
QUARTERLY REPORT FOR
THE FIRST QUARTER OF 2007

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 .
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REPORT ON OPERATIONS
(TRANSLATION FROM THE ORIGINAL
ISSUED IN THE ITALIAN LANGUAGE)

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 S U B S I D I A R I E S

DIRECTORS AND OFFICERS

In addition to the powers that cannot be delegated, the Board of Directors of IMA S.p.A. acting together has exclusive powers to approve:

- the Company's and the Group's strategic, business and financial plans and any decisions relating to the corporate governance of IMA S.p.A. and the Group structure;
- the adequacy of the way the Company and its subsidiaries are organised and administered, with particular reference to the system of internal control and the management of conflicts of interest;
- the results of operations;
- all transactions of economic or financial significance to the Company and, in any case, all transactions with a value in excess of 10 million euros, except for the renewal or extension of bank lines of credit already granted to the Company, the powers for which can be delegated;
- all transactions in which one or more directors have an interest on own account or on behalf of third parties, and all transactions with related parties, including intercompany transactions, unless they relate to routine operations carried out on market terms;
- the size, membership and functioning of the Board of Directors and its committees;
- the decisions about future significant transactions by subsidiaries of IMA S.p.A. that will affect IMA S.p.A.

Directors and officers currently in office at the date of this quarterly report are:

BOARD OF DIRECTORS

(In office up to the Shareholders' Meeting that will approve the financial statements at 31 December 2008)

CHAIRMAN

Marco Vacchi

Powers: legal representation and signature powers in accordance with article 22 of the Articles of Association;

Delegated powers: only if the Managing Director is absent or unavailable, all powers for the ordinary and extraordinary administration of the company, with the sole exception of 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 of any kind, except for the power to rent or rent out real estate for periods not exceeding nine years;
- to give secured or other guarantees, and give sureties or letters of patronage, except (in relation to the sureties and letters of patronage) for those given on behalf of direct or indirect subsidiaries of the Company;
- the power to grant beneficial rights over the assets of the Company.

MANAGING DIRECTOR

Alberto Vacchi

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

- to transfer or receive for whatever purpose or reason, shares or quotas in companies, associations or entities, lines of business, businesses or combinations of businesses and real estate of any kind;
- 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 CEO

Andrea Malagoli

Delegated powers:

- banking operations;
- signing of contracts, arrangement and administration of insurance policies with any insurance institution or entity covering all types of risk;
- representing the Company before civil, administrative and judicial authorities or entities at any level, as well as before any fiscal authority or fiscal tribunal;
- representing the Company for all transactions regarding the shipment, release and collection of valuables and goods.

DIRECTORS

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

BOARD OF STATUTORY AUDITORS

(In office up to the Shareholders' Meeting that will approve the financial statements at 31 December 2009)

AUDITORS

Amedeo Cazzola - Chairman - Auditor

Piero Aicardi - Auditor

Giacomo Giovanardi - Auditor

ALTERNATE AUDITORS

Vittorio Coraducci - Auditor

Chiara Gallina - Auditor

Antonella Grassigli - Auditor

**INTERNAL CONTROL COMMITTEE AND
REMUNERATION COMMITTEE**

Italo Giorgio Minguzzi - Independent director - Chairman

Maria Carla Schiavina - Non-executive director

Romano Volta - Independent director

**LEAD INDEPENDENT
DIRECTOR**

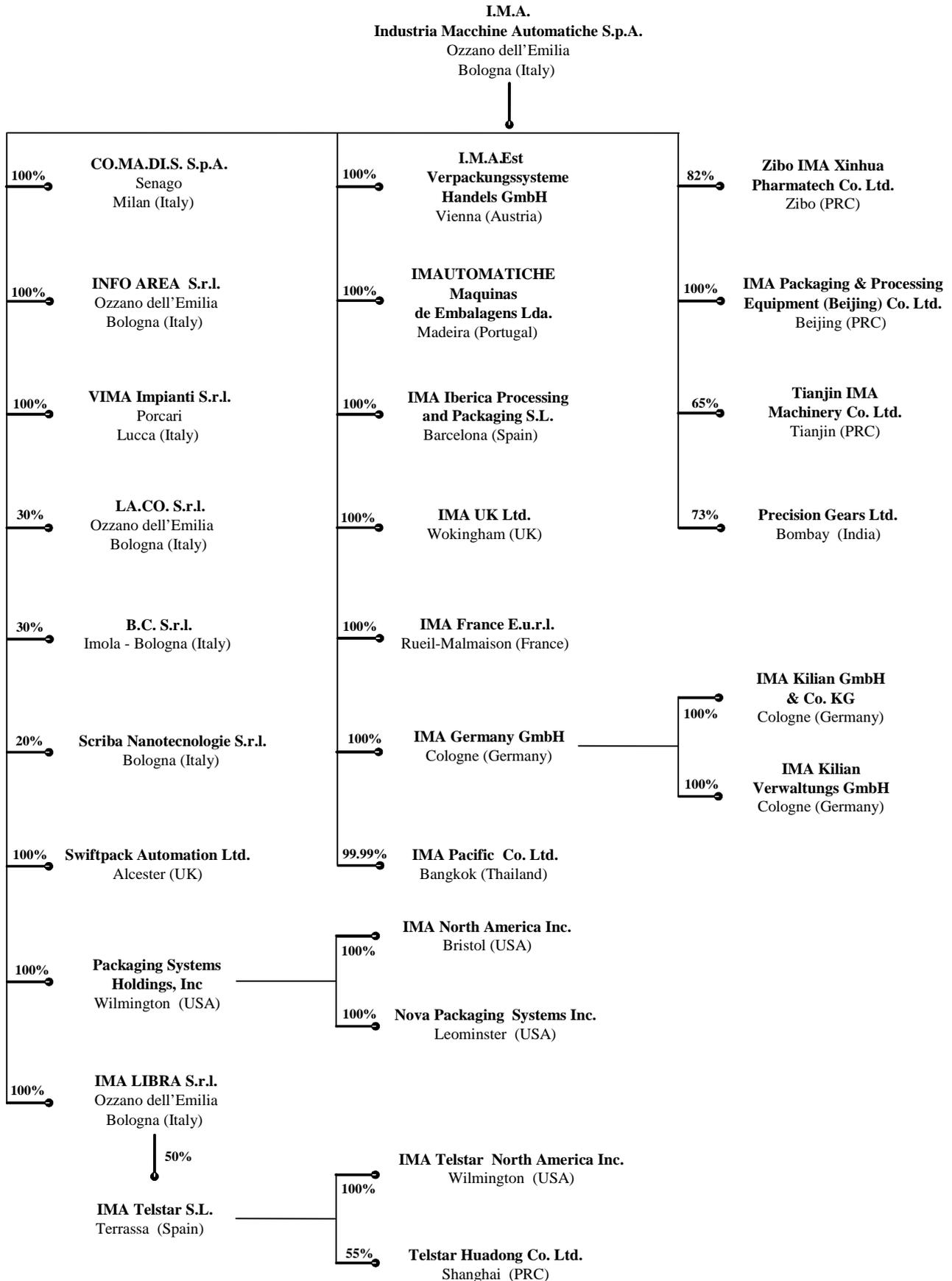
Romano Volta

INDEPENDENT AUDITORS

(In office up to the Shareholders' Meeting that will approve the financial statements
at 31 December 2012)

PricewaterhouseCoopers S.p.A.

