Annual financial report

At 31 December 2015

Fidia S.p.A.
Registered office in San Mauro Torinese, Corso Lombardia, 11
Capital paid in €5,123,000
Turin Register of Companies
Taxpayer's Code 05787820017
Website: http://www.fidia.it - http://www.fidia.com
e-mail: info@fidia.it

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BOARDS OF DIRECTORS AND AUDITORS

FIDIA S.p.A.	Issued and paid-in share capital €5,123,000.00 Entered under n° 05787820017 in the Turin Register of Companies Turin Business Code R.E.A. n° 735673 Registered office in San Mauro Torinese (Turin) Corso Lombardia No. 11 Website: http://www.fidia.it - http://www.fidia.com e-mail: info@fidia.it

Board of Directors

Chairman and Managing Director	Giuseppe Morfino (a)
Executive 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.

(a) 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 – Presidente Michela Rayneri Gian Piero Balducci
Alternate Auditors	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, DEPUTY CHAIRMAN AND MANAGING DIRECTOR

Chairman of the Board of Directors and Managing Director: 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: 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:

- Purchase, sale, and conferment of equity interests,
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- 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.

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.

Organization of the FIDIA GROUP

FIDIA S.p.A.
Italia

FIDIA GmbH Germania	100% Fidia S.p.A.
FIDIA S.a.r.l. Francia	93.19% Fidia S.p.A. 6.81% Fidia GmbH
FIDIA IBERICA S.A. Spagna	99,993% Fidia S.p.A 0,007% altri
FIDIA Co. Stati Uniti	100% Fidia S.p.A.
FIDIA DO BRASIL Ltda Brasile	99.75% Fidia S.p.A. 0.25% altri
Beijing Fidia M. & E. Co. Cina	92% Fidia S.p.A. 4% Bamtri - 4% Catic
Shenyang Fidia NC & M Co. Ltd. Cina	51% Fidia S.p.A. 49% Shenyang M.T. Co. Ltd.
OOO FIDIA Russia	100% Fidia S.p.A.


ECLIPSE

Report on Operations

Report on Operations

Overview of results

The year 2015 for the Fidia Group was characterized by revenues equal to €60,324 thousand, with a significant growth (+10.6%) compared with 2014.

In commercial terms, the trend was satisfactory and above the industry's average with the sole exception of the Chinese market. Overall, new orders of the Group registered a 1.3% decrease over 2014. As a reference, the machine tool orders index developed by UCIMU Sistemi per Produrre, the association that brings together Italy's major machine tool, automation and robotics manufacturers, recorded in 2015 an increase of domestic orders of about 18.1% compared to 2014 (Fidia grew 62.2%) and foreign orders of approximately 6.7% (Fidia recorded a 4.5% decrease).

This positive trend will allow the Group to start 2016 with a substantial order backlog (€30.9 million, down 1.9% over the previous year); considering the acquisition of new orders in the early months of 2016 the production capacity of the high-speed milling business unit is saturated for most of the reporting period.

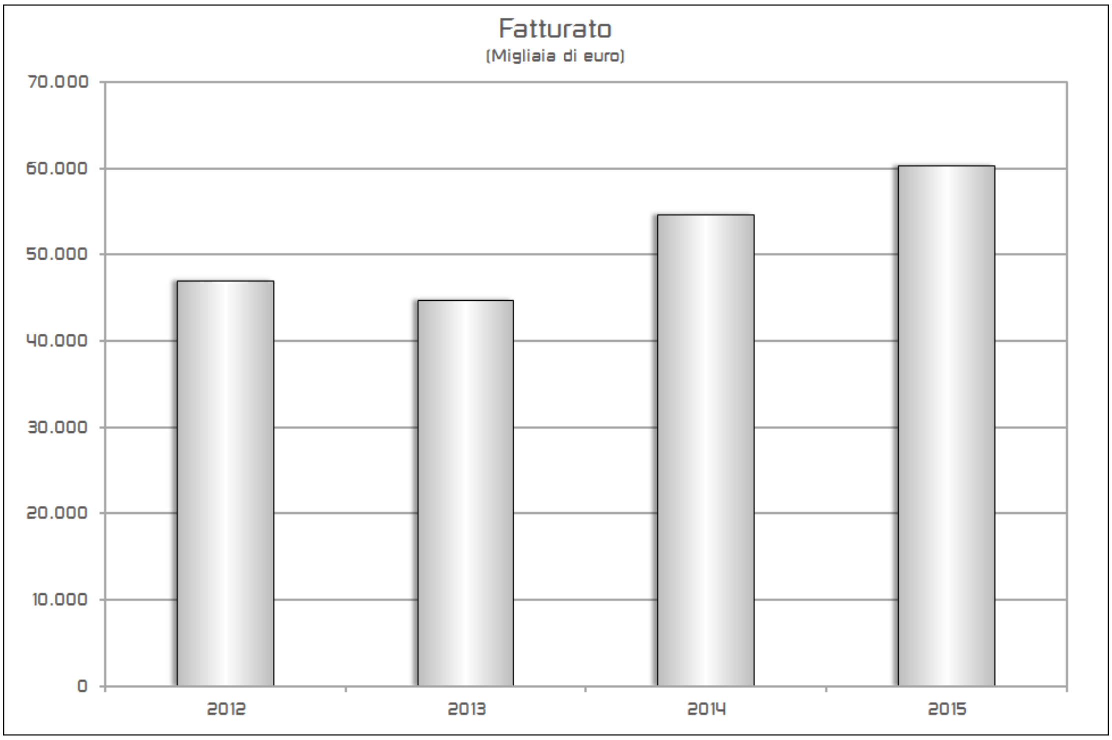
The year recorded net profit attributable to the Group of €2,723 thousand, mainly due to strong growth in revenues allowing a greater absorption of structural costs.

In financial terms, the NFP further improved and, by year-end 2015, it was positive by €6,465 thousand (€4,514 thousand at 31 December 2014).

In short, the trends in the 2015 results were as follows:

- revenues in the amount of €60,324 thousand versus €54,544 thousand in 2014 (+10.6%),
- value of production in the amount of €63,332 thousand versus €57,308 thousand in 2014 (+10.5%),
- EBITDA in the amount of €5,680 thousand (9.0% of value of production) versus €4,982 thousand in 2014 (8.7% of value of production),
- Operating income from ordinary business in the amount of €4,146 thousand (6.5% of value of production) versus €4,024 thousand in 2014 (7.0% of value of production),
- EBIT in the amount of €4,146 thousand versus €4,324 thousand in 2014,
- EBT in the amount of €3,510 thousand versus €3,511 thousand in 2014,
- Consolidated net profit in the amount of €2,377 thousand (€2,723 thousand posted by the Group and -€345 thousand posted by NCIs) versus a consolidated net profit of €2,774 thousand (€2,894 thousand posted by the Group and -€120 thousand posted by NCIs) in 2014,
- Positive net financial position in the amount of €6,465 thousand versus a positive amount of €4,514 thousand at 31 December 2014,
- new orders (HSM and CNC) in the amount of €46.1 million versus €46.7 million in 2014,
- final order backlog equivalent to €30.9 million versus €31.5 million in 2014.

The trend in revenue in the 2012-2015 period is illustrated in the chart below:



Other main economic and equity data:

(€thousand)	2015	2014
Result before taxes	3,510	3,511
Profit/(loss) of the period	2,377	2,774
Attributable to:		
- Group	2,723	2,894
- NCIs	(345)	(120)
Basic earnings per ordinary share	0.533	0.566
Diluted earnings per ordinary share	0.533	0.566
R&D expenditure (€mil)	2.7	2.8
Total assets	56,549	49,901
Net financial position - (payables)/receivables	6,465	4,514
Equity of Group and NCIs	19,027	16,513
Equity of Group	16,585	13,890
Number of employees at year-end	341	320

Shareholders

Fidia constantly informs its shareholders and investors through the Investor Relations function and the Company website at www.fidia.it - www.fidia.com under Investor Relations where you can find economic and financial data, company presentations, and periodic reports and updates on Company shares. Furthermore, in order to maintain an ongoing relationship with investors based on dialogue, the company regularly participates in events and meetings with the financial community (such as Star Conferences organized by Borsa Italiana SpA, which are held annually in Milan and London) and, in certain cases, organizes presentations, company visits and open house events.

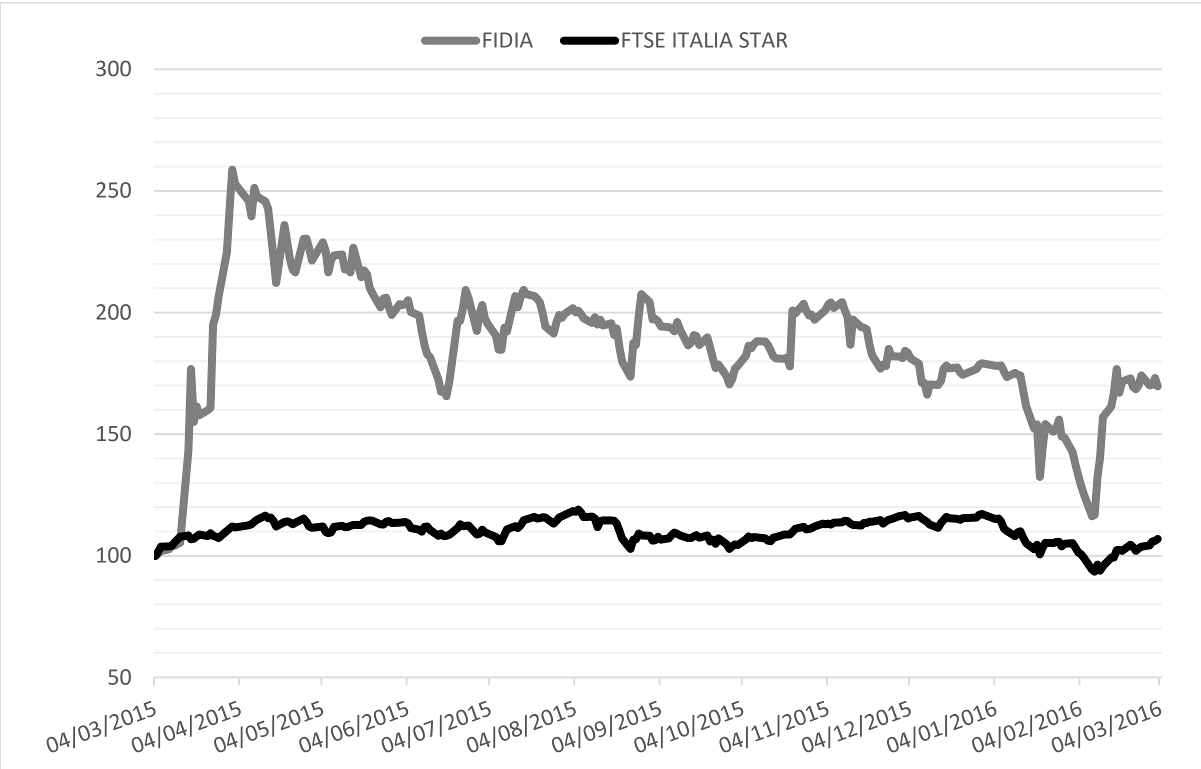
The following contacts are also available for shareholders:

Telephone number:	+390112227111;
E-mail:	investor.relation@fidia.it;
	info@fidia.it

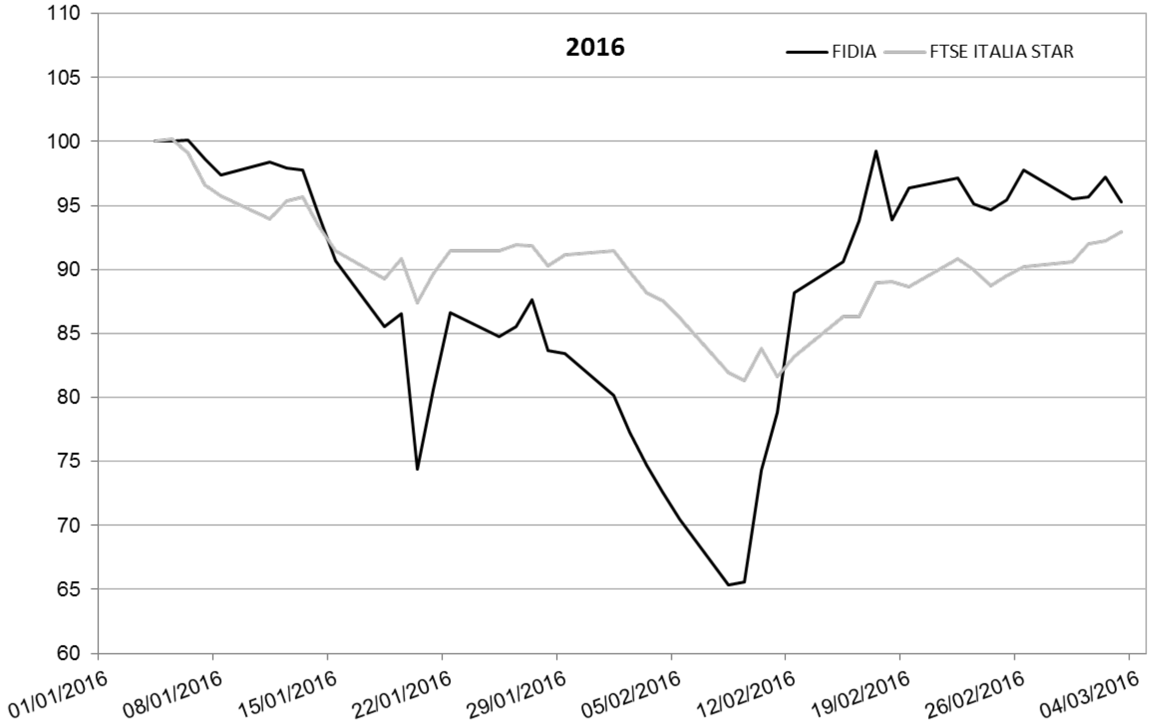
Trend of Fidia stock vs. Star Index

FIDIA S.p.A. is listed at the Italian Stock Exchange under the STAR - High Requirement Securities Segment - Index.

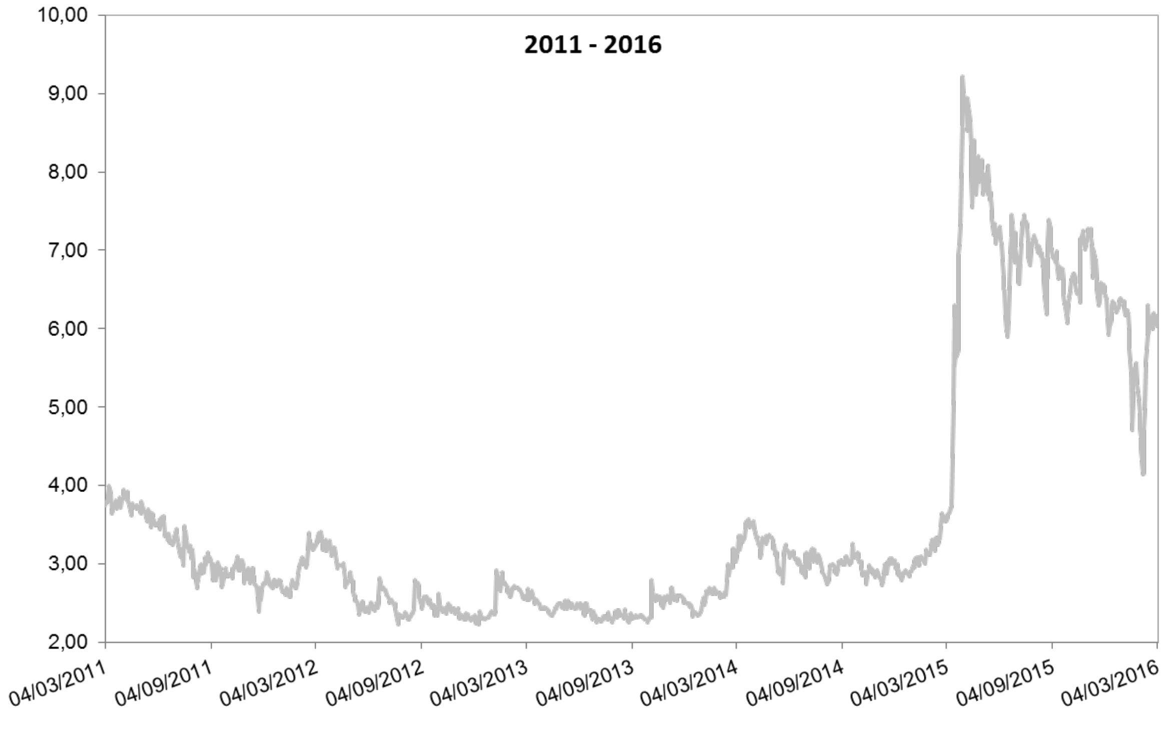
The following chart shows share price performance from 4 March 2015 to 4 March 2016 in comparison with the FTSE Italia STAR Index.



Please note share price performance in the early months of 2016 (at 4 March 2014) in comparison with the FTSE Italia STAR Index.



Trend in stock quotes over the last 5 years (in EUR)

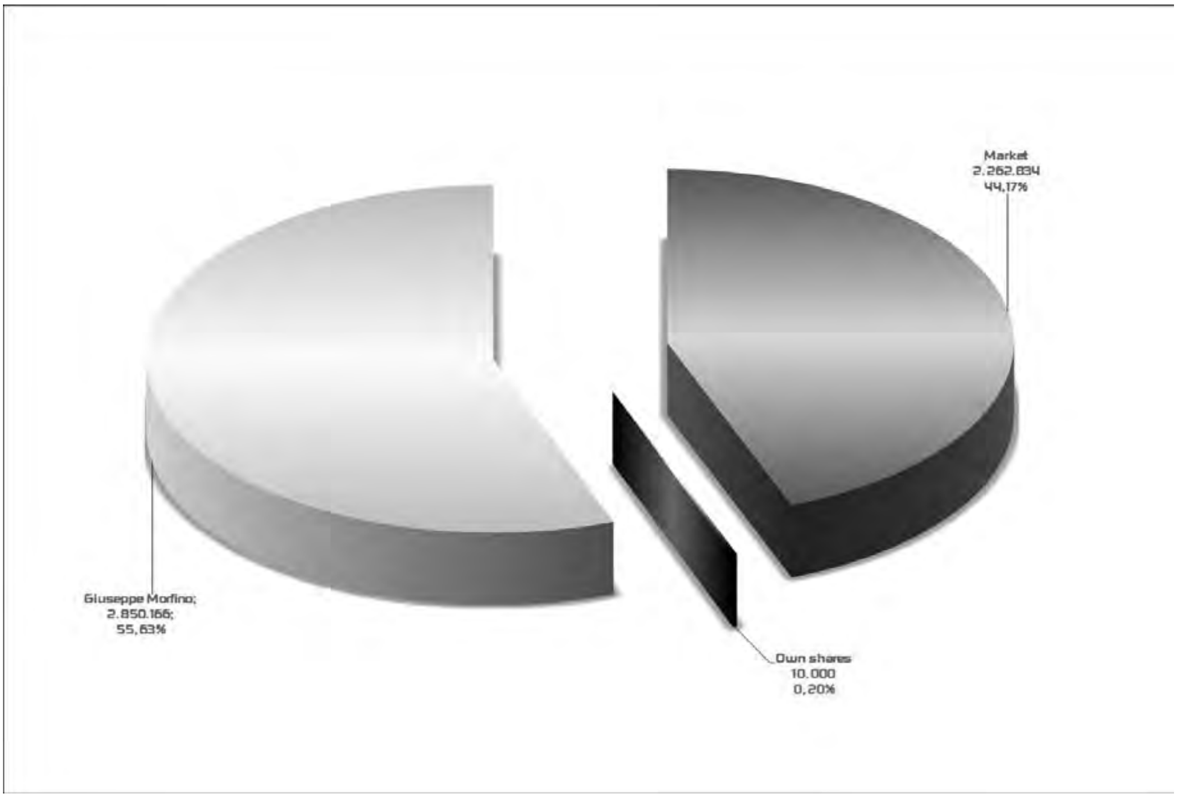


Main shareholders

No variation of the share capital was recorded during 2015. Therefore, the number of ordinary shares, equal to 5,123,000, was unchanged compared to 31 December 2014. The holders of ordinary shares at 4 March 2016 are:

Giuseppe Morfino	No. 2,850,166 equal to 55.63%;
Market	No. 2,262,834 equal to 44.17%;
Own shares	No. 10,000 equal to 0.20%.

No categories of stock other than ordinary shares or bonds were issued.



Main data per share (Euro)	2015	2014
Mean number of shares on date of reference	5,113,000	5,113,000
Face value per share	1.0	1.0
Base earnings per ordinary share (1)	0.533	0.566
Diluted earnings per ordinary share (2)	0.533	0.566
Net equity of Group per share	3.244	2.717

(1) and (2): calculated by dividing the earnings to the Parent Company shareholders by the weighted mean of the ordinary shares in circulation during the period.

Closing price per share at:	(euro) 30/12/2015	(euro) 30/12/2014	(euro) 30/12/2013	(euro) 30/12/2012	(euro) 30/12/2011
Ordinary shares	6.380	2.894	2.360	2.320	2.310

In 2015, no purchases of own shares were made; on the date of approval of this document, own shares held in the portfolio amounted to 10,000 (equal to 0.20% of share capital), thus totaling €45 thousand.

Main risks and uncertainties to which Fidia S.p.A. and the Group are exposed

The main types of risk which the Group is exposed to are listed below. The analysis of said risks is also illustrated in the notes in which the hypothetical quantitative effects linked to fluctuations in market indicators are examined and a more detailed description of the main policies adopted to face market risks is provided.

The considerations regarding the Group also apply to Fidia S.p.A., which, as Parent Company, is basically exposed to the same risks and uncertainties.

Risks related to the general economic outlook

The main types of risk which the Group is exposed to are listed below. The analysis of said risks is also illustrated in the notes in which the hypothetical quantitative effects linked to fluctuations in market indicators are examined and a more detailed description of the main policies adopted to face market risks is provided.

The considerations regarding the Group also apply to Fidia S.p.A., which, as Parent Company, is basically exposed to the same risks and uncertainties.

In view of the substantially international presence and operations of the Group, its economic and commercial performance, as well as the balance sheet and financial position are obviously heavily influenced by multiple factors that characterize the world macro-economic scenario and more specifically by the trend in GDP of the countries in which the Group is operating. Other factors that can affect the results and the performance of the Group are related to the trend in interest rates and exchange rates, the trend in the cost of raw materials, changes in the rate of unemployment and more generally the expectations regarding the trends in monetary policies adopted globally and especially in the economic areas of interest.

Based on the results, the year 2015 was a positive year for the Group, confirming the results of the previous year.

The international scenario remains, however, complicated. World growth remains modest and uneven. While in advanced economies activity continues to expand at a robust pace, in emerging countries the trends are generally weak and more heterogeneous. International trade is recovering, though slowly, after the extreme weakness of the first half of 2015.

Inflation at world level remained under control and the recent further decline in the prices of oil and other raw materials will attenuate even more inflationary pressures.

Heightened uncertainty linked to trends in China and the new drop of oil prices have resulted to a sharp correction in stock markets worldwide and to a new downward pressure on the yields of sovereign bonds in the Eurozone. The yield differentials between corporate and sovereign bonds have slightly grown. Heightened global uncertainty has been matched by an increase in the actual exchange rate of the euro.

The economic recovery in the Eurozone is continuing, largely driven by private consumption.

More recently, however, it was partly slowed down by a decline in exports.

The latest available indicators are consistent with a substantially unchanged pace of economic growth in the fourth quarter of 2015.

In perspective, domestic demand should be further supported by the monetary policy measures of the ECB and by their favorable impact on financial conditions, as well as by previous progress made in fiscal consolidation and structural reforms.

In addition, the new drop in oil prices should further support both the real disposable income of households and the profitability of enterprises and consequently private consumption and investment. Also, the fiscal orientation in the Eurozone is becoming slightly expansive, also as a consequence of measures in favor of refugees.

The recovery in the Eurozone is however curbed by growth prospects in emerging markets, by volatility in financial markets, by the necessary adjustments of budgets in different sectors and by slowness in the implementation of structural reforms. The risks for the growth prospects of the Eurozone are oriented downwards and are linked specifically to greater uncertainties with regard to the growth of the world economy, as well as to broader geopolitical risks.

In this context of global economic instability, however, the impact on the real economy, limited to the scope of our business, has not been felt in actual fact, allowing us to record a substantial order backlog to date.

During the year, the Group will continue in its ongoing investment in research and development—to maintain the technological prerogatives of our business—in addition to finalizing the investment for the construction of a new industrial plant in Forlì which will have positive effects on production capacity.

More generally, the outlook of the Group and expectations in terms of impact on the economic and financial position remain positive.

Risks linked to Group results

The Fidia Group operates in sectors that are historically marked by a certain cyclical behavior, such as the automotive sector, and in others characterized by greater inertia in reacting to economic trends (aerospace and power generation).

It is difficult to forecast the scope and duration of business cycles. Clearly, like any exogenous event, such as a significant drop in one of the main markets of reference, the volatility of financial markets and the resulting worsening of the situation in capital markets, an increase in the cost of commodities, negative fluctuations in interest and exchange rates, government policies, etc., could negatively impact the sectors in which the Group operates and prejudice the outlook and business, thus affecting its economic and financial results. The profitability of the Group's business is also linked to the risk of fluctuation in interest rates and to the solvency and ability of commercial partners to raise funds as well as to the general economic situation of the countries in which the Group operates.

Risks linked to the need for financial means

The trend in the Group's financial standing depends on several variables, among which the trend in the general economy, financial markets and sectors in which the Group is active. The Fidia Group intends to cover the needs resulting from financial payables falling due, planned investments and other current assets that imply an effect on the working capital through the flows deriving from operations, cash on hand and the renewal or refinancing of bank loans.

Good commercial performance and the synergies resulting from the reorganization implemented in recent years have made it possible to keep the demand for working capital in check, thus avoiding situations of financial stress. However, events that hinder the maintenance of normal sales volumes, or that may cause contractions, may have negative effects on the ability to generate cash flow from operations.

It is the Group policy to keep the cash on hand in sight deposits by allocating it among an adequate number of leading banks. However, considering also tensions in financial markets, it cannot be ruled out that situations in the banking and money markets can be an obstacle to normal operations in financial transactions.

Finally, despite the Group has hitherto continued to receive the support of banking partners and has reached a good degree of financial independence, the current conditions for access to credit and the restrictive policies applied by several banks could lead the Group to a situation of having to resort to loans in an unfavorable market situation, with a limited availability of some sources and a possible worsening in borrowing costs.

Please refer to the notes for a more detailed account of the policies adopted by the Group to tackle liquidity risk and for an analysis of financial payables by maturity.

Risks linked to fluctuations in exchange and interest rates

The Fidia Group, which operates in a number of world markets, is naturally exposed to market risks linked to fluctuations in exchange and interest rates. Exposure to exchange rate risks is mainly related to the different geographical distribution of its commercial activities by which a part of its revenue is realized in currencies other than the Euro. In particular, the Group is exposed for exports to USD areas and, given its strong presence in China, also to changes in the local currency.

The Fidia Group uses various forms of financing to cover the needs of its industrial operations. Variations in interest rates can lead to an increase or decrease in the cost of loans and hence have financial repercussions and general consequences on the Group's profitability.

Consistently with its risk hedging policies, the Fidia Group is engaged in tackling exchange rate fluctuations by resorting to appropriate hedging instruments.

Despite these financial transactions, sudden changes in exchange and interest rates could negatively affect the Group's economic and financial results.

The notes comprise a dedicated section in which said risks are further analyzed and the potential impact of hypothetical fluctuations in interest and exchange rates is examined based on simplified scenarios.

Risks linked to relations with employees and suppliers

In the various countries in which the Group operates, employees are protected by laws and/or collective labor agreements that grant them, through trade unions, the right to be consulted on specific issues, among which reorganization and lay-offs. Said laws and/or collective labor agreements applicable to the Group could affect its ability to strategically redefine and reposition its operations in a flexible manner. Fidia's ability to cut staff or adopt other measures to interrupt employer-employee relationships also on a temporary basis is hence contingent on restraints set by the law and by procedures involving trade unions.

The labor reforms recently introduced in Italy (Law No. 92/2012, and then Job Act 183/2014) should simplify the processes enabling enterprises to hire new staff more easily and to have a greater flexibility in laying off staff.

However, in terminating employment relationships a prudent stance is still warranted, given the novelty of the provisions introduced and the consequent lack of new case-law.

Moreover, the Group purchases raw materials and components from a large number of suppliers and is dependent on outsourced services and processing. Close cooperation between the Group and some strategic suppliers is now common practice and, while on the one hand this brings major benefits in economic and quality terms, on the other, the Group heavily relies on said suppliers. Therefore, any difficulties they may experience (due either to endogenous factors or macro-economic variables) can negatively impact the Group.

Management-related risks

The performance of the Group heavily depends on the ability of its executives and other managers to effectively run the Group and its single companies. The loss of the services of some key resources without being duly replaced or the inability to draw and retain new and qualified resources could hence have negative effects on the outlook, production and commercial operations and economic and financial results of the Group.

Risks linked to the high degree of competition in the Group's business sectors

The markets in which the Group operates are extremely competitive in terms of product quality, technological innovation, economic terms, reliability, safety and after-sales technical service. The Group is competing in all the markets in which it is active with leading international companies and various local players.

The success of Fidia Group's operations depends on its ability to maintain and increase its shares and to expand into new markets with innovative products featuring high technological and quality standards and to ensure adequate levels of profitability.

Ensuring these prerogatives calls for, inter alia, significant investment in research and development.

Risks linked to sales on international markets and to exposure to uncertain local conditions

A substantial part of the Group's revenue is realized on international markets and most of the sales are made outside of the European Union. Therefore, the Group is exposed to risks linked to worldwide operations, including the risks associated with:

- exposure to local economic situations and policies;
- implementation of restrictive or penalizing policies on imports or exports;
- multiple tax regimens and particularly transfer pricing and the application of withholding tax or other taxes on remittances and other payments of or by subsidiaries;
- enactment of limiting or restrictive policies on foreign investments and/or trade as well as policies on exchange rates and restrictions on the repatriation of capital.

In particular, Fidia operates in several emerging countries, including India, Brazil, and China, which currently represents the largest market for the Group's products.

Unfavorable political or economic events in these regions could have consequences on the Group outlook and business as well as on its economic results and financial standing.

Risks linked to manufacturer's liability

Being a manufacturer of highly automated machinery, the Group is exposed to the risk of various types of malfunction, which can cause damage to users and, more in general, to third parties.

The Group protects itself against such cases during the planning and design of its machinery and by adopting appropriate manufacturing procedures that also comprise strict quality control tests. Moreover, it is a well-established practice to cover this risk with product liability policies taken out with leading insurance companies.

Nonetheless, it is not possible to exclude that the Group can be exposed to liabilities resulting from issues of this nature despite the procedures adopted.

Risks linked to environmental policy

The Group's operations comply with the local, national and supranational rules and regulations on environmental protection with regard both to its products and its production cycles. Please be noted that the type of business conducted has limited consequences in environmental terms and in terms of emissions into the atmosphere, waste disposal and water treatment. Maintaining these characteristics do not exclude that the Group will be exposed to liabilities arising from environmental issues.

R&D

R&D activities have always been one of the strengths of the Group and received substantial investment over the years. A team of 34 people supported by specialized consultants is currently dedicated to R&D activities.

The costs incurred by the Group in 2015 amounted to about €2.7 million, equal to about 4.5% of revenues (€2.8 million in 2014 equal to about 5.1% of revenues), and were recorded mainly by the parent Fidia S.p.A.

Since the R&D activities are mainly carried out with internal resources, a substantial portion of the costs (about €2.0 million) is represented by personnel expenses.

The costs capitalized amounted to approximately €514 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 thanks to technological innovation and to enhance its offering in those markets sectors 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 2015 were:

- **Green Electric Drives novel structures for high performance drives** - From the last quarter of 2015 and for three years Fidia will be funding a scholarship commemorating Mr. Mario Vesco for a research doctorate at Politecnico di Torino (PhD in Electrical, Electronics and Communications Engineering) entitled: *Green Electric Drives novel structures for high performance drives*. The activity of the doctorate program will be followed by both academic and company tutors to ensure that the solutions developed can have a genuine impact on the new Xpower™ digital drive lines.

- **ViMill® - Look-ahead Virtual Milling** - over 2015 new features and developments were introduced in order to improve the suite and its features. Three official versions containing the resulting advances were released in May, August and October 2015.

- **NC19** - In the course of 2015 FIDIA started and completed the prototyping and experimentation of the nC19 new compact full-touch numerical control. This control represents an evolution of the FIDIA numerical control in terms of performance and usability, guaranteed by the design decision to use a hardware architecture customized to operating control needs.

- **CPU8: driver for 64-bit systems** – The 32-bit drivers were ported to 64-bit, with the goal of completing the migration to more advanced architectures and current operating systems. The driver has obtained a digital signature and testing on the field has been started.

- **WS5 User interface** – In 2015 a first version of a new user interface was developed with an innovative design across the various platforms, featuring remote control and optimized for new CNCs with touch interface. The release was enhanced with features that make the system more flexible and will be released in the first quarter of 2016.

- **Axis Control and CNC functions** - In the course of 2015 the axis control logic was improved by intervening on various aspects to improve the quality of the produced pieces. Moreover, the integration of some features in the numeric control aimed at increasing flexibility, usability and applicability of FIDIA control systems was consolidated. Three official versions of the control logic containing the resulting improvements were released in January, July and December 2015.

- **IO-LINE** – 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 was launched in 2014. 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. In 2015 prototyping and the testing of the line of modules that will go into production in 2016 were almost completed.

In the high-speed milling systems sector, the Group has continued along the path pursuing an R&D strategy centered, on the one hand, 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 and, on the other, on the consolidation of cooperation with industry partners and customers through the co-development of new production technologies.

Finally, in 2015 the Group continued its activities in the financed research field. The year 2015 saw the participation of Fidia in 5 projects co-funded by the European Commission as part of FP7 and Horizon 2020. FIDIA is also continuing the activity of preparing new project proposals with the objective to support and consolidate the level of product and process innovation that distinguishes the Group. An overview follows below of the areas of intervention 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;
- 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
- MMTECH - New aerospace advanced cost-effective materials and rapid manufacturing technologies: development of technologies and methodologies aimed at reducing time and costs over the whole life cycle of aircraft (design, production, maintenance, overhaul, repair and retrofit).
- MC-SUITE - ICT Powered Machining Software Suite: development of a new generation of ICT tools for simulation, optimization and improvement of milling and industrial manufacturing processes. The objective is to reduce the gap between the actual machining of a workpiece and the design of its production process.

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.

Economic and financial status of the Group

INTRODUCTION

Alternative performance indicators

In this Report on Operations, in the consolidated financial statements of the Fidia Group and in the separate financial statements of the parent company Fidia S.p.A. for the years closed on 31 December 2015 and 31 December 2014, in addition to the conventional IFRS financial indicators, a number of alternative performance indicators have been provided to allow for a better assessment of the economic and financial trends.

Said indicators, which are also found in the Report on Operations of other periodic reports, do not replace in any way whatsoever the mandatory IFRS indicators.

The Group uses alternative performance indicators, such as:

- EBIT,
- Operating income from ordinary business, which is obtained by adding any extraordinary cost items not falling under EBIT,
- EBITDA ("Earnings Before Interest, Taxes, Depreciation and Amortization"), which is the sum of the "Operating Income" as per the statement of comprehensive income, the item "Amortization" and the item "*Impairment* and Depreciation".

Other parameters mentioned:

- "Value of production", which is given by the algebraic addition of the items "Net revenue from sales and services", "Other revenue", and "Changes in inventories of finished goods and work in progress";
- "Value added", which is the result of the algebraic addition of the items "Value of production", "Raw materials and consumables used", "Commissions, shipping and outsourced work" and "Other services and overheads".

Consolidation area

The companies comprised in the consolidation area are listed below:

Name	Registered office	Percentage held by Parent Company at 31/12/2015
Fidia S.p.A. (Parent Company)	San Mauro Torinese (Turin, Italy)	-
Fidia Co.	Rochester Hill (USA)	100%
Fidia GmbH	Dreiech (Germany)	100%
Fidia Iberica S.A.	Zamudio (Spain)	99.993%
Fidia S.a.r.l.	Emerainville (France)	93.19%
Beijing Fidia Machinery & Electronics Co.,Ltd	Beijing (China)	92%
Fidia do Brasil Ltda.	São Paulo (Brazil)	99.75%
Shenyang Fidia NC&M Co., Ltd	Shenyang (China)	51%
OOO Fidia	Moscow (Russia)	100%

The consolidation area changed with respect to the consolidated financial statements at 31 December 2014 due to the closing of Fidia India Private Ltd, which had no significant impact on the consolidated financial statements

GROUP FINANCIAL PERFORMANCE

Reclassified consolidated statement of comprehensive income (€thousand)	2015	%	2014	%
Net revenues	60,324	95.3%	54,544	95.2%
Changes in inventories of finished goods and W.I.P.	887	1.4%	1,306	2.3%
Other revenues	2,121	3.3%	1,458	2.5%
Value of production	63,332	100.0%	57,308	100.0%
Raw materials and consumables	(20,919)	-33.0%	(18,821)	-32.8%
Commissions, transport and contractors	(8,917)	-14.1%	(8,064)	-14.1%
Other services and overheads	(10,605)	-16.7%	(10,171)	-17.7%
Value added	22,891	36.1%	20,252	35.3%
Personnel expenses	(17,201)	-27.2%	(15,270)	-26.6%
EBITDA	5,690	9.0%	4,982	8.7%
Bad debts provision	(848)	-1.3%	(331)	-0.6%
Depreciation	(696)	-1.1%	(627)	-1.1%
Operating income from ordinary business	**4,146**	**6.5%**	**4,024**	**7.0%**
Non-recurring income/(expenses)	-	0.0%	300	0.5%
EBIT	**4,146**	**6.5%**	**4,324**	**7.5%**
Net finance expenses and revenue	(199)	-0.3%	(347)	-0.6%
Profit/(Loss) on exchange rates	(437)	-0.7%	(466)	-0.8%
EBT	**3,510**	**5.5%**	**3,511**	**6.1%**
Income taxes (current, paid and deferred)	(1,133)	-1.8%	(737)	-1.3%
Profit/(loss) of the period	**2,377**	**3.7%**	**2,774**	**4.8%**
- (Profit)/Loss of non-controlling interests	(345)	0.5%	(120)	0.2%
- Profit/(Loss) of Group	2,723	4.3%	2,894	5.0%

The economic and financial data of the Group by sector are presented with a breakdown of the three sectors (Numerical Controls - CNC -, High Speed Milling - HSM - and Service). With reference to the Service sector, data of a commercial nature relating to the backlog and new orders are not shown, as these basically coincide with the revenue, given that the time to process any requests for intervention is extremely low.

The detailed description of said trends is provided below.

Net revenues

Year 2015 ended with an increase in revenue compared to the previous year (+10.6%), i.e., €60,324 thousand compared to €54,544 thousand in 2014. This performance is the result of a growth trend in the three business lines in which the Group operates. In the electronics sector - CNC- the increase in revenues compared to 2014 is rather sharp (+14,1%); the high-speed milling systems sector - HSM - closed the year with robust growth (9.8%); the sector of the after-sales service sector - Service - grew (+11.9%) thus giving continuity to a trend that has been in progress for several fiscal years.

The trend in revenues by line of business is illustrated more in detail in the following table:

Revenues by line of business (€thousand)	2015	%	2014	%	Change in %
Numerical controls, drives and software	4,477	7.4%	3,924	7.2%	14.1%
High-speed milling systems	42,239	70.0%	38,458	70.5%	9.8%
After-sales service	13,608	22.6%	12,162	22.3%	11.9%
Grand total	**60,324**	**100.0%**	**54,544**	**100%**	**10.6%**

Net total sales (€thousand)	2015	%	2014	%	Change in %
ITALY	6,614	11.0%	4,033	7.4%	64.0%
EUROPE	18,368	30.4%	13,504	24.7%	36.0%
ASIA	21,177	35.1%	26,723	49.0%	-20.8%
NORTH and SOUTH AMERICA	14,052	23.3%	10,128	18.6%	38.7%
REST OF THE WORLD	113	0.2%	156	0.3%	-27.6%
TOTAL	**60,324**	**100%**	**54,544**	**100%**	**10.6%**

Numerical controls and software

Revenues from the electronics sector (CNC) showed a significant increase compared to 2014 (+14.1%) from €3,924 thousand in 2014 to €4,477 thousand in 2015.

High-speed milling systems

The high speed milling (HSM) systems sector reported an increase in revenues compared to 2014; revenue rose from €38,458 thousand in 2013 to €42,239 thousand in 2015 equal to a 9.8% increase.

At 31 December 2015, 71 machines were delivered and accepted, versus 73 the year before. The average revenue per machine was slightly improved with a constant USD exchange rate and is an indicator of growing interest of the market for Gantry range milling systems, which have been subject to considerable investment in research and development during present and previous years.

After-sales service

The Service Division comprises the revenues resulting from after-sales technical service, the sale of spare parts and scheduled maintenance contracts. The offer of a widespread and effective service network is deemed to be strategic for the Group's growth policies and is becoming an increasingly decisive element in guiding the investment decisions of potential customers.

As in previous years, this area of business is continuing to show a steady growth trend that is little affected by changes in the economic cycle. The year 2015 recorded revenues of €13,608 thousand, up by 11.9% compared to €12,162 thousand the year before.

Commercial activity

The following tables show the trend in the backlog orders and in the new orders in the two periods under consideration. The commercial data referring to backlog orders and new orders in the Service sector are not shown, as these coincide with the revenue, given that the time to process any requests for intervention is extremely low.

Total (€thousand)	2015	2014	Change in %
Backlog orders at 01/01	31,540	27,215	15.9%
New orders	**46,102**	**46,707**	**-1.3%**
Net revenues	(46,716)	(42,382)	10.2%
Backlog orders at 31/12	**30,926**	**31,540**	**-1.9%**

The year 2015 closed with a slight decrease in backlog orders compared to year-end 2014 as a result of increased revenue and a better trend in new orders in the mechanical sector.

Considering the acquisition of new orders in the early months of 2016, the production capacity of the high-speed milling systems business unit is saturated for most of the year.

As a reference, the machine tool orders index developed by UCIMU Sistemi per Produrre, the association that brings together Italy's major machine tool, automation and robotics manufacturers, recorded in 2015 an increase of domestic orders of about 18.1% compared to 2014 (Fidia grew 62.2%) and foreign orders of approximately 6.7% (Fidia recorded a 4.5% decrease). The first part of the year for Fidia Group registered a significant trend in new orders (€19.0 million in the first half of 2015), which allowed the Group to realize an increase in revenues compared with 2014. In the second half of 2015 the acquisition of new orders was in line with 2014, recording new orders for about €23 million in the period from July to December.

Other revenues

Other operating revenue in 2015 amounted to €2,121 thousand versus €1,458 thousand in FY2014. Said item comprises revenues from ordinary business activities, but which are not sales of goods and services.

This item includes:

- EU and Italy's Ministry of University grants to Fidia S.p.A. on research and development activity (€451 thousand at 31 December 2015; €443 thousand at 31 December 2014);
- increases in tangible assets built within the Group and devoted solely to demonstrations for customers and the capitalization of product development costs (€747 thousand at 31 December 2015; €352 thousand at 31 December 2014);
- capital gains from transfers (€46 thousand at 31 December 2015; €27 thousand at 31 December 2014);
- release of the warranty, bad debts and legal risks provisions and/or any accruals in excess of the risk to be covered (€325 thousand at 31 December 2015; €223 thousand at 31 December 2014);
- contingent assets, damages from insurance companies, recovery of costs incurred and others (€552 thousand at 31 December 2015; €413 thousand at 31 December 2014).

Value of production

At year-end the value of production reached €63,332 thousand, up by 10.5% compared to the year before (€57,308 thousand). This is due to the combined effect of the growth in sales revenues (€5,780 thousand more than in 2014), of a negative change in inventories of finished goods and W.I.P. (-€419 thousand versus 2014), and of an increase in other operating income (€663 thousand versus 2014).

Other services and operating costs

This item, equal to €10,605 thousand, increased by 4.3% over the previous year (€10,171 thousand).

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

production costs and expenses for miscellaneous technical service, €3,291 thousand at 31 December 2015, versus €3,503 thousand at 31 December 2014 (-€212 thousand);

expenses incurred for trade fairs, entertainment expenses, travel expenses and commercial services, €1,063 thousand at 31 December 2015, versus €920 thousand at 31 December 2014 (+€143 thousand);

R&D costs and related refund of expenses, €587 thousand at 31 December 2015, versus €755 thousand at 31 December 2014 (-€168 thousand);

overheads, technical and administrative consulting, utilities, rent, legal expenses, contingent liabilities and other expenses, €5,664 thousand at 31 December 2015, versus €4,993 thousand at 31 December 2014 (+€671 thousand).

