

PERIODIC FINANCIAL INFORMATION

AT 31 MARCH 2018



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INTERIM REPORT ON OPERATIONS
AT 31 MARCH 2018

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

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 quotas 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 OFFICERS

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 AND RISK COMMITTEE

Rita Rolli - Chairman

Cesare Conti

Sonia Bonfiglioli

**NOMINATIONS AND
REMUNERATION COMMITTEE**

Paolo Frugoni - Chairman
Rita Rolli
Maria Carla Schiavina

**MANAGER RESPONSIBLE
FOR PREPARING
FINANCIAL REPORTS**

Sergio Marzo

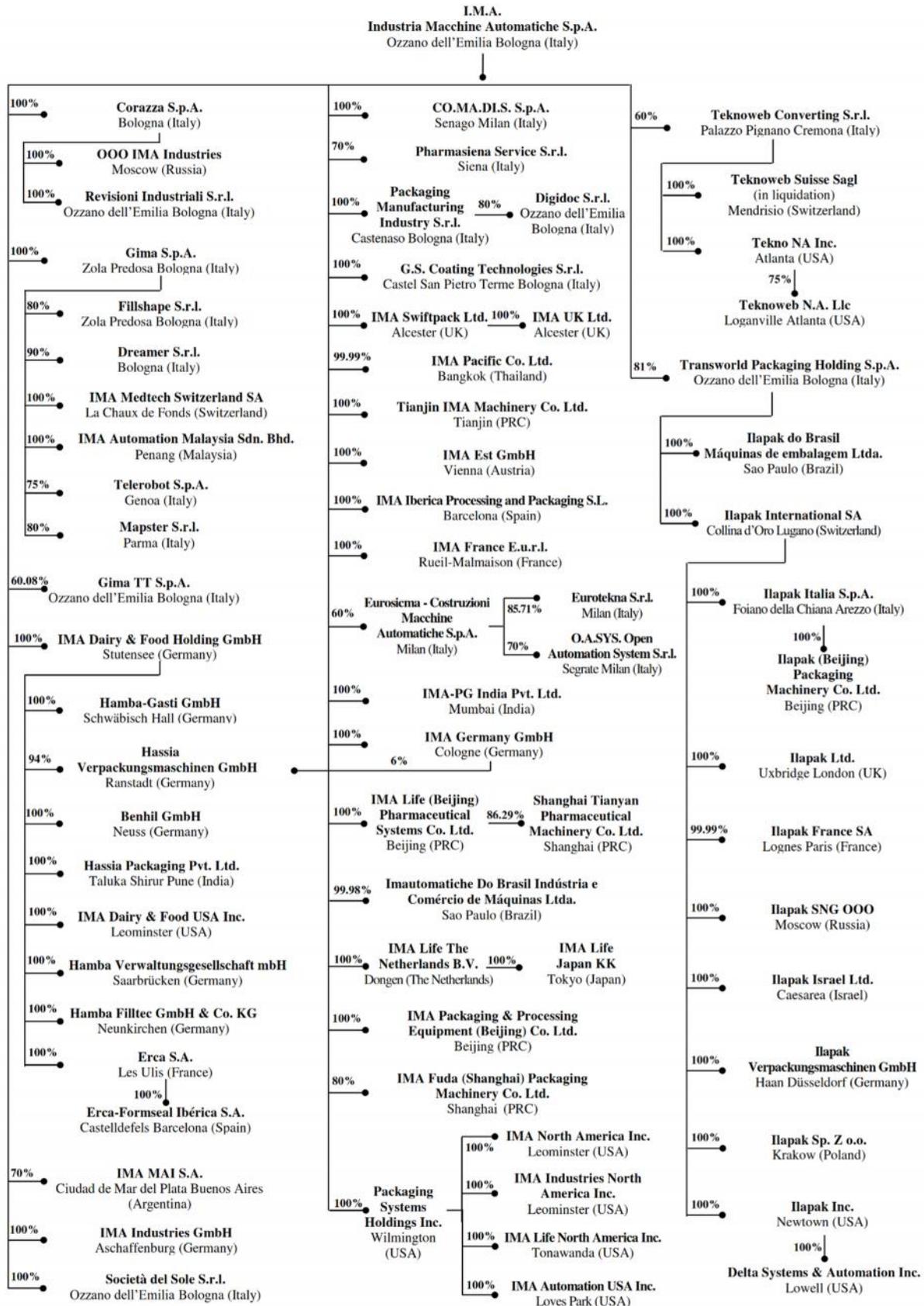
LEAD INDEPENDENT DIRECTOR

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 AT 31 MARCH 2018



GROUP PERFORMANCE

GENERAL PERFORMANCE

The world economic situation is characterised by a reduction (or "tapering") of monetary expansion in the main industrialised countries and by a strengthening of expansive fiscal measures in the United States, which at the same time is adopting protectionist measures with a view to keeping the expansionary effects to itself. The rest of the world is experiencing a widespread recovery with a cycle of investments in capital goods that is getting stronger and stronger, laying the foundations for more solid growth. Employment is rising, contributing to the formation of disposable income for households with inflation still remaining low. The increased strength of the US economy, which in this context ought to be an element of support for the global economic cycle, could become a decisive factor in slowing down the evolution of this positive phase.

In this context, during the first quarter of 2018 the Group still managed to generate a steady stream of orders in all key sectors, with a further increase over the same period in 2017.

CONSOLIDATED INCOME STATEMENT

IMA Group revenues in first quarter 2018 amounted to 331.6 million euros, compared with 294.4 million euros in the same period of 2017. EBITDA amounted to 33.2 million euros, an increase over the first quarter of 2017 when it was 29.6 million euros. The operating profit amounted to 22.1 million euros, compared with 20.0 million euros in first quarter 2017.

The following is a summarized version of the income statement for the period under review, with comparative figures for the corresponding period in 2017:

in millions of euros	1st quarter 2018		1st quarter 2017	
	Amount	%	Amount	%
Revenue	331.6		294.4	
Cost of sales	(217.2)	65.5	(183.6)	62.4
Industrial gross profit	114.4	34.5	110.8	37.6
R&D costs	(14.5)		(14.2)	
Commercial and sales costs	(34.6)		(34.2)	
General and administrative costs	(43.2)		(42.4)	
Operating profit (EBIT)	22.1	6.7	20.0	6.8
Net financial income (expense)	(3.5)		(3.1)	
Profit (loss) from investments accounted for using the equity method	-		-	
Profit before taxes	18.6	5.6	16.9	5.7
Taxes	(6.0)		(5.6)	
Profit for the period	12.6	3.8	11.3	3.8
Profit attributable to non-controlling interests	(3.2)		(2.0)	
Profit attributable to equity holders of the parent	9.4	2.8	9.3	3.2
Gross operating profit (EBITDA)	33.2	10.0	29.6	10.1
Backlog	977.4		855.3	

REVENUE AND ORDERS

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

Consolidated revenues for the first quarter of 2018 came to 331.6 million euros, an increase on the same period last year thanks to a higher backlog at the beginning of the period. Adoption of the new accounting standard IFRS 15 – Revenue from Contracts with Customers with effect from 1 January 2018 has had an incremental effect on revenues for the first quarter of 2018 of 10 million euros, as commented on below in the "Basis of preparation" section.

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

The order trend in the first quarter of 2018 shows a backlog in strong growth, which now amounts to 977.4 million euros, an increase of 122.1 million euros (+14.3%) compared with the previous period. Total orders acquired during the period amount to 442.3 million euros versus 383.4 million euros in 2017, an increase of 15.3%.