GROUP STRUCTURE



GROUP COMPANIES BY BUSINESS ACTIVITY

**MANUFACTURING
ACTIVITIES**

I.M.A.
**Industria Macchine
Automatiche S.p.A.**
Ozzano dell'Emilia
Bologna (Italy)

IMA Libra S.r.l.
Ozzano dell'Emilia
Bologna (Italy)

CO.MA.DLS. S.p.A.
Senago – Milan (Italy)

LA.CO. S.r.l.
Ozzano dell'Emilia
Bologna (Italy)

VIMA Impianti S.r.l.
Porcari – Lucca (Italy)

B.C. S.r.l.
Imola – Bologna (Italy)

IMA Kilian GmbH & Co. KG
Cologne (Germany)

Precision Gears Ltd.
Bombay (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)

IMA-Telstar S.L.
Terrassa – Barcelona (Spain)

Telstar Huadong Co. Ltd.
Shanghai (PRC)

IMA-Telstar North America Inc.
Wilmington (USA)

**COMMERCIAL
ACTIVITIES**

IMA Germany GmbH
Cologne (Germany)

**I.M.A. Est
Verpackungssysteme
Handels GmbH**
Vienna (Austria)

IMA France E.u.r.l.
Rueil-Malmaison (France)

IMA UK Ltd.
Wokingham (UK)

**IMAUTOMATICHE
Maquinas de Embalagens Lda.**
Madeira (Portugal)

**IMA Iberica
Processing and Packaging S.L.**
Barcelona (Spain)

IMA North America Inc.
Bristol (USA)

**IMA Packaging and
Processing Equipment
(Beijing) Co. Ltd.**
Beijing (PRC)

IMA Pacific Co. Ltd.
Bangkok (Thailand)

**OTHER
ACTIVITIES**

INFO AREA s.r.l.
Ozzano dell'Emilia
Bologna (Italy)

IMA Kilian Verwaltungs GmbH
Cologne (Germany)

SCRIBA Nanotecnologie S.r.l.
Bologna (Italy)

**FINANCIAL
ACTIVITIES**

**Packaging Systems
Holdings Inc.**
Wilmington (USA)

GROUP PERFORMANCE

GENERAL PERFORMANCE

The underlying trend of the international scenario for 2007 is still positive, even if growth is likely to be slower than in 2006. The rate of expansion of the US economy is decelerating in response to a tighter monetary policy. This slowdown will not be able to absorb the USA's overseas trade deficit, only slightly alleviate the effects. Japan's rate of growth is back in line with its true potential. Labour productivity in Europe is improving, the investment cycle is getting stronger and job creation is still high. Lastly, China and India are still enjoying strong growth. In this favourable macroeconomic context, demand for durable capital goods for the pharmaceutical industry is also high. The positive trend in orders that we saw in 2006 has continued in the first quarter of 2007, a symptom of a distinct upswing in capital investment on the part of the pharmaceutical industry all over the world. It also reflects the fact that the Group is offering products that our customers appreciate. Various authoritative sources of market research are indicating that world sales of medicines will go up again this year by around 7%, with a distinct prevalence in developing countries. Machines for the packaging of tea and herbs in filter bags have also seen a positive trend in sales orders, still driven by excellent performances on the part of the Russian market, which allows us to look forward with renewed optimism to the future of this important sector of the Group.

CONSOLIDATED STATEMENT OF INCOME

Group revenues in first quarter 2007 amounted to 94.6 million euros, compared with 77.3 million euros in the same period of 2006. The operating profit amounts to 9.5 million euros on 3.3 million euros in the 1st quarter 2006. The following is a summarized version of the consolidated income statement for the period under review, with comparative figures for the corresponding period in 2006:

millions of euros	1st quarter 2007		1st quarter 2006		Change %
	Amount	%	Amount	%	
Spare parts	94.6		77.3		22.4
Cost of sales	(54.8)	57.9	(44.0)	56.9	
Industrial gross profit	39.8	42.1	33.3	43.1	19.5
R&D Costs	(5.3)		(5.4)		
Selling costs	(12.5)		(12.1)		
General and administrative costs	(12.5)		(12.5)		
Operating profit before writedown/ impairment of goodwill (E.B.I.T.A.)	9.5	10.0	3.3	4.3	n.s.
Writedown/impairment of goodwill	–		–		
Operating profit (E.B.I.T.)	9.5	10.0	3.3	4.3	n.s.
Net financial income (expense)	(2.1)		(0.9)		
Profit (loss) from investments valued using the equity method	(0.1)		–		
Result before tax	7.3	7.7	2.4	3.1	n.s.
Income taxes	(3.3)		(1.1)		
Profit (loss) for the period	4.0	4.2	1.3	1.7	n.s.
Attributable to minority interests	–		0.1		
Group result	4.0	4.2	1.4	1.8	n.s.
Gross operating profit (E.B.I.T.D.A.)	12.1	12.8	5.9	7.6	n.s.
Order book	216.0		202.1		6.9

REVENUES AND ORDERS

Consolidated revenues for first quarter 2007 totalled 94.6 million euros, up 22.4% with respect to the comparative period of last year. This result was made possible by the strength of the order book at the end of last year, mainly due to the pharmaceutical sector. The sector in which the Group operates is affected by the strong seasonality of deliveries, such that the early quarters of the year are never truly indicative of the results achievable for the full year.

The level of orders received during first quarter 2007 was also good, raising the backlog by 6.9% from the start of the year (202.1 million euros) to 216.0 million euros. In particular, orders acquired during the quarter, amounting to 118.6 million euros, increased by 2.8% on 115.4 million in 2006. The numerous projects currently underway in a market that continues to be fairly dynamic, together with the interest in investing that customers are showing, make the sales objectives that the Group has set itself (growth of around 6% on 2006) highly credible, in a competitive scenario that is much the same as last year's.

OPERATING PROFIT

Industrial gross profit in the first quarter of 2007 came to 42% of sales, substantially in line with the same period last year, confirming the quality of the measures taken during 2006.

The steps taken last year to improve product costs have had their effect, as have the repeated increases made to the US dollar price lists, which now benefit from a more favourable exchange rate and lower pressure on prices.

Lastly, the sales mix of products was favourable and there was an increased incidence of spares and size parts with respect to machinery.

As a result, operating profit came to 9.5 million euros, versus 3.3 million euros in the same period of 2006, after discounting modest increases in fixed costs and R&D costs that were in line with the first quarter of 2006.

**PROFIT (LOSS)
BEFORE TAX**

Net financial expense amounted to 2.1 million euros compared with 0.9 million euros at 31 March 2006. This deterioration was largely due to the higher cost of debt, partly because of the increase in interest rates and partly because of an unfavourable debt curve during the year, not helped by 0.3 million euros of exchange losses. It follows that the profit before tax comes to 7.3 million euros versus 2.4 million euros at the end of March 2006.

PROFIT (LOSS) FOR THE PERIOD

The profit for the period of 4.0 million euros compares with 1.3 million euros in the same period last year. The main reasons for the difference have already been explained in the previous two sections.

ANALYSIS OF PERFORMANCE BY SECTOR

The following schedule analyzes operations during 2003 by business sector:

millions of euros	Tea	Packaging	Process	Other	Unallocated	Total
Revenues						
1st quarter 2007	16.9	55.9	20.7	1.1	–	94.6
1st quarter 2006	18.5	42.8	14.7	1.3	–	77.3
Operating profit						
1st quarter 2007	5.5	5.0	(1.1)	0.1	–	9.5
1st quarter 2006	7.0	(1.5)	(2.2)	–	–	3.3
Net capital employed (*)						
31 March 2007	23.0	110.0	82.9	1.9	(9.8)	208.0
31 March 2006	20.2	98.2	87.5	2.9	(2.3)	206.5
R&D costs						
1st quarter 2007	1.3	2.8	1.2	–	–	5.3
1st quarter 2006	1.3	2.9	1.2	–	–	5.4
Average personnel (**)						
1st quarter 2007	198	1,580	549	–	385	2,712
1st quarter 2006	200	1,574	479	–	405	2,658
Order book						
31 March 2007	45.1	122.9	48.0	–	–	216.0
31 March 2006	38.1	117.1	46.9	–	–	202.1

(*) *Unallocated assets and liabilities refer principally to current and deferred income taxes, which it is impossible to split accurately by division.*

(**) *The personnel allocated to the various sectors are those directly employed there, while the figure reported in the “Unallocated” column reflects those employed by the sales organisations at branches and in the Group’s administrative and central offices.*

Revenues in the tea sector are 1.6 million euros (-8.6%) lower than last year because of a different timing of deliveries. Industrial gross profit is down because of lower volumes and a different sales mix, while steps to reduce fixed costs have mitigated the reduction in operating profit. As confirmation of the IMA Group’s strong leadership in this market, the order book is around 7.0 million euros higher than at the end of first quarter 2006, allowing us to foresee an annual trend in line with expectations.

