

PERIODIC FINANCIAL INFORMATION  
AT 30 SEPTEMBER 2018





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# INTERIM REPORT ON OPERATIONS

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

HEAD OFFICE: OZZANO DELL'EMILIA (BOLOGNA) SHARE CAPITAL FULLY PAID-IN: €20,415,200

REGISTERED WITH THE BOLOGNA COMPANIES REGISTER AT NO. 00307140376

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

## DIRECTORS AND OFFICERS

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### 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**

Elean 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**

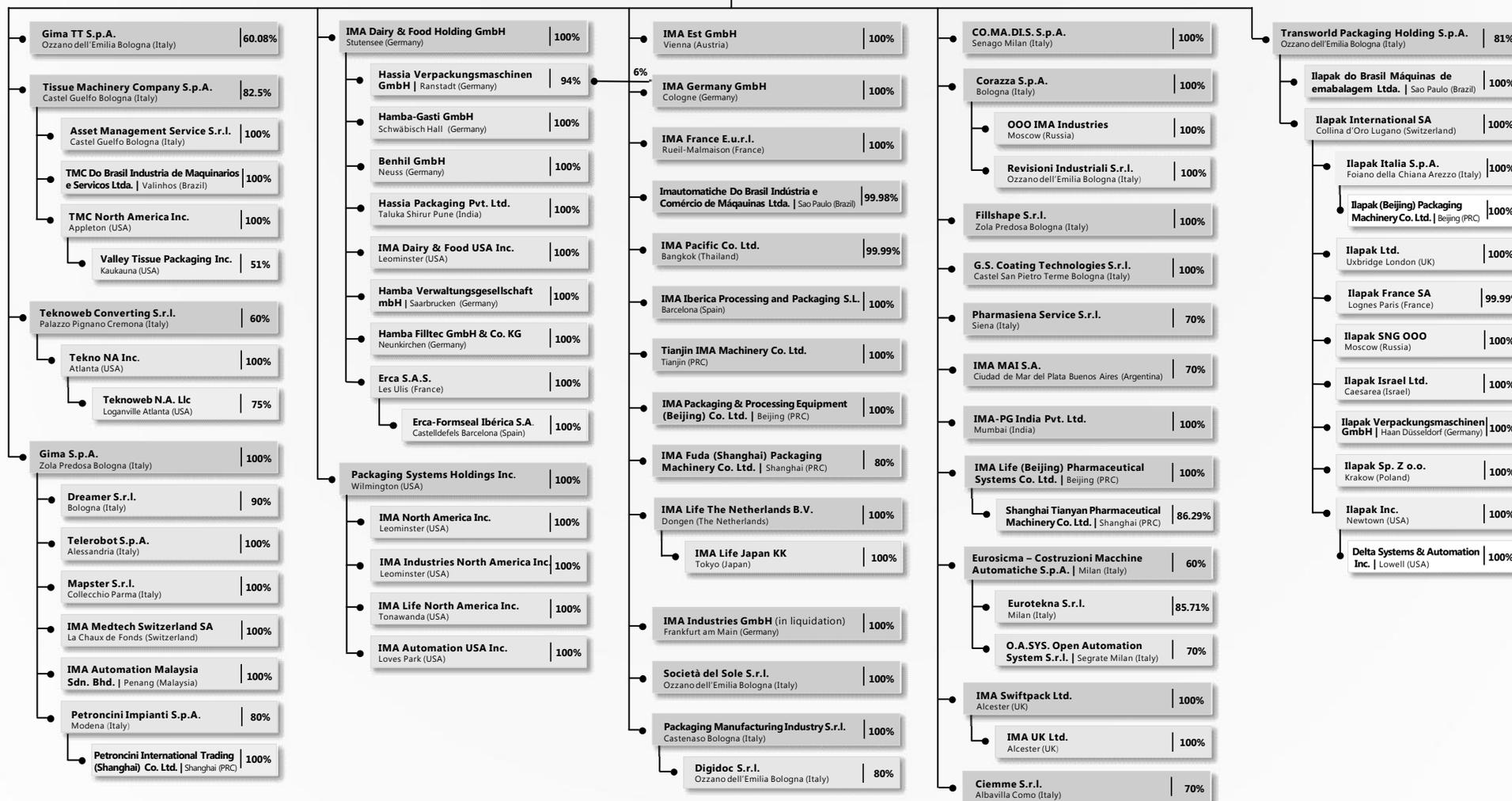
Paolo Frugoni

## **INDEPENDENT AUDITORS**

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

EY S.p.A.

GROUP STRUCTURE AT 30 SEPTEMBER 2018



## GROUP PERFORMANCE

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### GENERAL PERFORMANCE

Global growth for 2018 and 2019 is expected to remain stable at the same level as 2017, but its pace is less vigorous than was foreseen in April and it has become less balanced. In its World Economic Outlook published in October, the International Monetary Fund said that downside risks to global growth had increased over the past six months and the potential for upside surprises had declined.

Global growth is expected to come in at 3.7% for 2018 and 2019, 20 basis points less for both years compared with April's forecast. The downward revision reflects events that slowed activity in some of the major advanced economies at the beginning of 2018, the negative effects of trade measures implemented or approved between April and mid-September, as well as weaker prospects for some key emerging markets and developing economies stemming from country-specific factors, stricter financial conditions, geopolitical tensions and higher costs for oil imports. Global growth is expected to remain stable at 3.7% in 2020 and then slow to 3.6% between 2022-23, largely reflecting moderation in the growth of advanced economies.

In this context, our Group achieved good, steady growth in orders and this trend was reflected in the higher volumes and final results that make us confident about the figures that we foresee for the current year. So despite the uncertainties that we are currently facing, our Group's key markets continue to stand out as being among the most solid and anti-cyclical.

### CONSOLIDATED INCOME STATEMENT

Consolidated revenue of the IMA Group for the first nine months of 2018 amounted to 1,075.5 million euros, compared with 953.6 million euros in the same period of 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	01.01.2018-30.09.2018		01.01.2017-30.09.2017	
	Amount	%	Amount	%
<b>Revenue from contracts with customers</b>	<b>1,075.5</b>		<b>953.6</b>	
Cost of sales	(690.4)	64.2	(593.4)	62.2
<b>Industrial gross profit</b>	<b>385.1</b>	<b>35.8</b>	<b>360.2</b>	<b>37.8</b>
R&D costs	(43.5)		(38.8)	
Commercial and sales costs	(112.0)		(103.6)	
General and administrative costs	(132.8)		(121.8)	
<b>Operating profit before non-recurring items (EBITA)</b>	<b>96.8</b>	<b>9.0</b>	<b>96.0</b>	<b>10.1</b>
Non-recurring items	(3.9)		(8.7)	
<b>Operating profit (EBIT)</b>	<b>92.9</b>	<b>8.6</b>	<b>87.3</b>	<b>9.2</b>
Net financial income (expense)	2.9		(12.0)	
Profit (loss) from investments accounted for using the equity method	2.8		1.9	
<b>Profit before taxes</b>	<b>98.6</b>	<b>9.2</b>	<b>77.2</b>	<b>8.1</b>
Taxes	(30.7)		(26.5)	
<b>Profit for the period</b>	<b>67.9</b>	<b>6.3</b>	<b>50.7</b>	<b>5.3</b>
Profit attributable to non-controlling interests	(12.2)		(8.3)	
<b>Profit attributable to equity holders of the parent</b>	<b>55.7</b>	<b>5.2</b>	<b>42.4</b>	<b>4.4</b>
<b>Gross operating profit (EBITDA) * before non-recurring items</b>	<b>134.6</b>	<b>12.5</b>	<b>125.4</b>	<b>13.2</b>
<b>Gross operating profit (EBITDA)</b>	<b>130.7</b>	<b>12.2</b>	<b>116.7</b>	<b>12.2</b>
<b>Backlog</b>	<b>1,047.6</b>		<b>923.3</b>	

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

#### REVENUE FROM CONTRACTS WITH CUSTOMERS AND ORDERS

Consolidated revenue for the first nine months of 2018 came to 1,075.5 million euros, an increase of 12.8% on the same prior year period. As a result of adopting IFRS 15, revenue includes 18.7 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.

This result is attributable to a higher backlog at the end of the 2017 financial year and to further orders acquired during the current year. It should again be noted that a key feature of the sector in which IMA Group operates is that interim results do not fully reflect the results that are expected for the entire year, because of a concentration of sales and new orders prior to the year end.

Total orders acquired during the year amount to 1,216.8 million euros versus 1,106.4 million euros in 2017, an increase of 10.0%. The backlog now totals 1,047.6 million euros, compared with 923.3 million euros of the prior year (up 13.5%).

**OPERATING PROFIT (EBIT)**

The industrial gross profit at the end of September came to 35.8% of revenue versus 37.8% in the same period of 2017, because of the different product mix that characterized the first nine months of the year.

Operating profit (EBIT) came to 92.9 million euros versus 87.3 million euros in the same period of 2017, after non-recurring expenses of 3.9 million euros relating to ancillary costs incurred for the acquisition of the TMC Group and reorganisation of the Ilapak and Dairy&Food businesses.

The increase in operating costs is mainly linked to the decline in personnel costs.

**PROFIT BEFORE TAXES**

The balance between net financial expense and income is positive for 2.9 million euros compared with a negative balance of 12.0 million euros at 30 September 2017. The change 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 24. The result is also due to the positive effect of exchange differences for 3.4 million euros. It follows that profit before taxes comes to 98.6 million euros compared with 77.2 million euros at 30 September 2017.

**PROFIT FOR THE PERIOD**

Net profit for the period was 67.9 million euros compared with 50.7 million euros in the same period of last year, after taxes of 30.7 million euros compared with 26.5 million euros. The change is attributable to the factors mentioned under the previous headings.

## ANALYSIS OF PERFORMANCE BY SEGMENT

The following schedule provides a summary of operations by business segment:

in millions of euros	Tea, Food & Other	Pharma- ceutical	Tobacco packaging	Not allocated	Total
<b>Revenue from contracts with customers</b>					
01.01.2018-30.09.2018	499.0	442.5	134.0	–	1,075.5
01.01.2017-30.09.2017	439.4	406.9	107.3	–	953.6
<b>Gross operating profit (EBITDA) before non-recurring items</b>					
01.01.2018-30.09.2018	9.9	74.4	50.3	–	134.6
01.01.2017-30.09.2017	7.2	72.4	45.8	–	125.4
<b>Gross operating profit (EBITDA)</b>					
01.01.2018-30.09.2018	6.0	74.4	50.3	–	130.7
01.01.2017-30.09.2017	(1.5)	72.4	45.8	–	116.7
<b>Operating profit (EBIT)</b>					
01.01.2018-30.09.2018	(22.0)	65.2	49.7	–	92.9
01.01.2017-30.09.2017	(22.4)	64.3	45.4	–	87.3
<b>Net invested capital (*)</b>					
30 September 2018	552.1	146.5	47.4	(16.8)	729.2
30 September 2017	374.3	143.4	14.2	1.5	533.4
<b>R&amp;D costs</b>					
01.01.2018-30.09.2018	21.5	20.4	1.6	–	43.5
01.01.2017-30.09.2017	17.3	19.8	1.7	–	38.8
<b>Average personnel</b>					
01.01.2018-30.09.2018	3,044	2,676	154	–	5,874
01.01.2017-30.09.2017	2,715	2,577	107	–	5,399
<b>Backlog</b>					
30 September 2018	389.8	583.9	73.9	–	1,047.6
30 September 2017	342.3	488.9	92.1	–	923.3

(\*) Not allocated assets and liabilities mainly relate to investments, income tax receivables and payables and net deferred tax liabilities which cannot be directly attributable to the operating sector.

