Half-Year Report

At 30 June 2014

Fidia Group

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

Board of Directors
29 August 2014

Fidia S.p.A.
Registered office in San Mauro Torinese, Corso Lombardia, 11
Share capital paid in €5.123.000,00
Turin Register of Companies
Tax Code/VAT number 05787820017
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Date of issue: 29 August 2014
This report is available on the Internet at:
www.fidia.com

BOARD OF DIRECTORS AND AUDITORS

Board of Directors

Chairman and Managing Director	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 FY2016; 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 FY2016; 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 FY2016.

(d) Appointed at the Shareholders' Meeting on 29 April 2014 until the approval of the financial statements for FY2016; appointed Lead Independent Director by the Board of Directors on 29 April 2014.

(1) Member of the Control and Risks Committee.

(2) Member of the Remuneration Committee.

Board of Statutory Auditors (*)

Statutory Auditors	Maurizio Ferrero – Chairman
	Michela Rayneri
	Elena Spagnol
Alternate Auditors	Gian Piero Balducci
	Giovanni Rayneri
	Chiara Olliveri Siccardi

(*) Appointed at the Shareholders' Meeting on 29 April 2014 until the approval of the financial statements for FY2016.

Independent Auditors (**)

Reconta Ernst&Young S.p.A.

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

POWERS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS, THE CHIEF EXECUTIVE OFFICER AND DEPUTY CHAIRMAN

Chairman of the Board of Directors and Managing Director: 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, sale, and conferment of equity interests,
- Assignment, conferment, and/or hire of the company or any units thereof,
- Purchase of companies or units of a company,
- Purchase and/or transfer of real estate and/or tangible rights and/or related easements,
- Registration of mortgages on corporate real estate,
- 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; Mr. Carlos Maidagan

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

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- Registration of mortgages on corporate real estate,
- Definition of company strategies relating to the purchase and sale of equity interests, company branches and real estate.

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

FIDIA GROUP STRUCTURE

FIDIA S.p.A.
Italy

FIDIA GmbH Germany	100% Fidia S.p.A.
FIDIA S.a.r.l. France	93.19% Fidia S.p.A. 6.81% Fidia GmbH
FIDIA IBERICA S.A. Spain	99,993% Fidia S.p.A 0,007% others
FIDIA Co. USA	100% Fidia S.p.A.
FIDIA DO BRASIL Ltda Brazil	99.75% Fidia S.p.A. 0.25% others
Beijing Fidia M. & E. Co. China	92% Fidia S.p.A. 4% Bamtri - 4% Catic
Shenyang Fidia NC & M Co. Ltd. China	51% Fidia S.p.A. 49% Shenyang M.T. Co. Ltd.
FIDIA INDIA Private Ltd. India	99,99% Fidia S.p.A. 0,01% others
OOO FIDIA Russia	100% Fidia S.p.A.

INTERIM REPORT ON OPERATIONS

GROUP ECONOMIC AND FINANCIAL PERFORMANCE

The first half of 2014 recorded revenue in the amount of €19.214 thousand, a decrease (-7,7%) compared to the end of the first half of 2013 (€20.819 thousand).

The operating margins were positive in the second quarter of the year as result of the performance achieved in the first quarter. Overall, there was a slight decline in the first half compared to the same period last year.

Sales in the second quarter continued to be very satisfactory and overall the first half of the year recorded an increase of over 50% in new orders in the mechanical and electronics sectors compared to the same period of 2013.

More specifically, the reclassified income statement for the first half of 2014 compared to the first half of 2013, is as follows:

(€thousand)	30/06/2014	%	30/06/2013	%
Net revenues	**19.214**	**100%**	**20.819**	**100%**
Changes in inventories of finished goods and W.I.P.	1.498	7,8%	1.115	5,4%
Other operating revenue	697	3,6%	1.020	4,9%
Value of production	**21.409**	**111,4%**	**22.954**	**110,3%**
Raw materials and consumables	(6.989)	-36,4%	(7.884)	-37,9%
Commissions. transport and contractors	(3.048)	-15,9%	(3.083)	-14,8%
Other services and overheads	(4.751)	-24,7%	(5.003)	-24,0%
Value added	**6.621**	**34,5%**	**6.984**	**33,5%**
Personnel expenses	(7.792)	-40,6%	(8.079)	-38,8%
EBITDA	**(1.171)**	**-6,1%**	**(1.095)**	**-5,3%**
Bad debts provision	(101)	-0,5%	(87)	-0,4%
Depreciation	(313)	-1,6%	(248)	-1,2%
Operating income/(loss) from ordinary business	**(1.585)**	**-8,2%**	**(1.430)**	**-6,9%**
Non-recurring (losses)/revenue	300	1,6%	(300)	-1,4%
EBIT	**(1.285)**	**-6,7%**	**(1.730)**	**-8,3%**
Net finance income and costs	(160)	-0,8%	(170)	-0,8%
Profit/(Loss) on exchange rates	49	0,3%	(42)	-0,2%
EBT	**(1.396)**	**-7,3%**	**(1.942)**	**-9,3%**
Income taxes (current. paid and deferred)	(164)	-0,9%	(193)	-0,9%
Net profit/(loss)	**(1.560)**	**-8,1%**	**(2.135)**	**-10,3%**
- (Profit)/Loss of non-controlling interests	(150)	0,8%	(215)	1,0%
- Profit/(Loss) of Group	**(1.410)**	**-7,3%**	**(1.920)**	**-9,2%**

ANALYSIS OF ECONOMIC TRENDS

Revenues

The first half of the year closed with revenue amounting to €19.214 thousand, down 7,7% compared to the same period last year.

The decrease is due to the mechanical division (HSM) where revenue of €12.112 thousand was recorded, compared to €14.335 thousand in the first half of last year (-15,5%). In turn, both the electronics division (CNC) and the Service division reported better results than the first half of 2013 with revenue amounting to €1.692 thousand (+43,9% compared to €1.176 thousand at 30 June 2013) and €5.410 thousand (+1,9% compared to €5.308 thousand at 30 June 2013).

The revenues trend per business lines is shown below:

(€thousand)	30/06/2014	%	30/06/2013	%	Change in %
Numerical controls. drives and software	1.692	8,8%	1.176	5,6%	43,9%
High-speed milling systems	12.112	63,0%	14.335	68,9%	-15,5%
After-sales service	5.410	28,2%	5.308	25,5%	1,9%
Grand total	**19.214**	**100%**	**20.819**	**100%**	**-7.7%**

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

(€thousand) GEOGRAPHIC REGION	NUMERICAL CONTROLS AND *SOFTWARE* 30/06/2014	%	NUMERICAL CONTROLS AND *SOFTWARE* 30/06/2013	%	Change in %
ITALY	399	23,6%	346	29,4%	15,3%
EUROPE	844	49,9%	546	46,4%	54,6%
ASIA	201	11,9%	61	5,2%	229,5%
NORTH and SOUTH AMERICA	247	14,6%	143	12,2%	72,7%
REST OF THE WORLD	1	0,1%	80	6,8%	-98,8%
TOTAL	**1.692**	**100%**	**1.176**	**100%**	**43,9%**

(€thousand) GEOGRAPHIC REGION	HIGH-SPEED MILLING SYSTEMS 30/06/2014	%	HIGH-SPEED MILLING SYSTEMS 30/06/2013	%	Change in % %
ITALY	581	4,8%	628	4,4%	-7,5%
EUROPE	4.671	38,6%	4.807	33,5%	-2,8%
ASIA	4.958	40,9%	8.002	55,8%	-38,1%
NORTH and SOUTH AMERICA	1.864	15,4%	898	6,3%	107,6%
REST OF THE WORLD	38	0,3%	-	-	-
TOTAL	**12.112**	**100%**	**14.335**	**100%**	**-15,5%**

(€thousand) GEOGRAPHIC REGION	AFTER SALE SERVICE 30/06/2014	%	AFTER SALE SERVICE 30/06/2013	%	Change in %
ITALY	982	18,2%	815	15,4%	20,5%
EUROPE	1.957	36,2%	1.971	37,1%	-0,7%
ASIA	1.015	18,8%	1.120	21,1%	-9,4%
NORTH and SOUTH AMERICA	1.302	24,1%	1.229	23,2%	5,9%
REST OF THE WORLD	154	2,8%	173	3,3%	-11,0%
TOTAL	**5.410**	**100%**	**5.308**	**100%**	**1.9%**

(€thousand) GEOGRAPHIC REGION	TOTAL TURNOVER 30/06/2014	%	TOTAL TURNOVER 30/06/2013	%	Change in %
ITALY	1.962	10,2%	1.789	8,6%	9,7%
EUROPE	7.472	38,9%	7.324	35,2%	2,0%
ASIA	6.174	32,1%	9.183	44,1%	-32,8%
NORTH and SOUTH AMERICA	3.413	17,8%	2.270	10,9%	50,4%
REST OF THE WORLD	193	1,0%	253	1,2%	-23,7%
TOTAL	**19.214**	**100%**	**20.819**	**100%**	**-7,7%**

Numerical controls and software

Revenue from the electronics sector recorded an increase of 43,9% over the first half of 2013 and amounted to €1.692 thousand compared with €1.176 thousand in the same period last year.

All geographic regions in which the Group operates, with the exception of "Rest of the World", showed positive signals and grew compared to the same period of 2013.

High-speed milling systems

Revenue of high-speed milling systems reported a 15,5% decrease compared to the same period last year, reaching a total value of €12.112 thousand compared to €14.335 thousand in the first half of 2013.

From a geographical point of view the distribution of revenue is more balanced than in the past, thanks to growth of the US market (where revenue more than doubled in the two periods being compared) and to substantial stability of Europe and Italy. In Asia. there was a decline in revenues, but it is a temporary phenomenon which will fall in the coming quarters, given the presence of a high number of backlog orders for that market.

After-sales service

The revenue from Service, which includes revenues from after-sales service, from the sale of spare parts and scheduled maintenance, increased by 1,9% compared to the same period of the previous year and amounted to €5.410 thousand (€5.308 thousand at 30 June 2013).

From a geographical point of view, the Asian market reported revenues lower by about 9,4% compared to 30 June 2013, while the American market recorded a 5,9% increase. In Europe the Italian market grew by over 20%, while revenues in the other countries of the region were fairly stable (-0,7%).

Commercial activity

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

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

(€thousand)	**NUMERICAL CONTROLS AND SOFTWARE 30/06/2014**	**NUMERICAL CONTROLS AND SOFTWARE 30/06/2013**	**Change in %**
Backlog orders at 1/1	939	414	126,8%
New orders	**1.877**	**1.869**	**0,4%**
Revenue	(1.692)	(1.176)	43,9%
Backlog orders at 30/6	**1.124**	**1.107**	**1,5%**

(€thousand)	**HIGH-SPEED MILLING SYSTEMS 30/06/2014**	**HIGH-SPEED MILLING SYSTEMS 30/06/2013**	**Change %**
Backlog orders at 1/1	26.277	21.244	23,7%
New orders	**20.162**	**12.813**	**57,4%**
Revenue	(12.112)	(14.335)	-15,5%
Backlog orders at 30/06	**34.327**	**19.722**	**74,1%**

(€thousand)	**TOTAL 30/06/2014**	**TOTAL 30/06/2013**	**Change in %**
Backlog orders at 1/1	27.215	21.658	25,7%
New orders	**22.039**	**14.682**	**50,1%**
Revenue	(13.804)	(15.511)	-11,0%
Backlog orders at 30/6	**35.451**	**20.829**	**70,2%**

New orders by geographical region:

(€thousand) **REGION REGION**	**NUMERICAL AND *SOFTWARE* 30/06/2014**	**%**	**NUMERICAL AND *SOFTWARE* 30/06/2013**	**%**	**Change in %**
ITALY	222	11,8%	408	21.8%	-45,6%
EUROPE	655	34,9%	807	43.2%	-18,8%
ASIA	640	34,1%	352	18.8%	81,8%
NORTH and SOUTH AMERICA	350	18,6%	213	11.4%	64,3%
REST OF THE WORLD	10	0,5%	89	4.8%	-88,8%
TOTAL	**1.877**	**100%**	**1.869**	**100%**	**0,4%**

(€thousand) GEOGRAPHIC REGION	HIGH-SPEED MILLING SYSTEMS 30/06/2014	%	HIGH-SPEED MILLING SYSTEMS 30/06/2013	%	Change in %
ITALY	31	0,2%	978	7,6%	-96,8%
EUROPE	5.361	26,6%	4.573	35,7%	17,2%
ASIA	12.357	61,3%	6.256	48,8%	97,5%
NORTH and SOUTH AMERICA	2.412	12,0%	1.006	7,9%	139,9%
REST OF THE WORLD	-	-	-	-	-
TOTAL	**20.162**	**100%**	**12.813**	**100%**	**57,4%**

(€thousand) GEOGRAPHIC REGION	TOTAL NEW ORDERS (CNC+HSM) 30/06/2014	%	TOTAL NEW ORDERS (CNC+HSM) 30/06/2013	%	Change in %
ITALY	253	1,1%	1.386	9,4%	-81,7%
EUROPE	6.016	27,3%	5.380	36,6%	11,8%
ASIA	12.997	59,0%	6.608	45,0%	96,7%
NORTH and SOUTH AMERICA	2.763	12,5%	1.219	8,3%	126,7%
REST OF THE WORLD	10	0,0%	89	0,6%	-88,8%
TOTAL	**22.039**	**100%**	**14.682**	**100%**	**50,1%**

Numerical controls and software

New orders in the electronics sector in the first half of this year was substantially in line (+0,4%) with those of the same period last year.

The distribution of sales in the various markets in which the Group operates reported different trends: there was a decrease in order in Italy (-45,6%) and the rest of Europe (-18,8%) and strong growth in Asia (+81,8%) and the Americas (+64,3%).

High-speed milling systems

Orders in the first half of 2014 were very satisfactory and total sales were up 57,4% compared to the first half of 2013 (from €12.813 thousand at 30 June 2013 to €20.162 thousand at 30 June 2014).

Apart from the Italian market, which shows clear signs of stagnation, all other markets showed great liveliness. The increase in sales in Europe amounted to 17,2%. Asia 97,5%, thanks to the aerospace sector, and the Americas grew by 139,9% mainly due to orders in the United States.