OPERATING PROFIT (EBIT)

The industrial gross profit in first quarter 2018 (as a percentage of sales) came to 34.5%, which is down on the previous year (37.6%), due to a different sales mix.

The operating profit comes to 22.1 million euros, an increase over the previous year (20.0 million euros).

PROFIT BEFORE TAXES

Net financial charges amounts to 3.5 million euros (3.1 million euros at 31 March 2017), a slight increase compared with the first quarter of last year due mainly to exchange differences. Accordingly, profit before taxes was 18.6 million euros versus 16.9 million euros at the end of March 2017.

PROFIT FOR THE PERIOD

The net profit for the period of 12.6 million euros compares with 11.3 million euros in the same period of last year. The reasons for this difference were explained in the previous sections.

ANALYSIS OF PERFORMANCE BY SEGMENT

The following schedule analyses operations by business sector:

in millions of euros	Tea, Food & Other	Pharmaceutical	Tobacco packaging	Not allocated	Total
Revenue					
1st quarter 2018	140.7	149.6	41.3	–	331.6
1st quarter 2017	127.6	130.7	36.1	–	294.4
Gross operating profit (EBITDA)					
1st quarter 2018	(5.2)	24.3	14.1	–	33.2
1st quarter 2017	(6.9)	24.1	12.4	–	29.6
Operating profit (EBIT)					
1st quarter 2018	(13.2)	21.3	14.0	–	22.1
1st quarter 2017	(13.7)	21.4	12.3	–	20.0
Net invested capital (*)					
31 March 2018	392.8	136.1	36.9	1.6	567.4
31 March 2017	314.1	144.1	11.8	3.4	473.4
R&D costs					
1st quarter 2018	7.0	6.8	0.7	–	14.5
1st quarter 2017	6.3	6.9	1.0	–	14.2
Average personnel					
1st quarter 2018	2,898	2,633	145	–	5,676
1st quarter 2017	2,622	2,550	98	–	5,270
Backlog					
31 March 2018	323.4	541.6	112.4	–	977.4
31 March 2017	291.4	476.8	87.1	–	855.3

(*) Not allocated assets and liabilities mainly relate to investments, income tax receivables and payables and net deferred tax liabilities which cannot be divided exactly among the divisions reported.

The revenues of the Tea, Food & Other sector, 140.7 million euros, were higher than in the same period of the prior year (+13.1 million euros) due to the higher backlog at the beginning of the period. Gross operating profit (EBITDA) was negative, but improved as a result to -5.2 million euros. New orders during the period rose by 34.9 million euros (+19.9%), together with the contribution of 5.8 million euros made by the newly acquired Eurosicma, which resulted in a much larger backlog than the previous year (+32.0 million euros or +11%, with a contribution from Eurosicma of 18.7 million euros). This means that the trend over the year should be in line with expectations.

Revenues in the Pharmaceutical sector were 18.9 million euros higher than in the same period last year (totally organic growth of +14.5%). Gross operating profit of 24.3 million euros was up slightly from 24.1 million euros previously, due to higher volumes and a different sales mix. Orders are significantly higher than in the same period of 2017 with a backlog that has grown by 64.8 million euros (+13.6%) with a good outlook for the rest of this year.

Revenues in the Tobacco sector were 5.2 million euros higher than in the same period last year (totally organic growth of 14.4%). Gross operating profit of 14.1 million euros was up from 12.4 million euros previously, due to higher volume and a different sales mix. Orders were higher than in the same period of 2017 (+25.2%); the backlog has grown by 25.3 million euros (+29.1%) and the outlook for the current year is good.

In any event, the Group is increasing its efforts to rationalize expenses by reducing production costs and limiting overheads.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following table summarizes the Group's balance sheet and financial position at 31 March 2018:

in millions of euros	31.03.2018	31.12.2017
Trade receivables	391.2	325.2
Inventories	336.8	309.7
Trade payables	(482.3)	(502.6)
Other, net	(93.6)	(105.5)
Net working capital	152.1	26.8
Property, plant and equipment	96.2	95.1
Intangible assets	365.7	362.2
Investments	44.1	44.0
Non-current assets	506.0	501.3
Severance obligations and other provisions	(90.7)	(87.5)
Net invested capital	567.4	440.6
FINANCED BY:		
Net debt	165.3	50.1
Non-controlling interests	24.6	21.3
Group equity attributable to equity holders of the parent	377.5	369.2
Total sources of financing	567.4	440.6

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

The net invested capital at the end of the first quarter of 2018 was 126.8 million euros higher than at the end of 2017. The difference is entirely due to the increase in net working capital. Analysing the changes in net working capital, we see that there has been an increase in trade receivables linked to the valuation at stage of completion as reflected in higher revenues and inventories to meet finished product delivery deadlines, a consequence of the high level of the backlog.

Net debt is analyzed below:

in millions of euros	31.03.2018	31.12.2017
A. Cash and cash equivalents	(143.7)	(206.7)
B. Other cash equivalents	(4.2)	(4.8)
C. Investments in securities	(7.7)	(6.6)
D. Liquidity (A)+(B)+(C)	(155.6)	(218.1)
E. Current financial receivables	(9.1)	(6.5)
F. Current payables to banks	114.7	50.6
G. Current portion of non-current payables	58.2	57.2
H. Other current financial payables	1.2	0.7
I. Current financial debt (F) + (G) + (H)	174.1	108.5
J. Net current financial debt (D)+(E)+(I)	9.4	(116.1)
K. Non-current portion of non-current bank payables	57.6	60.5
L. Bonds issued	100.1	105.5
M. Other non-current financial payables	0.9	1.5
N. Non-current financial assets	(2.7)	(1.3)
O. Net non-current financial debt (K)+(L)+(M)+(N)	155.9	166.2
P. Net financial debt (J) + (O)	165.3	50.1

Net debt at the end of the period amounts to 165.3 million euros (50.1 million euros at 31 December 2017). The increase since 31 December 2017 reflects the normal growth of debt caused by the increase in net working capital. It is expected that net debt will fall considerably in the latter part of the year.

CAPITAL EXPENDITURE

Capital expenditure on intangible assets amounted to 3.6 million euros (2.5 million euros in the first quarter of 2017) and related mainly to the capitalisation of development costs incurred on totally new products for market segments not previously occupied.

Group capital expenditure on property, plant and equipment amounted to 5.4 million euros (5.8 million euros in first quarter 2017) and mainly relates to an industrial building in Collecchio (PR), costs incurred to extend and upgrade buildings leased by IMA S.p.A. and the purchase of plant, machinery and electronic machines.

Amortization and depreciation expense for the period was 11.1 million euros, compared with 9.6 million euros in the same period last year; The increase is mainly attributable to the amortization of development costs.

ALTERNATIVE PERFORMANCE INDICATORS

These comments on the results for the period also include some performance indicators to give a better picture of the Group's operations and financial position. 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 trials 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 amortization for the period and write-downs. EBITDA is an indicator used as a financial target in internal and external presentations and is a useful measure for evaluating the Group's performance.

The following main items in the reclassified income statement are equivalent to the corresponding items in the consolidated income statement forming part of the "Consolidated financial statements": revenue, operating profit, financial income and expense, profit before taxes, 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 "Consolidated financial statements": inventories, property, plant and equipment and intangible assets, equity pertaining to the parent company's shareholders and minority 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 lay down the approach to be taken in identifying, reviewing and approving transactions to be carried out by IMA, or by its subsidiaries, with related parties to ensure that they are transparent and fair from both a substantial 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 mainly 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 Group companies' balance sheets or results;
-) there have been no changes or developments in Related Party transactions as disclosed in the last annual report that have had a significant effect on the companies' balance sheets or results.

