

ANNUAL FINANCIAL REPORT

AT 31 DECEMBER 2014



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## NOTICE OF CALL

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Published on the Company's website [www.ima.it](http://www.ima.it) (investor relations section) on 13 March 2015 and in Milano Finanza on 14 March 2015 to convene the Ordinary Shareholders' Meeting on 28 April 2015 at 10.30 a.m. at the offices of the Company in Via Emilia no. 237, Ozzano dell'Emilia - Bologna, to resolve the following:

### AGENDA

1. Approval of the financial statements for the year ended 31 December 2014; related and consequent resolutions.
2. Proposed purchase, sale and/or disposal of treasury shares; related and consequent resolutions.
3. Appointment of the Board of Directors:
  - number of members of the Board of Directors
  - term of office of the Board of Directors;
  - appointment of the directors;
  - annual remuneration of the directors.
4. Remuneration report : resolution pursuant to art. 123 ter, para. 6 of Legislative Decree 58/98.

#### Right to attend the Shareholders' Meeting

Pursuant to article 83-sexies of Legislative Decree no. 58/98, persons entitled to attend the Shareholders' Meeting and exercise their right to vote are those with voting rights at the end of the accounting day on 17 April 2015 ("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. The communication from the intermediary must be received by the Company by the end of the third trading day prior to the date fixed for the Shareholders' Meeting i.e. by 23 April 2015. Shareholders are nevertheless entitled to attend and vote if the communications are received after that deadline, but before the start of the Shareholders' Meeting.

#### Proxy

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

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

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#### Right to ask questions

In accordance with art. 127-ter of D.Lgs 58/98, shareholders can also ask questions about the matters 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, must be in writing and be received by the deadline of 24 April 2015, 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](mailto: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 D.Lgs 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 the matters under discussion to be integrated, indicating the topics that they would like 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, must 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](mailto:ima@legalmail.it).

Any additions to the list of topics that the Shareholders' Meeting has to address or the submission of further proposed resolutions concerning topics already on the agenda have to be notified in the same manner 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 shareholder proponents must submit a report stating the reasons for the proposed resolutions on new topics to be added to the agenda or the reasons for the further proposed resolutions concerning topics 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 would like to make. Additions to the agenda are not permitted if they concern matters which the law requires to be resolved upon at the Shareholders' Meeting based on a proposal from the directors or on a project or a report prepared by them.

#### Appointment of the Board of Directors

As per art. 15 of the Articles of Association, the directors are appointed at the Shareholders' Meeting with reference to lists presented by the Shareholders. The rules and procedures applying to the lists of candidates and the necessary accompanying documentation are specified in Art. 15 of the articles of association.

The lists of candidates, accompanied by the professional curriculum of each person nominated and signed by the shareholders submitting them, must be sent by post and filed at the company's office Via Tosarelli 184, Castenaso (Bologna), or sent by electronic notification to the certified mail address [ima@legalmail.it](mailto:ima@legalmail.it) by 3 April 2015, that is, 25 days prior to the date of the Shareholders' Meeting.

The right to present lists of candidates is reserved to those shareholders who alone or together with others represent at least 1% of the share capital, as set out in the Company's articles of association and Consob resolution 19,109 of 28 January 2015.

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.

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The certification of intermediaries proving ownership of the shares as of the date on which the list was filed should reach the Company no later than 7 April 2015, i.e. not less than twenty-one days before the date set for the meeting. By the same date, the Company will publish the lists of candidates on the basis established in the current regulations.

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

Each list must contain at least the candidatures of

- one-fifth of candidates of the least represented gender;
- two candidates meeting the independence requirements established by law.

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 of par value 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](http://www.ima.it)), where the Articles of Association and the Regulations for Shareholders' Meetings can also be found.

The documentation and information for the Shareholders' Meeting required under current regulations, including the separate and consolidated financial statements at 31 December 2014, 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 [www.ima.it](http://www.ima.it) in the Investor Relations section.



## REPORT ON OPERATIONS

AT 31 DECEMBER 2014

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

## DIRECTORS AND OFFICERS

### BOARD OF DIRECTORS

(In office until the Shareholders' Meeting called to approve the financial statements at 31 December 2014)

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

Marco Vacchi

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

Alberto Vacchi

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

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

#### **CHIEF OPERATING OFFICER**

Andrea Malagoli

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

#### **DIRECTORS**

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

### BOARD OF AUDITORS

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

#### **STANDING AUDITORS**

Giacomo Giovanardi - Chairman

Roberta De Simome

Riccardo Pinza

#### **ALTERNATE AUDITORS**

Vittorio Coraducci

Giovanna Bolognese

Federico Ferracini

### COMMITTEE (\*)

Marco Galliani - Independent Director

Pierantonio Riello - Independent Director

Maria Carla Schiavina - Non-executive Director

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

**MANAGER RESPONSIBLE FOR  
PREPARING THE FINANCIAL  
REPORTS**

Sergio Marzo

**LEAD INDEPENDENT DIRECTOR**

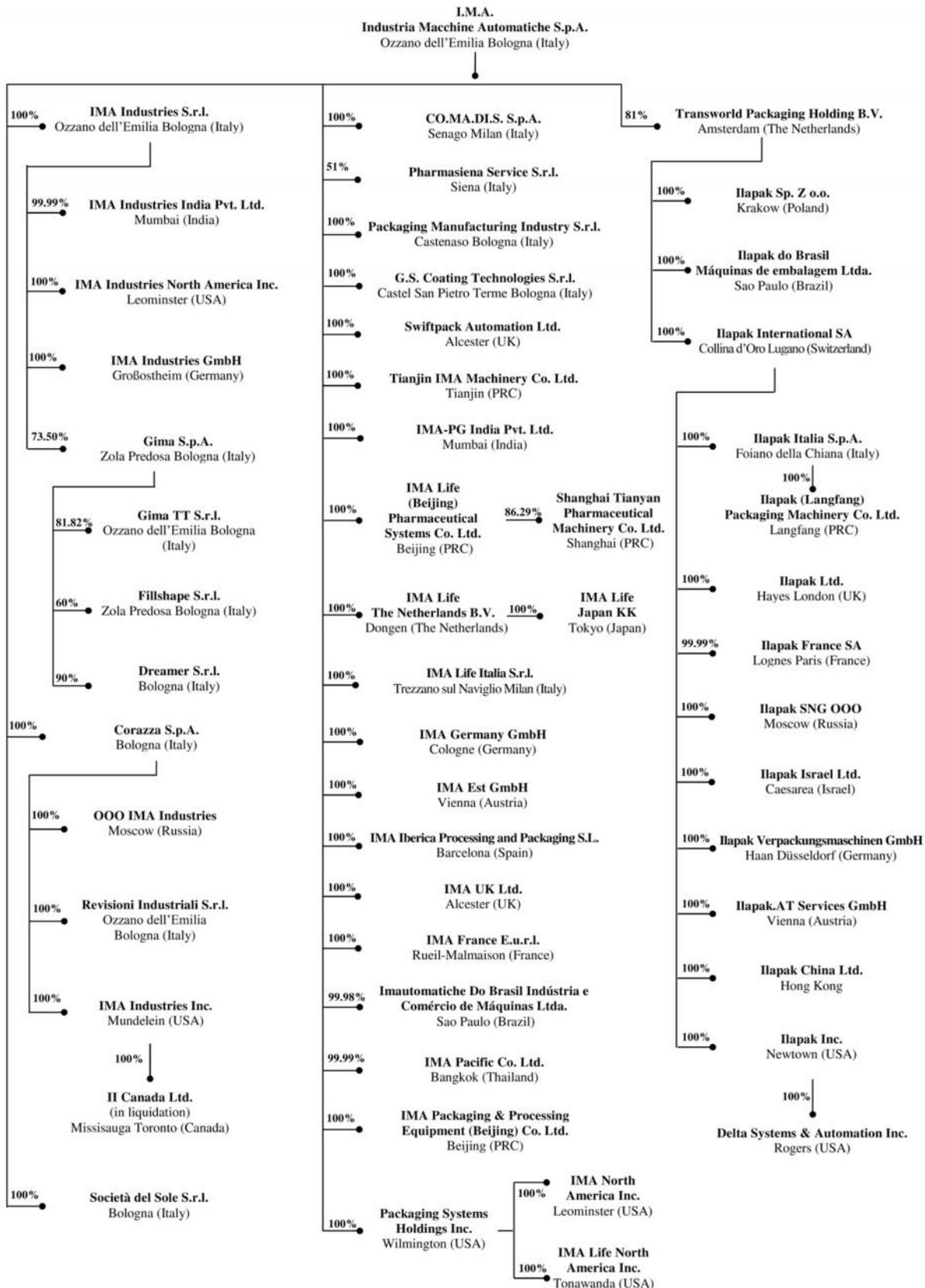
Paolo Frugoni

**INDEPENDENT AUDITORS**

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

Reconta Ernst & Young S.p.A.

GROUP STRUCTURE



## GROUP PERFORMANCE

### THE ECONOMIC SCENARIO

Shareholders,

There was a profound change in the macroeconomic environment during 2014 due to the decline in the price of oil, the depreciation of the Euro and the start of QE in the EMU. The rapid acceleration of the US economy contrasts with disappointing growth in Europe and a new contraction in Japanese GDP. Among the BRIC countries, India maintained good growth, Chinese growth eased, the Brazilian economy stagnated and Russia is faced with a deepening economic crisis. The gap between net exporters and importers of raw materials has also widened, with the former suffering from lower sales revenues and therefore a reduction in the resources available to finance growth. For the latter, the decline in commodity prices has helped considerably to control domestic inflation, increase purchasing power and raise the demand for certain consumer goods.

Against this background, during the year the IMA Group achieved robust and steady worldwide growth in orders from all business sectors. The introduction of more restrictive rules for the packaging of pharmaceuticals in certain Far Eastern countries continues to shift investment towards high quality machines, where we excel. So despite the major uncertainties currently faced, our reference markets - pharmaceuticals, tea and food - continue to stand out as being among the most solid and anti-cyclical.

This result is also reflected in the volumes and margins that we have achieved, as well as the strong trend in orders, which allow us to foresee for 2015 a year of further growth in both revenues and margins.

The past year was marked by work on the integration of the Ilapak Group, which has increased our presence in niche food sectors, and by the signature of an important contract for the purchase of the Dairy business of the Oystar Group. In addition to the manufacturing synergies, this acquisition also provides a further counterweight to possible adverse trends in the pharmaceuticals and/or food markets.

### CONSOLIDATED INCOME STATEMENT

The income statement reclassified by purpose has been prepared according to 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;
- research and development costs: these include, by function, costs relating to the research and development of new products or to the maintenance of existing products. They also include costs relating to technical personnel, materials used for experiments and the overheads of technical offices;
- Sales costs: these include costs connected with commercial operations, such as staff, commissions paid to agents, promotional and advertising costs and associated overheads;

- general and administrative costs: these include all the costs associated with general operations such as administrative offices in the broadest sense, the management of sectors or divisions, production planning and all depreciation and amortisation not directly related to the foregoing functions;
- Gross operating profit (EBITDA): this corresponds to the sum of operating profit, depreciation and amortisation for the period and writedowns.

The following main reclassified income statement components are equivalent to those reported in the consolidated income statement contained in the section entitled "Consolidated financial statements": revenues, operating profit, financial income and expense, profit before tax, taxes, net profit from discontinued activities/disposal groups and net profit for the period.

The Group closed 2014 with net profit of 51.56 million euros, compared with 51.54 million euros in 2013.

The following table sets out the most significant figures from the Group's 2014 reclassified income statement, with comparative figures for 2013:

in millions of euros	2014		2013		Change %
	Amount	%	Amount	%	
<b>Revenues</b>	<b>854.61</b>		<b>760.93</b>		<b>12.3</b>
Cost of sales	(496.41)	58.1	(446.77)	58.7	
<b>Gross industrial income</b>	<b>358.20</b>	<b>41.9</b>	<b>314.16</b>	<b>41.3</b>	<b>14.0</b>
R&D costs	(36.22)		(37.00)		
Sales costs	(99.29)		(86.10)		
General and administrative costs	(113.56)		(96.98)		
<b>Operating profit before writedowns/impairment/ non-recurring items (EBITA)</b>	<b>109.13</b>	<b>12.8</b>	<b>94.08</b>	<b>12.4</b>	<b>16.0</b>
Writedowns/Impairment adjustments	-		(6.15)		
Non-recurring items	(1.22)		(1.29)		
<b>Operating profit (EBIT)</b>	<b>107.91</b>	<b>12.6</b>	<b>86.64</b>	<b>11.4</b>	<b>24.5</b>
Net financial income (expense)	(18.51)		(9.11)		
Profit (loss) from investments accounted for using the equity method	1.39		1.45		
<b>Profit before tax</b>	<b>90.79</b>	<b>10.6</b>	<b>78.98</b>	<b>10.4</b>	<b>15.0</b>
Taxes	(34.04)		(30.09)		
<b>Net profit from continuing operations</b>	<b>56.75</b>	<b>6.6</b>	<b>48.89</b>	<b>6.4</b>	<b>16.1</b>
Net profit from discontinued operations / disposal groups	-		5.91		
<b>Profit for the year</b>	<b>56.75</b>	<b>6.6</b>	<b>54.80</b>	<b>7.2</b>	<b>3.6</b>
Profit attributable to non-controlling interests	(5.19)		(3.26)		
<b>Profit attributable to equity holders of the parents</b>	<b>51.56</b>	<b>6.0</b>	<b>51.54</b>	<b>6.8</b>	<b>-</b>
<b>Gross operating profit (EBITDA) before non-recurring items</b>	<b>131.55</b>	<b>15.4</b>	<b>113.26</b>	<b>14.9</b>	<b>16.1</b>
<b>Gross operating profit (EBITDA)</b>	<b>130.33</b>	<b>15.3</b>	<b>111.97</b>	<b>14.7</b>	<b>16.4</b>
<b>Order book</b>	<b>525.88</b>		<b>456.31</b>		<b>15.2</b>

## REVENUES BY SECTOR

in millions of euros	2014		2013		Change %
	Amount	%	Amount	%	
Tea, Food & Other	302.67	35.4	267.40	35.1	13.2
Pharmaceutical	453.38	53.1	451.73	59.4	0.4
Ilapak	98.56	11.5	41.80	5.5	135.8
<b>Total</b>	<b>854.61</b>	<b>100.0</b>	<b>760.93</b>	<b>100.0</b>	<b>12.3</b>

Consolidated revenues in 2014 amounted to 854.61 million euros, an overall increase of 12.3%, of which 5.1% due to the organic growth, with respect to the previous 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 reports an increase in revenues of 13.2% whereas the Pharmaceutical Sector remains stable with respect to last year. On the other hand, the revenues of the Ilapak Group rose by 56.76 million euros, partly due to making a full-year contribution compared with just 5 months in 2013.

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

in millions of euros	2014		2013		Change %
	Amount	%	Amount	%	
Tea, Food & Other	170.91	32.5	160.30	35.1	6.6
Pharmaceutical	327.43	62.3	274.02	60.1	19.5
Ilapak	27.54	5.2	21.99	4.8	25.2
<b>Total</b>	<b>525.88</b>	<b>100.0</b>	<b>456.31</b>	<b>100.0</b>	<b>15.2</b>

## REVENUES BY GEOGRAPHICAL AREA

in millions of euros	2014		2013		Change %
	Amount	%	Amount	%	
European Union (excluding Italy)	241.99	28.3	254.68	33.5	(5.0)
Other European countries	84.93	9.9	71.97	9.5	18.0
North America	133.80	15.7	140.41	18.4	(4.7)
Asia & Middle East	199.33	23.3	160.01	21.0	24.6
Other countries	117.06	13.7	72.00	9.5	62.6
<b>Total foreign markets</b>	<b>777.11</b>	<b>90.9</b>	<b>699.07</b>	<b>91.9</b>	<b>11.2</b>
Italy	77.5	9.1	61.86	8.1	25.3
<b>Total</b>	<b>854.61</b>	<b>100.0</b>	<b>760.93</b>	<b>100.0</b>	<b>12.3</b>

90.9% of revenues came from outside Italy with growth in Europe, Asia & Middle East and other countries and a slight decrease in the European Union and in North America. About 70% of revenues were generated by plant and machines, while 30% came from after-sales activities (support, spares, kits etc.).

In particular:

- sales in countries of the European Union, excluding Italy, declined slightly in Germany and France and increased in UK and Poland;
- sales in other European countries record an increase compared with the previous year, especially in Russia;
- North America contracted slightly in a context essentially without significant local competition;
- Asia & Middle East grew by 24.6% overall, confirming the importance of this market that always generates more than 20% of the Group's sales; the established trend in the Chinese market was also confirmed. The progress 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. In particular, there has been growth in Turkey, India, Indonesia and Korea;
- the revenues from other countries reflect a variety of trends with an increase in Central and South America (Mexico, Brazil, Chile and Argentina) and in North Africa.

- the increase in Italy was due to a larger number of projects compared with the previous year. These fluctuations recur annually since revenues depend on the level of investment projects of the pharmaceutical companies, which is inevitably unstable in a small market like Italy.

#### GROSS INDUSTRIAL INCOME

Industrial gross profit was 41.9% of revenues, compared with 41.3% in 2013, thanks mainly to higher sales volumes

#### R&D COSTS

Research and development costs amount to 36.22 million euros, more or less in line with 37.00 in 2013 and representing 4.2% of revenues.

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

Development continued during the year on several entirely new product families, thus expanding the Group's product range. The costs capitalised during the year in relation to the projects for the Tea, Pharmaceuticals and Ilapak segments amounted to 7.5 million euros (3.0 million euros in 2013) and will be amortized once the products are available for sale.

#### SALES COSTS

Sales costs inclusive of commissions paid to sales agents and intermediaries, amounted to 99.29 million euros, up 13.19 million euros with respect to 2013. Part of the change, 5.17 million euros, reflects the full-year effect contributed by the Ilapak Group. Their weighting as a percentage of sales has risen slightly to 11.6%, compared with 11.3% in 2013, partly due to a slight increase of 1.2 million euros in the commission paid to commercial intermediaries (from 11.4 million euros to 12.6 million euros).

#### GENERAL AND ADMINISTRATIVE COSTS

General and administrative costs increased by 16.58 million euros, from 96.98 million euros in 2013 to 113.56 million euros in 2014, with the Ilapak Group contributing 9.40 million euros. The increase is linked to the rise in unit labour costs and higher general costs.

#### OPERATING PROFIT (EBIT)

Consolidated EBITA comes to 109.13 million euros, which is 12.8% of sales, higher than the previous year when it came to 12.4% of sales, because of the matters explained earlier.

The operating profit (EBIT) of 107.91 million euros (86.64 million euros in 2013) reflects non-recurring charges essentially linked to the acquisition of the Ilapak Group for 1.22 million euros.

#### NET FINANCIAL INCOME (EXPENSE)

Net financial expense, detailed in the notes to the financial statements, was 18.51 million euros compared with 9.11 million euros in 2013.

The change is due to higher net financial expense for the year of 4 million euros, attributable to a higher average debt, to the negative effect of exchange differences of 3.8 million euros and to recognition of the impairment of financial assets held for sale of 1.6 million euros.

#### NET PROFIT FROM DISCONTINUED OPERATIONS / DISPOSAL GROUPS

There were no results from discontinued activities during the year, while the net profit reported in 2013 of 5.91 million euros, after taxes and related charges, was consequent to the disposal of both Stephan and Kilian.

#### PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENTS

The profit attributable to the shareholders of the parent company amounts to 51.56 million euros, compared with 51.54 million euros in the previous year, net of taxes of 34.04 million euros (30.09 million euros in 2013).

The apparent stability of this result compared with the prior year actually reflects an increase in profit before tax, for the reasons described earlier, and recognition in the prior year of the IRAP reimbursement and the profit from discontinued operations. Excluding this effect, the effective tax rate would have been significantly lower than in 2013.

The following table shows the impact of total net profit for the year 2013 of the above items :

in millions of euros	
Profit attributable to equity holders of the parents	51.54
Net profit from discontinued operations / disposal groups	(5.91)
Tax reimbursement related to "IRES" for not having deducted the "IRAP" amount calculated on the labour costs related to the period 2007-2011	(4.09)
<b>Total</b>	<b>41.54</b>

The incidence of taxation on 2013 profit before tax, net of the effect of the IRES reimbursement due to the prior non-deduction of IRAP, would have been about 43%, compared with about 37.5% in 2014.

#### PROFITABILITY RATIOS

The principal profitability parameters relating to 2014 and 2013 are shown below:

Ratio	Breakdown	2014	2013
Return on sales (R.O.S.)	Operating profit (EBIT)	12.6%	11.4%
	Revenues		
Return on investment (R.O.I.)	Operating profit (EBIT)	45.9%	32.9%
	Net capital employed		
Return on equity (R.O.E.)	Profit attributable to equity holders of the parent Equity	50.0%	44.5%

The change in the profitability indices between 2014 and 2013 is the result of the operating profit and profit attributable to the shareholders of the parent company, as illustrated 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, equity pertaining to the parent company's shareholders and minority interest.

Other payables, net, mainly includes 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 2014:

in millions of euros	31.12.2014		31.12.2013		Change %
	Amount	%	Amount	%	
Trade receivables	142.61	60.7	143.31	54.5	(0.5)
Inventories	212.85	90.6	204.68	77.8	4.0
Trade payables	(298.19)	(126.9)	(262.07)	(99.6)	13.8
Other, net	(79.86)	(34.0)	(66.06)	(25.1)	20.9
<b>Working capital</b>	<b>(22.59)</b>	<b>(9.6)</b>	<b>19.86</b>	<b>7.6</b>	<b>(213.7)</b>
Property, plant and equipment	53.54	22.8	43.26	16.5	23.8
Intangible assets	178.89	76.1	175.85	66.8	1.7
Investments	32.00	13.6	29.53	11.2	8.4
<b>Non-current assets</b>	<b>264.43</b>	<b>112.5</b>	<b>248.64</b>	<b>94.5</b>	<b>6.4</b>
Provision for severance indemnities and other provisions	(6.79)	(2.9)	(9.71)	(3.7)	(30.1)
<b>Net capital employed</b>	<b>235.05</b>	<b>100.0</b>	<b>258.79</b>	<b>98.4</b>	<b>(9.2)</b>
Non-financial assets (liabilities) held for sale	–	–	4.31	16	n.s.
<b>Total net capital employed</b>	<b>235.05</b>	<b>100.0</b>	<b>263.10</b>	<b>100.0</b>	<b>(10.7)</b>

**FINANCED BY:**

<b>Net debt (*)</b>	<b>118.44</b>	<b>50.4</b>	<b>130.40</b>	<b>49.6</b>	<b>(9.2)</b>
Non-controlling interests	13.39	5.7	16.88	6.4	(20.7)
<b>Group equity attributable to equity holders of the parents</b>	<b>103.22</b>	<b>43.9</b>	<b>115.82</b>	<b>44.0</b>	<b>(10.9)</b>
<b>Total sources of financing</b>	<b>235.05</b>	<b>100.0</b>	<b>263.10</b>	<b>100.0</b>	<b>(10.7)</b>

(\*) At 31 December 2013 the item included financial assets of disposal groups of 3.18 million euros.

**WORKING CAPITAL**

Working capital at 31 December 2014 amounted to -22.59 million euros. It has fallen by 42.45 million euros compared with the same date in 2013.

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

In particular, there was a slight increase in stocks due to the high order backlog and the increase in trade payables, especially advances from customers, again due to the higher order backlog.

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

The changes in the main balances are discussed below:

- trade receivables are more or less unchanged passing from 143.31 million euros, at 31 December 2013 to 142.61 million euros as of 31 December 2014, despite the increase in volume;
- inventories increased by 8.17 million euros to 212.85 million euros (204.68 million euros in 2013) despite the higher volumes sold and the higher order book achieved at the end of 2014. The Group is continuing its efforts to improve inventory levels through innovation in production scheduling processes and by improving management of the supply chain to reduce lead times;
- trade payables, which include advances from customers, have increased by 36.12 million euros and relate to advances from customers because of the growth in the order book;
- the "Other, net" item increased slightly to 79.86 million euros on 66.06 million euros in 2013.

## NON-CURRENT ASSETS

In total, non-current assets have increased by 15.79 million euros since 31 December 2013, principally due to the investments carried out net of depreciation and amortization.

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

in millions of euros	Non-current assets		
	Property, plant and equipment	Intangibles	Total
Increases	13.35	10.60	23.95
Net book value of disposals	(0.61)	(0.03)	(0.64)
Change in scope of consolidation	3.15	0.01	3.16
Acquisition of DOSA business unit	–	2.10	2.10
Acquisition of G.S. Coating Techn. S.r.l.	–	4.60	4.60
Amortization and depreciation charges	(7.10)	(15.32)	(22.42)
Exchange rate difference and other changes	1.49	1.08	2.57
<b>Total</b>	<b>10.28</b>	<b>3.04</b>	<b>13.32</b>

## NET CAPITAL EMPLOYED

Compared with 31 December 2013, capital employed net of operating liabilities has decreased by 28.05 million euros to 235.05 million euros, because of what explained above.

