

INTERIM REPORT ON OPERATIONS

AT 31 DECEMBER 2008



INTERIM REPORT ON OPERATIONS

AT 31 DECEMBER 2008

TABLE OF CONTENTS

INTERIM REPORT ON OPERATIONS		PAGE 5 - 15
DIRECTORS AND OFFICERS	PAGE 6 - 7	
GROUP STRUCTURE	" 8	
GROUP COMPANIES BY BUSINESS ACTIVITY	" 9	
GROUP PERFORMANCE	" 10 - 14	
OTHER INFORMATION	" 15	
CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008		" 17 - 21
CONSOLIDATED BALANCE SHEET	" 18	
CONSOLIDATED INCOME STATEMENT	" 19	
STATEMENT OF CHANGES IN CONSOLIDATED EQUITY	" 20	
CONSOLIDATED STATEMENT OF CASH FLOWS	" 21	
NOTES AND CONSOLIDATED SCHEDULE		" 23 - 41
OVERVIEW	" 24	
BASIS OF PREPARATION	" 24	
SCOPE OF CONSOLIDATION	" 24 - 27	
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	" 27 - 41	

INTERIM REPORT ON OPERATIONS

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

I.M.A. INDUSTRIA MACCHINE AUTOMATICHE S.P.A.
HEAD OFFICE: OZZANO DELL'EMILIA (BOLOGNA) SHARE CAPITAL FULLY PAID-IN: € 17,732,000
REGISTERED WITH THE BOLOGNA COMPANIES REGISTER AT NO. 00307140376

DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

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

DIRECTOR AND HONORARY CHAIRMAN

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, as well as sureties or letters of patronage, except (in relation to the sureties and letters of patronage) for those given on behalf of direct or indirect subsidiaries of the Company;
- to concede real rights of enjoyment over the assets of the Company.

DIRECTOR AND GENERAL MANAGER

Andrea Malagoli

DIRECTORS

Gino Benedetti, Giancarlo Folco, Italo Giorgio Minguzzi, Luca Poggi, Maria Carla Schiavina, Gianluca Vacchi, Stefano Visentini and Romano Volta.

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

- the strategic, business and financial plans of the Company and the Group, the corporate governance system of IMA S.p.A. and any decisions relating to the Group structure;
- the adequacy of the organizational, administrative and accounting arrangements of the Company and its subsidiaries, with special reference to the internal control system and management of conflicts of interest;
- the general conduct of operations;
- any transaction likely to have a significant impact on the Company's results, assets and liabilities or financial situation and, in any case, any transaction that exceeds a value of 10 million euros, except for the power to renew or extend the credit lines already granted to the Company, which can be delegated;
- any transactions in which even only one director has a personal interest or represents the interests of a third party and any transactions with related parties, including intercompany transactions, except for ordinary transactions carried out under standard terms and conditions;
- the size, composition and operation of the Board of Directors and its committees;
- decisions about future significant transactions by subsidiaries of IMA S.p.A. that will affect IMA S.p.A.

**BOARD OF STATUTORY
AUDITORS**

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

STANDING AUDITORS

Amedeo Cazzola - Chairman - Registered auditor

Piero Aicardi - Registered auditor

Giacomo Giovanardi - Registered auditor

ALTERNATE AUDITORS

Vittorio Coraducci - Registered auditor

Chiara Gallina - Registered auditor

Antonella Grassigli - Registered auditor

**INTERNAL CONTROL AND
REMUNERATION COMMITTEE**

Romano Volta - Independent director - Chairman

Giancarlo Folco - Independent director

Maria Carla Schiavina - Non-executive director

**MANAGER RESPONSIBLE
FOR THE PREPARATION OF
ACCOUNTING DOCUMENTS**

Sergio Marzo

LEAD INDEPENDENT DIRECTOR

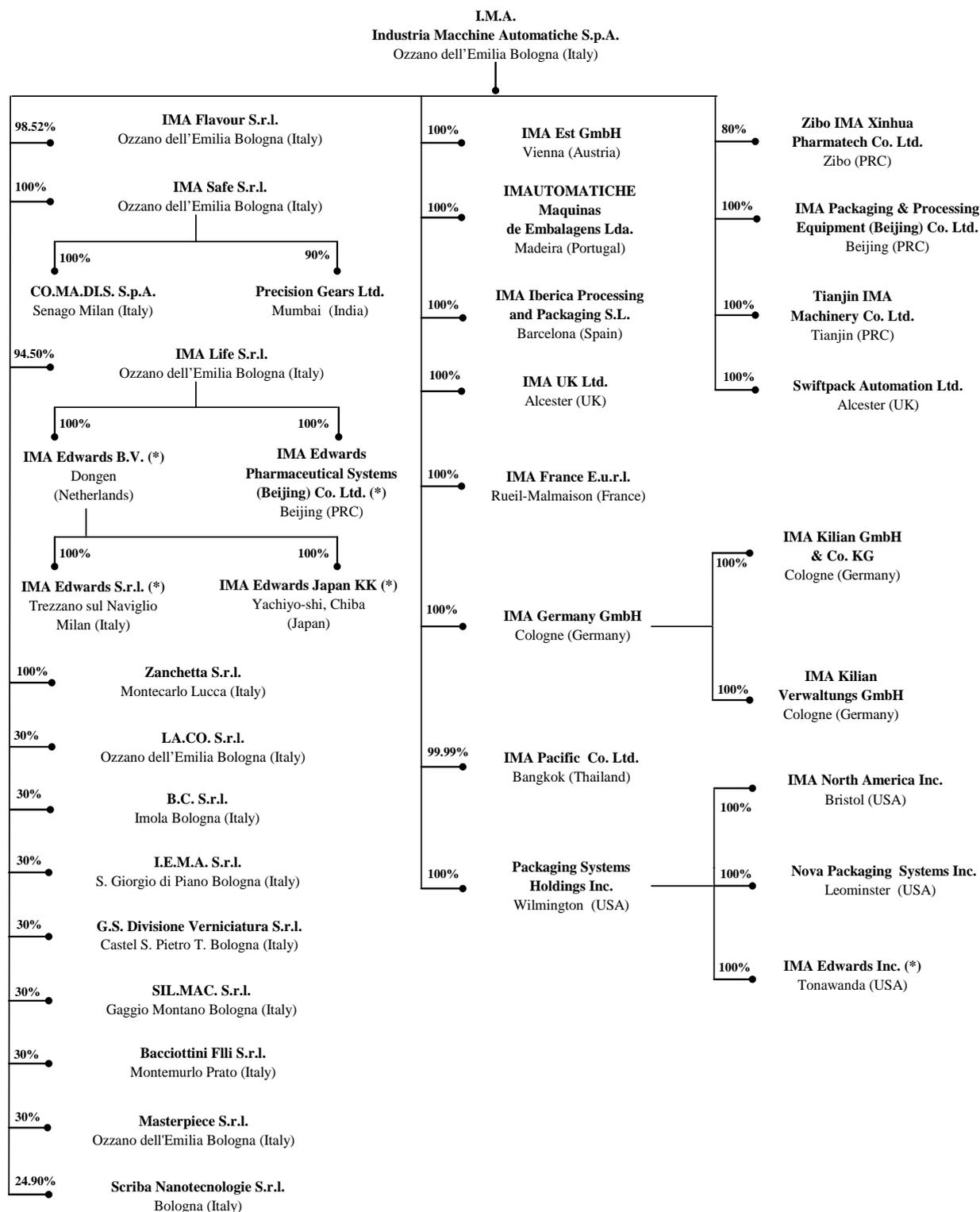
Romano Volta

INDEPENDENT AUDITORS

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

PricewaterhouseCoopers S.p.A.

GROUP STRUCTURE



(*) "Edwards" is a registered trademark of Edwards Limited and is used by Ima Group under license.

GROUP COMPANIES BY BUSINESS ACTIVITY

MANUFACTURING
ACTIVITIES

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

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

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

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

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

Zanchetta S.r.l.
Montecarlo - Lucca (Italy)

IMA Edwards B.V.
Dongen (Netherlands)

IMA Edwards Inc.
Tonawanda (USA)

**IMA Edwards Pharmaceutical
Systems (Beijing) Co. Ltd.**
Beijing (PRC)

IMA Kilian GmbH & Co. KG
Cologne (Germany)

Nova Packaging Systems Inc.
Leominster (USA)

Precision Gears Ltd.
Mumbai (India)

Swiftpack Automation Ltd.
Alcester (UK)

Tianjin IMA Machinery Co. Ltd.
Tianjin (PRC)

**Zibo IMA
Xinhua Pharmatech Co. Ltd.**
Zibo (PRC)

Bacciottini F.lli S.r.l.
Oste Montemurlo – Prato (Italy)

B.C. S.r.l.
Imola – Bologna (Italy)

G.S.Divisione Verniciatura S.r.l.
Castel S. Pietro Terme
Bologna (Italy)

I.E.M.A. S.r.l.
S. Giorgio di Piano - Bologna (Italy)

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

MASTERPIECE S.r.l.
Ozzano dell'Emilia - Bologna (Italy)

SIL.MAC. S.r.l.
Gaggio Montano - Bologna (Italy)

COMMERCIAL
ACTIVITIES

IMA Est GmbH
Vienna (Austria)

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

IMA Germany GmbH
Cologne (Germany)

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

IMA North America Inc.
Bristol (USA)

IMA Pacific Co. Ltd.
Bangkok (Thailand)

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

IMA UK Ltd.
Alcester (UK)

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

IMA Edwards S.r.l.
Trezza sul Naviglio
Milan (Italy)

IMA Edwards Japan KK
Yachiyo-shi Chiba (Japan)

OTHER
ACTIVITIES

IMA Kilian Verwaltungs GmbH
Cologne (Germany)

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

FINANCIAL
ACTIVITIES

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

GROUP PERFORMANCE

GENERAL PERFORMANCE

The crisis in the financial system that took place in September 2008 has seriously infected the real economy since then. Faced by the "unknown", often the best solution is just to postpone making any decisions. This is what is happening simultaneously throughout the world, transforming what was already a moderate downturn into a headlong dash towards a depression that no-one had foreseen.

The panic that spread at that time convinced the government and monetary authorities to move rapidly and they have managed to avoid a total collapse of the world financial system. However, many of the steps announced by the various governments still have to be approved definitively and this delay is causing a further deterioration in the economic situation. Given these conditions, the key element when making forecasts is to assess how intense this downward spiral caused by fear of uncertainty is likely to be.