Tea, Food & Other Sector revenue has increased by 59.6 million euros compared with the previous year with a contribution of 34.9 million euros from the TMC and Petroncini businesses, acquired during the year. Gross operating profit (EBITDA) before non-recurring charges came in at 9.9 million euros, with a contribution of 1.1 million euros from the TMC and Petroncini businesses. Due to a different product mix, non-recurring expenses of 3.9 million euros and the poorer performance of the Dairy&Food business, following the reorganisation process, the operating profit is in line with the previous period. Compared with this time last year, the backlog increased by 47.5 million euros versus 30 September 2017, with a contribution from the newly acquired businesses of 39.1 million euros. Orders acquired of 595.4 million euros are up by 11.5% with respect to 30 September 2017 (+61.6 million euros with a contribution from the newly acquired businesses of 34.6 million euros).

Revenue of the Pharmaceutical Sector is up on the same period last year by 35.6 million euros (+8.7%), thanks to a high backlog at the beginning of the year and a continuous inflow of orders since then (+13.5%). Gross operating profit (EBITDA) increased to 74.4 million euros (72.4 million euros in the previous period) despite a not particularly favourable product mix, which will improve in the last quarter. Operating profit has risen to 65.2 million euros compared with 64.3 million euros in the same period of 2017. The backlog is considerably up by 95.0 million euros (+19.4%) also thanks to an increase in orders on the previous year (+62.1 million euros, +13.5%).

The revenue of the Tobacco segment is up on the same period last year by 26.7 million euros, thanks to a high backlog at the beginning of the year and a continuous inflow of orders since then. Gross operating profit (EBITDA) consequently increased considerably to 50.3 million euros (45.8 million euros in the previous period) thanks to the higher volumes and despite a not particularly favourable product mix, which will improve in the last quarter. Operating profit has risen to 49.7 million euros compared with 45.4 million euros in the same period of 2017. The backlog is lower than the previous year due to the lower order flow (97.5 million euros against 110.8 million euros at 30 September 2017).

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following table summarises the Group's balance sheet at 30 September 2018:

in millions of euros	30.09.2018	31.12.2017
Trade receivables	411.6	325.2
Inventories	382.2	309.7
Trade payables	(494.4)	(502.6)
Other, net	(108.4)	(105.5)
<b>Net working capital</b>	<b>191.0</b>	<b>26.8</b>
Property, plant and equipment	114.8	95.1
Intangible assets	498.6	362.2
Investments	75.1	44.0
<b>Non-current assets</b>	<b>688.5</b>	<b>501.3</b>
Provision for severance indemnities and other provisions	(150.3)	(87.5)
<b>Net invested capital</b>	<b>729.2</b>	<b>440.6</b>
<b>FINANCED BY:</b>		
<b>Net debt</b>	<b>358.3</b>	<b>50.1</b>
Non-controlling interests	17.2	21.3
<b>Group equity attributable to equity holders of the parent</b>	<b>353.7</b>	<b>369.2</b>
<b>Total sources of financing</b>	<b>729.2</b>	<b>440.6</b>

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 third quarter of 2018 increased by 288.6 million euros compared with the end of 2017 because of the acquisition of the TMC, Petroncini and Ciemme businesses for 142.6 million euros and the increase in net working capital (mainly trade receivables and inventories) due to the higher volume of sales and the deliveries scheduled for the last quarter. As usual, the level of net working capital can be expected to decline during the latter part of the year.

Net financial debt consists of the following:

in millions of euros	30.09.2018	31.12.2017	30.09.2017
A. Cash and cash equivalents	(93.3)	(206.7)	(111.6)
B. Other cash equivalents	(3.8)	(4.8)	(4.7)
C. Investments in securities	(9.1)	(6.6)	(5.0)
<b>D. Liquidity (A)+(B)+(C)</b>	<b>(106.2)</b>	<b>(218.1)</b>	<b>(121.3)</b>
<b>E. Current financial receivables</b>	<b>(9.6)</b>	<b>(6.5)</b>	<b>(5.2)</b>
F. Current payables to banks	138.8	50.6	167.9
G. Current portion of non-current payables	36.8	57.2	56.3
H. Other current financial payables	1.3	0.7	1.2
<b>I. Current financial debt (F)+(G)+(H)</b>	<b>176.9</b>	<b>108.5</b>	<b>225.4</b>
<b>J. Net current financial debt (D)+(E)+(I)</b>	<b>61.1</b>	<b>(116.1)</b>	<b>98.9</b>
K. Non-current portion of non-current bank payables	192.6	60.5	87.2
L. Bonds issued	100.3	105.5	105.5
M. Other non-current financial payables	6.7	1.5	2.2
N. Non-current financial assets	(2.4)	(1.3)	(1.4)
<b>O. Net non-current financial debt (K)+(L)+(M)+(N)</b>	<b>297.2</b>	<b>166.2</b>	<b>193.5</b>
<b>P. Net financial debt (J)+(O)</b>	<b>358.3</b>	<b>50.1</b>	<b>292.4</b>

The Group also has payables in respect of acquisitions totalling 70.6 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. The change with respect to the previous period is mainly due to payables for the acquisition of TMC S.p.A. and Ciemme S.r.l.

Net debt at the end of the period amounted to 358.3 million euros compared with 292.4 million euros at 30 September 2017 and 50.1 million euros at the end of 2017. The increase compared with the end of 2017 derives from the physiological growth caused by the increase in net 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 Ciemme, TMC and Petroncini for a total of 100.8 million euros. Comparing the net financial position with the same period in 2017 (292.4 million euros), without extraordinary transactions and dividends paid, there has been an improvement of 38 million euros.

**CAPITAL EXPENDITURE**

Capital expenditure on intangible assets amounted to 15.1 million euros (12.6 million euros in the same period of 2017) and mainly relates 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. and the TMC Group during the period involved taking on 140.5 million euros of property, plant and equipment and intangible assets on a provisional basis, as detailed in Note 24.

Capital expenditure on property, plant and equipment amounted to 29.4 million euros (14.1 million euros in the same period of 2017) and mainly relates to a building in Zola Predosa (BO), as commented in Note 14, to an industrial building in Collecchio (PR), to costs incurred to extend and upgrade buildings leased by IMA S.p.A., to the capitalisation of a machinery built internally by GIMA S.p.A. and to the purchase of plant, machinery and electronic machines.

The depreciation and amortization charge for the period is 37.8 million euros (29.4 million euros in the first nine months of the previous year).

**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 of 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 from contracts with customers, operating profit, financial income and expense, profit before taxes, income taxes and 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 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. The figure for non-current financial assets differs from that reported in the balance sheet as it does not include equity interests in other companies.

## OTHER INFORMATION

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### 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](http://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 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.

More relevant 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 more relevant 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 27.

#### **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 OPERATIONS**

The result achieved in the first nine months of 2018 reflects the higher backlog at the end of 2017, the increased order intake during the period and the consolidation of the businesses acquired in the period.

The steady trend in orders, also confirmed in October, together with the existing backlog, provides good visibility for the full year and allows us to be optimistic about achieving our targets.

Today, IMA S.p.A. signed a binding agreement with a newco owned by Mr. Thomas Becker, relating to the sale of 60% of the investments held in the companies ERCA, HASSIA, HAMBAGASTI and IMA Dairy & Food USA.

Benhil GmbH (Germany) and Hassia Packaging Pvt. Ltd. (India) will be held 100% directly by IMA S.p.A. and are not included in this transaction.

Furthermore, Mr. Thomas Becker, who has extensive experience in the field of automatic machines with exceptional precedents in industrial turnarounds, has been appointed Managing Director of HASSIA.

The companies involved in the transaction are leaders in the design, construction and sale of automatic machines and integrated systems to form, fill and seal food products, particularly in the dairy sector, with production facilities in Germany and France.

The equity value of the transaction is approximately 18 million euros and the closing should be completed by the end of 2018.

As a result of the sale, the assets and economic results of the companies involved in the transaction will be classified as discontinued operations starting from 1 January 2018 as required by IFRS 5.

The consolidated pro-forma results at 30 September 2018, compared with 30 September 2017, are as follows:

in millions of euros	30.09.2018	30.09.2017	Change %
Revenue	993.8	873.8	13.7
Gross operating profit (EBITDA) before non-recurring items	145.0	133.7	8.5
Gross operating profit (EBITDA)	141.3	131.4	7.5
Operating profit (EBIT)	110.3	108.7	1.5
Profit before taxes	116.9	99.1	18.0
Group backlog	1,011.1	849.1	19.1
Net financial position	(331.0)	(292.4)	13.2

On the basis of the performance in the first nine months, with the contribution of the newly acquired companies, TMC, Petroncini and Ciemme, and in light of the agreement for the sale of the investments in ERCA, HASSIA, HAMBGA-GASTI and IMA Dairy & Food USA, a forecast of revenues of over 1.5 billion euros and a gross operating profit of over 250 million euros appears to be attainable.

# CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018

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

(THE CONSOLIDATED 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 September 2018	31 December 2017
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	2	114.8	95.1
Intangible assets	3	498.6	362.2
Investments accounted for using the equity method	4	41.0	40.3
Investments in non-consolidated subsidiaries	5	28.8	–
Financial assets	6	7.8	5.0
Receivables from others		6.0	3.4
Deferred tax assets	8	72.0	67.9
<b>TOTAL NON-CURRENT ASSETS</b>		<b>769.0</b>	<b>573.9</b>
<b>CURRENT ASSETS</b>			
Inventories	9	382.2	309.7
Trade and other receivables, including contract assets	10	478.1	389.3
Income tax receivables		13.5	9.4
Financial assets	6	22.5	17.9
Derivative financial instruments	7	0.6	0.2
Cash and cash equivalents	11	93.3	206.7
<b>TOTAL CURRENT ASSETS</b>		<b>990.2</b>	<b>933.2</b>
<b>TOTAL ASSETS</b>		<b>1,759.2</b>	<b>1,507.1</b>
EQUITY AND LIABILITIES	Note	30 September 2018	31 December 2017
<b>EQUITY</b>			
Share capital		20.4	20.4
Reserves and retained earnings		277.6	263.2
Profit for the period		55.7	85.6
<b>Equity attributable to equity holders of the parent</b>	12	<b>353.7</b>	<b>369.2</b>
<b>Non-controlling interests</b>	13	<b>17.2</b>	<b>21.3</b>
<b>TOTAL EQUITY</b>		<b>370.9</b>	<b>390.5</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	14	299.6	167.5
Employee defined benefit liabilities	15	57.6	56.0
Provisions for risks and charges	16	5.9	5.8
Other payables	17	75.5	35.3
Derivative financial instruments	7	3.1	1.9
Deferred tax liabilities	8	90.7	61.5
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>532.4</b>	<b>328.0</b>
<b>CURRENT LIABILITIES</b>			
Borrowings	14	176.9	108.5
Trade and other payables, including contract liabilities	17	622.3	635.7
Income tax liabilities		21.6	11.6
Provisions for risks and charges	16	33.2	32.6
Derivative financial instruments	7	1.9	0.2
<b>TOTAL CURRENT LIABILITIES</b>		<b>855.9</b>	<b>788.6</b>
<b>TOTAL LIABILITIES</b>		<b>1,388.3</b>	<b>1,116.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,759.2</b>	<b>1,507.1</b>