The increase in revenues in the packaging sector is entirely thanks to organic growth, based on the quality and reputation of our products. Operating profit is up considerably thanks to the growth in products’ industrial margins and the containment of fixed costs. The significant improvement in margins continues, as does the inflow of orders which is better than last year, allowing us to close the period with a strong order book.

The sector that makes processing machines for the pharmaceutical industry also turned in better results compared with this time last year. Revenues increased by 40.8% with respect to 2006 with margins substantially in line, even if the operating profit is still negative, partly because of the seasonal nature of deliveries.

The Group is working hard to rationalize expenditure, both by reducing production costs and by the “re-engineering” of processes to eliminate possible duplications of effort. The internal reorganisation of the Group, which involved combining functions and product lines with a view to maximising efficiency, already produced benefits last year and even more so in the current year.

**CONSOLIDATED
BALANCE SHEET AND
FINANCIAL POSITION**

The following table summarises the Group's balance sheet as at the end of March:

millions of euros	31.03.2007	31.12.2006
Trade receivables	99.2	101.4
Inventories	138.0	122.2
Trade payables	(113.9)	(102.9)
Other, net	(27.6)	(29.2)
Working capital	95.7	91.5
Property, plant and equipment	72.1	72.7
Intangible assets	69.5	69.9
Investments in subsidiaries and associates	1.4	1.8
Fixed assets	143.0	144.4
Provision for severance indemnities and other provisions	(30.7)	(32.7)
Net capital employed	208.0	203.2

FINANCED BY:

Net debt	105.7	104.2
Minority interests	1.0	1.0
Group equity	101.3	98.0
Total sources of finance	208.0	203.2

The net capital employed at the end of the first quarter of 2007 was 4.8 million euros higher than at the end of 2006. The difference is principally due to the increase in working capital (4.2 million euros). Analysing the changes in working capital, the significant reduction in trade receivables, thanks to the collection of amounts due in relation to deliveries made in fourth quarter 2006, was offset, despite the strong growth in revenues, by the rise in inventories which was not accompanied by an increase in trade payables. This reflects the timing of payments for purchases, which take place prior to the shipping of finished products.

The changes in fixed assets are mainly due to depreciation and amortization, which are higher than the additions for the period, resulting in a slight contraction in the net balances.

The following is a breakdown of net debt:

millions of euros	31.03.2007	31.12.2006
A. Cash and cash equivalents	(43.7)	(60.2)
B. Other liquid assets	(1.1)	–
C. Investment in securities	(0.2)	(0.2)
D. Liquid funds (A)+(B)+(C)	(45.0)	(60.4)
E. Current financial receivables	(0.2)	–
F. Current bank loans	45.5	52.1
G. Current portion of long-term bank loans	21.1	22.2
H. Other current financial payables	1.7	1.6
I. Net debt current (F)+(G)+(H)	68.3	75.9
J. Net current debt (D)+(E)+(I)	23.1	15.5
K. Non-current bank debt (other than loans)	79.4	85.0
L. Non-current financial assets	(3.5)	(3.4)
M. Other non-current financial payables	6.7	7.1
N. Net non-current debt (K)+(L)+(M)	82.6	88.7
O. Net debt (J)+(N)	105.7	104.2

Net debt at the end of the period amounted to 105.7 million euros (104.2 million euros at December 31, 2006). Debt has increased slightly, but this is to be considered quite positive, seeing as it took place at a time of year when we are working on deliveries scheduled for the second half of the year; in other words, it is normal for debt to rise during the first quarter. In addition, there was the second payment for the acquisition of Precision Gears which took place in 1st quarter 2007 for a total of 1.4 million euros. However, if we compare the net financial position at the end of the first quarter of 2007 with that same period in 2006 (110.6 million euros), excluding extraordinary transactions and the purchase of treasury shares, and based on the same scope of consolidation, the level of net debt has improved by around 22 million euros.

It is expected that debt will fall considerably in the latter part of the year.

CAPITAL EXPENDITURE

Group capital expenditure amounted to 1.3 million euros, broadly unchanged with respect to first quarter 2006, and mainly related to costs incurred to extend and upgrade existing buildings and plant and the purchase of electronic equipment and furniture. The investment in intangible assets amounted to 0.5 million euros (0.4 million euros in first quarter 2006). The depreciation and amortization charge for the period, 2.6 million euros, was much the same as in the comparative period last year.

OTHER INFORMATION

OUTLOOK FOR THE REST OF THE YEAR

The progress made during the last quarter of 2006 together with the result for the first quarter of 2007 bode well for the year as a whole. The efforts being made by the Group to reduce costs and improve the effectiveness of commercial activity, and renewed interest in investment on the part of customers despite the weakness of the US dollar, all contribute towards a positive outlook for the year as a whole. The Group intends to continue pursuing higher profitability, with results already evident in 2006; this remains our number one objective in the short term.

If these signs are confirmed over the next few months, forecast sales growth of around 6%, with a gross operating profit of around 71 million euros, should not be too hard to achieve.

CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2007

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 S U B S I D I A R I E S

CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2007 AND 31 DECEMBER 2006 (MILLIONS OF EUROS)

ASSETS	Note	31 March 2007	31 December 2006
NON-CURRENT ASSETS			
<i>Property, plant and equipment</i>	2	72.1	72.7
<i>Intangible assets</i>	3	69.5	69.9
<i>Companies valued using the equity method</i>	4	1.4	1.7
<i>Investments in non-consolidated subsidiaries</i>		–	0.1
<i>Financial assets</i>	5	3.5	3.4
<i>Receivables from others</i>		0.6	0.5
<i>Derivatives</i>	6	0.2	0.2
<i>Deferred tax assets</i>	7	15.6	14.8
TOTAL NON-CURRENT ASSETS		162.9	163.3
CURRENT ASSETS			
<i>Inventories</i>	8	138.0	122.2
<i>Trade and other receivables</i>	9	115.5	110.4
<i>Income tax receivables</i>		1.1	0.4
<i>Financial assets</i>	5	1.5	0.2
<i>Derivatives</i>	6	0.7	0.7
<i>Cash and cash equivalents</i>	10	43.7	60.2
TOTAL CURRENT ASSETS		300.5	294.1
TOTAL ASSETS		463.4	457.4
EQUITY AND LIABILITIES	Note	31 March 2007	31 December 2006
CAPITAL AND RESERVES			
<i>Share capital</i>	11	18.8	18.8
<i>Share premium reserve</i>		16.4	16.4
<i>Treasury shares</i>	12	(19.7)	(18.9)
<i>Translation reserve</i>		(0.7)	(0.7)
<i>Fair value reserve</i>	13	0.9	0.8
<i>Other reserves</i>		31.0	31.0
<i>Retained earnings</i>		50.6	25.8
<i>Profit (loss) for the period</i>		4.0	24.8
Total capital and reserves pertaining to the Group		101.3	98.0
<i>Reserves pertaining to minority interests</i>		1.0	1.0
<i>Profit pertaining to minority interests</i>		–	–
Total minority interests		1.0	1.0
EQUITY PERTAINING TO THE GROUP AND MINORITY INTERESTS		102.3	99.0
NON-CURRENT LIABILITIES			
<i>Borrowings</i>	14	86.1	92.1
<i>Severance and pension obligations</i>		25.7	25.5
<i>Provisions for risks and charges</i>	15	1.2	1.2
<i>Deferred tax liabilities</i>	7	17.8	17.4
TOTAL NON-CURRENT LIABILITIES		130.8	136.2
CURRENT LIABILITIES			
<i>Borrowings</i>	14	68.3	75.9
<i>Trade and other payables</i>	16	147.1	136.8
<i>Income tax liabilities</i>		8.9	4.0
<i>Provisions for risks and charges</i>	15	6.0	5.5
TOTAL CURRENT LIABILITIES		230.3	222.2
TOTAL LIABILITIES		361.1	358.4
TOTAL EQUITY AND LIABILITIES		463.4	457.4

