



## **FIDIA GROUP**

### **CONSOLIDATED QUARTERLY REPORT AT 31 MARCH 2016**

**Fidia S.p.A.**

Registered office in San Mauro Torinese, corso Lombardia, 11

Paid-in share capital € 5,123,000

Turin Companies Register

TIN 05787820017

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**Board of Directors  
13 May 2016**

## **BOARD OF DIRECTORS AND BOARD OF STATUTORY 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 Managing Director by the Board of Directors on 29 April 2014.

(b) 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 (\*\*)**

Reconta Ernst&Young S.p.A.

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

## **POWERS OF THE CHAIRMAN, DEPUTY CHAIRMAN AND CEO**

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

He is the company's legal representative in respect of third parties and 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 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:

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- 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

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**FIDIA GROUP**

**RECLASSIFIED FINANCIAL STATEMENTS**

**AT 31 MARCH 2016**

## Reclassified consolidated income statement

(€ thousand)	Q1 2016	%	Q1 2015	%
<b>Net revenue</b>	8,065	63.8%	<b>6,528</b>	<b>50.2%</b>
Change in finished goods and WIP	3,917	31.0%	5,904	45.4%
Other operating income	659	5.2%	560	4.3%
<b>Value of production</b>	<b>12,641</b>	<b>100.0%</b>	<b>12,992</b>	<b>100.0%</b>
Raw materials and consumables	(4,972)	-39.3%	(5,572)	-42.9%
Commissions, transport and subcontractors	(1,441)	-11.4%	(1,912)	-14.7%
Other services and operating costs	(2,541)	-20.1%	(2,418)	-18.6%
<b>Value added</b>	<b>3,687</b>	<b>29.2%</b>	<b>3,090</b>	<b>23.8%</b>
Personnel costs	(4,477)	-35.4%	(4,602)	-35.4%
<b>EBITDA</b>	<b>(790)</b>	<b>-6.2%</b>	<b>(1,512)</b>	<b>-11.6%</b>
Bad debts provision	(33)	-0.3%	(84)	-0.6%
Depreciation and amortization	(156)	-1.2%	(156)	-1.2%
<b>EBIT</b>	<b>(979)</b>	<b>-7.7%</b>	<b>(1,752)</b>	<b>-13.5%</b>
Net finance expenses and revenue	(24)	-0.2%	(48)	-0.4%
Profit (loss) on exchange rates	32	0.2%	(462)	-3.6%
<b>Earnings before tax (EBT)</b>	<b>(971)</b>	<b>-7.7%</b>	<b>(2,262)</b>	<b>-17.4%</b>
Income taxes (current, prepaid and deferred)	(41)	-0.3%	67	0.5%
<b>Net profit (loss) for the period</b>	<b>(1,012)</b>	<b>-8.0%</b>	<b>(2,195)</b>	<b>-16.9%</b>
- (Profit)/Loss of NCIs	79	0.6%	(132)	-1.0%
<b>- Profit/(Loss) of Group</b>	<b>(933)</b>	<b>-7.4%</b>	<b>(2,063)</b>	<b>-15.9%</b>

## Reclassified consolidated statement of financial position

(€ thousand)	31/03/2016	31/12/2015	31/03/2015
Property, plant and equipment	8,046	6,452	4,182
Intangible fixed assets	1,207	1,099	783
Non-current financial assets	16	16	16
Other financial assets	2,409	2,445	3,037
<b>Capital assets – (A)</b>	<b>11,678</b>	<b>10,012</b>	<b>8,018</b>
Net trade receivables	6,237	9,646	10,894
Closing balances	24,718	19,825	26,773
Other current assets	2,090	1,021	1,911
<b>Short-term (current) assets – (B)</b>	<b>33,046</b>	<b>30,492</b>	<b>39,578</b>
Trade payables	(11,442)	(11,335)	(11,871)
Other current liabilities	(15,732)	(13,827)	(19,228)
<b>Short-term (current) liabilities – (C)</b>	<b>(27,174)</b>	<b>(25,162)</b>	<b>(31,099)</b>
<b>Net working capital (D) = (B+C)</b>	<b>5,872</b>	<b>5,330</b>	<b>8,479</b>
Termination benefits (E)	(2,368)	(2,372)	(2,461)
Other long-term liabilities (F)	(220)	(408)	(194)
<b>Net invested capital (G) = (A+D+E+F)</b>	<b>14,963</b>	<b>12,562</b>	<b>13,840</b>
<b>Financial position</b>			
Financial assets available for sale			-
Bank deposits and cash	(11,482)	(16,041)	(5,723)
Short-term loans	3,218	3,347	2,959
Assets/liabilities for current derivatives	-	148	
Other current financial payables	-	69	-
<b>Short-term financial position</b>	<b>(8,263)</b>	<b>(12,477)</b>	<b>(2,764)</b>
Long-term loans, net of current portion	7,681	6,006	2,274
Assets/liabilities for long-term derivatives	28	6	
<b>Net financial position (receivable)/payable (H)</b>	<b>(554)</b>	<b>(6,465)</b>	<b>(490)</b>
Share capital	5,123	5,123	5,123
Reserves	9,078	8,739	8,478
Net income (loss) for the accounting period attributable to the Group	(933)	2,723	(2,063)
<b>Total shareholders' equity of Group</b>	<b>13,268</b>	<b>16,585</b>	<b>11,538</b>
Shareholders' equity attributable to minority interests	2,249	2,442	2,792
<b>Total shareholders' equity (I)</b>	<b>15,517</b>	<b>19,027</b>	<b>14,330</b>
<b>Shareholders' equity and net financial position (L) = (H+I)</b>	<b>14,963</b>	<b>12,562</b>	<b>13,840</b>

## ECONOMIC AND FINANCIAL RESULTS

### Profit and loss

#### Revenues

In the first quarter of 2016, the Group recorded revenues of €8,065 thousand, compared to €6,528 thousand in the same period of 2015, an increase of 23.5%.

The increase in revenues related to two sectors of the three in which the Group operates. The electronics division (CNC) recorded a 23.2% decrease (€679 thousand in revenues compared to €884 thousand in the first quarter of 2015); the mechanical division (HSM) recorded a 50.1% increase in revenues of €4,601 thousand (€3,065 thousand at 31 March 2015); finally, the Service division reported an 8.0% increase in revenues, reaching €2,785 thousand (€2,579 thousand in the corresponding period of the year before).

It should also be noted that, while the revenues of the after-sales service have a rather steady trend during the year, the revenues of products, both electronic and mechanical, do not have an equally linear trend and the first quarter historically accounts for a rather low part of total annual revenues.

