

INTERIM REPORT ON OPERATIONS

AT 30 SEPTEMBER 2008





# INTERIM REPORT ON OPERATIONS

AT 30 SEPTEMBER 2008

---

## TABLE OF CONTENTS

---

<b>INTERIM REPORT ON OPERATIONS</b>		<b>PAGE 5 - 15</b>
DIRECTORS AND OFFICERS	PAGE 6 - 7	
GROUP STRUCTURE	" 8	
GROUP COMPANIES BY BUSINESS ACTIVITY	" 9	
GROUP PERFORMANCE	" 10 - 14	
OTHER INFORMATION	" 15	
<b>CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2008</b>		<b>" 17 - 21</b>
CONSOLIDATED BALANCE SHEET	" 18	
CONSOLIDATED INCOME STATEMENT	" 19	
STATEMENT OF CHANGES IN CONSOLIDATED EQUITY	" 20	
CONSOLIDATED STATEMENT OF CASH FLOWS	" 21	
<b>NOTES AND CONSOLIDATED SCHEDULES</b>		<b>" 23 - 41</b>
OVERVIEW	" 24	
BASIS OF PREPARATION	" 24	
SCOPE OF CONSOLIDATION	" 25 - 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, and give sureties or letters of patronage, except (in relation to the sureties and letters of patronage) for those given on behalf of direct or indirect subsidiaries of the Company;
- to concede real rights of enjoyment over the assets of the Company.

**DIRECTOR AND GENERAL MANAGER**

Andrea Malagoli

**DIRECTORS**

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

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

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

**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 - Auditor

Piero Aicardi - Auditor

Giacomo Giovanardi - Auditor

**ALTERNATE AUDITORS**

Vittorio Coraducci - Auditor

Chiara Gallina - Auditor

Antonella Grassigli - 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**

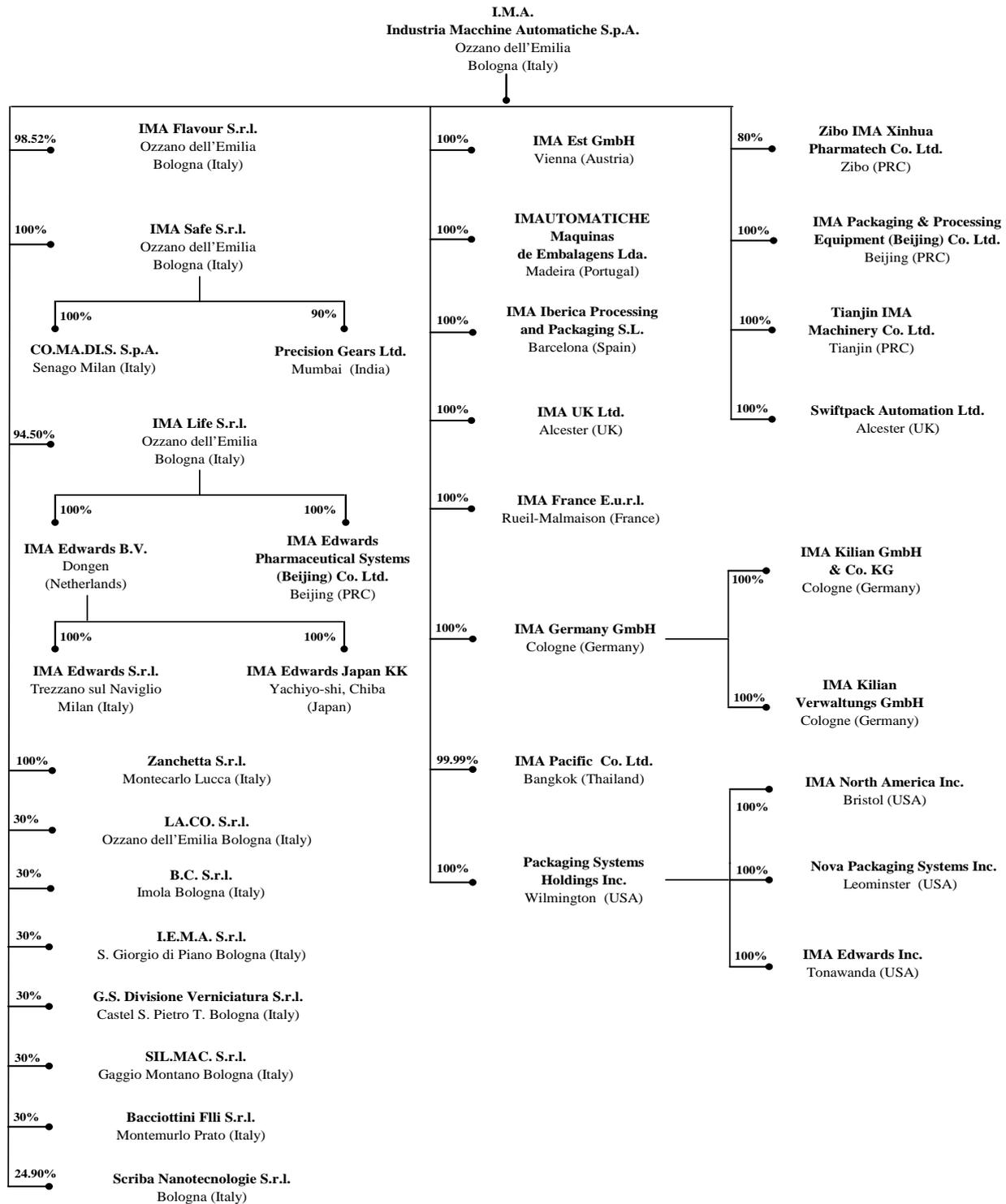
Romano Volta

**INDEPENDENT AUDITORS**

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

PricewaterhouseCoopers S.p.A.

GROUP STRUCTURE



## 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)

**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.**  
Trezzano 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 world economy is going through one of the worst financial crises ever. The bursting of the speculative bubble in financial and non-financial assets is making the risk of a world recession quite likely.

It all started in the USA, but it has spread rapidly to other industrialised nations and emerging economies as well. This situation is being accompanied by a credit squeeze on the part of the banks, as they are currently the most exposed to the crisis, which in turn is dampening consumption and capital expenditure on the part of all participants in the economy.

The main impact of these events will be felt in 2009, when the GDPs of the USA, Europe and Japan are likely to show a negative trend for most of the year. That of emerging nations will remain positive, but there will almost certainly be drastic cuts in growth rates. The weakness in demand from industrialised nations, together with the massive wave of sales on the part of non-commercial operators linked to the turbulence on financial markets, has led to a sharp drop in raw material prices. This will all help depress GDP in producer countries as well.

All countries around the world are now working on plans to expand government spending to bolster their economies, but the effects of this are unlikely to be seen before the end of 2009.

Traditionally, the pharmaceutical industry is not particularly sensitive to international economic crises, but reliable estimates by IMS Health suggest that it too will see growth slow to around 4.5-5.5%. This range looks positive compared with the trend in other sectors, but it is also symptomatic of how deep the crisis is expected to be.

IMA, which operates in this sector, has also seen demand slacken off recently, being reflected in an order book with lower rates of growth than in the past.

### CONSOLIDATED INCOME STATEMENT

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

- cost of sales: 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 amortization and depreciation not directly connected with the purposes described previously;
- gross operating profit (EBITDA): this corresponds to the sum of operating profit, amortization and depreciation 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.

