 2012);
- income on disposal of property, plant and equipment (32 thousand euros as at 30 September 2013; 38 thousand euros as at 30 September 2012);

- contingent assets, recovery of costs, insurance allowances and other sundry incomes (259 thousand euros as at 30 September 2013; 167 thousand euros as at 30 September 2012).

Value of production

In the first nine months 2013 the value of production amounts to 32.522 thousand euros, down in comparison with 35.437 thousand euros in the same period 2012 (-2.915 thousand euros), mainly because of the lower turnover, the lower change in WIP and finished goods and the decrease of the "Other operating revenues".

Other services and operating costs

In the first nine months 2013 this item amounts to 7.297 thousand euros, higher in comparison with 6.854 thousand euros in the same period 2012 (+443 thousand euros). The increase is due to the higher production costs, sales and marketing costs and general and administrative costs.

Added value

As at 30 September 2013 amounts to 10.171 thousand euros (34,6% of revenues), down in comparison with 12.325 thousand euros (40,6% of revenues) of the same period of last year, mainly because of the lower value of production.

Personnel

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

	30.9.2013	**30.9.2012**	**Abs. change**	**Change %**
Executives	9	9	-	-
Clerks and supervisors	275	293	-18	-6,1%
Workers	41	32	9	28,1%
Total number of employees	325	334	-9	-2,7%
Total average number of employees	333,0	338,5	-5,5	-1,6%

	30.9.2013	**30.9.2012**	**Abs. change**	**Change %**
Cost of labour (thousand euros)	11.551	11.427	124	1,1%

In the first nine months 2013 the cost of labour increases by 124 thousand euros compared to the first nine months 2012 (+1,1%); because of the above mentioned increase and of a slight decrease of the revenues, the incidence of the cost of labour on the revenues increases from 37,7% as at 30 September 2012 to 39,3% as at 30 September 2013.

Gross operating margin (EBITDA)

The gross operating margin is negative and amounts to 1.380 thousand euros (-4,7% of net revenues), lower than the positive result of 898 thousand euros (3% of net revenues) as at 30 September 2012.

Operating margin of the ordinary activity

The operating margin of the ordinary activity as at 30 September 2013 is a loss of 1.915 thousand euros, compared to a positive result (+347 thousand euros) as at 30 September 2012.

Non-recurring costs

The parent company Fidia S.p.A. has made a payment of 300 thousand euros in consideration of a claim not yet refunded by the insurance company. While waiting for reimbursement by the insurance, and in compliance with the relevant accounting principle, this occurrence has been posted in the P/L of the period.

Operating margin (EBIT)

Following the above mentioned non-recurring costs, the operating margin (EBIT) as at 30 September 2013 is negative by 2.215 thousand euros; as at 30 September 2012 there were no differences between EBIT and operating margin of the ordinary activity.

Financial income and expenses and profit (loss) on currency rates

Net financial expenses are higher than the first nine months 2012 (net loss of 226 thousand euros as at 30 September 2013 vs 115 thousand euros in the same period last year) mainly because of an average net financial position worse in the first nine months 2013 than in the same period last year. Differences on currency rate, either realized or resulting from adjustments, generate net profit in the amount of 23 thousand euros vs net profit in the amount of 30 thousand euro as at 30 September 2012.

Earning before taxes (EBT)

In the first nine months 2013 the earning before tax is a loss of 2.418 thousand euros compared to a profit of 262 thousand euros in the same period 2012.

Net result attributable to the Group

The Group's net result, after tax of 248 thousand euros and losses attributable to third parties of 218 thousand euros, is a loss of 2.448 thousand euros compared to a loss of 528 thousand euros in the first nine months 2012.

ANALYSIS OF THE FINANCIAL DATA

The trend in the net financial position is as follows.

(thousand euros)	30.9.2013	31.12.2012	30.9.2012
Financial position			
Financial assets available for sale	-	-	-
Bank deposits and cash	10.531	10.379	11.110
Short-term loans	(5.062)	(6.902)	(6.783)
Other current financial liabilities	(182)	-	-
Current financial position	**5.287**	**3.477**	**4.327**
Long-term loans, net of current portion	(2.053)	(2.782)	(730)
Net financial position	**3.234**	**695**	**3.597**

The detail of assets and liabilities inside the net financial position follows:

(thousand euros)	30.9.2013	31.12.2012	30.9.2012
FINANCIAL ASSETS AVAILABLE FOR SALE	**-**	**-**	**-**
BANK DEPOSITS AND CASH			
Fidia S.p.A.	4.128	3.879	4.287
Fidia Co.	1.165	651	564
Fidia GmbH	633	491	600
Fidia Iberica S.A.	563	523	388
Fidia S.a.r.l.	343	666	240
Beijing Fidia Machinery & Electronics Co.,Ltd	2.946	3.312	3.657
Fidia do Brasil Ltda.	28	27	57
Shenyang Fidia NC & M Co., Ltd	723	829	1.291
OOO Fidia	-	-	-
Fidia Sp.zo.o.	N/A	N/A	24
Fidia India Private Ltd.	2	1	2
	10.531	**10.379**	**11.110**
TOTAL CASH AND EQUIVALENTS	**10.531**	**10.379**	**11.110**

(thousand euros)	30.9.2013	31.12.2012	30.9.2012
Short-term loans			
Fidia S.p.A.	(5.052)	(6.882)	(6.772)
Fidia GmbH	(10)	(10)	-
Fidia Co.	-	(2)	(3)
Fidia Iberica S.A.	-	(8)	(8)
	(5.062)	**(6.902)**	**(6.783)**
Other current financial liabilities			
Fidia S.p.A.	(182)	-	-
	(182)	-	-
Long-term loans, net of current portion			
Fidia S.p.A.	(2.043)	(2.763)	(730)
Fidia GmbH	(10)	(19)	-
	(2.053)	**(2.782)**	**(730)**
Total loans	**(7.297)**	**(9.684)**	**(7.513)**

The following table is a summary of the cash flow statement as at 30 September 2013 showing the cash flows composing the net financial position.

CONSOLIDATED CONDENSED CASH FLOW STATEMENT

(thousand euros)	30.9.2013	30.9.2012
A) Cash and cash equivalents at the beginning of the period	**4.694**	**7.051**
B) Cash from/(used in) operating activities during the period	**3.437**	**(1.359)**
C) Cash from/(used in) investing activities	**(595)**	**(212)**
D) Cash from/(used in) financing activities	**(906)**	**(584)**
Currency translation differences	(122)	(6)
E) Net change in cash and cash equivalents	**1.814**	**(2.161)**
F) Cash and cash equivalents at the end of the period	**6.508**	**4.890**
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	10.531	11.110
Bank overdraft	(4.023)	(6.220)
	6.508	4.890

Reconciliation between Parent Company’s and Group’s shareholders’ equity and net income (loss)

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 September 2013 (excluding minority interests) with those of the parent company Fidia S.p.A. (in thousand euros):

	Shareholders' equity 31.12.2012	Change in S.E. 2013	Net income (loss) 30.9.2013	Shareholders' equity 30.9.2013
Financial Statements of Fidia S.p.A.	**8.733**	**(5)**	**(1.583)**	**7.145**
Consolidation adjustments				
* Elimination of book value of investments	10.587	(71)	301	10.817
* Translation differences	730	(128)	-	602
* Dividends collected by Fidia S.p.A.	(8.846)	-	(1.064)	(9.910)
* Write-downs of investments (2005, 2006, 2008 e 2010)	3.793	-	-	3.793
* Write-downs (revaluations) of investments (2009)	(666)	-	-	(666)
* Write-downs (revaluations) of investments (2012)	(1.848)	-	-	(1.848)
* Elim. of capital gain conferment and depreciation	(141)	-	39	(102)
* Elimination of intercompany profits 2012	(348)	-	348	-
* Elimination of intercompany profits 2013	-	-	(536)	(536)
* Deferred tax assets on intercompany profits	14	-	7	21
* Other adjustments	12	-	40	52
* Exchange rate differences on intercompany transactions	6	2	-	8
Consolidated Financial Statements (attributable to the Group)	**12.026**	**(202)**	**(2.448)**	**9.376**

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 service - 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 general and administrative costs, advertising costs, promotion and exhibitions 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.

