



Annual Report on the system of Corporate Governance and compliance with the Code of Self-Regulation for Listed Companies (pursuant to Section IA.2.6 of the Regulations issued by Borsa Italiana S.p.A.) - year 2006 Approved by the Board of Directors of I.M.A. Industria Macchine Automatiche Spa on 23 March 2007.

INTRODUCTION

This report, prepared pursuant to art. IA.2.6 of the Instructions to the Regulations for Markets Organized and Managed by Borsa Italiana Spa, provides information on the model of corporate governance adopted by I.M.A. Industria Macchine Automatiche Spa (hereinafter "IMA" or the "Company") and on the adoption by the company of the Code of Conduct for Listed Companies.

Today's report makes reference to the 2002 Code of Conduct as IMA formally adhered to the Code of Conduct published in March 2006 during the board meeting of 14 February 2007.

Information is provided below on the steps taken during the year just ended to update IMA's system of corporate governance to the recommendations of the new Code of Conduct (published in March 2006).

The current report takes account of the Guidelines issued by Borsa Italiana on 12 February 2003, as well as the "Guide to preparing Corporate Governance reports" issued in February 2004 by Assonime and Emittenti Titoli Spa, and the explanatory notes published in March 2006 by Assonime and Borsa Italiana.

Part I

THE COMPANY'S GOVERNANCE STRUCTURE

The system of corporate governance adopted by IMA envisages the distribution of functions and powers in accordance with the traditional form of corporate governance, represented by the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors.

The **Shareholders' Meeting**, properly convened and quorate, represents all the shareholders and resolutions adopted in accordance with legal requirements bind all of them.

The Shareholders' Meeting, called by the Directors in the municipality of the registered offices or elsewhere in the European Union or Switzerland, is chaired by the Chairman of the Board of Directors or, in the event of absence or impediment, by another person present at the Meeting who is elected by a simple majority of the shareholders. The shareholders with voting rights have the right to attend the Shareholders' Meeting and to appoint proxies in the manner established by law.

The ordinary and extraordinary shareholders' meetings are held in the circumstances and on the basis established by law.

The quorums and the resolutions adopted by the ordinary and the extraordinary shareholders' meeting are governed by the related regulations.

The **Board of Directors**, consisting of a minimum of five and a maximum of fifteen directors, exercises the widest powers of ordinary and extraordinary administration of the company.

The shareholders' meeting fixes the number of directors and the length of their mandate, which cannot however exceed three years.

Directors are eligible for re-election. The meetings of the Board of Directors may be held using telecommunications facilities.

The Board of Directors elects a Chairman and, if required, one or more Deputy Chairmen, if they have not already been appointed by the Shareholders' Meeting. The Board may appoint from among its members an Executive Committee, and other committees envisaged by the codes of conduct prepared by companies that administer regulated markets.

On 10 February 2000, the Board of Directors of the Company resolved to establish an internal **Remuneration Committee** and an **Internal Control Committee**.



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Even though the recently published version of the Code of Conduct recommends listed issuers to set up a Remuneration Committee and an Internal Control Committee, as well as to consider setting up a Nominations Committee, it also explained that their functions could be delegated to a lower number of committees, providing they comply with the rules for their composition indicated in each case by the Code.

At the board meeting of 12 May 2006, IMA therefore decided to set up as from that date **a single committee** that brings together the functions, duties and powers previously assigned to the Remuneration Committee and Internal Control Committee and therefore all of the functions and duties suggested or attributed to these committees by the latest version of the Code of Conduct published in March 2006.

Considering that IMA had a limited number of directors, the Board was of the opinion that a single committee would still be able to achieve the objectives of the Code of Conduct for Listed Companies.

The **Board of Statutory Auditors** comprises three serving Auditors and three alternate Auditors who are appointed at the Shareholders' Meeting and remain in office for three years. The honorability and professionalism requirements are those established by current regulations.

The Board of Statutory Auditors monitors compliance with the law and the statute, as well as the provision of proper information and, to the extent that they are involved, the adequacy of IMA's organization, system of internal control and accounting and administrative system, together with the reliability of the accounting system to give a true and fair view of the Company's operations; they also have to supervise the ways in which the Board implements the corporate governance rules laid down in the codes of conduct to which the Company has said it intends to adhere.