## NET DEBT

Net debt at 31 December 2014 amounts to 118.44 million euros and comprise:

in millions of euros	31.12.2014	31.12.2013
A. Cash and cash equivalents	(133.26)	(80.06)
B. Other cash equivalents	(0.69)	(1.02)
C. Investments in securities	(1.89)	(1.10)
<b>D. Liquidity (A)+(B)+(C)</b>	<b>(135.84)</b>	<b>(82.18)</b>
<b>E. Current financial receivables</b>	<b>(1.37)</b>	<b>(1.27)</b>
F. Current payables to banks	23.29	48.57
G. Current portion of non-current payables	34.11	32.85
H. Other current financial payables	3.43	4.96
<b>I. Current financial debt (F)+(G)+(H)</b>	<b>60.83</b>	<b>86.38</b>
<b>J. Net current financial debt (D)+(E)+(I)</b>	<b>(76.38)</b>	<b>2.93</b>
K. Non-current portion of non-current bank payables	80.99	96.21
L. Bond issued	115.27	36.15
M. Other non-current financial payables	2.06	1.55
N. Non-current financial assets	(3.50)	(3.26)
<b>O. Net non-current financial debt (K)+(L)+(M)+(N)</b>	<b>194.82</b>	<b>130.65</b>
<b>P. Net financial debt (J)+(O)</b>	<b>118.44</b>	<b>133.58</b>
Q. Cash and cash equivalents held for sale	–	(3.18)
<b>R. Total net financial debt (P)+(Q)</b>	<b>118.44</b>	<b>130.40</b>

The items included in net debt are analyzed in notes 5, 12 and 15 to the consolidated financial statements.

The analysis of net debt takes account of Consob Communication DEM/6064293 dated 28 July 2006, while including the financial receivables classified as non-current financial assets.

The decrease in indebtedness at 31 December 2014 is attributable to the strong cash flow generated by the Group, particularly from working capital management, which contributed to this result, despite the payment of dividends of 46.0 million euros and the purchase of the minority shareholding in the Ilapak Group for 23.3 million euros.

### EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

Equity of 103.22 million euros, decreased by 12.60 million euro since 31 December 2013 due to the following movements:

Distribution of dividends	(46.03)
Purchase and sale of treasury shares	-
Exchange rate differences on the translation of foreign currency financial statements	6.80
Measurement of financial instruments recognised in equity	(0.20)
Remeasurement of defined benefit plans	(2.02)
Change in non-controlling interests	(22.71)
Profit attributable to equity holders of the parent	51.56
<b>Total</b>	<b>(12.60)</b>

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

The following table reconciles 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 2014:

in millions of euros	Shareholders' equity	Profit for the year
<b>Equity and Profit for the year of IMA S.p.A.</b>	95.19	63.42
Elimination of book value of consolidated investments and related dividends	(317.16)	(74.04)
Elimination of writedowns of consolidated investments	-	17.29
Equity and Result for the year of consolidated companies and measurement of investments using the equity method	243.21	55.76
Recognition of differences arising from purchase of investments	85.31	(6.05)
Elimination of intercompany profit/loss on inventories and fixed assets and other adjustments	(3.33)	(4.82)
<b>Equity and Profit attributable to equity holders of the parent</b>	<b>103.22</b>	<b>51.56</b>

### ANALYSIS OF PERFORMANCE BY SECTOR

The following table analyzes consolidated performance by business segment in 2014:

in millions of euros	Tea, Food & Other	Pharma- ceutical	Ilapak	Not allocated	Total
Revenues	302.67	453.38	98.56	-	854.61
Gross operating profit (EBITDA) before non-recurring items	58.04	62.76	10.75	-	131.55
Gross operating profit (EBITDA)	57.94	62.63	9.76	-	130.33
Operating profit (EBIT)	50.77	52.01	5.13	-	107.91
Net capital employed (*)	59.03	99.12	46.37	30.53	235.05
R&D costs	16.13	20.09	-	-	36.22
Average personnel	965	2,327	438	-	3,730
Order book	170.91	327.43	27.54	-	525.88

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

Net capital employed includes 96.43 million euros of goodwill, attributed to the Tea, Food & Other Sector for 31.03 million euros, to the Pharmaceutical Sector for 61.28 million euros and to the Ilapak Group for 4.12 million euros.

## TEA, FOOD & OTHER

in millions of euros	2014	2013	Change %
Revenues	302.67	267.40	13.2
Gross operating profit (EBITDA) before non-recurring items	58.04	49.02	18.4
Gross operating profit (EBITDA)	57.94	48.93	18.4
Operating profit (EBIT)	50.77	41.47	22.4
Net capital employed (*)	59.03	84.02	(29.7)
R&D costs	16.13	15.35	5.1
Average personnel	965	912	
Order book	170.91	160.30	6.6

(\*) Net capital employed includes goodwill of 31.03 million euros (31.03 million euros at 31 December 2013).

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

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

The sector's revenue has increased by 13.2% over the previous year, thanks to the contributed by GIMA S.p.A. and GIMA TT S.r.l. and generally confirming the strong leadership position held by the Group in these niche markets. The operating profit comes to 50.77 million euros (16.8% of revenues) versus 41.47 million euros in 2013 (15.5% of revenues). The order book has risen by 6.6% (to 170.91 million euros compared with 160.30 million euros in 2013), providing good visibility for the coming year.

The net capital employed decreases compared with the previous year because of the reduction in the net working capital.

## PHARMACEUTICAL

in millions of euros	2014	2013	Change %
Revenues	453.38	451.73	0.4
Gross operating profit (EBITDA) before non-recurring items	62.76	59.53	5.4
Gross operating profit (EBITDA)	62.63	59.38	5.5
Operating profit (EBIT)	52.01	43.43	19.8
Net capital employed (*)	99.12	115.04	(13.8)
R&D costs	20.09	21.65	(7.2)
Average personnel	2,327	2,445	
Order book	327.43	274.02	19.5

(\*) Net capital employed includes goodwill of 61.28 million euros (58.93 million euros at 31 December 2013).

The Pharmaceutical sector includes activities directly carried out by IMA S.p.A. through the IMA Safe division (which operates in the field of blister products and cartoning), IMA Life division (which operates in the packaging of liquids and powders in and out of sterile environments) at the Ozzano (BO) and Calenzano (FI) plants and by Pharmasienna Service S.r.l. at the Siena plant. It also includes the activities of CO.MA.DI.S. S.p.A. a wholly owned subsidiary, based in Senago (Milan), the Indian subsidiary IMA-PG India Pvt Ltd., with offices in Bombay and Indore (India), the Chinese subsidiary Shanghai Tianyan Co. Ltd., Swiftpack Automation Ltd., with headquarters and factory in Alcester (UK), and Packaging Systems Holdings Inc., which owns 100% of IMA North America Inc., based in Leominster (Massachusetts). In addition, the former Edwards Group, world leader in the freeze-drying equipment sector with three factories in the Netherlands, the USA and China, was acquired in 2008.

The pharmaceutical processing sector includes the activities performed directly by the parent company IMA S.p.A. via its IMA Active Division at Ozzano. 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, in the countries covered by these, 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 revenues of the Pharmaceutical Sector are more or less unchanged, with a slight increase of 0.4% (+1.65 million euros). The sector has seen a sharp increase over the previous year, achieving an operating profit (EBIT) of 52.01 million euros (compared with 43.43 million euros in 2013) as a result of higher profitability of contracts due to a more favourable mix and improved sales margins of certain products that have achieved the expected levels of profitability.

Net capital employed amounts to 99.12 million euros (115.04 million euros in 2013). The difference comes 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.

## ILAPAK

in millions of euros	2014	2013	Change %
Revenues	98.56	41.80	135.8
Gross operating profit (EBITDA) before non-recurring items	10.75	4.71	128.2
Gross operating profit (EBITDA)	9.76	3.66	166.7
Operating profit (EBIT)	5.13	1.74	194.8
Net capital employed (*)	46.37	41.11	12.8
R&D costs	-	-	
Average personnel	438	185	
Order book	27.54	21.99	25.2

(\*) Net capital employed includes goodwill of 4.12 million euros (4.12 million euros at 31 December 2013).

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

Product sales and the related after-sales support in North America, European countries and Eastern Europe are handled by the Ilapak Group's branches operating in these countries, while all other locations are covered by the companies, either directly or via agents.

Sector revenues total 98.56 million euros (up compared with the previous year when Ilapak only contributed for 5 months) confirming the strong leadership position held by the Ilapak Group in its niche markets. Operating profit amounted to 5.13 million euros. The order book, 27.54 million euros, is up by 25.2% compared with the previous year, and gives good visibility for the coming year.

Net capital employed amounting to 46.37 million euros includes goodwill of 4.12 million euros.

## INVESTMENT

Group capital expenditure on property, plant and equipment amounted to 13.35 million euros in 2014 (13.78 million euros in 2013) and mainly related to the extension and upgrading of leased buildings and plant, together with the purchase of electronic machines.

Provisional recognition of the acquisition of Società del Sole S.r.l., active in the real estate sector, has resulted in the revaluation of the land acquired by 1.48 million euros.

Capital expenditure on intangible assets amounted to 10.60 million euros (7.08 million euros in 2013) and related mainly to the capitalization of development costs incurred on totally new products for market segments not previously occupied.

Acquisition of the DOSA line of business, dedicated to the design, production and commercialization of dosing machines for pharmaceutical products, has resulted in the provisional recognition of unpatented technologies, 1.26 million euros, and goodwill, 0.84 million euros.

Acquisition of G.S. Coating Technologies S.r.l., active in the coating of solid products for the pharmaceuticals, para-pharmaceuticals and food processing industries, has resulted in the provisional recognition of unpatented technologies, 3.00 million euros, the non-compete agreement, 1.00 million euros, and goodwill, 0.60 million euros.

Depreciation and amortization for the period was 22.42 million euros, compared with 19.19 million euros the previous year. The increase reflects the consolidation of the Ilapak Group for the whole year instead of only five months of 2013.

## HUMAN RESOURCES, TRAINING AND INDUSTRIAL RELATIONS

For our clients, 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 2014, the average number of Group employees came to 3,730, compared with 3,542 in 2013.

The geographical breakdown of the workforce is as follows:

	2014	2013	Change
Italy	2,215	2,064	151
India	428	406	22
USA	327	290	37
China	264	432	(168)
Switzerland	131	58	73
UK	100	80	20
Eastern Europe	88	60	28
Germany	51	38	13
France	43	37	6
The Netherlands	27	27	–
Brazil	20	18	2
Spain	16	16	–
Japan	10	9	1
Israel	7	4	3
Thailand	3	3	–
<b>Total</b>	<b>3,730</b>	<b>3,542</b>	<b>188</b>

The excellent educational standard of the human resources employed by the Group is demonstrated by the fact that more than 90% possess a high-school diploma and/or a university degree.

With reference to the Group's organizational structure, around 22.4% of employees work in the commercial area, including pre-sales and after-sales, 20.3% in our R&D laboratories, 14.4% in central functions (Administration, IT, Procurement, Quality, Human Resources, etc.) and 42.9% 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 73% of employees occupy clerical and managerial grades.

**PERSONNEL COSTS**

Payroll amounted to 254.21 million euros, compared with 220.23 million euros in the prior year, absorbing 29.7% of net revenues.

Note that personnel costs attributable to the companies of the Ilapak Group in 2014 amount to 28.48 million euros (10.88 million euros in the period August to December 2013).

In addition, the higher level of costs compared with the prior year is mainly due to Italian labour costs, which, taking into account the major elements of remuneration, have increased by 5.4%, triggered by pay rises under the National Collective Bargaining Agreement for Metalworkers, pay rises under the Company Supplementary Agreement, as well as more overtime worked and the Group's bonus policy. Personnel costs has also risen in line with an increase in the number of employees and collaborators in the year.

**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 64% 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 2014 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 by CONSOB Resolution 17221 of 12 March 2010 and subsequently amended by CONSOB Resolution 17389 of 23 June 2010 implemented art. 2391-bis of the Italian Civil Code.

By a resolution adopted on 1 December 2010, the Board therefore implemented the procedure on related parties, which takes account of the additional instructions on how to apply the new rules provided in Consob Communication DEM/10078683 of 24 September 2010.

The purpose of this procedure, which is published on the Company's website ([www.ima.it](http://www.ima.it)), is to lay down the approach to be taken in identifying, reviewing and approving transactions to be carried out by IMA, or by its subsidiaries, with related parties to ensure that they are transparent and fair from both a substantial and procedural point of view.

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

The IMA Group carries on business with related parties, mainly comprising persons who are responsible for administration and management within IMA S.p.A., or entities that are controlled by them. Such transactions include commercial and real estate activities (leased premises), carried out on an arm's-length basis in the ordinary course of business, and participation in the consolidated tax mechanism.

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

Note that during the period:

- there were no significant transactions, as defined in the Consob regulation;
- there were no individual related-party transactions that have significantly impacted the balance sheets or results of Group companies;
- there have been no changes or developments in related-party transactions as disclosed in the last annual report that have had a significant effect on the companies' balance sheets or results;

Transactions with related parties are described more completely in Note 33 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 cost of sales, research and development costs, sales costs, general and administrative costs and gross operating margin (EBITDA) reference is made to the Report on Operations covering the consolidated financial statements.

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

The Parent Company's reclassified income statement for 2014, along with comparatives for 2013, is set out as follows:

in millions of euros	2014		2013		Change %
	Amount	%	Amount	%	
<b>Revenues</b>	<b>391.24</b>		<b>371.97</b>		<b>5.2</b>
Cost of sales	(241.73)	61.8	(235.68)	63.4	
<b>Gross industrial income</b>	<b>149.51</b>	<b>38.2</b>	<b>136.29</b>	<b>36.6</b>	<b>9.7</b>
R&D costs	(17.84)		(17.86)		
Sales costs	(51.55)		(45.98)		
General and administrative costs	(45.35)		(38.10)		
<b>Operating profit before writedowns/ impairment (EBITA)</b>	<b>34.77</b>	<b>8.9</b>	<b>34.35</b>	<b>9.2</b>	<b>1.2</b>
Writedowns/Impairment adjustments	-		(1.42)		
<b>Operating profit (EBIT)</b>	<b>34.77</b>	<b>8.9</b>	<b>32.93</b>	<b>8.9</b>	<b>5.6</b>
Net financial income (expense)	41.27		11.62		
<b>Profit before tax</b>	<b>76.04</b>	<b>19.4</b>	<b>44.55</b>	<b>12.0</b>	<b>70.7</b>
Taxes	(12.62)		(11.31)		
<b>Profit for the year</b>	<b>63.42</b>	<b>16.2</b>	<b>33.24</b>	<b>8.9</b>	<b>90.8</b>
<b>Gross operating profit (EBITDA)</b>	<b>41.35</b>	<b>10.6</b>	<b>40.09</b>	<b>10.8</b>	<b>3.1</b>
<b>Order book</b>	<b>255.27</b>		<b>220.68</b>		<b>15.7</b>

## REVENUES BY GEOGRAPHICAL AREA

in millions of euros	2014		2013		Change %
	Amount	%	Amount	%	
European Union (excluding Italy)	126.78	32.4	136.84	36.8	(7.4)
Other European countries	29.55	7.5	31.79	8.5	(7.0)
North America	27.16	7.0	37.77	10.2	(28.1)
Asia & Middle East	109.60	28.0	72.95	19.6	50.2
Other countries	36.37	9.3	38.30	10.3	(5.0)
<b>Total foreign markets</b>	<b>329.46</b>	<b>84.2</b>	<b>317.65</b>	<b>85.4</b>	<b>3.7</b>
Italy	61.78	15.8	54.32	14.6	13.7
<b>Total</b>	<b>391.24</b>	<b>100.0</b>	<b>371.97</b>	<b>100.0</b>	<b>5.2</b>

Over 85% of revenues were generated outside Italy, even higher than in 2013 following organic growth. About 70% of revenues were generated by plant and machines, while 30% came from after-sales activities (support, spares, kits etc.).

In terms of the geographical distribution of sales, there was strong growth in Asia and the Middle East and a slight decrease in the European Union and North America.

**GROSS INDUSTRIAL INCOME**

The increase in industrial gross profit reflects the higher volume of sales, with an improvement in the profit margin to 38.2% from 36.6% in 2013.

**R&D COSTS**

The R&D costs incurred during the year amounted to 17.84 million euros (17.86 million Euro in 2013). 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, totaled 51.55 million euros, compared with 45.98 million euros in 2013 and include 21.09 million euros of commissions paid to agents (17.87 million in 2013). Management is nevertheless working to improve the efficiency of the commercial structure all this will increase unit labor costs.

**GENERAL AND  
ADMINISTRATIVE COSTS**

General and administrative costs rose from 38.10 million euros in 2013 to 45.35 million euros. This increase is linked to the rise in personnel costs and general expenses.

**OPERATING PROFIT (EBIT)**

EBITA is consequently higher compared with the previous year, with operating profit rising to 34.77 million euros versus 32.93 million euros in 2013.

**NET FINANCIAL INCOME (EXPENSE)**

Net financial income, described further in the notes to the financial statements, amounted to 41.27 million euros (11.62 million euros in 2013).

The principal captions and changes are discussed below:

- dividends received from subsidiaries amounted to 68.63 million euros in 2014 compared with 20.90 million euros in the previous year;
- the interest paid to service debt, including discount interest, amounted to 11.92 million euros (8.24 million euros in 2013).

**PROFIT FOR THE YEAR**

The profit for the year was 63.42 million euros (33.24 million euros in 2013), net of income taxes of 12.62 million euros (11.31 million euros in 2013).

The reduced incidence of taxation on the profit before tax was principally due to the greater contribution made by dividends received.

**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 2014 are summarized below:

in millions of euros	31.12.2014		31.12.2013		Change %
	Amount	%	Amount	%	
Trade receivables	88.89	32.8	87.49	41.4	16
Inventories	72.73	26.8	75.67	35.8	(3.9)
Trade payables	(148.62)	(54.8)	(141.80)	(67.2)	4.8
Other, net	(37.67)	(13.9)	(31.03)	(14.7)	21.4
<b>Working capital</b>	<b>(24.67)</b>	<b>(9.1)</b>	<b>(9.67)</b>	<b>(4.7)</b>	<b>155.1</b>
Property, plant and equipment	21.00	7.7	17.86	8.5	17.6
Intangible assets	34.44	12.7	31.38	14.9	9.8
Investments	236.85	87.4	165.23	78.3	43.3
<b>Non-current assets</b>	<b>292.29</b>	<b>107.8</b>	<b>214.47</b>	<b>101.7</b>	<b>36.3</b>
Provision for severance indemnities and other provisions	3.40	1.3	2.93	1.4	16.0
<b>Net capital employed</b>	<b>271.02</b>	<b>100.0</b>	<b>207.73</b>	<b>98.4</b>	<b>30.5</b>
Assets held for sale	-	-	3.37	1.6	n.s.
<b>Totale net capital employed</b>	<b>271.02</b>	<b>100.0</b>	<b>211.10</b>	<b>100.0</b>	<b>28.4</b>

#### FINANCED BY:

<b>Net debt</b>	<b>175.83</b>	<b>64.9</b>	<b>132.24</b>	<b>62.6</b>	<b>33.0</b>
<b>Equity</b>	<b>95.19</b>	<b>35.1</b>	<b>78.86</b>	<b>37.4</b>	<b>20.7</b>
<b>Total sources of financing</b>	<b>271.02</b>	<b>100.0</b>	<b>211.10</b>	<b>100.0</b>	<b>28.4</b>

#### WORKING CAPITAL

Working capital at 31 December 2014 amounts to -24.67 million euros, down considerably since the end of 2013 (-9.67 million euros) despite the increased volume of business. This parameter is analyzed as follows:

- trade receivables are up by 1.40 million euros (from 87.49 million euros at 31 December 2013 to 88.89 million euros), partly as a result of higher sales volumes;
- inventories have decreased by 2.94 million euros (from 75.67 million euros in 2013 to 72.73 million euros in 2014), despite the increases in sales volume and the size of the order book;
- trade payables, including advances from customers, are up by 6.82 million euros (from 141.80 million euros at 31 December 2013 to 148.62 million euros at 31 December 2014), because of the growth in the order book at the end of the year, resulting in higher purchases and advances from customers.

#### NON-CURRENT ASSETS

Overall, non-current assets have increased by euros 77.82 million since 31 December 2013. As part of this aggregate, equity investments have increased by 71.62 million euros and non-current assets by 6.20 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
Increases	6.40	4.44	10.84
Net book value of disposals	(0.21)	(0.01)	(0.22)
Acquisition of DOSA business unit	0.06	2.10	2.16
Amortization and depreciation charges	(3.11)	(3.47)	(6.58)
<b>Total</b>	<b>3.14</b>	<b>3.06</b>	<b>6.20</b>

The change in Equity investments is due to the following transactions occurred in 2014:

- purchase of an additional interest of 30% in Transworld Packaging Holding B.V. (parent of Ilapak) for 22.75 million euros;
- purchase of the whole investment in Corazza S.p.A. by IMA Industries S.r.l. for 59.14 million euros;
- writedown of IMA Germany GmbH, 15.70 million euros.

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

## NET CAPITAL EMPLOYED

Compared with 31 December 2013, capital employed net of operating liabilities has increased by 59.92 million euros to 271.02 million euros for the reasons described above.

## NET DEBT

Net debt at 31 December 2014 amounted to 175.83 million euros and breaks down as follows:

in millions of euros	31.12.2014	31.12.2013
A. Cash and cash equivalents	(62.15)	(35.26)
B. Other cash equivalents	-	-
C. Investments in securities	(1.89)	(1.11)
<b>D. Liquidity (A)+(B)+(C)</b>	<b>(64.04)</b>	<b>(36.37)</b>
<b>E. Current financial receivables</b>	<b>(39.39)</b>	<b>(18.51)</b>
F. Current payables to banks	6.41	25.30
G. Current portion of non-current payables	33.70	32.08
H. Other current financial payables	45.52	28.16
<b>I. Current financial debt (F)+(G)+(H)</b>	<b>85.63</b>	<b>85.54</b>
<b>J. Net current financial debt (D)+(E)+(I)</b>	<b>(17.80)</b>	<b>30.66</b>
K. Non-current portion of non-current bank payables	79.82	95.06
L. Bonds issued	115.27	36.15
M. Other non-current financial payables	0.01	0.01
N. Non-current financial assets	(1.47)	(29.64)
<b>O. Non-current financial debt (K)+(L)+(M)+(N)</b>	<b>193.63</b>	<b>101.58</b>
<b>P. Net financial debt (J)+(O)</b>	<b>175.83</b>	<b>132.24</b>

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

The analysis of net debt takes account of Consob Communication DEM/6064293 dated 28 July 2006, while including the financial receivables classified as non-current financial assets.

Net debt, amounting to 175.83 million euros, has increased by 43.59 million euros since 31 December 2013, when it totaled 132.24 million euros. The rise essentially reflects the payment of dividends of 46.0 million euros and the investments described above.

Since we plan to maintain the same level of investment and continue to hold down working capital, good cash generation can be expected in 2015 in view of the improved results that we are looking for.

## SHAREHOLDERS' EQUITY

Equity totaled euros 95.19 million at year end. The increase of euros 16.33 million since 31 December 2013, was due to the following movements:

Distribution of dividends	(46.03)
Purchase and sale of treasury shares	-
Measurement of financial instruments recognised in equity	(0.09)
Remeasurement of defined benefit plans	(0.97)
Profit for the year	63.42
<b>Total</b>	<b>16.33</b>

## INVESTMENT

During 2014, the Company invested 4.44 million euros (4.52 million euros in 2013) in intangible assets and 6.40 million euros (6.54 million euros in 2013) in property, plant and equipment, for a total of 10.84 million euros (11.06 million euros in 2013).

Spending on intangible assets mainly related to software and licenses relating to the commercial, logistics, technical and services area for 0.85 million euros and the capitalization of entirely new products that will generate economic benefits in future years, 2.90 million euros. Acquisition of the DOSA line of business, dedicated to the design, production and commercialization of dosing machines for pharmaceutical products, has resulted in the recognition of unpatented technologies, 1.26 million euros, and goodwill, 0.84 million euros.

The expenditure on tangible assets mainly related to leasehold improvements (3.92 million euros), plant and equipment (0.71 million euros) and electronic equipment and office furniture and fittings (0.73 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 2014, the average number of IMA employees came to 1,357, compared with 1,296 in 2013.

The breakdown of the workforce by grade is summarized below:

	31.12.2014	31.12.2013
Management	43	39
Office workers	1,035	1,011
Production workers	279	246
<b>Total</b>	<b>1,357</b>	<b>1,296</b>

The excellent educational standard of the human resources employed by the Company is demonstrated by the fact that around 91% possess a high-school diploma or a university degree.

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

	%		
	Total employees	of which: men	of which: women
Sales and marketing, including pre-sales and post-sales	17.5%	54.5%	45.5%
Research and development	22.3%	96.7%	3.3%
Production	44.0%	93.9%	6.1%
Central and administrative functions	16.2%	44.8%	55.2%
<b>Total</b>	<b>100.0%</b>	<b>79.7%</b>	<b>20.3%</b>

This distribution of the workforce is a good reflection of IMA's business model, which is designed to retain the activities that represent critical and distinctive skills and outsource all other activities. The high degree of professionalism is partly reflected in the fact that clerical and managerial grades occupy 81% of our employees.

