



FIDIA GROUP

INTERIM REPORT AT 31 MARCH 2018

Fidia S.p.A.

Registered office in San Mauro Torinese, Corso Lombardia, 11

Paid-in share capital € 5,123,000

Turin Register of Companies

Taxpayer's Code 05787820017

Website: <http://www.fidia.it> - <http://www.fidia.com>

e-mail: info@fidia.it

TABLE OF CONTENTS

3	Board of Directors and Auditors
5	Fidia Group structure
6	Fidia Group – Reclassified Financial Statements
9	Fidia Group - Analysis of operating and finance performance of the Group – Profit and loss
12	Fidia Group - Analysis of the financial data
14	Reconciliation of the Parent Company’s shareholders’ equity and net income or loss with those of the Group
14	Fidia Group - Segment reporting
16	Summary of performance, significant events and business outlook
17	Fidia Group - Consolidated Financial Statements and Notes
23	Fidia Group - Notes to the Financial Statements

**Board of Directors
15 May 2018**

BOARDS OF DIRECTORS AND AUDITORS

Board of Directors

Chairman and Chief Executive Officer	Giuseppe Morfino (a)
Deputy Chairman	Carlos Maidagan (b)
Directors	Luigino Azzolin (c) (1)
	Anna Ferrero (c) (1) (2)
	Guido Giovando (c) (2)
	Paola Savarino (c) (1)
	Laura Morgagni (d) (2)

(a) Appointed Chairman at the Shareholders' Meeting on 28 April 2017 until the approval of the financial statements for FY2019; appointed Managing Director by the Board of Directors on 28 April 2017 and General Manager by the Board of Directors on 14 July 2017.

(b) Appointed at the Shareholders' Meeting on 28 April 2017 until the approval of the financial statements for FY2019; appointed Deputy Chairman by the Board of Directors on 28 April 2017.

(c) Appointed at the Shareholders' Meeting on 28 April 2017 until the approval of the financial statements for FY2019.

(d) Appointed at the Shareholders' Meeting on 27 April 2018 up to the approval of the 2019 Financial Statements

(1) Member of the Internal Control and Risk Committee

(2) Member of the Remuneration Committee.

Board of Statutory Auditors (*)

Statutory Auditors	Maurizio Ferrero – Chairman
	Marcello Rabbia
	Marina Scandurra
Alternate Auditors	Andrea Giammello
	Chiara Olliveri Siccardi
	Roberto Panero

(*) Appointed at the Shareholders' Meeting on 28 April 2017 until the approval of the financial statements for FY2019.

Independent Auditors (**)

EY S.p.A.

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

POWERS OF THE CHAIRMAN, DEPUTY CHAIRMAN AND CEO

Chairman of the Board of Directors and Chief Executive Officer: Mr. Giuseppe Morfino

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

- purchase, disposal and conferment of equity investments;
- disposal, conferment and/or lease of the company or any units thereof;
- purchase of companies or units of companies;
- purchase and/or disposal of real estate and/or tangible rights and/or rights of way thereto;
- registration of mortgages on corporate property;
- definition of company strategies relating to the purchase and sale of equity interests, company branches and real estate.

Deputy Chairman of the Board of Directors: Carlos Maidagan.

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 31 MARCH 2018

Reclassified consolidated income statement

(€thousand)	Q1 2018	%	Q1 2017	%
Net revenue	7,693	70.8%	7,504	73.7%
Changes in inventories of finished goods and W.I.P.	2,706	24.9%	2,251	22.1%
Other revenues and income	469	4.3%	430	4.2%
Value of production	10,868	100.0%	10,185	100.0%
Raw materials and consumables	(4,972)	-45.8%	(3,813)	-37.4%
Commissions	(99)	-0.9%	(193)	-1.9%
Transport	(367)	-3.4%	(228)	-2.2%
Contractors	(556)	-5.1%	(629)	-6.2%
Other services and operating costs	(2,256)	-20.8%	(2,353)	-23.1%
Added value	2,617	24.1%	2,970	29.2%
Personnel costs	(4,474)	-41.2%	(4,549)	-44.7%
EBITDA	(1,856)	-17.1%	(1,579)	-15.5%
Bad debts provision	(80)	-0.7%	(28)	-0.3%
Depreciation and amortization	(278)	-2.6%	(202)	-2.0%
EBIT	(2,215)	-20.4%	(1,810)	-17.8%
Net finance income and costs	(139)	-1.3%	(27)	-0.3%
Profit/(Loss) on exchange rates	(17)	-0.2%	(10)	-0.1%
Earnings before tax (EBT)	(2,371)	-21.8%	(1,847)	-18.1%
Income taxes (current, paid and deferred)	(64)	-0.6%	(121)	-1.2%
Net profit (loss) for the period	(2,435)	-22.4%	(1,968)	-19.3%
- (Profit)/Loss of non-controlling interests	(41)	-0.4%	(13)	-0.1%
- Profit/(Loss) of Group	(2,395)	-22.0%	(1,955)	-19.2%

Consolidated statement of financial position

(€thousand)	31/03/2018	31/12/2017	31/03/2017
Net tangible assets	11,181	11,267	11,260
Intangible fixed assets	1,911	1,758	1,403
Non-current financial assets	16	16	16
Deferred tax assets	757	738	842
Other non-current assets	778	759	943
Capital assets – (A)	14,643	14,538	14,464
Net trade receivables from customers	11,860	14,339	8,575
Closing inventories	21,629	17,846	21,575
Other current assets	1,643	1,263	2,304
Short-term (current) assets – (B)	35,131	33,448	32,454
Trade payables to suppliers	(11,482)	(9,928)	(9,005)
Other current liabilities	(16,084)	(15,801)	(11,911)
Short-term (current) liabilities – (C)	(27,566)	(25,729)	(20,916)
Net working capital (D) = (B+C)	7,565	7,719	11,538
Termination benefits (E)	(2,246)	(2,292)	(2,359)
Other long-term liabilities (F)	(428)	(470)	(161)
Net invested capital (G) = (A+D+E+F)	19,533	19,494	23,482
Financial position			
Available-for-sale financial assets			
Cash on hand, bank deposits	(8,548)	(11,520)	(10,137)
Short-term loans	5,805	6,329	5,204
Assets/liabilities for current derivatives	-	-	82
Other current financial payables	-	-	-
Short-term financial position	(2,743)	(5,191)	(4,851)
Long-term loans, net of current portion	11,436	11,294	12,510
Assets/liabilities for long-term derivatives	52	66	14
Net financial position (receivable)/payable (H)	8,745	6,169	7,672
Share capital	5,123	5,123	5,123
Provisions	6,183	9,362	10,595
Net earnings pertaining to Group	(2,395)	(3,066)	(1,955)
Total shareholders' equity of Group	8,911	11,419	13,763
Total equity of non-controlling interests	1,876	1,905	2,047
Total shareholders' equity (I)	10,787	13,324	15,810
Shareholders' equity and net financial position (L) = (H+I)	19,533	19,494	23,482

OPERATING AND FINANCE PERFORMANCE

Profit and loss

Revenues

In the first quarter of 2018, the Group recorded revenues of €7,693 thousand, compared to €7,504 thousand in the same period of 2017, an increase of 2.5%.

