

PERIODIC FINANCIAL INFORMATION
AT 30 SEPTEMBER 2019



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INTERIM REPORT ON OPERATIONS

I.M.A. INDUSTRIA MACCHINE AUTOMATICHE S.P.A.

HEAD OFFICE: OZZANO DELL'EMILIA (BOLOGNA) SHARE CAPITAL FULLY PAID-IN: € 22,470,504.68

REGISTERED WITH THE BOLOGNA COMPANIES REGISTER AT NO. 00307140376

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

DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

(In office until the Shareholders' Meeting called to approve the financial statements at 31 December 2020)

HONORARY CHAIRMAN AND DIRECTOR

Marco Vacchi

CHAIRMAN AND MANAGING DIRECTOR

Alberto Vacchi

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

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

CHIEF OPERATING OFFICERS

Giovanni Pecchioli

Delegated powers: the powers associated with responsibility for the Pharmaceutical business.

DIRECTORS

Sonia Bonfiglioli, Stefano Cataudella, Cesare Conti, Paolo Frugoni, Andrea Malagoli, Luca Poggi, Rita Rolli, Alessandra Schiavina, Maria Carla Schiavina, Gianluca Vacchi, Valentina Volta.

BOARD OF STATUTORY AUDITORS

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

STANDING AUDITORS

Francesco Schiavone Panni - Chairman
Roberta De Simone
Riccardo Andriolo

ALTERNATE AUDITORS

Chiara Molon
Giovanna Bolognese
Federico Ferracini

INTERNAL CONTROL, RISK AND RELATED-PARTY TRANSACTIONS COMMITTEE

Rita Rolli - Independent Director - Chairman
Cesare Conti - Independent Director - Deputy Chairman
Sonia Bonfiglioli - Independent Director

NOMINATIONS AND REMUNERATION COMMITTEE

Paolo Frugoni - Independent Director - Chairman
Maria Carla Schiavina - Director - Deputy Chairman
Rita Rolli - Independent Director

MANAGER RESPONSIBLE FOR PREPARING FINANCIAL REPORTS

Sergio Marzo

LEAD INDEPENDENT DIRECTOR

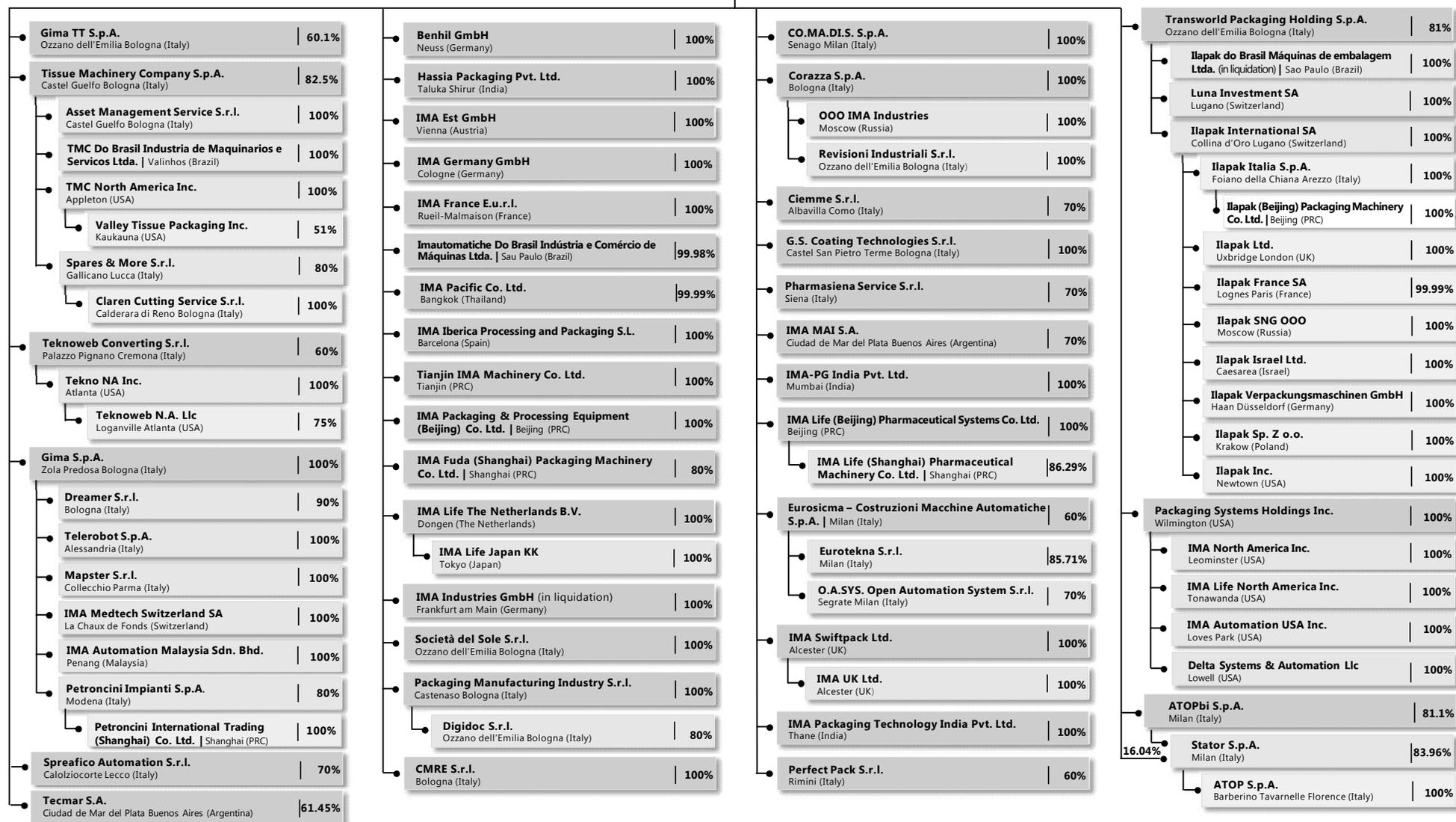
Paolo Frugoni

INDEPENDENT AUDITORS

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

EY S.p.A.

GROUP STRUCTURE AT 30 SEPTEMBER 2019



GROUP PERFORMANCE

GENERAL PERFORMANCE

After a slowdown in the last three months of 2018, the pace of global economic activity remains weak. The rise in commercial and geopolitical tensions has increased uncertainty about the future of the global trading system and international cooperation generally, influencing business confidence, investment decisions and global trade.

In its World Economic Outlook published in October, the International Monetary Fund expects global growth of 3.0% for 2019, a reduction of 0.3% compared with April 2019. Growth is expected to reach 3.4% in 2020 with a slightly higher rate in 2021-24.

The downward revision reflects tensions about tariffs and the geopolitical situation and does not seem to exclude any geographical area. For the United States, the estimate of the increase in GDP stands at 2.4% for 2019 and 2.1% for 2020, whereas for countries in the Euro-zone it has been set at 1.2% for 2019 and 1.4% for 2020. Italy will have zero growth in 2019 and then grow by 0.5% next year.

In this context, during the period our Group has seen an increase in revenue in consideration of the higher backlog compared with the beginning of 2018, which makes us confident about the figures for the last quarter of the year. Despite this period of great uncertainty, our core markets, namely Pharmaceuticals and Food, have stood out, once again, as being some of the most solid and anti-cyclical.

CONSOLIDATED INCOME STATEMENT

Consolidated revenue of the IMA Group for the first nine months of 2019 amounted to 1,008.3 million euros, compared with 993.8 million euros in the same period of 2018.

The following is a summarized version of the income statement for the period under review, with comparative figures for the corresponding period in 2018, restated following the sale, during 2018, of 60% of the investment in IMA Dairy & Food Holding GmbH:

	01.01.2019-30.09.2019		01.01.2018-30.09.2018 RESTATED	
in millions of euros	Amount	%	Amount	%
Revenue from contracts with customers	1,008.3		993.8	
Cost of sales	(655.9)	65.1	(621.4)	62.5
Industrial gross profit	352.4	34.9	372.4	37.5
R&D costs	(40.5)		(40.1)	
Commercial and sales costs	(102.5)		(98.5)	
General and administrative costs	(130.5)		(119.8)	
Operating profit before non-recurring items (EBITA)	78.9	7.8	114.0	11.5
Non-recurring items	(7.0)		(3.7)	
Operating profit (EBIT)	71.9	7.1	110.3	11.1
Net financial income (expense)	43.6		3.8	
Profit (loss) from investments accounted for using the equity method	3.1		2.8	
Profit before taxes	118.6	11.8	116.9	11.8
Taxes	(27.9)		(32.8)	
Net profit from continuing operations	90.7	9.0	84.1	8.5
Profit (loss) from discontinued operations/disposal groups	-		(16.2)	
Profit for the period	90.7	9.0	67.9	6.8
Profit attributable to non-controlling interests	(2.7)		(12.2)	
Profit attributable to equity holders of the parent	88.0	8.7	55.7	5.6
Gross operating profit (EBITDA) * before non-recurring items	133.2	13.2	145.0	14.6
Gross operating profit (EBITDA) *	126.2	12.5	141.3	14.2
Backlog	1,077.3		1,011.1	

(*) Gross operating profit (EBITDA) corresponds to the sum of operating profit (EBIT), depreciation, amortisation and write-downs.

REVENUE FROM CONTRACTS WITH CUSTOMERS AND ORDERS

Consolidated revenue for the first nine months of 2019 came to 1,008.3 million euros, an increase of 1.5% on the same prior year period.

This result is attributable to a higher backlog at the end of the 2018 financial year and to further orders acquired during the current year. It should again be noted that a key feature of the sector in which IMA Group operates is that interim results do not fully reflect the results that are expected for the entire year, because of a concentration of sales and new orders prior to the year end.

Orders received during the year amounted to 1,100.6 million euros versus 1,158.7 million euros in 2018, a slight reduction, whereas the backlog came to 1,077.3 million euros compared with 1,011.1 million euros the previous year (+6.5%).

OPERATING PROFIT (EBIT)

The industrial gross profit at the end of September came to 34.9% of revenue versus 37.5% in the same period of 2018, because of the different product mix that characterized the first nine months of the year.

The operating profit (EBIT) came to 71.9 million euros versus 110.3 million euros in the same period of 2018, after discounting non-recurring charges of 7.0 million euros relating to the absorption of GIMA TT S.p.A. by IMA S.p.A. and the acquisitions of ATOP, Perfect Pack, Spreafico and Tecmar.

The increase in operating costs is mainly linked to the decline in personnel costs.

PROFIT BEFORE TAXES

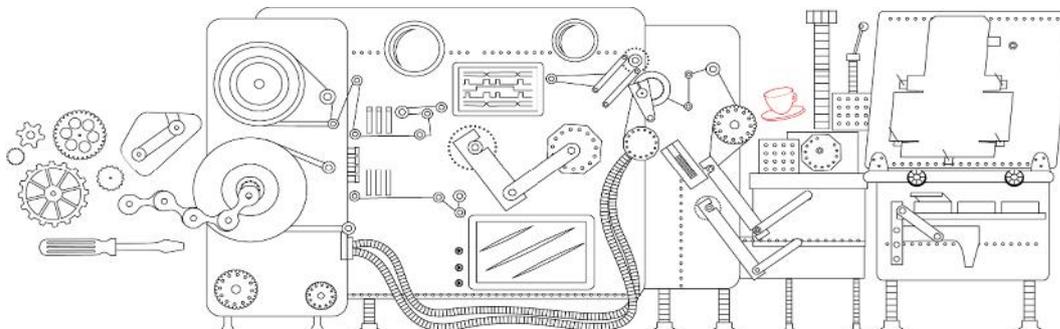
The balance between financial income and expense is positive for 43.6 million euros (compared with a positive balance of 3.8 million euros at 30 September 2018). The change is mainly due to the remeasurement at fair value of the 25% interest already held in ATOPbi S.p.A. for 56.3 million euros, which took place on the date control was acquired as part of a business combination carried out in stages, as commented in the Note 24, net of higher financial charges relating to the application of IFRS 16 and with a neutral exchange rate effect. It follows that profit before taxes comes to 118.6 million euros compared with 116.9 million euros at 30 September 2018.

PROFIT (LOSS) FROM DISCONTINUED OPERATIONS/DISPOSAL GROUPS

The negative balance relating to discontinued operations, 16.2 million euros in the first nine months of 2018, refers to the sale of 60% of IMA Dairy & Food Holding GmbH in December 2018.

PROFIT FOR THE PERIOD

The profit for the period was 90.7 million euros compared with 67.9 million euros in the same period of last year, after taxes of 27.9 million euros compared with 32.8 million euros. The change is attributable to the factors mentioned under the previous headings.



ANALYSIS OF PERFORMANCE BY SECTOR

The following schedule provides a summary of operations by business segment:

in millions of euros	Tea, Food & Other	Pharmaceutical	Tobacco packaging	Not allocated	Total
Revenue from contracts with customers					
01.01.2019-30.09.2019	480.3	473.7	54.3	–	1,008.3
01.01.2018-30.09.2018	415.1	444.7	134.0	–	993.8
Gross operating profit (EBITDA) before non-recurring items					
01.01.2019-30.09.2019	43.1	74.1	16.0	–	133.2
01.01.2018-30.09.2018	20.3	74.4	50.3	–	145.0
Gross operating profit (EBITDA)					
01.01.2019-30.09.2019	41.2	73.8	11.2	–	126.2
01.01.2018-30.09.2018	16.6	74.4	50.3	–	141.3
Operating profit (EBIT)					
01.01.2019-30.09.2019	4.8	57.4	9.7	–	71.9
01.01.2018-30.09.2018	(4.6)	65.2	49.7	–	110.3
Net invested capital (*)					
30 September 2019	894.8	273.5	33.1	(11.5)	1189.9
30 September 2018	552.1	146.5	47.4	(16.8)	729.2
R&D costs					
01.01.2019-30.09.2019	16.9	21.5	2.1	–	40.5
01.01.2018-30.09.2018	18.1	20.4	1.6	–	40.1
Average personnel					
01.01.2019-30.09.2019	2,885	2,825	170	–	5,880
01.01.2018-30.09.2018	2,535	2,682	154	–	5,371
Backlog					
30 September 2019	430.3	595.0	52.0	–	1,077.3
30 September 2018	353.3	583.9	73.9	–	1,011.1

(*) Not allocated assets and liabilities mainly relate to investments, income tax receivables and payables and net deferred tax liabilities which cannot be directly attributable to the operating sector.

The revenue of the Tea, Food & Other segment has increased by 65.2 million euros compared with the previous year, with a contribution of 25.4 million euros mainly attributable to the ATOP, Spreafico and Tecmar businesses acquired during the year. Gross operating profit (EBITDA) before non-recurring charges came in at 43.1 million euros, with a contribution of 8.9 million euros from the newly acquired businesses. Due to a different product mix and non-recurring charges of 1.9 million euros, operating profit improved compared with the previous year (4.8 million euros versus -4.6 million euros). Compared with this time last year, the backlog increased by 77.0 million euros versus 30 September 2018, with a contribution from the newly acquired businesses of 62.7 million euros. Orders received, amounting to 544.7 million euros, are up by 9.7 million euros compared with 30 September 2018 with a contribution of 48.2 million euros made by the newly acquired businesses.

Revenue in the Pharmaceutical segment is up compared with the same period of the previous year (+29.0 million euros) thanks to the high backlog at the beginning of the year and despite slightly lower orders received compared with the previous year (503.1 million euros versus 526.2 million euros). The gross operating profit (EBITDA) before non-recurring charges is substantially in line with the previous year (74.1 million euros compared with 74.4 million euros) despite a not particularly favourable product mix which will improve in the last quarter. Operating profit decreased to 57.4 million euros compared with 65.2 million euros in the same period of 2018, net of higher depreciation related to the application of IFRS 16. The backlog shows a slight increase and amounts to 595.0 million euros (583.9 million euros at 30 September 2018).

Revenue in the Tobacco segment amounts to 54.3 million euros compared with the same period of the previous year (134.0 million euros) due to the lower amount of the backlog at the beginning of the year and the lower orders received due to lower investment in plant for new generation products by leading customers. The gross operating profit (EBITDA) is consequently significantly down to 11.2 million euros (50.3 million euros in the previous period) due to lower sales volumes. Operating profit was therefore down to 9.7 million euros compared with 49.7 million euros in the same period of 2018. The backlog is lower than the previous year due to the lower order flow (52.0 million euros against 73.9 million euros at 30 September 2018).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following table summarises the Group's balance sheet at 30 September 2019:

in millions of euros	30.09.2019	31.12.2018
Trade receivables	394.9	384.0
Inventories	402.1	319.7
Trade payables	(498.6)	(514.7)
Other, net	(98.6)	(90.0)
Net working capital	199.8	99.0
Property, plant and equipment	305.6	111.9
Intangible assets	837.8	454.0
Investments	40.1	57.8
Non-current assets	1,183.5	623.7
Provision for severance indemnities and other provisions	(193.4)	(117.2)
Net invested capital	1,189.9	605.5
FINANCED BY:		
Net debt	769.3	184.6
Non-controlling interests	14.6	23.9
Group equity attributable to equity holders of the parent	406.0	397.0
Total sources of financing	1,189.9	605.5

Other payables, net, mainly includes the amounts due to employees, income tax payable and provisions for risks and charges.

