



FIDIA GROUP

CONSOLIDATED QUARTERLY REPORT AT 31 MARCH 2017

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

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TABLE OF CONTENTS

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

**Board of Directors
15 May 2017**

BOARDS OF DIRECTORS AND AUDITORS

Board of Directors

Chairman and Managing Director	Giuseppe Morfino (a)
Deputy Chairman	Carlos Maidagan (b)
Directors	Luigino Azzolin (c)
	Anna Ferrero (c)
	Guido Giovando (c)
	Paola Savarino (c)
	Mariachiara Zanetti (c)

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

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

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

Board of Statutory Auditors (*)

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

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

Independent Auditors ()**

EY SpA (former Reconta Ernst&Young)

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

POWERS OF THE CHAIRMAN, DEPUTY CHAIRMAN AND CEO

Chairman of the Board of Directors and Managing Director: Mr. Giuseppe Morfino

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

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

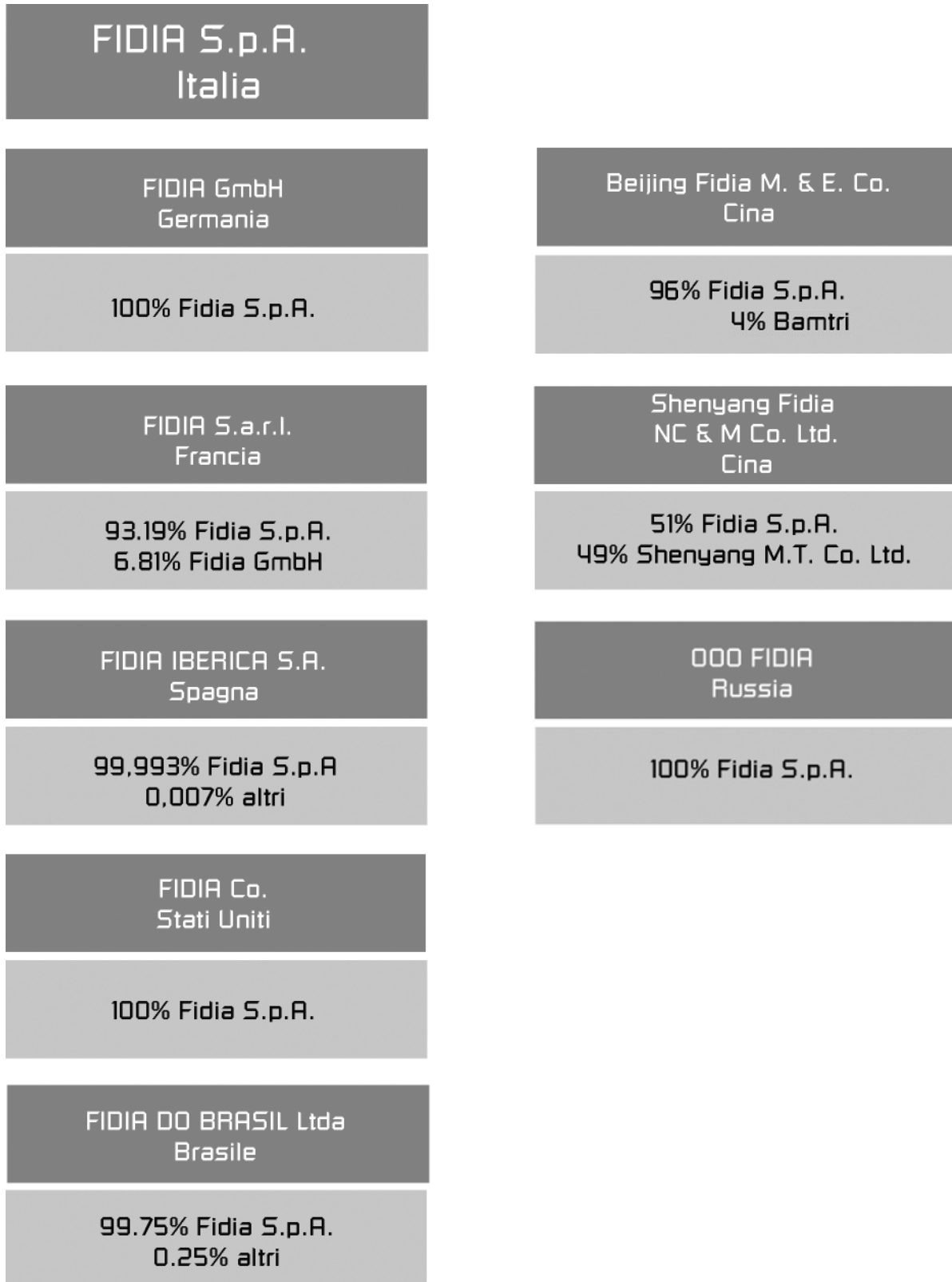
Deputy Chairman of the Board of Directors: Mr. Carlos Maidagan.

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

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- registration of mortgages on corporate property;
- 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 GROUP

RECLASSIFIED FINANCIAL STATEMENTS

AT 31 MARCH 2017

Reclassified consolidated income statement

(€thousand)	Q1 2017	%	Q1 2016	%
Net revenue	7,504	73.7%	8,065	63.8%
Changes in inventories of finished goods and W.I.P.	2,251	22.1%	3,917	31.0%
Other revenues and income	430	4.2%	659	5.2%
Value of production	10,185	100.0%	12,641	100.0%
Raw materials and consumables	(3,813)	-37.4%	(4,972)	-39.3%
Commissions	(193)	-1.9%	(87)	-0.7%
Transport	(228)	-2.2%	(206)	-1.6%
Contractors	(629)	-6.2%	(1,149)	-9.1%
Other services and operating costs	(2,353)	-23.1%	(2,541)	-20.1%
Added value	2,970	29.2%	3,687	29.2%
Personnel expenses	(4,549)	-44.7%	(4,477)	-35.4%
EBITDA	(1,579)	-15.5%	(790)	-6.2%
Bad debts provision	(28)	-0.3%	(33)	-0.3%
Depreciation, amortization and writedowns	(202)	-2.0%	(156)	-1.2%
EBIT	(1,810)	-17.8%	(979)	-7.7%
Net finance income and costs	(27)	-0.3%	(24)	-0.2%
Profit/(Loss) on exchange rates	(10)	-0.1%	32	0.2%
Earnings before tax (EBT)	(1,847)	-18.1%	(971)	-7.7%
Income taxes (current, paid and deferred)	(121)	-1.2%	(41)	-0.3%
Net profit (loss) for the period	(1,968)	-19.3%	(1,012)	-8.0%
- (Profit)/Loss of non-controlling interests	(13)	-0.1%	79	0.6%
- Profit/(Loss) of Group	(1,955)	-19.2%	(933)	-7.4%