This performance is the result of different trends in the three business lines in which the Group operates. In the electronics sector - CNC - the decrease in revenues compared to 2017 is rather strong (-34.7%); the high-speed milling systems sector - HSM - closed the period with an increase (+6.9%), as did the after-sales service sector - Service - (+11.8%).

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

(€thousand)	Q1 2018	%	Q1 2017	%	% Chg
Numerical controls, drives and software	668	8.7%	1,047	14.0%	-36.2%
High-speed milling systems	4,201	54.6%	3,931	52.4%	6.8%
After-sales service	2,824	36.7%	2,526	33.6%	11.8%
Grand total	7,693	100%	7,504	100%	2.5%

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

(€thousand)	TOTAL REVENUES		TOTAL REVENUES		% Chg
GEOGRAPHICAL AREA	Q1 2018		Q1 2017		
ITALY	1,388	18.0%	883	11.8%	57.2%
EUROPE	2,327	30.2%	2,504	33.4%	-7.1%
ASIA	2,809	36.5%	1,978	26.4%	42.0%
NORTH and SOUTH AMERICA	1,143	14.9%	2,139	28.5%	-46.6%
REST OF THE WORLD	26	0.3%	0	0.0%	-
TOTAL	7,693	100%	7,504	100%	2.5%

Sales and marketing activity

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

	TOTAL	TOTAL	
(€thousand)	Q1 2018	Q1 2017	% Chg
Order backlog at 1/1	31,367	14,607	114.7%
New orders	18,357	11,246	63.2%
Revenues	(4,869)	(4,980)	-2.2%
Order backlog at 31/3	44,855	20,873	114.9%

The order backlog was up sharply compared to the first quarter of 2017 (+114.9%).

This is the result of the good performance of new orders in the first quarter, which was significantly higher YOY, and of sales that were unchanged in the period.

Other revenues and income

The other revenues of the first quarter 2018 amounted to €469 thousand (€430 thousand in the same period of 2017). This figure includes the other revenues from ordinary activity, but that cannot be included in the typical sale of goods and services.

This item includes:

- research grants from the EU and Italian Ministry of Education, University and Research (MIUR) as part of the funded research activity carried out by the parent company Fidia S.p.A. (€105 thousand, €86 thousand at 31 March 2017);
- release of the warranty, bad debts and/or any accruals in excess of the risk to be covered (€67 thousand; €168 thousand at 31 March 2017);
- internal construction of tangible assets and the capitalization of product development costs (€210 thousand; €121 thousand at 31 March 2017);
- contingent assets, recovery of costs, income on disposal of property, plant and equipment and other sundry incomes (€86 thousand; €56 thousand in the same period of last year).

Value of production

The value of production, equal to €10,868 thousand, increased compared to the first quarter of 2017 (683 thousand); this is due to the combined effect of the increase in revenues from sales (+€189 thousand YOY), a greater positive change in inventories of finished products and work in progress (+€455 thousand and other revenues (+€39 thousand YOY).

Other services and operating costs

This figure amounted in the first quarter of 2018 to €2,256 thousand, down compared to €2,353 thousand in the same period of 2017.

Added value

Added value amounted to €2,617 thousand, down from €2,970 thousand in the same period of 2017.

Personnel

The following tables illustrate the trends in staffing and labor costs.

	Q1 2018	Q1 2017	Abs. change	% Chg
Executives	10	8	2	25.0%
Clerks and cadres	270	284	-14	-4.9%
Workers	53	51	2	3.9%
Total employees	333	343	-10	-2.9%
Total average number of employees in the quarter	333.0	343.0	-10	-2.9%

	Q1 2018	Q1 2017	Abs. change	% Chg
Labor cost (€thousand)	4,474	4,549	-75	-1.65%

Cost of labour decreased by €75 thousand, corresponding to approximately 1.65% YOY; this trend was due mainly to a decrease in staff.

EBITDA

EBITDA was negative by €1,856 thousand, which was worse than the negative result of €1,579 thousand in the same period of last year.

EBIT

EBIT recorded a loss of €2,215 thousand, which was worse than the loss of €1,810 thousand reported in the same period of last year.

Earnings before tax (EBT)

Overall, financial management made a negative contribution to net financial income and expenses of €139 thousand at 31 March 2018. Exchange rate differences, whether realised or not, amounted to -€17 thousand, as a summary of the contributions of the various branches.

In light of the contribution from financial management, the earning before tax is a loss of €2,371 thousand, versus a loss of €1,847 thousand YOY.

Consolidated net result

The net consolidated result was a loss of €2,435 thousand (€2,395 thousand attributable to the Group) compared to a loss of €1,968 thousand (of which €1,955 thousand attributable to the Group) in the first quarter of 2017.

Analysis of the financial data

Net financial position

(€thousand)	31/03/2018	31/12/2017	31/03/2017
Available-for-sale financial assets	-	-	-
Cash on hand, bank deposits	8,548	11,520	10,137
Overdrawn bank accounts and short-term advances	(459)	(247)	(493)
Short-term loans	(5,346)	(6,082)	(4,711)
Assets/liabilities for current derivatives	-	-	(82)
Other current financial payables	-	-	-
Short-term financial position	2,743	5,191	4,851
Long-term loans, net of current portion	(11,436)	(11,294)	(12,510)
Assets/liabilities for long-term derivatives	(52)	(66)	(14)
Net financial position	(8,745)	(6,169)	(7,672)

The detailed credit items of the net financial position are illustrated below.

(€thousand)	31/03/2018	31/12/2017	31/03/2017
AVAILABLE-FOR-SALE FINANCIAL ASSETS			
CASH ON HAND, BANK DEPOSITS			
Fidia S.p.A.	4,032	7,140	4,634
Fidia Co.	1,284	1,743	734
Fidia GmbH	569	524	686
Fidia Iberica S.A.	672	442	564
Fidia S.a.r.l.	349	402	447
Beijing Fidra Machinery & Electronics Co.,Ltd.	689	847	2,166
Fidia do Brasil Ltda.	535	165	237
Shenyang Fidra NC & M Co., Ltd.	417	257	670
TOTAL	8,548	11,520	10,137

(€thousand)	31/03/2018	31/12/2017	31/03/2017
Short-term loans and advances			
Fidia S.p.A.	(5,736)	(6,258)	(5,134)
Fidia GmbH	(50)	(59)	(55)
Fidia Iberica S.A.	(19)	(12)	(14)
TOTAL	(5,805)	(6,329)	(5,204)
(Assets)/liabilities for current derivatives			
Fidia S.p.A.	-		(82)
TOTAL	-	-	(82)
Other current financial payables			
Fidia S.p.A.	-	-	-
	-	-	-
Long-term loans, net of current portion			
Fidia S.p.A.	(11,373)	(11,238)	(12,460)
Fidia GmbH	(35)	(45)	(30)
Fidia Iberica S.A.	(28)	(11)	(20)
TOTAL	(11,436)	(11,294)	(12,510)
(Assets)/liabilities for long-term derivatives			
Fidia S.p.A.	(52)	(66)	(14)
	(52)	(66)	(14)
Total financial payables	(17,293)	(17,689)	(17,810)

At 31 March 2018 the net financial position was negative at €8,745 thousand; the change from 31 December 2017 was affected negatively mainly by the loss in the period, while the effect of working capital was null.

