

**CONSOLIDATED FINANCIAL STATEMENTS**  
AS OF DECEMBER 31, 2001

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

## GROUP STRUCTURE BY ACTIVITY

### MANUFACTURING ACTIVITIES

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

**BFB S.p.A.**  
Bentivoglio  
Bologna (Italy)

**Libra P.T. s.r.l.**  
Ozzano dell'Emilia  
Bologna (Italy)

**CO.MA.DI.S. S.p.A.**  
Senago  
Milano (Italy)

**B.C. s.r.l.**  
Imola – Bologna (Italy)

**Kilian GmbH & Co. KG**  
Colonia (Germany)

**Precision Gears Pvt Ltd.**  
Bombay (India)

**Precision Gears Pvt Ltd.**  
Indore (India)

**Zibo IMA  
Xinhua Machinery  
Manufacturing Co. Ltd.**  
Zibo (PRC)

**Tianjin IMA  
Machinery Co. Ltd.**  
Tianjin (PRC)

**J.O.I. PACK Co. Ltd**  
Saitama (Japan)

### COMMERCIAL ACTIVITIES

**IMA  
Verpackungssysteme GmbH**  
Colonia (Germany)

**I.M.A. Est  
Verpackungssysteme  
Handels GmbH**  
Vienna (Austria)

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

**IMA UK Ltd**  
Wokingham (UK)

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

**IMA Iberica  
Processing and Packaging SL**  
Barcellona (Spain)

**IMA North America Inc.**  
Bristol (USA)

**Kilian & Co. Inc.**  
Horsham (USA)

**Value Machinery Inc.**  
Yardley (USA)

**IMA Far East Co. Ltd**  
Hong-Kong

**IMA Japan Co. Ltd**  
Yokohama (Japan)

**IMA Lanka Ltd**  
Colombo (Sri-Lanka)

### OTHER ACTIVITIES

**INFO AREA s.r.l.**  
Ozzano dell'Emilia  
Bologna (Italy)

**IGNITION TEAM s.r.l.**  
Castenaso  
Bologna (Italy)

**COMITEC s.r.l.**  
Castel S. Pietro Terme  
Bologna (Italy)

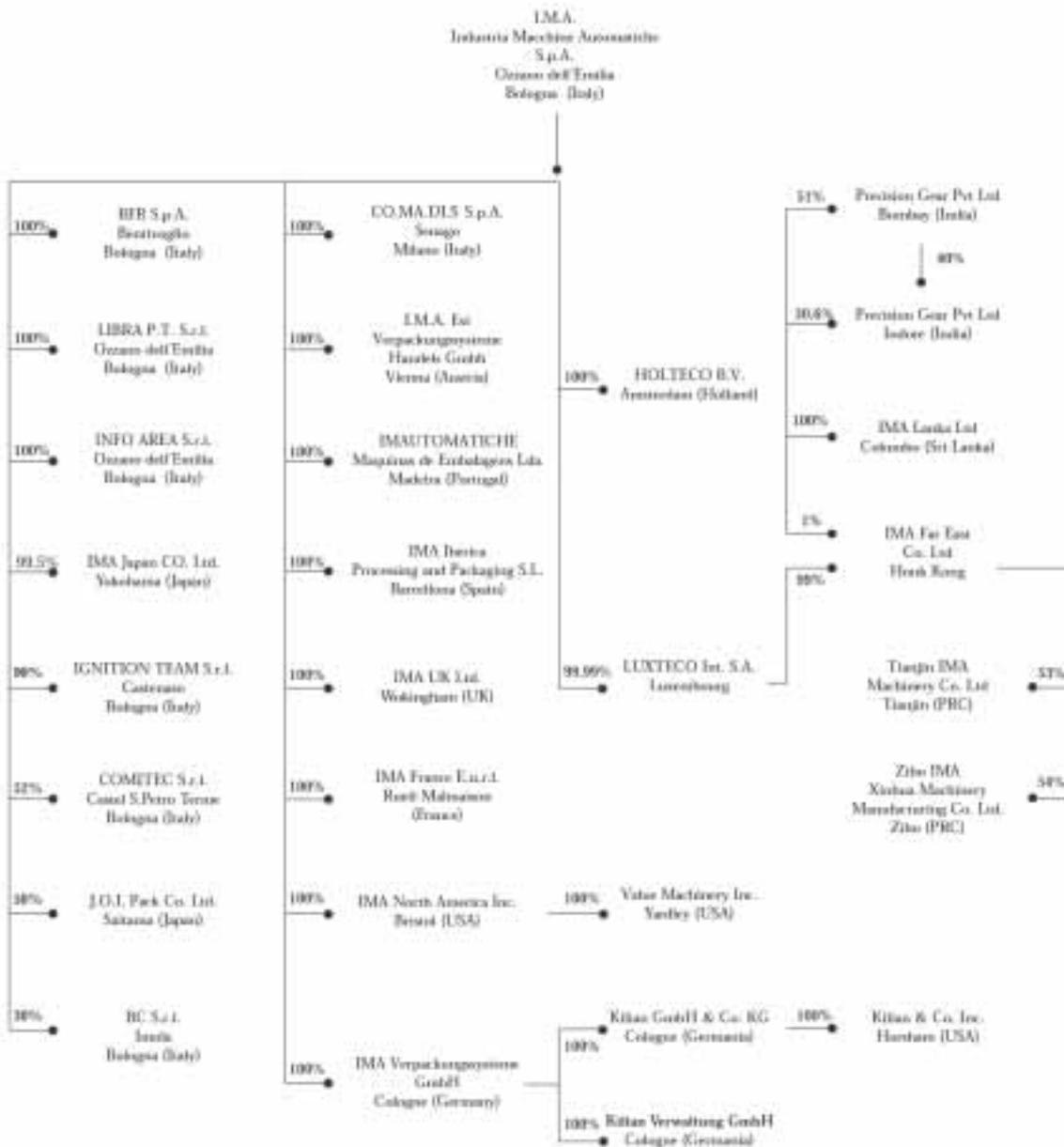
**Kilian Verwaltung GmbH**  
Colonia (Germany)

### FINANCIAL ACTIVITIES

**Luxteco International S.A.**  
Luxembourg

**HOLTECO B.V.**  
Amsterdam (The Netherlands)

## THE GROUP STRUCTURE



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**REPORT ON OPERATIONS**  
**CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2001**  
**(TRANSLATION FROM THE ORIGINAL ISSUED IN ITALIAN)**

**I . M . A . I N D U S T R I A M A C C H I N E A U T O M A T I C H E S . P . A .**

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## COMPANY OFFICERS

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(IN ACCORDANCE WITH CONSOB RECOMMENDATION NO. 97001574 OF FEBRUARY 20, 1997)

### BOARD OF DIRECTORS

(IN OFFICE UNTIL APPROVAL OF THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2002)

#### CHAIRMAN

Vacchi Marco *Powers:* legal representation and signature powers in accordance with article 22 of the Articles of Association;

*Delegated powers:* ordinary administration of the Company, including banking operations up to and including a maximum of Euro 5,164,569 (five million one hundred and sixty-four thousand five hundred and sixty-nine) except for the renewal of credit lines already granted to the Company that are freely renewable without any limit. *Delegation and appointment of special representatives for particular purposes.*

#### MANAGING DIRECTOR

Vacchi Alberto *Delegated powers:* ordinary administration of the Company, including banking operations up to and including a maximum of Euro 5,164,569 (five million one hundred and sixty-four thousand five hundred and sixty-nine) except for the renewal of credit lines already granted to the Company that are freely renewable without any limit. Delegation and appointment of special representatives for particular purposes.

#### DIRECTORS

Malagoli Andrea

Minguzzi Italo Giorgio

Opromolla Paolo

Poggi Luca

Schiavina Maria Carla

Vacchi Gianluca

Visentini Stefano

Volta Romano

## **EXECUTIVE COMMITTEE**

(IN OFFICE UNTIL APPROVAL OF THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2002)

The Executive Committee has powers of extraordinary administration provided they are not reserved to the Board of Directors by law and by the board resolution of October 13, 2000.

This resolution states that the Board of Directors has exclusive authority:

- to approve 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 Euro 5,164,569 (five million one hundred and sixty-four thousand, five hundred and sixty-nine), except for the renewal of credit lines already granted to the Company, which can be delegated;
- to approve the Company's strategic, business and financial plans and any decision relating to the Group structure;
- to approve any related party transactions.

The Executive Committee can delegate and appoint special representatives for particular purposes.

### **CHAIRMAN**

Marco Vacchi

### **MEMBERS**

Malagoli Andrea

Opromolla Paolo

Poggi Luca

Vacchi Alberto

Visentini Stefano

## **BOARD OF STATUTORY AUDITORS**

(IN OFFICE UNTIL 04/27/2004)

### **AUDITORS**

Comini Giorgio - Chairman - Auditor

Cazzola Amedeo - Auditor

Aicardi Piero - Auditor

### **ALTERNATE AUDITORS**

Ghermandi Luigi - Auditor

Gnugnoli Emanuele - Auditor

## **INDEPENDENT AUDITORS**

Arthur Andersen S.p.A.

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## 1. OVERVIEW

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Stockholders,

Starting in the second half of 2000 the major industrialized nations of the G7 simultaneously entered a cyclical downturn of a kind not seen in the last 25 years. This downturn turned into a full-blown recession in the second half of 2001, spreading to emerging markets as well. Exceptions were Russia, which continued to recover after almost a decade of decline, and Asia's two giants, India and China, which are still relatively closed and so only marginally affected by international recession. The gloomy macroeconomic scenario was further aggravated by the deep recession in Japan. This differed from the slump in the United States and European Union, with its origins lying in the fragility of Japan's financial institutions and the weakness of its political leaders. These factors in turn are creating an unfavourable outlook for future productive activity.

Added to this already highly adverse situation was the dramatic act of terrorism on September 11, which in turn triggered the conflict in Afghanistan, with the associated risks of its expansion to neighbouring territories. The ending of the first phase of the war against terror is now seeming to allay the more pessimistic predictions concerning the combined effects of the recession and the war.

World gross domestic product grew at a rate of 1.9% in 2001, down from 4.8% in the prior year. Gross domestic product in the seven major industrialized nations grew at just 0.9%, compared with 3.4% in 2000. At the same time, international trade grew by a modest 1.4%, compared with 13% in 2000. The current downturn has been particularly marked by a generalized decline in investments. This is especially so in the United States, where investment in plant and machinery declined by 7% year-on-year. Investment expenditure in Europe appears to have been less affected by the general economic crisis, with the notable negative exception of Germany.

Despite such an adverse economic situation, according to the latest statistics published by the authoritative IMS Health, the pharmaceutical industry, to whom over 85% of our products are addressed, reported 12% growth in drug sales in 2001. This compares with 10% in 2000 and comprises peaks of 17% in North America and 10% in Europe, while the statistic was more modest in Japan (4%) and Latin America. This trend confirms the non-cyclical nature of this industry, which is obvious since its products meet the essential needs of the population. In fact, its growth depends on other social-economic factors, such as the steady aging of the population, the rising expectations for a better quality of life in old age as well, and demographic growth in emerging nations, where life spans are still much shorter than in the developed world. Industry growth is also a product of the ongoing technological progress in the area of biotechnology and the large-scale development of drugs to treat illnesses that in the past were neglected. All these factors underlie the pharmaceutical industry's strong performance, with growth likely to continue at an ever-faster pace. Indeed, a total of 8,191 new drugs are under development throughout the world, compared with 5,492 in 1995, providing a very important indicator of the growth prospects for this industry. Similarly, the demand for machinery to produce and package drugs has followed a parallel trend, there being a close correlation between growth in drug sales and sales of machinery for their production, as underlined by authoritative studies in this area.

In contrast, demand for machinery for producing tea-bags has been considerably slower. This trend reflects the continued slow pace of growth in the use of tea bags by the traditionally large tea-consuming countries of the orient, as well as a contraction in the rate of replacement of its more obsolete machinery by western industry. Added to these factors was the sharp economic downturn. Overall demand for new machinery in this sector was lower than in the prior year. However, suppliers, such as the IMA Group, who have been active in the area of innovation in recent years, were relatively isolated from this decline.

## 2. CONSOLIDATED STATEMENT OF INCOME

The Group closed 2001 with consolidated net income of Euro 20.4 million, up 34.4% with respect to the figure of Euro 15.2 million reported in 2000.

The following table sets out on a comparative basis the most significant figures from the Group's 2001 reclassified statement of income:

Millions of Euro	2001		2000		Change
	Amount	%	Amount	%	%
<b>Net revenues</b>	<b>336.30</b>		<b>293.20</b>		<b>14.7</b>
• Cost of sales	(179.50)		(158.87)		
<b>Gross industrial income</b>	<b>156.80</b>	<b>46.6</b>	<b>134.33</b>	<b>45.8</b>	<b>16.7</b>
• R&D costs	(18.81)		(17.81)		
• Selling costs	(45.71)		(42.07)		
• General and administrative costs	(42.90)		(38.26)		
<b>Net operating income before amortization of goodwill and consolidation differences (E.B.I.T.A.)</b>	<b>49.38</b>	<b>14.7</b>	<b>36.19</b>	<b>12.3</b>	<b>36.4</b>
• Amortization of goodwill and consolidation differences	(4.50)		(3.27)		
<b>Net operating income</b>	<b>44.88</b>	<b>13.3</b>	<b>32.92</b>	<b>11.2</b>	<b>36.3</b>
• Net financial income (expense)	(6.48)		(5.20)		
• Adjustments to the value of financial assets	(0.01)		0.09		
• Extraordinary items, net	0.21		0.89		
<b>Result before income taxes</b>	<b>38.60</b>	<b>11.5</b>	<b>28.70</b>	<b>9.8</b>	<b>34.5</b>
• Income taxes	(17.85)		(12.90)		
<b>Net income for the year</b>	<b>20.75</b>	<b>6.2</b>	<b>15.80</b>	<b>5.4</b>	<b>31.3</b>
• Net income for the year pertaining to minority interests	(0.30)		(0.59)		
<b>Group's net income for the year</b>	<b>20.45</b>	<b>6.1</b>	<b>15.21</b>	<b>5.2</b>	<b>34.4</b>
<b>Gross operating income (E.B.I.T.D.A.)</b>	<b>59.32</b>	<b>17.6</b>	<b>45.66</b>	<b>15.6</b>	<b>29.9</b>
<b>Order book</b>	<b>156.54</b>		<b>140.89</b>		<b>11.1</b>

In keeping with accepted practice, as from 2001 the consolidated statement of income has been reclassified to bring net operating income into line with the difference between the value and cost of production (A-B) shown in the format required by Decree Law 127/91. For the sake of consistent comparison, the 2000 statement of income has been reclassified using the same criteria. In summary, other than minor differences in the net revenues line (whose reclassification has involved decreases of Euro 1,535 thousand in 2001 and Euro 1,591 thousand in 2000) the only difference relates to the treatment of non-recurring income and charges, which, despite being exceptional in nature, are no longer shown under extraordinary items, but among operating costs and income. Reclassification of extraordinary items has involved decreases of Euro 786 thousand in 2001 and Euro 2,450 thousand in 2000 relative to the previous figures.

## NET REVENUES BY SECTOR

Millions of Euro	2001		2000		Change
	Amount	%	Amount	%	%
• Tea, coffee and herbal tea packaging	49.6	14.8	46.7	15.9	6.2
• Pharmaceuticals packaging	185.3	55.1	159.3	54.3	16.3
• Pharmaceuticals processing	101.4	30.1	87.2	29.8	16.3
<b>Total</b>	<b>336.3</b>	<b>100.0</b>	<b>293.2</b>	<b>100.0</b>	<b>14.7</b>

Consolidated net revenues were 14.7% higher than in 2000. This impressive rate of growth came about largely through internal means. In fact, the acquisitions of Co.Ma.Di.S. in April 2001 and GS Coating System srl in May 2000, made a total contribution of Euro 7.3 million to revenues. This means that, ignoring their contribution, revenues grew by 12.2%.

In detail:

- Sales in the tea, coffee and herbal tea packaging sector grew by 6.2%. Despite static demand, this growth was attributable to the remarkable success of the C24 line, especially in Germany, with a substantial flow of orders arriving from markets in the former Soviet Union, particularly Russia.
- Sales of machines for processing by the pharmaceutical industry reported an increase of 16.3%. Most of this improvement was down to sales of the Group's tablet-producing machines, thanks to a 28% rise in net revenues at the Kilian companies and a strong set of sales results by the Comprima line. Coating systems also performed extremely well; this line previously belonged to GS Coating System Srl, which was absorbed by IMA S.p.A. at the start of 2001. In contrast, there was a dip in demand for capsule packaging machines.
- Net revenues in the pharmaceuticals packaging sector climbed by 16.3%, reflecting contributions from all the Group's divisions that operate in this sector.

## NET REVENUES BY GEOGRAPHICAL AREA

Millions of Euro	2001		2000		Change
	Amount	%	Amount	%	%
• E.U. (excluding Italy)	127.88	38.0	95.62	32.6	33.7
• Other European countries	31.02	9.2	26.09	8.9	18.9
• North America	63.54	18.9	56.16	19.2	13.1
• Asia	53.93	16.1	41.14	14.0	31.1
• Other countries	44.09	13.1	54.35	18.5	(18.9)
Total exports	320.46	95.3	273.36	93.2	17.2
• Italy	15.84	4.7	19.84	6.8	(20.2)
<b>Total revenues</b>	<b>336.30</b>	<b>100.0</b>	<b>293.20</b>	<b>100.0</b>	<b>14.7</b>

Some 95.3% of total net revenues were generated outside Italy, compared with 93.2% in the previous year. There was a large increase in sales in the European Union, especially in France and the UK. There was also a very positive trend in sales to Russia and other countries in Central and Eastern Europe, which are now offering some very attractive prospects due to the need to rapidly reconstruct their pharmaceutical industries. Sales to Asia also reported strong growth thanks to the substantial flow of orders from the Middle East.

## **GROSS INDUSTRIAL INCOME**

Cost of sales fell as a proportion of net revenues, going down 0.8% from 54.2% to 53.4%. This improvement assumes greater significance considering that the tea sector, which traditionally has higher industrial margins than the pharmaceutical sectors, accounted for a lower percentage share of total net revenues. However, the pharmaceutical sectors started to benefit from the ending of the launch period for certain important product lines, with an attendant increase in their margins. This means that we can still see significant room for margin improvement, especially in the pharmaceuticals packaging divisions, whose product ranges have all been completely updated over the past two years.

## **R&D COSTS**

R&D costs incurred during the year totalled Euro 18.8 million (+5.6% compared with the prior year), representing 5.6% of net revenues, versus 6.1% in 2000. The full amount of this expenditure was charged to the statement of income for the year. This amount refers just to those costs for developing new products or updating the technology of products already in distribution. It does not include the costs for developing products commissioned by specific customers or for product customization, which are included in cost of sales since they are invoiced to the customers themselves. The Group's commitment to technological innovation has always represented a strong competitive advantage, appreciated by all its customers and destined to continue, even if these costs will start to represent a lower proportion of sales. This commitment has covered all the Group's divisions, with important innovations due to be officially presented at the forthcoming Interpack trade fair in Düsseldorf. Some of these innovations were already anticipated to customers during last October's in-house exhibition in Ozzano, forming part of the IMA Group's 40th anniversary celebrations.