CONSOLIDATED INCOME STATEMENT by business sector

Progressive data as at September (thousand euros)	CNC 2013	% %	HSM 2013	% %	SERVICE 2013	% %	Unall. 2013	TOTAL 2013
Revenues	**1.742**	**50,7%**	**19.835**	**99,8%**	**7.849**	**100,0%**	**-**	**29.426**
Intersegment revenues	**1.693**	**49,3%**	**38**	**0,2%**	**-**	**0,0%**	**-**	
Total revenues	**3.435**	**100,0%**	**19.873**	**100,0%**	**7.849**	**100,0%**	**-**	**29.426**
Change in finished goods and W.I.P. stock	(295)	-8,6%	1.606	8,1%	(42)	-0,5%	-	1.269
Raw materials and consumables	(1.105)	-32,2%	(8.916)	-44,9%	(831)	-10,6%	(137)	(10.989)
Intersegment costs	(61)	-1,8%	(2.126)	-10,7%	416	5,3%	40	
Commissions, transport and subcontractors	(448)	-13,0%	(3.342)	-16,8%	(271)	-3,5%	(4)	(4.065)
Sales margin	**1.526**	**44,4%**	**7.095**	**35,7%**	**7.121**	**90,7%**	**(101)**	**15.641**
Other operating revenues	1.063	30,9%	470	2,4%	64	0,8%	230	1.827
Other operating expenses	(475)	-13,8%	(1.661)	-8,4%	(1.549)	-19,7%	(3.612)	(7.297)
Personnel costs	(2.456)	-71,5%	(3.191)	-16,1%	(3.170)	-40,4%	(2.734)	(11.551)
Depreciation and amortization	(64)	-1,9%	(240)	-1,2%	(46)	-0,6%	(185)	(535)
Operating margin of the ordinary activity	**(406)**	**-11,8%**	**2.473**	**12,4%**	**2.420**	**30,8%**	**(6.402)**	**(1.915)**

Progressive data as at September (thousand euros)	CNC 2012	% %	HSM 2012	% %	SERVICE 2012	% %	Unall. 2012	TOTAL 2012
Revenues	**3.000**	**66,7%**	**20.066**	**99,1%**	**7.281**	**100,0%**	**-**	**30.347**
Intersegment revenues	**1.496**	**33,3%**	**192**	**0,9%**	**-**	**0,0%**	**-**	
Total revenues	**4.496**	**100,0%**	**20.258**	**100,0%**	**7.281**	**100,0%**	**-**	**30.347**
Change in finished goods and W.I.P. stock	89	2,0%	2.432	12,0%	66	0,9%	-	2.587
Raw materials and consumables	(1.290)	-28,7%	(10.488)	-51,8%	(688)	-9,4%	(128)	(12.594)
Intersegment costs	(193)	-4,3%	(1.770)	-8,7%	172	2,4%	103	
Commissions, transport and subcontractors	(566)	-12,6%	(2.858)	-14,1%	(238)	-3,3%	(2)	(3.664)
Sales margin	**2.536**	**56,4%**	**7.574**	**37,4%**	**6.593**	**90,6%**	**(27)**	**16.676**
Other operating revenues	1.630	36,3%	540	2,7%	196	2,7%	137	2.503
Other operating expenses	(461)	-10,3%	(1.393)	-6,9%	(1.454)	-20,0%	(3.546)	(6.854)
Personnel costs	(2.644)	-58,8%	(3.151)	-15,6%	(3.081)	-42,3%	(2.551)	(11.427)
Depreciation and amortization	(54)	-1,2%	(240)	-1,2%	(33)	-0,5%	(224)	(551)
Operating margin of the ordinary activity	**1.007**	**22,4%**	**3.330**	**16,4%**	**2.221**	**30,5%**	**(6.211)**	**347**

In the first nine months of the year the electronic product line shows a margin on sales lower than the same period 2012 (1.526 thousand euros compared to 2.536 thousand euros as at 30 September 2012), mainly because of the decrease of revenues and of the lower profitability. Therefore also the operating margin as at 30 September 2013 is strongly lower compared to the same period of the last year (-406 thousand euros as at 30 September 2013; +1.007 thousand euros as at 30 September 2012) and it is further affected by the decrease of the other operating revenues, mainly consisting of lower grants, partially compensated by lower personnel costs.

High-speed milling machine sector shows a margin on sale lower than the same period of the last year (7.095 thousand euros as at 30 September 2013; 7.574 thousand euros as at 30 September 2012), because of the slight decrease of revenues and of profitability. The operating margin decreases compared to the same period 2012, (2.473 thousand euros as at 30 September 2013 vs. 3.330 thousand euros as at 30 September 2012) mainly because of higher other operating costs.

Finally, the Service sector, because of the increase in revenues, shows an improvement in margin on sales (6.593 thousand euros as at 30 September 2012 vs 7.121 thousand euros as at 30 September 2013) and a profitability substantially in line with the same period of last year. The operating margin increases regardless higher other operating costs and personnel cost (2.420 thousand euros vs 2.221 thousand euros in the same period 2012).

SUMMARY OF THE GROUP PERFORMANCE, SIGNIFICANT EVENTS AND BUSINESS OUTLOOK

The first nine months 2013 reports revenues almost in line with the same period of last year, but the overall profitability is down in comparison with 30 September 2012 mainly because of lower other operating revenues and a product mix more focused on the mechanical products that physiologically have lower margin that the electronics.

Regardless persistent unfavourable economic situation and uncertainties that still dominate the international economic prospects, the commercial performance of the Group has been very satisfactory, in particular in the order entry of the HSM sector. In fact in the 3rd Q 2013 new orders have been collected for approx. 13 million euros so that the total orders collection of the HSM sector since the beginning of the year reaches 25,7 million euros. This result appears very positive in particular when compared to the order entry of the full year 2012 that was approx. 23 million euros.

In the month of October the commercial performance has been very good again with an order acquisition higher than 4 million euros and new interesting prospects.

Unfortunately the results of this strong marketing activity will be appreciated in terms of revenues only in 2014 and will not significantly affect the turnover of the present fiscal year.

Conversely, the CNC sector keeps on being influenced by a stasis due to both the change of some products (phase out of old products and start up innovative ones) and by the financial difficulty of some machine tool builders that historically represent a significant part of the CNC demand.

In the Service division the first nine months 2013 have shown an improvement in comparison with the same period 2013, confirming a trend of steady growth.

Regardless these interesting perspectives, the 2013 fiscal year will be influenced by the unsatisfactory performance of the beginning of the year and by some cost due to the internal reorganization that have negatively affected the Group profitability. Nevertheless, considering also the business seasonality, by the end of the year an improvement of the economic performance is expected.

