

HALF-YEAR FINANCIAL REPORT
AT 30 JUNE 2018



HALF-YEAR FINANCIAL REPORT

AT 30 JUNE 2018

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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 2020)

HONORARY CHAIRMAN AND DIRECTOR

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 and supervision of the Ilapak business.

Giovanni Pecchioli

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

DIRECTORS

Sonia Bonfiglioli, Stefano Cataudella, Cesare Conti, Paolo Frugoni, Luca Poggi, Rita Rolli, Alessandra Schiavina, Maria Carla Schiavina, Gianluca Vacchi, Valentina Volta.

BOARD OF STATUTORY 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

INTERNAL CONTROL, RISK AND RELATED-PARTY TRANSACTIONS COMMITTEE

Rita Rolli - Independent Director - Chairman

Cesare Conti - Independent Director –Deputy Chairman

Sonia Bonfiglioli - Independent Director

**NOMINATIONS AND
REMUNERATION COMMITTEE**

Paolo Frugoni - Independent Director - Chairman
Maria Carla Schiavina - Director – Deputy Chairman
Rita Rolli - Independent Director

**MANAGER RESPONSIBLE
FOR PREPARING
FINANCIAL REPORTS**

Sergio Marzo

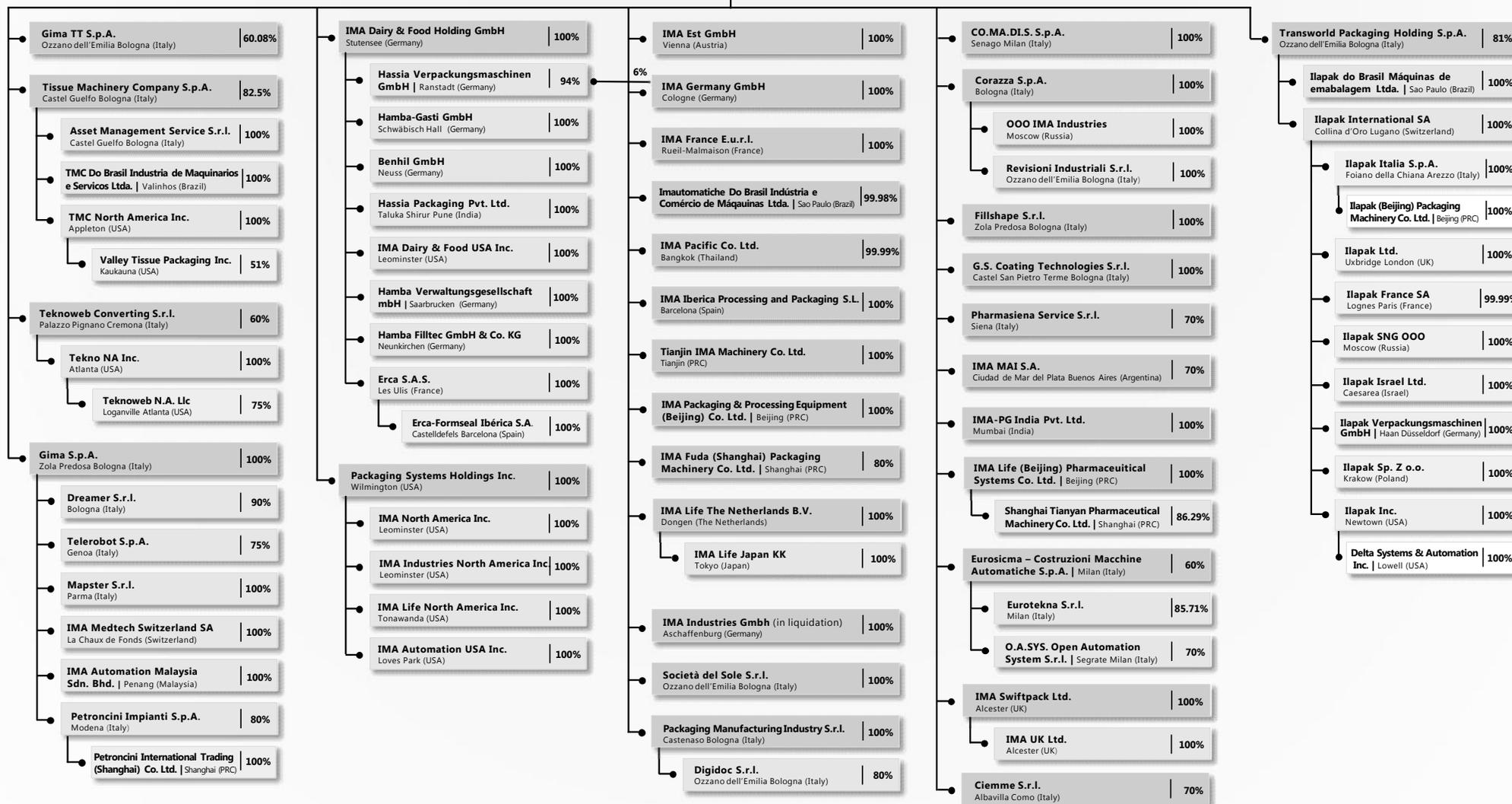
LEAD INDEPENDENT DIRECTOR

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

The world economy continues to grow. The International Monetary Fund in its July World Economic Outlook confirmed the forecast of a global rise in GDP of 3.9% in 2018 and 2019, but the expansion is becoming less uniform and the risks affecting the outlook are increasing.

A temporary strengthening of the US economy is expected in the short term. Eurozone growth is likely to slow down gradually from 2.4% in 2017 to 2.2% in 2018 and 1.9% in 2019, with a downward revision of 0.2% for 2018 and 0.1% for 2019 compared with April. In Italy, it is expected that the widening of the sovereign spread and the more stringent financial conditions in the wake of the recent political uncertainty will have an impact on domestic demand. Growth projections have also been revised downwards for Japan and the United Kingdom, reflecting negative surprises in early 2018. Even among emerging and developing economies, growth prospects are becoming more uneven, due to the increase in oil prices, higher yields in the US, rising trade tensions and pressures in the currency market of some economies with weaker fundamentals.

In this context, our Group posted a considerable increase in orders in its core sectors during the first half of the year, significantly improving our performance compared with the first half of last year.

This trend was reflected in the higher revenues achieved by the Group thanks to the higher opening backlog compared with the beginning of 2017, which makes us confident about the second half of the year. Despite this period of great uncertainty, our core markets have stood out, once again, as being some of the most solid and anti-cyclical.

CONSOLIDATED INCOME STATEMENT

In the first half of 2018's consolidated revenue amounted to 730.1 million euros compared with 654.6 million euros of the first half of 2017. EBITDA amounted to 94.2 million euros, an increase over the first half of 2017 when it came to 89.9 million euros.

The operating profit amounted to 69.2 million euros compares with 62.7 million euros in the same period of 2017, net of non-recurring items of 2.3 million euros, whereas the net profit of the Group reached 43.9 million euros on 31.9 million euros at 30 June 2017.

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 2017:

in millions of euros	1st half 2018		1st half 2017	
	Amount	%	Amount	%
Revenue from contracts with customers	730.1		654.6	
Cost of sales	(465.6)	63.8	(401.9)	61.4
Industrial gross profit	264.5	36.2	252.7	38.6
R&D costs	(29.0)		(26.7)	
Commercial and sales costs	(75.8)		(72.5)	
General and administrative costs	(88.2)		(83.1)	
Operating profit before non-recurring items (EBITA)	71.5	9.8	70.4	10.8
Non-recurring items	(2.3)		(7.7)	
Operating profit (EBIT)	69.2	9.5	62.7	9.6
Net financial income (expense)	5.8		(7.5)	
Profit (loss) from investments accounted for using the equity method	2.8		1.9	
Profit before taxes	77.8	10.7	57.1	8.7
Taxes	(24.7)		(19.0)	
Profit for the period	53.1	7.3	38.1	5.8
Profit attributable to non-controlling interests	(9.2)		(6.2)	
Profit attributable to equity holders of the parent	43.9	6.0	31.9	4.9
Gross operating profit (EBITDA) * before non-recurring items	94.2	12.9	89.9	13.7
Gross operating profit (EBITDA)	91.9	12.6	82.2	12.6
Backlog	972.8		880.1	

(*) *Gross operating profit (EBITDA) corresponds to the sum of operating profit (EBIT), depreciation, amortisation and write-downs.*

REVENUE FROM CONTRACTS WITH CUSTOMERS AND ORDERS

In the first half 2018 consolidated revenue amounted to 730.1 million euros compared with 654.6 million euros in the corresponding period of 2017, an increase of 11.5%. As a result of adopting IFRS 15, revenue includes 12.8 million euros of income related to the start-up of packaging lines, offset for the same amount by higher costs recorded in cost of sales. For more details, refer to the section on Accounting policies and standards.

The following table provides a breakdown of revenue by business sector during the period, compared with the corresponding period in 2017:

in millions of euros	1st half 2018	1st half 2017	Change	%
Tea, Food & Other	332.9	303.5	29.4	9.7
Pharmaceutical	301.6	274.9	26.7	9.7
Tobacco packaging	95.6	76.2	19.4	25.5
Total	730.1	654.6	75.5	11.5

As regard the Tea, Food & Other business, the increase in revenue arises from the higher level of the backlog at the end of 2017 compared with the end of the previous period. Revenue in the Pharmaceuticals business continues to grow with respect to the previous year, as does the Tobacco business, thanks to the backlog at the start of the period and the order flows in the first half of the year.

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

in millions of euros	1st half 2018	1st half 2017	Change	%
European Union (excluding Italy)	229.5	187.0	42.5	22.7
Other European countries	63.7	48.7	15.0	30.8
North America	109.7	108.0	1.7	1.6
Asia & Middle East	180.2	160.9	19.3	12.0
Other countries	70.5	68.3	2.2	3.2
Total exports	653.6	572.9	80.7	14.1
Italy	76.5	81.7	(5.2)	(6.4)
Total	730.1	654.6	75.5	11.5

Commenting on this breakdown of revenue, general growth can be observed in all the main market areas with greater relevance in the European Union, other European countries and Asia and the Middle East, with a reduction in Italy. However, 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 2018 with those in the first half of last year:

in millions of euros	1st half 2018	1st half 2017	Change	%
Tea, Food & Other	382.7	357.2	25.5	7.1
Pharmaceutical	363.9	325.7	38.2	11.7
Tobacco packaging	82.1	81.5	0.6	0.7
Total	828.7	764.4	64.3	8.4

Order acquired during the first half-year shows a substantial increase (+8.4%) compared with the same period of last year in the Tea, Food & Other sector, which confirms its market position, as in the Pharmaceutical sector which also shows significant growth. The Tobacco business is slightly up on the same period last year, confirming the solidity of the market for new generation products.

The following table shows a breakdown of the backlog at 30 June 2018:

in millions of euros	30.06.2018	30.06.2017	Change	%
Tea, Food & Other	311.2	301.6	9.6	3.2
Pharmaceutical	564.7	484.6	80.1	16.5
Tobacco packaging	96.9	93.9	3.0	3.2
Total	972.8	880.1	92.7	10.5

The backlog shows overall growth of 10.5% which, together with the projects and negotiations currently in progress, allows us to confirm that we will achieve the volumes forecast for the whole of 2018, also at the individual sector level.

OPERATING PROFIT (EBIT)

Industrial gross profit amounted to 264.5 million euros compared with 252.7 million euros at 30 June 2017, lower as a percentage of sales compared with last year (36.2% compared with 38.6% in the prior year), mainly due to an improvement in the product mix. The impact of IFRS 15 was a -0.7% reduction in industrial gross profit with respect to the previous year. This difference in profitability is expected to be recovered in the second half of the year.

Research and development costs amounted to 29.0 million euros, with a rise compared with 26.7 million euros last year.

Commercial and sales costs have increased (75.8 million euros compared with 72.5 million euros) and include commissions of 10.1 million euros (7.6 million euros at 30 June 2017), increasing by approximately the same amount.

General and administrative costs have increased to 88.2 million euros compared with last year (83.1 million euros), mainly due to an increase in personnel costs.

As a result, EBIT increases on the previous period (69.2 million euros on 62.7 million euros) after having deducted non-recurring charges of 2.3 million euros. These charges are mainly linked to costs for the reorganisation of the Ilapak and Dairy & Food businesses, which have weighed entirely on the first half, though they are expected to generate savings during the rest of the year.