The future is hard to predict because we are now facing a totally new scenario, while the past is no longer able to help us understand the steps that we now have to take.

However, the hope is that the beneficial effects of the expansive fiscal policies introduced all over the world will have a positive impact from the second half of the current year.

In this way, the negative effect of the reduction in financial leverage should be offset by governments' fiscal interventions. Changes will also have to be made to the rules governing the financial system to ensure that the same things do not happen all over again.

The conclusion to what we have said above is that the world economy can expect a difficult 2009, with a significant decline in growth in terms of GDP compared with the last few years. A slight improvement is expected in 2010, with the economy picking up more strongly in subsequent years.

However, while the overall macroeconomic scenario is extremely bleak, there are sectors that, by their very nature, ought to be less affected by the problems that we have discussed, starting with the food and pharmaceutical industries. Fortunately, they are both markets in which we sell our products. Even today, the main research entities that analyze the pharmaceutical industry are saying that the market for the consumption of medicines is due to grow in 2009. For these reasons, we are still moderately optimistic about how sales of our products will go this year, also drawing comfort from the order book at 31 December 2008, which is at a good level in absolute terms.

CONSOLIDATED INCOME STATEMENT

The income statement classified by purpose as shown below was prepared according to the following criteria:

- cost of sales: this represents costs incurred directly by the Group to generate revenues. They include, for example, the costs of materials, labour, the cost of technical offices for customizing products as well as production overheads;
- R&D costs: these include costs associated with developing new products or maintaining existing products. They also include costs relating to technical personnel, materials used for experiments and overheads for technical offices;
- 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 costs associated with general operations such as administrative offices in general, the management of sectors or divisions, production planning and all depreciation and amortization not connected directly with the purposes previously described;

- gross operating profit (EBITDA): this is the sum of operating profit, depreciation and amortization for the period and writedowns of goodwill.

The following main items in the reclassified income statement are the same as those that appear in the consolidated income statement shown in the section entitled "Consolidated financial statements": revenues, operating profit, financial income and expense, profit before tax, income taxes and Group profit.

The IMA Group's consolidated revenues in 2008 amounted to 547.2 million euros, compared with 454.5 million euros in 2007. Operating profit came to 71.9 million euros, compared with 69.6 million euros in 2007, which benefited from 4.5 million euros of lower personnel costs following the change in the rules on severance indemnities.

The consolidated income statement for 2008 is summarized below, with comparative figures for 2007:

millions of euros	2008		2007		Change %
	Amount	%	Amount	%	
Revenues	547.2		454.5		20.4
Cost of sales	(332.7)	60.8	(265.9)	58.5	
Gross industrial income	214.5	39.2	188.6	41.5	13.7
R&D costs	(23.3)		(22.2)		
Sales costs	(60.9)		(53.5)		
General and administrative costs	(61.5)		(47.8)		
Operating profit before non-recurring items (EBITA)	68.8	12.6	65.1	14.3	5.7
Non-recurring items	3.1		4.5		
Operating profit (EBIT)	71.9	13.1	69.6	15.3	3.3
Net financial income (expense)	(11.3)		(7.7)		
Profit (loss) from investments accounted for using the equity method	(0.3)		-		
Profit before tax	60.3	11.0	61.9	13.6	(2.6)
Income taxes	(20.8)		(24.0)		
Net profit from continuing activities	39.5	7.2	37.9	8.3	4.2
Net profit from discontinued activities/ disposal groups	0.8		1.8		
Net profit for the period	40.3	7.4	39.7	8.7	1.5
Profit (loss) for the period attributable to minority interests	(0.3)		(0.2)		
Group profit	40.0	7.3	39.5	8.7	1.3
Gross operating profit (EBITDA)	87.7	16.0	79.8	17.6	9.9
Order book	251.4		242.9		3.5

REVENUES AND ORDERS

Consolidated revenues in 2008 amounted to 547.2 million euros, an increase of 20.4% on the same period last year. The freeze-drying business, represented by the Edwards Group, was consolidated for the first time from 1 February 2008, and contributed 66.9 million euros to revenues for the period.

This result was made possible by the size of the backlog at the end of last year and the strong inflow of orders received during the current year both from the pharmaceutical sector, partly thanks to the Edwards Group, and from the tea industry.

The level of orders received during the fourth quarter of 2008 was also good, raising the backlog to 251.4 million euros, 3.5% up on the previous year (242.9 million euros).

Total orders acquired during the year amount to 517.8 million euros versus 509.2 million euros in 2007, an increase of 1.7%, with the Edwards Group contributing 57.3 million euros.

OPERATING PROFIT

Industrial gross profit was 39.2% of revenues, compared with 41.5% in the same period of 2007. The slight reduction is due to a different mix between the tea sector and the pharmaceutical sector, partly as a result of consolidation of the Edwards Group.

Sales costs and general and administrative expenses are up, mainly as a result of acquiring the Edwards Group (2.2 and 8.3 million euros, respectively), as well as for growth during the period.

As a result, operating profit was 71.9 million euros, versus 69.6 million euros in the same period of 2007. The Edwards Group, which made a gross operating profit (EBITDA) of 5.8 million euros, contributed 1.6 million to operating profit.

Operating profit has benefited from non-recurring income linked to capital increases reserved for new minority shareholders of IMA Flavour S.r.l. and IMA Life S.r.l. (2.5 million euros) and tax credits relating to costs incurred for R&D activities in 2007 (0.6 million euros). In 2007, on the other hand, these types of non-recurring income amounted to 4.5 million euros and related to a reduction in the cost of labour following the change in the severance indemnity rules. Without these changes, operating profit in 2008 would have been 68.8 million euros compared with 65.1 million in 2007.

PROFIT BEFORE TAX

Net financial expense amounted to 11.3 million euros compared with 7.7 million euros in 2007. The increase in this figure is due to the higher average level of debt following the acquisition of the Edwards Group and more onerous interest rates on the euro debt.

Profit before tax therefore came to 60.3 million euros versus 61.9 million euros in 2007.

NET PROFIT FOR THE PERIOD

Net profit for the period came to 40.3 million euros versus 39.7 million euros in the same period last year. The difference comes from the items mentioned in the two previous headings, as well as from the net gain on discontinued activities (sale of a plot of land), which contributed 0.8 million euros compared with 1.8 million euros in 2007.

**ANALYSIS OF
SECTOR PERFORMANCE**

The following schedule analyzes operations by business sector:

millions of euros	Tea	Packaging	Process	Other	Unallocated(*)	Total
Revenues						
2008	84.9	323.2	137.8	1.3	–	547.2
2007	77.1	247.0	128.9	1.5	–	454.5
Operating profit						
2008	32.5	30.4	9.2	(0.2)	–	71.9
2007	26.5	32.7	10.6	(0.2)	–	69.6
Net capital employed (*)						
at 31 December 2008	17.6	139.5	97.0	13.8	(12.0)	255.9
at 31 December 2007	12.8	95.3	85.2	14.2	(10.5)	197.0
R&D costs						
2008	4.7	13.4	5.2	–	–	23.3
2007	5.3	11.3	5.6	–	–	22.2
Average personnel (**)						
2008	195	1,819	624	–	410	3,048
2007	190	1,470	585	–	384	2,629
Order book						
at 31 December 2008	68.0	139.3	44.1	–	–	251.4
at 31 December 2007	61.7	119.1	62.1	–	–	242.9

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

(**) The personnel allocated to the various sectors are those directly employed there, whereas the figure reported in the "Unallocated" column reflects those employed by the sales organisations at branches and the Group's administrative and central offices. The 2008 figure includes 315 staff of the Edwards Group.

Revenues from the tea sector were 10.1% higher than the already good results reported last year, confirming the Group's strong leadership position in this market. There was also further growth in operating profit, coming in at 32.5 million euros (38.3% of sales) compared with 26.5 million euros in 2007 (34.4% of sales), helped by non-recurring items totalling 1.9 million euros versus 0.8 million euros in 2007. The order book has risen by 10.2% (to 68.0 million euros compared with 61.7 million euros in 2007), providing good visibility for the coming year.

The growth in revenues earned by the packaging sector (+76.2 million euros) is mainly due to the contribution made by the Edwards Group (66.9 million euros), as well as to internal growth thanks to the success of IMA's products on the market. Operating profit is down on the previous year because of lower non-recurring income of 1.8 million euros (1.1 million euros versus 2.9 million in 2007), amortization of intangible assets in connection with the acquisition of the Edwards Group (3.8 million euros) and the writedown of an R&D project (1.4 million euros). The contribution made by the Edwards Group is 1.6 million euros, after charging amortization of 3.8 million euros.

The pharmaceutical processing sector is showing a growth in revenues of 8.9 million euros with respect to 2007 and an operating profit that is down slightly (-1.4 million euros). The previous year there were 0.8 million euros of non-recurring income relating to the new severance indemnity rules. The main reason for this lower operating profit is the fact that certain contracts have profit margins that are not in line with the sector average, though this situation is not expected to be repeated next year.

**CONSOLIDATED
BALANCE SHEET AND
FINANCIAL POSITION**

The following main items in the balance sheet and financial position are the same as those that appear in the consolidated balance sheet shown in the section entitled "Consolidated financial statements": inventories, property, plant and equipment and intangible assets, Group equity and minority interests.

The following table summarizes the Group's balance sheet and financial position at 31 December 2008:

millions of euros	31.12.2008	31.12.2007
Trade receivables	110.0	102.3
Inventories	160.2	135.8
Trade payables	(155.7)	(135.4)
Other, net	(38.8)	(32.0)
Working capital	75.7	70.7
Property, plant and equipment	71.0	67.9
Intangible assets	117.4	66.3
Investments	13.2	13.7
Non-current assets	201.6	147.9
Provisions for severance indemnities and other provisions	(21.4)	(21.6)
Net capital employed	255.9	197.0
FINANCED BY:		
Net debt	134.8	86.6
Minority interests	2.9	1.1
Group equity	118.2	109.3
Total sources of financing	255.9	197.0

The net capital employed at 31 December 2008 was 58.9 million euros higher than at the end of 2007. The change that took place during the period is mainly due to the acquisition of the Edwards Group.

Looking at the changes in net working capital in greater detail, we can see that while trade receivables only rose slightly, there was a considerable increase in inventories, almost entirely offset by an increase in trade payables and advances received from customers.

