



FIDIA GROUP

CONSOLIDATED QUARTERLY REPORT

AS AT 31 MARCH 2012

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

Fidia S.p.A.

Registered office in San Mauro Torinese, corso Lombardia, 11

Paid-in share capital € 5.123.000

Enrolled on the Turin Company Register

Fiscal Code 05787820017

Web site: <http://www.fidia.it> - <http://www.fidia.com>

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**Board of Directors
15 May 2012**

BOARD OF DIRECTORS AND AUDITORS

Board of Directors

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

(a) Appointed Chairman at the Shareholders' Meeting on 28 April 2011 until the approval of the annual financial statements for 2013; appointed Managing Director by the Board of Directors on 28 April 2011.

(b) Appointed at the Shareholders' Meeting on 28 April 2011 until the approval of the annual financial statements for 2013; appointed Vice Chairman by the Board of Directors on 28 April 2011; appointed *Lead Independent Director* by the Board of Directors on 15 March 2012.

(c) Appointed at the Shareholders' Meeting on 28 April 2011 until the approval of the annual financial statements for 2013; appointed Managing Director by the Board of Directors on 28 April 2011.

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

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

(1) Member of the Compensation Committee.

(2) Member of the Internal Control Committee.

Board of Statutory Auditors (*)

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

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

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

Independent Auditors (***) Reconta Ernst&Young

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

CHAIRMAN, VICE CHAIRMAN AND MANAGING DIRECTORS' POWERS

Chairman and Managing Director: 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.

Vice Chairman: dott. Luigino Azzolin

He is the company's legal representative in respect of third parties in the case of absence of the Chairman.

Managing Director: ing. Paolo 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:

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- 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.

FIDIA GROUP

FIDIA S.p.A. Italy

FIDIA INDIA Private Ltd.
India

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

FIDIA DO BRASIL Ltda
Brasil

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

FIDIA GmbH
Germany

100% Fidia S.p.A.

Beijing Fidia M. & E. Co.
China

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

FIDIA Co.
United States

100% Fidia S.p.A.

Shenyang Fidia
NC & M Co. Ltd.
China

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

OOO FIDIA
Russia

100% Fidia S.p.A.

FIDIA S.a.r.l.
France

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

FIDIA IBERICA S.A.
Spain

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

FIDIA Sp. z o.o.
Poland

80% Fidia S.p.A.
20% Others

FIDIA GROUP

RICLASSIFIED FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

Reclassified consolidated profit and loss statement

(thousand euros)	1 st Quarter 2012	%	1 st Quarter 2011	%
Net revenues	9.378	100%	4.833	100%
Change in finished goods and W.I.P. stock	1.341	14,3%	1.657	34,3%
Other operating revenues	940	10,0%	1.727	35,7%
Value of production	11.659	124,3%	8.217	170,0%
Raw materials and consumables	(4.091)	-43,6%	(2.279)	-47,2%
Commissions, transport and subcontractors	(1.302)	-13,9%	(753)	-15,6%
Other services and operating costs	(2.144)	-22,9%	(1.946)	-40,3%
Added value	4.122	44,0%	3.239	67,0%
Personnel costs	(3.958)	-42,2%	(3.394)	-70,2%
Gross operating margin (EBITDA)	164	1,7%	(155)	-3,2%
Allocation to provision for doubtful accounts	(51)	-0,5%	(50)	-1,0%
Depreciation and amortization	(139)	-1,5%	(168)	-3,5%
Operating margin (EBIT)	(26)	-0,3%	(373)	-7,7%
Net financial income (expenses)	(12)	-0,1%	(35)	-0,7%
Profit (loss) on exchange rates	63	0,7%	(127)	-2,6%
Margin before taxes (EBT)	25	0,3%	(535)	-11,1%
Income taxes (current and deferred)	(262)	-2,8%	(100)	-2,1%
Net income (loss) for the accounting period	(237)	-2,5%	(635)	-13,1%
- (Income)/Loss attributable to minority interest shareholders	(70)	-0,7%	55	1,1%
- Income/(Loss) attributable to the Group	(307)	-3,3%	(580)	-12,0%

Reclassified consolidated statement of financial position

(thousand euros)	31/03/2012	31/12/2011	30/06/2011	31/03/2011
Property, plant and equipment	1.855	1.921	2.148	2.147
Intangible fixed assets	198	195	149	159
Investments	16	18	25	25
Other financial assets	2.321	2.352	667	560
Fixed assets – (A)	4.390	4.486	2.989	2.891
Net trade receivables	10.831	11.187	11.905	8.080
Inventory	21.834	19.391	20.655	17.508
Other current assets	2.842	2.113	3.842	2.979
Current assets – (B)	35.507	32.691	36.402	28.567
Supplier payables	(11.055)	(9.386)	(10.193)	(8.828)
Other current liabilities	(14.676)	(15.680)	(14.726)	(9.781)
Current liabilities – (C)	(25.731)	(25.066)	(24.919)	(18.609)
Net working capital (D) = (B+C)	9.776	(7.625)	11.483	9.958
Provision for employee severance indemnities (E)	(2.436)	(2.538)	(2.442)	(2.448)
Other long-term liabilities (F)	(257)	(240)	(181)	(599)
Net invested capital (G) = (A+D+E+F)	11.473	9.333	11.849	9.802
Financial position				
Financial assets available for sale	-	-	-	-
Bank deposits and cash	(10.265)	(11.648)	(6.560)	(7.930)
Short-term loans	6.656	5.195	4.746	3.768
Current financial position	(3.309)	(6.453)	(1.814)	(4.162)
Long-term loans, net of current portion	945	1.056	1.379	1.613
Net financial position (H)	(2.664)	(5.397)	(435)	(2.549)
Share capital	5.123	5.123	5.123	5.123
Reserves	6.831	6.699	5.769	5.828
Net income (loss) for the accounting period attributable to the Group	(307)	407	(595)	(580)
Total shareholders' equity attributable to the Group	11.647	12.229	10.297	10.371
Shareholders' equity attributable to minority interests	2.490	2.501	1.987	1.980
Shareholders' equity (I)	14.137	14.730	12.284	12.351
Shareholders' equity and net financial position (L) = (H+I)	11.473	9.333	11.849	9.802

ANALYSIS OF OPERATING AND FINANCE PERFORMANCE OF THE GROUP

Profit and loss

Revenues

In the 1st Q. 2012 the Group has reached revenues for 9.378 thousand euros, almost double (+94,1%) in comparison with the same period 2011 (4.833 thousand euros).

The improvement is mainly due to the good performance of the HSM division (High Speed Milling Machines), whose revenues moved from 2.073 thousand euros in the 1st Q. 2011 to 6.681 thousand euros in the 1st Q. 2012 (+222,3%). The After Sale Service division shows a turnover increase too, from 2.018 to 2.139 thousand euros (+6%); on the other side the electronic sector (CNC) shows a revenues decrease by 24,8% Q. to Q. (from 742 to 558 thousand euros).