Consolidated revenues of the IMA Group in the first nine months of 2008 amounted to 380.3 million euros, compared with 311.1 million euros in the same period of 2007. Operating profit rose to 46.3 million euros (41.0 million euros in 2007).

The following is a summarised version of the consolidated income statement for the period under review, with comparative figures for the same period in 2007:

millions of euros	1.1.2008-30.9.2008		1.1.2007-30.9.2007		Change %
	Amount	%	Amount	%	
<b>Revenues</b>	<b>380.3</b>		<b>311.1</b>		<b>22.2</b>
Cost of sales	(230.0)	60.5	(183.2)	58.9	
<b>Gross industrial income</b>	<b>150.3</b>	<b>39.5</b>	<b>127.9</b>	<b>41.1</b>	<b>17.5</b>
R&D costs	(17.3)		(16.2)		
Sales costs	(44.1)		(38.3)		
General and administrative costs	(45.7)		(36.9)		
<b>Operating profit before non-recurring items (E.B.I.T.A.)</b>	<b>43.2</b>	<b>11.4</b>	<b>36.5</b>	<b>11.7</b>	<b>18.4</b>
Non-recurring items	3.1		4.5		
<b>Operating profit (E.B.I.T.)</b>	<b>46.3</b>	<b>12.2</b>	<b>41.0</b>	<b>13.2</b>	<b>12.9</b>
Net financial income (expense)	(6.6)		(5.7)		
Profit (loss) from investments carried at equity	(0.1)		-		
<b>Profit before tax</b>	<b>39.6</b>	<b>10.4</b>	<b>35.3</b>	<b>11.3</b>	<b>12.2</b>
Income taxes	(14.6)		(15.9)		
<b>Net profit from continuing activities</b>	<b>25.0</b>	<b>6.6</b>	<b>19.4</b>	<b>6.2</b>	<b>28.9</b>
Net profit from discontinued activities/ disposal groups	-		5.2		
<b>Net profit for the period</b>	<b>25.0</b>	<b>6.6</b>	<b>24.6</b>	<b>7.9</b>	<b>16</b>
Profit (loss) for the period pertaining to minority interests	(0.1)		(0.1)		
<b>Group profit</b>	<b>24.9</b>	<b>6.5</b>	<b>24.5</b>	<b>7.9</b>	<b>16</b>
<b>Gross operating profit (E.B.I.T.D.A.)</b>	<b>56.8</b>	<b>14.9</b>	<b>48.9</b>	<b>15.7</b>	<b>16.2</b>
<b>Order book</b>	<b>298.5</b>		<b>253.8</b>		<b>17.6</b>

## REVENUES AND ORDERS

Consolidated revenues in the first nine months of 2008 came to 380.3 million euros, an increase of 22.2% 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 54.9 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, thanks in part to the Edwards Group, and above all from the tea industry. All of this despite the fact that the sector in which the IMA Group operates often features interim results that 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 orders received during the year - for a total of 387.1 million euros versus 368.9 million euros in 2007, an increase of 4.9% with the Edwards Group contributing 39.1 million euros - helped build up an order book that has reached 298.5 million euros, an increase of 17.6% compared with last year (253.8 million euros).

## OPERATING PROFIT

Industrial gross profit was 39.5% of revenues in the period to 30 September 2008, compared with 41.1% 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, and due to an unfavourable shift in the mix between machines, size parts and spare parts, which will tend to level out over the full year.

As a result, operating profit was 46.3 million euros, versus 41.0 million euros in the same period of 2007, after taking account of a modest increase in fixed costs. The Edwards Group contributed 2.5 million euros to operating profit.

Operating profit has benefited from non-recurring income linked to increases in capital 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). Net of these items, operating profit would have come to 43.2 million euros.

**PROFIT BEFORE TAX**

Net financial expense amounted to 6.6 million euros compared with 5.7 million euros in the period to 30 September 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 39.6 million euros versus 35.3 million euros at the end of September 2007.

**NET PROFIT FOR THE PERIOD**

Net profit for the period came to 25.0 million euros versus 24.6 million euros in the same period last year. The difference is mainly due to the items explained under the last two headings, as well as the net profit earned on certain business activities in 2007 that have since been terminated.

**ANALYSIS OF SECTOR PERFORMANCE**

The following schedule analyzes operations by business sector:

millions of euros	Tea	Packaging	Process	Other	Unallocated(*)	Total
<b>Revenues</b>						
1.1.2008 - 30.9.2008	69.8	235.0	74.7	0.8	–	380.3
1.1.2007 - 30.9.2007	56.2	177.2	76.5	1.2	–	311.1
<b>Operating profit</b>						
1.1.2008 - 30.9.2008	28.5	21.5	(3.6)	(0.1)	–	46.3
1.1.2007 - 30.9.2007	20.3	20.5	0.2	–	–	41.0
<b>Net capital employed (*)</b>						
30 September 2008	22.3	170.8	95.1	11.6	(20.6)	279.2
30 September 2007	19.0	118.6	86.8	2.4	(5.4)	221.4
<b>R&amp;D costs</b>						
1.1.2008 - 30.9.2008	3.5	9.8	4.0	–	–	17.3
1.1.2007 - 30.9.2007	3.5	8.5	4.2	–	–	16.2
<b>Average personnel (**)</b>						
1.1.2008 - 30.9.2008	193	1,799	635	–	409	3,036
1.1.2007 - 30.9.2007	194	1,573	586	–	376	2,729
<b>Order book</b>						
30 September 2008	66.4	160.2	71.9	–	–	298.5
30 September 2007	50.2	136.3	67.3	–	–	253.8

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

(\*\*) The personnel allocated to the various sectors are those directly employed there, while the figure reported in the "Unallocated" column reflects those employed by the sales organisations at branches and in the Group's administrative and central offices. Note that the figure for the first nine months of 2008 includes 300 employees of the Edwards Group, whereas the equivalent comparative figure included 86 employees of the Telstar Group, which was sold during the course of 2007.

Revenues from the tea sector were 24.2% higher than the good results reported last year, confirming the Group's strong leadership position in this market. Operating profit was also higher. As regards revenues for the entire year, the tea sector is expected to exceed last year's sales, the best result ever. Compared with last year, the order book is showing growth of 32.3% (66.4 million euros versus 50.2 million euros at 30 September 2007), ensuring good visibility for the entire year.

The growth in revenues earned by the packaging sector (+57.8 million euros) is mainly due to the contribution made by the Edwards Group (54.9 million euros) and to internal growth thanks to the success of IMA's products on the market. Operating profit is better than last year's, helped by the 2.5 million euros contributed by the Edwards Group.

The pharmaceutical processing sector is down on last year (-3.8 million euros at operating profit level), reflecting even more than usual the highly seasonal nature of the business. The revenues expected to be earned in the fourth quarter will be around 45-50% of total sales budgeted for the entire year, which will in turn benefit operating profit.