PROFIT BEFORE TAXES

Net financial income amounted to 5.8 million euros (- 7.5 million euros at 30 June 2017). The change compared with the first half of 2017 is mainly due to the re-measurement at fair value of the 49% stake already held in Petroncini Impianti S.p.A., equal to 11.6 million euros, which took place on the date of acquisition of control. This is a business combination achieved in various stages, as explained in Note 25. The result is also due to the positive effect of exchange differences for 1.8 million euros.

As a result of the above, the pre-tax profit comes to 77.8 million euros compared with 57.1 million euros in the previous period.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The Group's profit therefore comes to 43.9 million euros (31.9 million euros at 30 June 2017) after income tax of 24.7 million euros (19.0 million euros at 30 June 2017).

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	Pharmaceutical	Tobacco packaging	Not allocated	Total
Revenue from contracts with customers					
1st half 2018	332.9	301.6	95.6	–	730.1
1st half 2017	303.5	274.9	76.2	–	654.6
Gross operating profit (EBITDA) before non-recurring items					
1st half 2018	7.2	50.8	36.2	–	94.2
1st half 2017	7.1	50.7	32.1	–	89.9
Gross operating profit (EBITDA)					
1st half 2018	4.9	50.8	36.2	–	91.9
1st half 2017	(0.6)	50.7	32.1	–	82.2
Operating profit (EBIT)					
1st half 2018	(11.4)	44.8	35.8	–	69.2
1st half 2017	(14.5)	45.3	31.9	–	62.7
Net invested capital (*)					
30 June 2018	467.2	109.2	25.9	(14.9)	587.4
30 June 2017	327.1	115.2	18.7	(7.0)	454.0
R&D costs					
1st half 2018	14.0	14.0	1.0	–	29.0
1st half 2017	11.9	13.6	1.2	–	26.7
Average personnel					
1st half 2018	2,914	2,664	151	–	5,729
1st half 2017	2,718	2,563	101	–	5,382
Backlog					
30 June 2018	311.2	564.7	96.9	–	972.8
30 June 2017	301.6	484.6	93.9	–	880.1

(*) Not allocated 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 29.4 million euros, thanks to a larger backlog at the start of the period. Gross operating profit (EBITDA) before non-recurring charges has increased slightly to 7.2 million euros because of a different sales mix and the absorption of certain costs related to unfulfilled contracts in the Dairy&Food and Ilapak businesses. Due to the different product mix and the costs incurred by the Dairy&Food and Ilapak businesses, the operating result shows an amount of negative 11.4 million euros, net of non-recurring charges of 2.3 million euros and will be recovered in the second half of the year, coming in at a higher level than last year. The backlog shows an increase of 9.6 million euros due to the continuous acquisition of new orders and ended up at 311.2 million euros.

Revenue in the Pharmaceutical sector are higher than in the same period last year (+26.7 million of euros). Gross operating profit (EBITDA), before non-recurring charges of 50.8 million euros, shows an increase slightly compared with the previous year (+0.1 million euros). This substantial stability derives from a less favourable product mix that will be recovered during the second part of the year. Operating profit, 44.8 million euros, is slightly down compared with the previous year as a result of higher depreciation and amortisation. Following the continuous and consistent flow of orders, the backlog is showing an increase of 80.1 million euros (+16.5%) with good prospects for the current year and good visibility for the following year.

Revenue in the Tobacco sector amounted to 95.6 million euros, a substantial increase compared with the previous year (+19.4 million euros) thanks to the higher backlog at the beginning of the period and greater penetration of the packaging market, especially in the sector for new generation products. Gross operating profit (EBITDA) posts a significant growth to 36.2 million euros, as does the operating profit. The backlog comes in at 96.9 million euros, up on the previous year (+3.0 million euros).

Net invested capital, for a total 587.4 million euros (454.0 million euros at 30 June 2017), has increased mainly because of the rise in net working capital linked to orders in progress and the purchase of majority shareholdings in TMC and Ciemme, which will be fully consolidated in the second half of the year.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following table summarizes the Group's balance sheet and financial position at 30 June 2018, compared with 31 December 2017:

in millions of euros	30.06.2018	31.12.2017
Trade receivables	397.1	325.2
Inventories	340.8	309.7
Trade payables	(530.5)	(502.6)
Other, net	(123.1)	(105.5)
Net working capital	84.3	26.8
Property, plant and equipment	104.0	95.1
Intangible assets	385.5	362.2
Investments	153.8	44.0
Non-current assets	643.3	501.3
Severance obligations and other provisions	(140.2)	(87.5)
Net invested capital	587.4	440.6
FINANCED BY:		
Net debt	230.5	50.1
Non-controlling interests	14.1	21.3
Group equity attributable to equity holders of the parent	342.8	369.2
Total sources of financing	587.4	440.6

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

At the end of June 2018 the net invested capital amounts to 587.4 million euros, compared with 440.6 million euros at the end of 2017 due to the rise in trade receivables and inventories caused by higher sales volumes and deliveries scheduled for the second half of the year, as well as to the increase in the investments in TMC and Ciemme, as explained above.

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

in millions of euros	30.06.2018	31.12.2017	30.06.2017
A. Cash and cash equivalents	(128.2)	(206.7)	(87.7)
B. Other cash equivalents	(4.5)	(4.8)	(4.6)
C. Investments in securities	(8.9)	(6.6)	(4.7)
D. Liquidity (A) + (B) + (C)	(141.6)	(218.1)	(97.0)
E. Current financial receivables	(9.4)	(6.5)	(5.3)
F. Current payables to banks	61.2	50.6	71.0
G. Current portion of non-current payables	30.3	57.2	55.5
H. Other current financial payables	1.0	0.7	1.3
I. Current financial debt (F) + (G) + (H)	92.5	108.5	127.8
J. Net current financial debt (D)+(E)+(I)	(58.5)	(116.1)	25.5
K. Non-current portion of non-current bank payables	190.7	60.5	90.1
L. Bonds issued	100.3	105.5	105.5
M. Other non-current financial payables	0.3	1.5	2.2
N. Non-current financial assets	(2.3)	(1.3)	(1.5)
O. Net non-current financial debt (K)+(L)+(M)+(N)	289.0	166.2	196.3
P. Net financial debt (J) + (O)	230.5	50.1	221.8

The Group also has payables in respect of acquisitions totalling 80.8 million euros (36.5 million euros at 31 December 2017), essentially relating to the options agreed for the purchase of the minority interests in subsidiaries.

Net debt at the end of the period amounts to 230.5 million euros compared with 50.1 million euros at 31 December 2017. The increase stems from the physiological growth due to the increase in net working capital, dividends paid by the Parent Company (66.7 million euros paid in May 2018) and the purchase of investments in Petroncini, TMC and Ciemme, for a total of 68.4 million euros.

If we then compare the net financial position of the first half of 2018 with that of the corresponding period of 2017 (221.8 million euros), net of extraordinary transactions, dividends distributed and income relating to the listing of GIMA TT S.p.A., we see an improvement of approximately 61.6 million euros, helped by the priority given to managing working capital. In fact, net debt is expected to contract significantly towards the end of the year. This is a normal process due to the seasonal nature of the business, with 30 June falling into a period of the year when working capital always rises because of work on contracts that will be delivered later in the year.

CAPITAL EXPENDITURE

Capital expenditure on intangible assets amounted to 9.4 million euros (9.1 million euros in the first six months of 2017) and related to the capitalisation of development costs incurred on totally new products for market segments not previously occupied.

The acquisitions of Petroncini Impianti S.p.A. carried out during the period, involved taking on 21.9 million euros of property, plant and equipment and intangible assets on a provisional basis, as detailed in Note 25.

Group capital expenditure amounted to 15.5 million euros (11.1 million euros in first half 2017) and mainly relates to an industrial building in Collecchio (PR), costs incurred to extend and upgrade buildings leased by IMA S.p.A., machinery build internally by GIMA S.p.A. and the purchase of plant, machinery and electronic machines.

Depreciation, amortization and write-downs for the period came to 22.7 million euros (19.5 million euros in the first half of 2017).

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. The determination criterion applied by the Group may not be homogeneous with that adopted by others and therefore the indicators may not be comparable. 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 technical departments' overheads;
-) 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 amortisation 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 half-year consolidated financial statements": revenue from contracts with customers, 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 half-year 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 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 related party transactions disclosed in the last annual report with a significant effect on the Group companies' balance sheets or results.

Transactions with related parties are described more fully in Note 28 to the Company's condensed half-year 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.

**OUTLOOK FOR THE
CURRENT YEAR**

The result achieved in the first half of 2018 reflects the higher backlog at the end of 2017 and the increased order intake during the period.

The steady trend in orders, increasing in all segments, 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 and thanks to the contribution of the newly acquired TMC, Petroncini and Ciemme businesses, a sales forecast of over 1.6 billion euros with a gross operating profit of more than 250 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)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(MILLIONS OF EUROS)

ASSETS	Note	30 June 2018	31 December 2017
NON-CURRENT ASSETS			
<i>Property, plant and equipment</i>	2	104.0	95.1
<i>Intangible assets</i>	3	385.5	362.2
<i>Investments accounted for using the equity method</i>	4	39.6	40.3
<i>Investments in non-consolidated subsidiaries</i>	5	108.8	–
<i>Financial assets</i>	6	7.6	5.0
<i>Receivables from others</i>	7	3.2	3.4
<i>Deferred tax assets</i>	9	68.8	67.9
TOTAL NON-CURRENT ASSETS		717.5	573.9
CURRENT ASSETS			
<i>Inventories</i>	10	340.8	309.7
<i>Trade and other receivables, including contract assets</i>	11	462.7	389.3
<i>Income tax receivables</i>		13.0	9.4
<i>Financial assets</i>	6	22.8	17.9
<i>Derivative financial instruments</i>	8	0.6	0.2
<i>Cash and cash equivalents</i>	12	128.2	206.7
TOTAL CURRENT ASSETS		968.1	933.2
TOTAL ASSETS		1,685.6	1,507.1
EQUITY AND LIABILITIES	Note	30 June 2018	31 December 2017
EQUITY			
<i>Share capital</i>		20.4	20.4
<i>Reserves and retained earnings</i>		278.5	263.2
<i>Profit for the period</i>		43.9	85.6
Equity attributable to equity holders of the parent	13	342.8	369.2
Non-controlling interests	14	14.1	21.3
TOTAL EQUITY		356.9	390.5
NON-CURRENT LIABILITIES			
<i>Borrowings</i>	15	291.3	167.5
<i>Employee defined benefit liabilities</i>	16	56.9	56.0
<i>Provisions for risks and charges</i>	17	5.8	5.8
<i>Other payables</i>	18	70.3	35.3
<i>Derivative financial instruments</i>	8	3.4	1.9
<i>Deferred tax liabilities</i>	9	67.5	61.5
TOTAL NON-CURRENT LIABILITIES		495.2	328.0
CURRENT LIABILITIES			
<i>Borrowings</i>	15	92.5	108.5
<i>Trade and other payables, including contract liabilities</i>	18	668.4	635.7
<i>Income tax liabilities</i>		35.2	11.6
<i>Provisions for risks and charges</i>	17	35.4	32.6
<i>Derivative financial instruments</i>	8	2.0	0.2
TOTAL CURRENT LIABILITIES		833.5	788.6
TOTAL LIABILITIES		1,328.7	1,116.6
TOTAL EQUITY AND LIABILITIES		1,685.6	1,507.1

THE EFFECTS OF TRANSACTIONS WITH RELATED PARTIES ON THE ITEMS IN THE CONSOLIDATED BALANCE SHEET ARE SHOWN IN NOTE 28 - RELATED-PARTY TRANSACTIONS.

