

2007 ANNUAL REPORT

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NOTICE OF CALL

Published in *Il Sole-24 Ore* of 28 March 2008 to convene the Shareholders' Meeting at 3:00 p.m. on 29 April 2008, at first call, in Ozzano dell'Emilia - Bologna, Via Emilia no. 237, at the offices of I.M.A. Industria Macchine Automatiche Società per Azioni and, if necessary, on 30 April 2008, at second call (at the same time and place) to resolve the following:

AGENDA

1. Directors' report on operations for the 2007 financial year. Report of the Board of Statutory Auditors. Financial statements at 31 December 2007. Allocation of net profit: a gross dividend of 0.85 euros per share in circulation and the remaining to a special reserve. Related and consequent resolutions;
2. Proposed purchase, sale and/or disposal of treasury shares. Related and consequent resolutions;
3. Amendment of the auditing engagement for the years 2008-2012.

Pursuant to the provision of law, shareholders who, alone or together with other shareholders, represent at least one-fortieth of voting share capital, may request an addition to the list of items on the agenda within five days of publication of this notice, specifying the further issues they wish to address. Note that additions to the agenda are not permitted if they concern matters for which the law requires the Shareholders' Meeting to resolve upon a proposal of the directors or on the basis of a project or a report prepared by them.

Any list of additions to the agenda will be published in the same manner as this notice.

Pursuant to Article 10 of the bylaws, participation in the Shareholders' Meeting is restricted to the holders of voting rights confirmed by the certification issued by the intermediary charged with keeping the securities deposit accounts that the shares are held on deposit in dematerialized and centrally managed form, at least two business days prior to the date of the Shareholders' Meeting and notified by the latter to the Company in accordance with applicable regulations.

Note that, in compliance with the provisions of the applicable regulations, the documentation related to the items on the agenda will be available at the registered offices located in Ozzano dell'Emilia (Bologna) – Via Emilia no. 428/442, as well as at the administrative office located in Castenaso (Bologna) – Via Tosarelli no. 184, and from Borsa Italiana S.p.A. fifteen days before the Shareholders' Meeting. The shareholders are entitled to obtain a copy thereof.

The same documentation will also be available on the website www.ima.it, in the Investor Relations section.

**REPORT ON OPERATIONS
AT 31 DECEMBER 2007**

(THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS HAVE BEEN TRANSLATED FROM THOSE ISSUED IN ITALY, FROM THE ITALIAN INTO THE ENGLISH LANGUAGE SOLELY FOR THE CONVENIENCE OF INTERNATIONAL READERS)

DIRECTORS AND OFFICERS

The directors and officers in office at the date of approval of these financial statements are provided below:

BOARD OF DIRECTORS

(In office until the date of the Shareholders' Meeting called to approve the financial statements at 31 December 2008)

DIRECTOR AND HONORARY CHAIRMAN

Marco Vacchi

On 26 June 2007 Marco Vacchi resigned as Chairman, but continued to be a Director; on that date, the Board of Directors named him Honorary Chairman.

CHAIRMAN AND MANAGING DIRECTOR

Alberto Vacchi

On 26 June 2007 Alberto Vacchi was appointed Chairman.

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

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

DIRECTOR AND GENERAL MANAGER

Andrea Malagoli

DIRECTORS

Gino Benedetti, Giancarlo Folco (appointed on 27 April 2007), Italo Giorgio Minguzzi, Luca Poggi, Maria Carla Schiavina, Gianluca Vacchi, Stefano Visentini, Romano Volta.

The Board of Directors' Meeting of IMA S.p.A. has powers to resolve upon matters which cannot be delegated, and is entitled to resolve exclusively on the following:

- the strategic, business and financial plans of the Company and the Group, the corporate governance system of IMA S.p.A. and any decisions relating to the Group structure;
- the adequacy of the organizational, administrative and accounting arrangements of the Company and its subsidiaries, with special reference to the internal control system and management of conflicts of interest;
- the general conduct of operations;
- any transaction likely to have a significant impact on the Company's results, assets and liabilities or financial situation and, in any case, any transaction that exceeds a value of 10,000,000.00 euros, except for the power to renew or

extend the credit lines already granted to the Company, which can be delegated;

- any transactions in which even one director has a personal interest or represents the interests of a third party and any transactions with related parties, including intercompany transactions, except for ordinary transactions carried out on standard terms and conditions;
- the size, composition and operation of the Board of Directors and its committees;
- decisions involving the subsidiaries of IMA S.p.A. regarding operations with a significant impact for IMA S.p.A.

BOARD OF STATUTORY AUDITORS

(In office until the date of the Shareholders' Meeting called to approve the financial statements at 31 December 2009)

STANDING AUDITORS

Amedeo Cazzola – Chairman - Auditor

Piero Aicardi - Auditor

Giacomo Giovanardi - Auditor

ALTERNATE AUDITORS

Vittorio Coraducci - Auditor

Chiara Gallina - Auditor

Antonella Grassigli - Auditor

INTERNAL CONTROL AND REMUNERATION COMMITTEE

Romano Volta – Independent Director - Chairman

Giancarlo Folco – Independent Director

Maria Carla Schiavina – Non-executive Director

MANAGER RESPONSIBLE FOR THE PREPARATION OF COMPANY ACCOUNTING DOCUMENTS

Sergio Marzo

Appointed by resolution of the Board of Directors of 26 June 2007.

LEAD INDEPENDENT DIRECTOR

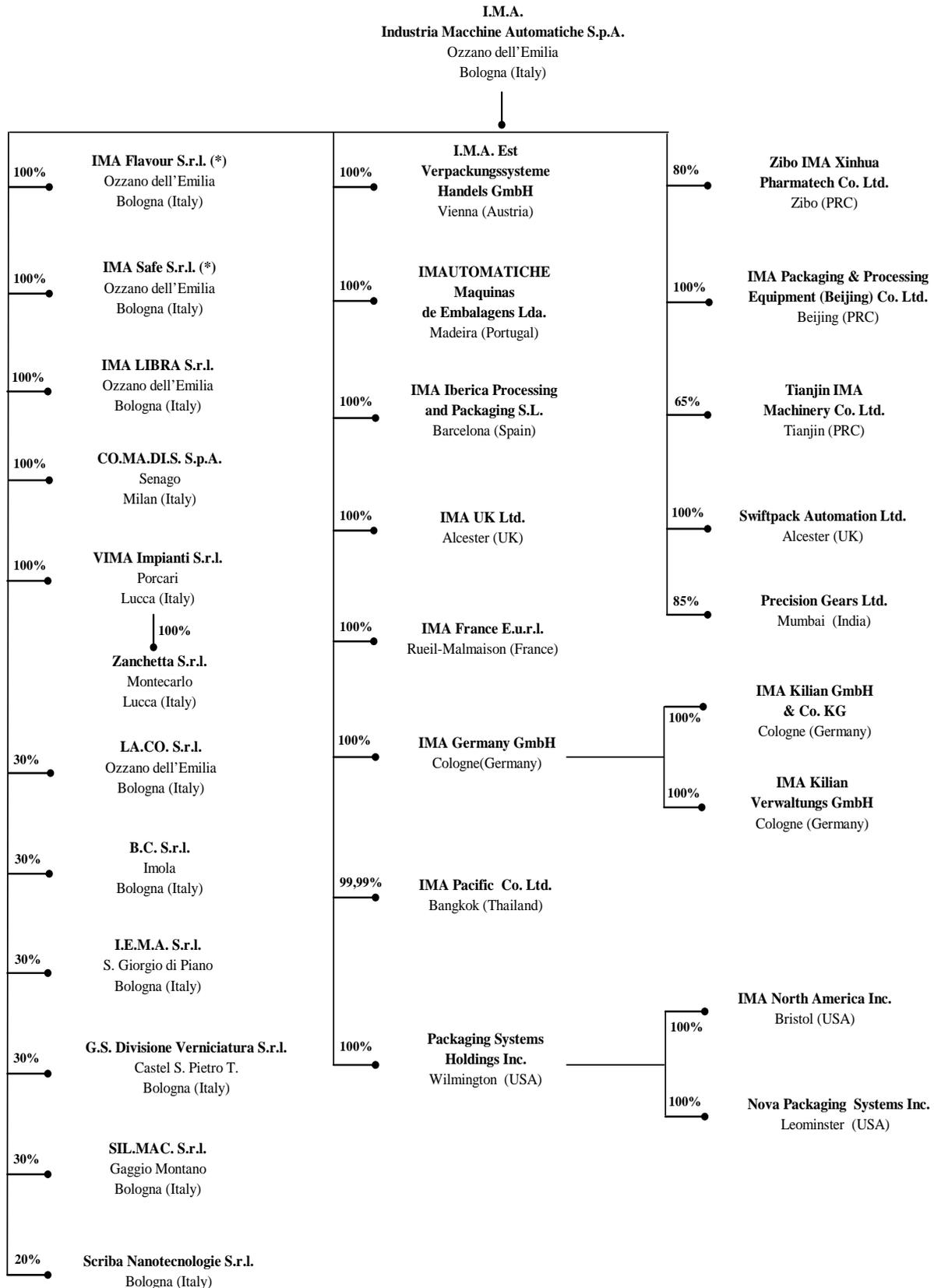
Romano Volta

INDEPENDENT AUDITORS

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

PricewaterhouseCoopers S.p.A.

GROUP STRUCTURE



(*) Name in effect from 2 January 2008

GROUP COMPANIES BY BUSINESS ACTIVITY

MANUFACTURING ACTIVITIES	COMMERCIAL ACTIVITIES	OTHER ACTIVITIES	FINANCIAL ACTIVITIES
I.M.A. Industria Macchine Automatiche S.p.A. Ozzano dell'Emilia Bologna (Italy)	IMA Germany GmbH Cologne (Germany)	IMA Kilian Verwaltungs GmbH Cologne (Germany)	Packaging Systems Holdings Inc. Wilmington (USA)
IMA Libra S.r.l. Ozzano dell'Emilia Bologna (Italy)	I.M.A. Est Verpackungssysteme Handels GmbH Vienna (Austria)	SCRIBA Nanotecnologie S.r.l. Bologna (Italy)	
IMA Flavour S.r.l. Ozzano dell'Emilia Bologna (Italy)	IMA France E.u.r.l. Rueil-Malmaison (France)		
IMA Safe S.r.l. Ozzano dell'Emilia Bologna (Italy)	IMA UK Ltd. Alcester (UK)		
CO.MA.DLS. S.p.A. Senago – Milan (Italy)	IMAUTOMATICHE Maquinas de Embalagens Lda. Madeira (Portugal)		
VIMA Impianti S.r.l. Porcari – Lucca (Italy)	IMA Iberica Processing and Packaging S.L. Barcelona (Spain)		
Zanchetta S.r.l. Montecarlo – Lucca (Italy)	IMA North America Inc. Bristol (USA)		
LA.CO. S.r.l. Ozzano dell'Emilia Bologna (Italy)	IMA Packaging and Processing Equipment (Beijing) Co. Ltd. Beijing (PRC)		
B.C. S.r.l. Imola – Bologna (Italy)	IMA Pacific Co. Ltd. Bangkok (Thailand)		
I.E.M.A. S.r.l. S. Giorgio di Piano Bologna (Italy)			
G.S. Divisione Verniciatura S.r.l. Castel S. Pietro Terme Bologna (Italy)			
SIL.MAC. S.r.l. Gaggio Montano Bologna (Italy)			
IMA Kilian GmbH & Co. KG Cologne (Germany)			
Precision Gears Ltd. Mumbai (India)			
Tianjin IMA Machinery Co. Ltd. Tianjin (PRC)			
Zibo IMA Xinhua Pharmatech Co. Ltd. Zibo (PRC)			
Nova Packaging Systems Inc. Leominster (USA)			
Swiftpack Automation Ltd. Alcester (UK)			

GROUP PERFORMANCE

THE ECONOMIC SCENARIO

Dear Shareholders:

Last year saw world GDP grow by a significant 5.1%.

However, the factors that emerged in the final quarter of the period, which were confirmed in the first quarter of 2008, cast a shadow over the outlook for the world economy. The collapse of the US real estate market, together with the worsening labour market, fuelled fears of a recession in the United States.

International energy and food prices reached record highs, negatively affecting domestic prices within individual countries, thus dampening consumer spending.

Finally, the crisis of confidence in the financial markets triggered by the subprime mortgage problem still requires massive intervention on the part of the central banks, and will likely require a long adjustment period, with the result that credit conditions will remain tight.

The tensions in the foreign exchange market reflected in the significant weakness of the US dollar against the euro and the general strength of the euro against all other currencies have depressed exports of goods and services from Europe, with a resulting reduction in the outlook for growth for this year.

The emerging economies continue to perform well, especially India, China, Russia and Brazil.

Within this environment of uncertainty and sharp volatility, the pharmaceutical market ended 2007 with growth of around 7%, an excellent performance. However, this macro-figure obscures a profound change in demand and supply.

With regard to the former, there has been constant growth in demand from the emerging countries to the detriment of the more industrialized nations.

In addition, the delay in replacing products that will soon lose patent production with new formulations is exposing multinational pharmaceutical companies to the risk of losing margins to manufacturers of generics, which have been experiencing substantial growth over the last few years.

Producers of vaccines, biotech pharmaceuticals and cancer drugs have continued to expand at double-digit rates of growth.

Again in 2008, the main studies of the sector do not forecast a substantial change in the growth of the global pharmaceuticals market.

Our Group's new orders in the first three months of the year and the numerous negotiations under way appear to confirm this positive outlook. Even the tea packaging sector continues to perform very well, confirmed by the high level of the order book.

CONSOLIDATED INCOME STATEMENT

The income statement reclassified by use as shown below was prepared using the following standards:

- Cost of sales: represents costs incurred directly by the Group to generate revenues. This item includes, for example, the costs of materials, labour, the

cost of technical offices for customizing products as well as production overhead;

- Research and development costs include, for each use, the costs associated with developing new products or maintaining existing products. These also includes costs related to technical staff, materials used for experiments and overhead for technical offices;
- Sales costs: include, for each use, costs connected with commercial operations such as staff, commissions paid to agents, promotional and advertising costs and associated overhead;
- General and administrative costs: this includes all costs associated with general operations such as administrative offices in general, the management of sectors or divisions, production planning and all amortization and depreciation not directly connected with the previously described uses;
- Gross operating margin: corresponds to the sum of operating profit, amortization and depreciation for the period.

The following main items in the reclassified income statement are equivalent to the corresponding items in the consolidated income statement contained in the section “Consolidated financial statements”: revenues, operating profit, financial income and expense, result before taxes, taxes and Group profit/loss.

The Group ended 2007 with a net profit of 39.46 million euros, compared with 24.84 million euros in 2006.

The table below reports the key figures for the reclassified consolidated income statement for 2007, with comparative figures for 2006:

millions of euros	2007		2006		Change %
	Amount	%	Amount	%	
Revenues	454.45		425.20		6.9
Cost of sales	(265.86)	58.5	(247.61)	58.2	
Gross industrial income	188.59	41.5	177.59	41.8	6.2
R&D costs	(22.18)		(19.61)		
Sales costs	(53.44)		(53.30)		
General and administrative costs	(47.82)		(50.47)		
Operating profit before writedowns, impairment, non-recurring items (E.B.I.T.A.)	65.15	14.3	54.21	12.7	20.2
Writedowns/impairment of goodwill	-		(0.76)		
Non-recurring items	4.49		-		
Operating profit (E.B.I.T.)	69.64	15.3	53.45	12.6	30.3
Net financial income (expense)	(7.71)		(6.96)		
Profits (losses) from investments valued at equity	(0.04)		0.04		
Result before taxes	61.89	13.6	46.53	10.9	33.0
Income taxes	(24.04)		(21.67)		
Net profit from continuing operations	37.85	8.3	24.86	5.8	52.3
Net profit from discontinued operations/ disposal group	1.84		-		
Profit for the period	39.69	8.7	24.86	5.8	59.7
Profit pertaining to minority interests	(0.23)		(0.02)		
Group profit	39.46	8.7	24.84	5.8	58.9
Gross operating profit (E.B.I.T.D.A.)	79.85	17.6	65.47	15.4	22.0
Order book	242.89		192.04		26.5

REVENUES BY SECTOR

millions of euros	2007		2006		Change %
	Amount	%	Amount	%	
Tea, coffee and herbal tea packaging	77,07	17,0	73,91	17,4	4,3
Pharmaceutical packaging	246,99	54,3	239,70	56,4	3,0
Pharmaceutical processing	128,85	28,4	107,43	25,2	19,9
Other	1,54	0,3	4,16	10	(63,0)
Total	454,45	100,0	425,20	100,0	6,9

Revenues rose 6.9% over 2006. All the business sectors in which the Group operates contributed positively to this increase. Revenues were affected by the change in the scope of consolidation with the acquisition of Zanchetta S.r.l. for 5.71 million euros.

For further discussion of the revenues by sector, see the section “Analysis of performance by sector”. However, here we will mention a few highlights:

- the tea, coffee and herbal tea packaging sector saw a 4.3% increase in revenues after an already buoyant 2006 thanks to expansion of its market shares in the European Union and the continuation of strong demand from central and eastern European countries;
- the revenues of the pharmaceutical packaging sector rose 3%, entirely attributable to good sales performance and internal growth offset by the 10 million euro decrease resulting from the sale of the Telstar Group;
- the pharmaceutical processing machine sector grew by 19.9% thanks to strong market penetration capacity, especially in the segment of lines for the handling and movement of pharmaceutical powders, as well as the expansion of the scope of consolidation with the acquisition of Zanchetta S.r.l., which contributed 5.71 million euros (5.3%).

The table below shows the breakdown of the order book at the end of the year:

millions of euros	31-Dec-07		31-Dec-06		Change %
	Amounts	%	Amounts	%	
Tea, coffee and herbal tea packaging	61.73	25.4	34.72	18.1	77.8
Pharmaceutical packaging	119.12	49.0	115.28	60.0	3.3
Pharmaceutical processing	62.04	25.6	42.04	21.9	47.6
Total	242.89	100.0	192.04	100.0	26.5

**REVENUES BY
GEOGRAPHICAL AREA**

millions of euro	2007		2006		Change %
	Amounts	%	Amounts	%	
European Union (excluding Italy)	183.86	40.4	168.29	39.6	9.3
Other European countries	41.96	9.2	22.47	5.3	86.7
North America	89.40	19.7	105.33	24.8	(15.1)
Asia & Middle East	67.15	14.8	53.85	12.6	24.7
Other countries	36.72	8.1	42.29	9.9	(13.2)
Total foreign markets	419.09	92.2	392.23	92.2	6.8
Italy	35.36	7.8	32.97	7.8	7.2
Total	454.45	100.0	425.20	100.0	6.9

Some 92% of revenues were generated outside of Italy, confirming the mix from the previous year. About 65% of revenues are attributable to machinery and equipment, while 35% are generated by post-sales activities (assistance, spare parts, formats, etc.).

Specifically:

- revenues from the expanded EU (25 countries), excluding Italy, rose 15.57 million euros, thanks to healthy performance in countries such as Spain and France. The other countries were substantially in line, except for the Netherlands and Austria where there was a slight decline;
- sales in other European countries rose sharply, thanks largely to countries such as Russia and Serbia, which continue to offer interesting projects. Sales in other European countries remained at good levels;
- North America posted a decrease of about 16 million euros over the previous year due to delays in a number of important projects. The performance of sales reflects the positioning of the Group's offering, which substantially lacks any significant local competition;
- in Asia and the Middle East, developments varied sharply. In particular, sales in the Far East represent about 10% of the entire Group's sales. This level should increase further in the future even though this market is currently the most price sensitive and the least sensitive to product quality and technological level. However, progress in the local economies will necessarily entail bringing production standards up to Western levels and thus boost demand for machinery similar to the products we offer.

The Group is quickly responding to these issues, in particular by strengthening its own production capacity in China and India;

- revenues from other countries also varied, showing a decline in Africa, while growth in South America held steady;
- the growth in Italy is attributable solely to the larger number of projects compared with the previous year. This variability from one year to the next appears to be recurrent since it is affected by pharmaceutical companies' investment projects, which do not follow a stable pattern, especially in a small market like Italy.

GROSS INDUSTRIAL INCOME

Gross industrial income stood at 41.5% as a percentage of revenues, compared with 41.8% in 2006.

The slight decrease is the result of a different mix between the tea packaging and the pharmaceutical sectors tea sector and the pharmaceutical sector since most of the growth in volumes and the gross margin over the previous year was achieved in the pharmaceutical sector.

The improved results are due to the improved profitability of the tea packaging sector and the efficiency gains recorded in the pharmaceuticals sectors, both in processing and packaging. As regards the former, the margins for new products rose as a result of the learning curve and higher sales volumes, while for the latter higher sales volumes, together with the containment of fixed costs led to the improvement. For all sectors, the Group was able to counter the increased

volatility of the US currency through an effective exchange rate hedging policy and an increase in US dollar prices.

In addition, other benefits came from the efforts to lower the costs of procuring components by resorting to foreign channels.

The actions described above, and others that are being implemented, lead us to believe that a further increase in gross industrial income could be possible in the near future in an unchanged macroeconomic environment.

R&D COSTS

Research and development costs incurred in 2007 rose to 22.18 million euros (19.61 million euros for 2006), representing 4.9% of revenues.

This item includes research costs and, primarily, those for technological upgrading and normal revamping of standard products. It does not include costs for special-ordered development for specific customers nor does it include the costs of customizing standard products, which are included in the sales cost and thus are invoiced directly to the customers. The extent of this commitment firmly demonstrates our strong focus on acting as a solutions provider and not merely a vendor of products, an approach which has always distinguished our Group and that, over the years, has given us a strong market leadership position.

Over the year, development continued on several entirely new product families, thus expanding the Group's product range. Specifically, these include an innovative line of perforated coating pans, a continuous filling line for the biotechnology sector and a new granulation system. The costs incurred on these projects during the year, amounting to 1.26 million euros (1.29 million euros in 2006), have been capitalized as intangible assets. Amortisation begins from the moment the products become available for sale.

SALES COSTS

Sales costs, including commissions paid to agents and intermediaries, totalled 53.44 million euros, an increase of 0.14 million euros over 2006.

Sales costs as a percentage of revenues fell from 12.5% in 2006 to 11.8% in 2007. Net of the commissions paid to commercial intermediaries, which increased by 0.4 million euros (from 8.2 million euros to 8.6 million euros), sales costs fell by 0.3 million euros.

This decrease was due to the change in the scope of consolidation resulting from the sale of the Telstar Group, which accounted for 0.6 million euros in 2006, and to cost containment despite the increase in unit labour costs.

GENERAL AND ADMINISTRATIVE COSTS

General and administrative costs fell by 2.65 million euros, from 50.47 million euros in 2006 to 47.82 million euros in 2007. This decline is attributable to the change in the scope of consolidation due to the sale of Info Area and the Telstar Group, which accounted for a total of 2.6 million euros in 2006. Therefore, in 2007, general costs remained unchanged on a comparable scope of consolidation

basis, despite an increase in unit labour costs. This confirms the effectiveness of the actions undertaken over the last few years to contain costs.

OPERATING PROFIT

Consolidated EBITA totalled 65.15 million euros, equal to 14.3% of revenues, well above the level recorded the previous year (12.7% of revenues).

Both the increase in gross industrial income and the modest rise in overhead contributed to the good result in 2007.

Operating profit (EBIT) improved thanks to a 4.49 million euros reduction in non-recurring labour costs linked to the change in the laws governing provisions for severance indemnities. It came to 69.64 million euros, equal to 15.3% of revenues.

NET FINANCIAL INCOME (EXPENSE)

Net financial expense, which is detailed in the notes to the financial statements, came to 7.71 million euros (compared with net expense of 6.96 million euros in 2006). The deterioration is mainly due to increased interest on euro-denominated debt.

NET PROFIT

The Group's profit came to 39.46 million euros compared with 24.84 million euros in the previous year, net of income tax of 24.04 million euros.

The increase was due to better performance during the period and, to a limited extent, to the 1.84 million euros in net gain from discontinued operations (Info Area and Telstar Group).

The lower impact of taxation on the pre-tax result compared with the previous year is mainly due to increased tax-exempt income and to certain taxes, specifically the regional tax on business activities (IRAP), which, since their tax base is not income generated, have a smaller effect as the gross result increases.

**CONSOLIDATED BALANCE
SHEET AND FINANCIAL
POSITION**

The following table summarizes the Group's balance sheet and financial position at 31 December 2007:

millions of euros	31-Dec-07		31-Dec-06		Change %
	Amounts	%	Amounts	%	
Trade receivables	102.30	51.9	101.40	49.9	0.9
Inventories	135.76	68.9	122.20	60.1	11.1
Trade payables	(135.37)	(68.7)	(102.91)	(50.6)	31.5
Other, net (*)	(31.98)	(16.2)	(29.16)	(14.3)	9.7
Working capital	70.71	35.9	91.53	45.1	(22.7)
Property, plant and equipment	67.89	34.5	72.73	35.8	(6.7)
Intangible assets	66.31	33.7	69.87	34.4	(5.1)
Investments in subsidiaries and associated companies	13.66	6.9	1.76	0.8	n.s.
Non-current assets	147.86	75.1	144.36	71.0	2.4
Provision for severance indemnities and other provisions (**)	(21.60)	(11.0)	(32.66)	(16.1)	(33.9)
Net capital employed	196.97	100.0	203.23	100.0	(3.1)

FINANCED BY:

Net debt	86.61	44.0	104.20	51.3	(16.9)
Minority interests	1.06	0.5	0.99	0.5	7.1
Group equity	109.30	55.5	98.04	48.2	11.5
Total sources of financing	196.97	100.0	203.23	100.0	(3.1)

(*) The item mainly includes payables to employees, tax payables and provisions for risks and charges.