CONSOLIDATED INCOME STATEMENT

FOR FIRST QUARTER 2007 AND FIRST QUARTER 2006 (MILLIONS OF EUROS)

INCOME STATEMENT	Note	1st Quarter 2007	1st Quarter 2006
REVENUES	1	94.6	77.3
<i>Other revenues</i>		1.9	1.4
OPERATING COSTS			
<i>Change in work in progress, semifinished and finished goods</i>		13.8	17.7
<i>Change in inventory of raw, ancillary and consumable materials</i>		2.4	(0.6)
<i>Cost of raw, ancillary and consumable materials</i>		(43.8)	(36.1)
<i>Services, rentals and leases</i>		(20.8)	(19.8)
<i>Personnel costs</i>	17	(34.1)	(32.8)
<i>Depreciation, amortization and write-downs</i>	18	(2.6)	(2.7)
<i>Provision for risks and charges</i>		(0.6)	(0.2)
<i>Other operating costs</i>		(1.3)	(0.9)
TOTAL OPERATING COSTS		(87.0)	(75.4)
OPERATING PROFIT	1	9.5	3.3
FINANCIAL INCOME AND CHARGES			
<i>Financial income</i>	19	1.1	1.9
<i>Financial expense</i>	20	(3.2)	(2.8)
FINANCIAL INCOME AND EXPENSE		(2.1)	(0.9)
PROFIT (LOSS) FROM INVESTMENTS CARRIED AT EQUITY		(0.1)	–
RESULT BEFORE TAX		7.3	2.4
INCOME TAXES FOR THE PERIOD	21	(3.3)	(1.1)
PROFIT (LOSS) FOR THE YEAR		4.0	1.3
ATTRIBUTABLE TO:			
PARENT COMPANY SHAREHOLDERS		4.0	1.4
MINORITY INTERESTS		–	(0.1)
		4.0	1.3
EARNINGS PER SHARE (in euros)		0.12	0.04

CHANGES IN CONSOLIDATED EQUITY

FOR THE PERIOD AT 31 MARCH 2007 AND 31 MARCH 2006 (MILLIONS 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
Balances at 01.01.2006	18.8	16.4	(14.7)	1.3	(0.9)	30.5	27.6	12.5	91.5	3.6	95.1
Allocation of result for 2005:	-	-	-	-	-	-	12.5	(12.5)	-	(0.3)	(0.3)
Purchase and sale of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Fair value of financial instruments	-	-	-	-	0.8	-	-	-	0.8	-	0.8
Exchange differences on translation of foreign currency financial statements	-	-	-	(0.9)	-	-	-	-	(0.9)	(0.1)	(1.0)
Profit (loss) for the period	-	-	-	-	-	-	-	1.4	1.4	(0.1)	1.3
Balances at 31.03.2006	18.8	16.4	(14.7)	0.4	(0.1)	30.5	40.1	1.4	92.8	3.1	95.9

Balances at 01.01.2007	18.8	16.4	(18.9)	(0.7)	0.8	31.0	25.8	24.8	98.0	1.0	99.0
Allocation of result for 2006:	-	-	-	-	-	-	24.8	(24.8)	-	-	-
Purchase and sale of treasury shares	-	-	(0.8)	-	-	-	-	-	(0.8)	-	(0.8)
Fair value of financial instruments	-	-	-	-	0.1	-	-	-	0.1	-	0.1
Exchange differences on translation of foreign currency financial statements	-	-	-	-	-	-	-	-	-	-	-
Profit (loss) for the period	-	-	-	-	-	-	-	4.0	4.0	-	4.0
Balances at 31.03.2007	18.8	16.4	(19.7)	(0.7)	0.9	31.0	50.6	4.0	101.3	1.0	102.3

CONSOLIDATED STATEMENT OF CASH FLOWS

AT 31 MARCH 2007 AND 31 MARCH 2006 (MILLIONS OF EUROS)

	31 March 2007	31 March 2006
OPERATIONS		
<i>Profit (loss) for the period</i>	4.0	1.4
<i>Adjustments for:</i>		
- <i>Depreciation and amortisation</i>	2.6	2.6
- <i>Changes in provisions for risks and charges and staff severance obligations</i>	0.7	(0.5)
- <i>Unrealised losses (gains) on exchange rate differences</i>	0.1	(0.2)
- <i>Income taxes</i>	3.3	1.1
- <i>Minority interests</i>	-	(0.1)
- <i>Share of results of companies valued using the equity method</i>	0.1	-
Operating profit (loss) before changes in working capital	10.8	4.3
<i>(Increase) decrease in trade and other receivables</i>	(5.1)	12.7
<i>(Increase) decrease in inventories</i>	(15.8)	(16.8)
<i>Increase (decrease) in trade and other payables</i>	11.0	(14.4)
<i>Income taxes paid</i>	(0.3)	(0.3)
CASH FLOW GENERATED BY OPERATIONS (A)	0.6	(14.5)
INVESTMENT ACTIVITY		
<i>Investments in property, plant and equipment</i>	(1.3)	(1.0)
<i>Investments in intangible assets</i>	(0.5)	(0.4)
<i>Exchange rate differences on property, plant and equipment and intangible assets</i>	0.1	0.1
<i>Repayment of finance lease debts</i>	(0.3)	(0.4)
<i>Investments in subsidiaries and associates</i>	-	(6.3)
<i>Proceeds from sale of non-current assets</i>	0.1	0.1
<i>Net change in financial assets and other non-current receivables</i>	(1.5)	(0.1)
<i>Changes in reserves pertaining to minority interests</i>	-	(0.4)
CASH FLOW ABSORBED BY INVESTMENT ACTIVITY (B)	(3.4)	(8.4)
FINANCE ACTIVITY		
<i>New loans granted</i>	0.4	6.0
<i>Borrowings repaid</i>	(6.7)	(3.5)
<i>Increase (decrease) in other payables to banks</i>	(5.0)	(5.5)
<i>Purchase of treasury shares</i>	(0.8)	-
<i>Translation of foreign currency financial statements</i>	-	(0.9)
<i>Payment/collection of interest</i>	(1.6)	(1.5)
CASH FLOW GENERATED (ABSORBED) BY FINANCE ACTIVITY (C)	(13.7)	(5.4)
NET CHANGE IN CASH AND CASH EQUIVALENTS (D=A+B+C)	(16.5)	(28.3)
CASH AND CASH EQUIVALENTS AT START OF PERIOD (E)	60.2	57.8
CASH AND CASH EQUIVALENTS AT END OF PERIOD (F=D+E)	43.7	29.5

**EXPLANATORY NOTES TO THE
CONSOLIDATED FINANCIAL STATEMENTS
(TRANSLATION FROM THE ORIGINAL
ISSUED IN THE ITALIAN LANGUAGE)**

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 S U B S I D I A R I E S

A) OVERVIEW

The Report on Operations for first quarter 2007 was approved by the Board of Directors on 14 May 2007.

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

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

At 31 March 2007, SO.FI.M.A. S.p.A, which is controlled by LOPAM FIN S.p.A., holds 67.55% of IMA S.p.A. No significant transactions took place during the period between IMA S.p.A. and its parent companies.

In the market segment in which the IMA Group operates, interim results cannot be considered representative of the year as a whole, as activity tends to intensify in the second half of the year.

B) BASIS OF PREPARATION

General principles

The quarterly report was prepared in conformity with the international accounting standards issued by the International Accounting Standards Board (IASB) now in force and the interpretations issued to date by the Standing Interpretations Committee and International Financial Reporting Interpretations Committee (SIC/IFRIC).