The changes in non-current assets are mainly the result of acquiring the Edwards Group.

Net debt is analyzed below:

millions of euros	31.12.2008	31.12.2007
A. Cash and cash equivalents	(76.4)	(71.0)
B. Other cash equivalents	-	-
C. Investments in securities	(0.9)	(0.2)
D. Liquidity (A)+(B)+(C)	(77.3)	(71.2)
E. Current financial receivables	(0.2)	(0.2)
F. Current payables to banks	85.3	60.6
G. Current portion of non-current bank payables	36.1	33.8
H. Other current financial payables	1.9	1.2
I. Current financial debt (F) + (G) + (H)	123.3	95.6
J. Net current financial debt (D)+(E)+(I)	45.8	24.2
K. Non-current portion of non-current bank payables	91.4	63.5
L. Non-current financial assets (*)	(4.8)	(4.6)
M. Other non-current financial payables	2.4	3.5
N. Net non-current financial debt (K)+(L)+(M)	89.0	62.4
O. Net financial debt (J) + (N)	134.8	86.6

(*) Non-current financial assets are represented by investments in securities and financial receivables. The figure is not the same as the one in the balance sheet as it does not include equity interests in other companies.

Net debt at the end of the period amounts to 134.8 million euros compared with 86.6 million euros at 31 December 2007. The increase in debt compared with 31 December 2007 is mainly due to the acquisition of the Edwards Group (around 48 million euros). During the year, the Group also bought the minority interests in certain companies and exercised a call option to buy 5% of the shares in the Indian company Precision Gears Ltd. for a total of 1.4 million euros; then in May the Parent Company IMA S.p.A. paid dividends of 28.7 million euros, 6.6 million euros more than it paid out in May 2007. So net of these extraordinary transactions, net debt would have been around 8 million euros lower.

CAPITAL EXPENDITURE

Group capital expenditure amounted to 10.0 million euros (6.4 million euros in 2007) and mainly related to the purchase of machinery, the costs involved in expanding and upgrading existing buildings and plant, together with the purchase of electronic equipment. Investment in intangible assets amounted to 12.3 million euros (4.5 million euros in 2007), mainly relating to the capitalization of 5.0 million euros for the non-compete agreement signed by IMA Life S.r.l. when it bought the stake in IMA Edwards Pharmaceutical Systems (Beijing) Co. Ltd. It also includes the acquisition of a patent for the construction of a machine that produces single-dose flacons (1.9 million euros) and the capitalization of totally new products that will impact the result in coming years (1.1 million euros). Goodwill of 25.2 million euros and know-how of 22.2 million euros were recognized during 2008 in relation to the acquisition of the Edwards Group, leader in the freeze-drying systems sector.

OTHER INFORMATION

OUTLOOK FOR OPERATIONS

The Group's excellent performance to date, together with the good level of the order book in both qualitative and quantitative terms, negotiations that are currently underway and a market scenario such as the present one, allow us to assume that 2009 will see moderate growth in sales, which ought to come to around 565 million euros, and a further improvement in gross operating profit (EBITDA) to around 91 million euros.

**COMPLIANCE WITH THE
CONDITIONS LAID DOWN IN ART. 36
OF THE MARKET REGULATIONS**

The key elements of the Compliance Plan drawn up by the IMA Group with reference to the "Conditions for the listing of shares of companies with control over companies established and regulated under the law of non-EU countries" referred to in art. 36 of the Consob Market Regulations were explained in the half-year financial report at 30 June 2008.

The various steps laid down in the plan have now been completed, so the IMA Group complies with the conditions of art. 36, para. 1, letters a), b) and c) of the said Regulations.

During the fourth quarter, the Group did not acquire any companies based in non-EU countries, which taken individually would be material enough for the purposes of these rules.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008

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

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2008 AND 31 DECEMBER 2007 (MILLIONS OF EUROS)

ASSETS	Note	31 December 2008	31 December 2007
NON-CURRENT ASSETS			
<i>Property, plant and equipment</i>	2	71.0	67.9
<i>Intangible assets</i>	3	117.4	66.3
<i>Investments accounted for using the equity method</i>	4	6.2	3.7
<i>Financial assets</i>	5	11.8	14.5
<i>Receivables from others</i>		0.5	0.5
<i>Derivative financial instruments</i>	6	0.1	0.2
<i>Deferred tax assets</i>	7	14.2	13.2
TOTAL NON-CURRENT ASSETS		221.2	166.3
CURRENT ASSETS			
<i>Inventories</i>	8	160.2	135.8
<i>Trade and other receivables</i>	9	131.7	121.2
<i>Income tax receivables</i>		0.1	1.1
<i>Financial assets</i>	5	1.1	0.4
<i>Derivative financial instruments</i>	6	2.1	0.6
<i>Cash and cash equivalents</i>	10	76.4	71.0
TOTAL CURRENT ASSETS		371.6	330.1
TOTAL ASSETS		592.8	496.4
EQUITY AND LIABILITIES			
EQUITY			
<i>Share capital</i>	11	17.7	17.7
<i>Share premium reserve</i>		16.4	16.4
<i>Treasury shares</i>	11	(2.7)	(2.7)
<i>Translation reserve</i>		(3.4)	(2.8)
<i>Fair value reserve</i>	12	(1.8)	–
<i>Other reserves</i>		21.5	14.6
<i>Retained earnings</i>		30.5	26.6
<i>Net profit (loss) for the period</i>		40.0	39.5
Total capital and reserves pertaining to the Group		118.2	109.3
<i>Reserves pertaining to minority interests</i>		2.6	0.9
<i>Profit pertaining to minority interests</i>		0.3	0.2
Total minority interests		2.9	1.1
EQUITY PERTAINING TO THE GROUP AND MINORITY INTERESTS		121.1	110.4
NON-CURRENT LIABILITIES			
<i>Borrowings</i>	13	93.8	67.0
<i>Severance and pension provisions</i>		17.8	18.0
<i>Provisions for risks and charges</i>	14	1.9	1.5
<i>Deferred tax liabilities</i>	7	17.4	15.8
TOTAL NON-CURRENT LIABILITIES		130.9	102.3
CURRENT LIABILITIES			
<i>Borrowings</i>	13	123.3	95.6
<i>Trade and other payables</i>	15	196.2	172.8
<i>Income tax liabilities</i>		9.1	9.1
<i>Provisions for risks and charges</i>	14	12.0	6.2
<i>Derivative financial instruments</i>	6	0.2	–
TOTAL CURRENT LIABILITIES		340.8	283.7
TOTAL LIABILITIES		471.7	386.0
TOTAL EQUITY AND LIABILITIES		592.8	496.4

CONSOLIDATED INCOME STATEMENT

FOR THE FOURTH QUARTER OF 2008 AND FOR THE PERIOD 01/01-31/12/2008 (MILLIONS OF EUROS)

INCOME STATEMENT	Note	4th quarter 2008	4th quarter 2007	from 01/01/2008 to 31/12/2008	from 01/01/2007 to 31/12/2007
REVENUES	1	166.9	147.4	547.2	454.5
<i>Other revenues</i>		(0.4)	3.5	7.8	6.7
OPERATING COSTS					
<i>Change in work in progress, semifinished and finished goods</i>		(12.1)	(11.8)	18.3	12.2
<i>Change in inventory of raw, ancillary and consumable materials and goods for resale</i>		(2.8)	0.3	0.9	4.3
<i>Cost of raw, ancillary and consumable materials and goods</i>		(45.6)	(44.3)	(208.4)	(169.5)
<i>Services, rentals and leases</i>		(31.2)	(29.6)	(114.9)	(94.9)
<i>Personnel costs</i>	16	(41.4)	(35.5)	(155.1)	(128.6)
<i>Depreciation, amortization and writedowns</i>	17	(5.9)	(2.7)	(17.4)	(11.0)
<i>Provisions for risks and charges</i>		(1.1)	0.5	(3.1)	(0.9)
<i>Other operating costs</i>		(0.8)	(0.8)	(3.4)	(3.2)
TOTAL OPERATING COSTS		(140.9)	(123.9)	(483.1)	(391.6)
OPERATING PROFIT	1	25.6	27.0	71.9	69.6
<i>- of which: effect of non-recurring items</i>	26	-	-	3.1	4.5
FINANCIAL INCOME AND EXPENSE					
<i>Financial income</i>	18	4.0	2.1	10.3	5.8
<i>Financial expense</i>	19	(8.7)	(4.1)	(21.6)	(13.5)
TOTAL FINANCIAL INCOME AND EXPENSE		(4.7)	(2.0)	(11.3)	(7.7)
PROFIT (LOSS) FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		(0.2)	-	(0.3)	-
PROFIT BEFORE TAX		20.7	25.0	60.3	61.9
INCOME TAXES FOR THE PERIOD	20	(6.2)	(7.7)	(20.8)	(24.0)
NET PROFIT FROM CONTINUING ACTIVITIES		14.5	17.3	39.5	37.9
NET PROFIT FROM DISCONTINUED ACTIVITIES/ DISPOSAL GROUPS	21	0.8	(2.2)	0.8	1.8
NET PROFIT FOR THE PERIOD		15.3	15.1	40.3	39.7
ATTRIBUTABLE TO:					
PARENT COMPANY SHAREHOLDERS		15.1	15.0	40.0	39.5
MINORITY INTERESTS		0.2	0.1	0.3	0.2
		15.3	15.1	40.3	39.7
EARNINGS PER SHARE (in euros)		0.45	0.44	1.18	1.15
<i>- of which: from continuing activities</i>		0.43	0.50	1.16	1.10
<i>- of which: from discontinued activities/disposal groups</i>		0.02	(0.06)	0.02	0.05

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2008 AND 31 DECEMBER 31 (MILLIONS OF EUROS)