The revenues trend per business lines is shown below:

(thousand euros)	1 st Quarter 2012	%	1 st Quarter 2011	%	Change %
Numerical controls, drives and software	558	6,0%	742	15,3%	-24,8%
High-speed milling systems	6.681	22,8%	2.073	42,9%	222,3%
After-sales service	2.139	71,2%	2.018	41,8%	6,0%
Total revenues	9.378	100%	4.833	100%	94,1%

The turnover per geographic area is shown below:

(thousand euros)	NUMERICAL CONTROLS AND SOFTWARE		NUMERICAL CONTROLS AND SOFTWARE		Change %
GEOGRAPHIC AREA	1 st QUARTER 2012	%	1 st QUARTER 2011	%	
ITALY	68	12,2%	202	27,2%	-66,3%
EUROPE	221	39,6%	112	15,1%	97,3%
ASIA	144	25,8%	301	40,6%	-52,2%
NORTH and SOUTH AMERICA	45	8,1%	125	16,8%	-64,0%
REST OF THE WORLD	80	14,3%	2	0,3%	3.900,0%
TOTAL	558	100%	742	100%	-24,8%

(thousand euros)	HIGH-SPEED MILLING SYSTEMS		HIGH-SPEED MILLING SYSTEMS		Change %
GEOGRAPHIC AREA	1 st QUARTER 2012	%	1 st QUARTER 2011	%	
ITALY	772	11,6%	57	2,7%	1.254,4%
EUROPE	1.377	20,6%	149	7,2%	824,2%
ASIA	3.595	53,8%	1.470	70,9%	144,6%
NORTH and SOUTH AMERICA	937	14,0%	397	19,2%	136,0%
REST OF THE WORLD	-	-	-	-	-
TOTAL	6.681	100%	2.073	100%	222,3%

(thousand euros) GEOGRAPHIC AREA	AFTER SALES SERVICE 1st QUARTER 2012	%	AFTER SALES SERVICE 1st QUARTER 2011	%	Change %
ITALY	393	18,4%	502	24,9%	-21,7%
EUROPE	698	32,6%	756	37,5%	-7,7%
ASIA	318	14,9%	190	9,4%	67,4%
NORTH and SOUTH AMERICA	522	24,4%	464	23,0%	12,5%
REST OF THE WORLD	208	9,7%	106	5,2%	96,2%
TOTAL	2.139	100%	2.018	100%	6,0%

(thousand euros) GEOGRAPHIC AREA	TOTAL TURNOVER 1st QUARTER 2012	%	TOTAL TURNOVER 1st QUARTER 2011	%	Change %
ITALY	1.233	13,1%	761	15,7%	62,0%
EUROPE	2.296	24,5%	1.017	21,1%	125,8%
ASIA	4.057	43,3%	1.961	40,6%	106,9%
NORTH and SOUTH AMERICA	1.504	16,0%	986	20,4%	52,5%
REST OF THE WORLD	288	3,1%	108	2,2%	166,7%
TOTAL	9.378	100%	4.833	100%	94,1%

Numerical Control and software (CNC)

The revenues of the electronic sector are down by 24,8% in comparison with the 1st Q. 2011 and reach 558 thousand euros vs 742 thousand euros in the same period of the last year.

The turnover slowdown has affected all the geographic areas where the Group operates, with the only exception of the Rest of the World, that has not in the whole an important weight.

High Speed Milling System (HSM)

The revenues of the HSM sector are more than triple in comparison with the same period of the last year (+222,3%) and reach 6.681 thousand euros vs 2.073 thousand euros in the 1st Q. 2011. In the 1st Q. 2012 nr. 14 milling machines have been installed and accepted by the final customers compared with 7 in the same period 2011.

Under a geographical point of view all the markets where the Group operates have grown and it is noted an increase rebalancing between the various geographic areas. The weight of Europe (Italy included) on the total turnover is more than 30% in comparison with less than 10% at the end of the 1st Q. 2011, whilst Asia is down from 70,9% to 53,8%; a slight decrease has affected the American market (from 19,2% to 14,0%).

A good performance has been achieved on the domestic market too, mainly because of an important order for the aero-space sector.

After-sales service

The Service Division comprises the revenues resulting from after-sales technical service, the sale of spare parts and scheduled maintenance contracts. For several years now this business is showing a trend of steady growth that is little affected by cyclical variations induced by the international situation. The 1st Q. 2012 will continue to have these characteristics and the revenues attained amount to 2.139 thousand euros, compared to 2.018 thousand euros in the same Q. the year before.

The revenues broken down for geographical area show a decrease in the European countries, more than compensated by a strong increase in Asia, in America and in the Rest of the World.

Sales and marketing activity

The following tables show the book order and the order collection in the two compared periods in the electronic sector (CNC) and the high speed milling machine sector (HSM).

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

(thousand euros)	NUMERICAL CONTROLS AND SOFTWARE 1 st Quarter 2012	NUMERICAL CONTROLS AND SOFTWARE 1 st Quarter 2011	Change %
Order backlog as at 1/1	553	942	-41,3%
New orders	1.770	876	102,1%
Sales	(558)	(742)	-24,8%
Order backlog as at 31/3	1.765	1.076	64,0%

(thousand euros)	HIGH-SPEED MILLING SYSTEMS 1 st Quarter 2012	HIGH-SPEED MILLING SYSTEMS 1 st Quarter 2011	Change %
Order backlog as at 1/1	30.478	15.121	101,6%
New orders	12.012	9.358	28,4%
Sales	(6.681)	(2.073)	222,3%
Order backlog as at 31/3	35.809	22.406	59,8%

(thousand euros)	TOTAL 1 st Quarter 2012	TOTAL 1 st Quarter 2011	Change %
Order backlog as at 1/1	31.031	16.063	93,2%
New orders	13.782	10.234	34,7%
Sales	(7.239)	(2.815)	157,2%
Order backlog as at 31/3	37.574	23.482	60,0%

The back log order shows a strong growth in comparison with the same period of the last year (+60% to 37,6 million euros). This is mainly due to the very good order collection both in the CNC sector (+102,1% in comparison with the 1st Q. 2011) and in the HSM sector (+28,4% in comparison with the 1st Q. 2011).

Orders collection per business sector and geographic area follows:

(thousand euros)	NUMERICAL CONTROLS AND SOFTWARE		NUMERICAL CONTROLS AND SOFTWARE		Change %
GEOGRAPHIC AREA	1 st QUARTER 2012	%	1 st QUARTER 2011	%	
ITALY	170	9,6%	316	36,1%	-46,2%
EUROPE	478	27,0%	292	33,3%	63,7%
ASIA	925	52,3%	95	10,9%	873,4%
NORTH and SOUTH AMERICA	-	-	165	18,8%	-100,0%
REST OF THE WORLD	197	11,1%	8	0,9%	2.363,5%
TOTAL	1.770	100%	876	100%	102,1%

(thousand euros)	HIGH-SPEED MILLING SYSTEMS		HIGH-SPEED MILLING SYSTEMS		Change %
GEOGRAPHIC AREA	1 st QUARTER 2012	%	1 st QUARTER 2011	%	
ITALY	851	7,1%	206	2,2%	313,1%
EUROPE	1.177	9,8%	207	2,2%	468,6%
ASIA	9.045	75,3%	6.978	74,6%	29,6%
NORTH and SOUTH AMERICA	939	7,8%	1.967	21,0%	-52,3%
REST OF THE WORLD	-	-	-	-	-
TOTAL	12.012	100%	9.358	100%	28,4%

(thousand euros)	TOTAL ORDERS		TOTAL ORDERS		Change %
GEOGRAPHIC AREA	1 st QUARTER 2012	%	1 st QUARTER 2011	%	
ITALY	1.021	7,4%	522	5,1%	95,6%
EUROPE	1.655	12,0%	499	4,9%	231,7%
ASIA	9.970	72,4%	7.073	69,1%	41,0%
NORTH and SOUTH AMERICA	939	6,8%	2.132	20,8%	-56,0%
REST OF THE WORLD	197	1,4%	8	0,1%	2.362,5%
TOTAL	13.782	100%	10.234	100%	34,7%

Numerical Control and software (CNC)

The orders acquisition in the 1st Q. in this business line shows a strong growth in comparison with the same period of the last year (1.770 thousand euros instead of 876 thousand euros in the same period 2011, corresponding to a growth by 102,1%) and this should lead to a recovery in terms of turnover in the next months.

The orders increase has mainly affected the Asian markets and the Rest of the World; on the other side a slowdown has been recorded in the American market where no new orders have been collected. In Europe the orders are almost steady, due to a decrease of the Italian market (-46,2%) and to a strong increase of the other European countries (+63,7%).

High Speed Milling System (HSM)

The HSM business line shows, in the 1st Q., another increase of the order entry (+28,4% at 12.012 thousand euros) in comparison with the already good result achieved in the 1st Q. (order entry at 9.358 thousand euros).

The geographical areas that have given a better contribution to this growth are Europe, where the orders are, overall, almost five times more than the same period of last year (+313,1% in Italy and +468,6% in the other European countries) and Asia, grown again by approx. 30%. On the other side a 52,3% decrease has been experienced in the American continent.