Net invested capital at the end of the third quarter of 2019 increased by 584.4 million euros compared with the end of 2018, mainly due to the acquisition of the ATOP, Perfect Pack, Spreafico and Tecmar businesses for 376.9 million euros, for the accounting of right-of-use assets (ROUs) according to IFRS 16 of 162.7 million euros and the increase in net working capital (mainly due to inventories) because of higher sales volumes and, above all, deliveries planned for the last quarter. As usual, the level of net working capital can be expected to decline during the latter part of the year.

Net financial debt consists of the following:

in millions of euros	30.09.2019	31.12.2018	30.09.2018
A. Cash and cash equivalents	(92.2)	(140.9)	(93.3)
B. Other cash equivalents	(4.6)	(5.0)	(3.8)
C. Investments in securities	(9.5)	(8.0)	(9.1)
D. Liquidity (A)+(B)+(C)	(106.3)	(153.9)	(106.2)
E. Current financial receivables	(3.6)	(9.1)	(9.6)
F. Current payables to banks	176.3	79.2	138.8
G. Current portion of non-current payables	68.9	27.0	36.8
H. Other current financial payables	0.6	0.3	1.3
I. Current financial debt (F)+(G)+(H)	245.8	106.5	176.9
J. Net current financial debt (D)+(E)+(I)	135.9	(56.5)	61.1
K. Non-current portion of non-current bank payables	391.4	176.6	192.6
L. Bonds issued	145.0	100.3	100.3
M. Other non-current financial payables	139.5	6.4	6.7
N. Non-current financial assets	(42.5)	(42.2)	(2.4)
O. Net non-current financial debt (K)+(L)+(M)+(N)	633.4	241.1	297.2
P. Net financial debt (J)+(O)	769.3	184.6	358.3

The Group also has payables in respect of acquisitions totalling 121.3 million euros (65.9 million euros at 31 December 2018), predominantly relating to the options agreed for the purchase of the minority interests in subsidiaries.

The change compared with the previous period is mainly due to the recognition of payables relating to the acquisitions of ATOP, Perfect Pack, Spreafico and Tecmar.

Net debt at the end of the period amounted to 769.3 million euros compared with 358.3 million euros at 30 September 2018 and 184.6 million euros at the end of 2018. The increase compared with the end of 2018 derives from the application of IFRS 16 for 152.6 million euros, the dividends paid by the Parent Company (78.3 million euros paid in May 2019), the purchase of the investments in Spreafico, ATOP, Perfect Pack and Tecmar for a total of 281.6 million euros and physiological growth linked to the increase in net working capital. Comparing the net financial position with the same period of 2018, without extraordinary transactions and dividends paid, there has been an improvement of 102.2 million euros.

CAPITAL EXPENDITURE

Capital expenditure on intangible assets amounted to 18.0 million euros (15.1 million euros in the same period of 2018) and mainly relates to the capitalisation of development costs incurred on totally new products for market segments not previously occupied.

The acquisitions carried out during the period involved taking on 429.5 million euros of property, plant and equipment and intangible assets on a provisional basis, as detailed in Note 24.

Capital expenditure on property, plant and equipment amounted to 43.0 million euros (29.4 million euros in the same period of 2018) and mainly relates to costs incurred to extend and upgrade buildings, rights of use assets and the purchase of plant, machinery and electronic machines. In particular, in April 2019 IMA S.p.A. signed a contract concerning the lease of a building with a surface area of approximately 32,600 square metres, located in Castel San Pietro Terme (Bologna). As required by IFRS 16, this contract led to the recognition of ROUs for 13.5 million euros at 30 September 2019. Furthermore, during the third quarter of 2019 the subsidiary Tissue Machinery Company S.p.A. acquired the plant located in Castel Guelfo (BO), which was previously leased, for 3.4 million euros.

The depreciation and amortisation charge for the period is 54.3 million euros (31.0 million euros in the first nine months of the previous year); in the first nine months of 2019 the FTA of IFRS 16 led to the recognition of depreciation on ROUs of 15.4 million euros.

ALTERNATIVE PERFORMANCE INDICATORS

These comments on the results for the period also include some performance indicators to give a better picture of the Group's operations and financial position.

We provide below the criteria used in preparing these indicators.

The income statement classified by purpose is prepared according to the following criteria:

-) cost of sales: represents costs incurred directly by the Group to generate revenue. For example, it includes materials, labour, the technical offices' costs involved in customizing products and production overheads;
-) research and development costs: these include, by function, costs relating to the research and development of new products or to the maintenance of existing products. They also include costs relating to technical personnel, materials used for trials and technical departments' overheads;
-) commercial and sales costs: these include costs connected with commercial operations, such as staff, commissions paid to agents, promotional and advertising costs and associated overheads;
-) general and administrative costs: these include all 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 amortisation not directly related to the foregoing functions;
-) gross operating profit (EBITDA): this corresponds to the sum of operating profit, depreciation and amortisation for the period and write-downs. EBITDA is an indicator used as a financial target in internal and external presentations and is a useful measure for evaluating the Group's performance.

The following main items in the reclassified income statement are equivalent to the corresponding items in the consolidated income statement forming part of the "Consolidated financial statements": revenue from contracts with customers, operating profit, financial income and expense, profit before taxes, income taxes and profit for the period.

The statement of financial position is structured so that assets and liabilities are classified to show the net capital invested. The following main items in the statement of financial position are equivalent to the corresponding items in the consolidated statement of financial position included in the "Consolidated financial statements": inventories, property, plant and equipment and intangible assets, equity pertaining to the parent company's shareholders and minority interests.

Lastly, the analysis of net debt takes account of Consob Communication DEM/6064293 dated 28 July 2006, while including the financial receivables classified as non-current financial assets. The figure for non-current financial assets differs from that reported in the balance sheet as it does not include equity interests in other companies.

OTHER INFORMATION

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 23 June 2010 implemented art. 2391-bis of the Italian Civil Code.

By a resolution adopted on 1 December 2010, the Board implemented the procedure on related parties, last updated on 15 February 2019, which takes account of the additional instructions on how to apply the new rules provided in Consob Communication DEM/10078683 of 24 September 2010.

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

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

Transactions with related parties of greater significance are subject to the prior approval of the Board, which in turn must obtain a positive opinion on the proposed transaction by the specific committee, composed of only independent directors, though it can also be assisted by independent experts to express its opinion.

Note that during the period:

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

Transactions with related parties are described more fully in Note 27.

Please refer to the section “Scope of consolidation” for detailed comments on the absorption of GIMA TT S.p.A. by IMA S.p.A. (“Merger”), communicated to the market on 11 June 2019 and approved by the Extraordinary Shareholders' Meetings of the two companies on 8 August 2019, with the deed of merger signed and registered with the Bologna Companies Register on 31 October 2019, taking effect on 5 November 2019.

In relation to the Merger, the following is worth noting:

-) as regards IMA S.p.A., the merger is exempt from the application of the specific company procedure that regulates transactions with related parties, as it is a transaction carried out with a subsidiary in which there are no significant interests of other related parties;
-) as regards GIMA TT S.p.A., the merger constitutes a transaction with related parties that is not exempt from the application of the specific company procedure, as it is concluded with the controlling shareholder. Moreover, from a size point of view, this operation is considered to be of “greater significance”. Consequently, the merger project was approved by the Board of Directors of GIMA TT S.p.A. subject to the reasoned favourable opinion of the committee consisting solely of unrelated independent directors of GIMA TT S.p.A. regarding the company's interest in completing the transaction, as well as the convenience and substantial and procedural correctness of the terms and conditions of the merger of GIMA TT S.p.A. and IMA S.p.A., which was unanimously given on 10 June 2019.

ARTS. 70 AND 71 OF CONSOB’S “ISSUERS’ REGULATIONS”

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

OUTLOOK FOR OPERATIONS

The result achieved in the first nine months of 2019 reflects the higher backlog at the end of 2018, the lower order intake during the period and consolidation of the businesses acquired during the period.

The trend in orders, also positive in October, together with the existing backlog, provides good visibility for the full year and allows us to be optimistic about achieving our targets.

On the basis of the economic performance of the first nine months, with the contribution of the newly acquired companies ATOP, Spreafico, Tecmar and Perfect Pack, it should be possible to achieve forecast revenue of more than 1.6 billion euros and a gross operating profit of around 290 million euros.

CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(MILLIONS OF EUROS)

ASSETS	Note	30 September 2019	31 December 2018
NON-CURRENT ASSETS			
<i>Property, plant and equipment</i>	2	305.6	111.9
<i>Intangible assets</i>	3	837.8	454.0
<i>Investments accounted for using the equity method</i>	4	34.5	52.9
<i>Financial assets</i>	5	48.6	47.5
<i>Receivables from others</i>		2.9	4.1
<i>Deferred tax assets</i>	7	55.6	49.2
TOTAL NON-CURRENT ASSETS		1,285.0	719.6
CURRENT ASSETS			
<i>Inventories</i>	8	402.1	319.7
<i>Trade and other receivables</i>	9	278.0	257.7
<i>Contract assets</i>	9	194.2	189.5
<i>Income tax receivables</i>		15.3	9.8
<i>Financial assets</i>	5	17.7	22.2
<i>Derivative financial instruments</i>	6	1.1	0.4
<i>Cash and cash equivalents</i>	10	92.2	140.9
TOTAL CURRENT ASSETS		1,000.6	940.2
TOTAL ASSETS		2,285.6	1,659.8
EQUITY AND LIABILITIES	Note	30 September 2019	31 December 2018
EQUITY			
<i>Share capital</i>		20.4	20.4
<i>Reserves and retained earnings</i>		297.6	272.6
<i>Profit for the period</i>		88.0	104.0
Equity attributable to equity holders of the parent	11	406.0	397.0
Non-controlling interests	12	14.6	23.9
TOTAL EQUITY		420.6	420.9
NON-CURRENT LIABILITIES			
<i>Borrowings</i>	13	675.9	283.3
<i>Employee defined benefit liabilities</i>	14	39.4	34.7
<i>Provisions for risks and charges</i>	15	6.3	4.6
<i>Other payables</i>	16	130.2	74.7
<i>Derivative financial instruments</i>	6	8.5	3.8
<i>Deferred tax liabilities</i>	7	69.3	58.8
TOTAL NON-CURRENT LIABILITIES		929.6	459.9
CURRENT LIABILITIES			
<i>Borrowings</i>	13	245.8	106.5
<i>Trade and other payables</i>	16	442.2	462.5
<i>Contract liabilities</i>	16	198.5	173.9
<i>Income tax liabilities</i>		18.4	7.4
<i>Provisions for risks and charges</i>	15	29.7	27.4
<i>Derivative financial instruments</i>	6	0.8	1.3
TOTAL CURRENT LIABILITIES		935.4	779.0
TOTAL LIABILITIES		1,865.0	1,238.9
TOTAL EQUITY AND LIABILITIES		2,285.6	1,659.8

CONSOLIDATED INCOME STATEMENT

(MILLIONS OF EUROS)

	Note	from 01.01.2019 to 30.09.2019	from 01.01.2018 to 30.09.2018 RESTATED
REVENUE FROM CONTRACTS WITH CUSTOMERS	1	1,008.3	993.8
OTHER REVENUE		8.0	6.6
OPERATING COSTS			
<i>Change in work in progress, semifinished and finished goods</i>		49.3	37.3
<i>Change in inventory of raw, ancillary and consumable materials</i>		9.1	13.3
<i>Cost of raw, ancillary and consumable materials and goods for resale</i>		(412.6)	(397.2)
<i>Services, rentals and leases</i>		(229.6)	(229.6)
<i>Personnel costs</i>	17	(314.7)	(289.4)
<i>Capitalized costs</i>		17.2	14.6
<i>Depreciation, amortization and write-downs</i>	18	(54.9)	(31.5)
<i>Provisions for risks and charges</i>		(0.7)	–
<i>Other operating costs</i>		(7.5)	(7.6)
TOTAL OPERATING COSTS		(944.4)	(890.1)
OPERATING PROFIT	1	71.9	110.3
<i>- of which: effect of non-recurring items</i>	28	(7.0)	(3.7)
FINANCIAL INCOME AND EXPENSE			
<i>Financial income</i>	19	79.9	31.8
<i>Financial expense</i>	20	(36.3)	(28.0)
TOTAL FINANCIAL INCOME AND EXPENSE		43.6	3.8
PROFIT (LOSS) FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		3.1	2.8
PROFIT BEFORE TAXES		118.6	116.9
TAXES	21	(27.9)	(32.8)
NET PROFIT FROM CONTINUING OPERATIONS		90.7	84.1
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS/DISPOSAL GROUPS	22	–	(16.2)
PROFIT FOR THE PERIOD		90.7	67.9
ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE PARENT		88.0	55.7
NON-CONTROLLING INTERESTS		2.7	12.2
		90.7	67.9
BASIC/DILUTED EARNINGS PER SHARE (in euros)	23	2.24	1.42
<i>- of which from continuing operations</i>		2.24	1.83
<i>- of which from discontinued operations/disposal groups</i>		–	(0.41)

FOR FURTHER INFORMATION ON THE RESTATEMENT OF THE FIRST NINE MONTHS OF 2018, PLEASE REFER TO THE COMMENTS IN THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(MILLIONS OF EUROS)

	from 01.01.2019 to 30.09.2019	from 01.01.2018 to 30.09.2018
Net profit for the period	90.7	67.9
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
<i>Exchange rate gains (losses) on the translation of foreign currency financial statements</i>	2.9	(2.4)
<i>Gains (losses) on financial assets measured at FVOCI</i>	1.4	–
<i>Gains (losses) on cash flow hedges</i>	(3.1)	(1.9)
<i>Tax effect</i>	0.4	0.5
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	1.6	(3.8)
Other comprehensive income not being reclassified to profit or loss in subsequent periods:		
<i>Actuarial gains (losses) on post employment benefit obligations</i>	(2.8)	0.9
<i>Tax effect</i>	0.5	(0.2)
Net other comprehensive income not being reclassified to profit or loss in subsequent periods	(2.3)	0.7
Gains and losses recognized in equity	(0.7)	(3.1)
Total comprehensive income	90.0	64.8
Attributable to:		
Equity holders of the parent	87.5	52.5
Non-controlling interests	2.5	12.3
	90.0	64.8

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(MILLIONS OF EUROS)

	Share capital	Share premium reserve	Treasury shares	Translation reserve	Fair value reserve	Other reserves and retained earnings	Profit attributable to equity holders of the parent	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Balance at 01.01.2018	20.4	122.8	(0.1)	(0.7)	(1.3)	142.5	85.6	369.2	21.3	390.5
Distribution of dividends	-	-	-	-	-	-	(66.7)	(66.7)	(17.2)	(83.9)
Allocation of earnings for 2017	-	-	-	-	-	18.9	(18.9)	-	-	-
Capital increases	-	-	-	-	-	-	-	-	0.4	0.4
Change of non-controlling interests	-	-	-	-	-	(1.3)	-	(1.3)	0.4	(0.9)
Total comprehensive income	-	-	-	(2.5)	(1.4)	0.7	55.7	52.5	12.3	64.8
Balance at 30.09.2018	20.4	122.8	(0.1)	(3.2)	(2.7)	160.8	55.7	353.7	17.2	370.9
Balance at 01.01.2019	20.4	122.8	(5.6)	(0.6)	(2.9)	158.9	104.0	397.0	23.9	420.9
Monetary revaluation by hiperinflation	-	-	-	-	-	1.1	-	1.1	-	1.1
Distribution of dividends	-	-	-	-	-	(16.3)	(62.0)	(78.3)	(14.6)	(92.9)
Allocation of earnings for 2018	-	-	-	-	-	42.0	(42.0)	-	-	-
Change of non-controlling interests	-	-	-	-	(0.9)	(0.4)	-	(1.3)	2.8	1.5
Total comprehensive income	-	-	-	2.9	(1.3)	(2.1)	88.0	87.5	2.5	90.0
Balance at 30.09.2019	20.4	122.8	(5.6)	2.3	(5.1)	183.2	88.0	406.0	14.6	420.6

CONSOLIDATED STATEMENT OF CASH FLOWS

(MILLIONS OF EUROS)

	30 September 2019	30 September 2018
OPERATING ACTIVITIES		
Net profit from continuing operations	88.0	71.9
Profit (loss) from discontinued operations/disposal groups	–	(16.2)
Profit attributable to equity holders of the parent	88.0	55.7
Adjustments for:		
- Depreciation and amortization	54.3	37.8
- Fair value remeasurement of the interest held in investments accounted for using the equity method	(55.3)	(11.6)
- Changes in provisions for risks and charges and employee defined benefit liabilities	(0.3)	(0.9)
- Unrealized losses (gains) on exchange rate differences	(0.7)	(3.2)
- Other changes	(0.8)	0.8
- Change in value of financial assets	–	0.6
- Taxes	27.9	30.7
- Non-controlling interests	2.7	12.2
- Result from investments accounted for using the equity method	(3.1)	(2.8)
Operating profit before changes in working capital	112.7	119.3
(Increase) decrease in trade and other receivables, including contract assets	20.8	(69.0)
(Increase) decrease in inventories	(60.2)	(53.4)
Increase (decrease) in trade and other payable, including contract liabilities	(60.5)	(41.5)
Taxes paid	(21.3)	(27.8)
CASH FLOW USED IN OPERATING ACTIVITIES (A)	(8.5)	(72.4)
INVESTING ACTIVITIES		
Investments in property, plant and equipment	(21.4)	(29.4)
Investments in intangible assets	(18.0)	(15.1)
Acquisition business divisions/companies	(251.4)	(63.8)
Definition of amounts paid for acquisitions	–	(1.3)
Purchase of investments	(0.6)	(16.1)
Sale of non-current assets	0.5	0.6
Other changes	3.7	(0.3)
CASH FLOW USED IN INVESTING ACTIVITIES (B)	(287.2)	(125.4)
FINANCING ACTIVITIES		
Granting of loans	224.8	172.1
Repayment of borrowings	(7.9)	(77.1)
Granting of bonds	50.0	–
Repayment of bonds	(5.2)	(5.2)
Increase (decrease) in other financial payables	83.4	98.4
Changes in non-controlling interests	–	(1.3)
Consideration for exercise of option on non-controlling interests	–	(4.3)
Net change in financial assets and other non current receivables	4.4	(7.2)
Dividends paid to equity holders of the parent	(78.3)	(66.7)
Dividends paid to non-controlling interests	(14.6)	(17.2)
Payment of interest	(9.9)	(7.2)
Receipt of interest	0.3	0.1
CASH FLOW PROVIDED BY FINANCING ACTIVITIES (C)	247.0	84.4
NET CHANGE IN CASH AND CASH EQUIVALENTS (D=A+B+C)	(48.7)	(113.4)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (E)	140.9	206.7
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (F=D+E)	92.2	93.3

A BREAKDOWN OF "CASH AND CASH EQUIVALENTS" IS PROVIDED IN NOTE 10.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

A) OVERVIEW

The periodic financial information at 30 September 2019 was approved by the Board of Directors on 14 November 2019 and has not been audited.