Reclassified consolidated statement of financial position

(€thousand)	31/03/2017	31/12/2016	31/03/2016
Net tangible assets	11,260	10,452	8,046
Intangible fixed assets	1,403	1,338	1,207
Financial fixed assets	16	16	16
Pre-paid tax assets	842	850	
Other non-current assets	943	968	2,409
Capital assets – (A)	14,464	13,625	11,678
Net trade receivables from customers	8,575	14,797	6,237
Closing inventories	21,575	19,375	24,718
Other current assets	2,304	1,596	2,090
Short-term (current) assets – (B)	32,454	35,769	33,046
Trade payables to suppliers	(9,005)	(10,095)	(11,442)
Other current liabilities	(11,911)	(10,441)	(15,732)
Short-term (current) liabilities – (C)	(20,916)	(20,535)	(27,174)
Net working capital (D) = (B+C)	11,538	15,233	5,872
Termination benefits (E)	(2,359)	(2,330)	(2,368)
Other long-term liabilities (F)	(161)	(179)	(220)
Net invested capital (G) = (A+D+E+F)	23,482	26,350	14,963
Financial position			
Available-for-sale financial assets			
Cash on hand, bank deposits	(10,137)	(8,925)	(11,482)
Short-term loans	5,204	4,419	3,218
Assets/liabilities for current derivatives	82	198	-
Other current financial payables	-	-	-
Short-term financial position	(4,851)	(4,308)	(8,263)
Long-term loans, net of current portion	12,510	11,697	7,681
Assets/liabilities for long-term derivatives	14	23	28
Net financial position (receivable)/payable (H)	7,672	7,412	(554)
Share capital	5,123	5,123	5,123
Provisions	10,595	9,282	9,078
Net income (loss) for the accounting period attributable to the Group	(1,955)	2,462	(933)
Total shareholders' equity of Group	13,763	16,867	13,268
Total equity of non-controlling interests	2,047	2,071	2,249
Total shareholders' equity (I)	15,810	18,938	15,517
Shareholders' equity and net financial position (L) = (H+I)	23,482	26,350	14,963

ECONOMIC AND FINANCIAL RESULTS

Profit and loss

Revenues

In the first quarter of 2017, the Group recorded revenues of €7,504 thousand, compared to €8,065 thousand in the same period of 2016, a decrease of 7.0%.

This performance is the result of differing trends in the three business lines in which the Group operates. In the electronics sector - CNC - the increase in revenues compared to 2016 is rather strong (+54.2%); the high-speed milling systems sector - HSM - closed the year with a decrease (-14.5%), as did the after-sales service sector - Service - (-9.3%).

Revenues by line of business are summarized in the table below:

(€thousand)	Q1 2017	%	Q1 2016	%	% Chg
Numerical controls, drives and software	1,047	14.0%	679	8.4%	54.2%
High-speed milling systems	3,931	52.4%	4,601	57.0%	-14.5%
After-sales service	2,526	33.6%	2,785	34.5%	-9.3%
Grand total	7,504	100%	8,065	100%	-7.0%

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

(€thousand)	TOTAL REVENUES		TOTAL REVENUES		% Chg
GEOGRAPHICAL AREA	Q1 2017		Q1 2016		
ITALY	883	11.8%	814	10.1%	8.5%
EUROPE	2,504	33.4%	2,951	36.6%	-15.1%
ASIA	1,978	26.4%	1,943	24.1%	1.8%
NORTH and SOUTH AMERICA	2,139	28.5%	949	11.8%	125.4%
REST OF THE WORLD	0	0.0%	1,408	17.5%	-100.0%
TOTAL	7,504	100%	8,065	100%	-7.0%

Sales and marketing activity

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

(€thousand)	TOTAL Q1 2017	TOTAL Q1 2016	% Chg
Order backlog at 1/1	14,607	30,927	-52.8%
New orders	11,246	7,169	56.9%
Revenues	(4,980)	(5,280)	-5.7%
Order backlog at 31/3	20,873	32,816	-36.4%

The order backlog was up sharply compared to the end of 2016 (+42.9%), while remaining down (-36.4%) compared to the first quarter of 2016.

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

Other revenues and income

The other revenues of the first quarter 2017 amounted to €430 thousand (€659 thousand in the same period of 2016). This figure includes the other revenues from ordinary activity, but that cannot be included in the typical sale of goods and services.

This item includes:

- research grants from the EU and Italian Ministry of Education, University and Research (MIUR) as part of the funded research activity carried out by the parent company Fidia S.p.A. (€86 thousand, €152 thousand at 31 March 2016);
- release of the warranty, bad debts and/or any accruals in excess of the risk to be covered (€168 thousand; €257 thousand at 31 March 2016);
- internal construction of tangible assets and the capitalization of product development costs (€121 thousand; €123 thousand at 31 March 2016);
- contingent assets, recovery of costs, income on disposal of property, plant and equipment and other sundry incomes (€56 thousand; €127 thousand in the same period of last year).

Value of production

The value of production, equal to €10,185 thousand, significantly decreased compared to the first quarter of 2016 (-€2,456 thousand); this is due to the combined effect of the decrease in revenues from sales (-€561 thousand YOY), a lower positive change in inventories of finished products and work in progress (-€1,666 thousand and other revenues (-€229 thousand YOY).

Other services and operating costs

This figure amounted in the first quarter of 2017 to €2,353 thousand, down compared to €2,541 thousand in the same period of 2016.

Added value

Added value amounted to €2,970 thousand, up from €3,688 thousand in the same period of 2016.

Personnel

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

	Q1 2017	Q1 2016	Abs. change	% Chg
Executives	8	8	0	0.0%
Clerks and cadres	284	280	4	1.4%
Workers	51	52	-1	-1.9%
Total employees	343	340	3	0.9%
Total average number of employees	343.0	340.0	3	0.9%

	Q1 2017	Q1 2016	Abs. change	% Chg
Labour cost (€thousand)	4,549	4,477	72	1.60%

Cost of labour increased by €72 thousand, corresponding to approximately 1.60% compared to the same period of the previous year; this increase is due to the individual costs of new hires.

EBITDA

EBITDA was negative by €1,579 thousand, down from the negative result of €790 thousand in the same period of last year.

EBIT

EBIT recorded a loss of €1,810 thousand, down from the loss of €979 thousand reported in the same period of last year.

Earnings before tax (EBT)

Overall, financial management made a negative contribution to net financial income and expenses of €27 thousand at 31 March 2017. Exchange rate differences, whether realised or not, amounted to -€10 thousand, as a summary of the contributions of the various branches.

