



Annual Report on the system of Corporate Governance and compliance with the Code of Self-Regulation for Listed Companies pursuant to Section IA.2.6 of the Regulations issued by Borsa Italiana S.p.A.

Name: I.M.A. Industria Macchine Automatiche Spa

Web site: www.ima.it

Financial Year of Reference of the 2007 Report

Approved by the Board of Directors Spa on 27 March 2008.



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INTRODUCTION

This report, prepared pursuant to art. IA.2.6 of the Instructions to the Regulations for Markets Organized and Managed by Borsa Italiana Spa, provides information on the model of corporate governance adopted by I.M.A. Industria Macchine Automatiche Spa (hereinafter "IMA" or the "Company") and on the adoption by the company of the Code of Conduct for Listed Companies.

Today's report makes reference to the 2006 Code of Conduct as IMA formally adhered to the Code of Conduct during the board meeting of 14 February 2007.

The current report takes into due account the Guidelines issued by Borsa Italiana on 12 February 2003, as well as the "Guide to preparing Corporate Governance reports" issued in February 2004 by Assonime and Emittenti Titoli Spa, and the experimental *format* for Corporate Governance reporting published by the Italian Stock Exchange on 5 March 2008.

It should be noted that pursuant to enactment of Law 262/05 and Legislative Decree 303/06, Company by-laws have been duly updated, as resolved by the shareholders' Meeting of 19th June 2007.

Part I

THE COMPANY'S GOVERNANCE STRUCTURE

The system of corporate governance adopted by IMA envisages the distribution of functions and powers in accordance with the traditional form of corporate governance, represented by the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors.

The **Shareholders' Meeting**, properly convened and quorate, represents all the shareholders and the resolutions adopted in accordance with legal requirements bind all of them.

The Shareholders' Meeting, called by the Directors in the municipality of the registered offices or elsewhere in the European Union or Switzerland, is chaired by the Chairman of the Board of Directors or, in the event of absence or impediment, by another person present at the Meeting who is elected by a simple majority of the shareholders.

The ordinary stockholders' meeting is called at least once each year, not more than one hundred and twenty days from the end of the financial year.

Participation at the Shareholders' Meeting, in compliance with the law, is available to the holders of voting rights for whom the communication envisaged in art. 2370.2 of the Italian Civil Code is received by the Company at least two working days prior to the date of the meeting.

The quorums and the resolutions adopted by the ordinary and the extraordinary shareholders' meeting are governed by the related regulations.

The **Board of Directors**, consisting of a minimum of five and a maximum of fifteen directors, exercises the widest powers of ordinary and extraordinary administration of the company.

The shareholders' meeting fixes the number of directors and the length of their mandate, which cannot however exceed three years.

The directors are appointed at the Shareholders' Meeting with reference to lists presented by the Shareholders.

The Directors must satisfy the legal requirements for their appointment and the related regulations; they may be re-elected.

The meetings of the Board of Directors may be held using telecommunications facilities.



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The Board of Directors elects a Chairman and, if required, one or more Deputy Chairmen, if they have not already been appointed by the Shareholders' Meeting. The Board may appoint from among its members an Executive Committee, and other committees envisaged by the codes of conduct prepared by companies that administer regulated markets.

Even though the Code of Conduct recommends listed issuers to set up a Remuneration Committee and an Internal Control Committee, as well as to consider setting up a Nominations Committee, it also explained that their functions could be delegated to a lower number of committees, providing they comply with the rules for their composition indicated in each case by the Code.

At the board meeting of 12 May 2006, IMA therefore decided to set up as from that date **a single committee** that brings together the functions, duties and powers previously assigned to the Remuneration Committee and Internal Control Committee and therefore all of the functions and duties suggested or attributed to these committees by the latest version of the Code of Conduct published in March 2006.

Considering that IMA had a limited number of directors, the Board was of the opinion that a single committee would still be able to achieve the objectives of the Code of Conduct for Listed Companies.

The **Board of Statutory Auditors** comprises three serving Auditors and three alternate Auditors who are appointed at the Shareholders' Meeting and remain in office for three years. The honourability, professionalism and independence requirements are those established by current regulations.

The Board of Statutory Auditors monitors compliance with the law and the statute, as well as the provision of proper administration and, to the extent that they are involved, the adequacy of IMA's organization, system of internal control and accounting and administrative system, together with the reliability of the accounting system to give a true and fair view of the Company's operations; they also have to supervise the ways in which the Board implements the corporate governance rules laid down in the codes of conduct to which the Company has said it intends to adhere.

Statutory Auditors are appointed using the list-voting procedures described in the law and current regulations, to ensure that the minority stockholders can appoint one serving Auditor and one alternate Auditor.

- Profile of Company set-up pursuant to Statute 123 bis TUF

- Company capital structure

The Extraordinary Shareholders' Meeting of 19th June 2007 resolved a voluntary reduction in share capital from euro 18,772,000 to euro 17,732,000 by cancelling n. 2,000,000 ordinary shares.

Share capital stands at Euro 17,732,000.00 divided into 34,100,000 ordinary shares with a par value of Euro 0.52.

No financial instruments entitling subscription to newly issued shares have been issued by the Company.

No stock-based incentive plan (*stock option, stock grant, etc.*) has been approved by the Company.

