Half-yearly Financial Report

As at 30 June 2013

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, 2013

Fidia S.p.A.
Registered office in San Mauro Torinese, corso Lombardia, 11
Paid-in share capital euro 5.123.000,00
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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-years 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.

FIDIA GROUP STRUCTURE

FIDIA S.p.A.
Italy

FIDIA GmbH
Germany

100% Fidia S.p.A.

Beijing Fidia M. & E. Co.
China

92% Fidia S.p.A.
4% Bamtri - 4% Catic

FIDIA S.a.r.l.
France

93.19% Fidia S.p.A.
6.81% Fidia GmbH

Shenyang Fidia
NC & M Co. Ltd.
China

51% Fidia S.p.A.
49% Shenyang M.T. Co. Ltd.

FIDIA IBERICA S.A.
Spain

99,993% Fidia S.p.A
0,007% others

FIDIA INDIA Private Ltd.
India

99,99% Fidia S.p.A.
0,01% others

FIDIA Co.
USA

100% Fidia S.p.A.

OOO FIDIA
Russia

100% Fidia S.p.A.

FIDIA DO BRASIL Ltda
Brazil

99.75% Fidia S.p.A.
0.25% others

INTERIM REPORT ON OPERATIONS

OVERVIEW ON OPERATING AND FINANCE PERFORMANCE OF THE GROUP

During the first half 2013 the revenues have increased by 12,1% in comparison with the first half 2012 (20.819 thousand euros as at 30 June 2013 vs. 18.574 thousand euros as at 30 June 2012); conversely the value of production is down because of a lower change in WIP and finished products and because of a decrease of the other operating revenues.

Margins are down in comparison with the same period of last year despite the good performance achieved in the 2nd Q and they are also influenced by some non-recurring costs.

More specifically, the reclassified income statement for the first half of 2013 compared with the first half 2012 is as follows:

(thousand euros)	**30/06/2013**	**%**	**30/06/2012**	**%**
Net revenues	**20.819**	**100%**	**18.574**	**100%**
Change in finished goods and W.I.P. stock	1.115	5,4%	4.204	22,6%
Other operating revenues	1.020	4,9%	1.680	9,0%
Value of production	**22.954**	**110,3%**	**24.458**	**131,7%**
Raw materials and consumables	(7.884)	-37,9%	(9.197)	-49,5%
Commissions, transport and subcontractors	(3.083)	-14,8%	(2.511)	-13,5%
Other services and operating costs	(5.003)	-24,0%	(4.503)	-24,2%
Added value	**6.984**	**33,5%**	**8.247**	**44,4%**
Personnel costs	(8.079)	-38,8%	(7.823)	-42,1%
Gross operating margin (EBITDA)	**(1.095)**	**-5,3%**	**424**	**2,3%**
Allocation to bad debt provision	(87)	-0,4%	(96)	-0,5%
Depreciation and amortization	(248)	-1,2%	(271)	-1,5%
Operating margin of the ordinary activity	**(1.430)**	**-6,9%**	**57**	**0,3%**
Accrual to a risk provision	(300)	-1,4%	**-**	**-**
Operating margin (EBIT)	**(1.730)**	**-8,3%**	**57**	**0,3%**
Net financial income (expenses)	(170)	-0,8%	(115)	-0,6%
Profit/(Loss) on exchange rates	(42)	-0,2%	60	0,3%
Margin before taxes (EBT)	**(1.942)**	**-9,3%**	**2**	**0,0%**
Income taxes (current and deferred)	(193)	-0,9%	(423)	-2,3%
Net income/(loss) for the accounting period	**(2.135)**	**-10,3%**	**(421)**	**-2,3%**
- (Income)/loss attributable to minority interest shareholders	215	1,0%	(50)	-0,3%
- Income/(loss) attributable to the Group	**(1.920)**	**-9,2%**	**(471)**	**-2,5%**

ANALYSIS OF OPERATING PERFORMANCE

Revenues

During the first half 2013 the revenues have grown and the Group has recovered the delay that had characterized the 1st Q of the year. In the first half 2013 Fidia Group has reached revenues for 20.819 thousand euros, an improve by 12,1% in comparison with 18.574 thousand euros as at 30 June 2012.

The revenues increase is mainly due to High Speed Milling Machines sector (HSM) where the revenues have grown by over 20% in comparison with the same period of last year reaching 14.335 thousand euros. The after sales Service sector has achieved again in the first half 2013 another improvement (+10,8%) with revenues amounting to 5.308 thousand euros. On the other side, the electronic sector (CNC) has reported a decrease by 38,5%, reaching revenues for 1.176 thousand euros. The trend in revenues by business line is shown in the following table:

(thousand euros)	30/6/2013	%	30/6/2012	%	Change in %
Numerical controls, drives and software	1.176	5,6%	1.912	10,3%	-38,5%
High-speed milling systems	14.335	68,9%	11.871	63,9%	20,8%
After-sales service	5.308	25,5%	4.791	25,8	10,8%
Total revenues	**20.819**	**100%**	**18.574**	**100%**	**12,1%**

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

(thousand euros) GEOGRAPHIC AREA	NUMERICAL CONTROLS AND SOFTWARE 30/6/2013	%	NUMERICAL CONTROLS AND SOFTWARE 30/6/2012	%	Change in %
ITALY	346	29,4%	343	17,9%	0,9%
EUROPE	546	46,4%	777	40,6%	-29,7%
ASIA	61	5,2%	608	31,8%	-90,0%
NORTH and SOUTH AMERICA	143	12,2%	104	5,4%	37,5%
REST OF THE WORLD	80	6,8%	80	4,2%	-
TOTAL	**1.176**	**100,0%**	**1.912**	**100%**	**-38,5%**

(thousand euros) GEOGRAPHIC AREA	HIGH-SPEED MILLING SYSTEMS 30/6/2013	%	HIGH-SPEED MILLING SYSTEMS 30/6/2012	%	Change in %
ITALY	628	4,4%	1.163	9,8%	-46,0%
EUROPE	4.807	33,5%	2.247	18,9%	113,9%
ASIA	8.002	55,8%	7.039	59,3%	13,7%
NORTH and SOUTH AMERICA	898	6,3%	1.422	12,0%	-36,8%
REST OF THE WORLD	-	-	-	-	-
TOTAL	**14.335**	**100%**	**11.871**	**100%**	**20,8%**

(thousand euros) GEOGRAPHIC AREA	AFTER SALES SERVICE 30/6/2013	%	AFTER SALES SERVICE 30/6/2012	%	Change in %
ITALY	815	15,4%	903	18,9%	-9,7%
EUROPE	1.971	37,1%	1.601	33,4%	23,1%
ASIA	1.120	21,1%	825	17,2%	35,8%
NORTH and SOUTH AMERICA	1.229	23,2%	1.207	25,2%	1,8%
REST OF THE WORLD	173	3,3%	255	5,3%	-32,2%
TOTAL	**5.308**	**100%**	**4.791**	**100%**	**10,8%**

(thousand euros) GEOGRAPHIC AREA	TOTAL NET SALES 30/6/2013	%	TOTAL NET SALES 30/6/2012	%	Change in %
ITALY	1.789	8,6%	2.409	13,0%	-25,7%
EUROPE	7.324	35,2%	4.625	24,9%	58,4%
ASIA	9.183	44,1%	8.472	45,6%	8,4%
NORTH and SOUTH AMERICA	2.270	10,9%	2.733	14,7%	-16,9%
REST OF THE WORLD	253	1,2%	335	1,8%	-24,5%
TOTAL	**20.819**	**100%**	**18.574**	**100%**	**12,1%**

Numerical controls and software

The revenues of the electronic sector have decreased by 38,5% in comparison with the same period of last year, reaching revenues for 1.176 thousand euros.

This result has been affected by the strong decrease in Asia and Europe; the revenues from the Italian market have been basically stable, whilst the Americas have registered a 37,5% increase in turnover compared to 30 June 2012.

High-speed milling systems

The revenues of the high speed milling machines sector have shown a strong growth (+20,8%) in comparison with the same period of last year, reaching 14.335 thousand euros compared to 11.871 thousand euros in the first half 2012.

Under a geographical point of view, the revenues increase is mainly due to the European area where the turnover is more than double compared to the first half 2012 (4.807 thousand euros vs. 2.247 thousand euros as at 30 June 2012); a good performance also in the Asian market with an increase of 13,7% (from 7.039 thousand euros as at 30 June 2012 to 8.002 thousand euros as at 30 June 2013).

Otherwise the revenues in the Italian market are down by 46% compared to the same period last year (from 1.163 to 628 thousand euros) and by 36,8% in the American market (from 1.422 to 898 thousand euros).

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, has increased by 10,8% compared to the same period of previous year and has been 5.308 thousand euros (4.791 thousand euros as at 30 June 2012). 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.

Under a geographical point of view, the only areas affected by the slowdown are Italy (-9,7%) and the Rest of the World (-32,2%); the revenues in the North and South America are basically stable (+1,8%) while there has been a strong growth in the Asian market (+35,8%) and the European market (+23,1%).

Commercial activity

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

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

(thousand euros)	**NUMERICAL CONTROLS AND SOFTWARE 30/6/2013**	**NUMERICAL CONTROLS AND SOFTWARE 30/6/2012**	**Change in %**
Order backlog as at 1/1	414	553	-25,1%
New orders	**1.869**	**2.634**	**-29,0%**
Sales	(1.176)	(1.912)	-38,5%
Order backlog as at 30/6	**1.107**	**1.276**	**-13,2%**

(thousand euros)	**HIGH-SPEED MILLING SYSTEMS 30/6/2013**	**HIGH-SPEED MILLING SYSTEMS 30/6/2012**	**Change in %**
Order backlog as at 1/1	21.244	30.478	-30,3%
New orders	**12.813**	**15.688**	**-18,3%**
Sales	(14.335)	(11.871)	20,8%
Order backlog as at 30/06	**19.722**	**34.295**	**-42,5%**

(thousand euros)	**TOTAL 30/6/2013**	**TOTAL 30/6/2012**	**Change in %**
Order backlog as at 1/1	21.658	31.031	-30,2%
New orders	**14.682**	**18.322**	**-19,9%**
Sales	(15.511)	(13.783)	12,5%
Order backlog as at 30/6	**20.829**	**35.571**	**-41,4%**

New orders per geographic area follow:

(thousand euros) GEOGRAPHIC AREA	NUMERICAL CONTROLS AND SOFTWARE 30/6/2013	%	NUMERICAL CONTROLS AND SOFTWARE 30/6/2012	%	Change in %
ITALY	408	21,8%	348	13,2%	17,2%
EUROPE	807	43,2%	739	28,1%	9,2%
ASIA	352	18,8%	1.006	38,2%	-65,0%
NORTH and SOUTH AMERICA	213	11,4%	501	19,0%	-57,5%
REST OF THE WORLD	89	4,8%	40	1,5%	122,5%
TOTAL	**1.869**	**100%**	**2.634**	**100%**	**-29,0%**