## **SELLING COSTS**

Selling costs, including commission paid to agents and other commercial intermediaries, grew by 8.7%, reflecting the major investment made in reinforcing our marketing area, with an expansion of sales and after-sales services. In detail, a new subsidiary was set up in Spain - IMA Iberica - enabling us to serve this important market better. IMA North America inaugurated its new location in Bristol, Pennsylvania, which also boasts industrial areas equipped with "test rooms" for customers to try out new products. The number of sales and after-sales staff was increased in all the principal subsidiaries, while plans are also being made for the local production of formats in order to service our customers more effectively. The increase in these costs also reflects the necessary provisions to the "reserve for agents' termination indemnity". Despite the policy of strengthening the Group's marketing set-up, selling costs fell as a proportion of net revenues from 14.3% in 2000 to 13.6% in 2001. This demonstrates the Group's ability to make the most of the commercial synergies offered by the newly-acquired companies and especially those by the Kilian Group and GS Coating System srl.

## **GENERAL AND ADMINISTRATIVE COSTS**

These costs accounted for 12.8% of net revenues in 2001, down from 13.0% in 2000. They include the costs incurred for the various initiatives undertaken for celebrating the Group's 40th anniversary, including those relating to the in-house exhibition, which was visited by over a thousand of our customers during the second week of October. This was a highly promotional type of event, involving discussions and debates with the participation of experts from the field of pharmaceuticals processing and packaging.

## **NET OPERATING INCOME**

The increase in the amortization of goodwill of acquired businesses reflects the consolidation of GS Coating System srl for the entire year, and of Co.Ma.Di.S. S.p.A from May. It also reflects the goodwill arising on the acquisition from ICO Oleodinamici S.p.A. of its business producing fluid bed granulators. This acquisition took effect from March 2001, even if sales of this product line will only start in 2002. All this means that net operating income came to Euro 44.9 million, having risen 36.3% compared with the figure of Euro 32.9 million reported in the prior year. Net operating income represented 13.3% of net revenues, versus 11.2% in 2000.

## NET FINANCIAL INCOME (EXPENSE)

Financial charges were around Euro 4.2 million lower than in 2000, thanks to the fall in interest rates and even though the average level of borrowings was higher than in the prior year as a result of acquisitions.

The amount of financial charges also benefited from the reduction in exchange losses on hedging transactions, reflecting less adverse movements in the euro/dollar exchange rate.

Similarly, financial income was lower, falling from Euro 14.4 million in 2000 to Euro 8.9 million in 2001. This was due to the same reasons outlined above, as well as the fact that the figure for 2000 included certain non-recurring items of income not repeated in 2001. More specifically, there was a significant drop in gains on the disposal of treasury stock and equity funds held in the Group's portfolio.

The average cost of debt in 2001 came to around 5.5%.

## NET INCOME

Net income for the year improved by over 34%, rising from Euro 15.2 million to Euro 20.4 million in 2001. This significant improvement is entirely the product of the Group's business operations, in turn reflecting careful cost control and the excellent sales figures reported by all its divisions.

Income taxes rose as a proportion of pre-tax income due to an increase in overall taxation, notably at some of the foreign subsidiaries.

## 3. CONSOLIDATED BALANCE SHEET AND FINANCIAL POSITION

This table summarizes the Group's balance sheet as at December 31, 2001:

Millions of Euro	2001		2000		Change
	Amount	%	Amount	%	%
• Trade receivables, net	101.95	58.4	90.83	57.0	12.2
• Other receivables	13.02	7.5	16.26	10.2	(19.9)
• Inventories	92.65	53.0	83.95	52.7	10.4
• Short-term non-financial payables	(120.03)	68.7	(111.87)	70.2	7.3
<b>A) Working capital</b>	<b>87.59</b>	<b>50.2</b>	<b>79.17</b>	<b>49.7</b>	<b>10.6</b>
• Receivables due beyond 12 months	7.56	4.3	6.63	4.2	14.0
• Equity investments and financial fixed assets	7.88	4.5	8.38	5.3	(6.0)
• Tangible fixed assets, net	44.37	25.4	39.73	24.9	11.7
• Intangible fixed assets	53.47	30.6	46.16	29.0	15.8
<b>B) Fixed assets</b>	<b>113.28</b>	<b>64.8</b>	<b>100.90</b>	<b>63.4</b>	<b>12.3</b>
<b>C) Reserves and M/L-T non-financial payables</b>	<b>(26.22)</b>	<b>15.0</b>	<b>(20.83)</b>	<b>13.1</b>	<b>25.9</b>
<b>A+B-C = Net capital invested</b>	<b>174.65</b>	<b>100.0</b>	<b>159.24</b>	<b>100.0</b>	<b>9.7</b>
<b>FINANCED BY:</b>					
<b>D) Net debt</b>	<b>75.14</b>	<b>43.0</b>	<b>72.00</b>	<b>45.2</b>	<b>4.4</b>
<b>E) Minority interests</b>	<b>2.54</b>	<b>1.5</b>	<b>2.65</b>	<b>1.7</b>	<b>(4.2)</b>
<b>F) Stockholders' equity pertaining to the Group</b>	<b>96.97</b>	<b>55.5</b>	<b>84.59</b>	<b>53.1</b>	<b>14.6</b>
<b>D+E+F = Total sources of funds</b>	<b>174.65</b>	<b>100.0</b>	<b>159.24</b>	<b>100.0</b>	<b>9.7</b>

## NET CAPITAL INVESTED

Net capital invested, after deducting non-financial current liabilities, increased by Euro 15.4 million relative to December 31, 2000.

## WORKING CAPITAL

Working capital increased by 10.6% (or Euro 8.4 million) which was relatively slower than the growth in revenues and the year-end order book (+14.7% and + 11.1% respectively). Comments on the changes in the main balances are given below:

- Trade receivables were Euro 11.1 million higher. This was despite the Euro 14.8 million rise in fourth-quarter sales and despite the expansion of the consolidation area following the acquisition of the business activities of Co.Ma.Di.S. S.p.A.. The high figure for this balance reflects the seasonal nature of our sales, with some 44.5% of annual deliveries concentrated in the fourth quarter;
- Inventories went up by Euro 8.7 million, from Euro 83.9 to 92.6 million. This increase reflects additions to the consolidation area and stocking to meet the expected growth in sales in 2002, with the order book some 11.1% higher at the end of 2001 than a year earlier;
- Short-term non-financial payables were Euro 8.2 million higher, reflecting a higher amount of advances received from customers and an increase in trade payables.

## FIXED ASSETS

Fixed assets underwent an overall net increase of Euro 12.38 million compared with December 31, 2000. This included:

- a fall in equity investments and financial fixed assets, due to the consolidation of the subsidiaries IMA Japan Ltd and IMA Iberica SL, which in the prior year had been booked at cost since they had only just been set up;
- an increase of Euro 11.9 million in tangible and intangible fixed assets, net of depreciation and amortization, being the product of the following changes:

Millions of Euro	Fixed assets		
	Tangible	Intangible	Total
• Additions during the period	14.72	4.15	18.87
• Net changes in the consolidation area	0.03	–	0.03
• Recording of goodwill	–	9.39	9.39
• Recording of consolidation differences	–	1.52	1.52
• Net book value of disposals	(3.35)	(0.14)	(3.49)
• Exchange differences on consolidated fixed assets	0.06	0.01	0.07
• Amortization and depreciation charges for the period	(7.01)	(7.43)	(14.44)
• Reclassifications	0.19	(0.19)	–
<b>Total</b>	<b>4.64</b>	<b>7.31</b>	<b>11.95</b>

## RESERVES AND M/L-TERM NON-FINANCIAL PAYABLES

Reserves and m/l-term non-financial payables were Euro 5.4 million higher at the end of 2001 than a year earlier, reflecting provisions made during the year to the reserve for employee termination indemnities and to various reserves for risks.

The main changes referred to:

- the reserve for employee termination indemnities, which increased by Euro 2.2 million;
- the exchange fluctuation reserve, which increased by Euro 0.2 million as a result of booking the provision for the year;

- the reserve for warranties, which increased by Euro 0.4 million, to reflect the growth in sales;
- the “other reserves for risks”, which increased by Euro 1.7 million, reflecting higher provisions to the reserves for agent termination indemnities, required to ensure that the Group is able to meet these liabilities arising from its business activities.

### **NET DEBT**

Net debt, totaling Euro 75.1 million, was Euro 3.1 million higher than the corresponding figure of Euro 72.0 million reported at the end of 2000. This increase is analyzed as follows:

#### **(Funds absorbed) / liquidity generated**

• Depreciation and amortization of tangible and intangible fixed assets	9.9
• Amortization of goodwill and consolidation differences	4.5
• Change in net working capital and other assets and liabilities	2.9
• Net investment in tangible and intangible fixed assets	(14.1)
• Increase in stockholders' equity	12.3
• Outlays for acquisitions	(18.6)
<b>Total</b>	<b>(3.1)</b>

This analysis demonstrates that, before making the outlays for acquisitions, the Group generated liquidity of Euro 15.5 million during the year.

### **STOCKHOLDERS' EQUITY PERTAINING TO THE GROUP**

Stockholders' equity pertaining to the Group totaled Euro 96.9 million at year end. This was Euro 12.3 million higher than a year earlier and was the product of the following movements:

• Dividends paid during the year	(8.4)
• Minority interests	0.3
• Net income for the year	20.4
<b>Total</b>	<b>12.3</b>

## **4. HUMAN RESOURCE POLICY, INDUSTRIAL RELATIONS AND TRAINING**

### **EMPLOYEES**

As of December 31, 2001 the Group employed 2,301 persons, up from 2,166 at the end of 2000. The geographical breakdown of the workforce was as follows:

	2001	2000	Change
• Italy	1,496	1,389	107
• India	353	355	(2)
• Germany	265	254	11
• USA	48	46	2
• China	37	33	4
• U.K.	32	31	1
• France	25	26	(1)
• Eastern Europe	22	20	2
• Japan	12	10	2
• Spain	9	–	9
• Portugal	2	2	–
<b>Total</b>	<b>2,301</b>	<b>2,166</b>	<b>135</b>

The increase in headcount due to acquisitions during the year came to 34.

### PERSONNEL COSTS

Personnel costs came to Euro 91.2 million, compared with Euro 82.3 million in 2000. As a percentage of net revenues, these costs improved a full percentage point, falling from 28.1% in 2000 to 27.1% in 2001.

### HUMAN RESOURCE POLICY

For a group like IMA, that has a worldwide presence and is undergoing rapid growth, both through internal means and through acquisitions, it is essential to pursue an ongoing worldwide recruitment policy of young people with high professional growth potential. Similarly, it is fundamental to manage the “career paths” of these recruits in order to enhance their expertise and reward their performance. Furthermore, it is critically important to manage the integration of personnel from the newly-acquired businesses properly, in order to create common, shared values and culture, whilst respecting the individual identity of the companies concerned. The goal is to create a process of reciprocal “osmosis” that allows those skills and values that genuinely benefit our success to come out on top.

During 2001 the delicate process was managed of transferring the staff of GS Coating System S.r.l. to IMA's factory in Ozzano dell'Emilia, as well as integrating the related organizational functions with the corresponding ones of the Solids Division, of which GS Coating System S.r.l. became an integral part. A similar process took place, albeit involving fewer people, for the employees coming from the business designing and producing fluid bed granulators, acquired from ICO Oleodinamici S.p.A. Despite the inevitable problems, we believe that these processes were concluded with a considerable degree of success.

Work also continued on integrating Kilian KG. In this case too, we are able to say that a growing sense of community and commonality of language, objectives and culture started to be instilled between this important German enterprise and the rest of the IMA Group, representing the best guarantee for achieving the ambitious goals we have set ourselves.

Since the IMA Group's success is the product of the contribution of each employee, both individually and as a team member, it is essential to manage the Group's human resources in the best fashion, whilst assisting the process of employee development through training.

As a result, work continued on the project started in 2000 to create a proper, objective model for assessing individual professional skills, in turn forming part of an advanced system for managing human resources.

### TRAINING

More than 80% of employees were involved for a total of some 7,000 hours in training activities, geared towards improving the expertise of the Group's technical, administrative and commercial personnel. This is an area in which we must invest even more in the future.

## INDUSTRIAL RELATIONS

The national collective labour agreement for the metalworking industry was renewed on July 3, 2001, affecting employees of the Group's Italian companies. The new contract took immediate effect and its economic and regulatory terms will remain in force for two years. Its introduction will mean applying an average wage increase of around 3.2%. The Group's own labour agreement also expired in December 2001, with initial meetings being held to discuss its renewal.

Relations with the trade unions and their representatives were conducted in a manner that allowed social and company-related issues to be managed in a proactive fashion. More specifically, an agreement was reached to update the rules dealing with employees who work away on business. This is a particularly delicate issue for our Group since the presence of such employees aims to ensure that the needs of all our customers are fully satisfied.

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## 5. ANALYSIS OF PERFORMANCE BY SECTOR

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### TEA, COFFEE AND HERBAL TEA PACKAGING

Millions of Euro	2001	2000	% change
• Net revenues	49.6	46.7	6.2
• E.B.I.T.A. (*)	11.4	8.6	32.6
• R&D costs	4.1	3.8	7.9
• Order book at 12/31/2001	21.7	34.6	(37.3)

(\*) Net operating income before amortization of goodwill and consolidation differences

The tea, coffee and herbal tea packaging sector includes the activities performed directly by the parent company IMA S.p.A., through the Tea Division, as well as by the subsidiaries Comitec srl, based in Castel San Pietro Terme – Bologna, and Value Machinery Inc., based in Yardley – USA.

Product sales and the related after-sales support in the markets of North America, Central and Eastern Europe, the UK, Japan and China, are handled by the Group's subsidiaries operating in these countries, while all other locations fall under the responsibility of the Division, either directly or through agents.

Net revenues performed well (up 6.2% on 2000) despite a general decline in market demand. This was the product of the high level of outstanding orders at the start of the year, while new orders received in the year were significantly below the figure reported for net revenues. As a result, the order book at December 31, 2001 was Euro 12.9 million smaller than at the end of 2000.

The Division's management structure was strengthened during the year, making it more marketing-oriented in view of the ongoing slump in demand. The impact of these measures was very effective, as demonstrated by the trend in new orders received in the first two months of 2002 - around Euro 12.0 million versus Euro 6.5 million in the first two months of 2001 - plus a large number of negotiations in the process of being finalized.

Despite its position as world leader in the sector, the Group is heavily committed to product innovation, as demonstrated by its high level of R&D expenditure over the past two years. This commitment is explained by the Group's desire not only to stimulate the process of replacing the stock of old machines installed in countries in the west with better-performing machines, but also to consolidate its position still further in the face of its rather unresponsive competitors.

As demonstrated by the figures for E.B.I.T.A., up 32.6% on 2001 and representing 23.0% of net revenues versus 18.4% in 2000, this sector makes a very important contribution to the Group's consolidated results, with solid prospects for further improvement.

## PHARMACEUTICALS PACKAGING MACHINES

Millions of Euro	2001	2000	% change
• Net revenues	185.3	159.3	16.3
• E.B.I.T.A. (*)	23.2	14.6	58.9
• R&D costs	9.2	8.7	5.7
• Order book at 12/31/2001	104.7	68.8	52.2

(\*) Net operating income before amortization of goodwill and consolidation differences

The sector of packaging machines for the pharmaceuticals industry includes the activities directly performed by the parent company IMA S.p.A. through the Blister Division, the Win.Pack Division and the Filling and Sterile Division. It also includes the activities of the subsidiary BFB S.p.A., located in Bentivoglio (Bologna), via the Cartoning and End of Line Divisions, those of the subsidiary Libra S.r.l., located in Ozzano E. (Bologna), Co.Ma.Di.S. S.p.A., located in Senago (Milan), and the Indian subsidiary Precision Gears, located in Mumbai and Indore.

IMA's network of branches in the 16 countries covered sells these products and provides the related after-sales service. The rest of the world is covered by an established network of agents, which works for the processing machines sector as well.

The Group's product range in this sector is extremely wide, placing it in a world leadership position. They cover a family of machines for the production of blisters, with speeds ranging from 100 blisters/minute up to 1,200 blisters/minute, a wide range of filling equipment for liquids/powders/creams both in sterile and normal environments, tube-filling machines, cartoners, end of line products (wrapping machines, shrinkwrappers, case-packing and palletizing systems, etc.) and labelling machines.

Net revenues from the principal product lines are analyzed as follows:

Millions of Euro	2001	2000	% change
• Blister	69.9	57.7	21.1
• Filling and Sterile	53.9	51.1	5.5
• Cartoning	20.2	17.1	18.1
• End of line	33.3	30.8	8.1
• Other	8.0	2.6	207.7
<b>Total</b>	<b>185.3</b>	<b>159.3</b>	<b>16.3</b>

The Cartoning area excludes the cartoning machines sold together with blister machines, which are included among the sales of Blister machines.

There was strong worldwide demand for packaging machines for pharmaceutical products, benefiting all our product lines in this area. This was the result of the natural growth in the pharmaceuticals market, but above all, it reflected the consolidation of demand for our product lines introduced in the last two years. The trend in orders was also very positive, as demonstrated by the high level of orders held at year end.

All the product lines helped contribute to the considerable improvement in the sector's profitability, with E.B.I.T.A. rising by around 59%. The sector still has significant room for improving its profitability, especially in the areas of Cartoning and Filling & Sterile.

The Group extended its range of machines for pharmaceutical and cosmetics packaging with the acquisition of Co.Ma.Di.S. S.p.A. in May 2001. This means that we are now able to cover the important market for tube-filling

machines. This is a strategic segment especially in the high-potential cosmetics sector, in which we intend to win further market share in the future.

Intense commitment was dedicated to product innovation, as will be clear from the numerous novelties due to be presented at the forthcoming Interpack trade fair. More specifically, the new filling lines for liquids and powders in sterile environments are enjoying success, thereby helping raise our market share in this important segment.

### PHARMACEUTICAL PROCESSING MACHINES

Millions of Euro	2001	2000	% change
• Net revenues	101.4	87.2	16.3
• E.B.I.T.A. (*)	14.7	13.0	13.1
• R&D costs	5.4	5.2	3.8
• Order book at 12/31/2001	30.1	37.4	(19.5)

(\*) Net operating income before amortization of goodwill and consolidation differences

The sector of processing machines for the pharmaceutical industry includes the activities directly performed by the parent company IMA S.p.A. through its Solids Division, which at the start of the year absorbed the business of GS Coating System Srl, as well as the activities of the wholly-owned Kilian subsidiaries located in Cologne (Germany) and Horsham (USA). IMA's network of branches in the 16 countries covered sells these products and provides the related after-sales service. The rest of the world is covered by an established network of agents.