Revenues by line of business are summarized in the table below:

(€ thousand)	Q1 2016	%	Q1 2015	%	% Chg
Numerical controls, drives and software	679	8.4%	884	13.5%	-23.2%
High Speed Milling System	4,601	57.0%	3,065	47.0%	50.1%
After-sales service	2,785	34.5%	2,579	39.5%	8.0%
<b>Grand total</b>	<b>8,065</b>	<b>100%</b>	<b>6,528</b>	<b>100%</b>	<b>23.5%</b>

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

(€ thousand)	TOTAL REVENUES		TOTAL REVENUES		% Chg
GEOGRAPHICAL AREA	Q1 2016	%	Q1 2015	%	
ITALY	814	10.1%	755	14.3%	7.7%
EUROPE	2,951	36.6%	2,014	39.8%	46.5%
ASIA	1,943	24.1%	2,016	23.7%	-3.6%
NORTH and SOUTH AMERICA	949	11.8%	1,742	16.8%	-45.4%
REST OF THE WORLD	1,408	17.5%	0	5.4%	
<b>TOTAL</b>	<b>8,065</b>	<b>100%</b>	<b>6,528</b>	<b>100%</b>	<b>23.5%</b>

## Sales and marketing activity

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

	TOTAL	TOTAL	
(€ thousand)	Q1 2016	Q1 2015	% Chg
Order backlog at 1/1	30,927	31,540	-1.9%
<b>New orders</b>	<b>7,169</b>	<b>13,180</b>	<b>-45.6%</b>
Revenues	(5,280)	(3,949)	33.7%
<b>Order backlog at 31/3</b>	<b>32,816</b>	<b>40,771</b>	<b>-19.5%</b>

The order backlog decreased (-19.5%) YOY.

This result is due to the trend of orders collected in the first quarter, lower than in the same period of the previous year, and to higher revenue for the period.

## Other operating income

The other operating revenues of Q1 2016 amounted to €659 thousand (€560 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:

- EU and Italy's Ministry of Education, University and Research (MIUR) grants to Fidia S.p.A. on research and development activity carried out by the parent company Fidia S.p.A. (€152 thousand; €96 thousand at 31 March 2015);
- release of the warranty, bad debts and/or any accruals in excess of the risk to be covered (€257 thousand; €169 thousand at 31 March 2015);
- internal construction of tangible assets and the capitalization of product development costs (€123 thousand; €108 thousand at 31 March 2015);
- contingent assets, recovery of costs, income on disposal of property, plant and equipment and other sundry incomes (€127 thousand; €187 thousand in the same period of last year).

## Value of production

The value of production, amounting to €12,640 thousand, is almost in line with the first quarter of 2015 (-€352 thousand), driven by higher revenues, offset by a lower change in inventories of finished and semi-finished products and the slight increase in "other operating revenues."

## Other services and operating costs

This figure amounts in Q1 2016 to €2,546 thousand, up compared to €2,418 thousand in the same period of 2015.

## Value added

Value added amounted to €3,688 thousand, up from €3,090 thousand in the same period of 2015.

## Personnel

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

	Q1 2016	Q1 2015	Abs. change	% Chg
Executives	8	6	2	33.3%
Clerks and supervisors	280	277	3	1.1%
Workers	52	44	8	18.2%
Total number of employees	340	327	13	4.0%
Total average number of employees	340	327	13	4.0%

	Q1 2016	Q1 2015	Abs. change	% Chg
Cost of labour (€ thousand)	4,477	4,602	-125	-2.72%

Personnel costs decreased by €125 thousand, or about -3% YOY; this decrease is due to the containment of individual costs for new hires, and in part to non-recurring compensation components paid in the first quarter of 2015.

## EBITDA

EBITDA was negative by €790 thousand, improving when compared with the negative result of €1,512 thousand in the same period of last year. The persistence of a gross operating loss is also due to a revenue level that does not allow the full absorption of structural costs.

## EBIT

EBIT recorded a loss of €979 thousand, an improvement compared with the operating loss of €1,752 euros reported in the same period of the previous year.

## Earnings before tax (EBT)

Overall, financial management made a positive contribution to net financial income and expenses of €24 thousand at 31 March 2015. Exchange rate differences, whether accounted or not, amounted to €32 thousand, as a summary of the contributions of the various branches.

In light of the contribution from financial management, the earning before tax is a loss of €971 thousand, versus a loss of €2,262 thousand in the same period of the previous year.

## Net consolidated result

The net consolidated result is a loss by €1,012 thousand (€933 thousand attributable to the Group) compared to a loss of €2,195 thousand (of which €2,063 thousand attributable to the Group) in Q1 2015.

## Analysis of the financial data

### Net financial position

(€ thousand)	31/03/2016	31/12/2015	31/03/2015
Financial assets available for sale	-	-	-
Bank deposits and cash	11,482	16,041	5,723
Overdrawn bank accounts and short-term advances	(468)	(507)	
Short-term loans	(2,750)	(2,840)	(2,959)
Assets/liabilities for current derivatives	72	(148)	
Other current financial payables	(69)	(69)	
<b>Short-term financial position</b>	<b>8,267</b>	<b>12,477</b>	<b>2,764</b>
Long-term loans, net of current portion	(7,680)	(6,006)	(2,274)
Assets/liabilities for long-term derivatives	(28)	(6)	
<b>Net financial position</b>	<b>559</b>	<b>6,465</b>	<b>490</b>

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

(€ thousand)	31/03/2016	31/12/2015	31/03/2015
<b>FINANCIAL ASSETS AVAILABLE FOR SALE</b>	-	-	-
<b>BANK DEPOSITS AND CASH</b>			
Fidia S.p.A.	5,784	9,776	1,141
Fidia Co.	1,431	2,334	765
Fidia GmbH	964	1,190	579
Fidia Iberica S.A.	975	578	580
Fidia S.a.r.l.	544	408	261
Beijing Fidias Machinery & Electronics Co., Ltd.	1,093	881	1,504
Fidia do Brasil Ltda.	214	76	76
Shenyang Fidias NC & M Co. Ltd.	477	798	817
OOO Fidias	-	-	-
Fidia India Private Ltd.	-	-	1
<b>TOTAL</b>	<b>11,482</b>	<b>16,041</b>	<b>5,723</b>

(€ thousand)	31/03/2016	31/12/2015	31/03/2015
<b>SHORT-TERM LOANS AND ADVANCES</b>			
Fidia S.p.A.	(3,131)	(3,265)	(2,928)
Fidia GmbH	(72)	(67)	(28)
Fidia Co.	-	-	-
Fidia Iberica S.A.	(15)	(15)	(3)
<b>TOTAL</b>	<b>(3,218)</b>	<b>(3,347)</b>	<b>(2,959)</b>

(€ thousand)	31/03/2016	31/12/2015	31/03/2015
<b>OTHER CURRENT FINANCIAL PAYABLES</b>			
Fidia S.p.A.	(69)	(69)	
<b>TOTAL</b>	<b>(69)</b>	<b>(69)</b>	<b>(539)</b>

(€ thousand)	31/03/2016	31/12/2015	31/03/2015
<b>LONG-TERM LOANS, NET OF CURRENT PORTION</b>			
Fidia S.p.A.	(7,560)	(5,891)	(2,244)
Fidia GmbH	(85)	(77)	(24)
Fidia Iberica S.A.	(35)	(38)	(6)
<b>TOTAL</b>	<b>(7,680)</b>	<b>(6,006)</b>	<b>(2,274)</b>

At 31 March 2016, the net financial position was positive at €559 thousand. The change with respect to 31 December 2015 is partly due to the loss accrued during the period and partly to the absorption of financial resources by the increase in working capital and in particular of inventories. The following table contains a summary of the cash flow statement at 31 March 2016 showing the statement of cash flows composing the net financial position.

#### CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

(€ thousand)	Q1 2016	year 2015	Q1 2015
<b>A) Cash and cash equivalents at beginning of period</b>	<b>15,534</b>	<b>9,039</b>	<b>9,039</b>
<b>B) Cash from/(used in) operating activities during the period</b>	<b>(1,492)</b>	<b>5,076</b>	<b>(6,257)</b>
<b>C) Cash from/(used in) investing activities</b>	<b>(1,866)</b>	<b>(3,239)</b>	<b>(127)</b>
<b>D) Cash from/(used in) financing activities</b>	<b>(635)</b>	<b>3,676</b>	<b>143</b>
Currency translation differences	(527)	982	1,425
<b>E) Net change in cash and cash equivalents</b>	<b>(4,520)</b>	<b>6,495</b>	<b>(4,816)</b>
<b>F) Cash and cash equivalents at end of period</b>	<b>11,014</b>	<b>15,534</b>	<b>4,223</b>
Breakdown of cash and cash equivalents:			
Cash and cash equivalents	11,482	16,041	5,723
Bank overdraft	(468)	(507)	(1,500)
	<b>11,014</b>	<b>15,534</b>	<b>4,223</b>

## Reconciliation between equity and net profit of the Parent Company and the Group

Pursuant to the Consob Communication of 28 July 2006, the reconciliation between the result for the first quarter of 2015 and the Group's shareholders' equity at 31 March 2016 (a share attributable to the Group) and the corresponding values of the parent company Fidia S.p.A. (values in thousands of euro) is shown below:

	Shareholders' Equity 31.12.2015	Changes S.E. 2016	Profit/(loss) 31.3.2016	Shareholders' Equity 31.3.2016
<b>Financial Statements of Fidia S.p.A.</b>	<b>11,136</b>	<b>(1,931)</b>	<b>(227)</b>	<b>8,978</b>
Consolidation adjustments:				
* Elimination of carrying value of equity investments	6,179	(565)	(1,461)	4,153
* Transactions between consolidated companies	(745)		745	-
* Tax effect on consolidation adjustments	70		50	120
* Other adjustments	-	79	(40)	39
* Exchange rate differences on infra-Group transactions	(55)	33		(22)
<b>Consolidated Financial Statements (attributable to the Group)</b>	<b>16,585</b>	<b>(2,384)</b>	<b>(933)</b>	<b>13,268</b>

## SEGMENT REPORTING

### Economic performance by business sector

The following table shows the consolidated results broken down into the three traditional sectors in which the Group operates (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 exhibitions for the companies operating in all business lines.

Cross-sector revenues consist of numerical controls, switchboards and components and electromechanical systems transferred by the electronics sector to the milling systems sector and of the milling heads manufactured by the milling systems sector and transferred to the electronics sector for sale.

## CONSOLIDATED INCOME STATEMENT by business sector

Below follow the consolidated economic results broken down by sector at 31 March 2016 and 31 March 2015.

Current financial liabilities	-	-	8.327	8.327
Trade payables and other current liabilities	1.872	1.872	1.575	1.575
Tax payables	-	-	804	804
Short-term provisions	246	246	-	-
<b>Total current liabilities</b>	<b>2.118</b>	<b>2.118</b>	<b>10.706</b>	<b>10.706</b>
<b>Total liabilities</b>	<b>2.118</b>	<b>2.118</b>	<b>10.706</b>	<b>10.706</b>
<b>Shareholders' equity</b>	<b>-</b>	<b>-</b>	<b>13.395</b>	<b>13.395</b>
<b>Total liabilities</b>	<b>2.118</b>	<b>2.118</b>	<b>24.101</b>	<b>24.101</b>

Progressive data at March	CNC		HSM		SERVICE		N/A	TOTAL
(€ thousand)	2015	%	2015	%	2015	%	2015	2015
<b>Revenues</b>	<b>884</b>	<b>93,9%</b>	<b>3.065</b>	<b>100,0%</b>	<b>2.579</b>	<b>100,0%</b>	<b>-</b>	<b>6.528</b>
Cross-sector revenues	57	6,1%		0,0%	-	0,0%	-	
<b>Total reclassified revenue</b>	<b>941</b>	<b>100,0%</b>	<b>3.065</b>	<b>100,0%</b>	<b>2.579</b>	<b>100,0%</b>	<b>-</b>	
Change in finished goods and WIP	43	4,6%	5.651	184,4%	210	8,1%	-	5.904
Raw materials and consumables	(462)	-49,1%	(4.880)	-159,2%	(202)	-7,8%	(28)	(5.572)
<b>Cross-sector expenses</b>	<b>(44)</b>	<b>-4,7%</b>	<b>(108)</b>	<b>-3,5%</b>	<b>81</b>	<b>3,1%</b>	<b>14</b>	
Commissions, transport and subcontractors	(162)	-17,2%	(1.606)	-52,4%	(141)	-5,5%	3	(1.912)
Other operating income	154	16,4%	200	6,5%	24	0,9%	182	560
Other operating costs	(117)	-12,4%	(456)	-14,9%	(703)	-27,3%	(1.142)	(2.418)
Personnel costs	(814)	-86,5%	(1.511)	-49,3%	(1.250)	-48,5%	(1.027)	(4.602)
Depreciation and amortization	(9)	-1,0%	(76)	-2,5%	(71)	-2,8%	(84)	(240)
<b>Operating profit</b>	<b>(470)</b>	<b>-49,9%</b>	<b>279</b>	<b>9,1%</b>	<b>527</b>	<b>20,4%</b>	<b>(2.088)</b>	<b>(1.752)</b>

## **SUMMARY OF THE GROUP PERFORMANCE, SIGNIFICANT EVENTS AND BUSINESS OUTLOOK**

The first quarter of 2016 was characterised by a slight decrease in the value of production compared to that achieved in the same period of the previous year (-2.7%).

Profitability improved significantly compared to the same period in 2015.

In commercial terms, the collection of new orders has not so far replicated the trend seen starting from the second half of the previous year, with negotiations that have continued beyond expectations and which will affect the following quarters.

Taking into account the historical cyclical nature of revenues, the presence of an adequate order backlog (almost €33 million) and negotiations in progress, the conditions subsist for a positive development of economic results in the coming quarters and for the achievement, at the end of the year, of revenues in line with those achieved in 2015.

On behalf of the Board of Directors

The Chairman and CEO

Mr. Giuseppe Morfino

**FIDIA GROUP**

**Condensed consolidated financial statements**

**Consolidated Financial Statements**

**and Notes**

**at 31 March 2016**

## CONSOLIDATED INCOME STATEMENT

(thousands of EUR)	Notes	1st Quarter 2016	1st Quarter 2015
- Net sales	1	8.065	6.528
- Other operating revenue	2	659	560
<b>Total revenue</b>		<b>8.724</b>	<b>7.088</b>
- Changes in inventories of finished goods and W.I.P.		3.917	5.904
- Raw materials and consumables	3	(4.972)	(5.572)
- Personnel costs	4	(4.477)	(4.602)
- Other operating costs	5	(3.982)	(4.330)
- Depreciation and amortization	6	(189)	(240)
<b>Operating profit/(loss)</b>		<b>(979)</b>	<b>(1.752)</b>
- Non-recurring income/(expenses)		-	-
<b>Operating profit/(loss)</b>		<b>(979)</b>	<b>(1.752)</b>
- Finance revenue (expenses)	7	8	(510)
<b>Profit/(loss) before tax</b>		<b>(971)</b>	<b>(2.262)</b>
- Income tax	8	(41)	67
<b>Profit/(loss) for continuing operations</b>		<b>(1.012)</b>	<b>(2.195)</b>
Profit/(loss) for discontinued operations		-	-
<b>Profit (loss) for the period</b>		<b>(1.012)</b>	<b>(2.195)</b>
<b>Profit/(loss) attributable to:</b>			
- Shareholders of parent company		(933)	(2.063)
- Non-controlling interests		(79)	(132)