The statute contains clauses to ensure that one serving auditor and one alternate auditor are elected by the minority shareholders.

The majority shareholder that directly controls IMA, from 16 June 2006, is SO.FI.M.A. Società Finanziaria Macchine Automatiche Spa. Previously, the direct majority shareholder was FinVacchi - Finanziaria Vacchi Spa. The indirect majority shareholder is Lopam Fin Spa.

Part II

IMPLEMENTATION OF THE CODE OF CONDUCT

- Board of Directors

Attribution of duties and delegated powers

1) Attribution of delegated powers

The present Board of Directors was appointed by the Shareholders' Meeting held on 27 April 2006.

The previous directors were appointed by the Shareholders' Meeting of 24 April 2003. Their term of office expired after three years on the day of the Shareholders' Meeting that approved the Company's financial statements for the year ended 31 December 2005.

The Board of Directors is the body responsible for laying down the strategic and operational guidelines of the Company and of the Group that it heads up.

The following powers are reserved solely for the Board of Directors on a joint basis, in addition to those powers that cannot be delegated to others:

- examination and approval of the strategic, business and financial plans of the Company



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and of the Group, as well as IMA's system of corporate governance and the structure of the Group;

- evaluation of the adequacy of the way the Company and its subsidiaries are organised and administered, with particular reference to the system of internal control and the handling of conflicts of interest;
- overall assessment of the results of operations;
- advance examination and approval of any transaction likely to have a significant impact on the Company's results, assets and liabilities or financial situation and, in any case, any transaction worth more than 10 (ten) million euros, except for the renewal or extension of bank credit lines already granted to the Company, which can be delegated;
- advance approval of all transactions in which one or more directors has an interest on a personal basis or on behalf of third parties, and all transactions with related parties, including intercompany transactions, unless they relate to routine operations carried out at standard market conditions;
- decisions relating to the size, composition and functioning of the Board of Directors and its sub-committees;
- advance approval of transactions by subsidiaries of IMA S.p.A. that will also affect IMA.

II) Attribution of duties

Art. 18 of the statute envisages that the Board of Directors may delegate all or some of its powers to an Executive Committee. The Executive Committee adopts resolutions by an absolute majority of the votes of those present; for resolutions to be valid, a majority of the Committee members must be present in person. The Executive Committee has not however been established.

III) Role of the Chairman

Pursuant to art. 22 of the Statute, the Chairman of the Board of Directors is the legal representative of the company and signs on its behalf.

Art. 17 of the Statute envisages that meetings of the Board of Directors are called by the Chairman of the Board of Directors.

The Chairman of the Board of Directors also coordinates the work of the Board and ensures that all directors are supplied with adequate information about the matters placed on the agenda for discussion.

With a specific mandate issued on 12 May 2006, the Board of Directors delegated to the Chairman all powers to implement the resolution passed by the Shareholders' Meeting on 27 April 2006 concerning the purchase, sale and disposition of own shares, as well as, but only in the absence or impediment of the Managing Director, to allow the Company to operate under such circumstances, all powers, to be exercised individually, for the ordinary and extraordinary administration of the Company, with the sole exception of the following rights and powers that were not delegated to him:

- the power to purchase, sell, exchange, contribute, swap, transfer or receive, on any basis and for whatever reason, shares or equity interests in companies, associations or bodies;
- the power to purchase, sell, exchange, contribute, swap, transfer or receive, on whatever basis and for whatever reason, including for rental or other purposes, lines of business, businesses or business units of any kind;
- the power to purchase, sell, exchange, contribute, swap, transfer or receive, on whatever basis and for whatever reason, including rentals for more than nine years, of real estate in the form of either land or buildings;
- the power to give secured or other guarantees, and give sureties or letters of patronage, except (in relation to the sureties and letters of patronage) for those given on behalf of direct or indirect subsidiaries of the Company;



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- the power to grant beneficial rights over the assets of the Company.
However, even though the Chairman has been granted these operational powers only for cases of emergency and impediment of the Managing Director, the Company is of the opinion that this does not make the Chairman an executive director as these powers are likely to be used very rarely.

IV) Frequency of meetings

The Board of Directors meets at regular intervals, at least once every three months, to approve the quarterly reports as of 31 December, 31 March and 30 September, as well as to approve the report for the half-year ended 30 June and the draft financial statement as of 31 December each year.

