

PERIODIC FINANCIAL INFORMATION

AT 31 MARCH 2018



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AT 31 MARCH 2018

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

GIMA TT S.P.A.
REGISTERED OFFICE: OZZANO DELL'EMILIA (BOLOGNA)
SHARE CAPITAL FULLY PAID-IN: EURO 440,000.00
REGISTERED WITH THE BOLOGNA COMPANIES REGISTER AT NO. 03249061205

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**INTERIM REPORT ON OPERATIONS
AT 31 MARCH 2018**

DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

(Appointed until the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2019)

CHAIRMAN OF THE BOARD OF DIRECTORS

Sergio Marzo

CHIEF OPERATING OFFICER

Fiorenzo Draghetti

EXECUTIVE DIRECTOR

Stefano Cavallari

INDEPENDENT DIRECTORS

Luca Maurizio Duranti; Francesco Mezzadri Majani; Paola Alessandra Paris; Alessandra Stabilini

BOARD OF STATUTORY AUDITORS

(Appointed until the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2020)

ACTING AUDITORS

Alvise Deganello – Chairman; Amedeo Cazzola; Roberta De Simone

ALTERNATE AUDITORS

Luisa Elisabetta Cevasco; Gigliola Di Chiara

INTERNAL CONTROL AND RISK COMMITTEE

Luca Maurizio Duranti – Chairman; Francesco Mezzadri Majani; Alessandra Stabilini

NOMINATIONS AND REMUNERATION COMMITTEE

Paola Alessandra Paris – Chairman; Luca Maurizio Duranti; Alessandra Stabilini

MANAGER RESPONSIBLE FOR PREPARING FINANCIAL REPORTS

Marco Savini

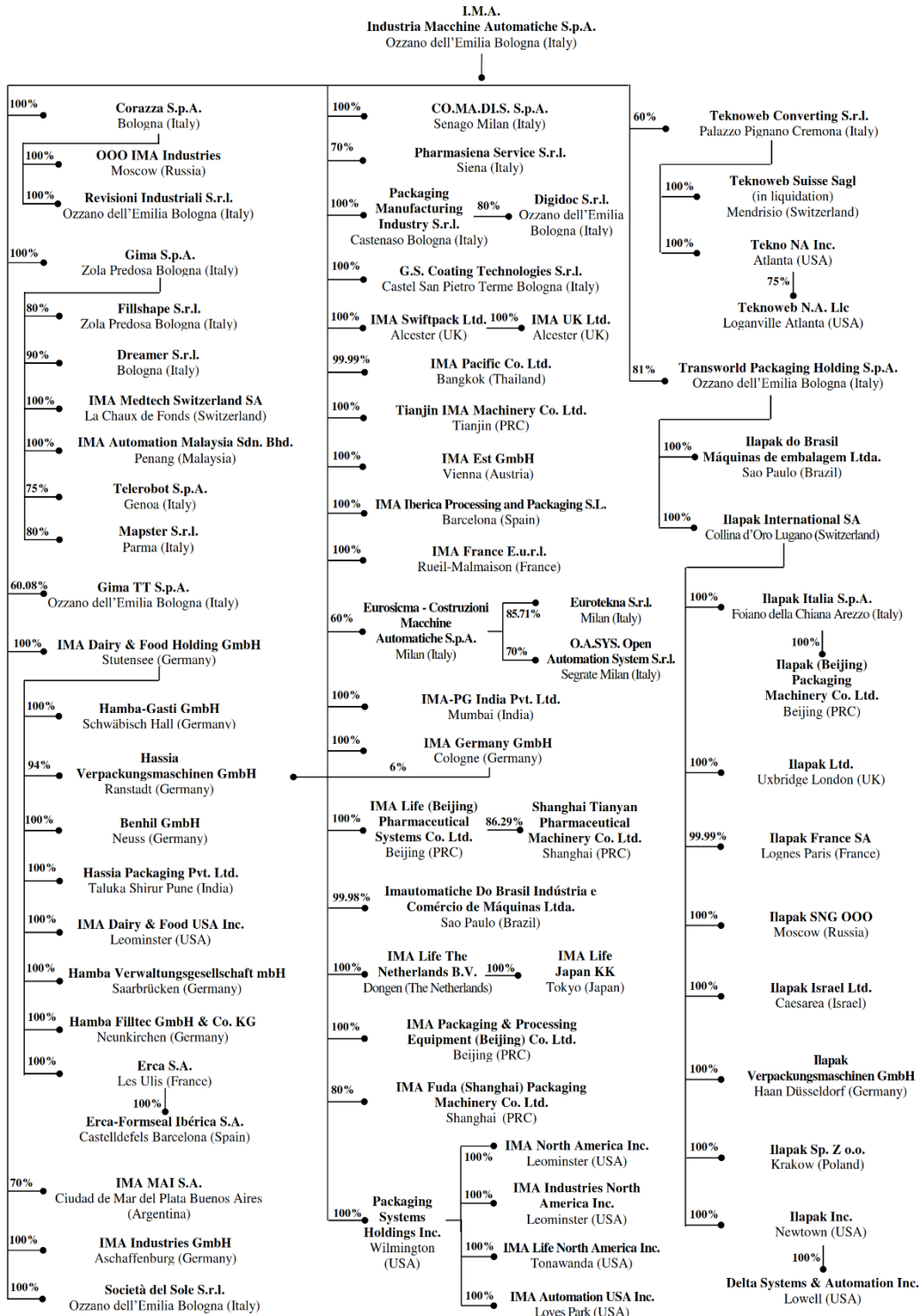
SOCIETÀ DI REVISIONE

(Appointed until the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2025)

EY S.p.A.

IMA GROUP STRUCTURE AS OF MARCH 31, 2018

GIMA TT S.p.A. (“GIMA TT” or the “Company”) is subject to management and coordination by I.M.A. Industria Macchine Automatiche S.p.A. (“IMA S.p.A.” or “IMA” and, together with its subsidiaries, “IMA Group”).



PERFORMANCE OF THE COMPANY

ECONOMIC CONDITIONS

Shareholders,

the global economy continues to grow. The International Monetary Fund (IMF) has confirmed its forecasts of an increase in global gross domestic product (GDP) of +3.9% in 2018 and 2019.

According to the update to the World Economic Outlook published by the IMF in April 2018, global growth was mainly attributable to the effects of US fiscal policy changes. Beyond 2019, global growth is projected to gradually decline to +3.7%. This projection is attributable to a moderate slowing of developed economies and stabilization of developing economies.

In its April update, the IMF also revised its growth estimated slightly upwards for the United States (+2.9% in 2018 and +2.7% in 2019), as well as for the Eurozone, which will reach +2.4% at the end of this year and +2.0% in 2019. The IMF economists estimated that GDP will increase in all major Eurozone countries in 2018, in particular +2.8% in Spain, +2.5% in Germany, +2.1% in France and +1.5% in Italy.

In this context, the Company has managed to achieve significant revenue and profit growth in the first three months of the year, confirming the technological validity of its product portfolio and the strength of the brand.

INCOME STATEMENT

The following table sets out the key elements of the income statement classified by function for the first quarter of 2018, together with comparative figures for the same period of the previous year:

Euro thousands	01.01.2018- 03.31.2018		01.01.2017- 03.31.2017	
	Amount	%	Amount	%
Revenue	41,258		36,054	
Cost of sales	(24,115)	58.4	(20,755)	57.6
Gross profit	17,143	41.6	15,299	42.4
Research and development costs	(694)	(1.7)	(1,042)	(2.9)
Selling costs	(615)	(1.5)	(1,037)	(2.9)
General and administrative costs	(1,884)	(4.6)	(895)	(2.5)
Operating profit (EBIT)	13,950	33.8	12,325	34.2
Net financial income (expense)	(22)	(0.1)	27	0.1
Profit before taxes	13,928	33.8	12,352	34.3
Income taxes	(3,908)	(9.5)	(3,467)	(9.6)
Profit for the year	10,019	24.3	8,885	24.6
Gross operating margin (EBITDA)	14,129	34.2	12,427	34.5
Backlog	112,449		87,104	

**REVENUE
AND ORDERS**

The Company reported revenue in the first quarter of 2018 of Euro 41,258 thousand versus Euro 36,054 thousand in the same period of 2017, being an increase of 14.4% that was entirely attributable to organic growth. The adoption of the new IFRS 15 – Revenue from contracts with customers, effective as of January 1, 2018, had a positive impact on revenue for the first three months of 2018, amounting to Euro 1,344 thousand, as commented in the General principles section.

