

ANNUAL FINANCIAL REPORT

AT 31 DECEMBER 2011



---

## TABLE OF CONTENTS

---

<b>NOTICE OF CALL</b>			<b>PAGE 3 - 4</b>
<b>REPORT ON OPERATIONS</b>			<b>PAGE 5 - 39</b>
DIRECTORS AND OFFICERS OF THE PARENT COMPANY IMA S.P.A.	PAGE	6 - 7	
GROUP STRUCTURE	"	8	
GROUP PERFORMANCE	"	9 - 22	
PERFORMANCE OF IMA S.P.A.	"	23 - 30	
OTHER INFORMATION	"	31 - 39	
<b>CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011</b>			<b>PAGE 41 - 46</b>
CONSOLIDATED BALANCE SHEET	PAGE	42	
CONSOLIDATED INCOME STATEMENT	"	43	
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	"	44	
STATEMENT OF CHANGES IN CONSOLIDATED EQUITY	"	45	
CONSOLIDATED STATEMENT OF CASH FLOWS	"	46	
<b>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS</b>			<b>PAGE 47 - 100</b>
OVERVIEW	"	48	
GENERAL PREPARATION POLICIES	"	48 - 49	
ACCOUNTING POLICIES AND PRINCIPLES	"	49 - 57	
FINANCIAL RISK MANAGEMENT	"	58 - 62	
CONSOLIDATION PRINCIPLES	"	63	
SCOPE OF CONSOLIDATION	"	64 - 66	
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	"	66 - 99	
DISCLOSURE REQUIRED UNDER ARTICLE 149-DUODECIES OF THE CONSOB ISSUERS' REGULATION	"	100	
<b>CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART.81-TER OF CONSOB REGULATION</b>			<b>PAGE 101 - 102</b>
<b>REPORT OF THE INDEPENDENT AUDITORS</b>			<b>PAGE 103 - 105</b>

---

## NOTICE OF CALL

---

Published in "Il Sole-24 Ore" on 16 March 2012 for the Ordinary Shareholders' Meeting to be held on 27 April 2012 at 10.30 a.m., at the Company's head office in Via Emilia 237, Ozzano dell'Emilia (Bologna), to vote on the following:

### AGENDA

1. Directors' report on operations for the 2011 financial year. Report of the Board of Auditors. Report of the Independent Auditors. Financial statements at 31 December 2011. Related and consequent resolutions.
2. Proposed purchase, sale and/or disposal of treasury shares; related and consequent resolutions.
3. Remuneration report: resolution pursuant to art. 123 ter, para. 6 of Legislative Decree 58 of 24 February 1998
4. Appointment of the Board of Directors: determining the number of members of the Board of Directors and the term of office of the Board of Directors; appointment of the directors and determining their annual remuneration.

Shareholders are entitled to attend the Shareholders' Meeting and to vote on condition that the Company has received the required communication from an authorised intermediary based on the registrations at the end of 18 April 2012, i.e.: the seventh business day of the Stock Exchange prior to the date of the Meeting. Those registered as shareholders after that date will not be entitled to attend the Shareholders' Meeting.

Those entitled to vote may be themselves represented at the Shareholders' Meeting by means of a written proxy, bearing in mind any situations of incompatibility and the limits set by current regulations; using the proxy form attached to the communication issued by the authorised intermediary or the facsimile available on the Company's website: [www.ima.it](http://www.ima.it) (Investor Relations section). Proxies should be sent to the Company to the administrative offices in Via Tosarelli 184, Castenaso (Bologna) by registered mail or by certified e-mail to [ima@legalmail.it](mailto:ima@legalmail.it).

There is no provision for postal or on-line voting.

In accordance with Art. 127-ter of the Consolidated Finance Act (CFA), shareholders can also submit questions about the items on the agenda prior to the Shareholders' Meeting. Questions should be sent to the administrative offices by registered letter or by certified e-mail to [ima@legalmail.it](mailto:ima@legalmail.it). Questions will be answered at latest at the Shareholders' Meeting.

In accordance with Art. 126-bis of the CFA, within 10 days of publication of this notice, shareholders who, individually or jointly, represent at least 1/40th of the share capital can ask for additions to be made to the items under discussion, indicating the topics that they would like to add to the agenda. Requests should be sent in writing to the administrative offices by registered letter or by certified e-mail to [ima@legalmail.it](mailto:ima@legalmail.it), providing they reach the Company within the 10-day period mentioned above. By the same deadline and using the same methods, the shareholder(s) making the proposal should also present a report on the matters that they want discussed. If additional items are added to the agenda for the Shareholders' Meeting as a result of these requests, the Company shall announce them at least fifteen days prior to the Meeting in the same manner used to publish the notice calling the Meeting. At the same time that this notice of additions to the agenda is published, the report prepared by the shareholder(s) making the proposal shall be made available to the public in the same manner as that used for the AGM documentation, accompanied by any comments that the Board of Directors would like to make. Additions to the agenda are not permitted if they concern

---

matters which the law requires to be resolved upon at the Shareholders' Meeting based on a proposal from the directors or on a project or a report prepared by them.

The directors are appointed by the Shareholders' Meeting based on lists presented by the Shareholders. The rules and procedures applying to the lists of candidates and the necessary accompanying documentation are specified in Art. 15 of the Articles of Association.

The lists, accompanied by the professional curriculums of each nominated person and signed by the shareholders presenting them, must be filed at the registered offices within 2 April 2012, that is at least 25 (twenty-five) days prior to the date of the Shareholders' Meeting.

The right to present lists of candidates is reserved to those shareholders who alone or together with others represent at least 2.5% of the share capital, as set out in the Company's Articles of Association and Consob resolution 18083 of 25 January 2012.

Shareholders must submit, together with the list, the appropriate documentation showing the identity of shareholders who have submitted the list and the percentage of shares held at the time of submission of the list.

The certification of intermediaries proving ownership of the shares as of the date on which the list was filed should reach the Company no later than 6 April 2012, i.e. not less than twenty-one days before the date set for the meeting.

Each list must comprise 15 candidates, listed in numerical order; each list must be filed together with declarations from each candidate accepting their nomination and declaring, under their own responsibility, that there are no reasons for ineligibility or incompatibility and that they satisfy the requirements specified by law or in the related regulations.

Each list must contain at least two candidates meeting the independence requirements established by law. Each candidate may only be present on one list or, otherwise, will be ineligible for election.

Lists presented without complying with the above requirements will be treated as though not presented.

The Company's share capital, fully subscribed and paid-in, amounted to 19,150,560 euros, represented by 36,828,000 shares with a par value of 0.52 euros. Each share gives the right to one vote at the Shareholders' Meeting. As of today the Company holds 55,000 shares; by law, the voting rights on these shares are suspended by law.

This information is also available on the website [www.ima.it](http://www.ima.it), where the Articles of Association and the Regulations for Shareholders' Meetings can also be found.

The documentation and information for the Shareholders' Meeting required under current regulations, including the separate and consolidated financial statements at 31 December 2011, related reports and the annual report on corporate governance and the ownership structure, are made available to the public by the legal deadline at the registered office located at Via Emilia 428/442, Ozzano dell'Emilia (Bologna) and at the offices of Borsa Italiana S.p.A. Shareholders are entitled to view these documents and to obtain a copy of them. This documentation will also be available on the website [www.ima.it](http://www.ima.it), in the Investor Relations section.

## REPORT ON OPERATIONS

AT 31 DECEMBER 2011

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

## DIRECTORS AND OFFICERS

### BOARD OF DIRECTORS

(In office until the Shareholders' Meeting called to approve the financial statements at 31 December 2011)

#### **DIRECTOR AND HONORARY CHAIRMAN**

Marco Vacchi

#### **CHAIRMAN AND MANAGING DIRECTOR**

Alberto Vacchi

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

- to transfer or receive for whatever purpose or reason, shares or other equity interests in companies, associations or entities, lines of business, businesses or combinations of businesses and real estate;
- to give secured or other guarantees, and give sureties or letters of patronage, except (in relation to the sureties and letters of patronage) for those given on behalf of direct or indirect subsidiaries of the Company;
- the power to grant beneficial rights over the assets of the Company.

#### **DIRECTOR WITH POWERS**

Andrea Malagoli

*Delegated powers:* the powers associated with responsibility for the pharmaceutical business and operations.

#### **DIRECTORS**

Paolo Frugoni (\*), Marco Galliani, Italo Giorgio Minguzzi, Luca Poggi, Enrico Ricotta, Pierantonio Riello, Maria Carla Schiavina, Gianluca Vacchi, Romano Volta.

In addition to those powers that cannot be delegated, the Board of Directors of IMA S.p.A. collectively has exclusive authority to decide on the following matters:

- the strategic, business and financial plans of the Company and the Group, the corporate governance system of IMA S.p.A. and any decisions relating to the Group structure;
- the adequacy of the organizational, administrative and accounting arrangements of the Company and its subsidiaries, with special reference to the internal control system and management of conflicts of interest;
- the general conduct of operations;
- any transaction likely to have a significant impact on the Company's results, assets and liabilities or financial situation and, in any case, any transaction that exceeds a value of 10 million euros, except for the power to renew or extend the credit lines already granted to the Company, which can be delegated;
- any transactions in which even just one director has a personal interest or represents the interests of a third party and any transactions with related parties, including intercompany transactions, except for ordinary transactions carried out under standard terms and conditions;
- the size, composition and operation of the Board of Directors and its committees;
- decisions about future significant transactions by subsidiaries of IMA S.p.A. that will affect IMA S.p.A.

**BOARD OF AUDITORS**

(In office until the Shareholders' Meeting called to approve the financial statements at 31 December 2012)

**STANDING AUDITORS**

Piero Aicardi - President

Giacomo Giovanardi

Riccardo Pinza

**ALTERNATE AUDITORS**

Vittorio Coraducci

Federico Ferracini

Fabio Porcellini

**INTERNAL CONTROL AND  
REMUNERATION COMMITTEE**

Giancarlo Folco - Independent Director

Marco Galliani - Independent Director

Maria Carla Schiavina - Non-executive Director

**MANAGER RESPONSIBLE FOR  
PREPARING THE FINANCIAL  
REPORTS**

Sergio Marzo

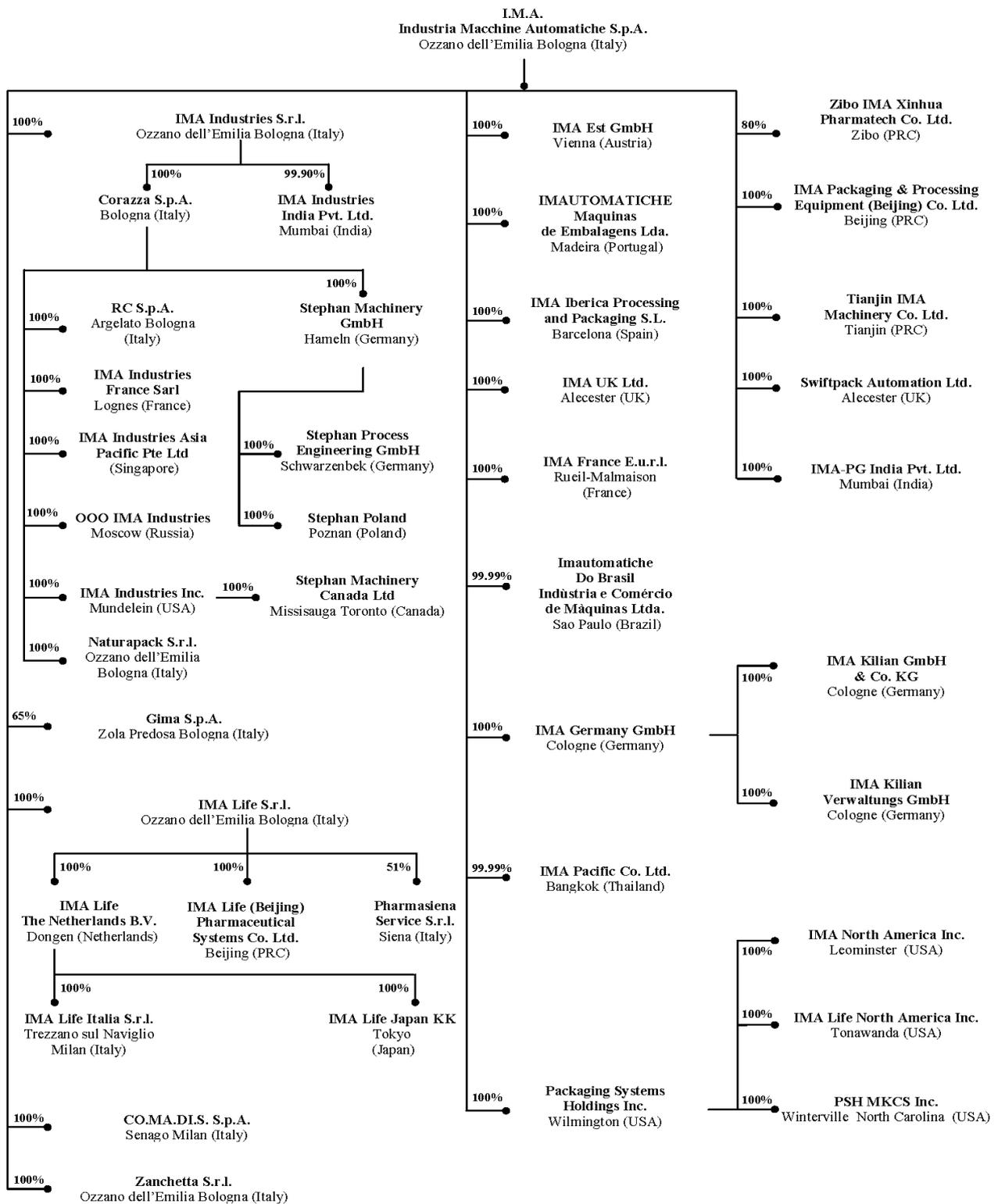
**INDEPENDENT AUDITORS**

(In office until the Shareholders' Meeting called to approve the financial statements at 31 December 2012)

PricewaterhouseCoopers S.p.A.

*(\*) Following the death of Giancarlo Folco on 22 November 2011, the meeting of the Company's Board of Directors on 15 December 2011 appointed Paul Frugoni to replace him in accordance with Art. 2386 of the Italian Civil Code. He will remain in office until the next Shareholders' Meeting.*

GROUP STRUCTURE



---

## GROUP PERFORMANCE

---

### THE ECONOMIC SCENARIO

Shareholders,

The year 2011 was characterized by a steady reduction in the rate of world GDP growth, including both mature economies and emerging markets, together with an increase in the variability of growth rates of individual countries. The prospects for global cyclical recovery remain fragile, even if the SME aggregate index for manufacturing industry returned above 50 in December, indicating a phase of expansion. However, the improvement is not distributed equally among the various regions, and the EMU area stands out for its greater fragility.

In particular, growth prospects have improved for the USA and Japan, while for the EMU as a whole the index remained negative. For the BRIC countries, the index confirms a situation of cyclical weakness for Brazil, while India is clearly improving.

In China and India, the effects of the financial crisis in Europe are less marked as their domestic financial markets are less open to world financial markets. China closed 2011 with a marginal reduction in GDP growth and its inflation rate is following a downward trend as expected by the authorities. The risks of a sharp economic slowdown are rooted in the possibility of rapid deflation of the real estate sector or in a more substantial fall in foreign demand. In India, the authorities in charge of monetary policy are increasing interest rates to counter rising inflation caused by devaluation of the rupee on forex markets and the strong trend in domestic demand.

Lastly, positive U.S. data released in late 2011 for the labour and real estate markets have helped to improve the general climate of confidence for a strengthening in the economic cycle, albeit with ample grey areas that also involve fiscal policy and household finances.

Generally speaking, the year 2011 closes with commodity prices falling, but with oil prices still very high and a labour market that has deteriorated rapidly in recent months, which is very worrying.

In this context, the IMA Group achieved good, steady growth in worldwide orders during the year, particularly for the Pharmaceutical market but also in the Tea, Food & Other sector, which also highlights the contribution of the newly-acquired Corazza Group. The introduction of more restrictive rules for the packaging of pharmaceuticals in certain Far Eastern countries continues to shift investment towards high quality machines like ours. So despite the current downturn, our reference markets - pharmaceutical, tea and food - continue to stand out as being among the most solid and anti-cyclical.

This result is also reflected in the volumes and margins that we have achieved, as well as the strong trend in orders, which allow us to expect 2012 to be year of further growth in both revenues and margins.

One of the main features of last year was the completion of an important process of diversification of our Group's activities, which had began in the prior year with the acquisition of GIMA. Thanks to the acquisition of the Corazza Group, which was finalised at the start of 2011, we have significantly increased the proportion of sales coming from niche sectors outside pharmaceuticals. This will generate not only the obvious production synergies, but will also allow us to offset any downturn in the pharmaceutical market by working for the food industry, and vice versa.

CONSOLIDATED  
 INCOME STATEMENT

The following income statement classified by purpose was prepared applying the following criteria:

- cost of sales: represents costs incurred directly by the Group to generate revenues. For example, it includes materials, labour, the technical offices' costs involved in customizing products and production overheads;
- R&D costs: these include the costs involved in developing new products or maintaining existing products. They also include the costs of technical personnel, the materials used in tests and experiments and the technical offices' overheads;
- selling costs: these include costs connected with commercial operations, such as staff, commissions paid to agents, promotional and advertising costs and related overheads;
- general and administrative costs: these include all costs associated with general operations such as administrative offices in the broadest sense, the management of sectors or divisions, production planning, and all amortization and depreciation not connected directly with the business areas already mentioned above;
- gross operating profit: this corresponds to the sum of operating profit, depreciation and amortization for the year and writedowns of non-current assets.

The following main items in the reclassified income statement are equivalent to those reported in the consolidated income statement contained in the section entitled "Consolidated financial statements": revenues, operating profit, financial income and expense, profit before tax, income taxes and net profit for the year.

The Group closed 2011 with net profit of 27.99 million euros, compared with 17.00 million euros in 2010.

The following table sets out the most significant figures from the Group's 2011 reclassified income statement, with comparative figures for 2010:

in millions of euros	2011		2010		Change %
	Amount	%	Amount	%	
<b>Revenues</b>	<b>669.21</b>		<b>503.27</b>		<b>33.0</b>
Cost of sales	(399.10)	59.6	(301.03)	59.8	
<b>Gross industrial income</b>	<b>270.11</b>	<b>40.4</b>	<b>202.24</b>	<b>40.2</b>	<b>33.6</b>
R&D costs	(29.07)		(26.42)		
Sales costs	(80.32)		(62.52)		
General and administrative costs	(87.53)		(64.62)		
<b>Operating profit before writedowns/impairment/ non-recurring items (EBITA)</b>	<b>73.19</b>	<b>10.9</b>	<b>48.68</b>	<b>9.7</b>	<b>50.3</b>
Writedowns/Impairment adjustments	(0.43)		(2.79)		
Non-recurring items	(6.26)		(2.69)		
<b>Operating profit (EBIT)</b>	<b>66.50</b>	<b>9.9</b>	<b>43.20</b>	<b>8.6</b>	<b>53.9</b>
Net financial income (expense)	(10.94)		(7.13)		
Profit (loss) from investments accounted for using the equity method	0.38		0.23		
<b>Profit before tax</b>	<b>55.94</b>	<b>8.4</b>	<b>36.30</b>	<b>7.2</b>	<b>54.1</b>
Income tax for the year	(24.11)		(17.38)		
Prior year taxes	(2.70)		(1.48)		
<b>Net profit for the year</b>	<b>29.13</b>	<b>4.4</b>	<b>17.44</b>	<b>3.5</b>	<b>67.0</b>
Profit (loss) pertaining to minority interests	(1.14)		(0.44)		
<b>Group profit</b>	<b>27.99</b>	<b>4.2</b>	<b>17.00</b>	<b>3.4</b>	<b>64.6</b>
<b>Gross operating profit (EBITDA) before non-recurring items</b>	<b>91.63</b>	<b>13.7</b>	<b>62.31</b>	<b>12.4</b>	<b>47.1</b>
<b>Gross operating profit (EBITDA)</b>	<b>85.37</b>	<b>12.8</b>	<b>59.62</b>	<b>11.8</b>	<b>43.2</b>
<b>Order book</b>	<b>378.12</b>		<b>280.65</b>		<b>34.7</b>

Segment reporting was changed following the acquisitions of GIMA S.p.A., Naturapack S.r.l. and the Sympak Corazza Group in July 2010 and February 2011 respectively, both operating in the dairy & convenience food sectors and in non-pharmaceutical packaging. Following these acquisitions and considering that they have the same customer base as the tea business, the non-pharmaceutical sector achieved significant size with characteristics that are typical of those sectors. At the same time, the division between pharmaceutical packaging and pharmaceutical processing no longer reflects the real segmentation of the market; nor does it reflect the IMA Group's organisational structure, which as a result of these acquisitions now features two well-defined areas of business: the Pharma Business and the Tea, Food & Other Business. The comparative figures by segment have been duly reclassified.

## REVENUES BY SECTOR

in millions of euros	2011		2010		Change %
	Amount	%	Amount	%	
Tea, Food & Other	259.81	38.8	140.81	28.0	84.5
Pharmaceutical	409.40	61.2	362.46	72.0	13.0
<b>Total</b>	<b>669.21</b>	<b>100.0</b>	<b>503.27</b>	<b>100.0</b>	<b>33.0</b>

Consolidated revenues in 2011 amounted to 669.21 million euros, an increase of 33% on the same period last year.

The performance of revenues by segment is discussed in detail in the section entitled "Analysis of segment performance". However, in this regard:

- revenues from the Tea, Food & Other sector increased by more than 84%, also thanks to the contribution made by the Corazza Group, which was acquired in February 2011, and to our strong market positioning;
- revenues of the Pharma sector rose by 13%, entirely organic growth which confirms this strong market position.

The following table shows the size of the order book at the end of the year:

in millions of euros	2011		2010		Change %
	Amount	%	Amount	%	
Tea, Food & Other	131.23	34.7	82.88	29.5	58.3
Pharmaceutical	246.89	65.3	197.77	70.5	24.8
<b>Total</b>	<b>378.12</b>	<b>100.0</b>	<b>280.65</b>	<b>100.0</b>	<b>34.7</b>

## REVENUES BY GEOGRAPHICAL AREA

in millions of euros	2011		2010		Change %
	Amount	%	Amount	%	
European Union (excluding Italy)	246.09	36.8	180.09	35.8	36.6
Other European countries	41.34	6.2	37.01	7.3	11.7
North America	96.35	14.4	72.77	14.5	32.4
Asia & Middle East	155.57	23.2	131.00	26.0	18.8
Other countries	71.61	10.7	40.34	8.0	77.5
<b>Total foreign markets</b>	<b>610.96</b>	<b>91.3</b>	<b>461.21</b>	<b>91.6</b>	<b>32.5</b>
Italy	58.25	8.7	42.06	8.4	38.5
<b>Total</b>	<b>669.21</b>	<b>100.0</b>	<b>503.27</b>	<b>100.0</b>	<b>33.0</b>

Some 91.3% of revenues were generated outside of Italy, maintaining more or less unchanged the mix of foreign sales. About 70% of revenues were generated by plant and machines, while 30% came from after-sales activities (support, spares, format parts, etc.).

In particular:

- revenues from the EU, excluding Italy, increased by 66.00 million euros, showing the good performances by countries such as France, Germany, United Kingdom and Poland;
- sales in other European countries rose slightly on the previous year;
- North America is showing significant growth in revenues (+32.4%) compared with last year, thanks to some very important orders for the pharmaceutical market, confirming IMA's good position in a context that is substantially free of any real local competition;
- Asia & Middle East showed strong growth of 24.57 million euros and now represents 20% of aggregate Group sales, confirming the trend in recent years. The progress being made in local economies is generating an improvement in production standards closer to those of the West and as a consequence a demand for machinery more in line with what we can offer. We are able to respond to such requests very rapidly, strengthening our production capacity, especially in China and India;
- sales in other countries reflect a variety of trends with strong growth in Central and South America, especially in Brazil;
- the increase in Italy is due to a larger number of projects compared with the previous year, in line with market growth with the help of the newly-acquired companies which have a higher proportion of sales in Italy. These fluctuations recur annually since revenues depend on the level of investment projects of the pharmaceutical companies, which is inevitably unstable in a small market like Italy.

#### GROSS INDUSTRIAL INCOME

Gross industrial income was 40.4% of revenues, compared with 40.2% in the same period of 2010. This slight increase is primarily due to higher sales volumes and the different mix between the Tea, Food & Other sector and the Pharmaceutical sector.

The Corazza Group contributed 34.6 million euros.

#### R&D COSTS

Research and development costs rose slightly to 29.07 million euros during the year (26.42 million euros for 2010), representing 4.3% of revenues.

This item primarily includes the research costs incurred on the technological upgrading and normal revamping of standard products. The balance does not include the cost of development work ordered by specific clients, or the cost of customizing standard products. This expenditure is included in the cost of sales so it is invoiced to the clients concerned. The scale of this commitment is a concrete confirmation of our strong orientation to be seen as a solution provider rather than a vendor of products. This approach has always been a distinguishing characteristic of our Group and, over the years, has resulted in a strong market leadership position.

Development continued during 2011 on several entirely new product families, thus expanding the Group's product range.

We are referring in particular to a new capsule filling machine, the new series of line filling machines in a sterile environment, a new machine for isolation technology, a new decartoning machine, a new thermo-forming machine, a new tea packaging machine in a differently shaped tea-bag, a new dosing machine and product processing for the dairy & convenience food segment. The costs incurred on such projects during the course of the year were capitalised as they comply with the requirements for intangible assets. They amounted to around 3.5 million euros (4.1 million euros in 2010). Amortization begins from the moment the products become available for sale.

**SALES COSTS**

Sales costs inclusive of commissions paid to sales agents and intermediaries, amounted to 80.32 million euros, up 17.80 million euros with respect to 2010. They decreased slightly as a percentage of sales at 12.0% compared with 12.4% in 2010, despite the increase in commissions paid to commercial intermediaries of 1.4 million euros (from 11.5 million euros to 12.9 million euros) and the change in scope of consolidation of 9.4 million euros.

**GENERAL AND ADMINISTRATIVE COSTS**

General and administrative costs increased by 22.91 million euros, from 64.62 million euros in 2010 to 87.53 million euros in 2011, with the Corazza Group contributing 13.0 million euros. The increase is linked to the rise in unit labour costs and higher general costs.

**OPERATING PROFIT**

Consolidated EBITDA comes to 73.19 million euros, which is 10.9% of sales, less than the previous year when it came to 9.7% of sales, because of the developments discussed earlier.

Operating profit was affected by the 0.43 million euro writedown and 6.26 million euros of non-recurring charges; the latter includes the charges for completion of the restructuring of Zanchetta S.r.l., IMA France E.u.r.l. and IMA Kilian GmbH & Co. KG, costs related to the acquisition of the Corazza Group and charges relating to the celebration of IMA's 50th anniversary. In comparison, 2010 had non-recurring charges of 2.69 million euros related to the restructuring of Kilian GmbH & Co. KG and IMA North America Inc.

**NET FINANCIAL INCOME (EXPENSE)**

Net financial expense, detailed in the notes to the financial statements, was 10.94 million euros compared with 7.13 million euros in 2010.

**NET PROFIT**

The Group's net profit was 27.99 million euros, compared with 17.00 million euros in the prior year, after an income tax charge of 26.81 million euros (18.86 million euros in 2010).

This increase stems from a higher pre-tax result as a consequence of the matters discussed previously.

**PROFITABILITY RATIOS**

The principal profitability parameters relating to 2011 and 2010 are shown below:

Ratio	Breakdown	2011	2010
Return on sales (R.O.S.)	Operating profit	9.9%	8.6%
	Net revenues		
Return on investment (R.O.I.)	Operating profit	21.7%	18.8%
	Net capital employed		
Return on equity (R.O.E.)	Net income	19.3%	15.0%
	Equity		

The change in the profitability ratios between 2010 and 2011 is a result of the changes in operating profit and net profit mentioned above.

## CONSOLIDATED BALANCE SHEET AND FINANCIAL POSITION

The following main items in the statement of financial position are equivalent to the corresponding items reported in the consolidated statement of financial position included in the consolidated financial statements: inventories, property, plant and equipment and intangible assets, Group equity and minority interests.

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

The following table summarizes the Group's balance sheet and financial position at 31 December 2011:

in millions of euros	31.12.2011		31.12.2010		Change %
	Amount	%	Amount	%	
Trade receivables	145.68	47.5	115.57	50.4	26.1
Inventories	201.80	65.9	157.79	68.8	27.9
Trade payables	(209.85)	(68.5)	(158.69)	(69.2)	32.2
Other, net	(54.98)	(17.9)	(40.60)	(17.7)	35.4
<b>Working capital</b>	<b>82.65</b>	<b>27.0</b>	<b>74.07</b>	<b>32.3</b>	<b>11.6</b>
Property, plant and equipment	31.11	10.1	26.71	11.7	16.5
Intangible assets	189.56	61.9	122.78	53.5	54.4
Investments	23.40	7.6	17.42	7.6	34.3
<b>Non-current assets</b>	<b>244.07</b>	<b>79.6</b>	<b>166.91</b>	<b>72.8</b>	<b>46.2</b>
Provision for severance indemnities and other provisions	(20.30)	(6.6)	(11.59)	(5.1)	75.2
<b>Net capital employed</b>	<b>306.42</b>	<b>100.0</b>	<b>229.39</b>	<b>100.0</b>	<b>33.6</b>
<b>FINANCED BY:</b>					
<b>Net debt</b>	<b>157.50</b>	<b>51.4</b>	<b>113.51</b>	<b>49.5</b>	<b>38.8</b>
Minority interests	3.86	1.3	2.56	1.1	50.8
<b>Group equity</b>	<b>145.06</b>	<b>47.3</b>	<b>113.32</b>	<b>49.4</b>	<b>28.0</b>
<b>Total sources of financing</b>	<b>306.42</b>	<b>100.0</b>	<b>229.39</b>	<b>100.0</b>	<b>33.6</b>

## WORKING CAPITAL

Working capital at 31 December 2011 amounted to 82.65 million euros. It grew by 8.58 million euros compared with the same date in 2010.

The change is mainly due to the consolidation of the Corazza Group, as well as the increase in sales volumes during 2011 and the higher level of the order book at year-end. Excluding the effect of the Corazza Group, there was an increase in stocks due to the high order backlog, offset by the increase in trade payables, advances from customers in particular. The increase in trade payables is due to higher purchases from suppliers because of the rise in the order book.