The Board of Directors met nine times during 2006.

The frequency with which Directors attended the meetings of the Board of Directors is summarized in Table I below.

V) Role of the Board of Directors

Pursuant to art. 18 of the Statute, the Board of Directors exercises the widest powers of ordinary and extraordinary administration of the company, is responsible for determining its strategic and operational guidelines, and can appoint one or more managing directors and an executive committee.

VI) Significant transactions

In accordance with art. 17 of the Statute, the Directors with delegated powers provide the information required by art. 150 of Decree 58/98 and art. 2381 of the Italian Civil Code to the Board of Directors and the Board of Statutory Auditors, at least every three months, at the time of Board meetings or in a written communication.

Similarly, the committees with delegated powers provide adequate information to the Board of Directors and the Board of Statutory Auditors regarding any non-operating or unusual transactions or transactions with related parties, where the assessment and approval of such transactions are not reserved for the Board of Directors.

VII) Delegated powers

By a resolution adopted on 12 May 2006, the Board of Directors granted specific operating powers to Alberto Vacchi, the Managing Director.

During the course of this meeting, specific powers, mainly in connection with the Company's banking transactions, were also granted to Andrea Malagoli, a Director.

On 23 February 2006, the Board of Directors accepted the resignation of Stefano Visentini as Chief Executive Officer (CEO), though he remained a Director of the Company, and appointed Alberto Vacchi, the Managing Director, also as CEO.

Alberto Vacchi resigned as the Company's CEO with effect from on 1 March 2007, but remained as Managing Director.

Andrea Malagoli, a Director, was appointed CEO from the same date, revoking his previous powers and granting him new specific ones.

VIII) Related-party transactions

On 26 July 2006, the Board of Directors decided that it had exclusive power with regard to significant related party transactions, laying down guidelines on how they are to be identified.



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The Board established, as a rule of internal conduct, that it had to give advance approval of all transactions by the Company or its subsidiaries with related parties, except for routine transactions carried out at standard market conditions;

Composition of the Board of Directors

Art. 15 of the Statute says that the Board of Directors is made up of a number of members that can vary from five to fifteen.

The present Board of Directors was appointed by the Shareholders' Meeting held on 27 April 2006.

The term of office of the previous directors appointed by the Shareholders' Meeting of 24 April 2003 expired on the day of the Shareholders' Meeting that approved the financial statements at 31 December 2005.

The following are directors at 31 December 2006:

- Marco	Vacchi	Chairman
- Alberto	Vacchi	Managing Director and CEO
- Andrea	Malagoli	Director with Powers
- Stefano	Visentini	
- Italo Giorgio	Minguzzi	
- Gino	Benedetti	
- Luca	Poggi	
- Maria Carla	Schiavina	
- Gianluca	Vacchi	
- Romano	Volta	

These directors will remain in office until the Shareholders' Meeting that approves the financial statements at 31 December 2008.

The following directors were in office up until 27 April 2006:

- Marco	Vacchi	Chairman and Managing Director
- Alberto	Vacchi	Managing Director and CEO
- Andrea	Malagoli	Director with Powers
- Stefano	Visentini	
- Italo Giorgio	Minguzzi	
- Gino	Benedetti	
- Paolo	Braghieri	
- Paolo	Dari	
- Luca	Poggi	
- Maria Carla	Schiavina	
- Gianluca	Vacchi	
- Romano	Volta	

Certain of the above Directors are also Directors or Statutory Auditors of other companies listed in regulated markets, or of finance companies, banks, insurance companies or other large companies; the most significant of which are listed below:

- **MARCO VACCHI**: SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A. (Chairman), Fin Vacchi Finanziaria Vacchi S.p.A. (Chairman); Lopam Fin S.p.A. (Chairman); B Group S.p.A. (Vice Chairman); Banca di Bologna Credito Cooperativo SCRL (Chairman);
- **ALBERTO VACCHI**: SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A. (Director); Fin Vacchi Finanziaria Vacchi S.p.A. (Director); B Group S.p.A. (Director); ALVA s.r.l. (Sole Director);
- **ANDREA MALAGOLI**: SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A. (Director); Fin Vacchi Finanziaria Vacchi S.p.A. (IMA's Managing Director);