*(in EUR)*

Earnings per ordinary share	9	(0,18)	(0,40)
Diluted earnings per ordinary share	9	(0,18)	(0,40)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(thousands of EUR)	1st Quarter 2016	1st Quarter 2015
<b>Profit (loss) for the period (A)</b>	<b>(1.013)</b>	<b>(2.195)</b>
Other Comprehensive Profit/(Loss) that may subsequently be reclassified to profit or loss:		
Profit/(loss) on cash flow hedges	159	(652)
Profit(loss) on translation of financial statements of foreign companies	(659)	1.762
Tax effect pertaining to Other comprehensive profit/(loss) that may be reclassified in profit or loss	(38)	196
<b>Total Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss, net of tax effect (B1)</b>	<b>(538)</b>	<b>1.306</b>
Other comprehensive profit/(loss) that may not subsequently be reclassified to profit or loss:		
Net actuarial gains/(losses) on defined benefit plans	-	-
Tax effect pertaining to Other comprehensive profit/(loss) that may not subsequently be reclassified to profit or loss	-	-
<b>Total Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss, net of tax effect (B2)</b>	<b>0</b>	<b>0</b>
<b>Total Other comprehensive profit/(loss), net of tax effect (B)=(B1)+(B2)</b>	<b>(538)</b>	<b>1.306</b>
<b>Total comprehensive profit/(loss) for the period (A)+(B)</b>	<b>(1.551)</b>	<b>(889)</b>
<b>Total comprehensive profit/(loss) due to:</b>		
Shareholders of the parent company	<b>(1.358)</b>	<b>(1.057)</b>
Non-controlling interests	<b>(193)</b>	<b>168</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(thousands of EUR)	Notes	31 March 2016	31 December 2015
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
- Property, plant and equipment	10	8.046	6.452
- Intangible assets	11	1.207	1.099
- Investments	12	16	16
- Other non-current financial assets			-
- Other non-current receivables and assets	13	1.358	1.393
- Pre-paid tax assets	8	1.051	1.052
<b>TOTAL NON-CURRENT ASSETS</b>		<b>11.678</b>	<b>10.012</b>
<b>CURRENT ASSETS</b>			
- Inventories	14	24.718	19.825
- Trade receivables	15	6.237	9.646
- Current tax receivables	16	575	193
- Other current receivables and assets	16	1.444	828
- Other current financial receivables	17	72	4
- Cash and cash equivalents	18	11.482	16.041
<b>TOTAL CURRENT ASSETS</b>		<b>44.528</b>	<b>46.537</b>
<b>TOTAL ASSETS</b>		<b>56.206</b>	<b>56.549</b>
<b>LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
- Share capital and reserves attributable to shareholders of parent company		13.268	16.585
- Non-controlling interests		2.249	2.442
<b>TOTAL CONSOLIDATED EQUITY</b>	19	<b>15.517</b>	<b>19.027</b>
<b>NON-CURRENT LIABILITIES</b>			
- Other non-current payables and liabilities	20	78	290
- Termination benefits	21	2.368	2.372
- Deferred tax liabilities	8	78	59
- Provisions for risks and expenses	28	65	59
- Other non-current financial liabilities	22	28	6
- Non-current financial liabilities	23	7.680	6.006
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>10.297</b>	<b>8.792</b>
<b>CURRENT LIABILITIES</b>			
- Current financial liabilities	23	3.218	3.347
- Other current financial liabilities	24	69	221
- Trade payables	25	11.442	11.335
- Current tax payables	26	709	1.558
- Other current payables and liabilities:	26	13.835	10.950
- Provisions for risks and expenses	27	1.119	1.319
<b>TOTAL CURRENT LIABILITIES</b>		<b>30.392</b>	<b>28.730</b>
<b>TOTAL LIABILITIES</b>		<b>56.206</b>	<b>56.549</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

(thousands of EUR)	1st Quarter 2016	1st Quarter 2015
<b>A) Cash and cash equivalents at beginning of period</b>	<b>15.534</b>	<b>9.039</b>
<b>B) Cash from/(used in) operating activities during the period:</b>		
- Result of Group and non-controlling interests	(1.013)	(2.063)
- Amortisation	155	156
- Net losses (gains) on disposal of tangible assets	(7)	4
- Net change in provisions for termination benefits	(4)	2
- Net change in provisions for risks and expenses	(195)	(110)
- Net change (assets) liabilities for (pre-paid) deferred taxes	20	(347)
- Net change in working capital:		0
- receivables	2.447	(3)
- inventories	(4.894)	(8.054)
- payables	1.999	5.436
	<b>(1.492)</b>	<b>(4.979)</b>
<b>C) Cash from/(used in) investing activities</b>		
- Investing activities:		
property, plant and equipment	(1.802)	(25)
intangible fixed assets	(135)	(112)
- Profit on sale of:		
property, plant and equipment	71	10
non-current financial assets	-	-
	<b>(1.866)</b>	<b>(127)</b>
<b>D) Cash from/(used in) financing activities</b>		
- Change in loans	1.585	(274)
- Distribution of dividends	(2.045)	(1.278)
- Change in capital and reserves	205	(477)
- Net change in amounts due by other interests	(114)	168
- Net change in current and non-current financial assets and liabilities	(266)	726
	<b>(635)</b>	<b>(1.135)</b>
Currency translation differences	(527)	1.425
<b>E) Net change in cash and cash equivalents</b>	<b>(4.520)</b>	<b>(4.816)</b>
<b>F) Cash and cash equivalents at reporting date</b>	<b>11.014</b>	<b>4.223</b>
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	11.482	5.723
Bank overdraft	(468)	(1.500)
	<b>11.014</b>	<b>4.223</b>

## STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(€ thousand)	Share capital	Treasury shares	Capital reserves	Retained earnings	Cash flow hedge reserve	Translation reserve	Reserve for actuarial profit/loss	Other reserves	Profit/(loss) for the year	Total Group Shareholders' Equity	Other non-controlling interests	Total Shareholders' Equity
<b>Balance at 31 December 2014</b>	5.123	(45)	1.240	3.162	(344)	1.713	(66)	213	2.894	13.890	2.623	16.513
Allocation of profit				1.616						1.616		1.616
Total comprehensive profit/(loss)					(456)	1.465			(2.063)	(1.054)	168	(886)
Other changes				(20)					(2.894)	(2.914)		(2.914)
<b>Balance at 31 March 2015</b>	5.123	(45)	1.240	4.758	(800)	3.178	(66)	213	(2.063)	11.538	2.791	14.329
<b>Balance at 31 December 2015</b>	5.123	(45)	1.240	4.730	(65)	2.716	(50)	213	2.723	16.585	2.442	19.027
Allocation of profit				678						678		678
Total comprehensive profit/(loss)	0	0	0		121	(545)		0	(933)	(1.357)	(193)	(1.550)
Other changes	0	0	0	85	0	0	0	0	(2.723)	(2.638)		(2.638)
<b>Balance at 31 March 2016</b>	5.123	(45)	1.240	5.493	56	2.171	(50)	213	(933)	13.268	2.249	15.517

## Notes

### MAIN ACTIVITIES

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

The Group is engaged in the manufacturing and sale of numerical controls and software, high-speed milling systems and after-sales service.

