

ANNUAL FINANCIAL REPORT

AT 31 DECEMBER 2013



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NOTICE OF CALL

Published on the Company's website www.ima.it (investor relations section) on 14 March 2014 and in MF Milano Finanza on 15 March 2014 to convene the Ordinary Shareholders' Meeting on 29 April 2014 at 10.30 a.m. at the offices of the Company in Via Emilia no. 237, Ozzano dell'Emilia - Bologna, to resolve the following:

AGENDA

1. Approval of the financial statements for the year ended 31 December 2013; 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 58/98.

Right to attend the Shareholders' Meeting

Pursuant to article 83-sexies of Legislative Decree no. 58/98, persons entitled to attend the Shareholders' Meeting and exercise their right to vote are those with voting rights at the end of the accounting day on 16 April 2014 ("record date"), that is, the seventh market trading day prior to the date of the Shareholders' Meeting and from whom the Company has received, prior to the start of the meeting, the required communication from an authorised intermediary. Those registered as shareholders after that date will not be entitled to attend the Shareholders' Meeting.

Proxy

Those entitled to vote may be 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 (Investor Relations section). Proxies should be sent to the Company to the administrative offices in Via Tosarelli 184, Castenaso (Bologna) to the attention of the Company's legal department by registered mail or by certified e-mail to ima@legalmail.it.

If the representative delivers or transmits, even in an electronic format, to the Company a copy of the proxy, he/she must certify, assuming full responsibility, that the proxy corresponds to the original and must also certify the identity of the proxy.

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

Right to ask questions

In accordance with Art. 127-ter of Legislative Decree 58/98, shareholders can also submit questions about the items on the agenda prior to the Shareholders' Meeting. The questions, accompanied by the personal details of the requesting shareholder and the certification attesting to the ownership of the shareholding, should be in writing and be received by the deadline of 26 April 2014, either hand-delivered or sent by post, to the administrative offices in Via Tosarelli 184, Castenaso (BO), or even by electronic notification to the certified mail address ima@legalmail.it. Questions, arrived within that date, will be answered at latest at the Shareholders' Meeting.

Right to add to the agenda or to submit further proposed resolutions concerning topics already on the agenda

In accordance with Art. 126-bis of Legislative Decree 58/98, within ten 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 wish to add to the agenda or present proposals on topics already on the agenda. The requests, accompanied by the personal details of the requesting shareholder and the certification attesting to the ownership of the shareholding, should be in writing and be either hand-delivered or sent by post, to the administrative offices in Via Tosarelli 184, Castenaso (BO), or even by electronic notification to the certified mail address ima@legalmail.it.

Any additions to the list of items that the Shareholders' Meeting has to address or the submission of further proposed resolutions concerning items already on the agenda shall be notified in the same way prescribed for the publication of the notice of calling at least 15 days prior to the date set for the Shareholders' Meeting.

Within that timeframe, the proposing shareholders should submit a report stating the reasons for the proposed resolutions on the new items to be added to the agenda or the reasons for the further proposed resolutions concerning items already on the agenda.

At the same time that this notice of integration or presentation is published, the report prepared by the shareholder(s) making the proposal will be made available to the public in the same ways as for the AGM documentation, accompanied by any comments that the Board of Directors wish to make. Additions to the agenda are not permitted if they concern items 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.

Information and documentation

The Company's share capital, fully subscribed and paid-in, amounts to Euro 19,150,560, split into 36,828,000 shares with a the par value of Euro 0.52 each, each of which gives the right to one vote at the Shareholders' Meeting. Note that as of today the Company holds 5,500 own shares; by law, the voting rights on these shares are suspended. This information is also available on the Company's website (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 2013, 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). Shareholders are entitled to view these documents and to obtain a copy of them. This documentation will also be available on the website in the Investor Relations section.

REPORT ON OPERATIONS

AT 31 DECEMBER 2013

(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 2014)

DIRECTOR AND HONORARY CHAIRMAN

Marco Vacchi

CHAIRMAN AND MANAGING DIRECTOR

Alberto Vacchi

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

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

CHIEF OPERATING OFFICER

Andrea Malagoli

Delegated powers: the powers associated with responsibility for the 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.

BOARD OF AUDITORS

(In office until the Shareholders' Meeting called to approve the financial statements at 31 December 2015)

STANDING AUDITORS

Giacomo Giovanardi - Chairman

Roberta De Simome

Riccardo Pinza

ALTERNATE AUDITORS

Vittorio Coraducci

Giovanna Bolognese

Federico Ferracini

COMMITTEE (*)

Marco Galliani - Independent Director

Pierantonio Riello - Independent Director

Maria Carla Schiavina - Non-executive Director

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

**MANAGER RESPONSIBLE FOR
PREPARING THE FINANCIAL
REPORTS**

Sergio Marzo

LEAD INDEPENDENT DIRECTOR

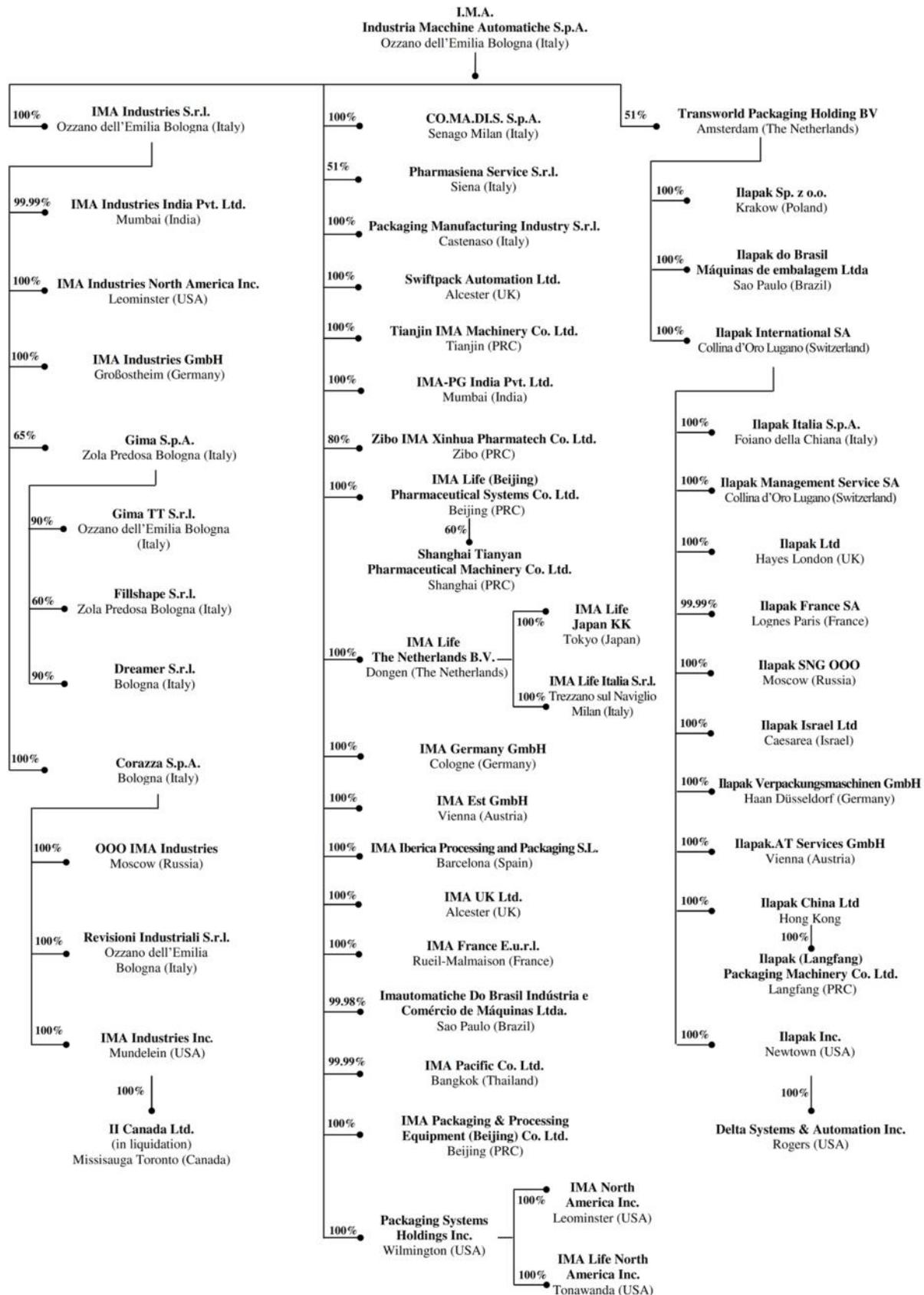
Paolo Frugoni

INDEPENDENT AUDITORS

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

Reconta Ernst & Young S.p.A.

GROUP STRUCTURE



GROUP PERFORMANCE

THE ECONOMIC SCENARIO

Shareholders,

The growth rate of world GDP slowed further in 2013, although developments during the last quarter suggest a reduction in the adversities facing the world economy. In the USA, the difficulties with the budget negotiations and the level of public sector debt were overcome, and the uncertainties connected with the reduction in quantitative easing have been partially allayed, given that tapering will be less aggressive. In view of the current US monetary policy, fears are diminishing that the emerging economies might become the latest source of international crisis. The uniformity of behaviour of these countries is becoming less evident however. Several have been hit by an unexpected withdrawal of funds from the advanced economies, China faces fears about its ability to control the credit bubble, and the countries of Eastern Europe are seeking reference models for new economic policies following the great recession. Progress in Europe towards the establishment of a Banking Union and, in general, the steps made towards greater monetary union in conjunction with the outflow of capital from the emerging economies, suggest brighter conditions.

Signals reflecting the state of the cycles in the industrialised and emerging economies indicate that the world economy has moved into growth mode, although doubts remain about the prospects.

At this time, economic policymakers remain extremely vigilant in order to avoid dangerous swerves that might compromise the fledgling recovery.

In this context, the IMA Group achieved good, steady growth in orders worldwide during the year, particularly in the Tea, Food & Other sector, but also from the Pharmaceuticals market. The introduction of more restrictive rules for the packaging of pharmaceuticals in certain Far Eastern countries continues to shift investment towards high quality machines, where we excel. So despite the major uncertainties currently faced, our reference markets - pharmaceuticals, 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 foresee for 2014 a year of further growth in both revenues and margins.

The past year was marked by a series of significant events for our Group: the disposals of Stephan and Kilian and, above all, the purchase and integration of the Ilapak Group, which has increased our presence in various niche food sectors. In addition to the manufacturing synergies, this acquisition further counterbalances any risk of downturns in the pharmaceuticals and food markets.

CONSOLIDATED INCOME STATEMENT

The following income statement classified by function 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, by function, costs relating to the research and development of new products or to the maintenance of existing products. They also include costs relating to technical personnel, materials used for experiments and the overheads of technical offices;
- selling costs: these include costs connected with commercial operations, such as staff, commissions paid to agents, promotional and advertising costs and associated overheads;
- general and administrative costs: these include all 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 period and writedowns.

The following main reclassified income statement components 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, taxes, net profit from discontinued operations / disposal groups and profit for the year.

The Group closed 2013 with net profit of 51.54 million euros, compared with 47.70 million euros in 2012.

The following table sets out the most significant figures from the Group's 2013 reclassified income statement, with comparative figures for 2012:

in millions of euros	2013		2012		Change %
	Amount	%	Amount	%	
			RESTATED		
Revenues	760.93		656.85		15.8
Cost of sales	(446.77)	58.7	(386.05)	58.8	
Gross industrial income	314.16	41.3	270.80	41.2	16.0
R&D costs	(37.00)		(31.17)		
Sales costs	(86.10)		(78.54)		
General and administrative costs	(96.98)		(87.38)		
Operating profit before writedowns/impairment/ non-recurring items (EBITA)	94.08	12.4	73.71	11.2	27.6
Writedowns/Impairment adjustments	(6.15)		(1.78)		
Non-recurring items	(1.29)		-		
Operating profit (EBIT)	86.64	11.4	71.93	11.0	20.5
Net financial income (expense)	(9.11)		(8.41)		
Profit (loss) from investments accounted for using the equity method	1.45		0.59		
Profit before tax	78.98	10.4	64.11	9.8	23.2
Taxes	(30.09)		(19.59)		
Net profit from continuing operations	48.89	6.4	44.52	6.8	9.8
Net profit from discontinued operations / disposal groups	5.91		4.91		
Profit for the year	54.80	7.2	49.43	7.5	10.9
Profit (loss) pertaining to minority interests	(3.26)		(1.73)		
Group profit	51.54	6.8	47.70	7.3	8.1
Gross operating profit (EBITDA) before non-recurring items	113.26	14.9	90.42	13.8	25.3
Gross operating profit (EBITDA)	111.97	14.7	90.42	13.8	23.8
Order book	456.31		373.56		22.2

REVENUES BY SECTOR

in millions of euros	2013		2012		Change %
	Amount	%	Amount	%	
Tea, Food & Other	267.40	35.1	237.27	36.1	12.7
Pharmaceutical	451.73	59.4	419.58	63.9	7.7
Ilapak	41.80	5.5	n.a.	n.a.	n.a.
Total	760.93	100.0	656.85	100.0	15.8

Consolidated revenues in 2013 amounted to 760.93 million euros, an increase of 15.8% on the same period last year, of which 9.5% due to organic growth.

The performance of revenues by segment is discussed in detail in the section entitled "Analysis of segment performance". However, in this regard the Tea, Food & Other sector recorded an increase in revenues of 12.7%, whereas the Pharmaceutical sector grew by 7.7%, confirming the strong market positioning of both segments.

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

in millions of euros	2013		2012		Change %
	Amount	%	Amount	%	
Tea, Food & Other	160.30	35.1	127.44	34.1	25.8
Pharmaceutical	274.02	60.1	246.12	65.9	11.3
Ilapak	21.99	4.8	n.a.	n.a.	n.a.
Total	456.31	100.0	373.56	100.0	22.2

REVENUES BY GEOGRAPHICAL AREA

in millions of euros	2013		2012		Change %
	Amount	%	Amount	%	
European Union (excluding Italy)	254.68	33.5	212.49	32.3	19.9
Other European countries	71.97	9.5	62.99	9.6	14.3
North America	140.41	18.4	88.66	13.5	58.4
Asia & Middle East	160.01	21.0	151.48	23.1	5.6
Other countries	72.00	9.5	89.92	13.7	(18.9)
Total foreign markets	699.07	91.9	605.54	92.2	15.4
Italy	61.86	8.1	51.31	7.8	20.6
Total	760.93	100.0	656.85	100.0	15.8

Some 91.9% of revenues were generated outside of Italy, maintaining more or less unchanged the mix of foreign sales in Europe, Asia and the Middle East, with significant growth in North America. About 70% of revenues were generated by plant and machines, while 30% came from after-sales activities (support, spares, kits etc.).

In particular:

- revenues from European Union countries, excluding Italy, were higher with such countries as Germany, France, Spain and Poland performing well;
- sales in other European countries were also greater than in the previous year, especially in Switzerland and the Czech Republic;
- strong growth in North America was assisted by the performance of the Ilapak Group, confirming the good position achieved by IMA in an environment essentially without significant local competition;
- Asia & Middle East grew by 5.6% overall, confirming the importance of this market that always generates more than 20% of the Group's sales; the established trend in the Chinese market was also confirmed. The progress being made in local economies is resulting in an alignment of production standards with those of the West and, as a consequence, there is

demand for machines of the type we make. We are able to respond to such requests very rapidly, especially via the expansion of our production capacity in China and India;

- the dynamics of revenues from Other countries varied greatly, with growth in Central America and a slight reduction in South America, especially in Argentina and Brazil;
- the increase in Italy was due to a larger number of projects compared with the previous year. 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 41.3% of revenues, compared with 41.2% in 2012, thanks mainly to higher sales volumes

R&D COSTS

Research and development costs amount to 37.00 million euros, with a rise compared with 2012 (31.17 million euros), representing 4.9% 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. Such expenditure is included in the cost of sales since it is invoiced to the clients concerned. The scale of this commitment is a concrete confirmation of the Group's strong orientation to be seen as a solution provider rather than a vendor of products. This approach has always been a hallmark characteristic and, over the years, has resulted in a strong market leadership position.

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

These refer in particular to a new capsule filling machine, the new series of machines for producing tablets, the new series of linear filling machines in a sterile environment, a new isolation technology machine, a new decartoning machine, a new thermo-forming machine and a machine for packaging tea in a differently shaped tea-bag, as well the new flowpackaging machines of the Ilapak Group. The costs incurred on such projects during the course of the year have been capitalised as they comply with the requirements for intangible assets. These amount to around 3.0 million euros (2.4 million euros in 2012). Amortization begins from the moment the products become available for sale.

SALES COSTS

Sales costs, including the commission paid to agents and commercial intermediaries, amounted to 86.10 million euros. The increase of 7.56 million euros with respect to 2012 includes 5.66 million euros contributed by the Ilapak Group. Their weighting as a percentage of sales has declined slightly to 11.3%, compared with 12.0% in 2012, in part due to a reduction of 1.6 million euros in the commission paid to commercial intermediaries (from 13.0 million euros to 11.4 million euros).

GENERAL AND ADMINISTRATIVE COSTS

General and administrative costs increased by 9.60 million euros, from 87.38 million euros in 2012 to 96.98 million euros in 2013, with the Ilapak Group contributing 7.3 million euros. The increase is linked to the rise in unit labour costs and higher general costs.

OPERATING PROFIT

Consolidated EBITA amounted to 94.08 million euros or 12.4% of sales. This represents an improvement with respect to the previous year, 11.2% of sales, for the reasons explained earlier. The operating profit of 86.64 million euros (71.93 million euros in 2012) is stated net of a writedown of 4.51 million euros to align the carrying amount of IMA Zibo with the disposal price, an adjustment of 1.63 million euros reflecting the impairment of intangible assets and non-recurring charges associated with the acquisition of the Ilapak Group.

NET FINANCIAL INCOME (EXPENSE)

Net financial expense, detailed in the notes to the financial statements, was 9.11 million euros compared with 8.41 million euros in 2012.

NET PROFIT FROM DISCONTINUED OPERATIONS / DISPOSAL GROUPS

The profit from the disposal of activities, 5.91 million euros, reflects the sale of both Stephan and Kilian during the year and is stated after taxation and related charges.

GROUP PROFIT

The Group's net profit was 51.54 million euros, compared with 47.70 million euros in the prior year, after an income tax charge of 30.09 million euros (19.59 million euros in 2012).

This increase stems from a higher pre-tax result, as a consequence of the matters discussed previously, and the effect in the previous year of franking the controlling interests held by IMA S.p.A., which contributed 5.66 million euros. Excluding this effect, the effective tax rate would have been lower than in 2012.

PROFITABILITY RATIOS

The principal profitability parameters relating to 2013 and 2012 are shown below:

Ratio	Breakdown	2013	2012
Return on sales (R.O.S.)	Operating profit	11.4%	11.0%
	Net revenues		
Return on investment (R.O.I.)	Operating profit	32.9%	24.8%
	Net capital employed		
Return on equity (R.O.E.)	Group profit	44.5%	31.2%
	Equity		

The change in the profitability ratios between 2013 and 2012 is a result of the changes in operating profit and group 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 include the amounts due to employees, income tax payable and provisions for risks and charges.

The following table summarizes the Group's balance sheet and financial position at 31 December 2013:

in millions of euros	31.12.2013		31.12.2012		Change %
	Amount	%	Amount	%	
Trade receivables	143.31	54.5	129.23	44.6	10.9
Inventories	204.68	77.8	206.36	71.2	(0.8)
Trade payables	(262.07)	(99.6)	(212.86)	(73.4)	23.1
Other, net	(66.06)	(25.1)	(63.37)	(21.9)	4.2
Working capital	19.86	7.6	59.36	20.5	(66.5)
Property, plant and equipment	43.26	16.5	32.25	11.1	34.1
Intangible assets	175.85	66.8	182.54	63.0	(3.7)
Investments	29.53	11.2	25.47	8.8	15.9
Non-current assets	248.64	94.5	240.26	82.9	3.5
Provision for severance indemnities and other provisions	(9.71)	(3.7)	(9.69)	(3.4)	0.2
Net capital employed	258.79	98.4	289.93	100.0	(10.7)
Non-financial assets (liabilities) held for sale	4.31	1.6	–	–	n.s.
Totale net capital employed	263.10	100.0	289.93	100.0	(9.3)

FINANCED BY:

Net debt (*)	130.40	49.6	131.47	45.3	(0.8)
Minority interests	16.88	6.4	5.54	2.0	204.7
Group equity	115.82	44.0	152.92	52.7	(24.3)
Total sources of financing	263.10	100.0	289.93	100.0	(9.3)

(*) The item includes financial assets of disposal groups of 3.18 million euros.

WORKING CAPITAL

Working capital at 31 December 2013 amounted to 19.86 million euros. It has fallen by 39.50 million euros compared with the same date in 2012.

The change was mainly due to an improvement in the management of working capital that, despite the strong growth in sales volumes, was further reduced.

In particular, inventories have fallen slightly despite the substantial order book, and trade payables have increased, particularly due to the advances paid by customers. The increase in trade payables was also 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 have only increased by 14.08 million euros, from 129.23 million euros at 31 December 2012 to 143.31 million euros at the end of 2013, despite the higher volume of business and a contribution from the Ilapak Group of 14.35 million euros;
- inventories have fallen by 1.68 million euros to 204.68 million euros (206.36 million euros in 2012) despite an increase attributable to the Ilapak Group of 18.86 million euros and the greater size of the order book at the end of 2013. 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, have increased by 49.21 million euros, of which 11.92 million euros relate to advances from customers because of the growth in the order book. the Ilapak Group contributed 26.04 million euros;

- the "Other, net" item is substantially unchanged at 66.06 million euros (63.37 million euros in 2012).

NON-CURRENT ASSETS

Overall, non-current assets have increased by 8.38 million euros since 31 December 2012, net of depreciation and amortization, essentially due to the purchase of the Ilapak Group and the disposal of both Stephan and Kilian.