Description	Share capital	Share premium reserve	Treasury shares	Translation reserve	Fair value reserve	Other reserves	Retained earnings	Net profit of Group	Total Group equity	Minority interests	Total equity
Balances at 01.01.2007	18.8	16.4	(18.9)	(0.7)	0.8	31.0	25.8	24.8	98.0	1.0	99.0
Allocation of result for 2006:											
- dividends	-	-	-	-	-	-	-	(22.1)	(22.1)	-	(22.1)
- reserves	-	-	-	-	-	2.4	0.3	(2.7)	-	-	-
Changes in minority interests	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)
Cancellation of treasury shares	(1.1)	-	19.9	-	-	(16.5)	(2.3)	-	-	-	-
Sale of Info Area S.r.l.	-	-	-	-	-	(2.3)	2.3	-	-	-	-
Purchase and sale of treasury shares	-	-	(3.7)	-	-	-	0.5	-	(3.2)	-	(3.2)
Fair value of financial instruments	-	-	-	-	(0.8)	-	-	-	(0.8)	-	(0.8)
Exchange differences on translation of financial statements in foreign currency	-	-	-	(2.1)	-	-	-	-	(2.1)	-	(2.1)
Net profit for the period	-	-	-	-	-	-	-	39.5	39.5	0.2	39.7
Balances at 31.12.2007	17.7	16.4	(2.7)	(2.8)	-	14.6	26.6	39.5	109.3	1.1	110.4
Allocation of result for 2007:											
- dividends	-	-	-	-	-	-	-	(28.7)	(28.7)	-	(28.7)
- reserves	-	-	-	-	-	6.9	3.9	(10.8)	-	-	-
Changes in minority interests	-	-	-	-	-	-	-	-	-	1.4	1.4
Purchase and sale of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Fair value of financial instruments	-	-	-	-	(1.8)	-	-	-	(1.8)	-	(1.8)
Exchange differences on translation of financial statements in foreign currency	-	-	-	(0.6)	-	-	-	-	(0.6)	0.1	(0.5)
Net profit for the period	-	-	-	-	-	-	-	40.0	40.0	0.3	40.3
Balances at 31.12.2008	17.7	16.4	(2.7)	(3.4)	(1.8)	21.5	30.5	40.0	118.2	2.9	121.1

CONSOLIDATED STATEMENT OF CASH FLOWS

AT 31 DECEMBER 2008 AND 31 DECEMBER 2007 (MILLIONS OF EUROS)

	31 December 2008	31 December 2007
OPERATING ACTIVITIES		
Net profit (loss) for the period	40.0	39.5
Adjustments for:		
- Depreciation and amortization	14.4	10.2
- (Writebacks) or writedowns of non-current assets	1.4	-
- Capital (gains) losses on disposal of non-current assets	0.1	(0.6)
- Changes in provisions for risks and charges and staff severance obligations	1.0	(3.2)
- Non-recurring items	(3.1)	(4.5)
- Unrealized exchange (gains) losses	2.1	-
- Other non-monetary changes	0.1	(0.1)
- Income taxes	21.1	24.0
- Capital gains on the disposal of discontinued activities	(1.3)	(3.2)
- Pre-tax effects of discontinued activities	-	1.4
- Minority interests	0.3	0.2
- Result from investments accounted for using the equity method	0.3	-
Operating profit (loss) before changes in working capital	76.4	63.7
(Increase) decrease in trade and other receivables	31.8	(8.2)
(Increase) decrease in inventories	(19.2)	(12.0)
Increase (decrease) in trade and other payables	(18.5)	33.7
Income taxes paid	(25.7)	(19.9)
CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES (A)	44.8	57.3
INVESTING ACTIVITIES		
Investments in property, plant and equipment	(7.8)	(6.4)
Investments in intangible assets	(6.7)	(4.5)
Exchange rate differences on property, plant and equipment and intangible assets	0.1	0.9
Acquisitions of companies	(48.1)	(1.2)
Purchase of equity investments	(2.4)	(13.4)
Repayment of finance lease debts	(1.0)	(1.0)
Net proceeds from sale of businesses	-	10.8
Capital received for newly issued quotas	4.0	-
Proceeds from sale of non-current assets and other changes	(0.6)	1.0
Net change in financial assets and other non-current receivables	(1.1)	(1.4)
Changes in reserves pertaining to minority interests	0.1	(0.1)
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES (B)	(63.5)	(15.3)
FINANCING ACTIVITIES		
Grant of borrowings	53.5	13.1
Repayment of borrowings	(24.0)	(22.6)
Increase (decrease) in other payables to banks	32.9	12.5
Dividends paid	(28.7)	(22.1)
Purchase and sale of treasury shares	-	(3.2)
Translation of financial statements in foreign currency	(0.6)	(2.1)
Payment of interest	(9.9)	(7.7)
Receipt of interest	0.9	0.9
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES (C)	24.1	(31.2)
NET CHANGE IN CASH AND CASH EQUIVALENTS (D=A+B+C)	5.4	10.8
CASH AND CASH EQUIVALENTS AT START OF PERIOD (E)	71.0	60.2
CASH AND CASH EQUIVALENTS AT END OF PERIOD (F=D+E)	76.4	71.0

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

A) OVERVIEW

The interim report on operations at 31 December 2008 was approved by the Board of Directors on 12 February 2009.

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

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

At 31 December 2008, IMA S.p.A. is 71.517% owned by SO.FI.MA. Società Finanziaria Macchine Automatiche S.p.A., which is a subsidiary of Lopam Fin S.p.A.

B) BASIS OF PREPARATION

General principles

This interim report on operations at 31 December 2008 has been prepared in accordance with art. 154-ter of Legislative Decree 58/98, art. 2.2.3 of the Stock Market Rules and Consob Communication DEM/8041082 of 30 April 2008 in compliance with IAS/IFRS, in particular IAS 34 on "Interim Financial Reporting".

This interim report on operations at 31 December 2008 has been prepared on the basis of the same accounting principles and standards used to prepare the annual and consolidated financial statements at 31 December 2007, where compatible, and reference should be made to them for further information.

As required by IAS 34, the interim result is stated net of income taxes calculated using the best estimate of the weighted average tax rate expected for the full year. The taxes shown for 2007 are definitive. The amounts provided for tax in an interim period are adjusted if the estimated annual tax rate changes.

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 process of developing and approving international accounting standards means that certain documents are constantly being revised. The Group has considered the effects of the accounting standards that became applicable from 1 January 2008. In the view of the directors, they do not have a significant effect on this interim report.

Financial statements

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

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

The statement of cash flows has been prepared using the indirect method for determining cash flows from operating activities.

All of the figures in the interim report at 31 December 2008 are in millions of euros.

C) SCOPE OF CONSOLIDATION

The interim report on operations at 31 December 2008 includes the financial and operating information of IMA - Industria Macchine Automatiche S.p.A. (Parent Company) and of all the companies over which it exercises direct or indirect control.

The following changes in Group structure took place during 2008:

- the purchase of the Linde AG Group's freeze-drying plant business, known as the BOC Edwards Pharmaceutical Systems Group, the undisputed leader in its sector, was completed on 31 January 2008. The final price for the transaction, based on the balance sheet at 31 January 2008, was 28.4 million euros, which was paid on signing, plus an adjustment of 3.6 million euros determined in May 2008, together with a loan for 11.9 million euros which was taken over. As from 31 January 2008, Packaging Systems Holdings Inc. is the owner of the entire share capital of BOC Edwards Pharmaceutical Systems Inc. (now IMA Edwards Inc.) and IMA Life S.r.l. is the owner of 100% of BOC Edwards Pharmaceutical Systems B.V. (now IMA Edwards B.V.) and 50% of Edwards Tianli (Beijing) Pharmaceutical Systems Co. Ltd (now IMA Edwards Pharmaceutical Systems Beijing Co. Ltd.). In February, IMA Life S.r.l. acquired the other 50% from the Chinese partner for 4 million euros and signed a four-year non-compete agreement at a cost of 5 million euros. Authorization for the transfer of these shares was received from the local authorities on 31 March 2008, so IMA Life S.r.l. now owns all of the Chinese company. See Note 22 for further information;
- IMA Edwards S.r.l. was established on 28 March 2008 as a sole shareholder company based in the province of Milan, being wholly owned by IMA Edwards B.V. On 1 July 2008, Edwards S.p.A. transferred the business division that sells products to the pharmaceutical industry and provides technical assistance for them to the newly incorporated company;
- on 22 April 2008, the Extraordinary Meeting of IMA Libra S.r.l. resolved a change of name to IMA Life S.r.l., authorized and subscribed an increase in share capital from 3.0 million euros to 13.2 million euros, and authorized a further increase in capital from 13.2 million euros to 14.0 million euros excluding the exercise of rights; as a result, the Parent Company's interest in IMA Life S.r.l. was reduced to 94.5%, as the new shareholder bought the other 5.5%;
- on 22 April 2008, the Parent company purchased a 30% interest in Bacciottini F.lli S.r.l., located in the province of Prato, for 0.4 million euros. This company processes sheet metal for pharmaceutical machinery and is a supplier to the IMA Group;
- on 15 May 2008 the Parent Company purchased the remaining 35% of Tianjin IMA Machinery Co. Ltd. for 0.2 million euros;
- on 15 May 2008, IMA Edwards Japan KK, a Japanese-registered company, was formed as a wholly-owned subsidiary of IMA Edwards BV. On 1 September 2008, Edwards Japan Ltd. sold the business division that provides technical and commercial services to the Japanese market;
- on 3 June 2008 the Extraordinary Meeting of IMA Flavour S.r.l. approved an increase in capital from 3,000 thousand euros to 3,045 thousand euros, excluding the exercise of rights, which permitted the entry of a new shareholder; subsequently, on 24 June 2008, this new shareholder paid in its portion of capital, with the result that the Parent Company's interest in IMA Flavour S.r.l. was reduced to 98.52% as the new shareholder bought the other 1.48%;
- on 20 November 2008, the Parent Company acquired 30% of Masterpiece S.r.l. Lavorazioni Meccaniche located in Ozzano dell'Emilia (BO) for 3 thousand euro.

The following operations of some importance also took place during the period:

- the merger of Zanchetta S.r.l. into VIMA S.r.l. effective from 1 January 2008 and the simultaneous change in the name of the resulting company to Zanchetta S.r.l.;
- the transfer by IMA S.p.A. with effect from 2 January 2008 of the book values of the tea, herbal tea and coffee packaging sector and of the pharmaceutical packaging sector to, respectively, IMA Flavour S.r.l. and IMA Safe S.r.l., both newly-formed companies; the investments in CO.MA.DIS. S.p.A. and Precision Gears Ltd. were also contributed to IMA Safe S.r.l.;

- the exercise in January 2008 by IMA Safe S.r.l. of the option to acquire 5% of the shares of Precision Gears Ltd, India, previously 85% owned, with the simultaneous payment of 0.6 million euros. On completion of the original contract, the parties agreed reciprocal put and call options for the residual 10% interest, to be exercised by the end of January 2010.

