



ANNUAL REPORT 2002



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REPORT ON OPERATIONS
CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2002
(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 .
A N D S U B S I D I A R I E S

COMPANY OFFICERS

(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

Marco Vacchi

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 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

Alberto Vacchi

Delegated powers: ordinary administration of the Company, including banking operations up to and including a maximum of Euro 5,164,569 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

Mauro Gambaro (*)

Andrea Malagoli

Italo Giorgio Minguzzi

Luca Poggi

Maria Carla Schiavina

Gianluca Vacchi

Stefano Visentini

Romano Volta

(*) Appointed by resolution of the Board of Directors on December 16, 2002 to replace Paolo Opromolla who resigned on September 25, 2002.

EXECUTIVE COMMITTEE

(The Executive Committee was disbanded by resolution of the Board of Directors on November 13, 2002)

CHAIRMAN

Marco Vacchi

MEMBERS

Andrea Malagoli

Paolo Opromolla

Luca Poggi

Alberto Vacchi

Stefano Visentini

The Executive Committee exercised the powers of extraordinary administration not reserved to the Board of Directors by law or 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, 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 had the power to delegate and appoint special representatives for particular purposes.

BOARD OF STATUTORY AUDITORS

(In office until April 27, 2004)

AUDITORS

Giorgio Comini - Chairman - Auditor

Amedeo Cazzola - Auditor

Piero Aicardi - Auditor

ALTERNATE AUDITORS

Luigi Ghermandi - Auditor

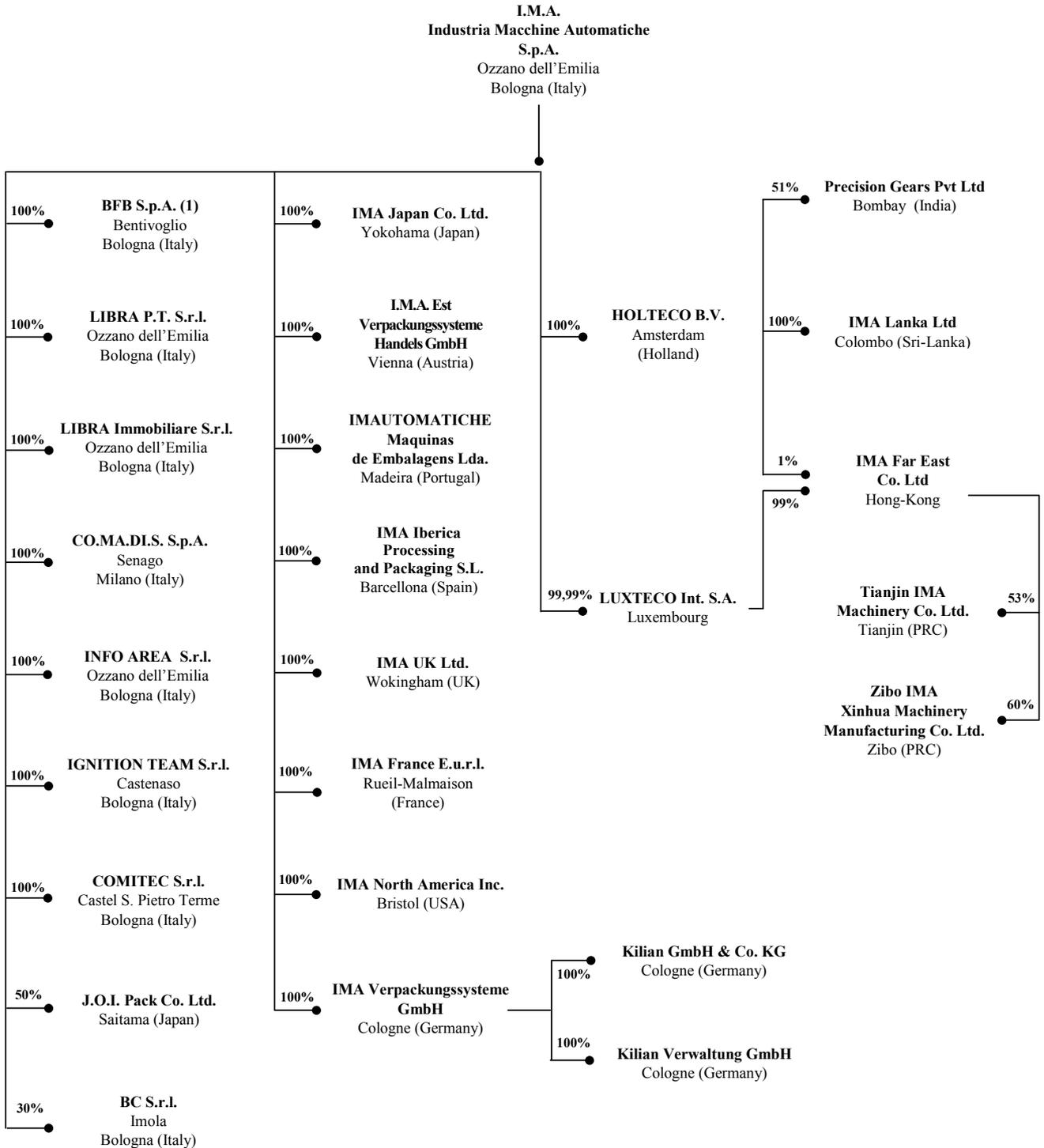
Emanuele Gnugnoli - Auditor

Chiara Gallina – Auditor

INDEPENDENT AUDITORS

Deloitte & Touche Italia S.p.A.

GROUP STRUCTURE



(1) Company absorbed by IMA S.p.A., with effect from January 1, 2003;

GROUP COMPANIES BY BUSINESS ACTIVITY

**MANUFACTURING
ACTIVITIES**

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

BFB S.p.A. (1)
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)

**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)

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
Cologne (Germany)

Libra Immobiliare s.r.l.
Ozzano dell'Emilia
Bologna (Italy)

**FINANCIAL
ACTIVITIES**

Luxteco International S.A.
Luxembourg

HOLTECO B.V.
Amsterdam (Holland)

(1) Company absorbed by IMA S.p.A., with effect from January 1, 2003

SECTORS OF ACTIVITY

I.M.A. Industria Macchine Automatiche S.p.A. is listed in the S.T.A.R. segment of Borsa Italiana S.p.A.'s screen-traded market. The Company designs, manufactures and sells plant and machinery principally for the pharmaceutical and cosmetics sectors and for the packaging of tea bags. In addition, IMA is the holding company for a Group of industrial, commercial and service companies that also operate in the above sectors.

TEA, COFFEE AND HERBAL TEA PACKAGING

PRODUCTS

Machines for the packaging of tea and herbs in filter bags and the packaging of coffee in pods.

FACTORIES

Factory located in Ozzano dell'Emilia (Bologna) – Italy

MAIN COMPANIES

IMA S.p.A. – Tea Division

MARKETS

Producers of tea bags, herbal drinks and coffee. Dominance of Multinational Groups that, however, leave room for local operators to focus with success on specific segments and/or markets. In geographic terms, demand is still heavily concentrated in Europe and North America.

PHARMACEUTICALS PACKAGING

PRODUCTS

Machines for the packaging of capsules and tablets in blisters, for the filling of flacons and phials with liquid products and powders, under both sterile and non-sterile conditions, for cartoning and for end-of-line activities.

FACTORIES

Factories located in:

- Ozzano dell'Emilia (Bologna) – Italy
- Bentivoglio (Bologna) – Italy
- Calenzano (Florence) – Italy
- Senago - Milan (Italy)
- Bombay and Indore – India

MAIN COMPANIES

- IMA S.p.A. – Blister, Win.Pack, Liquids & Powder Filling Divisions.
- BFB S.p.A. – production of machines for cartoning and end-of-line activities.
- Libra P.T. S.r.l. – production of end-of-line machines usable in aseptic environments.
- CO.MA.DI.S. S.p.A. – production of tube-filling machines.
- Precision Gears Pvt. Ltd. (Bombay) production of blister and cartoning machines, mainly for the emerging nations.

- J.O.I. Pack Co. Ltd. – Japanese joint-venture for the development of a blister machine for the local pharmaceuticals market. Currently dormant.

MARKETS

The pharmaceuticals industry represents by far the largest market; while the cosmetics market is growing. Both sectors are dominated by multinational groups, although the activities of fast-growing local businesses cannot be overlooked, particularly in the field of biotechnology. In geographic terms, demand mostly comes from North America and Europe, although there is also strong growth in the demand from emerging nations in the Far East.

PHARMACEUTICALS PROCESSING

PRODUCTS

Machines for the production of tablets and capsules, and for coating, as well as fluid-bed granulators.

FACTORIES

Factories located in:

- Ozzano dell'Emilia (Bologna) – Italy
- Cologne (Germany)
- Zibo – People's Republic of China

MAIN COMPANIES

- IMA S.p.A. - Solid dose division
- Kilian GmbH & Co. KG – production of tablet pressing machines.
- Zibo IMA Xinhua Machinery Manufacturing Co Ltd. – assembly of machines.

MARKETS

Prevalence of the pharmaceutical and health-food industries, with important prospects offered by the detergents, foods, engineering and ceramics industries. The health food industry mainly comprises local operators that are experiencing strong growth.

OTHER ACTIVITIES

The structure of the Group is completed by a number of essentially commercial companies dedicated to serving the sectors referred to above.

GROUP PERFORMANCE

INTRODUCTION

Stockholders,

World gross domestic product grew by 2.3% in 2002, compared with 1.9% in 2001. In particular, GDP rose by 2.3% in the United States compared with +0.3% in the prior year and by 0.7% in the EU, following +1.4% in 2001, while Japan's GDP contracted by 0.1% (+ 0.3% in 2001). The growth of non-OECD nations averaged 3.2% compared with +2.9% in 2001. At the same time, international trade expanded by 2.0%, compared with a contraction of 0.2% in 2001.

Clearly then, for the second successive year, the world economy was extremely weak if not actually recessionary during 2002. Furthermore, the slight improvements seen at an aggregate level cannot be considered to reflect the first, timid signs of recovery since current prospects are decidedly uncertain, with little room for optimism. Following a first quarter of sustained activity, particularly in North America, stimulated by the FED's aggressive monetary policy in the aftermath of the September 11 tragedy, the progressive deterioration in world economic conditions during the remainder of 2002 forced even the most authoritative observers to revise downwards several times their forecasts for the full year. Among the various industrial centers, only the major regions of continental Asia, namely China and India, and certain newly-industrialized nations seem unaffected by the weak conditions afflicting North America, Western Europe and Japan.

These economies are obviously still too small to act as the locomotive for recovery worldwide. Furthermore, they are heavily dependent on the dynamics of consumption in the OECD countries. Economic conditions deteriorated further in Latin America during 2002, especially in Brazil where there were political uncertainties linked with the Presidential elections and growing concern about the level of debt. The US dollar started to weaken significantly from mid-year, particularly against the euro and the yen, with a shift of foreign investment away from dollar-denominated assets on concern, at least in part, about expansion of the deficit generated by the US economy.

The serious macroeconomic scenario described above has also affected the pharmaceutical industry where, for the first time in many years, growth has slowed significantly. Indeed, according to recent data published by IMS Health, the revenues of the pharmaceutical industry grew by 8% in 2002, to \$ 400,6 billion, compared with 12% in 2001. This still represents substantial growth, confirming both the defensive nature of the sector and its good state of health, but this four-point drop in the rate of expansion compared with the prior year provides further evidence of the seriousness of the economic conditions described above, which appear unrelated to traditional cyclical downturns. In particular, the sale of medicines grew 12% in North America compared with 17% in 2001, 8% in Europe (+10% in 2001) and 1% in Japan (+4% in 2001), while sales fell 10% in Latin America. On top of this, the number of new pharmaceuticals launched in 2002 was lower than usual, due solely to delays in obtaining approval from the Food and Drug Administration. Nevertheless, the prospects for the world pharmaceutical industry remain strong for the coming years due, in particular, to steady growth in demand from an ageing population and to the introduction of innovative therapies.

Consistent with this, the rate of growth in demand for new plant and machinery for the production and packaging of medicines has also slowed, given the close correlation between the dynamics of medicine sales and those for the machines that produce and package them, as shown by authoritative studies on the subject. However, the IMA Group has not suffered from this trend, reporting an increased share of all principal markets due to the significant investment in product innovation carried out in prior years.

With regard to the tea industry, the weakness of the economic cycle with a significant contraction in investment by manufacturers has resulted in a slowdown in the replacement of more obsolete machines by western operators.

This effect, however, has been compensated by strong growth in investment in new machines by the countries in central and eastern Europe, which are traditionally major consumers of tea.

CONSOLIDATED STATEMENT OF INCOME

The Group closed 2002 with consolidated net income of Euro 24.43 million, up 19.5% from Euro 20.45 million in 2001.

The following table sets out on a comparative basis the most significant figures from the Group's 2002 reclassified statement of income:

in millions of Euro	2002		2001		Change %
	Amount	%	Amount	%	
Net revenues	353.41		336.30		5.1
Cost of sales	(193.35)		(179.50)		
Gross industrial income	160.06	45.3	156.80	46.6	2.1
R & D costs	(18.38)		(18.81)		
Selling costs	(44.37)		(45.71)		
General and administrative costs	(45.11)		(42.90)		
(E.B.I.T.A.)*	52.20	14.8	49.38	14.7	5.7
Amortization of goodwill and consolidation differences	(5.08)		(4.50)		
Net operating income	47.12	13.3	44.88	1.3	5.0
Net financial income (expense)	(4.25)		(6.48)		
Adjustments to the value of financial assets and dividends	1.04		(0.01)		
Extraordinary items, net	(0.10)		0.21		
Pre-tax result	43.81	12.4	38.60	11.5	13.5
Income taxes	(18.98)		(17.85)		
Net income for the year	24.83	7.0	20.75	6.2	19.7
Minority interests	(0.40)		(0.30)		
Group's net income for the year	24.43	6.9	20.45	6.1	19.5
Gross operating profit (E.B.I.T.D.A.)	62.16	17.6	59.32	17.6	4.8
Order book	151.48		156.54		(3.2)

* Net operating income before amortization of goodwill and consolidation differences

NET REVENUES BY SECTOR

in millions of Euro	2002		2001		Change %
	Amount	%	Amount	%	
Tea, coffee and herbal tea packaging	49.78	14.1	49.61	14.8	0.3
Pharmaceuticals packaging	208.35	59.0	185.31	55.1	12.4
Pharmaceuticals processing	95.28	26.9	101.38	30.1	(6.0)
Total	353.41	100.0	336.30	100.0	5.1

Consolidated net revenues were 5.1% higher than in 2001.

In detail:

- Revenues from the tea, coffee and herbal tea packaging sector were in line with those of the prior year. Despite lower volume from western markets, this performance was made possible by strong demand from countries in central and eastern Europe, such as Poland and the countries of the former Soviet Union, where prospects remain good in 2003 as well.
- Net revenues from the pharmaceuticals packaging sector climbed by 12.4%, reflecting contributions from all Divisions within the Group that operate in this sector.
- There was also a 6% decline in net revenues from process machinery for the pharmaceuticals industry. The contraction in this sector is largely explained by a marked drop in investment by the North American Health Food Industry, which is normally an important market for capsule filling machines. However performance in 2001 also benefited from an unusual, major order for tablet pressing machines from a leading firm in the Middle East. The effects of this business cannot be considered part of normal sales trends. Demand for coating equipment was weak, while sales of fluid-bed granulation equipment were highly satisfactory with good prospects for the future.