Management remains strongly committed to the structural control of working capital.

Comments on the changes in the main balances are given below:

- trade receivables increased by 30.11 million euros, going from 115.57 million euros at 31 December 2010 to 145.68 million euros at the end of 2011, substantially due to the consolidation of the Corazza Group and, to a lesser extent, to higher volumes;
- inventories rose by 44.01 million euros to 201.80 million euros (157.79 million euros in 2010) due to the higher level of the order book at the end of 2010 and to the consolidation of the Corazza Group. The Group is continuing its efforts to improve inventory levels

through innovation in production scheduling processes and by improving management of the supply chain to reduce lead times;

- trade payables, which include advances from customers, increased by 51.16 million euros, of which, as mentioned previously, 17.30 million euros relate to advances from customers because of the consolidation of the Corazza Group and growth in the order book, which required a higher volume of purchases;
- the “Other, net” item increased to 54.98 million euros in the year on 40.60 million euros in 2010 also because of the consolidation of the Corazza Group.

## NON-CURRENT ASSETS

Overall, non-current assets increased by 77.16 million euros since 31 December 2010, attributable to the acquisition of the Corazza Group which involved booking goodwill of 38.66 million euros.

The following note analyses the changes in property, plant and equipment and intangible fixed assets:

in millions of euros	Non-current assets		
	Property, plant and equipment	Intangibles	Total
Increases in the year	8.62	6.70	15.32
Net book value of disposals	(0.19)	(0.63)	(0.82)
Acquisition of Corazza Group	–	72.76	72.76
Change in scope of consolidation	1.73	0.94	2.67
Book value adjustment	(0.35)	0.04	(0.31)
Amortization and depreciation charges for the year	(5.56)	(12.88)	(18.44)
Writedowns/Impairment adjustments	–	(0.43)	(0.43)
Exchange rate difference	0.15	0.28	0.43
<b>Total</b>	<b>4.40</b>	<b>66.78</b>	<b>71.18</b>

## NET CAPITAL EMPLOYED

Compared with 31 December 2010, capital employed net of operating liabilities increased by 77.03 million euros to 306.42 million euros as a result of the above.

## NET DEBT

Net debt at 31 December 2011 amounted to 157.50 million euros and breaks down as follows:

	31.12.2011	31.12.2010
A. Cash and cash equivalents	(77.95)	(102.22)
B. Other cash equivalents	(0.90)	(0.88)
C. Investments in securities	(1.59)	(1.26)
<b>D. Liquidity (A)+(B)+(C)</b>	<b>(80.44)</b>	<b>(104.36)</b>
<b>E. Current financial receivables</b>	<b>(0.75)</b>	<b>–</b>
F. Current payables to banks	65.48	112.35
G. Current portion of non-current bank payables	49.71	44.74
H. Other current financial payables	3.33	2.65
<b>I. Current financial debt (F)+(G)+(H)</b>	<b>118.52</b>	<b>159.74</b>
<b>J. Net current financial debt (D)+(E)+(I)</b>	<b>37.33</b>	<b>55.38</b>
K. Non-current portion of non-current bank payables	122.25	60.15
L. Non-current financial assets	(2.48)	(2.18)
M. Other non-current financial payables	0.40	0.16
<b>N. Non-current financial debt (K)+(L)+(M)</b>	<b>120.17</b>	<b>58.13</b>
<b>O. Net financial debt (J)+(N)</b>	<b>157.50</b>	<b>113.51</b>

The items included in net debt are analyzed in notes 5, 12 and 16 to the consolidated financial statements.

The analysis of net debt takes account of the provisions of Consob Communication DEM/6064293 of 28 July 2006 and the CESR Recommendation 05-054/B of 10 February 2005.

Non-current financial assets are represented by financial receivables. The figure differs from that reported in the statement of financial position in that it does not include equity investments in other companies.

Compared with 31 December 2010, the increase in net debt relates to the acquisition of the Corazza Group for an outlay of 57.5 million euros and the acquisition of the interest in the CMH joint venture for 7.3 million euros, net of cash generated by the Group.

## GROUP EQUITY

Equity at 31 December 2011 amounted to 145.06 million euros, up 31.74 million euros from 31 December 2010, due to the net effect of the following movements:

Dividends paid during the year	(33.15)
Capital increase	36.16
Purchase and sale of treasury shares	(0.30)
Measurement of financial instruments recognised in equity	(0.80)
Exchange rate differences on the translation of foreign currency financial statements	1.84
Net profit	27.99
<b>Total</b>	<b>31.74</b>

## RECONCILIATION OF SHAREHOLDERS' EQUITY AND PROFIT FOR THE YEAR OF THE PARENT COMPANY WITH THE CORRESPONDING CONSOLIDATED FIGURES

The following table reconciles the equity and net profit for the year reported in the Parent Company's financial statements with the corresponding consolidated figures pertaining to the Group at 31 December 2011 (millions of euros):

	Shareholders' equity	Group profit
<b>Results from the financial statements of I.M.A. Industria Macchine Automatiche S.p.A</b>	<b>116.05</b>	<b>24.00</b>
<i>Consolidation adjustments</i>		
a) Elimination of book value of consolidated investments and measurement of investments using the equity method	36.01	24.35
b) Elimination of dividends distributed by Group companies	–	(20.35)
c) Elimination of intercompany items:		
· Intangible assets	–	–
· Inventories	(4.15)	(0.41)
· Margins and fees for contract work	–	–
d) Writedowns/Impairment	(3.96)	–
e) Tax effect of consolidation adjustments and other tax effects	1.11	0.40
Net effect of consolidation adjustments	29.01	3.99
<b>Amounts pertaining to the Group</b>	<b>145.06</b>	<b>27.99</b>

ANALYSIS OF  
PERFORMANCE BY SECTOR

The following table analyses consolidated performance by business segment in 2011:

in millions of euros	Tea, Food & Other	Pharma- ceutical	Not allocated	Total
Revenues	259.81	409.40	–	669.21
Operating profit before writedowns impairment/non-recurring items (EBITA)	38.50	34.69	–	73.19
Operating profit (EBIT)	36.18	30.32	–	66.50
Net capital employed (*)	105.27	189.43	11.72	306.42
R&D costs	10.62	18.45	–	29.07
Average personnel (**)	982	2,487	–	3,469
Order book	131.23	246.89	–	378.12

(\*) Unallocated assets and liabilities mainly relate to investments not directly attributable to the operating sectors.

(\*\*) The personnel allocated to the various segments comprise those directly employed those segments, while the figure reported in the "Unallocated" column reflects those employed by the sales departments of branches and by the Group's administrative and central offices.

Net capital employed includes 122.95 million euros in goodwill, of which 48.20 million euros attributable to the Tea, Food & Other Sector, and 74.75 million euros to the Pharma Sector .

## TEA, FOOD &amp; OTHER

in millions of euros	2011	2010	Change %
Revenues	259.81	140.81	84.5
Operating profit before writedowns/impairment/ non-recurring items (EBITA)	38.50	28.78	33.8
Operating profit (EBIT)	36.18	28.57	26.6
Net capital employed (*)	105.27	20.17	421.9
R&D costs	10.62	7.70	37.9
Average personnel	982	554	77.1
Order book	131.23	82.88	58.3

(\*) Net capital employed includes goodwill of 48.20 million euros (9.42 million euros at 31 December 2010).

The Tea, Food & Other Sector comprises activities carried out by IMA Industries S.r.l., GIMA S.p.A., by the BFB division of IMA S.p.A. and by the Corazza Group.

Product sales and the related after-sales support in North America, Central and Eastern Europe, the UK and in the South-western Asia are handled by the Group's branches operating in these countries, while all other locations are covered by the Companies, either directly or through agents.

Demand for tea packaging machinery remained strong in 2011, with good performance in the EU, Asia and China due to initiatives undertaken by large multinational groups, and to sales to companies with strong local connections, especially in Europe and Asia.

The sector's revenues were up by 84.5% over the previous year, thanks to the 89.71 million euros of the Corazza Group, and generally confirmed the strong leadership position held by the Group in these niche markets. Operating profit came to 36.18 million euros (13.9% of revenues) versus 28.57 million euros in 2010 (20.3% of revenues), net of 2.32 million euros of non-recurring charges. Compared with the previous year, the order book was up by 58.3% (131.23 million euros on 82.88 million euros in 2010) with the Corazza Group accounting for 37.10 million euros. Visibility is good also for the coming year.

Net capital employed came to 105.27 million euros and was higher than in 2010, essentially because of the consolidation of the Corazza Group.

## PHARMACEUTICAL

in millions of euros	2011	2010	Change %
Revenues	409.40	362.46	13.0
Operating profit before writedowns/impairment/ non-recurring items (EBITA)	34.69	19.90	74.3
Operating profit (EBIT)	30.32	14.63	107.2
Net capital employed (*)	189.43	194.30	(2.5)
R&D costs	18.45	18.72	(1.4)
Average personnel	2,487	2,575	
Order book	246.89	197.77	24.8

(\*) Net capital employed includes goodwill of 74.75 million euros (74.50 million euros at 31 December 2010).

The Pharmaceutical sector includes activities carried out directly by IMA S.p.A. through its IMA Safe division (which operates in the blister and cartoning field), IMA Life S.r.l. at its factories in Ozzano (Bologna), Bentivoglio (Bologna) and Calenzano (Florence), and Pharmasiena Service S.r.l. at its Siena factory. It also includes the activities of CO.MA.DI.S. S.p.A. a wholly owned subsidiary, based in Senago (Milan), the Indian subsidiary IMA-PG India Pvt Ltd., with offices in Mumbai and Indore (India), Swiftpack Automation Ltd., with headquarters and factory in Alcester (UK), and Packaging Systems Holdings Inc., which owns 100% of IMA North America Inc., based in Leominster (Massachusetts). In addition, the former Edwards Group, world leader in the freeze-drying equipment sector with three factories in the Netherlands, the USA and China, was acquired in 2008. IMA's network of branches sells this segment's products and provides the related after-sales service. The rest of the world is covered by an established network of agents, which works for the processing machines sector as well. The pharmaceuticals industry represents the principal market, although there is growing demand from the cosmetics industry. The Group's product range in the packaging sector is extremely wide, placing it in a leadership position worldwide. The range covers a family of machines for the production of blisters, with speeds ranging from 60 blisters/minute up to 1,200 blisters/minute; capsule and tablet packaging lines; a wide range of filling equipment for liquids/powders/creams for both sterile and normal environments; freeze-dryers; tube-filling machines, cartoners, end of line products (wrapping machines, shrinkwrappers, case-packing and palletising systems, etc.) and labelling machines.

The sector's revenue growth of 13.0% (+46.94 million euros) is due to the higher order book at the beginning of the year and the increase in purchase orders received throughout the year. The sector has seen a sharp increase over the previous year, achieving an operating profit (EBIT) of 30.32 million euros (compared with 14.63 million euros in 2010) as a result of higher volumes, higher profitability of contracts due to a more favourable mix and improved sales margins of certain products that have achieved the expected levels of profitability.

Net capital employed amounted to 189.43 million euros (194.30 million euros in 2010). The difference mainly came from the reduction in working capital due to structural control of net working capital.

The order book, which is growing rapidly, is the result of constant and substantial new order acquisitions during the year, a reflection of the success of this segment's product range.

## INVESTMENT

Group capital expenditure on property, plant and equipment in 2011 amounted to 8.62 million euros (8.63 million euros in 2010) and mainly related to the extension and upgrading of buildings and plant, together with the purchase of electronic machinery.

Capital expenditure on intangible assets amounted to 6.70 million euros (6.42 million euros in 2010) and related mainly to the capitalisation of development costs incurred on totally new products for market segments not previously occupied.

The acquisition of the Corazza Group involved booking on a temporary basis an unpatented technology of 17.81 million euros, intangible assets linked to customers (the "customer list") of 15.68 million euros and goodwill of 38.66 million euros.

Amortization and depreciation for the year came to 18.44 million euros (13.63 million euros in the previous year), including 3.07 million euros of amortization of the unpatented technology and the customer list.

## HUMAN RESOURCE , TRAINING AND INDUSTRIAL RELATIONS

For our customers, the IMA Group is not merely a supplier of products, albeit incorporating highly sophisticated technology, but rather a solver of complex problems through specially designed solutions that are custom-tailored to meet their individual requirements. This means that all our business processes, from preparing bids, to sales, from production/design to after-sales support, including contractual and administrative matters, have to be conducted with an extremely low level of repetitiveness. Accordingly, the proper functioning of these processes depends on the initiative and pro-active approach of the individuals who work within them, and on their ability to work together with everyone else in the organization, in teamwork at its best. As such, although it is true for every firm that the quality of its human resources represents a critical factor in success, this is even more true for the IMA Group where our people represent our principal asset, incorporating all our knowledge and skill. This expertise cannot easily be documented and codified, precisely because it is non-repetitive. In line with this vision, the Group dedicates considerable attention to the proper management of employees, investing heavily and continually in their professional development, adopting an organizational model with a high degree of participation and applying a bonus system based on the rigorous identification and assessment of the skills acquired by each employee.

## EMPLOYEES

In 2011, the average number of Group employees came to 3,469, compared with 3,129 in 2010. The geographical breakdown of the workforce is as follows:

	2011	2010	Variazione
Italy	1,907	1,709	198
India	397	393	4
China	358	328	30
Germany	305	199	106
USA	259	261	(2)
UK	68	68	-
France	46	36	10
Eastern Europe	44	30	14
Netherlands	30	63	(33)
Spain	17	18	(1)
Brazil	15	10	5
Thailand and Singapore	12	3	9
Japan	9	9	-
Portugal	2	2	-
<b>Total</b>	<b>3,469</b>	<b>3,129</b>	<b>340</b>

The various companies of the Corazza Group, which was not consolidated in 2010, employ 313 people.

The excellent educational level of the people employed by the Group is demonstrated by the fact that more than 80% possess a high-school diploma and/or a university degree.

With reference to the Group's organizational structure, around 21.5% of employees work in the commercial area, including pre-sales and after-sales, 18.9% in our R&D laboratories, 14.9% in central functions (Administration, IT, Procurement, Quality, Human Resources, etc.) and 44.7% in production/logistics. This distribution of the workforce is a good reflection of the Group's business model, which is designed to retain the activities that represent critical and distinctive skills and outsource all other activities. The high degree of professionalism is also reflected in the fact that over 70% of employees are employed in office and managerial grades.

## PERSONNEL COSTS

Payroll amounted to 203.84 million euros, compared with 167.26 million euros in the prior year, equal to 30.5% of net revenues.

The increase compared with the previous year is principally due to inclusion in the scope of consolidation of the companies belonging to the Corazza Group for 23.38 million euros, as well as to consolidation for the entire year of GIMA S.p.A. and Naturapack S.r.l., which were acquired in July 2010.

Taking into account the principal elements of their remuneration, the personnel costs for Italian employees rose by 7.4%, due to increases established by the National Collective Labour Contract for Metalworkers, consolidation of the bonus laid down in the main companies' Supplementary Labour Contract and the incentive plan introduced by the Group.

## HUMAN RESOURCE POLICY

The IMA Group continued to focus on the individual within the organization. This is confirmed by:

- the continual improvement of the selection process for more strategic roles;
- the average age of new recruits is still less than 30;
- most of the staff recruited were engaged with permanent or trainee contracts that guarantee certification of the training process followed;
- closer ties with national and international universities and centres of excellence, as well as traditional partnerships with local technical institutes;
- extensive training and orientation programs for new recruits that are structured to facilitate entry and communicate the Company's values.

In general, the contractual conditions offered to employees by all IMA Group companies are better than average for the sector as a whole.

Comprehensive health and accident coverage, agreements for discounted purchases and the best terms for numerous aspects of the employment contract (salaries, maternity leave, advances against severance pay, use of part-time work, etc.) are just some of tools used by the Italian companies within the IMA Group to create favourable conditions for the expression of individual talent, founded on our business culture with its system of strongly shared values. In this light, we also provide a psychological counselling service, backed up by the role of Employee Representative, which confirms the importance to us of our people. We take action to promote conditions of wellbeing in the workplace, especially with reference to phenomena that might result in social exclusion. This attention to the Group's human resources is tangibly demonstrated by our low rates of turnover (less than 3%) and absenteeism, which is always at ordinary levels.

**TRAINING**

During the year, more than 70% of employees were involved in training designed to improve the expertise of the Group's technical, administrative and commercial personnel. Specialist training, the updating of professional skills, work safety and management skills development continue to be the main topics.

**INDUSTRIAL RELATIONS**

On the industrial relations front, we continue to pursue our ongoing and constructive relationship with the trade unions. Thanks to this consolidated relationship, this past year was also largely free from disputes.

**HEALTH, SAFETY  
AND THE ENVIRONMENT**

The IMA Group governs safety and the working environment through full compliance with current legislation, not least through specific training designed to create a "culture of safety".

These principles are applied in full by all Group companies throughout the world.

As confirmation of the above, during 2011 we further increased our commitment and investment in staff training and information, which is considered the fulcrum of the safety management system currently in use. Above all, we can confirm that a culture of safety has to be pursued by involving all those who are in charge of the various production structures.

Then it is a matter of providing specific information on a timely basis to all of our employees about the risks to which they may be exposed, together with training designed to inculcate the use of safe working practices.

The Company pays great attention to the assessment of all sources of risk for the health of employees. This includes periodic analyses and measurements of the working environment, which have been found to comply in full with current standards; similar care is dedicated to determining how to handle any emergency situations that could arise.

On the issues of corporate social responsibility and responsibility versus the local community, we confirm our commitment to maintain high levels of safety and environmental protection. In fact, during the year no events took place that had a damaging effect on the environment.

As regards the security measures to be adopted for the handling of personal information, the Group operates in compliance with the current regulations on privacy.

**RELATED-PARTY  
TRANSACTIONS**

The "Regulation containing instructions on related-party transactions", adopted with 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.

With a resolution passed on 1 December 2010, the Board adopted the procedure on related parties, which was drawn up taking into consideration the instructions subsequently provided by CONSOB on how to apply the new rules with 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 substantive and procedural point of view.

Related-party transactions are identified in accordance with the guidelines of the CONSOB regulation.

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

During the period:

- there were no "more relevant transactions", as defined in the Consob regulation;
- there were no individual related-party transactions that could have had a significant influence over the companies' balance sheet or results;
- there have been no changes or developments in related-party transactions explained in the last annual report that could have had a significant influence over the companies' balance sheet or results.

The IMA Group conducts business with related parties, mainly persons responsible for administration and management at IMA S.p.A., or entities controlled by such persons. 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.

Transactions with related parties are described more completely in Note 32 to the consolidated financial statements.

## PERFORMANCE OF IMA S.P.A.

The commentary on Group performance has implicitly touched on the main events concerning the Parent Company.

## INCOME STATEMENT

The income statement reclassified by use as shown below was prepared applying the same criteria as those used to prepare the Group's income statement. For a breakdown of the various items (cost of sales, research and development costs, selling costs, general and administrative costs and gross operating margin) reference is made to the Report on Operations covering the consolidated financial statements.

The following main items in the reclassified income statement are equivalent to those reflected in the income statement presented in the section entitled "Financial statements": revenues, non-recurring items, operating profit, financial income and expense, profit before tax, income taxes and net profit for the year.

The reclassified income statement of the Parent Company for 2011 is shown below with comparative figures. Many of the changes are due to the merger of IMA Safe S.r.l. from 1 January 2011:

in millions of euros	2011		2010		Change %
	Amount	%	Amount	%	
<b>Revenues</b>	<b>221.99</b>		<b>127.39</b>		<b>74.3</b>
Cost of sales	(137.63)	62.0	(90.16)	70.8	
<b>Gross industrial income</b>	<b>84.36</b>	<b>38.0</b>	<b>37.23</b>	<b>29.2</b>	<b>126.6</b>
R&D costs	(10.52)		(4.17)		
Seles costs	(26.86)		(12.54)		
General and administrative costs	(24.73)		(11.93)		
<b>Operating profit before writedowns/impairment/ non-recurring items (EBITA)</b>	<b>22.25</b>	<b>10.0</b>	<b>8.59</b>	<b>6.7</b>	<b>159.0</b>
Writedowns/Impairment adjustments	-		-		
Non-recurring items	(1.52)		0.50		
<b>Operating profit (EBIT)</b>	<b>20.73</b>	<b>9.3</b>	<b>9.09</b>	<b>7.1</b>	<b>128.1</b>
Net financial income (expense)	12.95		27.75		
<b>Profit before tax</b>	<b>33.68</b>	<b>15.2</b>	<b>36.84</b>	<b>28.9</b>	<b>(8.6)</b>
Income tax for the year	(8.42)		(5.22)		
Prior year taxes	(1.26)		(0.85)		
<b>Net profit for the year</b>	<b>24.00</b>	<b>10.8</b>	<b>30.77</b>	<b>24.2</b>	<b>(22.0)</b>
<b>Gross operating profit (EBITDA)</b>	<b>24.64</b>	<b>11.1</b>	<b>12.89</b>	<b>10.1</b>	<b>91.2</b>
<b>Order book</b>	<b>113.97</b>		<b>43.10</b>		<b>164.4</b>

## REVENUES BY GEOGRAPHICAL AREA

in millions of euros	2011		2010		Change %
	Amount	%	Amount	%	
European Union (excluding Italy)	95.77	43.1	30.61	24.0	212.9
Other European countries	11.58	5.2	11.49	9.0	0.8
North America	15.06	6.8	12.42	9.8	21.3
Asia & Middle East	41.22	18.6	32.05	25.2	28.6
Other countries	19.61	8.8	3.73	2.9	425.7
<b>Total foreign markets</b>	<b>183.24</b>	<b>82.5</b>	<b>90.30</b>	<b>70.9</b>	<b>102.9</b>
Italy	38.75	17.5	37.09	29.1	4.5
<b>Total</b>	<b>221.99</b>	<b>100.0</b>	<b>127.39</b>	<b>100.0</b>	<b>74.3</b>

Over 80% of revenues were generated outside Italy, even more than in 2010. About 70% of revenues were generated by plant and machines, while 30% came from after-sales activities (support, spares, kits etc.).

In terms of the geographical distribution of sales, there was strong growth in the European Union and other countries, also thanks to the merger of IMA Safe S.r.l.

#### GROSS INDUSTRIAL INCOME

Gross industrial income rose as a result of the merger of IMA Safe S.r.l. with effect from 1 January 2011.

#### R&D COSTS

The R&D costs incurred during the year amounted to 10.52 million euros (4.17 million Euro in 2010). This amount only relates to costs incurred to develop new products or update the technology of products already in distribution. The balance therefore excludes the cost of development work ordered by specific clients and the cost of personalizing products that are already being distributed. Such expenditure is included in the cost of sales since it is invoiced to the clients concerned.

#### SALES COSTS

Sales costs, including commissions paid to agents and intermediaries, totalled 26.86 million euros, compared with 12.54 million euros in 2010 and include 11.7 million euros of commissions paid to agents (5.3 million in 2010). Management is nevertheless working to improve the efficiency of the commercial structure despite an increase in unit labour costs.

#### GENERAL AND ADMINISTRATIVE COSTS

General and administrative costs rose from 11.93 million euros in the previous year to 24.73 million euros. This is mainly due to the change in the scope of consolidation, as well as the increase in personnel costs and higher overheads.

#### OPERATING PROFIT

EBITA is consequently much higher compared with the previous year, with operating profit rising to 20.73 million euros versus 9.09 million euros in 2010, even after deducting non-recurring charges of 1.52 million euros mainly related to IMA's 50th anniversary celebrations.

#### NET FINANCIAL INCOME (EXPENSE)

Net financial income, as detailed in the notes, amounted to 12.95 million euros (27.75 million euros in 2010).

The most significant items are discussed below:

- dividends received from subsidiaries amounted to 20.46 million euros in 2011 compared with 38.26 million euros in the previous year;
- the interest paid to service debt, including discounting interest, amounted to 6.33 million euros (3.55 million euros in 2010);
- the writedown of the investment in Pierrel S.p.A. came to 1.62 million euros (0.53 million euros in 2010).

#### NET PROFIT

The net profit amounted to 24.00 million euros (30.77 million euros in 2010) net of income taxes for the year of 8.42 million euros (5.22 million Euro in 2010) and prior-year taxes of 1.26 million euros (0.85 million euros the previous year).

The increase in the proportion of income taxes as a percentage of the pre-tax result is mainly due to less tax-exempt income and higher non-deductible charges.

BALANCE SHEET AND  
FINANCIAL POSITION

The following main items in the statement of financial position are equivalent to the corresponding items reported in the statement of financial position included in the financial statements: inventories, property, plant and equipment, intangible assets and equity.

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

The company's balance sheet and financial position at 31 December 2011 are summarized below:

in millions of euros	31.12.2011		31.12.2010		Change %
	Amount	%	Amount	%	
Trade receivables	65.99	32.5	51.22	28.5	28.8
Inventories	68.56	33.8	31.42	17.5	118.2
Trade payables	(89.72)	(44.2)	(50.75)	(28.2)	76.8
Other, net	(18.76)	(9.2)	(10.19)	(5.7)	84.1
<b>Working capital</b>	<b>26.07</b>	<b>12.9</b>	<b>21.70</b>	<b>12.1</b>	<b>20.1</b>
Property, plant and equipment	11.45	5.6	9.90	5.5	15.7
Intangible assets	19.69	9.7	17.56	9.8	12.1
Investments	150.94	74.3	138.24	76.9	9.2
<b>Non-current assets</b>	<b>182.08</b>	<b>89.6</b>	<b>165.70</b>	<b>92.2</b>	<b>9.9</b>
Provision for severance indemnities and other provisions	(5.01)	(2.5)	(7.69)	(4.3)	(34.9)
<b>Net capital employed</b>	<b>203.14</b>	<b>100.0</b>	<b>179.71</b>	<b>100.0</b>	<b>13.0</b>

## FINANCED BY:

<b>Net debt</b>	<b>87.09</b>	<b>42.9</b>	<b>98.09</b>	<b>54.6</b>	<b>(11.2)</b>
<b>Equity</b>	<b>116.05</b>	<b>57.1</b>	<b>81.62</b>	<b>45.4</b>	<b>42.2</b>
<b>Total sources of financing</b>	<b>203.14</b>	<b>100.0</b>	<b>179.71</b>	<b>100.0</b>	<b>13.0</b>

## WORKING CAPITAL

Working capital at 31 December 2011 amounted to 26.07 million euros, slightly up from its level in 2010 (21.70 million euros). This rise stems mainly from the merger of IMA Safe S.r.l. with effect from 1 January 2011, with an impact on the following items:

- trade receivables went up by 14.77 million euros (from 51.22 million euros at 31 December 2010 to 65.99 million euros), also as a result of higher sales volumes;
- inventories went up by 37.14 million euros (from 31.42 million euros at 31 December 2010 to 68.56 million euros at 31 December 2011), mainly due to the merger of IMA Safe S.r.l.;
- trade payables, including advances from customers, are up by 38.97 million euros (from 50.75 million euros at 31 December 2010 to 89.72 million euros at 31 December 2011), because of the merger of IMA Safe S.r.l. and growth in the order book at the end of the year, resulting in higher purchases.

## NON-CURRENT ASSETS

Overall, non-current assets increased by euros 16.38 million euros since 31 December 2010. As part of this aggregate:

- investments rose by 12.70 million euros mainly due to the investment in CMH S.r.l. and payments to Imautomatiche Lda, IMA Germany GmbH, IMA Pacific Co. Ltd. and Zanchetta S.r.l., net of the sale of the interest in Naturapack S.r.l. to Corazza S.p.A.;

- property, plant and equipment and intangible assets, net of depreciation and amortization, increased by 3.68 million euros since 31 December 2010, as the net effect of the following movements:

in millions of euros	Non-current assets		
	Property, plant and equipment	Intangible	Total
Merger of IMA Safe S.r.l.	0.38	1.94	2.32
Increases in the year	3.33	1.96	5.29
Net book value of disposals	–	(0.02)	(0.02)
Amortization and depreciation charges for the year	(2.16)	(1.75)	(3.91)
<b>Total</b>	<b>1.55</b>	<b>2.13</b>	<b>3.68</b>

The changes in individual items are described in the notes to the financial statements.

## NET CAPITAL EMPLOYED

Compared with 31 December 2010, capital employed net of operating liabilities increased by 23.43 million euros to 203.14 million euros for the reasons explained above.

## NET DEBT

Net debt at 31 December 2011 amounted to 87.09 million euros and breaks down as follows:

in millions of euros	31.12.2011	31.12.2010
A. Cash and cash equivalents	(19.04)	(21.24)
B. Other cash equivalents	–	–
C. Investments in securities	(1.59)	(1.26)
<b>D. Liquidity (A)+(B)+(C)</b>	<b>(20.63)</b>	<b>(22.50)</b>
<b>E. Current financial receivables</b>	<b>(100.21)</b>	<b>(37.42)</b>
F. Current payables to banks	31.07	59.35
G. Current portion of non-current bank payables	45.25	38.43
H. Other current financial payables	17.73	17.50
<b>I. Current financial debt (F)+(G)+(H)</b>	<b>94.05</b>	<b>115.28</b>
<b>J. Net current financial debt (D)+(E)+(I)</b>	<b>(26.79)</b>	<b>55.36</b>
K. Non-current portion of non-current bank payables	113.85	47.66
L. Non-current financial assets	(0.02)	(5.00)
M. Other non-current financial payables	0.05	0.07
<b>N. Non-current financial debt (K)+(L)+(M)</b>	<b>113.88</b>	<b>42.73</b>
<b>O. Net financial debt (J)+(N)</b>	<b>87.09</b>	<b>98.09</b>

A breakdown of the items comprising net debt is given in Notes 4, 11 and 14.

The analysis of net debt takes account of the provisions of Consob Communication DEM/6064293 dated 28 July 2006 and the CESR Recommendation 05-054/B dated 10 February 2005.

Net debt amounted to 87.09 million euros, down 11 million euros from 98.09 million euros at 31 December 2010.

Since we plan to maintain the same level of investment and continue to hold down working capital, good cash generation can be expected in 2012 also in view of the forecast improvement in performance.

## SHAREHOLDERS' EQUITY

Equity at 31 December 2011 amounted to 116.05 million euros, up 34.43 million euros from 31 December 2010, due to the net effect of the following movements:

Dividends paid during the year	(33.15)
Capital increase	36.16
Effect of merger of IMA Safe S.r.l.	8.12
Purchase and sale of treasury shares	(0.30)
Valuation of financial instruments at equity	(0.40)
Net profit	24.00
<b>Total</b>	<b>34.43</b>

## INVESTMENT

During 2011, the Company invested 1.96 million euros (1.27 million euros in 2010) in intangible assets and 3.33 million euros (2.98 million euros in 2010) in property, plant and equipment, for a total of 5.29 million euros (4.25 million euros in 2010).