(**) The item largely includes the provision for severance indemnities and net deferred tax liabilities.

WORKING CAPITAL

Working capital at 31 December 2007 amounted to 70.71 million euros, a 20.82 million euros decline from the corresponding figure for 2006.

Of the total difference 5.0 million euros is attributable to the change in the scope of consolidation as the result of the sales of Info Area and the Telstar Group and to the decrease in net working capital due to the reduction of trade receivables and the increase in advances from customers. The change in advances from customers (up 15.51 million euros over 2006), especially, is the result of orders acquired in the last quarter and the increase in the order book at the end of 2007 compared with 2006.

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

Developments in the main items were as follows:

- trade receivables rose by 0.90 million euros, from 101.40 million euros at 31 December 2006 to 102.30 million euros at the end of 2007. This slight increase has been deemed very positive and confirms the improvement seen over previous periods;

- inventories increased by 13.56 million euros to 135.76 million euros (122.20 million euros in 2006) due to the increased order book at the end of 2007. The Group is engaged in new efforts to further improve its inventory levels through innovation in production scheduling processes and by improving the management of its supply chain to reduce lead times;
- trade payables, which include advances from customers, increased by 32.46 million euros of which, as stated previously, 15.51 million euros relate to advances from customers;
- the “Other, net” item was substantially unchanged at 31.98 million euros in 2007 (29.16 million euros in 2006).

NON-CURRENT ASSETS

Non-current assets increased by 3.50 million euros over 31 December 2006. This reflects:

- the increase in equity investments by 11.90 million euros due to the acquisition of Pierrel for 7.31 million euros and Infracom Consulting for 2.53 million euros;
- property, plant and equipment and intangible assets, net of depreciation and amortisation, decreased by 8.40 million euros compared with 31 December 2006, as the net effect of the following movements:

millions of euros	Non-current assets		
	Property, plant and equipment	Intangibles	Total
Additions during the year	6.46	4.61	11.07
Net book value of disposals	(0.40)	–	(0.40)
Acquisition of Zanchetta S.r.l.	–	1.12	1.12
Change in scope of consolidation	0.12	–	0.12
Amortisation/depreciation for the period	(6.91)	(3.30)	(10.21)
Activities sold	(3.88)	(5.22)	(9.10)
Exchange differences	(0.23)	(0.77)	(1.00)
Total	(4.84)	(3.56)	(8.40)

Details of the changes in individual items are described in the notes to the financial statements. Amortization and depreciation for the period came to 10.21 million euros, substantially in line with new investments and will remain largely unchanged in 2008.

NET CAPITAL EMPLOYED

Compared with 31 December 2006, capital employed net of operating liabilities fell by 6.26 million euros to 196.97 million euros. However, it should be noted that the net capital employed of assets sold accounted for 9.42 million euros in 2006, thus, based on a comparable scope of consolidation, net capital employed increased by 3.16 million euros.

NET DEBT

Net debt at 31 December 2007 came to 86.61 million euros and breaks down as follows:

	31-Dec-07	31-Dec-06
A. Cash and cash equivalents	(71.01)	(60.17)
B. Other cash equivalents	-	-
C. Investments in securities	(0.22)	(0.17)
D. Liquidity (A)+(B)+(C)	(71.23)	(60.34)
E. Current financial receivables	(0.20)	-
F. Current payables to banks	60.41	52.16
G. Current portion of non-current bank debt	33.83	22.15
H. Other current financial payables	1.34	1.62
I. Current financial debt (F)+(G)+(H)	95.58	75.93
J. Net current financial debt (D)+(E)+(I)	24.15	15.59
K. Non-current portion of non-current bank debt	63.53	85.02
L. Non-current financial assets (*)	(4.60)	(3.46)
M. Other non-current financial payables	3.53	7.05
N. Non-current financial debt (K)+(L)+(M)	62.46	88.61
O. Net financial debt (J)+(N)	86.61	104.20

(*) At 31 December 2007 non-current financial assets were represented by investments in securities and financial payables and differs from the corresponding item on the balance sheet by 14.51 million euros due to the exclusion of investments in other companies.

For information on the breakdown of the items comprising net debt, refer to Notes 5, 12 and 16 of the consolidated financial statements.

At 31 December 2006, the 17.59 million euro decrease in debt was mainly attributable to the generation of cash flow by the Group's ordinary operations, while extraordinary transactions, namely the payment of the second and third instalments for the acquisition of Precision Gears, Ltd, the acquisition of Zanchetta S.r.l., the acquisition of stakes in Pierrel and Infracom Consulting and the sale of Ima Telstar and Info Area, resulted in a net balance of zero. The change in the scope of consolidation with regard to the disposal Info Area and the Telstar Group led to an increase in debt of 1.8 million euros since these companies, at the end of 2006, had liquidity in that amount.

The above improvement was achieved despite outlays of:

- 3.16 million euros to acquire treasury shares;
- higher dividends (+8.33 million euros) paid in 2007 compared with 2006;
- higher borrowing (1.8 million euros) resulting from the disposal of Info Area and the Telstar Group.

GROUP EQUITY

Group equity at 31 December 2006 totalled 109.30 million euros, an increase of 11.26 million euros over 2006, as a result of the following movements:

Dividends paid during the year	(22.14)
Acquisition and disposal of treasury shares	(3.16)
Valuation of financial instruments recognised in equity	(0.81)
Exchange rate differences on the translation of foreign currency financial statements	(2.09)
Net profit	39.46
Total	11.26

**RECONCILIATION OF
SHAREHOLDERS' EQUITY
AND PROFIT FOR THE PERIOD
OF THE PARENT COMPANY
WITH THE CORRESPONDING
CONSOLIDATED FIGURES**

The following table reconciles the shareholders' equity and the profit for the period of the Parent Company in its financial statements with the corresponding Group figures at 31 December 2007 (millions of euros):

	Shareholders' equity	Group profit
Results from the financial statements of I.M.A. Industria Macchine Automatiche S.p.A.	97.13	35.50
<i>Consolidation adjustments:</i>		
a) Elimination of the book value of the consolidated equity investments and measurement of investments using the equity method	17.77	10.01
b) Elimination of dividends distributed by Group companies	–	(6.87)
c) Elimination of intercompany items:		
• Intangible assets	(0.12)	0.08
• Inventories	(4.63)	0.62
• Margins and fees for contract work	2.37	0.94
d) Writedowns/impairment	(3.96)	–
e) Tax effect of consolidation adjustments and other tax effects	0.74	(0.82)
Net effect of consolidation adjustments	12.17	3.96
Amounts for the Group	109.30	39.46

**ANALYSIS OF
PERFORMANCE
BY SECTOR**

The following table analyzes the consolidated performance by business sector in 2007:

millions of euros	Tea	Packaging	Processing	Other	Not allocated(*)	Total
Revenues	77.07	246.99	128.85	1.54	–	454.45
Operating profit before writedowns/ impairment/non-recurring items (EBITA)	25.71	29.81	9.81	(0.18)	–	65.15
Operating profit (EBIT)	26.50	32.71	10.61	(0.18)	–	69.64
Net capital employed (*)	12.79	95.29	85.17	14.25	(10.53)	196.97
R&D costs	5.29	11.34	5.55	–	–	22.18
Average personnel (**)	190	1,470	585	–	384	2,629
Order book	61.73	119.12	62.04	–	–	242.89

(*) *Unallocated assets and liabilities mainly relate to income tax receivables and payables and to net deferred tax liabilities which cannot be precisely broken down based on the categories provided.*

(**) *The personnel allocated to the various sectors are those directly employed by those sectors, while the figure reported in the "not allocated" column reflects those employed by the sales departments of branches and the Group's administrative and central offices.*

Net capital employed includes 52.90 million euros in goodwill, of which 22.20 million euros related to the packaging sector and 30.70 million euros to the processing sector.

**TEA, COFFEE AND HERBAL
TEA PACKAGING**

millions of euros	2007	2006	Change %
Revenues	77.07	73.91	4.3
Operating profit before writedowns/impairment non-recurring items (EBITA)	25.71	24.08	6.8
Operating profit (EBIT)	26.50	24.08	10.0
Net capital employed	12.79	19.81	(35.4)
R&D costs	5.29	4.59	15.3
Average personnel	190	200	
Order book	61.73	34.72	77.8

The tea, coffee and herbal tea packaging sector essentially comprises the activities carried out directly by the parent company IMA S.p.A. through its Tea Division.

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

Demand for tea packaging machinery remained strong in 2007, with excellent performance in the UK, German and Russian markets due to initiatives undertaken by large multinational groups and to sales to companies with strong local connections, especially in Europe and Asia.

At the same time, the Group continued its close collaboration with a number of leading multinational groups to develop customized solutions justified by marketing requirements. This has permitted the IMA Group to gain new market share, thereby further strengthening its leadership position.

Revenues in 2007 reached 77.07 million euros, an increase of 4.3% over 2006. The excellent level of operating profit was maintained, reaching 26.50 million euros in 2007, as a result of increased volumes and containment of overheads.

Net capital employed amounted to 12.79 million euros, up sharply over 2006 due to greater advances from customers in related to the increased order book at the end of the year.

In fact, the order book amounted to 61.73 million euros in 2007 (39.76 million euros in 2006), the largest ever achieved in the sector and ensures high visibility into 2008.

PHARMACEUTICALS PACKAGING

millions of euros	2007	2006	Change %
Revenues	246.99	239.70	3.0
Operating profit before writedowns/impairment non-recurring items (EBITA)	29.81	24.31	22.6
Operating profit (EBIT)	32.71	23.55	38.9
Net capital employed (*)	95.29	99.72	(4.4)
R&D costs	11.34	10.82	4.8
Average personnel	1,470	1,556	
Order book	119.12	115.28	3.3

(*) Net capital employed includes goodwill of 22.20 million euros.

The sector of packaging machines for the pharmaceutical industry includes the activities directly conducted by the parent company IMA S.p.A. through the Blister Division, the Win.Pack Division, the Cartoning Division and the End-of-Line Division, and by the company IMA Libra S.r.l. at its factories at Ozzano (Bologna), Bentivoglio (Bologna) and Calenzano (Florence).

It also includes the activities of CO.MA.D.I.S. S.p.A., a wholly-owned subsidiary based in Senago (Milan), the Indian subsidiary Precision Gears Ltd. with operations in Bombay and Indore (India), Swiftpack Automation Ltd. with registered office and plant in Alcester (UK), Packaging Systems Holdings Inc., which holds 100% of Nova Packaging Systems Inc., with registered offices in Leominster (Massachusetts). On 5 December 2007, the Group sold its stake in the Telstar Group, thus the IMA-Telstar joint venture and its holdings in the Chinese company Telstar Huadong Co. Ltd. and the US company IMA-Telstar North America Inc. no longer form part of this sector, unlike last year.

IMA's network of branches covering 16 countries sells these products and provides after-sale service. The rest of the world is covered by an established network of agents, which also works for the processing machines sector. The pharmaceutical industry forms the principal market, although there is a growing demand from the cosmetics industry. The Group's product range in the packaging sector is extremely wide, placing it in a worldwide leadership position. The range of products covers a family of machines for the production of blisters, with speeds ranging from 60 blisters/minute up to 1,200 blisters/minute; capsule and tablet bottle packaging lines; a wide range of filling equipment for liquids/powders/creams both in sterile and non-sterile environments; lyophilizers, tube-filling machines, cartoners, end-of-line products (wrapping machines, shrinkwrappers, case-packing and palletizing systems) and labelling machines.

Consolidated revenues for the sector rose by 7.29 million euros, from 239.70 million euros in 2006 to 246.99 million euros in 2007. In 2006, revenues attributable to the Telstar Group totalled 10 million euros. Therefore on a comparable scope of consolidation basis, revenues grew by about 17 million euros. There was a noticeable improvement in this sector over the previous period, especially for those product families that suffered the most in the past, such as Filling & Sterile and Cartoning, which both segments registered higher revenues and margins. The reorganization carried out together with efforts to improve efficiency are paying the expected dividends. This trend also appears confirmed for this year. Good results were also achieved by the Blister Division, a segment in which global supply has gradually consolidated over the years and in which IMA has achieved co-leadership status.

EBITA for the sector increased from 24.31 million euros in 2006 to 29.81 million euros in 2007. Higher sales volumes, the impact of product cost initiatives, containment of overheads and the growth of the Nova Group as a result of its merger with the IMA Group contributed to this significant improvement in the margin. Initiatives currently under way suggest that the results achieved can be further improved in the future.

Net capital employed amounted to 95.29 million euros (99.72 million euros in 2006). The difference is attributable to a reduction in net working capital in all business sectors.

PHARMACEUTICAL PROCESSING

millions of euros	2007	2006	Change %
Revenues	128.85	107.43	19.9
Operating profit before write-downs/impairment non-recurring items (EBITA)	9.81	5.60	75.2
Operating profit (EBIT)	10.61	5.60	89.5
Net capital employed (*)	85.17	87.30	(2.4)
R&D costs	5.55	4.20	32.1
Average personnel	585	543	
Order book	62.04	42.04	47.6

(*) Net capital employed includes goodwill of 30.70 million euros.

The pharmaceutical processing sector includes the activities performed directly by the parent company IMA S.p.A. through its Solid Dose Division at Ozzano, as well as the activities of the subsidiaries IMA Kilian & Co. KG, located in Cologne (Germany), the subsidiaries Zibo IMA Xinhua Pharmatech Co. Ltd. (China), VIMA S.r.l. in Lucca, and Zanchetta S.r.l., which was acquired on 12 April 2007.

The Group's network of branches in the 16 countries covered sells these products and provides after-sales service. The rest of the world is covered by an established network of agents. 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 powder mixing, handling, processing and storage. The breadth and depth of the Group's range in this sector make it the only real provider of complete solutions that, from the processing of the powders to the production of medicines in capsule or tablet form, with the related processing control.

In 2007, the performance of the sector further improved, with revenues rising to 128.85 million euros, compared with 107.43 million euros in 2006. Operating profit, in particular, rose to 10.61 million euros from 5.60 million euros in 2006. This increase is the result of higher volumes and the process for optimizing production cost planning. Corrective measures will continue in 2008 to bring the processing sector up to the same level of profitability as the other pharmaceutical divisions. The order book at 31 December 2007 came to 62.04 million euros, a sharp increase over 31 December 2006 (42.04 million euros).

**HUMAN RESOURCES,
TRAINING AND
INDUSTRIAL RELATIONS**

For our customers, the IMA Group is not merely a supplier of products, albeit on incorporating highly sophisticated technology, but rather a solver of complex problems through specially-designed solutions that are tailor-made to meet their individual requirements. This means that all our business process, from preparing our products, to sales, from production/design to after-sales support, including contractual and administrative matters, need to be conducted with an extremely low level of redundancy. Accordingly, the proper functioning of these processes depends on the initiative and proactive approach of the individuals who work within them and on their ability to work with others as a team. Although it is true for every company that the quality of its human resources represents a critical factor in its success, this is even more true for the IMA Group, where our employees are our principal asset, incorporating all our knowledge and skill. This

expertise cannot easily be documented and quantified, precisely because it is not replicable.

In line with this vision, IMA dedicates considerable attention to the proper management of the Group's 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 2007, the average number of Group employees came to 2,629, compared with 2,691 in 2006. The geographical breakdown of the workforce is as follows:

	2007	2006	Change
Italy	1,589	1,604	(15)
India	395	398	(3)
Germany	193	195	(2)
USA	141	146	(5)
China	156	158	(2)
UK	66	67	(1)
Spain	16	56	(40)
Eastern Europe	40	36	4
France	24	24	-
Thailand	7	5	2
Portugal	2	2	-
Total	2,629	2,691	(62)

Zanchetta S.r.l., a company consolidated in the second quarter of 2007, brought 35 employees. The number of employees of the Telstar Group and Info Area S.r.l., both sold in 2007, totalled 114 in 2006.

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

With reference to the Group's organizational structure, around 20% of employees work in the commercial area, including pre-sales and after-sales, 17% in our R&D laboratories, 20% in central functions (Administration, IT, Procurement, Quality, Human Resources, etc.) and 43% in manufacturing/logistics: This distribution of the workforce is a good reflection of IMA's business model, which is designed to retain only 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 70% of our employees are occupied in office and managerial activities.

PERSONNEL COSTS

Payroll amounted to 128.55 million euros, compared with 132.61 million euros in 2006, accounting for 28.3% of revenues compared with 31.2% in 2006. Personnel costs benefited from a non-recurring reduction in the amount of 4.50 million euros linked to changes in the regulations governing severance pay provisions.

Zanchetta S.r.l.'s contribution in 2007 amounted to 1.90 million euros. Personnel costs attributable to the Telstar Group and Info Area S.r.l. in 2007 were classified under the item "net profit from discontinued operations" while, in 2006, they accounted for 3.70 million euros of consolidated personnel costs. Thus, based on an identical scope of consolidation and excluding non-recurring income from the severance pay change, personnel costs would have been 134.85 million euros, an

increase of 1.7%. Specifically, personnel costs for Italian employees, excluding non-recurring elements, rose by about 5.2% in 2007 over the previous year. This increase in unit labour costs is due to the consolidation of a portion of the performance bonus, as defined in the company's collective bargaining agreement, and to increases under the national collective bargaining agreement for metalworkers and to bonus policies adopted by the company.

HUMAN RESOURCE POLICY

In 2007, the IMA Group continued to focus on the individual. This is confirmed by:

- the continual improvement of the selection process for the 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.

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 we use to create favourable conditions for the expression of individual talent, founded on our business culture with its system of strongly shared values. In this respect, we provide a psychological counselling service, backed up by the introduction of the position of Employee Representative, confirming how important our employees are to us. We have taken action to promote conditions of well-being in the workplace, especially with regard 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

More than 80% of employees took part during the year in training geared towards improving the expertise of the Group's technical, administrative and commercial personnel. Specialized training, the updating of professional skills and managerial development continued to be the main issues.

INDUSTRIAL RELATIONS

On the industrial relations front, we pursued our ongoing and constructive relationship with the trade unions. Thanks to this consolidated relationship, this year also was largely free from disputes notwithstanding a general framework of demanding industrial relations, marked by the renewal for the Italian companies, in May 2007, of the company collective bargaining agreement and, in the second half of the year, by the meeting for the renewal of the national collective bargaining agreement.

**HEALTH, SAFETY
AND THE ENVIRONMENT**

For the IMA Group, safety and protecting the working environment is conducted in full compliance with current legislation, not least through specific training designed to create a “culture of safety”. In 2007, the Company continued the training and information initiative begun in recent years, completing a total of 400 training hours. As in the past, particular importance continued to be attached to training and information for newly recruited staff or for those who changed duties with a consequent change in the risk levels to which they are exposed. During 2007, efforts also focused on revising the plants’ emergency plans following the installation of electronic warning and evacuation systems. As a result, a new training program for internal personnel charged with overseeing emergency situations was implemented, along with practice drills and the distribution of special information to all employees. Finally, great attention continued to be placed on the examination of the safety conditions that the Company’s technicians may encounter when working offsite at the factories of the customers of IMA, through the preparation of a special “IMA Offsite Job Manual”, containing instructions on conduct to be followed while working offsite in certain risky conditions in order to prevent accidents. In view of this need and the activities carried out in the previous years, in the 2003-2007 four-year period, IMA conducted about 3,500 hours of training and information activities involving all the Company’s workers.

The results achieved by the end of 2007, in terms of workplace accidents, as summarised by the corresponding statistics calculated in accordance with the UNI 7249 standard, represent the best results ever achieved by IMA, confirming the extremely positive trend begun in the 2004-2006 period.

**RELATED PARTIES
TRANSACTIONS**

The IMA Group conducts business with related parties, mainly persons responsible for administration and management at IMA S.p.A., or entities controlled by such persons. These transactions are approved by the Board of Directors, which explains the reasons for the operations and their benefits to the Group. The transactions involve commercial activities or real estate (leased premises), are carried out on an arm’s length basis in the ordinary course of business, and also include participation in the consolidated tax mechanism.

Transactions with related parties are described more completely under Note 33 to the consolidated financial statements.

IMA S.P.A. PERFORMANCE

While commenting on the Group's performance, we also touched on the main events concerning the Parent Company, whose revenues, including transactions with Group companies, represent 64% of the consolidated revenues.

INCOME STATEMENT

The income statement reclassified by use as shown below was prepared in accordance with the same criteria used to prepare the Group's income statement. For a breakdown of items—cost of sales, research and development costs, sales costs, general and administrative costs and gross operating margin—refer to the relevant section of the Report on Operations for the consolidated financial statements.

The following principal items in the reclassified income statement are equivalent to the corresponding items in the table for the net income contained in the section entitled "Financial statements": revenues, operating profit, financial income and expense, result before taxes, taxes and profit/loss for the period.

Below is the breakdown of the Parent Company's reclassified income statement for 2007 compared with that for 2006:

millions of euros	2007		2006		Change %
	Amount	%	Amount	%	
Revenues	288.72		318.94		<i>(9.5)</i>
Cost of sales	(166.27)	57.6	(181.53)	56.9	
Gross industrial income	122.45	<i>42.4</i>	137.41	<i>43.1</i>	<i>(10.9)</i>
R&D costs	(15.96)		(16.55)		
Sales costs	(37.94)		(43.53)		
General and administrative costs	(26.74)		(33.83)		
Operating profit before non-recurring items (E.B.I.T.A.)	41.81	<i>14.5</i>	43.50	<i>13.6</i>	<i>(3.9)</i>
Non-recurring items	3.64		–		
Operating profit (E.B.I.T.)	45.45	<i>15.7</i>	43.50	<i>13.6</i>	<i>4.5</i>
Net financial income (expense)	1.36		0.20		
Results before taxes	46.81	<i>16.2</i>	43.70	<i>13.7</i>	<i>7.1</i>
Income taxes	(17.13)		(19.44)		
Net profit from continuing operations	29.68	<i>10.3</i>	24.26	<i>7.6</i>	<i>22.3</i>
Net profit from discontinued operations/ disposal group	5.82		–		
Profit for the period	35.50	<i>12.3</i>	24.26	<i>7.6</i>	<i>46.3</i>
Gross operating profit (E.B.I.T.D.A.)	52.67	<i>18.2</i>	51.65	<i>16.2</i>	<i>2.0</i>
Order book	176.78		155.01		<i>14.0</i>

REVENUES BY SECTOR

millions of euros	2007		2006		Change %
	Amount	%	Amount	%	
Tea, coffee and herbal tea packaging	75.85	26.3	72.12	22.6	5.2
Pharmaceutical packaging	136.97	47.4	185.04	58.0	(26.0)
Pharmaceutical processing	75.90	26.3	61.78	19.4	22.9
Total	288.72	<i>100.0</i>	318.94	<i>100.0</i>	<i>(9.5)</i>

The 9.5% (30.22 million euros) decrease in revenues is attributable to the change in scope due to the transfer of operations in the Aseptic Processing & Filling sector (machines for packaging liquids and powders in aseptic and non-aseptic environments) to IMA Libra S.r.l. on 2 January 2007. In 2006, revenues from these operations amounted to 63.3 million euros. Excluding the effect of this

transfer, revenues rose by 12.9% thanks to increased demand since the start of the year.

As to revenues by sector, the following should be noted:

- revenues in the tea, herbal tea and coffee packaging division grew by 5.2%, thanks to the continued robust demand from Eastern Europe;
- the pharmaceutical packaging sector reported higher revenues than in the previous year (net of the impact of the transfer) of 12.5% thanks to increases across all divisions;
- the pharmaceutical processing sector reported higher revenues of 22.8% due to the increase in the intermediation of machines from Group companies (mainly VIMA S.r.l.) and to higher production for the company itself.

REVENUES BY GEOGRAPHICAL AREA

millions of euros	2007		2006		change %
	Amount	%	Amount	%	
European Union (excluding Italy)	136.58	47.3	146.76	46.0	(6.9)
Other European countries	32.71	11.3	18.81	5.9	73.9
North America	46.05	16.0	69.31	21.7	(33.6)
Asia and the Middle East	37.56	13.0	38.96	12.2	(3.6)
Other countries	8.41	2.9	15.46	4.9	(45.6)
Total foreign markets	261.31	90.5	289.30	90.7	(9.7)
Italy	27.41	9.5	29.64	9.3	(7.5)
Total	288.72	100.0	318.94	100.0	(9.5)

More than 90% of revenues came from outside Italy, the same figure as in 2006. About 65% of revenues came from machinery and plant, while 35% came from after-sales activities (assistance, spare parts, kits, etc.).

The lower sales volume resulting from the change in scope due to the aforementioned transfer, is obviously reflected in the geographical distribution of sales, except for in other European countries thanks to the strong growth in Russia and other Eastern European countries. Please refer to the analysis of Group IMA revenues by geographical area for an analysis net of the effect of the transfer.

GROSS INDUSTRIAL INCOME

Gross industrial income fell 0.7 percentage points from the previous year as a percentage of revenues.

This slight decline is the result of a less favourable mix between the various products sold during the period, which was offset by the efficiency gains recorded in the pharmaceutical processing and packaging sectors. These measures and others in the course of being implemented, along with what is projected to be more favourable mix, lead us to believe that higher gross industrial income is achievable in the near future.