Transactions with related parties are described more fully in Note 24.

OUTLOOK FOR OPERATIONS

The economic performance of the first quarter of 2018 reflects the higher level of the backlog outstanding at the end of 2017 and the higher level of orders acquired during the period. The steady trend in orders in all segments, as confirmed in April, combined with the size of the backlog at the end of the first quarter, is a positive sign, even though it does not provide total visibility for the entire year. The level of market activity and the number of potential projects, some of them worth considerable amounts, make us confident about the rest of the year, during which we will always maintain a focus on cost restraint and on improving commercial incisiveness.

If the above signs are confirmed in the coming months, annual sales of over 1.55 billion euros with a gross operating profit of around 250 million euros could be feasible.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2018

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(MILLIONS OF EUROS)

ASSETS	Note	31 March 2018	31 December 2017
NON-CURRENT ASSETS			
<i>Property, plant and equipment</i>	2	96.2	95.1
<i>Intangible assets</i>	3	365.7	362.2
<i>Investments accounted for using the equity method</i>	4	40.4	40.3
<i>Financial assets</i>	5	6.4	5.0
<i>Receivables from others</i>		3.4	3.4
<i>Deferred tax assets</i>	7	67.7	67.9
TOTAL NON-CURRENT ASSETS		579.8	573.9
CURRENT ASSETS			
<i>Inventories</i>	8	336.8	309.7
<i>Trade and other receivables</i>	9	465.9	389.3
<i>Income tax receivables</i>		11.9	9.4
<i>Financial assets</i>	5	21.0	17.9
<i>Derivative financial instruments</i>	6	0.6	0.2
<i>Cash and cash equivalents</i>	10	143.7	206.7
TOTAL CURRENT ASSETS		979.9	933.2
TOTAL ASSETS		1,559.7	1,507.1
EQUITY AND LIABILITIES			
EQUITY			
<i>Share capital</i>		20.4	20.4
<i>Reserves and retained earnings</i>		347.7	263.2
<i>Profit for the period</i>		9.4	85.6
Equity attributable to the equity holders of the parent	11	377.5	369.2
Non-controlling interests	12	24.6	21.3
TOTAL EQUITY		402.1	390.5
NON-CURRENT LIABILITIES			
<i>Borrowings</i>	13	158.6	167.5
<i>Employee defined benefit liabilities</i>		55.0	56.0
<i>Provisions for risks and charges</i>	14	5.9	5.8
<i>Other payables</i>	15	36.8	35.3
<i>Derivative financial instruments</i>	6	2.3	1.9
<i>Deferred tax liabilities</i>	7	68.8	61.5
TOTAL NON-CURRENT LIABILITIES		327.4	328.0
CURRENT LIABILITIES			
<i>Borrowings</i>	13	174.1	108.5
<i>Trade and other payables</i>	15	604.4	635.7
<i>Income tax liabilities</i>		18.9	11.6
<i>Provisions for risks and charges</i>	14	32.5	32.6
<i>Derivative financial instruments</i>	6	0.3	0.2
TOTAL CURRENT LIABILITIES		830.2	788.6
TOTAL LIABILITIES		1,157.6	1,116.6
TOTAL EQUITY AND LIABILITIES		1,559.7	1,507.1

CONSOLIDATED INCOME STATEMENT

(MILLIONS OF EUROS)

	Note	1st quarter 2018	1st quarter 2017
REVENUE	1	331.6	294.4
OTHER REVENUE		4.4	3.6
OPERATING COSTS			
<i>Change in work in progress, semifinished and finished goods</i>		25.3	35.2
<i>Change in inventory of raw, ancillary and consumable materials</i>		2.8	1.0
<i>Cost of raw, ancillary and consumable materials and goods for resale</i>		(144.4)	(127.2)
<i>Services, rentals and leases</i>		(78.4)	(72.8)
<i>Personnel costs</i>	16	(105.9)	(101.0)
<i>Depreciation, amortization and write-downs</i>	17	(11.0)	(9.7)
<i>Provisions for risks and charges</i>		0.4	(0.9)
<i>Other operating costs</i>		(2.7)	(2.6)
TOTAL OPERATING COSTS		(313.9)	(278.0)
OPERATING PROFIT	1	22.1	20.0
FINANCIAL INCOME AND EXPENSE			
<i>Financial income</i>	18	7.8	8.4
<i>Financial expense</i>	19	(11.3)	(11.5)
TOTAL FINANCIAL INCOME AND EXPENSE		(3.5)	(3.1)
PROFIT (LOSS) FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		–	–
PROFIT BEFORE TAXES		18.6	16.9
TAXES	20	(6.0)	(5.6)
PROFIT FOR THE PERIOD		12.6	11.3
ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE PARENT		9.4	9.3
NON-CONTROLLING INTERESTS		3.2	2.0
		12.6	11.3
BASIC/DILUTED EARNINGS PER SHARE (in euros)	21	0.24	0.24

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(MILLIONS OF EUROS)

	1st quarter 2018	1st quarter 2017
Net profit for the period	12.6	11.3
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>	(2.0)	0.1
<i>Gains (losses) on cash flow hedges</i>	0.1	0.4
<i>Tax effect</i>	-	(0.1)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	(1.9)	0.4
Other comprehensive income not being reclassified to profit or loss in subsequent periods:		
<i>Actuarial gains (losses) on post employment benefit obligations</i>	1.0	1.6
<i>Tax effect</i>	(0.1)	(0.3)
Net other comprehensive income not being reclassified to profit or loss in subsequent periods	0.9	1.3
Gains and losses recognized in equity	(1.0)	1.7
Total comprehensive income	11.6	13.0
Attributable to:		
Equity holders of the parent	8.3	11.0
Non-controlling interests	3.3	2.0
	11.6	13.0

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(MILLIONS OF EUROS)

	Share capital	Share premium reserve	Treasury shares	Translation 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
Allocation of result for 2016	-	-	-	-	-	93.5	(93.5)	-	-	-
Total comprehensive income	-	-	-	0.1	0.3	1.3	9.3	11.0	2.0	13.0
Balances at 31.03.2017	20.4	122.8	(0.1)	9.7	(1.9)	106.4	9.3	266.6	16.6	283.2
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
Allocation of result for 2017	-	-	-	-	-	85.6	(85.6)	-	-	-
Total comprehensive income	-	-	-	(2.0)	0.1	0.8	9.4	8.3	3.3	11.6
Balances at 31.03.2018	20.4	122.8	(0.1)	(2.7)	(1.2)	228.9	9.4	377.5	24.6	402.1

CONSOLIDATED STATEMENT OF CASH FLOWS

(MILLIONS OF EUROS)