The report was prepared in accordance with Consob Issuer Regulation no. 11971/1999, as amended by Consob resolution 14990 of 14 April 2005, and contains the information that IAS 34 requires for interim financial reports.

The quarterly report was prepared on the basis of the same accounting principles and standards used to prepare the annual and consolidated financial statements as of 31 December 2006, where compatible, and reference should be made to them for further information. Income tax for the period is calculated using the best estimate of the weighted-average tax rate for the entire year.

Preparing interim reports requires the directors to make estimates and assumptions based on their best assessment at the time, which then have an effect on the figures shown in the financial statements and in the notes.

These estimates and assumptions are reviewed periodically and the effects of any changes are recognised immediately in the period when circumstances change.

The process of developing and approving international accounting standards means that certain documents are constantly under review. The Group has considered the effects of the accounting standards that became applicable from 1 January 2007. In the view of the directors, they do not have a significant effect on this interim report.

Accounting schedules

The format of the consolidated income statement reflects an analysis of costs according to their nature, as this classification is considered the most meaningful in terms of understanding the Group's economic result.

The balance sheet is classified on the basis of the operating cycle, distinguishing between current and non-current items.

The statement of cash flows was prepared using the indirect method, as this is considered more representative of the financial flows generated by the Group's activities.

All of the figures in the quarterly report at 31 March 2007 are reported in millions of euros, unless stated otherwise.

C) SCOPE OF CONSOLIDATION

The quarterly report as of 31 March 2007 includes the statements of income and balance sheets of I.M.A. - Industria Macchine Automatiche S.p.A. (the Parent Company) and all the companies in which it directly or indirectly holds a controlling interest.

The following changes in the Group structure took place during 2007:

- The contribution by IMA S.p.A., at book value, of the activities of 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., the Italo-Spanish joint-venture (lyophilization machinery) took effect on 2 January 2007;
- The merger of Zibo IMA Xinhua Machinery Co. Ltd. with Zibo IMA Xinhua Pharmatech Co. Ltd. was completed on 28 February 2007.

We are also looking into the feasibility of relocating IMA UK Ltd., a trading company, to the premises of Swiftpack Automation Ltd (UK).

On 20 December 2006, IMA signed a contract to buy 34% of the share capital of Precision Gears Ltd., in which it already held a 51% interest.

The company is based in Bombay (or Mumbai), India and specialises in the production of blister and cartoning machines for emerging markets. The 34% interest will be acquired in various tranches for a price based on the average of the results for the last three years.

The first tranche of 11% of share capital was acquired by the parent company in December 2006 for 1.3 million euros, which was paid at the time of the transfer of ownership.

The second tranche of 11% of share capital was paid in March 2007 for 1.3 million euros.

The third tranche will be paid in the second quarter of 2007.

With regard to the remaining interest, representing 15% of share capital, the parties have agreed reciprocal put & call rights on the same terms as those established for the purchase of the 34% interest. These options can be exercised in two tranches, by January 2010 at the latest.

The following is a list of the companies included in the consolidation, with an indication of the consolidation method used:

**COMPANIES CONSOLIDATED
ON A LINE-BY-LINE BASIS**

	Registered offices		Share capital fully paid-in	Direct investment	Indirect investment
Manufacturing companies:					
• I.M.A. Industria Macchine Automatiche S.p.A	Ozzano E. (BO)	EUR	18,772,000	Parent Company	
• IMA Libra S.r.l.	Ozzano E. (BO)	EUR	3,000,000	100%	–
• CO.MA.DI.S. S.p.A.	Senago (MI)	EUR	1,540,000	100%	–
• VIMA Impianti S.r.l.	Porcari (LU)	EUR	363,940	100%	–
• Zibo IMA Xinhua Pharmatech Co. Ltd.	Zibo (PRC)	USD	4,143,248	82%	–
• Tianjin IMA Machinery Co. Ltd.	Tianjin (PRC)	USD	200,000	65%	–
• Swiftpack Automation Ltd.	Alcester (GB)	GBP	1,403,895	100%	–
• Precision Gears Ltd.	Bombay (India)	RS	(*) 17,852,100	100%	– (1)
• IMA Kilian GmbH & Co. KG	Cologne (Germany)	EUR	3,600,000	–	100% (2)
• Nova Packaging Systems Inc.	Leominster (USA)	USD	8,050,000	–	100% (3)
Marketing companies:					
• IMA UK Ltd.	Wokingham (UK)	GBP	50,000	100%	–
• I.M.A. Est Verp. Handels GesmbH	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% (3)
Other companies:					
• Info Area S.r.l.	Ozzano E. (BO)	EUR	98,800	100%	–
• IMA Kilian Verwaltungs GmbH	Cologne (Germany)	EUR	25,000	–	100% (2)
Holding 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. totals Rs 20,000,000 and Thb 100,000,000 respectively.

Notes (list of investments):

- (1) The percentage interest includes an option to purchase 15% of the share capital which, in substance, represents a form of deferred payment
- (2) Held by IMA Germany GmbH
- (3) Held by Packaging Systems Holdings Inc.

**COMPANIES CONSOLIDATED
ON A PROPORTIONAL BASIS**

	Registered offices	Share capital fully paid-in	Direct investment	Indirect investment
IMA-Telstar S.L.	Terrassa (E)	EUR 4,946,400	–	50% (4)
Telstar Huadong Co. Ltd.	Shanghai (PRC)	RMB 17,370,000	–	27.5% (5)
IMA-Telstar North America Inc.	Wilmington (USA)	USD 500,000	–	50% (6)

Notes (list of investments):

(4) Held by IMA Libra S.r.l.

(5) 55% held by IMA-Telstar S.L.

(6) 100% held by IMA-Telstar S.L.

The financial statements at 31 March 2007 include the Group share of the assets, liabilities, revenues and costs of the IMA-Telstar S.L. group and Telstar Huadong Co. Ltd. and IMA-Telstar North America Inc.

**COMPANIES VALUED
USING THE EQUITY METHOD**

	Registered offices	Share capital fully paid-in	Direct investment	Indirect investment
B.C. S.r.l.	Imola (BO)	EUR 36,400	30%	–
LA.CO. S.r.l.	Ozzano E. (BO)	EUR 30,000	30%	–
Scriba Nanotecnologie S.r.l.	Bologna (BO)	EUR 15,000	40%	– (7)
Consorzio Info Area	Ozzano E. (BO)	EUR (*) 50,000	25%	25% (8)

(*) Quotas of the consortium fund

Notes (list of indirect investments):

(7) The ownership percentage includes an agreement for the purchase of 20% of share capital.

(8) Held by Info Area S.r.l.

The consolidated financial statements at 31 March 2007 include the share of the net profits and losses of companies valued using the equity method, from the date on which significant influence begins to the date that it ends.

D) EXPLANATORY NOTES

The changes reported below have been determined with respect to the amounts at 31 December 2006 for balance sheet items and the amounts for first quarter 2006 for income statement items.

1. SEGMENT INFORMATION

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;
- pharmaceutical packaging sector: 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 cartoning and end-of-line equipment, and related services;
- pharmaceutical process sector: machines for the production of tablets and capsules, machines for coating and fluid bed granulators, and related services.