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	13.78	7.08	20.86
Net book value of disposals	(0.45)	(0.05)	(0.50)
Sale of Stephan and Kilian business	(2.59)	(32.46)	(35.05)
Change in scope of consolidation	9.80	2.68	12.48
Acquisition of Ilapak Group	–	30.01	30.01
Acquisition of Shanghai Tianyan	–	0.85	0.85
Amortization and depreciation charges for the year	(6.34)	(12.85)	(19.19)
Writedowns/Impairment adjustments	–	(1.63)	(1.63)
Exchange rate difference and other changes	(3.18)	(0.32)	(3.50)
Total	11.02	(6.69)	4.33

NET CAPITAL EMPLOYED

Compared with 31 December 2012, capital employed net of operating liabilities decreased by 26.83 million euros to 263.10 million euros, as a result of the matters explained above.

NET DEBT

Net debt at 31 December 2013 amounted to 130.40 million euros and breaks down as follows:

in millions of euros	31.12.2013	31.12.2012
A. Cash and cash equivalents	(80.06)	(68.93)
B. Other cash equivalents	(1.02)	(1.40)
C. Investments in securities	(1.10)	(1.57)
D. Liquidity (A)+(B)+(C)	(82.18)	(71.90)
E. Current financial receivables	(1.27)	(0.75)
F. Current payables to banks	48.57	49.66
G. Current portion of non-current payables	32.85	40.79
H. Other current financial payables	4.96	1.39
I. Current financial debt (F)+(G)+(H)	86.38	91.84
J. Net current financial debt (D)+(E)+(I)	2.93	19.19
K. Non-current portion of non-current bank payables	96.21	114.68
L. Bond issued	36.15	–
M. Other non-current financial payables	1.55	0.03
N. Non-current financial assets	(3.26)	(2.43)
O. Net non-current financial debt (K)+(L)+(M)+(N)	130.65	112.28
P. Net financial debt (J)+(O)	133.58	131.47
Q. Cash and cash equivalents held for sale	(3.18)	–
R. Total net financial debt (P)+(Q)	130.40	131.47

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

For the purposes of the preparation of the schedule of net financial indebtedness, account was taken of the requirements of Consob Communication DEM/6064293 of 28 July 2006. Non-current financial assets are represented by financial receivables. The figure differs from that

reported in the statement of financial position since it does not include equity interests in other companies.

The slight reduction in net debt at 31 December 2013 reflects strong net cash generation by the Group, especially as a result of the management of working capital and the disposal of both Stephan and Kilian, even after the payment of 82.9 million euros in ordinary and extraordinary dividends and the acquisition of the Ilapak Group at a total cost of 21.8 million euros.

GROUP EQUITY

Equity at 31 December 2013 amounted to 115.82 million euros, down 37.10 million euros from 31 December 2012, due to the net effect of the following movements:

Dividends paid during the year	(82.85)
Purchase and sale of treasury shares	0.80
Measurement of financial instruments recognised in equity	(3.26)
Measurement of defined benefit plans	0.23
Exchange rate differences on the translation of foreign currency financial statements	(3.56)
Net profit	51.54
Total	(37.10)

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 2013 (millions of euros):

in millions of euros	Shareholders' equity	Result for the year
Equity and Result for the year of IMA S.p.A.	78.86	33.24
Elimination of book value of consolidated investments and related dividends	(281.20)	(31.31)
Elimination of writedowns of consolidated investments	-	4.47
Equity and Result for the year of consolidated companies and measurement of investments using the equity method	236.65	49.63
Recognition of differences arising from purchase of investments	82.55	(4.97)
Elimination of intercompany profit/loss on inventories and fixed assets and other adjustments	(1.04)	0.48
Equity and Result for the year of Group	115.82	51.54

ANALYSIS OF PERFORMANCE BY SECTOR

The following table analyses consolidated performance by business segment in 2013:

in millions of euros	Tea, Food & Other	Pharmaceutical	Ilapak	Not allocated	Total
Revenues	267.40	451.73	41.80	-	760.93
Operating profit before writedowns/impairment/ non-recurring items (EBITA)	41.98	49.30	2.80	-	94.08
Operating profit (EBIT)	41.47	43.43	1.74	-	86.64
Net capital employed (*)	84.02	115.04	41.11	22.93	263.10
R&D costs	15.35	21.65	-	-	37.00
Average personnel	912	2,445	185	-	3,542
Order book	160.30	274.02	21.99	-	456.31

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

Net capital employed includes 94.08 million euros of goodwill, attributed to the Tea, Food & Other Sector for 31.03 million euros, to the Pharmaceutical Sector for 58.93 million euros and to the Ilapak Sector for 4.12 million euros.

TEA, FOOD & OTHER

in millions of euros	2013	2012	Change %
Revenues	267.40	237.27	12.7
Operating profit before writedowns/impairment/ non-recurring items (EBITA)	41.98	34.12	23.0
Operating profit (EBIT)	41.47	33.84	22.5
Net capital employed (*)	84.02	105.03	(20.0)
R&D costs	15.35	13.40	14.6
Average personnel	912	893	
Order book	160.30	127.44	25.8

(*) Net capital employed includes goodwill of 31.03 million euros (48.20 million euros at 31 December 2012).

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 Industries S.r.l. 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 via agents.

The sector's revenue has increased by 12.7% over the previous year, thanks to the contributed by IMA Industries S.r.l. and GIMA TT S.r.l. and generally confirming the strong leadership position held by the Group in these niche markets. The operating profit comes to 41.47 million euros (15.5% of revenues) versus 33.84 million euros in 2012 (14.3% of revenues). The order book has risen by 25.8% (to 160.30 million euros compared with 127.44 million euros in 2012), providing good visibility for the coming year.

Net capital employed has fallen with respect to the previous year due to the disposal of Stephan.

PHARMACEUTICAL

in millions of euros	2013	2012	Change %
Revenues	451.73	419.58	7.7
Operating profit before writedowns/impairment/ non-recurring items (EBITA)	49.30	39.59	24.5
Operating profit (EBIT)	43.43	38.09	14.0
Net capital employed (*)	115.04	165.85	(30.6)
R&D costs	21.65	17.77	21.8
Average personnel	2,445	2,308	
Order book	274.02	246.13	11.3

(*) Net capital employed includes goodwill of 58.93 million euros (73.17 million euros at 31 December 2012).

The Pharmaceutical sector includes activities directly carried out by IMA S.p.A. through the IMA Safe division (which operates in the blister and cartoning field), IMA Life division (which operates in the filling of liquids and powders for both sterile and normal environments) at the Ozzano (BO) and Calenzano (FI) plants and by Pharmasiena Service S.r.l. at the Siena plant. 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 Bombay and Indore (India), the Chinese subsidiary Shanghai Tianyan Co. Ltd., 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.

The Pharmaceutical sector includes the activities performed directly by IMA S.p.A. via its IMA active Division at Ozzano, Zibo IMA Xinhua Pharmatech Co. Ltd. (China). The Group's main product lines in this sector include machines for producing capsules and tablets, machines for weighing capsules and tablets, coating systems, systems for fluid-bed powder granulation and for the mixing, handling, processing and storage of pharmaceutical powders. The breadth and depth of the Group's range in this sector make it the only real provider of complete solutions, from the treatment of powders to the production of medicines in capsule and tablet form, with the related process control systems.

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. The pharmaceuticals industry represents the principal market, although there is growing demand from the cosmetics industry.

The sector's revenue growth of 7.7% (+32.15 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 saw a sharp increase over the previous year, achieving operating profit (EBIT) of 43.43 million euros (compared with 38.09 million euros in 2012) as a result of higher volumes, higher profitability of contracts due to a more favourable mix and improved sales margins of certain products that achieved the expected levels of profitability.

Net capital employed amounted to 115.04 million euros (165.85 million euros in 2012). The difference came mainly from the reduction in working capital due to structural control of net working capital and to the sale of Kilian.

The order book, which is growing rapidly, is the result of an ongoing process of acquiring more and more new orders during the year, a reflection of the success of this segment's product range.

ILPAK

in millions of euros	2013	2012	Change %
Revenues	41.80	n.a.	n.a.
Operating profit before writedowns/impairment/ non-recurring items (EBITA)	2.80	n.a.	n.a.
Operating profit (EBIT)	1.74	n.a.	n.a.
Net capital employed (*)	41.11	n.a.	n.a.
R&D costs	-	n.a.	n.a.
Average personnel	185	n.a.	
Order book	21.99	n.a.	n.a.

(*) Net capital employed includes goodwill of 4.12 million euros.

The Ilapak sector comprise the activities carried out directly by Ilapak International SA, the parent, Ilapak Italy S.p.A., Ilapak (Langfang) Packaging Machinery Co Ltd. (PRC) and Delta Systems & Automation Inc.

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 above companies, either directly or via agents.

Sector revenues related to the period from August to December and total 41.80 million euros, confirming the strong leadership position held by the Ilapak Group in the related niche markets. Operating profit amounted to 1.74 million euros. The order book, 21.99 million euros, provides good visibility for the coming year.

Net capital employed amounting to 41.11 million euros includes goodwill of 4.12 million euros.

INVESTMENT

Group capital expenditure on property, plant and equipment in 2013 amounted to 13.78 million euros (9.02 million euros in 2012) and mainly related to the extension and upgrading of buildings and plant and the capitalization of machinery, together with the purchase of machinery, equipment and electronic machines.

Capital expenditure on intangible assets amounted to 7.08 million euros (6.70 million euros in 2012) and related mainly to the capitalization of development costs incurred on totally new products for market segments not previously occupied.

The acquisition of the Ilapak Group involved booking on a temporary basis an unpatented technology of 16.79 million euros, intangible assets linked to customers (the "customer list") of 9.10 million euros and goodwill of 4.12 million euros.

Amortization and depreciation for the year come to 19.19 million euros (16.71 million euros in the previous year), including 0.95 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 via 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 success factor, this is even more true for the IMA Group where our people represent our principal asset, incorporating all our knowledge and skill. Knowledge and skill that cannot easily be documented and codified, for the very reason that 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 2013, the average number of Group employees came to 3,542, compared with 3,201 in 2012.

The geographical breakdown of the workforce is as follows:

	2013	2012	Change
Italy	2,064	1,957	107
China	432	353	79
India	406	397	9
USA	290	251	39
UK	80	68	12
Eastern Europe	60	44	16
Switzerland	58	–	58
Germany	38	26	12
France	37	31	6
The Netherlands	27	27	–
Brazil	18	17	1
Spain	16	17	(1)
Japan	9	9	–
Israel	4	–	4
Thailand	3	4	(1)
Total	3,542	3,201	341

The excellent educational standard of the human resources 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 21.1% of employees work in the commercial area, including pre-sales and after-sales, 18.5% in our R&D laboratories, 14.9% in central functions (Administration, IT, Procurement, Quality, Human Resources, etc.) and 45.5% 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 71% of employees occupy clerical and managerial grades.

PERSONNEL COSTS

Payroll amounted to 220.23 million euros, compared with 195.52 million euros in the prior year, absorbing 28.9% of net revenues.

The higher level of costs compared to prior year is mainly due to Italian labour costs, which, taking into account the major elements of remuneration, increased by 6.6%, triggered by pay rises under the National Collective Bargaining Agreement for Metalworkers as well as more overtime worked and the Group's bonus policy. Personnel costs also rose in line with an increase in the number of employees and collaborators in the year.

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. Specialized training, the updating of professional skills, work safety and managerial development continue to be the main topics.

INDUSTRIAL RELATIONS

On the industrial relations front, we pursued our ongoing and constructive relationship with the trade unions. This consolidated relationship allows a substantial absence of disputes.

HEALTH, SAFETY AND THE ENVIRONMENT

The IMA Group takes care of safety and the working environment via 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 2013 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, including through periodic instrumental measurements in 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 arise.

On the topics 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.

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), 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 34 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, operating profit, financial income and expense, profit before tax, taxes and net profit for the year.

The Parent Company's reclassified income statement for 2013, along with comparatives for 2012, is set out as follows:

in millions of euros	2013		2012		Change %
	Amount	%	Amount	%	
Revenues	371.97		340.51		9.2
Cost of sales	(235.68)	63.4	(217.82)	64.0	
Gross industrial income	136.29	36.6	122.69	36.0	11.1
R&D costs	(17.86)		(15.18)		
Sales costs	(45.98)		(43.62)		
General and administrative costs	(38.10)		(36.97)		
Operating profit before writedowns/ impairment (EBITA)	34.35	9.2	26.92	7.9	27.6
Writedowns/Impairment adjustments	(1.42)		(1.50)		
Operating profit (EBIT)	32.93	8.9	25.42	7.5	29.5
Net financial income (expense)	11.62		31.15		
Profit before tax	44.55	12.0	56.57	16.6	(21.2)
Taxes	(11.31)		(4.57)		
Net profit for the year	33.24	8.9	52.00	15.3	(36.1)
Gross operating profit (EBITDA)	40.09	10.8	32.37	9.5	23.8
Order book	220.68		200.15		10.3

REVENUES BY GEOGRAPHICAL AREA

in millions of euros	2013		2012		Change %
	Amount	%	Amount	%	
European Union (excluding Italy)	136.84	36.8	127.28	37.4	7.5
Other European countries	31.79	8.5	30.29	8.9	5.0
North America	37.77	10.2	28.28	8.3	33.6
Asia & Middle East	72.95	19.6	75.40	22.1	(3.2)
Other countries	38.30	10.3	42.65	12.5	(10.2)
Total foreign markets	317.65	85.4	303.90	89.2	4.5
Italy	54.32	14.6	36.61	10.8	48.4
Total	371.97	100.0	340.51	100.0	9.2

Over 85% of revenues were generated outside Italy, even higher than in 2012 following organic growth.

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 in North America.

GROSS INDUSTRIAL INCOME

The increase in gross industrial income reflects the higher volume of sales, with an improvement in the profit margin to 36.6% from 36.0% in 2012.

R&D COSTS

The R&D costs incurred during the year amounted to 17.86 million euros (15.18 million Euro in 2012). 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 customizing 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 45.98 million euros, compared with 43.62 million euros in 2012 and include 17.87 million euros of commissions paid to agents (18.27 million in 2012). Management is nevertheless working to improve the efficiency of the commercial structure all this will increase unit labour costs.

GENERAL AND ADMINISTRATIVE COSTS

General and administrative costs rose from 36.97 million euros in 2012 to 38.10 million euros in 2013. This is mainly due to the increase in personnel costs.

OPERATING PROFIT

EBITA is consequently higher compared with the previous year, with operating profit rising to 32.93 million euros from 25.42 million euros in 2012.

NET FINANCIAL INCOME (EXPENSE)

Net financial income, described further in the notes to the financial statements, amounted to 11.62 million euros (31.15 million euros in 2012).

The principal captions and changes are discussed below:

- dividends received from subsidiaries and associates amounted to 20.90 million euros in 2013 compared with 17.70 million euros in the previous year;
- 2012 recorded a gain on the sale of 65% of GIMA S.p.A. to IMA Industries S.r.l. amounting to 22.36 million euros;
- the interest paid to service debt, including discount interest, amounted to 7.21 million euros (6.71 million euros in 2012).

NET PROFIT

The net profit for the year was 33.24 million euros (52.00 million euros in 2012), after taxation of 11.31 million euros (4.57 million euros in 2012) and the positive effect of taxes relating to prior years of 1.34 million euros (negative effect of 0.79 million euros in the prior year).

The increase in the effective tax rate was principally due to the absence of the effect of franking the controlling interests in 2012, 5.66 million euros, and a reduction in income not subjected to taxation.

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 payable and provisions for risks and charges.

The company's balance sheet and financial position at 31 December 2013 are summarized below:

in millions of euros	31.12.2013		31.12.2012		Change %
	Amount	%	Amount	%	
Trade receivables	87.49	41.4	82.35	39.8	6.2
Inventories	75.67	35.8	79.03	38.2	(4.3)
Trade payables	(141.80)	(67.2)	(133.24)	(64.4)	6.4
Other, net	(31.03)	(14.7)	(28.32)	(13.7)	9.6
Working capital	(9.67)	(4.7)	(0.18)	(0.1)	n.s.
Property, plant and equipment	17.86	8.5	14.24	6.9	25.4
Intangible assets	31.38	14.9	28.18	13.6	11.4
Investments	165.23	78.3	159.77	77.2	3.4
Non-current assets	214.47	101.7	202.19	97.7	6.1
Provision for severance indemnities and other provisions	2.93	1.4	4.86	2.4	(39.7)
Net capital employed	207.73	98.4	206.87	100.0	0.4
Assets held for sale	3.37	1.6	-	-	n.s.
Totale net capital employed	211.10	100.0	206.87	100.0	2.0
FINANCED BY:					
Net debt	132.24	62.6	76.09	36.8	73.8
Equity	78.86	37.4	130.78	63.2	(39.7)
Total sources of financing	211.10	100.0	206.87	100.0	2.0

WORKING CAPITAL

Working capital at 31 December 2013 amounts to -9.67 million euros, down considerably since the end of 2012 (-0.18 million euros) despite the increased volume of business. This parameter is analyzed as follows:

- trade receivables are up by 5.14 million euros (from 82.35 million euros at 31 December 2012 to 87.49 million euros), partly as a result of higher sales volumes;
- inventories have decreased by 3.36 million euros (from 79.03 million euros in 2012 to 75.67 million euros in 2013), despite the increases in sales volume and the size of the order book;
- trade payables, including advances from customers, are up by 8.56 million euros (from 133.24 million euros at 31 December 2012 to 141.80 million euros at 31 December 2013), because of the growth in the order book at the end of the year, resulting in higher purchases and advances from customers.

NON-CURRENT ASSETS

Overall, non-current assets increased by euros 12.28 million since 31 December 2012. As part of this aggregate, investments increased by 5.46 million euros and non-current assets by 6.82 million euros.

The changes in tangible and intangible assets, net of depreciation and amortization, are as follows:

in millions of euros	Non-current assets		
	Property, plant and equipment	Intangible	Total
Merger of Zanchetta S.r.l.	0.06	2.96	3.02
Increases in the year	6.54	4.52	11.06
Net book value of disposals	(0.08)	(0.02)	(0.10)
Amortization and depreciation charges for the year	(2.90)	(2.84)	(5.74)
Writedowns/Impairment adjustments	–	(1.42)	(1.42)
Total	3.62	3.20	6.82

The change in Equity investments reflects the transactions carried out during the year, including:

- purchase of interest in Transworld Packaging Holding B.V. (parent company of Ilapak), 11.3 million euros;
- reclassification of IMA Zibo as assets held for sale, 3.4 million euros;
- writedown of IMA Germany GmbH, 3.4 million euros;
- increase in capital in CMRE S.r.l., 2.0 million euros.

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

NET CAPITAL EMPLOYED

Compared with 31 December 2012, capital employed net of operating liabilities increased by 4.23 million euros to 211.10 million euros for the reasons described above.

NET DEBT

Net debt at 31 December 2013 amounted to 132.24 million euros and breaks down as follows:

in millions of euros	31.12.2013	31.12.2012
A. Cash and cash equivalents	(35.26)	(23.08)
B. Other cash equivalents	–	–
C. Investments in securities	(1.11)	(1.56)
D. Liquidity (A)+(B)+(C)	(36.37)	(24.64)
E. Current financial receivables	(18.51)	(24.54)
F. Current payables to banks	25.30	27.83
G. Current portion of non-current payables	32.08	40.18
H. Other current financial payables	28.16	10.36
I. Current financial debt (F)+(G)+(H)	85.54	78.37
J. Net current financial debt (D)+(E)+(I)	30.66	29.19
K. Non-current portion of non-current bank payables	95.06	114.15
L. Bonds issued	36.15	–
M. Other non-current financial payables	0.01	0.02
N. Non-current financial assets	(29.64)	(67.27)
O. Non-current financial debt (K)+(L)+(M)+(N)	101.58	46.90
P. Net financial debt (J)+(O)	132.24	76.09

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.

Net debt, amounting to 132.24 million euros, has increased by 56.15 million euros since 31 December 2012, when it totaled 76.09 million euros. The rise essentially reflects the payment of an extraordinary dividend of 46.0 million euros and the investment in the Ilapak Group.

Since we plan to maintain the same level of investment and continue to hold down working capital, good cash generation can be expected in 2014 in view of the improved results that we are looking for.

SHAREHOLDERS' EQUITY

Equity totaled 78.86 million euros at year end. The decrease of 51.92 million euro since 31 December 2012 was due to the following movements:

Dividends paid during the year	(82.85)
Purchase and sale of treasury shares	0.80
Measurement of financial instruments recognised in equity	(3.23)
Measurement of defined benefit plans	0.12
Net profit	33.24
Total	(51.92)

INVESTMENT

During 2013, the Company invested 4.52 million euros (4.88 million euros in 2012) in intangible assets and 6.54 million euros (4.63 million euros in 2012) in property, plant and equipment, for a total of 11.06 million euros (9.51 million euros in 2012).

Spending on intangible assets mainly related to applications, administrative and technical software, 2.22 million euros, and the capitalization of entirely new products that will generate economic benefits in future years, 1.48 million euros. The expenditure on tangible assets mainly related to leasehold improvements (2.78 million euros), plant and equipment (0.99 million euros) and electronic equipment and office furniture and fittings (0.92 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 2013, the average number of IMA employees came to 1,296, compared with 1,225 in 2012.

The breakdown of the workforce by grade is summarized below:

	31.12.2013	31.12.2012
Management	39	39
Office workers	1,011	938
Production workers	246	248
Total	1,296	1,225

It should be noted that, in the previous year, the average number of employees of Zanchetta S.r.l., a company merged into IMA S.p.A. on 1 January 2013 amounted to 29 persons.

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	17.1%	55.5%	44.5%
Research and development	22.8%	96.0%	4.0%
Production	43.6%	94.3%	5.7%
Central and administrative functions	16.5%	47.0%	53.0%
Total	100.0%	80.2%	19.8%

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 clerical and managerial grades occupy 81% of our employees.

Women, who make up 19.8% 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 totaled 98.61 million euros, compared with 89.91 million euros in the prior year. Taking into account the principal elements of remuneration, personnel costs have risen by 7.3% on the previous year due to pay rises established by the National Collective Labour Contract for Metalworkers, as well as an increase in overtime hours and the company's policy on bonuses. Personnel costs have also risen in line with an increase in the number of employees and collaborators in the year.