CONSOLIDATED INCOME STATEMENT

(MILLIONS OF EUROS)

	Note	1st half 2018	1st half 2017
REVENUE FROM CONTRACTS WITH CUSTOMERS	1	730.1	654.6
OTHER REVENUE		16.0	11.9
OPERATING COSTS			
<i>Change in work in progress, semifinished and finished goods</i>		25.9	45.3
<i>Change in inventory of raw, ancillary and consumable materials</i>		3.2	5.4
<i>Cost of raw, ancillary and consumable materials and goods for resale</i>		(291.7)	(264.5)
<i>Services, rentals and leases</i>		(169.5)	(155.7)
<i>Personnel costs</i>	19	(217.0)	(207.9)
<i>Depreciation, amortisation and write-downs</i>	20	(22.7)	(19.8)
<i>Provisions for risks and charges</i>		0.2	(1.4)
<i>Other operating costs</i>		(5.3)	(5.2)
TOTAL OPERATING COSTS		(676.9)	(603.8)
OPERATING PROFIT	1	69.2	62.7
<i>- of which: effect of non-recurring items</i>	29	(2.3)	(7.7)
FINANCIAL INCOME AND EXPENSE			
<i>Financial income</i>	21	24.7	16.6
<i>Financial expense</i>	22	(18.9)	(24.1)
TOTAL FINANCIAL INCOME AND EXPENSE		5.8	(7.5)
PROFIT (LOSS) FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		2.8	1.9
PROFIT BEFORE TAXES		77.8	57.1
TAXES	23	(24.7)	(19.0)
PROFIT FOR THE PERIOD		53.1	38.1
ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE PARENT		43.9	31.9
NON-CONTROLLING INTERESTS		9.2	6.2
		53.1	38.1
BASIC/DILUTED EARNINGS PER SHARE (in euros)	24	1.12	0.81

THE EFFECTS OF TRANSACTIONS WITH RELATED PARTIES ON THE CONSOLIDATED INCOME STATEMENT ARE SHOWN IN NOTE 28 - RELATED-PARTY TRANSACTIONS.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(MILLIONS OF EUROS)

	Note	1st half 2018	1st half 2017
Net profit for the period		53.1	38.1
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
<i>Exchange rate gains (losses) on the translation of foreign currency financial statements</i>		(0.5)	(6.0)
<i>Gains (losses) on cash flow hedges</i>	13	(2.5)	1.8
<i>Tax effect</i>		0.6	(0.4)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		(2.4)	(4.6)
Other comprehensive income not being reclassified to profit or loss in subsequent periods:			
<i>Actuarial gains (losses) on post employment benefit obligations</i>	13	0.1	2.5
<i>Tax effect</i>		–	(0.6)
Net other comprehensive income not being reclassified to profit or loss in subsequent periods		0.1	1.9
Gains and losses recognized in equity		(2.3)	(2.7)
Total comprehensive income		50.8	35.4
Attributable to:			
Equity holders of the parent		41.6	29.1
Non-controlling interests		9.2	6.3
		50.8	35.4

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 01.01.2017	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
Balances at 01.01.2018	20.4	122.8	(0.1)	(0.7)	(1.3)	142.5	85.6	369.2	21.3	390.5
Distribution of dividends	-	-	-	-	-	-	(66.7)	(66.7)	(17.2)	(83.9)
Allocation of earnings for 2017	-	-	-	-	-	18.9	(18.9)	-	-	-
Capital increases	-	-	-	-	-	-	-	-	0.4	0.4
Change of non-controlling interests	-	-	-	-	-	(1.3)	-	(1.3)	0.4	(0.9)
Total comprehensive income	-	-	-	(0.5)	(1.9)	0.1	43.9	41.6	9.2	50.8
Balances at 30.06.2018	20.4	122.8	(0.1)	(1.2)	(3.2)	160.2	43.9	342.8	14.1	356.9

AS REGARDS THE ITEMS IN CONSOLIDATED EQUITY, SEE NOTES 13 AND 14.

CONSOLIDATED STATEMENT OF CASH FLOWS

(MILLIONS OF EUROS)

	Note	30 June 2018	30 June 2017
OPERATING ACTIVITIES			
Profit attributable to equity holders of the parent		43.9	31.9
Adjustments for:			
- Depreciation and amortization	20	22.7	19.5
- Capital (gains) losses on disposal of non-current assets		-	(1.3)
- Fair value remeasurement of the interest held in Petroncini Impianti S.p.A.	25	(11.6)	-
- Changes in provisions for risks and charges and employee defined benefit liabilities		0.2	-
- Unrealized losses (gains) on exchange rate differences	22	(2.1)	1.7
- Other changes		1.0	0.1
- Change in value of financial assets	22	0.6	0.3
- Taxes		24.7	19.0
- Non-controlling interests		9.2	6.2
- Result from investments accounted for using the equity method		(2.8)	(1.9)
Operating profit before changes in working capital		85.8	75.5
(Increase) decrease in trade and other receivables, including contract assets	11	(69.2)	(20.5)
(Increase) decrease in inventories	10	(29.3)	(47.6)
Increase (decrease) in trade and other payables, including contract liabilities	18	17.3	2.4
Taxes paid		(4.8)	(8.2)
CASH FLOW USED IN OPERATING ACTIVITIES (A)		(0.2)	1.6
INVESTING ACTIVITIES			
Investments in property, plant and equipment	2	(15.5)	(11.1)
Investments in intangible assets	3	(9.4)	(9.1)
Acquisition business divisions/companies	25	(7.4)	(7.4)
Amounts paid as earn out		-	(3.8)
Purchase of investments	4	(61.8)	(16.2)
Sale of non-current assets		0.3	3.2
Other changes		0.9	(2.0)
CASH FLOW USED IN INVESTING ACTIVITIES (B)		(92.9)	(46.4)
FINANCING ACTIVITIES			
Granting of loans	15	172.1	1.2
Repayment of borrowings	15	(71.8)	(19.2)
Bonds	15	(5.2)	(5.2)
Repayment of finance lease debts		(0.1)	(0.1)
Increase (decrease) in other payables to banks		20.1	36.5
Changes in non-controlling interests	14	(1.3)	-
Consideration for exercise of option on non-controlling interests		(1.7)	-
Net change in financial assets and other non current receivables		(7.9)	(2.5)
Dividends paid to equity holders of the parent	13	(66.7)	(62.8)
Dividends paid to non-controlling interests	14	(17.2)	(10.6)
Payment of interest		(5.8)	(5.9)
Receipt of interest		0.1	-
CASH FLOW PROVIDED BY FINANCING ACTIVITIES (C)		14.6	(68.6)
NET CHANGE IN CASH AND CASH EQUIVALENTS (D=A+B+C)		(78.5)	(113.4)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (E)	12	206.7	201.1
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (F=D+E)	12	128.2	87.7

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)

A) OVERVIEW

The interim financial report at 30 June 2018 was approved by the Board of Directors on 8 August 2018.

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.

The sector in which the IMA Group operates is generally characterised by a first half with results that cannot be considered fully representative with those expected for the entire year, due to a concentration of activity in the second part of the year, which is also the case for our competitors.

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

At 30 June 2018, 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 2018, prepared in accordance with Article 154-ter of Legislative Decree 58/98 and subsequent amendments, and with the Issuers' Regulations issued by Consob, has been prepared in accordance with the International Accounting Standards (IAS/IFRS) approved by the European Union and, in particular, the accounting standard applicable for interim financial information (IAS 34).

The condensed half-year consolidated financial statements have been prepared in summary form in accordance with IAS 34. This means that the financial statements do not contain all of the information required by annual financial statements and must be read in conjunction with the financial statements prepared at 31 December 2017, which are available on the 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 revenues 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 economic figures of the condensed half-year consolidated financial statements as at 30 June 2018 are compared with those at 30 June 2017 approved by the Board of Directors on 4 August 2017 and available on the website www.ima.it, to which reference should be made for further details.

The changes in shareholders' equity are illustrated in the appropriate table, which also includes those occurred in the first half of 2017.

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

Unless stated otherwise, the figures in the periodic financial information at 30 June 2018 are expressed in millions of euros.

Consolidation principles

The condensed half-year consolidated financial statements have been prepared using the consolidation principles adopted for the preparation of the annual consolidated financial statements as at 31 December 2017 as compatible.

C) ACCOUNTING POLICIES AND STANDARDS

IMPLEMENTATION OF ACCOUNTING STANDARDS

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED ON 1 JANUARY 2018

The accounting policies adopted to prepare the interim report as of 30 June 2018 are consistent with those used to prepare the consolidated financial statements at 31 December 2017, to which the reader is referred for further information, with the exception of the new standards IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. The nature and effects resulting from the introduction of these two new principles are set out below.

IFRS 15 was issued in May 2014 and introduced a new model for the recognition of revenue deriving from contracts with customers on the basis of the following five steps: (i) identification of the contract with the customer; (ii) identification of performance obligations to be transferred to the customer in exchange for the consideration; (iii) identification of the contractual consideration; (iv) allocation of the consideration to the individual performance obligations; (v) recognition of revenue when each performance obligation is satisfied.

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 replaces all previous IFRS requisites for revenue recognition and is effective for annual periods beginning on or after 1 January 2018.

In 2016 and 2017, the Group assessed the effects of IFRS 15, which showed that the method of accounting for revenue streams appears to be substantially consistent with the principles contained in the new standard. Adopting the new IFRS 15, which we applied with the revised retrospective method with effect from 1 January 2018, involved identifying the following revenue streams: machines and contracts in progress, change parts, spare parts and other materials, and technical assistance. Application of this standard only entailed a different presentation of the performance obligation linked to technical assistance and, in particular, to commissioning services. This change increased both revenues and costs of technical assistance for the first half of 2018 by the same amount (12.8 million euros), so with no impact on shareholders' equity at 31 December 2017 or the result for the period.

Application of the new standard has not had significant impacts on the Group's assets and liabilities, results or financial position. As regards the changes to disclosures, reference should be made to Note 1 Segment Information.

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 of the aspects related to 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. With the exception of hedge accounting, retrospective application of the standard is required, but it is not obligatory to provide comparative information. As regards hedge accounting, the standard generally applies prospectively, with some limited exceptions.

The new standard is designed to simplify the reader's understanding of the amounts, timing and uncertainty of cash flows by replacing the various categories of financial instruments envisaged in IAS 39.

With regard to impairment, the IAS 39 model based on losses suffered has been replaced by the ECL (Expected Credit Loss) model.

Lastly, a number of changes have been made on the subject of Hedge Accounting, giving the chance to carry out an effectiveness test that is prospective and qualitative, measuring the risk components independently, if it is possible to identify them.

The Group has applied the simplified impairment model, in which the value of financial assets reflects the specific analyses of the recoverability of doubtful balances, as well as a theoretical forecast of the counterparty's possibility of default. Lastly, for some customer clusters characterised by greater fragmentation, we have adopted the so-called "provision matrix approach", which divides receivables into homogeneous sub-groups.

Application of the new standard has not had significant impacts on the Group's assets and liabilities, results or financial position.

The other amendments and interpretations of accounting standards and methods in force from 1 January 2018 govern circumstances and situations that are not relevant to the Group's consolidated financial statements or, in any case, not significant:

Amendments to IFRS 2 - Classification and Measurement of Share-based Payment Transactions;

Amendments to IFRS 9 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts;

Amendments to IAS 40 – Transfer of Investment Property;

Annual cycle of improvements to IFRS 2014-2016 - includes some amendments to IFRS 1 (First-time adoption of International Financial Reporting Standards - Cancellation of Short-Term Exemptions for First-Time Adopters) and IAS 28 (Investments in Associated Companies and Joint Ventures - Clarification that the recognition of an investment at fair value through profit or loss for the year is a choice that applies to the individual investment);

IFRIC Interpretation 22 - Foreign Currency Transactions and Advance Consideration.

ACCOUNTING STANDARDS ISSUED BUT NOT YET IN FORCE

The Group is assessing the impact of the amendments to accounting standards that have been issued but not yet in force. In particular, 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. The Group is beginning 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 disclosures made in the notes. This preliminary assessment may be subject to amendments as a result of a more detailed analysis that is currently under way in 2018.

As mentioned in Note 27 Commitments, at 30 June 2018 the Group has commitments for property rents relating to industrial plants, warehouses and offices for a total of 141.2 million euros. The other types of contracts potentially falling under IFRS 16 relate mainly to motor vehicles. Rental payments made during the period amounted to 10.5 million euros.

The following is a list of the other standards and interpretations that had already been issued at the time the half-year report was being prepared, but were not yet in force:

- IFRS 17 – Insurance Contracts;
- IFRIC Interpretation 23 - Uncertainty over Income Tax Treatments;
- Amendments to IFRS 9 - Prepayment Features with Negative Compensation;
- Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement;
- Amendments to IAS 28 - Long-term interests in Associates and Joint Ventures;
- Annual cycle of improvements to IFRS 2015-2017 - includes some amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23;
- Amendments to IFRS 10 and to IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

USE OF ESTIMATES AND ASSUMPTIONS

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 based on past experience, and on assumptions that are deemed from time to time have 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 statement items that require more discretion 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 contract work and the corresponding revenue;
-) liabilities for employee benefits;
-) liabilities calculated as the current value of the exercise price of purchase options on non-controlling interests;
-) bad debt provisions;
-) provisions for risks and charges.