The Group's main product lines in this sector include machines for producing capsules and tablets, machines for weighing capsules and tablets, coating systems and, from 2002, systems for fluid-bed powder granulation. In fact, in May 2001 IMA S.p.A. acquired from ICO Oleodinamici S.p.A., its business for the design and production of fluid bed granulators, an essential component in the process of producing capsules and tablets, which up until now did not feature in our product range. As a result of this acquisition IMA has acquired the process know-how as well as the entire project for an innovative line of granulators, which, for the first time, combine into a single machine both the granulation and drying processes of medicinal powders. During 2001, the Solids Division sought through in-house developments and specific agreements to complement this product range with numerous essential end-user accessories. At the same time, it trained its sales staff in this largely new area for them. Marketing of this product line started towards the end of 2001, generating strong interest from all our customers. At the end of February seven systems had already been ordered, while negotiations were in progress for several others.

In this way we are continuing to expand our presence in the sector of machines for the pharmaceuticals production process. This forms part of a precise strategy that aims to establish the IMA Group as the sole supplier of complete production solutions for the pharmaceutical industry.

R&D expenditure was especially high, reflecting the huge commitment to updating our product range.

Sector profitability was largely in line with that of the prior year. The lower amount of orders at year end should not be a cause for concern in a sector where delivery times are significantly shorter than for the Group's other product lines. Furthermore, there were also a large number of negotiations in progress, in a nonetheless expanding market.

### TRANSACTIONS WITH PARENT COMPANIES AND OTHER GROUP COMPANIES

IMA S.p.A. is 51% owned by FINVACCHI S.p.A., itself a subsidiary of Lopam Fin S.p.A. As disclosed in the notes, there were no dealings of any significance with FINVACCHI S.p.A. in 2001.

IMA has dealings mainly of a commercial nature with the Group's manufacturing companies, involving the purchase and sale of machines required for the assembly of complete product lines. It also provides these companies with administrative services.

The parent company's dealings with the Group's marketing companies relate to the sale, distribution and related customer service activities in their respective territories for products manufactured by IMA's various divisions. IMA's manufacturing subsidiaries have similar relationships with the marketing companies.

The effect of transactions between Group companies on the 2001 financial statements is reported in the explanatory notes. The notes also provide details of the effect of transactions with related parties. Such transactions refer to the core business activities of the Group and its parent company.

The holding companies own the Group's interests in some of its foreign companies, and have dealings of a financial nature with them.

Service companies have been formed as a result of the outsourcing of non-strategic activities. They work mainly for the Group, but also for other companies.

To summarize, the parent company IMA manufactures packaging and filling equipment for the tea and pharmaceutical sectors, supplementing its range with end-of-line produced by its manufacturing subsidiaries.

The entire product range is sold via the marketing companies, which also provide customer service in their various territories; sales in territories not covered by Group companies are made through an extensive network of agents.

The activities of the various Group companies are outlined below:

### MANUFACTURING COMPANIES

- *BFB S.p.A.*, located in Bentivoglio (Bologna), wholly owned by IMA S.p.A.: manufactures end-of-line machines for use in various sectors.
- *Libra s.r.l.*, located in Ozzano E. (Bologna), wholly owned by IMA S.p.A.: manufactures end-of-line machines for use in sterile environments in the pharmaceuticals and cosmetics industries.
- *Precision Gears Pvt. Ltd. (Bombay) and Precision Gears Pvt. Ltd. (Indore)* both manufacture blister-pack machines suitable for markets in developing countries.
- *J.O.I. Pack Co. Ltd.*, located in Saitama (Japan), is a joint-venture company 50% owned by IMA S.p.A.: established to develop a blister-pack machine targeting the pharmaceuticals industry in Japan. Currently dormant.
- *B.C. S.r.l.*, located in Imola (Bologna), 30% owned by IMA S.p.A.: manufactures mechanical components for customers within and outside the IMA Group.
- *Zibo IMA Xinhua Machinery Manufacturing Co. Ltd.*, located in Zibo (China), 54% owned by IMA Far East Co. Ltd.: assembles machines for the pharmaceutical industry.
- *Tianjin IMA Machinery Co. Ltd.*, located in Tianjin (China), 53% owned by IMA Far East Co. Ltd.: provides customer service in China.
- *Co.Ma.Di.S. S.p.A.*, located in Senago (Milan), is a wholly-owned subsidiary of IMA S.p.A. The purchase of the business manufacturing tube-filling machines for the pharmaceutical, cosmetics, chemical and food industries was formally completed in April 2001.
- *Kilian GmbH & Co. KG*, located in Cologne (Germany), is a wholly-owned subsidiary of IMA Verpackungssysteme GmbH. Acquired at the start of 2000, it produces compressing machines for the pharmaceutical and chemical industries.

### MARKETING COMPANIES

The marketing companies, listed below, are nearly all wholly owned, directly or indirectly, by IMA S.p.A. They market the machines manufactured by Group companies and external parties, and provide customer service in their respective territories.

- *IMA North America Inc.*, located in Bristol (USA), has started the process of integrating itself with Kilian Inc. which will help reduce general overheads.

- *IMA France E.u.r.l.*, located in Rueil-Malmaison (France).
- *IMA Verpackungssysteme GmbH*, located in Cologne (Germany). Its negative results reflect an insufficient volume of sales on the German market, as well as financial costs associated with the acquisition of Kilian.
- *IMA UK Ltd.*, located in Wokingham (UK).
- *I.M.A. Est Verpackungssysteme Handelsgesellschaft MbH*, located in Vienna (Austria).
- *IMA Far East Co. Ltd.*, located in Hong Kong. Despite the negative results reported in the current year, the strong flow of new orders will help improve this situation.
- *Imautomatiche Lda.*, located in Madeira (Portugal), operates as the dealer for the Group's products in South America.
- *IMA Lanka Ltd.*, located in Colombo (Sri Lanka). During the year it began to provide customer service and sell spare parts for tea-bagging machines.
- *IMA Iberica Processing and Packaging S.L.*, located in Barcelona (Spain), is a wholly-owned subsidiary of IMA S.p.A. Its negative result was due to the fact that 2001 was its first year of business.
- *IMA Japan Co. Ltd.*, located in Yokohama (Japan), is directly owned by IMA S.p.A. with an interest of 99.5%. Sales on the difficult Japanese market are currently insufficient to cover costs.
- *Kilian & Co. Inc.*, located in Horsham, Pennsylvania (USA).
- *Value Machinery Inc.*, located in Yardley Pennsylvania USA, is wholly-owned subsidiary of IMA North America Inc. It specializes in supplying cotton thread for the preparation of filter teabags.

#### **HOLDING COMPANIES**

- *Luxteco International S.A.*, located in Luxembourg, is a wholly-owned subsidiary of IMA S.p.A. It has financial dealings with some of the foreign marketing companies. It also holds interests of 8.1% in Medinvest International SCA and 99% in IMA Far East Co. Ltd. The company has been affected by the poor performance of its subsidiary IMA Far East Ltd and has written down the book value of its investment to the value of stockholders' equity in this company.
- *Holteco BV*, located in Amsterdam (Netherlands), is a wholly-owned direct subsidiary of IMA S.p.A. It is the parent company of Precision Gears Pvt. Ltd. in Bombay and also owns 100% of IMA Lanka Ltd.

#### **OTHER COMPANIES**

- *Ignition Team S.r.l.*, located in Castenaso (Bologna), is a 90% direct subsidiary of IMA S.p.A. It provides public relations and communication services to Group and other outside companies, on terms that are in line with the market.
- *Infoarea S.r.l.*, located in Ozzano E. (Bologna), is a wholly-owned subsidiary of IMA S.p.A. It specializes in the supply of IT goods and services to both Group and other companies at rates that are in line with the market.
- *Comitec S.r.l.*, located in Castel S. Pietro Terme (Bologna), is a wholly-owned subsidiary of IMA S.p.A. It provides technical design and drawing services to Group companies. During the year IMA S.p.A. purchased the remaining 48% of this company from the former stockholders.
- *Kilian Verwaltung GmbH*, is a wholly-owned subsidiary of IMA Verpackungssysteme GmbH. It performs administrative services for the Group's German companies.

The following table summarizes the 2001 financial statements of the individual Group companies, as approved by their Boards of Directors. Statement of income items have been translated at average exchange rates for the year and balance sheet items at year-end exchange rates.

**SUMMARIZED FINANCIAL STATEMENTS OF COMPANIES IN THE IMA GROUP AS OF  
DECEMBER 31, 2001**

Given the size of some of the companies listed below and for the sake of highlighting their significance, it has been decided to express the figures in thousands of euro.

Statement of income (thousands of euro)	MANUFACTURING COMPANIES							
	IMA S.p.A.	B.F.B. S.p.A.	Libra P.T. S.r.l.	P.G. Indore	P.G. Bombay	CO.MA.DI.S. S.p.A. (*)	Tianjin IMA	Zibo IMA
• Net revenues	211,167	53,494	18,079	1,678	6,678	2,783	355	755
• Operating costs	(183,866)	(47,523)	(13,139)	(1,510)	(6,013)	(2,759)	(370)	(745)
• Net operating income	27,301	5,971	4,940	168	665	24	(15)	10
• Other income (charges)	(1,201)	(1,093)	(229)	(32)	(5)	(308)	25	34
• Result before income taxes	26,100	4,878	4,711	136	660	(284)	10	44
• Income taxes	(10,632)	(2,582)	(2,021)	(38)	(306)	54	(4)	(5)
<b>Net income for the year</b>	<b>15,468</b>	<b>2,296</b>	<b>2,690</b>	<b>98</b>	<b>354</b>	<b>(230)</b>	<b>6</b>	<b>39</b>

(\*) relating to the eight months post-acquisition

Balance sheet (thousands of euro)	MANUFACTURING COMPANIES							
	IMA S.p.A.	B.F.B. S.p.A.	Libra P.T. S.r.l.	P.G. Indore	P.G. Bombay	CO.MA.DI.S. S.p.A. (*)	Tianjin IMA	Zibo IMA
Assets:								
• current	151,441	22,725	11,665	417	3,984	2,218	306	554
• inventories, net	56,632	12,683	3,114	490	1,759	2,295	77	570
• fixed assets	91,278	8,135	1,122	350	1,314	5,996	9	53
<b>Total</b>	<b>299,351</b>	<b>43,543</b>	<b>15,901</b>	<b>1,257</b>	<b>7,057</b>	<b>10,509</b>	<b>392</b>	<b>1,177</b>
Liabilities:								
• current	157,299	27,754	9,072	497	3,649	5,127	134	184
• medium/long-term	65,206	9,048	931	28	282	4,072	–	–
• Stockholders' equity	76,846	6,741	5,898	732	3,126	1,310	258	993
<b>Total</b>	<b>299,351</b>	<b>43,543</b>	<b>15,901</b>	<b>1,257</b>	<b>7,057</b>	<b>10,509</b>	<b>392</b>	<b>1,177</b>

(\*) relating to the eight months post-acquisition

Statement of income (thousands of euro)	OTHER MANUFACTURING AND MARKETING COMPANIES			
	IMA Japan	Value Machinery Inc.	Kilian Inc.	Kilian GmbH
• Net revenues	6,363	616	11,884	39,099
• Operating costs	(7,219)	(397)	(11,247)	(34,176)
• Net operating income	(856)	219	637	4,923
• Other income (charges)	(3)	15	–	(748)
• Result before income taxes	(859)	234	637	4,175
• Income taxes	(3)	(94)	(287)	(723)
<b>Net income for the year</b>	<b>(862)</b>	<b>140</b>	<b>350</b>	<b>3,452</b>

**OTHER MANUFACTURING AND MARKETING COMPANIES**

<b>Balance sheet (thousands of euro)</b>	<b>IMA Japan</b>	<b>Value Machinery Inc.</b>	<b>Kilian Inc.</b>	<b>Kilian GmbH</b>
Assets:				
• current	4,864	644	3,134	11,728
• inventories, net	263	110	–	13,192
• fixed assets	85	–	247	2,609
<b>Total</b>	<b>5,212</b>	<b>754</b>	<b>3,381</b>	<b>27,529</b>
Liabilities:				
• current	4,637	106	2,027	18,114
• medium/long-term	–	–	113	2,316
• Stockholders' equity	575	648	1,241	7,099
<b>Total</b>	<b>5,212</b>	<b>754</b>	<b>3,381</b>	<b>27,529</b>

**MARKETING COMPANIES**

<b>Statement of income (thousands of euro)</b>	<b>IMA Iberica SL</b>	<b>IMA N.A. Inc.</b>	<b>IMA GmbH (Cologne-D)</b>	<b>IMA UK Ltd.</b>	<b>IMA France Eurl</b>	<b>I.M.A. GmbH (Wien-A)</b>	<b>IMA Far East Co. Ltd.</b>	<b>Imauto- matiche Lda.</b>
• Net revenues	495	46,489	4,052	4,733	5,159	5,237	597	24,552
• Operating costs	(896)	(46,117)	(4,021)	(4,257)	(4,889)	(5,116)	(1,443)	(22,731)
• Net operating income	(401)	372	31	476	270	121	(846)	1,821
• Other income (charges)	(9)	651	(893)	(23)	(80)	(83)	10	325
• Result before income taxes	(410)	1,023	(862)	453	190	38	(836)	2,146
• Income taxes	–	(373)	–	(167)	(152)	(36)	–	–
<b>Net income for the year</b>	<b>(410)</b>	<b>650</b>	<b>(862)</b>	<b>286</b>	<b>38</b>	<b>2</b>	<b>(836)</b>	<b>2,146</b>

**MARKETING COMPANIES**

<b>Balance sheet matiche (thousands of euro)</b>	<b>IMA Iberica SL</b>	<b>IMA N.A. Inc.</b>	<b>IMA GmbH (Cologne-D)</b>	<b>IMA UK Ltd.</b>	<b>IMA France Eurl</b>	<b>I.M.A. GmbH (Wien-A)</b>	<b>IMA Far East Co. Ltd.</b>	<b>Imauto- matiche Lda.</b>
Assets:								
• current	503	23,895	3,282	3,620	4,064	3,517	878	11,462
• inventories, net	2	4,263	–	–	376	–	–	–
• fixed assets	73	966	29,007	699	55	150	815	8
<b>Total</b>	<b>578</b>	<b>29,124</b>	<b>32,289</b>	<b>4,319</b>	<b>4,495</b>	<b>3,667</b>	<b>1,693</b>	<b>11,470</b>
Liabilities:								
• current	398	23,885	9,329	1,473	2,799	3,580	346	8,909
• medium/long-term	–	271	10,666	–	137	69	–	207
• Stockholders' equity	180	4,968	12,294	2,846	1,559	18	1,347	2,354
<b>Total</b>	<b>578</b>	<b>29,124</b>	<b>32,289</b>	<b>4,319</b>	<b>4,495</b>	<b>3,667</b>	<b>1,693</b>	<b>11,470</b>

**HOLDING COMPANIES**

<b>Statement of income (thousands of euro)</b>	<b>Luxteco Internat. SA</b>	<b>Holteco BV</b>
• Net revenues	–	–
• Operating costs	(270)	(21)
• Net operating income	(270)	(21)
• Other income (charges)	(857)	166
• Result before income taxes	(1,127)	145
• Income taxes	–	(127)
<b>Net income for the year</b>	<b>(1,127)</b>	<b>18</b>

**HOLDING COMPANIES**

<b>Balance sheet (thousands of euro)</b>	<b>Luxteco Internat. SA</b>	<b>Holteco BV</b>
Assets:		
• current	254	900
• inventories, net	–	–
• fixed assets	7,462	835
<b>Total</b>	<b>7,716</b>	<b>1,735</b>
Liabilities:		
• current	24	207
• medium/long-term	–	–
• Stockholders' equity	7,692	1,528
<b>Total</b>	<b>7,716</b>	<b>1,735</b>

**OTHER COMPANIES**

<b>Statement of income (thousands of euro)</b>	<b>Ignition Team S.r.l.</b>	<b>Info Area S.r.l.</b>	<b>Comitec S.r.l.</b>
• Net revenues	3,226	7,752	996
• Operating costs	(2,220)	(6,560)	(467)
• Net operating income	1,006	1,192	529
• Other income (charges)	(26)	–	4
• Result before income taxes	980	1,192	533
• Income taxes	(419)	(339)	(230)
<b>Net income for the year</b>	<b>561</b>	<b>853</b>	<b>303</b>

**OTHER COMPANIES**

<b>Balance sheet (thousands of euro)</b>	<b>Ignition Team S.r.l.</b>	<b>Info Area S.r.l.</b>	<b>Comitec S.r.l.</b>
<b>Assets:</b>			
• current	3,083	6,431	460
• inventories, net	–	14	–
• fixed assets	31	966	6
<b>Total</b>	<b>3,114</b>	<b>7,411</b>	<b>466</b>
<b>Liabilities:</b>			
• current	1,286	3,696	85
• medium/long-term	37	151	16
• Stockholders' equity	1,791	3,564	365
<b>Total</b>	<b>3,114</b>	<b>7,411</b>	<b>466</b>

**IMA S.P.A.**

Stockholders,

Our commentary on Group performance earlier in this report has implicitly covered the activities of the parent company, whose sales, including those to its marketing subsidiaries, accounted for 63% of the IMA Group's consolidated revenues.

The highlights of the parent company's results for the year are summarized below, on a comparative basis with 2000:

<b>Millions of Euro</b>	<b>2001</b>		<b>2000</b>		<b>Change</b>
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>%</b>
<b>Net revenues</b>	<b>211.17</b>		<b>176.42</b>		<b>19.7</b>
• Cost of sales	(116.27)		(98.74)		
<b>Gross industrial income</b>	<b>94.90</b>	<b>44.9</b>	<b>77.68</b>	<b>44.0</b>	<b>22.2</b>
• R&D costs	(12.39)		(12.18)		
• Selling costs	(27.17)		(23.11)		
• General and administrative costs	(26.57)		(23.13)		
<b>Net operating income before amortization of goodwill (E.B.I.T.A.)</b>	<b>28.77</b>	<b>13.6</b>	<b>19.26</b>	<b>10.9</b>	<b>49.4</b>
• Amortization of goodwill	(1.47)		–		
<b>Net operating income</b>	<b>27.30</b>	<b>12.9</b>	<b>19.26</b>	<b>10.9</b>	<b>41.7</b>
• Net financial income (expense)	(3.79)		(3.31)		
• Dividends	6.92		7.25		
• Writedown of equity investments	(2.68)		(1.37)		
• Accelerated depreciation	(1.22)		(1.13)		
• Extraordinary items, net	(0.43)		–		
<b>Result before income taxes</b>	<b>26.10</b>	<b>12.4</b>	<b>20.70</b>	<b>11.7</b>	<b>26.1</b>
• Income taxes	(10.63)		(8.21)		
<b>Net income for the year</b>	<b>15.47</b>	<b>7.3</b>	<b>12.49</b>	<b>7.1</b>	<b>23.9</b>
<b>Gross operating income (E.B.I.T.D.A.)</b>	<b>34.73</b>	<b>16.4</b>	<b>25.05</b>	<b>14.2</b>	<b>38.6</b>

Note that as from January 1, 2001, GS Coating System Srl was merged into IMA S.p.A. and so the revenue figures for the last two years also reflect this fact.