IMA Group is a world leader in the design and production of automatic machines for the processing and packaging of pharmaceuticals, cosmetics, tea, coffee, tobacco and other food products.

The interim results from the market segment in which IMA Group operates are generally not fully representative of those expected for the year as a whole, as sales tend to be concentrated towards the end of the year, which also applies to rival companies operating in the same segment.

The Parent Company of the IMA Group is I.M.A. Industria Macchine Automatiche S.p.A. (referred to as "IMA", "IMA S.p.A." or the "Parent Company"), with registered offices at Via Emilia 428/442, Ozzano dell'Emilia (Bologna). IMA is listed on the electronic stock exchange of Borsa Italiana S.p.A. in the STAR segment.

At 30 September 2019 the share capital of IMA S.p.A. was held 56.789% by SO.FI.MA Società Finanziaria Macchine Automatiche S.p.A.

Following the total asymmetric spin-off of Lopam Fin S.p.A., the former parent company of SO.FI.MA Società Finanziaria Macchine Automatiche S.p.A., which took place on 16 July 2019, and its consequent cancellation from the register of companies, the entity at the highest hierarchical level that holds control of IMA S.p.A. at 30 September 2019 is SO.FI.MA Società Finanziaria Macchine Automatiche S.p.A.

Furthermore, it is worth pointing out that IMA S.p.A. adopts the system of shares with increased voting rights pursuant to art. 127-quinquies of the CFA, as commented on in Note 11.

B) GENERAL PREPARATION POLICIES

GENERAL PRINCIPLES

As an issuer trading on the STAR segment of the MTA market run by Borsa Italiana, IMA is subject to the aforementioned art. 2.2.3 of the Stock Exchange Regulations. As announced on 20 January 2017, the Parent Company will continue to publish quarterly reports within 45 days from the end of the first and third quarter of the year.

This periodic financial information is prepared using the measurement criteria envisaged in the IAS/IFRS endorsed by the European Union.

IMPLEMENTATION OF ACCOUNTING STANDARDS

Accounting standards, amendments and interpretations applied on 1 January 2019

The accounting policies used to prepare the periodic financial information at 30 September 2019 are consistent with those used to prepare the financial statements at 31 December 2018, to which the reader

is referred for further information, with the exception of first-time adoption of IFRS 16 - Leases, as commented on below.

The Group has applied IFRS 16 - Leases from 1 January 2019. This standard, published in January 2016, replaces IAS 17 - Leases, IFRIC 4 - Determining whether an arrangement contains a lease, SIC-15 - Operating Leases - Incentives and SIC-27 - Evaluating the substance of transactions in the legal form of a lease.

IFRS 16 defines the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize all leases on the balance sheet on the basis of a single model similar to the one used to account for finance leases under IAS 17.

The Group has applied the standard by adopting the simplified retrospective method, assessing, for leases previously classified as operating leases, the lease liability at the current value of the residual payments due, discounted using the lessee's marginal financing rate on the date of the initial application, and recognising the asset consisting of the right of use for an amount equal to that of the liability. There are therefore no cumulative effects to adjust the opening balance of the equity and the figures for the comparative period have not been restated. In particular, the net assets recorded at the date of FTA amounted to 141.1 million euros (property, plant and equipment of 141.7 million euros, net of deferred costs of 0.6 million euros) and lease liabilities of 141.1 million euros. Furthermore, the Group has used the right not to re-examine whether a contract is, or contains, a lease on the date of first application.

In this periodic financial information, right-of-use assets (ROUs) are shown under Property, plant and equipment in the balance sheet and lease liabilities are shown under Payables to other lenders. Details of the rights of use assets and of the lease liabilities are provided in Notes 2 and 13.

In the statement of cash flows, repayment of the principal and interest on the financial liability is shown as part of the cash flows of the financing activity.

The lease contracts entered into by the Group are essentially attributable to real estate and car leases.

The Group did not consider the non-leasing components. It included in the duration of the contract any extension periods covered by the renewal option, when assumed with reasonable certainty that it will be exercised, also based on past experience, and took advantage of the option to exclude short-term contracts (including leases with a duration that ends within 12 months from the date of initial application) from the scope of application of the standard and contracts in which the underlying asset is of low value.

The marginal financing rates applied were determined on the basis of the geographical area in which the contracts were stipulated and according to the maturity band to which the contracts belong.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018 the difference between the commitments relating to operating leases and rents and the liability deriving from the impact of IFRS 16 at 1 January 2019 is shown below:

in millions of euros	01.01.2019
Operating lease obligations at 31 December 2018	137.4
Minimum lease payments (notional amount) on finance lease liabilities at 31 December 2018	8.3
Relief option for short term leases and for leases of low value assets	(1.2)
Other	26.6
Gross lease liabilities at 1 January 2019	171.1
Discounting	(22.1)
Lease liabilities at 1 January 2019	149.0
Present value of finance lease liabilities at 31 December 2018	(7.9)
Additional lease liabilities as result of the initial application of IFRS 16 at 1 January 2019	141.1

The amount shown in Other refers mainly to various considerations made about the duration of the contracts when analysing those that were outstanding at the transition date.

In the income statement for the first nine months of 2019, the FTA of IFRS 16 led to the elimination of operating lease payments for 17.1 million euros and the recognition of depreciation of the right of use and financial charges on the debt of 15.4 million euros and 3.0 million euros, respectively.

The other amendments and interpretations of accounting standards and methods in force from 1 January 2019 govern circumstances and situations that are not present or relevant to the Group's consolidated financial statements:

-)] Amendments to IAS 28 - Long-term Interests in Associates and Joint Ventures;
-)] Amendments to IFRS 9 - Prepayment Features with Negative Compensation;
-)] Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement;
-)] IFRIC Interpretation 23 - Uncertainty over Income Tax Treatments;
-)] Annual cycle of improvements to IFRS 2015-2017 - includes some amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23.

Accounting standards issued but not yet in force

The following is a list of the other standards and interpretations that had already been issued at the time this document was being prepared, but were not yet in force:

-)] IFRS 17 - Insurance Contracts;
-)] Amendments to References to the Conceptual Framework in IFRS Standards;
-)] Amendments to IFRS 3 - Definition of a business;
-)] Amendments to IAS 1 and IAS 8 - Definition of material;
-)] Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform;
-)] Amendments to IFRS 10 and to IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The Group does not expect any significant impacts on its assets and liabilities, results and financial position from applying these standards.

USE OF ESTIMATES AND ASSUMPTIONS

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.

The interim result is stated net of taxes calculated using the best estimate of the weighted average tax rate expected for the full year.

FINANCIAL STATEMENTS

The statement of financial position has been classified on the basis of the operating cycle, distinguishing between current and non-current components.

Costs and revenues for the period are presented in two schedules: a consolidated income statement, which analyses costs according to their nature and a consolidated statement of comprehensive income.

The statement of cash flows has been prepared using the indirect method for determining cash flow from operating activities. The Group classifies interest paid and received and dividends as cash flows from financing activities.

Unless stated otherwise, the figures in the periodic financial information at 30 September 2019 are expressed in millions of euros.

C) FINANCIAL RISK MANAGEMENT

RISK FACTORS

The Group is exposed to various types of financial risk connected with its business activities, the following in particular:

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

This 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 2018.

There have been no substantial changes in financial risk management nor in the policies adopted by the Group during the period.

FAIR VALUE

IFRS 13 establishes the following fair value hierarchy to be used when measuring the financial instruments shown in the balance sheet:

-) Level 1: quoted prices in active markets;
-) Level 2: inputs other than the quoted prices of Level 1 that are observable on the market, either directly (prices) or indirectly (derived from prices);
-) Level 3: inputs that are not based on observable market data.

The following tables analyses the assets and liabilities measured at fair value at 30 September 2019 and 31 December 2018 by fair value hierarchy level:

in millions of euros	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets	–	–	20.1	20.1
Derivative financial instruments	–	1.1	–	1.1
Total assets at 30.09.2019	–	1.1	20.1	21.2
Liabilities:				
Payables for acquisition	–	–	120.6	120.6
Derivative financial instruments	–	9.3	–	9.3
Total liabilities at 30.09.2019	–	9.3	120.6	129.9
in millions of euros	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets	–	–	19.0	19.0
Derivative financial instruments	–	0.4	–	0.4
Total assets at 31.12.2018	–	0.4	19.0	19.4
Liabilities:				
Payables for acquisition	–	–	62.0	62.0
Derivative financial instruments	–	5.1	–	5.1
Total liabilities at 31.12.2018	–	5.1	62.0	67.1

During the first nine months of 2019, there were no transfers between the three levels of the fair value hierarchy laid down in IFRS 13. There have not been any significant changes in the commercial or economic circumstances which affect the fair value of financial assets and liabilities.

The liabilities at 30 September 2019 mainly consist of payables for the options subscribed in connection with the purchase of minority interests in subsidiaries.

D) SCOPE OF CONSOLIDATION

The periodic financial information at 30 September 2019 includes the financial and operating information of I.M.A. Industria Macchine Automatiche S.p.A. (the Parent Company) and all the companies in which it directly or indirectly holds a controlling interest.

A list of the companies included in the consolidation is provided in paragraph F of the Notes, with an indication of the consolidation method used.

The main events in the first nine months of 2019 regarding the companies included in the scope of consolidation are as follows:

-) on 2 January 2019, Delta Systems & Automation Inc., 100% owned by Ilapak Inc., was sold to the subsidiary Packaging Systems Holdings Inc. for a total of 12.5 million US dollars. On the same date, Delta Systems & Automation Inc. was absorbed by Delta Systems & Automation LLC, a newly formed company of Packaging Systems Holdings Inc.;
-) on 4 February 2019, Transworld Packaging Holding S.p.A. acquired 100% of the Swiss company Luna Investment SA, based in Lugano with share capital of 100 thousand Swiss francs. The company has as its object to purchase, hold, manage and sell equity investments;
-) on 11 February 2019, IMA Packaging India Pvt. Ltd. was set up, with head office in Thane (India) and share capital of 10 million Indian rupee, 100% owned by IMA S.p.A. It is a trading company deals with a commercial activity;
-) on 11 April 2019, IMA completed the closing of the acquisition of 61.45% of Tecmar S.A., based in Mar del Plata (Argentina), an important player in the South American market in the design, production and marketing of automatic packaging machines in the coffee and food sectors;
-) on 16 April 2019, IMA completed the closing for the purchase of 70% of Spreafico Automation S.r.l.; the company, based in Calolziocorte (LC), is an important player in the design, production and marketing of automatic machines for filling and preparing capsules for coffee and other soluble products;
-) on 19 June 2019 IMA acquired a further 50% of CMRE S.r.l., a real estate company based in Bologna, from related parties, thus bringing its total stake in the company to 100%;
-) on 2 July 2019, IMA completed the closing for the purchase of 56.1% of ATOPbi S.p.A. and 16% of Stator S.p.A. As a result of this agreement, IMA, which has been a shareholder of ATOPbi S.p.A. since 2017, now has a total interest in the company of around 81.1%. Following this transaction, IMA S.p.A. indirectly holds approximately 84% of ATOP S.p.A., a company based in Barberino Tavarnelle (FI) and a market leader in automatic machines and lines for the production of stators and rotors used in electric motors for the automotive sector. Put & call options were also taken out on the shares reinvested by the founding shareholders for a total of 6% of the capital, to be exercised after the date of approval of the financial statements at 31 December 2021;

-) on 26 July 2019 Tissue Machinery Company S.p.A. completed the acquisition of 80% of the share capital of Spares & More S.r.l., based in Galliciano (LU) and active in the sector of industrial overhaul and reconditioning of used machines. TMC has also signed a Put & Call option on the other 20%, which can be exercised from 1 January 2020. On 31 July 2019 Spares & More S.r.l. subscribed an increase of capital of 100 thousand euros, approved by Claren Cutting Service S.r.l., based in Calderara di Reno (BO) and active in the supply of compatible spare parts for tissue machines, resolved following the complete cancellation of Claren's share capital. The interest that Spares & More S.r.l. has in Claren Cutting Service S.r.l. is therefore 100%;
-) on 6 August 2019, IMA acquired 60% of Perfect Pack S.r.l., based in Rimini, an important player in the design, production and marketing of automatic enveloping machines and complete lines for single-dose packs for various different markets: pharmaceutical, cosmetic, nutraceutical and chemical. A put option was also granted on the other 40% of the company, which can be exercised in April 2024 and April 2029.

See Note 24 "Business combinations" for further information.

Merger for the absorption of GIMA TT S.p.A. by the parent company IMA S.p.A.

On 11 June 2019 the Boards of Directors of IMA and GIMA TT S.p.A. approved the merger plan for the absorption of GIMA TT S.p.A. by IMA S.p.A. The merger also received the favourable opinion of the committee consisting solely of unrelated independent directors of GIMA TT S.p.A. in accordance with the provisions of the related party procedure of GIMA TT S.p.A.

The merger was carried out for the following purposes: (i) to create a company with a higher free float, both in terms of percentage of capital and in absolute value, with shares that are easier to trade and more attractive to investors; (ii) to reduce operating costs for the maintenance of two listed companies and simplify the shareholding structure and the corporate governance structure, thereby generating synergies for the benefit of all shareholders; and (iii) to allow management to devote itself fully to operational management of the "Tobacco" division, minimizing elements of distraction attributable to the volatility that has occurred in the sector, which was not foreseeable at the time that GIMA TT S.p.A. was listed in 2017.

To identify the economic elements of the merger, the Boards of Directors of the companies participating in the merger, with the help of financial advisors of proven professionalism and experience, have applied valuation methods commonly used for mergers between companies with characteristics similar to those of IMA and GIMA TT S.p.A. The exchange ratio is based on assessments of the companies resulting from the application of various methods according to best national and international market practices.

The merger plan was prepared on the basis of the financial statements at 31 December 2018 of the companies participating in the merger, approved by their respective ordinary shareholders' meetings on 30 April 2019 and used as merger balance sheets for the purposes of art. 2501-quater of the Italian Civil Code.

On 14 June 2019, the President of the Bologna Business Tribunal, in the section that specialises in company law, appointed EY S.p.A., chosen by both IMA S.p.A. and GIMA TT S.p.A., as the joint expert to draw up the report on the fairness of the exchange ratio. Their report said that the methods used to calculate the exchange ratio were suitable.

The Extraordinary Shareholders' Meetings of IMA S.p.A. and GIMA TT S.p.A. approved the merger plan by absorption on 8 August 2019.

Subsequently, on 31 October 2019 IMA S.p.A. and GIMA TT S.p.A. signed the merger deed, which was registered with the Bologna Companies Register on the same date.

The procedure was therefore successfully concluded and the merger took effect from 5 November 2019 (Effective Date), with the consequent termination of GIMA TT S.p.A. On the other hand, the accounting and tax effects of the merger will be backdated to 1 January 2019.