This result was achieved thanks to the size of the backlog at the end of 2017 and to the additional orders received during 2018. In particular, orders won in the first three months of 2018 amounted to Euro 43,286 thousand versus the prior year comparative figure of Euro 34,555 thousand (a 25.3% increase). The backlog at March 31, 2018 was worth Euro 112,449 thousand, up 29.1% on the March 31, 2017 figure of Euro 87,104 thousand.

GROSS PROFIT

Gross profit for the first three months of 2018 amounted to Euro 17,143 thousand (Euro 15,299 thousand in the same period of 2017) and, as a percentage of revenue, it came to 41.6%, a slight decrease compared to the same period of 2017 (42.4%). Such reduction is mainly due to the start of production of innovative packaging lines that, initially, present a lower level of profitability than that of the existing packaging lines, but a subsequent progressive improvement of the profitability level is foreseen as a result of economies of scale.

The aforementioned application of IFRS 15 created a higher cost of sales for an amount equal to the increase recorded for revenue (Euro 1,344 thousand), with no impact – in absolute terms – on the gross profit for the first three months of 2018.

**RESEARCH AND
DEVELOPMENT
COSTS**

Research and development costs incurred in the first three months of 2018 amounted to Euro 694 thousand, versus Euro 1,042 thousand in the first quarter of 2017. These consist of research costs and costs incurred on the technological upgrading and normal revamping of the Company's products. They do not include costs incurred for development work commissioned by specific customers, as such costs are recognized in cost of sales and billed to the customers concerned. The Company did not capitalize development costs during the first three months of 2018.

SELLING EXPENSES

Selling expenses in the first three months of 2018 came to a total of 615 thousand Euros compared with 1,037 thousand Euros in the same period of 2017. Selling costs in the period came to 1.5% of revenue, down on the prior year comparative figure (2.9% of revenue). The reduction in absolute value is mainly attributable to the termination of a commercial contract in October 2017, in relation to which the Company incurred costs of 344 thousand Euros in the first quarter of 2017.

**GENERAL AND
ADMINISTRATIVE
COSTS**

General and administrative costs in the first three months of 2018 amounted to Euro 1,884 thousand, up on the costs incurred in the same period of 2017 of Euro 895 thousand. The change is primarily attributable to an increase in administrative and general personnel costs driven by an expanded workforce and an increase in the Board of Directors costs following the listing on the Stock Exchange. As a percentage of revenue, general and administrative costs in the first quarter of 2018 came to 4.6%, up on the prior year comparative figure (2.5% of revenue).

**OPERATING PROFIT
(EBIT)**

Operating profit for the period amounted to Euro 13,950 thousand (33.8% of revenue), having increased in absolute value in comparison to the operating profit of the same period of the prior year of Euro 12,325 thousand (34.2% of revenue).

PROFIT BEFORE TAXES

Profit before tax amounted to Euro 13,928 thousand in the first three months of 2018 versus Euro 12,352 thousand in the same period of 2017.

PROFIT FOR THE PERIOD

Profit for the period ended March 31, 2018 amounted to Euro 10,019 thousand (24.3% of revenue) versus Euro 8,885 thousand in the same period of 2017 (24.6% of revenue) after income tax expense of Euro 3,908 thousand (Euro 3,467 thousand in first three months of 2017).

**GROSS OPERATING
MARGIN (EBITDA)**

Gross operating profit for the first quarter of 2018 amounted to Euro 14,129 thousand (34.2% of revenue) versus Euro 12,427 thousand (34.5% of revenue) in the same period of 2017.

The Company did not record any non-recurring events and transactions during the first three months of 2018 and in the same period of the previous year.

**STATEMENT
OF FINANCIAL
POSITION**

The Company's statement of financial position at March 31, 2018 is summarized below:

Euro thousands	03.31.2018	12.31.2017	Change
	Amount	Amount	
Trade receivables and advances to suppliers	59,687	30,905	28,782
Inventories	22,764	21,372	1,393
Trade payables and advances from customers	(53,650)	(56,876)	3,226
Other, net (*)	(3,802)	(928)	(2,874)
Working capital	25,000	(5,527)	30,527
Property, plant and equipment	1,583	1,361	222
Intangible assets	2,495	2,507	(12)
Receivables and deferred tax assets	1,151	1,072	79
Non-current assets	5,230	4,940	290
Employee severance indemnities and other non-current payables	(948)	(592)	(356)
Net capital employed	29,282	(1,179)	30,461
Net financial position (A)	25,348	45,788	(20,440)
Shareholders' equity (B)	54,630	44,609	10,021
Total sources of funding (B) - (A)	29,282	(1,179)	30,461

(*) The "Other, net" line item mainly consists of income tax receivable and payable and provisions for risks and charges.

Net capital employed at March 31, 2018 amounted to Euro 29,282 thousand, up on the December 31, 2017 figure (negative amount of Euro 1,179 thousand).

The increase in net capital employed was mainly driven by growth in working capital, which came to a positive amount of Euro 25,000 thousand (negative amount of Euro 5,527 thousand at the 2017 year end) and, to a lesser extent, by growth in non-current assets, which amounted to Euro 5,230 thousand at March 31, 2018 (versus Euro 4,940 thousand at December 31, 2017).

The growth in working capital was primarily the consequence of a strong increase in trade receivables as of March 31, 2018, as a result of the delivery schedule of the packaging lines to customers for 2018.

The net financial position at March 31, 2018 consists of net cash of Euro 25,348 thousand, which is lower than the December 31, 2017 figure (Euro 45,788 thousand).

Details of the composition of net financial position at March 31, 2018 and at December 31, 2017 are set out below:

Euro thousands	03.31.2018	12.31.2017
	Amount	Amount
A. Cash	12	8
B. Cash equivalents	25,336	45,780
C. Trading securities	–	–
D. Liquidity (A) + (B) + (C)	25,348	45,788
E. Current financial receivables	–	–
F. Current bank liabilities	–	–
G. Current portion of non-current debt	–	–
H. Other current financial payables	–	–
I. Current financial indebtedness (F) + (G) + (H)	–	–
J. Net financial position, net of current indebtedness (D) + (E) – (I)	25,348	45,788
K. Non-current bank loans	–	–
L. Bonds issued	–	–
M. Other non-current payables	–	–
N. Non-current financial indebtedness (K) + (L) + (M)	–	–
O. Net financial position (J) - (N) (*)	25,348	45,788

(*) NFP has been calculated in accordance with the format provided in the ESMA/2013/319 Recommendation.

Cash flow generation in the first three months of 2018 was primarily affected by the above mentioned trends in working capital (which increased by Euro 30,527 thousand since December 31, 2017) and, only marginally, by investing activities (Euro 397 thousand in the first quarter of 2018 versus Euro 182 thousand invested in the same period of 2017).

CAPITAL EXPENDITURES

During the first three months of 2018, the Company invested 302 thousand Euros in property, plant and equipment, mainly for leasehold improvements and plant and machinery.

In the same period, the Company incurred capital expenditure on intangible assets of Euro 95 thousand, related to industrial patent rights.

**ALTERNATIVE
PERFORMANCE
INDICATORS**

In this Interim Report on Operations, performance indicators are provided to help readers make a better assessment of the Company's performance and financial position.

With regard to these indicators, on December 3, 2015, CONSOB issued its Communication no. 92543/15 which makes the Guidelines issued on October 5, 2015 applicable by the European Security and Markets Authority (ESMA) for their presentation in regulated information distributed or prospectuses published from July 3, 2016 onwards. These Guidelines, which update the previous Recommendation (CESR/05-178b), are intended to promote the usefulness and transparency of alternative performance indicators included in regulated information or prospectuses falling within the scope of Directive 2003/71/EC, in order to improve its comparability, reliability and comprehensibility. In line with these communications, the criteria used to construct such indicators are provided below.