The lower percentage of gross industrial income relative to revenues compared with the figure shown in the consolidated financial statements is explained by the fact that some of the Divisions of IMA S.p.A. sell complete lines also consisting of machinery and systems purchased from BFB S.p.A. and Libra P.T. S.r.l. at a margin that just covers the engineering costs plus a sales commission. R&D costs stayed at a broadly similar level to the past and so came down by almost one percentage point as a proportion of revenues. The trend in selling and general costs not only reflects the merger of GS Coating System S.r.l. into the parent company but also the higher amount of sales commission resulting from the increased amount of sales, the formation of the “reserve for agents' termination indemnity” and the costs incurred for the events organized to celebrate IMA's 40th anniversary.

The company's order book at the end of 2001 is analyzed as follows:

	12.31.2001	12.31.2000		Change %	
		Balance merged companies	IMA S.p.A.Total		
<b>in thousands of euro</b>					
• Tea sector	19.70	–	33.37	33.37	(41.0)
• Process sector	19.18	6.62	17.65	24.27	(21.0)
• Packaging sector	72.61	–	41.11	41.11	76.6
<b>Total revenues</b>	<b>111.49</b>	<b>6.62</b>	<b>92.13</b>	<b>98.75</b>	<b>12.9</b>

Comments on changes in the order book have already been given in the section on the Group's performance.

The company's balance sheet and financial position as of December 31, 2001 are summarized below:

Millions of Euro	2001		2000		Change
	Amount	%	Amount	%	%
• Trade receivables, net	86.54	67.7	69.10	64.7	25.2
• Other receivables	7.51	5.9	8.12	7.6	(7.5)
• Inventories	56.63	44.3	52.21	48.8	8.5
• Short-term non-financial payables	(97.78)	76.5	( 80.29)	75.1	21.8
<b>A) Working capital</b>	<b>52.90</b>	<b>41.4</b>	<b>49.14</b>	<b>46.0</b>	<b>7.6</b>
• Receivables due beyond 12 months	6.93	5.4	5.99	5.6	15.7
• Equity investments and financial fixed assets	41.88	32.7	37.68	35.2	11.1
• Tangible fixed assets, net	25.45	19.9	23.60	22.1	7.8
• Intangible fixed assets	20.04	15.7	5.45	5.1	267.7
<b>B) Fixed assets</b>	<b>94.30</b>	<b>73.7</b>	<b>72.72</b>	<b>68.0</b>	<b>29.7</b>
<b>C) Reserves and M/L-T non-financial payables</b>	<b>(19.33)</b>	<b>15.1</b>	<b>(14.96)</b>	<b>14.0</b>	<b>29.2</b>
<b>A+B-C = Net capital invested</b>	<b>127.87</b>	<b>100.0</b>	<b>106.90</b>	<b>100.0</b>	<b>19.6</b>
<b>FINANCED BY:</b>					
<b>D) Net debt</b>	<b>51.02</b>	<b>39.9</b>	<b>38.80</b>	<b>36.3</b>	<b>31.5</b>
<b>E) Stockholders' equity</b>	<b>76.85</b>	<b>60.1</b>	<b>68.10</b>	<b>63.7</b>	<b>12.8</b>
<b>D+E = Total sources of funds</b>	<b>127.87</b>	<b>100.0</b>	<b>106.90</b>	<b>100.0</b>	<b>19.6</b>

The company's working capital was 7.6% higher. This was a modest rise relative to the increase in revenues and orders and is the product of two opposing forces. On the one hand there was a significant increase in trade receivables due to the

concentration of deliveries in the latter part of the year, while on the other hand the company was able to raise the level of its trade payables, thanks to improvements in the planning of purchases and the terms of trade.

Fixed assets increased by Euro 21.58 million compared with December 31, 2000. The change was basically due to the increase in Goodwill, which includes that arising on the merger of GS Coating System S.r.l., and that paid for the acquisition from ICO Oleodinamici S.p.A. of its division producing fluid bed granulators.

Reserve and medium-term non-financial payables increased as a result of the provision to the reserve for employee termination indemnities and various other provisions to other reserves for risks, as already mentioned in the section dealing with the Group's results.

As a result of all these movements, net capital invested increased by Euro 20.9 million. This was funded by increases of Euro 12.2 million in net debt and Euro 8.7 million in stockholders' equity.

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## PERFORMANCE DURING THE CURRENT YEAR

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The pharmaceutical industry's demand for machines continues to grow at a robust pace throughout the world. This mirrors the grow in drug sales and strong demand in emerging nations, which are in the process of upgrading their native industries to the qualitative and health standards of more advanced countries.

The tea sector, which is more exposed to fluctuations in the international economic climate, also reported a healthy flow of new orders, particularly from customers in North America and Russia. An important order was also placed by a major corporate customer for the development of an innovative type of filter bag.

As usual the Group's consolidated revenues for the first two months of the year were relatively modest, reflecting the seasonal trend in deliveries in our sector. Nonetheless revenues were 5.9% higher at Euro 22,150 thousand (Euro 20,920 thousand in the corresponding period of 2001).

The order book stood at Euro 181,537 thousand at February 28, 2002, up 16% on the corresponding value reported at the end of 2001 (Euro 156,543 thousand). The substantial flow of new orders was across all the product lines.

The high level of orders and the large number of negotiations in progress mean that we are expecting a very good trend in the Group's revenues and results this year. This conviction is further supported by the fact that a triennial event of the importance of the Interpack trade fair, scheduled for April in Dusseldorf, usually causes customers to put off some purchasing decisions until they have checked out the latest offerings at this event.

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## TREASURY STOCK

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As of December 31, 2001 treasury stock amounted to Euro 4,324 thousand, corresponding to 520,250 shares. The purchase falls under the mandate granted to the Board of Directors of IMA S.p.A., at the stockholders' meeting held on May 31, 2000, to purchase up to a maximum of 3,610,000 IMA shares. This particular mandate expired on November 30, 2001.

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## TRANSACTIONS WITH PARENT COMPANIES AND OTHER GROUP COMPANIES

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This topic has been discussed in full in the section on the consolidated results. IMA S.p.A. owns no stock in its parent company.

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## SIGNIFICANT EVENTS AFTER YEAR END

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No events of significance took place in the period after the year end, except for the finalization of a lease contract by Libra P.T. S.r.l. on March 6, 2002. This contract refers to the lease of some land and an industrial building, due to be constructed on this land for use in Libra's business. The construction work on this building is expected to be finished by July 2003. The lease contract will last eight years and gives Libra an option to purchase the building at the end of the lease.

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## CONSOB RECOMMENDATIONS 97001574 OF FEBRUARY 20, 1997 AND 98015375 OF FEBRUARY 27, 1998

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The Company has complied with the recommendations made by Consob in its communications 97001574 of February 20, 1997 and 98015375 of February 27, 1998; in detail:

- article 17 of the Company's articles of association requires that the directors to whom powers have been delegated, provide an up-to-date report during board meetings and, in any case, at least every quarter, on the results of their activities and on the most important operations undertaken by the Company and its subsidiaries and any transactions that may present a potential conflict of interests. This provision means that the Board of Statutory Auditors receives the information required under article 150 of Decree Law 58 of February 24, 1998, while allowing the other members of the Board of Directors to have regular information concerning the conduct of those directors invested with executive powers;
- as a result, those directors have provided proper, timely reports on significant operations undertaken, including those carried out within the rest of the Group. The Board of Directors has exclusive authority concerning related party transactions, in accordance with the board resolution taken on October 13, 2000;
- some of the members of IMA's Board of Statutory Auditors also hold office in the subsidiaries BFB S.p.A., Libra S.r.l., Co.Ma.Di.S. S.p.A. and Info Area S.r.l.; many of the subsidiaries are governed by foreign laws, while other Italian companies do not meet the requirements necessitating the presence of a Board of Statutory Auditors.

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## CORPORATE GOVERNANCE AND CODE OF SELF-GOVERNANCE FOR LISTED COMPANIES

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For information on the Company's system of Corporate Governance and its application of the Code of Self-Governance, you are referred to the communication provided to stockholders together with documentation for the annual general meeting. This communication was made in accordance with Section IA.2.12. of the Instructions dated February 18, 2002 for the Regulation of organized markets run by Borsa Italiana S.p.A..

As required by article 4.3. of the Code of Self-Governance, it is confirmed that the Company's Board of Directors granted the Chairman powers of ordinary administration in its meeting held on October 13, 2000.

The reason behind this decision was the fact that, despite the presence of a Managing Director, the Chairman has also been given operational responsibilities.

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## COMPANY LOCATIONS

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IMA S.p.A.'s secondary locations are listed below:

- |                           |               |           |                     |
|---------------------------|---------------|-----------|---------------------|
| • Via 1° Maggio, 14/16    | Ozzano Emilia | (Bologna) | Factory and offices |
| • Via Tosarelli, 184      | Castenaso     | (Bologna) | Head office         |
| • Via Emilia, 428/442     | Ozzano Emilia | (Bologna) | Factory and offices |
| • Via S. Pietro, 16/18/20 | Ozzano Emilia | (Bologna) | Factory and offices |



**CONSOLIDATED BALANCE SHEET AND  
CONSOLIDATED STATEMENT OF INCOME  
AS OF 31, 20012001 (TRANSLATION FROM THE ORIGINAL ISSUED IN ITALIAN)**

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

## CONSOLIDATED BALANCE SHEET

AS OF DECEMBER 31, 2001 AND COMPARISON WITH DECEMBER 31, 2000 (THOUSANDS OF EURO)  
(TRANSLATION FROM THE ORIGINAL ISSUED IN ITALIAN)

ASSETS	December 31, 2001		December 31, 2000	
	Partial	Total	Partial	Total
<b>A. DUE FROM SHAREHOLDERS FOR CAPITAL NOT PAID IN</b>		–		–
<b>B. FIXED ASSETS</b>				
<i>I. Intangible assets</i>				
Incorporation and subsequent expenses	1,125		411	
Research and Development costs	5		8	
Industrial patent and intellectual property rights	602		323	
Concessions, licences, trademarks and similar rights	3,667		2,619	
Goodwill	18,435		10,863	
Differences on consolidation	26,205		27,378	
Intangible in progress and payments on accounts	49		566	
Other	3,382		3,995	
<i>Total intangible assets</i>		53,470		46,163
<i>II. Tangible assets</i>				
Land and buildings	23,923		20,435	
Plant and machinery	14,194		12,544	
Production and commercial equipments	1,318		1,303	
Other	4,757		4,502	
Tangible in course of construction and advance payments	182		948	
<i>Total tangible assets</i>		44,374		39,732
<i>III. Financial assets</i>				
Investments				
- subsidiaries	37		370	
- associated companies	242		256	
- other	6,175		6,173	
Total investments	6,454		6,799	
Receivables	1,424		1,582	
Securities	4,239		5,095	
<i>Total financial assets</i>		12,117		13,476
<b>TOTAL FIXED ASSETS (B)</b>		109,961		99,371
<b>C. CURRENT ASSETS</b>				
<i>I. Inventories</i>				
Raw material, ancillary materials and consumables	10,944		9,386	
Work in progress and semi-finished goods	72,171		61,345	
Contract work in progress	–		6,511	
Finished goods	6,111		4,690	
Advances	3,424		2,019	
<i>Total inventories</i>		92,650		83,951
<i>II. Receivables</i>				
Receivables due after next accounting period				
- receivables	7,204		6,620	
- other	361		–	
Total receivables due after next accounting period	7,565		6,620	
Receivables due within next accounting period				
- receivables	101,792		90,669	
- subsidiaries	157		153	
- associated companies	–		7	
- parent company	3		2	
- other	10,542		13,595	
Total receivables due within next accounting period	112,494		104,426	
<i>Total receivables</i>		120,059		111,046
<i>III. Financial assets not representing fixed assets</i>				
Own shares	4,324		1,061	
Marketable securities	812		31	
<i>Total financial assets not representing fixed assets</i>		5,136		1,092
<i>IV. Cash in bank and on hand</i>		66,066		55,585
<b>TOTAL CURRENT ASSETS (C)</b>		283,911		251,674
<b>D. PREPAID EXPENSES AND ACCRUED INCOME</b>		2,475		2,666
<b>TOTAL ASSETS</b>		<b>396,347</b>		<b>353,711</b>

## CONSOLIDATED BALANCE SHEET

AS OF DECEMBER 31, 2001 AND COMPARISON WITH DECEMBER 31, 2000 (THOUSANDS OF EURO)  
(TRANSLATION FROM THE ORIGINAL ISSUED IN ITALIAN)

LIABILITIES	December 31, 2001		December 31, 2000	
	Partial	Total	Partial	Total
<b>A. STOCKHOLDERS' EQUITY</b>				
I. Capital stock	18,772		18,644	
II. Share premium reserves	16,382		16,382	
III. Revaluation reserves	395		395	
IV. Legal reserves	4,559		4,514	
V. Reserve for treasury stock	4,324		1,061	
VI. Other reserves	18,607		13,769	
VII. Accumulated translation adjustments	1,617		1,329	
VIII. Retained earnings	11,871		13,291	
IX. Group net income	20,446		15,207	
<b>GROUP STOCKHOLDERS' EQUITY</b>		96,973		84,592
<b>THIRD PARTIES CAPITAL STOCK AND RESERVES</b>		2,544		2,649
<b>GROUP AND THIRD PARTIES STOCKHOLDERS' EQUITY (A)</b>				
		99,517		87,241
<b>B. RESERVES FOR RISKS AND CHARGES</b>				
Taxation reserves	60		-	
Other	6,878		4,548	
<b>TOTAL RESERVES FOR RISKS AND CHARGES (B)</b>		6,938		4,548
<b>C. RESERVES FOR EMPLOYEE TERMINATION INDEMNITIES</b>				
		17,971		15,734
<b>D. PAYABLES</b>				
Payables due after next accounting period				
- Bank	66,159		66,503	
- Suppliers	275		546	
- Taxes	389		-	
- Other	643		-	
Total payables due after next accounting period	67,466		67,049	
Payables due within next accounting period				
- Banks short term	84,336		66,876	
- Other financiers	86		390	
- Advances	22,765		21,336	
- Suppliers	64,957		59,352	
- Subsidiaries	11		6	
- Associated companies	567		599	
- Parent company	-		-	
- Taxes	8,945		5,987	
- Provident and social security institutions	3,869		3,458	
- Other	12,659		15,062	
Total payables due within next accounting period	198,195		173,066	
<b>TOTAL PAYABLES (D)</b>		265,661		240,115
<b>E. ACCRUED EXPENSES AND DEFERRED INCOME</b>				
		6,260		6,073
<b>TOTAL LIABILITIES</b>		<b>396,347</b>		<b>353,711</b>
<b>MEMORANDUM ACCOUNTS</b>				
Personal guarantees granted	7,511		9,891	
Commitments	32,891		64,937	
Contingencies	16,185		5,666	
<b>TOTAL MEMORANDUM ACCOUNTS</b>		<b>56,587</b>		<b>80,494</b>

## CONSOLIDATED STATEMENT OF INCOME

AS OF DECEMBER 31, 2001 AND COMPARISON WITH DECEMBER 31, 2000 (THOUSANDS OF EURO)  
(TRANSLATION FROM THE ORIGINAL ISSUED IN ITALIAN)

	December 31, 2001		December 31, 2000	
	Partial	Total	Partial	Total
<b>A. VALUE OF PRODUCTION</b>				
<i>Revenues from the sale of goods and services</i>		342,200		294,858
<i>Change in work in progress, semifinished goods</i>		11,311		3,081
<i>Change in contract work in progress</i>		(6,511)		(862)
<i>Increase in fixed assets for internal work</i>		1,504		1,248
<i>Other revenues and income</i>		2,853		1,907
<b>TOTAL VALUE OF PRODUCTION (A)</b>		<b>351,357</b>		<b>300,232</b>
<b>B. PRODUCTION COSTS</b>				
<i>Raw materials, ancillary materials and consumables</i>		118,012		96,562
<i>Service cost</i>		70,925		62,027
<i>Expenses relating to the use of third party assets</i>		4,593		4,143
<i>Personnel</i>				
<i>salaries and wages</i>	67,901		60,465	
<i>social contributions</i>	18,901		17,528	
<i>employee termination indemnities</i>	3,833		3,459	
<i>other</i>	559		841	
<i>Total personnel costs</i>		91,194		82,293
<i>Depreciation, amortization and write-downs</i>				
<i>amortization of intangible fixed assets</i>			5,971	
<i>depreciation of tangible fixed assets</i>	7,434		6,764	
<i>write-down of receivables included in current assets</i>	681		1,011	
<i>Total depreciation and write-down</i>		15,123		13,746
<i>Change in raw materials, ancillary materials, consumables and goods for resale</i>		(197)		1,070
<i>Provision for risks and other</i>		2,809		1,635
<i>Other operating expenses</i>		4,025		5,835
<b>TOTAL PRODUCTION COSTS (B)</b>		<b>306,484</b>		<b>267,311</b>
<b>DIFFERENCE BETWEEN THE VALUE OF PRODUCTION AND PRODUCTION COSTS (A-B)</b>				
		44,873		32,921
<b>C. FINANCIAL INCOME AND EXPENSES</b>				
<i>Income from investments</i>				
- dividends and other income from subsidiaries	-		838	
- dividends and other income from associated companies	-		56	
<i>Total income from investments</i>			894	
<i>Other financial income</i>				
- from receivables classified under fixed assets		117		158
- from securities classified under current assets not representing investments				
- capital gain	219		2,054	
- interest	24		9	
Total from securities		243		2,063
- income other than that listed above				
interest and financial commissions	8,530		12,141	
Total income other than listed above		8,530		12,141
<i>Interest and other financial income</i>		8,890		14,362
<i>Interest and other financial charges</i>				
other		15,366		19,569
<i>Total interest and other financial charges</i>		15,366		19,569
<b>TOTAL FINANCIAL INCOME AND EXPENSES (C)</b>		<b>(6,476)</b>		<b>(4,313)</b>
<b>D. ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS</b>				
<i>Revaluations</i>	-		100	
<i>Write-offs</i>	(14)		(9)	
<b>TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS (D)</b>		<b>(14)</b>		<b>91</b>
<b>E. EXTRAORDINARY INCOME AND EXPENSES</b>				
<i>Income</i>	642		-	
<i>Expenses</i>	428		-	
<b>TOTAL EXTRAORDINARY ITEMS (E)</b>		<b>214</b>		<b>-</b>
<b>RESULT BEFORE TAXES</b>		<b>38,597</b>		<b>28,699</b>
<i>Income taxes</i>	18,849		12,561	
<i>Deferred taxes</i>	(996)		342	
<i>Total taxes</i>		17,853		12,903
<b>NET INCOME INCLUDING MINORITY INTEREST</b>		<b>20,744</b>		<b>15,796</b>
<b>THIRD PARTY NET INCOME</b>		<b>298</b>		<b>589</b>
<b>GROUP NET INCOME</b>		<b>20,446</b>		<b>15,207</b>

**EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2001 (TRANSLATION FROM THE ORIGINAL ISSUED IN ITALIAN)**

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

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## 1) ACTIVITY OF GROUP COMPANIES

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The main activity performed by the IMA Group is the construction and sale of automatic machinery and related spare parts and accessories bound to food, pharmaceutical and cosmetics markets. In addition, the IMA Group acts as a trader of machines manufactured by other companies which complete IMA's range of products.