The distribution of the backlog orders by geographical region was as follows at 30 June 2014:

(€thousand) GEOGRAPHIC REGION	NUMERICAL AND *SOFTWARE* 30/06/2014	%	NUMERICAL AND *SOFTWARE* 30/06/2013	%	Change in %
ITALY	45	4,0%	192	17,3%	-76,6%
EUROPE	170	15,1%	523	47,2%	-67,5%
ASIA	721	64,2%	308	27,8%	134,1%
NORTH and SOUTH AMERICA	188	16,7%	70	6,3%	168,6%
REST OF THE WORLD	-	-	14	1,3%	-100,0%
TOTAL	**1.124**	**100%**	**1.107**	**100%**	**1,5%**

(€thousand) GEOGRAPHIC REGION	HIGH-SPEED MILLING SYSTEMS 30/06/2014	%	HIGH-SPEED MILLING SYSTEMS 30/06/2013	%	Change in %
ITALY	706	2,1%	982	5,0%	-28,1%
EUROPE	4.811	14,0%	5.166	26,2%	-6,9%
ASIA	23.832	69,4%	11.306	57,3%	110,8%
NORTH and SOUTH AMERICA	4.978	14,5%	2.268	11,5%	119,5%
REST OF THE WORLD	-	-	-	-	-
TOTAL	**34.327**	**100%**	**19.722**	**100%**	**74,1%**

(€thousand) GEOGRAPHIC REGION	TOTAL Portfolio 30/06/2014		TOTAL Portfolio 30/06/2013		Change in %
ITALY	751	2,1%	1.174	5,6%	-36,0%
EUROPE	4.981	14,1%	5.689	27,3%	-12,4%
ASIA	24.554	69,3%	11.614	55,8%	111,4%
NORTH and SOUTH AMERICA	5.165	14,6%	2.338	11,2%	121,0%
REST OF THE WORLD	-	-	14	0,1%	-100,0%
TOTAL	**35.451**	**100%**	**20.829**	**100%**	**70,2%**

Other operating revenue

Other operating revenue in the first half of 2014 amounted to €697 thousand (€1.020 thousand in the same period of 2013). This figure includes the other incomes coming from the ordinary activity, but that cannot be included in the typical sale of goods and services.

This figure includes:

- EU and Italy’s Ministry of University grants to Fidia S.p.A. for research and development (€250 thousand, €699 thousand at 30 June 2013 as well as €316 thousand in grants from the local government in Shenyang (China) to the Chinese subsidiary Shenyang Fidia NC & M Co. Ltd);
- release of the warranty and bad debts provision and/or any accruals in excess of the risk to be covered (€38 thousand vs. €84 thousand at 30 June 2013);
- capital gains from transfers (€17 thousand vs. €9 thousand at 30 June 2013);
- increases in tangible assets built on a time and material basis and the capitalization of product development costs (€140 thousand vs. €50 thousand at 30 June 2013);

- contingent assets, recovery of costs. and other operating revenue (€252 thousand; €178 thousand in the same period last year).

Value of production

In the six-month period the value of production (consisting of net revenues. the change in inventories of finished goods and W.I.P. and other operating revenue) decreased compared to the same period of 2013 (€21.409 thousand compared to €22.954 thousand at 30 June 2013) due to lower revenue and lower "Other operating revenue"; this decrease was only partially offset by an increase in the change in inventories of finished goods and W.I.P.

Other services and operating costs

This figure amounted in the first half to €4.751 thousand, down by about €252 thousand compared to €5.003 thousand in the same period of 2013. The reduction is mainly due to lower costs of commercial nature.

Added value

The added value decreased in absolute terms (from €6.984 thousand at 30 June 2013 to €6.621 thousand at 30 June 2014), mainly due to lower revenues related to the volumes of the mechanical sector (HSM), while there was a growth in percentage terms of revenues (34,5% versus 33,5% in the same period of 2013) as a result of a more than proportional reduction of cost of sales.

Personnel

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

	30/06/2014	30/06/2013	Abs. change	Change in %
Executives	8	9	-1	-11,1%
Clerks and cadres	267	280	-13	-4,6%
Workers	40	41	-1	-2,4%
Total employees	315	330	-15	-4,5%
Total average number of employees in the 6-month period	319,0	335,5	-16.5	-4,9%

	30/06/2014	30/06/2013	Abs. change	Change in %
Cost of labour (€thousand)	7.792	8.079	-287	-3,6%

Personnel costs decreased €287 thousand compared to the first half of 2013 (-3.6%), mainly due to the reduction in staffing. The percentage of personnel costs out of revenues, however, increased from 38,8% at 30 June 2013 to 40,6% at 30 June 2014 due to lower revenues.

EBITDA

EBITDA was negative and amounted to €1.171 thousand (€1.095 thousand at 30 June 2013). Despite the improvement in the trend in the second quarter of the year, the economic performance of the entire semester has been negatively affected by the first-quarter results and the total revenues realized in the first half did not fully offset overheads.

Operating income from ordinary business

Operating income from ordinary business at 30 June 2014 reported a loss of €1.585 thousand. compared to a worse result amounting to €1.430 thousand at 30 June 2013.

Non-recurring revenue

In the first half of 2013 the parent company Fidia S.p.A. allocated a provision of €300 thousand for an accident covered by a specific insurance policy.

During 2014 the insurance company recognized the merits of the claim and settled it.

EBIT

Following the aforementioned non-recurring item, EBIT at 30 June 2014 was negative at €1.285 thousand; EBIT at 30 June 2013 was encumbered by a provision of the same amount and it was negative at €1.730 thousand.

Finance income/(charges) - Net exchange rate differences

The charges related to financial management are substantially aligned with those in the first half of 2013 (net expenses of €160 thousand 30 June 2014 compared to €170 thousand in the same period last year). Net differences in exchange rates, either realized or resulting from evaluation in the financial statements, generated net income in the amount of €49 thousand versus a net loss of €42 thousand at 30 June 2013.

EBT

EBT registered a loss of €1.396 thousand as opposed to a loss of €1.942 thousand at 30 June 2013.

Net result attributable to the Group

The Group's net result after taxes of €164 thousand and after the hiving-off of losses of third parties (€150 thousand), is a loss of €1.410 thousand compared to a loss of €1.920 thousand in the first half of 2013.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The reclassified statement of financial position of the Group was as follows:

(€thousand)	30/06/2014	31/12/2013	30/06/2013
Net tangible assets	4.297	1.806	1.618
Intangible assets	570	410	367
Financial assets	16	16	16
Other financial assets	2.265	2.311	2.244
Fixed assets – (A)	**7.148**	**4.543**	**4.245**
Net trade receivables from customers	7.179	9.178	10.018
Closing inventories	19.965	16.661	19.698
Other current assets	2.186	1.525	1.652
Short-term (current) assets – (B)	**29.330**	**27.364**	**31.368**
Trade payables to suppliers	(10.558)	(8.409)	(9.569)
Other current liabilities	(10.769)	(10.091)	(12.855)
Short-term (current) liabilities – (C)	**(21.327)**	**(18.499)**	**(22.424)**
Net working capital (D) = (B+C)	**8.003**	**8.865**	**8.944**
Termination benefits (E)	(2.329)	(2.263)	(2.290)
Other long-term liabilities (F)	(304)	(496)	(542)
Net invested capital (G) = (A+D+E+F)	**12.518**	**10.648**	**10.357**
Financial position			
Available-for-sale financial assets	-	-	-
Cash on hand. bank deposits	(7.499)	(8.493)	(13.021)
Short-term loans	6.110	4.302	5.645
Other current financial payables	-	140	2.693
Short-term financial position (receivable)/payable	**(1.389)**	**(4.051)**	**(4.683)**
Long-term loans. net of current portion	2.760	1.852	2.297
Net financial position (receivable)/payable (H)	**1.371**	**(2.199)**	**(2.386)**
Share capital	5.123	5.123	5.123
Reserves	5.071	6.613	6.984
Net profit/(loss)	(1.410)	(1.435)	(1.920)
Total equity of Group	**8.784**	**10.301**	**10.187**
Total equity of non-controlling interests	2.363	2.546	2.556
Total equity (I)	**11.147**	**12.847**	**12.743**
Own funds and net financial position (L) = (H+I)	**12.518**	**10.648**	**10.357**

Net financial position

Please note the trend in the net financial position below.

(€thousand)	30/06/2014	31/12/2013	30/06/2013
Financial position			
Available-for-sale financial assets	-	-	-
Cash on hand. bank deposits	7.499	8.493	13.021
Overdrawn bank accounts and short-term advances	(5.080)	(2.610)	(4.521)
Short-term loans	(1.030)	(1.692)	(1.124)
Other current financial payables	-	(140)	(2.693)
Short-term financial position - (receivable)/payable	**1.389**	**4.051**	**4.683**
Long-term loans. net of current portion	(2.760)	(1.852)	(2.297)
Net financial position - receivable/(payable)	**(1.371)**	**2.199**	**2.386**

The detailed assets and liabilities of the net financial position are illustrated in the following table:

(€thousand)	30/06/2014	31/12/2013	30/06/2013
Available-for-sale financial assets	**-**	**-**	**-**
Cash on hand. bank deposits			
Fidia S.p.A.	3.410	3.531	7.151
Fidia Co.	476	716	646
Fidia GmbH	840	1.229	521
Fidia Iberica S.A.	336	404	516
Fidia S.a.r.l.	90	238	235
Beijing Fidia Machinery & Electronics Co..Ltd	1.740	1.790	2.885
Fidia do Brasil Ltda.	28	20	33
Shenyang Fidia NC & M Co.. Ltd	577	563	1.034
OOO Fidia	-	-	-
Fidia India Private Ltd.	2	2	-
	7.499	**8.493**	**13.021**
Total cash on hand	**7.499**	**8.493**	**13.021**

(€thousand)	30/06/2014	31/12/2013	30/06/2013
Short-term loans and advances			
Fidia S.p.A.	(6.068)	(4.270)	(5.635)
Fidia GmbH	(39)	(29)	(10)
Fidia Iberica S.A.	(3)	(3)	-
	(6.110)	**(4.302)**	**(5.645)**
Other current financial payables			
Fidia S.p.A.	-	(140)	(2.693)
	-	**(140)**	**(2.693)**
Long-term loans. net of current portion			
Fidia S.p.A.	(2.709)	(1.801)	(2.283)
Fidia GmbH	(43)	(41)	(14)
Fidia Iberica S.A.	(8)	(10)	-
	(2.760)	**(1.852)**	**(2.297)**
Total financial payables	**(8.870)**	**(6.294)**	**(10.635)**

At 30 June 2014, the net financial position was negative at €1.371 thousand; the change compared to 31 December 2013 is to be considered in conjunction above all with the real estate investment made near the end of the semester that resulted in the raising of a financial debt with leasing companies for a total amount of €2.600 thousand.

The following table contains a summary of the condensed cash flow statement at 30 June 2014 showing the cash flows composing the net financial position.

CONSOLIDATED CONDENSED CASH FLOW STATEMENT

(€thousand)	1st sem. 2014	1st sem. 2013
A) Cash and cash equivalents at the beginning of the reporting period	**5.883**	**4.694**
B) Cash from/(used in) operating activities	**(498)**	**1.986**
C) Cash from/(used in) investing activities	**(2.949)**	**(333)**
D) Cash from/(used in) financing activities	**29**	**1.990**
Differences in exchange rates	(46)	163
E) Net change in cash and cash equivalents	**(3.464)**	**3.806**
F) Cash and cash equivalents at year-end	2.419	8.500
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	7.499	13.021
Overdrawn bank accounts	(5.080)	(4.521)
	2.419	8.500

Comparison of operating result and equity of the Parent Company and equivalent values of the Group

In compliance with the Consob Communication dated 28 July 2006, the following table provides the reconciliation of the Group's net income or loss and equity at 30 June 2014 (excluding minority interests) with those of the parent company Fidia S.p.A. (€ thousand).

	Shareholders' equity 31.12.2013	Change in S.E. 2014	Result at 30.6.2014	Shareholders' equity 30.6.2014
Financial Statements of Fidia S.p.A.	**7.424**	**(36)**	**(1.939)**	**5.449**
Consolidation adjustments				
* Elimination of book value of investments	3.191	(47)	491	3.635
* Transactions between consolidated companies	(390)	-	77	(313)
* Tax effect on consolidation adjustments	12	-	(2)	10
* Other adjustments	37	-	(37)	-
* Exchange rate differences on intra-group transactions	27	(24)	-	3
Consolidated Financial Statements (attributable to the Group)	**10.301**	**(107)**	**(1.410)**	**8.784**

SEGMENT REPORTING

Earnings 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 sectors Numerical Controls - CNC -, High Speed Milling Systems - HSM - and after-sales service - Service.

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

Inter-segment revenues consist of numerical controls, electrical control panels, 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.

