REPORT ON OPERATIONS DURING THE FIRST HALF OF 2002

(TRANSLATION FROM THE ORIGINAL ISSUED IN ITALIAN FROM THE ITALIAN INTO THE ENGLISH LANGUAGE SOLELY FOR THE CONVENIENCE OF INTERNATIONAL READERS)

I.M.A. INDUSTRIA MACCHINE AUTOMATICHE S.P.A. - REGISTERED OFFICES: OZZANO DELL'EMILIA (BOLOGNA) CAPITAL STOCK: EURO 18.772.000 FULLY PAID- BOLOGNA COMPANY REGISTER N° 00307140376

GROUP COMPANIES BY ACTIVITY

MANUFACTURING ACTIVITIES

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

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

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

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

B.C. s.r.l.
Imola – Bologna (Italy)

Kilian GmbH & Co. KG
Cologne (Germany)

Precision Gears Pvt Ltd.
Bombay (India)

Precision Gears Pvt Ltd.
Indore (India)

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

Tianjin IMA
Machinery Co. Ltd.
Tianjin (PRC)

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

COMMERCIAL ACTIVITY

IMA
Verpackungssysteme GmbH
Cologne (Germany)

I.M.A. Est
Verpackungssysteme Handels GmbH
Wien (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)

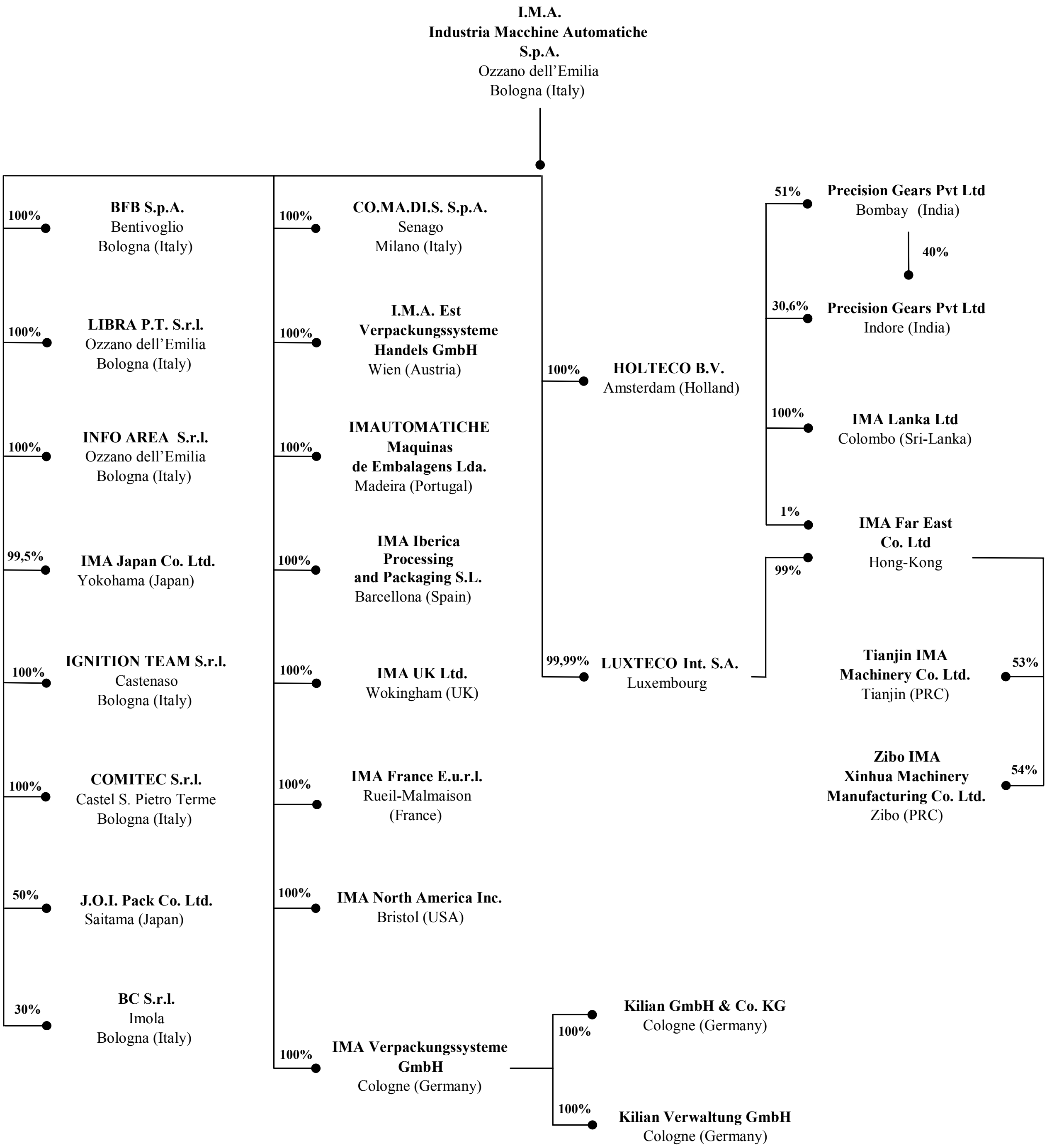
Kilian Verwaltung GmbH
Cologne (Germany)

FINANCIAL ACTIVITY

Luxteco International S.A.
Luxembourg

HOLTECO B.V.
Amsterdam (Holland)

LA STRUTTURA DEL GRUPPO



SUMMARY

INTRODUCTION

This report was prepared by the Board of Directors on August 9, 2002.

The report shows the performance of the Group and includes the accounting schedules of IMA S.p.A., the Parent Company.

The report was prepared in accordance with the Italian Civil Code and the contents of Consob resolution n. 11971 of May 14, 1999 and subsequent amendments.

If not otherwise stated, amounts included in the following six-month report are in thousand of Euro, in order to facilitate its comprehension.

Almost all Group companies are active solely in the automated packaging machines sector. Results in this sector during the first semester are generally not representative of yearly performances, since business is largely concentrated in the second half of the year.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2002

A) 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 AT 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 a maximum of Euro 5,164,569, except for the renewal of credit lines already granted to the Company that are freely renewable without 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 a maximum of Euro 5,164,569, except for the renewal of credit lines already granted to the Company that are freely renewable without limit. Delegation and appointment of special representatives for particular purposes.

DIRECTORS

Andrea Malagoli, Italo Giorgio Minguzzi, Paolo Opromolla, Luca Poggi, Maria Carla Schiavina, Gianluca Vacchi, Stefano Visentini, Romano Volta.

EXECUTIVE COMMITTEE

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

The Executive Committee has powers of extraordinary administration provided they are 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 can delegate and appoint special representatives for particular purposes.

CHAIRMAN

Marco Vacchi

MEMBERS

Andrea Malagoli, Paolo Opromolla, Luca Poggi, Alberto Vacchi, Stefano Visentini.

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*

B) INFORMATION ON OPERATIONS

GENERAL PERFORMANCE

During the first six months of 2002 the world economy, with few exceptions, saw a far weaker recovery than the most prominent observers had forecast even in the wake of 11 September. The situation has grown worse recently with the latest data on the U.S. economy, which is the only one likely to drive a turnaround given Europe's inability to achieve endogenous growth independent from the international cycle and the woes of the Japanese economy.