Women, who make up 20.3% of total human resources, work mainly in sales and marketing and administrative functions. In the production areas, women are mostly employed in production logistics and planning.

## PERSONNEL COSTS

Personnel costs totaled 107.81 million euros, compared with 98.61 million euros in the prior year.

Taking into account the principal elements of remuneration, personnel costs have risen by 4.2% on the previous year due to pay rises established by the National Collective Labour Contract for Metalworkers, to the Supplementary Agreement as well as an increase in overtime hours and the company's policy on bonuses. Personnel costs have also risen in line with an increase in the number of employees and collaborators in the year.

## TRAINING

IMA, like all organizations that wish to tackle the market's competitive challenges, 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.

During 2014, IMA S.p.A. continued work on the "I.M.A. Mainstreaming - A priority for the quality of work and quality of life" project that commenced in 2013, with a training path dedicated to the female employees of IMA S.p.A. This program, which commenced in January 2014 and ended in June 2014, was organized into 6 training modules with a total duration of 40 hours, including project work, that was repeated 13 times. The first three modules tackled regulatory and organizational matters, while the final three covered relational and behavioural matters. In addition to classroom training, individual coaching was arranged and a guidance manual, covering the project work and the related results, was prepared and distributed to all the employees of IMA S.p.A.

The objective of this program, financed by the Province of Bologna using the resources available under Law 53/2000 on work/life balance and the best use of female resources, was to promote gender advantages with comprehensive action to deal with stereotypes and cultures that routinely cause organizations to adopt both horizontal and vertical forms of segregation. The investment in people was significant, covering the entire female population employed in the pharmaceutical segment in operational, management and strategic roles, numbering around 257 people at the time this project was launched.

During 2015, IMA S.p.A. will continue efforts to spread a culture of equality and growth by extending the training program on equal opportunities to employees outside of the pharmaceutical segment.

## 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. The new in-house payroll agreement was signed with the Workers' representatives and the Trade Unions in August.

## 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 2014 we further increased our commitment and investment in staff training and information, which is considered the fulcrum of the safety management system currently in use. Overall, in 2014 around 6,428 hours of staff training were provided on specific aspects of safety and hygiene in the workplace, almost double the number of hours delivered in the prior year.

Special attention was dedicated to the use of equipment within the working environment at IMA S.p.A., such as manned forklift trucks and lifting platforms: during 2014, all personnel authorized to use these machines received specific training updates, including additional training at a test location set up for this purpose. Overall, about 100 persons received new theoretical and practical training.

Furthermore, refresher training for workers has already commenced, with the holding of courses pursuant to the State-Regions Agreement dated 21 December 2011. During 2014 over 500 workers attended these courses.

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

With regard to the specific activities completed during 2014, we are very proud of obtaining BS OHSAS 18001 certification for our Safety at Work Management System. This certification was obtained by IMA S.p.A. in August 2014, following an audit by the certification agency, and covered all sites at which the Company is active.

The frequency and seriousness statistics, respectively 2.16 (IF) and 0.014 (IG), are leading indicators of the effectiveness and quality of the action taken. These were determined with reference to the accident experience within the Company and based on the Uni 7249 regulation.

On the topics of corporate social responsibility and responsibility versus the local community, we confirm our commitment to maintain high levels of safety and environmental protection. Specifically, the Company did not cause any damage to the environment during the year.

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

There were numerous intercompany transactions during the year, all carried out within the framework of ordinary operations and on an arms'-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 arms'-length basis; none of these transactions can be considered atypical.

Further information is provided in Note 30 to the Company's financial statements.

## RELATED-PARTY TRANSACTIONS

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

By a resolution adopted on 1 December 2010, the Board therefore implemented the procedure on related parties, which takes account of the additional instructions on how to apply the new rules provided in Consob Communication DEM/10078683 of 24 September 2010.

The purpose of this procedure, which is published on the Company's website ([www.ima.it](http://www.ima.it)), is to lay down the approach to be taken in identifying, reviewing and approving transactions to be carried out by IMA, or by its subsidiaries, with related parties to ensure that they are transparent and fair from both a substantial and procedural point of view.

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

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 as well as the tax consolidation.

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

Transactions with related parties are described more fully in Note 30 to the Company's financial statements.

## COMPANY'S LOCATIONS OF OPERATION

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

Via Tosarelli, 184 Castenaso (Bologna) Head office

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

Via 1 Maggio, 93 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 della Libertà, 13/15 Ozzano dell'Emilia (Bologna) Factory

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

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

Via degli Orti, 19 Ozzano dell'Emilia (Bologna) Offices

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

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

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

Via Romagnoli, 11 Bentivoglio(Bologna) Warehouse

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

Via Francesco Petrarca, 35/37 Calenzano (Florence) Warehouse

## OTHER INFORMATION

### SIGNIFICANT EVENTS AFTER YEAR-END

The following main events took place subsequent to year end:

- Absorption by IMA S.p.A. of IMA Industries S.r.l. and IMA Life Italia S.r.l., with effect from 1 January 2015;
- On 27 February 2015 IMA, together with Lin Vermögensverwaltung GmbH ("Lin"), completed the acquisition of an 80% interest in the companies BENHIL, ERCA, HASSIA, HAMBBA and GASTI (OYSTAR Group), leaders in the design, manufacture and marketing of machines, lines and systems for packaging for food industry products, especially the dairy segment, with production facilities in Germany, France, Spain and India. For the acquisition, a consideration was paid by IMA of Euro 69.3 million, subject to adjustment based on the financial position at 28 February 2015. IMA and Lin have also signed put and call options for the other 20%, to be exercised during 2017 and 2018. The newly acquired Group, which will be held by the new company IMA Dairy & Food Holding GmbH, expects to achieve consolidated turnover of some Euro 185 million and EBITDA of some 15 million in 2015, with around 850 employees, a dynamic order book and a significant market presence.
- On 27 February 2015, IMA completed with Teknoweb S.r.l. the purchase of a 60% stake in a newly formed company called Teknoweb Converting S.r.l., based in Palazzo Pignano, Cremona, which operates in the field of converting, producing and selling machines for the production of wet wipes. The total financial effort was 6 million euros. This transaction includes an option for IMA to acquire up to the entire equity interest in Teknoweb Converting S.r.l., over a period of time extending from 2018 to 2024. The pro forma financial statements at 31 December 2014 of Teknoweb Converting report sales of about 12 million euros and an EBITDA of about 1.5 million euros, with good prospects for growth.

### OUTLOOK FOR THE CURRENT YEAR

After turning in very good results, the Group closed 2014 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 all sectors. Thanks to this positive situation and to the consolidation of the newly acquired Dairy business from Oystar and Teknoweb, which will contribute for 10 months, it is reasonable to assume that 2015 will have revenues of around 1,085 million euros and a gross operating profit (EBITDA) of around 157 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 15 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 2014 treasury shares totalled 0.07 million euros, represented by 5,500 shares with a par value of 3 thousand euros. During the year the Parent Company did not carry out any transactions in treasury shares. The official market value at 31 December 2014 was 0.20 million euros (0.15 million euros at 31 December 2013).

### 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, an independent professional with an economics background and particular experience in cash flow management;
- Mario Panzeri, a professional with a background in company law, specific experience of supervisory boards and particularly knowledgeable about protocols and procedures.

The Supervisory Board is tasked with supervising the functioning of the 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.

Over the years and most recently in 2014, the Organization, Management and Control Model has been updated to reflect the results of its application and changes in the regulatory framework. 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 July 2014 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, ANIA, ASSOGESTIONI, ASSONIME and CONFINDUSTRIA, 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:

### **Galliani Marco**

- Cassa di Risparmio di Ravenna (Director)

### **Malagoli Andrea**

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

### **Minguzzi Italo Giorgio**

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

### **Poggi Luca**

- Boato Holding S.p.A. (Director)
- Finanziaria del Vetro (Director)
- SO.FI.M.A. S.p.A. (Director)

### **Ricotta Enrico**

- Dedalus S.p.A. (Director)
- Euticals S.p.A. (Director)
- ICF S.p.A. (Director)
- Mandarin Capital Management SA (Director)
- Mandarin Capital II Partners Sicar (Director)
- Mecaer S.p.A. (Director)
- TIEFFE S.p.A. (Director)

### **Schiavina Maria Carla**

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

**Vacchi Alberto**

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

**Vacchi Gianluca**

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

**Vacchi Marco**

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

**Volta Romano**

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

The Directors with delegated powers must provide to the Board of Directors and the Board of 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 2014 the Delegated Committees reported to the Board of Directors about the activities which were delegated to them at the first available Board meeting.

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

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

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

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 2014 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%
Hydra S.p.A.	Hydra S.p.A.	2.003%	2.003%

-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.

The articles of association of IMA do not envisage the allocation of additional voting rights to shares or the issue of shares with multiple voting rights.

-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)

As of the date of this Report, the Company is not aware of any agreement among significant shareholders pursuant to Art. 122 of the CFA.

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

At the date of this Report, neither IMA nor any of its subsidiaries have entered into any agreements which become effective, modified or terminate upon the change of control of the contracting party, with the sole exception of the contract underlying the bond placed with U.S. institutional investors ("U.S. Private Placement") and some loan finance agreements which may require the Company to repay in full in the event that there is some change in the parties controlling the ultimate parent company.

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

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

The Extraordinary Shareholders' Meeting on 28 January 2011 resolved to grant a mandate to the Board of Directors, in accordance with Art. 2443 of the Italian Civil Code to increase the share capital on a cash basis in one or more tranches over a period of five years from the date of the resolution by up to a maximum of Euro 1,773,200 at par by issuing a maximum of 3,410,000 ordinary shares with a par value of Euro 0.52 each, to be placed exclusively with third parties excluding current shareholders' option rights, in accordance with Art. 2441 paragraph 4 (2) of the Italian Civil Code and/or Art. 2441 paragraph 5 of the Italian Civil Code.

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

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

The Shareholders' Meeting, held on 29 April 2014, 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.

In the period the Company has not however exercised the power to carry out transactions in its own shares.

At the date of this report, IMA owns 5,500 treasury shares; this holding derives from purchases made under shareholders' resolutions dating back many years.

-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 organized market.

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

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

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

As of today, there are twenty-nine companies in the IMA Group based in eleven countries that do not belong to the European Union.

The scope of application, however, affects only three companies based in the U.S., a company based in China and a company based in Switzerland: 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 2014

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(THOUSANDS OF EUROS)

ASSETS	Note	31 December 2014	31 December 2013
<b>NON-CURRENT ASSETS</b>			
<i>Property, plant and equipment</i>	2	53,544	43,261
<i>Intangible assets</i>	3	178,893	175,846
<i>Investments accounted for using the equity method</i>	4	27,968	25,923
<i>Financial assets</i>	5	7,539	6,872
<i>Receivables from others</i>	6	1,418	1,366
<i>Derivative financial instruments</i>	7	–	44
<i>Deferred tax assets</i>	8	42,794	39,013
<b>TOTAL NON-CURRENT ASSETS</b>		<b>312,156</b>	<b>292,325</b>
<b>CURRENT ASSETS</b>			
<i>Inventories</i>	9	212,854	204,679
<i>Trade and other receivables</i>	10	171,294	173,986
<i>Income tax receivables</i>	11	7,177	6,350
<i>Financial assets</i>	5	3,948	3,391
<i>Derivative financial instruments</i>	7	–	62
<i>Cash and cash equivalents</i>	12	133,264	80,055
<b>TOTAL CURRENT ASSETS</b>		<b>528,537</b>	<b>468,523</b>
<b>ASSETS HELD FOR SALE</b>	27	<b>–</b>	<b>10,132</b>
<b>TOTAL ASSETS</b>		<b>840,693</b>	<b>770,980</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<i>Equity attributable to equity holders of the parents</i>	13	103,223	115,816
<i>Non-controlling interests</i>	14	13,395	16,876
<b>TOTAL EQUITY</b>		<b>116,618</b>	<b>132,692</b>
<b>NON-CURRENT LIABILITIES</b>			
<i>Borrowings</i>	15	198,325	133,915
<i>Employee defined benefit liabilities</i>	16	22,560	19,891
<i>Provisions for risks and charges</i>	17	2,727	2,555
<i>Other payables</i>	18	2,224	2,436
<i>Derivative financial instruments</i>	7	3,725	3,817
<i>Deferred tax liabilities</i>	8	22,582	23,758
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>252,143</b>	<b>186,372</b>
<b>CURRENT LIABILITIES</b>			
<i>Borrowings</i>	15	60,833	86,378
<i>Trade and other payables</i>	18	380,823	332,690
<i>Income tax liabilities</i>	11	8,811	12,342
<i>Provisions for risks and charges</i>	17	20,305	17,855
<i>Derivative financial instruments</i>	7	1,160	6
<b>TOTAL CURRENT LIABILITIES</b>		<b>471,932</b>	<b>449,271</b>
<b>LIABILITIES HELD FOR SALE</b>	27	<b>–</b>	<b>2,645</b>
<b>TOTAL LIABILITIES</b>		<b>724,075</b>	<b>638,288</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>840,693</b>	<b>770,980</b>

THE EFFECTS OF TRANSACTIONS WITH RELATED PARTIES ON THE CONSOLIDATED BALANCE SHEET ARE SHOWN IN NOTE 33 - RELATED-PARTY TRANSACTIONS.

## CONSOLIDATED INCOME STATEMENT

(THOUSANDS OF EUROS)

	Note	2014	2013
<b>REVENUES</b>	1	854,617	760,927
<b>OTHER REVENUES</b>	19	14,446	11,808
<b>OPERATING COSTS</b>			
<i>Change in work in progress, semifinished and finished goods</i>		4,383	7,097
<i>Change in inventory of raw, ancillary and consumable materials and goods for resale</i>		(1,521)	2,342
<i>Cost of raw, ancillary and consumable materials and goods for resale</i>		(277,588)	(266,113)
<i>Services, rentals and leases</i>	20	(200,100)	(174,537)
<i>Personnel costs</i>	21	(254,207)	(220,227)
<i>Depreciation and amortization expense</i>	22	(23,700)	(27,156)
<i>Provisions for risks and charges</i>		(1,688)	(1,641)
<i>Other operating costs</i>	23	(6,729)	(5,859)
<b>TOTAL OPERATING COSTS</b>		<b>(761,150)</b>	<b>(686,094)</b>
<i>- of which: effect of non-recurring items</i>	34	(1,223)	(1,287)
<b>OPERATING PROFIT</b>	1	<b>107,913</b>	<b>86,641</b>
<i>- of which: effect of non-recurring items</i>	34	(1,223)	(1,287)
<b>FINANCIAL INCOME AND EXPENSE</b>			
<i>Financial income</i>	24	13,527	5,939
<i>Financial expense</i>	25	(32,039)	(15,050)
<b>TOTAL FINANCIAL INCOME AND EXPENSE</b>		<b>(18,512)</b>	<b>(9,111)</b>
<b>PROFIT (LOSS) FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD</b>		<b>1,392</b>	<b>1,451</b>
<b>PROFIT (LOSS) BEFORE TAX</b>		<b>90,793</b>	<b>78,981</b>
<b>TAXES</b>	26	<b>(34,045)</b>	<b>(30,097)</b>
<b>NET PROFIT FROM CONTINUING OPERATIONS</b>		<b>56,748</b>	<b>48,884</b>
<b>NET PROFIT FROM DISCONTINUED OPERATIONS / DISPOSAL GROUPS</b>	28	<b>-</b>	<b>5,912</b>
<b>PROFIT FOR THE YEAR</b>		<b>56,748</b>	<b>54,796</b>
<b>ATTRIBUTABLE TO:</b>			
<b>EQUITY HOLDERS OF THE PARENTS</b>		51,562	51,540
<b>NON-CONTROLLING INTERESTS</b>		5,186	3,256
		<b>56,748</b>	<b>54,796</b>
<b>EARNINGS PER SHARE (in euros)</b>	29	<b>1.40</b>	<b>1.40</b>
<i>- of which from continuing operations</i>		1.40	1.24
<i>- of which from discontinued operations / disposal groups</i>		-	0.16

THE EFFECTS OF TRANSACTIONS WITH RELATED PARTIES ON THE CONSOLIDATED INCOME STATEMENT ARE SHOWN IN NOTE 33 - RELATED-PARTY TRANSACTIONS.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(THOUSANDS OF EUROS)

	Note	2014	2013
<b>Net profit for the year</b>		56,748	54,796
Other comprehensive income to be reclassified to profit or loss in subsequent year:			
<i>Exchange rate gains (losses) on the translation of foreign currency financial statements</i>		6,955	(3,594)
<i>Gains (losses) on financial assets available for sale</i>	13	631	(287)
<i>Gains (losses) on cash flow hedges</i>	13	(1,154)	(4,098)
<i>Tax effect</i>		315	1,128
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent year</b>		<b>6,747</b>	<b>(6,851)</b>
Other comprehensive income not being reclassified to profit or loss in subsequent year:			
<i>Actuarial gains (losses) on post employment benefit obligations</i>	13	(3,070)	313
<i>Tax effect</i>		865	(83)
<b>Net other comprehensive income not being reclassified to profit or loss in subsequent year</b>		<b>(2,205)</b>	<b>230</b>
<b>Gains and losses recognized in equity</b>		<b>4,542</b>	<b>(6,621)</b>
<b>Total comprehensive income</b>		<b>61,290</b>	<b>48,175</b>
<b>Attributable to:</b>			
<b>Equity holders of the parent</b>		56,149	44,951
<b>Non-controlling interests</b>		5,141	3,224
		<b>61,290</b>	<b>48,175</b>

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(THOUSANDS OF EUROS)

	Share capital	Share premium reserve	Treasury shares	Trans- lation reserve	Fair value reserve	Remeasurement of defined benefit plans reserve	Other reserves and retained earnings	Profit attributable to equity holders of the parent	Equity attributable to equity holders of the parent	Non- controlling interests	Total equity
<b>Balances at 01.01.2013</b>	19,151	46,975	(714)	1,006	(532)	(2,534)	41,862	47,704	152,918	5,539	158,457
Distribution of dividends	-	-	-	-	-	-	-	(36,823)	(36,823)	(2,341)	(39,164)
Allocation of earnings for 2012	-	-	-	-	-	-	10,881	(10,881)	-	-	-
Distribution of extraordinary dividend IMA SpA	-	(30,849)	-	-	-	-	(15,179)	-	(46,028)	-	(46,028)
Purchase and sale of treasury shares	-	-	643	-	-	-	155	-	798	-	798
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	10,454	10,454
Total comprehensive income	-	-	-	(3,559)	(2,635)	971	(1,366)	51,540	44,951	3,224	48,175
<b>Balances at 31.12.2013</b>	19,151	16,126	(71)	(2,553)	(3,167)	(1,563)	36,353	51,540	115,816	16,876	132,692
Distribution of dividends	-	(11,308)	-	-	-	-	(1,483)	(33,237)	(46,028)	(1,925)	(47,953)
Allocation of earnings for 2013	-	-	-	-	-	-	18,303	(18,303)	-	-	-
Sale of shares in subsidiaries	-	-	-	-	-	-	-	-	-	(1,497)	(1,497)
Change in non-controlling interests	-	-	-	-	-	-	(22,714)	-	(22,714)	(5,200)	(27,914)
Total comprehensive income	-	-	-	6,801	(196)	(2,128)	110	51,562	56,149	5,141	61,290
<b>Balances at 31.12.2014</b>	19,151	4,818	(71)	4,248	(3,363)	(3,691)	30,569	51,562	103,223	13,395	116,618

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

(THOUSANDS OF EUROS)

	Note	31 December 2014	31 December 2013
<b>OPERATING ACTIVITIES</b>			
Net profit from continuing operations		51,562	45,628
Net profit from discontinued operations / disposal groups	28	–	5,912
Profit attributable to equity holders of the parent		51,562	51,540
Adjustments for:			
- Depreciation and amortization	22	22,414	19,190
- (Writebacks) or writedowns of assets	22	–	6,146
- Capital (gains) losses on disposal of non-current assets		(400)	(7)
- Changes in provisions for risks and charges and staff severance obligations		2,264	(1,185)
- Unrealized losses (gains) on exchange rate differences	25	543	(489)
- Other non-monetary changes		151	1,343
- Change in value of financial assets	25	1,599	–
- Taxes	26	34,045	30,097
- Net gain from discontinued operations / disposal groups		–	(5,912)
- Non-controlling interests		5,186	3,256
- Result from investments accounted for using the equity method		(1,392)	(1,061)
Operating profit (loss) before changes in working capital		115,972	102,918
(Increase) decrease in trade and other receivables		2,801	(22,801)
(Increase) decrease in inventories		(6,647)	(7,854)
Increase (decrease) in trade and other payables		44,169	48,764
Taxes paid		(43,250)	(35,019)
<b>CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES (A)</b>		<b>113,045</b>	<b>86,008</b>
<b>INVESTING ACTIVITIES</b>			
Investments in property, plant and equipment	2	(13,350)	(13,780)
Investments in intangible assets	3	(10,601)	(7,083)
Acquisition business divisions/companies	30	(5,267)	(22,503)
Purchase of investments		(697)	(3,340)
Sale of subsidiaries		5,889	56,230
Sale of non-current assets		1,037	507
Other changes		4,535	8,033
<b>CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES (B)</b>		<b>(18,454)</b>	<b>18,064</b>
<b>FINANCING ACTIVITIES</b>			
Granting of loans	15	83,583	76,627
Repayment of borrowings	15	(101,458)	(105,980)
Bonds	15	80,000	36,603
Repayment of finance lease debts		(257)	(129)
Increase (decrease) in other financial payables		(17,692)	(8,805)
Change in non-controlling interests	14	(27,914)	–
Net change in financial assets and other non-current receivables		(1,904)	1,730
Dividends paid to equity holders of the parent	13	(46,028)	(82,851)
Dividends paid to non-controlling interests	14	(1,925)	(2,341)
(Purchase) and sale of treasury shares	13	–	798
Payment of interest		(7,912)	(5,667)
Receipt of interest		125	254
<b>CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES (C)</b>		<b>(41,382)</b>	<b>(89,761)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (D=A+B+C)</b>		<b>53,209</b>	<b>14,311</b>
<b>CASH AND CASH EQUIVALENTS AT START OF PERIOD (E)</b>	<b>12</b>	<b>80,055</b>	<b>68,925</b>
<b>CASH AND CASH EQUIVALENTS FROM ASSETS HELD FOR SALE (F)</b>		<b>–</b>	<b>(3,181)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD (G=D+E+F)</b>	<b>12</b>	<b>133,264</b>	<b>80,055</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
AT 31 DECEMBER 2014

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

At 31 December 2014 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. has dealings mainly of a commercial nature with the Group's manufacturing companies, 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 2014 were prepared by the Board of Directors on 13 March 2015 for approval by the Shareholders' Meeting of 28 April 2015 and have been audited by Reconta Ernst & Young S.p.A.

## B) GENERAL PREPARATION POLICIES

### General principles

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

The IMA Group adopted IFRS in 2005, whereas the Parent Company, I.M.A. S.p.A., adopted them for its separate financial statements from 1 January 2006, as permitted by 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 statement of financial position 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 or within twelve months. Non-current assets held for sale and related liabilities, if any, are shown in the appropriate items.

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

The statement of cash flows has been prepared using the indirect method for determining cash flows from operating activities. Under this method, the profit for the period is adjusted for the effects of non-monetary transactions, any deferral of operational collections and payments already made, any accrued cash movements, the revenues or costs deriving from cash flows attributable to investment or financing activities.

The figures contained in the consolidated financial statements as of 31 December 2014 are expressed in thousands of euros, except where otherwise indicated.

## C) ACCOUNTING POLICIES AND PRINCIPLES

The most significant accounting policies are as follows:

### PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

### LEASES

Finance lease contracts are accounted for in accordance with IAS 17. This provides that:

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

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

### INTANGIBLE ASSETS

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

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

- Industrial patents and intellectual property rights from 3 to 15 years
- Software, licences and similar rights from 5 to 15 years
- Trademarks 10 years
- Development costs from 4 to 10 years

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

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

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

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

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

## IMPAIRMENT OF ASSETS

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

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

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

Impairment tests are carried out when factors internal or external to the company suggest that the value of an asset may have been impaired. In the case of goodwill, other intangible assets with an indefinite useful life and assets which have not yet been depreciated or amortised (for example, ongoing development costs), the impairment test is carried out at least annually.

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

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

## FINANCIAL ASSETS

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

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

At 31 December 2014, 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 reporting date as estimated by independent third parties.

The fair value of foreign exchange derivatives used to hedge future cash flow is calculated in relation to their intrinsic value and their time value; the intrinsic element is recognised in the fair value reserve, whereas the time element is booked directly to income as financial income or expense. When the underlying element being hedged becomes manifest, the fair value reserve is reversed to the income statement and attributed to the carrying value of the underlying.