Progressive data at June 2014	**CNC**		**HSM**		**SERVICE**		**N/A**	**TOTAL**
(€thousand)	**2014**	**%**	**2014**	**%**	**2014**	**%**	**2014**	**2014**
Revenues	**1.692**	**66,7%**	**12.112**	**100,0%**	**5.410**	**100,0%**	**-**	**19.214**
Cross-sector revenues	**845**	**33,3%**		**0,0%**	**-**	**0,0%**	**-**	
Total revenues	**2.537**	**100,0%**	**12.112**	**100,0%**	**5.410**	**100,0%**	**-**	**19.214**
Changes in inventories of finished goods and W.I.P.	(6)	-0,2%	1.657	13,7%	(153)	-2,8%	-	1.498
Raw materials and consumables	(552)	-21,8%	(5.618)	-46,4%	(761)	-14,1%	(58)	(6.989)
Cross-sector expenses	(69)	-2,7%	(1.143)	-9,4%	367	6,8%		
Commissions, transport and contractors	(234)	-9,2%	(2.630)	-21,7%	(184)	-3,4%		(3.048)
Sales margin	**1.676**	**66,1%**	**4.378**	**36,1%**	**4.679**	**86,5%**	**(58)**	**10.675**
Other operating revenue	272	10,7%	183	1,5%	32	0,6%	210	697
Other operating expenses	(224)	-8,8%	(1.063)	-8,8%	(1.149)	-21,2%	(2.315)	(4.751)
Personnel expenses	(1.500)	-59,1%	(2.408)	-19,9%	(1.917)	-35,4%	(1.967)	(7.792)
Depreciation and amortization	(24)	-0,9%	(174)	-1,4%	(43)	-0,8%	(173)	(414)
Operating income/(loss) from ord. business	**200**	**7,9%**	**916**	**7,6%**	**1.602**	**29,6%**	**(4.303)**	**(1.585)**

Progressive data at June 2013 (€thousand)	CNC 2013	% 	HSM 2013	% 	SERVICE 2013	% 	N/A 2013	TOTAL 2013
Revenues	**1.176**	**49,8%**	**14.335**	**99,8%**	**5.308**	**100,0%**	**-**	**20.819**
Cross-sector revenues	**1.184**	**50,2%**	**33**	**0,2%**	**-**	**0,0%**	**-**	
Total revenues	**2.360**	**100,0%**	**14.368**	**100,0%**	**5.308**	**100,0%**	**-**	**20.819**
Changes in inventories of finished goods and W.I.P.	125	5,3%	1.163	8,1%	(173)	-3,3%	-	1.115
Raw materials and consumables	(977)	-41,4%	(6.631)	-46,2%	(189)	-3,6%	(87)	(7.884)
Cross-sector expenses	(47)	-2,0%	(1.479)	-10,3%	267	5,0%	42	
Commissions, transport and contractors	(360)	-15,3%	(2.537)	-17,7%	(184)	-3,5%	(2)	(3.083)
Sales margin	**1.101**	**46,7%**	**4.884**	**34,0%**	**5.029**	**94,7%**	**(47)**	**10.967**
Other operating revenue	597	25,3%	245	1,7%	68	1,3%	110	1.020
Other operating expenses	(318)	-13,5%	(1.372)	-9,5%	(899)	-16,9%	(2.414)	(5.003)
Personnel expenses	(1.758)	-74,5%	(2.202)	-15,3%	(2.206)	-41,6%	(1.913)	(8.079)
Depreciation and amortization	(37)	-1,6%	(161)	-1,1%	(16)	-0,3%	(121)	(335)
Operating income/(loss) from ord. business	**(415)**	**-17,6%**	**1.394**	**9,7%**	**1.976**	**37,2%**	**(4.385)**	**(1.430)**

R&D

The R&D activities have always been one of the strengths of the Fidia Group and have received substantial investment over the years. A team of 37 people supported by specialised consultants is currently dedicated to R&D activities.

The costs incurred by the Group in the first half amounted to approximately €1,5 million, representing approximately 7,6% of revenue (€1,6 million in the first half of 2013, equivalent to approximately 7,5% of revenue) and were incurred mainly by the parent company Fidia S.p.A.

Since R&D is carried out mainly by internal resources, a significant part of the costs (approximately €1,1 million) is accounted for by staff costs.

The costs capitalized amounted to approximately €133 thousand.

R&D allows the Group to pursue the goal of constantly adapting its products to customer needs, to always be at the forefront in its commodity sector through technological innovation and to enhance knowledge in order to be present in those markets with a great driving force and potential for growth, Investment in R&D in recent years has enabled the Group to strengthen its presence in the aerospace sector and to receive orders for machinery for the processing of components for the energy industry and of new materials (e.g. carbon fiber and titanium). Research covers both business lines of the Group.

In the **numerical controls and drives sectors**, the main R&D lines that characterized activities during the first half of 2014 were:

ViMill® – Look-ahead Virtual Milling

Version 2.4 was released; it has introduced the following new features:

- possibility to execute ViMill® commands directly via numerical control through the G400 function, allowing greater ease of use;
- the reference system of the toolpath automatically takes into account the RTCP compensation;
- management of the loading of machine models whose axis configuration is different from the default set-up.

CPU8: driver for 64-bit systems
Ported the 32-bit drivers to 64-bit. with the goal of completing the migration to more advanced architectures.

WS5 User interface
The testing and fine-tuning activity of the new user interface with an innovative design across the various platforms, featuring remote control and optimized for the new CNCs with touch interface.

The development of the piece alignment cycles was conducted; these leverage the new PRX engine. This innovation allows the end user to write cycles and other End user functions using the Python programming language, which has the advantage of being extremely well-known and widespread, as well as very powerful and easy to use through graphical user interfaces.

The user interface has also been enhanced by the development of the new page graphics, which allows comparison between the ideal file and actual toolpath. The section dedicated to service is still under development.

Look Ahead V5-Velocity 5
The new look ahead V5 software has been upgraded with the following functions:

- new filter algorithm for non-constant curve profiles, which allows to absorb the sudden speed changes due to CAM errors and maintain a constant milling speed, ensuring a high surface quality;
- new interpolation algorithm for chord error used to calculate the velocity at block end. The innovation allows limiting the deceleration in certain 5 continuous axis applications.

Axis Control

A new offset recovery function for analogue axes was developed and introduced, which uses the integration part of the position control. This allows V5 to be installed on an even broader range of machines and facilitates retrofitting on the machines installed.
The option to activate a limit switch via PLC has also been introduced. This feature is useful in the case of machines with variable configuration, with multiple heads or invasive tool change in the work area or even in the presence of accessories that occupy the work space.

Remote server
Downstream of the developments in 2013, the service offered to Fidia staff has been enhanced by expanding and improving the *Remote Server* application that adds new functions that can be accessed through a single web portal that is always available.

In addition to the CNC disc compilation system and the license management system, new web interfaces are now available for:

- bug reports and/or software malfunctions;
- sending suggestions and notes related to developments conducted by technical departments;
- quick consulting of bulletins issued by the technical departments.

Fidia staff and collaborators who have been granted access can carry out their assignments with the aid of a new fast communication channel that is constantly monitored by the technical departments.

WMS – Water Measuring System
Fidia has conceived, designed, built and tested an innovative static error measurement and compensation system for a gantry machine that uses water as reference flatness. WMS dramatically

reduces the time and cost of alignment of the machine load-bearing pillars. In parallel with development activities, the European patent application was filed.

PLC – Programmable Logical Controller

The proprietary back-up owner developed in 2013 was enhanced with the addition of a database dedicated to production, which hosts a copy of the currently installed operating systems on the various CNC configurations. This implementation facilitates the installation of the system, ensuring the highest possible product standardization and increased reliability.

IO-LINE - I/O units

In 2014 Fidia started the IO-LINE project whose goal is the overhaul of the management of input and output devices used as accessories for numerical control and machine tools. The development marks the transition from the solution currently adopted, called I/O LUX, based on infrared data transmission, to the new I/O LINE solution that uses communication through the FFB field bus developed by Fidia.

CpuZ

Fidia has finally launched the project CpuZ, which aims to develop a software to control machine tools built by Fidia and other manufacturers that is compatible with hardware platforms with real-time mono- and multicore operating systems that implement POSIX - Portable Operating System directives.

In the **high-speed milling systems** sector, the Group has continued along the path pursuing an R&D strategy centered on broadening its range of machines and on searching cutting-edge solutions for processing new materials and gaining access to new sectors and fields of application.

The main projects that have characterized 2014 are:

HFT – Horizontal Fidia Type

The HFT project aims to design, model and implement a large-sized horizontal milling machine to complement the Fidia's range of solutions for the aerospace industry. Fidia is recognized worldwide as a leader in the manufacture of large-sized aluminum components for the aerospace industry, with particular reference to the structural parts of the aircraft such as ribs, longerons, transverse frames and spar frames. These processes are carried out starting from solid non-semi-finished raw aluminum and are characterized by two parameters:

- high ratio between the volume of chip produced and volume of starting raw material, > 80%. This is due to production requirements typical of the machining of aluminum alloys;
- high volume of chips produced in the time unit. This is due to the high productivity that distinguishes high-speed machining with the use of special tools to reduce the cycle time.

The concurrence of these factors gives rise to the need for Fidia customers in the sector to adopt high-speed milling machines with an architecture different from those traditionally offered by Fidia. In particular, the combination of the factors mentioned above involves the need to facilitate rapid and efficient evacuation of chips, achievable by adopting a so-called horizontal architecture. In this particular configuration, the spindle axis is horizontal and machines a workpiece placed vertically in front of it, thus facilitating evacuation by gravity of the chips.

BTT – Bridge Type Turkey

In the first half of 2014, FIDIA started the task of designing a new machine line - called BTT - with movable table architecture, which is an absolute novelty in the context of FIDIA's milling systems, This project, developed together with a Turkish partner, consists of two different product lines with 3 and 5 axes, for the roughing of automotive molds. The study of the layout, fixed crosshead and pillars was completed, increasing the stroke of the machine according to the specific needs of the customer.

D328 - new D series model
As part of the renewal of the Fidia product range for high-speed milling, during the first half of the year Fidia completed the costing, drawings of the structural components and sizing of the motors of the new D328. The project represents an evolution of the successful D series, from which it inherits the fields of application: plastic injection molds, aerospace structural components, graphite electrodes, resin modeling, turbine parts.

KR199 – new K series model
The design of this machine for precision 5+1 axis machining for aerospace application such as slots of aerospace jet turbines was completed. A configuration was also planned so that the machine will be able to perform lightweight turning operations, equipping the turntable with a mandrel specific to that application.

M5D head – New high-performance milling head
The development of this bi-rotary head has undergone a further acceleration in the course of 2014, driven by the HFT project, of which it will be an integral part. Designed to integrate the roughing, semi-finishing and finishing of aluminum aeronautical components, the M5D head matches the great stiffness and dynamic performance of the polar axes. Its electro-spindle delivers 30.000 rpm, 60 Nm of torque and 100 kW of power. Co-designed with the supplier, it is the top-of-the-range product for the complete milling of these components. The modular design makes the M5D head meet the demands of other sectors as well, such as the molds suitable for the die manufacturing and energy sectors.

M5C head - new milling head for light machining
The development of a light 5-axis milling head, called M5C, continued in order to meet the speed and dynamics requirements of the automotive models sector. The head, made of aluminum alloy, is built for the machining of lightweight materials such as resins, clay and composites. The development and integration of advanced suction systems, both table-side and push-pull, represent Fidia's full range designed for lightweight materials.

Finally, in 2014 the Group continued its activities in the field of **financed research projects**. Fidia has taken part in 5 projects co-funded by the European Commission, and 2 projects co-funded by the Ministry for Economic Development. Fidia has also embarked on the adventure of Horizon 2020, the framework programme for European research for the 2014-2020 period, participating in the preparation of new project proposals with the aim of supporting and strengthening the level of product and process innovation that characterize the Group.

An overview follows below of the application areas in which there are major financed projects.

EASE-R3 – Integrated Framework for a cost-effective and ease of repair, renovation and re-use of machine tools within modern factory: Project co-ordinated by Fidia in the development of innovative approaches to support the selection of optimal maintenance strategies.

T-REX - Lifecycle extension through product redesign and repair, renovation, reuse, recycling strategies for usage&reusage-oriented business models: development and implementation of new business models centered on the use and reuse of production systems;

FoFdation - Foundation for the Factory of the Future: universal information system for production environments based on data exchange and sharing standards.

SUSTAINVALUE - Sustainable value creation in manufacturing networks: Development of systems and methodologies that include the monitoring and control of vital parameters of machines and industrial processes in view of zero-defect manufacturing.

IFaCOM - Intelligent Fault Correction and self Optimizing Manufacturing systems: Development of industrial models, and solutions and standards for more performing and sustainable production networks and services. The project will develop business models, governance and methodologies to support sustainable decision-making processes along the life cycle of products.

MICHELANGELO - increase in the level of automation, self-diagnosis, accuracy and functional integration of Italian machine tools by means of artificial cognitive systems that create perception-decision processes.

SIGI-X - implementation of a SW application for companies operating on a single job order: increased efficiency and effectiveness of the management of individual orders, through the use of original and especially developed organizational. management and information models.

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

INTRA-GROUP RELATIONS AND RELATIONS WITH RELATED PARTIES

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

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

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

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

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

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

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

Under Article 7.2. letter c) of the above-mentioned "*Guidelines*", it is hereby stated that in the first half of 2014 there were no transactions with related parties that can be defined as having "major relevance". Instead, during the first half of the financial year, Fidia S.p.A. signed, among others, a supply contract for two high speed milling systems with the subsidiary Fidia Co. (USA) for a value of approximately USD 1,4 million (just over €1 million). The above operation, included among the ordinary transactions concluded at terms equivalent to those of the market, was excluded from the application of the rules on transactions with related parties transactions pursuant to Article 7.2. item f) of the aforesaid "*Guidelines*" although it exceeded the threshold set in accordance with Annex 3 of Consob Regulation No. 17221.

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

TRENDS IN GROUP COMPANIES

A brief overview of the performance of the Group companies in the six-month period is provided below. The data refer to the income statements and balance sheets prepared according to IAS/IFRS international accounting standards and all the companies are consolidated with the line-by-line method.