On the Effective Date, IMA S.p.A. increased its share capital by a total nominal amount of 2,055,304.68 euros by issuing 3,952,509 shares to service the share exchange at a ratio of 11.4 ordinary shares of IMA with a par value of 0.52 euros each for every 100 ordinary shares of GIMA TT S.p.A. In application of this exchange ratio, GIMA TT S.p.A. shareholders, other than IMA, were assigned 3,952,509 new ordinary shares of IMA, with the same dividend date and characteristics as the IMA ordinary shares already in circulation on the Effective Date. Their holders were also granted the same rights as those due to holders of the ordinary shares of IMA in circulation at the time of the assignment. These newly issued shares were listed on the Electronic Stock Market organised and managed by Borsa Italiana S.p.A. (MTA).

Since the Effective Date, the share capital of IMA S.p.A. has therefore had a nominal amount of 22,470,504.68 euros, divided into 43,212,509 ordinary shares with a par value of 0.52 euros each, listed on the MTA.

The IMA shares assigned to serve the merger were made available to GIMA TT S.p.A. shareholders starting from the Effective Date through the depositary intermediaries belonging to Monte Titoli S.p.A. (Appointed Intermediaries). On that date, the ordinary shares representing the entire share capital of GIMA TT S.p.A. were cancelled and delisted from the MTA.

The Merger Deed is available to the public on the websites www.ima.it and www.gimatt.it.

As of today's date, following the Merger, the shareholders holding equity investments to which a percentage of voting rights exceeding 3% of the total voting rights is due by reason of the accrual of the increased voting rights pursuant to art. 127 *quinquies* of the TUF are: SO.FI.MA Società Finanziaria Macchine Automatiche S.p.A. and HYDRA S.p.A. with 66.956% and 3.067%, respectively.

Merger plan for the absorption of GIMA S.p.A., G.S. Coating Technologies S.r.l., Mapster S.r.l. and Revisioni Industriali S.r.l. by the parent company IMA S.p.A.

On 12 June 2019, the plans for IMA S.p.A. to absorb its direct or indirect subsidiaries GIMA S.p.A., GS Coating Technologies S.r.l., Mapster S.r.l. and Revisioni Industriali S.r.l. were filed with the Bologna Companies Register. These mergers, which will take place in a simplified form and, therefore without a share exchange, without a capital increase and without any change to the articles of association of the merging company, will simplify the corporate structure of the IMA Group and optimise management of financial flows. The transactions will be implemented on the basis of their respective economic and financial situations at 31 December 2018.

The merger resolutions were approved by the Board of Directors of IMA S.p.A. and by the Shareholders' Meetings of the companies being merged.

These mergers are expected to be completed this year, taking effect from 1 January 2020.

E) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The changes reported below were determined with respect to the amounts at 31 December 2018 for balance sheet items and the amounts for the first nine months of 2018 for income statement items. The 2018 income statement figures have been restated following the sale in 2018 of 60% of IMA Dairy & Food Holding GmbH as mentioned in Note 22. In addition, the figures relating to increases in non-current assets for internal work, previously included under Other revenue, were shown separately under Capitalised costs in the consolidated income statement.

1. SEGMENT INFORMATION

Operating segments have been identified based on the internal reports used by senior management, in order to allocate resources by sector and evaluate the results.

The following are the operating segments into which the Group's activities are divided:

-) Tea, Food & Other segment: it produces plants for the processing of coffee, machines for the packaging of tea and herbal teas in filter bags and the packaging of coffee, for the food & beverage sector, for the personal care sector, for end-of-line equipment, for the dairy sector and for stock cubes, for primary packaging in the food sector with the use of flexible material (horizontal and vertical flow packs) for assembling medical products, for the production of electric motors, plus related services;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- J) Pharmaceutical segment: it makes machines for the packaging of pharmaceutical capsules and tablets in blisters and bottles, machines for filling bottles and vials with liquid and powdered products in sterile and non-sterile environments, machines for freeze-drying, tube-filling and cartoning, systems for the production of tablets and capsules and for coating and fluid-bed granulation, as well as related services;
- J) Tobacco segment: it designs, manufactures and markets machines and plants for tobacco packaging and related services.

The information on operating segments for the first nine months of 2019 and 2018 is provided below:

in millions of euros	from 01.01.2019 to 30.09.2019				Total
	Tea, Food & Other	Pharmaceutical	Tobacco packaging	Not allocated (*)	
Revenue from contracts with customers	480.3	473.7	54.3	–	1,008.3
Segment operating profit	4.8	57.4	9.7	–	71.9
Net financial income (expense) (**)					43.6
Profit (loss) from investments accounted for using the equity method	–	3.1	–	–	3.1
Profit before taxes					118.6
Taxes					(27.9)
Net profit from continuing operations					90.7
Profit (loss) from discontinued operations/ disposal groups	–	–	–	–	–
Net profit for the period					90.7

in millions of euros	from 01.01.2018 to 30.09.2018				Total
	Tea, Food & Other	Pharmaceutical	Tobacco packaging	Not allocated (*)	
Revenue from contracts with customers	415.1	444.7	134.0	–	993.8
Segment operating profit	(4.6)	65.2	49.7	–	110.3
Net financial income (expense) (**)					3.8
Profit (loss) from investments accounted for using the equity method	0.6	2.4	–	(0.2)	2.8
Profit before taxes					116.9
Taxes					(32.8)
Net profit from continuing operations					84.1
Profit (loss) from discontinued operations/ disposal groups	(16.2)	–	–	–	(16.2)
Net profit for the period					67.9

(*) Not allocated amount relate to investments not directly attributable to the operating sectors.

(**) Financial income and expense have not been allocated to the individual operating segments, since it is not possible to indicate specific amounts for each segment; this subdivision is not made in internal reports.

Consolidated revenue for the first nine months of 2019 amounted to 1,008.3 million euros, an increase of 1.5% with respect to the same prior year period. This result is attributable to a higher backlog at the end of the 2018 financial year and to further orders acquired during the current year.

A key feature of the business in which IMA Group operates is that interim results do not fully reflect the results that are expected for the entire year, because of a concentration of sales and new orders towards the end of the year.

The revenue of the Tea, Food & Other segment has increased by 65.2 million euros compared with the previous year with a contribution of 25.4 million euros mainly attributable to the ATOP, Spreafico and Tecmar businesses, which were acquired during 2019. Due to a different product mix and non-recurring costs of 1.9 million euros, operating profit has improved compared with the previous year (4.8 million euros versus -4.6 million euros).

Revenue in the Pharmaceutical segment are up compared with the same period of the previous year (+29.0 million euros) thanks to the high backlog at the beginning of the year and despite a slightly lower order intake compared with the previous year (503.1 million euros versus 526.2 million euros). Operating profit has decreased to 57.4 million euros compared with 65.2 million euros in the corresponding period of 2018, net of higher depreciation on the application of IFRS 16.

Revenue in the Tobacco segment amounted to 54.3 million euros compared with the same period the previous year (134.0 million euros) due to a lower backlog at the beginning of the year and a lower order intake linked to lower investment in plant for new generation products by leading customers. Operating profit was therefore down to 9.7 million euros compared with 49.7 million euros in the same period of 2018.

Total assets at 30 September 2019 and 31 December 2018 are as follows:

in millions of euros	Tea, Food & Other	Pharma- ceutical	Tobacco packaging	Not- allocated (*)	Total
Total assets at 30 September 2019	1,350.7	640.0	65.8	229.1	2,285.6
Total assets at 31 December 2018	818.7	474.2	92.1	274.8	1,659.8

(*) Not allocated assets principally comprise financial assets, investments, income tax receivable and deferred tax assets, which cannot be directly attributable to the operating sector

Following the adoption of IFRS 15 in 2018, the Group has broken down the revenue from contracts with customers into categories that illustrate how economic factors affect the nature, amount, timing and degree of uncertainty of revenue and financial flows.

Both the information provided in the presentations to investors and the information periodically reviewed by the highest operational decision-making level were considered and therefore the breakdown of revenue subsequently presented in three categories was considered appropriate: geographical area, business category and timing of recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

REVENUE BY GEOGRAPHICAL AREA

in millions of euros	from 01.01.2019 to 30.09.2019			Total
	Tea, Food & Other	Pharmaceutical	Tobacco packaging	
European Union (excluding Italy)	131.0	142.7	13.4	287.1
Other European countries	50.3	17.3	3.4	71.0
North America	118.0	81.7	–	199.7
Asia & Middle East	69.3	116.5	27.4	213.2
Italy	54.0	54.8	9.8	118.6
Other countries	57.7	60.7	0.3	118.7
Total	480.3	473.7	54.3	1,008.3

in millions of euros	from 01.01.2018 to 30.09.2018			Total
	Tea, Food & Other	Pharmaceutical	Tobacco packaging	
European Union (excluding Italy)	127.9	139.6	43.2	310.7
Other European countries	45.6	30.7	6.5	82.8
North America	93.3	56.9	–	150.2
Asia & Middle East	64.3	103.7	77.4	245.4
Italy	38.9	61.9	6.4	107.2
Other countries	45.1	51.9	0.5	97.5
Total	415.1	444.7	134.0	993.8



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

REVENUE BY BUSINESS CATEGORY

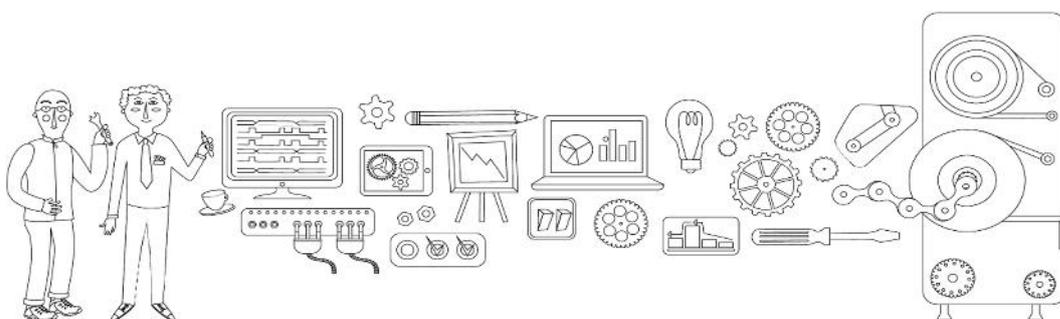
from 01.01.2019 to 30.09.2019				
in millions of euros	Tea, Food & Other	Pharmaceutical	Tobacco packaging	Total
Original Equipment	339.4	318.7	25.3	683.4
After-Sales	140.9	155.0	29.0	324.9
Total	480.3	473.7	54.3	1,008.3

from 01.01.2018 to 30.09.2018				
in millions of euros	Tea, Food & Other	Pharmaceutical	Tobacco packaging	Total
Original Equipment	294.4	290.3	94.5	679.2
After-Sales	120.7	154.4	39.5	314.6
Total	415.1	444.7	134.0	993.8

REVENUE BY TIMING OF RECOGNITION

from 01.01.2019 to 30.09.2019				
in millions of euros	Tea, Food & Other	Pharmaceutical	Tobacco packaging	Total
Revenue at a point in time	250.4	186.9	22.6	459.9
Revenue over time	229.9	286.8	31.7	548.4
Total	480.3	473.7	54.3	1,008.3

from 01.01.2018 to 30.09.2018				
in millions of euros	Tea, Food & Other	Pharmaceutical	Tobacco packaging	Total
Revenue at a point in time	246.1	198.9	35.6	480.6
Revenue over time	169.0	245.8	98.4	513.2
Total	415.1	444.7	134.0	993.8



2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment show a net increase of 193.7 million euros compared with 31 December 2018.

Movements in property, plant and equipment during the period are analysed as follows:

in millions of euros	Land and Building	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Balances at 01.01.2019	66.5	21.8	5.0	12.9	5.7	111.9
First time application IFRS 16	137.3	–	–	4.4	–	141.7
Additions	24.0	3.9	1.2	4.4	9.5	43.0
Change in scope of consolidation	24.8	2.4	0.3	1.0	7.1	35.6
Depreciation	(18.2)	(3.9)	(1.6)	(4.6)	–	(28.3)
Reclassifications	2.9	0.9	0.5	0.1	(1.4)	3.0
Other changes	(1.3)	–	0.1	(0.1)	–	(1.3)
Balances at 30.09.2019	236.0	25.1	5.5	18.1	20.9	305.6

Property, plant and equipment at 30 September 2019 include rights of use assets of 174.1 million euros as detailed below.

Additions for the period mainly relate to costs incurred to extend and upgrade buildings, rights of use assets and the purchase of plant, machinery and electronic machines.

In particular, in April 2019 IMA S.p.A. signed a contract concerning the lease of a building with a surface area of approximately 32,600 square metres, located in Castel San Pietro Terme (Bologna). As required by IFRS 16, this contract led to the recognition of rights of use for 13.5 million euros in the first nine months of 2019.

Furthermore, during the third quarter of 2019 the subsidiary Tissue Machinery Company S.p.A. acquired the plant located in Castel Guelfo (BO), which was previously leased, for 3.4 million euros.

The change in the scope of consolidation reflects the acquisitions during the period as commented on in Note 24 Business combinations.

Reclassifications refer to the allocation to land and buildings of part of the goodwill provisionally recognized as part of the acquisition of Ciemme S.r.l.

Assets under construction and advances mainly include the building complex under construction in Ozzano dell'Emilia (BO), attributable to CMRE S.r.l., and equipment and machinery under construction.

The following table provides details of the rights of use assets and related changes during the period:

in millions of euros	Land and Building	Plant and machinery and other assets	Assets under construction	Right of use assets
Balances at 01.01.2019	137.3	4.4	–	141.7
Finance leases reclassifications IAS 17	11.8	0.6	–	12.4
Additions	16.8	1.3	3.5	21.6
Decreases	(4.1)	(0.1)	–	(4.2)
Change in scope of consolidation	9.8	0.9	6.8	17.5
Depreciation	(14.2)	(1.6)	–	(15.8)
Exchange rate difference	0.9	–	–	0.9
Balances at 30.09.2019	158.3	5.5	10.3	174.1

The other assets are essentially cars and assets under construction are attributable to CMRE S.r.l., as mentioned previously.

As regards the accounting impact of FTA of IFRS 16, please refer to the comments in the section entitled "Implementation of accounting standards".

It should be noted that in the consolidated financial statements at 31 December 2018, property, plant and equipment included the contractual value of assets held under finance leases and presented in accordance with IAS 17, which was in force until 31 December 2018. From 1 January 2019, the balances outstanding at 31 December 2018 as shown in the above table were reclassified to assets for rights of use, in accordance with IFRS 16.

3. INTANGIBLE ASSETS

The movements in intangible assets during the period are analysed as follows:

in millions of euros	Development costs	Industrial patents rights	Software licences, trademarks and similar	Goodwill	Asset under development and advances	Total
Balances at 01.01.2019	106.1	5.5	103.1	222.4	16.9	454.0
Additions	0.2	1.3	1.0	–	15.5	18.0
Sales and eliminations	–	(0.2)	–	–	–	(0.2)
Acquisitions in the period	22.0	6.2	6.2	359.5	–	393.9
Amortization	(15.6)	(1.7)	(8.7)	–	–	(26.0)
Reclassifications and other changes	3.8	0.1	–	(1.9)	(3.9)	(1.9)
Balances at 30.09.2019	116.5	11.2	101.6	580.0	28.5	837.8

Development costs include the costs incurred for unpatented technology, the useful life of which has been estimated to be between 5 and 10 years and is attributable to the following acquisitions:

-) Spreafico Automation S.r.l., acquired in 2019, 17.4 million euros;
-) Tecmar S.A., acquired in 2019, 2.0 million euros;
-) Ciemme S.r.l., acquired in 2018, 4.2 million euros;
-) TMC Group, acquired in 2018, 20.4 million euros;
-) Petroncini Impianti S.p.A., acquired in 2018, 6.5 million euros;
-) Eurosicma business, 15.2 million euros;
-) Medtech business, 1.3 million euros;
-) Benhil GmbH and Hassia Packaging Pvt. Ltd., 7.3 million euros;
-) Ilapak Group, 6.4 million euros;
-) Dairy & Convenience Food sector of the Corazza Group for 2.8 million euros.

In addition, this caption includes costs of 9.7 million euros incurred by the Parent Company on projects related to the Pharmaceutical sector, as well as 5.7 million euros on the development of projects for the Tea, Food & Other sector.