R&D COSTS

R&D costs during the period came to 15.96 million euros (16.55 million euros in 2006). This item only includes the costs of developing new products and upgrading existing products. It does not include costs for special-ordered development for specific customers nor does it include the costs of customizing standard products, which are included in the cost of sale and are invoiced directly to the customers.

The extent of this commitment firmly demonstrates our strong focus on marketing ourselves as a solutions provider and not merely a vendor of products, an approach which has always distinguished our Company and that, over the years, has resulted in strong market leadership position.

SALES COSTS

Sales costs, including commissions paid to agents and intermediaries, totalled 37.94 million euros, compared with 43.53 million euros in 2006. This decrease was primarily due to the change in the scope due to the aforementioned transfer. Management is nevertheless working to improve the efficiency of the commercial structure despite the increase in unit labour costs.

GENERAL AND ADMINISTRATIVE COSTS

General and administrative costs fell from 33.83 million euros in 2006 to 26.74 million euros in 2007. This was due primarily to the transfer of operations described above and to a careful cost policy that more than offset the ordinary increase in labour costs.

OPERATING PROFIT

The growth in operating profit is attributable to the significant improvement in industrial margins along with a positive operating leverage effect with a containment of fixed costs over the previous period. Operating profit also benefited from a non-recurring reduction in labour costs linked to the change in the regulations governing severance pay in the amount of 3.64 million euros, offset by the negative impact of the transfer of the Aseptic Processing & Filling sector to IMA Libra S.r.l.: the operating profit for the sector transferred, which is part of pharmaceutical packaging, came to 5.3 million euros in 2006.

The aforementioned improvements were the results of cost containment measures and increased productive efficiency. There is still room for improvement in the Company's earnings performance, as there are internal areas and processes whose efficiency can and must be significantly improved.

NET FINANCIAL (EXPENSE) AND INCOME

Net financial income, about which further detail is provided in the notes to the financial statements, came to 1.36 million euros (0.20 million euros in 2006). The most significant items include the following:

- dividends received from subsidiaries came to 6.16 million euros in 2007 compared with 4.63 million euros in the previous year;
- interest on the debt, including interest on discounting, increased by 0.55 million euros (from 5.54 million euros in 2006 to 6.09 million euros in 2007) mainly due to higher interest rates on the exposure in euros;
- the balance between exchange rate gains and losses was positive, substantially in line with the previous year (0.08 million euros in 2007 compared with 0.48 million euros in 2006).

NET PROFIT

The profit for the period came to 35.50 million euros (24.26 million euros in 2006), net of income taxes of 17.13 million euros (19.44 million euros in 2006). The lower impact of taxation on the pre-tax result compared with the previous year is mainly due to impact of the change in tax rates on deferred taxation following the entry in force of the 2008 Finance Act and to the impact of the sale of Info Area.

BALANCE SHEET AND FINANCIAL POSITION

The following table provides an overview of the balance sheet and financial position of the Company at 31 December 2007:

millions of euros	31.12.2007		31.12.2006		Change %
	Amount	%	Amount	%	
Trade receivables	66.52	39.9	81.68	46.6	(18.6)
Inventories	83.23	49.9	85.88	49.0	(3.1)
Trade payables	(112.37)	(67.4)	(94.72)	(54.0)	18.6
Other, net (*)	(22.04)	(13.2)	(24.64)	(14.1)	(10.6)
Working capital	15.34	9.2	48.20	27.5	(68.2)
Property, plant and equipment	58.33	35.0	59.56	34.0	(2.1)
Intangible assets	20.38	12.2	20.85	11.9	(2.3)
Investments	90.71	54.4	79.67	45.4	13.9
Non-current assets	169.42	101.6	160.08	91.3	5.8
Provision for severance indemnities and other provisions (**)	(18.02)	(10.8)	(32.90)	(18.8)	(45.2)
Net capital employed	166.74	100.0	175.38	100.0	(4.9)

FINANCED BY:

Net debt	69.61	41.7	87.42	49.8	(20.4)
Shareholders' equity	97.13	58.3	87.96	50.2	10.4
Total sources of financing	166.74	100.0	175.38	100.0	(4.9)

(*) This item mainly includes employee payables and provisions for risks and charges.

(**) This item mainly includes the staff severance pay, net deferred tax liabilities and payables in respect of acquisitions.

WORKING CAPITAL

Net working capital at 31 December 2006 came to 15.34 million euros, a sharp decrease from 2006 (48.20 million euros). This change is a result of the transfer of the aforementioned sector for 17.25 million euros and the effectiveness of efforts that have been in progress for some time. Comments are the changes in the main items are given below:

- trade receivables fell by 15.16 million euros from 81.68 million euros at 31 December 2006 to 66.52 million euros in 2007. The transfer produced a reduction of 21.67 million euros;
- inventories decreased by 2.65 million euros (from 85.88 million euros in 2006 to 83.23 million euros in 2007). The transfer caused a contraction of 13.57 million euros. If a like-for-like scope of consolidation is considered, there was a healthy increase in the order book in all three sectors. This result reflects the effectiveness of improvements implemented over the years to optimise the level of inventories, which represent one of the main items of working capital;

- trade payables, including advances from customers, increased by 17.65 million euros despite the reduction of 19.19 million euros due to the transfer. The sharp increase is attributable to the excellent level of advances received from customers due to the order book outstanding at the end of 2007.

NON-CURRENT ASSETS

Non-current assets increased by 9.34 million euros compared with 31 December 2006. This reflects:

- an increase in equity investments of 11.04 million euros, mainly due to the acquisition of the stake in Pierrel S.p.A. for 7.31 million euros and the stake in Infracom Consulting for 2.53 million euros;
- a decrease in property, plant and equipment and intangible assets, net of depreciation and amortization, of 1.70 million euros compared with 31 December 2006, as the net effect of the following movements:

millions of euros	Non-current assets		
	Property, plant and equipment	Intangible	Total
Transfers	(0.47)	(1.65)	(2.12)
Additions during the year	4.57	3.42	7.99
Net book value of disposals	(0.35)	–	(0.35)
Amortisation/depreciation for the year	(4.98)	(2.24)	(7.22)
Total	(1.23)	(0.47)	(1.70)

Details of the changes in individual items are described in the notes to the financial statements. Amortisation and depreciation for the period came to 7.22 million euro, substantially in line with new investments. We expect a similar level of investment for the current year.

NET CAPITAL EMPLOYED

Compared with 31 December 2006, capital employed net of operating liabilities decreased by 8.64 million euros to 166.74 million euros.

NET DEBT

Net debt came to 69.61 million euros, down by 17.81 million euros from the 87.42 million euros at 31 December 2006. As a result of the aforementioned transfer of business, debt in the amount of 13.96 million euros was transferred thus the effective reduction was 6.13 million euros. This decrease was achieved despite the purchase of own shares for 3.16 million euros, the acquisition of Precision Gears Ltd., Pierrel S.p.A., Infracom Consulting S.p.A., Sirio S.p.A., I.E.M.A. S.r.l., G.S. S.r.l. and SIL.MAC S.r.l. and the sale of Info Area for a total of 9.64 million euros together with a greater outlay for dividends paid compared with 2006 for 8.33 million euros.

Given the uses, it is a satisfactory result, which rewards the effort made to contain working capital as well as benefiting from lower investments. As we plan to maintain the same level of investment and to continue to take measures to contain working capital in 2008, also considering the expected improvement in results, we can look forward to satisfactory cash generating performance at the end of the year.

SHAREHOLDERS' EQUITY

Shareholders' equity at 31 December 2007 totalled 97.13 million euros, up 9.17 million euros compared with 31 December 2006, as a result of the following movements:

Dividends paid during the year	(22.14)
Acquisition and disposal of treasury shares	(3.16)
Valuation of financial instruments recognised in equity	(1.03)
Net profit for the period	35.50
Total	9.17

ANALYSIS OF PERFORMANCE BY SECTOR

The following table analyses operations during 2007 by business sector:

	Tea	Packaging	Processing	Not Allocated	Total
Revenues	75.85	136.97	75.90	–	288.72
Operating profit before non-recurring items (EBITA)	21.78	15.54	4.49	–	41.81
Operating profit (EBIT)	22.56	17.59	5.30	–	45.45
Net capital employed	10.54	98.30	54.12	3.78	166.74
R&D costs	5.29	8.15	2.52	–	15.96
Average personnel (*)	197	616	214	174	1,201
Order book	60.78	79.21	36.79	–	176.78

() The personnel allocated to the various sectors are those directly employed in those sectors, while the figure reported in the "Not allocated" column reflects those employed in the administrative and central offices.*

Net capital employed includes 10.47 million euros in goodwill related to the processing sector. The amount of net capital employed reported in the "Not allocated" column mainly includes the value of equity investments, as well as net deferred tax liabilities and income tax payables.

TEA, COFFEE AND HERBAL TEA PACKAGING

Demand for tea packaging machinery remained strong in 2007, particularly from large multinational groups in the UK, Germany and Russia. We are also pleased to note that an increasing proportion of revenues are coming from sales to companies with strong local roots, particularly in Europe and Asia.

At the same time the Group continued its close collaboration with a number of large multinationals on the development of tailor-made solutions justified by marketing requirements. This has allowed IMA to gain new market share, thereby further strengthening its leadership position.

PHARMACEUTICAL PACKAGING

There was a noticeable improvement in this sector over the previous period, especially for those product families that suffered the most in the past, such as Filling & Sterile and Cartoning, which both segments registered higher revenues and margins. The reorganization carried out, together with efforts to improve efficiency, are paying the expected dividends. This trend also appears confirmed for this year. Good results were also achieved by the Blister Division, a segment in

which global supply has gradually consolidated over the years and in which IMA has achieved co-leadership status.

PHARMACEUTICAL PROCESSING

In 2007, there was a further increase in revenues and in operating profit, in particular. This increase is due to higher volumes and the process for optimizing production cost planning. Corrective measures will continue in 2008 to bring the processing sector up to the same level of profitability as the other pharmaceutical divisions.

CAPITAL EXPENDITURE

In 2007 the Company made investments in intangible assets of 3.42 million euros (2.76 million euros in 2006) and investments in property, plant and equipment of 4.57 million euros (3.35 million euros in 2006), for a total of 7.99 million euros (6.11 million euros in 2006).

Investments in intangible assets are mainly composed of two items: acquisitions and licensing of patents and software. As regards patents, the total investment of 1.57 million euros was made up of the costs incurred to protect and extend patents in other countries, as well as the acquisition of two patents for the construction of an automated coffee-dosing machine and the process for preparing the mixes and the equipment for carrying out the process. Investments in software, amounting to 1.40 million euros, mainly relate to application, management and technical software.

As to investments in property, plant and equipment, these mainly relate to plant (2.01 million euros) and buildings (1.28 million euros) in respect of incremental costs on a number of buildings and plant owned by the Company, as well as the purchase of machinery needed for production.

HUMAN RESOURCES, TRAINING AND INDUSTRIAL RELATIONS

For our customers, IMA is not merely a supplier of products, albeit on incorporating highly sophisticated technology, but rather a solver of complex problems through specially-designed solutions that are tailor-made to meet their individual requirements. This means that all our business process, from preparing our products, to sales, from production/design to after-sales support, including contractual and administrative matters, need to be conducted with an extremely low level of redundancy. Accordingly, the proper functioning of these processes depends on the initiative and proactive approach of the individuals who work within them and on their ability to work with others as a team. Although it is true for every company that the quality of its human resources represents a critical factor in its success, this is even more true for IMA, where our employees are our principal asset, incorporating all our knowledge and skill. This expertise cannot easily be documented and quantified, precisely because it is not replicable.

In line with this vision, IMA dedicates considerable attention to the proper management of its 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 2007, the average number of IMA employees totalled 1,201, compared with 1,490 in 2006. Of these, 271 units were transferred to IMA Libra S.r.l. on 2 January 2007.

The breakdown of the workforce by job category is as follows:

	31.12.2007	31.12.2006
Management	33	41
Office workers	883	1,113
Production workers	285	336
Total	1,201	1,490

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

With reference to the Group's organizational structure, around 15% of employees work in the commercial area, including pre-sales and after-sales, 22% in our R&D laboratories, 15% in central functions (Administration, IT, Procurement, Quality, Human Resources, etc.) and 48% in manufacturing/logistics: This distribution of the workforce is a good reflection of IMA's business model, which is designed to retain only 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 76% of our employees are occupied in office and managerial activities.

PERSONNEL COSTS

Payroll amounted to 68.71 million euros, compared with 88.07 million euros in 2006 and benefited from a non-recurring reduction in the amount of 3.64 million euros linked to a changes in the regulations governing severance pay, as well and different corporate structure resulting from the transfer of the Aseptic Processing & Filling division to IMA Libra S.r.l.

Personnel costs, net of non-recurring items and the transfer, increased by 5.2% in 2007 compared with the previous period. This increase in unit labour costs is due to the consolidation of a portion of the performance bonus, as defined in the Company's collective bargaining agreement, and to increases under the national collective bargaining agreement for metalworkers and to bonus policies adopted by the Company.

HUMAN RESOURCE POLICY

In 2007, the Human Resources department continued focusing on strategies, policies and approaches, accompanied by close involvement of front-line managers in handling their subordinates. The partnership between front-line managers and Human Resources in identifying the objectives and the methods for implementing shared strategy is a fundamental and indispensable element of our organizational model.

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.

INDUSTRIAL RELATIONS

On the industrial relations front, we pursued our ongoing and constructive relationship with the trade unions. Thanks to this consolidated relationship, this year also was largely free from disputes notwithstanding a general framework of demanding industrial relations, marked by the renewal, in May 2007, of the company collective labour agreement and, in the second half of the year, by the meeting for the renewal of the national collective bargaining agreement.

HEALTH, SAFETY AND THE ENVIRONMENT

For the IMA Group, safety and protecting the working environment is conducted in full compliance with current legislation, not least through specific training designed to create a "culture of safety". In 2007, the Company continued the training and information initiative begun in recent years, completing a total of 400 training hours. As in the past, particular importance continued to be attached to training and information for newly recruited staff or for those who changed duties with a consequent change in the risk levels to which they are exposed. During 2007, efforts also focused on revising the plants' emergency plans following the installation of electronic warning and evacuation systems. As a result, a new training program for internal personnel charged with overseeing emergency situations was implemented, along with practice drills and the distribution of special information to all employees. Finally, great attention continued to be placed on the examination of the safety conditions that the Company's technicians may encounter when working offsite at the factories of the customers of IMA, through the preparation of a special "IMA Offsite Job Manual", containing instructions on conduct to be followed while working offsite in certain risky conditions in order to prevent accidents. In view of this need and the activities carried out in the previous years, in the 2003-2007 four-year period, IMA conducted about 3,500 hours of training and information activities involving all the Company's workers.

The results achieved by the end of 2007, in terms of workplace accidents, as summarised by the corresponding statistics calculated in accordance with the UNI 7249 standard, represent the best results ever achieved by IMA, confirming the extremely positive trend begun in the 2004-2006 period.

In relation to safety measures to be adopted for the treatment of personal data, the Company updated, over the period, the security policy statement in accordance with the applicable regulations in force.

TRANSACTIONS WITH PARENT, SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

There were numerous intercompany transactions, all carried out within the framework of ordinary operations and on an arms' length basis. Intercompany transactions are a part of the Group's organizational structure. They involve commercial activities (companies wholly owned by IMA S.p.A. in a 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 of IMA S.p.A. or their own range, 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, although no transaction can be considered atypical.

For further information, see the explanation in Note 30 to the Company's financial statements.

RELATED PARTIES TRANSACTIONS

In addition to the intercompany transactions described above, the Company enters into transactions with other related parties. The IMA Group enters into transactions with related parties, mainly persons responsible for administration and management at IMA S.p.A., or entities controlled by such persons. These transactions are approved by the Board of Directors, which explains the reasons for them and their benefits to the Group. The transactions involve real estate (leased premises) or commercial activities, and/or supplemental manufacturing. They are carried out at arm's length in the ordinary course of business.

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

COMPANY'S LOCATIONS OF OPERATION

The following are the locations where IMA S.p.A. carries out its business:

Via Tosarelli, 184 Castenaso (Bologna) Registered and administrative office

Via 1° Maggio, 14/16 Ozzano dell'Emilia (Bologna) Plant and offices

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

Via Emilia, 428/442 Ozzano dell'Emilia (Bologna) Plant and offices

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

Via Emilia, 217/219 Ozzano dell'Emilia (Bologna) Plant and offices

Via Romagnoli, 2 Bentivoglio (Bologna) Plant and offices

Via Romagnoli, 13 Bentivoglio (Bologna) Plant and offices

Via Romagnoli, 11-11/2 Bentivoglio (Bologna) Plant and offices

Via Della Grafica, 47 Ozzano dell'Emilia (Bologna) Warehouse

OTHER INFORMATION

SIGNIFICANT EVENTS AFTER YEAR-END

The following significant events occurred after the closure of the financial:

- the merger of Zanchetta S.r.l. into VIMA S.r.l. effective from 1 January 2008 and the simultaneous change in the name of the resulting company to Zanchetta S.r.l.;
- effective from 2 January 2008, the contribution by the Parent Company IMA S.p.A. of operations in the Tea, Coffee and Herbal Tea Packaging sector and the Pharmaceutical Packaging sector to the newly established IMA Flavour S.r.l. and IMA Safe S.r.l., respectively. The equity investments in CO.MA.D.I.S. S.p.A. and Precision Gears Ltd. were also transferred to IMA Safe S.r.l.;
- on 31 January 2008, the purchase from the Linde AG Group of the freeze-drying plants business under the name of the BOC Edwards Pharmaceutical Systems Group, the undisputed leader in the sector, was completed. The total amount paid, net of the net financial position and the adjustment of working capital, is currently being determined in accordance with the provisions of the contract and is expected to be around the 29 million euros paid at the date of signing. The final price for the transaction will be determined on the basis of the balance sheet at 31 January 2008. Starting from 31 January 2008, Packaging Systems Holdings Inc. is the owner of the entire share capital of BOC Edwards Pharmaceutical Systems Inc. while IMA Libra S.r.l. is the owner of 100% of the Dutch company BOC Edwards Pharmaceutical Systems B.V. and 50% of Edwards Tianli (Beijing) Pharmaceutical Systems Co. Ltd. In addition, the sale of the remaining 50% of the Chinese company was sold to IMA Libra S.r.l. for 9 million euros. Authorization from local authorities for the purchase of both stakes in the Chinese company is pending;
- in accordance with the plan described in Note 13 of the consolidated financial statements, 108,250 own shares were purchased in January 2008, as notified to Consob on 4 February 2008. At the date of these financial statements, own shares amounting to 0.902% of the share capital were held.

OUTLOOK FOR THE CURRENT YEAR

As fully discussed in previous sections, 2007 was a very satisfactory year. The improvement in margins was as significant as it was rapid, demonstrating the Group's vitality and the soundness of the actions taken. Profitability continued to improve despite the unfavourable euro/US dollar exchange rate, confirming that it is possible, in time, to transfer at least a part of the exchange rate differences generated by fluctuations in exchange rates to prices. The corrective actions taken to reduce the inefficiencies caused by unexpected technical problems was fully effective, as was the restructuring of certain subsidiaries and divisions of the Parent Company.

The development of more favourable procurement channels allowed production costs to be reduced, and there is still room for further improvement.

Finally, constant attention to overheads slowed their natural rate of increase, allowing good operating leverage to be achieved.

All this was attained without affecting sales penetration capacity, as demonstrated by the size of the order book at the end of 2007 in all business sectors.

The acquisition of the BOC Edwards Pharmaceutical Systems Group on 31 January 2008 will allow IMA to enter this sector, which offers excellent growth prospects, in a position of leadership. This transaction added about 75 million euros to the IMA Group's revenues, which are expected to rise to about 560 million euros, with a gross operating margin of 87 million euros.

To conclude, if there are no substantial variations in the trend of orders or in exchange rate levels, and in the light of the actions in progress, 2008 promises even better results than in 2007. The Group management is highly motivated and committed to achieving these objectives.

DISCLOSURES ON FINANCIAL INSTRUMENTS

In relation to disclosures in statutory financial statements required under Art. 2428, paragraph 2, no. 6 bis of the Italian Civil Code, and to disclosures in consolidated financial statements required under Art. 40 of Legislative Decree 127/1991 as to the objectives and policies concerning financial risk management, the following should be noted:

Financial risk factors

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

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

The objectives and policies of the Company and the Groups concerning financial risk management and exposure to risk are more fully described in the "Financial Risk Management" section of the consolidated and statutory financial statements and in Notes 5, 7, 12 and 15 of the Parent Company's financial statements and in Notes 5, 7, 12 and 16 of the consolidated financial statements.

Financial 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 Restricted Management Committee.

All further details are duly provided in the “General preparation policies” section in the paragraph on hedging instruments and in the Parent Company’s financial statements and the consolidated financial statements under Note 7.

ATYPICAL AND/OR UNUSUAL TRANSACTIONS

No significant atypical and/or unusual transactions are reported for the Parent Company IMA S.p.A. and for the IMA Group.

TREASURY SHARES

At 31 December 2007 treasury shares amounted to 2.74 million euros, represented by 199,485 shares with a par value of 0.10 million euros. The official market value at 28 December 2007 was 2.77 million euros.

It should be noted that, over the period, I.M.A. S.p.A. carried out transactions in equity instruments by acquiring 224,485 treasury shares for 3.16 million euros, as described in Note 13 of the consolidated financial statements and Note 13 of the financial statements of IMA S.p.A.

LEGISLATIVE DECREE 231/2001

In accordance with Legislative Decree 231/2001, as amended, IMA S.p.A. has adopted and approved the Compliance Model and has appointed a Supervisory Body.

CONSOB RECOMMENDATIONS NO. 97001574 OF 20/02 /1997 AND NO. 98015375 OF 27/02/1998

The Company complies with the recommendations of Consob set out in communication no. 97001574 of 20 February 1997 and no. 98015375 of 27 February 1998 since their issuance. Specifically:

- the articles of association have long established under Article 17 that directors to whom powers have been delegated shall report to the Board of Directors in a timely manner and in any event at least on quarterly basis on the activities they have performed in the exercise of their delegated powers and on the most significant transactions carried out by the Company and its subsidiaries, as well as those transactions which constitute a potential conflict of interest. This provision in the articles of association enables the disclosure to the Board of Statutory Auditors of the information required under Art. 150 of Legislative Decree 58 of 24 February 1998 and ensures that the other members of the Board of Directors receive regular reports on the activities carried out in exercise of the delegated powers. The reform of corporate law made it obligatory for delegated bodies to report on general performance and the outlook for operations, as well as on transactions carried out by the Company and its subsidiaries that are significant by virtue of their size or nature to the Board of Directors and the Board of Statutory Auditors with the frequency provided in the articles of association (on a quarterly basis for the Company). Thus, there was no need to introduce any changes to procedures in order to comply with the new requirements;

- on 26 July 2006, the Board of Directors reserved the right of prior approval for transactions with related parties, including intercompany transactions, except for typical or ordinary transactions concluded on standard terms and conditions. In 2006, the Board approved a special procedure designed to ensure the substantive and procedural propriety and transparency of “significant” transactions to be carried out. In this regard, the Board of Directors gives prior approval to significant transactions after being informed of their terms, origin, scope and the assessment procedure followed, as well as the reasoning, the advantages and possible risks for IMA. In addition, depending on the nature, value and other characteristics of the transaction, the Board of Directors must first seek the prior opinion of the Internal Control Committee, availing itself of the assistance of experts if needed to conclude the transaction;
- some members of the Board of Statutory Auditors of IMA also hold positions in its subsidiaries CO.MA.D.I.S. S.p.A. IMA Libra S.r.l. IMA Safe S.r.l. and IMA Flavour S.r.l.. It should be noted that the other subsidiaries are incorporated under foreign laws.

CORPORATE GOVERNANCE AND THE CORPORATE GOVERNANCE CODE

As regards the disclosures on the Company’s corporate governance system and the application of the Corporate Governance Code, please see to the notice made available to the shareholders together with the documentation for the Shareholders’ Meeting to approve the financial statements, carried out pursuant to Section IA.2.6 of the “Instructions accompanying the Rules for the Markets organized and managed by Borsa Italiana S.p.A.”.

On 26 June 2007, the Board of Directors accepted the resignation of Marco Vacchi as Chairman, simultaneously appointing him Honorary Chairman. Mr. Vacchi remains a member of the Board of Directors of the Company.

Also on that date, the Board appointed Alberto Vacchi as Chairman. As Mr. Vacchi also held the position of Managing Director of the Company, he now holds the dual positions of Chairman and Managing Director.

It should be noted that in 2006 the Board of IMA created the position of Lead Independent Director.

This decision was reconfirmed in the current year to better ensure that the Company operates according to best international practices and in accordance with the Corporate Governance Code, which recommends the appointment of a lead independent director in the event the positions of Chairman and Managing Director are held by a single person.

The Lead Independent Director, a position held by Romano Volta, serves as liaison and coordinator for the Independent Directors.