	Fidia S.p.A.	Fidia GmbH	Fidia Co.	Fidia S.a.r.l.	Fidia Iberica S.A.
Accounting currency	KEURO	KEURO	KUSD	KEURO	KEURO
Period of reference of balance-sheet information	30.06.2014	30.06.2014	30.06.2014	30.06.2014	30.06.2014
ASSETS					
Non-current assets					
- Property. plant and equipment	3.417	159	127	5	487
- Intangible assets	494	1	7	1	
- Investments	8.797	23			3
- Other non-current financial assets					
- Trade receivables and other non-current receivables	1.273	15	3	7	129
- Pre-paid tax assets	431		351	17	
Total non-current assets	**14.412**	**198**	**488**	**30**	**619**
Current assets					
- Inventories	14.868	554	4.127	238	144
- Trade receivables	6.072	873	1.487	265	384
- Other current receivables	1.758	23	136	227	211
- Cash and cash equivalents	3.410	840	650	90	335
Total current assets	**26.108**	**2.290**	**6.400**	**820**	**1.074**
Total assets	**40.520**	**2.488**	**6.888**	**850**	**1.693**
LIABILITIES					
Equity					
- Issued capital	5.123	520	400	300	180
- Other reserves	2.265	780	3.862	240	1.052
- Profit/(Loss) of the reporting period	-1.939	250	755	-60	52
TOTAL EQUITY	**5.449**	**1.550**	**5.017**	**480**	**1.284**
Non-current liabilities					
- Other non-current payables and liabilities	164			52	
- Termination benefits	2.329				
- Deferred tax liabilities					65
- Other non-current financial liabilities	22				
- Non-current financial liabilities	2.709	43			8
Total non-current liabilities	**5.224**	**43**		**52**	**73**
Current liabilities					
- Current financial liabilities	6.420	39			3

- Other current payables	7.660	445	1.286	256	231
- Trade payables	14.904	411	521	28	102
- Short-term provisions	863		64	34	
Total current liabilities	**29.847**	**895**	**1.871**	**318**	**336**
Total liabilities	**40.520**	**2.488**	**6.888**	**850**	**1.693**

	Fidia S.p.A.	Fidia GmbH	Fidia Co.	Fidia S.a.r.l.	Fidia Iberica S.A.
Accounting currency	KEURO	KEURO	KUSD	KEURO	KEURO
Period of reference of balance-sheet information	30.06.2014	30.06.2014	30.06.2014	30.06.2014	30.06.2014
<u>INCOME STATEMENT</u>					
- Net sales	14.718	5.896	4.412	288	558
- Other operating revenue	661	46	96		72
Total revenues	**15.379**	**5.942**	**4.508**	**288**	**630**
- Changes in inventories of finished goods and work in progress	1.281	-732	599	-6	7
- Raw materials and consumables	-6.537	-3.730	-2.521	-79	-197
- Personnel expenses	-5.243	-653	-605	-155	-228
- Other operating expenses	-6.643	-481	-1.104	-108	-120
- Depreciation and amortization	-232	-31	-58	-1	-29
Operating income from ordinary business	**-1.995**	**315**	**819**	**-61**	**63**
- Non-recurring revenue/(charges)	300				
Operating result	**-1.695**	**315**	**819**	**-61**	**63**
- Finance revenue (expenses)	-190			2	10
EBT	**-1.885**	**315**	**819**	**-59**	**-73**
Income taxes	-54	-65	-64	-1	-21
Net profit/(loss)	**-1.939**	**250**	**755**	**-60**	**52**

	Fidia do Brasil Ltda	Beijing Fidia M.&E. Co. Ltd.	Shenyang Fidia NC&M Company Ltd	OOO Fidia	Fidia India Private Ltd
Accounting currency	KREAIS	KRMB	KRMB	KRUR	KRUPEES
Period of reference of balance-sheet information	30.06.2014	30.06.2014	30.06.2014	30.06.2014	30.06.2014
ASSETS					
Non-current assets					
- Property. plant and equipment	73	757	198		
- Intangible assets		100	1.023		
- Investments					
- Other non-current financial assets					
- Trade receivables and other non-current receivables					
- Pre-paid tax assets	106	602	141		
Total non-current assets	**179**	**1.459**	**1.362**		
Current assets					
- Inventories	311	5.620	26.393		
- Trade receivables	386	42.916	12.361		
- Other current receivables	90	1.243	772	1	
- Cash and cash equivalents	84	14.743	4.887		194
Total current assets	**871**	**64.523**	**44.413**	**1**	**194**
Total assets	**1.050**	**65.983**	**45.775**	**1**	**194**
LIABILITIES					
Equity					
- Issued capital	400	12.814	42.518	3.600	100
- Other reserves	-47	22.693	-8.737	-3.599	-35
- Profit/(Loss) of the reporting period	-140	-752	-2.430		-189
TOTAL EQUITY	**213**	**34.755**	**31.351**	**1**	**-124**
Non-current liabilities					
- Other non-current payables and liabilities					
- Termination benefits					
- Deferred tax liabilities		12			
- Other non-current financial liabilities					
- Non-current financial liabilities					
Total non-current liabilities		**12**			
Current liabilities					
- Current financial liabilities					
- Other current payables	274	18.453	3.826		
- Trade payables	409	12.763	10.538		318
- Short-term provisions	154		60		
Total current liabilities	**837**	**31.216**	**14.424**		**318**
Total liabilities	**1.050**	**65.983**	**45.775**	**1**	**194**

	Fidia do Brasil Ltda	Beijing Fidia M.&E. Co. Ltd.	Shenyang Fidia NC&M Company Ltd	OOO Fidia	Fidia India Private Ltd
Accounting currency	KREAIS	KRMB	KRMB	Krur	KRUPEES
Period of reference of balance-sheet information	30.06.2014	30.06.2014	30.06.2014	30.06.2014	30.06.2014
INCOME STATEMENT					
- Net sales	831	9.807	10.256		
- Other operating revenue	6	305			
Total revenues	**837**	**10.112**	**10.256**		
- Changes in inventories of finished goods and work in progress	-108	998	3.411		
- Raw materials and consumables	-72	-2.400	-9.142		
- Personnel expenses	-355	-4.403	-3.690		
- Other operating expenses	-454	-5.366	-2.723		-187
- Depreciation and amortization	-20	-339	-484		
Operating result	**-172**	**-1.398**	**-2.372**		
- Finance revenue (expenses)	31	441	-63		-2
EBT	**-141**	**-957**	**-2.435**		**-189**
Income taxes	-1	205	5		
Net profit/(loss)	**-140**	**-752**	**-2.430**		**-189**

SUBSEQUENT EVENTS AND BUSINESS OUTLOOK FOR THE CURRENT YEAR

Significant events after the end of the first half of the year

There were no significant events after the end of the first half.

Expected business development

The second quarter ended with a substantial balance, but the semester was influenced by the results of the previous quarter, which were however expected and in line with the historical seasonality of the business.

In commercial terms, the performance achieved was very satisfactory especially in the mechanical sector which confirmed the excellent data concerning new orders already reported in the first quarter of the year. This positive trend was also maintained in the months of July and August.

Based on these assumptions, the Group's management confirms the expected improvement in economic performance in the second half of the year.

It should be noted that near the end of the semester the foundations were laid for the future increase in Group production capacity. A contract was signed for the purchase of a plot of land with an adjacent industrial building under construction, which, once completed, will increase the efficiency and adjust production volumes to the commercial results of the Group which have always been on the rise in recent years.

The planned investment, after the expansion and renovation works, will amount to €5,6 million and is funded through a lease agreement with Mediocredito Italiano S.p.A. (Intesa San Paolo Group).

The net financial position of the Group is negative at about €1,4 million due to the aforementioned investment which in the first half resulted in an absorption of cash and a loan totaling €2,6 million.

FIDIA GROUP

Condensed Half-Year Financial Statements at 30 June 2014

CONSOLIDATED INCOME STATEMENT (*)

(€thousand)	Notes	1st half of 2014	1st half of 2013
- Net sales	1	19.214	20.819
- Other operating revenue	2	697	1.020
Total revenues		**19.911**	**21.839**
- Changes in inventories of finished goods and work in progress		1.498	1.115
- Raw materials and consumables	3	(6.989)	(7.884)
- Personnel expenses	4	(7.792)	(8.079)
- Other operating expenses	5	(7.799)	(8.086)
- Depreciation and amortization	6	(414)	(335)
Operating profit/(loss) of ordinary business		**(1.585)**	**(1.430)**
- Non-recurring revenue/(charges)	7	300	(300)
Operating profit/(loss)		**(1.285)**	**(1.730)**
- Finance revenue/(expenses)	8	(111)	(212)
Profit/(loss) before tax		**(1.396)**	**(1.942)**
- Income taxes	9	(164)	(193)
Profit/(loss) for continuing operations		**(1.560)**	**(2.135)**
- Profit/(loss) for discontinued operations		**-**	**-**
Profit/(Loss) of the reporting period		**(1.560)**	**(2.135)**
Profit/(loss) attributable to:			
- Shareholders of parent company		**(1.410)**	**(1.920)**
- Other non-controlling interests		**(150)**	**(215)**

(euro)

Earnings per ordinary share	10	(0,28)	(0,38)
Diluted earnings per ordinary share	10	(0,28)	(0,38)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€thousand)	Notes	1st half of 2014	1st half of 2013
Profit (loss) of the reporting period (A)		**(1.560)**	**(2.135)**
Other Comprehensive Profit/(Loss) that may subsequently be reclassified to profit or loss:			
Profit/(loss) on cash flow hedges	20	4	9
Profit(loss) on translation of financial statements of foreign companies	20	(80)	228
Tax effect pertaining to Other comprehensive profit/(loss) that may subsequently be reclassified to profit or loss	20	(1)	(2)
Total Other comprehensive profit/(loss) that may subsequently be reclassified to profit or loss. net of tax effect (B1)		**(77)**	**235**
Other comprehensive profit/(loss) that may not subsequently be reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit plans	20	(53)	(18)
Tax effect pertaining to Other comprehensive profit/(loss) that may not subsequently be reclassified to profit or loss	20	15	5
Total Other comprehensive profit/(loss) that may not subsequently be reclassified to profit or loss. net of tax effect (B2)		**(38)**	**(13)**
Total Other comprehensive profit/(loss). net of tax effect (B)=(B1)+(B2)		**(115)**	**222**
Total comprehensive profit/(loss) of the reporting period (A)+(B)		**(1.675)**	**(1.913)**
Total comprehensive profit/(loss) attributable to:			
Shareholders of parent company		**(1.492)**	**(1.756)**
Non-controlling interests		**(183)**	**(157)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*)

(€thousand)	Notes	30 June 2014	31 December 2013
ASSETS			
NON-CURRENT ASSETS			
- Property, plant and equipment	11	4.297	1.806
- Intangible assets	12	570	410
- Investments	13	16	16
- Other non-current financial assets		-	-
- Other non-current receivables and assets	14	1.427	1.479
- Pre-paid tax assets	9	838	832
TOTAL NON-CURRENT ASSETS		**7.148**	**4.543**
CURRENT ASSETS			
- Inventories	15	19.965	16.661
- Trade receivables	16	7.179	9.178
- Current tax receivables	17	347	164
- Other current receivables and assets	17	1.839	1.342
- Other current financial assets	18	-	19
- Cash and cash equivalents	19	7.499	8.493
TOTAL CURRENT ASSETS		**36.829**	**35.857**
TOTAL ASSETS		**43.977**	**40.400**
LIABILITIES			
EQUITY			
- Share capital and reserves attributable to shareholders of parent company		8.784	10.301
- Other non-controlling interests		2.363	2.546
TOTAL CONSOLIDATED EQUITY	20	**11.147**	**12.847**
NON-CURRENT LIABILITIES			
- Other non-current payables and liabilities	21	215	394
- Termination benefits	22	2.329	2.263
- Deferred tax liabilities	9	67	73
- Other non-current financial liabilities	23	22	29
- Non-current financial liabilities	24	2.760	1.852
TOTAL NON-CURRENT LIABILITIES		**5.393**	**4.611**
CURRENT LIABILITIES			
- Current financial liabilities	24	6.110	4.302
- Other current financial liabilities	25	4	140
- Trade payables	26	10.558	8.409
- Current tax payables	27	695	1.138
- Other current payables and liabilities	27	9.068	8.051
- Provisions for risks and expenses	28	1.002	902
TOTAL CURRENT LIABILITIES		**27.437**	**22.942**
TOTAL LIABILITIES		**43.977**	**40.400**

(*) According to Consob Resolution No. 15519 of July 27, 2006. the effects of related party transactions on the Consolidated Income Statement are posted in the relevant Income Statement Schedule in following pages and are further defined in Note No. 33.

CONSOLIDATED CASH FLOW STATEMENT (*)

(€thousand)	1st half of 2014	1st half of 2013
A) Cash and cash equivalents at the beginning of the reporting period	**5.883**	**4.694**
B) Cash from/(used in) operating activities during the period:		
- Earnings of Group and NCIs	(1.560)	(2.135)
- Depreciation and amortization of tangible assets	313	248
- Net losses (gains) on disposal of tangible assets	(17)	(9)
- Net change in provisions for termination benefits	66	(44)
- Net change in provisions for risks and expenses	100	521
- Net change (assets) liabilities for (pre-paid) deferred taxes	(12)	(92)
- Dividends paid	0	(68)
Net change in working capital:		
- receivables	1.370	1.532
- inventories	(3.304)	212
- payables	2.546	1.821
	(498)	**1.986**
C) Cash from/(used in) investing activities		
- Investing activities:		
Property, plant and equipment	(2.856)	(155)
intangible assets	(228)	(192)
- Profit on sale of:		
Property, plant and equipment	135	14
Financial assets	-	-
	(2.949)	**(333)**
D) Cash from/(used in) financing activities		
- Change in loans	245	(577)
- Change in capital and reserves	(59)	(89)
- Net change in amounts due by other interests	(33)	(42)
- Net change in current and non-current financial assets and liabilities	(124)	2.698
	29	**1.990**
Differences in exchange rates	(46)	163
E) Net change in cash and cash equivalents	**(3.464)**	**3.806**
F) Cash and cash equivalents at end of reporting period	**2.419**	**8.500**
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	7.499	13.021
Overdrawn bank accounts	(5.080)	(4.521)
	2.419	8.500

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

Statement of Changes in Equity

(€thousand)	Share capital	Own shares	Capital reserves	Profit for the reporting period	Retained earnings	Cash flow hedge reserve	Translation reserve	Reserve for actuarial profit/loss	Other reserves	Total equity of Group	Non-controlling interests	Total Equity
Balance at 1 January 2013	5.123	(45)	1.240	(45)	4.753	(16)	769	34	213	12.026	2.812	14.838
Allocation of profit of previous year	-	-	-	45	(45)	-	-	-	-	-	-	-
Profit for the overall period	-	-	-	(1.920)	-	7	170	(13)	-	(1.756)	(157)	(1.913)
Other changes	-	-	-	-	(83)	-	-	-	-	(83)	(99)	(182)
Balance at 30 June 2013	5.123	(45)	1.240	(1.920)	4.625	(9)	939	21	213	10.187	2.556	(12.743)

(€thousand)	Share capital	Own shares	Capital reserves	Profit for the reporting period	Retained earnings	Cash flow hedge reserve	Translation reserve	Reserve for actuarial profit/loss	Other reserves	Total equity of Group	Non-controlling interests	Total Equity
Balance at 1 January 2014	5.123	(45)	1.240	(1.435)	4.659	(6)	489	63	213	10.301	2.546	12.847
Allocation of profit of previous year	-	-	-	1.435	(1.435)	-	-	-	-	-	-	-
Profit for the overall period	-	-	-	(1.410)	-	3	(47)	(38)	-	(1.492)	(183)	(1.675)
Other changes	-	-	-	-	(25)	-	-	-	-	(25)	-	(25)
Balance at 30 June 2014	5.123	(45)	1.240	(1.410)	3.199	(3)	442	25	213	8.784	2.363	11.147