Software, licences, trademarks and other rights mainly include applications, management and technical software and intangible assets related to customers ("customer list") and trademarks for 59.4 million euros and 31.5 million euros respectively, recognized following the acquisitions of Spreafico, Tecmar, Eurosicma, Ilapak, Corazza, TMC, Petroncini and Ciemme.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Goodwill comprises the following:

in millions of euros	30.09.2019	31.12.2018
Tea, Food & Other sector:		
CGU ATOP	326.5	–
CGU Benhil GmbH	21.2	21.2
CGU B.F.B. S.p.A.	1.8	1.8
CGU Ciemme S.r.l.	4.4	6.1
CGU CMRE S.r.l.	0.9	–
CGU Eurosicma	12.8	12.8
CGU GIMA S.p.A.	1.7	1.7
CGU Corazza Group	18.9	18.9
CGU Ilapak Group	4.1	4.1
CGU Teknoweb Group	13.3	13.3
CGU TMC Group	39.5	36.6
CGU Hassia Packaging Pvt. Ltd	1.8	1.8
CGU Luna Investment SA	2.1	–
CGU MAI S.A.	7.4	7.4
CGU Mapster S.r.l.	2.8	2.8
CGU Medtech	9.9	9.9
CGU Naturapack S.r.l.	8.7	8.7
CGU Petroncini Impianti S.p.A.	7.9	8.2
CGU Spreafico Automation S.r.l.	0.5	–
CGU TEAMAC	0.7	0.7
CGU Tecmar S.A.	1.0	–
CGU Telerobot S.p.A.	4.9	4.9
	492.8	160.9
Pharmaceutical sector:		
CGU CO.MA.DI.S. S.p.A.	3.8	3.8
CGU DOSA S.r.l.	0.8	0.8
CGU G.S. S.r.l. Coating System	7.4	7.4
CGU G.S. Coating Technologies S.r.l.	0.6	0.6
CGU Edwards Group	23.1	23.1
CGU Nova Group	14.0	13.7
CGU ICO OLEODINAMICI S.p.A.	1.6	1.6
CGU MKCS Inc.	0.6	0.6
CGU Perfect Pack S.r.l.	25.4	–
CGU Pharmasiena Service S.r.l.	2.1	2.1
CGU Precision Gears Ltd.	4.0	4.0
CGU Shanghai Tianyan	0.9	0.9
CGU Zanchetta S.r.l.	2.9	2.9
	87.2	61.5
Total	580.0	222.4

As regards the goodwill recognized on the acquisitions of ATOP, CMRE, Luna Investment, Spares & More and Claren (included in the TMC Group CGU), Spreafico, Tecmar and Perfect Pack, please refer to the comments in Note 24.

The change in goodwill relating to the Ciemme S.r.l. and TMC Group CGUs, shown in the reclassifications and other changes shown on the statement of changes in intangible assets, refers to the completion of the initial recognition of business combinations during the previous year within the assessment period.

The impairment tests performed on goodwill pursuant to IAS 36 did not identify the need for any write-downs, having regard for current forecasts and the absence of events suggesting possibly significant losses of value.

For completeness, the goodwill of the Nova Group, Zanchetta and ICO OLEODINAMICI CGUs was written down in prior years by 0.8 million euros, 2.5 million euros and 1.5 million euros respectively.

Assets under development and advances mainly refer to development projects in progress attributable to the parent company for 17.8 million euros, to GIMA TT S.p.A. for 2.8 million euros and to Tissue Machinery Company S.p.A. for 2.3 million euros.

4. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

This item comprises:

in millions of euros	30.09.2019	31.12.2018
Associates:		
Amherst Stainless Fabrication Llc	0.4	0.4
A.P.M. Assembly Packaging Machinery S.r.l.	0.4	–
ATOPbi S.p.A.	–	16.3
B.C. S.r.l.	3.4	3.0
Bacciottini F.lli S.r.l.	0.9	0.9
Bolognesi S.r.l.	1.3	1.1
I.E.M.A. S.r.l.	1.8	1.5
IMA Dairy & Food Holding GmbH	12.0	12.0
Inkbit Llc	2.1	2.1
LA.CO S.r.l.	0.6	0.5
Logimatic S.r.l.	1.2	0.9
Meccanica Sarti S.r.l.	1.3	1.2
MORC2 S.r.l.	1.8	1.7
O.M.S. Officina Meccanica di Sonico S.r.l.	1.1	1.0
SIL.MAC. S.r.l.	1.9	1.1
Sirio S.p.A. Associazione in partecipazione	2.6	3.3
Other associates	1.7	1.7
	34.5	48.7
Joint venture:		
CMRE S.r.l.	–	4.2
	–	4.2
Total	34.5	52.9

During the third quarter of 2019, the subsidiary Packaging Manufacturing Industry S.r.l. acquired 32% of A.P.M. Assembly Packaging Machinery S.r.l., based in Castel Bolognese (RA), which operates in the assembly, production and sale of mechanical parts, machinery and equipment in general, and 30% of OLTRE S.r.l., based in Ozzano dell'Emilia (BO), which provides consultancy services in the field of mechanical engineering.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

In relation to ATOPbi S.p.A. and CMRE S.r.l., refer to the comments in Note 24 Business combinations.

5. FINANCIAL ASSETS

The item breaks down as follows:

in millions of euros	30.09.2019	31.12.2018
Non-current:		
· Financial assest measured at amortized cost	42.5	42.2
· Financial assest measured at FVOCI	5.7	4.9
· Financial assest measured at FVPL	0.4	0.4
	48.6	47.5
Current:		
· Financial assest measured at amortized cost	3.7	8.5
· Financial assest measured at FVOCI	14.0	12.9
· Financial assest measured at FVPL	–	0.8
	17.7	22.2
Total	66.3	69.7

Non-current financial assets measured at amortised cost mainly refer to the loan granted by the Parent Company to the associate IMA Dairy & Food Holding GmbH for 40.0 million euros.

Current financial assets valued at FVOCI mainly include investment funds attributable to the Parent Company for 9.5 million euros.

6. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments comprise:

in millions of euros	Assets 30.09.2019	Liabilities 30.09.2019	Assets 31.12.2018	Liabilities 31.12.2018
Interest rate hedging instruments - cash flow hedges	–	8.5	–	3.8
Exchange rate hedging instruments - cash flow hedges	1.1	0.8	0.4	1.3
Total	1.1	9.3	0.4	5.1

INTEREST RATE DERIVATIVES

At 30 September 2019, the amount of 6.4 million euros in liabilities represents the fair value of derivative contracts to hedge the interest rate risk arranged by the Parent Company with leading banks and connected to a bond loan, and part of the medium-term loans that expire by the end of 2024, on a nominal value of 28.6 million US dollars and 306.0 million euros.

In addition, the residual amount of 2.1 million euros in liabilities represents the fair value of interest rate hedging derivative contracts entered into by GIMA S.p.A., ATOP S.p.A., CMRE S.r.l. and Tissue Machinery Company S.p.A. on a total nominal amount of 43.2 million euros.

EXCHANGE RATE DERIVATIVES

At 30 September 2019, the amount of 1.1 million euros in assets and 0.8 million euros in liabilities are the fair value of the forward currency purchase and sale contracts taken out by the Parent Company to manage its exchange risk exposure based on a notional of 61.8 million US dollars and 32.6 million Chinese yuan.

7. DEFERRED TAX ASSETS AND LIABILITIES

At 30 September 2019, the deferred tax asset of 55.6 million euros (49.2 million euros at 31 December 2018), mainly relates to a deferred tax asset recognized in 2012 on the release of the uplift in the carrying amounts of the controlling interests recorded in IMA S.p.A.'s consolidated financial statements and temporary differences arising on provisions.

At 30 September 2019, deferred tax liabilities amount to 69.3 million euros (58.8 million euros at 31 December 2018) and relate mainly to temporary differences between the book values of certain tangible and intangible assets and their values recognized for tax purposes.

The increase during the period mainly reflects the recognition of deferred tax liabilities on intangible assets recognized as part of the acquisitions during the period.

8. INVENTORIES

This item comprises:

in millions of euros	30.09.2019			31.12.2018		
	Gross value	Impairment provision	Net value	Gross value	Impairment provision	Net value
Raw, ancillary and consumable materials	101.3	(15.3)	86.0	76.6	(10.7)	65.9
Work in progress and semifinished goods	341.3	(39.9)	301.4	274.6	(34.7)	239.9
Finished products and goods for resale	17.6	(2.9)	14.7	16.8	(2.9)	13.9
Total	460.2	(58.1)	402.1	368.0	(48.3)	319.7

At 30 September 2019 the inventories attributable to the companies acquired in 2019 amounted to 23.3 million euros, of which 10.9 million euros and 5.1 million euros relate to ATOP S.p.A. and Spreafico Automation S.r.l., respectively.

The increase in inventories since 31 December 2018 reflects the preparation of machines for delivery to customers in the fourth quarter, as well as the substantial backlog at the end of September.

Movements in these provisions in the period were as follows:

in millions of euros	
Saldo al 01.01.2018	51.4
Net provisions (uses)	6.6
Change in scope of consolidation	6.7
Exchange rate difference	0.2
Saldo al 30.09.2018	64.9
Saldo al 01.01.2019	48.3
Net provisions (uses)	5.2
Change in scope of consolidation	4.3
Exchange rate difference	0.3
Saldo al 30.09.2019	58.1

9. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

TRADE AND OTHER RECEIVABLES

This item comprises:

in millions of euros	30.09.2019	31.12.2018
Trade receivables	200.7	194.5
Advances to suppliers	34.6	23.4
Tax receivables	18.8	20.0
Deferred costs	11.5	9.6
Other receivables	12.4	10.2
Total	278.0	257.7

TRADE RECEIVABLES

Trade receivables include amounts due from customers of 192.5 million euros (183.1 million euros at 31 December 2018) and receivables from associates of 8.2 million euros (11.4 million euros at 31 December 2018).

Customer receivables falling due beyond 12 months amounted to 0.5 million euros (1.2 million euros at 31 December 2018). Deferred payment terms granted to customers resident in countries presenting particular risks are guaranteed by suitable financial instruments to secure collection. There are no significant financial components or rights to make returns.

Trade receivables are carried net of accumulated provisions amounting to 19.7 million euros (18.4 million euros at 31 December 2018).

Assigned receivables not yet due at 30 September 2019 amount to 20.5 million euros, of which 14.4 million euros have been assigned to factoring companies and 6.1 million euros to other financial institutions. 2019 saw the assignment without recourse of receivables with an overall nominal value of around 44.1 million euros.

ADVANCES TO SUPPLIERS

At 30 September 2019, these relate to advances for goods to be used in production and for services totalling, respectively, 24.6 million euros (15.9 million euros at 31 December 2018) and 10.0 million euros (7.5 million euros at 31 December 2018).

This balance includes 4.5 million euros of advances to associated companies (3.3 million euros at 31 December 2018).

TAX RECEIVABLES

Tax receivables mainly consist of VAT recoverable.

OTHER RECEIVABLES

The item includes the residual amount of 5.0 million euros due from TB Tauris Italia S.r.l. in connection with the sale of 60% of the investment in IMA Dairy & Food Holding GmbH.

CONTRACT ASSETS

Contract assets relating to contract works are shown net of the related advances, as illustrated below:

in millions of euros	30.09.2019	31.12.2018
Contract assets related to contract works	488.4	432.6
Advances received	(294.2)	(243.1)
Total	194.2	189.5

These contract assets consist of the amount due from customers for contracts in progress at the end of the year, net of advances already received.

Contract work is recorded over a period of time and assessed according to the percentage of completion method based on inputs and is therefore to be considered as amounts due to expire.

10. CASH AND CASH EQUIVALENTS

This item comprises:

in millions of euros	30.09.2019	31.12.2018
Bank current accounts	90.3	140.6
Deposits	1.7	0.1
Cheques and cash	0.2	0.2
Total	92.2	140.9

For a better understanding of the trend in net financial indebtedness, reference should be made to Note 13.

11. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

SHARE CAPITAL

The share capital at 30 September 2019, equal to 20.4 million euros, represents the share capital of IMA S.p.A. (fully subscribed and paid in) divided into 39,260,000 ordinary shares with a nominal value of 0.52 euros each.

As commented on in the section entitled Scope of consolidation, on 31 October 2019 IMA S.p.A. and GIMA TT S.p.A. signed the merger deed, which was registered with the Bologna Companies Register on the same date.

The merger took effect from 5 November 2019 ("Effective Date"), with the consequent termination of GIMA TT S.p.A. On the other hand, the accounting and tax effects of the merger will be backdated to 1 January 2019.

On the Effective Date, IMA S.p.A. increased its share capital by a total nominal amount of 2,055,304.68 euros by issuing 3,952,509 shares to service the share exchange at a ratio of 11.4 ordinary shares of IMA with a par value of 0.52 euros each for every 100 ordinary shares of GIMA TT S.p.A. As of today, the share capital of IMA S.p.A. is therefore equal to a nominal amount of 22,470,504.68 euros, divided into 43,212,509 ordinary shares with a par value of 0.52 euros each, listed on the MTA.

By resolution of 21 April 2017, the Extraordinary Shareholders' Meeting of IMA approved the amendment of certain provisions of the articles of association to provide for the increase in voting rights pursuant to art. 127 quinquies CFA (similar to the concept of loyalty shares). After uninterrupted ownership of the shares for twenty-four months from the date of registration in the specific list, a number of shareholders have acquired this right.

The total amount of voting rights, which has been disclosed in the terms of art. 85 bis of the Issuers Regulation, is, as of today, equal to 66,596,241. It should also be noted that there are 85,383 shares registered in the list of increased voting rights, which are currently maturing.

TREASURY SHARES

On 15 November 2018 the repurchase of treasury shares (share buy-back) was initiated in compliance with the authorisation given by the Shareholders' Meeting of IMA S.p.A. on 27 April 2018. Since the start of the programme, the Parent Company has carried out transactions in its own equity instruments in 2018 by acquiring 101,500 treasury shares for a total of 5.5 million euros. As a result of these purchases and considering the shares already held in portfolio, at 31 December 2018 IMA S.p.A. held 107,000 treasury shares, equal to 0.273% of the share capital.

The Parent Company did not carry out any transactions in its own shares during the first nine months of 2019.

DIVIDENDS

In May 2019, a total dividend of 78.3 million euros was paid, equal to 2.00 euros (gross) per ordinary share in circulation (66.7 million euros, equal to 1.70 euros gross in May 2018).

FAIR VALUE RESERVE

The changes in the fair value reserve are analysed as follows:

in millions of euros	
Balance at 01.01.2018	(1.3)
<i>Cash flow hedges/hedging instruments</i>	
Measurement at fair value	(2.1)
Fair value - tax effect	0.5
Realization recognized in PL	0.2
Balance at 30.09.2018	(2.7)
Balance at 01.01.2019	(2.9)
<i>Financial assets at FVOCI</i>	
Measurement at fair value	1.4
Fair value - tax effect	(0.3)
<i>Cash flow hedges/hedging instruments</i>	
Change in scope of consolidation	(0.9)
Measurement at fair value	(3.7)
Fair value - tax effect	0.9
Realization recognized in PL	0.6
Tax effect - realization recognized in PL	(0.2)
Balance at 30.09.2019	(5.1)

OTHER RESERVES AND RETAINED EARNINGS

The changes during the period principally reflect the allocation to reserves of the net profit for the prior period and the distribution of dividends.

In addition, this item includes the reserve on the remeasurement of defined benefit plans, the movements of which during the period were as follows:

in millions of euros	
Balance at 01.01.2018	(11.6)
Change in scope of consolidation	(0.3)
Actuarial value	0.9
Tax effect	(0.2)
Balance at 30.09.2018	(11.2)
Balance at 01.01.2019	(6.0)
Change in scope of consolidation	(0.4)
Actuarial value	(2.6)
Tax effect	0.5
Balance at 30.09.2019	(8.5)

12. NON-CONTROLLING INTERESTS

The direct and indirect investments held by the Parent Company IMA S.p.A. together with non-controlling interests are indicated below:

	Country	30 September 2019		31 December 2018	
		% held by the Group	% held by third parties	% held by the Group	% held by third parties
ATOP S.p.A.	Italy	90.98%	9.02%	21%	79%
ATOPbi S.p.A.	Italy	89.26%	10.74%	25%	75%
Digidoc S.r.l.	Italy	80%	20%	80%	20%
Dreamer S.r.l.	Italy	90%	10%	90%	10%
Eurotekna S.r.l.	Italy	85.71%	14.29%	85.71%	14.29%
GIMA TT S.p.A. (*)	Italy	60.40%	39.60%	60.39%	39.61%
IMA Fuda (Shanghai) Packaging Mach. Co. Ltd.	PRC	80%	20%	80%	20%
IMA Life (Shanghai) Ph. Mach. Co. Ltd.	PRC	86.29%	13.71%	86.29%	13.71%
O.A.SYS S.r.l.	Italy	70%	30%	70%	30%
Petroncini Impianti S.p.A.	Italy	80%	20%	80%	20%
Petroncini International Trad. (Shanghai) Co. Ltd.	PRC	80%	20%	80%	20%
Pharmasiena Service S.r.l.	Italy	70%	30%	70%	30%
Stator S.p.A.	Italy	90.98%	9.02%	21%	79%
Teknoweb N.A. Llc	USA	75%	25%	75%	25%
Transworld Packaging Holding S.p.A.	Italy	81%	19%	81%	19%

(*) Percentages calculated taking into account the treasury shares repurchased by the company.

Transworld Packaging Holding S.p.A. controls twelve companies, either directly or indirectly. For further information, see the list of equity investments provided in section F of the explanatory notes.

Non-controlling interests at 30 September 2019 amounted to 14.6 million euros (23.9 million euros at 31 December 2018) and refer to GIMA TT S.p.A. for 11.6 million euros.

Dividends paid to minority shareholders in 2019 amounted to 14.6 million euros and refer to GIMA TT S.p.A. (17.2 million euros in 2018, of which 14.8 million euros attributable to GIMA TT S.p.A.).