The following table gives a breakdown of revenues with comparative figures for the same period in 2006 (in millions of euros):

	from 01.01.2007 to 31.03.2007	from 01.01.2006 to 31.03.2006	Change
Tea, herbal tea and coffee packaging	16.9	18.5	(1.6)
Pharmaceutical packaging	55.9	42.8	13.1
Pharmaceutical processing	20.7	14.7	6.0
Other	1.1	1.3	(0.2)
Total	94.6	77.3	17.3

The increases in consolidated revenues compared with the same period last year are attributable to the good level of order book at the end of the previous year, and they are mainly due to the pharmaceutical area. Revenues in the tea sector are 1.6 million euros (-8.6%) lower than last year because of a different timing of deliveries. The rise in packaging revenues was due to higher sales for the entire range of products in this sector. The sector that makes processing machines for the pharmaceutical industry also turned in better results compared with this time last year. Revenues have increased by 40.8% on 2006 with margins substantially in line. The following table shows operating profit by sector (millions of euros):

	from 01.01.2007 to 31.03.2007	from 01.01.2006 to 31.03.2006	Change
Tea, herbal tea and coffee packaging	5.5	7.0	(1.5)
Pharmaceutical packaging	5.0	(1.5)	6.5
Pharmaceutical processing	(1.1)	(2.2)	1.1
Other	0.1	-	0.1
Total	9.5	3.3	6.2

The operating profit by sector reported in the first quarter 2007 confirms that the steps taken in 2006 to improve product costs have started to take effect, as have the repeated increases made to the US dollar price lists, which now also benefit from a more favourable exchange rate and lower pressure on price. In addition, the sales mix of products was favourable and there was an increased incidence of spares and size parts with respect to machinery. In particular, in the tea sector, the decline in operating profit is due to lower volumes and a different sales mix, mitigated by the efforts to reduce fixed costs.

The packaging sector's operating profit is up considerably thanks to the growth in products' industrial margins and the containment of fixed costs.

The operating profit of the process sector has improved considerably, even if it is still negative, partly because of the seasonal nature of deliveries.

The Group's secondary reporting is divided by geographical segment. The following is a breakdown of IMA Group revenues for the period to 31 March 2007 by geographical and business segment (millions of euros):

REVENUES BY GEOGRAPHICAL SEGMENT

	from 01.01.2007 to 31.03.2007	from 01.01.2006 to 31.03.2006	Change
E.U. (excluding Italy)	36.3	36.1	0.2
Other European countries	6.5	4.2	2.3
North America	21.8	17.9	3.9
Asia	14.1	7.6	6.5
Other countries	8.9	6.6	2.3
Total exports	87.6	72.4	15.2
Italy	7.0	4.9	2.1
Total	94.6	77.3	17.3

REVENUES BY BUSINESS SEGMENT

	from 01.01.2007 to 31.03.2007	from 01.01.2006 to 31.03.2006	Change
Machines and size parts	43.5	40.5	3.0
Contract work	29.3	15.7	13.6
Spare parts	14.0	13.2	0.8
Technical assistance	4.5	5.1	(0.6)
Other services	3.3	2.8	0.5
Total	94.6	77.3	17.3

2. PROPERTY, PLANT AND EQUIPMENT

There has been a net decrease in property, plant and equipment by 0.6 million euros. Movements in property, plant and equipment during the period can be analysed as follows (millions of euros):

	Land	Buildings and leasehold improvements	Plant and machinery	Manufacturing and commercial equipment	Other assets	Assets under development and advances	Total
Balance at 01.01.07	17.1	35.3	13.7	1.7	3.4	1.5	72.7
Additions in the period	–	0.1	0.4	0.1	0.4	0.3	1.3
Sales and disposals	(0.1)	–	–	–	–	–	(0.1)
Depreciation	–	(0.4)	(0.8)	(0.2)	(0.4)	–	(1.8)
Balance at 31.03.07	17.0	35.0	13.3	1.6	3.4	1.8	72.1

Land includes the plots of land owned by the Parent Company in Ozzano dell'Emilia (BO) and in Bentivoglio (BO) for 10.6 million euros, and those in Calenzano (FI) and Terrassa (Spain) being bought under finance leases for 3.2 million euros and 2.5 million euros, respectively.

Buildings and leasehold improvements mainly regard buildings located in Ozzano dell'Emilia, Bentivoglio, Calenzano and buildings 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.

The other additions during the period mainly related to costs incurred to extend and upgrade existing buildings and plant and the purchase of electronic machines and furniture.

3. INTANGIBLE ASSETS

Movements in intangible assets during the period can be analysed as follows (millions of euros):

	Development costs	Industrial patents	Software, licences, trademarks and similar	Goodwill	Assets under development and advances	Total
Balance at 01.01.07	8.7	1.7	2.5	55.9	1.1	69.9
Increases in the period	–	0.1	–	–	0.4	0.5
Amortization	(0.4)	(0.1)	(0.3)	–	–	(0.8)
Exchange differences	–	–	–	(0.1)	–	(0.1)
Balance at 31.03.07	8.3	1.7	2.2	55.8	1.5	69.5

Development costs principally include the costs incurred by the parent company for new products not previously available and developed for entry into new market segments. Specifically, the projects capitalized by the parent company relate to the CA1 machine for the packaging of coffee pods in filter paper, and the C300 anti-error pill-counting machine, as well as the Vortex high-speed wet granulator, with

optional fluid-bed integrators (Pegasus). In addition, following the acquisition of the Telstar group in the prior year, this caption includes know how for the production of freeze-drying plant used by the pharmaceutical industry and the production of pharmaceuticals deriving from biotechnological research, with an estimated useful life of 7 years. Lastly, following VIMA S.r.l.'s inclusion in the scope of consolidation, it also comprises the know how in the washing and powder handling systems of the pharmaceutical processing sector, with an estimated useful life of 5 years.

Software, licences, trademarks and similar rights include applications, operating and technical software.

Goodwill comprises the following (millions of euros):

	31.03.2007	31.12.2006
Purchase of G.S. Coating System business	7.4	7.4
Acquisition of ICO OLEODINAMICI S.p.A. division	3.1	3.1
Acquisition of CO.MA.D.I.S. S.p.A.	3.8	3.8
B.F.B. S.p.A	1.8	1.8
IMA Kilian GmbH & Co. KG	14.8	14.8
Nova Group	13.2	13.3
Telstar Group	3.4	3.4
VIMA Impianti S.r.l.	4.3	4.3
Precision Gears Ltd.	4.0	4.0
Total	55.8	55.9

In particular, the impairment testing procedures adopted in relation to goodwill did not identify, based on current forecasts, the need to record any loss of value. Performance over the coming quarters will provide more a meaningful picture of the prospects for the various Cash Generating Units.

Assets under development and advances relate for 1.1 million euros to the capitalisation of development costs attributable to IMA Libra S.r.l.

4. COMPANIES VALUED USING THE EQUITY METHOD

This item is made up as follows (millions of euros):

	Holding %	31.03.2007	31.12.2006
B.C. S.r.l.	30%	0.6	0.6
LA.CO. S.r.l.	30%	0.4	0.5
Scriba Nanotecnologie S.r.l.	40%	0.4	0.4
IMA-Telstar North America Inc.	50%	-	0.2
Total		1.4	1.7

The investment in IMA Telstar North America Inc. has been consolidated on a proportional basis.

5. FINANCIAL ASSETS

Non-current financial assets, 3.5 million euros, include investments in securities totalling 3.0 million euros (3.0 million euros at 31 December 2006). These mainly comprise listed bond funds pledged as collateral for loans received. They also include financial receivables of 0.4 million euros (0.3 million euros at 31 December 2006) and investments in other companies of 0.1 million euros (0.1 million euros at 31 December 2006).

Current financial assets, 1.5 million euros, include investments by the Parent company in listed bond funds of 0.2 million euros (0.2 million euros at 31 December 2006) loans received of 0.2 million euros. In addition, it should be noted that during the first quarter of 2007, IMA-Telstar S.L. made deposits of 1.1 million euros with leading international banks, maturing in last quarter 2007.

6. DERIVATIVES

Derivatives are made up as follows (millions of euros):

	Assets 31.03.2007	Assets 31.12.2006
Interest rate swap (non-current) – Cash flow hedges	0.2	0.2
Exchange rate hedges (current) – Cash flow hedges	0.7	0.7
Total	0.9	0.9

INTEREST RATE DERIVATIVES

The amount of 0.2 million euros represents the fair value of two options, arranged in 2005 and 2006 with leading banks, to hedge the interest rate risk on two long-term loans maturing in June and October 2011.

CURRENCY DERIVATIVES

The amount of 0.7 million euros represents the fair value of currency repurchase agreements and options arranged by the Group to hedge exchange risk. The notional value of exchange rate hedges has gone from 32.1 million US dollars at 31 December 2006 to 34.6 million US dollars at 31 March 2007.