Moreover, the activity of some Group Companies, in connection with the outsourcing of non-strategic activities, is to provide information system and marketing services to the Group and to third parties.

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## 2) STRUCTURE AND CONTENT OF CONSOLIDATED FINANCIAL STATEMENTS

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The consolidated financial statements have been prepared in accordance with regulations of Legislative Decree No. 127/91, interpreted and integrated by principles established by the Italian Accounting Profession, and, as necessary, by the I.A.S.C. - International Accounting Standards Board, if in line with Italian rules.

These explanatory notes explain, analyze and in certain instances integrate financial statements information, and contain information required by Art. 38 of Legislative Decree No. 127/91 and other legal provisions. In addition, all supplementary information deemed necessary to give a true and fair presentation of the company's financial condition is provided even though it is not specifically required by law.

The consolidated financial statements as of December 31, 2001 were prepared using the financial statements of the individual consolidated companies as of the same date, and approved by their corporate bodies.

The financial statements were suitably modified, when necessary, to bring them in line with the standards listed below, and reclassified so they conform to the presentation set forth in the provision of the Civil Code introduced under Legislative Decree No. 127/91. In particular, accounting principles used in the consolidated financial statements differ from those used in statutory financial statements with regard to tax entries, which were posted as provided by civil law regulations, and related deferred taxes.

The significant matters occurred after the closing date are illustrated in the report on operation.

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## 3) CONSOLIDATION PRINCIPLES

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### A) METHODOLOGY

Consolidation is carried out on a line-by-line basis. The criteria used in the application of this method are primarily the following:

- The book value of consolidated investments held by the parent company or by other consolidated companies is eliminated against the Group's share of their equity.
- The difference between the acquisition cost of investments and the related share in the shareholders' equity of the consolidated companies is allocated, if applicable, to the assets to reflect their current value and the unallocated portion is reflected in the assets as "Differences on consolidation" in the intangible assets.
- Significant transactions between consolidated subsidiaries were eliminated as well as debit and credit entries and unrealized income resulting from intercompany transaction, net of any tax effects.
- Minority interests in equity and in the income are reflected separately in the consolidated balance sheet and statement of income.
- Companies acquired during the year were consolidated as of the date when a majority interest was reached.

### B) CONVERSION OF FINANCIAL STATEMENTS OF FOREIGN COMPANIES TO EURO

Financial statements of foreign subsidiaries which have been prepared in currencies not included in the Euro are converted to Euro using the exchange rate prevailing at the year end for the balance sheet, while the statement of income is converted using average exchange rates occurring over the year.

Exchange differences resulting from the conversion of beginning net equity at exchange rates prevailing at year-end, and from the conversion of the statement of income at average exchange rates are recorded directly to net equity accounts.

Rates used are the following:

	2001		2000	
	Year end	Average	Year end	Average
	exchange rate	exchange rate	exchange rate	exchange rate
U.S. Dollar	1.13469	1.11742	1.07469	1.08595
LSC	1.64339	1.60879	1.60231	1.64168
Yen	0.00867	0.00920	0.00935	0.01008
Indian Rupee	0.02296	0.02339	0.02326	0.02424

#### 4) CONSOLIDATION AREA

The consolidated financial statements as of December 31, 2001 derive from the financial statements at the same date of the holding company IMA S.p.A. with those of its subsidiaries directly or indirectly controlled, according to article n. 2359 of Civil Code, except for Kilian Verwaltung GmbH and IMA Lanka Ltd, as they are not significant in order to give a true and fair view of the consolidated financial statements.

The list of consolidated subsidiaries with indication of the consolidation method used is as follows:

##### COMPANIES CONSOLIDATED USING LINE BY LINE METHOD:

	Seat	Capital stock	Directly owned	Indirectly owned
<b>Italian companies</b>				
• I.M.A.			Parent Company	
• Industria Macchine Automatiche S.p.A.	Ozzano E. (BO)	EURO 18,772,000		
• Co.Ma.Di.S. S.p.A.	Senago (MI)	EURO 1,540,000	100%	–
• Libra P.T. S.r.l.	Ozzano E. (BO)	EURO 1,040,000	100%	–
• BFB S.p.A.	Bentivoglio (BO)	EURO 1,560,000	100%	–
• Ignition Team S.r.l.	Castenaso (BO)	EURO 78,000	90%	–
• Info Area S.r.l.	Ozzano E. (BO)	EURO 98,800	100%	–
• Comitec S.r.l.	Castel S. Pietro (BO)	EURO 52,000	100%	–
<b>Foreign companies</b>				
• Luxteco International SA	Luxembourg	EURO 6,600,000	99.99%	–
• Holteco B.V.	Amsterdam (NL)	EURO 907,560	100%	–
• IMA UK Ltd.	Wokingham (GB)	LST 50,000	100%	–
• IMA North America Inc.	Bristol (USA)	USD 2,500	100%	–
• I.M.A. Est Verp. Handels GmbH	Wien (A)	EURO 80,000	100%	–
• IMA Verp. GmbH	Cologne (D)	EURO 86,920	100%	–
• IMA France E.u.r.l.	Rueil-Malmaison (F)	EURO 45,735	100%	–
• Precision Gears Pvt. Ltd.	Bombay (India)	RS 5,633,000	–	51% (1)
• Precision Gears (Indore) Pvt. Ltd.	Indore (India)	RS 10,550,000	–	51% (2)
• IMA Far East Co Ltd	Hong Kong	USD 5,572,969	–	100% (4)
• Zibo IMA Xihu Machinery Manufacturing Co. Ltd	Zibo (PRC)	USD 800,000	–	54% (3)
• Tianjin IMA Machinery Co. Ltd	Tianjin (PRC)	USD 200,000	–	53% (3)
• Imautomatiche Lda	Madeira (P)	EURO 5,000	100%	–
• IMA Iberica Processing and Packaging SL	Barcelona (E)	EURO 590,000	100%	–
• Kilian GmbH & Co. KG	Cologne (D)	EURO 3,579,043	–	100% (5)
• Kilian & Co. Inc.	Horsam (USA)	USD 500	–	100% (6)
• IMA Japan Co. Ltd	Yokohama (J)	YEN 160,000,000	99,50%	–
• Value Machinery Inc.	Yardley (USA)	USD 1,000	–	100% (7)

**COMPANIES EVALUATED USING EQUITY METHOD:**

	<b>Seat</b>	<b>Capital stock</b>	<b>Directly owned</b>	<b>Indirectly owned</b>
• J.O.I. Pack Company Ltd.	Saitama (Japan)	YEN 25,000,000	50%	–
• B.C. S.r.l.	Imola (BO)	EURO 36,400	30%	–

Notes (detailed of the indirectly owned companies):

- (1) Owned by Holteco B.V.
- (2) Owned for 30.6% by Holteco B.V. and for the remaining by Precision Gears Pvt. Ltd.
- (3) Owned by IMA Far East Co. Ltd.
- (4) Owned by Luxteco Int. S.A. (99%) and Holteco B.V. (1%)
- (5) Owned by IMA Verpackungssysteme GmbH
- (6) Owned by Kilian GmbH & Co. KG
- (7) Owned by IMA North America Inc.

On January 8, 2001, GS Coating System S.r.l. and Soteco Italia S.r.l. have been merged into IMA S.p.A. The accounting and tax effects of the merge start from January 1, 2001.

The investments in Kilian Verwaltung GmbH and IMA Lanka Ltd. have been valued using the cost method, as they are not significant in order to give a true and fair view of the consolidated financial statements. Their carrying value does not significantly differ from the corresponding share of the net equity of the investee companies. Ima Lanka Ltd. has been constituted by the subsidiary Holteco B.V. in order to provide after-sale services related to the tea sector machines directly in Sri Lanka. Kilian Verwaltung GmbH's main purpose is to render management services to the other group companies located in Germany.

The main changes in consolidation area from prior year are as follows:

- The subsidiaries IMA Japan Co. Ltd. and IMA Iberica SL have been included in the consolidation area. Such companies have been incorporated at the end of the previous year and have started their activities at the beginning of 2001. In the consolidated financial statements as of December 31, 2000, the investments in IMA Japan Co. Ltd. and IMA Iberica SL have been stated at cost.
- The remaining 48% of share capital of Comitec S.r.l. has been purchased: as a consequence, a difference on consolidation amounting to Euro 1,517 thousand has been accounted for. Although the acquisition has been performed on May, 2001, the whole yearly statement of income of Comitec S.r.l. has been consolidated and the difference on consolidation has been booked for the amount resulting from the difference between the purchase price and the corresponding share of the net equity of the subsidiary as of December 31, 2000. Had the effects arising from the above acquisition been determined on the basis of the financial statements of Comitec S.r.l. at the acquisition date, consolidated stockholders' equity as of December 31, 2001, and consolidated net income for the year then ended would have not been significantly different.

Moreover, the following significant events have occurred during the year:

- COMIS S.r.l has been incorporated on March 30, 2001. On April 30, 2001 the new company has purchased from CO.MA.DI.S. S.p.A. the business producing tube-filling machines for pharmaceutical, cosmetics, chemical and food industries, and then modifying its name in CO.MA.DI.S. S.p.A.
- Abay L.td, previously owned by Luxteco Int. S.A. and Holteco B.V., has been liquidated.

## 5) RECONCILIATION BETWEEN THE PARENT COMPANY STATUTORY ACCOUNTS AND THE CONSOLIDATION ACCOUNTS

The reconciliation between the parent company statutory accounts as of December 31, 2001 and the consolidation accounts at the same date is the following (in thousand of Euro):

	Stockholder's equity	Net income
<b>Amounts reflected in I.M.A. statutory accounts</b>	<b>76,846</b>	<b>15,468</b>
Consolidation adjustments:		
a) Difference between book value of investments and Shareholders' equity of group companies	18,878	10,875
b) Elimination of fiscal adjustments related to accelerated depreciation and leasing operations	6,100	299
c) Elimination of infra-group dividends	–	(6,193)
d) Elimination of unrealized infra-group earnings related to:		
• Intangible assets	(702)	207
• Tangible assets	(116)	189
• Inventories	(3,188)	(199)
e) Deferred taxation related to consolidation adjustments	(845)	(200)
Net effect of consolidation adjustment	20,127	4,978
<b>Amount reflected in the consolidation accounts</b>	<b>96,973</b>	<b>20,446</b>

## 6) VALUATION CRITERIA

The most significant valuation criteria adopted in the preparation of the consolidated financial statements as of December 31, 2001 of IMA Group consistently applied, are as follows:

### A) INTANGIBLE FIXED ASSETS

These are stated at purchase price or production cost, including accessory expenses, and are systematically amortized over the period of their estimated useful life.

The following table sets out the amortization policies utilized for intangible fixed assets:

• Incorporation costs and subsequent expenses	5 year
• Research and Development costs	5 year
• Industrial patent and intellectual property rights	3/5 year
• Concessions, licenses, trademarks and similar rights	3/5 year
• Trademarks	10 year
• Goodwill	10 year
• Differences on consolidation	5-10-15 year
• Other	3-5 year/period of contract

Research and Development costs are usually charged to operations in the period they are sustained.

## **B) TANGIBLE FIXED ASSETS**

Tangible fixed assets are stated at purchase price or production cost or at appraisal value in the case of contribution. Some assets have been revalued according to laws or in the event of merger carried out in previous accounting periods. Ancillary costs and direct and indirect expenses, to the extent reasonably attributable to the assets, are included in this cost.

Depreciation is calculated on a straight line basis according to the following annual rates, which represent the estimated useful life of the assets:

- Buildings 3%
- Plant and machinery 10%-15,5%
- Production and commercial equipment 25%
- Other
  - Electronic office machinery 20%
  - Office furniture and fittings 12%
  - Vehicles 20%-25%

In the accounting period of purchasing, rates are applied at 50%.

Regardless of depreciation already applied, if a sustained drop in value occurs, the asset is devalued accordingly.

Ordinary maintenance and repair costs are charged against operations when incurred.

Incremental costs are attributed to the related asset and are depreciated in relation to the remaining useful life of the asset.

Tangible fixed assets having a purchase price lower than Euro 0.52 thousand are completely depreciated in the year they are purchased.

## **C) TANGIBLE ASSETS HELD UNDER FINANCIAL LEASE**

Leasing investments are accounted for on the basis of document N. 17 issued by the International Accounting Standards Board (I.A.S.B).

It provides that:

- the cost is attributed to tangible assets and it is depreciated at a settled rate in relation to the remaining useful life of the asset;
- rental expenses are accounted in order to separate financial portion from capital portion, which should be considered as liability to the lessors.

## **D) INVESTMENTS AND SECURITIES CLASSIFIED UNDER FIXED ASSETS**

Investments in subsidiaries and associated companies not consolidated are valued using the cost method.

Investments in other companies are valued at the acquisition or subscription cost and adjusted for any sustained drop in value, when the investments have sustained losses and no profit is forecasted for the immediate future which might absorb the losses incurred.

Securities included in fixed assets, with the purpose of holding them until maturity, are stated at acquisition cost adjusted for the accrued portion of the issuance discount. The cost is written down in case of permanent impairment of value.

## **E) INVENTORIES**

Inventories are stated at the lower between purchase or production cost and the presumed realizable value based on market trend. The cost used is the LIFO cost method for raw materials, ancillary materials and consumables and the actual cost for other inventory items.

Presumed realizable value is calculated taking into account any production costs yet to be incurred and direct selling expenses. Obsolete and slow-moving inventories are written down on the basis of their possible utilization and realization.

Contract work in progress refers to medium/long term contracts stated according to the completion percentage method. Any losses on contract work in progress, which can be estimated with reasonable approximation, are recognized in the period they become known.

## **F) RECEIVABLES**

Receivables are stated at their expected realizable value.

## **G) ACCRUALS AND PREPAYMENTS**

Accruals and prepayments include the portion of revenues and expenses covering two or more periods, in accordance with the accrual basis of accounting.

## **H) RESERVES FOR RISKS AND CHARGES**

Reserves for risks and charges are provided to cover known or probable losses or liabilities whose amount and effective date are not determinable at the year-end. The reserves represent the best possible estimate based on the information currently available.

Potential risks are disclosed in the notes and not provided in the reserves for risks and charges

## **I) RESERVE FOR EMPLOYEE TERMINATION INDEMNITIES**

The reserve for employee termination indemnities is provided to cover the full liability due to employee in conformity with current legislation, national labour contracts and additional indemnities agreed at company level. This reserve is subject to revaluation on the basis of living index.

## **L) PAYABLES**

Payables are stated at their nominal value.

## **M) INCOME TAXES**

Income taxes are recorded on the basis of a reasonable estimate of tax charges taking into account exemptions and the relating applicable tax rate, and tax credits due.

Deferred taxes are also allocated to account for temporary differences between statutory and taxable income for each separate company. Deferred taxes on consolidation adjustments are stated as well. In particular, deferred tax assets are recorded when it is reasonably certain they will be realized.

## **N) GRANTS TOWARDS CAPITAL EXPENDITURE**

Capital grants are accounted for, when the amounts become certain, to a special heading under accrued liabilities and deferred income and are credited to the statement of income over the residual useful lives of the fixed assets to which they refer. Operating grants are booked in the profit and loss accounts when the amounts become certain.

## **O) REVENUE RECOGNITION**

Revenue relating to the sale of products is recognized at the moment that title passes, which generally coincides with shipping. Revenues related to contract work in progress have been previously disclosed.

## **P) TRANSLATION CRITERIA FOR BALANCES IN FOREIGN CURRENCY**

Receivables and payables denominated in foreign currency are translated into Euro at the exchange rates ruling on the date of the original transaction. The exchange differences realized on the collection of receivables or payment of liabilities are recorded in the income statement of income.

The effects resulting from the translation of receivables and payables denominated in foreign currencies at the exchange rates ruling at year end, are booked in the profit and loss accounts as financial items.

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## **7) OTHER INFORMATION**

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### **A) STATEMENT OF VALUES**

For better clarity and understanding, all figures in the balance sheet, income statement, explanatory notes and attachments are expressed in thousand of Euro.

### **B) INFORMATION BY SECTOR OF BUSINESS AND GEOGRAPHICAL AREA**

In relation to CONSOB's circular (segment information) the explanatory notes to the consolidated financial statements include an annex summarizing the information by operating sector (tea packaging, pharmaceuticals packaging and pharmaceuticals processing). Such information is the most significant, considering the operating activity of the Group. Furthermore, it should be considered that the sector operating margins by geographic area do not significantly differ each other from those showed in the annex. The analysis of sales by geographic area is included in the following section related to comments on the principal income statement balances.

### **C) THE EURO**

In the fourth quarter of 2001 the Group companies having their seat in countries included in the Euro area, and the Parent Company as well, have adopted the Euro: consequently, all data included in these explanatory notes are shown in thousands of Euro. For comparison purposes, the previous year data have been converted in Euro as well. The expenses related to the Euro conversion process incurred during the year have not been significant. All these expenses have been charged to the profit and loss accounts.

### **D) EXPLANATION ADDED FOR TRANSLATION INTO ENGLISH**

The consolidated financial statements have been translated into English from the original version in Italian. They have been prepared in accordance with the Italian Law related to consolidated financial statements, interpreted and integrated by the accounting principles established by Italian Accounting Profession. Certain accounting practices applied by the Group that conform with generally accepted accounting principles in Italy may not conform with the generally accepted accounting principles in other Countries.

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## **8) COMMENTS ON THE MAIN ASSET CAPTIONS**

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### **FIXED ASSETS**

#### **A) INTANGIBLE ASSETS**

The table below shows the movements of intangible assets occurred during the accounting period:

	Net value
<b>Balance as of December 31, 2000</b>	<b>46,163</b>
Increases (decreases) of the period:	
• Additions	4,155
• Reclassifications to tangible assets	(189)
• Goodwill accounted for in the year	9,387
• Differences on consolidation accounted for in the year	1,517
• Amortization	(7,434)
• Disposals	(139)
• Translation differences	10
<b>Balance as of December 31, 2001</b>	<b>53,470</b>

The additions, for Euro 1,142 thousand, relate to the costs incurred for the acquisitions of the branches from CO.MA.DI.S. S.p.A. and ICO OLEODINAMICI S.p.A.

The reclassifications to fixed assets relate to the leasehold improvement costs incurred by BFB S.p.A. on the building purchased during the year, previously held under a leasing contract.