Added value

At year-end, value added amounted to €22,891 thousand versus €20,252 thousand the year before (equivalent to 36.1% of value of production in 2015 and 35.3% in 2014). The growth is due mostly to increased value of production.

Personnel

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

Staffing	2015	2014	Abs. change	Change in %
Executives	8	8	0	0.0%
Clerks and cadres	281	272	9	3.3%
Workers	52	40	12	30.0%
Total employees	341	320	21	6.6%
Total mean No. of employees	334.5	321.5	13	4.0%
Labor cost (€thousand)	**2015**	**2014**	**Abs. change**	**Change in %**
Labor cost	17,201	15,270	1,931	12.65%

Cost of personnel increased compared with the previous year (+12.65%, equivalent to an increase of about €1,931 thousand), while Group personnel increased on average by about 4.0%.

EBITDA

EBITDA was positive and amounted to €5,690 thousand (+9.0% in value of production), up by €708 thousand, a significant result compared to the previous year (€4,982 thousand, equal to 8.7% of value of production), mainly due to the growth of revenues.

Operating income from ordinary business

Operating income from ordinary business registered a profit of €4,146 thousand, versus a gain of €4,024 thousand at 31 December 2014.

Non-recurring revenue

The year before the parent company Fidia S.p.A. received an insurance policy settlement of €300 thousand for an accident covered by a specific insurance policy.

In 2015 there were no such events.

EBIT

EBIT at 31 December 2015 amounted to €4,146 thousand, while also as a result of the aforementioned non-recurring item, EBIT at 31 December 2014 was positive at €4,324 thousand.

Finance expenses and revenue and net exchange rate differences

Net financial expenses decreased as compared to 2014 (net charges equivalent to €199 thousand versus €347 thousand the previous year) mainly as a result of financial exposure that was on average lower in 2015 compared to the same period the year before.

Net differences in exchange rates, either realized or resulting from measurement in the financial statements, generated net loss in the amount of €437 thousand versus a net loss of €466 thousand at 31 December 2014. The amount for the year 2015 is due mainly to balance sheet measurements of our branch in Beijing after the revaluation of the currency of that country during 2015.

EBT

EBT resulted in a profit of €3,510 thousand versus a profit of €3,511 thousand in 2014.

Income taxes

Profit/(loss) of the period was mainly due to current, deferred and paid taxes totaling €1,133 thousand, which can be broken down as follows:

- IRAP (Italian Regional Production Tax) €173 thousand;
- IRES (Italian Corporate Income Tax) €107 thousand;
- Income tax of foreign subsidiaries €600 thousand;
- Paid and deferred taxes amounting to €253 thousand.

Profit/(loss) of the period

A profit of €2,377 thousand was recorded for the year, compared to a profit of €2,774 thousand in 2014.

Group consolidated statement of financial position

At 31 December 2015, the reclassified consolidated statement of financial position was as follows:

Group statement of financial position (€thousand)	31/12/2015	31/12/2014
Net tangible assets	6,452	4,261
Intangible assets	1,099	694
Financial assets	16	16
Other non-current assets	2,445	2,653
Capital assets – (A)	**10,012**	**7,624**
Net trade receivables from customers	9,646	11,384
Closing inventories	19,825	18,718
Other current assets	1,021	1,457
Short-term (current) assets – (B)	**30,492**	**31,559**
Trade payables to suppliers	(11,335)	(12,391)
Other current liabilities	(13,827)	(12,103)
Short-term (current) liabilities – (C)	**(25,162)**	**(24,494)**
Net working capital (D) = (B+C)	**5,330**	**7,065**
Termination benefits (E)	(2,372)	(2,446)
Other long-term liabilities (F)	(408)	(244)
Net invested capital (G) = (A+D+E+F)	**12,562**	**11,999**
Financial position		
Available-for-sale financial assets		
Cash on hand, bank deposits	(16,041)	(10,718)
Short-term loans	3,347	3,250
Assets/liabilities for current derivatives	148	502
Other current financial payables	69	-
Short-term financial position (receivable)/payable	**(12,477)**	**(6,966)**
Long-term loans, net of current portion	6,006	2,437
Assets/liabilities for long-term derivatives	6	15
Net financial position (receivable)/payable (H)	**(6,465)**	**(4,514)**
Share capital	5,123	5,123
Reserves	8,739	5,873
Profit/(loss) of the period for Group	2,723	2,894
Total equity of Group	**16,585**	**13,890**
Total equity of non-controlling interests	2,442	2,623
Total equity (I)	**19,027**	**16,513**
Own funds and net financial position (L) = (H+I)	**12,562**	**11,999**

Compared to 31 December 2014, the Group statement of financial position registered the following changes:

- Increased capital assets (from €7,624 thousand to €10,012 thousand) mainly as a result of continuing investment in property consisting of an industrial building undergoing renovation;
- Decrease in trade receivables from customers from (from €11,384 thousand to €9,646 thousand) linked to improved efficiency in collection transactions in the year. Trade receivables were recorded net of bad debts provision in the amount of €792 thousand;
- Increase in the level of inventories (from €18,718 thousand to €19,825 thousand) due to greater production. Inventories were posted net of provision for obsolete inventories in the amount of €2,542 thousand;
- Decrease in other current assets (from €1,457 thousand to €1,021 thousand) due to some advances paid to suppliers and to decreased current receivables for funded research activities;
- Decreased trade payables to suppliers (from €12,391 thousand to €11,335 thousand) due to a different product/supplier mix;

- Increase in other current liabilities (from €12,103 thousand to €13,827 thousand), in particular due to greater advances from customers (advances accounted in part for advances received and in part for machines already delivered but not yet accepted) and to greater payables to personnel and directors;
- Decrease in provisions for termination benefits (from €2,446 thousand to €2,372 thousand) due to normal dynamics related to personnel and specifically to outgoing senior staff;
- Increase in other long-term liabilities (from €244 thousand to €408 thousand), due to the change in dynamics of advances received for multi-year European and Italian funded research projects.

At a financial account level a positive and improving net financial position was recorded, better compared with year-end 2014, despite the absorption of resources by the investment in property made in Forlì and the payment in 2015 of a dividend to shareholders resolved upon for the 2014 profit. Net cash position amounted to €6,465 thousand compared to the balance of €4,514 thousand the year before. The trend in the net financial position is illustrated below.

Trend in net financial position

Financial position (€thousand)	12/31/2015	31/12/2014
Available-for-sale financial assets	-	-
Cash on hand, bank deposits	16,041	10,718
Overdrawn bank accounts and short-term advances	(507)	(1,679)
Short-term loans	(2,840)	(1,571)
Assets/liabilities for current derivatives	(148)	(502)
Other current financial payables	(69)	-
Short-term financial position	**12,477**	**6,966**
Long-term loans, net of current portion	(6,006)	(2,437)
Assets/liabilities for long-term derivatives	(6)	(15)
Net financial position	**6,465**	**4,514**

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

Cash on hand, bank deposits (€thousand)	**12/31/2015**	**31/12/2014**
Fidia S.p.A.	9,776	4,763
Fidia Co.	2,334	1,244
Fidia GmbH	1,190	938
Fidia Iberica S.A.	578	542
Fidia S.a.r.l.	408	332
Beijing Fidia Machinery & Electronics Co.,Ltd	881	1,295
Fidia do Brasil Ltda.	76	113
Shenyang Fidia NC & M Co., Ltd	798	1,490
OOO Fidia	-	-
Fidia India Private Ltd.	-	1
Total cash on hand	**16,041**	**10,718**

Financial payables (€thousand)	12/31/2015	31/12/2014
Short-term loans and advances		
Fidia S.p.A.	(3,265)	(3,209)
Fidia GmbH	(67)	(38)
Fidia Co.	-	-
Fidia Iberica S.A.	(15)	(3)
Total	**(3,347)**	**(3,250)**
Other current financial payables		
Fidia S.p.A.	(69)	-
Total	**(69)**	**-**
Long-term loans, net of current portion		
Fidia S.p.A.	(5,891)	(2,406)
Fidia GmbH	(77)	(24)
Fidia Iberica S.A.	(38)	(7)
Total	**(6,006)**	**(2,437)**
Total financial payables	**(9,422)**	**(5,687)**

A summary cash flow statement is provided below to illustrate the flows that generated the net financial position. The exhaustive statement is provided among the Consolidated Financial Statements.

Short consolidated cash flow statement (€thousand)	2015	2014
A) Cash on hand and cash equivalents at beginning of year	9,039	5,883
B) Cash from (used in) operating activities during the period	5,076	4,773
C) Cash from/(used in) investing activities	(3,239)	(3,308)
C) Cash from/(used in) financing activities	3,676	497
Differences in exchange rates	982	1,193
E) Net change in cash and cash equivalents	6,495	3,156
F) Cash and cash equivalents at year end	15,534	9,039
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	16,041	10,718
Overdrawn bank accounts and short-term advances	(507)	(1,679)
	15,534	9,039

In addition to the foregoing, the table below illustrates the main economic and financial indicators.

FINANCIAL RATIOS

INVESTMENT MIX RATIOS

RATIOS	2015			2014		
1) Weight of fixed assets						
Capital assets / Total assets	10,012 / 56,549	=	17.70%	7,624 / 49,901	=	15.30%
2) Weight of working capital						
Current assets / Total assets	46,537 / 56,549	=	82.30%	42,278 / 49,901	=	84.70%

LOAN MIX RATIOS

RATIOS	2015			2014		
1) Weight of current liabilities						
Current liabilities / Total liabilities (except net equity)	28,730 / 37,522	=	76.60%	28,246 / 33,388	=	84.60%
2) Weight of non-current liabilities						
Non-current liabilities / Total liabilities (except net equity)	8,792 / 37,522	=	23.40%	5,142 / 33,388	=	15.40%
3) Weight of own capital						
Own capital / Net invested capital	19,027 / 12,562	=	151.50%	16,513 / 11,999	=	137.60%

The analysis of the invested capital mix indicators shows a prevalence of short-term net assets in the total assets. This result is basically consistent with that of previous years.

The loans mix indicator shows:

- a prevalence of short-term loans, which is consistent with the level of investing activities;
- hedging of the net invested capital from own resources, by maintaining a positive financial position.

FINANCIAL POSITION RATIOS

LIQUIDITY RATIOS

RATIO	2015			2014		
Current assets / Current liabilities	46,537 / 28,730	=	1.62	42,277 / 28,246	=	1.50

CAPITAL ASSETS COVERAGE RATIO

RATIO	2015			2014		
Own capital / Capital assets	19,027 / 10,012	=	1.90	16,513 / 7,624	=	2.17

CASH RATIO

RATIO	2015			2014		
Short-term assets / Short-term liabilities	30,492 / 25,162	=	1.21	31,559 / 24,494	=	1.29

The analysis of the financial ratios shows a substantial balance between sources and releases in line with the previous fiscal year.

In particular, the liquidity ratio shows the Group's ability to easily meet short-term financial obligations, considering the prevalence of current assets over current liabilities.

The capital assets coverage ratio shows strong coverage of capital assets with own funds.

Finally, the cash ratio shows a short-term prevalence of current assets over current liabilities of the fiscal year.

ECONOMIC POSITION RATIOS

ROE

	2015			2014		
Net income pertaining to Group / Equity of Group	2,723 / 16,585	=	16.40%	2,894 / 13,890	=	20.80%

ROI

	2015			2014		
Operating income from ordinary business / Invested capital	4,146 / 40,504	=	10.24%	4,024 / 39,183	=	10.30%

ROS

	2015			2014		
Operating income from ordinary business / Sales	4,146 / 60,324	=	6.90%	4,024 / 54,544	=	7.40%

ROE, which measures the profitability of own capital, was positive due to profit in 2015.

ROI, which measures profitability from operations, showed a positive value given the operating profit registered by the Group in 2015.

ROS, which represents average operating income per unit of revenue; in this case as well, the operating profit positively affected the value of this ratio, which is positive and in line with the previous year.

Disclosure by line of business

Economic and financial trend by line of business

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

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

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

Consolidated statement of comprehensive income by sector

Data by year - 2015 (€thousand)		CNC		HSM		SERVICE	N/A	Total
Revenues	4,477	100.0%	42,239	100.0%	13,608	100.0%	-	60,324
Of which cross-sector revenues		0.0%	2,976	0.0%		0.0%		
Total revenues	**4,477**	**100.0%**	**42,239**	**100.0%**	**13,608**	**100.0%**	**-**	**60,324**
Changes in inventories of finished goods and W.I.P.	(11)	-0.2%	579	1.4%	319	2.3%	-	887
Raw materials and consumables	(1,903)	-42.5%	(16,891)	-40.0%	(1,990)	-14.6%	(135)	(20,919)
Cross-sector expenses	2,706	60.5%	(3,736)	-8.8%	876	6.4%	154	
Commissions, transport and contractors	(687)	-15.3%	(7,743)	-18.3%	(479)	-3.5%	(8)	(8,917)
Sales margin	**4,582**	**102.4%**	**14,448**	**34.2%**	**12,334**	**90.6%**	**11**	**31,375**
Other revenues	583	13.0%	921	2.2%	261	1.9%	356	2,121
Other operating expenses	(476)	-10.6%	(2,019)	-4.8%	(2,923)	-21.5%	(5,187)	(10,605)
Personnel expenses	(2,895)	-64.7%	(5,287)	-12.5%	(5,173)	-38.0%	(3,846)	(17,201)
Depreciation and amortization	(182)	-4.1%	(411)	-1.0%	(249)	-1.8%	(702)	(1,544)
Operating income from ordinary business	**1,612**	**36.0%**	**7,652**	**18.1%**	**4,250**	**31.2%**	**(9,368)**	**4,146**

Data by year - 2014 (€thousand)	CNC		HSM		SERVICE		N/A	Total
Revenues	3,924	100.0%	38,458	100.0%	12,162	100.0%	-	54,544
Of which cross-sector revenues		0.0%	3,078	8.0%		0.0%		
Total revenues	**3,924**	**100.0%**	**38,458**	**108.0%**	**12,162**	**100.0%**	**-**	**54,544**
Changes in inventories of finished goods and W.I.P.	(62)	-1.6%	1,367	3.6%	1	0.0%	-	1,306
Raw materials and consumables	(1,322)	-33.7%	(16,188)	-42.1%	(854)	-7.0%	(457)	(18,821)
Cross-sector expenses	2,738	69.8%	(3,533)	-9.2%	688	5.7%	107	
Commissions, transport and contractors	(531)	-13.5%	(7,143)	-18.6%	(388)	-3.2%	(3)	(8,064)
Sales margin	**4,747**	**121.0%**	**12,961**	**33.7%**	**11,609**	**95.5%**	**(353)**	**28,964**
Other revenues	541	13.8%	506	1.3%	49	0.4%	362	1,458
Other operating expenses	(546)	-13.9%	(2,549)	-6.6%	(2,476)	-20.4%	(4,599)	(10,171)
Personnel expenses	(2,712)	-69.1%	(4,618)	-12.0%	(3,867)	-31.8%	(4,073)	(15,270)
Depreciation and amortization	(29)	-0.7%	(286)	-0.7%	(114)	-0.9%	(529)	(958)
Operating income from ordinary business	**2,001**	**51.0%**	**6,014**	**15.6%**	**5,201**	**42.8%**	**(9,192)**	**4,024**

The electronics sector (CNC), as already explained in the first part of the Report, closed 2015 with increased revenues compared to the year before. This had a positive effect on sales margin, which was substantially stable (from €4,747 thousand in 2014 to €4,582 thousand in 2015); the margin decreased from 51.0% to 36.0%. EBIT (from €2,001 thousand in 2014 to €1,612 thousand in 2015) suffers from increased personnel costs (from €2,712 thousand in 2014 to €2,895 thousands in 2015) and from a greater incidence of consumption of raw materials (from €1,322 thousand in 2014 to €1,903 thousand in 2015).

The high speed milling systems sector (HSM) also showed increased revenues, in line with that recorded by the electronics sector (€42,239 thousand in 2015 versus €38,458 thousand in 2014). Consequently the margin on sales is growing (€14,448 thousand compared to €12,961 thousand in the previous year) and increased in 2015 compared to 2014. The operating result was also affected by the slight increase in personnel costs and by the greater efficiency in the consumption of raw materials and amounted in 2015 to €7,652 thousand, compared to €6,014 thousand in 2014.

Finally, Service showed, as is the case now for several years, an increase in revenue (€13,608 thousand versus €12,162 thousand in 2014), resulting in an increase of the sales margin in absolute terms (€12,334 thousand versus €11,609 thousand in 2014), though not in percentage terms (95.5% in 2014 versus 90.6% in 2015). The other items that contribute to the operating income all increased, resulting in an operating margin from ordinary operations better than in 2014 (€4,250 thousand versus €5,201 thousand the previous year), down from 42.8% in 2014 to 31.2% in 2015.

Consolidated Statement of Financial Position by sector

Thursday, December 31, 2015 (€thousand)	CNC	HSM	SERVICE	N/A	Total
Property, plant and equipment	28	5,134	23	1,267	6,452
Intangible assets	455	357	-	287	1,099
Investments	-	-	-	16	16
Other non-current receivables and assets	-	257	-	1,136	1,393
Pre-paid tax assets	-	-	-	1,052	1,052
Total non-current assets	**483**	**5,748**	**23**	**3,758**	**10,012**
Inventories	2,301	12,460	5,064	-	19,825
Trade receivables and other current receivables	918	6,451	2,589	516	10,474
Current tax receivables	-	-		193	193
Other current financial receivables	-	-		4	4
Cash and cash equivalents	-	-		16,041	16,041
Total current assets	**3,219**	**18,911**	**7,653**	**16,754**	**46,537**
Total assets	**3,702**	**24,659**	**7,676**	**20,512**	**56,549**
Other non-current payables and liabilities	157	86	26	21	290
Deferred tax liabilities	-		59		59
Termination benefits	570	1,215	208	379	2,372
Long-term provisions	-	-	-	59	59
Other non-current financial liabilities	-	-	-	6	6
Non-current financial liabilities	-	-	-	6,006	6,006
Total non-current liabilities	**727**	**1,301**	**293**	**6,471**	**8,792**
Current financial liabilities	-	-	-	3,347	3,347
Other current financial liabilities	-	-	-	221	221
Trade payables and other current payables	1,444	16,092	1,239	3,510	22,285
Current tax payables	-	-	-	1,558	1,558
Short-term provisions	80	1,046	115	78	1,319
Total current liabilities	**1,524**	**17,138**	**1,354**	**8,714**	**28,730**
Total liabilities	**2,251**	**18,439**	**1,647**	**15,185**	**37,522**
Equity	**-**	**-**	**-**	**19,027**	**19,027**
Total liabilities	**2,251**	**18,439**	**1,647**	**34,212**	**56,549**

Wednesday, December 31, 2014 (€thousand)	CNC	HSM	SERVICE	N/A	Total
Property, plant and equipment	19	3,133	36	1,073	4,261
Intangible assets	186	169	-	339	694
Investments	-	-	-	16	16
Other non-current receivables and assets	31	54	1	1,226	1,312
Pre-paid tax assets	-	-	-	1,341	1,341
Total non-current assets	**236**	**3,356**	**37**	**3,995**	**7,624**
Inventories	2,308	11,864	4,547	-	18,718
Trade receivables and other current receivables	1,263	8,844	2,149	375	12,631
Current tax receivables	-	-	-	210	210
Other current financial receivables	-	-	-	-	-
Cash and cash equivalents	-	-	-	10,718	10,718
Total current assets	**3,571**	**20,708**	**6,696**	**11,303**	**42,277**
Total assets	**3,807**	**24,064**	**6,733**	**15,298**	**49,901**
Other non-current payables and liabilities	59	46	21	4	130
Termination benefits	585	1,217	226	418	2,446
Deferred tax liabilities	-	-	-	99	99
Long-term provisions	-	-	15	-	15
Other non-current financial liabilities	-	-	-	15	15
Non-current financial liabilities	-	-	-	2,437	2,437
Total non-current liabilities	**644**	**1,263**	**262**	**2,973**	**5,142**
Current financial liabilities	-	-	-	3,250	3,250
Other current financial liabilities	-	-	-	502	502
Trade payables and other current payables	1,717	15,720	1,026	2,937	21,400
Current tax payables	-	-	-	1,842	1,842
Short-term provisions	83	1,069	49	51	1,252
Total current liabilities	**1,800**	**16,789**	**1,075**	**8,582**	**28,246**
Total liabilities	**2,444**	**18,052**	**1,337**	**11,555**	**33,388**
Equity	**-**	**-**	**-**	**16,513**	**16,513**
Total liabilities	**2,444**	**18,052**	**1,337**	**28,068**	**49,901**

Corporate Governance

The Fidia Group complies with and applies the Self-Discipline Code for Italian listed companies in all its activities.

In compliance with the regulatory requirements of the Italian Stock Exchange and legislation (Article 123*b* of Italian Legislative Decree no. 58/1998 - Consolidated Law on Finance) the report on corporate governance and ownership structure is drawn up every year. The report is made available to the public on the occasion of the publication of the financial statements and can be found on the website:

www.fidia.it - www.fidia.com, section *Investor Relations*, subsection *Corporate Governance.*

Starting from fiscal year 2011, the Report on Directors' Remuneration is also drawn up. This document too will be made available to the public on the aforementioned website, within the set time, i.e., twenty-one days before the date set for the General Shareholders' Meeting to approve the financial statements.

For the purpose of this Report on Operation, please be noted:

Management and Coordination

Fidia S.p.A. is not managed or coordinated by other companies or entities.

Subsidiaries conduct their business with complete management and operating autonomy.

Internal control system

The internal control and risk management system consists of various components of the organization chart and procedures, among which the Board of Directors, the Control and Risks Committee, the General Manager, the controller, the internal audit function, the director in charge as per article 154bis of the TUF (Consolidated Finance Act) and the Organization Model as per Italian Legislative Decree No. 231/2001 and works through a set of processes aimed to monitor, for instance, the efficiency of company operations, reliability of financial information, compliance with laws and regulations and the safeguard of company assets.

Alongside of the implementation of the Organization Model as per Italian Legislative Decree No. 231/2001, a Supervisory Board was appointed in order to ensure the required information flows. The Supervisory Board informs the Board of Directors of its activities through periodic reports and through the Control and Risks Committee and the Board of Auditors.

On the date of preparation of these financial statements, the Supervisory Board was composed of a member of the Board of Directors, of a member of the Board of Statutory Auditors and of a legal advisor.

Certification pursuant to Article 2.6.2, paragraph 12, of the Rules of the Markets organized and managed by Borsa Italiana

Fidia S.p.A. controls a number of companies established in countries outside the European Union who are of significant importance pursuant to Article 36 of Consob Regulation No. 16191/2007 as amended by Consob Resolution No. 18214/2012 concerning the regulation of the markets ("Regulation of Markets").

With reference to 31 December 2015, the regulatory provision regards three Group companies (Beijing Fidia M & E Co. Ltd. - China, Shenyang Fidia NC & Machine Company Ltd. - China; Fidia Co. - USA), adequate procedures have been adopted to ensure compliance with said regulation and the conditions as per the above-mentioned Article 36 subsist.

* * *

Interests held by members of administration and control bodies, general managers and executives with strategic responsibilities in office at 31 December 2015 are reported below.

Name and last name	Company	No. shares held at 31/12/2014	No. shares purchased in 2015	No. shares sold in 2015	No. shares held at 31/12/2015
Giuseppe Morfino	Fidia ordinary shares	2,950,166	-	100,000	2,850,166

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 corporate governance in the Investor Relations section.

The manufacturing of milling systems, 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 deal with the sales and service of the Group's products in the relevant markets and for this purpose they purchase these in general 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 joint-venture 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.

The economic and financial relations in the fiscal year between the parent company Fidia S.p.A. and its subsidiaries and associates are illustrated in Note 30 of the Notes to the Financial Statements.

Information on relations with related parties whose definition was extended according to Accounting Standard IAS 24, as required by Consob Resolution of 28 July 2006, is illustrated in Note 33 to the Consolidated Financial Statements and Note 30 of the Financial Statements respectively.

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

Under Article 7.2, item c) of the above-mentioned *"Guidelines"*, it is hereby stated that in 2015 there were no transactions with related parties that can be defined as having "major relevance".

In 2015 Fidia S.p.A. signed no supply contract falling among ordinary contracts and concluded at arm's length exceeding the materiality threshold set out pursuant to Annex 3 of CONSOB Regulation 17221.

Economic and financial situation of the Parent Company Fidia S.p.A.

ECONOMIC TRENDS

The reclassified statement of comprehensive income is illustrated below:

Economic trend (€thousand)	2015	%	2014	%
Net revenues	49,050	96%	42,822	95%
Changes in inventories of finished goods and W.I.P.	332	0.6%	872	1.9%
Other revenues	1,769	3.5%	1,508	3.3%
Value of production	**51,151**	**100.0%**	**45,202**	**100.0%**
Raw materials and consumables	(19,879)	-38.9%	(17,161)	-38.0%
Commissions, transport and contractors	(8,379)	-16.4%	(8,054)	-17.8%
Other services and overheads	(8,529)	-16.7%	(7,907)	-17.5%
Value added	**14,364**	**28.1%**	**12,080**	**26.7%**
Personnel expenses	(11,265)	-22.0%	(10,186)	-22.5%
EBITDA	**3,099**	**6.1%**	**1,894**	**4.2%**
Bad debts provision	(575)	-1.1%	(208)	-0.5%
Depreciation	(387)	-0.8%	(370)	-0.8%
Operating income from ordinary business	**2,137**	**4.2%**	**1,316**	**2.9%**
Non-recurring income/(expenses)	-	0.0%	300	0.7%
Impairment (losses)/reversals	10	0.0%	1,076	2.4%
EBIT	**2,147**	**4.2%**	**2,692**	**6.0%**
Net finance (expenses) and revenue	368	0.7%	823	1.8%
Profit/(Loss) on exchange rates	(81)	-0.2%	17	0.0%
EBT	**2,434**	**4.8%**	**3,532**	**7.8%**
Income taxes (current, paid and deferred)	(290)	-0.6%	(513)	-1.1%
Net operating result	**2,143**	**4.2%**	**3,019**	**6.7%**

The year 2015 closed with an increase in revenues of 14.5% compared to the year before (€49,050 thousand versus €42,822 thousand in 2014).

This increase was mainly due to the following business units: high speed milling systems sector - HSM-, which grew by 14.1%, to the after-sales service sector - Service - which grew by 8.4% and finally electronics, which recorded strong growth (+36.3%).

As for the Group consolidated financial statements, the economic data of Fidia S.p.A are also presented broken down into three sectors (Numerical Controls - CNC -, High Speed Milling Systems - HSM -, and Service).

With reference to the Service sector, data of a commercial nature relating to the order backlog and new orders are not shown, as these basically coincide with the turnover, given that the time to process any requests for intervention is extremely low.

The following tables illustrate the trends in revenues by line of business and geographical region.

Line of business (€thousand)	2015	%	2014	%	Change in %
Numerical controls, drives and software	3,507	7.1%	2,573	6.0%	36.3%
High-speed milling systems	38,168	77.8%	33,448	78.1%	14.1%
After-sales service	7,375	15.0%	6,801	15.9%	8.4%
Grand total	**49,050**	**100%**	**42,822**	**100%**	**14.5%**

Total revenues (€thousand)	2015	%	2014	%	Change in %
ITALY	6,636	13.5%	4,003	9.3%	65.8%
EUROPE	14,755	30.1%	9,359	21.9%	57.6%
ASIA	17,980	36.7%	22,692	53.0%	-20.8%
NORTH and SOUTH AMERICA	9,600	19.6%	6,732	15.7%	42.6%
REST OF THE WORLD	79	0.2%	36	0.1%	119.4%
Total	**49,050**	**100%**	**42,822**	**100%**	**14.5%**

As already noted, total revenue of Fidia S.p.A. grew (+14.5%) compared to 2014 as a result of good performance of the HSM sector (+14.1%), Service sector (+8.4%), and CNC sector, which grew by 36.3%.

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

Total backlog orders (€thousand)	2015	2014	Change in %
Backlog orders at 01/01	25,607	22,655	13.0%
New orders	**39,916**	**38,975**	**2.4%**
Net revenues	(41,675)	(36,021)	15.7%
Backlog orders at 31/12	**23,848**	**25,609**	**-6.9%**

The final order backlog at 31 December 2015 slightly decreased by -6.9% over the previous year, despite the strong increase in revenues recorded during the year.

EBITDA was positive amounting to about €3,099 thousand, compared to €1,894 thousand in 2014.

The operating income from ordinary business was also positive and amounted to €2,137 thousand compared to €1,316 thousand at 31 December 2014.

EBIT was positive at €2,147 thousand and did not include any non-recurring revenues. At 31 December 2014 EBIT was positive at €2,692 thousand and benefited from an extraordinary gain of €300 thousand following an insurance claim settled in the first half of 2014.

With reference to the measurement of investments, the result of the impairment test carried out on 2015 showed write-downs equivalent to €248 thousand and write-ups of €258 thousand.

Financial management made an overall positive contribution to the statement of comprehensive income of Fidia S.p.A. through dividends distributed by some subsidiaries (€600 thousand versus €1,219 thousand in 2014) and the slight decrease in net financial expenses (totaling €232 thousand in 2015 and €396 thousand in 2014). The foreign currency management generated losses of approximately €81 thousand (net profit of €17 thousand at 31 December 2014).

The net profit after taxes of €290 thousand amounted to €2,143 thousand versus a net profit of €3,019 thousand at 31 December 2014.

The following tables shows the trend in average workforce and cost of labor.

Staffing	2015	2014	Abs. change	Change %
Executives	6	6	0	0.00%
Clerks and cadres	140	133	7	5.30%
Workers	50	40	10	25.00%
Total employees	196	179	17	9.50%
Total mean No. of employees	191	176.5	14.5	8.20%

Labor cost (€thousand)	2015	2014	Abs. change	Change %
	11,265	10,186	1,079	10.6%

Personnel expenses increased overall by €1,079 thousand compared to the year before (+10.6%) compared to an average increase in staffing of 8.2%.

Due to higher revenue, the overall incidence of cost of labor in relation to the value of production decreased from 22.5% in 2014 to 22.0% in the current year.

Statement of Financial Position

The reclassified statement of financial position was as follows:

Statement of Financial Position (€thousand)	31/12/2015	31/12/2014
Net tangible assets	5,399	3,389
Intangible assets	1,086	620
Financial assets	9,882	9873
Other non-current assets	1,506	1,742
Capital assets – (A)	**17,872**	**15,624**
Net trade receivables from customers	6,009	7,239
Closing inventories	12,633	12,633
Other current assets	1,224	1,592
Short-term (current) assets – (B)	**19,866**	**21,464**
Trade payables to suppliers	(15,551)	(16,310)
Other current liabilities	(8,394)	(6,853)
Short-term (current) liabilities – (C)	**(23,945)**	**(23,163)**
Net working capital (D) = (B+C)	**(4,079)**	**(1,699)**
Termination benefits (E)	(2,372)	(2,445)
Other long-term liabilities (F)	(216)	(78)
Net invested capital (G) = (A+D+E+F)	**11,205**	**11,402**
Financial position		
Available-for-sale financial assets	-	-
Cash, bank deposits and short-term loans made	(9,776)	(4,763)
Short-term loans	3,732	3,266
Assets/liabilities for current derivatives	148	502
Other short-term financial liabilities	69	-
Short-term financial position (receivable)/payable	**(5,828)**	**(995)**
Long-term loans, net of current portion	5,891	2,406
Assets/liabilities for long-term derivatives	6	15
Net financial position (receivable)/payable (H)	**69**	**1,426**
Share capital	5,123	5,123
Reserves	3,869	1,834
Profit/(loss) of the period	2,143	3,019
Total equity (I)	**11,136**	**9,976**
Own funds and net financial position (L) = (H+I)	**11,205**	**11,402**

Compared to 31 December 2014 capital assets recorded significant increases related to the realization of an investment in property represented by land and an industrial building in Forlì and by the capitalization of R&D activities.

Net working capital improved mainly because of the decrease in the value of the receivables and greater advances received from customers matched by a steady levels of stock and an increase in trade payables.

Medium to long term liabilities registered a slight decrease in the provisions for termination benefits linked to normal dynamics relating to staff management and specifically to outgoing senior staff and to a slight increase in other long-term liabilities due to the change in trend relating to advances received for multi-year European and Italian funded research projects.

The foregoing resulted in a negative net financial position of €69 thousand at 31 December 2015, which was substantially better than the negative balance of €1,426 thousand at 31 December 2014.

Trend in net financial position

Financial position (€thousand)	31/12/2015	31/12/2014
Available-for-sale financial assets	-	-
Cash on hand, bank deposits	9,776	4,763
Overdrawn bank accounts and short-term advances	(507)	(1,679)
Short-term loans	(3,225)	(1,587)
Assets/liabilities for current derivatives	(148)	(502)
Other current financial payables	(69)	-
Short-term financial position	**5,828**	**(995)**
Long-term loans, net of current portion	(5,891)	(2,406)
Assets/liabilities for long-term derivatives	**(6)**	**(15)**
Net financial position	**(69)**	**(1,426)**

The complete statement of cash flows is illustrated below in the Accounting Schedules of the Notes. A short version is provided here.

Short cash flow statement (€thousand)	2015	2014
A) Cash on hand and cash equivalents at beginning of year	3,084	921
B) Cash from (used in) operating activities during the period	5,191	5,060
C) Cash from/(used in) investing activities	(2,851)	(3,178)
C) Cash from/(used in) financing activities	3,845	281
E) Net change in cash and cash equivalents	6,185	2,163
F) Cash and cash equivalents at year end	9,269	3,084
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	9,776	4,763
Overdrawn bank accounts and short-term advances	(507)	(1,679)
	9,269	3,084

During the period a dividend to shareholders resolved on the 2014 result was paid for a total of €1,278 thousand in the month of May.

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

According to Consob Notice of 28 July 2006, the comparison between the operating result of year 2015 and the equity at 31 December 2015 of the Group (share pertaining to the Group) with the equivalent values of the parent company Fidia S.p.A. is provided.

Comparison of operating result and equity of the Parent Company and Group (€thousand)	Equity at 31/12/2014	Changes in Equity 2015	Result at 31/12/2015	Equity at 31/12/2015
Financial Statements of Fidia S.p.A.	**9,976**	**(983)**	**2,143**	**11,136**
Consolidation adjustments				
* Elimination of book value of investments	4,445	1,003	731	6,179
* Transactions between consolidated companies	(599)	0	(146)	(745)
* Tax effect on consolidation adjustments	53	0	17	70
* Other adjustments	21	1	(22)	-
* Exchange rate differences on intra-group transactions	(7)	(48)	-	(55)
Consolidated Financial Statements (share pertaining to Group)	**13,889**	**(27)**	**2,723**	**16,585**

Trends in Group Companies

A brief overview of the performance of the Group companies during the fiscal year is provided below. For the sake of clarity of the general overview of the companies, the amounts are expressed in thousands of euros. The mean exchange rates of the currency of origin in the fiscal years of reference were applied for the non-European subsidiaries. Data refers to the financial statements drawn up according to international accounting standards ("IFRS").

Fidia GmbH

The revenue of year 2015 was equal to €8,166 thousand, down compared to €9,383 thousand of 2014 (-12.9%). The year 2015 closed with a profit of €423 thousand, as opposed to a profit of €572 thousand in 2014. Staff increased from 20 units at 31 December 2014 to 22 units at 31 December 2015.

Fidia Iberica S.A.

The revenue for 2015 amounted to €2,178 thousand, up from €1,739 thousand the previous year (+25.2%). The year 2015 closed with a net profit of €102 thousand versus a net profit of €173 thousand in 2014. Staff increased from 8 units at 31 December 2014 to 10 units at 31 December 2015.

Fidia S.a.r.l.

The revenue for 2015 amounted to €3,439 thousand, up from €1,437 thousand the previous year (+139.3%). The period closed with a profit of €117 thousand over a loss of €12 thousand in 2014. Staff increased from 5 units at 31 December 2014 to 7 units at 31 December 2015.

OOO Fidia

The company has not done any business during 2015.

Fidia Co.

Revenue in 2015 amounted to €10,898 thousand (USD 12,091 thousand) up by €9,452 thousand (USD 12,676 thousand) compared to the previous year (+15.3%). The year 2015 closed with a profit (profit for FY2015 equal to €597 thousand versus a profit for FY2014 of €1,356 thousand). Staff increased from 16 units at 31 December 2014 to 18 units at 31 December 2015.

Beijing Fidia Machinery & Electronics Co. Ltd.

Revenue in 2015 amounted to €6,611 thousand (RMB 46.1 million), up from €5,526 thousand (RMB 45.3 million) the previous year (+19.6%). Net profit amounted to €552 thousand over €588 thousand the year before. Staff increased from 28 units at 31 December 2014 to 29 units at 31 December 2015.

Shenyang Fidia NC&M Co. Ltd.

Revenue in 2015 amounted to €3,007 thousand (RMB 21.0 million) versus €3,646 thousand (RMB 29.8 million) in 2014; the year closed with a loss of €826 thousand versus a net loss of €398 thousand in 2014. Staff increased from 56 units at 31 December 2014 to 51 units at 31 December 2015.

Fidia do Brasil Ltda

Revenue in 2015 turnover amounted to €679 thousand (2,513 thousand real) over €663 thousand (2,071 thousand real) the previous year. The year 2015 closed with a loss of €0.5 thousand over a loss of €28 thousand in 2014. Staff was unchanged compared to 2014 and amounted to 8 employees.

Fidia India Private Ltd.

In 2015 the company was closed, thus leaving the consolidation area.

AFFILIATED COMPANIES

Prometec Consortium

Equity at 31 December 2015 amounted to €10 thousand (interest of Fidia S.p.A.: 20%).

Noteworthy facts after year end and business outlook

The year 2016 opened with a consistent order backlog, despite persistent warning signs from Asian markets, which for the time being have not resulted in a slowdown in activity in the real economy.

These commercial results represent a major premise and point to good prospects for the current year.

The availability of financial resources allows making investment in research and development necessary to sustain the Group's high technological levels, as well as to support the management of working capital linked to increased production volumes.

The year 2016 will see the completion of the investment for the construction of the new industrial plant in Forlì, initially estimated in the amount of about €5.6 million, and increased by about €1 million for the construction of new offices. Once completed, this investment will increase production capacity, and yield considerable returns in terms of efficiency and quality.

There were no significant events after year-end 2013.

Proposal for approval of Financial Statements and allocation of operating result

Dear Shareholders,

We invite you to approve the Financial Statements at 31 December 2015.

We also submit the proposal to:

Allocate the profit for the period, amounting to €2,143,336.42 as follows:

- 5% to legal reserve, equal to €107,166.82;
- the remaining profit of €2,036,169.60 to dividend distribution;
- Distribute a portion of the retained earnings for €9,030.40, in order to give shareholders a total dividend of €0.40 per share for a total of €2,045,200.00.

San Mauro Torinese, 14 March 2016
On behalf of the Board of Directors
The Chairman and Managing Director
Mr. Giuseppe Morfino


C40 Vision
FEED
SPDL
DYNA
TOOL
CQA
Program File
FIDIA

Fidia Group

Consolidated Financial Statements at 31 December 2015

FIDIA GROUP: Consolidated financial statements at 31 December 2015 Consolidated statement of comprehensive income (*)

€thousand	Notes	FY2015	FY2014
- Net sales	1	60,324	54,544
- Other revenues	2	2,121	1,458
- Total revenues		**62,445**	**56,002**
- Changes in inventories of finished goods and work in progress		887	1,306
- Raw materials	3	(20,919)	(18,821)
- Personnel expenses	4	(17,201)	(15,270)
- Other operating expenses	5	(19,522)	(18,235)
- Depreciation and amortization	6	(1544)	(958)
- Profit/(loss) of ordinary business		**4,146**	**4,024**
- Non-recurring income/(expenses)	7	-	300
- Operating profit/(loss)		**4,146**	**4,324**
- Finance revenue (expenses)	8	(636)	(813)
- Profit/(loss) before tax		**3,510**	**3,511**
- Income tax	9	(1,133)	(737)
- Profit/(loss) for continuing operations		**2,377**	**2,774**
- Profit/(loss) for discontinued operations		-	-
- Profit/(loss)		**2,377**	**2,774**
Profit/(loss) attributable to:			
Shareholders of parent company		2,723	2,894
Non-controlling interests		(345)	(120)

EUR	Notes	FY2015	FY2014
Basic earnings per ordinary share	10	0.533	0.566
Diluted earnings per ordinary share	10	0.533	0.566

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

FIDIA GROUP: Consolidated financial statements at 31 December 2015 Consolidated statement of comprehensive income (*)

€thousand	Notes	FY2015	FY2014
- Profit/(loss) (A)		**2,377**	**2,774**
Other Comprehensive Profit/(Loss) that may subsequently be reclassified to profit or loss:			
Profit/(loss) on cash flow hedges	20	388	(466)
Profit(loss) on translation of financial statements of foreign companies	20	1,167	1,462
Tax effect pertaining to Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss	20	(109)	128
Total Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss, net of tax effect (B1)		**1,446**	**1,124**
Other comprehensive profit/(loss) that may not subsequently be reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit plans	20	29	(177)
Tax effect pertaining to Other comprehensive profit/(loss) that may not subsequently be reclassified to profit or loss	20	(13)	48
Total Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss, net of tax effect (B2)		**16**	**(129)**
Total Other comprehensive profit/(loss), net of tax effect (B)=(B1)+(B2)		**1,462**	**995**
Total comprehensive profit/(loss) of the period (A)+(B)		**3,839**	**3,769**
Total comprehensive profit/(loss) attributable to:			
Shareholders of parent company		4,021	3,651
Non-controlling interests		(182)	118

FIDIA GROUP: Consolidated financial statements at 31 December 2015 Consolidated Statement of Financial Position (*)

€thousand	Notes	Thursday, December 31, 2015	31/12/2014
ASSETS			
- Property, plant and equipment	11	6,452	4,261
- Intangible assets	12	1,099	694
- Investments	13	16	16
- Other non-current receivables and assets	14	1,393	1,312
- Pre-paid tax assets	9	1,052	1,341
TOTAL NON-CURRENT ASSETS		**10,012**	**7,624**
- Inventories	15	19,825	18,718
- Trade receivables	16	9,646	11,384
- Current tax receivables	17	193	210
- Other current receivables and assets	17	828	1,247
- Other current financial receivables	18	4	-
- Cash and cash equivalents	19	16,041	10,718
TOTAL CURRENT ASSETS		**46,537**	**42,277**
TOTAL ASSETS		**56,549**	**49,901**
LIABILITIES			
EQUITY:			
- Share capital and reserves attributable to shareholders of parent company		16,585	13,890
- Non-controlling interests		2,442	2,623
TOTAL CONSOLIDATED EQUITY	**20**	**19,027**	**16,513**
- Other non-current payables and liabilities	21	290	130
- Termination benefits	22	2,372	2,446
- Deferred tax liabilities	9	59	99
- Provisions for risks and expenses	28	59	15
- Other non-current financial liabilities	23	6	15
- Non-current financial liabilities	24	6,006	2,437
TOTAL NON-CURRENT LIABILITIES		**8,792**	**5,142**
- Current financial liabilities	24	3,347	3,250
- Other current financial liabilities	25	221	502
- Trade payables	26	11,335	12,391
- Current tax payables	27	1,558	1,842
- Other current payables and liabilities:	27	10,950	9,009
- Provisions for risks and expenses	28	1,319	1,252
TOTAL CURRENT LIABILITIES		**28,730**	**28,246**
TOTAL LIABILITIES		**56,549**	**49,901**

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

FIDIA GROUP: Consolidated financial statements at 31 December 2015 Consolidated cash flow financial statement (*)

€thousand	2015	2014
A) Cash and cash equivalents at beginning of period	**9,039**	**5,883**
B) Cash from/(used in) operating activities during the period		
- Profit/(loss)	2,377	2,774
- Depreciation and amortization	697	627
- Net losses (gains) on disposal of tangible assets	(32)	(26)
- Net change in provisions for termination benefits	(73)	183
- Net change in provisions for risks and expenses	111	365
- Net change (assets) liabilities for (pre-paid) deferred taxes	248	(483)
Net change in working capital:		
- receivables	2,094	(1,990)
- inventories	(1,106)	(2,057)
- payables	760	5,380
Total	**5,076**	**4,773**
C) Cash from/(used in) investing activities		
- Investing activities:		
tangible assets	(2,721)	(3,061)
intangible assets	(570)	(400)
- Profit on sale of:		
tangible assets	52	153
Financial assets	-	-
Total	**(3,239)**	**(3,308)**
D) Cash from/(used in) financing activities		
- New loans	7,500	3,491
- Loans paid	(2,662)	(3,028)
- Distribution of dividends	(1,278)	-
- Change in capital and reserves	245	(529)
- Net change in amounts due by other interests	165	197
- Net change in current and non-current financial assets and liabilities	(294)	366
Total	**3,676**	**497**
Differences in exchange rates	982	1,193
E) Net change in cash and cash equivalents	**6,495**	**3,156**
F) Cash and cash equivalents at year end	**15,534**	**9,039**
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	16,041	10,718
Overdrawn bank accounts	(507)	(1,679)
	15,534	9,039

(*) 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.