(thousand euros) GEOGRAPHIC AREA	HIGH-SPEED MILLING SYSTEMS 30/6/2013	%	HIGH-SPEED MILLING SYSTEMS 30/6/2012	%	Change in %
ITALY	978	7,6%	1.089	6,9%	-10,2%
EUROPE	4.573	35,7%	2.437	15,5%	87,6%
ASIA	6.256	48,8%	11.143	71,0%	-43,9%
NORTH and SOUTH AMERICA	1.006	7,9%	1.019	6,5%	-1,3%
REST OF THE WORLD	-	-	-	-	-
TOTAL	**12.813**	**100%**	**15.688**	**100%**	**-18,3%**

(thousand euros) GEOGRAPHIC AREA	TOTAL ORDERS (CNC+HSM) 30/6/2013	%	TOTAL ORDERS (CNC+HSM) 30/6/2012	%	Change in %
ITALY	1.386	9,4%	1.437	7,8%	-3,5%
EUROPE	5.380	36,6%	3.176	17,3%	69,4%
ASIA	6.608	45,0%	12.149	66,3%	-45,6%
NORTH and SOUTH AMERICA	1.219	8,3%	1.520	8,3%	-19,8%
REST OF THE WORLD	89	0,6%	40	0,2%	122,5%
TOTAL	**14.682**	**100%**	**18.322**	**100%**	**-19,9%**

Numerical controls and software

In the first half of this year the order acquisition in the electronic sector is down by 29% in comparison with the same period of the last year; the new orders amount to 1.869 thousand euros vs. 2.634 thousand euros in the first half of 2012.

The orders collection slowdown is mainly due to the strong decrease in the Asian market (-65%, from 1.006 thousand euros in the first half 2012 to 352 thousand euros in the first half 2013) and in the Americans market (-57,5%, from 501 to 213 thousand euros). On the other hand, both domestic and rest of the Europe markets increase respectively by 17,2% and 9,2%; the orders in the Rest of the World are also up (+122,5%, even if on minor turnover levels, 40 thousand euros in the first half 2012, 89 thousand euros in the first half 2013).

High-speed milling systems

In the first half 2013 the order entry decreases by 18% in comparison with the same period of last year; the order collection, despite still below, has reported a good sign of recovery. In the 2nd Q 2013 the new orders amount to approx. 7 million euros so that in the first half the new orders reach a total amount of 12.813 thousand euros in comparison with 15.688 thousand euros as at 30 June 2012.

Under a geographical point of view, the Asian market is down by 43,9% (from 11.143 to 6.256 thousand euros) more than compensated by a strong increase in the European market (+87,6% from 2.437 to 4.573 thousand euros) mainly because of some important new orders in Germany. A slight decrease has affected the domestic market (-10,2% from 1.089 to 978 thousand euros), whilst the Americas are substantial stable.

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

(thousand euros) GEOGRAPHIC AREA	NUMERICAL CONTROLS AND SOFTWARE 30/6/2013	%	NUMERICAL CONTROLS AND SOFTWARE 30/6/2012	%	Change in %
ITALY	192	17,3%	137	10,7%	40,1%
EUROPE	523	47,2%	92	7,2%	468,5%
ASIA	308	27,8%	544	42,6%	-43,4%
NORTH and SOUTH AMERICA	70	6,3%	499	39,1%	-86,0%
REST OF THE WORLD	14	1,3%	4	0,4%	250,0%
TOTAL	**1.107**	**100%**	**1.276**	**100%**	**-13,2%**

(thousand euros) GEOGRAPHIC AREA	HIGH-SPEED MILLING SYSTEMS 30/6/2013	%	HIGH-SPEED MILLING SYSTEMS 30/6/2012	%	Change in %
ITALY	982	5,0%	1.486	4,3%	-33,9%
EUROPE	5.166	26,2%	4.278	12,5%	20,8%
ASIA	11.306	57,3%	23.349	68,1%	-51,6%
NORTH and SOUTH AMERICA	2.268	11,5%	5.182	15,1%	-56,2%
REST OF THE WORLD	-	-	-	-	-
TOTAL	**19.722**	**100%**	**34.295**	**100%**	**-42,5%**

(thousand euros) GEOGRAPHIC AREA	TOTAL BACKLOG 30/6/2013		TOTAL BACKLOG 30/6/2012		Change in %
ITALY	1.174	5,6%	1.623	4,5%	-27,7%
EUROPE	5.689	27,3%	4.370	12,3%	30,2%
ASIA	11.614	55,8%	23.893	67,2%	-51,4%
NORTH and SOUTH AMERICA	2.338	11,2%	5.681	16,0%	-58,8%
REST OF THE WORLD	14	0,1%	4	0,0%	250,0%
TOTAL	**20.829**	**100%**	**35.571**	**100%**	**-41,4%**

Other operating revenues

The other operating revenues in the first half 2013 have been 1.020 thousand euros (1.680 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. (699 thousand euros, 1.309 thousand euros as at 30 June 2012);
- the release of the warranty provision and the bad debts provision for the part over accrued in comparison with the risk to be covered (84 thousand euros vs. 169 thousand euros as at 30 June 2012);
- income on disposal of property, plant and equipment (9 thousand euros vs. 32 thousand euros as at 30 June 2012);
- increase of tangible assets own built (50 thousand euros vs. 32 thousand euros as at 30 June 2012);
- recovery of costs, extraordinary revenues and other sundry incomes (178 thousand euros; 138 thousand euros in the same period of the last year).

Value of production

In the first half 2013 the value of production (net revenues, change in finished goods and WIP and other operating revenues) is down (22.954 thousand euros in the first half 2013 vs. 24.458 thousand euros in the first half 2012). In fact the Group has achieved higher revenues on sales, but on the other side the value of production is affected by lower "Other operating revenues" and lower change in finished goods and WIP.

Other services and operating costs

In the first half 2013 this item amounts to 5.003 thousand euros, higher in comparison with the same period 2012 (4.503 thousand euros). All cost items included in this grouping (production costs, sales and marketing costs and general and administrative costs), with the only exception of R&D costs, are higher compared to the same period of the last year, while the percentage effect on the turnover is in line with the first half of 2012.

Added value

The added value amounts in the first half 2013 to 6.984 thousand euros, down in comparison with the same period 2012 (8.247 thousand euros).

Personnel

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

	30/6/2013	30/6/2012	Abs. change	Change in %
Executives	9	9	-	-
Clerks and supervisors	280	298	-18	-6,0%
Workers	41	35	6	17,1
Total number of employees	330	342	-12	-3,5%
Total average number of employees	335,5	342,5	-7,0	-2,0%

	30/6/2013	30/6/2012	Abs. change	Change in %
Cost of labour (thousand euros)	8.079	7.823	256	3,3%

The cost of labour shows an increase of 256 thousand euros compared to the first half 2012 (+3,3%). The incidence of cost of labour in relation to turnover decreases from 42,1% as at 30 June 2012 to 38,8% as at 30 June 2013.

Gross operating margin (EBITDA)

The gross operating margin is negative (1.095 thousand euros) vs a positive result in the first half 2012 (424 thousand euros). Despite the good performance achieved in the 2nd Q, the economic performance of the entire half year is affected by the negative result of the 1st Q.

The EBITDA of the first half is also negatively affected by some non-recurring costs (write-downs stated by the American subsidiary Fidia Co. and the Chinese subsidiary Shenyang Fidia NC & M Co., Ltd.) for a total amount of approximately 400 thousand euros.

Operating margin of the ordinary activity

The operating margin of the ordinary activity as at 30 June 2013 is negative and amounts to 1.430 thousand euros compared to a substantial breakeven (+57 thousand euros) as at 30 June 2012.

Accrual to a risk provision

The parent company Fidia S.p.A. has made an accrual 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 accrual, the operating margin (EBIT) as at 30 June 2013 is negative by 1.730 thousand euros; as at 30 June 2012 there were no differences between EBIT and operating margin of the ordinary activity.

Financial income and expenses – Profit/loss on exchange rate

Net financial expenses are higher compared to the first half of 2012 (net loss of 170 thousand euros as at 30 June 2013 vs. 115 thousand euros in the same period last year) mainly because of an average net financial position worse in the first half 2013 than in the same period last year. Differences in exchange rates, either realized or resulting from adjustments, generate net losses in the amount of 42 thousand euros vs. net profit in the amount of 60 thousand euros as at 30 June 2012.

Earning before tax (EBT)

Earning before tax (EBT) is a loss of 1.942 thousand euros vs. a substantial breakeven (+2 thousand euros) as at 30 June 2012.

Net result attributable to the Group

The Group's net result, after tax of 193 thousand euros and losses attributable to third parties of 215 thousand euros, is a loss of 1.920 thousand euros compared to a loss of 471 thousand euros in the first half of 2012.

As already mentioned, the net result is negatively affected by some non-recurring costs, mainly due to write-downs of stock in some subsidiaries, and by an extraordinary accrual to a risk provision, in consideration of a claim; those events have had an impact by approx. 700 thousand euros.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

(thousand euros)	**30/6/2013**	**31/12/2012**	**30/6/2012**
Net tangible assets	1.618	1.685	1.789
Intangible assets	367	200	211
Investments	16	16	16
Other financial assets	2.244	2.105	2.120
Fixed assets – (A)	**4.245**	**4.006**	**4.136**
Net trade receivables	10.018	11.943	9.736
Inventory	19.698	19.910	25.005
Other current assets	1.652	1.324	1.987
Current assets – (B)	**31.368**	**33.177**	**36.728**
Trade payables to suppliers	(9.569)	(9.237)	(11.275)
Other current liabilities	(12.855)	(11.300)	(16.728)
Current liabilities – (C)	**(22.424)**	**(20.537)**	**(28.003)**
Net working capital (D) = (B+C)	**8.944**	**12.640**	**8.725**
Provision for employee severance indemnities (E)	(2.290)	(2.335)	(2.401)
Other long-term liabilities (F)	(542)	(168)	(285)
Net invested capital (G) = (A+D+E+F)	**10.357**	**14.143**	**10.175**
Financial position			
Available-for-sale financial assets	-	-	-
Bank deposits and cash	(13.021)	(10.379)	(10.703)
Short-term loans	5.645	6.902	5.695
Other current financial liabilities	2.693	-	-
Current financial position (credit)/debt	**(4.683)**	**(3.477)**	**(5.008)**
Long-term loans, net of current portion	2.297	2.782	833
Net financial position (credit)/debt (H)	**(2.386)**	**(695)**	**(4.175)**
Share capital	5.123	5.123	5.123
Reserves	6.984	6.948	7.182
Profit/(loss) for the accounting period	(1.920)	(45)	(471)
Total shareholders' equity attributable to the Group	**10.187**	**12.026**	**11.834**
Shareholders' equity attributable to minority interests	2.556	2.812	2.516
Shareholders' equity (I)	**12.743**	**14.838**	**14.350**
Shareholders' equity and net financial position (L) = (H+I)	**10.357**	**14.143**	**10.175**

Net financial position

The trend in the net financial position is as follows.