The trend in the net financial position is illustrated below:

SHORT CONSOLIDATED CASH FLOW STATEMENT

(€thousand)	Q1 2018	Year 2017	Q1 2017
A) Cash and cash equivalents at beginning of period	11,273	8,440	8,440
B) Cash from/(used in) operating activities during the period	(2,133)	5,973	1,973
C) Cash from/(used in) investing activities	(377)	(2,398)	(1,096)
D) Cash from/(used in) financing activities	(584)	369	438
Currency translation differences	(91)	(1,111)	(111)
E) Net change in cash and cash equivalents	(3,184)	2,833	1,204
F) Cash and cash equivalents at end of period	8,089	11,273	9,644
Breakdown of cash and cash equivalents:			
Cash and cash equivalents	8,548	11,520	10,137
Overdrawn bank accounts	(459)	(247)	(493)
	8,089	11,273	9,644

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

Pursuant to the Consob Communication of 28 July 2006, the reconciliation between the result for 2018 and the Group's shareholders' equity at 31 March 2018 (a share attributable to the Group) and the corresponding values of the parent company Fidia S.p.A. (values in thousands of euro) is shown below:

	Shareholders' Equity 31.12.2017	Changes S.E. 2018	Profit/(loss) 31.3.2018	Shareholders' Equity 31.3.2018
Financial Statements of Fidia S.p.A.	8,747	11	(2,102)	6,656
Consolidation adjustments				
* Elimination of book value of investments	2,760	(124)	(275)	2,360
* Transactions between consolidated companies	(87)		(18)	(105)
* Exchange rate differences on intra-group transactions	(1)	1	-	-
Consolidated Financial Statements (attributable to the Group)	11,419	(112)	(2,395)	8,911

SEGMENT REPORTING

Economic performance by business sector

The following table shows the consolidated results broken down into the three traditional sectors in which the Group operates (Numerical Controls - CNC -, High Speed Milling Systems - HSM -, and Service).

The last columns show those items that cannot be classified; these items are mainly general and administrative costs and costs for advertising, promotion and exhibitions for the companies operating in all business lines.

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

CONSOLIDATED INCOME STATEMENT by business sector

Below follow the consolidated economic results broken down by sector at 31 March 2018 and 31 March 2017.

Progressive data at March (€thousand)	CNC 2018	%	HSM 2018	%	SERVICE 2018	%	N/A 2018	TOTAL 2018
Revenues	668	74,2%	4.201	100,0%	2.824	100,0%	-	7.693
Cross-sector revenues	232	25,8%	-	0,0%	-	0,0%	-	
Total reclassified revenues	900	100,0%	4.201	100,0%	2.824	100,0%	-	
Changes in inventories of finished goods and W.I.P.	(2)	-0,2%	2.555	60,8%	153	5,4%	-	2.706
Raw materials and consumables	(301)	129,7%	(4.100)	-97,6%	(530)	-18,8%	(41)	(4.972)
Cross-sector expenses	103	11,4%	(553)	-13,2%	209	7,4%	10	-
Commissions	(3)	-1,3%	(97)	-2,3%	-	0,0%	-	(99)
Transport	(13)	-5,8%	(223)	-5,3%	(128)	#DIV/0!	(2)	(367)
Contractors	(102)	-11,4%	(452)	-10,8%	(2)	-0,1%	-	(556)
Sales margin	581	64,5%	1.331	31,7%	2.526	89,4%	(33)	4.405
Other operating revenue	198	22,0%	147	3,5%	64	2,3%	61	469
Other operating costs	(98)	-10,9%	(568)	-13,5%	(456)	-16,2%	(1.133)	(2.256)
Personnel costs	(688)	-76,5%	(1.416)	-33,7%	(1.464)	-51,8%	(905)	(4.474)
Depreciation, amortization and writedowns	(38)	-4,2%	(153)	-3,6%	(69)	-2,5%	(98)	(358)
Operating profit/(loss)	(45)	-5,0%	(660)	-15,7%	600	21,3%	(2.109)	(2.215)

Progressive data at March (€thousand)	CNC 2017	%	HSM 2017	%	SERVICE 2017	%	N/A 2017	TOTAL 2017
Revenues	1.047	78,7%	3.931	97,7%	2.526	100,0%	-	7.504
Cross-sector revenues	283	21,3%	94	2,3%	-	0,0%	-	
Total reclassified revenues	1.330	100,0%	4.025	100,0%	2.526	100,0%	-	
Changes in inventories of finished goods and W.I.P.	143	10,8%	2.163	53,7%	(55)	-2,2%		2.251
Raw materials and consumables	(191)	-82,3%	(3.402)	-84,5%	(184)	-7,3%	(36)	(3.813)
Cross-sector expenses	20	1,5%	(657)	-16,3%	264	10,5%	(4)	-
Commissions	(7)	-3,0%	(184)	-4,6%	(2)	-0,1%	0	(193)
Transport	(6)	-2,6%	(128)	-3,2%	(87)	158,2%	(7)	(228)
Contractors	(138)	-10,4%	(490)	-12,2%	(1)	0,0%		(629)
Sales margin	1.151	86,5%	1.327	33,0%	2.461	97,4%	(47)	4.892
Other operating revenue	131	9,8%	177	4,4%	82	3,2%	40	430
Other operating costs	(113)	-8,5%	(477)	-11,9%	(542)	-21,5%	(1.221)	(2.353)
Personnel costs	(709)	-53,3%	(1.481)	-36,8%	(1.390)	-55,0%	(969)	(4.549)
Depreciation, amortization and writedowns	(32)	-2,4%	(61)	-1,5%	(44)	-1,7%	(93)	(230)
Operating profit/(loss)	428	32,2%	(515)	-12,8%	567	22,4%	(2.290)	(1.810)

SUMMARY OF THE GROUP PERFORMANCE, SIGNIFICANT EVENTS AND BUSINESS OUTLOOK

The first quarter of 2018 was characterised by a modest increase in the value of production (6.7%), negatively affected by the postponement of the installation of two projects, both Italian, due to internal problems of the end customers;

The characteristic of the company's cost structure, which is mainly fixed, and the sales mix in the first quarter unfortunately worsened profitability compared to the same period of 2017.

Total Group new orders increased significantly compared to 2017 (+64.1%), amounting to €18,456 thousand compared to €11,245, and the order backlog amounted to €44,855 thousand (€20,873 thousand in the same period of 2017).

Taking into account the historical cyclical nature of revenues and in the presence of an order backlog that covers the entire financial year abundantly, the management expects a positive trend in the economic results for the remaining quarters of the financial year.