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

The Consolidated Financial Statements of the Fidias Group are presented in euro, i.e., the accounting currency of the Parent Company and main economies in which the Group has operations. Unless otherwise specified, the amounts are expressed in thousands of euros.

### SIGNIFICANT ACCOUNTING STANDARDS

#### Accounting policies

This Quarterly Report at 31 March 2016 has 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 Quarterly 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 the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

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.

Actuarial valuations necessary to determine the provisions for employee benefits are also normally carried out only when the half-yearly report and annual financial statements are prepared.

The Group carries out activities that as a whole show significant cyclical variations in total sales during the year.

Income taxes have been calculated on the basis of the best estimate of the average tax rate expected for the entire year for each company included in the consolidation area.

## Scope of consolidation

The scope of consolidation has not changed in the first quarter of 2016 in comparison to the Consolidated Financial Statements at 31 December 2015. The companies included in the scope of consolidation, compared with those resulting at the end of 2015 and at the end of the same period of last year, are listed below:

Name / Registered office	Currency	Share capital	Equity ownership at 31/3/2016	Equity ownership at 31/12/2015	Equity ownership at 31/3/2015
Fidia Gmbh, Dreiech – Germany	EUR	520,000	100%	100%	100%
Fidia Co, Rochester Hill (USA)	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	-	400,843	99.75%	99.75%	99.75%
Beijing Fidias M&E Co Ltd., Beijing - China	USD	1,500,000	92%	92%	92%
Shenyang Fidias NC & Machine Company Ltd., Shenyang – China	Rmb	42,517,648	51%	51%	51%
OOO Fidias, Mosca – Russian Federation	Rublo	3,599,790	100%	100%	100%

## COMPOSITION AND MAIN CHANGES

### INCOME STATEMENT

#### 1. NET SALES

An analysis of net sales to third parties (net of intra-Group transactions) by business sector follows:

(€ thousand)	1st Quarter 2016	%	1st Quarter 2015	%
Numerical controls, drives and software	679	8,4%	884	11,0%
High Speed Milling System	4.601	57,0%	3.065	38,0%
After-sales service	2.785	34,5%	2.579	32,0%
Total revenues	8.065	100,0%	6.528	100,0%

Group revenues increased as a whole by 23.5% compared with the same period of the previous year.

The decrease in numerical controls was offset by an increase of more than 50% in milling systems and about 8% in service.

#### 2. OTHER OPERATING INCOME

The other operating revenues of Q1 2016 amounted to €659 thousand (€560 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. (€152 thousand, €96 thousand at 31 March 2015);
- release of the warranty, bad debts and/or any accruals in excess of the risk to be covered (€257 thousand; €169 thousand at 31 March 2015);
- internal construction of tangible assets and the capitalization of product development costs (€123 thousand; €108 thousand at 31 March 2015);
- contingent assets, recovery of costs, income on disposal of property, plant and equipment and other sundry incomes (€127 thousand; €187 thousand in the same period of last year).

### 3. RAW MATERIALS AND CONSUMABLES

In the first quarter of 2016, consumption of raw materials and consumables amounted to €4,972, down from €5,572 thousand in the first quarter of 2015 due to lower production value and a different product mix.

### 4. PERSONNEL COSTS

Personnel costs amounted to €4,477 thousand compared to €4,602 thousand in the same period of 2015, a decrease of €125 thousand, corresponding to approximately 3% compared to the same period of the previous year;

This decrease is due to a reduction in the individual costs of new hires, and partly to non-recurring remuneration components recognised in the first quarter of 2015.

### 5. OTHER OPERATING COSTS

Other operating costs amount to €3,982 thousand and are down compared to the same period of the previous year (€4,330 thousand), mainly due to the cost items linked to revenues: the trend is illustrated in detail below:

- cost for services related to the revenues (subcontractors, transport, duties and commissions): €1,441 thousand vs €1,912 thousand in the same period of 2015;
- production cost: €884 thousand versus €851 thousand in the same period of 2015;
- sales and marketing cost: €173 thousand versus €159 thousand in the same period of 2015;
- R&D expenses: €138 thousand versus €153 thousand in the same period 2015;
- overheads and administrative expenses: €1,346 thousand versus €1,255 thousand in the same period of 2015.

### 6. DEPRECIATION AND AMORTIZATION

(€ thousand)	1st Quarter 2016	1st Quarter 2015
Amortization of intangible assets	27	35
Amortization of property, plant and equipment	129	121
Impairment losses on receivables	33	84
Total	189	240

## 7. FINANCE REVENUE AND EXPENSES

The financial income and expenses are detailed below:

(€ thousand)	1st Quarter 2016	1st Quarter 2015
Interests received from banks	3	7
Interests and commercial discounts	-	1
Profit on derivatives	7	2
Other financial income	-	2
Interest expense on loans from banks	(7)	(11)
Interest expense on M/L-term loans from banks	(30)	(19)
Borrowing costs on termination benefits	-	
Loss on derivatives	(1)	(15)
Other financial charges	4	(15)
Foreign exchange profit/(loss)	32	(462)
<b>Balance financial revenue/(expenses)</b>	<b>8</b>	<b>(510)</b>

The balance of the finance income and charge in Q1 2015 was positive by €8 thousand (negative by €510 thousand at the end of Q1 2015). This result comprises:

- interest income and expense with the banking system, whose net balance (expenses of €34 thousand) shows a positive trend compared to the same period of the previous year (expenses of €23 thousand), essentially due to the improved average net financial position for the period;
- the fair value evaluation of some derivative contracts (forward contracts signed in order to reduce the foreign currency risk, two interest rate swaps and two interest rate cap contracts signed to cover the interest rate risk on medium/long-term loans of the parent company Fidia S.p.A.) that has produced income for approx. €6 thousand (net expenses of approx. €13 thousand in Q1 2015);
- foreign exchange gains and losses, both realised and measured, for a net positive balance of €32 thousand (net negative balance of €462 thousand at 31 March 2015);
- other financial income and charges, the net balance of which amounted to €4 thousand (-€13 thousand at the end of the first quarter of 2015).

## 8. INCOME TAX

Taxes recognised in the consolidated income statement amounted to -€41 thousand (+€67 thousand at 31 March 2015) including deferred tax assets and liabilities.