On behalf of the Board of Directors

The Chairman and Managing Director

Mr. Giuseppe Morfino

FIDIA GROUP
Consolidated Financial Statements
and
Notes
as at 30 September 2013

CONSOLIDATED INCOME STATEMENT

(thousand euros)	Notes	1.1 - 30.9.2013	1.1 - 30.9.2012
- Net sales	1	29.426	30.347
- Other operating revenues	2	1.827	2.503
Total revenues		**31.253**	**32.850**
- Change in finished goods and W.I.P. stock		1.269	2.587
- Raw materials and consumables	3	(10.989)	(12.594)
- Personnel costs	4	(11.551)	(11.427)
- Other operating costs	5	(11.362)	(10.518)
- Depreciation and amortization	6	(535)	(551)
Operating margin of the ordinary activity		**(1.915)**	**347**
- Non-recurring costs	7	(300)	-
Operating margin		**(2.215)**	**347**
- Net financial income (expenses)	8	(203)	(85)
Margin before taxes		**(2.418)**	**262**
- Income taxes	9	**(248)**	**(619)**
Net income/(loss) for the period		**(2.666)**	**(357)**
Income/(Loss) attributable to:			
- Shareholders of parent company		(2.448)	(528)
- Minority interests		(218)	171

(in euro)

Earnings per ordinary share	10	(0,48)	(0,10)
Diluted earnings per ordinary share	10	(0,48)	(0,10)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(thousand euros)	Notes	1.1 – 30.9. 2013	1.1 – 30.9. 2012
Income/(loss) for the accounting period (A)		**(2.666)**	**(357)**
Other comprehensive income/(loss) that will be reclassified subsequently to profit and loss:			
Gains/(losses) on cash flow hedge	20	11	(9)
Gains/(losses) on exchange differences on translating foreign operations	20	(138)	3
Income tax related to components of Other comprehensive income/losses that will be reclassified subsequently to profit and loss	20	(3)	3
Total Other comprehensive income/(loss) that will be reclassified subsequently to profit and loss, net of tax effect (B1)		**(130)**	**(3)**
Other comprehensive income/(loss) that will not be reclassified subsequently to profit and loss:			
Actuarial gains/(losses) on employee benefit	20	(18)	(8)
Income tax related to components of Other comprehensive income/losses that will not be reclassified subsequently to profit and loss	20	5	2
Total Other comprehensive income/(loss) that will not be reclassified subsequently to profit and loss, net of tax effect (B2)		**(13)**	**(6)**
Total Other comprehensive income/(loss), net of tax effect (B)=(B1)+(B2)		**(143)**	**(9)**
Total comprehensive income/(loss) for the period (A)+(B)		**(2.809)**	**(366)**
Total comprehensive income/(loss) attributable to:			
Owners of the Parent		**(2.581)**	**(544)**
Non-controlling interests		**(228)**	**178**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(thousand euros)	Notes	30 September 2013	31 December 2012
ASSETS			
NON-CURRENT ASSETS			
- Property, plant and equipment	11	1.760	1.685
- Intangible assets	12	367	200
- Investments	13	16	16
- Other non-current financial assets		-	-
- Other non-current receivables and assets	14	1.574	1.592
- Pre-paid tax assets	9	592	513
TOTAL NON-CURRENT ASSETS		**4.309**	**4.006**
CURRENT ASSETS			
- Inventories	15	19.624	19.910
- Trade receivables	16	8.174	11.943
- Current tax receivables	17	274	155
- Other current receivables and assets	17	1.271	1.149
- Other current financial assets	18	9	20
- Cash and cash equivalents	19	10.531	10.379
TOTAL CURRENT ASSETS		**39.883**	**43.556**
TOTAL ASSETS		**44.192**	**47.562**
LIABILITIES			
SHAREHOLDERS' EQUITY			
- Share capital and reserves attributable to shareholders of the parent company		9.375	12.026
- Minority interests		2.486	2.812
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY	20	**11.861**	**14.838**
NON-CURRENT LIABILITIES			
- Other non-current payables and liabilities	21	468	48
- Provision for employee severance indemnities	22	2.305	2.335
- Deferred tax liabilities	9	70	72
- Other non-current financial liabilities	23	34	48
- Non-current financial liabilities	24	2.053	2.782
TOTAL NON-CURRENT LIABILITIES		**4.930**	**5.285**
CURRENT LIABILITIES			
- Current financial liabilities	24	5.062	6.902
- Other current financial liabilities	25	182	-
- Trade payables	26	8.165	9.237
- Current tax payables	27	943	1.072
- Other current payables and liabilities	27	12.211	9.425
- Short-term provisions	28	838	803
TOTAL CURRENT LIABILITIES		**27.401**	**27.439**
TOTAL LIABILITIES		**44.192**	**47.562**

CONSOLIDATED CASH FLOW STATEMENT

(thousand euros)	1.1 - 30.9.2013	1.1 - 30.9.2012
A) Cash and cash equivalents at the beginning of the period	**4.694**	**7.051**
B) Cash from (used in) operating activities:		
- Net income/(loss) for the accounting period	(2.666)	(357)
- Depreciation and amortization	378	404
- Net capital losses (gains) on the disposal of property, plant and equipment	(31)	(35)
- Net change in provision for employee severance indemnities	(30)	(131)
- Net change in provisions for risks	35	(21)
- Net change in deferred tax (assets) liabilities	(80)	42
- Dividends paid	(68)	-
Net change in working capital:		
- receivables	3.540	828
- inventory	286	(4.193)
- payables	2.073	2.104
	3.437	**(1.359)**
C) Cash from (used in) investing activities		
- Investments in:		
property, plant and equipment	(414)	(314)
intangible fixed assets	(216)	(65)
- Sale of:		
property, plant and equipment	35	165
investments	-	2
	(595)	**(212)**
D) Cash from (used in) financing activities		
- Change in loans	(907)	(363)
- Change in capital and reserves	(74)	(81)
- Change in portion attributable to minorities	(109)	(74)
- Net change in other current and non-current financial assets and liabilities	184	(66)
	(906)	**(584)**
Translation exchange differences	(122)	(6)
E) Net change in cash and cash equivalents	**1.814**	**(2.161)**
F) Cash and cash equivalents at the end of the period	**6.508**	**4.890**
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	10.531	11.110
Overdraft current accounts	(4.023)	(6.220)
	6.508	4.890

STATEMENT OF CHANGES IN EQUITY

(thousand euros)	Share capital	Treasury shares	Capital reserves	Earning reserves	Cash flow hedge reserve	Translation reserve	Reserve actuarial gains/losses on employee benefit	Other reserves	Total shareholders' equity of Group	Non-controlling interests	Total shareholders' equity
Balance as at 1° January 2012	5.123	(45)	1.486	4.500	(12)	919	45	213	12.229	2.501	14.730
Total comprehensive income/(loss)	-	-	-	(528)	(6)	(4)	(6)	-	(544)	178	(366)
Other changes	-	-	-	(69)	-	-	-	-	(69)	(81)	(150)
Balance as at 30 September 2012	5.123	(45)	1.486	3.903	(18)	915	39	213	11.616	2.598	14.214
Balance as at 1° January 2013	5.123	(45)	1.240	4.708	(16)	769	34	213	12.026	2.812	14.838
Total comprehensive income/(loss)	-	-	-	(2.448)	8	(128)	(13)	-	(2.581)	(228)	(2.809)
Other changes	-	-	-	(69)	-	-	-	-	(69)	(99)	(168)
Balance as at 30 September 2013	5.123	(45)	1.240	2.191	(8)	641	21	213	9.376	2.485	11.861

Notes

SIGNIFICANT ACCOUNTING POLICIES

This Quarterly Report as at 30 September 2013 has 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 as at 31 December 2012, with the exception of the contents of the next paragraph “Accounting standards, amendments and interpretations applied since January 1st, 2013”.