CONSOLIDATED INCOME STATEMENT

(MILLIONS OF EUROS)

	Note	from 01.01.2018 to 30.09.2018	from 01.01.2017 to 30.09.2017
<b>REVENUE FROM CONTRACTS WITH CUSTOMERS</b>	1	1,075.5	953.6
<b>OTHER REVENUE</b>		22.6	16.0
<b>OPERATING COSTS</b>			
<i>Change in work in progress, semifinished and finished goods</i>		45.2	64.8
<i>Change in inventory of raw, ancillary and consumable materials</i>		8.5	5.9
<i>Cost of raw, ancillary and consumable materials and goods for resale</i>		(432.9)	(383.7)
<i>Services, rentals and leases</i>		(257.4)	(229.6)
<i>Personnel costs</i>	18	(322.3)	(301.4)
<i>Depreciation, amortization and write-downs</i>	19	(38.2)	(29.9)
<i>Provisions for risks and charges</i>		(0.2)	(1.0)
<i>Other operating costs</i>		(7.9)	(7.4)
<b>TOTAL OPERATING COSTS</b>		(1,005.2)	(882.3)
<b>OPERATING PROFIT</b>	1	92.9	87.3
<i>- of which: effect of non-recurring items</i>	28	(3.9)	(8.7)
<b>FINANCIAL INCOME AND EXPENSE</b>			
<i>Financial income</i>	20	31.7	22.7
<i>Financial expense</i>	21	(28.8)	(34.7)
<b>TOTAL FINANCIAL INCOME AND EXPENSE</b>		2.9	(12.0)
<b>PROFIT (LOSS) FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD</b>		2.8	1.9
<b>PROFIT BEFORE TAXES</b>		98.6	77.2
<b>TAXES</b>	22	(30.7)	(26.5)
<b>NET PROFIT FOR THE PERIOD</b>		<b>67.9</b>	<b>50.7</b>
<b>ATTRIBUTABLE TO:</b>			
<b>EQUITY HOLDERS OF THE PARENT</b>		55.7	42.4
<b>NON-CONTROLLING INTERESTS</b>		12.2	8.3
		<b>67.9</b>	<b>50.7</b>
<b>BASIC/DILUTED EARNINGS PER SHARE (in euros)</b>	23	<b>1.42</b>	<b>1.08</b>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(MILLIONS OF EUROS)

	from 01.01.2018 to 30.09.2018	from 01.01.2017 to 30.09.2017
<b>Net profit for the period</b>	67.9	50.7
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>	(2.4)	(8.6)
<i>Gains (losses) on cash flow hedges</i>	(1.9)	0.8
<i>Tax effect</i>	0.5	(0.2)
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>(3.8)</b>	<b>(8.0)</b>
Other comprehensive income not being reclassified to profit or loss in subsequent periods:		
<i>Actuarial gains (losses) on post employment benefit obligations</i>	0.9	2.1
<i>Tax effect</i>	(0.2)	(0.6)
<b>Net other comprehensive income not being reclassified to profit or loss in subsequent periods</b>	<b>0.7</b>	<b>1.5</b>
<b>Gains and losses recognized in equity</b>	<b>(3.1)</b>	<b>(6.5)</b>
<b>Total comprehensive income</b>	<b>64.8</b>	<b>44.2</b>
<b>Attributable to:</b>		
<b>Equity holders of the parent</b>	52.5	35.8
<b>Non-controlling interests</b>	12.3	8.4
	<b>64.8</b>	<b>44.2</b>

## 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
<b>Balance at 01.01.2017</b>	<b>20.4</b>	<b>122.8</b>	<b>(0.1)</b>	<b>9.6</b>	<b>(2.2)</b>	<b>11.6</b>	<b>93.5</b>	<b>255.6</b>	<b>14.6</b>	<b>270.2</b>
Distribution of dividends	-	-	-	-	-	-	(62.8)	(62.8)	(10.6)	(73.4)
Allocation of earnings for 2016	-	-	-	-	-	30.7	(30.7)	-	-	-
Total comprehensive income	-	-	-	(8.7)	0.6	1.5	42.4	35.8	8.4	44.2
<b>Balance at 30.09.2017</b>	<b>20.4</b>	<b>122.8</b>	<b>(0.1)</b>	<b>0.9</b>	<b>(1.6)</b>	<b>43.8</b>	<b>42.4</b>	<b>228.6</b>	<b>12.4</b>	<b>241.0</b>
<b>Balance at 01.01.2018</b>	<b>20.4</b>	<b>122.8</b>	<b>(0.1)</b>	<b>(0.7)</b>	<b>(1.3)</b>	<b>142.5</b>	<b>85.6</b>	<b>369.2</b>	<b>21.3</b>	<b>390.5</b>
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	-	-	-	(2.5)	(1.4)	0.7	55.7	52.5	12.3	64.8
<b>Balance at 30.09.2018</b>	<b>20.4</b>	<b>122.8</b>	<b>(0.1)</b>	<b>(3.2)</b>	<b>(2.7)</b>	<b>160.8</b>	<b>55.7</b>	<b>353.7</b>	<b>17.2</b>	<b>370.9</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

(MILLIONS OF EUROS)

	30 September 2018	30 September 2017
<b>OPERATING ACTIVITIES</b>		
Profit attributable to equity holders of the parent	55.7	42.4
Adjustments for:		
- Depreciation and amortization	37.8	29.4
- Capital (gains) losses on disposal of non-current assets	-	(1.3)
- Fair value remeasurement of the interest held in Petroncini Impianti S.p.A.	(11.6)	-
- Changes in provisions for risks and charges		
employee defined benefit liabilities	(0.9)	0.8
- Unrealized losses (gains) on exchange rate differences	(3.2)	2.7
- Other changes	0.8	(0.1)
- Change in value of financial assets	0.6	0.3
- Taxes	30.7	26.5
- Non-controlling interests	12.2	8.3
- Result from investments accounted for using the equity method	(2.8)	(1.9)
Operating profit before changes in working capital	119.3	107.1
(Increase) decrease in trade and other receivables, including contract assets	(69.0)	(10.7)
(Increase) decrease in inventories	(53.4)	(66.2)
Increase (decrease) in trade and other payable, including contract liabilities	(41.5)	(39.2)
Taxes paid	(27.8)	(24.4)
<b>CASH FLOW USED IN OPERATING ACTIVITIES (A)</b>	<b>(72.4)</b>	<b>(33.4)</b>
<b>INVESTING ACTIVITIES</b>		
Investments in property, plant and equipment	(29.4)	(14.1)
Investments in intangible assets	(15.1)	(12.6)
Acquisition business divisions/companies	(63.8)	(7.4)
Definition of amounts paid for acquisitions	(1.3)	(3.8)
Purchase of investments	(16.1)	(42.8)
Sale of non-current assets	0.6	2.7
Other changes	(0.3)	(3.0)
<b>CASH FLOW USED IN INVESTING ACTIVITIES (B)</b>	<b>(125.4)</b>	<b>(81.0)</b>
<b>FINANCING ACTIVITIES</b>		
Granting of loans	172.1	3.3
Repayment of borrowings	(77.1)	(22.2)
Bonds	(5.2)	(5.2)
Repayment of finance lease debts	(2.2)	(0.2)
Increase (decrease) in other financial payables	100.6	132.5
Changes in non-controlling interests	(1.3)	-
Consideration for exercise of option on non-controlling interests	(4.3)	-
Net change in financial assets and other non current receivables	(7.2)	(2.7)
Dividends paid to equity holders of the parent	(66.7)	(62.8)
Dividends paid to non-controlling interests	(17.2)	(10.6)
Payment of interest	(7.2)	(7.3)
Receipt of interest	0.1	0.1
<b>CASH FLOW PROVIDED BY FINANCING ACTIVITIES (C)</b>	<b>84.4</b>	<b>24.9</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (D=A+B+C)</b>	<b>(113.4)</b>	<b>(89.5)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (E)</b>	<b>206.7</b>	<b>201.1</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (F=D+E)</b>	<b>93.3</b>	<b>111.6</b>

A BREAKDOWN OF "CASH AND CASH EQUIVALENTS" IS PROVIDED IN NOTE 11.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(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 30 September 2018 was approved by the Board of Directors on 14 November 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, coffee, tobacco and other food products.

The interim results from the market segment in which IMA Group operates are generally not fully representative of those expected for the year as a whole, as sales tend to be concentrated towards the end of the year, which also applies to rival companies operating in the same segment.

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 STAR segment.

At 30 September 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 is prepared using the measurement criteria envisaged in the IAS/IFRS endorsed by the European Union.

### IMPLEMENTATION OF ACCOUNTING STANDARDS

*Accounting standards, amendments and interpretations applied on 1 January 2018*

The accounting policies adopted to prepare the periodic financial information as of 30 September 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 standards 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 in progress and, in particular, to commissioning services. This change had an incremental effect on the revenue and costs of technical assistance for the first nine months of 2018 of the same amount, around 18.7 million euros, so with no impact on the result for the period. Application of the new standard has not had any significant impact 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 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.

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 did not have any significant impact 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.

As mentioned in Note 26 Commitments, at 30 September 2018 the Group has commitments for property rents relating to industrial plants, warehouses and offices for a total of 140.6 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 16.1 million euros.

The following is a list of the other standards and interpretations that had already been issued at the time this document 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

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.

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

#### 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. The Group classifies interest paid and received and dividends as cash flows from financing activities.

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

## C) FINANCIAL RISK MANAGEMENT

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### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following tables analyses the assets and liabilities measured at fair value at 30 September 2018 and 31 December 2017 by fair value hierarchy level:

in millions of euros	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets	–	–	14.5	14.5
Derivative financial instruments	–	0.6	–	0.6
<b>Total assets at 30.09.2018</b>	<b>–</b>	<b>0.6</b>	<b>14.5</b>	<b>15.1</b>
Liabilities:				
Payables for acquisition	–	–	66.7	66.7
Derivative financial instruments	–	5.0	–	5.0
<b>Total liabilities at 30.09.2018</b>	<b>–</b>	<b>5.0</b>	<b>66.7</b>	<b>71.7</b>
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
<b>Total assets at 31.12.2017</b>	<b>–</b>	<b>0.2</b>	<b>10.4</b>	<b>10.6</b>
Liabilities:				
Payables for acquisition	–	–	34.3	34.3
Derivative financial instruments	–	2.1	–	2.1
<b>Total liabilities at 31.12.2017</b>	<b>–</b>	<b>2.1</b>	<b>34.3</b>	<b>36.4</b>

During the first nine months 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 liabilities at 30 September 2018 consist of payables for the options subscribed in connection with the purchase of TMC S.p.A. and Ciemme S.r.l.

## D) SCOPE OF CONSOLIDATION

The periodic financial information at 30 September 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, with the exception of Ciemme S.r.l., as mentioned in Note 5.

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.