- Security Movement Restrictions

As at Report date there are no restrictions on the movement of Company stock.

- Shares and other equities of note in the Company



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On the basis of the shareholders' register and taking into account communications received either pursuant to article 120 of Legislative decree 58/1998 or otherwise, shareholdings – whether direct or indirect – in the Company in excess of 2 per cent of share capital at the date of the present Report are as listed below:

Declarant	Direct Shareholder	Percent share on ordinary capital	% share on voting capital
Lopam Fin Spa	SO.FI.M.A. Società Finanziaria Automatiche Spa.	71.517%	71.517%
Gianluca Vacchi	G.V. Finanziaria Srl	4.107%	4.107%

- Securities entitling holders to special rights

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

- Employee equity stake: exercise of voting right

As at Report date no employee shareholding is provided for.

- Voting right restrictions.

As at Report date no voting right restriction has been provided for.

- Inter-shareholder agreements

As at Report date the Company is unaware of any agreement among relevant shareholders as contemplated under Statute 122 TUF.

- Director appointment and replacement and statutory amendments and revisions.

Article 15 of the Articles of Association (accessible at Company website, and more precisely at <http://www.ima.it>) as approved by the Shareholders' Meeting of 19 June 2007 provides for list voting to best protect minority shareholder rights.

The lists, accompanied by the professional curricula of each nominated person and signed by the Shareholders presenting them, must be filed at the registered offices at least 15 (fifteen) days prior to the date of the Shareholders' Meeting in first calling, together with the documentation that demonstrates the right to present such lists. Each list must be filed together with declarations from each candidate accepting their nomination and declaring, under their own responsibility, that there are no reasons for ineligibility or incompatibility, as defined by law, and that they satisfy the requirements specified by law or in the related regulations.

Lists may only be presented by shareholders who alone or together with other shareholders own at least 2.5% (two point five percent) of the Company's share capital, or such different threshold as is established by law or the regulations.

On the completion of voting, the candidates on the two lists that obtained the largest number of votes are elected, on condition that these exceed half of the percentage of capital required for the presentation of lists, to be determined at the time of voting, on the following basis:

(a) the number of directors drawn from the list that obtains the largest number of votes (the "Majority List") is one less than the total number of members of the Board of Directors established previously by the Shareholders' Meeting; within this numeric limit, the candidates are elected in the numerical order in which they appear on the list;

(b) one director, being the first candidate on the list, is drawn from the list obtaining the second largest number of votes that is not related in any way, directly or indirectly, with the Shareholders who presented or voted for the Majority List (the "Minority List").

- Authorisation to increase company capital and acquire own shares.

The Board of Directors has not been empowered to increase company capital as provided for under Statute 2443 of the Italian Civil Code, nor to issue any equity interests.



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The Shareholders' Meeting of 27 April 2007 has approved the purchase of own shares as provided for under Statute 2357 of the Italian Civil Code.

The Board of Directors has therefore being authorised by the Shareholders' Meeting to purchase Company's own shares up to the permissible limit under law, and namely up to ten (10) percent of company capital, taking into account already owned shares, and up to available reserves and qualifying distributions on the basis of the last approved balance sheet and of the Board's empowerment to transfer or dispose of Company's own shares.

The Shareholders' Meeting has authorised acquisition and/or transfer and/or disposal of own shares for the purpose of stock stabilisation as may be required and in general for implementing own share purchasing plans for increasing stock value to the advantage of shareholders.

Be it finally noted that IMA owned 199,485 own shares equal to 0.585% of company capital as at 31st December 2007.

- Change of control clause.

As at Report date no material agreement envisaging its becoming effective, being changed or expiring in case of principal of same being taken over has ever been entered into either by IMA or any other of its subsidiaries, excepting for a loan taken out by the Company on 30 January 2008, the agreement of which provides for the Company to fully pay the loan back in the event of LopamFin S.p.A. no longer being IMA's ultimate holding company.

- Director resignation, dismissal and severance allowance in case of take-over bid

As at Report date no resignation, dismissal or severance allowance has been provided for Directors in the event of their falling from office without just cause or subsequent to a take-over bid.

- Management and Co-ordination Activity

Notwithstanding that it is controlled by SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A., IMA is in no way subject to the former's management or co-ordination activity, as envisaged under Statutes 2497 and following of the Italian Civil Code.

As a matter of fact all decision making and management policy definition and implementation and the actual day-to-day running of IMA itself are in no way affected by the holding company, as also ensured by the fact that IMA's Board of Directors includes a fair number of independent directors such as to carry weight with any of the Board's final resolutions on any matter. As to the independence and numerical adequacy of said directors, reference is made to the general criteria laid down by Borsa Italiana S.p.A. and to good practice as contemplated under due provisions of the codes of conduct of said same Borsa Italiana S.p.A. and other applicable trade and business associations.

Further witnessing to IMA's stated business independence is the fact that the Company has full and unconditional powers of negotiation with all of its customers, suppliers and banks of reference, and also the fact that IMA or any of its subsidiaries and SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A. do not have any centralised cash account in common.

Part II
IMPLEMENTATION OF THE CODE OF CONDUCT

- Board of Directors

Attribution of duties and delegated powers

I) Attribution of delegated powers



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The Board of Directors is the body responsible for laying down the strategic and operational guidelines of the Company and of the Group that it heads up.