FIDIA GROUP: Consolidated financial statements at 31 December 2015

Overview of changes in consolidated equity

(€thousand)	Share capital	Own shares	Capital reserves	Retained earnings	Cash flow hedge reserve	Translation reserve	Reserve for actuarial profit/loss	Other reserves	Profit/(loss)	Total equity of Group	Other non-controlling interests	Total net equity
Balance at 31 December 2013	**5,123**	**45**	**1,240**	**4,659**	**(6)**	**489**	**63**	**213**	**(1,435)**	**10,301**	**2,546**	**12,847**
Allocation of result				(1,435)					1,435			
Total comprehensive profit/(loss)					(338)	1,224	(129)		2,894	3,651	118	3,769
Other changes				(62)						(62)	(41)	(103)
Balance at 31 December 2014	**5,123**	**45**	**1,240**	**3,162**	**(344)**	**1,713**	**(66)**	**213**	**2,894**	**13,890**	**2,623**	**16,513**
Allocation of result	-	-	-	1,616	-	-	-	-	(2,894)	(1,278)	-	(1,278)
Total comprehensive profit/(loss)	-	-	-	-	279	1,003	16	-	2,723	4,021	(181)	3,840
Other changes	-	-	-	(48)	-	-	-	-	-	(48)	-	(48)
Balance at Thursday, December 31, 2015	**5,123**	**(45)**	**1,240**	**4,730**	**(65)**	**2,716**	**(50)**	**213**	**2,723**	**16,585**	**2,442**	**19,027**

FIDIA GROUP: Consolidated financial statements at 31 December 2015 Consolidated Statement of Comprehensive Income as per Consob Resolution No. 15519 of 27 July 2006

€thousand	Notes	FY2015	of which related parties	FY2014	of which related parties
- Net sales	1	60,324	196	54,544	230
- Other revenues	2	2,121		1,458	
- Total revenues		**62,445**		**56,002**	
- Changes in inventories of finished goods and work in progress		887		1,306	
- Raw materials	3	(20,919)	-	(18,821)	(1)
- Personnel expenses	4	(17,201)	(1,043)	(15,270)	(984)
- Other operating expenses	5	(19,522)	(288)	(18,235)	(290)
- Depreciation and amortization	6	(1,544)		(958)	
- Profit/(loss) of ordinary business		**4,146**		**4,024**	
- Non-recurring income/(expenses)	7	-		300	
- Operating profit/(loss)		**4,146**		**4,324**	
- Finance revenue (expenses)	8	(636)		(813)	
- Profit/(loss) before tax		**3,510**		**3,511**	
- Income tax	9	(1,133)		(737)	
- Profit/(loss) for continuing operations		**2,377**		**2,774**	
- Profit/(loss) for discontinued operations		-		-	
- Profit/(loss)		**2,377**		**2,774**	
Profit/(loss) attributable to:					
Shareholders of parent company		2,723		2,894	
Non-controlling interests		(345)		(120)	

FIDIA GROUP: Consolidated financial statements as at 31 December 2015 Consolidated statement of financial position as per Consob Resolution No. 15519 of 27 July 2006

€thousand	Notes	Thursday, December 31, 2015	of which related parties	31/12/2014	of which related parties
ASSETS					
- Property, plant and equipment	11	6,452		4,261	
- Intangible assets	12	1,099		694	
- Investments	13	16		16	
- Other non-current receivables and assets	14	1,393		1,312	
- Pre-paid tax assets	9	1,052		1,341	
TOTAL NON-CURRENT ASSETS		**10,012**		**7,624**	
- Inventories	15	19,825		18,718	
- Trade receivables	16	9,646	1	11,384	93
- Current tax receivables	17	193		210	
- Other current receivables and assets	17	828	39	1,247	19
- Other current financial receivables	18	4		-	
- Cash and cash equivalents	19	16,041		10,718	
TOTAL CURRENT ASSETS		**46,537**		**42,277**	
TOTAL ASSETS		**56,549**		**49,901**	
LIABILITIES					
EQUITY:					
- Share capital and reserves attributable to shareholders of parent company		16,585		13,890	
- Non-controlling interests		2,442		2,623	
TOTAL CONSOLIDATED EQUITY	**20**	**19,027**		**16,513**	
- Other non-current payables and liabilities	21	290		130	
- Termination benefits	22	2,372		2,446	
- Deferred tax liabilities	9	59		99	
- Provisions for risks and expenses	28	59		15	
- Other non-current financial liabilities	23	6		15	
- Non-current financial liabilities	24	6,006		2,437	
TOTAL NON-CURRENT LIABILITIES		**8,792**		**5,142**	
- Current financial liabilities	24	3,347		3,250	
- Other current financial liabilities	25	221		502	
- Trade payables	26	11,335	135	12,391	
- Current tax payables	27	1,558		1,842	
- Other current payables and liabilities:	27	10,950	226	9,009	331
- Provisions for risks and expenses	28	1,319		1,252	
TOTAL CURRENT LIABILITIES		**28,730**		**28,246**	
TOTAL LIABILITIES		**56,549**		**49,901**	

FIDIA GROUP: Consolidated financial statements at 31 December 2015
Consolidated Cash Flow Statement as per Consob Resolution No. 15519 of 27 July 2006

€thousand	2015	of which related parties	2014	of which related parties
A) Cash and cash equivalents at beginning of period	9,039		5,883	
- Profit/(loss)	2,377		2,774	
- Depreciation and amortization of tangible and intangible assets	697		627	
- Net losses (gains) on disposal of tangible assets	(32)		(26)	
- Net change in provisions for termination benefits	(73)		183	
- Net change in provisions for risks and expenses	111		365	
- Net change (assets) liabilities for (pre-paid) deferred taxes	248		(483)	
Net change in working capital:				
- receivables	2,094	72	(1,990)	(42)
- inventories	(1,106)		(2,057)	
- payables	760	30	5,380	219
Total	5,076		**4,773**	
C) Cash from/(used in) investing activities				
- Investing activities:				
tangible assets	(2,721)		(3,061)	
intangible assets	(570)		(400)	
- Profit on sale of:				
tangible assets	52		153	
Financial assets	-			
Total	**(3,239)**		**(3,308)**	
D) Cash from/(used in) financing activities				
- New loans	7,500		3,491	
- Loans paid	(2,662)		(3,028)	
- Distribution of dividends	(1,278)		-	
- Change in capital and reserves	245		(529)	
- Net change in amounts due by other interests	165		197	
- Net change in current and non-current financial assets and liabilities	(294)		366	
Total	**3,676**		**497**	
Differences in exchange rates	982		1,193	
E) Net change in cash and cash equivalents	6,495		**3,156**	
F) Cash and cash equivalents at year end	15,534		**9,039**	
Breakdown of cash and cash equivalents:				
Cash and cash equivalents	16,041		10,718	
Overdrawn bank accounts	(507)		(1,679)	
	15,534		9,039	

Notes to the Consolidated Financial Statements

MAIN BUSINESS

The publication of the consolidated financial statements of Fidia S.p.A. for the year ended at 31 December 2015 was authorized by the Board of Directors on 14 March 2016. Fidia S.p.A. is a company under Italian law. Fidia S.p.A. and its subsidiaries ("Group") are active in over 20 countries.

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

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

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

SIGNIFICANT ACCOUNTING STANDARDS

Principles for the presentation of the financial statements

The 2015 consolidated financial statements were drawn up in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union and with the provisions implementing Article 9 of Italian Legislative Decree No. 38/2005. IFRS also include all the reviewed international accounting standards (IAS) and interpretations of the IFRS Interpretations Committee, previously called International Financial Reporting Interpretations Committee (IFRIC), and before then Standing Interpretations Committee (SIC).

The Financial Statements were drawn up based on the historical cost principle, amended as requested for the evaluation of some financial instruments and a building as well as on the assumption of going concern.

The Group has concluded that there are no significant uncertainties (as set out by para. 25 of IAS 1) on going concern

Financial Statements

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

Within said statement of comprehensive income by nature, under the profit/(loss), a specific distinction has been made between profit/(loss) of ordinary business and those charges and earnings that are the result of non-recurrent transactions in ordinary business management, such as the restructuring expenses and any other atypical revenues/(charges), as these can be treated like the former. It is deemed that this allows for a better measurement of the actual performance of the normal business management, it being understood that any atypical expenses and earnings are specified in detail

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

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

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

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

CONSOLIDATION PRINCIPLES

Subsidiaries

These are companies that are under the control of the Group as defined by IFRS 10 – *Consolidated Financial Statements*. Control subsists when the Group has exposure or rights to variable returns as a result of its relationship with the investee and, at the same time, the ability to affect those returns through power over said investee. The accounts of the subsidiaries are included in the consolidated financial statements starting from the date on which control is gained and up to the date on which said control ceases. Equity of non-controlling interests and the share of profit or loss for the year attributable to non-controlling interests are disclosed separately in the consolidated statement of financial position and statement of comprehensive income.

Any loss of non-controlling interests that exceed the acquirer's interest of the capital of the investee are allocated to non-controlling interests. Variations in interests held by the Group in subsidiaries that do not cause loss of control are accounted as transactions in equity. The book value of Equity allocated to the shareholders of the parent company and to non-controlling interests is adjusted to reflect the change in the interest share. Any difference between the book value of the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and attributed to the equity of the shareholders of the parent company.

In the case of loss of control over an investee, the Group recognizes a profit or loss in the statement of comprehensive income calculated as the difference between (i) the sum of the fair value of consideration received and the fair value of the residual portion and (ii) the book value of the assets (including goodwill), liabilities of the subsidiary and any non-controlling interests. The value of any profit or loss recognized in Other comprehensive profit and loss pertaining to the measurement of the assets of the subsidiary are recognized as if the subsidiary were sold (reclassified in the statement of comprehensive income or transferred directly to profit carried forward according to the applicable IFRS). The fair value of any residual interests in the company previously controlled is recognized, depending on the existing type of interest, in accordance with IAS 39, IAS 28 or IAS 31.

Associates

Associated companies are companies in which the Group exercises significant influence, as defined by IAS 28 - *Investments in associates*, but not control or joint control over the financial and operating policies. Investments in associates are accounted for under the equity method, from the date on which significant influence starts up to the moment in which this considerable influence ceases to exist.

If the portion attributable to the Group of the losses of an associate exceeds the carrying amount of the investment, the value of the investment is reduced to zero and the share of further losses is discontinued except and to the extent in which the Group must stand in. Unrealized gains and losses arising from transactions with associates are eliminated based on the value of the Group's proportion of ownership interest in those entities.

Investments in other entities

Investments in other minor entities constituting non-current financial assets for which *fair value* is not available are reported at the impaired cost due to lasting loss of value.

Transactions eliminated during consolidation

During the preparation of the consolidated financial statements, all balances and significant transactions between Group companies were eliminated as well as any unrealized profit and loss on intragroup transactions.

Transactions in foreign currency

Transactions in foreign currency were reported at the exchange rate at the date of the transaction. Assets and liabilities in foreign currency on the date of the financial statements were converted at the exchange rate on said date. Exchange rate differences generated by monetary items or by their conversion at rate other than those at which these were converted at the time of the initial reporting in the fiscal year or previous financial statements were recognized in profit or loss.

Consolidation of foreign entities

All assets and liabilities of foreign entities in currencies other than EUR that fall under the consolidation area were converted using the exchange rates in force on the date of reference of the financial statements. Revenues and costs were converted at the mean exchange rate of the fiscal year. Differences in conversion exchange rate due to the application of this method were classified as equity up to the transfer of the interest.

Business combinations

Business combinations are accounted for by applying the acquisition method. Under this method:

- the consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred and liabilities assumed by the Group and the equity interests issued in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

- At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at that date, except for deferred tax assets and liabilities, assets and liabilities for employee benefits, liabilities or equity instruments relating to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree, and assets (or groups of assets and liabilities) held for sale. These are measured in accordance with the relevant standard.

- Goodwill is measured as the excess of the aggregate of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a gain from a bargain purchase.

- Non-controlling interest is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The selection of the measurement method is made on a transaction-by-transaction basis.

- Any contingent consideration arrangement in the business combination is measured at its acquisition-date fair value and included as part of the consideration transferred in the business combination in order to determine goodwill. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are recognized retrospectively, with corresponding adjustments to goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which may not exceed one year from the acquisition date) about facts and circumstances that existed as of the acquisition date.

- When a business combination is achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Any amounts pertaining to the equity interest in the acquiree that have been recognized in Other comprehensive profit/(loss) in prior reporting periods are reclassified to profit or loss as if the interest had been disposed of.

- If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs,

the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the above-mentioned measurement period to reflect new information obtained about facts and circumstances that existed at the acquisition date which, if known, would have affected the amounts recognized at that date.
Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3.

PROPERTY, PLANT AND EQUIPMENT

Cost

Property consisting basically of the headquarters of the subsidiary Fidia Iberica were evaluated at fair market value based on the periodic appraisal done by an independent expert. The greater value resulting from the reappraisal of the property was posted directly to "Other reserves of the Net Equity". The reappraised values of the property were then amortized. The accrued amortization on the date of reappraisal was reversed from gross value of asset and the resulting net value was then adjusted to carry it over at the reappraised value.

Plant and machinery were evaluated at purchase or production cost minus accrued amortization and any writedown and these were not revalued. The cost comprises ancillary expenses and direct costs needed to make the asset available for use and indirect costs in the amount reasonably attributable to these.

Costs incurred following purchase were posted only if these increase the future economic benefits inherent to the asset concerned. All other costs were recognized in profit or loss when incurred.

Assets held through leasing contracts by which all the risks and benefits associated to the property thereof were transferred to the Group were posted as assets of the Group at fair value or, if lower, at the current value of the minimum payments due for leasing. The corresponding liabilities with the lessor were posted under the financial payables. Assets were amortized by applying the criterion and rates specified below.

Work in progress consists of a plot of land with industrial building undergoing renovation acquired by the parent company Fidia S.p.A through a lease, not yet usable and recognized at purchase cost.

Leases by which the lessor retains all risks and benefits deriving from ownership of the assets were classified as operating leases. Costs referred to operating leases are posted on a straight-line basis in the statement of comprehensive income over the lease term.

Depreciation

Depreciation was calculated based on constant shares of the estimated economic life of the assets as follows:

Description	Depreciation rates
Property	5.00%
Lightweight constructions	5.00%
Generic and specific plants	12.50%
Machinery	6.67 % / 15.00% / 48.11%
Industrial and commercial equipment	20.00% / 25.00%
Electronic office equipment	20.00%
Office furnishing	6.67%
Forklifts/internal vehicles	20.00%
Motor vehicles	25.00%

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are included in the cost of the asset. All borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing costs include interest and other costs that an entity incurs to obtain funding.

INTANGIBLE ASSETS

Intangible assets purchased or produced internally were posted in the assets according to the provisions of IAS 38 – *Intangible Assets*, when it is probable that the future economic benefits attributable to the asset will flow to the company and when the cost of the asset can be measured reliably.

Said assets were measured at purchase cost and amortized in constant shares over their estimated life if these have a finite life and net of any losses in value.

The main categories of intangible assets held by the Group are the costs for internal product development, rights to use know-how, software and licenses.

Software and licenses are amortized over five years.

Development costs incurred in connection with a specific project are recognized as intangible assets when the Group can demonstrate: the technical feasibility of completing the intangible asset so that it is available for use or sale; the intention to complete the asset and its ability and intent to use or sell it; the manner in which the activity will generate future economic benefits; the availability of resources to complete the asset and the ability to measure reliably the cost attributable to the asset during development.

After initial recognition, development assets are measured at cost less amortization or the accrued loss in value. Amortization of the asset starts when development is completed and the asset is available for use. Development assets are amortized in relation to the period of the expected benefits. During development, the asset is subject to annual verification of any loss of value (impairment test).

There are no intangible assets with indefinite useful life.

Writedown of assets

If any such indication exists, the carrying amount of the asset is reduced to its recoverable amount understood as the higher between the fair value less the costs to sell and its value in use.

When it is not possible to estimate the recoverable amount of a single asset, the company estimates the recoverable amount of the unit generating the cash flows that owns the asset.

The value in use of an asset is calculated by determining the current value of estimated future cash flows before tax, by applying an interest rate before tax that reflects the current market values of the time value of money and of the risks inherent in the asset. A writedown is posted if the recoverable amount is lower than the book value.

Should there no longer be a writedown of an asset other than goodwill or should the writedown be reduced, the book value of the asset or the unit generating the cash flows is increased until the recoverable amount is estimated again and it cannot exceed the amount that would have been determined if there had been no writedown. A reversal of writedown is immediately recognized in profit or loss.

FINANCIAL INSTRUMENTS

Introduction

Financial instruments held by the Group were included in the balance-sheet items described below.

Investments comprises interests held in associates and in other companies.

Other Receivables and Other Non-Current Assets do not comprise medium/long-term receivables and caution money.

Current financial assets, as defined by IAS 39, include trade receivables, other receivables and current assets and other current financial assets (which include the positive fair value of derivatives), as well as cash and cash equivalents.

In particular, Cash and Cash Equivalents comprises bank account and securities held for trading that can be readily cashed in and are subject to a non-significant risk of change. For the purpose of representation in the consolidated cash flow statement, cash and cash equivalents are represented by cash and cash equivalents as defined above, net of bank overdrafts, since these are considered an integral part of the Group's liquidity management

Financial liabilities refer to financial payables as well as to other financial liabilities (including the negative fair value of derivatives), trade payables and other payables.

Valuation

Trade receivables, other receivables and current and non-current assets

Trade receivables, other receivables and current and non-current assets, except for assets arising from derivative financial instruments, are initially recognized at *fair value*, which usually coincides with the acquisition cost, net of transaction costs. Subsequently, these assets are measured at amortized cost using the effective interest method and are shown net of losses on uncollectible amounts, posted in appropriate bad debt provisions. The original value of the receivables will be re-instated in subsequent fiscal years whenever the reasons for their adjustments are no longer applicable. When financial assets have no fixed maturity, these are evaluated at cost. Receivables with a maturity over 1 year that do not yield interest or yield interest below market rates are actualized using market rates.

Cash

It is stated at nominal value.

Financial liabilities, trade payables and other payables

Financial payables (current and non-current), trade payables, and other payables are entered at first recognition in the statement of financial position at *fair value* (usually the cost of the originating transaction), including the transaction costs.

Then, with the exception of derivatives, financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities hedged by derivatives are evaluated according to the procedures set for hedge accounting applicable to fair value hedges: gains and losses arising from remeasurement at fair value, due to changes in interest rates, are recognized in income and offset by the effective portion of gain or loss arising from remeasurements at fair value of the hedging instrument.

DERIVATIVES

Derivatives are used by the parent company solely for hedging in order to reduce exchange rate (currency forward contracts to hedge USD risk on sales) and interest rate risk (*Interest Rate Swap* and *Interest Rate Cap*).

Consistently with the provisions of IAS 39, derivatives can be recorded according to the procedures set forth for *hedge accounting* only when, at initial recognition, there is formal designation and documentation of the hedging relationship; it is assumed that hedging is highly effective; effectiveness can be reliably measured and hedging is highly effective during the various accounting periods for which it is designated.

All financial instruments are measured at *fair value* as set forth by IAS 39.

When financial instruments meet the requirements to be recorded in *hedge accounting*, the following accounting methods are applied:

- *fair value hedge*: if a derivative is designated as a hedge of the exposure of changes in the fair value of a balance-sheet asset or liability attributable to a given risk that may have effects on the statement of comprehensive income, the gain or loss resulting from re-measurements of the fair value of the hedging instrument are recognized in profit or loss. Gains or loss on the hedged item attributable to the hedged risk change the book value of said item and are recognized in profit or loss;
- *cash flow hedge:* if a derivative is designated as a a hedge of the exposure to variability in the future cash flows of an asset or liability recognized in profit or loss or of a transaction deemed highly probable that could have effects on profit or loss, the effective portion of the profit or loss on the derivative is recorded in Other Comprehensive Profit/(Loss). Accrued gains or loss are reversed from Other Comprehensive Profit/(Loss) and recognized in profit or loss in the same period in which the correlated economic effect of the hedged transaction occurs. Gains or loss of a hedge (or part of a hedge), which has become ineffective, are immediately recognized in profit or loss. If a hedging instrument or hedge relationship is terminated but the hedged transaction has not yet been realized, accumulated gains and losses accumulated recorded in Other Comprehensive Profit/(Loss) up to that moment are recognized in the statement of comprehensive income in connection with the economic effects of the hedged transaction. If the hedged transaction is deemed no longer probable, gains or losses not yet realized and still retained in the Other Comprehensive Profit/(Loss) is immediately recognized in profit or loss.

If hedge accounting cannot be applied, profit or loss resulting from fair value measurement of the derivative is immediately recognized in profit or loss.

Fair value

The fair value, as provided for by IFRS 13, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value of a financial instrument at initial measurement is normally the price of the transaction, i.e., the amount paid or received. However, if part of the amount given or received pertains to something other than the financial instrument, the fair value of the instrument is estimated using a measurement method.

The existence of official quotations in an active market is best proof of fair value and, when these exist, they are used to measure the financial asset or liability.

If the market of a financial instrument is not active, fair value is determined using an evaluation method that relies more on market factors and as less as possible on specific internal factors.

Criteria for measuring *fair value*

The Fidia Group avails itself of measurement methods established in market practice to determine the *fair value* of financial instruments for which there is no active relevant market.

If evaluation methods are adopted, recourse to market factors allows for a reasonable estimate of the market value of said financial instruments.

The market factors considered for the calculation of fair value and measured at the measurement date of 31 December 2014 were: time value of money, i.e., base interest rate without risk, credit risk, exchange rates of foreign currencies, size of the future changes in price of a financial instrument, i.e., the latter's volatility, the costs to service an asset or financial liability.

The evaluation of financial instruments using evaluation methods is entrusted by the Fidia Group to external consultants who have the necessary specialized know-how and are capable of providing the market values at the various dates of evaluation. Said market values are periodically compared with marks to market given by banking counterparts.

In order to provide information on the methods and main assumptions used to determine *fair value*, financial assets and liabilities were divided into two classes, both of which homogeneous by nature of information provided and for the characteristics of the financial instruments.

In particular, financial assets and liabilities were divided into:

- financial instruments measured at amortized cost;
- financial instruments measured at fair value.

Financial assets and liabilities measured at amortized cost

The class under examination comprises: trade receivables and payables, loans payable, mortgages and other liabilities and assets evaluated at amortized cost.

The fair value of the items under consideration is determined by calculating the current value of the expected contractual flows, capital and interests, based on the yield curve of treasury bonds on the measurement date. In particular, the fair value of medium to long-term financial liabilities is determined using the risk-free curve on the reporting date increased by an adequate credit spread.

Said spread was determined by taking the premium for credit risk applied on the last loan granted to the Group by banks as reference.

Financial assets and liabilities measured at *fair value*

The class under consideration comprises hedging instruments and those for trade.

The fair value of the exchange rate forward contracts is estimated by actualizing the difference between forward price set by the contract and the current forward price for the residual contractual term, using the exchange rate curves of the currencies in question.

The fair value of the interest rate swaps and interest rate caps is calculated based on the market data available on the measurement date by discounting the contract flows of estimated future cash with the short and medium-to-long term exchange rate curves measured by market info providers.

Interest rates

The interest rates used to actualize the estimated financial flows are based on the short and medium-to-long term rate curves measured by market info providers at the reporting dates and are illustrated in the table below:

	EUR Curve			USD Curve	
	2015	2014		2015	2014
1W	-	-	1W	0.390%	0.135%
1M	-0.205%	0.019%	1M	0.430%	0.171%
2M	-0.165%	0.045%	2M	0.515%	0.214%
3M	-0.131%	0.078%	3M	0.613%	0.256%
6M	-0.040%	0.171%	6M	0.846%	0.363%
9 M	0.004%	0.247%	9 M	-	-
12M	0.060%	0.16%	12M	1.178%	0.629%
2 years	-0.029%	0.18%	2 years	1.172%	0.900%
3 years	0.063%	0.23%	3 years	1.410%	1.299%
4 years	0.196%	0.29%	4 years	1.588%	1.578%
5 years	0.331%	0.36%	5 years	1.730%	1.772%
7 years	0.620%	0.53%	7 years	1.955%	2.041%
10 years	1.001%	0.81%	10 years	2.187%	2.283%
15 years	1.397%	1.15%	15 years	2.417%	2.507%
20 years	1.565%	1.33%	20 years	2.528%	2.620%
30 years	1.613%	1.46%	30 years	2.613%	2.700%

INVENTORIES

Inventories of raw materials, semi-finished and finished goods are valued at the lower between the cost, determined using the method of weighted average cost, and net realizable value. The evaluation of inventories includes the direct costs of materials and labor and the indirect costs (both variable and fixed).

Provisions are calculated for the write-down of materials, finished goods, spare parts and other supplies deemed obsolete or slow-moving, considering their future expected use and realizable value. The realizable value is the estimated sales price net of all estimated costs for the completion of the good and of the sales and distribution expenses to be incurred.

PROVISIONS FOR RISKS AND EXPENSES

The Group states provisions for risks and expenses when it has an obligation (legal or implicit) with third parties and it is probable that the Group will have to utilize resources to meet the obligation and when it is possible to make a reliable estimate of the amount resulting from fulfilling the obligation.

The estimate changes are recognized in profit or loss of the period in which the change occurred.

TERMINATION BENEFITS

Termination benefits for employees of the parent company fall within the scope of IAS 19, as these are like defined benefit plans. The amount reported in the financial statements is the result of an actuarial calculation according to the projected unit credit method by using a discount rate that reflects the market yield on corporate bonds with a maturity consistent with that expected from the obligation. The calculation considers the termination benefits already accrued for labor services already rendered and includes assumptions of future salary increases. Actuarial profit and loss are accounted for in a specific equity item.

Up to 31 December 2006, the termination benefits fund (TFR) was considered a defined benefit scheme. The rules of this fund were amended by Italian Law No. 296 of 27 December 2006 ("2007 Finance Law") and following Decrees and

Regulations issued in early 2007. In light of said changes and in particular with reference to companies with at least 50 employees, said fund can now be considered a defined benefit plan solely for the amounts accrued before 1 January 2007 (and not yet paid on the reporting date), while the amounts accrued after that date can be considered as a defined contribution plan.

OWN SHARES

Own shares are written down from the equity. The original cost of the own shares and profit and loss resulting from subsequent sales are stated directly as changes in equity.

REVENUE RECOGNITION

Revenue is recognized to the extent in which it is probable that the Group will reap economic benefits and their amount can be reliably determined. Revenue is stated net of returns, discounts and allowances.

Revenue from the sale of goods is recognized when the risks and rewards of ownership have been transferred to the buyer, the selling price is agreed or can be determined and collection thereof is expected.

Revenue from the sale of goods is recognized when (in accordance with IAS 18 - Revenue):

- the seller has transferred to the buyer the significant risks and rewards of ownership;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the seller, and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenues for rendering of services are recognized at the time of completion of the service.

RESEARCH GRANTS

Government and Community contributions received for research projects are stated in the income when it is reasonably certain that the Group will meet all the conditions for receiving the contributions and that said contributions will be received; as a rule, this coincides with the fiscal year in which the resolution to allocate the contribution is made.

COST RECOGNITION

The costs for the purchase of goods is recognized by accrual.

Costs for rendering of services are posted at the time of completion of the service.

Advertising and research costs, in compliance with IAS 38, are recognized in profit or loss in the year in which these are incurred.

FINANCE REVENUE AND EXPENSES

Finance revenue and costs are stated by period based on the interest accrued on the net value of the relevant financial assets and liabilities, using the effective interest rate.

DIVIDENDS

Dividends payable by the Group are reported as a movement in equity in the period in which they are approved by shareholders in their Shareholders' Meeting.

TAXES

Income tax comprises all taxes calculated on the taxable income of the single companies of the Group. Income taxes are recognized in profit or loss, except for those items debited or credited in Other Comprehensive Profit/(Loss). In these cases the tax effect is recognized directly in the Other Comprehensive Profit/(Loss).

Other taxes not related to income such as property taxes are included among the other overheads.

Deferred taxes are stated according to the full liability method. These are calculated on all temporary differences arising between the taxable base of an asset or liability and its book value in the consolidated statement of financial position. The deferred tax assets on tax losses and on temporary differences are stated to the extent in which it is probable that there is a future taxable income on which these can be recovered. Deferred tax assets and liabilities are determined with the tax rates that are expected to be applicable in the relevant tax systems of the countries in which the Group has operations, in the periods in which temporary differences will be realized or written off.

EARNINGS PER SHARE

The base earnings per share is calculated by dividing the Profit/(Loss) attributable to shareholders of the parent company by the weighted average of ordinary shares in circulation during the period, minus own shares. For the purpose of calculating diluted profit per share, said value has not changed because Fidia has not issued capital instruments with dilutive effects.

USE OF ESTIMATES

The preparation of financial statements and related disclosures that conform to IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. The estimates and assumptions used are based on experience and other factors deemed relevant. The results that will be stated in the final balance could hence differ from said estimates. The estimates and assumptions are periodically revised and effects of each change are recognized in profit or loss in the period in which the estimate is revised if the revision has effects on said period or in following periods if the revisions has effects both on the current period and on future periods.

In this context, persistently weak economic growth makes the future outlook uncertain. Therefore, it cannot be ruled out that in the next period there will be results other than those estimated and that adjustments may be needed in the book value of the relevant items. Of course, to date, these can be neither estimated nor foreseen. The balance-sheet items mainly affected by said situations of uncertainty are bad debt provisions and provisions for slow-moving/obsolete inventories, non-current assets (tangible and intangible assets), termination benefits, product warranty, pre-paid taxes and potential liabilities.

A summary follows of the critical evaluation processes and key assumptions used in managing the application of the accounting standards to future quantities and which can have significant effects on the amounts stated in the consolidated statement of financial position or for which there is the risk that significant value adjustments need to be made to the book value of the assets and liabilities in the period following the one of reference of the statement of financial position.

Recoverable value of non-current assets

The management periodically revises the carrying amount of the non-current assets held and used and of the assets that must be divested when facts or circumstances call for said revision.

When the book value of a non-current asset registers a loss in value, the Group states a write-down for the excess amount between the book value of the asset and the recoverable value through its use or sale.

Bad debts provision

Bad debts provision reflects the management's estimate on the possible loss in the portfolio of receivables from customers. The estimate of the bad debts provision is based on the loss expected by the Group, determined in light of its past experience in similar receivables, of current and historical delinquent accounts, of losses and revenues, of the careful monitoring of credit quality and forecasts on economic and market conditions.

Provisions for slow-moving/obsolete inventories

Provisions for slow-moving/obsolete inventories reflect the management's estimation of loss of value expected by the Group, determined based on past experience and on a critical analysis of the stock movements.

Product warranty

When a product is sold, the Group allocates provisions for the estimated product warranty costs. The management determines the value of said provisions based on historical information on the nature, frequency and mean cost of warranty works. The Group is committed to constantly improve the quality of its products in order to maximize customer satisfaction and reduce the impact of expenses due to warranty work to a minimum.

Termination benefits

For the evaluation of termination benefits, the management uses various statistical assumptions and evaluation factors in order to anticipate future events for the calculation of expenses and liabilities for said provisions. The assumptions regard the discount rate and future inflation rate. Moreover, the Group's actuaries use subjective factors such as mortality and resignation rates, as well as rates concerning requests for advances.

Contingent liabilities

The Group is potentially subject to legal and tax disputes on the vast body of issues that fall under the jurisdiction of various countries. Considering the uncertainties relating to said issues, it is difficult to accurately foresee the outlay resulting from said potential disputes. In the normal course of business, the management consults its legal and tax experts. The Group states a liability for said disputes when it deems that it is probable that there will be a financial outlay and when the resulting amount of loss can be reasonably estimated. If the financial outlay becomes possible, but it is not possible yet to determine the amount, said fact is reported in the Notes to the Financial Statements

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE AS OF 1 JANUARY 2015

- On 20 May 2013 IASB issued IFRIC 21 - Taxes, an interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" (with effect from 1 January 2014, but adopted by the European Union in June 2014 and therefore applicable from 1 January 2015) which sets out the recognition of a liability for the payment of taxes other than income taxes and establishes in particular which event originates the obligation and the time of recognition of the liability. These amendments had no significant impact on the Group's financial statements.

- The IASB has issued a number of minor amendments to "IAS 19 - Employee Benefits - Defined Benefit Plans: Contributions of Employees" that streamline the accounting of contributions to defined benefit plans by employees or third parties in specific cases. These amendments had no significant impact on the Group's financial statements.
- Annual Improvements 2010-2012 Cycle: a series of amendments to IFRS to address eight topics addressed during the 2010-2012 cycle. They relate largely to clarifications. These amendments had no significant impact on the Group's financial statements.
- Annual Improvements 2011-2013 Cycle: a series of amendments to IFRS to address four topics addressed during the 2011-2013 cycle. They relate largely to clarifications. These amendments had no significant impact on the Group's financial statements.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT APPLICABLE YET AND NOT ADOPTED IN ADVANCE BY THE GROUP

- In May 2014 the IASB issued certain amendments to 'IFRS 11 - Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations" to clarify the accounting of acquisitions of interests in joint operations. The amendments are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted.
- In May 2014 IASB issued an amendment to "IAS 16 - Property, Plant and Equipment" and to "IAS 38 - Intangible assets" clarifying that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate; there are limited circumstances when the presumption can be overcome. The amendments are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted.
- In May 2014 IASB issued standard "IFRS 15 - Revenue from Contracts with Customers" that requires the reporter to recognize revenue to represent the transfer of goods or services to customers at an amount that reflects the consideration that one would expect to receive in exchange for such products or services; this new model for recognizing revenues sets out a five-step process and requires the use of estimates and judgments. This new standard also applies to certain sales with a right of return and requires greater disclosure about the nature, amount, timing and uncertainty about revenues and cash flows arising from contracts with customers. The amendments are effective for annual periods beginning on or after 1 January 2017, with earlier application being permitted.
- Annual Improvements 2012-2014 Cycle (with effect from 1 January 2016): a series of amendments to IFRS to address four topics addressed during the 2012-2014 cycle. They relate largely to clarifications.
- In July 2014 IASB issued the principle 'IFRS 9 - Financial Instruments"; the series of changes made by the new standard includes the adoption of a model for the classification and valuation of financial instruments, a single model for the impairment of financial assets based on expected losses and a renewed approach for hedge accounting. The amendments are effective for annual periods beginning on or after 1 January 2018, with earlier application being permitted.
- In August 2014 the IASB issued an amendment to "IAS 27 - Separate Financial Statements." The amendment reinstates the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. This amendment took effect on 1 January 2016.
- In September 2014 IASB issued certain minor amendments to "IFRS 10 - Consolidated Financial Statements" and to "IAS 28 - Investments in Associates and Joint Ventures (2011)" that address a conflict identified between the requirements of IFRS 10 and IAS 28 (2011) concerning the sale or contribution of assets between an investor and its associate or joint venture. If the transaction relates to a strategic asset, profit or loss are recognized in full, while if it does not relate to a strategic asset, profit or loss are recognized in part. The amendments are effective for annual periods beginning on or after 1 January 2016.
- In December 2014 IASB issued an amendment to "IAS 1 - Presentation of Financial Statements" to improve the presentation and disclosure of financial statements. These amendments clarify that materiality considerations apply to all parts of the financial statements and that information should not be obscured by aggregating or by providing immaterial information. Furthermore, these amendments clarify that undertakings should resort to the opinion of an expert to determine where and in what order disclosures are to be presented in the financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016.

- In December 2014 IASB published certain minor amendments to standards “IFRS 10 - Consolidated Financial Statements,” “IFRS 12 - Disclosure of Interests in Other Entities" and "IAS 28 - Investments in Associates and Joint Ventures to address issues that have arisen in the context of applying the consolidation exception for investment entities. The amendments are effective for annual periods beginning on or after 1 January 2016.
- In September 2015 IASB issued an Amendment to “IFRS 15 - Revenue from Contracts with Customers" which defers the effective date of the standard by a year, i.e., to 1 January 2018.

The Group will adopt these new standards, amendments and interpretations on the basis of the set date of application and will evaluate its potential impacts when these will be adopted by the European Union.

RISK MANAGEMENT

The Group is exposed to financial risks related to its operations and in particular to those relating to:

- Credit risk;
- Liquidity risk;
- Market risk.

The Group specifically monitors each of said financial risks and takes action to timely reduce these to a minimum also by resorting to hedging derivatives relating to market risks.

The Board of Directors sets forth the risk management policy and provides for the creation of a Group risk management system.

For more details, see Note 31.

CONSOLIDATION AREA

The Group Consolidated Financial Statements at 31 December 2015 include Fidia S.p.A. and 8 consolidated subsidiaries, of which Fidia S.p.A. directly holds the majority of votes and over which it has control.

The companies comprised in the consolidation area are listed below:

Name / Place of business	Currency	Share Capital	Size of interest 2015	Size of interest 2014
Fidia Gmbh, Dreiech - Germany	EUR	520,000	100%	100%
Fidia Co, Rochester Hill - U.S.A.	USD	400,000	100%	100%
Fidia Sarl, Emerainville – France	EUR	300,000	100%	100%
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	92.00%	92.00%
Shenyang Fidia NC & Machine Company Ltd, Shenyang – China	Rmb	42,517,648	51.00%	51.00%
OOO Fidia, Moscow, Russian Federation	Rouble	3,599,790	100%	100%
Fidia India Private Ltd – Pune - India	Rupee	100,000	-	99.9%

The consolidation area changed with respect to the consolidated financial statements at 31 December 2014 due to the closing of Fidia India Private Ltd, which had no significant impact on the consolidated financial statements

CONTENT AND MAIN CHANGES

STATEMENT OF COMPREHENSIVE INCOME

1. NET SALES

The breakdown of turnover by geographical area is provided in the table below. Please be noted that sales abroad account for 89.0 % of total sales.

Turnover by geographical area €thousand	FY2015	%	FY2014	%
Italy	6,614	11.0%	4,033	7.4%
Europe	18,368	30.4%	13,504	24.7%
Asia	21,177	35.1%	26,723	49.0%
North and South America	14,052	23.3%	10,128	18.6%
Rest of the World	113	0.2%	156	0.3%
Total revenues	**60,324**	**100%**	**54,544**	**100%**

Turnover by line of business are illustrated more in detail in the following table:

Turnover by business line €thousand	FY2015	%	FY2014	%
Numerical controls, drives and software	4,477	7.4%	3,924	7.2%
High-speed milling systems	42,239	70.0%	38,458	70.5%
After-sales service	13,608	22.6%	12,162	22.3%
Total revenues	**60,324**	**100%**	**54,544**	**100 %**

2. OTHER REVENUE

This item comprises:

€thousand	FY2015	FY2014
Contributions for operating expenses	451	443
Increase in fixed assets for internal work	747	352
Contingent assets	202	124
Gain from tangible assets	46	27
Recovery of costs incurred	192	120
Insurance refunds	139	63
Release of bad debt and legal risks provisions	325	223
Other miscellaneous revenues and earnings	19	106
Total	**2,121**	**1,458**

Other revenue amounted to €2,121 thousand (€1,458 thousand in 2014), an increase of €663 thousand compared to the previous year.

This item includes €451 thousand (€443 thousand at 31 December 2014) relating to grants for research projects recognized by year of accrual in profit or loss of the parent company Fidia S.p.A. at 31 December 2015 and allocated by the European Union and the Italian Ministry of University and Research. Applied and basic research and development activities are a structural component and are carried out on an ongoing basis by Fidia S.p.A. This item also comprises increases in tangible assets built within the Group and devoted solely to demonstrations for customers and the capitalization of product development costs (€747 thousand at 31 December 2015; €352 thousand at 31 December 2014);

3. RAW MATERIALS

These are:

€thousand	FY2015	FY2014
Production materials	18,663	17,224
Service materials	1,426	899
Consumables	98	135
Equipment and software	60	59
Packaging	286	339
Other	142	132
Change in inventory raw materials and consumables	244	33
Total	**20,919**	18,821

The increase in costs for the consumption of raw materials and other materials substantially reflects the growth in revenue for the year.

4. PERSONNEL EXPENSES

Personnel expenses amounted to €17,201 thousand over €15,270 thousand of the year before and consist of:

€thousand	FY2015	FY2014
Wages and salaries	13,074	11,528
Social security charges	3,496	3,180
TFR	475	442
Other personnel expenses	156	120
Total	**17,201**	15,270

Cost of personnel increased compared with the previous year (12.6%, equivalent to an increase of about €1,931 thousand); Group personnel increased on average by about 4.0%.

Due to higher revenue, the overall incidence of cost of labor in relation to the value of production increased slightly from 26.6% in 2014 to 27.2% in the current year.

Exit flexibility has been pursued including through the adoption of the novelties introduced by Italian Law 92/2012 and later by the Job Act (Law 183/2014).

The change recorded in 2015 in the number of employees, broken down by category, is illustrated below:

	31/12/2014	**Inbound**	**Outbound**	**Change in level**	**Thursday, December 31, 2015**	**Period average**
Executives	8	2	(2)	-	8	8
Clerks and cadres	272	22	(13)	-	281	278.5
Workers	40	15	(3)	-	52	48
Total	**320**	**39**	**(18)**	**-**	341	**334.5**

5. OTHER OPERATING EXPENSES

Other operating expenses in the amount of €19,522 thousand, up by €1,287 thousand, over €18,235 thousand at 31 December 2014, are illustrated in detail in the table below:

€thousand	FY2015	FY2014
Outsourced work	4,362	3,833
Travel expenses	1,931	1,802
Transportation and customs	2,257	2,065
Rent paid for offices and plants	1,350	1,333
Technical, legal and administrative consulting	1,500	1,498
Utilities	543	531
Commissions	2,298	2,166
Car rental expenses	326	348
Warranty provisions	121	411
Other provisions	18	12
Auditors' emoluments	58	59
Insurance	420	362
Advertising, trade fairs and other commercial costs	547	432
Non-income taxes	306	318
Maintenance and housekeeping	222	212
Personnel-related expenses	275	242
Bank services	241	228
Motor vehicle management expenses	107	117
Losses on loans	115	5
Stock exchange listing fees	119	99
Costs for repairs and interventions	1,207	1,233
Research project costs	143	159
Entertainment expenses	153	105
Contributions and payments	65	48
Contingent liabilities	139	112
Penalties and surcharges	3	8
Other	696	497
Total	**19,522**	**18,235**

The increase compared to the previous year is due mostly to higher costs related to the production, commercial and technical areas, as well as to a greater use of contractors and higher commissions; these costs have grown because of the higher levels of production and revenue.

6. DEPRECIATION AND AMORTIZATION

€thousand	FY2015	FY2014
Amortization of intangible assets	171	129
Amortization of property, plant and equipment	525	498
Writedown of trade receivables	273	125
Writedown of other non-current receivables and assets	575	206
Total	**1,544**	**958**

Amortization of tangible and intangible assets was carried out according to the rates already described above. Bad debts consist of the estimate of possible outstanding credits. Said provisions along with the existing reserves are considered commensurate to possible cases of insolvency.

Writedown of other non-current receivables and assets is represented by the provision for depreciation of €373 thousand regarding credit boasted toward the Treasury concerning the withholding on dividends paid in previous years by the subsidiary Fidia Beijing to the Parent Company.

This devaluation was considered appropriate on the basis of the explanations provided by the Italian Revenue Agency with Circular No. 9/E of 5 March 2015 concerning "Provisions for tax credit on income generated abroad - Article 165 TUIR", in addition to losses on non-trade receivables of about €200 thousand.

7. NON-RECURRING REVENUE

This item was zero in the year under examination.

8. FINANCE REVENUE AND EXPENSES

Finance revenue and expenses consist of:

€thousand	FY2015	FY2014
Finance revenue	39	57
Borrowing costs	(238)	(383)
Net profit (loss) on derivatives	-	(21)
Profit (loss) from foreign currency transactions	(437)	(466)
Total	**(636)**	**(813)**

In FY2015 the balance of finance revenue (expenses) was negative, amounting to €636 thousand (€813 thousand in 2014).