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

Benedetti Gino

- Centrocasa S.r.l. (Director)
- Penta S.r.l. (Director)

Malagoli Andrea

- SO.FI.MA. S.p.A. (Board Member)

Minguzzi Italo Giorgio

- Ducati Corse S.p.A. (Auditor)
- Felsinea Ristorazione S.r.l. (Chairman)
- Ferretti S.p.A. (Board Member)
- Ghisamestieri S.r.l. (Board Member)
- Unitec S.p.A. (Board Member)

Poggi Luca

- Emil Europe '92 S.r.l. in liquidazione (Chairman of the Board of Auditors)
- Finglass S.p.A. (Board Member)
- Fariniundici S.r.l. (Sole Director)
- Opera SGR S.p.A. (Board Member)
- S.E.A. Società Europea Autocaravan S.p.A. (Auditor)
- SEA Industries S.p.A. (Auditor)
- Tesmec S.p.A. (Board Member)
- Vetriere Riunite S.p.A. (Board Member)

Schiavina Maria Carla

- Eredi Schiavina S.r.l. (Chairman)
- Immobiliare Schiavina S.r.l. (Vice Chairman)
- Schiavina S.r.l. (Chairman)
- SO.FI.MA. S.p.A. (Board Member)

Vacchi Marco

- Banca di Bologna Credito Cooperativo SCRL (Chairman)
- B Group S.p.A. (Vice Chairman)
- Fondazione Cassa di Risparmio in Bologna (Shareholder)
- Lopam Fin S.p.A. (Chairman)
- SO.FI.MA. S.p.A. (Chairman)

Vacchi Alberto

- ALVA S.r.l. (Sole Director)
- B Group S.p.A. (Board Member)
- SO.FI.MA. S.p.A. (Board Member)

Vacchi Gianluca

- Boato Finanziaria S.r.l. (Chairman)
- Cofiva Holding S.p.A. (Sole Director)
- Cofiva S.A. (Director)

- Finglass S.p.A. (Chairman)
- Finvetro S.p.A. (Chairman)
- First Investment S.p.A. (Sole Director)
- G.V. Finanziaria S.r.l. (Board Member)
- Pierrel S.p.A. (Board Member)
- S.E.A. Società Europea Autocaravan S.p.A. (Board Member)
- SEA Industries S.p.A. (Board Member)
- SO.FI.MA. S.p.A. (Board Member)
- Tesmec S.p.A. (Board Member)
- Vetrerie Riunite S.p.A. (Chairman)

Volta Romano

- Datalogic S.p.A. (Chairman)
- Datasensor S.p.A. (Chairman)
- Fondazione Cassa di Risparmio in Bologna (Shareholder and Vice Chairman of the Steering Committee)
- San Paolo IMI Fondi Chiusi SGR S.p.A. (Board Member)
- Summa Finances S.p.A. (Chairman)

Folco Giancarlo

- Folco Finanziaria Immobiliare S.r.l. (Chairman and Chief Executive Officer)
- Gaia S.r.l. (Chairman)
- Gierre S.r.l. (Chairman)
- Luca S.r.l. (Chairman)

In accordance with Art. 89 *bis* of the Issuers Regulation, the Report on Corporate Governance has been made available to the public on the website www.ima.it.

**CONSOB RESOLUTION
NO. 11971 OF 14 MAY 1999**

In accordance with the requirements expressly laid out under Art. 79 of the Issuers' Regulation, the following table sets out the equity investments held by directors, statutory auditors, general managers, executives with strategic responsibilities and their spouses and minor children in IMA and its subsidiaries:

First and last name	Company	Number of shares held at the end of the previous period	No. of shares purchased	No. of shares sold	Number of shares held at the end of the current period
Aicardi Piero	IMA S.p.A.	6,000	–	–	6,000
Benedetti Gino	IMA S.p.A.	71,500	10,000	5,311	76,189
Feroli Massimo	IMA S.p.A.	13,000	12,000	–	25,000
Folco Giancarlo	IMA S.p.A.	–	1,401,145	751,145	650,000
Grassilli Marco	IMA S.p.A.	5,000	6,000	–	11,000
Marzo Sergio	IMA S.p.A.	400	–	400	–
Poggi Luca	IMA S.p.A.	200,000	–	–	200,000
Vacchi Gianluca	IMA S.p.A.	62,365	1,338,000	–	1,400,365
Volta Romano	IMA S.p.A.	42,000	–	–	42,000

**INFORMATION REQUIRED
BY ART. 123 BIS OF THE
CONSOLIDATED LAW
ON FINANCIAL
INTERMEDIATION**

The following information on the ownership structure is provided pursuant to Art. 123 bis of the Consolidated Law on Financial Intermediation:

Capital structure

The Extraordinary Shareholders' Meeting on 19 June 2007 reduced share capital from 18,772,000 euros to 17,732,000 euros by cancelling 2,000,000 ordinary shares.

The share capital of the Company therefore amounts to 17,732,000 euros divided into 34,100,000 ordinary shares with a par value of 0.52 euros each.

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

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

Restrictions of the transfer of securities

At the date of this Report, there are no restrictions on the transfer of Company stock.

Significant shareholdings

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

Declarant	Direct shareholder	Percent share of ordinary capital	Percent share of voting capital
Lopam Fin S.p.A.	SO.FI.MA. S.p.A.	71.517%	71.517%
Gianluca Vacchi	G.V. Finanziaria S.r.l.	4.107%	4.107%

Securities that entitle holders to special rights

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

Shares held by employees: exercise of voting rights

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

Restrictions on voting rights

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

Shareholders' agreements

As of the date of this Report, the Company is not aware of any agreement among significant shareholders pursuant to Art. 122 of the Consolidated Law on Financial Intermediation.

Appointing and replacing directors and amending the articles of association

Article 15 of the articles of association adopted by the shareholders' meeting on 19 June 2007 provides for a voting list system to protect the rights of minority

shareholders (the articles of association can be viewed on the Company's website: <http://www.ima.it>).

The lists, accompanied by the professional curriculums of each nominated person and signed by the presenting shareholders, must be filed at the registered offices at least 15 (fifteen) days prior to the Shareholders' Meeting in first calling, together with documentation demonstrating the right to present such list. 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, as defined by law, and that they satisfy the requirements specified by applicable law or regulations.

Lists may be presented by shareholders or groups of shareholders who hold at least 2.5% (two and a half percent) of the share capital or any other threshold established by law or regulation.

Once the votes are cast, the candidates on the two lists that received the largest number of votes are elected, provided that these exceed half of the percentage of capital needed to present lists, determined at the time of voting, on the following basis:

(a) the number of directors drawn from the list that receives the largest number of votes is equal to the total number of Board members, as previously established by the Shareholders' Meeting, less one. The candidates are elected in the numerical order in which they appear on the list up to the limit of eligible candidates;

(b) one director, the first candidate on the list, is drawn from the list obtaining the second-largest number of votes that is not in any way related, directly or indirectly, to the shareholders who presented or voted for the majority list.

Authorization to increase the share capital and purchase own shares

The Board of Directors has not been authorized to increase share capital pursuant to Art. 2443 of the Italian Civil Code nor to issue any equity instruments.

On 27 April 2007, the Shareholders' Meeting authorized the purchase of own shares in accordance with Art. 2357 of the Italian Civil Code.

The Shareholders' Meeting thus authorized the Board of Directors to purchase the Company's own shares up to the maximum amount permitted by law, i.e. up to 10% of share capital taking into account shares already owned and within the limits of the available reserves and distributable profits as reported in the most recent approved financial statements, as well as authorizing the Board to sell or dispose of own shares.

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

Finally, as of 31 December 2007, IMA held 199,485 own shares equal to 0.585% of the share capital.

Change of control clause

As of the date of this Report, neither IMA or its subsidiaries were party to any material agreement that would become effective, would be changed or would terminate in the case of change of control of the contracting party, with the sole exception of the financing agreement signed by the Company on 30 January 2008.

This contract requires the Company to make payment in full in the event Lopam Fin S.p.A. is no longer IMA's parent company.

Directors' indemnification in the case of resignation, dismissal or termination of employment as the result of a takeover bid

As of the date of this Report, there was no agreement between the Company and its directors providing for an indemnity in the resignation or dismissal/removal with just cause or in the event the employment relationship is terminated following a takeover bid.

The above information is also available on the Company's internet site (www.ima.it) in the Corporate Governance section.

**INFORMATION REQUIRED
BY ART. 37, PARAGRAPH 2 OF
THE ISSUERS' REGULATION**

Management and coordination activity

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

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. Specifically, the independence and adequacy of the number of these directors is determined with reference to the general criteria laid out by Borsa Italiana S.p.A., taking account of best practices governed by the codes of conduct prepared by Borsa Italiana S.p.A. and trade associations.

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

CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DICEMBRE 2007

(THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS HAVE BEEN TRANSLATED FROM THOSE ISSUED IN ITALY, FROM THE ITALIAN INTO THE ENGLISH LANGUAGE SOLELY FOR THE CONVENIENCE OF INTERNATIONAL READERS)

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2007 AND AT 31 DECEMBER 2006 (THOUSANDS OF EUROS)

ASSET	Note	31 December 2007	31 December 2006
NON-CURRENT ASSETS			
<i>Property, plant and equipment</i>	2	67,890	72,726
<i>Intangible assets</i>	3	66,307	69,871
<i>Investments accounted for using the equity method</i>	4	3,732	1,660
<i>Investments in subsidiaries carried at cost</i>		20	100
<i>Financial assets</i>	5	14,508	3,461
<i>Receivables from others</i>	6	536	580
<i>Derivative financial instruments</i>	7	180	165
<i>Deferred tax assets</i>	8	13,180	14,767
TOTAL NON-CURRENT ASSETS		166,353	163,330
CURRENT ASSETS			
<i>Inventories</i>	9	135,758	122,197
<i>Trade and other receivables</i>	10	121,156	110,440
<i>Income tax receivables</i>	11	1,112	453
<i>Financial assets</i>	5	424	167
<i>Derivative financial instruments</i>	7	597	697
<i>Cash and cash equivalents</i>	12	71,014	60,175
TOTAL CURRENT ASSETS		330,061	294,129
TOTAL ASSETS		496,414	457,459
EQUITY AND LIABILITIES			
EQUITY			
<i>Share capital</i>	13	17,732	18,772
<i>Share premium reserve</i>		16,382	16,382
<i>Treasury shares</i>	13	(2,744)	(18,885)
<i>Translation reserve</i>		(2,767)	(675)
<i>Fair value reserve</i>	14	8	815
<i>Other reserves</i>	15	14,602	30,987
<i>Retained earnings</i>		26,627	25,808
<i>Net profit (loss) for the period</i>		39,461	24,838
Total capital and reserves pertaining to the Group		109,301	98,042
<i>Reserves pertaining to minority interests</i>		835	966
<i>Profit pertaining to minority interests</i>		226	22
Total minority interests		1,061	988
EQUITY PERTAINING TO THE GROUP AND MINORITY INTERESTS		110,362	99,030
NON-CURRENT LIABILITIES			
<i>Borrowings</i>	16	67,061	92,071
<i>Severance and pension obligations</i>	17	18,000	25,526
<i>Provisions for risks and charges</i>	18	1,472	1,200
<i>Deferred tax liabilities</i>	8	15,797	17,381
TOTAL NON-CURRENT LIABILITIES		102,330	136,178
CURRENT LIABILITIES			
<i>Borrowings</i>	16	95,584	75,931
<i>Trade and other payables</i>	19	172,788	136,785
<i>Income tax liabilities</i>	11	9,099	4,013
<i>Provisions for risks and charges</i>	18	6,244	5,511
<i>Derivative financial instruments</i>	7	7	11
TOTAL CURRENT LIABILITIES		283,722	222,251
TOTAL LIABILITIES		386,052	358,429
TOTAL EQUITY AND LIABILITIES		496,414	457,459

THE EFFECTS OF TRANSACTIONS WITH RELATED PARTIES ON CONSOLIDATED BALANCE SHEET ITEMS ARE DESCRIBED IN NOTE 33 "TRANSACTIONS WITH RELATED PARTIES".

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR 2007 COMPARED WITH 2006 (THOUSANDS OF EUROS)

INCOME STATEMENT	Note	2007	2006
REVENUES	1	454,453	425,196
<i>Other revenues</i>	20	6,702	6,852
OPERATING COSTS			
<i>Change in work in progress, semifinished and finished goods</i>		12,199	(237)
<i>Change in inventory of raw, ancillary and consumable materials and goods for resale</i>		4,338	(120)
<i>Cost of raw, ancillary and consumable materials and goods for resale</i>		(169,463)	(139,311)
<i>Services, rentals and leases</i>	21	(94,914)	(89,590)
<i>Personnel costs</i>	22	(128,552)	(132,610)
<i>Depreciation and amortisation expense</i>	23	(11,046)	(12,964)
<i>Provisions for risks and charges</i>		(914)	(801)
<i>Other operating costs</i>	24	(3,159)	(2,967)
TOTAL OPERATING COSTS		(391,511)	(378,600)
OPERATING PROFIT	1	69,644	53,448
<i>- of which: effect of non-recurring items</i>	21	4,497	-
FINANCIAL INCOME AND EXPENSE			
<i>Financial income</i>	25	5,784	6,354
<i>Financial expense</i>	26	(13,492)	(13,312)
TOTAL FINANCIAL INCOME AND EXPENSE		(7,708)	(6,958)
PROFIT (LOSS) FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		(41)	39
PROFIT (LOSS) BEFORE TAX		61,895	46,529
INCOME TAXES FOR THE PERIOD	27	(24,048)	(21,669)
NET PROFIT DERIVING FROM CONTINUING OPERATIONS		37,847	24,860
NET PROFIT FROM DISCONTINUED OPERATIONS/DISPOSAL GROUPS	29	1,840	-
PROFIT (LOSS) FOR THE PERIOD		39,687	24,860
ATTRIBUTABLE TO:			
PARENT COMPANY SHAREHOLDERS		39,461	24,838
MINORITY INTERESTS		226	22
		39,687	24,860
EARNINGS PER SHARE (in euros)	28	1.15	0.72
<i>- of which from continuing operations</i>		1.10	0.72
<i>- of which from discontinued operations/disposal groups</i>		0.05	-

THE EFFECTS OF TRANSACTION WITH RELATED PARTIES ON CONSOLIDATED INCOME STATEMENT ITEMS ARE DESCRIBED IN NOTE 33 "TRANSACTIONS WITH RELATED PARTIES".

CHANGES IN CONSOLIDATED EQUITY

FOR THE PERIODS ENDED 31 DECEMBER 2007 AND 31 DECEMBER 2006 (THOUSANDS OF EUROS)

Description	Share capital	Share premium reserve	Treasury shares	Translation reserve	Fair value reserve	Other reserves	Retained earnings	Net profit of Group	Total Group equity	Minority interests	Total equity
Balance at 1 Jan. 2006	18,772	16,382	(14,698)	1,366	(939)	30,525	27,614	12,460	91,482	3,579	95,061
Allocation of result for 2005:											
- dividends	-	-	-	-	-	-	-	(13,804)	(13,804)	(465)	(14,269)
- reserves	-	-	-	-	-	462	(1,806)	1,344	-	-	-
Acquisition 49% of Precision Gears	-	-	-	-	-	-	-	-	-	(2,046)	(2,046)
Purchase and sale of treasury shares	-	-	(4,187)	-	-	-	-	-	(4,187)	-	(4,187)
Fair value of financial instruments	-	-	-	-	1,754	-	-	-	1,754	-	1,754
Exchange rate differences on translation of financial statements in foreign currency	-	-	-	(2,041)	-	-	-	-	(2,041)	(102)	(2,143)
Net profit for the period	-	-	-	-	-	-	-	24,838	24,838	22	24,860
Balance at 31 Dec. 2006	18,772	16,382	(18,885)	(675)	815	30,987	25,808	24,838	98,042	988	99,030
Allocation of result for 2006:											
- dividends	-	-	-	-	-	-	-	(22,139)	(22,139)	-	(22,139)
- reserves	-	-	-	-	-	2,380	319	(2,699)	-	-	-
Changes in minority interests	-	-	-	-	-	-	-	-	-	(173)	(173)
Cancellation of treasury shares	(1,040)	-	19,846	-	-	(16,439)	(2,367)	-	-	-	-
Sale of Info Area S.r.l.	-	-	-	-	-	(2,326)	2,326	-	-	-	-
Purchase and sale of treasury shares	-	-	(3,705)	-	-	-	541	-	(3,164)	-	(3,164)
Fair value of financial instruments	-	-	-	-	(807)	-	-	-	(807)	-	(807)
Exchange rate differences on translation of financial statements in foreign currency	-	-	-	(2,092)	-	-	-	-	(2,092)	20	(2,072)
Net profit for the period	-	-	-	-	-	-	-	39,461	39,461	226	39,687
Balance at 31 Dec. 2007	17,732	16,382	(2,744)	(2,767)	8	14,602	26,627	39,461	109,301	1,061	110,362

CONSOLIDATED STATEMENT OF CASH FLOWS

AT 31 DECEMBER 2007 AND 31 DECEMBER 2006 (THOUSANDS OF EURO)

	31 dicembre 2007	31 dicembre 2006
OPERATING ACTIVITIES		
<i>Net profit (loss) for the period</i>	39,461	24,838
<i>Adjustments for:</i>		
- <i>Depreciation and amortisation</i>	10,216	11,263
- <i>(Reversals) or impairment of assets</i>	-	757
- <i>Capital (gains) losses on disposal of non-current assets</i>	(570)	53
- <i>Changes in provisions for risks and charges and staff severance obligations</i>	(3,291)	1,429
- <i>Non-recurring items</i>	(4,497)	-
- <i>Unrealised losses (gains) on exchange rate differences</i>	32	96
- <i>Other non-monetary changes</i>	(115)	60
- <i>Income taxes</i>	24,017	21,669
- <i>Capital gains on the disposal of discontinued activities</i>	(3,222)	-
- <i>Economic effects of the disposal of discontinued activities gross of taxes</i>	1,413	-
- <i>Minority interests</i>	226	22
- <i>Result from investments accounted for using the equity method</i>	41	(39)
Operating profit (loss) before changes in working capital	63,711	60,148
<i>(Increase) decrease in trade and other receivables</i>	(8,145)	(890)
<i>(Increase) decrease in inventories</i>	(11,950)	(91)
<i>Increase (decrease) in trade and other payables</i>	33,681	(18,228)
<i>Income taxes paid</i>	(19,857)	(17,581)
CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES (A)	57,440	23,358
INVESTING ACTIVITIES		
<i>Investments in property, plant and equipment</i>	(6,462)	(5,151)
<i>Investments in intangible assets</i>	(4,615)	(3,246)
<i>Exchange rate differences on property, plant and equipment and intangible assets</i>	1,000	899
<i>Acquisitions of companies</i>	(1,155)	(6,310)
<i>Purchase of equity investments</i>	(13,358)	(508)
<i>Repayment of finance lease debts</i>	(1,015)	(976)
<i>Net proceeds from sale of business</i>	10,801	-
<i>Proceeds from sale of non-current assets</i>	971	412
<i>Net change in financial assets and other non-current receivables</i>	(1,438)	4,739
<i>Change in reserves attributable to minority interests</i>	(153)	(712)
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES (B)	(15,424)	(10,853)
FINANCING ACTIVITIES		
<i>Granting of borrowings</i>	13,077	49,253
<i>Repayment of borrowings</i>	(22,553)	(41,022)
<i>Increase (decrease) in other payables to banks</i>	12,526	7,071
<i>Dividends paid</i>	(22,139)	(13,804)
<i>Purchase of treasury shares</i>	(3,164)	(4,187)
<i>Translation of financial statements in foreign currency</i>	(2,092)	(1,968)
<i>Payment of interest</i>	(7,739)	(6,561)
<i>Receipt of interest</i>	907	1,084
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES (C)	(31,177)	(10,134)
NET CHANGE IN CASH AND CASH EQUIVALENTS (D=A+B+C)	10,839	2,371
CASH AND CASH EQUIVALENTS AT START OF PERIOD (E)	60,175	57,804
CASH AND CASH EQUIVALENTS AT END OF PERIOD (F=D+E)	71,014	60,175

FOR THE COMPOSITION OF "CASH AND CASH EQUIVALENTS", REFER TO NOTE 12.

**NOTES TO THE
CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2007**

(THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS HAVE BEEN TRANSLATED FROM THOSE ISSUED IN ITALY, FROM THE ITALIAN INTO THE ENGLISH LANGUAGE SOLELY FOR THE CONVENIENCE OF INTERNATIONAL READERS)

I . M . A .

INDUSTRIA MACCHINE AUTOMATICHE S.P.A.
AND ITS SUBSIDIARIES

A) OVERVIEW

The IMA Group designs, manufactures and sells machinery and plant mainly to the pharmaceuticals, cosmetics and tea-packaging industries.

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

At 31 December 2007 SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A, owned by Lopam Fin S.p.A., held 71.517% of IMA S.p.A.

IMA S.p.A.'s relations with the manufacturing companies in the Group are mainly of a commercial nature, and consist of the buying and selling of the machinery needed to build complete production lines. With those Group companies that carry out commercial activities in specific geographical areas, IMA S.p.A. acts as an intermediary for the sale, distribution and delivery of after-sales assistance for products made by IMA manufacturing divisions.

The same commercial intermediation arrangements exist with other IMA S.p.A. subsidiaries that carry out industrial activities.

These financial statements for the year ended 31 December 2007 were prepared by the Board of Directors on 27 March 2008 to be approved by the Shareholders' Meeting of 29 April 2008.

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).

During 2005, the IMA Group adopted the International Accounting Standards, while the Parent Company IMA S.p.A. applied international accounting standards in the preparation of its annual accounts, using the options under Legislative Decree 38 of 28 February 2005, starting 1 January 2006.

Financial statements

The consolidated income statement reflects an analysis of costs by nature, as this classification was considered to be more significant in order to achieve a full understanding of the Group's earnings.

The balance sheet has been classified on the basis of the operating cycle, distinguishing between current and non-current items. With this distinction, assets and liabilities are considered current if it is assumed they will be realized or settled in the Group's normal operating cycle.

Finally, the cash flow statement has been prepared using the indirect method for the determination of cash flows from operating activities. With this method, the profit for the period is adjusted by the effects of the non-monetary transactions and by any deferment or appropriation of preceding or future operating receipts

or payments, and by revenue or cost elements connected with cash flows from investment or financing activities.

The figures contained in the consolidated financial statements as of 31 December 2007 are expressed in thousands of euros, except where otherwise indicated.

C) ACCOUNTING POLICIES AND PRINCIPLES

PROPERTY, PLANT AND EQUIPMENT

The most significant accounting policies are as follows:

Property, plant and equipment are carried at purchase or construction cost including directly related charges. Some property, plant and equipment under Land and Buildings has been measured at fair value as of the date of transition to IFRS and this value has been used as deemed cost.

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

- Buildings 30 - 40 years
- Plant and machinery 5 - 10 years
- Industrial and commercial equipment 4 years
- Other assets 3 - 9 years

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

Land is not depreciated because it has an indefinite useful life.

The cost of ordinary maintenance is recognized in full in the income statement. Incremental maintenance costs are attributed to the assets to which they refer and depreciated over their residual useful life.

Financial charges directly attributable to the purchase, construction or production of property, plant and equipment are recognized in the income statement as they are incurred.

The carrying amount of the assets is checked periodically for impairment losses in the manner described in the section on impairment of assets.

LEASES

Finance leases are accounted for in accordance with IAS 17, which envisages 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. A corresponding financial liability is recognized, consisting of the amount payable to the lessor, which is equal to the value of the leased asset;
- lease instalments are accounted for to reflect interest from principal separately, and are deemed as the repayment of the payable to the lessor.

Contracts in which the lessor retains substantially all the risks and rewards 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 where it is likely that their use will generate economic benefits in the future and where their cost

can be reliably determined. These assets are recognized at their purchase or production cost.

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

- Industrial patents and intellectual property rights 3 - 10 years
- Software, licenses and similar rights 5 years
- Trademarks 10 years
- Development costs 5 – 10 years

Assets with indefinite useful life 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 the projected future utility.

Goodwill is the positive difference between the cost of a business combination and the Group share to the net fair value of the assets, liabilities and potential liabilities identified individually and recognized as separate items. 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 test annually, or more frequently if events or changed circumstances indicate a probable impairment of value. After the first valuation, Goodwill is recognized at acquisition price net of accumulated impairments.

IMPAIRMENT OF ASSETS

A tangible or intangible asset is impaired if its carrying amount 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 cannot be carried at a value greater than their recoverable value, which is the higher of their net selling price and their value in use.

The value in use equals the present value of estimated future cash flows expected to be generated from the continuing use of an asset or from a CGU. The present value of future cash flows is estimated using a pre-tax discount rate that reflects the current estimated market value referred to the 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 the recoverable value, the asset or CGU is written down to the recoverable value. The impairment is recognized in the income statement.

Impairment tests are carried out when factors internal or external to the company suggest that the value of an asset may have been impaired. In the case of goodwill

or other intangible assets with an indefinite useful life, the impairment test must be carried out at least once a year.

If the conditions that led to an impairment cease to be fulfilled, the reversal of the value of the asset should not exceed the depreciated historical cost would have been if the impairment had not occurred. These reversals are recognized in the income statement.

International accounting standards prohibit the reversal of impairments to goodwill.

FINANCIAL ASSETS

In accordance with IAS 39, financial assets are divided into four categories: financial assets at fair value through profit or loss, investments held to maturity, loans and receivables, and financial assets available for sale.

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

At 31 December 2007, 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 cover exposure to exchange rate risk and interest rate risk. Pursuant to the procedure approved by the Executive Committee, the Group does not hold any speculative financial instruments.

Financial instruments are therefore treated 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 for the duration of the designated periods.

The Group therefore uses the cash flow hedge method for those cases in which it is formally documented that the exposure to variability in cash flows is attributable to a risk associated with a recognized asset or liability or a highly probable forecast transaction (the underlying) that could affect profit or loss.