The frailty of the international context, however, did not affect the sectors in which the IMA Group operates. Specifically, over the last few months the pharmaceuticals industry has continued to enjoy two-digit growth (+11%), with peaks of +16% in North America, +9% in Europe and +4% in Japan. IMS Health Market Prognosis, a leading industry observatory, wrote in a recent study that such growth should last at least through 2006. Investments in plant and machinery have paralleled this trend, covering all forms of medication (solids, liquids and powders) as well as the various types of packaging for which the Group makes machinery.

Sales trends for medication are non-cyclical in the most developed countries, which make up 80 to 90 percent of world pharmaceuticals consumption and for which these products have become a staple. This is less true in developing countries, where economic downturns are matched by a decline in pharmaceutical sales. As such, demand plummeted during the half-year in the Latin American nations, where a severe economic crisis began in Argentina and is now spreading to Uruguay and Brazil. The situation in Brazil is all the more uncertain due to the upcoming round of elections. The Mexican economy also fared poorly, because of the drop in investments and consumption by the United States. As a result, the demand for our products suffered a sharp drop-off in this region, which was exacerbated by the restrictive monetary policies implemented by the governments of the countries in question. However, the decline in Latin America was more than offset by an upturn in demand in Central and Eastern Europe, especially Russia, and in Asia, where Korea and China took the lead.

The sector for tea bagging machines, which is more exposed to economic cycles than is the pharmaceuticals sector, also enjoyed an increase in orders with respect to the first half of 2001. Demand was heartiest in Central and Eastern Europe, which more than compensated for the decline in the European Union. Orders were also good in the United States, where some of the leading groups have begun to upgrade their plants.

The trend in international demand was reflected in the IMA Group's growth in sales (+8.9% to 136.2 million euro) and even more so in our order book, which amounted to 209.4 million euro at the end of June 2002 compared with 183.1 million euro a year earlier (+14.4%). The boom in orders is explained not only by the increase in overall demand, but also by the resounding success of our product improvement strategy, which has helped us boost our market share in both of the industries we serve.

Given this situation and the bright outlook for the future, we decided to expand our production capacity by investing in some 15,000 square meters of new plants. We can make them operational during the first half of next year without altering the traditional balance between internal assembly work and the production and assembly jobs that we contract to our suppliers, which constitutes one of our major strengths. As in the past, we intend to flank internal growth with growth by acquisitions, so we will keep a steady eye on new opportunities for expanding our range of products. At a time of consolidation for our industry, we are confident that some important deals will be struck in the foreseeable future.

CONSOLIDATED STATEMENT OF INCOME

The first half of 2002 closed with a consolidated pre-tax profit of 6.1 million euro, compared with a loss of 0.3 million euro for the same period in 2001.

The following table sets out key consolidated figures for the half-year, compared with those for the first six months of 2001.

millions of euro	1st half 2002 Amount	%	1st half 2001 Amount	%	Change %
Net revenues	**136.2**		**125.1**		**8.9**
• Cost of sales	(74.8)		(68.7)		
Gross margin	**61.4**	**45.0**	**56.4**	**45.1**	**8.9**
• R&D costs	(9.5)		(10.4)		
• Selling costs	(21.1)		(19.7)		
• General and administrative costs	(22.9)		(21.1)		
Net operating income before amortization of goodwill and consolidation differences (EBITA)	**7.9**	**5.8**	**5.2**	**4.2**	**51.9**
• Amortization of goodwill and consolidation differences	(2.4)		(2.0)		
Net operating income	**5.5**	**4.0**	**3.2**	**2.6**	**71.9**
• Net financial income (expense)	1.0		(3.0)		
• Adjustments to the value of financial assets	–		–		
Result before extraordinary items, income taxes and minority interests	**6.5**	**4.8**	**0.2**	**0.2**	**n.a.**
• Extraordinary items, net	(0.3)		(0.4)		
• Minority interests	(0.1)		(0.1)		
Pre-tax result	**6.1**	**4.5**	**(0.3)**	**n.a.**	**n.a.**
Gross operating income (EBITDA)	**12.8**	**9.4**	**9.9**	**7.9**	**29.3**
Order book	**209.4**		**183.1**		**14.4**

In keeping with accepted practice, as from 2001 the consolidated statement of income has been reclassified to bring net operating income into line with the difference between the value and cost of production (A-B) shown in the format required by Decree Law 127/91. For the sake of consistent comparison, the statement of income for the first half of 2001 has been reclassified using the same criteria.

NET REVENUES

Consolidated net revenues grew by 8.9% on the first half of 2001, their overall amount reflecting the seasonal nature of deliveries in our industry.

The table below illustrates the breakdown of net revenues by sector during the half-year, compared with the corresponding period in 2001.

thousands of euro	1st half 2002	1st half 2001	Change	%
• Tea and herbal tea packaging	18,124	17,625	499	2.8
• Pharmaceuticals packaging	81,945	68,888	13,057	19.0
• Pharmaceuticals processing	36,179	38,622	(2,443)	(6.3)
Total net sales	**136,248**	**125,135**	**11,113**	**8.9**

Most of the upturn for the first half of 2002 concerned the pharmaceuticals packaging sector and, within it, the blister division and the filling and sterile division. It is worth noting that net revenues in the first half of 2001 came to roughly 37.2% of what we delivered for the entire year, and on the basis of the order book at the end of June we expect a similar trend in 2002. This confirms the imbalance between the first and second halves that is typical of our sector, and which has been accentuated over the past two years. Deliveries during the period were also affected by the heavy concentration of sales during the last quarter of 2001, which delayed progress on orders for 2002. We are taking steps to limit this imbalance in the future, although it cannot be eliminated entirely as it reflects the pattern of investments throughout the year typical of the companies that buy our products.

Because of the high unit value of orders in our sector, an analysis of revenues for periods of less than a full year is fairly meaningless, as the total could easily be affected by delays in specific deliveries. We believe that the trend in demand is more easily grasped by examining the order book at the end of the period, as shown in the table below:

thousands of euro	**06.30.02**	**06.30.01**	**Change**	**%**
• Tea and herbal tea packaging	30,534	38,805	(8,271)	(21.3)
• Pharmaceuticals packaging	140,426	107,545	32,881	30.6
• Pharmaceuticals processing	38,397	36,730	1,667	4.5

The order book at June 30, 2002 amounted to 209.4 million euro, compared with 183.1 million at the end of June 2001 (+14.4%).

Commenting now on sales during the period, we would like to point out that in the tea and herbal tea packaging sector, the sharply lower portfolio at the end of June should be viewed in light of the opening figure for the year, which was 37.3% lower than at the start of 2001. Given that revenues for the period were up by 2.8%, this means that rate of growth in sales during the first half was about 24% higher than in the same period last year. In the pharmaceuticals packaging sector, the upturn in demand concerned not only blister pack and filling & sterile lines, but also the casing division, where the Flexa family has had growing success, as has our range of line-end machines. Sales of processing plant and machinery were excellent (+17.4% on the first half of 2001), although performance differed from one line to the next. Demand was high for tabletting and capsule filling machines, but less brilliant for coating systems.