In light of the contribution from financial management, the earning before tax is a loss of €1,847 thousand, versus a loss of €971 thousand in the same period of the previous year.

Net consolidated result

The net consolidated result was a loss of €1,968 thousand (€1,955 thousand attributable to the Group) compared to a loss of €1,012 thousand (of which €933 thousand attributable to the Group) in the first quarter of 2016.

Analysis of the financial data

Net financial position

(€thousand)	31/03/2017	31/12/2016	31/03/2016
Available-for-sale financial assets	-	-	-
Cash on hand, bank deposits	10,137	8,925	11,482
Overdrawn bank accounts and short-term advances	(493)	(486)	(468)
Short-term loans	(4,711)	(3,933)	(2,750)
Assets/liabilities for current derivatives	(82)	(198)	-
Other current financial payables	-	-	-
Short-term financial position	4,851	4,308	8,263
Long-term loans, net of current portion	(12,510)	(11,697)	(7,681)
Assets/liabilities for long-term derivatives	(14)	(23)	(28)
Net financial position	(7,672)	(7,412)	554

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

(€thousand)	31/03/2017	31/12/2016	31/03/2016
FINANCIAL ASSETS AVAILABLE FOR SALE			
CASH ON HAND, BANK DEPOSITS			
Fidia S.p.A.	4,634	4,319	5,784
Fidia Co.	734	565	1,431
Fidia GmbH	686	767	964
Fidia Iberica S.A.	564	466	975
Fidia S.a.r.l.	447	444	544
Beijing Fidias Machinery & Electronics Co., Ltd.	2,166	1,673	1,093
Fidia do Brasil Ltda.	237	81	214
Shenyang Fidias NC & M Co. Ltd.	670	610	477
TOTAL	10,137	8,925	11,482

(€thousand)	31/03/2017	31/12/2016	31/03/2016
Short-term loans and advances			
Fidia S.p.A.	(5,134)	(4,347)	(3,131)
Fidia GmbH	(55)	(57)	(72)
Fidia Iberica S.A.	(14)	(15)	(15)
TOTAL	(5,204)	(4,419)	(3,218)
(Assets)/liabilities for current derivatives			
Fidia S.p.A.	(82)	(198)	72
TOTAL	(82)	(198)	72
Other current financial payables			
Fidia S.p.A.	-	-	(69)
TOTAL	-	-	(69)
Long-term loans, net of current portion			
Fidia S.p.A.	(12,460)	(11,630)	(7,560)
Fidia GmbH	(30)	(44)	(85)
Fidia Iberica S.A.	(20)	(23)	(35)
TOTAL	(12,510)	(11,697)	(7,680)
(Assets)/liabilities for long-term derivatives			
Fidia S.p.A.	(14)	(23)	(28)
TOTAL	(14)	(23)	(28)
Total financial payables	(17,810)	(16,337)	(10,923)

At 31 March 2017 the net financial position was negative at €7,672 thousand; the change from 31 December 2016 was affected positively by the decrease in working capital and specifically of receivables, in addition to the level of advances on new orders, and negatively by increased borrowings for the construction of the new plant in Forlì.

The trend in the net financial position is illustrated below:

CONSOLIDATED CONDENSED CASH FLOW STATEMENT

(€thousand)	Q1 2017	Year 2016	Q1 2016
A) Cash and cash equivalents at beginning of period	8,440	15,534	15,534
B) Cash from/(used in) operating activities during the period	1,973	(6,465)	(1,492)
C) Cash from/(used in) investing activities	(1,096)	(4,878)	(1,866)
D) Cash from/(used in) financing activities	438	4,252	(635)
Differences in exchange rates	(111)	(3)	(527)
E) Net change in cash and cash equivalents	1,204	(7,094)	(4,520)
F) Cash and cash equivalents at end of period	9,644	8,440	11,014
Breakdown of cash and cash equivalents:			
Cash and cash equivalents	10,137	8,925	11,482
Overdrawn bank accounts	(493)	(485)	(468)
TOTAL	9,644	8,440	11,014

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

Pursuant to the Consob Communication of 28 July 2006, the reconciliation between the result for 2016 and the Group's shareholders' equity at 31 March 2017 (a share attributable to the Group) and the corresponding values of the parent company Fidia S.p.A. (values in thousands of euro) is shown below:

	Shareholders' Equity 31.12.2016	Changes S.E. 2017	Profit/(loss) 31.3.2017	Shareholders' Equity 31.3.2017
Financial Statements of Fidia S.p.A.	11,261	(1,016)	(1,572)	8,673
Consolidation adjustments				
* Elimination of book value of investments	5,976	(134)	(371)	5,471
* Transactions between consolidated companies	(371)		(11)	(382)
* Exchange rate differences on intra-group transactions	-	1	-	1
Consolidated Financial Statements (attributable to the Group)	16,866	(1,149)	(1,955)	13,763

SEGMENT REPORTING

Economic performance by business sector

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

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

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

CONSOLIDATED INCOME STATEMENT by business sector

Below follow the consolidated economic results broken down by sector at 31 March 2017 and 31 March 2016.

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

Progressive data at March (€thousand)	CNC 2016	%	HSM 2016	%	SERVICE 2016	%	N/A 2016	TOTAL 2016
Revenues	679	82,0%	4.601	100,0%	2.785	100,0%	-	8.065
Cross-sector revenues	149	18,0%	-	0,0%	-	0,0%	-	
Total reclassified revenues	828	100,0%	4.601	100,0%	2.785	100,0%	-	
Changes in inventories of finished goods and W.I.P.	137	16,5%	3.709	80,6%	71	2,5%	0	3.917
Raw materials and consumables	(444)	-53,6%	(4.200)	-91,3%	(278)	-10,0%	(50)	(4.972)
Cross-sector expenses	(22)	-2,7%	(222)	-4,8%	91	3,3%	4	-
Commissions	0	0,0%	(87)	2,1%	0	0,0%		(87)
Transport	(6)	0,5%	(136)	3,4%	(64)	-2,5%	0	(206)
Contractors	(210)	15,8%	(938)	23,3%	0	0,0%		(1.148)
Sales margin	283	34,2%	2.727	59,3%	2.605	93,5%	(46)	5.569
Other operating revenue	165	19,9%	392	8,5%	66	2,4%	36	659
Other operating costs	(83)	-10,0%	(500)	-10,9%	(666)	-23,9%	(1.292)	(2.541)
Personnel costs	(742)	-89,6%	(1.458)	-31,7%	(1.298)	-46,6%	(979)	(4.477)
Depreciation, amortization and writedowns	(8)	-1,0%	(73)	-1,6%	(28)	-1,0%	(80)	(189)
Operating profit/(loss)	(385)	-46,5%	1.088	23,6%	679	24,4%	(2.361)	(979)

SUMMARY OF THE GROUP PERFORMANCE, SIGNIFICANT EVENTS AND BUSINESS OUTLOOK

The first quarter of 2017 was characterised by a decrease in the value of production compared to that achieved in the same period of the previous year (-19.4%).

