



FIDIA GROUP

INTERIM REPORT

AT 30 SEPTEMBER 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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**Board of Directors
10 November 2017**

BOARD OF DIRECTORS AND AUDITORS

Board of Directors

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

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

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

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

(d) Appointed at the Shareholders' Meeting on 14 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, CHIEF EXECUTIVE OFFICER AND DEPUTY CHAIRMAN

Chairman of the Board of Directors and CEO: Mr. Giuseppe Morfino

He is the company's legal representative in respect of third parties and the courts, with sole signing authority, to exercise the fullest powers of ordinary and extraordinary administration, with the power to appoint and to dismiss special proxy-holders for single operations or Groups of operations, with the sole exclusion of the powers and rights expressly reserved to the Board of Directors under the law or the company's Bylaws. The Board of Directors retains the following powers:

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

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

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

Organization of the FIDIA GROUP

FIDIA S.p.A.
Italia

FIDIA GmbH
Germania

100% Fidia S.p.A.

Beijing Fidia M. & E. Co.
Cina

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

FIDIA S.a.r.l.
Francia

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

Shenyang Fidia
NC & M Co. Ltd.
Cina

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

FIDIA IBERICA S.A.
Spagna

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

OOO FIDIA
Russia

100% Fidia S.p.A.

FIDIA Co.
Stati Uniti

100% Fidia S.p.A.

FIDIA DO BRASIL Ltda
Brasile

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

FIDIA GROUP
RECLASSIFIED FINANCIAL STATEMENTS
AT 30 SEPTEMBER 2017

Reclassified consolidated income statement

(€thousand)	Q3 2017	%	Q3 2016	%
Net revenue	28,835	84.9%	37,078	86.9%
Changes in inventories of finished goods and W.I.P.	3,576	10.5%	4,267	10.0%
Other revenues and income	1,547	4.6%	1,328	3.1%
Value of production	33,958	100.0%	42,672	100.0%
Raw materials and consumables	(12,470)	-36.7%	(15,356)	-36.0%
Commissions, transport and contractors	(3,120)	-9.2%	(4,419)	-10.4%
Other services and operating costs	(7,622)	-19.1%	(8,171)	-19.1%
Added value	10,746	31.6%	14,726	34.5%
Personnel expenses	(13,101)	-38.6%	(12,721)	-29.8%
EBITDA	(2,355)	-6.9%	2,005	4.7%
Bad debts provision	(77)	-0.2%	(166)	-0.4%
Depreciation	(705)	-2.1%	(491)	-1.2%
Operating income/(loss) from ordinary business	(3,137)	-9.2%	1,348	3.2%
Non-recurring income/(expenses)	-	0.0%	-	0.0%
EBIT	(3,137)	-9.2%	1,348	3.2%
Net finance income and costs	(69)	-0.2%	(165)	-0.4%
Profit/(Loss) on exchange rates	154	0.5%	216	0.5%
Earnings before tax (EBT)	(3,052)	-9.0%	1,398	3.3%
Income taxes (current, paid and deferred)	(164)	-0.5%	(655)	-1.5%
Net profit (loss) for the period	(3,216)	-9.5%	744	1.7%
- (Profit)/Loss of non-controlling interests	(22)	-0.1%	(12)	0.0%
- Profit/(Loss) of Group	(3,194)	-9.4%	755	1.8%

Reclassified consolidated statement of financial position

(€thousand)	30/9/2017	31/12/2016	30/9/2016
Net tangible assets	11,447	10,452	9,507
Intangible fixed assets	1,669	1,338	1,264
Financial fixed assets	16	16	16
Other financial assets	1,757	1,818	2,081
Capital assets – (A)	14,889	13,625	12,868
Net trade receivables from customers	10,173	14,797	7,604
Closing inventories	21,096	19,375	25,369
Other current assets	1,658	1,596	2,669
Short-term (current) assets – (B)	32,927	35,769	35,642
Trade payables to suppliers	(8,669)	(10,095)	(10,692)
Other current liabilities	(12,328)	(10,441)	(10,949)
Short-term (current) liabilities – (C)	(20,997)	(20,535)	(21,641)
Net working capital (D) = (B+C)	11,930	15,233	14,002
Termination benefits (E)	(2,282)	(2,330)	(2,502)
Other long-term liabilities (F)	(149)	(179)	(174)
Net invested capital (G) = (A+D+E+F)	24,388	26,350	24,193
Financial position			
Financial assets held for sale			
Cash on hand, bank deposits	(7,454)	(8,925)	(9,293)
Short-term loans	6,019	4,419	3,727
(Assets)/liabilities for current derivatives	-	198	43
Other current financial payables	-	-	69
Short-term financial position (receivable)/payable	(1,435)	(4,308)	(5,454)
Long-term loans, net of current portion	12,384	11,697	12,903
(Assets)/liabilities for long-term derivatives	22	23	45
Net financial position (receivable)/payable (H)	10,971	7,412	7,494
Share capital	5,123	5,123	5,123
Provisions	9,571	9,282	8,734
Net profit (loss) for the period	(3,194)	2,462	755
Total shareholders' equity of Group	11,500	16,867	14,612
Total equity of non-controlling interests	1,916	2,071	2,086
Total shareholders' equity (I)	13,417	18,938	16,698
Shareholders' equity and net financial position (L) = (H+I)	24,388	26,350	24,193

GROUP FINANCIAL PERFORMANCE

Revenues

Revenues in the first nine months of 2017 amounted to €28,835 thousand, down 22.2% compared to €37,078 thousand in the same period of the previous year.

All three sectors in which the Group operates have recorded negative changes compared to 30 September 2016. The electronics division (CNC) decreased by 20.5% (€2,333 thousand compared to €2,936 thousand at 30 September 2016).

In the high-speed milling systems (HSM) sector, revenues were down 28.2% (€17,728 thousand compared to €24,696 thousand at 30 September 2016).

Finally, in the third quarter of 2017, the Service sector recorded a decrease (-7.1% compared to the first nine months of 2016, €8,773 thousand versus €9,446 thousand at 30 September 2016).

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

(€thousand)	Q3 2017	%	Q3 2016	%	% Chg
Numerical controls, drives and software	2,333	8.1%	2,936	7.9%	-20.5%
High-speed milling systems	17,728	61.5%	24,696	66.6%	-28.2%
After-sales service	8,773	30.4%	9,446	25.5%	-7.1%
Grand total	28,835	100%	37,078	100%	-22.2%

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

(€thousand) GEOGRAPHICAL AREA	TOTAL REVENUES 3 ° trim.2017	%	TOTAL REVENUES 3 ° trim.2016	%	% Chg
ITALY	3,799	13.2%	2,731	7.4%	39.1%
EUROPE	7,330	25.4%	12,904	34.8%	-43.2%
ASIA	11,368	39.4%	10,412	28.1%	9.2%
NORTH and SOUTH AMERICA	6,331	22.0%	11,024	29.7%	-42.6%
REST OF THE WORLD	8	0.0%	7	0.0%	5.7%
TOTAL	28,835	100%	37,078	100%	-22.2%

Numerical Control and Software

The revenues of the electronic segment (CNC) were down by 20.5% compared in the first nine months at €2,333 thousand (€2,936 thousand at 30 September 2016).