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- **ITALO GIORGIO MINGUZZI:** Ferretti S.p.A. (Auditor); Ducati Corse S.p.A. (Auditor), Unitec S.p.A. (Director)
- **GINO BENEDETTI:** Penta S.r.l. (Director); Centrocasa S.r.l. (Director)
- **LUCA POGGI:** Emil Europe '92 S.r.l. in liquidation, a company belonging to the Intesa Sanpaolo Banking Group (Chairman of the Board of Statutory Auditors), Società del Vetro S.p.A. (Director); Finglass S.p.A. (Director); Finvetro S.p.A. (Director); Fariniundici S.r.l. (Sole Director); S.E.A. Società Europea Autocaravan S.p.A. (Auditor); Sea Industries S.p.A. (Auditor).
- **MARIA CARLA SCHIAVINA:** Fin Vacchi Finanziaria Vacchi S.p.A. (Director); SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A. (Director); Immobiliare Schiavina S.r.l. (Vice Chairman); Schiavina S.r.l. (Chairman); Eredi Schiavina S.r.l. (Chairman).
- **GIANLUCA VACCHI:** Fin Vacchi Finanziaria Vacchi S.p.A. (Director); SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A. (Director), Cofiva Holding S.p.A. (Sole Director); G.V. Invest S.r.l. (Sole Director); Cofiva S.A. (Director); SEA Industries S.p.A. (Director); Società del Vetro S.p.A. (Chairman); Finglass S.p.A. (Chairman); Finvetro S.p.A. (Chairman); Boato Finanziaria (Chairman); SEA Società Europea Autocaravan S.p.A. (Director).
- **ROMANO VOLTA:** Datalogic S.p.A. (Chairman); Datasensor S.p.A. (Chairman); San Paolo IMI Fondi Chiusi SGR S.p.A. (Director); Summa Finances S.p.A. (Chairman); Fondazione Cassa di Risparmio in Bologna (Shareholder and Vice Chairman of the Management Board).

The Statute does not contain specific clauses regarding the composition of the Board of Directors, the representation of minority interest or the number of independent directors.

Nor does the Statute specify particular requirements for the honorability, professionalism and independence of the persons appointed as directors.

At the meeting held on 25 October 2006, the Board of Directors established the maximum number of appointments as director or auditor that can be considered compatible with being able to act effectively as a director of IMA.

Non-executive and Independent Directors

The Board of Directors of the company includes seven non-executive directors who guarantee - given their number and authoritativeness - that their opinion carries significant weight in the making of Board decisions.

The Chairman of the Board of Directors is also listed as a non-executive director for the reasons mentioned above.

As required by art. IA.2.13.4 of the Instructions to the Regulations for Markets Organized and Managed by Borsa Italiana Spa, the non-executive directors include three directors who are independent in that they:

a) do not have, and have not recently had, whether directly, indirectly or on behalf of third parties, any significant economic links that might impair their independent judgment with the Company, its subsidiaries, the executive directors, or the stockholder or group of shareholders that controls the Company;

b) do not hold, directly, indirectly or on behalf of third parties, equity interests allowing them to control or exercise significant influence over the Company, nor do they participate in shareholders' agreements to control the Company;

c) are not close members of the families of the Company's executive directors or of parties in the positions described in points a) and b). The Board of Directors assesses the independence of the Directors on an annual basis, having regard for the information provided by the persons concerned.

The independent directors are:

- Italo Giorgio Minguzzi
- Gino Benedetti
- Romano Volta



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The requirement of independence was declared by each director at the time of their appointment and subsequently checked by the Board of Directors.
This assessment of independence was carried out by the Board of Directors at the meetings held on 23 March 2006 and 26 July 2006.
During this last Meeting, the Board also decided that the Director Romano Volta had the requirements to be an independent director not only for the purposes of the Instructions to the Regulations for Markets Organized and Managed by Borsa Italiana S.p.A., but also for the purposes of article 147 ter.4 of D.Lgs 58 of 24 February 1998.

Lead Independent Director

During the meeting on 26 July 2006, the Board of Directors of IMA created the role of Lead Independent Director.

The Lead Independent Director represents a point of reference and coordination for the requests and suggestions of the independent directors. This responsibility has been attributed to Romano Volta.

The Lead Independent Director will, among other things, be able to call - autonomously or on the request of the other directors - special meetings of just the independent directors to discuss topics that concern the functioning of the Board of Directors, using the facilities offered by the company.