TRAINING

Like all organizations that wish to tackle the market's competitive challenges, IMA considers continuous training to be 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 pursued our ongoing and constructive relationship with the trade unions. This consolidated relationship allows a an absence of disputes.

HEALTH, SAFETY AND THE ENVIRONMENT

For IMA, safety and protection of the working environment involves 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 2013 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, in 2013 around 3,680 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 is pursued by involving all those who are in charge of the various production structures: in this regard, a new training/information course with a duration of 16 hours was delivered during 2013 to the managers responsible for prevention pursuant to Decree 81/08.

Furthermore, refresher training for workers has already commenced, with the holding of courses pursuant to the State-Regions Agreement dated 21 December 2011. During 2013 over 600 workers attended these courses.

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.

With regard to the specific work performed in 2013, action continued with a view to certifying the Company's Safety at Work Management System in accordance with BS OHSAS 18001. This is the leading standard adopted at domestic and international level, and is referred to specifically in Decree 81/2008.

In particular, the independent certification agency performed an initial audit in July 2013 with positive results. As a result, the objective is to obtain actual OHSAS 18001 certification in January 2014, following completion of the second audit that has already been scheduled.

The frequency and seriousness statistics, respectively 0.92 (IF) and 0.047 (IG), are leading indicators of the effectiveness and quality of the action taken. These were determined with reference to the accident experience within the Company and based on the Uni 7249 regulation.

On the topics of corporate social responsibility and responsibility versus the local community, 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.

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 30 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 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), has the purpose 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 (leased premises) and commercial activities 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 fully in Note 30 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 Nobel, 1 Ozzano dell'Emilia (Bologna) Factory

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

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

Via Tolara di Sotto, 51/A Ozzano dell'Emilia (Bologna) Offices

Via Tolara di Sotto, 121/A Ozzano dell'Emilia (Bologna) Factory

Via Francesco Petrarca, 34/38/40 Calenzano (Florence) Factory

Via del Lavoro, 5 Argelato (Bologna) Warehouse

OTHER INFORMATION

SIGNIFICANT EVENTS AFTER YEAR-END

The following main events have taken place subsequent to year end:

- In February 2014, IMA S.p.A. signed a preliminary contract (subject to the condition precedent of obtaining the necessary antitrust clearances) with the shareholder of Transworld Packaging Holding BV ("TWP"), the holding company of the ILAPAK Group, for the purchase of an additional 30% stake in the share capital of TWP, bringing IMA's investment in the ILAPAK Group to 81%. The proposed transaction involves a total financial contribution on the part of IMA of 22.75 million euros, to be paid in a lump sum at the time of the closing. Under a separate option agreement, IMA also has the right to acquire the other 19% of TWP's share capital in 2017 or 2018;
- In February 2014, IMA S.p.A. obtained 29 million euros of funding from the European Investment Bank (EIB) to support its 2013-2016 R&D programme, which envisages using total resources of more than 60 million euros. The loan has a maximum duration of 6 years and is 50% guaranteed by SACE. Its purpose is to fund the R&D activities carried by the Group in Italy, both in the Pharmaceuticals sector and in the Tea, Food & Other sector.

OUTLOOK FOR THE CURRENT YEAR

After turning in very good results, the Group closed 2013 with an order book that is excellent in terms of both quantity and quality. The positive trend of the acquisition of new orders is continuing into the early months of this year in the Food, Pharmaceutical and Ilapak sectors, with an overall increase of more than 6% over the same period last year. Thanks to this positive situation, it is reasonable to assume that 2014 will have revenues of around 850 million euros and a gross operating profit (EBITDA) of around 127 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 2013 treasury shares totalled 0.07 million euros, represented by 5,500 shares with a par value of 3 thousand euros. The official market value at 31 December 2013 was 0.15 million euros.

At 31 December 2012 treasury shares totalled 0.71 million euros, represented by 55,500 shares with a par value of 0.03 million euros. The official market value at 28 December 2012 was 0.80 million euros.

LEGISLATIVE DECREE 231/2001

At a meeting held on 27 March 2008, the Board of Directors adopted the organization, management and control model envisaged by Decree 231 of 8 June 2001 concerning the administrative responsibility of legal persons.

Following the adoption of this model, certain internal procedures have been devised and/or modified.

At the same time as adopting the above model, a Code of Ethics was adopted and a 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, a 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 Organization, Management and Control 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 Organization, Management and Control Model was not updated in 2013.

The Compliance Manual and the Code of Ethics can be viewed on the Company's website: <http://www.ima.it>.

**CORPORATE GOVERNANCE
AND CORPORATE
GOVERNANCE CODE**

IMA subscribes to and enforces the Code of Conduct for Listed Companies approved in December 2011 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., 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 (<http://www.borsaitaliana.it>).

A description of the Company's corporate governance system and its ownership structure can also be viewed, as can adoption of the individual items of the Code of Conduct 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, financing companies, banks, insurance companies and other large companies, on the basis of their own declarations:

Marco Galliani

- Cassa di Risparmio di Ravenna (Director)

Andrea Malagoli

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

Italo Giorgio Minguzzi

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

Poggi Luca

- Inver Holding S.p.A. (Chairman)
- Tesmec S.p.A. (Director)
- SO.FI.M.A. S.p.A. (Director)

Enrico Ricotta

- GVS S.p.A. (Director)
- Mandarin Capital Management SA (Director)
- Mecaer S.p.A. (Director)
- Italmatch S.r.l. (Director)
- Dedalus S.p.A. (Director)
- Euticals S.p.A. (Director)
- Mandarin Capital II Partners Sicar (Director)

Maria Carla Schiavina

- Consorzio Schiavina-Adanti (Chairman)
- Eredi Schiavina S.r.l. (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)
- Broletto S.c.a r.l. (Vice Chairman)
- Euridice S.c.a r.l. (Vice Chairman)
- Lido S.c.a r.l. (Vice Chairman)

Alberto Vacchi

- ALVA S.p.A. (Sole Director)
- SO.FI.M.A. S.p.A. (Director)
- Bologna Fiere S.r.l. (Director)
- Maestrale Investimenti S.r.l. (Sole Director)

Gianluca Vacchi

- SO.FI.M.A. S.p.A. (Director)
- First Investment S.p.A. (Sole Director)
- Eleven Finanziaria S.r.l. (Sole Director)
- Boato Holding S.p.A. (Chairman)
- Cofiva S.A. (Director)

Marco Vacchi

- Banca di Bologna Credito Cooperativo SCRL (Chairman)
- B Group S.p.A. (Director)
- Lopam Fin S.p.A. (Chairman)
- SO.FI.M.A. S.p.A. (Chairman)

Romano Volta

- 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 Statutory 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 2013 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 Statutory Auditors of IMA, in compliance with the recommendation of Consob no. 97001574 of 20/02/1997, hold Board positions also in the following subsidiaries: CO.MA.DI.S. S.p.A., IMA Industries S.r.l., GIMA S.p.A. and Corazza S.p.A., thus facilitating the provision of the information necessary to complete their duties to the Board of Statutory 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.

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

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, (3), 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 (<http://www.ima.it>).

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

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

The share capital at 31 December 2013 amounts 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)

At 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%
Folco Gaia Francesca	Folco Fin.Immobiliare S.r.l.	3.530%	3.530%

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

At 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)

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

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

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

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

With effect from 6 September 2013, the shareholders of IMA, Rufus S.r.l., Morchella S.r.l. and SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A., terminated the shareholders' agreement signed on 3 December 2009, modified on 3 July 2010 and renewed automatically, without amendments, for a further period of three years on 3 December 2012: in particular, on 3 September 2013, Rufus S.r.l. and Morchella S.r.l. sold to third parties their entire investment held in IMA that was bound by the shareholders' agreement.

Notice of this early termination of the shareholders' agreement was published in extract form in "MF", a daily newspaper, on 6 September 2013 and filed with the Bologna Companies Register on that date.

-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 contract underlying the bond placed with U.S. institutional investors ("U.S. Private Placement") and some loan finance agreements which may require the Company to repay in full in the event that there is some 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 1bis of the CFA and does not envisage application of the neutralisation rules laid down in Art. 104 bis, paragraphs 2 and 3 of the CFA.

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

The Extraordinary Shareholders' Meeting on 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 Euro 1,773,200 at par by issuing a maximum of 3,410,000 ordinary shares with a par value of Euro 0.52 each, to be placed exclusively with third parties excluding current shareholders' option rights, in accordance with Art. 2441 paragraph 4 (2) of the Italian Civil Code and/or Art. 2441 paragraph 5 of the Italian Civil Code.

In partial execution of the authority granted to the Board by the Extraordinary Shareholders' Meeting of 28 January 2011, at the board meeting on 21 March 2011, the Board of Directors resolved to increase the share capital for payment, in one or more tranches, by a maximum nominal amount of Euro 1,418,560.00 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, of par value Euro 0.52 each, with normal dividend rights, with the exclusion of option rights pursuant to Art. 2441, paragraph 4 (2), of the Italian Civil Code, offered for subscription to Qualified Investors (as defined in Article 34-ter, paragraph 1 (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).

On 22 March 2011 the Company announced the successful completion of the subscription of the capital increase approved by the Board of Directors.

The Shareholders' Meeting, held on 22 April 2011, also approved the purchase of treasury shares pursuant to Art. 2357 of the Italian Civil Code, under a mandate with a duration of 12 months.

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.

Likewise, the Shareholders' Meeting of 27 April 2012 renewed the authorisation for the purchase of treasury shares, pursuant to Art. 2357 of the Italian Civil Code, for a further twelve-month period.

Accordingly, on several occasions during 2012, the Company exercised its right to carry out transactions in its own shares by purchasing a total of 31,914 shares equating to 0.087% of the share capital.

In addition the Shareholders' Meeting held on 24 April 2013 renewed the authorization to purchase treasury shares, pursuant to art. 2357 of the Civil Code, for a further twelve-month period; the Company has not however exercised this power to carry out transactions in its own shares.

At the date of this Report IMA owned 5,500 treasury shares.

-I- Management and coordination activity (Art. 2497 of the Italian Civil Code)

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 and ff. of the Italian Civil Code.

In compliance with Art. 37, paragraph 2, of CONSOB's Market Regulations, below we explain the reasons why we believe that IMA is not subject to management and coordination on the part 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 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 States 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 twenty-six companies in the IMA Group based in eleven countries that do not belong to the European Union.

The scope of application, however, affects only three companies based in the U.S and a company based 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 2013

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(THOUSANDS OF EUROS)

ASSETS	Note	31 December 2013	31 December 2012
NON-CURRENT ASSETS			
<i>Property, plant and equipment</i>	2	43,261	32,246
<i>Intangible assets</i>	3	175,846	182,539
<i>Investments accounted for using the equity method</i>	4	25,923	21,702
<i>Financial assets</i>	5	6,872	6,199
<i>Receivables from others</i>	6	1,366	1,199
<i>Derivative financial instruments</i>	7	44	1
<i>Deferred tax assets</i>	8	39,013	35,234
TOTAL NON-CURRENT ASSETS		292,325	279,120
CURRENT ASSETS			
<i>Inventories</i>	9	204,679	206,359
<i>Trade and other receivables</i>	10	173,986	155,352
<i>Income tax receivables</i>	11	6,350	1,982
<i>Financial assets</i>	5	3,391	3,725
<i>Derivative financial instruments</i>	7	62	898
<i>Cash and cash equivalents</i>	12	80,055	68,925
TOTAL CURRENT ASSETS		468,523	437,241
ASSETS HELD FOR SALE	28	10,132	–
TOTAL ASSETS		770,980	716,361
EQUITY AND LIABILITIES	Note	31 December 2013	31 December 2012
EQUITY			
<i>Share capital</i>	13	19,151	19,151
<i>Share premium reserve</i>	13	16,126	46,975
<i>Treasury shares</i>	13	(71)	(714)
<i>Translation reserve</i>		(2,553)	1,006
<i>Fair value reserve</i>	14	(3,167)	(532)
<i>Actuarial gain (loss) on post employment benefit obligations reserve</i>	14	(1,563)	(2,534)
<i>Other reserves and retained earnings</i>	15	36,353	41,862
<i>Net profit (loss) for the period</i>		51,540	47,704
Total capital and reserves pertaining to the Group		115,816	152,918
<i>Reserves pertaining to minority interests</i>		13,620	3,807
<i>Profit pertaining to minority interests</i>		3,256	1,732
Total minority interests		16,876	5,539
EQUITY PERTAINING TO THE GROUP AND MINORITY INTERESTS		132,692	158,457
NON-CURRENT LIABILITIES			
<i>Borrowings</i>	16	133,915	114,710
<i>Severance and pension obligations</i>	17	19,891	26,497
<i>Provisions for risks and charges</i>	18	2,555	2,664
<i>Other payables</i>	19	2,436	1,089
<i>Derivative financial instruments</i>	7	3,817	1,249
<i>Deferred tax liabilities</i>	8	23,758	16,627
TOTAL NON-CURRENT LIABILITIES		186,372	162,836
CURRENT LIABILITIES			
<i>Borrowings</i>	16	86,378	91,837
<i>Trade and other payables</i>	19	332,690	272,932
<i>Income tax liabilities</i>	11	12,342	13,254
<i>Provisions for risks and charges</i>	18	17,855	17,023
<i>Derivative financial instruments</i>	7	6	22
TOTAL CURRENT LIABILITIES		449,271	395,068
LIABILITIES HELD FOR SALE	28	2,645	–
TOTAL LIABILITIES		638,288	557,904
TOTAL EQUITY AND LIABILITIES		770,980	716,361

THE EFFECTS OF TRANSACTIONS WITH RELATED PARTIES ON THE CONSOLIDATED BALANCE SHEET ARE SHOWN IN NOTE 34 - RELATED-PARTY TRANSACTIONS.

CONSOLIDATED INCOME STATEMENT

(THOUSANDS OF EUROS)

	Note	2013	2012 Restated
REVENUES	1	760,927	656,849
OTHER REVENUES	20	11,808	6,563
OPERATING COSTS			
<i>Change in work in progress, semifinished and finished goods</i>		7,097	13,516
<i>Change in inventory of raw, ancillary and consumable materials and goods for resale</i>		2,342	(3,636)
<i>Cost of raw, ancillary and consumable materials and goods for resale</i>		(266,113)	(220,517)
<i>Services, rentals and leases</i>	21	(174,537)	(156,095)
<i>Personnel costs</i>	22	(220,227)	(195,523)
<i>Depreciation and amortization expense</i>	23	(27,156)	(21,570)
<i>Provisions for risks and charges</i>		(1,641)	(2,194)
<i>Other operating costs</i>	24	(5,859)	(5,459)
TOTAL OPERATING COSTS		(686,094)	(591,478)
<i>- of which: effect of non-recurring items</i>	35	(1,287)	-
OPERATING PROFIT	1	86,641	71,934
<i>- of which: effect of non-recurring items</i>	35	(1,287)	-
FINANCIAL INCOME AND EXPENSE			
<i>Financial income</i>	25	5,939	6,290
<i>Financial expense</i>	26	(15,050)	(14,703)
TOTAL FINANCIAL INCOME AND EXPENSE		(9,111)	(8,413)
PROFIT (LOSS) FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		1,451	590
PROFIT (LOSS) BEFORE TAX		78,981	64,111
TAXES			
<i>Income taxes for the year</i>		(32,264)	(18,420)
<i>Prior year taxes</i>		2,167	(1,172)
TOTAL TAXES	27	(30,097)	(19,592)
NET PROFIT FROM CONTINUING OPERATIONS		48,884	44,519
NET PROFIT FROM DISCONTINUED OPERATIONS / DISPOSAL GROUPS	29	5,912	4,917
NET PROFIT FOR THE YEAR		54,796	49,436
ATTRIBUTABLE TO:			
PARENT COMPANY SHAREHOLDERS		51,540	47,704
MINORITY INTERESTS		3,256	1,732
		54,796	49,436
EARNINGS PER SHARE (in euros)	30	1.40	1.30
<i>- of which from continuing operations</i>		1.24	1.17
<i>- of which from discontinued operations / disposal groups</i>		0.16	0.13

THE EFFECTS OF TRANSACTIONS WITH RELATED PARTIES ON THE CONSOLIDATED INCOME STATEMENT ARE SHOWN IN NOTE 34 - RELATED-PARTY TRANSACTIONS.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(THOUSANDS OF EUROS)

	Note	2013	2012
Net profit for the period		54,796	49,436
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
<i>Exchange rate gains (losses) on the translation of foreign currency financial statements</i>		(3,594)	(1,204)
<i>Gains (losses) on financial assets available for sale</i>	14	(287)	(344)
<i>Gains (losses) on cash flow hedges</i>	14	(4,098)	1,286
<i>Tax effect</i>		1,128	(170)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		(6,851)	(432)
Other comprehensive income not being reclassified to profit or loss in subsequent periods:			
<i>Actuarial gains (losses) on post employment benefit obligations</i>	14	313	(3,182)
<i>Tax effect</i>		(83)	901
Net other comprehensive income not being reclassified to profit or loss in subsequent periods		230	(2,281)
Gains and losses recognized in equity		(6,621)	(2,713)
Total comprehensive income for the period		48,175	46,723
Attributable to:			
Parent Company shareholders		44,951	45,045
Minority interests		3,224	1,678
		48,175	46,723

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(THOUSANDS OF EUROS)

	Share capital	Share premium reserve	Treasury shares	Translation reserve	Fair value reserve	Actuarial gain (loss) on post employment benefit obligations reserve	Other reserves and retained earnings	Net profit of Group	Total Group equity	Minority interests	Total equity
Balances at 01.01.2012	19,151	50,210	(304)	2,191	(1,303)	(289)	47,186	28,213	145,055	3,861	148,916
Distribution of dividends	-	(3,235)	-	-	-	-	(9,409)	(24,128)	(36,772)	-	(36,772)
Allocation of earnings for 2011	-	-	-	-	-	-	4,085	(4,085)	-	-	-
Purchase and sale of treasury shares	-	-	(410)	-	-	-	-	-	(410)	-	(410)
Total comprehensive income for the year	-	-	-	(1,185)	771	(2,245)	-	47,704	45,045	1,678	46,723
Balances at 31.12.2012	19,151	46,975	(714)	1,006	(532)	(2,534)	41,862	47,704	152,918	5,539	158,457
Distribution of dividends	-	-	-	-	-	-	-	(36,823)	(36,823)	(2,341)	(39,164)
Allocation of earnings for 2012	-	-	-	-	-	-	10,881	(10,881)	-	-	-
Distribution of extraordinary dividend IMA SpA	-	(30,849)	-	-	-	-	(15,179)	-	(46,028)	-	(46,028)
Purchase and sale of treasury shares	-	-	643	-	-	-	155	-	798	-	798
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	10,454	10,454
Total comprehensive income for the year	-	-	-	(3,559)	(2,635)	971	(1,366)	51,540	44,951	3,224	48,175
Balances at 31.12.2013	19,151	16,126	(71)	(2,553)	(3,167)	(1,563)	36,353	51,540	115,816	16,876	132,692

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(THOUSANDS OF EUROS)

	Note	31 December 2013	31 December 2012 RESTATED
OPERATING ACTIVITIES			
Net profit from continuing operations		45,628	42,787
Net profit from discontinued operations / disposal groups	29	5,912	4,917
Net profit (loss) for the period		51,540	47,704
Adjustments for:			
- Depreciation and amortization	23	19,190	19,039
- (Writebacks) or writedowns of assets	23	6,146	1,778
- Capital (gains) losses on disposal of non-current assets		(7)	(611)
- Changes in provisions for risks and charges and staff severance obligations		(1,185)	(1,021)
- Unrealized losses (gains) on exchange rate differences	26	(489)	(957)
- Other non-monetary changes		1,343	1,157
- Taxes	27	30,097	22,075
- Net gain from discontinued operations / disposal groups		(5,912)	-
- Minority interests		3,256	1,732
- Result from investments accounted for using the equity method		(1,061)	(610)
Operating profit (loss) before changes in working capital		102,918	90,286
(Increase) decrease in trade and other receivables		(22,801)	14,098
(Increase) decrease in inventories		(7,854)	(4,562)
Increase (decrease) in trade and other payables		48,764	7,200
Taxes paid		(35,019)	(27,248)
CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES (A)		86,008	79,774
INVESTING ACTIVITIES			
Investments in property, plant and equipment	2	(13,780)	(9,021)
Investments in intangible assets	3	(7,083)	(6,703)
Exchange rate differences on property, plant and equipment and intangible assets		1,056	364
Acquisition business divisions/companies	31	(22,503)	-
Purchase of investments		(3,340)	(2,525)
Repayment of finance lease debts		(129)	(22)
Sale of subsidiaries		56,230	-
Sale of non-current assets		507	895
Other changes		6,977	(1,149)
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES (B)		17,935	(18,161)
FINANCING ACTIVITIES			
Granting of loans	16	76,627	19,187
Repayment of borrowings	16	(105,980)	(37,768)
Bond	16	36,603	-
Increase (decrease) in other financial payables		(8,805)	(7,555)
Net change in financial assets and other non-current receivables		1,730	192
Dividends paid	13	(85,192)	(36,772)
(Purchase) and sale of treasury shares	13	798	(410)
Payment of interest		(5,667)	(7,671)
Receipt of interest		254	159
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES (C)		(89,632)	(70,638)
NET CHANGE IN CASH AND CASH EQUIVALENTS (D=A+B+C)		14,311	(9,025)
CASH AND CASH EQUIVALENTS AT START OF PERIOD (E)	12	68,925	77,950
CASH AND CASH EQUIVALENTS FROM ASSETS HELD FOR SALE (F)		(3,181)	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD (G=D+E+F)	12	80,055	68,925

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2013

(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 2013 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.

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 2013 were prepared by the Board of Directors on 14 March 2014 for approval by the Shareholders' Meeting of 29 April 2014 and have been audited by Reconta Ernst & Young 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, IMA 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 at 31 December 2013 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 are recognised at purchase or construction cost, including directly attributable ancillary expenses.

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. When property, plant and equipment need to be replaced at regular intervals, the cost of the part replaced is reversed from the book value of the asset and the cost of the replacement is capitalised in its place.

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 5 to 10 years
- Software, licences and similar rights from 5 to 15 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 of value 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, other intangible assets with an indefinite useful life and assets which have not yet been depreciated or amortised (for example, ongoing development costs), the impairment test is carried out at least annually.