NET REVENUES BY GEOGRAPHICAL AREA

in millions of Euro	2002		2001		Change %
	Amount	%	Amount	%	
E. U. (excluding Italy)	139.18	39.4	127.88	38.0	8.8
Other European countries	30.00	8.5	31.02	9.2	(3.3)
North America	77.55	21.9	63.54	18.9	22.0
Asia & Middle East	46.66	13.2	53.93	16.1	(13.5)
Other countries	29.99	8.5	44.09	13.1	(32.0)
Total foreign markets	323.38	91.5	320.46	95.3	0.9
Italy	30.03	8.5	15.84	4.7	89.6
Total	353.41	100.0	336.30	100.0	5.1

Some 91.5% of total net revenues were generated outside Italy, compared with 95.3% in the previous year. About 65% of revenues were generated by plant and machinery, while 35% came from after-sales activities (support, spares, special parts etc.).

During 2002, Group sales fell by about Euro 15 million in Latin America and by about Euro 10 million in the Middle East. Against this marked reduction in revenues, due to particularly weak conditions in these two areas during 2002, sales climbed by 29.5% in North America, or by 22.0% in terms of the Euro, and by 8.8% in Europe. The situation in Europe reflected stronger than average growth in the

pharmaceuticals sector, given a marked decline in deliveries of tea-bagging machines. Sales grew by more than 35% in both China and Russia, while they almost doubled in Italy. These strong increases in markets representing more than 80% of the world's consumption of medicines justify the substantial investment in product innovation carried out by the Group over the past four years. In addition, despite the absence of firm data, we believe that higher demand for new machinery from the sectors where we operate in North America and Europe did not reach *double digits*. This means that the market share of the IMA Group increased significantly during 2002, at the expense of competitors that are less oriented towards innovation. This fact is even more important in terms of the future, since the strengthening of market share worldwide will enable IMA to take advantage, from a much stronger starting position, of the opportunities that will arise when there is a renewed upturn in investment.

GROSS INDUSTRIAL INCOME

Gross industrial income has eased about 1.3 percentage points from 46.6% of net revenues to 45.3%. This decrease was due to two main factors: on the one hand, the weakness of the dollar against the euro which reduced revenues and therefore margins by about Euro 3.5 million and, on the other, the success of new products launched recently with very low margins given that they are still at an early stage in the respective *learning curves*. With regard to this last factor, a significant improvement is expected in 2003, while all possible action has been taken to contain the negative effects of the currency factor (US dollar), not least the adjustment of dollar-denominated price lists.

R&D COSTS

R&D costs incurred during the year totaled Euro 18.38 million (-2.3% compared with the prior year), representing 5.2% of net revenues, versus 5.6% in 2001. This expenditure was charged in full to the statement of income for the year.

This amount only relates to costs incurred to develop new products or update the technology of products already in distribution. It does not include the costs incurred to develop products commissioned by specific customers or to customize products, which are included in the cost of sales since they are invoiced to the customers concerned.

The Group's commitment to technological innovation has always represented a strong competitive advantage, appreciated by all its customers and destined to continue. In particular, commencing from 1998, all the Group's product lines have been completely renewed with a total investment in excess of Euro 80 million. This has represented a major effort in economic terms, not to mention managerial commitment. Today, the Group is starting, with great satisfaction, to reap the benefits of this commitment. The focus on innovation will not diminish in future, but the complete and simultaneous renewal of all product lines will certainly not be repeated. Consequently, the incidence of the cost of developing new products as a percentage of net revenues is due to decline from current levels.

SELLING COSTS

Selling costs, including the commissions earned by agents and other intermediaries, decreased by 2.9% with respect to 2001 and have fallen by about a point in relation to net revenues (from 13.6% to 12.6%). This reduction reflects a fall in commissions

due to lower sales in countries where the Group operates via agents, such as Latin America and the Middle East. Furthermore, major investment to strengthen the sales network over the past two years means that the incidence of this caption on consolidated net revenues will continue to fall.

GENERAL AND ADMINISTRATIVE COSTS

General and administrative costs have risen by 5.2% and are unchanged as a percentage of net revenues. The rise in this caption was largely due to an increase in payroll costs which, in Italy, was close to 6%.

NET OPERATING INCOME

The higher amortization of goodwill arising on consolidation reflects the full-year consolidation of the activities of CO.MA.DI.S. S.p.A., as well as the acquisition of the business for the production of fluid-bed granulators from ICO Oleodinamici S.p.A. The amortization of these activities began in May 2001 with regard to CO.MA.DI.S and in April for the business acquired from ICO Oleodinamici.

All this means that net operating income was Euro 47.12 million, having risen by 5% from Euro 44.88 million in the prior year. Net operating income represented 13.3% of net revenues, as in 2001. This represents very positive performance considering, in particular, the effect of the weakness of the US dollar.

NET FINANCIAL INCOME (EXPENSE)

Net financial charges, including “adjustments to the value of financial assets and dividends”, have decreased by about Euro 3.28 million from Euro 6.49 million in 2001. This marked improvement was due to a number of factors:

- financial charges were down by around Euro 2.55 million with respect to 2001. This decrease was due to a lower average level of debt and the fall in interest rates. The benefit deriving from these factors was only partly offset by higher exchange losses of Euro 0.72 million due to changes in the euro/dollar exchange rate;
- financial income rose by about Euro 0.39 million, despite a reduction in interest income due to the fall in interest rates, following higher exchange gains.

Lastly, Medinvest International S.A., a 7.8% affiliate of Luxteco International S.A., paid a dividend of Euro 0.96 million.

The average cost of borrowing in 2002 was around 4.6%.

NET INCOME

Group net income improved by 19.5% in 2002, rising from Euro 20.45 million to Euro 24.43 million. This marked progress was due both to the results of operating activities, where tight cost control ensured that net operating income was unchanged as a percentage of net revenues, despite the decline in gross industrial income, and to the results of financial activities.

The incidence of taxation on pre-tax results has improved by about three percentage points (from 46.2% in 2001 to 43.3% in 2002). This was made possible largely as a result of the fiscal incentives for new investment available under the “Tremonti Bis” law.

CONSOLIDATED BALANCE SHEET AND FINANCIAL POSITION

This table summarizes the Group's balance sheet as at December 31, 2002:

in millions of Euro	2002		2001		Change %
	Amount	%	Amount	%	
Trade receivables, net	95.92	54.4	109.02	62.4	(12.0)
Inventories	114.93	65.1	89.23	51.1	28.8
Trade payables	(101.88)	(57.7)	(83.97)	(48.1)	21.3
Other payables, net	(24.02)	(13.6)	(29.77)	(17.0)	(19.3)
Operating capital	84.95	48.2	84.51	48.4	0.5
Intangible fixed assets	48.85	27.7	53.47	30.6	(8.6)
Tangible fixed assets, net	50.32	28.5	44.37	25.4	13.4
Equity investments	6.55	3.7	6.45	3.7	1.6
Fixed assets	105.72	59.9	104.29	59.7	1.4
Employee termination indemnities and other	(14.25)	(8.1)	(14.15)	(8.1)	0.7
Net capital invested	176.42	100.0	174.65	100.0	1.0
FINANCED BY:					
Net borrowing	67.25	38.1	75.14	43.0	(10.5)
Minority interests	2.31	1.3	2.54	1.5	(9.1)
Stockholders' equity pertaining to the Group	106.86	60.6	96.97	55.5	10.2
Total sources of finance	176.42	100.0	174.65	100.0	1.0

NET CAPITAL INVESTED

Net capital invested, after deducting non-financial current liabilities, has increased by Euro 1.77 million since December 31, 2001.

OPERATING CAPITAL

Operating capital has increased by 0.5% (+ Euro 0.44 million) which was somewhat lower than the growth in revenues. Comments on the changes in the main balances are given below:

- Trade receivables fell by Euro 13.10 million, even though revenues during the last quarter were consistent with those in the prior year. The major improvement in this caption reflects the incisive awareness campaign conducted in relation to the entire commercial organization.

The considerable size of this caption as a percentage of sales reflects the seasonality of deliveries, with 42.4% concentrated in the final quarter of 2002.

- Inventories rose by Euro 25.70 million, from Euro 89.23 million to Euro 114.93 million. This significant increase was mostly due to the deferral of deliveries at year-end and to differences in the sales mix against plan. In particular, the success of the new products has delayed the delivery of more established lines, the components for which were acquired in advance.

Action is however under way to reduce the value of inventories to a significantly lower level in the immediate future.

- Trade payables increased by Euro 17.91 million, due to an improvement in the level of advances received from customers and to a rise in amounts due to suppliers.

FIXED ASSETS

Overall, fixed assets have increased by Euro 1.42 million since December 31, 2001. This reflects:

- a modest rise in equity investments following an increase in the quotaholders' equity of BC S.r.l.;
- tangible and intangible fixed assets, net of accumulated depreciation and amortization, have increased by Euro 1.32 million since December 31, 2001, due to the net effect of the following movements:

in millions of Euro	Fixed assets		
	Tangible	Intangible	Total
Additions during the period	13.69	4.13	17.82
Net book value of disposals	(0.76)	(0.22)	(0.98)
Exchange differences on consolidated fixed assets	(0.43)	(0.05)	(0.48)
Amortization and depreciation charges for the period	(6.67)	(8.37)	(15.04)
Riclassifications	0.11	(0.11)	–
Total	5.94	(4.62)	1.32

NET BORROWING

Net borrowing of Euro 67.25 million has decreased by Euro 7.89 million since December 31, 2001 (Euro 75.14 million).

This reflects the liquidity generated by the Group, after distributing a significantly higher dividend (Euro 12.92 million, compared with Euro 8.35 million in 2001) and bringing forward capital investment in order to obtain fiscal benefits, and despite the increase in inventories mentioned above.

Furthermore, the position as at December 31 is less favorable than in prior years with respect to the average for the preceding quarters.

**STATEMENT OF CONSOLIDATED
CASH FLOWS**

The following statement of consolidated cash flows relates to the years ended December 31, 2002 and 2001:

in millions of Euro	2002	2001
Net operating income	47.12	44.88
Amortization and depreciation	9.96	9.94
Amortization of goodwill and consolidation differences	5.08	4.50
Investment in fixed assets (net)	(16.36)	(15.49)
Change in operating capital	(0.45)	(1.49)
Change in other assets / liabilities	0.10	2.17
Cash flow from operations	45.45	44.51
Net financial income (expense)	(4.25)	(6.48)
Extraordinary items and dividends	0.85	0.21
Income taxes	(18.98)	(17.85)
Cash flow from ordinary activities	23.07	20.39
Acquisitions	–	(15.07)
Cash flow from extraordinary activities	–	(15.07)
Dividends paid to stockholders	(12.92)	(8.35)
Other changes in stockholders' equity	(2.26)	(0.11)
Change in net borrowing	7.89	(3.14)

STOCKHOLDERS' EQUITY PERTAINING TO THE GROUP

Stockholders' equity pertaining to the Group was Euro 106.86 million at year end. This was Euro 9.89 million higher than the position as at December 31, 2001, as a result of the following movements:

Dividends paid during the year	(12.92)
Exchange differences on the translation of foreign currency financial statements	(1.62)
Net income for the year	24.43
Total	9.89

ANALYSIS OF PERFORMANCE BY SECTOR

The following schedule analyzes consolidated operations during 2002 by business sector, as required by Consob decision no. 98084143 of October 27, 1998.

in millions of Euro	Tea	Packaging	Process	Other	Total
Net revenues	49.78	208.35	95.28		353.41
Net operating income before amortization of goodwill and consolidation differences	12.66	29.88	9.66		52.20
Net operating income	12.66	28.01	6.45		47.12
Net capital invested	23.11	64.41	82.89	6.01	176.42
R&D costs	2.73	9.85	5.80		18.38
Personnel as of 31/12/2002 (*)	215	1,292	498	363	2,368
Order book	32.18	95.30	24.00		151.48

(*) The personnel allocated to the various sectors are those directly employed in those sectors, while the figure reported in the "Other" column reflects those employed by the sales organizations at branches and in the Group's administrative and central offices.

Net capital invested includes Euro 39.56 million in goodwill and consolidation differences, of which Euro 7.89 million relates to the packaging sector and Euro 31.67 million to the process sector.

The amount of Net capital invested allocated to the "Other" column mainly reflects the value of equity investments that cannot be reallocated.

TEA, COFFEE AND HERBAL TEA PACKAGING

in millions of Euro	2002	2001	Change %
Net revenues	49.78	49.61	0.3
Net operating income before amortization of goodwill and consolidation differences	12.66	11.43	10.8
Net operating income	12.66	11.28	12.2
Net capital invested	23.11	n.a.	
R&D costs	2.73	4.10	(33.4)
Personnel as of 12/31 (direct)	215	216	
Order book	32.18	21.73	48.1

The tea, coffee and herbal tea packaging sector essentially comprises the activities performed directly by the parent company IMA S.p.A., via its Tea Division. In this area, collaboration with Comitec Srl, a subsidiary, ceased in 2002 and Value Machinery Inc. was sold.

Product sales and the related after-sales support in North America, Central and Eastern Europe, the UK, Japan and China, are handled by the Group's branches operating in these countries, while all other locations are covered by the Division, either directly or via agents.

The tea sector performed very well during 2002, both in terms of the tenacity of sales, despite a depressed order book at the start of the year and poor macroeconomic conditions, and particularly with regard to profitability.

As already mentioned, the western market for tea-bagging machines is essentially limited to replacements as a result of physical obsolescence or for marketing reasons, as operators seek new forms of packaging. Accordingly, demand is adversely affected by cyclical economic downturns. This is confirmed in the current cycle, with a downturn in orders from, in particular, the leading European countries. This decline has been offset, however, by demand from central and eastern Europe, where the local tea-bagging industry is being upgraded in order to reduce the reliance on imports, which are subject to increasingly high customs duties.

In addition, the prospects for collaborating with certain leading European Groups are now looking extremely bright and the benefits of this will undoubtedly commence from 2003.

The good prospects for the sector are also confirmed by the size of the order book at the start of the year, which is almost 50% higher than at the beginning of 2002.

As demonstrated by the figures for net operating income, up 12.2% on 2001 and representing 25.4% of net revenues versus 22.7% in 2001, this sector makes a very important contribution to the Group's consolidated results, with solid prospects for further improvement. The improvement in profitability in 2002 was due to the significantly lower incidence of R&D costs with respect to the prior year, following the passing of the peak in investment to renew the entire product range, while there should be a further improvement in industrial profit as these new products leave the start-up phase.

PHARMACEUTICALS PACKAGING

in millions of Euro	2002	2001	Change%
Net revenues	208.35	185.31	12.4
Net operating income before amortization of goodwill and consolidation differences	29.88	23.22	28.7
Net operating income	28.01	21.97	27.5
Net capital invested (*)	64.41	n.a.	
R&D costs	9.85	9.26	6.4
Personell as of 12/31 (direct)	1,292	1,274	
Order book	95.30	104.75	(9.0)

(*) Net capital invested includes goodwill and consolidation differences of Euro 7.89 million.

The sector of packaging machines for the pharmaceuticals industry includes the activities directly performed by the parent company IMA S.p.A. via the Blister Division, the Win.Pack Division and the Filling and Sterile Division. It also includes the activities of BFB S.p.A., a subsidiary located in Bentivoglio (Bologna) that was absorbed by IMA S.p.A. with effect from January 1, 2003, via the Cartoning and End of Line Divisions, and those of Libra S.r.l., a subsidiary located in Ozzano dell'Emilia (Bologna), Co.Ma.Di.S. S.p.A., located in Senago (Milan), and Precision Gears, the Indian subsidiary with locations in Bombay and Indore (India).