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

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

## INVENTORIES

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

## CONSTRUCTION CONTRACTS

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

Contract costs are recognized in the year they are incurred.

Contract revenues are recognized on a stage-of-completion basis at the reporting date, if the outcome of the construction contract can be estimated reliably. If the outcome of a construction contract cannot be estimated reliably, revenues are recognized only to the extent of the contract costs incurred that are likely to be recovered. Expected losses on a construction contract are recognized as an expense as soon as it becomes probable that total contract costs will exceed total contract revenues.

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

Contract work in progress is reported in the balance sheet as follows:

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

## TRADE RECEIVABLES AND OTHER RECEIVABLES

Receivables measured at fair value less any impairment loss, the due dates of which are in accordance with normal commercial terms and which accrue interest at market rates, are recorded at their fair value, which is taken to be their nominal value, less a provision for any impairment loss in order to reflect their realisable value. Receivables falling due beyond a period considered normal commercial practice and not earning explicit interest are recognized at amortized cost using the effective interest rate method, net of any related impairment losses.

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

## CASH AND CASH EQUIVALENTS

This item includes cash on hand, sight and short-term bank deposits with an original maturity of not more than three months and with no risks.

## TREASURY SHARES

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

No gain or loss is recognized in income on the purchase, sale or cancellation of treasury shares. Any consideration paid or received, including expenses directly attributable to such equity transactions, net of any related tax benefits, is recognized directly in equity.

## PROVISIONS FOR RISKS AND CHARGES

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

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

## EMPLOYEE BENEFITS

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

Law no. 296 of 27 December 2006 (2007 Finance Law) introduced significant changes concerning the allocation of the severance indemnity provision. Until 31 December 2006 severance indemnity provisions were treated as a defined benefit plans and were measured under IAS 19 using the projected unit credit method applied by independent actuaries. This calculation involved estimating the amount of the benefit that an employee would receive at the projected date of termination of employment using demographical and financial assumptions. The amount calculated is discounted and reapportioned based on the seniority accrued compared with the total seniority and represents a reasonable estimate of the benefits that each employee has already accrued 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 2007 is treated as a defined-contribution plan.

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

The net liabilities of the Group in relation to the defined-benefit plans are determined separately for each plan, estimating the present value of the future benefits earned by employees during the current and prior years, and deducting the fair value of any assets held to service the plan.

## BORROWINGS

IAS 39 distinguishes between financial liabilities measured at fair value with changes recognised through profit or loss and changes and financial liabilities measured at amortised cost. The Group's loans are measured at amortised cost using the effective interest method.

At 31 December 2014 the IMA Group does not have financial liabilities at fair value with changes recognised in the income statement.

## GOVERNMENT GRANTS

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

## TAXES

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

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

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

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

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

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

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

## REVENUE RECOGNITION

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

## DISCONTINUED OPERATIONS/DISPOSAL GROUPS

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

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

## TRANSLATION OF FOREIGN CURRENCY BALANCES

### *Functional and presentation currency*

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

### *Transactions and balances*

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

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

Exchange rate differences realized on the collection of receivables or the settlement of payables denominated in foreign currencies are taken to the income statement. Unrealized exchange differences arising from the translation of monetary items at the year end spot exchange are taken to the income statement.

### *Group companies*

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

Exchange rate differences deriving from the translation of initial net equity at the rates current at the end of the period and from the translation of the income statement at the same rates at the end of the period are recognized as a separate component of equity called the Translation reserve.

Goodwill arising on the acquisition of a foreign operation is accounted for as an asset of the foreign operation and translated at the spot exchange rate at the balance sheet date, with an opposite entry made to the translation reserve.

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

Currency	2014		2013	
	Final exchange rate	Average exchange rate for the year	Final exchange rate	Average exchange rate for the year
US dollar	1.214	1.328	1.379	1.328
Pound sterling	0.779	0.806	0.834	0.849
Indian rupee	76.719	81.041	85.366	77.930
Chinese yuan	7.536	8.186	8.349	8.165
Swiss franc	1.202	1.215	1.228	1.231

## DIVIDENDS

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

## EARNINGS PER SHARE

Basic earnings per share are calculated as the ratio of Group net profit to the weighted average number of ordinary shares outstanding in the period.

## USE OF ESTIMATES

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

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

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

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

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

## SEGMENT INFORMATION

Operating segments have been identified based on the internal reports used by senior management to allocate resources and evaluate the results of each business. The Group's segment information pertains to the Tea, Food & Other, Pharmaceutical and Ilapak operating segments.

## IMPLEMENTATION OF ACCOUNTING STANDARDS

### ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED ON 1 JANUARY 2014

*IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements (revised in 2011):* IFRS 10 replaces part of IAS 27 Consolidated and Separate Financial Statements and includes the issues raised in SIC 12 Consolidation - Special Purpose Entities. IFRS 10 establishes a single control model that applies to all companies, including special purpose entities. It also provides guidance for determining the existence of control where it is difficult to ascertain;

*IFRS 11 Joint Arrangements:* this standard replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities - Contributions in Kind by Venturers. IFRS 11 removes the option to account for jointly controlled entities using the proportionate consolidation method: only the equity method can now be used. Following issuance of the standard, IAS 28 - Investments in Associated Companies was amended to include investments in jointly controlled entities within its scope.

The new provisions introduced by IFRS 10 and IFRS 11 have not had a material impact on the financial position, results and cash flows of the Group.

*IFRS 12 Disclosure of Interests in Other Entities:* this is a new and complete standard on the additional disclosures to be made for each type of equity investment, including those for subsidiaries, joint arrangements, associates and structured entities. Adoption of the new standard has resulted in the inclusion of new disclosures in the annual report.

The other changes, amendments, improvements and interpretations, effective from 1 January 2014, govern situations and issues that are not relevant within the Group at the date of this Annual Report.

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

The changes, amendments and interpretations relating to the accounting standards not early adopted govern situations that have no significant effect on the economic and financial position of the Group or on the information contained in the consolidated financial statements.

**D) FINANCIAL RISK MANAGEMENT**

**RISK FACTORS**

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

- Credit risk arising from commercial transactions or financing activities;
- Liquidity risk related to the availability of financial resources and access to the credit market;
- Market risk, specifically:
  - a) Exchange rate risk, relating to operations in areas using currencies other than the functional currency;
  - b) Interest rate risk, relating to the Group's exposure to interest-bearing financial instruments;
  - c) Price risk, associated with changes in the listed price of capital instruments held as financial assets and in commodity prices.

**CREDIT RISK**

The Credit Management unit is responsible for the operational management of these risks. It is centralized with the Administration, Finance and Control department and operates based on 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.

Writedowns are made by percentage of past due positions, based on times series of insolvency, except for any writedowns of specific receivables. With respect to a breakdown of trade receivables by due date, reference should be made to Note 10.

Financing activities are primarily directed towards Group companies and thus are not considered to be at risk. It should be noted that at 31 December 2014 the Group was not party to any sovereign debt positions with redemption risks.

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

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

The Group's maximum theoretical credit risk exposure at 31 December 2014 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 31.

**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:

in thousands of euros	Within 1 year	From 1 to 5 years	Over 5 years	Total
<b>31.12.2014</b>				
Borrowings	60,833	132,204	66,121	259,158
Commitments	21,535	48,679	53,088	123,302
Trade Payables	178,467	–	–	178,467
<b>Total</b>	<b>260,835</b>	<b>180,883</b>	<b>119,209</b>	<b>560,927</b>
<b>31.12.2013</b>				
Borrowings	86,378	104,860	29,055	220,293
Commitments	18,532	45,368	53,691	117,591
Trade Payables	174,629	–	–	174,629
<b>Total</b>	<b>279,539</b>	<b>150,228</b>	<b>82,746</b>	<b>512,513</b>

Further information on the composition of the above items is presented in Notes 15, 18 and 32.

At 31 December 2014 the Group had about 332 million euros available in unused lines of credit (231 million euros at 31 December 2013) and cash and cash equivalents of 133 million euros (80 million euros at 31 December 2013). As to the balancing of working capital, especially the coverage of payables to suppliers, net trade receivables came to 143 million euros at 31 December 2014 (143 million euros at 31 December 2013).

**MARKET RISK***Exchange rate risk*

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

The Group's policy on exchange-rate risk provides for the use of forward contracts to hedge between 70% and 90% of future transactions denominated in foreign currencies, depending on whether they consist of budgeted flows of sales in foreign currencies or flows from the order book acquired.

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

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

The following tables contains an analysis of the effects of exchange-rate risk:

in thousands of euros	Carrying value	Of which subject to ERR	+ 5% €//\$		- 5% €//\$	
			Profits (Losses)	Other changes in FVR	Profits (Losses)	Other changes in FVR
			+ 1.85% €/£		- 1.85% €/£	
			+ 0.19% €/CHF		- 0.19% €/CHF	
Financial assets:						
Cash and cash equivalents	133,264	31,853	(1,456)	-	1,601	-
Trade and other receivables	171,294	67,700	(2,904)	-	3,173	-
Available for sale and financial receivables	11,487	2,775	(5)	-	5	-
Derivative financial instruments	-	980	(1)	739	1	4
Tax effect			1,201	(203)	(1,315)	(1)
			<b>(3,165)</b>	<b>536</b>	<b>3,465</b>	<b>3</b>
Financial liabilities:						
Borrowings	141,176	22,365	603	7	(642)	(7)
Bond	117,982	41,183	-	-	-	-
Trade and other payables	383,047	80,714	(1,122)	-	1,281	-
Derivative financial instruments	4,885	1,124	32	794	(41)	(1,873)
Tax effect			134	(220)	(164)	517
			<b>(353)</b>	<b>581</b>	<b>434</b>	<b>(1,363)</b>
<b>Total increases (decreases) for 2014</b>			<b>(3,518)</b>	<b>1,117</b>	<b>3,899</b>	<b>(1,360)</b>
<b>Total increases (decreases) for 2013 (*)</b>			<b>67</b>	<b>67</b>	<b>(30)</b>	<b>(101)</b>

(\*) 2013 variability parameters: +/-2% €//\$, +/-3% €/£, +/-1% €/CHF

Further information on the composition of the above items is provided in Notes 5, 7, 10, 12, 15 and 18.

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 2014 and 31 December 2013:

in thousands of euros	Net trade receivables	Advances, taxes and other receivables	Trade payables	Advances received	Tax, employee and other payables
Euro	104,712	16,605	158,380	106,970	57,161
US dollar	23,000	2,086	7,589	22,514	4,548
Indian rupee	1,167	1,389	1,830	456	916
Pound sterling	2,126	327	1,414	1,242	1,158
Thai baht	4,497	1,879	483	1,159	588
Chinese yuan	3,362	2,706	5,888	1,324	2,198
Japanese yen	666	18	117	-	97
Brazilian real	681	196	218	182	591
Russian ruble	1,182	606	9	550	325
Swiss franc	223	291	2,013	261	1,429
Other	993	11	526	288	623
<b>Total at 31 December 2014</b>	<b>142,609</b>	<b>26,114</b>	<b>178,467</b>	<b>134,946</b>	<b>69,634</b>
Euro	109,027	20,713	158,463	77,986	49,670
US dollar	21,512	856	4,725	13,108	6,436
Indian rupee	1,351	1,398	2,025	1,171	766
Pound sterling	2,073	249	1,184	1,558	937
Thai baht	2,260	1,698	633	647	508
Chinese yuan	2,966	1,226	5,103	518	1,942
Japanese yen	478	3	42	-	127
Brazilian real	1,278	364	223	920	747
Russian ruble	971	500	26	821	374
Swiss franc	266	313	1,692	8	1,360
Other	1,131	134	513	243	650
<b>Total at 31 December 2013</b>	<b>143,313</b>	<b>27,454</b>	<b>174,629</b>	<b>96,980</b>	<b>63,517</b>

Note that, at 31 December 2014, financial receivables and financial assets available for sale are mainly denominated in Euro.

### 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:

in 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
<b>Financial assets:</b>						
Cash and cash equivalents	133,264	36,751 (**)	73	-	(73)	-
Trade and other receivables	171,294	-	-	-	-	-
Available for sale and financial receivables	11,487	2,775	6	-	(6)	-
Derivative financial instruments	-	-	-	-	-	-
Tax effect			(22)	-	22	-
			<b>57</b>	<b>-</b>	<b>(57)</b>	<b>-</b>
<b>Financial liabilities:</b>						
Borrowings	141,176	188,451 (**)	(377)	-	377	-
Bond	117,982	-	-	-	-	-
Trade and other payables	383,047	-	-	-	-	-
Derivative financial instruments	4,885	4,885	12	(142)	(12)	148
Tax effect			100	39	(100)	(41)
			<b>(265)</b>	<b>(103)</b>	<b>265</b>	<b>107</b>
<b>Total increases (decreases) for 2014</b>			<b>(208)</b>	<b>(103)</b>	<b>208</b>	<b>107</b>
<b>Total increases (decreases) for 2013 (*)</b>			<b>(288)</b>	<b>245</b>	<b>288</b>	<b>(246)</b>

(\*) 2013 variability parameters +/- 20 bp €/S

(\*\*) Annual average.

Further information on the composition of the above items is provided in Notes 5, 7, 10, 12, 15 and 18.

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 2014 the Group is not exposed to price risk on investments in listed capital instruments classified in the financial statements as "available for sale". The Group is not exposed to significant price risk in relation to commodities.

## CAPITAL RISK MANAGEMENT

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

The Group monitors its capital with reference to the gearing ratio, which is the ratio between its net debt (see Note 15) and its equity.

in thousands of euros	2014	2013
Net debt (A)	118,438	130,404
Equity (B)	116,618	132,692
Total capital (A)+(B)=(C)	235,056	263,096
<b>Gearing ratio (A)/(C)</b>	<b>50%</b>	<b>50%</b>

## FAIR VALUE

A comparison of the book value of the financial instruments held by the Group and their value reveals no significant disparities, except for those discussed in Note 15 concerning applied research and technological innovation loans and other loans. Information about the methods used to calculate fair value is provided in Note 5 on financial assets and in Note 15 on borrowings.

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

- Level 1: quoted prices in active markets;
- Level 2: inputs other than the quoted prices of Level 1 that are observable in 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 2014 and 31 December 2013 by fair value hierarchy level:

in thousands of euros	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets available for sale	–	14	5,918	5,932
Derivative financial instruments	–	–	–	–
<b>Total assets at 31 December 2014</b>	<b>–</b>	<b>14</b>	<b>5,918</b>	<b>5,932</b>

Liabilities:				
Payables for acquisition	–	–	498	498
Derivative financial instruments	–	4,885	–	4,885
<b>Total liabilities at 31 December 2014</b>	<b>–</b>	<b>4,885</b>	<b>498</b>	<b>5,383</b>

in thousands of euros	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets available for sale	–	14	4,716	4,730
Derivative financial instruments	–	106	–	106
<b>Total assets at 31 December 2013</b>	<b>–</b>	<b>120</b>	<b>4,716</b>	<b>4,836</b>

Liabilities:				
Payables for acquisition	–	–	484	484
Derivative financial instruments	–	3,823	–	3,823
<b>Total liabilities at 31 December 2013</b>	<b>–</b>	<b>3,823</b>	<b>484</b>	<b>4,307</b>

Investments in other companies and investments in securities held as financial assets available for sale are measured at fair value and the related unrealized gains and losses are recognized as part of other comprehensive income, except as discussed in Note 5 in relation to InterMedia Holding S.p.A.

During 2014, there were no transfers between the three levels of the fair value hierarchy laid down in IFRS 13. There have not been any significant changes in the commercial or economic circumstances which affect the fair value of financial assets and liabilities.

The following table shows the changes in level 3:

in thousands of euros	Assets	Liabilities
<b>Balance at 01.01.2013</b>	5,337	461
Profits / (losses) recognized in the statement of comprehensive income	(287)	–
Profits / (losses) recognized in the income statement	–	23
Change in scope of consolidation	6	–
Increases / (decreases)	(340)	–
<b>Balance at 31.12.2013</b>	<b>4,716</b>	<b>484</b>
Profits / (losses) recognized in the statement of comprehensive income	631	–
Profits / (losses) recognized in the income statement	(1,599)	14
Change in scope of consolidation	5	–
Increases / (decreases)	2,165	–
<b>Balance at 31.12.2014</b>	<b>5,918</b>	<b>498</b>

The amounts of 631 thousand euros and -1,599 thousand euros relate to the reduction in the fair value of the investment in InterMedia Holding S.p.A. held by the Parent Company.

## E) CONSOLIDATION PRINCIPLES

### *Subsidiaries*

Companies are subsidiaries when the Group is exposed or has the right to variable returns deriving from its relationship with the investee and, at the same time, is able to influence such returns by exercising its power over that entity. The general presumption is that the ability to exercise the majority of voting rights represents control. In support of this presumption and when the Group holds less than the majority of voting (or similar) rights, the Group considers all significant facts and circumstances in order to determine if it controls the investee, including contractual agreements with other holders of voting rights, rights deriving from contractual agreements and potential voting rights.

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.

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

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

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

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

Associated companies

An associate is a company over which the Group exercises significant influence. Significant influence means the power to participate in the determination of financial and operating policies, without exercising control or joint control.

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

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

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

Joint venture

A joint venture is a joint arrangement whereby the parties that exercise joint control have rights to the net assets of the arrangement. Joint control arises under a contractual agreement to share control over an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of all the parties sharing control. Investments in joint ventures are recognized using the equity method.

**F) SCOPE OF CONSOLIDATION**

The consolidated financial statements at 31 December 2014 include the financial and operating information of IMA Industria Macchine Automatiche S.p.A. (Parent Company) and of all the companies over which it exercises direct or indirect control. Set out below are the major events that have affected the Group companies in 2014:

- on 10 January 2014 Packaging Manufacturing Industry S.r.l. acquired 30% of Meccanica Sarti S.r.l., located in Bologna and active in the construction of mechanical components for machinery, for 1,191 thousand euros;
- on 25 February 2014 the Parent Company completed its acquisition from DOSA S.r.l. of the DOSA business unit which designs, manufactures and markets dosing machines for pharmaceutical products for a total of 2,526 thousand euros;
- on 25 March 2014 IMA S.p.A. finalized with Transworld Packaging Holding B.V. and its shareholders the purchase of an additional 30% stake in the Ilapak Group which produces packaging machines for primary packaging in the food sector, thereby raising the stake held by the IMA Group in the Ilapak Group to 81%. The price for this transaction was 22,750 thousand euros, which was settled at the time of the closing. Under a separate option agreement, IMA also has the right to acquire the other 19% of TWP's share capital in 2017 or 2018; for further details, please read Note 14;
- on 6 June 2014, IMA S.p.A. acquired the entire quota capital of Società del Sole S.r.l., located in Bologna and active in the real estate sector, for 1,460 thousand euros;

- on 16 June 2014, IMA Life Beijing Pharmaceutical Systems Co. Ltd. acquired a further 26.29% equity interest in Shanghai Tianyan Pharmaceutical Machinery Co. Ltd. for 1.9 million renminbi;
- on 24 June 2014, the Parent Company completed the disposal to third parties of its entire equity interest, 80%, in Zibo IMA Xinhua Pharmatech Co. Ltd, a Chinese company. The price agreed was 50 million renminbi; for further details, please read Note 27;
- on 24/25 July 2014, IMA Industries S.r.l. acquired a further 8.5% interest in GIMA S.p.A. for 8,500 thousand euros and now owns 73.5% of that company;
- at the end of September 2014, third parties completed subscriptions to the capital increase for cash by GIMA TT S.r.l., a subsidiary of GIMA S.p.A., involving the issue of quotas with a total nominal value of 10 thousand euros at a premium of 3,490 thousand euros;
- on 22 October 2014 Packaging Manufacturing Industry S.r.l. acquired for 124 thousand euros 30% of STA.MA. S.r.l., a company located in Ozzano dell'Emilia (Bologna) which operates in the installation, construction and revision of automatic machines;
- on 9 December 2014, IMA S.p.A. completed the acquisition of a newly-formed company established on the spin-off from GS Divisione Verniciatura S.r.l. of the line of business dedicated to the coating of solid products for the pharmaceuticals, para-pharmaceuticals and food processing industries. The consideration for the transfer of ownership was 3,969 thousand euros.

The following transactions involving companies within the Group have not had any effect on the consolidated financial statements:

- on 17 April 2014, Ilapak Management Service SA was absorbed by Ilapak International SA with retroactive effect from 1 January 2014;
- on 8 May 2014, as part of the plan to reorganise the Group, IMA S.p.A. acquired from IMA Industries S.r.l., a wholly-owned subsidiary, its investment in Corazza S.p.A., equal to 100% of the share capital;
- on 26 November 2014, as part of the plan to reorganise the Group, IMA S.p.A. acquired from IMA Life The Netherlands B.V., a wholly-owned subsidiary, its investment in IMA Life Italia S.r.l., equal to 100% of the share capital;
- during December 2014, IMA S.p.A. signed the merger deeds for the absorption of IMA Industries S.r.l. and IMA Life Italia S.r.l., both wholly-owned subsidiaries, with effect from 1 January 2015. These mergers will help to optimise the Group's activities and centralise certain staff functions.

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

## G) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The changes reported below have been calculated on figures at 31 December 2013 for balance sheet items and on figures for the year 2013 for income statement items.

### 1. SEGMENT INFORMATION

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

The Group's activities comprise the following operating segments:

#### Tea, Food & Other

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

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

#### Pharmaceutical

Machines for the packaging of pharmaceutical capsules and tablets in blisters and bottles, machines for filling bottles and vials with liquid and powdered products in sterile and non-sterile environments, machines for freeze-drying, tube-filling and cartoning, systems for the production of tablets and capsules and for coating and granulation, as well as related services. Operations in this sector are mainly carried out by these companies:

- IMA S.p.A. manufactures:
  - blister-pack machines, machines for the packaging of gelcaps, capsules and tablets and cartoning machines through IMA Safe division;
  - machines for the filling of flacons and vials with liquid products and powders under sterile and non-sterile conditions and freeze-drying systems through IMA Life division;
  - tablet pressing machines, capsule filling machines, coating and granulating machines, machines for the movement of powders and depowdering of tablets through the IMA Active division;
- CO.MA.DI.S. S.p.A. manufactures tube-filling machines for the pharmaceuticals, cosmetics, chemicals and food industries;
- G.S. Coating Technologies S.r.l. manufactures coating machines;
- 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;
- Pharmsiena Service S.r.l. produces filling systems for phials and syringes under sterile conditions;
- IMA-PG India Pvt Ltd. operates in the production of blister and cartoning machines, mainly for the emerging nations;
- Shanghai Tianyan Pharmaceutical Machinery Co. Ltd. produces filling systems under sterile conditions;

- Swiftpack Automation Ltd. and IMA North America Inc. manufacture machines for the bottling of capsules and tablets for the pharmaceutical industry.

#### Ilapak

This sector manufactures packaging machines employed for primary packaging in the food sector using flexible materials (horizontal and vertical flow packs), and also provides the related services. Operations in this sector are mainly carried out by these companies:

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

#### ANALYSIS BY BUSINESS SEGMENT

Information by business segment for 2014 and 2013 is shown below:

in thousands of euros	2014				Total
	Tea, Food & Other	Pharmaceutical	Ilapak	Not allocated (*)	
Revenues	302,674	453,380	98,563	–	854,617
Segment operating profit	50,766	52,012	5,135	–	107,913
Net financial income (expense) (**)					(18,512)
Profit (loss) from investments accounted for using the equity method	1,018	465	–	(91)	1,392
Profit before tax					90,793
Taxes					(34,045)
Net profit from continuing operations					56,748
Net profit from discontinued operations / disposal groups	–	–	–	–	–
Net profit for the year					56,748

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

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

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

The following table gives a breakdown of revenues by business segment, with changes in revenues over the corresponding period of 2013:

in thousands of euros	2014	2013	Change
Tea, Food & Other	302,674	267,399	35,275
Pharmaceutical	453,380	451,732	1,648
Ilapak	98,563	41,796	56,767
<b>Total</b>	<b>854,617</b>	<b>760,927</b>	<b>93,690</b>

Consolidated revenues in 2014 amounted to 854,617 thousand euros, an overall increase of 12.3%, of which 5.1% due to the organic growth, with respect to the previous year.

Revenues by segment are discussed below:

- the Tea, Food & Other sector recorded an increase in revenues of 13.2% thanks to the contribution made by GIMA S.p.A. and GIMA TT S.r.l., generally confirming the strong leadership position held by the Group in these niche markets;
- the revenues of the Pharmaceutical Sector were essentially unchanged, up by just 0.4%;
- the revenues of the Ilapak Sector totaled 98,563 thousand euros (higher than in the prior year, when it only contributed for five months), confirming the strong leadership position held by the Ilapak Group in its various niche markets.

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

The following table shows operating profit by segment:

in thousands of euros	2014	2013	Change
Tea, Food & Other	50,766	41,467	9,299
Pharmaceutical	52,012	43,432	8,580
Ilapak	5,135	1,742	3,393
<b>Total</b>	<b>107,913</b>	<b>86,641</b>	<b>21,272</b>

The operating profit of the Tea, Food & Other sector is 50,766 thousand euros (16.8% of revenues) against 41,467 thousand euros in 2013 (15.5% of revenues) thanks to higher sale volumes.