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

FIDIA GROUP

Condensed consolidated financial statements

Consolidated accounting schedules

and

Notes

at 31 March 2018

CONSOLIDATED INCOME STATEMENT

(€thousand)	Notes	1st Quarter 2018	1st Quarter 2017
- Net sales	1	7.693	7.504
- Other operating revenue	2	469	430
Total revenue		8.162	7.934
- Changes in inventories of finished goods and W.I.P.		2.706	2.251
- Raw materials and consumables	3	(4.972)	(3.813)
- Personnel costs	4	(4.474)	(4.549)
- Other operating costs	5	(3.279)	(3.403)
- Depreciation, amortization and writedowns	6	(358)	(230)
Operating profit/(loss)		(2.215)	(1.810)
- Non-recurring income/(expenses)	7	-	-
Operating profit/(loss)		(2.215)	(1.810)
- Financial income/(expenses)	8	(157)	(37)
Profit/(loss) before tax		(2.371)	(1.847)
- Income tax	9	(64)	(121)
Profit/(loss) for continuing operations		(2.435)	(1.968)
Profit/(loss) for discontinued operations		-	-
Profit (loss) for the period		(2.435)	(1.968)
Profit/(loss) attributable to:			
- Shareholders of parent company		(2.395)	(1.955)
- Non-controlling interests		(41)	(13)

(EUR)

Earning per share	10	(0,47)	(0,38)
Diluted earnings per ordinary share	10	(0,47)	(0,38)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€thousand)	1st Quarter 2018	1st Quarter 2017
Profit (loss) for the period (A)	(2.435)	(1.968)
Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss:		
Profit/(loss) on cash flow hedges	14	10
Profit(loss) on translation of financial statements of foreign companies	(112)	(145)
Tax effect pertaining to Other comprehensive profit/(loss) that may be reclassified in profit or loss	(3)	(3)
Total Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss, net of tax effect (B1)	(101)	(138)
Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss:		
Net actuarial gains/(losses) on defined benefit plans	-	-
Tax effect pertaining to Other comprehensive profit/(loss) that may not be reclassified in profit or loss	-	-
Total Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss, net of tax effect (B2)	0	0
Total Other comprehensive profit/(loss), net of tax effect (B)=(B1)+(B2)	(101)	(138)
Total comprehensive profit/(loss) for the period (A)+(B)	(2.536)	(2.106)
Total comprehensive profit/(loss) due to:		
Shareholders of the parent company	(2.507)	(2.082)
Non-controlling interests	(29)	(24)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€thousand)	Notes	March 2018	December 2017
ASSETS			
NON-CURRENT ASSETS			
- Property, plant and equipment	11	11.181	11.267
- Intangible assets	12	1.911	1.758
- Investments	13	16	16
- Other non-current receivables and assets	14	778	759
- Pre-paid tax assets	9	757	738
TOTAL NON-CURRENT ASSETS		14.643	14.538
CURRENT ASSETS			
- Inventory	15	21.629	17.846
- Trade receivables	16	11.860	14.339
- Current tax receivables	17	329	298
- Other current receivables and assets	17	1.313	965
- Other current financial receivables	18	-	0
- Cash and cash equivalents	19	8.548	11.520
TOTAL CURRENT ASSETS		43.679	44.967
TOTAL ASSETS		58.321	59.505
LIABILITIES			
SHAREHOLDERS' EQUITY			
- Share capital and reserves attributable to shareholders of parent company		8.911	11.419
- Non-controlling interests		1.876	1.905
TOTAL CONSOLIDATED EQUITY	20	10.787	13.324
NON-CURRENT LIABILITIES			
- Other non-current payables and liabilities	21	365	402
- Termination benefits	22	2.246	2.292
- Deferred tax liabilities	9	44	47
- Provisions for risks and expenses	28	19	22
- Other non-current financial liabilities	23	52	66
- Non-current financial liabilities	24	11.436	11.294
TOTAL NON-CURRENT LIABILITIES		14.163	14.123
CURRENT LIABILITIES			
- Current financial liabilities	24	5.805	6.329
- Other current financial liabilities	25	-	0
- Trade payables	26	11.482	9.928
- Current tax payables	27	874	1.743
- Other current payables and liabilities:	27	14.185	12.960
- Provisions for risks and expenses	28	1.026	1.098
TOTAL CURRENT LIABILITIES		33.371	32.058
TOTAL LIABILITIES		58.321	59.505

CONSOLIDATED STATEMENT OF CASH FLOWS

(€thousand)	1st Quarter 2018	1st Quarter 2017
A) Cash and cash equivalents at beginning of period	11.273	8.440
B) Cash from/(used in) operating activities during the period:		
- Result of Group and non-controlling interests	(2.435)	(1.968)
- Amortisation	278	202
- Net loss (gain) on disposal of tangible assets	(3)	0
- Net change in provision for employee severance pay	(46)	29
- Net change in provisions for risks and charges	(76)	(132)
- Net change (assets) liabilities for (pre-paid) deferred taxes	(22)	6
- Net change in working capital:		
- receivables	2.080	5.539
- inventory	(3.782)	(2.199)
- payables **	1.873	496
	(2.133)	1.973
C) Cash from/(used in) investing activities		
- Investments in		
property, plant and equipment	(171)	(979)
intangible fixed assets	(208)	(117)
- Proceeds from the sale of:		
property, plant and equipment	3	-
non-current financial assets	-	-
	(377)	(1.096)
D) Cash from/(used in) financing activities		
- Change in loans ***	(593)	1.590
- Distribution of dividends	-	(1.023)
- Change in capital and reserves	23	(4)
- Net change in other current and non-current financial assets and liabilities	(14)	(125)
	(584)	438
Currency translation differences	(90)	(111)
E) Net change in cash and cash equivalents	(3.184)	1.204
F) Cash and cash equivalents at reporting date	8.089	9.644
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	8.548	10.137
Overdrawn bank accounts	(459)	(493)
	8.089	9.644

(**) of which €45 thousand in taxes paid

(***) of which €68 thousand in interest paid

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(€thousand)	Share capital	Own shares	Capital reserves	Retained earnings	Cash flow hedge reserve	Translation reserve	Reserve for actuarial profit/loss	Other reserves	Profit/(loss) for the year	Total Group Shareholders' Equity	Other non-controlling interests	Total Shareholders' Equity
Balance at 31 December 2016	5.123	(45)	1.240	5.269	(15)	2.713	(94)	213	2.462	16.867	2.071	18.938
Allocation of profit				1.439					(2.462)			
Distribution of dividends									(1.023)	(1.023)		(1.023)
Total comprehensive profit/(loss)					7	(134)			(1.955)	(2.083)	(24)	(2.107)
Other changes												
Balance at 31 March 2017	5.123	(45)	1.240	6.708	(8)	2.579	(94)	213	(2.978)	13.763	2.047	15.810
Balance at 31 December 2017	5.123	(45)	1.240	6.706	(46)	1.421	(127)	213	(3.066)	11.419	1.905	13.324
Allocation of profit				(3.066)					3.066			
Distribution of dividends												
Total comprehensive profit/(loss)					11	(124)			(2.395)	(2.508)	(29)	(2.537)
Other changes												
Balance at 31 March 2018	5.123	(45)	1.240	3.640	(35)	1.297	(127)	213	(2.395)	8.911	1.876	10.787

Notes

MAIN BUSINESS

Fidia S.p.A. is a company under Italian law. Fidial S.p.A. and its subsidiaries ("Group") are active in over 30 countries.