The independent directors met once during 2006.

Committees

As mentioned above, starting from 12 May 2006, the Board of Directors appointed a single Committee combining the functions, duties and powers previously assigned to the Remuneration and Internal Control Committees, and in any case, all of the functions and duties suggested or attributed to such committees by the latest version of the Code of Conduct published in March 2006.

1) Internal Control and Remuneration Committee

The Internal Control and Remuneration Committee consists of the following three non-executive directors, the majority of whom are independent:

- Italo Giorgio Minguzzi Chairman
- Romano Volta
- Maria Carla Schiavina.

On 12 May 2006, the Board of Directors considered that the Directors Romano Volta and Maria Carla Schiavina had sufficient experience in accounting matters, as required by the Code of Conduct for Listed Companies published in March 2006 on the part of at least one of the members of the Internal Control Committee.

The Committee met three times during 2006.

The meetings are attended by the Chairman of the Board of Statutory Auditors or, if unavailable, by his nominee.

Before 12 May 2006 in the Board of Directors were made up of the Remuneration Committee and the Internal Control Committee.

1) Remuneration Committee

The Remuneration Committee was made up entirely of non-executive directors, one of whom was independent, namely:

- Luca Poggi
- Maria Carla Schiavina
- Romano Volta

The task of the Remuneration Committee was to make proposals to the Board of Directors concerning the remuneration of the Managing Directors and directors with specific powers, as



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well as, at the request of the Managing Directors, on the criteria to be adopted for remunerating the company's senior managers.

The Company therefore adopted for 2006, on the Committee's proposal, incentive mechanisms under which the remuneration of the executive directors, Chief Executive Officer and certain employees includes a variable portion that depends on the achievement of certain results.

The Remuneration Committee did not make recourse to external consultants during 2006.

The Remuneration Committee met once during 2006.

II) Internal Control Committee

The Internal Control Committee had consultative functions and the power to make recommendations; it comprised solely non-executive directors, the majority of whom were independent:

- | | | |
|-----------------|-----------|----------|
| - Italo Giorgio | Minguzzi | Chairman |
| - Maria Carla | Schiavina | |
| - Romano | Volta | |

The Internal Control Committee (a) assisted the Board of Directors in the performance of its duties regarding the system of internal controls; (b) evaluated the work program prepared by the internal audit manager and received periodic reports from this person; (c) evaluated the adequacy of the accounting policies adopted, together with the managers of the company and the auditors; (d) evaluated the proposals made by auditing firms wishing to be appointed, as well as audit plans and results presented in the auditors' reports; (e) reported to the Board on its activity and the adequacy of the internal control system at least every six months, at the time the half-yearly and annual financial statements are approved; (f) carried out other tasks attributed to it by the Board of Directors, especially as regards dealings with the Independent Auditors.

There were two meetings of the Internal Control Committee during 2006.

- Company procedures and functions

Procedures for the treatment of confidential information

I) Management of confidential information

Following the adoption of the EC Directive concerning "market abuse" and the introduction of Consob's regulations, on 30 November 2006 the Board of Directors approved a special procedure for the management and communication of documents and information concerning I.M.A. Industria Macchine Automatiche S.p.A. with particular regard to price-sensitive information.

Communications from the company follow the principles contained in the "Guide to Market Information" issued by Borsa Italiana and the Instructions to the Regulations of Markets Organized and Managed by Borsa Italiana S.p.A.

II) Code of Conduct for Internal Dealing

As required in the Regulations of Borsa Italiana Spa, the company has adopted a Code of Conduct for Internal Dealing (available from the company's website: <http://www.ima.it>).

This Code of Conduct covers the information that "relevant persons" must provide to the Company so that the market can be informed, on the basis and timing established in the "Regulations for markets organized and managed by Borsa Italiana Spa" and related instructions, about transactions involving the financial instruments issued by IMA.

On 23 March 2006, in order to comply with the new regulations, the Company's Board of Directors adopted from 1 April 2006 the code of conduct for internal dealing which replaced the one that the Company adopted on 13 November 2002.

A – Code in force up to 31 March 2006



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In accordance with the above mentioned Code of Conduct, the "Relevant Persons" had to provide quarterly information on their transactions in the company's shares if the value of such transactions was equal to or exceeded € 50,000.00, while transactions in excess of € 250,000.00 had to be disclosed immediately.