Hedging instruments are measured at their fair value at the reporting date as estimated by independent third parties.

The fair value of derivatives on exchange rates is calculated with reference to their intrinsic and time value. The intrinsic component is recognized in the fair value hedge reserve in equity, while the time component is taken directly to the income statement under financial expense/income. When the hedged underlying becomes manifest, the hedge reserve is derecognized and attributed to the carrying amount of the underlying itself.

The fair value of interest rate derivatives is determined by the market value at the designated date. The fair value is recognized in the relevant hedge reserve in

equity and reversed to income as soon as the underlying financial expense/income manifests itself.

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

INVENTORIES

Inventories are measured at the lower of cost and 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 with respect to their design, technology and function or final use.

Contract costs are recognized in the year they are incurred.

Contract revenue are recognized on a state-of-completion basis at the reporting date if the outcome of a 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 and likely to be recovered.

An expected loss on a construction contract should be recognized as an expense as soon as such loss is probable.

Contract revenue and costs are recognized in proportion to the stage of completion of the contract activity using the percentage-of-completion method, applying the "cost-to-cost" method, which sets costs incurred up to the reporting date and total estimated costs required to complete the contract.

Construction contracts are presented on the balance sheet as follows:

- the amount due from customers is shown as an asset in Trade receivables if the costs incurred plus recognized margins (less recognized losses) exceed advances received;
- the amount due to customers is shown as a liability in Advances if the advances received exceed the costs incurred plus recognized margins (less recognized losses).

TRADE RECEIVABLES AND OTHER RECEIVABLES

Receivables falling due within a period considered to be normal commercial practice or which earn interest at market rates are not discounted. Instead, they are stated at original face value, net of any provision for bad debts, which are deducted directly from the value of the receivables to bring them in line with the estimated realizable value. Receivables falling due beyond the period considered normal commercial practice and not earning explicit interest are recognized at amortized cost using the effective interest rate method, net of the related impairment losses. Receivables assigned *pro-soluto* (without recourse) are derecognized from the balance sheet as all risks and rewards connected with these receivables are substantially transferred to the assignee.

CASH AND CASH EQUIVALENTS

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

TREASURY SHARES

In accordance with IAS 32, the cost of the repurchase of treasury shares is deducted from 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 the 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 present legal or constructive obligations deriving from past events, the amount of which can be reasonably estimated at the end of the period.

If a liability is considered potential only, no provision for risks is recognized, although adequate information is provided in the notes to the financial statements.

EMPLOYEE BENEFITS

Employee benefits mainly include the staff severance pay of the Group 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. Up 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 performed 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. The actuarial gains and losses arising from changes in the actuarial assumptions used are recognised in profit and loss.

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 is to 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, for severance pay accrued before 2007, the Group uses the actuarial value without including future pay increases. The difference between this figure and past calculation is treated as a curtailment and is recognised in profit and loss in accordance with Section 109 of IAS 19. The portion accrued after 31 December 2006 is treated as a defined-benefit plan.

BORROWINGS

IAS 39 distinguishes between financial liabilities valued 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 2007 the IMA Group does not have financial liabilities at fair value with changes recognised in the income statement.

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 income taxes are also recognized in equity.

Current taxes are taxes which are expected to pay based on the taxable income for the year using the tax rate applying at the reporting date.

Deferred tax liabilities are calculated by applying the so-called 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 on the tax rate which is expected to apply when the assets is realized or the liability 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.

Starting from 2007, IMA S.p.A. VIMA Impianti S.r.l. IMA Libra S.r.l. and CO.MA.DIS. S.p.A. will participate in the consolidated tax mechanism. The consolidating companies is SO.FI.MA. S.p.A., the parent company of IMA S.p.A.

REVENUE RECOGNITION

Revenues are recognized to the extent that the economic benefits 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 is the construction contract, which, as explained above, is calculated 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 reported in the balance sheet. The results from discontinued operations are reported separately in the income statement, net of 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 euros, the Parent Company's functional and presentation currency.

Transactions and balances

As required by IAS 21, the amounts originally expressed 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 is determined.

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

Group companies

The translation into euros of the financial statements of foreign companies brought 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 average exchange rates in the period are recognized as a separate component of equity called the Translation reserve.

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

Below are the exchange rates indicated by the European Central Bank and used to translate the foreign companies' financial statements into euros:

Currency	2007		2006	
	Final exchange rate	Average exchange rate for the period	Final exchange rate	Average exchange rate for the period
US dollar	0.67930	0.72967	0.75930	0.79643
Pound sterling	1.36361	1.46127	1.48920	1.46686
Indian rupee	0.01724	0.01768	0.01715	0.01757
Thai Baht	0.02283	0.02262	0.02138	0.02101
Chinese Yuan	0.09300	0.09599	0.09728	0.09990

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.

The application of these estimates and assumptions affects the amounts reported in the financial statements, more precisely in the balance sheet, the income statement and the cash flow statement, and the disclosure made.

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.

Below is a list of the items for which assessment calls for greater subjectivity than for other items in preparing estimates. A change in the conditions underlying the assumptions used may have a significant impact on the Group consolidated financial statements:

- Goodwill;
- Write-down of non-current assets;
- Contract work in progress;
- Development costs;
- Deferred tax assets;
- Provisions for bad debts;
- Employee benefits;
- Provisions for risks and charges.

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

SEGMENT INFORMATION

A business segment is a distinguishable component of the Group that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and rewards that are different from those of other business segments.

A geographical segment is a distinguishable segment that is engaged in providing products or services within a particular economic environment and that is subject to risks and rewards that are different from those of segments operating in other economic environments.

The Group's primary reporting is divided by business segment, as follows:

- Machines for the packaging of tea and herbal teas in filter bags and coffee in pods, and related services;
- 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, cartoning and end-of-line equipment, and related services;
- Machines for the production of tablets and capsules, machines for coating and fluid bed granulators, and related services.

The Group's secondary reporting is divided by geographical segment.

IMPLEMENTATION OF ACCOUNTING STANDARDS

ACCOUNTING STANDARDS APPLIED

The accounting standards as previously commented and applied to these financial statements substantially comply with those adopted in the preparation of the financial statements as of December 2006.

The most significant effects on the disclosures in these financial statements arise from the amendment to IAS 1—Presentation of financial statements covering information about the strategies and objectives adopted for managing capital, and IFRS 7—Financial instruments: disclosures. The following interpretations relate to situations not existing within the IMA Group:

- IFRIC 7—Applying the restatement approach under IAS 29 – Financial reporting in hyperinflationary economies;
- IFRIC 8—Scope of IFRS 2;
- IFRIC 9—Reassessment of embedded derivatives.

ACCOUNTING STANDARDS ENDORSED THAT ARE NOT YET APPLIED

The process of drawing up and endorsing international accounting standards involves the IASB (International Accounting Standards Board) and the IFRIC (International Financial Reporting Interpretations Committee) in continual revisions of certain documents. Some of these revisions do not apply to the IMA Group.

The principal document already endorsed by the EU is IFRS 8 – Operating segments, which replaces IAS 14 – Segment reporting, from 1 January 2009. The disclosures required by the new standard is based on the information that management uses to make operating decisions. The IMA Group does not expect the adoption of IFRS 8 to have a significant impact.

ACCOUNTING STANDARDS NOT YET ENDORSED

The Group also considered the effects of other Standards and Interpretations approved but not yet endorsed by the EU, such as IAS 1 and 23 and the new IFRIC 12, 13 and 14. The Group does not believe that they will have a material impact on its financial and economic position.

D) FINANCIAL RISK MANAGEMENT

RISK FACTORS

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

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

Financing activities are primarily directed towards Group companies and thus are not considered risky.

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

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

The Group's maximum theoretical credit risk exposure at 31 December 2007 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

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, within the composition of its net debt, tends to finance investments with medium/long-term loans while meeting current commitments with the cash flow generated by operations and by using short-term lines of credit.

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

	Within 1 year	From 1 to 5 years	Over 5 years	Total
31.12.2007				
Borrowings	95,584	65,506	1,555	162,645
Commitments	6,820	18,636	11,314	36,770
Trade payables	98,076	2	–	98,078
Total	200,480	84,144	12,869	297,493
31.12.2006				
Borrowings	75,931	88,441	3,630	168,002
Commitments	4,424	22,382	3,246	30,052
Trade payables	77,595	3	–	77,598
Total	157,950	110,826	6,876	275,652

For further information on the composition of the items above, refer to Notes 16, 19 and 32.

At 31 December 2007 the Group had about 117 million euros available in unused lines of credit (113 million euros at 31 December 2006) and cash and cash equivalents and current securities of 71 million euros (60 million euros at 31 December 2006).

As to the balancing of working capital, especially the coverage of payables to suppliers, net trade receivables came to 103 million euros at 31 December 2007 (101 million euros at 31 December 2006).

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

	Carrying value	of which subject to ERR	Exchange rate risk (ERR)			
			+ 6% €/€		- 6% €/€	
			Profits (losses)	Other changes in FVR	Profits (losses)	Other changes in FVR
Financial assets:						
Cash and cash equivalents	71,014	2,195	(124)	-	140	-
Trade and other receivables	121,156	22,815	(1,291)	-	1,456	-
Available for sale	14,932	535	(30)	-	34	-
Derivatives	777	597	-	594	-	(670)
Tax effect			-	-	-	-
			(1,445)	594	1,630	(670)
Financial liabilities:						
Borrowings	162,645	15,869 (*)	878	20	(990)	(23)
Trade and other payables	172,788	8,972	508	-	(573)	-
Derivatives	7	7	-	194	-	(219)
Tax effect			-	-	-	-
			1,386	214	(1,563)	(242)
Total increases (decreases) for 2007			(59)	808	67	(912)
Total increases (decreases) for 2006			(105)	1,387	91	(1,564)

(*) Includes 149 thousand euros in loans treated as hedging instruments.

For further information on the composition, refer to Notes 5, 7, 10, 12, 16 and 19.

Changes in exchange rates that occur between the date of invoicing and the date of receipt of funds are managed separately, without recourse to hedge accounting, by offsetting analogous debtor flows.

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

For an analysis of the effects of these risks, see following table (thousands of euros):

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

At 31 December 2007, the amounts of 597 thousand euros in assets (derivatives) and 7 thousand euros in liabilities (derivatives) represent the fair value of forward contracts to hedge exchange rate risk in the notional amount of 20.5 million dollars (32.1 million dollars at 31 December 2006) maturing within 12 months.

The following table breaks down trade and other receivables and payables by currency (thousands of euros):

	Net trade receivables	Advances, taxes and other rec.	Trade payables	Advances received	Tax, employee & other payables
Euro	84,042	13,394	92,273	35,730	22,424
US dollar	16,040	1,214	2,240	7,586	1,260
Indian rupee	1,023	826	1,450	160	471
Pound sterling	1,342	323	1,121	1,052	309
Thai baht	-	933	359	-	160
Chinese Yuan	638	254	259	139	203
Other	-	-	376	-	-
Total	103,085	16,944	98,078	44,667	24,827

Financial assets available for sale are denominated entirely in euros.

Interest rate risk

In order to conduct its business, the Group raises financing from the market, borrowing primarily at floating interest rates, and is thus exposed to risks relating to rising interest rates. The objective of interest rate risk management is to contain and stabilize outflows in respect of interest payments primarily on medium-term debt so as to achieve a strict correlation between the underlying and the hedging instrument. Hedging, which is decided on a case-by-case basis, is conducted using derivatives, typically interest rate caps, which at a certain level of rates transform the floating rate to a fixed rate.

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

	Carrying value	of which subject to IRR	Interest rate risk (IRR)			
			+ 50 bp on € IRR		- 50 bp on € IRR	
			Profits (losses)	Other changes in FVR	Profits (losses)	Other changes in FVR
Financial assets:						
Cash and cash equivalents	71,014	22.126 (*)	111	–	(111)	–
Trade and other receivables	121,156	–	–	–	–	–
Available for sale	14,932	1,735	3	–	(3)	–
Derivatives	777	767	–	42	–	(55)
Tax effect			(38)	–	38	–
			76	42	(76)	(55)
Financial liabilities:						
Borrowings	162,645	153.752 (*)	(769)	–	769	–
Trade and other payables	172,788	–	–	–	–	–
Derivatives	7	7	–	–	–	–
Tax effect			254	–	(254)	–
			(515)	–	515	–
Total increases (decreases) for 2007			(439)	42	439	(55)
Total increases (decreases) for 2006			(452)	198	452	(105)

(*) Annual average.

For further information on the composition of the items, refer to Notes 5, 7, 12 and 16.

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

At 31 December 2007 the amount of 180 thousand euros included under assets (derivatives) represents the fair value of two options entered into to hedge interest rate risk on a nominal value of 8,658 thousand euros in loans (10,896 thousand euros at 31 December 2006), maturing in June and October 2011.

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

Price risk

The Group is exposed to price risk related to 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.

A 6% increase (decrease) in stock prices and an increase (decrease) of about 1% in the prices of bond funds would translate into a 467 thousand euros (23 thousand euros at 31 December 2006) increase (decrease), respectively, in the fair value reserve.

CAPITAL RISK MANAGEMENT

The Group management 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 on the basis of the gearing ratio, which is the ratio between its net debt (see Note 16) and its equity.

	2007	2006
Net debt (A)	86,611	104,199
Shareholders' equity (B)	110,362	99,030
Total capital (A)+(B)=(C)	196,973	203,229
Gearing ratio (A)/(C)	44%	51%

FAIR VALUE

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

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

E) CONSOLIDATION PRINCIPLES

Subsidiaries

Subsidiaries are companies for which the Parent Company has the direct or indirect power to govern their operations in order to obtain benefits from them. A company is controlled when the Group holds the majority of voting rights. In defining control, potential voting rights that can be exercised or converted are also taken into consideration. The financial statements of subsidiaries are consolidated on a line-by-line basis from the date on which control is acquired to the date such control ceases.

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

- the purchase cost is the fair value of the assets sold, taking into account equity instruments issued and liabilities assumed, plus any costs directly related to the purchase;
- the excess of purchase cost over the fair value of net assets attributable to the Group is accounted for as goodwill;
- should the purchase cost be lower than the fair value of the subsidiary's net assets attributable to the Group, such difference is directly recognized in the income statement.

Payables and receivables and costs and revenues 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, unrealised gains with third parties deriving from transactions between Group companies have been eliminated, including those from the valuation of inventories at the reporting date. Minority interests in equity and net profit are shown as separate items in the consolidated balance sheet and income statement, respectively.

Associated companies

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

Such influence is presumed to exist when the Group holds an interest ranging from 20% to 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 the significant influence emerged to the date it ceases.

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 in the purchase cost with respect to the Group's proportional share of the net value of the assets of the investee is included in the value of the equity investment.

Joint ventures

IAS 31 defines a joint venture as a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. The standard requires the proportionate consolidation of joint ventures.

Under proportionate consolidation the venturer's share of each of the assets, liabilities, income and expenses of the jointly controlled entity is included in the financial statements of the joint venture partner. Entities acquired or sold during the period are consolidated for the period in which joint control was exercised.

F) SCOPE OF CONSOLIDATION

The consolidated financial statements at 31 December 2007 include the financial and operating information of IMA - Industria Macchine Automatiche S.p.A. (Parent Company) and of all the companies over which it exercises direct or indirect control. The financial statements of Info Area S.r.l. IMA-Telstar S.L., Telstar Huadong Co. Ltd. and IMA Telstar North America Inc., all of which were sold during 2007, have been consolidated up to the date of sale.

The following changes in Group structure occurred in 2007:

- the merger of Zibo IMA Xinhua Machinery Co. Ltd. with Zibo IMA Xinhua Pharmatech Co. Ltd. was completed on 28 February 2007. In addition, the share capital of Zibo IMA Xinhua Pharmatech Co. Ltd. was increased by a total of 1 million dollars in May 2007. This increase was not taken up on a proportionate basis and IMA S.p.A. now holds an 80% interest in the company (previously 82%);
- on 12 April, VIMA Impianti S.r.l. signed a contract to buy 100% of Zanchetta S.r.l., a company based in the province of Lucca that produces machines for the movement and granulation of pharmaceutical powders. The total investment was around 1,155 thousand euros. Zanchetta S.r.l. reported sales of 10 million euros in 2006, with an EBITDA of about 4% of revenues;
- the sale to Infracom Consulting S.r.l. of the investment held in Info Area S.r.l. was completed in 31 July 2007, involving the purchase at the same time of a minority interest in Infracom Consulting S.r.l. Considering the proceeds of 6,757 thousand euros, this sale by IMA S.p.A. generated a capital gain for the IMA Group of 5,501 thousand euros. The cost of the interest acquired by IMA S.p.A. in Infracom Consulting S.r.l. was 2,535 thousand euros. The objective of

Infracom Consulting, which is held 75% by Infracom S.p.A. with 12.5% stakes each held by IMA S.p.A. and Sacmi S.C. (via a subsidiary), is to create a hub of excellence specialising in the production, development and marketing of products and services for the IT sector;

- the Parent Company acquired 30% of I.E.M.A. S.r.l. for 419 thousand euros on 24 September 2007. This company, located in San Giorgio di Piano (Bologna), designs and produces plant for automated machinery. The purpose of the investment is to enable the Group to take a stake in suppliers that are important for its own manufacturing operations;
- the Parent Company acquired 30% of G.S. Divisione Verniciatura S.r.l. for 712 thousand euros on 12 October 2007. This company, located in Castel San Pietro Terme (Bologna), makes painting equipment and coating machines;
- two new companies, both wholly owned by IMA S.p.A., were set up on 12 November 2007. On 14 November 2007, the Board of Directors of IMA S.p.A. resolved to contribute the activities of the tea, herbal tea and coffee packaging sector to one of these two new companies and the pharmaceutical packaging sector, including the investments in CO.MA.DIS. S.p.A. and Precision Gears Ltd., to the other. As a result, from 2 January 2008, IMA Flavour S.r.l. carries out the activities of the tea sector and IMA Safe S.r.l. those of the pharmaceutical packaging sector;
- on 29 November 2007 the Parent Company acquired 30% SIL.MAC. S.r.l. for 307 thousand euros. It is located in Gaggio Montano (Bologna) and operates in the field of mechanical engineering, specialising in the construction of machines for third parties;
- 5 December 2007 saw the completion of the sale by IMA Libra S.r.l. of its 50% interest in the IMA-Telstar S.L. joint venture to Telstar S.A., already holder of the other 50% for 8,000 thousand euros. This Italo-Spanish joint venture, which produces lyophilization equipment for the pharmaceuticals industry, was established in 2005 in order to allow the IMA Group to enter one the pharmaceutical segments with the highest potential. The IMA Group's interest in this segment remains.

In addition to the changes in Group structure discussed earlier, the following significant transactions took place during the year:

- the contribution by IMA S.p.A., at book value, of the activities in the Aseptic Processing & Filling sector (machines for the packaging of liquids under sterile and non-sterile conditions) to the newly formed IMA Libra S.r.l., together with the interest held in IMA-Telstar S.L., an Italo-Spanish joint venture (lyophilization machinery), took effect on 2 January 2007;
- the second and third (and last) instalments of the additional 34% interest in Precision Gears Ltd., acquired by the Parent Company in December 2006 (it already held 51% of the Indian company), were paid during the first few months of 2007, for a total of 2,806 thousand euros. With regard to the remaining 15% of share capital, the parties agreed reciprocal put and call options on the same terms as those established for the purchase of the 34% interest. They may be exercised in two tranches, with the final one to be exercised by the end of January 2010. The first of these options, for 5% of the share capital, was exercised in January 2008, with payment of 628 thousand euros;

- on 30 July 2007, the Board of Directors of IMA S.p.A. approved the purchase of 875,000 shares representing, at the time, around 8.5% of the share capital of Pierrel S.p.A., a pharmaceutical company that specialises in pharmaceutical research, development and production on a contract basis. The shares were transferred on 10 August 2007 by P Farmaceutici S.r.l., the majority shareholder of Pierrel S.p.A., to IMA S.p.A. at a price of 9.35 euros per share. In addition, P Farmaceutici S.r.l. has granted IMA S.p.A. a call option for an additional 876,000 shares of Pierrel, at a price equal to the simple average of the official share price during the 90 trading days prior to the exercise date, less 20%. This option may be exercised in October 2008 for 438,000 shares, while the residual 438,000 shares, or all 876,000 shares if the October 2008 option is not exercised, can be acquired in May 2009. Whether or not this option will be exercised will depend not on financial matters but, rather, solely on strategic considerations.

The companies included in the scope of consolidation are listed below, with an indication of the consolidation method used:

**COMPANIES CONSOLIDATED
USING THE LINE-BY-LINE METHOD**

	Registered office		Paid-up share capital	Direct investment	Indirect investment
Industrial companies					
• IMA Industria Macchine Automatiche S.p.A.	Ozzano E. (Bologna)	EUR	17,732,000	Parent company	
• IMA Libra S.r.l.	Ozzano E. (Bologna)	EUR	3,000,000	100%	–
• CO.MA.DI.S. S.p.A.	Senago (Milan)	EUR	1,540,000	100%	–
• VIMA Impianti S.r.l.	Porcari (Lucca)	EUR	363,940	100%	–
• Zanchetta S.r.l.	Montecarlo (Lucca)	EUR	100,000	–	100% (1)
• Zibo IMA Xinhua Pharmatech Co. Ltd.	Zibo (PRC)	USD	5,143,248	80%	–
• Tianjin IMA Machinery Co. Ltd.	Tianjin (PRC)	USD	200,000	65%	–
• Swiftpack Automation Ltd.	Alcester (GB)	GBP	1,403,895	100%	–
• Precision Gears Ltd.	Mumbai (India)	RS	(*) 17,852,100	100% (2)	–
• IMA Kilian GmbH & Co. KG	Cologne (Germany)	EUR	3,600,000	–	100% (3)
• Nova Packaging Systems Inc.	Leominster (USA)	USD	8,050,000	–	100% (4)
Commercial companies:					
• IMA UK Ltd.	Alcester (GB)	GBP	50,000	100%	–
• IMA Est Verp. Handels GmbH	Vienna (Austria)	EUR	280,000	100%	–
• IMA Germany GmbH	Cologne (Germany)	EUR	90,000	100%	–
• IMA France E.u.r.l.	Rueil-Malmaison (France)	EUR	45,735	100%	–
• IMA Pacific Co. Ltd.	Bangkok (Thailand)	THB	(*) 40,219,000	99.99%	–
• IMA Packaging and Processing Equipment (Beijing) Co. Ltd.	Beijing (PRC)	USD	1,350,000	100%	–
• Imautomatiche Lda	Madeira (Portugal)	EUR	5,000	100%	–
• IMA Iberica Processing and Packaging S.L.	Barcelona (Spain)	EUR	590,000	100%	–
• IMA North America Inc.	Bristol (USA)	USD	2,500	–	100% (4)
Other companies:					
• IMA Kilian Verwaltungs GmbH	Cologne (Germany)	EUR	25,000	–	100% (3)
Financial companies:					
• Packaging Systems Holdings Inc.	Wilmington (USA)	USD	8,052,500	100%	–

(*) The nominal share capital of Precision Gears Ltd. and IMA Pacific Co. Ltd. amounts to RS 20,000,000 and THB 100,000,000, respectively.

Notes (details of investments):

(1) Owned by VIMA Impianti S.r.l.

(2) The investment percentage includes an option equal to 15% of the share capital, substantially representing a form of delay of payment

(3) Owned by IMA Germany GmbH

(4) Owned by Packaging Systems Holdings Inc.

**INVESTMENTS ACCOUNTED FOR
USING THE EQUITY METHOD**

	Registered office		Paid-up share capital	Direct investment	Indirect investment
• B.C. S.r.l.	Imola (Bologna)	EUR	36,400	30%	–
• G.S. Divisione Verniciatura S.r.l.	C.S.Pietro T. (Bologna)	EUR	11,000	30%	–
• I.E.M.A. S.r.l.	S.G. di Piano (Bologna)	EUR	10,400	30%	–
• LA.CO S.r.l.	Ozzano E. (Bologna)	EUR	30,000	30%	–
• Scriba Nanotecnologie S.r.l.	Bologna	EUR	18,750	20%	–
• SIL.MAC. S.r.l.	Gaggio M. (Bologna)	EUR	90,000	30%	–
• Sirio S.p.A. Associazione in partecipazione (*)	Milan	EUR	200,000		

(*) Agreement signed during the final quarter of 2007 for the management of an aircraft.

The consolidated financial statements at 31 December 2007 include the Group's share of the net profits and losses of companies accounted for using the equity method, from the date on which significant influence begins until the date on which it ceases.

**INVESTMENTS CARRIED
AT COST**

	Registered office		Paid-up share capital	Direct investment	Indirect investment
• IMA Flavour S.r.l.	Ozzano E. (Bologna)	EUR	10,000	100%	–
• IMA Safe S.r.l.	Ozzano E. (Bologna)	EUR	10,000	100%	–

IMA Flavour S.r.l. and IMA Safe S.r.l., formed in November 2007, were valued at costs as they were not operational as of 31 December 2007 and because the relevant amounts were not material.

G) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The changes reported below have been calculated on figures at 31 December 2006 for balance sheet items and on figures for the year 2006 for income statement items.

1. SEGMENT INFORMATION

The Group's primary reporting is divided by business segment, as follows:

Tea, herbal tea and coffee packaging

Machines for the packaging of tea and herbs in filter bags and the packaging of coffee in pods, and related services. Operations in this segment are mainly carried out by the Parent Company in the tea division.