The following are the main events that took place in the first nine months of 2018:

- J 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 24 "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. See Note 24 "Business combinations" for further information;
- )] 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 13 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 13; 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;
- )] on 18 July 2018 GIMA S.p.A., a subsidiary of IMA S.p.A., acquired the other 25% interest in Telerobot S.p.A., already fully consolidated, for an amount of 2.6 million euros, after exercising its contractual option.

## E) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The changes reported below were determined with respect to the amounts at 31 December 2017 for balance sheet items and the amounts for the first nine months 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 periodic financial information 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 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-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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;

- J) 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;
- J) Tobacco packaging segment: it designs, manufactures and markets machines and plants for tobacco packaging and related services.

Segment information for the first nine months of 2018 and first nine month of 2017 is provided below:

<b>from 01.01.2018 to 30.09.2018</b>					
in millions of euros	Tea, Food & Other	Pharma- ceutical	Tobacco packaging	Not allocated (*)	Total
Revenue from contracts with customers	499.0	442.5	134.0	–	1,075.5
Segment operating profit	(22.0)	65.2	49.7	–	92.9
Net financial income (expense) (**)					2.9
Profit (loss) from investments accounted for using the equity method	0.6	2.4	–	(0.2)	2.8
Profit before taxes					98.6
Taxes					(30.7)
Net profit for the period					67.9

<b>from 01.01.2017 to 30.09.2017</b>					
in millions of euros	Tea, Food & Other	Pharma- ceutical	Tobacco packaging	Not allocated (*)	Total
Revenue from contracts with customers	439.4	406.9	107.3	–	953.6
Segment operating profit	(22.4)	64.3	45.4	–	87.3
Net financial income (expense) (**)					(12.0)
Profit (loss) from investments accounted for using the equity method	–	2.0	–	(0.1)	1.9
Profit before taxes					77.2
Taxes					(26.5)
Net profit for the period					50.7

(\*) 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, since it is not possible to indicate specific amounts for each segment; this subdivision is not made in internal reports.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Consolidated revenue for the first nine months of 2018 amounted to 1,075.5 million euros, an increase of 12.8% with respect to the same prior year period. This result is attributable to a higher backlog at the end of the 2017 financial year and to further orders acquired during the current year.

A key feature of the business in which IMA Group operates is that interim results do not fully reflect the results that are expected for the entire year, because of a concentration of sales and new orders towards the end of the year.

Tea, Food & Other Sector revenue has increased by 59.6 million euros compared with the previous year with a contribution of 34.9 million euros from the TMC Group and Petroncini, acquired during 2018. Due to a different product mix, non-recurring expenses of 3.9 million euros and the poorer performance of the Dairy&Food business, following the reorganisation process, the operating profit is in line with the previous period.

Revenue of the Pharmaceutical Sector is up on the same period last year by 35.6 million euros (+8.7%), thanks to a high backlog at the beginning of the year and a continuous inflow of orders since then (+13.5%). Operating profit has risen to 65.2 million euros compared with 64.3 million euros in the same period of 2017.

The revenue of the Tobacco segment is up on the same period last year by 26.7 million euros, thanks to a high backlog at the beginning of the year and a continuous inflow of orders since then. Operating profit has risen to 49.7 million euros compared with 45.4 million euros in the same period of 2017.

Total assets at 30 September 2018 and 31 December 2017 are as follows:

in millions of euros	Tea, Food & Other	Pharma- ceutical	Tobacco packaging	Not- allocated (*)	Total
Total assets at 30 September 2018	976.8	464.6	103.5	214.3	1,759.2
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, current income tax credits and deferred tax assets, which are impossible to split by divisions reported.

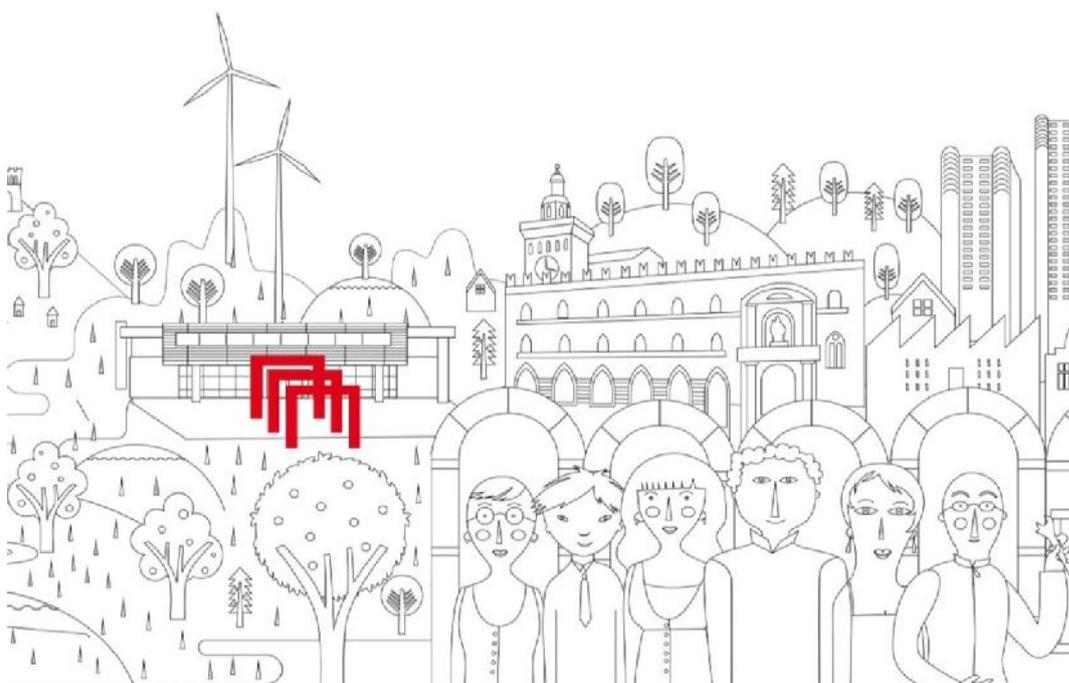
## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The revenue of the IMA Group at 30 September 2018 is analysed by geographical area, business segment and timing of recognition:

### REVENUE BY GEOGRAPHICAL AREA

in millions of euros	from 01.01.2018 to 30.09.2018			Total
	Tea, Food & Other	Pharmaceutical	Tobacco packaging	
European Union (excluding Italy)	152.2	137.4	43.2	332.8
Other European countries	54.2	30.7	6.5	91.4
North America	110.9	56.9	–	167.8
Asia & Middle East	82.3	104.0	77.4	263.7
Italy	40.6	61.6	6.4	108.6
Other countries	58.8	51.9	0.5	111.2
<b>Total</b>	<b>499.0</b>	<b>442.5</b>	<b>134.0</b>	<b>1,075.5</b>

in millions of euros	from 01.01.2017 to 30.09.2017			Total
	Tea, Food & Other	Pharmaceutical	Tobacco packaging	
European Union (excluding Italy)	147.3	112.3	17.1	276.7
Other European countries	34.8	21.8	11.2	67.8
North America	99.8	69.4	0.6	169.8
Asia & Middle East	71.0	117.3	33.2	221.5
Italy	37.6	39.4	37.6	114.6
Other countries	48.9	46.7	7.6	103.2
<b>Total</b>	<b>439.4</b>	<b>406.9</b>	<b>107.3</b>	<b>953.6</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

REVENUE BY BUSINESS SEGMENT

<b>from 01.01.2018 to 30.09.2018</b>				
in millions of euros	Tea, Food & Other	Pharma- ceutical	Tobacco packaging	Total
Original Equipment	340.1	290.3	94.5	724.9
After-Sales	158.9	152.2	39.5	350.6
<b>Total</b>	<b>499.0</b>	<b>442.5</b>	<b>134.0</b>	<b>1,075.5</b>

<b>from 01.01.2017 to 30.09.2017</b>				
in millions of euros	Tea, Food & Other	Pharma- ceutical	Tobacco packaging	Total
Original Equipment	302.1	269.9	74.1	646.1
After-Sales	137.3	137.0	33.2	307.5
<b>Total</b>	<b>439.4</b>	<b>406.9</b>	<b>107.3</b>	<b>953.6</b>

REVENUE BY TIMING OF RECOGNITION

<b>from 01.01.2018 to 30.09.2018</b>				
in millions of euros	Tea, Food & Other	Pharma- ceutical	Tobacco packaging	Total
Revenue at a point in time	277.1	196.6	35.6	509.3
Revenue over time	221.9	245.9	98.4	566.2
<b>Total</b>	<b>499.0</b>	<b>442.5</b>	<b>134.0</b>	<b>1,075.5</b>

<b>from 01.01.2017 to 30.09.2017</b>				
in millions of euros	Tea, Food & Other	Pharma- ceutical	Tobacco packaging	Total
Revenue at a point in time	254.2	204.9	33.6	492.7
Revenue over time	185.2	202.0	73.7	460.9
<b>Total</b>	<b>439.4</b>	<b>406.9</b>	<b>107.3</b>	<b>953.6</b>

**2. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment show a net increase of 19.7 million euros compared with 31 December 2017.

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

in millions of euros	Land	Buildings and leasehold improvements	Plant and machinery	Industrial and commercial equipment	Other assets	Asset under construction and advances	Total
<b>Balances at 01.01.2018</b>	<b>12.1</b>	<b>45.7</b>	<b>17.2</b>	<b>5.7</b>	<b>11.2</b>	<b>3.2</b>	<b>95.1</b>
Additions	2.8	11.1	7.2	1.2	3.4	3.7	29.4
Sales and eliminations	–	–	(0.2)	(0.1)	(0.1)	–	(0.4)
Change in scope of consolidation	–	0.1	0.6	0.8	0.8	–	2.3
Depreciation	–	(4.0)	(3.4)	(1.6)	(2.8)	–	(11.8)
Reclassifications	–	0.2	1.1	0.1	0.1	(0.9)	0.6
Exchange rate differences	(0.1)	0.1	(0.3)	–	(0.1)	–	(0.4)
<b>Balances at 30.09.2018</b>	<b>14.8</b>	<b>53.2</b>	<b>22.2</b>	<b>6.1</b>	<b>12.5</b>	<b>6.0</b>	<b>114.8</b>

Leasehold improvements amount to 28.4 million euros (28.5 million euros at 31 December 2017).

The increases during the period refer mainly to the property in Zola Predosa (BO), as mentioned in Note 14, an industrial building in Collecchio (PR), costs incurred to extend and upgrade buildings leased by IMA S.p.A., the capitalisation of a machinery built internally by GIMA S.p.A. and the purchase of machinery and electronic equipment.

The change in the scope of consolidation reflects the acquisition of Petroncini Impianti S.p.A. and the TMC Group, as discussed in Note 24.