The following powers are reserved solely for the Board of Directors on a joint basis, in addition to those powers that cannot be delegated to others:

- examination and approval of the strategic, business and financial plans of the Company and of the Group, as well as IMA's system of corporate governance and the structure of the Group;
- evaluation of 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 handling of conflicts of interest;
- overall assessment of the results of operations;
- advance examination and approval of any transaction likely to have a significant impact on the Company's results, assets and liabilities or financial situation and, in any case, any transaction worth more than 10 (ten) million euros, except for the renewal or extension of bank credit lines already granted to the Company, which can be delegated;
- advance approval of all transactions in which one or more directors has an interest on a personal basis or on behalf of third parties, and all transactions with related parties, including intercompany transactions, unless they relate to routine operations carried out at standard market conditions;
- decisions relating to the size, composition and functioning of the Board of Directors and its sub-committees;
- advance approval of transactions by subsidiaries of IMA S.p.A. that will also affect IMA.

II) Attribution of duties

Art. 16 of the statute envisages that the Board of Directors may delegate all or some of its powers to an Executive Committee. The Executive Committee has not however been established.

III) Role of the Chairman

Pursuant to art. 22 of the Statute, the Chairman of the Board of Directors is the legal representative of the company and signs on its behalf.

Art. 17 of the Statute envisages that meetings of the Board of Directors are called by the Chairman of the Board of Directors.

The Chairman of the Board of Directors also coordinates the work of the Board and ensures that all directors are supplied with adequate information about the matters placed on the agenda for discussion.

In its meeting of 26 June 2007, the Board of Directors received and accepted the resignation of Mr. Marco Vacchi from the office of Chairman, simultaneously designating him Honorary Chairman, for which reason he fully retains the office of Company Director.

As from 26 June 2007, the new Chairman designated by the Board is Mr. Alberto Vacchi, who having previously been designated Managing Director of the Company currently holds both offices.

With a specific mandate issued on 12 May 2006, the Board of Directors delegated to Alberto Vacchi all powers, to be exercised individually, for the ordinary and extraordinary administration of the Company, with the sole exception of the following rights and powers that were not delegated to him:

- the power to purchase, sell, exchange, contribute, swap, transfer or receive, on any basis and for whatever reason, shares or equity interests in companies, associations or bodies;
- the power to purchase, sell, exchange, contribute, swap, transfer or receive, on whatever basis and for whatever reason, including for rental or other purposes, lines of



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- business, businesses or business units of any kind;
- the power to purchase, sell, exchange, contribute, swap, transfer or receive, on whatever basis and for whatever reason, including rentals for more than nine years, of real estate in the form of either land or buildings;
- the power 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.

IV) Frequency of meetings

The Board of Directors meets at regular intervals, at least once every three months, to approve the quarterly reports as of 31 December, 31 March and 30 September, as well as to approve the report for the half-year ended 30 June and the draft financial statement as of 31 December each year.

The Board of Directors met ten times during 2007.

The frequency with which Directors attended the meetings of the Board of Directors is summarized in Table I below.

On 14 November 2007 the Company released a calendar showing the meetings scheduled for the Board of Directors in 2008.

V) Role of the Board of Directors

Pursuant to art. 18 of the Statute, the Board of Directors exercises the widest powers to manage the company, except for those specifically reserved by law for the stockholders in general meeting.

VI) Significant transactions

In accordance with art. 17 of the Statute, the Directors with delegated powers must provide the information required by art. 150 of Decree 58/98 and art. 2381 of the Italian Civil Code to the Board of Directors and the Board of Statutory Auditors, at least every three months, at the time of Board meetings or in a written communication.

Similarly, the committees with delegated powers provide adequate information to the Board of Directors and the Board of Statutory Auditors regarding any non-operating or unusual transactions or transactions with related parties, where the assessment and approval of such transactions are not reserved for the Board of Directors.

On different occasions during 2007, Delegated Functions duly reported to the Board as to activities performed according to their brief and empowerment at the Board's first viable meeting.

VII) Delegated powers

Andrea Malagoli, a Director, was appointed CEO from the 1st March 2007, granting him new specific powers.

VIII) Related-party transactions

On 26 July 2006, the Board of Directors decided that it had exclusive power with regard to significant related party transactions, laying down guidelines on how they are to be identified. The Board established, as a rule of internal conduct, that it had to give advance approval of all transactions by the Company or its subsidiaries with related parties, except for routine transactions carried out at standard market conditions;

Composition of the Board of Directors



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The Board of Directors was appointed by the Shareholders' Meeting of 27 April 2006 on the basis of the list of names submitted to it by the then majority shareholder, FinVacchi Finanziaria Vacchi Spa.

Furthermore, the number of Board members was set at ten (10) by the aforementioned Shareholders' Meeting, all of whom shall remain in office until the Shareholder's Meeting called to approve the annual balance sheet closed as at 31 December 2008 convenes.

On 27 April 2007 the number of Board members was raised from ten (10) to eleven (11) by IMA's Ordinary Shareholders' Meeting, which simultaneously also appointed the eleventh member against proposal thereof by the majority shareholder, SO.FI.M.A. Società Finanziaria Macchine Automatiche Spa, in the person of Mr. Giancarlo Folco.