The order book as at 31 March 2012 per business sector and geographic area is detailed below:

(thousand euros)	NUMERICAL CONTROLS AND SOFTWARE 31/3/2012		NUMERICAL CONTROLS AND SOFTWARE 31/3/2011		Change %
GEOGRAPHIC AREA		%		%	
ITALY	234	13,3%	398	37,0%	-41,2%
EUROPE	385	21,8%	233	21,6%	65,2%
ASIA	943	53,4%	325	30,2%	190,2%
NORTH and SOUTH AMERICA	43	2,4%	115	10,7%	-62,6%
REST OF THE WORLD	160	9,1%	5	0,5%	3.100,0%
TOTAL	1.765	100%	1.076	100%	64,0%

(thousand euros)	HIGH-SPEED MILLING SYSTEMS 31/3/2012		HIGH-SPEED MILLING SYSTEMS 31/3/2011		Change %
GEOGRAPHIC AREA		%		%	
ITALY	1.639	4,6%	828	3,7%	97,9%
EUROPE	3.889	10,9%	1.074	4,8%	262,1%
ASIA	24.696	68,9%	17.731	79,1%	39,3%
NORTH and SOUTH AMERICA	5.585	15,6%	2.436	10,9%	129,3%
REST OF THE WORLD	-	-	337	1,5%	-100%
TOTAL	35.809	100%	22.406	100%	59,8%

(thousand euros) GEOGRAPHIC AREA	TOTAL BACKLOG 31/3/2012	%	TOTAL BACKLOG 31/3/2011	%	Change %
ITALY	1.873	5,0%	1.226	5,2%	52,8%
EUROPE	4.274	11,4%	1.307	5,6%	227,0%
ASIA	25.639	68,2%	18.056	76,9%	42,0%
NORTH and SOUTH AMERICA	5.628	15,0%	2.551	10,9%	120,6%
REST OF THE WORLD	160	0,4%	342	1,4%	-53,2%
TOTAL	37.574	100%	23.482	100%	60,0%

Other operating revenues

The other operating revenues of the 1st Q. 2012 have been 940 thousand euros (1.727 thousand euros in the same period 2011). This figure includes the other incomes coming from the ordinary activity, but that cannot be included in the typical sale of goods and services.

This figure includes:

- government grants provided by the local government in Shenyang (China) in force of the agreement with the Chinese partner SMTCL for the development of a project in the CNC sector (418 thousand euros; 1.197 thousand euros in the same period 2011);
- EU and Italy's Ministry of University grants to Fidia S.p.A. on research and development activity (325 thousand euros, 330 thousand euros as at 31 March 2011);
- the release of the warranty provision and the bad debts provision for the part over accrued in comparison with the risk to be covered (90 thousand euros, same amount as at 31 March 2011);
- increase of tangible assets own built for 15 thousand euros (41 thousand euros as at 31 March 2011);
- contingent assets, recovery of costs, insurance allowances, income on disposal of property, plant and equipment and other sundry incomes (92 thousand euros; 69 thousand euros in the same period of the last year).

Value of production

The value of production is definitely higher than the same 2011 period (+3.442 thousand euros), because of the strong revenues increase. On the other side both the stock variation and the other operating revenues are lower than the same period of last year.

Margins on sales

Margins are calculated as the difference between sale revenues, stock changes, raw materials consumption and costs of variable services; they amount to 5.326 thousand euros compared to 3.458 thousand euros in the 1st Q. 2011. The sales profitability is almost in line with the 2011 fiscal year.

Other services and operating costs

This figure amounts in the 1st Q. 2012 to 2.144 thousand euros compared to 1.946 thousand euros in the same period 2011. The grown is attributable to higher production cost and higher administrative and general cost only partially compensated by lower cost for R&D.

Added value

The added value has grown from 3.239 thousand euros in the 1st Q. 2011 to 4.122 thousand euros in the 1st Q. 2012.

Personnel

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

	1 st Quarter 2012	1 st Quarter 2011	Abs. change	Change %
Executives	10	11	-1	-9,1%
Clerks and supervisors	298	304	-6	-2,0%
Workers	34	35	-1	-2,9%
Total number of employees	342	350	-8	-2,3%
Total average number of employees	342,5	351,5	-9	-2,6%

	1 st Quarter 2012	1 st Quarter 2011	Abs. change	Change %
Cost of labour (thousand euros)	3.958	3.394	564	16,6%

The staff cost shows an increase by 16,6% regardless the average number of staff is down by 2,6%. This effect arises from the usage of public redundancy funds that, in the last year, allowed the Group to a cost reduction. On the other side, the production activity particularly strong starting from the second semester 2011 led to a higher cost of the production staff (direct and indirect).

Gross operating margin (EBITDA)

The gross operating margin is positive by 164 thousand euros, improving when compared with the negative result in the same period of the last year (-155 thousand euros).

Operating margin (EBIT)

The operating margin is next to break even (-26 thousand euros) and improving when compared with a negative margin (373 thousand euros) in the 1st Q. 2011.

Earning before tax (EBT)

The net financial charges are better in the 1st Q. 2012 compared to the 1st Q. 2011 (from -35 thousand euros as at 31 March 2011 to -12 thousand euros as at 31 March 2012), mainly due to the fair value evaluation of the derivative contracts signed to reduce the foreign currency risk.

The foreign currency management has produced a net income by 63 thousand euros compared to a net loss by 127 thousand euros as at 31 March 2011, mainly due to period-end adjustment. The earning before tax is positive by 25 thousand euros, compared to a negative result by 535 thousand euros in the same period of the last year.

Net result attributable to the Group

The net consolidated result is a loss by 237 thousand euros (307 thousand euros attributable to the Group) compared to a net loss by 635 thousand euros (580 thousand euros attributable to the Group) in the 1st Q. 2011.

Analysis of the financial data

Net financial position

(thousand euros)	31/03/2012	31/12/2011	30/06/2011	31/03/2011
Financial position				
Financial assets available for sale	-	-	-	-
Bank deposits and cash	10.265	11.648	6.560	7.930
Short-term loans	(6.656)	(5.195)	(4.746)	(3.768)
Current financial position	3.609	6.453	1.814	4.162
Long-term loans, net of current portion	(945)	(1.056)	(1.379)	(1.613)
Net financial position	2.664	5.397	435	2.549

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

(thousand euros)	31/03/2012	31/12/2011	30/06/2011	31/03/2011
FINANCIAL ASSETS AVAILABLE FOR SALE	-	-	-	-
BANK DEPOSITS AND CASH				
Fidia S.p.A.	4.218	4.432	1.035	1.015
Fidia Co.	676	485	553	603
Fidia GmbH	683	748	841	728
Fidia Iberica S.A.	302	570	352	340
Fidia S.a.r.l.	77	112	209	132
Beijing Fidial Machinery & Electronics Co.,Ltd.	3.431	3.396	2.598	3.328
Fidia do Brasil Ltda.	68	125	110	179
Shenyang Fidial NC & M Co. Ltd.	798	1.776	829	1.539
OOO Fidial	-	-	-	-
Fidia Sp.zo.o.	10	2	32	64
Fidia India Private Ltd.	2	2	1	2
	10.265	11.648	6.560	7.930
TOTAL CASH AND EQUIVALENTS	10.265	11.648	6.560	7.930

(thousand euros)	31/03/2012	31/12/2011	30/06/2011	31/03/2011
SHORT-TERM LOANS				
Fidia S.p.A.	(6.641)	(5.168)	(4.493)	(3.597)
Fidia GmbH	-	-	(218)	(134)
Fidia Co.	(4)	(12)	(11)	(7)
Fidia do Brasil Ltda.	-	-	-	(3)
Fidia Iberica S.A.	(11)	(15)	(24)	(27)
	(6.656)	(5.195)	(4.746)	(3.768)

(thousand euros)	31/03/2012	31/12/2011	30/06/2011	31/03/2011
LONG-TERM LOANS, NET OF CURRENT PORTION				
Fidia S.p.A.	(936)	(1.038)	(1.243)	(1.345)
Fidia GmbH	-	-	(114)	(236)
Fidia Co.	(1)	(10)	(14)	(13)
Fidia Iberica S.A.	(8)	(8)	(8)	(19)
	(945)	(1.056)	(1.379)	(1.613)
TOTAL LOANS	(7.601)	(6.251)	(6.125)	(5.381)

As at 31 March 2012 the net financial position is positive, but worse than as at 31 December 2011, mainly due to higher production level that led to an increase of the stock.