7. DEFERRED TAX ASSETS AND LIABILITIES

At 31 March 2007, deferred tax assets of 15.6 million euro (14.8 million euro at 31 December 2006) mainly relate to temporary differences deriving from provisions recorded by the parent company, as well as to the elimination of unrealized intercompany profits on the sale of finished products and the tax benefit of tax losses carried forward.

At 31 March 2007, deferred tax liabilities amount to 17.8 million euros (17.4 million euros at 31 December 2006) and relate mainly to temporary differences between the book values of certain tangible and intangible assets in the balance sheet and their values recognised for tax purposes.

8. INVENTORIES

This item is made up as follows (millions of euros):

	Net value	Reserve for obsolete and slow- moving goods	Gross value at 31.03.2007	Net value at 31.12.2006
Raw, ancillary and consumable materials	23.1	(4.6)	18.5	16.1
Work in progress and semifinished goods	132.8	(16.4)	116.4	102.6
Finished products and goods	5.1	(2.0)	3.1	3.5
Total	161.0	(23.0)	138.0	122.2

The increase in inventories since 31 December 2006 reflects the preparation of machines for delivery to customers in subsequent quarters, as well as the substantial order backlog at the end of March.

9. TRADE AND OTHER RECEIVABLES

This item is made up as follows (millions of euros):

	31.03.2007	31.12.2006
Trade receivables	99.2	101.4
Advances to suppliers	5.5	3.8
Tax receivables	4.6	1.7
Prepayments	2.9	1.3
Other receivables	3.3	2.2
Total	115.5	110.4

TRADE RECEIVABLES

Trade receivables include amounts due from customers of 70.8 million euros (81.3 million euros at 31 December 2006), amounts due on contract work in progress of 26.5 million euros (19.1 million euros at 31 December 2006) and receivables from associates and non-consolidated subsidiaries of 1.9 million euros (1.0 million euros at 31 December 2006).

Trade receivables from customers are stated net of accumulated provisions amounting to 2.3 million euros (2.5 million euros at 31 December 2006).

The first quarter of 2007 saw the non-recourse assignment of receivables with an overall nominal value of around 0.3 million euros; assigned receivables not yet due at 31 March 2007 amount to around 3.7 million euros, of which 1.8 million euros are assigned to factoring companies and 1.9 million euros to other financial institutions.

TAX RECEIVABLES

Tax receivables mainly consist of VAT recoverable.

PREPAYMENTS

This caption mainly includes prepaid insurance premiums, maintenance fees and consultancy.

10. CASH AND CASH EQUIVALENTS

This item comprises (millions of euros):

	31.03.2007	31.12.2006
Bank current accounts	40.4	57.1
Demand deposits	2.6	2.6
Commercial paper	0.5	–
Cheques and cash	0.2	0.5
Total	43.7	60.2

Liquid assets have decreased by 16.5 million euros due to the normal reduction in collections and the increase in inventories since 31 December 2006. Reference is made to Note 14 on the analysis of borrowing for a better understanding of the changes in this caption.

11. SHARE CAPITAL

The share capital reported in the consolidated financial statements at 31 March 2007 is represented by the share capital issued (fully subscribed and paid up) by the Parent Company, IMA S.p.A., comprising 36,100,000 ordinary shares with a par value of 0.52 euros each.

12. TREASURY SHARES

During the first quarter of 2007, the Parent Company carried out transactions in treasury shares by buying 66,235 own shares for a total of 0.8 million euros.

In 2006 the Parent Company purchased 383,765 treasury shares for an amount of 4.2 million euros. These transactions were recognised directly in equity in accordance with IAS 32.

The table below shows the number of shares in circulation:

thousands of shares	
Balance at 01.01.2006	34,509
Own shares acquired	–
Own shares sold	–
Balance at 31.03.2006	34,509
Own shares acquired	(384)
Own shares sold	–
Balance at 31.12.2006	34,125
Own shares acquired	(66)
Own shares sold	–
Balance at 31.03.2007	34,059

At 31 March 2007, 2,041,235 were held in portfolio for a total value of 20.3 million euros.

13. FAIR VALUE RESERVE

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

Balance at 01.01.2006	(0.9)
<i>Cash flow hedges/hedging instruments</i>	
Valuation at fair value	0.7
Fair value - tax effect	(0.2)
Realisation recognised in income	0.5
Realisation recognised in income - tax effect	(0.2)
Balance at 31.03.2006	(0.1)
Balance at 01.01.2007	0.8
<i>Cash flow hedges/hedging instruments</i>	
Valuation at fair value	0.4
Fair value - tax effect	(0.1)
Realisation recognised in income	(0.3)
Realisation recognised in income - tax effect	0.1
Balance at 31.03.2007	0.9

14. BORROWINGS

This item mainly includes amounts due to bank, 146.0 million euros (159.3 million euros at 31 December 2006). and amounts due to other lenders, 8.4 million euros (8.7 million euros at 31 December 2006).

PAYABLES TO BANKS

The decrease in the amounts due to banks since 31 December 2006 mainly reflects the repayment of short-term loans, with a reduction in the level of liquid assets.

Applied research and technological innovation loans

Repayments of 2.1 million euros were made regularly as they fell due during the period and there were no new loans.

Other

The principal changes that took place in other loans related to repayments by IMA S.p.A. according to the contractual terms for a total of 3.0 million euros and the early repayment by Nova Packaging Systems Inc. of 2.0 million US dollars (around 1.5 million euros).

PAYABLES TO OTHER LENDERS

At 31 March 2007 the balance mainly includes payables for finance leases relating to the Calenzano plant for 5.1 million euros (5.4 million euros at 31 December 2006) and the land located at Terrassa (Spain) for 2.5 million euros.

NET INDEBTEDNESS

The composition of net debt at 31 March 2007 is as follows:

million euros	31.03.2007	31.12.2006	31.03.2006
A. Cash and cash equivalents	(43.7)	(60.2)	(29.5)
B. Other liquid assets	(1.1)	–	(4.2)
C. Investment in securities	(0.2)	(0.2)	(0.4)
D. Liquid funds (A)+(B)+(C)	(45.0)	(60.4)	(34.1)
E. Current financial receivables	(0.2)	–	–
F. Current bank loans	45.5	52.1	39.8
G. Current portion of long-term bank loans	21.1	22.2	21.7
H. Other current financial payables	1.7	1.6	1.6
I. Net debt current (F)+(G)+(H)	68.3	75.9	63.1
J. Net current debt (D)+(E)+(I)	23.1	15.5	29.0
K. Non-current bank debt (other than loans)	79.4	85.0	79.6
L. Non-current financial assets	(3.5)	(3.4)	(3.7)
M. Other non-current financial payables	6.7	7.1	5.7
N. Net non-current debt (K)+(L)+(M)	82.6	88.7	81.6
O. Net debt (J)+(N)	105.7	104.2	110.6

For information on the composition of net debt, see Notes 5 and 10.

Net debt at the end of the period amounts to 105.7 million euros compared with 104.2 million euros at 31 December 2006. The slight increase is mainly due to the second payment of 1.4 million euros for the acquisition of Precision Gears Ltd. in 1st quarter 2007. The fact that net debt at 31 March 2007 is more or less at the same

level as at 31 December 2006 is very positive, as this was achieved at a time of year when it is normal for debt to rise, given that most deliveries take place in the second half of the year. And if we compare the net financial position with what it was at the end of first quarter 2006 (110.6 million euros), excluding extraordinary items and the purchase of treasury shares, and based on the same scope of consolidation, net debt has in fact improved by around 22 million euros.