The incorporation and subsequent expenses, amounting to Euro 1,125 thousand (Euro 411 thousand as of December 31, 2000), mainly refer to the costs incurred for the acquisition of the packaging machine division for coating capsules, performed during the year 2000, and for the acquisition of the businesses from CO.MA.DI.S. S.p.A. and ICO OLEODINAMICI S.p.A., performed during the first half of the year 2001. The item includes Euro 63 thousand connected to services rendered by a related party.

Research and Development costs for Euro 5 thousand (Euro 8 thousand as of December 31, 2000) relate to the development of new products, already included in the intangible assets in previous year.

The caption "Industrial patent and intellectual property rights", amounting to Euro 602 thousand (Euro 323 thousand as of December 31, 2000), includes the costs for the acquisition of the rights related to industrial patents, net of depreciation. The increase of the year (corresponding to Euro 499 thousand) is mainly due to costs related to the protection and extension of such patents in other countries.

The caption "Concessions, licenses, trademarks and similar rights", amounting to Euro 3,667 thousand (Euro 2,619 thousand as of December 31, 2000), includes Euro 3,591 thousand related to technical software. The increase of the year (corresponding to Euro 2,101 thousand) is mainly due to the purchase of new software: a part of this increase, amounting to Euro 286 thousand, was classified as "Intangibles in progress and payments on accounts" as of December 31, 2000.

The movements of the item "Goodwill" during the period are shown in the table below:

	Balance as of December 31, 2000	Increase	Amortization	Balance as of December 31, 2001
• Purchase of business from G.S. S.r.l. Coating System	10,863	–	1,153	9,710
• Purchase of business from ICO OLEODINAMICI S.p.A.	–	4,230	317	3,913
• Purchase of business from CO.MA.DI.S. S.p.A.	–	5,157	345	4,812
<b>Total</b>	<b>10,863</b>	<b>9,387</b>	<b>1,815</b>	<b>18,435</b>

In particular, the goodwill resulting from the purchase of the businesses ICO OLEODINAMICI S.p.A. (fluid bed granulators for pharmaceutical and chemical industries) and CO.MA.DI.S. S.p.A. (tube-filling machines for pharmaceutical, cosmetics, chemical and food packaging) have been booked on the basis of both, the expected benefits on the product range integration and the expected synergical effects on the production and commercial Group processes.

As far as the goodwill resulting from the purchase of the business G.S. S.r.l. Coating System is concerned, it should be noted that during the year the integration of its production process in IMA S.p.A. has been concluded.

The goodwill will be amortized over ten years, being this the estimated duration of the benefits resulting from the accumulated know-how acquired and the existing product range. In particular, the amortization of the goodwill resulting from the acquisition of the businesses CO.MA.DI.S. S.p.A. and ICO OLEODINAMICI S.p.A. has been accounted for on the basis of the months past from the acquisition date.

The item "Differences on consolidation" relates to the excess of cost paid for the acquisitions of Libra P.T. S.r.l., BFB S.p.A. and Kilian GmbH & Co. KG, performed in previous years, and for the acquisition of the remaining 48% of Comitec S.r.l. share capital, performed during the first half of 2001.

Such differences relate to goodwill paid for such companies that own competitive products and technical knowledge.

The analysis of the movement of the caption and its accumulated depreciation occurred during the period is the following:

	<b>Amortization period</b>	<b>Balance as of December 31, 2000</b>	<b>Difference accounted in the period accounting</b>	<b>Amortization and write off</b>	<b>Balance as of December 31, 2001</b>
• B.F.B. S.p.A.	10	4,473	–	895	3,578
• Libra P.T. S.r.l.	5	7	–	7	–
• Kilian GmbH & Co. KG	15	22,898	–	1,636	21,262
• Comitec S.r.l.	10	–	1,517	152	1,365
<b>Total</b>		<b>27,378</b>	<b>1,517</b>	<b>2,690</b>	<b>26,205</b>

Difference on consolidation resulting from the acquisition of Kilian & Co. GmbH is amortized over a 15 year period. The longer amortization period, allowed by the applicable accounting principles, has been stated considering both the particular steadiness of the company's sector (compressing machines) – from a technological and competitive point of view – and the leadership position reached by the company since a long time. Based on the above characteristics concerning the company and its sector, the Group management consider the 15 year amortization period as the period during which the benefits expected from the acquisition will take place.

The increase in the item "Other intangible assets", amounting to Euro 662 thousand, is mainly due to consultancy services related to the financing of specific research projects as well as to improvement costs on third party assets.

## B) TANGIBLE ASSETS

The tangible assets and their accumulated depreciation at the end of 2001 and 2000 are the following:

	<b>December 31, 2001</b>		<b>December 31, 2000</b>	
	<b>Gross value</b>	<b>Accumulated depreciations</b>	<b>Net value</b>	<b>Net value</b>
• Land and buildings	30,884	(6,961)	23,923	20,435
• Plant and machinery	35,659	(21,465)	14,194	12,544
• Industrial and commercial equipment	8,845	(7,527)	1,318	1,303
• Other	21,300	(16,543)	4,757	4,502
• Tangibles in course of construction and payments on account	182	–	182	948
<b>Total</b>	<b>96,870</b>	<b>(52,496)</b>	<b>44,374</b>	<b>39,732</b>

The analysis of the movement of tangible assets and their accumulated depreciation occurred during the period is the following:

	<b>Gross Value</b>	<b>Accumulated depreciation</b>	<b>Net value</b>
<b>Balance as of December 31, 2000</b>	<b>87,306</b>	<b>(47,574)</b>	<b>39,732</b>
Increases (decreases ) in the period:			
• Purchases	14,721	–	14,721
• Reclassifications from intangible assets	189	–	189
• Net changes in consolidation area	30	–	30
• Depreciation	–	(7,008)	(7,008)
• Disposals	(5,488)	2,137	(3,351)
• Translation differences	112	(51)	61
<b>Balance as of December 31, 2001</b>	<b>96,870</b>	<b>(52,496)</b>	<b>44,374</b>

The additions, for Euro 709 thousand, relate to the costs incurred for the acquisitions of the businesses from CO.MA.DI.S. S.p.A. and ICO OLEODINAMICI S.p.A.

The main increases in the period relate to:

- Land and buildings for Euro 6,175 thousand, of which Euro 4,345 thousand related to the purchase of the building located in Bentivoglio, previously used by the company under a lease contract. The building has been sold by a former stockholder of BFB S.p.A. A part of the purchasing price, amounting to Euro 775 thousand, has been paid in advance during the year 2000: therefore, such amount has been classified in the consolidated financial statements as of December 31, 2000 as "Tangibles in course of construction and payments on account". Moreover, the increase of the period includes Euro 687 thousand related to the enlargement of the building located in Ozzano dell'Emilia, Via Emilia, owned by the Parent Company.
- Plant and machinery, for Euro 5,424 thousand, mainly relate to the enlargement and adaptation of existing plants (Euro 1,418 thousand), as well as to the purchase of new plants and machinery in connection with the development of the plant owned by the Parent Company in Ozzano dell'Emilia (Euro 2,143 thousand, of which Euro 38 thousand were classified as "intangible in progress and payments on accounts" in the consolidated financial statements as of December 31, 2000) and to the capitalization of internally produced machines, to be permanently used for demonstration purposes and to perform technical tests (Euro 1,313 thousand).
- Production and commercial equipment for Euro 669 thousand, mainly related to the purchase of industrial equipment.
- Other tangible assets: the increase mainly relates to the purchase of electronic machines, for Euro 1,374 thousand.

The main decreases refer to the items "Land and buildings" and "Plant and machinery", and are mainly due to:

- The disposal of the building located in Codigoro (FE), previously owned by the Parent Company. The selling price is substantially in line with the net book value of the building as of December 31, 2000 (Euro 1,226 thousand);
- The dismissal of the building located in Fairfield, USA, previously owned by IMA North America Inc, having a net book value amounting to Euro 615 thousand. The disposal of the building has resulted in a gain amounting to Euro 642 thousand.

Tangibles assets, still held at December 31, 2001, have been revalued in prior periods as follows:

	Revaluation L.72/83	Revaluation L.413/91	Other Revaluations	Total
• Land and buildings	831	1,587	29	2,447
• Plant and machinery	100	–	385	485
• Industrial and commercial tools	48	–	55	103
• Other tangible assets	8	–	100	108
<b>Total</b>	<b>987</b>	<b>1,587</b>	<b>569</b>	<b>3,143</b>
- (less) Accumulated depreciation	(650)	(422)	(569)	(1,641)
<b>Total</b>	<b>337</b>	<b>1,165</b>	<b>–</b>	<b>1,502</b>

### C) FINANCIAL ASSETS

#### Investments

Investments comprise the following:

	Percentage of Ownership	December 31, 2001	December 31, 2000
Subsidiary companies			
• IMA Lanka Ltd	100%	12	12
• Ima Iberica Processing and Packaging S.L.	100%	–	226
• Ima Japan Co. Ltd.	99,5%	–	107
• Kilian Verwaltung GmbH	100%	25	25
		37	370
Associated companies			
• J.O.I. Pack Co. Ltd.	50%	29	31
• B.C. S.r.l.	30%	213	225
		242	256
Other companies		6,175	6,173
<b>Total</b>		<b>6,454</b>	<b>6,799</b>

#### *Investments in subsidiary companies*

As of December 31, 2001 Ima Iberica Processing and Packaging S.L. and Ima Japan Co. Ltd. are included in the consolidation area, as disclosed above. As of December 31, 2000 these companies have not been consolidated as they were not operating.

#### *Investments in associated companies*

The decrease, amounting to Euro 14 thousand, is due to the adjustment to the carrying value of the investments in associated companies in accordance with the net equity method.

The item "Other companies", includes Euro 6,052 thousand, related to the purchase of a part of the capital stock of Medinvest International S.C.A., amounting to Euro 6,000 thousand, carried out at face value by Luxteco International S.A. Medinvest International S.C.A., a Luxembourgian company, has been incorporated during the year 2000 in order to perform strategic investments in the sector of packaging and to render financial services. In particular, the capital share subscribed by Luxteco International S.A. corresponds to the 8.1% of the capital stock of Medinvest International S.C.A.

Moreover, it should be noted that:

- a contract between Medinvest International S.C.A., IMA S.p.A. and its parent company, Finvacchi S.p.A., having as main purpose the sharing of their specific know how in order to maximize their development programs is actually in place;
- Net Packaging S.A., (the belgian parent company of Medinvest International S.C.A.) owns the 14,789% of the share capital of IMA S.p.A.

#### **Other receivables**

This balance comprises advanced payments of taxes on the reserve for employee severance indemnities as well as guarantee deposits.

#### **Other securities**

This item is made up of treasury bonds and other long-term bonds, which are held on pledge mainly as guarantee of loans. Consequently, they have been classified under "Financial assets".

### **CURRENT ASSETS**

#### **A) INVENTORIES**

The inventories balance at year end is analyzed as follows:

	<b>December 31, 2001</b>		<b>December 31, 2000</b>	
	<b>Gross value</b>	<b>Obsolescence reserve</b>	<b>Net value</b>	<b>Net value</b>
• Raw materials, ancillary materials and consumables	14,820	(3,876)	10,944	9,386
• Works in progress and semi-finished goods	74,868	(2,697)	72,171	61,345
• Contract work in progress	–	–	–	6,511
• Finished goods	8,379	(2,268)	6,111	4,690
• Payments on account	3,424	–	3,424	2,019
<b>Total</b>	<b>101,491</b>	<b>(8,841)</b>	<b>92,650</b>	<b>83,951</b>

The increase of "Works in progress and semi-finished goods" is due to the significant amount of the back-log at year-end, as disclosed in the Report on operations.

Contract work in progress as of December 31, 2000 have been completed during the year: new orders having a production process longer than 12 months are forecasted to be acquired during the year 2002. In fact, the strict partnership with primary customers, having as goal the development of innovative machines in order to satisfy specific production needs, is ever more becoming one of the most important key success factors.

Had been the inventories valued using the current cost method rather than the LIFO method actually used, they would have been higher by Euro 387 thousand at December 31, 2001 (Euro 247 thousand as of December 31, 2000).

#### **B) RECEIVABLES**

##### **Trade receivables**

The balance of trade receivables at year end is analyzed as follows:

	December 31, 2001		December 31, 2000	
	Gross value	Reserve	Net value	Net value
• Receivables due within one year	103,875	(2,083)	101,792	90,669
• Receivables due after one year	8,192	(988)	7,204	6,620
<b>Total</b>	<b>112,067</b>	<b>(3,071)</b>	<b>108,996</b>	<b>97,289</b>

The increase by Euro 11,707 thousand is due to the significant growth of sales, mainly concentrated at year-end, as disclosed below.

During the year trade receivables amounting to Euro 14,290 thousand, of which Euro 12,494 thousand still outstanding at December 31, 2001, have been sold "*pro-soluto*".

Moreover, trade receivables include Euro 11,743 thousand related to receivables sold "*pro-solvendo*" to factoring companies.

Trade receivables due after one year mainly relate to the acquisition of orders so significant, that extraordinary payment extensions have been granted to the customers. Payment extensions given to customers located in countries at risk are guaranteed by adequate financial instruments.

### Receivables from subsidiaries, associated companies and parent companies

The balance is comprised as follows:

	December 31, 2001	December 31, 2000	Differences
Receivables from subsidiaries			
• Ima Lanka Ltd.	157	153	4
Receivables from associated companies			
• B.C. S.r.l.	–	7	(7)
Receivables from parent companies			
• Fin-Vacchi S.p.A.	3	2	1
<b>Total</b>	<b>160</b>	<b>162</b>	<b>(2)</b>

Credit and debit relations incurred during the year with the parent company substantially concern re-charge of service costs.

### Other receivables

This balance is represented by:

	December 31, 2001	December 31, 2000	Differences
• Receivables due after next accounting period	361	–	361
	361	–	361
• Receivables from tax authorities	7,219	10,976	(3,757)
• Advances to suppliers	1,173	782	391
• Advances to employees	138	150	(12)
• Other	2,012	1,687	325
	10,542	13,595	(3,053)
<b>Total</b>	<b>10,903</b>	<b>13,595</b>	<b>(2,692)</b>

As of December 31, 2001, receivables from tax authorities include Euro 3,454 thousand (Euro 3,283 thousand as of December 31, 2000), related to prepaid taxes: the amount is net of deferred taxes liabilities for Euro 1,524 thousand (Euro 1,417 thousand as of December 31, 2000). The balance includes VAT receivables, amounting to Euro 2,391 thousand, as well.

#### C) FINANCIAL ASSETS NOT REPRESENTING FIXED ASSETS

##### Own shares

As at 31 December 2001, the value of own shares in portfolio amounted to Euro 4,324 thousand (lower by 4,20% than the market value at year end), which is equivalent to 520,250 shares having a nominal value of Euro 271 thousand. If compared to December 31, 2000 the item increases by Euro 3,263 thousand, as a consequence of:

- the purchase of 1,041,750 own shares, at a price of Euro 8,442 thousand, made by the parent company, IMA S.p.A., within the powers given to the Board of Directors at the IMA S.p.A. shareholders' meeting of May 31, 2000, which allow the company for a period of 18 months to purchase own shares up to a maximum amount of 10% of capital share, at a price between Euro 5 and Euro 10;
- the sale of 651,000 own shares, amounting to Euro 5,179 thousand, made by the parent company, IMA S.p.A., within the powers given to the Board of Directors at the IMA S.p.A. shareholders' meeting, which allow the company for a period of 18 months to sell own shares up to a maximum amount of 3,610,000 shares, at a price which can not be lower than the average purchase price. Sales realized during the period have generated a total gain amounting to Euro 218 thousand and a total loss amounting to Euro 6 thousand.

##### Marketable securities

This balance includes the following debentures:

	Nominal Value	F/S Value	Market Value
• CCT 1995/2003	437	437	439
• CRBO 1998/2005	25	25	25
• CRBO 1998/2003	98	98	97
• CRBO 2000/2005	57	57	57
• P.O. 2000/2002	146	146	149
• BIMER 1994/2006	2	2	2
• CCT 1995/2002	46	47	47
<b>Total</b>	<b>811</b>	<b>812</b>	<b>816</b>

The increase by Euro 781 thousand, if compared to December 31, 2000, is due to the repayment of loans during the year, which allowed to redeem part of the securities previously held as guarantees of loan and classified as financial fixed assets.

#### D) CASH AT BANK AND IN HAND

The increase of cash at bank is mainly due to the maturity of several forward sales of foreign currencies, in connection with sales at year-end and to the sale of trade receivables "*pro-soluto*", above disclosed.

## PREPAID EXPENSES AND ACCRUED INCOME

As of December 31, 2001, this balance is comprised as follows:

	December 31, 2001	December 31, 2000	Differences
Accrued income			
• Interest on securities	43	64	(21)
• Interest on loan	943	1,024	(81)
• Other	186	137	49
	1,172	1,225	(53)
Prepaid expenses			
• Insurance	85	71	14
• Interest on discounted notes	442	605	(163)
• Guarantees	67	70	(3)
• Other	709	695	14
	1,303	1,441	(138)
<b>Total accrued income and prepaid expenses</b>	<b>2,475</b>	<b>2,666</b>	<b>(191)</b>

## 9) COMMENTS ON MAIN LIABILITY AND STOCKHOLDERS' EQUITY ITEMS

### STOCKHOLDERS' EQUITY

The movement of the various items making up stockholders' equity are set out in an Appendix.

#### A) STOCK CAPITAL

On March 28, 2001 the Board of Directors of the parent company, IMA S.p.A., has resolved the translation of the capital stock into Euro. As a consequence, the capital stock has been increased for Euro 128 thousand, by using a corresponding amount of the extraordinary reserve. Consequently, capital stock at December 31, 2001 consists of 36,100,000 ordinary shares with a nominal value of Euro 0.52 each.

During the year, the translation into Euro of the capital stock has been resolved by the Board of Directors of the Italian subsidiaries as well.

#### B) SHARE PREMIUM RESERVE

Such reserve amounting to Euro 16,382 thousand, derives from the issue of 6,100,000 ordinary shares, placed in 1995 exclusively to third parties. Share premium has been of Euro 2,69 each share.

#### C) REVALUATION RESERVES

As of December 31, 2001, the financial statements of the consolidated companies include revaluation reserves for Euro 395 thousand arising from the application of monetary revaluation provided by Laws.

Such reserves will become taxable if they will not be used to cover companies' losses.

No taxes have been provided in respect of these reserves as the companies are not planning to take any resolution which could generate the taxation.

#### D) RESERVE FOR TREASURY STOCK

Such reserve amounts to Euro 4,324 thousand, represented by own stocks recorded in the assets.

## E) OTHER RESERVES AND RETAINED EARNINGS

The net equity of the consolidated companies includes Euro 444 thousand of non distributable legal reserves and Euro 1,103 thousand (of which Euro 554 thousand included in the net equity of the Parent Company) of reserves for which the distribution is restricted to cover the unamortized portion of “Incorporation and subsequent expenses” included in the financial statements of the Italian companies.

In addition, consolidated stockholders equity includes Euro 2,020 thousand in Chinese currency not freely convertible.