The main reason for this is the loss of production hours following the transfer of production from the old to the new Forlì plant, which was been completed in the early months of current year.

The characteristic of the company's cost structure, which is mainly fixed, consequently impacted profitability compared to the same period of 2016.

On the commercial front, Group total new orders increased significantly compared to 2016 (+56.9%), when it amounted to €11,246 thousand, and the order backlog amounted to €20,873 thousand.

Taking into account the historical cyclical nature of revenues, the presence of an adequate order backlog and numerous negotiations in progress, the conditions subsist for a positive development of economic results in the coming quarters.

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

FIDIA GROUP

Condensed consolidated financial statements

Consolidated Financial Statements

and

Notes

at 31 March 2017

CONSOLIDATED INCOME STATEMENT

(€thousand)	Notes	3rd Quarter 2017	1st Quarter 2016
- Net sales	1	7.504	8.065
- Other operating revenue	2	430	659
Total revenue		7.934	8.724
- Changes in inventories of finished goods and W.I.P.		2.251	3.917
- Raw materials and consumables	3	(3.813)	(4.972)
- Personnel costs	4	(4.549)	(4.477)
- Other operating costs	5	(3.403)	(3.982)
- Depreciation, amortization and writedowns	6	(230)	(189)
Operating profit/(loss)		(1.810)	(979)
- Non-recurring income/(expenses)	7	-	-
Operating profit/(loss)		(1.810)	(979)
- Financial income/(expenses)	8	(37)	8
Profit/(loss) before tax		(1.847)	(971)
- Income tax	9	(121)	(41)
Profit/(loss) for continuing operations		(1.968)	(1.012)
Profit/(loss) for discontinued operations		-	-
Profit (loss) for the period		(1.968)	(1.012)
Profit/(loss) attributable to:			
- Shareholders of parent company		(1.955)	(933)
- Non-controlling interests		(13)	(79)

(EUR)

Earning per share	10	(0,38)	(0,18)
Diluted earnings per ordinary share	10	(0,38)	(0,18)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€thousand)	3rd Quarter 2017	1st Quarter 2016
Profit (loss) for the period (A)	(1.968)	(1.013)
Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss:		
Profit/(loss) on cash flow hedges	10	159
Profit(loss) on translation of financial statements of foreign companies	(145)	(659)
Tax effect pertaining to Other comprehensive profit/(loss) that may be reclassified in profit or loss	(3)	(38)
Total Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss, net of tax effect (B1)	(138)	(538)
Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss:		
Net actuarial gains/(losses) on defined benefit plans	-	-
Tax effect pertaining to Other comprehensive profit/(loss) that may not be reclassified in profit or loss	-	-
Total Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss, net of tax effect (B2)	0	0
Total Other comprehensive profit/(loss), net of tax effect (B)=(B1)+(B2)	(138)	(538)
Total comprehensive profit/(loss) for the period (A)+(B)	(2.106)	(1.551)
Total comprehensive profit/(loss) due to:		
Shareholders of the parent company	(2.082)	(1.358)
Non-controlling interests	(24)	(193)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€thousand)	Notes	31 marzo 2017	31 dicembre 2016
ASSETS			
NON-CURRENT ASSETS			
- Property, plant and equipment	11	11.260	10.452
- Intangible assets	12	1.403	1.338
- Investments	13	16	16
- Other non-current receivables and assets	14	943	968
- Pre-paid tax assets	9	842	850
TOTAL NON-CURRENT ASSETS		14.464	13.625
CURRENT ASSETS			
- Inventories	15	21.575	19.375
- Trade receivables	16	8.575	14.797
- Current tax receivables	17	1.082	664
- Other current receivables and assets	17	1.222	933
- Other current financial receivables	18	-	-
- Cash and cash equivalents	19	10.137	8.925
TOTAL CURRENT ASSETS		42.592	44.694
TOTAL ASSETS		57.056	58.319
LIABILITIES			
SHAREHOLDERS' EQUITY			
- Share capital and reserves attributable to shareholders of parent company		13.763	16.867
- Non-controlling interests		2.047	2.071
TOTAL CONSOLIDATED EQUITY	20	15.810	18.938
NON-CURRENT LIABILITIES			
- Other non-current payables and liabilities	21	82	89
- Termination benefits	22	2.359	2.330
- Deferred tax liabilities	9	49	51
- Provisions for risks and expenses	28	30	39
- Other non-current financial liabilities	23	14	23
- Non-current financial liabilities	24	12.510	11.697
TOTAL NON-CURRENT LIABILITIES		15.044	14.229
CURRENT LIABILITIES			
- Current financial liabilities	24	5.204	4.419
- Other current financial liabilities	25	82	198
- Trade payables	26	9.005	10.095
- Current tax payables	27	545	1.021
- Other current payables and liabilities:	27	10.036	7.966
- Provisions for risks and expenses	28	1.330	1.453
TOTAL CURRENT LIABILITIES		26.202	25.152
TOTAL LIABILITIES		57.056	58.319

CONSOLIDATED CASH FLOW STATEMENT

(€thousand)	3rd Quarter 2017	1st Quarter 2016
A) Cash and cash equivalents at beginning of period	8.440	15.534
B) Cash from/(used in) operating activities during the period:		
- Result of Group and non-controlling interests	(1.968)	(1.013)
- Amortisation	202	155
- Net loss (gain) on disposal of tangible assets	0	(7)
- Net change in provision for employee severance pay	29	(4)
- Net change in provisions for risks and charges	(132)	(195)
- Net change (assets) liabilities for (pre-paid) deferred taxes	6	20
- Net change in working capital:		
- receivables	5.539	2.447
- inventory	(2.199)	(4.894)
- payables	496	1.999
	1.973	(1.492)
C) Cash from/(used in) investing activities		
- Investments in		
property, plant and equipment	(979)	(1.802)
intangible fixed assets	(117)	(135)
- Proceeds from the sale of:		
property, plant and equipment	-	71
non-current financial assets	-	-
	(1.096)	(1.866)
D) Cash from/(used in) financing activities		
- Change in loans	1.590	1.585
- Distribution of dividends	(1.023)	(2.045)
- Change in capital and reserves	7	205
- Net change in NClS	(11)	(114)
- Net change in other current and non-current financial assets and liabilities	(125)	(266)
	438	(635)
Currency translation differences	(111)	(527)
E) Net change in cash and cash equivalents	1.204	(4.520)
F) Cash and cash equivalents at reporting date	9.644	11.014
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	10.137	11.482
Overdrawn bank accounts	(493)	(468)
	9.644	11.014