15. PROVISIONS FOR RISKS AND CHARGES

These provisions are made up as follows (millions of euros):

	Balance at 31.12.2006	Provisions	Uses	Balance at 31.03.2007
Non-current:				
• Agency termination indemnities	1.1	–	–	1.1
• Legal disputes	0.1	–	–	0.1
	1.2	–	–	1.2
Current:				
• Product guarantee provision	5.0	0.5	–	5.5
• Other	0.5	–	–	0.5
	5.5	0.5	–	6.0
Total	6.7	0.5	–	7.2

The product guarantee provision reflects the estimated cost of work to be performed under warranty subsequent to 31 March 2007, in relation to machines sold prior to that date. The other provisions were recorded by the parent company to cover estimated liabilities deriving from the reorganization that mainly affects management.

16. TRADE AND OTHER PAYABLES

This item is made up as follows (millions of euros):

	31.03.2007	31.12.2006
Trade payables	83.0	77.6
Advances from customers	36.5	29.2
Social security payables	3.0	4.0
Tax payables	2.3	4.2
Employee payables	16.4	14.1
Acquisition payables	3.4	4.8
Other	2.5	2.9
Total	147.1	136.8

TRADE PAYABLES

This item includes trade payables of 75.7 million euros (70.8 million euros at 31 December 2006), payables to agents of 4.5 million euros (5.0 million euros at 31 December 2006) and trade payables to associates and non-consolidated subsidiaries of 2.8 million euros (1.8 million euros at 31 December 2006).

ADVANCES FROM CUSTOMERS

The increase since 31 December 2006 in advances from customers for future supplies mainly reflects the substantial volume of orders to be completed in the coming quarters.

TAX PAYABLES

Tax payables refer mostly to taxes withheld from employees.

EMPLOYEE PAYABLES

The increase in this caption since 31 December 2006 mainly reflects deferred payroll and accumulated holidays, which will mostly be taken during the second half of the year.

ACQUISITION PAYABLES

This caption includes the residual liability, 1.4 million euros due in June 2007, relating to the third and last tranche of the additional 34% interest in Precision Gears Ltd acquired by the Parent Company in December 2006. Note that the second tranche of 1.3 million euros was paid in March 2007, as laid down in the contract. This caption also includes 1.8 million euros representing the estimated liability for the purchase of the remaining 15% of the share capital of the Indian company, in relation to which the parent company and third parties have agreed reciprocal put&call option rights on the same terms as those applying to the acquisition of the 34% interest. These options can be exercised in two tranches, by January 2010 at the latest.

17. PERSONNEL COSTS

Personnel costs are made up as follows (millions of euros):

	from 01.01.2007 to 31.03.2007	from 01.01.2006 to 31.03.2006	Change
Wages and salaries	24.4	23.6	0.8
Social security contributions	6.2	6.1	0.1
Remuneration of directors	0.4	0.3	0.1
Pensions - defined-benefit plans	1.2	0.7	0.5
Pensions - defined-contribution plans	0.3	0.3	-
Other personnel costs	1.6	1.8	(0.2)
Total	34.1	32.8	1.3

Note that the figure at 31 March 2007 includes 0.5 million euros of personnel costs attributable to VIMA Impianti S.r.l., which was not included in the scope of consolidation this time last year.

**18. DEPRECIATION,
AMORTIZATION
AND WRITE-DOWNS**

This caption includes depreciation of property, plant and equipment of 1.8 million euros (1.9 million euros in the same period of 2006) and amortization of intangible assets of 0.8 million euros (0.7 million euros in the first three months of 2006). 0.1 million euros of other writedowns were also included in 1st quarter 2006.

19. FINANCIAL INCOME

This item comprises the following (millions of euros):

	from 01.01.2007 to 31.03.2007	from 01.01.2006 to 31.03.2006	Change
Interest income from banks	0.4	0.3	0.1
Income on derivatives	–	0.1	(0.1)
Exchange gains	0.7	1.5	(0.8)
Total	1.1	1.9	(0.8)

20. FINANCIAL EXPENSE

This item comprises the following (millions of euros):

	from 01.01.2007 to 31.03.2007	from 01.01.2006 to 31.03.2006	Change
Interest expense on bank payables	1.9	1.4	0.5
Interest expense on finance leases	0.1	0.1	–
Expense on derivatives	0.1	0.1	–
Other financial expense	0.1	0.1	–
Exchange losses	1.0	1.1	(0.1)
Total	3.2	2.8	0.4

The increase in interest expense on bank payables reflects both the higher cost of money incurred during 2007, especially on euro borrowings, and increased debt compared with the same period of the previous year.

Exchange gains and losses in the period to 31 March 2007 included, respectively, an unrealised gain of 0.3 million euros and an unrealised loss of 0.4 million euros (0.9 million euros and 0.7 million euros respectively in first quarter 2006).

**21. INCOME TAX
FOR THE PERIOD**

Income tax for the period is calculated using the best estimate of the weighted-average tax rate for the entire year, as envisaged by IAS 34.

22. GUARANTEES GRANTED

At 31 March 2007, the Group had granted sureties to customers of 9.6 million euros for the proper operation of machinery, bid bonds and advances not yet received, sureties in favour of the municipality of Ozzano dell'Emilia (BO) for 0.7 million euros to secure performance of contracts, sureties to others of 0.7 million euros to secure leases, sundry utilities and customs duties.

Sureties granted against advances received from customers amounted to about 18.6 million euros (23.8 million euros at 31 December 2006).

23. COMMITMENTS

Note that at 31 March 2007 there are commitments for the purchase of property, plant and equipment for 0.5 million euros.

The Group also has commitments in respect of minimum lease payments for non-cancellable operating leases totalling 1.6 million euros (1.6 million euros at 31 December 2006) and rentals totalling 30.2 million euros (28.4 million euros at 31 December 2006).

**24. RELATED-PARTY
TRANSACTIONS**

Related-party transactions mainly comprise real estate operations (leased premises used by the Parent Company or Group companies) or commercial and/or supplementary production agreements. None of them is particularly important to the Group in economic or strategic terms as receivables, payables, costs and revenues with related parties do not represent a significant proportion of the aggregate figures. Such transactions are carried out on an arm's-length basis.

These balances are mainly on the books of the Parent Company.

The following table details the main transactions carried out by IMA S.p.A. and other Group companies with related parties (millions of euros):

	Receivables at 31.03.2007	Payables at 31.03.2007	Revenues 1st qtr. 2007	Costs 1st qtr. 2007
Associates:				
B.C. S.r.l.	–	0.7	–	0.7
LA.CO. S.r.l.	–	0.7	–	0.4
Consorzio Info Area	1.9	1.4	0.7	0.7
	1.9	2.8	0.7	1.8
Other related parties:				
Datasensor S.p.A.	–	0.1	–	0.1
Lopam S.r.l.	–	–	–	0.1
Morosina S.p.A.	0.1	–	–	–
Naturapack S.r.l.	0.6	–	0.4	0.4
Luca Poggi	–	0.1	–	0.1
Viaggi Nuova Era S.r.l.	–	1.4	–	0.9
	0.7	1.6	0.4	1.6
Total	2.6	4.4	1.1	3.4

The other related parties are mainly directors of the Parent Company.

**25. SIGNIFICANT EVENTS AFTER
THE END OF THE FIRST
QUARTER**

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 agreed price was 1 million euros. In 2006 Zanchetta S.r.l. had sales of 10 million euros, with an EBITDA of 4%. Thanks to this acquisition, the Group is continuing its policy of enlarging the mix of products for the pharmaceutical industry, as well as its policy of expanding through targeted acquisitions

The Shareholders' Meeting held on 27 April 2007 resolved:

- to allocate the net profit for 2006 to dividends for Euro 0.65 (gross) per ordinary share with the balance going to extraordinary reserve;
- to grant the necessary powers to the Board of Directors, for a period of 12 months, to buy and sell treasury shares up to a maximum of 3,610,000 shares (10% of the share capital);
- to appoint the members of the Board of Statutory Auditors, increasing the number of members of the Board of Directors from 10 to 11 and subsequently to appoint Giancarlo Folco to make up the number of board members, as mentioned in the section entitled "Directors and Officers";

- to extend the audit engagement of PricewaterhouseCoopers S.p.A. for the years 2007-2012.