The following table shows the balance of deferred tax assets and liabilities as at 31 March 2016:

(€ thousand)	31 March 2016	31 March 2015
Deferred tax assets	1.051	1.686
Deferred tax liabilities	(78)	(98)
Total	973	1.588

## 9. EARNING PER SHARE

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

		1st Quarter 2016	1st Quarter 2015
Net earnings pertaining to Group	€ thousand	(933)	(2.063)
Earnings attributable to ordinary shares	€ thousand	(933)	(2.063)
Number of circulating ordinary shares	number	5.113.000	5.113.000
Earnings per ordinary share	EUR	(0,18)	(0,40)
Diluted earnings per ordinary share	EUR	(0,18)	(0,40)

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

## STATEMENT OF FINANCIAL POSITION

### 10. PROPERTY, PLANT AND EQUIPMENT

(€ thousand)	Buildings	Plant, machinery and equipment	Other assets	Assets under development and advances	Total
<b>Net carrying amount at 31/12/2015</b>	<b>394</b>	<b>469</b>	<b>860</b>	<b>4.729</b>	<b>6.452</b>
Acquisitions	-	1.153		489	1.642
Net value of divestments	-		(2)	-	(2)
Depreciation	(11)	(30)	(7)		(48)
Foreign exchange differences	-	2			2
<b>Net carrying amount at 31/3/2016</b>	<b>383</b>	<b>1.594</b>	<b>851</b>	<b>5.218</b>	<b>8.046</b>

### 11. INTANGIBLE FIXED ASSETS

(€ thousand)	Utilization rights for know-how	Licenses	Software	Assets under development and advances	Total
<b>Net carrying amount at 31/12/2015</b>	<b>-</b>	<b>72</b>	<b>211</b>	<b>816</b>	<b>1.099</b>
Increases		9	8	122	139
Decreases/transfers				(4)	(4)
Depreciation		(6)	(19)		(25)
Foreign exchange differences			(2)		(2)
<b>Closing net carrying amount at 31.3.2016</b>	<b>-</b>	<b>75</b>	<b>198</b>	<b>934</b>	<b>1.207</b>

### 12. INVESTMENTS

This item, amounting to €16 thousand and unchanged compared to 31 December 2015, is made up of investments in associated companies valued at equity and investments in other companies valued at cost.

### 13. OTHER NON-CURRENT RECEIVABLES AND ASSETS

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

(€ thousand)	Balance 31 March 2016	Balance 31 December 2015
Receivables for EU contributions to R&D		-
Security deposits	34	54
Non-recurring trade receivables	217	236
Receivables for foreign VAT	15	15
Withholding tax on foreign income	686	686
Multi-year pre-paid expenses	6	2
Sundry receivables	400	400
Total	1.358	1.393

### 14. INVENTORY

(€ thousand)	Balance 31 March 2016	Balance 31 December 2015
Raw materials	11.704	10.488
Allowance - raw materials	(2.038)	(2.014)
	<b>9.666</b>	<b>8.474</b>
Work in progress and semi-finished goods	<b>7.238</b>	<b>6.283</b>
Finished goods and merchandise	8.113	5.418
Provisions for depreciation finished products	(531)	(528)
	<b>7.582</b>	<b>4.890</b>
Advances	232	178
Net value	<b>24.718</b>	<b>19.825</b>

Inventory in the first quarter of the year increased by €4,893 thousand; the increase affected all categories; job orders in progress and finished products due to the high level of production sustained.

Inventory of finished products also include machinery already delivered to end customers and currently being installed and tested for approximately €4,288 thousand.

## 15. TRADE RECEIVABLES

(€ thousand)	Balance 31 March 2016	Balance 31 December 2015
Trade receivables from others	6.974	10.438
Provision for impairment losses on receivables	(737)	(792)
Receivables from associates	-	-
Total	6.237	9.646

Trade receivables decreased compared to 31 December 2015, showing a change of -€3,409 thousand.

## 16. TAX RECEIVABLES AND OTHER CURRENT RECEIVABLES AND ASSETS

(€ thousand)	Balance 31 March 2016	Balance 31 December 2015
Receivables from tax authorities for VAT	434	12
Receivables for income tax and IRAP	141	146
Receivables for short-term foreign VAT	-	31
Other	-	4
Total current tax assets	575	193
Receivables for research grants	135	77
Other pre-paid expenses	480	341
Pre-paid expenses	27	31
Receivables from employees	194	151
Advances from suppliers	464	79
Other	144	149
Total other current receivables	1.444	828
Total	2.019	1.021

## 17. OTHER CURRENT FINANCIAL ASSETS

This item is not shown in the schedule due to the general negative trend of fair value of the USD forward contracts entered into to mitigate the risk of exchange rate oscillations. The evaluation, as for other derivatives in place, has been performed according to the market parameters at the reporting date of the 1st quarter.

## 18. CASH AND CASH EQUIVALENTS

The overall amount of cash of the Group amounted to €11,482 thousand (€16,041 thousand at 31 December 2015) and consisted mainly of temporary cash in bank deposits. These amounts are subject to a negligible risk of change in value.

The related credit risk is not material too, because the Group operates with primary national and international banks.

## 19. SHAREHOLDERS' EQUITY

Consolidated shareholders' equity decreased by €3,317 thousand compared to 31 December 2015, from €16,585 thousand to €13,267 thousand.

The decrease is due to the loss for the period (-€933 thousand), negative change in the translation reserve (-€545 thousand) and the portion approved for dividends (-€2,045 thousand), both deriving from the allocation of the profit for 2015, positive change of the cash flow edge reserve (+€121 thousand, net of the theoretical tax effect) other minor changes.

At 31 March 2016, the fully paid share capital is unchanged compared to 31 December 2015 and is represented by 5,123,000 ordinary shares with a nominal value of €1 each.

## 20. OTHER NON-CURRENT PAYABLES AND LIABILITIES

This item, which amounts to €78 thousand (€290 thousand at 31 December 2015), mainly medium/long-term payables to the personnel of the subsidiary Fidia Sarl.

## 21. EMPLOYEE SEVERANCE INDEMNITIES

Employee severance indemnities amount to €2,368 thousand (€2,372 thousand at 31 December 2015) and reflect the indemnity matured at the end of the period by employees of the parent company Fidia S.p.A.

## 22. OTHER NON-CURRENT FINANCIAL LIABILITIES

This item amounts to €28 thousand (€6 thousand at 31 December 2015) and consists of the fair value of two interest rate swap and two interest rate cap contracts signed in order to cover the risk on interest rate change on three medium/long-term loans (cash flow hedge).

## 23. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

This figure amounts to €10,898 thousand as detailed below.

(€ thousand)	Balance 31 March 2016	Balance 31 December 2015
Overdrawn bank accounts and short-term advances	468	507
Financial accruals and deferrals	32	31
Factoring payables	7.190	5.627
Finance leases	207	239
Lease financing	3.002	2.949
Total	10.898	9.353

There are no liabilities longer than 5 years.

## 24. OTHER CURRENT FINANCIAL LIABILITIES

This item, which amounted to €69 thousand (€221 thousand at 31 December 2015), mainly refers to grants on funded research activities collected by Fidia S.p.A. as project leader and which will be the subject of redistribution between the partners participating in these programs in the coming months.

## 25. TRADE PAYABLES

(€ thousand)	Balance 31 March 2016	Balance 31 December 2015
Due to suppliers	11.440	11.333
Payables to subsidiaries	2	2
<b>Total trade payables</b>	<b>11.442</b>	<b>11.335</b>

Trade payables, amounting to €11,442 thousand at 31 March 2016, are substantially in line with those at the end of the previous year.