### RESERVES FOR RISKS AND CHARGES

The composition of, and movement on these reserve are as follows:

	December 31, 2001	December 31, 2000	Differences
Taxation reserves	60	–	60
Other reserves			
• Exchange losses	218	–	218
• Product guarantees	3,285	2,906	379
• Other reserves	3,375	1,642	1,733
	6,878	4,548	2,330
<b>Total other reserves</b>	<b>6,938</b>	<b>4,548</b>	<b>2,390</b>

During the first half of 2001 the Parent Company has been subjected to a tax audit, concerning direct and indirect taxes for the years 1999 and 2000 and for the previous years as far as their relevant transactions have been concerned. The taxation reserve, amounting to Euro 60 thousand, has been accounted for by the Parent Company in order to cover the estimated liability arising from the tax assessment of the year 2000, still open to definition. On the other hand, the higher direct and indirect taxes assessed for the year 1999 and for the previous years have been agreed on July 2001, having the Parent Company adhered to the tax assessment.

The reserve for exchange losses arises from the net negative effect due to the translation of balances in foreign currencies not included in the Euro area.

Products guarantees reserve relates to the provision for technical assistance to be carried out after year-end based on finished goods sold before. The increase of this reserve is strictly connected to the turnover growth, disclosed in the report on operations.

The “other reserves” include the agent's indemnity reserve for Euro 2,710 thousand and other reserves accounted for in the IMA S.p.A. as well as in other Group companies' financial statements in order to cover the liabilities which could arise from the typical business activity performed by the Group companies.

The increase of the other reserves is mainly due to:

- the charges resulting from the forecasted cancellation of consultancy and agency contracts in place at December 31, 2001;
- the need to partially reorganize the Group sale network, resulting from the Group strategy focused on the growth and the completion of the product range, to be realized through the acquisition of companies;

In addition, some subsidiaries met significant losses, which involved re-capitalization and reorganization processes, already performed or still in progress, in order to allow them to operate as going concern.

### TRANSACTIONS IN FINANCIAL DERIVATIVES

Open transactions in financial derivatives as of December 31, 2001 relate to forward sales of foreign exchange and currency options for a total amount of USD 26,5 million and YEN 30,0 million, corresponding to a total equivalent of Euro 31,681 thousand. There are no losses not accounted for in the financial statements related to the above transactions in financial derivatives. Similar transactions completed during the year related to USD 57,51 million, YEN 408 million and

GBP 0,29 million. With reference to such operations, premiums *have matured* for a total amount of Euro 118 thousand and discounts for a total amount of Euro 334 thousand (respectively credited to “Miscellaneous financial income” and to “Interest and other financial charges”).

Moreover, these operations have generated profits totaling Euro 1,058 thousand and losses amounting to Euro 929 thousand which were recorded as adjustment of sales revenues, since they refer to specific sales orders.

The overall loss charged to the statement of income thus amounted to Euro 87 thousand.

Furthermore, during the year currency options have been sold and purchased, with reference to premiums have matured for a total amount of Euro 152 thousand and discounts for a total amount of Euro 452 thousand (respectively credited to “Miscellaneous financial income” and to “Interest and other financial charges”). Such operations, completed during the accounting period, have generated profits amounting to Euro 209 thousand and losses amounting to Euro 160 thousand, recorded as adjustment of sales revenues. Therefore, the overall loss resulting from currency options amounts to Euro 251 thousand.

At December 31, 2001 two Interest Rate Swap contracts, stipulated in the previous year by the Parent Company with primary banks, are in place: these IRS contracts are connected to the interests which will be paid on the actual indebtedness and the indebtedness forecasted for the following years. In order to better align the carrying value of the IRS contracts to their fair value as of December 31, 2001, an amount corresponding to Euro 150 thousand has been accrued by the Parent Company to the other reserves for risks and charges.

#### RESERVE FOR EMPLOYEE TERMINATION INDEMNITIES

The movement on this reserve for the year is as follows (in Euro/thousand):

<b>Balance as of December 31, 2000</b>	<b>15,734</b>
• Accruals	3,833
• Indemnities paid during the period	(1,882)
• Acquisition of business from CO.MA.D.I.S. S.p.A.	269
• Translation differences	17
<b>Balance as of December 31, 2001</b>	<b>17,971</b>

#### DEBTS

##### A) BANKS

Bank liabilities are as follows:

	<b>Balance as of December 31, 2001</b>				<b>December 31, 2000</b>
	<b>Total</b>	<b>Due</b>			
		<b>Within 1 year</b>	<b>Between 1 and 5 years</b>	<b>More than 5 years</b>	
• Current accounts	2,443	2,443	–	–	1,971
• Advances on export operations	52,561	52,561	–	–	42,753
• San Paolo - IMI Loans	24,454	2,382	15,044	7,028	17,105
• Other Loans	71,037	26,950	43,049	1,038	71,550
<b>Total</b>	<b>150,495</b>	<b>84,336</b>	<b>58,093</b>	<b>8,066</b>	<b>133,379</b>

As of December 31, 2001, banks grant credit lines to consolidated companies for Euro 150,502 thousand, of which Euro 29,149 thousand for current accounts and Euro 121,353 thousand for advances on export operations and other short term credit lines.

Loans and financing have been disbursed for Euro 51,524 thousand in Lire, for Euro 34,526 thousand in Euro, for Euro 9,418 thousand in German Marks and for Euro 23 thousand in Indian Rupees.

Loans and financing are guaranteed by the following:

- Banking guarantees for Euro/thousand 18,019
- Guarantees issued by FINVACCHI S.p.A., parent company of IMA S.p.A.: Euro/thousand 1,777
- Securities held in pledge of Euro/thousand 4,226

The loans granted by San Paolo – IMI, mainly disbursed to the parent company, for Euro 16,301 thousand, are described below:

- Euro 9,660 thousand (of which Euro 1,197 thousand disbursed during the year) related to the financing of the new applied research program called “Automatic packaging machines with new technology: ultrasound, product mass control, functional modular working for sterile and oral liquids, application for intravenous drip”. The financing will run over a ten-year period and has to be reimbursed in 12 half-yearly payments, starting from January 1, 2004 up to July 1, 2009 at market interest rate amounting to 6.40%, reduced to an effective yearly interest rate amounting to 1.28% by grants made available under Law 346 of August 5, 1988. The financing is covered by guarantees issued by banks.
- Euro 4,760 thousand: low-interest loan related to the New Advanced Technologies Project to be reimbursed in 12 half-yearly payments (the first due on January 1, 2000). The market interest rate of 13.25% has been reduced to an effective annual rate of 1.9875% by grants made available under Law 346 of August 5, 1988. During the year, the loan has been reimbursed for Euro 863 thousand. The financing is covered by guarantees issued by banks: the part due within the next accounting period amounts to Euro 977 thousand.
- Euro 243 thousand: loan disbursed to an incorporated company under the grants of the "Applied Reserch Special Fund" provided by the law 46/82, related to the research program called “Innovation technology for coating of pharmaceutical and food products”. The financing will run over a 9 year period and is to be reimbursed in 18 half-yearly payments, starting from January 1, 1997 up to July 1, 2005 at a subsidized yearly interest rate corresponding to 1.85%. The part due within the next accounting period amounts to Euro 66 thousand.
- Euro 1,316 thousand: loan disbursed on June 2001 for a total amount of Euro 1,397 thousand under the grants of the "Applied Reserch Special Fund" provided by the law 46/82, in order to finance the research related to a new automatic production line for primary packaging. The financing will run over a 8 year period and is to be reimbursed in 16 half-yearly payments, starting from July 1, 2001 up to January 1, 2009 at a subsidized half-yearly interest rate corresponding to 1%. . The financing is covered by guarantees issued by Finvacchi S.p.A., the parent company of IMA S.p.A.: the part due within the next accounting period amounts to Euro 164 thousand.
- Euro 322 thousand, corresponding to the first tranche of a total loan amounting to Euro 690 thousand, disbursed under the grants of the "Applied Reserch Special Fund" provided by the law 46/82, in order to finance the research project called “New dosing technologies for limited flowability pharmaceutical powders”, which will be carried on by the Parent Company together with the subsidiary Libra Pharmaceutical Technologies S.r.l.. The financing will run over a 8 year period and is to be reimbursed in 17 half-yearly payments, starting from July 1, 2002 up to January 1, 2010 at a subsidized half-yearly interest rate corresponding to 1%. The financing is covered by guarantees issued by Finvacchi S.p.A. and by the compliance with certain financial covenants on the financial statements of the two companies. The part due within the next accounting period amounts to Euro 19 thousand.

## OTHER LOANS

The most relevant changes with respect to the previous accounting period have affected the Parent Company: they are related to repayments made under contract terms for Euro 13,566 thousand, and to the disbursement of new loans for a total amount of Euro 13,520 thousand, as follows:

- First tranche amounting to Euro 2,416 thousand of a total loan amounting to Euro 3,096 thousand, disbursed by the Ministry of Industry under the grants of the "Applied Research Special Fund" provided by the law 46/82. The financing will run over a 15 year period, divided into a 5 year pre-redemption period, at a 3,3% yearly interest rate, and a 10 year redemption period, at a 0,825% yearly interest rate.
- Loan amounting to Euro 3,951 thousand, disbursed by INTESA BCI MEDIOCREDITO for a total amount of Euro 4,390 thousand, to be reimbursed in 10 half-yearly payments up to 2006, at an interest rate corresponding to the Euribor plus a spread. The financing is subject to the compliance with certain financial covenants on the consolidated financial statements: the part due within the next accounting period amounts to Euro 878 thousand.
- Loan amounting to Euro 5,165 thousand, disbursed by CREDITO EMILIANO on January 2001, to be reimbursed in 3 yearly payments starting from January 2002 up to January 2004, at an interest rate corresponding to the Euribor plus a spread. The financing contract allow the bank to obtain the reimbursement at any time: the part due after the year 2002 has been classified as long term debt, as actually there are no elements based on which the loan can be considered as a short time financing. The part due within the next accounting period amounts to Euro 1,721 thousand
- Loan amounting to Euro 1,394 thousand, disbursed by SAN PAOLO IMI on April 2001 for a total amount of Euro 1,549 thousand, to be reimbursed in 10 half-yearly payments starting from October 2001 up to April 2006, at an interest rate corresponding to the Euribor plus a spread. The financing is subject to the compliance with certain financial covenants on the consolidated financial statements: the part due within the next accounting period amounts to Euro 310 thousand

The other loans still outstanding at December 31, 2001 are mainly related to the followings:

- Financing disbursed by a pool of banks, of which DEUTSCHE BANK as leading bank: the amount still outstanding at December 31, 2001 is equal to Euro 7,700 thousand. The financing is to be reimbursed in 10 half-yearly payments, starting from November 2000 up to 2005, at an interest rate corresponding to the Euribor plus a spread. The part due within the next accounting period amounts to Euro 2,200 thousand.
- Two loans disbursed by INTERBANCA S.p.A., still outstanding at December 31, 2001 for an amount of Euro 4,058 thousand each, reimbursable by 14 six-monthly payments starting from November 2000 up to 2007, at an interest rate respectively corresponding to Euribor plus a spread and to a fixed rate. The part due within the next accounting period amounts to Euro 1,476 thousand.
- Financing disbursed by Interbanca, amounting to Euro 1,937 thousand at December 31, 2001, reimbursable by 8 six-month payments starting from October 1999, at the EURIBOR rate plus a spread. The part due within the next accounting period amounts to Euro 1,291 thousand.
- Financing disbursed to an incorporated company by EFIBANCA, amounting to Euro 5,165 thousand, to be totally reimbursed on May 2002, at the quarterly EURIBOR rate plus a spread.
- Financing disbursed to an incorporated company by BNL LONDON BRANCH, amounting to Euro 8,000 thousand, to be totally reimbursed on September 2005, at the half-yearly EURIBOR rate plus a spread.

The above loans, less the loan disbursed by the Ministry of Industry, are subject to compliance with certain financial covenants on the consolidated financial statements.

The main other loans in place, disbursed to the Group companies, are the followings:

- Euro 2,879 thousand: financing disbursed to BFB S.p.A. by Banca Popolare dell'Emilia Romagna, to be totally reimbursed by half-yearly payments, up to January 2007, at the half-yearly EURIBOR rate plus a spread. The financing is covered by guarantees issued by IMA S.p.A.

- Euro 3,254 thousand (of which Euro 1,782 disbursed during the year): part of the loan decreed by the Ministry of University and Scientific Research (MURST) - which has allowed to BFB S.p.A. the grants provided by the “Applied Research Special Fund” - totally amounting to Euro 3,892 thousand, of which Euro 3,406 thousand as subsidized financing and Euro 486 thousand as sunk capital. The loan has been disbursed in order to finance a project called “Robotic automation for end of line machinery”. The research project has been completed within the year 2001, while initially it had been forecasted to end on June 2002. As a consequence, the repayment of the loan, of which the last tranche should be disbursed within March 2002, has been modified, being reimbursable by 12 half-yearly payments starting from January 1, 2002 up to July 1, 2007, at an half-yearly interest rate amounting to 1%. The loan is subject to the compliance with certain financial covenants on the consolidated financial statements
- Euro 4,648 thousand: financing disbursed to CO.MA.D.I.S. S.p.A. by San Paolo IMI, to be reimbursed by half-yearly payments up to April 2006, at the half-yearly EURIBOR rate plus a spread. The financing is covered by guarantees issued by IMA S.p.A. and by the compliance with certain financial covenants on the consolidated financial statements.
- Euro 14,875 thousand: financing disbursed to IMA Verpackungssysteme GmbH by a pool of banks, of which DEUTSCHE BANK as leading bank, to be reimbursed by 8 half-yearly payments starting from November 2001 up to April 2005, at the EURIBOR rate plus a spread. The financing is covered by guarantees issued by IMA S.p.A.

#### B) OTHER FINANCERS

The item is related to advances received by factoring companies.

#### C) ADVANCES

This balance includes advances received from customers for supplies not carried out: the advances which have been collected are covered by guarantees totally amounting to Euro 8,983 thousand.

#### D) SUPPLIERS

The increase of payables due within the next accounting period, amounting to Euro 5,605 thousand, has been generated by the significant increase of turnover and its high concentration at year end.

Payables due after next accounting period amount to Euro 275 thousand and relate to the purchase of a new 3 D design software, whose period of payment has been extended over five years.

There are no payables due to suppliers after 5 years.

#### E) PAYABLES TO SUBSIDIARIES, ASSOCIATED COMPANIES AND THE PARENT COMPANY

This balance is composed as follows:

	December 31, 2001	December 31, 2000	Differences
<i>Payables to subsidiaries</i>			
• Ima Lanka Ltd	9	6	3
• Kilian Verwaltung GmbH	2	–	2
	11	6	5
<i>Payables to associated company</i>			
• B.C. S.r.l.	567	599	(32)
<b>Total</b>	<b>578</b>	<b>605</b>	<b>(27)</b>

## F) TAXES

The item was made up as follows (in Euro/thousand):

	December 31, 2001	December 31, 2000	Differences
• Income taxes	5,567	2,630	2,937
• IRPEF (employee withholding taxes)	1,820	1,551	269
• VAT	324	382	(58)
• Other	1,234	1,424	(190)
<b>Total</b>	<b>8,945</b>	<b>5,987</b>	<b>2,958</b>

Income taxes are stated net of tax advances, withholding taxes and tax credits.

As regarding the Parent Company, fiscal years up to 1995 have already been agreed for both direct and indirect taxes, with the exception of what disclosed below. The fiscal years 1996, 1997 and 1998 have been partially agreed, as previously disclosed. The fiscal year 1999 has been agreed, having IMA Sp.A. adhered to the tax assessment. The fiscal year 2000 is going to be agreed, as previously disclosed.

During 1993, IMA – Industria Meccaniche Automatiche S.p.A. received a fiscal inspection for the fiscal year from 1987 to 1992, the consequence of which was the notification of tax assessments for the fiscal years from 1987 to 1992. As a consequence, IMA presented instance of refusal and claim.

The group's management and its tax consultants believe that no significant liabilities exist, not provided in the financial statements.

Moreover, during the first half of 2001 the Parent Company has been subjected to a tax audit concerning direct and indirect taxes for the years 1999 and 2000 and for the previous years as far as their relevant transactions have been concerned. In particular, the item "Payables due for taxes" includes, for Euro 640 thousand, the payables related to the higher taxable income assessed with reference to the year 1999 and the previous years, which have been defined on July 2001, having the Parent Company adhered to the tax assessment. Of this amount Euro 389 thousand, are due beyond 12 months. As far as the year 2000 is concerned, reference should be made to what previously disclosed in the note related to the reserve for risks and charges.

## G) PROVIDENT AND SOCIAL SECURITY INSTITUTIONS

This balance represents payables due at the end of the year to these institutions for both the Group and the employee share relating to the December salaries and wages.

## H) OTHER PAYABLES

The caption is composed as follows (in Euro/thousand):

	December 31, 2001	December 31, 2000	Differences
• Payables to employees	9,565	7,750	1,815
• Payables due for acquisitions	456	5,557	(5,101)
• Other	2,638	1,755	883
<b>Total</b>	<b>12,659</b>	<b>15,062</b>	<b>(2,403)</b>

The increase of the payables due to employees is due to both, the higher number of employees at December 31, 2001, if compared with the previous year, and the growth of salaries and wages consequent to what stated by the contracts actually in place.

The decrease of the item "Payables due for acquisitions" is due, for Euro 4,500 thousand, to the reimbursement of the payable due by the subsidiary Luxteco International S.A in connection with the acquisition of the investment in Medinvest

International S.C.A. As of December 31, 2001, the item relates to the part due within the next accounting period of the payable connected to the acquisition of the 48% of the Comitec S.r.l. capital share, Euro 456 thousand, performed by the Parent Company. The part due after the next accounting period amounts to Euro 643 thousand, having the payable been postponed up to December 31, 2004, without financial charges.

#### ACCRUED EXPENSED AND DEFERRED INCOME

The balance is composed of the following (in Euro/thousand):

	December 31, 2001	December 31, 2000	Differences
Accrued liabilities			
• Interest on financial debts	1,362	1,015	347
• Insurances	194	182	12
• Other	914	597	317
	2,470	1,794	676
Deferred income			
• Interest from customers	279	552	(273)
• Installation and testing costs	2,784	3,100	(316)
• Other	727	627	100
	3,790	4,279	(489)
<b>Total accrued expenses and deferred income</b>	<b>6,260</b>	<b>6,073</b>	<b>187</b>

## 10) MEMORANDUM ACCOUNTS

#### PERSONAL GUARANTEES GRANTED

This balance includes personal guarantees granted for payables and other debentures.

##### A) GUARANTEES

As of December 31, 2001, this balance includes insurance policies for Euro 1,717 thousand for VAT receivables, guarantees for Euro 238 thousand for delayed payments related to patents purchases, guarantees related to advances still to be collected and to the performances of our machinery for Euro 5,254 thousand and guarantees for Euro 302 thousand in favor of others.

#### COMMITMENTS

As of December 31, 2001 commitments amount to Euro 32,891 thousand and concern mainly transactions to sell foreign currencies and currency options related to commercial activities that will take place in the next years.