The following income statement, reclassified by purpose, was prepared according to the following criteria:

- cost of sales: represents costs incurred directly by the Company to generate revenue. For example, it includes materials, labour, the technical offices' costs involved in customizing products, production overheads and agents' commission;
- research and development costs: these include the costs involved in developing new products or maintaining existing ones. They also include costs relating to technical personnel, materials used for experiments and the overheads of technical offices;
- selling costs: these include costs connected with commercial operations, such as staff, promotional and advertising costs and associated overheads;
- general and administrative costs: these include all of the costs associated with general operations, such as administrative offices in the broadest sense, the management of sectors or divisions, production planning and all depreciation and amortization not directly related to the functions mentioned previously;
- gross operating margin (EBITDA): this is the sum of operating profit, depreciation, amortization and writedowns. EBITDA is an indicator used as a financial target in internal and external presentations and is a useful unit of measurement for assessing the Company's performance.

The main items in the reclassified statement of income equivalent to the corresponding items in the statement of income shown in the "Financial statements" section are as follows: revenue, operating profit, financial income and expense, profit before taxes, income taxes and net profit for the period.

The capital and financial structure shows assets and liabilities classified in the same way as in the breakdown of net capital employed. The main items in the capital and financial structure equivalent to the corresponding items in the balance sheet shown in the "Financial statements" section are as follows: inventories, tangible and intangible assets and shareholders' equity.

Lastly, for the purposes of preparing the net debt analysis, CONSOB Communication DEM/6064293 of July 28, 2006 was taken into account.

OTHER INFORMATION

TRANSACTIONS WITH PARENT COMPANIES AND AFFILIATES

During the first three months of 2018, the Company entered into intercompany transactions of a manufacturing and trade nature with other IMA Group companies. These transactions were carried out in the ordinary course of business on an arm's-length basis and none of which was deemed atypical. Further information is provided in the notes to the Company's financial statements.

RELATED PARTY TRANSACTIONS

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

On October 16, 2017, following the favourable opinion of the Internal Control and Risk Committee, the Board of Directors approved its own procedure for related party transactions, which defines the rules, modalities and principles aimed at ensuring the transparency and the substantial and procedural fairness of transactions with related parties.

This procedure, which also takes account of the guidance provided in Consob Communication DEM/10078683 of September 24, 2010, is available on the Company's website.

Related party transactions are identified in accordance with the above Consob regulations.

In addition to the intercompany transactions described above, the Company enters into transactions with other related parties, mainly persons responsible for administration and management at IMA S.p.A., or entities controlled by such persons. The transactions concerned are mostly trade transactions and are carried out in the ordinary course of business on an arm's-length basis.

Significant related party transactions are submitted for advance approval by the Board of Directors, which in turn has to obtain consent from a special committee made up solely of independent directors; to arrive at its opinion, this committee may seek the advice of independent experts.

Further information on related party transactions is provided in the notes to the Company's financial statements.

SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

In the first three months of 2018, there were no significant non-recurring events and transactions.

ATYPICAL OR UNUSUAL TRANSACTIONS

No positions or operations deriving from atypical or unusual transactions arose during the first quarter of 2018.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE PERIOD

There are no significant events to be reported.

OUTLOOK FOR OPERATIONS

As well as having performed well in terms of economic results, the Company closed the first quarter of 2018 with an excellent backlog, in terms of both quantity and quality, that bodes well for the remaining part of the year, although it does not provide total visibility for the entire 2018.

Thanks to this encouraging situation and assuming that this trend will continue throughout the year, we forecast that revenue higher than Euro 180 million and an EBITDA of approximately Euro 75 million could be feasible.

OTHER INFORMATION

The Company is subject to management and coordination by IMA S.p.A. pursuant to and for the purposes of Arts. 2497 et seq. of the Civil Code.

According to art. 2428, para 2, no. 3) and 4), of the Italian Civil Code we declare that the Company has neither directly nor indirectly acquired shares and quotas of its parent companies.

As regards the protection of personnel details, the Company has kept its security planning document updated, as required by current legislation.

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**FINANCIAL STATEMENTS
AT 31 MARCH 2018**

GIMA TT S.P.A.

STATEMENT OF FINANCIAL POSITION

(THOUSANDS OF EUROS)

ASSETS	Note	03.31.2018	12.31.2017
NON-CURRENT ASSETS			
<i>Property, plant and equipment</i>	1	1,583	1,361
<i>Intangible assets</i>	2	2,495	2,507
<i>Equity investments</i>		0	0
<i>Receivables</i>	3	8	3
<i>Deferred tax assets</i>	4	1,143	1,069
TOTAL NON-CURRENT ASSETS		5,230	4,940
CURRENT ASSETS			
<i>Inventories</i>	5	22,764	21,372
<i>Trade and other receivables</i>	6	75,830	44,089
<i>Financial receivables</i>	7	–	–
<i>Cash and cash equivalents</i>	8	25,348	45,788
TOTAL CURRENT ASSETS		123,943	111,249
TOTAL ASSETS		129,173	116,189
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
<i>Share capital</i>	9	440	440
<i>Reserves</i>	10	44,170	52
<i>Net profit for the year</i>		10,019	44,117
TOTAL SHAREHOLDERS' EQUITY		54,630	44,609
NON-CURRENT LIABILITIES			
<i>Liabilities for employees' benefits</i>	11	128	129
<i>Other payables</i>	12	820	463
<i>Deferred tax liabilities</i>	4	0	0
TOTAL NON-CURRENT LIABILITIES		948	592
CURRENT LIABILITIES			
<i>Trade and other payables</i>	13	63,103	64,466
<i>Income tax payables</i>	14	8,803	4,821
<i>Provisions for risks and charges</i>	15	1,689	1,702
TOTAL CURRENT LIABILITIES		73,595	70,988
TOTAL LIABILITIES		74,543	71,580
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		129,173	116,189

THE EFFECTS OF TRANSACTIONS WITH RELATED PARTIES ON THE ITEMS IN THE STATEMENT OF FINANCIAL POSITION ARE SHOWN IN NOTE 29.

INCOME STATEMENT

(THOUSANDS OF EUROS)

	Note	01.01.2018- 03.31.2018	01.01.2017- 03.31.2017
REVENUE	16	41,258	36,054
OTHER REVENUE	17	150	8
OPERATING COSTS			
<i>Changes in inventories of finished, semi-finished and finished products</i>		597	12
<i>Changes in inventories of raw, ancillary and consumable goods</i>		796	(457)
<i>Cost of raw, ancillary and consumable materials and goods for resale</i>	18	(17,259)	(14,581)
<i>Services, rentals and leases</i>	19	(7,141)	(5,540)
<i>Personnel costs</i>	20	(4,198)	(2,784)
<i>Depreciation and amortization</i>	21	(179)	(102)
<i>Provisions</i>	15	13	(222)
<i>Other operating costs</i>	22	(86)	(62)
TOTAL OPERATING COSTS		(27,458)	(23,737)
<i>- including impact of non-recurring items</i>		-	-
OPERATING PROFIT		13,950	12,325
<i>- including impact of non-recurring items</i>		-	-
FINANCIAL INCOME AND EXPENSE			
<i>Financial income</i>	23	1	39
<i>Financial expense</i>	24	(23)	(12)
TOTAL FINANCIAL INCOME AND EXPENSE		(22)	27
PROFIT BEFORE TAXES		13,928	12,352
<i>Taxes</i>	25	(3,908)	(3,467)
NET PROFIT FOR THE PERIOD		10,019	8,885
AVERAGE NUMBER OF ORDINARY SHARES		88,000,000	88,000,000
BASIC/DILUTED EARNINGS PER SHARE (IN Euro)	26	0.11	0.10

THE EFFECTS OF TRANSACTIONS WITH RELATED PARTIES ON THE INCOME STATEMENT ARE SHOWN IN NOTE 29.

