



FIDIA GROUP

CONSOLIDATED QUARTERLY REPORT

AT 30 SEPTEMBER 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
14 November 2016**

BOARD OF DIRECTORS AND AUDITORS

Board of Directors

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

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

EY SpA (former Reconta Ernst&Young)

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

POWERS OF THE CHAIRMAN, MANAGING DIRECTOR AND DEPUTY CHAIRMAN

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:

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

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

Organization of the FIDIA GROUP

**FIDIA S.p.A.
Italia**

**FIDIA GmbH
Germania**

100% Fidia S.p.A.

**Beijing Fidia M. & E. Co.
Cina**

**96% Fidia S.p.A.
4% Bamtri**

**FIDIA S.a.r.l.
Francia**

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

**Shenyang Fidia
NC & M Co. Ltd.
Cina**

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

**FIDIA IBERICA S.A.
Spagna**

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

**ООО FIDIA
Russia**

100% Fidia S.p.A.

**FIDIA Co.
Stati Uniti**

100% Fidia S.p.A.

**FIDIA DO BRASIL Ltda
Brasile**

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

FIDIA GROUP

RECLASSIFIED FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2016

Reclassified consolidated income statement

(€ thousand)	Q3 2016	%	Q3 2015	%
Net revenue	37,078	86.9%	40,109	86.7%
Change in finished goods and WIP	4,267	10.0%	4,607	10.0%
Other revenues and earnings	1,328	3.1%	1,560	3.4%
Value of production	42,672	100.0%	46,276	100.0%
Raw materials and consumables	(15,356)	-36.0%	(16,294)	-35.2%
Commissions, transport and subcontractors	(4,419)	-10.4%	(6,280)	-13.6%
Other services and operating costs	(8,171)	-19.1%	(7,553)	-16.3%
Value added	14,726	34.5%	16,149	34.9%
Personnel costs	(12,721)	-29.8%	(12,543)	-27.1%
EBITDA	2,005	4.7%	3,606	7.8%
Bad debts provision	(166)	-0.4%	(640)	-1.4%
Depreciation/amortisation of fixed assets	(491)	-1.2%	(508)	-1.1%
Operating profit from ordinary business	1,348	3.2%	2,458	5.3%
Non-recurring income/(expenses)	-	0.0%	0	0.0%
EBIT	1,348	3.2%	2,458	5.3%
Net finance expenses and revenue	(165)	-0.4%	(185)	-0.4%
Profit (loss) on exchange rates	216	0.5%	(432)	-0.9%
Earnings before tax (EBT)	1,398	3.3%	1,841	4.0%
Income taxes (current, prepaid and deferred)	(655)	-1.5%	(808)	-1.7%
Net profit (loss) for the period	744	1.7%	1,033	2.2%
- (Profit)/Loss of NCIs	(12)	0.0%	(213)	-0.5%
- Profit/(Loss) of Group	755	1.8%	1,246	2.7%

Reclassified consolidated statement of financial position

(€ thousand)	30/9/2016	31/12/2015	30/9/2015
Property, plant and equipment	9,507	6,452	5,382
Intangible fixed assets	1,264	1,099	945
Non-current financial assets	16	16	16
Other financial assets	2,081	2,445	2,414
Capital assets – (A)	12,868	10,012	8,757
Net trade receivables	7,604	9,646	10,320
Closing balances	25,369	19,825	24,041
Other current assets	2,669	1,021	1,635
Short-term (current) assets – (B)	35,642	30,492	35,996
Trade payables	(10,692)	(11,335)	(11,990)
Other current liabilities	(10,949)	(13,827)	(13,871)
Short-term (current) liabilities – (C)	(21,641)	(25,162)	(25,861)
Net working capital (D) = (B+C)	14,002	5,330	10,135
Termination benefits (E)	(2,502)	(2,372)	(2,368)
Other long-term liabilities (F)	(174)	(408)	(777)
Net invested capital (G) = (A+D+E+F)	24,193	12,562	15,747
Financial position			
Financial assets available for sale			
Bank deposits and cash	(9,293)	(16,041)	(11,164)
SHORT-term LOANS	3,727	3,347	3,189
(Assets)/liabilities for current derivatives	43	148	414
Other current financial payables	69	69	587
Short-term financial position (receivable)/payable	(5,454)	(12,477)	(6,974)
Long-term loans, net of current portion	12,903	6,006	5,394
(Assets)/liabilities for long-term derivatives	45	6	8
Net financial position (receivable)/payable (H)	7,494	(6,465)	(1,572)
Share capital	5,123	5,123	5,123
Reserves	8,734	8,739	8,397
Net profit (loss) for the period	755	2,723	1,246
Total shareholders' equity of Group	14,612	16,585	14,766
Shareholders' equity attributable to minority interests	2,086	2,442	2,553
Total shareholders' equity (I)	16,698	19,027	17,319
Shareholders' equity and net financial position (L) = (H+I)	24,193	12,562	15,747

GROUP FINANCIAL PERFORMANCE

Revenues

Revenues in the first nine months of 2016 amounted to €37,078 thousand, down 7.6% compared to €40,109 thousand in the same period of the previous year.

All three sectors in which the Group operates have recorded negative changes compared to 30 September 2015. The electronics division (CNC) decreased by 5.7% (€2,936 thousand compared to €3,115 thousand at 30 September 2015).

In the high-speed milling systems (HSM) sector, revenues were down 10.0% (€24,696 thousand compared to €27,427 thousand at 30 September 2015).

Finally, in the third quarter of 2015, the Service sector recorded a slight decrease in revenues (-1.3% compared to the first nine months of 2015, €9,446 thousand versus €9,567 thousand at 30 September 2015).

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

(€ thousand)	Q3 2016	%	Q3 2015	%	% Chg
Numerical controls, drives and software	2,936	7.9%	3,115	7.8%	-5.7%
High Speed Milling System	24,696	66.6%	27,427	68.4%	-10.0%
After-sales service	9,446	25.5%	9,567	23.8%	-1.3%
Grand total	37,078	100%	40,109	100%	-7.6%

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

(€ thousand) GEOGRAPHICAL AREA	TOTAL REVENUES 3 ° trim.2016	%	TOTAL REVENUES 3 ° trim.2015	%	% Chg
ITALY	2,731	7.4%	4,927	12.3%	-44.6%
EUROPE	12,904	34.8%	9,998	24.9%	29.1%
ASIA	10,412	28.1%	15,571	38.8%	-33.1%
NORTH and SOUTH AMERICA	11,024	29.7%	9,606	23.9%	14.8%
REST OF THE WORLD	7	0.0%	7	0.0%	0.0%
TOTAL	37,078	100%	40,109	100%	-7.6%

Numerical Control and Software

The revenues of the electronic segment (CNC) were down by 5.7% compared in the first nine months at €2,936 thousand (€3,115 thousand at 30 September 2015).

High Speed Milling System

The revenues in the mechanical segment (HSM) were down by 10.0% compared to the first nine months of 2015 at €24,696 thousand (€27,427 thousand at 30 September 2015).

After-sales service

In the first nine months of the year, revenues in the Service division decreased by 1.3% to €9,446 thousand compared with €9,567 thousand in the first nine months of 2015, thus consolidating the development trend seen for several years.