High-Speed Milling Systems

Revenues in the mechanical segment (HSM) were down by 28.2% compared to the first nine months of 2017 at €17,728 thousand (€24,696 thousand at 30 September 2016).

After-sales service

In the first nine months of the year, revenues in the Service division decreased by 7.1% to €8,773 thousand compared with €9,446 thousand in the first nine months of 2016.

Sales and marketing activity

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

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

(€thousand)	TOTAL 30/09/2017	TOTAL 30/09/2016	Chg. %
Order portfolio as at January 1st	14,607	30,927	-52.8%
New orders	31,953	24,944	28.1%
Revenues	(20,061)	(27,632)	-27.4%
Order backlog at 30/09	26,499	28,239	-6.2%

Other revenues and income

Other revenues and income in first nine of 2017 were equal to €1,547 thousand (€1,328 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 University and Research (MUR) as part of the funded research activity carried out by the parent company Fidia S.p.A. (€218 thousand, €350 thousand at 30 September 2016);
- increases in tangible assets built on a time and materials basis and the capitalization of product development costs (€501 thousand versus €250 thousand at 30 September 2016);
- release of the warranty, bad debts and/or any accruals in excess of the risk to be covered (€511 thousand versus €434 thousand at 30 September 2016);
- capital gains from transfers (€7 thousand at 30 September 2017; €21 thousand at 30 September 2016);
- contingent assets, damages from insurance companies, recovery of costs incurred and others (€309 thousand at 30 September 2017; €273 thousand at 30 September 2016).

Value of production

In the first nine months of the current period, this item amounted to €33,958 thousand, down from €42,672 thousand in the same period of 2016 (-€8,714 thousand). The decrease is mainly due to the realisation of lower revenues on sales and, to a lesser extent, to the change in stocks of finished products.

Other services and operating costs

The item totalled €7,622 thousand in the first nine months of 2017, down compared to €8,171 thousand in the same period of 2016 (-€549 thousand).

Added value

At 30 September 2017, it amounted to €10,746 thousand (31.6% of the value of production), down from €14,726 thousand (34.5% on the value of production) in the same period of the previous year; the decrease is above all a result of the lower value of production offset by a containment of costs deriving from it.

Personnel

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

	30/9/2017	30/9/2016	Abs. change	% Chg
Executives	8	8	0	0.0%
Clerks and cadres	279	278	1	0.4%
Workers	49	52	-3	-5.8%
Total employees	336	338	-2	-0.6%
Total mean No. of employees	339.0	339.5	-0.5	-0.1%

	Q3 2017	Q3 2016	Abs. change	% Chg
Labour cost (€thousand)	13,101	12,721	380	2.99%

Compared with the first nine months of 2017 and 2016, personnel costs increased by €380 thousand, or 2.99%. Given the decrease in revenues, the incidence of labour costs on revenues went from 29.8% at 30 September 2016 to 38.6% at 30 September 2017.

EBITDA

EBITDA was negative and amounted to €-2,355 thousand (-6.9% of the value of production) and was therefore down compared to the same period of the previous year, when the Group posted EBITDA of €2,005 thousand.

Operating income/(loss) from ordinary business

Operating income from ordinary business at 30 September 2017 recorded a loss of €3,137 thousand. This indicator too decreased compared to the positive figure of €1,348 thousand recorded at 30 September 2016.

Non-recurring revenue

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

EBIT

Due to the lack of non-recurring items, EBIT at 30 September 2017 was equal to operating income from ordinary business and was negative at €3,137 thousand; at 30 September 2016 EBIT was positive at €1,348 thousand.

Finance expenses and revenue and net exchange rate differences

Charges for financing activities were down compared with the first nine months of 2016 (net charges of €69 thousand at 30 September 2017 versus €165 thousand at 30 September 2016).

Net differences in exchange rates, either realized or resulting from measurement in the financial statements, generated net revenue of €154 thousand versus a net profit of €216 thousand at 30 September 2016.

Earnings before tax (EBT)

EBT resulted in a loss of €3,052 thousand versus a profit of €1,398 thousand in the same period of 2016.

Profit (loss) of Group

Group loss for the year after tax of €164 thousand and after losses of NCIs (€22 thousand) amounted to €3,194 thousand versus a profit of €755 thousand in the first nine months of 2016.

ANALYSIS OF THE FINANCIAL DATA

Net financial position

(€thousand)	30/9/2017	31/12/2016	30/9/2016
Financial position			
Financial assets held for sale	-	-	-
Cash on hand, bank deposits	7,454	8,925	9,293
Overdrawn bank accounts and short-term advances	(588)	(486)	(601)
Short-term loans	(5,431)	(3,933)	(3,126)
(Assets)/liabilities for current derivatives	-	(198)	(43)
Other current financial payables	-	-	(69)
Short-term financial position - receivables/(payables)	1,435	4,308	5,454
Long-term loans, net of current portion	(12,384)	(11,697)	(12,903)
(Assets)/liabilities for long-term derivatives	(22)	(23)	(45)
Net financial position - receivables/(payables)	(10,971)	(7,412)	(7,494)

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

(€thousand)	30/9/2017	31/12/2016	30/9/2016
Financial assets held for sale	-	-	-
Cash on hand, bank deposits			
Fidia S.p.A.	3,652	4,319	3,871
Fidia Co.	679	565	1,794
Fidia GmbH	647	767	1,018
Fidia Iberica S.A.	365	466	737
Fidia S.a.r.l.	387	444	561
Beijing Fidial Machinery & Electronics Co.,Ltd	1,374	1,673	338
Fidia do Brasil Ltda.	215	81	151
Shenyang Fidial NC & M Co., Ltd	135	610	821
OOO Fidial		-	
	7,454	8,925	9,293
Total cash and cash equivalents	7,454	8,925	9,293

(€thousand)	30/9/2017	31/12/2016	30/9/2016
Short-term loans and advances			
Fidia S.p.A.	(5,938)	(4,347)	(3,652)
Fidia GmbH	(68)	(57)	(59)
Fidia Iberica S.A.	(13)	(15)	(15)
	(6,019)	(4,419)	(3,727)
(Assets)/liabilities for current derivatives			
Fidia S.p.A.	-	(198)	(43)
	-	(198)	(43)
Other current financial payables			
Fidia S.p.A.	-	-	(69)
	-	-	(69)
Long-term loans, net of current portion			
Fidia S.p.A.	(12,319)	(11,630)	(12,818)
Fidia GmbH	(51)	(44)	(57)
Fidia Iberica S.A.	(14)	(23)	(27)
	(12,384)	(11,697)	(12,903)
(Assets)/liabilities for long-term derivatives			
Fidia S.p.A.	(22)	(23)	(45)
	(22)	(23)	(45)
Total financial payables	(18,425)	(16,337)	(16,787)

At 30 September 2017 the net financial position was negative at €10,971 thousand; the change from 30 September 2016 was negatively affected by the increase in working capital and specifically of inventory, in addition to a lower level of advances on new orders and increased borrowings for the construction of the new plant in Forlì.

