

INTERIM REPORT ON OPERATIONS
AT 31 MARCH 2010

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INTERIM REPORT ON OPERATIONS
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(THE CONSOLIDATED 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 AT 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 2011)

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;
- the power to grant beneficial rights over the assets of the Company.

DIRECTOR AND GENERAL MANAGER

Andrea Malagoli

DIRECTORS

Giancarlo Folco, Marco Galliani, Italo Giorgio Minguzzi, Luca Poggi, Enrico Ricotta, Pierantonio Riello, Maria Carla Schiavina, Gianluca Vacchi, Romano Volta.

In addition to those powers that cannot be delegated, the Board of Directors of IMA S.p.A. collectively has exclusive authority to decide on the following matters:

- 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 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**

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

STANDING AUDITORS

Piero Aicardi - Chairman

Giacomo Giovanardi

Riccardo Pinza

ALTERNATE AUDITORS

Vittorio Coraducci

Fabio Porcellini

Federico Ferracini

**INTERNAL CONTROL AND
REMUNERATION COMMITTEE**

Giancarlo Folco - Independent director

Marco Galliani - Independent director

Maria Carla Schiavina - Non-executive director

**MANAGER RESPONSIBLE
FOR PREPARING
FINANCIAL REPORTS**

Sergio Marzo

**LEAD INDEPENDENT
DIRECTOR**

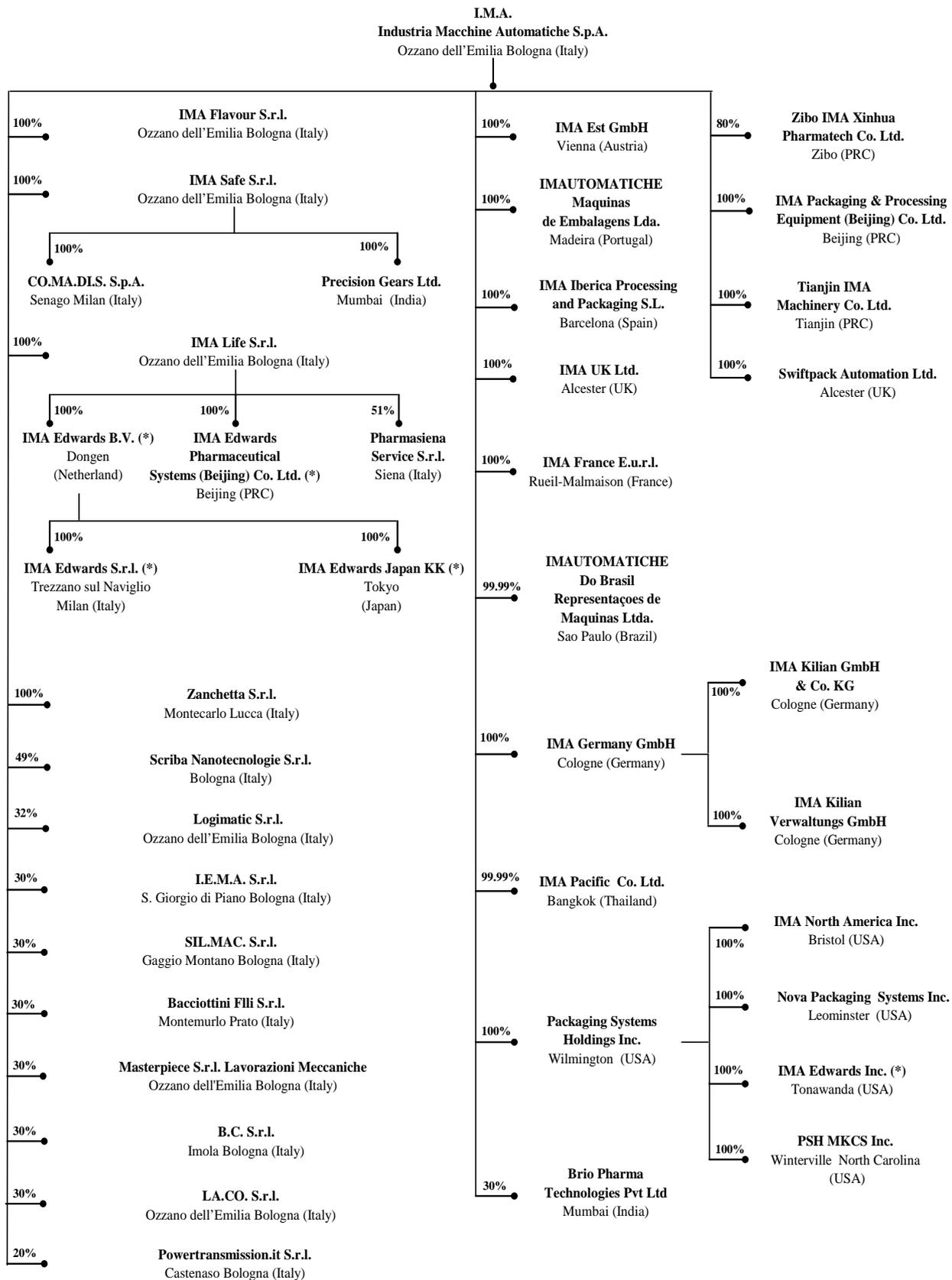
Giancarlo Folco

INDEPENDENT AUDITORS

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

PricewaterhouseCoopers S.p.A.

GROUP STRUCTURE AT 31 MARCH 2010



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GROUP PERFORMANCE

GENERAL PERFORMANCE

In the end of the day, the financial crisis confirmed that 2009 was an exceptional year for world GDP and trade aggregates, turning in the lowest growth for the last 40 years. All of which reflected a profound recession in industrialised nations and a deceleration in expansion for China and India. However, in these countries the first quarter of 2010 posted a distinct acceleration in GDP, unlike industrialised nations where the recovery is slower and internal demand is heavily dependent on government measures to boost the economy, unemployment continues to rise and the financial market is in ferment because of fears of default on the part of certain Euro-zone countries.

To summarize, emerging nations are growing and will continue to grow faster than industrialised ones, which will take years to return to pre-crisis levels.

In this context, during first quarter 2010 our Group managed to achieve a modest but constant recovery in orders, especially in the pharmaceutical market.

This makes us think that the worst is over and that, barring new financial turbulence, we ought to be able to recommence the growth trend that was interrupted in 2009.

The tea-bagging sector, on the other hand, is going through a momentary slowdown in orders, but this was amply foreseen and does not cause us worries for the future of this sector, which is expected to be positive.

CONSOLIDATED INCOME STATEMENT

The following income statement classified by purpose was prepared applying the following criteria:

- cost of sales: represents costs incurred directly by the Group to generate revenues. For example, it includes materials, labour, the technical offices' costs involved in customizing products and production overheads;
- R&D costs: these include the costs involved in developing new products or maintaining existing products. They also include the costs of technical personnel, the materials used in tests and experiments and the technical offices' overheads;
- selling 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 the broadest sense, the management of sectors or divisions, production planning, and all amortization and depreciation not connected directly with the business areas already mentioned above;
- gross operating profit: this corresponds to the sum of operating profit, depreciation and amortization for the year and writedowns of non-current assets.

The following main items in the reclassified income statement are equivalent to those reported in the consolidated income statement contained in the section entitled "Consolidated financial statements": revenues, operating profit, financial income and expense, profit before tax, income taxes and result for the period.

Group revenues in first quarter 2010 amounted to 82.6 million euros, compared with 107.0 million euros in the same period of 2009. EBITDA was slightly negative for 0.4 million euros, compared with 13.3 million euros in first quarter 2009. The quarterly operating result was a loss of 3.6 million euros, compared with a profit of 9.5 million euros in first quarter 2009.