Incumbent Directors' CVs may be assessed at the Company's website for inspection, and more precisely at <http://www.ima.it>.

The following list details incumbent directors as at 31st December 2007:

- Alberto	Vacchi	Chairman and CEO
- Marco	Vacchi	Honorary Chairman
- Andrea	Malagoli	
- Stefano	Visentini	
- Italo Giorgio	Minguzzi	
- Gino	Benedetti	
- Luca	Poggi	
- Maria Carla	Schiavina	
- Gianluca	Vacchi	
- Romano	Volta	
- Giancarlo	Folco	

These directors will remain in office until the Shareholders' Meeting that approves the financial statements at 31 December 2008.

Several of the foregoing Directors are also Directors or Statutory Auditors of other companies listed in regulated markets, or of finance companies, banks, insurance companies or other large companies; the most significant of which are listed below:

- **MARCO VACCHI:** SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A. (Chairman); Lopam Fin S.p.A. (Chairman); B Group S.p.A. (Vice Chairman); Banca di Bologna Credito Cooperativo SCRL (Chairman); Fondazione Cassa di Risparmio in Bologna (Shareholder);
- **ALBERTO VACCHI:** SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A. (Director); B Group S.p.A. (Director); ALVA s.r.l. (Sole Director);
- **ANDREA MALAGOLI:** SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A. (Director);
- **ITALO GIORGIO MINGUZZI:** Ferretti S.p.A. (Director); Ducati Corse S.p.A. (Auditor), Ghisamestieri (Director); Unitec S.p.A. (Director); Felsinea Ristorazione (Chairman);
- **GINO BENEDETTI:** Penta S.r.l. (Director); Centrocasa S.r.l. (Director);
- **LUCA POGGI:** Emil Europe '92 S.r.l., a company under winding-up procedure belonging to Gruppo Bancario Intesa Sanpaolo (Chairman of the Board of Statutory Auditors), Finglass S.p.A. (Director); Vetriere Riunite Spa (Director); Opera SGR Spa (Director); Fariniundici S.r.l. (Sole Director); S.E.A. Società Europea Autocaravan S.p.A. (Auditor); Sea Industries S.p.A. (Auditor); Tesmec S.p.A. (Director)
- **MARIA CARLA SCHIAVINA:** SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A. (Director); Immobiliare Schiavina S.r.l. (Vice Chairman); Schiavina S.r.l. (Chairman); Eredi Schiavina S.r.l. (Chairman).
- **GIANLUCA VACCHI:** SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A. (Director), Cofiva Holding S.p.A. (Sole Director); First Investment Spa (Sole Director); Cofiva



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S.A. (Director); SEA Industries S.p.A. (Director); Vetrerie Riunite Spa (Chairman); Finglass S.p.A. (Chairman); Finvetro S.p.A. (Chairman); Boato Finanziaria S.r.l. (Chairman); SEA Società Europea Autocaravan S.p.A. (Director) Tesmec S.p.A. (Director); Pierrel S.p.A. (Director); G.V Finanziaria S.r.l. (Director).

- **ROMANO VOLTA**: Datalogic S.p.A. (Chairman); Datasensor S.p.A. (Chairman); San Paolo IMI Fondi Chiusi SGR S.p.A. (Director); Summa Finances S.p.A. (Chairman); Fondazione Cassa di Risparmio in Bologna (Shareholder and Vice Chairman of the Management Board).

- **GIANCARLO FOLCO**: Folco Finanziaria Immobiliare S.r.l. (Chairman and Managing Director); Gaia S.r.l. (Chairman); Luca S.r.l. (Chairman), Gierre (Chairman).

No special prerequisites relating to personal honourability, professional standing, or independence are contemplated under the Company's Articles of Association for appointment to the office of Company Director.

General criteria as to the maximum permissible number of executive and auditory offices that may be held in other corporate business enterprises without detriment to the effective performance of duties and obligations incumbent upon an IMA Board member were defined by the Board in full session on 29 October 2007.

The Board's resolution as to the aforementioned item may be summed up as follows:

a) no more than three (3) executive officer appointments may be held by a Company director in any regulated market-listed corporate business enterprise, holding or stock-broking company, bank, insurance company, or in general in any such corporate business organisation if of considerable size;

b) no more than five (5) non-executive or independent officer appointments may be held by a Company director in any regulated market-listed corporate business enterprise;

c) no more than six (6) non-executive or independent appointments may be held by a Company director in any holding or stock-broking company, bank, insurance company, or in general in any such corporate business organisation if of considerable size;

d) no more than six (6) auditor appointments may be held by a Company director in any supervisory body of a regulated market-listed corporate business enterprise, holding or stock-broking company, bank, insurance company, or in general in any such corporate business organisation if of considerable size;

e) no more than an overall total of twelve (12) appointments in any of the capacities as specified under points a) to d) above may be held by a Company director.

The foregoing limitations shall not apply to any directorship appointment in IMA Group companies, be it a parent company, holding or subsidiary, or in any other small company, regardless of its business activity, as contemplated under Art. 144-duodecies of the Issuing Regulation, nor to any auditing appointment in any supervisory body thereof.