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

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

	Registered office		Share capital at 31/12/2008	Direct investment	Indirect investment
Manufacturing companies:					
• IMA Industria Macchine Automatiche Sp.A	Ozzano E. (Bologna)	EUR	17,732,000	Parent Company	
• IMA Flavour S.r.l.	Ozzano E. (Bologna)	EUR	3,045,000	98.52%	–
• IMA Life S.r.l.	Ozzano E. (Bologna)	EUR	14,000,000	94.50%	–
• IMA Safe S.r.l.	Ozzano E. (Bologna)	EUR	3,000,000	100%	–
• CO.MADIS Sp.A	Senago (Milan)	EUR	1,540,000	–	100% (1)
• Zanchetta S.r.l.	Montecarlo (Lucca)	EUR	363,940	100%	–
• Zibo IMA Xinhua Pharmatech Co. Ltd.	Zibo (PRC)	USD	5,143,248	80%	–
• Tianjin IMA Machinery Co. Ltd.	Tianjin (PRC)	USD	200,000	100%	–
• Swiftpack Automation Ltd.	Alcester (GB)	GBP	1,403,895	100%	–
• Precision Gears Ltd.	Mumbai (India)	RS	(*) 17,852,100	–	100% (1)
• IMA Kilian GmbH & Co. KG	Cologne (Germany)	EUR	3,600,000	–	100% (2)
• Nova Packaging Systems Inc.	Leominster (USA)	USD	8,050,000	–	100% (3)
• IMA Edwards B.V.	Dongen (Netherlands)	EUR	(*) 12,382,850	–	100% (4)
• IMA Edwards Pharmaceutical Systems (Beijing) Co. Ltd.	Beijing (PRC)	USD	400,000	–	100% (4)
• IMA Edwards Inc.	Tonawanda (USA)	USD	100	–	100% (3)
Commercial companies:					
• IMA UK Ltd.	Alcester (GB)	GBP	50,000	100%	–
• IMA Est GmbH	Vienna (Austria)	EUR	280,000	100%	–
• IMA Germany GmbH	Cologne (Germany)	EUR	90,000	100%	–
• IMA France Eur.l.	Rueil-Malmaison (France)	EUR	45,735	100%	–
• IMA Pacific Co. Ltd.	Bangkok (Thailand)	THB	(*) 40,219,000	99.99%	–
• IMA Packaging and Processing Equipment (Beijing) Co. Ltd.	Beijing (PRC)	USD	1,350,000	100%	–
• Imautomatiche Lda	Madeira (Portugal)	EUR	5,000	100%	–
• IMA Iberica Processing and Packaging SL	Barcelona (Spain)	EUR	590,000	100%	–
• IMA North America Inc.	Bristol (USA)	USD	2,500	–	100% (3)
• IMA Edwards S.r.l.	Trezzano Naviglio (Milan)	EUR	80,000	–	100% (5)
• IMA Edwards Japan KK	Yachiyo-shi Chiba (Japan)	YEN	40,000,000	–	100% (5)
Other companies:					
• IMA Kilian Verwaltungs GmbH	Cologne (Germany)	EUR	25,000	–	100% (2)
Financial companies:					
• Packaging Systems Holdings Inc.	Wilmington (USA)	USD	1,000	100%	–

(*) The share capital of Precision Gears Ltd., IMA Edwards B.V. and IMA Pacific Co. Ltd. amounts, at par, to Rs 20,000,000, Euro 45,400,000 and Thb 100,000,000 respectively.

Notes (details of investments):

- Held by IMA Safe S.r.l. The percentage interest in Precision Gears Ltd. includes an option to purchase 10% of the share capital, which in essence represents a form of deferred payment.
- Held by IMA Germany GmbH
- Held by Packaging Systems Holdings Inc.
- Held by IMA Life S.r.l.
- Held by IMA Edwards B.V.

**INVESTMENTS ACCOUNTED FOR
USING THE EQUITY METHOD**

	Registered office		Share capital at 31/12/2008	Direct investment	Indirect investment
• B.C. S.r.l.	Imola (Bologna)	EUR	36,400	30%	–
• Bacciottini F.lli S.r.l.	Oste Montemurlo (Prato)	EUR	60,000	30%	–
• G.S. Divisione Verniciatura S.r.l.	Castel S. Pietro T. (Bologna)	EUR	11,000	30%	–
• I.E.M.A. S.r.l.	S. Giorgio di Piano (Bologna)	EUR	10,400	30%	–
• L.A.CO S.r.l.	Ozzano E. (Bologna)	EUR	30,000	30%	–
• MASTERPIECE S.r.l.	Ozzano E. (Bologna)	EUR	10,000	30%	–
• Scriba Nanotecnologie S.r.l.	Bologna	EUR	18,750	24.9%	–
• SIL.MAC. S.r.l.	Gaggio Montano (Bologna)	EUR	90,000	30%	–
• Sirio Sp.A. Ass. in partecipazione (*)	Milan	EUR	200,000		

(*) Agreement signed in the last quarter of 2007 for the management of an aircraft

The consolidated financial statements at 31 December 2008 include the Group's share of the net profits and losses of companies valued using the equity method, from the date on which significant influence begins until the date when it ends.

D) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The changes reported below have been calculated on figures at 31 December 2007 for balance sheet items and on figures for the year 2007 for income statement items.

1. SEGMENT INFORMATION

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

- machines for the packaging of tea and herbal teas in filter bags and coffee in pods, and related services;
- pharmaceutical packaging sector: machines for the packaging of pharmaceutical capsules and tablets in blisters and bottles, machines for filling bottles and vials with liquid and powdered products in sterile and non-sterile environments, machines for freeze-drying, machines for cartoning and end-of-line equipment, and related services;
- pharmaceutical processing sector: machines for the production of tablets and capsules, machines for coating, transporting and granulating powders, and related services.

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

The following table gives a breakdown of revenues with comparative figures for the same period in 2007 (in millions of euros):

	year 2008	year 2007	Change
Tea, coffee and herbal tea packaging	84.9	77.1	7.8
Pharmaceutical packaging	323.2	247.0	76.2
Pharmaceutical processing	137.8	128.9	8.9
Other	1.3	1.5	(0.2)
Total	547.2	454.5	92.7

Consolidated revenues in 2008 amounted to 547.2 million euros, an increase of 20.4% on the same period last year. The freeze-drying business, represented by IMA Edwards, which was consolidated for the first time from 1 February 2008 as part of the pharmaceutical packaging segment, contributed 66.9 million euros to revenues.

Revenues from the tea sector were 10.1% higher than the already good results reported last year, confirming the Group's strong leadership position in this market.

The growth in revenues earned by the packaging sector is mainly due to the contribution made by IMA Edwards and to internal growth thanks to the success of IMA's products on the market.

Lastly, during the fourth quarter, the process machinery sector turned in revenues of 63.1 million euros, permitting 6.9% growth on an annual basis.

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

	year 2008	year 2007	Change
Tea, coffee and herbal tea packaging	32.5	26.5	6.0
Pharmaceutical packaging	30.4	32.7	(2.3)
Pharmaceutical processing	9.2	10.6	(1.4)
Other	(0.2)	(0.2)	-
Total	71.9	69.6	2.3

The operating profit of the tea sector shows a considerable improvement, thanks in part to the effect of non-recurring items for a total of 1.9 million euros versus 0.8 million euros in 2007. The operating profit of the packaging sector is down, despite the 1.6 million euros contributed by IMA Edwards, as it reflects 1.8 million euros less non-recurring income (1.1 million euros in 2008 compared with 2.9 million euros in 2007) and the 1.4 million euro writedown of a development project. The slight deterioration in the process machinery sector can be attributed to lower non-recurring income (0.8 million euros), as well as to certain contracts with profit margins that are not in line with the sector average, a situation that is not expected to be repeated next year.

The following is a breakdown of IMA Group revenues at 31 December 2008 by geographical and business segment (millions of euros):

REVENUES BY GEOGRAPHICAL AREA

	year 2008	year 2007	Change
European Union (excluding Italy)	213.1	183.9	29.2
Other European countries	50.6	42.0	8.6
North America	97.8	89.4	8.4
Asia & Middle East	95.3	67.1	28.2
Other countries	59.7	36.7	23.0
Total exports	516.5	419.1	97.4
Italy	30.7	35.4	(4.7)
Total	547.2	454.5	92.7

REVENUES BY BUSINESS CATEGORY

	year 2008	year 2007	Change
Machines and change parts	253.7	231.8	21.9
Contract work	180.4	124.4	56.0
Spare parts	64.9	60.3	4.6
Technical assistance	34.8	23.4	11.4
Other services	13.4	14.6	(1.2)
Total	547.2	454.5	92.7

2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment show a net increase of 3.1 million euros compared with 31 December 2007. Movements in property, plant and equipment during the period are analyzed as follows (in millions of euros):

	Land	Buildings and leasehold improvements	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Balances at 01.01.08	15.1	34.6	13.4	1.4	3.1	0.3	67.9
Increases in the period	-	1.2	4.4	0.6	1.5	2.3	10.0
Sales and disposals	-	(0.2)	-	-	(0.1)	-	(0.3)
Change in scope of consolidation	-	0.1	1.1	-	0.3	-	1.5
Depreciation	-	(1.9)	(3.4)	(0.6)	(1.4)	-	(7.3)
Activities sold	(0.8)	-	-	-	-	-	(0.8)
Reclassifications	-	-	0.3	-	-	(0.3)	-
Translation differences	(0.1)	(0.1)	0.2	-	-	-	-
Balances at 31.12.08	14.2	33.7	16.0	1.4	3.4	2.3	71.0

Land includes 10.6 million euros in respect of property in Ozzano dell'Emilia (Bologna) and Bentivoglio (Bologna) owned by the Parent Company; 3.2 million euros refers to land in Calenzano (Florence) held under a finance lease.

Buildings and leasehold improvements mainly comprise the Parent Company's buildings located in Ozzano dell'Emilia, Bentivoglio and Calenzano, as well as buildings in France, the United Kingdom and India, which are owned by the subsidiaries IMA France E.u.r.l., IMA UK Ltd. and Precision Gears Ltd. respectively.