In addition, COMITEC s.r.l., a wholly-owned subsidiary based in Castel San Pietro Terme – Bologna, carries out design activities for the Pharmaceuticals packaging sector.

IMA's network of branches covering 16 countries 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 pharmaceuticals industry represents the principal market, although there is growing demand from the cosmetics industry, especially for filling and cartoning machines and end-of-line products.

The Group's product range in this sector is extremely wide, placing it in a leadership position worldwide. The range covers a family of machines for the production of blisters, with speeds ranging from 60 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 palletising systems, etc.) and labelling machines.

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

in millions of Euro	2002	2001	Change %
Blister	78.57	69.90	12.4
Filling and Sterile	62.69	53.89	16.3
Cartoning	21.51	20.17	6.6
End of line	34.28	33.35	2.8
Other	11.30	8.00	41.3
Total	208.35	185.31	12.4

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

The dynamics of demand for machines for the packaging of pharmaceutical products varied considerably around the world, with sharp drops in Latin America and the Middle East that were more than offset by major increases in Europe, North America and China. Over the past two years, the Group's revenues from the blister segment have grown by more than 36% and, at the same time, sales of filling machines have benefited from the strong growth in demand for sterile lines, particularly from North America. There is good reason to believe that our market shares in these segments have grown considerably due to the success of the product lines introduced during the last couple of years.

The size of the order book as at December 31, 2002, was 9% lower than at the end of 2001. This statistic is not particularly meaningful, since multinational companies had only just begun the process of issuing orders, given that most of their purchasing is concentrated between the months of December and May. As such, even slight delays or early ordering can cause major fluctuations in percentage terms. Indeed, the order book was 52% higher at December 31, 2001, than it was at the end of the previous year. The number of "hot" negotiations in progress is also important in relation to the order book. This is very substantial at the moment and enables us to look forward to the rest of the year with confidence. All the product lines contributed to the major improvement in the profitability of the sector, which has reported a rise of about 28.7% in net operating income before amortization of goodwill and consolidation differences (E.B.I.T.A.).

The sector still has significant room for improving its profitability, especially in the areas of Cartoning and Filling & Sterile.

The commitment to product innovation has been intense, as demonstrated by numerous new products presented at the Interpack fair and by those to be shown at the forthcoming Achema fair in Frankfurt.

PHARMACEUTICALS PROCESSING

in millions of Euro	2002	2001	Change %
Net revenues	95.28	101.38	(6.0)
Net operating income before amortization of goodwill and consolidation differences	9.66	14.73	(34.4)
Net operating income	6.45	11.62	(44.6)
Net capital invested (*)	82.89	n.a.	
R&D costs	5.80	5.46	6.2
Personnel as of 12/31 (direct)	498	484	
Order book	24.00	30.06	(20.2)

(*) Net capital invested includes goodwill and consolidation differences of Euro 31.67 million.

The sector of processing machines for the pharmaceuticals industry includes the activities performed directly by the parent company IMA S.p.A. through its Solid Dose Division, as well as the activities of the wholly-owned subsidiaries Kilian GmbH & Co. KG, located in Cologne (Germany) and Zibo IMA Co. Ltd. (China).

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. The breadth and depth of the Group's range in this sector make it the only real provider of complete solutions, from the treatment of powders to the production of medicines in capsule and tablet form, with the related control systems.

The fall in revenues during 2002 was mainly due to the collapse in investment by the North American Health Food Industry which, in previously years, had absorbed a significant portion of the sales of capsule filling machines, together with a major drop in deliveries to Brazil, Mexico and the Middle East. The volume of deliveries in this last area was significant during 2001, especially with regard to tablet press machines. Demand for coating equipment was also weak, while the sales launch of fluid-bed granulation equipment went very well with excellent prospects for future growth. The decrease in net operating income before amortization of goodwill and consolidation differences (E.B.I.T.A.), down from 14.5% of revenues in 2001 to 10.1%, reflects a reduction in contribution margin following a change in sales mix; the effect of a weaker dollar given that the North American market has always generated a large proportion of the sales in this sector (more than in other sectors), and the lower margin on new products that are still at the start-up stage. At the same time, investment in R&D has increased in line with the program to totally renew the product range, which is now reaching completion. This expense caption is therefore due to decline as a percentage of net revenues, commencing from 2003. Aside from the specific events mentioned above that had an adverse effect on the performance of the sector in 2002 and which are related to the macroeconomic cycle, we are convinced that the Group's excellent position in the segment, as further strengthened

by our efforts to innovate, will enable profitability to return rapidly to the levels reported in prior years.

The lower level of orders at year end should not be a cause for concern in a sector where delivery times are significantly shorter than for other product lines, especially considering the large number of negotiations in progress in a market which continues to expand.

INVESTMENT

Investment in tangible and intangible fixed assets during 2002 totaled Euro 17.82 million. The most significant additions to tangible fixed assets related to the construction of new industrial buildings in order to expand the assembly areas following an increase in the volume of production. In particular, the new factory that will house Libra P.T. Srl, covering 7,800 sq.m. at Calenzano, is nearing completion. Work has begun on a new industrial building covering 5,400 sq.m. at the via Emilia site, at Ozzano, in order to give the Filling Division more space. A Service Center covering 1,150 sq.m. has been built at the via 1° Maggio site at Ozzano, with rooms equipped for the training of customers, and a new 3,200 sq.m. factory has been built at Bentivoglio. This building was essential following the growth of the Cartoning and End-of-line Divisions. In total, the new constructions cover 17,550 sq.m. and will all be in service by the end of June 2003. At the same time, the internal workshops have been significantly upgraded with the purchase of four sophisticated N.C. Centers rotating about five axes. Here as well, the investment is justified by the need to cope with higher volumes, while retaining the Group's *philosophy* of performing only the most sophisticated work in house, together with that requiring greater flexibility in terms of deliveries. The third area of significant investment related to the network of information systems, with the introduction of SAP at Kilian GmbH & Co. KG, and to the technical drawing area.

HUMAN RESOURCE POLICY INDUSTRIAL RELATIONS AND TRAINING

EMPLOYEES

As at December 31, 2002 the Group employed 2,368 persons, versus 2,301 at the end of 2001. The geographical breakdown of the workforce was as follows:

	2002	2001	Var.
Italy	1,534	1,496	38
India	346	353	(7)
Germany	285	265	20
USA	60	48	12
China	48	37	11
U.K.	33	32	1
France	25	25	–
Eastern Europe	24	22	2
Japan	1	12	(11)
Spain	10	9	1
Portugal	2	2	–
Total	2,368	2,301	67

The drop in employment in Japan reflects the Group's decision to close the branch there in view of the greater efficiency of operating in that country via alliances and joint ventures with local partners.

PERSONNEL COSTS

Personnel costs amounted to Euro 98.58 million, compared with Euro 91.19 million in the prior year (+8.1%), representing 27.9% of net revenues as against 27.1% in 2001. In particular, the cost of Italian employees rose about 6% in 2002 due to the effect of the National Payroll Contract for Engineering Workers that was renewed on July 3, 2001, and of the agreements contained in the earlier In-House contract.

HUMAN RESOURCE POLICY

A proper balance between efficiency and effectiveness in organizational terms is achieved by drawing on the professionalism and skills possessed by the Group's human resources. The contribution made by each employee is a key element in the success of the Group, both in terms of team work and individual effort in the context of a participative personnel policy, comprising involvement, communications, training and appropriate remuneration plans. The IMA Group, aware of this, continues to pursue the objective of rationalizing the organizational structure, via the slimming of the decision-making process, the delegation of responsibility and the maximization of integration between functions. Guidance and support for this process has involved heavy investment both in training, to improve participation and develop proper attitudes towards the improvement of results, and in the management of processes to evaluate the skills of employees, in the context of a professionally-advanced system for the management of human resources. Once again in 2002, following the acquisitions made in the prior year, the policies for integrating different professional realities were at the forefront of discussion. The flexibility of the organizational structure and the attention paid to individuals, both in professional and human terms, all contributed to smoothing the process of integration in an environment that values the diversity of professional experience.

TRAINING

More than 87% of employees were involved in some 8,000 hours of training 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

In terms of Industrial Relations, our ongoing and long-established relations with the Trade Unions have once again enabled continuously evolving conditions to be managed on a dynamic basis, with a wide degree of agreement that reflects a substantial absence of strife in a climate of proper union relations.

HEALTH, SAFETY AND THE ENVIRONMENT

The growing attention paid by the legislator and social partners to the working environment, health and safety has resulted in, on the one hand, an advanced infrastructure of legislation and, on the other, an increased awareness of these issues by employees and customers. IMA has always dedicated close attention to these matters, frequently anticipating legislative requirements and considering the working environment, health and safety to be an integral part of management and the decision-making processes within all functions, with a strong focus on

prevention and protection. In order to place even more emphasis on these activities, the General Services, Environment and Safety Department was created in 2002, reporting directly to General Management. This Department guides, supports and controls the activities of the Divisions and Functions that comprise the activities of the Group, which remain responsible for the more directly operational aspects of their businesses. In this way, uniform guidelines are assured for the various manufacturing units, together with closer integration within the production cycle of aspects linked to health in the workplace and the environment.

PERFORMANCE OF IMA S.P.A.

Our commentary on Group performance has implicitly covered the activities of the parent company, whose sales, including those to marketing subsidiaries, accounted for 61% of the IMA Group's consolidated net revenues.

STATEMENT OF INCOME

The highlights of the parent company's results for 2002 are summarized below on a comparative basis:

in millions of Euro	2002		2001		Change %
	Amount	%	Amount	%	
Net revenues	216.95		211.17		2.7
Cost of sales	(122.20)		(116.27)		
Gross industrial income	94.75	43.7	94.90	44.9	(0.1)
R&D costs	(12.27)		(12.39)		
Selling costs	(25.87)		(27.17)		
General and administrative costs	(26.56)		(26.57)		
Net operating income before amortization of goodwill and consolidation differences (E.B.I.T.A.)	30.05	13.9	28.77	13.6	4.4
Amortization of goodwill	(1.58)		(1.47)		
Net operating income	28.47	13.1	27.30	12.9	4.3
Net financial income (expense)	(1.65)		(3.79)		
Dividends	9.27		6.92		
Writedown of equity investments	(2.52)		(2.68)		
Accelerated depreciation	(1.65)		(1.22)		
Extraordinary items, net	–		(0.43)		
Pre-tax result	31.92	14.7	26.10	12.4	22.2
Income taxes	(13.98)		(10.63)		
Net income for the year	17.94	8.3	15.47	7.3	15.9
Gross operating profit (E.B.I.T.D.A.)	35.44	16.3	33.51	15.9	5.7

The company closed 2002 with net income of Euro 17.94 million, up about 16% with respect to the prior year.

Net revenues were 2.7% higher than in 2001.

The lower incidence of gross industrial income on net revenues, with respect to the consolidated ratio, is explained by the fact that certain Divisions of IMA S.p.A. use machines supplied by other group companies in order to create complete lines. Obviously enough, the margins on these machines are lower than on those produced directly by the company.

R&D costs were broadly unchanged at around 5.6% of net revenues.

Selling costs have fallen by 4.8% with respect to 2001, representing a reduction of about one point in their incidence on net revenues (from 12.9% to 11.9%).

This contraction compared with the prior year reflected lower commissions, following the reduction in sales to countries where the company operates via agents, and the fact that costs in 2001 included events to celebrate the 40th anniversary of IMA S.p.A.

**REPORT ON OPERATIONS
BY BUSINESS**

The following schedule analyzes operations during 2002 by business sector, as required by Consob decision no. 98084143 of October 27, 1998.

in millions of Euro	Tea	Packaging	Process	Other	Total
Net revenues	48.30	119.07	49.58	–	216.95
Net operating income before amortization and goodwill	11.88	12.84	5.33	–	30.05
Net operating income	11.88	12.84	3.75	–	28.47
Net capital invested	21.63	17.90	37.37	54.40	131.30
R&D costs	2.73	6.88	2.66	–	12.27
Personell as of 12/31/2002 (*)	210	533	218	122	1,083
Order book	31.94	60.43	15.89	–	108.26

()The personnel allocated to the various sectors are those directly employed in those sectors, while the figure reported in the “Other” column reflects those employed in the administrative and central offices.*

Net capital invested includes Euro 12.05 million in goodwill relating to the process sector.

The amount of Net capital invested allocated to the “Other” column mainly reflects the value of equity investments and financial receivables from those companies.

Comments on the performance of the various sectors of activity have already been presented in the section dedicated to the performance of the Group.

EMPLOYEES

As at 12.31.2002, IMA S.p.A. employed 1,083 persons compared with 1,058 at the end of 2001.

The breakdown of the workforce by grade is summarized below:

	12.31.2002	12.31.2001
Managers	35	32
Clerical staff	772	757
Factory workers	276	269
Total	1,083	1,058

PERSONNEL COSTS

Personnel costs totaled Euro 50.90 million, compared with Euro 47.66 million in the prior year.

This increase (+ 6.8%) is consistent with the growth in the cost of employing Italian personnel, which rose by about 6% in 2002.

**BALANCE SHEET AND
FINANCIAL POSITION**

The company's balance sheet and financial position as at December 31, 2002 are summarized below:

in millions of Euro	2002		2001		Change %
	Amount	%	Amount	%	
Trade receivables, net	68.45	52.1	83.09	65.0	(17.6)
Inventories	70.90	54.0	55.07	43.0	28.7
Trade payables	(87.07)	(66.3)	(78.47)	(61.4)	10.9
Other payables, net	(14.36)	(10.9)	(17.82)	(13.9)	(19.4)
Operating capital	37.92	28.9	41.87	32.7	(9.4)
Intangible fixed assets	18.43	14.0	20.04	15.7	(8.0)
Tangible fixed assets, net	30.01	22.9	25.45	19.9	17.9
Equity investments and financial fixed assets	54.94	41.8	50.61	39.6	8.6
Fixed assets	103.38	78.7	96.10	75.2	7.6
Employee termination indemnities and other	(10.00)	(7.6)	(10.11)	(7.9)	(1.0)
Net capital invested	131.30	100.0	127.86	100.0	2.7
FINANCED BY:					
Net borrowing	49.43	37.6	51.02	39.9	(3.1)
Stockholders' equity	81.87	62.4	76.84	60.1	6.5
Total sources of finance	131.30	100.0	127.86	100.0	2.7

The decrease in operating capital by 9.4% is explained by the changes in the following captions:

- Trade receivables have decreased by Euro 14.64 million as a result of the effective awareness campaign conducted in relation to the entire commercial organization.
- Inventories have risen from Euro 55.07 million to Euro 70.90 million, up Euro 15.83 million, mostly due to the deferral of deliveries at year-end and to differences in the sales mix against plan, as mentioned earlier.
- Trade payables increased by Euro 8.6 million, due to an improvement in the level of advances received from customers and to a rise in amounts due to suppliers.

Fixed assets were Euro 7.28 million higher than at December 31, 2001. This change was essentially caused by additions to tangible fixed assets and an increase in equity investments in subsidiaries.

Net borrowing of Euro 49.43 million has decreased by Euro 1.59 million since December 31, 2001 (Euro 51.02 million).