Non-executive and Independent Directors

The Board of Directors of the company includes nine non-executive directors who guarantee - given their number and authoritativeness - that their opinion carries significant weight in the making of Board decisions.

On the basis of information submitted by Directors and of that generally available to the Company, the Board of Directors has found same to have the necessary prerequisites of independence as stated by them and in accordance with provisions under the Voluntary Self-regulatory Code and the Instructions to the Regulations of Markets Organised and Managed by Borsa Italiana Spa upon their taking office and for every year of being in office thereafter.

Having the aforesaid also been found by the Board of Arbitrators, the Board of Directors has duly given notice of same to the market.

The following list details independent Directors currently in office according to self-submitted information:



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- Giancarlo Folco
- Gino Benedetti
- Romano Volta

Independence has been found by the Board of Directors under Articles 3.C.1 and 3.C.2 of the Voluntary Self-regulatory Code.

Furthermore, the Board of Directors has found Romano Volta and Giancarlo Folco to have the necessary prerequisites to qualify as independent directors both under the aforementioned Instructions to the Regulations of Markets Organised and Managed by Borsa Italiana Spa and Paragraph 4, Statute 147 *ter* of Decree Law n. 58 enacted 24 February 1998.

Lead Independent Director

Since 2006 IMA's Board of Directors has set up the office of *Lead Independent Director*.

This resolution was confirmed again in the current year with a view to ensuring ever better Company practice according to best international standards and to provisions contemplated under the Voluntary Self-regulatory Code, where designation of a *Lead Independent Director* is especially recommended in case of the Board of Directors' Chairperson also holding the office of Managing Director.

The Lead Independent Director represents a point of reference and coordination for the requests and suggestions of the independent directors. This responsibility has been attributed to Romano Volta.

The Lead Independent Director will, among other things, be able to call - autonomously or on the request of the other directors - special meetings of just the independent directors to discuss topics that concern the functioning of the Board of Directors, using the facilities offered by the company.

The independent directors met once during 2007.

Committees

As mentioned above, the Board of Directors appointed a single Committee combining the functions, duties and powers previously assigned to the Remuneration and Internal Control Committees, and in any case, all of the functions and duties suggested or attributed to such committees by the Code of Conduct.

1) Internal Control and Remuneration Committee

The Internal Control and Remuneration Committee consists of the following three non-executive directors, the majority of whom are independent:

- Romano Volta Chairman
- Maria Carla Schiavina
- Giancarlo Folco

On 14 May 2007 the Director Mr. Giancarlo Folco was appointed as member of the aforesaid Committee in lieu of the Director Mr. Italo Giorgio Minguzzi, who concomitantly resigned from office.

Committee functions include:

- submission of remuneration proposals to the Board of Directors for Directors holding special posts and checking for due implementation of Board decisions thereof;
- periodic review of criteria adopted for determining the remuneration of executives burdened by strategic responsibilities and vigilance as to their correct implementation on the basis of information provided by managing directors, and submission of recommendations on such matters in general to the Board of Directors;
- aiding the Board of Directors in defining internal control system guidelines;
- aiding the Board of Directors in identifying a suitable Executive Director to supervise the correct implementation and smooth running of the internal control system;



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- aiding the Board of Directors in periodic (at least annual) audits of the internal control system to assess its suitability, adequacy, efficacy and efficiency;
- aiding the Board of Directors in describing the material elements of the internal control system written up in the corporate governance report;
- advising the Board of Directors as to appointments and dismissals of internal control system officers;
- assessing correct implementation of accounting principles in conjunction with the chief book-keeping officer and auditors;
- giving its studied opinion as to specific aspects relating to the identification of critical risks in the Company and to the design, implementation and management of the internal control system at the request of the Executive Director specifically appointed thereto;
- reviewing work plan and periodic reports drafted by the chief internal control system officer;
- reviewing and assessing proposals submitted by auditing companies applying for job commission as well as audit work plan and results appearing in the final report along with any recommendations in the accompanying letter;
- watching over the efficacy of the accounts auditing process;
- reporting to the Board of Directors every six months in conjunction with balance sheet and the semestral report approval as to its actions in the period and its findings as to the adequacy of the internal control system.

The Committee is entitled to avail itself of the services of independent consultants or other experts in the performance of its duties.

No recourse by the Committee to out-house consultants has been recorded in 2007.

On 12 May 2006, the Board of Directors considered that the Directors Romano Volta and Maria Carla Schiavina had sufficient experience in accounting and financial matters, as required by the Code of Conduct for Listed Companies 2006 on the part of at least one of the members of the Internal Control Committee.

The Committee met five times during 2007.

The meetings were attended by the Chairman of the Board of Statutory Auditors or, if unavailable, by his nominee.

Agenda items, the discussion of which has been duly recorded in meeting minutes, included analyses of results for the period; auditing of in-house procedures; checking for compliance with *Corporate Governance* principles; review of problems in connection with implementation of provisions under Law 262 of 2005; review of proposals and applications by auditing companies for auditor appointment; auditing of incentives by which part of the remuneration of executive Directors and of some employees is variable and subject to the attainment of given economic targets. With reference to the latter item, the Committee was watchful to ensure correct implementation of afore-described criteria.