The significant decrease of the item, if compared with the previous year, is mainly due to the different strategy pursued by the group in order to face the currency risk. In fact, while at the end of the year 2000 the above financial instruments have been used to cover exchange risks on the forecasted backlog, starting from 2001 they have been used to cover only the confirmed backlog.

#### RISK ACCOUNTS

##### A) NOTES DISCOUNTED

At December 31, 2001, such notes amount to Euro 3,420 thousand.

## B) RECEIVABLES SOLD TO FACTORING COMPANIES

As of December 31, 2001, the item amounts to Euro 12,765 thousand and relates to the sale "pro-solvendo" of VAT receivables, made in previous years for Euro 1,368 thousand. For the sake of prudence, trade receivables sold pro-soluto to factoring companies, still outstanding at December 31, 2001 (amounting to Euro 11,397 thousand), have been included in this item.

## 11) COMMENTS ON THE PRINCIPAL INCOME STATEMENT BALANCES

### VALUE OF PRODUCTION

#### A) REVENUES

The IMA Group's revenues are broken down below by geographical area and area of business:

##### *Revenues by geographical area*

	2001	2000	Differences
• Italy	15,840	19,950	(4,110)
• EU countries	130,142	96,158	33,984
• Other European countries	31,017	26,236	4,781
• North America	67,180	56,479	10,701
• Far East	53,934	41,372	12,562
• Other	44,087	54,663	(10,576)
<b>Total</b>	<b>342,200</b>	<b>294,858</b>	<b>47,342</b>

##### *Revenues by activity*

	2001	2000	Differences
• Machines	264,320	227,948	36,372
• Spare parts	49,675	46,088	3,587
• After sale and other services	28,205	20,822	7,383
<b>Total</b>	<b>342,200</b>	<b>294,858</b>	<b>47,342</b>

The variation analysis by geographic area and by division has been included in the report on operations.

#### B) OTHER INCOME

The item includes the amount of Euro 921 thousand, related to gains on disposals of machineries classified as fixed assets being used for demonstration purposes. Considering its nature, this amount has been classified as "Net sales" in the attached reclassified statement of income.

## INTEREST AND FINANCIAL EXPENSES

### C) INTERESTS AND OTHER FINANCIAL INCOME

The item is composed of the following:

	2001	2000	Differences
• Interest income from banks	901	700	201
• Interest income from customers	374	334	40
• Interest income on V.A.T.	52	147	(95)
Contributions to interest expenses on the discount of notes (lex 346/88)	1,052	1,233	(181)
• Exchange differences	5,682	8,672	(2,990)
• Other	469	1,055	(586)
<b>Total</b>	<b>8,530</b>	<b>12,141</b>	<b>(3,611)</b>

### B) INTERESTS AND OTHER FINANCIAL CHARGES

The balance is composed of the following:

	2001	2000	Differences
• Interest to bank	7,513	6,692	821
• Exchange differences	5,807	9,841	(4,034)
• Interest on discounted notes	802	887	(85)
• Other	1,244	2,149	(905)
<b>Total</b>	<b>15,366</b>	<b>19,569</b>	<b>(4,203)</b>

## ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS

The write-down by Euro/thousand 14 is related to J.O.I. Pack Co. Ltd. for Euro 2 thousand and to B.C. S.r.l. for Euro 12 thousand; both consolidated using the equity method.

## EXTRAORDINARY INCOME AND EXPENSES

This balance is composed of the following:

### A) INCOME

The item relates to the gain realized on the disposal of the building by the subsidiary Ima North America Inc., as previously disclosed.

### B) EXPENSES

These expenses arise from the agreement of the tax assessment for the fiscal year 1999 and the previous years, to which the Parent Company has been subjected in the first half of the year 2001.

## INCOME TAXES

Following the change of Kilian Gmbh & Co. KG from a joint-stock company into a partnership, performed in the previous year, for income tax purposes, the income of this company is joined together with the income of its parent company (IMA Verpackungssysteme GmbH). The resulting total income is therefore taxed by IMA Verpackungssysteme GmbH.

## RELATED PARTIES TRANSACTIONS

The Profit and Loss for the year ended December 31, 2001 includes revenues amounting to Euro 293 thousand resulting from the recharge to a related party of research and development costs incurred during the year, as well as costs amounting to Euro 1,089 thousand, mainly related to consultancy services. Moreover, certain Group companies make use of a travel agency owned by related parties: travel expenses charged in the year by this agency to the Group companies amount to about Euro 2,275 thousand.

## PERSONNEL

During 2001 IMA Group employed on average n. 2,232 people made up as follows:

	2001	2000	Differences
• Managers	119	109	10
• Clerks	1,403	1,327	76
• Workers	710	685	25
<b>Total</b>	<b>2,232</b>	<b>2,121</b>	<b>111</b>

For a better understanding of the above table, it should be noted that the item “Managers” includes 61 foreign companies’ employees to be considered as “Clerks” following the Italian law.

The acquisitions have generated a personnel increase by 34 units.

## BOARD OF DIRECTORS AND STATUTORY AUDITORS’ FEES

Parent Company’s Managers and statutory auditors took a reward for similar duty carried out in Group’s companies for Euro/thousand 718 and Euro/thousand 98 respectively.

## 12) INFORMATION REQUIRED BY DECREE 58 OF FEBRUARY 24, 1998

In accordance with Decree 58 of February 24, 1998, the amounts that IMA S.p.A. and other Group companies have paid for any purpose and in any form to Directors, Statutory Auditors, and the General Manager are reported below.

## AMOUNTS PAID TO DIRECTORS, STATUTORY AUDITORS AND GENERAL DIRECTOR

(IN EURO/THOUSAND)

Name	Company	Office	Office Duration	Office Rewards	Benefits not Monetary	Bonuses and other benefits	Other Rewards	
							Type	Amount
<b>Vacchi Marco</b>	IMA S.p.A.	President	Total year	222.07		103.30		
	IMA S.p.A.	Ex. Com. Pres.	Total year	7.75				
	BFB S.p.A.	Director	Total year	1.55				
	Libra P.T. s.r.l.	Director	Total year	3.10				
	I.M.A. Est GmbH	President	Total year	3.63				
	IMA GmbH	President	Total year	3.05				
	IMA France Eurl	President	Total year	3.81				
	IMA N. A. Inc.	President	Total year	5.56				
IMA U.K. Ltd.	President	Total year	4.88					
<b>Vacchi Alberto</b>	IMA S.p.A.	Managing	Total year	82.63	5.16	26.00	Wage	156.12
	IMA S.p.A.	Ex. Com. Member	Total year	7.75				
	BFB S.p.A.	Director	Total year	1.55				
	Libra P.T. S.r.l.	Director	Total year	3.10				
	I.T. S.r.l.	President	Total year	4.13				
	Value Machinery	Director	Total year	4.44				
	Comitec S.r.l.	President	Total year	3.10				
<b>Malagoli Andrea</b>	IMA S.p.A.	Director	Total year	15.49	3.62	52.00	Wage	146.98
	IMA S.p.A.	Ex. Com. Member	Total year	7.75				
	BFB S.p.A.	Director	Total year	1.55				
	Libra P.T. S.r.l.	Director	Total year	3.10				
	I.T. S.r.l.	Director	Total year	3.10				
	Value Machinery	Director	Total year	4.44				
	CO.MA.DI.S. S.p.A.	Director	Part of the year	3.10				
<b>Minguzzi Italo G.</b>	IMA S.p.A.	Secretary and Director	Total year	46.48			Consul. Fee	26.7
<b>Opromolla Paolo</b>	IMA S.p.A.	Director	Total year	15.49				
	IMA S.p.A.	Ex.Com. Member.	Total year	7.75				
<b>Poggi Luca</b>	IMA S.p.A.	Director	Total year	15.49				
	IMA S.p.A.	Ex. Com. Member	Total year	7.75			Consul. fee	180.76
	BFB S.p.A.						Consul. fee	37.18
	Info Area S.r.l.						Consul. fee	10.33
CO.MA.DI.S. S.p.A.						Consul. fee	30.99	
<b>Schiavina Maria C.</b>	IMA S.p.A.	Director	Total year	15.49				
<b>Vacchi Gianluca</b>	IMA S.p.A.	Director	Total year	15.49				
<b>Visentini Stefano</b>	IMA S.p.A.	General Manager	Total year	15.49	2.84	130.00	Wage	294.69
	IMA S.p.A.	Ex. Com. Member	Total year	7.75				
	BFB S.p.A.	Director	Total year	1.55				
	I.M.A. Est GmbH	Director	Total year	3.63				
	IMA GmbH	Director	Total year	3.05				
	IMA France Eurl	Director	Total year	3.81				
	IMA N. A. Inc.	Director	Total year	5.56				
	IMA U.K. Ltd.	Director	Total year	4.88				
<b>Volta Romano</b>	IMA S.p.A.	Director	Total year	15.49				
<b>Comini Giorgio</b>	IMA S.p.A.	Auditors' president	Total year	18.39				
	Info Area S.r.l.	Auditors' president	Part of the year	5.00				
	CO.MA.DI.S. S.p.A.	Auditors' president	Part of the year	1.91				
<b>Cazzola Amedeo</b>	IMA S.p.A.	Auditor	Total year	13.20				
	BFB S.p.A.	Auditors' president	Total year	10.95				
	Libra S.r.l.	Auditor	Total year	5.16				
	Info Area S.r.l.	Auditor	Part of the year	3.33				
	CO.MA.DI.S. S.p.A.	Auditor	Part of the year	1.45				
<b>Renzulli Rocco</b>	IMA S.p.A.	Auditor	Part of the year	9.14				
	BFB S.r.l.	Auditor	Total year	7.23				
	Libra P.T. S.r.l.	Auditor	Total year	5.16				
<b>Aicardi Piero</b>	IMA S.p.A.	Auditor	Part of the year	9.90			Consul. fee	10.33
	BFB S.r.l.	Auditor	Total year	7.30				
	Info Area S.r.l.	Auditor	Part of the year	3.30				

## **DIRECTORS, STATUTORY AUDITORS AND GENERAL DIRECTOR INVESTMENTS**

<b>Name</b>	<b>Company</b>	<b>Number of shares Hold at the end of the previous year</b>	<b>Number of shares purchased during the year</b>	<b>Number of shares sold during the year</b>	<b>Number of shares hold at the end of the year</b>
Poggi Luca	IMA S.p.A.	47,000	41,000	–	88,000
Vacchi Alberto	IMA S.p.A.	397,500	39,750	39,750	397,500
Vacchi Gianluca	IMA S.p.A.	697,500	2,260,500	697,500	2,260,500
Visentini Stefano	IMA S.p.A.	50,500	15,000	–	65,500
Volta Romano	IMA S.p.A.	–	42,000	–	42,000

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## APPENDICES

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These appendices contain information in addition to that given in the notes, of which they form an integral part.

This information is contained in the following appendices:

- Statement of changes in consolidated stockholders' equity accounts in the years ended December 31, 2001 and 2000.
- Statements of consolidated cash flows for the years ended December 31, 2001 and 2000.
- Reclassified consolidated statement of income for the years ended December 31, 2001 and 2000.
- Consolidated segment information, according to CONSOB circular n. 98084143 issued on October 27, 1998.

## STATEMENT OF CHANGES IN CONSOLIDATED STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000 (IN THOUSANDS OF EURO)  
(TRANSLATION FROM THE ORIGINAL ISSUED IN ITALIAN)

DESCRIPTION	Capital stock	Share Premium Reserves	Revaluation Reserves	Legal Reserves	Reserve for Treasury Stock	Other	Accumulated Translation Adjustments	Retained Earnings	Group Net Income	Group Stockholders' Equity
<b>Balance as of December 31, 1999</b>	<b>18,644</b>	<b>16,382</b>	<b>395</b>	<b>1,942</b>	<b>5,564</b>	<b>4,456</b>	<b>1,063</b>	<b>12,166</b>	<b>15,577</b>	<b>76,189</b>
Allocation of 1999 income:										
- <i>dividends</i>	-	-	-	-	-	-	-	-	(7,070)	(7,070)
- <i>reserves</i>	-	-	-	2,572	-	4,810	-	1,125	(8,507)	-
Sale of own shares	-	-	-	-	(6,364)	6,364	-	-	-	-
Purchase of own shares	-	-	-	-	1,861	(1,861)	-	-	-	-
Translation adjustment	-	-	-	-	-	-	266	-	-	266
Group net income	-	-	-	-	-	-	-	-	15,207	15,207
<b>Balance as of December 31, 2000</b>	<b>18,644</b>	<b>16,382</b>	<b>395</b>	<b>4,514</b>	<b>1,061</b>	<b>13,769</b>	<b>1,329</b>	<b>13,291</b>	<b>15,207</b>	<b>84,592</b>
Allocation of 2000 income:										
- <i>dividends</i>	-	-	-	-	-	-	-	-	(8,353)	(8,353)
- <i>reserves</i>	-	-	-	45	-	8,229	-	(1,420)	(6,854)	-
Conversion of Capital Stock into Euro	128	-	-	-	-	(128)	-	-	-	-
Sale of own shares	-	-	-	-	(5,179)	5,179	-	-	-	-
Purchase of own shares	-	-	-	-	8,442	(8,442)	-	-	-	-
Translation adjustments	-	-	-	-	-	-	288	-	-	288
Group net income	-	-	-	-	-	-	-	-	20,446	20,446
<b>Balance as of December 31, 2001</b>	<b>18,772</b>	<b>16,382</b>	<b>395</b>	<b>4,559</b>	<b>4,324</b>	<b>18,607</b>	<b>1,617</b>	<b>11,871</b>	<b>20,446</b>	<b>96,973</b>

## STATEMENT OF CONSOLIDATED CASH FLOW

FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000 (IN THOUSANDS OF EURO)  
(TRANSLATION FROM THE ORIGINAL ISSUED IN ITALIAN)

	2001	2000
<b>A. OPENING NET SHORT TERM FINANCIAL INDEBTEDNESS</b>	<b>(10,590)</b>	<b>(22,029)</b>
<b>B. CASH FLOW GENERATED BY (USED IN) OPERATIONS</b>		
- Group net income	20,446	15,207
- Depreciation and amortization	14,442	12,735
- (Gain) or loss on disposal of fixed assets	(842)	(75)
- (Revaluation) or write-down of fixed assets	14	(91)
- Net change in reserve for employee termination indemnities	2,237	1,860
Cash flow from operation before changes in working capital	36,297	29,636
- (Increase) decrease in current receivables	(9,013)	(11,453)
- (Increase) decrease in inventories	(8,699)	(14,231)
- Increase (decrease) in amounts due to suppliers and other liabilities	8,734	28,495
- Increase (decrease) in reserve for risk and charges	2,390	1,044
- Other (net)	274	2,047
	29,983	35,538
<b>C. CASH FLOW GENERATED BY (USED IN) INVESTMENT ACTIVITIES</b>		
Fixed asset investments:		
- Intangibles	(15,059)	(39,116)
- Tangibles	(14,721)	(11,150)
- Financial	(196)	(6,100)
Selling price or value of reimbursement of fixed assets	5,540	1,131
Consolidation area variations	303	(3,603)
	(24,133)	(58,838)
<b>D. CASH FLOW GENERATED BY (USED IN) FINANCIAL ACTIVITIES</b>		
- Increase in long term debts (net)	(344)	41,688
	(344)	41,688
<b>E. CHARGES IN SHAREHOLDERS' EQUITY</b>		
- Distribution of profits	(8,353)	(7,070)
	(8,353)	(7,070)
<b>F. EXCHANGE DIFFERENCE VARIATION</b>	217	121
<b>G. CASH FLOW FOR THE YEAR (B+C+D+F)</b>	<b>(2,630)</b>	<b>11,439</b>
<b>H. CLOSING NET SHORT TERM INDEBTNESS (A + G)</b>	<b>(13,220)</b>	<b>(10,590)</b>

## RECLASSIFIED CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000 (IN THOUSANDS OF EURO)  
(TRANSLATION FROM THE ORIGINAL ISSUED IN ITALIAN)

	2001		2000	
	Partial	Total	Partial	Total
<b>Net sales</b>		<b>336,304</b>		<b>293,202</b>
- <i>Cost of sales</i>		(179,506)		(158,870)
<b>Gross profit</b>		<b>156,798</b>		<b>134,332</b>
<i>% on total net sales</i>		46.6%		45.8%
- <i>Research and development expenses</i>		(18,813)		(17,811)
- <i>General and administrative expenses</i>		(42,896)		(38,256)
- <i>Selling and commercial expenses</i>		(45,711)		(42,071)
<b>Operating profit before amortization of goodwill and consolidation differences</b>		<b>49,378</b>		<b>36,194</b>
<i>% on total net sales</i>		14.7%		12.3%
- Amortization of goodwill and consolidation differences		(4,505)		(3,273)
<b>Operating profit</b>		<b>44,873</b>		<b>32,921</b>
<i>% on total net sales</i>		13.3%		11.2%
- <i>Other charges (income):</i>				
Financial expenses	(15,366)		(19,569)	
Financial income	8,890		14,362	
Adjustments in financial activities	(14)		91	
		(6,490)		(5,116)
<b>Income before extraordinary items, taxes and minority interest</b>		<b>38,383</b>		<b>27,805</b>
- <i>Net extraordinary expenses (income)</i>		214		894
<b>Profit before income taxes</b>		<b>38,597</b>		<b>28,699</b>
- <i>Income taxes:</i>				
Current	(18,849)		(12,561)	
Deferred	996		(342)	
		(17,853)		(12,903)
<b>Net income including minority interest</b>		<b>20,744</b>		<b>15,796</b>
- <i>Minority interest</i>		298		589
<b>Group net income</b>		<b>20,446</b>		<b>15,207</b>

**CONSOLIDATED SEGMENT INFORMATION ACCORDING TO CONSOB  
CIRCULAR N. 98084143 ISSUED ON OCTOBER 27, 1998**

(IN THOUSANDS OF EURO)  
(TRANSLATION FROM THE ORIGINAL ISSUED IN ITALIAN)

	<b>Tea</b>	<b>Process</b>	<b>Packaging</b>	<b>Total</b>
Net sales	49,614	101,380	185,310	336,304
Operating income before amortization of goodwill and consolidation differences	11,430	14,728	23,220	49,378
<b>Operating profit</b>	<b>11,278</b>	<b>11,621</b>	<b>21,974</b>	<b>44,873</b>
Financial expenses (income)				(6,476)
Adjustments in financial activities				(14)
<b>Income before extraordinary items, taxes and minority interest</b>				<b>38,383</b>
Extraordinary items, net				214
<b>Profit before income taxes</b>				<b>38,597</b>
Income taxes				17,853
Minority interest				298
<b>Group net income</b>				<b>20,446</b>

**REPORT OF THE INDEPENDENT AUDITORS**  
**ON THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2001**

**I . M . A . I N D U S T R I A M A C C H I N E A U T O M A T I C H E S . P . A A N D S U B S I D I A R I E S**