The increase in assets under construction and advances of 2.2 million euros reflects the Parent Company's acquisition of portions of a building under construction in Ozzano dell'Emilia from third parties by way of an exchange. The other additions during the period relate principally to the purchase of machinery, the costs incurred to expand and upgrade existing buildings and plant and to purchase electronic equipment.

The change in the scope of consolidation reflects the acquisition of the Edwards Group, as mentioned previously.

Disposals refer to the sale of a plot of building land in Ozzano dell'Emilia to third parties by way of an exchange. This exchange generated an after-tax capital gain of 0.8 million euros, as discussed in Note 21.

3. INTANGIBLE ASSETS

Movements in intangible assets during the period are analyzed as follows (in millions of euros):

	Development costs	Industrial patents right	Software licences, trademarks and similar	Goodwill	Assets under development and advances	Total
Balances at 01.01.08	7.5	2.7	2.6	52.9	0.6	66.3
Increases in the period	0.1	2.9	7.6	-	1.7	12.3
Acquisition of the Edwards Group	22.2	-	-	25.2	-	47.4
Amortization	(4.2)	(0.8)	(2.1)	-	-	(7.1)
Writedowns/Impairments	(1.4)	-	-	-	-	(1.4)
Reclassifications	0.6	-	-	-	(0.6)	-
Translation differences	-	-	0.1	(0.2)	-	(0.1)
Balances at 31.12.08	24.8	4.8	8.2	77.9	1.7	117.4

Development costs mainly include the costs incurred for new products that were not previously available and are targeted at new market segments. Capitalizations mainly relate to the Vortex high-speed wet granulators, with optional fluid-bed integrators (Pegasus), the CA1 packaging machine for coffee pods in filter paper, and biotechnology compacts. Development costs also include the know-how relating to washing and powder handling systems in the pharmaceuticals processing sector, recognized following the acquisition of VIMA Impianti S.r.l. (now Zanchetta S.r.l.). Lastly, the acquisition of the Edwards Group during 2008 has involved recognizing 22.2 million euros of know-how in freeze-drying systems for the pharmaceutical industry, with an estimated useful life of 7 years.

The increase in industrial patents mainly reflects the purchase of a patent for the construction of a single-dose flacon production machine for 1.9 million euros.

The increase in software, licences, trademarks and similar rights mainly reflects the capitalization of 5.0 million euros, amortizable over four years, in relation to the non-compete agreement signed by IMA Life S.r.l. on acquisition of the investment in IMA Edwards Pharmaceutical Systems (Beijing) Co. Ltd.

Goodwill comprises the following (in millions of euros):

	31.12.2008	31.12.2007
Acquisition of G.S. S.r.l. Coating System division	7.4	7.4
Acquisition of ICO OLEODINAMICI S.p.A. division	3.1	3.1
Acquisition of CO.MA.DI.S. S.p.A.	3.8	3.8
B.F.B. S.p.A.	1.8	1.8
IMA Kilian GmbH & Co. KG	14.8	14.8
Nova Group	12.4	12.6
Acquisition of VIMA Impianti S.r.l.	4.3	4.3
Precision Gears Ltd.	4.0	4.0
Acquisition of Zanchetta S.r.l.	1.1	1.1
Edwards Group	25.2	–
Total	77.9	52.9

See Note 22 for comments on the goodwill recognized following the acquisition of the Edwards Group.

Based on the Product Development Plan for the pill counting machine, it was decided that the project no longer satisfied the requirements of marketability and profitability, which meant that the residual development costs of 1.4 million euros had to be written off entirely.

The impairment tests carried out in accordance with the procedures outlined in IAS 36 did not identify the need to record any other loss of value.

Assets under development and advances relate to the capitalization of development costs incurred by the Parent Company and IMA Life S.r.l., amounting to 0.5 million euros and 1.1 million euros respectively.

4. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

This item comprises (in millions of euros):

	% holding	31.12.2008	31.12.2007
B.C. S.r.l.	30%	0.6	0.6
Bacciottini F.lli S.r.l.	30%	0.4	–
G.S. Divisione Verniciatura S.r.l.	30%	0.7	0.7
I.E.M.A. S.r.l.	30%	0.4	0.4
L.A.CO. S.r.l.	30%	0.4	0.4
Scriba Nanotecnologie S.r.l.	25%	0.2	0.2
SIL.MAC. S.r.l.	30%	0.3	0.3
Sirio S.p.A. Associazione in partecipazione (*)		3.1	1.1
Total		6.1	3.7

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

See the section on the scope of consolidation for a discussion of Bacciottini F.lli S.r.l.

5. FINANCIAL ASSETS

Non-current financial assets, 11.8 million euros, include investments in securities totalling 3.0 million euros (3.0 million euros at 31 December 2007). These mainly comprise listed bond funds pledged as collateral for loans received and classified as available for sale. They also include financial receivables of 1.8 million euros (1.6 million euros at 31 December 2007) and investments in other companies of 7.0 million euros (9.9 million euros at 31 December 2007).

The decrease in investments in other companies mainly reflects downward adjustment of the carrying amount of the investment in Pierrel S.p.A. by 3.0 million euros, determined with reference to its official market price at 31 December 2008.

Current financial assets, 1.1 million euros, include investments by the Parent Company in listed bond funds of 0.9 million euros (0.2 million euros at 31 December 2007) and financial receivables of 0.2 million euros (0.2 million euros at 31 December 2007).

6. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments comprise (in millions of euros):

	Assets 31.12.2008	Liabilities 31.12.2008	Assets 31.12.2007	Liabilities 31.12.2007
Interest rate swaps (non-current) cash flow hedges	-	0.1	0.2	-
Exchange rate hedging instruments (current) - cash flow hedges	2.1	0.2	0.6	-
Total	2.2	0.2	0.8	-

INTEREST RATE DERIVATIVES

The amount of 0.1 million euros represents the fair value of two options, arranged with leading banks in 2005 and 2006, that hedge the interest rate risk on two long-term loans maturing in June and October 2011.

FOREIGN EXCHANGE DERIVATIVES

The amounts of 2.1 million euros (assets) and 0.2 million euros (liabilities) represent the fair values of forward currency sale and purchase contracts respectively arranged by the Group in order to hedge exchange rate risk. The respective notional amounts of these hedging instruments at 31 December 2008 are 48.9 million US dollars (20.5 million US dollars at 31 December 2007) and 4.7 million US dollars (not present at 31 December 2007).

7. DEFERRED TAX ASSETS AND LIABILITIES

At 31 December 2008, deferred tax assets of 14.2 million euros (13.2 million euros at 31 December 2007) mainly relate to temporary differences deriving from provisions, as well as to the elimination of unrealized intercompany profits on the sale of finished products and the tax benefit of tax losses carried forward.

At 31 December 2008, deferred tax liabilities of 17.4 million euros (15.8 million euros at 31 December 2007) mainly relate to temporary differences arising from the different book value of certain tangible and intangible fixed assets and contract work in progress with respect to their valuations for fiscal purposes.

8. INVENTORIES

This item comprises (in millions of euros):

	Gross value	Impairment provision	Net value at 31.12.2008	Net value at 31.12.2007
Raw, ancillary and consumable materials	27.6	(5.2)	22.4	20.3
Work in progress and semifinished goods	153.5	(17.7)	135.8	114.3
Finished products and goods for resale	3.8	(1.8)	2.0	1.2
Total	184.9	(24.7)	160.2	135.8

Most of the increase in inventories compared with 31 December 2007 has to be considered together with the level of orders already acquired at the end of the year.

Inventories attributable to IMA Edwards amount to 4.0 million euros at 31 December 2008.

9. TRADE AND OTHER RECEIVABLES

This caption is analyzed as follows (millions of euros):

	31.12.2008	31.12.2007
Trade receivables	110.0	102.3
Advances to suppliers	7.5	7.4
Tax receivables	9.2	8.0
Deferrals	2.1	1.1
Other receivables	2.9	2.4
Total	131.7	121.2

TRADE RECEIVABLES

Trade receivables include amounts due from customers of 64.9 million euros (82.7 million euros at 31 December 2007), amounts due on contract work in progress of 44.9 million euros (19.6 million euros at 31 December 2007) and trade receivables from associates of 0.2 million euros.

Payment extensions granted to customers who reside in countries with particular risks are backed by appropriate financial instruments to secure collection.

Trade receivables from customers are carried net of accumulated provisions amounting to 4.7 million euros (3.4 million euros at 31 December 2007).

2008 saw the assignment without recourse of receivables with an overall nominal value of around 21.1 million euros; assigned receivables not yet due at 31 December 2008 amounted to around 18.0 million euros, of which 16.5 million euros have been assigned to factoring companies and 1.5 million euros to other financial institutions.

ADVANCES TO SUPPLIERS

At 31 December 2008 these relate to advances for goods to be used in production and for services of respectively 5.2 million euros (4.5 million euros at 31 December 2007) and 2.3 million euros (2.9 million euros at 31 December 2007).

This balance includes 0.7 million euros in advances to associated companies (0.8 million euros at 31 December 2007).

10. CASH AND CASH EQUIVALENTS

This item comprises (in millions of euros):

	31.12.2008	31.12.2007
Bank current accounts	73.0	68.9
Deposits	3.1	1.2
Cheques and cash	0.3	0.9
Total	76.4	71.0

Cash and cash equivalents include 18.0 million euros in balances relating to IMA Edwards companies. For a better understanding of changes in this balance, reference should be made to Note 13 on borrowings.

**11. SHARE CAPITAL
AND TREASURY SHARES**

Share capital at 31 December 2008 is represented by the share capital issued (fully subscribed and paid up) by the parent company, IMA S.p.A., comprising 34,100,000 ordinary shares with a par value of 0.52 euros each.

In May 2008, a total dividend of 28.7 million euros was paid, equal to 0.85 euros gross per ordinary share in circulation (22.1 million euros, equal to 0.65 euros gross in May 2007).

During 2008, the Parent Company carried out transactions in treasury shares by buying 108,250 of its own shares for a total of 1.5 million euros and selling 110,000 of them for a total of 1.5 million euros. During 2007, the Parent Company bought 224,485 treasury shares for a total of 3.2 million euros.