OPERATING INCOME

The gross margin came to 61.4 million euro, compared with 56.4 million euro for the same period in 2001, and amounted to 45.0% of sales as in the previous year. Its stability as a percentage of sales, despite a slightly more favorable mix due to the increase in customized items and parts as a percentage of total revenues, is explained by the higher volume of new product sales that still bring in lower margins as a typical consequence of being in the start-up phase. These margins should improve in 2003 as the "learning curves" of the products advance.

Before turning to fixed costs, we would like to point out that the unit cost of labor in Italy rose by an average of 5.5%, due mainly to the implementation of national contract agreements.

R&D costs were down by 0.94 million euro, as the Group wound down its ambitious program of upgrading all product lines that it had begun in 1998. Naturally, in the years to come we will remain committed to innovation--one of our greatest strengths--but future R&D costs should fall to approximately 4-5% of revenues.

General and administrative costs were up 8.7% (from 21.1 million to 22.9 million euro), as a result of the increase in labor costs mentioned above but also due to the rent paid by IMA North America Inc. on its new headquarters, the cost of IMA North America's absorption of Kilian & Co. Inc. (a move that streamlined our operations in that region), and the cost of implementing the new computer system at our German subsidiary, Kilian GmbH & Co. KG.

Commercial and selling costs went from 19.7 to 21.1 million euro (+7%), due chiefly to the higher trade fair costs during the period--most notably for the Interpack event--and to the expansions implemented by IMA North America Inc. and IMA UK Ltd. during the second half of 2001 in keeping with the growth policies in those countries.

The *amortization of goodwill and consolidation differences* increased by 0.4 million euro (from 2.0 to 2.4 million) because of the full-period amortization of goodwill paid on the business branch that makes ICO granulators and on the company CO.MA.DI.S S.p.A., which joined the scope of consolidation respectively in April and May 2001.

All this means that net operating income went from 3.2 million euro as at June 30, 2001 (2.6% of sales) to 5.5 million euro (4.0% of sales) as at June 30, 2002.

PRE-TAX RESULT

The balance between financial income and expense was a positive 1.0 million euro, compared with a negative 3.0 million for the first half 2001. Interest on loans went down because of the reduction in average debt during the period as well as the decline in interest rates. Financial income includes a capital gain of 0.2 million euro on the sale of own securities. It also increased with respect to the prior period because of higher tax credits on dividends. Another component of financial income and expense are exchange gains and losses, which amounted to a net gain due to the different trend in the euro/dollar exchange rate. Extraordinary items produced a net expense of 0.3 million euro (0.4 million for the first six months of 2001). Therefore, the Group's pre-tax result was a profit of 6.1 million euro, against a loss of 0.3 million euro as at June 30, 2001.

CAPITAL EXPENDITURE

The Group's capital expenditure amounted to 3.3 million euro, compared with 7.3 million euro during the first half of 2001. Investments consisted mainly of the purchase of specific plant and machinery for the production process as well as EDP machines. They also include a downpayment by Libra P.T. S.r.l. for the lease of a plot of land and of the industrial building to be built on it.

BALANCE SHEET

This table summarizes the Group's balance sheet as at June 30, 2002:

thousands of Euro	**06.30.02**	**06.30.01**	**12.31.01**
Trade receivables, net	72,070	80,069	101,952
Other receivables	16,111	17,558	13,017
Inventories	128,830	112,021	92,650
Short-term non-financial payables	(139,547)	(116,251)	(120,033)
A) Working capital	**77,464**	**93,397**	**87,586**
Receivables due beyond 12 months	6,840	3,021	7,565
Equity investments and financial fixed assets	7,876	7,987	7,878
Tangible fixed assets	43,865	42,598	44,374
Intangible fixed assets	51,707	55,324	53,470
B) Fixed assets, net	**110,288**	**108,930**	**113,287**
C) Reserves and M/L-T non-financial payables	**(25,357)**	**(24,374)**	**(26,216)**
A+B-C = Net capital employed	**162,395**	**177,953**	**174,657**
FINANCED BY:			
D) Net debt	**71,378**	**99,003**	**75,140**
E) Minority interests	**2,069**	**2,403**	**2,544**
F) Group's share of stockholders' equity	**88,948**	**76,547**	**96,973**
D+E+F = Total sources of finance	**162,395**	**177,953**	**174,657**

The Group's careful management of assets is evident in the balance sheet figures above. Specifically, working capital--at 77.5 million euro--decreased significantly with respect to both December 31 and June 30, 2001, thanks to an even shrewder handling of trade receivables which, along with the optimization of payments to suppliers, largely offset the rise in inventories.

As mentioned several times in the past, this level of inventories is necessary for IMA to cope with the numerous deliveries scheduled during the second half of the year.

Fixed assets also fell slightly, due essentially to depreciation for the period which was not offset by significant investments

There was a marked improvement in the net financial position: 71,378,000 euro as at June 30, 2002 (99,003,000 a year earlier and 75,140,000 at December 31, 2001). This trend is even more impressive given the fact that net income for the period, as usually occurs for the Group, did not compensate for the payment of dividends.

Net debt as at June 30, 2002 benefited from 1,656,000 euro from the conversion of items in non-euro currencies at the period-end exchange rates. The Group expects its net financial position to improve further during the second half of the year, as it maintains its focus on asset items and achieves a higher net result.

INTERCOMPANY TRANSACTIONS

As regards transactions with parent companies, as of June 30, 2002 IMA S.p.A. was 51% owned by Finvacchi S.p.A., with which there are no significant dealings.

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, as well as administrative services.

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

The financial 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 pharmaceuticals sectors, supplementing its range with other machinery 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 regions not covered by Group companies are made through an extensive network of agents.

The activities of the various Group companies are outlined below:

MANUFACTURING COMPANIES

- *BFB S.p.A*, located in Bentivoglio (Bologna), wholly owned by IMA S.p.A.: manufactures end-of-line machines for use in various sectors.
- *Libra S.r.l.*, located in Ozzano E. (Bologna), wholly owned by IMA S.p.A.: manufactures end-of-line machines for use in sterile environments. Outlets: the pharmaceuticals and cosmetics industries.
- *Precision Gears Pvt. Ltd. (Bombay) and Precision Gears Pvt. Ltd. (Indore*), 51% indirectly held, both manufacture blister-pack machines suitable for markets in developing countries.
- *J.O.I. Pack Co. Ltd.,* located in Saitama (Japan), is a joint-venture 50% owned by IMA S.p.A. established to develop a blister-pack machine targeting the pharmaceuticals industry in Japan. This company has been dormant since 1998.
- *B.C. S.r.l.,* located in Imola (Bologna), 30% owned by IMA S.p.A.: manufactures mechanical components for customers within and outside the IMA Group.
- *Zibo IMA Xinhua Machinery Manufacturing Co. Ltd.,* located in Zibo (China), 54% owned by IMA Far East Co. Ltd.: assembles machines for the pharmaceuticals industry.
- *Tianjin IMA Machinery Co. Ltd.,* located in Tianjin (China), 53% owned by IMA Far East Co. Ltd.: provides customer service in China.
- *Kilian GmbH & Co. KG,* located in Cologne (Germany), is a wholly-owned subsidiary of IMA Verpackungssysteme GmbH. Acquired at the start of 2000, it produces compressing machines for the pharmaceuticals and chemicals industries.
- *Co.Ma.Di.S. S.p.A.*, located in Senago (Milan), is a wholly-owned subsidiary of IMA S.p.A. It manufactures tube-filling machines for the pharmaceuticals, cosmetics, chemicals and food industries.