CONSOLIDATED PROFIT AND LOSS STATEMENTS

as per Consob Resolution n°15519 of 27 July 2006

(€thousand)	Notes	1st half of 2014	of which related parties	1st half of 2013	of which related parties
- Net sales	1	19.214	189	20.819	77
- Other operating revenue	2	697		1.020	
Total revenues		**19.911**		**21.839**	
- Changes in inventories of finished goods and work in progress		1.498		1.115	
- Raw materials and consumables	3	(6.989)		(7.884)	(3)
- Personnel expenses	4	(7.792)	(378)	(8.079)	(452)
- Other operating expenses	5	(7.799)	(155)	(8.086)	(123)
- Depreciation and amortization	6	(414)		(335)	
Operating profit/(loss) of ordinary business		**(1.585)**		**(1.430)**	
- Non-recurring revenue/(charges)	7	300		(300)	
Operating profit/(loss)		**(1.285)**		**(1.730)**	
- Finance revenue/(expenses)	8	(111)		(212)	
Profit/(loss) before tax		**(1.396)**		**(1.942)**	
- Income taxes	9	(164)		(193)	
Profit/(loss) for continuing operations		**(1.560)**		**(2.135)**	
- Profit/(loss) for discontinued operations		**-**		**-**	
Profit/(Loss) of the reporting period		**(1.560)**		**(2.135)**	
Profit/(loss) attributable to:					
- Shareholders of parent company		**(1.410)**		**(1.920)**	
- Other non-controlling interests		**(150)**		**(215)**	

(euro)

Earnings per ordinary share	10	(0,28)		(0,38)	
Diluted earnings per ordinary share	10	(0,28)		(0,38)	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as per Consob Resolution n°15519 of 27 July 2006

(€thousand)	Notes	30 June 2014	Of which related parties	31 December 2013	Of which related parties
ASSETS					
NON-CURRENT ASSETS					
- Property, plant and equipment	11	4.297		1.806	
- Intangible assets	12	570		410	
- Investments	13	16		16	
- Other non-current financial assets		-		-	
- Other non-current receivables and assets	14	1.427		1.479	
- Pre-paid tax assets	9	838		832	
TOTAL NON-CURRENT ASSETS		**7.148**		**4.543**	
CURRENT ASSETS					
- Inventories	15	19.965		16.661	
- Trade receivables	16	7.179	80	9.178	69
- Current tax receivables	17	347		164	
- Other current receivables and assets	17	1.839	7	1.342	1
- Other current financial assets	18	-		19	
- Cash and cash equivalents	19	7.499		8.493	
TOTAL CURRENT ASSETS		**36.829**		**35.857**	
TOTAL ASSETS		**43.977**		**40.400**	
LIABILITIES					
EQUITY					
- Share capital and reserves attributable to shareholders of parent company		8.784		10.301	
- Other non-controlling interests		2.363		2.546	
TOTAL CONSOLIDATED EQUITY	20	**11.147**		**12.847**	
NON-CURRENT LIABILITIES					
- Other non-current payables and liabilities	21	215		394	
- Termination benefits	22	2.329		2.263	
- Deferred tax liabilities	9	67		73	
- Other non-current financial liabilities	23	22		29	
- Non-current financial liabilities	24	2.760		1.852	
TOTAL NON-CURRENT LIABILITIES		**5.393**		**4.611**	
CURRENT LIABILITIES					
- Current financial liabilities	24	6.110		4.302	
- Other current financial liabilities	25	4		140	
- Trade payables	26	10.558	2	8.409	
- Current tax payables	27	695		1.138	
- Other current payables and liabilities	27	9.068	191	8.051	112
- Provisions for risks and expenses	28	1.002		902	
TOTAL CURRENT LIABILITIES		**27.437**		**22.942**	
TOTAL LIABILITIES		**43.977**		**40.400**	

CONSOLIDATED CASH FLOW STATEMENT

as per Consob Resolution n° 15519 of 27 July 2006

(€thousand)	1st half of 2014	of which related parties	1st half of 2013	of which related parties
A) Cash and cash equivalents at the beginning of the reporting period	**5.883**		**4.694**	
B) Cash from/(used in) operating activities during the period:				
- Earnings of Group and NCIs	(1.560)		(2.135)	
- Depreciation and amortization of tangible assets	313		248	
- Net losses (gains) on disposal of tangible assets	(17)		(9)	
- Net change in provisions for termination benefits	66		(44)	
- Net change in provisions for risks and expenses	100		521	
- Net change (assets) liabilities for (pre-paid) deferred taxes	(12)		(92)	
- Dividends paid	0		(68)	
Net change in working capital:				
- receivables	1.370	(17)	1.532	905
- inventories	(3.304)		212	
- payables	2.546	81	1.821	(351)
	(498)		**1.986**	
C) Cash from/(used in) investing activities				
- Investing activities:				
Property, plant and equipment	(2.856)		(155)	
intangible assets	(228)		(192)	
- Profit on sale of:				
Property, plant and equipment	135		14	
Financial assets	-		-	
	(2.949)		**(333)**	
D) Cash from/(used in) financing activities				
- Change in loans	245		(577)	
- Change in capital and reserves	(59)		(89)	
- Net change in amounts due by other interests	(33)		(42)	
- Net change in current and non-current financial assets and liabilities	(124)		2.698	
	29		**1.990**	
Differences in exchange rates	(46)		163	
E) Net change in cash and cash equivalents	**(3.464)**		**3.806**	
F) Cash and cash equivalents at end of reporting period	**2.419**		**8.500**	
Breakdown of cash and cash equivalents:				
Cash and cash equivalents	7.499		13.021	
Overdrawn bank accounts	(5.080)		(4.521)	
	2.419		8.500	

Notes

SIGNIFICANT ACCOUNTING STANDARDS

This Half-Year Report at 30 June 2014 was prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and adopted by the European Union. The designation “IFRS” also includes all currently valid International Accounting Standards (“IAS”), as well as all interpretations of the International Accounting Reporting Interpretations Committee (“IFRIC”), formerly the Standing Interpretations Committee (“SIC”).

This condensed Half-Year Report was prepared in accordance with IAS 34 – *Interim Financial Reporting*, applying the same accounting principles and policies used in the preparation of the Consolidated Financial Statements at 31 December 2013, with the exception of the contents of the next paragraph “Accounting standards, amendments and interpretations applied since 1 January 2014”.

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 fuller description of the valuation processes more relevant to the Group, please refer to the section "Use of estimates" of the consolidated financial statements at 31 December 2013.

Moreover, certain valuation procedures, in particular those of a more complex nature such as the determination of the impairment of non-current assets, are only carried out in full during the preparation of the annual financial statements, when all the information required is available, unless there are signs of impairment that require an immediate assessment of possible loss.

The Group conducts operations that have historically shown cyclical and seasonal variations of total sales during the year and higher revenues are usually recorded in the second half of the year compared to the first. At 30 June 2014 the Group reported a negative EBITDA, which, in view of the aforementioned seasonal trends and the fact that profitability in the first half is consistent with the expectations that underpin the recoverability of assets, is not considered an indicator of the impairment of the value of fixed assets.

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

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

This condensed consolidated Half-Year Report does not include all information and notes on the management of financial risks required in the preparation of the annual report. For a detailed description of this information, please refer to the description in the Fidia Group Consolidated Financial Statements at 31 December 2013, the Notes section "Risk Management" and in Note 31 called named "Financial risk management".

Financial Statements

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

Within said income statement by nature of expenses, under the Profit/(loss), a specific distinction has been made between Profit/(loss) of ordinary business and those revenues and expenses that are the result of non-recurrent transactions in ordinary business management. It is deemed that this allows for a better measurement of the actual performance of normal business management

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.

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

Finally, please be noted that with reference to Consob Resolution no. 15519 of 27 July 2006 on financial statements, supplementary schedules for the income statement, balance sheet 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 principles. amendments and interpretations adopted from 1 January 2014

IFRS 11 - Joint Arrangements

In IFRS 11, the IASB established a new approach for the recognition of joint arrangements, which is based on the rights and obligations of the arrangement as well as on their legal form. Based on this analysis, under IFRS 11 joint arrangements must be divided between joint operations (if the Group has rights to the assets, and obligations for the liabilities, relating to the arrangement) and investments in Joint Ventures (if the Group has rights to the net assets of the arrangement). In accordance with the new standard, interests in joint ventures are accounted for using the equity method while joint operations are subject to recognition of the share of assets, liabilities, income and expenses (in accordance with IAS 31, these interests were previously accounted for using the equity method). The application of this standard had no effect on this condensed consolidated Half-Year Report.

IFRS 10 - Consolidated Financial Statements

As from 1 January 2014, the new standard as amended is based on existing standards, identifying a single control model that applies to all enterprises, including "structured entities". It also provides guidance for determining the existence of control where it is difficult to ascertain.

The application of this standard had no effect on this condensed consolidated Half-Year Report.

IFRS 12 - Disclosure of Interests in other Entities

Under the new IFRS 12, as amended, as from 1 January 2014, the IASB has defined and merged the additional disclosures to be provided on all types of interests, including those in subsidiaries, joint arrangements, associates, and structured entities other unconsolidated vehicles, into a new and comprehensive standard. The adoption of the new standard has not resulted in any effect on this condensed consolidated Half-Year Report.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32 - Financial Instruments: Presentation)

These amendments clarify the application of certain criteria for offsetting financial assets and financial liabilities in IAS 32 present. There was no significant effect as a result of application of these amendments to this condensed consolidated Half-Year Report.

- *Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36 - Impairment of Assets)*

The amendments to IAS 36 – *Recoverable Amount Disclosures for Non-Financial Assets* address disclosures about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal. The application of these amendments did not have any effect on this condensed consolidated Half-Year Report and could lead to more disclosures in the notes to the next consolidated annual report.

Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39 - Financial Instruments: Recognition and Measurement)

The amendments to IAS 39 - *Financial Instruments: Recognition and Measurement* allow continuing hedge accounting if a derivative financial instrument designated as a hedging instrument is novated following the application of laws or regulations in order to replace the original counterpart to ensure successful completion of the obligation undertaken and if certain conditions are met. There was no significant effect as a result of application of these amendments to this condensed consolidated Half-Year Report.

Recognition of liabilities for the payment of levies other than income taxes (IFRIC 21 – Levies, an interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets)

This interpretation sets out the recognition of liabilities for the payment of levies other than income taxes and determines specifically which event originates the obligation and the time of recognition of the liability. There was no effect as a result of application of this interpretation to this condensed consolidated Half-Year Report.

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

On the date of this condensed Half-Year Report the competent bodies of the European Union had not completed yet the approval process for the application of the following accounting standards, amendments and interpretations.

- In November 2013, the IASB issued minor amendments to IAS 19 - *Employee Benefits* entitled "*Defined benefit plans: Employee contributions*". These amendments relate to the simplification of the accounting treatment of contributions to defined benefit plans by employees or third parties in specific cases. The amendments are effective retrospectively for reporting periods beginning on or after 1 July 2014; early adoption is permitted.
- In December 2013, the IASB issued a set of amendments to IFRS (*Annual Improvements to IFRSs - 2010-2012 Cycle* and *Annual Improvements to IFRSs - 2011-2013 Cycle)*. Among others, the most important issues addressed in these amendments are: the definition of vesting conditions in IFRS 2 - *Share-based Payment*, the disclosure concerning estimates and judgments used in the grouping of the operating segments under IFRS 8 - *Operating Segments,* identification and disclosure of a related-party transaction that arises when a service company provides management services for executives with strategic responsibilities for the company that prepares the financial statements in IAS 24 - *Related Party Disclosures,* exclusion from the scope of IFRS 3 - *Business Combinations*, of all kinds of joint arrangements, and some clarifications on exceptions to the application of IFRS 13 - *Fair Value Measurement.* The amendments are effective for annual periods beginning on or after 1 January 2015.
- In the month of May 2014, the IASB issued amendments to IFRS 11 - *Joint Arrangements: Recognition of the acquisition of interests in joint operations*, providing clarification on the accounting treatment of the acquisition of interests in joint operations that constitute a business. The amendments are effective retrospectively for annual periods beginning on or

after 1 January 2016, with early application permitted.

- In May 2014, the IASB issued an amendment to IAS 16 – *Property, Plant and Equipment* and IAS 38 - *Intangible assets*. The IASB clarified that the use of methods based on revenues to calculate the depreciation of an asset is not appropriate because revenues generated by an activity that includes the use of an asset generally reflects factors other than the consumption of economic benefits arising from the asset. The IASB also clarified that it is assumed that in general revenues are not an appropriate basis for measuring the consumption of the economic benefits arising from an intangible asset. There are, however, exceptions to this assumption in certain limited circumstances. These amendments are effective for annual periods beginning on or after 1 January 2016, with early application permitted.
- In May 2014, the IASB issued IFRS 15 - *Revenue from Contracts with Customers*, which requires to recognize revenue to present the transfer of goods or services to customers at an amount that reflects the consideration expected in exchange for such products or services. To achieve this goal, the new revenue recognition model defines a five-step process, and also requires extensive use of estimates and judgments with respect to IFRS requirements currently in force, especially for some processes such as the identification of the different obligations in the contract, the estimate of the variable to be included in the transaction price and the allocation of the transaction's consideration separately to the different obligations identified. In addition, this new standard applies to some repurchase agreements, depending on whether or not the customer obtains control of the asset covered by the contract. The new standard also requires additional disclosures about the nature, amount, timing and uncertainty about the revenues and cash flows arising from contracts with customers. The new standard is effective for annual periods beginning on or after 1 January 2017, using one of two methods: on a retroactive basis with separate reporting for each period presented, or retrospectively with the cumulative effect resulting from the first application of the principle recognized at the date of initial application. Early adoption of the principle is not permitted.
- In July 2014, the IASB published IFRS 9 - *Financial Instruments*. The series of changes made by the new standard includes the introduction of a logic model for the classification and measurement of financial instruments, a single model for the *impairment* of financial assets based on expected losses and a substantially renewed approach to hedge accounting. The new standard will be applied retrospectively from 1 January 2018; earlier adoption is permitted.

The Group will adopt these new standards, amendments and interpretations, based on the date of application, and will evaluate the potential impacts, when they will be endorsed by the EU.