It should also be noted that certain valuation 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 of the necessary information is available, except where there are clear signs of impairment that require an immediate assessment of any loss in value.

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.

During the half-year, there were no significant effects deriving from the revision of estimates made in previous financial statements.

TRANSLATION OF FOREIGN CURRENCY BALANCES

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

Currency	1st half 2018		31 December 2017	1st half 2017	
	Exchange rate end of period	Exchange rate average	Exchange rate end of period	Exchange rate end of period	Exchange rate average
US dollar	1.166	1.210	1.199	1.141	1.083
GB pound sterling	0.886	0.880	0.887	0.879	0.861
Indian rupee	79.813	79.490	76.605	73.744	71.176
Chinese yuan	7.717	7.709	7.804	7.738	7.445
Swiss franc	1.157	1.170	1.170	1.093	1.077

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 2017.

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 2018 and 31 December 2017 by fair value hierarchy level:

in millions of euros	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets	-	-	14.2	14.2
Derivative financial instruments	-	0.6	-	0.6
Total assets at 30.06.2018	-	0.6	14.2	14.8
Liabilities:				
Payables for acquisition	-	-	66.5	66.5
Derivative financial instruments	-	5.4	-	5.4
Total liabilities at 30.06.2018	-	5.4	66.5	71.9

in millions of euros	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets	-	-	10.4	10.4
Derivative financial instruments	-	0.2	-	0.2
Total assets at 31.12.2017	-	0.2	10.4	10.6
Liabilities:				
Payables for acquisition	-	-	34.3	34.3
Derivative financial instruments	-	2.1	-	2.1
Total liabilities at 31.12.2017	-	2.1	34.3	36.4

During the first half of 2018, there were no transfers between the three levels of the fair value hierarchy laid down 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 2018:

in millions of euros	Assets	Liabilities
Balance at 01.01.2017	6.5	19.0
Effect recognized in PL	(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
Balance at 01.01.2018	10.4	34.3
Effect recognized in PL	(0.6)	(0.4)
Acquisition of TMCS.p.A.	-	22.4
Acquisition of Ciemme S.r.l.	-	11.9
Increases / (decreases)	4.4	(1.7)
Balance at 30.06.2018	14.2	66.5

The liabilities at 30 June 2018 consist of payables for the options subscribed in connection with the purchase of non-controlling interests in subsidiaries.

E) SCOPE OF CONSOLIDATION

The condensed interim financial statements at 30 June 2018 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 it 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 2018:

-) in January 2018 GIMA S.p.A., a subsidiary of IMA S.p.A., acquired the other 24% of IMA Automation Malaysia Sdn. Bhd. for 2.0 million Swiss francs, after exercising the option foreseen in the contract;
-) on 5 April 2018, IMA, through its subsidiary GIMA S.p.A., exercised the option to purchase a further 31% of Petroncini Impianti S.p.A., with operations based in Sant'Agostino (FE), which is market leader in machinery for the production of coffee, thereby bringing its overall interest in the company to 80%. See Note 25 "Business combinations" for further information;
-) on 4 May 2018, IMA S.p.A. completed the closing for the purchase of 82.5% of TMC S.p.A, based in Castel Guelfo (BO), which produces and markets automatic machines for packaging and management of Tissue and Personal Care products. For further details, please read Note 5 Investments in non-consolidated subsidiaries;
-) on 1 June 2018 GIMA S.p.A. bought the residual 20% of Mapster S.r.l. from third parties, bringing its stake in the company to 100%, as commented on in Note 14 Non-controlling interests;
-) on 1 June 2018 IMA S.p.A. bought 80% of Fillshape S.r.l. from GIMA S.p.A. and the other 20% from third parties as commented on in Note 14; the merger project for the absorption of Fillshape S.r.l. by IMA S.p.A. was also approved, as part of the plan to simplify the Group structure. This transaction will presumably be completed before the end of 2018 and the effects will run from 1 January 2019;
-) on 25 June 2018 IMA S.p.A. completed the closing for the purchase of 70% of Ciemme S.r.l., with registered office in Albavilla (Como), which manufactures and sells end-of-line automatic machines. For further details, please read Note 5 Investments in non-consolidated subsidiaries.

F) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The changes reported below have been determined with respect to the figures at 31 December 2017 for balance sheet items and the figures for the first half of 2017 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.

Following the adoption of IFRS 15, which took effect on 1 January 2018, the information on revenue and contracts with customers contained in this half-year report was extended, providing a more detailed breakdown of revenue.

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

Tea, Food & Other Sector

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 sector are mainly carried out by these companies:

- J 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;
- J Corazza Sp.A. produces machines and plant for the dosing and packaging of cheese portions and stock cubes;
- J Eurosicma S.p.A. and Eurotekna S.r.l. manufacture machines and systems for horizontal flowpack and fold packaging for the food and cosmetics industries;
- J Hassia Verpackungsmaschinen GmbH, Hamba-Gasti GmbH, Benhil GmbH, Hassia Packaging Pvt. Ltd. and Erca S.A.S. produce machines for forming, filling and sealing, for containers and sticks, for ultraclean closure and wrappers;
- J GIMA S.p.A. produces machines for the coffee, food & beverage and personal care sectors;
- J Ilapak International SA, Ilapak Italia S.p.A., Ilapak (Beijing) Packaging Machinery Co. Ltd. and Delta Systems & Automation Inc. produce automated machines and lines for flexible food and non-food packaging, using horizontal and vertical packaging technologies;
- J IMA MAI S.A. manufactures machines for the packaging of tea and herbal teas in filter bags;
- J 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;
- J Mapster S.r.l. manufactures automatic machines for the filling and packaging of single-serve coffee capsules;
- J Petroncini Impianti S.p.A. designs, manufactures, installs and operates complete plants for the processing of coffee and related food products;
- J Revisioni Industriali S.r.l. refurbishes second-hand machines for processed cheese and tea and herbs in filter bags;
- J Teknoweb Converting S.r.l. produces machines for the production of wet wipes (converting sector);
- J 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 sector are mainly carried out by these companies:

- J 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 pharmaceuticals, 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 in this sector are carried out by GIMA TT S.p.A.

The information on operating segments for first half of 2018 and first half of 2017 is as follows:

in millions of euros	1st half 2018				Total
	Tea, Food & Other	Pharma-ceutical	Tobacco packaging	Not allocated (*)	
Revenue from contracts with customers	332.9	301.6	95.6	-	730.1
Segment operating profit	(11.4)	44.8	35.8	-	69.2
Net financial income (expense)**					5.8
Profit (loss) from investments accounted for using the equity method	0.6	2.4	-	(0.2)	2.8
Profit before taxes					77.8
Taxes					(24.7)
Net profit for the period					53.1

in millions of euros	1st half 2017				Total
	Tea, Food & Other	Pharma-ceutical	Tobacco packaging	Not allocated (*)	
Revenue from contracts with customers	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

(*) Not allocated 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.

In the first half 2018 consolidated revenue amounted to 730.1 million euros compared with 654.6 million euros in the same period of 2017, an increase of 11.5%.

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.

Revenue in the Tea, Food & Other segment shows an increase of 29.4 million euros, thanks to a larger backlog at the start of the period. Due to the different product mix and to the costs incurred for non-performing orders by the Dairy&Food and Ilapak businesses, the operating result showed an improvement to -11.4 million euros, net of non-recurring charges of 2.3 million euros. It will be recovered in the second half of the year, coming in at a higher level than last year.

Revenue in the Pharmaceutical sector are higher than in the same period last year (+26.7 million of euros). The operating profit, 44.8 million euros, shows a slight decrease compared with the previous year due to the less favourable product mix, that will be recovered during the second half of the year, and to higher amortisation and depreciation.

Revenue in the Tobacco sector amounted to 95.6 million euros, a substantial increase compared with the previous year (+19.4 million euros) thanks to the higher backlog at the beginning of the year and greater penetration of the packaging market, especially in the sector for new generation products. Operating profit shows a significant rise to 35.8 million euros.

Total assets at 30 June 2018 and 31 December 2017, restated as already mentioned, are as follows:

in millions of euros	Tea, Food & Other	Pharmaceutical	Tobacco packaging	Not allocated (*)	Total
Total assets at 30 June 2018	900.0	444.9	95.1	245.6	1,685.6
Total assets at 31 December 2017	718.7	404.0	69.3	315.1	1,507.1

(*) Not allocated 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 2018 by geographical area, business segment and timing of recognition:

REVENUE BY GEOGRAPHICAL AREA

in millions of euros	1st half 2018			
	Tea, Food & Other	Pharmaceutical	Tobacco packaging	Total
European Union (excluding Italy)	108.0	90.5	31.0	229.5
Other European countries	34.2	25.0	4.5	63.7
North America	69.2	40.5	-	109.7
Asia & Middle East	57.1	68.6	54.5	180.2
Italy	29.6	41.4	5.5	76.5
Other countries	34.8	35.6	0.1	70.5
Total	332.9	301.6	95.6	730.1

in millions of euros	1st half 2017			
	Tea, Food & Other	Pharmaceutical	Tobacco packaging	Total
European Union (excluding Italy)	98.8	81.9	6.3	187.0
Other European countries	25.6	15.9	7.2	48.7
North America	64.4	43.0	0.6	108.0
Asia & Middle East	53.1	77.4	30.4	160.9
Italy	27.1	26.0	28.6	81.7
Other countries	34.5	30.7	3.1	68.3
Total	303.5	274.9	76.2	654.6

REVENUE BY BUSINESS SEGMENT

in millions of euros	1st half 2018			Total
	Tea, Food & Other	Pharmaceutical	Tobacco packaging	
Original Equipment	231.1	200.6	71.6	503.3
After-Sales	101.8	101.0	24.0	226.8
Total	332.9	301.6	95.6	730.1

in millions of euros	1st half 2017			Total
	Tea, Food & Other	Pharmaceutical	Tobacco packaging	
Original Equipment	212.6	182.9	53.0	448.5
After-Sales	90.9	92.0	23.2	206.1
Total	303.5	274.9	76.2	654.6

REVENUE BY TIMING OF RECOGNITION

in millions of euros	1st half 2018			Total
	Tea, Food & Other	Pharmaceutical	Tobacco packaging	
Revenue at a point in time	175.7	127.8	20.4	323.9
Revenue over time	157.2	173.8	75.2	406.2
Total	332.9	301.6	95.6	730.1

in millions of euros	1st half 2017			Total
	Tea, Food & Other	Pharmaceutical	Tobacco packaging	
Revenue at a point in time	173.7	136.5	23.6	333.8
Revenue over time	129.8	138.4	52.6	320.8
Total	303.5	274.9	76.2	654.6

2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment report a net increase of 8.9 million euros. The changes during the period were as follows:

in millions of euros	Land improvements	Buildings and leasehold Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total	
Balances at 01.01.18	12.1	45.7	17.2	5.7	11.2	3.2	95.1
Additions	0.9	3.4	5.7	0.9	2.2	2.4	15.5
Sales and disposals	-	-	(0.2)	-	-	-	(0.2)
Change in scope of consolidation	-	-	0.5	-	0.2	-	0.7
Depreciation	-	(2.6)	(2.1)	(1.0)	(1.8)	-	(7.5)
Reclassifications	-	0.2	0.6	0.1	0.1	(0.5)	0.5
Exchange rate difference	(0.1)	0.1	(0.1)	-	-	-	(0.1)
Balances at 30.06.18	12.9	46.8	21.6	5.7	11.9	5.1	104.0

Leasehold improvements amount to 28.8 million euros (28.5 million euros at 31 December 2017).

"Other assets" comprise:

in millions of euros	30.06.2018	31.12.2017
Electronic office equipment	6.4	5.8
Office furniture and fittings	3.1	3.0
Vehicles	1.8	1.8
Other	0.6	0.6
Total	11.9	11.2

Additions in the period mainly relate to an industrial building in Collecchio (PR), costs incurred to extend and upgrade buildings leased by IMA S.p.A., machinery build internally by GIMA S.p.A. and to the purchase of plant, machinery and electronic machines.