MARKETING COMPANIES

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

- *IMA North America Inc.,* located in Bristol (USA), completed the process of integration with Kilian & Co. Inc. being merged with it on May 1, 2002.
- *IMA France E.u.r.l.,* located in Rueil-Malmaison (France).
- *IMA Verpackungssysteme GmbH*, located in Cologne (Germany).
- *IMA UK Ltd.,* located in Wokingham (UK).
- *I.M.A. Est Verpackungssysteme Handelsgesellschaft MbH*, located in Vienna (Austria).
- *IMA Far East Co Ltd.,* located in Hong Kong.
- *Imautomatiche Lda.,* located in Madeira (Portugal).
- *IMA Lanka Ltd.,* located in Colombo (Sri Lanka). This company was set up to provide local servicing of tea bagging machines.
- *IMA Iberica Processing and Packaging S.L.,* located in Barcelona (Spain).
- *IMA Japan Ltd,* located in Tokyo (Japan).

FINANCIAL HOLDING COMPANIES

- *Luxteco International S.A.*, located in Luxembourg, is 99.99% owned by IMA S.p.A. It has financial dealings with some of the foreign marketing companies. It also owns 99% of IMA Far East Co. Ltd. and 8.16% of Medinvest International SCA.
- *Holteco BV*, located in Amsterdam (Netherlands), is a wholly-owned direct subsidiary of IMA S.p.A. It is the parent company of Precision Gears Pvt. Ltd. in Bombay and also owns 100% of IMA Lanka Ltd.

OTHER COMPANIES

- *Ignition Team S.r.l.*, located in Castenaso (Bologna), is a wholly-owned direct subsidiary of IMA S.p.A. It provides public relations and communication services to Group and other outside companies, at going market rates. During the period IMA S.p.A. purchased the remaining 10% of this company at an amount corresponding to the newly acquired portion of stockholders' equity.
- *Infoarea S.r.l.,* located in Ozzano dell'Emilia (Bologna), is a wholly-owned subsidiary of IMA S.p.A. It specializes in the supply of IT goods and services to both Group and other companies at rates in line with the market.
- *Comitec S.r.l.*, located in Castel S. Pietro Terme (Bologna), is a wholly-owned subsidiary of IMA S.p.A. It provides technical design and drawing services to Group companies.
- *Kilian Verwaltung GmbH,* 100% held by IMA Verpackungssysteme GmbH, performs administrative services for the Group's German companies.

The following table (in thousands of euro) summarizes the financial statements of the individual Group companies for the first half of 2002 and 2001.

	1st half 2002			1st half 2001		
Company	**revenues**	**operating margin**	**pre-tax result**	**revenues**	**operating margin**	**pre-tax result**
Manufacturing						
BFB S.p.A.	20,078	411	388	20,619	1,049	303
Libra P.T. S.r.l.	8,568	1,856	1,928	5,480	688	600
CO.MA.DI.S S.p.A.	2,206	(43)	(227)	487	21	(45)
Precision Gears Pvt. Ltd. Indore	831	133	129	735	60	42
Precision Gears Pvt Ltd. Bombay	3,191	60	53	1,753	(244)	(248)
Tianjin IMA Machinery Co Ltd.	173	(13)	(9)	159	1	2
Zibo IMA Xinhua Machinery Manufacturing Co Ltd.	360	4	(11)	422	21	34
Kilian GmbH & Co. KG	15,972	1,150	3,671	13,933	259	(114)
Marketing						
IMA North America Inc.	20,961	(463)	(391)	17,947	(125)	(92)
IMA Verpackungssysteme GmbH	1,535	18	(343)	2,543	(170)	(735)
IMA France E.u.r.l.	1,956	(335)	(369)	2,152	(112)	(153)
I.M.A. Est Verpackungssysteme Handels GmbH	1,827	40	(8)	1,910	(237)	(276)
IMA UK Ltd.	2,558	85	84	1,857	(147)	(148)
IMA Far East Co Ltd.	212	(826)	(1,003)	196	(478)	(523)
Imautomatiche Lda.	4,970	242	33	9,683	458	802
Kilian & Co. Inc. (*)	4,422	78	75	4,436	302	302
Value Machinery Inc.	–	–	–	289	111	120
IMA Iberica Processing and Packaging SL	425	(130)	(135)	155	(264)	(264)
IMA Japan Co. Ltd.	2,405	(616)	(630)	3,575	(395)	(399)
Sub-holding						
Luxteco International S.A.	–	(205)	(1,281)	–	(87)	(602)
Holteco B.V.	–	(29)	10	–	(22)	219
Others						
Ignition Team S.r.l.	2,913	629	597	1,100	61	50
Info Area S.r.l.	3,807	718	708	2,730	(84)	(93)
Comitec S.r.l.	230	28	29	842	620	626

(*) from January 1 to April 30, 2002

The losses reported by a number of Group companies are largely due to the seasonal nature of the business, with the majority of deliveries taking place during the second half of the year. For this reason many of these losses are expected to be transformed into profits by the end of the year. The following points should also be noted for some of the companies:

- No major improvement is expected by the end of the year.
- IMA Far East Co.Ltd. does not expect to see a significant improvement in its bottom line during the second half of the year.
- Luxteco International S.A. has been affected by the poor performance of its subsidiary IMA Far East Co. Ltd. and has written down the book value of its investment to the value of stockholders' equity in this company.
- IMA Japan Ltd., formed at the start of 2001 to take over IMA S.p.A.'s local division, suffered a loss for the period; it will go through a restructuring process to begin by the end of the year.

SIGNIFICANT SUBSEQUENT EVENTS

In 2002 the Group's boards have approved the following extraordinary operations, which will take place in the coming months:

- Absorption of BFB S.p.A. by IMA S.p.A., with effect from January 1, 2003;
- Spin-off into a new company, at net book values, of the real estate division of Libra P.T. S.r.l.

OUTLOOK FOR THE FULL YEAR

A forecast for the full year's revenues was given as part of our comments on first-half performance. More specifically, considering the size of the order book at the end of June and the orders we expect to receive for spare parts, services and customized items, which arrive on a monthly basis, we believe that consolidated revenues for 2002 could total around 360 million euro. All of the growth will take place in machines for the pharmaceuticals industry; revenues from tea bagging machinery will stay slightly below the figure for 2001. The gross margin for all of 2002 should fall slightly with respect to the previous year, due essentially to the higher proportion of new products delivered. This should be viewed as a very positive circumstance, in any case, as it confirms the validity of our new product decisions and could lead to a sharp upturn in margins as early as 2003, when the production processes stabilize. The more limited rise in R&D, selling and general costs with respect to the growth of revenues is likely to boost operating income compared with the end-2001 figure and also raise it as a percentage of sales. The positive forecast for the Group's statement of income and the careful management of working capital should ensure a healthy cash flow, which may be used for extraordinary acquisitions that would bolster our competitive position and create additional stockholder value.