Sales and marketing activity

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

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

(€ thousand)	TOTAL 30/09/2016	TOTAL 30/09/2015	Chg. %
Order portfolio at 01/01	30,927	31,540	-1.9%
New orders	24,944	35,611	-30.0%
Revenues	(27,632)	(30,542)	-9.5%
Backlog orders at 30/09	28,239	36,609	-22.9%

Other revenues and earnings

Other operating revenue in first nine of 2016 were equal to €1,328 thousand (€1,560 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 University and Research (MUR) as part of the funded research activity carried out by the parent company Fidia S.p.A. (€350 thousand, €314 thousand at 30 September 2015);
- increases in tangible assets built on a time and materials basis and the capitalization of product development costs (€250 thousand versus €540 thousand at 30 September 2015);
- release of the warranty, bad debts and/or any accruals in excess of the risk to be covered (€434 thousand versus €204 thousand at 30 September 2015);
- capital gains from transfers (€21 thousand at 30 September 2016; €34 thousand at 30 September 2015);
- contingent assets, damages from insurance companies, recovery of costs incurred and others (€273 thousand at 30 September 2016; €468 thousand at 30 September 2015).

Value of production

In the first nine months of the current period, this item amounted to €42,672 thousand, down from €46,276 thousand in the same period of 2015 (-€3,604 thousand). The decrease is mainly

due to the realisation of lower revenues on sales and, to a lesser extent, to the change in stocks of finished products and the decrease in "Other operating revenues."

Other services and operating costs

In the first nine months of 2016, this figure amounted to €8,171 thousand, up from €7,553 thousand in the same period of 2015 (+618 thousand).

Value added

At 30 September 2016, it amounted to €14,726 thousand (34.5% of the value of production), down from €16,149 thousand (34.9% on the value of production) in the same period of the previous year; the decrease is above all a result of the lower value of production associated with a containment of costs deriving from it.

Personnel

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

	30/9/2016	30/9/2015	Abs. change	% Chg
Executives	8	7	1	14.3%
Clerks and supervisors	278	280	-2	-0.7%
Workers	52	49	3	6.1%
Total number of employees	338	336	2	0.6%
Total mean No. of employees	339.0	330.5	8.5	2.6%

	Q3 2016	Q3 2015	Abs. change	% Chg
Cost of labour (€ thousand)	12,721	12,543	178	1.42%

Compared with the first nine months of 2016 and 2015, costs of personnel increased by 178 thousand euros, or 1.42%. Given the decrease in turnover, the incidence of labour costs on revenues went from 27.1% at 30 September 2015 to 29.8% at 30 September 2016.

EBITDA

EBITDA was positive and amounted to €2,005 thousand (+4.7% of the value of production) and was therefore down compared to the same period of the previous year, when the Group posted EBITDA of €3,606 thousand.

Operating profit from ordinary business

Operating income from ordinary business at 30 September 2016 recorded a profit of €1,348 thousand. This indicator too decreased compared to the figure of €2,458 thousand recorded at 30 September 2015.

Non-recurring revenue

In the first nine months of 2016, there were no non-recurring revenue or expenses.

EBIT

Due to the lack of non-recurring items, EBIT at 30 September 2016 was equal to operating income from ordinary business and was positive at €1,348 thousand; at 30 September 2015 EBIT was positive at €2,458 thousand).

Finance expenses and revenue and net exchange rate differences

Charges for financing activities were down compared with the first nine months of 2015 (net charges of €165 thousand at 30 September 2016 versus €185 thousand at 30 September 2015).

Net differences in exchange rates, either realized or resulting from measurement in the financial statements, generated net revenue loss of €216 thousand versus a net loss of €432 thousand at 30 September 2015.

Earnings before tax (EBT)

EBT resulted in a profit of €1,398 thousand versus a profit of €1,841 thousand in the same period of 2015.

Profit (loss) of Group

Group profit for the year after tax of €655 thousand and after losses of NCIs (€12 thousand) amounted to €755 thousand versus a profit of €1,246 thousand in the first nine months of 2015.

ANALYSIS OF THE FINANCIAL DATA

Net financial position

(€ thousand)	30/9/2016	31/12/2015	30/9/2015
Financial position			
Financial assets available for sale	-	-	-
Bank deposits and cash	9,293	16,041	11,164
Overdrawn bank accounts and short-term advances	(601)	(507)	(621)
Short-term loans	(3,126)	(2,840)	(2,568)
(Assets)/liabilities for current derivatives	(43)	(148)	(414)
Other current financial payables	(69)	(69)	(587)
Short-term financial position - receivables/(payables)	5,454	12,477	6,974
Long-term loans, net of current portion	(12,903)	(6,006)	(5,394)
(Assets)/liabilities for long-term derivatives	(45)	(6)	(8)
Net financial position - receivables/(payables)	(7,494)	6,465	1,572

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

(€ thousand)	30/9/2016	31/12/2015	30/9/2015
Financial assets available for sale	-	-	-
Bank deposits and cash			
Fidia S.p.A.	3,871	9,776	5,994
Fidia Co.	1,794	2,334	1,944
Fidia GmbH	1,018	1,190	844
Fidia Iberica S.A.	737	578	551
Fidia S.a.r.l.	561	408	362
Beijing Fidial Machinery & Electronics Co., Ltd	338	881	953
Fidia do Brasil Ltda.	151	76	23
Shenyang Fidial NC & M Co., Ltd	821	798	491
OOO Fidial		-	-
Fidia India Private Ltd.		-	2
	9,293	16,041	11,164
Total cash and cash equivalents	9,293	16,041	11,164

(€ thousand)	30/9/2016	31/12/2015	30/9/2015
Short-term loans and advances			
Fidia S.p.A.	(3,652)	(3,265)	(3,113)
Fidia GmbH	(59)	(67)	(73)
Fidia Iberica S.A.	(15)	(15)	(3)
	(3,727)	(3,347)	(3,189)
(Assets)/liabilities for current derivatives			
Fidia S.p.A.	(43)	(148)	(414)
	(43)	(148)	(414)
Other current financial payables			
Fidia S.p.A.	(69)	(69)	(587)
	(69)	(69)	(587)
Long-term loans, net of current portion			
Fidia S.p.A.	(12,818)	(5,891)	(5,300)
Fidia GmbH	(57)	(77)	(90)
Fidia Iberica S.A.	(27)	(38)	(4)
	(12,903)	(6,006)	(5,394)
(Assets)/liabilities for long-term derivatives			
Fidia S.p.A.	(45)	(6)	(8)
	(45)	(6)	(8)
Total financial payables	(16,787)	(9,576)	(9,592)

At 30 September 2016 the net financial position was negative at €7,494 thousand; the change from 30 September 2015 was negatively affected by the increase in working capital and specifically of inventory, in addition to a lower level of advances on new orders and increased borrowings for the construction of the new plant in Forlì.

