

ANNUAL FINANCIAL REPORT

AT 31 DECEMBER 2012



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NOTICE OF CALL

Published on the Company's website www.ima.it (investor relations section) on 14 March 2013 and in MF Milano Finanza on 15 March 2013 to convene the Ordinary and Extraordinary Shareholders' Meeting on 24 April 2013 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

Extraordinary part

1. Proposal to update the Articles of Association and amend Articles 7, 10, 24 and 28; related and consequent resolutions.

Ordinary part

2. Approval of the financial statements for the year ended 31 December 2012; related and consequent resolutions.
3. Proposed purchase, sale and/or disposal of treasury shares; related and consequent resolutions.
4. Remuneration report: resolution pursuant to Art. 123 *ter*, para. 6 of Legislative Decree 58/98.
5. Appointment of the Board of Statutory Auditors and its Chairman; fixing appropriate remuneration.
6. Appointment of the independent auditors for the period 2013-2021; determination of their compensation.

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 15 April 2013 ("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 22 April 2013, 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.

Appointment of the Board of Statutory Auditors and its Chairman

The Board of Statutory Auditors will be appointed on the basis of lists submitted by the shareholders. The rules and procedures applying to the lists of candidates and the necessary accompanying documentation are specified in Art. 23 of the Articles of Association.

Each list must contain the name of the person presenting it and must consist of two sections, one for the appointment of the Standing Auditors and the other for the appointment of the Alternate Auditors, and must contain a number of candidates that does not exceed the number of Auditors to be elected, listed in numerical sequence; the first two candidates in both sections of the lists must be of different gender.

The lists of candidates, accompanied by the professional curriculums of each nominated person, as well as declarations from each candidate accepting their nomination and declaring, under their own responsibility, that there are no reasons for incompatibility or ineligibility and that they satisfy the requirements specified by law and in the Articles of Association, must be signed by the shareholders submitting them and must be filed at the company's registered office by 30 March 2013, that is, 25 days prior to the date of the Shareholders' Meeting.

The right to present lists of candidates is reserved to those shareholders that alone or together with others represent at least 2.5% of the share capital, as set out in the Company's Articles of Association and Consob resolution 18452 of 30 January 2013.

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

The certification of intermediaries proving ownership of the shares at the date on which the list was filed should reach the Company no later than 3 April 2013, i.e. not less than twenty-one days before the date set for the meeting.

In the event that, by the aforementioned date of 30 March 2013, only one list has been filed, or only lists submitted by shareholders that are related have been filed, notice will be given pursuant to legislation in force. In this case other lists may be presented up to 2 April 2013, that is, until the third day from that date. In such a case the aforementioned minimum percentage is reduced to 1.25% of the share capital. If no lists are submitted, the Shareholders' Meeting will appoint the Board of Statutory Auditors and its Chairman by majority vote to ensure the composition of the Board complies with the law and the Articles of Association.

Each Shareholder acting directly, or via an intermediary or a trust company, may contribute to the presentation of only one list. In the event of non-compliance, the support given by such shareholder to any list will be ignored. Each candidate may only be present on one list or, otherwise, will be ineligible for election. Lists presented without complying with the above requirements will be treated as though not presented.

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 2012, 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 2012

(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 2012)

STANDING AUDITORS

Piero Aicardi - Chairman

Giacomo Giovanardi

Riccardo Pinza

ALTERNATE AUDITORS

Vittorio Coraducci

Federico Ferracini

Fabio Porcellini

COMMITTEE (*)

Marco Galliani - Independent Director - Chairman

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

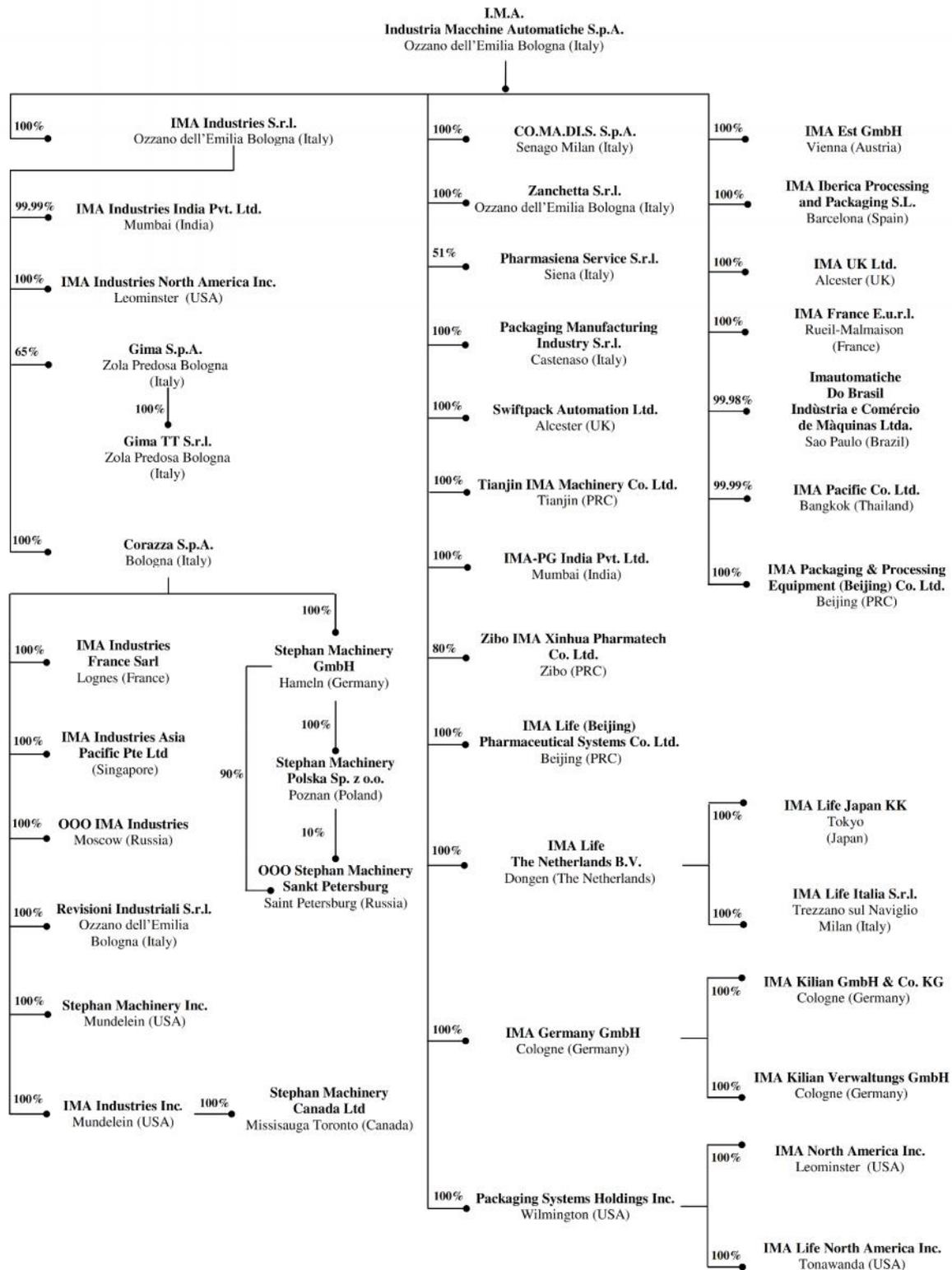
Paolo Frugoni

INDEPENDENT AUDITORS

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

PricewaterhouseCoopers S.p.A.

GROUP STRUCTURE



GROUP PERFORMANCE

THE ECONOMIC SCENARIO

Shareholders,

the year 2012 was characterised by a slowdown in the rate of growth of world GDP even though there are various signs of stabilisation in emerging markets and mature economies. Progress made with fiscal policy in the US and that related to an institutional context in Europe have eased tensions in international markets, but it is premature to say that there has been a return to normality. Economic policy has helped to support cyclical recovery. The US and Japan have increased the stimulus of monetary policy and recently other countries have reduced reference rates in the money market. Many emerging countries are implementing measures of expansionary fiscal policy and Japan has announced a plan to support domestic demand.

In general, therefore, there are signs of weak cyclical recovery in a non-linear manner and at a different pace in different countries, always sustained by economic policy that gradually attempts to redress the imbalances caused by the great recession.

In China, the economic downturn appears to have bottomed out, with growth of 7.8% in 2012 and a slight acceleration to 8.1% expected for 2013, which will favour similar acceleration in other emerging countries that will offset the slowdown in developed countries.

In the United States the fiscal cliff was temporarily avoided and recent developments highlight the willingness of the Republican Party to accept the temporary rise in the public debt ceiling allowing for greater margin in negotiations on the reduction of public spending.

The expectation is that it will be difficult to return to a more homogeneous situation in the major economies in the current year. In Brazil, monetary expansion, fiscal stimulus and investments related to future international sporting events will allow the economy to undertake a recovery phase. However, the weakness of the world economic cycle will continue to constrain the strength of the recovery that will only start to grow substantially in 2014.

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

This result is also reflected in the volumes and margins that we have achieved, as well as the strong trend in orders, which allow us to foresee for 2013 a year of further growth in both revenues and margins.

The past year was characterised, for our Group, by the completion of the integration process of the Corazza Group, acquired in early 2011, which led to a greater presence in the non-pharmaceutical niche, which will ensure, in addition to production synergies, the mitigation of any downturn in the pharmaceutical market or in the food sector.

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 of non-current assets.

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, income taxes and net profit for the year.

The Group closed 2012 with net profit of 47.70 million euros, compared with 28.22 million euros in 2011. The following table sets out the most significant figures from the Group's 2012 reclassified income statement, with comparative figures for 2011:

in millions of euros	2012		2011		Change %
	Amount	%	Amount RESTATED	%	
Revenues	734.31		669.21		9.7
Cost of sales	(429.93)	58.5	(398.50)	59.5	
Gross industrial income	304.38	41.5	270.71	40.5	12.4
R&D costs	(33.69)		(29.07)		
Sales costs	(88.93)		(80.12)		
General and administrative costs	(99.37)		(86.95)		
Operating profit before writedowns/impairment/ non-recurring items (EBITA)	82.39	11.2	74.57	11.1	10.5
Writedowns/Impairment adjustments	(1.78)		(0.43)		
Non-recurring items	-		(6.26)		
Operating profit (EBIT)	80.61	11.0	67.88	10.1	18.8
Net financial income (expense)	(9.71)		(12.01)		
Profit (loss) from investments accounted for using the equity method	0.61		0.38		
Profit before tax	71.51	9.7	56.25	8.4	27.1
Income tax for the year	(20.91)		(24.19)		
Prior year taxes	(1.17)		(2.70)		
Net profit for the year	49.43	6.7	29.36	4.4	68.4
Profit (loss) pertaining to minority interests	(1.73)		(1.14)		
Group profit	47.70	6.5	28.22	4.2	69.0
Gross operating profit (EBITDA) before non-recurring items	101.42	13.8	93.01	13.9	9.0
Gross operating profit (EBITDA)	101.42	13.8	86.75	13.0	16.9
Order book	404.90		378.12		7.1

Starting from the 2012 annual report, the IMA Group has opted for early and retrospective adoption of the revised version of IAS 19 - Employee Benefits, which is compulsory for financial statements for periods starting on or after 1 January 2013 and, thus, the comparative figures for 2011 have been restated accordingly. The effects are as follows:

in millions of euros	2012	2011
Impact on operating profit (EBIT)	4.21	1.38
Impact on profit before tax	3.18	0.31
Impact on net profit for the year	2.28	0.23

REVENUES BY SECTOR

in millions of euros	2012		2011		Change %
	Amount	%	Amount	%	
Tea, Food & Other	280.14	38.2	259.81	38.8	7.8
Pharmaceutical	454.17	61.8	409.40	61.2	10.9
Total	734.31	100.0	669.21	100.0	9.7

Consolidated revenues in 2012 amounted to 734.31 million euros, an increase of 9.7% on the same period last year.

The performance of revenues by segment is discussed in detail in the section entitled "Analysis of segment performance". However, in this regard the Tea, Food & Other sector recorded an increase in revenues of 7.8%, whereas the Pharma sector grew by 10.9%, 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	2012		2011		Change %
	Amount	%	Amount	%	
Tea, Food & Other	140.88	34.8	131.23	34.7	7.4
Pharmaceutical	264.02	65.2	246.89	65.3	6.9
Total	404.90	100.0	378.12	100.0	7.1

REVENUES BY GEOGRAPHICAL AREA

in millions of euros	2012		2011		Change %
	Amount	%	Amount	%	
European Union (excluding Italy)	246.84	33.6	246.09	36.8	0.3
Other European countries	76.35	10.4	41.34	6.2	84.7
North America	95.99	13.1	96.35	14.4	(0.4)
Asia & Middle East	166.31	22.6	155.57	23.2	6.9
Other countries	95.88	13.1	71.61	10.7	33.9
Total foreign markets	681.37	92.8	610.96	91.3	11.5
Italy	52.94	7.2	58.25	8.7	(9.1)
Total	734.31	100.0	669.21	100.0	9.7

Some 92.8% of revenues were generated outside of Italy, maintaining more or less unchanged the mix of foreign sales, showing a rise in non-EU countries and in Asia & Middle East. 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 the EU, excluding Italy, are unchanged, showing the good performances of countries such as Germany, the Netherlands and Sweden;

- sales in other European countries record a strong increase compared with the previous year, especially in Russia and Switzerland;
- North America confirms the figures achieved in the previous year and the good positioning of IMA in a context substantially devoid of any significant local competition;
- in Asia and the Middle East, there was a good overall increase of 10.74 million euros representing more than 22% of the Group's sales and confirming the trend already seen in the past with the booming Chinese market. The progress being made in local economies is generating an improvement in production standards closer to those of the West and as a consequence a demand for machinery more in line with what we can offer. We are able to respond to such requests very rapidly, strengthening our production capacity, especially in China and India;
- sales in other countries reflect a variety of trends with strong growth in Central and South America, especially in Brazil;
- the slight decrease in Italy is attributable to the lower 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 41.5% of revenues, compared with 40.5% in 2011, thanks mainly to higher sales volumes

R&D COSTS

Research and development costs amount to 33.69 million euros, with a slight rise compared with 2011 (29.07 million euros), representing 4.6% 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 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. The costs incurred on such projects during the course of the year were capitalised as they comply with the requirements for intangible assets. They amounted to around 2.0 million euros (3.5 million euros in 2011). Amortization begins from the moment the products become available for sale.

SALES COSTS

Sales costs inclusive of commissions paid to sales agents and intermediaries, amounted to 88.93 million euros, up 8.81 million euros with respect to 2011. They remain substantially balanced as a percentage of sales at 12.1% compared with 12.0% in 2011, despite the increase in commissions paid to commercial intermediaries of 1.6 million euros (from 12.9 million euros to 14.5 million euros).

**GENERAL AND
ADMINISTRATIVE COSTS**

General and administrative costs increased by 12.42 million euros, from 86.95 million euros in 2011 to 99.37 million euros in 2012. The increase is linked to the rise in unit labour costs and higher general costs.

OPERATING PROFIT

Consolidated EBITA comes to 82.39 million euros, which is 11.2% of sales, more than the previous year when it came to 11.1% of sales, because of the matters explained earlier.

Operating profit has been affected by the 1.78 million euro writedown related for 1.50 million euros to the impairment of the goodwill of the granulators business and for the residual amount to the intangible assets of Corazza S.p.A.

NET FINANCIAL INCOME (EXPENSE)

Net financial expense, detailed in the notes to the financial statements, was 9.71 million euros compared with 12.01 million euros in 2011.

NET PROFIT

The Group's net profit was 47.70 million euros, compared with 28.22 million euros in the prior year, after an income tax charge of 22.08 million euros (26.89 million euros in 2011).

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

The decrease in taxation for the period as a proportion of income before taxes was affected by the recognition of the release of equity investments by IMA S.p.A. The effect of the release amounted to 5.66 million euros, as a result of the recognition of a deferred tax asset of 11.53 million euros and substitute tax of 5.87 million euros.

PROFITABILITY RATIOS

The principal profitability parameters relating to 2012 and 2011 are shown below:

Ratio	Breakdown	2012	2011
Return on sales (R.O.S.)	Operating profit	11.0%	10.1%
	Net revenues		
Return on investment (R.O.I.)	Operating profit	27.8%	22.2%
	Net capital employed		
Return on equity (R.O.E.)	Net income	31.2%	19.5%
	Equity		

The change in the profitability ratios between 2012 and 2011 is a result of the changes in operating profit and net profit mentioned above.

**CONSOLIDATED BALANCE SHEET
AND FINANCIAL POSITION**

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

Other payables, net, mainly 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 2012:

in millions of euros	31.12.2012		31.12.2011		Change %
	Amount	%	Amount	%	
Trade receivables	129.23	44.6	145.68	47.5	(11.3)
Inventories	206.36	71.2	201.80	65.9	2.3
Trade payables	(212.86)	(73.4)	(209.85)	(68.5)	1.4
Other, net	(63.37)	(21.9)	(54.98)	(17.9)	15.3
Working capital	59.36	20.5	82.65	27.0	(28.2)
Property, plant and equipment	32.25	11.1	31.11	10.2	3.7
Intangible assets	182.54	63.0	189.56	61.9	(3.7)
Investments	25.47	8.8	23.40	7.6	8.8
Non-current assets	240.26	82.9	244.07	79.6	(1.6)
Provision for severance indemnities and other provisions	(9.69)	(3.4)	(20.30)	(6.6)	(52.3)
Net capital employed	289.93	100.0	306.42	100.0	(5.4)
FINANCED BY:					
Net debt	131.47	45.3	157.50	51.4	(16.5)
Minority interests	5.54	2.0	3.86	1.3	43.5
Group equity	152.92	52.7	145.06	47.3	5.4
Total sources of financing	289.93	100.0	306.42	100.0	(5.4)

WORKING CAPITAL

Working capital at 31 December 2012 amounted to 59.36 million euros. It has fallen by 23.29 million euros compared with the same date in 2011.

