HALF-YEAR FINANCIAL REPORT
AT 30 JUNE 2017

IMA SPA
Sustain Ability

HALF-YEAR FINANCIAL REPORT

AT 30 JUNE 2017

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Interim report on operations

(The consolidated interim financial statements have been translated from the original Italian into English solely for the convenience of international readers)

I.M.A.
INDUSTRIA MACCHINE AUTOMATICHE S.P.A.
Registered offices : Ozzano dell'Emilia (Bologna)
share capital fully paid-in: € 20,415,200
Registered with the Bologna Companies Register at no. 00307140376

DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

(In office until the Shareholders' Meeting called to approve the financial statements at 31 December 2017)

DIRECTOR AND HONORARY CHAIRMAN

Marco Vacchi

CHAIRMAN AND MANAGING DIRECTOR

Alberto Vacchi

Delegated powers: all powers of ordinary and extraordinary administration, excluding the following powers:

- to transfer or receive for whatever purpose or reason, shares or other equity interests in companies, associations or entities, lines of business, businesses or combinations of businesses and real estate;
- 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 or associates;
- to grant beneficial rights over the assets of the Company.

CHIEF OPERATING OFFICER

Andrea Malagoli

Delegated powers: the powers associated with responsibility for the Dairy & Food business.

Giovanni Pecchioli

Delegated powers: the powers associated with responsibility for the Pharmaceutical business.

DIRECTORS

Stefano Cataudella, Paolo Frugoni, Marco Galliani, Luca Poggi, Pierantonio Riello, Rita Rolli, Maria Carla Schiavina, Gianluca Vacchi, Valentina Volta.

BOARD OF AUDITORS

(In office until the Shareholders' Meeting called to approve the financial statements at 31 December 2018)

STANDING AUDITORS

Francesco Schiavone Panni - Chairman
Roberta De Simone
Riccardo Pinza

ALTERNATE AUDITORS

Elena Spagnol
Giovanna Bolognese
Federico Ferracini

COMMITTEE (*)

Paolo Frugoni - Chairman - Independent director
Pierantonio Riello - Independent director
Maria Carla Schiavina - Non-executive Director

(*) The Committee combines the functions, duties and powers suggested or assigned by the code to the Nominations Committee, the Remuneration Committee and the Internal Control and Risk Committee.

MANAGER RESPONSIBLE FOR PREPARING FINANCIAL REPORTS

Sergio Marzo

LEAD INDEPENDENT DIRECTOR

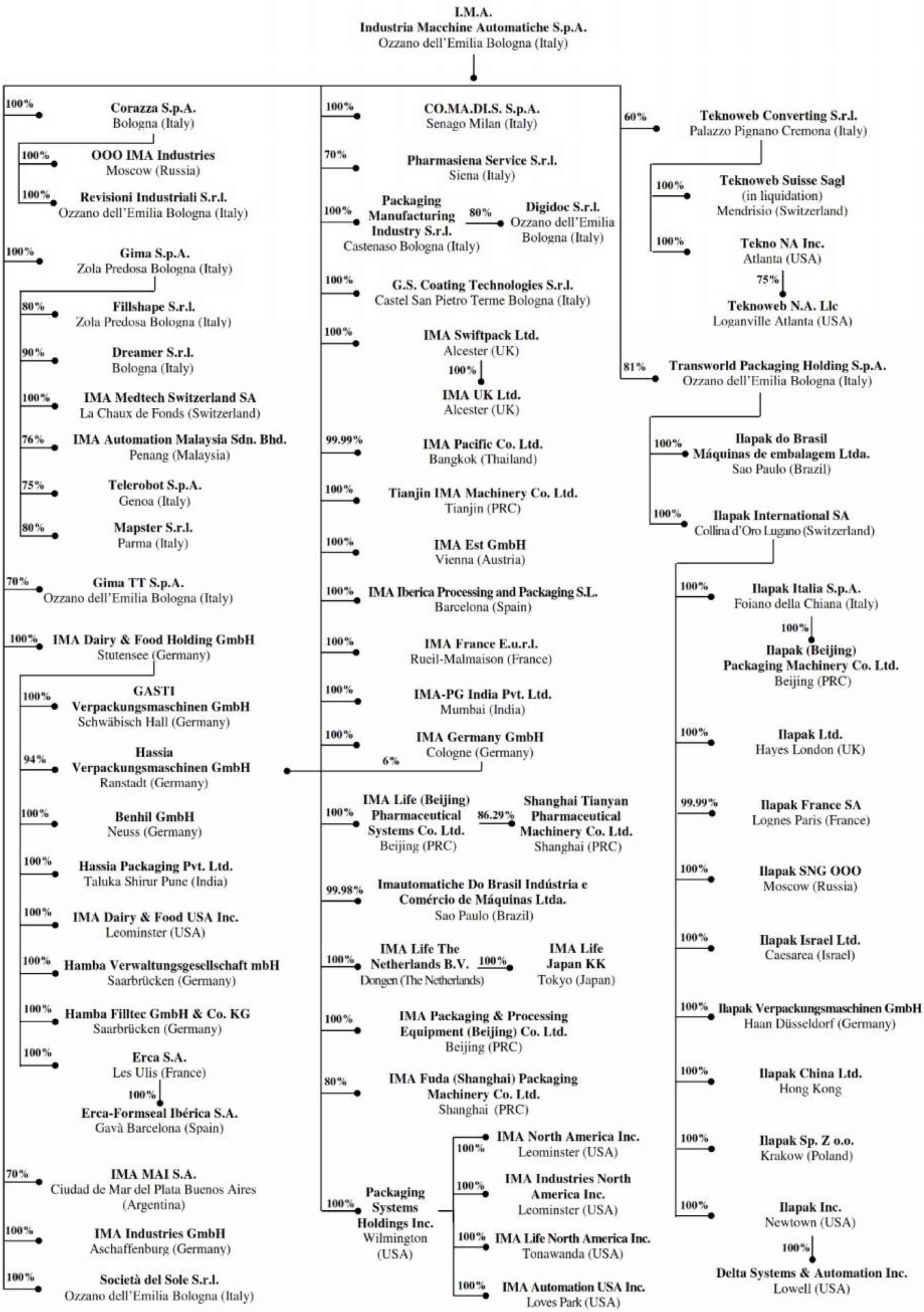
Paolo Frugoni

INDEPENDENT AUDITORS

(In office until the Shareholders' Meeting called to approve the financial statements at 31 December 2021)

EY S.p.A.

GROUP STRUCTURE



GROUP PERFORMANCE

THE ECONOMIC SCENARIO

Over the last few months, positive signals have intensified and multiplied in the world scenario, particularly in EMU and emerging countries. In the Euro area, the outcome of the French presidential and parliamentary elections in favour of Europe further reduced political uncertainty by contributing to the general improvement in the climate of confidence in the area. Among emerging countries, the number of countries experiencing economic difficulties has decreased, as evidenced by the widespread improvement in SME indices.

So overall, the world economic cycle is consolidating, quite apart from the downsizing of US growth expectations compared with the post-election period.

World trade has hit growth rates of more than 4% since the beginning of the year, as was not seen since 2011, helped by strong growth in China's raw material imports and exports due to a rise in public sector investment and inventory building.

In this context, the orders obtained by our Group's core business sectors grew significantly during the first half of year, confirming the excellent performance achieved in the comparative period of last year.

The larger backlog at the start of the year, compared with the situation at the beginning of 2016, resulted in higher consolidated revenue during the period and engenders confidence about the figures for the second half of the year. Despite the current period of considerable uncertainty, IMA's reference markets have once again stood out for being amongst the most solid and counter-cyclical.

CONSOLIDATED INCOME STATEMENT

In the first half of 2017 's consolidated revenue amounted to 654.6 million euros on 572.2 million euros of the first half of 2016. EBITDA before non-recurring charges amounted to 89.9 million euros, a rise over the first half of 2016 when it was 66.4 million euros.

The IMA Group made an operating profit of 62.7 million euros, compared with 44.8 million euros in the same period of 2016, net of non-recurring items of 7.7 million euros, while the Group profit was 31.9 million euros, versus 39.4 million euros at 30 June 2016.

The following is a summarized version of the consolidated income statement for the half-year under review, with comparative figures for the first half of 2016:

	1st half 2017		1st half 2016	
in millions of euros	**Amount**	**%**	**Amount**	**%**
Revenue	**654.6**		**572.2**	
Cost of sales	(401.9)	61.4	(357.5)	62.5
Industrial gross profit	**252.7**	38.6	**214.7**	37.5
R&D costs	(26.7)		(23.6)	
Commercial and sales costs	(72.5)		(63.4)	
General and administrative costs	(83.1)		(79.2)	
Operating profit before non-recurring items (EBITA)	**70.4**	10.8	**48.5**	8.5
Non-recurring items	(7.7)		(3.7)	
Operating profit (EBIT)	**62.7**	9.6	**44.8**	7.8
Net financial income (expense)	(7.5)		13.1	
Profit (loss) from investments accounted for using the equity method	1.9		1.7	
Profit before taxes	**57.1**	8.7	**59.6**	10.4
Taxes	(19.0)		(17.9)	
Profit for the period	**38.1**	5.8	**41.7**	7.3
Profit attributable to non-controlling interests	(6.2)		(2.3)	
Profit attributable to equity holders of the parent	**31.9**	4.9	**39.4**	6.9
Gross operating profit (EBITDA) before non-recurring items	**89.9**	13.7	**66.4**	11.6
Gross operating profit (EBITDA)	**82.2**	12.6	**62.7**	11.0
Backlog	**880.1**		**802.4**	

REVENUE AND ORDERS

Consolidated revenue amounted to 654.6 million euros in the first half of 2017 compared with 572.2 million euros in the corresponding period of 2016 (+14.4%).

From 30 June 2017, the Group decided to modify its segment information to highlight the Tobacco packaging segment, which was previously included in Tea, Food & Other. This decision derives from the fact that the Tobacco segment has achieved much greater importance and an independent organisational structure. In accordance with IFRS 8 Operating Segments, the information on prior periods has been appropriately restated to ensure full comparability.

The following table provides a breakdown of revenue by business sector during the period, compared with the corresponding period in 2016:

in millions of euros	1st half 2017	1st half 2016	Change	%
Tea, Food & Other	303.5	261.8	41.7	15.9
Pharmaceutical	274.9	270.9	4.0	1.5
Tobacco packaging	76.2	39.5	36.7	92.9
Total	**654.6**	**572.2**	**82.4**	**14.4**

The additional revenue of the Tea, Food & Other business sector reflects the larger backlog at the end of 2016, compared with the situation in the prior year. The Pharmaceutical business is also growing compared with the same period last year, while the Tobacco business is showing strong growth thanks to the backlog at the beginning of the period and the inflow of orders during the first half.

The following table provides a breakdown of revenue by geographical area:

in millions of euros	1st half 2017	1st half 2016	Change	%
European Union (excluding Italy)	187.0	169.2	17.8	10.5
Other European countries	48.7	38.8	9.9	25.5
North America	108.0	99.8	8.2	8.2
Asia & Middle East	160.9	122.4	38.5	31.5
Other countries	68.3	66.9	1.4	2.1
Total exports	**572.9**	**497.1**	**75.8**	**15.2**
Italy	81.7	75.1	6.6	8.8
Total	**654.6**	**572.2**	**82.4**	**14.4**

This analysis of revenue reflects a general increase in all major markets, especially in other European countries, Asia and Middle East, and Italy. Given the seasonal nature of the business in our key sectors, it is important to emphasise that this analysis is not particularly meaningful.

The following table compares new orders received in the first half of 2017 with those in the first half of last year:

in millions of euros	1st half 2017	1st half 2016	Change	%
Tea, Food & Other	357.2	290.6	66.6	22.9
Pharmaceutical	325.7	312.7	13.0	4.2
Tobacco packaging	81.5	58.7	22.8	38.8
Total	**764.4**	**662.0**	**102.4**	**15.5**

Orders acquired during the period (+15.5%) shows a substantial increase in all reference segments over the same period last year. The Tea, Food & Other segment confirms its market position, as does the Pharmaceutical segment, which represents an important reference market. The Tobacco segment, on the other hand, has achieved significant growth thanks to the development in this market of new generation products with high rates of growth.

The following table shows a breakdown of the backlog at 30 June 2017:

in millions of euros	30.06.2017	30.06.2016	Change	%
Tea, Food & Other	301.6	290.7	10.9	3.7
Pharmaceutical	484.6	435.2	49.4	11.4
Tobacco packaging	93.9	76.5	17.4	22.7
Total	**880.1**	**802.4**	**77.7**	**9.7**

The backlog has expanded by more than 9.7% overall. The Group is therefore optimistic about achieving the volumes envisaged for 2017 as a whole, even at sector level, having regard for the projects and negotiations that are currently in progress.

OPERATING PROFIT (EBIT)

Industrial gross profit amounted to 252.7 million euros compared with 214.7 million euros at 30 June 2016. The increase in profitability with respect to revenue (38.6% compared with 37.5% in the prior year) was mainly due to an improvement in the product mix. In particular, it is worth noting that in the first half-year the Dairy&Food business incurred extraordinary charges linked to the reorganisation of industrial activities aimed at obtaining higher efficiency and reduce costs.

R&D expenses amounted to 26.7 million euros, which was higher than in the prior year (23.6 million euros).

Commercial and sales costs rise on last year (72.5 million euros compared with 63.4 million euros) and include sales commissions of 7.6 million euros (8.4 million euros at 30 June 2016).

General and administrative expenses have increased to 83.1 million euros compared with last year (79.2 million euros) mainly due to the rise in the cost of labour.

Net operating profit, EBIT, is consequently growing on last year (62.7 million euros versus 44.8 million euros) after deducting non-recurring charges of 7.7 million euros. As already mentioned, these charges relate to the reorganisation costs of the Dairy&Food business, which were all charged in the first half of the year; this should lead to cost savings during the year.

PROFIT BEFORE TAXES

Net financial charges amounted to 7.5 million euros compared with 13.1 million euros of net financial income at 30 June 2016. The change compared with the first half of 2016 is due to the gain of 18.7 million euros related to the exercise of the option to acquire the remaining 20% of the Dairy&Food business and to the negative effect of exchange difference of 1.6 million euros.

Given all the above, the profit before taxes of 57.1 million euros compares with 59.6 million euros in the same period last year.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The Group's profit therefore comes to 31.9 million euros (39.4 million euros at 30 June 2016) after income tax of 19.0 million euros (17.9 million euros at 30 June 2016).

ANALYSIS OF PERFORMANCE BY SECTOR

The following schedule summarizes the balance sheet and income statement for each operating segment:

in millions of euros	Tea, Food & Other	Pharma-ceutical	Tobacco packaging	Not allocated	Total
Revenue					
1st half 2017	303.5	274.9	76.2	–	654.6
1st half 2016	261.8	270.9	39.5	–	572.2
Gross operating profit (EBITDA) before non-recurring items					
1st half 2017	7.1	50.7	32.1	–	89.9
1st half 2016	9.2	43.8	13.4	–	66.4
Gross operating profit (EBITDA)					
1st half 2017	(0.6)	50.7	32.1	–	82.2
1st half 2016	5.8	43.6	13.3	–	62.7
Operating profit (EBIT)					
1st half 2017	(14.5)	45.3	31.9	–	62.7
1st half 2016	(6.9)	38.6	13.1	–	44.8
Net invested capital (*)					
30 June 2017	327.1	115.2	18.7	(7.0)	454.0
30 June 2016	283.9	124.1	(8.9)	(3.6)	395.5
R&D costs					
1st half 2017	11.9	13.6	1.2	–	26.7
1st half 2016	9.4	13.1	1.1	–	23.6
Average personnel					
1st half 2017	2,718	2,563	101	–	5,382
1st half 2016	2,378	2,509	75	–	4,962
Backlog					
30 June 2017	301.6	484.6	93.9	–	880.1
30 June 2016	290.7	435.2	76.5	–	802.4

(*) Unallocated assets and liabilities mainly relate to investments, income tax receivables and payables and net deferred tax assets not directly attributable to the operating sectors.