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(€thousand)	Share capital	Own shares	Capital reserves	Retained earnings	Cash flow hedge reserve	Translation reserve	Reserve for actuarial profit/loss	Other reserves	Profit/(loss) for the year	Total Group Shareholders' Equity	Other non-controlling interests	Total Shareholders' Equity
Balance at 31 December 2015	5.123	(45)	1.240	4.730	(65)	2.716	(50)	213	2.723	16.585	2.442	19.027
Allocation of profit				678						678		678
Total comprehensive profit/(loss)	0	0	0		121	(545)		0	(933)	(1.357)	(193)	(1.550)
Other changes	0	0	0	85	0	0	0	0	(2.723)	(2.638)		(2.638)
Balance at 31 March 2016	5.123	(45)	1.240	5.493	56	2.171	(50)	213	(933)	13.268	2.249	15.517
Balance at 31 December 2016	5.123	(45)	1.240	5.269	(15)	2.713	(95)	213	2.462	16.867	2.071	18.938
Allocation of profit				1.439					(2.462)	(1.023)		(1.023)
Total comprehensive profit/(loss)	0	0	0	0	7	(134)	0	0	(1.955)	(2.083)	(24)	(2.107)
Other changes	0	0	0	0	0	0	0	0	0	0	0	0
Balance at 31 March 2017	5.123	(45)	1.240	6.708	(8)	2.579	(95)	213	(1.955)	13.763	2.047	15.810

Notes

MAIN BUSINESS

Fidia S.p.A. is a company under Italian law. Fidias 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 Fidias 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

Accounting policies

This Quarterly Report at 31 March 2017 has been prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and adopted by the European Union. The designation “IFRS” also includes all currently valid International Accounting Standards (“IAS”), as well as all interpretations of the International Accounting Reporting Interpretations Committee (“IFRIC”), formerly the Standing Interpretations Committee (“SIC”).

These Quarterly Consolidated Financial Statements have been prepared in accordance with IAS 34 – Interim Financial Reporting, applying the same accounting standards used in the preparation of the Consolidated Financial Statements at 31 December 2016;

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent assets and liabilities at the date of the interim financial statements.

If in the future such estimates and assumptions, which are based on management’s best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

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

Actuarial valuations necessary to determine the provisions for employee benefits are also normally carried out only when the half-yearly report and annual financial statements are prepared.

The Group carries out activities that, as a whole, show significant cyclical variations in total sales during the year.

Income taxes have been calculated on the basis of the best estimate of the average tax rate expected for the entire year for each company included in the consolidation area.

Scope of consolidation

The scope of consolidation has changed with respect to the consolidated financial statements at 31 March 2016 due to the acquisition by the Parent Company of a further 4% of the subsidiary Beijing Fidia Machinery & Electronics Co., Ltd; the final equity investment has increased from 92% to 96%.

The companies included in the scope of consolidation, compared with those resulting at the end of 2016 and at the end of the same period of last year, are listed below:

Name / Registered office	Currency	Share capital	Equity ownership at 31/3/2017	Equity ownership at 31/12/2016	Equity ownership at 31/3/2016
Fidia Gmbh, Dreiech - Germany	EUR	520,000	100%	100%	100%
Fidia Co, Rochester Hill (USA)	USD	400,000	100%	100%	100%
Fidia Sarl, Emerainville – France	EUR	300,000	93.19%	93.19%	93.19%
Fidia Iberica S.A., Zamudio - Spain	EUR	180,300	99.993%	99.993%	99.993%
Fidia do Brasil Ltda, Sao Paulo – Brazil	Reals	400,843	99.75%	99.75%	99.75%
Beijing Fidia M&E Co Ltd., Beijing - China	Rmb	1,500,000	96%	96%	92%
Shenyang Fidia NC & Machine Company Ltd., Shenyang – China	Rmb	42,517,648	51%	51%	51%
OOO Fidia, Mosca – Russian Federation	Rouble	3,599,790	100%	100%	100%

COMPOSITION AND MAIN CHANGES

INCOME STATEMENT

1. NET SALES

An analysis of net sales to third parties (net of intra-Group transactions) by business sector follows:

(€thousand)	3rd Quarter 2017	%	1st Quarter 2016	%
Numerical controls, drives and software	1.047	14,0%	679	8,4%
High-speed milling systems	3.932	52,4%	4.601	57,0%
After-sales service	2.525	33,6%	2.785	34,5%
Total revenues	7.504	100,0%	8.065	100,0%

Group revenues decreased as a whole by 7.0% YOY.

The increase in the numerical controls area is offset by a drop in milling systems of around 14% and in service of around 9%.

2. OTHER REVENUES

The other revenues of the first quarter 2017 amounted to €430 thousand (€659 thousand in the same period of 2016). This figure includes the other revenues from ordinary activity, but that cannot be included in the typical sale of goods and services.

This item includes:

- research grants from the EU and Italian Ministry of Education, University and Research (MIUR) as part of the funded research activity carried out by the parent company Fidia S.p.A. (€86 thousand, €152 thousand at 31 March 2016);
- release of the warranty, bad debts and/or any accruals in excess of the risk to be covered (€168 thousand; €257 thousand at 31 March 2016);
- internal construction of tangible assets and the capitalization of product development costs (€121 thousand; €123 thousand at 31 March 2016);
- contingent assets, recovery of costs, income on disposal of property, plant and equipment and other sundry incomes (€56 thousand; €127 thousand in the same period of last year).

3. RAW MATERIALS AND CONSUMABLES

In the first quarter of 2017, consumption of raw materials and consumables amounted to €3,813, down from €4,972 thousand in the first quarter of 2016 due to lower value of production and a different product mix.