Based on the information received, IMA arranged to inform the market on a timely basis.

The "relevant persons" identified by the company comprised not only the members of the Board of Directors and the Board of Statutory Auditors, but also Antonella Migliori and Sergio Marzo.

B – Code in force from 1 April 2006

Art. 114.7 of Decree 58/1998 establishes that persons who act as directors, statutory auditors or members of top management of the Company, including any of its managers who have regular access to price-sensitive information and have the power to take operational decisions that could affect the evolution and future prospects of the Company, have to communicate to Consob and to the general public the transactions that they carry out, either by themselves or through another person, involving the shares issued by the Company and by any of its subsidiaries that are listed or other financial instruments related to them; this obligation also applies to anyone who holds shares representing 10% or more of the share capital, as well as any other person that controls the listed issuer. Transactions totalling less than 5,000 euros during the calendar year do not have to be communicated.

IMA has therefore adopted a procedure to regulate the methods of communicating significant transactions, as defined, by the Relevant Persons who are obliged to do so.

The Company has therefore identified its Relevant Persons with an obligation to communicate such transactions as the Directors, the serving Auditors and the CEO.

IMA has also published on its website (<http://www.ima.it>) the communications received from any of these persons.

III) Register of Persons who have access to Price-Sensitive Information

In accordance with current regulations, the Company has set up a register of persons who have access to price-sensitive information as per art. 114.1 of Decree 58/1998, either because of the type of work that they do or because of their specific functions.

Procedures for the Appointment of Directors and Statutory Auditors

I) List voting

The Company's Statute makes no provision for the adoption of list voting procedures for the appointment of directors.

II) Filing of nominations and Information on Candidates

At the time of nominating the Board of Directors of IMA, the majority shareholder, FinVacchi - Finanziaria Vacchi Spa, filed its nominations for Directors and Statutory Auditors at the registered offices of the company during the fifteen-day period prior to the Shareholders' Meeting, accompanied with full information about the personal and professional characteristics of the candidates and with an indication of whether they would qualify as independent.

At the same time, the document was made available on the Company's website (<http://www.ima.it>).

On this occasion, even though the procedures imposed a secret ballot, the Chairman pointed out to the shareholders present at the meeting that it was opportune for them to declare how they voted.

The representative of the majority shareholder, FinVacchi - Finanziaria Vacchi Spa, therefore declared how he had voted.

The Internal Control System



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The company's system of internal control comprises a series of processes designed to monitor the efficiency of business operations, the reliability of financial information, compliance with the law and regulations, and the safeguarding of company assets.

Adriano Sala, who was appointed as the Internal Control Manager on 13 September 2001, left the Company on 31 December 2006 as he had reached retirement age, as was replaced by Claudio Rizzi.

The Internal Control Manager does not report to the parties subject to verification and reports periodically on his activities to the Chief Executive Officers, the Internal Control Committee and the Board of Statutory Auditors.

On 30 November 2006 the Board of Directors of IMA appointed Alberto Vacchi, the Managing Director, as an Executive Director to superintend the functioning of the internal control system. During the course of 2006, the Board of Directors decided to begin implementation of the organizational, management and control model envisaged in Decree 231/2001 on the administrative liability of legal persons.

The Company is currently verifying its procedures as part of these activities.

The Investor Relations Manager

In order to establish a dialogue with the shareholders and institutional investors, based on an understanding of their reciprocal roles, Sergio Marzo was appointed as the Investor Relations Manager as required by art. 2.2.3 of the Regulation for Markets Organized and Managed by Borsa Italiana Spa.

- Shareholders' Meeting

The Shareholders' Meeting held on 5 May 2000 approved the regulations for shareholders' meetings (available from the company's website: <http://www.ima.it>) which govern the orderly and functional conduct of the company's shareholders' meetings, partly with a view to encouraging the widest possible participation by shareholders.

- Statutory Auditors

Appointment of Statutory Auditors

Art. 23 of the Statute establishes that persons cannot be elected as statutory auditors, or their mandate lapses, if they also serve as a statutory auditor in more than five further Italian companies listed on Italian regulated markets.

The number of appointments held by the Statutory Auditors is summarised in Table II set out below.