(thousand euros)	30/6/2013	31/12/2012	30/6/2012
Financial position			
Available-for-sale financial assets	-	-	-
Bank deposits and cash	13.021	10.379	10.703
Short-term loans	(5.645)	(6.902)	(5.695)
Other current financial liabilities	(2.693)		
Current financial position	**4.683**	**3.477**	**5.008**
Long-term loans, net of current portion	(2.297)	(2.782)	(833)
Net financial position	**2.386**	**695**	**4.175**

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

(thousand euros)	30/6/2013	31/12/2012	30/6/2012
Available-for-sales financial assets	**-**	**-**	**-**
Bank deposits and cash			
Fidia S.p.A.	7.151	3.879	4.238
Fidia Co.	646	651	726
Fidia GmbH	521	491	1.023
Fidia Iberica S.A.	516	523	332
Fidia S.a.r.l.	235	666	189
Beijing Fidia Machinery & Electronics Co.,Ltd	2.885	3.312	3.682
Fidia do Brasil Ltda.	33	27	29
Shenyang Fidia NC & M Co., Ltd	1.034	829	464
OOO Fidia	-	-	-
Fidia Sp.zo.o.	N/A	N/A	18
Fidia India Private Ltd.	-	1	2
	13.021	**10.379**	**10.703**
Total cash and equivalents	**13.021**	**10.379**	**10.703**

(thousand euros)	30/6/2013	31/12/2012	30/6/2012
Short-term loans			
Fidia S.p.A.	(5.635)	(6.882)	(5.683)
Fidia GmbH	(10)	(10)	-
Fidia Co.	-	(2)	(4)
Fidia Iberica S.A.	-	(8)	(8)
	(5.645)	**(6.902)**	**(5.695)**
Other current financial liabilities			
Fidia S.p.A.	(2.693)	-	-
	(2.693)	**-**	**-**
Long-term loans, net of current portion			
Fidia S.p.A.	(2.283)	(2.763)	(833)
Fidia GmbH	(14)	(19)	-
	(2.297)	**(2.782)**	**(833)**
Total loans	**(10.635)**	**(9.684)**	**(6.528)**

As at 30 June 2013 the net financial position is positive in the amount of 2.386 thousand euros, better compared to 31 December 2012.

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

CONSOLIDATED CONDENSED CASH FLOW STATEMENT

(thousand euros)	1st half 2013	1st half 2012
A) Cash and cash equivalents at the beginning of the period	**4.694**	**7.051**
B) Cash from/(used in) operating activities	**1.986**	**(1.135)**
C) Cash from/(used in) investing activities	**(333)**	**(114)**
D) Cash from/(used in) financing activities	**1.990**	**(390)**
Currency translation differences	163	162
E) Net change in cash and cash equivalents	**3.806**	**(1.477)**
F) Cash and cash equivalents at the end of the period	8.500	5.574
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	13.021	10.703
Bank overdraft	(4.521)	(5.129)
	8.500	5.574

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 June 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) 30.6.2013**	**Shareholders' equity 30.6.2013**
Financial Statements of Fidia S.p.A.	**8.733**	**(7)**	**(494)**	**8.232**
Consolidation adjustments				
* Elimination of book value of investments	10.587	(73)	(188)	10.326
* Conversion difference	730	170	-	900
* Dividends received from Fidia S.p.A.	(8.846)	-	(1.096)	(9.942)
* Write-downs of investments (2005, 2006, 2008 e 2010)	3.793	-	-	3.793
* Write-downs (revaluations) investments (2009)	(666)	-	-	(666)
* Write-downs (revaluations) investments (2012)	(1.848)	-	-	(1.848)
* Elim. of capital gain conferment and depreciation	(141)	-	27	(114)
* Elimination of infra-Group profits 2012	(348)	-	348	-
* Elimination of infra-Group profits 2013	-	-	(522)	(522)
* Deferred tax assets on infra-Group profits	14	-	6	20
* Other adjustments	12	-	(1)	11
* Exchange rate differences on infra-Group transactions	6	(9)	-	(3)
Consolidated Financial Statements (attributable to the Group)	**12.026**	**81**	**(1.920)**	**10.187**

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 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.

Progressive data as at June 2013	CNC		HSM		SERVICE		Unall.	TOTAL
(thousand euros)	2013	%	2013	%	2013	%	2013	2013
Revenues	**1.176**	**49,8%**	**14.335**	**99,8%**	**5.308**	**100,0%**	**-**	**20.819**
Intersegment revenues	**1.184**	**50,2%**	**33**	**0,2%**	**-**	**0,0%**	**-**	
Total revenues	**2.360**	**100,0%**	**14.368**	**100,0%**	**5.308**	**100,0%**	**-**	**20.819**
Change in finished goods and W.I.P. stock	125	5,3%	1.163	8,1%	(173)	-3,3%	-	1.115
Raw materials and consumables	(977)	-41,4%	(6.631)	-46,2%	(189)	-3,6%	(87)	(7.884)
Intersegment costs	(47)	-2,0%	(1.479)	-10,3%	267	5,0%	42	
Commissions, transport and subcontractors	(360)	-15,3%	(2.537)	-17,7%	(184)	-3,5%	(2)	(3.083)
Sales margin	**1.101**	**46,7%**	**4.884**	**34,0%**	**5.029**	**94,7%**	**(47)**	**10.967**
Other operating revenues	597	25,3%	245	1,7%	68	1,3%	110	1.020
Other operating expenses	(318)	-13,5%	(1.372)	-9,5%	(899)	-16,9%	(2.414)	(5.003)
Personnel costs	(1.758)	-74,5%	(2.202)	-15,3%	(2.206)	-41,6%	(1.913)	(8.079)
Depreciation and amortization	(37)	-1,6%	(161)	-1,1%	(16)	-0,3%	(121)	(335)
Operating margin of the ordinary activity	**(415)**	**-17,6%**	**1.394**	**9,7%**	**1.976**	**37,2%**	**(4.385)**	**(1.430)**

Progressive data as at June 2012	CNC		HSM		SERVICE		Unall.	TOTAL
(thousand euros)	2012	%	2012	%	2012	%	2012	2012
Revenues	**1.912**	**67,7%**	**11.871**	**99,2%**	**4.791**	**100,0%**	**-**	**18.574**
Intersegment 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 finished goods and W.I.P. 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)
Intersegment costs	(89)	-3,2%	(1.081)	-9,0%	92	1,9%	73	
Commissions, transport and subcontractors	(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 revenues	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 margin of the ordinary activity	**474**	**16,8%**	**1.894**	**15,8%**	**1.775**	**37,0%**	**(4.086)**	**57**

In the first half of the year the electronic product line has registered a margin on sales lower than the same period 2012 (1.101 thousand euros compared to 1.634 thousand euros as at 30 June 2012), mainly because of the decrease of revenues and of the lower profitability. Therefore also the operating margin of the first half 2013 is strongly lower compared to the first half of the last year (-415 thousand euros as at 30 June 2013; +474 thousand euros as at 30 June 2012) and it is further affected by the strong decrease of the other operating revenues, mainly consisting of lower grants, partially compensated by lower personnel costs and lower other operating costs.

High-speed milling machine sector shows a margin on sales almost in line with the same period of the previous year (4.884 thousand euros as at 30 June 2013; 4.940 thousand euros as at 30 June 2012), despite an increased turnover. Also in this business line the profitability is down, but in line if the first half 2013 is compared to the whole year 2012. The operating margin decreases compared to the first half 2012 (1.394 thousand euros as at 30 June 2013 vs. 1.894 thousand euros as at 30 June 2012) mainly because of higher other operating costs.

Finally, the Service sector shows a 10,8% increase in revenues compared to the first half 2012 and this, together with a slight improvement in margins, resulted in an improvement in terms of both the margin on sales (from 4.512 thousand euros as at 30 June 2012 to 5.029 thousand euros as at 30 June 2013) and operating margin (from 1.775 thousand euros in the first half of 2012 to 1.976 thousand euros in the first half of 2013).

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 37 people supported by specialized consultants is currently dedicated to R&D activities.

The costs incurred by the Group during the first half of the year amount to approximately 1,6 million euros, equal to about 7,5% of revenues (compared to 1,7 million euros in the first half 2012 equal to about 9% of revenues) and have been borne by the parent company Fidia S.p.A. and by the Chinese subsidiary Shenyang Fidia NC & M Co. Ltd.

The R&D activities are carried out mainly by in-house resources and a substantial part of the expenses incurred consists of costs for personnel (approx. 1,2 million euros).

These costs, in part funded through grants, are posted in full in the income statemement in the period in which they are incurred, since not all the conditions for capitalization subsist.

R&D allows the Group to pursue the goal of constantly adapting its products to customers needs, to always be at the forefront in its commodity sector thanks to technological innovation and to enhance its offering in those market sectors with a great driving force and potential for growth. Investment in R&D in recent years has enabled the Group to strengthen its presence in the aerospace sector and to receive orders for machinery for processing of components for the energy industry and of new materials (e.g. carbon fiber and titanium).

Research covers both business lines of the Group.

In the numerical controls and drives sector, the main R&D lines that have characterized activities during the first half 2013 have been:

- **ViMill® – Look-ahead Virtual Milling** – develop of the *user interface*, integration of new features and upgrades aimed at consolidation of the product which represents the first official release of the product ViMill®, in the version 2.1.
- **HMS (Head Measuring System)**
    - completion and integration of the *Head Error Compensation* (HEC) function to several table points and of a compensation designed for Gantry machines with a long X-axis stroke;

- o develop of a new algorithm for the fire research independent from the CNC system involved. This feature extends the application of the measuring instrument and HMS compensation to the systems manufactured by other machine tool builders.

- **Look Ahead –** completion and integration of new releases that allow the operator to change quite easily the dynamic response of the machine axis according to the work to be performed.

- **Axis Control**
  - o optimization of the dynamic management of tracking error recovery of the axis;
  - o completion and integration of the development activities related to the position ring of the control axis, through the inclusion of nonlinear control components optimized for joint use with the feed forward control;
  - o re-project of the algorithms for the compensation of the error of axis reversal;
  - o develop and implementation of new features of self-calibration that allow to increase the benefits introduced by the latest developments implemented.

- **FFB fieldbus** – during the first half 2013 the development of the new version of the FFB fieldbus protocol has been completed; it manages the communication between the drives, I/O units and the CNC. The new release of the protocol reduces significantly transfer time on the physical level. This development makes it possible to reduce the CNC sampling time from 2 to 1 ms.

- **HPW Wireless pushbutton strip** – optimization and manufacturing of the wireless pushbutton strip.