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

In particular, there was a slight increase in stocks due to the high order backlog, offset by the increase in trade payables, especially advances from customers. The increase in trade payables is due to higher purchases from suppliers because of the rise in the order book.

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

The changes in the main balances are discussed below:

- trade receivables decreased by 16.45 million euros, from 145.68 million euros at 31 December 2011, to 129.23 million euros at the end of 2012, despite the increase in volume;
- inventories rose by 4.56 million euros to 206.36 million euros (201.80 million euros in 2011) due to the higher level of the order book at the end of 2011. The Group is continuing its efforts to improve inventory levels through innovation in production scheduling processes and by improving management of the supply chain to reduce lead times;
- trade payables, which include advances from customers, increased by 3.01 million euros, of which, as mentioned previously, 16.33 million euros relate to advances from customers because of the growth in the order book which required a higher volume of purchases;
- the "Other, net" item amounted to 63.37 million euros (54.98 million euros in 2011).

NON-CURRENT ASSETS

In total, non-current assets decreased by 3.81 million euros since 31 December 2011, principally due to the amortization of intangible assets.

In the note below are listed the changes related to 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	9.02	6.70	15.72
Net book value of disposals	(0.38)	(0.04)	(0.42)
Amortization and depreciation charges for the year	(7.23)	(11.80)	(19.03)
Writedowns/Impairment adjustments	–	(1.78)	(1.78)
Exchange rate difference	(0.27)	(0.10)	(0.37)
Total	1.14	(7.02)	(5.88)

NET CAPITAL EMPLOYED

Compared with 31 December 2011, capital employed net of operating liabilities decreased by 16.49 million euros to 289.93 million euros, as a result of the matters explained above.

NET DEBT

Net debt at 31 December 2012 amounted to 131.47 million euros and breaks down as follows:

	31.12.2012	31.12.2011
A. Cash and cash equivalents	(68.93)	(77.95)
B. Other cash equivalents	(1.40)	(0.90)
C. Investments in securities	(1.57)	(1.59)
D. Liquidity (A)+(B)+(C)	(71.90)	(80.44)
E. Current financial receivables	(0.75)	(0.75)
F. Current payables to banks	49.66	65.48
G. Current portion of non-current bank payables	40.79	49.71
H. Other current financial payables	1.39	3.33
I. Current financial debt (F)+(G)+(H)	91.84	118.52
J. Net current financial debt (D)+(E)+(I)	19.19	37.33
K. Non-current portion of non-current bank payables	114.68	122.25
L. Non-current financial assets	(2.43)	(2.48)
M. Other non-current financial payables	0.03	0.40
N. Non-current financial debt (K)+(L)+(M)	112.28	120.17
O. Net financial debt (J)+(N)	131.47	157.50

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 and the CESR Recommendation 05-054/B of 10 February 2005.

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

Compared with 31 December 2012, the decrease in net debt is related to the strong cash flow generated by the Group, particularly from working capital management, which contributed to the decrease, net of the payment of dividends of 36.77 million euros.

GROUP EQUITY

Equity at 31 December 2012 amounted to 152.92 million euros, up 7.86 million euros from 31 December 2011, due to the net effect of the following movements:

Dividends paid during the year	(36.77)
Purchase and sale of treasury shares	(0.41)
Measurement of financial instruments recognised in equity	0.77
Measurement of defined benefit plans	(2.24)
Exchange rate differences on the translation of foreign currency financial statements	(1.19)
Net profit	47.70
Total	7.86

**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 2012 (millions of euros):

	Shareholders' equity	Group profit
Results from the financial statements of I.M.A. Industria Macchine Automatiche S.p.A	130.78	52.00
<i>Consolidation adjustments</i>		
a) Elimination of book value of consolidated investments and measurement of investments using the equity method	28.05	18.17
b) Elimination of dividends distributed by Group companies	–	(23.56)
c) Elimination of intercompany items:		
· Intangible assets	–	–
· Inventories	(3.91)	0.24
· Margins and fees for contract work	–	–
d) Writedowns/Impairment	(3.96)	–
e) Tax effect of consolidation adjustments and other tax effects	1.96	0.85
Net effect of consolidation adjustments	22.14	(4.30)
Amounts pertaining to the Group	152.92	47.70

**ANALYSIS OF
PERFORMANCE BY SECTOR**

The following table analyses consolidated performance by business segment in 2012:

in millions of euros	Tea, Food & Other	Pharma- ceutical	Not allocated	Total
Revenues	280.14	454.17	–	734.31
Operating profit before writedowns impairment/non-recurring items (EBITA)	40.20	42.19	–	82.39
Operating profit (EBIT)	39.93	40.68	–	80.61
Net capital employed (*)	105.03	165.85	19.05	289.93
R&D costs	13.57	20.12	–	33.69
Average personnel (**)	1,081	2,464	–	3,545
Order book	140.88	264.02	–	404.90

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

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

Net capital employed includes 121.37 million euros of goodwill, attributed to the Tea, Food & Other Sector for 48.20 million euros and to the Pharma Sector for 73.17 million euros.

TEA, FOOD & OTHER

in millions of euros	2012	2011	Change %
Revenues	280.14	259.81	7.8
Operating profit before writedowns/impairment/ non-recurring items (EBITA)	40.20	39.18	2.6
Operating profit (EBIT)	39.93	36.86	8.3
Net capital employed (*)	105.03	105.27	(0.2)
R&D costs	13.57	10.62	27.8
Average personnel	1,081	982	
Order book	140.88	131.23	7.4

(*) Net capital employed includes goodwill of 48.20 million euros (48.20 million euros at 31 December 2011).

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 increased by 7.8% over the previous year, thanks to the revenues from GIMA S.p.A. and from the Corazza Group, and generally confirming the strong leadership position held by the Group in these niche markets. Operating profit came to 39.93 million euros (14.3% of revenues) from 36.86 million euros in 2011 (14.2% of revenues). The order book rose by 7.4% (up to 140.88 million euros compared with 131.23 million euros in 2011), providing good visibility for the coming year.

Net invested capital remains unchanged from the previous year.

PHARMACEUTICAL

in millions of euros	2012	2011	Change %
Revenues	454.17	409.40	10.9
Operating profit before writedowns/impairment/ non-recurring items (EBITA)	42.19	35.39	19.2
Operating profit (EBIT)	40.68	31.02	31.1
Net capital employed (*)	165.85	189.43	(12.4)
R&D costs	20.12	18.45	9.1
Average personnel	2,464	2,487	
Order book	264.02	246.89	6.9

(*) Net capital employed includes goodwill of 73.17 million euros (74.75 million euros at 31 December 2011).

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), 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, as well as the activities of IMA Kilian & Co. KG, located in Cologne (Germany), Zibo IMA Xinhua Pharmatech Co. Ltd. (China) and Zanchetta S.r.l., based in the province of Lucca. 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 10.9% (+44.77 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 40.68 million euros (compared with 31.02 million euros in 2011) 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 165.85 million euros (189.43 million euros in 2011). The difference came mainly from the reduction in working capital due to structural control of net working capital.

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

INVESTMENT

Group capital expenditure on property, plant and equipment in 2012 amounted to 9.02 million euros (8.62 million euros in 2011) and mainly related to the extension and upgrading of buildings and plant, together with the purchase of machinery, equipment and electronic machines.

Capital expenditure on intangible assets amounted to 6.70 million euros (6.70 million euros in 2011) and related mainly to the capitalisation of applications, administrative and technical software, and of development costs incurred on totally new products for market segments not previously occupied.

Depreciation and amortization for the period was 19.03 million euros, compared with 18.44 million euros the previous year.

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 2012, the average number of Group employees came to 3,545, compared with 3,469 in 2011. The geographical breakdown of the workforce is as follows:

	2012	2011	Change
Italy	1,957	1,907	50
India	397	397	-
China	353	358	(5)
Germany	320	305	15
USA	264	259	5
UK	68	68	-
Eastern Europe	55	44	11
France	48	46	2
Netherlands	27	30	(3)
Spain	17	17	-
Brazil	17	15	2
Thailand and Singapore	13	12	1
Japan	9	9	-
Portugal	-	2	(2)
Total	3,545	3,469	76

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 21.0% of employees work in the commercial area, including pre-sales and after-sales, 20.3% in our R&D laboratories, 14.7% in central functions (Administration, IT, Procurement, Quality, Human Resources, etc.) and 44.0% 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 218.05 million euros, compared with 202.46 million euros in the prior year, absorbing 29.7% 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 5.2%, 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 2012 we further increased our commitment and investment in staff training and information, which is considered the fulcrum of the safety management system currently in use. Above all, we can confirm that a culture of safety has to be pursued by involving all those who are in charge of the various production structures.

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

The Company pays great attention to the assessment of all sources of risk for the health of employees. This includes periodic analyses and measurements of the working environment, which have been found to comply in full with current standards; similar care is dedicated to determining how to handle any emergency situations that 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 32 to the consolidated financial statements.

PERFORMANCE OF IMA S.P.A.

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

INCOME STATEMENT

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

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

The Parent Company's reclassified income statement for 2012, along with comparatives for 2011, is set out as follows and reflects the merger by absorption of IMA Life S.r.l. and the contribution of the BFB division to IMA Industries S.r.l. which took place with effect from 1 January 2012:

in millions of euros	2012		2011		Change %
	Amount	%	Amount	%	
			RESTATED		
Revenues	340.51		221.99		53.4
Cost of sales	(217.82)	64.0	(137.28)	61.8	
Gross industrial income	122.69	36.0	84.71	38.2	44.8
R&D costs	(15.18)		(10.52)		
Sales costs	(43.62)		(26.74)		
General and administrative costs	(36.97)		(24.58)		
Operating profit before writedowns/impairment/ non-recurring items (EBITA)	26.92	7.9	22.87	10.3	17.7
Writedowns/Impairment adjustments	(1.50)		-		
Non-recurring items	-		(1.52)		
Operating profit (EBIT)	25.42	7.5	21.35	9.6	19.1
Net financial income (expense)	31.15		12.50		
Profit before tax	56.57	16.6	33.85	15.2	67.1
Income tax for the year	(3.78)		(8.47)		
Prior year taxes	(0.79)		(1.26)		
Net profit for the year	52.00	15.3	24.12	10.9	115.6
Gross operating profit (EBITDA)	32.37	9.5	25.26	11.4	28.1
Order book	200.15		113.97		75.6

Starting from the 2012 annual report, the Company has opted for early and retrospective adoption of the revised version of IAS 19 - Employee Benefits, which is compulsory for financial statements for periods starting on or after 1 January 2013 and, thus, the comparative figures for 2011 have been restated accordingly. The effects are as follows:

in millions of euros	2012	2011
Impact on operating profit (EBIT)	1.53	0.62
Impact on profit before tax	1.05	0.17
Impact on net profit for the year	0.76	0.12

REVENUES BY GEOGRAPHICAL AREA

in millions of euros	2012		2011		Change %
	Amount	%	Amount	%	
European Union (excluding Italy)	127.28	37.4	95.77	43.1	32.9
Other European countries	30.29	8.9	11.58	5.2	16.6
North America	28.28	8.3	15.06	6.8	87.8
Asia & Middle East	75.40	22.1	41.22	18.6	82.9
Other countries	42.65	12.5	19.61	8.8	117.5
Total foreign markets	303.90	89.2	183.24	82.5	65.8
Italy	36.61	10.8	38.75	17.5	(5.5)
Total	340.51	100.0	221.99	100.0	53.4

Over 90% of revenues were generated outside Italy, even higher than in 2011.

About 70% of revenues were generated by plant and machines, while 30% came from after-sales activities (support, spares, kits etc.).

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

GROSS INDUSTRIAL INCOME

Gross industrial income shows an increase that reflects the merger of IMA Life S.r.l. with effect from 1 January 2012.

R&D COSTS

The R&D costs incurred during the year amounted to 15.18 million euros (10.52 million Euro in 2011). 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 43.62 million euros, compared with 26.74 million euros in 2011 and include 18.27 million euros of commissions paid to agents (11.7 million in 2011). 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 24.58 million euros in 2011 to 36.97 million euros in 2012. This is mainly due to the change in the scope of consolidation, as well as the increase in personnel costs and higher overheads.

OPERATING PROFIT

EBITA is consequently much higher compared with the previous year, with operating profit rising to 25.42 million euros from 21.35 million euros in 2011.

NET FINANCIAL INCOME (EXPENSE)

Net financial income, described further in the notes to the financial statements, amounted to 31.15 million euros (12.50 million euros in 2011).

The most significant items are discussed below:

- dividends received from subsidiaries amounted to 17.70 million euros in 2012 compared with 20.46 million euros in the previous year;
- the gain on the sale of the 65% of GIMA S.p.A. to IMA Industries S.r.l. amounted to 22.36 million euros;
- the interest paid to service debt, including discount interest, amounted to 6.71 million euros (6.33 million euros in 2011);
- the recognition of impairment of the investment in Zanchetta S.r.l. was 3.24 million euros.

NET PROFIT

The net profit amounted to 52.00 million euros (24.12 million euros in 2011) after charging income taxes for the year of 3.78 million euros (8.47 million euros in 2011) and prior-year taxes of 0.79 million euros (1.26 million euros the previous year).

The decrease in taxation for the period as a proportion of income before taxes was mainly due to an increase in tax-exempt income and to the impact of the recognition of the tax revaluations of equity investments by IMA S.p.A. of 5.66 million euros.

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 2012 are summarized below:

in millions of euros	31.12.2012		31.12.2011		Change %
	Amount	%	Amount	%	
Trade receivables	82.35	39.8	65.99	32.5	24.8
Inventories	79.03	38.2	68.56	33.8	15.3
Trade payables	(133.24)	(64.4)	(89.72)	(44.2)	48.5
Other, net	(28.32)	(13.7)	(18.76)	(9.2)	51.0
Working capital	(0.18)	(0.1)	26.07	12.9	n.s.
Property, plant and equipment	14.24	6.9	11.45	5.6	24.4
Intangible assets	28.18	13.6	19.69	9.7	43.1
Investments	159.77	77.2	150.94	74.3	5.9
Non-current assets	202.19	97.7	182.08	89.6	11.0
Provision for severance indemnities and other provisions	4.86	2.4	(5.01)	(2.5)	n.s.
Net capital employed	206.87	100.0	203.14	100.0	1.8
FINANCED BY:					
Net debt	76.09	36.8	87.09	42.9	(12.6)
Equity	130.78	63.2	116.05	57.1	12.7
Total sources of financing	206.87	100.0	203.14	100.0	1.8

WORKING CAPITAL

The negative working capital balance at 31 December 2012 of 0.18 million euros was significantly lower than at the 2011 year-end (26.07 million euros) despite the change in scope

of consolidation related to the merger of IMA Life S.r.l. with effect from 1 January 2012 and consists of the following items:

- trade receivables are up by 16.36 million euros (from 65.99 million euros at 31 December 2011 to 82.35 million euros), also as a result of higher sales volumes;
- inventories are up by 10.47 million euros (from 68.56 million euros in 2011 to 79.03 million euros in 2012), mainly due to the merger of IMA Life S.r.l.;
- trade payables, including advances from customers, are up by 43.52 million euros (from 89.72 million euros at 31 December 2011 to 133.24 million euros at 31 December 2012), because of the merger of IMA Life S.r.l. and growth in the order book at the end of the year, resulting in higher purchases.

NON-CURRENT ASSETS

Overall, non-current assets increased by euros 20.11 million since 31 December 2011. As part of this aggregate, investments increased by 8.83 million euros and non-current assets by 11.29 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 IMA Life S.r.l.	0.92	8.78	9.70
Contribution of BFB Division	(0.08)	(0.67)	(0.75)
Increases in the year	4.63	4.88	9.51
Net book value of disposals	(0.18)	(0.04)	(0.22)
Amortization and depreciation charges for the year	(2.49)	(2.96)	(5.45)
Writedowns/Impairment adjustments	–	(1.50)	(1.50)
Total	2.80	8.49	11.29

The change in Equity investments is due to the following transactions occurred in 2012:

- sale of GIMA S.p.A. to IMA Industries S.r.l.; this transaction generated a capital gain of 22.36 million euros;
- transfer to IMA Industries S.r.l. of the activities of the BFB division, specialized in the production of end-of-line automatic machines.
- merger of IMA Life S.r.l. and consequent recognition of investments in IMA Life The Netherlands B.V., IMA Life (Beijing) Pharmaceutical Systems Co. Ltd and Pharmasiena Service S.r.l.;
- formation of CMRE S.r.l. and Packaging Manufacturing Industry S.r.l. and transfer to PMI S.r.l. of the holdings in Baciottini F.lli S.r.l., Bolognesi S.r.l., I.E.M.A. S.r.l., LA.CO. S.r.l., Logimatic S.r.l., Masterpiece S.r.l., Powertransmission S.r.l. and SIL.MAC. S.r.l.;
- cover of losses and subsequent writedown of Zanchetta S.r.l.

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

NET CAPITAL EMPLOYED

Compared with 31 December 2011, capital employed net of operating liabilities increased by 3.73 million euros to 206.87 million euros for the reasons described above.