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

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

(€ thousand)	30/9/2016	30/9/2015
A) Cash and cash equivalents at beginning of period	15,534	9,039
B) Cash from/(used in) operating activities during the period	(7,197)	(56)
C) Cash from/(used in) investing activities	(3,700)	(1,836)
D) Cash from/(used in) financing activities	4,565	2,620
Currency translation differences	(511)	776
E) Net change in cash and cash equivalents	(6,483)	1,504
F) Cash and cash equivalents at end of period	8,691	10,543
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	9,293	11,164
Bank overdraft	(601)	(621)
	8,691	10,543

SEGMENT REPORTING

Economic performance by business sector

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

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

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

CONSOLIDATED INCOME STATEMENT by business sector

Progressive data at September 2016 (€ thousand)	CNC		HSM		SERVICE		N/A	TOTAL
	2016	%	2016	%	2016	%	2016	2016
Revenues	2.936	63,8%	24.696	100,0%	9.446	100,0%	-	37.078
Cross-sector revenues	1.667	36,2%	99	0,4%	-	0,0%	-	
Total reclassified revenue	4.603	100,0%	24.696	100,4%	9.446	100,0%	-	37.078
Change in finished goods and WIP	252	5,5%	3.925	15,9%	90	1,0%	-	4.267
Raw materials and consumables	(1.108)	-24,1%	(13.421)	-54,3%	(695)	-7,4%	(132)	(15.356)
Cross-sector expenses	(153)	-3,3%	(2.248)	-9,1%	610	6,5%	25	
Commissions, transport and subcontractors	(532)	-11,6%	(3.568)	-14,4%	(311)	-3,3%	(8)	(4.419)
Sales margin	3.062	66,5%	9.384	38,0%	9.140	96,8%	(115)	21.570
Other operating income	374	8,1%	658	2,7%	158	1,7%	138	1.328
Other operating costs	(440)	-9,6%	(1.908)	-7,7%	(2.307)	-24,4%	(3.516)	(8.171)
Personnel costs	(2.044)	-44,4%	(4.205)	-17,0%	(3.750)	-39,7%	(2.722)	(12.721)
Depreciation and amortization	(13)	-0,3%	(232)	-0,9%	(141)	-1,5%	(271)	(657)
Operating profit	939	20,4%	3.697	15,0%	3.100	32,8%	(6.486)	1.348

Progressive data at September 2015 (€ thousand)	CNC		HSM		SERVICE		N/A	TOTAL
	2015	%	2015	%	2015	%	2015	2015
Revenues	3.115	63,6%	27.427	100,0%	9.567	100,0%	-	40.109
Cross-sector revenues	1.785	36,4%		0,0%	-	0,0%	-	
Total reclassified revenue	4.900	100,0%	27.427	100,0%	9.567	100,0%	-	40.109
Change in finished goods and WIP	205	4,2%	4.311	15,7%	91	1,0%	-	4.607
Raw materials and consumables	(1.313)	-26,8%	(13.812)	-50,4%	(1.065)	-11,1%	(104)	(16.294)
Cross-sector expenses	50	1,0%	(2.488)	-9,1%	562	5,9%	91	
Commissions, transport and subcontractors	(564)	-11,5%	(5.362)	-19,6%	(348)	-3,6%	(6)	(6.280)
Sales margin	3.278	66,9%	10.076	36,7%	8.807	92,1%	(19)	22.142
Other operating income	374	7,6%	678	2,5%	59	0,6%	449	1.560
Other operating costs	(384)	-7,8%	(1.393)	-5,1%	(1.921)	-20,1%	(3.855)	(7.553)
Personnel costs	(2.119)	-43,2%	(3.851)	-14,0%	(3.415)	-35,7%	(3.158)	(12.543)
Depreciation and amortization	(46)	-0,9%	(257)	-0,9%	(234)	-2,4%	(611)	(1.148)
Operating profit	1.103	22,5%	5.253	19,2%	3.296	34,5%	(7.194)	2.458

SUMMARY OF THE GROUP PERFORMANCE, SIGNIFICANT EVENTS AND BUSINESS OUTLOOK

The third quarter of the year closed with an interlocutory result; unfortunately, the value of production in the third quarter was negatively affected by the partial shift of production activities to the new plant being completed.

The final relocation of production is planned for the end of the year; it will be followed by the closure of the San Secondo di Pinerolo plant in the first half of 2017 and the subsequent concentration of activities in Forlì; therefore, starting from next January, production activity will be able to return to full efficiency.

Total capital expenditure in the building amounted to a total of €8.4 million and is being funded through a lease contract with Mediocredito Italiano SpA. (Intesa San Paolo Group).

During the first nine month of the year, business operations were conducted to support the Group's production capacity including new medium/long-term loans totalling €8.5 million.

Timeliness in deliveries is pursued and supported also through policies of higher inventory levels; this, together with the full operation of the industrial building under construction, will allow to increase efficiency and production volumes, adapting them to the Group's needs.

Based on these assumptions, the Group's management expects improved economic performance in the fourth quarter of the year.

On behalf of the Board of Directors
The Chairman and CEO
Mr. Giuseppe Morfino

FIDIA GROUP
Consolidated Financial Statements
and
Notes
at 30 September 2016

CONSOLIDATED INCOME STATEMENT

(thousands of EUR)	Notes	3rd Quarter 2016	3rd Quarter 2015
- Net sales	1	37.078	40.109
- Other operating revenue	2	1.328	1.560
Total revenue		38.406	41.669
- Change in finished goods and WIP		4.267	4.607
- Raw materials and consumables	3	(15.356)	(16.294)
- Personnel costs	4	(12.721)	(12.543)
- Other operating costs	5	(12.590)	(13.833)
- Depreciation and amortization	6	(657)	(1.148)
Operating profit/(loss) from ordinary business		1.348	2.458
- Non-recurring income/(expenses)	7		
Operating profit/(loss)		1.348	2.458
- Financial income/(expense)	8	50	(617)
- Profit (loss) before taxes		1.398	1.841
- Income tax	9	(655)	(808)
- Profit (loss) for the period		744	1.033
Profit/(loss) attributable to:			
Shareholders of the parent company		755	1.246
Minority interests		(12)	(213)

(in EUR)

Earnings per ordinary share	10	0,15	0,24
Diluted earnings per ordinary share	10	0,15	0,24

