



Half-Year Financial Report

at 30 June 2016

Fidia Group

Board of Directors
21 September 2016

Fidia S.p.A.

Registered office in San Mauro Torinese, corso Lombardia, 11

Paid-in share capital € 5,123,000.00

Turin Companies Register

TIN 05787820017

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TABLE OF CONTENTS

3	Board of Directors and Auditors
5	Fidia Group structure
6	Interim Report
7	Economic and Financial Performance of the Group
12	Consolidated Statement of Financial Position
18	Segment Reporting
19	Research & Development
22	Transactions between Group Companies and with Related Parties
23	Trends in Group Companies
27	Significant events occurring after the first half and business outlook for the current period
28	Fidia Group - Condensed Half-Year Consolidated Financial Statements at 30 June 2016
29	Consolidated Income Statement
30	Consolidated Statement of Comprehensive Income
31	Consolidated Statement of Financial Position
32	Consolidated Statement of Cash Flows
33	Statement of Changes in Consolidated Shareholders' Equity
34	Consolidated Income Statement pursuant to Consob Resolution No. 15519 of 27 July 2006
35	Consolidated Statement of Financial Position pursuant to Consob Resolution No. 15519 of 27 July 2006
36	Consolidated Statement of Cash Flows pursuant to Consob Resolution No. 15519 of 27 July 2006
37	Notes
64	Fidia Group Companies at 30 June 2016

Issue date: 21/09/2016

This Report is also available at:

www.fidia.com

BOARD OF DIRECTORS AND AUDITORS

Board of Directors

Chairman and CEO	Giuseppe Morfino (a)
Deputy Chairman	Carlos Maidagan (b)
Directors	Luigino Azzolin (c) (1)
	Anna Ferrero (c) (1) (2)
	Guido Giovando (c) (1) (2)
	Francesco Profumo (d)
	Mariachiara Zanetti (2) (c)

(a) Appointed Chairman at the Shareholders' Meeting on 29 April 2014 until the approval of the financial statements for 2016; appointed CEO by the Board of Directors on 29 April 2014.

(a) Appointed at the Shareholders' Meeting on 29 April 2014 until the approval of the financial statements for 2016; appointed Deputy Chairman by the Board of Directors on 29 April 2014.

(c) Appointed at the Shareholders' Meeting on 29 April 2014 until the approval of the financial statements for 2016.

(d) Appointed at the Shareholders' Meeting on 29 April 2014 until the approval of the financial statements for 2016; appointed Lead Independent Director by the Board of Directors on 29 April 2014.

(1) Member of the Internal Control and Risk Committee

(2) Member of the Remuneration Committee.

Board of Statutory Auditors (*)

Statutory Auditors	Maurizio Ferrero – Chairman
	Michela Rayneri
	Gian Piero Balducci (e)

Alternate Auditors	Giovanni Rayneri
	Chiara Olliveri Siccardi
	Roberto Panero (e)

(e) Appointed at the Shareholders' Meeting on 27 April 2016 until the approval of the annual financial statements for 2016;

(*) Appointed at the Shareholders' Meeting on 29 April 2014 until the approval of the financial statements for 2016.

Independent Auditors (**)

EY SpA (former Reconta Ernst&Young)

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

POWERS OF THE CHAIRMAN, CEO AND DEPUTY CHAIRMAN

Chairman of the Board of Directors and CEO: Mr. Giuseppe Morfino

He is the company's legal representative in respect of third parties and the courts, 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 Directors retains the following powers:

- purchase, disposal and conferment of equity investments;
- disposal, conferment and/or lease of the company or any units thereof;
- purchase of companies or units of companies;
- purchase and/or disposal of real estate and/or tangible rights and/or rights of way thereto;
- registration of mortgages on corporate property;
- definition of Company strategies connected with purchases/disposal of equity investments, business units and real estate.

Deputy Chairman of the Board of Directors: Mr. Carlos Maidagan.

He is the legal representative of the company with regard to third parties and courts of law, with separate signature, to exercise any and all, and the amplest powers of ordinary and extraordinary administration; he is entitled to appoint and revoke special attorneys for specific transactions, with the sole exclusion of the powers and rights expressly reserved to the Board of Directors, under the law or the company By-laws. The Board of the Directors retains the following powers:

- purchase, disposal and conferment of equity investments;
- disposal, conferment and/or lease of the company or any units thereof;
- purchase of companies or units of companies;
- purchase and/or disposal of real estate and/or tangible rights and/or rights of way thereto;
- registration of mortgages on corporate property;
- definition of Company strategies connected with purchases/disposal of equity investments, business units and real estate.

In his capacity as Deputy Chairman, he is also vested with the capacity of "employer" as well as person in charge of the plants, emissions and wastes.

Organization of the FIDIA GROUP

FIDIA S.p.A.
Italia

FIDIA GmbH
Germania

100% Fidia S.p.A.

Beijing Fidia M. & E. Co.
Cina

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

FIDIA S.a.r.l.
Francia

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

Shenyang Fidia
NC & M Co. Ltd.
Cina

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

FIDIA IBERICA S.A.
Spagna

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

ООО FIDIA
Russia

100% Fidia S.p.A.

FIDIA Co.
Stati Uniti

100% Fidia S.p.A.

FIDIA DO BRASIL Ltda
Brasile

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

INTERIM REPORT

SHAREHOLDERS AND TREND OF FIDIA SHARES

FIDIA S.p.A. is listed at the Italian Stock Exchange under the STAR - High Requirement Securities Segment - Index. The following chart shows share price performance from 1 January 2016 to 16 September 2016.



In the first half of 2016 the number of ordinary shares, equal to 5,123,000, was unchanged compared to 31 December 2015.

The holders of ordinary shares at 21 September 2016 are:

Giuseppe Morfino No. 2,965,516 equal to 57.89%;

Market No. 2,147,484 equal to 41.91%;

Own shares No. 10,000 equal to 0.20%.

No categories of stock other than ordinary shares or bonds were issued.

ECONOMIC AND FINANCIAL PERFORMANCE OF THE GROUP

The first half of 2016 was characterised by revenues of €26,985 thousand, down (-6,3%) from the result recorded at the end of the first half del 2015 (€28,807 thousand).

The operating margins which in the second quarter of the period are positive are affected by the negative performance recorded in the first quarter and are positive overall at the end of the half-year period.

The commercial performance was satisfactory also in the second quarter, but overall in the first half of the year new orders in the mechanics and electronics segments were below the performance recorded in the same period of 2015 (-25%).

More specifically, the reclassified income statement of the first half del 2016 compared with that of the first half of 2015 is as follows:

(€thousand)	1st half 2016	%	1st half 2015	%
Net revenue	26,985	86.8%	28,807	87.2%
Change in finished goods and WIP	3,121	10.1%	3,166	9.6%
Other revenues and earnings	978	3.1%	1063	3.2%
Value of production	31,083	100.0%	33,036	100.0%
Raw materials and consumables	(11,170)	-35.9%	(11,478)	-34.7%
Commissions	(664)	-2.1%	(1,352)	-4.1%
Transport	(666)	-2.1%	(1,057)	-3.2%
Contractors	(2,099)	-6.8%	(2,370)	-7.2%
Other services and operating costs	(5,398)	-17.4%	(5,369)	-16.3%
Value added	11,087	35.7%	11,410	34.5%
Personnel costs	(8,831)	-28.4%	(8,668)	-26.2%
EBITDA	2,257	7.2%	2,742	8.3%
Bad debts provision	(82)	-0.3%	(644)	-1.9%
Depreciation/amortisation of fixed assets	(325)	-1.0%	(320)	-1.0%
Trading profit	1,849	5.9%	1,778	5.4%
Non-recurring (expenses)/revenue	-	0.0%	-	0.0%
EBIT	1,849	5.9%	1,778	5.4%
Net finance expenses and revenue	(113)	-0.4%	(159)	-0.5%
Profit (loss) on exchange rates	201	0.6%	(465)	-1.4%
EBT	1,937	6.2%	1,154	3.5%
Income taxes (current, prepaid and deferred)	(715)	-2.3%	(443)	-1.3%
Net profit (loss) for the period	1,222	3.9%	711	2.2%
- (Profit)/Loss of NCIs	(8)	0.0%	(162)	0.5%
- Profit/(Loss) of Group	1,230	4.0%	873	2.6%

ANALYSIS OF ECONOMIC TRENDS

Revenues

The first half of the period reported revenues of €26,985 thousand, down 6.3% over the same period in 2015.

The trend is due to the mechanics segment (HSM) which recorded revenue of €18,605 thousand compared to €20,208 thousand of the first half of the previous year (-7.9%), to the electronics segment (CNC) and Service segment which reported better results compared to the first half of 2015 with revenue at €1,812 thousand (-10.1% compared to €2,016 thousand at 30 June 2015) and €6,568 thousand (-0.2% compared to €6,584 thousand at 30 June 2015) respectively.

The revenues trend per business line is shown in the table below:

(€thousand)	1st half 2016	%	1st half 2015	%	% Chg
Numerical controls, drives and software	1,812	6.7%	2,016	7.0%	-10.1%
High Speed Milling System	18,605	68.9%	20,208	70.2%	-7.9%
After-sales service	6,568	24.3%	6,584	22.8%	-0.2%
Grand total	26,985	100%	28,807	100%	-6.3%

The revenues by geographical area is illustrated in the following tables:

(€thousand) GEOGRAPHICAL AREA	TOTAL REVENUES 1st half 2016	%	TOTALE REVENUES 1st half 2015	%	% Chg
ITALY	2,118	7.8%	2,311	8.0%	-8.4%
EUROPE	8,833	32.7%	6,593	22.9%	33.9%
ASIA	7,966	29.5%	12,775	44.3%	-37.6%
NORTH and SOUTH AMERICA	8,061	29.9%	7,129	24.7%	13.1%
REST OF THE WORLD	7	0.0%	0	0.0%	
TOTALE	26,985	100.0%	28,807	100%	-6.3%

Numerical Control and Software

The revenues of the electronic segment are down by 10.1% compared to the 1st quarter of 2015 at €1,812 thousand versus €2,016 thousand in the same period of last year.

High Speed Milling System

The high speed milling systems revenue (HSM) showed decreased revenues compared with that recorded the previous year, reaching a total value of €18,605 thousand compared to €20,208 thousand of the first half of 2015 (-7.9%)

After-sales service

Revenues of the Service segment, which comprise revenues from the after-sales service, from the sale of spare parts and from scheduled maintenance recorded a slight decrease (-0.2%) compared to the same period of last year, amounting to €6,568 thousand (€6,584 thousand at 30 June 2016).

Commercial activity

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

With reference to the Service segment the commercial data (order entry and back log order) will not be shown because they almost match with the revenues as the time to fulfil the intervention requests is very short.

	TOTAL	TOTAL	% Chg.
(€thousand)	30/6/2016	30/6/2015	
Order backlog at 1/1	30,927	31,540	-1.9%
New orders	16,736	21,377	-21.7%
Revenues	(20,417)	(22,224)	-8.1%
Order backlog at 30/6	27,246	30,693	-11.2%

Other revenues and earnings

Other revenues and earnings in 1st quarter 2016 were equal to €978 thousand (€1,063 thousand in the same period of 2015). This figure includes the other revenues from ordinary activity, but that cannot be included in the typical sale of goods and services.

This item includes:

- Research grants from the EU and Italian Ministry of Education, University and Research (MIUR) as part of the funded research activity carried out by the parent company Fidia S.p.A. (€264 thousand, €198 thousand at 30 June 2015);
- release of the warranty, bad debts and/or any accruals in excess of the risk to be covered (€296 thousand versus €91 thousand at 30 June 2015);
- capital gains from disposals of tangible assets (€7 thousand versus €22 thousand at 30 June 2015);
- increases in tangible assets built on a time and materials basis and the capitalization of product development costs (€180 thousand versus €418 thousand at 30 June 2015);
- recovery of costs, contingent assets and other sundry revenues (€231 thousand; €334 thousand in the same period of last year).

Value of production

In the first half the value of production (consisting of net revenues, changes in inventories of finished goods and WIP and other revenues and earnings) decreased compared to the same period of 2015 (€31,083 thousand versus €33,036 thousand of 30 June 2015) due to decreased revenue.

Commissions and transport

These items amounted in the first half to €1,330 thousand, down from €2,409 thousand in the same period of 2015 as a result of cost saving measures adopted in recent years and of the changed geographical mix of sales.

Other services and operating costs

This item amounts in the first half to €5,398 thousand compared to €5,369 thousand in the same period of 2015.

Value added

Value added was substantially in line in absolute terms (from €11,410 thousand at 30 June 2015 to €11,087 thousand at 30 June 2016), mainly due to less direct costs (such as commissions, transport and subcontractors), and was better in percentage terms over revenues (35.7% versus 34.5% in the same period of 2015) through a better balance in costs of production.

Personnel

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

	1st half 2016	1st half 2015	Abs. change	% Chg
Executives	8	7	1	14.3%
Clerks and supervisors	279	280	-1	-0.4%
Workers	53	46	7	15.2%
Total number of employees	340	333	7	2.1%
Total average number of employees in the first half	340	326.5	13.5	4.1%

	1st half 2016	1st half 2015	Abs. change	% Chg
Cost of labour (€ thousand)	8,831	8,668	163	1.88%

Personnel costs increased by €163 thousand compared to the first half of 2015 (+1.88%) due mainly to increased staffing. The percentage of personnel costs compared with value of production increased from 26.2% at 30 June 2015 to 28.4% at 30 June 2016 due to decreased revenue.

EBITDA

EBITDA was positive at €2,257 thousand (€2,742 thousand at 30 June 2015). Good performance in the second quarter of the year affected the economic performance of the first half as a whole offsetting the negative results of the first quarter.

Trading profit

Trading profit too at 30 June 2016 was also positive at €1,849 thousand compared to €1,778 thousand at 30 June 2015.

Non-recurring revenue

In the first half of 2016 there were no non-recurring revenue or expenses, as was the case in the same period of 2015.

EBIT

Due to the lack of non-recurring items, EBIT at 30 June 2016 was equal to trading profit and was also positive at €1,849 thousand (at 30 June 2015 it was positive at €1,778 thousand). This result was positively affected by lower allocation to the bad debts provision.

Finance charges and revenue - Net exchange rate differences

Charges for financing activities were substantially in line with those of the first half del 2015 (net charges of €113 thousand at 30 June 2016 versus (€159 thousand of the same period of the previous year). Net differences in exchange rates, either realized or resulting from measurement in the financial statements, generated net revenue loss of €201 thousand versus a net loss of €465 thousand at 30 June 2015.

EBT

EBT resulted in a profit of €1,937 thousand versus a profit of €1,154 thousand at 30 June 2015.