Finance revenue consists of:

€thousand	FY2015	FY2014
Interests received from banks	26	47
Interests and commercial discounts	1	1
Other interests received	12	9
Total	**39**	**57**

Finance expenses consist of:

€thousand	FY2015	FY2014
Interests paid on borrowings from banks	(48)	(158)
Interest paid on M/L-term borrowings from banks	(110)	(106)
Borrowing costs on termination benefits	(27)	(60)
Interest paid on leasing	(3)	(3)
Other borrowing costs	(50)	(56)
Total	**(238)**	**(383)**

The different composition of the sources and different timing of collection is the basis of the lesser value of interest payable on loans from banks.

Net profit and loss on derivatives:

€thousand	FY2015	FY2014
Finance expenses on derivatives	(50)	(29)
Finance expenses on derivatives	50	8
Total	**-**	**(21)**

Finance expenses on derivatives (€50 thousand) comprises the fair value impact for the component excluded from hedging (time value of forward) of the futures contracts put in place to limit the risk on the EUR/USD exchange rate linked to sales orders in USD, in addition to those closed during the period.

Finance revenue on derivatives equal to €50 thousand comprises the value of the ineffective component of hedging derivatives (two interest rate caps) entered into to hedge interest rate risk on two medium-to-long term floating rate loans.

Profit (loss) on foreign currency transactions consists of:

€thousand	FY2015	FY2014
Currency gain	195	189
Revenue from exchange rate adjustment	21	20
Profit on currency forward contract	4	-
Currency loss	(398)	(245)
Expenses from exchange rate adjustment	(225)	(371)
Loss on currency forward contract	(34)	(59)
Total	**(437)**	**(466)**

9. INCOME TAXES

Taxes stated in the consolidated statement of comprehensive income were:

€thousand	FY2015	FY2014
Income tax: IRAP (Italian Regional Tax on Production Activities)	173	321
Income tax: IRES	107	109
Income tax of foreign subsidiaries	600	526
Taxes relating to previous years	-	12
Pre-paid taxes	295	(261)
Deferred tax liabilities	(42)	30
Total	**1,133**	**737**

The increase in current taxes reflects the higher taxable income realized by the parent company and some subsidiaries compared with the previous year. The amount of deferred tax is the result of recognition in the financial statements of part of the deferred taxes of some Group companies.

At 31 December 2015 the balance of the pre-paid tax assets and deferred tax liabilities amounted to:

€thousand	Thursday, December 31, 2015	31/12/2014
Pre-paid tax assets	1,052	1,341
Deferred tax liabilities	(59)	(99)
Total	993	1,242

In all, pre-paid tax assets and deferred tax liabilities, broken down by type, are as follows:

€thousand	At 31/12/2014	Posted to income statement	Stated to net equity	Others Changes	Differences effect	At 12/31/2015
Pre-paid taxes for:						
Application of IAS 19 - Termination Benefits	126	(10)	(13)	-	-	103
Application of IAS 16- Property, plant and equipment	37	10	-	-	1	48
Loss from previous periods	726	(456)	-	61	47	378
Writedown provisions	155	90	-	-	14	259
Cash flow hedge provisions	131	-	(108)	-		23
Miscellaneous	166	71	-	-	4	241
Total pre-paid taxes	**1,341**	**(295)**	**(121)**	**61**	**66**	**1,052**
Deferred tax liabilities for:						
Application of IAS 18 - Revenue	35	(35)	-	-	-	-
Application of IAS 16- Property, plant and equipment	1	(1)	-	-	-	-
Fair value measurement	63	(6)	-	-	-	57
Cash flow hedge provisions	-	-	2	-	-	2
Total deferred taxes	**99**	**(42)**	**2**			**59**

Assets for pre-paid taxes were allocated by every Group company by critically evaluating the subsistence of the prerequisites for future recoverability of said assets based on updated plans.

The comprehensive value of tax loss at 31 December 2015 and the relevant amounts for which no assets for pre-paid taxes, divided by year due, are stated below (for Fidia SpA only).

		Year due					
€thousand	**At 31 December 2015**	**2016**	**2017**	**2018**	**2019**	**Beyond 2020**	**Unlimited or unforeseeable**
Tax loss	1,231	-	-	-	-	-	1,231

Other temporary differences for which no deferred tax assets were recognized amounted to €6.003 thousand, mainly related to accruals in provisions and non-deductible interest payable.

10. Earnings per share

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

		2015	2014
Net earnings pertaining to Group	€thousand	2,723	2,894
Earnings attributable to ordinary shares	€thousand	2,723	2,894
Mean number of ordinary shares in circulation in the period	Number	5,113,000	5,113,000
Earnings per ordinary share	EUR	0.533	0,566
Diluted earnings per ordinary share	EUR	0.533	0,566

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

In 2015 and 2014 the changes in original cost of Property, Plant and Equipment were as follows:

€thousand	Initial balance at 1 January 2015			Changes in period						Balance 31/12/2015
	Purchase price	Revaluation	Total	Additions	Decreases	(Write-downs) Recovery in value	Exchange rate differences	Other Change in	Total	
Property	480	380	860	-	-	-	-	-	-	860
Lightweight constructions	9	-	9	2	-	-	-	-	2	11
Total property	**489**	**380**	**869**	**2**	**-**	**-**	**-**	**-**	**2**	**871**
Plant and equipment	1,972	-	1,972	105	(171)	-	13	-	(53)	1,919
Industrial equipment	1,939	-	1,939	161	(15)	-	16	-	162	2,101
Electrical tools	1,189	-	1,189	17	(144)	-	12	-	(115)	1,074
Total plant, machinery and equipment	**5,100**	**-**	**5,100**	**283**	(330)	**-**	**41**	**-**	(6)	**5,094**
Furnishing	1,271	-	1,271	7	(113)	-	13	-	(93)	1,178
Electronic equipment	1,690	-	1,690	70	(32)	-	18	-	56	1,746
Means of transportation	1,213	-	1,213	355	(144)	-	25	-	236	1,449
Total other goods	**4,174**	**-**	**4,174**	**432**	(289)	**-**	56	**-**	**199**	**4,373**
Work in progress	2,725	-	2,725	2,004	-	-	-	-	2,004	4,729
Total original cost of property, plant and equipment	**12,488**	**380**	**12,868**	**2,721**	**(619)**	**-**	**97**	**-**	**2,199**	**15,067**

€thousand	Initial balance at 1 January 2014			Changes in period						Balance 31/12/2014
	Purchase price	Revaluation	Total	Additions	Decreases	(Write-downs) Recovery in value	Exchange rate differences	Other Change in	Total	
Property	480	380	860	-	-	-	-	-	-	860
Lightweight constructions	9	-	9	-	-	-	-	-	-	9
Total property	**489**	**380**	**869**	**-**	**-**	**-**	**-**	**-**	**-**	**869**
Plant and equipment	2,117	-	2,117	37	(249)	54	13	-	(145)	1,972
Industrial equipment	1,827	-	1,827	92	-	-	20	-	112	1,939
Electrical tools	1,166	-	1,166	-	(3)	-	26	-	23	1,189
Total plant, machinery and equipment	**5,110**	**-**	**5,110**	**129**	**(252)**	**54**	**59**	**-**	**(10)**	**5,100**
Furnishing	1,228	-	1,228	25	-	-	16	2	43	1,271
Electronic equipment	1,722	-	1,722	19	(85)	-	36	(2)	(32)	1,690
Means of transportation	1,188	-	1,188	173	(189)	-	41	-	25	1,213
Total other goods	**4,138**	**-**	**4,138**	**217**	**(274)**	**-**	**93**	**-**	**36**	**4,174**
Work in progress	10	-	10	2,715	-		-	-	2,715	2,725
Total original cost of property, plant and equipment	**9,747**	**380**	**10,127**	**3,061**	**(526)**	**54**	**152**	**-**	**2,741**	**12,868**

In 2015 and 2014, the changes in the relevant accrued depreciation were the following:

€thousand	Initial balance 1.1.2015	Changes in period					Final balance 31/12/2015
		Amortization	Disposals	Other changes	Exchange rate effect	Total	
Property	427	43	-	-	-	43	470
Lightweight constructions	6	1	-	-	-	1	7
Total property	**433**	**44**	**-**	**-**	**-**	**44**	**477**
Plant and equipment	1,721	142	(160)	-	12	(6)	1,715
Industrial equipment	1,779	84	(15)	-	14	83	1,862
Electrical tools	1,171	8	(145)	-	14	(123)	1,048
Total plant, machinery and equipment	**4,671**	**234**	**(320)**	**-**	**40**	**(46)**	**4,625**
Furnishing	1,057	32	(113)	-	9	(72)	985
Electronic equipment	1,589	48	(30)	-	16	34	1,623
Means of transportation	857	167	(135)	-	16	48	905
Total other goods	**3,503**	**247**	**(278)**	**-**	**41**	**10**	**3,513**
Total cumulated depreciation of property, plant and equipment	**8,607**	**525**	**(598)**	**-**	**81**	**8**	**8,615**

€thousand	Initial balance 1.1.2014	Changes in period					Final balance 31/12/2014
		Amortization	Disposals	Other changes	Exchange rate differences	Total	
Property	384	43	-	-	-	43	427
Lightweight constructions	6	-	-	-	-	-	6
Total property	**390**	**43**	**-**	**-**	**-**	**43**	**433**
Plant and equipment	1,629	157	(77)	-	12	92	1,721
Industrial equipment	1,696	64	-	-	19	83	1,779
Electrical tools	1,137	11	(3)	-	26	34	1,171
Total plant, machinery and equipment	**4,462**	**232**	**(80)**	**-**	**57**	**209**	**4,671**
Furnishing	1,016	29	-	1	11	41	1,057
Electronic equipment	1,595	45	(83)	(1)	33	(6)	1,589
Means of transportation	859	149	(182)	-	31	(2)	857
Total other goods	**3,470**	**223**	**(265)**	**-**	**75**	**33**	**3,503**
Total cumulated depreciation of property, plant and equipment	**8,322**	**498**	**(345)**	**-**	**132**	**285**	**8,607**

The net book value of Property, Plant and Equipment at 31 December 2015 and 31 December 2014 can be broken down as follows:

	Initial balance 1.1.2015	Changes in period							Final balance 31/12/2015
		Additions	Disposals	(Write-downs)/ Recovery in value	Other Change in	Amortization	Exchange rate differences	Total	
Property	433	-	-	-	-	(43)	-	(43)	390
Lightweight constructions	3	2	-	-	-	(1)	-	1	4
Total property	**436**	**2**	**-**	**-**	**-**	**(44)**	**-**	**(42)**	**394**
Plant and equipment	251	105	(11)	-	-	(142)	1	(47)	204
Industrial equipment	160	161	-	-	-	(84)	2	79	239
Electrical tools	18	17	1	-	-	(8)	(2)	8	26
Total plant, machinery and equipment	**429**	**283**	**(10)**	**-**	**-**	**(234)**	**1**	**40**	**469**
Furnishing	214	7	-	-	-	(32)	4	(21)	193
Electronic equipment	101	70	(2)	-	-	(48)	2	22	123
Means of transportation	356	355	(9)	-	-	(167)	9	188	544
Total other goods	**671**	**432**	**(11)**	**-**	**-**	**(247)**	**15**	**189**	860
Work in progress	**2,725**	**2,004**	**-**	**-**	**-**	**-**	**-**	**2,004**	**4,729**
Total net value of property, plant and equipment	**4,261**	**2,721**	**(21)**	**-**	**-**	**(525)**	**16**	**2,191**	**6,452**

		Changes in period							
	Initial balance 1.1.2014	Additions	Disposals	(Write-downs)/ Recovery in value	Other Change in	Amortization	Exchange rate differences	Total	Final balance 31/12/2014
Property	476	-	-	-	-	(43)	-	(43)	433
Lightweight constructions	4	-	-	-	-	-	-	-	3
Total property	**480**	**-**	**-**	**-**	**-**	**(43)**		**(43)**	**436**
Plant and equipment	488	37	(172)	54	-	(157)	1	(237)	251
Industrial equipment	131	92	-	-	-	(64)	1	29	160
Electrical tools	29	-	-	-	-	(11)	-	(11)	18
Total plant, machinery and equipment	**648**	**129**	**(172)**	**54**	**-**	**(232)**	**2**	**(219)**	**429**
Furnishing	212	25	-	-	1	(29)	5	2	214
Electronic equipment	127	19	(2)	-	(1)	(45)	3	(26)	101
Means of transportation	329	173	(7)	-	-	(149)	10	27	356
Total other goods	**668**	**217**	**(9)**	**-**	**-**	**(223)**	**18**	**3**	**671**
Work in progress	**10**	**2,715**	**-**	**-**	**-**	**-**	**-**	**2,715**	**2,725**
Total net value of property, plant and equipment	**1,805**	**3,061**	**(181)**	**54**	**-**	**(498)**	**20**	**2,456**	**4,261**

Capital expenditure made during 2015 amounted to €2,721 thousand.

Work in progress, which represents the bulk of new capital expenditure, refers to a plot of land with adjoining industrial building to be renovated and part of the renovation work carried out in the period.

The parent company Fidia S.p.A. acquired this real estate complex through a leasing contract in the previous period. As it is not yet ready for use, this capital expenditure item has not yet been subject to depreciation.

At 31 December 2015 the Group has no buildings burdened by collateral, but, by virtue of the lease contract entered into for the purchase of the industrial building to be renovated of Fidia S.p.A., this asset is in the name of the leasing company.

Capital expenditure does not include capitalized borrowing costs.

The item Buildings consists of the headquarters of Fidia Iberica.

Amortization of tangible assets is reported in the statement of comprehensive income under "Depreciation and amortization" (Note No. 6).

12. INTANGIBLE ASSETS

The intangible assets do not comprise intangible assets with indefinite useful life.

In 2015 and 2014 the changes in net book value of Intangible Assets were as follows:

€thousand	Initial balance 1.1.2015	Changes in period Additions	Amortization	Reclassifications	Differences differences	Total	Final balance 31/12/2015
Utilization rights for know-how	57	-	(63)	-	6	(57)	-
Licenses	82	12	(22)	-	-	(10)	72
Software	257	39	(86)	-	1	(46)	211
Work in progress	298	518	-	-	-	518	816
Total net value of intangible assets	**694**	**569**	**(171)**	**-**	**7**	**405**	**1,099**

€thousand	Initial balance 1.1.2014	Changes in period Additions	Amortization	Reclassifications	Differences differences	Total	Final balance 31/12/2014
Utilization rights for know-how	77	-	(31)	-	11	(20)	57
Licenses	1	2	(21)	100	-	81	82
Software	70	100	(77)	162	2	187	257
Work in progress	262	298	-	(262)	-	36	298
Total net value of intangible assets	**410**	**400**	**(129)**	**-**	**13**	**284**	**694**

The increases recorded in "Software" during the year relate mainly to the introduction by the parent company of the new consolidated Talentia information system and by new functions of the Navision ERP software that went into operation at the beginning of the previous 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 during the year totaled €514 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.

Amortization of tangible assets is recognized in profit or loss under “Depreciation and amortization” (Note No. 6).

13. INVESTMENTS

Investments are as follows:

€thousand	Balance at 31 December 2015	Balance at 31 December 2014
Investments measured with the equity method	2	2
Investments measured at cost	14	14
Total investments	**16**	**16**

Investments measured at cost were:

€thousand	Balance at Thursday, December 31, 2015
Probest Service S.p.A. - Milan	10
Elkargi (Fidia Iberica)	4
Total investments measured at cost	**14**

Investments measured with the equity method were as follows:

€thousand	Share Capital	Size of investment 12/31/2015	31/12/2014
Prometec Consortium - Rivoli (Turin)	10	20.00%	20.00%

There is a consortium over which the Group has significant influence but not joint or several control on the financial and operating policies, as defined by IAS 28 – Investments in Associates.

14. OTHER NON-CURRENT RECEIVABLES AND ASSETS

Other non-current receivables and assets comprised the following items:

€thousand	Balance Thursday, December 31, 2015	Balance 31/12/2014
Receivables for EU contributions to R&D	-	53
Guarantee deposits	54	52
Non-recurring trade receivables	236	-
Receivables for foreign VAT	15	12
Withholding tax on foreign income	686	1,106
Multi-year pre-paid expenses	2	22
Sundry receivables	400	67
Total	**1,393**	**1,312**

It is deemed that the book value of other non-current receivables and assets is near fair value.

Withholding tax on foreign income consist of receivables claimed by Fidia S.p.A. with 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. The deadline for the use of these receivables is expected from 2017 onwards.

Part of the receivable due from tax authorities for withholding on dividends paid in previous years by the subsidiary Fidia Beijing to the parent company were written down in full.

This writedown was considered appropriate on the basis of the explanations provided by the Italian Revenue Agency with Circular No. 9/E of 5 March 2015 concerning "Provisions for tax credit on income generated abroad - Article 165 TUIR."

At 31 December 2015 €400 thousand are recognized in "Other long-term receivables" relating to the deposit paid by Fidia S.p.A. to Mediocredito Italiano S.p.A. in the first half of 2015 as part of the leasing contract for the construction of the new production site in Forlì.

15. INVENTORIES

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

€ thousand	Balance at Thursday, December 31, 2015	Balance at 31 December 2014
Raw materials, subsidiary materials and consumables	10,488	10,145
Provisions for raw materials depreciation	(2,014)	(1,591)
Net value of raw materials, subsidiary materials and consumables	**8,474**	**8,554**
Semi-finished products and work in progress	**6,283**	5,813
Finished products and goods	5,418	4,656
Finished products and goods depreciation provision	(528)	(475)
Net value finished products and goods	**4,890**	**4,181**
Advances	178	170
Total inventories	**19,825**	**18,718**

Inventories recorded an increase of €1,107 thousand compared to the year before.

The provisions for depreciation equivalent to €2,542 thousand (€2,066 thousand at 31 December 2014) 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 period:

€thousand	Balance 31/12/2014	Provisions/(release)	Exchange rate effect	Balance 12/31/2015
Provisions for raw materials depreciation	1,591	415	8	2,014
Provisions for depreciation finished products	475	47	6	528
Total	**2,066**	**462**	**14**	**2,542**

16. TRADE RECEIVABLES

At 31 December 2015 these amounted to €9,646 thousand, namely €1,738 thousand less compared to 31 December 2014. Trade receivables are detailed as follows:

€thousand	Balance at Thursday, December 31, 2015	Balance at 31 December 2014
Trade receivables from customers	10,438	12,188
Bad debt provisions	(792)	(804)
Total trade receivables	**9,646**	**11,384**

The breakdown of gross trade receivables by maturity is as follows:

€thousand	Thursday, December 31, 2015	31/12/2014
Not due	6,064	4,404
Due up to 1 month	444	4,106
Due 1 to 3 months	1,042	1,350
Due 3 months to 6 months	696	625
Due 6 months to 1 year	695	508
Due over 1 year	1,497	1,195
Total	**10,438**	**12,188**

Receivables were aligned at the expected realizable value by means of allocations to the provisions for writedown of receivables equal to €273 thousand. Said provision, in the amount of €792 thousand (€804 thousand at 31 December 2014) was made for estimated potential loss on receivables depending on the time frames inherent in the nature of the business.

The analysis is carried out on the individual credit positions.

Receivables include €475 thousand in bank receipts submitted for collection or under reserve, which were not due yet at year-end.

It is deemed that the net book value of trade receivables is near their *fair value*.

The changes in the bad debt provision illustrated below.

€ thousand	
Balance at 31 December 2014	**804**
Provisions in period	273
Amounts used	(308)
Currency gain/(loss)	23
Balance at Thursday, December 31, 2015	**792**

Trade receivables from others broken down by geographical area were the following:

€thousand	Balance at Thursday, December 31, 2015	Balance at 31 December 2014
Italy	958	1,196
Europe	3,769	2,098
Asia	2,680	6,662
North and South America	2,958	2,213
Rest of the World	73	19
Total	**10,438**	**12,188**

17. TAX RECEIVABLES AND OTHER CURRENT RECEIVABLES AND ASSETS

€thousand	Balance at Thursday, December 31, 2015	Balance at 31 December 2014
Current tax receivables:		
Receivables from tax authorities for VAT	12	143
Tax receivables for income tax and IRAP	146	42
Receivables for short-term foreign VAT	31	-
Other tax receivables:	4	25
Total current tax receivables	**193**	**210**
Other current receivables:		
Contributions for research projects	77	473
Other pre-paid expenses	341	316
Accrued income	31	23
Receivables from employees	151	123
Advances from suppliers	79	210
Other current receivables	149	102
Total other current receivables	**828**	**1,247**

There are no receivables due beyond five years.

It is deemed that the book value of Other current receivables and assets is near the *fair value*.

18. OTHER CURRENT FINANCIAL ASSETS

This item not present at 31 December 2014 amounted to €4 thousand and includes the fair value gain on a forward sale contract of USD entered into by the company to hedge the exchange rate risk on certain supplies denominated in that currency.

19. CASH AND CASH EQUIVALENTS

The overall amount of cash of the Group amounted to €16,041 thousand (€10,718 thousand at 31 December 2014) and consisted mostly of temporary cash in bank deposits pending future use and shares of liquidity funds, which can be immediately converted into cash. These amounts are subject to a negligible risk of change in value. It is deemed that the book value of the cash and cash equivalents is aligned to the fair value at year-end.

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

20. EQUITY

The consolidated equity at 31 December 2015 amounted to €19,027 thousand, up by €2,514 thousand versus €16,513 thousand at 31 December 2014. This difference is the result of:

- profit of the period (€2,377 thousand);
- positive changes in exchange rates due to translation of financial statements of subsidiaries denominated in currencies other than EUR (€1,167 thousand);
- Positive effect of the accounting of actuarial profits on the termination benefits net of the tax effect (€16 thousand);
- Positive change of the cash flhow edge reserve net of the theoretical tax effect (€279 thousand);
- dividends of third parties (€1,278 thousand);
- other minor negative changes (€48 thousand).

Share capital

The share capital of Fidia S.p.A. at 31 December 2015, fully subscribed and paid in, is unchanged compared to 31 December 2014 and numbered 5,123,000 ordinary shares with a face value of €1 each.

The following table illustrates reconciliation between the number of circulating shares at 31 December 2013 and the number of circulating shares at 31 December 2015:

	At 31 December 2013	Increase in share capital	(Purchases)/sales of own shares	At 31 December 2014	Increase in share capital	(Purchases)/sales of own shares	At 31 December 2015
Ordinary shares issued	5,123,000	-		5,123,000	-		5,123,000
Minus: Own shares	10,000		-	10,000			10,000
Circulating ordinary shares	5,113,000	-	-	5,113,000	-		5,113,000

Own shares

Own shares consisted of 10,000 ordinary shares issued by Fidia S.p.A. for a value of €45 thousand.

During the period, own shares held by the parent company Fidia S.p.A. registered no change as illustrated in the following table:

€thousand	No. of shares	Nominal value	Share in % share capital	Book amount	Mean unit value
Situation at 1 January 2015	**10,000**	**10.00**	**0.20%**	**45.52**	**4.55**
Purchases	-	-	-	-	-
Sales	-	-	-	-	-
Write-downs	-	-	-	-	-
Recovery in value	-	-	-	-	-
Situation at 31 December 2015	**10,000**	**10.00**	**0.20%**	**45.52**	**4.55**

Capital reserves

In 2015, share premium reserve was unchanged compared to 31 December 2014 and amounted to €1,240 thousand.

Retained Earnings

Retained Earnings comprised:

- Legal reserve of Fidia S.p.A. for a value equal to €667 thousand at 31 December 2015 increased by €151 thousand compared to the previous year for the allocation of profit of the year 2014, as per resolution passed by the shareholders' meeting on 29 April 2015;
- Earnings carried forward in the amount of €1,568 thousand at 31 December 2015 (€2,645 thousand at 31 December 2014);
- Profit attributable to shareholders of the parent company in the amount €2,723 thousand (€2,894 thousand at 31 December 2014).

Other profit/(loss)

The value of other profit/(loss) consisted of:

€thousand	Thursday, December 31, 2015	31/12/2014
Profit/(loss) on cash flow hedge in the period	388	(466)
Profit/(loss) on cash flow hedge reclassified in profit or loss	-	-
Profit/(loss) on cash flow hedge	**388**	**(466)**
Profit(loss) on translation of financial statements of foreign companies in the period	1,167	1,462
Profit(loss) on translation of financial statements of foreign companies reclassified in the statement of comprehensive income	-	-
Profit(loss) on translation of financial statements of foreign companies	**1,167**	**1,462**
Actuarial profit/(loss) on defined benefit plans (termination benefits) in the period	29	(177)
Actuarial profit/(loss) on defined benefit plans (termination benefits) reclassified in the statement of comprehensive income	-	-
Actuarial profit/(loss) on defined benefit plans (termination benefits)	**29**	**(177)**
Tax effect for Other components of statement of comprehensive income	(122)	**176**
Total Other profit/(loss), net of tax effect	**1,462**	**995**

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

	Thursday, December 31, 2015			31/12/2014		
€thousand	Gross value	Tax (expense)/benefit	Net value	Gross value	Tax (expense)/benefit	Net value
Profit/(loss) on cash flow hedge instruments	388	(109)	279	(466)	128	(338)
Profit(loss) on translation of financial statements of foreign companies	1,167	-	1,167	1,462	-	1,462
Actuarial gains/(losses) on defined benefit plans	29	(13)	16	(177)	48	(129)
Total other profit/(loss)	**1,584**	(122)	**1,462**	**819**	**176**	**995**

Cash Flow Hedge reserve

The cash flow hedge reserve includes the fair value of some forward contracts to cover the risk of EUR/USD exchange rate fluctuations on contracts denominated in that currency acquired by the parent company Fidia S.p.A.

In 2015 the *cash flow hedge* provisions registered the following changes:

Type of financial instrument €thousand	Nature of hedged risk	Initial balance 1.1. 2015	Increases	Decreases	CFH provisions released to profit or loss	Final balance at 31/12/2015
Interest rate swap	Interest rate risk	(1)	-	1	-	-
Flexible forward	Exchange rate risk	(342)	(65)	-	342	(65)
Total		**(343)**	**(65)**	**1**	**342**	**(65)**

Non-controlling interests

Non-controlling interests in the amount of €2,442 thousand (€2,623 thousand at 31 December 2014) refer to the following consolidated companies with the line-by-line method:

€thousand	% non-controlling interests 2015	% non-controlling interests 2014	Balance Thursday, December 31, 2015	Balance 31/12/2014
Fidia Beijing M&E Co. Ltd.	8%	8%	457	387
Fidia do Brasil Ltda	0.25%	0.25%	-	-
Shenyang Fidia NC&M Co Ltd	49%	49%	1,985	2,236
Fidia Iberica S.A.	0.01%	0.01%	-	-
Total			**2,442**	**2,623**

21. OTHER NON-CURRENT PAYABLES AND LIABILITIES

€thousand	Balance at Thursday, December 31, 2015	Balance at 31 December 2014
Advances for research projects	213	77
Long-term deferred income	-	1
Other non-current payables	77	52
Total	**290**	**130**

Advances for research projects consisted of advance payments from the European Union and the Italian University and Research University for funds granted for funded projects whose completion is expected after the end of the next fiscal year. The other non-current payables are mainly attributable to medium to long term payables to staff of the subsidiary Fidia Sarl.

It is deemed that the book value of other non-current payables and liabilities is near fair value.

22. TERMINATION BENEFITS

This item reflects the benefits set out by Italian law (amended by Italian Law No. 296/06) accrued by employees at 31 December 2006 and which will be paid out when an employee leaves the company.
Under specific conditions, a part of it can be paid in advance to the employee during his working life. It is a non-funded defined benefits plan, considering the benefits almost entirely accrued, with the sole exception of revaluation.

Changes in the termination benefits are illustrated in the table below:

€thousand	
Value at 1 January 2015	**2,446**
Amount accrued and allocated in year	475
Benefits paid out in year	(71)
Amount transferred to State Fund and complementary pension scheme	(470)
Borrowing costs on termination benefits	27
Accounting of actuarial losses	(29)
Substitute tax	(6)
Balance at 31 December 2015	2,372

Actuarial profit and loss are stated off the statement of comprehensive income and directly carried over to equity (see Note No. 20).

Please be noted that the interest on charges relating to the defined benefits plans for employees are comprised under finance costs, hence leading to an increase in finance costs of the fiscal year in the amount of €27 thousand.

Termination benefits are calculated based on the following actuarial assumptions:

	At 31 December 2015	At 31 December 2014
Discount rate	0.02%	1.10%
Future inflation rate	1.5%	1.00%
Frequency of request for advances	3.0%	3.0%
Relative frequency of resignation/dismissal cadres, employees, workers and apprentices	3.0%	3.0%
Relative frequency of resignations/dismissals managers	5.0%	5.0%

The discount rate on future benefits is determined, according to the provisions of IAS 19, at market yields.

The structure in interest rates used refers to the EUR Composite rates having an AA rating; the rate used was the one with an average financial duration equal to the average financial duration of benefits for the communities under consideration and, in keeping with this approach, has been correlated with the future annual inflation rate

Finally, according to the Italian Decree Law No. 201/2011 the age for retirement was updated.

The following table proposes a sensitivity analysis of the termination benefits fund if one of the basic assumptions varies.

Specifically, a 10% increase and decrease was assumed with regard to the parameters used for the measurement of the termination benefits fund at 31 December 2015.

	Ipotesi di Base	Variazioni delle Ipotesi di Base									
Tasso d'inflazione proiettato	Curva	1,90%	2,10%								
Incidenza media dell'anticipo sul TFR maturato inizio anno	70,00%			63,00%	77,00%						
Tasso di richiesta di anticipo: Dirigente	3,00%					2,70%	3,30%				
Tasso di richiesta di anticipo: Quadro	3,00%					2,70%	3,30%				
Tasso di richiesta di anticipo: Impiegato	3,00%					2,70%	3,30%				
Tasso di richiesta di anticipo: Operaio	3,00%					2,70%	3,30%				
Tasso di richiesta di anticipo: Apprendista	3,00%					2,70%	3,30%				
Tasso di attualizzazione	Curva							-10%	+10%		
Tasso di uscita per dimissioni e licenziamento: Dirigente	5,00%									4,50%	5,50%
Tasso di uscita per dimissioni e licenziamento: Quadro	3,00%									2,70%	3,30%
Tasso di uscita per dimissioni e licenziamento: Impiegato	3,00%									2,70%	3,30%
Tasso di uscita per dimissioni e licenziamento: Operaio	3,00%									2,70%	3,30%
Tasso di uscita per dimissioni e licenziamento: Apprendista	3,00%									2,70%	3,30%
Società	Fondo TFR (€000)	Variazione percentuale del TFR su base IAS rispetto alle Ipotesi di Base									
Fidia S.p.A.	2.372	-0,43%	0,44%	0,02%	-0,02%	0,02%	-0,02%	0,52%	-0,51%	0,04%	-0,04%

23. OTHER NON-CURRENT FINANCIAL LIABILITIES

The item comprises the fair value of the two interest rate cap contracts to cover (cash flow hedge) the risk of variability of the interest expense flows of three medium-to-long term loans concluded by the parent company Fidia S.p.A.

€thousand	Thursday, December 31, 2015		31/12/2014	
Cash Flow Hedge	Notional	*Fair value*	Notional	*Fair value*
Interest Rate Swap	-	-	211	1
Interest Rate Cap BNL	553	3	868	8
Interest Rate Cap Banco Popolare	500	3	750	6
Total		**6**		**15**

Financial flows relating to cash flow hedges impact on the statement of comprehensive income of the Company consistently with the timing with which the hedged cash flows occur.

24. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Financial liabilities amounted to €9,353 thousand and are specified in detail in the following tables:

€thousand	Balance at Thursday, December 31, 2015	Balance at 31 December 2014
Overdrawn bank accounts and short-term advances	507	1,679
Financial accruals and deferrals	31	23
Loan No. 1 - Banca Nazionale del Lavoro (part medium/long term and part short term)	-	210
Loan No. 2 - Banca Nazionale del Lavoro (part medium/long term and part short term)	546	853
Loan - Banco Popolare (part medium/long term and part short term)	495	739
Short-term loan - MPS	-	697
Short-term loan - MPS	698	-
Sort-term loan No. 3 - Banca Nazionale del Lavoro	749	-
Loan Intesa (part medium/long term and part short term)	3,122	-
Mediocredito Italiano	2,949	1,307
Volkswagen Bank Italy (lease)	42	59
Autodesk financing	17	49
Volkswagen Bank Germany No. 1 (Lease)	-	9
Volkswagen Bank Germany No. 2 (Lease)	13	32
Volkswagen Bank Germany No. 3 (Lease)	12	21
Skoda Bank Germany No. 1 (leasing)	30	-
Skoda Bank Germany No. 2 (leasing)	27	-
Volkswagen Bank Germany No. 4 (Lease)	32	-
Volkswagen Bank Germany No. 5 (Lease)	30	-
Volkswagen Bank Spain (Lease)	7	9
Banco Popular Espagnol (leasing)	46	-
Total	9,353	5,687

€thousand	By 1 year	By 5 years	Over 5 years	Total
Overdrawn bank accounts and short-term advances	538			538
Medium-to-long term bank loans	1,245	2,917		4,162
Real estate lease			2,949	2,949
Short-term loans	1,447			1,447
Autodesk financing	17			17
Volkswagen Bank	67	70		137
Skoda Bank	21	36		57
Banco Popular Espagnol	12	34		46
Total	**3,347**	**3,057**	**2,949**	**9,353**

The current loans have the following characteristics:

M/L-term loan with Banca Nazionale del Lavoro

Original amount	€1,500 thousand
Residual amount	€546 thousand
Date of loan	08/10/2012
Term	Maturity date 30/09/2017
Interest-only period	1 quarterly installment (31/12/2012)
Repayment	19 quarterly installments (31/03/2013 to 31/12/2017)
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	€495 thousand
Date of loan	09/11/2012
Term	Maturity 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.

Short-term loan - Monte dei Paschi di Siena

Original amount	€700 thousand
Residual amount	€698 thousand
Date of loan	26/11/2015
Grace period	4 quarterly installments (30/11/2015 to 29/02/2016)
Term	Maturity date 31/05/2016
Repayment	3 monthly installments (31/03/2016 to 31/05/2016)
Interest rate	1.356%

M/L-term loan with Banca Nazionale del Lavoro

Original amount	€1,500 thousand
Residual amount	€749 thousand
Date of loan	20/05/2015
Term	Maturity date 20/05/2016
Grace Period	Not provided
Repayment	4 quarterly installments (20/08/15 to 20/05/2016)
Interest rate	Average Euribor of prior month + 1.50% spread

M/L-term loan Intesa Sanpaolo S.p.A.

Original amount	€3,500 thousand
Residual amount	€3,122 thousand
Date of loan	20/04/2015
Term	Maturity date 01/04/2020
Grace Period	Not provided
Repayment	20 quarterly installments (01/07/2015 to 01/04/2020)
Interest rate	3-month Euribor, base 360 + 2.00% spread

Property lease with Mediocredito Italiano

Original amount	€5,600 thousand
Amount paid	€2,600 thousand
Residual amount	€2,950 thousand
Date of loan	25/06/2014
Term	180 months from the date of completion of the renovations and expansion
Interest rate	3-month Euribor + 3.81% spread

This is the "under construction" property lease agreement, 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.

Lease with Volkswagen Bank Italy

Original amount	€85 thousand
Residual amount	€42 thousand
Date of loan	03/01/2014
Term	Maturity date 30/11/2017
Repayment	47 monthly installments (03/01/2014 to 30/11/2017)
Interest rate	4.54%

Autodesk financing

Original amount	€66 thousand
Residual amount	€17 thousand
Date of loan	17/07//2014
Term	Maturity date 30/06/2016
Repayment	24 monthly installments (30/07/2014 to 30/06/2016)
Interest rate	0 %

Volkswagen Bank Germany No. 2

Original amount	€58 thousand
Residual amount	€13 thousand
Date of loan	09/08/2013
Term	Loan expiry 15/08/2016
Repayment	36 monthly installments (15/09/2013 to 15/08/2016)
Interest rate	1.9%

Volkswagen Bank Germany No. 3

Original amount	€29 thousand
Residual amount	€12 thousand
Date of loan	28/02/2014
Term	Maturity date 15/02/2017
Repayment	36 monthly installments (15/03/2014 to 15/02/2017)
Interest rate	1.90%

Skoda Bank Germany No. 1

Original amount	€37 thousand
Residual amount	€30 thousand
Date of loan	16/02/2015
Term	Maturity date 15/04/2019
Repayment	48 monthly installments (15/04/2015 to 15/04/2019)
Interest rate	1.97%

Skoda Bank Germany No. 2

Original amount	€34 thousand
Residual amount	€27 thousand
Date of loan	24/02/2015
Term	Maturity date 15/04/2018
Repayment	36 monthly installments (15/04/2015 to 15/04/2018)
Interest rate	1.97%

Volkswagen Bank Germany No. 4

Original amount	€38 thousand
Residual amount	€32 thousand
Date of loan	11/05/2015
Term	Maturity date 15/08/2018
Repayment	36 monthly installments (15/08/2015 to 15/08/2018)
Interest rate	2.90%

Volkswagen Bank Germany No. 5

Original amount	€34 thousand
Residual amount	€30 thousand
Date of loan	20/03/2015
Term	Maturity date 15/08/2018
Repayment	36 monthly installments (15/08/2015 to 15/08/2018)
Interest rate	2.90%

Volkswagen Bank Spain

Original amount	€13 thousand
Residual amount	€7 thousand
Date of loan	21/12/2013
Term	Maturity date 21/11/2017
Repayment	48 monthly installments (21/12/2013 to 21/11/2017)
Interest rate	9.64%

Banco Popular Espagnol

Original amount	€48 thousand
Residual amount	€46 thousand
Date of loan	27/11/2015
Term	Maturity date 27/10/2019
Repayment	48 monthly installments (27/11/2015 to 27/10/2019)
Interest rate	2.5%

It is deemed that the book value of fixed and floating rate financial liabilities at the reporting date is a reasonable estimate of their fair value.

The table below shows the movements in loans during the year.

€thousand	Balance at 1/1/2015	New loans	Repayments	Balance at 12/31/2015
Loan No. 1 - Banca Nazionale del Lavoro	210	-	(210)	-
Loan No. 2 - Banca Nazionale del Lavoro	853	-	(307)	546
Loan - Banco Popolare	739	-	(244)	495
Short-term loan - MPS	697	-	(697)	-
Short-term loan - MPS	-	698	-	698
Loan No. 3 - Banca Nazionale del Lavoro	-	1,497	(748)	749
Loan Intesa San Paolo	-	3,465	(343)	3,122
Property lease with Mediocredito Italiano	1,307	1,642	-	2,949
Autodesk financing	49	-	(32)	17
Volkswagen Bank Italy	59	-	(17)	42
Volkswagen Bank Germany	62	71	(46)	87
Skoda Bank Germany	-	71	(14)	57
Volkswagen Bank Spain	9	-	(2)	7
Banco Popular Espagnol	-	48	(2)	46
Total	**3,985**	**7,492**	**(2,662)**	**8,815**

For more information on the management of interest and exchange rate risk on loans, please refer to the section Risk Management above and Note No. 31.

25. OTHER CURRENT FINANCIAL LIABILITIES

This item amounted to €221 thousand and includes the fair value loss of certain contracts for the forward sale of USD entered into by the company to hedge the exchange rate risk on certain supplies denominated in that currency amounting to €151 thousand.

This item also comprises to €70 thousand relating to grants on funded research activities collected by Fidia S.p.A. as project leader and which will be the subject of redistribution between the partners participating in these programs.

At 31 December 2014 this item amounted to €502 thousand and includes the fair value loss of certain contracts for the forward sale of USD entered into by the company to hedge the exchange rate risk on certain supplies denominated in that currency.

26. TRADE PAYABLES

	At 31 December 2015				At 31 December 2014			
€thousand	by end of year	1 to 5 years	Beyond 5 years	Total	by end of year	1 to 5 years	Beyon d 5 years	Total
Payables to other suppliers	11,331	-	2	11,333	12,393	(6)	2	12,389
Payables to associates	2	-	-	2	2	-	-	2
Total trade payables	**11,333**	**-**	**2**	**11,335**	**12,395**	**(6)**	**2**	**12,391**

The allocation of the trade payables by due date was as follows:

€thousand	Due date within 1 month	Due date beyond 1 to 3 months	Due date beyond 3 to 12 months	Total
Payables to other suppliers	6,199	3,379	1,755	11,333
Payables to associates	2	-	-	2
Total trade payables	**6,201**	**3,379**	**1,755**	**11,335**

The geographical breakdown of the trade payables to suppliers was as follows:

€thousand	Balance Thursday, December 31, 2015	Balance 31/12/2014
Italy	8,063	8,798
Europe	555	906
Asia	2,119	2,316
North and South America	567	371
	31	-
Total	11,335	**12,391**

It is deemed that the book value of the trade payables at the reporting date is near fair value.

27. TAX PAYABLES AND OTHER CURRENT PAYABLES AND LIABILITIES

€thousand	Balance at Thursday, December 31, 2015	Balance at 31 December 2014
Current tax payables:		
- withholding taxes	356	346
- Tax payables for income tax and IRAP	538	783
- Payables to tax authorities for VAT	591	600
- Other short-term tax payables	73	113
Total current tax payables	**1,558**	**1,842**
Other current payables and liabilities:		
Payables to employees	1,561	1,215
Social security payables	895	782
Down payments from customers	6,692	5,860
Payables for compensation	224	253
Payables to State Fund and other funds	107	104
Payables for dividends	151	140
Accrued trade payables	260	123
Sundry accruals and deferrals	549	333
Other payables to the SMTCL company	120	77
Advances for research projects	40	-
Miscellaneous payables	351	122
Total other current payables and liabilities	10,950	**9,009**

Payables to employees regard wages accrued for the month of December as well as benefits accrued at year-end (installments on bonuses, overtime, etc.) and amounts for holidays accrued not yet taken.

Social security payables refer to accrued payables for amounts due by the Group companies and by employees on wages and salaries for the month of December and deferred compensation.

Down payments from customers include advances from customers for orders yet to be processed and for sales of milling systems already delivered but still in course of acceptance, which according to IAS 18 – Revenue, cannot be stated in the revenue.

Finally, Current tax payables and Other current payables and liabilities are payable by the next fiscal year and it is deemed that their carrying amount is near their fair value.

28. PROVISIONS FOR RISKS AND EXPENSES

Provisions for non-current and current risks and expenses amounted to €59 thousand and €1,319 thousand as per the relevant schedule.

€thousand	Balance 31/12/2014	Accrual	Reclassification	Utilization / Release	Exchange rate effect	Balance Thursday, December 31, 2015
Warranty provision	15	15	29	-	-	59
Total other provisions for non-current risks and expenses	**15**	**15**	**29**	**-**	**-**	**59**
Provisions for tax disputes	39	-	-	(21)	(10)	8
Provisions for legal risks	12	74	-	-	1	87
Warranty provision	1,201	81	-	(62)	4	1,224
Total other provisions for current risks and expenses	**1,252**	**155**	**-**	**(83)**	**(5)**	**1,319**

Provision for tax disputes includes the estimated liability arising from a tax dispute of the subsidiary Fidia do Brasil.

The provisions for legal risks were set aside to cover possible liabilities deriving from pending litigation.

Warranty provision comprises the best possible estimate of the obligations undertaken by the Group by contract, law or custom with regard to expenses related to warranty on its products for a certain period effective as of sale to the final customer. This estimate is calculated based on the experience of the Group and the specific contract terms.

29. COLLATERAL GUARANTEES, OBLIGATIONS AND OTHER CONTINGENT LIABILITIES

Sureties issued on behalf of others

At 31 December 2015 these amounted to €4,010 thousand, up by €587 thousand compared to €3,423 thousand at 31 December 2014. This item consists almost solely of guarantees for business transactions with foreign customers for advance payments received or coverage of obligations undertaken by contract by the Group during the warranty period.

Contingent liabilities

At 31 December 2015, Fidia Group, though exposed to various risks (product liability, legal and fiscal risks), is not aware of circumstances that might generate foreseeable contingent liabilities or contingent liabilities the amount of which may be estimated and therefore does not deem it necessary to make any further allocations.

If it is probable that an outlay is due to meet obligations and said amount can be reliably estimated, the Group has made specific provisions for risks and expenses.

30. DISCLOSURE BY LINE OF BUSINESS

The sectors in which the Group has operations were measured based on the reports used by the Board of Directors of Fidia S.p.A. in making strategic decisions.

The reports used for this Note are based on the various products and services provided and have been issued using the same accounting principles described under Principles for the presentation of the financial statements.