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

The Group headquarters are located in San Mauro Torinese (Turin), Italy.

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

SIGNIFICANT ACCOUNTING STANDARDS

Principles for the presentation of the Interim Report

This Quarterly Report at 31 March 2018 has been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and adopted by the European Union. The designation "IFRS" also includes all currently valid International Accounting Standards ("IAS"), as well as all interpretations of the International Accounting Reporting Interpretations Committee ("IFRIC"), formerly the Standing Interpretations Committee ("SIC").

These Quarterly Consolidated Financial Statements have been prepared in accordance with IAS 34 – Interim Financial Reporting, applying two new accounting standards compared to those used in the preparation of the Consolidated Financial Statements at 31 December 2017;

IFRS 15_ The new accounting standard "IFRS 15 - Revenues from contracts with customers" came into force on 1 January 2018. The Group has applied the new standard using the modified retrospective method. This method consisted in accounting for the cumulative effect of the initial application of the new standard on opening equity, without restating comparative data.

The Group completed its assessment of the effects of IFRS 15, identifying the main effects related to the adoption of the new standard in the treatment of obligations for warranties. In fact, in its contracts with customers, the Group generally provides warranties for repairs of a general nature and also provides extended warranties.

Accordingly, warranties required by law are regarded in the application of IFRS 15 as insurance-type warranties that continue to be accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, consistently with the current practice.

Extended warranties, which provide customers with an additional service to insurance-type warranties, should be considered, with the introduction of the new IFRS 15, as separate services to which a portion of the transaction price should be allocated.

IFRS 9_From 1 January 2018, the new accounting standard "IFRS 9 - Financial Instruments", which replaces "IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9." IFRS 9 brings together all three aspects relating to the project on the accounting of financial instruments: classification and valuation, impairment and hedge accounting.

The Group has adopted the new standard from the date of its entry into force and has not restated comparative information.

The main impacts are shown below:

a) Classification and measurement

The Group did not record significant impacts on its financial statements and shareholders' equity as a result of the application of the classification and measurement requirements set out in IFRS 9. Trade receivables are held for the purpose of collecting the cash flows relating to the collection of principal and interest at contractual due dates. The Group has analysed the characteristics of the contractual cash flows of these instruments and concluded that they comply with the criteria for valuation at amortised cost in accordance with IFRS 9. Therefore, there was no need to reclassify these financial instruments.

b) Impairment

IFRS 9 requires the Group to record losses on expected receivables on all its portfolio bonds, loans and trade receivables, with reference to either a 12-month period or the entire contractual term of the instrument ("lifetime expected loss"). The Group has applied the simplified approach and therefore recorded expected losses on all trade receivables based on their remaining contractual life.

c) Hedge accounting

The Group has established that all existing hedging relationships that are currently designated as effective hedges continue to qualify for hedge accounting in accordance with IFRS 9. Since IFRS 9 does not change the general principle according to which an entity accounts for effective hedging relationships, the application of the requirements of IFRS 9 for the purpose of defining hedges has not had significant impacts on the Group's financial statements.

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.

In the future, should such estimates and assumptions, which are based on management's best judgment, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

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 generally 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 actuarial valuations needed to determine the provisions for employee benefits are also normally made only when the half-yearly financial report and the annual financial statements are prepared.

The Group carries out activities that on the whole present significant cyclical variations in total sales during the year.

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

Scope of consolidation

There was no change in the consolidation area compared to the consolidated financial statements at 31 March 2017.

The companies included in the scope of consolidation, compared with those resulting at the end of 2017 and at the end of the same period of last year, are listed below:

Name / Registered office	Currency	Share capital	Equity ownership at 31/3/2018	Equity ownership at 31/12/2017	Equity ownership at 31/3/2017
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	93.19%	93.19%	93.19%
Fidia Iberica S.A., Zamudio - Spain	EUR	180,300	99.993%	99.993%	99.993%
Fidia do Brasil Ltda, Sao Paulo – Brazil	Reals	400,843	99.75%	99.75%	99.75%
Beijing Fidra M&E Co Ltd., Beijing - China	Rmb	1,500,000	96%	96%	96%
Shenyang Fidra NC & Machine Company Ltd., Shenyang – China	Rmb	42,517,648	51%	51%	51%
OOO Fidra, Mosca – Russian Federation	Rouble	3,599,790	100%	100%	100%

COMPOSITION AND MAIN CHANGES

INCOME STATEMENT

1. NET SALES

Turnover by line of business (net of intragroup items) is indicated more in detail in the following table:

(€thousand)	1st Quarter 2018	%	1st Quarter 2017	%
Numerical controls, drives and software	668	8,7%	1.047	14,0%
High-speed milling systems	4.201	54,6%	3.931	52,4%
After-sales service	2.824	36,7%	2.526	33,7%
Total revenues	7.693	100,0%	7.504	100,0%

Group revenues increased as a whole by 2.5% YOY.

The drop in the numerical controls area is offset by an increase in milling systems of around 7% and in service of around 12%.

2. OTHER REVENUES AND INCOME

The other revenues of the first quarter 2018 amounted to €469 thousand (€430 thousand in the same period of 2017). This figure includes the other revenues from ordinary activity, but that cannot be included in the typical sale of goods and services.

This item includes:

- research grants from the EU and Italian Ministry of Education, University and Research (MIUR) as part of the funded research activity carried out by the parent company Fidia S.p.A. (€105 thousand, €86 thousand at 31 March 2017);
- release of the warranty, bad debts and/or any accruals in excess of the risk to be covered (€67 thousand; €168 thousand at 31 March 2017);
- internal construction of tangible assets and the capitalization of product development costs (€210 thousand; €121 thousand at 31 March 2017);
- contingent assets, recovery of costs, income on disposal of property, plant and equipment and other sundry incomes (€86 thousand; €56 thousand in the same period of last year).

3. RAW MATERIALS AND CONSUMABLES

In the first quarter of 2017, consumption of raw materials and consumables amounted to €4,972, up from €3,813 thousand in the first quarter of 2017 due to higher value of production and a different product mix.

4. PERSONNEL COSTS

Personnel costs amount to €4,474 thousand compared to €4,549 thousand in the same period of 2017 and are therefore down by €75 thousand, or about 1.60%, compared to the same period of the previous year;

5. OTHER SERVICES AND OPERATING COSTS

Other services and operating costs amounted to €3,279 thousand, down €3,403 thousand YOY;

In detail, these costs can be broken down as follows:

cost for services related to the revenues (subcontractors, transport, duties and commissions), €1,023 thousand versus €1,050 thousand in the same period of 2017 (-€27 thousand);

production costs and expenses for miscellaneous technical service, €761 thousand at 31 March 2018, versus €783 thousand YOY (-€22 thousand);

expenses incurred for trade fairs, entertainment expenses, travel expenses and commercial services, €165 thousand at 31 March 2018, versus €195 thousand at 31 March 2017 (-€30 thousand);

R&D costs and related refund of expenses, €144 thousand at 31 March 2018, versus €107 thousand at 31 March 2017 (-€37 thousand);

overheads, technical and administrative consulting, utilities, rent, legal expenses, contingent liabilities and other expenses, €1,186 thousand at 31 March 2018, versus €1,267 thousand at 31 March 2017 (-€81 thousand).