- **X-Power drives**
  - o improved performance of the X-Power 8050 bi-axis drive, with higher power output limit, going from today's 8-16 A to 12-24 A;
  - o innovation 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 electro spindles;
  - o introduction of the torque *Feed Forward* inside the drives' control loop.

In the high-speed milling systems sector the Group has continued along the line taken in 2012, pursuing a development strategy centred on broadening its range of tool machines and researching cutting-edge solutions for processing new materials and gaining access to new sectors and fields of application.

The main projects that have characterized the first half of 2013 are:

- **Milling head for titanium** – the path of patenting of a new bi-rotary head for the roughing of aero-space components, is going on.
- **BTT** – in the first half 2013, Fidia started the develop of a new milling machine line with movable table. It represents an absolute innovation in the Fidia milling system field. This project, developed together with a Turkish partner, consists of two different version, 3 and 5 axis, for the roughing of automotive moulds. The 5 axis version is completed with options like extensions and 90° heads, interfaceable with the M5 H high torque mechanical heads.
- **Milling head M5D** – this project has had a steep acceleration because of the great interest shown by several customers of the aero-space field. The feature of this M5D head is its modularity that allows to change the milling components, head or even the single spindle, in an automatic way. It has been developed for working aluminium components of the aero-space industry and it is able to associate high rigidity with an high dynamics of the polar axis. Its electro spindle delivers 30.000 rpm, 60 Nm torque and 100 kW power, and represents the top product for the complete milling of those parts. The modularity represent a skill that allow the M5D head to be tailored also for other fields (e.g.: die&mould, power generation).
- In order to increase the modularity of the milling systems, according to the market needs, Fidia has completed the development of a **RAM** that allows a fast change of the milling heads and is compliant with the M5A, M5D e M5E heads.

- **Milling head M5C** – the development of a light 5 axis milling head, named M5C, is going on in order to meet the peculiar speed and dynamics requirements of the automotive-models sector. This milling head is built in aluminium and operates for milling light materials such as resins, *clay*, composites. The develop and integration of advanced suction systems, both side- of-the-table and *push-pull*, represent the full offer of Fidia for the lightweight materials.

Finally, also in the first half 2013, the Group has continued its activities in the financed research field. Fidia has been taking part in 7 projects co-founded by the European Commission, 2 projects co-funded by the Ministry for Economic Development and 2 projects co-funded by the Piedmont Region. Two new projects co-funded by the European Commission have passed the negotiation step and will start in the second half of the year.
The results of these projects have significantly contributed to defining the Group's main lines of product development in the medium and long term and allow the Fidia technicians to a constant relationship with the main European university and research institutions.

Intercompany and related parties transactions

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

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 are available 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.

The foreign subsidiaries of Fidia, with the only exception of Shenyang Fidia NC & M Co. Ltd., 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. Intercompany 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 subsidiary Shenyang Fidia NC & M Co. Ltd. manufactures and sells numerical controls and milling systems projected 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.

Pursuant Article 7.2, item c) of the above-mentioned "*Guidelines*", during the first six months 2013 did not take place any transactions with related parties that can be defined as "most relevant", neither transactions that cross the threshold of significance but, falling among ordinary transactions, excluded from the application of the rules on transactions with related parties, pursuant to article 7.2 item f) of the above-mentioned "*Guidelines*".

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 2013 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 S.a.r.l.	Fidia Iberica S.A.
Accounting currency	KEURO	KEURO	KUSD	KEURO	KEURO
Period of reference of financial statement information	30.06.2013	30.06.2013	30.06.2013	30.06.2013	30.06.2013
ASSETS					
Non-current assets					
- Property, plant and equipment	790	106	118	3	513
- Intangible assets	237	1	11	1	
- Investments	8.797				3
- Other non-current financial assets					
- Trade receivables and other non-current assets	1.333		3	7	298
- Pre-paid tax assets	427	14		15	
Total non-current assets	**11.584**	**121**	**132**	**26**	**814**
Current assets					
- Inventories	14.105	583	2.273	238	191
- Trade receivables and other current assets	12.243	687	935	859	387
- Other current financial assets	2			151	152
- Cash and cash equivalents	7.151	521	845	235	515
Total current assets	**33.501**	**1.791**	**4.053**	**1.483**	**1.245**
Total assets	**45.085**	**1.912**	**4.185**	**1.509**	**2.059**
LIABILITIES					
Shareholders' equity					
- Share capital	5.123	520	400	300	180
- Other reserves	3.603	821	2.911	153	1.411
- Income/(Loss) of accounting period	(494)	(192)	129	94	24
TOTAL SHAREHOLDERS' EQUITY	**8.232**	**1.149**	**3.440**	**547**	**1.615**
Non-current liabilities					
- Other non-current payables and liabilities	390			45	
- Termination benefits	2.290				
- Deferred tax liabilities					69
- Other non-current financial liabilities	36				
- Non-current financial liabilities	2.283	14			
Total non-current liabilities	**4.999**	**14**		**45**	**69**
Current liabilities					
- Current financial liabilities	5.938	10			
- Other current financial liabilities	2.693				
- Trade payables and other current payables	21.986	732	695	915	375
- Short-term provisions	1.237	7	50	2	
Total current liabilities	**31.854**	**749**	**745**	**917**	**375**
Total liabilities	**45.085**	**1.912**	**4.185**	**1.509**	**2.059**

	Fidia S.p.A.	Fidia GmbH	Fidia Co.	Fidia S.a.r.l.	Fidia Iberica S.A.
Accounting currency	KEURO	KEURO	KUSD	KEURO	KEURO
Period of reference of financial statement information	30.06.2013	30.06.2013	30.06.2013	30.06.2013	30.06.2013
<u>INCOME STATEMENT</u>					
- Net sales	17.911	2.033	2.555	1.062	443
- Other operating revenues	605	99	53		64
Total revenues	**18.516**	**2.132**	**2.608**	**1.062**	**507**
- Change in finished goods and W.I.P. stock	1.198	(518)	682	4	17
- Raw materials and consumables	(7.654)	(699)	(1.622)	(563)	(180)
- Personnel costs	(5.333)	(690)	(587)	(198)	(229)
- Other operating costs	(7.496)	(370)	(913)	(164)	(77)
- Depreciation and amortization	(192)	(21)	(39)	(2)	(26)
Operating margin of the ordinary activity	**(961)**	**(166)**	**129**	**139**	**12**
- Accrual to a risk provision	(300)	-	-	-	-
Operating margin	**(1.261)**	**(166)**	**129**	**139**	**12**
- Finance income (expenses)	885	1		3	16
Margin before taxes	**(376)**	**(165)**	**129**	**142**	**28**
Income taxes	(118)	(27)		(48)	(4)
Net income/(loss) of the accounting period	**(494)**	**(192)**	**129**	**94**	**24**

	Fidia do Brasil Ltda	Beijing Fidia M.&E. Co. Ltd.	Shenyang Fidia NC&M Company Ltd	OOO Fidia	Fidia India Private Ltd
Accounting currency	KREAIS	KRMB	KRMB	KRUR	KRUPIE
Period of reference of financial statement information	30.06.2013	30.06.2013	30.06.2012	30.06.2013	30.06.2013
<u>ASSETS</u>					
Non-current assets					
- Property, plant and equipment	111	210	412		
- Intangible assets		132	1.745		
- Investments					
- Other non-current financial assets					
- Trade receivables and other non-current assets					
- Pre-paid tax assets	93	632	131		
Total non-current assets	**204**	**974**	**2.288**		
Current assets					
- Inventories	431	2.622	27.688		
- Trade receivables and other current assets	244	41.520	14.359	2	190
- Other current financial assets					
- Cash and cash equivalents	94	23.160	8.303		7
Total current assets	**769**	**67.302**	**50.350**	**2**	**197**
Total assets	**973**	**68.276**	**52.638**	**2**	**197**
<u>LIABILITIES</u>					
Shareholders' equity					
- Share capital	401	12.814	42.518	3.600	100
- Other reserves	320	14.795	(5.833)	(3.596)	(23)
- Income/(Loss) of accounting period	(298)	1.577	(4.227)	(2)	(158)
TOTAL SHAREHOLDERS' EQUITY	**423**	**29.186**	**32.458**	**2**	**(81)**
Non-current liabilities					
- Other non-current payables and liabilities					
- Termination benefits					
- Deferred tax liabilities		13			
- Other non-current financial liabilities					
- Non-current financial liabilities					
Total non-current liabilities		**13**			
Current liabilities					
- Current financial liabilities					
- Other current financial liabilities					
- Trade payables and other current payables	412	39.074	20.162		278
- Short-term provisions	138	3	18		
Total current liabilities	**550**	**39.077**	**20.180**		**278**
Total liabilities	**973**	**68.276**	**52.638**	**2**	**197**

	Fidia do Brasil Ltda	Beijing Fidia M.&E. Co. Ltd.	Shenyang Fidia NC&M Company Ltd	OOO Fidia	Fidia India Private Ltd
Accounting currency	KREAIS	KRMB	KRMB	KRUR	KRUPIE
Period of reference of financial statement information	30.06.2013	30.06.2013	30.06.2013	30.06.2013	30.06.2013
INCOME STATEMENT					
- Net sales	508	12.389	3.435		92
- Other operating revenues	38	681	2.638		
Total revenues	**546**	**13.070**	**6.073**		**92**
- Change in finished goods and W.I.P. stock	19	(16)	1.778		
- Raw materials and consumables	(114)	(1.057)	(4.665)		
- Personnel costs	(338)	(4.316)	(4.255)		
- Other operating costs	(377)	(5.501)	(2.999)	(2)	(247)
- Depreciation and amortization	(20)	(174)	(507)		
Operating margin	**(284)**	**2.006**	**(4.575)**	**(2)**	**(155)**
- Finance income (expenses)	(10)	(414)	338		(3)
Margin before taxes	**(294)**	**1.592**	**(4.237)**	**(2)**	**(158)**
Income taxes	(4)	(15)	10		
Net income/(loss) of the accounting period	**(298)**	**1.577**	**(4.227)**	**(2)**	**(158)**

FIDIA GROUP

Condensed Half-Yearly Consolidated Financial Statements as at 30 June 2013

CONSOLIDATED INCOME STATEMENT (*)

(thousand euros)	Notes	1st Half 2013	1st Half 2012
- Net sales	1	20.819	18.574
- Other operating revenues	2	1.020	1.680
Total revenues		**21.839**	**20.254**
- Change in finished goods and W.I.P. stock		1.115	4.204
- Raw materials and consumables	3	(7.884)	(9.197)
- Personnel costs	4	(8.079)	(7.823)
- Other operating expenses	5	(8.086)	(7.014)
- Depreciation and amortization	6	(335)	(367)
Operating margin of the ordinary activity		**(1.430)**	**57**
- Accrual to a risk provision	7	(300)	-
Operating margin		**(1.730)**	**57**
- Net financial income (expenses)	8	(212)	(55)
Margin before taxes		**(1.942)**	**2**
- Income taxes	9	(193)	(423)
Income/(loss) from continuing operations		**(2.135)**	**(421)**
- Income/(loss) from discontinued operations		**-**	**-**
Net income/(loss) for the period		**(2.135)**	**(421)**
Income/(Loss) attributable to:			
- Shareholders of parent company		**(1.920)**	**(471)**
- Minority interests		**(215)**	**50**