The revenue generated by the Tea, Food & Other sector has grown by 41.7 million euros, thanks to a larger backlog at the start of the period. Gross operating profit (EBITDA) before non-recurring charges has decreased slightly to 7.1 million euros, because of a different sales mix and the absorption of certain costs related to low performance contracts in the Dairy&Food and Ilapak businesses. The operating profit, due to the different product mix and the costs incurred by the Dairy&Food and Ilapak businesses, shows an amount of negative14.5 million euros net of non-recurring charges of 7.7 million euros, and will be recovered in the second half of the year, which is still more than last year. As a result of the continuous acquisition of new orders, the backlog has risen by 10.9 million euros to 301.6 million euros.

Revenue in the Pharmaceutical sector is 4.0 million euros higher than in the same period last year. Gross operating profit (EBITDA), before non-recurring charges of 50.7 million euros, shows an increase over the previous year (+ 6.9 million euros). This improvement derives from higher sales volumes and a more favourable product mix at a time when business performance has improved in all product segments. Operating profit, 45.3 million euros, shows an increase similar to that of the previous year. Following the continuous and consistent flow of orders, the backlog is showing an increase of 49.4 million euros (+11.4%) with good prospects for the current year and the next one.

The revenue generated by the Tobacco segment amounts to 76.2 million euros and is significantly higher than the same period last year (36.7 million euros) thanks to the larger backlog at the beginning of the period and higher penetration of the packaging market, above all in products of a new generation. Gross operating profit (EBITDA) posts a significant growth to 32.1 million euros, as does the operating profit. The backlog comes in at 93.9 million euros up on the previous year (+17.4 million euros).

Net invested capital, for a total of 454.0 million euros (395.5 million euros at 30 June 2016) has increased mainly because of the rise in net working capital linked to orders in progress and of the purchase of the minority investment in Atopbi S.p.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following table summarizes the Group's balance sheet and financial position at 30 June 2017, compared with 31 December 2016:

in millions of euros	30.06.2017	31.12.2016
Trade receivables	317.1	308.9
Inventories	328.8	278.9
Trade payables	(482.2)	(476.8)
Other, net	(109.0)	(107.6)
Net working capital	**54.7**	**3.4**
Property, plant and equipment	90.5	88.2
Intangible assets	336.0	332.8
Investments	42.9	26.0
Non-current assets	**469.4**	**447.0**
Severance obligations and other provisions	(70.1)	(80.3)
Net invested capital	**454.0**	**370.1**
FINANCED BY:		
Net debt	**221.8**	**99.9**
Non-controlling interests	10.3	14.6
Group equity attributable to equity holders of the parent	**221.9**	**255.6**
Total sources of financing	**454.0**	**370.1**

Other payables, net, mainly includes the amounts due to employees, income tax payable and provisions for risks and charges.

Net invested capital at the end of June 2017 amounts to 454.0 million euros compared with 370.1 million euros at the end of 2016. The rise reflects the increase in inventories associated with the higher volume of sales and the deliveries scheduled for the second half of the year, as well as the rise in minority investments following the acquisition of a share of Atop.

The breakdown of net debt, alternative performance indicator, is as follows:

in millions of euros	30.06.2017	31.12.2016	30.06.2016
A. Cash and cash equivalents	(87.7)	(201.1)	(140.4)
B. Other cash equivalents	(4.6)	(3.9)	(3.2)
C. Investments in securities	(4.7)	(3.5)	(1.2)
D. Liquidity (A) + (B) + (C)	**(97.0)**	**(208.5)**	**(144.8)**
E. Current financial receivables	**(5.3)**	**(2.2)**	**(2.6)**
F. Current payables to banks	71.0	35.5	34.5
G. Current portion of non-current payables	55.5	57.0	55.0
H. Other current financial payables	1.3	1.0	1.1
I. Current financial debt (F) + (G) + (H)	**127.8**	**93.5**	**90.6**
J. Net current financial debt (D)+(E)+(I)	**25.5**	**(117.2)**	**(56.8)**
K. Non-current portion of non-current bank payables	90.1	108.4	137.2
L. Bonds issued	105.5	110.5	110.5
M. Other non-current financial payables	2.2	2.3	1.7
N. Non-current financial assets	(1.5)	(4.1)	(3.7)
O. Net non-current financial debt (K)+(L)+(M)+(N)	**196.3**	**217.1**	**245.7**
P. Net financial debt (J) + (O)	**221.8**	**99.9**	**188.9**

The Group also has payables in respect of acquisitions totalling 19.0 million euros (19.9 million euros at 31 December 2016), essentially relating to the options agreed for the purchase of the minority interests in subsidiaries. The change with respect to the previous period is mainly due to payment of the earn-out for the Medtech business, net of the payables for the acquisition of MAI S.A. and Mapster S.r.l.

Net debt at the end of the period amounts to 221.8 million euros compared with 99.9 million euros at 31 December 2016. The increase stems from the physiological growth due to the increase in net working capital, dividends paid by the Parent Company (62.8 million euros paid in May 2017), the purchase of investments in MAI S.A., Mapster S.r.l. and Atopbi S.p.A. and the balance of the price due for Medtech, for a total of 29.1 million euros.

After adjusting for extraordinary transactions and dividends distributed in the first half of 2017, the net financial position is about 70.1 million euros better than it was at the same date in 2016 (188.9 million euros). This reduction in debt is the result of a further improvement in the management of net working capital, which comes to 12.2% of revenue (versus 12.4% the previous year), even though 30 June marks the part of the year when net working capital tends to increase because of the seasonal nature of the business.

Net financial indebtedness is therefore expected to fall considerably in the latter part of the year.

CAPITAL EXPENDITURE

Capital expenditure on intangible assets amounted to 9.1 million euros (6.9 million euros in the first half of 2016) and related to the capitalisation of development costs incurred on totally new products for market segments not previously occupied.

The acquisitions carried out during the period involved taking on 10.9 million euros of property, plant and equipment and intangible assets on a provisional basis, as detailed in Note 24.

Group capital expenditure amounted to 11.1 million euros (8.3 million euros in first half 2016) and mainly relate to costs incurred to extend and upgrade buildings leased by IMA S.p.A., to the completion of the new production site in Arkansas (USA) and to the purchase of plant, machinery and electronic machines.

Amortization and depreciation charges for the period totalled 19.5 million euros (17.9 million euros in first half of 2016); The increase is mainly attributable to the amortization of development costs.

ALTERNATIVE PERFORMANCE INDICATORS

This report on operations also includes some performance indicators to give a better picture of the Group's operations and financial position.

On 3 December 2015, Consob issued its Communication no. 92543/15 rendering applicable the Guidelines issued on 5 October 2015 by the European Securities and Markets Authority (ESMA) as regards the presentation of these indicators in regulated information issued to the market or in financial statements published from 3 July 2016 onwards. These guidelines, which update the previous CESR Recommendation (CESR/05-178b), are designed to promote the usefulness and transparency of alternative performance indicators included in regulated information or in financial statements falling within the scope of Directive 2003/71/EC, in order to improve their comparability, reliability and ease of understanding. In line with the Communications mentioned above, we provide below the criteria used in preparing these indicators.

The income statement classified by purpose as and prepared according to the following criteria:

- cost of sales: represents costs incurred directly by the Group to generate revenue. For example, it includes materials, labour, the technical offices' costs involved in customizing products and production overheads;
- research and development costs: these include, by function, costs relating to the research and development of new products or to the maintenance of existing products. They also include costs relating to technical personnel, materials used for experiments and overheads for technical offices;
- Commercial and sales costs: these include costs connected with commercial operations, such as staff, commissions paid to agents, promotional and advertising costs and associated overheads;
- general and administrative costs: these include all the costs associated with general operations such as administrative offices in the broadest sense, the management of sectors or divisions, production planning and all depreciation and amortization not directly related to the foregoing functions;

- gross operating profit (EBITDA): this corresponds to the sum of operating profit, depreciation and amortization for the period and write-downs. EBITDA is an indicator used as a financial target in internal and external presentations and is a useful measure for evaluating the Group's performance.

The following main items in the reclassified income statement are equivalent to the corresponding items in the consolidated income statement forming part of the "Condensed interim consolidated financial statements": revenue, operating profit, financial income and expense, profit before tax, income taxes and net profit for the period.

The statement of financial position is structured so that assets and liabilities are classified to show the net capital invested. The following main items in the statement of financial position are equivalent to the corresponding items in the consolidated statement of financial position included in the "Condensed interim consolidated financial statements": inventories, property, plant and equipment and intangible assets, equity attributable to equity holders of the parent and non-controlling interests.

Lastly, the analysis of net debt takes account of Consob Communication DEM/6064293 dated 28 July 2006, while including the financial receivables classified as non-current financial assets. Total non-current financial assets differs from that reported in the balance sheet as it does not include equity interests in other companies.

OTHER INFORMATION

RELATED-PARTY TRANSACTIONS

The "Regulation on related-party transactions", adopted by Consob Resolution 17221 of 12 March 2010 and subsequently amended by Consob Resolution 17389 of 23 June 2010 implemented art. 2391-bis of the Italian Civil Code.

By a resolution adopted on 1 December 2010, the Board therefore implemented the procedure on related parties, which takes account of the additional instructions on how to apply the new rules provided in Consob Communication DEM/10078683 of 24 September 2010.

The purpose of this procedure, which is published on the Company's website (www.ima.it), is to establish the criteria for identifying, reviewing and approving related party transactions to be carried out by IMA, or by its subsidiaries, in order to ensure that they are transparent and fair from both a substantive and procedural point of view. Related party transactions are identified in accordance with the guidelines of the Consob regulation.

The IMA Group carries on business with related parties, mainly comprising persons who are responsible for administration and management within IMA S.p.A., or entities that are controlled by them. Such transactions include commercial and real estate activities (leased premises) carried out on an arm's-length basis in the ordinary course of business and participation in the consolidated tax mechanism.

Material related party transactions are submitted for advance approval by the Board, which in turn has to obtain consent from a special committee made up solely of independent directors; to express their opinion, this committee can make use of outside experts, who also have to be independent.

Note that during the period:

- there were no significant transactions, as defined in the Consob regulation;
- there were no individual related party transactions that have significantly impacted the balance sheets or results of Group companies;
- there have been no changes or developments in the related party transactions disclosed in the last annual report with a significant effect on the balance sheets or results of Group companies;

Transactions with related parties are described more fully in Note 27 to the Company's condensed interim consolidated financial statements.

ARTS. 70 AND 71 OF CONSOB'S "ISSUERS' REGULATIONS"

Pursuant to art. 3 of Consob Resolution no. 18079/2012, the Board of Directors of IMA S.p.A. decided to adopt, as of 3 December 2012, the opt-outs envisaged in arts. 70, paragraph 8, and 71, paragraph 1-bis of Consob's Issuers' Regulations. This means being able to choose not to prepare the prospectuses normally required in connection with significant transactions such as mergers, demergers, increases in capital by means of contributions in kind, acquisitions and disposals.

SIGNIFICANT EVENTS AFTER THE END OF THE FIRST HALF

On 25 July 2017, IMA reached closing for the purchase of 60% of EUROSICMA S.p.A., based in Segrate (Milan), which manufactures and markets automatic machines and systems for horizontal flowpack and fold packaging for the food, cosmetics and pharmaceutical industries. EUROSICMA is a historical Italian packaging company, founded in 1965, with a long established leadership in certain market niches such as sweets, biscuits packed on edge and noodles in the food industry, sticking plasters and cotton buds in the pharmaceutical and personal care segments. The investment amounted to around 26 million euros all of which were paid at the closing date. IMA has signed put and call options for the other 40%, to be exercised by April 2027.

OUTLOOK FOR THE CURRENT YEAR

The result achieved in the first half of 2017 reflects the higher backlog at the end of 2016 and the increased order intake during the period.

The steady trend in orders in all sectors, which has also been confirmed in July, combined with the size of the backlog at the end of the first half and the level of activity in the market in terms of the number of potential projects, also for significant amounts, leads us to be confident about the rest of the year, though we will still maintain a strong focus on reducing costs and improving commercial incisiveness.

If the above signs are confirmed in the coming months, a sales forecast of more than 1.4 billion euros with a higher gross operating profit than the previous target of 205 million euros could be feasible.

Condensed consolidated half-year financial statements

(The consolidated interim financial statements have been translated
from the original Italian into English solely for the convenience of international readers)

I.M.A.INDUSTRIA MACCHINE AUTOMATICHE S.P.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(MILLIONS OF EUROS)

ASSETS	Note	30 June 2017	31 December 2016
NON-CURRENT ASSETS			
Property, plant and equipment	2	90.5	88.2
Intangible assets	3	336.0	332.8
Investments accounted for using the equity method	4	40.2	23.0
Financial assets	5	4.1	7.1
Receivables from others	6	3.4	3.2
Deferred tax assets	8	63.9	64.9
TOTAL NON-CURRENT ASSETS		538.1	519.2
CURRENT ASSETS			
Inventories	9	328.8	278.9
Trade and other receivables	10	383.0	359.4
Income tax receivables		13.3	8.0
Financial assets	5	14.6	9.6
Derivative financial instruments	7	0.9	0.2
Cash and cash equivalents	11	87.7	201.1
TOTAL CURRENT ASSETS		828.3	857.2
TOTAL ASSETS		**1,366.4**	**1,376.4**

EQUITY AND LIABILITIES	Note	30 June 2017	31 December 2016
EQUITY			
Share capital		20.4	20.4
Reserves and retained earnings		169.6	141.7
Profit for the period		31.9	93.5
Equity attributable to equity holders of the parent	12	221.9	255.6
Non-controlling interests	13	10.3	14.6
TOTAL EQUITY		232.2	270.2
NON-CURRENT LIABILITIES			
Borrowings	14	197.8	221.2
Employee defined benefit liabilities	15	55.2	57.9
Provisions for risks and charges	16	5.6	5.9
Other payables	17	19.3	20.1
Derivative financial instruments	7	2.2	2.3
Deferred tax liabilities	8	59.4	62.1
TOTAL NON-CURRENT LIABILITIES		339.5	369.5
CURRENT LIABILITIES			
Borrowings	14	127.8	93.5
Trade and other payables	17	601.7	596.8
Income tax liabilities		33.8	14.4
Provisions for risks and charges	16	31.2	30.9
Derivative financial instruments	7	0.2	1.1
TOTAL CURRENT LIABILITIES		794.7	736.7
TOTAL LIABILITIES		1,134.2	1,106.2
TOTAL EQUITY AND LIABILITIES		**1,366.4**	**1,376.4**

THE EFFECTS OF TRANSACTIONS WITH RELATED PARTIES ON THE ITEMS IN THE CONSOLIDATED BALANCE SHEET ARE SHOWN IN NOTE 27 - RELATED-PARTY TRANSACTIONS.