- Company procedures and functions

Procedures for the treatment of confidential information

1) Management of confidential information

Following the adoption of the EC Directive concerning "market abuse" and the introduction of Consob's regulations, on 30 November 2006 the Board of Directors approved a special procedure for the management and communication of documents and information concerning I.M.A. Industria Macchine Automatiche S.p.A. with particular regard to price-sensitive information.

Communications from the company follow the principles contained in the "Guide to Market Information" issued by Borsa Italiana and the Instructions to the Regulations of Markets Organized and Managed by Borsa Italiana S.p.A.



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II) Code of Conduct for Internal Dealing

As required in the Regulations of Borsa Italiana Spa, the company has adopted a Code of Conduct for Internal Dealing (available from the company's website: <http://www.ima.it>).

This Code of Conduct covers the information that "relevant persons" must provide to the Company so that the market can be informed, on the basis and timing established in the "Regulations for markets organized and managed by Borsa Italiana Spa" and related instructions, about transactions involving the financial instruments issued by IMA.

Pursuant to revised provisions, on 23 March 2007 the Board of Directors resolved implementation of the new code of conduct to be effective as from 26 March 2007 in lieu of the previous and henceforth superseded one in force since 23 March 2006, whereby "Relevant Persons" are prohibited from acquiring, selling, subscribing or exchanging, whether directly or indirectly, shares or other securities in any way connected with them fifteen (15) days prior to a general meeting of the Board of Directors being called for approval of accounts in the period. Pursuant to prevailing regulations, the Company received ten (10) notices under Article 152 octies of the Issuing Regulation from "Relevant Persons" throughout 2007.

Said notices are available for inspection and may be accessed at the Company's website, and more precisely at <http://www.ima.it>

III) Register of Persons who have access to Price-Sensitive Information

In accordance with current regulations, the Company has set up a register of persons who have access to price-sensitive information as per art. 114.1 of Decree 58/1998, either because of the type of work that they do or because of their specific functions.

Procedures for the Appointment of Directors and Statutory Auditors

I) List voting

As at date of directors' appointments and in particular of Mr. Giancarlo Folco to office, and more precisely on 27 April 2007, no list voting procedure for such appointments was provided for under the Company's Articles of Association.

II) Filing of nominations and Information on Candidates

At the time of nominating the Board of Directors, the majority shareholder, FinVacchi - Finanziaria Vacchi Spa, filed its nominations for Directors and Statutory Auditors at the registered offices of the company during the fifteen-day period prior to the Shareholders' Meeting, accompanied with full information about the personal and professional characteristics of the candidates and with an indication of whether they would qualify as independent.

Upon appointment to office of Mr. Giancarlo Folco, fifteen (15) days prior to the Shareholder's Meeting, proposal thereof complete with documentation attesting to the appointee-designate's personal and professional qualifications for office and to possession of the necessary prerequisites under law to qualify as an independent director, were filed by the majority shareholder, SO.FI.M.A. Società Finanziaria Macchine Automatiche Spa, with Company HQ.

At the same time, the documents were made available on the Company's website (<http://www.ima.it>).

On this occasion, even though the procedures imposed a secret ballot, the Chairman pointed out to the shareholders present at the meeting that it was opportune for them to declare how they voted.

The representative of the majority shareholder therefore declared how he had voted.

The Internal Control System

The Company's Internal Control System comprises the set of rules, procedures and organisational structures designed to ensure consistently good and correct Company



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management practice and running according to predefined objectives on the basis of suitable identification, measurement, decision-making, supervisory and monitoring processes.

Pursuant to appointment by the Board of Directors against proposal thereof by the CEO, as from 31st December 2006 and until dismissal at any future date, Mr. Claudio Rizzi is in charge of the Company's Internal Control System.

The Internal Control Manager does not report to the parties subject to verification and reports periodically on his activities to the Chief Executive Officers, the Internal Control Committee and the Board of Statutory Auditors.

On 30 November 2006 the Board of Directors of IMA appointed Alberto Vacchi, as an Executive Director to superintend the functioning of the internal control system.

During the course of 2007, the Board of Directors decided to identify and implement suitable book-keeping and clerical procedures to document adequacy and application of same and consequently set up communications channels such as to ensure a suitable flow of information towards Company functions charged with time-related information dependability control.

The Investor Relations Manager

In order to establish a dialogue with the shareholders and institutional investors, based on an understanding of their reciprocal roles, Sergio Marzo was appointed as the Investor Relations Manager as required by art. 2.2.3 of the Regulation for Markets Organized and Managed by Borsa Italiana Spa.

Executive Responsible for the Preparation of the Company's Accounting Documents

On 26th June 2007 the Board of Directors, having heard the required opinion of the Board of Statutory Auditors, appointed Sergio Marzo as Executive Responsible for the Preparation of the Company's Accounting Documents.

- Shareholders' Meeting

The Shareholders' Meeting held on 5 May 2000 approved the regulations for shareholders' meetings (available from the company's website: <http://www.ima.it>) which govern the orderly and functional conduct of the company's shareholders' meetings, partly with a view to encouraging the widest possible participation by shareholders.

- Relations with Shareholders

IMA has opened a special section in its website (<http://www.ima.it>) to make available Company-related information of relevance to shareholders to best permit them to exercise their rights.