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. Write-backs 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 fair value and afterwards at amortised cost.

At 31 December 2013, the Group did not possess financial instruments measured at fair value in the income statement 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 foreign exchange derivatives used to hedge future cash flow is calculated in relation 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 reversed to the income statement 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 when it refers to hedging instruments of future cash flows. 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.

Contract work in progress is 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 measured at fair value less any impairment loss, the due dates of which are in accordance with normal commercial terms and which accrue interest at market rates, are recorded at their fair value, which is taken to be their nominal value, less a provision for any impairment loss in order to reflect their realisable 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 from the balance sheet 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 and with no risks.

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 implicit 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 information 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 (2007 Finance Law) introduced significant changes concerning the allocation of the severance indemnity provision. Until 31 December 2006 severance indemnity provisions were treated as a defined benefit plans and were 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.

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 provide that workers have a choice in how their accruing severance indemnity 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 after 31 December 2006 is treated as a defined-contribution plan.

2012 saw the issue of EU Regulation no. 475/2012 that endorsed at EU level the revised version of IAS 19 (Employee benefits), applicable retrospectively on a compulsory basis to periods beginning on or after 1 January 2013.

As was permitted, IMA elected for early application of this revised version of IAS 19 as from the 2012 consolidated financial statements.

The net liabilities of the Group in relation to the defined-benefit plans are determined separately for each plan, estimating the present value of the future benefits earned by employees during the current and prior years, and deducting the fair value of any assets held to service the 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 2013 the IMA Group does not have financial liabilities at fair value with changes recognised in the income statement.

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. They are recorded using the income method.

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 with reasonable accuracy. 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 groups of assets being divested) 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 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 euro, 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. Unrealized exchange differences arising from the translation of monetary items at the year-end spot exchange are taken to the income statement.

Group companies

The translation into euro 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 net equity at the rates current at the end of the period and from the translation of the income statement at the same rates at the end of the period are recognized as a separate component of equity called the Translation reserve.

Goodwill arising on 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 balance sheet date, with an opposite entry made 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	2013		2012	
	Final exchange rate	Average exchange rate for the year	Final exchange rate	Average exchange rate for the year
US dollar	1.379	1.328	1.319	1.285
Pound sterling	0.834	0.849	0.816	0.811
Indian rupee	85.366	77.930	72.560	68.597
Chinese yuan	8.349	8.165	8.221	8.105
Swiss franc	1.228	1.231	n.a.	n.a.

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, are based on difficult and subjective valuations and estimates, which are based on past experience, and on assumptions that are deemed from time to time as reasonable and realistic on a case-by-case basis.

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

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.

The financial statement items that require a greater subjectivity on the part of the directors in preparing estimates and for which a change in the conditions underlying the assumptions used can have a significant impact on the Group's consolidated financial statements are goodwill and impairment adjustments to non-current assets. The parameters used when making estimates are commented on in the notes to the consolidated financial statements.

Estimates and assumptions are regularly revised 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. The Group's segment information pertains to the Tea, Food & Other, Pharmaceutical and Ilapak operating segments.

IMPLEMENTATION OF ACCOUNTING STANDARDS**ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED ON 1 JANUARY 2013**

IFRS 13 Fair Value Measurement: introduces a single guideline for all fair value measurements under IFRS. IFRS 13 does not alter when an entity is required to use fair value, but rather provides a guide on how to measure fair value under IFRS, when the application of fair value is required or permitted by international accounting standards. The application of IFRS 13 has not had a significant impact on the fair value measurements carried out by the Group.

IAS 1 Presentation of Financial Statements: the amendment to IAS 1 introduces the grouping of items presented in other components of comprehensive income. Items that could be reclassified to the income statement in the future must now be presented separately from those that will never be reclassified. The Group has adopted these amendments in these financial statements and the comparative information has been restated for consistency.

IFRS 7 Disclosures: the changes require the entity to give information on the impact of the right to compensate financial assets and liabilities in the balance sheet. These changes have not had any impact on the Group's financial position or results.

The other changes, amendments, improvements and interpretations, effective from 1 January 2013, govern situations and issues that are not relevant within the Group at the date of this Annual Report.

**ACCOUNTING STANDARDS,
AMENDMENTS AND INTERPRETATIONS
NOT EARLY ADOPTED**

IFRS 10 Consolidated and Separate Financial Statements IAS 27 (revised in 2011): IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements and includes the issues raised in SIC 12 Consolidation - Special Purpose Entities. IFRS 10 establishes a single control model that applies to all companies, including special purpose entities. It also provides guidance for determining the existence of control where it is difficult to ascertain. The IASB requires it to be applied retrospectively from 1 January 2013. The competent bodies of the European Union completed the process of endorsement of this standard, postponing its date of application to 1 January 2014, but allowing early adoption from 1 January 2013. At the reporting date, no effect is expected from the first-time adoption of this standard.

IFRS 11 Joint Arrangements: this standard replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities - Contributions in Kind by Venturers. IFRS 11 removes the option to account for jointly controlled entities using the proportionate consolidation method: only the equity method can now be used. Following issuance of the standard, IAS 28 - Investments in Associated Companies was amended also to include investments in jointly controlled entities within its scope. The IASB requires it to be applied retrospectively from 1 January 2013. The competent bodies of the European Union completed the process of endorsement of this standard, postponing its date of application to 1 January 2014, but allowing early adoption from 1 January 2013. At the reporting date, no effect is expected from the first-time adoption of this standard.

IFRS 12 Disclosure of Interests in Other Entities: this is a new and complete standard on the additional disclosures to be made for each type of equity investment, including those for subsidiaries, joint arrangements, associates and structured entities. The IASB requires it to be applied retrospectively from 1 January 2013. The competent bodies of the European Union completed the process of endorsement of this standard, postponing its date of application to 1 January 2014, but allowing early adoption from 1 January 2013. The application of this standard will require the provision of additional information in the notes to the consolidated financial statements.

The other changes, amendments and interpretations relating to the accounting standards govern situations and circumstances that have no significant effect on the economic and financial position of the Group or on the information contained in the consolidated financial statements.

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 capital 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. With respect to a breakdown of trade receivables by due date, reference should be made to Note 10.

Financing activities are primarily directed towards Group companies and thus are not considered to be at risk. It should be noted that at 31 December 2013 the Group was not party to any sovereign debt positions with redemption risks.

Sureties and other non-bank guarantees are given mainly 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 2013 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 32.

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
31.12.2013				
Borrowings	86,378	104,860	29,055	220,293
Commitments	18,532	45,368	53,691	117,591
Trade Payables	174,629			174,629
Total	279,539	150,228	82,746	512,513
31.12.2012				
Borrowings	91,837	108,430	6,280	206,547
Commitments	15,790	49,880	53,906	119,576
Trade Payables	137,606			137,606
Total	245,233	158,310	60,186	463,729

Further information on the composition of the above items is presented in Notes 16, 19 and 33.

At 31 December 2013 the Group had about 231 million euros available in unused lines of credit (250 million euros at 31 December 2012) and cash and cash equivalents of 80 million euros (69 million euros at 31 December 2012). As to the balancing of working capital, especially the coverage of payables to suppliers, net trade receivables came to 143 million euros at 31 December 2013 (129 million euros at 31 December 2012).

MARKET RISK

Exchange rate risk

The current business activities of companies of the Group whose functional currency is the euro, which 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 70% 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 offset 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)			
			Profits (Losses)	Other changes in FVR	Profits (Losses)	Other changes in FVR
			+ 2% €//\$		- 2% €//\$	
			+ 3% €/£		- 3% €/£	
			+ 1% €/CHF		- 1% €/CHF	
Financial assets:						
Cash and cash equivalents	80,055	22,152	(407)	–	423	–
Trade and other receivables	173,986	61,948	(873)	–	902	–
Available for sale and financial receivables	10,263	2,527	(22)	–	22	–
Derivative financial instruments	106	86	–	90	–	(94)
Tax effect			358	(25)	(370)	26
			(944)	65	977	(68)
Financial liabilities:						
Borrowings	183,390	22,405	350	2	(360)	(2)
Bond	36,903	348	711	–	(740)	–
Trade and other payables	335,126	70,135	1,001	–	(1,030)	–
Derivative financial instruments	3,823	380	(668)	–	741	(44)
Tax effect			(383)	–	382	13
			1,011	2	(1,007)	(33)
Total increases (decreases) for 2013			67	67	(30)	(101)
Total increases (decreases) for 2012 (*)			(23)	527	27	(739)

(*) 2012 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 2013 (in thousands of euros):

2013	Net trade receivables	Advances, taxes and other receivables	Trade payables	Advances received	Tax, employee and other payables
Euro	109,027	20,713	158,463	77,986	49,670
US dollar	21,512	856	4,725	13,108	6,436
Indian rupee	1,351	1,398	2,025	1,171	766
Pound sterling	2,073	249	1,184	1,558	937
Thai baht	2,260	1,698	633	647	508
Chinese yuan	2,966	1,226	5,103	518	1,942
Japanese yen	478	3	42	-	127
Brazilian real	1,278	364	223	920	747
Russian ruble	971	500	26	821	374
Swiss franc	266	313	1,692	8	1,360
Other	1,131	134	513	243	650
Total	143,313	27,454	174,629	96,980	63,517

Note that, at 31 December 2013, financial receivables and financial assets available for sale are mainly denominated in Euro.

The following tables show the breakdown by currency of trade and other receivables and payables at 31 December 2012 (in thousands of euros):

2012	Net trade receivables	Advances, taxes and other receivables	Trade payables	Advances received	Tax, employee and other payables
Euro	105,602	17,960	126,000	72,765	41,831
US dollar	16,884	843	2,358	9,627	4,270
Indian rupee	1,216	1,275	1,947	811	830
Pound sterling	393	18	1,252	-	468
Thai baht	-	1,567	2,065	320	211
Chinese yuan	4,253	1,182	2,881	1,034	2,732
Japanese yen	582	1	313	45	115
Brazilian real	130	102	634	146	422
Russian ruble	112	448	11	250	295
Other	62	61	145	63	180
Total	129,234	23,457	137,606	85,061	51,354

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)			
			+ 20 bp on € IRR		- 20 bp on € IRR	
			Profits (Losses)	Other changes in FVR	Profits (Losses)	Other changes in FVR
Financial assets:						
Cash and cash equivalents	80,055	34,177 (**)	68	–	(68)	–
Trade and other receivables	173,986	–	–	–	–	–
Available for sale and financial receivables	10,263	2,527	5	–	(5)	–
Derivative financial instruments	106	130	–	115	–	(116)
Tax effect			(20)	(32)	20	32
			53	83	(53)	(84)
Financial liabilities:						
Borrowings	183,390	202,672 (**)	(405)	–	405	–
Bond	36,903	36,603	(65)	–	65	–
Trade and other payables	335,126	–	–	–	–	–
Derivative financial instruments	3,823	3,823	(1)	223	1	(224)
Tax effect			130	(61)	(130)	62
			(341)	162	341	(162)
Total increases (decreases) for 2013			(288)	245	288	(246)
Total increases (decreases) for 2012 (*)			(338)	52	338	(48)

(*) 2012 variability parameters +/- 20 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

At 31 December 2013 the Group is not exposed to price risk on investments in listed capital instruments classified in the financial statements as "available for sale". The Group is not exposed to significant price risk in relation to commodities.

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.

	2013	2012
Net debt (A)	130,404	131,470
Equity (B)	132,692	158,457
Total capital (A)+(B)=(C)	263,096	289,927
Gearing ratio (A)/(C)	50%	45%

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 13 lays down the following fair value hierarchy when measuring the financial instruments shown in the balance sheet:

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

The following table shows the assets and liabilities measured at fair value at 31 December 2013 and 31 December 2012 by fair value hierarchy level (in thousands of euros):

2013	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets available for sale	-	14	4,716	4,730
Derivative financial instruments	-	106	-	106
Total assets	-	120	4,716	4,836
Liabilities:				
Payables for acquisition	-	-	484	484
Derivative financial instruments	-	3,823	-	3,823
Total liabilities	-	3,823	484	4,307
2012	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets available for sale	-	14	5,337	5,351
Derivative financial instruments	-	899	-	899
Total assets	-	913	5,337	6,250
Liabilities:				
Payables for acquisition	-	-	461	461
Derivative financial instruments	-	1,271	-	1,271
Total liabilities	-	1,271	461	1,732

Investments in other companies and investments in securities included in the financial assets available for sale whose gains and losses are reflected in other comprehensive income.

During 2013, there were no transfers between the three levels of the fair value hierarchy laid down in IFRS 13. There have not been any significant changes in the commercial or economic circumstances which affect the fair value of financial assets and liabilities.

The following table shows the changes in level 3 during 2013 (in thousands of euros):

	Assets	Liabilities
Balance at 01.01.2013	5,337	461
Profits / (losses) recognized in other comprehensive income	(287)	-
Profits / (losses) recognized in the income statement	-	23
Change in scope of consolidation	6	-
Increases / (decreases)	(340)	-
Balance at 31.12.2013	4,716	484

The amount of 287 thousand euros relates to the reduction in the fair value (not realized) of the investment in InterMedia Holding S.p.A. held by the Parent Company.

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 to 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.

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

If a subsidiary is not wholly owned, the minority interest in equity is determined with reference to its portion of the fair value of assets and liability at the time control was acquired, excluding any attributable goodwill (partial goodwill method). Alternatively, the entire amount of the goodwill generated by the acquisition is recognized, taking account of the portion attributable to the minority interest (full goodwill method); in this last case, the minority interest is stated at its total fair value, including the goodwill attributable to it. The choice of method for determining the amount of goodwill (partial goodwill method or full goodwill method) is decided on a case-by-case basis for each business combination.

Payables and receivables and costs and revenues among the companies included in the scope of consolidation, as the effects of all the transactions of significant relevance among them, have been eliminated.

Specifically, unrealized gains with third parties deriving from transactions between Group companies have been eliminated, including those from the valuation of inventories at the reporting date.

Associated companies

Associates are companies in which the Group has a significant influence, but does not exercise 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 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.

Jointly-controlled companies

These are companies in which the Group participates in control on a contractually-established basis, or for which contractual arrangements exist whereby two or more parties carry on an economic activity under joint control. Investments in joint arrangements are recognized using the equity method.

F) SCOPE OF CONSOLIDATION

The consolidated financial statements at 31 December 2013 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. Set out below are the major events that have affected the Group companies in the of 2013:

- merger by absorption by IMA S.p.A. of Zanchetta S.r.l., with effect from 1 January 2013;
- contribution by GIMA S.p.A. to GIMA TT S.r.l. of the business segment related to the production of automated machinery for tobacco packaging, effective as of 1 February 2013. In addition, by means of an increase in share capital reserved for third parties, GIMA S.p.A.'s holding fell from 100% to 90%;
- on 4 February 2013, IMA Industries GmbH was set up, based in Großostheim (Germany) and with share capital of 100 thousand euro 100% held by IMA Industries S.r.l. This operates as a sales company;
- in March 2013, through its Chinese subsidiary IMA Life (Beijing) P.S. Co Ltd., IMA S.p.A. completed the acquisition of 59% of Shanghai Tianyan Pharmaceutical Machinery Co. Ltd., based in Shanghai. The newly-acquired company is active in designing, marketing and the provision of technical assistance for complete pharmaceutical liquid and powder filling systems and systems for cleaning and sterilisation. The deal was completed through the purchase of shares and an increase in capital for a total of 8 million RMB (approx. 1 million euros). Subsequently, during the third quarter of 2013, through a reserved increase in capital of 5 million RMB, IMA Life (Beijing) P.S. Co. Ltd. acquired a further 1% of Shanghai Tianyan Pharmaceutical Machinery Co. Ltd.;
- during the first quarter of 2013, through its subsidiary Corazza S.p.A., IMA entered into an agreement to sell its entire holding in Stephan Machinery GmbH to a private equity fund owned by Deutsche Beteiligungs AG (DBAG); For further details, please read Note 29;
- On 1 July 2013 an agreement was signed for the sale of the entire stake in IMA Kilian GmbH & Co. KG and IMA Kilian Verwaltungs GmbH, held by IMA Germany GmbH, to the Romaco Group, which is controlled by Deutsche Beteiligungs AG (DBAG), a private equity fund. The purchase price envisaged in the sale agreement amounts to 21 million euros; For further details, please read Note 29;
- on 1 July 2013 Packaging Manufacturing Industry S.r.l. acquired 20% of Plasticenter S.r.l., based in Granarolo Emilia (BO) and active in the plastics industry, for an amount of 937 thousand euros;
- on 17 July 2013 GIMA S.p.A., a 65% subsidiary of IMA S.p.A., acquired 90% of Dreamer S.r.l., located in Bologna, which carries out studies and research on manufacturing processes and patents, for an amount of 490 thousand euros;

- on 23 July 2013 IMA Industries S.r.l. sold to GIMA S.p.A. its entire investment in IMA Flexfill S.r.l., a company created on 25 January 2013 with a share capital of 55 thousand euros. Subsequently, its name was changed to Fillshape S.r.l. and its share capital increased to 100 thousand euros, with the new shares also being offered to third parties, which lowered GIMA's interest to 60%. This newly formed company operates in the mechanical engineering sector;
- during the third quarter of 2013 Packaging Manufacturing Industry S.r.l. purchased 30.7% of Doo Officina-Game East Vrsac, located in Serbia and operating in automatic machines, for an amount of 477 thousand euros;
- during 2013 the Parent Company IMA S.p.A. acquired 51% of Transworld Packaging Holding B.V., parent of the Ilapak Group, which produces packaging machines for primary packaging in the food sector, for an amount of 11,304 thousand euros;
- in October 2013 an agreement was signed with third parties for the sale of the whole investment of 80% of the share capital, held by the Parent Company in Zibo IMA Xinhua Pharmatech Co. Ltd.; for further details, please read Note 28.

The list of companies included in the consolidation is supplied in paragraph H of the Notes, with an indication of the consolidation method used, pursuant to art. 126 of the Issuers' Regulation.

The consolidated financial statements at 31 December 2013 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 2012 for balance sheet items and on figures for the year 2012 for income statement items. The 2012 figures have been restated to reflect the sale of the Stephan and Kilian businesses in 2013.

1. 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.

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, end-of-line equipment, for the cheese sector and stock cubes and for the tobacco sector, as well as related services. Operations in this segment are mainly carried out by these companies:

- IMA Industries S.r.l. produces:
 - machines for the packaging of tea and herbs in filter bags and the packaging of coffee in pods. through the Tea & Coffee Division;
 - end-of-line machines through the BFB Division;
- Corazza S.p.A. produces machines and plant for the dosing and packaging of cheese portions and stock cubes;
- GIMA S.p.A. produces machines for the food & beverage and personal care sectors;

- GIMA TT S.r.l. produces automatic machines for the packaging in the tobacco sector;
- Revisioni Industriali S.r.l. refurbishes second-hand machines for processed cheese and tea and herbs in filter bags.

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 granulation, as well as related services. Operations in this segment are mainly carried out by these companies:

- IMA S.p.A. manufactures:
 - blister-pack machines, machines for the packaging of gelcaps, capsules and tablets and cartoning machines through IMA Safe division;
 - machines for the filling of flacons and vials with liquid products and powders under sterile and non-sterile conditions and freeze-drying systems through IMA Life division;
 - tablet pressing machines, capsule filling machines, coating and granulating machines, machines for the movement of powders and depowdering of tablets through the IMA Active division;
- CO.MA.DI.S. S.p.A. manufactures tube-filling machines for the 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 phials and syringes under sterile conditions;
- IMA-PG India Pvt Ltd operates in the production of blister and cartoning machines, mainly for the emerging nations
- Shanghai Tianyan Pharmaceutical Machinery Co. Ltd. produces filling systems under sterile conditions
- Swiftpack Automation Ltd. and IMA North America Inc. manufacture machines for the bottling of capsules and tablets for the pharmaceutical industry;
- Zibo IMA Xinhua Pharmatech Co. Ltd. produces machinery for the pharmaceuticals processing industry, principally in emerging markets.

Ilapak

This sector manufactures packaging machines employed for primary packaging in the food sector using flexible materials (horizontal and vertical flow packs), and also provides the related services.

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

- Ilapak International SA manufactures automated machines for the flexible packaging of food and non-food products, using horizontal packaging technologies;
- Ilapak Italia S.p.A. manufactures automated machines for the packaging of food and non-food products, using vertical packaging technologies;
- Ilapak (Langfang) Packaging Machinery Co. Ltd. manufactures automated machines for the packaging of food and non-food products;
- Delta Systems & Automation Inc. manufactures lines for the automated packaging of food and non-food products.

ANALYSIS BY BUSINESS SEGMENT

Information by business segment for 2013 and 2012 is shown below (thousands of euros):

2013	Tea, Food & Other	Pharma- ceutical	Ilapak	Not allocated (*)	Total
Revenues	267,399	451,732	41,796	-	760,927
Segment operating profit	41,467	43,432	1,742	-	86,641
Net financial income (expense) (**)					(9,111)
Profit (loss) from investments accounted for using the equity method	571	1,035	-	(155)	1,451
Profit before tax					78,981
Taxes					(30,097)
Net profit from continuing operations					48,884
Net profit from discontinued operations / disposal groups	8,187	(2,275)	-	-	5,912
Net profit for the year					54,796

2012	Tea, Food & Other	Pharma- ceutical	Ilapak	Total
Revenues	237,264	419,585	n.a.	656,849
Segment operating profit	33,841	38,093	n.a.	71,934
Net financial income (expense) (**)				(8,413)
Profit (loss) from investments accounted for using the equity method	-	590	n.a.	590
Profit before tax				64,111
Taxes				(19,592)
Net profit from continuing operations				44,519
Net profit from discontinued operations / disposal groups	3,101	1,816	n.a.	4,917
Net profit for the year				49,436

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

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

The following table gives a breakdown of revenues by business segment, with changes in revenues over the corresponding period of 2012 (thousands of euros):

	2013	2012	Change
Tea, Food & Other	267,399	237,264	30,135
Pharmaceutical	451,732	419,585	32,147
Ilapak	41,796	n.a.	n.a.
Total	760,927	656,849	62,282

Consolidated revenues in 2013 amounted to 760,927 thousand euros, an overall increase of 15.8%, of which 9.5% due to the organic growth, with respect to the previous year.