	31 March 2018	31 March 2017
OPERATING ACTIVITIES		
<i>Profit attributable to equity holders of the parent</i>	9.4	9.3
<i>Adjustments for:</i>		
- <i>Depreciation and amortization</i>	11.1	9.6
- <i>Capital (gains) losses on disposal of non-current assets</i>	-	(0.1)
- <i>Changes in provisions for risks and charges and employee defined benefit liabilities</i>	-	0.5
- <i>Unrealized losses (gains) on exchange rate differences</i>	(1.5)	2.0
- <i>Other changes</i>	0.2	0.1
- <i>Taxes</i>	6.0	5.6
- <i>Non-controlling interests</i>	3.2	2.0
Operating profit before changes in working capital	28.4	29.0
<i>(Increase) decrease in trade and other receivables</i>	(76.6)	(25.5)
<i>(Increase) decrease in inventories</i>	(27.1)	(36.3)
<i>Increase (decrease) in trade and other payables</i>	(28.1)	(34.4)
<i>Taxes paid</i>	(1.7)	(3.7)
CASH FLOW USED IN OPERATING ACTIVITIES (A)	(105.1)	(70.9)
INVESTING ACTIVITIES		
<i>Investments in property, plant and equipment</i>	(5.4)	(5.8)
<i>Investments in intangible assets</i>	(3.6)	(2.5)
<i>Amounts paid as earn out</i>	-	(3.8)
<i>Purchase of investments</i>	-	(5.8)
<i>Sale of non-current assets</i>	0.2	0.1
<i>Other changes</i>	(1.1)	0.4
CASH FLOW USED IN INVESTING ACTIVITIES (B)	(9.9)	(17.4)
FINANCING ACTIVITIES		
<i>Granting of loans</i>	2.0	0.8
<i>Repayment of borrowings</i>	(3.0)	(2.9)
<i>Bonds</i>	(5.2)	(5.2)
<i>Increase (decrease) in other financial payables</i>	65.8	(4.2)
<i>Consideration for exercise of option on non-controlling interests</i>	(1.7)	-
<i>Net change in financial assets and other non-current receivables</i>	(4.5)	(1.0)
<i>Payment of interest</i>	(1.4)	(1.5)
<i>Receipt of interest</i>	-	-
CASH FLOW PROVIDED BY FINANCING ACTIVITIES (C)	52.0	(14.0)
NET CHANGE IN CASH AND CASH EQUIVALENTS (D=A+B+C)	(63.0)	(102.3)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (E)	206.7	201.1
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (F=D+E)	143.7	98.8

A BREAKDOWN OF "CASH AND CASH EQUIVALENTS" IS PROVIDED IN NOTE 10.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

A) OVERVIEW

The periodic financial information at 31 March 2018 was approved by the Board of Directors on 15 May 2018 and has not been audited.

IMA Group is a world leader in the design and production of automatic machines for the processing and packaging of pharmaceuticals, cosmetics, tea and coffee and other food products. Interim results for the market sector in which the IMA Group operates are generally not fully representative of those expected for the year as a whole, since there is a concentration of business during the second half of the year.

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

At 31 March 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.

B) GENERAL PREPARATION POLICIES

General principles

As an issuer trading on the STAR segment of the MTA market run by Borsa Italiana, IMA is subject to the aforementioned art. 2.2.3 of the Stock Exchange Regulations. As announced on 20 January 2017, the Parent Company will continue to publish quarterly reports within 45 days from the end of the first and third quarter of the year.

This periodic financial information has been prepared using the measurement criteria envisaged in the IAS/IFRS endorsed by the European Union.

The accounting policies adopted to prepare the periodic financial information as of 31 March 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.

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. The Group is applying the new standard from the obligatory effective date, using the simplified method.

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. The adoption of IFRS 15 from 1 January 2018 has had an impact on revenues and technical support costs in the first quarter of 2018, increasing both by 10 million euros, so with no impact on the result for the period.

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

IFRS 9 was issued in its final version in July 2015 and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the project on accounting for financial instruments: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods

beginning on or after 1 January 2018. 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.

Application of the new standard did not have 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.

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 has begun to carry out an analysis of the potential impact that adoption of the new standard could have on the balance sheet, financial position, income statement and information contained in the Group financial statements and notes. This preliminary assessment may be subject to amendments as a result of a more detailed analysis that is currently underway in 2018.

Note that at 31 March 2018 the Group had the following commitments for a total of 144.6 million euros, as discussed in Note 23 Commitments:

-) future minimum payments for non-cancellable operating leases of 2.8 million euros, mainly relating to vehicles (1.4 million euros due within one year and 1.4 million euros due from one to five years);
-) commitments to rent property for 141.8 million euros relating to industrial plants, warehouses and offices with 19.2 million euros falling due within one year, 66.4 million euros between one and five years and 56.2 million euros over five years.

Fees paid during the period for operating lease contracts and rentals were 0.1 million euros and 5.2 million euros respectively.

Use of estimates

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

Preparing interim reports requires the directors to make estimates and assumptions based on their best assessment at the time, which then have an effect on the figures shown in the financial statements and in the notes. These estimates and assumptions are reviewed periodically and the effects of any changes are recognized immediately in the period when circumstances change.

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 schedules: a consolidated income statement, which analyses costs according to their nature and a consolidated statement of comprehensive income.

The statement of cash flows has been prepared using the indirect method for determining cash flow from operating activities.

Unless stated otherwise, the figures in the periodic financial information at 31 March 2018 are expressed in millions of euros.

C) FINANCIAL RISK MANAGEMENT

RISK FACTORS

The Group is exposed to various types of financial risk connected with its business activities, the following 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 periodic financial information 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 have been no substantial changes in financial risk management nor 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 tables show the assets and liabilities measured at fair value at 31 March 2018 and at 31 December 2017 by fair value hierarchy level:

in millions of euros	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets	-	-	12.9	12.9
Derivative financial instruments	-	0.6	-	0.6
Total assets at 31 March 2018	-	0.6	12.9	13.5
Liabilities:				
Payables for acquisition	-	-	32.9	32.9
Derivative financial instruments	-	2.6	-	2.6
Total liabilities at 31 March 2018	-	2.6	32.9	35.5
in millions of euros				
Assets:				
Financial assets	-	-	10.4	10.4
Derivative financial instruments	-	0.2	-	0.2
Total assets at 31 December 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 December 2017	-	2.1	34.3	36.4

During the first quarter 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 quarter of 2018:

in millions of euros	Assets	Liabilities
Balance at 01.01.2017	6.5	19.0
Amounts paid as earn out	–	(5.6)
Increases / (decreases)	0.1	–
Balance at 31.03.2017	6.6	13.4
Balance at 01.01.2018	10.4	34.3
Profit/(loss) recognized in PL	–	0.3
Increases / (decreases)	1.0	(1.7)
Balance at 31.03.2018	11.4	32.9

The liabilities at 31 March 2018 consist of payables for the options subscribed in connection with the purchase of minority interests in subsidiaries.

D) SCOPE OF CONSOLIDATION

The periodic financial information at 31 March 2018 includes the financial and operating information of I.M.A. Industria Macchine Automatiche S.p.A. (the Parent Company) and all the companies in which it directly or indirectly holds a controlling interest.

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

In January 2018 GIMA S.p.A., a subsidiary of IMA S.p.A., acquired the other 24% of the investment in IMA Automation Malaysia Sdn. Bhd. for 2.0 million Swiss francs, after exercising the option provided in the contract.

E) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The changes reported below were determined with respect to the amounts at 31 December 2017 for balance sheet items and the amounts for first quarter 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.

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

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

-) Tea, Food & Other segment: 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 cheese 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;

-) Pharmaceutical segment: it makes 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 fluid-bed granulation, as well as related services;
-) Tobacco segment: it designs, manufactures and markets machines and plants for tobacco packaging and related services.

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

in millions of euros	Tea, Food & Other	Pharma- ceutical	Tobacco packaging	Total
Revenue	140.7	149.6	41.3	331.6
Segment operating profit	(13.2)	21.3	14.0	22.1
Net financial income (expense) (*)				(3.5)
Profit before taxes				18.6
Taxes				(6.0)
Net profit for the period				12.6

in millions of euros	Tea, Food & Other	Pharma- ceutical	Tobacco packaging	Total
Revenue	127.6	130.7	36.1	294.4
Segment operating profit	(13.7)	21.4	12.3	20.0
Net financial income (expense) (*)				(3.1)
Profit before taxes				16.9
Taxes				(5.6)
Net profit for the period				11.3

(*) 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.