Profit (loss) of Group

Group profit for the year after tax of €715 thousand and after losses of NCIs (€8 thousand) amounted to €1,230 thousand versus a profit of €873 thousand in the first half of 2015.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Group reclassified statement of financial position was as follows:

(€thousand)	30/6/2016	31/12/2015	30/6/2015
Property, plant and equipment	8,924	6,452	4,777
Intangible assets	1,212	1,099	894
Financial assets	16	16	16
Other financial assets	2,087	2,445	2,579
Non-current assets – (A)	12,239	10,012	8,266
Net trade receivables	11,867	9,646	13,402
Inventory	24,088	19,825	23,139
Other current assets	2,084	1,021	1,762
Short-term (current) assets – (B)	38,038	30,492	38,303
Trade payables	(11,477)	(11,335)	(14,598)
Other current liabilities	(11,957)	(13,827)	(14,983)
Short-term (current) liabilities – (C)	(23,434)	(25,162)	(29,581)
Net working capital (D) = (B+C)	14,604	5,330	8,722
Termination benefits (E)	(2,501)	(2,372)	(2,633)
Other long-term liabilities (F)	(198)	(408)	(429)
Net invested capital (G) = (A+D+E+F)	24,144	12,562	13,926
Financial position			
Available-for-sale financial assets			
Cash on hand, bank deposits	(8,061)	(16,041)	(12,657)
Short-term loans	3,083	3,347	3,487
(Assets)/liabilities for current derivatives	64	148	414
Other current financial payables	69	69	587
Short-term financial position (receivable)/payable	(4,846)	(12,477)	(8,169)
Long-term loans, net of current portion	11,293	6,006	5,017
(Assets)/liabilities for long-term derivatives	36	6	9
Net financial position (receivable)/payable (H)	6,483	(6,465)	(3,143)
Share capital	5,123	5,123	5,123
Reserves	8,969	8,739	8,569
Net profit (loss) for the period	1,230	2,723	711
Total shareholders' equity of Group	15,322	16,585	14,403
Total equity of non-controlling interests	2,339	2,442	2,666
Total shareholders' equity (I)	17,661	19,027	17,069
Shareholders' equity and net financial position (L) = (H+I)	24,144	12,562	13,926

Net financial position

The trend in net financial position is shown below.

(€thousand)	30/6/2016	31/12/2015	30/6/2015
Financial position			
Available-for-sale financial assets	-	-	-
Cash on hand, bank deposits	(8,061)	(16,041)	(12,657)
Overdrawn bank accounts and short-term advances	627	507	621
Short-term loans	2,456	2,840	2,866
Assets/(liabilities) for current derivatives	64	148	414
Other current financial payables	69	69	587
Short-term financial position (receivable)/payable	(4,846)	(12,477)	(8,169)
Long-term loans, net of current portion	11,293	6,006	5,017
Assets/(liabilities) for long-term derivatives	36	6	9
Net financial position - (receivable)/payable	6,483	(6,465)	(3,143)

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

(€thousand)	30/6/2016	31/12/2015	30/6/2015
Available-for-sale financial assets	-	-	-
Cash on hand, bank deposits			
Fidia S.p.A.	4,083	9,776	6,107
Fidia Co.	667	2,334	1,561
Fidia GmbH	644	1,190	238
Fidia Iberica S.A.	683	578	2,089
Fidia S.a.r.l.	500	408	105
Beijing Fidra Machinery & Electronics Co., Ltd	1,079	881	1229
Fidia do Brasil Ltda.	72	76	890
Shenyang Fidra NC & M Co., Ltd	334	798	438
OOO Fidra	-	-	-
Fidia India Private Ltd.	-	-	1
	8,061	16,041	12,657
Total cash and cash equivalents	8,061	16,041	12,657

(€thousand)	30/6/2016	31/12/2015	30/6/2015
Short-term loans and advances			
Fidia S.p.A.	(3,003)	(3,265)	(3,430)
Fidia GmbH	(65)	(67)	(54)
Fidia Iberica S.A.	(15)	(15)	(3)
	(3,083)	(3,347)	(3,487)
Assets/(liabilities) for current derivatives			
Fidia S.p.A.	(64)	(148)	(414)
	(64)	(148)	(414)
Other current financial payables			
Fidia S.p.A.	(69)	(69)	(587)
	(69)	(69)	(587)
Long-term loans, net of current portion			
Fidia S.p.A.	(11,191)	(5,891)	(4,955)
Fidia GmbH	(71)	(77)	(57)
Fidia Iberica S.A.	(31)	(38)	(5)
	(11,293)	(6,006)	(5,017)
Assets/(liabilities) for long-term derivatives			
Fidia S.p.A.	(36)	(6)	(9)
	(36)	(6)	(9)
Total financial payables	(14,545)	(9,576)	(9,514)

At 30 June 2016 the net financial position was negative at €6,483 thousand; the change from 31 December 2015 was negatively affected by the increase in working capital and specifically of inventory, in addition to a lower level of advances on new orders and increased borrowings for the construction of the new plant in Forlì.

The following table contains a condensed statement of cash flows at 30 June 2016 showing the cash flows composing the net financial position.

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

(€thousand)	1st half 2016	Year 2015	1st half 2015
A) Cash and cash equivalents at beginning of period	15,534	9,039	9,039
B) Cash from/(used in) operating activities	(7,458)	5,076	(26)
C) Cash from/(used in) investing activities	(2,912)	(3,239)	(984)
D) Cash from/(used in) financing activities	2,666	3,676	3,068
Differences in exchange rates	(396)	982	939
E) Net change in cash and cash equivalents	(8,100)	6,495	2,997
F) Cash and cash equivalents at end of period	7,434	15,534	12,036
Breakdown of cash and cash equivalents:			
Cash and cash equivalents	8,061	16,041	12,657
Overdrawn bank accounts	(627)	(507)	(621)
	7,434	15,534	12,036

ALTERNATIVE PERFORMANCE INDICATORS

In this Report, in addition to conventional IFRS financial indicators, a number of alternative performance indicators have been provided to allow better assessment of the economic and financial trends.

Said indicators, which are also found in the Report on Operations of other periodic reports, do not replace in any way whatsoever the mandatory IFRS indicators.

Below follow the alternative performance indicators used by the Group and the related explanation of their content and basis for calculation:

- EBIT,
- EBITDA (“Earnings Before Interest, Taxes, Depreciation and Amortization”), which is the sum of the EBIT as per the financial statements, the item “Depreciation/amortisation of fixed assets” and the item “Bad debts provision”;
- EBT (Earnings Before Tax);
- Adjusted EBITDA, EBIT and EBT: these are the same alternative performance indicators net of non-recurring items. At 30 June 2016 these indicators are the same as the non-adjusted but without non-recurring items.
- “Value of production”, which is given by the algebraic addition of the items “Net revenue,” “Other revenue”, and “Changes in inventories of finished goods and work in progress.”

The comment of the alternative performance indicators is provided in the paragraphs above.

Below follow indicators relating to the financial structure and to the economic and financial situation:

FINANCIAL RATIOS

INVESTMENT MIX RATIOS

RATIOS	30 June 2016	31 December 2015
1) Weight of fixed assets		
$\frac{\text{Capital assets}}{\text{Total assets}}$	$\frac{12,239}{58,338} = 20.98\%$	$\frac{10,012}{56,549} = 17.70\%$
2) Weight of working capital		
$\frac{\text{Current assets}}{\text{Total assets}}$	$\frac{46,100}{58,338} = 79.02\%$	$\frac{46,537}{56,549} = 82.30\%$

LOAN MIX RATIOS

RATIOS	30 June 2016	31 December 2015
1) Weight of current liabilities		
$\frac{\text{Current liabilities}}{\text{Total liabilities (except net equity)}}$	$\frac{26,649}{40,677} = 65.51\%$	$\frac{28,730}{37,522} = 76.60\%$
2) Weight of non-current liabilities		
$\frac{\text{Non-current liabilities}}{\text{Total liabilities (except net equity)}}$	$\frac{14,028}{40,677} = 34.49\%$	$\frac{8,792}{37,522} = 23.40\%$
3) Weight of own capital		
$\frac{\text{Own capital}}{\text{Net invested capital}}$	$\frac{17,661}{24,144} = 73.15\%$	$\frac{19,027}{12,562} = 151.50\%$

The analysis of the invested capital mix indicators shows a prevalence of short-term net assets in the total assets. This result is basically consistent with that of previous years.

The loans mix indicator shows:

- a prevalence of short-term loans, which is consistent with the level of investing activities;
- a reduction in the hedging of net invested capital with own capital, due to a worsening of net financial payables/receivables in the first half of 2016.

FINANCIAL POSITION RATIOS

LIQUIDITY RATIOS

RATIO	30 June 2016	31 December 2015
$\frac{\text{Current assets}}{\text{Current liabilities}}$	$\frac{46,100}{26,649} = 1.73$	$\frac{46,537}{28,730} = 1.62$

CAPITAL ASSETS COVERAGE RATIO

RATIO	30 June 2016	31 December 2015
$\frac{\text{Own capital}}{\text{Capital assets}}$	$\frac{17,661}{12,239} = 1.44$	$\frac{19,027}{10,012} = 1.90$

CASH RATIO

RATIO	30 June 2016	31 December 2015
$\frac{\text{Short-term assets}}{\text{Short-term liabilities}}$	$\frac{38,039}{23,432} = 1.62$	$\frac{30,492}{25,162} = 1.21$

The analysis of the financial ratios shows a substantial balance between sources and releases in line with the previous fiscal year.

In particular, the liquidity ratio shows the Group's ability to easily meet short-term financial obligations, considering the prevalence of current assets over current liabilities.

The capital assets coverage ratio shows strong coverage of capital assets with own funds.

Finally, the cash ratio shows a short-term prevalence of current assets over current liabilities of the fiscal year.

ECONOMIC POSITION RATIOS

ROE

30 June 2016	30 June 2015
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Net income pertaining to Group	1,230	=	8.03%	873	=	6.06%
Equity of Group	15,322			14,403		

ROI

	30 June 2016		30 June 2015	
Operating income from ordinary business	1,849	=	7.66%	1,778
Invested capital	24,144			13,926
				12.77%

ROS

	30 June 2016		30 June 2015	
Operating income from ordinary business	1,849	=	6.85%	1,778
Sales	26,985			28,807
				6.17%

ROE, which measures the profitability of own capital, was positive due to profit in 2016.

ROI, which measures profitability from operations, was positive given the operating profit registered by the Group in the first half of 2016.

ROS, which represents average operating income per unit of revenue; in this case as well, the operating profit positively affected the value of this ratio, which is positive and in line with the previous year.

SEGMENT REPORTING

Economic performance by business sector

The following table shows earning performance broken down by business segment. The data of the Group are presented with a breakdown into three segments (Numerical Controls - CNC -, High Speed Milling Systems - HSM -, and Service).

The last columns show those items that cannot be classified; these items are mainly general and administrative costs and costs for advertising, promotion and trade fairs incurred for all three business lines.

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.

Dati progressivi a giugno	CNC		HSM		SERVICE		Non all.	TOTALE
(migliaia di euro)	2016	%	2016	%	2016	%	2016	2016
Ricavi	1.812	60,1%	18.605	99,9%	6.568	100,0%	-	26.985
Ricavi Intersettoriali	1.202	39,9%	25	0,1%	-	0,0%	-	
Totale ricavi riclassificati	3.014	100,0%	18.630	99,9%	6.568	100,0%	-	
Variazione delle rimanenze di prodotti finiti e lavori in corso	250	8,3%	2.886	15,5%	(16)	-0,2%	-	3.121
Consumi di materie prime e di materiali di consumo	(610)	-20,2%	(9.876)	-53,0%	(592)	-9,0%	(92)	(11.170)
Costi intersettoriali	(4)	-0,1%	(1.552)	-8,3%	322	4,9%	6	-
Provvigioni, trasporti e lavorazioni est.	(397)	-13,2%	(2.836)	-15,2%	(193)	-2,9%	(3)	(3.429)
Margine sulle vendite	2.254	74,8%	7.253	38,9%	6.089	92,7%	(89)	15.507
Altri ricavi operativi	275	9,1%	508	2,7%	98	1,5%	96	978
Altri costi operativi	(252)	-8,4%	(1.131)	-6,1%	(1.582)	-24,1%	(2.433)	(5.398)
Costo del personale	(1.453)	-48,2%	(2.922)	-15,7%	(2.525)	-38,4%	(1.932)	(8.831)
Svalutazioni e ammortamenti	(8)	-0,3%	(178)	-1,0%	(48)	-0,7%	(173)	(407)
Risultato operativo	816	27,1%	3.530	19,0%	2.033	31,0%	(4.531)	1.849

Dati progressivi a giugno	CNC		HSM		SERVICE		Non all.	TOTALE
(migliaia di euro)	2015	%	2015	%	2015	%	2015	2015
Ricavi	2.016	68,2%	20.208	100,0%	6.584	100,0%	-	28.808
Ricavi Intersettoriali	940	31,8%		0,0%	-	0,0%	-	
Totale ricavi riclassificati	2.956	100,0%	20.208	100,0%	6.584	100,0%	-	
Variazione delle rimanenze di prodotti finiti e lavori in corso	271	9,2%	2.860	14,2%	35	0,5%	-	3.166
Consumi di materie prime e di materiali di consumo	(1.107)	-37,4%	(10.027)	-49,6%	(280)	-4,3%	(64)	(11.478)
Costi intersettoriali	103	3,5%	(1.545)	-7,6%	457	6,9%	45	-
Provvigioni, trasporti e lavorazioni est.	(385)	-13,0%	(4.141)	-20,5%	(247)	-3,8%	5	(4.778)
Margine sulle vendite	1.838	62,2%	7.355	36,4%	6.549	99,5%	(24)	15.718
Altri ricavi operativi	274	9,3%	439	2,2%	48	0,7%	302	1.063
Altri costi operativi	(210)	-7,1%	(1.062)	-5,3%	(1.422)	-21,6%	(2.676)	(5.370)
Costo del personale	(1.507)	-51,0%	(2.659)	-13,2%	(2.630)	-39,9%	(1.872)	(8.668)
Svalutazioni e ammortamenti	(38)	-1,3%	(149)	-0,7%	(199)	-3,0%	(579)	(965)
Risultato operativo	357	12,1%	3.924	19,4%	2.346	35,6%	(4.849)	1.778

RESEARCH & DEVELOPMENT

R&D activities have always been one of the strengths of the Group and received substantial investment over the years. A team of about 34 people supported by specialized consultants is currently dedicated to R&D activities.

The costs incurred by the Group in the first half of 2016 amounted to about €1.35 million, equal to about 5.0% of revenues (€1.4 million in the first half of 2015 equal to about 4.9% of revenues), and were recorded mainly by the parent Fidia S.p.A.

Since the R&D activities are mainly carried out with internal resources, a substantial portion of the costs (about €1.1 million) is represented by personnel expenses.

Capitalised costs amounted to approximately €151 thousand.

R&D allows the Group to pursue the goal of constantly adapting its products to customer needs, to always be at the forefront in its commodity sector thanks to technological innovation and to enhance its offering in those markets 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 the processing of components for the energy industry and of new materials (e.g., carbon fibre and titanium). Research covers both business lines of the Group.