- Statutory Auditors

Appointment of Statutory Auditors

The Board of Statutory Auditors comprises three serving auditors and three alternates, who may be re-elected. Their duties and term in office are those established by current legislation. The ordinary shareholders' meeting held on 27 April 2007 appointed the Board of Statutory Auditors that will remain in office until approval of the financial statements as of 31 December 2009.

Appointments were made pursuant to submission of only one proposals list by the majority shareholder, SO.FI.M.A. Società Finanziaria Macchine Automatiche Spa, and on the basis thereof fifteen (15) days prior to the Shareholders' Meeting on Company HQ premises, and appointee-designate names were duly disclosed by publication on the Company's website (www.ima.it), detailing overall percent of Company stock held.

Proposals were duly complemented by exhaustive information detailing the personal and professional qualifications of each appointee-designate as well as by a statement from each



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attesting to having the necessary prerequisites for office under law and to be willing to accept said office.

Below is the list of members of the Board of Auditors as at date of closing of the financial year of reference:

- Amedeo Cazzola Chairman;
- Piero Aicardi Serving Auditor;
- Giacomo Giovanardi Serving Auditor;
- Vittorio Coraducci Alternate Auditor;
- Chiara Gallina Alternate Auditor;
- Antonella Grassigli Alternate Auditor.

As at 27 April 2007, the Board of Auditors includes the following members:

- Giorgio Comini Chairman;
- Amedeo Cazzola Serving Auditor;
- Piero Aicardi Serving Auditor;
- Vittorio Coraducci Alternate Auditor;
- Chiara Gallina Alternate Auditor;
- Antonella Grassigli Alternate Auditor.

Pursuant to enactment of Law 262 in 2005 and Decree Law 303 in 2006, the Company's Articles of Association have been changed as afore-detailed by the Extraordinary Shareholders' Meeting as from 19 June 2007.

Articles as amended and revised thereon expressly provide for Auditors to be designated according to prevailing applicable law and regulations to ensure designation of a serving and alternate Auditor by minority shareholders.

Lists may only be presented by Shareholders who alone or together with other shareholders own at least 2.5% (two point five percent) of the shares with voting rights, or such different threshold as is established in the legal requirements and the related regulations.

The lists, signed by those presenting them, must be filed at the company's registered offices at least fifteen days prior to the date fixed for the Stockholders' Meeting in first calling. By the above deadline, a description of the professional curricula of each candidate is filed together with each list, including a declaration from each candidate accepting the nomination and confirming, under their own responsibility, that there are no conflicts of interest or reasons why they cannot be elected, and that they meet the requirements of office set down in the regulations and the Statute.

The first two candidates in the respective sections of the list that obtains the largest number of votes are elected as serving Auditors and alternate Auditors, together with the first candidate in the respective sections of the list obtaining the second largest number of votes that is not related in any way, directly or indirectly, with the Shareholders who presented or voted for the Majority List.

In the event of a voting tie involving two or more lists, the eldest candidates will be elected as Auditors to the extent of the places available. The candidate on the Minority List is the Chairman; the previous period applies if two or more lists obtain the same number of votes.

The provisions of the law and current regulations apply if just one list is presented, or just lists from shareholders who are associated with the shareholders who presented or voted for the Majority List.

In the event of a voting tie involving two or more lists, the eldest candidates will be elected as Auditors to the extent of the places available. The candidate on the Minority List is the Chairman; the previous period applies if two or more lists obtain the same number of votes.

The provisions of the law and current regulations apply if just one list is presented, or just lists from shareholders who are associated with the shareholders who presented or voted for the Majority List.

The Serving Auditor Amedeo Cazzola holds other positions in the following listed companies:

- Valsoia Spa, Serving Auditor;
- Monrif Spa, Serving Auditor.



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- Independent Auditors

Pursuant to Paragraph 7, Statute 8 of Decree Law n. 303, enacted 29 December 2006, the Shareholders' Meeting of 27 April 2007 has extended PricewaterhouseCoopers S.p.A.'s appointment for the independent auditing of the Company's consolidated balance sheet and partial auditing of its mid-year business trend report for the financial years 2007, 2008, 2009, 2010, 2011, and 2012.

PricewaterhouseCoopers S.p.A. was originally commissioned for the job by the Shareholders' Meeting of 26 April 2004

- Changes and revisions as at date of closing of financial year of reference

No change or revision to corporate governance structure is to be recorded as at 31st December 2007.



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TABLE 1: BOARD AND BOARD COMMITTEES

Board of Directors							Internal Control and Remuneration •		Remuneration Committee ♦		
Office	Incumbents	Executive	non-executive	independent	(3)	Number of other positions held (1)	(2)	(3)	(2)	(3)	
Honorary Chairman (4)	Vacchi Marco		X		9/10	5					
Chairman and CEO (5)	Vacchi Alberto	X			10/10	3					
Director (6)	Minguzzi Italo Giorgio		X		10/10	5	X	2/2			
Director	Schiavina Maria Carla		X		10/10	3	X	5/5			
Director	Vacchi Gianluca		X		7/10	13					
Director and Managing Director	Malagoli Andrea	X			10/10	1					
Director	Poggi Luca		X		9/10	8					
Director	Visentini Stefano		X		9/10	/					
Director	Volta Romano			X	9/10	5	X	5/5			
Director	Benedetti Gino			X	8/10	2					
Director (7)	Giancarlo Folco			x	8/8	4		2/3			
• If there is no Committee or if its membership differs from that recommended by the Code, explain briefly why: beginning from 12 th May 2006 the Company has appointed a single combining the functions Internal Control Committee and Remuneration Committee											
♦ If there is no Committee or if its membership differs from that recommended by the Code, explain briefly why: beginning from 12 th May 2006 the Company has appointed a single combining the functions Internal Control Committee and Remuneration Committee											
Number of meetings held during the year under review				BoD: 10			Internal Control and Remuneration Committee : 5		Remuneration Committee:	Single Committee: 3	