The change in the scope of consolidation reflects the acquisition of Petroncini Impianti S.p.A. as discussed in Note 25.

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 01.01.18	89.9	5.6	62.5	191.6	12.6	362.2
Additions	2.2	0.7	1.2	–	5.3	9.4
Sales and eliminations	–	(0.1)	–	–	–	(0.1)
Change in scope of consolidation	0.1	–	–	–	–	0.1
Acquisition of Petroncini S.p.A.	–	–	–	21.1	–	21.1
Amortization	(9.7)	(0.8)	(4.7)	–	–	(15.2)
Reclassifications and other changes	20.7	0.1	9.4	(20.1)	(2.4)	7.7
Exchange rate difference	0.1	(0.1)	–	0.3	–	0.3
Balances at 30.06.18	103.3	5.4	68.4	192.9	15.5	385.5

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 Eurosicma business, acquired in 2017, 17.5 million euros;
-) the Medtech business, acquired in 2016, 2.3 million euros;
-) the Dairy&Food business, acquired in 2015, 36.8 million euros;
-) G.S. Coating Technologies S.r.l., acquired in 2014, 0.9 million euros;
-) Ilapak Group, acquired in 2013, for 8.5 million euros;
-) Dairy & Convenience Food business of the Corazza Group, occurred in 2011, for 4.6 million euros.

In addition, this caption includes costs of 12.4 million euros incurred by the Parent Company on projects related to the Pharmaceutical sector and of 2.3 million euros on the development for the Tea sector.

Software, licences, trademarks and other rights mainly include applications, management, administrative and technical software and intangible assets related to customers ("customer list") for a total of 39.3 million euros, recognised following the acquisitions of the Eurosicma and Dairy&Food businesses and of the Ilapak and Corazza Groups. In addition, the item includes trademarks for 3.0 million euros and 16.4 million euros relating to the Eurosicma and Dairy&Food businesses respectively.

Goodwill comprises the following:

in millions of euros	30.06.2018	31.12.2017
Tea, Food & Other sector:		
CGU B.F.B. S.p.A.	1.8	1.8
CGU Eurosicma	11.5	31.6
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.	7.4	7.4
CGU Mapster S.r.l.	2.8	2.8
CGU Medtech	9.9	9.9
CGU Naturapack S.r.l.	8.7	8.7
CGU Petroncini Impianti S.p.A.	21.1	n.a.
CGU TEAMAC	0.7	0.7
CGU Telerobot S.p.A.	4.9	4.9
	131.5	130.5
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	13.6	13.3
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
	61.4	61.1
Total	192.9	191.6

The goodwill recognized on the acquisitions of Petroncini Impianti S.p.A. is discussed in Note 25.

The reduction in the value of the Eurosicma CGU's goodwill, shown in the reclassifications in the statement of changes in intangible assets, refers to the allocation of goodwill to non-patented technologies, customer lists and trademarks, net of the related tax effect of 7.7 million euros. Initial recognition of this business combination at 31 December 2017 was carried out provisionally on the basis of IFRS 3, which provides for a 12-month valuation period to correct the provisional amounts initially recorded.

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 (8.1 million euros) and IMA Automation USA Inc. (1.5 million euros). Construction in progress has been checked and no impairment indicators have emerged.

4. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

This item breaks down as follows:

in millions of euros	30.06.2018	31.12.2017
Associates:		
Amherst Stainless Fabrication LLC	0.4	0.3
Atopbi S.p.A.	16.3	15.8
B.C. S.r.l.	3.0	2.7
Bacciottini F.lli S.r.l.	0.9	0.8
Bolognesi S.r.l.	1.1	1.1
Doo Officina-Game East Vrsc	0.3	0.3
I.E.M.A. S.r.l.	1.5	1.2
Inkbit LLC	2.1	2.3
LA.CO. S.r.l.	0.7	0.5
Logimatic S.r.l.	0.9	0.8
Meccanica Sarti S.r.l.	1.2	1.2
MORC 2 S.r.l.	1.7	1.6
Petroncini Impianti S.p.A.	n.a.	2.0
SIL.MAC. S.r.l.	1.1	0.8
Sirio S.p.A. Associazione in partecipazione	3.3	3.9
Other associates	0.9	0.8
	35.4	36.1
Joint venture:		
CMRE S.r.l.	4.2	4.2
	4.2	4.2
Total	39.6	40.3

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. Brief information about transactions with associates is given below:

-) Amherst Stainless Fabrication LLC operates in the field of mechanical engineering and industrial assembly;
-) Atopbi S.p.A. holds a 84% share 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
-) 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;
-) Doo Officina-Game East Vrsc 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;
-) Inkbit LLC is a US start-up that specialises in industrial systems, software design and materials science;
-) 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.
-) Powertransmission.it S.r.l. manufactures and sells engineering components, assemblies and complete plant;
-) SILMAC. S.r.l. operates in the field of mechanical engineering, specialising in the construction of machines for third parties;
-) STA.MA. S.r.l. is active in the assembly, construction and overhaul of automated machines;
-) Talea Srl operates in the IT sector.

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

5. INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES

On 4 May 2018, IMA completed the closing for the purchase of 82.5% of TMC S.p.A, based in Castel Guelfo (Bologna), which produces and markets automatic machines for packaging and management of Tissue and Personal Care products and related after-sales services. TMC, which was founded in 1997, has over time consolidated its international leadership in a number of market niches such as primary and secondary packaging of kitchen rolls and toilet rolls, secondary packaging of personal care products such as nappies for babies, incontinence products for adults and for hygiene products for women. The investment amounted to 58.5 million euros, all of which was paid at the closing date. IMA has signed put and call options for the other 17.5%, to be exercised by April 2023.

On 25 June 2018 IMA SpA completed the closing for the purchase of 70% of Ciemme Srl, with registered office in Albavilla (Como), which manufactures and sells end-of-line automatic machines. Ciemme, founded in 1985, has over time consolidated its leadership in the "end of line" segment, thanks to its complete product range of automatic cartoning machines and systems. The investment amounted to 14 million euros, of which 1.5 million euros was paid at the closing and the rest in July 2018. IMA has also signed put & call options on the other 30%, to be exercised after the approval of the financial statements at 31 December 2023.

At the date of preparation of this half-year report, the only figures available were those of the financial statements of companies at 31 December 2017, prepared in compliance with Italian accounting standards (issued by the OIC). The main balance sheet and income statement figures for these financial statements are provided below: with reference to the TMC S.p.A. Group, the OIC consolidated financial statements at 31 December 2017 show non-current assets of 13.4 million euros, current assets of 47.2 million euros, a negative NFP of 10 million euros, equity of 7.8 million euros, revenue of 70.9 million euros, an operating profit of 0.6 million euros and a loss for the year of 0.6 million euros; the 2017 financial statements of Ciemme S.r.l., on the other hand, show non-current assets of 2.7 million euros, current assets of 9.3 million euros, a positive NFP of 3.3 million euros, equity of 6.2 million euros, revenue of 11.2 million euros, an operating profit of 2.5 million euros and a profit for the year of 1.8 million euros.

The companies are shown at cost, given the time needed to comply with the consolidation procedures of the IMA Group and the immateriality of the amounts involved, especially as regards the results of the newly acquired companies versus the Group results shown in this half-year report.

6. FINANCIAL ASSETS

Non-current financial assets, 7.6 million euros, include investments in other companies of 5.3 million euros (3.7 million euros at 31 December 2017) and financial receivables of 2.3 million euros (1.3 million euros at 31 December 2017).

Investments in other companies mainly include the shares held in Mint Street Holding S.p.A. for 0.4 million euros (1.0 million euros at 31 December 2017), and Continuus Pharmaceuticals Inc. for 1.4 million euros (1.4 million euros at 31 December 2017), the quotas held in Plasticenter S.r.l. for 0.9 million euros (0.9 million euros at 31 December 2017) and the shares held AMT Labs S.p.A. for 2.2 million euros.

The investment in AMT Labs S.p.A. acquired by GIMA TT S.p.A. in May 2018 is shown at fair value in accordance with IFRS 9 and IFRS 13. At 30 June 2018 the acquisition cost is the best approximation of the fair value, as the investee is a newly established company which had not yet commenced operations between the investment date and the end of the period.

Non-current financial receivables refer to loans granted by the Parent Company and Packaging Manufacturing Industry S.r.l. to some associated companies.

Current financial assets, 22.8 million euros, essentially comprise loans granted by the Parent Company and Packaging Manufacturing Industry S.r.l. to CMRE S.r.l., a joint venture, and to associates, totalling 4.9 million euros, and other liquid assets consisting of the bank deposits of IMA-PG India Pvt Ltd., 4.5 million euros, loans granted to third parties by IMA S.p.A., Ilapak International SA and Telerobot S.p.A. for a total of 3.6 million euros and the investments of IMA S.p.A. in mutual funds, 8.9 million euros.

7. RECEIVABLES FROM OTHERS

This caption includes various guarantee deposits.

8. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments comprise:

in millions of euros	Assets	Liabilities	Assets	Liabilities
	30.06.2018	30.06.2018	31.12.2017	31.12.2017
Interest rate hedging instruments - cash flow hedges	-	3.5	-	2.1
Exchange rate hedging instruments - cash flow hedges	0.6	1.9	0.2	-
Total	0.6	5.4	0.2	2.1

INTEREST RATE DERIVATIVES

At 30 June 2018, the amounts of 3.5 million euros in liabilities 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 2023, on a nominal value of 35.7 million US dollars and 196.3 million euros.

EXCHANGE RATE DERIVATIVES

At 30 June 2018, the amount of 0.6 million euros in assets and 1.9 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 78.1 million US dollars, 26.7 million Chinese yuan and 7.1 million Turkish Lira.

9. DEFERRED TAX ASSETS AND LIABILITIES

At 30 June 2018, the deferred tax asset of 68.8 million euros (67.9 million euros at 31 December 2017), 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. There are no critical issues that preclude the recoverability of the deferred tax assets.

At 30 June 2018, deferred tax liabilities amount to 67.5 million euros (61.5 million euros at 31 December 2017) and relate mainly to temporary differences between the book values of certain tangible and intangible assets and their values recognised for tax purposes.

10. INVENTORIES

This item breaks down as follows:

in millions of euros	30.06.2018			31.12.2017		
	Gross value	Impairment provision	Net value	Gross value	Impairment provision	Net value
Raw, ancillary and consumable materials	78.0	(14.8)	63.2	73.0	(15.0)	58.0
Work in progress and semifinished goods	303.5	(38.8)	264.7	270.8	(33.3)	237.5
Finished products and goods for resale	16.2	(3.3)	12.9	17.3	(3.1)	14.2
Total	397.7	(56.9)	340.8	361.1	(51.4)	309.7

As June 2018 the inventories belonging to Petroncini Impianti S.p.A. amounted to 2.3 million euros. The increase in inventories since 31 December 2017 reflects the preparation of machines for delivery to customers during the second half of the year and the substantial backlog at the end of June.

Movements in these provisions in the period were as follows:

in millions of euros	
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
Balances at 01.01.2018	51.4
Net provisions (uses)	4.8
Change in scope of consolidation	0.6
Exchange rate difference	0.1
Balances at 30.06.2018	56.9

The net increase in inventories reported in the consolidated cash flow statement differs from the change in the corresponding item of the balance sheet mainly as a result of inventories attributable to business combinations during the period, as commented in Note 25.

11. TRADE AND OTHER RECEIVABLES, INCLUDING CONTRACT ASSETS

This item comprises:

in millions of euros	30.06.2018	31.12.2017
Trade receivables, including contract assets	397.1	325.2
Advances to suppliers	24.4	21.6
Tax receivables	21.7	32.8
Deferred costs	13.2	5.8
Other receivables	6.3	3.9
Total	462.7	389.3

TRADE RECEIVABLES, INCLUDING CONTRACT ASSETS

Trade receivables include amounts due from customers of 179.8 million euros (161.0 million euros at 31 December 2017), amounts due on contract work in progress of 209.8 million euros (156.9 million euros at 31 December 2017) and trade receivables from associates of 7.5 million euros (7.3 million euros at 31 December 2017).