13. BORROWINGS

The item includes financial liabilities valued at amortized cost and, in particular, amounts due to banks of 609.8 million euros (273.6 million euros at 31 December 2018), amounts due to other lenders of 160.7 million euros (8.2 million euros at 31 December 2018) and bonds of 151.2 million euros (108.0 million euros at 31 December 2018).

PAYABLES TO BANKS

Applied research and technological innovation loans

During the period, instalments of 0.9 million euros were paid regularly by the Parent Company as they fell due and new loans of 2.9 million euros were received.

Other loans

The principal changes in other loans relate to the Parent Company and comprise new loans of 220.0 million euros, mainly involved in the acquisition of ATOP as commented on below, and repayments of 5.8 million euros.

PAYABLES TO OTHER LENDERS

At 30 September 2019 this item includes 159.8 million euros of lease liabilities (including payables to leasing companies for finance leases previously valued according to IAS 17), 0.6 million euros of payables to factoring companies and 0.3 million euros of due to others.

Amounts due to other lenders beyond five years amounted to 61.8 million euros, essentially attributable to property leases.

BONDS

In June 2019, the Parent Company finalised the placement with European institutional investors (through a so-called "Euro private placement") of a senior bond loan, non-guaranteed and non-convertible, for 50 million euros. The bond loan and a medium-long term cash loan of 180 million euros granted by leading credit institutions in July 2019 are designed to finance the acquisition of ATOP. The bonds are unrated, with a duration of 7 years and are admitted to trading on the Third Market of the Vienna Stock Exchange. The capital will be repaid at par at the scheduled due date, though early redemption is possible. The bonds bear interest from the issue date at a fixed rate of 1.923% per annum.

In May 2014, the Parent Company completed the placement with European institutional investors of a non-convertible bond amounting to 80 million euros, represented by two separate issues of equal amount with 5 and 7 years to maturity, redeemable in lump sums on the respective maturity dates. These bonds bear interest at a fixed rate of 3.875% and 4.375% respectively. On 19 January 2018 the Bondholders' Meeting resolved on the first issue, postponing the maturity date to 13 May 2024 and reducing the interest due after the original maturity date from 3.875% to 1.637%.

In February 2013 IMA S.p.A. completed the US Private Placement of a non-convertible bond totalling 50 million US dollars with repayment in equal instalments over 10 years, starting from the fourth year. This bond incurs interest at a fixed rate of 6.25%. The third tranche was repaid in February 2019 for a total of 7.1 million US dollars.

The bonds are not guaranteed, but certain covenants must be met.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Bonds are analysed as follows:

in millions of euros	30.09.2019	31.12.2018
Non-current portion	145.0	100.3
Current portion	6.2	7.7
Total book value	151.2	108.0
Measurement at amortized cost	5.0	3.2
Total nominal redemption value	156.2	111.2

NET DEBT

The breakdown of net debt, alternative performance indicator, is as follows:

in millions of euros	30.09.2019	31.12.2018
A. Cash and cash equivalents	(92.2)	(140.9)
B. Other cash equivalents	(4.6)	(5.0)
C. Investments in securities	(9.5)	(8.0)
D. Liquidity (A)+(B)+(C)	(106.3)	(153.9)
E. Current financial receivables	(3.6)	(9.1)
F. Current payables to banks	176.3	79.2
G. Current portion of non-current payables	68.9	27.0
H. Other current financial payables	0.6	0.3
I. Current financial debt (F) + (G) + (H)	245.8	106.5
J. Net current financial debt (D)+(E)+(I)	135.9	(56.5)
K. Non-current portion of non-current bank payables	391.4	176.6
L. Bonds issued	145.0	100.3
M. Other non-current financial payables	139.5	6.4
N. Non-current financial assets	(42.5)	(42.2)
O. Net non-current financial debt (K)+(L)+(M)+(N)	633.4	241.1
P. Net financial debt (J)+(O)	769.3	184.6

When preparing the table of net financial indebtedness, which is not indicated as an accounting measurement by international accounting standards, we took into account the requirements of Consob Communication DEM/6064293 of 28 July 2006, except that we included non-current financial assets represented by financial receivables.

Total non-current financial assets differs from that reported in the balance sheet as it does not include equity interests in other companies. A breakdown of the items comprising net debt is given in Notes 5 and 10.

The Group also has payables in respect of acquisitions totalling 121.3 million euros (65.9 million euros at 31 December 2018), predominantly relating to the options agreed for the purchase of the minority interests in subsidiaries. The change compared with the previous period is mainly due to the recognition of payables relating to the acquisitions of ATOP, Perfect Pack, Spreafico and Tecmar.

Net debt at the end of the period amounts to 769.3 million euros compared with 184.6 million euros at the end of 2018. The increase mainly derives from application of IFRS 16 (152.6 million euros), the dividends paid by the Parent Company (78.3 million euros paid in May 2019) and the purchase of the shares in Spreafico, ATOP, Perfect Pack and Tecmar for a total of 281.6 million euros.

Net debt is expected to decline significantly towards the end of the year. This is a normal process due to the seasonal nature of the business, with 30 September falling into a period of the year when net working capital always rises because of work on contracts that will be delivered later in the year.

14. EMPLOYEE DEFINED BENEFIT LIABILITIES

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

The movements in these provisions in the period were as follows:

in millions of euros	
Balance at 01.01.2019	34.7
Current service cost	1.2
Financial charges	0.4
Net actuarial losses (gains) recognized during the period	2.8
Change in scope of consolidation	2.2
Benefit paid out during the period	(2.0)
Exchange rate difference	0.1
Balance at 30.09.2019	39.4

The change in the scope of consolidation includes the defined benefit plans of ATOP S.p.A., Claren Cutting Service S.r.l., Perfect Pack S.r.l., Spares & More S.r.l. and Spreafico Automation S.r.l.

The employee defined benefit liabilities are analyzed below by geographical area:

in millions of euros	30.09.2019	31.12.2018
Italy	25.7	22.4
Germany	6.9	6.5
Switzerland	4.7	3.7
France	0.3	0.3
North America	0.9	1.0
Other countries	0.9	0.8
Total	39.4	34.7

15. PROVISIONS FOR RISKS AND CHARGES

These provisions are analysed as follows:

in millions of euros	Balance at 31.12.2018	Net increases	Net decreases	Change in scope of consolidation	Balance at 30.09.2019
Non-current:					
Agency termination indemnities	3.4	–	(0.1)	0.1	3.4
Other provisions	1.2	–	(0.4)	2.1	2.9
	4.6	–	(0.5)	2.2	6.3
Current:					
Product guarantee provision	25.0	2.6	(1.6)	1.9	27.9
Other provisions	2.4	0.2	(0.8)	–	1.8
	27.4	2.8	(2.4)	1.9	29.7
Total	32.0	2.8	(2.9)	4.1	36.0

The product guarantee provision was established on the basis of estimated expenses for work performed under guarantee after 30 September 2019.

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

16. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES**TRADE AND OTHER PAYABLES**

This item comprises:

in millions of euros	30.09.2019	31.12.2018
Trade payables	334.6	364.2
Social security and defined-contribution plans payables	10.5	14.2
Tax payables	9.3	12.1
Due to employees	83.5	67.2
Payables in respect of acquisitions	121.3	65.9
Deposits	1.2	2.0
Other payables	12.0	11.6
Total	572.4	537.2

TRADE PAYABLES

This item includes trade payables of 238.9 million euros (264.7 million euros at 31 December 2018), payables to agents of 14.6 million euros (16.0 million euros at 31 December 2018) and trade payables to associates of 81.1 million euros (83.5 million euros at 31 December 2018).

TAX PAYABLES

Tax payables mainly consist of income tax withheld from employees' wages and salaries.

DUE TO EMPLOYEES

The item mainly reflects the payable relating to deferred monthly payments and accrued holidays. This item includes 14.0 million euros classified among the non-current liabilities (7.7 million euros at 31 December 2018).

PAYABLES IN RESPECT OF ACQUISITIONS

At 30 September 2019 these include payables for the purchase of investments relating to the acquisitions that took place in 2019 for 59.0 million euros, mainly relating to ATOPbi S.p.A., Perfect Pack S.r.l., Spares & More S.r.l., Spreafico Automation S.r.l. and Tecmar S.A., the acquisitions that took place in 2018 for 31.6 million euros, which mainly relate to Ciemme S.r.l. and TMC Group, and the acquisitions that took place in previous years for 30.7 million euros, which mainly relate to Eurosicma S.p.A. and Teknoweb Converting S.r.l.

The total amount of payables for acquisitions classified under non-current liabilities comes to 112.6 million euros (62.6 million euros at 31 December 2018).

OTHER PAYABLES

Other payables include 3.6 million euros classified under non-current liabilities (4.4 million euros at 31 December 2018).

CONTRACT LIABILITIES

This caption is analysed as follows:

in millions of euros	30.09.2019	31.12.2018
Advances received from customers	164.4	133.5
Contract liabilities related to contract works	34.1	40.4
Total	198.5	173.9

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

Contract liabilities relating to existing contracts are shown net of the related assets, as illustrated below:

in millions of euros	30.09.2019	31.12.2018
Advances received	91.0	104.1
Contract assets related to contract works	(56.9)	(63.7)
Total	34.1	40.4

Contract liabilities consist of advances received for contract work in progress at the end of the period, net of the assets relating to existing contracts.

17. PERSONNEL COSTS

This item comprises:

in millions of euros	from 01.01.2019 to 30.09.2019	from 01.01.2018 to 30.09.2018	Change
Wages and salaries	226.4	203.9	22.5
Social security contributions	53.0	47.5	5.5
Board of Directors' emoluments	7.1	9.8	(2.7)
Pensions - defined-benefit plans	1.2	1.1	0.1
Pensions - defined-contribution plans	11.3	10.4	0.9
Other personnel costs	15.7	16.7	(1.0)
Total	314.7	289.4	25.3

Personnel costs attributable to the TMC Group, partially included in the scope of consolidation in 2018 for 6.8 million euros, amounted to 13.2 million euros in 2019.

In addition, the item includes 5.2 million euros attributable to the newly acquired ATOP S.p.A., Spreafico Automation S.r.l. and Tecmar S.A.

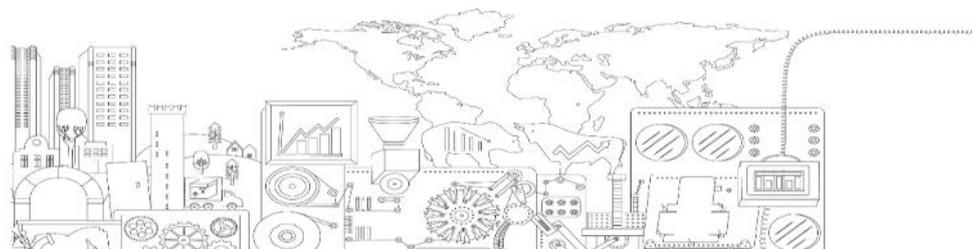
The increase in personnel costs also reflects the rise in the total number of employees during the period.

In the first nine months of 2019 the IMA Group employed an average of 5,880 persons (5,371 persons in the same prior year period). At the end of period, the Group had 6,163 employees (5,623 at 31 December 2018), of whom 337 were attributable to ATOP S.p.A., Spreafico Automation S.r.l. and Tecmar S.A.

18. DEPRECIATION, AMORTIZATION AND WRITE-DOWNS

This caption includes depreciation of property, plant and equipment of 28.3 million euros (10.8 million euros in the same prior year period), amortisation of intangible assets of 26.0 million euros (20.2 million euros in the first nine months of 2018) and the writedown of receivables of 0.6 million euros (0.5 million euros in the same period of the prior year).

In the third quarter of 2019 the FTA of IFRS 16 led to the recognition of depreciation on ROUs of 15.4 million euros.



19. FINANCIAL INCOME

This item comprises:

in millions of euros	from 01.01.2019 to 30.09.2019	from 01.01.2018 to 30.09.2018	Change
Fair value remeasurement of the interest held in ATOPbi S.p.A.	56.3	–	56.3
Fair value remeasurement of the interest held in Petroncini S.p.A.	–	11.6	(11.6)
Interest income from banks	0.3	0.2	0.1
Income from derivative financial instruments	0.3	0.3	–
Income from financial assets at FVOCI	2.7	–	2.7
Change in fair value for contingent consideration	1.9	1.5	0.4
Other interest income and financial income	1.4	0.8	0.6
Exchange rate gains	17.0	17.4	(0.4)
Total	79.9	31.8	48.1

With regard to the proceeds of the remeasurement at fair value of the interest in ATOPbi S.p.A., please refer to the comments in Note 24.

20. FINANCIAL EXPENSE

This item comprises:

in millions of euros	from 01.01.2019 to 30.09.2019	from 01.01.2018 to 30.09.2018	Change
Fair value remeasurement of the interest held in CMRE S.r.l.	1.0	–	1.0
Interest expense on bank payables	4.3	3.0	1.3
Interest expense on bonds	3.6	3.9	(0.3)
Interest expense on leases	3.0	–	3.0
Net financial expense on defined-benefit plans	0.5	0.5	–
Loss on financial assets at FVPL	–	0.6	(0.6)
Bank guarantee expenses	0.5	0.5	–
Expense from derivative financial instruments	1.0	1.2	(0.2)
Change in fair value for contingent consideration	3.0	2.2	0.8
Other interest and financial expense	2.2	2.3	(0.1)
Net expense from hyperinflation	0.4	–	0.4
Exchange rate losses	16.8	13.8	3.0
Total	36.3	28.0	8.3

Exchange gains and losses in the period to 30 September 2019 included, respectively, an unrealized gain of 9.7 million euros and an unrealized loss of 9.0 million euros (9.4 million euros and 6.0 million euros respectively in the same prior year period).

21. TAXES

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

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

22. PROFIT (LOSS) FROM DISCONTINUED OPERATIONS/DISPOSAL GROUPS

As mentioned in the 2018 annual report, on 20 December 2018, IMA S.p.A. completed the closing of the sale of 60% of its investment in IMA Dairy & Food Holding GmbH to TB Tauris Italia S.r.l.

The income statement items attributable to the business sold were as follows:

in millions of euros	from 01.01.2018 to 30.09.2018
Revenue and other revenue	83.1
Costs	(100.5)
Financial income and expense	(0.9)
Income taxes	2.1
Profit (loss) from discontinued operations/disposal groups	(16.2)

23. EARNINGS PER SHARE

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

	from 01.01.2019 to 30.09.2019	from 01.01.2018 to 30.09.2018
Net profit from continuing operations (millions of euros)	88.0	71.9
Average number of outstanding ordinary shares (millions of shares)	39.2	39.3
Earning per share from continuing operations (in euros)	2.24	1.83
Profit (loss) from discontinued operations/disposal groups (millions of euros)	–	(16.2)
Average number of outstanding ordinary shares (millions of shares)	39.2	39.3
Earning per share from discontinued operations/disposal groups (in euros)	–	(0.41)
Profit for the period (millions of euros)	88.0	55.7
Average number of outstanding ordinary shares (millions of shares)	39.2	39.3
Earning per share (in euros)	2.24	1.42

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

24. BUSINESS COMBINATIONS

On 4 February 2019, Transworld Packaging Holding S.p.A. acquired 100% of the Swiss company Luna Investment SA, based in Lugano with share capital of 100 thousand Swiss francs, for a total of 2.0 million euros. The company has as its object to purchase, hold, manage and sell equity investments. The goodwill recognized provisionally amounts to approximately 2 million euros.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

On 11 April 2019, IMA completed the closing of the acquisition of 61.45% of Tecmar S.A., based in Mar del Plata (Argentina), an important player in the South American market in the design, production and marketing of automatic packaging machines in the coffee and food sectors. IMA has also signed put & call options on the other 38.55%, to be exercised after the approval of the financial statements at 31 December 2023.

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

in millions of euros	Amounts acquired	Fair value
Property, plant and equipment	0.4	0.4
Intangible assets	–	3.0
Inventories	0.9	0.9
Trade receivables and other assets	0.8	0.8
Cash and cash equivalents	1.1	1.1
Borrowings	(0.3)	(0.3)
Deferred tax liabilities	–	(0.9)
Income tax liabilities	(0.4)	(0.4)
Trade payables and other liabilities	(1.7)	(1.7)
Total	0.8	2.9
Cost of acquisition		3.9
Goodwill		1.0

The fair value of the assets and liabilities was determined on a provisional basis, recognising in particular: (i) non-patented technologies classified as development costs for 2.1 million euros; (ii) trademarks and customer lists classified as software, licences, trademarks and other rights for 0.5 million euros and 0.4 million euros respectively; (iii) deferred taxes of 0.9 million euros.

The cost of the acquisition includes the amount of 1.7 million euros (1.4 million euros paid at the closing with the balance due in May 2019), and the fair value of payables relating to the options for the purchase of the other 38.55% of Tecmar S.A. for 2.2 million euros, discounted using the return on government securities with the same maturity.

At 30 September 2019, the newly acquired consolidated company for 6 months, generated revenue of 1.6 million euros, an operating profit of 0.4 million euros and personnel costs of 0.7 million euros.