The sector has seen a sharp increase over the previous year as a result of 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 Ilapak Sector reported an operating profit of 5,135 thousand euros, despite the non-recurring charges of 990 thousand euros recorded on the acquisition of an additional 30% interest in Transworld Packaging Holding B.V.

The tables below provide other income statement information regarding Group operations by sector for 2014 and 2013:

in thousands of euros	2014			Total
	Tea, Food & Other	Pharmaceutical	Ilapak	
Amortization, depreciation, impairment and writedowns	7,175	10,615	4,624	22,414
Other non-monetary costs (revenues)	2,237	4,811	(920)	6,128

in thousands of euros	2013			Total
	Tea, Food & Other	Pharmaceutical	Ilapak	
Amortization, depreciation, impairment and writedowns	7,464	15,954	1,918	25,336
Other non-monetary costs (revenues)	2,546	3,286	587	6,419

The decrease in depreciation, amortization, impairment and writedowns of the pharmaceutical processing segment is due primarily to the sale of Zibo IMA Xinhua Pharmatech Co. Ltd. and to the writedown of a software in 2013.

The increase in the other non-monetary costs of the Pharmaceutical Sector mainly reflects the scrapping of inventories by the Parent Company in 2014, while the decrease in the Ilapak Sector essentially reflects the release of provisions for inventory obsolescence.

Balance sheet information at 31 December 2014 and 2013 is shown below:

in thousands of euros	Tea, Food & Other	Pharmaceutical	Ilapak	Unallocated (*)	Total
Assets	215,461	317,562	84,978	194,724	812,725
Investments valued at equity	9,154	10,012	–	8,802	27,968
<b>Total assets at 31 December 2014</b>	<b>224,615</b>	<b>327,574</b>	<b>84,978</b>	<b>203,526</b>	<b>840,693</b>
Liabilities at 31 December 2014	165,582	228,457	38,609	291,427	724,075
Capital expenditure 2014	7,947	19,880	5,556	–	33,383
in thousands of euros	Tea, Food & Other	Pharmaceutical	Ilapak	Unallocated (*)	Total
Assets	216,057	315,947	77,373	135,680	745,057
Investments valued at equity	8,136	6,892	–	10,895	25,923
<b>Total assets at 31 December 2013</b>	<b>224,193</b>	<b>322,839</b>	<b>77,373</b>	<b>146,575</b>	<b>770,980</b>
Liabilities at 31 December 2013	140,171	204,617	36,268	257,232	638,288
Capital expenditure 2013	6,781	13,665	31,277	–	51,723

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

The net change in unallocated assets and liabilities is mainly attributable to the improvement in the net financial position.

The increased investment in the Pharmaceutical Sector reflects the purchase of a line of business from DOSA S.r.l. and G.S. Coating Technologies S.r.l. for a total of 6,705 thousand euros, while the 2013 investment in the Ilapak Sector essentially reflected the acquisition of unpatented technologies, the customer list and goodwill.

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

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

The revenues of the IMA Group are analyzed below by geographical area:

in thousands of euros	2014	2013	Change
European Union (excluding Italy)	241,992	254,675	(12,683)
Other European countries	84,929	71,964	12,965
North America	133,797	140,411	(6,614)
Asia & Middle East	199,337	160,012	39,325
Other countries	117,058	72,002	45,056
<b>Total foreign markets</b>	<b>777,113</b>	<b>699,064</b>	<b>78,049</b>
Italy	77,504	61,863	15,641
<b>Total</b>	<b>854,617</b>	<b>760,927</b>	<b>93,690</b>

Revenues are allocated according to the geographical area of the invoiced customer. The changes in the breakdown of revenues by geographical area are discussed below:

- revenues from EU countries other than Italy fell slightly in Germany and France and rose in the UK and Poland;
- sales in other European countries, especially the Russian Federation, were greater than in the previous year;
- North America contracted slightly in a context essentially without significant local competition;
- Asia and the Middle East grew by 24.6% overall, confirming the importance of this market that always contributes more than 20% of the Group's sales; the established trend in the Chinese market was also confirmed. The progress being made in local economies is resulting in an alignment of production standards with those of the West and, as a consequence, there is demand for machines of the type we make. In particular, there has been growth in Turkey, India, Indonesia and Korea;
- sales in other countries reflect a variety of trends with growth in Central and South America (Mexico, Brazil, Chile and Argentina) and in North Africa;

- the increase in Italy was due to a larger number of projects compared with the previous year. These fluctuations recur annually since revenues depend on the level of investment projects of the pharmaceutical companies, which is inevitably unstable in a small market like Italy.

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

in thousands of euros	31.12.2014	31.12.2013
Italy	177,033	159,116
European Union (excluding Italy)	21,163	22,483
Other European countries	27,081	28,230
North America	20,385	20,316
Asia & Middle East	19,629	19,562
Other countries	562	300
<b>Total</b>	<b>265,853</b>	<b>250,007</b>

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:

in thousands of euros	2014	2013	Change
Machines and change parts	405,691	338,842	66,849
Construction contracts	248,270	237,834	10,436
Spare parts	114,232	104,019	10,213
Technical assistance	66,475	61,491	4,984
Other services	19,949	18,741	1,208
<b>Total</b>	<b>854,617</b>	<b>760,927</b>	<b>93,690</b>

## 2. PROPERTY, PLANT AND EQUIPMENT

The changes during the year were as follows:

in thousands of euros	Buildings and leasehold improv.		Plant and machinery	Industrial & comm. equipment	Other assets	Assets under construction and advances	Total
	Land						
<b>Balances at 01.01.13</b>							
Gross amount	3,145	21,714	42,889	21,496	24,583	973	114,800
Accumulated depreciation and writedowns	(15)	(8,036)	(34,703)	(19,008)	(20,792)	-	(82,554)
Net amount	3,130	13,678	8,186	2,488	3,791	973	32,246
<b>Balances at 01.01.13</b>	<b>3,130</b>	<b>13,678</b>	<b>8,186</b>	<b>2,488</b>	<b>3,791</b>	<b>973</b>	<b>32,246</b>
Increases	-	5,130	2,724	1,061	2,747	2,118	13,780
Sales and disposals	-	(79)	(193)	(87)	(92)	-	(451)
Sale of Stephan business	-	(469)	(141)	(203)	(407)	-	(1,220)
Sale of Kilian business	-	(383)	(534)	(334)	(116)	(8)	(1,375)
Change in scope of consolidation	1,650	6,004	765	287	1,098	-	9,804
Depreciation	-	(1,853)	(1,963)	(781)	(1,742)	-	(6,339)
Reclassifications	-	243	(1,844)	(15)	(13)	(851)	(2,480)
Translation differences	(64)	(235)	(130)	(98)	(122)	(55)	(704)
<b>Balances at 31.12.13</b>	<b>4,716</b>	<b>22,036</b>	<b>6,870</b>	<b>2,318</b>	<b>5,144</b>	<b>2,177</b>	<b>43,261</b>
<b>Balances at 01.01.14</b>							
Gross amount	4,730	31,752	35,859	19,395	25,655	2,177	119,568
Accumulated depreciation and writedowns	(14)	(9,716)	(28,989)	(17,077)	(20,511)	-	(76,307)
Net amount	4,716	22,036	6,870	2,318	5,144	2,177	43,261
<b>Balances at 01.01.14</b>	<b>4,716</b>	<b>22,036</b>	<b>6,870</b>	<b>2,318</b>	<b>5,144</b>	<b>2,177</b>	<b>43,261</b>
Increases	-	5,301	3,115	1,382	2,263	1,289	13,350
Sales and disposals	(321)	(181)	(27)	(26)	(54)	-	(609)
Change in scope of consolidation	2,727	330	1	51	43	-	3,152
Depreciation	-	(2,220)	(1,996)	(954)	(1,929)	-	(7,099)
Reclassifications	-	254	1,884	120	(127)	(1,808)	323
Translation differences	130	58	261	75	101	41	1,166
<b>Balances at 31.12.14</b>	<b>7,252</b>	<b>26,078</b>	<b>10,108</b>	<b>2,966</b>	<b>5,441</b>	<b>1,699</b>	<b>53,544</b>
Gross amount	7,269	37,746	40,696	21,210	26,788	1,699	135,408
Accumulated depreciation and writedowns	(17)	(11,668)	(30,588)	(18,244)	(21,347)	-	(81,864)
<b>Balances at 31.12.14</b>	<b>7,252</b>	<b>26,078</b>	<b>10,108</b>	<b>2,966</b>	<b>5,441</b>	<b>1,699</b>	<b>53,544</b>

Land and buildings refer to the following Group companies:

in thousands of euros	Land		Buildings	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
IMA S.p.A.	1,393	1,587	1,490	1,486
GIMA S.p.A.	573	573	1,177	1,217
Società del Sole S.r.l.	2,727	n.a.	–	n.a.
Ilapak Inc.	156	138	1,084	974
Ilapak Italia S.p.A.	153	153	2,170	2,160
Ilapak Ltd.	879	822	400	383
Ilapak Sp. Z o.o.	448	461	987	1,045
Ilapak Verpackungsmaschinen GmbH	115	115	564	580
IMA France Eurl	183	183	449	468
IMA UK Ltd.	–	123	–	184
IMA-PG India Pvt. Ltd.	625	561	1,567	1,443
Other	–	–	22	–
<b>Total</b>	<b>7,252</b>	<b>4,716</b>	<b>9,910</b>	<b>9,940</b>

Leasehold improvements totaled 16,168 thousand euros (12,096 thousand euros at 31 December 2013).

The increases in Buildings and leasehold improvements mainly relate to the costs incurred, 3,308 thousand euros, to expand and improve buildings leased by the Parent Company.

The other increases principally relate to the capitalization of plant, machinery and electronic machines.

Disposal during the year essentially comprised the sale to third parties by IMA UK Ltd of the office and warehouse premises in Wokingham (UK), and the sale to related parties by the Parent Company of building land at Ozzano dell'Emilia (BO).

The change in the scope of consolidation reflects the acquisitions of Società del Sole S.r.l., G.S. Coating Technologies S.r.l. and the DOSA business unit, as discussed in Note 30.

“Other assets” comprise:

in thousands of euros	31.12.2014	31.12.2013
Electronic office machines	1,874	1,812
Office furniture and fittings	2,071	1,975
Vehicles	983	802
Other	513	555
<b>Total</b>	<b>5,441</b>	<b>5,144</b>

Construction in progress and advances include machinery under construction and costs incurred, mainly by the Parent Company, on the expansion of leased buildings.

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

in thousands of euros	31.12.2014	31.12.2013
Land	327	337
Buildings	1,000	1,057
Plant and machinery	–	10
Industrial and commercial equipments	37	41
Other	206	233
<b>Total</b>	<b>1,570</b>	<b>1,678</b>

At 31 December 2014 leased assets essentially relate to the contract for the factory in Krakow (Poland) used by Ilapak Sp. Z o.o.

## 3. INTANGIBLE ASSETS

The changes during the year break down as follows:

in thousands of euros	Development costs	Industrial patent rights	Software licences, trademarks and similar	Goodwill	Assets under dev. and advances	Total
<b>Balances at 01.01.13</b>						
Gross amount	71,560	17,011	52,116	121,365	8,394	270,446
Accumulated amortization and writedowns	(43,228)	(12,279)	(32,400)	-	-	(87,907)
Net amount	28,332	4,732	19,716	121,365	8,394	182,539
<b>Balances at 01.01.13</b>	<b>28,332</b>	<b>4,732</b>	<b>19,716</b>	<b>121,365</b>	<b>8,394</b>	<b>182,539</b>
Increases	467	1,364	2,745	-	2,507	7,083
Sales and eliminations	-	(37)	(12)	-	-	(49)
Sale of Stephan business	(62)	-	(411)	(17,165)	-	(17,638)
Sale of Kilian business	-	-	(34)	(14,790)	-	(14,824)
Change in scope of consolidation	2,278	99	303	-	-	2,680
Acquisition of Shanghai Tianyan	-	-	-	854	-	854
Acquisition of Ilapak Group	16,786	-	9,103	4,117	-	30,006
Amortization	(7,789)	(1,244)	(3,818)	-	-	(12,851)
Writedowns/Impairment	-	-	(1,633)	-	-	(1,633)
Reclassifications	4,360	-	101	-	(4,430)	31
Translation differences	(12)	(8)	(32)	(300)	-	(352)
<b>Balances at 31.12.13</b>	<b>44,360</b>	<b>4,906</b>	<b>26,028</b>	<b>94,081</b>	<b>6,471</b>	<b>175,846</b>
<b>Balances at 01.01.14</b>						
Gross amount	97,502	18,409	60,248	94,081	6,471	276,711
Accumulated amortization and writedowns	(53,142)	(13,503)	(34,220)	-	-	(100,865)
Net amount	44,360	4,906	26,028	94,081	6,471	175,846
<b>Balances at 01.01.14</b>	<b>44,360</b>	<b>4,906</b>	<b>26,028</b>	<b>94,081</b>	<b>6,471</b>	<b>175,846</b>
Increases	1,169	1,652	1,450	-	6,330	10,601
Sales and eliminations	-	(26)	(2)	-	-	(28)
Acquisition of DOSA business	1,260	-	-	840	-	2,100
Acquisition of G.S. Coating Techn. S.r.l.	3,000	-	1,008	597	-	4,605
Amortization	(9,590)	(1,364)	(4,361)	-	-	(15,315)
Reclassifications	4,554	(46)	51	-	(4,559)	-
Translation differences	52	20	90	914	8	1,084
<b>Balances at 31.12.14</b>	<b>44,805</b>	<b>5,142</b>	<b>24,264</b>	<b>96,432</b>	<b>8,250</b>	<b>178,893</b>
Gross amount	106,759	19,865	63,066	96,432	8,250	294,372
Accumulated amortization and writedowns	(61,954)	(14,723)	(38,802)	-	-	(115,479)
<b>Balances at 31.12.14</b>	<b>44,805</b>	<b>5,142</b>	<b>24,264</b>	<b>96,432</b>	<b>8,250</b>	<b>178,893</b>

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 following acquisitions:

- a line of business from DOSA S.r.l. and G.S. Coating Technologies S.r.l. in 2014, the useful lives of which were determined to be 5 and 10 years respectively, for 1,029 thousand euros and 2,950 thousand euros; see Note 30 for further information;
- the Ilapak Group in 2013, the useful life of which was determined to be 10 years, for 14,408 thousand euros;
- the Dairy & Convenience food sector of the Corazza Group in 2011, the useful life of which was determined to be 10 years, for 10,830 thousand euros;
- the Edwards Group in 2008, the useful life of which was determined to be 7 year, for 266 thousand euros in relation to the freeze-drying plant for the pharmaceuticals industry.

In addition, this caption includes costs of 9,980 thousand euros incurred by the Parent Company on projects related to the Pharmaceutical Sector.

Lastly, this caption includes costs of 3,529 thousand euros incurred by IMA Industries S.r.l. relating to the development of a project in the Tea sector.

As also mentioned in the report on operations, research and development costs that do not meet the requirements for capitalization were charged to profit and loss for an amount of 36,217 thousand euros (37,002 thousand euros in the previous period).

Industrial patents and intellectual property rights include costs incurred for the acquisition of rights deriving from applications for industrial patents, stated net of related amortization. The increase was mainly due to costs incurred to protect and extend patents in other countries, as well as to the acquisition of a patent, for 553 thousand euros, relating to a machine for the production of packaging for the Dairy sector.

Software, licenses, trademarks and other rights primarily include operating and technical software applications and an intangible asset linked to the "customer list" of 8,243 thousand euros and 9,542 thousand euros respectively, the useful life of which is estimated at 15 and 10 years. They arose on the acquisition of the Ilapak Group and the Corazza Group. The increases during the year principally related to the acquisition by the Parent Company of software and licenses relating to the commercial, logistics, technical and services areas. Lastly, the acquisition of G.S. Coating Technologies S.r.l. involved the signature of a non-compete agreement at a cost of 1,000 thousand euros that will be amortized over 10 years.

Assets under development and advances mainly relate to the capitalization of development costs incurred by the Parent Company (4,281 thousand euros), Ilapak Italia S.p.A. (2,597 thousand euros) and GIMA S.p.A. (1,006 thousand euros) and concern new products that were not previously available and are targeted at new market segments.

Goodwill comprises the following:

in thousands of euros	31.12.2014	31.12.2013
Tea, Food & Other:		
CGU B.F.B. S.p.A.	1,788	1,788
CGU GIMA S.p.A.	1,658	1,658
CGU Naturapack S.r.l.	8,723	8,723
CGU Corazza Group	18,863	18,863
	<b>31,032</b>	<b>31,032</b>
Pharmaceutical:		
CGU CO.MA.DI.S. S.p.A.	3,782	3,782
CGU DOSA S.r.l.	840	n.a.
CGU G.S. S.r.l. Coating System	7,402	7,402
CGU G.S. Coating Technologies S.r.l.	597	n.a.
CGU Edwards Group	23,079	23,079
CGU Nova Group	13,548	12,703
CGU ICO OLEODINAMICI S.p.A.	1,567	1,567
CGU MKCS Inc.	575	506
CGU Pharmsiena Service S.r.l.	2,073	2,073
CGU Precision Gears Ltd.	4,027	4,027
CGU Shanghai Tianyan	854	854
CGU Zanchetta S.r.l.	2,939	2,939
	<b>61,283</b>	<b>58,932</b>
Ilapak:		
CGU Ilapak Group	4,117	4,117
	<b>4,117</b>	<b>4,117</b>
<b>Total</b>	<b>96,432</b>	<b>94,081</b>

The goodwill recognized on acquisitions of the DOSA line of business and of G.S. Coating Technologies S.r.l. is discussed in Note 30.

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

The goodwill paid when acquiring companies, firms or business divisions is allocated to the cash generating units (CGUs) of the Group as represented by the individual companies or sub-groups to which they relate. Even if such companies had merged into the acquiring company after the acquisition and had thus lost their legal status, the Group organization into divisions makes it possible to identify the assets and the cash flows of said CGUs, and to check whether

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

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

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

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

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

*WACC = Weighted Average Cost of Capital*

*N = Number of years in the discount period*

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

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

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

The CGU's weighted average cost of capital (WACC) is used as the discounting rate, as determined from a detailed analysis of the capital structure of each CGU. The Capital Asset Pricing Model is used. This mathematical model determines the rate by summing the returns from a risk-free asset with the market risk premium. In turn, the market risk premium is found by multiplying the market average risk by the beta for the specific sector. The principal assumptions underlying the application of this method involved estimating the future increases in sales, the gross margin, operating costs, the rate of growth of terminal values, capital investment, operating capital and the weighted-average cost of capital (discount rate). The cash flows are estimated on the basis of the 2015 budget and the 2016-2017 business plan; they are then discounted at rates that reflect current market valuations of the cost of capital taking account of the specific risk profile of each CGU.

The growth rate (g) used is zero for the sake of prudence. This means that any sensitivity analysis, designed to measure the change in results on a change in the assumptions used for the growth rate, including changes in the other parameters contributing to formation of the WACC, would result in better impairment results.

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

	Goodwill	Average weighted cost of capital employed	CAGR 2015-2017
		WACC %	Sales %
CGU G.S. S.r.l. Coating System	7,402	6.67	4.00
CGU ICO OLEODINAMICI S.p.A.	1,567	6.67	4.00
CGU CO.MA.DI.S. S.p.A.	3,782	6.67	2.00
CGU Nova Group	13,548	6.37	3.10
CGU Precision Gears Ltd.	4,027	7.06	6.70
CGU Zanchetta S.r.l.	2,939	6.67	4.00
CGU Edwards Group	23,079	6.34	2.80
CGU Naturapack S.r.l.	8,723	6.67	6.00
CGU GIMA S.p.A.	1,658	6.67	2.00
CGU Pharmasiena Service S.r.l.	2,073	6.67	5.00
CGU Corazza Group	18,863	6.67	2.00
CGU Ilapak Group	4,117	6.67	2.00

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

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

In addition, during prior years, the goodwill of Nova Group, Zanchetta and ICO OLEODINAMICI CGUs was written down by 757 thousand euros, 2,500 thousand euros and 1,500 thousand euros respectively.

The translation differences, showing a negative value of 1,084 thousand euros, refer to the translation of Nova Group goodwill at the year-end spot exchange rate from its currency into euros.

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

Below is a breakdown:

in thousands of euros	31.12.2014	31.12.2013
Associates:		
Amherst Stainless Fabrication LLC	199	192
B.C. S.r.l.	1,777	1,510
Bacciottini F.Ili S.r.l.	593	525
Bolognesi S.r.l.	818	603
Brio Pharma Technologies Pvt. Ltd.	389	360
Doo Officina-Game East Vrsac	578	478
I.E.M.A. S.r.l.	720	663
LA.CO. S.r.l.	392	365
Logimatic S.r.l.	429	314
Masterpiece S.r.l.	7	30
Meccanica Sarti S.r.l.	1,191	n.a.
Plasticenter S.r.l.	466	937
Powertransmission.it S.r.l.	90	80
SIL.MAC. S.r.l.	367	294
STA.MA. S.r.l.	56	n.a.
Sirio S.p.A. Associazione in partecipazione	5,898	6,548
Other investments	465	446
	<b>14,435</b>	<b>13,345</b>
Joint venture:		
CMH S.r.l.	9,155	8,137
CMRE S.r.l.	4,378	4,441
	<b>13,533</b>	<b>12,578</b>
<b>Total</b>	<b>27,968</b>	<b>25,923</b>

For information about Meccanica Sarti S.r.l. and STA.MA. S.r.l. please refer to the scope of consolidation section”.

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.

Other investments in associates include the 24.9% interest in Scriba Nanotecnologie S.r.l., a company that specializes in the study of hi-tech solutions against food adulteration and for tracking pharmaceuticals; the 50% interest in Consorzio Servizi, a non-profit consortium between the Parent Company and a third-party company; the 25% interest in the LIAM consortium, and the 20% interest in FID S.r.l. Impresa Sociale.

Brief information about transactions with associates is given below:

- Amherst Stainless Fabrication LLC operates in the field of mechanical engineering and industrial assembly;
- B.C. S.r.l. manufactures machine parts for the Group and third parties;
- Bacciottini F.Ili 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;
- 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;
- Meccanica Sarti S.r.l. is active in the construction of mechanical components for machinery;
- Plasticenter S.r.l. is active in the plastics industry;
- Powertransmission.it S.r.l. manufactures and sells engineering components, assemblies and complete plant;
- SIL.MAC. S.r.l. operates in the field of mechanical engineering, specialising in the construction of machines for third parties;
- STA.MA. S.r.l. is active in the assembly, construction and overhaul of automated machines.

CMH S.r.l. was set up in 2011 with the purpose of creating a joint venture between the Parent Company and the Sacmi Group for the production and sale of automatic machines for the processing and packaging of chocolate. CMH S.r.l. controls Carle & Montanari - OPM S.p.A., CMFIMA S.r.l. and Carle & Montanari – OPM USA Inc.

CMRE S.r.l. was formed in 2012 as a joint venture between the Parent Company and the Sacmi Group in the real estate sector.

The following table sets out the goodwill included in the carrying amount of the above equity investments at 31 December 2014:

in thousands of euros	31.12.2014	31.12.2013
Associates:		
Bolognesi S.r.l.	429	429
Bacciottini F.lli S.r.l.	158	158
Brio Pharma Technologies Pvt. Ltd.	279	279
I.E.M.A. S.r.l.	295	295
LA.CO. S.r.l.	129	129
Logimatic S.r.l.	158	158
Meccanica Sarti S.r.l.	1,103	n.a.
Scriba Nanotecnologie S.r.l.	317	317
SIL.MAC. S.r.l.	131	131
	<b>2,999</b>	<b>1,896</b>
Joint venture:		
CMH S.r.l.	2,689	2,689
	<b>2,689</b>	<b>2,689</b>
<b>Total</b>	<b>5,688</b>	<b>4,585</b>

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.

The Group does not have any associated companies that are individually significant; accordingly, the combined total of the Group's interest in associated companies measured at equity is provided:

in thousands of euros	31.12.2013	31.12.2012
Profit (loss) from continuing operations	437	785
Profit (loss) from discontinued operations / disposal groups	–	(204)
Profit for the year	437	581

The summary information was prepared using the financial statements of the associates prepared in accordance with domestic accounting standards.

During 2014, Packaging Manufacturing Industry S.r.l. received dividends from associated companies totaling 195 thousand euros from IEMA S.r.l., Masterpiece S.r.l. and Plasticenter S.r.l.

The Group does not have any joint ventures that are individually significant; accordingly, the combined total of the Group's interest in joint ventures measured at equity is provided:

in thousands of euros	31.12.2014	31.12.2013
Profit (loss) from continuing operations	955	666
Profit (loss) from discontinued operations / disposal groups	-	-
Profit for the year	955	666

The summary data was prepared using the financial statements of the joint ventures prepared in accordance with the IFRS.