Consolidated revenues for the first quarter of 2018 came to 331.6 million euros, an increase on the same period last year thanks to a higher backlog at the beginning of the period. The adoption of the new IFRS 15 – Revenue from Contracts with Customers with effect from 1 January 2018 has had an effect on revenues for the first quarter of 2018, increasing them by 10 million euros, as mentioned previously in the "Basis of preparation" section.

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

The revenues of the Tea, Food & Other sector, 140.7 million euros, were higher than in the same period last year (+13.1 million euros) due to a higher backlog at the beginning of the period. The operating result was negative, but improved as a result to -13.2 million euros.

Revenues in the Pharmaceutical sector were 18.9 million euros higher than in the same period last year (totally organic growth of +14.5%). The operating profit, 21.3 million euros, is in line with 2017.

Revenues in the Tobacco sector were 5.2 million euros higher than in the same period last year (totally organic growth of 14.4%). The operating profit of 14.0 million euros was up from 12.3 million euros previously, due to higher volume and a different sales mix.

The following is a breakdown of IMA Group revenue for the period to 31 March 2018 by geographical and business segment:

REVENUE BY GEOGRAPHICAL AREA

in millions of euros	1st quarter 2018	1st quarter 2017	Change
European Union (excluding Italy)	108.1	79.8	28.3
Other European countries	33.1	23.0	10.1
North America	53.0	49.0	4.0
Asia & Middle East	71.2	70.7	0.5
Other countries	28.8	35.5	(6.7)
Total exports	294.2	258.0	36.2
Italy	37.4	36.4	1.0
Total	331.6	294.4	37.2

REVENUE BY BUSINESS SEGMENT

in millions of euros	1st quarter 2018	1st quarter 2017	Change
Machines and change parts	65.1	58.4	6.7
Contract work	177.3	157.3	20.0
Spare parts and other materials	52.1	51.6	0.5
Technical assistance	33.1	22.7	10.4
Other services	4.0	4.4	(0.4)
Total	331.6	294.4	37.2

2. PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the period are analysed as follows:

in millions of euros	Buildings and leasehold improv.		Plant and machinery	Industrial and commercial equipment	Other assets	Asset under construction and advances	Total
	Land						
Balance at 01.01.18	12.1	45.7	17.2	5.7	11.2	3.2	95.1
Additions	0.4	2.1	0.9	0.4	0.9	0.7	5.4
Sales and eliminations	-	-	(0.1)	-	-	-	(0.1)
Depreciation	-	(1.2)	(1.0)	(0.5)	(0.9)	-	(3.6)
Reclassifications	-	-	0.2	-	0.1	(0.3)	-
Exchange rate difference	(0.1)	(0.3)	(0.1)	-	(0.1)	-	(0.6)
Balance at 31.03.18	12.4	46.3	17.1	5.6	11.2	3.6	96.2

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

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

3. INTANGIBLE ASSETS

Movements in intangible assets during the period are analysed as follows:

in millions of euros	Development costs	Industrial patents right	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	
Additions	0.6	0.3	0.5	-	2.2	3.6
Sales and eliminations	-	(0.1)	-	-	-	(0.1)
Amortization	(4.8)	(0.4)	(2.3)	-	-	(7.5)
Reclassifications and other changes	19.6	0.1	9.4	(20.1)	(1.3)	7.7
Exchange rate difference	-	(0.1)	-	(0.1)	-	(0.2)
Balances at 31.03.18	105.3	5.4	70.1	171.4	13.5	365.7

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, 18.0 million euros;
-] the Medtech business, acquired in 2016, 2.5 million euros;
-] the Dairy&Food business, acquired in 2015, 38.1 million euros;
-] G.S. Coating Technologies S.r.l., acquired in 2014, 1.0 million euros;
-] Ilapak Group, acquired in 2013, for 9.0 million euros;
-] Dairy & Convenience Food business of the Corazza Group, occurred in 2011, for 5.0 million euros.

In addition, this caption includes costs of 12.8 million euros incurred by the Parent Company on projects related to the Pharmaceutical sector and of 2.4 million euros on the development for the Tea sector.

Software, licences, trademarks and other rights mainly include applications, management and technical software and intangible assets related to customers ("customer list") for a total of 40.4 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 16.7 million euros relating to the Eurosicma and Dairy&Food businesses.

Goodwill comprises the following:

in millions of euros	31.03.2018	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 TEAMAC	0.7	0.7
CGU Telerobot S.p.A.	4.9	4.9
	110.4	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	13.2	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
	61.0	61.1
Total	171.4	191.6

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 (7.4 million euros) and IMA Automation USA Inc. (1.4 million euros).

4. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

This caption is analyzed as follows:

in millions of euros	31.03.2018	31.12.2017
Associates:		
Amherst Stainless Fabrication LLC	0.3	0.3
Atopbi S.p.A.	15.8	15.8
B.C. S.r.l.	2.7	2.7
Bacciottini F.lli S.r.l.	0.8	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.	1.2	1.2
Inkbit LLC	2.3	2.3
LA.CO. S.r.l.	0.5	0.5
Logimatic S.r.l.	0.8	0.8
Meccanica Sarti S.r.l.	1.2	1.2
MORC 2 S.r.l.	1.6	1.6
Petroncini Impianti S.p.A.	2.0	2.0
SIL.MAC. S.r.l.	0.8	0.8
Sirio S.p.A. Associazione in partecipazione	3.9	3.9
Other associates	0.9	0.8
	36.2	36.1
Joint venture:		
CMRE S.r.l.	4.2	4.2
	4.2	4.2
Total	40.4	40.3

5. FINANCIAL ASSETS

Non-current financial assets of 6.4 million euros include investments in other companies of 3.7 million euros (3.7 million euros at 31 December 2017) and financial receivables of 2.7 million euros (1.3 million euros at 31 December 2017).

Investments in other companies mainly include shares in Mint Street Holding S.p.A. for 1.0 million euros (1.0 million euros at 31 December 2017), the shares in Continuus Pharmaceuticals Inc. for 1.4 million euros (1.4 million euros at 31 December 2017) and the shares held by Packaging Manufacturing Industry S.r.l. in Plasticenter S.r.l. for 1.0 million euros (1.0 million euros at 31 December 2017). Non-current financial receivables refer to loans granted by the Parent Company and Packaging Manufacturing Industry S.r.l. to associated companies for a total of 2.2 million euros and to loans granted to third parties by Ilapak International SA for 0.5 million euros.

Current financial assets, 21.0 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 4.2 million euros, and other liquid assets consisting of the bank deposits of IMA-PG India Pvt Ltd., 4.2 million euros, loans granted to third parties by IMA S.p.A., Ilapak International SA and Telerobot S.p.A. for a total of 3.4 million euros and the investments of IMA S.p.A. in mutual funds, 7.7 million euros.

6. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments comprise:

in millions of euros	Assets	Liabilities	Assets	Liabilities
	31.03.2018	31.03.2018	31.12.2017	31.12.2017
Interest rate hedging instruments - cash flow hedges	-	2.5	-	2.1
Exchange rate hedging instruments - cash flow hedges	0.6	0.1	0.2	-
Total	0.6	2.6	0.2	2.1

INTEREST RATE DERIVATIVES

At 31 March 2018, the amount of 2.5 million euros in liabilities represents the fair value of option contracts to hedge the interest rate risk arranged by the Parent Company with leading banks and connected to a bond loan and part of the medium-term loans that expire by the end of 2020, on a nominal value of 35.7 million US dollars and 77.9 million euros.