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

The table below shows the number of outstanding shares:

Thousands of shares	
Balance at 01.01.2007	34,125
Purchase of treasury shares	(66)
Sale of treasury shares	-
Balance at 30.09.2007	34,059
Purchase of treasury shares	(158)
Sale of treasury shares	-
Balance at 31.12.2007	33,901
Purchase of treasury shares	(108)
Sale of treasury shares	-
Balance at 30.09.2008	33,793
Purchase of treasury shares	-
Sale of treasury shares	110
Balance at 31.12.2008	33,903

15 January 2009 saw the start of a new share buy-back plan, implemented by BHV, with a view to stabilising the share price in full compliance with current regulations. Over the term of this plan, which will terminate on 28 April 2009, it is reasonable to expect that no more than 300,000 shares will be purchased, for a maximum of 4.5 million euros.

At 31 December 2008, 197,735 shares were held in the portfolio, with a total value of 2.7 million euros.

12. FAIR VALUE RESERVE

The changes in the fair value reserve are analyzed as follows (in millions of euros):

Balance at 01.01.2007	0.8
<i>Available for sale</i>	
Valuation at fair value	(1.0)
Fair value - tax effect	0.1
<i>Cash flow hedges/hedging instruments</i>	
Valuation at fair value	0.7
Realization recognized in income - revenues	(0.8)
Realization recognized in income - financial income and expense	(0.1)
Realization recognized in income - tax effect	0.3
Balance at 31.12.2007	-
<i>Available for sale</i>	
Valuation at fair value	(3.1)
<i>Cash flow hedges/hedging instruments</i>	
Valuation at fair value	2.1
Realization recognized in income - revenues	(0.6)
Realization recognized in income - financial income and expense	(0.2)
Balance at 31.12.2008	(1.8)

Changes during the period in the available for sale category include a 3.0 million euro writedown of the investment in Pierrel S.p.A. to reflect its stockmarket price at 31 December 2008.

13. BORROWINGS

These include payables to banks of 212.8 million euros (157.9 million euros at 31 December 2007), and payables to other lenders of 4.3 million euros (4.7 million euros at 31 December 2007).

PAYABLES TO BANKS

The increase in the amount due to banks is mainly related to the loan of 53.5 million euros obtained to finance the acquisition of the freeze-drying business represented by the Edwards group.

Applied research and technological innovation loans

Repayments totalling 5.0 million euros were made by the Parent Company as they fell due during the period; no new loans were received.

Other loans

The main changes in other loans relate to 53.5 million euros in new loans received by the Parent Company and 18.7 million euros in repayments made in accordance with contractual terms by IMA S.p.A., IMA Life S.r.l. and IMA Kilian GmbH & Co KG.

PAYABLES TO OTHER LENDERS

At 31 December 2008 this item mainly includes the finance lease debt for the Calenzano plant amounting to 3.4 million euros (4.4 million euros at 31 December 2007). The non-current portion comprises payables due between 1 and 5 years for a total of 2.4 million euros.

NET DEBT

Net debt at 31 December 2008 amounts to 134.8 million euros and is made up as follows:

in millions of euros	31.12.2008	30.09.2008	31.12.2007
A. Cash and cash equivalents	(76.4)	(40.9)	(71.0)
B. Other cash equivalents	–	–	–
C. Investments in securities	(0.9)	(0.8)	(0.2)
D. Liquidity (A)+(B)+(C)	(77.3)	(41.7)	(71.2)
E. Current financial receivables	(0.2)	(0.2)	(0.2)
F. Current payables to banks	85.3	87.5	60.6
G. Current portion of non-current bank payables	36.1	37.7	33.8
H. Other current financial payables	1.9	1.1	1.2
I. Current financial debt (F) + (G) + (H)	123.3	126.3	95.6
J. Net current financial debt (D)+(E)+(I)	45.8	84.4	24.2
K. Non-current portion of non-current bank payables	91.4	94.5	63.5
L. Non-current financial assets (*)	(4.8)	(4.7)	(4.6)
M. Other non-current financial payables	2.4	2.6	3.5
N. Net non-current financial debt (K)+(L)+(M)	89.0	92.4	62.4
O. Net financial debt (J) + (N)	134.8	176.8	86.6

(*) Non-current financial assets are represented by investments in securities and financial receivables. The figure is not the same as the one in the balance sheet as it does not include equity interests in other companies. For further information on the composition of net debt, see Notes 5 and 10.

Net debt at the end of the period amounts to 134.8 million euros compared with 86.6 million euros at 31 December 2007. The increase in debt compared with 31 December 2007 is mainly due to the acquisition of the Edwards Group (around 48 million euros). During the year, the Group also bought the minority interests in certain companies and exercised a call option to buy 5% of the shares in the Indian company Precision Gears Ltd. for a total of 1.4 million euros; then in May the Parent Company IMA S.p.A. paid dividends of 28.7 million euros, 6.6 million euros more than it paid out in May 2007. So net of these extraordinary transactions, net debt would have been around 8 million euros lower.

With respect to 30 September 2008, the financial situation is showing an improvement thanks to the positive cash flow differential in the fourth quarter.

14. PROVISIONS FOR RISKS AND CHARGES

These provisions are analyzed as follows (millions of euros):

	Balance at 31.12.2007	Provisions	Uses	Change in scope of consolidation	Exchange differences	Balance at 31.12.2008
Non-current:						
Agency termination indemnities	1.4	0.2	–	0.2	–	1.8
Legal disputes	0.1	–	–	–	–	0.1
	1.5	0.2	–	0.2	–	1.9
Current:						
Product warranty provision	5.7	3.6	(1.7)	3.9	0.2	11.7
Legal disputes	0.1	–	(0.1)	–	–	–
Other provisions	0.4	0.2	(0.3)	–	–	0.3
	6.2	3.8	(2.1)	3.9	0.2	12.0
Total	7.7	4.0	(2.1)	4.1	0.2	13.9

The product guarantee provision was established on the basis of estimated expenses for interventions under guarantee after 31 December 2008 for machines sold previous to that date. The change in the scope of consolidation includes amounts relating to IMA Edwards.

15. TRADE AND OTHER PAYABLES

This caption is analyzed as follows (millions of euros):

	31.12.2008	31.12.2007
Trade payables	109.9	98.1
Advances from customers	53.3	44.7
Social security payables	5.5	5.2
Tax payables	4.0	3.7
Employees payables	17.2	15.7
Payables in respect of acquisitions	1.3	1.9
Other payables	5.0	3.5
Total	196.2	172.8

TRADE PAYABLES

This item includes trade payables of 97.0 million euros (89.6 million euros at 31 December 2007), payables to agents of 7.3 million euros (4.9 million euros at 31 December 2007) and trade payables to associates of 5.6 million euros (3.6 million euros at 31 December 2007). IMA Edwards companies account for 8.5 million euros in payables to suppliers.

ADVANCES FROM CUSTOMERS

The increase in advances from customers for uncompleted contracts with respect to 31 December 2007 is mainly due to the first-time consolidation of the various IMA Edwards companies and the large volume of orders acquired at the end of the year.

TAX PAYABLES

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

EMPLOYEES PAYABLES

The increase in this item with respect to the amount at 31 December 2007 is mainly attributable to the IMA Edwards companies.

PAYABLES IN RESPECT OF ACQUISITIONS

These mainly relate to the estimated liability for the purchase of the residual 10% interest in Precision Gears Ltd. (India) for which the parties agreed reciprocal put and call options to be exercised by the end of January 2010. An option to acquire 5% of the Indian company was exercised in January 2008, with the simultaneous payment of 0.6 million euros.

16. PERSONNEL COSTS

Personnel costs comprise (in millions of euros):

	year 2008	year 2007	Change
Wages and salaries	109.8	94.9	14.9
Social security contributions	26.8	23.9	2.9
Remuneration of directors	2.6	2.1	0.5
Pensions - defined-benefit plans	0.6	0.4	0.2
Pensions - defined-contribution plans	6.4	4.9	1.5
Other personnel costs	8.9	6.9	2.0
Effect of curtailment on provision for severance indemnities	-	(4.5)	4.5
Total	155.1	128.6	26.5

Personnel costs in 2008 include 15.3 million euros relating to the IMA Edwards companies that were not consolidated last year.

During the third quarter of 2007, the IMA Group recorded the effect of the changes made to the regulations governing severance indemnities by Law 296 of 27 December 2006.

17. DEPRECIATION, AMORTISATION AND WRITEDOWNS

This item includes depreciation of property, plant and equipment of 7.3 million euros (6.9 million euros in 2007), amortization of intangible assets of 7.1 million euros (3.3 million euros in 2007), writedowns/impairment adjustments of development costs of 1.4 million euros and writedowns of receivables of 1.6 million euros (0.8 million euros in 2007).

The increase in the amortization of intangible assets is due to a 2.9 million euros amortization charge on the know-how in freeze-drying systems for the pharmaceutical industry recognized following the acquisition of the Edwards Group.

18. FINANCIAL INCOME

This item comprises (in millions of euros):

	year 2008	year 2007	Change
Interest income from banks	1.6	1.5	0.1
Interest income on amounts due from customers	0.2	0.2	–
Income from derivative financial instruments	0.4	–	0.4
Other interest and financial income	–	0.1	(0.1)
Exchange rate gains	8.1	4.0	4.1
Total	10.3	5.8	4.5

19. FINANCIAL EXPENSE

This item comprises (in millions of euros):

	year 2008	year 2007	Change
Interest expense on bank payables	10.9	7.8	3.1
Interest expense on discounting	0.2	0.2	–
Interest expense on finance leases	0.3	0.2	0.1
Expense from derivative financial instruments	0.2	0.3	(0.1)
Other interest and financial expense	0.7	0.6	0.1
Exchange losses	9.3	4.4	4.9
Total	21.6	13.5	8.1

The increase in interest expense on bank payables reflects the increase in net debt compared with the same period of the previous year.

Exchange gains and losses for the period to 31 December 2008 include unrealised gains of 2.2 million euros and unrealised losses of 4.3 million euros (1.3 million euros and 1.3 million euros in the same period last year).

20. INCOME TAXES FOR THE PERIOD

Income taxes for the period are calculated using the best estimate of the weighted average tax rate for the full year, as envisaged by IAS 34.

During 2007, VIMA Impianti S.r.l. (now Zanchetta S.r.l.), IMA S.p.A., IMA Libra S.r.l. (now IMA Life S.r.l.), and CO.MA.DI.S. S.p.A. elected to establish a domestic tax group for the three-year period 2007-2009 with SO.FI.MA. S.p.A. acting as its head.