The following is a summarized version of the income statement for the period under review, with comparative figures for the corresponding period in 2009:

in millions of euros	1st quarter 2010		1st quarter 2009	
	Amount	%	Amount	%
Revenues	82.6		107.0	
Cost of sales	(49.5)	59.9	(60.0)	56.1
Industrial gross profit	33.1	40.1	47.0	43.9
R&D costs	(6.9)		(6.9)	
Selling costs	(13.9)		(14.8)	
General and administrative costs	(15.9)		(15.8)	
Operating profit (EBIT)	(3.6)	(4.4)	9.5	8.9
Net financial income (expense)	(1.2)		(2.4)	
Profit (loss) from investments accounted for using the equity method	-		-	
Result before tax	(4.8)	(5.8)	7.1	6.6
Income taxes	1.8		(2.7)	
Profit (loss) for the period	(3.0)	(3.6)	4.4	4.1
Profit (loss) for the period attributable to minority interests	-		(0.1)	
Group result	(3.0)	(3.6)	4.3	4.0
Gross operating profit (EBITDA)	(0.4)	(0.5)	13.3	12.4
Order book	236.4		248.3	

REVENUES AND ORDERS

Consolidated revenues for first quarter 2010 totalled 82.6 million euros, down 22.8% with respect to the comparative period of last year. The sector in which the Group operates is affected by the strong seasonality of deliveries, such that the early quarters of the year are never truly indicative of the results achievable for the full year.

The level of orders received during first quarter 2010 led to an order book of 236.4 million euros, which is 4.8% lower than the prior year figure (248.3 million euros). Orders received in the first quarter amounted to 108.7 million euros, compared with 104.0 million euros in 2009.

OPERATING PROFIT

The industrial gross profit in first quarter 2010 (as a percentage of sales) came to 40.1%, which is down on the previous year (43.9%), due to lower sales volumes and a different mix.

As a consequence, the operating result is negative for 3.6 million euros, versus 9.5 million euros the previous year, in a scenario that featured constant fixed overheads and R&D costs, unlike with the previous year when it was possible to reduce them.

RESULT BEFORE TAX

Net financial expense amounted to 1.2 million euros compared with 2.4 million euros at 31 March 2009. The improvement compared with first quarter 2009 is essentially due to a lower proportion of exchange losses and less interest on a smaller amount of debt.

It follows that the pre-tax result was a loss of 4.8 million euros versus 7.1 million euros at the end of March 2009.

PROFIT (LOSS) FOR THE PERIOD

The result for the period was a loss of 3.0 million euros compared with a profit of 4.4 million euros in the same period last year. The reasons for this difference were explained in the previous two sections.

ANALYSIS OF PERFORMANCE BY SEGMENT

The following schedule analyzes operations by business sector:

in millions of euros	Tea	Packaging	Processing	Other	Unallocated	Total
Revenues						
1st quarter 2010	27.9	43.6	10.8	0.3	-	82.6
1st quarter 2009	30.7	61.4	14.6	0.3	-	107.0
Operating profit						
1st quarter 2010	9.5	(6.1)	(7.0)	-	-	(3.6)
1st quarter 2009	12.8	2.0	(5.3)	-	-	9.5
Net capital employed (*)						
31 March 2010	19.9	137.2	82.8	17.5	(6.8)	250.6
31 March 2009	27.2	159.1	106.2	12.9	(11.7)	293.7
R&D costs						
1st quarter 2010	1.5	3.9	1.5	-	-	6.9
1st quarter 2009	1.3	4.2	1.4	-	-	6.9
Average personnel (**)						
1st quarter 2010	198	1,817	658	-	419	3,092
1st quarter 2009	201	1,876	637	-	416	3,130
Order book						
31 March 2010	38.9	147.0	50.5	-	-	236.4
31 March 2009	62.0	139.2	47.1	-	-	248.3

(*) *Unallocated assets and liabilities refer principally to current and deferred income taxes, which are impossible to split 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 organizations at branches and the Group's administrative and central offices.*

Revenues from the tea sector were 2.8 million euros (-9.1%) down on the high level achieved last year, due to a lower level of orders outstanding at the end of 2009. The industrial gross profit was therefore lower because of the different sales mix and geographical distribution, which is then reflected in the operating result as it was hard to make further reductions in fixed overheads. The order book is down on the previous year (-23.1 million euros), though the trend for the entire year should be in line with expectations.

Revenues in the packaging sector were 17.8 million euros lower than in the same period of the previous year. The operating result is a loss of 6.1 million euros compared with 2.0 million euros at 31 March 2009 because of lower sales volumes during the period. Orders, on the other hand, are higher than in the same period of 2009; the order book has grown by around 7.8 million euros and the outlook for the current period is good.

The sector that makes processing machines for the pharmaceutical industry turned in results that were slightly down on last year. Revenues are 3.8 million euros lower than in 2009 (10.8 million euros against 14.6 million euros in 2009) with a consequent reduction in margins due to the decline in volumes, which obviously reflects on the operating result as well. During the period, this sector was affected more than it usually is by the seasonal nature of deliveries.

In any event, given the market situation where decisions seem to be taking much longer than in past years, the Group is increasing its efforts to rationalize expenses by reducing production costs and limiting overheads.

**CONSOLIDATED
BALANCE SHEET AND
FINANCIAL POSITION**

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

Other payables, net, mainly includes the amounts due to employees, income tax liabilities and provisions for risks and charges, while the severance obligation and other provisions mainly includes the provision for severance indemnities.

The following table summarizes the Group's balance sheet and financial position at 31 March 2010:

in millions of euros	31.03.2010	31.12.2009
Trade receivables	89.5	100.9
Inventories	158.1	140.0
Trade payables	(97.6)	(92.6)
Other, net	(43.3)	(49.4)
Working capital	106.7	98.9
Property, plant and equipment	27.9	28.0
Intangible assets	115.0	115.4
Investments	17.0	18.0
Non-current assets	159.9	161.4
Severance obligations and other provisions	(16.0)	(16.7)
Net capital employed	250.6	243.6
FINANCED BY:		
Net debt	126.6	113.4
Minority interests	1.7	3.4
Group equity	122.3	126.8
Total sources of financing	250.6	243.6

The net capital employed at the end of the first quarter of 2010 was 7.0 million euros higher than at the end of 2009. The difference is entirely due to the increase in working capital. Analysing the changes in working capital, the significant reduction in trade receivables reflects lower sales volumes and the collection of amounts due for deliveries in the last quarter of 2009; against which there was an increase in inventories which was not completely offset by higher trade payables. This reflects the timing of purchases, which takes place well before the shipment of finished products and reflects the increased size of the order book.

The analysis of net debt takes account of the considerations contained in Consob Communication DEM/6064293 dated 28 July 2006 and CESR Recommendation 05-054/B dated 10 February 2005. Non-current financial assets are represented by financial receivables. The figure differs from that shown in the balance sheet as it does not include equity interests in other companies.

Net debt is analyzed below:

in millions of euros	31.03.2010	31.12.2009
A. Cash and cash equivalents	(73.2)	(100.2)
B. Other cash equivalents	-	-
C. Investments in securities	(0.9)	(0.9)
D. Liquidity (A)+(B)+(C)	(74.1)	(101.1)
E. Current financial receivables	-	-
F. Current payables to banks	80.6	88.7
G. Current portion of non-current bank payables	33.1	34.5
H. Other current financial payables	4.0	1.4
I. Current financial debt (F) + (G) + (H)	117.7	124.6
J. Net current financial debt (D)+(E)+(I)	43.6	23.5
K. Non-current portion of non-current bank payables	82.9	89.6
L. Non-current financial assets	(1.1)	(1.0)
M. Other non-current financial payables	1.2	1.3
N. Net non-current financial debt (K)+(L)+(M)	83.0	89.9
O. Net financial debt (J) + (N)	126.6	113.4

Net debt at the end of the period amounts to 126.6 million euros (113.4 million euros at 31 December 2009). The increase is almost exclusively due to the normal rise in debt needed to finance the increase in working capital and the purchase of minority interests in IMA Life S.r.l. and IMA Flavour S.r.l. for 9 million euros.