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the values of revenues, expenses, assets and liabilities stated in the financial statements 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 as at 31 December 2012.

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 for each entity included in the scope of consolidation.

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).

This Quarterly Report as at 30 September 2013 do not include all information and notes on the management of financial risks required in the preparation of the annual financial statements. A detailed description of this information can be found in the Consolidated Financial Statements of the Fidia Group as at 31 December 2012, under the section of the Notes "Risk Management" and Note 31 of said Notes "Financial risks".

Format of the 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 method.

Within said income statement by nature, before the operating profit/(loss), a specific distinction has been made between profit/(loss) of ordinary activity and those charges and earnings that are the result of non-recurrent transactions in ordinary activity management: it is deemed that this allows for a better measurement of the actual performance of the normal business management.

The definition of atypical adopted by the Group differs from the one provided by the Consob Communication of 28 July 2006, under which atypical and/or unusual transactions are those transactions whose significance/relevance, nature of the counterparts, subject of the transaction, transfer pricing method and timing of the event (near year end), can give rise to doubts on: accuracy/completeness of the information in the financial statements, conflicts of interest, safeguard of company equity, safeguard of non-controlling interests.

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

The cash flows statement is drawn up applying the indirect method.

Accounting principles, amendments and interpretations adopted from 1 January 2013

On 16 June 2011, the IASB issued an amendment to IAS 1 – *Presentation of Financial Statements* requiring companies to group together all the components presented in Other comprehensive income/(loss) depending on whether or not they may subsequently be reclassified in the income statement. The amendment must be applied starting from fiscal years beginning on or after 1 July 2012. The application of this amendment is limited to the requirement for the presentation and has no impacts on the financial position of the Group or on the results.

On 16 June 2011, the IASB issued an amendment to IAS 19 – *Employee Benefits* applicable retrospectively for fiscal year beginning on 1 January 2013. The amendment modifies the rules for the recognition of defined benefit plans and termination benefits. The main changes concerning defined benefit plans concern the recognition, in the statement of financial position, of the plan deficit or surplus, the introduction of the net interest expense and the classification of net interest expense arising from defined benefit plans. In particular:

- Recognition of the plan deficit or surplus: the amendment removes the option to defer actuarial gains and losses using the off financial statements "corridor method" and requires the recognition directly in Other comprehensive income/(loss). In addition, the amendment requires the immediate recognition of past service costs in the income statement.
- Net interest expense: the concepts of interest expense and expected return on plan assets are replaced by the concept of net interest expense on the net plan deficit or surplus, which consists of:
  - the interest expense calculated on the present value of the liability for defined benefit plans,
  - the interest income arising from the valuation of the plan assets, and
  - the interest expense or income arising from any limits to the recognition of the plan surplus.

  The interest expense is calculated for all above components by using the discount rate applied for valuing the obligation for defined benefit plans at the beginning of the period.

  - Classification of net interest expense: in accordance with the new definition of net interest expense set out in the standard, net interest expense on defined benefit plans is recognized as Financial income/(expenses) in the income statement.

The application of this amendment has not had any effect on this Quarterly Report.

On 16 December 2011, the IASB issued some amendments to IFRS 7 – *Financial Instruments: Disclosures*. The amendment requires information on the effects or potential effects on the Statement of Financial Position of contracts offsetting financial assets and liabilities. The amendments must be applied for fiscal years beginning on or after 1 January 2013, and interim periods following said date. The information should be provided retrospectively. The application of this amendment has not had any effect on this Quarterly Report.

On 17 May 2012, the IASB issued a set of amendments to IFRSs ("*Improvements to IFRS's – 2009-2011 Cycle*") to be applied retrospectively from 1 January 2013; set out below are those that are applicable to the Group:

- IAS 16 – *Property, plant and equipment*: the amendment clarifies that spare parts and replacement equipment should be capitalized only if they meet the definition of Property, plant and equipment, otherwise such items shall be classified as Inventory. The application of this amendment has not had effect on this Quarterly Report.
- IAS 32 – *Financial instruments*: *Presentation:* the amendment eliminates an inconsistency between IAS 12 – *Income taxes* and IAS 32 concerning the recognition of taxation arising from distributions to shareholders, establishing that these shall be recognized in the income statement to the extent that the distribution refers to income generated by transactions originally recognized in the income statement. The application of this amendment has not had effect on this Quarterly Report.

On 12 May 2011, the IASB issued IFRS 13 – *Fair value measurement*, which clarifies the determination of fair value for the purpose of the financial statements and is applicable to all IFRS permitting or requiring a fair value measurement or the presentation of disclosures based on fair value. The standard is effective prospectively from 1 January 2013 and its adoption had no effect on this Quarterly Report.

Accounting principles, amendments and interpretations non yet applicable and not early adopted by the Group

On 12 May 2011, the IASB issued IFRS 10 – Consolidated Financial Statements (subsequently amended on 28 June 2012), which replaces SIC-12 - Consolidation: Special Purpose Entities and parts of IAS 27 – Consolidated and Separate Financial Statements (which has been renamed Separate Financial Statements and regulates the accounting treatment of investments in the separate financial statements). The new standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included in the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The IASB requires retrospective application of the new standards from 1 January 2013. The European Union has completed its endorsement process, postponing the application date to 1 January 2014 but permitting early application from 1 January 2013.

On 12 May 2011, the IASB issued IFRS 11 – *Joint Arrangements* (subsequently amended on 28 June 2012) superseding IAS 31 – *Interests in Joint Ventures* and SIC13 – *Jointly Controlled Entities: Non-monetary Contributions by Venturers.* The new standard provides the criteria for identifying partnership agreements based on the rights and obligations arising from agreements rather than the legal form thereof and sets forth the equity method as the sole method of accounting for interests in joint ventures in consolidated financial statements. Following the issue of the standard, IAS 28 – *Investments in Associates* has been amended to include also interests in entities with joint control in its scope from the effective date of the standard. The IASB requires retrospective application from 1 January 2013. The European Union has completed its endorsement process, postponing the application date to 1 January 2014 but permitting early application from 1 January 2013.

On 12 May 2011, the IASB issued IFRS 12 – *Disclosure of Interests in Other Entities* (subsequently amended on 28 June 2012), a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other unconsolidated vehicles. The IASB requires retrospective application from 1 January 2013. The European Union has completed its endorsement process, postponing the application date to 1 January 2014 but permitting early application from 1 January 2013. The effects of applying the new standard are limited to the disclosures for investments in other companies to be provided in the Notes to year-end Consolidated financial statements.

On 16 December 2011, the IASB issued some amendments to IAS 32 – *Financial Instruments: Presentation* to clarify the application of some criteria for offsetting financial assets and liabilities in IAS 32. The amendments must be applied retrospectively for fiscal years beginning on or after 1 January 2014.