During 2008, IMA Safe S.r.l. and IMA Flavour S.r.l. also elected to join this domestic tax group.

21. NET PROFIT FROM DISCONTINUED ACTIVITIES/DISPOSAL GROUPS

During fourth quarter 2008 the Parent Company sold a plot of building land to third parties in exchange for portions of a building under construction in Ozzano dell'Emilia. The assets exchanged were valued at 2.2 million euros. The operation generated an after-tax capital gain of 0.8 million euros.

At 31 December 2007, this item included the economic effects of disposing of Info Area S.r.l. and the Telstar Group. For further information, see the comments made in the 2007 consolidated financial statements.

22. BUSINESS COMBINATIONS

Contracts were completed in the first half of 2008 for the purchase of the freeze-drying business represented by the BOC Edwards Pharmaceutical Systems Group, the undisputed leader in this sector, as discussed in more detail in the section entitled "Scope of consolidation". The group acquired is organized as follows:

- IMA Edwards Inc., located in Tonawanda, New York (USA), which produces freeze-drying machines, mainly for the pharmaceuticals market;
- IMA Edwards B.V., located in Dongen (Netherlands), which produces freeze-drying machines, mainly for the pharmaceuticals and cosmetics markets;
- IMA Edwards Pharmaceutical Systems (Beijing) Co. Ltd., located in Beijing (China), which produces freeze-drying machines, mainly for the pharmaceuticals and cosmetics markets.

Edwards Group companies supply integrated systems and are present in all the principal world markets, with a strong presence in the American one. The freeze-drying business is expanding rapidly, with excellent prospects in the field of biotechnologies. This acquisition strengthens the IMA Group's world leadership in the supply of machines for the pharmaceutical industry and will facilitate the sale of filling and sterilization lines.

The initial accounting for the business combination involving the BOC Edwards Group has been determined provisionally because the fair value of the assets, liabilities or contingent liabilities and the cost of the combination is not yet final.

As required by IFRS 3, any adjustments will be made within twelve months of the acquisition date. The main assets and liabilities at 31 January 2008, the acquisition date, were as follows (in millions of euros):

	IMA Edwards Inc.	IMA Edwards B.V.	IMA Edwards Beijing	Total book values	Fair value
Property, plant and equipment and intangible assets	0.3	0.4	0.8	1.5	1.5
Know-how	-	-	-	-	22.2
Tax effect of recognizing know-how	-	-	-	-	(6.7)
Inventories	1.1	3.3	0.8	5.2	5.2
Cash and cash equivalents	2.3	2.1	1.2	5.6	5.6
Provisions for risks and charges	(1.9)	(1.9)	(0.4)	(4.2)	(4.2)
Defined benefit plans	(0.8)	-	-	(0.8)	(0.8)
Trade and other receivables (payables)	4.1	(14.2)	(1.1)	(11.2)	(11.2)
Total	5.1	(10.3)	1.3	(3.9)	11.6
Carrying amount of the investment					36.8
Goodwill					25.2

The acquisition of the BOC Group absorbed around 48 million euros in cash flow; this includes 5.0 million euros for the non-compete agreement, capitalized in intangible assets as discussed in Note 3, the takeover of a loan for 11.9 million euros and 5.6 million euros in cash acquired.

The IMA Edwards companies have been consolidated for eleven months. During the first half, IMA Edwards S.r.l. and IMA Edwards Japan KK were also set up, as mentioned in the section on the scope of consolidation.

The IMA Edwards companies have contributed 66.9 million euros in revenues and 1.6 million euros in operating profit to the IMA Group's results.

23. GUARANTEES GRANTED

At 31 December 2008, the Group had granted sureties and other bank guarantees to customers for 21.6 million euros for the proper operation of machinery, bid bonds and advances not yet received, sureties in favour of the municipality of Ozzano dell'Emilia (Bologna) for 0.7 million euros to secure the performance of contracts, a surety to the tax authorities for VAT rebates of 8.7 million euros and sureties to others for 0.9 million euros.

In addition, the Parent Company has given sureties and other guarantees (binding letters of patronage) to third parties on behalf of subsidiaries, in relation to lines of credit and loans from the banking system and to the payment of lease instalments totalling 175.9 million euros.

Sureties given against advances received from customers amount to about 25.0 million euros (28.2 million euros at 31 December 2007).

24. COMMITMENTS

At 31 December 2008, commitments for the purchase of property, plant and equipment and intangible assets total 0.4 million euros and 0.6 million euros respectively, relating principally to costs to be incurred for the purchase of new machinery and the expansion and upgrade of existing plant and software.

The Group has commitments in respect of minimum lease payments for non-cancellable operating leases for a total of 1.7 million euros (1.4 million euros at 31 December 2007) and rentals for a total of 31.7 million euros (26.9 million euros at 31 December 2007).

There are also other commitments in favour of third parties for 5.9 million euros, consisting mainly of the commitment to the association in participation Sirio S.p.A. for 4.6 million US dollars.

25. RELATED-PARTY TRANSACTIONS

At 31 December 2008 the Group holding company was IMA Industria Macchine Automatiche S.p.A., 71.517% owned by SO.FI.MA. S.p.A., in turn a subsidiary of Lopam Fin S.p.A.

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 parties that control the Parent Company, to persons who administer and direct the activities of IMA S.p.A. and to parties that are controlled by such persons. The Board of Directors has subjected the functions connected with related-party transactions, including intra-group transactions, to the prior approval of the Board of Directors, except for typical or usual transactions to be concluded under standard conditions.

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 discussed earlier. None of these transactions is particularly important to the Group in economic or strategic terms, since the receivables, payables, costs and revenues attributable to related parties do not represent a significant proportion of the totals reported in the financial statements. Transactions are conducted on an arm's length basis.

The following table details the main transactions carried out with related parties (in millions of euros):

	Receivables at 31.12.2008	Receivables at 31.12.2007	Payables at 31.12.2008	Payables at 31.12.2007
Associates:				
Bacciottini F.lli S.r.l.	–	n.a.	1.0	n.a.
B.C. S.r.l.	–	0.2	0.8	0.7
G.S. S.r.l.	–	–	–	0.1
I.E.M.A. S.r.l.	–	–	1.0	0.5
LA.CO. S.r.l.	0.7	0.3	1.6	1.1
SIL.MAC S.r.l.	0.2	0.3	1.1	1.2
Scriba Nanotec. S.r.l.	–	–	0.1	–
	0.9	0.8	5.6	3.6
Other related parties:				
Datasensor S.p.A.	–	–	0.1	0.1
Felsinea Ristorazioni S.r.l.	–	n.a.	0.4	n.a.
Info Area S.r.l.	n.a.	1.9	n.a.	4.1
Naturapack S.r.l.	1.0	1.1	–	–
Viaggi Nuova Era S.r.l.	–	–	1.7	1.6
	1.0	3.0	2.2	5.8
Total	1.9	3.8	7.8	9.4

	Revenues year 2008	Revenues year 2007	Costs year 2008	Costs year 2007
Associates:				
Bacciottini F.lli S.r.l.	–	n.a.	2.1	n.a.
B.C. S.r.l.	–	–	3.7	2.6
Consorzio Info Area	n.a.	1.5	n.a.	1.4
G.S. S.r.l.	–	n.a.	0.3	n.a.
I.E.M.A. S.r.l.	–	n.a.	2.1	0.4
LA.CO. S.r.l.	0.7	0.5	2.2	1.8
SIL.MAC S.r.l.	–	n.a.	2.5	n.a.
	0.7	2.0	12.9	6.2
Other related parties:				
Datasensor S.p.A.	–	–	0.2	0.2
Felsinea Ristorazione S.r.l.	–	n.a.	1.1	n.a.
Info Area S.r.l. (*)	n.a.	1.3	n.a.	2.6
Italbe S.r.l.	–	–	0.2	0.1
Lopam S.r.l.	–	–	0.5	0.3
Morosina S.p.A.	–	–	0.1	0.1
Naturapack S.r.l.	1.9	2.5	0.5	1.3
Poggi Luca	–	–	0.4	0.3
Sporting Club Gira S.r.l.	–	–	0.3	0.2
Viaggi Nuova Era S.r.l.	–	–	4.4	3.9
	1.9	3.8	7.7	9.0
Total	2.6	5.8	20.6	15.2

(*) These amounts relate to August and September 2007.

The above transactions primarily relate to Italian companies.

Lastly, there are also dealings with SO.FI.MA. S.p.A., the ultimate parent company, as a result of setting up the domestic tax group, as mentioned in Note 20.

**26. SIGNIFICANT NON-RECURRING
TRANSACTIONS AND EVENTS**

During 2008 the Extraordinary Meetings of IMA Life S.r.l. and IMA Flavour S.r.l. approved an increase in capital, excluding the exercise of rights by existing shareholders and admitting new third-party shareholders; as a result, the Parent Company's interest in these two companies has come down to 94.5% and 98.52%, as discussed in the section "Scope of consolidation". These transactions generated an overall capital gain of 2.5 million euros.

In addition, the Parent Company and IMA Life S.r.l. have recognized 0.5 million euros and 0.1 million euros respectively in tax credits for research and development costs incurred in 2007, as permitted by article 1 of Law 296 of 27 December 2006 and subsequent amendments.

These non-recurring items in 2008, for a total of 3.1 million euros, have been booked to other revenues.

**27. POSITIONS OR OPERATIONS
DERIVING FROM ATYPICAL AND/OR
UNUSUAL TRANSACTIONS**

No positions or operations deriving from atypical and/or unusual transactions arose during 2008.

**28. SIGNIFICANT EVENTS AFTER THE
END OF THE FOURTH QUARTER**

The principal events taking place subsequent to the end of the fourth quarter were:

- in accordance with the plan described in Note 11 of the consolidated financial statements, 11,000 own shares were purchase in January 2009, as notified to Consob on 2 February 2009. The treasury shares held as of 12 February 2009 represent 0.612% of the share capital;
- January 2009 saw completion of the purchase of 30% of the Indian company Briopharma Technologies Pvt. Ltd. for 0.3 million euros. This company has been working with IMA for a number of years promoting certain Group product lines on the Indian market.

The manager responsible for the preparation of the Company's accounting documents, Sergio Marzo, declares in accordance with article 154 bis paragraph 2 of the Consolidated Finance Act that the accounting information contained in this Interim Report on Operations agrees with the books of account, the accounting entries and supporting documentation.