NET DEBT

Net debt at 31 December 2012 amounted to 76.09 million euros and breaks down as follows:

in millions of euros	31.12.2012	31.12.2011
A. Cash and cash equivalents	(23.08)	(19.04)
B. Other cash equivalents	-	-
C. Investments in securities	(1.56)	(1.59)
D. Liquidity (A)+(B)+(C)	(24.64)	(20.63)
E. Current financial receivables	(24.54)	(100.21)
F. Current payables to banks	27.83	31.07
G. Current portion of non-current bank payables	40.18	45.25
H. Other current financial payables	10.36	17.73
I. Current financial debt (F)+(G)+(H)	78.37	94.05
J. Net current financial debt (D)+(E)+(I)	29.19	(26.79)
K. Non-current portion of non-current bank payables	114.15	113.85
L. Non-current financial assets	(67.27)	(0.02)
M. Other non-current financial payables	0.02	0.05
N. Non-current financial debt (K)+(L)+(M)	46.90	113.88
O. Net financial debt (J)+(N)	76.09	87.09

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 and the CESR Recommendation 05-054/B dated 10 February 2005.

Net debt amounted to 76.09 million euros, down by 11.00 million euros from 87.09 million euros at 31 December 2011.

Since we plan to maintain the same level of investment and continue to hold down working capital, good cash generation can be expected in 2013 in view of the improved results that we are looking for.

SHAREHOLDERS' EQUITY

Equity at 31 December 2012 amounted to 130.78 million euros, up 14.73 million euros from 31 December 2011, due to the net effect of the following movements:

Dividends paid during the year	(36.77)
Purchase and sale of treasury shares	(0.41)
Measurement of financial instruments recognised in equity	0.67
Measurement of defined benefit plans	(0.76)
Net profit	52.00
Total	14.73

INVESTMENT

During 2012, the Company invested 4.88 million euros (1.96 million euros in 2011) in intangible assets and 4.63 million euros (3.33 million euros in 2011) in property, plant and equipment, for a total of 9.51 million euros (5.29 million euros in 2011).

Spending on intangible assets mainly related to applications, administrative and technical software, 2.59 million euros, and the capitalization of entirely new products that will generate economic benefits in future years, 1.36 million euros. With regard to expenditure on tangible assets, they are mainly for leasehold improvements (2.23 million euros), plant and equipment (1.14 million euros) and electronic equipment (0.48 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 2012, the average number of IMA employees came to 1,225, compared with 1,033 in 2011

The breakdown of the workforce by grade is summarized below:

	31.12.2012	31.12.2011
Management	39	35
Office workers	938	767
Production workers	248	231
Total	1,225	1,033

It should be noted that, in the previous year, the average number of employees of IMA Life S.r.l., a company merged into IMA S.p.A. on 1 January 2012 and the BFB Division, transferred to IMA Industries S.r.l. on 1 January 2012, amounted to 315 and 156 persons, respectively.

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	16.9%	55.0%	45.0%
Research and development	21.6%	96.7%	3.3%
Production	45.0%	94.1%	5.9%
Central and administrative functions	16.5%	46.1%	53.9%
Total	100.0%	80.1%	19.9%

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 79.7% of our employees.

Women, who make up 19.9% of total human resources, work mainly in sales and marketing and administrative functions. In the production areas, women are mostly employed in production logistics and planning.

PERSONNEL COSTS

Personnel costs totalled 89.91 million euros, compared with 69.78 million euros in the prior year.

Taking into account the principal elements of remuneration, personnel costs have gone up by 5.5% 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 in accrued holiday pay, as well as additions to the workforce due to new hires.

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 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 2012 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; this was in full compliance with the State-Regions Agreement that entered into force in January 2012 and which regulates the training of workers on health and safety at work. Overall, in 2012 around 1,955 hours of staff training was carried out on specific aspects of safety and hygiene in the workplace, involving practically all employees.

Above all, we can confirm that, within the Company, a culture of safety has to be pursued by involving all those who are in charge of the various production structures.

The Company pays 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 may arise.

With reference to specific activities undertaken in 2012, we wish to highlight the activities performed to address the increased seismic risk of the area: in particular, despite full compliance of the production plants with the law and the fact that there was no specific legal obligation, technical measures have been designed and are being implemented to improve their structural strength. In addition, sophisticated seismographs have been purchased and installed at the main plants: the purpose of this installation is to monitor the acceleration values transmitted from the ground to the structures in the event of a seismic event and to be able to automatically signal the evacuation of personnel at the end of the shock, if a predefined threshold of alarm is exceeded and, therefore, to determine the activation of a procedure for checking the status of the buildings.

The frequency and seriousness statistics, respectively 4.82 (IF) and 0.084 (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 2012.

TRANSACTIONS WITH PARENT, SUBSIDIARY AND ASSOCIATED COMPANIES

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

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

RELATED-PARTY TRANSACTIONS

The "Regulation containing instructions on related-party transactions", adopted by CONSOB Resolution 17221 of 12 March 2010 and subsequently amended by CONSOB Resolution 17389 of 23 June 2010 implemented Art. 2391-bis of the Italian Civil Code.

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

This procedure, which is published on the Company's website (www.ima.it), is applicable from 1 January 2011. Its purpose is to lay down the approach to be taken in identifying, reviewing and approving transactions to be carried out by IMA, or by its subsidiaries, with related parties to ensure that they are transparent and fair from both a substantive and procedural point of view. Related-party transactions are identified in accordance with the guidelines of the CONSOB regulation.

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

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

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

COMPANY'S LOCATIONS OF OPERATION

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

Via Tosarelli, 184 Castenaso (Bologna) Head office

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

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

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

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

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

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

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

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

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

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

OTHER INFORMATION

SIGNIFICANT EVENTS AFTER YEAR-END

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

- The programme for the purchase of treasury shares, whose renewal was approved by the Shareholders of IMA S.p.A. on 27 on April 2012, came to an end in January 2013. On completion of this programme, IMA bought 500 ordinary shares amounting to 0.001% of the share capital, for a total of 6 thousand euros. Subsequently, 50,000 treasury shares were sold by means of block trading to a member of the Board of Directors for a total amount of 800 thousand euros and, therefore, at the date of preparation of this annual report, IMA holds 5,500 treasury shares, representing 0.015% of the share capital;
- in February 2013 IMA announced the issuance and placement with U.S. institutional investors ("U.S. Private Placement") of a non-convertible bond of 50 million U.S. dollars, equivalent to some 36 million euros. 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;
- in February 2013 IMA acquired a 40% stake in the ILAPAK Group, which produces packaging machines for primary packaging in the food sector and which, in 2012, achieved consolidated turnover of some 84 million euros. IMA's total financial outlay was 9 million euros, between equity and the underwriting of a convertible bond in Transworld Packaging Holding B.V., which, in turn, will capitalise its Swiss subsidiary ILAPAK International S.A. The transaction provides for IMA to increase its holding up to 51% through the conversion of the aforesaid bond. IMA would then be granted an option to purchase additional Transworld shares to reach 80% of the ILAPAK Group, with the current majority shareholder, in this case, having the possibility to ask IMA to extend its option to the entire share capital;
- in March 2013, IMA S.p.A., through its Chinese subsidiary IMA Life (Beijing) P.S. Co Ltd., 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).

OUTLOOK FOR THE CURRENT YEAR

After turning in very good results, the Group closed 2012 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 both the Food and Pharmaceutical sectors, with an overall increase of more than 7% over the same period last year. Thanks to this situation, it is

reasonable to assume that 2013 will have revenues of around 760 million euros and a gross operating profit (EBITDA) of around 105 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 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.

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

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 2012.

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

- Fondazione Cassa di Risparmio in Bologna (Auditor)
- Opera SGR S.p.A. (Director)
- Tesmec S.p.A. (Director)

Enrico Ricotta

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

Maria Carla Schiavina

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

Alberto Vacchi

- ALVA S.p.A. (Sole Director)
- Fare S.r.l. (Chairman)
- Gavignano S.r.l. (Director)
- Maestrale Investimenti S.r.l. (Sole Director)
- Nemo Investimenti (Sole director)
- SO.FI.M.A. S.p.A. (Director)

Gianluca Vacchi

- Cofiva Holding S.p.A. (Sole Director)
- First Investment S.p.A. (Sole Director)
- SO.FI.M.A. S.p.A. (Director)
- Tesmec S.p.A. (Director)

Marco Vacchi

- Antares Nova S.r.l. (Sole Director)
- Banca di Bologna Credito Cooperativo SCRL (Chairman)
- B Group S.p.A. (Director)
- Dé Toschi (Vice Chairman)
- Gavignano S.r.l. (Chairman)
- Idice S.p.A. (Sole Director)
- Lopam Fin S.p.A. (Chairman)
- Lopam S.r.l. (Chairman)
- Società della Luna S.r.l. (Sole Director)
- Società del Sole S.r.l. (Sole Director)
- 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 2012 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.D.I.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 2012 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%
Mandarin Capital Management S.A. (*)	Morchella S.r.l.	3.782%	3.782%
	Rufus S.r.l.	3.792%	3.792%
Stefano Dalla Mutta (**)	Folco Fin.Immobiliare S.r.l.	3.530%	3.530%

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

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

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

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)

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

Throughout its period of validity, the agreement provides for:

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

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

- an undertaking by each of the parties:

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

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

III) not to commit any act that could give rise to the delisting or require IMA to request the delisting of IMA shares from the MTA unless such offer has been launched or such act or activity carried out under the terms and conditions and in the manner agreed in advance with the other parties to the agreement.

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

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

The aforementioned agreement, which was due to expire on 3 December 2012, was tacitly renewed, without any amendments thereto, for a further three years, that is, until 3 December 2015.

Notice of the tacit renewal of the agreement was given by publishing an extract in the "Il Sole 24 Ore" daily newspaper on 8 December 2012 and then filed with the Bologna Companies Register on 10 December 2012.

-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 some loan finance agreements which may require the Company to repay in full in the event that there is any change in the parties controlling the ultimate parent company.

IMA's Articles of Association do not make any exceptions to the passivity rule laid down in Art. 104, paragraphs 1 and 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 the year, 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.

At the beginning of the year, IMA owned 23,586 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 eighteen companies in the IMA Group based in nine countries that do not belong to the European Union.

The scope of application, however, affects only three companies based in the U.S., a company based in India and two companies 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 2012

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

CONSOLIDATED BALANCE SHEET

(THOUSANDS OF EUROS)

ASSETS	Note	31 December 2012	31 December 2011 RESTATED
NON-CURRENT ASSETS			
<i>Property, plant and equipment</i>	2	32,246	31,113
<i>Intangible assets</i>	3	182,539	189,558
<i>Investments accounted for using the equity method</i>	4	21,702	18,698
<i>Financial assets</i>	5	6,199	7,179
<i>Receivables from others</i>	6	1,199	1,235
<i>Derivative financial instruments</i>	7	1	25
<i>Deferred tax assets</i>	8	35,234	24,072
TOTAL NON-CURRENT ASSETS		279,120	271,880
CURRENT ASSETS			
<i>Inventories</i>	9	206,359	201,797
<i>Trade and other receivables</i>	10	155,352	169,450
<i>Income tax receivables</i>	11	1,982	2,061
<i>Financial assets</i>	5	3,725	3,245
<i>Derivative financial instruments</i>	7	898	–
<i>Cash and cash equivalents</i>	12	68,925	77,950
TOTAL CURRENT ASSETS		437,241	454,503
TOTAL ASSETS		716,361	726,383
EQUITY AND LIABILITIES	Note	31 December 2012	31 December 2011 RESTATED
EQUITY			
<i>Share capital</i>	13	19,151	19,151
<i>Share premium reserve</i>	13	46,975	50,210
<i>Treasury shares</i>	13	(714)	(304)
<i>Translation reserve</i>		1,006	2,191
<i>Fair value reserve</i>	14	(532)	(1,303)
<i>Actuarial gain (loss) on post employment benefit obligations reserve</i>	17	(2,534)	(289)
<i>Other reserves and retained earnings</i>	15	41,862	47,186
<i>Net profit (loss) for the period</i>		47,704	28,213
Total capital and reserves pertaining to the Group		152,918	145,055
<i>Reserves pertaining to minority interests</i>		3,807	2,719
<i>Profit pertaining to minority interests</i>		1,732	1,142
Total minority interests		5,539	3,861
EQUITY PERTAINING TO THE GROUP AND MINORITY INTERESTS		158,457	148,916
NON-CURRENT LIABILITIES			
<i>Borrowings</i>	16	114,710	122,650
<i>Severance and pension obligations</i>	17	26,497	24,641
<i>Provisions for risks and charges</i>	18	2,664	2,020
<i>Other payables</i>	19	1,089	–
<i>Derivative financial instruments</i>	7	1,249	1,241
<i>Deferred tax liabilities</i>	8	16,627	18,593
TOTAL NON-CURRENT LIABILITIES		162,836	169,145
CURRENT LIABILITIES			
<i>Borrowings</i>	16	91,837	118,526
<i>Trade and other payables</i>	19	272,932	265,732
<i>Income tax liabilities</i>	11	13,254	5,649
<i>Provisions for risks and charges</i>	18	17,023	17,910
<i>Derivative financial instruments</i>	7	22	505
TOTAL CURRENT LIABILITIES		395,068	408,322
TOTAL LIABILITIES		557,904	577,467
TOTAL EQUITY AND LIABILITIES		716,361	726,383

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

CONSOLIDATED INCOME STATEMENT

(THOUSANDS OF EUROS)

INCOME STATEMENT	Note	2012	2011 RESTATED
REVENUES	1	734,314	669,206
Other revenues	20	7,483	11,050
- of which: effect of non-recurring items	33	-	427
OPERATING COSTS			
Change in work in progress, semifinished and finished goods		10,417	27,284
Change in inventory of raw, ancillary and consumable materials and goods for resale		(4,115)	3,485
Cost of raw, ancillary and consumable materials and goods for resale		(246,029)	(257,105)
Services, rentals and leases	21	(171,060)	(158,362)
Personnel costs	22	(218,054)	(202,461)
Depreciation and amortization expense	23	(24,188)	(19,990)
Provisions for risks and charges		(2,272)	(386)
Other operating costs	24	(5,890)	(4,836)
TOTAL OPERATING COSTS		(661,191)	(612,371)
- of which: effect of non-recurring items	33	-	(7,111)
OPERATING PROFIT	1	80,606	67,885
- of which: effect of non-recurring items	33	-	(6,684)
FINANCIAL INCOME AND EXPENSE			
Financial income	25	6,479	10,960
Financial expense	26	(16,184)	(22,974)
TOTAL FINANCIAL INCOME AND EXPENSE		(9,705)	(12,014)
PROFIT (LOSS) FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		610	379
PROFIT (LOSS) BEFORE TAX		71,511	56,250
TAXES			
Income taxes for the year		(20,903)	(24,199)
Prior year taxes		(1,172)	(2,696)
TOTAL TAXES	27	(22,075)	(26,895)
NET PROFIT FOR THE YEAR		49,436	29,355
ATTRIBUTABLE TO:			
PARENT COMPANY SHAREHOLDERS		47,704	28,213
MINORITY INTERESTS		1,732	1,142
		49,436	29,355
EARNINGS PER SHARE (in euros)	28	1.30	0.78

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(THOUSANDS OF EUROS)

	Note	2012	2011 RESTATED
Net profit for the year		49,436	29,355
<i>Exchange rate gains (losses) on the translation of foreign currency financial statements</i>		(1,204)	2,008
<i>Gains (losses) on financial assets available for sale</i>	14	(344)	–
<i>Gains (losses) on cash flow hedges</i>	14	1,286	(835)
<i>Actuarial gains (losses) on post employment benefit obligations</i>	22	(3,182)	(305)
<i>Tax effect</i>		731	117
Gains (losses) booked to equity		(2,713)	985
Total comprehensive income for the year		46,723	30,340
Attributable to:			
Parent Company shareholders		45,045	29,025
Minority interests		1,678	1,315
		46,723	30,340

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 01.01.2011	17,732	15,472	-	356	(503)	-	63,269	16,996	113,322	2,563	115,885
Change in accounting policy	-	-	-	-	-	(66)	66	-	-	-	-
Distribution of dividends	-	-	-	-	-	-	(16,298)	(16,847)	(33,145)	-	(33,145)
Allocation of earnings for 2010	-	-	-	-	-	-	149	(149)	-	-	-
Capital increase	1,419	34,738	-	-	-	-	-	-	36,157	-	36,157
Purchase and sale of treasury shares	-	-	(304)	-	-	-	-	-	(304)	-	(304)
Other changes	-	-	-	-	-	-	-	-	-	(17)	(17)
Total comprehensive income for the year	-	-	-	1,835	(800)	(223)	-	28,213	29,025	1,315	30,340
Balances at 31.12.2011	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

THE CHANGES IN CONSOLIDATED EQUITY HAVE BEEN RESTATED AS A RESULT OF THE EARLY AND RETROSPECTIVE APPLICATION, AS FROM THE 2012 FINANCIAL YEAR, OF IAS 19 REVISED.

AS REGARDS THE ITEMS IN CONSOLIDATED EQUITY, SEE NOTES 13, 14, 15 AND 17.