It is expected that net debt will fall considerably in the latter part of the year.

CAPITAL EXPENDITURE

Group capital expenditure amounted to 1.0 million euros (1.2 million euros in first quarter 2009) and mainly related to the extension and upgrading of existing buildings, together with the purchase of electronic equipment and motor vehicles.

Capital expenditure on intangible assets amounted to 1.2 million euros (1.0 million euros in 2009) and related mainly to the capitalisation of development costs incurred on totally new products for market segments not previously occupied.

Amortization and depreciation charges for the period come to 3.2 million euros (3.8 million euros in first quarter 2009). The decrease with respect to the previous period is essentially due to the sale of property complexes in 2009.

OTHER INFORMATION

OUTLOOK FOR OPERATIONS

The economic performance in first quarter 2010 reflects the lower level of the order book at the end of 2009 and, like every year, should not be considered representative of the trend that can be expected for the rest of the year. As regards order acquisition, on the other hand, even though it does not provide visibility for the entire year, the growth that can be seen, especially in the pharmaceutical sector, does lead to cautious optimism that the Group's targets will be achieved.

The positive trend in orders for the pharmaceutical sector is in fact a good sign, with further penetration of rapidly growing markets such as China and South America. Market activity, together with the number of potential projects, some of considerable value, lead us to be confident about the rest of the year. Close attention is being paid to reducing costs and improving market share.

If these signs are confirmed over the next few months, forecast sales slightly higher than in 2009, with a gross operating profit of around 85 million euros, should not be too hard to achieve.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2010

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CONSOLIDATED BALANCE SHEET AND FINANCIAL POSITION

(IN MILLIONS OF EUROS)

ASSETS	Note	31 March 2010	31 December 2009
NON-CURRENT ASSETS			
<i>Property, plant and equipment</i>	2	27.9	28.0
<i>Intangible assets</i>	3	115.0	115.4
<i>Investments accounted for using the equity method</i>	4	10.2	10.2
<i>Financial assets</i>	5	7.8	8.8
<i>Receivables from others</i>		0.5	0.5
<i>Deferred tax assets</i>	7	14.6	14.4
TOTAL NON-CURRENT ASSETS		176.0	177.3
CURRENT ASSETS			
<i>Inventories</i>	8	158.1	140.0
<i>Trade and other receivables</i>	9	108.6	114.7
<i>Income tax receivables</i>		3.4	0.2
<i>Financial assets</i>	5	0.9	0.9
<i>Derivative financial instruments</i>	6	0.1	–
<i>Cash and cash equivalents</i>	10	73.2	100.2
TOTAL CURRENT ASSETS		344.3	356.0
TOTAL ASSETS		520.3	533.3
EQUITY AND LIABILITIES			
EQUITY			
<i>Share capital</i>	11	17.7	17.7
<i>Share premium reserve</i>		15.5	15.5
<i>Treasury shares</i>	11	–	(3.4)
<i>Translation reserve</i>		(0.9)	(3.7)
<i>Fair value reserve</i>	11	(1.0)	(0.4)
<i>Other reserves</i>		6.1	6.1
<i>Retained earnings</i>	11	87.9	58.1
<i>Net profit (loss) for the period</i>		(3.0)	36.9
Total capital and reserves pertaining to the Group		122.3	126.8
<i>Reserves pertaining to minority interests</i>		1.7	2.8
<i>Profit pertaining to minority interests</i>		–	0.6
Total minority interests		1.7	3.4
EQUITY PERTAINING TO THE GROUP AND MINORITY INTERESTS		124.0	130.2
NON-CURRENT LIABILITIES			
<i>Borrowings</i>	12	84.1	90.9
<i>Severance and pension provisions</i>		17.6	17.2
<i>Provisions for risks and charges</i>	13	1.6	1.6
<i>Derivative financial instruments</i>	6	0.7	0.6
<i>Deferred tax liabilities</i>	7	12.4	12.1
TOTAL NON-CURRENT LIABILITIES		116.4	122.4
CURRENT LIABILITIES			
<i>Borrowings</i>	12	117.7	124.6
<i>Trade and other payables</i>	14	133.3	127.9
<i>Income tax liabilities</i>		12.4	12.3
<i>Provisions for risks and charges</i>	13	16.3	15.9
<i>Derivative financial instruments</i>	6	0.2	–
TOTAL CURRENT LIABILITIES		279.9	280.7
TOTAL LIABILITIES		396.3	403.1
TOTAL EQUITY AND LIABILITIES		520.3	533.3

CONSOLIDATED INCOME STATEMENT

(IN MILLIONS OF EUROS)

INCOME STATEMENT	Note	1st quarter 2010	1st quarter 2009
REVENUES	1	82.6	107.0
<i>Other revenues</i>		1.3	0.8
OPERATING COSTS			
<i>Change in work in progress, semifinished and finished goods</i>		14.0	15.6
<i>Change in inventory of raw, ancillary and consumable materials</i>		2.7	1.3
<i>Cost of raw, ancillary and consumable materials and goods for resale</i>		(35.0)	(42.8)
<i>Services, rentals and leases</i>		(22.5)	(25.4)
<i>Personnel costs</i>	15	(42.6)	(42.0)
<i>Depreciation, amortization and writedowns</i>	16	(3.2)	(3.8)
<i>Provisions for risks and charges</i>		(0.2)	(0.4)
<i>Other operating costs</i>		(0.7)	(0.8)
TOTAL OPERATING COSTS		(87.5)	(98.3)
OPERATING PROFIT	1	(3.6)	9.5
FINANCIAL INCOME AND EXPENSE			
<i>Financial income</i>	17	3.2	5.4
<i>Financial expense</i>	18	(4.4)	(7.8)
TOTAL FINANCIAL INCOME AND EXPENSE		(1.2)	(2.4)
PROFIT (LOSS) FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		-	-
RESULT BEFORE TAX		(4.8)	7.1
INCOME TAXES FOR THE PERIOD	19	1.8	(2.7)
PROFIT (LOSS) FOR THE PERIOD		(3.0)	4.4
ATTRIBUTABLE TO:			
PARENT COMPANY SHAREHOLDERS		(3.0)	4.3
MINORITY INTERESTS		-	0.1
		(3.0)	4.4
EARNINGS PER SHARE (in euros)		(0.10)	0.13

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(IN MILLIONS OF EUROS)

	1st quarter 2010	1st quarter 2009
Profit (loss) for the period	(3.0)	4.4
<i>Exchange gains (losses) on translation of foreign currency financial statements</i>	2.9	1.7
<i>Gains (losses) on financial assets available for sale</i>	(0.1)	(1.1)
<i>Gains (losses) on cash flow hedges</i>	(0.5)	(1.4)
<i>Gains (losses) booked to equity</i>	2.3	(0.8)
Total comprehensive income for the period	(0.7)	3.6
Attributable to:		
Parent Company shareholders	(0.8)	3.5
Minority interests	0.1	0.1
	(0.7)	3.6

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(IN MILLIONS OF EUROS)

Description	Share capital	Share premium reserve	Treasury shares	Translation reserve	Fair value reserve	Other reserves	Retained earnings	Group result	Total Group equity	Minority interests	Total equity
Balances at 01.01.2009	17.7	16.4	(2.7)	(3.4)	(1.8)	21.5	30.5	41.8	120.0	2.9	122.9
Allocation of result for 2008	-	-	-	-	-	-	41.8	(41.8)	-	-	-
Changes in treasury shares	-	-	(0.1)	-	-	-	-	-	(0.1)	-	(0.1)
Total comprehensive income for the period	-	-	-	1.7	(2.5)	-	-	4.3	3.5	0.1	3.6
Balances at 31.03.2009	17.7	16.4	(2.8)	(1.7)	(4.3)	21.5	72.3	4.3	123.4	3.0	126.4
Balances at 01.01.2010	17.7	15.5	(3.4)	(3.7)	(0.4)	6.1	58.1	36.9	126.8	3.4	130.2
Allocation of result for 2009	-	-	-	-	-	-	36.9	(36.9)	-	-	-
Changes in minority interests	-	-	-	-	-	-	(7.2)	-	(7.2)	(1.8)	(9.0)
Changes in treasury shares	-	-	3.4	-	-	-	0.1	-	3.5	-	3.5
Total comprehensive income for the period	-	-	-	2.8	(0.6)	-	-	(3.0)	(0.8)	0.1	(0.7)
Balances at 31.03.2010	17.7	15.5	-	(0.9)	(1.0)	6.1	87.9	(3.0)	122.3	1.7	124.0