EXCHANGE RATE DERIVATIVES

At 31 March 2018, the amount of 0.6 million euros in assets and 0.1 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 38.2 million US dollars, 61.1 million Chinese yuan and 15.0 million Turkish Lire.

7. DEFERRED TAX ASSETS AND LIABILITIES

At 31 March 2018, the deferred tax asset of 67.7 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.

At 31 March 2018, deferred tax liabilities amount to 68.8 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.

8. INVENTORIES

This item is made up as follows:

in millions of euros	31.03.2018			31.12.2017		
	Gross value	Impairment provision	Net value	Gross value	Impairment provision	Net value
Raw, ancillary and consumable materials	74.6	(14.0)	60.6	73.0	(15.0)	58.0
Work in progress and semifinished goods	298.4	(36.5)	261.9	270.8	(33.3)	237.5
Finished products and goods for resale	17.2	(2.9)	14.3	17.3	(3.1)	14.2
Total	390.2	(53.4)	336.8	361.1	(51.4)	309.7

The increase in inventories since 31 December 2017 reflects the preparation of machines for delivery to customers in subsequent quarters, as well as the substantial backlog at the end of March.

9. TRADE AND OTHER RECEIVABLES

This item comprises:

in millions of euros	31.03.2018	31.12.2017
Trade receivables	391.2	325.2
Advances to suppliers	22.8	21.6
Tax receivables	32.3	32.8
Deferred costs	12.6	5.8
Other receivables	7.0	3.9
Total	465.9	389.3

TRADE RECEIVABLES

Trade receivables include amounts due from customers of 177.8 million euros (161.0 million euros at 31 December 2017), amounts due on contract work in progress of 205.3 million euros (156.9 million euros at 31 December 2017) and receivables from associates of 8.1 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 18.5 million euros (18.9 million euros at 31 December 2017).

Assigned receivables not yet due at 31 March 2018 amount to 17.1 million euros, of which 16.4 million euros have been assigned to factoring companies and 0.7 million euros to other financial institutions. 2018 saw the assignment without recourse of receivables with an overall nominal value of around 0.4 million euros.

ADVANCES TO SUPPLIERS

At 31 March 2018, these relate to advances for goods to be used in production and for services totalling, respectively, 16.6 million euros (16.9 million euros at 31 December 2017) and 6.2 million euros (4.7 million euros at 31 December 2017). This balance includes 2.7 million euros of advances to associated companies (2.7 million euros at 31 December 2017).

TAX RECEIVABLES

Tax receivables mainly consist of VAT recoverable.

10. CASH AND CASH EQUIVALENTS

This item comprises:

in millions of euros	31.03.2018	31.12.2017
Bank current accounts	142.5	203.3
Deposits	1.0	3.2
Cheques and cash	0.2	0.2
Total	143.7	206.7

For a better understanding of the trend in net financial indebtedness, reference should be made to Note 13.

11. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

SHARE CAPITAL

The share capital reported in the consolidated financial statements at 31 March 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 made up of 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 quarter of 2018, nor during the whole of 2017.

At 31 March 2018, 5,500 shares were held in portfolio (0.014% of share capital) for a total value of 0.1 million euros.

FAIR VALUE RESERVE

The changes in the fair value reserve are analyzed as follows:

in millions of euros	
Balance at 01.01.2017	(2.2)
<i>Cash flow hedges/hedging instruments</i>	
Measurement at fair value	0.1
Realization recognized in income - revenues	0.1
Realization recognized in income - costs	(0.1)
Realization recognized in income - financial income and expense	0.3
Tax effect - realization in income statement	(0.1)
Balance at 31.03.2017	(1.9)
Balance at 01.01.2018	(1.3)
<i>Cash flow hedges/hedging instruments</i>	
Realization recognized in income - financial income and expense	0.1
Balance at 31.03.2018	(1.2)

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	1.6
Tax effect	(0.3)
Balance at 31.03.2017	(11.3)
Balance at 01.01.2018	(11.6)
Actuarial value	0.9
Tax effect	(0.1)
Balance at 31.03.2018	(10.8)

12. 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	31 March 2018		31 December 2017	
		% held by the Group	% held by third parties	% held by the Group	% held by third parties
Direct investments:					
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%
Pharmasiena Service 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%
Fillshape S.r.l.	Italy	80%	20%	80%	20%
Mapster S.r.l.	Italy	80%	20%	80%	20%
O.A.SYS. S.r.l.	Italy	70%	30%	70%	30%
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 F of the explanatory notes.

At 31 March 2018, minority interests total 24.6 million euros (21.3 million euros at 31 December 2017) and principally relate to GIMA TT S.p.A., 21.8 million euros, and the Ilapak Group, 2.2 million euros.

13. BORROWINGS

This includes amounts due to banks of 221.5 million euros (160.1 million euros at 31 December 2017), amounts due to other lenders of 3.0 million euros (2.6 million euros at 31 December 2017) and bonds of 108.2 million euros (113.3 million euros at 31 December 2017).

PAYABLES TO BANKS

The main changes in payables to banks relate to the Parent Company and refer to repayments of other loans for 2.9 million euros.

PAYABLES TO OTHER LENDERS

At 31 March 2018, the item includes amounts due to leasing companies for 1.0 million euros (1.0 million euros at 31 December 2017) mainly in relation to the Krakow plant (Poland), due to factoring companies for 0.5 million euros (0.1 million euros at 31 December 2017) and financial payables to others for 1.5 million euros (1.5 million euros at 31 December 2017) attributable to Ilapak Italia S.p.A. for 0.9 million euros. 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 dollars.

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

At 31 March 2018 bonds are made up of:

in millions of euros	31.03.2018	31.12.2017
Non-current portion	100.1	105.5
Current portion	8.1	7.8
Totale book value	108.2	113.3
Adjustment to fair value and measurement at amortized cost	0.8	2.4
Total nominal redemption value	109.0	115.7

NET DEBT

The composition of net debt at 31 March 2018 is as follows:

in millions of euros	31.03.2018	31.12.2017
A. Cash and cash equivalents	(143.7)	(206.7)
B. Other cash equivalents	(4.2)	(4.8)
C. Investments in securities	(7.7)	(6.6)
D. Liquidity (A)+(B)+(C)	(155.6)	(218.1)
E. Current financial receivables	(9.1)	(6.5)
F. Current payables to banks	114.7	50.6
G. Current portion of non-current payables	58.2	57.2
H. Other current financial payables	1.2	0.7
I. Current financial debt (F) + (G) + (H)	174.1	108.5
J. Net current financial debt (D)+(E)+(I)	9.4	(116.1)
K. Non-current portion of non-current bank payables	57.6	60.5
L. Bonds issued	100.1	105.5
M. Other non-current financial payables	0.9	1.5
N. Non-current financial assets	(2.7)	(1.3)
O. Net non-current financial debt (K)+(L)+(M)+(N)	155.9	166.2
P. Net financial debt (J) + (O)	165.3	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. For information on the breakdown of the items in net debt, see Notes 5 and 10.

The Group also has payables in respect of acquisitions totalling 34.1 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 165.3 million euros compared with 50.1 million euros at 31 December 2017. The increase since 31 December 2017 reflects the normal growth of debt caused by the increase in net working capital. It is expected that net debt will fall considerably in the latter part of the year.