Spending on intangible assets mainly related to applications, administrative and technical software (0.39 million euros), and the capitalization of entirely new products that will generate economic benefits in future years (1.32 million euros). With regard to expenditure on property, plant and equipment, they are mainly for leasehold improvements (2.46 million euros) and electronic equipment (0.34 million euros).

## HUMAN RESOURCES, TRAINING AND INDUSTRIAL RELATIONS

The policies and guidelines for the management of human resources are discussed in relation to the IMA Group.

### EMPLOYEES

In 2011, the average number of IMA employees came to 1,033, compared with 697 in 2010. It should be noted that in the previous year an average of 351 people were employed by IMA Safe S.r.l. (merged with IMA S.p.A. from 1 January 2011).

The breakdown of the workforce by grade is summarized below:

	31.12.2011	31.12.2010
Management	35	29
Office workers	767	488
Production workers	231	180
<b>Total</b>	<b>1,033</b>	<b>697</b>

The excellent educational standard of the human resources employed by the Company is demonstrated by the fact that around 90% possess a high-school diploma or a university degree.

In terms of the organizational structure, employees work in the following main professional areas:

	%		
	Total employees	of which: men	of which: women
Sales and marketing, including pre-sales and post-sales	15.4%	53.1%	46.9%
Research and development	19.2%	95.0%	5.0%
Production	46.3%	92.7%	7.3%
Central and administrative functions	19.1%	47.5%	52.5%
<b>Total</b>	<b>100.0%</b>	<b>78.4%</b>	<b>21.6%</b>

This distribution of the workforce is a good reflection of IMA's business model, which is designed to retain the activities that represent critical and distinctive skills and outsource all other activities. The high degree of professionalism is partly reflected in the fact that 77.8% of our employees are employed in office and management activities.

Women, who make up 21.6% of total human resources, work mainly in sales and marketing and administrative functions. In the production areas, women are mostly employed in production logistics and planning.

### PERSONNEL COSTS

Personnel costs totalled 70.39 million euros, compared with 45.38 million euros in the prior year.

Taking into account the principal elements of their remuneration, personnel costs have gone up by 7.3% due to increases established by the National Collective Labour Contract for

Metalworkers, consolidation of the bonus laid down in the main companies' Supplementary Labour Contract and the incentive plan introduced by the Company.

## TRAINING

Like all organisations that want to tackle the competitive challenges thrown up by the market, IMA considers continuous training to be more and more a strategic area.

Investment is not only intended for initial training but is maintained over time, increasingly using training as a lever for employee growth and motivation, and consequently for the business' competitive development.

Complex organizations, in continuous evolution, like IMA, require employees equipped with enterprise and initiative, driven by the desire to learn and improve continuously, questioning their own skills and ready for continuous assessment.

From this point of view, IMA is also a point of reference for the district system to which it belongs, working hard to adapt its organizational and management models to the "knowledge economy", in which professional careers - which are increasingly discontinuous and multidisciplinary - require "generalist" skills that accompany the high standard of professionalism required to work in an international context, in contact with innovative technologies and in a competitive market.

## INDUSTRIAL RELATIONS

On the industrial relations front, we continue to pursue our ongoing and constructive relationship with the trade unions. Thanks to this consolidated relationship, this past year was also largely free from disputes.

The in-house supplementary labour contract was renewed during the year.

## HEALTH, SAFETY AND THE ENVIRONMENT

For IMA, safety and protection of the working environment involves full compliance with current legislation, as well as specific training designed to create a "culture of safety".

These principles are applied in full by all Group companies throughout the world.

As confirmation of the above, during 2011 we further increased our commitment and investment in staff training and information, which is considered the fulcrum of the safety management system currently in use. Overall, around 1045 hours of staff training was carried out on specific aspects of safety and hygiene in the workplace, involving practically all employees. Above all, we can confirm that, within the Company, a culture of safety has to be pursued by involving all those who are in charge of the various production structures.

The Company pays a great deal of attention to the assessment of all sources of risk for the health of employees. This includes periodic analyses and measurements of the working environment, which have been found to comply in full with current standards; similar care is dedicated to determining how to handle any emergency situations that could arise.

Risk assessment is carried out on the basis of British Standard 18004:2008, where applicable. The importance of this standard is also recognized by Decree 81/2008 (the "Safety at Work Code"), which considers it the standard of reference for certification of a firm's safety management system.

With reference to the specific activities undertaken in 2011, we would like to emphasize the implementation of specific safety procedures that define how non-technical personnel can access the production departments and criteria for the movement of automatic machinery within the Company's working environment. These procedures are extremely useful to guarantee specific information on a timely basis to all of our employees about the risks to which they may be exposed and, at the same time, training to ensure that they always use safe working practices.

The accident frequency and severity indices, respectively 3.72 (FI) and 0.069 (SI), are key indicators of the effectiveness and quality of the action taken. These were determined with reference to accidents within the Company and based on the UNI 7249 standard.

With regard to corporate social responsibility and the local areas in which we operate, we confirm our commitment to maintain high levels of safety and environmental protection. Specifically, the Company did not cause any damage to the environment during the year.

As regards the data protection of personnel information, the Company has updated its security planning document, as required by current legislation.

#### TRANSACTIONS WITH PARENT, SUBSIDIARY AND ASSOCIATED COMPANIES

There were numerous intercompany transactions during the year, all carried out within the framework of ordinary operations and on an arm's length basis. Intercompany transactions are in fact a part of the Group's organizational structure. They involve commercial activities (companies wholly owned by IMA S.p.A. in various countries that market the Group's products as agents or dealers) and the manufacturing phase (subsidiaries of IMA S.p.A. that make certain types of machines and supplement the range supplied of IMA S.p.A. or their own range, by selling machines to or buying machines from IMA S.p.A.), as well as participation in the consolidated tax mechanism. Transactions also include financial transactions among the Group companies, carried out within the framework of ordinary operations and on an arm's length basis; none of these transactions can be considered atypical.

Further information is provided in Note 29 to the Company's financial statements.

#### RELATED-PARTY TRANSACTIONS

The "Regulation containing instructions 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.

With a resolution passed on 1 December 2010, and with the favourable opinion of the relevant committee, the Board adopted the procedure on related parties, which was drawn up taking into consideration the instructions subsequently provided by CONSOB on how to apply the new rules with communication DEM/10078683 of 24 September 2010.

This procedure, which is published on the Company's website ([www.ima.it](http://www.ima.it)), is applicable from 1 January 2011. Its purpose 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 substantive and procedural point of view. Related-party transactions are identified in accordance with the guidelines of the CONSOB regulation.

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

In addition to the intercompany transactions described above, the Company enters into transactions with other related parties, mainly persons responsible for administration and management at IMA S.p.A., or entities controlled by such persons. The transactions concerned mostly involve real estate (premises rented for operational purposes) and commercial activities and are carried out in the ordinary course of business on arm's-length terms.

Transactions with related parties are described more fully in Note 29 to the Company's financial statements.

#### COMPANY'S LOCATIONS OF OPERATION

The activities of IMA S.p.A. are carried out at the following locations:

Via Tosarelli, 184 Castenaso (Bologna) Head office

Via 1 Maggio, 14/16 Ozzano dell'Emilia (Bologna) Factory

Via 1 Maggio, 99/107 Ozzano dell'Emilia (Bologna) Warehouse

Via Emilia, 428/442 Ozzano dell'Emilia (Bologna) Factory

Via Emilia, 217/219 Ozzano dell'Emilia (Bologna) Factory

Via Emilia, 237 Ozzano dell'Emilia (Bologna) Offices

Via Romagnoli, 2 Bentivoglio (Bologna) Factory

Via Romagnoli, 11/2 Bentivoglio (Bologna) Factory

Via Nobel, 1 Ozzano dell'Emilia (Bologna) Factory

Via Nobel, 32 A Ozzano dell'Emilia (Bologna) Warehouse

Via Nobel, 32 C-D Ozzano dell'Emilia (Bologna) Warehouse

Via Nobel, 16 Ozzano dell'Emilia (Bologna) Factory

## OTHER INFORMATION

### SIGNIFICANT EVENTS AFTER YEAR-END

The following main events took place subsequent to year-end:

- merger of IMA Life S.r.l. into IMA S.p.A., with effect from 1 January 2012;
- transfer at book value by the Parent Company of the BFB division (end-of-line automatic machines) to IMA Industries S.r.l with effect from 1 January 2012;
- merger of PSH MKCS Inc. into IMA Life North America Inc., with effect from 1 January 2012;
- total proportional spin-off of RC S.p.A. with effect from 1 January 2012 and transfer of the stock cube production line business to Corazza S.p.A. and of the packaging machine refurbishing business to Naturapack S.r.l. (renamed Revisioni Industriali S.r.l. from 1 January 2012);
- on 21 February the Emilia-Romagna Regional Tax Office started a general inspection of IMA Safe S.r.l. (merged with IMA S.p.A. with effect from 1 January 2011), involving an audit of the 2009 tax year with regard to direct taxes, VAT, other state taxes and IRAP;
- in accordance with the plan described in Note 13, 31,414 treasury shares were purchased in 2012. At the date the financial statements were prepared, the Company held 55,000 treasury shares, equal to 0.149% of the share capital.

### OUTLOOK FOR THE CURRENT YEAR

After performing very well, the Group closed 2011 with an order book that is excellent in terms of both quantity and quality. The trend in order intake is continuing in the first few months of the current year in both Food and Pharma, with a significant number of negotiations already underway. The increase in the first two months of this year has been around 20%. Thanks to this situation, it is reasonable to assume that 2012 will have revenues of around 700 million euros and a gross operating profit (EBITDA) of around 95 million euros.

### PRINCIPAL RISKS AND UNCERTAINTIES TO WHICH IMA S.P.A. AND THE GROUP ARE EXPOSED

In conducting its business, the IMA Group is exposed to various types of risk which could have an impact on its performance and financial situation:

- competition: the market in which the Group operates is extremely dynamic and the success of the Group's business depends on its ability to maintain and increase market share and to expand into new markets with innovative products. To counter the risk of new competitors entering the market, the Group maintains a high level of investment in R&D,

has a wide array of registered trademarks and a strong sales team with a direct presence in the countries where it operates, which ensures a high level of customer service;

- exchange rate fluctuations: exposure to exchange risk is primarily due to the geographic distribution of production and sales, which results in exports denominated in currencies different from those of production. In particular the IMA Group is primarily exposed to exchange risk for exports from the euro area to that of the US dollar. The Group uses currency hedging to limit exchange rate risk. For a more detailed analysis of financial risk, please refer to the section below entitled "Financial risk management policy and objectives";
- staff skills: for the IMA Group, human resources are a critical success factor. The Group therefore considers proper HR management as a matter of the highest importance. In order to increase its ability to attract and keep highly qualified staff, the Group constantly refines its recruitment process for its strategically important positions and rewards staff with contractual conditions that are better than those offered on average in the sector;
- technology protection: the Group's market sector is characterised by the planning and production of products with a high technological content which run the risk that competitors might try to replicate the technologies used. In order to counter such risk the Group invests heavily in intellectual property and holds a large number of registered patents.

## FINANCIAL RISK MANAGEMENT POLICY AND OBJECTIVES

The following disclosures are provided about the objectives and policies adopted for financial risk management, as they relate to the statutory financial statements pursuant to Art. 2428 of the Italian Civil Code, and to the consolidated financial statements pursuant to Art. 40 of Legislative Decree 127/1991:

### Financial 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 commodity prices.

The objectives and policies of the Company and the Group concerning financial risk management and exposure to risk are more fully described in the "Financial Risk Management" sections of the consolidated and statutory financial statements; specifically in Notes 4, 6, 11 and 14 of the Parent Company's financial statements and in Notes 5, 7, 12 and 16 of the consolidated financial statements.

#### Hedging instruments

The Company and the Group mainly use derivatives to hedge exchange rate and interest rate risk and do not hold any speculative financial instruments, as required by the procedure approved by the Executive Committee.

All further details are duly provided in the "General preparation policies" section in the paragraphs on hedging instruments: specifically in Note 6 to the Parent Company's financial statements and in Note 7 to the consolidated financial statements.

#### ATYPICAL AND/OR UNUSUAL TRANSACTIONS

No significant atypical and/or unusual transactions have been carried out by IMA S.p.A. or the IMA Group.

#### TREASURY SHARES

At 31 December 2011 treasury shares totalled 0.30 million euros, represented by 23,586 shares with a par value of 0.01 million euros. The official market value at 30 December 2011 was 0.31 million euros.

At 31 December 2010 IMA S.p.A. did not hold any treasury shares. It should be noted that, during 2011 IMA S.p.A. did not carry out any sale of treasury shares.

#### LEGISLATIVE DECREE 231/2001

At its meeting of 27 March 2008, the Board of Directors adopted the Compliance Model envisaged by Decree 231 of 8 June 2001 concerning the administrative liability of legal persons.

Following the adoption of this model, a number of internal procedures were developed and/or modified.

At the same time the Compliance Model was adopted, a Code of Ethics was also adopted and the Supervisory Board was appointed.

The Supervisory Board comprises:

- Maria Lucia Sireci – Chairman, a professional with a legal background, who has a particular knowledge of the Company's organisational structure;
- Gerardo Diamanti, an independent professional with an economics background and particular experience in cash flow management;
- Mario Panzeri, a professional with a background in company law, specific experience of supervisory boards and particularly knowledgeable about protocols and procedures.

The Supervisory Board is tasked with supervising the functioning of the Compliance Model, monitoring compliance and taking care of revisions. It reports periodically to the Board of Directors, also through the Internal Control Committee.

The members of this body do not hold any position within the Company and satisfy the requirements of autonomy and independence needed to perform their duties.

The Supervisory Board will remain in office until further notice.

The Compliance Model was not updated in 2011.

The Compliance Model and the Code of Ethics can be viewed on the Company's website: [www.ima.it](http://www.ima.it).

## CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE CODE

IMA subscribes to and enforces the Corporate Governance Code for Listed Companies approved in March 2006 and amended in March 2010 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A. (which runs the Italian Stock Exchange), with the exceptions indicated in the Report on Corporate Governance and Ownership Structure prepared in accordance with art. 123 bis CFA.

The Code can be viewed on the website of Borsa Italiana ([www.borsaitaliana.it](http://www.borsaitaliana.it)).

A description of the Company's corporate governance system and its ownership structure, as well as adoption of the individual provisions of the Corporate Governance Code, can also be obtained in the Company's report on corporate governance and its ownership structure.

The Board discloses the positions of director or auditor held by its members in listed companies, including foreign companies, financial companies, banks, insurance companies and other large companies, on the basis of their own declarations:

### **Galliani Marco**

- Cassa di Risparmio di Ravenna (Director)
- Cassa di Risparmio di Milano S.p.A. (Director)

### **Malagoli Andrea**

- SO.FI.M.A. S.p.A. (Director)

### **Minguzzi Italo Giorgio**

- Fondazione Ducati Corse S.p.A. (Executive Committee Member)
- Unitec S.p.A. (Director)

### **Poggi Luca**

- Boato Holding S.p.A. (Director)
- Boato International S.p.A. (Director)
- Emil Europe '92 S.r.l. in liquidazione (Chairman of Board of Auditors)
- Finvetro S.p.A. (Director)
- Fondazione Cassa di Risparmio in Bologna (Statutory Auditor)
- Nu Air Compressors and Tools S.p.A. (Statutory Auditor)
- Opera SGR S.p.A. (Director)
- Tesmec S.p.A. (Director)
- Vetriere Riunite S.p.A. (Director)

### **Ricotta Enrico**

- GVS S.p.A. (Director)
- Mandarin Capital Management SA (Director)
- Mecaer S.p.A. (Director)

### **Riello Pierantonio**

- Banca Popolare di Verona San Gimignano e San Prospero (Director)

**Schiavina Maria Carla**

- Eredi Schiavina S.r.l. (Chairman)
- Immobiliare San Trovaso S.r.l. (Vice Chairman)
- Immobiliare Schiavina S.r.l. (Vice Chairman)
- Murazzi Ecostruttura-Mecos S.r.l. (Vice Chairman)
- Schiavina S.r.l. (Chairman)
- SO.FI.M.A. S.p.A. (Director)

**Vacchi Alberto**

- ALVA S.p.A. (Sole Director)
- Bologna Fiere S.p.A. (Director)
- Morosina S.p.A. (Sole Director)
- Sinergia Sistemi S.p.A. (Director)

**Vacchi Gianluca**

- Boato International S.p.A. (Chairman)
- Cofiva Holding S.p.A. (Sole Director)
- Cofiva S.A. (Director)
- First Investment S.p.A. (Sole Director)
- Tesmec S.p.A. (Director)
- ToyWatch S.p.A. (Chairman)

**Vacchi Marco**

- Banca di Bologna Credito Cooperativo SCRL (Chairman)
- B Group S.p.A. (Director)
- Fondazione Cassa di Risparmio in Bologna (Member)
- Lopam Fin S.p.A. (Chairman)
- SO.FI.M.A. S.p.A. (Chairman)
- Lopam S.r.l. (Chairman)
- Idice S.p.A. (Sole Director)
- Antares Nova S.r.l. (Sole Director)
- Società della Luna S.r.l. (Sole Director)
- Società del Sole S.r.l. (Sole Director)
- Gavignano S.r.l. (Chairman)

**Volta Romano**

- Datalogic S.p.A. (Chairman)
- Hydra S.p.A. (Chairman)
- San Paolo IMI Fondi Chiusi SGR S.p.A. (Director)

The Directors with delegated powers must provide to the Board of Directors and the Board of Auditors, at least every quarter, at the time of Board meetings or in a written communication, the information on related-party transactions required by Art. 150 of the CFA and Art. 2381 of the Italian Civil Code.

During 2011 the Delegated Committees reported to the Board of Directors about the activities which were delegated to them at the first available board meeting.

Certain members of the Board of Auditors of IMA, in compliance with Consob recommendation 97001574 of 20/02/1997, hold during the year similar positions in the following subsidiaries: CO.MA.DIS. S.p.A., IMA Life S.r.l., IMA Industries S.r.l. (formerly IMA

Flavour S.r.l.), GIMA S.p.A. and Corazza S.p.A. (formerly Sympak Corazza S.p.A.) which has facilitated the provision of the information necessary to complete their duties to the Board of Auditors of the Parent Company.

As regards the information on the remuneration of directors, statutory auditors and managers with strategic responsibilities, specific reference should be made to the Remuneration Report prepared in accordance with Art. 123 ter CFA, which is published separately.

**REPORT ON CORPORATE  
GOVERNANCE AND OWNERSHIP  
STRUCTURE IN COMPLIANCE WITH  
ART. 123 BIS OF THE CONSOLIDATED  
LAW ON FINANCIAL  
INTERMEDIATION**

In accordance with the provisions of Art. 123 bis, paragraph (3), of the Consolidated Law on Financial Information (the CFA) the Company has prepared the Report on Corporate Governance and Ownership Structure separately from the Report on Operations. It has therefore been made public by posting it on the Company's website ([www.ima.it](http://www.ima.it)).

The following are some of the major items of information published in the said Report:

-a- Capital structure (ex Art. 123 bis, paragraph 1, (a), CFA)

Share capital at 31 December 2011 amounted to 19,150,560 euros represented by 36,828,000 ordinary shares with a par value of 0.52 euros each.

The Company's shares are listed in the STAR segment of the screen-traded market (MTA) organised and managed by Borsa Italiana S.p.A.

The Company has not issued other financial instruments that grant the right to subscribe for newly-issued shares.

The Company has not approved a stock-based incentive plan (stock options, stock grants, etc.).

-b- Restrictions on the transfer of securities (Art. 123 bis, paragraph 1, (b), CFA)

At the date of this Report, there are no restrictions on the transfer of the Company's shares.

-c- Significant shareholdings (Art. 123 bis, paragraph 1, (c), CFA)

As of the date of this Report, based on the shareholders' register and the communications pursuant to Art. 120 of the CFA and other information received, the following parties directly or indirectly hold at least 2% of the Company's share capital:

Declarant	Direct shareholder	Percent share of ordinary capital	Percent share of voting capital
Lopam Fin S.p.A.	SO.FI.M.A. S.p.A.	66.219%	66.219%
Mandarin Capital Management S.A. (*)	Morchella S.r.l.	3.782%	3.782%
	Rufus S.r.l.	3.792%	3.792%
Stefano Dalla Mutta (**)	Folco Fin.Immobiliare S.r.l.	3.530%	3.530%
Vacchi Gianluca	G.V. Finanziaria S.r.l.	2.380%	2.380%

(\*) As manager of the Mandarin Capital Partners SCA SICAR private equity fund which controls Morchella S.r.l. and Rufus S.r.l.

(\*\*) Acting as the common representative of Messrs. Gaia Francesca Folco and Luca Folco, joint holders of the undivided 100% interest in Folco Finanziaria Srl inherited from Mr. Giancarlo Folco

-d- Securities that entitle holders to special rights (Art. 123 bis, paragraph 1, (d), CFA)

As of the date of this Report, no securities have been issued by the Company entitling holders to special rights of control or to exercise special powers.

-e- Shares held by employees: exercise of voting rights (Art. 123 bis, paragraph 1, (e), CFA)

As of the date of this Report, no employee shareholding system is envisaged.

-f- Restrictions on voting rights (Art. 123 bis, paragraph 1, (f), CFA)

As of the date of this Report, no restrictions on voting rights are envisaged.

-g- Shareholders' agreements (Art. 123 bis, paragraph 1, (g), CFA)

At the date of this Report, the Company is aware of a shareholders' agreement between the following shareholders: Rufus S.r.l., Morchella S.r.l. and SO.FI.MA. Società Finanziaria Macchine Automatiche S.p.A. which is considered relevant under Art. 122 of the CFA; an extract of this agreement was published in accordance with the law in "MF Milano Finanza" on 4 December 2009 and deposited at the Bologna Companies Register on 3 December 2009.

Throughout its period of validity, the agreement provides for:

- the right of Rufus S.r.l. and Morchella S.r.l. to appoint one of the members of the Board of Directors of IMA S.p.A.;

- the follow-on right of Rufus S.r.l. and Morchella S.r.l. in the event that SO.FI.MA. Società Finanziaria Macchine Automatiche S.p.A. intended to transfer, in one or more tranches, IMA shares representing at least 5% of the share capital or such as would reduce the interest of SO.FI.MA. Società Finanziaria Macchine Automatiche S.p.A. below 50%;

- an undertaking by each of the parties:

I) not to launch a public offering to buy or exchange IMA shares,

II) not to perform any act or activity, which could give rise to an obligation by any party to launch a public offering to buy or exchange IMA shares,

III) not to perform any act that could give rise to the delisting or require IMA to request the delisting of IMA shares from the MTA,

unless such offer has been launched or such act or activity carried out under the terms and conditions and in the manner agreed in advance with the other parties to the agreement.

After publication of the agreement, Rufus S.r.l. purchased 339,393 shares in the Company and these were automatically included in the shareholders' agreement.

As required by law, an extract of this change in the shareholders' agreement was published in "MF Milano Finanza" on 3 July 2010 and then deposited at the Bologna Companies Register.

-h- Change of control clauses (Art. 123 bis, paragraph 1, (h), CFA) and provisions concerning takeover bids (Art. 104, paragraph 1 ter and 104 bis, paragraph 1, CFA)

At the date of this Report, neither IMA nor any of its subsidiaries have entered into any agreements which become effective, modified or terminate upon the change of control of the contracting party, with the sole exception of the loan finance agreements entered into by the Company on 30 January 2008 and on 30 November 2009, which require the Company to repay in full in the event that there is any change in the parties controlling the ultimate parent company.

IMA's Articles of Association do not make any exceptions to the passivity rule laid down in Art. 104, paragraphs 1 and 2 of the CFA and do not envisage application of the neutralisation rules laid down in Art. 104 bis, paragraphs 2 and 3 of the CFA.

-i- Authorization to increase the share capital and purchase treasury shares (Art. 123 bis, paragraph 1, (m), CFA)

The Extraordinary Shareholders' Meeting of 28 January 2011 resolved to grant a mandate to the Board of Directors, in accordance with Art. 2443 of the Italian Civil Code to increase the share capital on a cash basis in one or more tranches over a period of five years from the date of the resolution by up to a maximum of 1,773,200 euros at par by issuing a maximum of 3,410,000 ordinary shares with a par value of 0.52 euros each, to be placed exclusively with third parties excluding current shareholders' option rights, in accordance with Art. 2441.4.2 of the Civil Code and/or Art. 2441.5 of the Civil Code.

As a partial implementation of the authority granted to the Board by the Extraordinary Shareholders' Meeting of 28 January 2011, the Board of Directors in the meeting of 21 March 2011 resolved to increase the share capital for payment, in one or more tranches, by a maximum nominal amount of 1,418,560.00 euros and in any case within the limit of 10% of the Company's existing share capital by issuing up to 2,728,000 new ordinary shares, with a par value of 0.52 euros each, with normal dividend rights, with the exclusion of option rights pursuant to Art. 2441, paragraph 4, part 2, of the Italian Civil Code, offered for subscription to Qualified Investors (as defined in Article 34-ter, paragraph 1, letter b) of the Regulations adopted by Consob Resolution 11971 of 14 May 1999, as amended) in Italy and institutional investors abroad (excluding the United States, Canada, Japan or any other jurisdiction in which offers or sales of shares to be offered are prohibited by law).

Also, the Shareholders' Meeting of 22 April 2011 authorized the purchase of shares pursuant to Art. 2357 of the Italian Civil Code.

The Shareholders' Meeting thus authorized the Board of Directors to purchase the Company's treasury shares up to the maximum permitted by law and within the limits of the available reserves and distributable profits as reported in the most recent approved financial statements, as well as to sell or make use of such treasury shares.

The Shareholders' Meeting authorized the purchase and/or sale and/or disposal of treasury shares to stabilise the stock price and, more generally, for share buy-back programs to increase the stock price to the advantage of shareholders.

During 2011, the Company implemented its right to carry out transactions in its own shares, purchasing 23,586 treasury shares equal to 0.064% of the share capital.

At the beginning of the year, IMA did not hold own shares.

-I- Management and coordination activity (Art. 2497 C.C.)

Although it is controlled by SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A., IMA is not subject to the former's management or coordination pursuant to Arts. 2497 et seq. of the Italian Civil Code.

In compliance with Art. 37, paragraph 2, of CONSOB's Markets Regulation, we explain below the reasons why we believe that IMA is not subject to the direction and coordination of the Parent Company SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A.: basically the decision-making process, management decisions and operations of IMA are not influenced in any way by its parent company, which is also ensured by the fact that IMA's Board of Directors includes a sufficient number of independent directors to make a significant contribution to any of the Board's resolutions.

Further evidence of IMA's decision-making independence is that fact that the Company enjoys full negotiating power with all customers, suppliers and banks and that there is no centralized treasury mechanism involving IMA or its subsidiaries and SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A.

**CERTIFICATION UNDER  
ART. 2.6.2 OF THE ISSUERS'  
REGULATIONS**

In connection with foreign subsidiaries incorporated and regulated by the law of countries that do not belong to the European Union, Consob's Market Regulations lay down the conditions that have to exist for IMA, as their parent company, to maintain its listing on an organised market.

The conditions laid down by Consob's Market Regulations that IMA has to comply with are as follows:

- making available to the general public the subsidiaries' accounts prepared for consolidation purposes, including at least a balance sheet and an income statement;
- obtaining from the subsidiaries a copy of their Articles of Association and the composition and powers of their corporate bodies;
- checking the fact that the subsidiaries provide IMA's auditors with all of the information that they need to perform their audit on IMA's annual and interim accounts, as well as to have a suitable administrative and accounting system to provide IMA's management and auditors the economic and financial data to prepare the consolidated financial statements.

The Board of Directors identified the companies to which these rules apply.

As of today, there are fifteen companies in the IMA Group based in eight countries that do not belong to the European Union.

However, these rules only apply to two of these companies, which are indirectly controlled, both located in the United States, and to one directly controlled company located in China: only these are of a significant size as required by the rules in question, which excludes from the field of application those companies whose total assets are less than 2% of the parent company's consolidated assets and whose revenues are less than 5% of consolidated revenues, providing the sum of the assets and revenues of the companies excluded do not exceed 10% and 15%, respectively, of the consolidated assets and revenues.

With regard to these companies, IMA has therefore drawn up suitable procedures to comply with all of the matters laid down in the regulations.

This is the reason for the certification that all of the conditions foreseen in Consob's Market Regulations on "Conditions for the listing of shares of companies with control over companies established and regulated under the law of non-EU countries" exist at all of IMA's non-EU subsidiaries that are considered relevant for the purposes of these rules.



CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2011

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

## CONSOLIDATED BALANCE SHEET

(THOUSANDS OF EUROS)

ASSETS	Note	31 December 2011	31 December 2010
<b>NON-CURRENT ASSETS</b>			
<i>Property, plant and equipment</i>	2	31,113	26,714
<i>Intangible assets</i>	3	189,558	122,777
<i>Investments accounted for using the equity method</i>	4	18,698	11,103
<i>Financial assets</i>	5	7,179	8,500
<i>Receivables from others</i>	6	1,235	592
<i>Derivative financial instruments</i>	7	25	159
<i>Deferred tax assets</i>	8	24,072	20,644
<b>TOTAL NON-CURRENT ASSETS</b>		<b>271,880</b>	<b>190,489</b>
<b>CURRENT ASSETS</b>			
<i>Inventories</i>	9	201,797	157,789
<i>Trade and other receivables</i>	10	169,450	135,419
<i>Income tax receivables</i>	11	2,061	3,640
<i>Financial assets</i>	5	3,245	2,138
<i>Derivative financial instruments</i>	7	-	271
<i>Cash and cash equivalents</i>	12	77,950	102,219
<b>TOTAL CURRENT ASSETS</b>		<b>454,503</b>	<b>401,476</b>
<b>TOTAL ASSETS</b>		<b>726,383</b>	<b>591,965</b>
EQUITY AND LIABILITIES	Note	31 December 2011	31 December 2010
<b>EQUITY</b>			
<i>Share capital</i>	13	19,151	17,732
<i>Share premium reserve</i>	13	50,210	15,472
<i>Treasury shares</i>	13	(304)	-
<i>Translation reserve</i>		2,191	356
<i>Fair value reserve</i>	14	(1,303)	(503)
<i>Other reserves</i>	15	14,168	9,198
<i>Retained earnings</i>	15	32,952	54,071
<i>Net profit (loss) for the period</i>		27,990	16,996
<b>Total capital and reserves pertaining to the Group</b>		<b>145,055</b>	<b>113,322</b>
<i>Reserves pertaining to minority interests</i>		2,719	2,118
<i>Profit pertaining to minority interests</i>		1,142	445
<b>Total minority interests</b>		<b>3,861</b>	<b>2,563</b>
<b>EQUITY PERTAINING TO THE GROUP AND MINORITY INTERESTS</b>		<b>148,916</b>	<b>115,885</b>
<b>NON-CURRENT LIABILITIES</b>			
<i>Borrowings</i>	16	122,650	60,315
<i>Severance and pension obligations</i>	17	24,641	17,881
<i>Provisions for risks and charges</i>	18	2,020	1,547
<i>Derivative financial instruments</i>	7	1,241	1,170
<i>Deferred tax liabilities</i>	8	18,593	11,601
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>169,145</b>	<b>92,514</b>
<b>CURRENT LIABILITIES</b>			
<i>Borrowings</i>	16	118,526	159,741
<i>Trade and other payables</i>	19	265,732	198,914
<i>Income tax liabilities</i>	11	5,649	9,965
<i>Provisions for risks and charges</i>	18	17,910	14,872
<i>Derivative financial instruments</i>	7	505	74
<b>TOTAL CURRENT LIABILITIES</b>		<b>408,322</b>	<b>383,566</b>
<b>TOTAL LIABILITIES</b>		<b>577,467</b>	<b>476,080</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>726,383</b>	<b>591,965</b>

THE EFFECTS OF TRANSACTIONS WITH RELATED PARTIES ON THE CONSOLIDATED BALANCE SHEET ARE SHOWN IN NOTE 32 - RELATED-PARTY TRANSACTIONS.

## CONSOLIDATED INCOME STATEMENT

(THOUSANDS OF EUROS)

INCOME STATEMENT	Note	2011	2010
<b>REVENUES</b>	1	669,206	503,271
<i>Other revenues</i>	20	11,050	9,103
<i>- of which: effect of non-recurring items</i>	33	427	1,025
<b>OPERATING COSTS</b>			
<i>Change in work in progress, semifinished and finished goods</i>		27,284	(404)
<i>Change in inventory of raw, ancillary and consumable materials and goods for resale</i>		3,485	4,096
<i>Cost of raw, ancillary and consumable materials and goods for resale</i>		(257,105)	(174,394)
<i>Services, rentals and leases</i>	21	(158,362)	(113,787)
<i>Personnel costs</i>	22	(203,841)	(167,255)
<i>Depreciation and amortization expense</i>	23	(19,990)	(16,099)
<i>Provisions for risks and charges</i>		(386)	2,285
<i>Other operating costs</i>	24	(4,836)	(3,616)
<b>TOTAL OPERATING COSTS</b>		(613,751)	(469,174)
<i>- of which: effect of non-recurring items</i>	33	(7,111)	(3,998)
<b>OPERATING PROFIT</b>	1	66,505	43,200
<i>- of which: effect of non-recurring items</i>	33	(6,684)	(2,973)
<b>FINANCIAL INCOME AND EXPENSE</b>			
<i>Financial income</i>	25	10,960	8,688
<i>Financial expense</i>	26	(21,899)	(15,821)
<b>TOTAL FINANCIAL INCOME AND EXPENSE</b>		(10,939)	(7,133)
<b>PROFIT (LOSS) FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD</b>		379	233
<b>PROFIT (LOSS) BEFORE TAX</b>		55,945	36,300
<i>Income taxes for the year</i>		(24,117)	(17,382)
<i>Prior year taxes</i>		(2,696)	(1,477)
<b>TOTAL TAXES</b>	27	(26,813)	(18,859)
<b>NET PROFIT FOR THE YEAR</b>		<b>29,132</b>	<b>17,441</b>
<b>ATTRIBUTABLE TO:</b>			
<b>PARENT COMPANY SHAREHOLDERS</b>		27,990	16,996
<b>MINORITY INTERESTS</b>		1,142	445
		<b>29,132</b>	<b>17,441</b>
<b>EARNINGS PER SHARE (in euros)</b>	28	0.78	0.50

THE EFFECTS OF TRANSACTIONS WITH RELATED PARTIES ON THE CONSOLIDATED INCOME STATEMENT ARE SHOWN IN NOTE 32 - RELATED-PARTY TRANSACTIONS.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(THOUSANDS OF EUROS)

	Note	2011	2010
<b>Net profit for the year</b>		<b>29,132</b>	<b>17,441</b>
<i>Exchange rate gains (losses) on the translation of foreign currency financial statements</i>		2,008	4,171
<i>Gains (losses) on financial assets available for sale</i>	14	–	–
<i>Gains (losses) on cash flow hedges</i>	14	(835)	(224)
<i>Tax effect</i>	14	35	95
Gains (losses) booked to equity		1,208	4,042
<b>Total comprehensive income for the year</b>		<b>30,340</b>	<b>21,483</b>
<b>Attributable to:</b>			
<b>Parent Company shareholders</b>		29,025	20,877
<b>Minority interests</b>		1,315	606
		<b>30,340</b>	<b>21,483</b>

## STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(THOUSANDS OF EUROS)

	Share capital	Share premium reserve	Treasury shares	Translation reserve	Fair value reserve	Other reserves	Retained earnings	Net profit of Group	Total Group equity	Minority interests	Total equity
<b>Balances at 01.01.2010</b>	17,732	15,472	(3,409)	(3,654)	(374)	6,073	58,113	36,857	126,810	3,391	130,201
Distribution of dividends	-	-	-	-	-	-	-	(30,690)	(30,690)	-	(30,690)
Allocation of earnings for 2009	-	-	-	-	-	3,125	3,042	(6,167)	-	-	-
Purchase and sale to/from third parties of shares of subsidiaries	-	-	-	-	-	-	(7,219)	-	(7,219)	(1,781)	(9,000)
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	347	347
Purchase and sale of treasury shares	-	-	3,409	-	-	-	135	-	3,544	-	3,544
Total comprehensive income for the year	-	-	-	4,010	(129)	-	-	16,996	20,877	606	21,483
<b>Balances at 31.12.2010</b>	17,732	15,472	-	356	(503)	9,198	54,071	16,996	113,322	2,563	115,885
Distribution of dividends	-	-	-	-	-	(2,377)	(13,921)	(16,847)	(33,145)	-	(33,145)
Allocation of earnings for 2010	-	-	-	-	-	142	7	(149)	-	-	-
Capital increase	1,419	34,738	-	-	-	-	-	-	36,157	-	36,157
Effect of merger of IMA Safe S.r.l.	-	-	-	-	-	7,205	(7,205)	-	-	-	-
Purchase and sale of treasury shares	-	-	(304)	-	-	-	-	-	(304)	-	(304)
Other changes	-	-	-	-	-	-	-	-	-	(17)	(17)
Total comprehensive income for the year	-	-	-	1,835	(800)	-	-	27,990	29,025	1,315	30,340
<b>Balances at 31.12.2011</b>	19,151	50,210	(304)	2,191	(1,303)	14,168	32,952	27,990	145,055	3,861	148,916

AS REGARDS THE ITEMS IN CONSOLIDATED EQUITY, SEE NOTES 13, 14 AND 15.

## CONSOLIDATED STATEMENT OF CASH FLOWS

(THOUSANDS OF EUROS)

	Note	31 December 2011	31 December 2010
<b>OPERATING ACTIVITIES</b>			
Net profit (loss) for the year		27,990	16,996
Adjustments for:			
- Depreciation and amortization	23	18,442	13,635
- (Writebacks) or writedowns of non-current assets	23	427	2,786
- Capital (gains) losses on disposal of non-current assets		12	(506)
- Capital (gains) losses on disposal of investments	4	304	-
- Changes in provisions for risks and charges and staff severance obligations		(386)	(6,930)
- Unrealized losses (gains) on exchange rate differences	26	549	679
- Other non-monetary changes		72	21
- Adjustments to the value of financial assets	26	1,625	533
- Taxes	27	26,813	18,859
- Minority interests		1,142	445
- Result from investments accounted for using the equity method		(683)	(233)
Operating profit (loss) before changes in working capital		76,307	46,285
(Increase) decrease in trade and other receivables		(14,364)	(11,850)
(Increase) decrease in inventories		(31,379)	(5,340)
Increase (decrease) in trade and other payables		38,398	42,929
Taxes paid		(32,176)	(23,108)
<b>CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES (A)</b>		<b>36,786</b>	<b>48,916</b>
<b>INVESTING ACTIVITIES</b>			
Investments in property, plant and equipment	2	(8,621)	(8,632)
Investments in intangible assets	3	(6,701)	(6,418)
Exchange rate differences on property, plant and equipment and intangible assets		(433)	(1,239)
Acquisition of business divisions/companies	29	(79,207)	(14,334)
Purchase of minority interests		-	(9,000)
Purchase of equity investments		(6,305)	(885)
Repayment of finance lease debts		(22)	(703)
Sale of investments		6,508	-
Sale of non-current assets		814	7,311
Net change in financial assets and other non-current receivables		(2,763)	(1,468)
Changes in reserves pertaining to minority interests		173	161
<b>CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES (B)</b>		<b>(96,557)</b>	<b>(35,207)</b>
<b>FINANCING ACTIVITIES</b>			
Granting of loans	16	101,447	18,246
Repayment of borrowings	16	(32,546)	(43,362)
Increase (decrease) in other payables to banks		(40,982)	35,915
Capital increase	13	35,849	-
Dividends paid	13	(33,145)	(30,690)
(Purchase) and sale of treasury shares	13	(304)	3,544
Translation of financial statements in foreign currency		1,911	4,110
Payment of interest		(7,797)	(4,888)
Receipt of interest		471	206
<b>CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES (C)</b>		<b>24,904</b>	<b>(16,919)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (D=A+B+C)</b>		<b>(34,867)</b>	<b>(3,210)</b>
<b>CASH AND CASH EQUIVALENTS AT START OF YEAR (E)</b>	12	<b>102,219</b>	<b>100,187</b>
<b>CASH AND CASH EQUIVALENTS FROM BUSINESS COMBINATIONS (F)</b>	29	<b>10,598</b>	<b>5,242</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (G=D+E+F)</b>	12	<b>77,950</b>	<b>102,219</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2011

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

## A) OVERVIEW

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

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

At 31 December 2011 SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A., owned by Lopam Fin S.p.A., held 66.219% of IMA S.p.A. (71.517% at 31 December 2010). The change in the percentage held follows the increase in capital that took place in March 2011.

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

These financial statements for the year ended 31 December 2011 were prepared by the Board of Directors on 15 March 2012 for approval by the Shareholders' Meeting of 27 April 2012 and have been audited by PricewaterhouseCoopers S.p.A.

## B) GENERAL PREPARATION POLICIES

### General principles

In compliance with Regulation (EC) no. 1606/2002, the consolidated financial statements were prepared in accordance with the IAS/IFRS International Accounting Standards issued by the International Accounting Standards Board (IASB) currently in force and endorsed by the European Commission and the related interpretations issued to date by the Standing Interpretations Committee and the International Financial Reporting Interpretations Committee (SIC/IFRIC).

The IMA Group adopted IFRS in 2005, whereas the Parent Company, I.M.A. S.p.A., adopted them for its separate financial statements from 1 January 2006, as permitted by Legislative Decree 38 of 28 February 2005.

The consolidated financial statements of the IMA Group have been prepared on a going-concern basis, since there are no significant doubts or uncertainties about its ability to continue in business for the foreseeable future.

### Financial statements

The balance sheet has been classified on the basis of the operating cycle, distinguishing between current and non-current items. With this distinction, assets and liabilities are considered current if they are expected to be realized or settled as part of the Group's normal operating cycle. Non-current assets held for sale and related liabilities, if any, are shown in the appropriate items

The costs and revenues for the year are presented in two statements: a consolidated income statement, which analyses costs according to their nature, and a consolidated statement of comprehensive income. The result deriving from discontinued assets and/or disposal groups, if any, is shown under an appropriate item of the consolidated income statement.

The statement of cash flows has been prepared using the indirect method for determining cash flows from operating activities. Under this method, the profit for the period is adjusted for the

effects of non-monetary transactions, any deferral of operational collections and payments already made, any accrued cash movements, the revenues or costs deriving from cash flows attributable to investment or financing activities.

The figures contained in the consolidated financial statements as of 31 December 2011 are expressed in thousands of euros, except where otherwise indicated.

## C) ACCOUNTING POLICIES AND PRINCIPLES

The most significant accounting policies are as follows:

### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recognised at purchase or construction cost, including directly attributable ancillary expenses.

Items of property, plant and equipment are depreciated each year on a straight-line basis over their estimated remaining useful life, as follows:

- Buildings from 30 to 40 years
- Plant and machinery from 5 to 10 years
- Equipment 4 years
- Other assets from 3 to 9 years

The residual value and the estimated useful lives of property, plant and equipment are reviewed at the end of each financial year, if not more frequently.

Land is not depreciated since it has an unlimited useful life.

Ordinary maintenance costs are expensed as incurred. Incremental maintenance expenditure is attributed to the assets concerned and depreciated over their residual useful lives.

Financial charges directly attributable to the purchase, construction or production of property, plant and equipment are recognized in the income statement as they are incurred, unless they refer to a "qualifying asset". The Group does not have any assets that require a certain period of time to prepare them for use (qualifying assets).

The carrying amount of property, plant and equipment is checked periodically for impairment losses, in the manner described in the section on impairment of assets.

### LEASES

Finance lease contracts are accounted for in accordance with IAS 17. As such:

- the cost of the leased assets is recognized under property, plant and equipment and depreciated on a straight-line basis over the assets' estimated useful life. The financial liability to the lessor is recognised for an amount equal to the value of the leased asset;
- the recognition of lease instalments separates the interest element from the principal, which deemed to represent repayment of the liability to the lessor.

Lease contracts under which the lessor retains substantially all of the risks and benefits of ownership are classified as operating leases, and the related instalments are charged to the income statement on a straight-line basis over the duration of the contract.

## INTANGIBLE ASSETS

Bought-in or internally produced intangible assets are recognized when it is likely that their use will generate economic benefits in the future and when their cost can be reliably determined. These assets are recognized at their purchase or production cost.

Intangible assets with finite useful lives are amortized each year on a straight-line basis over their estimated useful lives, as follows:

- industrial patents and intellectual property rights from 3 to 10 years
- Software, licences and similar rights 5 years
- Trademarks 10 years
- Development costs from 4 to 10 years

Assets with indefinite useful lives are not amortized but are tested for possible impairment on an annual basis, or more frequently if evidence suggests an impairment has occurred.

Research costs are charged to the income statement as soon as they are incurred. Development costs that qualify for capitalization as assets under IAS 38 (in relation to their technical feasibility, the intention and ability of the enterprise to complete, use or sell the assets, the availability of the resources required for the completion of the development project and the ability to measure the expenditure reliably) are generally amortized in relation to their future economic utility. Amortization begins from the moment the products become available for economic use.

The estimate of useful life is reviewed and adjusted to reflect changes in projected future utility.

Goodwill is the excess of the cost of a business combination over the Group's share of the net fair value of those purchased assets, liabilities and contingent liabilities that can be identified individually and recognized separately. Goodwill is an intangible asset with an indefinite useful life.

Goodwill is not amortized. It is allocated to the related cash-generating units (CGUs) and, pursuant to IAS 36 (Impairment of Assets), undergoes impairment testing annually, or more frequently if events or changed circumstances indicate a probable impairment of value. Subsequent to initial recognition, goodwill is recognized at acquisition price net of any accumulated impairment.

## IMPAIRMENT OF ASSETS

A tangible or intangible asset is impaired if its carrying value is greater than the amount that can be recovered from its use or sale. The impairment test required by IAS 36 ensures that tangible and intangible assets are not carried at a value exceeding their recoverable value, which is the higher of their net selling price or their value in use.

Value in use is defined as the present value of the future cash flows expected to be generated from the continuing use of an asset or by the related CGU. The present value of future cash flows is estimated using a pre-tax discount rate that reflects the current estimated market cost of borrowing, which is calculated in relation to the time value of money and the specific risks associated with the asset.

If the carrying amount exceeds recoverable value, the asset or CGU is written down to reflect such recoverable value. This impairment is charged to the income statement.

Impairment tests are carried out when factors internal or external to the company suggest that the value of an asset may have been impaired. In the case of goodwill or other intangible assets with an indefinite useful life, the impairment test must be carried out at least once each year.

If the conditions that led to an impairment cease to apply, the proportional reinstatement of the value of assets previously written down must not exceed the depreciated historical cost that would have been reported had such earlier impairment not been recognized. Writebacks are recognized in the income statement.

International accounting standards prohibit the reversal of impairment losses recognized in relation to goodwill.

## FINANCIAL ASSETS

According to IAS 39 financial assets are split into four categories: financial assets at fair value through profit and loss, investments held to maturity, loans and receivables, and financial assets available for sale.

The IMA Group holds available-for-sale securities and equity investments in other companies and financial receivables. Financial assets available for sale are measured at fair value and financial receivables are measured at amortised cost.

At 31 December 2011, the Group did not possess financial instruments at fair value through profit or loss or investments held to maturity.

## HEDGING INSTRUMENTS

The fundamental characteristics of financial instruments are described in the preceding section with regard to financial assets and in the section "Borrowings" with regard to financial liabilities. The Group mainly uses derivative financial instruments to hedge exchange rate and interest rate risk. The Group does not hold any speculative financial instruments, in accordance with the procedure approved by the Executive Committee.

Financial instruments are recognized under hedge accounting rules when:

- at the inception of the operation, the instrument is formally designated as a hedge and the hedging relationship is documented;
- the hedge is expected to be highly effective;
- the effectiveness can be reliably measured and the hedge itself remains highly effective throughout the designated periods.

The Group recognizes cash flow hedges when it is formally documented that they hedge fluctuations in the cash flows deriving from an asset, liability or highly probable forecast transaction (the hedged underlying) that could affect the income statement.

Hedging instruments are measured at their fair value at the date of designation.

The fair value of exchange rate derivatives is calculated with reference to their intrinsic value and their time value; the intrinsic element is recognised in the fair value reserve, whereas the time element is booked directly to income as financial income or expense. When the underlying element being hedged becomes manifest, the fair value reserve is removed and attributed to the carrying value of the underlying.

The fair value of interest rate derivatives is determined by their market value at the date of designation. This is recognized in the fair value reserve in equity and reversed to income when the event associated with the underlying financial expense/income occurs.

Changes in the fair value of instruments that do not satisfy the requirements for hedge accounting under IAS 39 are recognised in the income statement as financial expense/income.

## INVENTORIES

Inventories are booked at the lower of cost or their estimated net realizable value. Cost is determined using the weighted average cost method for raw, ancillary and consumable materials and semi-finished products, whereas actual cost is used for other inventory items.

## CONSTRUCTION CONTRACTS

Construction contracts are defined in IAS 11 as a contract specifically negotiated for the construction of an asset or a group of interrelated assets, having regard for their design, technology, function or final use.

Contract costs are recognized in the year they are incurred.

Contract revenues are recognized on a stage-of-completion basis at the reporting date, if the outcome of the construction contract can be estimated reliably.

If the outcome of a construction contract cannot be estimated reliably, revenues are recognized only to the extent of the contract costs incurred that are likely to be recovered.

Expected losses on a construction contract are recognized as an expense as soon as it becomes probable that total contract costs will exceed total contract revenues.

Revenues from contract work are recognised on a stage-of-completion basis applying the "cost-to-cost" method, which involves establishing the proportion of costs incurred on work performed to date with respect to the estimated total costs of the contract.

Construction contracts are reported in the balance sheet as follows:

- the amount due from customers is classified among Trade receivables if the costs incurred plus recognized margins (less recognized losses) exceed the advances received;
- the amount due to customers is classified among Advances if the advances received exceed the costs incurred plus recognized margins (less recognized losses).

## TRADE RECEIVABLES AND OTHER RECEIVABLES

Receivables falling due within a period considered to be normal commercial practice or which earn interest at market rates are not discounted. Such receivables are stated at their nominal value, net of any provision for doubtful accounts recorded in order to measure them at their estimated realizable value. Receivables falling due beyond a period considered normal commercial practice and not earning explicit interest are recognized at amortized cost using the effective interest rate method, net of any related impairment losses.

Receivables sold without recourse are derecognized since, in substance, all the related risks and rewards have been transferred to the purchaser.

## CASH AND CASH EQUIVALENTS

This item includes cash on hand, sight and short-term bank deposits with an original maturity of not more than three months.

## TREASURY SHARES

In accordance with IAS 32, treasury shares are classified separately as a direct deduction from shareholders' equity.

No gain or loss is recognized in income on the purchase, sale or cancellation of treasury shares.

Any consideration paid or received, including expenses directly attributable to such equity transactions, net of any related tax benefits, is recognized directly in equity.

## PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are set aside to cover current, legal or constructive liabilities deriving from past events, the amount required for the settlement of which can be reasonably estimated at the end of the period.

No provisions are recorded if a liability is considered to be merely potential, although suitable disclosure is provided in the notes to the financial statements.

## EMPLOYEE BENEFITS

Employee benefits mainly include the staff severance pay of the Group's Italian companies and pension funds.

Law no. 296 of 27 December 2006 (the 2007 Finance Law) introduced significant changes concerning the allocation of the severance indemnity provision. Until 31 December 2006 the severance indemnity system was treated as a defined benefit plan and was measured under IAS 19 using the projected unit credit method applied by independent actuaries. This calculation involved estimating the amount of the benefit that an employee would receive at the projected date of termination of employment using demographical and financial assumptions. The amount calculated was discounted and reapportioned, based on the seniority accrued compared with the expected total, in order to make a reasonable estimate of the benefits already accrued by each employee for services rendered. Actuarial gains and losses arising from changes in the actuarial assumptions used were recognised in the income statement.

Following the reform of the supplementary pension system, the portion accrued from 1 January 2007 is treated as a "defined-contribution plan". Specifically, the changes give workers a choice in how their accruing severance entitlement will be allocated. In companies with more than 50 employees, the employee may choose to put new severance indemnity contributions towards the supplementary pension scheme of his or her choice, or to keep them in the company and transfer them to the National Social Security Institute (INPS).

As a result of the reform of the supplementary pension scheme, the Group calculates the actuarial value of severance pay accrued before 2007 without including future pay increases. The portion accrued is treated as a defined contribution plan.

## BORROWINGS

IAS 39 distinguishes between financial liabilities measured at fair value with changes recognised through profit or loss and changes and financial liabilities measured at amortised cost.

The Group's loans are measured at amortised cost using the effective interest method. At 31 December 2011 the IMA Group does not have financial liabilities at fair value through profit or loss.

## GOVERNMENT GRANTS

Government grants are recognized when it becomes reasonably certain that the Group will comply with all the conditions established for receipt of the grants, and that such grants will actually be received.

## TAXES

Income taxes include current and deferred taxes. Income taxes are generally recognized in profit or loss except when they regard items recognized directly in equity. In this case, the related income taxes are also recognized in equity.

Current taxes are taxes which are expected to pay based on the taxable income for the year and are calculated using the tax rate applying in the various countries in which the IMA Group operates.

Deferred tax liabilities are calculated by applying the liability method to temporary differences between the value of consolidated balance sheet assets and liabilities and the corresponding values recognized for tax purposes. Deferred taxes are determined using the tax rate which is expected to apply when the assets are realized or the liabilities settled.

Deferred tax assets are recognized only when it is probable that taxable income in future years will be sufficient to realize them.

Deferred tax assets and liabilities are off-set only when there is a legal entitlement to do this and when they relate to taxes due to the same tax authority.

Provision for taxes that might arise on transferring undistributed earnings of subsidiaries are only made if there is a real intention to transfer such earnings.

Taxes relating to prior periods include revenues and expenses recognized during the year for income tax relating to prior years.

## REVENUE RECOGNITION

Revenues are recognised to the extent that the economic benefits are likely to be obtained and the amount concerned can be determined reliably. Revenues relating to the sale of products are recognized at the moment title passes, which generally coincides with shipping. The only exception relates to revenues from construction contracts which, as explained above, are recognized on a percentage-of-completion basis.

## DISCONTINUED OPERATIONS/DISPOSAL GROUPS

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered essentially through disposal rather than through continued use. These assets are measured at the lower of their carrying amount or their fair value, net of selling costs.

Assets and liabilities held for sale are classified separately from other assets and liabilities in the balance sheet. The results from discontinued operations are reported separately in the income statement, net of the tax effect.

## TRANSLATION OF FOREIGN CURRENCY BALANCES

### Functional and presentation currency

The balance sheets, income statements and statements of cash flows of Group companies are prepared using the currency of the primary economic environment in which they operate (functional currency).

The consolidated financial statements are presented in euros, the Parent Company's functional and presentation currency.

### Transactions and balances

As required by IAS 21, amounts originally denominated in foreign currency are translated into the functional currency and are accounted for as follows:

- monetary items are translated at the spot exchange rate prevailing at the end of the period;
- non-monetary items recognized at historical cost are translated using the exchange rate prevailing at the time of the transaction;
- non-monetary items measured at fair value are translated using the exchange rate prevailing at the time the fair value was determined.

Exchange rate differences realized on the collection of receivables or the settlement of payables denominated in foreign currencies are taken to the income statement.

### Group companies

The translation into euros of the financial statements of foreign companies included within the scope of consolidation is carried out by applying the current exchange rate at the closing date to balance sheet assets and liabilities, and the average exchange rates for the period to items in the income statement.

Exchange rate differences deriving from the translation of initial shareholders' equity at the rates current at the end of the period and from the translation of the income statement at the average exchange rates in the period are recognized as a separate component of equity called the translation reserve.

Goodwill arising from the acquisition of a foreign operation is accounted for as an asset of the foreign operation and translated at the spot exchange rate at the closing date of the financial statements, with differences being taken to the translation reserve.

The exchange rates recorded by the European Central Bank and used to translate the financial statements of foreign companies into euros are presented below:

Currency	2011		2010	
	Final exchange rate	Average exchange rate for the year	Final exchange rate	Average exchange rate for the year
US dollar	0.77286	0.71841	0.74839	0.75431
Pound sterling	1.19717	1.15223	1.16178	1.16571
Indian rupee	0.01455	0.01541	0.01673	0.01650
Thai baht	0.02440	0.02357	0.02489	0.02380
Chinese yuan	0.12257	0.11116	0.11335	0.11147
Japanese yen	0.00998	0.00901	0.00920	0.00860
Brazilian real	0.41392	0.42983	0.45092	0.42892

## DIVIDENDS

Dividends distributed to shareholders of the Parent Company are recognized as a liability in the consolidated financial statements in the period in which the dividend is approved by the Shareholders' Meeting.

**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 in the period.

**USE OF ESTIMATES**

When preparing consolidated financial statements, management must use accounting principles and methods which, in some cases, require making difficult and subjective valuations and estimates based on past experience, and on assumptions that are deemed reasonable and realistic on a case-by-case basis, depending on the circumstances.

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

Due to the uncertainty inherent in such assumptions and the conditions used for these estimates, the final results of the items for which estimates and assumptions were used may be different from those reported in the financial statements of the individual companies.

Items for which assessment calls for greater subjectivity on the part of management when preparing estimates and for which a change in the conditions underlying the assumptions used can have a significant impact on the Group's consolidated financial statements are goodwill and impairment adjustments to non-current assets. The parameters used when making estimates are discussed in the notes to the consolidated financial statements.

Estimates and assumptions are reviewed regularly and the effects of any changes are immediately reflected in the income statement.

**SEGMENT INFORMATION**

Operating segments have been identified based on the internal reports used by senior management to allocate resources and evaluate the results of each business.

Segment reporting was changed following the acquisitions of GIMA S.p.A., Naturapack S.r.l. and the Sympak Corazza Group in July 2010 and February 2011 respectively, both operating in the dairy & convenience food sectors and in non-pharmaceutical packaging. Following these acquisitions and considering that they have the same customer base as the tea business, the non-pharmaceutical sector achieved significant size with characteristics that are typical of those sectors. At the same time, the division between pharmaceutical packaging and pharmaceutical processing no longer reflects the real segmentation of the market; nor does it reflect the IMA Group's organisational structure, which as a result of these acquisitions now features two well-defined areas of business: the Pharma Business and the Tea, Food & Other Business. The comparative figures by segment have been duly reclassified.

**IMPLEMENTATION OF ACCOUNTING STANDARDS****ACCOUNTING STANDARDS APPLIED**

In November 2009 the IASB issued a revised version of IAS 24 Related Party Disclosures, which clarifies the definition of related parties. Adoption of this revised version, which is obligatory from 1 January 2011, will not have any impact on the valuation of items in the financial statements, nor are the effects likely to be significant in terms of disclosure.

The other changes, amendments, improvements and interpretations, effective from 1 January 2011, govern situations and issues that do not exist within the Group at the date of this Annual Report.

**ACCOUNTING STANDARDS NOT YET ENDORSED AND NOT ADOPTED EARLY**

The accounting standards not yet approved by the European Community at the time of preparing the financial statements are the following:

- IFRS 9 – Financial instruments. The principle, applicable from 1 January 2015 retrospectively, is the first part of a phased process that aims to replace IAS 39; it introduces new criteria for the classification and measurement of financial assets and liabilities;
- IFRS 10 - Consolidated Financial Statements, which will replace SIC-12 Consolidation - Special Purpose Companies (vehicle companies) and parts of IAS 27 - Consolidated and Separate Financial Statements, which will be renamed and will govern the accounting treatment of investments in separate financial statements. The new policy moves from existing standards, identifying the concept of control as the determining factor for the consolidation of a company in the parent's consolidated financial statements. It also provides guidance for determining the existence of control where it is difficult to ascertain. The principle is applicable retrospectively from 1 January 2013;
- IFRS 11 - Joint Arrangements, which will replace IAS 31 - Interests in Joint Ventures and SIC-13 - Jointly Controlled Entities - Non-Monetary Contributions by Venturers. The new standard provides criteria for identifying joint arrangements based on the rights and obligations arising from agreements rather than on their legal form. It establishes the equity method as the only method of accounting for investments in jointly controlled entities in consolidated financial statements. The standard is applicable retrospectively from 1 January 2013. Following issuance of the standard, IAS 28 - Investments in Associated Companies was amended also to include investments in jointly controlled entities within its scope, from the effective date of the standard;
- IFRS 12 - Disclosure of Interests in Other Entities, which is a completely new standard to provide information on any type of shareholding, including those in subsidiaries, joint arrangements, associates, special purpose companies and other vehicle companies which are not consolidated. The standard is applicable retrospectively from 1 January 2013;
- IFRS 13 - Fair Value Measurement, which clarifies how to determine the fair value for financial reporting purposes and applies to all IFRS that require or permit fair value measurement or the presentation of information based on fair value. The standard is applied prospectively from 1 January 2013;
- amendment to IAS 1 - Presentation of Financial Statements to require businesses to group together all of the components presented in Other gains/(losses), depending on whether or not they may subsequently be reclassified to the income statement. The amendment is effective from periods beginning on or after 1 July 2012;
- amendment to IAS 19 - Employee Benefits, which eliminates the option of deferring the recognition of gains and losses under the corridor method, requiring the presentation in the financial position of the deficit or surplus of the fund in its entirety, and separate recognition in the income statement of the cost components related to work performance and net financial expense, and the inclusion of gains and losses arising from remeasurement of assets and liabilities each year in Other gains/(losses). The amendment is applicable retrospectively from the year commencing on or after 1 January 2013;
- amendments to IAS 32 - Financial Instruments: Presentation, which clarify the application of certain criteria for offsetting financial assets and financial liabilities in IAS 32. The amendments apply retrospectively for years beginning on or after 1 January 2014.