CONSOLIDATED STATEMENT OF CASH FLOWS

(THOUSANDS OF EUROS)

	Note	31 December 2012	31 December 2011 RESTATED
OPERATING ACTIVITIES			
Net profit (loss) for the year		47,704	28,213
Adjustments for:			
- Depreciation and amortization	23	19,039	18,442
- (Writebacks) or writedowns of non-current assets	23	1,778	427
- Capital (gains) losses on disposal of non-current assets		(611)	12
- Capital (gains) losses on disposal of investments		-	304
- Changes in provisions for risks and charges and staff severance obligations		(1,021)	(691)
- Unrealized losses (gains) on exchange rate differences	26	(957)	549
- Other non-monetary changes		1,157	72
- Adjustments to the value of financial assets	26	-	1,625
- Taxes	27	22,075	26,895
- Minority interests		1,732	1,142
- Result from investments accounted for using the equity method		(610)	(683)
Operating profit (loss) before changes in working capital		90,286	76,307
(Increase) decrease in trade and other receivables		14,098	(14,364)
(Increase) decrease in inventories		(4,562)	(31,379)
Increase (decrease) in trade and other payables		7,200	38,398
Taxes paid		(27,248)	(32,176)
CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES (A)		79,774	36,786
INVESTING ACTIVITIES			
Investments in property, plant and equipment	2	(9,021)	(8,621)
Investments in intangible assets	3	(6,703)	(6,701)
Exchange rate differences on property, plant and equipment and intangible assets		364	(433)
Acquisition of business divisions/companies	29	-	(79,207)
Purchase of equity investments		(2,525)	(6,305)
Repayment of finance lease debts		(22)	(22)
Sale of investments		-	6,508
Sale of non-current assets		895	814
Net change in financial assets and other non-current receivables		192	(2,763)
Changes in reserves pertaining to minority interests		(19)	173
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES (B)		(16,839)	(96,557)
FINANCING ACTIVITIES			
Granting of loans	16	19,187	101,447
Repayment of borrowings	16	(37,768)	(32,546)
Increase (decrease) in other payables to banks		(7,555)	(40,982)
Capital increase		-	35,849
Dividends paid	13	(36,772)	(33,145)
(Purchase) and sale of treasury shares	13	(410)	(304)
Translation of financial statements in foreign currency		(1,130)	1,911
Payment of interest		(7,671)	(7,797)
Receipt of interest		159	471
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES (C)		(71,960)	24,904
NET CHANGE IN CASH AND CASH EQUIVALENTS (D=A+B+C)		(9,025)	(34,867)
CASH AND CASH EQUIVALENTS AT START OF YEAR (E)	12	77,950	102,219
CASH AND CASH EQUIVALENTS FROM BUSINESS COMBINATIONS (F)		-	10,598
CASH AND CASH EQUIVALENTS AT END OF YEAR (G=D+E+F)	12	68,925	77,950

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2012

(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 2012 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 2012 were prepared by the Board of Directors on 14 March 2013 for approval by the Shareholders' Meeting of 24 April 2013 and have been audited by PricewaterhouseCoopers S.p.A.

B) GENERAL PREPARATION POLICIES

General principles

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

The IMA Group adopted IFRS in 2005, whereas the Parent Company, 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 2012 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.

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

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 5 years
- Trademarks 10 years
- Development costs from 4 to 10 years

Assets with indefinite useful lives are not amortized but are tested for possible impairment 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 2012, 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.

Construction contracts are reported in the balance sheet as follows:

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

TRADE RECEIVABLES AND OTHER RECEIVABLES

Receivables 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 realizable value. Receivables falling due beyond a period considered normal commercial practice and not earning explicit interest are recognized at amortized cost using the effective interest rate method, net of any related impairment losses.

Receivables sold without recourse are derecognized 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.

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 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.

The Group has elected for early application of the revised version of IAS 19 Employee benefits. For more details please read the section entitled "Implementation of accounting standards".

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 2012 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.

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

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

TRANSLATION OF FOREIGN CURRENCY BALANCES

Functional and presentation currency

The balance sheets, income statements and statements of cash flows of Group companies are prepared using the currency of the primary economic environment in which they operate (functional currency). The consolidated financial statements are presented in euros, the Parent Company's functional and presentation currency.

Transactions and balances

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

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

Exchange rate differences realized on the collection of receivables or the settlement of payables denominated in foreign currencies are taken to the income statement. 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 euros of the financial statements of foreign companies included within the scope of consolidation is carried out by applying the current exchange rate at the closing date to balance sheet assets and liabilities, and the average exchange rates for the period to items in the income statement.

Exchange rate differences deriving from the translation of initial 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	2012		2011	
	Final exchange rate	Average exchange rate for the year	Final exchange rate	Average exchange rate for the year
US dollar	1.319	1.285	1.294	1.392
Pound sterling	0.816	0.811	0.835	0.868
Indian rupee	72.560	68.597	68.713	64.886
Thai baht	40.347	39.928	40.991	42.429
Chinese yuan	8.221	8.105	8.159	8.996

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 and Pharmaceutical operating segments.

IMPLEMENTATION OF ACCOUNTING STANDARDS

ACCOUNTING STANDARDS APPLIED

In October 2010, the IASB published an amendment to IFRS 7 – Disclosures—Transfers of Financial Assets, to be prospectively applied as from 1 January 2012. The amendment was issued with the intention of improving an understanding of transactions concerning the transfer of financial assets, including an understanding of the potential effects deriving from any risk remaining with the business that transferred the assets. Furthermore, the amendment requires further disclosures, where a disproportionate amount of these transactions takes place at the end of an accounting period. The adoption of this amendment has no effect on the disclosures provided in this annual report.

The other changes, amendments, improvements and interpretations, effective from 1 January 2012, govern situations and issues that are not relevant within the Group at the date of this Annual Report.

ACCOUNTING STANDARDS ADOPTED EARLY

June 2012 saw the issue of EU Regulation no. 475/2012 that endorsed at Community level the revised version of IAS 19 (Employee benefits) applicable to annual periods beginning on or after 1 January 2013, retrospectively, as required by IAS 8 (Accounting policies, changes in accounting estimates and errors). IMA elected, as permitted, for early application, as from the 2012 consolidated financial statements, in order to reduce the volatility of amounts recorded in the income statement and, accordingly, the comparatives for 2011 were restated for the purpose of consistency. No presentation was made of the financial position at 31 December 2010, as required by IAS 1, as the retrospective application did not have any effect on opening equity. IAS 19 revised requires, in particular, for defined benefit plans (such as the provision for employee termination indemnity - TFR), the recognition of actuarial gains and losses arising from "remeasurement" in the statement of comprehensive income, thus eliminating the other options previously permitted (including that adopted by the IMA Group, which recognised them as personnel costs in the income statement). Service cost and net interest relating to the time value component of the actuarial calculations (the latter is classified as financial expense) are recognised in the income statement. The impact of the early application of the revised standard is as follows:

- the non-recognition in the income statement for the 2011 financial year of the actuarial loss recorded in the year to account for the results of the calculations made by the external actuary for the defined-benefit obligation towards employees of an amount of 305 thousand euros, an increase in net profit for the year, inclusive of the related tax effect, of 223 thousand euros and a decrease, by the same amount, in the "Reserve for actuarial gains and losses arising on defined benefit plans" included in the balance sheet;
- the non-recognition in the income statement for the 2012 financial year of the actuarial loss of 3,147 thousand euros, an increase in net profit for the year, inclusive of the related tax effect, of 2,245 thousand euros and a decrease, by the same amount, in the "Reserve for actuarial gains and losses arising on defined benefit plans".

The above change in accounting method did not trigger any change in total opening or closing equity, but only a different quantification of the components presented in the statement of changes in equity and in the statement of financial position.

ACCOUNTING STANDARDS NOT YET ENDORSED AND NOT ADOPTED EARLY

- IFRS 10 - Consolidated Financial Statements, which will replace SIC-12 Consolidation - Special Purpose Companies (vehicle companies) and parts of IAS 27 - Consolidated and Separate Financial Statements, which will be renamed and will govern the accounting treatment of investments in separate financial statements. The new policy moves from existing standards, identifying the concept of control as the determining factor for the consolidation of a company in the parent's consolidated financial statements. It also provides guidance for determining the existence of control where it is difficult to ascertain. The standard is applicable retrospectively from 1 January 2013;
- IFRS 11 - Joint Arrangements, which will replace IAS 31 - Interests in Joint Ventures and SIC-13 - Jointly Controlled Entities - Non-Monetary Contributions by Venturers. The new standard provides criteria for identifying joint arrangements based on the rights and obligations arising from agreements rather than on their legal form. It establishes the equity

method as the only method of accounting for investments in jointly controlled entities in consolidated financial statements. The standard is applicable retrospectively from 1 January 2013. Following issuance of the standard, IAS 28 - Investments in Associated Companies was amended also to include investments in jointly controlled entities within its scope, from the effective date of the standard;

- IFRS 12 - Disclosure of Interests in Other Entities, which is a completely new standard to provide information on any type of shareholding, including those in subsidiaries, joint arrangements, associates, special purpose companies and other vehicle companies which are not consolidated. The standard is applicable retrospectively from 1 January 2013.

At the date of this annual report, the Group is assessing the potential impact of the adoption of the above standards.

- IFRS 13 - Fair Value Measurement, which clarifies how to determine the fair value for financial reporting purposes and applies to all IFRS that require or permit fair value measurement or the presentation of information based on fair value. The standard is applied prospectively from 1 January 2013;
- amendment to IAS 1 - Presentation of Financial Statements to require businesses to group together all of the components presented in Other gains/(losses), depending on whether or not they may subsequently be reclassified to the income statement. The amendment is effective from periods beginning on or after 1 July 2012;
- amendments to IAS 32 - Financial Instruments: Presentation, which clarify the application of certain criteria for offsetting financial assets and financial liabilities in IAS 32. The amendments apply retrospectively for years beginning on or after 1 January 2014;
- amendments to IFRS 7 - Financial instruments: disclosures: these require disclosure of the effect on the financial position of offsetting arrangements for financial assets and liabilities. The amendments have to be applied to annual periods beginning on or after 1 January 2013. The information has to be provided retrospectively.

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

D) FINANCIAL RISK MANAGEMENT

RISK FACTORS

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

- Credit risk, arising from commercial transactions or financing activities;
- Liquidity risk, related to the availability of financial resources and access to the credit market;
- Market risks, specifically:
 - a) Exchange rate risk, relating to operations in areas using currencies other than the functional currency;
 - b) Interest rate risk, relating to the Group's exposure to interest-bearing financial instruments;

- c) Price risk, associated with changes in the listed price of 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. For 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 2012 the Group was not party to any sovereign debt positions with redemption risks.

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

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

The Group's maximum theoretical credit risk exposure at 31 December 2012 is represented by the carrying amount of the financial assets stated in the financial statements, and by the nominal value of the guarantees given as described in Note 30.

LIQUIDITY RISK

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

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

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

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

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

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

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

	Within 1 year	From 1 to 5 years	Over 5 years	Total
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
31.12.2011				
Borrowings	118,526	104,617	18,033	241,176
Commitments	14,723	41,869	54,834	111,426
Trade payables	150,704	–	–	150,704
Total	283,953	146,486	72,867	503,306

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

At 31 December 2012 the Group had about 250 million euros available in unused lines of credit (233 million euros at 31 December 2011) and cash and cash equivalents of 69 million euros (78 million euros at 31 December 2011). As to the balancing of working capital, especially the coverage of payables to suppliers, net trade receivables came to 129 million euros at 31 December 2012 (146 million euros at 31 December 2011).

MARKET RISK

Exchange rate risk

The current business activities of Group companies whose functional currency is the euro and 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)			
			+ 5% €//\$	Other changes in FVR	- 5% €//\$	Other changes in FVR
Financial assets:			Profits (Losses)		Profits (Losses)	
Cash and cash equivalents	68,925	18,716	(891)	–	986	–
Trade and other receivables	155,352	28,148	(1,340)	–	1,481	–
Available for sale and financial receivables	9,924	–	–	–	–	–
Derivative financial instruments	899	898	(1)	763	1	(843)
Tax effect			614	(210)	(679)	232
			(1,618)	553	1,789	(611)
Financial liabilities:						
Borrowings	206,547	13,334	563	72	(622)	(297)
Trade and other payables	274,021	34,380	1,637	–	(1,809)	–
Derivative financial instruments	1,271	12	–	(108)	–	120
Tax effect			(605)	10	669	49
			1,595	(26)	(1,762)	(128)
Total increases (decreases) for 2012			(23)	527	27	(739)
Total increases (decreases) for 2011 (*)			(129)	938	143	(1,026)

(*) 2011 variability parameters: +/-4.5%€//\$

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 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

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

2011	Net trade receivables	Advances, taxes and other receivables	Trade payables	Advances received	Tax, employee and other payables
Euro	112,339	16,166	138,666	59,339	37,397
US dollar	25,341	769	4,192	7,934	4,472
Indian rupee	1,299	974	1,951	529	705
Pound sterling	255	94	925	3	606
Thai baht	–	1,189	983	–	132
Chinese yuan	4,946	1,507	2,644	771	1,559
Japanese yen	787	28	144	64	132
Brazilian real	457	234	1,043	–	822
Russian ruble	34	584	7	9	305
Other	218	50	149	77	172
Total	145,676	21,595	150,704	68,726	46,302

At 31 December 2012, financial receivables and financial assets available for sale are mainly denominated in euros.

Interest rate risk

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

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

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

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

	Carrying value	Of which subject to IRR	Interest rate risk (IRR)			
			+ 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	68,925	15,324 (**)	31	-	(31)	-
Trade and other receivables	155,352	-	-	-	-	-
Available for sale and financial receivables	9,924	-	-	-	-	-
Derivative financial instruments	899	883	-	3	-	(1)
Tax effect			(9)	-	9	-
			22	3	(22)	(1)
Financial liabilities:						
Borrowings	206,547	248,416 (**)	(497)	-	497	-
Trade and other payables	274,021	-	-	-	-	-
Derivative financial instruments	1,271	1,255	-	68	-	(65)
Tax effect			137	(19)	(137)	18
			(360)	49	360	(47)
Total increases (decreases) for 2012			(338)	52	338	(48)
Total increases (decreases) for 2011 (*)			(293)	165	293	(172)

(*) 2011 variability parameters +/- 17 bp€ and +/- 15 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 2012 the Group is not exposed to price risk on investments in listed equity instruments classified in the financial statements as "available for sale". The Group is not exposed to significant price risk in relation to commodities.

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.

	2012	2011
Net debt (A)	131,470	157,503
Equity (B)	158,457	148,916
Total capital (A)+(B)=(C)	289,927	306,419
Gearing ratio (A)/(C)	45%	51%

FAIR VALUE

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

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

IFRS 7 lays down the following fair value hierarchy 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 2012 and 31 December 2011 by fair value hierarchy level (in thousands of euros):

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
2011	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets available for sale	585	14	5,707	6,306
Derivative financial instruments	-	25	-	25
Total assets	585	39	5,707	6,331
Liabilities:				
Payables for acquisition	-	-	613	613
Derivative financial instruments	-	1,746	-	1,746
Total liabilities	-	1,746	613	2,359

During 2012, there were no transfers between the three levels of the fair value hierarchy laid down in IFRS 7.

There were no significant changes in commercial or economic situations that affect the fair value of financial assets and liabilities.

E) CONSOLIDATION PRINCIPLES

Subsidiaries

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

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

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

- the consideration transferred in a business combination is measured at fair value, calculated as the sum of the fair value of assets transferred and liabilities assumed by the Group at the date of acquisition and equity instruments issued in exchange for control of the acquiree. The charges relating to the transaction are recognized in the income statement when they are incurred;

- the excess of purchase cost over the fair value of net assets attributable to the Group is accounted for as goodwill;
- should purchase cost be lower than the fair value of the subsidiary's net assets attributable to the Group, such difference is directly recognized in the income statement.

Payables and receivables and costs and revenues arising between the companies included within the scope of consolidation, as well as the effects of all significant transactions between them, are eliminated.

Specifically, gains not yet realized with third parties deriving from transactions between Group companies are eliminated, including those deriving from the valuation of inventories at the reporting date.

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

Associated companies

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

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

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

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

Joint ventures

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

F) SCOPE OF CONSOLIDATION

The consolidated financial statements at 31 December 2012 include the financial and operating information of IMA - Industria Macchine Automatiche S.p.A. (Parent Company) and of all the companies over which it exercises direct or indirect control.

The major events that affected Group companies from 1 January 2012 are as follows:

- merger of IMA Life S.r.l. into IMA S.p.A.;
- transfer at book value by the Parent Company of the BFB division (end-of-line automatic machines) to IMA Industries S.r.l.;

- merger of PSH MKCS Inc. by IMA Life North America Inc.;
- merger of Stephan Process Engineering GmbH by Stephan Machinery GmbH;
- total proportional spin-off of RC S.p.A. and transfer of the stock cube production line business to Corazza S.p.A. and of the packaging machine refurbishing business to Naturapack S.r.l. (renamed Revisioni Industriali S.r.l. from 1 January 2012).

In addition to the matters discussed previously, we would also mention the following transactions that took place during the year:

- in April, GIMA S.p.A. sold the business unit operating in the design, construction and sale of packaging plant and machinery for the chocolate industry to CMFIMA S.r.l. (formerly Carle e Montanari Wrapping Systems S.r.l.);
- June saw the completion of the process of liquidation of Imautomatiche Maquinas de Embalagens Lda, based in Madeira (Portugal), a company 100% held by IMA S.p.A., without any significant additional costs arising;
- in July CMRE S.r.l. and Packaging Manufacturing Industry S.r.l. were incorporated. CMRE S.r.l. is 50% held by IMA S.p.A. and operates in the property sector. Packaging Manufacturing Industry S.r.l., of which IMA S.p.A. owns 100% of the share capital, will operate in the field of mechanical engineering; on 5 December 2012 IMA S.p.A. contributed its holdings in Bacciottini F.lli S.r.l., Bolognesi S.r.l., I.E.M.A. S.r.l., LA.CO S.r.l., Logimatic S.r.l., Masterpiece S.r.l., Powertransmission.it S.r.l. and SIL.MAC. S.r.l. to PMI S.r.l.;
- in September the Boards of Directors and Shareholders' Meetings of IMA S.p.A. and Zanchetta S.r.l., respectively, approved the merger by takeover of Zanchetta S.r.l., a wholly-owned subsidiary, into IMA S.p.A. with effect from 1 January 2013;
- as part of a corporate reorganisation process, in October and November, Stephan Machinery Inc. and IMA Industries North America Inc. were set up in the USA and OOO Stephan Machinery Sankt Petersburg was set up in Russia;
- in November, GIMA TT S.r.l. was set up and at 31 December 2012 it was 100% held by GIMA S.p.A. Effective as of 1 February 2013, GIMA S.p.A. contributed the business segment related to the production of automated machinery for tobacco packaging to GIMA TT S.r.l. In 2013, by means of an increase in share capital reserved for third parties, GIMA S.p.A.'s holding fell to 90%;
- in December, IMA S.p.A. sold its entire 65% holding in GIMA S.p.A. to IMA Industries S.r.l., a fully held subsidiary.