### 3. INTANGIBLE ASSETS

The movements in intangible assets during the period are analysed as follows:

in millions of euros	Development costs	Industrial patents rights	Software licences, trademarks and similar	Goodwill	Asset under development and advances	Total
<b>Balances at 01.01.2018</b>	<b>89.9</b>	<b>5.6</b>	<b>62.5</b>	<b>191.6</b>	<b>12.6</b>	<b>362.2</b>
Additions	2.7	1.1	2.1	–	9.2	15.1
Sales and eliminations	–	(0.2)	–	–	–	(0.2)
Changes in scope of consolidation	3.0	0.3	1.1	–	–	4.4
Acquisition of Petroncini Impianti S.p.A.	7.7	–	11.4	7.3	–	26.4
Acquisition of TMC Group	23.0	–	45.7	38.6	–	107.3
Amortization	(16.0)	(1.3)	(8.7)	–	–	(26.0)
Reclassifications and other changes	20.8	0.1	9.5	(18.8)	(2.5)	9.1
Exchange rate differences	–	–	–	0.3	–	0.3
<b>Balances at 30.09.2018</b>	<b>131.1</b>	<b>5.6</b>	<b>123.6</b>	<b>219.0</b>	<b>19.3</b>	<b>498.6</b>

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:

- ) TMC Group, acquired in 2018, 22.4 million euros;
- ) Petroncini Impianti S.p.A., acquired in 2018, 7.3 million euros;
- ) the Eurosicma business, acquired in 2017, 17.0 million euros;
- ) the Medtech business, acquired in 2016, 2.1 million euros;
- ) the Dairy&Food business, acquired in 2015, 35.4 million euros;
- ) G.S. Coating Technologies S.r.l., acquired in 2014, 0.7 million euros;
- ) Ilapak Group, acquired in 2013, 8.1 million euros;
- ) Dairy & Convenience Food business of the Corazza Group, acquired in 2011, 4.2 million euros.

In addition, this caption includes costs of 11.8 million euros incurred by the Parent Company on projects related to the Pharmaceutical sector and of 2.2 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") and trademarks for 72.2 million euros and 40.8 million euros respectively, recognised following the acquisitions of the Eurosicma and Dairy&Food businesses, the Ilapak, Corazza and TMC Groups and Petroncini.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Goodwill comprises the following:

in millions of euros	30.09.2018	31.12.2017
Tea, Food & Other sector:		
CGU B.F.B. S.p.A.	1.8	1.8
CGU Eurosicma	12.8	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 TMC Group	38.6	n.a.
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.	7.3	n.a.
CGU TEAMAC	0.7	0.7
CGU Telerobot S.p.A.	4.9	4.9
	<b>157.6</b>	<b>130.5</b>
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
	<b>61.4</b>	<b>61.1</b>
<b>Total</b>	<b>219.0</b>	<b>191.6</b>

The goodwill recognized on the acquisitions of Petroncini Impianti S.p.A. and of the TMC Group is discussed in Note 24.

The reduction in the value of the Eurosicma CGU's goodwill, shown in the reclassifications in the statement of changes in intangible assets, mainly 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 in progress incurred by the Parent Company (10.5 million euros) and IMA Automation USA Inc. (1.8 million euros).

#### 4. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

This item comprises:

in millions of euros	30.09.2018	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 Vrsac	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
O.M.S. Officina Meccanica di Sonico S.r.l.	1.1	n.a.
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	1.2	0.8
	<b>36.8</b>	<b>36.1</b>
Joint venture:		
CMRE S.r.l.	4.2	4.2
	<b>4.2</b>	<b>4.2</b>
<b>Total</b>	<b>41.0</b>	<b>40.3</b>

During the third quarter of 2018, the subsidiary Packaging Manufacturing Industry S.r.l. acquired 40% of O.M.S. Officina Meccanica di Sonico S.r.l., based in Sonico (BS), which operates in the field of mechanical parts engineering and the construction of machines.

## 5. INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES

On 25 June 2018 IMA SpA 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. 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 around 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.

The company has been measured at cost in view of the time required for it to adopt the IMA Group's consolidation procedures and the fact that the amounts involved are not significant. Considering that it was not feasible to fully consolidate the investment in Ciemme S.r.l. at 30 September 2018, with a view to providing information on the immaterial impact of the company's consolidation not on a line-by-line basis, we provide the only reliable data that is available, i.e. the financial statements at 31 December 2017 drawn up on the basis of Italian accounting standards: total assets of 12.0 million euros, a positive NFP of around 3.3 million euros, shareholders' 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.

## 6. FINANCIAL ASSETS

Non-current financial assets of 7.8 million euros include investments in other companies of 5.4 million euros (3.7 million euros at 31 December 2017) and financial receivables of 2.4 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 0.4 million euros (1.0 million euros at 31 December 2017), shares in Continuus Pharmaceuticals Inc. for 1.4 million euros (1.4 million euros at 31 December 2017), shares in Plasticenter S.r.l. for 0.9 million euros (0.9 million euros at 31 December 2017) and shares in AMT Labs S.p.A. for 2.2 million euros.

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

Current financial assets, 22.5 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 5.6 million euros, and other liquid assets consisting of the bank deposits of IMA-PG India Pvt Ltd., 3.8 million euros, loans granted to third parties by Ilapak International SA for a total of 3.0 million euros and the investments of IMA S.p.A. in mutual funds, 8.9 million euros.

**7. DERIVATIVE FINANCIAL INSTRUMENTS**

Derivative financial instruments comprise:

in millions of euros	Assets	Liabilities	Assets	Liabilities
	30.09.2018	30.09.2018	31.12.2017	31.12.2017
Interest rate hedging instruments - cash flow hedges	–	3.2	–	2.1
Exchange rate hedging instruments - cash flow hedges	0.6	1.8	0.2	–
<b>Total</b>	<b>0.6</b>	<b>5.0</b>	<b>0.2</b>	<b>2.1</b>

**INTEREST RATE DERIVATIVES**

At 30 September 2018, the amount of 3.2 million euros in liabilities represents the fair value of derivative contracts to hedge the interest rate risk arranged mainly 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 September 2018, the amount of 0.6 million euros in assets and 1.8 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 72.2 million US dollars, 33.5 million Chinese yuan and 7.1 million Turkish Lire.

**8. DEFERRED TAX ASSETS AND LIABILITIES**

At 30 September 2018, the deferred tax asset of 72.0 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 30 September 2018, deferred tax liabilities amount to 90.7 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.

The increase during the period mainly reflects the recognition of deferred tax liabilities related to the recognition of intangible assets as part of the acquisition of the TMC Group.

## 9. INVENTORIES

This item comprises:

in millions of euros	30.09.2018			31.12.2017		
	Gross value	Impairment provision	Net value	Gross value	Impairment provision	Net value
Raw, ancillary and consumable materials	88.1	(17.1)	71.0	73.0	(15.0)	58.0
Work in progress and semifinished goods	339.2	(43.7)	295.5	270.8	(33.3)	237.5
Finished products and goods for resale	19.8	(4.1)	15.7	17.3	(3.1)	14.2
<b>Total</b>	<b>447.1</b>	<b>(64.9)</b>	<b>382.2</b>	<b>361.1</b>	<b>(51.4)</b>	<b>309.7</b>

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

At 30 September 2018, the inventories attributable to Petroncini Impianti S.p.A. and to the TMC Group amounted to 2.3 million euros and 15.4 million euros respectively.

Movements in these provisions in the period were as follows:

in millions of euros	
<b>Balances at 01.01.2017</b>	<b>46.5</b>
Net provisions (uses)	4.7
Change in scope of consolidation	0.1
Exchange rate difference	(0.6)
<b>Balances at 30.09.2017</b>	<b>50.7</b>
<b>Balances at 01.01.2018</b>	<b>51.4</b>
Net provisions (uses)	6.6
Change in scope of consolidation	6.7
Exchange rate difference	0.2
<b>Balances at 30.09.2018</b>	<b>64.9</b>

## 10. TRADE AND OTHER RECEIVABLES, INCLUDING CONTRACT ASSETS

This item comprises:

in millions of euros	30.09.2018	31.12.2017
Trade receivables, including contract assets	411.6	325.2
Advances to suppliers	27.0	21.6
Tax receivables	21.4	32.8
Deferred costs	12.0	5.8
Other receivables	6.1	3.9
<b>Total</b>	<b>478.1</b>	<b>389.3</b>

### TRADE RECEIVABLES, INCLUDING CONTRACT ASSETS

Trade receivables include amounts due from customers of 222.6 million euros (161.0 million euros at 31 December 2017), amounts due on contract work in progress of 181.7 million euros (156.9 million euros at 31 December 2017) and receivables from associates of 7.3 million euros (7.3 million euros at 31 December 2017).

Customer receivables falling due beyond 12 months amounted to 0.5 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 19.9 million euros (18.9 million euros at 31 December 2017).

Assigned receivables, without recourse, not yet due at 30 September 2018 amount to 18.8 million euros, of which 15.9 million euros have been assigned to factoring companies and 2.9 million euros to other financial institutions. 2018 saw the assignment without recourse of receivables with an overall nominal value of around 39.0 million euros.

#### ADVANCES TO SUPPLIERS

At 30 September 2018, these relate to advances for goods to be used in production and for services totalling, respectively, 21.2 million euros (16.9 million euros at 31 December 2017) and 5.8 million euros (4.7 million euros at 31 December 2017).

This balance includes 4.1 million euros of advances to associated companies (2.7 million euros at 31 December 2017).

#### TAX RECEIVABLES

Tax receivables mainly consist of VAT recoverable.

### **11. CASH AND CASH EQUIVALENTS**

This item comprises:

in millions of euros	30.09.2018	31.12.2017
Bank current accounts	92.3	203.3
Deposits	0.8	3.2
Cheques and cash	0.2	0.2
<b>Total</b>	<b>93.3</b>	<b>206.7</b>

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

### **12. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT**

#### SHARE CAPITAL

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

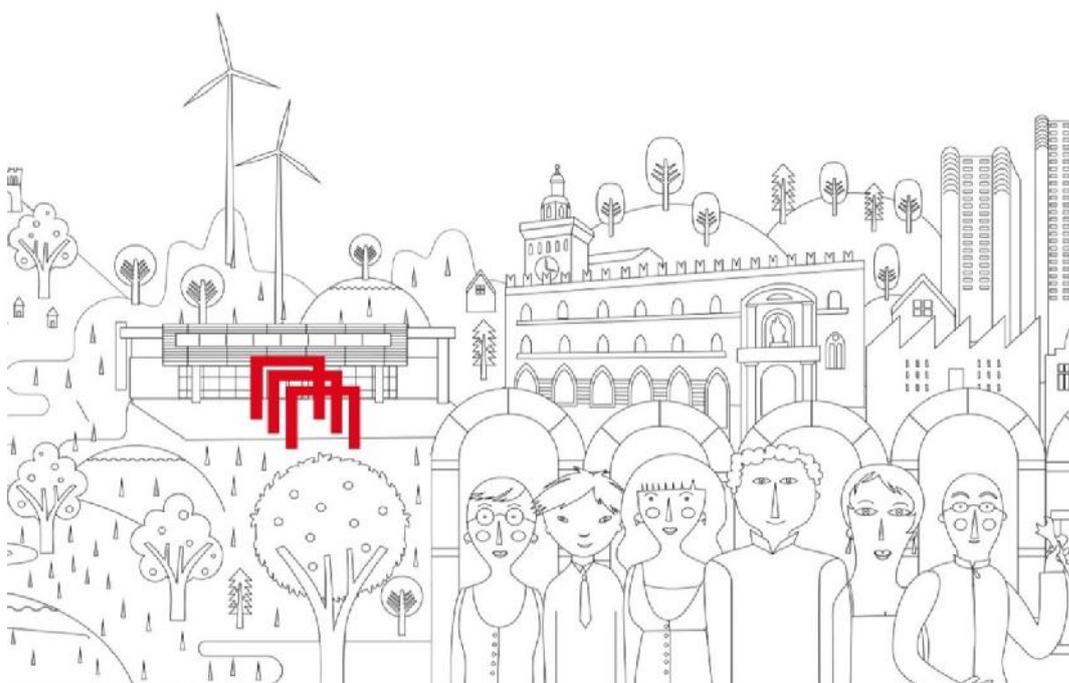
DIVIDENDS

In May 2018, a total dividend of 66.7 million euros was paid, equal to 1.70 euros (gross) per ordinary share in circulation (62.8 million euros, equal to 1.60 euros gross in May 2017).