(in euro)

Earnings per ordinary share	10	(0,38)	(0,09)
Diluted earnings per ordinary share	10	(0,38)	(0,09)

(*) According to Consob Resolution No. 15519 of 27 July 2006, the effects of related party transactions on the Consolidated Income Statement are presented in the specific Income Statement schedule provided in the following pages and are further described in note 33.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(thousand euros)	Notes	1st Half 2013	1st Half 2012
Income/(loss) for the accounting period (A)		**(2.135)**	**(421)**
Other comprehensive income/(loss) that will be reclassified subsequently to profit and loss:			
Gains/(losses) on cash flow hedge	20	9	(7)
Gains/(losses) on exchange differences on translating foreign operations	20	228	218
Income tax related to components of Other comprehensive income/losses that will be reclassified subsequently to profit and loss	20	(2)	2
Total Other comprehensive income/(loss) that will be reclassified subsequently to profit and loss, net of tax effect (B1)		**235**	**213**
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)		**222**	**207**
Total comprehensive income/(loss) for the period (A)+(B)		**(1.913)**	**(214)**
Total comprehensive income/(loss) attributable to:			
Owners of the Parent		**(1.756)**	**(311)**
Non-controlling interests		**(157)**	**97**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*)

(thousand euros)	Notes	30 June 2013	31 December 2012
ASSETS			
NON-CURRENT ASSETS			
- Property, plant and equipment	11	1.618	1.685
- Intangible assets	12	367	200
- Investments	13	16	16
- Other non-current financial assets		-	-
- Other non-current receivables and assets	14	1.640	1.592
- Pre-paid tax assets	9	604	513
TOTAL NON-CURRENT ASSETS		**4.245**	**4.006**
CURRENT ASSETS			
- Inventories	15	19.698	19.910
- Trade receivables	16	10.018	11.943
- current tax receivables	17	258	155
- Other current receivables and assets	17	1.392	1.149
- Other current financial assets	18	2	20
- Cash and Cash equivalents	19	13.021	10.379
TOTAL CURRENT ASSETS		**44.389**	**43.556**
TOTAL ASSETS		**48.634**	**47.562**
LIABILITIES			
SHAREHOLDERS' EQUITY			
- Share capital and reserves attributable to shareholders of parent		10.187	12.026
- Minority interests		2.556	2.812
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY	20	**12.743**	**14.838**
NON-CURRENT LIABILITIES			
- Other non-current payables and liabilities	21	435	48
- Termination benefits	22	2.290	2.335
- Deferred tax liabilities	9	71	72
- Other non-current financial liabilities	23	36	48
- Non-current financial liabilities	24	2.297	2.782
TOTAL NON-CURRENT LIABILITIES		**5.129**	**5.285**
CURRENT LIABILITIES			
- current financial liabilities	24	5.645	6.902
- Other current financial liabilities	25	2.693	-
- Trade payables	26	9.569	9.237
- current tax payables	27	866	1.072
- Other current payables and liabilities	27	10.665	9.425
- Short-term provisions	28	1.324	803
TOTAL CURRENT LIABILITIES		**30.762**	**27.439**
TOTAL LIABILITIES		**48.634**	**47.562**

(*) According to Consob Resolution No. 15519 of 27 July 2006, the effects of related party transactions on the Consolidated statement of financial position are presented in the specific scheme provided in the following pages and are further described in Note 33.

CONSOLIDATED CASH FLOW STATEMENT (*)

(thousand euros)	1st Half 2013	1st Half 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) attributable to the Group and minorities	(2.135)	(421)
- Depreciation and amortization	248	271
- Net capital losses (gains) on the disposal of property, plant and equipment	(9)	(30)
- Net change in provision for employee severance indemnities	(44)	(137)
- Net change in provisions for risks	521	4
- Net change in deferred tax (assets) liabilities	(92)	3
- Dividends paid	(68)	-
Net change in working capital:		
- receivables	1.532	1.780
- inventory	212	(5.614)
- payables	1.821	3.009
	1.986	**(1.135)**
C) Cash from (used in) investing activities		
- Investments in:		
property, plant and equipment	(155)	(143)
intangible fixed assets	(192)	(40)
- Sale of:		
property, plant and equipment	14	67
investments	-	2
	(333)	**(114)**
D) Cash from (used in) financing activities		
- Change in loans	(577)	(255)
- Change in capital and reserves	(89)	(95)
- Change in portion attributable to minorities	(42)	(36)
- Net change in other current and non-current financial assets and liabilities	2.698	(4)
	1.990	**(390)**
Translation exchange differences	163	162
E) Net change in cash and cash equivalents	**3.806**	**(1.477)**
F) Cash and cash equivalents at the end of the period	**8.500**	**5.574**
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	13.021	10.703
Overdraft current accounts	(4.521)	(5.129)
	8.500	5.574

(*) According to Consob Resolution No. 15519 of 27 July 2006, the effects of related party transactions on the Consolidated Cash-flow Statement are presented in the specific Cash-flow Statement schedule provided in the following pages.

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)				(471)	(5)	171	(6)		(311)	97	(214)
Other changes				(84)					(84)	(82)	(166)
Balance as at 30 June 2012	5.123	(45)	1.486	3.945	(17)	1.090	39	213	11.834	2.516	14.350
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)				(1.920)	7	170	(13)		(1.756)	(157)	(1.913)
Other changes				(83)		-			(83)	(99)	(182)
Balance as at 30 June 2013	5.123	(45)	1.240	2.705	(9)	939	21	213	10.187	2.556	(12.743)

CONSOLIDATED INCOME STATEMENT

pursuant to Consob Resolution No° 15519 of 27 July 2006

(thousand euros)	Notes	1st Half 2013	Of which related parties	1st Half 2012	Of which related parties
- Net sales	1	20.819	77	18.574	95
- Other operating revenues	2	1.020		1.680	
Total revenues		**21.839**		**20.254**	
- Change in finished goods and W.I.P. stock		1.115		4.204	
- Raw materials and consumables	3	(7.884)	(3)	(9.197)	(3)
- Personnel costs	4	(8.079)	(452)	(7.823)	(462)
- Other operating expenses	5	(8.086)	(123)	(7.014)	(133)
- Depreciation and amortization	6	(335)		(367)	
Operating margin of the ordinary activity		**(1.430)**		**57**	
- Accrual to a risk provision	7	(300)		-	
Operating margin		**(1.730)**		**57**	
- Net financial income (expenses)	8	(212)		(55)	
Margin before taxes		**(1.942)**		**2**	
- Income taxes	9	(193)		(423)	
Income/(loss) from continuing operations		**(2.135)**		**(421)**	
- Income/(loss) from discontinued operations		-		-	
Net income/(loss) for the period		**(2.135)**		**(421)**	
Income/(Loss) attributable to:					
- Shareholders of parent company		**(1.920)**		**(471)**	
- Minority interests		**(215)**		**50**	

(in euro)

Earnings per ordinary share	10	(0,38)		(0,09)	
Diluted earnings per ordinary share	10	(0,38)		(0,09)	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

pursuant to Consob Resolution No° 15519 of 27 July 2006

(thousand euros)	Notes	30 June 2013	Of which related parties	31 December 2012	Of which related parties
ASSETS					
NON-CURRENT ASSETS					
- Property, plant and equipment	11	1.618		1.685	
- Intangible assets	12	367		200	
- Investments	13	16		16	
- Other non-current financial assets				-	
- Other non-current receivables and assets	14	1.640		1.592	
- Pre-paid tax assets	9	604		513	
TOTAL NON-CURRENT ASSETS		**4.245**		**4.006**	
CURRENT ASSETS					
- Inventories	15	19.698		19.910	
- Trade receivables	16	10.018	273	11.943	1.179
- current tax receivables	17	258		155	
- Other current receivables and assets	17	1.392	1	1.149	
- Other current financial assets	18	2		20	
- Cash and Cash equivalents	19	13.021		10.379	
TOTAL CURRENT ASSETS		**44.389**		**43.556**	
TOTAL ASSETS		**48.634**		**47.562**	
LIABILITIES					
SHAREHOLDERS' EQUITY					
- Share capital and reserves attributable to shareholders of parent company		10.187		12.026	
- Minority interests		2.556		2.812	
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY	20	**12.743**		**14.838**	
NON-CURRENT LIABILITIES					
- Other non-current payables and liabilities	21	435		48	
- Termination benefits	22	2.290		2.335	
- Deferred tax liabilities	9	71		72	
- Other non-current financial liabilities	23	36		48	
- Non-current financial liabilities	24	2.297		2.782	
TOTAL NON-CURRENT LIABILITIES		**5.129**		**5.285**	
CURRENT LIABILITIES					
- current financial liabilities	24	5.645		6.902	
- Other current financial liabilities	25	2.693		-	
- Trade payables	26	9.569	2	9.237	15
- current tax payables	27	866		1.072	
- Other current payables and liabilities	27	10.665	162	9.425	500
- Short-term provisions	28	1.324		803	
TOTAL CURRENT LIABILITIES		**30.762**		**27.439**	
TOTAL LIABILITIES		**48.634**		**47.562**	

CONSOLIDATED CASH FLOW STATEMENT

pursuant to Consob Resolution No° 15519 of 27 July 2006

(thousand euros)	1st Half 2013	Of which related parties	1st Half 2012	Of which related parties
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) attributable to the Group and minorities	(2.135)		(421)	
- Depreciation and amortization	248		271	
- Net capital losses (gains) on the disposal of property, plant and equipment	(9)		(30)	
- Net change in provision for employee severance indemnities	(44)		(137)	
- Net change in provisions for risks	521		4	
- Net change in deferred tax (assets) liabilities	(92)		3	
- Dividends paid	(68)		-	
Net change in working capital:				
- receivables	1.532	905	1.780	(23)
- inventory	212		(5.614)	
- payables	1.821	(351)	3.009	106
	1.986		**(1.135)**	
C) Cash from (used in) investing activities				
- Investments in:				
property, plant and equipment	(155)		(143)	
intangible fixed assets	(192)		(40)	
- Sale of:				
property, plant and equipment	14		67	
investments	-		2	
	(333)		**(114)**	
D) Cash from (used in) financing activities				
- Change in loans	(577)		(255)	
- Change in capital and reserves	(89)		(95)	
- Change in portion attributable to minorities	(42)		(36)	
- Net change in other current and non-current financial assets and liabilities	2.698		(4)	
	1.990		**(390)**	
Translation exchange differences	163		162	
E) Net change in cash and cash equivalents	**3.806**		**(1.477)**	
F) Cash and cash equivalents at the end of the period	**8.500**		**5.574**	
Breakdown of cash and cash equivalents:				
Cash and cash equivalents	13.021		10.703	
Overdraft current accounts	(4.521)		(5.129)	
	8.500		5.574	

Notes

SIGNIFICANT ACCOUNTING POLICIES

This Half Yearly Report as at 30 June 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).