CONSOLIDATED STATEMENT OF CASH FLOWS

(IN MILLIONS OF EUROS)

	31 March 2010	31 March 2009
OPERATING ACTIVITIES		
Net profit (loss) for the period	(3.0)	4.3
Adjustments for:		
- Depreciation and amortization	3.2	3.8
- Changes in provisions for risks and charges and staff severance obligations	0.8	0.9
- Unrealized losses (gains) on exchange rate difference	(0.5)	(0.6)
- Other non-monetary changes	(0.3)	(0.2)
- Income taxes	(1.8)	2.7
- Minority interests	-	0.1
Operating profit (loss) before changes in working capital	(1.6)	11.0
(Increase) decrease in trade and other receivables	6.3	0.6
(Increase) decrease in inventories	(18.1)	(17.5)
Increase (decrease) in trade and other payables	5.5	(24.5)
Income taxes paid	(1.1)	(1.3)
CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES (A)	(9.0)	(31.7)
INVESTING ACTIVITIES		
Investments in property, plant and equipment	(1.0)	(1.2)
Investments in intangible assets	(1.2)	(1.0)
Exchange rate differences on property, plant and equipment and intangible assets	(0.8)	(0.5)
Purchase of minority interests	(9.0)	-
Purchase of equity investments	(0.2)	(0.3)
Repayment of finance lease debts	(0.2)	(0.3)
Proceeds from sale of non-current assets	0.3	-
Net change in financial assets and other non-current receivables	0.9	0.1
Changes in reserves pertaining to minority interests	0.1	-
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES (B)	(11.1)	(3.2)
FINANCING ACTIVITIES		
Repayment of borrowings	(13.2)	(5.4)
Increase (decrease) in other financial payables	1.3	17.1
(Purchase) and sale of treasury shares	3.5	(0.1)
Translation of financial statements in foreign currency	2.8	1.6
Payment of interest	(1.3)	(3.6)
Receipt of interest	-	0.2
CASH FLOW ABSORBED BY FINANCING ACTIVITIES (C)	(6.9)	9.8
NET CHANGE IN CASH AND CASH EQUIVALENTS (D=A+B+C)	(27.0)	(25.1)
CASH AND CASH EQUIVALENTS AT START OF PERIOD (E)	100.2	76.4
CASH AND CASH EQUIVALENTS AT END OF PERIOD (F=D+E)	73.2	51.3

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

A) OVERVIEW

The interim report at 31 March 2010, which is unaudited, was approved by the Board of Directors on 14 May 2010.

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

The Parent Company of the IMA Group is I.M.A. Industria Macchine Automatiche S.p.A. (IMA, IMA S.p.A. or the "Parent Company"), with head office 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 31 March 2010, 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.

In the market segment in which the IMA Group operates, interim results cannot be considered representative of the year as a whole, as activity tends to intensify in the second half of the year.

B) BASIS OF PREPARATION

General principles

This interim report at 31 March 2010 has been prepared in accordance with art. 154-ter of Legislative Decree 58/98 and subsequent amendments, and with the Issuers' Regulation issued by Consob. The report complies with international accounting standards (IAS/IFRS) and, in particular, with IAS 34 "Interim Financial Reporting".

The accounting principles used in preparing the interim report as of 31 March 2010 are consistent with those used to prepare the consolidated financial statements at 31 December 2009, to which the reader is referred for further information.

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 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 being constantly revised. The principal documents already endorsed by the EU legislator and applied by the Group with effect from 1 January 2010 are the updated version of IFRS 3 Business Combinations and the amendment to IAS 27 Consolidated and Separate Financial Statements.

The principal amendments to IFRS 3 concern the valuation of assets and liabilities in a business combination achieved in stages ("step acquisition") and the expensing of all other costs associated with the acquisition.

The amendment to IAS 27 lays down that changes in a minority shareholding that do not alter the control over the subsidiary have to be booked to equity.

Lastly, the effects of the approved standards and interpretations not yet endorsed by the EU legislator have been considered, without identifying any potential significant effects on the economic or financial position of the Group.

Financial statements

The balance sheet has been classified on the basis of the operating cycle, distinguishing between current and non-current items. The costs and revenues for the period are presented in two statements: a consolidated income statement, which analyses costs according to their nature, and a consolidated statement of comprehensive income. The statement of cash flows has been prepared using the indirect method for determining cash flows from operating activities.

All of the figures in the interim report at 31 March 2010 are in millions of euros, unless stated otherwise.

C) SCOPE OF CONSOLIDATION

The interim report at 31 March 2010 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 events involving changes in the Group structure took place during the first quarter of 2010:

- in January 2010 IMA Safe S.r.l. purchased the residual 10% of Precision Gears Ltd., an Indian company, for 1.4 million euros;
- on 28 January 2010 the Parent Company completed the acquisition of 32% of Logimatic S.r.l., a company based in Ozzano dell'Emilia (BO) that operates in the marketing, distribution and testing of automatic machines, for 0.2 million euros. This investment enables the Group to take a stake in a supplier that plays an important role in its own operations;
- on 23 February 2010 IMA S.p.A. completed the purchase of the residual 1.48% interest in IMA Flavour S.r.l. and 5.5% interest in IMA Life S.r.l. at a cost of 3.4 million euros and 5.6 million euro, respectively. See Note 22 for further information.

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**

	Head office		Share capital at 31/03/2010	Direct investment	Indirect investment
Manufacturing and service companies:					
• I.M.A. Industria Macchine Automatiche S.p.A.	Ozzano E. (Bologna)	EUR	17,732,000	Parent Company	
• IMA Flavour S.r.l.	Ozzano E. (Bologna)	EUR	3,045,000	100%	–
• IMA Life S.r.l.	Ozzano E. (Bologna)	EUR	14,000,000	100%	–
• IMA Safe S.r.l.	Ozzano E. (Bologna)	EUR	3,000,000	100%	–
• CO.MA.DI.S. S.p.A.	Senago (Milan)	EUR	1,540,000	–	100% (1)
• Pharmasiena Service S.r.l.	Siena (Siena)	EUR	100,000	–	70% (2)
• Zanchetta S.r.l.	Montecarlo (Lucca)	EUR	363,940	100%	–
• IMA Edwards B.V.	Dongen (Netherlands)	EUR	(*)12,382,850	–	100% (2)
• IMA Edwards Inc.	Tonawanda (USA)	USD	100	–	100% (3)
• IMA Edwards Pharmaceutical Systems (Beijing) Co. Ltd.	Beijing (PRC)	USD	400,000	–	100% (2)
• IMA Kilian GmbH & Co. KG.	Cologne (Germany)	EUR	3,600,000	–	100% (4)
• Nova Packaging Systems Inc.	Leominster (USA)	USD	8,050,000	–	100% (3)
• Precision Gears Ltd.	Mumbai (India)	RS	(*)17,852,100	–	100% (1)
• PSH MKCS Inc.	Winterville (USA)	USD	50,000	–	100% (3)
• Swiftpack Automation Ltd.	Alcester (GB)	GBP	1,403,895	100%	–
• Tianjin IMA Machinery Co. Ltd.	Tianjin (PRC)	USD	200,000	100%	–
• Zibo IMA Xinhua Pharm. Co. Ltd.	Zibo (PRC)	USD	6,419,868	80%	–
Commercial companies:					
• IMA Edwards S.r.l.	Trezzano Naviglio (Milan)	EUR	80,000	–	100% (5)
• IMA Edwards Japan KK	Tokyo (Japan)	YEN	40,000,000	–	100% (5)
• IMA Est GmbH	Vienna (Austria)	EUR	280,000	100%	–
• IMA France E.u.r.l.	Rueil-Malmaison (France)	EUR	45,735	100%	–
• IMA Germany GmbH	Cologne (Germany)	EUR	90,000	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 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%	–
• IMA UK Ltd.	Alcester (GB)	GBP	50,000	100%	–
• Imautomatiche Do Brasil Representacoes de Maquinas Ltda.	Sao Paulo (Brazil)	BRL	1,509,560	99.99%	–
• Imautomatiche Lda.	Madeira (Portugal)	EUR	5,000	100%	–
Other companies:					
• IMA Kilian Verwaltungs GmbH	Cologne (Germany)	EUR	25,000	–	100% (4)
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):