In the **numerical controls and drives** segments, the main R&D lines that characterized activities in the first half of 2016 were:

- **Green Electric Drives novel structures for high performance drives** - From the last quarter of 2015 and for three years Fidia will be funding a scholarship for a PhD at the Polytechnic of Turin (PhD in Electrical, Electronics and Communications Engineering) titled: *Green Electric Drives novel structures for high performance drives*. The activity of the doctorate program will be followed by both academic and company tutors to ensure that the solutions developed can have a genuine impact on the new Xpower™ digital drive lines.
- **ViMill® - Look-ahead Virtual Milling** - we are developing new releases with features that increasingly meet the needs of customers to interface and integrate ViMill in production process management equipment. More robust management of input and an improvement in both the pre-treatment of 3D models that are not always reliable and of the core libraries for graphical modelling complete the picture of an increasingly integrated, user-friendly and error-free software that is able to eliminate the risk of errors introduced by the operator.
- **nC19** - FIDIA is completing the task of putting into production and certifying the new compact numeric control compact. nC19 is based on a Panel PC hardware architecture with 19" TFT oriented in portrait mode and with full-touch functions. The nC19 represents an evolution of the FIDIA numerical control in terms of performance and usability is characterised by the use of a hardware architecture customised to operating control needs to provide maximum reliability and robustness.
- **WS5 User interface** – The third quarter of 2016 will see the release of a first version of a new user interface with an innovative design across the various platforms, featuring remote control and optimized for new CNCs with full-touch interface. The release was enhanced with features that make the system more flexible and further developments and additional modules are already in the pipeline to fully tap the potential of this new architecture.
- **Axis Control and CNC functions** - In the course of the first half of 2016 the axis control logic was improved by intervening on various aspects to improve the quality and machining time of the produced pieces. Three official logic versions were released and new branches were opened to integrate more consistent improvements aimed at increasing flexibility, usability and applicability of FIDIA control systems.
- **IO-LINE** – The goal of the IO-LINE project is the overhaul of the management of input and output devices used as accessories for numerical control and machine tools. The development marks the transition from the solution currently adopted, called I/O LUX, based on infrared data transmission, to the new I/O LINE solution that uses communication

through the FFB field bus developed by FIDIA. In 2016 the first modules went into production and the activities of prototyping of recent modules and certification/testing of modules already produced are underway.

- **iMonitor** - SW suite designed to monitor the details of the operations carried out on machines equipped with FIDIA control. It analyses the actual processing times, machine downtime and the main events to be done during the use of the machines in order to monitor and identify issues and to determine the necessary maintenance interventions to obtain maximum efficiency. iMonitor represents FIDIA's response to the demand for an integrated tool for machine monitoring that is able to improve the control of the workshop and manage more attentively and effectively maintenance interventions. It has functions for the control of the machine status from a remote device, such as a telephone, tablet and PC. The first half of 2016 saw a first consolidation of the first release that lays the foundations for the subsequent development steps.

In the **high-speed milling systems** segment, the Group has continued along the path pursuing an R&D strategy centred, on the one hand, on broadening its range of machines and on searching cutting-edge solutions for processing new materials and gaining access to new sectors and fields of application and, on the other, on the consolidation of cooperation with industry partners and customers through the co-development of new production technologies.

The main projects that characterised the first half of 2016 are:

- **New K series** - The success over the years of the machines of the K series for the aerospace industry has led us to continue, also in the first part of 2016, the design of a new range of machines with modular architecture and enhanced dynamic performance. This modularity allows implementing customised solutions to meet the needs of customers, based on the combination of standard modules. The objective of the new K series is to repeat the success of the previous series and consolidate the presence of FIDIA in the aerospace industry.
- **D321** - In the course of the first half of 2016 the development of a new machine was started for the finishing of the moulds of the DIGIT series based on gantry architecture that will complement the current offering in the DIGIT series with open frame architecture.
- **Series M5 milling heads** - The set of milling heads saw the renewal or introduction of the three versions S, L and E in the first six months of 2016. The modernizations of the components and functions allow to accommodate more powerful spindles to apply high torque with substantial chip removal. They maintain characteristics similar to the current series with which they share some common parts, among which the v3 platform that allows quickly and effectively changing the machining head, drastically increasing the versatility of the machines which are equipped with them.

Finally, in 2016 the Group continued its activities in the financed research field. The first half of 2016 saw the participation of Fidia in 4 projects co-funded by the European Commission as part of FP7 and Horizon 2020. FIDIA is also continuing the activity of preparing new project proposals with the objective to support and consolidate the level of product and process innovation that distinguishes the Group. An overview follows below of the areas of intervention in which there are major financed projects.

- **EASE-R3** – Integrated Framework for a cost-effective and ease of repair, renovation and re-use of machine tools within modern factory: Project co-ordinated by FIDIA in the development of innovative approaches to support the selection of optimal maintenance strategies.
- **T-REX** - Lifecycle extension through product redesign and repair, renovation, reuse, recycling strategies for usage&reusage-oriented business models: development and

implementation of new business models centred on the use and reuse of production systems;

- **MMTECH** - New aerospace advanced cost-effective materials and rapid manufacturing technologies: development of technologies and methodologies aimed at reducing time and costs over the whole life cycle of aircraft (design, production, maintenance, overhaul, repair and retrofit).
- **MC-SUITE** - ICT Powered Machining Software Suite: development of a new generation of ICT tools for simulation, optimization and improvement of milling and industrial manufacturing processes. The objective is to reduce the gap between the actual machining of a workpiece and the design of its production process.

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

INTRA-GROUP RELATIONS AND RELATIONS WITH RELATED PARTIES

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

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

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

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

The foreign subsidiaries of Fidia, with the sole exception of Shenyang Fidia NC & M Co. Ltd., deal with the sales and servicing of the Group's products in the relevant markets and for this purpose they purchase these in general directly from the Parent Company. Intra-group sales relations are carried out based on transfer pricing applied in a continuous and uniform manner between companies. Supply relations are carried out based on normal market prices.

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

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

Under Article 7.2(c) of the above-mentioned "Guidelines", in the first half of 2016 there were no transactions with related parties that can be defined as having "major relevance." In the first half, Fidia S.p.A. has concluded, among others, a supply contract relating to two high-speed milling systems to the subsidiary Fidia Co. (USA) for a value of about USD 1.4 million (about €1 million). The above operation, included among the ordinary transactions concluded at terms equivalent to those of the market, were excluded from the application of the rules on transactions with related party transactions pursuant to Article 7.2(f), of the aforesaid "Guidelines" although they exceed the threshold defined in accordance with Annex 3 of Consob Regulation No. 17221.

Pursuant to Consob Resolution No. 15519 of 27 July 2006, supplementary consolidated income statement, consolidated statement of financial position and statement of cash flow schedules were drawn up, which show the impact of related party transactions on the individual financial statement items.

TRENDS IN GROUP COMPANIES

A brief overview of the performance of the Group companies during the first half is provided below. Data refers to the financial statements drawn up according to IAS/IFRS international accounting standards and all companies are consolidated with the line-by-line method.

	Fidia S.p.A.	Fidia GmbH	Fidia Co.	Fidia S.a.r.l.	Fidia Iberica S.A.
Currency of account	KEUR	KEUR	KUSD	KEUR	KEUR
Reference period of financial statement information	30.06.2016	30.06.2016	30.06.2016	30.06.2016	30.06.2016
ASSETS					
Non-current assets					
- Property, plant and equipment	6,721	235	1,624	4	425
- Intangible assets	1,195	0	10	0	1
- Investments	9,882	23	-	-	3
- Other non-current financial assets	-	-	-	-	-
- Trade receivables and other long-term receivables	1,158	-	4	7	199
- Pre-paid tax assets	397	24	113	22	36
Total non-current assets	19,353	282	1,751	34	665
Current assets					
- Inventories	17,925	1,402	2,432	105	437
- Trade receivables and other current receivables	10,182	702	5,749	970	376
- Cash and cash equivalents	4,083	644	740	500	683
Total current assets	32,190	2,747	8,921	1,575	1,496
Total assets	51,544	3,030	10,673	1,609	2,161
LIABILITIES					
Shareholders' equity					
- Share capital	5,123	520	400	300	180
- Other reserves	3,984	1,161	6,327	246	651
- Profit (loss) of the period	-386	187	540	123	16
TOTAL SHAREHOLDERS' EQUITY	8,631	1,869	7,267	669	847
Non-current liabilities					
- Other non-current payables and liabilities	0	0	0	67	0
- Termination benefits	2,501	0	0	0	0
- Deferred tax liabilities	0	0	0	0	53
- Other non-current financial liabilities	36	0	0	0	0
- Non-current financial liabilities	11,191	71	36	0	56
Total non-current liabilities	13,728	71	36	67	108
Current liabilities					
- Current financial liabilities	4,423	65	0	0	15
- Trade payables and other current payables	23,885	957	3,168	873	1,157
- Short-term provisions	877	68	201	0	34
Total current liabilities	29,185	1,090	3,369	873	1,206
Total liabilities	51,544	3,030	10,673	1,609	2,161

	Fidia S.p.A.	Fidia GmbH	Fidia Co.	Fidia S.a.r.l.	Fidia Iberica S.A.
Currency of account	KEUR	KEUR	KUSD	KEUR	KEUR
Reference period of financial statement information	30.06.2016	30.06.2016	30.06.2016	30.06.2016	30.06.2016
<u>INCOME STATEMENT</u>					
- Net sales	17,374	2,235	8,628	1,773	1,511
- Other revenues	839	105	200	1	89
Total revenue	18,213	2,340	8,787	1,774	1,600
- Changes in inventories of finished goods and Work in Progress	4,074	-37	-1,399	27	-691
- Raw materials and consumables	9,341	892	4,156	1,239	329
- Personnel expenses	5,778	753	759	198	278
- Other operating expenses	7,164	291	1,565	177	251
- Depreciation and amortization	183	55	66	1	32
Trading profit	-180	313	883	187	18
- Non-recurring income/(expenses)					
Operating result	-180	313	883	187	18
- Finance revenue (expenses)	-193	-4	7	0	4
	0	0	0	0	0
Profit (loss) before taxes	-373	309	890	187	22
Income taxes	-13	-121	-350	-63	-6
Net profit (loss) for the period	-386	187	540	123	16

	Fidia do Brasil Ltda	Beijing Fidia M.&E. Co. Ltd.	Shenyang Fidias NC&M Company Ltd
Currency of account	KREAIS	KRMB	KRMB
Reference period of financial statement information	30.06.2016	30.06.2016	30.06.2016
<u>ASSETS</u>			
Non-current assets			
- Property, plant and equipment	23	350	157
- Intangible assets	0	37	-
- Investments	-	-	-
- Other non-current financial assets	-	-	-
- Trade receivables and other long-term receivables	-	-	-
- Pre-paid tax assets	97	562	130
Total non-current assets	120	949	286
Current assets			
- Inventories	481	7,407	25,237
- Trade receivables and other current receivables	1,261	38,620	7,956
- Cash and cash equivalents	258	7,961	2,463
Total current assets	2,000	53,988	35,657
Total assets	2,120	54,937	35,943
<u>LIABILITIES</u>			
Shareholders' equity			
- Share capital	400	12,8184	42,518
- Other reserves	-137	27,334	-17,752
- Profit (loss) of the period	144	2,710	-528
TOTAL SHAREHOLDERS' EQUITY	407	42,859	24,238
Non-current liabilities			
- Other non-current payables and liabilities	72	0	0
- Termination benefits	0	0	0
- Deferred tax liabilities	0	0	0
- Other non-current financial liabilities	0	0	0
- Non-current financial liabilities	0	0	0
Total non-current liabilities	72	0	0
Current liabilities			
- Current financial liabilities	0	0	0
- Trade payables and other current payables	1,599	12,078	11,675
- Short-term provisions	43	0	30
Total current liabilities	1,642	12,078	11,705
Total liabilities	2,120	54,937	35,943

	Fidia do Brasil Ltda	Beijing Fidia M.&E. Co. Ltd.	Shenyang Fidia NC&M Company Ltd
Currency of account	KREAIS	KRMB	KRMB
Reference period of financial statement information	30.06.2016	30.06.2016	30.06.2016
<u>INCOME STATEMENT</u>			
- Net sales	1,500	23,169	15,180
- Other revenues	1	116	0
Total revenue	1,501	23,286	15,180
- Changes in inventories of finished goods and Work in Progress	120	-162	3,295
- Raw materials and consumables	849	10,919	13,426
- Personnel expenses	368	4,661	3,026
- Other operating expenses	418	5,238	2,169
- Depreciation and amortization	6	152	392
Operating result	-20	2,153	-539
- Finance revenue (expenses)	208	1,536	19
Profit (loss) before taxes	188	3,689	-520
Income taxes	44	979	7
Net profit (loss) for the period	232	4,668	-513

SIGNIFICANT EVENTS OCCURRING AFTER THE FIRST HALF AND BUSINESS OUTLOOK FOR THE CURRENT PERIOD

Significant events occurring after the first half

On 2 August 2016 the acquisition of 4% share of Beijing Fidia M. & E. Co. was finalised; from this date, therefore, FIDIA S.p.A. has become the owner of 96% of the Chinese company; the overall financial outlay by Fidia was equal to €371 thousand.

Business outlook

The second quarter of the period closed with a significantly positive result and the first half too was positive as a whole.

In commercial terms, the performance was satisfactory in all three sectors that have recorded good levels of new orders in the first half of the year. This positive trend was also maintained in the month of July.

Based on these assumptions, the Group's management expects to maintain this economic performance in the second half of the year.

During the first half business operations were conducted to support the Group's production capacity and the timeliness of deliveries, including through policies based on higher levels of inventory. This, as well as the industrial building under construction, will allow, once at full capacity, to increase efficiency and production volumes adapting them to Group commercial results that are expected to be high in the current year.

Total capital expenditure in the building amounted to a total of €6.6 million and is being funded through a lease contract with Mediocredito Italiano SpA (Intesa San Paolo Group).

Based on the foregoing, the Group net financial position was negative at about €6.5 million, down compared with the end of the last year.