Customer receivables falling due beyond 12 months amounted to 0.6 million euros (0.7 million euros at 31 December 2017). 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 18.9 million euros (18.9 million euros at 31 December 2017).

Receivables assigned without recourse not yet due at 30 June 2018 amounted to 41.5 million euros, of which 38.6 million euros assigned to factoring companies and 2.9 million euros to other financial institutions. The first half of 2018 saw the assignment without recourse of receivables with an overall nominal value of around 37.9 million euros.

Contract assets relating to contract works are shown net of the related advances, as illustrated below:

in millions of euros	30.06.2018	31.12.2017
Contract assets related to contract works	459.2	361.2
Advances received	(249.4)	(204.3)
Total	209.8	156.9

They consist of the amount owed by customers for contract work in progress at the end of the period, net of advances already received.

Contract work is recorded over a period of time and assessed according to the percentage of completion method based on inputs.

ADVANCES TO SUPPLIERS

At 30 June 2018, these relate to advances for goods to be used in production and for services of respectively 18.1 million euros (16.9 million euros at 31 December 2017) and 6.3 million euros (4.7 million euros at 31 December 2017). This item includes 3.6 million euros of advances to associates companies (2.7 million euros at 31 December 2017).

TAX RECEIVABLES

Tax receivables mainly consist of VAT recoverables.

The net increase in trade and other receivables reported in the consolidated cash flow statement differs from the change in the corresponding item of the balance sheet as a result of trade receivables attributable to business combination during the period, as commented in Note 25.

12. CASH AND CASH EQUIVALENTS

This item comprises:

in millions of euros	30.06.2018	31.12.2017
Bank current accounts	126.4	203.3
Deposits	1.6	3.2
Cheques and cash	0.2	0.2
Total	128.2	206.7

For a better understanding of the trend in net financial indebtedness, reference should be made to Note 15.

13. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

SHARE CAPITAL

The share capital reported in the consolidated financial statements at 30 June 2018, 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 2018, nor during the whole of 2017. At 30 June 2018, 5,500 shares are held in portfolio (0.014% of share capital) with a total value of 0.1 million euros.

DIVIDENDS

In May 2018, the Parent Company paid a dividend of 66.7 million euros, equal to gross amount of 1.70 euros per outstanding share in circulation (62.8 million euros, equal to 1.60 euros gross in May 2017).

FAIR VALUE RESERVE

Changes in the fair value reserve break down as follows:

in millions of euros	
Balance at 01.01.2017	(2.2)
<i>Cash flow hedges/hedging instruments</i>	
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)
Balance at 01.01.2018	(1.3)
<i>Cash flow hedges/hedging instruments</i>	
Measurement at fair value	(2.3)
Fair value - tax effect	0.5
Realization recognized in income - financial income and expense	(0.1)
Balance at 30.06.2018	(3.2)

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 01.01.2017	(12.6)
Actuarial value	2.4
Tax effect	(0.6)
Balance at 30.06.2017	(10.8)
Balance at 01.01.2018	(11.6)
Change in scope of consolidation	(0.1)
Actuarial value	0.2
Balance at 30.06.2018	(11.5)

14. NON-CONTROLLING INTERESTS

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

	Country	30 June 2018		31 December 2017	
		% held by the Group	% held by third parties	% held by the Group	% held by third parties
Direct investments:					
Fillshape S.r.l.	Italy	100%	–	80%	20%
GIMA TT S.p.A.	Italy	60.084%	39.916%	60.084%	39.916%
IMA Fuda (Shanghai) Packaging Mach. Co. Ltd.	PRC	80%	20%	80%	20%
Petroncini Impianti S.p.A.	Italy	80%	20%	49%	51%
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%
Eurotekna S.r.l.	Italy	85.71%	14.29%	85.71%	14.29%
Mapster S.r.l.	Italy	100%	–	80%	20%
O.A.SYS. S.r.l.	Italy	70%	30%	70%	30%
Petroncini International Trading (Shanghai) Co.Ltd.	PRC	80%	20%	49%	51%
Shanghai Tianyan Ph. Mach. Co. Ltd.	PRC	86.29%	13.71%	86.29%	13.71%
Teknoweb N.A. Llc	USA	75%	25%	75%	25%

Transworld Packaging Holding S.p.A. controls twelve 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 2018, non-controlling interests total 14.1 million euros (21.3 million euros at 31 December 2017) and principally relate to GIMA TT S.p.A., 13.3 million euros. Dividends paid to non-controlling interests in 2018 amount to 17.2 million euros and refer to GIMA TT S.p.A. for 14.8 million euros (8.1 million euros in 2017).

During the first half-year, IMA S.p.A. and GIMA S.p.A. acquired from third parties 20% in Fillshape S.r.l. and Mapster S.r.l. respectively, as commented in section “Consolidation area”. The effect of these transactions was recognised as a deduction from equity attributable to the shareholders of the parent company for an amount of 1.3 million euros.

15. BORROWINGS

This includes financial liabilities measured at amortised cost and especially amounts due to banks of 275.4 million euros (160.1 million euros at 31 December 2017), amounts due to other lenders of 2.1 million euros (2.6 million euros at 31 December 2017) and bonds of 106.3 million euros (113.3 million euros at 31 December 2017).

PAYABLES TO BANKS

Payables to banks comprise:

in millions of euros	30.06.2018	31.12.2017
Non-current:		
· Applied research and technological innovation loans	4.7	3.6
· Other loans	186.0	56.9
	190.7	60.5
Current:		
· Current accounts	33.7	22.7
· Advances on domestic transactions (Italy)	3.0	2.5
· Advances on export transactions	23.6	20.6
· Advances on export transactions to be carried out	0.8	0.5
· Applied research and technological innovation loans	1.8	1.4
· Other loans	21.8	51.9
	84.7	99.6
Total	275.4	160.1

Applied research and technological innovation loans

During the period, instalments of 0.7 million euros were paid regularly as they fell due and new loans of 2.1 million euros were received.

Other loans

The principal changes in Other loans relate to the Parent Company and comprise new loans for 170.0 million euros and repayments of 66.5 million euros.

Payables to banks break down by maturity as follows:

in millions of euros	30.06.2018	31.12.2017
Due within 1 year	84.7	99.6
Due from 1 to 5 years	189.9	60.5
Due beyond 5 years	0.8	–
Total	275.4	160.1

It is worth pointing out that a loan obtained by the Parent Company in 2014 from the European Investment Bank (EIB), at 30 June 2018 is secured by a SACE guarantee of 5.6 million euros.

Certain loans and borrowings are secured by compliance with financial covenants calculated with reference to both the annual consolidated financial statements and the half-year consolidated financial statements of the IMA Group. At 30 June 2018 these covenants are complied.

PAYABLES TO OTHER LENDERS

These break down as follows:

in millions of euros	30.06.2018	31.12.2017
Payables to leasing companies	1.1	1.0
Payables to factoring companies	1.0	0.1
Other	–	1.5
Total	2.1	2.6

At 30 June 2018, the amount payable to leasing companies principally includes the finance lease for the factory in Krakow (Poland) and other assets used by Ilapak Sp. Zo.o.

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. On 19 January 2018 the Bondholders' Meeting resolved on the first issue, postponing the maturity date to 13 May 2024 and reducing the interest due after the original maturity date from 3.875% to 1.637%.

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 second tranche was repaid in February 2018 for a total of 7.1 million US dollar.

The bonds are not guaranteed, but foresee compliance with certain covenants that were met at 30 June 2018.

Bonds are analysed as follows:

in millions of euros	30.06.2018	31.12.2017
Non-current portion	100.3	105.5
Current portion	6.0	7.8
Total book value	106.3	113.3
Measurement at amortized cost	4.3	2.4
Total nominal redemption value	110.6	115.7

NET DEBT

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

in millions of euros	30.06.2018	31.12.2017
A. Cash and cash equivalents	(128.2)	(206.7)
B. Other cash equivalents	(4.5)	(4.8)
C. Investments in securities	(8.9)	(6.6)
D. Liquidity (A) + (B) + (C)	(141.6)	(218.1)
E. Current financial receivables	(9.4)	(6.5)
F. Current payables to banks	61.2	50.6
G. Current portion of non-current payables	30.3	57.2
H. Other current financial payables	1.0	0.7
I. Current financial debt (F) + (G) + (H)	92.5	108.5
J. Net current financial debt (D)+(E)+(I)	(58.5)	(116.1)
K. Non-current portion of non-current bank payables	190.7	60.5
L. Bonds issued	100.3	105.5
M. Other non-current financial payables	0.3	1.5
N. Non-current financial assets	(2.3)	(1.3)
O. Net non-current financial debt (K)+(L)+(M)+(N)	289.0	166.2
P. Net financial debt (J)+(O)	230.5	50.1

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 6 and 12.

The Group also has payables in respect of acquisitions totalling 80.8 million euros (36.5 million euros at 31 December 2017), essentially relating to the options agreed for the purchase of the non-controlling interests in subsidiaries.

Net debt at the end of the period amounts to 230.5 million euros compared with 50.1 million euros at 31 December 2017. The increase stems from the physiological growth due to the increase in working capital, the payment of dividends by the Parent Company (66.7 million euros paid in May 2018) and the purchase of the shares in Petroncini Impianti S.p.A., TMC S.p.A. and Ciemme S.r.l., for a total of 68.4 million euros.

In fact, net debt is expected to contract significantly towards the end of the year. This is a normal process due to the seasonal nature of the business, with 30 June falling into a period of the year when working capital always rises.

16. 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 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 01.01.2018	56.0
Current service cost	0.7
Financial charges	0.4
Net actuarial losses (gains) recognized during the period	(0.2)
Change in scope of consolidation	1.2
Benefit paid out during the period	(1.3)
Exchange rate difference	0.1
Balance at 30.06.2018	56.9

The change in scope of consolidation includes the defined benefit plans of Petroncini Impianti S.p.A.

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

in millions of euros	30.06.2018	31.12.2017
Italy	21.2	20.3
Germany	28.4	28.2
Switzerland	3.2	3.5
France	2.5	2.5
North America	0.8	0.7
Other countries	0.8	0.8
Total	56.9	56.0

At 30 June 2018, the liabilities for defined benefits of companies belonging to the Dairy&Food business amount to 30.4 million euros (30.2 million euros at 31 December 2017); the following economic-financial assumptions were adopted:

	30.06.2018	31.12.2017
Annual discount rate	1.75%	1.85%
Annual rate of increase of total compensation	2.5-2.2%	2.5-2.2%
Annual rate of increase of pension fund	1.0-0%	1.0-0%

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:

	30.06.2018	31.12.2017
Annual discount rate	1.46%	1.2%
Annual inflation rate	1.5%	1.5%
Annual rate of increase of total compensation	2.5%	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 2017.

17. PROVISIONS FOR RISKS AND CHARGES

These provisions break down as follows:

in millions of euros	Balance at 31.12.2017	Net increases	Net decreases	Exchange rate differences	Balance at 30.06.2018
Non-current:					
Agency termination indemnities	4.7	–	(0.1)	–	4.6
Other provisions	1.1	0.1	–	–	1.2
	5.8	0.1	(0.1)	–	5.8
Current:					
Product guarantee provision	27.0	2.7	(2.0)	0.1	27.8
Other provisions	5.6	3.3	(1.3)	–	7.6
	32.6	6.0	(3.3)	0.1	35.4
Total	38.4	6.1	(3.4)	0.1	41.2

The product guarantee provision was established on the basis of estimated expenses for work to be performed under guarantee after 30 June 2018 (as provided for by current laws - so-called "assurance-type warranties").

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

In 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 prior to 2014 for transactions linked to that year. The audit was completed in December 2017 with the preparation of Inspection Minutes. The Company has activated the assessment procedure with acceptance, on the invitation of the Tax Office, in order to reach an amicable settlement of the disputes. The assessment procedure with acceptance came to an end in July 2018 with the signing of the assessment deeds with acceptance and payment of the amounts agreed on during discussions with the Tax Office; these amounts are included in the provision for risks and charges at 30 June 2018.