STATEMENT OF CASH FLOWS

The following statement of cash flows relates to the years ended December 31, 2002 and 2001.

in millions of Euro	2002	2001
Net operating income	28.47	27.30
Amortization and depreciation	7.03	5.96
Amortization of goodwill	1.58	1.47
Investments in fixed assets (net)	(11.55)	(8.78)
Change in operating capital	3.95	6.21
Change in other assets / liabilities	(0.10)	1.95
Cash flow from operation	29.38	34.11
Net financial income (expense)	(1.65)	(3.79)
Dividends	9.27	6.92
Extraordinary items and accelerated depreciation	(1.65)	(1.65)
Taxes	(13.98)	(10.63)
Cash flow from ordinary activities	21.37	24.96
Change in equity investments and goodwill	(6.86)	(30.45)
Cash flow from extraordinary activities	(6.86)	(30.45)
Dividends paid to stockholders	(12.92)	(8.36)
Other changes in stockholders' equity	-	1.63
Change in net borrowing	1.59	(12.22)

STOCKHOLDERS' EQUITY

Stockholders' equity totaled Euro 81.87 million at year end. The increase of Euro 5.02 million since December 31, 2001, was due to the following movements:

Dividends paid during the year	(12.92)
Net income for the year	17.94
Total	5.02

TREASURY STOCK

Treasury stock amounted to Euro 3.26 million, as of December 31, 2002, represented by 326,621 shares. This purchase was made under the mandate granted to the Board of Directors of IMA S.p.A., at the stockholders' meeting held on April 24, 2002, to purchase a maximum of 3,610,000 IMA shares.

COMPANY LOCATIONS

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

Via 1° Maggio, 14/16 Ozzano dell' Emilia (BO) Factory and offices

Via Tosarelli, 184 Castenaso (BO) Head office

Via Emilia, 428/442 Ozzano dell'Emilia (BO) Factory and offices

Via S. Pietro, 16/18/20 Ozzano dell'Emilia (BO) Factory and offices

OTHER INFORMATION

SIGNIFICANT EVENTS AFTER YEAR END

The principal events taking place subsequent to year end were:

- absorption of the wholly-owned subsidiary BFB S.p.A., manufacturer of end-of-line machines for use in various sectors, by IMA S.p.A., with effect from January 1, 2003;
- liquidation from February 2003 of IMA Japan Co. Ltd., a marketing company wholly owned by IMA S.p.A.;
- adoption from January 1, 2003, of the Code of Conduct prepared pursuant to art. 2.6.3 et seq. of the Regulations of Borsa Italiana S.p.A.

PERFORMANCE DURING THE CURRENT YEAR

Demand for machines for the pharmaceuticals industry remains satisfactory, despite a further slowdown in the world economy and the current geopolitical turbulence which fuels a climate of deep uncertainty. This confirms, once again, that the pharmaceuticals sector is counter-cyclical and exempt from serious macroeconomic crises. The authoritative IMS Health Institute expects world consumption of medicines to grow further in 2003, and the sale of machines is known to be correlated to this trend.

The IMA Group has no reason for pessimism at this time, given the size of the order book and the large number of negotiations that are being completed in this period. These contracts cannot be deferred since they are linked to the launch of new products by the pharmaceuticals industry. Even the tea sector, which also started the year with a substantial order book, has received substantial new orders during the first two months of 2003 from central and eastern Europe and from firms in western Europe. These factors give us reason to believe that, in 2003, the Group will continue to grow in terms of both sales and profitability.

Consolidated net revenues amounted to Euro 22.42 million at the end of February, in line with the corresponding period in 2002 (Euro 22.15 million), which is typical for this time of the year given the seasonality of deliveries that characterizes the sector. The order book amounted to Euro 164.54 million as at February 28, 2003, up 8.6% since the end of 2002 (Euro 151.47 million).

TRANSACTION WITH PARENT COMPANIES AND OTHER GROUP COMPANIES

With regard to relations with parent companies, IMA S.p.A. is 51% owned by FINVACCHI S.p.A., itself a subsidiary of Lopam Fin S.p.A. As disclosed below and in the explanatory notes, there were no dealings of any significance with FINVACCHI S.p.A. in 2002. There were no transactions with Lopam Fin S.p.A. 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. IMA's dealings with the Group's marketing companies relate to the sale, distribution and related customer service activities in their respective territories of products manufactured by IMA's various divisions. IMA's manufacturing subsidiaries have similar relationships with the marketing companies.

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 machines 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 principal financial and operating information of subsidiary companies is provided in the section entitled "Summary of the financial statements of subsidiary companies".

The effect of transactions between Group companies on the 2002 financial statements is reported below. The effect of transactions with related parties is reported in the explanatory notes.

RECEIVABLES

in thousands of Euro	2002	2001
Trade receivables		
• Subsidiary companies	24,231	26,038
• Associated companies	4	–
• Parent companies	3	3
	24,238	26,041
Financial receivables		
• Subsidiary companies	10,626	9,936
	10,626	9,936
Total	34,864	35,977

Receivables mainly derive from the sale of goods in the ordinary course of business, and from the provision of administrative and marketing services.

PAYABLES

in thousands of Euro	2002	2001
Trade payables		
• Subsidiary companies	24,191	29,444
• Associated companies	449	567
• Parent companies	–	–
Total payables	24,640	30,011

Trade payables derive from services received, the supply of goods and commissions.

MEMORANDUM OF ACCOUNTS

in thousands of Euro	12.31.2002	12.31.2001
<i>Unsecured guarantees given</i>		
Guarantees given in the interests of:		
• subsidiary companies	32,531	37,481
	32,531	37,481
Letters of patronage given in the interests of:		
• subsidiary companies	13,547	9,899
	13,547	9,899
Total memorandum accounts	46,078	47,380

The various forms of guarantee given in the interests of subsidiary companies assist the lines of credit and loans granted to them by the banking system.

VALUE OF PRODUCTION

REVENUES

in thousands of Euro	2002	2001
• Subsidiary companies	52,909	57,191
• Associated companies	4	5
• Parent companies	2	2
Total	52,915	57,198

Revenues from subsidiary companies essentially derive from the sale of goods in the ordinary course of business and from the provision of administrative and marketing services.

PRODUCTION COSTS

RAW, ANCILLARY AND CONSUMABLE MATERIALS AND GOODS FOR RESALE

in thousands of Euro	2002	2001
• from subsidiary companies	17,282	18,687
• from associated companies	2,231	2,379
Total	19,513	21,066

SERVICES

in thousands of Euro	2002	2001
• from subsidiary companies	16,547	16,605
• from associated companies	177	213
• from parent companies	–	4
Total	16,724	16,822

OTHER OPERATING EXPENSES

in thousands of Euro	2002	2001
• from subsidiary companies	47	13
Total	47	13

The costs charged by Group companies mainly relate to the purchase of machines, agency commissions and consultancy.

**FINANCIAL INCOME
AND EXPENSE**

OTHER FINANCIAL INCOME

in thousands of Euro	2002	2001
• Interest on amounts due from subsidiaries	552	327
Total	552	327

This interest relates to loans made.

INTEREST AND OTHER FINANCIAL EXPENSE

in thousands of Euro	2002	2001
• Charges from parent companies	13	7
Total	13	7

These charges relate to guarantees received.

**CONSOB
RECOMMENDATIONS
N. 97001574 OF
FEBRUARY 20, 1997 AND
N. 98015375 OF
FEBRUARY 27, 1998**

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 P.T. Srl, Libra Immobiliare S.r.l., Co.Ma.Di.S. S.p.A. and Info Area Srl.; 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.

**CORPORATE GOVERNANCE
AND CODE OF CONDUCT**

For information on the Company's system of Corporate Governance and its application of the Code of Conduct, 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 for the Regulation of organized markets managed by Borsa Italiana S.p.A. dated March 18, 2003.

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

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

As per art. 1.3 of the Code of Conduct, the Board hereby discloses the other directorships and auditor positions held by the Company's directors in listed companies, including foreign companies, and in finance companies, banks, insurance companies and other large companies, based on declarations received from these persons:

Gambaro Mauro

- IMMSI S.p.A. (Director)
- SNIA S.p.A. (Director)

- Antenore Finance S.p.A. (Director)
- Berni s.r.l. (Chairman of the Board of Directors)
- Casoni Fabbricazioni Liquori S.p.A. (Director)
- Credito Industriale Sammarinese S.A. (Director)
- Ducati Energia S.p.A. (Director)
- Finantia S.A. (Director)
- F.C. Internazionale Milano S.p.A. (Director)
- Interbanca Gestione Investimenti SGR S.p.A. (Chairman of the Board of Directors)
- Interbanca International Holding S.A. (Vice Chairman and Managing Director)
- Mark IV Industries Inc. (Director)
- Marsilli & Co. S.p.A. (Director)
- Nordest Avio S.p.A. (Director)
- Omnipartecipazioni S.p.A. (Director)
- Promotor International S.p.A. (Director)
- SCC S.p.A. (Chairman of the Board of Directors)
- Theano Finance S.p.A. (Director)

Andrea Malagoli

- Fin Vacchi Finanziaria Vacchi S.p.A. (Managing Director)

Italo Giorgio Minguzzi

- Ferretti S.p.A. (Director)
- Ducati Holding S.p.A. (Auditor)
- Eurocommercialbank (Chairman of the Board of Directors)

Marco Vacchi

- Fin Vacchi Finanziaria Vacchi S.p.A. (Chairman)
- Lopam Fin S.p.A. (Chairman)
- B Group S.p.A. (Vice Chairman)
- Banca di Bologna Credito Cooperativo SCRL (Director)

Alberto Vacchi

- Fin Vacchi Finanziaria Vacchi S.p.A. (Director)
- B Group S.p.A. (Director)
- ALVA S.r.l. (Sole Director)

Gianluca Vacchi

- Fin Vacchi Finanziaria Vacchi S.p.A. (Director)
- Cofiva Holding S.p.A. (Sole Director)
- G. V. Invest S.r.l. (Sole Director)
- AL.GI. S.r.l. (Sole Director)
- W.I.N. Web Investment Network N.V. (Director)
- Cofiva S.A. (Director)
- Medinvest International SCA (Member of the Supervisory Board)
- Interactive Group S.p.A. (Sole Director)
- Interactive S.p.A. (Director)

Romano Volta

- Datalogic S.p.A. (Chairman)
- Cardine Banca S.p.A. (Director)
- Summa Finance (Chairman)

**CONSOB DECISION N. 11971
OF MAY 14, 1999**

In compliance with the requirements of this decision, the following schedule sets out the equity investments held by directors, statutory auditors, general managers and their spouses and under-age children in IMA and its subsidiary companies.

Name	Name of the company held	Number of shares held at the end of 2001	Number of shares purchased	Number of shares sold	Number of shares held at the end of 2002
Poggi Luca	IMA S.p.A.	88,000	76,630	–	164,630
Vacchi Alberto	IMA S.p.A.	397,500	40,450	428,066	9,884
Vacchi Gianluca	IMA S.p.A.	2,260,500	2,482,343	–	4,742,843
Visentini Stefano	IMA S.p.A.	65,500	8,000	–	73,500
Volta Romano	IMA S.p.A.	42,000	–	–	42,000

THE CHAIRMAN OF THE BOARD OF DIRECTORS

MARCO VACCHI

CONSOLIDATED BALANCE SHEET AND
CONSOLIDATED STATEMENT OF INCOME
AS OF DECEMBER 31, 2002

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

CONSOLIDATED BALANCE SHEET

AS OF DECEMBER 31, 2002 AND COMPARISON WITH DECEMBER 31, 2001 (IN THOUSANDS OF EURO) - (TRANSLATION FROM THE ORIGINAL ISSUED IN ITALIAN)

ASSETS	December 31, 2002		December 31, 2001	
	Partial	Total	Partial	Total
A. DUE FROM SHAREHOLDERS FOR CAPITAL NOT PAID IN		-		-
B. FIXED ASSETS				
<i>I. Intangible assets</i>				
Incorporation and subsequent expenses	988		1,125	
Research and Development costs	3		5	
Industrial patent and intellectual property rights	499		602	
Concessions, licences, trademarks and similar rights	5,290		3,667	
Goodwill	16,343		18,435	
Differences on consolidation	23,219		26,205	
Intangible in progress and payments on accounts	74		49	
Other	2,432		3,382	
<i>Total intangible assets</i>		48,848		53,470
<i>II. Tangible assets</i>				
Land and buildings	23,625		23,923	
Plant and machinery	14,866		14,194	
Production and commercial equipments	1,662		1,318	
Other	4,599		4,757	
Tangible in course of construction and advance payments	5,566		182	
<i>Total tangible assets</i>		50,318		44,374
<i>III. Financial assets</i>				
Investments				
- subsidiaries	37		37	
- associated companies	335		242	
- other	6,174		6,175	
Receivables	1,240		1,424	
Securities	3,621		4,239	
<i>Total financial assets</i>		11,407		12,117
TOTAL FIXED ASSETS (B)		110,573		109,961
C. CURRENT ASSETS				
<i>I. Inventories</i>				
Raw material, ancillary materials and consumables	7,914		10,944	
Work in progress and semi-finished goods	101,406		72,171	
Contract work in progress	1,926		-	
Finished goods	3,686		6,111	
Advances	3,847		3,424	
<i>Total inventories</i>		118,779		92,650
<i>II. Receivables</i>				
Receivables due after next accounting period				
- receivables	5,626		7,204	
- other	1,692		1,477	
Total receivables due after accounting period		7,318		8,681
Receivables due within next accounting period				
- receivables	90,284		101,792	
- subsidiaries	135		157	
- associated companies	4		-	
- parent company	3		3	
- other	10,695		9,426	
Total receivables due within accounting period		101,121		111,378
<i>Total receivables</i>		108,439		120,059
<i>III. Financial assets not representing fixed assets</i>				
Own shares	3,260		4,324	
Marketable securities	868		812	
Financial receivables not representing fixed assets	634		-	
<i>Total financial assets not representing fixed assets</i>		4,762		5,136
<i>IV. Cash in bank and on hand</i>		43,963		66,066
TOTAL CURRENT ASSETS (C)		275,943		283,911
D. PREPAID EXPENSES AND ACCRUED INCOME		2,425		2,475
TOTAL ASSETS		388,941		396,347

CONSOLIDATED BALANCE SHEET

AS OF DECEMBER 31, 2002 AND COMPARISON WITH DECEMBER 31, 2001 (IN THOUSANDS OF EURO) - (TRANSLATION FROM THE ORIGINAL ISSUED IN ITALIAN)

LIABILITIES	December 31, 2002		December 31, 2001	
	Partial	Total	Partial	Total
A. STOCKHOLDERS' EQUITY				
<i>I. Capital stock</i>	18,772		18,772	
<i>II. Share premium reserves</i>	16,382		16,382	
<i>III. Revaluation reserves</i>	395		395	
<i>IV. Legal reserves</i>	4,675		4,559	
<i>V. Reserve for treasury stock</i>	3,260		4,324	
<i>VI. Other reserves</i>	24,328		18,607	
<i>VII. Accumulated translation adjustments</i>	(11)		1,617	
<i>VIII. Retained earnings</i>	14,625		11,871	
<i>IX. Group net income</i>	24,431		20,446	
Group Stockholders' equity		106,857		96,973
Third parties capital stock and reserves		2,314		2,544
GROUP AND THIRD PARTIES STOCKHOLDERS' EQUITY (A)		109,171		99,517
B. RESERVES FOR RISKS AND CHARGES				
Taxation reserves	60		60	
Other	5,818		6,878	
TOTAL RESERVES FOR RISKS AND CHARGES (B)		5,878		6,938
C. RESERVE FOR EMPLOYEE TERMINATION INDEMNITIES		19,914		17,971
D. PAYABLES				
Payables due after next accounting period				
- Bank	51,248		66,159	
- Suppliers	1		275	
- Taxes	131		389	
- Other	321		643	
Total payables due after next accounting period		51,701		67,466
Payables due within next accounting period				
- Banks short term	67,247		84,336	
- Other financiers	1,100		86	
- Advances	27,130		22,765	
- Suppliers	79,456		64,957	
- Subsidiaries	-		11	
- Associated companies	449		567	
- Taxes	6,175		8,945	
- Provident and social security institutions	3,341		3,869	
- Other	12,298		12,659	
Total payables due within next accounting period		197,196		198,195
TOTAL PAYABLES (D)		248,897		265,661
E. ACCRUED EXPENSES AND DEFERRED INCOME		5,081		6,260
TOTAL LIABILITIES		388,941		396,347
MEMORANDUM ACCOUNTS				
Personal guarantees granted	5,753		7,511	
Commitments	25,938		32,891	
Contingencies	18,766		16,185	
TOTAL		50,457		56,587