STATEMENT OF COMPREHENSIVE INCOME

(THOUSANDS OF EUROS)

	Note	01.01.2018- 03.31.2018	01.01.2017- 03.31.2017
Net profit for the period		10,019	8,885
Other comprehensive income not being reclassified to profit or loss in subsequent periods:			
<i>Actuarial gains (losses) arising on defined benefit plans</i>	11	2	(1)
<i>Tax effect</i>		-	-
Net other comprehensive income not being reclassified to profit or loss in subsequent periods		2	(1)
Gains (losses) booked to equity		2	(1)
Total comprehensive income		10,021	8,884

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(THOUSANDS OF EUROS)

	Share capital	Share premium reserve	Reserve for actuarial valuation of severance indemnities	Other reserves	Retained earnings	Net profit for the period	Total shareholders' equity
As of 01.01.2017	110	132	(4)	24	–	27,233	27,495
Allocation of net profit for 2016:							
- Distribution of dividends	–	–	–	–	–	–	–
Transfer to reserves	–	–	–	–	27,233	(27,233)	–
Net profit for the period	–	–	–	–	–	8,885	8,885
Gain (loss) on discounting employee severance indemnities	–	–	(1)	–	–	–	(1)
As of 03.31.2017	110	132	(5)	24	27,233	8,885	36,379
As of 01.01.2018	440	–	(7)	24	34	44,117	44,609
Allocation of net profit for 2017:							
- Distribution of dividends	–	–	–	–	–	–	–
Transfer to reserves	–	–	–	–	44,117	(44,117)	–
Net profit for the period	–	–	–	–	–	10,019	10,019
Gain (loss) on discounting employee severance indemnities	–	–	2	–	–	–	2
As of 03.31.2018	440	–	(6)	24	44,152	10,019	54,630

AS REGARDS THE COMPOSITION OF SHAREHOLDERS' EQUITY, PLEASE REFER TO NOTES 9 AND 10.

STATEMENT OF CASH FLOWS

(THOUSANDS OF EUROS)

	Note	01.01.2018- 03.31.2018	01.01.2017- 03.31.2017
OPERATING ACTIVITIES			
Net profit for the period		10,019	8,885
<i>Adjustments for:</i>			
- Depreciation and amortization	1-2	179	102
- (Gain) or loss on disposal of fixed assets		7	2
- Changes in provisions for risks and charges, liabilities for employee benefits, other non-current payables	11-12-15	343	223
- Other non-monetary changes		24	(27)
- Taxes	25	3,908	3,467
Profit from operating activities before changes in working capital		14,481	12,652
(Increase) or decrease in trade and other receivables	6	(31,741)	(19,752)
(Increase) or decrease in inventories	5	(1,393)	445
Increase or (decrease) in trade and other payables	13	(1,362)	(5,655)
Taxes paid		-	-
CASH FLOW PROVIDED BY OPERATING ACTIVITIES (A)		(20,015)	(12,310)
INVESTING ACTIVITIES			
Additions to property, plant and equipment	1	(302)	(92)
Additions to intangible assets	2	(95)	(90)
(Increase) or decrease in financial receivables from the Parent Company	7	-	(18,000)
CASH FLOW PROVIDED BY INVESTING ACTIVITIES (B)		(397)	(18,182)
FINANCING ACTIVITIES			
Other changes in financial assets/liabilities		(6)	809
Dividends paid		-	-
Interest paid	24	(23)	(12)
Interest received	23	1	39
CASH FLOW USED IN FINANCING ACTIVITIES (C)		(28)	836
NET CHANGE IN CASH AND CASH EQUIVALENTS (D=A+B+C)		(20,440)	(29,656)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (E)		45,788	37,624
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (F=D+E)		25,348	7,968

A BREAKDOWN OF CASH AND CASH EQUIVALENTS IS PROVIDED IN NOTE 8.

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NOTES TO THE FINANCIAL STATEMENTS

A) CORPORATE INFORMATION

The Company, which was set up on November 28, 2012 and which has its registered office at Via Tolara di Sotto 121/A, Ozzano dell'Emilia (Bologna), is a leader in the design and assembly of automated packaging machines for tobacco products, especially new-generation, reduced-risk products and in the supply of after-sales services.

The Company has been listed on the STAR segment of the screen-traded market (MTA) run by Borsa Italiana S.p.A. since October 2, 2017.

The Company is controlled and subject to management and coordination activities by IMA S.p.A., a company with registered office in Via Emilia 428/442, Ozzano dell'Emilia (BO), listed on the STAR segment of the MTA run by Borsa Italiana S.p.A.

These financial statements at March 31, 2018 were approved by the Board of Directors on May 14, 2018 and have not been audited.

B) BASIS OF PREPARATION

GENERAL PRINCIPLES

As an issuer trading on the STAR segment of the MTA market run by Borsa Italiana, the Company is subject to the provisions of art. 2.2.3 of the Stock Exchange Regulations.

As announced on 16 October 2017, the Company will publish periodic financial information within forty-five days from the end of the first and third quarter of the fiscal year.

The financial statements for the year ended December 31, 2017 have been prepared in accordance with applicable International Financial Reporting Standards IAS/IFRS.

The Company's financial statements have been prepared on a going-concern basis, since there are no significant doubts or uncertainties about its ability to continue in business for the foreseeable future.

The accounting principles and policies adopted for the preparation of periodic financial information as of 31 March 2018 are in line with those used for the preparation of the annual financial report at 31 December 2017 (to which reference should be made for further information), with the exception of the adoption of new standards and amendments that are effective as of January 1, 2018.

The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 15 – Revenue from contracts with customers (effective as of January 1, 2018)

IFRS 15 was issued in May 2014 and supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC13 – Customer loyalty programmes, IFRIC 15 – Agreements for the construction of real estate, IFRIC18 – Transfers of assets from customers, SIC31 – Barter transactions involving advertising services.

It establishes a new model for the recognition of revenue from contracts with customers on the basis of the following five stages: (i) identification of the contract with the customer; (ii) identification of the performance obligations (or the contractual promises to transfer goods and/or services) in the contract; (iii) calculating the price of the transaction; (iv) allocation of the transaction price to the performance obligations identified; and (v) recording of the revenue when and/or to the extent to which the related performance obligation has been satisfied.

The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which it expects to be entitled in exchange for transferring goods or services to a customer.

During 2016 and 2017 the Company carried out a preliminary assessment on the effects of IFRS 15, taking into account the clarifications issued by the IASB in April 2016. It resulted that the current accounting methodology used by the Company for its revenue streams – (i) machines and constructions contracts; (ii) formats; (iii) spare parts and other materials; and (iv) technical assistance – is substantially coherent with the principles set in the new standard.

The adoption of the new standard, implemented since January 1, 2018 with the simplified method of application, had an incremental effect on revenue and costs of technical assistance for the first three months of 2018 for an amount equal to 1,344 thousand, due to the anticipation of such items which, under the previous accounting standard, would have been recorded in the subsequent periods. It had not impact on the shareholders' equity at December 31, 2017, and on the net income of the period.

IFRS 9 – Financial Instruments (effective as of January 1, 2018)

The objective of this new standard is to simplify the assessment by users of financial statements of the amounts, timing and uncertainty of an entity's cash flows, by means of the replacement of the various categories of financial instruments contemplated by IAS 39.

All financial assets are in fact initially measured at fair value, adjusted for transaction costs, in the case of a financial instrument not measured at fair value through profit or loss (FVTPL). However, trade receivables that do not contain a significant financing component are initially measured at their transaction price, as defined in the new standard, IFRS 15 - Revenue from contracts with customers.

Debt instruments are measured based on contractual cash flows and on the business model under which the instrument is held. If the instrument gives rise to cash flows that are solely payments of principal and interest, it is measured at amortised cost, whereas, if its contractual terms give rise to cash flows and the exchange of financial assets, it is measured at fair value through other comprehensive income (FVTOCI) with subsequent reclassification to profit or loss. IFRS 9 also contains a fair value option (FVO). Likewise, all equity instruments are measured on initial recognition at FVTPL, except for those equity instruments for which the entity has elected for measurement at FVTOCI. All other classifications and measurement criteria contained in IAS 39 have been included in the new IFRS 9.

As far as impairment is concerned, the IAS 39 model based on incurred credit losses has been replaced by the expected credit losses (ECL) model.

Lastly, some changes have been introduced concerning hedge accounting, with the possibility to perform a forward looking effectiveness and qualitative test by autonomously measuring the risk components, where it is possible to identify them.

The application of the new standard since January 1, 2018, has not had significant impacts on the Company's assets and liabilities, results and financial position.

IFRS 16 – Leases (effective for annual periods beginning on or after January 1, 2019)

The new accounting standard is applicable to all leasing contracts, except in some specific cases. A leasing contract gives the right to use an asset ("the underlying asset") for a certain period of time by paying lease instalments.