The data of the Group are presented with a breakdown into three sectors (Numerical Controls - CNC -, High Speed Milling Systems - HSM -, and Service).

The Group assesses the performance of its operating sectors based on Operating Profit/(Loss) of ordinary business.

The revenues of the lines of business are those directly realized or attributable to the line of business and resulting from its ordinary activities. These include the revenues from transactions with others and from transactions with other lines of business measured at market prices. Cross-sector revenues consist of numerical controls, switchboards and components and electromechanical systems transferred by the electronics sector to the milling systems sector and, vice versa, of the mechanical units supplied by the milling systems sector to the electronics sector for special applications. The costs of the lines of business are the expenses resulting from the ordinary business of the line of business incurred with others and with the other lines of business or those directly attributable to each. Costs incurred with other lines of business are measured at market prices.

The economic measurement of the result attained by each sector is the operating profit/(loss) of the ordinary business that separates the non-recurring revenues and expenses of the ordinary course of business from the results of the sectors. In the Group's management finance revenue and expenses and taxes are at the expense of the "corporate" body because these do not pertain to operations and stated in the "non allocable" column.

All income components stated were measured using the same accounting criteria adopted for the presentation of the Group Consolidated Financial Statements.

The economic data by line of business in 2015 and 2014 are as follows:

Data by year - 2015 (€thousand)	CNC		HSM		SERVICE		N/A	Total
Revenues	4,477	100.0%	42,239	100.0%	13,608	100.0%	-	60,324
Of which cross-sector revenues		0.0%	2,976	0.0%		0.0%		
Total revenues	**4,477**	**100.0%**	**42,239**	**100.0%**	**13,608**	**100.0%**	**-**	**60,324**
Changes in inventories of finished goods and W.I.P.	(11)	-0.2%	579	1.4%	319	2.3%	-	887
Raw materials and consumables	(1,903)	-42.5%	(16,891)	-40.0%	(1,990)	-14.6%	(135)	(20,919)
Cross-sector expenses	2,706	60.5%	(3,736)	-8.8%	876	6.4%	154	
Commissions, transport and contractors	(687)	-15.3%	(7,743)	-18.3%	(479)	-3.5%	(8)	(8,917)
Sales margin	**4,582**	**102.4%**	**14,448**	**34.2%**	**12,334**	**90.6%**	**11**	**31,375**
Other revenues	583	13.0%	921	2.2%	261	1.9%	356	2,121
Other operating expenses	(476)	-10.6%	(2,019)	-4.8%	(2,923)	-21.5%	(5,187)	(10,605)
Personnel expenses	(2,895)	-64.7%	(5,287)	-12.5%	(5,173)	-38.0%	(3,846)	(17,201)
Depreciation and amortization	(182)	-4.1%	(411)	-1.0%	(249)	-1.8%	(702)	(1,544)
Operating income from ordinary business	**1,612**	**36.0%**	**7,652**	**18.1%**	**4,250**	**31.2%**	**(9,368)**	**4,146**

Data by year - 2014 (€thousand)	CNC		HSM		SERVICE		N/A	Total
Revenues	3,924	100.0%	38,458	100.0%	12,162	100.0%	-	54,544
Of which cross-sector revenues		0.0%	3,078	8.0%		0.0%		
Total revenues	**3,924**	**100.0%**	**38,458**	**108.0%**	**12,162**	**100.0%**	**-**	**54,544**
Changes in inventories of finished goods and W.I.P.	(62)	-1.6%	1,367	3.6%	1	0.0%	-	1,306
Raw materials and consumables	(1,322)	-33.7%	(16,188)	-42.1%	(854)	-7.0%	(457)	(18,821)
Cross-sector expenses	2,738	69.8%	(3,533)	-9.2%	688	5.7%	107	
Commissions, transport and contractors	(531)	-13.5%	(7,143)	-18.6%	(388)	-3.2%	(3)	(8,064)
Sales margin	**4,747**	**121.0%**	**12,961**	**33.7%**	**11,609**	**95.5%**	**(353)**	**28,964**
Other revenues	541	13.8%	506	1.3%	49	0.4%	362	1,458
Other operating expenses	(546)	-13.9%	(2,549)	-6.6%	(2,476)	-20.4%	(4,599)	(10,171)
Personnel expenses	(2,712)	-69.1%	(4,618)	-12.0%	(3,867)	-31.8%	(4,073)	(15,270)
Depreciation and amortization	(29)	-0.7%	(286)	-0.7%	(114)	-0.9%	(529)	(958)
Operating income from ordinary business	**2,001**	**51.0%**	**6,014**	**15.6%**	**5,201**	**42.8%**	**(9,192)**	**4,024**

Assets of the line of business are those used by the line of business in the course of its typical activities or which can be reasonably attributed to it based on its typical activities. Liabilities of the line of business are those directly resulting from the conduct of the typical activities of the line of business or which can be reasonably attributed to it based on its typical activities. In the management of the Group the treasury and tax assets are not attributed to the lines of business because these do not pertain to their operations. Therefore, these assets and liabilities are not included in the assets and liabilities of the line of business and are stated in the column "Non allocable". In particular, the treasury assets include investments in other entities, other long-term and short-term assets, and cash and cash equivalent. Treasury liabilities include financial payables and other current and non-current financial liabilities.

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

Thursday, December 31, 2015 (€thousand)	CNC	HSM	SERVICE	N/A	Total
Property, plant and equipment	28	5,134	23	1,267	6,452
Intangible assets	455	357	-	287	1,099
Investments	-	-	-	16	16
Other non-current receivables and assets	-	257	-	1,136	1,393
Pre-paid tax assets	-	-	-	1,052	1,052
Total non-current assets	**483**	**5,748**	**23**	**3,758**	**10,012**
Inventories	2,301	12,460	5,064	-	19,825
Trade receivables and other current receivables	918	6,451	2,589	516	10,474
Current tax receivables	-	-	-	193	193
Other current financial receivables	-	-	-	4	4
Cash and cash equivalents	-	-	-	16,041	16,041
Total current assets	**3,219**	**18,911**	**7,653**	**16,754**	**46,537**
Total assets	**3,702**	**24,659**	**7,676**	**20,512**	**56,549**
Other non-current payables and liabilities	157	86	26	21	290
Termination benefits	570	1,215	208	379	2,372
Deferred tax liabilities	-	-	-	59	59
Long-term provisions	-	-	59	-	59
Other non-current financial liabilities	-	-	-	6	6
Non-current financial liabilities	-	-	-	6,006	6,006
Total non-current liabilities	**727**	**1,301**	**293**	**6,471**	**8,792**
Current financial liabilities	-	-	-	3,347	3,347
Other current financial liabilities	-	-	-	221	221
Trade payables and other current payables	1,444	16,092	1,239	3,510	22,285
Current tax payables	-	-	-	1,558	1,558
Short-term provisions	80	1,046	115	78	1,319
Total current liabilities	**1,524**	**17,138**	**1,354**	**8,714**	**28,730**
Total liabilities	**2,251**	**18,439**	**1,647**	**15,185**	**37,522**
Equity	**-**	**-**	**-**	**19,027**	**19,027**
Total liabilities	**2,251**	**18,439**	**1,647**	**34,212**	**56,549**

Wednesday, December 31, 2014 (€thousand)	CNC	HSM	SERVICE	N/A	Total
Property, plant and equipment	19	3,133	36	1,073	4,261
Intangible assets	186	169	-	339	694
Investments	-	-	-	16	16
Other non-current receivables and assets	31	54	1	1,226	1,312
Pre-paid tax assets	-	-	-	1,341	1,341
Total non-current assets	**236**	**3,356**	**37**	**3,995**	**7,624**
Inventories	2,308	11,863	4,547	-	18,718
Trade receivables and other current receivables	1,263	8,844	2,149	375	12,631
Current tax receivables	-	-	-	210	210
Cash and cash equivalents	-	-	-	10,718	10,718
Total current assets	**3,571**	**20,707**	**6,696**	**11,303**	**42,277**
Total assets	**3,807**	**24,063**	**6,733**	**15.2980**	**49,901**
Other non-current payables and liabilities	59	46	21	4	130
Termination benefits	585	1,217	226	418	2,446
Deferred tax liabilities	-	-	-	99	99
Long-term provisions	-	-	15	-	15
Other non-current financial liabilities	-	-	-	15	15
Non-current financial liabilities	-	-	-	2,437	2,437
Total non-current liabilities	**644**	**1,263**	**262**	**2,973**	**5,142**
Current financial liabilities	-	-	-	3,250	3,250
Other current financial liabilities	-	-	-	502	502
Trade payables and other current payables	1,717	15,720	1,026	2,937	21,400
Current tax payables	-	-	-	1,842	1,842
Short-term provisions	83	1,069	49	51	1,252
Total current liabilities	**1,800**	**16,789**	**1,075**	**8,582**	**28,246**
Total liabilities	**2,444**	**18,052**	**1,337**	**11,555**	**33,388**
Equity	**-**	**-**	**-**	**16,513**	**16,513**
Total liabilities	**2,444**	**18,052**	**1,337**	**28,068**	**49,901**

31. INFORMATION ON FINANCIAL RISKS

The Group is exposed to financial risks pertaining to its operations:

- market risks (mainly due to exchange and interest rates), as the Group operates internationally in different currency areas and uses interest-yielding financial instruments;
- liquidity risk, with specific reference to the availability of financial resources and access to the credit and financial instruments market;
- credit risk pertaining to normal business relations with customers.

As described in Risk Management, the Fidia Group constantly monitors the financial risks which it is exposed to so that it can anticipate potential negative effects and take appropriate measure to mitigate them.

The following section provides qualitative and quantitative information on the incidence of said risks on the Fidia Group.

The following paragraphs illustrate the sensitivity analysis carried out on the potential impact on the final results resulting from hypothetical oscillations in benchmarks on the aforementioned risks. These analyses are based, as set forth by IFRS7, on simplified scenarios applied to the final data of the fiscal years considered and, by their own nature, cannot be considered indicators of the real effects of future changes in benchmarks due to a different equity and financial structure and different market conditions. These cannot reflect either the interrelations and complexities of the reference markets.

MARKET RISKS

In general, market risks are the result of the effects of changes in prices or other market risk factors, such as interest and exchange rates, both on the value of the positions held in the trading and hedging portfolio and the positions resulting from commercial operations.

The management of market risks in the Group comprises all the assets related to treasury and equity management transactions. The objective of market risk management is to manage and keep the Group's exposure to this risk within acceptable levels, while optimizing, at the same time, the yield of its own investments.

The market risks include exchange and interest rate risk.

Exchange rate risk: definition, sources and management policies

Exchange rate risk can be defined, in general, as the set of effects resulting from changes in the exchange rate relations between foreign currencies on the performance of the company in terms of operating results, market shares and cash flows.

The Group is exposed to the risk of the oscillation of the exchange rates of currencies, as it operates in an international context in which transactions are conducted at different exchange and interest rates.

Exposure to exchange rate risk results from the geographical location of the business units compared to the geographical distribution of the markets where it sells its products and from the use of external borrowing sources in foreign currencies.

In particular, the Group is exposed to three types of exchange rate risk:

- economic/competitive: comprises all effects that a change in market exchange rates can have on the Company income and may hence impact strategic decisions (products, markets and investments) and Group competitiveness on the reference market;
- transaction: consists in the possibility that changes in exchange rate relations occur between the date on which a financial obligation between the counterparts becomes highly probable and/or certain and the date of transaction settlement. These changes cause a difference between the expected and effective financial flows;
- translation: this type of risk regards differences in exchange rates that can result from changes in the book value of the equity expressed in the presentation currency. The consolidated financial statements include transactions made by the company in currencies other than the functional currency. These changes are not the cause of an immediate difference between expected and real cash flows, but will only have accounting effects on the Group consolidated financial statements. The effects of said changes are measured directly in the equity, under Provisions for translation differences (see Note 20).

The Group manages risks of changes in exchange rates by using derivatives whose use is reserved to the management of exposure to exchange rate oscillations pertaining to money flows and assets and liabilities.

The Group implements a hedging policy for transaction risk only, hence resulting from existing business transactions and from future contractual obligations.

Hedging for exposure to exchange rate risk is envisaged for USD.

The hedging instruments for said risk are solely used by the Parent Company and hedge cash flows with the goal to set the exchange rate at which the envisaged transactions in foreign currency will be measured.

The instruments used are forward, flexible forward or other types of contracts on exchange rates correlated by amount, due date and reference parameters with the hedged position.

The Group continuously monitors the exposure to the risk of currency translation.

Exchange rate risk: quantitative information and sensitivity analysis

As stated above, the Group is exposed to risks resulting from changes in exchange rates that can affect both the profit and loss result and the equity.

In particular, when the Group's companies incur costs in currencies other than the presentation currency of the relevant revenues, the change in exchange rates can affect the earnings of said companies.

With regard to the business operations, the Group's companies can have trade receivables or payables in currencies other than the presentation currency of the entity holding these. The change in exchange rates can lead to the realization or measurement of positive or negative exchange rate differences.

At 31 December 2015 the portfolio of the Group comprised derivatives (flexible currency forward contracts) in order to protect future currency flows from changes in the EUR/USD exchange rate for which the relevant hedging relationship was established according to the criteria of IAS 39 and hedge accounting was applied.

At 31 December 2015 the main currency to which the Group is exposed is the USD.

For the purpose of sensitivity analysis, the potential effects of oscillation of the reference exchange rates were analyzed for the aforementioned currency.

The analysis was carried out by applying to the exchange rate exposure reasonable positive and negative change of the EUR against the USD equal to 5%. Hypotheses were defined in which the local currency gains or loses value compared to the USD.

The changes applied to the exchange rate have equity effects in case of cash flow hedge transactions or economic effects in case of non-hedging financial instruments.

The results of the sensitivity analysis on exchange rate risk are summarized in the tables below, which show the impacts on profit or loss and equity at 31 December 2014 and 31 December 2013. The impacts on profit or loss are before tax.

EXCHANGE RATE SENSITIVITY ANALYSIS

Exchange Risk at 31 December 2015					
		+5% change		-5% change	
€thousand		**P&L**	**Other changes in equity**	**P&L**	**Other changes in equity**
FINANCIAL ASSETS					
Cash and cash equivalent	1,738	(83)		91	
Hedging derivatives	4		39		(44)
Receivables	433	(20)		23	
Effect		(103)	**39**	**114**	(44)
FINANCIAL LIABILITIES					
Derivatives for trading					
Hedging derivatives	151	91	200	(101)	(220)
Overdrawn bank accounts					
Trade payables	632	30		(33)	
Effect		**121**	**200**	(134)	(220)
Total effect		**18**	**239**	**(20)**	**(264)**

EXCHANGE RATE SENSITIVITY ANALYSIS					
		Exchange Risk at 31 December 2014			
		+5% change		-5% change	
€thousand		P&L	Other changes in equity	P&L	Other changes in equity
FINANCIAL ASSETS					
Cash and cash equivalent	55	(3)	-	3	-
Receivables	55	(3)	-	3	-
Derivatives for trading	-	-	-	-	-
Effect		**(6)**	**-**	**6**	**-**
FINANCIAL LIABILITIES					
Derivatives for trading	-	-	-	-	-
Hedging derivatives	502	(1)	270	1	(299)
Overdrawn bank accounts	-	-	-	-	-
Trade payables	49	2	-	(3)	-
Effect		1	270	(2)	(299)
Total effect		(5)	270	4	(299)

Interest rate risk: definition, sources and management policies

Interest rate risk consists in changes in interest rates that affect both the margin and hence the profit of the Group and on the current value of future cash flows.

The Group is exposed to interest rate oscillations on its own floating rate loans attributable to the Eurozone, which the Group avails itself of to fund its operations.

Changes in the structure of market interest rates affect the Group's capital and its economic value, thus influencing the level of net borrowing costs and the Group's margins.

Interest rate risk management is considered with the well-established practice to reduce the risks of interest rate volatility, to reach an optimal mix of floating and fixed interest rates in the make-up of loans, thus offsetting market interest rate oscillations, while pursuing the objective of reducing finance costs on deposits to a minimum.

The Group manages risks of changes in interest rates by using derivatives whose use is reserved to the management of exposure to interest rate oscillations pertaining to money flows and assets and liabilities. Speculative transactions are not allowed.

Exposure to interest rate risk is hedged through the use of *Interest Rate Swaps and Interest Rate Caps. Interest Rate Swaps* are used in order to predetermine the interest paid on various forms of financing in order to ensure stability of cash flows.

Interest Rate Caps are used with the goal of limiting the impacts of fluctuations in the floating rates, with which the various forms of financing covered are benchmarked above a predetermined threshold (*cap*).

The counterparts of said financial instruments are primary credit institutions.

Interest rate risk: quantitative information and sensitivity analysis

The Parent Company avails itself of loans to fund its own and Group transactions. Changes in interest rates could have a negative or positive impact on Group earnings.

In order to hedge said risks, the Parent Company uses interest rate derivatives and mainly *interest rate swaps and interest rate caps.*

At 31 December 2015 there were no fixed rate financial instruments measured at *fair value.*

At 31 December 2015, the Company had two Interest Rate Caps contracts to hedge interest rate risk; these have a negative fair value amounting to €6 thousand.

The two *Interest Rate Caps* were entered into by the Company in order to limit the impacts generated by changes in the floating rate, which are parameterized as two medium-to-long-term loans by converting the interest flows of the loans into floating-rate interest flows by providing a maximum threshold equal to the cap's strike.

With regard to the cash flow hedge transactions for the two interest rate caps (compared to the previous year), the impacts on profit or loss for the portion excluded from hedging (time value of the derivative) equaled +€7 thousand in 2015.

In measuring the potential impacts of changes in the interest rates applied, the Group separately analyzed the fixed rate financial instruments (for which the impact was determined in terms of *fair value*) and those at variable rate (for which the impact was determined in terms of cash flow) expressed in the various currencies, which the Group has significant exposure to, as specified in the section on exchange rate risk.

The floating rate financial instruments at 31 December 2015 included cash and loans.

At 31 December 2015, the following was assumed:

- an increase in interest rates for all financial instruments (loans and derivatives) at a floating rate equal to 10 bps;
- a decrease in interest rates for all financial instruments (loans and derivatives) at a floating rate equal to 5 bps.

The decision to simulate, at 31 December 2015, decreases of 5 bps and 10 bps was caused by the current market scenario characterized by very low interest rates and expansionary monetary policies. These changes have been hypothesized with all other variables constant. The impact before tax that such changes would have had are shown in the table below.

INTEREST RATE SENSITIVITY ANALYSIS					
		Interest Rate Risk at 31 December 2015			
			Change +10 bps		**Change - 5 bps**
€thousand		**P&L**	**Other changes in equity**	**P&L**	**Other changes in equity**
FINANCIAL LIABILITIES					
Loans from banks	5,609	(6)		3	
Finance leases	3,189	(3)		1	
IRS hedging derivative					
Cap hedging derivative	6				
Total impact		**(9)**	**-**	**4**	**-**

INTEREST RATE SENSITIVITY ANALYSIS					
		Interest Rate Risk at 31 December 2014			
			Change +10 bps		**Change - 5 bps**
€thousand		**P&L**	**Other changes in equity**	**P&L**	**Other changes in equity**
FINANCIAL LIABILITIES					
Loans from banks	2,498	(2)	-	1	-
Finance leases	1,438	(1)	-	1	-
IRS hedging derivative	1	-	-	-	-
Cap hedging derivative	13	-	-	-	-
Total impact		**(3)**	**-**	**2**	**-**

Liquidity risk: definition, sources and management policies

Liquidity risk consists in the possibility that a company of the Group or the Group itself can find itself in the conditions of not being able to meet its payment obligations in cash or delivery, either foreseen or unexpected, due to a lack of financial resources, thus prejudicing day-to-day operations or the financial position of the company or Group.

The liquidity risk that the Group is exposed to can arise out of difficulties to timely obtain financing for its operations and can take the form of the inability to find the necessary financial resources at a reasonable conditions.

Cash flows, financing needs and any liquidity are under the control of the parent company Fidia S.p.A., in order to ensure effective management of financial resources.

The short and medium/long-term demand for liquidity is constantly monitored by the central offices in order to timely obtain financial resources or an adequate investment of cash.

The Group has adopted a series of financial policies to reduce liquidity risk:

- plurality of financing entities and diversification of financing sources;
- adequate lines of credit;
- perspective liquidity plans relating to the company planning process.

Liquidity risk: quantitative information

The two main factors that determine the Group's liquidity are, on the one hand, the resources generated or absorbed by operating and investing activities and, on the other, the characteristics of the due date and renewal of the debt or liquidity of the financial obligations and market conditions.

The policies implemented by the Group to reduce liquidity risk consisted at 31 December 2015 of:

- recourse to credit institutions and leasing companies to find financial resources;

- lines of credit (mostly of the revolving and stand-by type), mostly automatically renewed and used at the discretion of the Group as needed.

The management deems that the available resources, in addition to those that will be generated by operations and loans, will allow the Group to meet its needs resulting from activities relating to investments, management of circulating capital and the repayment of payables at their due date.

An analysis of financial liabilities as required by IFRS7 is provided below.

MATURITY ANALYSIS €thousand	Book value at 31 December 2015	Contractual cash flows	within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Beyond 5 years
FINANCIAL LIABILITIES							
Loans from banks	5,609	5,853	192	764	1,857	3,040	-
Other loans	17	17	3	6	8	-	-
Overdrawn bank accounts	507	507	507	-	-	-	-
Trade payables	11,335	11,335	6,093	3,379	1,861	-	2
Liabilities for leases	3,189	4,482	9	35	221	1,164	3,053
DERIVATIVE LIABILITIES							
Interest rate swap							
Interest rate cap	6	6	-	1	3	2	
Total	**20,663**	**22,200**	**6,804**	**4,185**	**3,950**	**4,206**	**3,055**

MATURITY ANALYSIS €thousand	Book value at 31 December 2014	Contractual cash flows	within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Beyond 5 years
FINANCIAL LIABILITIES							
Loans from banks	2,498	2,631	1	265	1,270	1,095	-
Other loans	50	50	3	6	25	16	-
Overdrawn bank accounts	1,679	1,679	1,679	-	-	-	-
Trade payables	12,391	12,391	6,117	3,946	2,332	(6)	2
Liabilities for leases	1,438	2,077	5	27	95	500	1,450
DERIVATIVE LIABILITIES							
Interest rate swap	1	1	-	1	-	-	-
Interest rate cap	13	14	-	2	6	6	-
Total	**18,070**	**18,843**	**7,805**	**4,247**	**3,728**	**1,611**	**1,452**

Credit risk: definition, sources and management policies

Credit risk is the exposure of the Group to potential losses that may result from the failure to meet obligations with counterparts.

The main causes of non-performance can relate to the inability to autonomously repay counterparts and to a possible worsening in credit standing.

In particular, the Group is exposed to credit risk due to:

- sale of high-speed milling systems, numerical controls and related servicing;
- subscription of derivatives;
- deployment of liquidity in banks or other financial institutions.

The Group has different concentrations of credit risk depending on the nature of the activities and the various reference markets. Said credit exposure is mitigated by the fact that it is divided over a large number of counterparts.

The concentration of credit risk is present in the markets of the EU, North America and China.

Trade receivables are subject to individual writedowns if there is an objective condition in which these position cannot be recovered either in part or in full. The extent of the writedown takes into account an estimate of the recoverable flows and relevant date of collection.

The Group controls and manages credit standing including the risk of the counterpart; these same transactions for the deployment of liquidity and hedging of derivatives have been concluded with leading national and international banks. These are regularly reviewed also in terms of concentration and the rating of the counterparts.

Credit risk: quantitative information

The maximum theoretical exposure to credit risk for the Fidia Group at 31 December 2015 is the book value of the financial assets stated in the financial statements, plus the face value of collateral provided as indicated in Note No. 28.

The measurement of credit risk is carried out by means of a process to assess credit standing differentiated by type of customer.

Monitoring of credit risk is carried out periodically through the analysis by expiry of overdue positions.

The credit exposures of the Group widely regard trade receivables; the credit risk resulting from said transactions is mitigated by means of the following instruments:

- letters of credit;
- insurance policies.

Moreover, in order to effectively and efficiently manage credit risk, the Group adopts further risk mitigation instruments pursuant to and in compliance with legislation in force in the various markets of the countries where it conducts business.

Positions, if individually significant, are subject to specific writedown; these are either partially or totally non recoverable. The extent of writedown takes into account an estimate of the recoverable flows and relevant date of collection as well as of charges and expenses for future recovery. In case of receivables not subject to specific writedown, provisions are allocated on a collective basis, considering experience and statistical data.

Hereinafter follows an analysis of the concentration of receivables by nature of counterpart:

Concentration of receivables by sector				
€thousand	Thursday, December 31, 2015	%	31 December 2014	%
Die construction	337	5%	573	7%
Construction of injection molds for the car industry	928	13%	600	7%
Car industry	1765	24%	1,794	21%
Aeronautics industry	3764	51%	5,370	61%
Machine tools production	530	7%	407	4%
Total	**7,324**		**8,744**	
Net total receivables	**9,646**		**11,384**	
%	**76%**		**77%**	

32. FAIR VALUE HIERARCHIES

In relation to financial instruments recognized in the Statement of Financial Position at fair value, IFRS 7 requires that these values are classified on the basis of a hierarchy that reflects the significance of the inputs used in determining fair value.

The levels are as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities;
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 31 December 2015, the Group held financial liabilities measured at fair value represented by derivative financial instruments to hedge interest rate risk, for an amount of €6 thousand and financial liabilities at fair value represented by derivative financial instruments to hedge the exchange rate risk, for an amount of €147 thousand, classified within Level 2 of the hierarchical assessment of fair value.

Below follows a breakdown of the fair value for the different categories of assets and liabilities and related economic effects.
All categories below are classified as level 2 fair value.

FAIR VALUE BY CATEGORY - IAS 39 - 31 December 2015						
€thousand	Book value at 31 December 2015 (IAS 39)	Amortized Cost	FV recognized in equity	FV recognized in profit or loss	IAS 17	Fair value at 31 December 2015
ASSETS						
Cash and equivalents	16,041	-	-	-	-	16,041
Total	**16,041**	**-**	**-**	**-**	**-**	**16,041**
LIABILITIES						
Liabilities at amortized cost	5,609	5,609	-	-	-	5,653
Hedging derivatives	154	-		(65)		154
Liabilities measured according to IAS 17	3,188	-			3,188	3,188
Total	**8,951**	**5,609**	**-**	**(65)**	**3,188**	**8,995**

NET PROFIT/LOSS BY CATEGORY - IAS 39 - 31 December 2015		
€thousand	**Net profit and loss**	**of which interest**
ASSETS		
Cash and equivalents	2	2
Total	**2**	**2**
LIABILITIES		
Liabilities at amortized cost	132	132
Hedging derivatives	-	-
Total	**132**	**132**

33. RELATIONS WITH RELATED PARTIES

The Group has relations with associates and other related parties at market condition deemed normal in the relevant reference markets, considering the characteristics of the goods and services provided.

In particular, these relations regarded:

- supply relationships with the Shenyang Machine Tool Co Ltd. Company, the local partner of Shenyang Fidia NC & Machine Company Ltd;
- wages and salary paid to Mr. Paolo Morfino, former employee of Fidia S.p.A., and Luca Morfino, employed by Fidia S.p.A.;
- compensation to the Board of Directors and Board of Statutory Auditors.

The impact of said transactions on the single items of the FY2015 financial statements was stated in the relevant supplementary schedules of the statement of comprehensive income, statement of financial situation and cash flow statement.

Data by year - 2015

Counterpart	Raw materials						
€thousand	and	Other operating	Personnel	Finance		Other operating	Finance
	consumables	revenues	expenses	revenues	Revenues	revenues	revenues
Other related parties SMTCL	-	113	-	-	196	-	-
Other related parties (Giuseppe, Paolo, and Luca Morfino and Carlos Maidagan)	-	117	176	-	-	-	-
Compensation Board of Directors	-	-	867	-	-	-	-
Compensation Board of Statutory Auditors	-	58	-	-	-	-	-
Total other related parties	**-**	**288**	**1,043**	**-**	**196**	**-**	**-**

Data by year - 2014

Counterpart	Raw materials						
€thousand	and	Other operating	Personnel	Finance		Other operating	Finance
	consumables	revenues	expenses	revenues	Revenues	revenues	revenues
Other related parties SMTCL	-	100	-	-	230	-	-
Other related parties (Giuseppe, Paolo, and Luca Morfino and Carlos Maidagan)	1	131	215	-	-	-	-
Compensation Board of Directors	-		769	-	-	-	-
Compensation Board of Statutory Auditors	-	59	-		-	-	-
Total other related parties	**1**	**290**	**984**	**-**	**230**	**-**	**-**

Thursday, December 31, 2015

Counterpart		Other current				Current
€thousand	Trade	Other current	financial	Trade	Other current	financial
	receivables	receivables	assets	payables	payables	liabilities
Other related parties SMTCL	-	-		-	-	-
Other related parties (Giuseppe, Paolo and Luca Morfino)	-	39	-	2	-	-
Other related parties (Payables to BoD)	-	-	-	-	223	-
Other related parties (Payables to Board of Statutory Auditors)	1	-	-	-	134	-
Total other related parties	**1**	**39**	-	2	357	-

31 December 2014

Counterpart		Other current				Current
€thousand	Trade	Other current	financial	Trade	Other current	financial
	receivables	receivables	Payables	payables	payables	liabilities
Other related parties SMTCL	93	-	-	-	76	-
Other related parties (Giuseppe, Paolo and Luca Morfino)	-	19	-	-	1	-
Other related parties (Payables to BoD)	-	-	-	-	195	-
Other related parties (Payables to Board of Statutory Auditors)	-	-	-	-	59	-
Total other related parties	93	19	-	-	331	-

Compensation to Directors, Auditors and Executives with covering strategic company positions

Compensation to the Directors, Auditors and managers of Fidia S.p.A. for their services also in other companies included in the consolidated statements was as follows:

€thousand	**Thursday, December 31, 2015**	**31/12/2014**
Directors	867	769
Auditors	58	59
Executives with strategic responsibilities	-	-
Total compensation	**925**	**828**

34. NET FINANCIAL POSITION

This data item of the net financial position of 2014 has been amended to obtain a better representation thereof.

Pursuant to the Consob Communication issued on 28 July 2006 and according to the CESR recommendation dated 10 February 2005 for the consistent implementation of the European Commission's Regulation on Prospectuses, the net financial position of Fidia Group at 31 December 2015 is the following:

€thousand		Thursday, December 31, 2015	31/12/2014
A	Cash	19	10
B	Bank deposits	16,022	10,708
C	Other cash	-	-
D	**Liquidity (A+B+C)**	**16,041**	**10,718**
and	**Current financial receivables**	**4-**	**-**
F	Current bank payables	1,985	2,399
G	Current part of non-current debt	1,362	851
H	Other current financial payables	221	502
I	**Current financial debt (F+G+H)**	**3,568**	**3,752**
J	**Net financial position (receivable)/payable (I-E-D)**	**(12,477)**	**(6,966)**
K	Non-current bank payables	6,006	2,437
L	Bonds issued	-	-
M	Other non-current payables	6	15
N	**Non-current financial debt (K+L+M)**	**6,012**	**2,452**
O	**Net financial position (receivable)/payable (J+N)**	**(6,465)**	**(4,514)**

35. NOTES TO THE CASH FLOW STATEMENT

The Cash Flow Statement shows the impact of changes in "Cash and Cash Equivalents" during the fiscal year. According to IAS 7 – Statement of Cash Flows, cash flows are classified into operating, investing and financing activities. The effects of the change in exchange rates on cash and cash equivalents are indicated separately under Differences in exchange rate translation.

Cash from (used in) by the transactions of the period results mainly from the Group's primary production activities.

The cash from (used in) by the investing activities indicates how the investments needed to obtain the resources necessary to generate future income and cash flows were made. Only investments that give rise to an asset in the cash flow statement were classified under this item.

36. NON-RECURRENT SIGNIFICANT EVENTS AND TRANSACTIONS

According to Consob Notice of 28 July 2006, in 2015 the company did not have any non-recurrent significant transactions.

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

According to Consob Notice of 28 July 2006, in 2015 there were no atypical and/or unusual transactions as defined by said Notice, by which atypical and/or unusual transactions are all those transactions whose significance/relevance, nature of the counterparts, subject-matter of the transaction, transfer pricing method and timing of the event (near year-end) can give rise to doubts on: correctness/completeness of information posted, conflict of interests, safeguard of company equity, safeguard of non-controlling interests.

38. TRANSLATION OF FINANCIAL STATEMENT OF FOREIGN COMPANIES

The exchange rates used for the translation into EUR of the 2015 and 2014 financial statements of the foreign companies are illustrated in the following table:

Currency	Mean exchange rate of fiscal year		Current exchange rate at year-end	
	2015	2014	2015	2014
USD	1.10951	1.32850	1.0887	1.21410
Real (Brazil)	3.70044	3.12113	4.31170	3.22070
Renminbi (China)	6.97333	8.18575	7.0608	7.53580
Rouble (Russia)	68.072	50.9518	80.6736	72.3370
Rupee (India)	-	81.0406	-	76.7190

39. SUBSEQUENT EVENTS

There were no significant events after year-end 2015.

San Mauro Torinese, 14 March 2016
On behalf of the Board of Directors
The Chairman and Managing Director
Mr. Giuseppe Morfino

Certificate pursuant to Article 81-ter

Consob Reg.

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

1. I sottoscritti Giuseppe Morfino in qualità di Presidente e Amministratore Delegato, Carlos Maidagan Aguirre, in qualità di Vice Presidente Esecutivo e Massimiliano Pagnone Azzolin 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:
   a. l'adeguatezza in relazione alle caratteristiche dell'impresa e
   b. l'effettiva applicazione,

delle procedure amministrative e contabili per la formazione del bilancio consolidato nel corso del periodo 2015.

2. Si attesta, inoltre, che:

2.1 il bilancio consolidato :

   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.

2.2 La relazione sulla gestione comprende un'analisi attendibile dell'andamento e del risultato della gestione, nonché della situazione dell'emittente e dell'insieme delle imprese incluse nel consolidamento, unitamente alla descrizione dei principali rischi ed incertezze cui sono esposti.

14 marzo 2016

Presidente e Amministratore Delegato

Giuseppe Morfino

Vice Presidente Esecutivo

Carlos Maidagan Aguirre

Dirigente Preposto alla redazione dei documenti contabili societari

Massimiliano Pagnone

Report of the Board of Statutory Auditors

FIDIA GROUP

REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

To the Shareholders,
The Board of Directors of Fidia S.p.A has drafted the Group's consolidated financial statements at 31 December 2015. These were submitted to us according to law, together with the Report on Operations, and were drawn up in compliance with the provisions set out in IAS/IFRS and in Legislative Decree no. 127/91.

The checks carried out by Reconta Ernst & Young S.p.A. tasked with the statutory audit made it possible to ascertain that the figures expressed in the financial statements are reflected in the accounting records of the parent company, in the financial statements of the subsidiaries and in the related information formally reported by these.

The financial statements of the subsidiaries, drawn up by the competent corporate bodies and submitted to the parent company for the purpose of formation of the consolidated financial statements, have been the subject of examination by the control bodies of the individual companies and by the independent auditors, as a part of the procedures followed for the certification of the consolidated financial statements. Therefore, these financial statements have been submitted to the control of the Board of Statutory Auditors.

The determination of the scope of consolidation, as well as the choice of the consolidation standards and procedures adopted for the purpose comply with the provisions of IAS/IFRS and Legislative Decree no. 127/91. The formation of the consolidated financial statements is therefore deemed to be technically correct and, as a whole, according to specific regulations.

The Report on Operations illustrate adequately the economic, financial and asset situation during the year and the main risks and uncertainties to which business is exposed, as well as the outlook of all the companies subject to consolidation after the end of the reporting period.

In their report the independent auditors attested to the consistency of the Report on Operations with the consolidated financial statements of Fidia S.p.A.

We can also confirm that the examination to which we subjected the Report on Operations was consistent with the data of the consolidated financial statements.

On the basis of checks carried out, the Board of Statutory Auditors agree on the content and form of the Group consolidated financial statements at 31 December 2015.

San Mauro Torinese, March 29, 2016
Board of Statutory Auditors
(Mr. Maurizio Ferrero) - Chairman
(Ms Michela Rayneri) - Statutory Auditor
(Mr. Gian Piero Balducci) - Statutory Auditor

Report of Auditing Firm

Fidia S.p.A.

Consolidated financial statements as at December 31, 2015

Independent auditor's report in accordance with articles 14 and 16 of Legislative Decree n. 39, dated 27 January 2010

EY
Building a better working world

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Independent auditor's report
in accordance with articles 14 and 16 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Shareholders of Fidia S.p.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Fidia Group, which comprise the income statement, statement of comprehensive income, the statement of financial position as at December 31, 2015, cash flow statement for the year then ended, the statement of changes in equity and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The Directors of Fidia S.p.A. are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement art. 9 of Legislative Decree n. 38, dated 28 February 2005.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11, paragraph 3 of Legislative Decree n. 39, dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Fidia Group as at December 31, 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38, dated 28 February 2005.

Reconta Ernst & Young S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
Capitale Sociale € 1.402.500,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
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Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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Report on other legal and regulatory requirements

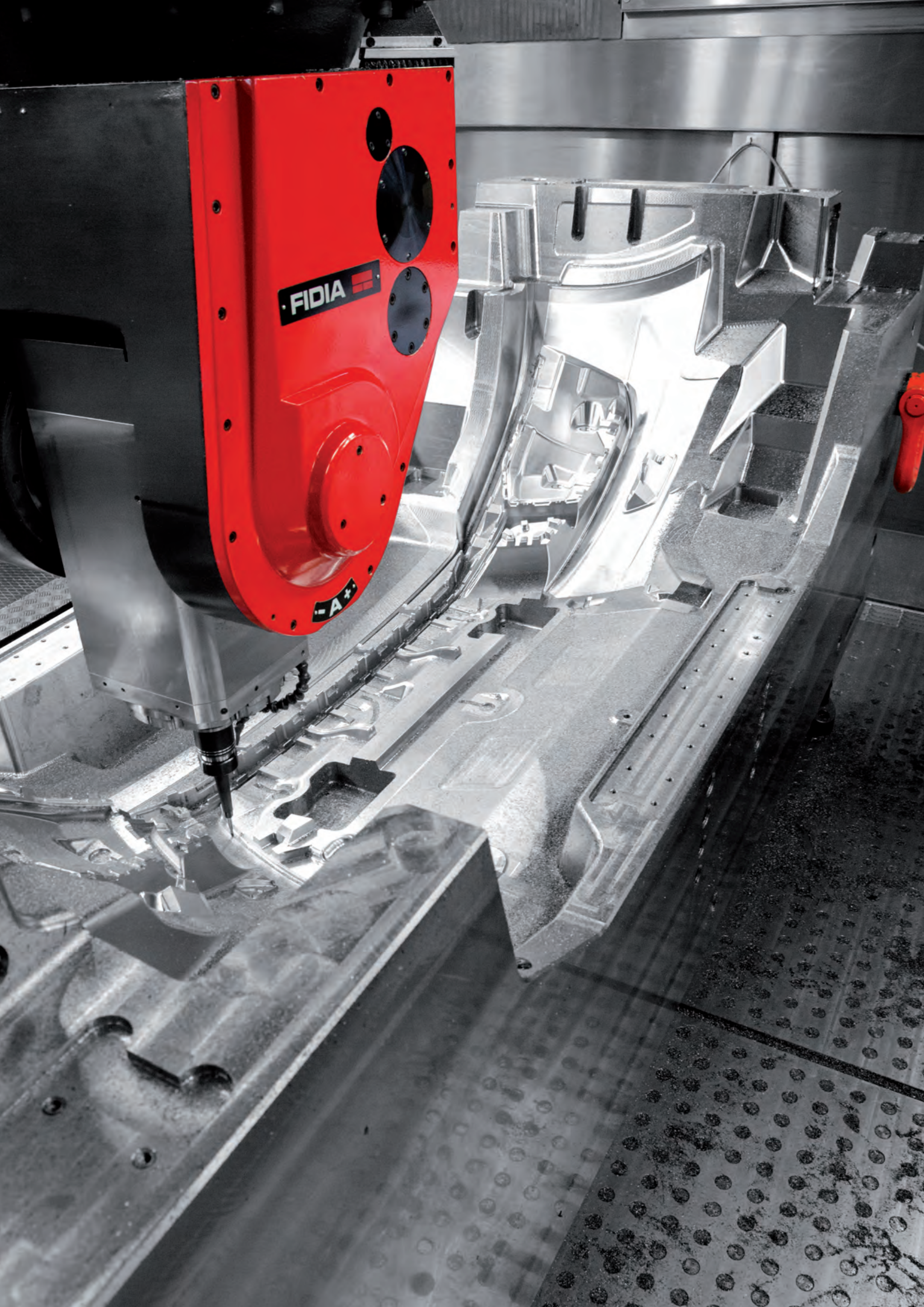
Opinion on the consistency of the Report on Operations and of specific information of the Report on Corporate Governance and the Company's Ownership Structure with the consolidated financial statements

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion, as required by law, on the consistency of the Report on Operations and of specific information of the Report on Corporate Governance and the Company's Ownership Structure as provided for by article 123-bis, paragraph 4 of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements. The Directors of Fidia S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and the Company's Ownership Structure in accordance with the applicable laws and regulations. In our opinion the Report on Operations and the specific information of the Report on Corporate Governance and the Company's Ownership Structure are consistent with the consolidated financial statements of Fidia Group as at December 31, 2015.

Turin, March 29, 2016

Reconta Ernst & Young S.p.A.
Signed by: Roberto Grossi, partner

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


FIDIA
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Fidia S.p.A.

Financial Statements at 31 December 2015

FIDIA S.p.A.: Financial Statements at 31 December 2015

Statement of Comprehensive Income (*)

(euro)	Notes	FY2015	FY2014
- Net sales	1	49,050,394	42,821,754
- Other revenues	2	1,768,799	1,508,295
Total revenues		**50,819,193**	**44,330,049**
- Changes in inventories of finished goods and work in progress		331,956	872,271
- Raw materials	3	(19,879,189)	(17,161,279)
- Personnel expenses	4	(11,264,569)	(10,185,815)
- Other operating expenses	5	(16,908,425)	(15,961,468)
- Depreciation and amortization	6	(962,131)	(577,843)
- Profit/(loss) of ordinary business		**2,136,835**	**1,315,914**
- Recovery/(write-down) of investments	7	10,000	1,076,000
- Non-recurring income/(expenses)	8	-	300,000
- Operating profit/(loss)		**2,146,835**	**2,691,915**
- Finance revenue (expenses)	9	286,736	840,434
- Profit/(loss) before tax		**2,433,572**	**3,532,349**
- Income tax	10	(290,235)	513,392
- Profit/(loss) for continuing operations		**2,143,337**	**3,018,957**
- Profit/(loss) for discontinued operations		-	-
- Profit/(loss)		**2,143,337**	**3,018,957**

(*) According to Consob Resolution No. 15519 of 27 July 2006, the effects of relations with related parties on the profit or loss of Fidia S.p.A. are posted in the relevant statement of comprehensive income Schedule illustrated below and further defined in Note No. 31.