4. PERSONNEL EXPENSES

Personnel costs amount to €4,549 thousand compared to €4,477 thousand in the same period of 2016 and are therefore up by €72 thousand, or about 1.60%, compared to the same period of the previous year;

5. OTHER SERVICES AND OPERATING COSTS

Other services and operating costs amounted to €3,403 thousand, down €3,982 thousand YOY;

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

cost for services related to the revenues (subcontractors, transport, duties and commissions), €1,050 thousand versus €1,434 thousand in the same period of 2016 (-€385 thousand);

production costs and expenses for miscellaneous technical service, €783 thousand at 31 March 2017, versus €884 thousand at 31 March 2016 (-€101 thousand);

expenses incurred for trade fairs, entertainment expenses, travel expenses and commercial services, €195 thousand at 31 March 2017, versus €173 thousand at 31 March 2016 (+€22 thousand);

R&D costs and related refund of expenses, €107 thousand at 31 March 2017, versus €138 thousand at 31 March 2016 (-€31 thousand);

overheads, technical and administrative consulting, utilities, rent, legal expenses, contingent liabilities and other expenses, €1,267 thousand at 31 December 2017, versus €1,346 thousand at December 2016 (-€79 thousand).

6. DEPRECIATION, AMORTIZATION AND WRITEDOWNS

(€thousand)	3rd Quarter 2017	1st Quarter 2016
Amortization of intangible fixed assets	52	27
Amortization of property, plant and equipment	150	129
Bad debts	28	33
Total	230	189

7. NON-RECURRING REVENUE

In the first three months of 2017, there were no non-recurring revenue or expenses.

8. FINANCE REVENUE (EXPENSES)

Financial income and expenses are represented by:

(€thousand)	3rd Quarter 2017	1st Quarter 2016
Finance revenue	12	3
Borrowing costs	(60)	(34)
Net profit (loss) on derivatives	21	7
Profit (loss) from foreign currency transactions	(10)	32
Total	(37)	8

Finance revenue consists of:

(€thousand)	3rd Quarter 2017	1st Quarter 2016
Interests received from banks	2	3
Interests and commercial discounts	-	-
Other financial revenues	10	-
Total	12	3

Finance expenses consist of:

(€thousand)	3rd Quarter 2017	1st Quarter 2016
Interests paid on short-term borrowings from banks	(4)	(7)
Interest paid on loans from banks and leasing companies	0	0
Interest expense on M/L-term loans from banks	(42)	(30)
Borrowing costs on termination benefits	0	0
Other borrowing costs	(14)	3
Total	(60)	(34)

Net profit (loss) on derivatives consist in:

(€thousand)	3rd Quarter 2017	1st Quarter 2016
Expenses on derivatives due to fair value adjustment	(1)	(1)
Gains on derivatives due to fair value adjustment	22	7
Total	21	6

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

Profit (loss) on foreign currency transactions consists of:

(€thousand)	3rd Quarter 2017	1st Quarter 2016
Exchange rate gain	38	15
Revenue from exchange rate adjustment	7	193
Profit on currency forward contract	24	-
Exchange rate loss	(75)	(44)
Expenses from exchange rate adjustment	(4)	(132)
Loss on currency forward contract	-	-
Total	(10)	32

9. INCOME TAX

Taxes recognised in the consolidated income statement amounted to -€121 thousand (-€41 thousand at 31 March 2016) including deferred tax assets and liabilities.

The following table shows the balance of deferred tax assets and liabilities at 31 March 2017:

(€thousand)	31 marzo 2017	31 marzo 2016
Deferred tax assets	842	1.051
Deferred tax liabilities	(49)	(78)
Total	793	973

10. EARNING PER SHARE

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

		3rd Quarter 2017	1st Quarter 2016
Net earnings pertaining to Group	€thousand	(1.955)	(933)
Profit/(loss) of ordinary shares	€thousand	(1.955)	(933)
Number of circulating ordinary shares	number	5.113.000	5.113.000
Earning per share	EUR	(0,38)	(0,18)
Diluted earnings per ordinary share	EUR	(0,38)	(0,18)

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

STATEMENT OF FINANCIAL POSITION

11. PROPERTY, PLANT AND EQUIPMENT

(€thousand)	Buildings	Total plant, machinery and equipment	Other assets	Assets under development and advances	Total
Net carrying amount at 31/12/2016	1.589	591	821	7.451	10.452
Additions	2	-	45	932	979
Net value of divestments	-	-	-	-	-
Depreciation	(22)	(20)	(108)	-	(150)
Currency gain/(loss)	(17)	-	(4)	-	(21)
Net carrying amount at 31/3/2017	1.552	571	754	8.383	11.260

12. INTANGIBLE FIXED ASSETS

(€thousand)	Development costs	Licenses	Software	Assets under development and advances	Total
Net carrying amount at 31/12/2016	252	63	159	864	1.338
Increases		-	-	117	117
Decreases/transfers	288			(288)	0
Depreciation	(27)	(7)	(18)		(52)
Currency gain/(loss)			0		0
Closing net carrying amount at 31/3/2017	513	56	141	693	1.403

13. INVESTMENTS

This item, amounting to €16 thousand and unchanged compared to 31 December 2016, is made up of investments in associated companies valued at equity and investments in other companies valued at cost.

14. OTHER NON-CURRENT RECEIVABLES AND ASSETS

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

(€thousand)	Balance 31/03/2017	Balance 31/12/2016
Receivables for EU research grants	-	-
Security deposits	87	85
Non-recurring trade receivables	141	160
Receivables for foreign VAT	6	6
Withholding tax on foreign income	690	690
Multi-year pre-paid expenses	13	22
Sundry receivables	5	6
Total	943	968

15. INVENTORY

(€thousand)	Balance 31/03/2017	Balance 31/12/2016
Raw materials	10.833	10.827
Provisions for raw materials depreciation	(1.983)	(1.928)
	8.850	8.899
Semi-finished products and work in progress	6.471	5.243
Finished products and goods for resale	6.616	5.641
Provisions for depreciation finished products	(505)	(502)
	6.111	5.139
Advances	143	94
Net value	21.575	19.375

Inventory in the first quarter of the year increased by €2,200 thousand; the increase affected job orders in progress and finished products due to the level of production sustained.

TRADE RECEIVABLES

(€thousand)	Balance 31/03/2017	Balance 31/12/2016
Trade receivables from others	9.167	15.502
Taxed supplementary	(662)	(705)
Receivables from associates	-	-
Total	8.505	14.797

Trade receivables decreased compared to 31 December 2016, showing a change of -€6,292 thousand.

16. TAX RECEIVABLES AND OTHER CURRENT RECEIVABLES AND ASSETS

(€thousand)	Balance 31/03/2017	Balance 31/12/2016
Receivables from tax authorities for VAT	816	361
Tax receivables for income tax and IRAP	240	282
Receivables for short-term foreign VAT	8	14
Other tax receivables	18	7
Total current tax receivables	1.082	664
Research grants	119	122
Sundry prepayments	414	214
Pre-paid expenses	23	32
Receivables from employees	208	147
Advances from suppliers	183	161
Other current receivables	267	257
Total other current receivables	1.214	933
Total	2.296	1.596

17. OTHER CURRENT FINANCIAL ASSETS

This item had a zero balance at 31 March 2017.