CONSOLIDATED INCOME STATEMENT

(MILLIONS OF EUROS)

	Note	1st half 2017	1st half 2016
REVENUE	1	654.6	572.2
OTHER REVENUE		11.9	9.8
OPERATING COSTS			
Change in work in progress, semifinished and finished goods		45.3	50.5
Change in inventory of raw, ancillary and consumable materials		5.4	8.0
Cost of raw, ancillary and consumable materials and goods for resale		(264.5)	(252.1)
Services, rentals and leases		(155.7)	(134.2)
Personnel costs	18	(207.9)	(185.0)
Depreciation, amortisation and write-downs	19	(19.8)	(18.3)
Provisions for risks and charges		(1.4)	(1.9)
Other operating costs		(5.2)	(4.2)
TOTAL OPERATING COSTS		(603.8)	(537.2)
OPERATING PROFIT	1	62.7	44.8
- of which: effect of non-recurring items	28	*(7.7)*	*(3.7)*
FINANCIAL INCOME AND EXPENSE			
Financial income	20	16.6	27.8
Financial expense	21	(24.1)	(14.7)
TOTAL FINANCIAL INCOME AND EXPENSE		(7.5)	13.1
PROFIT (LOSS) FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		1.9	1.7
PROFIT BEFORE TAXES		57.1	59.6
TAXES	22	(19.0)	(17.9)
PROFIT FOR THE PERIOD		**38.1**	**41.7**
ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE PARENT		31.9	39.4
NON-CONTROLLING INTERESTS		6.2	2.3
		38.1	**41.7**
BASIC/DILUTED EARNINGS PER SHARE (in euros)	**23**	**0.81**	**1.05**

THE EFFECTS OF TRANSACTIONS WITH RELATED PARTIES ON THE CONSOLIDATED INCOME STATEMENT ARE SHOWN IN NOTE 27 - RELATED-PARTY TRANSACTIONS.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(MILLIONS OF EUROS)

	Note	1st half 2017	1st half 2016
Net profit for the period		38.1	41.7
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange rate gains (losses) on the translation of foreign currency financial statements		(6.0)	(3.0)
Gains (losses) on cash flow hedges	12	1.8	0.3
Tax effect		(0.4)	(0.1)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**(4.6)**	**(2.8)**
Other comprehensive income not being reclassified to profit or loss in subsequent periods:			
Actuarial gains (losses) on post employment benefit obligations	12	2.5	(7.3)
Tax effect		(0.6)	2.1
Net other comprehensive income not being reclassified to profit or loss in subsequent periods		**1.9**	**(5.2)**
Gains and losses recognized in equity		**(2.7)**	**(8.0)**
Total comprehensive income		**35.4**	**33.7**
Attributable to:			
Equity holders of the parent		29.1	31.5
Non-controlling interests		6.3	2.2
		35.4	**33.7**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(MILLIONS OF EUROS)

	Share capital	Share premium reserve	Treasury shares	Trans-lation reserve	Fair value reserve	Other reserves and retained earnings	Profit attributable to equity holders of the parent	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Balances at 01.01.2016	**19.5**	**32.6**	**(0.1)**	**9.8**	**(1.7)**	**29.0**	**69.9**	**159.0**	**16.8**	**175.8**
Distribution of dividends	–	–	–	–	–	–	(52.5)	(52.5)	(7.5)	(60.0)
Allocation of earnings for 2015	–	–	–	–	–	17.4	(17.4)	–	–	–
Capital increases	0.9	90.3	–	–	–	–	–	91.2	–	91.2
Purchase of non-controlling interests	–	–	–	–	–	(31.6)	–	(31.6)	(2.5)	(34.1)
Total comprehensive income	–	–	–	(3.0)	0.2	(5.1)	39.4	31.5	2.2	33.7
Balances at 30.06.2016	**20.4**	**122.9**	**(0.1)**	**6.8**	**(1.5)**	**9.7**	**39.4**	**197.6**	**9.0**	**206.6**
Balances at 01.01.2017	**20.4**	**122.8**	**(0.1)**	**9.6**	**(2.2)**	**11.6**	**93.5**	**255.6**	**14.6**	**270.2**
Distribution of dividends	–	–	–	–	–	–	(62.8)	(62.8)	(10.6)	(73.4)
Allocation of earnings for 2016	–	–	–	–	–	30.7	(30.7)	–	–	–
Total comprehensive income	–	–	–	(5.9)	1.3	1.8	31.9	29.1	6.3	35.4
Balances at 30.06.2017	**20.4**	**122.8**	**(0.1)**	**3.7**	**(0.9)**	**44.1**	**31.9**	**221.9**	**10.3**	**232.2**

AS REGARDS THE ITEMS IN CONSOLIDATED EQUITY, SEE NOTES 12 AND 13.

CONSOLIDATED STATEMENT OF CASH FLOWS

(MILLIONS OF EUROS)

	Note	30 June 2017	30 June 2016
OPERATING ACTIVITIES			
Profit attributable to equity holders of the parent		31.9	39.4
Adjustments for:			
- Depreciation and amortization	19	19.5	17.9
- Capital (gains) losses on disposal of non-current assets		(1.3)	(0.4)
- Proceed from exercise of option on non-controlling interests	20	–	(18.7)
- Unrealized losses (gains) on exchange rate differences	21	1.7	(0.7)
- Other changes		0.1	–
- Change in value of financial assets	21	0.3	–
- Taxes		19.0	17.9
- Non-controlling interests		6.2	2.3
- Result from investments accounted for using the equity method		(1.9)	(1.7)
Operating profit before changes in working capital		75.5	56.0
(Increase) decrease in trade and other receivables		(20.5)	(33.4)
(Increase) decrease in inventories		(47.6)	(57.3)
Increase (decrease) in trade and other payables		2.4	66.3
Taxes paid		(8.2)	(7.5)
CASH FLOW PROVIDED BY OPERATING ACTIVITIES (A)		1.6	24.1
INVESTING ACTIVITIES			
Investments in property, plant and equipment	2	(11.1)	(8.3)
Investments in intangible assets	3	(9.1)	(6.9)
Acquisition business divisions/companies	24	(7.4)	(7.2)
Amounts paid as earn out		(3.8)	–
Purchase of investments	4	(16.2)	(2.8)
Sale of non-current assets		3.2	0.6
Other changes		(2.0)	(1.7)
CASH FLOW USED IN INVESTING ACTIVITIES (B)		(46.4)	(26.3)
FINANCING ACTIVITIES			
Granting of loans	14	1.2	50.1
Repayment of borrowings	14	(19.2)	(16.0)
Bonds	14	(5.2)	–
Repayment of finance lease debts		(0.1)	(0.1)
Increase (decrease) in other payables to banks		36.5	(35.2)
Capital increases		–	90.6
Purchase of non-controlling interests		–	(34.1)
Consideration for exercise of option on non-controlling interests		–	(4.0)
Net change in financial assets and other non current receivables		(2.5)	2.0
Dividends paid to equity holders of the parent	12	(62.8)	(52.5)
Dividends paid to non-controlling interests	13	(10.6)	(7.5)
Payment of interest		(5.9)	(6.9)
Receipt of interest		–	0.1
CASH FLOW USED IN FINANCING ACTIVITIES (C)		(68.6)	(13.5)
NET CHANGE IN CASH AND CASH EQUIVALENTS (D=A+B+C)		**(113.4)**	**(15.7)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (E)	11	**201.1**	**156.1**
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (F=D+E)	11	**87.7**	**140.4**

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

(THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS HAVE BEEN TRANSLATED
FROM THE ORIGINAL ITALIAN INTO ENGLISH SOLELY FOR THE CONVENIENCE OF INTERNATIONAL READERS)

I.M.A.INDUSTRIA MACCHINE AUTOMATICHE S.P.A. AND SUBSIDIARIES

A) OVERVIEW

The interim financial report at 30 June 2017 was approved by the Board of Directors on 4 August 2017.

IMA Group is a world leader in the design and production of automatic machines for the processing and packaging of pharmaceuticals, cosmetics, tea, coffee, tobacco and other food products.

In the market segment in which the IMA Group operates, the first half of the year is generally not representative of the year as a whole, as activity tends to intensify in the second half. This seasonality, which also applies to rival companies operating in the same segment, is reflected in the distribution pattern of new orders and revenue.

The Parent Company of the IMA Group is I.M.A. Industria Macchine Automatiche S.p.A. (referred to as "IMA", "IMA S.p.A." or the "Parent Company"), with registered offices at Via Emilia 428/442, Ozzano dell'Emilia (Bologna). IMA is listed on the S.T.A.R. segment of Borsa Italiana S.p.A.'s electronic stock exchange.

At 30 June 2017, IMA S.p.A. is 57% owned by SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A., which is a subsidiary of Lopam Fin S.p.A.

IMA S.p.A. has dealings mainly of a commercial nature with the Group's manufacturing companies, involving the purchase and sale of machines required for the assembly of complete product lines. It also provides these companies with services. IMA's dealings with the Group's marketing companies relate to the sale, distribution and related customer service activities in their respective territories of products manufactured by IMA's various divisions. IMA's manufacturing subsidiaries also have similar relationships with these marketing companies.

B) GENERAL BASIS OF PREPARATION

General principles

This interim financial report at 30 June 2017 has been prepared in accordance with art. 154-ter of Legislative Decree 58/98 and subsequent amendments, and with the Issuers' Regulation issued by Consob. The report complies with international accounting standards (IAS/IFRS) and, in particular, with IAS 34 "Interim Financial Reporting".

The condensed interim consolidated financial statements have been prepared in summary form pursuant to IAS 34. Accordingly, these financial statements do not contain all the disclosures required for annual financial statements and must be read together with those prepared as of and for the year ended 31 December 2016, available on the company's website www.ima.it.

Financial statements

The statement of financial position has been classified on the basis of the operating cycle, distinguishing between current and non-current components. Costs and revenue for the period are presented in two statements: a consolidated income statement, which analyses costs according to their nature and a consolidated statement of comprehensive income. The figures in the consolidated financial statements at 30 June 2017 are compared with those at 30 June 2016 approved by the Board of Directors on 12 August 2016 and available on the website www.ima.it, to which reference should be made for further details.

Changes in equity are illustrated in the appropriate table, which also includes those occurred in the 1st half 2016.

The statement of cash flows has been prepared using the indirect method for determining cash flow from operating activities. The Group classifies interest paid and received and dividends as cash flow from financing activities.

All of the figures contained in the half-year report at 30 June 2017 are stated in millions of euros, unless otherwise indicated.

Consolidation principles

The condensed interim consolidated financial statements have been prepared using the consolidation policies adopted for the annual consolidated financial statements at 31 December 2016 as they are still compatible.

C) ACCOUNTING POLICIES AND STANDARDS

ACCOUNTING POLICIES AND STANDARDS

The accounting policies adopted to prepare the interim report as of 30 June 2017 are consistent with those used to prepare the consolidated financial statements at 31 December 2016, to which the reader is referred for further information.

The amendments and interpretations in force from 1 January 2017 govern circumstances and situations that are not relevant to or significant for the purposes of the consolidated financial statements. The Group is assessing the impact of the amendments to accounting standards that have been issued but not yet in force. The following are the standards and interpretations that at the date of preparation of the Group's consolidated financial statements, had already been issued, but were not yet effective:

- IAS 7 Disclosure Initiative – Amendments to IAS 7;
- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses;
- Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12;
- IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2;
- IFRS 9 Financial Instruments;
- IFRS 15 Revenue from Contracts with Customers;
- IFRS 16 Leases;
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint ventures;
- Amendments to IAS 40 – Transfer of Investment Property;
- IFRIC Interpretation 22 Foreign Currency Transaction and Advance Consideration;
- IFRS 1 – First-time Adoption of International Financial Reporting Standards;
- IAS 28 – Investment in Associates and Joint Ventures;
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatments;
- IFRS 17 Insurance Contracts.

The Group has continued to carry out the analysis started in 2016 of the potential impact that adoption of the new standards IFRS 15 Revenue from Contracts with Customers could have on the Group financial statements.

IFRS 15 was issued in May 2014 and introduces a new five-stage analysis model which will apply to revenue from contracts with customers.

IFRS 15 provides for the recognition of revenue for an amount that reflects the consideration to which the entity believes to be entitled in exchange for the transfer of goods or services to the customer. The new standard will replace all current requirements found in IFRS regarding the recognition of revenue and is effective for annual periods beginning on or after 1 January 2018. The Group expects to apply the new standard from the mandatory effective date.

During 2016 the Group carried out a preliminary assessment of the effects of IFRS 15, which is subject to amendments as a result of a more detailed analysis that is currently underway. This analysis considers the clarifications issued by the IASB in April 2016 and will assess any further development. As part of the preliminary assessment of the accounting impact of adopting the new standards, we have identified the main revenue streams by analysing IMA SpA and the subsidiaries of the Group:

- machines and contracts in progress;
- change parts;
- spare parts and other materials;
- technical assistance.

Based on a preliminary assessment, we do not expect any potentially significant impacts on the Group's assets and liabilities, results and financial position. Once we have completed this analysis, we will decide on the method of application of the new standard, retrospective or simplified.

IFRS 16 was published in January 2016 and replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the substance of transactions in the legal form of a lease.

IFRS 16 defines the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize all leases on the balance sheet on the basis of a single model similar to the one used to account for finance leases under IAS 17. The standard will come into force for financial years beginning on or after 1 January 2019.

We are not planning to apply the new standards in advance. Regarding the potential impact, please refer to the section on "Implementation of accounting standards" of the 2016 Annual Financial Report and to Note 26 Commitments of this report.

IFRS 9 was issued in its final version in July 2015 and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the project on accounting for financial instruments: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. The Group has begun to carry out an analysis of the potential impact that adoption of the new standard could have on the balance sheet, financial position, income statement and information contained in the Group financial statements and notes. We are not planning to apply the new standard in advance.

Use of estimates

When preparing interim consolidated financial statements, management must use accounting principles and methods which, in some cases, are based on difficult and subjective valuations and estimates, which are based on past experience, and on assumptions that are deemed from time to time as reasonable and realistic on a case-by-case basis.

Application of these estimates and assumptions affects the amounts shown in the financial statements, namely the balance sheet, income statement and cash flow statement, as well as the explanatory notes.

The financial statements items that require a greater subjectivity on the part of the directors in preparing estimates and for which a change in the conditions underlying the assumptions used can have a significant impact on the Group's consolidated financial statements are:

- goodwill and other intangible assets;
- deferred tax assets;
- inventories and contracts in progress, and corresponding revenue;
- liabilities for employee benefits;
- allowances for doubtful accounts;
- provisions for risks and charges.

It should also be noted that certain assessment processes, particularly the more complex ones, such as estimating impairment losses on non-current assets, are generally carried out in detail only when the annual financial statements are being drawn up, when all the necessary information is available, except where there are impairment indicators that require an immediate assessment of any impairment losses.

The interim result is stated net of taxes calculated using the best estimate of the weighted average tax rate expected for the full year.

These estimates and assumptions are reviewed periodically and the effects of any changes are recognised immediately in the period when circumstances change.

TRANSLATION OF FOREIGN CURRENCY BALANCES

The main exchange rates used to translate the financial statements of foreign companies into euros are presented below:

	1st half 2017		31 December 2016	1st half 2016	
Currency	Exchange rate end of period	Exchange rate average	Exchange rate end of period	Exchange rate end of period	Exchange rate average
US dollar	1.141	1.083	1.054	1.110	1.116
GB pound sterling	0.879	0.861	0.856	0.826	0.779
Indian rupee	73.744	71.176	71.594	74.960	75.002
Chinese yuan	7.738	7.445	7.320	7.375	7.296

D) FINANCIAL RISK MANAGEMENT

RISK FACTORS

The Group is exposed to various types of financial risk connected with its business activities. In particular:

- Credit risk arising from commercial transactions or financing activities;
- Liquidity risk related to the availability of financial resources and access to the credit market;
- Market risk, specifically:
  a) Exchange rate risk, relating to operations in areas using currencies other than the functional currency;
  b) Interest rate risk, relating to the Group’s exposure to interest-bearing financial instruments;
  c) Price risk, associated with changes in the listed price of capital instruments held as financial assets and in commodity prices.

This interim financial report does not include all of the disclosures on financial risk management that are required in annual financial statements. It should therefore be read together with the annual report at 31 December 2016.

There are no substantial changes in financial risk management or in the policies adopted by the Group during the period.

FAIR VALUE

IFRS 13 establishes the following fair value hierarchy to be used when measuring the financial instruments shown in the balance sheet:

- Level 1: quoted prices in active markets;
- Level 2: inputs other than the quoted prices of Level 1 that are observable on the market, either directly (prices) or indirectly (derived from prices);
- Level 3: inputs that are not based on observable market data.