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(thousands of EUR)	Notes	3rd Quarter 2016	3rd Quarter 2015
Profit (loss) for the period (A)		744	1,033
Other Comprehensive Profit/(Loss) that may subsequently be reclassified to profit or loss:			
Profit/(loss) on cash flow hedges		51	113
Profit(loss) on translation of financial statements of foreign companies		(624)	940
Tax effect pertaining to Other comprehensive profit/(loss) that may be reclassified in profit or loss		(12)	(32)
Total Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss, net of tax effect (B1)		(585)	1,021
Other comprehensive profit/(loss) that may not subsequently be reclassified to profit or loss:			
Net actuarial gains/(losses) on defined benefit plans		(137)	28
Tax effect pertaining to Other comprehensive profit/(loss) that may not subsequently be reclassified to profit or loss		33	(8)
Total Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss, net of tax effect (B2)		(104)	20
Total Other comprehensive profit/(loss), net of tax effect (B)=(B1)+(B2)		(689)	1,041
Total comprehensive profit/(loss) for the period (A)+(B)		55	2,073
Total comprehensive profit/(loss) due to:			
Shareholders of the parent company		173	2,144
Non-controlling interests		(118)	(71)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(thousands of EUR)	Notes	30 settembre 2016	31 dicembre 2015
ASSETS			
NON-CURRENT ASSETS			
- Property, plant and equipment	11	9.507	6.452
- Intangible assets	12	1.264	1.099
- Investments	13	16	16
- Other non-current receivables and assets	14	1.341	1.393
- Pre-paid tax assets	9	740	1.052
TOTAL NON-CURRENT ASSETS		12.868	10.012
CURRENT ASSETS			
- Inventories	15	25.369	19.825
- Trade receivables	16	7.604	9.646
- Current tax receivables	17	551	193
- Other current receivables and assets	17	2.118	828
- Other current financial receivables	18	-	4
- Cash and cash equivalents	19	9.293	16.041
TOTAL CURRENT ASSETS		44.935	46.537
TOTAL ASSETS		57.803	56.549
LIABILITIES			
SHAREHOLDERS' EQUITY			
- Share capital and reserves attributable to shareholders of parent company		14.612	16.585
- Non-controlling interests		2.086	2.442
TOTAL CONSOLIDATED EQUITY	20	16.698	19.027
NON-CURRENT LIABILITIES			
- Other non-current payables and liabilities	21	87	290
- Termination benefits	22	2.502	2.372
- Deferred tax liabilities	9	52	59
- Provisions for risks and expenses	28	35	59
- Other non-current financial liabilities	23	45	6
- Non-current financial liabilities	24	12.903	6.006
TOTAL NON-CURRENT LIABILITIES		15.625	8.792
CURRENT LIABILITIES			
- Current financial liabilities	24	3.727	3.347
- Other current financial liabilities	25	112	221
- Trade payables	26	10.692	11.335
- Current tax payables	27	746	1.558
- Other current payables and liabilities:	27	9.084	10.950
- Provisions for risks and expenses	28	1.119	1.319
TOTAL CURRENT LIABILITIES		25.480	28.730
TOTAL LIABILITIES		57.803	56.549

CONSOLIDATED STATEMENT OF CASH FLOWS

€ thousand	3rd Quarter 2016	3rd Quarter 2015
A) Cash and cash equivalents at beginning of period	15.534	9.039
B) Cash from/(used in) operating activities during the period		
- Result of Group and non-controlling interests	744	1.246
- Depreciation and amortization of tangible and intangible assets	492	509
- Net losses (gains) on disposal of tangible assets	(21)	(22)
- Net change in provisions for termination benefits	130	(77)
- Net change in provisions for risks and expenses	(224)	41
- Net change (assets) liabilities for (pre-paid) deferred taxes	306	555
Net change in working capital:		
- receivables	445	965
- inventories	(5.544)	(5.323)
- payables	(3.525)	2.050
	(7.197)	(56)
C) Cash from/(used in) investing activities		
- Investing activities:		
property, plant and equipment	(3.543)	(1.507)
intangible fixed assets	(246)	(367)
- Profit on sale of:		
property, plant and equipment	89	38
non-current financial assets	-	-
	(3.700)	(1.836)
D) Cash from/(used in) financing activities		
- Change in loans	7.183	3.954
- Dividends paid out	(2.045)	(1.278)
- Change in capital and reserves	(164)	110
- Net change in amounts due by other interests	(344)	(70)
- Net change in current and non-current financial assets and liabilities	(65)	(96)
	4.565	2.620
Currency translation differences	(511)	776
E) Net change in cash and cash equivalents	(6.843)	1.504
F) Cash and cash equivalents at end of period	8.692	10.543
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	9.293	11.164
Bank overdraft	(601)	(621)
	8.692	10.543

CONSOLIDATED SHAREHOLDERS' EQUITY

(thousands of EUR)	Share capital	Treasury shares	Capital reserves	Result for the period	Retained earnings	Cash flow hedge reserve	Translation reserve	Reserve for actuarial profit/loss	Other reserves	Total Group Shareholders' Equity	Non-controlling interests	Total shareholders' equity
Balance at 1 January 2015	5,123	(45)	1,240	2,894	3,162	(344)	1,713	(66)	213	13,890	2,623	16,513
Allocation of profit				(2,894)	1,616					(1,278)		(1,278)
Comprehensive result for the period				1246		81	797	21		2,145	(70)	2,075
Other changes					9					9		9
Balance at 30 September 2015	5,123	(45)	1,240	1,246	4,787	(263)	2,510	(45)	213	14,766	2,553	17,319
Balance at 1 January 2016	5,123	(45)	1,240	4,730	(65)	2,716	(50)	213	2,723	16,585	2,442	19,027
Allocation of profit				678					(2,723)	(2,045)		(2,045)
Comprehensive result for the period	-	-	-		39	(518)	(104)	-	755	172	(118)	54
Other changes	-	-	-	(100)	-	-	-	-		(100)	(238)	(338)
Balance at 30 September 2016	5,123	(45)	1,240	5,308	(26)	2,198	-154	213	755	14,612	2,086	16,698

Notes

SIGNIFICANT ACCOUNTING STANDARDS

This Quarterly Report at 30 September 2016 has been prepared in accordance with IAS 34 - Interim Financial Reporting.

The same accounting standards used to prepare the consolidated financial statements at 31 December 2015 have been applied, with the exception of those described in the following section "Accounting standards, amendments and interpretations effective from 1 January 2016."

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

For a more detailed description of the most significant valuation processes for the Group, reference should be made to the section "Use of estimates" in the consolidated financial statements at 31 December 2015.

It should also be noted that certain valuation processes, in particular the more complex ones, such as the determination of any impairment losses on non-current assets, are carried out in full only when the annual financial statements are drawn up, when all the information that may be necessary is available, except in cases where there are indications of impairment that require an immediate assessment of any impairment losses..

The Group carries out activities that historically show changes in total sales during the year and usually generate higher revenues in the latter part of the year.

Taxes have been determined on the basis of the best estimate of the best tax rate estimate expected for the whole financial year by each company included in the scope of consolidation.

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

This Quarterly Report at 30 September 2016 does not include all the information and explanatory notes on financial risk management required in the preparation of the annual financial statements. For a detailed description of this information, refer to the consolidated financial statements of the Fidia Group at 31 December 2015, section of the Notes entitled "Risk Management", as well as to Note 31 of the Notes to the Financial Statements, entitled "Information on financial risks."

Financial Statements

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

Within said statement of comprehensive income by nature, under the profit/(loss), a specific distinction has been made between profit/(loss) of ordinary business and those charges and

earnings that are the result of non-recurrent transactions in ordinary business management, such as the restructuring expenses and any other atypical revenues/(charges), as these can be treated like the former. It is deemed that this allows for a better measurement of the actual performance of the normal business management, it being understood that any atypical expenses and earnings are specified in detail

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

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

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

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

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

The following standards, amendments and interpretations are effective for the first time from 1 January 2016.

- Amendments to "IFRS 11 - Joint Arrangements, Accounting for Acquisitions of Interests in Joint Operations" clarifications regarding the accounting of acquisitions of investments in joint ventures; the amendments did not have a significant impact on the financial statements of the Fidia Group.
- Amendments to "IAS 16 - Property, plant and equipment" and to "IAS 38 - Intangible assets" with indications that the application of the revenue-based method for calculating amortisation and depreciation is limited to certain situations; the amendments did not have a significant impact on the financial statements of the Fidia Group.
- Amendments to "IAS 27 Separate Financial Statements" provides for the possibility of applying the equity method net assets of the criterion applied in accounting for investments in subsidiaries, associates and joint ventures; the changes, effective from 1 July 2016, have no significant impact on the financial statements of the Fidia Group.
- Amendments to "IAS 1 - Presentation of Financial Statements" clarify that materiality is applicable to the entire financial statements and any non-material information must be reported fairly where it affects the usefulness of financial disclosure. In addition, the assessment of the need and scope of the additional disclosures must be supported by expert judgement; the changes have not generated significant effects on the financial statements of the Fidia Group.