Pharmaceuticals packaging

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, cartoning and end-of-line equipment, and related services.

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

- IMA S.p.A. manufacture machines through the Blister and Win.Pack Divisions and machines for cartoning and end-of-line activities;
- IMA Libra S.r.l. manufactures machines for packaging liquids and powers and aseptic and non-aseptic environments;
- Swiftpack Automation Ltd. and Nova Packaging Systems Inc. manufacture machines for the bottling of capsules and tablets for the pharmaceutical industry;
- CO.MA.DI.S. S.p.A. manufactures tube-filling machines for the pharmaceutical, cosmetics, chemicals and food industries;
- Precision Gears Ltd. manufactures blister and cartoning machines, mainly for emerging markets;
- IMA-Telstar S.L. and Telstar Huadong Co. Ltd. manufacture freeze-drying machines for the pharmaceutical industry. As a result of their sale, the figures for IMA-Telstar S.L., Telstar Huadong Co. Ltd. and IMA Telstar North America Inc. at the date of sale are classified under the item “Net profits from discontinued operations/assets held for sale”.

Pharmaceuticals processing

Machines for the production of tablets and capsules, machines for coating and fluid bed granulators, and related services. Operations in this segment are mainly carried out by these companies:

- IMA S.p.A. Solid dose division;
- VIMA Impianti S.r.l manufactures machinery for powder handling and tablet depowdering;
- Zanchetta S.r.l. manufactures machinery for the movement and granulation of pharmaceutical powders;
- IMA Kilian GmbH & Co. KG manufactures tablet pressing machines for the pharmaceutical and chemicals industries;
- Zibo IMA Xinhua Pharmatech Co. Ltd. assembles machinery for the pharmaceutical industry.

The Group's secondary reporting is divided by geographical segment.

PERFORMANCE BY SECTOR

Information on business sectors for the financial year 2007 is shown below (thousands of euros):

	Tea, coffee, and herbal tea packaging	Pharma- ceuticals packaging	Pharma- ceuticals processing	Other	Total
Revenues	77,066	246,994	128,847	1,546	454,453
Segment operating profit	26,496	32,715	10,615	(182)	69,644
Net financial income (expense)					(7,708)
Profit (loss) from investments accounted for using the equity method	-	-	-	(41)	(41)
Result before tax					61,895
Income taxes for the period					(24,048)
Net profit from continuing operations					37,847
Net profit from discontinued operations	-	(3,343)	-	5,183	1,840
Profit for the period					39,687

Information on business sectors for the financial year 2006 is shown below (thousands of euros):

	Tea, coffee, and herbal tea packaging	Pharma- ceuticals packaging	Pharma- ceuticals processing	Other	Total
Revenues	73,913	239,704	107,425	4,154	425,196
Segment operating profit	24,076	23,551	5,602	219	53,448
Net financial income (expense)					(6,958)
Profit (loss) from investments accounted for using the equity method	-	-	-	39	39
Result before tax					46,529
Income taxes for the period					(21,669)
Net profit from continuing operations					24,860
Net profit from discontinued operations	-	-	-	-	-
Profit for the period					24,860

The following table gives a breakdown of revenues by business segment, with changes in revenues over the corresponding period of 2006 (thousands of euros):

	2007	2006	Change
Tea, coffee and herbal tea packaging	77,066	73,913	3,153
Pharmaceuticals packaging	246,994	239,704	7,290
Pharmaceuticals processing	128,847	107,425	21,422
Other	1,546	4,154	(2,608)
Total	454,453	425,196	29,257

The increase in all the Group's business sectors is due to the healthy state of the order book at the end of the previous year, as well as the strength of the orders received in 2007 from the pharmaceuticals and tea packaging sectors.

Revenues in the tea division grew by 4.3% over the result achieved in the previous year, confirming the Group's strong leadership position in the market thanks to continued high demand from Central and Eastern European countries.

Revenues in the packaging sector rose by 3% due to internal growth given the strong success of these products, offset by a 10 million euros decline resulting from the sale of the Telstar Group.

This increase is attributable to a rise in sales across all product ranges.

The pharmaceutical processing machines sector grew by 19.9% due to the 5.71 million euros from the inclusion of Zanchetta S.r.l. within the scope of consolidation starting April 2007, and to internal growth, especially in the segment of lines for processing and movement of pharmaceutical powders.

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

	2007	2006	Change
Tea, coffee and herbal tea packaging	26,496	24,076	2,420
Pharmaceuticals packaging	32,714	23,551	9,163
Pharmaceuticals processing	10,615	5,602	5,013
Other	(181)	219	(400)
Total	69,644	53,448	16,196

The across-the-board improvement derives from the measures introduced in the previous year to lower product costs, which are having the desired effect.

Operating profit also benefited from a one-time reduction in personnel costs of 4,497 thousand euros following the change in the regulations governing severance indemnities.

There was further growth in the tea packaging sector due to higher volumes and the cost containment structure.

The operating profits in the packaging sector are much higher than in the previous period, thanks to higher volumes resulting from the measures taken to improve product cost and contain overhead costs, and to the growth by the Nova Group as a result of its integration with the IMA Group.

In the processing sector, the marked improvement is mainly due to careful management of manufacturing costs, the healthy order book and the increased profitability of VIMA Impianti S.r.l. and IMA Kilian GmbH & Co. KG, in addition to the consolidation of Zanchetta S.r.l. in 2007.

The tables below provide other income statement information regarding Group operations by sector for 2007 and 2006 (thousands of euros):

	Tea, coffee, and herbal tea packaging	Pharma- ceuticals packaging	Pharma- ceuticals processing	Other	Total
Amortisation, depreciation, impairment and writedowns	1,609	4,950	3,653	4	10,216
Other non-monetary costs	349	570	246	(60)	1,105

	Tea, coffee, and herbal tea packaging	Pharma- ceuticals packaging	Pharma- ceuticals processing	Other	Total
Amortisation, depreciation, impairment and writedowns	1,599	6,655	3,758	8	12,020
Other non-monetary costs	(94)	3,399	3,041	115	6,461

The decrease in amortisation, depreciation, impairment and writedowns in pharmaceutical packaging sector is mainly due to the impairment of the goodwill of the Nova Group to adjust it to market values in 2006 and to the sale of the Telstar Group.

The decrease in other non-monetary costs is mainly due to the effect of the one-off reduction in labour costs resulting from the change in the regulations governing severance indemnities across all sectors.

Balance sheet information at 31 December 2007 is shown below (thousands of euros):

	Tea, coffee, and herbal tea packaging	Pharma- ceuticals packaging	Pharma- ceuticals processing	Other	Not allocated (*)	Total
Assets	53,932	202,910	134,683	10,757	90,400	492,682
Investments valued at equity	-	-	-	3,732	-	3,732
Total assets	53,932	202,910	134,683	14,489	90,400	496,414
Liabilities	41,138	107,619	49,513	239	187,543	386,052
Investments	2,609	5,521	4,059	4	-	12,193

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

Balance sheet information at 31 December 2006 is shown below (thousands of euros):

	Tea, coffee, and herbal tea packaging	Pharma- ceuticals packaging	Pharma- ceuticals processing	Other	Not allocated (*)	Total
Assets	43,668	204,429	127,096	1,585	79,021	455,799
Investments valued at equity	-	198	-	1,437	25	1,660
Total assets	43,668	204,627	127,096	3,022	79,046	457,459
Liabilities	23,861	104,908	39,799	465	189,396	358,429
Investments	1,043	10,820	8,811	11	-	20,685

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

ANALYSIS BY GEOGRAPHIC AREA

Below are the revenues of the IMA Group by geographic area (thousands of euros):

	2007	2006	Change
European Union (excluding Italy)	183,859	168,293	15,566
Other European countries	41,964	22,471	19,493
North America	89,403	105,326	(15,923)
Asia & Middle East	67,153	53,849	13,304
Other countries	36,717	42,286	(5,569)
Total foreign markets	419,096	392,225	26,871
Italy	35,357	32,971	2,386
Total	454,453	425,196	29,257

Revenues are broken down based on the geographic area of the final customer.

Information on changes in the breakdown of revenues by geographic area is given below:

- increased revenues from European Union countries, excluding Italy, is attributable to the good performance of countries like Spain, Poland and Slovenia, offset by decreases in Belgium, Austria and the Netherlands due to unusual sales volumes recorded in 2006;
- increased sales in other European countries reflect continued demand in Central and Eastern Europe for the tea sector in particular;
- decreased sales in North America is mainly due to the weakening of the dollar against the euro;
- the Asian area presents a very varied picture characterized by a favourable growth rate in the Far East, especially in India;
- as to revenues from other countries, there is a decline in Africa while South America is substantially unchanged;
- the increase in Italy is attributable to the return to sales volumes in line with past performance. This variability from one year to another appears to be recurrent, inasmuch as it is conditioned by pharmaceutical companies' investment projects.

Operations of the IMA Group broke down by geographic area are as follows (thousands of euros):

	31.12.2007	31.12.2006
Italy	362,535	291,933
European Union (excluding Italy)	74,784	92,033
North America	39,197	52,248
Asia & Middle East	19,898	21,245
Total	496,414	457,459

Operations are broken down based on the geographic area where they are located.

Regarding the changes in operations, the following must be noted:

- in Italy, the increase deriving from ordinary activities and the impact of the acquisition of Zanchetta S.r.l. was partially offset by the disposal of Info Area S.r.l.;
- in the European Union (excluding Italy), the decrease is mainly due to the impact of the sale of IMA-Telstar S.L.;
- in North America, the decrease is solely due to the weakening of the dollar against the euro;
- in Asia and the Middle East, the decrease is largely due to the sale of Telstar Huadong Co. Ltd.

Consolidated investments by geographical area are broken down below (thousands of euros):

	31.12.2007	31.12.2006
Italy	10,436	12,421
European Union (excluding Italy)	357	3,762
North America	217	92
Asia and Middle East	1,183	4,410
Total	12,193	20,685

As to changes in investments, the following must be noted:

- in Italy, the decrease was substantially due to the recognition of the goodwill and know-how of VIMA Impianti S.r.l. in 2006;
- in the European Union (excluding Italy), the decrease was mainly due to the impact of the sale of IMA-Telstar S.L.;
- in Asia and the Middle East, the decrease is largely the result of the recognition of the goodwill of Precision Gears Ltd. in 2006.

REVENUES BY BUSINESS CATEGORY

Finally, the IMA Group's revenues broken down by business category are as follows (thousands of euros):

	2007	2006	Change
Machines and formats	231,771	237,166	(5,395)
Construction contracts	124,408	95,785	28,623
Spare parties	60,262	55,704	4,558
Technical assistance	23,415	22,214	1,201
Other services	14,597	14,327	270
Total	454,453	425,196	29,257

2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment show a net decrease of 4,836 thousand euros.

Movements in the item break down as follows (thousands of euros):

	Land	Buildings and leasehold improv.	Plant and machinery	Indust. & comm. equipment	Other assets	Assets under construction and advances	Total
Balance at 1 Jan. 2006							
Gross amount	14,659	41,102	43,386	13,351	20,683	2,537	135,718
Accumulated depreciation	(9)	(5,748)	(28,353)	(11,456)	(16,899)	–	(62,465)
Net amount	14,650	35,354	15,033	1,895	3,784	2,537	73,253
Balance at 1 Jan. 2006	14,650	35,354	15,033	1,895	3,784	2,537	73,253
Increases for the period	2,470	1,094	1,253	637	1,427	740	7,621
Sales and disposals	–	(49)	(114)	(128)	(174)	–	(465)
Change in scope of consolidation	–	–	121	139	87	–	347
Depreciation	(2)	(1,780)	(3,362)	(797)	(1,659)	–	(7,600)
Reclassifications	–	845	863	(30)	–	(1,678)	–
Translation differences	(36)	(138)	(107)	(23)	(102)	(24)	(430)
Balance at 31 Dec. 2006	17,082	35,326	13,687	1,693	3,363	1,575	72,726
Balance at 1 Jan. 2007							
Gross amount	17,092	42,921	44,753	13,537	21,090	1,575	140,968
Accumulated depreciation	(10)	(7,595)	(31,066)	(11,844)	(17,727)	–	(68,242)
Net amount	17,082	35,326	13,687	1,693	3,363	1,575	72,726
Balance at 1 Jan. 2007	17,082	35,326	13,687	1,693	3,363	1,575	72,726
Increases for the period	131	1,403	2,801	425	1,450	252	6,462
Sales and disposals	(84)	(24)	(166)	(3)	(122)	–	(399)
Change in scope of consolidation	–	–	23	9	85	–	117
Depreciation	(2)	(1,841)	(3,070)	(699)	(1,300)	–	(6,912)
Discontinued operations	(2,714)	(190)	(170)	(2)	(316)	(487)	(3,879)
Reclassifications	698	–	362	25	–	(1,085)	–
Translation differences	(12)	(89)	(71)	(4)	(49)	–	(225)
Balance at 31 Dec. 2007	15,099	34,585	13,396	1,444	3,111	255	67,890
Gross amount	15,111	43,460	47,143	14,204	16,649	255	136,822
Accumulated depreciation	(12)	(8,875)	(33,747)	(12,760)	(13,538)	–	(68,932)
Balance at 31 Dec. 2007	15,099	34,585	13,396	1,444	3,111	255	67,890

“Land” includes 11,462 thousand euros in respect of the property located in Ozzano dell’Emilia (Bologna) and in Bentivoglio (Bologna) owned by the Parent Company and 3,181 thousand euros for the land Calenzano (Florence) held under a finance lease.

“Buildings and leasehold improvements” mainly regard buildings located in Ozzano dell’Emilia, Bentivoglio, Calenzano, and buildings located in France, the

United Kingdom and India, which are owned by the subsidiaries IMA France E.u.r.l., IMA UK Ltd. and Precision Gears Ltd., respectively.

During the transition to the international accounting standards, certain property, plant and equipment classified as "land and buildings" were measured at fair value and, effective from January 1 2004, this value has been used as the so-called 'deemed cost'.

"Other assets" comprise (thousands of euros):

	31.12.2007	31.12.2006
Electronic office machines	1,106	1,309
Office furniture and fittings	1,121	1,152
Vehicles	667	713
Other	217	189
Total	3,111	3,363

"Assets under construction and advances" mainly regard capitalised costs for equipment under construction for use in the production process.

The other increases for the period refer mainly to charges for the expansion and modification of existing buildings and plant, the purchase of equipment, the capitalization of equipment for manufacturing operations and the purchase of electronic machinery and motor vehicles.

The change in the scope of consolidation reflects the acquisition of Zanchetta S.r.l. as illustrated above.

"Discontinued operations" includes amounts relating to the sales of the Telstar Group and Info Area S.r.l. in 2007. For further information, refer to the section "Scope of consolidation" and Note 29.

Reclassifications relate to the Parent Company and mainly regard the completion of the main urbanisation work on lot D.3.4. located at Via Tolara, Ozzano dell'Emilia (Bologna).

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

	31.12.2007	31.12.2006
Land	3,181	5,651
Buildings	4,226	4,373
Plant and machinery	977	1,151
Other assets	134	211
Total	8,518	11,386

At 31 December 2007 regard the Parent Company and mainly relate to the lease contract for the lease of land in Calenzano (Florence) and the industrial building constructed on it.

At 31 December 2006, "Land" included the lease contract for 2,470 thousand euros entered into by the joint venture IMA Telstar S.L., which was sold in 2007.

3. INTANGIBLE ASSETS

Movements in intangible assets for the period break down as follows (thousands of euros):

	Development costs	Industrial patent rights	Software lic., trademarks & similar	Goodwill	Assets under dev. & advances	Total
Balance at 1 Jan. 2006						
Gross amount	7,783	6,748	13,816	47,511	1,235	77,093
Accumulated amortisation	(1,626)	(5,656)	(10,506)	–	–	(17,788)
Net amount	6,157	1,092	3,310	47,511	1,235	59,305
Balance at 1 Jan. 2006	6,157	1,092	3,310	47,511	1,235	59,305
Increases for period	606	1,046	782	–	812	3,246
Acquisition of VIMA S.r.l.	1,505	–	–	4,323	–	5,828
Acquisition of 49% of PG Ltd.	–	–	–	3,990	–	3,990
Change in scope of consolidation	996	79	24	–	–	1,099
Amortisation	(1,398)	(612)	(1,653)	–	–	(3,663)
Value decrease/increase	–	–	–	1,302	–	1,302
Write-downs/impairments	–	–	–	(757)	–	(757)
Reclassifications	804	83	–	–	(897)	(10)
Translation differences	–	–	(8)	(461)	–	(469)
Balance at 31 Dec. 2006	8,670	1,688	2,455	55,908	1,150	69,871
Balance at 1 Jan. 2007						
Gross amount	11,945	7,882	14,532	55,908	1,150	91,417
Accumulated amortisation	(3,275)	(6,194)	(12,077)	–	–	(21,546)
Net amount	8,670	1,688	2,455	55,908	1,150	69,871
Balance at 1 Jan. 2007	8,670	1,688	2,455	55,908	1,150	69,871
Increases for period	748	1,668	1,631	37	531	4,615
Sales and eliminations	–	–	(2)	–	–	(2)
Acquisition of Zanchetta S.r.l.	–	–	–	1,116	–	1,116
Change in scope of consolidation	–	–	2	–	–	2
Amortisation	(1,267)	(658)	(1,379)	–	–	(3,304)
Discontinued operations	(1,591)	–	(62)	(3,388)	(175)	(5,216)
Reclassifications	877	27	–	–	(904)	–
Translation differences	–	–	(4)	(771)	–	(775)
Balance at 31 Dec. 2007	7,437	2,725	2,641	52,902	602	66,307
Gross amount	11,547	9,367	14,974	52,902	602	89,392
Accumulated amortisation	(4,110)	(6,642)	(12,333)	–	–	(23,085)
Net amount	7,437	2,725	2,641	52,902	602	66,307
Balance at 31 Dec. 2007	7,437	2,725	2,641	52,902	602	66,307

Development costs mainly include the costs incurred by the Parent Company and by IMA Libra S.r.l. for new products not previously available and targeted at new market segments, which are broken down as follows:

- CA1 machines for packaging filter bags and coffee in pods for 985 thousand euros;
- Impresa 130 for 238 thousand euros;
- error-control tablet counting machine C300 for 1,451 thousand euros;

- coating systems based on Perfima perforated pans for 327 thousand euros;
- Vortex fast wet granulators with the possibility of Pegasus fluid bed integrators for 806 thousand euros;
- Sterifill F200 and F2000 in-line filling and stoppering machines for 506 thousand euros;
- Biotechnology compacts for 1,612 thousand euros; the incurring of these development costs in 2007 and in the two previous financial years led to the creation of a new MAC machine which offers filling, washing and sterilisation in an integrated, compact solution that handles liquid and freeze-dried products.

Development costs also include the know-how relating to the washing and powder handling systems of the pharmaceutical processing sector recognised following the acquisition of VIMA Impianti S.r.l. whose estimated useful life is 5 years.

As also noted in the report on operations, research and development costs that do not meet the requirements for capitalisation were charged to profit and loss in the amount of 22,183 thousand euros (19,610 thousand euros in the previous period).

Industrial patents and intellectual property rights include the costs incurred for the acquisition of rights deriving from applications for industrial patents net of related amortization. The increase is mainly due to the costs incurred to protect and extend patents in other countries, as well as the acquisition of two patents, for a total of 1,100 thousand euros. The first patent relates to the creation of an automated coffee packaging machine with a dosage system, while the second regards the process for preparing the mixtures and the relative equipment.

Software, licenses, trademarks and similar rights mainly include applications, management and technical software.

Goodwill comprises the following (thousands of euros):

	31.12.2007	31.12.2006
Aquisition of G.S. S.r.l. Coating System division	7,402	7,402
Acquisition of ICO OLEODINAMICI S.p.A. division	3,067	3,067
Acquisition of CO.MA.DI.S. S.p.A.	3,782	3,782
B.F.B. S.p.A.	1,788	1,788
IMA Kilian GmbH & Co. KG	14,790	14,790
Acquisition of the Nova Group	12,607	13,378
Telstar Group	-	3,388
VIMA Impianti S.r.l.	4,323	4,323
Precision Gears Ltd.	4,027	3,990
Zanchetta S.r.l.	1,116	-
Total	52,902	55,908

The goodwill paid to purchase companies and/or firms and/or divisions is allocated to the Group CGUs, which are then tested for impairment. 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 impairment tests conducted in accordance with IAS 36 did not lead to any writedowns.

As to the goodwill arising from the acquisition of Zanchetta S.r.l., refer to Note 30.

The translation differences, showing a negative value of 775 thousand euros, refer to the translation of Nova Group goodwill at the year-end spot exchange rate.

Assets under development and advances refer mainly to the capitalisation of development costs incurred by the Parent Company during the years 2006 and 2007.

4. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Below is a breakdown (thousands of euros):

	%		
	holding	31.12.2007	31.12.2006
B.C. S.r.l.	30%	599	550
Consorzio Infoarea	50%	–	25
G.S. Divisione Verniciatura S.r.l.	30%	712	–
I.E.M.A. S.r.l.	30%	419	–
IMA-Telstar North America Inc.	50%	–	198
LA.CO. S.r.l.	30%	401	477
Scriba Nanotecnologie S.r.l.	20%	196	410
SIL.MAC. S.r.l.	30%	307	–
Sirio S.p.A. Associazione in partecipazione (*)		1,098	–
Total		3,732	1,660

(*) Amount paid under the agreement signed in the final quarter of 2007 for the management of an aircraft.

As to I.E.M.A. S.r.l. G.S. Divisione Verniciatura S.r.l. and SIL.MAC. S.r.l., refer to the comments in the section “Scope of consolidation” and to Note 33.

The following table sets out the goodwill includes in the carrying amount of the above equity investments at 31 December 2007 (thousands of euros):

	31.12.2007
G.S. Divisione Verniciatura S.r.l.	541
I.E.M.A. S.r.l.	295
LA.CO. S.r.l.	129
Scriba Nanotecnologie S.r.l.	167
SIL.MAC. S.r.l.	131
Total	1,263

The following table summarizes key financial data of associated companies at 31 December 2006 (thousands of euros):

	Assets	Liabilities	Revenues	Net profit (loss)
B.C. S.r.l.	2,928	931	2,876	162
G.S. Divisione Verniciatura S.r.l.	2,527	1,958	3,361	69
I.E.M.A. S.r.l.	1,892	1,477	3,325	59
LA.CO. S.r.l.	2,559	2,226	3,310	(105)
Scriba Nanotecnologie S.r.l.	222	76	92	(67)
SIL.MAC. S.r.l.	3,327	2,739	2,751	57

In 2007, the agreement governing the consortium formed in July 2005 between the IMA S.p.A. (25%), Info Area S.r.l. (25%) and a third company (50%) to provide IT services to the consortium’s members expired. In July 2007 the consortium fund was returned to the members.

5. FINANCIAL ASSETS

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

	31.12.2007	31.12.2006
Non-current:		
• Investments in securities	3,021	3,011
• Financial receivables	1,575	379
• Equity investments in other companies	9,912	71
	14,508	3,461
Current:		
• Investments in securities	224	167
• Financial receivables	200	–
	424	167
Total	14,932	3,628

Investments in non-current securities mainly include listed bond funds securing non-current borrowings. Their fair value is the official price on 28 December 2007. Their annual percentage variation (source: 'Il Sole 24 Ore') was an average of -0.26% in December 2007. Investments in current securities relate to listed bond funds. Their fair value is the official price on 28 December 2007. Their annual percentage variation was about +0.48% in December 2007.

Non-current financial receivables relate to the lease contract entered into by the German subsidiary IMA Kilian GmbH & Co. KG for its offices and plants in Cologne for 575 thousand euros and to the loan granted by the Parent Company to Infracom Consulting S.r.l. in July 2007 on normal market terms and payable in July 2010 for 1,000 thousand euros.

The increase in investments in other companies comprises the purchase of 8.5% of Pierrel S.p.A. for 7,306 thousand euros and 12.5% of Infracom Consulting S.r.l. for 2,535 thousand euros, in the third quarter of 2007. 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 adjustment of the value of the interest in Pierrel S.p.A., -961 thousand euros, was determined with reference to the official stock market price on 28 December 2007. The investment in Infracom Consulting S.r.l., an unlisted company, is stated at cost.

Movements in the current and non-current financial assets break down as follows (thousands of euros):

	2007	2006
Opening balance	3,628	8,216
Increases	12,284	1,367
Decreases	–	(6,009)
Change in scope of consolidation	–	50
Effect of the valuation at fair value on equity	(980)	4
Closing balance	14,932	3,628
Of which:		
Non-current financial assets available for sale	12,933	3,082
Current financial assets available for sale	224	167
Non-current financial receivables	1,575	379
Current financial receivables	200	–
Total	14,932	3,628

6. RECEIVABLES FROM OTHERS

These include various guarantee deposits.

7. DERIVATIVE FINANCIAL INSTRUMENTS

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

	Assets 31.12.2007	Assets 31.12.2006	Liabilities 31.12.2007	Liabilities 31.12.2006
Interest rate swaps (non-current)				
cash flow hedges	180	165	-	-
Exchange rate hedging instruments (current) - cash flow hedges	597	697	7	11
Total	777	862	7	11

INTEREST RATE DERIVATIVES

The Group uses interest rate derivatives (cash flow hedges) to manage the risk of changes in the interest rates applied to borrowings from banks, transforming part of them from floating to fixed rate with an interest rate cap.