## 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 summarises the Group's balance sheet and financial position at 30 September 2008:

millions of euros	30.09.2008	31.12.2007	30.09.2007
Trade receivables	114.1	102.3	103.9
Inventories	175.4	135.8	151.9
Trade payables	(141.5)	(135.4)	(127.5)
Other, net	(41.0)	(32.0)	(36.5)
<b>Working capital</b>	<b>107.0</b>	<b>70.7</b>	<b>91.8</b>
Property, plant and equipment	68.8	67.9	69.0
Intangible assets	117.4	66.3	71.1
Investments	10.8	13.7	12.5
<b>Non-current assets</b>	<b>197.0</b>	<b>147.9</b>	<b>152.6</b>
Employee severance indemnities and other	(24.8)	(21.6)	(23.0)
<b>Net capital employed</b>	<b>279.2</b>	<b>197.0</b>	<b>221.4</b>
<b>FINANCED BY:</b>			
<b>Net debt</b>	<b>176.8</b>	<b>86.6</b>	<b>121.8</b>
Minority interests	2.7	1.1	1.3
<b>Group equity</b>	<b>99.7</b>	<b>109.3</b>	<b>98.3</b>
<b>Total sources of financing</b>	<b>279.2</b>	<b>197.0</b>	<b>221.4</b>

The net capital employed at the end of the third quarter of 2008 was 82.2 million euros higher than at the end of 2007 and 57.8 million euros up on the figure for the same period last year.

The change that took place during the period is mainly due to the acquisition of the Edwards Group, which led to an overall increase of 52.3 million euros.

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 due to the high volume of deliveries planned for the last quarter, which is not offset by an equivalent increase in trade payables and advances received from customers.

The changes in non-current assets are mainly due to acquiring the Edwards Group.

The following is a breakdown of net debt:

millions of euros	30.09.2008	31.12.2007	30.09.2007
A. Cash and cash equivalents	(40.9)	(71.0)	(29.8)
B. Other cash equivalents	-	-	(0.1)
C. Investments in securities	(0.8)	(0.2)	(0.2)
<b>D. Liquidity (A)+(B)+(C)</b>	<b>(41.7)</b>	<b>(71.2)</b>	<b>(30.1)</b>
<b>E. Current financial receivables</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>(0.2)</b>
F. Current payables to banks	87.5	60.6	54.6
G. Current portion of non-current bank payables	37.7	33.8	22.7
H. Other current financial payables	1.1	1.2	1.2
<b>I. Current financial debt (F) + (G) + (H)</b>	<b>126.3</b>	<b>95.6</b>	<b>78.5</b>
<b>J. Net current financial debt (D)+(E)+(I)</b>	<b>84.4</b>	<b>24.2</b>	<b>48.2</b>
K. Non-current portion of non-current bank payables	94.5	63.5	73.6
L. Non-current financial assets (*)	(4.7)	(4.6)	(4.5)
M. Other non-current financial payables	2.6	3.5	4.5
<b>N. Net non-current financial debt (K)+(L)+(M)</b>	<b>92.4</b>	<b>62.4</b>	<b>73.6</b>
<b>O. Net financial debt (J) + (N)</b>	<b>176.8</b>	<b>86.6</b>	<b>121.8</b>

(\*) 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 amounted to 176.8 million euros compared with 121.8 million euros at 30 September 2007 and 86.6 million euros at the end of 2007. The increase compared with 31 December 2007 is mainly due to the acquisition of the Edwards Group (49.9 million euros), the higher amount of inventories needed to cope with fourth-quarter deliveries, and 1.1 million euros for the purchase of the minority interests in Bacciottini S.r.l. and the exercise of the option to buy 5% of the Indian company Precision Gears Ltd. In addition, IMA S.p.A. paid a dividend of 28.7 million euros in May, which was 6.6 million euros more than that paid in May 2007.

If we compare the net financial position with what it was at the end of the same period in 2007 (121.8 million euros), excluding the difference in dividends paid, non-recurring items and the purchase of treasury shares and based on the same scope of consolidation, the result is a slight deterioration of 6.6 million euros. This is mainly due to the customary rise in the value of inventories to cope with deliveries in the last quarter of the year.

The level of net debt is expected to improve over the next quarter thanks to normal business flows, as in previous years.

## CAPITAL EXPENDITURE

Group capital expenditure during the first nine months of 2008 amounted to 5.0 million euros (4.6 million euros in the same period of 2007) and mainly related to the extension and upgrading of existing buildings and plant, together with the purchase of electronic equipment. Investment in intangible assets amounted to 7.7 million euros (3.2 million euros in the same period of 2007) and mainly related to the capitalization of 5.0 million euros for the non-compete agreement signed by IMA Life S.r.l. when it acquired IMA Edwards Pharmaceutical Systems (Beijing) Co. Ltd. Goodwill of 25.9 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 excellent performances achieved by the Group to date make it possible to assume with reasonable certainty that the 2008 results will be a good deal better than last year's, both in terms of sales revenues, which ought to come in at around 560 million euros (+23.2% on 2007), and in terms of operating profit, which ought to come in at around 73 million euros, with a gross operating profit of around 87 million euros. This outcome will enable the Group to confirm the recovery in profitability that we have seen since the end of 2005, with a steady improvement in the results on the assumption that there are no major changes in market conditions.

**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 third 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 30 SEPTEMBER 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 30 SEPTEMBER 2008 AND 31 DECEMBER 2007 (MILLIONS OF EUROS)

ASSETS	Note	30 September 2008	31 December 2007
<b>NON-CURRENT ASSETS</b>			
<i>Property, plant and equipment</i>	2	68.8	67.9
<i>Intangible assets</i>	3	117.4	66.3
<i>Investments accounted for using the equity method</i>	4	4.1	3.7
<i>Financial assets</i>	5	11.4	14.5
<i>Receivables from others</i>		0.5	0.5
<i>Derivative financial instruments</i>	6	0.2	0.2
<i>Deferred tax assets</i>	7	13.6	13.2
<b>TOTAL NON-CURRENT ASSETS</b>		<b>216.0</b>	<b>166.3</b>
<b>CURRENT ASSETS</b>			
<i>Inventories</i>	8	175.4	135.8
<i>Trade and other receivables</i>	9	143.8	121.2
<i>Income tax receivables</i>		2.4	1.1
<i>Financial assets</i>	5	1.0	0.4
<i>Derivative financial instruments</i>	6	0.2	0.6
<i>Cash and cash equivalents</i>	10	40.9	71.0
<b>TOTAL CURRENT ASSETS</b>		<b>363.7</b>	<b>330.1</b>
<b>TOTAL ASSETS</b>		<b>579.7</b>	<b>496.4</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<i>Share capital</i>	11	17.7	17.7
<i>Share premium reserve</i>		16.4	16.4
<i>Treasury shares</i>	11	(4.2)	(2.7)
<i>Translation reserve</i>		(2.7)	(2.8)
<i>Fair value reserve</i>	12	(4.4)	-
<i>Other reserves</i>		21.5	14.6
<i>Retained earnings</i>		30.5	26.6
<i>Net profit (loss) for the period</i>		24.9	39.5
<b>Total capital and reserves pertaining to the Group</b>		<b>99.7</b>	<b>109.3</b>
<i>Reserves pertaining to minority interests</i>		2.6	0.9
<i>Profit pertaining to minority interests</i>		0.1	0.2
<b>Total minority interests</b>		<b>2.7</b>	<b>1.1</b>
<b>EQUITY PERTAINING TO THE GROUP AND MINORITY INTERESTS</b>		<b>102.4</b>	<b>110.4</b>
<b>NON-CURRENT LIABILITIES</b>			
<i>Borrowings</i>	13	97.1	67.0
<i>Severance and pension provisions</i>		18.1	18.0
<i>Provisions for risks and charges</i>	14	1.5	1.5
<i>Deferred tax liabilities</i>	7	19.8	15.8
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>136.5</b>	<b>102.3</b>
<b>CURRENT LIABILITIES</b>			
<i>Borrowings</i>	13	126.3	95.6
<i>Trade and other payables</i>	15	186.0	172.8
<i>Income tax liabilities</i>		16.8	9.1
<i>Provisions for risks and charges</i>	14	11.2	6.2
<i>Derivative financial instruments</i>	6	0.5	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>340.8</b>	<b>283.7</b>
<b>TOTAL LIABILITIES</b>		<b>477.3</b>	<b>386.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>579.7</b>	<b>496.4</b>