The following table shows the assets and liabilities measured at fair value at 30 June 2017 and 31 December 2016 by fair value hierarchy level:

in millions of euros	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets available for sale	–	–	7.3	7.3
Derivative financial instruments	–	0.9	–	0.9
Total assets at 30.06.2017	**–**	**0.9**	**7.3**	**8.2**
Liabilities:				
Payables for acquisition	–	–	16.0	16.0
Derivative financial instruments	–	2.4	–	2.4
Total liabilities at 30.06.2017	**–**	**2.4**	**16.0**	**18.4**

in millions of euros	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets available for sale	–	–	6.5	6.5
Derivative financial instruments	–	0.2	–	0.2
Total assets at 31.12.2016	**–**	**0.2**	**6.5**	**6.7**
Liabilities:				
Payables for acquisition	–	–	19.0	19.0
Derivative financial instruments	–	3.4	–	3.4
Total liabilities at 31.12.2016	**–**	**3.4**	**19.0**	**22.4**

Investments in other companies and investments in securities held as financial assets available for sale are measured at fair value and the related unrealized gains and losses are recognized as part of other comprehensive income, except as discussed in Note 5 in relation to Mint Street Holding S.p.A. (formerly InterMedia Holding S.p.A.).

During the first half of 2017, there were no transfers between the three levels of the fair value hierarchy identified in IFRS 13. There have not been any significant changes in the commercial or economic circumstances which affect the fair value of financial assets and liabilities.

The following table shows the changes in Level 3 during the first half of 2017:

in millions of euros	Assets	Liabilities
Balance at 01.01.2016	4.5	32.3
Acquisition of Medtech business	–	7.4
Acquisition of Telerobot S.p.A.	–	2.6
Early exercise of the option purchase of 20% of Dairy&Food business	–	(22.9)
Increases / (decreases)	(0.5)	(0.5)
Balance at 30.06.2016	**4.0**	**18.9**
Balance at 01.01.2017	6.5	19.0
Profits / (losses) recognized in the income statement	(0.3)	–
Acquisition of MAI S.A.	–	2.6
Amounts paid as earn out	–	(5.6)
Increases / (decreases)	1.1	–
Balance at 30.06.2017	**7.3**	**16.0**

The liabilities at 30 June 2017 consist of payables for the options subscribed in connection with the purchase of minority interests in subsidiaries.

E) SCOPE OF CONSOLIDATION

The condensed interim consolidated financial statements at 30 June 2017 contain the financial and operating information of I.M.A. Industria Macchine Automatiche S.p.A. (Parent Company) and of all the companies over which its exercises direct or indirect control.

A list of the companies included in the consolidation is provided in paragraph G of the Notes, with an indication of the consolidation method used.

The following are the main events that took place in the first half of 2017:

- On 4 January 2017 IMA SpA completed the closing for the purchase of a 70% stake in MAI S.A., based in Argentina, which manufactures and sells machines for the packaging of tea and herbal teas in filter bags;
- On 20 April 2017, IMA, through its subsidiary GIMA S.p.A., completed the acquisition of 80% of Mapster S.r.l. This company, which is based in Parma, is an important player in the design, manufacture and marketing of automatic machines for the filling and packaging of single-serve coffee capsules.

See Note 24 "Business combination" for further information.

It should be noted that on 28 June 2017, GIMA TT S.p.A., a 70% subsidiary of the Parent Company, submitted to Borsa Italiana S.p.A. a request for issuance of an opinion on its eligibility for listing of its shares on the MTA, pursuant to the Regulation of the markets organised and run by Borsa Italiana S.p.A.; together with IMA, it filed a request to the National Commission for Companies and the Stock Exchange for approval of its Registration Document, drawn up pursuant to art. 113 of Legislative Decree no. 58 of 24 February 19989 and art. 52 of the Regulation adopted by Consob with resolution no. 11971 of 14 May 1999.

F) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The changes reported below have been determined with respect to the figures at 31 December 2016 for balance sheet items and the figures for the first half of 2016 for income statement items.

1. SEGMENT INFORMATION

Operating segments have been identified based on the internal reports used by senior management, in order to allocate resources by sector and evaluate the results. From 30 June 2017, the Group decided to modify its segment information to highlight the Tobacco packaging segment, which was previously included in Tea, Food & Other. This decision derives from the fact that the Tobacco segment has achieved much greater importance and an independent organisational structure. In accordance with IFRS 8 Operating Segments, the information on prior periods has been appropriately restated to ensure full comparability.

The following are the operating segments into which the Group's activities are divided:

<u>Tea, Food & Other Sector</u>

It produces machines for the packaging of tea and herbal teas in filter bags and the packaging of coffee in pods for the food & beverage sector, for the personal care sector, for end-of-line equipment, for the dairy sector and for stock cubes and for primary packaging in the food sector with the use of flexible material (horizontal and vertical flow packs) for assembling medical products plus related services.

Operations in this segment are mainly carried out by these companies:

- IMA S.p.A. manufactures:
  - machines for the packaging of tea and herbs in filter bags and the packaging of coffee in pods, through the Tea & Herbs Division;
  - end-of-line machines through the BFB Division;
- Corazza S.p.A. produces machines and plant for the dosing and packaging of cheese portions and stock cubes;
- Hassia Verpackungsmaschinen GmbH, GASTI Verpackungsmaschinen GmbH, Benhill GmbH, Hassia Packaging Pvt. Ltd., Hamba Filltec GmbH & Co. KG, Erca S.A. and Erca-Formseal Ibérica S.A. produce machines for forming, filling and sealing, for containers and sticks, for ultraclean closure and wrappers;
- GIMA S.p.A. produces machines for the coffee, food & beverage and personal care sectors;
- Ilapak International SA, Ilapak Italia S.p.A., Ilapak (Beijing) Packaging Machinery and Delta Systems & Automation Inc. produce automated machines and lines for flexible food and non-food packaging, using horizontal and vertical packaging technologies;
- IMA MAI S.A. manufactures machines for the packaging of tea and herbal teas in filter bags;
- IMA Medtech Switzerland SA, IMA Automation USA Inc. and IMA Automation Malaysia Sdn. Bhd. manufacture machines for assembling medical products for self-medication, such as inhalers, insulin syringes and injection systems;
- Mapster S.r.l. manufactures automatic machines for the filling and packaging of single-serve coffee capsules;
- Revisioni Industriali S.r.l. refurbishes second-hand machines for processed cheese and tea and herbs in filter bags;
- Teknoweb Converting S.r.l. produces machines for the production of wet wipes (converting sector);
- Telerobot SpA manufactures machinery for the assembly of plastic materials in the caps and closures sector.

Pharmaceutical Sector

Machines for the packaging of pharmaceutical capsules and tablets in blisters and bottles, machines for filling bottles and vials with liquid and powdered products in sterile and non-sterile environments, machines for freeze-drying, tube-filling and cartoning, systems for the production of tablets and capsules and for coating and granulation, as well as related services. Operations in this segment are mainly carried out by these companies:

- IMA S.p.A. manufactures:
  - blister-pack machines, machines for the packaging of gelcaps, capsules and tablets and cartoning machines through IMA Safe division;
  - machines for the filling of flacons and vials with liquid products and powders under sterile and non-sterile conditions and freeze-drying systems through IMA Life division;
  - tablet pressing machines, capsule filling machines, coating and granulating machines, machines for the movement of powders and depowdering of tablets through the IMA Active division;
- CO.MA.DI.S. S.p.A. manufactures tube-filling machines for the pharmaceutical, cosmetics, chemicals and food industries;

- G.S. Coating Technologies S.r.l. manufactures coating machines;
- IMA Life The Netherlands B.V., IMA Life North America Inc. and IMA Life (Beijing) Pharmaceutical Systems Co. Ltd. manufacture freeze-drying plants for the pharmaceutical industry;
- IMA-PG India Pvt Ltd operates in the production of blister and cartoning machines, mainly for the emerging nations;
- IMA Swiftpack Ltd. and IMA North America Inc. manufacture machines for the bottling of capsules and tablets for the pharmaceutical industry;
- Pharmasiena Service S.r.l. produces filling systems for phials and syringes under sterile conditions;
- Shanghai Tianyan Pharmaceutical Machinery Co. Ltd. produces filling systems under sterile conditions.

Tobacco packaging sector

It designs, manufactures and markets machines and plants for tobacco packaging and related services. Activities of this sector are carried out by GIMA TT S.p.A.

The information on operating segments for first half 2017 and first half 2016 is as follows:

	1st half 2017				
in millions of euros	Tea , Food & Other	Pharma-ceutical	Tobacco packaging	Not allocated (*)	Total
Revenue	303.5	274.9	76.2	–	654.6
Segment operating profit	(14.5)	45.3	31.9	–	62.7
Net financial income (expense) (**)					(7.5)
Profit (loss) from investments accounted for using the equity method	–	2.0	–	(0.1)	1.9
Profit before taxes					57.1
Taxes					(19.0)
Net profit for the period					38.1

	1st half 2016				
in millions of euros	Tea , Food & Other	Pharma-ceutical	Tobacco packaging	Not allocated (*)	Total
Revenue	261.8	270.9	39.5	–	572.2
Segment operating profit	(6.9)	38.6	13.1	–	44.8
Net financial income (expense) (**)					13.1
Profit (loss) from investments accounted for using the equity method	–	1.7	–	–	1.7
Profit before taxes					59.6
Taxes					(17.9)
Net profit for the period					41.7

(*) Unallocated amount relate to investments not directly attributable to the operating sectors.

(**) Financial income and expense have not been allocated to the individual operating segments as it is not possible to indicate specific amounts for each segment; this subdivision is not used in internal reports.

Revenue in the first half of 2017 came to 654.6 million euros compared with 572.2 million euros in the same period of 2016 (+14.4%).

The sector in which the Group operates is affected by the strong seasonality of deliveries, such that the first half of the year is never truly indicative of the results achievable for the full year.

The revenue generated by the Tea, Food & Other sector has grown by 41.7 million euros, thanks to a larger backlog at the start of the period. Due to the different product mix, the costs incurred by the Dairy&Food and Ilapak businesses for certain loss-making contracts and non-recurring charges incurred by the Dairy&Food business linked to a reorganisation of industrial activities aimed at obtaining higher efficiency and cost reduction, the operating profit is down (-14.5 million euros). It will be recovered in the second half of the year, coming in at a level that will in any case be higher than last year.

Revenue in the Pharmaceutical sector is 4.0 million euros higher than in the same period last year. Operating profit, 45.3 million euros, was higher than in the comparative period (+6.7 million euros). This improvement derives from higher sales volumes and a more favourable product mix at a time when business performance has improved in all product segments.

The revenue generated by the Tobacco segment amounts to 76.2 million euros and is significantly higher than the same period last year (+36.7 million euros) thanks to the larger backlog at the beginning of the period and higher penetration of the packaging market, above all in products of a new generation. The operating profit rises to 31.9 million euros.

Total assets at 30 June 2017 and 31 December 2016, restated as already mentioned, are as follows:

in millions of euros	Tea, Food & Other	Pharma-ceutical	Tobacco packaging	Not allocated (*)	Total
Total assets at 30 June 2017	683.7	416.1	75.6	191.0	1,366.4
Total assets at 31 December 2016	627.5	402.3	48.3	298.3	1,376.4

(*) Unallocated assets principally comprise financial assets, investments, income tax receivables and deferred tax assets not directly attributable to the operating segments.

The following is a breakdown of IMA Group revenue for the first half of 2017 by geographical area and business segment:

REVENUE BY GEOGRAPHICAL AREA

in millions of euros	1st half 2017	1st half 2016	Change
European Union (excluding Italy)	187.0	169.2	17.8
Other European countries	48.7	38.8	9.9
North America	108.0	99.8	8.2
Asia & Middle East	160.9	122.4	38.5
Other countries	68.3	66.9	1.4
Total exports	**572.9**	**497.1**	**75.8**
Italy	81.7	75.1	6.6
Total	**654.6**	**572.2**	**82.4**

REVENUE BY BUSINESS SEGMENT

in millions of euros	1st half 2017	1st half 2016	Change
Machines and change parts	162.5	167.3	(4.8)
Contract work	329.8	255.1	74.7
Spare parts and other materials	101.8	101.1	0.7
Technical assistance	50.5	41.0	9.5
Other services	10.0	7.7	2.3
Total	**654.6**	**572.2**	**82.4**

2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment report a net increase of 2.3 million euros. The changes during the year were as follows:

in millions of euros	Land	Buildings and leasehold improvements	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Balances at 01.01.17	**13.1**	**38.5**	**14.1**	**5.5**	**9.1**	**7.9**	**88.2**
Additions	–	2.3	2.3	1.1	2.2	3.2	11.1
Sales and disposals	(0.8)	(0.6)	(0.2)	(0.3)	–	–	(1.9)
Change in scope of consolidation	–	–	0.9	–	0.1	–	1.0
Depreciation	–	(2.1)	(1.7)	(1.0)	(1.5)	–	(6.3)
Reclassifications	–	5.0	0.3	0.1	–	(5.4)	–
Exchange rate difference	(0.2)	(0.7)	(0.4)	(0.1)	(0.1)	(0.1)	(1.6)
Balances at 30.06.17	**12.1**	**42.4**	**15.3**	**5.3**	**9.8**	**5.6**	**90.5**

Leasehold improvements amount to 24.6 million euros (25.3 million euros at 31 December 2016).

"Other assets" comprise:

in millions of euros	30.06.2017	31.12.2016
Electronic office equipment	4.5	3.7
Office furniture and fittings	2.9	3.0
Vehicles	1.8	1.7
Other	0.6	0.7
Total	**8.6**	**9.1**

Additions in the period mainly relate to costs incurred to extend and upgrade buildings leased by IMA S.p.A., to the completion of the new production site in Arkansas (USA) by Delta Systems & Automation Inc. and to the purchase of plant, machinery and electronic machines.

Disposals during the period included the sale by Ilapak Ltd. of the building in Hayes (UK). This transaction generated a gain of 1.0 million Pounds Sterling.

The change in the scope of consolidation reflects the acquisition of MAI S.A., as discussed in Note 24.

The reclassifications essentially reflect the completion of the above mentioned building in Arkansas (USA).

3. INTANGIBLE ASSETS

The movements in intangible assets during the period are analysed below:

in millions of euros	Development costs	Industrial patents rights	Software licences, trademarks and similar	Goodwill	Assets under development and advances	Total
Balances at 01.01.17	**100.6**	**5.6**	**65.4**	**152.5**	**8.7**	**332.8**
Additions	0.9	0.9	1.7	–	5.6	9.1
Change in scope of consolidation	0.2	–	–	–	–	0.2
Acquisition of MAI S.A.	–	–	–	7.2	–	7.2
Acquisition of Mapster S.r.l.	–	–	–	2.5	–	2.5
Amortization	(8.4)	(0.8)	(4.0)	–	–	(13.2)
Reclassifications and other changes	1.4	–	–	(1.7)	(1.4)	(1.7)
Exchange rate difference	–	(0.1)	(0.2)	(0.6)	–	(0.9)
Balances at 30.06.17	**94.7**	**5.6**	**62.9**	**159.9**	**12.9**	**336.0**

Development costs include the costs incurred for unpatented technology, the useful life of which has been estimated to be between 5 and 10 years and is attributable to the following acquisitions:

- the Medtech business, acquired in 2016, 3.2 million euros;
- the Dairy&Food business acquired in 2015, 42.3 million euros;
- DOSA S.r.l. and G.S. Coating Technologies S.r.l. businesses, purchased in 2014, for 0.4 million euros and 1.4 million euros respectively;
- Ilapak Group, which took place in 2013, for 10.2 million euros;
- Dairy & Convenience Food business of the Corazza Group, occurred in 2011, for 6.4 million euros.