FIDIA GROUP

**Condensed half-year consolidated financial statements at 30
June 2016**

CONSOLIDATED INCOME STATEMENT (*)

(in migliaia di euro)	Note	1° semestre 2016	1° semestre 2015
- Vendite nette	1	26.985	28.807
- Altri ricavi e proventi	2	978	1.063
Totale ricavi e proventi		27.963	29.870
- Variazione delle rimanenze di prodotti finiti e lavori in corso		3.121	3.166
- Consumi di materie prime e di consumo	3	(11.170)	(11.478)
- Costo del personale	4	(8.831)	(8.668)
- Altri costi operativi	5	(8.827)	(10.148)
- Svalutazioni e ammortamenti	6	(407)	(964)
Utile/(Perdita) operativa della gestione ordinaria		1.849	1.778
- Proventi/(Oneri) non ricorrenti	7	0	0
Utile/(Perdita) operativa		1.849	1.778
- Proventi/(Oneri) finanziari	8	88	(624)
Utile/(Perdita) prima delle imposte		1.937	1.154
- Imposte sul reddito	9	(715)	(443)
Utile/(Perdita) delle attività in continuità		1.222	711
- Utile/(Perdita) delle attività discontinue		-	-
Utile/(Perdita) del periodo		1.222	711
Utile/(Perdita) attribuibile a :			
- Soci della controllante		1.230	873
- Interessenze di pertinenza di terzi		(8)	(162)
(in euro)			
Risultato per azione ordinaria	10	0,24	0,17
Risultato diluito per azione ordinaria	10	0,24	0,17

(*) According to Consob Resolution No. 15519 of July 27, 2006, the effects of relations with related parties on the Consolidated Statement of Comprehensive Income are posted in the relevant Statement of Comprehensive Income Schedule illustrated below and are further defined in Note No. 33.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In € thousands)	Notes	1st half of 2016	1st half of 2015
Profit (loss) for the period (A)		1,222	711
Other Comprehensive Profit/(Loss) that may subsequently be reclassified to profit or loss:			
Profit/(loss) on cash flow hedges	20	39	84
Profit(loss) on translation of financial statements of foreign companies	20	(497)	1,187
Tax effect pertaining to Other comprehensive profit/(loss) that may be reclassified in profit or loss	20	(9)	(23)
Total Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss, net of tax effect (B1)		(467)	1,248
Other comprehensive profit/(loss) that may not subsequently be reclassified to profit or loss:			
Net actuarial gains/(losses) on defined benefit plans	20	(137)	(177)
Tax effect pertaining to Other comprehensive profit/(loss) that may not subsequently be reclassified to profit or loss	20	33	48
Total Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss, net of tax effect (B2)		(104)	(129)
Total Other comprehensive profit/(loss), net of tax effect (B)=(B1)+(B2)		(571)	1,119
Total comprehensive profit/(loss) for the period (A)+(B)		651	1,830
Total comprehensive profit/(loss) due to:			
Shareholders of the parent company		752	1,787
Non-controlling interests		(101)	43

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*)

(in migliaia di euro)	Note	30 giugno 2016	31 dicembre 2015
ATTIVO			
ATTIVITA' NON CORRENTI			
- Immobili, impianti e macchinari	11	8.924	6.452
- Immobilizzazioni immateriali	12	1.212	1.099
- Partecipazioni	13	16	16
- Altri crediti e attività non correnti	14	1.368	1.393
- Attività per imposte anticipate	9	719	1.052
TOTALE ATTIVITA' NON CORRENTI		12.238	10.012
ATTIVITA' CORRENTI			
- Rimanenze	15	24.088	19.825
- Crediti commerciali	16	11.867	9.646
- Crediti per imposte correnti	17	566	193
- Altri crediti e attività correnti	17	1.518	828
- Altre attività finanziarie correnti	18	-	4
- Disponibilità liquide e mezzi equivalenti	19	8.061	16.041
TOTALE ATTIVITA' CORRENTI		46.100	46.537
TOTALE ATTIVO		58.338	56.549
PASSIVO			
PATRIMONIO NETTO			
- Capitale emesso e riserve attribuibili ai soci della controllante		15.322	16.585
- Interessenze di pertinenza di terzi		2.339	2.442
TOTALE PATRIMONIO NETTO CONSOLIDATO	20	17.661	19.027
PASSIVITA' NON CORRENTI			
- Altri debiti e passività non correnti	21	87	290
- Trattamento di fine rapporto	22	2.501	2.372
- Passività per imposte differite	9	53	59
- Fondo per rischi ed oneri	28	58	59
- Altre passività finanziarie non correnti	23	36	6
- Passività finanziarie non correnti	24	11.293	6.006
TOTALE PASSIVITA' NON CORRENTI		14.028	8.792
PASSIVITA' CORRENTI			
- Passività finanziarie correnti	24	3.083	3.347
- Altre passività finanziarie correnti	25	133	221
- Debiti commerciali	26	11.477	11.335
- Debiti per imposte correnti	27	881	1.558
- Altri debiti e passività correnti	27	9.901	10.950
- Fondi per rischi ed oneri	28	1.175	1.319
TOTALE PASSIVITA' CORRENTI		26.649	28.730
TOTALE PASSIVO		58.338	56.549

(*) According to Consob Resolution No. 15519 of 27 July 2006, the effects of related party transactions on the Consolidated Statement of Financial Position are posted in the relevant schedule of Statement of Financial Position illustrated below and are further defined in Note No. 33.

CONSOLIDATED STATEMENT OF CASH FLOW (*)

(in migliaia di euro)	1° semestre 2016	1° semestre 2015
A) Disponibilità e mezzi equivalenti all'inizio del periodo	15.534	9.039
B) Disponibilità generate (assorbite) dalle operazioni del periodo:		
- Risultato del Gruppo e dei Terzi	1.222	873
- Ammortamenti e svalutazioni di immobilizzazioni materiali	325	321
- Minusvalenze (plusvalenze) nette da alienazioni di immobilizzazioni materiali	(7)	(10)
- Variazione netta del fondo trattamento di fine rapporto	129	187
- Variazione netta dei fondi rischi ed oneri	(146)	59
- Variazione netta (attività) passività per imposte (anticipate) differite	327	81
Variazione netta del capitale di esercizio:		
- crediti	(3.258)	(2.311)
- rimanenze	(4.263)	(4.420)
- debiti	(1.787)	5.194
	(7.458)	(26)
C) Disponibilità generate (assorbite) dall'attività di investimento		
-Investimenti in:		
immobili, impianti e macchinari	(2.819)	(759)
immobilizzazioni immateriali	(166)	(249)
-Realizzo della vendita di:		
immobili, impianti e macchinari	73	24
immobilizzazioni finanziarie		
	(2.912)	(984)
D) Disponibilità generate (assorbite) dall'attività di finanziamento		
- Variazione finanziamenti	4.903	3.875
- Dividendi pagati	(2.045)	(1.278)
- Variazione di capitale e riserve	(44)	(65)
- Variazione netta delle spettanze di terzi	(94)	43
- Variazione netta delle altre attività e passività finanziarie correnti e non	(54)	493
	2.666	3.068
Differenze cambi da conversione	(396)	939
E) Variazione netta delle disponibilità monetarie	(8.100)	2.997
F) Disponibilità e mezzi equivalenti a fine periodo	7.434	12.036
Dettaglio delle disponibilità e mezzi equivalenti :		
Disponibilità liquide e mezzi equivalenti	8.061	12.657
Conti correnti passivi bancari	(627)	(621)
	7.434	12.036

(*) According to Consob Resolution No. 15519 of 27 July 2006, the effects of relations with related parties on the Consolidated Cash Flow Statement are posted in the relevant Cash Flow Statement Schedule illustrated below.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(In € thousands)	Share capital	Treasury shares	Capital reserves	Retained earnings	Cash flow hedge reserve	Translation reserve	Reserve for actuarial profit/loss	Other reserves	Result for period	Total Group Shareholders' Equity	Non-controlling interests	Total Shareholders' Equity
Balance at 1 January 2015	5,123	(45)	1,240	3,162	(344)	1,713	(66)	213	2,894	13,890	2,623	16,513
Allocation of profit				(1,278)	-	-	-	-	0	(1,278)	0	(1,278)
Comprehensive result for the period	-			-	61	982	(129)		873	1,787	43	1,830
Other changes				5						5		5
Balance at June 30 June 2015	5,123	(45)	1,240	1,889	(283)	2,695	(195)	213	3,767	14,403	2,666	17,069
Balance at 1 January 2016	5,123	(45)	1,240	4,730	(65)	2,716	(50)	213	2,723	16,585	2,442	19,027
Allocation of profit				678					(2,723)	(2,045)		(2,045)
Comprehensive result for the period	-	-	-		30	(404)	(104)	-	1,230	752	(101)	651
Other changes	-	-	-	30	-	-	-	-		30	(2)	28
Balance at 30 June 2016	5,123	(45)	1,240	5,438	(35)	2,312	(154)	213	1,230	15,322	2,339	17,661

CONSOLIDATED INCOME STATEMENT

Pursuant to CONSOB Resolution No. 15519 of 27 July 2006

(in migliaia di euro)	Note	1° semestre 2016	Di cui parti correlate	1° semestre 2015	Di cui parti correlate
- Vendite nette	1	26.985	163	28.807	47
- Altri ricavi e proventi	2	978		1.063	
Totale ricavi e proventi		27.963		29.870	
- Variazione delle rimanenze di prodotti finiti e lavori in corso		3.121		3.166	
- Consumi di materie prime e di consumo	3	(11.170)		(11.478)	
- Costo del personale	4	(8.831)	(457)	(8.668)	(463)
- Altri costi operativi	5	(8.827)	(142)	(10.148)	(168)
- Svalutazioni e ammortamenti	6	(407)		(964)	
Utile/(Perdita) operativa della gestione ordinaria		1.849		1.778	
- Proventi/(Oneri) non ricorrenti	7	0		0	
Utile/(Perdita) operativa		1.849		1.778	
- Proventi/(Oneri) finanziari	8	88		(624)	
Utile/(Perdita) prima delle imposte		1.937		1.154	
- Imposte sul reddito	9	(715)		(443)	
Utile/(Perdita) delle attività in continuità		1.222		711	
- Utile/(Perdita) delle attività discontinue		-		-	
Utile/(Perdita) del periodo		1.222		711	
Utile/(Perdita) attribuibile a :					
- Soci della controllante		1.230		873	
- Interessenze di pertinenza di terzi		(8)		(162)	
(in euro)					
Risultato per azione ordinaria	10	0,24		0,17	
Risultato diluito per azione ordinaria	10	0,24		0,17	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Pursuant to CONSOB Resolution No. 15519 of 27 July 2006

(in migliaia di euro)	Note	30 giugno 2016	Di cui parti correlate	31 dicembre 2015	Di cui parti correlate
ATTIVO					
ATTIVITA' NON CORRENTI					
- Immobili, impianti e macchinari	11	8.924		6.452	
- Immobilizzazioni immateriali	12	1.212		1.099	
- Partecipazioni	13	16		16	
- Altri crediti e attività non correnti	14	1.368		1.393	
- Attività per imposte anticipate	9	719		1.052	
TOTALE ATTIVITA' NON CORRENTI		12.238		10.012	
ATTIVITA' CORRENTI					
- Rimanenze	15	24.088		19.825	
- Crediti commerciali	16	11.867	43	9.646	1
- Crediti per imposte correnti	17	566		193	
- Altri crediti e attività correnti	17	1.518	20	828	39
- Altre attività finanziarie correnti	18	-		4	
- Disponibilità liquide e mezzi equivalenti	19	8.061		16.041	
TOTALE ATTIVITA' CORRENTI		46.100		46.537	
TOTALE ATTIVO		58.338		56.549	
PASSIVO					
PATRIMONIO NETTO					
- Capitale emesso e riserve attribuibili ai soci della controllante		15.322		16.585	
- Interessenze di pertinenza di terzi		2.339		2.442	
TOTALE PATRIMONIO NETTO CONSOLIDATO	20	17.661		19.027	
PASSIVITA' NON CORRENTI					
- Altri debiti e passività non correnti	21	87		290	
- Trattamento di fine rapporto	22	2.501		2.372	
- Passività per imposte differite	9	53		59	
- Fondi per rischi ed oneri	28	58		59	
- Altre passività finanziarie non correnti	23	36		6	
- Passività finanziarie non correnti	24	11.293		6.006	
TOTALE PASSIVITA' NON CORRENTI		14.028		8.792	
PASSIVITA' CORRENTI					
- Passività finanziarie correnti	24	3.083		3.347	
- Altre passività finanziarie correnti	25	133		221	
- Debiti commerciali	26	11.477	180	11.335	135
- Debiti per imposte correnti	27	881		1.558	
- Altri debiti e passività correnti	27	9.901	243	10.950	226
- Fondi per rischi ed oneri	28	1.175		1.319	
TOTALE PASSIVITA' CORRENTI		26.649		28.730	
TOTALE PASSIVO		58.338		56.549	

CONSOLIDATED STATEMENT OF CASH FLOWS

Pursuant to CONSOB Resolution No. 15519 of 27 July 2006

(in migliaia di euro)	1° semestre 2016	Di cui parti correlate	1° semestre 2015	Di cui parti correlate
A) Disponibilità e mezzi equivalenti all'inizio del periodo	15.534		9.039	
B) Disponibilità generate (assorbite) dalle operazioni del periodo:				
- Risultato del Gruppo e dei Terzi	1.222		873	
- Ammortamenti e svalutazioni di immobilizzazioni materiali	325		321	
- Minusvalenze (plusvalenze) nette da alienazioni di immob.ni materiali	(7)		(10)	
- Variazione netta del fondo trattamento di fine rapporto	129		187	
- Variazione netta dei fondi rischi ed oneri	(146)		59	
- Variazione netta (attività) passività per imposte (anticipate) differite	327		81	
Variazione netta del capitale di esercizio:				
- crediti	(3.258)	(23)	(2.311)	(43)
- rimanenze	(4.263)		(4.420)	
- debiti	(1.787)	62	5.194	65
	(7.458)		(26)	
C) Disponibilità generate (assorbite) dall'attività di investimento				
-Investimenti in:				
immobili, impianti e macchinari	(2.819)		(759)	
immobilizzazioni immateriali	(166)		(249)	
-Realizzo della vendita di:				
immobili, impianti e macchinari	73		24	
immobilizzazioni finanziarie				
	(2.912)		(984)	
D) Disponibilità generate (assorbite) dall'attività di finanziamento				
- Variazione finanziamenti	4.903		3.875	
- Dividendi pagati	(2.045)		(1.278)	
- Variazione di capitale e riserve	(44)		(65)	
- Variazione netta delle spettanze di terzi	(94)		43	
- Variazione netta delle altre attività e passività finanziarie correnti e non	(54)		493	
	2.666		3.068	
Differenze cambi da conversione	(396)		939	
E) Variazione netta delle disponibilità monetarie	(8.100)		2.997	
F) Disponibilità e mezzi equivalenti a fine periodo	7.434		12.036	
Dettaglio delle disponibilità e mezzi equivalenti :				
Disponibilità liquide e mezzi equivalenti	8.061		12.657	
Conti correnti passivi bancari	(627)		(621)	
	7.434		12.036	

Notes

SIGNIFICANT ACCOUNTING STANDARDS

These Condensed Half-Year Consolidated Financial Statements at 30 June 2016 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and adopted by the European Union. The designation "IFRS" also includes all currently valid International Accounting Standards ("IAS"), as well as all interpretations of the International Accounting Reporting Interpretations Committee ("IFRIC"), formerly the Standing Interpretations Committee ("SIC").

These Half-Year Consolidated Financial Statements have been prepared in accordance with IAS 34 – Interim Financial Reporting, applying the same accounting standards used in the preparation of the Consolidated Financial Statements at 31 December 2015.

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent assets and liabilities at the date of the interim financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of this condensed Half-Year Report, 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 extensive description of the valuation processes more relevant to the Group, please refer to the section "Use of estimates" of the consolidated financial statements at 31 December 2015.

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 conducts operations that have historically shown variations of total sales during the year and higher revenues are usually recorded in the second half of the year compared to the first.

Income taxes were determined on the basis of the best estimate of the average rate expected for the whole financial year by each company included in the scope of consolidation.

The Group is exposed to financial risks associated with its operations: credit risk, liquidity risk, and market risk (mainly relating to exchange rates and interest rates).

These condensed half-year consolidated financial statements do not include all information and notes on the management of financial risks required in the preparation of the annual financial statements. For a detailed description of this information, please refer to the description in the Fidia Group Consolidated Financial Statements at 31 December 2015, the Notes section "Risk Management" and Note 31 called named "Financial risk management."