Revenues by segment are discussed below:

- the Tea, Food & Other sector recorded an increase in revenues of 12.7% thanks to the contribution made by IMA Industries S.r.l. and GIMA TT S.p.A., confirming the strong leadership position held by the Group in these niche markets;
- the Pharmaceutical sector shows an increase in revenues of 7.7% due to a higher level of orders on hand at the beginning of the year as well as a higher level of orders acquired throughout 2013;
- the Ilapak sector contributes to revenues in the period August-December 2013, confirming the strong leadership position held by the newly acquired Group in these niche markets;

No one third-party customer represents 10% or more of consolidated revenues.

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

	2013	2012	Change
Tea, Food & Other	41,467	33,841	7,626
Pharmaceutical	43,432	38,093	5,339
Ilapak	1,742	n.a.	n.a.
Total	86,641	71,934	12,965

The operating profit of the Tea, Food & Other sector is 41,467 thousand euros (15.5% of revenues) against 33,841 thousand euros in 2012 (14.3% of revenues) thanks to higher sale volumes.

The sector has seen 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 newly acquired Ilapak Group records an operating profit of 1,742 thousand euros in the period August-December 2013, as described above.

The tables below provide other income statement information regarding Group operations by sector for 2013 and 2012 (thousands of euros):

2013	Tea, Food & Other	Pharmaceutical	Ilapak	Total
Amortization, depreciation, impairment and writedowns	7,464	15,954	1,918	25,336
Other non-monetary costs (revenues)	2,546	3,286	587	6,419
2012	Tea, Food & Other	Pharmaceutical	Ilapak	Total
Amortization, depreciation, impairment and writedowns	7,179	11,311	n.a.	18,490
Other non-monetary costs (revenues)	2,008	4,851	n.a.	6,859

The increase in depreciation, amortization, impairment and writedowns of the pharmaceutical processing segment is due primarily to the sale of Zibo IMA Xinhua Pharmatech Co. Ltd. and to the writedown of a software.

The growth in other non-monetary costs of the Tea, Food & Other sector mainly reflects an increase in the provision for inventories, while the decrease in the Pharmaceutical sector is substantially attributable to a lower increase in the bad debt provision.

Balance sheet information at 31 December 2013 is shown below (thousands of euros):

	Tea, Food & Other	Pharmaceutical	Ilapak	Unallocated (*)	Total
Assets	216,057	315,947	77,373	135,680	745,057
Investments valued at equity	8,136	6,892	-	10,895	25,923
Total assets	224,193	322,839	77,373	146,575	770,980
Liabilities	140,171	204,617	36,268	257,232	638,288
Capital expenditure	6,781	13,665	31,277	-	51,723

(*) 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 2012 is shown below (thousands of euros):

	Tea, Food & Other	Pharmaceutical	Ilapak	Unallocated (*)	Total
Assets	226,385	352,964	n.a.	115,310	694,659
Investments valued at equity	7,568	4,810	n.a.	9,324	21,702
Total assets	233,953	357,774	n.a.	124,634	716,361
Liabilities	128,516	191,928	n.a.	237,460	557,904
Capital expenditure	4,735	10,989	n.a.	-	15,724

(*) 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 change in assets and liabilities in the Tea, Food & Other and Pharmaceutical sectors arise from the sales carried out in 2013.

Investment in the Ilapak sector essentially involved the acquisition of unpatented technologies, 16,786 thousand euros, the intangible customer list, 9,103 thousand euros, and goodwill, 4,117 thousand euros.

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):

	2013	2012	Change
European Union (excluding Italy)	254,675	212,490	42,185
Other European countries	71,964	62,987	8,977
North America	140,411	88,662	51,749
Asia & Middle East	160,012	151,481	8,531
Other countries	72,002	89,924	(17,922)
Total foreign markets	699,064	605,544	93,520
Italy	61,863	51,305	10,558
Total	760,927	656,849	104,078

Revenues are allocated according to the geographical area of the invoiced customer.

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

- revenues from European Union countries, excluding Italy, show a good performance in such countries as Germany, France, Spain and Poland;
- sales in other European countries recorded an increase compared with the previous year, especially in Switzerland and in the Czech Republic;
- North America reports a strong growth also thanks to the contribution of the Ilapak Group confirming the good positioning of IMA in a context substantially devoid of any significant local competition;
- Asia and the Middle East grew by 5.6% overall, confirming the importance of this market that always contributes more than 20% of the Group's sales; the established trend in the Chinese market was also confirmed. The progress being made in local economies is resulting in an alignment of production standards with those of the West and, as a consequence, there is demand for machines of the type we make. We are able to respond to such requests very rapidly, especially via the expansion of our production capacity in China and India;
- sales in other countries reflect a variety of trends with growth in Central America and a slight decline in South America, especially in Argentina and Brazil;
- The increase in Italy is due to a larger number of projects compared with the previous year. 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):

	31.12.2013	31.12.2012
Italy	159,116	145,268
European Union (excluding Italy)	22,483	55,027
Other European countries	28,230	66
North America	20,316	19,790
Asia & Middle East	19,562	20,861
Other countries	300	446
Total	250,007	241,458

Operations are allocated to the geographical areas in which they are located. The increase in Other European countries arises from the acquisition of the Ilapak Group.

REVENUES BY BUSINESS CATEGORY

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

	2013	2012	Change
Machines and change parts	338,842	272,758	66,084
Construction contracts	237,834	227,282	10,552
Spare parts	104,019	86,703	17,316
Technical assistance	61,491	52,794	8,697
Other services	18,741	17,312	1,429
Total	760,927	656,849	104,078

2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment showed a net increase of 11,015 thousand euros compared with 31 December 2012. 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
Balances at 01.01.12							
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)
Net amount	2,574	11,456	9,380	2,469	3,457	1,777	31,113
Balances at 01.01.12	2,574	11,456	9,380	2,469	3,457	1,777	31,113
Increases in the year	21	3,642	1,642	886	1,891	939	9,021
Sales and disposals	(3)	(112)	(232)	(5)	(30)	-	(382)
Depreciation	(1)	(1,398)	(3,527)	(811)	(1,495)	-	(7,232)
Reclassifications	575	142	977	6	2	(1,702)	-
Translation differences	(36)	(52)	(54)	(57)	(34)	(41)	(274)
Balances at 31.12.12	3,130	13,678	8,186	2,488	3,791	973	32,246
Balances at 01.01.13							
Gross amount	3,145	21,714	42,889	21,496	24,583	973	114,800
Accumulated depreciation and writedowns	(15)	(8,036)	(34,703)	(19,008)	(20,792)	-	(82,554)
Net amount	3,130	13,678	8,186	2,488	3,791	973	32,246
Balances at 01.01.13	3,130	13,678	8,186	2,488	3,791	973	32,246
Increases in the year	-	5,130	2,724	1,061	2,747	2,118	13,780
Sales and disposals	-	(79)	(193)	(87)	(92)	-	(451)
Sale of Stephan business	-	(469)	(141)	(203)	(407)	-	(1,220)
Sale of Kilian business	-	(383)	(534)	(334)	(116)	(8)	(1,375)
Change in scope of consolidation	1,650	6,004	765	287	1,098	-	9,804
Depreciation	(1)	(1,852)	(1,963)	(781)	(1,742)	-	(6,339)
Reclassifications	-	243	(1,844)	(15)	(13)	(851)	(2,480)
Translation differences	(63)	(236)	(130)	(98)	(122)	(55)	(704)
Balances at 31.12.13	4,716	22,036	6,870	2,318	5,144	2,177	43,261
Gross amount	4,730	31,752	35,859	19,395	25,655	2,177	119,568
Accumulated depreciation and writedowns	(14)	(9,716)	(28,989)	(17,077)	(20,511)	-	(76,307)
Balances at 31.12.13	4,716	22,036	6,870	2,318	5,144	2,177	43,261

Land and buildings refer to the following Group companies (in thousands of euros):

	Land		Buildings	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
IMA S.p.A.	1,587	1,587	1,486	1,545
GIMA S.p.A.	573	573	1,217	1,261
Ilapak Inc.	138	n.a.	974	n.a.
Ilapak Italia S.p.A.	153	n.a.	2,160	n.a.
Ilapak Ltd.	822	n.a.	383	n.a.
Ilapak Sp. Z o.o.	461	n.a.	1,045	n.a.
Ilapak Verpackungsmaschinen GmbH	115	n.a.	580	n.a.
IMA France Eurl	183	183	468	486
IMA UK Ltd.	123	125	184	201
IMA-PG India Pvt. Ltd.	561	662	1,443	436
Total	4,716	3,130	9,940	3,929

Leasehold improvements amount to 12.096 thousand euros. (9,749 at 31 December 2012).

The increases in Buildings and leasehold improvements mainly reflect work by the Parent Company to extend and improve buildings, 2,943 thousand euros, and completion of the new factory in Indore for IMA-PG India Pvt. Ltd., 635 thousand euros.

The other increases mainly relate to the capitalization of machinery and the purchase of furniture, office equipment and electronic machines.

The change in the scope of consolidation reflects the acquisitions of the Ilapak Group and of Shanghai Tianyan Co. Ltd., as discussed in Note 31.

The reclassifications essentially reflect the activities held for sale, relating to Zibo IMA Xinhua Pharmatech Co. Ltd.

“Other assets” comprise (thousands of euros):

	31.12.2013	31.12.2012
Electronic office machines	1,812	1,445
Office furniture and fittings	1,975	1,299
Vehicles	802	626
Other	555	421
Total	5,144	3,791

Assets under development and advances mainly relate to machinery under construction by the Parent Company and GIMA S.p.A.

The net book value of assets under finance lease is broken down by category as follows (thousands of euros):

	31.12.2013	31.12.2012
Land	337	–
Buildings	1,057	–
Plant and machinery	10	–
Industrial and commercial equipments	41	–
Other	233	30
Total	1,678	30

At 31 December 2013 these assets essentially relate to the lease contract for the factory in Krakow (Poland) used by Ilapak Sp. Z o.o.

3. INTANGIBLE ASSETS

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

	Development costs	Industrial patent rights	Software licences, trademarks and similar	Goodwill	Assets under dev. and advances	Total
Balances at 01.01.12						
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)
Net amount	34,482	5,006	20,035	122,944	7,091	189,558
Balances at 01.01.12	34,482	5,006	20,035	122,944	7,091	189,558
Increases in the year	400	974	3,286	-	2,043	6,703
Sales and eliminations	-	(47)	-	-	-	(47)
Amortization	(6,550)	(1,200)	(4,057)	-	-	(11,807)
Writedowns/Impairment	-	-	-	(1,500)	(278)	(1,778)
Reclassifications	-	-	462	-	(462)	-
Translation differences	-	(1)	(10)	(79)	-	(90)
Balances at 31.12.12	28,332	4,732	19,716	121,365	8,394	182,539
Balances at 01.01.13						
Gross amount	71,560	17,011	52,116	121,365	8,394	270,446
Accumulated amortization and writedowns	(43,228)	(12,279)	(32,400)	-	-	(87,907)
Net amount	28,332	4,732	19,716	121,365	8,394	182,539
Balances at 01.01.13	28,332	4,732	19,716	121,365	8,394	182,539
Increases in the year	467	1,364	2,745	-	2,507	7,083
Sales and eliminations	-	(37)	(12)	-	-	(49)
Sale of Stephan business	(62)	-	(411)	(17,165)	-	(17,638)
Sale of Kilian business	-	-	(34)	(14,790)	-	(14,824)
Change in scope of consolidation	2,278	99	303	-	-	2,680
Acquisition of Shanghai Tianyan	-	-	-	854	-	854
Acquisition of Ilapak Group	16,786	-	9,103	4,117	-	30,006
Amortization	(7,789)	(1,244)	(3,818)	-	-	(12,851)
Writedowns/Impairment	-	-	(1,633)	-	-	(1,633)
Reclassifications	4,360	-	101	-	(4,430)	31
Translation differences	(12)	(8)	(32)	(300)	-	(352)
Balances at 31.12.13	44,360	4,906	26,028	94,081	6,471	175,846
Gross amount	97,502	18,409	60,248	94,081	6,471	276,711
Accumulated amortization and writedowns	(53,142)	(13,503)	(34,220)	-	-	(100,865)
Balances at 31.12.13	44,360	4,906	26,028	94,081	6,471	175,846

Acquisition of the Ilapak sector included recognition of the following separately-identifiable intangible assets: unpatented technology for 16,786 thousand euros classified under development costs and an intangible asset linked to customers ("customer list") for 9,103 thousand euros. Amortization of the unpatented technology and customer list has been charged on the basis of a useful life of 10 and 15 years respectively. At the date of acquisition, goodwill amounting to 4,117 thousand euros was also recognized. The initial accounting of the business combination has been carried out on a provisional basis. For further details, please read Note 31. Business combinations.

Development costs include the costs incurred for new products that were not previously available and which are targeted at new market segments. They mainly relate to unpatented technology attributable to the acquisition of the Dairy & Convenience Food sector of the Corazza Group in 2011, the useful life of which has been estimated to be 10 years, for 12,611 thousand euro and technology relating to the freeze-drying plant for the pharmaceutical industry recorded subsequent to the acquisition of the Edwards Group in 2008, the useful life of which has been estimated to be 7 years, for 3,438 thousand euros.

Furthermore, this item includes costs incurred by the Parent Company on the following principal projects:

- Xtrema Series linear filling machines, 3,326 thousand euros;
- Adapta capsule filling machines, 1,630 thousand euros;

- P.O.D. decartoning machine, 1,181 thousand euros;
- thermo-forming machine, 1,095 thousand euros;
- biotechnology compacts, 674 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 for an amount of 37,002 thousand euros (31,171 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 535 thousand euros, relating to a machine for the production of filterbags for infusion products with knots.

Software, licences, trademarks and other rights primarily include operating and technical software applications and an intangible asset linked to the "customer list" of 8,850 thousand euros and 11,110 thousand euros respectively, the useful life of which is estimated at 15 and 10 years. They arose on the acquisition of the Ilapak Group and the Corazza Group. The increases during the year principally related to acquisition by the Parent Company of software and licenses relating to the commercial and technical areas.

Assets under development and advances mainly relate to the capitalization of development costs incurred by the Parent Company (2,661 thousand euros) and IMA Industries S.r.l. (2,930 thousand euros) and concern new products that were not previously available and are targeted at new market segments.

Goodwill comprises the following (thousands of euros):

	31.12.2013	31.12.2012
Tea, Food & Other:		
CGU B.F.B. S.p.A.	1,788	1,788
CGU GIMA S.p.A.	1,658	1,658
CGU Naturapack S.r.l.	8,723	8,723
CGU Corazza Group	18,863	36,028
	31,032	48,197
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	12,703	12,980
CGU ICO OLEODINAMICI S.p.A.	1,567	1,567
CGU IMA Kilian GmbH & Co. KG	n.a.	14,790
CGU MKCS Inc.	506	529
CGU Pharmasiena Service S.r.l.	2,073	2,073
CGU Precision Gears Ltd.	4,027	4,027
CGU Shanghai Tianyan	854	n.a.
CGU Zanchetta S.r.l.	2,939	2,939
	58,932	73,168
Ilapak:		
CGU Ilapak Group	4,117	n.a.
	4,117	-
Total	94,081	121,365

As regards goodwill from the acquisitions of the Ilapak Group and Shanghai Tianyan please read Note 31. The change in the Goodwill CGU Corazza Group and Kilian essentially reflects the disposal of those businesses.

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 by summing the returns from a risk-free asset with 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 2014 budget and the 2015-2016 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 results on a change in the assumptions used for the growth rate, including changes in the other parameters contributing to formation of the WACC, would result in better impairment results.

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 2014-2016 Sales %
CGU G.S. S.r.l. Coating System	7,402	7.95	4.00
CGU ICO OLEODINAMICI S.p.A.	1,567	7.95	4.00
CGU CO.MA.DI.S. S.p.A.	3,782	7.95	2.00
CGU Nova Group	12,703	5.82	4.00
CGU Precision Gears Ltd.	4,027	7.95	10.00
CGU Zanchetta S.r.l.	2,939	7.95	4.00
CGU Edwards Group	23,079	7.95	3.00
CGU Naturapack S.r.l.	8,723	7.95	6.00
CGU GIMA S.p.A.	1,658	7.95	2.00
CGU Pharmasiena Service S.r.l.	2,073	7.95	5.00
CGU Corazza Group	18,863	7.95	2.00

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 Nova Group, Zanchetta and ICO OLEODINAMICI CGUs was written down by 757 thousand euros, 2,500 thousand euros and 1,500 thousand euro respectively.

The translation differences, showing a negative value of 352 thousand euros, refer to the translation of Nova Group goodwill at the year-end spot exchange rate, expressed in the currency of the CGU.

4. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Below is a breakdown (thousands of euros):

	31.12.2013	31.12.2012
Amherst Stainless Fabrication LLC	192	167
B.C. S.r.l.	1,510	1,323
Bacciottini F.lli S.r.l.	525	474
Bolognesi S.r.l.	603	527
Brio Pharma Technologies Pvt. Ltd.	360	388
CMH S.r.l.	8,137	7,262
CMRE S.r.l.	4,441	2,525
Doo Officina-Game East Vrsac	478	n.a.
I.E.M.A. S.r.l.	663	516
LA.CO. S.r.l.	365	279
Logimatic S.r.l.	314	319
Masterpiece S.r.l.	30	18
Plasticenter S.r.l.	937	n.a.
Powertransmission.it S.r.l.	80	56
Scriba Nanotecnologie S.r.l.	398	396
SIL.MAC. S.r.l.	294	318
Stephan Belgium B.V.B.A.	n.a.	254
Stephan UK Ltd.	n.a.	52
Sirio S.p.A. Associazione in partecipazione	6,548	6,748
Other investments	48	80
Total	25,923	21,702

On 21 June 2013, IMA S.p.A. and HPS S.p.A. (Holding Partecipazioni Sacmi) bought Descaling S.a.r.l.'s entire stake in CMH S.r.l. (1.5% each) for a total of 100 thousand euros; as a result, at 31 December 2013, CMH S.r.l. is owned 50% by the Parent Company and 50% by HPS.

The change in the investment in CMRE S.r.l., 50% held by the Parent Company, includes the payment made during the year to increase capital by 2,025 thousand euros.

With regard to the investments in Doo Officina-Game East Vrsac and Plasticenter S.r.l., please read the comments in the section on "Scope of consolidation".

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 following table sets out the goodwill included in the carrying amount of the above equity investments at 31 December 2013 (thousands of euros):

	31.12.2013	31.12.2012
Bolognesi S.r.l.	429	429
Bacciottini F.lli S.r.l.	158	158
Brio Pharma Technologies Pvt. Ltd.	279	290
CMH S.r.l.	2,689	2,689
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	317
SIL.MAC. S.r.l.	131	131
Total	4,585	4,596

The following table summarizes the key financial data of associated companies at 31 December 2012 (thousands of euros):

	Assets	Liabilities	Revenues	Profit
Amherst Stainless Fabrication LLC	1,310	306	4,535	81
B.C. S.r.l.	6,594	1,559	4,245	623
Bacciottini F.lli S.r.l.	5,118	3,596	5,452	468
Bolognesi S.r.l.	3,123	2,332	4,823	465
Brio Pharma Technologies Pvt. Ltd. (*)	346	73	666	13
CMH S.r.l.	25,987	8,235	-	2,798
CMRE S.r.l.	5,086	74	-	(37)
Consorzio L.I.A.M.	645	551	267	(160)
Doo Officina-Game East Vrsac	1,171	867	585	15
I.E.M.A. S.r.l.	7,755	6,528	10,669	490
LA.CO. S.r.l.	7,263	6,476	6,576	119
Logimatic S.r.l.	7,202	6,514	11,246	185
Masterpiece S.r.l.	1,144	1,047	714	40
Plasticenter S.r.l.	9,540	6,454	8,762	508
Powertransmission.it S.r.l.	589	191	936	118
Scriba Nanotecnologie S.r.l.	476	148	341	5
SIL.MAC. S.r.l.	5,121	4,378	5,106	118

(*) *Financial statements at 31 March 2013*

The book value of the investment in CMH S.r.l. is attributable, in addition to the aforementioned goodwill, to unpatented technology related to plant for the preparation, moulding and packaging of chocolate.

5. FINANCIAL ASSETS

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

	31.12.2013	31.12.2012
Non-current:		
· Investments in securities	14	14
· Financial receivables	3,247	2,413
· Investments in other companies	3,611	3,772
	6,872	6,199
Current:		
· Investments in securities	1,105	1,565
· Other cash equivalents	1,021	1,405
· Financial receivables	1,265	755
	3,391	3,725
Total	10,263	9,924

Non-current financial receivables at 31 December 2013 include 2,527 thousand euros in relation to Ilapak International SA and Ilapak Italia S.p.A., as well as to a loan of 720 thousand euros granted by the Parent Company to Logimatic S.r.l., an associated company, on market terms. Non-current financial receivables at 31 December 2012 included 1,837 thousand euros in relation to IMA Kilian GmbH & Co. KG., sold during 2013, and 576 thousand euros in relation to GIMA S.p.A.

Investments in other companies include shares of Intermedia Holding S.p.A. for 3,377 thousand euros (3,664 thousand euros at 31 December 2012). The investment has been classified as financial assets held for sale in consideration of its strategic nature at the time of initial recognition. The change during the period reflects the decrease in fair value accounted for in net equity.

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

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

Current financial receivables principally reflect loans granted by the Parent Company to CMH S.r.l., InterMedia Holding S.p.A. and Logimatic S.r.l. totaling 1,086 thousand euros.

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

	2013	2012
Opening balance	9,924	10,424
Increases	1,492	1,587
Measurement at fair value recognized in equity	(287)	(344)
Change in scope of consolidation	2,840	–
Decreases	(3,520)	(1,662)
Exchange rate difference	(186)	(81)
Closing balance	10,263	9,924
Of which:		
Non-current financial assets available for sale	3,625	3,786
Current financial assets available for sale	2,126	2,970
Non-current financial receivables	3,247	2,413
Current financial receivables	1,265	755
Total	10,263	9,924

6. RECEIVABLES FROM OTHERS

These mainly include various guarantee deposits.