6. DEPRECIATION, AMORTIZATION AND WRITEDOWNS

(€thousand)	1st Quarter 2018	1st Quarter 2017
Amortization of intangible fixed assets	55	52
Amortization of property, plant and equipment	223	150
Bad debts	80	28
Total	358	230

7. NON-RECURRING REVENUE

In the first three months of 2018, there were no non-recurring revenue or expenses.

8. FINANCE REVENUE (EXPENSES)

Financial revenue (expenses) consisted of:

(€thousand)	1st Quarter 2018	1st Quarter 2017
Finance revenue	10	12
Borrowing costs	(149)	(60)
Net profit (loss) on derivatives	-	21
Profit (loss) from foreign currency transactions	(17)	(10)
Total	(156)	(37)

Finance revenue consists of:

(€thousand)	1st Quarter 2018	1st Quarter 2017
Interests received from banks	1	2
Interests and commercial discounts	-	-
Other interests received	9	10
Total	10	12

Finance expenses consist of:

(€thousand)	1st Quarter 2018	1st Quarter 2017
Interests paid on short-term borrowings from banks	(9)	(4)
Interest expense on M/L-term loans from banks	(48)	(42)
Interests paid on payables to leasing companies	(76)	0
Borrowing costs on termination benefits	-	-
Other borrowing costs	(17)	(14)
Total	(149)	(60)

Net profit (loss) on derivatives consist of:

(€thousand)	1st Quarter 2018	1st Quarter 2017
Expenses on derivatives due to fair value adjustment	-	(1)
Gains on derivatives due to fair value adjustment	-	22
Total	-	21

Expenses and income from derivative instruments include the fair value measurement of five interest rate swaps entered into by the parent company Fidia S.p.A. to hedge the risk of interest rate fluctuations on five medium/long-term loans.

Profit (loss) on foreign currency transactions consists of:

(€thousand)	1st Quarter 2018	1st Quarter 2017
Exchange rate gain	71	38
Revenue from exchange rate adjustment	42	7
Profit on currency forward contract	0	24
Exchange rate loss	(98)	(75)
Expenses from exchange rate adjustment	(33)	(4)
Loss on currency forward contract	-	-
Total	(17)	(10)

9. INCOME TAX

Taxes recognised in the consolidated income statement amounted to -€64 thousand (-€121 thousand at 31 March 2017) including deferred tax assets and liabilities.

The following table shows the balance of deferred tax assets and liabilities at 31 March 2018:

(€thousand)	March 2018	December 2017
Deferred tax assets	757	738
Deferred tax liabilities	(44)	(46)
Total	713	692

10. EARNING PER SHARE

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

		1st Quarter 2018	1st Quarter 2017
Net earnings pertaining to Group	€thousand	(2.395)	(1.955)
Profit/(loss) of ordinary shares	€thousand	(2.395)	(1.955)
Number of circulating ordinary shares	number	5.113.000	5.113.000
Earning per share	EUR	(0,47)	(0,38)
Diluted earnings per ordinary share	EUR	(0,47)	(0,38)

There was no difference between the earnings per share and diluted earnings per share, as Fidias S.p.A. does not have circulating financial instruments that can affect the earnings by share.

STATEMENT OF FINANCIAL POSITION

11.PROPERTY, PLANT AND EQUIPMENT

(€thousand)	Buildings	Total plant, machinery and equipment	Other assets	Assets under development and advances	Total
Net carrying amount at 31/12/2017	9.933	571	693	70	11.267
Additions	1	16	154	-	171
Net value of divestments	-	-	-	-	-
Depreciation	(113)	(48)	(62)	-	(223)
Currency gain/(loss)	(29)	(1)	(4)	-	(34)
Net carrying amount at 31/3/2018	9.792	538	781	70	11.181

12.INTANGIBLE FIXED ASSETS

(€thousand)	Development costs	Licenses	Software	Assets under development and advances	Total
Net carrying amount at 31/12/2017	532	37	90	1.099	1.758
Increases		2	-	206	208
Decreases/transfers	-			0	0
Depreciation	(32)	(7)	(17)		(55)
Currency gain/(loss)			0		0
Closing net carrying amount at 31/3/2018	500	32	73	1.305	1.911

13.EQUITY INVESTMENTS

This item, amounting to €16 thousand and unchanged compared to 31 December 2017, is made up of investments in associated companies valued at equity and investments in other companies valued at cost.

14. OTHER NON-CURRENT RECEIVABLES AND ASSETS

The other non current receivables and assets are detailed below:

(€thousand)	Balance March 2018	Balance December 2017
Receivables for EU research grants	92	57
Security deposits	23	27
Non-recurring trade receivables	61	82
Receivables for foreign VAT	16	7
Withholding tax on foreign income	582	582
Multi-year pre-paid expenses	3	3
Sundry receivables	1	1
Total	778	759

15. INVENTORY

(€thousand)	Balance March 2018	Balance December 2017
Raw materials	11.050	9.947
Provisions for raw materials depreciation	(2.091)	(2.032)
	8.959	7.915
Semi-finished products and work in progress	8.202	6.302
Finished products and goods for resale	4.775	4.035
Provisions for depreciation finished products	(481)	(492)
	4.294	3.543
Advances	173	86
Net value	21.629	17.846

Inventory in the first quarter of the year increased by €3,783 thousand; the increase affected job orders in progress and finished products due to the level of production sustained.

16. TRADE RECEIVABLES

(€thousand)	Balance March 2018	Balance December 2017
Trade receivables from others	12.547	14.990
Provision for bad debts	(688)	(651)
Receivables from associates	-	-
Total	11.860	14.339

Trade receivables decreased compared to 31 December 2016, showing a change of -€2,479 thousand.

17. TAX RECEIVABLES AND OTHER CURRENT RECEIVABLES AND ASSETS

(€thousand)	Balance March 2018	Balance December 2017
Receivables from tax authorities for VAT	29	8
Tax receivables for income tax and IRAP	272	268
Receivables for short-term foreign VAT	12	12
Other tax receivables	16	9
Total current tax receivables	329	297
Research grants	41	-
Sundry prepayments	451	346
Pre-paid expenses	18	21
Receivables from employees	163	151
Advances from suppliers	338	294
Other current receivables	303	153
Total other current receivables	1.314	965
Total	1.643	1.262

18. OTHER CURRENT FINANCIAL ASSETS

This item had a zero balance at 31 March 2018.