18. CASH AND CASH EQUIVALENTS

The overall amount of cash of the Group amounted to €10,137 thousand (€8,925 thousand at 31 December 2016) and consisted mainly of temporary cash in bank deposits. These amounts are subject to a negligible risk of change in value.

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

19. SHAREHOLDERS' EQUITY

Consolidated shareholders' equity decreased by €3,128 thousand compared to 31 December 2016, from €18,938 thousand to €15,810 thousand.

The decrease is due to the loss for the period (-€1,955 thousand),

the negative change in the translation reserve (-€134 thousand) and the portion approved for dividends (-€1,023 thousand), both deriving from the allocation of the profit for 2016,

and the positive change of the cash flow edge reserve (+€7 thousand, net of the theoretical tax effect)

other minor changes.

At 31 March 2017, the fully paid share capital is unchanged compared to 31 December 2016 and is represented by 5,123,000 ordinary shares with a nominal value of €1 each.

20. OTHER NON-CURRENT PAYABLES AND LIABILITIES

This item, which amounts to €82 thousand (€89 thousand at 31 December 2016), mainly medium/long-term payables to the personnel of the subsidiary Fidia Sarl.

21. TERMINATION BENEFITS

Termination benefits amounted to €2,359 thousand (€2,330 thousand at 31 December 2016) and reflect the indemnity accrued at the end of the period by employees of the parent company Fidia S.p.A.

22. OTHER NON-CURRENT FINANCIAL LIABILITIES

This item amounts to €14 thousand (€23 thousand at 31 December 2016) and consists of the fair value of three interest rate swaps and two interest rate caps signed in order to cover the risk on interest rate change on five medium/long-term loans.

23. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

This figure amounts to €17,714 thousand as detailed below.

(€thousand)	Balance 31/03/2017	Balance 31/12/2016
Overdrawn bank accounts and short-term advances	493	486
Financial accruals and deferrals	55	39
Bank loans	12.236	11.401
Finance leases	140	164
Lease financing	4.790	4.026
Total	17.714	16.116

There are no liabilities longer than 5 years.

24. OTHER CURRENT FINANCIAL LIABILITIES

This item totalled €82 thousand (€198 thousand at 31 December 2016). It mainly refers to the negative fair value of some USD forward contracts entered into by the company to hedge the exchange rate risk of certain supplies denominated in this currency.

25. TRADE PAYABLES

(€thousand)	Balance 31/03/2017	Balance 31/12/2016
Payables to other suppliers	9.003	10.093
Payables to subsidiaries	2	2
Total trade payables	9.005	10.095

Trade payables, amounting to €9,005 thousand at 31 March 2017, are down compared to the end of the previous year.

26. TAX LIABILITIES AND OTHER CURRENT PAYABLES AND LIABILITIES

(€thousand)	Balance 31/03/2017	Balance 31/12/2016
Payables to employees	1.898	1.532
Social security payables	647	752
Advance from customers	5.176	3.995
Advances for EU grants	6	39
Payables for emoluments	290	328
Payables to State Fund and other funds	86	77
Payables for dividends to be distributed	1.060	200
Sundry accruals and deferred income	606	675
Sundry payables to the SMTCL company	-	109
Miscellaneous payables	267	259
Total other payables	10.036	7.966
Withholding tax	195	369
Tax payables for income tax and IRAP	240	234
Tax payables for VAT	90	355
Other short-term tax payables	20	63
Total tax payables	545	1.021
Total	10.581	8.987

Advances from customers are represented by down payments received by clients and by the value of the milling systems already delivered, but not yet approved by the final customers.

27. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges amounted to €1,360 thousand (€1,492 thousand at 31 December 2016). This item refers to

€1,263 thousand for the warranty provision, which represents the best estimate of the commitments undertaken by the Group by contract, by law or custom, in relation to charges related to the warranty on its products for a certain period starting from their sale to the end customer,

€86 thousand to a provision set aside by the subsidiary Fidia Co for legal risks;

€11 thousand to the provision for tax disputes arising from ongoing legal disputes.

28. GUARANTEES GRANTED, OTHER COMMITMENTS AND CONTINGENT LIABILITIES

The total guarantees granted in the name of the Group to third parties amounted to €1,018 thousand (€3,572 thousand at 31 March 2016).

This item consists primarily of performance bonds for commercial transactions with foreign customers (€1,060 thousand) and of guarantees covering real estate leases (€58 thousand).

Contingent liabilities

At 31 March 2016, Fidia Group, although it is exposed to various risks (product liability, legal and fiscal risks), is not aware of circumstances that might generate foreseeable contingent liabilities or contingent liabilities the amount of which may be estimated and therefore does not believe it necessary to make any further allocations.

29. SEGMENT REPORTING

Income statement by business sector

Below follow the consolidated economic results by sector at 31 March 2017 and 31 March 2016.

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

Progressive data at March (€thousand)	CNC 2016	%	HSM 2016	%	SERVICE 2016	%	N/A 2016	TOTAL 2016
Revenues	679	82,0%	4.601	100,0%	2.785	100,0%	-	8.065
Cross-sector revenues	149	18,0%	-	0,0%	-	0,0%	-	
Total reclassified revenues	828	100,0%	4.601	100,0%	2.785	100,0%	-	

Changes in inventories of finished goods and W.I.P.	137	16,5%	3.709	80,6%	71	2,5%	0	3.917
Raw materials and consumables	(444)	-53,6%	(4.200)	-91,3%	(278)	-10,0%	(50)	(4.972)
Cross-sector expenses	(22)	-2,7%	(222)	-4,8%	91	3,3%	4	-
Commissions	0	0,0%	(87)	2,1%	0	0,0%		(87)
Transport	(6)	0,5%	(136)	3,4%	(64)	-2,5%	0	(206)
Contractors	(210)	15,8%	(938)	23,3%	0	0,0%		(1.148)
Sales margin	283	34,2%	2.727	59,3%	2.605	93,5%	(46)	5.569
Other operating revenue	165	19,9%	392	8,5%	66	2,4%	36	659
Other operating costs	(83)	-10,0%	(500)	-10,9%	(666)	-23,9%	(1.292)	(2.541)
Personnel costs	(742)	-89,6%	(1.458)	-31,7%	(1.298)	-46,6%	(979)	(4.477)
Depreciation, amortization and writedowns	(8)	-1,0%	(73)	-1,6%	(28)	-1,0%	(80)	(189)
Operating profit/(loss)	(385)	-46,5%	1.088	23,6%	679	24,4%	(2.361)	(979)

Below follow the consolidated statements of financial position by business sector at 31 March 2017 and 31 December 2016.