The following table contains a condensed statement of cash flows at 30 September 2017 showing the cash flows composing the net financial position.

CONSOLIDATED CONDENSED CASH FLOW STATEMENT

(€thousand)	30/9/2017	30/9/2016
A) Cash and cash equivalents at beginning of period	8,440	15,534
B) Cash from/(used in) operating activities during the period	774	(7,197)
C) Cash from/(used in) investing activities	(2,191)	(3,700)
D) Cash from/(used in) financing activities	888	4,565
Differences in exchange rates	(1,045)	(511)
E) Net change in cash and cash equivalents	(1,574)	(6,483)
F) Cash and cash equivalents at end of period	6,866	8,691
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	7,454	9,293
Overdrawn bank accounts	(588)	(601)
	6,866	8,691

SEGMENT REPORTING

Economic performance by business sector

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

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

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

CONSOLIDATED INCOME STATEMENT by business sector

Progressive data at September 2017 (€thousand)	CNC 2017	%	HSM 2017	%	SERVIC E 2017	%	N/A 2017	TOTAL 2017
Revenues	2.333	76,3%	17.728	99,5%	8.773	100,0%	-	28.835
Cross-sector revenues	725	23,7%	94	0,5%	-	0,0%	-	
Total reclassified revenues	3.058	100,0%	17.822	100,0%	8.773	100,0%	-	28.835
Changes in inventories of finished goods and W.I.P.	117	3,8%	3.447	19,3%	11	0,1%	-	3.576
Raw materials and consumables	(674)	-22,0%	(10.755)	-60,3%	(952)	-10,8%	(89)	(12.470)
Cross-sector expenses	198	6,5%	(1.572)	-8,8%	560	6,4%	5	
Commissions, transport and contractors	(372)	-12,1%	(2.368)	-13,3%	(364)	-4,1%	(16)	(3.120)
Sales margin	2.328	76,1%	6.573	36,9%	8.029	91,5%	(110)	16.821
Other operating revenue	509	16,6%	517	2,9%	358	4,1%	162	1.547
Other operating costs	(323)	-10,6%	(1.591)	-8,9%	(1.930)	-22,0%	(3.778)	(7.622)
Personnel costs	(2.017)	-65,9%	(4.254)	-23,9%	(4.024)	-45,9%	(2.807)	(13.101)
Depreciation, amortization and writedowns	(101)	-3,3%	(315)	-1,8%	(88)	-1,0%	(278)	(782)
Operating profit/(loss)	397	13,0%	931	5,2%	2.346	26,7%	(6.811)	(3.137)

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

SUMMARY OF THE GROUP PERFORMANCE, SIGNIFICANT EVENTS AND BUSINESS OUTLOOK

The third quarter of the period closed with a better result compared to the first two, but it was still negative as was the full period as a whole.

On the commercial front, the performance achieved was very satisfactory in the first nine months of the year.

Machine deliveries were lower than expected, but production planning supports the fourth-quarter revenue forecasts.

Based on these assumptions, the Group's management expects a substantial improvement in economic performance in the last quarter of the period.

During the period, business operations were conducted to support the Group's production capacity and the timeliness of deliveries, including through policies based on higher levels of inventory.

This, as well as the industrial building now in operation, will allow us to increase efficiency and production volumes adapting them to Group commercial results that are expected to be high in the current year.

The general economic situation is therefore expected to improve significantly during the last quarter.

As a result of the above, the Group's net financial position was a debt of approximately €11.0 million, down from the end of last year, despite the fact that the company has the resources needed to meet its financial needs over the next twelve months.

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

FIDIA GROUP
Consolidated Financial Statements
and
Notes
at 30 September 2017

CONSOLIDATED INCOME STATEMENT

(€thousand)	Notes	3rd Quarter 2017	3rd Quarter 2016
- Net sales	1	28.835	37.078
- Other operating revenue	2	1.547	1.328
Total revenue		30.382	38.406
- Change in finished goods and WIP		3.576	4.267
- Raw materials and consumables	3	(12.470)	(15.356)
- Personnel costs	4	(13.101)	(12.721)
- Other operating costs	5	(10.742)	(12.590)
- Depreciation, amortization and writedowns	6	(782)	(657)
- Operating profit/(loss) from ordinary business		(3.137)	1.348
- Non-recurring income/(expenses)	7		
Operating profit/(loss)		(3.137)	1.348
- Financial income/(expense)	8	85	50
- Profit (loss) before taxes		(3.052)	1.398
- Income tax	9	(164)	(655)
- Profit (loss) for the period		(3.216)	744
Profit/(loss) attributable to:			
Shareholders of parent company		(3.194)	755
Minority interests		(22)	(12)

(EUR)

Earning per share	10	(0,62)	0,15
Diluted earnings per ordinary share	10	(0,62)	0,15

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ thousand)	Notes	3rd Quarter 2017	3rd Quarter 2016
Profit (loss) for the period (A)		-3.216	744
Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss:			
Profit/(loss) on cash flow hedges		1	51
Profit(loss) on translation of financial statements of foreign companies		-1.341	-624
Tax effect pertaining to Other comprehensive profit/(loss) that may be reclassified in profit or loss		-	-12
Total Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss, net of tax effect (B1)		-1.340	-585
Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss:			
Net actuarial gains/(losses) on defined benefit plans		21	-137
Tax effect pertaining to Other comprehensive profit/(loss) that may not be reclassified in profit or loss		-5	33
Total Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss, net of tax effect (B2)		16	-104
Total Other comprehensive profit/(loss), net of tax effect (B)=(B1)+(B2)		-1.324	-689
Total comprehensive profit/(loss) for the period (A)+(B)		-4.540	55
Total comprehensive profit/(loss) due to:			
Shareholders of the parent company		-4.385	173
Non-controlling interests		-155	-118