- Annual Improvements 2012-2014: a series of amendments to IFRS to address four topics addressed during the 2012-2014 cycle and effective from 1 July 2016; the changes have not generated significant effects on the financial statements of the Fidia Group.
- Amendments to "IFRS 10 - Consolidated Financial Statements" and to "IAS 28 - Investments in Associates and Joint Ventures (2011)" addressing a conflict identified between the requirements of IFRS 10 and IAS 28 (2011) concerning the sale or contribution of assets between an investor and its associate or joint venture. These amendments, expected to take effect from 1 July 2016, had no significant impact on the Group's financial statements.

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

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

- "IFRS 15 - Revenue from Contracts with Customers" requires the reporter to recognize revenue to represent the transfer of goods or services to customers at an amount that reflects the consideration that one would expect to receive in exchange for such products or services; this new model for recognizing revenues sets out a five-step process and requires the use of estimates and judgments. The amendments are effective for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted.
- Amendment to IFRS 16 "Leases". The amendment establishes the principles for the recognition, measurement, presentation and additional disclosures on leases for both parties involved and replaces the previous standard IAS 17 "Leases". A single accounting model is introduced whereby a lessee is required to recognise assets and liabilities for all lease contracts with a maturity of more than 12 months, unless the underlying asset is of low value, and to recognise separately in profit or loss the depreciation rate of the assets in relation to interest expense. These amendments are applicable for periods beginning on or after 01/01/2019.
- Amendment to "IFRS 9 - Financial Instruments" simplifies the valuation model and establishes three main measurement categories for financial assets: amortised cost, fair value through comprehensive income or profit or loss. The classification criterion depends on the entity's operations and the characteristics of the contractual cash flows generated by the asset. The standard also reformed the hedge accounting approach. These amendments are applicable for periods beginning on or after 01/01/2018.
- Amendment to IAS 7 "Statement of Cash Flows"; additional information enabling users of the financial statements to assess changes in liabilities arising from financing activities. This amendment is effective for annual periods beginning on or after 1 January 2017.
- Amendment to IAS 12 "Income taxes"; clarification regarding the recognition of deferred tax assets on unrealised losses relating to liabilities measured at fair value. These amendments are applicable for periods beginning on or after 01/01/2017.

Scope of consolidation

Changes in the scope of consolidation occurred in the third quarter of 2016 compared to the consolidated financial statements at 31 December 2015, and in particular a further 4% of the

Chinese subsidiary "Beijing Fidia M&E Co Ltd" was acquired from a minority shareholder, bringing the total shareholding to 96%.

The consolidation area changed also with respect to the consolidated financial statements at 30 September 2015 due to the closing in the fourth quarter of 2015 of Fidia India Private Ltd, which had no significant impact on the consolidated financial statements.

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 30/9/2016	Equity ownership at 31/12/2015	Equity ownership at 30/9/2015
Fidia SpA, S. Mauro T.se - Italy	EUR	5,123,000	100%	100%	100%
Fidia GmbH, Dreiech – Germany	EUR	520,000	100%	100%	100%
Fidia Co, Rochester Hills (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 Fidia M&E Co Ltd., Beijing - China	USD	1,500,000	96%	92%	92%
Shenyang Fidia NC & Machine Company Ltd., Shenyang – China	Rmb	42,517,648	51%	51%	51%
OOO Fidia, Mosca – Russian Federation	Rublo	3,599,790	100%	100%	100%
Fidia India Private Ltd, Pune, India	Rupia	100,000	0%	0%	99.99%

OTHER INFORMATION

The interim report on operations at 30 September 2016 was approved by the Board of Directors on 14 November 2016, which authorised its publication on the same date.

COMPOSITION AND MAIN CHANGES

INCOME STATEMENT

1. NET SALES

The breakdown by segment of net revenues from third parties (net of intragroup items) is shown in the following table:

(thousands of EUR)	3rd Quarter 2016	%	3rd Quarter 2015	%
Numerical controls, drives and software	2.936	7,9%	3.115	7,8%
High Speed Milling System	24.696	66,6%	27.427	68,4%
After-sales service	9.446	25,5%	9.567	23,9%
Total	37.078	100,0%	40.109	100,0%

2. OTHER REVENUES AND EARNINGS

Other operating revenue in first nine of 2016 were equal to €1,328 thousand (€1,560 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 University and Research (MUR) as part of the funded research activity carried out by the parent company Fidia S.p.A. (€350 thousand, €314 thousand at 30 September 2015);
- increases in tangible assets built on a time and materials basis and the capitalization of product development costs (€250 thousand versus €540 thousand at 30 September 2015);
- release of the warranty, bad debts and/or any accruals in excess of the risk to be covered (€434 thousand versus €204 thousand at 30 September 2015);
- capital gains from transfers (€21 thousand at 30 September 2016; €34 thousand at 30 September 2015);
- contingent assets, damages from insurance companies, recovery of costs incurred and others (€273 thousand at 30 September 2016; €468 thousand at 30 September 2015).

3. RAW MATERIALS AND CONSUMABLES

The consumption of raw materials in the first nine months of 2016 amounted to €15,356 thousand versus €16,294 thousand in the corresponding period of 2015. The change is due to the trend in sales revenues and changes in stocks of finished and semi-finished products during the two periods in question.

4. PERSONNEL COSTS

Personnel costs at the end of the third quarter of 2016 amounted to €12,721 thousand, up by about 1.4% compared to €12,543 thousand at 30 September 2015. The increase in costs is consistent with the trend in the Group's headcount.

5. OTHER OPERATING COSTS

Other operating costs include the following:

(€ thousand)	3rd Quarter 2016	3rd Quarter 2015
Contractors	2.822	3.427
Bonuses and commissions	645	2.853
Production costs	3.851	2.280
Trade expenses	963	711
R&D expenses	401	402
Overheads and administrative expenses	3.908	4.160
Total other operating costs	12.590	13.833

Compared to the first nine months of 2016 and 2015, other operating costs decreased overall by €1,243 thousand. The decrease in costs mainly concerned the expense items linked to production and those related to revenue (which include outsourcing, commissions and transport). The other cost items, mainly of a fixed nature, are generally stable.

6. DEPRECIATION AND AMORTIZATION

Depreciation, amortization and write-downs are detailed as follows:

(thousands of EUR)	3rd Quarter 2016	3rd Quarter 2015
Amortization of property, plant and equipment	410	386
Amortization of intangible assets	81	122
Depreciation of property, plant and equipment	-	-
Impairment losses on receivables	166	640
Total	657	1.148

During the first nine months of 2016, approximately €166 thousand of trade receivables were written down by the parent company and its subsidiaries in the first nine months of 2016.

7. NON-RECURRING REVENUE

In the first nine months of 2016, there were no non-recurring revenue or expenses.