C) REPORTING CURRENCY

All figures in this half-year report are expressed in thousand of euro. For the sake of consistency, comparative figures have also been converted into euro.

D) INFORMATION BY SECTOR AND GEOGRAPHICAL AREA

In compliance with CONSOB regulations, the attachments to the notes include a schedule summarizing information by business sector (tea-bagging, processing and packaging machines) as this is considered the most significant kind of disclosure given the Group's operational characteristics.

For that matter, the sector margins by geographical area do not differ significantly from each other, as can be seen in the attachment; a geographical breakdown of net sales is provided in the comments to the statement of income.

E) EXPLANATION ADDED FOR TRANSLATION INTO ENGLISH

The six-month report has been translated into English from the original version in Italian. It has been prepared in accordance with the CONSOB regulation related to interim reports, interpreted and integrated by the accounting principles established or adopted by the Italian Accounting Profession. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Italy, may not conform with generally accepted accounting principles in other countries.

F) VALUATION CRITERIA

VALUATION CRITERIA AND CONSOLIDATED PRINCIPLES

Valuation criteria and consolidation principles followed in the preparation of consolidated financial statements are the same used for the consolidated financial statements as of December 31, 2001, with the following exceptions:

a) **Income taxes** - Following the accounting treatment allowed under Bulletin No. 11971 of May 14, 1999, article No. 81, subsection No. 7, issued by the CONSOB, the result for the period is gross of the related income taxes. Therefore, income and deferred taxes resulting from the application of the income tax Accounting Principle have not been calculated on first six-month report.

b) **Third parties net income** - Following the previous statement, third parties net income has been calculated on income before current and deferred taxes of the period.

CONSOLIDATION AREA

The consolidated six month report as of June 30, 2002 derives from the six month report at the same data of the holding company IMA S.p.A. with those of its subsidiaries directly or indirectly controlled, except for IMA Lanka Ltd. and Kilian Verwaltung GmbH, as they are not significant in order to give a true and fair view of the consolidated financial statements. It should be noted that the statement of income of Kilian & Co Inc. has been consolidated for the first four months of 2002, as this company has beenn merged into IMA North America Inc. starting from May 1, 2002.

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

COMPANY CONSOLIDATED USING LINE BY LINE METHOD

	Seat	Capital stock		Directly owned	Indirectly owned	
Italian companies						
• IMA 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 T. (BO)	EURO	52,000	100%	–	
Foreign companies						
• Luxteco International SA	Luxembourg	EURO	6,600,000	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	Cologne (D)	EURO	90,000	100%	–	
• IMA France E.u.r.l.	Rueil-Malmaison (F)	EURO	45,735	100%	–	
• IMA Iberica Processing and Packaging SL	Barcellona (E)	EURO	590,000	100%	–	
• IMA Japan Co.Ltd.	Yokohama (J)	YEN	160,000,000	99,50%	–	
• Precision Gears Pvt. Ltd.	Bombay (India)	RS	5,633,000	–	51%	(1)
• Precision Gears (Indore) Pvt. Ltd.	Indore (India)	RS	10,550,000	–	51%	(2)
• IMA Far East Co Ltd	Hong Kong	USD	5,572,969	–	100%	(4)
• Zibo IMA Xinuha Machinery Manufacturing Co. Ltd	Zibo (PRC)	USD	800,000	–	54%	(3)
• Tianjin IMA Machinery Co. Ltd	Tianjin (PRC)	USD	200,000	–	53%	(3)
• Imautomatiche Lda	Madeira (P)	EURO	5,000	100%	–	
• Kilian Gmbh & Co. KG	Cologne (D)	EURO	3,600,000	–	100%	(5)

COMPANY EVALUATED USING EQUITY METHOD

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

Notes (detail of the indirectly owned companies): (1) owned by Holteco BV - (2) owned at 30,6% by Holteco BV; the remaining part is owned by Precision Gears Pvt. Ltd. – (3) owned by IMA Far East Co. Ltd. – (4) owned at 99% by Luxteco Int. S.A. Ltd.; the remaining part is owned by Holteco B.V. (1%) – (5) 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., owned at 100% by the subsidiary Holteco B.V., acts as provider of after-sale services related to the tea sector machines directly in Sri Lanka. Kilian Verwaltung GmbH's main purpose is to render management services to the other group companies located in Germany.

The main changes within the area of consolidation are as follows:

- on March 8, 2002, IMA North America Inc. has sold the 100% of Value Machinery Inc. to its former CEO: the resulting receivables, amounting to USD 233,600, will be collected within October 8, 2002. The sale of the investment does not give raise to any effect on the consolidated income statement for the first six month period of 2002;
- on April 3, 2002 IMA S.p.A., in order to achieve a better organization of its subsidiaries within the Group, has purchased the 100 % of Kilian & Co. Inc. by Kilian GmbH & Co, at a price amounting to Euro 2,845 thousands, stated on the base of an external appraisal. During the month of April, such investment has been sold by IMA S.p.A. to IMA Nort America Inc. at a price corresponding to its carrying value: on May 1, 2002 Kilian & Co. Inc. has been merged into IMA North America Inc.;
- on May 6, 2002 IMA S.p.A. has purchased 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.

RECONCILIATION BETWEEN THE PARENT COMPANY STATUTORY ACCOUNTS AND THE CONSOLIDATED ACCOUNTS

The reconciliation between the parent company statutory accounts as of June 30, 2002 and the consolidated accounts at the same date is the following (in thousand of Euro):

	Stockholders' equity	Net income (loss)
Amounts reflected in I.M.A. S.p.A. statutory accounts	*75,707*	*11,779*
Consolidation adjustments:		
a. Difference between book value of investments and shareholders' equity of group companies	12,863	2,353
b. Elimination of fiscal adjustments related to:		
• Accelerated depreciations	5,350	343
• Leasing operations	1,072	(22)
• Translation into Euro of balances in foreign currencies	642	642
c. Elimination of infra-group dividends	–	(7,177)
d. Elimination of unrealized infra-group earnings related to:		
• Intangible assets	(656)	45
• Tangible assets	(95)	20
• Inventories	(5,090)	(1,903)
e. Deferred taxation related to consolidation adjustments	(845)	–
Net effect of consolidation adjustment	13,241	(5,699)
Amounts reflected in the consolidation accounts	*88,948*	*6,080*

G) INFORMATION ON CONSOLIDATED BALANCE SHEET

The following differences are calculated with respect to the Balance Sheet accounts as of December 31,2001.