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ thousand)	Notes	30 settembre 2017	31 dicembre 2016
ASSETS			
NON-CURRENT ASSETS			
- Property, plant and equipment	11	11.447	10.452
- Intangible assets	12	1.669	1.338
- Investments	13	16	16
- Other non-current receivables and assets	14	873	968
- Pre-paid tax assets	9	884	850
TOTAL NON-CURRENT ASSETS		14.889	13.625
CURRENT ASSETS			
- Inventories	15	21.096	19.375
- Trade receivables	16	10.173	14.797
- Current tax receivables	17	648	664
- Other current receivables and assets	17	1.010	933
- Other current financial receivables	18	-	-
- Cash and cash equivalents	19	7.454	8.925
TOTAL CURRENT ASSETS		40.380	44.694
TOTAL ASSETS		55.269	58.319
LIABILITIES			
SHAREHOLDERS' EQUITY			
- Share capital and reserves attributable to shareholders of parent company		11.500	16.867
- Non-controlling interests		1.916	2.071
TOTAL CONSOLIDATED EQUITY	20	13.417	18.938
NON-CURRENT LIABILITIES			
- Other non-current payables and liabilities	21	78	89
- Termination benefits	22	2.282	2.330
- Deferred tax liabilities	9	47	51
- Provisions for risks and expenses	28	25	39
- Other non-current financial liabilities	23	22	23
- Non-current financial liabilities	24	12.384	11.697
TOTAL NON-CURRENT LIABILITIES		14.837	14.229
CURRENT LIABILITIES			
- Current financial liabilities	24	6.019	4.419
- Other current financial liabilities	25	-	198
- Trade payables	26	8.669	10.095
- Current tax payables	27	657	1.021
- Other current payables and liabilities:	27	10.630	7.966
- Provisions for risks and expenses	28	1.041	1.453
TOTAL CURRENT LIABILITIES		27.016	25.152
TOTAL LIABILITIES		55.269	58.319

CONSOLIDATED CASH FLOW STATEMENT

€thousand	3rd Quarter 2017	3rd 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		
- Profit/(loss) of Group and NCIs	(3.216)	744
- Depreciation, amortization and writedowns of tangible and intangible assets	705	492
- Net losses (gains) on disposal of tangible assets	(2)	(21)
- Net change in provision for employee severance pay	(48)	130
- Net change in provisions for risks and charges	(427)	(224)
- Net change (assets) liabilities for (pre-paid) deferred taxes	(38)	306
Net change in working capital:		
- Receivables	4.658	445
- inventory	(1.721)	(5.544)
- payables	863	(3.525)
	774	(7.197)
C) Cash from/(used in) investing activities		
- Investments in		
property, plant and equipment	(1.726)	(3.543)
intangible fixed assets	(487)	(246)
- Profit on sale of:		
property, plant and equipment	22	89
non-current financial assets	-	-
	(2.191)	(3.700)
D) Cash from/(used in) financing activities		
- Change in loans	2.185	7.183
- Dividends paid	(1.023)	(2.045)
- Other changes in capital and reserves	(74)	(508)
- Net change in current and non-current financial assets and liabilities	(200)	(65)
	888	4.565
Currency translation differences	(1.045)	(511)
E) Net change in cash and cash equivalents	(1.574)	(6.843)
F) Cash and cash equivalents at end of period	6.866	8.692
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	7.454	9.293
Overdrawn bank accounts	(588)	(601)
	6.866	8.692

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	Result for the period	Total Group Shareholders' Equity	Non-controlling interests	Total shareholders' equity
Balance at 1 January 2016	5.123	-45	1.240	4.730	-65	2.716	-50	213	2.723	16.585	2.442	19.027
Allocation of profit	-	-	-	678	-	-	-	-	-2.723	-2.045	-	-2.045
Comprehensive result for the period	-	-	-	-	39	-518	-104	-	755	172	-118	54
Other changes	-	-	-	-100	-	-	-	-	-	-100	-238	-338
Balance at 30 September 2016	5.123	-45	1.240	5.308	-26	2.198	-154	213	755	14.612	2.086	16.698
Balance at 1 January 2017	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
Comprehensive result for the period	-	-	-	-	1	-1.208	16	-	-3.194	-4.385	-155	-4.540
Other changes	-	-	-	41	-	-	-	-	-	41	-	41
Balance at 30 September 2017	5.123	-45	1.240	6.749	-14	1.505	-79	213	-3.194	11.500	1.916	13.417

Notes

SIGNIFICANT ACCOUNTING STANDARDS

This Quarterly Report at 30 September 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").

This Third Quarter Report has 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 this Quarterly Report, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. For a more detailed description of the most significant valuation processes for the Group, reference should be made to the section "Use of estimates" in the consolidated financial statements at 31 December 2016.

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

The Group carries out activities that historically show changes in total sales during the year and usually generate higher revenues in the second half than in the first half of the year.

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

The Group is exposed to financial risks associated with its operations: credit risk, liquidity risk, market risk (mainly foreign exchange and interest rate risks). This Quarterly Report at 30 September 2017 does not include all the information and explanatory notes on financial risk management required in the preparation of the annual financial statements. For a detailed description of this information, refer to the consolidated financial statements of the Fidia Group at 31 December 2016, section of the Notes entitled "Risk Management", as well as to Note 31 of the Notes to the Financial Statements, entitled "Information on financial risks."

Financial Statements

The Group presents the statement of comprehensive income by nature of expenditure, which is deemed more representative compared to so-called presentation by function. The form chosen

complies with the internal reporting and business management methods.

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

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

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

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

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

Accounting principles, amendments and interpretations adopted from 1 January 2017

There are no standards and interpretations endorsed by the European Union and in force as of 01/01/2017.

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

The following are the standards and interpretations which, at the date of preparation of the financial statements, had already been issued but were not yet in force. The Company will adopt these principles when they enter into force.

Accounting standards and interpretations issued by the IASB and endorsed by the European Union

- "IFRS 15 - Revenues from contracts with customers: on 29 October 2016, EU Regulation no. 2016/1905 was issued, which implemented at EU level IFRS 15 - Revenues from contracts with customers and related amendments. IFRS 15 replaces "IAS 18 - Revenue", "IAS 11 - Construction Contracts" and the related interpretations on the recognition of revenue, consisting of "IFRIC 13 - Customer Loyalty Programmes", "IFRIC 15 - Agreements for the Construction of Real Estate", "IFRIC 18 - Transfers of Assets from Customers" and "SIC 31 - Barter Transactions Involving Advertising Services". The application of the new standard from 1 January 2018 involves, alternatively, a method for restating all the comparative periods presented in the financial statements ("complete retrospective method") and a "simplified method" that involves the recognition of the cumulative effect of the first application of the standard as an adjustment to the opening balance of shareholders' equity for the annual period in which the new standard is adopted, leaving the figures for all the comparative periods presented unchanged. The

new standard, which involves recording revenues upon transfer of control of goods or services to customers at an amount that reflects the amount expected to be received in exchange for such products or services, introduces a methodology divided into five steps to analyse the transactions and define the methodology of recording revenues with reference both to the timing of detection ("point in time" / "over time"), and to their amount. The Group plans to adopt the new standard from the mandatory date of adoption. The valuation of the effects deriving from the application of IFRS 15 is in progress. At present, it is believed that the adoption of this standard will not have a significant impact on the recognition and measurement of revenues.