CONSOLIDATED INCOME STATEMENT

FOR THE THIRD QUARTER OF 2008 AND FOR THE PERIOD 01/01-30/09/2008 (MILLIONS OF EUROS)

INCOME STATEMENT	Note	3rd quarter 2008	3rd quarter 2007	from 01/01/2008 to 30/09/2008	from 01/01/2007 to 30/09/2007
<b>REVENUES</b>	1	129.0	102.8	380.3	311.1
<i>Other revenues</i>		1.4	0.9	8.2	3.2
<b>OPERATING COSTS</b>					
<i>Change in work in progress, semifinished and finished goods</i>		8.6	4.8	30.4	25.2
<i>Change in inventory of raw, ancillary and consumable materials and goods for resale</i>		1.0	0.1	3.7	4.0
<i>Cost of raw, ancillary and consumable materials and goods for resale</i>		(52.7)	(39.1)	(162.8)	(128.5)
<i>Services, rentals and leases</i>		(27.1)	(21.7)	(83.7)	(66.7)
<i>Personnel costs</i>	16	(37.1)	(26.7)	(113.7)	(94.8)
<i>Depreciation, amortization and writedowns</i>	17	(4.0)	(3.2)	(11.5)	(8.6)
<i>Provisions for risks and charges</i>		(0.7)	(0.4)	(2.0)	(1.4)
<i>Other operating costs</i>		(0.7)	(0.6)	(2.6)	(2.5)
<b>TOTAL OPERATING COSTS</b>		(112.7)	(86.8)	(342.2)	(273.3)
<b>OPERATING PROFIT</b>	1	17.7	16.9	46.3	41.0
<i>- of which: effect of non-recurring items</i>	26	-	4.5	3.1	4.5
<b>FINANCIAL INCOME AND EXPENSE</b>					
<i>Financial income</i>	18	1.1	1.7	6.3	3.9
<i>Financial expense</i>	19	(5.6)	(3.7)	(12.9)	(9.6)
<b>TOTAL FINANCIAL INCOME AND EXPENSE</b>		(4.5)	(2.0)	(6.6)	(5.7)
<b>PROFIT (LOSS) FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD</b>		-	-	(0.1)	-
<b>PROFIT BEFORE TAX</b>		13.2	14.9	39.6	35.3
<b>INCOME TAXES FOR THE PERIOD</b>	20	(4.4)	(6.8)	(14.6)	(15.9)
<b>NET PROFIT FROM CONTINUING ACTIVITIES</b>		8.8	8.1	25.0	19.4
<b>NET PROFIT FROM DISCONTINUED ACTIVITIES/DISPOSAL GROUPS</b>	21	-	5.1	-	5.2
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>		8.8	13.2	25.0	24.6
ATTRIBUTABLE TO:					
PARENT COMPANY SHAREHOLDERS		8.7	13.2	24.9	24.5
MINORITY INTERESTS		0.1	-	0.1	0.1
		8.8	13.2	25.0	24.6
<b>EARNINGS PER SHARE (in euros)</b>		0.26	0.39	0.74	0.72
<i>- of which: from continuing activities</i>		0.26	0.24	0.74	0.57
<i>- of which: from discontinued activities/disposal groups</i>		-	0.15	-	0.15

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

FOR THE PERIODS ENDED 30 SEPTEMBER 2008 AND 30 SEPTEMBER 2007 (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
<b>Balance at 1 Jan 2007</b>	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)	-	-	-
Capital increases	-	-	-	-	-	-	-	-	-	0.2	0.2
Sale of Info Area S.r.l.	-	-	-	-	-	(2.4)	2.4	-	-	-	-
Purchase and sale of treasury shares	-	-	(0.8)	-	-	-	-	-	(0.8)	-	(0.8)
Fair value of financial instruments	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of financial statements in foreign currency	-	-	-	(1.3)	-	-	-	-	(1.3)	-	(1.3)
Net profit for the period	-	-	-	-	-	-	-	24.5	24.5	0.1	24.6
<b>Balance at 30 Sept 2007</b>	18.8	16.4	(19.7)	(2.0)	0.8	31.0	28.5	24.5	98.3	1.3	99.6
<b>Balance at 1 Jan 2008</b>	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	-	-	(1.5)	-	-	-	-	-	(1.5)	-	(1.5)
Fair value of financial instruments	-	-	-	-	(4.4)	-	-	-	(4.4)	-	(4.4)
Exchange differences on translation of financial statements in foreign currency	-	-	-	0.1	-	-	-	-	0.1	0.1	0.2
Net profit for the period	-	-	-	-	-	-	-	24.9	24.9	0.1	25.0
<b>Balance at 30 Sept 2008</b>	17.7	16.4	(4.2)	(2.7)	(4.4)	21.5	30.5	24.9	99.7	2.7	102.4

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIODS ENDED 30 SEPTEMBER 2008 AND 30 SEPTEMBER 2007 (MILLIONS OF EUROS)

	30 September 2008	30 September 2007
<b>OPERATING ACTIVITIES</b>		
Net profit (loss) for the period	24.9	24.5
Adjustments for:		
- Depreciation and amortization	10.5	7.9
- Capital (gains) losses on disposal of non-current assets	0.1	(0.1)
- Changes in provisions for risks and charges and staff severance obligations	1.5	(1.2)
- Non-recurring items	(3.1)	(4.5)
- Unrealized exchange (gains) losses	(0.6)	-
- Other non-monetary changes	(0.2)	-
- Income taxes	14.6	15.9
- Capital gains on the disposal of discontinued activities	-	(5.5)
- Minority interests	0.1	0.1
- Result from investments accounted for using the equity method	0.1	-
Operating profit (loss) before changes in working capital	47.9	37.1
(Increase) decrease in trade and other receivables	80.7	(8.5)
(Increase) decrease in inventories	(34.4)	(28.1)
Increase (decrease) in trade and other payables	(92.2)	24.1
Income taxes paid	(10.6)	(7.3)
<b>CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES (A)</b>	<b>(8.6)</b>	<b>17.3</b>
<b>INVESTING ACTIVITIES</b>		
Investments in property, plant and equipment	(5.0)	(4.6)
Investments in intangible assets	(2.7)	(3.2)
Exchange rate differences on property, plant and equipment and intangible assets	-	0.6
Acquisitions of companies	(48.0)	(1.2)
Purchase of equity investments	(0.4)	(11.1)
Repayment of finance lease debts	(0.8)	(0.8)
Net proceeds from sale of businesses	-	6.4
Capital received for newly issued quotas	4.0	-
Proceeds from sale of non-current assets	0.2	0.4
Net change in financial assets and other non-current receivables	(0.8)	(1.7)
Changes in reserves pertaining to minority interests	(0.1)	0.2
<b>CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES (B)</b>	<b>(53.6)</b>	<b>(15.0)</b>
<b>FINANCING ACTIVITIES</b>		
Grant of borrowings	53.5	7.2
Repayment of borrowings	(18.8)	(17.8)
Increase (decrease) in other payables to banks	34.4	7.0
Dividends paid	(28.7)	(22.1)
Purchase of treasury shares	(1.5)	(0.8)
Translation of financial statements in foreign currency	0.1	(1.3)
Payment of interest	(7.6)	(5.6)
Receipt of interest	0.7	0.7
<b>CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES (C)</b>	<b>32.1</b>	<b>(32.7)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (D=A+B+C)</b>	<b>(30.1)</b>	<b>(30.4)</b>
<b>CASH AND CASH EQUIVALENTS AT START OF PERIOD (E)</b>	<b>71.0</b>	<b>60.2</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD (F=D+E)</b>	<b>40.9</b>	<b>29.8</b>

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 30 September 2008 was approved by the Board of Directors on 14 November 2008.