14. PROVISIONS FOR RISKS AND CHARGES

These provisions are analysed as follows:

in millions of euros	Balance at 31.12.2017	Net increases	Net decrease	Exchange rate differences	Balance at 31.03.2018
Non-current:					
Agency termination indemnities	4.7	0.1	-	-	4.8
Other provisions	1.1	-	-	-	1.1
	5.8	0.1	-	-	5.9
Current:					
Product guarantee provision	27.0	2.0	(1.5)	-	27.5
Other provisions	5.6	0.5	(1.1)	-	5.0
	32.6	2.5	(2.6)	-	32.5
Total	38.4	2.6	(2.6)	-	38.4

The product guarantee provision was established on the basis of estimated expenses for work performed under guarantee after 31 March 2018.

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 with the preparation of Inspection Minutes. With reference to the 2013 tax period, the assessment acceptance procedure was activated. With reference, instead, to 2014, the Parent Company is still evaluating the viable alternatives, with particular attention to those that would allow it to reach an amicable settlement of the dispute.

15. TRADE AND OTHER PAYABLES

This item is made up as follows:

in millions of euros	31.03.2018	31.12.2017
Trade payables	325.0	358.1
Advances from customers	180.1	166.1
Social security and defined-contribution plan payables	11.8	13.2
Tax payables	14.8	12.7
Due to employees	66.9	66.0
Payables in respect of acquisitions	34.1	36.5
Deposits	1.2	3.0
Other payables	7.3	15.4
Total	641.2	671.0

TRADE PAYABLES

This item includes trade payables of 237.8 million euros (263.8 million euros at 31 December 2017), payables to agents of 14.4 million euros (14.6 million euros at 31 December 2017) and trade payables to associates of 72.8 million euros (79.7 million euros at 31 December 2017).

ADVANCES FROM CUSTOMERS

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

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, which will mostly be taken during the second half of the year.

This item includes 4.7 million euros classified among the non-current liabilities (3.8 million euros at 31 December 2017).

PAYABLES IN RESPECT OF ACQUISITIONS

At 31 March 2018 this item includes payables for the purchase of investments for the acquisition of the Teknoweb and Eurosicma businesses for 9.3 million euros and 18.5 million euros respectively and of the companies Telerobot S.p.A., G.S. Coating Technologies S.r.l. and MAI S.A. for a total of 6.3 million euros.

The total amount of payables for acquisitions classified under non-current liabilities comes to 30.8 million euros (31.2 million euros at 31 December 2017).

OTHER PAYABLES

At 31 March 2018, other payables include 1.3 million euros classified under non-current liabilities (9.6 million euros classified as current liabilities at 31 December 2017) related to the variable component of payroll that can be earned by certain directors if they achieve pre-defined targets.

16. PERSONNEL COSTS

This caption is analysed as follows:

in millions of euros	1st quarter 2018	1st quarter 2017	Change
Wages and salaries	75.4	73.0	2.4
Social security contributions	17.8	16.7	1.1
Board of Directors' emoluments	3.3	2.4	0.9
Pensions - defined-benefit plans	0.4	0.3	0.1
Pensions - defined-contribution plans	3.6	3.3	0.3
Other personnel costs	5.4	5.3	0.1
Total	105.9	101.0	4.9

Personnel costs related to Mapster S.r.l. and Eurosicma, not included in the scope of consolidation in the first quarter of 2017, amounted to 0.4 million euros and 1.9 million euros respectively.

In the first quarter of 2018, the IMA Group employed 5,676 people on average (5,270 persons in the first quarter of 2017). At the end of period employees are 5,718 (5,613 at 31 December 2017).

17. DEPRECIATION, AMORTIZATION AND WRITE-DOWNS

This includes depreciation of property, plant and equipment of 3.6 million euros (3.0 million euros in the first quarter of 2017), amortisation of intangible assets of 7.5 million euros (6.6 million euros in the same prior year period) and the use of the bad debt provision for 0.1 million euros (provision of 0.1 million euros in the first quarter of 2017).

18. FINANCIAL INCOME

This item comprises:

in millions of euros	1st quarter 2018	1st quarter 2017	Change
Interest income from banks	0.1	0.1	–
Income from derivative financial instruments	0.1	0.1	–
Various interest income	0.1	–	0.1
Exchange rate gains	7.5	8.2	(0.7)
Total	7.8	8.4	(0.6)

19. FINANCIAL EXPENSE

This item comprises:

in millions of euros	1st quarter 2018	1st quarter 2017	Change
Interest expense on bank payables	0.8	0.9	(0.1)
Interest expense on bonds	1.3	1.4	(0.1)
Net financial expense on defined-benefit plans	0.2	0.5	(0.3)
Bank guarantee expenses	0.2	0.2	–
Expense from derivative financial instruments	0.2	0.2	–
Other interest and financial expense	0.3	0.1	0.2
Exchange rate losses	8.3	8.2	0.1
Total	11.3	11.5	(0.2)

Exchange gains and losses in the period to 31 March 2018 included, respectively, an unrealized gain of 5.1 million euros and an unrealized loss of 3.6 million euros (2.4 million euros and 4.4 million euros respectively in first quarter of the previous year).

20. TAXES

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

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

21. 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 quarter 2018	1st quarter 2017
Net profit for the period (millions of euros)	9.4	9.3
Average number of outstanding ordinary shares (millions of shares)	39.2	39.2
Earning per share (in euros)	0.24	0.24

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.

22. GUARANTEES GRANTED

At 31 March 2018, the Group has given sureties and other bank guarantees to customers totalling 26.7 million euros for the proper operation of machinery, bid bonds and advances not yet received, sureties to guarantee rental contracts for 7.1 million euros, sureties 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 322.1 million euros.

Lastly, Ilapak International SA has provided guarantees to third parties in the interest of certain companies of the Ilapak Group for 3.9 million euros.

Note that sureties were issued against advances received from customers for a total of 134.3 million euros (127.9 million euros at 31 December 2017), of which 61.8 million euros reflect the use of credit lines guaranteed by commitments on the part of the Parent Company.

23. COMMITMENTS

At 31 March 2018 there are commitments for the purchase of property, plant and equipment and intangible assets of 1.2 million euros relating principally to leasehold improvements, plant and machinery and other property, plant and equipment.

The Group also has commitments in respect of minimum lease payments for non-cancellable operating leases totalling 2.8 million euros (3.2 million euros at 31 December 2017) and for rentals totalling 141.8 million euros (144.8 million euros at 31 December 2017).

The amount of the fees paid during the quarter for operating leases and rental payables is equal to 5.3 million euros (5.4 million euros in the first quarter of 2017).

Other commitments in favour of third parties, 7.2 million euros, mainly consist of the Parent Company's agreement to buy further units of the mutual funds.

24. 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 31 March 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 influence over the companies' balance sheet or results and no changes or developments in Related Party transactions explained in the last annual report that could have had a significant influence over the companies' balance sheet or results.