The following table contains a summary of the cash flow statement as at 31 March 2012 showing the cash flows composing the net financial position.

CONSOLIDATED CONDENSED CASH FLOW STATEMENT

(thousand euros)	1 st Quarter 2012	year 2011	1 st Quarter 2011
A) Cash and cash equivalents at the beginning of the period	7.051	9.805	9.805
B) Cash from/(used in) operating activities during the period	(2.297)	(2.495)	(3.887)
C) Cash from/(used in) investing activities	(61)	172	(42)
D) Cash from/(used in) financing activities	90	(1.008)	(583)
Currency translation differences	(243)	577	(341)
E) Net change in cash and cash equivalents	(2.511)	(2.754)	(4.853)
F) Cash and cash equivalents at the end of the period	4.540	7.051	4.952
Breakdown of cash and cash equivalents:			
Cash and cash equivalents	10.265	11.648	7.930
Bank overdraft	(5.725)	(4.597)	(2.978)
	4.540	7.051	4.952

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

In compliance with the Consob Communication dated 28 July 2006, the following table provides the reconciliation of the Group's net income or loss and shareholders' equity as at 31 March 2012 (excluding minority interests) with those of the parent company Fidia S.p.A. (in thousand euros).

	Shareholders' equity 31.12.2011	Change in S.E. 2012	Net income (loss) 31.03.2012	Shareholders' equity 31.03.2012
Financial Statements of Fidia S.p.A.	8.502	(3)	(1.015)	7.484
Consolidation adjustments:				
* Elimination of carrying value of equity investments	8.556	(28)	282	8.810
* Translation differences	880	(265)	-	615
* Dividends received from Fidia Spa	(8.068)	-	-	(8.068)
* Write-downs of equity investments (2005, 2006, 2008 and 2010)	3.793	-	-	3.793
* Reversal of the impairment loss (2009)	(666)	-	-	(666)
* Elim. of capital gain conferment and depreciation	(194)	-	13	(181)
* Elimination of infra-Group profits 2012	-	(17)	(262)	(279)
* Elimination of infra-Group profits 2011	(746)	21	725	-
* Deferred tax assets on infra-Group profits	46	-	(35)	11
* Elim. of infra-Group gains and depreciations of tang. assets	-	-	-	-
* Other adjustments	143	-	(15)	128
* Exchange rate differences on infra-Group transactions	(17)	17	-	-
Consolidated Financial Statements (attributable to the Group)	12.229	(275)	(307)	11.647

SEGMENT REPORTING

Earnings performance by business sector

The following table shows earning performance broken down by business segment. Starting from the 2011 interim financial statements, the segment financial information of the Group is reported with a breakdown on three sectors (Numerical Controls - CNC -, High Speed Milling Machines - HSM - and Service) instead of the usual two (CNC and HSM both including also their service activity). The financial data related to the same 2011 period have been properly reclassified in order to allow a comparison.

The items which cannot be classified as CNC or HSM or SERVICE are reported in the last column of the income statement; these items are mainly general and administrative costs, advertising costs, promotion and exhibitions for the benefit of all the 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.

CONSOLIDATED INCOME STATEMENT per business sector

Quarterly figures (thousand euros)	CNC		HSM		SERVICE		Unall.	TOTAL
	2012	%	2012	%	2012	%	2012	2012
Revenues	558	58,2%	6.681	100,0%	2.139	100,0%	-	9.378
Intersegment revenues	401	41,8%	-	0,0%	-	0,0%	-	
Total revenues	959	100,0%	6.681	100,0%	2.139	100,0%	-	9.378
Change in finished goods & W.I.P stock	192	20,0%	1.051	15,7%	98	4,6%	-	1.341
Raw materials and consumables	(379)	-39,5%	(3.441)	-51,5%	(226)	-10,6%	(45)	(4.091)
Intersegment costs	8	0,8%	(465)	-7,0%	25	1,2%	31	
Commissions, transport and subcontractors	(184)	-19,2%	(1.054)	-15,8%	(64)	-3,0%	(1)	(1.303)
Margin on sales	596	62,1%	2.772	41,5%	1.972	92,2%	(15)	5.325
Other operating revenues	640	66,7%	169	2,5%	66	3,1%	65	940
Other operating costs	(210)	-21,9%	(451)	-6,8%	(475)	-22,2%	(1.007)	(2.143)
Personnel costs	(943)	-98,3%	(1.121)	-16,8%	(990)	-46,3%	(904)	(3.958)
Depreciation and amortization	(20)	-2,1%	(83)	-1,2%	(10)	-0,5%	(77)	(190)
Operating income (loss)	63	6,6%	1.286	19,2%	563	26,3%	(1.938)	(26)

Quarterly figures (thousand euros)	CNC 2011	%	HSM 2011	%	SERVICE 2011	%	Unall. 2011	TOTAL 2011
Revenues	742	84,7%	2.073	95,7%	2.018	100,0%	-	4.833
Intersegment revenues	134	15,3%	93	4,3%	-	0,0%	-	
Total revenues	876	100,0%	2.166	100,0%	2.018	100,0%	-	4.833
Change in finished goods & W.I.P stock	53	6,1%	1.589	73,4%	15	0,7%	-	1.657
Raw materials and consumables	(175)	-20,0%	(1.919)	-88,6%	(151)	-7,5%	(34)	(2.279)
Intersegment costs	(97)	-11,1%	(170)	-7,8%	40	2,0%	-	
Commissions, transport and subcontractors	(116)	-13,2%	(567)	-26,2%	(69)	-3,4%	(1)	(753)
Margin on sales	541	61,8%	1.099	50,7%	1.853	91,8%	(35)	3.458
Other operating revenues	1.401	159,9%	274	12,7%	19	0,9%	33	1.727
Other operating costs	(301)	-34,4%	(405)	-18,7%	(358)	-17,7%	(882)	(1.946)
Personnel costs	(798)	-91,1%	(981)	-45,3%	(894)	-44,3%	(721)	(3.394)
Depreciation and amortization	(49)	-5,6%	(75)	-3,5%	-	0,0%	(94)	(218)
Operating income (loss)	794	90,6%	(88)	-4,1%	620	30,7%	(1.699)	(373)

In the 1st Q. 2012 the CNC sector has reached lower revenues to third parties customers, but, at the same time, higher inter-sectorial revenues, mainly represented by numerical control devices supplied to the HSM sector as a part of the milling systems sold to the final customers.

So the total revenues, are, overall, better than the same period of last year (from 876 to 959 thousand euros). Consequently, the margin on sale has improved and reached, at the end of the 1st Q. 2012, 596 thousand euros. The operating margin is worse than last year, mostly because of lower "Other operating revenues", decrease mainly attributable to the progressive exhaustion of the grants paid by the Chinese government on the known CNC project. The "Other operating costs" are down, whilst the personnel costs grow because of the lack of the of public redundancy funds that had characterized the first half of the fiscal year 2011.

In the 1st Q 2012 the HSM sector experienced a strong turnover improvement (from 2.166 thousand euros, included inter-sectorial revenues, to 6.681 thousand euros); this grown has positively affected both the margin on sale (from 1.099 to 2.772 thousand euros), and the operating margin (from -88 to +1.286 thousand euros). The HSM division suffered an increase of the personnel cost too; it has the same reason explained above. The "Other operating revenues" are a bit down and the other items that compose the operating margin are almost in line with last year.

Finally, the Service division shows, in the two compared period, a more steady turnover (grown by 6% in comparison with the 1st Q 2011) and gross operating margin. The net operating margin is, conversely, affected by both an increase of the staff cost and of the "Other operating costs" only partially compensated by higher "Other operating revenues".

SUMMARY OF THE GROUP PERFORMANCE, SIGNIFICANT EVENTS AND BUSINESS OUTLOOK

In the 1st Q. 2012 the Group experienced a big growth of the consolidated revenues that, in comparison with the same period of last year, are almost double.