- (1) Held by IMA Safe S.r.l.
- (2) Held by IMA Life S.r.l. The percentage interest held in Pharmasiena Service S.r.l. includes an option to purchase 19% of the quota capital
- (3) Held by Packaging Systems Holdings Inc.
- (4) Held by IMA Germany GmbH
- (5) Held by IMA Edwards B.V.

**INVESTMENTS ACCOUNTED
FOR USING THE EQUITY METHOD**

	Head office		Share capital at 31/03/2010	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%	–
• Brio Pharma Technol. Pvt. Ltd.	Mumbai (India)	RS	1,000,000	30%	–
• I.E.M.A. S.r.l.	S. Giorgio di Piano (Bologna)	EUR	10,400	30%	–
• LA.CO S.r.l.	Ozzano E. (Bologna)	EUR	30,000	30%	–
• Logimatic S.r.l.	Ozzano E. (Bologna)	EUR	12,500	32%	–
• Masterpiece S.r.l.	Ozzano E. (Bologna)	EUR	10,000	30%	–
• Powertransmission.it S.r.l.	Castenaso (Bologna)	EUR	50,000	20%	–
• Scriba Nanotecnologie S.r.l.	Bologna	EUR	25,556	49%	–
• SIL.MAC. S.r.l.	Gaggio Montano (Bologna)	EUR	90,000	30%	–
• Sirio S.p.A. Associazione in partecipazione (*)	Milan				

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

D) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The changes reported below were determined with respect to the amounts at 31 December 2009 for balance sheet items and the amounts for first quarter 2009 for income statement items.

1. SEGMENT INFORMATION

Operating segments have been identified based on the internal reports used by senior management to allocate resources and evaluate the results of each business.

The Group's activities comprise the following operating segments:

- 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;
- machines for the production of tablets and capsules, machines for coating and fluid bed granulators, and related services.

The information on operating segments for first quarter 2010 is as follows (in millions of euros):

1st quarter 2010	Tea, coffee and herbal tea packaging	Pharma- ceuticals packaging	Pharma- ceuticals processing	Other	Total
Revenues	27.9	43.6	10.8	0.3	82.6
Segment operating profit	9.5	(6.1)	(7.0)	–	(3.6)
Net financial income (expense) (*)					(1.2)
Profit (loss) from investments accounted for using the equity method	–	–	–	–	–
Result before tax					(4.8)
Income tax for the period					1.8
Profit (loss) for the period					(3.0)

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

The information on operating segments for first quarter 2009 is as follows (in millions of euros):

1st quarter 2009	Tea, herbal tea and coffee packaging	Pharmaceuticals packaging	Pharmaceuticals processing	Other	Total
Revenues	30.7	61.4	14.6	0.3	107.0
Segment operating profit	12.8	2.0	(5.3)	-	9.5
Net financial income (expense) (*)					(2.4)
Profit (loss) from investments accounted for using the equity method	-	-	-	-	-
Result before tax					7.1
Income tax for the period					(2.7)
Profit (loss) for the period					4.4

(*) *Financial income and expense have not been allocated to the individual operating segments as it is not possible to indicate specific amounts for each segment; such a subdivision does not appear in internal reports.*

Consolidated revenues for first quarter 2010 totalled 82.6 million euros, down 22.8% with respect to the comparative period of last year. The sector in which the Group operates is affected by the strong seasonality of deliveries, such that the early quarters of the year are never truly indicative of the results achievable for the full year.

Revenues from the tea sector were 2.8 million euros (-9.1%) down on the high level achieved last year, due to a lower level of orders outstanding at the end of 2009. The industrial gross profit was therefore lower because of the different sales mix and geographical distribution, which is then reflected in the operating result as it was hard to make further reductions in fixed overheads.

Revenues in the packaging sector were 17.8 million euros lower than in the same period of the previous year. The operating result is a loss of 6.1 million euros compared with 2.0 million euros at 31 March 2009 because of lower sales volumes during the period.

The sector that makes processing machines for the pharmaceutical industry turned in results that were slightly down on last year. Revenues are 3.8 million euros lower than in 2009 (10.8 million euros against 14.6 million euros in 2009) with a consequent reduction in margins due to the decline in volumes, which obviously reflects on the operating result as well. During the period, this sector was affected more than it usually is by the seasonal nature of deliveries.

In any event, given the market situation where decisions seem to be taking much longer than in past years, the Group is increasing its efforts to rationalize expenses by reducing production costs and limiting overheads.

The following is a breakdown of IMA Group revenues for the period to 31 March 2010 by geographical and business segment (millions of euros):

REVENUES BY GEOGRAPHICAL AREA

	from 01.01.2010 to 31.03.2010	from 01.01.2009 to 31.03.2009	Change
European Union (excluding Italy)	31.4	44.2	(12.8)
Other European countries	6.6	7.2	(0.6)
North America	10.6	14.4	(3.8)
Asia & Middle East	22.1	24.9	(2.8)
Other countries	5.5	10.7	(5.2)
Total	76.2	101.4	(25.2)
Italy	6.4	5.6	0.8
Total	82.6	107.0	(24.4)

REVENUES BY BUSINESS SEGMENT

	from 01.01.2010 to 31.03.2010	from 01.01.2009 to 31.03.2009	Change
Machines and change parts	39.4	47.0	(7.6)
Contract work	19.1	36.2	(17.1)
Spare parts	15.5	14.5	1.0
Technical assistance	7.0	7.2	(0.2)
Other services	1.6	2.1	(0.5)
Total	82.6	107.0	(24.4)

2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment have decreased by 0.1 million euros since 31 December 2009. Movements in property, plant and equipment during the period are analysed as follows (in millions of euros):

	Land	Buildings and leasehold improv.	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Balances at 01.01.1	4.8	8.6	8.9	1.3	3.1	1.3	28.0
Increases in the pe	-	0.5	0.1	0.1	0.3	-	1.0
Sales and disposals	-	-	(0.3)	-	-	-	(0.3)
Depreciation	-	(0.2)	(0.5)	(0.1)	(0.4)	-	(1.2)
Reclassifications	0.4	0.8	-	-	-	(1.2)	-
Translation differer	-	0.1	0.2	-	0.1	-	0.4
Balances at 31.03.1	5.2	9.8	8.4	1.3	3.1	0.1	27.9

Land includes 1.6 million euros in respect of the site in Ozzano dell'Emilia (Bologna) owned by the Parent Company and 3.2 million euros relating to the 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 and Calenzano, as well as buildings in France, the United Kingdom and India, which are owned by IMA France E.u.r.l., IMA UK Ltd. and Precision Gears Ltd. respectively.

The additions during the period mainly reflect the costs of extending and upgrading existing buildings and the purchase of electronic machines and motor vehicles.

The reclassifications relate to two buildings of the Parent Company under construction in Via Nobel, Ozzano dell'Emilia (Province of Bologna) which were completed during the first quarter of 2010.