The IMA Group designs, manufactures and sells machinery and plant mainly to the pharmaceuticals, cosmetics and tea packaging industries. The interim results from the market segment in which the IMA Group operates are generally not fully representative of those expected for the year as a whole, since there is a concentration of business during the latter part of the year.

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

At 30 September 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 30 September 2008 has been prepared in accordance with art. 154-ter of Legislative Decree 58/98 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 30 September 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 amounts provided for tax in an interim period are adjusted in subsequent interim periods of the same financial year 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 explanatory 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 format of the consolidated income statement reflects an analysis of costs by nature, since this classification is considered the most meaningful in terms of understanding the Group's results.

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

The statement of cash flows is prepared using the indirect method to identify the cash flows from operating activities.

All of the figures in the interim report at 30 September 2008 are in millions of euros.

## C) SCOPE OF CONSOLIDATION

The interim report at 30 September 2008 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.

The following changes in Group structure took place during 2008:

- Contracts were completed with the Linde AG Group on 31 January 2008 for the purchase of its freeze-drying plant business represented by the BOC Edwards Pharmaceutical Systems Group, the undisputed leader in this sector. The final price for the transaction, based on the balance sheet at 31 January 2008, was 28.4 million euros paid on signing plus an adjustment of 3.6 million euros determined in May 2008, together with the takeover of a loan for 11.9 million euros. 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 for 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 option rights which permitted the entry of a new shareholder; 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 option 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%.

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

- the absorption of Zanchetta S.r.l. by VIMA S.r.l. with effect from 1 January 2008, at the same time changing the latter's name 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.DI.S. S.p.A. and Precision Gears Ltd. were also transferred 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 following is a list of the companies included in the consolidation, with an indication of the consolidation method used:

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

	Registered office		Share capital at 30/09/2008	Direct investment	Indirect investment
<b>Manufacturing companies:</b>					
• 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.MA.D.I.S. Sp.A.	Senago (Milan)	EUR	1,540,000	–	100% (1)
• Zanchetta S.r.l.	Montecarlo (Lucca)	EUR	363,940	100%	–
• Zibo IMA Xinhua Phamatech 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)
<b>Commercial companies:</b>					
• 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 S.L.	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)
<b>Other companies:</b>					
• IMA Kilian Verwaltungs GmbH	Cologne (Germany)	EUR	25,000	–	100% (2)
<b>Financial companies:</b>					
• 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 30/09/2008	Direct investment	Indirect investment
• B.C. S.r.l.	Imola (Bologna)	EUR	36,400	30%	–
• Bacciottini F.lli.	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%	–
• Scriba Nanotecnologie S.r.l.	Bologna	EUR	18,750	24.9%	–
• SILMAC 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 30 September 2008 include the Group's share of the net profits and losses of companies accounted for using the equity method, from the date on which significant influence begins until the date that it ends.

**D) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

The changes shown below have been calculated with respect to the balances at 31 December 2007 for balance sheet items and the figures for the first nine months of 2007 for income statement items.

**1. SEGMENT INFORMATION**

The Group's primary reporting is 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 by geographical segment.

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

	from 01.01.2008 to 30.09.2008	from 01.01.2007 to 30.09.2007	Change
Tea, coffee and herbal tea packaging	69.8	56.2	13.6
Pharmaceutical packaging	235.0	177.2	57.8
Pharmaceutical processing	74.7	76.5	(1.8)
Other	0.8	1.2	(0.4)
<b>Total</b>	<b>380.3</b>	<b>311.1</b>	<b>69.2</b>

Consolidated revenues in the first nine months of 2008 came to 380.3 million euros, an increase of 22.2% 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 54.9 million euros to revenues.

Revenues from the tea sector were 24.2% higher than the 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.

The pharmaceutical processing sector is reflecting the highly seasonal nature of the business even more than usual.

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

	from 01.01.2008 to 30.09.2008	from 01.01.2007 to 30.09.2007	Change
Tea, coffee and herbal tea packaging	28.5	20.3	8.2
Pharmaceutical packaging	21.5	20.5	1.0
Pharmaceutical processing	(3.6)	0.2	(3.8)
Other	(0.1)	-	(0.1)
<b>Total</b>	<b>46.3</b>	<b>41.0</b>	<b>5.3</b>

The operating profit of the tea sector is showing a considerable improvement. The operating profit of the packaging sector reflects IMA Edwards' contribution of 2.5 million euros. For the processing sector, the revenues expected to be earned in the fourth quarter will be around 45-50% of total sales budgeted for the entire year, which will in turn benefit operating profit

Revenues earned during the period ended 30 September 2008 by the IMA Group are analysed by geographical area and line of business as follows (in millions of euros):

REVENUES BY GEOGRAPHICAL AREA

	from 01.01.2008 to 30.09.2008	from 01.01.2007 to 30.09.2007	Change
European Union (excluding Italy)	154.7	126.6	28.1
Other European countries	30.4	28.3	2.1
North America	64.1	64.8	(0.7)
Asia and Middle East	64.8	43.5	21.3
Other countries	41.8	23.6	18.2
<b>Total exports</b>	<b>355.8</b>	<b>286.8</b>	<b>69.0</b>
Italy	24.5	24.3	0.2
<b>Total</b>	<b>380.3</b>	<b>311.1</b>	<b>69.2</b>

REVENUES BY BUSINESS CATEGORY

	from 01.01.2008 to 30.09.2008	from 01.01.2007 to 30.09.2007	Change
Machines and change parts	166.4	153.1	13.3
Contract work	134.2	90.2	44.0
Spare parts	47.2	44.0	3.2
Technical assistance	23.0	16.0	7.0
Other services	9.5	7.8	1.7
<b>Total</b>	<b>380.3</b>	<b>311.1</b>	<b>69.2</b>

## 2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment show a net increase of 0.9 million euros compared with 31 December 2007. Movements in property, plant and equipment during the period are analysed 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
<b>Balance at 1 Jan 2008</b>	<b>15.1</b>	<b>34.6</b>	<b>13.4</b>	<b>1.4</b>	<b>3.1</b>	<b>0.3</b>	<b>67.9</b>
Increases in the period	–	0.8	2.5	0.4	1.1	0.2	5.0
Sales and disposals	–	(0.1)	–	–	(0.2)	–	(0.3)
Change in scope of consolidation	–	0.1	1.0	–	0.5	–	1.6
Depreciation	–	(1.4)	(2.4)	(0.4)	(1.1)	–	(5.3)
Reclassifications	–	–	0.2	–	–	(0.2)	–
Traslation differences	–	(0.1)	0.1	–	(0.1)	–	(0.1)
<b>Balance at 30 Sept 2008</b>	<b>15.1</b>	<b>33.9</b>	<b>14.8</b>	<b>1.4</b>	<b>3.3</b>	<b>0.3</b>	<b>68.8</b>

Land includes 11.5 million euros for plots of land owned by the Parent Company in Ozzano dell'Emilia (Bologna) and Bentivoglio (Bologna) and 3.2 million euros for the land in Calenzano (Florence) which is being purchased 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.