At 31 December 2007 the amount of 180 thousand euros mainly regards the fair value of two options entered into in 2005 and 2006 with leading credit institutions to hedge interest rate risk; such options are linked to a portion of two medium-term loans maturing in June and October 2011 for a nominal value of 8,658 thousand euros (10,896 thousand euros at 31 December 2006).

FOREIGN EXCHANGE DERIVATIVES

The Group uses foreign exchange derivatives to hedge future cash flows (cash flow hedges). The exchange rate risk exposure is managed through forward contracts in foreign currency denominated in the currency of sale of certain markets where the Group operates.

At 31 December 2007, the amounts of 597 thousand euros in assets and 7 thousand euros in liabilities represent the fair value of these derivative contracts. The notional amount of exchange rate hedging instruments went from 32.1 million dollars at 31 December 2006 to 20.5 million dollars at 31 December 2007. All foreign currency derivatives at 31 December 2007 mature within 12 months.

8. DEFERRED TAX ASSETS AND LIABILITIES

At 31 December 2007 deferred tax assets mainly regard temporary differences in respect of provisions and the elimination of unrealized intra-group profits on sales of finished goods and the tax benefit deriving from loss carry-forward.

At 31 December 2007 deferred tax liabilities mainly relate to temporary differences between the book values of some property, plant and equipment and intangible assets and construction contracts and the values recognized for tax purposes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

	31.12.2007	31.12.2006
Deferred tax assets:		
• within 12 months	5,206	6,515
• after 12 months	7,974	8,252
	13,180	14,767
Deferred tax liabilities:		
• within 12 months	(5,421)	(6,680)
• after 12 months	(10,376)	(10,701)
	(15,797)	(17,381)
Total	(2,617)	(2,614)

	31.12.2007	31.12.2006
Net amount at the start of year	(2,614)	1,157
Exchange difference	(15)	(74)
Change in scope of consolidation	(17)	(533)
Discontinued operations	478	–
Other changes	(128)	–
Credited / (Charged) to the income statement	(688)	(2,376)
Credited / (Charged) to equity	367	(788)
Net amount at the end of year	(2,617)	(2,614)

Below are the main components of deferred tax assets and liabilities and changes during the current year and the prior year (thousands of euros):

	Accrued to provisions	Losses carried forward	Amortisa- tion	Income (losses) from fair value	Finance lease	Other	Total
Balance at 1 Jan. 2006	8,777	2,801	(10,270)	403	(686)	132	1,157
Effect on the income statement	(33)	514	(498)	–	(90)	(2,269)	(2,376)
Effect on equity	–	–	–	(788)	–	–	(788)
Change in scope of cons.	20	–	(561)	–	–	8	(533)
Exchange rate difference	(44)	(34)	24	–	–	(20)	(74)
Balance at 31 Dec. 2006	8,720	3,281	(11,305)	(385)	(776)	(2,149)	(2,614)
Effect on the income statement	(547)	(1,500)	967	(9)	(1)	402	(688)
Effect on equity	–	–	–	367	–	–	367
Change in scope of cons.	15	–	–	–	–	(32)	(17)
Discontinued operations	509	–	–	–	–	(31)	478
Other changes	–	–	–	–	(39)	(89)	(128)
Exchange rate difference	(31)	(23)	32	–	–	7	(15)
Balance at 31 Dec. 2007	8,666	1,758	(10,306)	(27)	(816)	(1,892)	(2,617)

The “Other” item mainly includes deferred tax liabilities on temporary differences between the book values of construction contracts and the values recognized for tax purposes and deferred tax assets related to the elimination of intra-group profits unrealized on sales of finished good.

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 2,141 thousand euros (801 thousand euros at 31 December 2006).

No deferred taxes were allocated on retained earnings of subsidiaries and associates.

For further information on deferred tax assets and liabilities credited and charged to equity, see Note 14.

9. INVENTORIES

Below is a breakdown (thousands of euros):

	Gross value	Impair. charges	Net value at 31.12.2007	Net value at 31.12.2006
Raw, ancillary and consumable materials	25,428	(5,102)	20,326	16,102
Work in progress and semi-finished products	134,967	(20,698)	114,269	102,633
Finished goods and goods for resale	2,840	(1,677)	1,163	3,462
Total	163,235	(27,477)	135,758	122,197

Inventories attributable to Zanchetta S.r.l. at 31 December 2007 came to 1,612 thousand euros while those for the Telstar Group and Info Area S.r.l., companies sold in 2007, amounted to 3,230 thousand euros. With a comparable scope of consolidation, inventories increased by 15,179 thousand euros compared with 31 December 2006 largely due to the significant size of the order book at the end of the year.

During the period, the Group recognised provisions of 4,761 thousand euros for the impairment of raw materials, work in progress and finished goods.

10. TRADE RECEIVABLES AND OTHER RECEIVABLES

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

	31.12.2007	31.12.2006
Trade receivables	103,085	101,443
Advances to suppliers	6,590	3,802
Tax receivables	7,947	1,699
Deferrals	1,128	1,331
Other receivables	2,406	2,165
Total	121,156	110,440

TRADE RECEIVABLES

Trade receivables include customer receivables of 82,646 thousand euros (81,255 thousand euros at 31 December 2006), amounts due on construction contracts of 19,622 thousand euros (19,136 thousand euros at 31 December 2006) and trade receivables from associates of 817 thousand euros (1,052 thousand euros at 31 December 2006).

Trade receivables from customers are carried net of the provision for bad debts amounting to 3,405 thousand euros (2,488 thousand euros at 31 December 2006).

The following are the movements in the provision for bad debts for the period (thousands of euros):

Balance at 1 Jan. 2007	2,488
Net allocations	830
Uses	(366)
Change in scope of cons. and assets sold	517
Exchange rate difference	(64)
Balance at 31 Dec. 2007	3,405

The small increase in customer receivables compared with 31 December 2006 reflects the Group's careful customer credit management. Customer receivables

falling due beyond 12 months amounted to 396 thousand euros (995 thousand euros at 31 December 2006). Payment extensions granted to customers who reside in countries with particular risks are backed by appropriate financial instruments to secure collection.

The period saw the non-recourse assignment of receivables with an overall nominal value of around 11,674 thousand euros (9,258 thousand euros in 2006). Receivables assigned without recourse that had not yet fallen due at 31 December 2007 amounted to around 8,620 thousand euros (9,490 at 31 December 2006) of which 6,924 thousand euros is assigned to factoring companies and 1,696 thousand euros to other financial institutions.

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

	31.12.2007	31.12.2006
Construction contracts (costs incurred plus recognized margins)	32,521	34,272
Advances received	(12,899)	(15,136)
Due from customers	19,622	19,136

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 (thousands of euros):

	31.12.2007	31.12.2006
Advances received	(3,536)	(6,764)
Construction contracts (costs incurred plus recognized margins)	3,195	3,896
Due to customers	(341)	(2,868)

Revenues from construction contracts in 2007, recognized on a percentage-of-completion basis, were 124,408 thousand euros (95,785 thousand euros in 2006).

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

	Undue	Past due less than one year	Past due more than one year	Total
31.12.2007				
Receivables from customers (gross)	63,986	18,290	3,775	86,051
Bad debt provision	(1,020)	(422)	(1,963)	(3,405)
Receivables from customers (net)	62,966	17,868	1,812	82,646
31.12.2006				
Receivables from customers (gross)	60,596	21,410	1,737	83,743
Bad debt provision	(665)	(1,180)	(643)	(2,488)
Receivables from customers (net)	59,931	20,230	1,094	81,255

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

ADVANCES TO SUPPLIERS

At 31 December 2007 these relate to advances paid, mainly by the Parent Company, to suppliers for inventory goods of 3,728 thousand euros (2,777 thousand euros at 31 December 2006) and services of 2,862 thousand euros (1,025 thousand euros at 31 December 2006).

TAX RECEIVABLES

receivables mainly consist of VAT receivables. The increase is mainly due to the formation of IMA Libra S.r.l. which, in its first year of operation, did not have the status of regular exporter and the related tax benefits.

11. INCOME TAX RECEIVABLES AND PAYABLES

At 31 December 2007 income tax receivables amounted to 1,112 thousand euros (453 thousand euros at 31 December 2006) and are mainly made up of the Parent Company's receivables in respect of IRAP (regional tax on business activities).

At 31 December 2007 income tax payables amounted to 9,099 thousand euros (4,013 thousand euros at 31 December 2006) and mainly relate to the Parent Company's payable in respect of IRES (corporate income tax) and IMA Libra S.r.l.'s IRES payable from SO.FI.MA. S.p.A. In the first half of 2007, VIMA Impianti S.r.l., IMA S.p.A., IMA Libra S.r.l. and CO.MA.DIS. S.p.A. (as consolidated companies) and SO.FI.MA. S.p.A. (as the consolidator) elected to apply the national tax consolidation mechanism for the 2007-2009 period.

12. CASH AND CASH EQUIVALENTS

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

	31.12.2007	31.12.2006
Bank current accounts	68,934	57,069
Deposits	1,229	2,617
Checks and cash	851	489
Total	71,014	60,175

The increase in cash and cash equivalents from 31 December 2006 of 10,839 thousand euros is mainly due to the normal concentration of receipts during the month of December, correlated with higher volumes of business. For a better understanding of developments in this item, see the comments in Note 16 in relation to the composition of net debt.

13. SHARE CAPITAL AND TREASURY SHARES

The share capital at 31 December 2007 refers to the share capital issued (fully subscribed and paid-up) by the Parent Company IMA S.p.A. made up of 34,100,000 ordinary shares with a par value of 0.52 euros each.

	Shares in thousands	Share capital	Share premium reserve	Treasury shares
Balance at 1 Jan. 2006	34,509	18,772	16,382	(14,698)
Purchase of treasury shares	(384)	-	-	(4,187)
Sale of treasury shares	-	-	-	-
Balance at 31 Dec. 2006	34,125	18,772	16,382	(18,885)
Purchase of treasury shares	(224)	-	-	(3,164)
Reclassification to retained earnings	-	-	-	(541)
Sale of treasury shares	-	-	-	-
Cancellation of treasury shares	-	(1,040)	-	19,846
Balance at 31 Dec. 2007	33,901	17,732	16,382	(2,744)

On 19 June 2007, the Extraordinary Shareholders' Meeting of IMA S.p.A. resolved to cancel 2,000,000 treasury shares held in portfolio with a par value of 0.52 euros each, with the consequent voluntary reduction in share capital from 18,772 thousand euros to 17,732 thousand euros, carried out on 12 November 2007.

During 2007, the Parent Company carried out transactions in treasury shares by buying 224,485 own shares for a total of 3,164 thousand euros.

In 2006, the Parent Company bought 383,765 own shares for a total of 4,187 thousand euros.

These transactions were recognised directly in equity in accordance with IAS 32.

12 November 2007 saw the start of a new share buy-back plan, implemented by BHV, with a view to stabilising the share price in full compliance with current regulations. Over the term of this plan, which will terminate on 26 April 2008, it is reasonable to expect that no more than 600,000 shares will be purchased, for a maximum of 12 million euros.

At 31 December 2007, 199,485 shares were held in the portfolio, with a total value of 2,744 thousand euros.

In May 2007, a total dividend of 22,139 thousand euros was paid, equal to 0.65 euros (gross) per ordinary share in circulation (13,804 thousand euros, equal to 0.40 euros (gross) in May 2006).

In the current year, the Board of Directors of the Parent Company IMA S.p.A. proposed to pay out a dividend of 0.85 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 2007.

14. FAIR VALUE RESERVE

At 31 December 2007 the fair value reserve, gross of tax effects, related to the intrinsic fair value of forward foreign exchange sales and advance payments on export transactions for 686 thousand euros (882 thousand euros at 31 December 2006), interest rate swaps for 158 thousand euros (159 thousand euros at 31 December 2006) and securities available for sale for -819 thousand euros (159 thousand euros at 31 December 2006).

The available for sale category includes the -961 thousand euro writedown of the investment in Pierrel S.p.A. to reflect the stock price at 28 December 2007.

At the reporting date, the fair value reserve, net of tax effects, amounted to 8 thousand euros (25 thousand euros net of tax effects of 17 thousand euros).

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

Balance at 1 Jan. 2006	(939)
<i>Available for sale</i>	
Valuation at fair value	2
Fair value-tax effect	(1)
Realisation recognised in income	2
<i>Cash flow hedges / hedging instruments</i>	
Valuation at fair value	973
Fair value-tax effect	(310)
Realisation recognised in income	1,565
Realisation recognised in income-tax effect	(477)
Balance at 31 Dec. 2006	815
<i>Available for sale</i>	
Valuation at fair value	(978)
Fair value-tax effect	52
<i>Cash flow hedges / hedging instruments</i>	
Valuation at fair value	735
Fair value-tax effect	(17)
Realisation of revenues recognised in income	(800)
Realisation of financial income/expense recognised in income	(131)
Realisation recognised in income-tax effect	332
Balance at 31 Dec. 2007	8

15. OTHER RESERVES

This item includes income reserves, essentially made up of the legal reserve, the extraordinary reserve and the merger surplus of the Parent Company.

16. BORROWINGS

These include payables to banks of 157,954 thousand euros (159,331 thousand euros at 31 December 2006) and payables to other lenders of 4,691 thousand euros (8,671 thousand euros at 31 December 2006).

PAYABLES TO BANKS

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

	31.12.2007	31.12.2006
Non-current:		
• Applied research and technological innovation loans	14,368	19,112
• Other	49,160	65,905
	63,528	85,017
Current:		
• Current accounts	11,145	829
• Advances on domestic transactions (Italy)	1,863	1,200
• Advances on export transactions	47,044	49,672
• Advances on export transactions to be carried out	359	125
• Applied research and technological innovation loans	4,462	5,028
• Other	29,553	17,460
	94,426	74,314
Total	157,954	159,331

The slight decrease in the amounts due to banks mainly reflects repayment of the current portions of non-current bank loans, although this was almost entirely offset

by an increase in current bank loans needed to transfer part of the Parent Company's current debt to the newly formed IMA Safe S.r.l. and IMA Flavour S.r.l. from 2008.

Applied research and technological innovation loans

During the period, amounts falling due totalling 5,023 thousand euros were repaid on schedule. No new disbursements were received.

Other loans

The main changes in this item regard repayments made in accordance with contractual terms amounting to 16,162 thousand euros and to new loans received by IMA Libra S.r.l. for 10,000 thousand euros and IMA Kilian GmbH & Co. KG for 3,077 thousand euros. In addition, in 2007 Nova Packaging Systems Inc. repaid a 2.0 million dollars (about 1.4 million euros) loan in advance.

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

	31.12.2007	31.12.2006
Due within 1 year	94,426	74,314
Due from 1 to 5 years	61,973	82,706
Due after more than 5 years	1,555	2,311
Total	157,954	159,331

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

	31.12.2007	31.12.2006
Euro	97,357	105,613
US Dollar	-	1,746
Rupee	-	39
Chinese Yuan	186	107
Total	97,543	107,505

Applied research and technological innovation loans and other loans are backed by the following guarantees (thousands of euros):

	31.12.2007	31.12.2006
Bank guarantees	3,639	5,635
Guarantees issued by IMA S.p.A.	8,077	5,165
Other guarantees issued by IMA S.p.A.	-	2,191
Guarantees issued by FIN-VACCHI S.p.A.	519	803
Pledged securities	3,007	2,996
Total	15,242	16,790

Certain loans and financings are guaranteed by the compliance with certain financial covenants calculated on the following items in the Parent Company's financial statements and/or the Group consolidated accounts:

- ratio between net financial expense and EBITDA;
- ratio between net property, plant and equipment and shareholders' equity, minus dividends resolved;
- minimum limits of shareholders' equity;
- ratio between net financial expense and revenues from sales;
- ratio between net debt and shareholders' equity, minus resolved dividends;
- ratio between net debt and EBITDA;
- ratio between EBIT and net financial expense.

The non-compliance with such covenants would constitute a material event for the purposes of calling in the related loans. At 31 December 2007, all covenants had been complied with.

Interest rates on payables to banks are lower than 5% on average.

It should be noted that, with regard to advances on export transactions, the book value 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 2 million euros for both 2007 and 2006.

PAYABLES TO OTHER LENDERS

This item is composed of the following (thousands of euros):

	31.12.2007	31.12.2006
Non-current:		
• Payables to leasing companies	3,487	6,958
• Other	46	96
	3,533	7,054
Current:		
• Payables to leasing companies	1,035	1,049
• Payables to factoring companies	88	-
• Other	35	568
	1,158	1,617
Total	4,691	8,671

Below is the reconciliation between total minimum future payments of finance leases at the reporting date and their present value (thousands of euros):

	Due within 1 year	Due from 1 to 5 years	Due after 5 years	Total
Year 2006				
Minimum payments of finance leases	1,319	6,052	1,733	9,104
Less future financial charges	(270)	(653)	(174)	(1,097)
Present value of finance lease payables	1,049	5,399	1,559	8,007
Year 2007				
Minimum payments of finance leases	1,178	3,702	-	4,880
Less future financial charges	(143)	(215)	-	(358)
Present value of finance lease payables	1,035	3,487	-	4,522

At 31 December 2007 this item mainly includes finance lease payables relating to the Calenzano plant for 4,416 thousand euros (5,389 thousand euros at 31 December 2006). The non-current portion includes payables due from one to five years for 3,411 thousand euros. It should be noted that at 31 December 2006 this item included the finance lease payable relating to the land located in Terrassa (Spain) for 2,470 thousand euros, connected with the IMA-Telstar S.A. joint venture and sold in 2007.

NET DEBT

The break down of net debt is as follows:

	31.12.2007	31.12.2006
A. Cash and cash equivalents	(71,014)	(60,175)
B. Other cash equivalents	-	-
C. Investments in securities	(224)	(167)
D. Liquidity (A)+(B)+(C)	(71,238)	(60,342)
E. Current financial receivables	(200)	-
F. Current payables to banks	60,411	52,161
G. Current portion of non-current bank debt	33,829	22,153
H. Other current financial payables	1,344	1,617
I. Current financial debt (F)+(G)+(H)	95,584	75,931
J. Non-current financial debt (D)+(E)+(I)	24,146	15,589
K. Non-current portion of non-current bank debt	63,528	85,017
L. Non-current financial assets	(4,596)	(3,461)
M. Other non-current financial payables	3,533	7,054
N. Non-current financial debt (K)+(L)+(M)	62,465	88,610
O. Net financial debt (J)+(N)	86,611	104,199

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

Net debt at the end of the period amounted to 86,611 thousand euros, compared with 104,199 thousand euros at 31 December 2006. The change in net debt is mainly attributable to:

- the purchase of own shares for 3,164 thousand euros;
- the purchase of Pierrel S.p.A., Sirio S.p.A., Precision Gears Ltd., Zanchetta S.r.l., Infracom S.p.A., I.E.M.A. S.r.l., G.S. S.r.l. and SIL.MAC. S.r.l. for about 15,635 thousand euros;
- the sale of investments in Info Area S.r.l. and IMA-Telstar S.L. and the disposal of the latter's finance leases for about 15,991 thousand euros.

In addition, IMA S.p.A. paid a dividend of 22,139 thousand euros in May, which was 8,335 thousand euros more than that paid in May 2006.

A comparison of the net financial position at 31 December 2007 with that of 2006, excluding the differential in dividends paid, the extraordinary operations discussed above and using the same scope of consolidation, shows an improvement of 28,731 thousand euros.

17. SEVERANCE AND PENSION PROVISIONS

This item includes post-employment benefits valued on the basis of the actuarial assessment using the projected unit credit method made by independent actuaries based on IAS 19 and it mainly comprises severance indemnity provisions by the Italian companies. The charge for the period was accounted for under personnel costs.

The main demographic assumptions adopted by the actuary were:

- probability of death: that of the population of Italy measured by ISTAT (National Institute of Statistics) in 2002 distinguished by sex;
- probability of disability: that in the INPS (National Social Security Institute) model for projections at 2010, distinguished by sex;
- pensionable age: the earliest retirement age requirement under the Compulsory General Insurance scheme;

- probability of leaving work for reasons other than death: annual frequencies of mainly 2.50%;
- probability of advance payments: an annual figure of 5% for requests for advances of 60%.

Furthermore, the following economic-financial assumptions were adopted for the Italian companies:

	31.12.2007	31.12.2006
Annual discount rate	5.45%	4.50%
Annual inflation rate	2.00%	2.00%
Annual rate of increase of total compensation	3.50%	3.50%
Annual rate of increase of severance indemnity	3.00%	3.00%

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

Balance at 1 Jan. 2006	25,311
Service cost	2,415
Interest cost	1,079
Net actuarial (gains)/losses recognised during the period	(310)
Change in scope of consolidation	296
Severance payments made during the period	(3,552)
Other changes	287
Balance at 31 Dec. 2006	25,526
Service cost	479
Interest cost	1,279
Net actuarial (gains)/losses recognised during the period	(1,440)
Curtailment of severance pay provision	(4,497)
Change in scope of consolidation	493
Liabilities relating to discontinued operations	(350)
Severance payments made during the period	(3,499)
Other changes	9
Balance at 31 Dec. 2007	18,000

“Liabilities relating to discontinued operations” refers to the severance pay provision of Info Area S.r.l. which was sold in 2007.

During 2007, the IMA Group recognised 4,497 thousand euros in respect of the effect of the changes made to the regulations governing severance indemnities by Law 296 of 27 December 2006 (“2007 Finance Act”) and by subsequent decrees and regulations issued in early 2007. This effect was recognised using the curtailment methodology. Specifically, these changes give employees the right to choose the allocation of the severance indemnity accruing. Employees may direct the new severance indemnity flows to selected pension schemes or keep them in the company; in the latter case, the company pays the severance indemnity contributions into a centralized INPS treasury account. Basically, as a result of the reform of the supplementary pension scheme, for severance pay accrued before 2007, the Group uses the actuarial value without including future pay increases. The difference between this figure and past calculation is treated as a curtailment and is recognised in profit and loss in accordance with paragraph 109 of IAS 19. The portion accrued after 31 December 2006 is treated as a defined-contribution plan.

18. PROVISIONS FOR RISKS AND CHARGES

These provisions break down as follows (thousands of euros):

	Balance at 31.12.2006	Allocations	Uses	Change in scope of cons. & disc. oper.	Translation differences	Balance at 31.12.2007
Non-current:						
Agency termination indemnities	1,046	200	(25)	110	(11)	1,320
Legal disputes	133	-	-	-	-	133
Other provisions	21	-	-	-	(2)	19
	1,200	200	(25)	110	(13)	1,472
Current:						
Product guarantee provision	4,992	1,003	(308)	38	(24)	5,701
Legal disputes	-	66	-	-	(5)	61
Other provisions	519	1	(556)	520	(2)	482
	5,511	1,070	(864)	558	(31)	6,244
Total	6,711	1,270	(889)	668	(44)	7,716

The product guarantee provision was established on the basis of estimated expenses for interventions under guarantee after 31 December 2007 for machines sold previous to that date.

Other risk provisions mainly include provisions recognised to meet the forecast liabilities emerging from the processes of reorganization of the corporate structure of several Group companies, which will mainly involve managerial positions.

19. TRADE PAYABLES AND OTHER PAYABLES

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

	31.12.2007	31.12.2006
Trade payables	98,078	77,598
Advances from customers	44,667	29,153
Social security payables	5,216	4,001
Tax payables	3,703	4,230
Employee payables	15,698	14,099
Payables in respect of acquisitions	1,879	4,760
Other	3,547	2,944
Total	172,788	136,785

TRADE PAYABLES

These include trade payables to suppliers of per 89,635 thousand euros (70,822 thousand euros at 31 December 2006), agent payables of 4,848 thousand euros (4,941 thousand euros at 31 December 2006) and trade payables to associates of 3,595 thousand euros (1,835 thousand euros at 31 December 2006).

The increase in payables to suppliers compared with the previous year is mainly connected with the increase in inventories at year-end.

ADVANCES FROM CUSTOMERS

The increase in advances from customers for uncompleted contracts with respect to 31 December 2006 is due mainly to the large volume of orders received at the reporting date.

TAX PAYABLES

Tax payables refer mostly to withholding taxes for employees.

PAYABLES IN RESPECT OF ACQUISITIONS

This item mainly includes the estimated debt for the acquisition of the remaining shares, equal to 15% of the share capital of the Indian company Precision Gears

Ltd. for which the Parent Company and the minority interests agreed to mutually grant put and call options, exercisable in two tranches, the final one to take place by January 2010. In January 2008, the first of these options for 5% of the Indian company was exercised, accompanied by a payment of 628 thousand euros.

Finally, in 2007, the amount of 2,806 thousand euros was paid in relation to the two tranches of payment under the contract signed by the Parent Company in December 2006 to acquire the additional 34% of Precision Gears Ltd.

20. OTHER REVENUES

This item is composed of the following (thousands of euros):

	2007	2006	Change
Capital gains on disposal of property, plant and equipment	698	200	498
Out-of-period income	1,739	1,388	351
Capitalization of internal construction costs	1,858	1,659	199
Other revenues and proceeds	2,407	3,605	(1,198)
Total	6,702	6,852	(150)

The increase in the capitalization of internal construction costs refer to internally-generated works mainly attributable to the Parent Company IMA S.p.A and came to 1,262 thousand euros for development costs in 2007 (1,227 thousand euros in 2006) and to 596 thousand euros for machinery and equipment (432 thousand euros in 2006).