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

**COMPANIES CONSOLIDATED
LINE-BY-LINE**

	Registered office		Share capital at 31/12/2012	Direct investment	Indirect investment
Industrial and service companies:					
•I.M.A. Industria Macchine Automatiche S.p.A	Ozzano E. (Bologna)	EUR	19,150,560	Parent Company	
•IMA Industries S.r.l.	Ozzano E. (Bologna)	EUR	4,000,000	100%	–
•CO.MA.DI.S. S.p.A.	Senago (Milan)	EUR	1,540,000	100%	–
•Corazza S.p.A.	Bologna	EUR	15,675,000	–	100% (1)
•GIMA S.p.A.	Zola Predosa (Bologna)	EUR	1,000,000	–	65% (1)
•GIMA TT S.r.l.	Zola Predosa (Bologna)	EUR	10,000	–	65% (2)
•Packaging Manufact. Ind. S.r.l.	Castenaso (Bologna)	EUR	110,000	100%	–
•Pharmasiena Service S.r.l.	Siena	EUR	100,000	70% (3)	–
•Revisioni Industriali S.r.l.	Ozzano E. (Bologna)	EUR	100,000	–	100% (4)
•Zanchetta S.r.l.	Ozzano E. (Bologna)	EUR	100,000	100%	–
•IMA Kilian GmbH & Co. KG.	Cologne (Germany)	EUR	3,600,000	–	100% (5)
•IMA Life The Netherlands B.V.	Dongen (Netherlands)	EUR	(*)22,382,654	100%	–
•IMA Life North America Inc.	Tonawanda (USA)	USD	100	–	100% (6)
•IMA Life (Beijing) P.S. Co. Ltd.	Beijing (PRC)	USD	400,000	100%	–
•IMA North America Inc.	Leominster (USA)	USD	8,052,500	–	100% (6)
•IMA-PG India Pvt Ltd.	Mumbai (India)	RS	(*)17,852,100	100%	–
•Stephan Machinery GmbH.	Hameln (Germany)	EUR	25,000	–	100% (4)
•Swiftpack Automation Ltd.	Alcester (GB)	GBP	1,403,895	100%	–
•Tianjin IMA Machinery Co. Ltd.	Tianjin (PRC)	USD	200,000	100%	–
•Zibo IMA Xinhua Pharm.Co. Ltd.	Zibo (PRC)	USD	6,419,868	80%	–
Commercial companies:					
•IMA Est GmbH	Vienna (Austria)	EUR	280,000	100%	–
•IMA France E.u.r.l.	Rueil-Malmaison (France)	EUR	45,735	100%	–
•IMA Germany GmbH	Cologne (Germany)	EUR	90,000	100%	–
•IMA Iberica Processing and Packaging S.L.	Barcelona (Spain)	EUR	590,000	100%	–
•IMA Industries Asia Pacific Ltd.	Singapore	SGD	200,000	–	100% (4)
•IMA Industries France Sarl	Lognes (France)	EUR	300,000	–	100% (4)
•IMA Industries Inc.	Mundelein (USA)	USD	1,856,106	–	100% (4)
•IMA Industries India Pvt. Ltd.	Mumbai (India)	RS	(*)5,000,100	–	99.99% (1)
•IMA Industries N.A. Inc.	Leominster (USA)	USD	100,000	–	100% (1)
•IMA Life Italia S.r.l.	Trezzano Naviglio (Milan)	EUR	80,000	–	100% (7)
•IMA Life Japan KK	Tokyo (Japan)	YEN	40,000,000	–	100% (7)
•IMA Pacific Co. Ltd.	Bangkok (Thailand)	THB	100,000,000	99.99%	–
•IMA Packaging and Processing Equipment (Beijing) Co. Ltd.	Beijing (PRC)	USD	1,350,000	100%	–
•IMA UK Ltd.	Alcester (GB)	GBP	50,000	100%	–
•Imautomatiche Do Brasil Ltda.	Sao Paulo (Brazil)	BRL	6,651,550	99.98%	–
•OOO IMA Industries	Moscow (Russia)	RUB	150,000	–	100% (4)
•OOO Step. Machinery S. Petersburg	Saint. Petersburg (Russia)	RUB	4,000,000	–	100% (8)
•Stephan Mach. Canada Ltd.	Mississauga (Canada)	CAD	200,000	–	100% (9)
•Stephan Machinery Inc.	Mundelein (USA)	USA	1,000	–	100% (4)
•Stephan Machinery Polska Sp. z o.o.	Poznan (Poland)	PLN	50,000	–	100% (10)
Other companies:					
•IMA Kilian Verwaltungs GmbH	Cologne (Germany)	EUR	25,000	–	100% (5)
Financial companies:					
•Packaging Systems Holdings Inc.	Wilmington (USA)	USD	1,000	100%	–

(*) The nominal share capital of IMA-PG India Pvt Ltd., IMA Life The Netherlands B.V., IMA Industries India Private Limited amounts to Rs 20,000,000, Euro 45,400,000 and Rs 10,000,000 respectively.

Notes:

- (1) Held by IMA Industries S.r.l.
- (2) 100% held by GIMA S.p.A..
- (3) The percentage interest held in Pharmasiena Service S.r.l. includes an option to purchase 19% of the share capital.
- (4) Held by Corazza S.p.A..
- (5) Held by IMA Germany GmbH
- (6) Held by Packaging Systems Holdings Inc.
- (7) Held by IMA Life The Netherlands B.V
- (8) 90% held by Stephan Machinery GmbH and 10% held by Stephan Machinery Polska Sp. z o.o.
- (9) Held by IMA Industries Inc.
- (10) Held by Stephan Machinery GmbH

**INVESTMENTS ACCOUNTED FOR
USING THE EQUITY METHOD**

	Registered office		Share capital at 31/12/2012	Direct investment
• Amherst Stainless Fabrication LLC	Amherst NY (USA)	USD	1,100,000	20% (1)
• B.C. S.r.l.	Imola (Bologna)	EUR	36,400	30%
• Bacciottini F.lli S.r.l.	Oste Montemurlo (Prato)	EUR	60,000	30% (2)
• Bolognesi S.r.l.	Dozza (Bologna)	EUR	10,920	30% (2)
• Brio Pharma Technol. Pvt. Ltd.	Mumbai (India)	RS	1,000,000	30%
• CMH S.r.l.	Bologna	EUR	2,500,000	48.5%
• CMRE S.r.l.	Bologna	EUR	50,000	50%
• Consorzio LIAM.	Vignola (Modena)	EUR	(3) 20,000	25%
• Consorzio Servizi	Bologna	EUR	(3) 50,000	50%
• FID S.r.l. Impresa Sociale	Bologna	EUR	20,000	30%
• I.E.M.A. S.r.l.	S. Giorgio di Piano (Bologna)	EUR	100,000	30% (2)
• LA.CO S.r.l.	Ozzano E. (Bologna)	EUR	30,000	30% (2)
• Logimatic S.r.l.	Ozzano E. (Bologna)	EUR	100,000	32% (2)
• Masterpiece S.r.l.	Ozzano E. (Bologna)	EUR	10,000	30% (2)
• Powertransmission.it S.r.l.	Castenaso (Bologna)	EUR	50,000	20% (2)
• Scriba Nanotecnologie S.r.l.	Bologna	EUR	25,556	24.9%
• SIL.MAC. S.r.l.	Ceggio Montano (Bologna)	EUR	90,000	30% (2)
• Stephan UK Ltd.	Chester (GB)	GBP	16,000	40% (4)
• Stephan Belgium B.V.B.A.	Nazareth (Belgium)	EUR	125,000	33% (4)
• Sirio S.p.A. Associazione in partecipazione (5)	Milan			

Note:

(1) Held by IMA Life North America Inc.

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

(3) Shares in the consortium fund

(4) Held by Stephan Machinery GmbH

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

The consolidated financial statements at 31 December 2012 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 2011 for balance sheet items and on figures for the year 2011 for income statement items.

1. SEGMENT INFORMATION

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

The Group's activities comprise the following operating segments:

Tea, Food & Other

Machines for the packaging of tea and herbal teas in filter bags and coffee in pods for the food & beverage and personal care sectors, as well as for end-of-line equipment, for the cheese sector, for stock cubes and for the cheese & bakery processing 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 Sp.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;
- Revisioni Industriali S.r.l. refurbishes second-hand machines for processed cheese and tea and herbs in filter bags;
- Stephan Machinery GmbH operates in the construction of processing machines for cheese and bakery products.

Pharmaceutical

Machines for the packaging of pharmaceutical capsules and tablets in blisters and bottles, machines for filling bottles and vials with liquid and powdered products in sterile and non-sterile environments, machines for freeze-drying, tube-filling and cartoning, systems for the production of tablets and capsules and for coating and 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 bottles 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 through 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 vials and syringes under sterile conditions;
- IMA-PG India Pvt Ltd operates in the production of blister and cartoning machines, mainly for the emerging nations;
- Swiftpack Automation Ltd. and IMA North America Inc. manufacture machines for the bottling of capsules and tablets for the pharmaceutical industry;
- Zanchetta S.r.l. manufactures machines for the movement of powders and depowdering of tablets and machines for the movement and granulation of pharmaceutical powders;
- IMA Kilian GmbH & Co. KG manufactures tablet pressing machines for the pharmaceutical and chemicals industries;
- Zibo IMA Xinhua Pharmatech Co. Ltd. produces machinery for the pharmaceuticals processing industry, principally in emerging markets.

ANALYSIS BY BUSINESS SEGMENT

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

	Tea, Food & Other	Pharmaceutical	Total
Revenues	280,143	454,171	734,314
Segment operating profit	39,925	40,681	80,606
Net financial income (expense) (*)			(9,705)
Profit (loss) from investments accounted for using the equity method	26	584	610
Profit before tax			71,511
Tax			(22,075)
Net profit for the year			49,436

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

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

	Tea, Food & Other	Pharma- ceutical	Total
Revenues	259,806	409,400	669,206
Segment operating profit	36,856	31,029	67,885
Net financial income (expense) (*)			(12,014)
Profit (loss) from investments accounted for using the equity method	–	379	379
Profit before tax			56,250
Tax			(26,895)
Net profit for the year			29,355

(*) 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 2011 (thousands of euros):

	2012	2011	Change
Tea, Food & Other	280,143	259,806	20,337
Pharmaceutical	454,171	409,400	44,771
Total	734,314	669,206	65,108

Consolidated revenues in 2012 amounted to 734,314 thousand euros, an increase of 9.7% with respect to the previous year.

Revenues by segment are discussed below:

- the Tea, Food & Other sector recorded an increase in revenues of 7.8% thanks to the contribution made by GIMA S.p.A. and the Corazza Group, confirming the strong leadership position held by the Group in these niche markets;
- the Pharmaceutical sector shows an increase in revenues of 10.9% 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 2012.

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

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

	2012	2011	Change
Tea, Food & Other	39,925	36,856	3,069
Pharmaceutical	40,681	31,029	9,652
Total	80,606	67,885	12,721

The operating profit of the tea segment amounted to 39,925 thousand euro (14.3% of revenues) versus 36,856 thousand euros in 2011 (14.2% of revenues).

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

The tables below provide other income statement information regarding Group operations by sector for 2012 and 2011 (thousands of euros):

2012	Tea, Food & Other	Pharma- ceutical	Total
Amortization, depreciation, impairment and writedowns	7,596	13,221	20,817
Other non-monetary costs (revenues)	2,390	5,909	8,299

2011	Tea, Food & Other	Pharma- ceutical	Total
Amortization, depreciation, impairment and writedowns	7,454	11,415	18,869
Other non-monetary costs (revenues)	3,741	3,381	7,122

The decrease in depreciation, amortization, impairment and writedowns of the pharmaceutical processing segment is due primarily to the writedown of ICO OLEODINAMICI S.r.l. of 1,500 thousand euros.

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

Balance sheet information at 31 December 2012 is shown below (thousands of euros):

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

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

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

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

The higher level of capital expenditure in the Tea, Food & Other sector in 2011 was mainly due to the recognition of unpatented technology, of intangible assets relating to customer lists and goodwill arising from the process of accounting for the Corazza Group.

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

ANALYSIS BY GEOGRAPHICAL AREA

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

	2012	2011	Change
European Union (excluding Italy)	246,838	246,091	747
Other European countries	76,354	41,340	35,014
North America	95,988	96,348	(360)
Asia & Middle East	166,314	155,573	10,741
Other countries	95,885	71,605	24,280
Total foreign markets	681,379	610,957	70,422
Italy	52,935	58,249	(5,314)
Total	734,314	669,206	65,108

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

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

- revenues from European Union countries, excluding Italy, are unchanged, showing a good performance in such countries as Germany, the Netherlands and Sweden;
- sales in other European countries recorded a strong increase compared with the previous year, especially in Russia and Switzerland;
- North America confirmed the figures achieved in the previous year and the good positioning of IMA in a context substantially devoid of any significant local competition;
- in Asia and the Middle East, there was a good overall increase of 10,741 thousand euros, representing more than 22% of the Group's sales and confirming the trend already seen in the past with the booming Chinese market. The progress being made in local economies is raising production standards closer to those of the West and as a consequence is generating demand for machinery more in line with what we can offer. We are able to respond to such requests very rapidly, strengthening our production capacity, especially in China and India;
- sales in other countries reflect a variety of trends with strong growth in Central and South America, especially in Brazil;
- the slight fall in Italy was solely due to the lower number of projects with respect to the prior 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):

	31.12.2012	31.12.2011
Italy	145,268	137,665
European Union (excluding Italy)	55,027	58,109
North America	19,790	20,871
Asia & Middle East	20,861	16,514
Other countries	512	696
Total	241,458	233,855

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

REVENUES BY BUSINESS CATEGORY

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

	2012	2011	Change
Machines and change parts	309,001	279,020	29,981
Construction contracts	248,098	243,241	4,857
Spare parts	103,613	93,157	10,456
Technical assistance	56,052	40,757	15,295
Other services	17,550	13,031	4,519
Total	734,314	669,206	65,108

2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment showed a net increase of 1,133 thousand euros compared with 31 December 2011. 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 01.01.11							
Gross amount	2,603	12,700	38,696	17,088	20,708	111	91,906
Accumulated depreciation and writedowns	(15)	(4,173)	(28,851)	(15,010)	(17,143)	-	(65,192)
Net amount	2,588	8,527	9,845	2,078	3,565	111	26,714
Balances at 01.01.11	2,588	8,527	9,845	2,078	3,565	111	26,714
Increases in the year	-	3,175	1,466	851	1,382	1,747	8,621
Sales and disposals	-	(10)	(14)	(42)	(126)	-	(192)
Change in scope of consolidation	-	524	384	357	467	-	1,732
Book value adjustment	-	-	-	-	(347)	-	(347)
Depreciation	(1)	(1,169)	(2,151)	(754)	(1,490)	-	(5,565)
Reclassifications	-	404	(373)	16	29	(76)	-
Translation differences	(13)	5	223	(37)	(23)	(5)	150
Balances at 31.12.11	2,574	11,456	9,380	2,469	3,457	1,777	31,113
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
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)
Balances at 31.12.12	3,130	13,678	8,186	2,488	3,791	973	32,246

"Land" includes land in Ozzano dell'Emilia and Zola Predosa (Bologna) owned by IMA S.p.A. and GIMA S.p.A., for 1,587 thousand euros and 573 thousand euros respectively. The reclassification of 575 thousand euros relates to the land located in Indore (India) on which IMA-PG India Pvt. Ltd.'s new plant is being constructed.

Buildings and leasehold improvements mainly comprise the buildings belonging to the Parent Company and to GIMA S.p.A., located in Italy, as well as buildings in France, the United Kingdom and India, which are owned by IMA France E.u.r.l., IMA UK Ltd. and IMA-PG Pvt. Ltd. Leasehold improvements amounted to 9,749 thousand euros (7,489 at 31 December 2011).

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

"Other assets" comprise (thousands of euros):

	31.12.2012	31.12.2011
Electronic office machines	1,445	1,365
Office furniture and fittings	1,299	1,040
Vehicles	626	629
Other	421	423
Total	3,791	3,457

Non-current assets under construction mainly include costs capitalised by IMA-PG India Pvt. Ltd. in relation to the plant being constructed in Indore, the completion of which is expected by April 2013.

The net book value of leased assets amounted to 30 thousand euros (58 thousand euros at 31 December 2011) and refers to vehicles.

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 01.01.11						
Gross amount	43,281	14,340	29,162	83,911	9,750	180,444
Accumulated amortization and writedowns	(27,006)	(9,717)	(20,944)	-	-	(57,667)
Net amount	16,275	4,623	8,218	83,911	9,750	122,777
Balances at 01.01.11	16,275	4,623	8,218	83,911	9,750	122,777
Increases in the year	756	1,680	989	86	3,190	6,701
Sales and eliminations	-	(18)	(616)	-	-	(634)
Acquisition of Corazza Group	17,805	-	16,294	38,660	-	72,759
Change in scope of consolidation	308	61	206	-	365	940
Book value adjustment	-	-	-	36	-	36
Amortization	(6,584)	(1,343)	(4,950)	-	-	(12,877)
Writedowns/Impairment	-	-	(427)	-	-	(427)
Reclassifications	5,922	-	288	-	(6,210)	-
Translation differences	-	3	33	251	(4)	283
Balances at 31.12.11	34,482	5,006	20,035	122,944	7,091	189,558
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
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)
Balances at 31.12.12	28,332	4,732	19,716	121,365	8,394	182,539

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, whose useful life has been estimated to be 10 years, for 14,392 thousand euros and technology relating to the freeze-drying plant for the pharmaceutical industry recorded subsequent to the acquisition of the Edwards Group in 2008, whose useful life has been estimated to be 7 years, for 6,610 thousand euros.