Increases during the period mainly relate to costs incurred to extend 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.

## 3. INTANGIBLE ASSETS

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

	Development costs	Industrial patents right	Software licences, trademarks and similar	Goodwill	Assets under development and advances	Total
<b>Balance at 1 Jan 2008</b>	<b>7.5</b>	<b>2.7</b>	<b>2.6</b>	<b>52.9</b>	<b>0.6</b>	<b>66.3</b>
Increases in the period	0.1	0.7	5.8	–	1.1	7.7
Acquisition of the Edwards Group	22.2	–	–	25.9	–	48.1
Change in the scope of consolidation	0.4	–	–	–	–	0.4
Amortization	(3.2)	(0.5)	(1.5)	–	–	(5.2)
Reclassifications	0.5	–	–	–	(0.5)	–
Traslation differences	0.1	–	–	–	–	0.1
<b>Balance at 30 Sept 2008</b>	<b>27.6</b>	<b>2.9</b>	<b>6.9</b>	<b>78.8</b>	<b>1.2</b>	<b>117.4</b>

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 C300 error-control tablet-counting machine, as well as 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 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 Libra S.r.l. on acquisition of the investment in IMA Edwards Pharmaceutical Systems (Beijing) Co. Ltd.

Goodwill comprises the following (in millions of euros):

	30.09.2008	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	12.6	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	25.9	–
<b>Total</b>	<b>78.8</b>	<b>52.9</b>

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

A review of the value of goodwill did not find any evidence of impairment, based on current forecasts. Performance in the last quarter will provide a clearer picture of the future prospects for the various CGUs, as this period traditionally makes a very important contribution to the result for the year and the acquisition of orders for the coming year.

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 0.3 million euros and 0.8 million euros respectively.

#### 4. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

This item comprises (in millions of euros):

	% holding	30.09.2008	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
LA.CO. S.r.l.	30%	0.4	0.4
Scriba Nanotecnologie S.r.l.	24.9%	0.2	0.2
SIL.MAC. S.r.l.	30%	0.3	0.3
Sirio S.p.A. Associazione in partecipazione (*)		1.1	1.1
<b>Total</b>		<b>4.1</b>	<b>3.7</b>

(\*) 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, 11.4 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 1.7 million euros (1.6 million euros at 31 December 2007) and investments in other companies of 6.7 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 3.2 million euros, determined with reference to its official market price at 30 September 2008.

Current financial assets, 1.0 million euros, include investments by the Parent Company in listed bond funds of 0.8 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

Derivatives comprise (in millions of euros):

	Assets		Liabilities	
	30.09.2008	30.09.2008	31.12.2007	31.12.2007
Interest rate swaps (non-current)				
- cash flow hedges		0.2	-	0.2
Exchange rate hedging instruments (current)				
- cash flow hedges		0.2	0.5	0.6
<b>Total</b>		<b>0.4</b>	<b>0.5</b>	<b>0.8</b>

### INTEREST RATE DERIVATIVES

The amount of 0.2 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 0.2 million euros (assets) and 0.5 million euros (liabilities) represent the fair values of, respectively, the currency sale and purchase contracts arranged by the Group in order to manage exchange rate risk. The notional amounts of these hedging contracts at 30 September 2008 are respectively 16.3 million US dollars (20.5 million US dollars at 31 December 2007) and 4.6 million US dollars (not present at 31 December 2007).

## 7. DEFERRED TAX ASSETS AND LIABILITIES

At 30 September 2008, deferred tax assets of 13.6 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 30 September 2008, deferred tax liabilities amount to 19.8 million euros (15.8 million euros at 31 December 2007) and relate mainly to temporary differences between the book values of certain tangible and intangible assets and contract work in progress and their values recognised for tax purposes.

## 8. INVENTORIES

This item comprises (in millions of euros):

	Gross value	Impairment provision	Net value at 30.09.2008	Net value at 31.12.2007
Raw, ancillary and consumable materials	29.6	(5.3)	24.3	20.3
Work in progress and semifinished goods	170.6	(22.3)	148.3	114.3
Finished products and goods for resale	4.5	(1.7)	2.8	1.2
<b>Total</b>	<b>204.7</b>	<b>(29.3)</b>	<b>175.4</b>	<b>135.8</b>

The increase in inventories since 31 December 2007 reflects the preparation of machines for delivery to customers during the fourth quarter, as confirmed by the substantial order backlog at the end of September.

Inventories attributable to IMA Edwards amount to 4.8 million euros at 30 September 2008.

## 9. TRADE AND OTHER RECEIVABLES

This item comprises (in millions of euros):

	30.09.2008	31.12.2007
Trade receivables	114.1	102.3
Advances to suppliers	11.4	7.4
Tax receivables	13.0	8.0
Deferrals	2.4	1.1
Other receivables	2.9	2.4
<b>Total</b>	<b>143.8</b>	<b>121.2</b>

### TRADE RECEIVABLES

Trade receivables include amounts due from customers of 68.8 million euros (82.7 million euros at 31 December 2007), amounts due on contract work in progress of 45.1 million euros (19.6 million euros at 31 December 2007) and trade receivables from associates of 0.2 million euros.

Based on the same scope of consolidation, customer receivables have decreased by 16 million euros compared with 31 December 2007 as a result of collections during the period and the Group's careful management of customer credit.

Amounts due from customers beyond 12 months total 0.2 million euros. The deferred payment terms granted to customers resident in countries at risk are guaranteed by suitable financial instruments that assure collection. Customer receivables are carried net of accumulated provisions amounting to 4.5 million euros (3.4 million euros at 31 December 2007).

2008 saw the non-recourse assignment of receivables with an overall nominal value of around 1.6 million euros; assigned receivables not yet due at 30 September 2008 amount to around 1.3 million euros, of which 1.1 million euros assigned to factoring companies and 0.2 million euros to other financial institutions.

### ADVANCES TO SUPPLIERS

At 30 September 2008 these relate to advances for goods to be used in production and for services of respectively 7.7 million euros (4.5 million euros at 31 December 2007) and 3.7 million euros (2.9 million euros at 31 December 2007). This caption includes advances to associates of 0.5 million euros (0.8 million euros at 31 December 2007).