Consolidation area

The scope of consolidation in the first half of 2014 has not changed in comparison to the Consolidated Financial Statements at 31 December 2013. The following table shows the companies falling within the consolidation area compared with the 31 December 2013 and the 30 June 2013 closing period:

Name / Place of business	Currency	Share capital	Interest at 30/6/2014	Interest at 31/12/2013	Interest at 30/06/2013
Fidia Gmbh. Dreiech - Germany	EUR	520.000	100%	100%	100%
Fidia Co. Troy - U.S.A.	USD	400.000	100%	100%	100%
Fidia Sarl. Emerainville – France	EUR	300.000	100%	100%	100%
Fidia Iberica S.A.. Zamudio - Spain	EUR	180.300	99.993%	99.993%	99.993%
Fidia do Brasil Ltda. Sao Paulo - Brazil	Reals	400.843	99.75%	99.75%	99.75%
Beijing Fidia M&E Co Ltd.. Beijing - China	USD	1.500.000	92 %	92 %	92 %
Shenyang Fidia NC & Machine Company Ltd.. Shenyang – China	Rmb	42.517.648	51%	51%	51%
OOO Fidia. Moscow – Russian Federation	Rouble	3.599.790	100%	100%	100%
Fidia India Private Ltd. - Pune - India	Rupee	100.000	99.99%	99.99%	99.99%

OTHER INFORMATION

The condensed consolidated Half-Year Report at 30 June 2014 was approved by the Board of Directors on 29 August 2014, which authorized its publication on the same date.

CONTENT AND MAIN CHANGES

INCOME STATEMENT

1. NET SALES

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

(€thousand)	1st half of 2014	%	1st half of 2013	%
Numerical controls, drives and software	1.692	8,8%	1.176	5,6%
High-speed milling systems	12.112	63,0%	14.335	68,9%
After-sales service	5.410	28,2%	5.308	25,5%
Total	19.214	100,0%	20.819	100,0%

2. OTHER OPERATING REVENUE

Other operating revenue in the first half of 2014 amounted to €697 thousand (€1.020 thousand in the same period of 2013). This figure includes the other incomes coming from the ordinary activity, but that cannot be included in the typical sale of goods and services.

This figure includes:

- EU and Italy's Ministry of University grants to Fidia S.p.A. for research and development (€250 thousand, €699 thousand at 30 June 2013 as well as €316 thousand in grants from the local government in Shenyang (China) to the Chinese subsidiary Shenyang Fidia NC & M Co. Ltd);
- release of the warranty and bad debts provision and/or any accruals in excess of the risk to be covered (€38 thousand vs. €84 thousand at 30 June 2013);
- capital gains from transfers (€17 thousand vs. €9 thousand at 30 June 2013);
- increases in tangible assets built on a time and material basis and the capitalization of product development costs (€140 thousand vs. €50 thousand at 30 June 2013);
- contingent assets, recovery of costs and other operating revenue (€252 thousand; €178 thousand in the same period last year).

3. RAW MATERIALS AND OTHER CONSUMABLES

These are:

(€thousand)	1st half of 2014	1st half of 2013
Production materials	8.142	5.756
Service materials	409	385
Consumables	34	52
Equipment and software	21	39
Packaging	100	119
Other	84	117
Change in inventory raw materials and consumables	(1.801)	1.416
Total	6.989	7.884

In the first half of 2014 the consumption of raw materials and other consumables, amounting to €6.989 thousand, were down compared to the same period last year (€7.884 thousand) due to lower revenue and a different mix of sales with a greater weight of electronic products and after-sales service.

4. PERSONNEL EXPENSES

Personnel costs show a decrease of €287 thousand compared to the first half of 2013 (-3,6%) and amounted to €7.792 thousand versus €8.079 thousand in the same period of 2013. These amounts are as follows:

(€thousand)	1st half of 2014	1st half of 2013
Wages and salaries	5.862	6.058
Social security charges	1.673	1.725
TFR	207	203
Other personnel expenses	50	93
Total	7.792	8.079

The change recorded in the first half of 2014 in the number of employees, broken down by category, is illustrated below:

	30/06/2013	31/12/2013	Inbound	Outbound	Change	30/06/2014	Period average
Executives	9	9	-	(1)	-	8	8,5
Clerks and cadres	280	275	6	(14)	0	267	271,0
Workers	41	39	3	(2)	-	40	39,5
Total	330	323	9	(17)	0	315	319,0

5. OTHER OPERATING EXPENSES

Other operating expenses are as follows:

(€thousand)	1st half of 2014	1st half of 2013
Costs for services related to sales	3.048	3.083
Production expenses	1.517	1.522
Commercial expenses	379	629
Expenditure in R&D	433	415
General and administrative expenses	2.422	2.437
Total	7.799	8.086

Other operating expenses amounted to €7.799 thousand and are therefore down approximately €287 thousand compared to the first half of 2013. The reduction is mainly due to lower costs of commercial nature.

6. DEPRECIATION AND AMORTIZATION

(€thousand)	1st half of 2014	1st half of 2013
Depreciation of property, plant and equipment	248	203
Amortization of intangible assets	65	31
Write-down of property, plant and equipment	-	14
Bad debts	101	87
Total	414	335

7. NON-RECURRING REVENUE

In the first half of 2013 the parent company Fidia S.p.A. allocated a provision of €300 thousand for an accident covered by a specific insurance policy.

During 2014, the insurance company recognized the merits of the claim and settled it.

8. FINANCE REVENUE (EXPENSES)

Finance revenue and expenses consist of:

(€thousand)	1st half of 2014	1st half of 2013
Finance revenue	24	80
Finance expenses	(183)	(256)
Net profit/(loss) on derivatives	(1)	6
Profit (loss) from foreign currency transactions	49	(42)
Total	(111)	(212)

Finance revenue consists of:

(€thousand)	1st half of 2014	1st half of 2013
Interests received from banks	15	64
Interests and commercial discounts	1	3
Other financial income	8	13
Total	24	80

Finance expenses consist of:

(€thousand)	1st half of 2014	1st half of 2013
Interests paid on short-term loans from banks	(66)	(141)
Interests paid on medium-to-long-term loans from banks	(58)	(68)
Interests paid on loans from leasing companies	(2)	-
Financial expenses on termination benefits	(30)	(33)
Other financial expenses	(27)	(14)
Total	(183)	(256)

Net profit (loss) on derivatives:

(€thousand)	1st half of 2014	1st half of 2013
Loss on derivatives due to fair value adjustment	(4)	-
Gain on derivatives due to fair value adjustment	3	6
Total	(1)	6

Income from derivative financial instruments arising from the valuation at fair value of an interest rate swap contract and two interest rate cap contracts entered into by the parent company Fidia S.p.A. to hedge the risk of fluctuations in interest rates on three medium-long-term loans.

The charges on derivative financial instruments are related to the adjustment at fair value of certain 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)	1st half of 2014	1st half of 2013
Currency gain realised	41	21
Revenue from exchange rate adjustment	49	53
Profit on currency forward contract	-	2
Currency loss realised	(13)	(22)
Expenses from exchange rate adjustment	(16)	(91)
Loss on currency forward contract	(12)	(5)
Total	49	(42)

9. INCOME TAXES

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

(€thousand)	1st half of 2014	1st half of 2013
Current taxes:		
IRES	-	-
IRAP (Italian Regional Tax on Production Activities)	58	121
Income tax of foreign subsidiaries	102	163
Total current taxes	160	284
Prepaid taxes absorbed	18	10
Prepaid taxes	(11)	(101)
Deferred taxes		1
Deferred taxes absorbed	(3)	(2)
Total	164	193

At 30 June 2014, the net balance of pre-paid tax assets and deferred tax liabilities arising for the individual consolidated companies is as follows:

(€thousand)	30 June 2014	31 December 2013
Prepaid tax assets	838	832
Deferred tax liabilities	(67)	(73)
Total	771	759

Pre-paid tax assets amounted to €838 thousand, substantially in line with those at year-end. For these assets, mainly generated by temporary differences in assets and liabilities, tax losses and consolidation adjustments, it is deemed that these are recoverable on the basis of the budget and forecasts for subsequent years.

10. EARNING PER SHARE

At 30 June 2014 the share capital of Fidia S.p.A. consists of 5.123.000 ordinary shares having the same rights in the distribution of profits and was unchanged compared to the disclosures in paragraph 20 of the Consolidated Annual Report at 31 December 2013.

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

		1st half of 2014	1st half of 2013
Net earnings pertaining to Group	€thousand	(1.410)	(1.920)
Earnings attributable to ordinary shares	€thousand	(1.410)	(1.920)
Number of ordinary shares outstanding	Number	5.113.000	5.113.000
Basic earnings per share	euro	(0,28)	(0,38)
Diluted earnings per share	euro	(0,28)	(0,38)

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

STATEMENT OF FINANCIAL POSITION

11. PROPERTY. PLANT AND EQUIPMENT

The following table shows the changes in property, plant and equipment in the first half of 2014:

(€thousand)	Property	Plant, machinery and equipment	Other assets	Assets under development and advances	Total
Net book value at 31/12/2013	**480**	**648**	**668**	**10**	**1.806**
Additions	-	28	140	2.687	**2.855**
Reclassifications/transfers		10		(10)	-
Net value of disposals	-	(172)			**(172)**
Depreciation	(22)	(117)	(109)		**(248)**
(Impairment)/Recovery of value	-	54	-		54
Currency gain/(loss)	-		2		**2**
Net book value at 30.6.2014	**458**	**451**	**701**	**2.687**	**4.297**

Capital expenditure made in the first half of 2014 amounted to approximately €2.855 thousand. Work in progress, which represents the bulk of new capital expenditure, refers to a plot of land with adjoining industrial building under construction, that the parent company Fidia S.p.A. acquired, through lease, during the period. As it is not yet ready for use, this capital expenditure item has not yet been subject to depreciation.

At 30 June 2014 there are no assets encumbered by collateral or other constraints that may limit the full availability.

12. INTANGIBLE ASSETS

The following table shows the changes in intangible assets in the first half of 2014:

(€thousand)	Utilization rights for *know-how*	Licenses	Software	Assets under development	Total
Net book value at 31/12/2013	**77**	**1**	**70**	**262**	**410**
Increases	-	2	93	133	**228**
Reclassifications/transfers		100	162	(262)	**-**
Depreciation	(17)	(10)	(38)	-	**(65)**
Currency gain/(loss)	(3)	-		-	**(3)**
Net book value at period end on 30.6.2014	**57**	**93**	**287**	**133**	**570**

The increases recorded in "Licenses" and "Software" in the first half of the year are related to the introduction of the new Navision information system implemented for the management of the main administrative and management processes that went into operation at the beginning of the current year. This implementation has also allowed improving R&D processes and the relative measurement of future costs and benefits of individual projects, in accordance with IAS 38 in terms of capitalization. Development costs incurred and capitalized in the first half of the year totaled €133 thousand and are recorded under the "Work in progress"; it has not yet been depreciated as it is not yet completed and therefore the projects to which it relates have not yet begun 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

(€thousand)	Balance 30/06/14	Balance 31/12/13
Investments measured with the equity method	2	2
Investments measured at cost	14	14
Total	16	16

This figure amounts to €16 thousand, unchanged compared to 31 December 2013. It is related to investments in associates measured with the equity method and to investments in other companies measured at cost.

14. OTHER NON-CURRENT RECEIVABLES AND ASSETS

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

(€thousand)	Balance 30/06/14	Balance 31/12/13
Receivables for EU contributions	75	50
Guarantee deposits	37	53
Trade receivables from customers	46	114
Receivables for foreign VAT	10	6
Withholding tax on foreign income	1.157	1.157
Tax receivables from Spanish tax authorities	84	94
Multi-year pre-paid expenses	4	5
Other non-current receivables	14	-
Total	1.427	1.479

Withholding tax on foreign income consist of receivables claimed by Fidia S.p.A. with Chinese tax authorities for final withholding tax on wages for technical training activities carried out by the parent company on behalf of the subsidiary Shenyang Fidia NC&M Co. Ltd. in prior fiscal years and on dividends collected. Such receivables are recoverable through the realization of taxable income sufficient to allow a surplus of Italian tax compared to the foreign tax.

15. INVENTORIES

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

(€thousand)	Balance 30/06/14	Balance 31/12/13
Raw materials	11.872	9.892
Provisions for raw materials depreciation	(1.719)	(1.512)
	10.153	8.380
Semi-finished products and work in progress	6.619	3.836
Finished products and goods	3.755	4.997
Provisions for depreciation finished products	(718)	(676)
	3.037	4.321
Advances	156	124
Net value	19.965	16.661

At the end of the first half of the year inventories were up €3.304 thousand compared to 31 December 2013. The increase was primarily due to higher stocks of raw materials and work in progress leading resulting in a greater production progress since the end of last year, consistent with the trend in orders.

The provisions for depreciation in the amount of €2.437 thousand (€2.188 thousand at 31 December 2013) were reported to hedge some slow-moving components; these phenomena result, in particular, from the need to ensure customers that spare parts are available for servicing even beyond the period of ordinary marketability of the components.

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

(€thousand)	Balance 31/12/2013	Accrual/ (release)	Exchange rate effect	Balance 30/06/2014
Provisions for raw materials depreciation	1.512	208	(1)	1.719
Provisions for depreciation finished products	676	36	6	718
Total	2.188	244	5	2.437

16. TRADE RECEIVABLES

(€thousand)	Balance 30/06/2014	Balance 31/12/2013
Trade receivables from others	8.199	10.150
Bad debt provisions	(1.020)	(972)
Receivables from associates	-	-
Total	7.179	9.178

Trade receivables decreased compared to 31 December 2013 by approximately €1.999 thousand; this change is mainly connected to the different dynamics of revenue in the two periods being compared.

The bad debt provisions, amounting to €1.020 thousand (€972 thousand at 31 December 2013) were allocated to cover the risk of default related to doubtful receivables and overdue receivables.

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

Balance at 31 December 2013	972
Accrual	101
Releases/recoveries	(53)
Currency gain/(loss)	-
Balance at 30 June 2014	1.020

17. TAX RECEIVABLES AND OTHER CURRENT RECEIVABLES AND ASSETS

(€thousand)	Balance 30/06/14	Balance 31/12/13
VAT receivables	180	94
Receivables for income tax and IRAP	128	44
Receivables for short-term foreign VAT	7	8
Other tax receivables	32	18
Total non-current tax assets	347	164
Research contributions	511	715
Accrued income and pre-paid expenses	338	235
Receivables from employees	121	59
Advances from suppliers	321	154
Receivable for insurance reimbursements	300	-
Other	248	179
Total other current receivables	1.839	1.342
Total	2.186	1.506

Receivables for insurance reimbursements are related to the indemnity from the insurance company in respect of an accident suffered by the parent company Fidia S.p.A.
The item *Advances from suppliers* relates mainly to advances on commissions.
There are no receivables due beyond five years.