Financial Statements

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

Within said statement of comprehensive income by nature, under the profit/(loss), a specific distinction has been made between profit/(loss) of ordinary business and those charges and earnings that are the result of non-recurrent transactions in ordinary business management, such as the restructuring expenses and any other atypical revenues/(charges), as these can be treated like the former. It is deemed that this allows for a better measurement of the actual performance of the normal business management, it being understood that any atypical expenses and earnings are specified in detail

The definition of atypical adopted by the Group differs from the one set by Consob Notice of July 28, 2006, by which atypical and/or unusual transactions are all those transactions whose significance/relevance, nature of the counterparts, subject-matter of the transaction, transfer pricing method and timing of the event (near year-end) can give rise to doubts on: correctness/completeness of information posted, conflict of interests, safeguard of company equity, safeguard of minority interests.

With reference to the statement of financial position, the "non-current and current" format of presentation has been adopted according to the provisions of IAS 1.

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

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

Accounting standards, amendments and interpretations effective as of 1 January 2016

The following standards, amendments and interpretations shall apply for the first time with effect from 1 January 2016.

- Amendments to "IFRS 11 - Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations" clarification concerning the accounting of acquisitions of interests in joint operations; the changes did not have significant effects on the financial statements of the Fidia Group.
- Amendments to "IAS 16 –Property, Plant and Equipment" and "IAS 38 – Intangible Assets" specifying the limits to application to specific situations of the method based on revenues for the calculation of amortization and depreciation; the changes have not had significant effects on the financial statements of Fidia Group.
- Amendments to "IAS 27 - Separate Financial Statements" provide for the possibility to apply as an accounting option for investments in subsidiaries, joint ventures and associates; the changes that took effect on 1 July 2016 have not generated any significant effects on the financial statements of the Fidia Group.
- Amendments to "IAS 1 - Presentation of Financial Statements" clarifies that materiality applies to all parts of the financial statements and any immaterial information must be equally reported if it affects the usefulness of disclosure. In addition, the assessment of the need and scope of the additional information must be corroborated by an expert's opinion; these amendments had no significant effects on the financial statements of the Fidia Group.

- Annual Improvements 2012-2014: a series of amendments to IFRS to address four topics addressed during the 2012-2014 cycle and effective from 1 July 2016; the amendments had no significant effects on the financial statements of the Fidia Group.
- Amendments to "IFRS 10 - Consolidated Financial Statements" and to "IAS 28 - Investments in Associates and Joint Ventures (2011)" that addressed a conflict identified between the requirements of IFRS 10 and IAS 28 (2011) concerning the sale or contribution of assets between an investor and its associate or joint venture. These amendments that took effect on 1 July 2016 had no significant effects on the financial statements of the Fidia Group.

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

The following standards, amendments and interpretations have been issued but are not yet effective for the financial year beginning on 1 January 2016 and have not been applied in advance:

- Standard "IFRS 15 - Revenue from Contracts with Customers" requires the reporter to recognize revenue to represent the transfer of goods or services to customers at an amount that reflects the consideration that one would expect to receive in exchange for such products or services; this new model for recognizing revenues sets out a five-step process and requires the use of estimates and judgments. The amendments are effective retroactively for annual periods beginning on or after 1 January 2018, with earlier application being permitted.
- Amendment to IFRS 16 "Leases." The amendment sets out the standards for the recognition, measurement, presentation and additional disclosures concerning leases for both parties and supersedes the previous standard IAS 17 "Leases." It introduces a single accounting model under which a lessee must recognise an asset and liability for all leases with a term of 12 months or more unless the underlying asset has a low value and recognise separately the depreciation charge of the goods from the accrued interest in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2019.
- Amendment to "IFRS 9 – Financial Instruments" streamlines the measurement model and sets out three categories for the measurement of financial assets: amortised cost, fair value through comprehensive income or fair value through profit or loss. The classification criterion depends on the business model of the entity and on the cash flows generated from an asset. The standard also amends the hedge accounting method. The amendments are effective for annual periods beginning on or after 1 January 2018.
- Amendment to IAS 7 "Statement of Cash Flows;" additional disclosure that enables users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is effective for annual periods beginning on 1 January 2017.
- Amendment to IAS 12 "Income Taxes"; clarifies when a deferred tax asset should be recognised for unrealised losses on liabilities measured at fair value. The amendment is effective for annual periods beginning on or after 1 January 2017.

Scope of consolidation

The scope of consolidation has not changed in the first half of 2016 compared to the Consolidated Financial Statements at 31 December 2015. The following table shows the companies falling within the scope of consolidation compared with year-end 2015 and the same period of last year:

Name / Place of business	Currency	Share capital	Investment at 30/6/2016	Investment at 31/12/2015	Investment at 30/6/2015
Fidia SpA, S. Mauro T.se - Italy	EUR	5,123,000	100%	100%	100%
Fidia GmbH, Dreieich - Germany	EUR	520,000	100%	100%	100%
Fidia Co, Troy - U.S.A.	USD	400,000	100%	100%	100%
Fidia Sarl, Emerainville – France	EUR	300,000	100%	100%	100%
Fidia Iberica S.A., Zamudio - Spain	EUR	180,300	99.993%	99.993%	99.993%
Fidia do Brasil Ltda, Sao Paulo – Brazil	Reals	400,843	99.75%	99.75%	99.75%
Beijing Fidra M&E Co Ltd., Beijing – China	USD	1,500,000	92%	92%	92%
Shenyang Fidra NC & Machine Company Ltd., Shenyang – China	Rmb	42,517,648	51%	51%	51%
OOO Fidra, Moscow, Russian Federation	Rouble	3,599,790	100%	100%	100%
Fidia India Private Ltd – Pune - India	Rupee	100,000	0%	0%	99.99%

The scope of consolidation changed with respect to the consolidated financial statements at 30 June 2015 due to the closing in the second half of 2015 of Fidra India Private Ltd, which had no significant effect on the consolidated financial statements.

OTHER DISCLOSURES

The Condensed Half-Year Consolidated Financial Statements at 30 June 2016 was approved by the Board of Directors on 21 September 2016, authorising its publication on the same date.

CONTENT AND MAIN CHANGES

INCOME STATEMENT

1. NET SALES

The breakdown of net revenue from third parties by business segment (excluding intra-Group transactions) is shown in the following table:

(in migliaia di euro)	1° semestre 2016	%	1° semestre 2015	%
Controlli numerici, azionamenti e software	1.812	6,7%	2.016	7,0%
Sistemi di fresatura ad alta velocità	18.605	68,9%	20.208	70,1%
Assistenza post-vendita	6.568	24,3%	6.584	22,9%
Totale	26.985	100,0%	28.807	100,0%

2. OTHER REVENUES AND EARNINGS

Other revenues and earnings in 1st quarter 2016 were equal to €978 thousand (€1,063 thousand in the same period of 2015). This figure includes the other revenues from ordinary activity, but that cannot be included in the typical sale of goods and services.

This item includes:

- Research grants from the EU and Italian Ministry of Education, University and Research (MIUR) as part of the funded research activity carried out by the parent company Fidia S.p.A. (€264 thousand, €198 thousand at 30 June 2015);
- release of the warranty, bad debts and/or any accruals in excess of the risk to be covered (€296 thousand versus €91 thousand at 30 June 2015);
- capital gains from disposals of tangible assets (€7 thousand versus €22 thousand at 30 June 2015);
- increases in tangible assets built on a time and materials basis and the capitalization of product development costs (€180 thousand versus €418 thousand at 30 June 2015);
- recovery of costs, contingent assets and other sundry revenues (€231 thousand; €334 thousand in the same period of last year).

3. RAW MATERIALS AND OTHER CONSUMABLES

These are:

(in migliaia di euro)	1° semestre 2016	1° semestre 2015
Materiali di produzione	11.591	11.272
Materiali per assistenza tecnica	649	762
Materiali di consumo	79	49
Attrezzatura e software	26	36
Imballi	131	158
Altri	64	71
Variazione rimanenze finali materie prime, sussidiarie e di consumo	(1.370)	(870)
Totale	11.170	11.478

In the first half of 2016 the consumption of raw materials and other consumables amounted to €11,170 thousand, down compared to the same period of last year (€11,478 thousand) due to decreased revenue.

4. PERSONNEL COSTS

Personnel costs increased by €163 thousand compared to the first half of 2015 (+1.88%) and amounted to €8,831 thousand versus €8,668 thousand in the same period of 2015. These amounts are as follows:

(in migliaia di euro)	1° semestre 2016	1° semestre 2015
Salari e stipendi	6.669	6.556
Oneri sociali	1.852	1.821
T.F.R.	219	207
Altri costi del personale	91	84
Totale	8.831	8.668

The change recorded in the first half of 2016 in the number of employees, broken down by category, is illustrated below:

	30/6/2015	31/12/2015	Entrate	Uscite	Var. livello	30/6/2016	Media periodo
Dirigenti	7	8	-	-		8	8,0
Quadri e impiegati	280	281	9	11		279	280,0
Operai	46	52	3	2		53	52,5
Totale	333	341	12	(13)	0	340	340,5

5. OTHER OPERATING EXPENSES

Other operating expenses are as follows:

(in migliaia di euro)	1° semestre 2016	1° semestre 2015
Lavorazioni esterne	2.099	2.370
Premi e provvigioni	664	1.352
Spese di produzione	2.560	2.771
Spese commerciali	450	550
Spese di ricerca e sviluppo	284	291
Spese generali e amministrative	2.770	2.814
Totale	8.827	10.148

Other operating expenses amounted to €8,827 thousand, down by €1,321 thousand compared to the first half of 2015. The trend is due, above all, to lower related commercial and administrative expenses.

6. DEPRECIATIONS, AMORTISATIONS AND WRITEDOWNS

(in migliaia di euro)	1° semestre 2016	1° semestre 2015
Ammortamento immobili, impianti e macchinari	272	250
Ammortamento immobilizzazioni immateriali	53	71
Svalutazione crediti	82	643
Totale	407	964

In the first half trade receivables equal to about €82 thousand were written down by the parent company and branches.

7. NON-RECURRING REVENUE

In the first half of 2016 there were no non-recurring revenue or expenses.

8. FINANCE REVENUE/(EXPENSES)

Finance revenue and expenses consist of:

(in migliaia di euro)	1° semestre 2016	1° semestre 2015
Proventi finanziari	19	19
Oneri finanziari	(124)	(161)
Proventi(oneri) netti su strumenti finanziari derivati	(8)	(16)
Utile (perdite) da transazioni in valute estere	201	(466)
Totale	88	(624)

Finance revenue consists of:

(in migliaia di euro)	1° semestre 2016	1° semestre 2015
Interessi attivi verso banche	5	10
Interessi e sconti commerciali	0	1
Altri proventi finanziari	14	8
Totale	19	19

Finance expenses consist of:

(in migliaia di euro)	1° semestre 2016	1° semestre 2015
Interessi passivi su debiti verso banche a breve t.	(11)	(27)
Interessi passivi su debiti verso banche a medio-lungo t.	(70)	(50)
Interessi passivi su debiti verso società di leasing	(1)	(1)
Oneri finanziari su TFR	(14)	(60)
Altri oneri finanziari	(27)	(23)
Totale	(124)	(161)

Net revenue (expenses) from derivatives consist of:

(in migliaia di euro)	1° semestre 2016	1° semestre 2015
Oneri su strumenti derivati per adeguamento <i>Fair value</i>	(24)	(24)
Proventi su strumenti derivati per adeg.to <i>Fair value</i>	16	8
Totale	(8)	(16)

The expenses and revenue from derivatives include the fair value measurement of two interest rate swap contracts and two interest rate cap contracts entered into by the parent company Fidias S.p.A. to hedge the risk of fluctuations in interest rates on two medium-to-long-term loans, as well as of certain forward hedging contracts entered into to hedge the risks of EUR/USD exchange rate fluctuations.

Profit (loss) on foreign currency transactions consists of:

(in migliaia di euro)	1° semestre 2016	1° semestre 2015
Differenze cambio attive realizzate	90	85
Proventi da adeguamento cambi	205	-
Utili su cambi per contratti a termine	-	-
Differenze cambio passive realizzate	(41)	(232)
Oneri da adeguamento cambi	(52)	(285)
Perdite su cambi per contratti a termine	0	(34)
Totale	201	(466)

9. INCOME TAXES

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

(in migliaia di euro)	1° semestre 2016	1° semestre 2015
Imposte correnti :		
IRES	-	56
IRAP	13	76
Imposte sul reddito controllate estere	463	160
Totale imposte correnti	476	292
Assorbimento di imposte anticipate	323	217
Imposte anticipate	(82)	(59)
Imposte differite	1	
Assorbimento di imposte differite	(3)	(7)
Totale	715	443

At 30 June 2016 the balance of the pre-paid tax assets and deferred tax liabilities of the individual consolidated companies consists of:

(in migliaia di euro)	30 giugno 2016	31 dicembre 2015
Attività per imposte anticipate	719	1.052
Passività per imposte differite	(53)	(59)
Totale	666	993

The pre-paid tax assets amounted to €719 thousand, down from year-end. For these assets, mainly generated from temporary differences in assets and liabilities, tax losses and consolidation adjustments, it is deemed that these are recoverable on the basis of the budget and forecasts for subsequent years.

10. EARNINGS PER SHARE

At 30 June 2016 the share capital of Fidia S.p.A. consisted of 5,123,000 ordinary shares having the same rights in the distribution of profits and was unchanged compared to the disclosures in paragraph 20 of the Consolidated Financial Statements at 31 December 2015.

The calculation of the earnings per share is based on the following data:

		1 ° semestre 2016	1 ° semestre 2015
Risultato netto di competenza del Gruppo	migliaia di euro	1.230	873
Risultato attribuibile alle azioni ordinarie	migliaia di euro	1.230	873
Numero di azioni ordinarie in circolazione	numero	5.113.000	5.113.000
Risultato base per azione	euro	0,24	0,17
Risultato diluito per azione	euro	0,24	0,17

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

STATEMENT OF FINANCIAL POSITION

11. PROPERTY, PLANT AND EQUIPMENT

The following table shows the changes in property, plant and equipment in the first half of 2016:

(in migliaia di euro)	Fabbricati	Impianti, macchinari e attrezzature	Altri beni	Immobilizz. in corso e acconti	Totale
Valore netto contabile al 31.12.2015	394	469	860	4.729	6.452
Acquisizioni		1.256	158	1.405	2.819
Riclassifiche/giroconti				(67)	(67)
Valore netto alienazioni					0
Ammortamento	(22)	(111)	(139)		(272)
(Svalutazioni)/Riprese di valore					-
Differenze cambio			(7)	(1)	(8)
Valore netto contabile al 30.6.2016	372	1.614	872	6.066	8.924

Capital expenditure in the first half of 2016 amounted to approximately €2,819 thousand. Work in progress refers to a plot of land with adjoining industrial building under construction, that Fidia S.p.A. acquired, through lease, during 2014. As it is not yet ready for use, this capital expenditure item has not yet been subject to depreciation.

At 30 June 2016 there are no assets encumbered by collateral or other constraints that may limit the full availability.