**10. CASH AND CASH EQUIVALENTS**

This item comprises (in millions of euros):

	30.09.2008	31.12.2007
Bank current accounts	39.4	68.9
Deposits	1.2	1.2
Cheques and cash	0.3	0.9
<b>Total</b>	<b>40.9</b>	<b>71.0</b>

Cash and cash equivalents have decreased by 30.1 million euros as the level of collections is traditionally lower during the period compared with the standard at the end of the year; this reduction also reflects the increase in inventories since 31 December 2007. Cash and cash equivalents at 30 September 2008 include 2.8 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 30 September 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 first quarter 2008, the Parent Company carried out transactions in treasury shares by buying 108,250 own shares 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 shares in circulation:

Thousands of shares	
<b>Balance at 1 Jan 2007</b>	34,125
Purchase of treasury shares	(66)
Sale of treasury shares	-
<b>Balance at 30 Sept 2007</b>	<b>34,059</b>
Purchase of treasury shares	(158)
Sale of treasury shares	-
<b>Balance at 31 Dec 2007</b>	<b>33,901</b>
Purchase of treasury shares	(108)
Sale of treasury shares	-
<b>Balance at 30 Sept 2008</b>	<b>33,793</b>

12 November 2007 saw the start of a new share buy-back plan, implemented by BHV, with a view to stabilising the share price on the stock exchange in full compliance with current regulations. On completion of this plan on 21 April 2008, the Parent Company had purchased a total of 266,500 shares for 3.8 million euros.

The number of shares in portfolio at 30 September 2008 came to 307,735 for a total value of 4.2 million euros.

**12. FAIR VALUE RESERVE**

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

<b>Balance at 1 Jan 2007</b>	<b>0.8</b>
<i>Available for sale</i>	
Valuation at fair value	(0.2)
Fair value - tax effect	0.1
<i>Cash flow hedges/hedging instruments</i>	
Valuation at fair value	1.0
Fair value - tax effect	(0.3)
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
<b>Balance at 30 Sept 2007</b>	<b>0.8</b>
<b>Balance at 1 Jan 2008</b>	<b>-</b>
<i>Available for sale</i>	
Valuation at fair value	(3.3)
<i>Cash flow hedges/hedging instruments</i>	
Valuation at fair value	(0.4)
Realization recognized in income - revenues	(0.5)
Realization recognized in income - financial income and expense	(0.2)
<b>Balance at 30 Sept 2008</b>	<b>(4.4)</b>

The available for sale category includes the writedown by 3.2 million euros of the investment in Pierrel S.p.A. to reflect its stockmarket price at 30 September 2008.

**13. BORROWINGS**

These include payables to banks of 219.7 million euros (157.9 million euros at 31 December 2007), and payables to other lenders of 3.7 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 4.4 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 14.2 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 30 September 2008 this item mainly included the liability for the finance lease on the Calenzano plant for 3.6 million euros (4.4 million euros at 31 December 2007). The non-current portion comprises payables due between 1 and 5 years totalling 2.6 million euros.

**NET DEBT**

The composition of net debt at 30 September 2008, 176.8 million euros, is as follows:

millions of euros	30.09.2008	30.06.2008	31.12.2007	30.09.2007
A. Cash and cash equivalents	(40.9)	(49.9)	(71.0)	(29.8)
B. Other cash equivalents	–	–	–	(0.1)
C. Investments in securities	(0.8)	(0.3)	(0.2)	(0.2)
<b>D. Liquidity (A)+(B)+(C)</b>	<b>(41.7)</b>	<b>(50.2)</b>	<b>(71.2)</b>	<b>(30.1)</b>
<b>E. Current financial receivables</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>(0.2)</b>
F. Current payables to banks	87.5	74.5	60.6	54.6
G. Current portion of non-current bank payables	37.7	34.4	33.8	22.7
H. Other current financial payables	1.1	1.2	1.2	1.2
<b>I. Current financial debt (F) + (G) + (H)</b>	<b>126.3</b>	<b>110.1</b>	<b>95.6</b>	<b>78.5</b>
<b>J. Net current financial debt (D)+(E)+(I)</b>	<b>84.4</b>	<b>59.7</b>	<b>24.2</b>	<b>48.2</b>
K. Non-current portion of non-current bank payables	94.5	106.4	63.5	73.6
L. Non-current financial assets (*)	(4.7)	(4.7)	(4.6)	(4.5)
M. Other non-current financial payables	2.6	2.9	3.5	4.5
<b>N. Net non-current financial debt (K)+(L)+(M)</b>	<b>92.4</b>	<b>104.6</b>	<b>62.4</b>	<b>73.6</b>
<b>O. Net financial debt (J) + (N)</b>	<b>176.8</b>	<b>164.3</b>	<b>86.6</b>	<b>121.8</b>

(\*) 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.

Apart from the normal increase in inventories to cope with deliveries in the fourth quarter, the change in net debt since 31 December 2007 is mainly attributable to:

- the purchase of treasury shares for 1.5 million euros;
- the purchase of the investments in IMA Edwards B.V., IMA Edwards Inc., IMA Edwards Pharmaceutical Systems (Beijing) Co. Ltd. and Precision Gears Ltd. for 50.4 million euros.

In addition, IMA S.p.A. paid a dividend of 28.7 million euros in May, which was 6.6 million euros more than that paid in May 2007.

The change in net debt with respect to 30 June 2008 is essentially due to the increase in inventories.

**14. PROVISIONS FOR RISKS AND CHARGES**

These provisions comprise (in millions of euros):

	Balance at 31.12.2007	Provisions	Uses	Change in scope of consolidation	Translation differences	Balance at 30.09.2008
Non-current:						
Agency termination indemnities	1.4	–	–	–	–	1.4
Legal disputes	0.1	–	–	–	–	0.1
	<b>1.5</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1.5</b>
Current:						
Product warranty provision	5.7	2.2	(0.7)	2.7	0.1	10.0
Legal disputes	0.1	–	–	–	–	0.1
Other provisions	0.4	–	(0.2)	0.8	0.1	1.1
	<b>6.2</b>	<b>2.2</b>	<b>(0.9)</b>	<b>3.5</b>	<b>0.2</b>	<b>11.2</b>
<b>Total</b>	<b>7.7</b>	<b>2.2</b>	<b>(0.9)</b>	<b>3.5</b>	<b>0.2</b>	<b>12.7</b>

The product guarantee provision reflects the estimated cost of work to be performed under warranty subsequent to 30 September 2008 in relation to machines sold prior to that date. The change in the scope of consolidation includes amounts relating to IMA Edwards.

## 15. TRADE AND OTHER PAYABLES

This item comprises (in millions of euros):

	30.09.2008	31.12.2007
Trade payables	98.8	98.1
Advances from customers	54.1	44.7
Social security payables	3.7	5.2
Tax payables	2.6	3.7
Employee payables	19.2	15.7
Payables in respect of acquisitions	1.3	1.9
Other payables	6.3	3.5
<b>Total</b>	<b>186.0</b>	<b>172.8</b>

### TRADE PAYABLES

This item includes trade payables of 87.8 million euros (89.6 million euros at 31 December 2007), payables to agents of 5.3 million euros (4.9 million euros at 31 December 2007) and trade payables to associates of 5.7 million euros (3.6 million euros at 31 December 2007). IMA Edwards companies account for 7.2 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 IMA Edwards companies and the large volume of orders to be completed during the next quarter.

### TAX PAYABLES

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

### EMPLOYEE PAYABLES

The increase in this caption since 31 December 2007 mainly reflects deferred payroll which will be paid during the last quarter of the year.

### 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):

	from 01.01.2008 to 30.09.2008	from 01.01.2007 to 30.09.2007	Change
Wages and salaries	80.4	71.4	9.0
Social security contributions	19.7	17.9	1.8
Remuneration of directors	2.0	1.6	0.4
Pensions - defined-benefit plans	1.1	0.2	0.9
Pensions - defined-contribution plans	4.3	3.2	1.1
Other personnel costs	6.2	5.0	1.2
Effect of curtailment on provision for severance indemnities	-	(4.5)	4.5
<b>Total</b>	<b>113.7</b>	<b>94.8</b>	<b>18.9</b>

Personnel costs for the first nine months of 2008 include 10.6 million euros in relation to IMA Edwards companies that were not consolidated in the same period 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 dated 27 December 2006.