This accounting method for all leasing contracts is assimilated to the model foreseen in IAS 17, excluding contracts involving low value assets (eg. computers) and short-term contracts (i.e. less than 12 months). When the leasing contracts is signed, the Company has to recognize the liability for the instalments to be paid and the asset that it has a right to use, booking separately the financial charges and the depreciation on the asset. The liability may be reassessed (eg. for changes in the contractual terms or in the indices to which instalment payments are linked) and the change has to be accounted for on the underlying asset. From the lessor's point of view, the accounting method is basically the same as the one laid down in the current version of IAS 17.

The standard must be applied using the modified retrospective method and early adoption is permitted simultaneously with IFRS 15.

The Company has begun to carry out an analysis of the potential impacts that application of the new standard could have on its financial statements and notes. In 2017 the Company carried out a preliminary assessment on the effects of IFRS 15, which may be subject to amendments as a result of a more detailed analysis that is currently underway.

As at March 31, 2018, the Company had lease commitments of Euro 8,119 thousand, as indicated in Note 28. Rent expenses amounted to Euro 266 thousand in the first quarter of 2018.

USE OF ESTIMATES

The interim result is stated net of tax, calculated using the best estimate of the weighted average tax rate expected for the full 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 recognized immediately in the period when circumstances change.

FINANCIAL STATEMENTS

The statement of financial position has been classified on the basis of the operating cycle, distinguishing between current and non-current items. With this distinction, assets and liabilities are considered current if they are expected to be realized or settled as part of the normal operating cycle, or within 12 months. Non-current assets held for sale and any related liabilities are shown in separate items.

Cost and revenue items for the year are presented in two separate statements: an income statement, which analyses costs according to their nature, and a statement of comprehensive income. Income or costs deriving from disposal groups (already sold or held for sale) are shown on a separate line in the income statement.

The statement of cash flows has been prepared using the indirect method for determining cash flows from operating activities. Under this method, the profit for the year is adjusted for the effects of non-monetary transactions, any deferral or accrual of past or future operational collections and payments, any accrued cash movements, revenue or costs deriving from cash flows attributable to investing or financing activities. The Company classifies interest and dividends paid and received as cash flows from financing activities.

The figures contained in the periodic financial information at March 31, 2018 are stated in Euros and rounded to thousands, except where otherwise indicated, and can therefore include immaterial rounding differences.

D) FINANCIAL RISK MANAGEMENT

RISK FACTORS

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

- Credit risk arising from commercial transactions or financing activities;
- Liquidity risk related to the availability of financial resources and access to the credit market;
- Market risk, specifically:
 - Exchange rate risk, relating to operations in areas using currencies other than the functional currency;
 - Price risk, due to commodity prices.

Periodic financial information does not include all of the disclosures on financial risk management that are required in annual financial statements. It should therefore be read together with the annual report at 31 December 2017.

There are no substantial changes in financial risk management or in the policies adopted by the Company during the period.

CAPITAL RISK MANAGEMENT

The Company manages capital with the goal of supporting its core business and optimizing shareholder value. The Company did not have any financial payables at March 31, 2018.

E) NOTES TO THE FINANCIAL STATEMENTS

OPERATING SEGMENTS

The segment in which the Company operates is identified on the basis of IFRS 8 - Operating Segments.

On December 12, 2012, the IASB issued a series of amendments that made changes to this standard by requiring that information be given on the assessments made by management in aggregating various operating segments, giving a description of the segments that have been aggregated and the economic indicators that have been used to decide that the segments grouped together have similar economic characteristics.

This standard specifies that an operating segment consists of a group of activities and operations that can easily be distinguished and which can match interrelated products and services, subject to risks and benefits that are different from those in other areas of activity.

For management purposes, the activity carried on by the Company has been grouped together in a single Strategic Business Unit, which contains the entire business. This approach stems from the fact that the only activity carried on is the production of tobacco packaging equipment and machinery and related after-sales services, bearing in mind all of the following aspects:

- (a) same kind of products and services;
- (b) same kind of production process;
- (c) same clusters of customers for products and services;
- (d) same methods for selling products and services; and
- (e) same kind of regulatory environment.

The changes shown below have been calculated on the figures as of December 31, 2017 for assets and liabilities and on the figures for the first three months of 2017 for the income statement.

1. PROPERTY, PLANT AND EQUIPMENT

The following is an analysis of changes in property, plant and equipment:

Euro thousands	Land	Buildings and leasehold improvements	Plant and machinery	Industrial and comm. equipment	Other assets	Fixed assets in progress and advances	Total
Figures as of 01.01.2018	–	399	325	250	387	–	1,361
Additions	–	123	105	20	54	–	302
Disposals and eliminations	–	–	–	–	–	–	–
Depreciation	–	(15)	(13)	(26)	(26)	–	(80)
Reclassifications	–	–	–	–	–	–	–
Figures as of 03.31.2018	–	507	417	244	416	–	1,583

Buildings and leasehold improvements consist of capitalized costs of leasehold improvements to the Company's leased facilities in Ozzano dell'Emilia (BO) of Euro 507 thousand.

Additions to "Plant and machinery" in 2018 consisted of investments in plants (Euro 105 thousand).

Additions to industrial and commercial equipment concern the purchase of equipment to be used in the production process for Euro 20 thousand.

Financial charges directly attributable to property, plant and equipment are charged to the income statement as the Company does not have any assets that need a significant period of time to prepare them for use.

As of March 31, 2018, there were no assets acquired by means of finance leases and there are no restrictions on ownership nor property, plant and equipment pledged to guarantee liabilities.

There are no internal or external elements that suggest that tangible assets may have suffered impairment.

2. INTANGIBLE ASSETS

The following is an analysis of the changes in intangible assets:

Euro thousands	Development costs	Industrial patent rights	Software, licences and similar rights	Assets under development and advances	Total
Figures as of 01.01.2018	–	628	29	1,850	2,507
Additions	–	95	–	–	95
Disposals and eliminations	–	(73)	–	–	(73)
Amortization	(40)	(57)	(3)	–	(99)
Amortization on fixed asset disposals	–	66	–	–	66
Reclassifications	1,110	–	–	(1,110)	–
Figures as of 03.31.2018	1,070	660	26	740	2,495

"Development costs" consist of Euro 1,110 thousand of costs that were capitalized as assets under development as of December 31, 2017. Such costs were incurred on two projects concerning new technologies designed to improve the speed of packaging lines to meet the requirements of two major customers and which are also expected to be exploited over the coming years by other customers.

As disclosed in the Interim Report on Operations, research and development costs which failed to meet the relevant capitalization criteria have been recognized in profit or loss; the costs in question amounted to Euro 694 thousand in the first quarter of 2018 (Euro 1,042 thousand in the first quarter of 2017).

Industrial patents rights include the costs incurred during the year and in prior years for the acquisition and registration of industrial patents. Additions in 2018 came to Euro 95 thousand.

Software, licenses, trademarks and similar rights mainly include applications, operating and technical software. Additions during the period mainly concerned the acquisition of software and licenses for the technical area.

There are no internal or external circumstances that are indicative of the potential impairment of intangible assets.

3. RECEIVABLES

Receivables mainly include guarantee deposits paid to the European Patent Office, where the Company has a deposit account used to pay for the European patents that it has applied for.

4. DEFERRED TAX ASSETS AND LIABILITIES

Details of deferred tax assets and liabilities at March 31, 2018 and at December 31, 2017 are set out in the following table:

Euro thousands	03.31.2018	12.31.2017
Deferred tax assets	1,143	1,069
Deferred tax liabilities	0	0

Deferred tax assets at March 31, 2018 amounted to Euro 1,143 thousand (Euro 1,069 thousand at December 31, 2017) and mainly relate to temporary differences arising on the provision for inventory obsolescence and provisions for risks and charges.

The 2016 Stability Law established that from January 1, 2017 the corporate income tax (IRES) rate was to fall from 27.5% to 24%, applicable to tax periods subsequent to the year in progress at December 31, 2016. Accordingly, the Company has recalculated deferred tax assets based on the new IRES rate of 24%. The IRAP rate used was 3.9%.

In compliance with IAS 12, the Company does not offset deferred tax assets and liabilities.

No circumstances exist that would prevent the recoverability of the deferred tax assets.