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

in millions of euros	Receivables at 31.03.2018	Receivables at 31.12.2017	Payables at 31.03.2018	Payables at 31.12.2017
Associates and joint venture:				
Amherst Stainless LLC	0.7	0.5	–	0.2
Atopbi S.p.A.	15.8	15.8	–	–
B.C. S.r.l.	2.7	2.7	1.7	1.2
Bacciottini F.lli S.r.l.	0.8	0.8	5.7	5.9
Bolognesi S.r.l.	1.1	1.1	4.3	4.3
Brio Pharma Tech. Ltd.	–	–	0.3	0.3
CMRE S.r.l.	7.1	6.2	–	–
Doo Officina-Game East Vrsac	1.3	0.9	–	0.1
I.E.M.A. S.r.l.	3.3	3.2	17.8	19.1
Inkbit LLC	2.3	2.3	–	–
LA.CO S.r.l.	0.8	0.9	3.5	3.4
Logimatic S.r.l.	8.6	7.0	20.7	25.0
Masterpiece S.r.l.	–	–	0.7	0.7
Meccanica Sarti S.r.l.	1.2	1.2	0.7	0.6
Me.Mo. S.r.l.	1.0	1.0	0.1	–
MORC 2 S.r.l.	1.6	1.7	0.9	1.0
Petroncini Impianti S.p.A.	2.0	2.0	–	–
Powertransmission.it S.r.l.	0.2	0.2	0.6	0.5
Scriba Nanotecnologie S.r.l.	0.2	0.2	–	0.1
SIL.MAC S.r.l.	2.3	2.0	7.8	8.8
S.I.Me. S.r.l.	0.4	0.4	0.4	0.5
STA.MA. S.r.l.	0.1	0.1	1.5	1.6
Talea S.r.l.	4.6	4.7	6.0	6.4
Other associates	0.3	0.1	0.1	–
	58.4	55.0	72.8	79.7
Other related parties:				
Atop S.p.A.	1.8	0.5	–	–
Costal S.r.l.	–	–	1.3	1.6
Datalogic S.r.l.	–	–	0.3	0.2
EPSOL S.r.l.	0.8	0.6	4.6	4.6
Morosina S.p.A.	0.3	–	–	–
Rotor S.p.A.	0.4	0.4	–	–
Schiavina S.r.l.	0.3	0.3	–	–
Verniciatura Ozzanese S.r.l.	0.1	0.1	0.2	0.2
Other related parties	0.1	0.2	0.6	0.4
	3.8	2.1	7.0	7.0
Total	62.2	57.1	79.8	86.7

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

in millions of euros	Revenues		Costs	
	1st quarter 2018	1st quarter 2017	1st quarter 2018	1st quarter 2017
Associates:				
Amherst Stainless LLC	–	–	0.6	0.9
B.C. S.r.l.	–	–	1.7	1.5
Bacciottini F.lli S.r.l.	–	–	1.5	1.4
Bognesi S.r.l.	–	–	1.5	1.2
Brio Pharma Tech. Ltd.	–	–	0.3	0.3
I.E.M.A. S.r.l.	0.8	1.0	4.8	4.7
LA.CO S.r.l.	–	–	1.2	1.0
Logimatic S.r.l.	1.9	1.5	5.3	5.1
Meccanica Sarti S.r.l.	–	–	0.3	0.3
MORC 2 S.r.l.	–	–	0.6	0.3
Plasticenter S.r.l.	n.a.	–	n.a.	0.9
Powertransmission.it S.r.l.	–	–	0.4	0.3
SIL.MAC. S.r.l.	0.4	0.3	2.0	2.3
S.I.Me. S.r.l.	–	–	0.4	0.4
STA.MA. S.r.l.	–	–	0.5	0.4
Talea S.r.l.	–	–	1.2	1.4
Other associates	–	0.1	0.3	0.3
	3.1	2.9	22.6	22.7
Other related parties:				
Atop S.p.A.	1.3	n.a.	–	n.a.
Costal S.r.l.	–	–	0.8	0.6
Datalogic S.r.l.	–	–	0.3	0.2
EPSOL S.r.l.	0.4	0.3	1.3	1.0
Nemo Investimenti S.r.l.	–	–	0.5	0.5
Other related parties	–	–	1.3	0.9
	1.7	0.3	4.2	3.2
Total	4.8	3.2	26.8	25.9

These balances and 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 20.

The balances and transactions with related parties do not represent a significant percentage of the Group's financial position and results of operations.

25. ATYPICAL, UNUSUAL AND/OR NON-RECURRING TRANSACTIONS AND EVENTS

No positions or operations deriving from atypical, unusual or non-recurring transactions arose during the first quarter of 2018.

26. SIGNIFICANT EVENTS AFTER THE END OF THE FIRST QUARTER

The Shareholders' Meeting held on 27 April 2018 approved:

-) the financial statements at 31 December 2017 and the Board of Directors' Report on the operations of IMA S.p.A.;
-) the allocation of the entire net profit for the year ended 31 December 2017 by means of a distribution of a gross dividend of 1.70 euros for each outstanding share and by an allocation of the residual amount to the extraordinary reserve;

-) to grant the necessary powers to the Board of Directors, for a period of 12 months, to buy and sell treasury shares up to the maximum permitted by law and within the limits of unrestricted reserves and distributable earnings;
-) the appointment of a new Board of Directors which shall remain in office until the date of the Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2020. For the composition of the Board of Directors please refer to the section "Directors and Officers";
-) the Remuneration Report.

It should also be noted that:

-) 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%. The financial outlay was 8.6 million euros;
-) 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 and related after-sales services. The investment amounted to around 58.5 million euros all of which were paid at the closing date. IMA has signed put and call options for the other 17.5%, to be exercised by April 2023.

F) 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	100,000	EUR	-	80% (3)
- 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	-	80% (3)
- O.A.SYS. Open Automation System S.r.l.	Segrate	Milan - Italy	20,800	EUR	-	70% (2)
- 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.	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 Filtec 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	17,852,100 (*)	INR	100%	-
- IMA Swiftpack Ltd.	Alcester	UK	1,403,895	GBP	100%	-
- Shanghai Tianyan Pharmaceutical Mach. Co. Ltd.	Shanghai	PRC	5,250,000	RMB	-	86.29% (15)
- Tianjin IMA Machinery Co. Ltd.	Tianjin	PRC	200,000	USD	100%	-
Commercial companies:						
- Ilapak do Brasil Maquinas de embalagem Ltda.	Sao Paulo	Brazil	7,345,215 (*)	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	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)
- Teknoweb N.A. Llc	Loganville Atlanta	USA	56,000	USD	-	75% (18)
- Teknoweb Suisse Sagl (in liquidation)	Mendrisio	Switzerland	40,000	CHF	-	100% (19)

(*) The nominal share capital of IMA-PG India Pvt Ltd., Ilapak do Brasil Ltda. and IMA Life The Netherlands B.V. amounts to Inr 20,000,000, Brl 7,595,215 and Eur 45,400,000 respectively.

Companies consolidated line-by-line (continued)	Registered office		Share		Direct investment	Indirect investment
			capital	Currency		
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% (19)
- 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% (20)
- 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 Tekno NA Inc. at 75%
- (19) Held by Teknoweb Converting S.r.l. at 100%
- (20) Held by Packaging Manufacturing Industry S.r.l.

Investments accounted for using the equity method	Registered office		Share		Direct investment
			capital	Currency	
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.	Bologna	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)
- Petroncini Impianti S.p.A.	Modena	Modena - Italy	120,000	EUR	49% (4)
- 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
- (4) Held by GIMA S.p.A.

**G) DECLARATION OF THE MANAGER RESPONSIBLE FOR PREPARING FINANCIAL REPORTS
PURSUANT TO ART. 154 BIS, PARAGRAPH 2, OF LEGISLATIVE DECREE 58/1998.**

The manager responsible for preparing financial reports, Sergio Marzo, declares in accordance with article 154 bis paragraph 2 of the Consolidated Finance Act that the accounting information contained in this periodic financial information at 31 March 2018 agrees with the books of account, the accounting entries and supporting documentation.