In addition, this caption includes costs of 14.4 million euros incurred by the Parent Company on projects related to the Pharmaceutical sector and of 2.6 million euros on the development for the Tea sector.

Software, licences, trademarks and other rights primarily include operating and technical software applications and intangible assets linked to the "customer list" of 25.0 million euros, 6.7 million euros and 5.6 million euros respectively. They arose on the acquisition of the Dairy&Food business, the Ilapak Group and the Corazza Group. This caption also includes trademarks totalling 17.4 million euros that relate to the Dairy&Food business.

Goodwill comprises the following:

in millions of euros	30.06.2017	31.12.2016
Tea, Food & Other sector:		
CGU B.F.B. S.p.A.	1.8	1.8
CGU GIMA S.p.A.	1.7	1.7
CGU Corazza Group	18.9	18.9
CGU Dairy&Food Group	24.7	24.7
CGU Ilapak Group	4.1	4.1
CGU Teknoweb Group	13.3	13.3
CGU MAI S.A.	7.2	n.a.
CGU Mapster S.r.l.	2.5	n.a.
CGU Medtech	9.9	11.6
CGU Naturapack S.r.l.	8.7	8.7
CGU TEAMAC	0.7	0.7
CGU Telerobot S.p.A.	4.9	4.9
	98.4	**90.4**
Pharmaceutical sector:		
CGU CO.MA.DI.S. S.p.A.	3.8	3.8
CGU DOSA S.r.l.	0.8	0.8
CGU G.S. S.r.l. Coating System	7.4	7.4
CGU G.S. Coating Technologies S.r.l.	0.6	0.6
CGU Edwards Group	23.1	23.1
CGU Nova Group	13.7	14.3
CGU ICO OLEODINAMICI S.p.A.	1.6	1.6
CGU MKCS Inc.	0.6	0.6
CGU Pharmasiena Service S.r.l.	2.1	2.1
CGU Precision Gears Ltd.	4.0	4.0
CGU Shanghai Tianyan	0.9	0.9
CGU Zanchetta S.r.l.	2.9	2.9
	61.5	**62.1**
Total	**159.9**	**152.5**

The goodwill recognized on the acquisitions of MAI S.p.A. and Mapster S.r.l. is discussed in Note 24.

The reduction in the value of the Medtech CGU goodwill of 1.7 million euros refers to the definition of the consideration paid as earn-out and which took place during the valuation period of 12 months as established by IFRS 3.

The impairment tests performed on goodwill pursuant to IAS 36 did not identify the need for any write-downs, having regard for current forecasts and the absence of events suggesting possibly significant losses of value.

For completeness, the goodwill of the Nova Group, Zanchetta and ICO OLEODINAMICI CGUs was written down in prior years by 0.8 million euros, 2.5 million euros and 1.5 million euros respectively.

Assets under development and advances mainly relate to the capitalization of development costs incurred by the Parent Company (4.8 million euros), Ilapak Italia S.p.A (2.3 million euros), Ilapak International (1.3 million euros) and GIMA TT S.p.A. (1.2 million euros).

4. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

This item breaks down as follows:

in millions of euros	30.06.2017	31.12.2016
Associates:		
Amherst Stainless Fabrication LLC	0.3	0.4
Atopbi S.p.A.	16.2	n.a.
B.C. S.r.l.	2.7	2.4
Bacciottini F.lli S.r.l.	0.8	0.6
Bolognesi S.r.l.	1.0	1.0
Brio Pharma Technologies Pvt. Ltd.	0.5	0.4
Doo Officina-Game East Vrsc	0.3	0.3
I.E.M.A. S.r.l.	1.2	1.0
LA.CO. S.r.l.	0.5	0.5
Logimatic S.r.l.	0.9	0.7
Meccanica Sarti S.r.l.	1.2	1.2
MORC 2 S.r.l.	1.6	1.5
Petroncini Impianti S.r.l.	2.1	2.0
Plasticenter S.r.l.	0.6	0.6
SIL.MAC. S.r.l.	0.8	0.8
Sirio S.p.A. Associazione in partecipazione	4.6	4.6
Other associates	0.6	0.7
	35.9	**18.7**
Joint venture:		
CMRE S.r.l.	4.3	4.3
	4.3	**4.3**
Total	**40.2**	**23.0**

Trade payables to associates reflects the Group's constant commitment in pursuing close collaboration with those suppliers that play a key role in production, also by considering the possibility of becoming shareholders in their companies.

During the first half of the year, IMA, in partnership with the Charme III private equity fund, which will act as the controlling shareholder, acquired a minority stake in Atop S.p.A. The company is one of the world's leading manufacturers of innovative machines and automatic lines for manufacturing electric motors and rotors, and operates in the electric traction sectors for sustainable mobility as well as in the automotive sector, household appliances and power tools. Through a vehicle company controlled by the fund, IMA and Charme III acquired an 84% indirect stake in Atop S.p.A., while Atop's founding partners will continue to hold 16% of the capital. The transaction involves an investment of 15.8 million euros by IMA for a 25% stake in Atopbi S.p.A., the SPV controlled by Charme III.

Brief information about transactions with associates is given below:

- Amherst Stainless Fabrication LLC operates in the field of mechanical engineering and industrial assembly;

- B.C. S.r.l. manufactures machine parts for the Group and third parties;
- Bacciottini F.lli S.r.l. processes sheet metal for pharmaceutical machinery;
- Bolognesi S.r.l. operates in the field of mechanical engineering and industrial assembly;
- Brio Pharma Technologies Pvt. Ltd. distributes certain product lines of the Group in India;
- Doo Officina-Game East Vrsa operates in the field of mechanical engineering, specialising in the construction of machines for third parties;
- I.E.M.A. S.r.l. designs and produces equipment for automated machinery;
- LA.CO. S.r.l. manufactures mechanical constructions and repairs machine tools;
- Logimatic S.r.l. operates in the marketing, distribution and testing of automatic machines;
- Meccanica Sarti S.r.l. is active in the construction of mechanical components for machinery;
- MORC 2 S.r.l. operates in the manufacture of industrial handling and automation systems.
- Petroncini Impianti S.r.l. operates the sector of machinery for the coffee production process;
- Plasticenter S.r.l. is active in the plastics industry;
- SIL.MAC. S.r.l. operates in the field of mechanical engineering, specializing in the construction of machines for third parties.

CMRE S.r.l. was formed in 2012 and operates in the real estate sector.

5. FINANCIAL ASSETS

Non-current financial assets, 4.1 million euros, include investments in other companies of 2.6 million euros (3.0 million euros at 31 December 2016) and financial receivables of 1.5 million euros (4.1 million euros at 31 December 2016).

Investments in other companies mainly include the shares held in Mint Street Holding S.p.A. (formerly InterMedia Holding S.p.A.) for 1.0 million euros (1.3 million euros at 31 December 2016) and Continuus Pharmaceuticals Inc. for 1.4 million euros (1.4 million euros at 31 December 2016). Note that since 2014 the loss accumulated due to significant and prolonged reduction in the fair value of the investment in Mint Street Holding was recognized in the income statement. The change of the period, amounting to 0.3 million euros, reflects impairment adjustment recognised under financial charges.

Non-current financial receivables are essentially relate to Ilapak International SA, 0.5 million euros for loans to third parties, to a loan of 0.5 million euros granted by the Parent Company to Logimatic S.r.l., an associated company, on market terms and to financial receivables of 0.5 million euros relating to Telerobot S.p.A.

Current financial assets, 14.6 million euros (9.6 million euros at 31 December 2016) comprise loans granted by the Parent Company and Packaging Manufacturing Industry S.r.l. to CMRE S.r.l., a joint venture, and to Logimatic S.r.l., LA.CO S.r.l., Doo Officina-Game East Vrsac and Me.Mo. S.r.l. associates, totalling 2.1 million euros, and other liquid assets for 4.6 million euros consisting of the bank deposits of IMA-PG India Pvt Ltd., financial receivables granted to third parties by Ilapak International SA for 2.9 million euros and the investments of IMA S.p.A. in mutual funds, 4.7 million euros, the book value of which corresponds approximately to their fair value.

6. RECEIVABLES FROM OTHERS

This caption includes various guarantee deposits.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments comprise:

in millions of euros	Assets 30.06.2017	Liabilities 30.06.2017	Assets 31.12.2016	Liabilities 31.12.2016
Interest rate hedging instruments - cash flow hedges	–	2.2	–	2.3
Exchange rate hedging instruments - cash flow hedges	0.9	0.2	0.2	1.1
Total	**0.9**	**2.4**	**0.2**	**3.4**

INTEREST RATE DERIVATIVES

At 30 June 2017, the amounts of 2.2 million euros represent the fair value of option contracts to hedge the interest rate risk arranged by the Parent Company with leading banks and connected to a bond loan and part of the medium-term loans that expire by the end of 2020, on a nominal value of 42.9 million US dollars and 101.6 million euros.

EXCHANGE RATE DERIVATIVES

At 30 June 2017, the amount of 0.9 million euros in assets and 0.2 million euros in liabilities are the fair value of the forward currency purchase and sale contracts taken out by the Group to manage its exchange risk exposure based on a notional of 21.2 million US dollars, 21.3 million Chinese yuan, 0.8 million GB pounds sterling and 0.2 million Canadian dollars.

8. DEFERRED TAX ASSETS AND LIABILITIES

At 30 June 2017, the deferred tax asset of 63.9 million euros (64.9 million euros at 31 December 2016), mainly relates to a deferred tax asset recognised in 2012 on the release of the uplift in the carrying amounts of the controlling interests recorded in IMA S.p.A.'s consolidated financial statements and temporary differences arising on provisions.

At 30 June 2017, deferred tax liabilities amount to 59.4 million euros (62.1 million euros at 31 December 2016) and relate mainly to temporary differences between the book values of certain tangible and intangible assets and their values recognised for tax purposes.

9. INVENTORIES

This item breaks down as follows:

	30.06.2017			31.12.2016		
in millions of euros	Gross value	Impairment provision	Net value	Gross value	Impairment provision	Net value
Raw, ancillary and consumable materials	69.4	(13.7)	55.7	64.6	(14.3)	50.3
Work in progress and semifinished goods	288.0	(30.6)	257.4	244.7	(28.4)	216.3
Finished products and goods for resale	19.6	(3.9)	15.7	16.1	(3.8)	12.3
Total	**377.0**	**(48.2)**	**328.8**	**325.4**	**(46.5)**	**278.9**

The increase in inventories since 31 December 2016 reflects the preparation of machines for delivery to customers during the second half of the year and purchasing in relation to the backlog at the end of June.

Movements in these provisions in the period were as follows:

in millions of euros	
Balances at 01.01.2016	**47.7**
Net provisions (uses)	2.8
Change in scope of consolidation	1.2
Exchange rate difference	(0.1)
Balances at 30.06.2016	**51.6**
Balances at 01.01.2017	**46.5**
Net provisions (uses)	2.0
Change in scope of consolidation	0.1
Exchange rate difference	(0.4)
Balances at 30.06.2017	**48.2**

10. TRADE AND OTHER RECEIVABLES

This item comprises:

in millions of euros	30.06.2017	31.12.2016
Trade receivables	317.1	308.9
Advances to suppliers	25.5	22.1
Tax receivables	25.2	16.3
Deferred costs	7.9	6.0
Other receivables	7.3	6.1
Total	**383.0**	**359.4**

TRADE RECEIVABLES

Trade receivables include amounts due from customers of 174.5 million euros (167.5 million euros at 31 December 2016), amounts due on contracts in progress of 135.1 million euros (130.7 million euros at 31 December 2016) and trade receivables from associates of 7.5 million euros (10.7 million euros at 31 December 2016).

Deferred payment terms granted to customers resident in countries presenting particular risks are guaranteed by suitable financial instruments to secure collection.

Trade receivables are carried net of accumulated provisions amounting to 18.3 million euros (18.5 million euros at 31 December 2016).

Receivables assigned without recourse not yet due at 30 June 2017 amounted to 25.1 million euros, of which 20.8 million euros assigned to factoring companies and 4.3 million euros to other financial institutions. The first half of 2017 saw the assignment without recourse of receivables with an overall nominal value of around 21.5 million euros.

Amounts due from customers in respect of contract work in progress, determined on a percentage-of-completion basis, are shown below net of the advances:

in millions of euros	30.06.2017	31.12.2016
Construction contracts (costs incurred plus recognized margins)	302.3	300.2
Advances received	(167.2)	(169.5)
Amounts due from customers	**135.1**	**130.7**

Amounts due to customers (included in trade payables and other payables under advances) in respect of contract work in progress, determined on a percentage-of-completion basis, are shown below net of the amounts due from customers:

in millions of euros	30.06.2017	31.12.2016
Advances received	(85.5)	(107.5)
Construction contracts (costs incurred plus recognized margins)	70.7	74.7
Amounts due to customers	**(14.8)**	**(32.8)**

ADVANCES TO SUPPLIERS

At 30 June 2017 these relate to advances for goods to be used in production and for services of respectively 19.9 million euros (16.5 million euros at 31 December 2016) and 5.6 million euros (5.6 million euros at 31 December 2016). This item includes advances to associates of 3.6 million euros (2.7 million euros at 31 December 2016).

TAX RECEIVABLES

Tax receivables mainly consist of VAT receivables.

11. CASH AND CASH EQUIVALENTS

This item comprises:

in millions of euros	30.06.2017	31.12.2016
Bank current accounts	86.3	196.7
Deposits	1.2	4.2
Cheques and cash	0.2	0.2
Total	**87.7**	**201.1**

For a better understanding of the trend in net financial indebtedness, reference should be made to Note 14.

12. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

SHARE CAPITAL

The share capital reported in the consolidated financial statements at 30 June 2017, 20.4 million euros, is the share capital issued (fully subscribed and paid up) by the Parent Company, IMA S.p.A., and is represented by 39,260,000 ordinary shares with a par value of 0.52 euros each.

TREASURY SHARES

The Parent Company did not carry out any transactions in its own shares during the first half of 2017, nor during the whole of 2016. At 30 June 2017, 5,500 shares are held in portfolio (0.014% of share capital), with a total value of 0.1 million euros.

DIVIDENDS

In May 2017 the Parent Company paid a dividend of 62.8 million euros, equal to a gross amount of 1.60 euros per outstanding ordinary share (52.5 million euros, equal to a gross amount of 1.40 euro in May 2016).