- "IFRS 9 - Financial Instruments": on 29 November 2016, EU Regulation no. 2016/2067 was issued, which implemented at EU level "IFRS 9 - Financial Instruments" with regard to the classification, measurement and derecognition of financial assets/liabilities, impairment of financial instruments, and hedge accounting. IFRS 9, which must be applied as from 1 January 2018, (i) modifies the model for the classification and measurement of financial assets; (ii) introduces the concept of expected credit losses among the variables to be considered in the valuation and impairment of financial assets; and (iii) modifies the provisions of hedge accounting. The Group expects that the adoption of this standard will not have a significant impact on its financial statements.

Accounting standards and interpretations issued by the IASB and not yet endorsed by the European Union

- "IFRS 16 - Leases", applicable from 1 January 2019 with the complete or simplified retrospective approach described above with reference to IFRS 15. IFRS 16 replaces "IAS 17 - Leases" and the related interpretations "IFRIC 4 - Determining Whether an Arrangement Contains a Lease", "SIC 15 - Operating Leases - Incentives", "SIC 27 - Evaluating the Substance of Transactions in the Legal Form of a Lease". From the lessee's point of view, IFRS 16 requires all leases, regardless of whether they are operating or finance leases, to be recorded in the balance sheet as a liability, represented by the present value of future lease payments, against the recognition under assets of a right to use the asset leased. Leasing contracts lasting 12 month or less and leases of low-value assets may be excluded from the application of IFRS 16. The Group is evaluating the impact that the new standard will have on the accounting treatment of its lease contracts. At the moment it is expected that the adoption of this standard will not have a significant impact on its financial statements, in the absence of operating leases for significant amounts.
- Amendments to IAS 7 - Statements of Cash Flows: Disclosure Initiative. The changes concern the disclosures that companies will have to provide to enable investors to assess changes in liabilities arising from financing activities. The new provisions will be applicable for annual periods beginning on or after 1 January 2017, except for any subsequent deferrals following the endorsement by the European Union of the amendments to the standards, which has not yet taken place at the date of these interim financial statements.
- Amendments to IAS 12 - Income taxes: Recognition of Deferred Tax Assets for Unrealised Losses. The changes made provide clarifications in relation to the recognition of deferred tax assets relating to debt instruments measured at fair value. The new provisions will be applicable for annual periods beginning on or after 1 January 2017, except for any subsequent deferrals following the endorsement by the European Union of the amendments to the standards, which has not yet taken place at the date of these interim financial statements.

- Amendments to IFRS 2 - Classification and measurement of share-based payments, applicable from 1 January 2018.
- Clarification of IFRS 15 - Revenues from Contracts with Customers", applicable from 1 January 2018.
- Improvements to IFRSs (2014-2016 cycle) - Amendments to IFRS 12 and IAS 28, applicable from 1 January 2017 and 1 January 2018, respectively.
- IFRIC 22 - Foreign Currency Transactions and Advance Consideration issued, applicable from 1 January 2018.
- Amendments to IAS 40 - Investment Property, applicable from 1 January 2018.
- IFRIC 23 – Uncertainty over Income Tax Treatments, applicable from 1 January 2019.
- Amendments to IFRS 10 – Consolidated Financial Statements and to IAS 28 – Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, whose application is deferred indefinitely.

Scope of consolidation

The scope of consolidation has not changed in the first nine months of 2017 in comparison to the Consolidated Financial Statements at 31 December 2016. 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 30/9/2017	Equity ownership at 31/12/2016	Equity ownership at 30/9/2016
Fidia SpA, S. Mauro T.se - Italy	EUR	5,123,000	100%	100%	100%
Fidia GmbH, Dreieich - Germany	EUR	520,000	100%	100%	100%
Fidia Co, Rochester Hills (USA)	USD	400,000	100%	100%	100%
Fidia Sarl, Emerainville – France	EUR	300,000	100%	100%	100%
Fidia Iberica S.A., Zamudio - Spain	EUR	180,300	99.993%	99.993%	99.993%
Fidia do Brasil Ltda, Sao Paulo – Brazil	Reals	400,843	99.75%	99.75%	99.75%
Beijing Fidias M&E Co Ltd., Beijing - China	USD	1,500,000	96%	96%	96%
Shenyang Fidias NC & Machine Company Ltd., Shenyang – China	Rmb	42,517,648	51%	51%	51%
OOO Fidias, Moscow – Russian Federation	Roubl e	3,599,790	100%	100%	100%

OTHER INFORMATION

The interim directors' report at 30 September 2017 was approved by the Board of Directors on 10 November 2017, which authorised its publication on the same date.

COMPOSITION AND MAIN CHANGES

INCOME STATEMENT

1. NET SALES

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

(€ thousand)	3rd Quarter 2017	%	3rd Quarter 2016	%
Numerical controls, drives and software	2.333	8,1%	2.936	7,9%
High-speed milling systems	8.773	30,4%	24.696	66,6%
After-sales service	17.728	61,5%	9.446	25,5%
Total	28.835	100,0%	37.078	100,0%

2. OTHER REVENUES AND INCOME

Other revenues and income in first nine of 2017 were equal to €1,547 thousand (€1,328 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 University and Research (MUR) as part of the funded research activity carried out by the parent company Fidia S.p.A. (€218 thousand, €350 thousand at 30 September 2016);
- increases in tangible assets built on a time and materials basis and the capitalization of product development costs (€501 thousand versus €250 thousand at 30 September 2016);
- release of the warranty, bad debts and/or any accruals in excess of the risk to be covered (€511 thousand versus €434 thousand at 30 September 2016);
- capital gains from transfers (€7 thousand at 30 September 2017; €21 thousand at 30 September 2016);
- contingent assets, damages from insurance companies, recovery of costs incurred and others (€309 thousand at 30 September 2017; €273 thousand at 30 September 2016).

3. RAW MATERIALS AND CONSUMABLES

The consumption of raw materials in the first nine months of 2017 amounted to €12,470 thousand versus €15,356 thousand in the corresponding period of 2016. The change is due to the trend in sales revenues and changes in stocks of finished and semi-finished products during the two periods in question.

4. PERSONNEL EXPENSES

Personnel costs at the end of the third quarter of 2017 amounted to €13,101 thousand, up by about 3.0% compared to €12,721 thousand at 30 September 2016. The increase in costs is consistent with the trend in the Group's headcount.

5. OTHER OPERATING COSTS

Other operating costs include the following:

(€thousand)	3rd Quarter 2017	3rd Quarter 2016
Contractors	1.794	2.822
Bonuses and commissions	398	645
Production costs	3.286	3.851
Commercial expenses	987	963
Research & Development	319	401
Overheads and administrative expenses	3.958	3.908
Total other operating costs	10.742	12.590

Compared to the first nine months of 2017 and 2016, other operating costs decreased overall by €1,848 thousand. The decrease in costs mainly concerned both the expense items linked to revenue (which include outsourcing and commissions) and those linked to production. The other cost items, mainly of a fixed nature, are generally stable.