3. INTANGIBLE ASSETS

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

	Development costs	Industrial patents right	Software licences, trademarks and similar	Goodwill	Assets under dev. and advances	Total
Balances at 01.01.10	19.5	4.4	8.4	78.3	4.8	115.4
Increases in the period	-	0.4	0.1	-	0.7	1.2
Amortization	(1.1)	(0.2)	(0.7)	-	-	(2.0)
Translation differences	-	-	-	0.4	-	0.4
Balances at 31.03.10	18.4	4.6	7.8	78.7	5.5	115.0

Development costs mainly include the costs incurred for new products that were not previously available and are targeted at new market segments. They relate principally to the know-how involved in the freeze-drying plant for the pharmaceutical industry, which was recognised following the acquisition of the Edwards Group in 2008 and assigned a useful life of 7 years. It also includes the costs capitalized in connection with the packaging machine for CA1 filter-paper coffee pods, biotechnology compacts and the know-how recognised following the acquisition of VIMA Impianti S.r.l., now called Zanchetta S.r.l., for the washing and powder handling systems used in the pharmaceuticals processing sector.

Software, licences, trademarks and other rights primarily include operating and technical software applications as well as the no-competition agreement entered into in 2008 by IMA Life S.r.l. in connection with the purchase of the equity interest in IMA Edwards Pharmaceutical Systems (Beijing) Co. Ltd, valued at 2.5 million euros and being amortized over 4 years.

Goodwill comprises the following (in millions of euros):

	31.03.2010	31.12.2009
Pharmaceutical packaging:		
CGU CO.MA.DI.S. S.p.A.	3.8	3.8
CGU B.F.B. S.p.A.	1.8	1.8
CGU Nova Group	12.8	12.4
CGU Precision Gears Ltd.	4.0	4.0
CGU Edwards Group	23.0	23.0
CGU MKCS Inc.	0.5	0.5
CGU Pharmasiena Service S.r.l.	2.1	2.1
	48.0	47.6
Pharmaceutical processing:		
CGU G.S. S.r.l. Coating System	7.4	7.4
CGU ICO Oleodinamici S.p.A.	3.1	3.1
CGU IMA Kilian GmbH & Co. KG	14.8	14.8
CGU Zanchetta S.r.l.	5.4	5.4
	30.7	30.7
Total	78.7	78.3

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

Assets under development and advances relate to the capitalization of development costs incurred by the Parent Company (1.6 million euros), IMA Life S.r.l. (2.3 million euros), IMA Safe S.r.l. (0.7 million euros) and IMA Flavour S.r.l. (0.9 million euros).

4. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

This item is made up as follows (millions of euros):

	% holding	31.03.2010	31.12.2009
B.C. S.r.l.	30%	0.8	0.8
Bacciottini F.lli S.r.l.	30%	0.3	0.5
Brio Pharma Technologies Pvt. Ltd.	30%	0.4	0.4
I.E.M.A. S.r.l.	30%	0.5	0.5
Logimatic S.r.l.	32%	0.2	-
LA.CO. S.r.l.	30%	0.3	0.3
Scriba Nanotecnologie S.r.l.	49%	0.7	0.7
SIL.MAC. S.r.l.	30%	0.3	0.3
Sirio S.p.A. Revenue/cost-sharing agreement (*)		6.7	6.7
Total		10.2	10.2

(*) 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 Logimatic S.r.l.

5. FINANCIAL ASSETS

Non-current financial assets, 7.8 million euros, include investments in other companies of 6.7 million euros (7.8 million euros at 31 December 2009) and financial receivables of 1.1 million euros (1.0 million euros at 31 December 2009).

Investments in other companies include 2.7 million euros (3.7 million euros at 31 December 2009) relating to the value of the investment held in Pierrel S.p.A. based on the official stock market price at 31 March 2010. In March 2010, we sold 225,000 Pierrel S.p.A. shares for a total of 1.0 million euros at a price substantially in line with what they were worth at December 31, 2009. This means that the Group's holding in Pierrel S.p.A. is now below the key threshold of 5%; the Parent Company therefore reported this matter to Consob on a timely basis. In the fourth quarter of 2009, IMA S.p.A. commenced arbitration proceedings to safeguard its rights under the contract signed with P. Farmaceutici S.r.l. on 30 July 2007 regarding the purchase of shares in Pierrel S.p.A.

Investments in other companies include stakes in InterMedia Holding S.p.A. and InterMedia Finance S.p.A., for 3.0 million euros and 1.0 million euros, respectively.

Current financial assets (0.9 million euros) include the Parent Company's investments in funds (0.9 million euros at 31 December 2009).

6. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments comprise (millions of euros):

	Assets 31.03.2010	Liabilities 31.03.2010	Assets 31.12.2009	Liabilities 31.12.2009
Interest rate swaps (non-current) - cash flow hedges	-	0.7	-	0.6
Exchange rate hedging instruments (current) - cash flow hedges	0.1	0.2	-	-
Total	0.1	0.9	-	0.6

INTEREST RATE DERIVATIVES

The amount of 0.7 million euros represents the fair value of the option contracts to hedge interest rate risk, due in 2011 and 2015, entered into with leading financial institutions in connection with part of medium-term borrowings.

CURRENCY DERIVATIVES

The amounts of 0.1 million euros and 0.2 million euros are the fair value of the forward currency sale contracts taken out by the Group to manage its exchange risk exposure based on notionals of 19.6 million US dollars.

7. DEFERRED TAX ASSETS AND LIABILITIES

At 31 March 2010, deferred tax assets of 14.6 million euros (14.4 million euros at 31 December 2009) 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 March 2010, deferred tax liabilities amount to 12.4 million euros (12.1 million euros at 31 December 2009) and relate mainly to temporary differences between the book values of certain tangible and intangible assets and their values recognised for tax purposes.

8. INVENTORIES

This item is made up as follows (millions of euros):

	Gross value	Impairment provision	Net value at 31.03.2010	Net value at 31.12.2009
Raw, ancillary and consumable materials	29.0	(5.3)	23.7	20.7
Work in progress and semifinished goods	153.4	(20.3)	133.1	118.8
Finished products and goods for resale	3.2	(1.9)	1.3	0.5
Total	185.6	(27.5)	158.1	140.0

The increase in inventories since 31 December 2009 reflects the preparation of machines for delivery to customers in subsequent quarters, as well as the order backlog at the end of March.

9. TRADE AND OTHER RECEIVABLES

This item is made up as follows (millions of euros):

	31.03.2010	31.12.2009
Trade receivables	89.5	100.9
Advances to suppliers	7.0	4.8
Tax receivables	4.9	5.1
Deferrals	3.7	1.5
Other receivables	3.5	2.4
Total	108.6	114.7

TRADE RECEIVABLES

Trade receivables include amounts due from customers of 54.0 million euros (66.4 million euros at 31 December 2009), amounts due on contract work in progress of 35.0 million euros (34.2 million euros at 31 December 2009) and receivables from associates and non-consolidated subsidiaries of 0.5 million euros (0.3 million euros at 31 December 2009).

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

Trade receivables from customers are carried net of accumulated provisions amounting to 4.9 million euros (4.9 million euros at 31 December 2009).

2010 saw the assignment without recourse of receivables with an overall nominal value of around 1.8 million euros; assigned receivables not yet due at 31 March 2010 amount to around 8.0 million euros, of which 4.5 million euros have been assigned to factoring companies and 3.5 million euros to other financial institutions.

ADVANCES TO SUPPLIERS

At 31 March 2010, these relate to advances for goods to be used in production and for services totalling, respectively, 5.3 million euros (3.7 million euros at 31 December 2009) and 1.7 million euros (1.1 million euros at 31 December 2009). This balance includes 1.8 million euros in advances to associated companies (1.2 million euros at 31 December 2009).