FAIR VALUE RESERVE

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

in millions of euros	
<b>Balance at 01.01.2017</b>	<b>(2.2)</b>
<i>Cash flow hedges/hedging instruments</i>	
Measurement at fair value	0.1
Realization recognized in income - revenue	(1.8)
Realization recognized in income - costs	(0.1)
Realization recognized in income - financial income and expense	2.6
Tax effect - realization in income statement	(0.2)
<b>Balance at 30.09.2017</b>	<b>(1.6)</b>
<b>Balance at 01.01.2018</b>	<b>(1.3)</b>
<i>Cash flow hedges/hedging instruments</i>	
Measurement at fair value	(2.1)
Fair value - tax effect	0.5
Realization recognized in income - financial income and expense	0.2
<b>Balance at 30.09.2018</b>	<b>(2.7)</b>



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	
<b>Balance at 01.01.2017</b>	<b>(12.6)</b>
Actuarial value	2.1
Tax effect	(0.6)
<b>Balance at 30.09.2017</b>	<b>(11.1)</b>
<b>Balance at 01.01.2018</b>	<b>(11.6)</b>
Change in scope of consolidation	(0.3)
Actuarial value	0.9
Tax effect	(0.2)
<b>Balance at 30.09.2018</b>	<b>(11.2)</b>

**13. NON-CONTROLLING INTERESTS**

The direct and indirect investments held by IMA S.p.A. together with non-controlling interests are indicated below:

	Country	30 September 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 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%
Mapster S.r.l.	Italy	100%	–	80%	20%
O.A.S.Y.S. S.r.l.	Italy	70%	30%	70%	30%
Petroncini International Trad. (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 F of the explanatory notes.

At 30 September 2018, minority interests total 17.2 million euros and principally relate to GIMA TT S.p.A.

The dividends paid to the minority shareholders 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 of the year, IMA S.p.A. and GIMA S.p.A. purchased 20% of Fillshape S.r.l. and Mapster S.r.l. respectively from third parties, as mentioned in the "Scope of consolidation" section. 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.

#### **14. BORROWINGS**

The item includes financial liabilities valued at amortized cost and, in particular, amounts due to banks of 360.2 million euros (160.1 million euros at 31 December 2017), amounts due to other lenders of 9.6 million euros (2.6 million euros at 31 December 2017) and bonds of 106.7 million euros (113.3 million euros at 31 December 2017).

##### PAYABLES TO BANKS

###### *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 of 170.0 million euros and repayments of 69.4 million euros.

##### PAYABLES TO OTHER LENDERS

At 30 September 2018, the item includes amounts due to leasing companies for 8.2 million euros (1.0 million euros at 31 December 2017) and amounts due to factoring companies for 1.4 million euros (0.1 million euros at 31 December 2017). Note that at 31 December 2017 there were financial payables to others amounting to 1.5 million euros. Amounts due to other lenders falling due beyond 5 years amount to 3.1 million euros.

During the third quarter of 2018, the subsidiary GIMA S.p.A. acquired the property in Zola Predosa (BO) under a finance lease. It was previously being rented and it is where the company currently has its registered office, offices and production plants. The lease has a duration of 8 years, amount financed of 8.8 million euros, an advance fee of 20% and a redemption price equal to 10% of the amount financed. A derivative contract to hedge against interest rate risk was stipulated for this transaction.

##### 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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

Bonds are analysed as follows:

in millions of euros	30.09.2018	31.12.2017
Non-current portion	100.3	105.5
Current portion	6.4	7.8
<b>Total book value</b>	<b>106.7</b>	<b>113.3</b>
Measurement at amortized cost	4.2	2.4
<b>Total nominal redemption value</b>	<b>110.9</b>	<b>115.7</b>

### NET DEBT

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

in millions of euros	30.09.2018	31.12.2017
A. Cash and cash equivalents	(93.3)	(206.7)
B. Other cash equivalents	(3.8)	(4.8)
C. Investments in securities	(9.1)	(6.6)
<b>D. Liquidity (A)+(B)+(C)</b>	<b>(106.2)</b>	<b>(218.1)</b>
<b>E. Current financial receivables</b>	<b>(9.6)</b>	<b>(6.5)</b>
F. Current payables to banks	138.8	50.6
G. Current portion of non-current payables	36.8	57.2
H. Other current financial payables	1.3	0.7
<b>I. Current financial debt (F) + (G) + (H)</b>	<b>176.9</b>	<b>108.5</b>
<b>J. Net current financial debt (D)+(E)+(I)</b>	<b>61.1</b>	<b>(116.1)</b>
K. Non-current portion of non-current bank payables	192.6	60.5
L. Bonds issued	100.3	105.5
M. Other non-current financial payables	6.7	1.5
N. Non-current financial assets	(2.4)	(1.3)
<b>O. Net non-current financial debt (K)+(L)+(M)+(N)</b>	<b>297.2</b>	<b>166.2</b>
<b>P. Net financial debt (J)+(O)</b>	<b>358.3</b>	<b>50.1</b>

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

Total non-current financial assets differs from that reported in the balance sheet as it does not include equity interests in other companies. A breakdown of the items comprising net debt is given in Notes 6 and 11.

The Group also has payables in respect of acquisitions totalling 70.6 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. The change with respect to the previous period is mainly due to payables for the acquisition of TMC S.p.A. and Ciemme S.r.l.

Net debt at the end of the period amounts to 358.3 million euros compared with 50.1 million euros at the end of 2017. The increase derives from the physiological growth caused by the increase in net 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 100.8 million euros.

Net debt is expected to decline significantly towards the end of the year. This is a normal process due to the seasonal nature of the business, with 30 September 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.

#### 15. EMPLOYEE DEFINED BENEFIT LIABILITIES

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

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

in millions of euros	
<b>Balance at 01.01.2018</b>	<b>56.0</b>
Current service cost	1.2
Financial charges	0.7
Net actuarial losses (gains) recognized during the period	(0.9)
Change in scope of consolidation	2.4
Benefit paid out during the period	(1.9)
Exchange rate difference	0.1
<b>Balance at 30.09.2018</b>	<b>57.6</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

in millions of euros	30.09.2018	31.12.2017
Italy	21.9	20.3
Germany	28.2	28.2
Switzerland	3.3	3.5
France	2.5	2.5
North America	0.9	0.7
Other countries	0.8	0.8
<b>Total</b>	<b>57.6</b>	<b>56.0</b>

### 16. PROVISIONS FOR RISKS AND CHARGES

These provisions are analysed as follows:

in millions of euros	Balance at 31.12.2017	Net increases	Net decreases	Chance in scope of consolidation	Exchange rate differences	Balance at 30.09.2018
Non-current:						
Agency termination indemnities	4.7	–	–	–	–	4.7
Other provisions	1.1	–	–	0.1	–	1.2
	<b>5.8</b>	<b>–</b>	<b>–</b>	<b>0.1</b>	<b>–</b>	<b>5.9</b>
Current:						
Product guarantee provision	27.0	3.6	(2.7)	1.6	0.1	29.6
Other provisions	5.6	1.3	(3.3)	–	–	3.6
	<b>32.6</b>	<b>4.9</b>	<b>(6.0)</b>	<b>1.6</b>	<b>0.1</b>	<b>33.2</b>
<b>Total</b>	<b>38.4</b>	<b>4.9</b>	<b>(6.0)</b>	<b>1.7</b>	<b>0.1</b>	<b>39.1</b>

The product guarantee provision was established on the basis of estimated expenses for work performed under guarantee after 30 September 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.

### 17. TRADE AND OTHER PAYABLES, INCLUDING CONTRACT LIABILITIES

This item comprises:

in millions of euros	30.09.2018	31.12.2017
Trade payables	330.4	358.1
Advances from customers	164.8	151.2
Contract liabilities	26.2	14.9
Social security and defined-contribution plans payables	9.6	13.2
Tax payables	8.7	12.7
Due to employees	74.2	66.0
Payables in respect of acquisitions	70.6	36.5
Other payables	13.3	18.4
<b>Total</b>	<b>697.8</b>	<b>671.0</b>

TRADE PAYABLES

This item includes trade payables of 237.6 million euros (263.8 million euros at 31 December 2017), payables to agents of 17.2 million euros (14.6 million euros at 31 December 2017) and trade payables to associates of 75.6 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.

CONTRACT LIABILITIES

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

This item mainly reflects payroll amounts to be paid during the last quarter of the year.

It includes 6.6 million euros classified among the non-current liabilities (3.8 million euros at 31 December 2017).

PAYABLES IN RESPECT OF ACQUISITIONS

At 30 September 2018 this item includes payables for the purchase of investments related to the acquisitions made in previous years for a total of 32.8 million euros and to acquisitions in 2018 for 37.8 million euros.

The total amount of payables for acquisitions classified under non-current liabilities comes to 65.2 million euros (31.2 million euros at 31 December 2017).

**18. PERSONNEL COSTS**

This item comprises:

in millions of euros	from 01.01.2018 to 30.09.2018	from 01.01.2017 to 30.09.2017	Change
Wages and salaries	228.8	216.2	12.6
Social security contributions	53.5	48.8	4.7
Board of Directors' emoluments	9.8	7.2	2.6
Pensions - defined-benefit plans	1.3	0.9	0.4
Pensions - defined-contribution plans	10.5	9.4	1.1
Other personnel costs	18.4	18.9	(0.5)
<b>Total</b>	<b>322.3</b>	<b>301.4</b>	<b>20.9</b>

Personnel costs related to Eurosicma, not included in the scope of consolidation in 2017, amounted to 5.5 million euros in 2018.

In addition, the item includes 8.4 million euros attributable to the newly acquired Petroncini and TMC Group.

The increase in personnel costs also reflects the rise in the total number of employees during the period and non-recurring costs of 2.1 million euros (3.3 million euros in the first nine months of 2017), as explained in Note 28.

In the first nine months of 2018 the IMA Group employed an average of 5,874 persons (5,399 persons in the same prior year period). At the end of the period, there are 6,055 employees (5,613 at 31 December 2017), including 49 of Petroncini and 232 of TMC Group.

#### 19. DEPRECIATION, AMORTIZATION AND WRITE-DOWNS

This caption includes the depreciation of property, plant and equipment of 11.8 million euros (9.4 million euros in the same prior year period), the amortization of intangible assets of 26.0 million euros (20.0 million euros in the first nine months of 2017) and the writedown of receivables of 0.4 million euros (0.5 million euros in the same prior year period).

#### 20. FINANCIAL INCOME

This item comprises:

in millions of euros	from 01.01.2018 to 30.09.2018	from 01.01.2017 to 30.09.2017	Change
Fair value remeasurement of the interest held in Petroncini S.p.A.	11.6	–	11.6
Interest income from banks	0.2	0.2	–
Income from derivative financial instruments	0.3	0.2	0.1
Other interest income and financial income	2.1	0.3	1.8
Exchange rate gains	17.5	22.0	(4.5)
<b>Total</b>	<b>31.7</b>	<b>22.7</b>	<b>9.0</b>

As regards the income relating to the business combination in Petroncini S.p.A., reference should be made to the comments in Note 24.