6. DEPRECIATION, AMORTIZATION AND WRITEDOWNS

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

(€ thousand)	3rd Quarter 2017	3rd Quarter 2016
Amortization of property, plant and equipment	549	410
Amortization of intangible fixed assets	156	81
Depreciation of property, plant and equipment	-	-
Bad debts	77	166
Total	782	657

During the first nine months of 2017, approximately €77 thousand of trade receivables were written down by the parent company and its subsidiaries.

7. NON-RECURRING REVENUE

In the first nine 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	3rd Quarter 2016
Finance revenue	27	28
Borrowing costs	(195)	(186)
Net profit (loss) on derivatives	99	(8)
Profit (loss) from foreign currency transactions	154	216
Total	85	50

Finance revenue consists of:

(€thousand)	3rd Quarter 2017	3rd Quarter 2016
Interests received from banks	6	7
Interests and commercial discounts	1	1
Other financial revenues	20	21
Total	27	28

Finance expenses consist of:

(€thousand)	3rd Quarter 2017	3rd Quarter 2016
Interest paid on loans from banks and leasing companies	(14)	(15)
Interest expense on M/L-term loans from banks	(132)	(117)
Borrowing costs on termination benefits	(6)	(14)
Other borrowing costs	(43)	(40)
Total	(195)	(186)

Net profit (loss) on derivatives consist in:

(€thousand)	3rd Quarter 2017	3rd Quarter 2016
Loss on derivatives due to fair value adjustment		
- fair value adjustment on IRS and IRC contracts	(1)	(1)
- fair value adjustment on forward contracts	0	(35)
Profit on derivatives due to fair value adjustment		
- fair value adjustment on IRS and IRC contracts	16	25
- fair value adjustment on forward contracts	84	3
Total	99	(8)

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

Profit (loss) on foreign currency transactions consists of:

(€thousand)	3rd Quarter 2017	3rd Quarter 2016
Realised exchange gains	151	129
Unrealised exchange gains	324	213
Realised exchange losses	(246)	(96)
Unrealised exchange losses	(74)	(30)
Total	154	216

9. INCOME TAX

At 30 September, taxes recognised in the consolidated income statement amounted to €164 thousand (€655 thousand at 30 September 2016).

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

(€thousand)	Balance 30 settembre 2017	Balance 31 dicembre 2016
Deferred tax assets	884	850
Deferred tax liabilities	(47)	(51)
Total	837	799

10. EARNING PER SHARE

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

		3rd Quarter 2017	3rd Quarter 2016
Net earnings pertaining to Group	€/000	(3.194)	755
Earnings attributable to ordinary shares	€/000	(3.194)	755
Number of circulating ordinary shares	number	5.113.000	5.113.000
Earning per share	EUR	(0,62)	0,15
Diluted earnings per ordinary share	EUR	(0,62)	0,15

No difference has been recorded between result per share and diluted result per share as Fidia S.p.A. does not have any outstanding financial instruments with dilutive effects.

STATEMENT OF FINANCIAL POSITION

11. PROPERTY, PLANT AND EQUIPMENT

(€ thousand)	Land and buildings	Total plant, machinery and equipment	Other assets	Assets under construction and advances	Total
Net carrying amount at 31/12/2016	1.589	591	821	7.451	10.452
Additions	28	34	144	1.520	1.726
Reclassifications/transfers	8.769	120	-	(8.889)	-
Net value of divestments	-	(9)	-	(11)	(20)
Depreciation	(187)	(142)	(220)	-	(549)
(Write-downs)/Write-backs	-	-	-	-	-
Currency gain/(loss)	(131)	(4)	(26)	(1)	(162)
Net carrying amount at 30/9/2017	10.068	590	719	70	11.447

Capital expenditure in the first nine months of 2017 amounted to approximately €1,726 thousand.

Work in progress refers to a plot of land with adjoining industrial building under construction, that the parent company Fidia S.p.A. acquired, through lease, in 2014. This investment became ready for use from June 1 and was depreciated from that date.

At 30 September 2017, there were no assets encumbered by guarantees or other constraints that could limit their full availability.

12. INTANGIBLE FIXED ASSETS

(€ thousand)	Development costs	Licenses	Software	Assets under development	Total
Net carrying amount at 31/12/2016	252	63	159	864	1.338
Increases	-	-	5	482	487
Reclassifications/transfers	288	-	-	(288)	-
Depreciation	(81)	(20)	(55)	-	(156)
Currency gain/(loss)	-	-	-	-	0
Net carrying amount at 30/9/2017	459	43	109	1.058	1.669

Increases in the first nine months of 2017 amounted to €487 thousand and mainly refer to development costs incurred and capitalized (€482 thousand) not yet amortised as not yet completed and therefore the projects to which they refer have not started yet to produce the related benefits.

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

13. INVESTMENTS

This item, amounting to €16 thousand and unchanged with respect to 31 December 2016, consists of investments in associated companies valued at equity (€2 thousand) and investments in other companies valued at cost (€14 thousand).

14. OTHER NON-CURRENT RECEIVABLES AND ASSETS

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

(€thousand)	Balance 30/09/2017	Balance 31/12/2016
Receivables for EU grants	-	-
Security deposits	67	85
Non-recurring trade receivables	101	160
Receivables for foreign VAT	9	6
Receivables for withholding tax on foreign income	688	690
Multi-year pre-paid expenses	5	22
Other non-current receivables	3	6
Total	873	968

15. INVENTORY

(€thousand)	Balance 30/09/2017	Balance 31/12/2016
Raw materials	9.628	10.827
Provisions for raw materials depreciation	(2.052)	(1.928)
	7.576	8.899
Semi-finished products and work in progress	8.181	5.243
Finished products and goods for resale	5.753	5.641
Provisions for depreciation finished products	(470)	(502)
	5.283	5.139
Advances	57	94
Net value	21.096	19.375

Inventory at the end of the first nine months of the year was approximately €1,721 thousand higher than at 31 December 2016. The increase is mainly due to the higher stock of raw materials and work in progress resulting from a different state of production progress compared to the end of last year.

The provisions for depreciation equivalent to €2,522 thousand (€2,430 thousand at 31 December 2016) were reported to hedge the non-utilisation of some components in period under consideration; these phenomena result, in particular, from the need to ensure customers that spare parts are available for servicing even beyond the period of ordinary marketability of the components.

16. TRADE RECEIVABLES

(€thousand)	Balance 30/09/2017	Balance 31/12/2016
Trade receivables	10.774	15.502
Taxed supplementary	(601)	(705)
Receivables from associates	-	-
Total	10.173	14.797

Gross trade receivables decreased by approximately €4,624 thousand compared to 31 December 2016; this change is mainly due to the different trend of revenues in the two periods under comparison.

The bad debt provisions, amounting to €601 thousand (€705 thousand at 31 December 2016) were allocated to cover the risk of default related to doubtful and overdue receivables.