At the date of this Annual Report, we do not believe that the above changes could potentially have a material impact on the balance sheet, income statement and financial position.

## D) FINANCIAL RISK MANAGEMENT

### RISK FACTORS

The Group is exposed to financial risks connected with its business activities, particularly the following:

- 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 risks, 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 equity instruments held as financial assets and in commodity prices.

### CREDIT RISK

The Credit Management unit is responsible for the operational management of these risks. It is centralized within the Administration, Finance and Control department and applies a credit policy that governs:

- the assessment of the customer's credit standing, taking into account the corporate and country credit rating when allowing extended payment terms, including positions backed by adequate bank or insurance guarantees;
- monitoring the related expected cash flows;
- appropriate payment solicitation actions;
- recovery actions.

Percentage writedowns are made on past due positions, based on historical insolvency information, except for any writedowns of specific receivables.

Financing activities are primarily directed towards Group companies and thus are not considered to be at risk.

Sureties and other non-bank guarantees are given solely on behalf of wholly-owned subsidiaries to back loans and financing extended by banks or commitments to pay lease instalments.

In the case of financing activities linked to temporary excess liquidity or of the use of financial instruments (derivatives), the Group operates solely with counterparties with high credit standing.

The Group's maximum theoretical credit risk exposure at 31 December 2011 is represented by the carrying amount of the financial assets stated in the financial statements, and by the nominal value of the guarantees given as described in Note 30.

### LIQUIDITY RISK

Current difficult conditions in the financial markets make it fundamentally important to maintain adequate liquidity available to meet Group requirements.

The two main factors that determine the Group's liquidity position are, on the one hand, the resources generated or absorbed by operating or investment activities, and on the other, the maturity and renewal characteristics of the debt or the liquidity of the financial instruments used and market conditions.

The treasury units of the individual companies are responsible for managing this risk, based on the guidelines set out by the Finance department, under the coordination of the Parent Company's treasury unit.

The Group has adopted a series of policies and processes designed to optimise the management of financial resources, thus reducing liquidity risk. These include:

- maintaining an adequate level of available liquidity;
- obtaining sufficient lines of credit;
- monitoring forecast liquidity conditions in relation to the corporate planning process.

With regard to this type of risk, the Group tends to configure its net debt by financing investments with medium/long-term loans, while meeting current commitments out of the cash flow generated by operations and by using short-term lines of credit.

The following tables shows the composition and maturity of financial and trade payables and commitments (thousands of euros):

	Within 1 year	From 1 to 5 years	Over 5 years	Total
<b>31.12.2011</b>				
Borrowings	118,526	104,617	18,033	241,176
Commitments	14,723	41,869	54,834	111,426
Trade payables	150,704	–	–	150,704
<b>Total</b>	<b>283,953</b>	<b>146,486</b>	<b>72,867</b>	<b>503,306</b>
<b>31.12.2010</b>				
Borrowings	159,741	60,315	–	220,056
Commitments	12,760	39,454	58,490	110,704
Trade payables	114,497	–	–	114,497
<b>Total</b>	<b>286,998</b>	<b>99,769</b>	<b>58,490</b>	<b>445,257</b>

Further information on the composition of the above items is presented in Notes 16, 19 and 31.

At 31 December 2011 the Group had about 233 million euros available in unused lines of credit (149 million euros at 31 December 2010) and cash and cash equivalents of 78 million euros (102 million euros at 31 December 2010).

As to the balancing of working capital, especially the coverage of payables to suppliers, net trade receivables came to 146 million euros at 31 December 2011 (116 million euros at 31 December 2010).

## MARKET RISK

### Exchange rate risk

The current business activities of Group companies whose functional currency is the euro and actively operate in markets outside the euro area are exposed to exchange rate risk, mainly with respect to sales in the US dollar area.

The Group's policy on exchange-rate risk provides for the use of forward contracts to hedge between 50% and 90% of future transactions denominated in foreign currencies, depending on whether they consist of budgeted flows of sales in foreign currencies or flows from the order book acquired.

Changes in exchange rates between the date of invoicing and the date of receipt of funds are managed separately, without recourse to hedge accounting, by offsetting against similar payment flows.

Group investments in foreign subsidiaries are not hedged since the foreign currency positions are considered to be long term.

The following tables contains an analysis of the effects of exchange-rate risk (thousands of euros):

	Carrying value	Of which subject to ERR	Exchange rate risk (ERR)			
			+ 4.5% €//\$	Other changes in FVR	- 4.5% €//\$	Other changes in FVR
			Profits (Losses)		Profits (Losses)	
<b>Financial assets:</b>						
Cash and cash equivalents	77,950	13,224	(569)	-	623	-
Trade and other receivables	169,450	38,769	(1,669)	-	1,827	-
Available for sale and financial receivables	10,424	-	-	-	-	-
Derivative financial instruments	25	-	-	-	-	-
Tax effect			-	-	-	-
			<b>(2,238)</b>	<b>-</b>	<b>2,450</b>	<b>-</b>
<b>Financial liabilities:</b>						
Borrowings	241,176	14,252	614	-	(672)	-
Trade and other payables	265,732	34,706	1,495	-	(1,635)	-
Derivative financial instruments	1,746	505	-	938	-	(1,026)
Tax effect			-	-	-	-
			<b>2,109</b>	<b>938</b>	<b>(2,307)</b>	<b>(1,026)</b>
<b>Total increases (decreases) for 2011</b>			<b>(129)</b>	<b>938</b>	<b>143</b>	<b>(1,026)</b>
<b>Total increases (decreases) for 2010 (*)</b>			<b>4,030</b>	<b>1,606</b>	<b>807</b>	<b>(1,574)</b>

(\*) 2010 variability parameters: +/-5% €//\$

Further information on the composition of the above items is provided in Notes 5, 7, 10, 12, 16 and 19.

The variability parameters applied fall within the range of reasonably possible changes in the exchange rate, all other factors being equal.

The following tables show the breakdown by currency of trade and other receivables and payables at 31 December 2011 and 31 December 2010 (in thousands of euros):

	Net trade receivables	Advances, taxes and other receivables	Trade payables	Advances received	Tax, employee and other payables
<b>2011</b>					
Euro	112,339	16,166	138,666	59,339	30,706
US dollar	25,341	769	4,192	7,934	4,420
Indian rupee	1,299	974	1,951	529	693
Pound sterling	255	94	925	3	453
Thai baht	-	1,189	983	-	132
Chinese yuan	4,946	1,507	2,644	771	1,521
Japanese yen	787	28	144	64	110
Brazilian real	457	234	1,043	-	802
Russian ruble	34	584	7	9	305
Other	218	50	149	77	164
<b>Total</b>	<b>145,676</b>	<b>21,595</b>	<b>150,704</b>	<b>68,726</b>	<b>39,306</b>
<b>2010</b>					
Euro	92,357	13,493	104,162	38,451	22,150
US dollar	17,009	607	3,286	11,518	2,122
Indian rupee	1,145	1,101	974	560	703
Pound sterling	253	54	603	-	393
Thai baht	451	1,005	438	108	112
Chinese yuan	3,425	1,853	4,224	650	1,120
Japanese yen	849	62	274	142	58
Brazilian real	79	-	536	-	114
Other	-	129	-	-	-
<b>Total</b>	<b>115,568</b>	<b>18,304</b>	<b>114,497</b>	<b>51,429</b>	<b>26,772</b>

At 31 December 2011, financial receivables and financial assets available for sale are mainly denominated in euros.

#### Interest rate risk

In order to conduct its business, the Group raises financing from the market, borrowing primarily at floating interest rates, and is thus exposed to risks relating to rising interest rates.

The objective of interest rate risk management is to contain and stabilize the outflow of interest payments on mainly medium-term debt so as to achieve close correlation between the underlying and the hedging instrument.

Hedging, which is decided on a case-by-case basis, is arranged using derivative contracts, typically the purchase of caps and the sale of floors which, at a certain level, transform the floating rate into a fixed rate.

The following tables contains an analysis the effects of these risks (thousands of euros):

	Carrying value	Of which subject to IRR	Interest rate risk (IRR)			
			+ 17 bp on € IRR + 15 bp on \$ IRR		- 17 bp on € IRR - 15 bp on \$ IRR	
			Profits (Losses)	Other changes in FVR	Profits (Losses)	Other changes in FVR
<b>Financial assets:</b>						
Cash and cash equivalents	77,950	33,589 (**)	57	-	(57)	-
Trade and other receivables	169,450	-	-	-	-	-
Available for sale and financial receivables	10,424	-	-	-	-	-
Derivative financial instruments	25	25	-	(18)	-	11
Tax effect			(16)	-	16	-
			<b>41</b>	<b>(18)</b>	<b>(41)</b>	<b>11</b>
<b>Financial liabilities:</b>						
Borrowings	241,176	263,703 (**)	(448)	-	448	-
Trade and other payables	265,732	-	-	-	-	-
Derivative financial instruments	1,746	1,746	(12)	183	12	(183)
Tax effect			126	-	(126)	-
			<b>(334)</b>	<b>183</b>	<b>334</b>	<b>(183)</b>
<b>Total increases (decreases) for 2011</b>			<b>(293)</b>	<b>165</b>	<b>293</b>	<b>(172)</b>
<b>Total increases (decreases) for 2010 (*)</b>			<b>600</b>	<b>425</b>	<b>(607)</b>	<b>(392)</b>

(\*) 2010 variability parameters +/- 10 bp €/€

(\*\*) Annual average.

Further information on the composition of the above items is provided in Notes 5, 7, 10, 12, 16 and 19.

The variability parameters applied fall within the range of reasonably possible changes in the interest rate, all other factors being equal.

Exchange rate and interest rate risk management is carried out in line with the risk management policy approved by the Executive Committee of the Parent Company.

#### Price risk

The Group is exposed to price risk on investments in listed equity instruments classified in the financial statements as "available for sale". The Group is not exposed to significant price risk in relation to commodities.

A 10% increase or decrease in share prices would result in an increase or decrease in the fair value reserve of 58 thousand euros.

**CAPITAL RISK  
MANAGEMENT**

The Group manages capital with the goal of supporting its core business and optimising value for shareholders by maintaining an appropriate capital structure and reducing its cost.

The Group monitors its capital with reference to the gearing ratio, which is the ratio between its net debt (see Note 16) and its equity.

	2011	2010
Net debt (A)	157,503	113,513
Equity (B)	148,916	115,885
<b>Total capital (A)+(B)=(C)</b>	<b>306,419</b>	<b>229,398</b>
<b>Gearing ratio (A)/(C)</b>	<b>51%</b>	<b>49%</b>

**FAIR VALUE**

A comparison of the book value of the financial instruments held by the Group and their value reveals no significant disparities, except for those discussed in Note 16 concerning applied research and technological innovation loans and other loans.

For information of the methods used to calculate fair value, refer to Note 5 concerning financial assets and to Note 16 concerning borrowings.

IFRS 7 lays down the following fair value hierarchy of inputs to be used in the financial instruments shown in the balance sheet:

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

The following table shows the assets and liabilities measured at fair value at 31 December 2011 and 31 December 2010 by fair value hierarchy level (in thousands of euros):

2011	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets available for sale	585	14	5,707	6,306
Derivative financial instruments	-	25	-	25
<b>Total assets</b>	<b>585</b>	<b>39</b>	<b>5,707</b>	<b>6,331</b>
Liabilities:				
Payables for acquisition	-	-	613	613
Derivative financial instruments	-	1,746	-	1,746
<b>Total liabilities</b>	<b>-</b>	<b>1,746</b>	<b>613</b>	<b>2,359</b>
2010	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets available for sale	2,210	14	5,359	7,583
Derivative financial instruments	-	430	-	430
<b>Total assets</b>	<b>2,210</b>	<b>444</b>	<b>5,359</b>	<b>8,013</b>
Liabilities:				
Payables for acquisition	-	-	1,620	1,620
Derivative financial instruments	-	1,244	-	1,244
<b>Total liabilities</b>	<b>-</b>	<b>1,244</b>	<b>1,620</b>	<b>2,864</b>

During 2011, there were no transfers between the three levels of the fair value hierarchy laid down in IFRS 7.

## E) CONSOLIDATION PRINCIPLES

### Subsidiaries

Subsidiaries are companies for which the Parent Company has the direct or indirect power to govern their financial and operating policies so as to obtain benefits from their activities. Control is presumed to exist when the Group holds the majority of voting rights. When defining control, potential voting rights that can be exercised or converted are also taken into consideration.

The financial statements of subsidiaries are consolidated on a line-by-line basis from the date on which control is acquired until the date such control ceases.

Under IFRS 3, the subsidiaries acquired by the Group are accounted for using the purchase method, which establishes that:

- the consideration transferred in a business combination is measured at fair value, calculated as the sum of the fair value of assets transferred and liabilities assumed by the Group at the date of acquisition and equity instruments issued in exchange for control of the acquiree. The charges relating to the transaction are recognized in the income statement when they are incurred;
- the excess of purchase cost over the fair value of net assets attributable to the Group is accounted for as goodwill);
- should purchase cost be lower than the fair value of the subsidiary's net assets attributable to the Group, such difference is directly recognized in the income statement.

Payables and receivables and costs and revenues arising between the companies included within the scope of consolidation, as well as the effects of all significant transactions between them, are eliminated. Specifically, gains not yet realized with third parties deriving from transactions between Group companies are eliminated, including those deriving from the valuation of inventories at the reporting date.

Minority (or "non-controlling") interests in equity and net profit are shown as separate items in the consolidated balance sheet and income statement, respectively.

### Associated companies

Associates are companies over which the Group exercises significant influence, but does not have operational control.

Such influence is presumed to exist when the Group holds an interest of between 20% and 50% of voting rights. The consolidated financial statements include the share of the net profits and losses of associated companies, valued using the equity method, from the date on which significant influence begins until the date that it ends.

Profits and losses pertaining to the Group earned after the purchase of associates are recognized in the income statement.

Equity investments in associates are initially recorded at purchase cost. Any excess of purchase cost over the Group's proportional share of the fair value of the net assets acquired is included in the value of the investment.

### Joint ventures

IAS 31 defines a joint venture as a contractual arrangement whereby two or more parties undertake an economic activity subject to joint control. Each venturer should recognise its share in the consolidated financial statements by adopting proportionate consolidation or the equity method.

## F) SCOPE OF CONSOLIDATION

The consolidated financial statements at 31 December 2011 include the financial and operating information of IMA - Industria Macchine Automatiche S.p.A. (Parent Company) and of all the companies over which it exercises direct or indirect control. The following events involving changes in the Group structure took place during 2011:

- the merger of IMA Safe S.r.l. into IMA S.p.A. with effect from 1 January 2011;
- the merger of Nova Packaging Systems Inc. into IMA North America Inc. with effect from 1 January 2011;
- in January 2011, CMH S.r.l. was incorporated with the purpose of creating a joint venture between IMA S.p.A. and Holding Partecipazioni Sacmi S.p.A. ("HPS") for the production and sale of automatic machinery for the processing and packaging of chocolate. See Note 4 for further information;
- on 10 February 2011, through IMA Industries S.r.l., a wholly-owned subsidiary, IMA S.p.A. finalised its acquisition of 100% of Sympak Corazza S.p.A., parent company of the Sympak Corazza Group, which operates in the Dairy & Convenience Food sector. The price agreed for the acquisition was 57.5 million euros, all of which was paid at the time that ownership of the shares was transferred. Some 6 million euros of debt was also taken on at the time of the closing. This acquisition forms part of the strategy to enlarge the range of machines designed and produced by the Group for the food industry. See Note 29 for further information;
- on 5 October 2011, IMA S.p.A. sold 100% of its interest in Naturapack S.r.l. to Corazza S.p.A., a wholly-owned subsidiary.

In addition to the matters discussed previously, mention should also be made of the following transactions that took place during the year:

- on 18 November 2011 the incorporation of IMA Industries India Private Limited was completed. The company is located in Mumbai; the new company, held 99.90% by IMA Industries S.r.l., operates in the marketing of products in the Tea, Food & Other Sector;
- on 15 December 2011 the Shareholders' Meeting of IMA Industries S.r.l., a company wholly owned by IMA S.p.A., approved the transfer of the BFB division business, which specialises in the production of end-of-line automatic machines, to IMA Industries S.r.l., with effect from 1 January 2012;
- on 21 December 2011 the total proportional spin-off deed of RC S.p.A., 100% owned by Corazza S.p.A., was signed. It provides, with effect from 1 January 2012, for the transfer to Corazza S.p.A. of the business relating to the production of complete lines for soup cubes and to Naturapack S.r.l. (which simultaneously changed its name to Revisioni Industriali S.r.l.) of the business relating to the refurbishing of packaging machinery;
- on 21 December 2011, the merger deed for the merger of IMA Life S.r.l. into IMA S.p.A. was signed with effect from 1 January 2012. The latter is a wholly-owned subsidiary that specialises in the production of machinery for processing pharmaceutical products under sterile and non-sterile conditions.

The companies included in the consolidation are listed below, with an indication of the consolidation method used, pursuant to Art. 126 of the Issuers' Regulation:

COMPANIES CONSOLIDATED  
 LINE-BY-LINE

	Registered office		Share capital at 31/12/2011	Direct investment	Indirect investment
<b>Industrial and service companies:</b>					
•I.M.A. Industria Macchine Automatiche S.p.A	Ozzano E. (Bologna)	EUR	19,150,560	Parent Company	
•IMA Industries S.r.l.(*)	Ozzano E. (Bologna)	EUR	3,045,000	100%	–
•IMA Life S.r.l.	Ozzano E. (Bologna)	EUR	14,000,000	100%	–
•CO.MA.DI.S. S.p.A.	Senago (Milan)	EUR	1,540,000	100%	–
•Corazza S.p.A.	Bologna	EUR	15,675,000	–	100% (1)
•GIMA S.p.A.	Zola Predosa (Bologna)	EUR	1,000,000	65%	–
•Naturapack S.r.l.	Ozzano E. (Bologna)	EUR	100,000	–	100% (2)
•Pharmasienna Service S.r.l.	Siena (Siena)	EUR	100,000	–	70% (3)
•RC S.p.A.	Argelato (Bologna)	EUR	110,000	–	100% (2)
•Zanchetta S.r.l.	Ozzano E. (Bologna)	EUR	1,800,000	100%	–
•IMA Kilian GmbH & Co. KG.	Cologne (Germany)	EUR	3,600,000	–	100% (4)
•IMA Life The Netherlands B.V.	Dongen (Netherlands)	EUR	(**)22,382,654	–	100% (3)
•IMA Life North America Inc.	Tonawanda (USA)	USD	100	–	100% (5)
•IMA Life (Beijing) P.S. Co. Ltd.	Beijing (PRC)	USD	400,000	–	100% (3)
•IMA North America Inc.	Leominster (USA)	USD	8,052,500	–	100% (5)
•IMA-PG India Pvt Ltd.	Mumbai (India)	RS	(**)17,852,100	100%	–
•PSH MKCS Inc.	Winterville (USA)	USD	50,000	–	100% (5)
•Stephan Machinery GmbH.	Hamelh (Germany)	EUR	25,000	–	100% (2)
•Stephan Process Eng. GmbH	Schwarzenbek (Germany)	EUR	25,000	–	100% (6)
•Swiftpack Automation Ltd.	Alcester (GB)	GBP	1,403,895	100%	–
•Tianjin IMA Machinery Co. Ltd.	Tianjin (PRC)	USD	200,000	100%	–
•Zibo IMA Xinhua Pharm.Co.Ltd.	Zibo (PRC)	USD	6,419,868	80%	–
<b>Commercial companies:</b>					
•IMA Est GmbH	Vienna (Austria)	EUR	280,000	100%	–
•IMA France E.u.r.l.	Rueil-Malmaison (France)	EUR	45,735	100%	–
•IMA Germany GmbH	Cologne (Germany)	EUR	90,000	100%	–
•IMA Iberica Processing and Packaging S.L.	Barcelona (Spain)	EUR	590,000	100%	–
•IMA Industries Asia Pacific Ltd.	Singapore	SGD	200,000	–	100% (2)
•IMA Industries France Sarl	Lognes (France)	EUR	300,000	–	100% (2)
•IMA Industries Inc.	Mundelein (USA)	USD	1,856,106	–	100% (2)
•IMA Industries India Limited	Mumbai (India)	RS	(**)100,000	–	99.90% (1)
•IMA Life Italia S.r.l.	Trezzano Naviglio (Milan)	EUR	80,000	–	100% (7)
•IMA Life Japan KK	Tokyo (Japan)	YEN	40,000,000	–	100% (7)
•IMA Pacific Co. Ltd.	Bangkok (Thailand)	THB	100,000,000	99.99%	–
•IMA Packaging and Processing Equipment (Beijing) Co. Ltd.	Beijing (PRC)	USD	1,350,000	100%	–
•IMA UK Ltd.	Alcester (GB)	GBP	50,000	100%	–
•Imautomatiche Do Brasil Ltda.	Sao Paulo (Brazil)	BRL	(**) 6,524,310	99.99%	–
•Imautomatiche Lda.	Madeira (Portugal)	EUR	5,000	100%	–
•OOO IMA Industries	Moscow (Russia)	RUB	150,000	–	100% (2)
•Stephan Mach. Canada Ltd.	Mississauga (Canada)	CAD	200,000	–	100% (8)
•Stephan Poland	Poznan (Poland)	PLN	50,000	–	100% (6)
<b>Other companies:</b>					
•IMA Kilian Verwaltungs GmbH	Cologne (Germany)	EUR	25,000	–	100% (4)
<b>Financial companies:</b>					
•Packaging Systems Holdings Inc.	Wilmington (USA)	USD	1,000	100%	–

(\*) IMA Flavour S.r.l. changed its name to IMA Industries S.r.l. in February 2011.

(\*\*) The nominal share capital of IMA-PG India Pvt Ltd., IMA Life The Netherlands B.V., IMA Industries India Private Limited and Imautomatiche Do Brasil Ltda. amounts to Rs 20,000,000, Euro 45,400,000, Rs 10,000,000 and Brl 6,644,560 respectively.

**Notes:**

(1) Held by IMA Industries S.r.l.

(2) Held by Corazza S.p.A..

(3) Held by IMA Life S.r.l. The percentage interest held in Pharmasienna Service S.r.l. includes an option to purchase 19% of the share capital.

(4) Held by IMA Germany GmbH

(5) Held by Packaging Systems Holdings Inc.

(6) Held by Stephan Machinery GmbH

(7) Held by IMA Life The Netherlands B.V

(8) Held by IMA Industries Inc.

**INVESTMENTS ACCOUNTED FOR  
USING THE EQUITY METHOD**

	Registered office		Share capital at 31/12/2011	Direct investment	Indirect investment
• Amherst Stainless Fabrication LLC	Amherst NY (USA)	USD	1,100,000	–	20% (1)
• B.C. S.r.l.	Imola (Bologna)	EUR	36,400	30%	–
• Bacciottini F.lli S.r.l.	Oste Montemurlo (Prato)	EUR	60,000	30%	–
• Bolognesi S.r.l.	Dozza (Bologna)	EUR	10,920	30%	–
• Brio Pharma Technol. Pvt. Ltd.	Mumbai (India)	RS	1,000,000	30%	–
• CMH S.r.l.	Bologna	EUR	2,500,000	48.5%	–
• Consorzio LIAM.	Vignola (Modena)	EUR	(2) 20,000	25%	–
• Consorzio Servizi	Bologna	EUR	(2) 50,000	50%	–
• FID S.r.l. Impresa Sociale	Bologna	EUR	20,000	30%	–
• I.E.M.A. S.r.l.	S. Giorgio di Piano (Bologna)	EUR	10,400	30%	–
• LA.CO S.r.l.	Ozzano E. (Bologna)	EUR	30,000	30%	–
• Logimatic S.r.l.	Ozzano E. (Bologna)	EUR	100,000	32%	10.95% (3)
• Masterpiece S.r.l.	Ozzano E. (Bologna)	EUR	10,000	30%	–
• Powertransmission.it S.r.l.	Castenaso (Bologna)	EUR	50,000	20%	–
• Scriba Nanotecnologie S.r.l.	Bologna	EUR	25,556	24.9%	–
• SIL.MAC. S.r.l.	Ceggio Montano (Bologna)	EUR	90,000	30%	3.2% (3)
• Stephan UK Ltd.	Chester (GB)	GBP	16,000	–	40% (4)
• Stephan Belgium B.V.B.A.	Nazareth (Belgium)	EUR	125,000	–	33% (4)
• Sirio S.p.A. Associazione in partecipazione (5)	Milan				

**Note:**

(1) Held by IMA Life North America Inc..

(2) Shares in the consortium fund

(3) Held by associates of the Parent Company

(4) Held by Stephan Machinery GmbH

(5) Agreement signed in the last quarter of 2007 for the management of an aircraft

The consolidated financial statements at 31 December 2011 include the Group's share of the net profits and losses of companies valued using the equity method, from the date on which significant influence begins until the date when it ends.

**G) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

The changes reported below have been calculated on figures at 31 December 2010 for balance sheet items and on figures for the year 2010 for income statement items.

**1. SEGMENT INFORMATION**

Operating segments have been identified based on the internal reporting used by senior management to allocate resources and evaluate the results of each business. Segment reporting was changed following the acquisitions of GIMA S.p.A., Naturapack S.r.l. and the Sympak Corazza Group in July 2010 and February 2011 respectively. These operate in the dairy & convenience food sectors and in non-pharmaceutical packaging. Following these acquisitions and considering that they have the same customer base as the tea business, the non-pharmaceutical sector achieved significant size with characteristics that are typical of those sectors. At the same time, the division of pharmaceutical packaging and pharmaceutical processing no longer reflects the real segmentation of the market; nor does it reflect the IMA Group's organisational structure, which as a result of these acquisitions now features two well-defined areas of business: the Pharma Business and the Tea, Food & Other Business. The comparative figures by segment have been duly reclassified.

The Group's activities comprise the following operating segments:

Tea, Food & Other

Machines for the packaging of tea and herbal teas in filter bags and coffee in pods for the food & beverage and personal care sectors, as well as end-of-line equipment and related services. Operations in this segment are mainly carried out by these companies:

- IMA Industries S.r.l. and Naturapack S.r.l. produce machines for the packaging of tea and herbs in filter bags and the packaging of coffee in pods;
- Corazza S.p.A. produces machines and plant for the dosing and packaging of cheese portions and stock cubes;
- GIMA S.p.A. produces machines for the food & beverage and personal care sectors;
- IMA S.p.A. manufactures end-of-line machines through IMA BFB division;
- RC S.p.A. produces packaging lines for pressed stock cubes and refurbishes second-hand machines for stock cubes, cheese and butter;
- Stephan Machinery GmbH and Stephan Process Engineering GmbH operate in the construction of processing machines for cheese and bakery products.

#### Pharmaceutical

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

- IMA S.p.A. manufactures blister-pack machines, machines for the packaging of gelcaps, capsules and tablets and cartoning machines through IMA Safe division;
- IMA Life S.r.l. manufactures machines for the filling of bottles and vials with liquid products and powders under sterile and non-sterile conditions and freeze-drying systems;
- CO.MA.DIS. S.p.A. manufactures tube-filling machines for the pharmaceuticals, cosmetics, chemicals and food industries;
- IMA Life The Netherlands B.V., IMA Life North America Inc. and IMA Life (Beijing) Pharmaceutical Systems Co. Ltd. manufacture freeze-drying plants for the pharmaceutical industry;
- Pharmasiena Service S.r.l. produces filling systems for vials and syringes under sterile conditions;
- IMA-PG India Pvt Ltd operates in the production of blister and cartoning machines, mainly for the emerging nations
- Swiftpack Automation Ltd. and IMA North America Inc. manufacture machines for the bottling of capsules and tablets for the pharmaceutical industry;
- IMA S.p.A. manufactures tablet pressing machines, capsule filling machines, coating and granulating machines through the IMA Active division;
- Zanchetta S.r.l. manufactures machines for the movement of powders and depowdering of tablets and machines for the movement and granulation of pharmaceutical powders;
- IMA Kilian GmbH & Co. KG manufactures tablet pressing machines for the pharmaceuticals and chemicals industries;
- Zibo IMA Xinhua Pharmatech Co. Ltd. produces machinery for the pharmaceuticals processing industry, principally in emerging markets.

#### ANALYSIS BY BUSINESS SEGMENT

Information by business segment for 2011 is shown below (thousands of euros):

	Tea, Food & Other	Pharma- ceutical	Total
Revenues	259,806	409,400	669,206
Segment operating profit	36,179	30,326	66,505
Net financial income (expense) (*)			(10,939)
Profit (loss) from investments accounted for using the equity method	-	379	379
Profit before tax			55,945
Tax			(26,813)
Net profit for the year			29,132

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

Information by business segment for 2010 is shown below (thousands of euros):

	Tea, Food & Other	Pharma- ceutical	Total
Revenues	140,809	362,462	503,271
Segment operating profit	28,570	14,630	43,200
Net financial income (expense) (*)			(7,133)
Profit (loss) from investments accounted for using the equity metho	-	233	233
Profit before tax			36,300
Tax			(18,859)
Net profit for the year			17,441

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

The following table gives a breakdown of revenues by business segment, with changes in revenues over the corresponding period of 2010 (thousands of euros):

	2011	2010	Change
Tea, Food & Other	259,806	140,809	118,997
Pharmaceutical	409,400	362,462	46,938
<b>Total</b>	<b>669,206</b>	<b>503,271</b>	<b>165,935</b>

Consolidated revenues in 2011 amounted to 669,206 thousand euros, an increase of 33% with respect to the previous year.