## 26. TAX LIABILITIES AND OTHER CURRENT PAYABLES AND LIABILITIES

(€ thousand)	Balance 31 March 2016	Balance 31 December 2015
Employees	1.886	1.561
Social security payables	708	895
Down payments from customers	7.415	6.692
Advances for EU grants	-	-
Payables for compensation	237	224
Payables to State Fund and other funds	200	107
Payables for dividends	2.189	151
Sundry accruals and deferred income	773	809
Other payables to the SMTCL company	105	120
Miscellaneous payables	322	391
<b>Total other payables</b>	<b>13.835</b>	<b>10.950</b>
Withholding tax	188	356
Tax payables for income tax and IRAP	381	538
Payables to tax authorities for VAT	103	591
Other short-term tax payables	38	73
<b>Total tax payables</b>	<b>709</b>	<b>1.558</b>
<b>Total</b>	<b>14.544</b>	<b>12.508</b>

Advances from customers are represented by down payments received by clients and by the value of the milling systems already delivered, but not yet approved by the final customers.

## **27. PROVISIONS FOR RISKS AND CHARGES**

Provisions for risks and charges amounted to €1,119 thousand (€1,319 thousand at 31 December 2015). This item refers to

€1,037 thousand for the warranty provision, which represents the best estimate of the commitments undertaken by the Group by contract, by law or custom, in relation to charges related to the warranty on its products for a certain period starting from their sale to the end customer,

€9,000 for the provision for tax disputes that comprises the estimate of liabilities resulting from a tax audit on the company Fidia do Brasil.

€73 thousand for the provision for legal risks set aside to cover possible liabilities deriving from pending litigation.

## **28. GUARANTEES GRANTED, OTHER COMMITMENTS AND CONTINGENT LIABILITIES**

The total guarantees granted in the name of the Group to third parties amounted to €3,572 thousand (€3,380 thousand at 31 March 2015).

This item consists primarily of performance bonds for commercial transactions with foreign customers (€3,514 thousand) and of guarantees covering real estate leases (€58 thousand).

### **Contingent liabilities**

At 31 March 2016, Fidia Group, although it is exposed to various risks (product liability, legal and fiscal risks), is not aware of circumstances that might generate foreseeable contingent liabilities or contingent liabilities the amount of which may be estimated and therefore does not believe it necessary to make any further allocations.

## 29. SEGMENT REPORTING

### Income statement by business sector

Below follow the consolidated economic results broken down by sector at 31 March 2016 and 31 March 2015.

#### CONSOLIDATED INCOME STATEMENT by business sector

Progressive data at March	CNC		HSM		SERVICE		N/A	TOTAL
(€ thousand)	2016	%	2016	%	2016	%	2016	2016
<b>Revenues</b>	<b>679</b>	<b>82,0%</b>	<b>4.601</b>	<b>100,0%</b>	<b>2.785</b>	<b>100,0%</b>	-	<b>8.065</b>
Cross-sector revenues	149	18,0%	-	0,0%	-	0,0%	-	149
<b>Total reclassified revenue</b>	<b>828</b>	<b>100,0%</b>	<b>4.601</b>	<b>100,0%</b>	<b>2.785</b>	<b>100,0%</b>	-	<b>8.065</b>
Change in finished goods and WIP	137	16,5%	3.709	80,6%	71	2,5%	0	3.917
Raw materials and consumables	(444)	-53,6%	(4.200)	-91,3%	(278)	-10,0%	(50)	(4.972)
<b>Cross-sector expenses</b>	<b>(22)</b>	<b>-2,7%</b>	<b>(222)</b>	<b>-4,8%</b>	<b>91</b>	<b>3,3%</b>	<b>4</b>	
Commissions, transport and subcontractors	(216)	-26,1%	(1.157)	-25,1%	(65)	-2,3%	(3)	(1.441)
Other operating income	165	19,9%	392	8,5%	66	2,4%	36	659
Other operating costs	(83)	-10,0%	(500)	-10,9%	(666)	-23,9%	(1.292)	(2.541)
Personnel costs	(742)	-89,6%	(1.458)	-31,7%	(1.298)	-46,6%	(979)	(4.477)
Depreciation and amortization	(8)	-1,0%	(73)	-1,6%	(28)	-1,0%	(80)	(189)
<b>Operating profit</b>	<b>(385)</b>	<b>-46,5%</b>	<b>1.092</b>	<b>23,7%</b>	<b>678</b>	<b>24,3%</b>	<b>(2.364)</b>	<b>(979)</b>

<b>Progressive data at March</b>	<b>CNC</b>		<b>HSM</b>		<b>SERVICE</b>		<b>N/A</b>	<b>TOTAL</b>
(€ thousand)	<b>2015</b>	<b>%</b>	<b>2015</b>	<b>%</b>	<b>2015</b>	<b>%</b>	<b>2015</b>	<b>2015</b>
<b>Revenues</b>	<b>884</b>	<b>93,9%</b>	<b>3.065</b>	<b>100,0%</b>	<b>2.579</b>	<b>100,0%</b>	<b>-</b>	<b>6.528</b>
Cross-sector revenues	57	6,1%		0,0%	-	0,0%	-	
<b>Total reclassified revenue</b>	<b>941</b>	<b>100,0%</b>	<b>3.065</b>	<b>100,0%</b>	<b>2.579</b>	<b>100,0%</b>	<b>-</b>	
Change in finished goods and WIP	43	4,6%	5.651	184,4%	210	8,1%	-	5.904
Raw materials and consumables	(462)	-49,1%	(4.880)	-159,2%	(202)	-7,8%	(28)	(5.572)
<b>Cross-sector expenses</b>	<b>(44)</b>	<b>-4,7%</b>	<b>(108)</b>	<b>-3,5%</b>	<b>81</b>	<b>3,1%</b>	<b>14</b>	
Commissions, transport and subcontractors	(162)	-17,2%	(1.606)	-52,4%	(141)	-5,5%	3	(1.912)
Other operating income	154	16,4%	200	6,5%	24	0,9%	182	560
Other operating costs	(117)	-12,4%	(456)	-14,9%	(703)	-27,3%	(1.142)	(2.418)
Personnel costs	(814)	-86,5%	(1.511)	-49,3%	(1.250)	-48,5%	(1.027)	(4.602)
Depreciation and amortization	(9)	-1,0%	(76)	-2,5%	(71)	-2,8%	(84)	(240)
<b>Operating profit</b>	<b>(470)</b>	<b>-49,9%</b>	<b>279</b>	<b>9,1%</b>	<b>527</b>	<b>20,4%</b>	<b>(2.088)</b>	<b>(1.752)</b>

Below follow the consolidated statements of financial position by business sector at 31 March 2016 and 31 December 2015.

Assets and liabilities by line of business were measured using the same accounting standards adopted for the presentation of the Group Consolidated Financial Statements.