Furthermore, this item includes costs incurred by the Parent Company and by other Italian Group companies on the following principal projects:

- Adapta capsule filling machines, 1,855 thousand euros;
- Xtrema Series linear filling machines, 1,828 thousand euros;
- biotechnology compacts, 847 thousand euros;
- projects for the food and beverage and personal care sectors, 768 thousand euros.

As also mentioned in the report on operations, research and development costs that do not meet the requirements for capitalisation were charged to profit and loss in the amount of 33,692 thousand euros (29,070 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 is primarily due to the expenses incurred for the extension and maintenance of patents in other countries.

Software, licences, trademarks and other rights primarily include operating and technical software applications and an intangible asset linked to the "customer list" of 12,678 thousand euros the useful life of which is 10 years, following the acquisition of the Corazza Group. The reclassification of 462 thousands of euros relates to the implementation of the SAP information systems by the subsidiary Corazza S.p.A.

Assets under development and advances mainly relate to the capitalization of development costs incurred by the Parent Company (5,544 thousand euros) and IMA Industries S.r.l. (2,751 thousand euros). The writedown of 278 thousand euros relates to the abandonment of a development project by the subsidiary Corazza S.p.A.

Goodwill comprises the following (thousands of euros):

	31.12.2012	31.12.2011
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.	6,091	6,091
CGU Corazza Group	38,660	38,660
	48,197	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	12,980	13,049
CGU ICO OLEODINAMICI S.p.A.	1,567	3,067
CGU IMA Kilian GmbH & Co. KG	14,790	14,790
CGU MKCS Inc.	529	539
CGU Pharmasiena Service S.r.l.	2,073	2,073
CGU Precision Gears Ltd.	4,027	4,027
CGU Zanchetta S.r.l.	2,939	2,939
	73,168	74,747
Total	121,365	122,944

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:

$$V = \frac{\sum_{t=1}^N FCF_t}{(1+WACC)^t} + TV$$

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

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

FCF_N = Free Cash Flow sustainable after the end of the discount period

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

The CGU's weighted average cost of capital (WACC) is used as the discounting rate, as determined from a detailed analysis of the capital structure of each CGU. The Capital Asset Pricing Model is used. This mathematical model determines the rate as the sum of the return on a risk-free asset and the market risk premium. In turn, the market risk premium is found by multiplying the market average risk by the beta for the specific sector. The principal assumptions underlying the application of this method involved estimating the future increases in sales, the gross margin, operating costs, the rate of growth of terminal values, capital investment, operating capital and the weighted-average cost of capital (discount rate). The cash flows are estimated on the basis of the 2013 budget and the 2014-2015 business plan; they are then discounted at rates that reflect current market valuations of the cost of capital taking account of the specific risk profile of each CGU.

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

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

	Goodwill	Average weighted cost of capital employed WACC %	CAGR 2013-2015 Sales %
CGU G.S. S.r.l. Coating System	7,402	9.12	4.00
CGU ICO OLEODINAMICI S.p.A.	1,567	9.12	4.50
CGU CO.MA.DI.S. S.p.A.	3,782	9.12	2.50
CGU IMA Kilian GmbH & Co. KG	14,790	5.63	3.00
CGU Nova Group	12,980	5.82	4.00
CGU Precision Gears Ltd.	4,027	9.12	11.60
CGU Zanchetta S.r.l.	2,939	9.12	4.00
CGU Edwards Group	23,079	9.12	2.00
CGU Naturapack S.r.l.	6,091	9.12	4.50
CGU GIMA S.p.A.	1,658	9.12	2.00
CGU Pharmasiena Service S.r.l.	2,073	9.12	5.00
CGU Corazza Group	38,660	9.12	3.00

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

The procedures performed in accordance with IAS 36 to determine whether there had been any impairment of goodwill did not evidence any need for writedowns, except for the ICO Oleodinamici S.p.A. CGU, the goodwill of which was considered to be 1,500 thousand euros lower less than its book value.

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

The translation differences, showing a negative value of 90 thousand euros, mainly refer to the translation of Nova Group goodwill at the year-end spot exchange rate, denominated in the currency of the CGU.

4. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Below is a breakdown (thousands of euros):

	31.12.2012	31.12.2011
Amherst Stainless Fabrication LLC	167	170
B.C. S.r.l.	1,323	1,141
Bacciottini F.lli S.r.l.	474	407
Bolognesi S.r.l.	527	595
Brio Pharma Technologies Pvt. Ltd.	388	388
CMH S.r.l.	7,262	7,262
CMRE S.r.l.	2,525	n.a.
I.E.M.A. S.r.l.	516	443
LA.CO. S.r.l.	279	250
Logimatic S.r.l.	319	259
Masterpiece S.r.l.	18	4
Powertransmission.it S.r.l.	56	34
Scriba Nanotecnologie S.r.l.	396	396
SIL.MAC. S.r.l.	318	282
Stephan Belgium B.V.B.A.	254	238
Stephan UK Ltd.	52	48
Sirio S.p.A. Associazione in partecipazione (*)	6,748	6,748
Other investments	80	33
Total	21,702	18,698

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

CMH S.r.l. was set up in January 2011 with the purpose of creating a joint venture between I.M.A. Industria Macchine Automatiche S.p.A. and Holding Partecipazioni Sacmi S.p.A. ("HPS") for the production and sale of automatic machines for the processing and packaging of chocolate. Because of the contractual agreements between the parties, CMH is subject to joint control. Subsequent to a number of corporate reorganisation transactions, at 31 December 2012 CMH S.r.l. held controlling interests in Carle & Montanari-OPM S.p.A., OPM Bakery S.r.l. (in liquidation), Carle and Montanari Inc. and CMFIMA S.r.l.

On 6 July 2012 CMRE S.r.l. was set up with capital of 50 thousand euros, 50% held by the Parent Company and 50% by Holding Partecipazioni Sacmi S.p.A. (HPS), it operates in the real estate business.

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

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

The following table sets out the goodwill included in the carrying amount of the above equity investments at 31 December 2012 (thousands of euros):

	31.12.2012	31.12.2011
Bolognesi S.r.l.	429	429
Bacciottini F.lli S.r.l.	158	158
Brio Pharma Technologies Pvt. Ltd.	290	290
CMH S.r.l.	2,689	n.a.
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	4,596	1,907

The following table summarizes the key financial data of associated companies at 31 December 2011 (thousands of euros):

	Assets	Liabilities	Revenues	Profit
Amherst Stainless Fabrication LLC	1,364	423	4,636	91
B.C. S.r.l.	5,742	1,330	3,944	609
Bacciottini F.lli S.r.l.	4,888	3,574	5,120	484
Bolognesi S.r.l.	2,584	2,258	3,981	254
Brio Pharma Technologies Pvt. Ltd. (*)	414	85	594	24
CMH S.r.l.	21,991	7,037	–	605
Consorzio L.I.A.M.	574	428	277	18
I.E.M.A. S.r.l.	7,234	6,497	10,024	243
LA.CO. S.r.l.	6,506	5,838	6,917	244
Logimatic S.r.l.	11,441	10,739	14,388	387
Masterpiece S.r.l.	1,079	1,022	778	47
Powertransmission.it S.r.l.	484	204	908	113
Scriba Nanotechnologie S.r.l.	521	197	369	1
SIL.MAC. S.r.l.	5,220	4,596	4,941	120
Stephan Belgium B.V.B.A. (**)	1,836	1,047	2,585	81
Stephan UK Ltd.	722	594	1,177	60

(*) Financial statements at 31 March 2012

(**) Financial statements chiuso at 30 June 2012

The measurement under the equity method of CMH S.r.l. and CMRE S.r.l. and the companies controlled by them, did not lead to any adjustments to the carrying amounts of the investments. 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):

	31.12.2012	31.12.2011
Non-current:		
· Investments in securities	14	14
· Financial receivables	2,413	2,464
· Investments in other companies	3,772	4,701
	6,199	7,179
Current:		
· Investments in securities	1,565	1,591
· Other cash equivalents	1,405	899
· Financial receivables	755	755
	3,725	3,245
Total	9,924	10,424

Non-current financial receivables relate to the lease contract stipulated by the German subsidiary IMA Kilian GmbH & Co. KG for its offices and plants in Cologne for 1,837 thousand euros (1,544 thousand euros at 31 December 2011) and to the loan granted by GIMA S.p.A. to FORUM S.p.A. for 576 thousand euros with maturity in 5 years.

Investments in other companies include shares of Intermedia Holding S.p.A. for 3,664 thousand euros (4,008 thousand euros at 31 December 2011). The investment was 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.

Please note that on 30 January 2012, IMA's entire interest in Pierrel S.p.A. (650,000 ordinary shares, 3.962% of the share capital) was block traded for an amount of 553 thousand euros (the value of the investment at 31 December 2011 was 585 thousand euros). It is also worth mentioning that on 22 March 2012 IMA and Mazzaro Holding S.r.l. signed a settlement agreement to resolve the various disputes that arose between them in previous years.

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

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

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

	2012	2011
Opening balance	10,424	10,638
Increases	1,587	3,387
Measurement at fair value recognized in equity	(344)	-
Impairment adjustment booked to the income statement	-	(1,625)
Change in scope of consolidation	-	2
Decreases	(1,662)	(1,855)
Exchange rate difference	(81)	(123)
Closing balance	9,924	10,424
Of which:		
Non-current financial assets available for sale	3,786	4,715
Current financial assets available for sale	2,970	2,490
Non-current financial receivables	2,413	2,464
Current financial receivables	755	755
Total	9,924	10,424

6. RECEIVABLES FROM OTHERS

These mainly include various guarantee deposits.

7. DERIVATIVE FINANCIAL INSTRUMENTS

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

	Assets		Liabilities	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Interest rate hedging instruments:				
· Interest rate swap (non-current) cash flow hedges	1	25	1,249	1,241
· Interest rate swap (current) cash flow hedges	-	-	10	-
	1	25	1,259	1,241
Exchange rate hedging instruments:				
· Exchange rate hedging instruments (current) cash flow hedges	898	-	12	505
	898	-	12	505
Total	899	25	1,271	1,746

INTEREST RATE DERIVATIVES

The Group uses interest rate derivatives (cash flow hedges) to manage the risk of changes in the interest rates on borrowings from banks, transforming part of them from floating to a maximum fixed rate via the purchase of caps and the sale of floors. At 31 December 2012, the amount of 1 thousand euros in assets and 1,259 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 a portion of medium-term loans, maturing within 2016 and hedging a nominal value of 43.3 million euros (67.5 million euros at 31 December 2011).

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 2012, the amounts of 898 thousand euros in assets and 12 thousand euros in liabilities represented the fair value of these derivative contracts. The notional amounts of these exchange rate hedges at 31 December 2012 totalled 22.8 million US dollars (26.1 million US dollars at 31 December 2011). All foreign currency derivatives at 31 December 2012 mature within 12 months.

8. DEFERRED TAX ASSETS AND LIABILITIES

At 31 December 2012 deferred tax assets mainly relate to the tax revaluations 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. For further details of the accounting impact of the tax revaluations of controlling interests, reference should be made to Note 27.

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

	31.12.2012	31.12.2011
Deferred tax assets:		
· within 12 months	8,937	10,372
· after 12 months	26,297	13,700
	35,234	24,072
Deferred tax liabilities:		
· within 12 months	(992)	(528)
· after 12 months	(15,635)	(18,065)
	(16,627)	(18,593)
Total	18,607	5,479

	31.12.2012	31.12.2011
Net amount at the start of the year	5,479	9,043
Exchange rate difference	(57)	(74)
Change in scope of consolidation	-	(8,722)
Other changes	-	3,084
Credited / (Charged) to the income statement	12,454	1,723
Credited / (Charged) to equity	731	425
Net amount at the end of the year	18,607	5,479

In 2011 the item "Other changes" mainly refers to the elimination of temporary differences between the book values and tax values of construction contracts.

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

	Accrued to provisions	Losses carried forward	Amortization	Income (losses) from fair value	Actuarial valuation	Other	Total
Balances at 01.01.11	12,634	4,874	(10,087)	95	23	1,504	9,043
Effect on the income statement	899	(1,294)	1,635	-	-	483	1,723
Effect on equity	-	-	308	35	82	-	425
Change in scope of consolidation	2,290	178	(10,725)	-	-	(465)	(8,722)
Other changes	110	218	-	-	-	2,756	3,084
Reclassifications	-	-	1,969	-	-	(1,969)	-
Exchange rate difference	(26)	1	(18)	-	-	(31)	(74)
Balances at 31.12.11	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

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

At the reporting date, the amount of unused tax losses for which the deferred tax asset is not recognized in the balance sheet was equal to 2,596 thousand euros (834 thousand euros at 31 December 2011).

9. INVENTORIES

Below is a breakdown (thousands of euros):

	31.12.2012			31.12.2011		
	Gross value	Impairment provision	Net value	Gross value	Impairment provision	Net value
Raw, ancillary and consumable materials	39,262	(7,029)	32,233	44,513	(8,091)	36,422
Work in progress and semifinished goods	198,460	(29,365)	169,095	187,564	(26,488)	161,076
Finished products and goods for resale	7,698	(2,667)	5,031	6,458	(2,159)	4,299
Total	245,420	(39,061)	206,359	238,535	(36,738)	201,797

The increase in inventories since 31 December 2011 mainly reflects the substantial amount of the order book at the end of the year.

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

Balances at 01.01.2011	28,158
Net provisions	4,455
Change in scope of consolidation	4,043
Exchange rate difference	82
Balances at 31.12.2011	36,738
Net provisions	2,383
Exchange rate difference	(60)
Balances at 31.12.2012	39,061

10. TRADE RECEIVABLES AND OTHER RECEIVABLES

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

	31.12.2012	31.12.2011
Trade receivables	129,234	145,676
Advances to suppliers	9,808	9,578
Tax receivables	6,612	7,374
Deferrals	2,661	2,179
Other receivables	7,037	4,643
Total	155,352	169,450

TRADE RECEIVABLES

Trade receivables include customer receivables of 85,988 thousand euros (99,122 thousand euros at 31 December 2011), amounts due on construction contracts of 41,299 thousand euros (43,939 thousand euros at 31 December 2011) and trade receivables from associates of 1,947 thousand euros (2,615 thousand euros at 31 December 2011).

Trade receivables from customers are carried net of accumulated provisions amounting to 12,169 thousand euros (9,503 thousand euros at 31 December 2011).

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

	2012	2011
Opening balance	9,503	6,660
Effect to the income statement	3,371	1,121
Uses	(656)	(381)
Change in scope of consolidation	–	2,112
Exchange rate difference	(49)	(9)
Closing balance	12,169	9,503

Customer receivables falling due beyond 12 months amounted to 9 thousand euros (1,011 thousand euros at 31 December 2011). 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 2012 amounted to around 20,352 thousand euros (22,176 at 31 December 2011) of which 18,770 thousand euros is assigned to factoring companies and 1,582 thousand euros to other financial institutions. The period saw the assignment without recourse of receivables with an overall nominal value of around 20,996 thousand euros (32,202 thousand euros in 2011). The requirements for derecognising these receivables in accordance with IAS 39 have been met.

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

	31.12.2012	31.12.2011
Construction contracts (costs incurred plus recognized margins)	90,618	104,016
Advances received	(49,319)	(60,077)
Due from customers	41,299	43,939

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

	31.12.2012	31.12.2011
Advances received	(22,755)	(22,757)
Construction contracts (costs incurred plus recognized margins)	14,685	15,298
Due to customers	(8,070)	(7,459)

Revenues from construction contracts in 2012 amounted to 248,098 thousand euros (243,241 thousand euros in 2011).

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

	Undue	Past due less than one year	Past due more than one year	Total
31.12.2012				
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
31.12.2011				
Receivables from customers (gross)	60,785	38,811	9,029	108,625
Provision for bad debts	(929)	(1,117)	(7,457)	(9,503)
Receivables from customers (net)	59,856	37,694	1,572	99,122

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 debts is sufficient.

ADVANCES TO SUPPLIERS

At 31 December 2012 these relate to advances paid to suppliers for inventory goods of 6,054 thousand euros (6,230 thousand euros at 31 December 2011) and services of 3,754 thousand euros (3,348 thousand euros at 31 December 2011).

This item also includes advances to associates of 1,048 thousand euros (968 thousand euros at 31 December 2011).

TAX RECEIVABLES

Tax receivables mainly consist of VAT recoverable.

OTHER RECEIVABLES

Other receivables include 1,500 thousand euros due from Transworld Packaging Holding B.V. for caution money paid by the Parent Company as part of the due diligence process that led to the acquisition of 40% of the company in 2013.

11. INCOME TAX RECEIVABLES AND PAYABLES

At 31 December 2012 income tax receivables and payables amounted to 1,982 thousand euros and 13,254 thousand euros respectively (2,061 thousand euros and 5,649 thousand euros at 31 December 2011).

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

At 31 December 2012, the IRES liability for SO.FI.M.A. S.p.A. amounted to 2,146 thousand euros (657 thousand euros at 31 December 2011).

12. CASH AND CASH EQUIVALENTS

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

	31.12.2012	31.12.2011
Bank current accounts	65,685	75,549
Deposits	3,018	2,160
Cheques and cash	222	241
Total	68,925	77,950

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 01.01.2011	34,100	17,732	15,472	-
Capital increase	2,728	1,419	34,738	-
Purchase of treasury shares	(24)	-	-	(304)
Sale of treasury shares	-	-	-	-
Balance at 31.12.2011	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)

Share capital at 31 December 2012 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.