5. INVENTORIES

"Inventories" are made up as follows:

Euro thousands	03.31.2018			12.31.2017		
	Gross value	Provision	Net value	Gross value	Provision	Net value
Raw, ancillary and consumable goods	3,990	(162)	3,828	3,179	(146)	3,033
Work in progress and semi-finished goods	20,893	(1,957)	18,936	20,111	(1,772)	18,339
Total	24,883	(2,119)	22,764	23,290	(1,918)	21,372

Provision for obsolete and slow-moving goods.

The increase in inventories in 2018 reflects the preparation of lines for delivery to customers during the following quarters of the year and the substantial amount of the order book at the end of March.

6. TRADE AND OTHER RECEIVABLES

“Trade and other receivables” consist of the following:

Euro thousands	03.31.2018	12.31.2017
Trade receivables	59,620	30,859
Receivables from Parent Company and companies controlled by IMA S.p.A.	4,890	2,923
Advances to suppliers	831	283
Tax receivables	10,024	9,937
Deferred costs	347	75
Other receivables	119	12
Total	75,830	44,089

Trade receivables

Trade receivables include third party receivables for completed work, the amount of which consists of the contractually agreed receivable, net of advances received, and also include amounts due by customers for construction contracts, which consist of the difference between the portion of contractual revenue already produced by the Company, net of advances received from customers for projects in progress at the reporting date.

Trade receivables at March 31, 2018 amounted to Euro 59,620 thousand and consist of receivables from customers for completed work of Euro 21,092 thousand (Euro 6,762 thousand at December 31, 2017), amounts due by customers for construction contracts of Euro 38,459 thousand (Euro 24,036 thousand at December 31, 2017) and, for the remaining part, trade receivables from associates.

In the period ended March 31, 2018, revenue related to construction contracts (and which are included in Original Equipment and After-Sales revenue in Note 16) amounted to Euro 32,369 thousand (out of a total of Euro 41,258 thousand).

The high credit standing of our customers, largely multinationals, reduces credit risk and as such no recognition of an allowance of doubtful accounts is required.

As of March 31, 2018, no provision was made for the writedown of receivables.

During the period there was no assignment without recourse of receivables from customers. Receivables sold to factoring companies without recourse that had not yet fallen due as of March 31, 2018 came to Euro 2,196 thousand. In accordance with IAS 39 - Financial Instruments: Recognition and Measurement, the requirements for eliminating these receivables from the financial statements exist.

Receivables from Parent Company and companies controlled by IMA S.p.A.

The item in question is made up as follows:

Euro thousands	03.31.2018	12.31.2017
Receivables from Parent Company	4,850	2,917
Receivables from companies controlled by IMA S.p.A.	40	6
Total	4,890	2,923

Receivables from the Parent Company IMA S.p.A. mainly relate to advances paid for the purchase of machines. For more details, please refer to Note 29.

Advances to suppliers

Advances to suppliers at March 31, 2018 of Euro 831 thousand relate to advances in respect of goods destined to be used in the production process (Euro 283 thousand at December 31, 2017).

Tax receivables

Tax receivables at March 31, 2018 amounted to Euro 10,024 thousand (versus Euro 9,937 thousand at the prior year end) and mainly consist of a 2017 VAT receivable, for which the Company has requested a Euro 8,300 thousand refund.

7. FINANCIAL RECEIVABLES

Financial receivables were reduced to zero in 2017. The balance due to the Company from the inter-group current account with the Parent Company IMA S.p.A. was in fact completely reimbursed by IMA S.p.A. in the second quarter of 2017 and the related contract was terminated. In the first quarter of 2017 the aforementioned balance due to the Company increased by Euro 18,000 thousand as reported in the Statement of Cash Flows.

8. CASH AND CASH EQUIVALENTS

This item is made up as follows:

Euro thousands	03.31.2018	12.31.2017
Bank current accounts	25,336	45,780
Cheques and cash in hand	12	8
Total	25,348	45,788

The net financial position at March 31, 2018 consisted of net cash of Euro 25,348 thousand and was impacted, primarily, by the trend in working capital, as commented in the Interim Report on Operations.

A breakdown of the net financial position at March 31, 2018, calculated in accordance with the format provided in ESMA Recommendation 2013/319, together with prior year comparatives, is set out in the following table:

	03.31.2018	12.31.2017
A. Cash	12	8
B. Cash equivalents	25,336	45,780
C. Trading securities	-	-
D. Liquidity (A) + (B) + (C)	25,348	45,788
E. Current financial receivables	-	-
F. Current bank liabilities	-	-
G. Current portion of non-current debt	-	-
H. Other current financial payables	-	-
I. Current financial indebtedness (F) + (G) + (H)	-	-
J. Net financial position, net of current indebtedness (D) + (E) - (I)	25,348	45,788
K. Non-current bank loans	-	-
L. Bonds issued	-	-
M. Other non-current payables	-	-
N. Non-current financial indebtedness (K) + (L) + (M)	-	-
O. Net financial position (J) - (N)	25,348	45,788

9. SHARE CAPITAL

Share capital (fully subscribed and paid up) at March 31, 2018, amounted to Euro 440 thousand and consisted of 88,000,000 ordinary shares with no par value.

On June 26, 2017, the shareholders in general meeting passed resolutions to increase share capital by Euro 330,000 via a bonus issue (from Euro 110,000 to Euro 440,000), to split the ordinary shares by a ratio of 100:1 and to eliminate the par value of the shares. The bonus increase in share capital was effected by transferring Euro 132 thousand from the share premium reserve and Euro 198 thousand from retained earnings.

10. RESERVES, RETAINED EARNINGS AND DIVIDENDS

Share premium reserve

The share premium reserve was reduced to zero in 2017 as part of the aforementioned bonus increase in share capital.

Reserve for actuarial valuation of employee severance indemnities

The reserve for actuarial valuation of employee severance indemnities arises from the measurement thereof in compliance with IAS 19 – Employee benefits (“IAS 19”).

According to the standard, the sole accounting method permitted, effective as of January 1, 2013, is the immediate recognition of actuarial gains and losses in other comprehensive income in the year in which they arise, without being able to reclassify them to profit or loss.

Actuarial gains and losses must therefore be recognized in the statement of financial position as adjustments to equity.

Other reserves and retained earnings

Other reserves at March 31, 2018 included the legal reserve of Euro 22 thousand and the merger surplus reserve arising from the share exchange ratio originating from the reverse merger with GIMA Holding S.r.l. of Euro 2 thousand.

Retained earnings at March 31, 2018 of Euro 44,152 thousand increased further to the allocation to retained earnings of 2017 profit for the year (of Euro 44,117 thousand).

Treasury shares

The Company did not hold any treasury shares as at March 31, 2018.

11. LIABILITIES FOR EMPLOYEES' BENEFITS

Liabilities for employees' benefits include post-employment benefits accounted for in accordance with IAS 19 - Employee Benefits, using the projected unit credit method based on an actuarial valuation made by an independent actuary.

Changes in liabilities for employees' benefits in 2018 are set out in the table below:

Euro thousands	
Figure as of 12.31.2016	129
Financial expense	1
Uses	–
Net actuarial (gains) losses recognized during the year	(2)
Transfers	–
Figure as of 12.31.2017	128

12. OTHER PAYABLES

Other payables at March 31, 2018 amounted to Euro 820 thousand (Euro 463 thousand at December 31, 2017) and consist of non-current amounts payable to directors and employees.

13. TRADE AND OTHER PAYABLES

Trade and other payables consist of the following:

Euro thousands	03.31.2018	12.31.2017
Trade payables	33,815	38,223
Payables from Parent Company and companies controlled by IMA S.p.A.	8,698	5,783
Advances from customers	15,960	15,749
Social security payables and defined contribution plans	524	589
Income tax payables	748	990
Employee payables	2,658	2,646
Other payables	701	487
Total	63,103	64,466

Trade payables

Trade payables include payables to suppliers and agents of Euro 16,194 thousand (Euro 18,748 thousand at December 31, 2017) and trade payables to companies affiliated to IMA S.p.A. of Euro 17,621 thousand (Euro 19,475 thousand at December 31 2017).

Payables to Parent Company and companies controlled by IMA S.p.A.