On the date of this Quarterly Report the competent bodies of the European Union had not completed yet the approval process for the application of the following standards and amendments:

- On 12 November 2009 the IASB published standard IFRS 9 – *Financial Instruments;* said standard was later amended. The principle, retrospectively applicable as of 1 January 2015, is the first part of a phase-in that aims to fully replace IAS 39 and introduces new criteria for the classification and measurement of financial assets and liabilities. In particular, with regard to financial assets, the new standard uses a single approach based on the procedures to manage financial instruments and on the characteristics of contractual cash flows of said financial assets in order to determine the measurement criterion, replacing the various rules set forth in IAS 39. As for financial liabilities, the main change regards the accounting of changes in fair value of a financial liability designated as financial asset at fair value stated in the income statement if these are due to the change in the credit rating of the liability. According to the new standard these changes must be stated in the Other comprehensive income/(loss) and no longer in the income statement.
- On 20 May 2013 the IASB issued the IFRIC Interpretation 21 – *Levies,* an interpretation of IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets.* IFRIC 21 addresses when an entity should recognized a liability to pay levies imposed by government, other than taxes that are within the scope of other standards (i.e. IAS 12 – *Income taxes*). IAS 37 set out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligation event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014.
- On 29 May 2013, the IASB issued an amendment to IAS 36 – *Recoverable Amount Disclosures for Non-Financial Assets* addressing the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014. Earlier application is permitted for periods when the entity has already applied IFRS 13.
- On 27 June 2013, the IASB issued narrow scope amendments to IAS 39 – *Financial Instruments: Recognition and Measurement* entitled *"Novation of Derivatives and*

Continuation of Hedge Accounting". The amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws of regulation, if specific conditions are met. Similar relief will be included in IFRS 9 - *Financial Instruments.* The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014.

Scope of consolidation

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

Name / Registered office	Currency	Share capital	Equity ownership as at 30/9/2013	Equity ownership as at 31/12/2012	Equity ownership as at 30/9/2012
Fidia Gmbh, Dreiech - Germany	Euro	520.000	100%	100%	100%
Fidia Co, Troy - U.S.A.	USD	400.000	100%	100%	100%
Fidia Sarl, Emerainville – France	Euro	300.000	100%	100%	100%
Fidia Iberica S.A., Zamudio - Spain	Euro	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	N/A	N/A	80%
OOO Fidia, Mosca - Russian Federation	Ruble	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 nine months 2013 and on the foreseeable outlook.

CONTENT AND MAIN CHANGES

INCOME STATEMENT

1. NET SALES

The breakdown by business line of net revenues from third parties (excluding intercompany transactions) is indicated in the following table:

(thousand euros)	1.1 - 30.9.2013	1.1 - 30.9.2012
Numerical controls, drives and software	1.742	3.000
High-speed milling systems	19.835	20.066
After-sales service	7.849	7.281
Total	**29.426**	**30.347**

The revenues decrease by 3% in comparison with the same period of last year. The Group has reported revenues for 10,6% in the domestic market and for 89,4% in the international market.

2. OTHER OPERATING REVENUES

The other operating revenues in the first nine months 2013 have been 1.827 thousand euros (2.503 thousand euros in the same period 2012). This figure includes the other incomes coming from the ordinary activity, but that cannot be included in the typical sale of goods and services.

This figure includes:

- grants provided by EU and Italy's Ministry of University (MUR) to Fidia S.p.A. on research and development activity and grants provided by the local government in Shenyang (China) to the subsidiary Shenyang Fidia NC & M Co. Ltd. (1.196 thousand euros as at 30 September 2013; 1.892 thousand euros as at 30 September 2012);
- increase of tangible assets own built (211 thousand euros as at 30 September 2013; 172 thousand euros as at 30 September 2012);
- the release of the warranty provision, the bad debts provision and risks provision for the part over accrued in comparison with the risk to be covered (129 thousand euros as at 30 September 2013; 234 thousand euros as at 30 September 2012);
- income on disposal of property, plant and equipment (32 thousand euros as at 30 September 2013; 38 thousand euros as at 30 September 2012);
- contingent assets, recovery of costs, insurance allowances and other sundry incomes (259 thousand euros as at 30 September 2013; 167 thousand euros as at 30 September 2012).

3. RAW MATERIALS AND CONSUMABLES

In the first nine months 2013 the material consumption has been 10.989 thousand euros, down compared to 12.594 thousand euros in the same period 2012. The variation depends on the trend of turnover and change in WIP and finished goods in the two compared periods.

4. PERSONNEL COSTS

Personnel costs amount to 11.551 thousand euros as at 30 September 2013 vs 11.427 thousand euros as at 30 September 2012 (+1,1%).

5. OTHER OPERATING COSTS

Other operating costs are detailed as follows:

(thousand euros)	**1.1 - 30.9.2013**	**1.1 - 30.9.2012**
Costs for services related to turnover	4.065	3.664
Production expenses	2.201	2.094
Commercial expenses	1.003	864
R&D expenses	627	644
General and administrative expenses	3.466	3.252
Total other operating costs	**11.362**	**10.518**

In the first nine months 2013 the other operating costs show an increase of approx. 844 thousand euros compared to the first nine months 2012. The increase is due to some cost items directly linked to the turnover (e.g., subcontractors, commissions and transport) and to other expenses linked to the Group's structure, with the exception of the R&D costs mostly unchanged in the two compared periods.

6. DEPRECIATION AND AMORTIZATION

The depreciation and amortization are detailed as follows:

(thousand euros)	**1.1 - 30.9.2013**	**1.1 - 30.9.2012**
Depreciation of property, plant and equipment	310	357
Amortization of intangible assets	48	48
Write-down of property, plant and equipment	20	-
Bad debts	157	146
Total	535	551

7. NON-RECURRING COSTS

The parent company Fidia S.p.A. made a payment of 300 thousand euros in consideration of a claim not yet refunded by the insurance company. While waiting for reimbursement by the insurance, and in compliance with the relevant accounting principle, this occurrence has been posted in the P/L of the period.

8. FINANCIAL INCOME (EXPENSES)

The financial incomes and expenses are detailed below:

(thousand euros)	**1.1 - 30.9.2013**	**1.1 - 30.9.2012**
Financial income	104	150
Financial expenses	(336)	(252)
Gains (losses) on derivative instruments	6	(13)
Gains (losses) due to exchange rate differences	23	30
Totale	(203)	(85)

The financial income are detailed as follows:

(thousand euros)	**1.1 - 30.9.2013**	**1.1 - 30.9.2012**
Interest income from banks	80	122
Commercial interest and discounts	5	2
Other financial income	19	26
Total	104	150

The financial expenses are detailed as follows:

(thousand euros)	**1.1 - 30.9.2013**	**1.1 - 30.9.2012**
Interest expenses on short-term bank debt	(174)	(186)
Interest expenses on medium/long-term bank debt	(99)	(37)
Interest costs on employee benefits	(33)	(27)
Other financial expenses	(30)	(2)
Total	(336)	(252)

The incomes (expenses) on derivative contracts are detailed as follows:

(thousand euros)	**1.1 - 30.9.2013**	**1.1 - 30.9.2012**
Losses on derivative financial instruments for Fair value adjustment	-	(25)
Gains on derivative financial instruments for Fair value adjustment	6	12
Total	6	(13)

The gains on derivative instruments are the Fair value evaluation of one interest rate swap contract and two interest rate cap contracts signed by the parent company Fidia S.p.A. in order to cover the risk on the interest rate on three medium-long term loans (4 thousand euros) and the Fair value evaluation of some forward contracts signed in order to cover the EUR/USD exchange rate risk (2 thousand euros).