As part of the programme for the purchase of treasury shares approved by the Shareholders' Meeting to stabilise the share price on the stock exchange, during 2012 the Parent Company purchased 31,914 shares, representing 0.087% of the share capital, for a total of 410 thousand euros.

In 2011 the Parent Company acquired 23,586 treasury shares for 304 thousand euros. These transactions were recognized directly in equity in accordance with IAS 32.

In May 2012, a total dividend of 36,772 thousand euros was paid out, equal to 1.00 euros (gross) per outstanding ordinary share (33,145 thousand euros, equal to 0.90 euros (gross) in May 2011).

In the current year, the Board of Directors of the Parent Company IMA S.p.A. proposes to pay out a dividend of 1.00 euros (gross) per share. As this dividend is subject to approval of the Shareholders' Meeting, it was not recognized as a liability at 31 December 2012.

14. FAIR VALUE RESERVE

At 31 December 2012 the fair value reserve includes the intrinsic component of the fair value of foreign exchange forward sale contracts and advances on export contracts in the amount of 981 thousand euros (-272 thousand euros at 31 December 2011) and interest rate swaps of -1,128 thousand euros (-1,161 thousand euros at 31 December 2011).

It should be noted that the amount of -344 thousand euros 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 01.01.2011	(503)
<i>Available for sale</i>	
Measurement at fair value	-
<i>Cash flow hedges/hedging instruments</i>	
Measurement at fair value	(782)
Fair value - tax effect	35
Realization recognized in income - revenues	(1,946)
Realization recognized in income - financial income and expense	1,893
Balance at 31.12.2011	(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)

15. OTHER RESERVES AND RETAINED EARNINGS

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

The changes in this item during the period mainly reflect the distribution of dividends.

16. BORROWINGS

These include payables to banks of 205,128 thousand euros (237,450 thousand euros at 31 December 2011) and payables to other lenders of 1,419 thousand euros (3,726 thousand euros at 31 December 2011).

PAYABLES TO BANKS

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

	31.12.2012	31.12.2011
Non-current:		
· Applied research and technological innovation loans	7,391	1,042
· Other loans	107,292	121,211
	114,683	122,253
Current:		
· Current accounts	11,670	14,541
· Advances on domestic transactions (Italy)	113	336
· Advances on export transactions	35,810	49,159
· Advances on export transactions to be carried out	1,514	–
· Applied research and technological innovation loans	926	1,721
· Other loans	40,412	49,440
	90,445	115,197
Total	205,128	237,450

Applied research and technological innovation loans

During the course of the period, the Parent Company and Corazza S.p.A. paid instalments due totalling 2,725 thousand euros and new loans were received by IMA S.p.A. of 7,359 thousand euros.

Other loans

The main changes in Other loans are attributable to IMA S.p.A. and relate to new loans received of Euro 10,000 thousand and to repayments made in accordance with contractual terms of Euro 32,027 thousand euros.

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

	31.12.2012	31.12.2011
Due within 1 year	90,445	115,197
Due from 1 to 5 years	108,403	104,220
Due after more than 5 years	6,280	18,033
Total	205,128	237,450

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

	31.12.2012	31.12.2011
Euro	155,393	171,951
US dollar	–	773
Chinese yuan	547	674
Other	81	16
Total	156,021	173,414

Applied research and technological innovation loans and other loans are guaranteed by the Parent Company for 3,077 thousand euros (8,077 thousand euros at 31 December 2011).

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 between net debt and shareholders' 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 2012, all covenant requirements had been met.

Interest rates on payables to banks are on average less than 5% (less than 5% in 2011).

At 31 December 2012 the Group had around 250 million euros of unused borrowing facilities (around 233 million euros at 31 December 2011).

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 6.2 million euros (8.8 million euros at 31 December 2011).

PAYABLES TO OTHER LENDERS

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

	31.12.2012	31.12.2011
Non-current:		
· Payables to leasing companies	27	50
· Other	–	347
	27	397
Current:		
· Payables to leasing companies	23	22
· Payables to factoring companies	1,022	1,593
· Other	347	1,714
	1,392	3,329
Total	1,419	3,726

At 31 December 2012, payables due to others consist of a financial payable due by Corazza S.p.A. to Carle & Montanari-OPM S.p.A. (431 thousand euros at 31 December 2011). It should be noted that, at 31 December 2011, this item also included financial payables due by GIMA S.p.A. to FORUM S.p.A. of 1,540 thousand euros.

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

	Due within 1 year	Due from 1 to 5 years	Due after 5 years	Total
Year 2011				
Minimum payments of finance leases	25	52	–	77
Less future financial charges	(3)	(2)	–	(5)
Present value of finance lease payables	22	50	–	72
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

NET DEBT

The breakdown of net debt is as follows:

	31.12.2012	31.12.2011
A. Cash and cash equivalents	(68,925)	(77,950)
B. Other cash equivalents	(1,405)	(899)
C. Investments in securities	(1,565)	(1,591)
D. Liquidity (A)+(B)+(C)	(71,895)	(80,440)
E. Current financial receivables	(755)	(755)
F. Current payables to banks	49,659	65,483
G. Current portion of non-current bank payables	40,786	49,714
H. Other current financial payables	1,392	3,329
I. Current financial debt (F)+(G)+(H)	91,837	118,526
J. Net current financial debt (D)+(E)+(I)	19,187	37,331
K. Non-current portion of non-current bank payables	114,683	122,253
L. Non-current financial assets	(2,427)	(2,478)
M. Other non-current financial payables	27	397
N. Non-current financial debt (K)+(L)+(M)	112,283	120,172
O. Net financial debt (J)+(N)	131,470	157,503

The figure for non-current financial assets differs from that reported in the balance sheet as it does not include equity investments in other companies.

For information on the breakdown of the items in net debt, see Notes 5 and 12.

The decrease in indebtedness at 31 December 2012 is attributable to the strong cash flow generated by the Group, particularly from working capital management, which contributed to the decrease, net of the payment of dividends of 36,772 thousand 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 recognised 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 broken down by gender);
- probability of disability: that in the INPS (National Social Security Institute) model for projections at 2010, broken down by gender;
- 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:

	31.12.2012	31.12.2011
Annual discount rate	3.25%	4.70%
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 A 10+ index.

As previously indicated in the section "Implementation of accounting standards", the Group has opted for early application of IAS 19 Revised, which led to the restatement of the impact on the income statement as disclosed in Note 22. The actuarial gains and losses that arise from the remeasurement each year of assets and liabilities are recognised in the reserve for actuarial gains (losses) on defined benefit plans and at 31 December 2012 they amounted to a negative 2,534 thousand euros (a negative 289 thousand euros at 31 December 2011).

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

Balance at 01.01.2011	17,881
Service cost	335
Interest cost	1,075
Net actuarial losses (gains) recognized during the year	305
Change in scope of consolidation	7,498
Severance payments made during the year	(2,479)
Exchange rate difference	26
Balance at 31.12.2011	24,641
Service cost	318
Interest cost	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

The revised version of IAS 19 requires sensitivity analysis to be performed on the main actuarial assumptions used for the computational model; accordingly, sensitivity analysis was performed on a fluctuation of a quarter percentage point in the average annual discount rate. The results obtained for the Italian companies were amounts of 18,369 thousand euros and 19,348 thousand euros, respectively, compared to the book value of the employee termination indemnity at 31 December 2012 of 18,857 thousand euros. It should be noted that, if the parameter used for the determination of the discount rate for the Italian companies had been the iBoxx Eurozone Corporates AA 10+ index, at 31 December 2012 the employee termination indemnity would have been some 1 million euros higher and equity would have been some 0.7 million euros lower, net of the related tax effect.

18. PROVISIONS FOR RISKS AND CHARGES

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

	Balance at 31.12.2011	Increases	Decreases	Exchange rate differences	Balance at 31.12.2012
Non-current:					
Agency termination indemnities	1,581	322	(146)	-	1,757
Other provisions	439	487	-	(19)	907
	2,020	809	(146)	(19)	2,664
Current:					
Product guarantee provision	12,577	2,444	(1,092)	(39)	13,890
Reorganization provision	1,897	-	(1,830)	-	67
Other provisions	3,436	880	(1,223)	(27)	3,066
	17,910	3,324	(4,145)	(66)	17,023
Total	19,930	4,133	(4,291)	(85)	19,687

The product guarantee provision was established on the basis of estimated expenses for work to be performed under guarantee after 31 December 2012.

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

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

19. TRADE PAYABLES AND OTHER PAYABLES

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

	31.12.2012	31.12.2011
Trade payables	137,606	150,704
Advances from customers	85,061	68,726
Social security and defined-contribution plan payables	8,444	7,197
Tax payables	5,958	5,443
Employee payables	26,991	23,667
Payables in respect of acquisitions	461	613
Other payables	9,500	9,382
Total	274,021	265,732

TRADE PAYABLES

These include trade payables to suppliers of 110,508 thousand euros (121,919 thousand euros at 31 December 2011), agent payables of 9,261 thousand euros (7,035 thousand euros at 31 December 2011) and trade payables to associates of 17,837 thousand euros (21,750 thousand euros at 31 December 2011).

Trade payables to associates reflects the Group's constant commitment in pursuing close collaboration with those suppliers that play a key role in production, also by considering the possibility of becoming shareholders in their companies.

ADVANCES FROM CUSTOMERS

The increase from 31 December 2011 in advances from customers for uncompleted contracts is due mainly to the large volume of orders received at the reporting date.

Information on the amount due to customers for construction contracts (8,070 thousand euros) can be found in Note 10.

TAX PAYABLES

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

PAYABLES IN RESPECT OF ACQUISITIONS

The item includes the estimated liability of 461 thousand euros for the purchase of an additional 19% interest in Pharmasiena Service S.r.l. The put option granted is exercisable in April 2013 or in April 2016.

Note that the residual amount due for the acquisition of the MKCS Inc. business of 272 thousand U.S. dollars was paid during the course of 2012.

OTHER PAYABLES

The amount of 1,089 thousand euros 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.

20. OTHER REVENUES

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

	2012	2011	Change
Out-of-period income	1,803	1,642	161
Capitalization of internal construction costs	3,011	5,030	(2,019)
Partial termination of non-competition agreement	–	427	(427)
Other revenues and income	2,669	3,951	(1,282)
Total	7,483	11,050	(3,567)

The increase in capitalized internal construction costs refer to assets built in-house by the Parent Company and by IMA Industries S.r.l. for a total of 1,971 thousand euros in 2012 for development costs (3,479 thousand euros in 2011) and 1,040 thousand euros for equipment and machinery (1,551 thousand euros in 2011).

Other revenues and income include gains on non-current asset disposals of 543 thousand euros (97 thousand euros in 2011). It should be noted that in 2011 other revenues and income included income of 600 thousand euros relating to a settlement agreement entered into with Mazzaro Holding S.r.l.

21. SERVICES, RENTALS AND LEASES

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

	2012	2011	Change
External works and assembly	39,184	35,879	3,305
Maintenance and repair	5,199	5,694	(495)
Energy, telephone, gas, water and postal charges	9,826	9,007	819
Fees due	14,486	12,956	1,530
Technical, legal, tax and administrative consulting services	33,283	30,315	2,968
Advertising and promotions	2,091	2,232	(141)
Exhibitions	4,108	4,904	(796)
Travel and insurance	20,416	17,504	2,912
Transport	11,429	10,774	655
Bank charges	1,259	1,440	(181)
Rent expense	13,063	12,365	698
Operating lease fees	383	363	20
Rental fees	1,786	1,481	305
Other services	14,547	13,448	1,099
Total	171,060	158,362	12,698

22. PERSONNEL COSTS

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

	2012	2011	Change
Wages and salaries	156,254	143,725	12,529
Social security contributions	37,791	35,106	2,685
Remuneration of directors	4,497	4,224	273
Pensions - defined-benefit plans	273	404	(131)
Pensions - defined-contribution plans	7,773	7,186	587
Reorganization charges	-	2,372	(2,372)
Other personnel costs	11,466	9,444	2,022
Total	218,054	202,461	15,593

The higher level of costs compared to the prior year is mainly due to Italian labour costs, which, taking into account the major elements of remuneration, increased by 5.2%, 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.

In 2011, reorganization charges mainly related to the subsidiary Zanchetta S.r.l.

As previously indicated in the section "Implementation of accounting standards", the Group has opted for early application of IAS 19 Revised, which led to the restatement of the impact on the income statement. The impact is as follows (in thousands of euros):

	2012	2011
Personnel costs - reversal of actuarial losses	3,182	305
Personnel costs - reclassification of net financial expenses	1,015	1,075
Impact on operating profit (EBIT)	4,197	1,380
Net financial income (expense)	(1,015)	(1,075)
Impact on profit before tax	3,182	305
Income tax for the year	(901)	(82)
Impact on profit for the year	2,281	223

In 2012, the IMA Group employed 3,545 people on average, as analyzed below.

	2012	2011	Change
Managers	109	113	(4)
Office workers	2,413	2,320	93
Production workers	1,023	1,036	(13)
Total	3,545	3,469	76

The Group employees at 31 December 2012 were 3,561 (3,529 at 31 December 2011).

23. DEPRECIATION AND AMORTISATION EXPENSE

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

	2012	2011	Change
Depreciation of property, plant and equipment	7,232	5,565	1,667
Amortization of intangible assets	11,807	12,877	(1,070)
Writedowns/Impairment	1,778	427	1,351
Provisions for bad debts	3,371	1,121	2,250
Total	24,188	19,990	4,198

Writedowns/impairment adjustments include 1,500 thousand euros relating 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., as detailed in Note 3. In 2011 this item related to the partial resolution of a non-compete agreement in GIMA S.p.A.

24. OTHER OPERATING COSTS

Other operating costs comprise (thousands of euros):

	2012	2011	Change
Capital losses on disposal of property, plant and equipment	77	109	(32)
Property tax and other taxes	1,627	1,070	557
Out-of-period expenses	1,707	1,523	184
Membership fees	512	451	61
Penalties and charges on sales	173	394	(221)
Sundry promotional materials	169	251	(82)
Other operating costs	1,625	1,038	587
Total	5,890	4,836	1,054

25. FINANCIAL INCOME

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

	2012	2011	Change
Interest income from banks	273	553	(280)
Interest income on amounts due from customers	63	131	(68)
Other interest and financial income	203	159	44
Income from non-current financial assets available for sale	-	34	(34)
Income from derivative financial instruments	72	150	(78)
Exchange rate gains	5,868	9,933	(4,065)
Total	6,479	10,960	(4,481)

26. FINANCIAL EXPENSE

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

	2012	2011	Change
Interest expense on bank payables	8,051	8,321	(270)
Interest expense on discounting	197	300	(103)
Net financial expense on defined-benefit plans	1,015	1,075	(60)
Various interest expense	385	291	94
Writedown of non-current assets available for sale	-	1,625	(1,625)
Expense on bank guarantees	303	270	33
Expense from derivative financial instruments	84	277	(193)
Other financial expense	273	887	(614)
Exchange rate losses	5,876	9,928	(4,052)
Total	16,184	22,974	(6,790)

The decrease in bank interest expense was mainly due to the reduction in interest rates and the lower level of debt during the year.

In 2011, the writedown of non-current assets available for sale related to the investment in Pierrel S.p.A. and other financial expense included the cost of exchange rate risk hedging transactions of 606 thousand euros.

At 31 December 2012, exchange rate gains and losses included an unrealized gain of 1,820 thousand euros and an unrealized loss of 863 thousand euros (2,980 thousand euros and 3,529 thousand euros, respectively, in the previous year).

27. TAXES

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

	2012	2011	Change
Tax for the year:			
Current taxes	33,357	25,922	7,435
Net deferred tax assets and liabilities	(12,454)	(1,723)	(10,731)
	20,903	24,199	(3,296)
Prior year tax	1,172	2,696	(1,524)
Total	22,075	26,895	(4,820)

The Board of Directors of IMA S.p.A. approved, pursuant to Art. 23 of Legislative Decree no. 98 of 6 July 2011, the tax revaluations of the controlling interests recorded in IMA S.p.A.'s consolidated financial statements. As the company exercises this option, the payment of a single IRES substitute tax amounting to 16% of the revalued amount will be due within the payment date for the income taxes due for the year 2012. The impact of realignment will be effective as from the financial year 2018, through the deduction, for tax return purposes only, of the amortisation charge for the revalued amount over the 10 subsequent tax periods.

The accounting treatment adopted by the Parent Company provides for the recognition of a deferred tax asset of an amount equal to the tax benefit expected from the future deductibility of goodwill, of 11,532 thousand euros. The substitute tax due, of 5,876 thousand euros, was fully recognised in the income statement in 2012.

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

During the first half of 2010, the Parent Company underwent 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. appealed against to the Provincial Tax Commission.

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

During 2012 a general tax audit was carried out at IMA Safe S.r.l. (merged with IMA S.p.A. with effect from 1 January 2011) by the Regional Tax Office of Emilia Romagna on fiscal year 2009 for direct taxes, VAT, IRAP (the regional tax on business activities) and other dues. The tax audit was completed in April with a formal notification that the Company accepted in May.

On 3 October 2012, the Milan Provincial Tax Office started a tax audit of CO.MA.DI.S. S.p.A., for the 2009 tax period, for direct taxes, VAT, IRAP and withholding taxes. The tax audit was completed with the drawing up of a formal notification on 9 November 2012 that contained formal and substantial findings against the company.

Prior year taxes of 1,172 thousand euros (2,696 thousand euros in 2011) include provisions made in the year against liabilities that could arise from these tax audits, as well as the cost of exercising the option for rapid settlement of the matters contested by the tax authorities.