CONSOLIDATED STATEMENT OF INCOME

AS OF DECEMBER 31, 2002 AND COMPARISON WITH DECEMBER 31, 2001 (IN THOUSANDS OF EURO) - (TRANSLATION FROM THE ORIGINAL ISSUED IN ITALIAN)

	2002		2001	
	Partial	Total	Partial	Total
A. VALUE OF PRODUCTION				
<i>Revenues from the sale of goods and services</i>		351,480		342,200
<i>Change in work in progress, semifinished goods</i>		27,658		11,311
<i>Change in contract work in progress</i>		1,926		(6,511)
<i>Increase in fixed assets for internal work</i>		736		1,504
<i>Other revenues and income</i>				
- contributions towards operating costs	622		254	
- revenues and other income	1,693		2,599	
<i>Total other revenues and income</i>		2,315		2,853
TOTAL VALUE OF PRODUCTION (A)		384,115		351,357
B. PRODUCTION COSTS				
<i>Raw materials, ancillary materials and consumables</i>		136,029		118,012
<i>Service cost</i>		74,858		70,925
<i>Expenses relating to the use of third party assets</i>		5,672		4,593
<i>Personnel</i>				
- salaries and wages	72,934		67,901	
- social contributions	20,655		18,901	
- employee termination indemnities	3,914		3,833	
- other	1,074		559	
<i>Total personnel costs</i>		98,577		91,194
<i>Depreciation, amortization and write-downs</i>				
- amortization of intangible fixed assets	8,373		7,434	
- depreciation of tangible fixed assets	6,670		7,008	
- write-down of receivables included in current assets	634		681	
<i>Total depreciation and write-down</i>		15,677		15,123
<i>Change in raw materials, ancillary materials, consumables and goods for resale</i>		2,362		(197)
<i>Provision for risks and other</i>		694		2,809
<i>Other operating expenses</i>		3,129		4,025
TOTAL PRODUCTION COSTS (B)		336,998		306,484
DIFFERENCE BETWEEN THE VALUE OF PRODUCTION AND PRODUCTION COSTS (A-B)		47,117		44,873
C. FINANCIAL INCOME AND EXPENSES				
<i>Income from investments</i>				
- dividends and other income from other companies	957		-	
<i>Total income from investments</i>		957		-
<i>Other financial income</i>				
- from securities classified under fixed assets not representing investments	61		117	
- from securities classified under current assets not representing investments:				
<i>capital gains</i>	290		219	
<i>interest</i>	26		24	
- income other than that listed above				
<i>interest and financial commissions</i>	2,502		2,848	
<i>exchange differences</i>	6,403		5,682	
<i>Interest and other financial income</i>		9,282		8,890
<i>Interest and other financial charges</i>				
- other	7,005		9,559	
- exchange differences	6,530		5,807	
<i>Total interest and other financial charges</i>		13,535		15,366
TOTAL FINANCIAL INCOME AND EXPENSES (C)		(3,296)		(6,476)
D. ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS				
<i>Revaluations</i>		98		-
<i>Write-offs</i>		5		14
TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS (D)		93		(14)
E. EXTRAORDINARY INCOME AND EXPENSES				
<i>Income</i>				
- gains on disposals of fixed assets	254		642	
<i>Total income</i>		254		642
<i>Expenses</i>		354		428
TOTAL EXTRAORDINARY ITEMS (E)		(100)		214
RESULT BEFORE TAXES		43,814		38,597
<i>Income taxes</i>				
- income taxes	19,599		18,849	
- deferred taxes	(616)		(996)	
<i>Total taxes</i>		18,983		17,853
NET INCOME INCLUDING MINORITY INTEREST		24,831		20,744
THIRD PARTY NET INCOME		400		298
GROUP NET INCOME		24,431		20,446

EXPLANATORY NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENT AS OF DECEMBER 31, 2002
(TRANSLATION FROM THE ORIGINAL ISSUED IN ITALIAN)

1) ACTIVITY OF GROUP COMPANIES

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, pharmaceuticals 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.

2) STRUCTURE AND CONTENT OF CONSOLIDATED FINANCIAL STATEMENTS

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.B. - 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, 2002 were prepared using the financial statements of the individual consolidated companies as of the same date.

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.

3) CONSOLIDATION PRINCIPLES

A) METODOLOGY

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 are 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.
- Investments purchased or disposed of during the year are consolidated as long as they are held by the Group.

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 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:

	2002		2001	
	Year end exchange rate	Average exchange rate	Year end exchange rate	Average exchange rate
U.S Dollar	0.95356	1.05820	1.13469	1.11742
LSC	1.53728	1.59058	1.64339	1.60879
Yen	0.00804	0.00847	0.00867	0.00920
Indian Rupee	0.01980	0.02123	0.02296	0.02339

4) CONSOLIDATION AREA

The consolidated financial statements as of December 31, 2002 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
Italian companies:					
• I.M.A. Industria Macchine Automatiche S.p.A.	Ozzano E. (BO)	EURO	18,772,000	Parent Company	
• 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	100%	–
• Info Area S.r.l.	Ozzano E. (BO)	EURO	98,800	100%	–
• Comitec S.r.l.	Castel S. Pietro (BO)	EURO	52,000	100%	–
• Libra Immobiliare S.r.l.	Ozzano E. (BO)	EURO	150,000	100%	–
Foreign companies:					
• Luxteco International SA	Luxembourg	EURO	9,600,000	99.99%	–
• Holteco B.V.	Amsterdam (NL)	EURO	920,000	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	280,000	100%	–
• IMA Verp. GmbH	Colonia (D)	EURO	90,000	100%	–
• IMA France E.u.r.l.	Rueil-Malmaison (F)	EURO	45,735	100%	–
• Precision Gears Pvt. Ltd.	Bombay (India)	RS	5,950,700	–	51% (1)
• IMA Far East Co. Ltd.	Hong Kong	USD	5,572,969	–	100% (2)
• Zibo IMA Xihu Machinery Manufacturing Co. Ltd.	Zibo (PRC)	USD	800,000	–	60% (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	Colonia (D)	EURO	3,600,000	–	100% (4)
• IMA Japan Co. Ltd.	Yokohama (J)	YEN	165,567,881	100%	–

**COMPANIES EVALUATED
USING EQUITY
METHOD**

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

Notes (detail of the indirectly owned companies)

(1) Owned by Holteco B.V.

(2) Owned by Luxteco Int. S.A. (99%) and Holteco B.V. (1%)

(3) Owned by IMA Far East Co. Ltd.

(4) Owned by IMA Verpackungssysteme GmbH

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. During the second half of the year 2002, operations have been put in place in order to start the liquidation process of the company, as the use of alternative ways to manage sales in that market is believed to be more convenient. No significant liabilities, other than those provided in the company's financial statements, are expected from the liquidation process. 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:

- on March 8, 2002, IMA North America Inc. has sold, at a price amounting to USD 292 thousands, the 100% of Value Machinery Inc. to its former CEO. The sale of the investment does not give raise to any effect on the consolidated income statement for the year 2002;
- on April 3, 2002, within a re-organization process of the Group, Kilian GmbH & Co has sold the 100 % of Kilian & Co. Inc., a commercial company located in U.S.A., to IMA S.p.A. at a price amounting to Euro 2,845 thousands, on the basis of an external appraisal. During the month of April, such investment has been contributed by IMA S.p.A. to IMA Nort America Inc. at its carrying value: on May 1, 2002 Kilian & Co. Inc. has been absorbed by IMA North America Inc. The purpose of the transaction is to achieve a better coordination of the Group commercial policies in the United States;
- on May 6, 2002 IMA S.p.A. has purchased from related entities the remaining 10% of Ignition Team S.r.l., achieving by this way the full ownership of the company. The purchase price, amounting to Euro 149 thousands, corresponds to the book value of the purchased share of equity;
- during the third quarter of the year 2002 IMA Far East Co. Ltd. has purchased a further 6% of the investment in Zibo IMA Xinuha Machinery Manufacturing Co. Ltd., increasing by this way its interest in the company from 54% to 60%;
- on November 2002 IMA S.p.A. has purchased, at a price amounting to Euro 7 thousands, the remaining 0.5% of the investment in IMA Japan Co. Ltd., achieving by this way the full ownership of the company;
- starting from November 29, 2002 Libra P.T. S.r.l. has been partially splitted, by contributing at the carrying value its building to Libra Immobiliare S.r.l., a new company fully owned by IMA S.p.A., established in order to operate in the real estate market;
- during the fourth quarter of the year 2002 has been completed the merging of Precision Gears (Indore) PVT Ltd., a company indirectly owned at 51% by Holteco B.V., in Precision Gears PVT Ltd.

Moreover, during the year 2002 the Group Officers have deliberated the merging of BFB S.p.A. in IMA S.p.A., whose effects will start on January 1, 2003.

Finally, on February 2003 IMA Japan Co. Ltd. has been put in liquidation, as managing that market through alliances and joint ventures with local partners is believed to be more effective. No significant liabilities, other than those provided in the company's financial statements, are expected from the liquidation process.

5) VALUATION CRITERIA

The most significant valuation criteria adopted in the preparation of the consolidated financial statements as of December 31, 2002 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	4/10/15 year
• Other	5/10 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 permanent impairment of 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 thousands 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 and the net equity 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) SECURITIES
NOT CLASSIFIED
AS FIXED ASSETS**

Securities not classified as fixed assets are stated at the lower of cost and market value, determined on the basis of prices at year end.

G) RECEIVABLES

Receivables are stated at their expected realizable value.

**H) 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.

**I) 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.

**L) 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.

M) PAYABLES

Payables are stated at their nominal value.

N) 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.

**O) 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.

**P) 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.

**Q) 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.

6) OTHER INFORMATION

A) STATEMENT OF VALUE

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

B) INFORMATION BY SECTOR OF BUSINESS AND GEOGRAPHICAL AREA

In compliance with the CONSOB's circular (segment information) the reports on operations include 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 from those showed in the report on operations.

The analysis of sales by geographic area is included in the following section related to comments on the principal income statement balances.

C) ADJUSTMENT OF PRIOR YEAR FINANCIAL STATEMENTS

As disclosed below, deferred tax assets as of December 31, 2002 have been splitted in the amounts due within and after one year, following to a specific analysis performed. For comparison purposes, the related balances as of December 31, 2001 have been restated accordingly.

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.

7) COMMENTS ON THE MAIN ASSET CAPTIONS

FIXED ASSETS

A) INTANGIBLE ASSETS

The table below shows the movements of intangible assets occurred during the accounting period (in thousands of Euro):

	Net value
Balance as of December 31, 2001	53,470
Increase (decrease) of the period:	
additions	4,130
reclassifications to tangible assets	(114)
amortization	(8,373)
disposals	(216)
translation differences	(49)
Balance as of December 31, 2002	48,848

The incorporation and subsequent expenses, amounting to Euro 988 thousands (Euro 1,125 thousands as of December 31, 2001), mainly refer to the costs incurred by the Parent Company, during the year and in the previous years as well, in connection with the merge of BFB S.p.A., the acquisition of the businesses from CO.MA.DI.S. S.p.A. and ICO OLEODINAMICI S.p.A., performed during the year 2001 and the costs incurred for the acquisition of G.S. S.r.l. Coating System, performed during the year 2000. The item includes Euro 150 thousands connected to services rendered by a related party.

Research and Development costs for Euro 3 thousands (Euro 5 thousands as of December 31, 2001) relate to the development of new products, performed in previous year.

The caption "Industrial patent and intellectual property rights", amounting to Euro 499 thousands (Euro 602 thousands as of December 31, 2001), includes the costs for the acquisition of the rights related to industrial patents, net of depreciation. The increase of the year (corresponding to Euro 425 thousands) 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 5,290 thousands (Euro 3,667 thousands as of December 31, 2001), includes Euro 5,205 thousands related to technical software. The increase of the year (corresponding to Euro 2,975 thousands) is mainly due to the purchase of new software.

The movements of the item "Goodwill" during the period are shown in the table below (in thousands of Euro):

	Balance as of 12.31.2001	Increase	Amortizat.	Balance as of 12.31.2002
Purchase of business from G.S. S.r.l. Coating System	9,710	-	(1,154)	8,556
Purchase of business from ICO OLEODINAMICI S.p.A.	3,913	-	(423)	3,490
Purchase of business from CO.MA.DI.S. S.p.A.	4,812	-	(515)	4,297
Total	18,435	-	(2,092)	16,343

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.

The item "Differences on consolidation" relates to the excess of cost paid for the acquisitions of BFB S.p.A., Kilian GmbH & Co. KG and Comitec S.r.l., performed in previous years.

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 (in thousands of Euro):

	Amortization period	Balance as of 12.31.2001	Difference accounted in the period	Amortization and write off	Balance as of 12.31.2002
B.F.B. S.p.A.	10	3,578	–	(895)	2,683
Kilian GmbH & Co. KG	15	21,262	–	(1,636)	19,626
Comitec S.r.l.	4	1,365	–	(455)	910
Total		26,205	–	(2,986)	23,219

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 as well, the Group management consider the 15 year amortization period as the period during which the benefits expected from the acquisition will take place. The amortization period of the difference on consolidation resulting from the acquisition of Comitec S.r.l. has been reduced during the year 2002 from 10 to 4 years, given that the changed background in which that company operates let now foresee a shorter useful life of the related difference on consolidation.

The increase in the item "Other intangible assets", amounting to Euro 384 thousands, is mainly due to improvements to assets owned by third parties.