**17. DEPRECIATION, AMORTIZATION AND WRITEDOWNS**

This caption includes the depreciation of property, plant and equipment, 5.3 million euros (5.7 million euros in the same period last year), the amortization of intangible assets, 5.2 million euros (2.6 million euros), and the writedown of receivables, 1.0 million euros (0.1 million euros).

The increase in the amortization of intangible assets is due to a 2.1 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):

	from 01.01.2008 to 30.09.2008	from 01.01.2007 to 30.09.2007	Change
Interest income from banks	1.2	1.1	0.1
Interest income from customers and other financial income	0.1	0.2	(0.1)
Income from derivatives	0.1	–	0.1
Exchange rate gains	4.9	2.6	2.3
<b>Total</b>	<b>6.3</b>	<b>3.9</b>	<b>2.4</b>

**19. FINANCIAL EXPENSE**

This item comprises (in millions of euros):

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

	from 01.01.2008 to 30.09.2008	from 01.01.2007 to 30.09.2007	Change
Interest expense on bank payables	7.9	5.7	2.2
Interest expense on finance leases	0.2	0.2	–
Expense from derivatives	–	0.3	(0.3)
Other interest and financial expense	0.4	0.4	–
Exchange rate losses	4.4	3.0	1.4
<b>Total</b>	<b>12.9</b>	<b>9.6</b>	<b>3.3</b>

Exchange gains and losses in the period to 30 September 2008 included, respectively, unrealised gains of 2.2 million euros and unrealised losses of 1.6 million euros (0.9 million euros and 0.9 million euros respectively 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**

At 30 September 2007, this item included the net profit deriving from the disposal of Info Area S.r.l. 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 of the main world markets, particularly in America. 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	0.8	0.5	0.8	2.1	2.1
Know-how	-	-	-	-	22.2
Tax effect of recognizing know-how	-	-	-	-	(6.7)
Inventories	1.1	3.3	0.8	5.2	5.2
Trade and other receivables	46.1	53.8	3.4	103.3	103.3
Cash and cash equivalents	2.3	2.1	1.2	5.6	5.6
Provisions for risks and charges	(2.0)	(1.5)	(0.1)	(3.6)	(3.6)
Trade and other payables	(43.7)	(69.1)	(4.5)	(117.3)	(117.3)
<b>Total</b>	<b>4.6</b>	<b>(10.9)</b>	<b>1.6</b>	<b>(4.7)</b>	<b>10.8</b>
Carrying amount of the investment					36.7
<b>Goodwill</b>					<b>25.9</b>

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 eight months and have contributed 54.9 million euros in revenues and 2.5 million euros in operating profit to the IMA Group's results.

### 23. GUARANTEES GRANTED

At 30 September 2008, the Group has given sureties to customers totalling 13.8 million euros for the proper operation of machinery, bid bonds and advances not yet received, as well as sureties to 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 3.3 million euros and sureties to others totalling 0.8 million euros, mainly to secure leases, sundry utilities and customs duties.

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 installments totalling 133.0 million euros.

Sureties given against advances from customers amount to about 26.2 million euros (28.2 million euros at 31 December 2007).

### 24. COMMITMENTS

At 30 September 2008, commitments for the purchase of property, plant and equipment came to a total of 1.0 million euros, relating principally to costs to be incurred for the purchase of new machinery and the expansion and upgrade of existing plant.

The Group also has commitments in respect of minimum lease payments for non-cancellable operating leases totalling 1.8 million euros (1.4 million euros at 31 December 2007) and rentals totalling 33.4 million euros (26.9 million euros at 31 December 2007).

There are also other commitments in favour of third parties for 7.8 million euros, consisting mainly of the commitment to the association in participation Sirio S.p.A. for 7.7 million US dollars.

### 25. RELATED-PARTY TRANSACTIONS

The Parent Company of the IMA Group is I.M.A. Industria Macchine Automatiche S.p.A., which at 30 September 2008 is 71.517% owned by SO.FI.MA. S.p.A., in turn controlled by 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 must give advance approval in its meetings for all transactions with related parties, including intercompany transactions, except for transactions carried out in the ordinary course of business on arm's-length terms.

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. Related-party transactions are carried out on an arm's-length basis.

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

	Receivables at 30.09.2008	Receivables at 31.12.2007	Payables at 30.09.2008	Payables at 31.12.2007
<b>Associates:</b>				
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	0.1
I.E.M.A. S.r.l.	–	–	1.0	0.5
LA.CO. S.r.l.	0.4	0.3	1.3	1.1
SIL.MAC S.r.l.	0.3	0.3	1.5	1.2
	<b>0.7</b>	<b>0.8</b>	<b>5.7</b>	<b>3.6</b>
<b>Other related parties:</b>				
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
Morosina S.p.A.	–	–	0.1	–
Naturapack S.r.l.	1.1	1.1	–	–
Luca Poggi	–	–	0.1	–
Sporting Club Gira S.r.l.	–	–	0.1	–
Viaggi Nuova Era S.r.l.	–	–	1.6	1.6
	<b>1.1</b>	<b>3.0</b>	<b>2.4</b>	<b>5.8</b>
<b>Total</b>	<b>1.8</b>	<b>3.8</b>	<b>8.1</b>	<b>9.4</b>

	Revenues from 01.01.2008 to 30.09.2008	Revenues from 01.01.2007 to 30.09.2007	Costs from 01.01.2008 to 30.09.2008	Costs from 01.01.2007 to 30.09.2007
<b>Associates:</b>				
Bacciottini F.lli S.r.l.	–	n.a.	1.3	n.a.
B.C. S.r.l.	–	–	2.9	1.9
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.	1.5	n.a.
LA.CO. S.r.l.	0.5	0.3	1.8	1.3
SIL.MAC S.r.l.	–	n.a.	1.9	n.a.
	<b>0.5</b>	<b>1.8</b>	<b>9.7</b>	<b>4.6</b>
<b>Other related parties:</b>				
Datasensor S.p.A.	–	–	0.2	0.2
Felsinea Ristorazione S.r.l.	–	n.a.	0.9	n.a.
Info Area S.r.l. (*)	n.a.	–	n.a.	0.8
Italbe S.r.l.	–	–	0.1	0.1
Lopam S.r.l.	–	–	0.3	0.2
Morosina S.p.A.	–	–	0.1	0.1
Naturapack S.r.l.	1.4	1.8	0.1	1.3
Luca Poggi	–	–	0.3	0.2
Sporting Club Gira S.r.l.	–	–	0.1	0.1
Viaggi Nuova Era S.r.l.	–	–	3.1	2.8
	<b>1.4</b>	<b>1.8</b>	<b>5.2</b>	<b>5.8</b>
<b>Total</b>	<b>1.9</b>	<b>3.6</b>	<b>14.9</b>	<b>10.4</b>

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

The above transactions relate primarily 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 dated 27 December 2006 and subsequent amendments.

The overall amount of these non-recurring items in the first nine months of 2008, 3.1 million euros, has been classified in "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 the first nine months of 2008.

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

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

\*\*\*\*\*

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.