12. INTANGIBLE ASSETS

The following table shows the changes in intangible assets in the first half of 2016:

(in migliaia di euro)	Diritto di utilizzo <i>Know how</i>	Licenze	Software	Immobilizz. in corso	Totale
Valore netto contabile al 31.12.2015	-	72	211	816	1.099
Incrementi		10	8	151	169
Riclassifiche/giroconti				(4)	4
Ammortamento		(13)	(40)		(53)
Differenze cambio			1		1
Valore netto contabile di chiusura 30.6.2016	-	69	180	963	1.212

The increases in the first half of 2016 amounted to €169 thousand and refer mainly to development costs incurred and capitalized (€151 thousand); these costs have not yet been amortised, as the projects have not been completed yet and have not started to produce the related benefits.

All costs of research (both basic and applied) are instead charged to profit or loss in the year they are incurred.

13. INVESTMENTS

The item amounting to €16 thousand was unchanged compared to 31 December 2015 and is related to investments in associated companies measured with the equity method and to investments in other companies measured at cost.

14. OTHER NON-CURRENT RECEIVABLES AND ASSETS

Other non-current receivables and assets include:

	Saldo	Saldo
(in migliaia di euro)	30 giugno 2016	31 dicembre 2015
Crediti per contributi UE	-	-
Depositi cauzionali	34	54
Crediti non correnti verso clienti	198	236
Crediti per IVA estera	15	15
Crediti per ritenute su redditi esteri	686	686
Risconti attivi pluriennali	34	2
Altri crediti non correnti	400	400
Totale	1.368	1.393

The decrease of €25 thousand compared to the balance at 31 December 2015 is due to normal transactions related to the business.

Withholding tax on foreign income consist of receivables claimed by Fidia S.p.A. with tax authorities for final withholding tax on wages for technical training activities carried out by the parent company on behalf of the subsidiary Ltd. in prior periods. These receivables are recoverable through the realization of taxable income sufficient to allow a surplus of Italian tax compared to foreign tax up to a maximum period of 5 years.

The value of those receivables was adjusted with provision for writedowns of €580 thousand allocated in previous periods and that has not changed in the period.

At 30 June 2016, "Other long-term receivables" amounted to €400 thousand relating to the deposit paid by Fidia S.p.A. to Mediocredito Italiano S.p.A. in the first half of 2015 as part of the lease for the construction of the new production site in Forlì.

15. INVENTORY

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

	Saldo 30 giugno 2016	Saldo 31 dicembre 2015
(in migliaia di euro)		
Materie prime	11.662	10.488
Fondo svalutazione materie prime	(1.921)	(2.014)
	9.741	8.474
Prodotti in corso di lavorazione e semilavorati	10.169	6.283
Prodotti finiti e merci	4.554	5.418
Fondo svalutazione prodotti finiti	(530)	(528)
	4.024	4.890
Acconti	154	178
Valore netto	24.088	19.825

At the end of the first half of the year inventory were up by €4,263 thousand compared to 31 December 2015. The increase was mainly due to higher stocks of raw materials and work in progress resulting in a greater production progress since the end of last year.

The provisions for depreciation equivalent to €2,451 thousand (€2,542 thousand at 31 December 2015) were recognised to hedge some slow-moving components; these phenomena result, in particular, from the need to ensure customers that spare parts are available for servicing even beyond the period of ordinary marketability of the components.

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

	Saldo 31 dicembre 2015	Accantonamento/ (utilizzo)	Effetto cambio	Saldo 30 giugno 2016
(in migliaia di euro)				
Fondo svalutazione materie prime	2.014	(76)	(16)	1.921
Fondo svalutazione prodotti finiti	528	(2)	4	530
Totale	2.542	- 78	- 12	2.451

16. TRADE RECEIVABLES

(in migliaia di euro)	Saldo 30 giugno 2016	Saldo 31 dicembre 2015
Crediti commerciali verso clienti terzi	12.550	10.438
Fondo svalutazione crediti	(683)	(792)
Crediti verso società collegate	-	-
Totale	11.867	9.646

Trade receivables grew compared to 31 December 2015 by approximately €2,112 thousand; this change is mainly connected to the different dynamics of revenue in the two periods being compared.

The bad debt provisions, amounting to €683 thousand (€792 thousand at 31 December 2015) were allocated to cover the risk of default related to doubtful receivables and overdue receivables.

The changes in the bad debt provision (in €thousands) follow below:

Saldo 31 dicembre 2015	792
Accantonamento	82
Utilizzi/riprese	(187)
Differenze cambio	(5)
Saldo 30 giugno 2016	683

17. TAX RECEIVABLES AND OTHER CURRENT RECEIVABLES AND ASSETS

(in migliaia di euro)	Saldo 30 giugno 2016	Saldo 31 dicembre 2015
Crediti verso erario per Iva	350	12
Crediti per imposte sul reddito e IRAP	206	146
Crediti per IVA estera a breve termine	-	31
Altri	10	4
Totale attività fiscali correnti	566	193
Contributi per la ricerca	158	77
Risconti attivi diversi	349	341
Ratei attivi	30	31
Crediti verso dipendenti	233	151
Fornitori c/anticipi	554	79
Altri	194	149
Totale altri crediti correnti	1.518	828
Totale	2.084	1.021

Advances to suppliers refers mainly to advances on commissions and to the advance to Chinese regulatory authorities for a corporate acquisition transaction underway.

There are no receivables due beyond five years.

18. OTHER CURRENT FINANCIAL ASSETS

The item is blank because of the generally negative trend of fair value of currency forward contracts in USD entered into to mitigate the risk of exchange rate fluctuations. The measurement was carried out, as for other derivatives, according to the market parameters at the end of the first quarter.

19. CASH AND CASH EQUIVALENTS

The overall amount of cash of the Group amounted to €8,061 thousand (€16,041 thousand at 31 December 2015) and consisted mostly of temporary cash in bank deposits pending future use. It is believed that their carrying value is aligned with the fair value at the date of this half-year report.

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

20. SHAREHOLDERS' EQUITY

Consolidated shareholders' equity amounted to €17,661 thousand, down by €1,366 thousand compared to 31 December 2015, due to the combined effect of the profit for the period (€1,222 thousand), the distribution of dividends resolved by the latest shareholders' meeting (-€2,045 thousand), the accounting of actuarial losses on post-employment benefits (TFR) (-€104 thousand, net of tax estimated to be about €33 thousand), the fair value measurement of derivative instruments for hedging allocated to the cash flow hedge reserve (+€30 thousand, net of estimated tax of about €9 thousand), the effect of exchange rate fluctuations on the translation of financial statements of subsidiaries denominated in currencies other than the EUR (€-497 thousand) and other changes (€28 thousand).

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

(in migliaia di euro)	Saldo al 30 giugno 2016			Saldo al 30 giugno 2015		
	Valore lordo	(Onere)/ Beneficio fiscale	Valore netto	Valore lordo	(Onere)/ Beneficio fiscale	Valore netto
Utili/(perdite) su strumenti di <i>cash flow hedge</i>	39	(9)	30	84	(23)	61
Utili/(perdite) derivanti dalla conversione dei bilanci di imprese estere	(497)	-	(497)	1.187	-	1.187
Utili/(perdite)attuariali dei piani a benefici definiti	(137)	33	(104)	(177)	48	(129)
Totale altri utili/(perdite)	(595)	24	(571)	1.094	25	1.119

At 30 June 2016 the share capital, fully underwritten and paid in, is unchanged compared to 31 December 2015 and consists of 5,123,000 ordinary shares with a nominal value of 1 euro, each for a total of €5,123,000.

For a more complete disclosure on the share capital of the Company, see Note 20 of the Consolidated Financial Statements at 31 December 2015.

Own shares consisted of 10,000 ordinary shares issued by Fidias S.p.A. for a value of €45 thousand (unchanged compared to 31 December 2015).

21. OTHER NON-CURRENT PAYABLES AND LIABILITIES

This item, amounting to €87 thousand (€290 thousand at 31 December 2015), consists of €67 thousand in medium-to-long-term payables to personnel of the French subsidiary Fidia Sarl and other minor entries.

22. TERMINATION BENEFITS

“Termination benefits” reflects the remaining obligation of Fidia S.p.A., the only Italian company of the Group, related to the allowance granted to employees and liquidated at the time of termination of the employment relationship. Under specific conditions, a part of it can be paid in advance to employees during their working life. It is an unfunded defined benefit plan.

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

Saldo 31 dicembre 2015	2.372
Quota maturata e stanziata nel periodo	219
Indennità liquidata nel periodo	(22)
Quote trasferite al Fondo Tesoreria e alla previdenza complementare	(216)
Imposta sostitutiva	(3)
Oneri finanziari su TFR	14
Contabilizzazione perdite attuariali	137
Saldo 30 giugno 2016	2.501

The interest on charges relating to the defined benefits plans for employees is comprised under finance expenses, hence leading to an increase in finance expenses of the period in the amount of €14 thousand.

Termination benefits are calculated based on the following actuarial assumptions:

	At 30 June 2016	At 31 December 2015
Discount rate (*)	-0.13%	0.02%
Future inflation rate (**)	1.5%	1.5%
Frequency of request for advances	3.0%	3.0%
Relative frequency of resignation/dismissal cadres, employees, workers	3.0%	3.0%
Relative frequency of resignations/dismissals managers	5.0%	5.0%

(*) The discount rate of future benefits is evaluated by measuring, as required by IAS 19, the market yields; the maturity structure of interest rates used refers to the AA-rated EUR Composite interest rates. The applied discount rate is the one with an average financial duration equal to that of the benefits provided to the community in question.

(**) The rate used for 2016 is indicated; below follow the rates applied for years following 2016: 1.80% in 2017, 1.70% in 2018, 1.60% in 2019 and 2.00% in 2020 and beyond.

23. OTHER NON-CURRENT FINANCIAL LIABILITIES

This item amounted to €36 thousand (€6 thousand at 31 December 2015) and comprises the fair value of an interest rate swap and two interest rate cap contracts signed to hedge risk on interest rate changes on three medium-to-long-term loans (cash flow hedges).

24. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Financial liabilities amounted to €14,376 thousand as per the schedule.

	Saldo	Saldo
(in migliaia di euro)	30 giugno 2016	31 dicembre 2015
Conti correnti passivi e anticipazioni a breve termine	627	507
Ratei passivi su finanziamenti	31	31
Finanziamento BNL "1.500" (parte a medio-lungo termine e a breve termine)	391	546
Finanziamento Banco Popolare (parte a medio-lungo termine e a breve termine)	372	495
Finanziamento MPS (a breve termine)	-	698
Finanziamento ISP "3.500" (parte a medio-lungo termine e a breve termine)	2.777	3.122
Finanziamento Banca Nazionale del Lavoro (a breve termine)	-	749
Finanziamento BNL "2.500" (parte a medio-lungo termine e a breve termine)	2.343	-
Finanziamento ISP "3.000" (parte a medio-lungo termine e a breve termine)	2.976	-
Finanziamento UNICREDIT (parte a medio-lungo termine e a breve termine)	1.489	-
Autodesk financing	-	17
Autodesk financing n.2	60	-
Volkswagen bank (leasing finanz.)	129	136
Skoda Bank Germania (leasing finanz.)	47	57
Banco Popular Espanol	41	46
Mediocredito Italiano (leasing finanz.)	3.093	2.949
Totale	14.376	9.353

	Entro 1 anno	Entro 5 anni	Oltre 5 anni	Totale
Conti correnti passivi e anticipazioni a b.t.	658			658
Finanziamenti bancari a ML termine	2.294	8.054		10.348
Finanziamenti bancari a breve termine	-	-	-	-
Autodesk financing	33	27		60
Volkswagen bank (leasing finanz.)	65	64		129
Skoda bank (leasing finanz.)	21	26		47
Banco Popular Espanol	12	29		41
Mediocredito Italiano (leasing finanz.)			3.093	3.093
Totale	3.083	8.200	3.093	14.376

The current loans have the following characteristics:

BNL “1.500” Loan (medium/long-term part and short-term part)

Original amount	€1,500 thousand
Residual amount	€391 thousand
Date of loan	08/10/2012
Term	Due date 30/09/2017
Grace period	1 quarterly instalment (31/12/2012)
Repayment	19 quarterly instalments (31/03/2013 to 30/09/2017)
Interest rate	3-month Euribor, base 360 + 3.35% spread

This loan is guaranteed at 70% by Sace S.p.A. In order to hedge the interest rate risk, an interest rate cap hedging contract has been entered into.

Loan - Banco Popolare (medium/long-term part and short-term part)

Original amount	€1,250 thousand
Residual amount	€372 thousand
Date of loan	09/11/2012
Term	Due date 31/12/2017
Grace period	1 quarterly instalment (31/12/2012)
Repayment	20 quarterly instalments (31/03/2013 to 31/12/2017)
Interest rate	3-month Euribor, base 360 + 3.78% spread

This loan is guaranteed at 70% by Sace S.p.A. In order to hedge the interest rate risk, an interest rate cap hedging contract has been entered into.

ISP “3.500” Loan (medium/long-term part and short-term part)

Original amount	€3,500 thousand
Residual amount	€2,777 thousand
Date of loan	20/04/2015
Term	Due date 01/04/2020
Grace Period	Not provided
Repayment	20 quarterly instalments (01/07/2015 to 01/04/2020)
Interest rate	3-month Euribor, base 360 + 2.00% spread

BNL “2.500” Loan (medium/long-term part and short-term part)

Original amount	€2,500 thousand
Residual amount	€2,343 thousand
Date of loan	28/01/2016
Term	Due date 31/12/2020
Grace period	1 quarterly instalment (31/03/2016)
Repayment	19 quarterly instalments (30/06/2016 to 31/12/2020)
Interest rate	3-month Euribor, base 360 + 1.35% spread

This loan is guaranteed at 50% by Sace S.p.A. In order to hedge interest rate risk, an interest rate swap hedging contract has been entered into.

ISP "3.000" Loan (medium/long-term part and short-term part)

Original amount	€3,000 thousand
Residual amount	€2,976 thousand
Date of loan	17/05/2016
Term	Due date 01/04/2021
Grace period	3 quarterly instalment (01/01/2017, 01/10/2016 and 01/01/2017)
Repayment	17 quarterly instalments (01/04/2017 to 01/04/2021)
Interest rate	3-month Euribor, base 360 + 1.5% spread

In order to hedge the interest rate risk, an interest rate swap hedging contract has been entered into.