COMMENTS ON THE MAIN ASSET CAPTIONS

FIXED ASSETS

a) Intangible assets

The incorporation and subsequent expenses, amounting to Euro 979 thousands (Euro 1,125 thousands as of December 31, 2001), mainly refer to the costs incurred for the acquisitions of the branches purchased from G.S. S.r.l. Coating System during the year 2000, and from CO.MA.DI.S. S.p.A. and ICO OLEODINAMICI S.p.A. during the first six-month period of 2001.

The item "Goodwill", amounting to Euro 17,390 thousands, is related to the goodwill recorded in respect of the acquisition of the branches from ICO OLEODINAMICI S.p.A. (Euro 3,702 thousands), from CO.MA.DI.S S.p.A. (Euro 4,554 thousands) and from G.S. S.r.l. Coating System (Euro 9,134 thousands), net of the related amortization. The amortization period for goodwill has been stated in ten years, considering the results expected from these acquisitions in the following years.

The item “Differences on consolidation”, amounting to Euro 24,864 thousands, includes the excess of cost paid for the acquisitions of BFB S.p.A., Kilian GmbH & Co. KG and Comitec S.r.l. in previous years. Such differences are related to the goodwill paid for such companies that own competitive products and technical knowledge.

The differences on consolidation related to BFB S.p.A. and to Comitec S.r.l. is amortized over 10 years, being this the estimated duration of the benefits resulting from the know-how and the product range owned by these companies.

Difference on consolidation resulting from the acquisition of Kilian & Co. KG 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 a competitive point of view – and the leadership position reached by the company since a long time. Based on the above characteristics concerning the company and its sector, the Group management consider the 15 year amortization period as the period during which the benefits expected from the acquisition will take place.

Intangible assets show a net decrease of Euro 1,763 thousands in the first half of 2002. The table below shows the movements of intangible assets occurred during the accounting period:

Balances as of December 31, 2001	**53,470**
Increase (decrease) of the period:	
• additions	2,355
• reclassification from tangible assets	(128)
• depreciation	(3,945)
• translation differences	(45)
Balance as of June 30, 2002	**51,707**

The items "Incorporation and subsequent expenses" and "Intangibles in progress and payments on accounts" include respectively the amounts of Euro 53 thousands and Euro 50 thousands, related to the capitalization of costs charged by related entities.

b) Tangible assets

The tangible assets net decrease of Euro 509 thousands relates to:

Balance as of December 31, 2001	**44,374**
• additions	3,342
• reclassification from intangible assets	128
• disposals	(259)
• depreciation	(3,373)
• translation differences	(347)
Balance as of June 30, 2002	**43,865**

The item "Intangibles in progress and payments on accounts" includes the amount of Euro 939 thousands, related to the payment made in advance by Libra P.T. S.r.l. in connection with a leasing contract, underwritten on March 6, 2002. The contract, having as subject the leasing of a plot of land as well as of the industrial building to be built on it, 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 other additions are mainly connected with the acquisition of specific plants and equipment, to be used in the production process by the Group companies, as well as of electronic machinery.

c) Financial assets

Investments

Investments comprise the following (in thousand of Euro):

	Percentage Of ownership	06.30.2002	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 Ltd.	50%	26	29
• B.C. s.r.l.	30%	311	213
		337	242
Other companies		6,175	6,175
Total		**6,549**	**6,454**

Associated companies

The increase, amounting to Euro 95 thousands, is due to the alignment of the carrying value of the investments in J.O.I. Pack Co. Ltd and B.C. S.r.l. to the corresponding value of the owned share of shareholders' equity stated in the latest financial statements.

The item "Other companies" is related, for Euro 6,052 thousands, to the purchase, made during the year 2000, 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. is a Luxembourgian company, established in the year 2000 in order to perform strategic investments in the sector of packaging and to render financial services. The capital share subscribed by Luxteco International S.A. corresponds to the 8.16% of the capital stock at the subscribing date. Moreover, it should be noted that:

- Medinvest International S.C.A., IMA S.p.A. and its parent company, Finvacchi S.p.A. have signed a contract having, as main purpose, the establishment of a permanent organization in which Medinvest International S.C.A. and IMA S.p.A. will share their specific know how, in order to facilitate the growth of the two companies;
- Net Packaging S.A. (a Belgian company hold by Medinvest International S.C.A.), owns the 14.789% of IMA S.p.A. capital share.

Receivables

The item relates to tax on employee termination benefit paid in advance and to guarantee deposits.

Securities

This item is made up of treasury bonds, debentures and investment trust shares, which are held on pledge as guarantee of loans. Consequently, they have been classified under “Financial asset”.

CURRENT ASSETS

a) Inventories

The inventory balance as of June 30, 2002 is analyzed as follows (in thousand of Euro):

	Gross value	Obsolescence reserve	Net value	Net value 12.31.01
• Raw materials, ancillary materials and consumables	17,709	(5,796)	11,913	10,944
• Work in progress and semi-finished goods	106,452	(2,523)	103,929	72,171
• Finished goods	11,324	(2,036)	9,288	6,111
• Payments on account	3,700	–	3,700	3,424
Total	**139,185**	**(10,355)**	**128,830**	**92,650**

The increase in inventories mainly results from the concentration of deliveries in the second half of the year, which is common in the sector in which the Group operates. Inventories are expected to be significantly lower at year-end.

b) Receivables

Trade receivables

Trade receivables as of June 30, 2002 show a decrease by Euro 30,702 thousands, as a consequence of both, the collections occurred during the first half of 2002 and the careful credit management performed by the Group in that period.

Trade receivables due after one year mainly relate to sales made by the tea division: the significant payment extensions have been granted considering the high amount of these sales.

During the six-month period trade receivables amounting to Euro 2,073 thousands have been sold “pro-soluto". At June 30, 2002 the amount of trade receivables sold "pro-soluto" to factoring companies still outstanding is equal to Euro 4,864 thousands.

Other receivables

The increase, amounting to Euro 2,499 thousands, is mainly due to the higher value of Income Tax credits and VAT receivables.

c) Financial assets not representing fixed assets and cash at bank and on hand

The total balance of these two captions amounts to Euro 40,960 thousands (Euro 71,202 thousands as of December 31, 2001).

In particular, the item “Own shares not representing fixed assets” includes Euro 1,981 thousands of own shares in portfolio, which are equivalent to 219,650 shares. Compared to December 31, 2001, the item decreases by Euro 2,343 thousands, as a consequence of:

- the purchase of 19,900 own shares, at a total price of Euro 212 thousands, made by the parent company, IMA S.p.A., within the powers given to the Board of Directors at the IMA S.p.A. shareholders' meeting of April 24, 2002, which allow the company 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 320,500 own shares, amounting to Euro 2,555 thousands, made by the parent company, IMA S.p.A., within the powers given to the Board of Directors at the IMA S.p.A. shareholders' meeting of April 24, 2002, which allow the company 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 about Euro 233 thousands.

The average carrying value at June 30, 2002 amounts to Euro 9.02 per share, while the market value at the date amounts to Euro 11.60 per share.

The item " Financial assets not representing fixed assets "includes the amount of Euro 9,477 thousands, related to commercial papers expiring on July 2002.