## 5. FINANCIAL ASSETS

The item breaks down as follows:

in thousands of euros	31.12.2014	31.12.2013
Non-current:		
· Investments in securities	14	14
· Financial receivables	3,495	3,247
· Investments in other companies	4,030	3,611
	<b>7,539</b>	<b>6,872</b>
Current:		
· Investments in securities	1,888	1,105
· Other cash equivalents	691	1,021
· Financial receivables	1,369	1,265
	<b>3,948</b>	<b>3,391</b>
<b>Total</b>	<b>11,487</b>	<b>10,263</b>

Non-current financial receivables at 31 December 2014 relate to loans granted by Ilapak International SA totaling 2,775 thousand euros (2,213 thousand euros at 31 December 2013) and a loan granted by the Parent Company to Logimatic S.r.l., an associate, on current market terms for 720 thousand euros (720 thousand euros at 31 December 2013). Non-current financial receivables at 31 December 2013 also included 314 thousand euros relating to Ilapak Italia S.p.A.

Investments in other companies include the 2.02% interest held in InterMedia Holding S.p.A., 2,409 thousand euros (3,377 thousand euros at 31 December 2013), and the shares held in Continuus Pharmaceuticals Inc. totaling 1,382 thousand euros.

In view of the strategic nature of these acquisitions for the IMA Group, these equity investments have been classified as financial assets available for sale and changes in their fair value are recognised in equity. The loss accumulated due to significant and prolonged reduction in the fair value of the investment in InterMedia was recognized on 31 December 2014 as a financial expense amounting to 1,599 thousand euros, 631 thousand euros of which relates to prior years.

During 2014, the Parent Company purchased a 19.8% interest in Continuus Pharmaceuticals Inc., a company that operates in the pharmaceuticals industry with a focus on the development of new technologies for the production of pharmaceuticals.

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

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

Current financial receivables principally relate to loans granted by the Parent Company to CMH S.r.l. and CMRE S.r.l., both joint ventures, totaling 1,055 thousand euros; to FID S.r.l. and Logimatic S.r.l., both associates, totaling 110 thousand euros, and to InterMedia Holding S.p.A. totaling 151 thousand euros (1,116 thousand euros in total at 31 December 2013).

Movements in financial assets break down as follows:

in thousands of euros	2014	2013
<b>Opening balance</b>	10,263	9,924
Increases	5,493	1,492
Measurement at fair value recognized in equity	631	(287)
Impairment adjustment booked to the income statement	(1,599)	–
Change in scope of consolidation	640	2,840
Decreases	(4,086)	(3,520)
Exchange rate difference	145	(186)
<b>Closing balance</b>	<b>11,487</b>	<b>10,263</b>
Of which:		
Non-current financial assets available for sale	4,044	3,625
Current financial assets available for sale	2,579	2,126
Non-current financial receivables	3,495	3,247
Current financial receivables	1,369	1,265
<b>Total</b>	<b>11,487</b>	<b>10,263</b>

## 6. RECEIVABLES FROM OTHERS

These mainly include various guarantee deposits.

## 7. DERIVATIVE FINANCIAL INSTRUMENTS

This item breaks down as follows:

in thousands of euros	Assets 31.12.2014	Assets 31.12.2013	Liabilities 31.12.2014	Liabilities 31.12.2013
Interest rate hedging instruments:				
· Interest rate swap (non-current) cash flow hedges	–	44	3,725	3,817
· Interest rate swap (current) cash flow hedges	–	–	36	–
	<b>–</b>	<b>44</b>	<b>3,761</b>	<b>3,817</b>
Exchange rate hedging instruments:				
· Exchange rate hedging instruments (current) cash flow hedges	–	62	1,124	6
	<b>–</b>	<b>62</b>	<b>1,124</b>	<b>6</b>
<b>Total</b>	<b>–</b>	<b>106</b>	<b>4,885</b>	<b>3,823</b>

### INTEREST RATE DERIVATIVES

The Group uses interest rate derivatives (cash flow hedges) to manage the risk of changes in the interest rates on the bond and on the borrowings from banks, transforming part of them from floating to a maximum fixed rate via the purchase of a cap and the sale of a floor. At 31 December 2014, the amount of 3,761 thousand euros in liabilities represents the fair value of options arranged with leading credit institutions to hedge interest rate risk; such options are linked to the bond and to a portion of medium-term loans, maturing within 2018 and hedging a nominal value of 53.3 million euros and 50.0 million US dollars (65.0 million euros and 50.0 million US dollars at 31 December 2013).

### 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 2014, the amounts of 1,124 thousand euros in liabilities represent the fair value of these derivative contracts.

The notional amounts of these exchange rate hedges were 42.0 million US dollars (6.2 million US dollars and 1.2 million GBP at 31 December 2013). All foreign currency derivatives at 31 December 2014 mature within 12 months.

## 8. DEFERRED TAX ASSETS AND LIABILITIES

At 31 December 2014, the deferred tax asset mainly relates to a deferred tax asset recognised in 2012 on the release of the uplift in the carrying amounts of the controlling interests recorded in IMA S.p.A.'s consolidated financial statements and temporary differences arising on provisions; deferred tax liabilities mainly relate to temporary differences between the book values of certain property, plant and equipment and intangible assets and the related values recognized for tax purposes.

The tables below provide a breakdown by due dates and net changes:

in thousands of euros	31.12.2014	31.12.2013
Deferred tax assets:		
· within 12 months	11,561	8,542
· after 12 months	31,233	30,471
	<b>42,794</b>	<b>39,013</b>
Deferred tax liabilities:		
· within 12 months	(1,335)	(660)
· after 12 months	(21,247)	(23,098)
	<b>(22,582)</b>	<b>(23,758)</b>
<b>Total</b>	<b>20,212</b>	<b>15,255</b>

in thousands of euros	31.12.2014	31.12.2013
Net amount at the start of the year	15,255	18,607
Credited / (Charged) to the income statement	4,507	1,186
Credited / (Charged) to equity	1,180	1,045
Change in scope of consolidation	(840)	(6,581)
Sale of Kilian and Stephan business	–	1,091
Exchange rate difference and other changes	110	(93)
<b>Net amount at the end of the year</b>	<b>20,212</b>	<b>15,255</b>

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

in thousands of euros	Accrued to provisions	Losses carried forward	Amortization	Income (losses)		Other	Total
				from fair value	Actuarial valuation		
<b>Balances at 01.01.13</b>	16,927	3,016	(15,489)	(41)	1,007	13,187	18,607
Effect on the income statement	540	(944)	1,968	–	–	(378)	1,186
Effect on equity	–	–	–	1,128	(83)	–	1,045
Change in scope of consolidation	1,527	823	(9,830)	(2)	–	901	(6,581)
Sale of business	(380)	(246)	1,979	(122)	(315)	175	1,091
Exchange rate difference and other changes	(169)	(13)	81	–	(7)	15	(93)
<b>Balances at 31.12.13</b>	<b>18,445</b>	<b>2,636</b>	<b>(21,291)</b>	<b>963</b>	<b>602</b>	<b>13,900</b>	<b>15,255</b>
Effect on the income statement	191	528	2,462	–	–	1,326	4,507
Effect on equity	–	–	–	315	865	–	1,180
Change in scope of consolidation	6	69	(942)	–	25	2	(840)
Exchange rate difference and other changes	336	53	(662)	–	(54)	437	110
<b>Balances at 31.12.14</b>	<b>18,978</b>	<b>3,286</b>	<b>(20,433)</b>	<b>1,278</b>	<b>1,438</b>	<b>15,665</b>	<b>20,212</b>

“Other” mainly includes deferred tax assets relating to the franking of revaluations in 2012 and the elimination of unrealized intra-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 is equal to 1,879 thousand euros.

## 9. INVENTORIES

Below is a breakdown:

in thousands of euros	31.12.2014			31.12.2013		
	Gross value	Impairment provision	Net value	Gross value	Impairment provision	Net value
Raw, ancillary and consumable materials	43,311	(6,683)	36,628	45,299	(8,266)	37,033
Work in progress and semifinished goods	191,951	(24,268)	167,683	186,407	(25,877)	160,530
Finished products and goods for resale	10,838	(2,295)	8,543	10,561	(3,445)	7,116
<b>Total</b>	<b>246,100</b>	<b>(33,246)</b>	<b>212,854</b>	<b>242,267</b>	<b>(37,588)</b>	<b>204,679</b>

The increase in inventories since 31 December 2013 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:

in thousands of euros	
<b>Balances at 01.01.2013</b>	<b>39,061</b>
Net provisions	(1,604)
Sale of Stephan business	(2,198)
Sale of Kilian business	(5,739)
Change in scope of consolidation	8,414
Reclassification of Zibo to assets held for sale	(201)
Exchange rate difference	(145)
<b>Balances at 31.12.2013</b>	<b>37,588</b>
Net provisions	(4,795)
Exchange rate difference	453
<b>Balances at 31.12.2014</b>	<b>33,246</b>

The decrease in the inventory allowance during the year essentially reflects the amounts released on the scrapping of obsolete goods by certain Group companies.

## 10. TRADE RECEIVABLES AND OTHER RECEIVABLES

This item breaks down as follows:

in thousands of euros	31.12.2014	31.12.2013
Trade receivables	142,609	143,313
Advances to suppliers	15,225	9,539
Tax receivables	7,409	9,879
Deferrals	2,571	3,219
Other receivables	3,480	8,036
<b>Total</b>	<b>171,294</b>	<b>173,986</b>

**TRADE RECEIVABLES**

Trade receivables include customer receivables of 99,280 thousand euros (95,673 thousand euros at 31 December 2013), amounts due on construction contracts of 38,775 thousand euros (44,396 thousand euros at 31 December 2013) and trade receivables from associates and joint ventures of 4,554 thousand euros (3,244 thousand euros at 31 December 2013).

Trade receivables from customers are carried net of accumulated provisions amounting to 13,980 thousand euros (12,914 thousand euros at 31 December 2013).

The changes in the allowance for doubtful accounts during the year are summarized below:

in thousands of euros	2014	2013
<b>Opening balance</b>	<b>12,914</b>	<b>12,169</b>
Effect to the income statement	1,286	1,820
Uses	(337)	(781)
Change in scope of consolidation	–	633
Sale of Stephan business	–	(389)
Sale of Kilian business	–	(375)
Reclassification of Zibo to assets held for sale	–	(9)
Exchange rate difference	117	(154)
<b>Closing balance</b>	<b>13,980</b>	<b>12,914</b>

Customer receivables falling due beyond 12 months amounted to 1,047 thousand euros (539 thousand euros at 31 December 2013). Credit facilities 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 2014 amounted to around 30,453 thousand euros (28,109 at 31 December 2013) of which 28,112 thousand euros is assigned to factoring companies and 2,341 thousand euros to other financial institutions. The period saw the assignment without recourse of receivables with an overall nominal value of around 36,896 thousand euros (30,233 thousand euros in 2013). The requirements for eliminating these receivables exist in accordance with IAS 39.

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

in thousands of euros	31.12.2014	31.12.2013
Construction contracts (costs incurred plus recognized margins)	86,375	100,919
Advances received	(47,600)	(56,523)
<b>Due from customers</b>	<b>38,775</b>	<b>44,396</b>

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

in thousands of euros	31.12.2014	31.12.2013
Advances received	(12,816)	(19,447)
Construction contracts (costs incurred plus recognized margins)	7,837	13,926
<b>Due to customers</b>	<b>(4,979)</b>	<b>(5,521)</b>

Revenues from contract work in 2014 amounted to 248,270 thousand euros (237,834 thousand euros in 2013).

The breakdown by maturity is as follows:

in thousands of euros	Undue	Past due less than one year	Past due more than one year	Total
<b>31.12.2014</b>				
Receivables from customers (gross)	70,498	30,394	12,368	113,260
Provision for bad debts	(1,280)	(1,336)	(11,364)	(13,980)
<b>Receivables from customers (net)</b>	<b>69,218</b>	<b>29,058</b>	<b>1,004</b>	<b>99,280</b>
<b>31.12.2013</b>				
Receivables from customers (gross)	70,201	28,102	10,284	108,587
Provision for bad debts	(1,065)	(4,024)	(7,825)	(12,914)
<b>Receivables from customers (net)</b>	<b>69,136</b>	<b>24,078</b>	<b>2,459</b>	<b>95,673</b>

The high credit standing of our customers, largely multinationals, and the lack of any significant concentration of receivables by type or geographical area, reduce credit risk and suggest that the allowance for doubtful accounts is sufficient.

#### **ADVANCES TO SUPPLIERS**

At 31 December 2014 these relate to advances paid to suppliers for inventory goods of 10,085 thousand euros (4,413 thousand euros at 31 December 2013) and services of 5,140 thousand euros (5,126 thousand euros at 31 December 2013).

This item also includes advances to associates of 2,895 thousand euros (1,702 thousand euros at 31 December 2013).

#### **TAX RECEIVABLES**

Tax receivables mainly consist of VAT recoverable.

### **11. INCOME TAX RECEIVABLES AND PAYABLES**

At 31 December 2014 income tax receivables and payables amount to 7,177 thousand euros and 8,811 thousand euros (6,350 thousand euros and 12,342 thousand euros respectively at 31 December 2013).

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

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

At 31 December 2014, the amounts receivable from SO.FI.MA. S.p.A. total 4,631 thousand euros (receivables of 3,644 thousand euros and payables of 6,650 thousand euros at 31 December 2013).

### **12. CASH AND CASH EQUIVALENTS**

This item breaks down as follows:

in thousands of euros	31.12.2014	31.12.2013
Bank current accounts	129,094	76,824
Deposits	4,008	3,052
Cheques and cash	162	179
<b>Total</b>	<b>133,264</b>	<b>80,055</b>

For a better understanding of the trend in net financial indebtedness, reference should be made to Note 15.

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

#### **SHARE CAPITAL, SHARE PREMIUM RESERVE AND TREASURY SHARES**

Share capital at 31 December 2014 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.

	Shares in thousands	Share capital	Share premium reserve	Treasury shares
<b>Balance at 01.01.2013</b>	36,772	19,151	46,975	(714)
Distribution of dividends	-	-	(30,849)	-
Purchase of treasury shares	-	-	-	-
Sale of treasury shares	50	-	-	643
<b>Balance at 31.12.2013</b>	36,822	19,151	16,126	(71)
Distribution of dividends	-	-	(11,308)	-
Purchase of treasury shares	-	-	-	-
Sale of treasury shares	-	-	-	-
<b>Balance at 31.12.2014</b>	36,822	19,151	4,818	(71)

During 2014, the Parent Company did not carry out any transactions in treasury shares. During 2013, the Parent Company sold 50,000 shares, representing 0.136% of the share capital, for a total of 798 thousand euros. These transactions were recognized directly in equity in accordance with IAS 32.

In May 2014, a total dividend of 46,028 thousand euros was paid, equal to 1.25 euros (gross) per ordinary share in circulation (36,823 thousand euros, equal to 1.00 euros (gross) in May 2013). An extraordinary dividend of 1.25 euro gross per ordinary share in circulation was paid in November 2013, amounting to 46,028 thousand euros.

In the current year, the Board of Directors of the Parent Company IMA S.p.A. proposes to pay out a dividend of 1.35 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 2014.

#### **FAIR VALUE RESERVE**

At 31 December 2014 the fair value reserve essentially relates to the effective component of interest rate swaps.

An amount of 631 thousand euros was charged to the 2014 income statement in relation to the loss on the investment in InterMedia Holding S.p.A.

Changes in the fair value reserve break down as follows:

in thousands of euros	
<b>Balance at 01.01.2013</b>	<b>(532)</b>
<i>Available for sale</i>	
Measurement at fair value	(287)
<i>Cash flow hedges/hedging instruments</i>	
Measurement at fair value	(3,304)
Fair value - tax effect	909
Sale of Kilian business	622
Realization recognized in income - revenues	(976)
Realization recognized in income - financial income and expense	182
Tax effect - realization in income statement	219
<b>Balance at 31.12.2013</b>	<b>(3,167)</b>
<i>Available for sale</i>	
Realization recognized in income - financial income and expense	631
<i>Cash flow hedges/hedging instruments</i>	
Measurement at fair value	(1,175)
Fair value - tax effect	322
Realization recognized in income - revenues	(36)
Realization recognized in income - financial income and expense	73
Tax effect - realization in income statement	(11)
<b>Balance at 31.12.2014</b>	<b>(3,363)</b>

#### **REMEASUREMENT OF DEFINED BENEFIT PLANS RESERVE**

Changes in the remeasurement of defined benefit plans reserve are as follows:

in thousands of euros	
<b>Balance at 01.01.2013</b>	<b>(2,534)</b>
Sale of Kilian and Stephan business	800
Change in scope of consolidation	(56)
Actuarial value	310
Tax effect	(83)
<b>Balance at 31.12.2013</b>	<b>(1,563)</b>
Change in scope of consolidation	(64)
Change in minority interests	(67)
Actuarial value	(2,747)
Tax effect	764
Exchange rate difference	(14)
<b>Balance at 31.12.2014</b>	<b>(3,691)</b>

**OTHER RESERVES AND RETAINED EARNINGS**

The changes during the year principally reflect the allocation to reserves of the net profit for the prior year, the payment of dividends and the changes in minority interests discussed in Note 14.

**14. NON-CONTROLLING INTERESTS**

The direct and indirect investments held by the Parent Company IMA S.p.A. together with minority shareholders are indicated below:

	Country	31 December 2014		31 December 2013	
		% held by the Group	% held by third parties	% held by the Group	% held by third parties
Direct investments:					
Pharmasiena S.r.l.	Italy	70%	30%	70%	30%
Transworld Packaging Holding B.V.	The Netherlands	81%	19%	51%	49%
Indirect investments:					
GIMA S.p.A.	Italy	73.5%	26.5%	65%	35%
GIMA TT S.r.l.	Italy	60.14%	39.86%	58.5%	41.5%
Fillshape S.r.l.	Italy	44.1%	55.9%	39%	61%
Dreamer S.r.l.	Italy	66.15%	33.85%	58.5%	41.5%
Shanghai Tianyan Ph. Mach. Co. Ltd.	PRC	86.29%	13.71%	60%	40%

Transworld Packaging Holding B.V. controls fourteen companies, either directly or indirectly. For further information, see the list of equity investments provided in section H of the explanatory notes.

At 31 December 2014, minority interests amount to 13,395 thousand euros (16,876 thousand euros at 31 December 2013) and principally relate to GIMA S.p.A., 2,130 thousand euros; GIMA TT S.r.l., 5,753 thousand euros, and the Ilapak Group, 4,995 thousand euros.

On 25 March 2014 the Parent Company purchased an additional interest of 30% in the Ilapak Group, raising its investment to 81%. The price for the acquisition was 22,750 thousand euros. The Group has measured the minority interest at its total fair value, including the related share of goodwill. Acquisition expenses of 990 thousand euros were charged to the income statement.

On 16 June 2014, IMA Life Beijing Pharmaceutical Systems Co. Ltd. acquired a further 26.29% equity interest in Shanghai Tianyan Pharmaceutical Machinery Co. Ltd. for 1.9 million renminbi.

On 24 June 2014, the Parent Company completed the sale to third parties of its 80% interest in Zibo IMA Xinhua Pharmatech Co. Ltd., a Chinese company, which reduced the carrying amount of minority interests by 1,497 thousand euros.

On 24/25 July 2014, IMA Industries S.r.l. acquired a further 8.5% interest in GIMA S.p.A. for 8,500 thousand euros and now owns 73.5% of that company.

At the end of September 2014, third parties completed subscriptions to the capital increase for cash by GIMA TT S.r.l., a subsidiary of GIMA S.p.A., involving the issue of quotas with a total nominal value of 10 thousand euros at a premium of 3,490 thousand euros.

The total effect of the above transactions on the equity attributable to the shareholders of the Parent Company was to reduce the reserves by 22,714 thousand euros.

GIMA TT S.r.l., which manufactures automated packaging machines for the tobacco sector, is the only IMA Group subsidiary with significant minority interests.

The following summary economic-financial information is provided in relation to GIMA TT S.r.l.:

in thousands of euros	31.12.2014	31.12.2013
Non-current assets	1,465	1,428
Current assets	67,287	31,882
Non-current liabilities	(126)	(93)
Current liabilities	(53,854)	(29,899)
Equity	14,772	3,318

in thousands of euros	2014	2013
Revenues and other revenues	37,274	19,617
Costs	(25,674)	(15,456)
Financial income and expense	126	14
Taxes	(3,761)	(1,425)
Profit for the year	7,965	2,750

in thousands of euros	31.12.2014	31.12.2013
Cash flows from operating activities	25,086	9,057
Cash flows from investing activities	(365)	(670)
Cash flows from financing activities	(23,513)	(5,887)
Net change in liquid funds	1,208	2,500

The dividends paid to the minority shareholders of GIMA S.p.A. in 2014 amounted to 1,925 thousand euros.

## 15. BORROWINGS

This item comprises payables to banks of 135,545 thousand euros (176,882 thousand euros at 31 December 2013), payables to other lenders of 5,631 thousand euros (6,508 thousand euros at 31 December 2013) and bonds of 117,982 thousand euros (36,903 thousand euros at 31 December 2013).

### **PAYABLES TO BANKS**

Payables to banks break down as follows:

in thousands of euros	31.12.2014	31.12.2013
Non-current:		
· Applied research and technological innovation loans	6,018	6,978
· Other loans	74,973	89,232
	<b>80,991</b>	<b>96,210</b>
Current:		
· Current accounts	2,829	2,914
· Advances on domestic transactions (Italy)	823	1,329
· Advances on export transactions	14,370	38,725
· Advances on export transactions to be carried out	1,142	117
· Applied research and technological innovation loans	960	588
· Other loans	34,430	36,999
	<b>54,554</b>	<b>80,672</b>
<b>Total</b>	<b>135,545</b>	<b>176,882</b>

#### *Applied research and technological innovation loans*

Repayments for a total of 623 thousand euros were made by the Parent Company and Corazza S.p.A. as they fell due during the period; no new loans were received.

#### *Other loans*

In February 2014, IMA S.p.A. obtained 29 million euros of funding from the European Investment Bank (EIB) to support its 2013-2016 R&D program, which envisages using total resources of more than 60 million euros. The loan has a maximum duration of 6 years and is 50% guaranteed by SACE. Its purpose is to fund the R&D activities carried out by the Group in Italy, both in the Pharmaceutical sector and in the Tea, Food & Other sector. The main changes in other loans relate to new loans to IMA S.p.A. for 50,000 thousand euros and repayments made by the Parent Company for 93,952 thousand euros.

Payables to banks are analyzed by maturity as follows:

in thousands of euros	31.12.2014	31.12.2013
Due within 1 year	54,554	80,672
Due from 1 to 5 years	75,954	93,141
Due after more than 5 years	5,037	3,069
<b>Total</b>	<b>135,545</b>	<b>176,882</b>

Applied research and technological innovation loans and other loans are analyzed below by currency:

in thousands of euros	31.12.2014	31.12.2013
Euro	112,254	127,371
Chinese yuan	2,256	359
Swiss franc	1,871	2,782
US dollar	–	2,944
Pound sterling	–	336
Other	–	5
<b>Total</b>	<b>116,381</b>	<b>133,797</b>

There are no applied research and technological innovation loans or other loans guaranteed by the Parent Company at 31 December 2014 (3,077 thousand euros at 31 December 2013). In addition, the amounts payable to banks are also secured by guarantees from certain companies in the Ilapak Group (sureties, mortgages and pledges of assets) totaling 1,064 thousand euros (4,789 thousand euros at 31 December 2013).

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

- ratio between net financial expense and EBITDA;
- ratio of net financial indebtedness to equity;
- ratio between net debt and EBITDA;
- ratio between gross debt and EBITDA.

The non-compliance with such covenants would constitute a material event for the purposes of calling in the related loans. At 31 December 2014, all covenant requirements have been met.

Interest rates on financial payables are on average less than 5% (less than 5% in 2013).

At 31 December 2014 the Group had around 332 million euros of non utilised borrowing facilities (around 231 million euros at 31 December 2013).

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 33.6 million euros (14.7 million euros at 31 December 2013).

#### **PAYABLES TO OTHER LENDERS**

This item breaks down as follows:

in thousands of euros	31.12.2014	31.12.2013
Non-current:		
· Payables to leasing companies	829	899
· Other	1,234	651
	<b>2,063</b>	<b>1,550</b>
Current:		
· Payables to leasing companies	140	248
· Payables to factoring companies	2,682	1,668
· Other	746	3,042
	<b>3,568</b>	<b>4,958</b>
<b>Total</b>	<b>5,631</b>	<b>6,508</b>

At 31 December 2014, the amount payable to leasing companies principally includes the finance lease, 909 thousand euros (966 thousand euros at 31 December 2013), on the factory in Krakow (Poland) used by Ilapak Sp. Z o.o. "Other" includes the guaranteed financial payables of Ilapak Italia S.p.A., 1,980 thousand euros (at 31 December 2013 this item related to GIMA TT S.r.l., 3,042 thousand euros, and to Ilapak Italia S.p.A., 651 thousand euros).