The order entry, in the CNC and in the HSM sector, has confirmed, also in the 1st Q 2012, the good performance achieved during the whole 2011 fiscal year; it is also confirmed the good trend on the Group's traditional markets and in particular in some of the European countries.

The order back-log as at 31 March 2012 shows an increase both for the CNC and HSM division and reaches, in total, 37,6 million euros; it represents an improvement by 60% compared to 31 March 2011 and by over 21% compared to 31 December 2011; the present order portfolio allows to a production coverage well above the end of the 2012 FY.

The sales and marketing activity has led to satisfactory results in the month of April too, both in terms of new orders acquired and in terms of new prospects with good chance of success.

Because of the strong increase of both the order entry and the order back-log, the Group management is acting in order to extend the present production power and the initial results have already been achieved in this 1st Q. So a significant revenues increase during the 2012 FY is a reliable perspective.

The net financial position, almost unchanged in comparison with the 1st Q 2011, keeps on being positive (2,7 million euros) regardless the strong cash absorption due to the growth of the working capital as a consequence of production volumes definitely higher than in the past.

On the behalf of the Board of Directors
The Chairman and Managing Director
Giuseppe Morfino

FIDIA GROUP
Consolidated Financial Statements
and
Notes
as at 31 March 2012

CONSOLIDATED PROFIT AND LOSS STATEMENTS

(thousand euros)	Notes	1 st Quarter 2012	1 st Quarter 2011
- Net sales	1	9.378	4.833
- Other operating revenues	2	940	1.727
Total revenues		10.318	6.560
- Change in finished goods and W.I.P. stock		1.341	1.657
- Raw materials and consumables	3	(4.091)	(2.279)
- Personnel costs	4	(3.958)	(3.394)
- Other operating costs	5	(3.446)	(2.699)
- Depreciation and amortization		(190)	(218)
Operating margin		(26)	(373)
- Financial income (expenses)	6	51	(162)
Margin before taxes		25	(535)
- Income taxes	7	(262)	(100)
Income/(loss) from continuing operations		(237)	(635)
Income/(Loss) from discontinued operations		-	-
Net income (loss) for the period		(237)	(635)
Income/(loss) attributable to :			
- Owners of the parent		(307)	(580)
- Non-controlling interests		70	(55)

(in euro)

Earnings per share	8	(0,06)	(0,11)
Diluted earnings per share	8	(0,06)	(0,11)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Thousand euros	1 st Quarter 2012	1 st Quarter 2011
Income/(loss) for the period (A)	(237)	(635)
Gains/(losses) on cash flow hedge	(4)	24
Gains/(losses) on exchange differences on translating foreign operations	(337)	(484)
Income tax relating to components of Other comprehensive income/(losses)	1	(7)
Total other comprehensive income/(losses), net of the tax effect (B)	(340)	(467)
Total comprehensive income/(loss) for the period (A)+(B)	(577)	(1.102)
Total comprehensive income/(loss) attributable to:		
Owners of the Parent	(571)	(941)
Non-controlling interests	(6)	(161)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(thousand euros)	Notes	31 March 2012	31 December 2011
ASSETS			
NON-CURRENT ASSETS			
- Property, plant and equipment	9	1.855	1.921
- Intangible fixed assets	10	198	195
- Investments	11	16	18
- Other non-current financial assets	12	2	3
- Other non-current receivables and assets	13	1.719	1.688
- Deferred tax assets	7	600	661
TOTAL NON-CURRENT ASSETS		4.390	4.486
CURRENT ASSETS			
- Inventory	14	21.834	19.391
- Trade receivables	15	10.831	11.187
- Current tax receivables	16	742	414
- Other current receivables and assets	16	2.088	1.673
- Other current financial assets	17	12	26
- Cash and equivalents	18	10.265	11.648
TOTAL CURRENT ASSETS		45.772	44.339
TOTAL ASSETS		50.162	48.825
LIABILITIES			
SHAREHOLDERS' EQUITY			
- Issued capital and reserves attributable to the owners of the parent		11.647	12.229
- Non-controlling interests		2.490	2.501
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY	19	14.137	14.730
NON-CURRENT LIABILITIES			
- Other non-current payables and liabilities	20	138	136
- Provision for employee severance indemnities	21	2.436	2.538
- Deferred tax liabilities	7	97	86
- Other non-current financial liabilities	22	22	18
- Non-current financial liabilities	23	945	1.056
TOTAL NON-CURRENT LIABILITIES		3.638	3.834
CURRENT LIABILITIES			
- Current financial liabilities	23	6.656	5.195
- Other current financial liabilities	24	36	93
- Trade payables	25	11.055	9.386
- Current tax liabilities	26	769	1.011
- Other current payables and liabilities	26	13.275	13.939
- Short-term provisions	27	596	637
TOTAL CURRENT LIABILITIES		32.387	30.261
TOTAL LIABILITIES		50.162	48.825

CONSOLIDATED CASH FLOW STATEMENT

(thousand euros)	1 st Quarter 2012	1 st Quarter 2011
A) Cash and cash equivalents at the beginning of the period	7.051	9.805
B) Cash from (used in) operating activities:		
- Net income/(loss) attributable to the Group and minorities	(237)	(635)
- Depreciation	139	167
- Net capital losses (gains) on the disposal of property, plant and equipment	(31)	27
- Net change in the provision for employee severance indemnities	(101)	(45)
- Net change in current and non-current provisions for risks	(41)	(120)
- Net change in deferred tax (assets) liabilities	72	1
Net change in working capital:		
- receivables	(419)	(280)
- inventory	(2.443)	(3.538)
- payables	764	536
	(2.297)	(3.887)
C) Cash from (used in) investing activities		
- Investments in:		
property, plant and equipment	(102)	(113)
intangible fixed assets	(27)	(6)
- Sale of:		
property, plant and equipment	66	77
investments	2	
	(61)	(42)
D) Cash from (used in) financing activities		
- Change in loans	221	(333)
- Change in capital and reserves	(13)	(42)
- Change in portion attributable to minorities	(81)	(177)
- Net change in other current and non-current financial assets and liabilities	(37)	(31)
	90	(583)
Translation exchange differences	(243)	(341)
E) Net change in cash and cash equivalents	(2.511)	(4.853)
F) Cash and cash equivalents at the end of the period	4.540	4.952
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	10.265	7.930
Overdraft current accounts	(5.725)	(2.978)
	4.540	4.952

STATEMENT OF CHANGES IN EQUITY

(thousand euros)	Share capital	Treasury shares	Capital reserves	Earning reserves	Cash flow hedge reserve	Translation reserve	Reserve actuarial gains/losses on employee benefit	Other reserves	Non-controlling interests	Total shareholders' equity
Balance as at 31 December 2010	5.123	(45)	1.486	4.194	0	313	87	213	2.212	13.583
Total comprehensive income/(losses)				(580)	17	(378)			(161)	(1.102)
Other changes				(59)					(71)	(130)
Balance as at 31 March 2011	5.123	(45)	1.486	3.555	17	(65)	87	213	1.980	12.351
Balance as at 31 December 2011	5.123	(45)	1.486	4.500	(12)	919	45	213	2.501	14.730
Total comprehensive income/(losses)				(307)	(3)	(261)			(6)	(577)
Other changes				(11)					(5)	(16)
Balance as at 31 March 2012	5.123	(45)	1.486	4.182	(15)	658	45	213	2.490	14.137

Notes

MAIN ACTIVITIES

Fidia S.p.A. is a legal entity organized under the laws of the Republic of Italy. Fidias S.p.A. and its subsidiaries (the "Group") operate in more than 20 countries.

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

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

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

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

OOO Fidias carries commercial activity in the Russian market.

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

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

Beijing Fidias M&E Co. Ltd (Fidias Jve), sells numerical controls and milling systems and supplies after-sales technical support for all of the Group's products in the People's Republic of China and neighbouring countries.

Shenyang Fidias NC & Machine Company Ltd is a joint-venture incorporated together with the biggest machine-tool builder in China - Shenyang Machine Tool Company Ltd. (SMTCL). The joint-venture produces and sells electronic components and high-speed milling systems.