(1) Number of other membership in boards of directors or of auditors held in other companies listed on regulated markets, in Italy and abroad, in financial, banking, and insurance companies more generally in large companies. The Corporate Governance Report provides details as to the actual position held..

(2) Director is member of this Committee.

(3) Director's attendance at meetings of the board of directors and of directors and of the board committees, in percentage of meetings held.

(4) Mr. Marco Vacchi resigned as Chairman on 26 June 2007, while retaining the office of Company Director and being conferred the title of Honorary Chairman thereafter.



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(5) Mr. Alberto Vacchi was designated Company Chairman on 26 June 2007. Having previously been designated Managing Director of the Company, Mr. Alberto Vacchi currently holds both offices.

(6) Mr. Italo Giorgio Minguzzi resigned from office as member of the Internal Supervisory and Remuneration Committee on 14 May 2007.

(7) Mr. Giancarlo Folco has been designated member of the Board of Directors as at 27 April 2007 during the Shareholders' Meeting of the same date pursuant to resolution by same to increase Board membership from ten (10) to eleven (11) members. Following on resignation of Mr. Italo Giorgio Minguzzi as Director, the newly designated Director was subsequently appointed to the Internal Supervisory and Remunerations Committee, taking office thereof as at 14 May 2007.



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TABLE 2: BOARD OF AUDITORS

Position	Incumbent	Meeting attendance over total number of meetings	Number of other positions held **
Chairperson	Cazzola Amedeo	7/7	2
Full Member	Aicardi Piero	7/7	/
Full Member	Giacomo Giovanardi ***	4/4	/
Alternate	Coraducci Vittorio		/
Alternate	Gallina Chiara		/
Alternate	Grassigli Antonella		/
Number of Meetings held during the years under review: 7			
Quorum required for minority shareholders to present a slate for the appointment of one or more full members under Legislative Decree no. 58/1998 Art. 148): 2,5% d			

NOTE

- * Full members appointed through minority slates.
- ** Numbers of other membership in boards of directors or of auditors held in the other companies listed on regulated markets in Italy. The Corporate governance Report provides details as to the actual position held.
- *** The ordinary shareholders' meeting held on 27 April 2007 appointed Giacomo Giovanardi as a Full Member of the Board of Statutory Auditors



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TABLE 3: OTHER CORPORATE GOVERNANCE CODE PROVISIONS

	YES	NO	Summary explanation to be provided in case of non-compliance with Code provisions
Delegations of authority and transactions involving related parties			
Has the Board of Directors delegated authority and defined:			
a) limits applicable thereto ?	X		
b) manners of exercise applicable thereto ?	X		
c) reporting frequency applicable thereto?	X		
Has the Board of Directors retained the power to review and approve transactions of particular significance for the company's profitability, assets and liabilities or financial position (with special reference to transactions involving related parties) ?	X		
Has the Board of Directors defined guidelines and criteria described in the Report ?		X	
Are these guidelines and criteria described in the Report ?		X	
Has the Board of Directors defined procedures for the review and approval of transactions involving related parties ?	X		
Are the procedures for approval of transactions involving related parties described in the Report ?	X		
Procedures followed for the most recent appointments to the Board of Directors and the Board of Auditors			
Were proposal for the appointment to the position of director deposited at the Company's offices at least 15 days ahead of time ?	X		
Were these proposal accompanied by detailed information ?	X		
Did these proposal provide information on candidates' eligibility to qualify as independent directors ?	X		
Were the proposal for the appointment to the position of member of the board of auditors deposited at the Company's offices at least 15 days ahead of time ?	X		
Were the proposal accompanied by detailed information ?	X		



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Shareholders' Meetings			
Has the Company adopted rules of procedure for its shareholders' meetings ?	X		
Are these rules of procedure attached to the Report (or does the Report indicate where such rules can be obtained/downloaded) ?	X		
Internal Controls			
Has the Company appointed persons to run its internal control system ?	X		
Are these persons not placed hierarchically under managers in charge of business units or operations ?		X	Mr. Rizzi is accountable to hierarchical superior, the Operations Manager, solely in his corporate role as Quality Assurance Manager.
Unit in charge of internal controls (under Code Art. 8.C.1)	In the performance of his duties, Mr. Rizzi has recourse to the human resources and other facilities being the endowment of the department of which he is in charge as Quality Assurance Manager.		
Investor relations			
Has the Company appointed an individual in charge of <i>investor relations</i> ?	X		
Unit and contact information (address/phone/fax/e-mail) for the Company's Investor Relations person	Mr. Sergio Marzo Tel. +39 051 783111 – Fax +39 051 784422 MarzoS@IMA.it		