The income (loss) on foreign currency transactions consists of:

(thousand euros)	1.1 - 30.9.2013	1.1 - 30.9.2012
Gains due to exchange rate differences	63	50
Gains due to exchange adjustments	37	56
Gains due to exchange rate on forward contracts	5	47
Losses due to exchange rate differences	(39)	(66)
Losses due to exchange adjustments	(38)	(46)
Losses due to exchange rate on forward contracts	(5)	(11)
Total	23	30

9. INCOME TAXES

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

(thousand euros)	1.1 - 30.9.2013	1.1 - 30.9.2012
IRES (Corporate tax)	-	-
IRAP (Italian Regional Tax on Production Activities)	145	158
Income tax of foreign subsidiaries	188	417
Total current taxes	333	575
Pre-paid/deferred tax assets absorbed	12	46
Deferred taxes	2	
Pre-paid taxes	(99)	(2)
Total	248	619

The following table shows the balance of deferred tax assets and liabilities as at 30 September 2013:

(thousand euros)	30 September 2013	31 December 2012
Pre-paid tax assets	592	513
Deferred tax liabilities	(70)	(72)
Total	522	441

10. EARNING PER SHARE

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

		1.1 - 30.9.2013	1.1 - 30.9.2012
Net income (loss) attributable to the Group	euro/000	(2.448)	(528)
Net income (loss) attributable to ordinary shares	euro/000	(2.448)	(528)
Number of ordinary shares outstanding	number	5.113.000	5.113.000
Basic earnings (loss) per shares	euro	(0,48)	(0,10)
Diluted earnings (loss) per shares	euro	(0,48)	(0,10)

No difference has been recorded between earning per share and diluted earning per share as Fidia S.p.A. does not have any outstanding financial instruments that would affect earning/loss per share.

STATEMENT OF FINANCIAL POSITION

11. PROPERTY, PLANT AND EQUIPMENT

(thousand euros)	**Buildings**	**Plant, machinery and equipment**	**Other assets**	**Total**
Net value as at 31.12.2012	**523**	**601**	**561**	**1.685**
Purchases		259	155	**414**
Net value of disposals			(3)	**(3)**
Depreciation	(33)	(153)	(124)	**(310)**
Write-downs		(20)		**(20)**
Exchange rate differences	-	(1)	(5)	**(6)**
Net value as at 30.9.2013	**490**	**686**	**584**	**1.760**

The capital expenditure in the first nine months of 2013 is related to ordinary expenses to keep the usual production and commercial level and organization. No financial charges have been capitalized.

At 30 September 2013 there were no assets pledged as collateral or other constraints that may limit full availability.

12. INTANGIBLE ASSETS

(thousand euros)	**Know-how right of use**	**Licenses**	**Software**	**Asset in progress**	**Total**
Net value as at 31.12.2012	**115**	**3**	**82**	**-**	**200**
Purchases			14	202	216
Depreciation	(26)	(2)	(20)	-	(48)
Exchange rate differences	(1)	-		-	(1)
Net value as at 30.9.2013	**88**	**1**	**76**	**202**	**367**

The main additions of intangible asset in the first nine months 2013 are related to the new IT system whose implementation is expected at the beginning of next year; as the project has not yet been completed, this addition is written among the asset in progress and the related depreciation has not yet taken place as at 30 September 2013.

There are no intangible assets generated internally. Please be noted that all the costs of research (both basic and applied) are charged to the income statement in the financial year they are sustained.

13. INVESTMENTS

This figure amounts to 16 thousand euros (unchanged compared to 31 December 2012) and it is related to the investments in associated companies evaluated with the equity method (2 thousand euros) and to investments in other companies evaluated with the cost method (14 thousand euros).

14. OTHER NON-CURRENT RECEIVABLES AND ASSETS

The other non current receivables and assets are detailed below:

(thousand euros)	Balance as at 30 September 2013	Balance as at 31 December 2012
Receivables for EU grants	173	180
Guarantee deposits	74	77
Trade receivables	153	255
Foreign VAT receivables	1	1
Withholding tax on foreign income	1.061	953
Tax receivables from Spanish tax authorities	106	115
Long-term prepaid expenses	6	11
Total	1.574	1.592

15. INVENTORY

(thousand euros)	Balance as at 30 September 2013	Balance as at 31 December 2012
Raw materials	10.119	11.367
Raw material write-down provision	(1.514)	(1.179)
	8.605	10.188
Work in progress and semi-finished products	4.040	4.465
Finished products and goods	7.389	5.627
Finished product write-down provision	(555)	(442)
	6.834	5.185
Down payments	145	72
Net value	19.624	19.910

In the first nine months of the year the stock decreases by 286 thousand euros. As at 30 September 2013 the stock of finished goods includes machines already delivered to the final customers but not yet accepted for an amount of approx. 2,8 million euros (1,1 million euros as at 31 December 2012).

16. TRADE RECEIVABLES

(thousand euros)	Balance as at 30 September 2013	Balance as at 31 December 2012
Trade receivables	9.280	12.981
Bad debts provision	(1.106)	(1.038)
Trade receivables towards associated companies	-	-
Total	8.174	11.943

Trade receivables decrease compared to 31 December 2012 because of the different dynamics in turnover in the two compared periods.

The bad debt provision (1.106 thousand euros as at 30 September 2013 vs. 1.038 thousand euros as at 31 December 2012) covers the risk of uncollectable receivables related to litigation and/or overdue receivables.

17. TAX RECEIVABLES AND OTHER CURRENT RECEIVABLES AND ASSETS

(thousand euros)	Balance as at 30 September 2013	Balance as at 31 December 2012
VAT receivables	106	98
Current income tax receivables	145	40
Receivables for short-term foreign VAT	9	9
Other	14	8
Total current tax receivables	274	155
Research grants	524	623
Accrued income and prepaid expenses	273	170
Receivables from employees	128	44
Down payments to suppliers	97	81
Other	249	231
Total other current receivables	1.271	1.149
Total	1.545	1.304

18. OTHER CURRENT FINANCIAL ASSETS

This item amounts to 9 thousand euros (20 thousand euros as at 31 December 2012) and includes the *fair value* of contracts for forward sale of U.S. dollars signed by the parent company Fidia S.p.A. (2 thousand euros) and accrued financial income (9 thousand euros).

19. CAH AND EQUIVALENTS

The total amount of cash availability of the Group is 10.531 thousand euros (10.379 thousand euros as at 31 December 2012) and consists essentially of funds temporary available in current accounts. The related credit risk is not material too, because the Group operates with primary national and international banks.

20. EQUITY

The consolidated net equity amounts to 11.861 thousand euros, down by 2.977 thousand euros compared to 31 December 2012, do to the combined effect of:

- result of the period attributable to the Group and minorities (-2.666 thousand euros);
- accounting of actuarial losses on termination benefits (-13 thousand euros net of tax estimated in approx. 5 thousand euros);
- the negative effect of exchange rate fluctuations on the translation of financial statements of subsidiaries denominated in currencies other than euro (-138 thousand euros);
- the positive effect of fair value evaluation of derivative contracts accrued on Cash flow hedge reserve (8 thousand euros net of tax estimated in approx. 3 thousand euros);
- dividends attributable to non-controlling interests (-93 thousand euros);
- other changes (-75 thousand euros).

As at 30 September 2013 the full paid share capital is unchanged if compared to 31 December 2012 and is composed of 5.123.000 ordinary shares with a nominal value of 1 euro each for a total amount of 5.123.000 euros.

Own shares are represented by 10.000 ordinary shares issued by Fidia S.p.A for a value of 45 thousand euros (unchanged compared to 31 December 2012).