19. CASH AND CASH EQUIVALENTS

The overall amount of cash of the Group amounted to €8,548 thousand (€11,520 thousand at 31 December 2017) and consisted mainly of temporary cash in bank deposits. These amounts are not subject to a significant risk of change in value.

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

20. SHAREHOLDERS' EQUITY

Consolidated shareholders' equity decreased by €2,537 thousand compared to 31 December 2017, from €13,324 thousand to €10,787 thousand.

The decrease is due to the loss for the period (-€2,435 thousand),
to the negative change of the translation reserve (-€124 thousand),
and to the positive change of the cash flow edge reserve (+€11 thousand, net of the theoretical tax effect)
other minor changes (+€12 thousand).

At 31 March 2018, the fully paid share capital is unchanged compared to 31 December 2017 and is represented by 5,123,000 ordinary shares with a nominal value of €1 each.

21. OTHER NON-CURRENT PAYABLES AND LIABILITIES

This item, which amounts to €365 thousand (€402 thousand at 31 December 2017), mainly medium/long-term payables to the European Union for advances on grants.

22. EMPLOYEE SEVERANCE INDEMNITIES

Employee severance indemnities amounted to €2,246 thousand (€2,292 thousand at 31 December 2017) and reflect the indemnity accrued at the end of the period by employees of the parent company Fidia S.p.A.

23. OTHER NON-CURRENT FINANCIAL LIABILITIES

This item amounts to €52 thousand (€66 thousand at 31 December 2017) and consists of the fair value of five interest rate swaps signed in order to cover the risk on interest rate change on five medium/long-term loans.

24. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

This figure amounts to €17,241 thousand as detailed below.

(€thousand)	Balance March 2018	Balance December 2017
Overdrawn bank accounts and short-term advances	459	247
Financial accruals and deferrals	67	44
Bank loans	11.062	11.626
Finance leases	-	128
Lease financing	5.653	5.578
Total	17.241	17.623

There are no financial payables with a residual duration of more than 5 years, with the exception of the property lease.

25. OTHER CURRENT FINANCIAL LIABILITIES

This item is unchanged compared to 31 December 2017 and equal to €0.

26. TRADE PAYABLES

(€thousand)	Balance March 2018	Balance December 2017
Payables to other suppliers	11.480	9.926
Payables to subsidiaries	2	2
Total trade payables	11.482	9.928

Trade payables, amounting to €11,482 thousand at 31 March 2018, are up compared to the end of the previous year.

27. TAX LIABILITIES AND OTHER CURRENT PAYABLES AND LIABILITIES

(€thousand)	Balance March 2018	Balance December 2017
Payables to employees	1.790	1.455
Social security payables	617	796
Advance from customers	9.607	9.232
Advances for EU grants	-	-
Payables for emoluments	133	154
Payables to State Fund and other funds	33	93
Payables for dividends to be distributed	40	39
Sundry accruals and deferred income	1.349	696
Sundry payables to the SMTCL company	-	139
Miscellaneous payables	617	357
Total other payables	14.185	12.961
Withholding tax	212	337
Tax payables for income tax and IRAP	277	412
Tax payables for VAT	361	878
Other short-term tax payables	23	116
Total tax payables	874	1.743
Total	15.059	14.704

Advances from customers consist both of advance receipts from customers and by the value of machines already delivered and still pending acceptance.

28. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges amounted to €1,045 thousand (€1,120 thousand at 31 December 2017). This item refers to €995 thousand for the warranty provision, which represents the best estimate of the commitments undertaken by the Group by contract, by law or custom, in relation to charges related to the warranty on its products for a certain period starting from their sale to the end customer;

€50 thousand to a provision set aside by the subsidiary Fidia Co for legal risks.

29. COLLATERAL GUARANTEES, OBLIGATIONS AND OTHER CONTINGENT LIABILITIES

The total guarantees granted in the name of the Group to third parties amounted to €3,491 thousand (€1,018 thousand at 31 March 2017).

This item consists primarily of performance bonds for commercial transactions with foreign customers (€3,433 thousand) and of guarantees covering real estate leases (€58 thousand).

Contingent liabilities

At 31 March 2018, 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.

From a fiscal perspective, it should be noted that **on 8 March 2018, the company was the subject of a tax audit, covering the years from 2013 to 2016. Given that this is still a very early pre-audit phase, the information available does not allow risk assessments or provision estimates to be made for the tax audit findings.**

30.SEGMENT REPORTING

Income statement by business sector

Below follow the consolidated economic results by sector at 31 March 2018 and 31 March 2017.

Progressive data at March (€thousand)	CNC 2018	%	HSM 2018	%	SERVICE 2018	%	N/A 2018	TOTAL 2018
Revenues	668	74,2%	4.201	100,0%	2.824	100,0%	-	7.693
Cross-sector revenues	232	25,8%	-	0,0%	-	0,0%	-	
Total reclassified revenues	900	100,0%	4.201	100,0%	2.824	100,0%	-	
Changes in inventories of finished goods and W.I.P.	(2)	-0,2%	2.555	60,8%	153	5,4%	-	2.706
Raw materials and consumables	(301)	-33,4%	(4.100)	-97,6%	(530)	-18,8%	(41)	(4.972)
Cross-sector expenses	103	11,4%	(553)	-13,2%	209	7,4%	10	-
Commissions	(3)	-0,3%	(97)	-2,3%	-	0,0%	-	(99)
Transport	(13)	-1,5%	(223)	-5,3%	(128)	-4,5%	(2)	(367)
Contractors	(102)	-11,4%	(452)	-10,8%	(2)	-0,1%	-	(556)
Sales margin	581	64,5%	1.331	31,7%	2.526	89,4%	(33)	4.405
Other operating revenue	198	22,0%	147	3,5%	64	2,3%	61	469
Other operating costs	(98)	-10,9%	(568)	-13,5%	(456)	-16,2%	(1.133)	(2.256)
Personnel costs	(688)	-76,5%	(1.416)	-33,7%	(1.464)	-51,8%	(905)	(4.474)
Depreciation, amortization and writedowns	(38)	-4,2%	(153)	-3,6%	(69)	-2,5%	(98)	(358)
Operating profit/(loss)	(45)	-5,0%	(660)	-15,7%	600	21,3%	(2.109)	(2.215)

Progressive data at March (€thousand)	CNC 2017	%	HSM 2017	%	SERVICE 2017	%	N/A 2017	TOTAL 2017
Revenues	1.047	78,7%	3.931	97,7%	2.526	100,0%	-	7.504
Cross-sector revenues	283	21,3%	94	2,3%	-	0,0%	-	
Total reclassified revenues	1.330	100,0%	4.025	100,0%	2.526	100,0%	-	
Changes in inventories of finished goods and W.I.P.	143	10,8%	2.163	53,7%	(55)	-2,2%	0	2.251
Raw materials and consumables	(191)	-14,4%	(3.402)	-84,5%	(184)	-7,3%	(36)	(3.813)
Cross-sector expenses	20	1,5%	(657)	-16,3%	264	10,5%	(4)	-
Commissions	(7)	-0,5%	(184)	-4,6%	(2)	-0,1%		(193)
Transport	(6)	-0,5%	(128)	-3,2%	(87)	158,2%	(7)	(228)
Contractors	(138)	-10,4%	(490)	-12,2%	(1)	0,0%		(629)
Sales margin	1.151	86,5%	1.327	33,0%	2.461	97,4%	(47)	4.892
Other operating revenue	131	9,8%	177	4,4%	82	3,2%	40	430
Other operating costs	(113)	-8,5%	(477)	-11,9%	(542)	-21,5%	(1.221)	(2.353)
Personnel costs	(709)	-53,3%	(1.481)	-36,8%	(1.390)	-55,0%	(969)	(4.549)
Depreciation, amortization and writedowns	(32)	-2,4%	(61)	-1,5%	(44)	-1,7%	(93)	(230)
Operating profit/(loss)	428	32,2%	(515)	-12,8%	567	22,4%	(2.290)	(1.810)

Below follow the consolidated statements of financial position by business sector at 31 March 2018 and 31 December 2017.