10. CASH AND CASH EQUIVALENTS

This item comprises (in millions of euros):

	31.03.2010	31.12.2009
Bank current accounts	67.2	94.7
Deposits	5.8	5.3
Cheques and cash	0.2	0.2
Total	73.2	100.2

For a better understanding of changes in this balance, reference should be made to Note 12 on borrowings.

11. EQUITY

SHARE CAPITAL

The share capital reported in the consolidated financial statements at 31 March 2010 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.

TREASURY SHARES

During first quarter 2010 the Parent Company sold 255,243 of its own shares for a total of 3.5 million euros with the result that at 31 March 2010 it did not hold any treasury shares.

During 2009, IMA S.p.A. bought 57,508 treasury shares for a total of 0.7 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 01.01.2009	33,903
Purchase of treasury shares	(11)
Sale of treasury shares	-
Balance at 31.03.2009	33,892
Purchase of treasury shares	(47)
Sale of treasury shares	-
Balance at 31.12.2009	33,845
Purchase of treasury shares	-
Sale of treasury shares	255
Balance at 31.03.2010	34,100

FAIR VALUE RESERVE

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

Balance at 01.01.2009	(1.8)
<i>Available for sale</i>	
Measurement at fair value	(1.1)
<i>Cash flow hedges/hedging instruments</i>	
Measurement at fair value	(1.4)
Balance at 31.03.2009	(4.3)
Balance at 01.01.2010	(0.4)
<i>Available for sale</i>	
Measurement at fair value	(0.1)
<i>Cash flow hedges/hedging instruments</i>	
Measurement at fair value	(0.5)
Balance at 31.03.2010	(1.0)

RETAINED EARNINGS

The changes in retained earnings during the year relate to the allocation of the 2009 result and the difference between the value of minority interests and the amount paid to buy the residual shareholdings in IMA Flavour S.r.l. and IMA Life S.r.l., as explained in Note 22.

12. BORROWINGS

These include payables to banks of 196.6 million euros (212.8 million euros at 31 December 2009), and payables to other lenders of 5.2 million euros (2.7 million euros at 31 December 2009).

PAYABLES TO BANKS

Applied research and technological innovation loans

Repayments totalling 1.0 million euros were made by the Parent Company as they fell due during the period; no new loans were received.

Other loans

The principal changes in other loans comprise the repayments made by IMA S.p.A., 6.6 million euros and IMA Kilian GmbH & Co KG, 5.3 million euros, in accordance with the related contract terms.

PAYABLES TO OTHER LENDERS

At 31 March 2010, this item essentially includes payables to factoring companies of 2.8 million euros (0.3 million euros at 31 December 2009) and the finance lease liability for the Calenzano plant of 2.1 million euros (2.4 million euros at 31 December 2009). The non-current portion comprises payables due between 1 and 5 years totalling 1.0 million euros (1.3 million euros at 31 December 2009).

NET DEBT

The analysis of net debt takes account of the considerations contained in Consob Communication DEM/6064293 dated 28 July 2006 and CESR Recommendation 05-054/B dated 10 February 2005. The figure for non-current financial assets differs from that reported in the balance sheet as it does not include equity interests in other companies. For further information on the composition of net debt, see Notes 5 and 10.

The composition of net debt at 31 March 2010 is as follows:

in millions of euros	31.03.2010	31.12.2009	31.03.2009
A. Cash and cash equivalents	(73.2)	(100.2)	(51.3)
B. Other cash equivalents	-	-	-
C. Investments in securities	(0.9)	(0.9)	(0.9)
D. Liquidity (A)+(B)+(C)	(74.1)	(101.1)	(52.2)
E. Current financial receivables	-	-	(0.2)
F. Current payables to banks	80.6	88.7	100.4
G. Current portion of non-current bank payables	33.1	34.5	37.7
H. Other current financial payables	4.0	1.4	1.1
I. Current financial debt (F) + (G) + (H)	117.7	124.6	139.2
J. Net current financial debt (D)+(E)+(I)	43.6	23.5	86.8
K. Non-current portion of non-current bank payables	82.9	89.6	83.2
L. Non-current financial assets	(1.1)	(1.0)	(4.8)
M. Other non-current financial payables	1.2	1.3	2.1
N. Net non-current financial debt (K)+(L)+(M)	83.0	89.9	80.5
O. Net financial debt (J) + (N)	126.6	113.4	167.3

Net debt at the end of the period amounts to 126.6 million euros (113.4 million euros at 31 December 2009). The increase is almost exclusively due to the normal rise in debt needed to finance the increase in working capital and the purchase of minority interests in IMA Life S.r.l. and IMA Flavour S.r.l. for 9 million euros.

It is expected that net debt will fall considerably in the latter part of the year.

13. PROVISIONS FOR RISKS AND CHARGES

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

	Balance at 31.12.2009	Increases	Decreases	Exchange differences	Balance at 31.03.2010
Non-current:					
Agency termination indemnities	1.6	-	-	-	1.6
	1.6	-	-	-	1.6
Current:					
Product guarantee provision	12.1	0.3	(0.1)	0.2	12.5
Reorganization provision	3.8	-	-	-	3.8
	15.9	0.3	(0.1)	0.2	16.3
Total	17.5	0.3	(0.1)	0.2	17.9

The product guarantee provision was established on the basis of estimated expenses for work performed under guarantee after 31 March 2010.

During 2009, 3.8 million euros were set aside for reorganization charges relating to personnel costs which certain Group companies will incur in 2010 as a result of reorganizing production locations in Europe and North America, as discussed in Note 24. The aim is to rationalise structures and hold down operating costs.

14. TRADE AND OTHER PAYABLES

This item is made up as follows (millions of euros):

	31.03.2010	31.12.2009
Trade payables	70.8	73.2
Advances from customers	33.8	24.0
Social security payables	4.8	6.0
Tax payables	3.0	4.1
Due to employees	16.7	14.8
Payables in respect of acquisitions	0.6	2.0
Other payables	3.6	3.8
Total	133.3	127.9

TRADE PAYABLES

This item includes trade payables of 59.1 million euros (62.6 million euros at 31 December 2009), payables to agents of 5.5 million euros (6.5 million euros at 31 December 2009) and trade payables to associates of 6.2 million euros (4.1 million euros at 31 December 2009).

ADVANCES FROM CUSTOMERS

The increase in advances from customers for future supplies compared with 31 December 2009 mainly reflects the timing of order acquisition in the last quarter of 2009.

TAX PAYABLES

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

DUE TO EMPLOYEES

The increase in this caption since 31 December 2009 mainly reflects deferred payroll and accumulated holidays, which will mostly be taken during the second half of the year.

PAYABLES IN RESPECT OF ACQUISITIONS

This item includes:

- the residual amount due, 0.3 million US dollars, on acquisition of the line of business from MKCS Inc. This amount is payable in April 2012;
- the estimated liability of 0.4 million euros for purchase of an additional 19% interest in Pharmasiena Service S.r.l. The put option granted is exercisable in April 2013 or in April 2016.

In January 2010 IMA Safe S.r.l. purchased the residual 10% of Precision Gears Ltd., an Indian company, for 1.4 million euros.

15. PERSONNEL COSTS

Personnel costs comprise (in millions of euros):

	from 01.01.2010 to 31.03.2010	from 01.01.2009 to 31.03.2009	Change
Wages and salaries	29.7	29.9	(0.2)
Social security contributions	7.6	7.4	0.2
Remuneration of directors	0.7	0.7	-
Pensions - defined-benefit plans	0.8	0.3	0.5
Pensions - defined-contribution plans	1.6	1.6	-
Other personnel costs	2.2	2.1	0.1
Total	42.6	42.0	0.6

16. DEPRECIATION, AMORTIZATION AND WRITEDOWNS

This caption includes the depreciation of property, plant and equipment, 1.2 million euros (1.9 million euros in the same period of 2009) and the amortisation of intangible assets, 2.0 million euros (1.9 million euros in the same period of 2009).