21. OTHER NON-CURRENT PAYABLES AND LIABILITIES

This item, amounting to 468 thousand euros (48 thousand euros as at 31 December 2012) consists of advances paid by the EU and by the Italy's Ministry of University for R&D projects associated with outright grants (422 thousand euros), of non-current payables to employees of the French subsidiary Fidia Sarl and of long term prepaid expenses.

22. PROVISION FOR EMPLOYEE SEVERANCE INDEMNITIES

Employee severance indemnities (2.305 thousand euros as at 30 September 2013 and 2.335 thousand euros as at 31 December 2012) reflect the indemnities accrued by the employees of the parent company, the only Italian company, as at the end of the period. It'll be paid to the employees when they leave the company, but it can be partially paid in advance occurring special circumstances. It is a benefit plan so called *unfunded.*

23. OTHER NON-CURRENT FINANCIAL LIABILITIES

This item, amounting to 34 thousand euros (48 thousand euros as at 31 December 2012), includes the negative fair value of one interest rate swap contract and two interest rate cap contracts signed by the parent company Fidia S.p.A. in order to cover the risk on interest rate changes on three medium-long term loans.

24. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Financial liabilities amount to 7.115 thousand euros as shown below.

(thousand euros)	Balance as at 30 September 2013	Balance as at 31 December 2012
Bank overdraft and short-term advances	4.023	5.685
Accrued expenses on loans	8	2
BNL medium-long term loan 1	730	1.038
BNL medium-long term loan 2	1.232	1.456
Banco Popolare medium-long term loan	1.040	1.219
MPS short term loan	62	245
Ministry of the Treasury - Spain	-	8
Volkswagen bank (leasing)	20	29
Installment loan Fidia Co	-	2
Total	7.115	9.684

There are no liabilities longer than 5 years.

25. OTHER CURRENT FINANCIAL LIABILITIES

This item amounts to 182 thousand euros and is related to grants received by Fidia S.p.A. in its role of project leader on the behalf of the other companies participating to these projects and that will be redistributed among the partners in the coming months.

26. TRADE PAYABLES

(thousand euros)	Balance as at 30 September 2013	Balance as at 31 December 2012
Payables to third suppliers	8.163	9.236
Payables to associated companies	2	1
Total trade payables	8.165	9.237

27. TAX LIABILITIES AND OTHER CURRENT PAYABLES AND LIABILITIES

(thousand euros)	Balance as at 30 September 2013	Balance as at 31 December 2012
Payables to employees	1.505	1.069
Social security payables	608	600
Down-payments from customers	9.153	5.657
Payables to public authorities	-	667
Down payments for EU grants	-	66
Payables to administrators	163	116
Payables to Treasury Fund and other pension funds	65	100
Accrued expenses and deferred income	406	290
Payables to SMTCL company	28	379
Payables for dividends	93	68
Other payables	190	413
Total other payables	12.211	9.425
Payables to inland revenue witholding tax	178	325
Income tax payables	379	148
VAT payables	317	428
Other	69	171
Total tax payables	943	1.072
Total	13.154	10.497

28. SHORT TERM PROVISIONS

Short term provisions amount to 838 thousand euros as at 30 September 2013 (803 thousand euros as at 31 December 2012). This item includes 798 thousand euros for the product warranty provision that represents the best estimate of the Group's contractual, legal or habitual commitments in the form of expenses associated with the warranties for its products for a given period of time from when they are sold to the end client and 40 thousand euros for a tax risk provision accrued to face a tax inspection related to the subsidiary Fidia do Brasil Ltda.

29. GUARANTEES GRANTED AND OTHER CONTINGENT LIABILITIES

Guarantees granted in our name to third parties

The total amount of the guarantees granted in the Group name to third parties as at 30 September 2013 is 1.962 thousand euros (3.713 thousand euros as at 30 September 2012).

This item consists primarily of performance bonds for commercial transactions with the Parent Company's foreign customers in order to guarantee the successful completion of future supply arrangements and the correct fulfillment of the warranty commitments.

Contingent liabilities

As at 30 September 2013, Fidia Group, although it is exposed to various risks (product liability, legal and fiscal risks), is not aware of circumstances that might generate foreseeable contingent liabilities or contingent liabilities the amount of which may be estimated and therefore does not believe it necessary to make any further allocations.

30. INFORMATION BY BUSINESS SECTOR

Income statement by business sector

Below are reported the consolidated economic results by business sector as at 30 September 2013 compared to those at 30 September 2012:

(thousand euros)	Sector							Total
1.1 - 30.9.2013	**CNC**	**%**	**HSM**	**%**	**SERVICE**	**%**	**Unall.**	
Revenues	**1.742**	**50,7%**	**19.835**	**99,8%**	**7.849**	**100,0%**	**-**	**29.426**
Intersegment revenues	**1.693**	**49,3%**	**38**	**0,2%**	**-**	**0,0%**	**-**	
Total revenues	**3.435**	**100,0%**	**19.873**	**100,0%**	**7.849**	**100,0%**	**-**	**29.426**
Change in finished goods & W.I.P. stock	(295)	-8,6%	1.606	8,1%	(42)	-0,5%	-	1.269
Other operating revenues	1.063	30,9%	470	2,4%	64	0,8%	230	1.827
Raw materials and consumables	(1.105)	-32,2%	(8.916)	-44,9%	(831)	-10,6%	(137)	(10.989)
Intersegment costs	**(61)**	**-1,8%**	**(2.126)**	**-10,7%**	**416**	**5,3%**	**40**	
Other operating costs	(923)	-26,9%	(5.003)	-25,2%	(1.820)	-23,2%	(3.616)	(11.362)
Personnel costs	(2.456)	-71,5%	(3.191)	-16,1%	(3.170)	-40,4%	(2.734)	(11.551)
Depreciation and amortization	(64)	-1,9%	(240)	-1,2%	(46)	-0,6%	(185)	(535)
Operating margin of the ordinary activity	**(406)**	**-11,8%**	**2.473**	**12,4%**	**2.420**	**30,8%**	**(6.402)**	**(1.915)**

(thousand euros)	Sector							Total
1.1 - 30.9.2012	**CNC**	**%**	**HSM**	**%**	**SERVICE**	**%**	**Unall.**	
Revenues	**3.000**	**66,7%**	**20.066**	**99,1%**	**7.281**	**100,0%**	**-**	**30.347**
Intersegment revenues	**1.496**	**33,3%**	**192**	**0,9%**	**-**	**0,0%**	**-**	
Total revenues	**4.496**	**100,0%**	**20.258**	**100,0%**	**7.281**	**100,0%**	**-**	**30.347**
Change in finished goods & W.I.P. stock	89	2,0%	2.432	12,0%	66	0,9%	-	2.587
Other operating revenues	1.630	36,3%	540	2,7%	196	2,7%	137	2.503
Raw materials and consumables	(1.290)	-28,7%	(10.488)	-51,8%	(688)	-9,4%	(128)	(12.594)
Intersegment costs	**(193)**	**-4,3%**	**(1.770)**	**-8,7%**	**172**	**2,4%**	**103**	
Other operating costs	(1.027)	-22,8%	(4.251)	-21,0%	(1.692)	-23,2%	(3.548)	(10.518)
Personnel costs	(2.644)	-58,8%	(3.151)	-15,6%	(3.081)	-42,3%	(2.551)	(11.427)
Depreciation and amortization	(54)	-1,2%	(240)	-1,2%	(33)	-0,5%	(224)	(551)
Operating margin of the ordinary activity	**1.007**	**22,4%**	**3.330**	**16,4%**	**2.221**	**30,5%**	**(6.211)**	**347**