Cash and bank on hand decrease by Euro 37,271 thousands, compared with December 31, 2001, as a consequence of the decrease of payables due to banks, amounting to Euro 34,393 thousands, as well as of the higher dividends paid, if compared with the previous year.

PREPAID EXPENSES AND ACCRUED INCOME

The increase amounting to Euro 692 thousands is mainly due to the higher prepaid insurance premiums and to the higher maintenance costs as well.

COMMENT ON MAIN LIABILITY AND STOCKHOLDERS’ EQUITY ITEMS

CONSOLIDATED STOCKHOLDERS EQUITY

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

Capital stock at June 30, 2002 consists of 36,100,000 ordinary shares with a nominal value of Euro 0.52 each.

RESERVE FOR RISKS AND CHARGES

The composition of these reserves is as follows (in thousand of Euro):

	06/30/2002	**12/31/2001**
Taxes	60	60
Other reserve		
• Exchange losses	–	218
• Product guarantees	3,323	3,285
• Other reserves	2,247	3,375
	5,570	6,878
Total	**5,630**	**6,938**

The reserve for exchange losses has been totally used during the first six months of 2002. As of June 30, 2002 the translation into Euro of balances in foreign currencies generates an income, accounted for as financial income.

Product guarantees reserve relates to the provision for technical assistance to be carried after June 30, 2002 for machines sold before that date.

Other reserves mainly relate to the agent's indemnity reserve, accounted for Euro 1,389 thousands (Euro 2,710 thousands as of December 31, 2001) as well as to other reserves booked by the parent company and other Group companies, in order to face the liabilities which could result from the typical activity performed by them. During the first half of 2002, liabilities wich have been accrued in the financial statements as of December 31, 2001 have taken place: consequently, the other reserves have decreased in the period.

Certain Group companies have disputes outstanding relating to their normal business activities; the outcome of these disputes is not expected to give rise to any significant liability not already provided for in their six month report.

At June 30, 2002 two Interest Rate Swap contracts, stipulated in the previous year by the Parent Company with primary banks, are in place: these IRS are connected to the interests which will be paid on a part of the actual indebtedness, as well as on a part of the indebtedness forecasted for the following years. In the financial statements as of June 30, 2002 a reserve amounting to Euro 300 thousands is provided in order to book these contracts to their fair value: part of this reserve, amounting to Euro 150 thousands, has been accrued during the first half of 2002.

LIABILITIES

a) Due to banks

Amounts due to banks are as follows (in thousand of Euro):

	Balance as of 06/30/2002				Total
	Within 1 year	Due Between 1 and 5 years	More 5 years	Total	as of 12/31/2001
• Current Accounts	3,227	–	–	3,227	2,443
• Advances on export operations	34,970	–	–	34,970	52,561
• Applied research loans	3,040	14,988	5,365	23,393	24,454
• Other financing	12,610	40,131	1,771	54,512	71,037
Total	**53,847**	**55,119**	**7,136**	**116,102**	**150,495**

The decrease of payables due to banks is due to the better management of the working capital in the period: moreover. no acquisitions have been performed in the first half of 2002. A further improvement in the financial position is forecasted for year end.

As previously disclosed with reference to the reserves for risks and charges, balances in foreign currencies have been translated into Euro at June 30, 2002. Part of the decrease of bank debts, amounting to Euro 1,656 thousands, is due to the effects of such translation.

Applied research loans

During the period, loans and financings have been reimbursed by an amount of Euro 1,434 thousands, as well as new loans and financings have been achieved by a total amount of Euro 373 thousands, composed as follows:

- Euro 221 thousands corresponding to a tranche of a total loan amounting to Euro 690 thousands, disbursed during the previous year for Euro 322 thousands, allowed to to the parent company under the grants of the "Applied Research Special Found" 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 te Parent Company together with the subsidiary Libra Pharmaceutical Technologies S.r.l. The financing will run over a 8 year period and has to be reimbursed in 17 half-yearly payments, starting from July 1, 2002 up to January 1, 2010 at a subsided half-yearly interest rate corresponding to 1%. The financing is covered by guarantees issued by Finvacchi S.p.A. and by the compliance with certain financial covenants on the financial statements of the two companies. The part due within the next accounting period amounts to Euro 63 thousands.

- Euro 152 thousands related to the loan decreed by the Ministry of University and Scientific Research (M.U.R.S.T.) 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. The loan has been disbursed in order to finance a project called "Robotic automation for end of line machinery". The loan has to be reimbursed in 12 half-yearly payments, starting from January 1, 2002 up to July 1, 2007 at a subsided half-yearly interest rate corresponding to 1%, and 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 under contract terms for Euro 9,964 thousands as well as to the disbursement of new loans for a toal amout of Euro 5,165 thousands, as follows:

- Financing disbursed by EFIBANCA amounting to Euro 5,165 thousands, to be totally reimbursed on November 2003, at the quarterly Euribor rate plus a spread. It will replace a previous financing, having equal amount, allowed to the company by Efibanca, totally reimbursed on May 2002.

The above loans, with the exception of the loan alloweded directly by the Ministry, are subject to compliance with certain financial covenants on the consolidated financial statements.

b) Advances

This balance includes advances received from customers for supplies not carried out. With reference to the advances received, guarantees amounting to Euro 11,454 thousands have been issued. The increse of advances is mainly due to the significant backlog to be carried out during the second half of 2002.

c) Suppliers

The increase of payables due to suppliers, amounting to Euro 6,511 thousands, is mainly due to the higher purchases made during the period in order to carry out orders in the second half of the year, as confirmed by the increase in inventory as well.

d) Other payables

Compared to December 31, 2001 "Payables due to employees for holidays" have increased, as holidays will mainly be taken by personnel on July and August.

As of June 30, 2002 the item includes Euro 751 thousands related to the outstanding part of the payables arising from the acquisition of the 48% of the capital share of Comitec S.r.l., performed in the previous year. These payables are due beyond the next accounting period for Euro 482 thousands, as they have been extended up to December 31, 2004, free of financial charges.

The company's management and its tax consultants believe that no significant tax liabilities exist, not provided in the financial statements: accordingly, no provision has been made.

ACCRUED EXPENSES AND DEFERRED INCOME

The decrease, amounting to Euro 1,190 thousands, is mainly related to the decrease of the accrued costs for technical interventions, as well as to the decrease of the accrued financial charges.

MEMORANDUM ACCOUNTS

PERSONAL GUARANTEES GRANTED

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

Guarantees

As of June 30, 2002, this balance includes: guarantees in favor of customers, bid bond and advances (Euro 4,989 thousands); insurance policies for VAT receivables (Euro 1,134 thousands); guarantees issued in favor of San Paolo IMI related to the part of a financing which is still to be disbursed (Euro 183 thousands); other guarantees issued for leasing and other contracts (Euro 198 thousands).

COMMITMENTS

As of June 30, 2002 the balance includes Euro 35,402 thousands related to forward sales of foreign currencies, facing commercial transactions which will take place mainly during the second half of 2002.

Risk accounts

Notes discounted

As of June 30, 2002 such notes amount to Euro 2,509 thousands.