B) TANGIBLE ASSETS

The tangible assets and their accumulated depreciation at the end of 2002 and 2001 are the following (in thousands of Euro):

	12.31.2002		12.31.2001	
	Gross value	Accumulated depreciation	Net value	Net value
Land and buildings	31,410	(7,785)	23,625	23,923
Plant and machinery	37,109	(22,243)	14,866	14,194
Industrial and commercial equipment	11,364	(9,702)	1,662	1,318
Other	19,534	(14,935)	4,599	4,757
Tangible in course of construction and payments on account	5,566	–	5,566	182
Total	104,983	(54,665)	50,318	44,374

The analysis of the movement of tangible assets and their accumulated depreciation occurred during the period is the following (in thousands of Euro):

	Gross Value	Accumulated depreciation	Net value
Balances as of December 31, 2001	96,870	(52,496)	44,374
Increases (decreases) in the period:			
• purchases	13,689	–	13,689
• reclassifications from intangible assets	114	–	114
• depreciation	–	(6,670)	(6,670)
• disposals	(4,914)	4,158	(756)
• translation differences	(776)	343	(433)
Balances as of December 31, 2002	104,983	(54,665)	50,318

The main acquisitions in the period relate to:

- Land and buildings for Euro 627 thousands connected to the enlargement of the building located in Via Emilia n. 428/442 and in Via I° Maggio n. 14 in Ozzano dell'Emilia owned by the Parent Company.
- Plant and machinery, for Euro 3,956 thousands, related for Euro 2,409 thousands to the purchase of new specific plants and machinery, in connection with the development of the plant owned by the Parent Company in Ozzano dell'Emilia. In the above amount are included Euro 309 thousands related to the capitalization of internally produced machines, to be permanently used for demonstration purposes and to perform technical tests in the production process. The increase includes charges related to the enlargement and the adaptation of the existing plants.
- Production and commercial equipment for Euro 766 thousands, mainly related to the purchase of industrial equipment.
- Other tangible assets: the increase mainly relates to the purchase of electronic machines, for Euro 1,105 thousands.
- Tangible in course of construction and advance payments for Euro 5,465 thousands, mainly related to the construction of a new service centre in Via I° Maggio (Euro 1,378 thousands) and to the enlargement of the building in Via Emilia n. 428/442 (Euro 1,946 thousands). Both of them are located in Ozzano dell'Emilia and owned by the Parent Company. Costs amounting to Euro 911 thousands, incurred for the enlargement of the building in Via Romagnoli n. 2, Bentivoglio (BO), owned by BFB S.p.A. are comprised as well. Moreover, the item includes Euro 1,054 thousands related to the payment made in advance by Libra P.T. S.r.l. in connection with a leasing contract, having as subject matter the leasing of a land as well as of the plant which will be built over it. The contract will run over a eight year period and gives to the company the option to purchase the land and the plant at the end of the leasing period.

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

- the disposal of the building located in Viersen (Germany), previously owned by IMA Verpackungssysteme GmbH., having a net book value amounting to Euro 269 thousands as of December 31, 2001. Such disposal has resulted in a gain amounting to Euro 254 thousands, classified as extraordinary income;
- the disposal of obsolete electronic machinery, almost fully depreciated, having a gross value amounting to Euro 1,982 thousands.

Tangible assets, still held at December 31, 2002, have been revalued in prior periods as follows (in thousands of Euro):

	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	–	98	106
Total	987	1,587	567	3,141
(less) Accumulated depreciation	(674)	(463)	(567)	(1,704)
Total	313	1,124	–	1,437

The "Other revaluations" include the revaluation of the technical assets made voluntarily, on the basis of a specific appraisal, in the year 1988 by Nuova Zanasi S.p.A., absorbed by IMA S.p.A. during the year 1990.

C) FINANCIAL ASSETS

INVESTMENTS

Investments comprise the following (in thousands of Euro):

	Percentage of ownership	12.31.2002	12.31.2001
Subsidiary companies:			
• IMA Lanka Ltd	100%	12	12
• Kilian Verwaltung GmbH	100%	25	25
		37	37
Associated companies:			
• J.O.I. Pack Co. Ltd.	50%	24	29
• B.C. S.r.l.	30%	311	213
		335	242
Other companies		6,174	6,175
Total		6,546	6,454

INVESTMENTS IN ASSOCIATED COMPANIES

The increase, amounting to Euro 93 thousands, is given by the adjustment to the carrying value of the investments in associated companies, performed according to the net equity method.

OTHER COMPANIES

The item includes Euro 6,052 thousands, related to the purchase of a part of the capital stock of Medinvest International S.C.A., amounting to Euro 6,000 thousands, carried out at face value by Luxteco International S.A. Medinvest International S.C.A., a Luxembourgian company, has been established 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 7.8% of the capital stock of Medinvest International S.C.A.

Moreover, it should be noted that:

- Net Packaging S.A. (the Belgian parent company of Medinvest International S.C.A.) sold, during the year 2002, all the investment held in IMA S.p.A.
- As a consequence of that, the contract stipulated in previous years between Medinvest International S.C.A., IMA S.p.A. and FINVACCHI S.p.A., having as main purpose the sharing of their specific know how in order to maximize their development programs, has been avoided.

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 (in thousands of Euro):

	12.31.2002		12.31.2001	
	Gross value	Obsolescence reserve	Net value	Net value
Raw materials, ancillary materials and consumables	14,718	(6,804)	7,914	10,944
Works in progress and semi-finished goods	104,743	(3,337)	101,406	72,171
Contract work in progress	1,926	–	1,926	–
Finished goods	5,461	(1,775)	3,686	6,111
Payments on account	3,847	–	3,847	3,424
Total	130,695	(11,916)	118,779	92,650

The increase of “Works in progress and semi-finished goods” is mainly due to the deferral of deliveries at year-end and to differences in the sales mix against plan. In particular, the success of the new products has delayed the deliveries of more established lines, the components for which were acquired in advance.

Regarding the Contract work in progress, during the year 2002 too the strict partnership with primary customers has been carried on in order to study and develop innovative machines to satisfy specific production needs. This approach allows the Group to build up a very close partnership in the development of new technological solutions. As some contracts based on specific customer orders go on for more than one year, they have been valued according to the completion percentage method. In particular, as required by the applicable accounting principles in order to use such method, the economic benefits associated with these contracts are believed to certainly flow to the Group considering both, the contract terms as well as the stage of completion of the contract activity at the balance sheet date.

Had been the Raw material, ancillary materials and consumables and semi-finished goods valued using the current cost method rather than the LIFO method actually used, they would have been higher by Euro 340 thousands at December 31, 2002 (Euro 387 thousands as of December 31, 2001).

B) RECEIVABLES

TRADE RECEIVABLES

The balance of trade receivables at year end is analyzed as follows (in thousands of Euro):

	12.31.2002		12.31.2001	
	Gross value	Reserve	Net value	Net value
Receivables due within one year	92,164	(1,880)	90,284	101,792
Receivables due after one year	5,838	(212)	5,626	7,204
Total	98,002	(2,092)	95,910	108,996

Trade receivables as of December 31, 2002 show a decrease by Euro 13,086 thousands as a consequence of the more effective credit management. During the year, trade receivables amounting to Euro 21,022 thousands have been sold “*pro soluto*” as well as trade receivables amounting to Euro 4,425 thousands have been

sold “*pro solvendo*”. Trade receivables sold “*pro soluto*” still outstanding as of December 31, 2002 amount to Euro 15,581 thousands (Euro 12,494 thousands as of December 31, 2001), of which Euro 12,455 thousands have been sold 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.

Trade receivables due after 5 years do not exist.

RECEIVABLES FROM SUBSIDIARIES, ASSOCIATED COMPANIES AND PARENT COMPANIES

The balance is comprised as follows (in thousands of Euro):

	12.31.2002	12.31.2001	Differences
Receivables from subsidiaries:			
• Ima Lanka Ltd	135	157	(22)
Receivables from associated companies:			
• B.C. S.r.l.	4	–	4
Receivables from parent companies:			
• FINVACCHI S.p.A.	3	3	–
Total	142	160	(18)

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

OTHER RECEIVABLES

This balance is represented by (in thousands of Euro):

	12.31.2002	12.31.2001	Differences
Receivables due after next accounting period:			
• Deferred tax assets	1,605	1,116	489
• Other	87	361	(274)
	1,692	1,477	215
Receivables due within next accounting period:			
• Receivables from tax authorities	4,187	4,678	(491)
• Deferred tax assets	3,277	1,425	1,852
• Advances to suppliers	1,313	1,173	140
• Advances to employee	100	138	(38)
• Other	1,818	2,012	(194)
	10,695	9,426	1,269
Total	12,387	10,903	1,484

In order to give a better representation, in the financial statements as of December 31, 2002 the deferred tax assets have been splitted in the amounts due within and after one year.

For comparison purposes, the related balances as of December 31, 2001 have been restated accordingly.

As of December 31, 2002 deferred tax assets due after one year are net of deferred tax liabilities due after one year amounting to Euro 2,799 thousands (Euro 2,455 thousands as of December 31, 2001) and do not include amounts due after 5 years.

Moreover, as of December 31, 2002 deferred tax assets due within one year are net of deferred tax liabilities due within one year amounting to Euro 264 thousands.

In particular, deferred tax assets mainly relate to: the temporary differences existing between the carrying amount of the provisions booked in the consolidated financial statements and their tax base as well as to the tax effects connected to the elimination of unrealised profits resulting from intragroup transactions. Deferred tax liabilities mainly relate to the tax effects connected to the elimination of the accounting policies followed in the statutory financial statements of the Group companies exclusively in application of tax norms (accelerated depreciation; leasing contracts, which in the consolidated financial statements are accounted for according to the IAS document N. 17).

Receivables from tax authorities include VAT receivables, amounting to Euro 2,605 thousands.

C) FINANCIAL ASSETS NOT REPRESENTING FIXED ASSETS

OWN SHARES

As at 31 December 2002, the value of own shares in portfolio amounted to Euro 3,260 thousands (the market value is higher than the carrying value by 19.74%), which corresponds to 326,621 shares having a nominal value of Euro 170 thousands. If compared to December 31, 2001 the item decreases by Euro 1,064 thousands, as a consequence of:

- the purchase of 160,986 own shares, at a price of Euro 1,903 thousands, made by the parent company, IMA S.p.A., under the mandate granted to the Board of Directors at the IMA S.p.A. shareholders' meeting held on April 24, 2002, which allows the company for a period of 12 months to purchase own shares up to a maximum amount of 10% of capital share, at a price between Euro 7 and Euro 13;
- the sale of 354,615 own shares, amounting to Euro 2,967 thousands, made by the parent company, IMA S.p.A., under the mandate granted to the Board of Directors at the IMA S.p.A. shareholders' meeting, which allows the company for a period of 12 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 290 thousands.

MARKETABLE SECURITIES

This balance includes the following debentures (in thousands of Euro):

	Nominal value	F/S Value	Market value
CCT 1995/2003	437	437	437
CRBO 1998/2005	19	19	19
CRBO 1998/2003	64	64	64
CRBO 2000/2005	57	57	58
CRBO 2001/2004	26	26	26
P.O. 2000/2005	146	146	151
CCT 2001/2006	96	97	97
BIMER 1994/2006	1	1	1
CRBO 1997/2003	21	21	21
Total	867	868	874

The increase by Euro 56 thousands, if compared to December 31, 2001, 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.

FINANCIAL RECEIVABLES NOT REPRESENTING FIXED ASSETS

As of December 31, 2002, the item includes commercial papers amounting to Euro 599 thousands, falling due on January 2003.

Moreover, financial receivables not representing fixed assets include the amount of Euro 35 thousands which corresponds to the first disbursement, amounting to Yen 4,250,000, of a financing totally amounting to Yen 34,000,000 granted by the Parent Company to IMA Tech Ltd., a company acting as agent of the Group in Japan.

The related contract, underwritten on October 8, 2002 states the disbursement of 8 quarterly installments within February 2005.

The financing, granted in order to allow the company to start its trading business, has to be reimbursed by October 24, 2006; the interest rate has been agreed in the Libor Yen plus a 0.40% spread for the first year, and a 1,25% spread starting from the second year, on the basis of the expected trend of the company's trading business.

D) CASH IN BANK AND ON HAND

The decrease of the item is strictly related to the decrease of the short term bank liabilities. 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, 2002, this balance is comprised as follows (in thousands of Euro):

	12.31.2002	12.31.2001	Differences
Accrued income:			
• Interest on securities	26	43	(17)
• Interest on loan	957	943	14
• Other	76	186	(110)
	1,059	1,172	(113)
Prepaid expenses:			
• Insurance	170	85	85
• Interest on discounted notes	622	442	180
• Guarantees	34	67	(33)
• Other	540	709	(169)
	1,366	1,303	63
Total accrued income and prepaid expenses	2,425	2,475	(50)

Other prepaid expenses mainly relate to maintenance and consultancy expenses, as well as to yearly fees paid for patents.

Prepaid expenses amounting to Euro 498 thousands and accrued income amounting to Euro 377 thousands go on over December 31, 2003.

8) COMMENTS ON MAIN LIABILITY AND STOCKHOLDERS' EQUITY ITEMS

STOCKHOLDERS' EQUITY

The movement of the various items making up stockholders' equity are set out in the section "Other information".

A) STOCK CAPITAL

Stock capital as of December 31, 2002 represents the stock capital of the Parent Company (fully subscribed and paid up) consisting of 36,100,000 ordinary shares with a nominal value of Euro 0.52 each.

B) SHARE PREMIUM RESERVE

Such reserve, amounting to Euro 16,382 thousands, 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 for each share.

C) REVALUATION RESERVE

As of December 31, 2002, the financial statements of the consolidated companies include revaluation reserves for Euro 395 thousands 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 3,260 thousands, represented by own stocks recorded in the assets.

E) OTHER RESERVES AND RETAINED EARNINGS

The net equity of the consolidated companies includes Euro 4,824 thousands of non distributable legal reserves and Euro 974 thousands (of which Euro 503 thousands 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 623 thousands in Chinese currency not freely convertible.

F) RECONCILIATION BETWEEN THE PARENT COMPANY STATUTORY ACCOUNTS AND THE CONSOLIDATION ACCOUNTS

The reconciliation between the parent company statutory accounts as of December 31, 2002 and the consolidation accounts at the same date is the following (in thousands of Euro):

	Stockholder's equity	Net income
Amounts reflected in I.M.A. statutory accounts	81,868	17,941
<i>Consolidation adjustments:</i>		
a) Difference between book value of investments and Shareholders' equity of group companies	23,769	13,659
b) Elimination of fiscal adjustments related to:		
• Accelerated depreciation	5,688	681
• Leasing operations	1,049	(45)
• Translation of balances in foreign currencies	777	777
c) Elimination of infra-group dividends	–	(7,137)
d) Elimination of unrealized infra-group earnings related to:		
• Intangible assets	(641)	60
• Tangible assets	(77)	38
• Inventories	(4,874)	(1,686)
e) Deferred taxation related to consolidation adjustments	(702)	143
Net effect of consolidation adjustment	24,989	6,490
Amount reflected in the consolidation accounts	106,857	24,431

RESERVE FOR RISKS AND CHARGES

The composition of, and movement on these reserve are as follows (in thousands of Euro):

	12.31.2002	12.31.2001	Differences
Taxation reserve	60	60	–
Other reserves:			
• Exchange losses	–	218	(218)
• Product guarantees	3,612	3,285	327
• Other reserves	2,206	3,375	(1,169)
	5,818	6,878	(1,060)
Total other reserves	5,878	6,938	(1,060)

The taxation reserve, amounting to Euro 60 thousands, has been accounted for by the Parent Company in order to cover the estimated liability arising from the assessment of the income taxes for the year 2000, performed in the first half of 2001. As disclosed below, this assessment has not yet been finalized.

The reserve for exchange losses has not been accounted for in the consolidated financial statements as of December 31, 2002 since the translation at year end of balances in foreign currencies resulted in a gain (amounting to Euro 777 thousands), which has been booked in the financial income.

Products guarantees reserve relates to the provision for technical assistance to be carried out after year-end for finished goods sold before.

The "other reserves" include the agent's indemnity reserve for Euro 1,214 thousands 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. During the year liabilities which have been provided in the previous consolidated financial statements have occurred: consequently, the "Other reserves for risks and charges" have been reduced.