18. OTHER CURRENT FINANCIAL ASSETS

This item. which amounted to €19 thousand at 31 December 2013 was equal to zero at 30 June 2014. At the end of last year this item included the positive fair value of some contracts for the forward sale of USD stipulated by Fidia S.p.A.; at 30 June 2014 the measurement at fair value is of the opposite sign and the related liability was recorded in "Other current financial liabilities" (see Note 25 of this report).

19. CASH AND CASH EQUIVALENTS

The overall amount of cash of the Group amounted to €7.499 thousand (€8.493 thousand at 31 December 2013) and consisted of temporary cash in bank deposits pending future use. It is believed that their carrying value is aligned with the fair value at the date of this report.

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

20. EQUITY

Consolidated equity amounted to €11.147 thousand, down by €1.700 thousand compared to 31 December 2013, due to the combined effect of the loss for the period (-€1.560 thousand), the accounting of actuarial losses on post-employment benefits (TFR) (-€38 thousand, net of tax estimated to be about €15 thousand), the evaluation at fair value of derivative instruments for hedging allocated to the cash flow hedge reserve (+€3 thousand, net of estimated tax of about €1 thousand), the effect of exchange rate fluctuations on the translation of financial statements of subsidiaries denominated in currencies other than the EUR (€-80 thousand) and other variations (-€25 thousand).

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

(€thousand)	Balance at 30 June 2014			Balance at 30 June 2013		
	Gross value	Tax (expense)/benefit	Net value	Gross value	Tax (expense)/benefit	Net value
Profit/(loss) on cash flow hedge instruments	4	(1)	3	9	(2)	7
Profit(loss) on translation of financial statements of foreign companies	(80)	-	(80)	228	-	228
Actuarial gains/(losses) on defined benefit plans	(53)	15	(38)	(18)	5	(13)
Total other profit/(loss)	**(129)**	**14**	**(115)**	**219**	**3**	**222**

At 30 June 2014 the fully paid share capital is unchanged compared to 31 December 2013 and it is represented by 5.123.000 ordinary shares with a nominal value of €1 each for a total amount of €5.123.000.

For a more complete disclosure on the share capital of the Company, see Note 20 of the Consolidated Annual Report at 31 December 2013.

Own shares consisted of 10.000 ordinary shares issued by Fidia S.p.A. for a value of €45 thousand (unchanged compared to 31 December 2013).

21. OTHER NON-CURRENT PAYABLES AND LIABILITIES

This item, amounting to €215 thousand (394 thousand at 31 December 2013) is made up of €160 thousand from the advances of grants approved by the European Union and the Ministry of University and Research for research projects, €52 thousand for medium-term loans to staff of the French subsidiary Fidia Sarl and €3 thousand as long-term deferred income.

22. TERMINATION BENEFITS

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

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

Balance at 31 December 2013	2.263
Amount accrued and allocated in the reporting period	207
Indemnities paid during the period	(24)
Amount transferred to State Fund and complementary pension scheme	(198)
Substitute tax	(2)
Financial costs on termination benefits	30
Accounting of actuarial losses	53
Balance at 30 June 2014	2.329

The interest on charges relating to the defined benefits plans for employees are comprised under finance expenses, hence leading to an increase in finance expenses of the reporting period in the amount of €30 thousand.

Termination benefits are calculated based on the following actuarial assumptions:

	At 30 June 2014	At 31 December 2013
Discount rate (*)	1,86%	2,67%
Future inflation rate	1,00%	1,80%
Frequency of request for advances	3,00%	3,00%
Relative frequency of resignation/dismissal cadres. employees. workers	2,5%	3,00%
Relative frequency of resignations/dismissals managers	5,00%	5,00%

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

23. OTHER NON-CURRENT FINANCIAL LIABILITIES

This item amounting to €22 thousand (€29 thousand at 31 December 2013), includes the fair value of an interest rate swap contract and two interest rate cap contracts entered into to hedge (cash flow hedge) the risk of variability in interest expense of three medium-to-long-term loans of the parent company Fidia S.p.A.

24. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Financial liabilities amounted to €8.870 thousand as per the schedule.

(€thousand)	Balance 30/06/14	Balance 31/12/13
Overdrawn bank accounts and short-term advances	5.080	2.610
Accrued liabilities on loans	7	2
BNL M/L-term loan no. 1	418	626
BNL M/L-term loan no. 2	1.005	1.156
Loan - Banco Popolare	860	981
Short-term loan - MPS	-	696
Volkswagen Bank Germany (fin. lease)	82	70
Volkswagen Bank Spain (fin. lease)	11	13
Volkswagen Bank Italy (fin. lease)	67	-
Mediocredito Italiano (fin. lease)	1.340	-
Total	8.870	6.154

	Within 1 year	Within 5 years	Beyond 5 years	Total
Overdrawn bank accounts and short-term advances	5.080	-	-	5.080
Accrued liabilities on loans	7	-	-	7
M/L-term bank loans	966	1.317	-	2.283
Volkswagen Bank (fin. lease)	57	103	-	160
Mediocredito Italiano (fin. lease)	-	264	1.076	1.340
Total	6.110	1.684	1.076	8.870

The current loans have the following characteristics:

M/L-term loan with Banca Nazionale del Lavoro

Original amount	€2.000 thousand
Residual amount	€418 thousand
Date of loan	31/08/2010
Term	Loan due date 30/06/2015
Repayment	19 quarterly installments (31/12/2010 to 30/06/2015)
Interest rate	3-month Euribor, base 360 + 1,8% spread

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

M/L-term loan with Banca Nazionale del Lavoro

Original amount	€1.500 thousand
Residual amount	€1.005 thousand
Date of loan	08/10/2012
Term	Loan due date 30/09/2017
Interest-only period	1 quarterly installment (31/12/2012)
Repayment	19 quarterly installments (31/03/2013 to 30/09/2017)
Interest rate	3-month Euribor, base 360 + 3,35% spread

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

M/L-term loan - Banco Popolare

Original amount	€1.250 thousand
Residual amount	€860 thousand
Date of loan	09/11/2012
Term	Loan due date 31/12/2017
Interest-only period	1 quarterly installment (31/12/2012)
Repayment	20 quarterly installments (31/03/2013 to 31/12/2017)
Interest rate	3-month Euribor, base 360 + 3,78% spread

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

Lease no. 1 with Volkswagen Bank Germany

Original amount	€30 thousand
Residual amount	€14 thousand
Date of loan	22/10/2012
Term	Loan due date 01/11/2015
Repayment	36 monthly installments (01/12/2012 to 01/11/2015)
Interest rate	2,9%

Lease no. 2 with Volkswagen Bank Germany

Original amount	€58 thousand
Residual amount	€42 thousand
Date of loan	09/08/2013
Term	Loan due date 15/08/2016
Repayment	36 monthly installments (15/09/2013 to 15/08/2016)
Interest rate	1,9%

Lease no. 3 with Volkswagen Bank Germany

Original amount	€29 thousand
Residual amount	€26 thousand
Date of loan	15/03/2014
Term	Loan due date 15/02/2017
Repayment	36 monthly installments (15/03/2014 to 15/02/2017)
Interest rate	1,9%

Lease with Volkswagen Bank Spain

Original amount	€13 thousand
Residual amount	€11 thousand
Date of loan	21/12/2013
Term	Loan due date 21/11/2017
Repayment	48 monthly installments (21/12/2013 to 21/11/2017)
Interest rate	9,64%

Lease with Volkswagen Bank Italy

Original amount	€85 thousand
Residual amount	€67 thousand
Date of loan	03/01/2014
Term	Loan due date 30/11/2017
Repayment	47 monthly installments (03/01/2014 to 30/11/2017)
Interest rate	4,54%

Lease with Mediocredito Italiano

Original amount	€2.600 thousand
Residual amount	€1.340 thousand
Date of loan	25/06/2014

Term	To be determined
Interest rate	3-month Euribor + 3,80% spread

This is the property lease agreement "under construction", the repayment of which will take place in 179 monthly installments starting from the date on which the industrial building will be ready for use. Until that date, the user, Fidia S.p.A., will not refund the principal (excluding the initial maxi-installment, amounting to €1.260 thousand, paid on signing of the lease), but only interests. The total amount funded by the leasing company may reach, depending on the state of progress of the renovation and expansion, up to €5.600 thousand.

The net book value of outstanding loans at 30 June 2014 is in line with their fair value.

25. OTHER CURRENT FINANCIAL LIABILITIES

This item amounted to €4 thousand and includes the fair value loss of certain contracts for the forward sale of USD entered into by the parent company Fidia S.p.A. to hedge the exchange rate risk on certain supplies denominated in that currency.

At 31 December 2013, this item amounted to €140 thousand, but related grants on funded research activities collected by Fidia S.p.A. as project leader and which will be the subject of redistribution between the partners participating in these programs.

26. TRADE PAYABLES

(€thousand)	Balance 30/06/14	Balance 31/12/13
Payables to other suppliers	10.556	8.407
Payables to associated companies	2	2
Total trade payables	10.558	8.409

Trade payables amounted to €10.558 thousand at 30 June 2014, an increase of € 2.149 thousand compared to 31 December 2013 due to higher purchase volumes.

27. TAX LIABILITIES AND OTHER CURRENT PAYABLES AND LIABILITIES

(€thousand)	Balance 30/06/14	Balance 31/12/13
Payables to employees	1.656	1.125
Social security payables	754	741
Down payments from customers	5.961	5.337
Advances for EU grants	-	-
Payables for compensation	128	69
Payables to State Fund, Cometa and other funds	68	100
Other sundry accrued expenses and deferred income	260	299
Payables for dividends	90	92
Miscellaneous payables	151	288
Total other payables	9.068	8.051
Tax payables for withholding tax	184	346
Tax payables for income tax and IRAP	282	434
Tax payables for VAT	169	295
Other short-term tax payables	60	63
Total tax payables	695	1.138
Total	9.763	9.189

Payables to employees mainly relate to accrued vacation pay and other unrealized retribution items; the change compared to December 31st is due to maturation during the year of bonuses (typically 13th monthly wage), which are paid at year-end.
Advances from customers includes advances paid by customers upon signing of sales contracts and the amount of supplies that have been delivered to customers, but for which there are still requirements for recognition of revenues in accordance with IAS 18.

28. PROVISIONS FOR RISKS AND EXPENSES

Short-term provisions amount to €1.002 thousand (€902 thousand as at 31 December 2013). This item includes: €927 thousand for the product warranty provision that represents the best estimate of the Group's contractual, legal or habitual commitments in the form of expenses associated with the warranties for its products for a given period of time from when they are sold to the end client; €41 thousand for a tax risk provision accrued to face a tax inspection related to the company Fidia do Brazil; €34 thousand for litigation provision.

(€thousand)	Balance at 1 January 2014	Accrual	Releases/ recoveries	Exchange rate effect	Balance at 30 June 2014
Provisions for tax disputes	37			4	41
Warranty provision	831	95	1		927
Provisions for legal risks	34	-	-	-	34
Provisions for other risks	-		-	-	-
Total short-term provisions	902	95	1	4	1.002

29. COLLATERAL AND OTHER CONTINGENT LIABILITIES

Sureties issued on behalf of others

The sureties on our behalf to third parties amounted at 30 June 2014 to €2.291 thousand (€1.194 thousand at 30 June 2013).

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

Contingent liabilities

At 30 June 2014, Fidia Group, though exposed to various risks (product liability, legal and fiscal risks), is not aware of circumstances in addition to those already covered by specific provisions in the financial statements that might generate foreseeable contingent liabilities or contingent liabilities the amount of which may be estimated and therefore does not deem it necessary to make any further allocations.

30. OTHER INFORMATION

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

Currency	1st half of 2014		At 31 December 2013		1st half of 2013	
	Average	As at 31 March	Average	As at 31 March	Average	As at 31 March
USD	1,37047	1,36580	1,32812	1,37910	1,31346	1,30800
Real - Brazil	3,14948	3,00020	2,86866	3,25760	2,66880	2,88990
RMB - China	8,45169	8,47220	8,16463	8,34910	8,12939	8,02800
Rouble - Russia	48,0204	46,3779	42,3370	45,3246	40,7641	42,8450
Rupee - India	83,2930	82,2023	77,9300	85,3660	72,3069	77,7210

31. DISCLOSURE BY LINE OF BUSINESS

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

Below are reported the consolidated economic results by segment at 30 June 2014 compared to those at 30 June 2013.