7. DERIVATIVE FINANCIAL INSTRUMENTS

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

	Assets 31.12.2013	Assets 31.12.2012	Liabilities 31.12.2013	Liabilities 31.12.2012
Interest rate hedging instruments:				
· Interest rate swap (non-current) cash flow hedges	44	1	3,817	1,249
· Interest rate swap (current) cash flow hedges	–	–	–	10
	44	1	3,817	1,259
Exchange rate hedging instruments:				
· Exchange rate hedging instruments (current) cash flow hedges	62	898	6	12
	62	898	6	12
Total	106	899	3,823	1,271

INTEREST RATE DERIVATIVES

The Group uses interest rate derivatives (cash flow hedges) to manage the risk of changes in the interest rates on the bond and on the borrowings from banks, transforming part of them from floating to a maximum fixed rate via the purchase of a cap and the sale of a floor. At 31 December 2013, the amount of 44 thousand euros in assets and 3,817 thousand euros in liabilities represents the fair value of options arranged in previous years with leading credit institutions to hedge interest rate risk; such options are linked to the bond and to a portion of medium-term loans, maturing within 2016 and hedging a nominal value of 65.0 million euros and 50.0 million US dollars (43.3 million euros at 31 December 2012).

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 2013, the amounts of 62 thousand euros in assets and 6 thousand euros in liabilities represented the fair value of these derivative contracts. The notional amounts of these exchange rate hedges were 6.2 million US dollars and 1.2 million GBP (22.8 million US dollars at 31 December 2012). All foreign currency derivatives at 31 December 2013 mature within 12 months.

8. DEFERRED TAX ASSETS AND LIABILITIES

At 31 December 2013, the deferred tax asset mainly relates to a deferred tax asset recognised in 2012 on the release of the uplift in the carrying amounts of the controlling interests recorded in IMA S.p.A.'s consolidated financial statements and temporary differences arising on provisions; 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):

	31.12.2013	31.12.2012
Deferred tax assets:		
· within 12 months	8,542	8,937
· after 12 months	30,471	26,297
	39,013	35,234
Deferred tax liabilities:		
· within 12 months	(660)	(992)
· after 12 months	(23,098)	(15,635)
	(23,758)	(16,627)
Total	15,255	18,607

	31.12.2013	31.12.2012
Net amount at the start of the year	18,607	5,479
Credited / (Charged) to the income statement	1,186	12,454
Credited / (Charged) to equity	1,045	731
Change in scope of consolidation	(6,581)	-
Sale of Kilian and Stephan business	1,091	n.a.
Other changes	15	-
Exchange rate difference	(108)	(57)
Net amount at the end of the year	15,255	18,607

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	Amortization	Income (losses) from fair value	Actuarial valuation	Other	Total
Balances at 01.01.12	15,907	3,977	(16,918)	130	105	2,278	5,479
Effect on the income statement	520	(952)	1,814	-	-	11,072	12,454
Effect on equity	-	-	-	(171)	902	-	731
Reclassifications	553	-	(389)	-	-	(164)	-
Exchange rate difference	(53)	(9)	4	-	-	1	(57)
Balances at 31.12.12	16,927	3,016	(15,489)	(41)	1,007	13,187	18,607
Effect on the income statement	540	(944)	1,968	-	-	(378)	1,186
Effect on equity	-	-	-	1,128	(83)	-	1,045
Change in scope of consolidation	1,527	823	(9,830)	(2)	-	901	(6,581)
Sale of business	(380)	(246)	1,979	(122)	(315)	175	1,091
Other changes	(7)	15	17	-	(7)	(3)	15
Exchange rate difference	(162)	(28)	64	-	-	18	(108)
Balances at 31.12.13	18,445	2,636	(21,291)	963	602	13,900	15,255

The item "Other" mainly includes deferred tax assets relating to the uplift and elimination of unrealized intra-group profits.

At the reporting date, there are no amount of unused tax losses for which the deferred tax asset is not recognized in the balance sheet (2,596 thousand euros linked to IMA Kilian GmbH & Co. KG at 31 December 2012).

9. INVENTORIES

Below is a breakdown (thousands of euros):

	31.12.2013			31.12.2012		
	Gross value	Impairment provision	Net value	Gross value	Impairment provision	Net value
Raw, ancillary and consumable materials	45,299	(8,266)	37,033	39,262	(7,029)	32,233
Work in progress and semifinished goods	186,407	(25,877)	160,530	198,460	(29,365)	169,095
Finished products and goods for resale	10,561	(3,445)	7,116	7,698	(2,667)	5,031
Total	242,267	(37,588)	204,679	245,420	(39,061)	206,359

The change in inventories reflects an increase of 19,672 thousand euros on the acquisition of the Ilapak Group and Shanghai Tianyan Co. Ltd., and a decrease of 29,517 thousand euros on the disposal of both Stephan and Kilian, as well as the reclassification as assets held for sale of the inventories of Zibo Pharmatech Co. Excluding these changes, the increase in inventories since 31 December 2012 principally reflects the significant size of the order book already acquired at year end.

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

Balances at 01.01.2012	36,738
Net provisions	2,383
Exchange rate difference	(60)
Balances at 31.12.2012	39,061
Net provisions	(1,604)
Sale of Stephan business	(2,198)
Sale of Kilian business	(5,739)
Change in scope of consolidation	8,414
Reclassification of Zibo to assets held for sale	(201)
Exchange rate difference	(145)
Balances at 31.12.2013	37,588

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

10. TRADE RECEIVABLES AND OTHER RECEIVABLES

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

	31.12.2013	31.12.2012
Trade receivables	143,313	129,234
Advances to suppliers	9,539	9,808
Tax receivables	9,879	6,612
Deferrals	3,219	2,661
Other receivables	8,036	7,037
Total	173,986	155,352

TRADE RECEIVABLES

Trade receivables include customer receivables of 95,673 thousand euros (85,988 thousand euros at 31 December 2012), amounts due on construction contracts of 44,396 thousand euros (41,299 thousand euros at 31 December 2012) and trade receivables from associates of 3,244 thousand euros (1,947 thousand euros at 31 December 2012). The increase in trade receivables reflects the acquisition of the Ilapak Group.

Trade receivables from customers are carried net of accumulated provisions amounting to 12,914 thousand euros (12,169 thousand euros at 31 December 2012).

The changes in the provision for bad debts are summarized below (thousands of euros):

	2013	2012
Opening balance	12,169	9,503
Effect to the income statement	1,820	3,371
Uses	(781)	(656)
Change in scope of consolidation	633	-
Sale of Stephan business	(389)	-
Sale of Kilian business	(375)	-
Reclassification of Zibo to assets held for sale	(9)	-
Exchange rate difference	(154)	(49)
Closing balance	12,914	12,169

Customer receivables falling due beyond 12 months amounted to 539 thousand euros (9 thousand euros at 31 December 2012). 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 2013 amounted to around 28,109 thousand euros (20,352 at 31 December 2012) of which 23,775 thousand euros is assigned to factoring companies and 4,334 thousand euros to other financial institutions. The period saw the assignment without recourse of receivables with an overall nominal value of around 30,233 thousand euros (20,996 thousand euros in 2012). The requirements for eliminating these receivables exist in accordance with IAS 39.

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

	31.12.2013	31.12.2012
Construction contracts (costs incurred plus recognized margins)	100,919	90,618
Advances received	(56,523)	(49,319)
Due from customers	44,396	41,299

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 (thousands of euros):

	31.12.2013	31.12.2012
Advances received	(19,447)	(22,755)
Construction contracts (costs incurred plus recognized margins)	13,926	14,685
Due to customers	(5,521)	(8,070)

Revenues from contract work in 2013 amounted to 237,834 thousand euros (227,282 thousand euros in 2012).

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

	Undue	Past due less than one year	Past due more than one year	Total
31.12.2013				
Receivables from customers (gross)	70,201	28,102	10,284	108,587
Provision for bad debts	(1,065)	(4,024)	(7,825)	(12,914)
Receivables from customers (net)	69,136	24,078	2,459	95,673
31.12.2012				
Receivables from customers (gross)	59,705	28,612	9,840	98,157
Provision for bad debts	(1,303)	(1,258)	(9,608)	(12,169)
Receivables from customers (net)	58,402	27,354	232	85,988

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 2013 these relate to advances paid to suppliers for inventory goods of 4,413 thousand euros (6,054 thousand euros at 31 December 2012) and services of 5,126 thousand euros (3,754 thousand euros at 31 December 2012).

This item also includes advances to associates of 1,702 thousand euros (1,048 thousand euros at 31 December 2012).

TAX RECEIVABLES

Tax receivables mainly consist of VAT recoverable.

11. INCOME TAX RECEIVABLES AND PAYABLES

At 31 December 2013 income tax receivables and payables amount to 6,350 thousand euros and 12,342 thousand euros (1,982 thousand euros and 13,254 thousand euros respectively at 31 December 2012).

Income tax receivables principally reflect the amounts recorded by the Italian companies in the Group that have presented claims for the reimbursement of IRES. These claims are linked to the previous non-deduction of the IRAP charged on personnel expenses incurred in the period 2007-2011.

The following companies form part of the domestic tax group: IMA S.p.A., IMA Industries S.r.l., CO.MA.DI.S. S.p.A., GIMA S.p.A., GIMA TT S.r.l. and Corazza S.p.A. as consolidated companies and SO.FI.MA. S.p.A. as the consolidating company.

At 31 December 2013 receivables and payables to and from SO.FI.MA. S.p.A. amount to 3,644 thousand euros and 6,650 thousand euros respectively (payables for IRES of 2,146 thousand euros at 31 December 2012).

12. CASH AND CASH EQUIVALENTS

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

	31.12.2013	31.12.2012
Bank current accounts	76,824	65,685
Deposits	3,052	3,018
Cheques and cash	179	222
Total	80,055	68,925

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
Balance at 01.01.2012	36,804	19,151	50,210	(304)
Distribution of dividends	–	–	(3,235)	–
Purchase of treasury shares	(32)	–	–	(410)
Sale of treasury shares	–	–	–	–
Balance at 31.12.2012	36,772	19,151	46,975	(714)
Distribution of dividends	–	–	(30,849)	–
Purchase of treasury shares	–	–	–	–
Sale of treasury shares	50	–	–	643
Balance at 31.12.2013	36,822	19,151	16,126	(71)

Share capital at 31 December 2013 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.

During 2013, the Parent Company sold 50,000 shares, representing 0.136% of the share capital, for a total of 798 thousand euros. In 2012 the Parent Company had acquired 31,914 treasury shares for 410 thousand euros. These transactions were recognized directly in equity in accordance with IAS 32.

In May 2013, a total dividend of 36,823 thousand euros was paid, equal to 1.00 euros (gross) per ordinary share in circulation (36,772 thousand euros, equal to 1.00 euros (gross) in May 2012).

On 18 November 2013 the Shareholders' Meeting of IMA S.p.A. declared an extraordinary dividend of 1.25 euro gross for each outstanding ordinary share, to be drawn from the available distributable reserves. The dividend, paid on 28 November 2013, amounted to 46,028 thousand euros.

In the current year, the Board of Directors of the Parent Company IMA S.p.A. proposes to pay out a dividend of 1.25 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 2013.

14. FAIR VALUE RESERVE AND ACTUARIAL GAIN (LOSS) ON POST EMPLOYMENT BENEFIT OBLIGATIONS RESERVE

At 31 December 2013 the fair value reserve includes the embedded portion of the fair value of foreign exchange forward sale contracts and export advances for 50 thousand euros (981 thousand euros at 31 December 2012) and interest rate swaps of -3,565 thousand euros (-1,128 thousand euros at 31 December 2012).

It should be noted that the amount of -287 thousand euros (-344 thousand euro in 2012) available for sale relates to the measurement at fair value of the holding in InterMedia Holding S.p.A.

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

Balance at 01.01.2012	(1,303)
<i>Available for sale</i>	
Measurement at fair value	(344)
<i>Cash flow hedges/hedging instruments</i>	
Measurement at fair value	692
Fair value - tax effect	(156)
Realization recognized in income - revenues	297
Realization recognized in income - financial income and expense	297
Tax effect - realization in income statement	(15)
Balance at 31.12.2012	(532)
<i>Available for sale</i>	
Measurement at fair value	(287)
<i>Cash flow hedges/hedging instruments</i>	
Measurement at fair value	(3,304)
Fair value - tax effect	909
Sale of Kilian business	622
Realization recognized in income - revenues	(976)
Realization recognized in income - financial income and expense	182
Tax effect - realization in income statement	219
Balance at 31.12.2013	(3,167)

Changes in the actuarial gain (loss) on post employment benefit obligations reserve are as follows (thousands of euros):

Balance at 01.01.2012	(289)
Actuarial value	(3,135)
Tax effect	890
Balance at 31.12.2012	(2,534)
Sale of Kilian and Stephan business	800
Change in scope of consolidation	(56)
Actuarial value	310
Tax effect	(83)
Balance at 31.12.2013	(1,563)

15. OTHER RESERVES AND RETAINED EARNINGS

The changes of the period in the item is attributable mainly to the allocation of the previous year result to reserves and to the distribution of dividends.

16. BORROWINGS

These include payables to banks of 176,882 thousand euros (205,128 thousand euros at 31 December 2012) and payables to other lenders of 6,508 thousand euros (1,419 thousand euros at 31 December 2012) and bonds of 36,903 thousand euros.

PAYABLES TO BANKS

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

	31.12.2013	31.12.2012
Non-current:		
· Applied research and technological innovation loans	6,978	7,391
· Other loans	89,232	107,292
	96,210	114,683
Current:		
· Current accounts	2,914	11,670
· Advances on domestic transactions (Italy)	1,329	113
· Advances on export transactions	38,725	35,810
· Advances on export transactions to be carried out	117	1,514
· Applied research and technological innovation loans	588	926
· Other loans	36,999	40,412
	80,672	90,445
Total	176,882	205,128

Applied research and technological innovation loans

During the course of the year, the Parent Company and Corazza S.p.A. paid instalments due totaling 971 thousand euros and new loans were received by IMA S.p.A. of 284 thousand euros.

Other loans

The main changes in other loans relate to new loans to IMA S.p.A. for 75,000 thousand euros and repayments made in accordance with the contractual agreements established by the Parent Company for 102,043 thousand euros and by Ilapak International SA for 1,556 thousand CHF.

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

	31.12.2013	31.12.2012
Due within 1 year	80,672	90,445
Due from 1 to 5 years	93,141	108,403
Due after more than 5 years	3,069	6,280
Total	176,882	205,128

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

	31.12.2013	31.12.2012
Euro	127,371	155,393
US dollar	2,944	–
Swiss franc	2,782	–
Chinese yuan	359	547
Pound sterling	336	–
Other	5	81
Total	133,797	156,021

Applied research and technological innovation loans and other loans are guaranteed by the Parent Company for 3,077 thousand euros (3,077 thousand euros at 31 December 2012). In addition, the amounts payable to banks are also secured by guarantees from certain companies in the Ilapak Group (sureties, mortgages and pledges of assets) totaling 4,789 thousand euros.

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;
- minimum limits for shareholders' equity;
- ratio of net financial indebtedness to equity;
- 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 2013, all covenant requirements have been met.

Interest rates on financial payables are on average less than 5% (less than 5% in 2012).

At 31 December 2013 the Group had around 231 million euros of non utilised borrowing facilities (around 250 million euros at 31 December 2012).

The book value of advances on export transactions reflects a good estimate of their fair value. The fair value of loans and other financings, is calculated using the discounted value of future capital and interest flows, using the market rate based on the yield curve for government bonds as of the reporting date. This could lead to an increase in payables of around 14.7 million euros (6.2 million euros at 31 December 2012).

PAYABLES TO OTHER LENDERS

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

	31.12.2013	31.12.2012
Non-current:		
· Payables to leasing companies	899	27
· Other	651	–
	1,550	27
Current:		
· Payables to leasing companies	248	23
· Payables to factoring companies	1,668	1,022
· Other	3,042	347
	4,958	1,392
Total	6,508	1,419

At 31 December 2013, the amount payable to leasing companies principally includes the finance lease, 966 thousand euros, on the factory in Krakow (Poland) used by Ilapak Sp. Z o.o. Borrowings from other financial institutions primarily reflects the recognition of financial liabilities attributable to GIMA TT S.r.l. 3,042 thousand euros and Ilapak Italia S.p.A. of 651 thousand euros these amounts are secured by guarantees.

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
Year 2012				
Minimum payments of finance leases	25	27	–	52
Less future financial charges	(2)	–	–	(2)
Present value of finance lease payables	23	27	–	50
Year 2013				
Minimum payments of finance leases	332	1,202	–	1,534
Less future financial charges	(84)	(303)	–	(387)
Present value of finance lease payables	248	899	–	1,147

BOND

In February 2013, IMA S.p.A. completed the placement with U.S. institutional investors (“US Private Placement”) of a non-convertible bond of 50 million US dollars. This bond issue, which is not secured by collateral, allows us to refinance our debt at more favourable terms, as well as to diversify our sources of funding. The securities, which are unrated and are not intended to be listed on any regulated market or MTF, were issued in a single tranche and have a duration of ten years. The principal will be repaid annually in equal capital instalments from the fourth year, without prejudice to the possibility for IMA to repay the entire amount in advance. The bonds bear interest from the issue date at a fixed rate of 6.25%, which can be stepped up if certain financial parameters apply. The bond agreement provides for compliance with certain restrictions (called “covenants”) in line with the market practice for similar transactions.

At 31 December 2013 the bonds are recorded at an amount of 36,903 thousand euros, being the equivalent of the nominal redemption value of 50 million US dollars.

Bonds are made up of (thousands of euros):

	31.12.2013
Non-current portion	36,155
Current portion	748
Total book value	36,903
Adjustment to fair value as result of transactions in fair value hedge and measurement at amortized cost	(647)
Present value of finance lease payables	36,256

NET DEBT

The breakdown of net debt is as follows (thousands of euros):

	31.12.2013	31.12.2012
A. Cash and cash equivalents	(80,055)	(68,925)
B. Other cash equivalents	(1,021)	(1,405)
C. Investments in securities	(1,105)	(1,565)
D. Liquidity (A)+(B)+(C)	(82,181)	(71,895)
E. Current financial receivables	(1,265)	(755)
F. Current payables to banks	48,570	49,659
G. Current portion of non-current payables	32,849	40,786
H. Other current financial payables	4,958	1,392
I. Current financial debt (F)+(G)+(H)	86,377	91,837
J. Net current financial debt (D)+(E)+(I)	2,931	19,187
K. Non-current portion of non-current bank payables	96,210	114,683
L. Bond issued	36,155	-
M. Other non-current financial payables	1,550	27
N. Non-current financial assets	(3,261)	(2,427)
O. Net non-current financial debt (K)+(L)+(M)+(N)	130,654	112,283
P. Net financial debt (J)+(O)	133,585	131,470
Q. Cash and cash equivalents held for sale	(3,181)	-
R. Total net financial debt (P)+(Q)	130,404	131,470

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

The slight reduction in borrowing at 31 December 2013 reflects strong net cash generation by the Group, especially as a result of the management of working capital and the disposal of both Stephan and Kilian, even after the payment of 82,851 thousand euros in ordinary and extraordinary dividends and the acquisition of the Ilapak Group at a total cost of about 21.8 million euros.

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 by the Group's Italian companies.

The main demographic assumptions adopted by the actuary were:

- life expectancies: those determined by the State General Accounting Office (RG48 split by gender);
- probability of disability: that in the INPS (National Social Security Institute) model for projections at 2010, distinguished by sex;
- pensionable age: the earliest retirement age requirement 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:

	31.12.2013	31.12.2012
Annual discount rate	3.15%	3.25%
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 discounting 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):

Balance at 01.01.2012	24,641
Service cost	318
Financial expense	1,015
Net actuarial losses (gains) recognized during the year	3,182
Severance payments made during the year	(2,611)
Exchange rate difference	(48)
Balance at 31.12.2012	26,497
Service cost	217
Financial expense	661
Net actuarial losses (gains) recognized during the year	(313)
Sale of Kilian business	(173)
Sale of Stephan business	(6,220)
Change in scope of consolidation	902
Severance payments made during the year	(1,597)
Exchange rate difference	(83)
Balance at 31.12.2013	19,891

The amount of the change in the scope of consolidation includes reserves related to Ilapak Italia S.p.A. for 525 thousand euros, Ilapak Inc. for 271 thousand euros, Ilapak International SA for 85 thousand euros and Ilapak Israel Ltd. for 21 thousand euros.

The details of net liabilities or assets for benefits to employees related to the American company Ilapak Inc. pension plan are the following (in thousands of euros):

Present value of defined benefit obligations	3,518
Fair value of plan assets	(3,431)
Net defined benefit liabilities at 31 December 2013	87

The changes in the present value of the obligation from the acquisition date is the following (thousands of euros):

Balance at the date of acquisition	3,596
Financial expense	71
Severance payments made during the year	(19)
Exchange rate difference	(130)
Present value of defined benefit obligations	3,518
Balance at the date of acquisition	3,325
Return on plan assets	139
Employee contributions	113
Severance payments made during the year	(19)
Exchange rate difference	(127)
Fair value of plan assets	3,431

The assets servicing the plan principally comprise treasury bonds, corporate bonds and US mutual funds listed in active markets.

The revised version of IAS 19 requires sensitivity analysis to be performed on the main actuarial assumptions used for the computational model; accordingly, a sensitivity analysis was carried out in relation to the average annual discount rate, the average rate of inflation and the rate of employee turnover. The results obtained for the Italian companies, in relation to severance indemnities at 31 December 2013 of 18,422 thousand euros, are summarized in the following table (thousands of euros):

	Annual discount rate		Annual inflation rate		Turnover rate	
	+0.50%	-0.50%	+0.25%	-0.25%	+2.00%	-2.00%
Provision for severance indemnities	17,536	19,379	18,707	18,143	18,509	18,318

18. PROVISIONS FOR RISKS AND CHARGES

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

	Balance at		Change in scope of consolidation	Exchange rate differences	Balance at
	31.12.2012	Increases Decreases			
Non-current:					
Agency termination indemnities	1,757	72 (55)	-	-	1,774
Other provisions	907	153 (286)	32	(25)	781
	2,664	225 (341)	32	(25)	2,555
Current:					
Product guarantee provision	13,890	2,675 (3,589)	1,836	(139)	14,673
Reorganization provision	67	- (67)	-	-	-
Other provisions	3,066	465 (1,903)	1,627	(73)	3,182
	17,023	3,140 (5,559)	3,463	(212)	17,855
Total	19,687	3,365 (5,900)	3,495	(237)	20,410

Decreases include 1,808 thousand euros related to the sale of the Kilian and Stephan businesses. The product guarantee provision was established on the basis of estimated expenses for work to be performed under guarantee after 31 December 2013.