At 31 March 2016	CNC	HSM	SERVICE	Not assignable	Total
<b>(€ thousand)</b>					
Property, plant and equipment	25	5.644	20	2.357	8.046
Intangible fixed assets	533	401	-	273	1.207
Investments	-	-	-	16	16
Other non-current receivables and assets	-	238	-	1.119	1.357
Deferred tax assets	-	-	-	1.052	1.052
<b>Total non-current assets</b>	<b>558</b>	<b>6.283</b>	<b>20</b>	<b>4.817</b>	<b>11.678</b>
Inventory	2.400	17.144	5.174	-	24.718
Trade receivables and other current receivables	781	3.384	2.497	1.019	7.681
Other current financial receivables	-	-	-	72	72
Cash and cash equivalents	-	-	-	11.482	11.482
<b>Total current assets</b>	<b>3.181</b>	<b>20.528</b>	<b>7.671</b>	<b>13.148</b>	<b>44.528</b>
<b>Total assets</b>	<b>3.739</b>	<b>26.811</b>	<b>7.691</b>	<b>17.965</b>	<b>56.206</b>
Other non-current payables and liabilities	9	21	26	22	78
Long-term provisions	-	34	31	-	65
Employee severance indemnities	571	1.219	209	369	2.368
Deferred tax liabilities	-	-	-	78	78
Other non-current financial liabilities	-	-	-	28	28
Non-current financial liabilities	-	-	-	7.681	7.681
<b>Total non-current liabilities</b>	<b>580</b>	<b>1.274</b>	<b>266</b>	<b>8.178</b>	<b>10.298</b>
Current financial liabilities	-	-	-	3.218	3.218
Other current financial liabilities	-	-	-	-	-
Trade payables and other current payables	2.389	16.519	1.109	5.328	25.345
Current taxes payable	-	-	-	709	709
Short-term provisions	79	860	111	69	1.119
<b>Total current liabilities</b>	<b>2.468</b>	<b>17.379</b>	<b>1.219</b>	<b>9.324</b>	<b>30.390</b>
<b>Total liabilities</b>	<b>3.048</b>	<b>18.653</b>	<b>1.486</b>	<b>17.502</b>	<b>40.689</b>
<b>Shareholders' equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15.517</b>	<b>15.517</b>
<b>Total liabilities</b>	<b>3.048</b>	<b>18.653</b>	<b>1.486</b>	<b>33.019</b>	<b>56.206</b>

At 31 December 2015	CNC	HSM	SERVICE	Not assignable	Total
<b>(€ thousand)</b>					
Property, plant and equipment	28	5.134	23	1.267	6.452
Intangible fixed assets	455	357	-	287	1.099
Investments	-	-	-	16	16
Other non-current receivables and assets	-	257	-	1.136	1.393
Deferred tax assets	-	-	-	1.052	1.052
<b>Total non-current assets</b>	<b>483</b>	<b>5.748</b>	<b>23</b>	<b>3.758</b>	<b>10.012</b>
Inventory	2.301	12.460	5.064	-	19.825
Trade receivables and other current receivables	918	6.451	2.589	516	10.474
Current taxes receivable	-	-	-	193	193
Other current financial receivables	-	-	-	4	4
Cash and cash equivalents	-	-	-	16.041	16.041
<b>Total current assets</b>	<b>3.219</b>	<b>18.911</b>	<b>7.653</b>	<b>16.754</b>	<b>46.537</b>
<b>Total assets</b>	<b>3.702</b>	<b>24.659</b>	<b>7.676</b>	<b>20.512</b>	<b>56.549</b>
Other non-current payables and liabilities	157	86	26	21	290
Long-term provisions	570	1.215	208	379	2.372
Employee severance indemnities	-	-	-	59	59
Deferred tax liabilities	-	-	59	-	59
Other non-current financial liabilities	-	-	-	6	6
Non-current financial liabilities	-	-	-	6.006	6.006
<b>Total non-current liabilities</b>	<b>727</b>	<b>1.301</b>	<b>293</b>	<b>6.471</b>	<b>8.792</b>
Current financial liabilities	-	-	-	3.347	3.347
Other current financial liabilities	-	-	-	221	221
Trade payables and other current payables	1.444	16.092	1.239	3.510	22.285
Current taxes payable	-	-	-	1.558	1.558
Short-term provisions	80	1.046	115	78	1.319
<b>Total current liabilities</b>	<b>1.524</b>	<b>17.138</b>	<b>1.354</b>	<b>8.714</b>	<b>28.730</b>
<b>Total liabilities</b>	<b>2.251</b>	<b>18.439</b>	<b>1.647</b>	<b>15.185</b>	<b>37.522</b>
<b>Shareholders' equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19.027</b>	<b>19.027</b>
<b>Total liabilities</b>	<b>2.251</b>	<b>18.439</b>	<b>1.647</b>	<b>34.212</b>	<b>56.549</b>

### 30. TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN COMPANIES

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

Currency	1st Quarter 2016		At 31 December 2015		1st Quarter 2015	
	Average	At 30 September	Average	At 30 September	Average	At 30 September
USD	1.10175	1.1385	1.10951	1.0887	1.1270	1.0759
Real (Brazil)	4.30561	4.1174	3.70044	4.31170	3.2204	3.4958
Renminbi (China)	7.20903	7.3514	6.97333	7.0608	7.0284	6.671
Rouble (Russia)	82.473	76.3051	68.072	80.6736	71.0867	62.44

### 31. OTHER INFORMATION

The average number of employees in the first quarter of 2016 was 340 people (327 in the three months 2015).

### 32. SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

In the first quarter of 2015, the Group did not undertake any significant non-recurring transactions as defined by Consob Communication of 28 July 2006.

### 33. POSITIONS OR TRANSACTIONS ARISING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS

In accordance with the CONSOB Communication dated 28 July 2006, it is hereby stated that no atypical and/or unusual transactions were undertaken during Q1 2015. 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.

### 34. 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 detail such transactions have been the following:

- supply relationships with the Shenyang Machine Tool Co. Ltd. Company, the local partner of Shenyang Fidia NC & Machine Company Ltd.;
- compensation for the employment of Mr. Luca Morfino, an employee of Fidia S.p.A., Mr. Carlos Maidagan, an employee of Fidia Iberica and Executive Vice President of Fidia Spa, and Mr. Giuseppe Morfino, Chairman and Chief Executive Officer of Fidia SpA.
- emoluments to the Board of Directors and Board of Auditors.

### 35. 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 as at 31 March 2016 is the following:

€ thousand	31 March 2016	31 December 2015
A Cash	16	19
B Bank deposits	11,466	16,022
C Other cash	-	-
<b>D Liquidity (A+B+C)</b>	<b>11,482</b>	<b>16,041</b>
<b>E Current financial receivables</b>		<b>4-</b>
F Current bank payables	1,342	1,985
G Current part of non-current debt	1,876	1,362
H Other current financial payables	(3)	221
<b>I Current financial debt (F+G+H)</b>	<b>3,215</b>	<b>3,568</b>
<b>J Net financial position (receivable)/payable (I-E-D)</b>	<b>(8,267)</b>	<b>(12,477)</b>
K Non-current bank payables	7,680	6,006
L Bonds issued	-	-
M Other non-current payables	28	6
<b>N Non-current financial debt (K+L+M)</b>	<b>7,708</b>	<b>6,012</b>
<b>O Net financial position (receivable)/payable (J+N)</b>	<b>(559)</b>	<b>(6,465)</b>

### 36. SUBSEQUENT EVENTS

It should be noted that on 27 April 2016 the Ordinary Shareholders' Meeting approved the financial statements at 31 December 2015.

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Pursuant to Article 154-bis, paragraph 2, of the Consolidated Finance Act (Testo Unico della Finanza), the Financial Reporting Officer ("dirigente preposto") Massimiliano Pagnone, declares that all figures contained in the present quarterly report at 31 March 2016 correspond to the company's records, books and accounting entries.