17. FINANCIAL INCOME

This item comprises (in millions of euros):

	from 01.01.2010 to 31.03.2010	from 01.01.2009 to 31.03.2009	Change
Interest income from banks	0.1	0.2	(0.1)
Interest income on amounts due from customers	0.1	0.1	-
Income from derivative financial instruments	-	0.2	(0.2)
Exchange rate gains	3.0	4.9	(1.9)
Total	3.2	5.4	(2.2)

18. FINANCIAL EXPENSE

This item comprises (in millions of euros):

	from 01.01.2010 to 31.03.2010	from 01.01.2009 to 31.03.2009	Change
Interest expense on bank payables	1.1	2.2	(1.1)
Expense from derivative financial instruments	0.1	0.1	-
Other interest and financial expense	0.1	0.1	-
Exchange rate losses	3.1	5.4	(2.3)
Total	4.4	7.8	(3.4)

The decrease in bank interest expense was mainly due to the reduction in interest rates and the lower level of debt during the period.

Exchange gains and losses in the period to 31 March 2010 included, respectively, unrealized gains of 2.1 million euros and unrealized losses of 1.6 million euros (3.8 million euros and 3.2 million euros respectively in first quarter 2009).

19. INCOME TAXES FOR THE PERIOD

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

The following companies form part of the domestic tax group: IMA S.p.A., IMA Life S.r.l., IMA Safe S.r.l., IMA Flavour S.r.l., Zanchetta S.r.l. and CO.MA.DI.S. S.p.A. as consolidated companies and SO.FI.MA. S.p.A. as the consolidating company

20. GUARANTEES GRANTED

At 31 March 2010, the Group has granted sureties and other bank guarantees to customers for 11.1 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 0.2 million euros to secure the performance of contracts, a surety to the tax authorities for VAT rebates of 11.1 million euros and sureties to others for 5.3 million euros, mainly to guarantee leasing contracts.

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 205.1 million euros.

Sureties given against advances received from customers amount to about 21.1 million euros (25.9 million euros at 31 December 2009).

21. COMMITMENTS

At 31 March 2010 there are commitments for the purchase of property, plant and equipment and intangible assets of 0.5 million euros relating principally to leasehold improvements.

The Group also has commitments in respect of minimum lease payments for non-cancellable operating leases totalling 1.6 million euros (1.6 million euros at 31 December 2009) and for rentals totalling 94.3 million euros (96.4 million euros at 31 December 2009).

There are also other commitments in favour of third parties for 2.4 million euros, consisting mainly of the Parent Company's commitment to buy further units of the Mandarin Capital Partners S.C.A. private equity fund for 1.4 million euros.

22. RELATED-PARTY TRANSACTIONS

At 31 March 2010 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 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.

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 31.03.2010	Receivables at 31.12.2009	Payables at 31.03.2010	Payables at 31.12.2009
Associates:				
B.C. S.r.l.	-	-	0.9	0.6
Bacciottini F.lli S.r.l.	0.3	-	0.8	1.1
Brio Pharma Tech. Ltd.	-	-	-	0.1
I.E.M.A. S.r.l.	-	-	0.8	0.9
LA.CO. S.r.l.	1.2	1.3	1.1	0.8
Logimatic S.r.l.	0.8	n.a.	1.9	n.a.
Masterpiece S.r.l.	-	-	0.1	0.2
Powertransmission.it S.r.l.	-	-	0.2	0.1
SIL.MAC S.r.l.	0.2	0.2	0.4	0.3
	2.5	1.5	6.2	4.1
Other related parties:				
Naturapack S.r.l.	0.7	0.7	-	0.1
Viaggi Nuova Era S.r.l.	-	-	1.6	1.4
	0.7	0.7	1.6	1.5
Total	3.2	2.2	7.8	5.6

	Revenues from 01.01.2010 to 31.03.2010	Revenues from 01.01.2009 to 31.03.2009	Costs from 01.01.2010 to 31.03.2010	Costs from 01.01.2009 to 31.03.2009
Associates:				
B.C. S.r.l.	-	-	0.9	0.8
Bacciottini F.lli S.r.l.	-	-	0.5	0.8
I.E.M.A. S.r.l.	-	-	0.5	0.4
LA.CO. S.r.l.	0.1	0.1	0.6	0.6
Logimatic S.r.l.	0.1	n.a.	0.9	n.a.
Masterpiece S.r.l.	-	-	-	0.1
Powertransmission.it S.r.l.	-	-	0.2	-
SIL.MAC S.r.l.	-	-	0.2	0.4
	0.2	0.1	3.8	3.1
Other related parties:				
Naturapack S.r.l.	0.1	0.3	-	-
Nemo Investimenti S.r.l.	-	n.a.	0.4	n.a.
Viaggi Nuova Era S.r.l.	-	-	0.9	1.1
	0.1	0.3	1.3	1.1
Total	0.3	0.4	5.1	4.2

The above transactions relate primarily to the Italian companies.

There are also dealings with SO.FI.MA. S.p.A., the parent company, as a result of setting up the domestic tax group, as mentioned in Note 19.

On 23 February 2010 IMA S.p.A. completed the purchase of the residual 1.48% interest in IMA Flavour S.r.l. and 5.5% interest in IMA Life S.r.l. at a cost of 3.4 million euros and 5.6 million euro, respectively. The counterparties in these transactions, Contura S.r.l. and Sape S.r.l., have to be considered related parties as they are controlled by two IMA managers who are both directors and, in one case, also an executive, of the two companies involved in the purchase and sale. IMA S.p.A. has received a fairness opinion on the financial terms of the transaction from Ernst & Young, an independent expert. These transactions form part of a process undertaken some time ago to optimise the Group's debt structure in the light of changed conditions in the financial market. They will allow the Parent Company to simplify the control structure of the Group and eliminate diseconomies in the management of financial flows.

23. POSITIONS OR OPERATIONS DERIVING FROM ATYPICAL AND/OR UNUSUAL AND/OR NON-RECURRING TRANSACTIONS

No positions or operations deriving from atypical, unusual or non-recurring transactions arose during the first quarter of 2010.

24. SIGNIFICANT EVENTS AFTER THE END OF THE FIRST QUARTER

The principal events that took place subsequent to period end were as follows:

- in April 2010 the Boards of Directors of the various Group companies approved three distinct merger plans for IMA S.p.A. to absorb IMA Flavour S.r.l., IMA Life S.r.l. and IMA Safe S.r.l., all wholly-owned subsidiaries, with effect presumably from 1 January 2011. The mergers should help to optimise the Group's activities and resolve certain inefficiencies in the management of financial flows and in the debt structure;

- in April 2010 the subsidiaries IMA Edwards B.V., IMA Edwards S.r.l., IMA Edwards Japan KK, IMA Edwards Pharmaceutical Systems (Beijing) Co. Ltd., IMA Edwards Inc. and Precision Gears Ltd. changed their respective names to IMA Life The Netherlands B.V., IMA Life Italia S.r.l., IMA Life Japan KK, IMA Life (Beijing) Pharmaceutical Systems Co. Ltd., IMA Life North America Inc. and IMA-PG India Ltd.;
- April saw the start of the procedures to reorganize IMA North America Inc. and IMA Life The Netherlands B.V. This reorganization, which will also involve transferring certain production activities, is designed to rationalise IMA's operations in Europe and the USA.

The Shareholders' Meeting held on 29 April 2010 approved:

- the financial statements at 31 December 2009 and the Board of Directors' Report on the operations of IMA S.p.A.;
- to allocate the net profit for 2009 to dividends for 0.90 euros (gross) per outstanding ordinary share with the balance going to extraordinary reserve;
- to grant the necessary powers to the Board of Directors, for a period of 12 months, to buy and sell treasury shares up to a maximum of 6,280,000 shares (20% of share capital);
- the appointment of a new Board of Statutory Auditors which will remain in office until the date of the shareholders' meeting called to approve the financial statements for the year ended 31 December 2012. See the section on Directors and Officers for a list of members of the Board of Statutory Auditors.

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