Revenues by segment are discussed below:

- revenues from the Tea, Food & Other sector increased by more than 84%, also thanks to the contribution made by the Corazza Group of 89,712 thousand euros, and to our strong market positioning;
- revenues of the Pharma sector rose by 13%, entirely organic growth which confirms this strong market position.

No single third-party customer accounts for 10% or more of consolidated revenues.

The following table shows operating profit by segment (thousands of euros):

	2011	2010	Change
Tea, Food & Other	36,179	28,570	7,609
Pharmaceutical	30,326	14,630	15,696
<b>Total</b>	<b>66,505</b>	<b>43,200</b>	<b>23,305</b>

The operating profit of the tea segment amounted to 36,179 thousand euro (13.9% of revenues) versus 28,570 thousand euros in 2010 (20.3% of revenues), due in part to the effect of non-recurring charges totalling 2,321 thousand euros (206 thousand euros in 2010).

The Pharmaceutical sector saw a sharp increase over the previous year as a result of higher volumes, higher profitability of contracts due to a more favourable mix and improved sales margins of certain products that have achieved the expected levels of profitability

The tables below provide other income statement information regarding Group operations by sector for 2011 and 2010 (thousands of euros):

2011	Tea, Food & Other	Pharma- ceutical	Total
Amortization, depreciation, impairment and writedowns	7,454	11,415	18,869
Other non-monetary costs (revenues)	4,418	4,084	8,502
2010	Tea, Food & Other	Pharma- ceutical	Total
Amortization, depreciation, impairment and writedowns	2,584	13,837	16,421
Other non-monetary costs (revenues)	(4,239)	179	(4,060)

The increase in depreciation, amortization, impairment and writedowns of the Tea, Food & Other segment is due to the inclusion in the scope of consolidation of the Corazza Group.

The decrease in depreciation, amortization, impairment and writedowns of the pharmaceutical processing segment is due primarily to the writedown in 2010 of the CGU of Zanchetta S.r.l. of 2,500 thousand euros.

The change in other non-monetary costs in the two segments mainly reflects the utilisation of the provision for reorganization costs and of the reserve for product guarantee and obsolete and slow-moving stock.

Balance sheet information at 31 December 2011 is shown below (thousands of euros):

	Tea, Food & Other	Pharmaceutical	Unallocated (*)	Total
Assets	229,074	364,881	113,730	707,685
Investments valued at equity	7,548	4,402	6,748	18,698
<b>Total assets</b>	<b>236,622</b>	<b>369,283</b>	<b>120,478</b>	<b>726,383</b>
Liabilities	131,031	179,831	266,605	577,467
Capital expenditure	78,127	9,954	–	88,081

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

Balance sheet information at 31 December 2010 is shown below (thousands of euros):

	Tea, Food & Other	Pharmaceutical	Unallocated (*)	Total
Assets	106,777	336,942	137,143	580,862
Investments valued at equity	–	4,355	6,748	11,103
<b>Total assets</b>	<b>106,777</b>	<b>341,297</b>	<b>143,891</b>	<b>591,965</b>
Liabilities	86,607	147,001	242,472	476,080
Capital expenditure	8,709	13,968	–	22,677

(\*) Non-allocated assets and liabilities mainly relate to net financial liabilities, investments, income tax receivables and payables and net deferred tax assets which cannot be exactly divided along the divisions reported.

The increase in assets in the Tea, Food & Other Sector reflect the consolidation of the Corazza Group, as discussed in Note 29.

The higher capital expenditure in the Tea, Food & Other Sector mainly reflect unpatented technology for 17,805 thousand euros, intangible assets linked to customers (“customer list”) for 15,684 thousand euros and goodwill for 38,660 thousand euros recognised as part of the process of accounting for the Corazza Group.

See Note 3 for the allocation of goodwill to the individual operating segments.

#### **ANALYSIS BY GEOGRAPHICAL AREA**

The revenues of the IMA Group are analysed below by geographical area (thousands of euros):

	2011	2010	Change
European Union (excluding Italy)	246,091	180,088	66,003
Other European countries	41,340	37,011	4,329
North America	96,348	72,765	23,583
Asia & Middle East	155,573	131,005	24,568
Other countries	71,605	40,337	31,268
<b>Total exports</b>	<b>610,957</b>	<b>461,206</b>	<b>149,751</b>
Italy	58,249	42,065	16,184
<b>Total</b>	<b>669,206</b>	<b>503,271</b>	<b>165,935</b>

Revenues are allocated based on the geographical area of the invoiced customer.

The changes in the breakdown of revenues by geographical area are discussed below:

- revenues from the EU, excluding Italy, rose by 66,003 thousand euros, showing the good performances by countries such as France, Germany, United Kingdom and Poland;
- sales in other European countries have risen slightly on the previous year;
- North America is showing significant growth in revenues (+32.4%) compared with last year, thanks to some very important orders for the pharmaceutical market, confirming IMA's good position in a context that is substantially free of any real local competition;
- Asia and the Middle East showed good growth of 24,568 thousand euros and now represents 20% of aggregate Group sales, confirming the trend in recent years. The progress being made in local economies is raising production standards closer to those of the West and as a consequence is generating demand for machinery more in line with what we can offer. We are able to respond to such requests very rapidly, strengthening our production capacity, especially in China and India;
- sales in other countries reflect a variety of trends with strong growth in Central and South America, especially in Brazil;
- the increase in Italy is due to a larger number of projects compared with the previous year, in line with market growth with the help of the newly-acquired companies which have a higher proportion of sales in Italy. These fluctuations recur annually since revenues depend on the level of investment projects of the pharmaceutical companies, which is inevitably unstable in a small market like Italy.

Non-current assets other than unallocated financial instruments and deferred tax assets of the IMA Group analyzed by geographical area are as follows (thousands of euros):

	31.12.2011	31.12.2010
Italy	137,665	88,868
European Union (excluding Italy)	58,109	40,670
North America	20,871	20,880
Asia & Middle East	16,514	16,254
Other countries	696	733
<b>Total</b>	<b>233,855</b>	<b>167,405</b>

Operations are allocated to the geographical areas in which they are located.

The higher assets in Italy with respect to 2010 substantially reflect the acquisition of the Corazza Group.

#### **REVENUES BY BUSINESS CATEGORY**

Lastly, the IMA Group's are revenues analyzed as follows by business category (thousands of euros):

	2011	2010	Change
Machines and change parts	279,020	235,080	43,940
Construction contracts	243,241	152,690	90,551
Spare parts	93,157	68,758	24,399
Technical assistance	40,757	36,017	4,740
Other services	13,031	10,726	2,305
<b>Total</b>	<b>669,206</b>	<b>503,271</b>	<b>165,935</b>

## 2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment show a net increase of 4,399 thousand euros compared with 31 December 2010. The changes during the year were as follows (thousands of euros):

	Land	Buildings and leasehold improv.	Plant and machinery	Industrial & comm. equipment	Other assets	Assets under construction and advances	Total
<b>Balances at 01.01.10</b>							
Gross amount	4,820	12,616	36,969	14,840	18,090	1,304	88,639
Accumulated depreciation and writedowns	(12)	(3,984)	(28,167)	(13,423)	(15,010)	-	(60,596)
Net amount	4,808	8,632	8,802	1,417	3,080	1,304	28,043
<b>Balances at 01.01.10</b>	<b>4,808</b>	<b>8,632</b>	<b>8,802</b>	<b>1,417</b>	<b>3,080</b>	<b>1,304</b>	<b>28,043</b>
Increases in the year	-	2,794	3,453	1,058	1,217	110	8,632
Sales and disposals	(3,181)	(4,107)	(893)	(56)	(125)	-	(8,362)
Change in scope of consolidation	573	1,379	22	92	871	-	2,937
Depreciation	(1)	(829)	(2,031)	(599)	(1,481)	-	(4,941)
Writedowns / Impairment	-	(286)	-	-	-	-	(286)
Reclassifications	373	819	97	107	(93)	(1,303)	-
Translation differences	16	125	395	59	96	-	691
<b>Balances at 31.12.10</b>	<b>2,588</b>	<b>8,527</b>	<b>9,845</b>	<b>2,078</b>	<b>3,565</b>	<b>111</b>	<b>26,714</b>
<b>Balances at 01.01.11</b>							
Gross amount	2,603	12,700	38,696	17,088	20,708	111	91,906
Accumulated depreciation and writedowns	(15)	(4,173)	(28,851)	(15,010)	(17,143)	-	(65,192)
Net amount	2,588	8,527	9,845	2,078	3,565	111	26,714
<b>Balances at 01.01.11</b>	<b>2,588</b>	<b>8,527</b>	<b>9,845</b>	<b>2,078</b>	<b>3,565</b>	<b>111</b>	<b>26,714</b>
Increases in the year	-	3,175	1,466	851	1,382	1,747	8,621
Sales and disposals	-	(10)	(14)	(42)	(126)	-	(192)
Change in scope of consolidation	-	524	384	357	467	-	1,732
Book value adjustment	-	-	-	-	(347)	-	(347)
Depreciation	(1)	(1,169)	(2,151)	(754)	(1,490)	-	(5,565)
Reclassifications	-	404	(373)	16	29	(76)	-
Translation differences	(13)	5	223	(37)	(23)	(5)	150
<b>Balances at 31.12.11</b>	<b>2,574</b>	<b>11,456</b>	<b>9,380</b>	<b>2,469</b>	<b>3,457</b>	<b>1,777</b>	<b>31,113</b>
Gross amount	2,588	18,452	42,261	20,887	24,294	1,777	110,259
Accumulated depreciation and writedowns	(14)	(6,996)	(32,881)	(18,418)	(20,837)	-	(79,146)
<b>Balances at 31.12.11</b>	<b>2,574</b>	<b>11,456</b>	<b>9,380</b>	<b>2,469</b>	<b>3,457</b>	<b>1,777</b>	<b>31,113</b>

"Land" includes land in Ozzano dell'Emilia and Zola Predosa (Bologna) owned by IMA S.p.A. and GIMA S.p.A., for 1,587 thousand euros and 573 thousand euros respectively.

Buildings and leasehold improvements mainly comprise the buildings belonging to the Parent Company and to GIMA S.p.A., located in Italy, as well as buildings in France, the United Kingdom and India, which are owned by IMA France E.u.r.l., IMA UK Ltd. and IMA-PG Pvt. Ltd. Leasehold improvements amounted to 7,489 thousand euros (4,353 at 31 December 2010).

Increases during the year mainly reflect the costs incurred to extend and upgrade existing buildings and plant, and to purchase machinery and electronic equipment.

The change in the scope of consolidation reflects the acquisition of the Corazza Group, as mentioned previously.

"Other assets" comprise (thousands of euros):

	31.12.2011	31.12.2010
Electronic office machines	1,365	1,327
Office furniture and fittings	1,040	762
Vehicles	629	743
Other	423	733
<b>Total</b>	<b>3,457</b>	<b>3,565</b>

The net book value of leased assets amounted to 58 thousand euros (86 thousand euros at 31 December 2010) and refers to vehicles.

## 3. INTANGIBLE ASSETS

The changes in intangible assets during the year break down as follows (thousands of euros):

	Development costs	Industrial patent rights	Software licences, trade marks and similar	Goodwill	Assets under dev. and advances	Total
<b>Balances at 01.01.10</b>						
Gross amount	31,373	12,963	26,063	78,298	4,778	153,475
Accumulated amortization and writedowns	(11,905)	(8,536)	(17,667)	-	-	(38,108)
Net amount	19,468	4,427	8,396	78,298	4,778	115,367
<b>Balances at 01.01.10</b>	<b>19,468</b>	<b>4,427</b>	<b>8,396</b>	<b>78,298</b>	<b>4,778</b>	<b>115,367</b>
Increases in the year	-	1,195	833	-	4,390	6,418
Sales and eliminations	-	(5)	(10)	-	-	(15)
Acquisition of GIMA S.p.A. and Naturapack Sr.l.	-	-	-	7,627	-	7,627
Change in scope of consolidation	1,236	94	2,106	-	590	4,026
Amortization	(4,429)	(1,095)	(3,170)	-	-	(8,694)
Writedowns/Impairment	-	-	-	(2,500)	-	(2,500)
Reclassifications	-	7	-	-	(7)	-
Translation differences	-	-	63	486	(1)	548
<b>Balances at 31.12.10</b>	<b>16,275</b>	<b>4,623</b>	<b>8,218</b>	<b>83,911</b>	<b>9,750</b>	<b>122,777</b>
<b>Balances at 01.01.11</b>						
Gross amount	43,281	14,340	29,162	83,911	9,750	180,444
Accumulated amortization and writedowns	(27,006)	(9,717)	(20,944)	-	-	(57,667)
Net amount	16,275	4,623	8,218	83,911	9,750	122,777
<b>Balances at 01.01.11</b>	<b>16,275</b>	<b>4,623</b>	<b>8,218</b>	<b>83,911</b>	<b>9,750</b>	<b>122,777</b>
Increases in the year	756	1,680	989	86	3,190	6,701
Sales and eliminations	-	(18)	(616)	-	-	(634)
Acquisition of Corazza Group	17,805	-	16,294	38,660	-	72,759
Change in scope of consolidation	308	61	206	-	365	940
Book value adjustment	-	-	-	36	-	36
Amortization	(6,584)	(1,343)	(4,950)	-	-	(12,877)
Writedowns/Impairment	-	-	(427)	-	-	(427)
Reclassifications	5,922	-	288	-	(6,210)	-
Translation differences	-	3	33	251	(4)	283
<b>Balances at 31.12.11</b>	<b>34,482</b>	<b>5,006</b>	<b>20,035</b>	<b>122,944</b>	<b>7,091</b>	<b>189,558</b>
Gross amount	73,513	16,558	48,674	122,944	7,091	268,780
Accumulated amortization and writedowns	(39,031)	(11,552)	(28,639)	-	-	(79,222)
<b>Balances at 31.12.11</b>	<b>34,482</b>	<b>5,006</b>	<b>20,035</b>	<b>122,944</b>	<b>7,091</b>	<b>189,558</b>

In recognising the acquisition of the Dairy & Convenience Food Division of the Corazza Group, these separately identifiable intangible assets were recognised: unpatented technology for 17,805 thousand euros classified under development costs and an intangible asset linked to customers ("customer list") for 15,684 thousand euros. The residual balance resulting from this process gave rise to goodwill of 38,660 thousand euros. Amortization of the unpatented technology and customer list was charged on the basis of a useful life of 10 years. The initial recognition of the business combination was carried out on a provisional basis. For further details, please read Note 29.

Development costs include 9,782 thousand euros of technologies related to freeze-drying plants for the pharmaceutical industry, booked after the acquisition of the Edwards Group in 2008, whose useful life was estimated at 7 years.

The item also include the costs incurred by the Parent Company and by other Italian companies for new products not previously available and targeted at new market segments. The main projects are:

- Adapta capsule filling machines, 2,079 thousand euros;
- Xtrema Series linear filling machines, 2,057 thousand euros;
- projects for the food and beverage and personal care sectors, 1,222 thousand euros.
- biotechnology compacts, 1,021 thousand euros.

As also mentioned in the report on operations, research and development costs that do not meet the requirements for capitalisation were charged to profit and loss in the amount of 29,070 thousand euros (26,417 thousand euros in the previous period).

Industrial patents and intellectual property rights include costs incurred for the acquisition of rights deriving from applications for industrial patents, stated net of related amortization. The increase was mainly due to costs incurred to protect and extend patents in other countries, as well as the acquisition of a patent, for 650 thousand euros, relating to a machine for the production of filterbags for infusion products with wrapping envelope.

Software, licences, trademarks and other rights primarily include operating and technical software applications, the "customer list" acquired with the Corazza Group, as well as the non-competition agreement entered into by IMA Life S.r.l. in connection with the purchase of the equity interest in IMA Edwards Pharmaceutical Systems (Beijing) Co. Ltd, valued at 313 thousand euros (amortized over 4 years), and GIMA S.p.A. valued at 982 thousand of euros and (amortized over 5 years). The writedown of 427 thousand euros is due to partial termination of the non-competition agreement attributable to the acquisition of GIMA S.p.A.

Assets under development and advances mainly relate to the capitalization of development costs incurred by the Parent Company (2,370 thousand euros), IMA Life S.r.l. (1,811 thousand euros) and IMA Industries S.r.l. (2,142 thousand euros).

Goodwill comprises the following (thousands of euros):

	31.12.2011	31.12.2010
Tea, Food & Other:		
CGU B.F.B. S.p.A.	1,788	1,788
CGU GIMA S.p.A.	1,658	1,622
CGU Naturapack S.r.l.	6,091	6,005
CGU Corazza Group	38,660	na.
	<b>48,197</b>	<b>9,415</b>
Pharmaceutical:		
CGU CO.MA.DI.S. S.p.A.	3,782	3,782
CGU G.S. S.r.l. Coating System	7,402	7,402
CGU Edwards Group	23,079	23,079
CGU Nova Group	13,049	12,815
CGU ICO OLEODINAMICI S.p.A.	3,067	3,067
CGU IMA Kilian GmbH & Co. KG	14,790	14,790
CGU MKCS Inc.	539	522
CGU Pharmasiena Service S.r.l.	2,073	2,073
CGU Precision Gears Ltd.	4,027	4,027
CGU Zanchetta S.r.l.	2,939	2,939
	<b>74,747</b>	<b>74,496</b>
<b>Total</b>	<b>122,944</b>	<b>83,911</b>

See Note 29 for comments on the goodwill recognized following the acquisition of the Corazza Group.

As mentioned in the section on "Accounting policies", goodwill, which is an intangible asset with an indefinite useful life, is tested for impairment. The main assumptions, methods and parameters used in impairment testing are set out below.

The goodwill paid when acquiring companies, firms or business divisions is allocated to the cash generating units (CGUs) of the Group as represented by the individual companies or sub-groups to which they relate. Even if such companies had merged into the acquiring company

after the acquisition and had thus lost their legal status, the Group organization into divisions makes it possible to identify the assets and the cash flows of said CGUs, and to check whether allocated goodwill is recoverable through the impairment test.

The recoverable value of the CGUs to which goodwill is allocated is tested by determining their value in use, as represented by the present value of expected cash flows discounted using a rate that reflects the risks specific to each CGU at the measurement date.

The formulas used to test impairment and to calculate the terminal value are as follows:

$$V = \frac{\sum_{i=1}^n FCF_i}{(1+WACC)_i} + TV$$

$$TV = \frac{FCF_n * (1+g)}{WACC - g}$$

*FCF* = Free Cash Flow, or cash flow generated by operations

*WACC* = Weighted Average Cost of Capital

*N* = Number of years in the discount period

*TV* = present value of the Terminal Value, i.e. the value of the cash flows generated after the end of the discount period

*FCFn* = Free Cash Flow sustainable after the end of the discount period

*g* = Growth rate of the business beyond the assumed period of the plan

The CGU's weighted average cost of capital (WACC) is used as the discounting rate, as determined from a detailed analysis of the capital structure of each CGU. The Capital Asset Pricing Model is used. This mathematical model determines the rate as the sum of the return on a risk-free asset and the market risk premium. In turn, the market risk premium is found by multiplying the market average risk by the beta for the specific sector. The principal assumptions underlying the application of this method involved estimating the future increases in sales, the gross margin, operating costs, the rate of growth of terminal values, capital investment, operating capital and the weighted-average cost of capital (discount rate). The cash flows are estimated on the basis of the 2012 budget and the 2013-2014 business plan; they are then discounted at rates that reflect current market valuations of the cost of capital taking account of the specific risk profile of each CGU.

The growth rate (*g*) used is zero for the sake of prudence; this means that any sensitivity analysis designed to measure the change in the results following a change in the assumptions used for this growth rate would lead to a lower level of impairment.

The table shows the detailed growth assumptions used in the forecasts and the discount rates applied in the impairment procedures:

	Goodwill	Average weighted cost of capital employed WACC %	CAGR 2012-2014 Sales %
CGU G.S. S.r.l. Coating System	7,402	8.46	4.00
CGU ICO OLEODINAMICIS.p.A.	3,067	8.46	4.00
CGU CO.MA.DI.S. S.p.A.	3,782	8.46	2.50
CGU IMA Kilian GmbH & Co. KG	14,790	6.59	6.60
CGU Nova Group	13,049	6.69	4.30
CGU Precision Gears Ltd.	4,027	8.46	12.50
CGU Zanchetta S.r.l.	2,939	8.46	4.00
CGU Edwards Group	23,079	8.46	2.00
CGU Naturapack S.r.l.	6,091	8.46	4.00
CGU GIMA S.p.A.	1,658	8.46	2.00
CGU Pharmasiena Service S.r.l.	2,073	8.46	5.00
CGU Corazza Group	38,660	8.46	3.00

The assumptions used in calculating the impairment included in the business plan of each CGU and the results achieved have been approved by the Executive Committee and by the Board of Directors of IMA S.p.A., independently and prior to these financial statements.

The impairment tests of goodwill conducted in accordance with IAS 36 did not lead to any writedowns.

In addition, during prior years, the goodwill of IMA Kilian, Nova Group and Zanchetta CGUs was written down by 3,200 thousand euros, 757 thousand euros and 2,500 thousand euro respectively.

The translation differences, showing a positive value of 283 thousand euros, mainly refer to the translation of Nova Group goodwill at the year-end spot exchange rate from its currency into euro.

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

Below is a breakdown (thousands of euros):

		31.12.2011	31.12.2010
Amherst Stainless Fabrication LLC	20%	170	165
B.C. S.r.l.	30%	1,141	998
Bacciottini Flli S.r.l.	30%	407	299
Bolognesi S.r.l.	30%	595	450
Brio Pharma Technologies Pvt. Ltd.	30%	388	381
CMH S.r.l.	48.5%	7,262	n.a.
I.E.M.A. S.r.l.	30%	443	434
I.A.CO. S.r.l.	30%	250	293
Logimatic S.r.l.	30%	259	239
Masterpiece S.r.l.	30%	4	-
Powertransmission.it S.r.l.	20%	34	16
Scriba Nanotecnologie S.r.l.	24.9%	396	787
SIL.MAC. S.r.l.	30%	282	262
Stephan Belgium B.V.B.A.	33%	238	n.a.
Stephan UK Ltd.	40%	48	n.a.
Sirio Sp.A. Associazione in partecipazione (*)		6,748	6,748
Other investments		33	31
<b>Total</b>		<b>18,698</b>	<b>11,103</b>

(\*) Amount paid in connection with the agreement signed in 2007 for the management of an aircraft.

CMH S.r.l. was set up in January 2011 with the purpose of creating a joint venture between I.M.A. Industria Macchine Automatiche S.p.A. and Holding Partecipazioni Sacmi S.p.A. ("HPS") for the production and sale of automatic machines for the processing and packaging of chocolate. Because of the contractual agreements between the parties, CMH is subject to joint control. At 31 December 2011 CMH S.r.l. controlled OPM S.p.A., FIMA S.r.l., OPM Bakery S.r.l., Carle e Montanari S.p.A., Carle & Montanari Inc. and Carle e Montanari Wrapping S.r.l.

On 27 October 2011, the Parent Company sold a 24.1% interest in Scriba Nanotecnologie S.r.l. to third parties for 80 thousand euros; this transaction generated a capital loss of 304 thousand euros.

Other investments include the 50% interest in Consorzio Servizi, a non-profit consortium between the Parent Company and a third-party company, and the 25% interest in the LIAM consortium and the 20% in FID S.r.l. Impresa Sociale.

The purpose of Consorzio Servizi is to provide IT and technology services to the members of the consortium; that of Consorzio LIAM is to develop technical projects for research into technologies for the automation of packaging machines. The purpose of FID S.r.l. Impresa Sociale is to carry out carpentry work and the assembly and mounting of mechanical components inside Bologna Prison.

The following table sets out the goodwill included in the carrying amount of the above equity investments at 31 December 2011 (thousands of euros):

	31.12.2011	31.12.2010
Bolognesi S.r.l.	429	429
Bacciottini Flli S.r.l.	158	158
Brio Pharma Technologies Pvt. Ltd.	290	290
I.E.M.A. S.r.l.	295	295
LA.CO. S.r.l.	129	129
Logimatic S.r.l.	158	158
Scriba Nanotecnologie S.r.l.	317	623
SIL.MAC. S.r.l.	131	131
<b>Total</b>	<b>1,907</b>	<b>2,213</b>

The following table summarizes the key financial data of associated companies at 31 December 2010 (thousands of euros):

	Assets	Liabilities	Revenues	Profit
B.C. S.r.l.	4,910	1,106	3,455	478
Bacciottini Flli S.r.l.	5,407	4,227	5,184	711
Bolognesi S.r.l.	2,455	1,903	3,346	481
Brio Pharma Technologies Pvt. Ltd. (*)	425	96	478	24
I.E.M.A. S.r.l.	5,557	5,063	7,025	32
LA.CO. S.r.l.	5,406	4,983	4,910	78
Logimatic S.r.l.	9,042	8,727	7,356	172
Masterpiece S.r.l.	970	1,070	505	(45)
Powertransmission.it S.r.l.	405	238	738	89
Scriba Nanotecnologie S.r.l.	426	103	368	(9)
SIL.MAC. S.r.l.	3,690	3,185	5,102	67
Stephan Belgium B.V.B.A. (**)	1,684	944	2,305	69
Stephan UK Ltd.	713	594	1,964	90

(\*) *Financial statements at 31 March 2011.*

(\*\*) *Financial statements chiuso at 30 June 2011*

## 5. FINANCIAL ASSETS

The item breaks down as follows (thousands of euros):

	31.12.2011	31.12.2010
<b>Non-current:</b>		
· Investments in securities	14	14
· Financial receivables	2,464	2,172
· Investments in other companies	4,701	6,314
	<b>7,179</b>	<b>8,500</b>
<b>Current:</b>		
· Investments in securities	1,591	1,255
· Other cash equivalents	899	883
· Financial receivables	755	-
	<b>3,245</b>	<b>2,138</b>
<b>Total</b>	<b>10,424</b>	<b>10,638</b>

Non-current financial receivables relate to the lease contract stipulated by the German subsidiary IMA Kilian GmbH & Co. KG for its offices and plants in Cologne for 1,544 thousand euros (1,272 thousand euros at 31 December 2010) and to the loan granted by GIMA S.p.A. to FORUM S.p.A. for 900 thousand euros (900 thousand euros at 31 December 2010) with maturity in 5 years, but also repayable in advance.

Investments in other companies mainly include an interest in Pierrel S.p.A. and the shares in InterMedia Holding S.p.A.. At 31 December 2011 these investments amounted to 585 thousand euros (2,210 thousand euros at 31 December 2010) and 4,008 thousand euros (4,008 thousand euros at 31 December 2010) respectively.

In view of the strategic nature of these acquisitions for the IMA Group, these equity investments have been classified as financial assets available for sale and changes in their fair value are recognised in equity.

The value of the holding in Pierrel S.p.A. was determined with reference to the official stock market price on 30 December 2011.

In 2009 it was charged to financial expense, due to the significant and prolonged decline in the fair value of the investment. In 2011 the adjustment amounted to 1,625 thousand euros (533 thousand euros in 2010).

With reference to this investment, thanks to the favourable outcome of the arbitration begun in 2009 with Mazzaro Holding Ltd, in 2011 the Parent Company booked compensation of 600 thousand to Other revenues. Negotiations are under way between the parties to settle the dispute.

On 30 January 2012, IMA block sold its entire interest in Pierrel S.p.A. (650,000 ordinary shares, 3.962% of the share capital) for 553 thousand euros.

The value of the investment in InterMedia Holding S.p.A., an unlisted company, corresponds to its purchase cost, which is more or less equal to its fair value.

Other cash equivalents include bank deposits of IMA-PG India Pvt Ltd. with the original maturity of more than three months.

Investments in current securities are made up of quoted equity funds whose carrying amount is a reasonable reflection of their fair value.

Movements in financial assets break down as follows (thousands of euros):

	2011	2010
<b>Opening balance</b>	10,638	9,689
Increases	3,387	2,398
Impairment adjustment booked to the income statement	(1,625)	(533)
Change in scope of consolidation	2	21
Decreases	(1,855)	(949)
Exchange rate difference	(123)	12
<b>Closing balance</b>	<b>10,424</b>	<b>10,638</b>
Of which:		
Non-current financial assets available for sale	4,715	6,328
Current financial assets available for sale	2,490	2,138
Non-current financial receivables	2,464	2,172
Current financial receivables	755	-
<b>Total</b>	<b>10,424</b>	<b>10,638</b>

## 6. RECEIVABLES FROM OTHERS

These mainly include various guarantee deposits.

## 7. DERIVATIVE FINANCIAL INSTRUMENTS

This item breaks down as follows (thousands of euros):

	Assets 31.12.2011	Assets 31.12.2010	Liabilities 31.12.2011	Liabilities 31.12.2010
Interest rate hedging instruments:				
· Interest rate swap (non-current) cash flow hedges	25	159	1,241	1,170
· Interest rate swap (current) cash flow hedges	-	-	-	20
	<b>25</b>	<b>159</b>	<b>1,241</b>	<b>1,190</b>
Exchange rate hedging instruments:				
· Exchange rate hedging instruments (current)				
- cash flow hedges	-	271	505	54
	<b>-</b>	<b>271</b>	<b>505</b>	<b>54</b>
<b>Total</b>	<b>25</b>	<b>430</b>	<b>1,746</b>	<b>1,244</b>

### INTEREST RATE DERIVATIVES

The Group uses interest rate derivatives (cash flow hedges) to manage the risk of changes in the interest rates on borrowings from banks, transforming part of them from floating to a maximum fixed rate via the purchase of caps and the sale of floors.

At 31 December 2011, the amount of 25 thousand euros in assets and 1,241 thousand euros in liabilities represents the fair value of options arranged in 2011 and previous years with leading credit institutions to hedge interest rate risk; such options are linked to a portion of medium-term loans, maturing from 2012 to 2016, and hedging a nominal value of 67.5 million euros (68.7 million euros at 31 December 2010).

### EXCHANGE RATE DERIVATIVES

The Group uses exchange rate derivatives to hedge future cash flows (cash flow hedges). The exposure to exchange rate risk is managed with forward purchase and sale contracts denominated in the billing currency of certain markets in which the Group operates.