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):

	31.12.2013	31.12.2012
Trade payables	174,629	137,606
Advances from customers	96,980	85,061
Social security and defined-contribution plan payables	9,752	8,444
Tax payables	7,686	5,958
Employee payables	32,043	26,991
Payables in respect of acquisitions	484	461
Deposits	2,956	3,095
Other payables	10,596	6,405
Total	335,126	274,021

TRADE PAYABLES

These include trade payables to suppliers of per 138,078 thousand euros (110,508 thousand euros at 31 December 2012), agent payables of 6,576 thousand euros (9,261 thousand euros at 31 December 2012) and trade payables to associates of 29,975 thousand euros (17,837 thousand euros at 31 December 2012).

At 31 December 2013 the amount attributable to the Ilapak Group comes to 17,748 thousand euros.

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 high level of advances from customers for uncompleted contracts is due mainly to the large volume of orders received at the reporting date. At 31 December 2013 the amount refers to the newly acquired Ilapak Group comes to 9,244 thousand euros.

Information on the amount due to customers for construction contracts (5,521 thousand euros) can be found in Note 10.

TAX PAYABLES

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

EMPLOYEE PAYABLES

At 31 December 2013, 2,478 thousand euros refers to the newly acquired Ilapak Group.

PAYABLES IN RESPECT OF ACQUISITIONS

The item includes the estimated liability of 484 thousand euros for the purchase by the Parent Company of an additional 19% interest in Pharmasiena Service S.r.l. The put option granted is exercisable in April 2016.

OTHER PAYABLES

The amount of 2,436 thousand euros (1,089 thousand euros at 31 December 2012) included in non-current liabilities is attributable to a medium to long term variable component payable to two directors for the achievement of measurable and predefined objectives for a three year period.

At 31 December 2013 this item also includes an advance payment of 1,775 thousand euros received by the Parent Company for the sale to third parties of Zibo IMA Xinhua Pharmatech Co. Ltd.

20. OTHER REVENUES

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

	2013	2012	Change
Capital gains on disposal of non-current assets	125	526	(401)
Out-of-period income	2,571	1,311	1,260
Capitalization of internal construction costs	5,868	3,001	2,867
Other revenues and income	3,244	1,725	1,519
Total	11,808	6,563	5,245

The increase in non-current assets for internal work in 2013 refer for 2,974 thousand euros to development costs (1,971 thousand euros in 2012) and for 2,894 thousand euros to equipment and machinery (1,030 thousand euros in 2012).

Other revenues related to the Ilapak Group, consolidated in the period August-December 2013, come to 1,565 thousand euros and principally concern increases in non-current assets.

21. SERVICES, RENTALS AND LEASES

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

	2013	2012	Change
External works and assembly	41,521	36,739	4,782
Maintenance and repair	5,229	4,708	521
Energy, telephone, gas, water and postal charges	9,470	8,695	775
Fees due	11,396	12,989	(1,593)
Technical, legal, tax and administrative consulting services	37,550	32,246	5,304
Advertising and promotions	2,620	1,948	672
Exhibitions	3,301	3,895	(594)
Travel and insurance	21,464	18,629	2,835
Transport	10,332	9,625	707
Bank charges	1,287	996	291
Rent expense	12,608	10,911	1,697
Operating lease fees	501	164	337
Rental fees	1,848	1,639	209
Other services	15,410	12,911	2,499
Total	174,537	156,095	18,442

Costs attributable to companies of the Ilapak Group, not included in the scope of consolidation in the previous year, amount to 7,641 thousand euros.

The item includes non-recurring charges for 1,287 thousand euros as discussed in Note 35.

22. PERSONNEL COSTS

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

	2013	2012	Change
Wages and salaries	155,461	138,018	17,443
Social security contributions	38,361	34,515	3,846
Remuneration of directors	5,677	4,497	1,180
Pensions - defined-benefit plans	399	265	134
Pensions - defined-contribution plans	8,632	7,756	876
Other personnel costs	11,697	10,472	1,225
Total	220,227	195,523	24,704

The higher level of costs compared to prior year is mainly due to Italian labour costs, which, taking into account the major elements of remuneration, have increased by 6.6%, triggered by pay rises under the National Collective Bargaining Agreement for Metalworkers as well as more overtime worked and the Group's bonus policy. Personnel costs has also risen in line with an increase in the number of employees and collaborators in the year.

The personnel cost attributable to the Ilapak Group companies, consolidated in the period August-December 2013, amounts to 10,882 thousand euros.

In 2013, the IMA Group employed 3,542 people on average, as analyzed below:

	2013	2012	Change
Managers	116	99	17
Office workers	2,400	2,181	219
Production workers	1,026	921	105
Total	3,542	3,201	341

An average of 185 persons is employed by the Ilapak Group.

The Group employees at 31 December 2013 were 3,885 (3,561 at 31 December 2012).

23. DEPRECIATION AND AMORTISATION EXPENSE

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

	2013	2012	Change
Depreciation of property, plant and equipment	6,339	5,087	1,252
Amortization of intangible assets	12,851	11,625	1,226
Writedowns/Impairment	6,146	1,778	4,368
Provisions for bad debts	1,820	3,080	(1,260)
Total	27,156	21,570	5,586

The writedowns/impairment adjustments caption includes 4,513 thousand euros relating to the measurement at fair value of the assets held for sale of Zibo IMA Xinhua Pharmatech Co. Ltd., and 1,633 thousand euros relating mainly to an impairment adjustment recorded by the Parent Company in relation to software used for management information purposes. Both writedowns refer to the Pharmaceutical Sector. In 2012 this item included 1,500 thousand euros attributable to the ICO OLEODINAMICI S.p.A. CGU and 278 thousand euros relating to the abandonment of a development project by the subsidiary Corazza S.p.A.

24. OTHER OPERATING COSTS

Other operating costs comprise (thousands of euros):

	2013	2012	Change
Capital losses on disposal of non-current assets	118	77	41
Property tax and other taxes	1,843	1,551	292
Out-of-period expenses	656	1,629	(973)
Membership fees	359	364	(5)
Penalties and charges on sales	27	168	(141)
Sundry promotional materials	251	169	82
Other operating costs	2,605	1,501	1,104
Total	5,859	5,459	400

25. FINANCIAL INCOME

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

	2013	2012	Change
Interest income from banks	305	268	37
Interest income on amounts due from customers	69	63	6
Other interest and financial income	412	171	241
Income from derivative financial instruments	12	60	(48)
Exchange rate gains	5,141	5,728	(587)
Total	5,939	6,290	(351)

26. FINANCIAL EXPENSE

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

	2013	2012	Change
Interest expense on bank payables	5,977	7,388	(1,411)
Interest expense on bond	1,967	–	1,967
Interest expense on discounting	168	122	46
Interest expense on finance leases	33	3	30
Net financial expense on defined-benefit plans	649	793	(144)
Various interest expense	235	433	(198)
Expense on bank guarantees	354	303	51
Expense from derivative financial instruments	58	80	(22)
Other financial expense	116	273	(157)
Exchange rate losses	5,493	5,308	185
Total	15,050	14,703	347

The increase in interest expense is due to the issue of the bond.

At 31 December 2013, exchange rate gains and losses included an unrealized gain of 2,128 thousand euros and an unrealized loss of 1,639 thousand euros (1,728 thousand euros and 824 thousand euros, respectively, in the previous year).

27. TAXES

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

	2013	2012	Change
Taxes from continuing operations:			
Current taxes	33,450	31,570	1,880
Net deferred tax assets and liabilities	(1,186)	(13,150)	11,964
	32,264	18,420	13,844
Prior year taxes	(2,167)	1,172	(3,339)
Total taxes from continuing operations	30,097	19,592	10,505
Taxes from discontinued operations:			
Current taxes	846	1,787	(941)
Net deferred tax assets and liabilities	-	696	(696)
Total taxes from discontinued operations	846	2,483	(1,637)
Total	30,943	22,075	8,868

The change in the deferred tax assets and liabilities deriving from continuing activities principally relates to the recognition, in 2012, of deferred tax assets totaling 11,532 thousand euros on the franking of the additional value of the controlling interests recognized in the consolidated financial statements of IMA S.p.A.

During 2013, the Bologna office of the Tax Police commenced an audit of IMA S.p.A., focusing on income tax, IRAP and VAT related to 2011. The audit was completed in August with the preparation of Inspection Minutes that were accepted by the Parent Company in September, pursuant to art. 5 bis of Decree 218/97. Taxes for prior years include the provision made for the contingent liabilities relating to this audit.

During the first half of 2010, the Parent Company was subjected to a general tax audit by the tax authorities that ended in June 2010. The Tax Office issued an assessment for 2005, 2006 and 2007, which IMA S.p.A. has appealed against to the Provincial Tax Commission. The amounts set aside to cover the liabilities deriving from the above audit are included among the Other provisions, as discussed in Note 18.

Taxes relating to prior years also includes the amount recognized in respect of the presentation during the period by the Italian Group companies of a request for an IRES refund for non-deduction of IRAP on costs for employees during the period from 2007 to 2011. The total amount booked came to 4,087 thousand euros.

As regards taxes arising from discontinued operations please read Note 29.

The following companies form part of the domestic tax group: IMA S.p.A., IMA Industries S.r.l., CO.MA.DI.S. S.p.A., GIMA S.p.A., GIMA TT S.r.l. and Corazza S.p.A. as consolidated companies and SO.FI.MA. S.p.A. as the consolidating company.

The breakdown of the result before taxes is as follows (thousands of euros):

	2013	2012	Change
Profit before tax from continuing operations	78,981	64,111	14,870
Profit before tax from discontinued operations	6,758	7,400	(642)
Total	85,739	71,511	14,228

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

	2013	2012
Result before tax	78,981	64,111
Taxes determined on the tax rate applicable in each country	22,722	18,645
Tax effect of non-deductible costs	3,243	1,592
IRAP	7,368	6,510
Accounting effect of tax revaluations of controlling interests	–	(5,656)
Other	(1,069)	(2,671)
Prior year taxes	(2,167)	1,172
Total	30,097	19,592

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. ASSETS AND LIABILITIES HELD FOR SALE

In October 2013, the parties signed a contract for the sale to third parties of the Parent Company's entire 80% interest in Zibo IMA Xinhua Pharmatech Co. Ltd., which assembles machinery for the pharmaceutical industry. The price agreed is 50 million RMB. Contract completion is expected during 2014.

Assets and liabilities held for sale at 31 December 2013 are summarized below (thousands of euro):

Inventories	4,723
Cash and cash equivalents	3,181
Trade receivables and other assets	2,228
Total assets held for sale	10,132
Advances	738
Trade payables	1,741
Other liabilities	166
Total liabilities held for sale	2,645

29. NET PROFIT FROM DISCONTINUED OPERATIONS / DISPOSAL GROUPS

In the first quarter of 2013, through its subsidiary Corazza S.p.A., IMA entered into an agreement to sell its entire holding in Stephan Machinery GmbH to a private equity fund owned by Deutsche Beteiligungs AG (DBAG). The equity value of the investment is 40.4 million euros.

The companies to be sold are Stephan Machinery GmbH, Stephan Machinery Polska Sp.zo.o., OOO Stephan Machinery Sankt Petersburg, Stephan Machinery Inc., IMA Industries France Sarl, IMA Industries Asia Pacific Pte Ltd., Stephan Belgium BVBA and Stephan UK Ltd.

The P&L components attributable to the Stephan business are as follows (thousands of euros):

	2013	2012
Revenues and other revenues	–	43,672
Costs	–	(37,590)
Gains from discontinued operations	8,759	–
Financial income (expense)	–	(550)
Taxes	(572)	(2,431)
Net result from assets held for sale	8,187	3,101

On 1 July 2013 an agreement was signed for the sale of the entire stake in IMA Kilian GmbH & Co. KG and IMA Kilian Verwaltungs GmbH, held by IMA Germany GmbH, to the Romaco Group, which is controlled by Deutsche Beteiligungs AG (DBAG), a private equity fund.

The price agreed in the sale agreement was 21 million euros, of which 17 million euros was settled on completion with 4 million euros collectible during 2014.

The P&L components attributable to the Kilian business are as follows (thousands of euros):

	2013	2012
Revenues and other revenues	22,654	34,713
Costs	(19,405)	(32,123)
Financial income (expense)	(271)	(722)
Result before taxes	2,978	1,868
Income taxes	(231)	(52)
Losses from discontinued operations	(4,979)	–
Taxes pertaining to disposal	(43)	–
Net result from assets held for sale	(2,275)	1,816

30. 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:

	2013	2012
Net profit from continuing operations (thousands of euros)	45,628	42,787
Average number of outstanding ordinary shares (thousands of shares)	36,714	36,778
Earning per share from continuing operations (in euros)	1.24	1.17
Net profit from discontinued operations (thousands of euros)	5,912	4,917
Average number of outstanding ordinary shares (thousands of shares)	36,714	36,778
Earning per share from discontinued operations (in euros)	0.16	0.13
Net profit for the year (thousands of euros)	51,540	47,704
Average number of outstanding ordinary shares (thousands of shares)	36,714	36,778
Earning per share (in euros)	1.40	1.30

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

31. BUSINESS COMBINATIONS

In March 2013, through its Chinese subsidiary IMA Life (Beijing) P.S. Co Ltd., IMA S.p.A. completed the acquisition of 59% of Shanghai Tianyan Pharmaceutical Machinery Co. Ltd. based in Shanghai. The newly-acquired company is active in designing, marketing and the provision of technical assistance for complete pharmaceutical liquid and powder filling systems and systems for cleaning and sterilisation. Subsequently, IMA Life (Beijing) P.S. Co. Ltd. acquired a further 1% of Shanghai Tianyan Pharmaceutical Machinery Co. Ltd. during the third quarter of 2013 through a reserved increase in capital of 5 million RMB.

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

	Total book values	Fair value
Property, plant and equipment	169	169
Inventories	665	665
Cash and cash equivalents	1,081	1,081
Trade and other receivables	638	638
Borrowings	(640)	(640)
Trade and other payables	(733)	(733)
Total	1,180	1,180
Minority		477
Purchase cost		1,557
Goodwill		854

The revenues and operating profit of the newly acquired company, which has been consolidated for 10 months, amount to 1,694 thousand euros and 21 thousand euro respectively. Its average workforce during the period amounts to 60 persons.

On 17 July 2013 GIMA S.p.A., a 65% subsidiary of IMA S.p.A., acquired 90% of Dreamer S.r.l., located in Bologna, which carries out studies and research on manufacturing processes and patents. The price paid of 490 thousand euros does not differ substantially from the fair value of the assets, liabilities and contingent liabilities acquired.

In February 2013 IMA S.p.A. acquired a 40% stake in Transworld Packaging Holding B.V., parent of the Group Ilapak, which produces packaging machines for primary packaging in the food sector. The Board of Directors has given its approval to exercise IMA's option to convert 3,000 thousand euros of bonds into 594,304 ordinary shares of Transworld Packaging Holding B.V., equal to 11% of its share capital. The total cost of the acquisition, net of ancillary charges, amounted to 10,250 thousand euros. Therefore, at 31 December 2013 IMA S.p.A. owns 51% of the Ilapak Group.

The companies in the Ilapak Group included in the scope of consolidation are:

	Registered office	Percent of share
Transworld Packaging Holding B.V.	Amsterdam (The Netherland)	51% (1)
Ilapak Sp. Z o.o.	Krakow (Poland)	100% (2)
Ilapak do Brasil Ltda.	Sao Paulo (Brazil)	100% (2)
Ilapak International SA	Collina d'Oro Lugano (Switzerland)	100% (2)
Ilapak Italia S.p.A.	Foiano della Chiana (Italy)	100% (3)
Ilapak Management Service SA	Collina d'Oro Lugano (Switzerland)	100% (3)
Ilapak Ltd.	Hayes (UK)	100% (3)
Ilapak France SA	Lognes (France)	99.99% (3)
Ilapak SNG OOO	Moscow (Russia)	100% (3)
Ilapak Israel Ltd.	Caesarea (Israel)	100% (3)
Ilapak Verpackungsmachinen GmbH	Haan (Germany)	100% (3)
Ilapak.AT Services GmbH	Vienna (Austria)	100% (3)
Ilapak China Ltd.	Hong Kong	100% (3)
Ilapak Inc.	Newtown (USA)	100% (3)
Ilapak (Langfang) P.M. Co. Ltd.	Langfang (PRC)	100% (4)
Delta Systems & Automation Inc.	Rogers (USA)	100% (5)

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

(2) Held by Transworld Packaging Holding B.V.

(3) Held by Ilapak International SA

(4) Held by Ilapak China Ltd.

(5) Held by Ilapak Inc.

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

	Total book values	Fair value
Property, plant and equipment	9,635	9,635
Intangible assets	2,679	28,569
Goodwill	723	–
Investments and non-current receivables from others	55	55
Financial receivables	2,833	2,833
Deferred tax assets	3,442	3,442
Inventories	19,469	19,469
Trade and other receivables	14,817	14,817
Income tax receivables and derivative financial instruments	633	633
Cash and cash equivalents	6,320	6,320
Borrowings	(17,100)	(17,100)
Severance and pension obligations and other provisions	(4,398)	(4,398)
Deferred tax liabilities	(1,935)	(10,068)
Trade and other payables	(37,683)	(37,683)
Income tax liabilities	(542)	(542)
Total	(1,052)	15,982
Minority		9,849
Purchase cost		10,250
Goodwill		4,117

The Group has measured the minority interest at its total fair value, including the related share of goodwill.

The revenues and operating profit of the newly acquired Group, which has been consolidated for 5 months, amount to 41,796 thousand euros and 1,742 thousand euro respectively. Its average workforce during the period numbered 185 persons.

The initial values for these business combinations were determined on a provisional basis, since the fair value of the related assets, liabilities and contingent liabilities, as well as the costs of the operations, have not been finalized. As required by IFRS 3, any adjustments will be made within twelve months of the acquisition date.

1,287 thousand euros of ancillary charges related to the acquisition were booked to the income statement under services, rentals and leases.

The financial flows deriving from business combinations carried out during the year amount to 22,503 thousand euros. The consideration paid, net of the cash acquired, amounted to 4,545 thousand euros.

32. GUARANTEES GRANTED

At 31 December 2013, the Group has given sureties and other bank guarantees to customers totaling 18,718 thousand euros for the proper operation of machinery, bid bonds and advances not yet received, surety to guarantees for rental contracts 6,414 thousand euros, a surety in favour of the Revenue Office for VAT credits for 1,643 thousand euros and sureties in favour of others for 4,968 thousand euros consisting essentially of bank overdrafts.

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

	31.12.2013	31.12.2012
Carle & Montanari - OPM S.p.A.	3,073	3,073
CMH S.r.l.	2,250	2,250
CMRE S.r.l.	988	-
CO.MA.DI.S S.p.A.	39	-
Corazza S.p.A.	7,525	7,525
Fillshape S.r.l.	1,500	n.a.
GIMA S.p.A.	8,050	8,050
GIMA TT S.r.l.	5,500	-
Ilapak Italia S.p.A.	2,887	n.a.
IMA EST GmbH	799	800
IMA France E.u.r.l.	-	300
IMA Industries S.r.l.	74,400	46,150
IMA Kilian GmbH & Co. KG	n.a.	55,224
IMA Life (Beijing) Pharm. Systems Co. Ltd.	3,000	3,000
IMA Life Japan KK	691	880
IMA Life North America Inc.	-	152
IMA North America Inc.	-	690
IMA Pacific Co. Ltd.	1,549	1,735
IMA-PG India Pvt Ltd.	1,487	1,750
Masterpiece S.r.l.	910	910
Pharmasiena Service S.r.l.	-	220
Revisioni Industriali S.r.l.	1,025	1,225
Scriba Nanotecnologie S.r.l.	58	158
Swiftpack Automation Ltd.	3,658	2,500
Zanchetta S.r.l.	n.a.	4,600
Total	119,389	141,192

Guarantees totaling 60,200 thousand euros have also been given to leading banks in relation to the lines of credit shares by the Group's Italian subsidiaries.

Ilapak International SA and Transworld Packaging Holding B.V. provided guarantees to third parties in the interest of companies of the Ilapak Group of 4,818 thousand euros.

Sureties given against advances received from customers amount to about 55,865 thousand euros (59,929 thousand euros at 31 December 2012).

33. COMMITMENTS

At 31 December 2013 there are commitments for the purchase of property, plant and equipment and intangible assets of 202 thousand euros relating principally to leasehold improvements and office furniture and fittings.

The Group has outstanding commitments of 1,190 thousand euros (1,126 thousand euros at 31 December 2012) for future minimum payments under irrevocable operating leases relating primarily to plant, machinery and vehicles (expiring as to 617 thousand euros within one year, 573 thousand euros between one and five years) and commitments under rental contracts of 110,540 thousand euros (116,144 thousand euros at 31 December 2012), of which 13,191 thousand euros fall due within one year, 43,658 thousand euros between one and five years and 53,691 thousand euros over five years.

Fees paid during the year for operating lease contracts and rentals were 13,109 thousand euros (11,075 thousand euros in the previous year).

There are also other commitments in favour of third parties for 5,659 thousand euros, consisting mainly of the Parent Company's commitment to buy further units of the mutual funds shown under financial assets.

34. RELATED-PARTY TRANSACTIONS

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

transactions with parties related to IMA. For further information please read the Report on operations.

At 31 December 2013 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 following companies form part of the domestic tax group: IMA S.p.A., IMA Industries S.r.l., CO.MA.DI.S. S.p.A., GIMA S.p.A., GIMA TT S.r.l. and Corazza S.p.A. as consolidated companies and SO.FI.MA. S.p.A. as the consolidating company.