FAIR VALUE RESERVE

Changes in the fair value reserve break down as follows:

in millions of euros	
Balance at 01.01.2016	**(1.7)**
Cash flow hedges/hedging instruments	
Measurement at fair value	0.5
Fair value - tax effect	(0.1)
Realization recognized in income - revenues	(0.2)
Realization recognized in income - costs	0.1
Realization recognized in income - financial income and expense	(0.1)
Balance at 30.06.2016	**(1.5)**
Balance at 01.01.2017	**(2.2)**
Cash flow hedges/hedging instruments	
Measurement at fair value	1.2
Fair value - tax effect	(0.3)
Realization recognized in income - revenues	(0.3)
Realization recognized in income - costs	(0.1)
Realization recognized in income - financial income and expense	0.9
Tax effect - realization in income statement	(0.1)
Balance at 30.06.2017	**(0.9)**

Other reserves and retained earnings

The changes during the period principally reflect the allocation to reserves of the net profit for the prior period. In addition, this item includes the reserve on the remeasurement of defined benefit plans, the movements of which during the period were as follows:

in millions of euros	
Balance at 01.01.2016	**(8.2)**
Actuarial value	(7.2)
Tax effect	2.1
Balance at 30.06.2016	**(13.3)**
Balance at 01.01.2017	**(12.6)**
Actuarial value	2.4
Tax effect	(0.6)
Balance at 30.06.2017	**(10.8)**

13. Non-controlling interests

The direct and indirect investments held by the Parent Company IMA S.p.A. together with minority shareholders are indicated below:

		30 June 2017		31 December 2016	
	Country	% held by the Group	% held by third parties	% held by the Group	% held by third parties
Direct investments:					
GIMA TT S.p.A.	Italy	70%	30%	70%	30%
IMA Fuda (Shanghai) Packaging Mach. Co. Ltd.	PRC	80%	20%	80%	20%
Pharmasiena S.r.l.	Italy	70%	30%	70%	30%
Transworld Packaging Holding S.p.A.	Italy	81%	19%	81%	19%
Indirect investments:					
Digidoc S.r.l.	Italy	80%	20%	80%	20%
Dreamer S.r.l.	Italy	90%	10%	90%	10%
Fillshape S.r.l.	Italy	80%	20%	80%	20%
Mapster S.r.l.	Italy	80%	20%	n.a.	n.a.
Shanghai Tianyan Ph. Mach. Co. Ltd.	PRC	86.29%	13.71%	86.29%	13.71%
Teknoweb N.A. Llc	USA	75%	25%	75%	25%

During June 2017, Transworld Packaging Holding BV, a Dutch company, completed the procedure for transferring its headquarters to Ozzano dell'Emilia (BO) and its transformation into a joint stock company. Transworld Packaging Holding S.p.A. controls thirteen companies, either directly or indirectly. For further information, see the list of equity investments provided in section G of the explanatory notes.

At 30 June 2017, non-controlling interests total 10.3 million euros (14.6 million euros at 31 December 2016) and principally relate to GIMA TT S.p.A., 7.0 million euros, and the Ilapak Group, 2.7 million euros.

The dividends paid to the minority shareholders in 2017 amount to 10.6 million euros and refer to GIMA TT S.p.A. for 8.1 million euros.

As mentioned in the section entitled Scope of consolidation, on 28 June 2017, GIMA TT SpA submitted to Borsa Italiana S.p.A. a request for its opinion on GIMA's eligibility to list its shares on the MTA pursuant to the Regulation of the markets organised and run by Borsa Italiana S.p.A.

14. Borrowings

This includes amounts due to banks of 210.1 million euros (192.6 million euros at 31 December 2016), amounts due to other lenders of 3.9 million euros (3.8 million euros at 31 December 2016) and bonds of 111.6 million euros (118.3 million euros at 31 December 2016).

PAYABLES TO BANKS

Payables to banks comprise:

in millions of euros	30.06.2017	31.12.2016
Non-current:		
· Applied research and technological innovation loans	4.4	4.1
· Other loans	85.7	104.3
	90.1	**108.4**
Current:		
· Current accounts	6.5	4.2
· Advances on domestic transactions (Italy)	1.1	0.9
· Advances on export transactions	61.5	30.0
· Advances on export transactions to be carried out	1.6	0.3
· Applied research and technological innovation loans	1.3	1.0
· Other loans	48.0	47.8
	120.0	**84.2**
Total	**210.1**	**192.6**

Applied research and technological innovation loans

During the period, instalments of 0.5 million euros were paid regularly as they fell due and new loans of 1.2 million euros were received.

Other loans

The principal changes in Other loans relate to the Parent Company and comprise repayments of 18.7 million euros.

Payables to banks break down by maturity as follows:

in millions of euros	30.06.2017	31.12.2016
Due within 1 year	120.0	84.2
Due from 1 to 5 years	90.1	108.4
Total	**210.1**	**192.6**

It is worth pointing out that a loan obtained by the Parent Company in 2014 from the European Investment Bank (EIB), at 30 June 2017 is secured by a SACE guarantee of 8.4 million euros.

Certain loans and borrowings are secured by compliance with financial covenants calculated with reference to both the annual financial statements of IMA S.p.A. and to the Group's half-year consolidated financial statements. These covenants are complied with at 30 June 2017.

PAYABLES TO OTHER LENDERS

These break down as follows:

in millions of euros	30.06.2017	31.12.2016
Payables to leasing companies	1.0	1.0
Payables to factoring companies	0.4	0.1
Other	2.5	2.7
Total	**3.9**	**3.8**

At 30 June 2017, the amount payable to leasing companies principally includes the finance lease on the factory in Krakow (Poland) and other assets attributable to Ilapak Sp. Z o.o.

"Other" includes the guaranteed financial payables of Ilapak Italia S.p.A..

There are no payables that fall due beyond 5 years.

BONDS

In May 2014, the Parent Company completed the placement with European institutional investors of a non-convertible bond amounting to 80 million euros, represented by two separate issues of equal amount with 5 and 7 years to maturity, redeemable in lump sums on the respective maturity dates. These bonds bear interest at a fixed rate of 3.875% and 4.375% respectively.

In February 2013 IMA S.p.A. completed the US Private Placement of a non-convertible bond totalling 50 million US dollars with repayment in equal instalments over 10 years, starting from the fourth year. This bond incurs interest at a fixed rate of 6.25%. The first tranche was repaid in February 2017 for a total of 7.1 million US dollars.

The bonds are not guaranteed, but certain covenants must be met.

Bonds are analysed as follows:

in millions of euros	30.06.2017	31.12.2016
Non-current portion	105.5	110.5
Current portion	6.1	7.8
Total book value	**111.6**	**118.3**
Adjustment to fair value and measurement at amortized cost	6.0	9.1
Total nominal redemption value	**117.6**	**127.4**

NET DEBT

The breakdown of net debt, alternative performance indicator, is as follows:

in millions of euros	30.06.2017	31.12.2016
A. Cash and cash equivalents	(87.7)	(201.1)
B. Other cash equivalents	(4.6)	(3.9)
C. Investments in securities	(4.7)	(3.5)
D. Liquidity (A) + (B) + (C)	**(97.0)**	**(208.5)**
E. Current financial receivables	**(5.3)**	**(2.2)**
F. Current payables to banks	71.0	35.5
G. Current portion of non-current payables	55.5	57.0
H. Other current financial payables	1.3	1.0
I. Current financial debt (F) + (G) + (H)	**127.8**	**93.5**
J. Net current financial debt (D)+(E)+(I)	**25.5**	**(117.2)**
K. Non-current portion of non-current bank payables	90.1	108.4
L. Bonds issued	105.5	110.5
M. Other non-current financial payables	2.2	2.3
N. Non-current financial assets	(1.5)	(4.1)
O. Net non-current financial debt (K)+(L)+(M)+(N)	**196.3**	**217.1**
P. Net financial debt (J)+(O)	**221.8**	**99.9**

When preparing the table of net financial indebtedness, which is not identified as an accounting measurement by international accounting standards, we took into account the requirements of Consob Communication DEM/6064293 of 28 July 2006, even though we included financial receivables classified as non-current financial assets.

Total non-current financial assets differs from that reported in the balance sheet as it does not include equity interests in other companies. More information on the composition of net financial debt can be found in Notes 5 and 11.

The Group also has payables in respect of acquisitions totalling 19.0 million euros (19.9 million euros at 31 December 2016), essentially relating to the options agreed for the purchase of the minority interests in subsidiaries. The change with respect to the previous period is mainly due to payment of the earn-out for the Medtech business, net of the payables for the acquisition of MAI S.A. and Mapster S.r.l.

Net debt at the end of the period amounts to 221.8 million euros compared with 99.9 million euros at 31 December 2016. The increase stems from the physiological growth due to the increase in working capital, dividends paid by the Parent Company (62.8 million euros paid in May 2017), the purchase of the MAI S.A., Mapster S.r.l., Atopbi S.p.A. businesses and the price adjustment of Medtech for a total of 29.1 million euros.

Net financial indebtedness is expected to fall considerably in the latter part of the year.

15. EMPLOYEE DEFINED BENEFIT LIABILITIES

This item includes post-employment benefits valued actuarially by independent actuaries using the project unit credit method under IAS 19. It mainly comprises the pension funds belonging to the newly-acquired companies of the Dairy&Food business and severance indemnity provisions made by the Group's Italian companies.

The movements in these provisions in the period were as follows:

in millions of euros	
Balance at 01.01.2017	**57.9**
Current service cost	0.6
Financial charges	0.7
Net actuarial losses (gains) recognized during the period	(2.5)
Change in scope of consolidation	0.1
Benefit paid out during the period	(1.6)
Balance at 30.06.2017	**55.2**

The employee defined benefit liabilities are analysed below by geographical area:

in millions of euros	30.06.2017	31.12.2016
Italy	19.0	19.7
Germany	29.4	31.0
Switzerland	3.2	3.8
France	2.2	2.3
North America	0.6	0.3
Other countries	0.8	0.8
Total	**55.2**	**57.9**

At 30 June 2017, the liabilities for defined benefits of companies belonging to the Dairy&Food business amount to 31.2 million euros (32.9 million euros at 31 December 2016); the following economic-financial assumptions were adopted:

	30.06.2017	31.12.2016
Annual discount rate	2.05%	1.75%
Annual rate of increase of total compensation	2.5-2.2%	2.5-2.2%
Annual rate of increase of pension fund	1.5-0%	1.5-0%

The iBoxx Eurozone Corporates AA 10+ index has been used as a parameter for the discount rate. The demographic assumptions used for the Dairy&Food companies derive from specific demographic tables for the countries in question.

The following economic-financial assumptions were adopted in relation to the Italian companies:

	30.06.2017	31.12.2016
Annual discount rate	1.67%	1.5%
Annual inflation rate	1.5%	1.5%
Annual rate of increase of total compensation	3.0%	3.0%
Annual rate of increase of severance indemnity	2.63%	2.63%

The discounting rate applicable to Italian companies was determined with reference to the iBoxx Eurozone Corporates AA 10+ index.

The main demographic assumptions made by the actuary in valuing severance indemnities for Italian companies did not change with respect to 31 December 2016.

16. PROVISIONS FOR RISKS AND CHARGES

These provisions break down as follows:

in millions of euros	Balance at 31.12.2016	Net increases	Net decreases	Exchange rate differences	Balance at 30.06.2017
Non-current:					
Agency termination indemnities	5.0	–	(0.3)	–	4.7
Other provisions	0.9	–	–	–	0.9
	5.9	**–**	**(0.3)**	**–**	**5.6**
Current:					
Product guarantee provision	25.7	1.8	(1.7)	(0.4)	25.4
Other provisions	5.2	1.6	(1.0)	–	5.8
	30.9	**3.4**	**(2.7)**	**(0.4)**	**31.2**
Total	**36.8**	**3.4**	**(3.0)**	**(0.4)**	**36.8**

The product guarantee provision was established on the basis of estimated expenses for work to be performed under guarantee after 30 June 2017.

Other provisions are made up of provisions for risks and charges made to cover tax liabilities or charges that might arise from contractual obligations.

17. TRADE AND OTHER PAYABLES

This item breaks down as follows:

in millions of euros	30.06.2017	31.12.2016
Trade payables	346.3	328.2
Advances from customers	161.3	170.7
Social security and defined-contribution plans payables	8.2	12.1
Tax payables	8.2	12.8
Due to employees	59.3	54.7
Payables in respect of acquisitions	19.0	19.9
Deposits	3.8	3.7
Other payables	14.9	14.8
Total	**621.0**	**616.9**

TRADE PAYABLES

This item includes trade payables of 249.0 million euros (241.8 million euros at 31 December 2016), payables to agents of 12.2 million euros (11.5 million euros at 31 December 2016) and trade payables to associates of 85.1 million euros (74.9 million euros at 31 December 2016).

ADVANCES FROM CUSTOMERS

The high amount of advances from customers reflects the substantial volume of orders acquired at the date of this report. Information on the amounts due to customers for contracts in progress (14.8 million euros) can be found in Note 10.

TAX PAYABLES

Tax payables mainly consist of income tax withheld from employees' wages and salaries.

DUE TO EMPLOYEES

These mainly relate to deferred payroll and accrued holiday entitlement. This item includes 1.9 million euros classified among the non-current liabilities (0.4 million euros at 31 December 2016).

PAYABLES IN RESPECT OF ACQUISITIONS

At 30 June 2017 this item includes payables for the purchase of investments for the acquisition of the Teknoweb and Medtech businesses for 8.9 million euros and 1.8 million euros respectively and of the companies Telerobot S.p.A., G.S. Coating Technologies S.r.l., MAI S.A. and Mapster S.r.l. for a total of 8.3 million euros.

The total amount of payables for acquisitions classified under non-current liabilities comes to 17.4 million euros (13.8 million euros at 31 December 2016).

OTHER PAYABLES

At 30 June 2017, other payables include 2.2 million euros classified under current liabilities (5.9 million euros classified as non-current liabilities at 31 December 2016) related to the medium and long term variable component of payroll that can be earned by three directors on the achievement of pre-defined measurable targets over three years.

18. PERSONNEL COSTS

This item breaks down as follows:

in millions of euros	1st half 2017	1st half 2016	Change
Wages and salaries	148.6	134.1	14.5
Social security contributions	33.9	30.2	3.7
Board of Directors' emoluments	4.8	4.4	0.4
Pensions - defined-benefit plans	0.6	0.4	0.2
Pensions - defined-contribution plans	6.4	5.6	0.8
Other personnel costs	13.6	10.3	3.3
Total	**207.9**	**185.0**	**22.9**

Personnel costs related to the companies of the Medtech and Telerobot S.p.A. businesses amount to 13.7 million euros in the first half of 2017. They were partially consolidated in the first half of 2016 for 6.0 million euros. In addition, the item includes 1.7 million euros attributable to the newly acquired IMA MAI S.A. and Mapster S.r.l.

The increase in personnel costs also reflects the rise in the total number of employees during the period and non-recurring costs of 3.2 million euros, as illustrated in Note 28.

In the first half of 2017, the IMA Group employed an average of 5,382 persons, as follows:

	1st half 2017	1st half 2016	Year 2016
Management	211	193	196
Office workers	3,485	3,306	3,362
Production workers	1,686	1,463	1,551
Total	**5,382**	**4,962**	**5,109**

At the end of period employees are 5,413 (5,249 at 31 December 2016), of whom 101 of IMA MAI S.A. and Mapster S.r.l..

19. DEPRECIATION, AMORTISATION AND WRITE-DOWNS

This includes depreciation of property, plant and equipment of 6.3 million euros (5.5 million euros in the first half of 2016), amortization of intangible assets of 13.2 million euros (12.4 million euros in the first half of 2016), and write-downs of receivables of 0.3 million euros (0.4 million euros in the first half of the prior period). The increase is mainly attributable to the amortization of development costs.

20. FINANCIAL INCOME

This item comprises:

in millions of euros	1st half 2017	1st half 2016	Change
Income from exercise of the option of Dairy&Food business	–	18.7	(18.7)
Interest income from banks	0.1	0.2	(0.1)
Income from derivative financial instruments	0.2	0.3	(0.1)
Various interest income and other financial income	0.2	0.1	0.1
Exchange rate gains	16.1	8.5	7.6
Total	**16.6**	**27.8**	**(11.2)**

Note that during the first half of 2016 early exercise of the put & call option for the residual 20% of the Dairy&Food Group generated financial income of 18.7 million euros.

21. FINANCIAL EXPENSE

This item comprises:

in millions of euros	1st half 2017	1st half 2016	Change
Interest expense on bank payables	1.9	2.3	(0.4)
Interest expense on bonds	2.9	2.9	–
Net financial expense on defined-benefit plans	0.7	0.5	0.2
Writedown of non-current assets available for sale	0.3	–	0.3
Bank guarantee expenses	0.3	0.3	–
Expense from derivative financial instruments	0.5	0.2	0.3
Other interest and financial expense	0.3	0.5	(0.2)
Exchange rate losses	17.2	8.0	9.2
Total	**24.1**	**14.7**	**9.4**

The decrease in interest expense reflects the lower level of borrowing during the period.