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

	2012	2011
Result before tax	71,511	56,250
Taxes determined on the tax rate applicable in each country	20,545	16,391
Tax effect of non-deductible costs	1,610	2,208
IRAP	6,510	6,095
Accounting effect of tax revaluations of controlling interests	(5,656)	-
Other	(2,106)	(495)
Prior year taxes	1,172	2,696
Total	22,075	26,895

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

28. EARNINGS PER SHARE

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

	2012	2011
Net profit for the year (thousands of euros)	47,704	28,213
Average number of outstanding ordinary shares (thousands of shares)	36,778	36,082
Earnings per share (in euros)	1.30	0.78

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

29. BUSINESS COMBINATIONS

During 2012, no business combinations took place. In 2011 IMA S.p.A. completed its acquisition of the Sympak Corazza Group's Dairy & Convenience Food division. This operation was carried out through IMA Industries S.r.l., a wholly-owned subsidiary. Further details of the acquisition are provided in the 2011 annual report.

30. GUARANTEES GRANTED

At 31 December 2012, the Group gave sureties and other bank guarantees to customers in the amount of 18,833 thousand euros for the proper operation of machinery, bid bonds and advances not yet received, performance guarantees to the municipality of Ozzano dell'Emilia (Bologna) for 159 thousand euros, a surety to guarantees for rental contracts of 6,385 thousand euros, and sureties to others of 165 thousand euros.

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

	31.12.2012	31.12.2011
Carle & Montanari-OPM S.p.A.	3,073	3,000
CMH S.r.l.	2,250	4,500
Corazza S.p.A.	7,525	-
GIMA S.p.A.	8,050	3,000
IMA EST GmbH	800	1,600
IMA France E.u.r.l.	300	-
IMA Iberica Processing & Packaging S.L.	-	250
IMA Industries S.r.l.	46,150	22,150
IMA Kilian GmbH & Co. KG	55,224	56,972
IMA Life (Beijing) Pharm. Systems Co. Ltd.	3,000	2,300
IMA Life Japan KK	880	998
IMA Life North America Inc.	152	525
IMA Life S.r.l.	n.a.	17,350
IMA Life The Netherlands B.V.	-	4,500
IMA North America Inc.	690	703
IMA Pacific Co. Ltd.	1,735	832
IMA Packaging and Processing Equipment (Beijing) Co. Ltd.	-	271
IMA-PG India Pvt Ltd.	1,750	1,848
Masterpiece S.r.l.	910	1,000
Pharmasiena Service S.r.l.	220	-
Revisioni Industriali S.r.l.	1,225	200
Scriba Nanotecnologie S.r.l.	158	31
Swiftpack Automation Ltd.	2,500	2,500
Zanchetta S.r.l.	4,600	4,325
Total	141,192	128,855

Guarantees totalling 72,200 thousand euros were also granted to leading banks in relation to the lines of credit shared by the Group's Italian subsidiaries.

Corazza S.p.A. provided guarantees to third parties in the interest of Stephan Machinery GmbH in the amount of 6,201 thousand euros.

Sureties of about 59,929 thousand euros (50,861 thousand euros at 31 December 2011) were given against advances received from customers.

31. COMMITMENTS

At 31 December 2012 there are commitments for the purchase of property, plant and equipment and intangible assets of 142 thousand euros relating principally to leasehold improvements and plant and machinery.

The Group has outstanding commitments of 1,126 thousand euros (1,622 thousand euros at 31 December 2011) for future minimum payments under irrevocable operating leases relating primarily to plant, machinery and vehicles (651 thousand euros due within one year, 475 thousand euros due after one to five years) and commitments under rental contracts of 116,144 thousand euros (107,853 thousand euros at 31 December 2011), of which 13,470 thousand euros is due within one year, 48,768 thousand euros is due after one to five years and 53,906 thousand euros is due after five years.

Instalments paid during the year for operating lease contracts and rentals were 13,446 thousand euros (12,728 thousand euros in the previous year).

There are also other commitments in favour of third parties for 2,164 thousand euros, consisting mainly of the Parent Company's commitment to buy further units of the mutual funds shown under financial assets.

32. RELATED-PARTY TRANSACTIONS

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 2012 the Group holding company is IMA Industria Macchine Automatiche S.p.A., 66.219% owned by SO.FI.MA. S.p.A., which is in turn a subsidiary of Lopam Fin S.p.A. The Group companies IMA S.p.A., IMA Industries S.r.l., Zanchetta S.r.l., CO.MA.DI.S. S.p.A., GIMA S.p.A. and Corazza S.p.A. as consolidated companies and SO.FI.MA. S.p.A. as consolidating company adopted the domestic consolidated taxation mechanism.

As described earlier, intercompany transactions are a consequence of the organizational structure of the Group. Such transactions are carried out as part of ordinary operations on an arm's-length basis.

In addition to intercompany transactions, the Group also conducts operations with other related parties, mainly parties controlling the Parent Company, or parties responsible for the administration and management of IMA S.p.A. or entities controlled by such parties. The Board must give advance approval in its meetings for all transactions with related parties, including intercompany 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 adoption of the consolidated taxation 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 (in thousands of euros):

	Receivables at 31.12.2012	Receivables at 31.12.2011	Payables at 31.12.2012	Payables at 31.12.2011
Parent companies:				
SO.FI.MA. S.p.A.	-	-	2,146	657
	-	-	2,146	657
Associates and joint venture:				
Am herst Stainless Fabrication LLC	493	327	105	342
B.C. S.r.l.	1,325	1,141	489	473
Bacciottini F.lli S.r.l.	583	565	2,539	2,548
Bolognesi S.r.l.	529	595	983	1,188
Brio Pharma Technologies Pvt. Ltd.	431	453	151	646
Carle & Montanari-OPM S.p.A.	-	33	347	431
CMFIMA S.r.l.	852	-	-	-
CMH S.r.l.	8,017	8,017	-	-
CMRE S.r.l.	2,525	n.a.	-	n.a.
I.E.M.A. S.r.l.	597	464	5,004	4,911
LA.CO. S.r.l.	969	1,246	1,324	1,253
Logimatic S.r.l.	1,325	1,964	5,564	8,508
Masterpiece S.r.l.	18	34	114	148
Powertransmission.it S.r.l.	56	34	252	276
Scriba Nanotecnologie S.r.l.	594	674	61	-
SIL.MAC. S.r.l.	685	367	1,239	1,541
Stephan Belgium B.V.B.A.	405	261	3	2
Stephan UK Ltd.	259	350	-	-
Other associates	80	53	9	7
	19,743	16,578	18,184	22,274
Other related parties:				
Banca di Bologna	334	549	-	-
Datalogic Automation S.r.l.	-	-	79	115
Galliani & Sistemi S.p.A.	-	-	67	89
EPSOL S.r.l.	18	-	1,161	93
Mandarin Capital Management SA	1,148	1,255	-	-
Naturapack S.r.l.	-	24	-	12
Poggi & Associati	31	75	86	43
Schiavina S.r.l.	431	449	-	74
Other related parties	36	28	39	49
	1,998	2,380	1,432	475
Total	21,741	18,958	21,762	23,406

	Revenues 2012	Revenues 2011	Costs 2012	Costs 2011
Associates and joint venture:				
Amherst Stainless Fabrication LLC	-	-	2,125	2,526
B.C. S.r.l.	184	143	3,937	3,216
Bacciottini F.lli S.r.l.	172	267	5,105	4,779
Brio Pharma Technologies Pvt. Ltd.	38	7	120	780
Bolognesi S.r.l.	5	146	3,688	2,683
Carle & Montanari-OPM S.p.A.	72	456	-	244
CMFIMA S.r.l.	230	-	-	-
I.E.M.A. S.r.l.	189	34	7,954	7,399
LA.CO. S.r.l.	785	1,022	2,097	1,907
Logimatic S.r.l.	1,577	2,074	10,238	10,966
Masterpiece S.r.l.	18	-	545	600
Powertransmission.it S.r.l.	22	18	804	813
Scriba Nanotecnologie S.r.l.	-	-	54	311
SIL.MAC. S.r.l.	156	105	1,782	2,351
Other Associates	157	195	16	35
	3,605	4,467	38,465	38,610
Other related parties:				
Banca di Bologna	-	2	3	92
Datalogic Automation S.r.l.	-	-	238	244
Galliani & Sistemi S.p.A.	-	-	181	289
EPSOL S.r.l.	21	-	2,158	93
Italbe S.p.A.	-	-	237	233
Lopam S.r.l.	-	-	376	507
Mandarin Capital Management SA	-	-	1,000	1,000
Morosina S.p.A.	-	-	157	150
Naturapack S.r.l.	-	-	122	116
Nemo Investimenti S.r.l.	3	3	1,574	1,527
Poggi & Associati	-	-	1,086	1,303
Other related parties	15	25	103	97
	39	30	7,235	5,651
Total	3,644	4,497	45,700	44,261

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;
- The newly set-up company CMRE S.r.l., which in July 2012 acquired the entire share capital of two companies partially held by related parties, is 50% held by IMA S.p.A. and 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;
- Powertransmission.it S.r.l. manufactures and sells mechanical components, assemblies and complete plants;
- Scriba Nanotecnologie S.r.l. specializes in the study of high-tech solutions against food adulteration and for tracking pharmaceuticals;
- SILMAC. S.r.l. operates in the field of mechanical engineering, specialising in the construction of machines for third parties;
- Stephan Belgium B.V.B.A. and Stephan UK Ltd. are mainly engaged in marketing and after-sales assistance for food processing machinery.

Transactions with associates are largely of a commercial nature. See Note 4 for further information.

Transactions with Mandarin Capital Management SA and Poggi & Associati relate primarily to consulting, whereas the relations with Italbe S.r.l., Lopam S.r.l., Nemo Investimenti S.r.l. and 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 31.12.2012	Of which related parties	% impact	Total at 31.12.2011	Of which related parties	% impact
Balance sheet:						
Tangible and intangible assets	214,785	628	0.3%	220,671	726	0.3%
Investments and financial assets	27,901	14,954	53.6%	25,877	11,970	46.3%
Other non-current assets	36,434	–	–	25,332	99	0.4%
NON-CURRENT ASSETS	279,120	15,582	5.6%	271,880	12,795	4.7%
Trade and other receivables	155,352	3,922	2.5%	169,450	3,604	2.1%
Financial assets	3,725	1,903	51.1%	3,245	2,010	61.9%
Cash and cash equivalents	68,925	334	0.5%	77,950	549	0.7%
Other current assets	209,239	–	–	203,858	–	–
CURRENT ASSETS	437,241	6,159	1.4%	454,503	6,163	1.4%
TOTAL ASSETS	716,361	21,741	3.0%	726,383	18,958	2.6%
SHAREHOLDERS' EQUITY	158,457			148,916		
Borrowings	114,710	–	–	122,650	347	0.3%
Other non-current liabilities	48,126	–	–	46,495	–	–
NON-CURRENT LIABILITIES	162,836	–	–	169,145	347	0.2%
Borrowings	91,837	347	0.4%	118,526	84	0.1%
Trade and other payables	272,932	19,269	7.1%	265,732	22,318	8.4%
Income tax liabilities	13,254	2,146	16.2%	5,649	657	11.6%
Other current liabilities	17,045	–	–	18,415	–	–
CURRENT LIABILITIES	395,068	21,762	5.5%	408,322	23,059	5.6%
TOTAL LIABILITIES AND EQUITY	716,361	21,762	3.0%	726,383	23,406	3.2%

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			Of which related parties		
	2012	2011	% impact	2011	2012	% impact
Income statement:						
Revenues	734,314	669,206	0.3%	3,256	2,535	0.5%
Other income	7,483	11,050	5.8%	475	431	4.3%
Cost of raw materials and goods	(246,029)	(257,105)	12.5%	(29,217)	(30,777)	11.4%
Cost of services and leases	(171,060)	(158,362)	8.7%	(14,284)	(14,826)	9.0%
Other operating costs	(244,102)	(196,904)	-	(274)	(22)	0.1%
OPERATING PROFIT	80,606	67,885				
Net financial income	6,479	10,960	-	2	-	-
Net financial expense	(16,184)	(22,974)	-	(101)	(7)	0.4%
FINANCIAL INCOME AND EXPENSE	(9,705)	(12,014)				
PROFIT (LOSS) FROM INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD						
	610	379	100.0%	379	610	100.0%
Tax	(22,075)	(26,895)	-	-	-	-
NET PROFIT FOR THE YEAR	49,436	29,355				

During 2012 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

In addition to the above, we provide information concerning the remuneration paid to directors, statutory auditors and managers with strategic responsibilities of the Parent Company for carrying out their duties in other companies included in the consolidation (thousand of euros):

	2012	2011
Directors (*)	4,603	3,261
Statutory Auditors	148	175
Total	4,751	3,436

(*) This amount includes fees for professional services received by a Director.

The following table reports the fees paid, for any reason and in any form, by the Company and by other Group companies to managers with strategic responsibilities (thousand of euros):

Short-term benefits	Post-employment benefits	Fees for positions	Total
2,926	151	3,344	6,421

The managers with strategic responsibilities include two members of the Board of Directors.

The details of remuneration paid to directors, statutory auditors and managers with strategic responsibilities is shown in the Remuneration Report.

33. SIGNIFICANT NON-RECURRING TRANSACTIONS AND EVENTS

There were no significant non-recurring events and transactions during 2012. During the prior year, the figure of 6,684 thousand euros referred to restructuring costs, non-recurring costs in connection with the celebration of IMA's 50th anniversary and ancillary costs related to business combinations.

34. ATYPICAL AND/OR UNUSUAL TRANSACTIONS

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

35. SIGNIFICANT EVENTS AFTER THE CLOSE OF THE PERIOD

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

- The programme for the purchase of treasury shares, whose renewal was approved by the Shareholders of IMA S.p.A. on 27 April 2012, came to an end in January 2013. On completion of this programme, IMA bought 500 ordinary shares amounting to 0.001% of the share capital, for a total of 6 thousand euros. Subsequently, 50,000 treasury shares were block traded to a member of the Board of Directors for a total amount of 800 thousand euros, therefore, at the reporting date, IMA holds 5,500 treasury shares, representing 0.015% of the share capital;
- in February 2013 IMA announced the issuance and placement with U.S. institutional investors ("U.S. Private Placement") of a non-convertible bond of 50 million U.S. dollars, equivalent to some 36 million euros. 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;
- in February 2013 IMA acquired a 40% stake in the ILAPAK Group, which produces packaging machines for primary packaging in the food sector and which, in 2012, achieved consolidated turnover of some 84 million euros. IMA's total financial outlay was 9 million euros, including equity and the underwriting of a convertible bond in Transworld Packaging Holding B.V., which, in turn, will capitalise its Swiss subsidiary ILAPAK International S.A. The transaction provides for IMA to increase its holding up to 51% through the conversion of the aforesaid bond. IMA is then granted an option to purchase additional Transworld shares to reach 80% of the ILAPAK Group, with the current majority shareholder, in this case, having the possibility to ask IMA to extend its option to the entire share capital;
- in March 2013, IMA S.p.A., through its Chinese subsidiary IMA Life (Beijing) P.S. Co Ltd., completed the acquisition of 59% of Shanghai Tianyan Pharmaceutical Machinery Co. Ltd. based in Shanghai. The newly-acquired company is active in the 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).

H) DISCLOSURE REQUIRED UNDER ARTICLE 149-DUODECIES OF THE CONSOB ISSUERS' REGULATION

The following table shows the amounts of audit fees and fees for other services rendered by the independent audit firm in 2012.

Type of service	Service rendered by	Service rendered to	Fees (thousands of euros)	
- Audit	Parent Company's auditor	Parent Company IMA S.p.A.	294	
	Parent Company's auditor	Subsidiary companies	243	
	Parent Company auditor's network	Subsidiary companies	271	
- Other services:				
	- Review of English translation of the financial statements	Parent Company's auditor	Parent Company IMA S.p.A.	4
	- Tax compliance activities	Parent Company auditor's network	Subsidiary companies	43
	- Other services	Parent Company's auditor	Subsidiary companies	26
- Other services	Parent Company's auditor	Parent Company IMA S.p.A.	4	

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 2012.

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 2013

Managing Director
Alberto Vacchi

Manager responsible for preparing financial reports
Sergio Marzo

REPORT OF THE INDEPENDENT AUDITORS
AT 31 DECEMBER 2012

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



AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010

To the shareholders of
IMA – Industria Macchine Automatiche SpA

- 1 We have audited the consolidated financial statements of IMA – Industria Macchine Automatiche SpA (hereinafter also the “Company” or “IMA SpA”) and its subsidiaries (hereinafter also “IMA Group”) as of 31 December 2012 which comprise the consolidated balance sheet, 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 directors of IMA SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

The consolidated financial statements present, for comparative purposes, the previous year figures. As reported in the notes to the financial statements, following the early adoption of the new IAS 19 Revised, the directors have restated some comparative data of the prior year, in comparison to that previously presented and audited by us, on which we issued our auditors' report dated 30 March 2012. We examined the methods for the restatement of the comparative data and the related disclosure in the notes in order to express our opinion on the consolidated financial statements as of 31 December 2012.
- 3 In our opinion, the consolidated financial statements of IMA Group as of 31 December 2012 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of IMA Group for the period then ended.

PricewaterhouseCoopers SpA

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- 4 The directors of IMA SpA are responsible for the preparation of the Report on Operations and the Report on corporate governance and ownership structure published in the section *Investor Relator* of the website of IMA SpA in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on Operations and of the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the Report on corporate governance and ownership structure, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by CONSOB. In our opinion, the Report on Operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the Report on corporate governance and ownership structure are consistent with the consolidated financial statements of IMA SpA as of 31 December 2012.

Bologna, 29 March 2013

PricewaterhouseCoopers SpA

Signed by
Roberto Sollevanti
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.