(€thousand)	Sector							Total
1st half of 2014	**CNC**	**%**	**HSM**	**%**	**SERVICE**	**%**	**N/A**	
Revenues	**1.692**	**66,7%**	**12.112**	**100,0%**	**5.410**	**100,0%**	**-**	**19.214**
Cross-sector revenues	**845**	**33,3%**	**-**	**0,0%**	**-**	**0,0%**	**-**	
Total revenues	**2.537**	**100,0%**	**12.112**	**100,0%**	**5.410**	**100,0%**	**-**	**19.214**
Changes in inventories of finished goods and work in progress	(6)	-0,2%	1.657	13,7%	(153)	-2,8%	-	1.498
Other operating revenue	272	10,7%	183	1,5%	32	0,6%	210	697
Raw materials and consumables	(552)	-21,8%	(5.618)	-46,4%	(761)	-14,1%	(58)	(6.989)
Cross-sector expenses	**(69)**	**-2,7%**	**(1.143)**	**-9,4%**	**367**	**6,8%**	**-**	
Other operating expenses	(458)	-18,1%	(3.693)	-30,5%	(1.333)	-24,6%	(2.315)	(7.799)
Personnel expenses	(1.500)	-59,1%	(2.408)	-19,9%	(1.917)	-35,4%	(1.967)	(7.792)
Depreciation and amortization	(24)	-0,9%	(174)	-1,4%	(43)	-0,8%	(173)	(414)
Operating income from ord. business	**200**	**7,9%**	**916**	**7,6%**	**1.602**	**29,6%**	**(4.303)**	**(1.585)**

(€thousand)	Sector							Total
1st half of 2013	**CNC**	**%**	**HSM**	**%**	**SERVICE**	**%**	**N/A**	
Revenues	**1.176**	**49,8%**	**14.335**	**99,8%**	**5.308**	**100,0%**	**-**	**20.819**
Cross-sector revenues	**1.184**	**50,2%**	**33**	**0,2%**	**-**	**0,0%**	**-**	
Total revenues	**2.360**	**100,0%**	**14.368**	**100,0%**	**5.308**	**100,0%**	**-**	**20.819**
Changes in inventories of finished goods and work in progress	125	5,3%	1.163	8,1%	(173)	-3,3%	-	1.115
Other operating revenue	597	25,3%	245	1,7%	68	1,3%	110	1.020
Raw materials and consumables	(977)	-41,4%	(6.631)	-46,2%	(189)	-3,6%	(87)	(7.884)
Cross-sector expenses	**(47)**	**-2,0%**	**(1.479)**	**-10,3%**	**267**	**5,0%**	**42**	
Other operating expenses	(678)	-28,7%	(3.909)	-27,2%	(1.083)	-20,4%	(2.416)	(8.086)
Personnel expenses	(1.758)	-74,5%	(2.202)	-15,3%	(2.206)	-41,6%	(1.913)	(8.079)
Depreciation and amortization	(37)	-1,6%	(161)	-1,1%	(16)	-0,3%	(121)	(335)
Operating income from ord. business	**(415)**	**-17,6%**	**1.394**	**9,7%**	**1.976**	**37,2%**	**(4.385)**	**(1.430)**

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

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

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

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

Below follow the consolidated statements of financial position per segment at 31 June 2014 and 31 December 2013.

At 30 June 2014	CNC	HSM	SERVICE	Non allocable	Total
(€thousand)					
Property, plant and equipment	24	3.140	29	1.104	4.297
Intangible assets	80	68	-	423	571
Investments	-	-	-	16	16
Other non-current financial assets	-	-	-	-	-
Other non-current receivables and assets	39	103	-	1.284	1.426
Pre-paid tax assets	-	-	-	838	838
Total non-current assets	**143**	**3.311**	**29**	**3.665**	**7.148**
Inventories	2.416	14.002	3.547	-	19.965
Trade receivables and other current receiva	1.056	4.754	2.004	1.205	9.019
Current tax receivables	-	-	-	347	347
Other current financial receivables	-	-	-	-	-
Cash and cash equivalents	-	-	-	7.499	7.499
Total current assets	**3.472**	**18.756**	**5.551**	**9.051**	**36.830**
Total assets	**3.615**	**22.067**	**5.580**	**12.716**	**43.978**
Other non-current payables and liabilities	98	94	21	3	216
Termination benefits	577	1.176	177	399	2.329
Deferred tax liabilities	-	-	-	67	67
Other non-current financial liabilities	-	-	-	22	22
Non-current financial liabilities	-	-	-	2.760	2.760
Total non-current liabilities	**675**	**1.270**	**198**	**3.251**	**5.394**
Current financial liabilities	-	-	-	6.110	6.110
Other current financial liabilities	-	-	-	34	34
Trade payables and other current payables	2.092	13.656	1.085	2.763	19.596
Current tax payables	-	-	-	695	695
Short-term provisions	106	756	65	75	1.002
Total current liabilities	**2.198**	**14.412**	**1.150**	**9.677**	**27.437**
Total liabilities	**2.873**	**15.682**	**1.348**	**12.928**	**32.831**
Equity	**-**	**-**	**-**	**11.147**	**11.147**
Total liabilities	**2.873**	**15.682**	**1.348**	**24.075**	**43.978**

At 31 December 2013	CNC	HSM	SERVICE	Non allocable	Total
(€thousand)					
Property, plant and equipment	29	612	5	1.160	1.806
Intangible assets	-	77	-	333	410
Investments	-	-	-	16	16
Other non-current receivables and assets	16	185	-	1.278	1.479
Pre-paid tax assets	-	-	-	832	832
Total non-current assets	**45**	**874**	**5**	**3.619**	**4.543**
Inventories	2.395	10.353	3.913	-	16.661
Trade receivables and other current receiva	1.394	6.669	2.057	400	10.520
Current tax receivables	-	-	-	164	164
Other current financial receivables	-	-	-	19	19
Cash and cash equivalents	-	-	-	8.493	8.493
Total current assets	**3.789**	**17.022**	**5.970**	**9.076**	**35.857**
Total assets	**3.834**	**17.896**	**5.975**	**12.695**	**40.400**
Other non-current payables and liabilities	203	156	32	3	394
Termination benefits	573	1.133	171	386	2.263
Deferred tax liabilities	-	-	-	73	73
Other non-current financial liabilities	-	-	-	29	29
Non-current financial liabilities	-	-	-	1.852	1.852
Total non-current liabilities	**776**	**1.289**	**203**	**2.343**	**4.611**
Current financial liabilities	-	-	-	4.302	4.302
Other current financial liabilities	-	-	-	140	140
Trade payables and other current payables	1.198	11.613	932	2.717	16.460
Current tax payables	-	-	-	1.137	1.137
Provisions for risks and expenses	106	679	46	71	902
Total current liabilities	**1.304**	**12.292**	**978**	**8.367**	**22.941**
Total liabilities	**2.080**	**13.581**	**1.181**	**10.710**	**27.552**
Equity	**-**	**-**	**-**	**12.848**	**12.848**
Total liabilities	**2.080**	**13.581**	**1.181**	**23.558**	**40.400**

32. FAIR VALUE HIERARCHIES

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

Level 1 - quoted prices in active markets for identical assets or liabilities subject to valuation to which the entity can access at the measurement date;
Level 2 – inputs other than quoted prices included within Level 1 that are observable either directly (i.e.. as prices) or indirectly (i.e.. derived from prices);
Level 3 – inputs that are not based on observable market data.

At 30 June 2014. the Group holds only financial liabilities at fair value consisting of derivatives (currency and interest rate), for an amount of €22 thousand and €4 thousand respectively, classified in the Level-2 hierarchical evaluation of fair value.

During the first half of 2014 there were no transfers of assets and liabilities from one level to another.

33. RELATIONS WITH RELATED PARTIES

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

In particular, these relations regarded:

- professional services for consulting in research projects carried out by the associate Consorzio Prometec;
- commercial transaction with the company Shenyang Machine Tool Co. Ltd.;
- wages and salary paid to Mr. Paolo Morfino and Mr. Luca Morfino, both employed by Fidia S.p.A.;
- emoluments to the Board of Directors and to Statutory Auditors.

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

Counterparty(€ thousand)	Other operating expenses	Personnel expenses	Revenues
Compensation Board of Directors	-	311	-
Compensation Board of Statutory Auditors	28	-	-
Shenyang Machine Tool Co. Ltd.	56	-	189
Other related parties	71	67	-
Total related parties	**155**	**378**	**189**
Total financial statements item	7.799	7.792	19.214
Incidence in % on financial statements item	**2.0%**	**4.9%**	**1.0%**

Counterparty(€ thousand)	Trade receivables	Other current receivables	Trade payables	Other current payables
Payables to BoD members of Fidia SpA	-	-	-	43
Payables to members of the Board of Statutory Auditors of Fidia S.p.A.	-	-	-	85
Shenyang Machine Tool Co. Ltd.	80	-	-	57
Other related parties	-	7	2	6
Total related parties	**80**	**7**	**2**	**191**
Total balance-sheet item	7.179	1.839	10.558	9.068
Incidence in % on balance-sheet item	**1.1%**	**0.4%**	**0.0%**	**2.1%**

34. NET FINANCIAL POSITION

Pursuant to the Consob Communication issued on 28 July 2006 and according to the CESR recommendation dated 10 February 2005 for the consistent implementation of the European Commission's Regulation on Prospectuses, the net financial position of Fidia Group at 30 June 2014 is the following:

	(€thousand)	30 giugno 2014	31 dicembre 2013
A	Cash	10	9
B	Bank deposits	7.489	8.484
C	Other cash	-	-
D	**Liquidity (A+B+C)**	**7.499**	**8.493**
E	**Current financial receivables**	-	-
F	Overdraft current accounts	5.137	3.341
G	Current part of long-term bank loans	973	961
H	Other current financial payables	-	140
I	**Current financial debt (F+G+H)**	**6.110**	**4.442**
J	**Net current financial position (receivable)/payable (I-E-D)**	**(1.389)**	**(4.051)**
K	Non-current bank payables	2.760	1.852
L	Bonds issued	-	-
M	Other non-current financial debt		-
N	**Non-current financial debt (K+L+M)**	**2.760**	**1.852**
O	**Net financial position (receivable)/payable (J+N)**	**1.371**	**(2.199)**

35. NON-RECURRENT SIGNIFICANT EVENTS AND TRANSACTIONS

In the first half of 2014 the Group did not undertake any significant non-recurring transactions as defined by Consob Communication of 28 July 2006.

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

In accordance with the CONSOB Communication dated 28 July 2006, it is hereby stated that no atypical and/or unusual transactions were undertaken during the first half of 2014. 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.

COMPANIES OF THE FIDIA GROUP AT 30 JUNE 2014

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

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

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

COMPANIES CONSOLIDATED ON A LINE-BY-LINE BASIS Name / Place of business	Currency	Issued capital	Size of consolidated investment 30/06/2014	Percentage held by parent company 30/06/2013
Parent Company:				
Fidia S.p.A., San Mauro Torinese (TO)	EUR	5.123.000		
Foreign subsidiary companies:				
Fidia Gmbh, Dreiech, Germany	EUR	520.000	100%	100%
Fidia Co, Troy U.S.A.	USD	400.000	100%	100%
Fidia Sarl, Emerainville, France	EUR	300.000	100%	93,19%
Fidia Iberica S.A., Zamudio, Spain	EUR	180.300	99,993%	99,993%
Fidia do Brasil Ltda, Sao Paulo, Brazil	Reals	400.843	99,75%	99,75%
Beijing Fidia M&E Co Ltd, Beijing, China	USD	1.500.000	92%	92%
Shenyang Fidia NC & Machine Co Ltd, Shenyang, China	Rmb	42.517.648	51%	51%
OOO Fidia, Moscow, Russian Federation	Rouble	3.599.790	100%	100%
Fidia India Private Ltd, Pune, India	Rupee	100.000	99,99%	99,99%

COMPANIES CONSOLIDATED WITH THE EQUITY METHOD Name / Place of business	Currency	Issued capital	Size of investment 30/06/2014	Size of investment 31/12/2013
Consorzio Prometec - Bruzolo di Susa (Turin)	Euro	10.329	20%	20%

San Mauro Torinese, 29 August 2014

On behalf of the Board of Directors

The Chairman and Managing Director

Mr. Giuseppe Morfino

Attestazione del bilancio semestrale abbreviato ai sensi dell'art. 81-*ter *del Regolamento Consob n. 11971 del 14 maggio 1999 e successive modifiche ed integrazioni

1. I sottoscritti Giuseppe Morfino, in qualità di Presidente e Amministratore Delegato, Carlos Maidagan, in qualità di Vice Presidente Esecutivo ed Eugenio Barone, in qualità di Dirigente Preposto alla redazione dei documenti contabili societari, della Fidia S.p.A., attestano, tenuto anche conto di quanto previsto dall'art. 154-*bis*, commi 3 e 4, del decreto legislativo 24 febbraio 1998, n. 58:

- l'adeguatezza in relazione alle caratteristiche dell'impresa e
- l'effettiva applicazione

delle procedure amministrative e contabili per la formazione del bilancio semestrale abbreviato, nel corso del primo semestre del 2014.

2. Al riguardo non sono emersi aspetti di rilievo.

3. Si attesta, inoltre, che:

3.1 il bilancio semestrale abbreviato:

a. è redatto in conformità ai principi contabili internazionali applicabili riconosciuti nella Comunità europea ai sensi del regolamento (CE) n. 1606/2002 del Parlamento europeo e del Consiglio, del 19 luglio 2002;
b. corrisponde alle risultanze dei libri e delle scritture contabili;
c. è idoneo a fornire una rappresentazione veritiera e corretta della situazione patrimoniale, economica e finanziaria dell'emittente e dell'insieme delle imprese incluse nel consolidamento.

3.2 La relazione intermedia sulla gestione comprende un'analisi attendibile dei riferimenti agli eventi importanti che si sono verificati nei primi sei mesi dell'esercizio e alla loro incidenza sul bilancio semestrale abbreviato, unitamente a una descrizione dei principali rischi e incertezze per i sei mesi restanti dell'esercizio. La relazione intermedia sulla gestione comprende, altresì, un'analisi attendibile delle informazioni sulle operazioni rilevanti con parti correlate.

San Mauro Torinese, 29 agosto 2014

Il Presidente e Amministratore Delegato

Giuseppe Morfino

....

Il Vice Presidente Esecutivo

Carlos Maidagan

....

Il Dirigente preposto alla redazione dei documenti contabili societari

Eugenio Barone

....

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Auditors' review report on the half-year condensed consolidated financial statements (Translation from the original Italian text)

To the Shareholders of
Fidia S.p.A.

1. We have reviewed the half-year condensed consolidated financial statements, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the related notes of Fidia S.p.A. and its subsidiaries (the "Fidia Group") as of June 30, 2014. Directors of Fidia S.p.A. are responsible for the preparation of the half-year condensed consolidated financial statements in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue this review report based on our review.

2. We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. Our review consisted mainly of obtaining information on the accounts included in the half-year condensed consolidated financial statements and the consistency of the accounting principles applied, through discussions with management, and of applying analytical procedures to the financial data presented in these consolidated financial statements. Our review did not include the application of audit procedures such as tests of compliance and substantive procedures on assets and liabilities and was substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the half-year condensed consolidated financial statements, as we expressed on the annual consolidated financial statements.

   With respect to the comparative data related to the consolidated financial statements of the prior year and the half-year condensed consolidated financial statements of the corresponding period of the prior year, reference should be made to our reports issued on March 28, 2014 and August 29, 2013.

3. Based on our review, nothing has come to our attention that causes us to believe that the half-year condensed consolidated financial statements of the Fidia Group as of June 30, 2014 are not prepared, in all material respects, in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Turin, August 29, 2014

Reconta Ernst & Young S.p.A.
Signed by: Stefania Boschetti, partner

This report has been translated into the English language solely for the convenience of international readers

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