Exchange gains at 30 June 2017 include unrealised gains of 8.3 million euros (4.3 million euros in the first half of 2016), while exchange losses at this date include unrealised losses of 10.0 million euros (3.6 million euros in the first half of 2016).

22. TAXES

The following companies form part of the domestic tax group: IMA S.p.A., Corazza S.p.A., Packaging Manufacturing Industry S.r.l. and Revisioni Industriali S.r.l. as consolidated companies and SO.FI.MA. S.p.A. as the consolidating company. Furthermore, GIMA S.p.A. as consolidating company and Fillshape S.r.l. as consolidated company form part of the domestic tax group.

On 4 April 2017 a tax audit began on IMA S.p.A. for income tax, IRAP and VAT by the Revenue Agency, Emilia Romagna Regional Directorate, for the 2014 tax year and periods before and after 2014 for transactions linked to that year; note that the audit is still underway at the date of approval of this interim report.

Taxation includes taxes for the period, calculated using the best estimate of the weighted average tax rate for the full year.

23. Earnings per share

Basic earnings per share are calculated as the ratio of Group net profit to the weighted average number of ordinary shares outstanding during the year, as follows:

	1st half 2017	1st half 2016
Net profit for the period (millions of euros)	31.9	39.4
Weighted average number of ordinary shares Average number of outstanding	39.3	37.7
Earning per share (in euros)	**0.81**	**1.05**

For the IMA Group, basic earnings per share and diluted earnings per share are the same, given the absence of instruments that might result in dilution.

24. Business combinations

On 4 January 2017 IMA SpA completed the closing for the purchase of a 70% stake in MAI SA, based in Argentina, which manufactures and sells machines for the packaging of tea and herbal teas in filter bags. The financial outlay amounts to 7.9 million US dollars, of which 5.7 million US dollars paid at the closing and the balance in three annual tranches. IMA has also been granted an option to buy 100%, which can be exercised in April 2021.

The main provisional values for assets and liabilities at the acquisition date were as follows:

in millions of euros	Total book values	Fair value
Property, plant and equipment	0.9	0.9
Inventories	1.3	1.3
Trade and other receivables	1.6	1.6
Trade and other payables	(0.9)	(0.9)
Total	**2.9**	**2.9**
Purchase cost		10.1
Goodwill		**7.2**

The acquisition cost includes the amount paid (7.9 million US dollars) and the fair value of the option to purchase the residual 30% of the capital (2.6 million euros), discounted using the yield on a government security with the same maturity.

At 30 June 2017 the key figures of the newly acquired company, consolidated for 6 months, are as follows:

in thousands of euros	
Property, plant and equipment	0.7
Goodwill	7.2
Inventories	1.5
Trade receivables	1.7
Trade payables and advances	(0.8)
Revenues	4.2
Gross operating profit (EBITDA) before non-recurring items	1.2
Personnel cost	(1.5)

On 20 April 2017, IMA, through its subsidiary GIMA S.p.A., completed the acquisition of 80% of Mapster S.r.l. This company, which is based in Parma, is an important player in the design, manufacture and marketing of automatic machines for the filling and packaging of single-serve coffee capsules. IMA's financial outlay for the equity value was 2.4 million euros.

The main provisional values for assets and liabilities at the acquisition date were as follows:

in millions of euros	Total book values	Fair value
Property, plant and equipment and intangible assets	0.3	0.3
Inventories	1.0	1.0
Trade receivables and other assets	1.9	1.9
Borrowings	(1.9)	(1.9)
Trade payables and other liabilities	(1.4)	(1.4)
Total	**(0.1)**	**(0.1)**
Purchase cost		2.4
Goodwill		**2.5**

At 30 June 2017 the key figures of the newly acquired company, consolidated for 2 months, are as follows:

in thousands of euros	
Property, plant and equipment and intangible assets	0.3
Goodwill	2.5
Inventories	1.4
Trade receivables	1.1
Trade payables and advances	(1.3)
Revenues	0.5
Gross operating profit (EBITDA) before non-recurring items	–
Personnel cost	(0.2)

The initial values for the business combinations that took place during the period were determined on a provisional basis, as the fair value of the assets, liabilities, contingent liabilities and costs of the combinations have not yet been calculated on a definitive basis. As required by IFRS 3, any adjustments will be made within twelve months of the acquisition date.

Ancillary charges related to the acquisition were booked to the income statement under services, rentals and leases for 0.6 million euros.

At 30 June 2017 the amount of the purchase price that has been paid amounts to 7.4 million euros.

25. GUARANTEES GRANTED

At 30 June 2017, the Group has given sureties and other bank guarantees to customers totalling 38.1 million euros for the proper operation of machinery, bid bonds and advances not yet received, sureties to guarantee rental contracts for 7.1 million euros, sureties in favour of the Tax Authorities for VAT credits for 0.1 million euros, sureties associated with the sale of CMH S.r.l. for 3.5 million euros and sureties in favour of others for 2.5 million euros.

The Parent Company has also given sureties and other guarantees (binding letters of patronage) to third parties on behalf of subsidiaries and associates, with respect to lines or credit or financing extended by banks and the payment of rental fees for 281.1 million euros.

Ilapak International SA has provided guarantees to third parties on behalf of Ilapak Verpackungsmaschinen GmbH for total 2.1 million euros.

Note that sureties were issued against advances received from customers for a total of 118.7 million euros (146.7 million euros at 31 December 2016), of which 59.9 million euros reflect the use of credit lines guaranteed by commitments on the part of the Parent Company.

26. Commitments

At 30 June 2017 there are commitments for the purchase of property, plant and equipment and intangible assets of 0.7 million euros relating principally to leasehold improvements and plant and machinery.

The Group has commitments of 2.9 million euros represented by future minimum payments for non-cancellable operating leases, mainly relating to vehicles (1.5 million euros due within one year, 1.4 million euros due from one to five years), and rental commitments of 146.5 million euros (19.1 million euros due within one year, 66.9 million euros due from one to five years and 60.5 million euros due beyond more than five years).

A total of 10.8 million euros in operating lease and rental payments were made during the first half of 2017 (10.2 million euros in the first half of 2016).

Other commitments in favour of third parties, 9.6 million euros, mainly consist of the Parent Company's agreement to buy further units of the mutual funds.

27. Related-party transactions

In compliance with current Consob regulations on related party transactions, from 2010 IMA S.p.A. adopted procedures to be followed by IMA and its subsidiaries when carrying out transactions with parties related to IMA.

The Parent Company of the IMA Group is I.M.A. Industria Macchine Automatiche S.p.A., which at 30 June 2017 is 57% owned by SO.FI.M.A. S.p.A., in turn controlled by Lopam Fin S.p.A.

Intercompany transactions are carried out in the ordinary course of business on arm's-length terms. Relations with other related parties are mainly attributable to the persons who control the Parent Company, to persons who administer and direct the activities of IMA S.p.A. and to entities that are controlled by them.

The Board must give advance approval in its meetings for all transactions with related parties, including inter-company transactions, except for transactions carried out in the ordinary course of business on arm's-length terms.

Related party transactions mainly refer to commercial and property operations (leased premises used by the Parent Company or Group companies), as well as to membership of the tax group.

Note that during the period there were no "material transactions", as defined in the Consob regulation, no individual related party transactions that could have had a significant effect on balance sheets or results of group companies and no changes or developments in related party transactions explained in the last annual report that could have had a significant effect on the balance sheets or results of group companies.

The following table details the main transactions carried out with related parties:

in millions of euros	Receivables at 30.06.2017	Receivables at 31.12.2016	Payables at 30.06.2017	Payables at 31.12.2016
Associates and joint venture:				
Amherst Stainless LLC	1.0	0.8	0.1	–
ATOPBI S.p.A.	16.2	n.a.	–	n.a.
B.C. S.r.l.	2.7	2.4	1.0	1.2
Bacciottini F.lli S.r.l.	0.9	0.7	5.8	5.8
Bolognesi S.r.l.	1.0	1.1	3.9	1.9
Brio Pharma Tech. Ltd.	0.4	0.5	0.6	0.8
CMRE S.r.l.	5.6	5.6	–	–
Doo Officina-Game East Vrsac	0.9	0.9	–	–
I.E.M.A. S.r.l.	3.2	3.7	19.2	17.0
LA.CO S.r.l.	0.9	0.8	3.8	4.0
Logimatic S.r.l.	7.7	7.1	24.9	22.7
Masterpiece S.r.l.	–	–	0.7	0.6
Meccanica Sarti S.r.l.	1.2	1.2	0.5	0.5
Me.Mo. S.r.l.	0.4	n.a.	–	n.a.
MORC 2 S.r.l.	1.6	1.6	0.9	1.3
Petroncini Impianti S.p.A.	2.1	2.0	–	–
Plasticenter S.r.l.	0.7	0.6	5.9	6.2
Powertransmission.it S.r.l.	0.2	0.1	0.6	0.4
Scriba Nanotecnologie S.r.l.	0.2	0.2	–	–
SIL.MAC S.r.l.	1.8	2.0	9.5	7.0
S.I.Me. S.r.l.	0.4	0.4	0.4	0.6
STA.MA. S.r.l.	0.1	0.1	1.7	1.4
Talea S.r.l.	2.3	3.6	5.5	3.3
Other associates	0.1	0.1	0.1	0.2
	51.6	**35.5**	**85.1**	**74.9**
Other related parties:				
Banca di Bologna	0.7	0.5	–	–
Costal S.r.l.	–	–	1.1	0.8
Datalogic S.r.l.	–	–	0.4	0.3
EPSOL S.r.l.	0.5	0.3	4.3	4.2
Morosina S.p.A.	0.2	–	–	0.2
Poggi & Associati	0.1	0.3	0.5	0.3
Schiavina S.r.l.	0.3	0.3	–	–
Verniciatura Ozzanese S.r.l.	0.2	0.2	0.3	0.6
Other related parties	0.1	0.1	0.2	0.2
	2.1	**1.7**	**6.8**	**6.6**
Total	**53.7**	**37.2**	**91.9**	**81.5**

The following table details the main transactions carried out with related parties:

in millions of euros	Revenues 1st half 2017	Revenues 1st half 2016	Costs 1st half 2017	Costs 1st half 2016
Associates and joint ventures:				
Amherst Stainless LLC	–	0.1	1.6	2.1
B.C. S.r.l.	0.3	0.3	2.9	2.7
Bacciottini F.lli S.r.l.	0.3	0.1	3.0	3.5
Bolognesi S.r.l.	0.1	0.1	2.4	3.0
Brio Pharma Technologies Ltd.	–	–	0.5	0.9
Doo Officina-Game East Vrsac	–	–	0.2	0.2
I.E.M.A. S.r.l.	1.8	1.5	9.7	7.4
LA.CO S.r.l.	0.1	0.2	1.9	2.1
Logimatic S.r.l.	2.8	2.7	13.7	10.5
Masterpiece S.r.l.	–	–	0.4	0.3
Meccanica Sarti S.r.l.	–	–	0.5	0.4
MORC 2 S.r.l.	0.2	0.2	1.0	2.2
Plasticenter S.r.l.	0.2	0.1	2.5	2.3
Powertransmission.it S.r.l.	–	–	0.6	0.6
SIL.MAC. S.r.l.	0.8	0.7	6.0	3.3
STA.MA. S.r.l.	0.1	0.1	0.9	0.7
SI.Me. S.r.l.	–	–	0.7	0.6
Talea S.r.l.	0.2	n.a.	2.8	n.a.
Other associates	0.2	–	0.3	0.2
	7.1	**6.1**	**51.6**	**43.0**
Other related parties:				
Costal S.r.l.	–	–	1.1	0.7
EPSOL S.r.l.	0.5	0.5	2.2	2.3
Nemo Investimenti S.r.l.	–	–	1.0	1.0
Other related parties	–	–	2.4	2.8
	0.5	**0.5**	**6.7**	**6.8**
Total	**7.6**	**6.6**	**58.3**	**49.8**

The above transactions relate primarily to the Italian companies. There are also dealings with SO.FI.M.A. S.p.A., the Parent Company, as a result of setting up the domestic tax group, as mentioned in Note 22.

The increase in trade payables to associates reflects the Group's constant commitment in pursuing close collaboration with those suppliers that play a key role in production, also by considering the possibility of becoming shareholders in their companies. Transactions with associates are largely of a commercial nature. See Note 4 for further information.

In the first half of 2017, total fees paid to managers with strategic responsibilities amounted to about 4.6 million euros (6.1 million euros in the first half of 2016). The managers with strategic responsibilities include three members of the Parent Company's Board of Directors.

The following table provides a summary of those items in the balance sheet and income statement which include related-party transactions, together with the related percentage impact:

in millions of euros	Total at 30.06.2017	Of which related parties	% impact	Total at 31.12.2016	Of which related parties	% impact
Balance sheet:						
Non-current assets	538.1	38.0	7.1%	519.2	20.5	3.9%
Trade and other receivables	383.0	12.9	3.4%	359.4	14.5	4.0%
Other current assets	445.3	2.8	0.6%	497.8	2.2	0.4%
Current assets	828.3	15.7	1.9%	857.2	16.7	1.9%
Total assets	**1,366.4**	**53.7**	**3.9%**	**1,376.4**	**37.2**	**2.7%**
Equity	232.2			270.2		
Non-current liabilities	339.5	–	–	369.5	–	–
Trade and other payables	601.7	91.9	15.3%	596.8	81.5	13.7%
Other current liabilities	193.0	–	–	139.9	–	–
Current liabilities	794.7	91.9	11.6%	736.7	81.5	11.1%
Total liabilities and equity	**1,366.4**	**91.9**	**6.7%**	**1,376.4**	**81.5**	**5.9%**

in millions of euros	1st half 2017	Of which related parties	% impact	1st half 2016	Of which related parties	% impact
Income statement:						
Revenues and other income	666.5	5.6	0.8%	582.0	4.7	0.8%
Cost of raw materials and goods	(264.5)	(35.9)	13.6%	(252.1)	(32.5)	12.9%
Cost of services and leases	(155.7)	(22.1)	14.2%	(134.2)	(17.0)	12.7%
Other operating costs	(183.6)	(0.2)	0.1%	(150.9)	(0.1)	0.1%
Operating profit	**62.7**			**44.8**		
Net financial income (expense)	(7.5)	–	–	13.1	–	–
Profit (loss) from investment accounted for using equity method	1.9	1.9	100.0%	1.7	1.7	100.0%
Taxes	(19.0)	–	–	(17.9)	–	–
Profit for the period	**38.1**			**41.7**		

28. SIGNIFICANT NON-RECURRUNG TRANSACTIONS AND EVENTS

During the first six months of 2017, non-recurring charges classified under Personnel costs and under Services, rentals and leases and Provisions for risks and charges amount to 3.2 million euros, 3.1 million euros and 1.4 million euros respectively, and principally relate to Personnel costs in connection with the reorganisation of the Dairy&Food business and to ancillary charges on the acquisitions of the period.

During the first half of 2016. non-recurring charges classified under Personnel costs and under Services, rentals and leases amount to 2.1 million euros and 1.6 million euros respectively

29. ATYPICAL AND / OR UNUSUAL TRANSACTIONS

No significant positions or operations deriving from atypical and/or unusual transactions arose during the first half of the year.

30. Significant events after the close of the first half

On 25 July 2017, IMA reached closing for the purchase of 60% of EUROSICMA S.p.A., based in Segrate (Milan), which manufactures and markets automatic machines and systems for horizontal flowpack and fold packaging for the food, cosmetics and pharmaceutical industries. EUROSICMA is a historical Italian packaging company, founded in 1965, with a long established leadership in certain market niches such as sweets, biscuits packed on edge and noodles in the food industry, sticking plasters and cotton buds in the pharmaceutical and personal care segments. The investment amounted to around 26 million euros all of which were paid at the closing date. IMA signed put and call options for the other 40%, to be exercised by April 2027.