Euro thousands	03.31.2018	12.31.2017
Payables to Parent Company	8,437	5,580
Payables to companies controlled by IMA S.p.A.	261	203
Total	8,698	5,783

Payables to the Parent Company and subsidiaries of IMA S.p.A., which consist of trade payables and advances, derive from the provision of services, goods and personnel secondment. See Note 29 for further information.

Advances from customers

Advances from customers at March 31, 2018 of Euro 15,960 thousand (Euro 15,749 thousand at December 31, 2017) consist of advances from customers for contracts not yet completed and reflect the large volume of orders received at the reporting date.

Income tax payables

Income tax payables at March 31, 2018 of Euro 748 thousand (Euro 990 thousand at December 31, 2017) consist mainly of income tax withheld from professional fees and employees' wages and salaries.

Employee payables

Employee payables at March 31, 2018 amounted to Euro 2,658 thousand versus Euro 2,646 thousand at December 31, 2017.

Other payables

Other payables at March 31, 2018 consist mainly of Euro 506 thousand payable to directors (Euro 321 thousand at December 31, 2017), Euro 95 thousand of credit card liabilities (Euro 84 thousand at December 31 2017) and Euro 59 thousand payable to insurance companies (Euro 60 thousand at December 31, 2017).

14. INCOME TAX PAYABLES

Income tax payables at March 31, 2018 amounted to Euro 8,803 thousand versus Euro 4,821 thousand at December 31, 2017.

They include IRES payable of Euro 7,348 thousand, net of advances paid in 2017 of Euro 11,109 thousand, as well as IRAP payable of Euro 1,454 thousand, net of advances paid in 2017 of Euro 1,578 thousand.

15. PROVISIONS FOR RISKS AND CHARGES

The Company recognized a product warranty provision at March 31, 2018 of Euro 1,689 thousand.

Changes in the product warranty provision in 2018 are set out in the following table:

Euro thousands	Figure as of 01.01.2018	Allocation to provision	Uses	Figure as of 03.31.2018
Product warranty provision	1,702	–	(13)	1,689
Other provisions	–	–	–	–
Total	1,702	–	(13)	1,689

The product warranty provision is based on an estimate of the costs likely to be incurred subsequent to the reporting date on products under guarantee, in relation to machines sold prior to that date.

16. REVENUE

Revenue in the first three months of 2018 amounted to Euro 41,258 thousand, having increased organically in the period by 14.4%.

The table below provides a breakdown of the Company's revenue by geographical area, based on the geographical origin (registered office) of the customers that commissioned the orders and to whom the sale is made and the invoice issued:

Euro thousands	01.01.2018- 03.31.2018	%	01.01.2017- 03.31.2017	%	Change
European Union (excl. Italy)	16,796	40.7	4,253	11.8	12,543
Other European countries	2,718	6.6	4,990	13.8	(2,272)
Asia and Middle East	18,895	45.8	12,347	34.2	6,548
Other countries	58	0.1	2,219	6.2	(2,161)
Total export	38,467	93.2	23,809	66.0	14,657
Italy	2,791	6.8	12,245	34.0	(9,454)
Total	41,258	100.0	36,054	100.0	5,204

In the first quarter of 2018, 93.2% of revenue was generated outside Italy (66.0% in the first three months of 2017), with significant growth in European Union (excluding Italy) and in Asia and Middle East.

The transactions were entered into using the Company's functional and presentation currency.

Approximately 77.6% of revenue was generated by packaging lines ("Original Equipment"), while the other 22.4% was generated by after-sales activities ("After-Sales"), which comprise technical assistance, spare parts, kits, training and other ancillary services, as set out in the following table:

Euro thousands	01.01.2018- 03.31.2018	%	01.01.2017- 03.31.2017	%	Change
Original Equipment	32,025	77.6	28,804	79.9	3,221
After-Sales	9,233	22.4	7,249	20.1	1,984
Total	41,258	100.0	36,054	100.0	5,204

In the first three months of 2018, revenue related to construction contracts (and which are included in Original Equipment and After-Sales revenue) amounted to Euro 32,369 thousand.

17. OTHER REVENUE

Other revenue, which amounted to Euro 150 thousand in the first quarter of 2018 (Euro 8 thousand in the first three months of 2017), consisted of out-of-period income and other income.

Out-of-period income mainly refers to positive differences between effective costs and revenue and the estimates accrued in previous years.

18. COST OF RAW, ANCILLARY AND CONSUMABLE MATERIALS AND GOODS FOR RESALE

The cost of raw, ancillary and consumable materials and goods for resale in the first quarter of 2018 amounted to Euro 17,259 thousand, which is up on the 2017 figure.

This item is made up as follows:

Euro thousands	01.01.2018- 03.31.2018	01.01.2017- 03.31.2017	Change
Raw materials and semi-finished products	15,929	13,844	2,085
Consumable and ancillary materials	168	107	62
Goods for resale	1,021	547	473
Other purchases	141	84	57
Total	17,259	14,581	2,678

19. SERVICES, RENTALS AND LEASES

This item is made up as follows:

Euro thousands	01.01.2018- 03.31.2018	01.01.2018- 03.31.2018	Change
External machining and assembly	3,845	2,536	1,309
Technical, legal, tax, administrative and commercial consulting services	1,713	1,514	199
Travel, transport and insurance costs	207	158	49
Freight costs	150	126	24
Maintenance and repairs	58	20	39
Advertising and promotions	34	363	(329)
Energy, telephone, gas, water and postal charges	55	15	40
Commission expense	91	29	61
Bank charges	3	2	1
Other services	691	403	289
Total services	6,848	5,166	1,682
Rent expense	266	356	(89)
Rental instalments	13	12	1
Annual patent fees	13	7	7
Total rentals and leases	293	374	(81)
Total	7,141	5,540	1,601

The cost of services, rentals and leases in the first quarter of 2018 amounted to Euro 7,141 thousand, having thus increased with respect to the same period of 2017 (Euro 5,540 thousand).

External machining and assembly mainly includes the cost of services pertaining to electrical and mechanical assembly, technical assistance and electrical and mechanical finishing.

Technical, legal, tax, administrative and commercial consulting services include design costs of Euro 980 thousand.

20. PERSONNEL COSTS

Personnel costs in the first three months of 2018 amounted to Euro 4,198 thousand (versus Euro 2,784 thousand in the same period of 2017) and consist of the following:

Euro thousands	01.01.2018- 03.31.2018	01.01.2018- 03.31.2018	Change
Wages and salaries	2,299	1,861	438
Employee benefits	35	20	14
Social contributions	667	532	135
Directors' fees	889	33	856
Post-employment costs for defined contribution plans	170	158	12
Other personnel costs	139	181	(41)
Total	4,198	2,784	1,414

The increase in personnel costs in the year is mainly due to a higher number of employees in the period. The Company employed an average number of 145 persons in the first quarter of 2018 versus 98 persons in the same period of 2017:

	01.01.2018- 03.31.2018	01.01.2018- 03.31.2018	Change
Managers	6	4	2
White-collar workers	97	63	34
Blue-collar workers	42	31	11
Total	145	98	47

There was a headcount of 149 at March 31, 2018, up from 138 on the 2017 year end figure and from 100 on March 31, 2017.

21. DEPRECIATION AND AMORTIZATION

Depreciation and amortization in the first three months of 2018 of Euro 179 thousand consist of the depreciation of property, plant and equipment (Euro 80 thousand) and the amortization of intangible assets (Euro 99 thousand).

22. OTHER OPERATING COSTS

Other operating costs consist of contingent liabilities, losses on asset disposals and other operating costs and amount to Euro 86 in the first three months of 2018.

23. FINANCIAL INCOME

This item amount to Euro one thousand in the first three months of 2018, compared to Euro 39 thousand in the first three months of 2017. In the first quarter of 2017 the Company earned interest income on the intragroup current account with IMA S.p.A. that was governed by a contract ended in the second quarter of 2017.

24. FINANCIAL EXPENSE

Financial expense amount to Euro 23 thousand in the first three months of 2018, compared to Euro 12 thousand in the same period of 2017.

25. TAXES

This item includes income taxes for the period, calculated using the best estimate of the weighted average tax rate for the full year.

26. EARNINGS PER SHARE

Basic earnings per share are calculated on the basis of profit for the period divided by the weighted average number of shares outstanding during the period, as indicated in the table below, and coincide with diluted earnings per share due to the absence of potentially dilutive equity instruments.