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

Transactions in financial derivatives still outstanding as of December 31, 2002 relate to forward sales of foreign currencies for a total amount of USD 12.95 million, corresponding to a total equivalent of Euro 13,766 thousands. There are no losses not accounted for in the financial statements related to the above transactions in financial derivatives. Moreover, during the year have been finalized forward sales of foreign currencies for a total amount of USD 45.25 million and YEN 221 million.

With reference to such operations, premiums amounting to Euro 259 thousands have been collected and discounts amounting to Euro 73 thousands have been paid (respectively credited to “Miscellaneous financial income” and to “Interest and other financial charges”).

The transactions in financial derivatives finalized during the year gave rise to gains amounting to Euro 1,785 thousands and to losses amounting to Euro 368 thousands, recorded as adjustments of sales revenues.

The overall income charged to the statement of income thus amounted to Euro 1,603 thousands.

Furthermore, during the year have been sold and purchased currency options (related to USD and YEN) for which premiums have been collected for a total amount of Euro 300 thousands and paid for a total amount of Euro 356 thousands (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 780 thousands and losses amounting to Euro 39 thousands, recorded as adjustment of sales revenues. Therefore, the overall income resulting from currency options amounts to Euro 685 thousands.

At December 31, 2002 two Interest Rate Swap contracts, stipulated in the previous years by the Parent Company with primary banks, are in place: these IRS 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, 2002, an amount corresponding to Euro 300 thousands has been accrued by the Parent Company to the other reserves for risks and charges, of which Euro 150 thousands accrued in the prior year and Euro 150 thousands accrued in the current year.

RESERVE FOR EMPLOYEE TERMINATION INDEMNITIES

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

Balance as of Decembre 31, 2001	17,971
Accruals	3,914
Indemnities paid during the period	(1,936)
Translation differences	(35)
Balance as of December 31, 2002	19,914

DEBTS

A) BANKS

Bank liabilities are as follows (in thousands of Euro):

	Balance as of 12.31.2002 Due				12.31.2001 Balance
	Total	Within 1 year	Between 1 and 5 years	More than 5 years	
Current accounts	4,858	4,858	–	–	2,443
Advances on export operations	42,105	42,105	–	–	52,561
Applied Research Loans	18,277	2,085	12,094	4,098	19,805
Other loans	53,255	18,199	33,139	1,917	75,686
Total	118,495	67,247	45,233	6,015	150,495

As of December 31, 2002, banks grant credit lines to consolidated companies for Euro 192,048 thousands, of which Euro 29,380 thousands for current accounts and Euro 162,668 thousands for advances on export operations and other short term credit lines.

Loans and financings have been disbursed for Euro 71.491 thousands in Euro and for Euro 41 thousands in Indian Rupees.

Applied Research Loans and Other loans are guaranteed by the following:

- Banking guarantees for Euro 38,886 thousands;
- Guarantees issued by FINVACCHI S.p.A. for Euro 1,964 thousands;
- Securities held in pledge of Euro 3,607 thousands.

The Applied Research Loans granted by SANPAOLO IMI, mainly disbursed to the parent company, for Euro 15,284 thousands, are described below:

- Euro 9,660 thousands: 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 3,783 thousands: 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 977 thousands. The financing is covered by guarantees issued by banks: the part due within the next accounting period amounts to Euro 1,107 thousands.
- Euro 177 thousands: loan disbursed 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, reimbursed during the year for Euro 66 thousands, 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 68 thousands.
- Euro 1,152 thousands: loan disbursed 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, reimbursed during the year for Euro 164 thousands, 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 168 thousands.

- Euro 512 thousands (of which Euro 221 thousands disbursed during the year): relate to a total loan amounting to Euro 690 thousands, disbursed under the grants of the "Applied Research 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, reimbursed during the year for Euro 31 thousands, 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 Parent Company and of the subsidiary as well. The part due within the next accounting period amounts to Euro 64 thousands.
- On October 16, 2002 the Ministry of Public Instruction, University and Research (MIUR) has admitted the Parent Company to the grants of the "Applied Research Special Fund" for the research project relevant to the Tea & Coffee and Cartonning divisions. In particular, the MIUR has decreed interest grants on a financing up to Euro 7,318 thousands, and contributions towards operating costs up to Euro 1,464 thousands. The financing contract has been underwritten by INTERBANCA on December 2002, and the first disbursement has been performed at the end of February 2003. The financing will run over a 9 year period, of which 3 years as pre-redemption expiring on July 1, 2006, and is to be reimbursed in 12 half-yearly payments, starting from January 1, 2007 up to July 1, 2012, at a half-yearly interest rate corresponding to the Euribor plus a spread. The financing is guaranteed by the compliance with certain financial covenants on the consolidated financial statements.

The main Applied Research Loan disbursed to other companies of the Group is represented by a 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 thousands, of which Euro 3,406 thousands as subsidized financing and Euro 486 thousands as sunk capital, disbursed in order to finance a project called "Robotic automation for end of line machinery". The amount still outstanding as of December 31, 2002 is equal to Euro 2,866 thousands (of which Euro 152 thousands disbursed during the year). Such loan is reimbursable by 12 half-yearly payments starting from January 1, 2002 up to July 1, 2007, at a subsidized half-yearly interest rate amounting to 1%. The loan is subject to the compliance with certain financial covenants on the consolidated financial statements.

OTHER LOANS

The most relevant changes with respect to the previous accounting period have affected the Parent Company: they are related to repayments made according to the contract terms for Euro 13,042 thousands, and to new disbursement for a total amount of Euro 5,753 thousands, as follows:

- Loan amounting to Euro 5,165 thousands disbursed by EFIBANCA in order to replace a loan of the same amount reimbursed by the Parent Company on maturity during the year 2002. Such loan will be totally reimbursed on November 2003, at a quarterly EURIBOR rate plus a spread.
- Last tranche, amounting to Euro 588 thousands, of the loan disbursed by the Ministry of Production Activities under the grants of the "Applied Research Special Fund" provided by the law 46/82, totally amounting to Euro 3,003 thousands. The financing will run over a 15 year period, of which 5 years as pre-redemption (yearly interest rate 0.825 %) and 10 years as redemption, starting from December 21, 2004 up to December 21, 2013. The yearly interest rate is equal to 3.3%.

The other loans still outstanding at December 31, 2002, are mainly related to the followings:

- Loan amounting to Euro 3,073 thousands, disbursed by INTESA BCI MEDIOCREDITO for a total amount of Euro 4,390 thousands, to be reimbursed in 10 half-yearly payments up to 2006, at an interest rate corresponding to the Euribor plus a spread. The financing, reimbursed during the year for Euro 878 thousands, 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 thousands.
- Loan amounting to Euro 3,443 thousands, disbursed by CREDITO EMILIANO 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 has been reimbursed during the year for Euro 1,722 thousands. The financing contract allows the bank to obtain the reimbursement at any time: the part due after the year 2003 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 thousands.
- Loan amounting to Euro 1,084 thousands, disbursed by SAN PAOLO IMI 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, reimbursed during the year for Euro 310 thousands, 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 thousands.
- Financing disbursed by a pool of banks, of which DEUTSCHE BANK is the leading bank: the amount still outstanding at December 31, 2002 is equal to Euro 5,500 thousands. The financing is to be reimbursed in 10 half-yearly payments, starting from November 2000 up to the year 2005, at an interest rate corresponding to the Euribor plus a spread. The financing has been reimbursed during the year for Euro 2,200 thousands: the part due within the next accounting period amounts to Euro 2,200 thousands.
- Two loans disbursed by INTERBANCA S.p.A., still outstanding at December 31, 2002 for an amount of Euro 3,320 thousands each, reimbursable by 14 six-monthly payments starting from November 2000 up to the year 2007, at an interest rate respectively corresponding to the Euribor plus a spread and to a fixed rate, up to a value of the Euribor lower than 6,5%. These financings have been reimbursed during the year for Euro 738 thousands each: the part due

within the next accounting period amounts to Euro 738 thousands for each financing.

- Financing disbursed by INTERBANCA, amounting to Euro 646 thousands at December 31, 2002, reimbursable by 8 six-monthly payments starting from October 1999, at the EURIBOR rate plus a spread. The financing has been reimbursed during the year for Euro 1,291 thousands: the part due within the next accounting period amounts to Euro 646 thousands.
- Financing disbursed by BNL LONDON BRANCH, amounting to Euro 8,000 thousands, 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 Production Activities, are subject to compliance with certain financial covenants on the consolidated financial statements. As regarding the financings disbursed by INTERBANCA, it should be noted that this bank indirectly owns the 5% of the Parent Company's capital shares, which has been acquired during the year.

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

- Euro 2,420 thousands: financing disbursed to BFB S.p.A. by Banca Popolare dell'Emilia Romagna, to be 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 3,615 thousands: financing disbursed to CO.MA.DI.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 10,625 thousands: financing disbursed to IMA Verpackungssysteme GmbH by a pool of banks, of which DEUTSCHE BANK is the 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

As of December 31, 2002, payables to other financers are due to the receivables sold to factoring companies and collected directly by the Group.

C) ADVANCES

This balance includes advances received from customers for supplies not carried out: such advances are covered by guarantees totally amounting to Euro 12,836 thousands.

D) SUPPLIERS

The increase of payables due within the next accounting period, amounting to Euro 14,499 thousands, is due to the increase of supplies, which give rise to the increase of stocks as well. The item includes Euro 5,020 thousands of payables due to Agents.

There are no payables due to suppliers after 5 years.

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

This balance is composed as follows (in thousands of Euro):

	12.31.2002	12.31.2001	Differences
Payables to subsidiaries:			
• Ima Lanka Ltd	–	9	(9)
• Kilian Verwaltung GmbH	–	2	(2)
	–	11	(11)
Payables to associated companies:			
• B.C. S.r.l.	449	567	(118)
Total	449	578	(129)

All the above payables are of a commercial nature.

F) TAXES

The item was made up as follows (in thousands of Euro):

	12.31.2002	12.31.2001	Differences
Tax payables due after the next accounting period:			
• Taxes due on previous years	131	389	(258)
	131	389	(258)
Tax payables due within next accounting period:			
• Income taxes	2,584	5,316	(2,732)
• Taxes due on previous years	258	251	7
• IRPEF (employee withholding taxes)	1,689	1,820	(131)
• VAT	324	324	–
• Other	1,320	1,234	86
	6,175	8,945	(2,770)
Total	6,306	9,334	(3,028)

Income taxes are stated net of tax advances, withholding taxes and tax credits. The decrease of tax payables is due to the higher taxes paid in advance during the year. As regarding the Parent Company, fiscal years up to 1996 have already been agreed for both direct and indirect taxes, with the exception of what disclosed below.

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

The claim related to the taxes due for the year 1988 has been settled during the year 2000, having the Parent Company adhered to the tax assessment. As regarding the claim related to the taxes due for the year 1992, the Tax Authorities have pronounced during the year 2002 in favour of the Parent Company.

As far as the claims concerning the tax due for the remaining years are concerned, the Group's management and its tax consultants believe that no significant liabilities exist, not provided in the consolidated financial statements.

As regarding the fiscal years which could still be assessed, it should be noted that, 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.

Following this tax audit, the fiscal years 1997 and 1998 have been partially settled, having the Parent Company adhered to the related tax assessments.

The fiscal year 1999 too has been agreed, through the Parent Company's adhesion to the related tax assessment. The fiscal year 2000 is still going to be settled, as previously disclosed.

Moreover, up to now it has not been decided yet if the Group companies will adhere to the tax amnesty recently introduced by the Tax Authorities or not. In the case, the cost for the Group is not believed to be significant.

The item "Tax due on previous years" relates, for Euro 389 thousands, to the payables arising from the higher taxes agreed by the Parent Company for the year 1999 and the previous years, as above disclosed. Of such amount, Euro 131 thousands are due after the next accounting period.

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 item Other payables due within the next accounting period is composed as follows (in thousands of Euro):

	12.31.2002	12.31.2001	Differences
Payables to employees	10,567	9,565	1,002
Payable due for acquisitions	163	456	(293)
Other	1,568	2,638	(1,070)
Total	12,298	12,659	(361)

The increase of the payables due to employees is due to both, the higher number of employees at December 31, 2002, if compared with the previous year, and the growth of salaries and wages consequent to what stated by the contracts actually in place.

It should be noted that the internal labour agreement, applicable for the years 2003 - 2006, should be renewed by the Parent Company as well as by other Group companies within the first half of the year 2003. No significant costs related to the year 2002 are expected from this agreement.

The decrease of the item "Payables due for acquisitions" is due to the reimbursement of the part due within the year of the payable arising from the acquisition of the 48% of the Comitec S.r.l. capital share, performed by the Parent Company in the previous year.

The part due after the next accounting period amounts to Euro 321 thousands, having the payable been postponed up to December 31, 2004, without financial charges.

ACCRUED EXPENSES AND DEFERRED INCOME

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

	12.31.2002	12.31.2001	Differences
Accrued liabilities:			
• Interest on financial debts	1,094	1,362	(268)
• Insurances	268	194	74
• Other	473	914	(441)
	1,835	2,470	(635)
Deferred income:			
• Financial income	496	279	217
• Installation and testing costs	2,586	2,784	(198)
• Other	164	727	(563)
	3,246	3,790	(544)
Total accrued expenses and deferred income	5,081	6,260	(1,179)

As of December 31, 2002 the item "Other accrued liabilities" includes Euro 104 thousands related to discounts on forward sales of foreign currencies (Euro 98 thousands as of December 31, 2001).

Accrued liabilities amounting to Euro 73 thousands and deferred income amounting to Euro 294 thousands go on over December 31, 2003.

9) MEMORANDUM ACCOUNTS

PERSONAL GUARANTEES GRANTED

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

A) GUARANTEES

As of December 31, 2002, this balance includes for Euro 1,133 thousands insurance policies for VAT receivables, for Euro 4,319 thousands guarantees related to advances still to be collected and to the performances of our machinery and for Euro 301 thousands guarantees in favour of others.

COMMITMENTS

As of December 31, 2002 commitments amount to Euro 25,938 thousands 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 decrease of foreign currencies for which the exchange risk has been covered; the coverage of the risk exchange by the way of financings in foreign currencies; a different policy implemented in order to cover the exchange risk, as a consequence of the different trend of the exchange rates at year end, compared with the same period of the previous year.

RISK ACCOUNTS

A) NOTES DISCOUNTED

At December 31, 2002, such notes amount to Euro 4,957 thousands.

B) RECEIVABLES SOLD TO FACTORING COMPANIES

As of December 31, 2002, the item amounts to Euro 13,809 thousands and relates for Euro 12,455 thousands to trade receivables sold pro-soluto to factoring companies, still outstanding at December 31, 2002, included in this item for the sake of prudence, and for Euro 1,354 thousands to receivables sold pro-solvendo, still outstanding as of December 31, 2002.

10) 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 by activity (in thousands of Euro):

REVENUES BY GEOGRAPHICAL AREA

	2002	2001	Differences
Italy	30,038	15,840	14,198
EU countries	137,242	130,142	7,100
Other European countries	30,003	31,017	(1,014)
North America	77,544	67,180	10,364
Far East	46,658	53,934	(7,276)
Other	29,995	44,087	(14,092)
Total	351,480	342,200	9,280

REVENUES BY ACTIVITY

	2002	2001	Differences
Machines	278,850	264,320	14,530
Spare parts	42,797	49,675	(6,878)
After sale and other services	29,833	28,205	1,628
Total	351,480	342,200	9,280

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

B) OTHER INCOME

CONTRIBUTIONS TOWARDS OPERATING COSTS

Contributions towards operating costs reported in the consolidated statement of income mainly relate to the contribution amounting to Euro 600 thousands, received by the parent Company towards the research and development costs sustained during the period and in preceding periods in accordance with law No. 346/1988.