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

in thousands of euros	Due within 1 year	Due from 1 to 5 years	Due after 5 years	Total
<b>Year 2013</b>				
Minimum payments of finance leases	332	1,202	–	1,534
Less future financial charges	(84)	(303)	–	(387)
<b>Present value of finance lease payables</b>	<b>248</b>	<b>899</b>	<b>–</b>	<b>1,147</b>
<b>Year 2014</b>				
Minimum payments of finance leases	215	1,016	–	1,231
Less future financial charges	(75)	(187)	–	(262)
<b>Present value of finance lease payables</b>	<b>140</b>	<b>829</b>	<b>–</b>	<b>969</b>

#### **BOND**

On 13 May 2014, the Parent Company completed the placement with European institutional investors of a non-convertible bond amounting to 80 million euros, represented by two separate issues of equal amount. The securities representing the two issues have a duration of five and seven years respectively. Starting from 13 May 2014 the securities were admitted to the Multilateral Trading Facility (MTF) run by the Luxembourg Stock Exchange. The principal will be repaid in a lump sum on their respective due dates, subject, however, to the possibility of the early repayment of the securities in accordance with their regulations. The bonds bear interest from the issue date at a fixed rate of 3.875% for the 5-year bonds and 4.375% for the 7-year bonds. The bonds are not guaranteed, but certain covenants must be met.

As mentioned in the past, in February 2013 IMA S.p.A. completed the US Private Placement of a non-convertible bond totaling 50 million US dollars with repayment in equal instalments over 10 years. This bond incurs interest at a fixed rate of 6.25%.

At 31 December 2014, outstanding bonds total 117,982 thousand euros, representing their nominal redemption value of 80 million euros and 50 million US dollars.

Bonds are made up of:

in thousands of euros	31.12.2014	31.12.2013
Non-current portion	115,271	36,155
Current portion	2,711	748
<b>Total book value</b>	<b>117,982</b>	<b>36,903</b>
Adjustment to fair value as result of transactions in fair value hedge and measurement at amortized cost	3,201	(647)
<b>Present value of finance lease payables</b>	<b>121,183</b>	<b>36,256</b>

**NET DEBT**

The breakdown of net debt is as follows:

in thousands of euros	31.12.2014	31.12.2013
A. Cash and cash equivalents	(133,264)	(80,055)
B. Other cash equivalents	(691)	(1,021)
C. Investments in securities	(1,888)	(1,105)
<b>D. Liquidity (A)+(B)+(C)</b>	<b>(135,843)</b>	<b>(82,181)</b>
<b>E. Current financial receivables</b>	<b>(1,369)</b>	<b>(1,265)</b>
F. Current payables to banks	23,292	48,570
G. Current portion of non-current payables	34,114	32,849
H. Other current financial payables	3,428	4,958
<b>I. Current financial debt (F)+(G)+(H)</b>	<b>60,834</b>	<b>86,377</b>
<b>J. Net current financial debt (D)+(E)+(I)</b>	<b>(76,378)</b>	<b>2,931</b>
K. Non-current portion of non-current bank payables	80,991	96,210
L. Bond issued	115,271	36,155
M. Other non-current financial payables	2,063	1,550
N. Non-current financial assets	(3,509)	(3,261)
<b>O. Net non-current financial debt (K)+(L)+(M)+(N)</b>	<b>194,816</b>	<b>130,654</b>
<b>P. Net financial debt (J)+(O)</b>	<b>118,438</b>	<b>133,585</b>
Q. Cash and cash equivalents held for sale	-	(3,181)
<b>R. Total net financial debt (P)+(Q)</b>	<b>118,438</b>	<b>130,404</b>

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

The reduction in borrowing at 31 December 2014 reflects strong cash generation by the Group, especially from the management of working capital, even after the payment of ordinary dividends of 46 million euros and purchase of the minority interest in the Ilapak Group for 23.3 million euros.

## 16. EMPLOYEE DEFINED BENEFIT LIABILITIES

This item includes post-employment benefits valued actuarially by independent actuaries using the project unit credit method under IAS 19. It mainly comprises severance indemnity provisions by the Group's Italian companies.

The main demographic assumptions adopted by the actuary were:

- life expectancies: those determined by the State General Accounting Office (RG48 split by gender);
- probability of disability: that in the INPS (National Social Security Institute) model for projections at 2010, distinguished by gender;
- pensionable age: the earliest retirement age possible under the Compulsory General Insurance scheme;
- probability of leaving work for reasons other than death: annual frequencies from 2.50% to 6.00%;
- probability of advance payments: an annual frequency from 3% to 5% for requests for advances of 60/70%.

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

	31.12.2014	31.12.2013
Annual discount rate	1.70%	3.15%
Annual inflation rate	1.75%	2.00%
Annual rate of increase of total compensation	3.50%	3.50%
Annual rate of increase of severance indemnity	2.81%	3.00%

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

The changes in the provisions during the year were as follows:

in thousands of euros	
<b>Balance at 01.01.2013</b>	26,497
Service cost	217
Financial expense	661
Net actuarial losses (gains) recognized during the year	(313)
Sale of Kilian business	(173)
Sale of Stephan business	(6,220)
Change in scope of consolidation	902
Severance payments made during the year	(1,597)
Exchange rate difference	(83)
<b>Balance at 31.12.2013</b>	<b>19,891</b>
Service cost	324
Financial expense	475
Net actuarial losses (gains) recognized during the year	2,967
Acquisition of business division	123
Change in scope of consolidation	259
Severance payments made during the year	(1,603)
Exchange rate difference	29
Other changes	95
<b>Balance at 31.12.2014</b>	<b>22,560</b>

The amount of the change in the scope of consolidation relates to G.S. Coating Technologies S.r.l.

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

in thousands of euros	
Present value of defined benefit obligations	3,518
Fair value of plan assets	(3,431)
<b>Net defined benefit liabilities at 31 December 2013</b>	<b>87</b>
Present value of defined benefit obligations	3,734
Fair value of plan assets	(3,801)
<b>Net defined benefit liabilities at 31 December 2014</b>	<b>(67)</b>

The changes in in the present value of the obligation is the following:

in thousands of euros	2014	2013
Opening balance	3,518	3,596
Financial expense	139	71
Severance payments made during the year	(377)	(19)
Exchange rate difference	454	(130)
<b>Present value of defined benefit obligations</b>	<b>3,734</b>	<b>3,518</b>
Opening balance	3,431	3,325
Return on plan assets	208	139
Employee contributions	81	113
Severance payments made during the year	(377)	(19)
Exchange rate difference	458	(127)
<b>Fair value of plan assets</b>	<b>3,801</b>	<b>3,431</b>

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

The revised version of IAS 19 requires sensitivity analysis to be performed on the main actuarial assumptions used for the computational model; accordingly, a sensitivity analysis was carried

out in relation to the average annual discount rate, the average rate of inflation and the rate of employee turnover. The results obtained for the Italian companies, in relation to severance indemnities at 31 December 2014 of 20,579 thousand euros, are summarized in the following table:

in thousands of euros	Annual discount rate		Annual inflation rate		Turnover rate	
	+0.50%	-0.50%	+0.25%	-0.25%	+2.00%	-2.00%
Provision for severance indemnities	19,557	21,686	20,899	20,266	20,284	20,953

## 17. PROVISIONS FOR RISKS AND CHARGES

These provisions are analyzed as follows:

in thousands of euros	Balance at			Change in scope of consolidation	Exchange rate differences	Balance at
	31.12.2013	Increases	Decreases			
Non-current:						
Agency termination indemnities	1,774	41	-	-	-	1,815
Other provisions	781	153	(254)	176	56	912
	<b>2,555</b>	<b>194</b>	<b>(254)</b>	<b>176</b>	<b>56</b>	<b>2,727</b>
Current:						
Product guarantee provision	14,673	3,376	(1,961)	-	403	16,491
Other provisions	3,182	1,555	(839)	(176)	92	3,814
	<b>17,855</b>	<b>4,931</b>	<b>(2,800)</b>	<b>(176)</b>	<b>495</b>	<b>20,305</b>
<b>Total</b>	<b>20,410</b>	<b>5,125</b>	<b>(3,054)</b>	<b>-</b>	<b>551</b>	<b>23,032</b>

The product guarantee provision was established on the basis of estimated expenses for work to be performed under guarantee after 31 December 2014.

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

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

## 18. TRADE PAYABLES AND OTHER PAYABLES

This item is analyzed as follows:

in thousands of euros	31.12.2014	31.12.2013
Trade payables	178,467	174,629
Advances from customers	134,946	96,980
Social security and defined-contribution plan payables	8,747	9,752
Tax payables	7,204	7,686
Employee payables	38,150	32,043
Payables in respect of acquisitions	2,698	484
Deposits	2,826	2,956
Other payables	10,009	10,596
<b>Total</b>	<b>383,047</b>	<b>335,126</b>

### TRADE PAYABLES

These include trade payables to suppliers of 139,791 thousand euros (138,078 thousand euros at 31 December 2013), agent payables of 6,953 thousand euros (6,576 thousand euros at 31 December 2013) and trade payables to associates and joint ventures of 31,723 thousand euros (29,975 thousand euros at 31 December 2013).

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

**ADVANCES FROM CUSTOMERS**

The high level of advances from customers for uncompleted contracts is due mainly to the large volume of orders received at the reporting date.

Information on the amount due to customers for construction contracts (4,979 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**

This item includes the residual payable of 300 thousand euros following the acquisition of a line of business from DOSA S.r.l., the residual payable of 1,900 thousand euros following the acquisition of G.S. Coating Technologies S.r.l., and the estimated payable of 498 thousand euros for the acquisition by the Parent Company of a further 19% equity interest in Pharmasiena Service S.r.l. The put option granted is exercisable in April 2016. Payables in respect of acquisitions include 2,048 thousand euros classified as non-current liabilities.

**OTHER PAYABLES**

Other payables at 31 December 2013 included 2,436 thousand euros, classified as non-current liabilities, relating to the medium-term variable bonus earned by two directors in 2014 following the achievement of established objectives measured over a three-year period.

**19. OTHER REVENUES**

This item breaks down as follows:

<b>in thousands of euros</b>	<b>2014</b>	<b>2013</b>	<b>Change</b>
Capital gains on disposal of non-current assets	450	125	325
Out-of-period income	1,760	2,571	(811)
Capitalization of internal construction costs	9,823	5,868	3,955
Other revenues and income	2,413	3,244	(831)
<b>Total</b>	<b>14,446</b>	<b>11,808</b>	<b>2,638</b>

The increase in non-current assets for internal work in 2014 refer for 7,291 thousand euros to development costs (2,974 thousand euros in 2013) and for 2,532 thousand euros to equipment and machinery (2,894 thousand euros in 2013).

**20. SERVICES, RENTALS AND LEASES**

This item breaks down as follows:

<b>in thousands of euros</b>	<b>2014</b>	<b>2013</b>	<b>Change</b>
External works and assembly	45,378	41,521	3,857
Maintenance and repair	5,820	5,229	591
Energy, telephone, gas, water and postal charges	10,224	9,470	754
Fees due	12,589	11,396	1,193
Technical, legal, tax and administrative consulting services	44,511	37,550	6,961
Advertising and promotions	3,046	2,620	426
Exhibitions	6,844	3,301	3,543
Travel and insurance	24,586	21,464	3,122
Transport	12,646	10,332	2,314
Bank charges	1,691	1,287	404
Rent expense	14,195	12,608	1,587
Operating lease fees	687	501	186
Rental fees	2,036	1,848	188
Other services	15,847	15,410	437
<b>Total</b>	<b>200,100</b>	<b>174,537</b>	<b>25,563</b>

The cost of services, rentals and leases relating to the Ilapak Group amounted to 17,716 thousand euros in 2014 (7,641 thousand euros in the period August-December 2013).

The item includes non-recurring charges for 1,223 thousand euros as discussed in Note 34.

## 21. PERSONNEL COSTS

Personnel costs break down as follows:

in thousands of euros	2014	2013	Change
Wages and salaries	181,018	155,461	25,557
Social security contributions	42,952	38,361	4,591
Remuneration of directors	5,208	5,677	(469)
Pensions - defined-benefit plans	363	399	(36)
Pensions - defined-contribution plans	9,875	8,632	1,243
Other personnel costs	14,791	11,697	3,094
<b>Total</b>	<b>254,207</b>	<b>220,227</b>	<b>33,980</b>

Personnel costs relating to the Ilapak Group amounted to 28,477 thousand euros in 2014 (10,882 thousand euros in the period August-December 2013).

The increase compared to the prior year was mainly due to a 5.4% increase in Italian labor costs, considering the major elements of remuneration, due to pay rises under the National Collective Bargaining Agreement for Metalworkers and increases under the in-house payroll contracts of the principal Group companies, as well as more overtime worked and application of the Group's bonus policy. Personnel costs have also risen in line with the increased number of employees and collaborators in the year.

The IMA Group employed 3,730 people on average during 2014, as analyzed below:

	2014	2013	Change
Managers	125	116	9
Office workers	2,599	2,400	199
Production workers	1,006	1,026	(20)
<b>Total</b>	<b>3,730</b>	<b>3,542</b>	<b>188</b>

The average number of employees of the Ilapak Group was 437 (185 in 2013).

The Group employs 3,799 persons at 31 December 2014 (3,885 at 31 December 2013).

## 22. DEPRECIATION AND AMORTISATION EXPENSE

This item breaks down as follows:

in thousands of euros	2014	2013	Change
Depreciation of property, plant and equipment	7,099	6,339	760
Amortization of intangible assets	15,315	12,851	2,464
Writedowns/Impairment	-	6,146	(6,146)
Provisions for bad debts	1,286	1,820	(534)
<b>Total</b>	<b>23,700</b>	<b>27,156</b>	<b>(3,456)</b>

The increase in amortization and depreciation principally reflects consolidation of the Ilapak Group for the full year compared with just five months in 2013.

In 2013, the writedowns/impairment adjustments caption included 4,513 thousand euros relating to the measurement at fair value of the assets held for sale of Zibo IMA Xinhua Pharmatech Co. Ltd., and 1,633 thousand euros relating mainly to an impairment adjustment recorded by the Parent Company in relation to software used for management information purposes.

**23. OTHER OPERATING COSTS**

Other operating costs comprise:

in thousands of euros	2014	2013	Change
Capital losses on disposal of non-current assets	50	118	(68)
Property tax and other taxes	2,046	1,843	203
Out-of-period expenses	730	656	74
Membership fees	369	359	10
Penalties and charges on sales	394	27	367
Sundry promotional materials	251	251	–
Other operating costs	2,889	2,605	284
<b>Total</b>	<b>6,729</b>	<b>5,859</b>	<b>870</b>

**24. FINANCIAL INCOME**

This item breaks down as follows:

in thousands of euros	2014	2013	Change
Interest income from banks	160	305	(145)
Interest income on amounts due from customers	94	69	25
Other interest and financial income	388	412	(24)
Income from derivative financial instruments	16	12	4
Exchange rate gains	12,869	5,141	7,728
<b>Total</b>	<b>13,527</b>	<b>5,939</b>	<b>7,588</b>

**25. FINANCIAL EXPENSE**

This item breaks down as follows:

in thousands of euros	2014	2013	Change
Interest expense on bank payables	6,928	5,977	951
Interest expense on bond	4,590	1,967	2,623
Interest expense on discounting	324	168	156
Interest expense on finance leases	69	33	36
Net financial expense on defined-benefit plans	503	649	(146)
Various interest expense	256	235	21
Writedown of non-current assets available for sale	1,599	–	1,599
Expense on bank guarantees	432	354	78
Expense from derivative financial instruments	100	58	42
Other financial expense	227	116	111
Exchange rate losses	17,011	5,493	11,518
<b>Total</b>	<b>32,039</b>	<b>15,050</b>	<b>16,989</b>

The increase in total interest expense was due to greater borrowing during the year.

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

At 31 December 2014, exchange rate gains and losses included an unrealized gain of 7,427 thousand euros and an unrealized loss of 7,970 thousand euros (2,128 thousand euros and 1,639 thousand euros, respectively, in the previous year).

**26. TAXES**

This item is analyzed as follows:

in thousands of euros	2014	2013	Change
Taxes from continuing operations:			
Current taxes	37,377	33,450	3,927
Net deferred tax assets and liabilities	(4,507)	(1,186)	(3,321)
	<b>32,870</b>	<b>32,264</b>	<b>606</b>
Prior year taxes	1,175	(2,167)	3,342
<b>Total taxes from continuing operations</b>	<b>34,045</b>	<b>30,097</b>	<b>3,948</b>
Taxes from discontinued operations:			
Current taxes	–	846	(846)
<b>Total taxes from discontinued operations</b>	<b>–</b>	<b>846</b>	<b>(846)</b>
<b>Total</b>	<b>34,045</b>	<b>30,943</b>	<b>3,102</b>

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

The breakdown of the result before taxes is as follows:

in thousands of euros	2014	2013	Change
Profit before tax from continuing operations	90,793	78,981	11,812
Profit before tax from discontinued operations	–	6,758	(6,758)
<b>Total</b>	<b>90,793</b>	<b>85,739</b>	<b>5,054</b>

The following table reconciles the tax charges with the book profits multiplied by the applicable tax rates:

in thousands of euros	2014	2013
<b>Result before tax</b>	<b>90,793</b>	<b>78,981</b>
<b>Taxes determined on the tax rate applicable in each country</b>	<b>25,592</b>	<b>22,722</b>
Income not subject to tax	(674)	(692)
Tax effect of non-deductible costs	1,906	3,243
IRAP	8,220	7,368
Other	(2,174)	(377)
Prior year taxes	1,175	(2,167)
<b>Total</b>	<b>34,045</b>	<b>30,097</b>

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

## 27. ASSETS AND LIABILITIES HELD FOR SALE

In October 2013, a contract was signed for the sale to third parties of the entire 80% equity interest held in Zibo IMA Xinhua Pharmatech Co. Ltd., a company specialised in the production of components and automated machines for the manufacture of pharmaceutical products. The price agreed was 50 million renminbi. The sale was completed on 24 June 2014, so at 31 December 2013 the assets and liabilities linked to this company were valued and classified as held for sale. The transaction did not affect the 2014 consolidated income statement since the value of the assets sold was aligned with their fair value during 2013.

## 28. NET PROFIT FROM DISCONTINUED OPERATIONS / DISPOSAL GROUPS

The amount of 5,912 thousand euros related to the disposal of the Stephan and Kilian businesses in 2013. For further information please read the 2013 annual report.

**29. 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:

	2014	2013
Net profit from continuing operations (thousands of euros)	51,562	45,628
Average number of outstanding ordinary shares (thousands of shares)	36,823	36,714
<b>Earning per share from continuing operations (in euros)</b>	<b>1.40</b>	<b>1.24</b>
Net profit from discontinued operations (thousands of euros)	–	5,912
Average number of outstanding ordinary shares (thousands of shares)	36,823	36,714
<b>Earning per share from discontinued operations (in euros)</b>	<b>–</b>	<b>0.16</b>
Net profit for the year (thousands of euros)	51,562	51,540
Average number of outstanding ordinary shares (thousands of shares)	36,823	36,714
<b>Earning per share (in euros)</b>	<b>1.40</b>	<b>1.40</b>

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

**30. BUSINESS COMBINATIONS**

On 25 February 2014 the Parent Company completed its acquisition of the DOSA business unit, which designs, manufactures and markets dosing machines for pharmaceutical products, for a total of 2,526 thousand euros. This acquisition resulted in the recognition of goodwill, 840 thousand euros, and unpatented technology, 1,260 thousand euros, whose useful life was determined to be 5 years. On the acquisition date, the principal assets of the business unit comprised inventories of 351 thousand euros and property, plant and equipment of 62 thousand euros.

On 6 June 2014, IMA S.p.A. acquired the entire quota capital of Società del Sole S.r.l., located in Bologna and active in the real estate sector, for 1,460 thousand euros. Provisional measurement of the fair value of the assets and liabilities acquired resulted in the revaluation of land by 1,478 thousand euros. The company is in fact the owner of a parcel of building land and parcels of agricultural land situated in the municipality of Ozzano dell'Emilia (Bologna).

In July 2014, IMA signed a preliminary contract for the acquisition of the entire capital of a new-formed company to which GS Divisione Verniciatura S.r.l. contributed a line of business for the coating of pharmaceuticals, para-pharmaceuticals and solid food products. The acquisition was completed on 9 December 2014; the consideration for the transfer of the equity investment was 3,969 thousand euros, inclusive of the cost of a non-compete agreement of 1,000 thousand euros.

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

in thousands of euros	Fair value
Property, plant and equipment	363
Intangible assets	4,008
Deferred tax assets	31
Inventories	1,500
Trade and other receivables	109
Deferred tax liabilities	(942)
Pension and other provisions	(259)
Trade and other payables	(1,438)
<b>Total</b>	<b>3,372</b>
Purchase cost	3,969
<b>Goodwill</b>	<b>597</b>

The revenues and operating loss of the newly acquired company, which has been consolidated for 1 month, amount to 341 thousand euros and 56 thousand euros respectively.

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

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

The financial flows deriving from business combinations carried out during the year amount to 5,267 thousand euros.

### 31. GUARANTEES GRANTED

At 31 December 2014, the Group has given sureties and other bank guarantees to customers totaling 27,141 thousand euros for the proper operation of machinery, bid bonds and advances not yet received, sureties to guarantee rental contracts for 6,611 thousand euros, a surety in favour of the Revenue Office for VAT credits for 1,677 thousand euros and sureties in favour of others for 2,004 thousand euros.

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

in thousands of euros	31.12.2014	31.12.2013
Subsidiaries:		
CO.MA.DI.S S.p.A.	39	39
Corazza S.p.A.	7,525	7,525
Fillshape S.r.l.	1,500	1,500
GIMA S.p.A.	15,050	8,050
GIMA TT S.r.l.	5,624	5,500
G.S. Coating Technologies S.r.l.	700	n.a.
Ilapak Inc.	3,706	-
Ilapak International SA	13,000	-
Ilapak Italia S.p.A.	6,887	2,887
Ilapak Ltd.	1,284	-
Ilapak Sp. Z o.o.	1,989	-
IMA EST GmbH	800	799
IMA Germany GmbH	1,000	-
IMA Industries S.r.l.	81,200	74,400
IMA Life (Beijing) Pharm. Systems Co. Ltd.	4,379	3,000
IMA Life Japan KK	689	691
IMA Life North America Inc.	22,238	-
IMA Pacific Co. Ltd.	1,754	1,549
IMA-PG India Pvt Ltd.	1,655	1,487
Revisioni Industriali S.r.l.	1,025	1,025
Shanghai Tianyan Pharmaceutical Machinery Co. Ltd.	730	-
Swiftpack Automation Ltd.	3,916	3,658
	<b>176,690</b>	<b>112,110</b>
Associates:		
Masterpiece S.r.l.	910	910
Scriba Nanotecnologie S.r.l.	58	58
	<b>968</b>	<b>968</b>
Joint venture:		
Carle & Montanari - OPM S.p.A.	3,000	3,073
CMH S.r.l.	-	2,250
CMRE S.r.l.	988	988
	<b>3,988</b>	<b>6,311</b>
<b>Total</b>	<b>181,646</b>	<b>119,389</b>

Guarantees totaling 68,200 thousand euros have also been given to leading banks in relation to the lines of credit shares by the Group's Italian subsidiaries.

Ilapak International SA and Transworld Packaging Holding B.V. have provided guarantees to third parties on behalf of subsidiaries of the Ilapak Group totaling 5,177 thousand euros.

Sureties given against advances received from customers amount to about 57,167 thousand euros (55,865 thousand euros at 31 December 2013).

### 32. COMMITMENTS

At 31 December 2014, commitments for the purchase of property, plant and equipment amount to 2,543 thousand euros, mainly in relation to specific plant for the Parent Company and to land in Arkansas (USA) for the construction of a factory by Delta Systems & Automation Inc.

The Group has outstanding commitments of 1,570 thousand euros (1,190 thousand euros at 31 December 2013) for future minimum payments under irrevocable operating leases relating primarily to vehicles (expiring as to 681 thousand euros within one year, 889 thousand euros between one and five years) and commitments under rental contracts of 114,446 thousand euros (110,540 thousand euros at 31 December 2013), of which 14,005 thousand euros fall due within one year, 47,353 thousand euros between one and five years and 53,088 thousand euros over five years.

Fees paid during the year for operating lease contracts and rentals were 14,882 thousand euros (13,109 thousand euros in the previous year).

There are also other commitments in favour of third parties for 4,743 thousand euros, consisting mainly of the Parent Company's commitment to buy further units of the mutual funds shown under financial assets.

### 33. 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 2014 the Group holding company is IMA Industria Macchine Automatiche S.p.A., 66.219% owned by SO.FI.MA. S.p.A., which is in turn a subsidiary of Lopam Fin S.p.A. The following companies form part of the domestic tax group: IMA S.p.A., IMA Industries S.r.l., CO.MA.DI.S. S.p.A. and Corazza S.p.A. as consolidated companies and SO.FI.MA. S.p.A. as the consolidating company.

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

In addition to intra-group transactions, the Group also conducts operations with other related parties, mainly parties controlling the Parent Company, or parties responsible for the administration and management of IMA S.p.A. or entities controlled by such parties.