18. TRADE AND OTHER PAYABLES, INCLUDING CONTRACT LIABILITIES

This item breaks down as follows:

in millions of euros	30.06.2018	31.12.2017
Trade payables	379.5	358.1
Advances from customers	143.3	151.2
Contract liabilities	32.1	14.9
Social security and defined-contribution plans payables	10.7	13.2
Tax payables	9.4	12.7
Due to employees	70.6	66.0
Payables in respect of acquisitions	80.8	36.5
Other payables	12.3	18.4
Total	738.7	671.0

TRADE PAYABLES

This item includes trade payables of 282.9 million euros (263.8 million euros at 31 December 2017), payables to agents of 16.3 million euros (14.6 million euros at 31 December 2017) and trade payables to associates of 80.3 million euros (79.7 million euros at 31 December 2017).

ADVANCES FROM CUSTOMERS

The high amount of advances from customers reflects the substantial volume of orders acquired at the date of this report.

CONTRACT LIABILITIES

Contract liabilities related to contract works are shown net of the related assets, as illustrated below:

in millions of euros	30.06.2018	31.12.2017
Advances received	88.6	82.5
Contract assets related to contract works	(56.5)	(67.6)
Total	32.1	14.9

Contract liabilities consist of the amount due to customers for contract work in progress at the end of the period, net of the assets relating to existing contracts.

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 5.7 million euros classified among the non-current liabilities (3.8 million euros at 31 December 2017).

PAYABLES IN RESPECT OF ACQUISITIONS

At 30 June 2018, the item includes payables for the purchase of equity investments mainly attributable to the acquisition of Teknoweb for 9.1 million euros, Eurosicma for 17.9 million euros, TMC for 22.4 million euros and Ciemme S.r.l. for 24.6 million euros.

The total amount of these items classified under non-current liabilities comes to 62.4 million euros (31.2 million euros at 31 December 2017).

The net increase in trade payables and other payables reported in the consolidated cash flow statement differs from the change in the corresponding items in the statement of financial position mainly as a result of the acquisition of equity investments and of trade payables attributable to the business combinations carried out during the period, as commented on in Notes 5 and 25.

19. PERSONNEL COSTS

This item breaks down as follows:

in millions of euros	1st half 2018	1st half 2017	Change
Wages and salaries	153.4	148.6	4.8
Social security contributions	36.2	33.9	2.3
Board of Directors' emoluments	6.8	4.8	2.0
Pensions - defined-benefit plans	0.7	0.6	0.1
Pensions - defined-contribution plans	6.9	6.4	0.5
Other personnel costs	13.0	13.6	(0.6)
Total	217.0	207.9	9.1

Personnel costs related to Eurosicma are not included in the scope of consolidation in the first half of 2017, amounted to 4.0 million euros. In addition, this caption includes costs of 0.8 million euros attributable to the newly acquired Petroncini Impianti S.p.A.

The rise in personnel costs also reflects the increase in the workforce during the period and non-recurring costs of 2.0 million euros (3.2 million euros in the first half of 2017), as commented in Note 29.

In the first half of 2018, the IMA Group employed an average of 5,729 persons, as follows:

	1st half 2018	1st half 2017	Year 2017
Management	257	211	206
Office workers	3,734	3,485	3,512
Production workers	1,738	1,686	1,730
Total	5,729	5,382	5,448

At the end of period employees are 5,787 (5,613 at 31 December 2017), of whom 48 of Petroncini Impianti S.p.A.

20. DEPRECIATION, AMORTISATION AND WRITE-DOWNS

This item includes depreciation of property, plant and equipment of 7.5 million euros (6.3 million euros in the first half 2017) and amortisation of intangible assets of 15.2 million euros (13.2 million euros in the first half 2017).

21. FINANCIAL INCOME

This item comprises:

in millions of euros	1st half 2018	1st half 2017	Change
Fair value remeasurement of the interest held in Petroncini S.p.A.	11.6	–	11.6
Interest income from banks	0.2	0.1	0.1
Income from derivative financial instruments	0.3	0.2	0.1
Various interest income and other financial income	0.7	0.2	0.5
Exchange rate gains	11.9	16.1	(4.2)
Total	24.7	16.6	8.1

As regards the income relating to the business combination in Petroncini S.p.A., reference should be made to the comments in Note 25.

22. FINANCIAL EXPENSE

This item comprises:

in millions of euros	1st half 2018	1st half 2017	Change
Interest expense on bank payables	2.0	1.9	0.1
Interest expense on bonds	2.7	2.9	(0.2)
Net financial expense on defined-benefit plans	0.5	0.7	(0.2)
Loss on financial assets valued at FV through PL	0.6	0.3	0.3
Bank guarantee expenses	0.3	0.3	–
Expense from derivative financial instruments	0.7	0.5	0.2
Other interest and financial expense	2.0	0.3	1.7
Exchange rate losses	10.1	17.2	(7.1)
Total	18.9	24.1	(5.2)

Exchange gains and losses in the period to 30 June 2018 included, respectively, an unrealized gain of 6.7 million euros (8.3 million euros in the first half of 2017) and an unrealized loss of 4.6 million euros (10.0 million euros in the first half of 2017).

23. TAXES

Taxation includes taxes for the period, calculated using the best estimate of the weighted average tax rate for the full year and the provision for liabilities based on the tax audit performed at IMA S.p.A., as commented on in Note 17.

The following companies form part of the domestic tax group: IMA S.p.A., CO.MA.DIS. 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.

24. 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 1st half 2018	1st half 1st half 2017
Net profit for the period (millions of euros)	43.9	31.9
Average number of outstanding ordinary shares (millions of shares)	39.3	39.3
Earning per share (in euros)	1.12	0.81

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.

25. BUSINESS COMBINATIONS

On 5 April 2018, IMA, through its subsidiary GIMA S.p.A., exercised the option to purchase a further 31% of Petroncini Impianti S.p.A., with operations based in Sant'Agostino (FE), which is market leader in machinery for the production of coffee, thereby bringing its overall interest in the company to 80%.

Petroncini Impianti S.p.A. 100% holds Petroncini International Trading (Shanghai) Co. Ltd.

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	0.7	0.7
Intangible assets	0.1	0.1
Inventories	2.3	2.3
Trade receivables and other assets	4.5	4.5
Cash and cash equivalents	1.2	1.2
Borrowings	(0.5)	(0.5)
Employee defined benefit liabilities	(1.2)	(1.2)
Trade payables and other liabilities	(5.8)	(5.8)
Total	1.3	1.3
Value of the business combination		
Carrying amount of interest held at the acquisition date		2.0
Fair value remeasurement of the interest held at the acquisition date		11.6
Cost of acquisition made in 2018		8.6
Minority		0.2
Goodwill		21.1

The consideration paid for 49% of the investment, acquired in 2016, amounted to 2.0 million euros.

The cost of the acquisition of 31% was 8.6 million euros, which was paid in full at the closing. As required by IFRS 3, if a business combination is carried out in stages, the previously held interest is remeasured at fair value at the date control is acquired and the difference between it and the value of the previously held investment is recognised in the income statement; the income relating to the acquisition of Petroncini S.p.A. determined in this way came to 11.6 million euros.

At 30 June 2018, the key balance sheet and income statement figures of the newly acquired companies, which have been consolidated from 1 April 2018, are as follows:

in thousands of euros	
Property, plant and equipment	0.6
Goodwill	21.1
Inventories	2.3
Trade receivables, including contract assets	3.5
Cash and cash equivalents	1.4
Borrowings	(0.4)
Employee defined benefit liabilities	(1.4)
Trade payables and advances, including contract liabilities	(4.3)
Revenues	2.9
Gross operating profit (EBITDA) before non-recurring items	(0.4)
Personnel cost	(0.8)

The initial values for the business combination were determined on a provisional basis, as the fair value of the assets, liabilities, contingent liabilities and costs of the combination 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.

0.1 million euros of ancillary charges related to the acquisition were booked to the income statement under services, rentals and leases.

At 30 June 2018 the amount of the purchase price that has been paid, net of the cash acquired, amounts to 7.4 million euros.

26. GUARANTEES GRANTED

At 30 June 2018, the Group has given sureties and other bank guarantees to customers totalling 29.5 million euros for the proper operation of machinery, bid bonds and advances not yet received, sureties to guarantee rental contracts for 8.4 million euros, sureties associated with the sale of CMH S.r.l. for 3.5 million euros and sureties in favour of others for 2.3 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 360.0 million euros.

Lastly, Ilapak International SA has provided guarantees to third parties in the interest of certain companies of the Ilapak Group for 3.4 million euros.

Note that sureties were issued against advances received from customers for a total of 136.5 million euros (127.9 million euros at 31 December 2017), of which 62.3 million euros reflect the use of credit lines guaranteed by commitments on the part of the Parent Company.

27. COMMITMENTS

At 30 June 2018 there are commitments for the purchase of property, plant and equipment and intangible assets of 1.1 million euros relating principally to leasehold improvements and plant and machinery.

The Group has commitments for future minimum payments for rents that cannot be cancelled for 2.7 million euros relating mainly to cars (with 1.5 million euros falling due within one year and 1.2 million euros between 1 and 5 years), rents for 141.2 million euros (with 20.9 million euros falling due within one year, 69.0 million euros between 1 and 5 years and 51.3 million euros over 5 years).

The amount of the fees paid during the first half of 2018 for operating leases and rental payables is equal to 10.9 million euros (10.8 million euros in the first half of 2017).

Other commitments in favour of third parties, 5.9 million euros, mainly consist of the Parent Company's agreement to buy further units of the mutual funds.

28. 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 2018 is owned 57% by SO.FI.M.A. S.p.A., which in turn is 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 "more relevant transactions", as defined in the Consob regulation, no individual Related Party transactions that could have had a significant effect on balance sheet 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 sheet or results of group companies.

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

in millions of euros	Receivables at 30.06.2018	Receivables at 31.12.2017	Payables at 30.06.2018	Payables at 31.12.2017
Associates and joint venture:				
Amherst Stainless LLC	1.6	0.5	0.1	0.2
Atopbi S.p.A.	16.3	15.8	-	-
B.C. S.r.l.	3.0	2.7	1.6	1.2
Bacciottini F.lli S.r.l.	0.9	0.8	5.7	5.9
Bognesi S.r.l.	1.1	1.1	5.3	4.3
Brio Pharma Tech. Ltd.	-	-	0.4	0.3
CMRE S.r.l.	7.5	6.2	-	-
Doo Officina-Game East Vrsac	1.2	0.9	0.1	0.1
I.E.M.A. S.r.l.	3.5	3.2	20.0	19.1
Inkbit LLC	2.1	2.3	-	-
LA.CO S.r.l.	1.0	0.9	3.7	3.4
Logimatic S.r.l.	8.6	7.0	22.9	25.0
Masterpiece S.r.l.	0.1	-	0.8	0.7
Meccanica Sarti S.r.l.	1.2	1.2	0.9	0.6
Me.Mo. S.r.l.	1.3	1.0	-	-
MORC 2 S.r.l.	1.7	1.7	0.8	1.0
Petroncini Impianti S.p.A.	n.a.	2.0	n.a.	-
Powertransmission.it S.r.l.	0.2	0.2	0.7	0.5
Scriba Nanotecnologie S.r.l.	0.2	0.2	-	0.1
SIL.MAC S.r.l.	2.7	2.0	8.9	8.8
S.I.Me. S.r.l.	0.3	0.4	0.6	0.5
STA.MA. S.r.l.	0.1	0.1	1.5	1.6
Talea S.r.l.	4.7	4.7	6.1	6.4
Other associates	0.4	0.1	0.2	-
	59.7	55.0	80.3	79.7
Other related parties:				
Atop S.p.A.	4.4	0.5	-	-
Costal S.r.l.	-	-	1.5	1.6
Datalogic S.r.l.	-	-	0.4	0.2
Deltos S.r.l.	-	-	0.3	-
EPSOL S.r.l.	1.2	0.6	4.5	4.6
Morosina S.p.A.	0.2	-	0.1	-
Rotor S.p.A.	n.a.	0.4	n.a.	-
Schiavina S.r.l.	0.3	0.3	-	-
Verniciatura Ozzanese S.r.l.	-	0.1	0.2	0.2
Other related parties	0.5	0.2	1.4	0.4
	6.6	2.1	8.4	7.0
Total	66.3	57.1	88.7	86.7

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

in millions of euros	Revenues	Revenues	Costs	Costs
	1st half 2018	1st half 2017	1st half 2018	1st half 2017
Associates and joint ventures:				
Amherst Stainless LLC	–	–	1.3	1.6
Atopbi S.p.A.	0.6	–	–	–
B.C. S.r.l.	0.3	0.3	3.3	2.9
Bacciottini F.lli S.r.l.	0.2	0.3	3.3	3.0
Bolognesi S.r.l.	0.2	0.1	3.4	2.4
Brio Pharma Technologies Ltd.	–	–	0.4	0.5
Doo Officina-Game East Vrsac	–	–	0.3	0.2
I.E.M.A. S.r.l.	1.6	1.8	10.5	9.7
LA.CO S.r.l.	0.2	0.1	2.2	1.9
Logimatic S.r.l.	3.0	2.8	13.2	13.7
Masterpiece S.r.l.	–	–	0.5	0.4
Meccanica Sarti S.r.l.	–	–	0.7	0.5
MORC2 S.r.l.	0.2	0.2	1.1	1.0
Plasticenter S.r.l.	n.a.	0.2	n.a.	2.5
Powertransmission.it S.r.l.	–	–	0.7	0.6
SIL.MAC. S.r.l.	1.3	0.8	5.4	6.0
STA.MA. S.r.l.	0.1	0.1	0.9	0.9
SI.Me. S.r.l.	–	–	0.7	0.7
Talea S.r.l.	0.1	0.2	2.4	2.8
Other associates	0.2	0.2	0.4	0.3
	8.0	7.1	50.7	51.6
Other related parties:				
Atop S.p.A.	3.7	–	–	–
Costal S.r.l.	–	–	1.4	1.1
Deltos S.r.l.	–	–	0.2	0.1
EPSOL S.r.l.	0.9	0.5	2.6	2.2
Nemo Investimenti S.r.l.	–	–	1.1	1.0
Other related parties	0.1	–	3.0	2.3
	4.7	0.5	8.3	6.7
Total	12.7	7.6	59.0	58.3

The above transactions relate primarily to the Group's 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 23.