FIDIA S.p.A.: Financial Statements at 31 December 2015

Statement of comprehensive income (*)

(€thousand)	FY2015	FY2014
- Profit/(loss) (A)	**2,143**	**3,019**
Other Comprehensive Profit/(Loss) that may subsequently be reclassified to profit or loss:		
Profit/(loss) on cash flow hedges	388	(466)
Tax effect pertaining to Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss	(109)	128
Total Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss, net of tax effect (B1)	**279**	**(338)**
Other comprehensive profit/(loss) that may not subsequently be reclassified to profit or loss:		
Actuarial gains/(losses) on defined benefit plans	29	(177)
Tax effect pertaining to Other comprehensive profit/(loss) that may not subsequently be reclassified to profit or loss	(13)	48
Total Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss, net of tax effect (B2)	**16**	**(129)**
Total Other comprehensive profit/(loss), net of tax effect (B)=(B1)+(B2)	**295**	**(467)**
Total comprehensive profit/(loss) of the period (A)+(B)	**2,438**	**2,552**

FIDIA S.p.A.: Financial Statements at 31 December 2015

Statement of financial position (*)

(euro)	Notes	Thursday, December 31, 2015	31/12/2014
ASSETS			
NON-CURRENT ASSETS			
- Plant and equipment	11	5,399,498	3,388,781
- Intangible assets	12	1,085,622	619,985
- Investments	13	9,881,652	9,873,081
- Other non-current receivables and assets	14	1,129,584	1,235,706
- Pre-paid tax assets	10	376,130	506,753
TOTAL NON-CURRENT ASSETS		**17,872,486**	**15,624,306**
CURRENT ASSETS			
- Inventories	15	12,633,132	12,633,483
- Trade receivables	16	6,009,400	7,238,544
- Current tax receivables	17	186,302	145,023
- Other current receivables and assets	17	1,036,073	1,446,763
- Other current financial receivables	18	3,582	-
- Cash and cash equivalents	19	9,776,240	4,763,364
TOTAL CURRENT ASSETS		**29,644,729**	**26,227,177**
TOTAL ASSETS		**47,517,215**	**41,851,483**
LIABILITIES			
EQUITY			
- Issued capital		5,123,000	5,123,000
- Share premium reserve		1,239,693	1,239,693
- Legal reserve		667,418	516,471
- Provisions for own shares in portfolio		45,523	45,523
- Extraordinary reserve		309,054	309,054
- Cash flow hedge provisions		-65,420	-343,580
- Profit (loss) carried forward		1,802,806	221,070
- Own shares		-45,523	-45,523
- Reserve profits on exchange rates not realized		8,022	-
- Profit (loss) stated directly in equity		-92,203	-108,566
- Profit/(loss)		2,143,336	3,018,956
TOTAL EQUITY	**20**	**11,135,706**	**9,976,098**
NON-CURRENT LIABILITIES			
- Other non-current payables and liabilities	21	213,211	77,956
- Termination benefits	22	2,372,099	2,445,540
- Deferred tax liabilities	10	2,435	-
- Other non-current financial liabilities	23	5,986	14,691
- Non-current financial liabilities	24	5,890,569	2,406,255
TOTAL NON-CURRENT LIABILITIES		**8,484,300**	**4,944,442**
CURRENT LIABILITIES			
- Current financial liabilities	24	3,732,100	3,266,539
- Other current financial liabilities	25	221,023	502,188
- Trade payables	26	15,551,050	16,309,797
- Current tax payables	27	431,777	533,444
- Other current payables and liabilities:	27	6,816,414	5,145,099
- Provisions for risks and expenses	28	1,144,845	1,173,876
TOTAL CURRENT LIABILITIES		**27,897,209**	**26,930,943**
TOTAL LIABILITIES		**47,517,215**	**41,851,483**

(*) According to Consob Resolution No. 15519 of 27 July 2006, the effects of relations with related parties on the Statement of Financial Position of Fidia S.p.A. are posted in the relevant Statement of Financial Position Schedule illustrated below and further defined in Note No. 31.

FIDIA S.p.A.: Financial statements at 31 December 2015
Cash Flow Statement (*)

(€thousand)	2015	2014
A) Cash on hand and cash equivalents at beginning of year	**3,084**	**921**
B) Cash from/(used in) operating activities		
- Profit/(loss) of the period	2,143	3,019
- Depreciation and amortization of tangible and intangible assets	387	369
- Net losses (gains) on disposal of tangible assets	(12)	(12)
- Write-down/(recovery in value) of investments	(10)	(1,076)
- Net change in provisions for termination benefits	(73)	183
- Net change in provisions for risks and expenses	(29)	352
- Net change (assets) liabilities for (pre-paid) deferred taxes	133	(94)
Net change in working capital:		
- receivables	1,705	(27)
- inventories	-	(800)
- payables	947	3,146
	5,191	**5,060**
C) Cash from/(used in) investing activities		
- Investing activities:		
tangible assets	(2,310)	(2,909)
intangible assets	(564)	(399)
- Profit on sale of:		
tangible assets	23	130
	(2,851)	**(3,178)**
D) Cash from/(used in) financing activities		
- Net change in current and non-current financial assets and liabilities	(294)	366
- New loans	8,217	3,661
- Loans paid	(3,095)	(3,280)
- Distribution of dividends	(1,278)	-
- Change in reserves	295	(466)
Total	**3,845**	**281**
E) Net change in cash and cash equivalents	6,185	2,163
F) Cash and cash equivalents at year end	9,269	3,084
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	9,776	4,763
Overdrawn bank accounts	(507)	(1,679)
	9,269	**3,084**

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

FIDIA S.p.A.: Financial Statements as at 31 December 2015
Overview of changes in equity

(€thousand)	Share capital	Own shares	Share premium reserve	Legal reserve	Reserve for own shares in portfolio	Extraordinary reserve	Cash flow hedge reserve	Dividends	Reserve profits on exchange rates not realized	Profit (loss) carried forward	Profit (loss) reported directly to equity	Net result	Total net equity
Balance at 31 December 2013	**5,123**	**(45)**	**1,240**	**517**	**45**	**1,111**	**(5)**			**766**	**20**	**(1,348)**	**7,424**
Allocation of net income of previous year						(802)				(546)		1,348	-
Total comprehensive profit/(loss)							(338)				(129)	3,019	2,552
Balance at 31 December 2014	**5,123**	**(45)**	**1,240**	**517**	**45**	**309**	**(343)**			**220**	**(109)**	**3,019**	**9,976**
Allocation of net income of previous year				151				1,278	8	1,582		(3,019)	-
Distribution of dividends								(1,278)					(1,278)
Total comprehensive profit/(loss)							278				17	2,143	2,438
Balance at Thursday, December 31, 2015	**5,123**	**(45)**	**1,240**	**668**	**45**	**309**	**(65)**	**-**	**8**	**1,802**	**(92)**	**2,143**	**11,136**

FIDIA S.p.A.: Financial Statement at 31 December 2015
Statement of comprehensive income
as per Consob Resolution No. 15519 of 27 July 2006

(€thousand)	Notes	FY2015	of which related parties	FY2014	of which related parties
- Net sales	1	49,050	18,821	42,822	16,414
- Other revenues	2	1,769	172	1,508	385
Total revenues		**50,819**		**44,330**	
- Changes in inventories of finished goods and work in progress		332		872	
- Raw materials	3	(19,879)	(640)	(17,161)	(62)
- Personnel expenses	4	(11,265)	(696)	(10,186)	(746)
- Other operating expenses	5	(16,908)	(3,159)	(15,961)	(3,024)
- Depreciation and amortization	6	(962)		(578)	
- Profit/(loss) of ordinary business		**2,137**		**1,316**	
- Recovery/(write-down) of investments	7	10		1,076	
- Non-recurring income/(expenses)	8	-		300	
- Operating profit/(loss)		**2,147**		**2,692**	
- Finance revenue (expenses)	9	287	592	840	1,210
- Profit/(loss) before tax		**2,434**		**3,532**	
- Income tax	10	(290)		(513)	
- Profit/(loss) for continuing operations		**2,143**		**3,019**	
- Profit/(loss) for discontinued operations				-	
- Profit/(loss)		**2,143**		**3,019**	

FIDIA S.p.A.: Financial Statement at 31 December 2015
STATEMENT OF FINANCIAL POSITION
as per Consob Resolution No. 15519 of 27 July 2006

(€thousand)	Notes	Thursday, December 31, 2015	of which related parties	31/12/2014	of which related parties
ASSETS					
NON-CURRENT ASSETS					
- Plant and equipment	11	5,399		3,389	
- Intangible assets	12	1,086		620	
- Investments	13	9,882		9,873	
- Other non-current receivables and assets	14	1,130		1,236	
- Pre-paid tax assets	10	376		507	
TOTAL NON-CURRENT ASSETS		**17,873**		**15,624**	
CURRENT ASSETS					
- Inventories	15	12,633		12,633	
- Trade receivables	16	6,009	3,213	7,239	1,118
- Current tax receivables	17	186		145	
- Other current receivables and assets	17	1,036	638	1,447	507
- Other current financial receivables	18	4		-	
- Cash and cash equivalents	19	9,776		4,763	
TOTAL CURRENT ASSETS		**29,644**		**26,277**	
TOTAL ASSETS		**47,517**		**41,851**	
LIABILITIES					
EQUITY					
- Issued capital		5,123		5,123	
- Share premium reserve		1,240		1,240	
- Legal reserve		667		517	
- Provisions for own shares in portfolio		46		46	
- Extraordinary reserve		309		309	
- Cash flow hedge provisions		(65)		(344)	
- Profit (loss) carried forward		1,803		221	
- Own shares		(46)		(46)	
- Reserve profits on exchange rates not realized		8		-	
- Profit (loss) stated directly in equity		(92)		(109)	
- Profit/(loss)		2,143		3,019	
TOTAL EQUITY	**20**	**11,136**		**9,976**	
NON-CURRENT LIABILITIES					
- Other non-current payables and liabilities	21	213		78	
- Termination benefits	22	2,372		2,445	
- Deferred tax liabilities	10	2		-	
- Other non-current financial liabilities	23	6		15	
- Non-current financial liabilities	24	5,891		2,406	
TOTAL NON-CURRENT LIABILITIES		**8,484**		**4,944**	
CURRENT LIABILITIES					
- Current financial liabilities	24	3,732	467	3,267	58
- Other current financial liabilities	25	221		502	
- Trade payables	26	15,551	5,129	16,310	4,735
- Current tax payables	27	432		533	
- Other current payables and liabilities:	27	6,816	2,384	5,145	1,273
- Provisions for risks and expenses	28	1,145		1,174	
TOTAL CURRENT LIABILITIES		**27,897**		**26,931**	
TOTAL LIABILITIES		**47,517**		**41,851**	

FIDIA S.p.A.: Financial Statement at 31 December 2015

CASH FLOW STATEMENT

as per Consob Resolution n° 15519 of 27 July 2006

(€thousand)	2015	of which related parties	2014	of which related parties
A) Cash on hand and cash equivalents at beginning of year	**3,084**		**921**	
B) Cash from/(used in) operating activities				
- Profit/(loss) of the period	2,143		3,019	
- Depreciation and amortization of tangible and intangible assets	387		369	
- Net losses (gains) on disposal of tangible assets	(12)		(12)	
- Write-down/(recovery in value) of investments	(10)		(1,076)	
- Net change in provisions for termination benefits	(73)		183	
- Net change in provisions for risks and expenses	(29)		352	
- Net change (assets) liabilities for (pre-paid) deferred taxes	133		(94)	
Net change in working capital:				
- receivables	1,705	(2,226)	(27)	1,951
- inventories	-		(800)	
- payables	947	1,505	3,146	(672)
	5,191		5,060	
C) Cash from/(used in) investing activities				
- Investing activities:				
tangible assets	(2,310)		(2,909)	
intangible assets	(564)		(399)	
- Profit on sale of:				
tangible assets	23		130	
	(2,851)		(3,178)	
D) Cash from/(used in) financing activities				
- Net change in current and non-current financial assets and liabilities	(294)		366	
- New loans	8,217		3,661	
- Loans paid	(3,095)	409	(3,280)	(93)
- Distribution of dividends	(1,278)		-	
- Change in reserves	295		(466)	
	3,845		281	
E) Net change in cash and cash equivalents	6,185		2,163	
F) Cash and cash equivalents at year end	9,269		3,084	
Breakdown of cash and cash equivalents:				
Cash and cash equivalents	9,776		4,763	
Overdrawn bank accounts	(507)		(1,679)	
	9,269		**3,084**	

Notes to Financial Statements

Notes to financial statements

COMPANY INFORMATION

Fidia S.p.A. is an entity organized according to the law of the Italian Republic and is the Parent Company that directly holds the interests in the companies of the Fidia Group.

The company is based in San Mauro Torinese (Turin), Italy.

The Financial Statements at 31 December 2014 consist of the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and the Notes to the Financial Statements. Its publication was authorized by the Board of Directors on 14 March 2016.

The Financial Statements of Fidia S.p.A. are drawn up in EUR, which is the currency of the economy in which the company operates.

The statement of comprehensive income and Statement of Financial Position are presented in units of Euro, while the Statement of Comprehensive Income, the Cash Flow Statement, Statement of Changes in Equity and the values stated in the Notes are presented in €thousand.

Fidia S.p.A., in the capacity of parent company, has also drafted the Consolidated Financial Statements of the Fidia Group at 31 December 2015.

SIGNIFICANT ACCOUNTING STANDARDS

Principles for the presentation of the financial statements

The 2015 financial statements are the separate financial statements of the parent company Fidia S.p.A. and were drawn up in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and adopted by the European Union and with the provisions implementing article 9 of Italian Legislative Decree No. 38/2005. IFRS also include all the reviewed international accounting standards (IAS) and interpretations of the IFRS Interpretations Committee, previously called International Financial Reporting Interpretations Committee (IFRIC), and before then Standing Interpretations Committee (SIC).

The Financial Statements were drawn up based on the historical cost principle, amended as requested for the evaluation of some financial instruments as well as on the assumption of going concern. The Company concluded that, despite the difficult economic and financial situation, there are no significant uncertainties (as set forth by par. 25 of standard IAS 1) on going concern, also in light of the measures already taken to adapt to the change in levels of demand.

Financial Statements

The Company presents the statement of comprehensive income 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 and business management methods.

Within said statement of comprehensive income by nature, under the Profit/(loss), a specific distinction has been made between profit/(loss) of ordinary operation and those charges and earnings that are the result of non-recurrent transactions in ordinary business management, such as the restructuring expenses, the (write-down)/recovery in value of asset items and any other atypical revenues/(charges), as these can be treated like the former. It is deemed that this allows for a better measurement of the actual performance of the normal business management, it being understood that any atypical expenses and earnings are specified in detail.

The definition of atypical adopted by the Company 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 non-controlling interests.

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

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

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

Plant and equipment

Cost

Plant and machinery were evaluated at purchase or production cost minus accrued amortization and any writedown and these were not revalued. The cost comprises ancillary expenses and direct costs needed to make the asset available for use and indirect costs in the amount reasonably attributable to these.

Work in progress consists of a plot of land with industrial building undergoing renovation acquired through a lease, not yet usable and recognized at purchase cost.

Costs incurred following purchase were posted only if these increase the future economic benefits inherent to the asset concerned. All other costs were recognized in profit or loss when incurred.

Assets held through leasing contracts by which all the risks and benefits associated to the property thereof were transferred to the Company were posted as assets of the Company at fair value or, if lower, at the current value of the minimum payments due for leasing. The corresponding liabilities with the lessor were posted under the financial payables. Assets were amortized by applying the criterion and rates specified below.

Leases by which the lessor retains all risks and benefits deriving from ownership of the assets were classified as operating leases. Costs referred to operating leases are posted on a straight-line basis in the statement of comprehensive income over the lease term.

Depreciation

Depreciation was calculated based on constant shares of the estimated economic life of the assets as follows:

Description	Depreciation rates
Lightweight constructions	5.00%
Generic and specific plants	12.50%
Machinery	6.67% / 15.00% / 48.11%
Industrial and commercial equipment	20.00% / 25.00%
Electronic office equipment	20.00%
Office furnishing	6.67%
Forklifts/internal vehicles	20.00%
Motor vehicles	25.00%

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are included in the cost of the asset. All borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing costs include interest and other costs that an entity incurs to obtain funding.

Intangible assets

Intangible assets purchased or produced internally were posted in the assets according to the provisions of IAS 38 – *Intangible Assets*, when it is probable that the future economic benefits attributable to the asset will flow to the company and when the cost of the asset can be measured reliably.

Said assets were measured at purchase cost and amortized in constant shares over their estimated life if these have a finite life and net of any losses in value.

The main categories of intangible assets held by the Company are the costs for internal product development, rights to use know-how, software and licenses.

Software and licenses are amortized over five years.

Development costs incurred in connection with a specific project are recognized as intangible assets when the Company can demonstrate: the technical feasibility of completing the intangible asset so that it is available for use or sale; the intention to complete the asset and its ability and intent to use or sell it; the manner in which the activity will generate future economic benefits; the availability of resources to complete the asset and the ability to measure reliably the cost attributable to the asset during development.

After initial recognition, development assets are measured at cost less amortization or the accrued loss in value. Amortization of the asset starts when development is completed and the asset is available for use. Development assets are amortized in relation to the period of the expected benefits. During development, the asset is subject to annual verification of any loss of value (impairment test).

There are no intangible assets with indefinite useful life.

Writedown of losses

If any such indication exists, the carrying amount of the asset is reduced to its recoverable amount understood as the higher between the fair value less the costs to sell and its value in use.

When it is not possible to estimate the recoverable amount of a single asset, the company estimates the recoverable amount of the unit generating the cash flows that owns the asset.

The value in use of an asset is calculated by determining the current value of estimated future cash flows before tax, by applying an interest rate before tax that reflects the current market values of the time value of money and of the risks inherent in the asset. A writedown is posted if the recoverable amount is lower than the book value.

Should there no longer be impairment concerning an asset or should the impairment decrease, the book value of the asset or the unit generating the cash flows is increased until the recoverable amount is estimated again and it cannot exceed the amount that would have been determined if there had been no impairment loss. A reversal of impairment is immediately recognized in profit or loss.

Financial instruments

Introduction

Financial instruments held by the Company were included in the balance-sheet items described below.

Investments comprises interests held in subsidiaries, associates and in other companies.

Other Receivables and Other Non-Current Assets do not comprise medium/long-term receivables and caution money.

Current financial assets, as defined by IAS 39, include trade receivables, other receivables and current assets and other current financial assets (which include the positive fair value of derivatives), as well as cash and cash equivalents. In particular, Cash and Cash Equivalents comprises bank account and securities held for trading that can be readily cashed in and are subject to a non-significant risk of change.

Financial liabilities refer to financial payables as well as to other financial liabilities (including the negative fair value of derivatives), trade payables and other payables.

Valuation

Investments

Subsidiaries are entities over which the Company exercises control, or those for which the company has valid rights that give it the current ability to direct the relevant activities, i.e., activities that significantly affect the returns of the investee.

Associated companies are companies in which the Company exercises significant influence, as defined by IAS 28 - *Investments in associates*, but not control or joint control over the financial and operating policies.

Investments in other companies relate to non-current assets that are not held for trading.

The positive difference, arising at the time of purchase between the acquisition cost and the equity share at current values of the Company's subsidiary, is hence stated in the book value of the investment.

Investments in subsidiaries and associates are stated at adjusted cost in case of impairment loss.

In accordance with the cost method, investments are subject to impairment tests whenever there is objective evidence of impairment as a result of the investment due to one or more events that occurred after the initial recognition and have had an impact on future cash flows of the subsidiary and on the dividends that it could distribute. In these cases, impairment loss is determined as the difference between the carrying amount of the investment and its recoverable value, normally determined based on the higher between the value in use and its fair value less costs to sell.

For each period, the Company assesses whether there is objective evidence that an impairment loss of an investment recognized in prior years may have decreased or no longer exist. In these cases, the investment's recoverable value is re-valuated and, if applicable, it is restored its value of cost.

If the Company's share of the impairment loss exceeds the book value of the investment and the Company must stand in, the value of the investment is written off and any further losses are stated as provisions in the liabilities. If the impairment loss should no longer subsist subsequently or register a reduction, a recovery of value is recognized in profit or loss within the limits of the cost.

Investments in other minor entities, including non-current financial assets for which a market quotation is not available and the fair value cannot be reliably measured, are stated at cost, possibly written down for impairment losses.

Trade receivables, other receivables and current and non-current assets

Trade receivables, other receivables and current and non-current assets, except for assets arising from derivative financial instruments, are initially recognized at fair value, which usually coincides with the acquisition cost, net of transaction costs. Subsequently, these assets are measured at amortized cost using the effective interest method and are shown net of losses on uncollectible amounts, posted in appropriate bad debt provisions. The original value of the receivables will be re-instated in subsequent fiscal years whenever the reasons for their adjustments are no longer applicable.

When financial assets have no fixed maturity, these are evaluated at cost. Receivables with a maturity over 1 year that do not yield interest or yield interest below market rates are actualized using market rates.

Receivables in foreign currency, which were originally recorded at the exchange rates prevailing on the transaction date, are adjusted to period-end exchange rates and the resulting gains and losses recognized in profit or loss.

Cash

It is stated at nominal value.

Financial liabilities, trade payables and other payables

Financial payables (current and non-current), trade payables, and other payables are entered at first recognition in the statement of financial position at *fair value* (usually the cost of the originating transaction), including the transaction costs.

Then, with the exception of derivatives, financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities hedged by derivatives are evaluated according to the procedures set for hedge accounting applicable to fair value hedges: gains and losses arising from remeasurement at fair value, due to changes in interest rates, are recognized in income and offset by the effective portion of gain or loss arising from remeasurements at fair value of the hedging instrument.

Derivatives

Derivatives are used by the parent company solely for hedging in order to reduce exchange rate (currency forward contracts to hedge USD risk on sales) and interest rate risk (*Interest Rate Swap* and *Interest Rate Cap*).

Consistently with the provisions of IAS 39, derivatives can be recorded according to the procedures set forth for *hedge accounting* only when, at initial recognition, there is formal designation and documentation of the hedging relationship; it is assumed that hedging is highly effective; effectiveness can be reliably measured and hedging is highly effective during the various accounting periods for which it is designated.

All financial instruments are measured at *fair value* as set forth by IAS 39.

When financial instruments meet the requirements to be recorded in *hedge accounting*, the following accounting methods are applied:

- *fair value hedge*: if a derivative is designated as a hedge of the exposure of changes in the fair value of a balance-sheet asset or liability attributable to a given risk that may have effects on the statement of comprehensive income, the gain or loss resulting from re-measurements of the fair value of the hedging instrument are recognized in profit or loss. Gains or loss on the hedged item attributable to the hedged risk change the book value of said item and are recognized in profit or loss;
- *cash flow hedge:* if a derivative is designated as a a hedge of the exposure to variability in the future cash flows of an asset or liability recognized in profit or loss or of a transaction deemed highly probable that could have effects on the statement of comprehensive income, the effective portion of the profit or loss on the derivative is recorded in Other Comprehensive Profit/(Loss). Accrued gains or loss are reversed from Other Comprehensive Profit/(Loss) and recognized in profit or loss in the same period in which the correlated economic effect of the hedged transaction occurs. Gains or loss of a hedge (or part of a hedge), which has become ineffective, are immediately recognized in profit or loss. If a hedging instrument or hedge relationship is terminated but the hedged transaction has not yet been realized, accumulated gains and losses accumulated recorded in Other Comprehensive Profit/(Loss) up to that moment are recognized in the statement of comprehensive income in connection with the economic effects of the hedged transaction. If the hedged transaction is deemed no longer probable, gains or losses not yet realized and still retained in the Other Comprehensive Profit/(Loss) is immediately recognized in profit or loss.

If hedge accounting cannot be applied, profit or loss resulting from fair value measurement of the derivative is immediately recognized in profit or loss.

Fair value

The fair value, as provided for by IFRS 13, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value of a financial instrument at initial measurement is normally the price of the transaction, i.e., the amount paid or received. However, if part of the amount given or received pertains to something other than the financial instrument, the fair value of the instrument is estimated using a measurement method.

The existence of official quotations in an active market is best proof of fair value and, when these exist, they are used to measure the financial asset or liability.

If the market of a financial instrument is not active, fair value is determined using an evaluation method that relies more on market factors and as less as possible on specific internal factors.

Criteria for measuring *fair value*

The Fidia Group avails itself of measurement methods established in market practice to determine the *fair value* of financial instruments for which there is no active relevant market.

If evaluation methods are adopted, recourse to market factors allows for a reasonable estimate of the market value of said financial instruments.

The market factors considered for the calculation of fair value and measured at the measurement date of 31 December 2014 were: time value of money, i.e., base interest rate without risk, credit risk, exchange rates of foreign currencies, size of the future changes in price of a financial instrument, i.e., the latter's volatility, the costs to service an asset or financial liability.

The evaluation of financial instruments using evaluation methods is entrusted by the Fidia Group to external consultants who have the necessary specialized know-how and are capable of providing the market values at the various dates of evaluation. Said market values are periodically compared with marks to market given by banking counterparts.

In order to provide information on the methods and main assumptions used to determine *fair value*, financial assets and liabilities were divided into two classes, both of which homogeneous by nature of information provided and for the characteristics of the financial instruments.

In particular, financial assets and liabilities were divided into:

- financial instruments measured at amortized cost;
- financial instruments measured at fair value.

Financial assets and liabilities measured at amortized cost

The class under examination comprises: trade receivables and payables, loans payable, mortgages and other liabilities and assets evaluated at amortized cost.

The fair value of the items under consideration is determined by calculating the current value of the expected contractual flows, capital and interests, based on the yield curve of treasury bonds on the measurement date. In particular, the fair value of medium to long-term financial liabilities is determined using the risk-free curve on the reporting date increased by an adequate credit spread.

Said spread was determined by taking the premium for credit risk applied on the last loan granted to the Group by banks as reference.

Financial assets and liabilities measured at *fair value*

The class under consideration comprises hedging instruments and those for trade.

The fair value of the exchange rate forward contracts is estimated by actualizing the difference between forward price set by the contract and the current forward price for the residual contractual term, using the exchange rate curves of the currencies in question.

The fair value of the interest rate swaps and interest rate caps is calculated based on the market data available on the measurement date by discounting the contract flows of estimated future cash with the short and medium-to-long term exchange rate curves measured by market info providers.

Interest rates

The interest rates used to actualize the estimated financial flows are based on the short and medium-to-long term rate curves measured by market info providers at the reporting dates and are illustrated in the table below:

	EUR Curve			USD Curve	
	2015	2014		2015	2014
1W	-	-	1W	0.390%	0.135%
1M	-0.205%	0.019%	1M	0.430%	0.171%
2M	-0.165%	0.045%	2M	0.515%	0.214%
3M	-0.131%	0.078%	3M	0.613%	0.256%
6M	-0.040%	0.171%	6M	0.846%	0.363%
9 M	0.004%	0.247%	9 M	-	-
12M	0.060%	0.16%	12M	1.178%	0.629%
2 years	-0.029%	0.18%	2 years	1.172%	0.900%
3 years	0.063%	0.23%	3 years	1.410%	1.299%
4 years	0.196%	0.29%	4 years	1.588%	1.578%
5 years	0.331%	0.36%	5 years	1.730%	1.772%
7 years	0.620%	0.53%	7 years	1.955%	2.041%
10 years	1.001%	0.81%	10 years	2.187%	2.283%
15 years	1.397%	1.15%	15 years	2.417%	2.507%
20 years	1.565%	1.33%	20 years	2.528%	2.620%
30 years	1.613%	1.46%	30 years	2.613%	2.700%

Inventories

Inventories of raw materials, semi-finished and finished goods are valued at the lower between the cost, determined using the method of weighted average cost, and net realizable value. The evaluation of inventories includes the direct costs of materials and labor and the indirect costs (both variable and fixed).

Provisions are calculated for the write-down of materials, finished goods, spare parts and other supplies deemed obsolete or slow-moving, considering their future expected use and realizable value. The realizable value is the estimated sales price net of all estimated costs for the completion of the good and of the sales and distribution expenses to be incurred.

Provisions for risks and expenses

The Company states provisions for risks and expenses when it has an obligation (legal or implicit) with third parties and it is probable that the Company will have to utilize resources to meet the obligation and when it is possible to make a reliable estimate of the amount resulting from fulfilling the obligation.

The estimate changes are recognized in profit or loss of the period in which the change occurred.

Termination benefits

Termination benefits fall within the scope of IAS 19, as these are like defined benefit plans. The amount reported in the financial statements is the result of an actuarial calculation according to the projected unit credit method by using a discount rate that reflects the market yield on corporate bonds with a maturity consistent with that expected from the obligation. The calculation considers the termination benefits already accrued for labor services already rendered and includes assumptions of future salary increases. Actuarial profit and loss are accounted for in a specific equity item.

Up to 31 December 2006, the termination benefits fund (TFR) was considered a defined benefit scheme. The rules of this fund were amended by Italian Law No. 296 of 27 December 2006 ("2007 Finance Law") and following Decrees and Regulations issued in early 2007. In light of said changes and in particular with reference to companies with at least 50 employees, said fund can now be considered a defined benefit plan solely for the amounts accrued before 1 January 2007 (and not yet paid on the reporting date), while the amounts accrued after that date can be considered as a defined contribution plan.

Own shares

Own shares are written down from the equity. The original cost of the own shares and profit and loss resulting from subsequent sales are stated directly as changes in equity.

Dividends received

Dividends received from subsidiaries are recognized in profit or loss when the right to receive payment is ascertained.

Revenue recognition

Revenues are recognized to the extent in which it is probable that the Company will reap economic benefits and their amount can be reliably determined. Revenue is stated net of returns, discounts and allowances.

Revenue from the sale of goods is recognized when the risks and rewards of ownership have been transferred to the buyer, the selling price is agreed or can be determined and collection thereof is expected.

Revenue from the sale of goods is recognized when (in accordance with IAS 18 - Revenue):

- the seller has transferred to the buyer the significant risks and rewards of ownership;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the seller, and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenues for rendering of services are recognized at the time of completion of the service.

Grants to research

Government and Community grants received for research projects are stated in the income when it is reasonably certain that the company will meet all the conditions for receiving the grants and that said grants will be received; as a rule, this coincides with the fiscal year in which the resolution to allocate the grant is made.

Cost recognition

The costs for the purchase of goods is recognized by accrual.

Costs for rendering of services are posted at the time of completion of the service.

Advertising and research costs, in compliance with IAS 38, are recognized in profit or loss in the year in which these are incurred.

Finance revenue and expenses

Finance revenue and expenses are recognized in profit or loss in the fiscal year in which these are incurred.

Taxes

The charge for income tax is determined based on the provisions of Italian Presidential Decree 917 of 22 December 1986 and following amendments (Consolidated Act on Income Tax). Income taxes are recognized in profit or loss, except for those items debited or credited in Other Comprehensive Profit/(Loss). In these cases the tax effect is recognized directly in the Other Comprehensive Profit/(Loss).

Other taxes not related to income are included among the other overheads.

Deferred tax liabilities and pre-paid taxes are determined based on all the temporary differences between the values of the asset and liabilities of the financial statements and the corresponding amounts for tax purposes. The pre-paid taxes on tax losses and on temporary differences are stated to the extent in which it is probable that there is a future taxable income on which these can be recovered.

Use of estimates

The preparation of financial statements and related disclosures that conform to IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. The estimates and assumptions used are based on experience and other factors deemed relevant. The results that will be stated in the final balance could hence differ from said estimates. The estimates and assumptions are periodically revised and effects of each change are recognized in profit or loss in the period in which the estimate is revised if the revision has effects on said period or in following periods if the revisions has effects both on the current period and on future periods.

In this context, persistently weak economic growth makes the future outlook uncertain. Therefore, it cannot be ruled out that in the next period there will be results other than those estimated and that adjustments may be needed in the book value of the relevant items. Of course, to date, these can be neither estimated nor foreseen. The balance-sheet items mainly affected by said situations of uncertainty are bad debt provisions and provisions for slow-moving/obsolete inventories, non-current assets (tangible and intangible assets), termination benefits, product warranty, pre-paid taxes and potential liabilities.

A summary follows of the critical evaluation processes and key assumptions used in managing the application of the accounting standards to future quantities and which can have significant effects on the amounts stated in the consolidated statement of financial position or for which there is the risk that significant value adjustments need to be made to the book value of the assets and liabilities in the period following the one of reference of the statement of financial position.

Recoverable value of non-current assets

The management periodically revises the carrying amount of the non-current assets held and used and of the assets that must be divested when facts or circumstances call for said revision.

When the book value of a non-current asset registers a loss in value, the Group states a write-down for the excess amount between the book value of the asset and the recoverable value through its use or sale.

With reference to investments in subsidiaries, the evaluation process of investments held by the management (*impairment test*) has taken into account the expected trends in 2015. Moreover, for following years, changes have been made to the original schemes to take into account, in a precautionary manner, the transformed economic, financial and market scenario. The recoverable amount significantly depends on the discount rate used in the actualized cash flows model, the expected future cash flows and the growth rate used for the purpose of the extrapolation.

Bad debts provision

Bad debts provision reflects the management's estimate on the possible loss in the portfolio of receivables from customers. The estimate of the credit impairment provisions is based on the loss expected by the Company, determined in light of its past experience in similar receivables, of current and historical delinquent accounts, of losses and revenues, of the careful monitoring of credit quality and forecasts on economic and market conditions. If any economic situations like those experienced in recent years should continue, there can be a further worsening in the financial conditions of the Company's debtors compared to the scenario already considered in quantifying the provisions stated in the statement of financial position.

Provisions for slow-moving/obsolete inventories

Provisions for slow-moving/obsolete inventories reflect the management's estimation of loss of value expected by the Group, determined based on past experience and on a critical analysis of the stock movements.

Product warranty

When a product is sold, the Company allocates provisions for the estimated product warranty costs. The management determines the value of said provisions based on historical information on the nature, frequency and mean cost of warranty works. The Company is committed to constantly improve the quality of its products in order to maximize customer satisfaction and reduce the impact of expenses due to warranty work to a minimum.

Termination benefits

For the evaluation of termination benefits, the management uses various statistical assumptions and evaluation factors in order to anticipate future events for the calculation of expenses and liabilities for said provisions. The assumptions regard the discount rate and future inflation rate. Moreover, the Company's actuaries use subjective factors such as mortality and resignation rates, as well as rates concerning requests for advances.

Contingent liabilities

The Company is potentially subject to legal and tax disputes regarding a vast range of issues. Considering the uncertainties relating to said issues, it is difficult to accurately foresee the outlay resulting from said potential disputes. In the normal course of business, the management consults its legal and tax experts. The Company states a liability for said disputes when it deems that it is probable that there will be a financial outlay and when the resulting amount of loss can be reasonably estimated. If the financial outlay becomes possible, but it is not possible yet to determine the amount, said fact is reported in the Notes to the Financial Statements

Accounting standards, amendments and interpretations effective as of 1 January 2015

- On 20 May 2013 IASB issued IFRIC 21 - Taxes, an interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" (with effect from 1 January 2014, but adopted by the European Union in June 2014 and therefore applicable from 1 January 2015) which sets out the recognition of a liability for the payment of taxes other than income taxes and establishes in particular which event originates the obligation and the time of recognition of the liability. These amendments had no significant impact on the Company's financial statements.
- The IASB has issued a number of minor amendments to "IAS 19 - Employee Benefits - Defined Benefit Plans: Contributions of Employees" that streamline the accounting of contributions to defined benefit plans by employees or third parties in specific cases. These amendments had no significant impact on the Company's financial statements.
- Annual Improvements 2010-2012 Cycle: a series of amendments to IFRS to address eight topics addressed during the 2010-2012 cycle. They relate largely to clarifications. These amendments had no significant impact on the Company's financial statements.
- Annual Improvements 2011-2013 Cycle: a series of amendments to IFRS to address four topics addressed during the 2011-2013 cycle. They relate largely to clarifications. These amendments had no significant impact on the Company's financial statements.

Accounting standards, amendments and interpretations not applicable yet and not adopted in advance by the Company

- In May 2014 the IASB issued certain amendments to 'IFRS 11 - Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations" to clarify the accounting of acquisitions of interests in joint operations. The amendments are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted.

- In May 2014 IASB issued an amendment to "IAS 16 - Property, Plant and Equipment" and to "IAS 38 - Intangible assets" clarifying that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate; there are limited circumstances when the presumption can be overcome. The amendments are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted.
- In May 2014 IASB issued standard "IFRS 15 - Revenue from Contracts with Customers" that requires the reporter to recognize revenue to represent the transfer of goods or services to customers at an amount that reflects the consideration that one would expect to receive in exchange for such products or services; this new model for recognizing revenues sets out a five-step process and requires the use of estimates and judgments. This new standard also applies to certain sales with a right of return and requires greater disclosure about the nature, amount, timing and uncertainty about revenues and cash flows arising from contracts with customers. The amendments are effective for annual periods beginning on or after 1 January 2017, with earlier application being permitted.
- Annual Improvements 2012-2014 Cycle (with effect from 1 January 2016): a series of amendments to IFRS to address four topics addressed during the 2012-2014 cycle. They relate largely to clarifications.
- In July 2014 the IASB issued the principle 'IFRS 9 - Financial Instruments"; the series of changes made by the new standard includes the adoption of a model for the classification and valuation of financial instruments, a single model for the impairment of financial assets based on expected losses and a renewed approach for hedge accounting. The amendments are effective for annual periods beginning on or after 1 January 2018, with earlier application being permitted.
- In August 2014 the IASB issued an amendment to "IAS 27 - Separate Financial Statements." The amendment reinstates the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. This amendment took effect on 1 January 2016.
- In September 2014 IASB issued certain minor amendments to "IFRS 10 - Consolidated Financial Statements" and to "IAS 28 - Investments in Associates and Joint Ventures (2011)" that address a conflict identified between the requirements of IFRS 10 and IAS 28 (2011) concerning the sale or contribution of assets between an investor and its associate or joint venture. If the transaction relates to a strategic asset, profit or loss are recognized in full, while if it does not relate to a strategic asset, profit or loss are recognized in part. The amendments are effective for annual periods beginning on or after 1 January 2016.
- In December 2014 IASB issued an amendment to "IAS 1 - Presentation of Financial Statements" to improve the presentation and disclosure of financial statements. These amendments clarify that materiality considerations apply to all parts of the financial statements and that information should not be obscured by aggregating or by providing immaterial information. Furthermore, these amendments clarify that entities should resort to the opinion of an expert to determine where and in what order disclosures are to be presented in the financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016.
- In December 2014 IASB published certain minor amendments to standards "IFRS 10 - Consolidated Financial Statements," "IFRS 12 - Disclosure of Interests in Other Entities" and "IAS 28 - Investments in Associates and Joint Ventures to address issues that have arisen in the context of applying the consolidation exception for investment entities. The amendments are effective for annual periods beginning on or after 1 January 2016.
- In September 2015 IASB issued an Amendment to "IFRS 15 - Revenue from Contracts with Customers" which defers the effective date of the standard by a year, i.e., to 1 January 2018.
- The Group will adopt these new standards, amendments and interpretations on the basis of the set date of application and will evaluate its potential impacts when these will be adopted by the European Union.

Risk management

The risks to which Fidia S.p.A. is subject directly or indirectly through its subsidiaries are the same as those of the companies which it is the parent company of. In addition to Note No. 29, please refer to the note on risk management found in the Notes to the Consolidated Financial Statements of the Fidia Group.

CONTENT AND MAIN CHANGES

STATEMENT OF COMPREHENSIVE INCOME

1. NET SALES

Revenues for the sale of goods and services grew by 14.5% and amounted to €49,050 thousand, versus €42,822 thousand in 2014.

Hereinafter follows the details by geographical region and line of business for sales.

Turnover by geographical area	FY2015	%	FY2014	%
€thousand				
Italy	6,636	13.5%	4,003	9.3%
Europe	14,755	30.1%	9,359	21.9%
Asia	17,980	36.7%	22,692	53.0%
North and South America	9,600	19.6%	6,732	15.7%
Rest of the World	79	0.2%	36	0.1%
Total revenues	**49,050**	**100%**	**42,822**	**100%**

Turnover by line of business are illustrated more in detail in the following table:

Turnover by business line	FY2015	%	FY2014	%
€thousand				
Numerical controls, drives and software	3,507	7.1%	2,573	6.0%
High-speed milling systems	38,168	77.8%	33,448	78.1%
After-sales service	7,375	15.0%	6,801	15.9%
Total revenues	**49,050**	**100%**	**42,822**	**100%**

2. OTHER REVENUE

This item comprises:

€thousand	FY2015	FY2014
Contributions for operating expenses	451	443
Increase in fixed assets for internal work	747	352
Gain from tangible assets	13	12
Recovery of warranty provisions	51	31
Recovery of bad debt provisions	45	-
Contingent assets	65	110
Recovery of costs incurred	320	337
Insurance refunds	59	49
Other miscellaneous revenues and earnings	17	174
Total	**1,769**	**1,508**

Grants for operating expenses basically consist of funds for research projects stated by year of accrual in the statement of comprehensive income at 31 December 2014 and allocated by the European Union and Italian University and Research Ministry. Applied and basic research and development activities are a structural component and are carried out on an ongoing basis by Fidia S.p.A.

3. RAW MATERIALS

These are:

€thousand	FY2015	FY2014
Production materials	17,742	15,527
Service materials	1,315	1,075
Consumables	47	55
Equipment and software	48	55
Packaging	248	301
Other	92	90
Change in inventory raw materials and consumables	387	58
Total	**19,879**	**17,161**

The increase in costs for raw materials and other materials substantially reflects revenue growth for the year and the different mix in their composition (increased impact on the turnover from sales of the mechanical and electronics sectors).

4. PERSONNEL EXPENSES

Personnel expenses amounted to €11,265 thousand, up by 10.6% versus €10,186 thousand in 2014. These consist of:

€thousand	FY2015	FY2014
Wages and salaries	8,342	7,522
Social security charges	2,405	2,198
TFR	475	442
Other personnel expenses	43	24
Total	**11,265**	**10,186**

Due to higher revenue, the overall incidence of cost of labor in relation to the value of production slightly decreased from 22.5% in 2014 to 22.0% in the current year compared to the value of production.

Exit flexibility has been pursued including through the adoption of the novelties introduced by Italian Law 92/2012 and later by the Job Act (Law 183/2014).

In the table below the change recorded in FY2015 in the number of employees, broken down by category, is illustrated below:

	31/12/2014	Inbound	Outbound	Change	Thursday, December 31, 2015	Period average
Executives	6	2	-2		6	6.0
Clerks and cadres	133	12	-5		140	138.5
Workers	40	13	-3		50	46.5
Total	**179**	**27**	**-10**	**-**	**196**	**191.0**

5. OTHER OPERATING EXPENSES

Other working expenses are as follows:

€thousand	FY2015	FY2014
Outsourced work	4,362	3,833
Travel expenses	567	616
Transportation and customs	1,071	1,175
Rent due	557	666
Technical, legal and administrative consulting	1,209	1,303
Utilities	354	356
Commissions	2,946	3,046
Car and equipment rental	288	318
Auditors' emoluments	58	59
Insurance	292	232
Advertising, trade fairs and other commercial costs	453	94
Non-income taxes	145	122
Maintenance and housekeeping	156	164
Charges for personnel services	234	189
Motor vehicle management expenses	13	18
First-supply services	1,587	1,295
Bank services	219	204
Stock exchange listing fees	119	99
Costs for repairs and interventions	992	994
Research project costs	12	10
Entertainment expenses	195	108
Patent costs	79	84
Contributions and payments	38	41
Contingent liabilities	161	116
Warranty provisions	4	371
Other provisions	18	12
Other	778	436
Total	**16,908**	**15,961**

Other operating expenses amounted to €16,908 thousand, up by €947 thousand compared to €15,961 thousand in 2014.

The increase compared to the previous year is due mostly to higher costs related to the production and technical areas, as well as to a greater use of contractors and higher commissions; these costs have grown because of the higher levels of production and revenue.

6. DEPRECIATION AND AMORTIZATION

€thousand	FY2015	FY2014
Amortization of intangible assets	99	91
Depreciation plant and equipment	288	278
Impairment of trade receivables	-	3
Impairment of other non-current receivables and assets	575	206
Total	**962**	**578**

Amortization of tangible and intangible assets was carried out according to the rates already described above.

Bad debts consist of the estimate of possible outstanding credits. The existing reserves are considered commensurate to possible cases of insolvency.

Writedown of other non-current receivables and assets is represented by the provision for depreciation of €373 thousand regarding credit boasted toward the Treasury concerning the withholding on dividends paid in previous years by the subsidiary Fidia Beijing.

This devaluation was considered appropriate on the basis of the explanations provided by the Italian Revenue Agency with Circular No. 9/E of 5 March 2015 concerning "Provisions for tax credit on income generated abroad - Article 165 TUIR", in addition to losses on non-trade receivables of about €200 thousand.

7. RECOVERY/(WRITE-DOWN) OF INVESTMENTS

€thousand	FY2015	FY2014
Write-down of investments	(248)	(350)
Recovery of value of investments	258	1,426
Total	**10**	**1,076**

The outcome of the *impairment test* carried out on the investments held in the subsidiaries Fidia Co. (USA) and Shenyang Fidia NC & Machine Co. Ltd. (China) resulted in a recovery of €258 thousand and in a write-down of €248 thousand respectively. The recovery of value, resulting from the results of the impairment test is related to the fact that the US company has consolidated a trend of positive economic results in recent years.

Considering also the economic financial outlook, estimated over a three-year period, there was a possibility to make a recovery in value in addition to one already made in 2014.

8. NON-RECURRING REVENUE

The year before the company received an insurance policy settlement of €300 thousand for an accident covered by a specific insurance policy.

In 2015 there were no such events.