UNICREDIT Loan (medium/long-term part and short-term part)

Original amount	€1,500 thousand
Residual amount	€1,489 thousand
Date of loan	16/05/2016
Term	Due date 31/05/2020
Grace Period	Not provided
Repayment	16 quarterly instalments (31/08/2016 to 31/05/2020)
Interest rate	3-month Euribor, base 360 + 1.35% spread

Autodesk financing

Original amount	€66 thousand
Residual amount	€60 thousand
Date of loan	23/05/2016
Term	Due date 23/04/2018
Repayment	24 monthly instalments (23/05/2016 to 23/04/2018)
Interest rate	0%

Lease with Volkswagen Bank Italy

Original amount	€85 thousand
Residual amount	€35 thousand
Date of loan	3/1/2014
Term	Due date 30/11/2017
Repayment	47 monthly instalments (03/01/2014 to 30/11/2017)
Interest rate	4.54%

Lease - Volkswagen Bank Germany No. 2

Original amount	€58 thousand
Residual amount	€3 thousand
Date of loan	9/8/2013
Term	Due date 15/8/2016
Repayment	36 monthly instalments (15/9/2013 to 15/8/2016)
Interest rate	1.9%

Lease - Volkswagen Bank Germany No. 3

Original amount	€29 thousand
Residual amount	€6 thousand
Date of loan	15/3/2014
Term	Due date 15/2/2017
Repayment	36 monthly instalments (15/3/2014 to 15/2/2017)
Interest rate	1.9%

Lease - Skoda Bank Germany No. 1

Original amount	€38 thousand
Residual amount	€26 thousand
Date of loan	16/02/2015
Term	Due date 15/03/2019
Repayment	48 monthly instalments (15/04/2014 to 15/03/2019)
Interest rate	1.97%

Lease - Skoda Bank Germany No. 2

Original amount	€34 thousand
Residual amount	€21 thousand
Date of loan	24/02/2015
Term	Due date 15/04/2018
Repayment	36 monthly instalments (15/5/2015 to 15/04/2018)
Interest rate	1.97%

Lease - Volkswagen Bank Germany No. 4

Original amount	€38 thousand
Residual amount	€26 thousand
Date of loan	11/5/2015
Term	Due date 15/8/2018
Repayment	36 monthly instalments (15/8/2015 to 15/8/2018)
Interest rate	2.90%

Lease - Volkswagen Bank Germany No. 5

Original amount	€34 thousand
Residual amount	€24 thousand
Date of loan	20/3/2015
Term	Due date 15/8/2018
Repayment	36 monthly instalments (15/8/2015 to 15/8/2018)
Interest rate	2.90%

Lease - Volkswagen Bank Germany No. 6

Original amount	€33 thousand
Residual amount	€30 thousand
Date of loan	15/3/2016
Term	Due date 15/2/2019
Repayment	36 monthly instalments (15/8/2015 to 15/8/2018)
Interest rate	2.90%

Lease - Volkswagen Bank Spain

Original amount	€13 thousand
Residual amount	€5 thousand
Date of loan	21/12/2013
Term	Due date 21/11/2017
Repayment	48 monthly instalments (21/12/2013 to 21/11/2017)
Interest rate	9.64%

Lease - Banco Popular Español

Original amount	€48 thousand
Residual amount	€41 thousand
Date of loan	27/11/2015
Term	Due Date 27/10/2019
Repayment	48 monthly instalments (27/11/2015 to 27/10/2019)
Interest rate	2.5%

Lease - Mediocredito Italiano

Original amount	€5,600 thousand
Amount paid	€2,600 thousand
Residual amount	€3,093 thousand
Date of loan	25/6/2014
Interest rate	3-month Euribor + 3.81% spread

This is the “under construction” property lease agreement, the repayment of which will take place in 179 monthly instalments starting from the date on which the industrial building will be ready for use. Until that date, the user, Fidia S.p.A., will not refund the principal (excluding the initial maxi-instalment, amounting to €1,260 thousand, paid on signing of the lease), but only interests. The total amount funded by the leasing company may reach, depending on the state of progress of the renovation and expansion, up to €5,600 thousand.

The net carrying amount of outstanding loans at 30 June 2016 is in line with their fair value.

25. OTHER CURRENT FINANCIAL LIABILITIES

This item amounted to €133 thousand and includes the fair value loss of certain contracts for the forward sale of USD entered into by the parent company Fidia S.p.A. to hedge the exchange rate risk on certain supplies denominated in that currency, in addition to €69 thousand in research grants collected by Fidia S.p.A. in the capacity as lead company and pending redistribution among the partners participating in these projects.

A 31 December 2015 this item amounted to €221 thousand.

26. TRADE PAYABLES

	Saldo 30 giugno 2016	Saldo 31 dicembre 2015
(migliaia di euro)		
Debiti verso fornitori terzi	11.476	11.333
Debiti verso società collegate	1	2
Totale debiti commerciali	11.477	11.335

Trade payables amounted to €11,477 thousand at 30 June 2016, an increase of €142 thousand compared to 31 December 2015 due to higher purchase volumes.

27. TAX LIABILITIES AND OTHER CURRENT PAYABLES AND LIABILITIES

(in migliaia di euro)	Saldo 30 giugno 2016	Saldo 31 dicembre 2015
Debiti verso il personale	2.016	1.561
Debiti per oneri sociali	747	895
Acconti da clienti	5.211	6.692
Acconti per contributi UE	-	-
Debiti per emolumenti	243	224
Debiti verso Fondo Tesoreria e altri fondi	174	107
Debiti per dividendi	72	151
Ratei e risconti passivi vari	1.053	809
Debiti diversi verso la società SMTCL	-	120
Debiti diversi	385	391
Totale altri debiti	9.901	10.950
Ritenute fiscali	202	356
Debiti verso l'erario per imposte sul reddito e IRAP	469	538
Debiti verso l'erario per IVA	172	591
Altri debiti tributari a breve termine	38	73
Totale debiti tributari	881	1.558
Totale	10.782	12.508

Payables to employees mainly relate to accrued vacation pay and other unrealized retribution items; the change compared to 31 December 2015 is due to accrual during the year of bonuses (typically 13th monthly wage), which are paid at year-end.

Advances from customers include advances from customers for orders yet to be processed and for sales of milling systems already delivered but pending completion, which according to *IAS 18 – Revenue*, cannot be stated in the revenue.

28. PROVISIONS FOR RISKS AND EXPENSES

Provisions for risks and expenses amounted to €1,233 thousand, of which €1,175 thousand in the short term (€1,319 thousand at 31 December 2015) and €58 thousand in the long term (€59 thousand at 31 December 2015). This item includes

- €1,133 thousand for warranty provision, which is the best possible estimate of the obligations undertaken by the Group by contract, law or custom with regard to expenses related to warranty on its products for a certain period effective as of sale to the final customer;
- €56 thousand for a provision made by the subsidiary Fidria Co for legal risks;
- €44 thousand for a provision made for tax disputes.

(in migliaia di euro)	Saldo 1° gennaio 2016	Accantona- mento	Utilizzi/ riprese	Effetto cambio	Saldo 30 giugno 2016
Fondo garanzia	59			(1)	58
Totale altri fondi rischi e oneri non correnti	59	-	-	1	58
					-
Fondo contenzioso fiscale	8	36			44
Fondo garanzia	1.224	100	(249)		1.075
Fondo rischi legali	87		31		56
Fondo rischi diversi	-				-
Totale fondi a breve termine	1.319	136	(280)	0	1.175
Totale Fondi Rischi ed Oneri	1.378	136	- 280	- 1	1.233

29. COLLATERAL AND OTHER CONTINGENT LIABILITIES

Sureties issued on behalf of others

The sureties on our behalf to third parties amounted at 30 June 2016 to €2,942 thousand (€2,800 thousand at 30 June 2015).

This item consists mainly of sureties to guarantee commercial transactions with foreign customers of the parent company for advances received for future supplies and the proper performance of contractual obligations during the warranty period.

Contingent liabilities

At 30 June 2016, Fidia Group, though exposed to various risks (product, legal and fiscal liability), is not aware of circumstances in addition to those already covered by specific provisions in the financial statements that might generate foreseeable contingent liabilities or contingent liabilities the amount of which may be estimated and therefore does not deem it necessary to make any further allocations.

30. OTHER DISCLOSURES

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

Currency	1st half of 2016		At 31 December 2015		1st half of 2015	
	Average	At 30 June	Average	At 30 June	Average	At 30 June
USD	1.11553	1.1102	1.10951	1.0887	1.11585	1.1189
Real - Brazil	4.13492	3.5898	3.70044	4.3117	3.30764	3.4699
RMB - China	7.29365	7.3755	6.97333	7.0608	6.94110	6.9366
Rouble - Russia	78.41223	71.5200	68.07200	80.6736	64.60237	62.3551

31. DISCLOSURE BY BUSINESS LINE

Within the Group Fidia three segments were identified at primary level: i) high-speed milling (HSM) systems ii) numerical controls, drives, software (CNC) and iii) after-sales service (Service).

Below are reported the consolidated economic results by segment at 30 June 2016 compared to those at 30 June 2015.

Dati progressivi a giugno	CNC		HSM		SERVICE		Non all.	TOTALE
(migliaia di euro)	2016	%	2016	%	2016	%	2016	2016
Ricavi	1.812	60,1%	18.605	99,9%	6.568	100,0%	-	26.985
Ricavi Intersettoriali	1.202	39,9%	25	0,1%	-	0,0%	-	
Totale ricavi riclassificati	3.014	100,0%	18.630	99,9%	6.568	100,0%	-	
Variazione delle rimanenze di prodotti finiti e lavori in corso	250	8,3%	2.886	15,5%	(16)	-0,2%	-	3.121
Consumi di materie prime e di materiali di consumo	(610)	-20,2%	(9.876)	-53,0%	(592)	-9,0%	(92)	(11.170)
Costi intersettoriali	(4)	-0,1%	(1.552)	-8,3%	322	4,9%	6	-
Provvigioni, trasporti e lavorazioni est.	(397)	-13,2%	(2.836)	-15,2%	(193)	-2,9%	(3)	(3.429)
Margine sulle vendite	2.254	74,8%	7.253	38,9%	6.089	92,7%	(89)	15.507
Altri ricavi operativi	275	9,1%	508	2,7%	98	1,5%	96	978
Altri costi operativi	(252)	-8,4%	(1.131)	-6,1%	(1.582)	-24,1%	(2.433)	(5.398)
Costo del personale	(1.453)	-48,2%	(2.922)	-15,7%	(2.525)	-38,4%	(1.932)	(8.831)
Svalutazioni e ammortamenti	(8)	-0,3%	(178)	-1,0%	(48)	-0,7%	(173)	(407)
Risultato operativo	816	27,1%	3.530	19,0%	2.033	31,0%	(4.531)	1.849

Dati progressivi a giugno	CNC		HSM		SERVICE		Non all.	TOTALE
(migliaia di euro)	2015	%	2015	%	2015	%	2015	2015
Ricavi	2.016	68,2%	20.208	100,0%	6.584	100,0%	-	28.808
Ricavi Intersettoriali	940	31,8%		0,0%	-	0,0%	-	
Totale ricavi riclassificati	2.956	100,0%	20.208	100,0%	6.584	100,0%	-	
Variazione delle rimanenze di prodotti finiti e lavori in corso	271	9,2%	2.860	14,2%	35	0,5%	-	3.166
Consumi di materie prime e di materiali di consumo	(1.107)	-37,4%	(10.027)	-49,6%	(280)	-4,3%	(64)	(11.478)
Costi intersettoriali	103	3,5%	(1.545)	-7,6%	457	6,9%	45	-
Provvigioni, trasporti e lavorazioni est.	(385)	-13,0%	(4.141)	-20,5%	(247)	-3,8%	5	(4.778)
Margine sulle vendite	1.838	62,2%	7.355	36,4%	6.549	99,5%	(24)	15.718
Altri ricavi operativi	274	9,3%	439	2,2%	48	0,7%	302	1.063
Altri costi operativi	(210)	-7,1%	(1.062)	-5,3%	(1.422)	-21,6%	(2.676)	(5.370)
Costo del personale	(1.507)	-51,0%	(2.659)	-13,2%	(2.630)	-39,9%	(1.872)	(8.668)
Svalutazioni e ammortamenti	(38)	-1,3%	(149)	-0,7%	(199)	-3,0%	(579)	(965)
Risultato operativo	357	12,1%	3.924	19,4%	2.346	35,6%	(4.849)	1.778

The last column shows those items that cannot be classified; these items are mainly general and administrative costs and costs for advertising, promotion and trade fairs incurred for all three business lines.

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

Segment assets consist of operating assets that are employed by the segment in the conduct of its operations and are directly attributed or allocated, in a reasonable manner, to the segment. These assets do not include assets for income taxes.

Segment liabilities consist of operating liabilities arising to carry out operations in the segment and are directly attributed or allocated, in a reasonable manner, to the segment. These liabilities do not include deferred income taxes.

Below follow the consolidated statements of financial position per segment at 30 June 2016 and 31 December 2015.

Al 30 giugno 2016	CNC	HSM	SERVICE	Non allocabili	Totale
(migliaia di euro)					
Immobili, impianti e macchinari	23	6.472	28	2.401	8.924
Immobilizzazioni immateriali	555	408	-	249	1.212
Partecipazioni				16	16
Altre attività finanziarie non correnti	-	-	-	-	-
Altri crediti e attività non correnti	29	220	-	1.119	1.368
Attività per imposte anticipate	-	-	-	719	719
Totale attività non correnti	607	7.100	28	4.504	12.238
Rimanenze	2.567	16.149	5.372		24.088
Crediti commerciali e altri crediti correnti	1.137	7.745	3.450	1.053	13.385
Crediti per imposte correnti	-	-	-	566	566
Altre attività finanziarie correnti	-	-	-	-	-
Disponibilità liquide e mezzi equivalenti	-	-	-	8.061	8.061
Totale attività correnti	3.704	23.894	8.822	9.680	46.100
Totale attivo	4.311	30.994	8.850	14.184	58.338
Altri debiti e passività non correnti	9	22	31	25	87
Trattamento di fine rapporto	606	1.282	230	383	2.501
Fondi a lungo termine	-	25	33	-	58
Passività per imposte differite	-	-	-	53	53
Altre passività finanziarie non correnti	-	-	-	36	36
Passività finanziarie non correnti	-	-	-	11.293	11.293
Totale passività non correnti	615	1.329	294	11.790	14.028
Passività finanziarie correnti	-	-	-	3.083	3.083
Altre passività finanziarie correnti	-	-	-	133	133
Debiti commerciali e altri debiti correnti	1.699	15.666	1.043	2.970	21.378
Debiti per imposte correnti				881	881
Fondi a breve termine	71	839	186	79	1.175
Totale passività correnti	1.770	16.505	1.229	7.146	26.649
Totale passività	2.385	17.834	1.523	18.936	40.678
Patrimonio netto	-	-	-	17.661	17.661
Totale passivo	2.385	17.834	1.523	36.597	58.338

Al 31 dicembre 2015	CNC	HSM	SERVICE	Non allocabili	Totale
(migliaia di euro)					
Immobili, impianti e macchinari	28	5.134	23	1.267	6.452
Immobilizzazioni immateriali	455	357	-	287	1.099
Partecipazioni	-	-	-	16	16
Altre attività finanziarie non correnti	-	-	-	-	-
Altri crediti e attività non correnti	-	257	-	1.136	1.393
Attività per imposte anticipate	-	-	-	1.052	1.052
Totale attività non correnti	483	5.748	23	3.758	10.012
Rimanenze	2.301	12.460	5.064	-	19.825
Crediti commerciali e altri crediti correnti	918	6.451	2.589	516	10.474
Crediti per imposte correnti	-	-	-	193	193
Altre attività finanziarie correnti	-	-	-	4	4
Disponibilità liquide e mezzi equivalenti	-	-	-	16.041	16.041
Totale attività correnti	3.219	18.911	7.653	16.754	46.537
Totale attivo	3.702	24.659	7.676	20.512	56.549
Altri debiti e passività non correnti	157	86	26	21	290
Trattamento di fine rapporto	570	1.215	208	379	2.372
Fondi a lungo termine	-	-	59	-	59
Passività per imposte differite	-	-	-	59	59
Altre passività finanziarie non correnti	-	-	-	6	6
Passività finanziarie non correnti	-	-	-	6.006	6.006
Totale passività non correnti	727	1.301	293	6.471	8.792
Passività finanziarie correnti	-	-	-	3.347	3.347
Altre passività finanziarie correnti	-	-	-	221	221
Debiti commerciali e altri debiti correnti	1.444	16.092	1.239	3.510	22.285
Debiti per imposte correnti	-	-	-	1.558	1.558
Fondi a breve termine	80	1.046	115	78	1.319
Totale passività correnti	1.524	17.138	1.354	8.714	28.730
Totale passività	2.251	18.439	1.647	15.185	37.522
Patrimonio netto	-	-	-	19.027	19.027
Totale passivo	2.251	18.439	1.647	34.212	56.549

32. FAIR VALUE HIERARCHIES

IFRS 13 establishes a fair value hierarchy which classifies inputs of valuation techniques adopted to measure fair value into three levels. The fair value hierarchy attaches the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 data) and the lowest priority to unobservable inputs (Level 3 data). In some cases, the data used to assess the fair value of an asset or liability could be classified into different levels of the fair value hierarchy. In such cases, the evaluation of fair value is classified entirely in one level of the hierarchy in which the input is classified at the lowest level, considering its importance for evaluation. The levels of the hierarchy are:

Level 1 - quoted prices in active markets for identical assets or liabilities subject to valuation to which the entity can access at the measurement date;

Level 2 – inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices);

Level 3 – inputs that are not based on observable market data.