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

At 31 March 2018	CNC	HSM	SERVICE	Non allocable	Total
(€thousand)					
Property, plant and equipment	58	8.906	253	1.964	11.181
Intangible fixed assets	1.106	699	-	106	1.911
Equity investments	-	-	-	16	16
Other non-current receivables and assets	46	121	-	611	778
Deferred tax assets	-	-	-	757	757
Total non-current assets	1.210	9.726	253	3.454	14.643
Inventory	1.952	13.505	6.171	-	21.629
Trade receivables and other receivables	1.099	8.337	2.902	836	13.173
Current taxes receivable	-	-	-	329	329
Other current financial assets	-	-	-	-	-
Cash and cash equivalents	-	-	-	8.548	8.548
Total current assets	3.051	21.842	9.073	9.713	43.679
Total assets	4.261	31.568	9.326	13.167	58.321
Other non-current payables and liabilities	215	111	33	6	365
Long-term provisions	-	-	19	-	19
Employee severance indemnities	630	1.088	316	212	2.246
Deferred tax liabilities	-	-	-	44	44
Other non-current financial liabilities	-	-	-	52	52
Non-current financial liabilities	-	-	-	11.436	11.436
Total non-current liabilities	845	1.199	368	11.750	14.163
Current financial liabilities	-	-	-	5.805	5.805
Other current financial liabilities	-	-	-	-	-
Trade payables and other current payables	1.370	20.121	1.206	2.969	25.666
Current taxes payable	-	-	-	874	874
Short-term provisions	75	818	133	-	1.026
Total current liabilities	1.445	20.939	1.339	9.648	33.371
Total liabilities	2.290	22.138	1.707	21.398	47.534
Shareholders' equity	-	-	-	10.787	10.787
Total liabilities	2.290	22.138	1.707	32.185	58.321

At 31 December 2017	CNC	HSM	SERVICE	Non allocable	Total
(€thousand)					
Property, plant and equipment	63	9.127	153	1.924	11.267
Intangible fixed assets	1.012	618	-	128	1.758
Equity investments	-	-	-	16	16
Other non-current receivables and assets	28	123	-	607	759
Deferred tax assets	-	-	-	738	739
Total non-current assets	1.104	9.869	153	3.412	14.538
Inventory	1.864	9.940	6.042	-	17.846
Trade receivables and other receivables	1.860	10.243	2.709	492	15.304
Current taxes receivable	-	-	-	298	298
Other current financial assets	-	-	-	-	-
Cash and cash equivalents	-	-	-	11.520	11.520
Total current assets	3.724	20.182	8.752	12.309	44.968
Total assets	4.828	30.051	8.905	15.722	59.505
Other non-current payables and liabilities	241	122	33	6	402
Long-term provisions	-	-	22	-	22
Employee severance indemnities	625	1.091	312	264	2.292
Deferred tax liabilities	-	-	-	47	47
Other non-current financial liabilities	-	-	-	66	66
Non-current financial liabilities	-	-	-	11.294	11.294
Total non-current liabilities	866	1.214	366	11.677	14.123
Current financial liabilities	-	-	-	6.329	6.329
Other current financial liabilities	-	-	-	-	-
Trade payables and other current payables	1.443	17.698	1.080	2.668	22.889
Current taxes payable	-	-	-	1.743	1.743
Short-term provisions	77	770	251	-	1.098
Total current liabilities	1.520	18.468	1.331	10.739	32.059
Total liabilities	2.386	19.682	1.698	22.415	46.181
Shareholders' equity	-	-	-	13.324	13.324
Total liabilities	2.386	19.682	1.698	35.739	59.505

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	1st Quarter 2018		At 31 December 2017		1st Quarter 2017	
	Average	At 31 March	Average	At 31 March	Average	At 31 March
USD	1,2292	1,2321	1.1297	1,1993	1.0648	1.0691
Real (Brazil)	3,9887	4,0938	3,6054	3,9729	3.3468	3.3800
Renminbi (China)	7,8154	7,7468	7,629	7,8044	7.3353	7.3642
Rouble (Russia)	69,9291	70,8897	65.9383	69,392	62.5218	60.313

32. OTHER INFORMATION

The average number of employees in the first quarter of 2018 was 333 people (343 in the first quarter of 2017).

33. NON-RECURRENT SIGNIFICANT EVENTS AND TRANSACTIONS

In the first quarter of 2018, the Group did not undertake any significant non-recurring transactions as defined by Consob Communication of 28 July 2006.

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

In accordance with the CONSOB Communication dated 28 July 2006, it is hereby stated that no atypical and/or unusual transactions were undertaken during the first quarter of 2018. 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.

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 particular, these relations regarded:

- salary to Mr. Luca Morfino, employee of Fidias S.p.A.;
- compensation to the Board of Directors and Board of Statutory 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 31 March 2018 is the following:

€ thousand		31 March 2018	31 December 2017
A	Cash	19	14
B	Bank deposits	8,529	11,505
C	Other cash	-	-
D	Liquidity (A+B+C)	8,548	11,519
E	Current financial receivables		
F	Current bank payables	1,815	2,822
G	Current part of non-current debt	3,990	3,507
H	Other current financial payables	-	-
I	Current financial debt (F+G+H)	5,805	6,329
J	Net financial position (receivable)/payable (I-E-D)	(2,743)	(5,191)
K	Non-current bank payables	11,436	11,294
L	Bonds issued	-	-
M	Other non-current payables	52	66
N	Non-current financial debt (K+L+M)	11,488	11,360
O	Net financial position (receivable)/payable (J+N)	8,745	6,169

37. EVENTS SUBSEQUENT TO THE CLOSING OF THE QUARTER

It should be noted that on 27 April 2018 the Ordinary Shareholders' Meeting approved the financial statements at 31 December 2017.

Pursuant to Article 154-bis, paragraph 2, of the Consolidated Finance Act (Testo Unico della Finanza), the Financial Reporting Officer ("dirigente preposto") Massimiliano Pagnone, declares that all figures contained in the present quarterly report at 31 March 2018 correspond to the company's records, books and accounting entries.