17. TAX RECEIVABLES AND OTHER CURRENT RECEIVABLES AND ASSETS

(€ thousand)	Balance 30/09/2017	Balance 31/12/2016
Tax receivables for VAT	266	361
Receivables for income tax and IRAP	363	168
Receivables for short-term foreign VAT	8	14
Others	10	121
Total current tax assets	648	664
Research grants	95	122
Other pre-paid expenses	252	214
Pre-paid expenses	24	32
Receivables from employees	350	147
Advances from suppliers	176	161
Others	114	257
Total other current receivables	1.010	933
Total	1.658	1.596

18. OTHER CURRENT FINANCIAL ASSETS

This item is not shown in the schedule due to the general negative trend of fair value of the USD forward contracts entered into to mitigate the risk of exchange rate oscillations. The evaluation, as for other derivatives in place, has been performed according to the market parameters at the reporting date of the quarter.

19. CASH AND CASH EQUIVALENTS

The overall amount of cash of the Group amounted to €7,454 thousand (€8,925 thousand at 31 December 2016) and consisted of temporary cash in bank deposits pending future use. It is deemed that their carrying amount is aligned to the fair value at the reporting date.

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

20. SHAREHOLDERS' EQUITY

Consolidated shareholders' equity amounts to €13,417 thousand, down €5,522 thousand on 31 December 2016 due to the combined effect of the loss for the period (-€3,194 thousand), distribution of dividends resolved upon by the latest shareholders' meeting (-€1,023 thousand), the recognition of actuarial gains on staff termination benefits (+€16 thousand, net of the tax effect estimated at approximately €5 thousand), the fair value valuation of hedging derivatives set aside in the cash flow hedge reserve (+€1 thousand, net of the tax effect of approximately €0 thousand), the effect of exchange rate fluctuations on the translation of the financial statements of subsidiaries denominated in currencies other than the euro (-€1,208 thousand) and other minor changes (€-114 thousand).

At 30 September 2017 the fully paid share capital was unchanged compared to 31 December 2016 and consisted of 5,123,000 ordinary shares with a nominal value of €1 each totalling €5,123,000.

Own shares consisted of 10,000 ordinary shares issued by Fidia S.p.A. for a value of €45 thousand (unchanged from 31 December 2016).

21. OTHER NON-CURRENT PAYABLES AND LIABILITIES

This item, which amounts to €78 thousand (€89 thousand at 31 December 2016) and includes €68 thousand in medium/long-term payables to the personnel of the French subsidiary Fidia Sarl plus other minor items.

22. TERMINATION BENEFITS

Termination benefits (€2,282 thousand at 30 September 2017 and €2,330 thousand at 31 December 2016) reflects the residual obligation of Fidia S.p.A., the only Italian company in the Group, relating to the indemnity paid to employees and settled upon termination of employment. Under certain conditions, employees may receive a partial advance on those benefits while they are still in the Company's employ. It is an unfunded defined benefit plan.

23. OTHER NON-CURRENT FINANCIAL LIABILITIES

This item amounts to €22 thousand (€23 thousand at 31 December 2016) and consists of the fair value of four interest rate swap and one interest rate cap contracts entered into in order to cover the risk on interest rate change on five medium/long-term loans (cash flow hedge).

24. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

This figure amounts to €18,403 thousand as detailed below.

(€ thousand)	Balance 30/09/2017	Balance 31/12/2016
Overdrawn bank accounts and short-term advances	588	486
Accrued liabilities on loans	80	39
Loan - BNL "1.500" (part medium/long term and part short term)	-	235
Loan - Banco Popolare (part medium/long term and part short term)	62	248
Short-term loan - MPS	-	697
Loan - ISP "3.500" (part medium/long term and part short term)	1.914	2.433
Loan - BNL "2.500" (part medium/long term and part short term)	1.697	2.085
Loan - ISP "3.000" (part medium/long term and part short term)	2.641	2.979
Loan - UNICREDIT (part medium/long term and part short term)	1.034	1.308
Loan - MPS (part medium/long term and part short term)	998	1.372
Loan - BNL "MINIMUTUO" (part medium/long term and part short term)	1.498	-
Loan - BPM (part medium/long term and part short term)	1.489	-
Loan - UNICREDIT "MUTUO PLAFOND SUPERCASH ROTATIVO"	-	-
Short-term loan - MPS	598	-
Autodesk financing no. 2	19	44
Volkswagen Bank (finance lease)	81	93
Skoda Bank Germany (finance lease)	50	36
Banco Popular Espanol	27	35
Mediocredito Italiano (finance lease)	5.627	4.026
Total	18.403	16.116

25. OTHER CURRENT FINANCIAL LIABILITIES

This item amounted to €0 thousand and normally includes the fair value loss of certain contracts for the forward sale of USD entered into by the parent company Fidia S.p.A. to hedge the exchange rate risk on certain supplies denominated in that currency.

At 31 December 2016, this item totalled €198 thousand.

26. TRADE PAYABLES

(€thousand)	Balance 30/09/2017	Balance 31/12/2016
Payables to other suppliers	8.667	10.093
Payables to subsidiaries	2	2
Total trade payables	8.669	10.095

Trade payables, amounting to €8,669 thousand at 30 September 2017, decreased by €1,426 thousand compared to 31 December 2016 due to various operating trends.

27. TAX LIABILITIES AND OTHER CURRENT PAYABLES AND LIABILITIES

(€ thousand)	Balance 30/09/2017	Balance 31/12/2016
Payables to personnel	2.041	1.532
Social security payables	677	752
Advance from customers	6.263	3.995
Advances for EU grants	-	39
Payables for emoluments	342	328
Payables to State Fund and other funds	43	77
Payables for dividends	0	200
Sundry accruals and deferred income	854	675
Sundry payables to the SMTCL company	127	109
Miscellaneous payables	283	259
Total other payables	10.630	7.966
Withholding tax	214	369
Tax payables for income tax and IRAP	280	234
Tax payables for VAT	117	355
Other short-term tax payables	46	64
Total tax payables	657	1.021
Total	11.287	8.986

28. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges amounted to €1,066 thousand, of which €1,041 thousand (€1,453 thousand at 31 December 2016) for the short term, and €25 thousand for the long term (€39 thousand at 31 December 2016). This item refers to

- €1,003 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,
- €53 thousand to a provision set aside by the subsidiary Fidia Co for legal risks;
- €10 thousand to a provision set aside for tax disputes.

29. GUARANTEES GRANTED, OTHER COMMITMENTS AND CONTINGENT LIABILITIES

Sureties issued on behalf of others

At 30 September 2017, sureties issued on behalf to third parties totalled €904 thousand (€3,017 thousand at 30 September 2016).

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

Contingent liabilities

Although the Fidia Group is subject to various types of risks (product, legal and tax liability) at 30 September 2017, it is not aware of any other facts, other than those covered by specific provisions already indicated in this note, which could generate foreseeable or estimated potential liabilities and consequently does not deem it necessary to make any further provisions.