At 31 December 2011, the amounts of 505 thousand euros in liabilities represent the fair value of these derivative contracts. The notional amounts of these exchange rate hedges totalled 26.1 million US dollars (39.9 million US dollars at 31 December 2010). All foreign currency derivatives at 31 December 2011 mature within 12 months.

## 8. DEFERRED TAX ASSETS AND LIABILITIES

At 31 December 2011 deferred tax assets mainly regard temporary differences in respect of provisions and the elimination of unrealized intercompany profits on sales of finished goods. Deferred tax liabilities mainly relate to temporary differences between the book values of certain property, plant and equipment and intangible assets and the related values recognized for tax purposes.

The tables below provide a breakdown by due dates and net changes for this item (thousands of euros):

	31.12.2011	31.12.2010
Deferred tax assets:		
· within 12 months	10,372	7,147
· after 12 months	13,700	13,497
	<b>24,072</b>	<b>20,644</b>
Deferred tax liabilities:		
· within 12 months	(528)	(3,858)
· after 12 months	(18,065)	(7,743)
	<b>(18,593)</b>	<b>(11,601)</b>
<b>Total</b>	<b>5,479</b>	<b>9,043</b>

	31.12.2011	31.12.2010
Net amount at the start of the year	9,043	2,237
Exchange rate difference	(74)	101
Change in scope of consolidation	(8,722)	4,334
Other changes	3,084	-
Credited / (Charged) to the income statement	1,805	2,276
Credited / (Charged) to equity	343	95
<b>Net amount at the end of the year</b>	<b>5,479</b>	<b>9,043</b>

The item "Other" mainly includes deferred tax liabilities on temporary differences between the book values and tax values of construction contracts.

The main components of deferred tax assets and liabilities are presented below, together with the changes with respect to the prior year (thousands of euros):

	Accrued to provisions	Losses carried forward	Amortiza- tion	Income (losses) from fair value	Finance lease	Other	Total
<b>Balances at 01.01.10</b>	11,063	1,247	(10,526)	-	(816)	1,269	2,237
Effect on the income statement	(2,071)	3,506	479	-	816	(454)	2,276
Effect on equity	-	-	-	95	-	-	95
Change in scope of consolidation	3,499	101	-	-	-	734	4,334
Other changes	-	-	-	-	-	-	-
Exchange rate difference	143	20	(40)	-	-	(22)	101
<b>Balances at 31.12.10</b>	<b>12,634</b>	<b>4,874</b>	<b>(10,087)</b>	<b>95</b>	<b>-</b>	<b>1,527</b>	<b>9,043</b>
Effect on the income statement	899	(1,294)	1,635	-	-	565	1,805
Effect on equity	-	-	308	35	-	-	343
Change in scope of consolidation	2,290	178	(10,725)	-	-	(465)	(8,722)
Other changes	110	218	-	-	-	2,756	3,084
Reclassifications	-	-	1,969	-	-	(1,969)	-
Exchange rate difference	(26)	1	(18)	-	-	(31)	(74)
<b>Balances at 31.12.11</b>	<b>15,907</b>	<b>3,977</b>	<b>(16,918)</b>	<b>130</b>	<b>-</b>	<b>2,383</b>	<b>5,479</b>

The item "Other" mainly includes deferred tax assets relating to the elimination of unrealized intercompany profits.

At the reporting date, the amount of carry forward tax losses and excess interest expense not yet used, for which the deferred tax asset has not been recognized in the balance sheet, was equal to 834 thousand euros (11,901 thousand euros at 31 December 2010).

## 9. INVENTORIES

Below is a breakdown (thousands of euros):

	31.12.2011			31.12.2010		
	Gross value	Impairment provision	Net value	Gross value	Impairment provision	Net value
Raw, ancillary and consumable materials	44,513	(8,091)	36,422	35,591	(6,639)	28,952
Work in progress and semifinished goods	187,564	(26,488)	161,076	147,871	(19,826)	128,045
Finished products and goods for resale	6,458	(2,159)	4,299	2,485	(1,693)	792
<b>Total</b>	<b>238,535</b>	<b>(36,738)</b>	<b>201,797</b>	<b>185,947</b>	<b>(28,158)</b>	<b>157,789</b>

Inventories attributable to the Corazza Group amounted to 15,750 thousand euros at 31 December 2011. On the basis of the same scope of consolidation, the increase in inventories since 31 December 2010 mainly reflects the substantial amount of the order book at the end of the year.

Movements in these provisions in the period were as follows (thousands of euros):

<b>Balances at 31.12.2010</b>	<b>28,158</b>
Net provisions	4,455
Change in scope of consolidation	4,043
Exchange rate difference	82
<b>Balances at 31.12.2011</b>	<b>36,738</b>

## 10. TRADE RECEIVABLES AND OTHER RECEIVABLES

This item breaks down as follows (thousands of euros):

	31.12.2011	31.12.2010
Trade receivables	145,676	115,568
Advances to suppliers	9,578	7,234
Tax receivables	7,374	7,023
Deferrals	2,179	1,547
Other receivables	4,643	4,047
<b>Total</b>	<b>169,450</b>	<b>135,419</b>

### TRADE RECEIVABLES

Trade receivables include customer receivables of 99,122 thousand euros (65,515 thousand euros at 31 December 2010), amounts due on construction contracts of 43,939 thousand euros (48,296 thousand euros at 31 December 2010) and trade receivables from associates of 2,615 thousand euros (1,757 thousand euros at 31 December 2010).

Trade receivables from customers are carried net of accumulated provisions amounting to 9,503 thousand euros (6,660 thousand euros at 31 December 2010).

The changes in the provision for doubtful accounts are summarized below (thousands of euros):

	2011	2010
<b>Opening balance</b>	6,660	4,878
Effect to the income statement	1,121	(322)
Uses	(381)	(148)
Change in scope of consolidation	2,112	2,160
Exchange rate difference	(9)	92
<b>Closing balance</b>	<b>9,503</b>	<b>6,660</b>

Customer receivables falling due beyond 12 months amounted to 1,011 thousand euros (580 thousand euros at 31 December 2010). Payment extensions granted to customers who reside in countries with particular risks are guaranteed by suitable financial instruments to secure collection.

Receivables assigned without recourse that had not yet fallen due at 31 December 2011 amounted to around 22,176 thousand euros (19,641 at 31 December 2010) of which 18,727 thousand euros is assigned to factoring companies and 3,449 thousand euros to other financial institutions. The period saw the assignment without recourse of receivables with an overall nominal value of around 32,202 thousand euros (22,640 thousand euros in 2010). The requirements for derecognising these receivables in accordance with IAS 39 have been met.

Amounts due in respect of construction contracts, determined on a percentage-of-completion basis, are shown below net of advances (thousands of euros):

	31.12.2011	31.12.2010
Construction contracts (costs incurred plus recognized margins)	104,016	81,987
Advances received	(60,077)	(33,691)
<b>Due from customers</b>	<b>43,939</b>	<b>48,296</b>

Amounts due to customers (included in trade payables and advances received) in respect of construction contracts, determined on a percentage-of-completion basis, are shown below net of the related amounts due from customers (thousand of euros):

	31.12.2011	31.12.2010
Advances received	(22,757)	(15,065)
Construction contracts (costs incurred plus recognized margins)	15,298	7,796
<b>Due to customers</b>	<b>(7,459)</b>	<b>(7,269)</b>

Revenues from construction contracts in 2011 amounted to 243,241 thousand euros (152,690 thousand euros in 2010).

The breakdown by maturity is as follows (thousands of euros):

	Undue	Past due less than one year	Past due more than one year	Total
<b>31.12.2011</b>				
Receivables from customers (gross)	60,785	38,811	9,029	108,625
Provision for doubtful accounts	(929)	(1,117)	(7,457)	(9,503)
<b>Receivables from customers (net)</b>	<b>59,856</b>	<b>37,694</b>	<b>1,572</b>	<b>99,122</b>
<b>31.12.2010</b>				
Receivables from customers (gross)	48,718	16,929	6,528	72,175
Provision for doubtful accounts	(925)	(389)	(5,346)	(6,660)
<b>Receivables from customers (net)</b>	<b>47,793</b>	<b>16,540</b>	<b>1,182</b>	<b>65,515</b>

The high credit standing of our customers, largely multinationals, and the lack of any significant concentration of credit by type or geographic area, reduce credit risk and thus the provision for bad debt is sufficient.

#### ADVANCES TO SUPPLIERS

At 31 December 2011 these relate to advances paid to suppliers for inventory goods of 6,230 thousand euros (3,922 thousand euros at 31 December 2010) and services of 3,348 thousand euros (3,312 thousand euros at 31 December 2010).

This item also includes advances to associates of 968 thousand euros (1,119 thousand euros at 31 December 2010).

#### TAX RECEIVABLES

Tax receivables mainly consist of VAT recoverable.

## 11. INCOME TAX RECEIVABLES AND PAYABLES

At 31 December 2011 income tax receivables and payables amounted to 2,061 thousand euros and 5,649 thousand euros respectively (3,640 thousand euros and 9,965 thousand euros at 31 December 2010).

The following companies adopted the domestic consolidated taxation mechanism: IMA S.p.A., IMA Life S.r.l., IMA Industries S.r.l., Zanchetta S.r.l., CO.MA.DI.S. Sp.A. and GIMA S.p.A. as consolidated companies and SO.FI.M.A. S.p.A. as the consolidating company.

Corazza S.p.A. as the consolidating company and RC S.p.A. as consolidated company also adopted the domestic consolidated taxation mechanism.

At 31 December 2011, the IRES liability for SO.FI.M.A. Sp.A. amounted to 657 thousand euros (6,424 thousand euros at 31 December 2010).

## 12. CASH AND CASH EQUIVALENTS

This item breaks down as follows (thousands of euros):

	31.12.2011	31.12.2010
Bank current accounts	75,549	92,064
Deposits	2,160	9,949
Cheques and cash	241	206
<b>Total</b>	<b>77,950</b>	<b>102,219</b>

At 31 December 2011 cash and cash equivalents include 9,979 thousand euros attributable to the Corazza Group, which was not consolidated in the previous year.

For a better understanding of the changes in this balance, reference should be made to Note 16 on the breakdown of net financial debt.

### 13. SHARE CAPITAL, SHARE PREMIUM RESERVE AND TREASURY SHARES

	Shares in thousands	Share capital	Share premium reserve	Treasury shares
<b>Balance at 01.01.2010</b>	33,845	17,732	15,472	(3,409)
Purchase of treasury shares	-	-	-	-
Sale of treasury shares	255	-	-	3,409
<b>Balance at 31.12.2010</b>	34,100	17,732	15,472	-
Capital increase	2,728	1,419	34,738	-
Purchase of treasury shares	(24)	-	-	(304)
Sale of treasury shares	-	-	-	-
<b>Balance at 31.12.2011</b>	36,804	19,151	50,210	(304)

Share capital at 31 December 2011 is represented by the share capital issued (fully subscribed and paid up) by the Parent Company, IMA S.p.A., comprising 36,828,000 ordinary shares with a par value of 0.52 euros each.

On 21 March 2011 the Board of Directors of IMA S.p.A., based on the mandate given to it by the Extraordinary Shareholders' Meeting held on 28 January 2011, approved a cash increase in capital with a total par value of 1,418,560 euros by issuing 2,728,000 new ordinary shares with a par value of 0.52 euros each, excluding shareholders' option rights. The new shares, which were offered for subscription in a private placement by means of an Accelerated Bookbuild (ABB), were placed at a price of 13.50 euros per shares, for a total of 36,828,000 euros. The subscription of the increase in capital was concluded successfully on 22 March 2011. This operation, which is designed to enlarge the shareholder base and increase the float, reinstated the minimum quota of the float to allow the Company to maintain its status on the STAR segment of the market, as agreed with Borsa Italiana. The increase has also made it possible to raise risk capital that can be used to take advantage of investment opportunities and to expand the IMA Group's activities.

At 31 December 2011 the share premium reserve amounted to 50,210 thousand euros. The increase of 34,738 thousand euros is due to the increase in capital, net of the related costs (672 thousand euros, net of the tax effect).

As part of the programme for the purchase of treasury shares approved by the Shareholders' Meeting of 22 April 2011 to stabilise the share price on the stock exchange, during 2011, the Parent Company purchased 23,586 shares, representing 0.064% of the share capital, for a total of 304 thousand euros.

In 2010 the Parent Company sold 255,243 treasury shares for an amount of 3,544 thousand euros. These transactions were recognized directly in equity in accordance with IAS 32.

In May 2011, a total dividend of 33,145 thousand euros was paid out, equal to 0.90 euros (gross) per outstanding ordinary share (30,690 thousand euros, equal to 0.90 euros (gross) in May 2010).

In the current year, the Board of Directors of the Parent Company IMA S.p.A. proposes to pay out a dividend of 1.00 euros (gross) per share. As this dividend is subject to approval of the Shareholders' Meeting, it was not recognized as a liability at 31 December 2011.

### 14. FAIR VALUE RESERVE

At 31 December 2011 the fair value reserve includes the intrinsic component of the fair value of foreign exchange forward sale contracts and advances on export contracts in the amount

of-272 thousand euros (268 thousand euros at 31 December 2010) and interest rate swaps of -1,161 thousand euros (-866 thousand euros at 31 December 2010).

Changes in the fair value reserve are as follows (thousands of euros):

<b>Balance at 01.01.2010</b>	<b>(374)</b>
<i>Available for sale</i>	
Measurement at fair value	-
<i>Cash flow hedges/hedging instruments</i>	
Measurement at fair value	(695)
Fair value - tax effect	95
Realization recognized in income - revenues	-
Realization recognized in income - financial income and expense	471
<b>Balance at 31.12.2010</b>	<b>(503)</b>
<i>Available for sale</i>	
Measurement at fair value	-
<i>Cash flow hedges/hedging instruments</i>	
Measurement at fair value	(782)
Fair value - tax effect	35
Realization recognized in income - revenues	(1,946)
Realization recognized in income - financial income and expense	1,893
<b>Balance at 31.12.2011</b>	<b>(1,303)</b>

## 15. OTHER RESERVES AND RETAINED EARNINGS

Other reserves include retained earnings constituted mainly by the legal reserve and merger surplus reserve of the Parent Company deriving from the merger of IMA Safe S.r.l. into IMA S.p.A., effective from 1 January 2011.

The changes in retained earnings during the period mainly reflect the distribution of dividends and the effects of the above-mentioned merger.

## 16. BORROWINGS

These include payables to banks of 237,450 thousand euros (217,242 thousand euros at 31 December 2010) and payables to other lenders of 3,726 thousand euros (2,814 thousand euros at 31 December 2010).

### PAYABLES TO BANKS

Payables to banks break down as follows (thousands of euros):

	31.12.2011	31.12.2010
Non-current:		
· Applied research and technological innovation loans	1,042	3,472
· Other loans	121,211	56,681
	<b>122,253</b>	<b>60,153</b>
Current:		
· Current accounts	14,541	19,870
· Advances on domestic transactions (Italy)	336	304
· Advances on export transactions	49,159	91,096
· Advances on export transactions to be carried out	-	846
· Applied research and technological innovation loans	1,721	2,108
· Other loans	49,440	42,865
	<b>115,197</b>	<b>157,089</b>
<b>Total</b>	<b>237,450</b>	<b>217,242</b>

### *Applied research and technological innovation loans*

Repayments totalling 3,042 thousand euros were made by the Parent Company as they fell due during the year; no new loans were received.

*Other loans*

The principal variations arising in Other loans regard new lending to the Parent Company for 100,000 thousand euros, to IMA Life North America Inc. for 1,000 thousand euros and to the repayments made according to the contract terms by IMA S.p.A. for 23,227 thousand euros, IMA Life S.r.l. for 3,759 thousand euros, and IMA Kilian GmbH & Co. KG for 1,585 thousand euros.

Payables to banks are analyzed by maturity as follows (thousands of euros):

	31.12.2011	31.12.2010
Due within 1 year	115,197	157,089
Due from 1 to 5 years	104,220	60,153
Due after more than 5 years	18,033	-
<b>Total</b>	<b>237,450</b>	<b>217,242</b>

Applied research and technological innovation loans and other loans are analyzed below by currency (thousands of euros):

	31.12.2011	31.12.2010
Euro	171,951	104,634
US dollar	773	262
Japanese yen	-	230
Chinese yuan	674	-
Other	16	-
<b>Total</b>	<b>173,414</b>	<b>105,126</b>

Applied research and technological innovation loans and other loans are guaranteed by the Parent Company for 8,077 thousand euros (8,077 thousand euros at 31 December 2010).

Certain loans and financings are guaranteed by compliance with certain financial covenants calculated on the Group consolidated accounts:

- ratio between net financial expense and EBITDA;
- ratio between net property, plant and equipment and shareholders' equity, minus dividends declared;
- minimum limits for shareholders' equity;
- ratio between net debt and shareholders' equity, minus dividends declared;
- ratio between net debt and EBITDA;
- ratio between EBIT and net financial expense.

The non-compliance with such covenants would constitute a material event for the purposes of calling in the related loans. At 31 December 2011, all covenant requirements had been met.

Interest rates on payables to banks are on average less than 5% (less than 3.5% in 2010).

The book value of advances on export transactions represents a good estimate of their fair value. For loans and other borrowings, the fair value is calculated using the discounted value of future principal and interest flows, using the market rate based on the yield curve for government bonds at the reporting date. This could lead to an increase in payables of around 8.8 million euros (2 million euros at 31 December 2010).

**PAYABLES TO OTHER LENDERS**

This item breaks down as follows (thousands of euros):

	31.12.2011	31.12.2010
Non-current:		
· Payables to leasing companies	50	72
· Other	347	90
	<b>397</b>	<b>162</b>
Current:		
· Payables to leasing companies	22	21
· Payables to factoring companies	1,593	999
· Other	1,714	1,632
	<b>3,329</b>	<b>2,652</b>
<b>Total</b>	<b>3,726</b>	<b>2,814</b>

At 31 December 2011, payables to other lenders reflect financial payables due by GIMA S.p.A. to FORUM S.p.A. for 1,540 thousand euros and due by Corazza S.p.A. to OPM S.p.A. for 431 thousand euros.

The total minimum future payments under finance leases at the reporting date are reconciled with their present value below (thousands of euros):

	Due within 1 year	Due from 1 to 5 years	Due after 5 years	Total
<b>Year 2010</b>				
Minimum payments of finance leases	25	77	–	102
Less future financial charges	(4)	(5)	–	(9)
<b>Present value of finance lease payables</b>	<b>21</b>	<b>72</b>	<b>–</b>	<b>93</b>
<b>Year 2011</b>				
Minimum payments of finance leases	25	52	–	77
Less future financial charges	(3)	(2)	–	(5)
<b>Present value of finance lease payables</b>	<b>22</b>	<b>50</b>	<b>–</b>	<b>72</b>

**NET DEBT**

The breakdown of net debt is as follows:

	31.12.2011	31.12.2010
A. Cash and cash equivalents	(77,950)	(102,219)
B. Other cash equivalents	(899)	(883)
C. Investments in securities	(1,591)	(1,255)
<b>D. Liquidity (A)+(B)+(C)</b>	<b>(80,440)</b>	<b>(104,357)</b>
<b>E. Current financial receivables</b>	<b>(755)</b>	<b>–</b>
F. Current payables to banks	65,483	112,346
G. Current portion of non-current bank payables	49,714	44,743
H. Other current financial payables	3,329	2,652
<b>I. Current financial debt (F)+(G)+(H)</b>	<b>118,526</b>	<b>159,741</b>
<b>J. Net current financial debt (D)+(E)+(I)</b>	<b>37,331</b>	<b>55,384</b>
K. Non-current portion of non-current bank payables	122,253	60,153
L. Non-current financial assets	(2,478)	(2,186)
M. Other non-current financial payables	397	162
<b>N. Non-current financial debt (K)+(L)+(M)</b>	<b>120,172</b>	<b>58,129</b>
<b>O. Net financial debt (J)+(N)</b>	<b>157,503</b>	<b>113,513</b>

The figure for non-current financial assets differs from that reported in the balance sheet as it does not include equity investments in other companies. For information on the breakdown of the items in net debt, see Notes 5 and 12.

Compared with 31 December 2010, the increase in net debt is related to the acquisition of the Corazza Group for an outlay of 57,500 thousand euros and the acquisition of the interest in the CMH joint venture for 7,262 thousand euros, net of cash generated by the Group.

## 17. SEVERANCE AND PENSION PROVISIONS

This item includes post-employment benefits valued actuarially by independent actuaries using the project unit credit method under IAS 19. It mainly comprises severance indemnity provisions recognised by the Group's Italian companies. The charge for the year has been accounted for under personnel costs.

The main demographic assumptions adopted by the actuary were:

- life expectancies: those determined by the State General Accounting Office (RG48 divided by gender);
- probability of disability: that in the INPS (National Social Security Institute) model for projections at 2010, distinguished by gender;
- pensionable age: the earliest retirement age possible under the Compulsory General Insurance scheme;
- probability of leaving work for reasons other than death: annual frequencies from 2.50% to 4.30%;
- probability of advance payments: an annual frequency from 3% to 5% for requests for advances of 60/70%.

Furthermore, the following financial assumptions were adopted in relation to the Italian companies:

	31.12.2011	31.12.2010
Annual discount rate	4.70%	4.80%
Annual inflation rate	2.00%	2.00%
Annual rate of increase of total compensation	3.50%	3.50%
Annual rate of increase of severance indemnity	3.00%	3.00%

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

The changes in the provisions during the year were as follows (thousands of euros):

<b>Balance at 01.01.2010</b>	17,184
Service cost	156
Interest cost	831
Net actuarial losses (gains) recognized during the year	311
Change in scope of consolidation	1,097
Severance payments made during the year	(1,758)
Exchange rate difference	60
<b>Balance at 31.12.2010</b>	<b>17,881</b>
Service cost	347
Interest cost	1,073
Net actuarial losses (gains) recognized during the year	295
Change in scope of consolidation	7,498
Severance payments made during the year	(2,479)
Exchange rate difference	26
<b>Balance at 31.12.2011</b>	<b>24,641</b>

The change in the scope of consolidation includes severance and pension obligations attributable to Corazza S.p.A. in the amount of 1,776 thousand euros, RC S.p.A. in the amount of 248 thousand euros, Stephan Machinery GmbH in the amount of 5,434 thousand euros and IMA Industries France Sarl in the amount of 40 thousand euros.

## 18. PROVISIONS FOR RISKS AND CHARGES

These provisions are analyzed as follows (thousands of euros):

	Balance at 31.12.2010	Increases	Decreases	Change in scope of consolidation	Exchange rate differences	Balance at 31.12.2011
Non-current:						
Agency termination indemnities	1,016	-	(21)	586	-	1,581
Other provisions	531	-	(102)	-	10	439
	<b>1,547</b>	<b>-</b>	<b>(123)</b>	<b>586</b>	<b>10</b>	<b>2,020</b>
Current:						
Product guarantee provision	11,557	1,939	(1,611)	608	84	12,577
Reorganization provision	1,170	1,813	(1,086)	-	-	1,897
Other provisions	2,145	1,866	(947)	400	(28)	3,436
	<b>14,872</b>	<b>5,618</b>	<b>(3,644)</b>	<b>1,008</b>	<b>56</b>	<b>17,910</b>
<b>Total</b>	<b>16,419</b>	<b>5,618</b>	<b>(3,767)</b>	<b>1,594</b>	<b>66</b>	<b>19,930</b>

The change in scope of consolidation is due to the newly acquired Corazza Group.

The product guarantee provision was established on the basis of estimated expenses for work to be performed under guarantee after 31 December 2011.

The reorganization provision relates essentially to Zanchetta S.r.l.

Other provisions are made up of provisions for risks and charges made to cover tax liabilities (Note 27) or charges that might arise from contractual obligations.

## 19. TRADE PAYABLES AND OTHER PAYABLES

This item is analyzed as follows (thousands of euros):

	31.12.2011	31.12.2010
Trade payables	150,704	114,497
Advances from customers	68,726	51,429
Social security payables	6,996	6,216
Tax payables	5,443	3,520
Employee payables	23,667	15,488
Payables in respect of acquisitions	613	1,785
Other payables	9,583	5,979
<b>Total</b>	<b>265,732</b>	<b>198,914</b>

### TRADE PAYABLES

These include trade payables to suppliers of 121,826 thousand euros (95,730 thousand euros at 31 December 2010), agent payables of 7,035 thousand euros (6,208 thousand euros at 31 December 2010) and trade payables to associates of 21,843 thousand euros (12,559 thousand euros at 31 December 2010).

The increase in payables to suppliers compared with the previous year is mainly connected with the increase in inventories at year-end, as well as with the companies of the Corazza Group accounting for 13,964 thousand euros.

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.

### ADVANCES FROM CUSTOMERS

The increase in advances from customers for uncompleted contracts with respect to 31 December 2010 is due mainly to the large volume of orders received at the reporting date. The amount attributable to the newly acquired Corazza Group came to 9,284 thousand euros.

**TAX PAYABLES**

Tax payables mainly consist of income tax withheld from employees' wages and salaries. The contribution of the Corazza Group amounts to 982 thousand euros.

**PAYABLES IN RESPECT OF ACQUISITIONS**

This item includes:

- the residual amount due (272 thousand US dollars) on the acquisition of the line of business from MKCS Inc. This amount is payable in April 2012;
- the estimated liability of 403 thousand euros for the purchase of an additional 19% interest in Pharmasiena Service S.r.l. The put option granted is exercisable in April 2013 or in April 2016.

During 2011 we paid 1,086 thousand euros and 220 thousand US dollars for the acquisitions of Naturapack S.r.l. and Amherst Stainless Fabrication LLC, respectively.

**20. OTHER REVENUES**

This item breaks down as follows (thousands of euros):

	2011	2010	Change
Out-of-period income	1,642	939	703
Capitalization of internal construction costs	5,030	5,183	(153)
Partial termination of non-competition agreement	427	–	427
Capital gains on disposal of property assets	–	538	(538)
Tax credits on R&D costs incurred	–	437	(437)
Other revenues and income	3,951	2,006	1,945
<b>Total</b>	<b>11,050</b>	<b>9,103</b>	<b>1,947</b>

The increase in capitalized internal construction costs refer to assets built in-house by the Parent Company and by certain Italian companies and by IMA Life North America Inc. for a total of 3,479 thousand euros in 2011 (4,099 thousand euros in 2010) and 1,551 thousand euros for equipment and machinery (1,084 thousand euros in 2010).

Other revenues and income in 2011 include the compensation of 600 thousand euros resulting from the settlement reached with Mazzaro Holding S.r.l., as discussed in Note 5.

**21. SERVICES, RENTALS AND LEASES**

This item breaks down as follows (thousands of euros):

	2011	2010	Change
External works and assembly	35,879	21,805	14,074
Maintenance and repair	5,694	4,561	1,133
Energy, telephone, gas, water and postal charges	9,007	7,480	1,527
Fees due	12,956	11,570	1,386
Technical, legal, tax and administrative consulting services	30,315	20,667	9,648
Advertising and promotions	2,232	1,388	844
Exhibitions	4,904	1,806	3,098
Travel and insurance	17,504	14,653	2,851
Transport	10,774	7,687	3,087
Bank charges	1,440	1,061	379
Rent expense	12,365	9,492	2,873
Operating lease fees	363	354	9
Rental fees	1,481	1,374	107
Other services	13,448	9,889	3,559
<b>Total</b>	<b>158,362</b>	<b>113,787</b>	<b>44,575</b>

Costs attributable to companies of the Corazza Group, not included in the scope of consolidation in the previous year, amounted to 21,066 thousand euros.

The item includes non-recurring charges for 3,601 thousand euros (904 thousand euros in 2010) as commented in Note 33.

**22. PERSONNEL COSTS**

Personnel costs break down as follows (thousands of euros):

	2011	2010	Change
Wages and salaries	143,725	117,234	26,491
Social security contributions	35,106	28,930	6,176
Remuneration of directors	4,224	2,039	2,185
Pensions - defined-benefit plans	1,784	1,538	246
Pensions - defined-contribution plans	7,186	6,680	506
Reorganization charges	2,372	2,296	76
Other personnel costs	9,444	8,538	906
<b>Total</b>	<b>203,841</b>	<b>167,255</b>	<b>36,586</b>

Personnel costs include the reorganization charges for the rationalization and cost reduction programmes that will involve certain Group companies. In 2011 Euro 2,372 thousand euros mainly refer to Zanchetta S.r.l.

The increase compared with the previous year is principally due to the inclusion in the scope of consolidation of the companies of the Corazza Group (23,381 thousand euros), as well as to the consolidation for the entire year of GIMA S.p.A. and Naturapack S.r.l., which were acquired in July 2010 (5,685 thousand euros).

In 2011, the IMA Group employed 3,469 people on average, as analyzed below.

	2011	2010	Change
Managers	113	96	17
Office workers	2,320	2,058	262
Production workers	1,036	975	61
<b>Total</b>	<b>3,469</b>	<b>3,129</b>	<b>340</b>

The Group employees at 31 December 2011 were 3,529 (3,141 at 31 December 2010).

The personnel of the companies of the Corazza Group included in the scope of consolidation in 2010 amounted to 313 people.

**23. DEPRECIATION AND AMORTISATION EXPENSE**

This item breaks down as follows (thousands of euros):

	2011	2010	Change
Depreciation of property, plant and equipment	5,565	4,941	624
Amortization of intangible assets	12,877	8,694	4,183
Writedowns/Impairment	427	2,786	(2,359)
Provisions for bad debts	1,121	(322)	1,443
<b>Total</b>	<b>19,990</b>	<b>16,099</b>	<b>3,891</b>

The increase in amortization is due for 3,070 thousand euros to the unpatented technology and "customer list" booked after the consolidation of the Corazza Group, as mentioned in Note 3.

The writedowns/impairment adjustments of 427 thousand euros, a non-recurring item, reflect partial termination of the non-competition agreement with GIMA SpA. In 2010 this item included 2,500 thousand euros of the writedown of the Zanchetta CGU.