At 30 December 2016, the Group held financial liabilities measured at fair value represented by derivative financial instruments to hedge interest rate risk, for an amount of €36 thousand and financial assets at fair value represented by derivative financial instruments to hedge the exchange

rate risk, for an amount of €64 thousand, classified within Level 2 of the hierarchical assessment of fair value.

During the first half of 2016 there were no transfers of assets and liabilities from one level to another.

33. RELATED-PARTY TRANSACTIONS

The Group is engaged in transaction with associated companies and other related parties on commercial terms that are normal in the respective markets considering the characteristics of the goods and services involved.

In particular, these relations regarded:

- professional fees on consulting R&D activities performed by Consorzio Prometec;
- commercial transaction with the company Shenyang Machine Tool Co. Ltd.;
- wages and salary paid to Mr. Luca Morfino, employed by Fidia S.p.A. and to Mr. Carlos Maidagan, employed by Fidia Iberica.
- emoluments to the Board of Directors and to Statutory Auditors.

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

Counterpart (€ thousand)	Other operating expenses	Personnel costs	Revenues
Compensation Board of Directors	-	366	-
Compensation Board of Statutory Auditors	29	-	-
Shenyang Machine Tool Co. Ltd.	62	-	163
Other related parties	51	91	-
Total related parties	142	457	163
Total item	8,827	8,831	26,985
% on balance-sheet item	1.6%	5.2%	0.6%

Counterpart (€ thousand)	Trade receivables	Other current receivables	Trade payables	Other current payables
Payables to BoD members of Fidia SpA	-	-	-	214
Payables to members of the Board of Statutory Auditors of Fidia SpA	-	-	-	29
Shenyang Machine Tool Co. Ltd.	43	-	178	-
Other related parties	-	20	2	-
Total related parties	43	20	180	243
Total item	11,867	1,518	11,769	9,901
% on balance-sheet item	0.4%	1.3%	1.5%	2.1%

34. NET FINANCIAL POSITION

Pursuant to the Consob Communication issued on 28 July 2006 and according to the CESR recommendation dated 10 February 2005 for the consistent implementation of the European Commission's Regulation on Prospectuses, the net financial position of Fidia Group at 30 June 2016 is the following:

	(migliaia di euro)	30 giugno 2016	31 dicembre 2015
A	Cassa	19	19
B	Depositi bancari	8.042	16.022
C	Altre disponibilità liquide	-	-
D	Liquidità (A+B+C)	8.061	16.041
E	Crediti finanziari correnti	-	4
F	Debiti bancari correnti	627	1.985
G	Parte corrente dell'indebitamento bancario non corrente	2.456	1.362
H	Altri debiti finanziari correnti	133	221
I	Indebitamento finanziario corrente (F+G+H)	3.215	3.568
J	Posizione finanziaria corrente netta (credito)/debito (I-E-D)	(4.846)	(12.477)
K	Debiti bancari non correnti	11.293	6.006
L	Obbligazioni emesse	-	-
M	Altri debiti finanziari non correnti	36	6
N	Indebitamento finanziario non corrente (K+L+M)	11.329	6.012
O	Posizione finanziaria netta (credito)/debito (J+N)	6.483	(6.465)

35. SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

In the first half of 2016 the Group did not undertake any significant non-recurring transactions as defined by Consob Communication of 28 July 2006.

36. POSITIONS OR TRANSACTIONS RESULTING FROM ATYPICAL AND/OR UNUSUAL TRANSACTIONS

In accordance with the CONSOB Communication dated 28 July 2006, it is hereby stated that no atypical and/or unusual transactions were undertaken during the first half of 2016. As defined by said Communication, atypical and/or unusual transactions are those that, due to their significance, the nature of the counterparts, the object of the transaction, the methods of determination of the price of transfer, and timing (proximity to year-end) may give rise to doubts as to the accuracy/completeness of the information in the financial statements, conflicts of interest, the safeguarding of an entity's assets or the protection of minority shareholders.

FIDIA GROUP COMPANIES AT 30 JUNE 2016

Pursuant to Consob Resolution no. 11971 of 14 May 1999, as amended, the following is a list of the companies and significant investments of the Group.

The list is divided by type of control and method of consolidation.

For each company includes: the company name, registered office, the country of belonging and share capital in the original currency. Additionally, the percentage consolidated and the percentage interest held directly by Fidia S.p.A are also shown.

IMPRESE CONSOLIDATE CON IL METODO INTEGRALE				
Denominazione / Sede	Moneta	Capitale Sociale	Quota di partecipazione consolidata 30 giugno 2016	Percentuale di possesso della capogruppo 30 giugno 2015
Società Capogruppo: Fidia S.p.A., San Mauro Torinese (TO)	Euro	5.123.000		
Società Controllate estere: Fidia GmbH, Dreieich, Germania	Euro	520.000	100%	100%
Fidia Co, Troy U.S.A.	USD	400.000	100%	100%
Fidia Sarl, Emerainville, Francia	Euro	300.000	100%	93,19%
Fidia Iberica S.A., Zamudio, Spagna	Euro	180.300	99,993%	99,993%
Fidia do Brasil Ltda, Sao Paulo, Brasile	Reais	400.843	99,75%	99,75%
Beijing Fidia M&E Co Ltd, Beijing, Cina	USD	1.500.000	92%	92%
Shenyang Fidia NC & Machine Co Ltd, Shenyang, Cina	Rmb	42.517.648	51%	51%
OOO Fidia, Mosca, Federazione Russa	Rublo	3.599.790	100%	100%
Fidia India Private Ltd, Pune, India	Rupia	100.000	0%	99,99%

IMPRESE CONSOLIDATE CON IL METODO DEL PATRIMONIO NETTO				
Denominazione / Sede	Moneta	Capitale Sociale	Quota di partecipazione	
			30/06/2016	31/12/2015
Consorzio Prometec - Bruzolo di Susa (TO)	Euro	10.329	20%	20%

San Mauro Torinese, 21 September 2016

On behalf of the Board of Directors

The Chairman and CEO

Mr. Giuseppe Morfino

Statement on the condensed half-year financial statements pursuant to article 81-ter of Consob Regulation no. 11971 of 14 May 1999, as amended

1. The undersigned Giuseppe Morfino, in the capacity as Chairman and CEO, Carlos Maidagan, in the capacity as Executive Deputy Chairman, and Massimiliano Pagnone, in the capacity as manager responsible for the preparation of the corporate accounting documents of the Fidia S.p.A. Company, attest, taking into account the provisions of article 154-bis(3) and (4) of Legislative Decree no. 58 of 24 February 1998:

- adequacy with respect to the characteristics of the Company and
- actual application

of administrative and accounting procedures during the first half of 2016 to prepare the condensed half-year consolidated financial statements.

2. In this regard there were no major findings.

3. It is also attested that:

3.1 The condensed half-year financial statements:

- have been prepared in accordance with the international accounting standards adopted by the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- correspond to the books and accounting records;
- are suitable to give a true and fair view of the financial, economic and equity position of the issuer and of the companies included in the scope of consolidation.

3.2 The Interim Directors' Report includes a reliable analysis of the important events that took place during the first six months of the year and their impact on the condensed half-year financial statements, together with information about the key risks and uncertainties for the remaining six months of the year. The Half-Year Directors' Report also includes a reliable analysis of information on significant transactions with related parties.

San Mauro Torinese, 21 September 2016

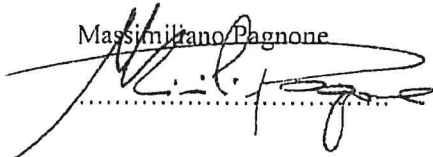
The Chairman and Chief Executive Officer

Giuseppe Morfino



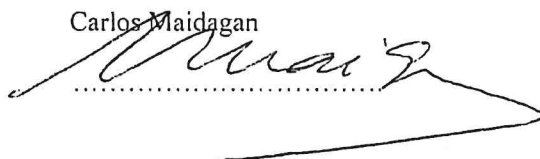
Officer in charge of Financial Reporting

Massimiliano Pagnone



The Executive Deputy Chairman

Carlos Maidagan



Fidia S.p.A.

Condensed Half-Year Consolidated Financial Statements at 31
June 2016

Audit Report limited to the Condensed Half-Year Consolidated
Financial Statements

Audit Report limited to the Condensed Half-Year Consolidated Financial Statements

To the
Shareholders of
Fidia S.p.A.

Introduction


We have conducted a limited audit of the condensed half-year consolidated financial statements consisting of the consolidated statement of financial position at 30 June 2016, the consolidated income statement, the consolidated statement of comprehensive assembly, the consolidated statement of cash flows, the statement of changes in consolidated shareholders' equity for the period closed on that date and the relevant Notes of Fidias S.p.A. and its subsidiaries (Fidia Group). The Directors are responsible for the preparation of the condensed half-year consolidated financial statements in accordance with the international accounting standard applicable to interim financial reporting (IAS 34) adopted by the European Union. It is our responsibility to express an opinion on the condensed half-year consolidated financial statements based on our limited audit.

Scope of the limited audit

Our work was carried out according to the criteria for limited audit recommended by Consob with Resolution no. 10867 of 31 July 1997. The limited audit of the Condensed Half-Year Consolidated Financial Statements consists in holding talks, mainly with the personnel of the company responsible for the financial and accounting aspects, the balance sheet analysis and other limited audit procedures. The scope of a limited audit is substantially smaller than that of a full audit carried out in compliance with international auditing standards (ISA Italy) and consequently does not allow us to have the certainty that we have learned of all the significant events that could be identified with the conduct of a full audit. Therefore, we do not express an opinion on the condensed half-year consolidated financial statements.

Conclusions

Based on the limited audit carried out, there were no findings that lead us to believe that the condensed half-year consolidated financial statements of Fidias Group at 30 June 2016 have not been drawn up in all the significant aspects, in accordance with the international accounting standard on interim financial reporting (IAS 34) adopted by the European Union. Turin, 21 September 2016

EY S.p.A.

Roberto Grossi
(Socio)

Statement on the condensed half-year financial statements pursuant to article 81-ter of Consob Regulation no. 11971 of 14 May 1999, as amended

1. The undersigned Giuseppe Morfino, in the capacity as Chairman and CEO, Carlos Maidagan, in the capacity as Executive Deputy Chairman, and Massimiliano Pagnone, in the capacity as manager responsible for the preparation of the corporate accounting documents of the Fidia S.p.A. Company, attest, taking into account the provisions of article 154-bis(3) and (4) of Legislative Decree no. 58 of 24 February 1998:

- adequacy with respect to the characteristics of the Company and
- actual application

of administrative and accounting procedures during the first half of 2016 to prepare the condensed half-year consolidated financial statements.

2. In this regard there were no major findings.

3. It is also attested that:

3.1 The condensed half-year financial statements:

- have been prepared in accordance with the international accounting standards adopted by the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- correspond to the books and accounting records;
- are suitable to give a true and fair view of the financial, economic and equity position of the issuer and of the companies included in the scope of consolidation.

3.2 The Interim Directors' Report includes a reliable analysis of the important events that took place during the first six months of the year and their impact on the condensed half-year financial statements, together with information about the key risks and uncertainties for the remaining six months of the year. The Half-Year Directors' Report also includes a reliable analysis of information on significant transactions with related parties.

San Mauro Torinese, 21 September 2016

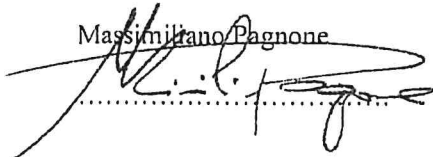
The Chairman and Chief Executive Officer

Giuseppe Morfino



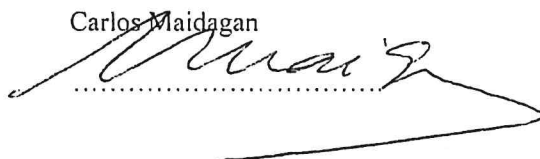
Officer in charge of Financial Reporting

Massimiliano Pagnone



The Executive Deputy Chairman

Carlos Maidagan



Fidia S.p.A.

Condensed Half-Year Consolidated Financial Statements at 31
June 2016

Audit Report limited to the Condensed Half-Year Consolidated
Financial Statements

Audit Report limited to the Condensed Half-Year Consolidated Financial Statements

To the
Shareholders of
Fidia S.p.A.

Introduction


We have conducted a limited audit of the condensed half-year consolidated financial statements consisting of the consolidated statement of financial position at 30 June 2016, the consolidated income statement, the consolidated statement of comprehensive assembly, the consolidated statement of cash flows, the statement of changes in consolidated shareholders' equity for the period closed on that date and the relevant Notes of Fidias S.p.A. and its subsidiaries (Fidia Group). The Directors are responsible for the preparation of the condensed half-year consolidated financial statements in accordance with the international accounting standard applicable to interim financial reporting (IAS 34) adopted by the European Union. It is our responsibility to express an opinion on the condensed half-year consolidated financial statements based on our limited audit.

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Conclusions

Based on the limited audit carried out, there were no findings that lead us to believe that the condensed half-year consolidated financial statements of Fidias Group at 30 June 2016 have not been drawn up in all the significant aspects, in accordance with the international accounting standard on interim financial reporting (IAS 34) adopted by the European Union. Turin, 21 September 2016

EY S.p.A.

Roberto Grossi
(Socio)