The above article also requires the adoption of a system of list voting for the appointment of statutory auditors, to protect the rights of minority shareholders.

Lists may only be presented by shareholders who alone or together with other shareholders own at least three percent of the company's share capital. These lists, comprising two sections – one for the appointment of serving Auditors and the other for the appointment of alternate Auditors – must indicate a number of candidates that does not exceed the number to be elected.

Each stockholder may present or participate in the presentation of just one list and each candidate may only be present on one list or, otherwise, will be ineligible for election. The lists containing the names of candidates must be filed by the shareholders at the registered offices, at least 10 days prior to the date set for the shareholders' meeting, in first calling.

By the above deadline, the professional curriculums of each candidate must be filed together with each list, including a declaration from each candidate accepting the nomination and confirming that there are no conflicts of interest or reasons why they cannot be elected, and that they meet the requirements of office set down in the regulations and the Statute.

The Statute envisages that at least one of the elected serving Auditors and at least one of the elected alternate Auditors must be a registered auditor with at least three years' experience of



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official audit work. The Statutory Auditors who do not meet this requirement must have accumulated at least three years' of uninterrupted experience in a role with executive functions in a company listed by Borsa Italiana Spa, or in a professional activity or on the permanent teaching staff of a university in the areas of law, economics, finance, engineering or computer sciences, or with executive functions in a public body or the public administration operating in the lending and finance sector.

The first two candidates in the respective sections of the list that obtains the largest number of votes are elected as serving Auditors and alternate Auditors, together with the first candidate in the respective sections of the list that obtains the second largest number of votes.

The first candidate on the list that obtains the largest number of votes is the Chairman.

The ordinary shareholders' meeting held on 26 April 2004 appointed the new Board of Statutory Auditors that will remain in office until approval of the financial statements as of 31 December 2006, which comprises:

- Giorgio Comini Chairman
- Amide Carol Serving Auditor
- Pier Aicardi Serving Auditor
- Vittorio Coraducci Alternate auditor
- Chiara Gallina Alternate auditor
- Antonella Grassigli Alternate auditor

The Serving Auditor Amide Carol holds other positions in the following listed companies:

- Valsoia Spa, Serving Auditor;
- Monrif Spa, Serving Auditor;
- Banca Popolare Emilia Romagna, Alternate Auditor;

The new members of the Board of Statutory Auditors were elected from the names presented on the list filed at the registered offices by the established deadline by FinVacchi Finanziaria Vacchi Spa, the majority shareholder.

At the time of nominating the Board of Statutory Auditors, the majority shareholder, FinVacchi - Finanziaria Vacchi Spa, filed its nominations at the registered offices of the company during the ten-day period prior to the Shareholders' Meeting, accompanied with full information about the personal and professional characteristics of the candidates.

- Independent Auditors

The Shareholders' meeting on 26 April 2004 appointed PricewaterhouseCoopers S.p.A. as independent auditors for a three-year period to audit the statutory and consolidated financial statements, as well as to perform a limited audit on the half-year report.



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TABELLA 1: BOARD AND BOARD COMMITTEES

Board of Directors							Internal Control Committee •		Remuneratio Committee ♦		Single Committee ▲	
Carica	Componenti	Esecutivi	non- esecutivi	indipendenti	(3)	Numero di altri incarichi (1)	(2)	(3)	(2)	(3)	(2)	(3)
Chairman	Vacchi Marco		X		8/9	5						
CEO and Managing Director (4)	Vacchi Alberto	X			9/9	4						
Director	Minguzzi Italo Giorgio			X	9/9	3	X	2/2			X	3/3
Director	Schiavina Maria Carla		X		8/9	3	X	2/2	X	1/1	X	3/3
Director	Vacchi Gianluca		X		7/9	11						
Director and Managing Director (5)	Malagoli Andrea	X			9/9	2						
Director	Poggi Luca		X		8/9	7			X	1/1		
Director (6)	Visentini Stefano		X		9/9	/						
Director	Volta Romano			X	8/9	5	X	1/2	X	1/1	X	3/3
Director	Benedetti Gino			X	8/9	2						
Director (7)	Dari Paolo	X			1/2							
Director (8)	Braghieri Paolo		X		1/2							
• If there is no Committee or if its membership differs from that recommended by the Code, explain briefly why: beginning from 12th May 2006 the Company has appointed a single combining the functions Internal Control Committee and Remuneration Committee												
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Number of meetings held during the year under review				BoD: 9			Internal Control Committee : 2		Remuneration Committee: 1		Single Committee: 3	

(1) Number of other membership in boards of directors or of auditors held in other companies listed on regulated markets, in Italy and abroad, in financial, banking, and insurance companies more generally in large companies. The Corporate Governance Report provides details as to the actual position held..