On 16 April 2019, IMA completed the closing for the purchase of 70% of Spreafico Automation S.r.l.; the company, based in Calolziocorte (LC), is an important player in the design, production and marketing of automatic machines for filling and preparing capsules for coffee and other soluble products. IMA has also been granted a purchase option, exercisable in April 2028, for the other 30% of the company.

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

in millions of euros	Amounts acquired	Fair value
Property, plant and equipment	3.6	3.6
Intangible assets	–	23.3
Inventories	5.3	5.3
Trade receivables and other assets	4.9	4.9
Cash and cash equivalents	1.0	1.0
Borrowings	(2.0)	(2.0)
Employee defined benefit liabilities	(0.4)	(0.4)
Deferred tax liabilities	–	(6.5)
Income tax liabilities	(0.5)	(0.5)
Trade payables and other liabilities	(7.6)	(7.6)
Total	4.3	21.1
Cost of acquisition		21.6
Goodwill		0.5

The fair value of the assets and liabilities was determined on a provisional basis, recognising in particular: (i) non-patented technologies classified as development costs for 18.3 million euros; (ii) trademarks and customer lists classified as software, licences, trademarks and other rights for 2.9 million euros and 2.1 million euros respectively; (iii) deferred taxes of 6.5 million euros.

The cost of the acquisition includes the 10.0 million euros paid at the closing, the balance of the provisional price of 2.4 million euros paid in July 2019 and the potential consideration of 9.2 million euros, of which 3.3 million by way of earn-out and 5.9 million euros for the fair value of the options for the purchase of the other 30% of Spreafico Automation S.r.l., discounted using the return on government securities with the same maturity.

At 30 September 2019, the newly acquired company, consolidated for 6 months, generated revenue of 6.1 million euros and an operating profit of 1.4 million euros, including personnel costs of 1.3 million euros.

On 19 June 2019 IMA acquired a further 50% of CMRE S.r.l., a real estate company based in Bologna, from related parties for 5.0 million euros, thus bringing its total stake in the company to 100%. As required by IFRS 3, if a business combination is carried out in stages, the interest held previously is remeasured at fair value at the date control is acquired and the difference between it and the value of the investment held previously is recognized in the income statement; the charge relating to the acquisition of CMRE S.r.l., calculated in this way, was equal to Euro 1.0 million. The goodwill recognized provisionally amounts to approximately 0.9 million euros.

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On 2 July 2019, IMA completed the closing for the purchase of 56.1% of ATOPbi S.p.A. and 16% of Stator S.p.A. As a result of this agreement, IMA, which has been a shareholder of ATOPbi S.p.A. since 2017, now has a total interest in the company of around 81.1%. Following this transaction, IMA S.p.A. indirectly holds approximately 84% of ATOP S.p.A., a company based in Barberino Tavarnelle (FI) and a market leader in automatic machines and lines for the production of stators and rotors used in electric motors for the automotive sector. Put & call options were also taken out on the shares reinvested by the founding shareholders for a total of 6% of the capital, to be exercised after the date of approval of the financial statements at 31 December 2021.

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

in millions of euros	Fair value
Property, plant and equipment	12.8
Intangible assets	7.8
Deferred tax assets	3.6
Inventories	10.4
Trade receivables and other assets	39.0
Cash and cash equivalents	6.0
Borrowings	(26.5)
Employee defined benefit liabilities	(0.7)
Deferred tax liabilities	(5.0)
Trade payables and other liabilities	(41.8)
Total	5.6
Value of the business combination	
Carrying amount of interest held at the acquisition date	16.3
Fair value remeasurement of the interest held at the acquisition date	56.3
Cost of acquisition made in 2019	258.0
Minority	1.5
Goodwill	326.5

The fair value of the assets and liabilities has been determined provisionally and the excess acquisition cost has been recorded temporarily as goodwill. The cost of the acquisition includes the amount of 229.7 million euros paid at the closing and the potential consideration of 28.3 million euros relating to the fair value of the option subscribed for the purchase of 8.12% of ATOPbi S.p.A., discounted using the yield on government securities with the same duration.

At 30 September 2019 the newly acquired companies, consolidated for 3 months, generated revenue of 16.4 million euros and an operating profit of 6.2 million euros, including personnel costs of 3.3 million euros.

On 26 July 2019 Tissue Machinery Company S.p.A. completed the acquisition of 80% of the share capital of Spares & More S.r.l., based in Galliciano (LU) and active in the sector of industrial overhaul and reconditioning of used machines. TMC has also signed a Put & Call option on the other 20%, which can be exercised from 1 January 2020. On 31 July 2019 Spares & More S.r.l. subscribed an increase of capital of 100 thousand euros, approved by Claren Cutting Service S.r.l., based in Calderara di Reno (BO) and active in the

supply of compatible spare parts for tissue machines, resolved following the complete cancellation of Claren's share capital. The interest that Spares & More S.r.l. has in Claren Cutting Service S.r.l. is therefore 100%. The goodwill recognized provisionally and included in the TMC Group CGU amounts to 3.1 million euros.

On 6 August 2019, IMA acquired 60% of Perfect Pack S.r.l., based in Rimini, an important player in the design, production and marketing of automatic enveloping machines and complete lines for single-dose packs for various different markets: pharmaceutical, cosmetic, nutraceutical and chemical. A put option was also granted on the other 40% of the company, which can be exercised in April 2024 and April 2029.

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

in millions of euros	Fair value
Property, plant and equipment	1.1
Inventories	2.6
Trade receivables and other assets	0.9
Cash and cash equivalents	3.7
Borrowings	(0.8)
Employee defined benefit liabilities	(0.5)
Trade payables and other liabilities	(2.8)
Total	4.2
Cost of acquisition	29.6
Goodwill	25.4

The fair value of the assets and liabilities has been determined provisionally and the excess acquisition cost has been recorded temporarily as goodwill. The cost of the acquisition includes the 12.5 million euros paid at the closing, the potential consideration of 17.1 million euros, of which 0.9 million by way of earn-out and 16.2 million for the fair value of the option signed for the purchase of the other 40% of Perfect Pack S.r.l., discounted using the return on government securities with the same maturity.

At 30 September 2019, the newly acquired company, consolidated for 2 months, generated revenue of 0.5 million euros and an operating profit of 0.2 million euros, including personnel costs of 0.2 million euros.

The amounts recognized at the acquisition date were determined provisionally as required by IFRS 3; any adjustments will be recorded within 12 months from the date of the acquisitions.

2.0 million euros of ancillary charges related to the acquisition were booked to the income statement under services, rentals and leases.

At 30 September 2019 the amount of the purchase price that has been paid, net of the cash acquired, amounts to 251.4 million euros.

25. GUARANTEES GRANTED

At 30 September 2019, the Group provided sureties and other bank guarantees to customers for 34.9 million euros for the proper functioning of the machines, bid bonds and advances not yet received, sureties guaranteeing lease contracts for 9.2 million euros and guarantees in favour of others for 4.4 million euros.

The Parent Company has also given sureties and other guarantees (binding letters of patronage) to third parties on behalf of subsidiaries and associates, with respect to lines of credit or financing extended by banks and the payment of rental fees for 369.1 million euros.

Ilapak International SA and Packaging Manufacturing Industry S.r.l. have provided guarantees to third parties in the interest of Ilapak Verpackungsmaschinen GmbH for 2.1 million euros and Logimatic S.r.l. for 0.6 million euros.

Lastly, note that sureties were issued against advances received from customers for a total of 98.2 million euros (117.0 million euros at 31 December 2018), of which 43.0 million euros reflect the use of credit lines guaranteed by commitments on the part of the Parent Company.

26. COMMITMENTS

At 30 September 2019 there are commitments for the purchase of property, plant and equipment and intangible assets of 12.5 million euros relating principally to the property complex being built by CMRE S.r.l.

Other commitments in favour of third parties, 23.2 million euros, mainly consist of the Parent Company's agreement to buy further units of the mutual funds.

27. RELATED-PARTY TRANSACTIONS

In compliance with current Consob regulations on Related-Party Transactions, from 2010 IMA S.p.A. adopted the procedure to be followed by IMA and its subsidiaries when carrying out transactions with parties related to IMA; this procedure was updated on 15 February 2019.

At 30 September 2019 the share capital of IMA S.p.A. was held 56.789% by SO.FI.MA Società Finanziaria Macchine Automatiche S.p.A. Following the total asymmetric spin-off of Lopam Fin S.p.A., the former parent company of SO.FI.MA Società Finanziaria Macchine Automatiche S.p.A., which took place on 16 July 2019, and its consequent cancellation from the register of companies, the entity at the highest hierarchical level that holds control of IMA S.p.A. at 30 September 2019 is SO.FI.MA Società Finanziaria Macchine Automatiche S.p.A.

Intercompany transactions are carried out in the ordinary course of business on arm's-length terms. Relations with other related parties are mainly attributable to the persons who control the Parent Company, to persons who administer and direct the activities of IMA S.p.A. and to entities that are controlled by them.

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

Related party transactions mainly refer to commercial and property operations (leased premises used by the Parent Company or Group companies), as well as to membership of the tax group.

Note that during the first nine months there were no "more significant transactions", as defined in the Consob regulation, no individual Related Party transactions that could have had a significant influence over the companies' balance sheet or results and no changes or developments in Related Party transactions explained in the last annual report that could have had a significant influence over the companies' balance sheet or results.

Please refer to the section "Scope of consolidation" for detailed comments on the absorption of GIMA TT S.p.A. by IMA S.p.A. ("Merger"), communicated to the market on 11 June 2019 and approved by the Extraordinary Shareholders' Meetings of the two companies on 8 August 2019, with the deed of merger signed and registered with the Bologna Companies Register on 31 October 2019, taking effect on 5 November 2019.

In relation to the Merger, the following is worth noting:

-) as regards IMA S.p.A., the merger is exempt from the application of the specific company procedure that regulates transactions with related parties, as it is a transaction carried out with a subsidiary in which there are no significant interests of other related parties;
-) as regards GIMA TT S.p.A., the merger constitutes a transaction with related parties that is not exempt from the application of the specific company procedure, as it is concluded with the controlling shareholder. Moreover, from a size point of view, this operation is considered to be of "greater significance". Consequently, the merger project was approved by the Board of Directors of GIMA TT S.p.A. subject to the reasoned favourable opinion of the committee consisting solely of unrelated independent directors of GIMA TT S.p.A. regarding the company's interest in completing the transaction, as well as the convenience and substantial and procedural correctness of the terms and conditions of the merger of GIMA TT S.p.A. and IMA S.p.A., which was unanimously given on 10 June 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

in millions of euros	Receivables at 30.09.2019	Receivables at 31.12.2018	Payables at 30.09.2019	Payables at 31.12.2018
Associates and joint venture:				
Amherst Stainless Llc	1.4	1.1	0.2	0.6
A.P.M. Assembly Pack. Mach. S.r.l.	0.4	–	1.5	–
ATOPbi S.p.A.	–	16.3	–	–
B.C. S.r.l.	3.4	3.0	0.8	0.8
Bacciottini F.Ili S.r.l.	1.1	1.2	8.4	5.7
Bolognesi S.r.l.	1.3	1.1	4.9	5.1
CMRE S.r.l.	–	8.5	–	–
Doo Officina-Game East Vrsac	1.2	1.4	–	0.1
I.E.M.A. S.r.l.	3.3	2.9	16.5	20.0
IMA Dairy & Food Holding GmbH	52.3	52.8	–	1.3
Inkbit LLC	2.1	2.1	–	–
LACO S.r.l.	0.9	0.8	3.0	2.9
Logimatic S.r.l.	11.1	8.7	24.2	20.9
Meccanica Sarti S.r.l.	1.3	1.2	0.7	0.8
Me.Mo. S.r.l.	1.8	1.5	0.1	0.1
MORC 2 S.r.l.	1.8	1.7	1.1	0.9
O.M.S. Officina Meccanica di Sonico S.r.l.	1.1	1.0	0.7	1.2
RO.SI S.r.l.	0.3	0.3	1.9	2.3
SIL.MAC S.r.l.	3.0	2.2	8.4	10.4
STAMA. S.r.l.	0.1	0.1	2.0	1.6
Talea S.r.l.	6.4	7.1	5.0	6.7
Other associates	1.3	1.5	1.7	1.9
	95.6	116.5	81.1	83.3
Other related parties:				
3-T S.r.l.	–	–	1.2	–
ATOP S.p.A.	–	4.0	–	–
Costal S.r.l.	–	–	1.0	1.6
EPSOL S.r.l.	1.3	1.3	5.1	5.1
Erca S.A.S.	1.1	1.3	–	0.1
Gasti Verpackungsmaschinen GmbH	0.4	0.8	–	–
Hassia Verpackungsmaschinen GmbH	0.9	1.3	–	0.1
Hotminds S.r.l.	0.1	0.2	1.1	0.9
IMA Dairy & Food USA Inc.	0.1	0.3	0.1	–
LPM.GROUP S.r.l.	0.1	0.1	5.9	5.4
Timage S.r.l.	–	–	0.8	1.3
Other related parties	0.9	0.7	2.4	1.9
	4.9	10.0	17.6	16.4
Total	100.5	126.5	98.7	99.7

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

in millions of euros	Revenues from 01.01.2019 to 30.09.2019	Revenues from 01.01.2018 to 30.09.2018	Costs from 01.01.2019 to 30.09.2019	Costs from 01.01.2018 to 30.09.2018
Associates and joint venture:				
Amherst Stainless Llc	0.1	–	2.9	2.5
ATOPbi S.p.A.	–	0.6	–	–
B.C. S.r.l.	0.4	0.3	4.4	4.7
Bacciottini F.lli S.r.l.	0.3	0.2	9.6	5.2
Bolognesi S.r.l.	0.3	0.2	4.6	4.4
Brio Pharma Technologies Ltd.	–	–	0.1	0.5
Doo Officina-Game East Vrsac	0.1	0.1	0.8	0.7
I.E.M.A. S.r.l.	1.8	2.0	13.6	15.9
IMA Dairy & Food Holding GmbH	0.8	–	0.6	–
LA.CO S.r.l.	0.2	0.2	2.7	2.9
Logimatic S.r.l.	6.0	4.1	18.5	18.4
Masterpiece S.r.l.	–	–	0.7	0.7
Meccanica Sarti S.r.l.	–	–	0.7	1.0
MORC 2 S.r.l.	0.2	0.2	2.6	1.6
O.M.S. Officina Meccanica Sonico S.r.l	0.1	–	1.8	–
Powertransmission.it S.r.l.	–	–	0.8	0.9
RO.SI S.r.l.	0.1	–	1.7	–
SIL.MAC. S.r.l.	1.5	1.5	6.3	8.1
S.I.Me. S.r.l.	–	–	0.9	0.9
STAMA S.r.l.	0.1	0.1	1.9	1.4
Talea S.r.l.	0.1	–	4.1	3.2
Other associates	0.1	0.2	0.8	1.0
	12.2	9.7	80.1	74.0
Other related parties:				
3-T S.r.l.	–	–	1.1	–
ATOP S.p.A.	2.0	5.4	–	–
Costal S.r.l.	–	–	1.9	2.3
Deltos S.r.l.	–	–	0.8	0.6
ERCA S.A.S.	0.6	–	0.1	–
EPSOL S.r.l.	1.1	1.6	4.5	3.8
Hassia Verpackungsmaschinen GmbH	1.2	–	0.2	–
LPM.GROUP S.r.l.	0.1	–	5.3	–
Timage S.r.l.	–	–	1.9	–
Other related parties	0.6	0.1	7.1	5.8
	5.6	7.1	22.9	12.5
Total	17.8	16.8	103.0	86.5

In the first nine months of 2018 there was 2.3 million euros relating to rental costs attributable to other related parties; due to the adoption of IFRS 16, the costs for rentals from related parties in the first nine months of 2019 have been reversed. It should also be noted that the item Other related parties includes fees for 2.0 million euros relating to professional services from a related party, namely a Director of the Parent Company.

These balances and transactions relate primarily to the Group's Italian companies. There are also dealings with SO.FI.M.A. S.p.A., the Parent Company, as a result of setting up the domestic tax group, as mentioned in Note 21.

On 19 June 2019 IMA acquired a further 50% of CMRE S.r.l., a company based in Bologna, from related parties for 5.0 million euros, thus bringing its total stake in the company to 100%. The company is active in the real estate sector. The transaction was examined and approved by the specific committee as a transaction completed with a related party.

The increase in trade payables to associates reflects the Group's constant commitment in pursuing close collaboration with those suppliers that play a key role in production, also by considering the possibility of becoming shareholders in their companies. Transactions with associates are largely of a commercial nature. See Note 4 for further information. Related party transactions do not represent a significant proportion of the totals reported in the financial statements.

28. SIGNIFICANT NON-RECURRING TRANSACTIONS AND EVENTS

During the first nine months of 2019, non-recurring charges classified as Services, rentals and leases amounted to 7.0 million euros and relate principally to costs involved in the plan to merge GIMA TT S.p.A. and IMA S.p.A. for 4.8 million euros, as commented on in the section "Scope of consolidation"; they also included ancillary charges on acquisitions of 2.0 million euros.