Below are reported the consolidated statements of financial position by business sector comparing 30 September 2013 and 31 December 2012:

As at 30 September 2013	CNC	HSM	SERVICE	Not allocated	Total
(thousand euros)					
Property, plant and equipment	36	616	5	1.103	1.760
Intangible fixed assets	-	88	-	279	367
Investments	-	-	-	16	16
Other non-current financial assets	-	-	-	-	-
Other receivables and non-current assets	89	274	-	1.211	1.574
Deferred tax assets	-	-	-	592	592
Total non-current assets	**125**	**978**	**5**	**3.201**	**4.309**
Inventories	2.642	12.758	4.224	-	19.624
Trade receivables and other current receivables	1.442	5.628	1.917	458	9.445
Current tax receivables	-	-	-	274	274
Other current financial assets	-	-	-	9	9
Cash and equivalents	-	-	-	10.531	10.531
Total current assets	**4.084**	**18.386**	**6.141**	**11.272**	**39.883**
Total assets	**4.209**	**19.364**	**6.146**	**14.473**	**44.192**
Other payables and non-current liabilities	264	192	11	1	468
Provision for employee severance indemnities	583	1.153	176	393	2.305
Deferred tax liabilities	-	-	-	70	70
Other non-current financial liabilities	-	-	-	34	34
Non-current financial liabilities	-	-	-	2.053	2.053
Total non-current liabilities	**847**	**1.345**	**187**	**2.551**	**4.930**
Current financial liabilities	-	-	-	5.062	5.062
Other current financial liabilities	-	-	-	182	182
Trade payables and other current liabilities	1.435	14.918	1.037	2.986	20.376
Current tax payables	-	-	-	943	943
Short-term provision	115	623	61	39	838
Total current liabilities	**1.550**	**15.541**	**1.098**	**9.212**	**27.401**
Total liabilities	**2.397**	**16.886**	**1.285**	**11.763**	**32.331**
Shareholders' equity	**-**	**-**	**-**	**11.861**	**11.861**
Total liabilities	**2.397**	**16.886**	**1.285**	**23.624**	**44.192**

As at 31 December 2012	CNC	HSM	SERVICE	Not allocated	Total
(migliaia di euro)					
Property, plant and equipment	40	521	4	1.120	1.685
Intangible fixed assets	-	115	-	85	200
Investments	-	-	-	16	16
Other non-current financial assets	-	-	-	-	-
Other receivables and non-current assets	127	352	-	1.113	1.592
Deferred tax assets	-	-	-	513	513
Total non-current assets	**167**	**988**	**4**	**2.847**	**4.006**
Inventories	2.883	12.813	4.214	-	19.910
Trade receivables and other current receivables	2.705	7.840	2.153	394	13.092
Current tax receivables	-	-	-	155	155
Other current financial assets	-	-	-	20	20
Cash and equivalents	-	-	-	10.379	10.379
Total current assets	**5.588**	**20.653**	**6.367**	**10.948**	**43.556**
Total assets	**5.755**	**21.641**	**6.371**	**13.795**	**47.562**
Other payables and non-current liabilities	45	3	-	-	48
Provision for employee severance indemnities	596	1.153	199	387	2.335
Deferred tax liabilities	-	-	-	72	72
Other non-current financial liabilities	-	-	-	48	48
Non-current financial liabilities	-	-	-	2.782	2.782
Total non-current liabilities	**641**	**1.156**	**199**	**3.289**	**5.285**
Current financial liabilities	-	-	-	6.902	6.902
Other current financial liabilities	-	-	-	-	-
Trade payables and other current liabilities	2.016	12.605	900	3.141	18.662
Current tax payables	-	-	-	1.072	1.072
Short-term provision	102	509	99	93	803
Total current liabilities	**2.118**	**13.114**	**999**	**11.208**	**27.439**
Total liabilities	**2.759**	**14.270**	**1.198**	**14.497**	**32.724**
Shareholders' equity	**-**	**-**	**-**	**14.838**	**14.838**
Total liabilities	**2.759**	**14.270**	**1.198**	**29.335**	**47.562**

31. TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN COMPANIES

The following table shows the exchange rates used to translate the currency of companies outside of the euro area into euro:

Currency	1.1 – 30.9.2013		1.1 – 31.12.2012		1.1 – 30.9.2012	
	Average	**As at 30.9.2013**	**Average**	**As at 31.12.2012**	**Average**	**As at 30.9.2012**
US dollar	1,31717	1,35050	1,28479	1,31940	1,28168	1,2930
Brazilian real	2,78978	3,04060	2,50844	2,70360	2,45617	2,6232
Chinese RMB	8,12404	8,26450	8,10523	8,22070	8,11037	8,1261
Russian ruble	41,6592	43,8240	39,9262	40,3295	39,7963	40,1400
Polish zloty	-	-	-	-	4,20858	4,10380
Indian rupee	75,6926	84,8440	68,5973	72,5600	68,0750	68,3480

32. OTHER INFORMATION

The average number of employees in the first nine months 2013 is 333 people (338,5 in the first nine months 2012).

33. SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

In the first nine months 2013 the Group did not undertake any significant non-recurring transactions as defined by Consob Communication of July 28, 2006.

34. POSITIONS OR TRANSACTIONS ARISING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS

In accordance with the CONSOB Communication dated 28 July 2006, it is hereby stated that no atypical and/or unusual transactions were undertaken during the first nine months 2013. As defined by said Communication, atypical and/or unusual transactions are those that, due to their significance/relevance, nature of the counterparts, object of the transaction, transfer pricing method and timing of the event (near year-end) can give rise to doubts on: accuracy/completeness of the information in the financial statements, conflicts of interest, the safeguard of company equity, the safeguard of non-controlling interests.

35. TRANSACTIONS 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 fees on consulting R&D activities performed by Consorzio Prometec;
- commercial transaction with the company Shenyang Machine Tool Co. Ltd.;
- salary to Mr. Paolo Morfino and Mr. Luca Morfino both employees of Fidia S.p.A.;
- emoluments to the Board of Directors and to Statutory Auditors.

36. 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 as at 30 September 2013 is positive and is the following:

	(thousand euros)	30 September 2013	31 December 2012
A	Cash	11	7
B	Bank deposits	10.520	10.372
C	Other cash equivalents	-	-
D	**Cash (A+B+C)**	**10.531**	**10.379**
E	**Current financial receivables**	**-**	**-**
F	Overdraft current accounts	4.023	5.685
G	Short term part of non-current debt	1.039	1.197
H	Other current financial debt	182	20
I	**Current financial debt (F+G+H)**	**5.244**	**6.902**
J	**Net current financial position (credit)/debt (I-E-D)**	**(5.287)**	**(3.477)**
K	Non-current bank debt	2.053	2.763
L	Bonds issued	-	-
M	Other non-current financial debt	0	19
N	**Non current financial debt (K+L+M)**	**2.053**	**2.782**
O	**Net financial position (credit)/debt (J+N)**	**(3.234)**	**(695)**

37. SUBSEQUENT EVENTS

There are no significant subsequent events occurring after the end of the third quarter 2013.

San Mauro Torinese, 14 November 2013

On behalf of the Board of Directors

The Chairman and Managing Director

Mr. Giuseppe Morfino

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Pursuant to Art. 154-bis, paragraph 2 of the “Testo Unico della Finanza”, the Financial Reporting Officer (“dirigente preposto”) Eugenio Barone, declares that all figures contained in the present quarterly report correspond to the company's records, books and accounting entries.