**24. OTHER OPERATING COSTS**

Other operating costs comprise (thousands of euros):

	2011	2010	Change
Capital losses on disposal of property, plant and equipment	109	93	16
Local property tax and other taxes	1,070	1,185	(115)
Out-of-period expenses	1,523	646	877
Membership fees	451	361	90
Penalties and charges on sales	394	455	(61)
Sundry promotional materials	251	113	138
Other operating costs	1,038	763	275
<b>Total</b>	<b>4,836</b>	<b>3,616</b>	<b>1,220</b>

**25. FINANCIAL INCOME**

This item breaks down as follows (thousands of euros):

	2011	2010	Change
Interest income from banks	553	458	95
Interest income on amounts due from customers	131	100	31
Other interest and financial income	159	69	90
Income from non-current financial assets available for sale	34	70	(36)
Income from derivative financial instruments	150	29	121
Exchange rate gains	9,933	7,962	1,971
<b>Total</b>	<b>10,960</b>	<b>8,688</b>	<b>2,272</b>

**26. FINANCIAL EXPENSE**

This item breaks down as follows (thousands of euros):

	2011	2010	Change
Interest expense on bank payables	8,321	5,296	3,025
Interest expense on discounting	300	123	177
Interest expense on finance leases	5	60	(55)
Writedown of non-current assets available for sale	1,625	533	1,092
Expense on bank guarantees	270	197	73
Expense from derivative financial instruments	277	188	89
Other interest and financial expense	1,173	378	795
Exchange rate losses	9,928	9,046	882
<b>Total</b>	<b>21,899</b>	<b>15,821</b>	<b>6,078</b>

The increase in interest expense on payables to banks reflects above all the rise in interest rates and the increase in net debt during the period.

The writedown of non-current assets available for sale relates to the investment in Pierrel S.p.A. See Note 5 for further information.

Other financial expense include costs for transactions hedging the exchange rate risk for 606 thousand euros.

At 31 December 2011, exchange rate gains and losses included an unrealized gain of 2,980 thousand euros and an unrealized loss of 3,529 thousand euros (2,177 thousand euros and 2,856 thousand euros, respectively, in the previous year).

**27. TAXES**

This item is analyzed as follows (thousands of euros):

	2011	2010	Change
Tax for the year:			
Current taxes	25,922	19,658	6,264
Net deferred tax assets and liabilities	(1,805)	(2,276)	471
	<b>24,117</b>	<b>17,382</b>	<b>6,735</b>
Prior year tax	2,696	1,477	1,219
<b>Totale</b>	<b>26,813</b>	<b>18,859</b>	<b>7,954</b>

The Group companies IMA S.p.A., IMA Life S.r.l., IMA Industries S.r.l., Zanchetta S.r.l., CO.MA.DI.S. S.p.A. and GIMA S.p.A. as consolidated companies and the consolidating company SO.FI.M.A. S.p.A. adopted the domestic consolidation taxation mechanism.

Corazza S.p.A. as consolidating company, and RC S.p.A. as consolidated company, adopted the domestic consolidation taxation mechanism.

During 2010, the Parent Company underwent a tax audit by the Tax Office which was completed in June 2010 with a report that proposed a number of add-backs for the years 2005, 2006 and 2007. The Tax Office issued an assessment for 2005 and 2006, which IMA S.p.A. appealed against to the Provincial Tax Commission.

During 2011 tax audits were carried out at IMA Life S.r.l. by the Tax Authorities and two tax audits on fiscal year 2006 were carried out at Zanchetta S.r.l. (including one at a company merged in 2008) by the Tax Police of Lucca. Formal notifications were drawn up after the tax audits, which were accepted by IMA Life S.r.l. and Zanchetta S.r.l.

Taxes relating to prior years (2,696 thousand euros) include the provisions made during the period for liabilities that may arise from tax audits at certain Group companies, as well as the costs involved in accepting the Formal notifications and taxes recognised under temporary items as they relate to tax assessments that had been challenged.

The following table reconciles the tax charges with the book profits multiplied by the applicable tax rates (thousands of euros):

	2011	2010
<b>Result before tax</b>	<b>55,945</b>	<b>36,300</b>
<b>Taxes determined on the tax rate applicable in each country</b>	<b>16,309</b>	<b>11,483</b>
Tax effect of non-deductible costs	2,208	3,223
IRAP	6,095	4,741
Other	(495)	(2,065)
Prior year taxes	2,696	1,477
<b>Total</b>	<b>26,813</b>	<b>18,859</b>

The theoretical tax rate used to determine the income taxes of Italian companies is 27.5% of the taxable income for the year. The income taxes of foreign companies are calculated using the tax rates applied in each country.

## 28. 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:

	2011	2010
Net profit for the year (thousands of euros)	27,990	16,996
Average number of outstanding ordinary shares (thousands of shares)	36,082	34,042
<b>Earnings per share (in euros)</b>	<b>0.78</b>	<b>0.50</b>

For the IMA Group, basic earnings per share and diluted earnings per share are the same.

## 29. BUSINESS COMBINATIONS

On 10 February 2011, IMA S.p.A. completed its acquisition of the Sympak Corazza Group's Dairy & Convenience Food division. This operation was carried out through IMA Industries S.r.l., a wholly-owned subsidiary. This acquisition forms part of the strategy to enlarge the range of machines designed and produced by the Group for the food industry.

The companies in the Dairy & Convenience food sector included in the scope of consolidation are:

	Registered office	% holding
Sympak Corazza S.p.A.	Bologna	100% (1)
RC S.p.A.	Argelato (Bologna)	100% (2)
Sympak Inc.	Mundelein (USA)	100% (2)
Sympak Asia Pacific Pte Ltd.	Singapore	100% (2)
OOO Sympak	Moscow (Russia)	100% (2)
Sympak France Sarl	Lognes (France)	100% (2)
Stephan Machinery GmbH	Hameln (Germany)	100% (2)
Sympak Process Engineering GmbH	Schwarzenbek (Germany)	100% (3)
Stephan Food Service Equipment GmbH (5)	Hameln (Germany)	100% (3)
Stephan Poland	Poznan (Poland)	100% (3)
Stephan Machinery Canada Ltd.	Mississauga (Canada)	100% (4)

(1) Held by IMA Industries S.r.l.

(2) Held by Sympak Corazza S.p.A.

(3) Held by Stephan Machinery GmbH

(4) Held by Sympak Inc.

(5) Merged into Stephan Machinery GmbH with effect from 1 January 2011.

At the date of these financial statements, Sympak Corazza S.p.A., Sympak Asia Pacific Pte Ltd., OOO Sympak, Sympak France Sarl, Sympak Process Engineering GmbH, Sympak Inc. changed their name into Corazza S.p.A., IMA Industries Asia Pacific Pte Ltd., OOO IMA Industries, IMA Industries France Sarl, Stephan Process Engineering GmbH and IMA Industries Inc. respectively.

The main provisional values for assets and liabilities at the acquisition date were as follows (in thousands of euros):

	Total book values	Fair value
Intangible assets	940	35,040
Goodwill	26,378	–
Property, plant and equipment	1,732	1,732
Investments and non-current receivables from other	281	281
Net deferred tax assets	2,994	2,994
Inventories	12,629	12,629
Trade and other receivables	18,706	19,595
Net income tax receivables	514	514
Cash and cash equivalents	10,598	10,598
Assets held for sale	6,500	6,500
Financial payables	(21,707)	(21,707)
Severance and pension provisions	(7,498)	(7,498)
Deferred tax liabilities	(726)	(11,716)
Provision for risks and charges	(1,594)	(1,698)
Trade and other payables	(28,424)	(28,424)
<b>Total</b>	<b>21,323</b>	<b>18,840</b>
Purchase cost		57,500
<b>Goodwill</b>		<b>38,660</b>

The revenues and operating profit of the Corazza Group, which has been consolidated for 11 months, amounted to 89,712 thousand euros and 9,003 thousand euro respectively. Its average workforce during the period amounted to 313 persons.

The initial recognition of this business combination has been determined on a provisional basis, because the fair value of the assets, liabilities or contingent liabilities and the cost of the combination have not been finalized yet. As required by IFRS 3, any adjustments will be made within twelve months of the acquisition date.

The total financial outlay for the acquisition amounted to 68,609 thousand euros.

1,563 thousand euros of ancillary charges related to the acquisition was expensed as services, rentals and leases.

### 30. GUARANTEES GRANTED

At 31 December 2011, the Group has granted sureties and other bank guarantees to customers in the amount of 16,412 thousand euros for the proper operation of machinery, bid bonds and advances not yet received, as well as sureties in favour of the municipality of Ozzano dell'Emilia (Province of Bologna), for 159 thousand euros as a performance guarantee, a surety in favour of the Revenue Office for VAT credits for 7,845 thousand euros, guarantees for rental contracts for 5,835 thousand euros and sureties in favour of others for 1,807 thousand euros.

The Parent Company also granted sureties and other guarantees (binding letters of patronage) to third parties on behalf of subsidiaries and associates, with respect to lines or credit or financing extended by banks and the payment of rental fees, as shown below (thousands of euros):

	31.12.2011	31.12.2010
CMH S.r.l.	4,500	n.a.
GIMA S.p.A.	3,000	3,000
IMA EST GmbH	1,600	800
IMA Iberica Processing & Packaging S.L.	250	250
IMA Industries S.r.l.	22,150	12,900
IMA Kilian GmbH & Co. KG	56,972	66,475
IMA Life (Beijing) Pharm. Systems Co. Ltd.	2,300	–
IMA Life Japan KK	998	–
IMA Life North America Inc.	525	509
IMA Life S.r.l.	17,350	17,350
IMA Life The Netherlands B.V.	4,500	4,500
IMA North America Inc. (ex Nova Packaging Systems Inc.)	703	681
IMA Pacific Co. Ltd.	832	847
IMA Packaging and Processing Equipment (Beijing) Co. Ltd.	271	262
IMA Safe S.r.l.	n.a.	22,760
IMA UK Ltd.	–	500
IMA-PG India Pvt Ltd.	1,848	1,956
Masterpiece S.r.l.	1,000	1,000
Naturapack S.r.l.	200	–
OPM S.p.A.	3,000	n.a.
PSH MKCS Inc.	–	681
Scriba Nanotecnologie S.r.l.	31	31
Swiftpack Automation Ltd.	2,500	4,500
Zanchetta S.r.l.	4,325	4,325
<b>Total</b>	<b>128,855</b>	<b>143,327</b>

Guarantees totalling 91,700 thousand euros were also granted to leading banks in relation to the lines of credit shared by the Group's Italian subsidiaries.

Corazza S.p.A. gave guarantees in favour of third parties in the interest of RC S.p.A., Stephan Machinery GmbH and OPM S.p.A. in the amount of 500 thousand euros, 6,303 thousand euros and 2,500 thousand euros respectively.

Sureties of about 50,861 thousand euros (36,107 thousand euros at 31 December 2010) were given against advances received from customers.

### 31. COMMITMENTS

At 31 December 2011 commitments to purchase property, plant and equipment and intangible assets came to 168 thousand euros and 5 thousand euros respectively.

The Group has outstanding commitments of 1,622 thousand euros (1,460 thousand euros at 31 December 2010) for future minimum payments under irrevocable operating leases relating primarily to plant, machinery and vehicles (792 thousand euros due within one year, 801

thousand euros between one and five years and 29 thousand euros over five years) and commitments under rental contracts of 107,853 thousand euros (107,043 thousand euros at 31 December 2010), of which 12,240 thousand euros fall due within one year, 40,808 thousand euros between one and five years and 54,805 thousand euros over five years.

Instalments paid during the year for operating lease contracts and rentals were 12,728 thousand euros (9,846 thousand euros in the previous year).

There are also other commitments in favour of third parties for 1,778 thousand euros, consisting mainly of the Parent Company's commitment to buy further units of the mutual funds shown under financial assets.

### 32. RELATED-PARTY TRANSACTIONS

At 31 December 2011 the Group holding company is IMA Industria Macchine Automatiche S.p.A., 66.219% owned by SO.FI.MA. S.p.A., which is in turn a subsidiary of Lopam Fin S.p.A. The Group companies IMA S.p.A., IMA Life S.r.l., IMA Industries S.r.l., Zanchetta S.r.l., CO.MA.DIS. S.p.A. and GIMA S.p.A. as consolidated companies and SO.FI.M.A. S.p.A. as consolidating company adopted the domestic consolidated taxation mechanism.

As described earlier, intercompany transactions are a consequence of the organizational structure of the Group. Such transactions are carried out as part of ordinary operations on an arm's-length basis.

In addition to intercompany transactions, the Group also conducts operations with other related parties, mainly parties controlling the Parent Company, or parties responsible for the administration and management of IMA S.p.A. or entities controlled by such parties. 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.

These transactions are mainly commercial and real estate operations (leased premises used by the Parent Company or the Group), as well as participation in the consolidated tax mechanism mentioned above. Related-party transactions are carried out on an arm's-length basis.

On 1 December 2010, IMA S.p.A. adopted compulsory procedures to be followed by IMA and its subsidiaries when carrying out transactions with parties related to IMA. These procedures have been adopted pursuant and consequent to Art. 2391-bis of the Italian Civil Code and to the "Regulation on related-party transactions" approved by Consob. For further information please see the Report on operations.

As mentioned previously, on 1 January 2011 the Group adopted the revised version of IAS 24 Related Party Disclosures, which clarifies the definition of related parties.

The following table details the main transactions carried out with related parties (thousands of euros):

	Receivables at 31.12.2011	Receivables at 31.12.2010	Payables at 31.12.2011	Payables at 31.12.2010
<b>Parent companies:</b>				
SO.FI.MA. S.P.A.	-	-	657	6,424
	<b>-</b>	<b>-</b>	<b>657</b>	<b>6,424</b>
<b>Associates:</b>				
Amherst Stainless Fabrication LLC	327	165	342	-
B.C. S.r.l.	1,141	998	473	350
Bacciottini Flli S.r.l.	565	300	2,548	3,024
Bolognesi S.r.l.	595	450	1,188	717
Brio Pharma Technologies Pvt. Ltd.	453	385	646	56
CM H S.r.l.	8,017	n.a.	-	n.a.
EPSOL S.r.l.	-	n.a.	93	n.a.
I.E.M.A. S.r.l.	464	436	4,911	2,286
LA.CO. S.r.l.	1,246	1,566	1,253	835
Logimatic S.r.l.	1,964	1,723	8,508	4,006
Masterpiece S.r.l.	34	50	148	95
OPM S.p.A.	22	n.a.	431	n.a.
Powertransmission.it S.r.l.	34	16	276	269
Scriba Nanotechnology S.r.l.	674	1,146	-	-
SIL.MAC. S.r.l.	367	315	1,541	921
Stephan Belgium B.V.B.A.	261	n.a.	2	n.a.
Stephan UK Ltd.	350	n.a.	-	n.a.
Other associates	64	31	7	n.a.
	<b>16,578</b>	<b>7,581</b>	<b>22,367</b>	<b>12,559</b>
<b>Other related parties:</b>				
Banca di Bologna	549	1,509	-	6,689
Datalogic Automation S.r.l.	-	-	115	81
Galliani & Sistemi S.p.A.	-	-	89	81
Mandarin Capital Management SA	1,255	973	-	-
NP Immobiliare S.r.l.	24	-	12	1,000
Poggi & Associati	75	260	43	152
Schiavina S.r.l.	449	-	74	-
Altre correlate	28	30	49	47
	<b>2,380</b>	<b>2,772</b>	<b>382</b>	<b>8,050</b>
<b>Total</b>	<b>18,958</b>	<b>10,353</b>	<b>23,406</b>	<b>27,033</b>
	<b>Revenues</b>	<b>Revenues</b>	<b>Costs</b>	<b>Costs</b>
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>Associates:</b>				
Amherst Stainless Fabrication LLC	-	-	2,526	-
B.C. S.r.l.	143	180	3,216	2,780
Bacciottini Flli S.r.l.	267	24	4,779	4,868
Brio Pharma Technologies Pvt. Ltd.	7	10	780	560
Bolognesi S.r.l.	146	-	2,683	227
I.E.M.A. S.r.l.	34	3	7,399	3,024
LA.CO. S.r.l.	1,022	551	1,907	1,846
Logimatic S.r.l.	2,074	1,277	10,966	6,740
Masterpiece S.r.l.	-	-	600	353
OPM S.p.A.	456	n.a.	153	n.a.
Powertransmission.it S.r.l.	18	6	813	616
Scriba Nanotechnology S.r.l.	-	100	311	-
SIL.MAC. S.r.l.	105	44	2,351	1,706
Other Associates	195	-	219	-
	<b>4,467</b>	<b>2,195</b>	<b>38,703</b>	<b>22,720</b>
<b>Other related parties:</b>				
Banca di Bologna	2	-	92	53
Datalogic Automation S.r.l.	-	-	244	156
Galliani & Sistemi S.p.A.	-	-	289	196
Italbe S.p.A.	-	-	233	231
Lopam S.r.l.	-	-	507	499
Mandarin Capital Management SA	-	-	1,000	1,000
Morosina S.p.A.	-	-	150	150
Naturapack S.r.l. (*)	n.a.	284	n.a.	780
Nemo Investimenti S.r.l.	3	4	1,527	1,490
NP Immobiliare S.r.l.	-	-	116	116
Poggi & Associati	-	-	1,303	1,141
Other related parties:	25	12	97	85
	<b>30</b>	<b>300</b>	<b>5,558</b>	<b>5,897</b>
<b>Total</b>	<b>4,497</b>	<b>2,495</b>	<b>44,261</b>	<b>28,617</b>

(\*) The amounts relate to the period January/June 2010

These transactions relate primarily to the Group's Italian companies.

Brief information about transactions with associates is given below:

- Amherst Stainless Fabrication LLC operates in the field of mechanical engineering and industrial assembly;
- B.C. S.r.l. manufactures machine parts for the Group and third parties;
- Bacciottini F.lli S.r.l. processes sheet metal for pharmaceutical machinery;
- Bolognesi S.r.l. operates in the field of mechanical engineering and industrial assembly;
- Brio Pharma Technologies Pvt. Ltd. distributes certain product lines of the Group in India;
- CMH S.r.l. and its subsidiaries operate in the production and sale of automatic machines for the processing and packaging of chocolate;
- I.E.M.A. S.r.l. and its subsidiaries design and produce equipment for automated machinery;
- LA.CO. S.r.l. manufactures mechanical constructions and repairs machine tools;
- Logimatic S.r.l. operates in the marketing, distribution and testing of automatic machines;
- Masterpiece S.r.l. carries out engineering work;
- Powertransmission.it S.r.l. manufactures and sells mechanical components, assemblies and complete plants;
- Scriba Nanotecnologie S.r.l. specializes in the study of high-tech solutions against food adulteration and for tracking pharmaceuticals;
- SIL.MAC. S.r.l. operates in the field of mechanical engineering, specialising in the construction of machines for third parties;
- Stephan Belgium B.V.B.A. and Stephan UK Ltd. are mainly engaged in marketing and after-sales assistance for food processing machinery.

Transactions with associates are largely of a commercial nature. See Note 4 for further information.

Transactions with Mandarin Capital Management SA and Poggi & Associati relate primarily to consulting, whereas the relations with Italbe S.r.l., Lopam S.r.l., Nemo Investimenti S.r.l. and NP Immobiliare S.r.l. mainly consist of leases.

The table below provides a summary of the balance sheet and the income statement including transactions with related parties and the percentage impact (thousands of euros):

	Total at 31.12.2011	Of which related parties	% impact	Total at 31.12.2010	Of which related parties	% impact
<b>Balance sheet:</b>						
Tangible and intangible assets	220,671	726	0.3%	149,491	350	0.2%
Investments and financial assets	25,877	11,970	46.3%	19,603	4,355	22.2%
Other non-current assets	25,332	99	0.4%	21,395	–	0.0%
<b>NON-CURRENT ASSETS</b>	<b>271,880</b>	<b>12,795</b>	<b>4.7%</b>	<b>190,489</b>	<b>4,705</b>	<b>2.5%</b>
Trade and other receivables	169,450	3,604	2.1%	135,419	3,166	2.3%
Financial assets	3,245	2,010	61.9%	2,138	973	45.5%
Cash and cash equivalents	77,950	549	0.7%	102,219	1,509	1.5%
Other current assets	203,858	–	0.0%	161,700	–	0.0%
<b>CURRENT ASSETS</b>	<b>454,503</b>	<b>6,163</b>	<b>1.4%</b>	<b>401,476</b>	<b>5,648</b>	<b>1.4%</b>
<b>TOTAL ASSETS</b>	<b>726,383</b>	<b>18,958</b>	<b>2.6%</b>	<b>591,965</b>	<b>10,353</b>	<b>1.7%</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>148,916</b>			<b>115,885</b>		
Borrowings	122,650	347	0.3%	60,315	–	0.0%
Other non-current liabilities	46,495	–	0.0%	32,199	–	0.0%
<b>NON-CURRENT LIABILITIES</b>	<b>169,145</b>	<b>347</b>	<b>0.2%</b>	<b>92,514</b>	<b>–</b>	<b>0.0%</b>
Borrowings	118,526	84	0.1%	159,741	6,689	4.2%
Trade and other payables	265,732	22,318	8.4%	198,914	13,920	7.0%
Income tax liabilities	5,649	657	11.6%	9,965	6,424	64.5%
Other current liabilities	18,415	–	0.0%	14,946	–	0.0%
<b>CURRENT LIABILITIES</b>	<b>408,322</b>	<b>23,059</b>	<b>5.6%</b>	<b>383,566</b>	<b>27,033</b>	<b>7.0%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>726,383</b>	<b>23,406</b>	<b>3.2%</b>	<b>591,965</b>	<b>27,033</b>	<b>4.6%</b>

	2011	Of which related parties	% impact	2010	Of which related parties	% impact
<b>Income statement:</b>						
Revenues	669,206	3,256	0.5%	503,271	2,167	0.4%
Other income	11,050	475	4.3%	9,103	16	0.2%
Cost of raw materials and goods	(257,105)	(29,217)	11.4%	(174,394)	(18,226)	10.5%
Cost of services and leases	(158,362)	(14,284)	9.0%	(113,787)	(9,976)	8.8%
Other operating costs	(198,284)	(274)	0.1%	(180,993)	(289)	0.2%
<b>OPERATING PROFIT</b>	<b>66,505</b>			<b>43,200</b>		
Net financial income	10,960	2	0.0%	8,688	–	0.0%
Net financial expense	(21,899)	(101)	0.5%	(15,821)	(47)	0.3%
<b>FINANCIAL INCOME AND EXPENSE</b>	<b>(10,939)</b>			<b>(7,133)</b>		
<b>PROFIT (LOSS) FROM INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD</b>	<b>379</b>	<b>379</b>	<b>100.0%</b>	<b>233</b>	<b>233</b>	<b>100.0%</b>
Tax	(26,813)	–	0.0%	(18,859)	–	0.0%
<b>NET PROFIT FOR THE YEAR</b>	<b>29,132</b>			<b>17,441</b>		

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.

Remuneration of Directors, Statutory Auditors and Managers with Strategic Responsibilities

In addition to the above, we provide information concerning the remuneration paid to directors, statutory auditors and managers with strategic responsibilities of the Parent Company for carrying out their duties in other companies included in the consolidation:

Thousand of euros	2011
Directors (*)	3,261
Statutory Auditors	175
<b>Total</b>	<b>3,436</b>

(\*) This amount includes fees for professional services received by a Director.

The following table reports the fees paid, for any reason and in any form, by the Company and by other Group companies to managers with strategic responsibilities (thousand of euros):

Short-term benefits	Post-employment benefits	Fees for positions	Total
2,153	121	2,588	4,862

The managers with strategic responsibilities include two members of the Board of Directors.

The details of remuneration paid to directors, statutory auditors and managers with strategic responsibilities is shown in the Remuneration Report.

### 33. SIGNIFICANT NON-RECURRING TRANSACTIONS AND EVENTS

The following non-recurring items consist of (in thousands of euros):

	2011	2010
Gain on sale of property complex	-	538
Tax credits on R&D costs incurred	-	437
Partial termination of non-competition agreement	427	-
Restructuring costs	(2,632)	(3,078)
Writedowns of property, plant and equipment and intangible assets	(427)	(286)
Ancillary expenses for business combinations	(1,642)	(717)
Event to celebrate IMA's 50th Anniversary	(2,109)	-
Other non-recurring income and expense	(301)	133
<b>Total</b>	<b>(6,684)</b>	<b>(2,973)</b>

Restructuring costs of 2,632 thousand euros (3,078 thousand euros), mainly relate to personnel costs that certain Group companies paid in 2011 with the purpose of rationalizing structures and containing operating costs.

The ancillary charges on business combinations for 2011 relate primarily to the acquisition of the Corazza Group.

The non-recurring costs in connection with the 50th anniversary celebrations mainly refer to the events in Italy and at the Interpack Fair in Dusseldorf.

The above non-recurring items are included in operating profit and classified under the following items of the income statement (thousands of euros):

	2011	2010
Other revenues	427	1,025
Cost of raw, ancillary and consumable materials and goods for resale	99	225
Services, rentals and leases	(3,601)	(904)
Personnel costs	(2,922)	(2,296)
Depreciation and amortization expense	(427)	(286)
Provisions for risks and charges	(260)	(595)
Other operating costs	-	(142)
<b>Total operating costs</b>	<b>(7,111)</b>	<b>(3,998)</b>
<b>Operating profit</b>	<b>(6,684)</b>	<b>(2,973)</b>

**34. ATYPICAL AND/OR UNUSUAL  
TRANSACTIONS**

No significant atypical and/or unusual transactions or positions are reported.

**35. SIGNIFICANT EVENTS  
AFTER THE CLOSE  
OF THE PERIOD**

The following main events have taken place subsequent to year end:

- merger of IMA Life S.r.l. into IMA S.p.A., with effect from 1 January 2012;
- transfer at book value by the Parent Company of the BFB division (end-of-line automatic machines) to IMA Industries S.r.l with effect from 1 January 2012;
- merger of PSH MKCS Inc. into IMA Life North America Inc., with effect from 1 January 2012;
- total proportional spin-off of RC S.p.A. with effect from 1 January 2012 and transfer of the stock cube production line business to Corazza S.p.A. and of the packaging machine refurbishing business to Naturapack S.r.l. (renamed Revisioni Industriali S.r.l. from 1 January 2012);
- on 21 February the Emilia-Romagna Regional Tax Office started a general tax audit at IMA Safe S.r.l. (merged with IMA S.p.A. with effect from 1 January 2011), involving an audit of the 2009 tax year with regard to direct taxes, VAT, other state taxes and IRAP;
- in accordance with the plan described in Note 13, 31,414 treasury shares were purchase in 2012. At the date the financial statements were prepared, the Company held 55,000 treasury shares, equal to 0.149% of the share capital.

## H) DISCLOSURE REQUIRED UNDER ARTICLE 149-DUODECIES OF THE CONSOB ISSUERS' REGULATION

The following table shows the amounts of audit fees and fees for other services rendered by the independent audit firm in 2011.

Type of service	Service rendered by	Service rendered to	Fees (thousands of euros)	
- Audit	Parent Company's auditor	Parent Company IMA S.p.A.	263	
	Parent Company's auditor	Subsidiary companies	202	
	Parent Company auditor's network	Subsidiary companies	280	
- Other services:				
	- Review of English translation of the financial statements	Parent Company's auditor	Parent Company IMA S.p.A.	4
	- Financial due diligence	Parent Company's auditor	Parent Company IMA S.p.A.	31
	- Financial due diligence	Parent Company's auditor	Subsidiary companies	164
	- Tax compliance activities	Parent Company's auditor	Parent Company IMA S.p.A.	7
	- Tax compliance activities	Parent Company auditor's network	Subsidiary companies	24
- Other services	Parent Company's auditor	Parent Company IMA S.p.A.	51	

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

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

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

The undersigned, Alberto Vacchi, Chairman and Managing Director, and Sergio Marzo, the executive responsible for preparing the financial reports of I.M.A. Industria Macchine Automatiche S.p.A. certify, having regard for the requirements of Art. 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998:

- the appropriateness with regard to the characteristics of the Company and
- the effective application of the administrative and accounting procedures in preparing the consolidated financial statements for the period January-December 2011.

It is also certified that:

1) the consolidated financial statements:

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

2) the report on operations includes a reliable analysis of the business and the performance and financial position of the issuer and the companies included in the scope of the consolidation, together with a description of the risks and uncertainties to which they are exposed.

Ozzano dell'Emilia (Bologna), 15 March 2012

Managing Director  
Alberto Vacchi

Manager responsible for preparing financial reports  
Sergio Marzo

REPORT OF THE INDEPENDENT AUDITORS

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



**AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010**

To the shareholders of  
IMA – Industria Macchine Automatiche SpA

- 1 We have audited the consolidated financial statements of IMA – Industria Macchine Automatiche SpA (hereinafter also the “Company” or “IMA SpA”) and its subsidiaries (hereinafter also “IMA Group”) as of 31 December 2011 which comprise the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated equity, consolidated statement of cash flows and related notes. The directors of IMA SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
  
- 2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.  
  
For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 29 March 2011.
  
- 3 In our opinion, the consolidated financial statements of IMA Group as of 31 December 2011 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of IMA Group for the period then ended.

**PricewaterhouseCoopers SpA**

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. 3.754.400,00 Euro i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n. 43 dell'Albo Consob - Altri Uffici: Bari 70124 Via Don Luigi Guanella 17 Tel. 0805640211 - Bologna Zola Predosa 40069 Via Tevere 18 Tel. 0516186211 - Brescia 25123 Via Borgo Pietro Wuhler 23 Tel. 0303697501 - Catania 95129 Corso Italia 302 - Firenze 50121 Viale Gramsci 15 Tel. 0552482811 - Genova 16121 Piazza Dante 7 Tel. 01029041 - Napoli 80121 Piazza dei Martiri 58 Tel. 08136181 - Padova 35138 Via Vicenza 4 Tel. 049873481 - Palermo 90141 Via Marchese Ugo 60 Tel. 091349737 - Parma 43100 Viale Tanara 20/A Tel. 0521242848 - Roma 00154 Largo Fochetti 29 Tel. 06570251 - Torino 10122 Corso Palestro 10 Tel. 011556771 - Trento 38122 Via Grazioli 73 Tel. 0461237004 - Treviso 31100 Viale Felissent 90 Tel. 0422696911 - Trieste 34125 Via Cesare Battisti 18 Tel. 0403480781 - Udine 33100 Via Poscolle 43 Tel. 043225789 - Verona 37135 Via Francia 21/C Tel. 0458263001

[www.pwc.com/it](http://www.pwc.com/it)



- 4 The directors of IMA SpA are responsible for the preparation of the Report on Operations and the Report on corporate governance and ownership structure published in section *Investor Relator* of the website of IMA SpA in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on Operations and of the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the Report on corporate governance and ownership structure, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by the CONSOB. In our opinion, the Report on Operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the Report on corporate governance and ownership structure are consistent with the consolidated financial statements of IMA SpA as of 31 December 2011.

Bologna, 30 March 2012

PricewaterhouseCoopers SpA

Signed by  
Roberto Sollevanti  
(Partner)

*This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.*