These Half-year condensed financial statements 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.

Finally, with reference to Consob Resolution n° 155 19 of 27 July 2006 related to the format of the financial statements, specific supplementary schedules for the income statement, statement of financial position and statement of cash flows have been 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 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 Half-year 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 Half-year 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 Half-year 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 Half-year 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 Half-year 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 – C*onsolidated 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 SIC-13 – *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 Half-year 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 June 2012 closing period:

Name / Registered office	Currency	Share capital	Equity ownership as at 30/6/2013	Equity ownership as at 31/12/2012	Equity ownership as at 30/6/2012
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 half of 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 intra-group transactions) is indicated in the following table:

(thousand euros)	1st Half 2013	%	1st Half 2012	%
Numerical controls, drives and software	1.176	5,6%	1.912	10,3%
High-speed milling systems	14.335	68,9%	11.871	63,9%
After-sales service	5.308	25,5%	4.791	25,8%
Total	20.819	100,0%	18.574	100,0%

2. OTHER OPERATING REVENUES

The other operating revenues in the first half of 2013 have been 1.020 thousand euros (1.680 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. (699 thousand euros, 1.309 thousand euros as at 30 June 2012);
- the release of the warranty provision and the bad debts provision for the part over accrued in comparison with the risk to be covered (84 thousand euros vs. 169 thousand euros as at 30 June 2012);
- income on disposal of property, plant and equipment (9 thousand euros vs. 32 thousand euros as at 30 June 2012);
- increase of tangible assets own built (50 thousand euros vs. 32 thousand euros as at 30 June 2012);
- recovery of costs, extraordinary revenues and other sundry incomes (178 thousand euros; 138 thousand euros in the same period of the last year).

3. RAW MATERIALS AND CONSUMABLES

These are detailed below:

(thousand euros)	1st Half 2013	1st Half 2012
Production materials	5.756	9.863
Service materials	385	433
Consumables	52	74
Equipment and software	39	31
Packaging	119	200
Other	117	154
Change in inventory raw materials and consumables	1.416	(1.558)
Total	7.884	9.197

In the first half of 2013 the material consumption has been 7.884 thousand euros, down compared to 9.197 thousand euros in the same period 2012.

4. PERSONNEL COSTS

Personnel costs show an increase of 256 thousand euros compared to the first half 2012 (+3,3%) and amount to 8.079 thousand euros vs. 7.823 thousand euros in the same period of 2012. These consist of:

(thousand euros)	1st Half 2013	1st Half 2012
Wages and salaries	6.058	5.904
Social security charges	1.725	1.681
Termination benefits (TFR)	203	194
Other personnel costs	93	44
Total	8.079	7.823

The change recorded in the first half 2013 in the number of employees, broken down by category, is illustrated below:

	30/6/2012	31/12/2012	IN	OUT	Change	30/6/2013	Period average
Executives	9	9	-	-	-	9	9,0
Clerks and supervisors	298	297	9	(26)		280	288,5
Workers	35	35	8	(2)	-	41	38,0
Total	342	341	17	(28)	0	330	335,5

5. OTHER OPERATING COSTS

Other operating costs are detailed as follows:

(thousand euros)	1st Half 2013	1st Half 2012
Costs for services related to turnover	3.083	2.511
Production expenses	1.522	1.362
Commercial expenses	629	472
R&D expenses	415	453
General and administrative expenses	2.437	2.216
Total	8.086	7.014

The other operating costs have been 8.086 thousand euros and increase by approximately 1.072 thousand euros compared to the first half 2012. The increase is partly due to some cost items directly linked to turnover (e.g., commissions, transport and subcontractors).

6. DEPRECIATION AND AMORTIZATION

(thousand euros)	1st Half 2013	1st Half 2012
Depreciation of property, plant and equipment	203	241
Amortization of intangible assets	31	30
Write-down of property, plant and equipment	14	-
Bad debts	87	96
Total	335	367

7. ACCRUAL TO A RISK PROVISION

The parent company Fidia S.p.A. has made an accrual 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 INCOMES (EXPENSES)

The financial incomes and expenses are detailed below:

(thousand euros)	1st Half 2013	1st Half 2012
Financial income	80	105
Financial expenses	(256)	(178)
Net profit/(loss) on derivative instruments	6	(42)
Profit (loss) from foreign currency transactions	(42)	60
Total	(212)	(55)

The financial incomes are detailed as follows:

(thousand euros)	1st Half 2013	1st Half 2012
Interest income from banks	64	83
Commercial interest and discounts	3	2
Other financial income	13	20
Totale	80	105

The financial expenses are detailed as follows:

(thousand euros)	1st Half 2013	1st Half 2012
Interest expenses on short-term bank debt	(141)	(124)
Interest expenses on medium/long-term bank debt	(68)	(26)
Interest expenses on leasing operations	-	-
Interest costs on employee benefits	(33)	(27)
Other financial expenses	(14)	(1)
Total	(256)	(178)

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

(thousand euros)	1st Half 2013	1st Half 2012
Losses on derivative financial instruments for Fair value adjustment	-	(43)
Gains on derivative financial instruments for Fair value adjustment	6	1
Total	6	(42)

The incomes on derivative instruments are the fair value evaluation of one *interest rate swap* contract and two *interest rate cap* contracts to cover the interest rate risk on three medium-long term loans signed by the parent company Fidia S.p.A.

The income (loss) on exchange on currency transactions are detailed as follows:

(thousand euros)	1st Half 2013	1st Half 2012
Gains due to exchange rate differences	21	49
Gains due to exchange adjustments	53	116
Gains due to exchange rate on forward contracts	2	38
Losses due to exchange rate differences	(22)	(50)
Losses due to exchange adjustments	(91)	(92)
Losses due to exchange rate on forward contracts	(5)	(1)
Total	(42)	60

9. INCOME TAXES

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

(thousand euros)	1st Half 2013	1st Half 2012
Current taxes:		
IRES (Corporate tax)	-	-
IRAP (Italian Regional Tax on Production Activities)	121	123
Income taxes of foreign subsidiaries	163	307
Total current taxes	284	430
Pre-paid taxes absorbed	10	4
Pre-paid taxes	(101)	(11)
Deferred taxes	1	-
Deferred taxes absorbed	(2)	-
Total	193	423

The lower tax charge recorded in the first half 2013 compared to the same period of last year is due to the worse economic performance of some Group companies and the consequent lower taxable income realized during the reporting period.

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

(thousand euros)	30 giugno 2013	31 dicembre 2012
Pre-paid tax assets	604	513
Deferred tax liabilities	(71)	(72)
Total	533	441

The pre-paid tax assets amount to 604 thousand euros, up by 91 thousand euros compared to the previous year. These assets are mainly generated from temporary differences on assets and liabilities, tax losses and consolidation adjustments.

10. EARNING PER SHARE

The share capital of Fidia S.p.A. at 30 June 2013 consists of n. 5.123.000 ordinary shares having the same rights in the distribution of profits and is unchanged with respect to the statements in paragraph 20 of the Consolidated Financial Statements at 31 December 2012.

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

		1st Half 2013	1st Half 2012
Net income (loss) attributable to the Group	thousand euros	(1.920)	(471)
Net income (loss) attributable to ordinary shares	thousand euros	(1.920)	(471)
Number of ordinary shares outstanding	number	5.113.000	5.113.000
Basic earnings (loss) per shares	euro	(0,38)	(0,09)
Diluted earnings (loss) per shares	euro	(0,38)	(0,09)

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 THE FINANCIAL POSITION

11. PROPERTY, PLANT AND EQUIPMENT

The following table shows the changes in property, plant and equipment in the first half 2013:

(thousand euros)	Buildings	Plant, machinery and equipment	Other assets	Total
Net value as at 31.12.2012	**523**	**601**	**561**	**1.685**
Purchases	-	92	62	**154**
Net value of disposals	-		(4)	**(4)**
Depreciation	(22)	(100)	(81)	**(203)**
Write-downs	-	(14)	-	**(14)**
Exchange rate differences	-	-	-	**-**
Net value as at 30.6.2013	**501**	**579**	**538**	**1.618**

The fixed asset additions in the first half 2013 are approx. 154 thousand euros and they are mainly related to the purchases of instruments, electronic machines and motor vehicles. No interest has ever been capitalized.

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

12. INTANGIBLE ASSETS

The following table shows the changes in intangible assets in the first half 2013:

(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/write-offs	-		11	181	**192**
Depreciation	(18)	(1)	(12)	-	**(31)**
Exchange rate differences	6	-		-	**6**
Net value as at 30.6.2013	**103**	**2**	**81**	**181**	**367**

The main additions of intangible asset 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 in the first half 2013.

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

13. INVESTMENTS

(thousand euros)	Balance as at 30 June 2013	Balance as at 31 December 2012
Investments evaluated with the equity method	2	2
Investments evaluated with the cost method	14	14
Totale	16	16

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 and to investments in other companies evaluated with the cost method.

14. OTHER NON-CURRENT RECEIVABLES AND ASSETS

The other non current receivables and assets are detailed below:

(thousand euros)	Balance as at 30 June 2013	Balance as at 31 December 2012
Receivables for EU grants	200	180
Guarantee deposits	74	77
Trade receivables	186	255
Foreign VAT receivables	-	1
Withholding tax on foreign income	1.061	953
Tax receivables from Spanish tax authorities	112	115
Long-term prepaid expenses	7	11
Total	1.640	1.592

Withholding tax on foreign income consists of receivables claimed by Fidia S.p.A. with Chinese tax authorities for final withholding tax on wages for technical training activities carried out by the parent company on behalf of the subsidiary Shenyang Fidia NC&M Co. Ltd. in prior fiscal years and on dividends cashed.

15. INVENTORY

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

(thousand euros)	Balance as at 30 June 2013	Balance as at 31 December 2012
Raw materials	10.157	11.367
Raw material write-down provision	(1.339)	(1.179)
	8.818	10.188
Work in progress and semi-finished products	4.581	4.465
Finished products and goods	6.926	5.627
Finished product write-down provision	(696)	(442)
	6.230	5.185
Down payments	69	72
Net value	19.698	19.910

The stock at the end of the first half 2013 is almost in line with that at 31 December 2012. The stock of finished goods includes also machines already delivered to the final customers and still under installation for an amount of approx. 2,4 million euros (1,1 million euros as at 31 December 2012).