9. FINANCE REVENUE AND EXPENSES

Finance revenue and expenses consist of:

€thousand	FY2015	FY2014
Finance revenue	603	1,229
Borrowing costs	(235)	(385)
Net profit (loss) on derivatives	-	(21)
Profit (loss) from foreign currency transactions	(81)	17
Total	**287**	**840**

Finance revenue consists of:

€thousand	FY2015	FY2014
Dividends from subsidiaries	600	1,219
Interests received from banks	2	10
Other interests received	1	-
Total	**603**	**1,229**

Dividends from subsidiaries consisted of:

€thousand	FY2015	FY2014
Beijing Fidia Machinery & Electronics Co. Ltd.	-	438
Fidia Iberica S.A.	300	375
Fidia Sarl	-	93
Fidia GmbH	300	313
Total	**600**	**1,219**

Finance expenses consist of:

€thousand	FY2015	FY2014
Interests paid on short-term borrowings from banks	(51)	(157)
Interest paid on M/L term to banks	(107)	(104)
Interests paid on lease payables	(2)	(3)
Borrowing costs on termination benefits	(27)	(60)
Other borrowing costs	(48)	(61)
Total	**(235)**	**(385)**

Net profit and loss on derivatives:

€thousand	FY2015	FY2014
Financial charges on derivatives	(50)	(29)
Financial expenses on derivatives	50	8
Total	**-**	**(21)**

Finance expenses on derivatives (€50 thousand) comprises the fair value impact for the component excluded from hedging (time value of forward) of the futures contracts put in place to limit the risk on the EUR/USD exchange rate linked to sales orders in USD, in addition to those closed during the period.

Finance revenue on derivatives equal to €50 thousand comprises the value of the ineffective component of hedging derivatives (two interest rate caps) entered into to hedge interest rate risk on two medium-to-long term floating rate loans.

Profit (loss) on foreign currency transactions consists of:

€thousand	FY2015	FY2014
Currency gain	127	86
Revenue from exchange rate adjustment	21	17
Profit on currency forward contract	4	-
Loss on currency forward contract	(34)	(59)
Currency loss	(170)	(18)
Expenses from exchange rate adjustment	(30)	(9)
Total	**(81)**	**17**

10. INCOME TAXES

Taxes recognized in profit or loss are:

€thousand	FY2015	FY2014
Income tax:		
IRAP (Italian Regional Tax on Production Activities)	173	321
IRES	107	109
Deferred tax assets absorbed	260	342
Pre-paid taxes	(250)	(259)
Total	**290**	**513**

At 31 December 2015 the balance of the pre-paid tax assets and deferred tax liabilities amounted to:

€thousand	Thursday, December 31, 2015	31/12/2014
Pre-paid tax assets	376	507
Deferred tax liabilities	(2)	-
Total	**374**	**507**

In all, pre-paid tax assets and deferred tax liabilities are as follows:

		Posted in	Recognized in	
€thousand	At 31 December 2014	Statement of comprehensive income	net equity	At 31 December 2015
Pre-paid taxes for:				
Application of IAS 19 - Termination Benefits	126	(10)	(13)	103
Tax loss	250			**250**
Cash flow hedge reserve	131		**(108)**	**23**
Total pre-paid taxes	**507**	**(10)**	**(121)**	**376**
Deferred tax liabilities for:				
Cash flow hedge reserve			2	2
Total deferred taxes	**-**	**-**	**2**	**2**

Following the issue of Decree Law no. 98 of 6 July 2011, enacted with amendments by Law no. 111 of 15 July 2011, tax losses are carried forward indefinitely.

Assets for pre-paid taxes were reported by critically evaluating the subsistence of the prerequisites for future recoverability of said assets based on updated plans.

11. PLANT AND EQUIPMENT

In 2015 and 2014 the changes in Plant and Equipment are detailed in the following schedule:

	Prior changes			Changes in period						Balance balance
€ EUR	Purchase price	Depreciation reserve	Initial balance 1.1.2015	Additions	Decreases	Total	Decrease in Deprec. reserve	Depreciation of year	Write-downs/ Recovery in value	
Plant and equipment	1,724	(1,484)	240	107	(171)	(64)	160	(139)	-	197
Industrial equipment	1,670	(1,552)	118	152	(15)	137	15	(66)	-	204
Electrical tools	774	(766)	8	15	(26)	(11)	26	(5)	-	18
Furnishing	882	(720)	162	4	(113)	(109)	113	(19)	-	147
Electronic equipment	1,258	(1,202)	56	47	(21)	(26)	21	(27)	-	76
Means of transportation	283	(216)	67	37	-	(37)	-	(27)	-	77
Other tangible assets	23	(10)	13	13	(7)	(6)	6	(5)	-	20
Assets under development	2,725		2,725	1,935	-	1,935	-	-	-	4,660
Total plant and equipment	**9,339**	**(5,950)**	**3,389**	**2,310**	**(353)**	**1,957**	**341**	**(288)**	**-**	**5,399**

	Prior changes			Changes in period						Balance balance
€ EUR	Purchase price	Depreciation reserve	Initial balance 1.1.2014	Additions	Decreases	Total	Decrease in Deprec. reserve	Depreciation of year	Write-downs/ Recovery in value	
Plant and equipment	1,894	(1,408)	486	25	(249)	(224)	77	(153)	54	240
Industrial equipment	1,610	(1,505)	105	60	-	60	-	(47)	-	118
Electrical tools	777	(762)	15	-	(3)	(3)	3	(7)	-	8
Furnishing	865	(699)	166	17	-	17	-	(21)	-	162
Electronic equipment	1,263	(1,187)	76	5	(10)	(5)	10	(25)	-	56
Means of transportation	257	(257)	-	87	(61)	26	61	(20)	-	67
Other tangible assets	23	(5)	18	-	-	-	-	(5)	-	13
Assets under development	10	-	10	2,715	-	2,715	-	-	-	2,725
Total plant and equipment	**6,699**	**(5,823)**	**876**	**2,909**	**(323)**	**2,586**	**151**	**(278)**	**54**	**3,389**

Capital expenditure made during 2015 amounted to €2,310 thousand.

Work in progress, which represents the bulk of new capital expenditure, refers to a plot of land with adjoining industrial building to be renovated and part of the renovation work carried out in the period.

The parent company Fidia S.p.A. acquired this real estate complex through a leasing contract in the previous period. As it is not yet ready for use, this capital expenditure item has not yet been subject to depreciation.

The remainder of capital expenditure consisted of investments physiological for the production and sales structure of the company.

There are no buildings burdened by collateral, but, by virtue of the lease contract entered into for the purchase of the industrial building, this asset is in the name of the leasing company.

Amortization of tangible assets, equivalent to €288 thousand, is recognized in profit or loss under "Depreciation and amortization" (Note No. 6).

12. INTANGIBLE ASSETS

The intangible assets do not comprise intangible assets with indefinite useful life. The following tables show the breakdown by category and the changes over the past two fiscal years:

	Prior changes			Changes in period					
€ thousand	Purchase price	Depreciation reserve	Initial balance 1.1.2015	Additions	Decreases	Total	Decrease in Deprec. reserve	Depreciation of year	Balance balance
Licenses	103	(21)	82	12	-	12	-	(23)	71
Software	924	(684)	240	34	-	34	-	(75)	199
Assets under development	298	-	298	518	-	518	-	-	816
Total intangible assets	**1,325**	(705)	620	**564**	**-**	**564**	**-**	**(98)**	**1,086**

	Prior changes			Changes in period					
€ thousand	Purchase price	Depreciation reserve	Initial balance 1.1.2014	Additions	Decreases	Total	Decrease in Deprec. reserve	Depreciation of year	Balance balance
Licenses	1	(1)	-	102	-	102	-	(20)	82
Software	662	(613)	49	262	-	262	-	(71)	240
Assets under development	263	-	263	298	(263)	35	-	-	298
Total intangible assets	**926**	**(614)**	**312**	**662**	**(263)**	**399**	**-**	**(91)**	**620**

The increases recorded in "Software" during the year relate mainly to the introduction by the parent company of the new consolidated Talentia information system and by new functions of the Navision ERP software that went into operation at the beginning of the previous 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 during the year totaled €514 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

Amortization of tangible assets is recognized in profit or loss under "Depreciation and amortization" (Note No. 6).

13. INVESTMENTS

At 31 December 2015 these amounted to €9,882 thousand. The following changes were registered:

€thousand	Balance at 31 December 2014	Increases	Decreases	Write-downs	Recovery of value	Balance at Thursday, December 31, 2015
Investments in subsidiaries	9,860	-	(1)	(248)	258	9,869
Investments in associates	2	-	-	-	-	2
Investments in others entities	11	-	-	-	-	11
Total investments	**9,873**	**-**	**(1)**	**(248)**	**258**	**9,882**

€thousand	Balance at Tuesday, December 31, 2013	Increases	Decreases	Write-downs	Recovery of value	Balance at 31 December 2014
Investments in subsidiaries	8,784	-	-	(350)	1,426	9,860
Investments in associates	2	-	-	-	-	2
Investments in others entities	11	-	-	-	-	11
Total investments	**8,797**	**-**	**-**	**(350)**	**1,076**	**9,873**

Detailed information of the investments in subsidiaries, associates and others and their changes is provided in the table below:

€thousand	Balance at 31 December 2014	Increases	Decreases	(Write-downs)/ Recovery of value	Balance at Thursday, December 31, 2015
Subsidiaries					
Fidia GmbH	1,208				1,208
Historical cost	1,208				1,208
Provision for writedown	-				-
Fidia Co.	4,953				5,211
Historical cost	7,078				7,078
Provision for writedown	(2,125)			258	(1,867)
Fidia Iberica S.A.	171				171
Historical cost	171				171
Provision for writedown	-				-
Fidia Sarl	221				221
Historical cost	221				221
Provision for writedown	-				-
Beijing Fidia M&E Co. Ltd.	1,185				1,185
Historical cost	1,185				1,185
Provision for writedown	-				-
Fidia Do Brasil Ltda	82				82
Historical cost	350				350
Provision for writedown	(268)				(268)
Shenyang Fidia NC & Machine Co. Ltd.	2,038				1,790
Historical cost	2,443				2,443
Provision for writedown	(405)			(248)	(653)
OOO Fidia	-				-
Historical cost	100				100
Provision for writedown	(100)				(100)
Fidia India Private Ltd.	1		(1)		-
Historical cost	1		(1)		-
Provision for writedown	-		-		-
Total investments in subsidiaries	**9,860**		**-**	**10**	**9,870**
Historical cost	12,758				12,758
Provision for writedown	(2,898)				(2,888)
Associates					
Prometec Consortium	2				2
Total investments in associates	**2**				**2**
Others					
Probest Service S.p.A.	10				10
Consorzio C.S.E.A.	-				-
Historical cost	6.5				6.5
Provision for writedown	(6.5)				(6.5)
Total investments in others	**11**				**11**
Total investments	**9,873**		**(1)**	**10**	**9,882**

The list of investments with further information required by CONSOB (Notice No. DEM/6064293 of 28 July 2006) is hereto attached.

There are no investments in other companies involving unlimited liability for the obligations thereof (article 2361, par. 2, of the Italian Civil Code).

At 31 December 2014 and 2015 there were no investments provided as collateral for financial liabilities and potential liabilities.

Impairment test

The impairment test was carried out on the controlling interests in the Fidia Co. (USA) and Shenyang Fidia NC&M Co. Ltd. Company (China) for which the indicators showed a recovery of value and an impairment respectively.

The recoverable amount was determined by the value in use, i.e., by discounting the cash flows contained in the financial plan of the subsidiaries concerning the 2016-2018 time-frame. The assumptions used in forecasting cash flows for the explicit forecast period were based on prudent assumptions and using future realistic and achievable expectations.
In order to determine the value in use of the subsidiaries, the discounted cash flows of the 3 years of explicit forecast plus a terminal value were taken into account; the latter value was determined by using the criterion of discounting the perpetuity. The discount rate applied to future cash flows was calculated taking into account the sector in which the company operates, the debt structure and the current economic situation. Specifically, WACC rates were equivalent to 7.91% for Fidia Co. (USA) and 7.6% for Shenyang Fidia NC&M Co. Ltd. (China).
The growth rate for the cash flows for the years following the explicit forecast period was assumed to be zero (in line with that used in previous years), to take into account the current economic situation adopting an appropriate and prudential approach.

The results of the impairment tests were approved independently and separately from the financial statements.

The comparison between the net carrying amount of the investments of the parent company Fidia S.p.A and the recoverable amount resulting from the application of the measurement method described above highlighted the need to make a recovery for the investment in Fidia Co. equivalent to €258 thousand and a write-down for the investment in Shenyang Fidia NC&M co. Ltd. (China) equivalent to €248 thousand respectively.

The recognized effects resulted in the alignment of the cost of the investments with the related recoverable amount.

For the remaining investments, substantial consistency was recorded; a further write-down or recovery was therefore not recognized.

The sensitivity analysis showed that:

- Shenyang Fidia NC&M Co. Ltd. (China): changes of +/-0.5% on WACC do not result in significant impacts in terms of determining the recoverable amount and changes in revenues of +/-5% would cause negligible impacts.
- Fidia Co. (USA): changes of +/-0.5% on WACC do not result in significant impacts in terms of determining the recoverable amount and changes in revenues of +/-5% would cause negligible impacts.

14. OTHER NON-CURRENT RECEIVABLES AND ASSETS

Other non-current receivables and assets comprised the following items:

€thousand	Balance at Thursday, December 31, 2015	Balance at 31 December 2014
Guarantee deposits	28	43
Receivables for foreign VAT	15	12
Receivables for EU contributions to R&D	-	53
Withholding tax on foreign income	685	1,106
Other current	402	22
Total other non-current receivables and assets	**1,130**	**1,236**

It is deemed that the book value of other non-current receivables and assets is near fair value.

Withholding tax on foreign income consist of receivables claimed with tax authorities for final withholding tax on wages for technical training activities carried out on behalf of the subsidiary Shenyang Fidia NC&M Co. Ltd. in prior fiscal years. The deadline for the use of these receivables is expected from 2017 onwards.

We proceeded with the full devaluation of the part of the receivables claimed with Chinese tax authorities for withholding tax on dividends paid in previous years by the subsidiary Fidia Beijing, on the basis of the explanations provided by the Italian Revenue Agency with Circular No. 9/E of 5 March 2015 concerning "Provisions for tax credit on income generated abroad - Article 165 TUIR."

At 31 December 2015 €400 thousand are recognized in "Other long-term receivables" relating to the deposit paid by Fidia S.p.A. to Mediocredito Italiano S.p.A. in the first half of 2015 as part of the leasing contract for the construction of the new production site in Forlì.

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15. INVENTORIES

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

€thousand	Balance at Thursday, December 31, 2015	Balance at 31 December 2014
Raw materials, subsidiary materials and consumables	7,691	7,857
Provisions for raw materials depreciation	(1,628)	(1,429)
Net value of raw materials, subsidiary materials and consumables	**6,063**	**6,428**
Semi-finished products and work in progress	**5,180**	**5,055**
Finished products and goods	1,459	1,252
Finished products and goods depreciation provision	(130)	(108)
Net value finished products and goods	**1,329**	**1,144**
Advances	61	6
Total inventories	**12,633**	**12,633**

Coincidentally, inventory totals to the same value of the past year.

The provisions for depreciation equivalent to €1,758 thousand (€1,537 thousand at 31 December 2014) 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.

16. TRADE RECEIVABLES

At 31 December 2015 these amounted to €6,009 thousand, namely €1,230 thousand lower compared to 31 December 2014. In detail:

€thousand	Balance at Thursday, December 31, 2015	Balance at 31 December 2014
Trade receivables from customers	3,142	6,562
Bad debt provisions	(346)	(410)
Total trade receivables from others	**2,796**	**6,152**
Receivables from subsidiaries	3,213	1,087
Total trade receivables	**6,009**	**7,239**

The breakdown of gross trade receivables from others by maturity is as follows:

€ thousand	Thursday, December 31, 2015	31/12/2014
Not due	777	660
Due up to 1 month	214	3,788
Due 1 to 3 months	497	742
Due 3 months to 6 months	541	588
Due 6 months to 1 year	546	244
Due over 1 year	567	540
Total	**3,142**	**6,562**

All trade receivables are due within one year.

The bad debt provisions, amounting to €346 thousand (€410 thousand at 31 December 2014) were allocated to cover the risk of default related to doubtful receivables and overdue receivables. The changes in the provisions for writedown of receivables were:

Balance at 31 December 2014 €thousand	410
Provisions in period	-
Amounts used	(64)
Balance at Thursday, December 31, 2015	**346**

Gross trade receivables from others broken down by geographical area were the following:

€thousand	Balance at Thursday, December 31, 2015	Balance at 31 December 2014
Italy	958	1,196
Europe	607	429
Asia	1,167	4,817
North and South America	337	101
Rest of the World	73	19
Total	**3,142**	**6,562**

Receivables from subsidiaries were the following:

€thousand	Balance at 31 December 2015	Balance at 31 December 2014
Fidia Co.	1,571	341
Fidia Sarl	436	55
Fidia Iberica S.A.	697	108
Fidia GmbH	166	214
Fidia do Brasil Ltda	224	170
Beijing Fidia M&E Co. Ltd.	49	199
Shenyang Fidia NC & Machine Co. Ltd.	70	-
Total receivables	**3,213**	**1,087**

Trade receivables from subsidiaries broken down by geographical area were the following:

€thousand	Balance at 31 December 2015	Balance at 31 December 2014
Europe	1,299	377
North and South America	1,795	511
Asia	119	199
Total	**3,213**	**1,087**

At year-end there were no receivables from associates.

It is deemed that the carrying amount of trade receivables is near the fair value.

17. TAX RECEIVABLES AND OTHER CURRENT RECEIVABLES AND ASSETS

€thousand	Balance at Thursday, December 31, 2015	Balance at 31 December 2014
Current tax receivables:		
Receivables from tax authorities for VAT	8	143
Tax receivables for income tax and IRAP	146	-
Receivables for short-term foreign VAT	31	-
Other tax receivables:	1	2
Total current tax receivables	**186**	**145**
Contributions for research projects	77	473
Prepayments and accrued expenses	138	147
Receivables from employees	50	30
Advances from suppliers	62	210
Dividends receivable	600	488
Other current receivables	109	99
Total other current receivables and assets	**1,036**	**1,447**

Receivables for research projects equal to €77 thousand consisted of grants from the European Union and the University and Research Ministry for projects aimed at developing new products and technologies.

It is deemed that the book value of Other current receivables and assets is near the *fair value*. Other current receivables will be due entirely by the next fiscal year.

18. OTHER CURRENT FINANCIAL ASSETS

This item not present at 31 December 2014 amounted to €4 thousand and includes the fair value gain on a forward sale contract of USD entered into by the company to hedge the exchange rate risk on certain supplies denominated in that currency.

19. CASH AND CASH EQUIVALENTS

The overall total of cash amounted to €9,776 thousand (€4,763 thousand at 31 December 2014). This item is composed of temporary cash on bank accounts pending future use amounting to €9,775 thousand and cash on hand and checks in the amount of €1 thousand. It is deemed that the book value of the cash and cash equivalents is aligned to the fair value at reporting date.

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

20. EQUITY

Equity at 31 December 2015 amounted to €11,136 thousand, up by €1,160 thousand compared to 31 December 2014. The change was due to:

- profit realized in the period (€2,143 thousand);
- Positive effect of the accounting of actuarial profits on the termination benefits net of the tax effect (€17 thousand);
- Positive change of the cash flow edge reserve net of the theoretical tax effect (€278 thousand);
- Negative effect of the distribution of dividends amounting to €1,278 thousand

The main classes composing the Equity and related changes are the following.

Share capital

Capital issued amounted to €5,123,000 and was unchanged compared to Wednesday, December 31, 2014. The share capital, fully subscribed and paid in, is unchanged and numbered 5,123,000 ordinary shares with a face value of €1 each.

The following table illustrates reconciliation between the number of circulating shares at 31 December 2013 and the number of circulating shares at 31 December 2015:

	At 31 December 2013	(Purchase)/ Sale of own shares; new subscriptions	At 31 December 2014	(Purchase)/ Sale of own shares; new subscriptions	At 31 December 2015
Ordinary shares issued	5,123,000	-	5,123,000	-	5,123,000
Minus: Own shares	10,000	-	10,000	-	10,000
Circulating ordinary shares	5,113,000	-	5,113,000	-	5,113,000

Share premium reserve

This reserve amounted to €1,240 thousand and was unchanged compared to 31 December 2014.

Legal reserve

Legal reserve, equal to €668 thousand, increased by €151 thousand compared to the previous year for the allocation of profit of the year 2014, as per resolution passed by the shareholders' meeting on 29 April 2015.

Provisions for own shares in portfolio

At 31 December 2015, it amounted to €45 thousand and was unchanged compared to 2014.

These reserves are not available until own shares are held.

Extraordinary reserve

At 31 December 2015, it amounted to €309 thousand and was unchanged compared to 31 December 2014.

Reserve of exchange rate profit not realized

At 31 December 2015 it amounted to €8 thousand and was set up in the year 2015 as a result of the allocation of the 2014 profit as per the resolution passed by the shareholders' meeting on 29 April 2015.

Earnings (loss) carried forward

At 31 December 2015 earnings carried forward amounted to €1,802 thousand, up by €1,582 thousand compared to the previous year for the allocation of profit of the year 2014 as per the resolution passed by the shareholders' meeting on 29 April 2015.

Own shares

Own shares consisted of 10,000 ordinary shares issued by Fidia S.p.A. for a value of €45 thousand.

There were no changes in 2015, as illustrated in the following table.

	No. of shares	Nominal value (€/000)	Share in % share capital	Book value (€/000)	Mean unit value (€)
Situation at 1 January 2015	**10,000**	**10.00**	**0.20%**	**45**	**4.55**
Purchases	-	-	-	-	-
Sales	-	-	-	-	-
Write-downs	-	-	-	-	-
Recovery in value	-	-	-	-	-
Situation at 31 December 2015	**10,000**	**10.00**	**0.20%**	**45**	**4.55**

Profit (loss) stated directly in equity

At 31 December 2015 it amounted to -€92 thousand as opposed to -€109 thousand at 31 December 2014; the change was due to the accounting of actuarial profit for termination benefits in 2015, net of theoretical tax effect.

Cash flow hedge reserve

Cash flow hedge reserve comprised the fair value of some derivatives entered into by the Company to hedge the risk of fluctuations in exchange rates on certain sales contracts in USD.

In 2015 the *cash flow hedge* provisions registered the following changes:

€thousand Type of financial instrument	Nature of hedged risk	Cash Flow Hedge reserve Opening holdings at 1 January 2015	Increases	Decreases	CFH provisions stated in profit or loss	Final balance at 31/12/2015
- *Interest rate swap*	Interest rate risk	(1)		1		-
- *forward*	Exchange rate risk	(342)	(65)		342	(65)
Total		**(343)**	**(65)**	**1**	**342**	**(65)**

According to article 2427, no. 7b, of the Italian Civil Code, as amended by Italian Legislative Decree no. 6/03, the following schedule of the Equity items is provided below and it specifies the utilization of provisions:

€thousand	Amount	Availability	Distributability	Utilizations in previous 3 fiscal years To cover losses	Other reasons
Capital issued:	5,123				
Capital reserves:					
Provisions for share premium (1)	1,240	A, B, C	883		-
Profit reserves:					
Provisions for own shares	45	----	----	-	-
Legal reserve	668	B	----	-	-
Cash Flow Hedge reserve	(65)	----	----	-	-
Profit (loss) stated directly in equity	(92)	----	----	-	-
Extraordinary reserve	309	A, B, C	309	802	-
Profit (loss) carried forward	1,810	A, B, C	1,810	546	-
Total distributable share			**3,002**	**1,348**	**-**

(1) Fully available for increase of share capital and coverage of loss. For other utilizations, it is necessary to adjust in advance the legal reserve to 20% of the issued capital (also through transfer from the provisions for share premium).

Legend:

To: For increase in share capital

B: To cover losses

C: For distribution to shareholders

21. OTHER NON-CURRENT PAYABLES AND LIABILITIES

€thousand	Balance at Thursday, December 31, 2015	Balance at 31 December 2014
Advances for research projects	213	77
Long-term deferred income	-	1
Total	**213**	**78**

Advances for research projects consisted of advance payments from the European Union and the Italian University and Research University for funds granted for funded projects whose completion is expected after the end of the next fiscal year.

It is deemed that the book value of other non-current payables and liabilities is near fair value.

22. TERMINATION BENEFITS

This item reflects the benefits set out by Italian law (amended by Italian Law No. 296/06) accrued by employees at 31 December 2006 and which will be paid out when an employee leaves the company.

Under specific conditions, a part of it can be paid in advance to the employee during his working life. It is a non-funded defined benefits plan, considering the benefits almost entirely accrued, with the sole exception of revaluation.

Changes in the termination benefits are illustrated in the table below:

€thousand	
Value at 1 January 2015	**2,446**
Amount accrued and allocated in year	475
Benefits paid out in year	(71)
Amount transferred to State Fund and complementary pension scheme	(470)
Borrowing costs on termination benefits	27
Accounting of actuarial losses	(29)
Substitute tax	(6)
Balance at 31 December 2015	**2,372**

Actuarial profit and loss are stated off the statement of comprehensive income and directly carried over to equity (see Note No. 20).

Please be noted that the interest on charges relating to the defined benefits plans for employees are comprised under finance costs, hence leading to an increase in finance costs of the fiscal year in the amount of €27 thousand.

Termination benefits are calculated based on the following actuarial assumptions:

	At 31 December 2015	At 31 December 2014
Discount rate	0.02%	1.10%
Future inflation rate	1.5%	1.00%
Frequency of request for advances	3.0%	3.0%
Relative frequency of resignation/dismissal cadres, employees, workers and apprentices	3.0%	3.0%
Relative frequency of resignations/dismissals managers	5.0%	5.0%

The discount rate on future benefits is determined, according to the provisions of IAS 19, at market yields.

The structure in interest rates used refers to the EUR Composite rates having an AA rating; the rate used was the one with an average financial duration equal to the average financial duration of benefits for the communities under consideration and, in keeping with this approach, has been correlated with the future annual inflation rate.

Finally, according to the Italian Decree Law No. 201/2011 the age for retirement was updated.

The following table proposes a sensitivity analysis of the termination benefits fund if one of the basic assumptions varies.

Specifically, a 10% increase and decrease was assumed with regard to the parameters used for the measurement of the termination benefits fund at 31 December 2015.

	Ipotesi di Base	Variazioni delle Ipotesi di Base									
Tasso d'inflazione proiettato	Curva	1,90%	2,10%								
Incidenza media dell'anticipo sul TFR maturato inizio anno	70,00%			63,00%	77,00%						
Tasso di richiesta di anticipo: Dirigente	3,00%					2,70%	3,30%				
Tasso di richiesta di anticipo: Quadro	3,00%					2,70%	3,30%				
Tasso di richiesta di anticipo: Impiegato	3,00%					2,70%	3,30%				
Tasso di richiesta di anticipo: Operaio	3,00%					2,70%	3,30%				
Tasso di richiesta di anticipo: Apprendista	3,00%					2,70%	3,30%				
Tasso di attualizzazione	Curva							-10%	+10%		
Tasso di uscita per dimissioni e licenziamento: Dirigente	5,00%									4,50%	5,50%
Tasso di uscita per dimissioni e licenziamento: Quadro	3,00%									2,70%	3,30%
Tasso di uscita per dimissioni e licenziamento: Impiegato	3,00%									2,70%	3,30%
Tasso di uscita per dimissioni e licenziamento: Operaio	3,00%									2,70%	3,30%
Tasso di uscita per dimissioni e licenziamento: Apprendista	3,00%									2,70%	3,30%
Società	**Fondo TFR (€000)**	**Variazione percentuale del TFR su base IAS rispetto alle Ipotesi di Base**									
Fidia S.p.A.	**2.372**	**-0,43%**	**0,44%**	**0,02%**	**-0,02%**	**0,02%**	**-0,02%**	**0,52%**	**-0,51%**	**0,04%**	**-0,04%**

23. OTHER NON-CURRENT FINANCIAL LIABILITIES

The item comprises the fair value of two interest rate cap contracts to cover (cash flow hedge) the risk of variability of the interest expense flows of three medium-to-long term loans.

€thousand	**Thursday, December 31, 2015**		**31/12/2014**	
Cash Flow Hedge	Notional	*Fair value*	Notional	*Fair value*
Interest Rate Swap	-	-	211	1
Interest Rate Cap BNL	553	3	868	8
Interest Rate Cap Banco Popolare	500	3	750	6
Total		**6**		**15**

Financial flows relating to cash flow hedges impact on the statement of comprehensive income of the Company consistently with the timing with which the hedged cash flows occur.

24. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Financial liabilities amounted to €9,623 thousand and are specified in detail in the following table:

€thousand	**Balance at Thursday, December 31, 2015**	**Balance at 31 December 2014**
Overdrawn bank accounts and short-term advances	507	1,679
Financial accruals and deferrals	31	22
Intra-group loans	467	58
Loan No. 1 - Banca Nazionale del Lavoro (part medium/long term and part short term)	-	210
Loan No. 2 - Banca Nazionale del Lavoro (part medium/long term and part short term)	546	853
Loan - Banco Popolare (part medium/long term and part short term)	495	739
Short-term loan - MPS	698	697
Loan - Intesa Sanpaolo	3,122	-
Loan - Banca Nazionale del Lavoro	749	-
Lease - Volkswagen Bank	42	59
Property lease with Mediocredito Italiano	2,949	1,307
Autodesk financing	17	49
Total	**9,623**	**5,673**

The allocation of the financial liabilities by due date was as follows:

€thousand	By 1 year	By 5 years	Over 5 years	Total
Overdrawn bank accounts and other short-term advances	538			538
Intra-group loans	467			467
Medium-to-long term bank loans	1,245	2,918		4,163
Short-term loans	1,447			1,447
Lease - Volkswagen Bank	18	25		42
Property lease with Mediocredito Italiano			2,949	2,949
Autodesk financing	17			17
Total	**3,732**	**2,943**	**2,949**	**9,623**

Intra-group loans consisted of an interest-yielding loan in the amount of €467 (and related interests) from the subsidiary Fidia Co. The contract lasts until 27 January 2016 and can be extended.

Bank loans have the following main characteristics:

<u>M/L-term loan with Banca Nazionale del Lavoro</u>

Original amount	€1,500 thousand
Residual amount	€546 thousand
Date of loan	08/10/2012
Term	Maturity date 30/09/2017
Grace period	1 quarterly installment (31/12/2012)
Repayment	19 quarterly installments (31/03/2013 to 31/12/2017)
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.

<u>M/L-term loan - Banco Popolare</u>

Original amount	€1,250 thousand
Residual amount	€495 thousand
Date of loan	09/11/2012
Term	Maturity date 31/12/2017
Grace 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.

<u>Short-term loan - Monte dei Paschi di Siena</u>

Original amount	€700 thousand
Residual amount	€698 thousand
Date of loan	26/11/2015
Term	Maturity date 31/05/2016
Grace period	4 quarterly installments (30/11/2015 to 29/02/2016)
Repayment	3 monthly installments (31/03/2016 to 31/05/2016)
Interest rate	1.356%

<u>M/L-term loan Intesa Sanpaolo S.p.A.</u>

Original amount	€3,500 thousand
Residual amount	€3,122 thousand
Date of loan	20/04/2015
Term	Maturity date 01/04/2020
Repayment	20 quarterly installments (01/07/2015 to 01/04/2020)
Interest rate	3-month Euribor, base 360 + 2.0% spread

<u>M/L-term loan with Banca Nazionale del Lavoro</u>

Original amount	€1,500 thousand
Residual amount	€749 thousand
Date of loan	20/05/2015
Term	Maturity date 20/05/2016
Repayment	4 quarterly installments (20/08/15 to 20/05/2016)
Interest rate	Average Euribor of prior month + 1.50% spread

Lease - Volkswagen Bank

Original amount	€85 thousand
Residual amount	€42 thousand
Date of loan	03/01/2014
Term	Maturity date 30/11/2017
Repayment	47 monthly installments (03/01/2014 to 30/11/2017)
Interest rate	4.54%

Property lease with Mediocredito Italiano

Original amount	€5,600 thousand
Amount paid	€2,600 thousand
Residual amount	€2,949 thousand
Date of loan	25/06/2014
Term	180 months from the date of completion of the renovations and expansion
Interest rate	3-month Euribor + 3.81% spread

This is the "under construction" property lease agreement, 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.

Autodesk financing

Original amount	€66 thousand
Residual amount	€17 thousand
Date of loan	17/07/2014
Term	Maturity date 30/06/2016
Repayment	24 monthly installments (30/07/2014 to 30/06/2016)
Interest rate	0%

The table below shows the movements in loans during the year.

€thousand	Balance at 1/1/2015	New loans	Repayments	Balance at 12/31/2015
Loan No. 1 - Banca Nazionale del Lavoro	210		(210)	-
Loan No. 2 - Banca Nazionale del Lavoro	853		(307)	546
Loan - Banco Popolare	739		(244)	495
Short-term loan - MPS	697		(697)	-
Short-term loan - MPS		698		698
Loan - Intesa Sanpaolo	-	3,465	(343)	3,122
Loan - Banca Nazionale del Lavoro	-	1,497	(748)	749
Lease - Volkswagen Bank	59		(17)	42
Property lease with Mediocredito Italiano	1,307	1,642		2,949
Intra-group loans	58	915	(506)	467
Autodesk financing	49		(32)	17
Total	**3,972**	**8,217**	**(3,104)**	**9,085**

It is deemed that the book value of floating rate financial liabilities as at the reporting date is a reasonable estimate of their fair value.

For more information on the management of interest and exchange rate risk on loans, please refer to Note No. 30.

25. OTHER CURRENT FINANCIAL LIABILITIES

This item amounted to €221 thousand and includes the fair value loss of certain contracts for the forward sale of USD entered into by the company to hedge the exchange rate risk on certain supplies denominated in that currency totaling €151 thousand.

This item also comprises to €70 thousand relating to grants on funded research activities collected by Fidia S.p.A. as project leader and which will be the subject of redistribution between the partners participating in these programs.

At 31 December 2014 this item amounted to €502 thousand and included the fair value loss of certain contracts for the forward sale of USD entered into by the company to hedge the exchange rate risk on certain supplies denominated in that currency.

26. TRADE PAYABLES

€thousand	Balance at Thursday, December 31, 2015	Balance at 31 December 2014
Payables to other suppliers	10,423	11,573
Payables to subsidiaries	5,126	4,735
Payables to associates	2	2
Total trade payables	**15,551**	**16,310**

The allocation of the trade payables by due date was as follows:

€thousand	Due date within 1 month	Due date beyond 1 to 3 months	Due date beyond 3 to 12 months	Due between 1 and 5 years	Total
Payables to other suppliers	5,461	3,298	1,664		10,423
Payables to subsidiaries	3,722	1,404			5,126
Payables to associates	2				2
Total trade payables	**9,185**	**4,702**	**1,664**		**15,551**

The geographical breakdown of the trade payables to suppliers was as follows:

€thousand	Balance at 31 December 2015	Balance at 31 December 2014
Italy	8,063	8,798
Europe	377	621
Asia	1,833	2,081
North and South America	119	73
ROW	31	
Total	**10,423**	**11,573**

Payables to subsidiaries, which refer to trade items due within the next fiscal year are divided as follows:

€thousand	Balance at 31 December 2015	Balance at 31 December 2014
Fidia Co.	140	155
Fidia S.a.r.l.	42	20
Fidia Iberica S.A.	40	54
Fidia GmbH	126	68
Beijing Fidia M&E Co. Ltd.	4,710	4,387
Shenyang Fidia NC&M Co. Ltd.	52	42
Fidia do Brasil Ltda	16	8
Fidia India Pvt. Ltd.		1
Total payables to subsidiaries	**5,126**	**4,735**

Trade payables to subsidiaries broken down by geographical area were the following:

€thousand	Balance at 31 December 2015	Balance at 31 December 2014
Europe	208	142
Asia	4,762	4,430
North and South America	156	163
Total	**5,126**	**4,735**

The geographical breakdown of the trade payables to subsidiaries was as follows:

€thousand	Balance at 31 December 2015	Balance at 31 December 2014
Prometec Consortium	2	2
Total	**2**	**2**

Trade payables are due by the next fiscal year and it is deemed that their carrying amount at reporting date is near *fair value*.

27. TAX PAYABLES, OTHER CURRENT PAYABLES AND LIABILITIES

€thousand	Balance at 31 December 2015	Balance at 31 December 2014
Current tax payables:		
- withholding taxes	320	308
- Payables to tax authorities for IRES	8	109
- Payables to tax authorities for IRAP	-	116
- Payables to tax authorities for VAT	104	
Total current tax payables	**432**	**533**
Other current payables and liabilities:		
Payables to employees	818	597
Social security payables	802	701
Down payments from customers	4,742	3,379
Payables for compensation	223	253
Deferrals	1	50
Accrued liabilities	81	57
Miscellaneous payables	219	108
Total other current payables and liabilities	**6,886**	**5,145**

Payables to employees pertain to benefits accrued at year-end (accrual of bonuses, overtime, etc.) as well as to the amounts due for holidays accrued and not yet taken.

Social security payables refer to accrued payables for amounts due by the Company and by employees on wages and salaries for the month of December and deferred compensation.

Down payments from customers include advances from customers for orders yet to be processed and for sales of milling systems already delivered but still in course of acceptance, which according to IAS 18 – Revenue, cannot be stated in the revenue. This item comprises also advances received from subsidiaries in the amount of €1,019 thousand.

Finally, Current tax payables and Other current payables and liabilities are payable by the next fiscal year and it is deemed that their carrying amount is near their fair value.

28. PROVISIONS FOR RISKS AND EXPENSES

Provisions for risks and expenses amounted to €1,145 thousand as per the schedule.

€thousand	Balance Thursday, January 1, 2015	Accrual	Utilization /Release	Balance Thursday, December 31, 2015
Warranty provisions	1,162		(47)	1,115
Provisions for legal risks	12	18		30
Total other provisions for risks and expenses	**1,174**	**18**	**(47)**	**1,145**

Product warranty provisions comprise the best possible estimate of the obligation undertaken by the Company by contract, law or custom with regard to expenses related to warranty on its products for a certain period effective as of sale to the final customer. This estimated is calculated based on the experience of the Company and the specific contract terms.

The provisions for legal risks were set aside to cover possible liabilities deriving from pending litigation.

29. COLLATERAL GUARANTEES, OBLIGATIONS AND OTHER CONTINGENT LIABILITIES

Sureties issued on behalf of others

At 31 December 2015 these amounted to €4,010 thousand, up by €810 thousand compared to €3,200 thousand at 31 December 2014. This item consists almost solely of guarantees for business transactions with foreign customers for down payments received or coverage of obligations undertaken by contract by the Company during the warranty period.

Contingent liabilities

Though subject to risks of diverse nature (product, legal and tax liability), on 31 December 2015 the Company was not aware of any facts liable of generating foreseeable and appraisable potential liabilities and hence it deemed that there was no need to make further provisions.

If it is probable that an outlay is due to meet obligations and said amount can be reliably estimated, the Company has made specific provisions for risks and expenses.

30. INFORMATION ON FINANCIAL RISKS

The measurement and management of exposure to financial risks of Fidia S.p.A. are consistent with the provisions of the Group policies.

In particular, the main categories of risk that the company is exposed to are illustrated below.

MARKET RISKS

In general, market risks are the result of the effects of changes in prices or other market risk factors (such as interest and exchange rates) both on the value of the positions held in the trading and hedging portfolio and the positions resulting from commercial operations.

The management of market risks comprises all the assets related to treasury and equity management transactions. The objective of market risk management is to manage and keep the Company's exposure to this risk within acceptable levels, while optimizing, at the same time, the yield of its own investments.

The market risks include exchange and interest rate risk.

Exchange rate risk: definition, sources and management policies

Exchange rate risk can be defined, in general, as the set of effects resulting from changes in the exchange rate relations between foreign currencies on the performance of the company in terms of operating results, market shares and cash flows.

The Company is exposed to the risk of the oscillation of the exchange rates of currencies, as it operates in an international context in which transactions are conducted at different exchange and interest rates.

Exposure to exchange rate risk results from the geographical location of the business units compared to the geographical distribution of the markets where it sells its products.

In particular, the Company is exposed to two types of exchange rate risk:

- economic/competitive: comprises all effects that a change in market exchange rates can have on the Company income and may hence impact strategic decisions (products, markets and investments) and Company competitiveness on the reference market;

- transaction: consists in the possibility that changes in exchange rate relations occur between the date on which a financial obligation between the counterparts becomes highly probably and/or certain and the date of transaction settlement. These changes cause a difference between the expected and effective financial flows.

The Company manages risks of changes in exchange rates by using derivatives whose use is reserved to the management of exposure to exchange rate oscillations pertaining to money flows and assets and liabilities.

The Company implements a hedging policy only for transaction risk resulting from existing business transactions and from future contractual obligations to hedge cash flows. The goal is to set in advance the exchange rate at which the relevant transactions in foreign currency will be measured.

Hedging for exposure to exchange rate risk is envisaged for USD.

The instruments used are forward contracts (including of the flexible type) correlated by amount, due date and reference parameters with the hedged position.

The Company continuously monitors the exposure to the risk of currency translation.

Exchange rate risk: quantitative information and sensitivity analysis

As stated above, the Company is exposed to risks resulting from changes in exchange rates that can affect both the profit and loss result and the equity.

In particular, when the Company incurs costs in currencies other than the presentation currency of the relevant revenues (and vice versa), the change in exchange rates can affect the earnings.

With regard to the business operations, the Company can have trade receivables or payables in currencies other than the presentation currency. The change in exchange rates can lead to the realization or measurement of positive or negative exchange rate differences.

At 31 December 2015 the portfolio of the Company comprised derivatives (flexible currency forward contracts) in order to protect future currency flows from changes in the EUR/USD exchange rate for which the relevant hedging relationship was established according to the criteria of IAS 39 and hedge accounting was applied.

At 31 December 2015 the main currency to which the Company is exposed is the USD.

For the purpose of sensitivity analysis, the potential effects of oscillation of the reference exchange rates were analyzed for the aforementioned currency.

The analysis was carried out by applying to the exchange rate exposure reasonable positive and negative change of the EUR against the USD equal to 5%. Hypotheses were defined in which the local currency gains or loses value compared to the USD.

The changes applied to the exchange rate have equity effects in case of cash flow hedge transactions or economic effects in case of non-hedging financial instruments.

The results of the sensitivity analysis on exchange rate risk are summarized in the tables below, which show the impacts on profit or loss and equity at 31 December 2015 and 31 December 2014. The impacts on profit or loss are before tax.

EXCHANGE RATE RISK SENSITIVITY ANALYSIS					
		Exchange Rate Risk at 31 December 2015			
		+5% change		-5% change	
€thousand		P&L	Other changes in equity	P&L	Other changes in equity
FINANCIAL ASSETS					
Cash and cash equivalent	1,737	(83)		91	
Hedging derivatives	4		39		(44)
Receivables	1,992	(95)		105	
Effect		(178)	39	196	(44)
FINANCIAL LIABILITIES					
Derivatives for trading					
Hedging derivatives	151	91	200	(101)	(220)
Overdrawn bank accounts					
Trade payables	768	37		(40)	
Effect		**128**	**200**	(141)	(220)
Total impacts		**(50)**	**239**	**55**	**(264)**

EXCHANGE RATE RISK SENSITIVITY ANALYSIS					
		Exchange Rate Risk at 31 December 2014			
		+5% change		-5% change	
€thousand		P&L	Other changes in equity	P&L	Other changes in equity
FINANCIAL ASSETS					
Cash and cash equivalent	54	(3)		3	-
Derivatives for trading					-
Receivables	373	(18)		20	-
Effect		**(21)**		**23**	
FINANCIAL LIABILITIES					
Derivatives for trading					
Hedging derivatives	502	(1)	270	1	(299)
Overdrawn bank accounts					
Trade payables	204	10		(11)	-
Effect		**9**	**270**	**(10)**	**(299)**
Total impacts		**(11)**	**270**	**13**	**(299)**

The quantitative data reported above have no forecast value; specifically, the sensitivity analysis on market risks cannot reflect the complexity and related market relations that may result from any assumed change.

Interest rate risk: definition, sources and management policies

The interest rate risk consists in changes in interest rates that affect both the margin and hence the profit of the Company and on the current value of future cash flows.

The Company is exposed to interest rate oscillations on its own variable rate loans attributable to the Eurozone, which the Company avails itself of to fund its operations.

Changes in the structure of market interest rates affect the Company's capital and its economic value, thus influencing the level of net borrowing costs and the margins.

Interest rate risk management is considered with the well-established practice to reduce the risks of interest rate volatility, to reach an optimal mix of variable and fixed interest rates in the make-up of loans, thus offsetting market interest rate oscillations, while pursuing the objective of reducing finance costs on deposits to a minimum.

The Company manages risks of changes in interest rates by using derivatives whose use is reserved to the management of exposure to interest rate oscillations pertaining to money flows and assets and liabilities. Speculative transactions are not allowed.