As described earlier, intra-group 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 intra-group 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.

The following table details the main transactions carried out with related parties (thousands of euros):

	Receivables at 31.12.2013	Receivables at 31.12.2012	Payables at 31.12.2013	Payables at 31.12.2012
Parent companies:				
SO.FI.MA. S.P.A.	3,644	–	6,650	2,146
	3,644	–	6,650	2,146
Associates and joint venture:				
Amherst Stainless Fabrication LLC	434	493	322	105
B.C. S.r.l.	1,510	1,325	717	489
Bacciottini F.lli S.r.l.	564	583	2,064	2,539
Bolognesi S.r.l.	616	529	1,303	983
Brio Pharma Technologies Pvt. Ltd.	375	431	1,042	151
Carle & Montanari-OPM S.p.A.	3	–	403	347
CMFIMA S.r.l.	77	852	54	–
CMH S.r.l.	8,892	8,017	–	–
CMRE S.r.l.	4,441	2,525	–	–
Doo Officina-GAME East Vrsac	478	n.a.	–	n.a.
I.E.M.A. S.r.l.	741	597	6,888	5,004
LA.CO S.r.l.	743	969	1,645	1,324
Logimatic S.r.l.	5,104	1,325	10,976	5,564
Masterpiece S.r.l.	33	18	97	114
Plasticenter S.r.l.	937	n.a.	2,723	n.a.
Powertransmission.it S.r.l.	80	56	275	252
Scriba Nanotecnologie S.r.l.	515	594	66	61
SIL.MAC. S.r.l.	618	685	1,739	1,239
Stephan Belgium B.V.B.A.	n.a.	405	n.a.	3
Stephan UK Ltd.	n.a.	259	n.a.	–
Other associates	79	80	26	9
	26,240	19,743	30,340	18,184
Other related parties:				
Banca di Bologna	794	334	–	–
Datalogic Automation S.r.l.	15	–	185	79
Galliani & Sistemi S.p.A.	–	–	107	67
EPSOL S.r.l.	150	18	1,195	1,161
Mandarin Capital Management SA	557	1,148	–	–
Naturapack S.r.l.	93	–	–	–
Poggi & Associati	–	31	162	86
Schiavina S.r.l.	400	431	–	–
Verniciatura Dozzese S.r.l.	–	n.a.	253	n.a.
Other related parties	30	36	99	39
	2,039	1,998	2,001	1,432
Total	31,923	21,741	38,991	21,762

	Revenues 2013	Revenues 2012	Costs 2013	Costs 2012
Associates and joint venture:				
Amherst Stainless Fabrication LLC	32	–	2,967	2,125
B.C. S.r.l.	195	184	4,196	3,937
Bacciottini F.lli S.r.l.	157	172	4,359	5,105
Brio Pharma Technologies Pvt. Ltd.	4	38	873	120
Bolognesi S.r.l.	140	5	3,755	3,688
Carle & Montanari-OPM S.p.A.	6	–	107	–
CMFIMA S.r.l.	358	230	(2)	–
CMH S.r.l.	775	–	–	–
CMRE S.r.l.	–	–	109	–
I.E.M.A. S.r.l.	227	189	10,245	7,954
Ilapak International SA (*)	1,199	n.a.	–	n.a.
Ilapak Italia S.p.A. (*)	814	n.a.	–	n.a.
LA.CO S.r.l.	496	782	2,272	1,898
Logimatic S.r.l.	3,397	1,476	14,347	8,317
Masterpiece S.r.l.	31	18	429	545
Plasticenter S.r.l.	–	n.a.	2,305	n.a.
Powertransmission.it S.r.l.	24	22	742	804
Scriba Nanotecnologie S.r.l.	2	–	54	54
SIL.MAC. S.r.l.	254	156	3,271	1,782
Other Associates	81	137	84	16
	8,192	3,409	50,113	36,345
Other related parties:				
Datalogic Automation S.r.l.	–	–	440	238
Galliani & Sistemi S.p.A.	–	–	258	181
EPSOL S.r.l.	223	21	2,704	2,158
Italbe S.p.A.	–	–	197	237
Lopam S.r.l.	–	–	319	376
Mandarin Capital Management SA	–	–	600	1,000
Morosina S.p.A.	–	–	161	157
Naturapack S.r.l.	–	–	133	122
Nemo Investimenti S.r.l.	3	3	1,608	1,574
Poggi & Associati	–	–	540	1,086
Verniciatura Dozzese S.r.l.	–	n.a.	479	n.a.
Other related parties	19	15	131	106
	245	39	7,570	7,235
Total	8,437	3,448	57,683	43,580

(*) The amounts relate to the period February/July 2013

These transactions relate primarily to the Group's Italian companies.

Brief information about transactions with associates and joint ventures 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 Carle & Montanari – OPM S.p.A. and CMFIMA S.r.l. operate in the production and sale of automatic machines for the processing and packaging of chocolate;
- CMRE S.r.l. operates in the real estate sector;
- I.E.M.A. S.r.l. designs and produces equipment for automated machinery;
- LA.CO S.r.l. manufactures mechanical constructions and repairs machine tools;
- Logimatic S.r.l. operates in the marketing, distribution and testing of automatic machines;

- Masterpiece S.r.l. carries out engineering work;
- Plasticenter S.r.l. is active in the plastics industry;
- Powertransmission.it S.r.l. manufactures and sells engineering components, assemblies and complete plant;
- Scriba Nanotecnologie S.r.l. specializes in the study of hi-tech solutions against food adulteration and for tracking pharmaceuticals;
- SIL.MAC. S.r.l. operates in the field of mechanical engineering, specializing in the construction of machines for third parties.

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 Naturapack S.r.l. (formerly 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 31.12.2013	Of which related parties	% impact	Total at 31.12.2012	Of which related parties	% impact
Balance sheet:						
Tangible and intangible assets	219,107	508	0.2%	214,785	628	0.3%
Investments and financial assets	32,795	20,096	61.3%	27,901	14,954	53.6%
Other non-current assets	40,423	93	0.2%	36,434	–	–
NON-CURRENT ASSETS	292,325	20,697	7.1%	279,120	15,582	5.6%
Trade and other receivables	173,986	5,823	3.3%	155,352	3,922	2.5%
Financial assets	3,391	965	28.5%	3,725	1,903	51.1%
Cash and cash equivalents	80,055	794	1.0%	68,925	334	0.5%
Income tax receivables	6,350	3,644	57.4%	1,982	–	–
Other current assets	204,741	–	–	207,257	–	–
CURRENT ASSETS	468,523	11,226	2.4%	437,241	6,159	1.4%
ASSET HELD FOR SALE	10,132	–	–	–	–	–
TOTAL ASSETS	770,980	31,923	4.1%	716,361	21,741	3.0%
SHAREHOLDERS' EQUITY	132,692			158,457		
Borrowings	133,915	–	–	114,710	–	–
Other non-current liabilities	52,457	–	–	48,126	–	–
NON-CURRENT LIABILITIES	186,372	–	–	162,836	–	–
Borrowings	86,378	–	–	91,837	347	0.4%
Trade and other payables	332,690	32,341	9.7%	272,932	19,269	7.1%
Income tax liabilities	12,342	6,650	53.9%	13,254	2,146	16.2%
Other current liabilities	17,861	–	–	17,045	–	–
CURRENT LIABILITIES	449,271	38,991	8.7%	395,068	21,762	5.5%
LIABILITIES HEL FOR SALE	2,645	–	–	–	–	–
TOTAL LIABILITIES AND EQUITY	770,980	38,991	5.1%	716,361	21,762	3.0%

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.

The table below provides a summary of the income statement including transactions with related parties and the percentage impact (thousands of euros):

	Of which related parties		% impact	Of which related parties		% impact
	2013			2012		
Income statement:						
Revenues	760,927	6,308	0.8%	656,849	2,431	0.4%
Other income	11,808	386	3.3%	6,563	359	5.5%
Cost of raw materials and goods	(266,113)	(37,689)	14.2%	(220,517)	(28,662)	13.0%
Cost of services and leases	(174,537)	(19,578)	11.2%	(156,095)	(14,821)	9.5%
Other operating costs	(245,444)	(225)	0.1%	(214,866)	(22)	-
OPERATING PROFIT	86,641			71,934		
Net financial income	5,939	103	1.7%	6,290	-	-
Net financial expense	(15,050)	(2)	-	(14,703)	(7)	-
FINANCIAL INCOME AND EXPENSE	(9,111)			(8,413)		
PROFIT (LOSS) FROM INVESTMENTS						
ACCOUNTED FOR USING EQUITY METHOD	1,451	1,451	100.0%	590	590	100.0%
Tax	(30,097)	-	-	(19,592)	-	-
PROFIT FROM CONTINUING OPERATIONS	48,884			44,519		
PROFIT FROM DISCONTINUED OPERATIONS	5,912			4,917		
NET PROFIT FOR THE YEAR	54,796			49,436		

Note that during 2013 there were no "more relevant transactions", as defined in the Consob regulation, no individual related-party transactions that could have had a significant influence over the companies' balance sheet or results and no changes or developments in related-party transactions explained in the last annual report that could have had a significant influence over the companies' balance sheet or results.

Remuneration of Directors, Statutory Auditors and Managers with Strategic Responsibilities

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: (thousands of euros):

	2013	2012
Directors (*)	5,438	4,603
Statutory Auditors	148	148
Total	5,586	4,751

(*) 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
4,038	103	4,087	8,228

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.

35. SIGNIFICANT NON-RECURRING TRANSACTIONS AND EVENTS

In 2013, Services, rentals and leases include ancillary charges incurred in relation to the business combinations totaling 1,287 thousand euros, essentially in relation to the acquisition of the Ilapak Group.

**36. ATYPICAL AND/OR UNUSUAL
TRANSACTIONS**

No significant atypical and/or unusual transactions or positions are reported.

**37. SIGNIFICANT EVENTS
AFTER THE CLOSE
OF THE PERIOD**

The following main events have taken place subsequent to year end:

- In February 2014, IMA S.p.A. signed a preliminary contract (subject to the condition precedent of obtaining the necessary antitrust clearances) with the shareholder of Transworld Packaging Holding BV ("TWP"), the holding company of the Ilapak Group, for the purchase of an additional 30% stake in the share capital of TWP, bringing IMA's investment in the Ilapak Group to 81%. The proposed transaction involves a total financial contribution on the part of IMA of 22.75 million euros, to be paid in a lump sum at the time of the closing. Under a separate option agreement, IMA also has the right to acquire the other 19% of TWP's share capital in 2017 or 2018;
- In February 2014, IMA S.p.A. obtained 29 million euros of funding from the European Investment Bank (EIB) to support its 2013-2016 R&D programme, which envisages using total resources of more than 60 million euros. The loan has a maximum duration of 6 years and is 50% guaranteed by SACE. Its purpose is to fund the R&D activities carried by the Group in Italy, both in the Pharmaceuticals sector and in the Tea, Food & Other sector.

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

Companies consolidated line-by-line	Registered office		Share capital	Direct investment	Indirect investment
Industrial and service companies:					
- I.M.A. Industria Macchine Automatiche S.p.A.	Ozzano dell'Emilia	Bologna - Italy	EUR 19,150,560	Parent company	-
- CO.MA.DI.S. S.p.A.	Senago	Milan - Italy	EUR 1,540,000	100%	-
- Corazza S.p.A.	Bologna	Bologna - Italy	EUR 15,675,000	-	100% (1)
- GIMA S.p.A.	Zola Predosa	Bologna - Italy	EUR 1,000,000	-	65% (1)
- GIMA TT S.r.l.	Ozzano dell'Emilia	Bologna - Italy	EUR 100,000	-	58.5% (2)
- Fillshape S.r.l.	Zola Predosa	Bologna - Italy	EUR 100,000	-	39% (2)
- Ilapak Italia S.p.A.	Foiano della Chiana	Arezzo - Italy	EUR 4,074,000	-	51% (3)
- IMA Industries S.r.l.	Ozzano dell'Emilia	Bologna - Italy	EUR 4,000,000	100%	-
- Pharmasienna Service S.r.l.	Siena	Siena - Italy	EUR 100,000	70% (4)	-
- Revisioni Industriali S.r.l.	Ozzano dell'Emilia	Bologna - Italy	EUR 100,000	-	100% (5)
- Delta Systems & Automation Inc.	Rogers	USA	USD 1,000	-	51% (6)
- Ilapak International SA	Collina d'Oro Lugano	Switzerland	CHF 4,000,000	-	51% (7)
- Ilapak (Langfang) Packaging Machinery Co. Ltd.	Langfang	PRC	USD 3,000,000	-	51% (8)
- IMA Life The Netherlands B.V.	Dongen	The Netherlands	EUR 22,382,654 (*)	100%	-
- IMA Life North America Inc.	Tonawanda	USA	USD 100	-	100% (9)
- IMA Life (Beijing) Pharmaceutical Systems Co. Ltd.	Beijing	PRC	USD 400,000	100%	-
- IMA North America Inc.	Leominster	USA	USD 8,052,500	-	100% (9)
- IMA-PG India Pvt. Ltd.	Mumbai	India	INR 17,852,100 (*)	100%	-
- Shanghai Tianyan Pharmaceutical Co. Ltd.	Shanghai	PRC	RMB 5,250,000	-	60% (10)
- Swiftpack Automation Ltd.	Alcester	UK	GBP 1,403,895	100%	-
- Tianjin IMA Machinery Co. Ltd.	Tianjin	PRC	USD 200,000	100%	-
- Zibo IMA Xinhua Pharmatech Co. Ltd.	Zibo	PRC	USD 6,419,868	80%	-
Commercial companies:					
- Ilapak.AT Services GmbH	Vienna	Austria	EUR 17,500 (*)	-	51% (3)
- Ilapak do Brasil Maquinas de embalagem Ltda.	Sao Paulo	Brazil	BRL 2,050,239	-	51% (7)
- Ilapak France SA	Lognes Paris	France	EUR 105,130	-	51% (3)
- Ilapak Inc.	Newtown	USA	USD 12,500	-	51% (3)
- Ilapak Israel Ltd.	Caesarea	Israel	ILS 1	-	51% (3)
- Ilapak Ltd.	Hayes London	UK	GBP 795,536	-	51% (3)
- Ilapak SNG OOO	Moscow	Russia	RUB 1,785,700	-	51% (3)
- Ilapak Sp. Z o.o.	Krakow	Poland	PLN 390,000	-	51% (7)
- Ilapak Verpackungsmaschinen GmbH	Haan	Germany	EUR 102,500	-	51% (3)
- 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 GmbH	Großostheim	Germany	EUR 100,000	-	100% (1)
- IMA Industries Inc.	Mundelein	USA	USD 1,856,106	-	100% (5)
- IMA Industries India Pvt. Ltd.	Mumbai	India	INR 5,000,100 (*)	-	99.99% (1)
- IMA Industries North America Inc.	Leominster	USA	USD 100,000	-	100% (1)
- IMA Life Italia S.r.l.	Trezzano Naviglio	Milan - Italy	EUR 80,000	-	100% (11)
- IMA Life Japan KK	Tokyo	Japan	YEN 40,000,000	-	100% (11)
- IMA Pacific Co. Ltd.	Bangkok	Thailand	THB 132,720,000	99.99%	-
- IMA Packaging & Processing Co. Ltd.	Beijing	PRC	USD 2,350,000	100%	-
- IMA UK Ltd.	Alcester	UK	GBP 50,000	100%	-
- Imautomatiche Do Brasil Ltda.	Sao Paulo	Brazil	BRL 6,651,550	99.98%	-
- OOO IMA Industries	Moscow	Russia	RUB 12,000,000	-	100% (5)
Financial companies:					
- Packaging Systems Holdings Inc.	Wilmington	USA	USD 1,000	100%	-
- Transworld Packaging Holding B.V.	Amsterdam	The Netherlands	EUR 3,241,661	51%	-
Other companies:					
- Dreamer S.r.l.	Bologna	Bologna - Italy	EUR 100,000	-	58.5% (2)
- II Canada Ltd. (in liquidation)	Mississauga Toronto	Canada	CAD -	-	100% (12)
- Ilapak China Ltd.	Hong Kong	PRC	USD 13	-	51% (3)
- Ilapak Management Service SA	Collina d'Oro Lugano	Switzerland	CHF 100,000	-	51% (3)
- Packaging Manufacturing Industry S.r.l.	Castenaso	Bologna - Italy	EUR 110,000	100%	-

(*) The nominal share capital of IMA-PG India Pvt Ltd., IMA Industries India Ltd., IMA Life The Netherlands B.V. and Ilapak.AT Services GmbH amounts to Inr 20,000,000, Inr 10,000,000, Eur 45,400,000 and Eur 35,000 respectively.

Notes:

- (1) Held by IMA Industries S.r.l.
- (2) Held by GIMA S.p.A.: GIMA TT S.r.l. and Dreamer S.r.l. at 90%, Fillshape S.r.l. at 60%
- (3) Held by Ilapak International SA at 100% except Ilapak France SA held at 99.99%
- (4) The percentage interest held in Pharmasienna Service S.r.l. includes an option to purchase 19% of the quota capital.
- (5) Held by Corazza S.p.A.
- (6) Held by Ilapak Inc. at 100%
- (7) Held by Transworld Packaging Holding B.V. at 100%
- (8) Held by Ilapak China Ltd. at 100%
- (9) Held by Packaging Systems Holdings Inc.
- (10) Held by IMA Life (Beijing) Ph. Systems Co. Ltd.
- (11) Held by IMA Life The Netherlands B.V.
- (12) Held by IMA Industries Inc.

Investments accounted for using the equity method	Registered office			Share capital	Direct investment
Industrial and service companies:					
- Amherst Stainless Fabrication LLC	Amherst NY	USA	USD	1,100,000	20% (1)
- B.C.S.r.l.	Imola	Bologna - Italy	EUR	36,400	30%
- Bacciottini F.lli S.r.l.	Oste Montemurlo	Prato - Italy	EUR	60,000	30% (2)
- Bognesi S.r.l.	Dozza	Bologna - Italy	EUR	10,920	30% (2)
- Brio Pharma Technologies Pvt. Ltd.	Mumbai	India	INR	1,000,000	30%
- CMH S.r.l.	Bologna	Bologna - Italy	EUR	2,500,000	50%
- CMRE S.r.l.	Bologna	Bologna - Italy	EUR	50,000	50%
- Consorzio L.I.A.M.	Vignola	Modena - Italy	EUR	20,000 (3)	25%
- Consorzio Servizi	Bologna	Bologna - Italy	EUR	50,000 (3)	50%
- Doo Officina-Game East Vrsac	Vrsac	Serbia	RSD	105,842,643	30.7% (2)
- FID S.r.l. Impresa Sociale	Bologna	Bologna - Italy	EUR	20,000	30%
- I.E.M.A. S.r.l.	S.Giorgio di Piano	Bologna - Italy	EUR	100,000	30% (2)
- LA.CO S.r.l.	Ozzano dell'Emilia	Bologna - Italy	EUR	30,000	30% (2)
- Logimatic S.r.l.	Ozzano dell'Emilia	Bologna - Italy	EUR	100,000	32% (2)
- Masterpiece S.r.l.	Ozzano dell'Emilia	Bologna - Italy	EUR	10,000	30% (2)
- Plasticenter S.r.l.	Granarolo dell'Emilia	Bologna - Italy	EUR	50,960	20% (2)
- Powertransmission.it S.r.l.	Castenaso	Bologna - Italy	EUR	50,000	20% (2)
- Scriba Nanotecnologie S.r.l.	Bologna	Bologna - Italy	EUR	25,556	24.9%
- SIL.MAC. S.r.l.	Gaggio Montano	Bologna - Italy	EUR	90,000	30% (2)
- Sirio S.p.A. Associazione in partecipazione (4)	Milan	Milan - Italy			

Notes:

(1) Held by IMA Life North America Inc.

(2) Held by Packaging Manufacturing Industry S.r.l.

(3) Shares in the consortium fund

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

I) DISCLOSURE REQUIRED UNDER ARTICLE 149-DUODECIIES 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 2013 (thousands of euros):.

Type of service	Service rendered by	To	Fees
Audit	Reconta Ernst & Young S.p.A.	Parent Company IMA S.p.A.	358
	Reconta Ernst & Young S.p.A.	Subsidiary companies	320
	Ernst & Young network	Subsidiary companies	25
Other services rendered in connection with the review	Ernst & Young network	Subsidiary companies	110
Total			813

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 2013.

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), 14 March 2014

Managing Director
Alberto Vacchi

Manager responsible for preparing financial reports
Sergio Marzo

REPORT OF THE INDEPENDENT AUDITORS
AT 31 DECEMBER 2013

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



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Independent auditors' report
pursuant to art. 14 and 16 of Legislative Decree n. 39 dated 27 January 2010
(Translation from the original Italian text)

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

1. We have audited the consolidated financial statements of I.M.A. Industria Macchine Automatiche S.p.A. ("I.M.A. S.p.A.") and its subsidiaries (the "I.M.A. Group") as of 31 December 2013 and for the year then ended, comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated equity, the consolidated statement of cash flows and the related notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of I.M.A. S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by Directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference should be made to the report issued by another auditor dated 29 March 2013. As described in the notes, Directors have restated certain comparative data related to the prior year with respect to the data previously presented. We have examined the method used to restate the comparative financial data and the information presented in the notes in this respect, for the purpose of expressing our opinion on the consolidated financial statements as of 31 December 2013 and for the year then ended.

3. In our opinion, the consolidated financial statements of the I.M.A. Group at 31 December 2013 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the I.M.A. Group for the year then ended.

Reconta Ernst & Young S.p.A.
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4. The Directors of I.M.A. S.p.A. are responsible for the preparation, in accordance with the applicable laws and regulations, of the Report on Operations and the Report on Corporate Governance and the Company's Ownership Structure published in the section "*Investor Relations*" of I.M.A. S.p.A.'s website. Our responsibility is to express an opinion on the consistency with the financial statements of the Report on Operations and of the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the Report on Corporate Governance and the Company's Ownership Structure, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) in the Report on Corporate Governance and the Company's Ownership Structure, are consistent with the consolidated financial statements of the I.M.A. Group at 31 December 2013.

Bologna, 31 March 2014

Reconta Ernst & Young S.p.A.
Alberto Rosa

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