8. FINANCE REVENUE (EXPENSES)

Financial income and expenses are represented by:

(€ thousand)	3rd Quarter 2016	3rd Quarter 2015
Financial income	28	37
Borrowing costs	(186)	(177)
Net profit/(loss) on derivatives	(8)	(45)
Profit (loss) from foreign currency transactions	216	(432)
Total	50	(617)

Finance revenue consists of:

(€ thousand)	3rd Quarter 2016	3rd Quarter 2015
Interests received from banks	7	25
Interests and commercial discounts	1	1
Other financial revenues	21	11
Total	28	37

Finance expenses consist of:

(€ thousand)	3rd Quarter 2016	3rd Quarter 2015
Interest expense on loans from banks and leasing companies	(15)	(43)
Interest expense on M/L-term loans from banks	(117)	(82)
Borrowing costs on termination benefits	(14)	(13)
Other financial charges	(40)	(39)
Total	(186)	(177)

Net profit (loss) on derivatives consist in:

(€ thousand)	3rd Quarter 2016	3rd Quarter 2015
Loss on derivatives due to fair value adjustment	(36)	(54)
Gains on derivatives due to fair value adjustment	28	9
Total	(8)	(45)

Expenses and income from derivative instruments include the fair value measurement of three interest rate swaps and two interest rate cap contracts entered into by the parent company Fidia S.p.A. to hedge the risk of interest rate fluctuations on two medium/long-term loans, as well as some forward hedging contracts entered into to hedge the risk of exchange rate fluctuations between the EUR and USD.

Profit (loss) on foreign currency transactions consists of:

(€ thousand)	3rd Quarter 2016	3rd Quarter 2015
Asset differences on exchange rate	129	112
Revenue from exchange rate adjustment	213	6
Profit on currency forward contract	-	-
Liability differences on exchange rate	(96)	(310)
Expenses from exchange rate adjustment	(30)	(207)
Loss on currency forward contract	0	(33)
Total	216	(432)

9. INCOME TAX

At 30 September, taxes recognised in the consolidated income statement amounted to €655 thousand (€808 thousand at 30 September 2015).

The net balance between prepaid taxes and deferred tax liabilities incurred by the individual consolidated companies is made up as follows:

(€ thousand)	Balance 30 settembre 2016	Balance 31 dicembre 2015
Deferred tax assets	740	1.052
Deferred tax liabilities	(52)	(59)
Total	688	993

10. EARNING PER SHARE

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

		3rd Quarter 2016	3rd Quarter 2015
Net earnings pertaining to Group	€/000	755	1.246
Earnings attributable to ordinary shares	€/000	755	1.246
Number of circulating ordinary shares	number	5.113.000	5.113.000
Earnings per ordinary share	EUR	0,15	0,24
Diluted earnings per ordinary share	EUR	0,15	0,24

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 with dilutive effects.

STATEMENT OF FINANCIAL POSITION

11. PROPERTY, PLANT AND EQUIPMENT

(thousands of EUR)	Buildings	Plant, machinery and equipment	Other assets	Assets under construction and advances	Total
Net carrying amount at 31/12/2015	394	469	860	4.729	6.452
Acquisitions	1.160	105	210	2.069	3.543
Reclassifications/transfers				(67)	67
Net value of divestments			(1)		(1)
Depreciation	(52)	(148)	(211)		(412)
(Write-downs)/Write-backs					-
Foreign exchange differences		0	(7)	1	(8)
Net carrying amount at 30/9/2016	1.502	425	851	6.730	9.507

Capital expenditure in the first nine months of 2016 amounted to approximately €3,543 thousand.

Work in progress refers to a plot of land with adjoining industrial building under construction, that the parent company Fidia S.p.A. acquired, through lease, in 2014. As it is not yet ready for use, this capital expenditure item has not yet been subject to depreciation.

At 30 September 2016, there were no assets encumbered by guarantees or other constraints that could limit their full availability.

12. INTANGIBLE FIXED ASSETS

(thousands of EUR)	Utilization rights know-how	Licenses	Software	Assets under developmen t	Total
Net carrying amount at 31/12/2015		72	211	816	1.099
Increases		11	18	216	246
Reclassifications/transfers		-	-	-	-
Depreciation		(20)	(61)		(81)
Foreign exchange differences			0		(0)
Net carrying amount at 30/9/2016	-	63	168	1.032	1.263

Increases in the first half of 2016 amounted to €246 thousand and mainly refer to development costs incurred and capitalized (€221 thousand) not yet amortised as not yet completed and therefore the projects to which they refer have not started yet to produce the related benefits.

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

13. INVESTMENTS

This item, amounting to €16 thousand and unchanged with respect to 31 December 2015, consists of investments in associated companies valued at equity (€2 thousand) and investments in other companies valued at cost (€14 thousand).

14. OTHER NON-CURRENT RECEIVABLES AND ASSETS

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

(€ thousand)	Balance 30 September 2016	Balance 31 December 2015
Receivables for EU grants		-
Security deposits	36	54
Non-recurring trade receivables	179	236
Receivables for foreign VAT	4	15
Receivables for withholding tax on foreign income	686	686
Multi-year pre-paid expenses	31	2
Other non-current receivables	405	400
Total	1.341	1.393

15. INVENTORY

(€ thousand)	Balance 30 September 2016	Balance 31 December 2015
Raw materials	11.758	10.488
Allowance - raw materials	(1.913)	(2.014)
	9.845	8.474
Work in progress and semi-finished goods	10.224	6.283
Finished goods and merchandise	5.625	5.418
Provisions for depreciation finished products	(534)	(528)
	5.091	4.890
Advances	209	178
Net value	25.369	19.825

Inventory at the end of the first half of the year was approximately €5,544 thousand higher than at 31 December 2015. The increase is mainly due to the higher stock of raw materials and work in progress resulting from a different state of production progress compared to the end of last year.

The provisions for depreciation equivalent to €2,447 thousand (€2,542 thousand at 31 December 2015) were reported to hedge the non-utilisation of some components in period under consideration; these phenomena result, in particular, from the need to ensure customers that spare parts are available for servicing even beyond the period of ordinary marketability of the components.

16. TRADE RECEIVABLES

(€ thousand)	Balance 30 September 2016	Balance 31 December 2015
Trade receivables	8.344	10.438
Provision for impairment losses on receivables	(740)	(792)
Receivables from associates	-	-
Total	7.604	9.646

Gross trade receivables decreased by approximately €2,094 thousand compared to 31 December 2015; this change is mainly due to the different trend of revenues in the two periods under comparison.

The bad debt provisions, amounting to €740 thousand (€792 thousand at 31 December 2015) were allocated to cover the risk of default related to doubtful and overdue receivables.

17. TAX RECEIVABLES AND OTHER CURRENT RECEIVABLES AND ASSETS

(in migliaia di euro)	Saldo 30 settembre 2016	Saldo 31 dicembre 2015
Crediti verso erario per Iva	266	12
Crediti per imposte sul reddito e IRAP	217	146
Crediti per IVA estera a breve termine	15	31
Altri	53	4
Totale attività fiscali correnti	551	193
Contributi per la ricerca	209	77
Risconti attivi diversi	309	341
Ratei attivi	36	31
Crediti verso dipendenti	191	151
Fornitori c/anticipi	158	79
Altri	1.214	149
Totale altri crediti correnti	2.118	828
Totale	2.669	1.021

18. 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.