This law allows the contributions to be granted in the measure of 10% of the research and development costs sustained.

The grants have been decreed by the Ministry of Public Instruction, University and Research (MIUR) on October 16, 2002 in connection with a financing amounting to Euro 7,318 thousands, and include interest grants as well for an amount corresponding to the 50% of the total financial charges related to the financing.

INTEREST AND FINANCIAL EXPENSES

A) INCOME FROM INVESTMENTS

DIVIDENDS AND OTHER INCOME FROM OTHER

The item, amounting to Euro 957 thousands, relates to the dividends paid during the year 2002 by Medinvest International S.C.A., a 7.8% affiliate of Luxteco International S.A.

B) OTHER FINANCIAL INCOME

OTHER INCOME

The item is composed of the following (in thousands of Euro):

	2002	2001	Differences
Interest income from banks	424	901	(477)
Interest income from customers	335	374	(39)
Interest income on V.A.T.	9	52	(43)
Contributions to interest expenses			
on discounted notes (lex 346/88)	945	1,052	(107)
Premiums on forward sales of foreign currencies	559	271	288
Other	230	198	32
	2,502	2,848	(346)
Exchange differences	6,403	5,682	721
Total	8,905	8,530	375

C) INTEREST AND OTHER FINANCIAL CHARGES

INTEREST AND OTHER FINANCIAL CHARGES

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

	2002	2001	Differences
Interest to bank	5,336	7,513	(2,177)
Interest on discounted notes	641	802	(161)
Discounts on forward sales of foreign currencies	430	787	(357)
Other	598	457	141
	7,005	9,559	(2,554)
Exchange differences	6,530	5,807	723
Total	13,535	15,366	(1,831)

ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS

The write-down by Euro 5 thousands is related to J.O.I. Pack Co. Ltd; the revaluation by Euro 98 thousands is related to B.C. S.r.l., both consolidated using the equity method.

EXTRAORDINARY INCOME AND EXPENSES

The 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 Verpackungssysteme GmbH., as previously disclosed.

B) EXPENSES

The item relates to the provision made during the year by some Group companies in order to provide the liabilities which are expected to arise from tax audits still in place. The provision accrued in the consolidated financial statements is believed to be adequate to cover those liabilities, considering the opinion of the Group tax consultants as well.

INCOME TAXES

As regarding the consolidated tax rate, it should be noted that, following the change of Kilian GmbH & Co. KG from a joint-stock company into a partnership, performed in the year 2000, 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. Moreover, taxes on the income of German Group companies benefit from the tax reductions affecting the disposal of the investment in Kilian & Co. Inc., performed during the year, according to the tax law in force in that country.

RELATED PARTIES TRANSACTIONS

The Statement of Income for the year ended December 31, 2002 includes revenues amounting to Euro 221 thousands, resulting from the recharge to a related party of research and development costs incurred during the year, as well as costs amounting to Euro 1,229 thousands, mainly related to consultancy services and leasings.

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 2,858 thousands.

Moreover, the consolidated financial statements as of December 31, 2002 include assets amounting to Euro 2 thousands and liabilities amounting to Euro 1,186 thousands which arise from transactions with related parties.

PERSONNEL

During 2002 IMA Group employed on average n. 2,344 people made up as follows:

	12.31.2002	12.31.2001	Differences
Managers	113	119	(6)
Clerks	1,490	1,403	87
Workers	741	710	31
Total	2,344	2,232	112

For a better understanding of the above table, it should be noted that the item “Managers” includes 56 foreign companies’ employees to be considered as “Clerks” following the Italian law.

BOARD OF DIRECTORS AND STATUTORY AUDITORS’ FEES

Parent Company’s Managers and statutory auditors took the following reward (in thousands of Euro):

	Rewards from Parent Company		Rewards from other consolidated companies	
	2002	2001	2002	2001
Parent Company's managers	658	635	76	83
Parent Company's statutory auditors	46	54	49	44

11) OTHER INFORMATION

STATEMENT OF CHANGES IN CONSOLIDATED STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001 (IN THOUSANDS OF EURO) - (TRANSLATION FROM THE ORIGINAL ISSUED IN ITALIAN)

Description	Capital stock	Share prem. Reserv.	Reval. Reserv.	Legal Reserv.	Res. for Treas. Stock	Other	Accumul. Transl. Adj	Retain. Earnin.	Group Net Income	Group Stockhol Equity
Balance as of 12.31.2000	18,644	16,382	395	4,514	1,061	13,769	1,329	13,291	15,207	84,592
Allocation of 2000 income:										
- dividends	-	-	-	-	-	-	-	-	(8,353)	(8,353)
- reserves	-	-	-	45	-	8,229	-	(1,420)	(6,854)	-
Conversion of Capital Stock in 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
Balance as of 12.31.2001	18,772	16,382	395	4,559	4,324	18,607	1,617	11,871	20,446	96,973
Allocation of 2001 income:										
- dividends	-	-	-	-	-	-	-	-	(12,919)	(12,919)
- reserves	-	-	-	116	-	4,657	-	2,754	(7,527)	-
Sale of own shares	-	-	-	-	(2,967)	2,967	-	-	-	-
Purchase of own shares	-	-	-	-	1,903	(1,903)	-	-	-	-
Translation adjustments	-	-	-	-	-	-	(1,628)	-	-	(1,628)
Group net income	-	-	-	-	-	-	-	-	24,431	24,431
Balance as of 12.31.2002	18,772	16,382	395	4,675	3,260	24,328	(11)	14,625	24,431	106,857

STATEMENT OF CONSOLIDATED CASH FLOW

FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001 (IN THOUSANDS OF EURO) - (TRANSLATION FROM THE ORIGINAL ISSUED IN ITALIAN)

	2002	2001
A. Opening net short term financial indebtedness	(13,220)	(10,590)
B. Cash flow generated by (used in) operations		
- Group net income	24,431	20,446
- Depreciation and amortization	15,043	14,442
- (Gain) or loss on disposal of fixed assets	(150)	(842)
- (Revaluation) or write-down of fixed assets	(93)	14
- Net change in reserve for employee termination indemnities	1,943	2,237
Cash flow from operation before changes in working capital	41,174	36,297
- (Increase) decrease in current receivables	11,620	(9,013)
- (Increase) decrease in inventories	(26,129)	(8,699)
- Increase (decrease) in amounts due to suppliers and other liabilities	14,222	8,734
- Increase (decrease) in reserve for risks and charges	(1,060)	2,390
- Other (net)	(1,359)	274
	38,468	29,983
C. Cash flow generated by (used in) investment activities		
Fixed asset investments:		
- intangible	(4,130)	(15,059)
- tangible	(13,689)	(14,721)
- financial	(141)	(196)
Selling price or value of reimbursement of fixed assets	2,060	5,540
Consolidation area variations	-	303
	(15,900)	(24,133)
D. Cash flow generated by (used in) financial activities		
- Increase in long term debts (net)	(14,911)	(344)
E. Charges in Shareholders' equity		
- Distribution of profits	(12,919)	(8,353)
F. Exchange difference variation	(1,140)	217
G. Cash flow for the year (B + C + D + E + F)	(6,402)	(2,630)
H. Closing net short term indebtedness (A + G)	(19,622)	(13,220)

THE CHAIRMAN OF THE BOARD OF DIRECTORS
MARCO VACCHI

SUMMARY OF THE FINANCIAL STATEMENTS
OF SUBSIDIARY COMPANIES
AS OF DECEMBER 31, 2002

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

**SUMMARY OF THE FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES
AS OF DECEMBER 31, 2002**

SUMMARY OF THE FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES

AS OF DECEMBER 31, 2002 (IN THOUSANDS OF EURO) - (TRANSLATION FROM THE ORIGINAL ISSUED IN ITALIAN)

Pursuant to art. 2429, last paragraph, of Civil Code, the summary of the financial statements of subsidiary companies included in the Group consolidated financial statements is included below.

MANUFACTURING COMPANIES						
Statement of income (in thousands of Euro)	B.F.B. S.p.A.	Libra P.T. S.r.l.	P.G. Bombay	Co.Ma.Di.S. S.p.A.	Tianjin IMA	Zibo IMA
Net revenues	60,673	22,528	9,307	5,013	394	838
Operating costs	(53,263)	(16,689)	(8,085)	(4,860)	(389)	(834)
Net operating income	7,410	5,839	1,222	153	5	4
Other income (charges)	85	6	(49)	(374)	(25)	(49)
Result before income taxes	7,495	5,845	1,173	(221)	(20)	(45)
Income taxes	(3,689)	(1,289)	(301)	(1)	-	-
Net income for the year	3,806	4,556	872	(222)	(20)	(45)

MANUFACTURING COMPANIES						
Balance sheet (in thousands of Euro)	B.F.B. S.p.A.	Libra P.T. S.r.l.	P.G. Bombay	Co.Ma.Di.S. S.p.A.	Tianjin IMA	Zibo IMA
Assets:						
current	24,634	15,425	4,664	2,282	353	798
inventories, net	15,059	4,059	2,108	2,256	62	809
fixed assets	8,219	752	1,382	5,158	15	71
Total	47,912	20,236	8,154	9,696	430	1,678
Liabilities:						
current	31,267	10,574	4,041	5,682	232	882
medium/long term	8,079	914	230	2,926	-	-
Stockholders' equity	8,566	8,748	3,883	1,088	198	796
Total	47,912	20,236	8,154	9,696	430	1,678

**SUMMARY OF THE FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES
AS OF DECEMBER 31, 2002**

MARKETING COMPANIES

Statement of income (in thousands of Euro)	IMA Iberica SL	IMA N.A. Inc.	IMA GmbH (Cologne-D)	IMA UK Ltd.	IMA France Eurl	I.M.A. GmbH (Wien-A)	IMA Far East Co. Ltd.	Imauto- matiche Lda.
Net revenues	1,500	60,840	2,942	5,767	5,232	4,830	774	11,246
Operating costs	(1,386)	(60,309)	(2,634)	(5,230)	(4,948)	(4,554)	(1,792)	(10,510)
Net operating income	114	531	308	537	284	276	(1,018)	736
Other income (charges)	(13)	69	5,975	68	(69)	(102)	(193)	(224)
Result before income taxes	101	600	6,283	605	215	174	(1,211)	512
Income taxes	–	(71)	(55)	(208)	(100)	(29)	–	–
Net income for the year	101	529	6,228	397	115	145	(1,211)	512

MARKETING COMPANIES

Balance sheet (in thousands of Euro)	IMA Iberica SL	IMA N.A. Inc.	IMA GmbH (Cologne-D)	IMA UK Ltd.	IMA France Eurl	I.M.A. GmbH (Wien-A)	IMA Far East Co. Ltd.	Imauto- matiche Lda.
Assets:								
current	1,097	26,722	10,380	4,069	4,034	3,273	1,903	5,171
inventories, net	2	6,844	–	–	367	–	–	–
fixed assets	59	2,514	28,742	649	34	233	690	3
Total	1,158	36,080	39,122	4,718	4,435	3,506	2,593	5,174
Liabilities:								
current	877	29,139	10,770	1,826	2,613	3,067	2,376	4,100
medium/long term	–	143	6,375	–	147	77	176	207
Stockholders' equity	281	6,798	21,977	2,892	1,675	362	41	867
Total	1,158	36,080	39,122	4,718	4,435	3,506	2,593	5,174

**SUMMARY OF THE FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES
AS OF DECEMBER 31, 2002**

OTHER MANUFACTURING AND MARKETING COMPANIES

Statement of income (in thousands of Euro)	IMA Japan	Kilian GmbH
Net revenues	5,572	40,875
Operating costs	(6,410)	(35,561)
Net operating income	(838)	5,314
Other income (charges)	(56)	1,841
Result before income taxes	(894)	7,155
Income taxes	–	(755)
Net income of the year	(894)	6,400

OTHER MANUFACTURING AND MARKETING COMPANIES

Balance sheet (in thousands of Euro)	IMA Japan	Kilian GmbH
Assets:		
current	2,882	14,285
inventories, net	159	18,198
fixed assets	42	3,192
Total	3,083	35,675
Liabilities:		
current	2,536	31,311
medium/long term	19	1,695
Stockholders' equity	528	3,669
Total	3,083	35,675

**SUMMARY OF THE FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES
AS OF DECEMBER 31, 2002**

Statement of income (in thousands of Euro)	HOLDING COMPANIES	
	Luxteco Internat. SA	Holteco BV
Net revenues	–	–
Operating costs	(389)	(29)
Net operating income	(389)	(29)
Other income (charges)	(442)	52
Result before income taxes	(831)	23
Income taxes	–	3
Net income of the year	(831)	26

Balance sheet (in thousands of Euro)	HOLDING COMPANIES	
	Luxteco Internat. SA	Holteco BV
Assets:		
current	2,880	770
inventories, net	–	–
fixed assets	6,115	835
Total	8,995	1,605
Liabilities:		
current	34	50
medium/long term	–	–
Stockholders' equity	8,961	1,555
Total	8,995	1,605

**SUMMARY OF THE FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES
AS OF DECEMBER 31, 2002**

Statement of income (in thousands of Euro)	OTHER COMPANIES			
	Libra Immobiliare S.r.l.	Ignition Team S.r.l.	Info Area S.r.l.	Comitec S.r.l.
Net revenues	18	5,097	7,746	460
Operating costs	(2)	(3,737)	(6,674)	(393)
Net operating income	16	1,360	1,072	67
Other income (charges)	–	(16)	5	1
Result before income taxes	16	1,344	1,077	68
Income taxes	(6)	(560)	(502)	(41)
Net income for the year	10	784	575	27

Balance sheet (in thousands of Euro)	OTHER COMPANIES			
	Libra Immobiliare S.r.l.	Ignition Team S.r.l.	Info Area S.r.l.	Comitec S.r.l.
Assets:				
current	21	3,495	7,334	318
inventories, net	–	–	50	–
fixed assets	207	35	332	4
Total	228	3,530	7,716	322
Liabilities:				
current	10	1,199	3,774	103
medium/long term	–	53	228	26
Stockholders' equity	218	2,278	3,714	193
Total	228	3,530	7,716	322

**REPORT OF THE INDEPENDENT AUDITORS
ON THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2002
(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 .
A N D S U B S I D I A R I E S**

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**REPORT OF THE INDEPENDENT AUDITORS ON THE CONSOLIDATED
FINANCIAL STATEMENTS PURSUANT TO ART. 156
OF LEGISLATIVE DECREE NO. 58 OF FEBRUARY 24, 1998**

**To the Shareholders of
I.M.A. - Industria Macchine Automatiche S.p.A.:**

1. We have audited the consolidated financial statements of I.M.A. - Industria Macchine Automatiche S.p.A. and its subsidiaries as of December 31, 2002. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes as required by law, reference should be made to the auditors' report issued by us with the former denomination of "Arthur Andersen S.p.A." on April 2, 2002.

3. In our opinion, the consolidated financial statements present fairly the financial position of the Group as of December 31, 2002, and the results of its operations for the year then ended in accordance with the Italian regulations governing financial statements.

DELOITTE & TOUCHE ITALIA S.p.A.

Signed by
Angelo Castelli
Partner

Bologna, Italy
March 26, 2003

This report has been translated into the English language solely for the convenience of international readers.

Deloitte
Touche
Tohmatsu

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