During the first nine months of 2018, non-recurring charges classified as Personnel costs and Services, rentals and leases amounted to 1.9 million euros and 1.8 million euros, respectively.

29. ATYPICAL AND/OR UNUSUAL TRANSACTIONS

No positions or operations deriving from atypical and/or unusual transactions arose during the first nine months of 2019.

30. SIGNIFICANT EVENTS AFTER THE END OF THE THIRD QUARTER

As commented on in the section entitled Scope of consolidation, on 31 October 2019 IMA S.p.A. and GIMA TT S.p.A. signed the merger deed, which was registered with the Bologna Companies Register on the same date.

The merger took effect from 5 November 2019 ("Effective Date"), with the consequent termination of GIMA TT S.p.A. On the other hand, the accounting and tax effects of the merger will be backdated to 1 January 2019.

On the Effective Date, IMA S.p.A. increased its share capital by a total nominal amount of 2,055,304.68 euros by issuing 3,952,509 shares to service the share exchange at a ratio of 11.4 ordinary shares of IMA with a par value of 0.52 euros each for every 100 ordinary shares of GIMA TT S.p.A. On the effective date, the share capital of IMA S.p.A. is therefore equal to a nominal amount of 22,470,504.68 euros, divided into 43,212,509 ordinary shares with a par value of 0.52 euros each, listed on the MTA.

The merger deed is available to the public on the websites www.ima.it and www.gimatt.it.

As of today's date, following the Merger, the shareholders holding equity investments to which a percentage of voting rights exceeding 3% of the total voting rights is due by reason of the accrual of the increased voting rights pursuant to art. 127 *quinquies* of the TUF are: SO.FI.MA Società Finanziaria Macchine Automatiche S.p.A. and HYDRA S.p.A. with 66.956% and 3.067%, respectively.

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

Companies consolidated line-by-line	Registered office		Share capital	Currency	Direct investment	Indirect investment
Industrial and service companies:						
- I.M.A. Industria Macchine Automatiche S.p.A.	Ozzano dell'Emilia	Bologna - Italy	20,415,200	EUR	Parent company	-
- ATOP S.p.A.	Barberino Tavarnelle	Florence - Italy	208,000	EUR	-	90.984% (1)
- Ciemme S.r.l.	Albavilla	Como - Italy	100,000	EUR	100% (2)	-
- Claren Cutting Service S.r.l.	Calderara di Reno	Bologna - Italy	100,000	EUR	-	100% (3)
- CO.MA.DI.S. S.p.A.	Senago	Milan - Italy	1,540,000	EUR	100%	-
- Corazza S.p.A.	Bologna	Bologna - Italy	15,675,000	EUR	100%	-
- Eurosicma - Costruzioni Macchine Automatiche S.p.A.	Milan	Milan - Italy	700,000	EUR	100% (4)	-
- Eurotekna S.r.l.	Milan	Milan - Italy	32,243	EUR	-	85.71% (5)
- GIMA S.p.A.	Zola Predosa	Bologna - Italy	1,000,000	EUR	100%	-
- GIMA TT S.p.A.	Ozzano dell'Emilia	Bologna - Italy	440,000	EUR	60.4%	-
- G.S. Coating Technologies S.r.l.	Castel San Pietro T.	Bologna - Italy	100,000	EUR	100%	-
- Ilapak Italia S.p.A.	Foiano della Chiana	Arezzo - Italy	4,074,000	EUR	-	81% (6)
- Mapster S.r.l.	Collecchio	Parma - Italy	10,000	EUR	-	100% (7)
- O.A.SYS. Open Automation System S.r.l.	Segrate	Milan - Italy	20,800	EUR	-	70% (5)
- Perfect Pack S.r.l.	Rimini	Rimini - Italy	20,800	EUR	100% (8)	-
- Petroncini Impianti S.p.A.	Modena	Modena - Italy	120,000	EUR	-	80% (7)
- Pharmasiena Service S.r.l.	Siena	Siena - Italy	100,000	EUR	70%	-
- Revisioni Industriali S.r.l.	Ozzano dell'Emilia	Bologna - Italy	100,000	EUR	-	100% (9)
- Spares & More S.r.l.	Galliciano	Lucca - Italy	10,848	EUR	-	100% (10)
- Spreafico Automation S.r.l.	Calolziocorte	Lecco - Italy	200,000	EUR	100% (11)	-
- Teknoweb Converting S.r.l.	Palazzo Pignano	Cremona - Italy	1,000,000	EUR	100% (12)	-
- Telerobot S.p.A.	Alessandria	Alessandria - Italy	50,000	EUR	-	100% (7)
- Tissue Machinery Company S.p.A.	Castel Guelfo	Bologna - Italy	8,000,000	EUR	100% (13)	-
- Benhil GmbH	Neuss	Germany	5,500,000	EUR	100%	-
- Delta Systems & Automation Llc	Lowell	USA	1,000	USD	-	100% (14)
- Hassia Packaging Pvt. Ltd.	Taluka Shirur Pune	India	42,000,000	INR	100%	-
- Ilapak International SA	Collina d'Oro Lugano	Switzerland	4,000,000	CHF	-	81% (15)
- Ilapak (Beijing) Packaging Machinery Co. Ltd.	Beijing	PRC	3,000,000	USD	-	81% (16)
- IMA Automation Malaysia Sdn. Bhd.	Penang	Malaysia	3,000,000	MYR	-	100% (7)
- IMA Automation USA Inc.	Loves Park	USA	10,610,000	USD	-	100% (14)
- IMA Life (Beijing) Pharmaceutical Systems Co. Ltd.	Beijing	PRC	400,000	USD	100%	-
- IMA Life (Shanghai) Pharmaceutical Mach. Co. Ltd.	Shanghai	PRC	5,250,000	RMB	-	86.29% (17)
- IMA Life North America Inc.	Tonawanda	USA	100	USD	-	100% (14)
- IMA Life The Netherlands B.V.	Dongen	The Netherlands	22,382,654 (*)	EUR	100%	-
- IMA MAI S.A.	Mar del Plata	Argentina	1,549,776	ARS	100% (18)	-
- IMA Medtech Switzerland SA	La Chaux de Fonds	Switzerland	13,250,000	CHF	-	100% (7)
- IMA North America Inc.	Leominster	USA	8,052,500	USD	-	100% (14)
- IMA-PG India Pvt. Ltd.	Mumbai	India	17,852,100	INR	100%	-
- IMA Swiftpack Ltd.	Alcester	UK	1,403,895	GBP	100%	-
- Tianjin IMA Machinery Co. Ltd.	Tianjin	PRC	200,000	USD	100%	-
- Tecmar S.A.	Mar del Plata	Argentina	692,500	ARS	100% (19)	-
- Valley Tissue Packaging Inc.	Kaukauna	USA	3,645	USD	-	100% (20)

(*) The nominal share capital of IMA Life The Netherlands B.V. amounts to Eur 45,400,000

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Companies consolidated line-by-line (continued)	Registered office		Share capital	Currency	Direct investment	Indirect investment
Commercial companies:						
- Asset Management Service S.r.l.	Castel Guelfo	Bologna - Italy	500,000	EUR	-	100% (21)
- Ilapak do Brasil Ltda. (in liquidation)	Sao Paulo	Brazil	8,219,229	BRL	-	81% (15)
- Ilapak France SA	Lognes Paris	France	105,130	EUR	-	81% (6)
- Ilapak Inc.	Newtown	USA	12,500	USD	-	81% (6)
- Ilapak Israel Ltd.	Caesarea	Israel	5,310,505	ILS	-	81% (6)
- Ilapak Ltd.	Uxbridge London	UK	795,536	GBP	-	81% (6)
- Ilapak SNG OOO	Moscow	Russia	1,785,700	RUB	-	81% (6)
- Ilapak Sp. Z o.o.	Krakow	Poland	3,740,400	PLN	-	81% (6)
- Ilapak Verpackungsmaschinen GmbH	Haan Duesseldorf	Germany	102,500	EUR	-	81% (6)
- IMA Est GmbH	Vienna	Austria	280,000	EUR	100%	-
- IMA France E.u.r.l.	Rueil Malmaison	France	45,735	EUR	100%	-
- IMA Fuda (Shanghai) Packaging Machinery Co. Ltd.	Shanghai	PRC	6,000,000	RMB	80%	-
- IMA Germany GmbH	Cologne	Germany	90,000	EUR	100%	-
- IMA Iberica Processing and Packaging S.L.	Barcelona	Spain	590,000	EUR	100%	-
- IMA Industries GmbH (in liquidation)	Frankfurt am Main	Germany	100,000	EUR	100%	-
- IMA Life Japan KK	Tokyo	Japan	40,000,000	YEN	-	100% (22)
- IMA Pacific Co. Ltd.	Bangkok	Thailand	132,720,000	THB	99.99%	-
- IMA Packaging & Processing Equipment (Beijing) Co. Ltd.	Beijing	PRC	2,350,000	USD	100%	-
- IMA Packaging Technology India Pvt. Ltd.	Thane	India	10,000,000	INR	100%	-
- IMA UK Ltd.	Alcester	UK	1	GBP	-	100% (23)
- Imautomatiche Do Brasil Ltda.	Sao Paulo	Brazil	6,651,550	BRL	99.98%	-
- OOO IMA Industries	Moscow	Russia	12,000,000	RUB	-	100% (9)
- Petroncini International Trading (Shanghai) Co. Ltd.	Shanghai	PRC	300,000	RMB	-	80% (24)
- Teknoweb N.A. Llc	Loganville Atlanta	USA	56,000	USD	-	75% (25)
- TMC Do Brasil Industria de Maquinarios e Servicos Ltda.	Valinhos	Brazil	678,405	BRL	-	100% (21)
- TMC North America Inc.	Appleton	USA	100,000	USD	-	100% (21)
Financial companies:						
- ATOPbi S.p.A.	Milan	Milan - Italy	249,400	EUR	89.261% (26)	-
- Luna Investment SA	Lugano	Switzerland	100,000	CHF	-	81% (15)
- Packaging Systems Holdings Inc.	Wilmington	USA	1,000	USD	100%	-
- Stator S.p.A.	Milan	Milan - Italy	149,600	EUR	16.043%	74.941% (27)
- Tekno NA Inc.	Atlanta	USA	50,000	USD	-	100% (28)
- Transworld Packaging Holding S.p.A.	Ozzano dell'Emilia	Bologna - Italy	64,833	EUR	81%	-
Other companies:						
- CMRE S.r.l.	Bologna	Bologna - Italy	50,000	EUR	100%	-
- Digidoc S.r.l.	Ozzano dell'Emilia	Bologna - Italy	10,000	EUR	-	80% (29)
- Dreamer S.r.l.	Bologna	Bologna - Italy	100,000	EUR	-	90% (7)
- Packaging Manufacturing Industry S.r.l.	Castenaso	Bologna - Italy	110,000	EUR	100%	-
- Società del Sole S.r.l.	Ozzano dell'Emilia	Bologna - Italy	10,000	EUR	100%	-

Note:

- (1) Held by Stator S.p.A. at 100%
- (2) The percentage interest held in Ciemme S.r.l. includes an option to purchase 30% of the quota capital
- (3) Held by Spares & More S.r.l.
- (4) The percentage interest held in Eurosicma - Costruzioni Macchine Automatiche S.p.A. includes an option to purchase 40% of the quota capital
- (5) Held by Eurosicma - Costruzioni Macchine Automatiche S.p.A.
- (6) Held by Ilapak International SA at 100% except Ilapak France SA held at 99.99%
- (7) Held by GIMA S.p.A.
- (8) The percentage interest held in Perfect Pack S.r.l. includes an option to purchase 40% of the quota capital
- (9) Held by Corazza S.p.A.
- (10) Held by Tissue Machinery Company S.p.A. at 100%. The percentage interest held in Spare & More S.r.l. includes an option to purchase 20% of the quota capital
- (11) The percentage interest held in Spreafico Automation S.r.l. includes an option to purchase 30% of the quota capital
- (12) The percentage interest held in Teknoweb Converting S.r.l. includes an option to purchase 40% of the quota capital
- (13) The percentage interest held in Tissue Machinery Company S.p.A. includes an option to purchase 17.5% of the quota capital
- (14) Held by Packaging Systems Holding Inc.
- (15) Held by Transworld Packaging Holding S.p.A. at 100%
- (16) Held by Ilapak Italia S.p.A. at 100%
- (17) Held by IMA Life (Beijing) Ph. Systems Co. Ltd.
- (18) The percentage interest held in IMA MAI S.A. includes an option to purchase 30% of the quota capital
- (19) The percentage interest held in Tecmar S.A. includes an option to purchase 38.55% of the quota capital
- (20) Held by TMC North America Inc. at 51%. The percentage interest includes an option to purchase 49% of the quota capital
- (21) Held by Tissue Machinery Company S.p.A.
- (22) Held by IMA Life The Netherlands B.V.
- (23) Held by IMA Swiftpack Ltd.
- (24) Held by Petroncini Impianti S.p.A. at 100%
- (25) Held by Tekno NA Inc.
- (26) The percentage interest held in ATOPbi S.p.A. includes an option to purchase 8.122% of the quota capital
- (27) Held by ATOPbi S.p.A. at 83.96%
- (28) Held by Teknoweb Converting S.r.l.
- (29) Held by Packaging Manufacturing Industry S.r.l.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Investment accounted for using the equity method	Registered office		Share		Direct investment
			capital	Currency	
- Amherst Stainless Fabrication LLC	Amherst NY	USA	1,100,000	USD	20% (1)
- A.P.M. Assembly Pack. Mach. S.r.l.	Castel Bolognese	Ravenna - Italy	100,000	EUR	32% (2)
- B.C. S.r.l.	Imola	Bologna - Italy	36,400	EUR	30%
- Bacciottini F.lli S.r.l.	Oste Montemurlo	Prato - Italy	60,000	EUR	30% (2)
- BLQ S.r.l.	Castel Guelfo	Bologna - Italy	30,000	EUR	30% (2)
- Bolognesi S.r.l.	Dozza	Bologna - Italy	10,920	EUR	30% (2)
- Brio Pharma Technologies Pvt. Ltd.	Mumbai	India	1,000,000	INR	30%
- CAIMA S.r.l.	Monghidoro	Bologna - Italy	10,000	EUR	20% (2)
- Ciemme Engineering S.r.l.	Albavilla	Como - Italy	100,000	EUR	40% (3)
- Doo Officina-Game East Vrsac	Vrsac	Serbia	130,474,863	RSD	49% (2)
- FID S.r.l. Impresa Sociale	Bologna	Bologna - Italy	20,000	EUR	30%
- I.E.M.A. S.r.l.	S.Giorgio di Piano	Bologna - Italy	100,000	EUR	30% (2)
- IMA Dairy & Food Holding GmbH	Ranstadt	Germany	25,000	EUR	40%
- Inkbit Llc	Delaware	USA	2,407	USD	21.1%
- LA.CO S.r.l.	Ozzano dell'Emilia	Bologna - Italy	30,000	EUR	30% (2)
- Logimatic S.r.l.	Ozzano dell'Emilia	Bologna - Italy	120,000	EUR	29.17% (2)
- Masterpiece S.r.l.	Ozzano dell'Emilia	Bologna - Italy	10,000	EUR	30% (2)
- Meccanica Sarti S.r.l.	Bologna	Bologna - Italy	102,000	EUR	30% (2)
- Me.Mo. S.r.l.	Gaggio Montano	Bologna - Italy	10,000	EUR	20% (2)
- MORC 2 S.r.l.	Faenza	Ravenna - Italy	20,800	EUR	20% (2)
- OLTRE S.r.l.	Ozzano dell'Emilia	Bologna - Italy	50,000	EUR	30% (2)
- O.M.S. Officina Meccanica Sonico S.r.l.	Sonico	Brescia - Italy	31,200	EUR	40% (2)
- Powertransmission.it S.r.l.	Castenaso	Bologna - Italy	50,000	EUR	20% (2)
- RO.SI S.r.l.	Bentivoglio	Bologna - Italy	10,000	EUR	20.8% (2)
- Scriba Nanotecnologie S.r.l.	Bologna	Bologna - Italy	25,556	EUR	24.9%
- SIL.MAC. S.r.l.	Gaggio Montano	Bologna - Italy	90,000	EUR	30% (2)
- S.I.Me. S.r.l.	Granarolo dell'Emilia	Bologna - Italy	125,000	EUR	39.2% (2)
- STA.MA. S.r.l.	Ozzano dell'Emilia	Bologna - Italy	10,400	EUR	30% (2)
- Talea S.r.l.	Castel Guelfo	Bologna - Italy	25,000	EUR	20% (2)
- Sirio S.p.A.					
- Associazione in partecipazione	Milan	Milan - Italy			

Note:

- (1) Held by IMA Life North America Inc.
(2) Held by Packaging Manufacturing Industry S.r.l.
(3) Held by Ciemme S.r.l.

G) 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, Sergio Marzo, declares in accordance with article 154 bis paragraph 2 of the Consolidated Finance Act that the accounting information contained in this Periodic Financial Information at 30 September 2019 agrees with the books of account, the accounting entries and supporting documentation.