19. CASH AND CASH EQUIVALENTS

The overall amount of cash of the Group amounted to €9,293 thousand (€16,041 thousand at 31 December 2015) and consisted of temporary cash in bank deposits pending future use. It is deemed that their carrying amount is aligned to the fair value at the reporting date.

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

20. SHAREHOLDERS' EQUITY

Consolidated shareholders' equity amounted to €16,698 thousand and decreased by €2,329 thousand compared to 31 December 2015, due to the combined effect of net income for the period (+€755 thousand), the distribution of dividends approved by the last shareholders' meeting (-€2,045 thousand), the recognition of actuarial losses on Employee Termination Indemnities (TFR) (-€104 thousand, net of the tax effect valued at approximately €33 thousand), the fair value measurement of hedging derivatives allocated to the cash flow hedge reserve (+€39 thousand, net of the tax effect valued at approximately €12 thousand), and the effect of exchange rate fluctuations from the translation of financial statements of subsidiaries denominated in currencies other than the euro (-€518 thousand) and from changes attributable to non-controlling interests and other minor changes (for -€456 thousand).

At 30 September 2016 the fully paid share capital was unchanged compared to 31 December 2015 and consisted of 5,123,000 ordinary shares with a nominal value of €1 each totalling €5,123,000.

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

21. OTHER NON-CURRENT PAYABLES AND LIABILITIES

This item, which amounts to €87 thousand (€290 thousand at 31 December 2015) and includes €67 thousand in medium/long-term payables to the personnel of the French subsidiary Fidia Sarl plus other minor items.

22. EMPLOYEE SEVERANCE INDEMNITIES

Employee severance indemnities (€2,502 thousand at 30 September 2016 and €2,372 thousand at 31 December 2015) reflects the residual obligation of Fidia S.p.A., the only Italian company in the Group, relating to the indemnity paid to employees and settled upon termination of employment. Under certain conditions, employees may receive a partial advance on those benefits while they are still in the Company's employ. It is an unfunded defined benefit plan.

23. OTHER NON-CURRENT FINANCIAL LIABILITIES

This item amounts to €45 thousand (€6 thousand at 31 December 2015) and consists of the fair value of three interest rate swaps signed in order to cover the risk on interest rate change on five medium/long-term loans (cash flow hedge).

24. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

This figure amounts to €8,583 thousand as detailed below.

(thousands of EUR)	Balance 30 September 2016	Balance 31 December 2015
Overdrawn bank accounts and short-term advances	601	507
Accrued liabilities on loans	31	31
Loan - BNL "1500" (part medium/long term and part short term)	313	546
Loan - Banco Popolare (part medium/long term and part short term)	310	495
Loan - MPS "1500" (part medium/long term and part short term)	1.496	
Loan - MPS (short term)	-	698
Loan - ISP "3500" (part medium/long term and part short term)	2.605	3.122
Loan - Banca Nazionale del Lavoro (short term)	-	749
Loan - BNL "2500" (part medium/long term and part short term)	2.214	-
Loan - ISP "3000" (part medium/long term and part short term)	2.978	-
Loan - UNICREDIT (part medium/long term and part short term)	1.399	-
Autodesk financing	-	17
Autodesk financing no. 2	52	-
Volkswagen Bank (finance lease)	104	136
Skoda Bank Germany (finance lease)	42	57
Banco Popular Espanol	42	46
Mediocredito Italiano (finance lease)	4.149	2.949
Total	16.337	9.353

25. OTHER CURRENT FINANCIAL LIABILITIES

This item amounted to €112 thousand and includes the negative fair value of certain forward sales contracts for US dollars entered into by the parent company Fidia S.p.A. to hedge exchange rate risk on certain supplies denominated in said currency, in addition to €69 thousand in grants on funded research activities collected by Fidia S. p. A. as project leader and pending redistribution among the participating partners.

At 31 December 2015, this item totalled €221 thousand.

26. TRADE PAYABLES

(€ thousand)	Balance 30 September 2016	Balance 31 December 2015
Due to suppliers	10.690	11.333
Payables to subsidiaries	2	2
Total trade payables	10.692	11.335

Trade payables, amounting to €10,692 thousand at 30 September 2016, decreased by €643 thousand compared to 31 December 2015 due to various operating trends.

27. TAX LIABILITIES AND OTHER CURRENT PAYABLES AND LIABILITIES

(thousands of EUR)	Balance 30 September 2016	Balance 31 December 2015
Employees	1.943	1.561
Social security payables	708	895
Down payments from customers	4.401	6.692
Advances for EU grants	86	40
Payables for compensation	272	224
Payables to State Fund and other funds	75	67
Payables for dividends	72	151
Sundry accruals and deferred income	1.184	809
Other payables to the SMTCL company	-	120
Miscellaneous payables	342	391
Total other payables	9.084	10.950
Withholding tax	197	356
Tax payables for income tax and IRAP	291	538
Payables to tax authorities for VAT	236	591
Other short-term tax payables	22	73
Total tax payables	746	1.558
Total	9.830	12.508

28. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges amounted to €1,154 thousand, of which €1,119 thousand (€1,319 thousand at 31 December 2015) for the short term, and €35 thousand for the long term (€59 thousand at 31 December 2015). This item refers to

- 1,054 thousand euros 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,
- €56 thousand to a provision set aside by the subsidiary Fidia Co for legal risks;
- €44 thousand to a provision set aside for tax disputes.

29. GUARANTEES GRANTED, OTHER COMMITMENTS AND CONTINGENT LIABILITIES

Sureties issued on behalf of others

At 30 September 2016, sureties issued on behalf to third parties totalled €3,017 thousand (€2,771 thousand at 30 September 2015).

This item consists primarily of performance bonds for commercial transactions with the Parent Company's foreign customers for advances received on future supplies and for the correct fulfillment of contractual obligations during the warranty period.

Contingent liabilities

Although the Fidia Group is subject to various types of risks (product, legal and tax liability) at 30 September 2016, it is not aware of any other facts, other than those covered by specific

provisions already indicated in this note, which could generate foreseeable or estimated potential liabilities and consequently does not deem it necessary to make any further provisions.

30. SEGMENT REPORTING

Income statement by business sector

Below are the consolidated results of operations by sector at 30 September 2016 and 30 September 2015:

Progressive data at September 2016 (€ thousand)	CNC		HSM		SERVICE		N/A	TOTAL
	2016	%	2016	%	2016	%	2016	2016
Revenues	2.936	63,8%	24.696	100,0%	9.446	100,0%	-	37.078
Cross-sector revenues	1.667	36,2%	99	0,4%	-	0,0%	-	
Total reclassified revenue	4.603	100,0%	24.696	100,4%	9.446	100,0%	-	37.078
Change in finished goods and WIP	252	5,5%	3.925	15,9%	90	1,0%	-	4.267
Raw materials and consumables	(1.108)	-24,1%	(13.421)	-54,3%	(695)	-7,4%	(132)	(15.356)
Cross-sector expenses	(153)	-3,3%	(2.248)	-9,1%	610	6,5%	25	
Commissions, transport and subcontractors	(532)	-11,6%	(3.568)	-14,4%	(311)	-3,3%	(8)	(4.419)
Sales margin	3.062	66,5%	9.384	38,0%	9.140	96,8%	(115)	21.570
Other operating income	374	8,1%	658	2,7%	158	1,7%	138	1.328
Other operating costs	(440)	-9,6%	(1.908)	-7,7%	(2.307)	-24,4%	(3.516)	(8.171)
Personnel costs	(2.044)	-44,4%	(4.205)	-17,0%	(3.750)	-39,7%	(2.722)	(12.721)
Depreciation and amortization	(13)	-0,3%	(232)	-0,9%	(141)	-1,5%	(271)	(657)
Operating profit	939	20,4%	3.697	15,0%	3.100	32,8%	(6.486)	1.348