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.

The total cost incurred in the first half of 2018 for the remuneration due to managers with strategic responsibilities amounts to about 5.5 million euros (4.6 million euros in the first half of 2017). The managers with strategic responsibilities include three members of Parent Company's Board of Directors.

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

in millions of euros	Total at 30.06.2018	Of which related parties	% impact	Total at 31.12.2017	Of which related parties	% impact
Balance sheet:						
<i>Non-current assets</i>	717.5	43.1	6.0%	573.9	41.5	7.2%
Trade and other receivables	462.7	17.1	3.7%	389.3	11.9	3.1%
Other current assets	505.4	6.1	12%	543.9	3.7	0.7%
<i>Current assets</i>	968.1	23.2	2.4%	933.2	15.6	1.7%
Total assets	1,685.6	66.3	3.9%	1,507.1	57.1	3.8%
<i>Equity</i>						
<i>Non-current liabilities</i>	495.2	-	-	328.0	-	-
Trade and other payables	668.4	88.7	13.3%	635.7	86.7	13.6%
Other current liabilities	165.1	-	-	152.9	-	-
<i>Current liabilities</i>	833.5	88.7	10.6%	788.6	86.7	11.0%
Total liabilities and equity	1,685.6	88.7	5.3%	1,507.1	86.7	5.8%

in millions of euros	1st half 2018	Of which related parties	% impact	1st half 2017	Of which related parties	% impact
Income statement:						
Revenues and other income	746.1	9.6	1.3%	666.5	5.6	0.8%
Cost of raw materials and goods	(291.7)	(32.6)	11.2%	(264.5)	(35.9)	13.6%
Cost of services and leases	(169.5)	(25.8)	15.2%	(155.7)	(22.1)	14.2%
Other operating costs	(215.7)	(0.3)	0.1%	(183.6)	(0.2)	0.1%
Operating profit	69.2			62.7		
Net financial income (expense)	5.8	-	-	(7.5)	-	-
Profit (loss) from investment accounted for using equity method	2.8	2.8	100.0%	1.9	1.9	100.0%
Taxes	(24.7)	-	-	(19.0)	-	-
Profit for the period	53.1			38.1		

29. SIGNIFICANT NON-RECURRING TRANSACTIONS AND EVENTS

In the first half of 2018, non-recurring charges were shown under Personnel costs for 2.0 million euros and Services, rentals and leases for 0.3 million euros and mainly refer to the reorganisation of the Ilapak business.

During the first half of 2017, non-recurring charges classified under Personnel costs amounted to 3.2 million euros, Services, rentals and leases to 3.1 million euros and Provision for risks and charges of 1.4 million euros, principally related to the reorganisation of the Dairy&Food business and to ancillary charges on the acquisitions of the period.

30. ATYPICAL AND / OR UNUSUAL TRANSACTIONS

No significant atypical and/or unusual transactions or positions are reported in the first half-year.

31. SIGNIFICANT EVENTS AFTER THE CLOSE OF THE FIRST HALF

No significant events occurred after the end of the first half of 2018.

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%	-
- Eurosicma - Costruzioni Macchine Automatiche S.p.A.	Milan	Milan - Italy	700,000	EUR	100% (1)	-
- Eurotekna S.r.l.	Milan	Milan - Italy	32,243	EUR	-	85.71% (2)
- Fillshape S.r.l.	Zola Predosa	Bologna - Italy	125,000	EUR	100%	-
- 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	60.084%	-
- 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% (4)
- Mapster S.r.l.	Parma	Parma - Italy	10,000	EUR	-	100% (3)
- O.A.SYS. Open Automation System S.r.l.	Segrate	Milan - Italy	20,800	EUR	-	70% (2)
- Petroncini Impianti S.p.A.	Modena	Modena - Italy	120,000	EUR	-	80% (3)
- 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% (5)
- Teknoweb Converting S.r.l.	Palazzo Pignano	Cremona - Italy	1,000,000	EUR	100% (6)	-
- Telerobot S.p.A.	Genoa	Genoa - Italy	50,000	EUR	-	100% (3)
- Benhil GmbH	Neuss	Germany	5,500,000	EUR	-	100% (7)
- Delta Systems & Automation Inc.	Lowell	USA	1,000	USD	-	81% (8)
- Erca S.A.S.	Les Ulis	France	2,594,390	EUR	-	100% (7)
- Erca-Formseal Ibérica S.A.	Castelldefels Barcelona	Spain	60,101	EUR	-	100% (9)
- Hamba-Gasti GmbH	Schwäbisch Hall	Germany	25,000	EUR	-	100% (7)
- Hamba Filltec GmbH & Co. KG	Neunkirchen	Germany	1,700,000	EUR	-	100% (7)
- Hassia Packaging Pvt. Ltd.	Taluka Shirur Pune	India	42,000,000	INR	-	100% (7)
- Hassia Verpackungsmaschinen GmbH	Ranstadt	Germany	2,100,000	EUR	-	100% (10)
- Ilapak International SA	Collina d'Oro Lugano	Switzerland	4,000,000	CHF	-	81% (11)
- Ilapak (Beijing) Packaging Machinery Co. Ltd.	Beijing	PRC	3,000,000	USD	-	81% (12)
- IMA Automation Malaysia Sdn. Bhd.	Penang	Malaysia	3,000,000	MYR	-	100% (3)
- IMA Automation USA Inc.	Loves Park	USA	10,610,000	USD	-	100% (13)
- IMA Life (Beijing) Pharmaceutical Systems Co. Ltd.	Beijing	PRC	400,000	USD	100%	-
- IMA Life North America Inc.	Tonawanda	USA	100	USD	-	100% (13)
- 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% (14)	-
- IMA Medtech Switzerland SA	La Chaux de Fonds	Switzerland	13,250,000	CHF	-	100% (3)
- IMA North America Inc.	Leominster	USA	8,052,500	USD	-	100% (13)
- IMA-PG India Pvt. Ltd.	Mumbai	India	18,652,100	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% (15)
- Tianjin IMA Machinery Co. Ltd.	Tianjin	PRC	200,000	USD	100%	-
Commercial companies:						
- Ilapak do Brasil Maquinas de embalagem Ltda.	Sao Paulo	Brazil	7,872,916	BRL	-	81% (11)
- Ilapak France SA	Lognes Paris	France	105,130	EUR	-	81% (4)
- Ilapak Inc.	Newtown	USA	12,500	USD	-	81% (4)
- Ilapak Israel Ltd.	Caesarea	Israel	5,310,505	ILS	-	81% (4)
- Ilapak Ltd.	Uxbridge London	UK	795,536	GBP	-	81% (4)
- Ilapak SNG OOO	Moscow	Russia	1,785,700	RUB	-	81% (4)
- Ilapak Sp. Z o.o.	Krakow	Poland	3,740,400	PLN	-	81% (4)
- Ilapak Verpackungsmaschinen GmbH	Haan Düsseldorf	Germany	102,500	EUR	-	81% (4)
- IMA Dairy & Food USA Inc.	Leominster	USA	1	USD	-	100% (7)
- 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 (in liquidation)	Aschaffenburg	Germany	100,000	EUR	100%	-
- IMA Industries North America Inc.	Leominster	USA	-	USD	-	100% (13)
- IMA Life Japan KK	Tokyo	Japan	40,000,000	YEN	-	100% (16)
- 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	1	GBP	-	100% (17)
- Imautomatiche Do Brasil Ltda.	Sao Paulo	Brazil	6,651,550	BRL	99.98%	-
- OOO IMA Industries	Moscow	Russia	12,000,000	RUB	-	100% (5)
- Petroncini International Trading (Shanghai) Co. Ltd.	Shanghai	PRC	300,000	RMB	-	80% (18)
- Teknoweb N.A. Llc	Loganville Atlanta	USA	56,000	USD	-	75% (19)

(*) The nominal share capital of IMA Life The Netherlands B.V. amounts to Eur 45,400,000.

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% (20)
- 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% (21)
- Dreamer S.r.l.	Bologna	Bologna - Italy	100,000	EUR	-	90% (3)
- Hamba Verwaltungsgesellschaft mbH	Saarbrücken	Germany	25,000	EUR	-	100% (7)
- 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) The percentage interest held in Eurosicma - Costruzioni Macchine Automatiche S.p.A. includes an option to purchase 40% of the quota capital
- (2) Held by Eurosicma - Costruzioni Macchine Automatiche S.p.A.
- (3) Held by GIMA S.p.A. The percentage interest held in Telerobot S.p.A. includes an option to purchase 25% of the quota capital
- (4) Held by Ilapak International SA at 100% except Ilapak France SA held at 99.99%
- (5) Held by Corazza S.p.A.
- (6) The percentage interest held in Teknoweb Converting S.r.l. includes an option to purchase 40% of the quota capital
- (7) Held by IMA Dairy & Food Holding GmbH
- (8) Held by Ilapak Inc. at 100%
- (9) Held by Erca S.A.
- (10) Held by IMA Dairy & Food Holding GmbH at 94% and by IMA Germany GmbH at 6%
- (11) Held by Transworld Packaging Holding S.p.A. at 100%
- (12) Held by Ilapak Italia S.p.A. at 100%
- (13) Held by Packaging Systems Holdings Inc.
- (14) The percentage interest held in IMA MAI S.A. includes an option to purchase 30% of the quota capital
- (15) Held by IMA Life (Beijing) Ph. Systems Co. Ltd.
- (16) Held by IMA Life The Netherlands B.V.
- (17) Held by IMA Swiftpack Ltd.
- (18) Held by Petroncini Impianti S.p.A. at 100%
- (19) Held by Tekno NA Inc. at 75%
- (20) Held by Teknoweb Converting S.r.l. at 100%
- (21) Held by Packaging Manufacturing 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%
- BLQ S.r.l.	Castel Guelfo	Bologna - Italy	30,000	EUR	30% (2)
- 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% (2)
- CMRE S.r.l.	Bologna	Bologna - Italy	50,000	EUR	50%
- Consorzio L.I.A.M.	Vignola	Modena - Italy	25,000 (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)
- Inkbit LLC	Delaware	USA	2,407	USD	20%
- LA.CO S.r.l.	Ozzano dell'Emilia	Bologna - Italy	30,000	EUR	30% (2)
- Logimatic S.r.l.	Ozzano dell'Emilia	Bologna - Italy	120,000	EUR	29.17% (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)
- 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	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

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)

**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 2018.

2. It is also certified that:

2.1 the condensed consolidated half-year financial statements at 30 June 2018:

- 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), 8 August 2018

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)



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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 "IMA Group") as of June 30, 2018. 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 31 July 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 IMA Group as of June 30, 2018 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 8, 2018

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

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