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

At 31 March 2017	CNC	HSM	SERVICE	Non allocable	Total
(€thousand)					
Property, plant and equipment	17	8.850	23	2.370	11.260
Intangible fixed assets	695	511	-	197	1.403
Investments	-	-	-	16	16
Other non-current receivables and assets	9	162	-	772	943
Deferred tax assets	-	-	-	842	842
Total non-current assets	721	9.523	23	4.197	14.464
Inventory	2.291	13.132	6.152	-	21.575
Trade receivables and other receivables	1.331	4.879	2.709	879	9.798
Current taxes receivable	-	-	-	1.082	1.082
Other current financial assets	-	-	-	-	-
Cash and cash equivalents	-	-	-	10.137	10.137
Total current assets	3.622	18.011	8.861	12.098	42.592
Total assets	4.343	27.534	8.884	16.295	57.056
Other non-current payables and liabilities	10	22	30	20	82
Long-term provisions	2	19	9	-	30
Employee severance indemnities	617	1.173	307	262	2.359
Deferred tax liabilities	-	-	-	49	49
Other non-current financial liabilities	-	-	-	14	14
Non-current financial liabilities	-	-	-	12.510	12.510
Total non-current liabilities	629	1.214	346	12.855	15.044
Current financial liabilities	-	-	-	5.204	5.204
Other current financial liabilities	-	-	-	82	82
Trade payables and other current payables	2.617	11.465	1.028	3.931	19.041
Current taxes payable	-	-	-	545	545
Short-term provisions	100	1.000	147	83	1.330
Total current liabilities	2.717	12.465	1.175	9.845	26.202
Total liabilities	3.346	13.679	1.521	22.700	41.246
Shareholders' equity	-	-	-	15.810	15.810
Total liabilities	3.346	13.679	1.521	38.510	57.056

At 31 December 2016	CNC	HSM	SERVICE	Non allocable	Total
(€thousand)					
Property, plant and equipment	19	7.979	27	2.428	10.452
Intangible fixed assets	648	468	-	223	1.338
Investments	-	-	-	16	16
Other non-current receivables and assets	17	182	-	770	968
Deferred tax assets	-	-	-	850	850
Total non-current assets	683	8.628	27	4.286	13.625
Inventory	2.351	11.132	5.893	-	19.375
Trade receivables and other receivables	1.931	10.501	2.781	516	15.730
Current taxes receivable	-	-	-	664	664
Other current financial assets	-	-	-	-	-
Cash and cash equivalents	-	-	-	8.925	8.925
Total current assets	4.282	21.633	8.674	10.105	44.694
Total assets	4.965	30.261	8.701	14.391	58.319
Other non-current payables and liabilities	10	22	30	27	89
Long-term provisions	20	-	19	-	39
Employee severance indemnities	610	1.158	304	258	2.330
Deferred tax liabilities	-	-	-	51	51
Other non-current financial liabilities	-	-	-	23	23
Non-current financial liabilities	-	-	-	11.697	11.697
Total non-current liabilities	639	1.181	354	12.055	14.229
Current financial liabilities	-	-	-	4.419	4.419
Other current financial liabilities	-	-	-	198	198
Trade payables and other current payables	2.198	11.474	944	3.445	18.061
Current taxes payable	-	-	-	1.021	1.021
Short-term provisions	104	1.131	180	39	1.453
Total current liabilities	2.302	12.605	1.123	9.122	25.152
Total liabilities	2.941	13.786	1.477	21.177	39.381
Shareholders' equity	-	-	-	18.938	18.938
Total liabilities	2.941	13.786	1.477	40.115	58.319

30. TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN COMPANIES

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

Currency	1st Quarter 2017		At 31 December 2016		1st Quarter 2016	
	Average	At 31 March	Average	At 31 March	Average	At 31 March
USD	1.0648	1.0691	1.1069	1.0541	1.10175	1.1385
Real (Brazil)	3.34676	3.3800	3.85614	3.4305	4.30561	4.1174
Renminbi (China)	7.33527	7.3642	7.35222	7.3202	7.20903	7.3514
Rouble (Russia)	62.5218	60.313	74.1446	64.300	82.473	76.305

31. OTHER INFORMATION

The average number of employees in the first quarter of 2017 was 343 people (340 in the first quarter of 2016).

32. SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

In the first quarter of 2017, the Group did not undertake any significant non-recurring transactions as defined by Consob Communication of 28 July 2006.

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

In accordance with the CONSOB Communication dated 28 July 2006, it is hereby stated that no atypical and/or unusual transactions were undertaken during the first quarter of 2017. As defined by said Communication, atypical and/or unusual transactions are those that, due to their significance, the nature of the counterparts, the object of the transaction, the methods of determination of the price of transfer, and timing (proximity to year-end) may give rise to doubts as to the accuracy/completeness of the information in the financial statements, conflicts of interest, the safeguarding of an entity's assets or the protection of minority shareholders.

34. RELATED-PARTY TRANSACTIONS

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

- salary to Mr. Luca Morfino, employee of Fidia S.p.A.;
- compensation to the Board of Directors and Board of Statutory Auditors.

35. NET FINANCIAL POSITION

Pursuant to the Consob Communication issued on 28 July 2006 and according to the CESR recommendation dated 10 February 2005 for the consistent implementation of the European

Commission's Regulation on Prospectuses, the net financial position of Fidia Group at 31 March 2017 is the following:

€ thousand		31 March 2017	31 December 2016
A	Cash	16	20
B	Bank deposits	10,121	8,905
C	Other cash	-	-
D	Liquidity (A+B+C)	10,137	8,925
E	Current financial receivables		
F	Current bank payables	1,227	1,222
G	Current part of non-current debt	3,977	3,197
H	Other current financial payables	82	198
I	Current financial debt (F+G+H)	5,286	4,617
J	Net financial position (receivable)/payable (I-E-D)	(4,851)	(4,308)
K	Non-current bank payables	12,510	11,697
L	Bonds issued	-	-
M	Other non-current payables	14	23
N	Non-current financial debt (K+L+M)	12,524	11,720
O	Net financial position (receivable)/payable (J+N)	7,672	7,412

36. SUBSEQUENT EVENTS

It should be noted that on 28 April 2017 the Ordinary Shareholders' Meeting approved the financial statements at 31 December 2016.

Pursuant to Article 154-bis, paragraph 2, of the Consolidated Finance Act (Testo Unico della Finanza), the Financial Reporting Officer ("dirigente preposto") Massimiliano Pagnone, declares that all figures contained in the present quarterly report at 31 March 2017 correspond to the company's records, books and accounting entries.