Fidias India Private Ltd. carries commercial activity in India.

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

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

SIGNIFICANT ACCOUNTING POLICIES

Accounting policies

This Quarterly Report as at 31 March 2012 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").

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

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent assets and liabilities at the date of the interim financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

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.

In the same way the actuarial valuations that are required for the determination of employee benefit provisions are usually only carried out during the preparation of the half-year and the annual financial statements.

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

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

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

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

The Fidia Group has not applied in advance any accounting standard or amendments or interpretations not yet applicable.

Scope of consolidation

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

Name / Registered office	Currency	Share capital	Equity ownership as at 31/3/2012	Equity ownership as at 31/12/2011	Equity ownership as at 31/3/2011
Fidia Gmbh, Dreiech – Germany	Euro	520.000	100%	100%	100%
Fidia Co, Troy - U.S.A.	USD	400.000	100%	100%	100%
Fidia Sarl, Emerainville – France	Euro	300.000	100%	100%	100%
Fidia Iberica S.A., Zamudio - Spain	Euro	180.300	99,993%	99,993%	99,993%
Fidia do Brasil Ltda, Sao Paulo – Brazil	Reais	400.843	99,75%	99,75%	99,75%
Beijing Fidia M&E Co Ltd., Beijing - China	USD	1.500.000	92 %	92 %	92 %
Shenyang Fidia NC & Machine Company Ltd., Shenyang – China	Rmb	42.517.648	51%	51%	51%
Fidia Sp. Zo.o., Warsaw – Poland	Zloty	515.000	80%	80%	80%
OOO Fidia, Mosca – Russian Federation	Ruble	3.599.790	100%	100%	100%
Fidia India Private Ltd. - Pune - India	Rupee	100.000	99,99%	99,99%	99,99%

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 euros)	1 st Quarter 2012	%	1 st Quarter 2011	%
Numerical controls, drives and software	558	6,0%	742	15,3%
High-speed milling systems	6.681	71,2%	2.073	42,9%
After-sales service	2.139	22,8%	2.018	41,8%
Total sales	9.378	100,0%	4.833	100,0%

The Group revenues on their whole increase by 94,1% in the comparison Q. to Q., as the result of a slowdown in the CNC sector (-24,8%) and a growth both in the HSM sector (+222,3%) and "Service" sector (+6,0%).

2. OTHER OPERATING REVENUES

The other operating revenues of the 1st Q. 2012 have been 940 thousand euros (1.727 thousand euros in the same period 2011). This figure includes the other incomes coming from the ordinary activity, but that cannot be included in the typical sale of goods and services.

This figure includes:

- government grants provided by the local government in Shenyang (China) in force of the agreement with the Chinese partner SMTCL for the development of a project in the CNC sector (418 thousand euros; 1.197 thousand euros in the same period 2011);
- EU and Italy's Ministry of University grants to Fidia S.p.A. on research and development activity (325 thousand euros, 330 thousand euros as at 31 March 2011);
- the release of the warranty provision and the bad debts provision for the part over accrued in comparison with the risk to be covered (90 thousand euros, the same amount as at 31 March 2011);
- increase of tangible assets own built for 15 thousand euros (41 thousand euros as at 31 March 2011);
- contingent assets, recovery of costs, insurance allowances, income on disposal of property, plant and equipment and other sundry incomes (92 thousand euros; 69 thousand euros in the same period of the last year).

3. RAW MATERIALS AND CONSUMABLES

In the 1st Q. 2012 the material consumption has been 4.091 thousand euros (2.279 thousand euros in the same period 2011) and is grown as a consequence of the turnover increase.

4. PERSONNEL COSTS

The personnel cost has been 3.958 thousand euros vs 3.394 thousand euros in the same period 2011. The increase is mainly related to the usage in the 1st Q. 2011 of public redundancy funds that allowed to a cost reduction.

5. OTHER OPERATING COSTS

The other operating costs have been 3.446 thousand euros, higher than the same period of the last year (2.699 thousand euros). A detail follows:

- cost for services related to the turnover (subcontractors, transport, duties and commissions): 1.303 thousand euros vs 753 thousand euros in the same period 2011;
- production cost: 680 thousand euros vs 501 thousand euros in the same period 2011;
- sales and marketing cost: 160 thousand euros vs 161 thousand euros in the same period 2011;
- R&D expenses: 212 thousand euros vs 294 thousand euros in the same period 2011;
- general and administrative expenses: 1.091 thousand euros vs 990 thousand euros in the same period 2011.

6. FINANCIAL INCOME AND EXPENSES

The financial income and expenses are detailed below:

(thousand euros)	1 st Quarter 2012	1 st Quarter 2011
Interest income from banks	30	9
Commercial interest and discounts	1	-
Gains on derivative financial instruments	47	14
Other financial income	10	5
Interest expenses on bank debt	(64)	(36)
Interest expenses on medium/long-term bank debt	(13)	(18)
Interest expenses on leasing operations	-	(7)
Losses on derivative financial instruments	(20)	-
Other financial expenses	(3)	(2)
Gains (losses) due to exchange rate differences	63	(127)
Total financial income (expenses)	51	(162)

The balance of the finance income and charge is positive by 51 thousand euros at the end of the 1st Q. 2012 (negative by 162 thousand euros at the end of the 1st Q. 2011). That balance includes: *i*) interest due to and from banks, for a net amount of 47 thousand euros (interest charge), that means almost in line with the same period of last year (45 thousand euros – interest charge); *ii*) the *fair value* evaluation of some derivative contracts (*forward contracts* signed in order to reduce the foreign currency risk and an *interest rate swap* signed to cover the interest rate risk on a long term loan of the parent company, Fidia S.p.A.) that has produced incomes for approx. 27 thousand euros (incomes for

approx. 14 thousand euros in the 1st Q. 2011); *iii*) some other minor finance items. The administration of the foreign currency transactions has produce net revenues for approx. 63 thousand euros, (net charge by 127 thousand euros in the 1st Q. 2011).

7. INCOME TAXES

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

(thousand euros)	1 st Quarter 2012	1 st Quarter 2011
Income taxes: IRES	-	-
Income taxes: IRAP	45	42
Income taxes of foreign subsidiaries	210	73
Deferred tax assets	13	
Prepaid taxes	(6)	(15)
Total	262	100

The following table shows the balance of deferred tax assets and liabilities as at 31 March 2012:

(thousand euros)	31 March 2012	31 December 2011
Deferred tax assets	600	661
Deferred tax liabilities	(97)	(86)
Total	503	575

8. EARNING PER SHARE

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

		1 st Quarter 2012	1 st Quarter 2011
Net income (loss) attributable to the Group	thousand euros	(307)	(580)
Net income (loss) attributable to ordinary shares	thousand euros	(307)	(580)
Number of ordinary shares outstanding	number	5.113.000	5.113.000
Earnings (loss) per ordinary share	euro	(0,06)	(0,11)
Diluted earnings (loss) per ordinary share	euro	(0,06)	(0,11)

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

9. PROPERTY, PLANT AND EQUIPMENT

(thousand euros)	Buildings	Plant, machinery and equipment	Other assets	Asset in progress and down- payments	Total
Net value as at 31.12.2011	566	717	638		1.921
Purchases	-	28	45	28	101
Net value of disposals	-	(27)	(8)		(35)
Depreciation	(11)	(55)	(59)		(125)
Exchange rate differences	-	(3)	(4)		(7)
Net value as at 31.3.2012	555	660	612	28	1.855

10. INTANGIBLE FIXED ASSETS

(thousand euros)	Know-how right of use	Licenses	Software	Other	Total
Net value as at 31.12.2011	153	-	42	-	195
Purchases	-		27		27
Depreciation	(9)		(5)	-	(14)
Exchange rate differences	(10)	-		-	(10)
Net value as at 31.3.2012	134	-	64	-	198

11. INVESTMENTS

This figure amounts to 16 thousand euros (18 thousand euros as at 31 December 2011) and it is related to the investments in associated companies evaluated with the equity method and to investments in other companies evaluated with the cost method. The decrease in comparison with 31 December 2011 is related to the partial disposal of the participation in the Prometec consortium.