The slow moving provision (2.035 thousand euros as at 30 June 2013 vs. 1.621 thousand euros as at 31 December 2012), has to be put in connection with the service provided on the spare parts. In fact they must be available to the customers even over the usual ordinary time.

Hereinafter is the detail of the changes in the raw material and finished products slow moving/obsolete provision during the first half 2013:

(thousand euros)	Balance as at 31 December 2012	Addition/ (utilization)	Exchange rate differences	Balance as at 30 June 2013
Raw material write-down provision	1.179	160	-	1.339
Finished product write-down provision	442	257	(3)	696

16. TRADE RECEIVABLES

(thousand euros)	Balance as at 30 June 2013	Balance as at 31 December 2012
Trade receivables	11.081	12.981
Bad debts provision	(1.063)	(1.038)
Trade receivables towards associated companies	-	-
Total	10.018	11.943

Trade receivables decrease compared to 31 December 2012 by approximately 1.925 thousand euros; said variation is mostly related to the different dynamics in turnover in the two periods compared.

The bad debt provision, 1.063 thousand euros as at 30 June 2013 vs. 1.038 thousand euros as at 31 December 2012, covers the risk of uncollectible receivables related to litigation and/or overdue receivables.

The change in the bad debts provision follows (in thousands of euros):

Balance at 1 January 2013	1.038
Accrual	87
Amounts used/releases	(65)
Exchange rate differences	3
Balance at 30 June 2013	1.063

17. TAX RECEIVABLES AND OTHER CURRENT RECEIVABLES AND ASSETS

(thousand euros)	Balance as at 30 June 2013	Balance as at 31 December 2012
VAT receivables	86	98
Current income tax receivables	138	40
Receivables for short-term foreign VAT	10	9
Other	24	8
Total current tax receivables	258	155
Research grants	582	623
Accrued income and prepaid expenses	403	170
Receivables from employees	119	44
Down payments to suppliers	163	81
Other	125	231
Total other current receivables	1.392	1.149
Total	1.650	1.304

There are no receivables due beyond five years.

18. OTHER CURRENT FINANCIAL ASSETS

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

19. CASH AND EQUIVALENTS

The total amount of cash availability of the Group is 13.021 thousand euros (10.379 thousand euros as at 31 December 2012) and consists essentially of funds temporary available in current accounts. It is deemed that their book value is in line with their *fair value* on the reporting date.
The related credit risk is not material too, because the Group operates with primary national and international banks.

20. NET EQUITY

The consolidated net equity amounts to 12.743 thousand euros, down by 2.095 thousand euros compared to 31 December 2012, do to the combined effect of the loss of the period (-2.135 thousand euros), of the actuarial loss on employees benefit fund TFR (-13 thousand euros, net of tax estimated in approx. 5 thousand euros), of the *fair value* evaluation of derivative contracts accrued on *Cash flow hedge* reserve (+7 thousand euros, net of tax estimated in approx. 2 thousand euros), of the dividends resolved to non-controlling interests (-95 thousand euros), of the positive effect of exchange rate fluctuations on the translation of financial statements of subsidiaries denominated in currencies other than the EUR (+228 thousand euros) and of other sundry changes (-87 thousand euros).

The tax effect related to Other comprehensive income/(losses) consists of:

(thousand euros)	Balance as at 30 June 2013			Balance as at 30 June 2012		
	Pre-tax balance	Tax income/ (expenses)	Net balance	Pre-tax balance	Tax income/ (expenses)	Net balance
Gains/(losses) on cash flow hedging instruments	9	(2)	7	(7)	2	(5)
Gains/(losses) on translation of financial statements of foreign companies	228	-	228	218	-	218
Actuarial gains/(losses) on employee benefit	(18)	5	(13)	(8)	2	(6)
Total other comprehensive income/(losses)	**219**	**3**	**222**	**203**	**4**	**207**

As at 30 June 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.

More information on the share capital of the company can be found in Note 20 to the Consolidated Financial Statements at 31 December 2012.

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 435 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 (391 thousand euros) and of non-current payables to employees of the French subsidiary Fidia Sarl (44 thousand euros).

22. PROVISION FOR EMPLOYEE SEVERANCE INDEMNITIES

Employee severance indemnities 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 *unfounded.*

Changes in this figure are illustrated in the table below (thousand euros):

Balance as at 1 January 2013	2.335
Accruals of the period	199
Amounts used in the period	(98)
Quota transferred to Treasury Fund and complementary pension funds	(193)
Substitute tax	(3)
Interest costs on employee benefits	33
Actuarial losses	17
Balance as at 30 June 2013	2.290

The interest on charges related to the defined benefit plan for employees are comprised under financial costs, hence leading to an increase in financial costs of the first half of 2013 of approx. 33 thousand euros.

The Severance indemnity is based on the following actuarial hypothesis:

	As at 30 June 2013	As at 31 Dec. 2012
Discount rate (*)	2,35%	2,90%
Future inflation rate	1,60%	2,20%
Frequency of request for advances	3,00%	3,00%
Relative frequency of resignation/dismissal supervisors, employees, workers	3,00%	3,00%
Relative frequency of resignation/dismissal executives	5,00%	5,00%

(*) The discount rate is estimated, in compliance to IAS 19, according to the markets' rates. The maturity structure of the interest rate is related to the EUR Composite rates with rating AA. The discount rate used for the TFR evaluation has a duration equal to the duration of the benefits provided to the collectivity in question.

23. OTHER NON-CURRENT FINANCIAL LIABILITIES

This item, amounting to 36 thousand euros (48 thousand euros as at 31 December 2012), includes the *fair value* of an *Interest rate swap* contract and two *Interest rate cap* contracts signed in order to cover the risk on interest rate changes on three medium-long term loans entered into by the parent company Fidia S.p.A. (*cash flow hedge*).

24. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Financial liabilities amount to 7.942 thousand euros as shown below.

(thousand euros)	Balance as at 30 June 2013	Balance as at 31 December 2012
Bank overdraft and short-term advances	4.521	5.685
Accrued expenses on loans	34	2
BNL medium-long term loan 1	833	1.038
BNL medium-long term loan 2	1.306	1.456
Banco Popolare loan	1.100	1.219
MPS short term loan	124	245
Ministry of the Treasury - Spain	-	8
Volkswagen bank (leasing)	24	29
Installment loan Fidia Co	-	2
Total	7.942	9.684

	Within 1 year	Within 5 years	More than 5 years	Total
Bank overdraft and short-term advances	4.521	-	-	4.521
Medium-long term bank loans	990	2.283	-	3.273
Short term bank loans	124	-	-	124
Volkswagen bank (leasing)	10	14	-	24
	5.645	2.297	-	7.942

The loans have the following characteristics:

Banca Nazionale del Lavoro medium-long term loan

Original amount	2.000 thousand euros
Residual amount	833 thousand euros
Date of loan	31/08/2010
Term	Loan due date 30/06/2015
Repayment	19 quarterly installments (from 31/12/2010 to 30/06/2015)
Interest rate	3-month Euribor, base 360 + spread 1,8%

This loan is guaranteed at 50% by Sace S.p.A. An *interest rate swap* contract has been entered into in order to hedge the interest rate risk.

Banca Nazionale del Lavoro medium-long term loan

Original amount	1.500 thousand euros
Residual amount	1.306 thousand euros
Date of loan	08/10/2012
Term	Loan due date 30/09/2017
Pre-amortization	1 quarterly installment (on 31/12/2012)
Repayment	19 quarterly installments (from 31/03/2013 to 30/09/2017)
Interest rate	3-month Euribor, base 360 + spread 3,35%

This loan is guaranteed at 70% by Sace S.p.A. An *interest rate cap* contract has been entered into in order to hedge the interest rate risk.

Banco Popolare medium-long term loan

Original amount	1.250 thousand euros
Residual amount	1.100 thousand euros
Date of loan	09/11/2012
Term	Loan due date 31/12/2017
Pre-amortization	1 quarterly installment (on 31/12/2012)
Repayment	20 quarterly installments (from 31/03/2013 to 31/12/2017)
Interest rate	3-month Euribor, base 360 + spread 3,78%

This loan is guaranteed at 70% by Sace S.p.A. An *interest rate cap* contract has been entered into in order to hedge the interest rate risk.

Monte dei Paschi di Siena short term loan

Original amount	245 thousand euros
Residual amount	124 thousand euros
Date of loan	20/12/2012
Term	Loan due date 31/12/2013
Repayment	12 monthly installments (from 31/01/2013 to 31/12/2013)
Interest rate	6-month Euribor, base 360 + spread 3,0%

Leasing Volkswagen Bank

Original amount	30 thousand euros
Residual amount	24 thousand euros
Date of loan	22/10/2012
Term	Loan due date 01/11/2015
Repayment	36 monthly installments (from 01/12/2012 to 01/11/2015)
Interest rate	2,9%

Their book value is aligned to their fair value on the reporting date.

25. OTHER CURRENT FINANCIAL LIABILITIES

This item amounts to 2.693 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 June 2013	Balance as at 31 December 2012
Payables to third suppliers	9.567	9.236
Payables to associated companies	2	1
Total trade payables	9.569	9.237

Trade payables amount to 9.569 thousand euros as at 30 June 2013 and show an increase of 332 thousand euros in comparison with 31 December 2012.

27. TAX LIABILITIES AND OTHER CURRENT PAYABLES AND LIABILITIES

(thousand euros)	Balance as at 30 June 2013	Balance as at 31 December 2012
Payables to employees	1.642	1.069
Social security payables	644	600
Down-payments from customers	7.239	5.657
Payables to public authorities	363	667
Down payments for EU grants	-	66
Payables to administrators	128	116
Payables to Treasury Fund and other pension funds	63	100
Accrued expenses and deferred income	394	290
Payables to SMTCL company	22	379
Payables for dividends	95	68
Other payables	75	413
Total other payables	10.665	9.425
Payables to inland revenue witholding tax	211	325
Income tax payables	353	148
VAT payables	236	428
Other	66	171
Total tax payables	866	1.072
Total	11.531	10.497

28. SHORT TERM PROVISIONS

Short term provisions amount to 1.324 thousand euros (803 thousand euros as at 31 December 2012). This item includes: 933 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; 41 thousand euros for a tax risk provision accrued to face a tax inspection related to the company Fidia do Brasil; 50 thousand euros for a legal risk provision; 300 thousand euros for an extraordinary accrual to a risk provision, in consideration of a claim not yet refunded by the insurance company. Changes in the short-term provisions are illustrated in the table below:

(thousand euros)	Balance as at 1 January 2013	Accrual	Utilization/ write-off	Rate exchange differences	Balance as at 30 June 2013
Tax risk provision	44			(3)	41
Warranty provision	709	267	(44)	1	933
Legal risk provision	50	-	-	-	50
Other risks provision	-	300	-	-	300
Total short-term provision	803	567	(44)	(2)	1.324

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 June 2013 is 1.194 thousand euros (978 thousand euros as at 30 June 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 June 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. OTHER INFORMATIONS

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

Valuta	1st Half 2013		As at 31 December 2012		1st Half 2012	
	Average	**At 30 June**	**Average**	**At 31 December**	**Average**	**At 30 June**
US dollar	1,31346	1,30800	1,28479	1,31940	1,29678	1,25900
Brazilian real	2,66880	2,88990	2,50844	2,70360	2,41510	2,57880
Chinese RMB	8,12939	8,02800	8,10523	8,22070	8,19181	8,00110
Russian ruble	40,7641	42,8450	39,9262	40,3295	39,6978	41,3700
Polish zloty	-	-	-	-	4,24428	4,24880
Indian rupee	72,3069	77,7210	68,5973	72,5600	67,6101	70,1200

31. INFORMATION FOR BUSINESS SECTOR

Information for business sector

Basically, inside Fidia Group, three different business sectors have been individuated: *i)* high-speed milling systems (HSM), *ii)* numerical controls, drives and software (CNC) and *iii)* after-sales service (Service).