G) EQUITY INVESTMENTS INCLUDED IN THE SCOPE OF CONSOLIDATION AND METHOD USED

	Companies consolidated line-by-line	Registered office		Share capital	Currency	Direct investment	Indirect investment
	Industrial and service companies:						
-	I.M.A. Industria Macchine Automatiche S.p.A.	Ozzano dell'Emilia	Bologna - Italy	20,415,200	EUR	Parent company	
-	CO.MA.DI.S. S.p.A.	Senago	Milan - Italy	1,540,000	EUR	100%	–
-	Corazza S.p.A.	Bologna	Bologna - Italy	15,675,000	EUR	100%	–
-	Fillshape S.r.l.	Zola Predosa	Bologna - Italy	100,000	EUR	–	80% (1)
-	GIMA S.p.A.	Zola Predosa	Bologna - Italy	1,000,000	EUR	100%	–
-	GIMA TT S.p.A.	Ozzano dell'Emilia	Bologna - Italy	440,000	EUR	70%	–
-	G.S. Coating Technologies S.r.l.	Castel San Pietro T.	Bologna - Italy	100,000	EUR	100%	–
-	Ilapak Italia S.p.A.	Foiano della Chiana	Arezzo - Italy	4,074,000	EUR	–	81% (2)
-	Mapster S.r.l.	Parma	Parma - Italy	10,000	EUR	–	80% (1)
-	Pharmasiena Service S.r.l.	Siena	Siena - Italy	100,000	EUR	70%	–
-	Revisioni Industriali S.r.l.	Ozzano dell'Emilia	Bologna - Italy	100,000	EUR	–	100% (3)
-	Teknoweb Converting S.r.l.	Palazzo Pignano	Cremona - Italy	1,000,000	EUR	100% (4)	–
-	Telerobot S.p.A.	Genoa	Genoa - Italy	50,000	EUR	–	100% (1)
-	Benhil GmbH	Neuss	Germany	5,500,000	EUR	–	100% (5)
-	Delta Systems & Automation Inc.	Lowell	USA	1,000	USD	–	81% (6)
-	Erca S.A.	Les Ulis	France	2,594,390	EUR	–	100% (5)
-	Erca-Formseal Ibérica S.A.	Gavà Barcelona	Spain	60,101	EUR	–	100% (7)
-	GASTI Verpackungsmaschinen GmbH	Schwäbisch Hall	Germany	25,000	EUR	–	100% (5)
-	Hamba Filltec GmbH & Co. KG	Saarbrücken	Germany	1,700,000	EUR	–	100% (5)
-	Hassia Packaging Pvt. Ltd.	Taluka Shirur Pune	India	42,000,000	INR	–	100% (5)
-	Hassia Verpackungsmaschinen GmbH	Ranstadt	Germania	2,100,000	EUR	–	100% (8)
-	Ilapak International SA	Collina d'Oro Lugano	Switzerland	4,000,000	CHF	–	81% (9)
-	Ilapak (Beijing) Packaging Machinery Co. Ltd.	Beijing	PRC	3,000,000	USD	–	81% (10)
-	IMA Automation Malaysia Sdn. Bhd.	Penang	Malaysia	3,000,000	MYR	–	100% (1)
-	IMA Automation USA Inc.	Loves Park	USA	10,610,000	USD	–	100% (11)
-	IMA Life (Beijing) Pharmaceutical Systems Co. Ltd.	Beijing	PRC	400,000	USD	100%	–
-	IMA Life North America Inc.	Tonawanda	USA	100	USD	–	100% (11)
-	IMA Life The Netherlands B.V.	Dongen	The Netherlands	22,382,654 (*)	EUR	100%	–
-	IMA MAI S.A.	Mar del Plata	Argentina	632,980	ARS	100% (12)	–
-	IMA Medtech Switzeraland SA	La Chaux de Fonds	Switzerland	13,250,000	CHF	–	100% (1)
-	IMA North America Inc.	Leominster	USA	8,052,500	USD	–	100% (11)
-	IMA-PG India Pvt. Ltd.	Mumbai	India	17,852,100 (*)	INR	100%	–
-	IMA Swiftpack Ltd.	Alcester	UK	1,403,895	GBP	100%	–
-	Shanghai Tianyan Pharmaceutical Mach. Co. Ltd.	Shanghai	PRC	5,250,000	RMB	–	86.29% (13)
-	Tianjin IMA Machinery Co. Ltd.	Tianjin	PRC	200,000	USD	100%	–
	Commercial companies:						
-	Ilapak do Brasil Maquinas de embalagem Ltda.	Sao Paulo	Brazil	6,609,215	BRL	–	81% (9)
-	Ilapak France SA	Lognes Paris	France	105,130	EUR	–	81% (2)
-	Ilapak Inc.	Newtown	USA	12,500	USD	–	81% (2)
-	Ilapak Israel Ltd.	Caesarea	Israel	5,310,505	ILS	–	81% (2)
-	Ilapak Ltd.	Hayes London	UK	795,536	GBP	–	81% (2)
-	Ilapak SNG OOO	Moscow	Russia	1,785,700	RUB	–	81% (2)
-	Ilapak Sp. Z o.o.	Krakow	Poland	3,740,400	PLN	–	81% (2)
-	Ilapak Verpackungsmaschinen GmbH	Haan Düsseldorf	Germany	102,500	EUR	–	81% (2)
-	IMA Dairy & Food USA Inc.	Leominster	USA	1	USD	–	100% (5)
-	IMA Est GmbH	Vienna	Austria	280,000	EUR	100%	–
-	IMA France E.u.r.l.	Rueil Malmaison	France	45,735	EUR	100%	–
-	IMA Fuda (Shanghai) Packaging Machinery Co. Ltd.	Shanghai	PRC	6,000,000	RMB	80%	–
-	IMA Germany GmbH	Cologne	Germany	90,000	EUR	100%	–
-	IMA Iberica Processing and Packaging S.L.	Barcelona	Spain	590,000	EUR	100%	–
-	IMA Industries GmbH	Aschaffenburg	Germany	100,000	EUR	100%	–
-	IMA Industries North America Inc.	Leominster	USA	100,000	USD	–	100% (11)
-	IMA Life Japan KK	Tokyo	Japan	40,000,000	YEN	–	100% (14)
-	IMA Pacific Co. Ltd.	Bangkok	Thailand	132,720,000	THB	99.99%	–
-	IMA Packaging & Processing Equip. (Beijing) Co. Ltd.	Beijing	PRC	2,350,000	USD	100%	–
-	IMA UK Ltd.	Alcester	UK	50,000	GBP	–	100% (15)
-	Imautomatiche Do Brasil Ltda.	Sao Paulo	Brazil	6,651,550	BRL	99.98%	–
-	OOO IMA Industries	Moscow	Russia	12,000,000	RUB	–	100% (3)
-	Teknoweb N.A. LlC	Loganville Atlanta	USA	56,000	USD	–	75% (16)
-	Teknoweb Suisse Sagl (in liquidation)	Mendrisio	Switzerland	40,000	CHF	–	100% (17)

(*) The nominal share capital of IMA-PG India Pvt Ltd. and IMA Life The Netherlands B.V. amounts to Inr 20,000,000 and Eur 45,400,000 respectively.

	Companies consolidated line-by-line (continued)	Registered office		Share capital	Currency	Direct investment	Indirect investment
	Financial companies:						
-	Packaging Systems Holdings Inc.	Wilmington	USA	1,000	USD	100%	–
-	IMA Dairy & Food Holding GmbH	Stutensee	Germany	25,000	EUR	100%	–
-	Tekno NA Inc	Atlanta	USA	50,000	USD	–	100% (17)
-	Transworld Packaging Holding S.p.A.	Ozzano dell'Emilia	Bologna - Italy	64,833	EUR	81%	–
	Other companies:						
-	Digidoc S.r.l.	Ozzano dell'Emilia	Bologna - Italy	10,000	EUR	–	80% (18)
-	Dreamer S.r.l.	Bologna	Bologna - Italy	100,000	EUR	–	90% (1)
-	Hamba Verwaltungsgesellschaft mbH	Saarbrücken	Germany	25,000	EUR	–	100% (5)
-	Ilapak China Ltd.	Hong Kong	PRC	13	USD	–	81% (2)
-	Packaging Manufacturing Industry S.r.l.	Castenaso	Bologna - Italy	110,000	EUR	100%	–
-	Società del Sole S.r.l.	Ozzano dell'Emilia	Bologna - Italy	10,000	EUR	100%	–

Notes:

(1) Held by GIMA S.p.A. The percentage interest held in Telerobot S.p.A. and IMA Automation Malaysia Sdn. Bhd includes an option to purchase 25% and 24% of the quota capital respectively.
(2) Held by Ilapak International SA at 100% except Ilapak France SA held at 99.99%
(3) Held by Corazza S.p.A.
(4) The percentage interest held in Teknoweb Converting S.r.l. includes an option to purchase 40% of the quota capital.
(5) Held by IMA Dairy & Food Holding GmbH
(6) Held by Ilapak Inc. at 100%
(7) Held by Erca S.A
(8) Held by IMA Dairy & Food Holding GmbH at 94% and by IMA Germany GmbH at 6%
(9) Held by Transworld Packaging Holding S.p.A. at 100%
(10) Held by Ilapak Italia S.p.A. at 100%
(11) Held by Packaging Systems Holdings Inc.
(12) The percentage interest held in IMA MAI S.A. includes an option to purchase 30% of the quota capital.
(13) Held by IMA Life (Beijing) Ph. Systems Co. Ltd.
(14) Held by IMA Life The Netherlands B.V.
(15) Held by IMA Swiftpack Ltd.
(16) Held by Tekno NA Inc. at 75%
(17) Held by Teknoweb Converting S.r.l. at 100%
(18) Held by Packaging Manufactoring Industry S.r.l.

	Investments accounted for using the equity method	Registered office		Share capital	Currency	Direct investment
	Industrial and service companies:					
-	Amherst Stainless Fabrication LLC	Amherst NY	USA	1,100,000	USD	20% (1)
-	Atopbi S.p.A.	Milan	Milan - Italy	249,400	EUR	25%
-	B.C.S.r.l.	Imola	Bologna - Italy	36,400	EUR	30%
-	Bacciottini F.lli S.r.l.	Oste Montemurlo	Prato - Italy	60,000	EUR	30% (2)
-	Bolognesi S.r.l.	Dozza	Bologna - Italy	10,920	EUR	30% (2)
-	Brio Pharma Technologies Pvt. Ltd.	Mumbai	India	1,000,000	INR	30%
-	CAIMA S.r.l.	Monghidoro	Bologna - Italy	10,000	EUR	20%
-	CMRE S.r.l.	Bologna	Bologna - Italy	50,000	EUR	50%
-	Consorzio L.I.A.M.	Vignola	Modena - Italy	20,000 (3)	EUR	25%
-	Doo Officina-Game East Vrsac	Vrsac	Serbia	130,474,863	RSD	49% (2)
-	FID S.r.l. Impresa Sociale	Bologna	Bologna - Italy	20,000	EUR	30%
-	I.E.M.A. S.r.l.	S.Giorgio di Piano	Bologna - Italy	100,000	EUR	30% (2)
-	LA.CO S.r.l.	Ozzano dell'Emilia	Bologna - Italy	30,000	EUR	30% (2)
-	Logimatic S.r.l.	Ozzano dell'Emilia	Bologna - Italy	100,000	EUR	35% (2)
-	Masterpiece S.r.l.	Ozzano dell'Emilia	Bologna - Italy	10,000	EUR	30% (2)
-	Meccanica Sarti S.r.l.	Bologna	Bologna - Italy	102,000	EUR	30% (2)
-	Me.Mo S.r.l	Gaggio Montano	Bologna - Italy	10,000	EUR	20% (2)
-	MORC 2 S.r.l.	Faenza	Ravenna - Italy	20,800	EUR	20% (2)
-	Petroncini Impianti S.p.A.	Modena	Modena - Italy	120,000	EUR	49% (4)
-	Plasticenter S.r.l.	Granarolo dell'Emilia	Bologna - Italy	50,960	EUR	20% (2)
-	Powertransmission.it S.r.l.	Castenaso	Bologna - Italy	50,000	EUR	20% (2)
-	Scriba Nanotecnologie S.r.l.	Bologna	Bologna - Italy	25,556	EUR	24.9%
-	SIL.MAC. S.r.l.	Gaggio Montano	Bologna - Italy	90,000	EUR	30% (2)
-	S.I.Me. S.r.l.	Granarolo dell'Emilia	Bologna - Italy	100,000	EUR	49% (2)
-	STA.MA. S.r.l.	Ozzano dell'Emilia	Bologna - Italy	10,400	EUR	30% (2)
-	Talea S.r.l.	Castel Guelfo	Bologna - Italy	25,000	EUR	20% (2)
-	Sirio S.p.A. Associazione in partecipazione (5)	Milan	Milan - Italy			

Notes:

(1) Held by IMA Life North America Inc.
(2) Held by Packaging Manufacturing Industry S.r.l.
(3) Shares in the consortium fund
(4) Held by GIMA S.p.A.
(5) Agreement signed in the last quarter of 2007 for the management of an aircraft

CERTIFICATION OF CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS PURSUANT TO ART. 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999, AS AMENDED

(THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS HAVE BEEN TRANSLATED FROM THE ORIGINAL ITALIAN INTO ENGLISH SOLELY FOR THE CONVENIENCE OF INTERNATIONAL READERS)

I.M.A. INDUSTRIA MACCHINE AUTOMATICHE S.P.A. AND SUBSIDIARIES

Certification of the condensed consolidated half-year financial statements pursuant to Art. 81-ter of Consob Regulation no. 11971 of 14 May 1999, as amended

1. The undersigned, Alberto Vacchi, Chairman and Managing Director, and Sergio Marzo, the manager responsible for preparing the financial reports of IMA S.p.A., certify, also having regard to Art. 154-bis, paragraphs 3 and 4, of Legislative Decree 58 of 24 February 1998:

- the appropriateness with regard to the characteristics of the Company and
- the effective application of the administrative and accounting procedures in preparing the condensed consolidated half-year financial statements for the first half of 2017.

2. It is also certified that:

2.1 the condensed consolidated half-year financial statements at 30 June 2017:

a) have been prepared in accordance with the International Financial Reporting Standards endorsed by the European Union pursuant to Regulation (EC) 1606/2002 of the European Parliament and Council of 19 July 2002;
b) correspond to the entries in the accounting books and records;
c) provide a true and fair view of the performance and financial position of the issuer and of the group of companies included in the scope of consolidation.

2.2 The interim report on operations contains references to important events that took place in the first six months of the year and to their impact on the condensed consolidated half-year financial statements, together with a description of the main risks and uncertainties in the remaining six months of the year.
The interim report on operations also contains a reliable analysis of the information on significant related-party transactions.

Ozzano dell'Emilia (Bologna), 4 August 2017

Managing Director	Manager responsible for preparing financial reports
Alberto Vacchi	Sergio Marzo

REPORT OF THE INDEPENDENT AUDITORS ON THE LIMITED AUDIT OF THE HALF-YEAR REPORT

(THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS HAVE BEEN TRANSLATED FROM THE ORIGINAL ITALIAN INTO ENGLISH SOLELY FOR THE CONVENIENCE OF INTERNATIONAL READERS)

I.M.A. INDUSTRIA MACCHINE AUTOMATICHE S.P.A. AND SUBSIDIARIES

Building a better working world

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Review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
I.M.A. Industria Macchine Automatiche S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows and the related explanatory notes of I.M.A. Industria Macchine Automatiche S.p.A. and its subsidiaries (the "I.M.A. Group") as of June 30, 2017. The Directors of I.M.A. Industria Macchine Automatiche S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of I.M.A. Group as of June 30, 2017 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Bologna, August 4, 2017

EY S.p.A.
Signed by: Alberto Rosa, Partner

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