**21. FINANCIAL EXPENSE**

This item comprises:

in millions of euros	from 01.01.2018 to 30.09.2018	from 01.01.2017 to 30.09.2017	Change
Interest expense on bank payables	3.3	2.9	0.4
Interest expense on bonds	3.9	4.2	(0.3)
Net financial expense on defined-benefit plans	0.8	0.9	(0.1)
Loss on financial assets valuated at FV through PL	0.6	0.3	0.3
Bank guarantee expenses	0.5	0.5	–
Expense from derivative financial instruments	1.2	0.4	0.8
Other interest and financial expense	4.4	0.7	3.7
Exchange rate losses	14.1	24.8	(10.7)
<b>Total</b>	<b>28.8</b>	<b>34.7</b>	<b>(5.9)</b>

Exchange gains and losses in the period to 30 September 2018 included, respectively, an unrealized gain of 9.4 million euros and an unrealized loss of 6.2 million euros (10.7 million euros and 13.4 million euros respectively in the same prior year period).

**22. TAXES**

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

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.

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.

### 23. EARNINGS PER SHARE

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

	from 01.01.2018 to 30.09.2018	from 01.01.2017 to 30.09.2017
Net profit for the period (millions of euros)	55.7	42.4
Average number of outstanding ordinary shares (millions of shares)	39.3	39.3
<b>Earning per share (in euros)</b>	<b>1.42</b>	<b>1.08</b>

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

### 24. BUSINESS COMBINATIONS

On 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	Amounts acquired	Fair value
Property, plant and equipment	0.7	0.7
Intangible assets	0.1	19.2
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)
Deferred tax liabilities	(0.2)	(5.5)
Trade payables and other liabilities	(5.6)	(5.6)
<b>Total</b>	<b>1.3</b>	<b>15.1</b>
<b>Value of the business combination</b>		
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
<b>Goodwill</b>		<b>7.3</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The measurement of the fair value of the acquired assets and liabilities led to the provisional recognition of: (i) non-patented technologies classified as development costs for 7.7 million euros; (ii) trademarks and customer lists classified as software, licences, trademarks and other rights for 3.4 million euros and 8.0 million euros respectively; (iii) deferred taxes of 5.3 million euros. It should also be noted that in the half-year report at 30 June 2018 the excess of the purchase cost compared with the fair value of the business combination was determined on a non-definitive basis and provisionally allocated to goodwill.

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 interest held previously is remeasured at fair value at the date control is acquired and the difference between it and the value of the investment held previously 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 September 2018 the newly acquired companies, consolidated for 6 months, generated revenue of 5.6 million euros, an operating loss of 1.2 million euros, including personnel costs of 1.6 million euros.

In addition, 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.

The companies included in the scope of consolidation are as follows:

	Registered office	Percent of share
Tissue Machinery Company S.p.A.	Castel Guelfo Bologna (Italy)	82.5% (1)
Asset Management Service S.r.l.	Castel Guelfo Bologna (Italy)	100% (2)
TMC Do Brasil Industria de Maquinarios e Servicos Ltda.	Valinhos (Brazil)	100% (2)
TMC North America Inc.	Appleton (USA)	100% (2)
Valley Tissue Packaging Inc.	Kaukauna (USA)	51% (3)

(1) Held by IMA S.p.A.

(2) Held by Tissue Machinery Company S.p.A.

(3) Held by TMC North America Inc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

in millions of euros	Amounts acquired	Fair value
Property, plant and equipment	1.6	1.6
Intangible assets	4.4	73.1
Other non-current assets	3.3	3.3
Deferred tax assets	3.4	3.4
Inventories	17.4	17.4
Trade and other receivables	15.6	15.6
Other current assets	1.1	1.1
Cash and cash equivalents	2.1	2.1
Borrowings	(22.1)	(22.1)
Employee defined benefit liabilities	(1.2)	(1.2)
Deferred tax liabilities	–	(19.2)
Trade payables and other liabilities	(29.6)	(29.6)
Provisions for risks and charges	(1.6)	(1.6)
<b>Total</b>	<b>(5.6)</b>	<b>43.9</b>
Purchase cost		82.5
<b>Goodwill</b>		<b>38.6</b>

The fair value of the assets and liabilities was determined on a provisional basis, recognising in particular: (i) non-patented technologies classified as development costs for 23.0 million euros; (ii) trademarks and customer lists classified under software, licences, trademarks and other rights for 18.7 million euros and 27.0 million euros respectively; (iii) deferred taxes of 19.2 million euros.

The acquisition cost includes the amount paid of 58.5 million euros and the fair value of payables relating to the options for the purchase of the residual 17.5% of Tissue Machinery Company S.p.A. and 49% of Valley Tissue Packaging Inc. for a total of 24.0 million euros, discounted using the return on government securities with the same maturity.

At 30 September 2018 the newly acquired Group, consolidated for 5 months, generated revenue of 29.3 million euros, an operating loss of 1.0 million euros, including personnel costs of 6.8 million euros.

The initial values for the business combinations were determined on a provisional basis, since the fair value of the related assets, liabilities and contingent liabilities, as well as the costs of the operations, 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.

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

At 30 September 2018 the amount of the purchase price that has been paid, net of the cash acquired, amounts to 63.8 million euros.

## 25. GUARANTEES GRANTED

At 30 September 2018, the Group has given sureties and other bank guarantees to customers totalling 26.0 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 2.5 million euros.

The Parent Company has also given sureties and other guarantees (binding letters of patronage) to third parties on behalf of subsidiaries and associates, with respect to lines of credit or financing extended by banks and the payment of rental fees for 374.0 million euros.

Lastly, Ilapak International SA has provided guarantees to third parties in the interest of certain companies of the Ilapak Group for 4.4 million euros.

Note that sureties were issued against advances received from customers for a total of 140.4 million euros (127.9 million euros at 31 December 2017), of which 59.7 million euros reflect the use of credit lines guaranteed by commitments on the part of the Parent Company.

## 26. COMMITMENTS

At 30 September 2018 there are commitments for the purchase of property, plant and equipment and intangible assets of 2.3 million euros relating essentially to leasehold improvements and plant and machinery.

The Group also has commitments in respect of minimum lease payments for non-cancellable operating leases totalling 3.2 million euros (3.2 million euros at 31 December 2017) and for rentals totalling 140.6 million euros (144.8 million euros at 31 December 2017).

Fees paid during the first nine months of 2018 for operating lease contracts and rentals were 16.7 million euros (16.2 million euros in the same period of the previous year).

Other commitments in favour of third parties, 5.1 million euros, mainly consist of the Parent Company's agreement to buy further units of the mutual funds.

## 27. RELATED-PARTY TRANSACTIONS

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

The Parent Company of the IMA Group is I.M.A. Industria Macchine Automatiche S.p.A., which at 30 September 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 first nine months 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

in millions of euros	Receivables at 30.09.2018	Receivables at 31.12.2017	Payables at 30.09.2018	Payables at 31.12.2017
<b>Associates and joint venture:</b>				
Amherst Stainless LLC	1.5	0.5	0.3	0.2
Atopbi S.p.A.	16.3	15.8	–	–
B.C. S.r.l.	3.0	2.7	1.3	1.2
Bacciottini F.Ili S.r.l.	0.9	0.8	5.3	5.9
Bolognesi S.r.l.	1.1	1.1	4.7	4.3
Brio Pharma Tech. Ltd.	–	–	0.1	0.3
CMRE S.r.l.	7.8	6.2	–	–
Doo Officina-Game East Vrsac	1.4	0.9	0.1	0.1
I.E.M.A. S.r.l.	3.1	3.2	19.8	19.1
Inkbit LLC	2.1	2.3	–	–
L.A.CO S.r.l.	1.0	0.9	3.4	3.4
Logimatic S.r.l.	9.1	7.0	20.8	25.0
Masterpiece S.r.l.	0.1	–	0.7	0.7
Meccanica Sarti S.r.l.	1.2	1.2	0.9	0.6
Me.Mo. S.r.l.	1.6	1.0	–	–
MORC 2 S.r.l.	1.7	1.7	0.6	1.0
O.M.S. Officina Meccanica di Sonico S.r.l.	1.1	n.a.	0.5	n.a.
Petroncini Impianti S.p.A.	n.a.	2.0	n.a.	–
Powertransmission.it S.r.l.	0.2	0.2	0.5	0.5
RO.SI S.r.l.	0.3	n.a.	2.5	n.a.
Scriba Nanotecnologie S.r.l.	0.2	0.2	–	0.1
SIL.MAC S.r.l.	2.6	2.0	8.2	8.8
S.I.Me. S.r.l.	0.3	0.4	0.3	0.5
STAMA. S.r.l.	0.1	0.1	1.5	1.6
Talea S.r.l.	4.7	4.7	5.4	6.4
Other associates	0.4	0.1	0.1	–
	<b>61.8</b>	<b>55.0</b>	<b>77.0</b>	<b>79.7</b>
<b>Other related parties:</b>				
Atop S.p.A.	4.7	0.5	–	–
Costal S.r.l.	–	–	1.3	1.6
Deltos S.r.l.	–	–	0.4	–
EPSOL S.r.l.	1.6	0.6	4.3	4.6
Morosina S.p.A.	0.1	–	–	–
Rotor S.p.A.	n.a.	0.4	n.a.	–
Schiavina S.r.l.	0.3	0.3	–	–
Other related parties	0.5	0.3	0.9	0.8
	<b>7.2</b>	<b>2.1</b>	<b>6.9</b>	<b>7.0</b>
<b>Total</b>	<b>69.0</b>	<b>57.1</b>	<b>83.9</b>	<b>86.7</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

in millions of euros	Revenues from 01.01.2018 to 30.09.2018	Revenues from 01.01.2017 to 30.09.2017	Costs from 01.01.2018 to 30.09.2018	Costs from 01.01.2017 to 30.09.2017
<b>Associates and joint venture:</b>				
Amherst Stainless LLC	–	–	2.5	2.2
Atopbi S.p.A.	0.6	–	–	–
B.C. S.r.l.	0.3	0.3	4.7	4.0
Bacciottini F.lli S.r.l.	0.2	0.3	5.2	4.5
Bolognesi S.r.l.	0.2	0.1	4.4	3.8
Brio Pharma Technologies Ltd.	–	–	0.5	0.6
Doo Officina-Game East Vrsac	0.1	–	0.7	0.3
I.E.M.A. S.r.l.	2.0	2.4	15.9	14.4
LA.CO S.r.l.	0.2	0.2	2.9	2.8
Logimatic S.r.l.	4.1	4.1	18.4	18.5
Masterpiece S.r.l.	–	–	0.7	0.6
Meccanica Sarti S.r.l.	–	–	1.0	0.7
MORC 2 S.r.l.	0.2	0.2	1.6	1.4
Plasticenter S.r.l.	n.a.	0.2	n.a.	3.6
Powertransmission.it S.r.l.	–	–	0.9	0.8
SIL.MAC. S.r.l.	1.5	1.1	8.1	7.4
S.I.Me. S.r.l.	–	–	0.9	1.2
STAMA. S.r.l.	0.1	0.1	1.4	1.4
Talea S.r.l.	–	0.3	3.2	4.1
Other associates	0.2	0.1	1.0	0.3
	<b>9.7</b>	<b>9.4</b>	<b>74.0</b>	<b>72.6</b>
<b>Other related parties:</b>				
Atop S.p.A.	5.4	–	–	–
Costal S.r.l.	–	–	2.3	1.8
Deltos S.r.l.	–	–	0.6	0.1
EPSOL S.r.l.	1.6	0.7	3.8	3.4
Nemo Investimenti S.r.l.	–	–	1.6	1.5
Other related parties	0.1	–	4.2	3.4
	<b>7.1</b>	<b>0.7</b>	<b>12.5</b>	<b>10.2</b>
<b>Total</b>	<b>16.8</b>	<b>10.1</b>	<b>86.5</b>	<b>82.8</b>

These balances and transactions relate primarily to the Group's Italian companies. Lastly, there are dealings with SO.FI.M.A. S.p.A., the Parent Company, as a result of setting up the domestic tax group, as mentioned in Note 22.