	01.01.2018- 03.31.2018	01.01.2018- 03.31.2018	Change
Profit for the period (in Euro) (A)	10,019,441	8,884,905	1,134,536
Average number of ordinary shares (B)	88,000,000	88,000,000	–
Earnings per share (A / B)	0.11	0.10	0.01

The average number of shares used for the computation was determined by backdating (to before the beginning of 2016) the split of ordinary shares as approved by the Shareholders in general meeting on June 26, 2017.

27. GUARANTEES GIVEN

At March 31, 2018, GIMA TT granted guarantees of Euro 11,788 thousand, consisting of Euro 11,498 thousand for advances received from customers, Euro 78 thousand for the Swiss Tax Authorities and Euro 212 thousand for the Customs Agency for temporary imports of tobacco.

28. COMMITMENTS

As of March 31, 2018, the Company had lease commitments of Euro 8,119 thousand (Euro 1,025 thousand within 1 year, Euro 5,126 thousand in 1 to 5 years and Euro 1,968 thousand beyond 5 years). There are third-party goods at our factories consisting of tobacco sent to us temporarily by customers for Euro 212 thousand.

29. RELATED-PARTY TRANSACTIONS

In compliance with Consob regulations on related party transactions, in 2017, the Company adopted procedures, the purpose of which is to lay down the approach to be taken for the identification, review and approval of transactions to be carried out with related parties to ensure that they are transparent and fair from both a substantial and procedural point of view.

Intra-group transactions are a consequence of the organizational structure in which the Company, the Parent Company IMA S.p.A. and affiliates operate. Such transactions are carried out in the ordinary course of business on an arm's-length basis.

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

Transactions with related parties are conducted at terms and conditions that are equivalent to normal market conditions.

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

Trade receivables due from and advances to the Parent Company IMA S.p.A. and its subsidiaries and affiliates, as included in "Trade and other receivables", amounted to Euro 4,959 thousand at March 31, 2018, compared to the December 31, 2017 figure of Euro 2,985 thousand.

Euro thousands	03.31.2018	12.31.2017	Change
Trade receivables from Parent Company			
IMA S.p.A.	4,850	2,917	1,933
Total	4,850	2,917	1,933
Trade receivables from affiliates			
GIMA S.p.A.	10	6	4
IMAUTOMATICHE DO BRASIL LTDA	30	-	30
Total	40	6	34
Trade receivables from associates			
Sil.mac S.r.l.	52	42	10
Logimatic S.r.l.	17	20	(3)
Total	69	62	7
Total	4,959	2,985	1,974

Trade payables due to and advances from the Parent Company IMA S.p.A. and its subsidiaries and affiliates, as included in "Trade and other payables", amounted to Euro 26,753 thousand at March 31, 2018, compared to the December 31, 2017 figure of Euro 25,257 thousand.

Euro thousands	03.31.2018	12.31.2017	Change
Trade payables to Parent Company			
IMA S.p.A.	8,437	5,580	2,857
Total	8,437	5,580	2,857
Trade payables to affiliates			
GIMA S.p.A.	-	125	(125)
Corazza S.p.A.	1	-	1
Ilapak Sp Zoo	-	29	(29)
IMA Germany GmbH	-	6	(6)
OOO Ima Industries	260	43	217
Total	261	203	58
Trade payables to associates			
B.C. S.r.l.	146	127	19
La.co. S.r.l.	1,136	1,015	121
Iema S.r.l.	6,562	6,598	(36)
Sil.mac S.r.l.	3,919	4,596	(677)
Masterpiece S.r.l.	42	38	4
Powertransmission.it S.r.l.	25	36	(11)
Logimatic S.r.l.	4,578	5,200	(622)
Bolognesi S.r.l.	1,442	1,450	(8)
STA.MA S.r.l.	34	60	(26)
MORC 2 S.r.l.	135	351	(216)
TALEA S.r.l.	36	3	33
Total	18,055	19,474	(1,419)
Total	26,753	25,257	1,496

Revenue from the Parent Company IMA S.p.A. and its subsidiaries and affiliates in the first three months of 2018 amounted to Euro 171 thousand. Details of this revenue, which consists essentially of sales of goods, technical assistance and design services, are shown in the following table:

Euro thousands	01.01.2018- 03.31.2018	01.01.2018- 03.31.2018	Change
Revenue from Parent Company			
IMA S.p.A.	149	2	147
Total	149	2	147
Revenue from affiliates			
GIMA S.p.A.	8	3	5
Corazza S.p.A.	–	–	–
Total	8	3	5
Revenue from associates			
Sil.mac S.r.l.	12	9	3
Logimatic S.r.l.	2	1	1
Total	14	10	4
Total	171	15	156

Operating costs pertaining to transactions with the Parent Company IMA S.p.A. and its subsidiaries and affiliates in the first quarter of 2018 amounted to Euro 10,921 thousand. These costs mainly consist of purchases of goods in the ordinary course of the Company's business, of commercial and technical design consulting services and personnel secondment. Details of the above costs, which are included in the Income Statement line items "Cost of raw, ancillary and consumable materials and goods for resale", "Services, rentals and leases" and "Personnel costs", are set out in the table below:

Euro thousands	01.01.2018- 03.31.2018	01.01.2018- 03.31.2018	Change
Operating costs - Parent Company			
IMA S.p.A.	5,991	5,992	(1)
Total	5,991	5,992	(1)
Operating costs - affiliates			
OOO Ima Industries	260	197	63
Corazza S.p.A.	1	–	1
GIMA S.p.A.	–	17	(17)
Revisioni Industriali S.r.l.	–	11	(11)
Total	261	225	36
Operating costs to associates			
B.C. S.r.l.	146	98	48
La.co. S.r.l.	358	294	64
Iema S.r.l.	2,074	1,756	318
Sil.mac S.r.l.	1,043	1,500	(457)
Masterpiece S.r.l.	13	9	4
Powertransmission.it S.r.l.	7	13	(6)
Logimatic S.r.l.	697	719	(22)
Bolognesi S.r.l.	274	174	100
Plasticenter S.r.l.	–	11	(11)
MORC 2 S.r.l.	57	106	(49)
STA.MA S.r.l.	–	20	(20)
S.I.ME. S.r.l.	–	1	(1)
Total	4,669	4,701	(32)
Total	10,921	10,918	3

In addition to the above intercompany transactions, the Company has entered into transactions of a manufacturing, trade and financial nature with related parties. Details of the main balances (payables) with related parties are as follows:

Payables - Euro thousands	03.31.2018	12.31.2017	Change
EPSOL S.r.l.	–	1	(1)
Poggi & Associati	39	16	23
Morosina S.p.A.	24	61	(37)
Verniciatura Ozzanese S.r.l.	2	1	1
Costal Projects & Consulting S.r.l.	605	861	(256)
TEC.COM. S.a.s.	–	479	(479)
Total	670	1,419	(749)

Details of the main transactions (costs) with related parties are as follows:

Costs - Euro thousands	01.01.2018- 03.31.2018	01.01.2018- 03.31.2018	Change
Verniciatura Ozzanese S.r.l.	1	–	1
Poggi & Associati	39	16	23
Morosina S.p.A.	24	13	11
Costal Projects & Consulting S.r.l.	334	255	79
Total	398	284	114

30. SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

In the first three months of 2018, there were no significant non-recurring events and transactions, that is, transactions or events that do not occur frequently in the ordinary course of business and which have a material bearing on a company's financial position, results and cash flows.

31. ATYPICAL OR UNUSUAL TRANSACTIONS

No balances, income or costs arose from atypical and/or unusual transactions in the first three months of 2018.

32. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FIRST QUARTER

No significant events have taken place after the end of the first quarter of 2018.

**E) DECLARATION OF THE MANAGER RESPONSIBLE FOR PREPARING FINANCIAL REPORTS
PURSUANT TO ART. 154-BIS, PARAGRAPH 2, OF LEGISLATIVE DECREE 58/1998**

The Manager responsible for preparing financial reports, Marco Savini, declares in accordance with article 154-bis, paragraph 2, of the Consolidated Finance Act that the accounting information contained in this periodic financial information as of 31 March 2018 agrees with the books of account, the accounting entries and supporting documentation.