Exposure to interest rate risk is hedged through the use of *Interest Rate Swaps and Interest Rate Caps*.

Interest Rate Swaps are used in order to predetermine the interest paid on various forms of financing in order to ensure stability of cash flows.

Interest Rate Caps are used with the goal of limiting the impacts of fluctuations in the variable rates, with which the various forms of financing covered are benchmarked above a predetermined threshold (cap).

The counterparts of said financial instruments are primary credit institutions.

Interest rate risk: quantitative information and sensitivity analysis

The Company avails itself of loans to fund its own and subsidiary transactions. Changes in interest rates could have a negative or positive impact on Company earnings.

In order to hedge said risks, the Company uses interest rate derivatives and mainly interest rate swaps and interest rate caps.

At 31 December 2015 there were no fixed rate financial instruments measured at fair value.

At 31 December 2015, the Company had two Interest Rate Swap contracts to cover the interest rate risk.

The two *Interest Rate Caps* were entered into by the Company in order to limit the impacts generated by changes in the floating rate, which are parameterized as two medium-to-long-term loans by converting the interest flows of the loans into floating-rate interest flows by providing a maximum threshold equal to the cap's strike.

Fair value at 31 December 2015 of the two Interest Rate Caps was negative and equivalent to €6 thousand.

With regard to the cash flow hedge transactions for the two interest rate caps (compared to the previous year), the impacts on profit or loss for the portion excluded from hedging (time value of the derivative) equaled +€7 thousand in 2015.

In measuring the potential impacts of changes in the interest rates applied, the Company separately analyzed the fixed rate financial instruments (for which the impact was determined in terms of *fair value*) and those at variable rate (for which the impact was determined in terms of cash flow) expressed in the various currencies, which the Company has significant exposure to, as specified in the section on exchange rate risk.

The floating rate financial instruments at 31 December 2015 included cash and loans.

At 31 December 2015, the following was assumed:

- an increase in interest rates for all financial instruments (loans and derivatives) at a floating rate equal to 10 bps;
- a decrease in interest rates for all financial instruments (loans and derivatives) at a floating rate equal to 5 bps;

The decision to simulate, at 31 December 2015, decreases of 5 bps and 10 bps was caused by the current market scenario characterized by very low interest rates and expansionary monetary policies. These changes have been hypothesized with all other variables constant. The impact before tax that such changes would have had are shown in the table below.

INTEREST RATE SENSITIVITY ANALYSIS					
€thousand		Interest Rate Risk at 31 December 2015			
		+10-bps change		-5-bps change	
	Balance -sheet amount	P&L	Other changes in equity	P&L	Other changes in equity
FINANCIAL LIABILITIES					
Loans from banks	5,609	(5)		2	
Finance leases	2,992	(3)		1	
IRS hedging derivative					
Cap hedging derivative	6				
Total impact		(8)	-	3	

INTEREST RATE SENSITIVITY ANALYSIS					
€thousand		Interest Rate Risk at 31 December 2014			
		+10-bps change		-5-bps change	
	Balance -sheet amount	P&L	Other changes in equity	P&L	Other changes in equity
FINANCIAL LIABILITIES					
Loans from banks	2,498	(2)		1	-
Finance leases	1,366	(1)		1	-
IRS hedging derivative	1	-		-	-
Cap hedging derivative	13	-		-	-
Total impact		(3)		2	

Liquidity risk: definition, sources and management policies

The liquidity risk consists of the possibility that the Company can find itself in the conditions of not being able to meet its payment obligations in cash or delivery, either foreseen or unexpected, due to a lack of financial resources, thus prejudicing day-to-day operations or its financial position.

The liquidity risk that the Company is exposed to can arise out of difficulties to timely obtain financing for its operations and can take the form of the inability to find the necessary financial resources at a reasonable conditions.

The short and medium/long-term demand for liquidity is constantly monitored by the Company management in order to timely obtain financial resources or an adequate investment of cash.

The Company has adopted a series of financial policies to reduce liquidity risk:

- plurality of financing entities and diversification of financing sources;
- adequate lines of credit;
- perspective liquidity plans relating to the company planning process.

Liquidity risk: quantitative information

The two main factors that determine the Company's liquidity are, on the one hand, the resources generated or absorbed by operating and investing activities and, on the other, the characteristics of the expiry and renewal of the debt or liquidity of the financial obligations and market conditions.

The policies implemented to reduce liquidity risk consisted at 31 December 2015 in:

- recourse to credit institutions and leasing companies to find financial resources;
- lines of credit (mostly of the revolving and stand-by type), mostly automatically renewed and used at the discretion of the Company as needed.

The management deems that the available resources, in addition to those that will be generated by operations and loans, will allow the Company to meet its needs resulting from activities relating to investments, management of circulating capital and the repayment of payables at their expiry.

An analysis of financial liabilities as envisaged by IFRS7 is provided below.

MATURITY ANALYSIS							
€thousand	Book value at Thursday, December 31, 2015	Contractual cash flows	within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Beyond 5 years
FINANCIAL LIABILITIES							
Loans from banks	5,609	5,853	192	764	1,857	3,040	
Other loans	484	485	471	6	8		
Leasing	2,992	4,278	2	19	158	1,046	3,053
Overdrawn bank accounts	507	507	507				
Trade payables	15,551	15,551	9,185	4,702	1,664		
Interest rate swap		0					
Interest rate cap	6	6	-	1	3	2	
TOTAL	**25,149**	**26,680**	**10,357**	**5,492**	**3,690**	**4,088**	**3,053**

MATURITY ANALYSIS							
€thousand	Book value at 31 December 2014	Contractual cash flows	within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Beyond 5 years
FINANCIAL LIABILITIES							
Loans from banks	2,498	2,631	1	265	1,270	1,095	-
Other loans	106	108	3	64	25	17	-
Leasing	1,366	2,002	2	19	63	468	1,450
Overdrawn bank accounts	1,679	1,679	1,679	-	-	-	-
Trade payables	16,310	16,310	8,656	5,413	2,246	(5)	-
Interest rate swap	1	1	-	1	-	-	-
Interest rate cap	13	14	-	2	5	6	-
TOTAL	**21,974**	**22,745**	**10,341**	**5,764**	**3,609**	**1,580**	**1,450**

Credit risk: definition, sources and management policies

Credit risk is the exposure of the Company to potential losses that may result from the failure to meet obligations with counterparts.

The main causes of non-performance can relate to the inability to autonomously repay counterparts and to a possible worsening in credit standing.

In particular, the Company is exposed to credit risk due to:

- sale of high-speed milling systems, numerical controls and related servicing;
- subscription of derivatives;
- deployment of liquidity in banks or other financial institutions.

The Company has different concentrations of credit risk depending on the nature of the activities and the various reference markets. Said credit exposure is mitigated by the fact that it is divided over a large number of counterparts.

The concentration of credit risk is present in the markets of the EU, North America and China. Trade receivables are subject to individual writedowns if there is an objective condition in which these position cannot be recovered either in part or in full. The extent of writedown takes into account an estimate of the recoverable flows and relevant date of collection.

The Company controls and manages credit standing including the risk of the counterpart; these same transactions for the deployment of liquidity and hedging of derivatives have been concluded with leading national and international banks. These are regularly reviewed also in terms of concentration and the rating of the counterparts.

Credit risk: quantitative information

The maximum theoretical exposure to credit risk for Fidia S.p.A. at 31 December 2015 is the book value of the financial assets stated in the Statement of Financial Position, plus the face value of collateral provided as indicated in Note No. 29.

The measurement of credit risk is carried out by means of a process to assess credit standing differentiated by type of customer.

Monitoring of credit risk is carried out frequently through the analysis by expiry of overdue positions.

The credit exposures of the Company widely regard trade receivables; the credit risk resulting from said transactions is mitigated by means of the following instruments:

- letters of credit;
- insurance policies.

Moreover, in order to effectively and efficiently manage credit risk, the Company adopts further risk mitigation instruments pursuant to and in compliance with legislation in force in the various markets where it conducts business.

Positions, if individually significant, are subject to specific writedown; these are either partially or totally non recoverable. The extent of impairment takes into account an estimate of the recoverable flows and relevant date of collection as well as of charges and expenses for future recovery. In case of receivables not subject to specific writedown, provisions are allocated on a collective basis, considering experience and statistical data.

31. FAIR VALUE HIERARCHIES

In relation to financial instruments recognized in the Statement of Financial Position at fair value, IFRS 7 requires that these values are classified on the basis of a hierarchy that reflects the significance of the inputs used in determining fair value.

The levels are as follows: Level 1 – quoted prices in active markets for identical assets or liabilities;

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 31 December 2015, the Company held financial liabilities measured at fair value represented by derivative financial instruments to hedge interest rate risk, for an amount of €6 thousand and financial liabilities at fair value represented by derivative financial instruments to hedge the exchange rate risk, for an amount of €147 thousand, classified within Level 2 of the hierarchical assessment of fair value.

32. INTRA-GROUP RELATIONS AND RELATIONS WITH RELATED PARTIES

With regard to Fidia S.p.A., intra-group relations and relations with related party consist mainly of transactions entered into with companies under direct control. Moreover, the members of the Board of Directors and Auditors and their families are also considered related parties.

These transactions are regulated at market conditions considered normal in their respective markets, taking into account the characteristics of the goods and services.

The impact of these transactions on the individual items in the 2015 financial statements, as already shown in the supplementary schedules of the Statement of Comprehensive Income and Statement of Financial Position as well as in the comment on each item, is summarized in the following tables:

Data by year - 2015

Counterpart €thousand	Raw materials and consumables	Other operating revenues	Personnel expenses	Finance revenues	Revenues	Other operating revenues	Finance revenues
Fidia GmbH	6	382			5,002	42	300
Fidia Sarl		78		1	2,601	11	
Fidia Iberica S.A.	12	171			2,169	6	300
Fidia Co.	2	182		8	6,687	106	
Fidia do Brasil Ltda		170			66	6	
Beijing Fidia Machinery & E. Co. Ltd.	10	1,993			1,131	1	
Shenyang Fidia NC&M Co. Ltd.	609	8			1,165		
OOO Fidia							
Fidia India							
Total Group companies	**640**	**2,984**		**8**	**18,821**	**172**	**600**
Other related parties (associates)							
Other related parties (Giuseppe and Luca Morfino)		117	79				
Compensation Board of Directors			617				
Compensation Board of Statutory Auditors		58					
Total other related parties		**175**	**696**				
Total Group companies and other related parties	**640**	**3,159**	**696**	**8**	**18,821**	**172**	**600**
Total item	19,879	16,908	11,265	813	49,050	1,769	861
Incidence in % on balance-sheet item	**3%**	**19%**	**6%**	**1%**	**38%**	**10%**	**70%**

Data by year - 2014

Counterpart €thousand	Raw materials and consumables	Other operating revenues	Personnel expenses	Finance revenues	Revenues	Other operating revenues	Finance revenues
Fidia GmbH	6	177			6,187	39	313
Fidia Sarl		44		5	998	4	93
Fidia Iberica S.A.	2	165		4	801	8	375
Fidia Co.	21	129			6,567	221	
Fidia do Brasil Ltda		89			68	2	
Beijing Fidia Machinery & E. Co. Ltd.	12	2,167			977	111	438
Shenyang Fidia NC&M Co. Ltd.	21	60			815		
OOO Fidia							
Fidia India		4					
Total Group companies	**62**	**2,835**		**9**	**16,413**	**385**	**1,219**
Other related parties (associates)							
Other related parties (Giuseppe, Paolo and Luca Morfino)	1	131	100				
Compensation Board of Directors			646				
Compensation Board of Statutory Auditors		59					
Total other related parties	**1**	**190**	**746**				
Total Group companies and other related parties	**63**	**3,025**	**746**	**9**	**16,413**	**385**	**1,219**
Total item	17,161	15,961	10,186	414	42,822	1,508	2,663
Incidence in % on balance-sheet item	**0.4%**	**19%**	**7%**	**2%**	**38%**	**26%**	**46%**

Thursday, December 31, 2015

Counterpart €thousand	Trade payables	Other current Other current payables	financial payables	Trade payables	Other current liabilities	Current financial payables
Fidia GmbH	166	300		127	150	
Fidia Sarl	436			42	315	
Fidia Iberica S.A.	697	299		40		
Fidia Co.	1,571			140	1,694	467
Fidia do Brasil Ltda	224			16		
Beijing Fidia Machinery & E. Co. Ltd.	49			4,710		
Shenyang Fidia NC&M Co. Ltd.	70			52		
OOO Fidia						
Fidia India						
Total Group companies	**3,213**	**599**		**5,127**	**2,159**	**467**
Other related parties (associates)				2		
Other related parties (Giuseppe, Paolo and Luca Morfino)		39			2	
Other related parties (Payables to BoD members of Fidia SpA)					165	
Other related parties (Payables to Board of Statutory Auditors Fidia S.p.A.)					58	
Total other related parties		**39**		**2**	**225**	
Total Group companies and other related parties	**3,213**	**638**		**5,129**	**2,384**	**467**
Total item	6,009	1,036		15,551	6,886	3,732
Incidence in % on balance-sheet item	**53%**	**61.5%**		**33%**	**35%**	**13%**

31 December 2014

		Other current				Current
Counterpart €thousand	**Trade payables**	**Other current payables**	**financial payables**	**Trade payables**	**Other current liabilities**	**financial payables**
Fidia GmbH	213	313		69	450	
Fidia Sarl	55			20	190	58
Fidia Iberica S.A.	108	175		54		
Fidia Co.	341			155	378	
Fidia do Brasil Ltda	170			8		
Beijing Fidia Machinery & E. Co. Ltd.	231			4,386		
Shenyang Fidia NC&M Co. Ltd.				42	1	
OOO Fidia						
Fidia India				1		
Total Group companies	**1,118**	**488**		**4,735**	**1,019**	**58**
Other related parties (associates)						
Other related parties (Giuseppe, Paolo and Luca Morfino)		19			1	
Other related parties (Payables to BoD members of Fidia SpA)					195	
Other related parties (Payables to Board of Statutory Auditors Fidia S.p.A.)					59	
Total other related parties		**19**			**255**	
Total Group companies and other related parties	**1,118**	**507**		**4,735**	**1,274**	**58**
Total item	7,239	1,447		16,310	5,145	
Incidence in % on balance-sheet item	**15%**	**35%**		**29%**	**25%**	**2%**

The most significant relations in the fiscal year between Fidia S.p.A. and the Group companies were mainly of a commercial nature. The foreign subsidiaries of Fidia deal mostly with the sales and servicing of the Group's products in the relevant markets and for this purpose they purchase from the Parent Company.

The joint-venture Shenyang Fidia NC & M Co. Ltd. manufactures and sells numerical controls and milling systems designed by Fidia for the Chinese market. The strategic components are purchased mainly from the Parent Company at normal market conditions and the remaining parts from local suppliers.

In FY2015 intra-group relations also regarded financial management, which envisaged:

- distribution of dividends from subsidiaries (see Note No. 9);
- interest-yielding loan relations (see Note No. 24).

Relations with related parties, as defined by IAS 24, not regarding directly controlled companies concerned:

- salary to Mr. Luca Morfino;
- compensation to the Board of Directors and Board of Auditors.

33. NET FINANCIAL POSITION

According to the provisions of Consob Notice of 28 July 2006 and in compliance with the CESR Recommendation of 10 February 2005 "Recommendations for standard implementation of the Regulation of the European Commission on Disclosures", the financial position of the Fidia S.p.A. at 31 December 2015 was:

Please be noted that the data item for the net financial position of 2014 was changed in order to obtain a better representation thereof.

	€thousand	Thursday, December 31, 2015	31/12/2014
A	Cash	1	1
B	Bank deposits	9,775	4,762
C	Other cash	-	-
D	**Liquidity (A+B+C)**	**9,776**	**4,763**
and	**Current financial receivables**	**4**	**-**
F	Current bank payables	1,985	2,399
G	Current part of non-current debt	1,279	809
H	Other current financial payables	221	502
I	Current financial payables from Group companies	467	58
J	**Current financial debt (F+G+H+I)**	**3,952**	**3,768**
K	**Net current financial debt (J-E-D)**	**(5,828)**	**(995)**
L	Non-current bank payables	5,891	2,406
M	Bonds issued	-	-
N	Other non-current payables	6	15
O	**Non-current financial debt (L+M+N)**	**5,897**	**2,421**
P	**Net financial debt (K+O)**	**69**	**1,426**

34. NON-RECURRENT SIGNIFICANT EVENTS AND TRANSACTIONS

According to Consob Notice of 28 July 2006, in 2015 the company did not have any non-recurrent significant transactions.

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

According to Consob Notice of 28 July 2006, in 2015 there were no atypical and/or unusual transactions as defined by said Notice, by which atypical and/or unusual transactions are all those transactions whose significance/relevance, nature of the counterparts, subject-matter of the transaction, transfer pricing method and timing of the event (near year-end) can give rise to doubts on: correctness/completeness of information posted, conflict of interests, safeguard of company equity, safeguard of non-controlling interests.

36. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Below follows a breakdown of the fair value for the different categories of assets and liabilities and related economic effects.

FAIR VALUE BY CATEGORY - IAS 39 - 31 December 2015

€thousand	Book value at 31 December 2015 (IAS 39)	Amortised Cost	FV recognized in equity	FV recognized in profit or loss	IAS 17	Fair value at 31 December 2015
ASSETS						
Cash and equivalents	9,776	-		-		9,776
Total	**9,776**		**-**	**-**	**-**	**9,776**
LIABILITIES						
Liabilities at amortized cost	5,609	5,609	-	-	-	5,653
Hedging derivatives	154	-	(65)	-	-	154
Liabilities measured according to IAS 17	2,991	-	-	-	2,991	2,991
Total	**8,754**	**5,609**	**(65)**	**-**	**2,991**	**8,798**

NET PROFIT/LOSS BY CATEGORY - IAS 39 - 31 December 2015

€thousand	Net profit and loss	of which interest
ASSETS		
Cash and equivalents	2	2
Total	2	2
LIABILITIES		
Liabilities at amortized cost	132	132
Hedging derivatives	-	-
Total	**2**	**2**

37. RECONCILIATION OF TAX RATE

Below are the details of the reconciliation of the theoretical tax rate with the actual tax rate.

€thousand	Tax base	Taxes	Tax rate %
Result before taxes	**2,434**		
Theoretical tax		(669)	27.50%
Increases of a permanent nature	**612**	**(168)**	**6.91%**
Decreases of a permanent nature	(3,088)	849	-34.89%
Temporary changes in which no deferred tax assets are recorded	466	(128)	5.26%
Actual tax	424	(117)	4.79%

	IRES (Italian Corporate Income Tax)	IRAP (Italian Regional Tax on Production Activities)	Total
Current taxes	(107)	(173)	(280)
Pre-paid taxes	(10)	-	(10)
Deferred taxes	-	-	-
Total	(117)	(173)	(290)

38. SUBSEQUENT EVENTS

There were no significant events after year-end 2015.

ANNEXES

The annexes comprise additional information compared to the Notes, which these are an integral part of.

This information is comprised in the following annexes:

- The list of investments with further information required by CONSOB (Notice No. DEM/6064293 of July 28, 2006);
- summary of main data of the last financial statements of the subsidiaries and associates (article 2429 of the Italian Civil Code) at 31 December 2015;
- information as per article 149/XII of the Consob Regulation on Issuers.

San Mauro Torinese, 14 March 2016
On behalf of the Board of Directors
The Chairman and Managing Director
Mr. Giuseppe Morfino

Annexes

FIDIA S.p.A.

BILANCIO AL 31 DICEMBRE 2015

Elenco delle partecipazioni con le informazioni integrative richieste dalla Consob (comunicazione n. DEM/6064293 del 28 luglio 2006)

(in Euro)

Denominazione e sede	Capitale sociale	Patrimonio netto contabile	Utile (perdita) al 31.12.2015	Utile (perdita) al 31.12.2014	% di possesso	Quota di patrimonio netto contabile di competenza	Valore netto di bilancio	Differenza tra P.N. di competenza e valore di bilancio
SOCIETA' CONTROLLATE								
Fidia Gmbh – Germania Robert-Bosch-Strasse, 18 - 63303 Dreieich (Germania)	520.000	1.681.456	422.601	572.213	100,00%	**1.681.456**	**1.207.754**	**473.702**
Fidia Co. (*) - Stati Uniti 3098 Reserch Drive - 48309 Rochester Hills (Michigan - Stati Uniti d'America)	367.411	6.178.508	608.596	1.484.179	100,00%	**6.178.508**	**5.211.027**	**967.481**
Fidia Iberica S.A. – Spagna Parque Tecnologico de Zamudio - Edificio 208 - 48170 Zamudio (Bilbao)	180.300	830.913	101.768	172.921	99,993%	**830.855**	**171.440**	**659.415**
Fidia S.a.r.l. – Francia 47 bis, Avenue de l'Europe - 77184 Emerainville (Francia)	300.000	545.546	117.064	(12.052)	93,19%	**508.394**	**221.434**	**286.960**
Beijing Fidia Machinery & Electronics Co. Ltd. (*) - Cina Room 106, Building C, No. 18 South Xihuan Road - Beijing Development Area - 100176 Pechino (R.P.C)	1.814.876	5.709.101	544.785	639.239	92,00%	**5.252.373**	**1.185.046**	**4.067.327**
Fidia Do Brasil Ltda (*) – Brasile Av. Salim Farah Maluf, 4236 - 3° andar Mooca - Sao Paulo - CEP 03194-010 (Brasile)	124.458	92.734	(417)	(27.464)	99,75%	**92.502**	**82.486**	**10.016**
Shenyang Fidia NC & Machine Company Limited (*) - Cina n.1, 17A, Kaifa Road - Shenyang Economic & Technological Development Zone - 110142 Shenyang (R.P.C.)	6.021.467	3.507.517	(815.872)	(431.925)	51,00%	**1.788.834**	**1.789.592**	**(758)**
OOO Fidia (*) - Russia ul. Prospekt Mira 52, building 3, 129110 Mosca (Russia - Federazione Russa)	44.622	16			100,00%	**16**	**-**	**16**
SOCIETA' COLLEGATE								
Consorzio Prometec – Italia Via Al Castello n. 18/A - Rivoli (Torino)	10.329	10.329	-	-	20,00%	**2.066**	**2.066**	**-**

(*) I valori esposti sono tradotti in Euro ai cambi del 31.12.2015 e

SUMMARY OVERVIEW OF THE ESSENTIAL DATA OF THE LAST FINANCIAL STATEMENTS OF THE COMPANIES SUBSIDIARIES AND ASSOCIATES (Article 2429 of the Civil Code) - contd.

Subsidiaries	**Fidia GmbH**	**Fidia Co.**	**Fidia S.a.r.l.**	**Fidia Iberica S.A.**	**Fidia do Brasil Ltda**
Accounting currency	EUR	USD	EUR	EUR	REAIS
Period of reference of balance-sheet information	31/12/2015	31/12/2015	31/12/2015	31/12/2015	31/12/2015
Inclusion in the scope of consolidation (line by line)	YES	YES	YES	YES	YES
ASSETS					
Non-current assets					
- Property, plant and equipment	225.953	299.117	4.916	456.700	24.002
- Intangible assets	522	3.056	576	1.598	358
- Investments	22.867	-	-	3.366	-
- Other non-current financial assets	-	-	-	-	-
- Other non-current receivables and assets	-	21.610	6.866	236.469	-
- Pre-paid tax assets	22.628	427.700	20.075	40.651	100.702
Total non-current assets	**271.970**	**751.483**	**32.433**	**738.784**	**125.062**
Current assets					
- Inventories	358.550	4.880.889	393.028	927.975	361.802
- Trade receivables and other current receivables	1.205.430	2.727.464	927.090	1.163.877	1.024.661
- Other current financial receivables	-	508.411	-	-	-
- Cash and cash equivalents	1.189.478	2.541.221	407.510	578.250	328.408
Total current assets	**2.753.458**	**10.657.985**	**1.727.628**	**2.670.102**	**1.714.871**
Total assets	**3.025.428**	**11.409.468**	**1.760.061**	**3.408.886**	**1.839.933**
LIABILITIES					
Equity					
- Issued capital	520.000	400.000	300.000	180.300	399.843
- Other reserves	738.855	5.663.964	128.482	548.845	(134.974)
- Profit/(loss) of the period	422.601	662.578	117.064	101.768	(1.798)
Total equity	**1.681.456**	**6.726.542**	**545.546**	**830.913**	**263.071**
Non-current liabilities					
- Other non-current payables and liabilities	-	-	60.226	-	71.811
- Termination benefits	-	-	-	-	-
- Deferred tax liabilities	12	-	-	56.540	-
- Long-term provisions	-	49.452	-	13.390	-
- Non-current financial liabilities	76.833	-	-	38.398	-
Total non-current liabilities	**76.845**	**49.452**	**60.226**	**108.328**	**71.811**

Subsidiaries	Fidia GmbH	Fidia Co.	Fidia S.a.r.l.	Fidia Iberica S.A.	Fidia do Brasil Ltda
Current liabilities					
- Current financial liabilities	66.965	-	-	14.744	-
- Trade payables and other current payables	1.160.036	4.511.128	1.154.289	2.443.802	1.459.628
- Short-term provisions	40.126	122.346	-	11.099	45.423
Total current liabilities	1.267.127	4.633.474	1.154.289	2.469.645	1.505.051
Total liabilities	**3.025.428**	**11.409.468**	**1.760.061**	**3.408.886**	**1.839.933**
STATEMENT OF COMPREHENSIVE INCOME					
- Net sales	8.166.420	12.091.849	3.439.161	2.177.864	2.513.268
- Other operating revenue	179.355	540.576	8.907	187.692	45.845
Total revenues	**8.345.775**	**12.632.425**	**3.448.068**	**2.365.556**	**2.559.113**
- Changes in inventories of finished goods and W.I.P.	(362.369)	139.099	(7.544)	794.234	(29.176)
- Raw materials and consumables	(4.888.579)	(6.968.148)	(2.451.071)	(2.142.210)	(766.313)
- Personnel expenses	(1.505.067)	(1.380.606)	(378.290)	(544.728)	(681.424)
- Other operating expenses	(898.306)	(3.006.231)	(441.991)	(257.421)	(879.761)
- Depreciation and amortization	(100.162)	(303.599)	(3.916)	(78.605)	(29.100)
Operating result	**591.292**	**1.112.940**	**165.256**	**136.826**	**173.339**
- Finance revenue (expenses)	(10.778)	8.348	1.068	3.554	(151.457)
EBT	**580.514**	**1.121.288**	**166.324**	**140.380**	**21.882**
Income taxes	(157.913)	(458.710)	(49.260)	(38.612)	(23.680)
Net income (loss) for the period	**422.601**	**662.578**	**117.064**	**101.768**	**(1.798)**

SUMMARY OF THE HIGHLIGHTS FROM THE LAST FINANCIAL STATEMENTS OF SUBSIDIARIES AND ASSOCIATES (Article 2429 of the Civil Code)

Subsidiaries	**Beijing Fidia M.&E. Co. Ltd.**	**Shenyang Fidia NC & M Co. Ltd.**	**OOO Fidia**	**Consortium Prometec**
Accounting currency	RMB	RMB	RUR	EUR
Reference period of financial statement information	31/12/2015	31/12/2015	31/12/2015	31/12/2015
Inclusion in the Consolidation area (line-by-line)	YES	YES	YES	NO
ASSETS				
Non-current assets				
- Property, plant and equipment	450,798	149,227	-	-
- Intangible assets	52,707	-	-	646
- Investments	-	-	-	-
- Other non-current financial assets	-	-	-	-
- Other non-current receivables and assets	-	-	-	-
- Pre-paid tax assets	614,924	136,848	-	-
Total non-current assets	**1,118,429**	**286,075**	**-**	**646**
Current assets				
- Inventories	7,529,696	21,833,509	-	-
- Trade receivables and other current receivables	39,879,915	4,858,782	1,263	18,880
- Other current financial receivables	-	-	-	-
- Cash and cash equivalents	6,216,932	5,637,011	44	3,948
Total current assets	**53,626,543**	**32,329,302**	**1,307**	**22,828**
Total assets	**54,744,972**	**32,615,377**	**1,307**	**23,474**
LIABILITIES				
Equity				
- Issued capital	12,814,480	42,517,648	3,599,790	10,329
- Other reserves	23,649,723	(11,991,065)	(3,598,483)	
- Profit/(loss) of the period	3,846,619	(5,760,707)	-	-
Total net equity	**40,310,822**	**24,765,876**	**1,307**	**10,329**
Non-current liabilities				
- Other non-current payables and liabilities	-	-	-	-
- Termination benefits	-	-	-	-
- Deferred tax liabilities	-	-	-	-
- Long-term provisions	-	-	-	-
- Non-current financial liabilities	-	-	-	-
Total non-current liabilities	**-**	**-**	**-**	**-**

Subsidiaries	Beijing Fidia M.&E. Co. Ltd.	Shenyang Fidia NC & M Co. Ltd.	OOO Fidia	Consortium Prometec
Current liabilities				
- Current financial liabilities	-	-	-	-
- Trade payables and other current payables	14.434.150	7.846.255	-	13.145
- Short-term provisions	-	3.246	-	-
Total current liabilities	14.434.150	7.849.501	-	13.145
Total liabilities	54.744.972	32.615.377	1.307	23.474
- Property, plant and equipment	450,798	149,227	-	-
STATEMENT OF COMPREHENSIVE INCOME				
- Net sales	46.102.432	20.969.677	-	3.776
- Other operating revenue	1.154.100	74.364	-	-
Total revenues	**47.256.532**	**21.044.041**	**-**	**3.776**
- Changes in inventories of finished goods and W.I.P.	(22.565)	1.344.142	-	-
- Raw materials and consumables	(18.339.448)	(16.734.475)	-	-
- Personnel expenses	(8.583.961)	(5.918.106)	-	-
- Other operating expenses	(13.046.195)	(4.492.625)	-	(3.452)
- Depreciation and amortization	(247.610)	(790.328)	-	(325)
Operating result	7.016.753	(5.547.351)	-	(1)
- Finance revenue (expenses)	**(1.823.159)**	**(211.726)**	**-**	**1**
EBT	**5.193.594**	**(5.759.077)**	**-**	**-**
Income taxes	(1.346.975)	(1.630)	-	-
Net income (loss) for the period	**3.846.619**	**(5.760.707)**	**-**	**-**

Informazioni ai sensi dell'art. 149-duodecies del Regolamento Emittenti Consob

Il seguente prospetto, redatto ai sensi dell'art. 149-*duodecies* del Regolamento Emittenti Consob, evidenzia i corrispettivi di competenza dell'esercizio 2015 per i servizi di revisione e per quelli diversi dalla revisione resi dal Revisore principale, da entità appartenenti alla sua rete e da altre società di revisione

	Soggetto che ha erogato il servizio	**Destinatario**	**Corrispettivi di competenza dell'esercizio 2015 (in migliaia di euro)**
Revisione contabile	Reconta Ernst & Young S.p.A.	Capogruppo - Fidia S.p.A.	61
	Rete Ernst & Young	Società controllate	54
	Mazars Beijing	Società controllata: Shenyang Fidia NC&M Co. Ltd.	18
Servizi di attestazione			-
Altri servizi			-
Totale			**133**

Certificate within the meaning of Article 81-ter

of R. E. Consob

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

1. I sottoscritti Giuseppe Morfino in qualità di Presidente e Amministratore Delegato, Carlos Maidagan Aguirre, in qualità di Vice Presidente Esecutivo e Massimiliano Pagnone 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:
   a. l'adeguatezza in relazione alle caratteristiche dell'impresa e
   b. l'effettiva applicazione,

delle procedure amministrative e contabili per la formazione del bilancio d'esercizio nel corso del periodo 2015.

2. Si attesta, inoltre, che:

2.1 il bilancio d'esercizio:

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.

2.2 La relazione sulla gestione comprende un'analisi attendibile dell'andamento e del risultato della gestione, nonché della situazione dell'emittente unitamente alla descrizione dei principali rischi ed incertezze cui è esposto.

14 marzo 2016

Presidente e Amministratore Delegato

Giuseppe Morfino

Vice Presidente Esecutivo

Carlos Maidagan Aguirre

Dirigente Preposto alla redazione dei documenti contabili societari

Massimiliano Pagnone

Report of the Board of Statutory Auditors


FIDIA
A

FIDIA S.P.A.
Registered office: Corso Lombardia 11, 10099 San Mauro Torinese (TO) Share capital: €5,123,000 fully paid in
Registered in the Companies Register of Turin under 05787820017

REPORT OF THE STATUTORY AUDITORY TO THE SHAREHOLDERS’ MEETING CONVENED FOR THE APPROVAL OF THE FINANCIAL STATEMENTS AT 31/12/15
(pursuant to Article 153 of Italian Legislative Decree No. 58 of 24 February 1998)

To the Shareholders,
During the year ended on 31 December 2015 and until today the Board of Statutory Auditors carried out supervisory activity following as required by law, by the standards of conduct of the Board of Statutory Auditors of listed companies recommended by the Italian National Board of Accountants and Accounting Experts and recommended by Consob.

With this report we comply with the provisions of article 153 of Legislative Decree No. 58 of 24 February 1998 (Consolidated Finance Act), which sets out that the Board of Statutory Auditors is called to report to the shareholders' meeting summoned to approve the financial statements on the supervisory activities carried out during the year, omissions and any reprehensible facts identified, as well as to make proposals with regard to the financial statements, to the approval thereof and to matters under its remit.

We examined the financial statements at 31 December 2015, drawn up by the Directors in accordance with the law and reported to the Statutory Auditors during the board meeting of 14 March 2016.

The financial statements of the parent company Fidia S.p.A., preceded by the report on operations showing all elements relating to the Consolidated Financial Statements showed a net profit of €2,143,336.42.

The report on operations contains the reference to the Corporate Governance and Share Ownership Report, a separate document published in accordance with the provisions of article 123-bis of the Consolidated Finance Act. As regards the statutory audit, please bear in mind that, pursuant to the Consolidated Finance Act, the auditing firm Reconta Ernst & Young & S.p.A carried out the checks during 2015 on corporate accounting and ascertained whether the report on operations match the findings of the books and accounting records.

During the year and up to the date of the present report, the Board met with the representatives of the independent auditors for a mutual exchange of information, in accordance with article 150, paragraph 3, of the Consolidated Finance Act and acknowledges that independent auditors did not report any reprehensible fact.

We hereby acknowledge that the independent auditors submitted the Report pursuant to article 19, paragraph 3, of Legislative Decree No. 39/2010 for the year ended on 31 December 2015 concerning relevant aspects of auditing activities, which highlights the absence of significant deficiencies in internal control in relation to the financial reporting process.

They also submitted the declaration of independence and/or causes of incompatibility relating to the Board of Statutory Auditors according to 10 and 17 of said Legislative Decree 39/2010.

The aforementioned independent auditors were not conferred other assignments in 2015 in addition to the statutory audit nor were other assignments given to entities related to the independent auditors through ongoing relationships.

With regard to the tasks under our remit, the Board certifies to have carried out the task set out by the law concerning its duties (article 149 of the Consolidated Finance Act).

To complement the foregoing, please take specific note of the following:

- We have participated in the meetings of the Assembly and of the Board of Directors, ensuring compliance with statutory, legislative and regulatory provisions governing the functioning of the company bodies and we have obtained information about the most relevant activities and transactions, including those of an extraordinary nature, from an economic, financial and equity perspective, carried out by the company, its subsidiaries and related parties from the Directors with the frequency required by law and the bylaws. In this regard, both collectively and individually, we placed special emphasis on the fact that the transactions decided and carried out were in accordance with the law, the bylaws and that these were not risky or reckless, contrary to the resolutions adopted by the Assembly, in a potential conflict of interest or liable of putting the integrity of company assets at risk. The activity of the Board of Statutory Auditors was aimed at ascertaining, on the one hand, the lawfulness of the management decisions of the Board of Directors and, on the other, their compliance with criteria of economic and financial soundness, except for the substantive control of the opportunity and convenience thereof;
- Insofar as falling under our remit, we monitored the adequacy of the organizational structure of the company and compliance with the principles of proper management through direct observations, the gathering of information and meetings with the independent auditors as part of the exchange of relevant data and information;
- We evaluated and monitored the adequacy of the internal control system and the administrative and accounting system, as well as the reliability of the latter in correctly representing management, through the information of the managers of the respective functions, examination of company documents and the analysis of the results of the work carried out by the independent auditors;
- We monitored how the rules of corporate governance laid down by the Code of Conduct adopted by the company were implemented in actual fact;
- We ascertained the correct application of the criteria adopted by the Board of Directors in order to assess the independence of its non-executive directors, as well as the correct application of the related verification procedures. The Board also assessed, with success, the independence of its members;

- During the year, we performed five audits, participating as well in all six meetings of the Board of Directors, in the four meetings of the Control and Risks Committee, and to the only Shareholders' Meeting;
- With regard to committees established within the Board of Directors, the Control and Risks Committee (formerly the Internal Control Committee), as well as in the capacity as Related Party Transactions Committee, it met four times during the year 2015 four times (including twice as Related Party Transactions Committee), while the Remuneration Committee met three times during the year;
- The Internal Audit function was attributed by the Board of Directors, in accordance with the indications expressed by the Control and Risks Committee to the firm BDO Italia S.p.A. (Former Mazars Miout Srl) for the 2013-2015 period;
- The supervisory body set up pursuant to Legislative Decree No. 231/2001 met twice during the year;
- We monitored the adequacy of the mutual flow of information between company and its subsidiaries in accordance with article 114, paragraph 2, of the Consolidated Finance Act, ensured through the instructions issued by the company's management to the Group. A further guarantee of mutual information is represented by the presence of some members of the Board of Directors of the parent company in the governing bodies of the subsidiary companies;
- The information provided by the Directors in the report on operations is to be considered as exhaustive and complete, in particular with reference to the risk analysis, which was carried out in a detailed and accurate manner, as well as the information in the notes to the financial statements.

We acknowledge that Fidia S.p.A. is not in a situation of dependence or control by other companies and it does not appear that the shareholders of the company have entered into shareholders' agreements pursuant to article 122 of the Consolidated Finance Act.

It can be attested that:

- The Board of Statutory Auditors, in accordance with the Consolidated Finance Act, was constantly informed on the matters falling under its remit;
- The periodic checks and controls that we carried out on the company showed no atypical and/or unusual transactions during the year, including those within the Group and with related parties;
- Regarding intra-group transactions, in the report on operations the Directors highlight and demonstrate the existence of relations between the company and the companies of the Group, stating that these took place on an arm's length basis. The Board certifies that the afore-mentioned relations, mainly of a commercial nature, are of interest to the company;
- the report on operations contains all mandatory information required by current regulations and it has been ascertained that said information matches the data and results of the financial statements;
- overall, we therefore believe that the documents submitted to you provide a clear and complete disclosure, in the light of the principles set out by the law;
- Pursuant to article 2408 of the Civil Code, we have not received any complaint from shareholders relating to any reprehensible facts;

- No reports were filed by shareholders and/or third parties;
- During the year the Board gave its favorable opinion on the proposal for integrating the remuneration for the directors vested with special responsibilities; it also gave a favorable opinion on the appointment of the manager responsible for the preparation of accounting documents and on the proposed remuneration for this position.

Atypical and/or unusual transactions

During 2015 and after the end of the period, the Statutory Auditors found no transactions, which by their nature or size, were atypical or unusual.

Atypical and/or unusual transactions with related parties

On November 11, 2010 the Board of Directors approved the procedure for transactions with related parties, the contents of which are summarized in the 'Report on corporate governance and ownership structure." The procedure is also available in the full version on the Internet site of the Group (www.fidia.it).

Based on these premises, we acknowledge that transactions carried out by the company with related parties fall within ordinary management, that they are carried out at arm's length and that in 2015 no resolutions were submitted to the Board of Directors concerning related party transactions.

Atypical and/or unusual transactions with third parties or companies within the Group

None.

Ordinary intra-group and related party transactions

In the Report on Operations the Directors provided disclosure about ordinary transactions within the group or with related parties.

Also in the light of Article 2391-bis of the Italian Civil Code, the Board does not deem it necessary to add anything else to said disclosure, which appears to be adequate. It should be noted instead that in carrying out its mandate, the Board verified during the year that intra-group transactions or related-party transactions were carried out pursuant to the provisions of the aforementioned procedure and on an arm's length basis. The intra-group transactions reviewed by the Board appear to be reasonable, in the interest of the company and Group, and duly justified and documented.

Assessment of the appropriateness of the information disclosed by the Directors on atypical and/or unusual transactions

As there were no atypical and/or unusual transactions, no assessment was made.

Most relevant economic, financial and capital transactions carried out by the company

Below we highlight below some information already contained in the Directors' report and in the Notes to the financial statements, referring to these documents for a more complete disclosure:

Capital expenditure in an industrial building (under construction)

"Work in progress" which constitutes most of the capital expenditure and amounts at the end of the period to €4.7 million, relate to the costs of construction and expansion of an industrial building that the company acquired in 2014 for €2.7 million through an "under construction" property lease contract. As it is not yet ready for use, this building has not yet been subject to depreciation in the period. The overall amount financed by the leasing company totals €5.6 million, of which €2.6 million already paid.

Impairment test

The administrative body of the company, as part of the process of formation of the financial statements at December 31, 2015, carried out an impairment test on the fair value of the investments held in the following companies:
- Fidia Co. (USA);
- Shenyang Fidia NC&M Co. Ltd (China).

The assessments, carried out by comparing the net carrying amount of the investments and the corresponding recoverable value resulting from the measurement method based on the projected future cash flows generated by the subsidiaries, showed a loss and a recovery of value respectively.
The application of the above method resulted in an impairment of the investment in Shenyang Fidia NC&M Co. Ltd for €248 thousand; with regard to the investment in Fidia Co., there was a recovery of value of €258 thousand, partially making up for writedowns carried out in previous periods.

Stock option plans

The Board states that to date no stock option plans are in place for Directors and employees of the Company and Group.

Own shares

The Board notes that at 31/12/2015 (as at 31/12/2014) the company's portfolio had 10,000 own shares worth a market value (at 31/12/2015) of €63.8 thousand.

Dear Shareholders,

In the light of the foregoing, and considering the content of the report of the independent auditors Reconta Ernst & Young & S.p.A., which has issued an opinion with no qualifications or requests of specific disclosures on the financial statements, the Board of Auditors, to the best of its knowledge, has neither comments nor proposals on the financial statements, on the report on operations and on the proposal for the allocation of the profit for the year 2015, equivalent to €2,143,336.42, which consequently, and for the part falling under its remit, are subject to your approval.

San Mauro Torinese, March 29, 2016
Board of Statutory Auditors
(Mr. Maurizio Ferrero) - Chairman
(Ms Michela Rayneri) - Statutory Auditor
(Mr. Gian Piero Balducci) - Statutory Auditor

Report of Auditing Firm

Building a better working world

Fidia S.p.A.

Separate financial statements as at December 31, 2015

Independent auditor's report in accordance with articles 14 and 16 of Legislative Decree n. 39, dated 27 January 2010

Building a better working world

Reconta Ernst & Young S.p.A.
Via Meucci, 5
10121 Torino

Tel: +39 011 5161611
Fax: +39 011 5612554
ey.com

Independent auditor's report
in accordance with articles 14 and 16 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Shareholders of Fidia S.p.A.

Report on the separate financial statements

We have audited the accompanying separate financial statements of Fidia S.p.A., which comprise the income statement, statement of comprehensive income, the statement of financial position as at December 31, 2015, cash flow statement for the year then ended, the statement of changes in equity and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the separate financial statements

The Directors of Fidia S.p.A. are responsible for the preparation of these separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement art. 9 of Legislative Decree n. 38, dated 28 February 2005.

Auditor's responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11, paragraph 3 of Legislative Decree n. 39, dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the separate financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the separate financial statements give a true and fair view of the financial position of Fidia S.p.A. as at December 31, 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38, dated 28 February 2005.

Report on other legal and regulatory requirements

Opinion on the consistency of the Report on Operations and of specific information of the Report on Corporate Governance and the Company's Ownership Structure with the separate financial statements

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion, as required by law, on the consistency of the Report on Operations and of specific information of the Report on Corporate Governance and the Company's Ownership Structure as provided for by article 123-bis, paragraph 4 of Legislative Decree n. 58, dated 24 February 1998, with the separate financial statements. The Directors of Fidia S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and the Company's Ownership Structure in accordance with the applicable laws and regulations. In our opinion the Report on Operations and the specific information of the Report on Corporate Governance and the Company's Ownership Structure are consistent with the separate financial statements of Fidia S.p.A. as at December 31, 2015.

Turin, March 29, 2016

Reconta Ernst & Young S.p.A.
Signed by: Roberto Grossi, partner

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