30. SEGMENT REPORTING

Income statement by business sector

Below are the consolidated results of operations by sector at 30 September 2017 and 30 September 2016:

Progressive data at September 2017 (€thousand)	CNC 2017	%	HSM 2017	%	SERVICE 2017	%	N/A 2017	TOTAL 2017
Revenues	2.333	76,3%	17.728	99,5%	8.773	100,0%	-	28.835
Cross-sector revenues	725	23,7%	94	0,5%	-	0,0%	-	
Total reclassified revenues	3.058	100,0%	17.822	100,0%	8.773	100,0%	-	28.835
Changes in inventories of finished goods and W.I.P.	117	3,8%	3.447	19,3%	11	0,1%	-	3.576
Raw materials and consumables	(674)	-22,0%	(10.755)	-60,3%	(952)	-10,8%	(89)	(12.470)
Cross-sector expenses	198	6,5%	(1.572)	-8,8%	560	6,4%	(5)	
Commissions, transport and contractors	(372)	-12,1%	(2.368)	-13,3%	(364)	-4,1%	(16)	(3.120)
Sales margin	2.328	76,1%	6.573	36,9%	8.029	91,5%	(110)	16.821
Other operating revenue	509	16,6%	517	2,9%	358	4,1%	162	1.547
Other operating costs	(323)	-10,6%	(1.591)	-8,9%	(1.930)	-22,0%	(3.778)	(7.622)
Personnel costs	(2.017)	-65,9%	(4.254)	-23,9%	(4.024)	-45,9%	(2.807)	(13.101)
Depreciation, amortization and writedowns	(101)	-3,3%	(315)	-1,8%	(88)	-1,0%	(278)	(782)
Operating profit/(loss)	397	13,0%	931	5,2%	2.346	26,7%	(6.811)	(3.137)

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

Below are the statements of financial position broken down by sector at 30 September 2017 and 31 December 2016:

At 30 September 2017	CNC	HSM	SERVICE	Non allocable	Total
(€thousand)					
Property, plant and equipment	12	9.237	15	2.183	11.447
Intangible fixed assets	918	599	-	152	1.669
Investments	-	-	-	16	16
Other non-current receivables and assets	-	117	-	756	873
Deferred tax assets	-	-	-	884	884
Total non-current assets	930	9.953	15	3.991	14.889
Inventory	2.078	13.040	5.978	-	21.096
Trade receivables and other receivables	985	7.223	2.803	172	11.183
Current taxes receivable	-	-	-	648	648
Other current financial assets	-	-	-	-	-
Cash and cash equivalents	-	-	-	7.454	7.454
Total current assets	3.063	20.263	8.781	8.274	40.380
Total assets	3.993	30.216	8.796	12.264	55.269
Other non-current payables and liabilities	10	23	30	15	78
Long-term provisions	5	20	-	-	25
Employee severance indemnities	613	1.081	305	283	2.282
Deferred tax liabilities	-	-	-	47	47
Other non-current financial liabilities	-	-	-	22	22
Non-current financial liabilities	-	-	-	12.384	12.384
Total non-current liabilities	628	1.124	335	12.750	14.837
Current financial liabilities	8	-	-	6.011	6.019
Other current financial liabilities	-	-	-	-	-
Trade payables and other current payables	1.314	13.701	1.113	3.172	19.299
Current taxes payable	-	-	-	657	657
Short-term provisions	82	812	98	49	1.041
Total current liabilities	1.405	14.513	1.211	9.889	27.016
Total liabilities	2.031	15.636	1.546	22.639	41.853
Shareholders' equity	-	-	-	13.417	13.417
Total liabilities	2.031	15.636	1.546	36.056	55.269

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	684	8.629	27	4.287	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	14.392	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	259	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

31. TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN COMPANIES

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

Currency	3rd Quarter 2017		At 31 December 2016		3rd Quarter 2016	
	Average	At 30 September	Average	At 30 September	Average	At 30 September
Dollar - USA	1.11403	1.1806	1.1069	1.0541	1.11582	1.1161
Real - Brazil	3.53516	3.7635	3.85614	3.4305	3.96418	3.621
RMB - China	7.5766	7.8534	7.35222	7.3202	7.34317	7.4463
Rouble - Russia	64.99923	68.2519	74.1446	64.3	76.30544	70.514

32. OTHER INFORMATION

The average headcount in the first nine months of 2017 was 339 (339.5 employees in the first nine months of 2016)).

33. SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

According to Consob Notice of 28 July 2006, in the first nine months of 2017, the company did not have any non-recurrent significant transactions.

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

According to Consob Notice of 28 July 2006, in the first nine months of 2017, there were no atypical and/or unusual transactions as defined by said Notice, by which atypical and/or unusual transactions are all those transactions whose significance/relevance, nature of the counterparts, subject-matter of the transaction, transfer pricing method and timing of the event (near year-end) can give rise to doubts on: correctness/completeness of information posted, conflict of interests, safeguard of company equity, safeguard of non-controlling interests.

35. RELATED-PARTY TRANSACTIONS

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

In detail such transactions have been the following:

- professional services for consulting in research projects carried out by the associate Consorzio Prometec;
- compensation for the employment of Mr. Luca Morfino, an employee of Fidia S.p.A., and Mr. Carlos Maidagan, an employee of Fidia Iberica.
- compensation to the Board of Directors and Board of Auditors.

36. NET FINANCIAL POSITION

Pursuant to the Consob Communication issued on 28 July 2006 and according to the CESR recommendation dated 10 February 2005 for the consistent implementation of the European Commission's Regulation on Prospectuses, the net financial position of Fidia Group at 30 September 2017 was the following:

(€thousand)		30 settembre 2017	31 dicembre 2016
A	Cash	24	20
B	Bank deposits	7.430	8.905
C	Other cash	-	-
D	Liquidity (A+B+C)	7.454	8.925
E	Current financial receivables	-	-
F	Current bank payables	1.266	1.222
G	Current part of non-current bank borrowings	4.661	3.197
H	Other current financial payables	92	198
I	Current financial debt (F+G+H)	6.019	4.617
J	Net current financial position (receivables)/payables (I-E-D)	(1.435)	(4.308)
K	Non-current bank payables	12.384	11.697
L	Bonds issued	-	-
M	Other non-current financial payables	22	23
N	Non-current financial debt (K+L+M)	12.406	11.720
O	Net financial position (receivable)/payable (J+N)	10.971	7.412

37. SUBSEQUENT EVENTS

No significant events occurred after the reporting date of the third quarter of 2017.

San Mauro Torinese, 10 November 2017

On behalf of the Board of Directors

The Chairman and CEO

Mr. Giuseppe Morfino

The Financial Reporting Officer, Mr. Massimiliano Pagnone, declares, pursuant to Article 154.2-bis of the Consolidated Finance Act, that the accounting disclosures contained in this Interim Directors' Report at 30 September 2017 corresponds to the documentary records, ledgers and accounting data.