(2) Director is member of this Committee.

(3) Director's attendance at meetings of the board of directors and of directors and of the board committees, in percentage of meetings held.

(4) Mr. Alberto Vacchi was appointed General manager on 23rd February 2006. Mr. Alberto Vacchi resigned from the office of General manager on 1st March 2007.

(5) Mr. Stefano Visentini resigned from the office of General manager on 23rd February 2006



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(5) Mr. Paolo Dari were in office up until 27 April 2006.

(6) Mr. Paolo Braghieri were in office up until 27 April 2006.



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TABELLA 2: BOARD OF AUDITORS

Position	Incumbent	Attendane, in percentage of meetings held	Number of other position held **
Chairman	Comini Giorgio	6/6	/
Full Member	Cazzola Amedeo	6/6	3 (***)
Full Member	Aicardi Piero	6/6	/
Alternate	Coraducci Vittorio		/
Alternate	Gallina Chiara		/
Alternate	Grassigli Antonella		/
Number of Meetings held during the years under review: 6			
Quorum required for minority shareholders to present a slate for the appointment of a one or more full members under Legislative Decree no. 58/1998 Art. 148): 3% d			

NOTE

- * Full members nominated through minority slates.
- ** Numbers of other membership in boards of directors or of auditors held in the other companies listed on regulated markets in Italy. The Corporate governance Report provides details as to the actual position held.
- *** One position held as Alternate.



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TABELLA 3: OTHER CORPORATE GOVERNANCE CODE PROVISIONS

	YES	NO	Summary explanation to be provided in case of non-compliance with Code provisions
Delegations of authority and transactions involving related parties			
Has the Board of Directors delegated authority and defined:			
a) limits applicable thereto ?	X		
b) manners of exercise applicable thereto ?	X		
c) reporting frequency applicable thereto?	X		
Has the Board of Directors retained the power to review and approve transactions of particular significance for the company's profitability, assets and liabilities or financial position (with special reference to transactions involving related parties) ?	X		
Has the Board of Directors defined guidelines and criteria described in the Report ?		X	
Are these guidelines and criteria described in the Report ?		X	
Has the Board of Directors defined procedures for the review and approval of transactions involving related parties ?	X		
Are the procedures for approval of transactions involving related parties describer in the Report ?	X		
Procedures followed for the most recent appointments to the Board of Directors and the Board of Auditors			
Were proposal for the appointment to the position of director deposited at the Company's offices at least 10 days ahead of time ?	X		
Were these proposal accompanied by detailed information ?	X		
Did these proposal provide information on candidates' eligibility to qualify as independent directors ?	X		
Were the proposal for the appointment to the position of member of the board of auditors deposited at the Company's offices at least 10 days ahead of time ?	X		
Were the proposal accompanied by detailed information ?	X		



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Shareholders' Meetings			
Has the Company adopted rules of procedure for its shareholders' meetings ?	X		
Are these rules of procedure attached to the Report (or does the Report indicate where such rules can be obtained/downloaded) ?	X		
Internal Controls			
Has the Company appointed persons to run its internal control system ?	X		
Are these persons not placed hierarchically under manages in charge of business units or operations ?		X	L'ing.Sala, esclusivamente nell'espletamento della sua funzione aziendale di Responsabile del servizio Qualità, è gerarchicamente dipendente dal direttore dei servizi operativi (Operation)
Unit in charge of internal controls (under Code Art. 9.3)	Per l'esercizio del suo incarico di preposto, l'Ing. Sala utilizza le risorse umane e tecniche dell'ufficio che dirige in qualità di Responsabile del servizio Qualità		
Investor relations			
Has the Company appointed an individual in charge of <i>investor relations</i> ?	X		
Unit and contact information (address/phone/fax/e-mail) for the Company's Investor Relations person	Dott. Sergio Marzo Tel. +39 051 783111 – Fax +39 051 784422 MarzoS@IMA.it		