The decrease in other revenues and proceeds mainly relates to the classification of the charging of the costs related to IT systems by Info Area S.r.l to the Infoarea Consortium among discontinued operations.

21. SERVICES, RENTALS AND LEASES

This item is composed of the following (thousands of euros):

	2007	2006	Change
External works and assembly	22,152	19,209	2,943
Maintenance and repair	3,653	3,262	391
Energy, telephone, gas, water and postal charges	6,124	6,272	(148)
Fees due	8,710	8,171	539
Technical, legal, tax and administrative consulting services	18,747	17,638	1,109
Advertising and promotions	1,650	1,813	(163)
Exhibitions	1,657	2,787	(1,130)
Travels and insurance	10,016	9,424	592
Transport	6,452	6,071	381
Bank charges	672	684	(12)
Rent expense and operating lease fees	4,990	4,528	462
Rental fees	1,225	1,234	(9)
Other services	8,866	8,497	369
Total	94,914	89,590	5,324

22. PERSONNEL COSTS

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

	2007	2006	Change
Wages and salaries	94,919	93,410	1,509
Social security contributions	23,861	24,065	(204)
Remuneration of directors	2,113	1,724	389
Pensions - defined-benefit plans	389	3,770	(3,381)
Pensions - defined-contribution plans	4,888	1,041	3,847
Other personnel costs	6,879	8,600	(1,721)
Effect of curtailment of severance pay provision	(4,497)	-	(4,497)
Total	128,552	132,610	(4,058)

The figure for 2007 included 1,898 thousand euros in personnel costs attributable to Zanchetta S.r.l. which has been included in the scope of consolidation since the second quarter of 2007.

Furthermore, in 2006 the Telstar Group contributed 1,870 thousand euros to personnel costs, while in 2007 the corresponding costs were classified under “Net profits (loss) from discontinued operations”.

In 2007, the IMA Group employed an average of 2,629 persons as follows:

	2007	2006	Change
Management	64	65	(1)
Office workers	1,767	1,780	(13)
Production workers	798	846	(48)
Total	2,629	2,691	(62)

Zanchetta S.r.l. employed 35 people.

It should also be noted that in 2006 IMA-Telstar S.L. and Telstar Huadong Co. Ltd., which were consolidated in a proportional basis and sold in 2007, employed 79 persons.

23. DEPRECIATION AND AMORTISATION EXPENSE

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

	2007	2006	Change
Depreciation	6,912	7,600	(688)
Amortisation	3,304	3,663	(359)
Write downs/impairment	-	757	(757)
Provisions for bad debts	830	944	(114)
Total	11,046	12,964	(1,918)

24. OTHER OPERATING COSTS

Other operating costs are composed of the following (thousands of euros):

	2007	2006	Change
Capital losses on disposal of property, plant and equipment	128	253	(125)
Local property tax and other taxes	841	873	(32)
Out-of-period expenses	1,018	748	270
Membership fees	266	232	34
Penalties and charges on sales	135	43	92
Sundry promotional material	165	198	(33)
Other operating costs	606	620	(14)
Total	3,159	2,967	192

25. FINANCIAL INCOME

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

	2007	2006	Change
Interest income from banks	1,480	1,206	274
Interest income from customers	195	141	54
Interest income on investments available for sale and other interest	45	158	(113)
Income from derivatives	44	103	(59)
Exchange rate gains	4,020	4,746	(726)
Total	5,784	6,354	(570)

26. FINANCIAL EXPENSE

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

	2007	2006	Change
Interest expense on bank payables	7,793	6,804	989
Interest expense on discounting	213	180	33
Interest expense on finance leases	246	293	(47)
Expense on bank guarantees	169	236	(67)
Expense on derivatives	319	624	(305)
Other interest and financial expense	349	255	94
Exchange rate losses	4,403	4,920	(517)
Total	13,492	13,312	180

The increase in interest expense on payables to banks reflects both the higher cost of money, particularly for the euro-denominated exposure, in 2007.

At 31 December 2007, exchange rate gains and losses included an unrealized gain of 1,294 thousand euros and an unrealized loss of 1,326 thousand euros (910 thousand euros and 1,006 thousand euros, respectively, in the previous year).

27. INCOME TAXES FOR THE PERIOD

The theoretical tax rate used to determine the income taxes of Italian companies is 33% of the taxable income for the year. Income taxes of the foreign companies are calculated using the tax rates applied in each country.

Below is a breakdown by income taxes (thousands of euros):

	2007	2006	Change
Income tax on continuing operations:			
Current taxes	23,360	19,293	4,067
Net deferred tax assets and liabilities	688	2,376	(1,688)
	24,048	21,669	2,379
Income tax on discontinued operations:			
Current taxes	121	-	121
Net deferred tax assets and liabilities	(152)	-	(152)
	(31)	-	(31)
Total	24,017	21,669	2,348

It should be noted that during the year, VIMA Impianti S.r.l., IMA S.p.A, IMA Libra S.r.l. and Comadis S.p.A., as consolidated companies, and SO.FI.MA. S.p.A., as the consolidating company, elected to apply the domestic tax consolidation mechanism for the period 2007-2009.

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

	2007	2006	Change
Result before taxes of continuing operations	61,895	46,529	15,366
Result before taxes of discontinued operations	1,809	–	1,809
Total	63,704	46,529	17,175

The following table provides a reconciliation between tax charges and the product of the book profit multiplied by the applicable tax rate (thousands of euros):

	2007	2006
Result before taxes	63,704	46,529
Taxes determined on the tax rate applicable in each country	21,064	16,260
Tax-exempt income/loss	(738)	–
Effect of change in tax rate	(505)	–
Use of tax losses which previously had not been recognised	–	(56)
Allocation of tax assets which previously had not been recognised	(550)	–
IRAP	5,109	5,562
Prior year taxes	(95)	335
Other	(268)	(432)
Total	24,017	21,669

Deferred tax assets and liabilities attributable to the Italian companies were determined using the tax rates in effect as from 1 January 2008 (IRES 27.5% and IRAP 3.9%). The change in tax rates that occurred in 2007 in Italy and in Germany had a positive effect on the income statement of 505 thousand euros.

In 2007, net deferred tax assets of 367 thousand euros (net deferred tax liabilities of 788 thousand euros in 2006) were posted directly to equity.

28. EARNINGS PER SHARE

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

	2007	2006
Net profit from continuing operations (thousand of euros)	37,621	24,838
Average number of outstanding ordinary shares (thousands of shares)	34,052	34,373
Earnings per share from continuing operations (in euros)	1.10	0.72
Net profit from discontinued operations (thousands of euros)	1,840	–
Average number of outstanding ordinary shares (thousands of shares)	34,052	–
Earnings per share from discontinued operations (in euros)	0.05	–
Net profit for the period (thousands of euros)	39,461	24,838
Average number of outstanding ordinary shares (thousands of shares)	34,052	34,373
Earnings per share (in euros)	1.15	0.72

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

29. NET PROFIT FROM DISCONTINUED OPERATIONS/ DISPOSAL GROUPS

At 31 December 2007 this item includes the economic effects of disposing of Info Area S.r.l. and the Telstar Group.

Based on the proceeds, namely 6,757 thousand euros for Info Area S.r.l. and 8,000 thousand euros for the Telstar Group, these disposals produced a capital gain of 5,501 thousand euros and a capital loss of 2,279 thousand euros, respectively.

The primary figures are as follows (thousands of euros):

	Telstar Group	Info Area	Total
<i><u>Economic effects of discontinued operations/disposal groups (*):</u></i>			
Revenues and other income	5,166	4,981	10,147
Change in inventories, raw materials, semi-finished and finished products	1,002	61	1,063
Costs of raw materials, consumables and goods	(3,518)	(1,125)	(4,643)
Costs for services and leases	(1,739)	(2,752)	(4,491)
Personnel costs	(1,938)	(1,053)	(2,991)
Depreciation, amortisation and writedowns	(323)	(110)	(433)
Other operating costs	(114)	(14)	(128)
Financial income and expense	23	29	52
Income taxes	366	(10)	356
Results attributable to minority interests	11	-	11
<i><u>Economic effects on disposed entity:</u></i>			
Capital gain on disposal of operations	(2,279)	5,501	3,222
Income taxes	-	(325)	(325)
Result deriving from discontinued operations/disposal group	(3,343)	5,183	1,840

(*) Figures relating to the period of consolidation

30. BUSINESS COMBINATIONS

VIMA Impianti S.r.l. completed the acquisition of 100% of Zanchetta S.r.l. on 12 April 2007. Zanchetta produces machines for the movement and granulation of pharmaceutical powders, as discussed in the section "Scope of consolidation".

The main assets and liabilities at 31 March 2007, the valuation date of the company acquired, were as follows (thousands of euros):

	Book values	Fair value
Property, plant and equipment and intangible assets	119	119
Inventories	1,611	1,611
Trade and other receivables	3,068	3,068
Provision for severance indemnities	(493)	(493)
Payables to banks	(203)	(203)
Trade and other payables	(3,225)	(3,225)
Other assets/(liabilities)	(838)	(838)
Total	39	39
Book value of the investment		1,155
Goodwill		1,116

Zanchetta S.r.l. was consolidated for the period April -December 2007.

31. GUARANTEES GRANTED

At 31 December 2007, the Group had granted sureties to customers for 14,291 thousand euros for the proper operation of machinery, bid bonds and advances not

yet received, sureties in favour of the municipality of Ozzano dell'Emilia (Bologna) for 699 thousand euros to secure the performance of contracts, a surety to the tax authorities for VAT rebates of 1,897 thousand euros and sureties to others for 585 thousand euros, mainly to secure leases, sundry utilities and customs duties.

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

	31.12.2007	31.12.2006
CO.MA.DI.S. S.p.A.	-	5,165
IMA EST Verpackungssysteme Handels GmbH	799	1,308
IMA Pacific Co. Ltd.	557	528
IMA Kilian GmbH & Co. KG	55,592	50,958
IMA Packaging and Processing Equipment (Beijing) Co. Ltd.	238	266
Nova Packaging Systems Inc.	-	3,140
Zanchetta S.r.l.	1,725	-
Total	58,911	61,365

Finally, sureties granted against advances received amount to about 28,236 thousand euros (23,826 thousand euros at 31 December 2006).

32. COMMITMENTS

At 31 December 2007 commitments to purchase property, plant and equipment and intangible assets came to 20 thousand euros and 19 thousand euros, respectively, mainly in respect of equipment and software.

The Group has commitments of 1,376 thousand euros (1,626 thousand euros at 31 December 2006) of future minimum payments for non-cancellable operating lease transactions for software and motor vehicles (805 thousand euros is due within one year, 567 thousand euros is due from one to five years, and 4 thousand euros is due after more than five years) and commitments for rents of 26,913 thousand euros (28,404 thousand euros at 31 December 2006), 3,750 thousand euros is due within one year, 11,853 thousand euros is due from one to five years, and 11,310 thousand euros is due after more than five years. Fees paid during the year for operating lease contracts and rentals were 4,990 thousand euros (4,528 thousand euros in 2006).

There are also commitments in favour of third parties for 8,442 thousand euros, consisting mainly of the commitment to the Sirio S.p.A. participation arrangement of 7.7 million dollars.

33. RELATED PARTIES TRANSACTIONS

At 31 December 2007 the Group holding company was IMA Industria Macchine Automatiche S.p.A., 71.517% owned by SO.FI.MA. S.p.A., in turn a subsidiary of Lopam Fin S.p.A. During the year, VIMA Impianti S.r.l., IMA S.p.A, IMA Libra S.r.l. and Comadis S.p.A. as consolidated companies, and SO.FI.MA. S.p.A. as the consolidating company, elected to apply the domestic tax consolidation mechanism for the period 2007-2009.

As described earlier, intra-group transactions are related to the organizational structure of the Group itself. 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 of Directors has subjected the functions connected with related-party transactions, including intra-group transactions, to the prior approval of the Board of Directors, except for typical or usual transactions to be concluded under standard conditions.

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. Transactions are conducted on an arm's length basis.

The following table details the main transactions carried out with related parties, primarily the directors of the Parent Company (thousands of euros):

	Receivables at 31.12.2007	Receivables at 31.12.2006	Payables at 31.12.2007	Payables at 31.12.2006
Parent company:				
SO.FLMA S.P.A.	-	-	6,042	-
	-	-	6,042	-
Associates:				
B.C. S.r.l.	161	-	674	402
Consorzio Infoarea	n.a.	997	n.a.	745
G.S. Divisione Verniciatura S.r.l.	-	n.a.	127	n.a.
I.E.M.A. S.r.l.	-	n.a.	536	n.a.
LA.CO. S.r.l.	303	55	1,091	688
Scriba Nanotecnologie S.r.l.	9	-	-	-
SIL.MAC. S.r.l.	344	n.a.	1,167	n.a.
	817	1,052	3,595	1,835
Other related parties:				
Datasensor S.p.A.	-	-	79	81
Idice S.p.A.	-	-	15	13
Info Area S.r.l.	1,932	n.a.	4,078	n.a.
Lopam S.r.l.	37	-	25	27
Naturapack S.r.l.	1,137	597	-	-
Poggi Luca	-	5	-	91
Viaggi Nuova Era S.r.l.	-	-	1,612	1,338
	3,106	602	5,809	1,550
Total	3,923	1,654	15,446	3,385

The Parent Company also granted a loan to Scriba Nanotecnologie S.r.l. in the amount of 200 thousand euros.

	Revenues 2007	Revenues 2006	Costs 2007	Costs 2006
Associates:				
B.C. S.r.l.	–	–	2,575	2,422
Consorzio Infoarea	1,474	3,026	1,362	2,779
G.S. Divisione Verniciatura S.r.l.	–	n.a.	32	n.a.
I.E.M.A. S.r.l.	–	n.a.	369	n.a.
LA.CO. S.r.l.	520	17	1,776	1,104
Scriba Nanotecnologie S.r.l.	9	n.a.	–	n.a.
SIL.MAC. S.r.l.	–	n.a.	155	n.a.
	2,003	3,043	6,269	6,305
Other related parties:				
Datasensor S.p.A.	–	–	224	227
Idice S.p.A.	–	–	32	30
Info Area S.r.l. (*)	1,285	n.a.	2,553	n.a.
Italbe S.p.A.	–	–	149	147
Lopam S.r.l.	–	–	309	307
Morosina S.p.A.	–	–	150	150
Naturapack S.r.l.	2,485	1,121	1,250	207
Poggi Luca	18	10	292	254
Sporting Club Gira S.r.l.	–	–	230	280
Viaggi Nuova Era S.r.l.	–	–	3,853	3,387
	3,788	1,131	9,042	4,989
Total	5,791	4,174	15,311	11,294

(*) The amounts relate to the period August-December 2007.

The main transactions carried out with related parties reported above are mainly attributable to the Parent Company.

Transactions with associated companies are summarized below:

- B.C. S.r.l. manufactures machine parts for the Group and third parties;
- G.S. S.r.l. makes painting equipment and coating machines;
- I.E.M.A. designs and produces equipment for automated machinery;
- LA.CO. S.r.l. manufactures mechanical constructions and repairs machine tools;
- Scriba Nanotecnologie S.r.l. specialises in the study of hi-tech solutions against food adulteration and for tracking pharmaceuticals, a sector with considerable growth prospects;
- SIL.MAC. S.r.l. operates in the field of mechanical engineering, specialising in the construction of machines for third parties;

In 2007, Consorzio Infoarea, which provided IT services to consortium members., was dissolved.

Transactions with associates are largely of a commercial nature.

Refer to Note 4 for further information.

Additionally, transactions with other related parties include:

- Naturapack S.r.l. is a company that refurbishes and repairs used tea packaging machines. IMA S.p.A. sells – or arranges for its customers to sell - used tea packaging machinery to Naturapack S.r.l., which refurbishes the equipment and, as part of an exclusive agency agreement with IMA S.p.A. and the Group, sells it on the market;

- Viaggi Nuova Era S.r.l., a travel agency owned by Lopam Fin S.p.A., provides services to Group companies at market prices;
- transactions with Italbe S.r.l. and Lopam S.r.l. mainly relate to rent expense.

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

	Total at 31.12.2007	of which related parties	%	Total at 31.12.2006	of which related parties	%
Balance sheet:						
<u>Non-current assets</u>	166,353	610	0.4%	163,330	–	0.0%
Trade and other receivables	121,156	3,923	3.2%	110,440	1,654	15%
Financial assets	424	200	47.2%	167	–	0.0%
Other current assets	208,481	–	0.0%	183,522	–	0.0%
<u>Current assets</u>	330,061	4,123	12%	294,129	1,654	0.6%
Total assets	496,414	4,733	1.0%	457,459	1,654	0.4%
<u>Shareholders' equity</u>	110,362			99,030		
<u>Non-current liabilities</u>	102,330	–	0.0%	136,178	–	0.0%
Trade and other payables	172,788	9,404	5.4%	136,785	3,385	2.5%
Income tax payables	9,099	6,042	66.4%	4,013	–	0.0%
Other current liabilities	101,835	–	0.0%	81,453	–	0.0%
<u>Current liabilities</u>	283,722	15,446	5.4%	222,251	3,385	1.5%
Total liabilities and equity	496,414	15,446	3.1%	457,459	3,385	0.7%

	2007	of which related parties	%	2006	of which related parties	%
Income statement:						
Revenues and other income	461,155	4,497	10%	432,048	4,174	10%
Cost of raw materials and goods	(169,463)	(5,415)	3.2%	(139,311)	(3,528)	2.5%
Cost of services and leases	(94,914)	(7,343)	7.7%	(89,590)	(7,761)	8.7%
Other operating costs	(127,134)	–	0.0%	(149,699)	(5)	0.0%
Operating profit	69,644			53,448		
Net financial income (expense)	(7,708)	9	0.0%	(6,958)	–	0.0%
Other income statement items	(22,249)	–	0.0%	(21,630)	–	0.0%
Profit for the period	39,687			24,860		

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

Short-term benefits	Post-employment benefits	Office fees	Total
3,429	77	1,533	5,039

It should be noted that the executives with strategic responsibilities include two members of the Board of Directors. Fees paid during the year to directors, statutory auditors and general managers are shown by name in the section dealing with the CONSOB Resolution no. 11971 of 14 May 1999.

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

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

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

The following are the main events that occurred after the close of the period:

- the merger of Zanchetta S.r.l. into VIMA S.r.l. effective from 1 January 2008 and the simultaneous change in the name of the resulting company to Zanchetta S.r.l.;
- effective from 2 January 2008, the contribution by the Parent Company IMA S.p.A. of operations in the Tea, Coffee and Herbal Tea Packaging sector and the Pharmaceutical Packaging sector to the newly established IMA Flavour S.r.l. and IMA Safe S.r.l., respectively. The equity investments in CO.MA.DI.S. S.p.A. and Precision Gears Ltd. were also transferred to IMA Safe S.r.l.;
- on 31 January 2008, the purchase from the Linde AG Group of the freeze-drying plants business under the name of the BOC Edwards Pharmaceutical Systems Group, the undisputed leader in the sector, was completed. The total amount paid, net of the net financial position and the adjustment of working capital, is currently being determined in accordance with the provisions of the contract and is expected to be around the 29 million euros paid at the date of signing. The final price for the transaction will be determined on the basis of the balance sheet at 31 January 2008. Starting from 31 January 2008, Packaging Systems Holdings Inc. is the owner of the entire share capital of BOC Edwards Pharmaceutical Systems Inc. while IMA Libra S.r.l. is the owner of 100% of the Dutch company BOC Edwards Pharmaceutical Systems B.V. and 50% of Edwards Tianli (Beijing) Pharmaceutical Systems Co. Ltd. In addition, the sale of the remaining 50% of the Chinese company was sold to IMA Libra S.r.l. for 9 million euros. Authorization from local authorities for the purchase of both stakes in the Chinese company is pending;
- in accordance with the plan described in Note 13 of the consolidated financial statements, 108,250 own shares were purchased in January 2008, as notified to Consob on 4 February 2008. At the date of these financial statements, own shares amounting to 0.902% of the share capital were held.

H) DISCLOSURE REQUIRED UNDER CONSOB RESOLUTION NO. 11971 OF 14 MAY 1999

The following table reports fees paid by the Parent Company and other Group companies to Directors, General Managers and managers with strategic responsibilities.

<i>(thousands of euro)</i>							
	Position held	Term of office	End of term of office (*)	Office fees	Non-monetary benefits	Bonues and other incentives	Other fees
Vacchi Marco	Chairman	01/01/07-26/06/07		160.00	6.99	–	20.73
	Director and honorary chairman	26/06/07-31/12/07	2008	–	–	–	–
Vacchi Alberto	CEO	01/01/07-26/06/07		527.70	9.16	–	213.50
	Chairman and CEO	26/06/07-31/12/07	2008	–	–	–	–
Malagoli Andrea	Director	01/01/07-31/12/07	2008	–	–	–	–
	General Manager	01/03/07-31/12/07		344.40	5.63	–	208.60
Benedetti Gino	Director	01/01/07-31/12/07	2008	20.00	–	–	–
Folco Giancarlo	Director	27/04/07-31/12/07	2008	20.00	–	–	–
	Member of Internal Control and Compensation Committee	14/05/07-31/12/07		10.00	–	–	–
Minguzzi Italo Giorgio	Director and Secretary	01/01/07-31/12/07	2008	55.00	–	–	–
	Chairman of Internal Control and Compensation Committee	01/01/07-14/05/07		5.00	–	–	–
Poggi Luca	Director	01/01/07-31/12/07	2008	20.00	–	–	405.00
Schiavina Maria Carla	Director	01/01/07-31/12/07	2008	20.00	–	–	–
	Member of Internal Control and Compensation Committee	01/01/07-31/12/07		15.00	–	–	–
Vacchi Gianluca	Director	01/01/07-31/12/07	2008	20.00	–	–	–
Visentini Stefano	Director	01/01/07-31/12/07	2008	20.00	–	–	–
	Manager	01/01/07-31/12/07		–	8.35	479.38	–
Volta Romano	Director	01/01/07-31/12/07	2008	20.00	–	–	–
	Chairman of Internal Control and Compensation Committee	14/05/07-31/12/07		15.00	–	–	–
Comini Giorgio	Chairman of Bd. of Statutory Auditors	01/01/07-27/04/07		–	–	–	–
Cazzola Amedeo	Statutory Auditor	01/01/07-27/04/07	2009	25.60	–	–	15.19
	Chairman of Bd. of Statutory Auditors	27/04/07-31/12/07		–	–	–	–
Aicardi Piero	Statutory Auditor	01/01/07-31/12/07	2009	19.60	–	–	9.14
Giovanardi Giacomo	Statutory Auditor	27/04/07-31/12/07	2009	14.70	–	–	–

(*) Through the approval of the financial statements

Compensation amounts relate to duties performed in 2007.

In 2007, total compensation paid to manager with strategic responsibilities of any kind and in any form by IMA S.p.A. and its subsidiaries amounted to 4,098 thousand euros and includes the 1,300 thousand euros in fees paid to the Directors listed in the table above.

**CERTIFICATION OF THE CONSOLIDATED FINANCIAL
STATEMENTS PURSUANT TO ART. 81-TER OF CONSOB
REGULATION NO. 11971 OF 14 MAY 1999,
AS AMENDED**

(THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS HAVE BEEN TRANSLATED FROM THOSE ISSUED IN ITALY, FROM
THE ITALIAN INTO THE ENGLISH LANGUAGE SOLELY FOR THE CONVENIENCE OF INTERNATIONAL READERS)

**I . M . A . I N D U S T R I A M A C C H I N E A U T O M A T I C H E S . P . A .
A N D I T S S U B S I D I A R I E S**

**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 manager responsible for preparing the financial reports of IMA S.p.A. certify, also in consideration 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 2007.

It is also certified that the consolidated financial statements:

- a) correspond to the entries in the books and accounting records;
- b) were prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union with Regulation 1725/2003, as amended, and, to our knowledge, provide a true and fair representation of the performance and financial position of the Company and all the companies included in the scope of consolidation.

Ozzano dell'Emilia (Bologna), 27 March 2008

Chief Executive Officer
Alberto Vacchi

Manager responsible for preparing the financial reports
Sergio Marzo

**REPORT OF THE INDEPENDENT AUDITORS
AS OF 31 DECEMBER 2007**

(THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS HAVE BEEN TRANSLATED FROM THOSE ISSUED IN ITALY, FROM THE ITALIAN INTO THE ENGLISH LANGUAGE SOLELY FOR THE CONVENIENCE OF INTERNATIONAL READERS)

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



PricewaterhouseCoopers SpA

**AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 156 OF LAW DECREE
NO. 58 DATED 24 FEBRUARY 1998**

To the shareholders of
IMA SpA

- 1 We have audited the consolidated financial statements of IMA SpA and its subsidiaries ("IMA Group") as of 31 December 2007, which comprise the balance sheet, the income statement, statement of changes in equity, cash flow statement and related notes. These consolidated financial statements are the responsibility of the directors of IMA SpA. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our audit opinion.

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes as required by law, reference is made to our report dated 6 April 2007.

- 3 In our opinion, the consolidated financial statements of IMA SpA as of 31 December 2007 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005; accordingly, they have been drawn up clearly and give a true and fair view of the financial position, results of operations, changes in equity and cash flows of IMA Group for the year then ended.

Bologna, 11 April 2008

PricewaterhouseCoopers SpA

Roberto Megna
(Partner)

This report has been translated from the original which was issued in accordance with Italian legislation. We have not examined the translation of the financial statements referred to in this report.