The consolidated economic results per business sector as at 30 June 2013 and 30 June 2012 are provided below.

(thousand euros)	Sector							Total
1st Half 2013	**CNC**	**%**	**HSM**	**%**	**SERVICE**	**%**	**N/A**	
Revenues	**1.176**	**49,8%**	**14.335**	**99,8%**	**5.308**	**100,0%**	**-**	**20.819**
Intersegment revenues	**1.184**	**50,2%**	**33**	**0,2%**	**-**	**0,0%**	**-**	
Totale revenues	**2.360**	**100,0%**	**14.368**	**100,0%**	**5.308**	**100,0%**	**-**	**20.819**
Change in finished goods & W.I.P. stock	125	5,3%	1.163	8,1%	(173)	-3,3%	-	1.115
Other operating revenues	597	25,3%	245	1,7%	68	1,3%	110	1.020
Raw materials and consumables	(977)	-41,4%	(6.631)	-46,2%	(189)	-3,6%	(87)	(7.884)
Intersegment costs	**(47)**	**-2,0%**	**(1.479)**	**-10,3%**	**267**	**5,0%**	**42**	
Other operating costs	(678)	-28,7%	(3.909)	-27,2%	(1.083)	-20,4%	(2.416)	(8.086)
Personnel costs	(1.758)	-74,5%	(2.202)	-15,3%	(2.206)	-41,6%	(1.913)	(8.079)
Depreciation and amortization	(37)	-1,6%	(161)	-1,1%	(16)	-0,3%	(121)	(335)
Operating margin of the ordinary activity	**(415)**	**-17,6%**	**1.394**	**9,7%**	**1.976**	**37,2%**	**(4.385)**	**(1.430)**

(thousand euros)	Sector							Total
1st Half 2012	**CNC**	**%**	**HSM**	**%**	**SERVICE**	**%**	**N/A**	
Revenues	**1.912**	**67,7%**	**11.871**	**99,2%**	**4.791**	**100,0%**	**-**	**18.574**
Intersegment revenues	**913**	**32,3%**	**92**	**0,8%**	**-**	**0,0%**	**-**	
Totale revenues	**2.825**	**100,0%**	**11.963**	**100,0%**	**4.791**	**100,0%**	**-**	**18.574**
Change in finished goods & W.I.P. stock	263	9,3%	3.698	30,9%	243	5,1%	-	4.204
Other operating revenues	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)
Intersegment costs	**(89)**	**-3,2%**	**(1.081)**	**-9,0%**	**92**	**1,9%**	**73**	
Other operating costs	(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 margin of the ordinary activity	**474**	**16,8%**	**1.894**	**15,8%**	**1.775**	**37,0%**	**(4.086)**	**57**

The items that cannot be classified as CNC, HSM or SERVICE are reported in the "non-attributable" column; these items are mainly general and administrative costs and promotional, advertisement and exhibition costs for the benefit of all the 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 2013 and 31 December 2012 are shown below:

As at 30 June 2013	CNC	HSM	SERVICE	N/A	Total
(thousand euros)					
Property, plant and equipment	34	509	5	1.070	1.618
Intangible fixed assets	-	103	-	264	367
Investments	-	-	-	16	16
Other non-current financial assets	-	-	-	-	-
Other receivables and non-current assets	103	320	-	1.217	1.640
Deferred tax assets	-	-	-	604	604
Total non-current assets	**137**	**932**	**5**	**3.171**	**4.245**
Inventories	3.131	12.222	4.345	-	19.698
Trade receivables and other current receivables	1.478	7.174	2.263	495	11.410
Current tax receivables	-	-	-	258	258
Other current financial assets	-	-	-	2	2
Cash and equivalents	-	-	-	13.021	13.021
Total current assets	**4.609**	**19.396**	**6.608**	**13.776**	**44.389**
Total assets	**4.746**	**20.328**	**6.613**	**16.947**	**48.634**
Other payables and non-current liabilities	242	180	12	1	435
Provision for employee severance indemnities	589	1.170	186	345	2.290
Deferred tax liabilities	-	-	-	71	71
Other non-current financial liabilities	-	-	-	36	36
Non-current financial liabilities	-	-	-	2.297	2.297
Total non-current liabilities	**831**	**1.350**	**198**	**2.750**	**5.129**
Current financial liabilities	-	-	-	5.645	5.645
Other current financial liabilities	-	-	-	2.693	2.693
Trade payables and other current liabilities	2.021	14.231	970	3.012	20.234
Current tax payables	-	-	-	866	866
Short-term provision	108	768	56	392	1.324
Total current liabilities	**2.129**	**14.999**	**1.026**	**12.608**	**30.762**
Total liabilities	**2.960**	**16.349**	**1.224**	**15.358**	**35.891**
Shareholders' equity	**-**	**-**	**-**	**12.743**	**12.743**
Total liabilities	**2.960**	**16.349**	**1.224**	**28.101**	**48.634**

As at 31 December 2012	CNC	HSM	SERVICE	N/A	Total
(thousand euros)					
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**

32. Fair Value hierarchies

According 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 the assets or liabilities being measured;
Level 2 – inputs other than quoted prices included within Level 1 that are observable either directly (as prices) or indirectly (derived from prices) on the market;
Level 3 – inputs that are not based on observable market data.

As at 30 June 2013 the Group holds financial assets and liabilities measured at fair value consisting of derivatives financial instruments amounting to 2 thousand euros and 36 thousand euros respectively, classified in the Level-2 hierarchical evaluation of fair value.

33. Related party transactions

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.;
- 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.

The effect of said transactions on the single item has been reported in the specific supplementary formats of 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 2013 is positive and is the following:

	(thousand euros)	**30 June 2013**	**31 December 2012**
A	Cash	13	7
B	Bank deposits	13.008	10.372
C	Other cash equivalents	-	-
D	**Cash (A+B+C)**	**13.021**	**10.379**
E	**Current financial receivables**	**-**	**-**
F	Overdraft current accounts	4.521	5.685
G	Short term part of non-current debt	1.114	1.197
H	Other current financial debt	2.703	20
I	**Current financial debt (F+G+H)**	**8.338**	**6.902**
J	**Net current financial position (credit)/debt (I-E-D)**	**(4.683)**	**(3.477)**
K	Non-current bank debt	2.283	2.763
L	Bonds issued	-	-
M	Other non-current financial debt	14	19
N	**Non current financial debt (K+L+M)**	**2.297**	**2.782**
O	**Net financial position (credit)/debt (J+N)**	**(2.386)**	**(695)**

35. Non-recurring transactions

Pursuant to the Consob Comunication of 28 luglio 2006 there are not significant non-recurring operations carried out by the Group in the first half of 2013.

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

In accordance with the Consob Communication dated July 28, 2006, it is hereby stated that no atypical and/or unusual transactions were undertaken during the first half of 2013. As defined by said Communication, atypical and/or unusual transactions are those that, due to their 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, the safeguard of company equity, safeguard of non-controlling interests.

FIDIA GROUP COMPANIES AS AT 30 JUNE 2013

In accordance with Consob resolution No. 11971 of 14 May 1999 and subsequent amendments, a complete list of Group companies and significant investments is provided on the following table.

Companies on the list have been classified according to type of control and method of consolidation.

Information provided for each company also includes: name, registered office, country and share capital (stated in original currency). The percentage consolidated by the Group and the percentage held by Fidia S.p.A. are also shown.

COMPANIES CONSOLIDATED ON A LINE-BY-LINE BASIS Name / Registered office	Currency	Share capital	Consolidated investment shares 30 June 2013	Perc. held by the parent company 30 June 2013
Parent Company:				
Fidia S.p.A., San Mauro Torinese (Turin)	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	Reais	400.843	99,75%	99,75%
Beijing Fidia M&E Co Ltd, Beijing, PR China	USD	1.500.000	92%	92%
Shenyang Fidia NC & Machine Co Ltd, Shenyang, PR China	Rmb	42.517.648	51%	51%
OOO Fidia, Mosca, Russian Federation	Ruble	3.599.790	100%	100%
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	Investment shares 30 June 2013	 31 December 2012
Consorzio Prometec - Bruzolo di Susa (Turin)	Euro	10.329	20%	20%

SIGNIFICANT EVENTS AFTER THE END OF THE FIRST HALF 2013 AND OUTLOOK FOR THE CURRENT YEAR

Significant events occurring after the end of the first half 2013

There were no significant events after the end of the first half 2013.

Outlook

After that in the 1st Q the revenues reached a very low level, the 2nd Q has reported the foreseen recovery so that the whole first half 2013 has closed with an overall increase of turnover by 12,1% in comparison with the same period of the preceding year.

The revenue increase is mainly due to the good performance of the high speed milling machine sector (+20,8% compared to the first half of 2012) and of the service sector (+10,8%) whilst the electronic sector has reported a decrease in revenues by more than 38%.

Under a commercial point of view the HSM sector, despite still below the level of the order collection experienced in the 1st half 2012 (order entry 1st H 2013 12,8 million euros; 1st H 2012 15,7 million euros) has shown some signs of recovery. On the other side the orders collection in the CNC sector was not satisfactory mainly for the fall of the Asian market.

Finally the Service division has reported again in the first half 2013 a revenues increase, confirming the positive trend already experienced since many years.

The net financial position keeps on being positive (2,4 million euros), enabling to support the investment and research activities.

The reference market of the Group is influenced by an enduring stasis that hardly will evolve in positive terms by the end of the year. In this difficult scenario, the management, based also on the positive sales results achieved in the months of July and August and considering the seasonality of the business, is still confident that in the second half of the year the economic performance of the Group could register some improvements.

San Mauro Torinese, 29 August 2013

On behalf of the Board of Directors

The Chairman and Managing Director

Mr. Giuseppe Morfino