The Board must give advance approval in its meetings for all transactions with related parties, including inter-company transactions, except for transactions carried out in the ordinary course of business on arm's-length terms.

These transactions are mainly commercial and real estate operations (leased premises used by the Parent Company or the Group), as well as participation in the consolidated tax mechanism mentioned above. Related-party transactions are carried out on an arm's-length basis.

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

in thousands of euros	Receivables at 31.12.2014	Receivables at 31.12.2013	Payables at 31.12.2014	Payables at 31.12.2013
<b>Parent companies:</b>				
SO.FI.MA. S.P.A.	4,631	3,644	–	6,650
	<b>4,631</b>	<b>3,644</b>	<b>–</b>	<b>6,650</b>
<b>Associates and joint venture:</b>				
Amherst Stainless Fabrication LLC	552	434	785	322
B.C. S.r.l.	1,777	1,510	583	717
Bacciottini F.lli S.r.l.	622	564	1,914	2,064
Bolognesi S.r.l.	823	616	1,273	1,303
Brio Pharma Technologies Pvt. Ltd.	403	375	575	1,042
Carle & Montanari-OPM S.p.A.	41	3	311	403
CMFIMA S.r.l.	106	77	59	54
CMH S.r.l.	9,910	8,892	–	–
CMRE S.r.l.	5,544	4,441	–	–
Doo Officina-GAME East Vrsac	578	478	–	–
I.E.M.A. S.r.l.	850	741	7,586	6,888
I.A.CO S.r.l.	540	743	1,669	1,645
Logimatic S.r.l.	6,756	5,104	12,198	10,976
Masterpiece S.r.l.	12	33	127	97
Meccanica Sarti S.r.l.	1,191	n.a.	316	n.a.
Plasticenter S.r.l.	472	937	2,469	2,723
Powertransmission.it S.r.l.	90	80	272	275
Scriba Nanotecnologie S.r.l.	444	515	6	66
SIL.MAC. S.r.l.	583	618	1,322	1,739
STA.MA. S.r.l.	66	n.a.	595	n.a.
Other associates	88	79	28	26
	<b>31,448</b>	<b>26,240</b>	<b>32,088</b>	<b>30,340</b>
<b>Other related parties:</b>				
Banca di Bologna	526	794	–	–
Costal S.r.l.	–	–	334	–
Datalogic Automation S.r.l.	–	15	244	185
Galliani & Sistemi S.p.A.	–	–	48	107
EPSOL S.r.l.	217	150	1,486	1,195
Mandarin Capital Management SA	1,361	557	–	–
Naturapack S.r.l.	93	93	20	–
Poggi & Associati	416	–	313	162
Schiavina S.r.l.	369	400	–	–
Verniciatura Ozzanese S.r.l.	1	–	263	253
Other related parties	33	30	254	99
	<b>3,016</b>	<b>2,039</b>	<b>2,962</b>	<b>2,001</b>
<b>Total</b>	<b>39,095</b>	<b>31,923</b>	<b>35,050</b>	<b>38,991</b>

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

in thousands of euros	Revenues 2014	Revenues 2013	Costs 2014	Costs 2013
Associates and joint venture:				
Amherst Stainless Fabrication LLC	–	32	2,564	2,967
B.C. S.r.l.	267	195	4,212	4,196
Bacciottini F.lli S.r.l.	89	157	4,075	4,359
Bolognesi S.r.l.	225	140	3,785	3,755
Brio Pharma Technologies Pvt. Ltd.	38	4	851	873
Carle & Montanari-OPM S.p.A.	31	6	37	107
CMFIMA S.r.l.	631	358	2	(2)
CMH S.r.l.	1,018	775	–	–
CMRE S.r.l.	–	–	63	109
I.E.M.A. S.r.l.	277	227	11,892	10,245
Ilapak International SA (*)	n.a.	1,199	n.a.	–
Ilapak Italia S.p.A. (*)	n.a.	814	n.a.	–
L.A.CO S.r.l.	195	496	2,596	2,272
Logimatic S.r.l.	3,094	3,397	16,350	14,347
Masterpiece S.r.l.	26	31	531	429
Meccanica Sarti S.r.l.	–	n.a.	774	n.a.
Plasticenter S.r.l.	–	–	4,590	2,305
Powertransmission.it S.r.l.	10	24	696	742
Scriba Nanotecnologie S.r.l.	–	2	26	54
SIL.MAC S.r.l.	261	254	2,670	3,271
STA.MA. S.r.l. (**)	15	n.a.	389	n.a.
Other Associates	17	81	116	84
	<b>6,194</b>	<b>8,192</b>	<b>56,219</b>	<b>50,113</b>
Other related parties:				
Costal S.r.l.	–	–	453	–
Datalogic Automation S.r.l.	–	–	451	440
Galliani & Sistemi S.p.A.	–	–	170	258
EPSOL S.r.l.	476	223	2,942	2,704
Italbe S.p.A.	–	–	166	197
Lopam S.r.l.	–	–	339	319
Mandarin Capital Management SA	–	–	600	600
Morosina S.p.A.	–	–	1,053	161
Naturapack S.r.l.	–	–	218	133
Nemo Investimenti S.r.l.	244	3	1,617	1,608
Poggi & Associati	–	–	809	540
Verniciatura Ozzanese S.r.l.	1	–	485	479
Other related parties	25	19	140	131
	<b>746</b>	<b>245</b>	<b>9,443</b>	<b>7,570</b>
<b>Total</b>	<b>6,940</b>	<b>8,437</b>	<b>65,662</b>	<b>57,683</b>

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

(\*\*) The amounts relate to the period November-December 2014

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

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

Relations with EPSOL S.r.l. relate to the design and production of plant for automated machines; relations with Mandarin Capital Management SA and Poggi&Associati mostly relate to advisory services, and the relations with Italbe S.r.l., Lopam S.r.l., Nemo Investimenti S.r.l. and Naturapack S.r.l. essentially relate to the rental of real estate.

The table below provides a summary of the balance sheet including transactions with related parties and the percentage impact:

in thousands of euros	Of which			Of which		
	Total at 31.12.2014	related parties	% impact	Total at 31.12.2013	related parties	% impact
<b>Balance sheet:</b>						
Tangible and intangible assets	232,437	443	0.2%	219,107	508	0.2%
Investments and financial assets	35,507	22,791	64.2%	32,795	20,096	61.3%
Other non-current assets	44,212	93	0.2%	40,423	93	0.2%
<b>NON-CURRENT ASSETS</b>	<b>312,156</b>	<b>23,327</b>	<b>7.5%</b>	<b>292,325</b>	<b>20,697</b>	<b>7.1%</b>
Trade and other receivables	171,294	8,086	4.7%	173,986	5,823	3.3%
Financial assets	3,948	2,526	64.0%	3,391	965	28.5%
Cash and cash equivalents	133,264	525	0.4%	80,055	794	1.0%
Income tax receivables	7,177	4,631	64.5%	6,350	3,644	57.4%
Other current assets	212,854	–	–	204,741	–	–
<b>CURRENT ASSETS</b>	<b>528,537</b>	<b>15,768</b>	<b>3.0%</b>	<b>468,523</b>	<b>11,226</b>	<b>2.4%</b>
ASSET HELD FOR SALE	–	–	–	10,132	–	–
<b>TOTAL ASSETS</b>	<b>840,693</b>	<b>39,095</b>	<b>4.7%</b>	<b>770,980</b>	<b>31,923</b>	<b>4.1%</b>
<b>SHAREHOLDERS' EQUITY</b>						
Borrowings	198,325	–	–	133,915	–	–
Other non-current liabilities	53,818	–	–	52,457	–	–
<b>NON-CURRENT LIABILITIES</b>	<b>252,143</b>	<b>–</b>	<b>–</b>	<b>186,372</b>	<b>–</b>	<b>–</b>
Borrowings	60,833	–	–	86,378	–	–
Trade and other payables	380,823	35,050	9.2%	332,690	32,341	9.7%
Income tax liabilities	8,811	–	–	12,342	6,650	53.9%
Other current liabilities	21,465	–	–	17,861	–	–
<b>CURRENT LIABILITIES</b>	<b>471,932</b>	<b>35,050</b>	<b>7.4%</b>	<b>449,271</b>	<b>38,991</b>	<b>8.7%</b>
LIABILITIES HELD FOR SALE	–	–	–	2,645	–	–
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>840,693</b>	<b>35,050</b>	<b>4.2%</b>	<b>770,980</b>	<b>38,991</b>	<b>5.1%</b>

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

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

in thousands of euros	Of which			Of which		
	2014	related parties	% impact	2013	related parties	% impact
<b>Income statement:</b>						
Revenues	854,617	4,009	0.5%	760,927	6,308	0.8%
Other income	14,446	924	6.4%	11,808	386	3.3%
Cost of raw materials and goods	(277,588)	(39,759)	14.3%	(266,113)	(37,689)	14.2%
Cost of services and leases	(200,100)	(25,186)	12.6%	(174,537)	(19,578)	11.2%
Other operating costs	(283,462)	(145)	0.1%	(245,444)	(225)	0.1%
<b>OPERATING PROFIT</b>	<b>107,913</b>			<b>86,641</b>		
Net financial income	13,527	43	0.3%	5,939	103	1.7%
Net financial expense	(32,039)	–	–	(15,050)	(2)	–
<b>FINANCIAL INCOME AND EXPENSE</b>	<b>(18,512)</b>			<b>(9,111)</b>		
<b>PROFIT (LOSS) FROM INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD</b>	<b>1,392</b>	1,392	100.0%	<b>1,451</b>	1,451	100.0%
Tax	(34,045)	–	–	(30,097)	–	–
<b>PROFIT FROM CONTINUING OPERATIONS</b>	<b>56,748</b>			<b>48,884</b>		
<b>PROFIT FROM DISCONTINUED OPERATIONS</b>	<b>–</b>			<b>5,912</b>		
<b>NET PROFIT FOR THE YEAR</b>	<b>56,748</b>			<b>54,796</b>		

We would point out that on 24/25 July 2014, IMA Industries S.r.l. acquired a further 8.5% interest in GIMA S.p.A. for 8,500 thousand euros and now owns 73.5% of that company.

At the end of September 2014, third parties completed subscriptions to the capital increase for cash by GIMA TT S.r.l., a subsidiary of GIMA S.p.A., involving the issue of quotas with a total nominal value of 10 thousand euros at a premium of 3,490 thousand euros.

Given that some of the people involved in both transactions are related parties, in accordance with the requirements of the specific procedure in this area, the Company has taken steps to inform the appropriate Committee so that it could comment on it in order to ensure the necessary transparency and fairness during the investigation, negotiation and approval of these transactions.

In the interest of a full investigation before giving its opinion on the matter, the Committee decided to make use of an independent expert to prepare the appraisal in the first case and, in the second case, the fairness opinion to determine the subscription cost of the newly issued shares.

On completion, the Committee expressed a positive opinion, having classified the transactions as "less relevant related party transactions".

In addition, the Parent Company sold building land in Ozzano dell'Emilia (Bologna) to related parties in 2014 for 435 thousand euros. This transaction generated a capital gain of 241 thousand euros.

Note that during 2014 there were no "more relevant transactions", as defined in the Consob regulation, no individual related-party transactions that could have had a significant influence over the companies' balance sheet or results and no changes or developments in related-party transactions explained in the last annual report that could have had a significant influence over the companies' balance sheet or results.

#### *Remuneration of Directors, Statutory Auditors and Managers with Strategic Responsibilities*

We provide information concerning the remuneration paid to directors, statutory auditors and managers with strategic responsibilities of the Parent Company for carrying out their duties in other companies included in the consolidation:

in thousands of euros	2014	2013
Directors (*)	5,911	5,438
Statutory Auditors	110	148
<b>Total</b>	<b>6,021</b>	<b>5,586</b>

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

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

in thousands of euros	2014	2013
Short-term benefits	5,389	4,038
Post-employment benefits	130	103
Fees for positions	4,133	4,087
<b>Total</b>	<b>9,652</b>	<b>8,228</b>

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.

**34. SIGNIFICANT NON-RECURRING  
TRANSACTIONS AND EVENTS**

In 2014, the cost of services, rentals and leases included ancillary charges incurred in relation to acquisitions carried out during the year totaling 1,223 thousand euros, essentially in relation to the acquisition of the additional 30% interest in the Ilapak Group.

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

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

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

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

- Absorption by IMA S.p.A. of IMA Industries S.r.l. and IMA Life Italia S.r.l., with effect from 1 January 2015;
- on 27 February 2015, IMA S.p.A. completed the acquisition from Lin Vermoögensverwaltung GmbH of an 80% interest in BENHIL, ERCA, HASSIA, HAMBÄ and GASTI (Oystar Group), leaders in the design, production and commercialization of machines, lines and plant for the packaging of food products including, in particular, those in the dairy sector, with factories in Germany, France, Spain and India. An amount of 69.3 million euros was paid for the acquisition, subject to adjustment based on the balance sheets at 28 February 2015. IMA and Lin have also signed put and call options for the other 20%, to be exercised during 2017 and 2018. The newly-acquired group, positioned under IMA Dairy & Food Holding GmbH, a new holding company, forecasts consolidated sales of about 185 million euros in 2015 and an EBITDA of about 15 million euros, with around 850 employees, a dynamic order book and a significant market presence;
- On 27 February 2015, IMA S.p.A. completed with Teknoweb Srl the purchase of a 60% stake in a newly formed company called Teknoweb Converting Srl, based in Palazzo Pignano, Cremona, which operates in the field of converting, producing and selling machines for the production of wet wipes. The total financial outlay was about 6 million euros. This transaction includes an option for IMA to acquire up to the entire equity interest in Teknoweb Converting S.r.l., over a period of time extending from 2018 to 2024. The pro forma financial statements at 31 December 2014 of Teknoweb Converting report sales of about 12 million euros and an EBITDA of about 1.5 million euros, with good prospects for growth.

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

Companies consolidated line-by-line	Registered office		Share capital	Direct investment	Indirect investment
<b>Industrial and service companies:</b>					
- I.M.A. Industria Macchine Automatiche S.p.A.	Ozzano dell'Emilia	Bologna - Italy	EUR 19,150,560	Parent company	-
- CO.MA.DI.S. S.p.A.	Senago	Milan - Italy	EUR 1,540,000	100%	-
- Corazza S.p.A.	Bologna	Bologna - Italy	EUR 15,675,000	100%	-
- GIMA S.p.A.	Zola Predosa	Bologna - Italy	EUR 1,000,000	-	73.5% (1)
- GIMA TT S.r.l.	Ozzano dell'Emilia	Bologna - Italy	EUR 110,000	-	60.14% (2)
- Fillshape S.r.l.	Zola Predosa	Bologna - Italy	EUR 100,000	-	44.1% (2)
- G.S. Coating Technologies S.r.l.	Castel San Pietro T.	Bologna - Italy	EUR 100,000	100%	-
- Ilapak Italia S.p.A.	Foiano della Chiana	Arezzo - Italy	EUR 4,074,000	-	81% (3)
- IMA Industries S.r.l.	Ozzano dell'Emilia	Bologna - Italy	EUR 4,000,000	100%	-
- Pharmasienna Service S.r.l.	Siena	Siena - Italy	EUR 100,000	70% (4)	-
- Revisioni Industriali S.r.l.	Ozzano dell'Emilia	Bologna - Italy	EUR 100,000	-	100% (5)
- Delta Systems & Automation Inc.	Rogers	USA	USD 1,000	-	81% (6)
- Ilapak International SA	Collina d'Oro Lugano	Switzerland	CHF 4,000,000	-	81% (7)
- Ilapak (Langfang) Packaging Machinery Co. Ltd.	Langfang	PRC	USD 3,000,000	-	81% (8)
- IMA Life The Netherlands B.V.	Dongen	The Netherlands	EUR 22,382,654 (*)	100%	-
- IMA Life North America Inc.	Tonawanda	USA	USD 100	-	100% (9)
- IMA Life (Beijing) Pharmaceutical Systems Co. Ltd.	Beijing	PRC	USD 400,000	100%	-
- IMA North America Inc.	Leominster	USA	USD 8,052,500	-	100% (9)
- IMA-PG India Pvt. Ltd.	Mumbai	India	INR 17,852,100 (*)	100%	-
- Shanghai Tianyan Pharmaceutical Co. Ltd.	Shanghai	PRC	RMB 5,250,000	-	86.29% (10)
- Swiftpack Automation Ltd.	Alcester	UK	GBP 1,403,895	100%	-
- Tianjin IMA Machinery Co. Ltd.	Tianjin	PRC	USD 200,000	100%	-
<b>Commercial companies:</b>					
- Ilapak.AT Services GmbH	Vienna	Austria	EUR 17,500 (*)	-	81% (3)
- Ilapak do Brasil Maquinas de embalagem Ltda.	Sao Paulo	Brazil	BRL 3,794,214	-	81% (7)
- Ilapak France SA	Lognes Paris	France	EUR 105,130	-	81% (3)
- Ilapak Inc.	Newtown	USA	USD 12,500	-	81% (3)
- Ilapak Israel Ltd.	Caesarea	Israel	ILS 1	-	81% (3)
- Ilapak Ltd.	Hayes London	UK	GBP 795,536	-	81% (3)
- Ilapak SNG OOO	Moscow	Russia	RUB 1,785,700	-	81% (3)
- Ilapak Sp. Z o.o.	Krakow	Poland	PLN 3,740,400	-	81% (7)
- Ilapak Verpackungsmaschinen GmbH	Haan	Germany	EUR 102,500	-	81% (3)
- IMA Est GmbH	Vienna	Austria	EUR 280,000	100%	-
- IMA France E.u.r.l.	Rueil Malmaison	France	EUR 45,735	100%	-
- IMA Germany GmbH	Cologne	Germany	EUR 90,000	100%	-
- IMA Iberica Processing and Packaging S.L.	Barcelona	Spain	EUR 590,000	100%	-
- IMA Industries GmbH	Großostheim	Germany	EUR 100,000	-	100% (1)
- IMA Industries Inc.	Mundelein	USA	USD 1,856,106	-	100% (5)
- IMA Industries India Pvt. Ltd.	Mumbai	India	INR 5,000,100 (*)	-	99.99% (1)
- IMA Industries North America Inc.	Leominster	USA	USD 100,000	-	100% (1)
- IMA Life Italia S.r.l.	Trezzano Naviglio	Milan - Italy	EUR 80,000	100%	-
- IMA Life Japan KK	Tokyo	Japan	YEN 40,000,000	-	100% (11)
- IMA Pacific Co. Ltd.	Bangkok	Thailand	THB 132,720,000	99.99%	-
- IMA Packaging & Processing Co. Ltd.	Beijing	PRC	USD 2,350,000	100%	-
- IMA UK Ltd.	Alcester	UK	GBP 50,000	100%	-
- Imautomatiche Do Brasil Ltda.	Sao Paulo	Brazil	BRL 6,651,550	99.98%	-
- OOO IMA Industries	Moscow	Russia	RUB 12,000,000	-	100% (5)
<b>Financial companies:</b>					
- Packaging Systems Holdings Inc.	Wilmington	USA	USD 1,000	100%	-
- Transworld Packaging Holding B.V.	Amsterdam	The Netherlands	EUR 3,241,661	81%	-
<b>Other companies:</b>					
- Dreamer S.r.l.	Bologna	Bologna - Italy	EUR 100,000	-	66.15% (2)
- Il Canada Ltd. (in liquidation)	Mississauga Toronto	Canada	CAD -	-	100% (12)
- Ilapak China Ltd.	Hong Kong	PRC	USD 13	-	81% (3)
- Packaging Manufacturing Industry S.r.l.	Castenaso	Bologna - Italy	EUR 110,000	100%	-
- Società del Sole S.r.l.	Bologna	Bologna - Italy	EUR 10,000	100%	-

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

**Notes:**

- (1) Held by IMA Industries S.r.l.
- (2) Held by GIMA S.p.A.: GIMA TT S.r.l. at 81.82%, Dreamer S.r.l. at 90% and Fillshape S.r.l. at 60%
- (3) Held by Ilapak International SA at 100% except Ilapak France SA held at 99.99%
- (4) The percentage interest held in Pharmasienna Service S.r.l. includes an option to purchase 19% of the quota capital.
- (5) Held by Corazza S.p.A.
- (6) Held by Ilapak Inc. at 100%
- (7) Held by Transworld Packaging Holding B.V. at 100%
- (8) Held by Ilapak Italia S.p.A. at 100%
- (9) Held by Packaging Systems Holdings Inc.
- (10) Held by IMA Life (Beijing) Ph. Systems Co. Ltd.
- (11) Held by IMA Life The Netherlands B.V.
- (12) Held by IMA Industries Inc.

Investments accounted for using the equity method	Registered office		Share capital	Direct investment
<b>Industrial and service companies:</b>				
- Amherst Stainless Fabrication LLC	Amherst NY	USA	USD 1,100,000	20% (1)
- B.C.S.r.l.	Imola	Bologna - Italy	EUR 36,400	30%
- Bacciottini F.lli S.r.l.	Oste Montemurlo	Prato - Italy	EUR 60,000	30% (2)
- Bognesi S.r.l.	Dozza	Bologna - Italy	EUR 10,920	30% (2)
- Brio Pharma Technologies Pvt. Ltd.	Mumbai	India	INR 1,000,000	30%
- CMH S.r.l.	Bologna	Bologna - Italy	EUR 2,500,000	50%
- CMRE S.r.l.	Bologna	Bologna - Italy	EUR 50,000	50%
- Consorzio L.I.A.M.	Vignola	Modena - Italy	EUR 20,000 (3)	25%
- Consorzio Servizi	Bologna	Bologna - Italy	EUR 50,000 (3)	50%
- Doo Officina-Game East Vrsac	Vrsac	Serbia	RSD 117,494,863	34.5% (2)
- FID S.r.l. Impresa Sociale	Bologna	Bologna - Italy	EUR 20,000	30%
- I.E.M.A. S.r.l.	S.Giorgio di Piano	Bologna - Italy	EUR 100,000	30% (2)
- L.A.CO S.r.l.	Ozzano dell'Emilia	Bologna - Italy	EUR 30,000	30% (2)
- Logimatic S.r.l.	Ozzano dell'Emilia	Bologna - Italy	EUR 100,000	35% (2)
- Masterpiece S.r.l.	Ozzano dell'Emilia	Bologna - Italy	EUR 10,000	30% (2)
- Meccanica Sarti S.r.l.	Bologna	Bologna - Italy	EUR 102,000	30% (2)
- Plasticenter S.r.l.	Granarolo dell'Emilia	Bologna - Italy	EUR 50,960	20% (2)
- Powertransmission.it S.r.l.	Castenaso	Bologna - Italy	EUR 50,000	20% (2)
- Scriba Nanotecnologie S.r.l.	Bologna	Bologna - Italy	EUR 25,556	24.9%
- SIL.MAC. S.r.l.	Gaggio Montano	Bologna - Italy	EUR 90,000	30% (2)
- STA.MA S.r.l.	Ozzano dell'Emilia	Bologna - Italy	EUR 10,400	30% (2)
- Sirio S.p.A. Associazione in partecipazione (4)	Milan	Milan - Italy		

**Notes:**

(1) Held by IMA Life North America Inc.

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

(3) Shares in the consortium fund

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

## I) DISCLOSURE REQUIRED UNDER ARTICLE 149-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 2014:

in thousands of euros	Service rendered by	To	Fees
Audit	Reconta Ernst & Young S.p.A.	Parent Company IMA S.p.A.	224
	Reconta Ernst & Young S.p.A.	Subsidiary companies	412
	Ernst & Young network	Subsidiary companies	119
Other services	Reconta Ernst & Young S.p.A.	Parent Company IMA S.p.A.	147
<b>Total</b>			<b>902</b>

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 2014.

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), 13 March 2015

Managing Director  
Alberto Vacchi

Manager responsible for preparing financial reports  
Sergio Marzo

REPORT OF THE INDEPENDENT AUDITORS  
AT 31 DECEMBER 2014

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



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

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

1. We have audited the consolidated financial statements of I.M.A. Industria Macchine Automatiche S.p.A. ("I.M.A. S.p.A.") and its subsidiaries (the "I.M.A. Group") as of 31 December 2014 and for the year then ended, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of I.M.A. S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by Directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated 31 March 2014.

3. In our opinion, the consolidated financial statements of the I.M.A. Group at 31 December 2014 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the I.M.A. Group for the year then ended.
4. The Directors of I.M.A. S.p.A. are responsible for the preparation, in accordance with the applicable laws and regulations, of the Report on Operations and the Report on Corporate Governance and the Company's Ownership Structure published in the section "Investor

Reconta Ernst & Young S.p.A.  
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Relations" of I.M.A. S.p.A.'s website. Our responsibility is to express an opinion on the consistency with the financial statements of the Report on Operations and of the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the Report on Corporate Governance and the Company's Ownership Structure, as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) in the Report on Corporate Governance and the Company's Ownership Structure, are consistent with the consolidated financial statements of the I.M.A. Group at 31 December 2014.

Bologna, 30 March 2015

Reconta Ernst & Young S.p.A.  
Signed by: Alberto Rosa, Partner

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