12. OTHER NON-CURRENT FINANCIAL ASSETS

This figure amounts to 2 thousand euros (3 thousand euros as at 31 December 2011) and it is represented by financial prepaid expenses on bank loans.

13. OTHER NON-CURRENT RECEIVABLES AND ASSETS

The other non current receivables and assets are detailed below:

(thousand euros)	Balance as at 31 March 2012	Balance as at 31 December 2011
Receivables for EU grants	334	302
Guarantee deposits	54	54
Trade receivables	355	356
Foreign VAT receivables	8	8
Receivables from Chinese government	965	965
Long-term prepaid expenses	3	3
Total	1.719	1.688

14. INVENTORY

(thousand euros)	Balance as at 31 March 2012	Balance as at 31 December 2011
Raw materials	11.145	9.669
Raw material write-down provision	(1.068)	(1.051)
	10.077	8.618
Work in progress and semi-finished products	6.065	3.330
Finished products and goods	5.739	7.281
Finished product write-down provision	(338)	(362)
	5.401	6.919
Down payments	291	524
Net value	21.834	19.391

The stock shows a total increase by 2.443 thousand euros in comparison with the end of 2011 fiscal year. The increase is mainly due to higher production level in comparison with the same period of last year.

15. TRADE RECEIVABLES

(thousand euros)	Balance as at 31 March 2012	Balance as at 31 December 2011
Trade receivables	11.924	12.254
Bad debts provision	(1.093)	(1.067)
Trade receivables towards associated companies	-	-
Total	10.831	11.187

The trade receivables are decreased by 356 thousand euros in comparison with 31 December 2011 as consequence of the lower turnover achieved in the 1st Q. 2012 compared to the 4th Q. 2011.

16. OTHER CURRENT RECEIVABLES AND ASSETS

(thousand euros)	Balance as at 31 March 2012	Balance as at 31 December 2011
VAT receivables	692	371
Current income tax receivables	33	25
VAT foreign receivables	17	18
Other	-	-
Total current tax receivables	742	414
Research grants	163	120
Receivable from INPS for temporary layoff	710	698
Accrued income and prepaid expenses	367	254
Receivables from employees	56	52
Down payments to suppliers	437	163
Receivables from Fondimpresa	175	175
Other	180	211
Total other current receivables	2.088	1.673
Total	2.830	2.087

17. OTHER CURRENT FINANCIAL ASSETS

This item amounts to 12 thousand euros (26 thousand euros as at 31 December 2011) and includes the *fair value* evaluation of some *forward contracts* signed in order to reduce the currency rate risk. The evaluation has been performed according to the market parameters at the end of the 1st Q. 2012.

18. CASH AND EQUIVALENTS

The total amount of cash availability of the Group is 10.265 thousand euros (11.648 thousand euros as at December 2011) and consists essentially of funds temporary available in current accounts. These figures are subject to a risk of fluctuation in value of an insignificant extent and their book value is in line with their fair value.

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

19. NET EQUITY

The consolidated net equity reduces by 593 thousand euros in comparison with 31 December 2011, from 14.730 to 14.137 thousand euros, as the result of the loss of the period (237 thousand euros), of the negative change in the foreign currency translation reserve (337 thousand euros), of a decrease of the cash flow hedge reserve (3 thousand euros, net of the tax effect) and of other minor sundry changes (16 thousand euros).

As at 31 March 2012 the fully paid share capital is unchanged compared to 31 December 2011 and it is represented by 5.123.000 ordinary shares with a nominal value of 1 euro each for a total amount of 5.123.000 euros.

20. OTHER NON-CURRENT PAYABLES AND LIABILITIES

This item, amounting to 138 thousand euros (136 thousand euros as at 31 December 2011) is represented by advances paid by the EU and by the Italy's Ministry of University for R&D projects associated with outright grants.

21. PROVISION FOR EMPLOYEE SEVERANCE INDEMNITIES

Employee severance indemnities reflect the benefits accrued, according to law, by the employees of the Italian parent company as at the end of the 1st Q. 2012.

22. OTHER NON-CURRENT FINANCIAL LIABILITIES

This item amounts to 22 thousand euros (18 thousand euros as at 31 December 2011) and it is represented by the *fair value* of an *interest rate swap* signed in order to cover the risk on the interest rate change on a long term loan (*cash flow hedge*).

23. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

This figure amounts to 7.601 thousand euros as detailed below.

(thousand euros)	Balance as at 31 March 2012	Balance as at 31 December 2011
Overdraft current accounts	5.725	4.597
Bank loans	1.845	1.624
Accrued expenses on loans	12	7
Ministry of the Treasury - Spain	16	16
BBK mortgage loan	3	7
Total	7.601	6.251

The mortgage loan amounts to 3 thousand euros (7 thousand euros as at 31 December 2011) and is guaranteed on the property owned by Fidia Iberica S.A.
There are no liabilities longer than 5 years.

24. OTHER CURRENT FINANCIAL LIABILITIES

This item amounts to 36 thousand euros (93 thousand euros as at 31 December 2011) and represents the *fair value* evaluation of some *forward contracts* signed in order to reduce the risk on exchange rate on USD currency.

25. TRADE PAYABLES

(thousand euros)	Balance as at 31 March 2012	Balance as at 31 December 2011
Payables to third suppliers	11.055	9.382
Payables to associated companies	-	4
Total trade payables	11.055	9.386

Trade payables amount to 11.055 thousand euros as at 31 March 2012, and are higher than the end of the last year mainly because of the increase of the purchases of goods in the 1st Q. 2012 compared to 4th Q. 2011.

26. TAX LIABILITIES AND OTHER CURRENT PAYABLES AND LIABILITIES

(thousand euros)	Balance as at 31 March 2012	Balance as at 31 December 2011
Payables to employees	1.042	1.250
Social security payables	613	766
Down payments from customers	9.563	9.243
Payables to public authorities	1.557	2.028
Contributions to redistribute	43	43
Down payments for EU grants	8	98
Payables to administrators	94	63
Payables to Treasury Fund and other pension funds	56	85
Accrued expenses and deferred income	218	210
Other payables	81	153
Total other payables	13.275	13.939
Payables to inland revenue withholding tax	199	394
Income tax payables	112	118
VAT payables	184	311
Other	274	188
Total tax payables	769	1.011
Total	14.044	14.950

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. SHORT TERM PROVISIONS

Short-term provisions amount to 596 thousand euros (637 thousand euros as at 31 December 2011). This item includes (556 thousand euros) the product warranty provision that represents the best estimate of the Group's contractual, legal or habitual commitments in the form of expenses associated with the warranties for its products for a given period of time from when they are sold to the end client. This estimate is calculated by referring to the Group's experience and specific contractual clauses.

This figure also includes (40 thousand euros) a tax risk provision accrued to face a tax inspection related to the company Fidia do Brazil.

28. GUARANTEES GRANTED, OTHER COMMITMENTS AND CONTINGENT LIABILITIES

The total amount of the guarantees granted in the Group name to third parties as at 31 March 2012 is 1.217 thousand euros.

This item consists primarily of performance bonds for commercial transactions with the Parent Company's foreign customers in order to guarantee the successful completion of future supply arrangements and the correct fulfillment of the warranty commitments (1.159 thousand euros) and of guarantees covering contracts of building rental (58 thousand euros).