The increase in trade payables to associates reflects the Group's constant commitment in pursuing close collaboration with those suppliers that play a key role in production, also by considering the possibility of becoming shareholders in their companies. Transactions with associates are largely of a commercial nature. See Note 4 for further information. Related party transactions do not represent a significant proportion of the totals reported in the financial statements.

### **28. SIGNIFICANT NON-RECURRING TRANSACTIONS AND EVENTS**

During the first nine months of 2018, non-recurring charges classified as personnel costs for 2.1 million euros and as services, rentals and leases for 1.8 million euros refer mainly to the reorganisation of the Ilapak business and to ancillary charges on acquisitions made during the period.

During the first nine months of 2017, non-recurring charges classified as personnel costs amounted to 3.3 million euros, services, rentals and leases to 4.3 million euros and provision for risks and charges of 1.1 million euros, principally related to the reorganisation of the Dairy&Food business and to ancillary charges on the acquisitions of the period.

### **29. ATYPICAL AND/OR UNUSUAL TRANSACTIONS**

No positions or operations deriving from atypical and/or unusual transactions arose during the first nine months of 2018.

### **30. SIGNIFICANT EVENTS AFTER THE END OF THE THIRD QUARTER**

Today, IMA S.p.A. signed a binding agreement with a newco owned by Mr. Thomas Becker, relating to the sale of 60% of the investments held in the companies ERCA, HASSIA, HAMBIA-GASTI and IMA Dairy & Food USA.

Benhil GmbH (Germany) and Hassia Packaging Pvt. Ltd. (India) will be held 100% directly by IMA S.p.A. and are not included in this transaction.

Furthermore, Mr. Thomas Becker, who has extensive experience in the field of automatic machines with exceptional precedents in industrial turnarounds, has been appointed Managing Director of HASSIA.

The companies involved in the transaction are leaders in the design, construction and sale of automatic machines and integrated systems to form, fill and seal food products, particularly in the dairy sector, with production facilities in Germany and France. The equity value of the transaction is approximately 18 million euros and the closing should be completed by the end of 2018.

As a result of the sale, the assets and economic results of the companies involved in the transaction will be classified as discontinued operations starting from 1 January 2018 as required by IFRS 5

## 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 investmen
<b>Industrial and service companies:</b>						
- I.M.A. Industria Macchine Automatiche S.p.A.	Ozzano dell'Emilia	Bologna - Italy	20,415,200	EUR	Parent company	
- Asset Management Service S.r.l.	Castel Guelfo	Bologna - Italy	500,000	EUR	-	100% (1)
- 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% (2)	-
- Eurotekna S.r.l.	Milan	Milan - Italy	32,243	EUR	-	85.71% (3)
- 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.	Collecchio	Parma - Italy	10,000	EUR	-	100% (5)
- O.A.S.YS. Open Automation System S.r.l.	Segrate	Milan - Italy	20,800	EUR	-	70% (3)
- Petroncini Impianti S.p.A.	Modena	Modena - Italy	120,000	EUR	-	80% (5)
- 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% (6)
- Teknoweb Converting S.r.l.	Palazzo Pignano	Cremona - Italy	1,000,000	EUR	100% (7)	-
- Telerobot S.p.A.	Alessandria	Alessandria - Italy	50,000	EUR	-	100% (5)
- Tissue Machinery Company S.p.A.	Castel Guelfo	Bologna - Italy	8,000,000	EUR	100% (8)	-
- Benhil GmbH	Neuss	Germany	5,500,000	EUR	-	100% (9)
- Delta Systems & Automation Inc.	Lowell	USA	1,000	USD	-	81% (10)
- Erca S.A.S.	Les Ulis	France	2,594,390	EUR	-	100% (9)
- Erca-Formseal Ibérica S.A.	Castelldefels Barcelona	Spain	60,101	EUR	-	100% (11)
- Hamba-Gasti GmbH	Schwäbisch Hall	Germany	25,000	EUR	-	100% (9)
- Hamba Filtec GmbH & Co. KG	Neunkirchen	Germany	1,700,000	EUR	-	100% (9)
- Hassia Packaging Pvt. Ltd.	Taluka Shirur Pune	India	42,000,000	INR	-	100% (9)
- Hassia Verpackungsmaschinen GmbH	Ranstadt	Germany	2,100,000	EUR	-	100% (12)
- Ilapak International SA	Collina d'Oro Lugano	Switzerland	4,000,000	CHF	-	81% (13)
- Ilapak (Beijing) Packaging Machinery Co. Ltd.	Beijing	PRC	3,000,000	USD	-	81% (14)
- IMA Automation Malaysia Sdn. Bhd.	Penang	Malaysia	3,000,000	MYR	-	100% (5)
- IMA Automation USA Inc.	Loves Park	USA	10,610,000	USD	-	100% (15)
- IMA Life (Beijing) Pharmaceutical Systems Co. Ltd.	Beijing	PRC	400,000	USD	100%	-
- IMA Life North America Inc.	Tonawanda	USA	100	USD	-	100% (15)
- 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% (16)	-
- IMA Medtech Switzerland SA	La Chaux de Fonds	Switzerland	13,250,000	CHF	-	100% (5)
- IMA North America Inc.	Leominster	USA	8,052,500	USD	-	100% (15)
- 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% (17)
- Tianjin IMA Machinery Co. Ltd.	Tianjin	PRC	200,000	USD	100%	-
- TMC Do Brasil Industria de Maquinarios e Servicos Ltda.	Valinhos	Brazil	678,405	BRL	-	100% (1)
- TMC North America Inc.	Appleton	USA	100,000	USD	-	100% (1)
- Valley Tissue Packaging Inc.	Kaukauna	USA	3,645	USD	-	100% (18)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Companies consolidated line-by-line (continued)	Registered office		Share capital	Currency	Direct investment	Indirect investment
<b>Commercial companies:</b>						
- Ilapak do Brasil Maquinas de embalagem Ltda.	Sao Paulo	Brazil	7,872,916	BRL	-	81% (13)
- 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 Duesseldorf	Germany	102,500	EUR	-	81% (4)
- IMA Dairy & Food USA Inc.	Leominster	USA	1	USD	-	100% (9)
- 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)	Frankfurt am Main	Germany	100,000	EUR	100%	-
- IMA Industries North America Inc.	Leominster	USA	-	USD	-	100% (15)
- IMA Life Japan KK	Tokyo	Japan	40,000,000	YEN	-	100% (19)
- IMA Pacific Co. Ltd.	Bangkok	Thailand	132,720,000	THB	99.99%	-
- IMA Packaging & Processing Equipment (Beijing) Co. Ltd.	Beijing	PRC	2,350,000	USD	100%	-
- IMA UK Ltd.	Alcester	UK	1	GBP	-	100% (20)
- Imautomatiche Do Brasil Ltda.	Sao Paulo	Brazil	6,651,550	BRL	99.98%	-
- OOO IMA Industries	Moscow	Russia	12,000,000	RUB	-	100% (6)
- Petroncini International Trading (Shanghai) Co. Ltd.	Shanghai	PRC	300,000	RMB	-	80% (21)
- Teknoweb N.A. Llc	Loganville Atlanta	USA	56,000	USD	-	75% (22)
<b>Financial companies:</b>						
- 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% (23)
- Transworld Packaging Holding S.p.A.	Ozzano dell'Emilia	Bologna - Italy	64,833	EUR	81%	-
<b>Other companies:</b>						
- Digidoc S.r.l.	Ozzano dell'Emilia	Bologna - Italy	10,000	EUR	-	80% (24)
- Dreamer S.r.l.	Bologna	Bologna - Italy	100,000	EUR	-	90% (5)
- Hamba Verwaltungsgesellschaft mbH	Saarbrücken	Germany	25,000	EUR	-	100% (9)
- 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%	-

**Note:**

- (1) Held by Tissue Machinery Company S.p.A.
- (2) The percentage interest held in Eurosicma - Costruzioni Macchine Automatiche S.p.A. includes an option to purchase 40% of the quota capital
- (3) Held by Eurosicma - Costruzioni Macchine Automatiche S.p.A.
- (4) Held by Ilapak International SA at 100% except Ilapak France SA held at 99.99%
- (5) Held by GiMA S.p.A.
- (6) Held by Corazza S.p.A.
- (7) The percentage interest held in Teknoweb Converting S.r.l. includes an option to purchase 40% of the quota capital
- (8) The percentage interest held in Tissue Machinery Company S.p.A. includes an option to purchase 17.5% of the quota capital
- (9) Held by IMA Dairy & Food Holding GmbH
- (10) Held by Ilapak Inc. at 100%
- (11) Held by Erca S.A.S.
- (12) Held by IMA Dairy & Food Holding GmbH at 94% and by IMA Germany GmbH at 6%
- (13) Held by Transworld Packaging Holding S.p.A. at 100%
- (14) Held by Ilapak Italia S.p.A. at 100%
- (15) Held by Packaging Systems Holding Inc.
- (16) The percentage interest held in IMA MAI S.A. includes an option to purchase 30% of the quota capital
- (17) Held by IMA Life (Beijing) Ph. Systems Co. Ltd.
- (18) Held by TMC North America Inc. The percentage interest includes an option to purchase 49% of the quota capital
- (19) Held by IMA Life The Netherlands B.V.
- (20) Held by IMA Swiftpack Ltd.
- (21) Held by Petroncini Impianti S.p.A. at 100%
- (22) Held by Tekno NA Inc. at 75%
- (23) Held by Teknoweb Converting S.r.l. at 100%
- (24) Held by Packaging Manufacturing Industry S.r.l.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Investment accounted for using the equity method	Registered office		Share capital	Currency	Direct investment
- 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)
- Bognesi 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)
- O.M.S. S.r.l.	Sonico	Brescia - Italy	31,200	EUR	40% (2)
- Powertransmission.it S.r.l.	Castenaso	Bologna - Italy	50,000	EUR	20% (2)
- RO.SI S.r.l.	Bentivoglio	Bologna - Italy	10,000	EUR	20.8% (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			

**Note:**

- (1) Held by IMA Life North America Inc.
- (2) Held by Packaging Manufacturing Industry S.r.l.
- (3) Shares in the consortium fund

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

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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 30 September 2018 agrees with the books of account, the accounting entries and supporting documentation.