Progressive data at September 2015 (€ thousand)	CNC		HSM		SERVICE		N/A	TOTAL
	2015	%	2015	%	2015	%	2015	2015
Revenues	3.115	63,6%	27.427	100,0%	9.567	100,0%	-	40.109
Cross-sector revenues	1.785	36,4%		0,0%	-	0,0%	-	
Total reclassified revenue	4.900	100,0%	27.427	100,0%	9.567	100,0%	-	40.109
Change in finished goods and WIP	205	4,2%	4.311	15,7%	91	1,0%	-	4.607
Raw materials and consumables	(1.313)	-26,8%	(13.812)	-50,4%	(1.065)	-11,1%	(104)	(16.294)
Cross-sector expenses	50	1,0%	(2.488)	-9,1%	562	5,9%	91	
Commissions, transport and subcontractors	(564)	-11,5%	(5.362)	-19,6%	(348)	-3,6%	(6)	(6.280)
Sales margin	3.278	66,9%	10.076	36,7%	8.807	92,1%	(19)	22.142
Other operating income	374	7,6%	678	2,5%	59	0,6%	449	1.560
Other operating costs	(384)	-7,8%	(1.393)	-5,1%	(1.921)	-20,1%	(3.855)	(7.553)
Personnel costs	(2.119)	-43,2%	(3.851)	-14,0%	(3.415)	-35,7%	(3.158)	(12.543)
Depreciation and amortization	(46)	-0,9%	(257)	-0,9%	(234)	-2,4%	(611)	(1.148)
Operating profit	1.103	22,5%	5.253	19,2%	3.296	34,5%	(7.194)	2.458

Below are the statements of financial position broken down by sector at 30 September 2016 and 31 December 2015:

At 30 September 2016	CNC	HSM	SERVICE	Not assignable	Total
(€ thousand)					
Property, plant and equipment	21	7.098	24	2.364	9.507
Intangible fixed assets	591	441	-	232	1.264
Investments	-	-	-	16	16
Other non-current receivables and assets	24	201	-	1.116	1.341
Deferred tax assets	-	-	-	740	740
Total non-current assets	636	7.740	24	4.468	12.868
Inventory	2.513	17.230	5.626	-	25.369
Trade receivables and other current receivables	1.315	3.923	2.879	1.605	9.722
Current taxes receivable	-	-	-	551	551
Other current financial receivables	-	-	-	-	-
Cash and cash equivalents	-	-	-	9.293	9.293
Total current assets	3.828	21.153	8.505	11.449	44.935
Total assets	4.464	28.893	8.529	15.917	57.803
Other non-current payables and liabilities	9	22	31	25	87
Long-term provisions	-	16	19	-	35
Employee severance indemnities	609	1.279	231	383	2.502
Deferred tax liabilities	-	-	-	52	52
Other non-current financial liabilities	-	-	-	45	45
Non-current financial liabilities	-	-	-	12.903	12.903
Total non-current liabilities	618	1.317	281	13.408	15.625
Current financial liabilities	-	-	-	3.727	3.727
Other current financial liabilities	-	-	-	112	112
Trade payables and other current payables	-	-	-	19.776	19.776
Current taxes payable	-	-	-	746	746
Short-term provisions	79	761	183	96	1.119
Total current liabilities	79	761	183	24.457	25.480
Total liabilities	697	2.078	464	37.865	41.105
Shareholders' equity	-	-	-	16.698	16.698
Total liabilities	697	2.078	464	54.564	57.803

At 31 December 2015	CNC	HSM	SERVICE	Not assignable	Total
(€ thousand)					
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
Total non-current assets	483	5.748	23	3.758	10.012
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
Total current assets	3.219	18.911	7.653	16.754	46.537
Total assets	3.702	24.659	7.676	20.512	56.549
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
Total non-current liabilities	727	1.301	293	6.471	8.792
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
Total current liabilities	1.524	17.138	1.354	8.714	28.730
Total liabilities	2.251	18.439	1.647	15.185	37.522
Shareholders' equity	-	-	-	19.027	19.027
Total liabilities	2.251	18.439	1.647	34.212	56.549

31. 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	3rd Quarter 2016		At 31 December 2015		3rd Quarter 2015	
	Average	At 30 September	Average	At 30 September	Average	At 30 September
Dollar - USA	1.11582	1.1161	1.10951	1.0887	1.11452	1.1203
Real - Brazil	3.96418	3.621	3.70044	4.3117	3.51831	4.4808
RMB - China	7.34317	7.4463	6.97333	7.0608	6.96467	7.1206
Rouble - Russia	76.30544	70.514	68.07200	80.6736	66.55396	73.2416

32. OTHER INFORMATION

The average headcount in the first nine months of 2016 was 339 (330.5 employees in the first nine months of 2015)).

33. SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

According to Consob Notice of 28 July 2006, in the first nine months of 2016, the company did not have any non-recurrent significant transactions.

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

According to Consob Notice of 28 July 2006, in the first nine months of 2016, there were no atypical and/or unusual transactions as defined by said Notice, by which atypical and/or unusual transactions are all those transactions whose significance/relevance, nature of the counterparts, subject-matter of the transaction, transfer pricing method and timing of the event (near year-end) can give rise to doubts on: correctness/completeness of information posted, conflict of interests, safeguard of company equity, safeguard of non-controlling interests.

35. 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:

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

36. NET FINANCIAL POSITION

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

(€ thousand)		30 September 2016	31 December 2015
A	Cash	11	19
B	Bank deposits	9.282	16.022
C	Other cash	-	-
D	Liquidity (A+B+C)	9.293	16.041
E	Current financial receivables	-	4
F	Current bank payables	651	1.985
G	Current part of non-current bank debt	3.076	1.362
Ca	Other current financial payables	112	221
I	Current financial debt (F+G+H)	3.839	3.568
J	Net current financial position - (receivable)/payable (I-E-D)	(5.454)	(12.477)
K	Non-current bank payables	12.903	6.006
L	Bonds issued	-	-
M	Other non-current financial payables	45	6
N	Non-current financial debt (K+L+M)	12.948	6.012
O	Net financial position (receivable)/payable (J+N)	7.494	(6.465)

37. SUBSEQUENT EVENTS

No significant events occurred after the reporting date of the third quarter of 2016.

San Mauro Torinese, 14 November 2016

On behalf of the Board of Directors

The Chairman and CEO

Mr. Giuseppe Morfino

The Financial Reporting Officer, Mr. Massimiliano Pagnone, declares, pursuant to Article 154.2-bis of the Consolidated Finance Act, that the accounting disclosures contained in this Interim Report on Operations at 30 September 2016 corresponds to the documentary records, ledgers and accounting data.