Contingent liabilities

As at 31 March 2012, 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. INFORMATION FOR BUSINESS SECTOR

Income statement per business sector

Herebelow are reported the consolidated economic results per business sector as at 31 March 2012 compared to those as at 31 March 2011:

(thousand euros)	Segment							Total
1 st Quarter 2012	CNC	%	HSM	%	SERVICE	%	Non all.	
Revenues	558	58,2%	6.681	100,0%	2.139	100,0%	-	9.378
Intersegment revenues	401	41,8%	-	0,0%	-	0,0%	-	
Total revenues	959	100,0%	6.681	100,0%	2.139	100,0%	-	9.378
Change in finished goods & W.I.P. stock	192	20,0%	1.051	15,7%	98	4,6%	-	1.341
Other operating revenues	640	66,7%	169	2,5%	66	3,1%	65	940
Raw materials and consumables	(379)	-39,5%	(3.441)	-51,5%	(226)	-10,6%	(45)	(4.091)
Intersegment costs	8	0,8%	(465)	-7,0%	25	1,2%	31	
Other operating costs	(394)	-41,1%	(1.505)	-22,5%	(539)	-25,2%	(1.008)	(3.446)
Personnel costs	(943)	-98,3%	(1.121)	-16,8%	(990)	-46,3%	(904)	(3.958)
Depreciation and amortization	(20)	-2,1%	(83)	-1,2%	(10)	-0,5%	(77)	(190)
Operating Margin	63	6,6%	1.286	19,2%	563	26,3%	(1.938)	(26)

(thousand euros)	Segment							Total
1 st Quarter 2011	CNC	%	HSM	%	SERVICE	%	Unall.	
Revenues	742	84,7%	2.073	95,7%	2.018	100,0%	-	4.833
Intersegment revenues	134	15,3%	93	4,3%	-	0,0%	-	
Total revenues	876	100,0%	2.166	100,0%	2.018	100,0%	-	4.833
Change in finished goods & W.I.P. stock	53	6,1%	1.589	73,4%	15	0,7%	-	1.657
Other operating revenues	1.401	159,9%	274	12,7%	19	0,9%	33	1.727
Raw materials and consumables	(175)	-20,0%	(1.919)	-88,6%	(151)	-7,5%	(34)	(2.279)
Intersegment costs	(97)	-11,1%	(170)	-7,8%	40	2,0%	-	
Other operating costs	(417)	-47,6%	(972)	-44,9%	(427)	-21,2%	(883)	(2.699)
Personnel costs	(798)	-91,1%	(981)	-45,3%	(894)	-44,3%	(721)	(3.394)
Depreciation and amortization	(49)	-5,6%	(75)	-3,5%	-	0,0%	(94)	(218)
Operating Margin	794	90,6%	(88)	-4,1%	620	30,7%	(1.699)	(373)

Herebelow are reported the consolidated statements of financial position per business sector comparing 31 March 2012 and 31 December 2011:

As at 31 March 2012	CNC	HSM	SERVICE	Not allocated	Total
(thousand euros)					
Property, plant and equipment	39	579	6	1.231	1.855
Intangible fixed assets	17	113	-	68	198
Investments	-	-	-	16	16
Other non-current financial assets	-	-	-	2	2
Other receivables and non-current assets	178	548	-	993	1.719
Deferred tax assets	-	-	-	600	600
Total non-current assets	234	1.240	6	2.910	4.390
Inventories	3.216	14.514	4.104	-	21.834
Trade receivables and other current receivables	1.784	7.374	2.239	1.522	12.919
Current tax receivables	-	-	-	742	742
Other current financial assets	-	-	-	12	12
Cash and equivalents	-	-	-	10.265	10.265
Total current assets	5.000	21.888	6.343	12.541	45.772
Total assets	5.234	23.128	6.349	15.451	50.162
Other payables and non-current liabilities	90	48	-	-	138
Provision for employee severance indemnities	706	1.113	310	307	2.436
Deferred tax liabilities	-	-	-	97	97
Other non-current financial liabilities	-	-	-	22	22
Non-current financial liabilities	-	-	-	945	945
Total non-current liabilities	796	1.161	310	1.371	3.638
Current financial liabilities	-	-	-	6.656	6.656
Other current financial liabilities	-	-	-	36	36
Trade payables and other current liabilities	3.460	17.838	912	2.120	24.330
Current tax payables	-	-	-	769	769
Short-term provision	72	283	201	40	596
Total current liabilities	3.532	18.121	1.113	9.621	32.387
Total liabilities	4.328	19.282	1.423	10.992	36.025
Shareholders' equity	-	-	-	14.137	14.137
Total liabilities	4.328	19.282	1.423	25.129	50.162

As at 31 December 2011	CNC	HSM	SERVICE	Not allocated	Total
(thousand euros)					
Property, plant and equipment	49	625	6	1.241	1.921
Intangible fixed assets	-	153	-	42	195
Investments	-	-	-	18	18
Other non-current financial assets	-	-	-	3	3
Other receivables and non-current assets	171	525	-	992	1.688
Deferred tax assets	-	-	-	661	661
Total non-current assets	220	1.303	6	2.957	4.486
Inventories	2.863	12.533	3.995	-	19.391
Trade receivables and other current receivables	2.623	6.707	2.337	1.193	12.860
Current tax receivables	-	-	-	414	414
Other current financial assets	-	-	-	26	26
Cash and equivalents	-	-	-	11.648	11.648
Total current assets	5.486	19.240	6.332	13.281	44.339
Total assets	5.706	20.543	6.338	16.238	48.825
Other payables and non-current liabilities	37	99	-	-	136
Provision for employee severance indemnities	742	1.182	306	308	2.538
Deferred tax liabilities	-	-	-	86	86
Other non-current financial liabilities	-	-	-	18	18
Non-current financial liabilities	-	-	-	1.056	1.056
Total non-current liabilities	779	1.281	306	1.468	3.834
Current financial liabilities	-	-	-	5.195	5.195
Other current financial liabilities	-	-	-	93	93
Trade payables and other current liabilities	3.807	16.267	855	2.396	23.325
Current tax payables	-	-	-	1.011	1.011
Short-term provision	64	277	256	40	637
Total current liabilities	3.871	16.544	1.111	8.735	30.261
Total liabilities	4.650	17.825	1.417	10.203	34.095
Shareholders' equity	-	-	-	14.730	14.730
Total liabilities	4.650	17.825	1.417	24.933	48.825

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 2012		As at 31 December 2011		1st Quarter 2011	
	Average	As at 31 March	Average	As at 31 December	Average	As at 31 March
USD	1,31100	1,33560	1,39196	1,29390	1,36693	1,42070
Real	2,31621	2,43230	2,32651	2,41590	2,27854	2,30580
Renminbi	8,27018	8,40890	8,99600	8,15880	8,99660	9,30360
Rublo	39,5476	39,2950	40,8846	41,7650	40,0029	40,2850
Zloty	4,23218	4,15220	4,12061	4,45800	3,94349	4,01060
Rupia	65,8863	68,0420	64,8859	68,7130	61,8943	63,3450

31. OTHER INFORMATION

The average number of employees in the first three months 2012 is 342,5 people (351,5 in the three months 2011).

32. SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

In the first three months 2012 the Group did not undertake any significant non-recurring transactions as defined by Consob Communication of July 28, 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 the 1st Q. 2012. 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. TRANSACTIONS WITH RELATED PARTIES

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:

- 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. Paolo Morfino and Luca Morfino, both of them employed by Fidia S.p.A.;
- emoluments to the Board of Directors and to Statutory 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 2012 is the following:

(thousand euros)		31 March 2012	31 December 2011
A	Cash	24	28
B	Bank deposits	10.241	11.620
C	Other cash equivalents	-	-
D	Cash (A+B+C)	10.265	11.648
E	Current financial receivables	-	-
F	Overdraft current accounts	6.220	4.597
G	Short term part of non-current debt	424	578
H	Other current financial debt	12	20
I	Current financial debt (F+G+H)	6.656	5.195
J	Net current financial debt (I-E-D)	(3.609)	(6.453)
K	Non-current bank debt	936	1.038
L	Bonds issued	-	-
M	Other non-current financial debt	9	18
N	Non current financial debt (K+L+M)	945	1.056
O	Net financial position (J+N)	(2.664)	(5.397)

36. SUBSEQUENT EVENTS

On the 27 April 2012 the Ordinary Shareholders' meeting has approved the financial statement as at 31 December 2011 and has appointed the company Reconta Ernst & Young S.p.A. as Group Auditor for the nine years period 2012-2020.

The same Shareholders' meeting has also appointed the president and an alternate of the Board of Statutory Auditors, respectively Mr. Roberto Panero and Mr. Luca Bolognesi and has then confirmed as a director Mrs. Mariachiara Zanetti, who was co-opted by the BoD held on last 15 March.

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