Receivables sold to factoring companies

As of June 30, 2002 such receivables amount to Euro 286 thousands and relate to VAT receivables due to InfoArea S.r.l, sold to factoring companies pro-solvendo in the year 2000.

Trade receivables sold pro-soluto to factoring companies and still outstanding at June 30, 2002, amounting to Euro 2,666 thousands, have been included in this item for information purposes only.

H) INFORMATION ON CONSOLIDATED STATEMENT OF INCOME

The following differences are calculated with respect to the statement of income for the six month period ended on June 30, 2001.

COMMENTS ON THE MAIN INCOME STATEMENT BALANCES

Value of production

Revenues

The breakdown of revenues by geographical area and by activity is indicated in the following tables (in thousands of Euro):

Revenues by geographical area

	First half of 2002	First half of 2001	Changes	%
• European Union foreign countries (excluding Italy)	58,623	48,295	10,328	21.4
• Other European countries	9,263	9,131	132	1.4
• North America	29,001	29,520	(519)	(1.8)
• Asia	15,179	18,162	(2,983)	(16.4)
• Other countries	10,736	15,373	(4,637)	(30.2)
Total exports	122,802	120,481	2,321	1.9
Italy	13,345	7,853	5,492	69.9
Total	**136,147**	**128,334**	**7,813**	**6.1**

Revenues by activity

	First half of 2002	First half of 2001	Changes	%
• Machines	98,384	93,989	4,395	4.7
• Spare parts	24,372	23,572	800	3.4
• After sales services	8,254	7,486	768	10.3
• Other services	5,137	3,287	1,850	56.3
Total	**136,147**	**128,334**	**7,813**	**6.1**

FINANCIAL INCOME AND EXPENSES

Interest and other financial income

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

	First half of 2002	First half of 2001	Changes	%
• Interest income from banks	254	556	(302)	(54.3)
• Interest income from customers	189	146	43	29.4
• Interest income on V.A.T.	–	8	(8)	(100.0)
• Contributions on interest expenses				
on the discount of notes (lex 346/88)	488	535	(47)	(8.8)
• Foreign exchange gains	2,958	3,445	(487)	(14.1)
• Other financial income	469	266	203	76.3
• Tax credit on dividends	2,459	831	1,628	195.9
Total	**6,817**	**5,787**	**1,030**	**17.8**

Interest and other financial charges

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

	First half of 2002	First half of 2001	Changes	%
• Interest to bank	2,654	4,078	(1,424)	(34.9)
• Exchange differences losses	2,690	3,712	(1,022)	(27.5)
• Interest on discounted notes	286	366	(80)	(21.9)
• Other	556	748	(192)	(25.7)
Total	**6,186**	**8,904**	**(2,718)**	**(30.5)**

The decrease in "Interest to bank" is directly connected to the decrease of both, the indebtedness and othe interest rates, occurred in the period.

EXTRAORDINARY EXPENSES

The item is made up by the reserves provided during the period by certain Group companies in order to cover the liabilities expected to result from tax audits actually in place. The Group's management and its tax consultants consider these reserves adequate to face the above liabilities.

I) OTHER INFORMATION

RELATED PARTIES TRANSACTIONS

The statement of income for the period ended on June 30, 2002 includes: costs amounting to Euro 606 thousands, incurred in transactions with related parties, mainly related to consultancy services and rental contracts; revenues amounting to Euro 145 thousands, resulting from the recharge to a related party of research and development costs incurred during the period. Moreover, certain Group companies make use of a travel agency owned by related parties: travel expenses charged in the period by this agency to the Group amount to about Euro 987 thousands.

The balance sheet as of June 30, 2002 includes assets amounting to Euro 174 thousands and liabilities amounting to Euro 1,127 thousands resulting from transactions with related entities.

PERSONNEL

During the first six-month period of 2002 IMA Group employed on average n. 2,320 people made up as follows:

	First half of 2002	First half of 2001	Year 2001
• Managers	116	122	119
• Clerks	1,479	1,392	1,403
• Workers	725	695	710
Total	**2,320**	**2,209**	**2,232**

For a better comprehension of the above table, we point out that the category "Managers" include 57 employees in foreign companies for which correct classification under Italian law should have been in the category "Clerks.

CONSOLIDATED BALANCE SHEET AND STATEMENT OF INCOME

AS OF JUNE 30, 2002, JUNE 30, 2001 AND DECEMBER 31, 2001

(TRANSLATION FROM THE ORIGINAL ISSUED IN ITALIAN FROM THE ITALIAN INTO THE ENGLISH LANGUAGE SOLELY FOR THE CONVENIENCE OF INTERNATIONAL READERS)

CONSOLIDATED BALANCE SHEET

AS OF JUNE 30, 2002 AND COMPARISON WITH JUNE 30, 2001 AND DECEMBER 31, 2001 (IN THOUSAND OF EURO)

(Translation from the original issued in Italian from the Italian into the English language solely for the convenience of international readers)

ASSETS	June 30, 2002	June 30, 2001	December 31, 2001
A. DUE FROM SHAREHOLDERS FOR CAPITAL NOT PAID IN	–	–	–
B. FIXED ASSETS			
I. Intangible assets			
Incorporation and subsequent expenses	979	1.140	1.125
Research and Development costs	5	7	5
Industrial patent and intellectual property rights	701	580	602
Concessions, licences, trademarks and similar rights	3.950	2.610	3.667
Goodwill	17.390	19.588	18.435
Differences on consolidation	24.864	27.387	26.205
Intangible in progress and payments on accounts	820	154	49
Other	2.998	3.858	3.382
Total intangible assets	51.707	55.324	53.470
II. Tangible assets			
Land and buildings	23.658	23.721	23.923
Plant and machinery	12.899	11.872	14.194
Production and commercial equipments	1.309	1.282	1.318
Other	4.657	4.610	4.757
Tangible in course of construction and advance payments	1.342	1.113	182
Total tangible assets	43.865	42.598	44.374
III. Financial assets			
Investments			
- subsidiaries	37	37	37
- associated companies	337	250	242
- other	6.175	6.161	6.175
Total investments	6.549	6.448	6.454
Receivables	1.327	1.539	1.424
Securities	3.764	5.125	4.239
Total financial assets	11.640	13.112	12.117
TOTAL FIXED ASSETS (B)	107.212	111.034	109.961
C. CURRENT ASSETS			
I. Inventories			
Raw materials, ancillary materials and consumables	11.913	11.705	10.944
Work in progress and semi-finished goods	103.929	85.800	72.171
Contract work in progress	–	2.592	–
Finished goods	9.288	8.132	6.111
Advances	3.700	3.792	3.424
Total inventories	128.830	112.021	92.650
II. Receivables			
Receivables due after next accounting period			
- Trade	6.382	3.021	7.204
- Other	458	–	361
Total receivables due after next accounting period	6.840	3.021	7.565
Receivables due within next accounting period			
- Trade	71.912	79.876	101.792
- Subsidiaries	158	169	157
- Associated companies	–	24	–
- Parent companies	–	–	3
- Other	12.944	14.231	10.542
Total receivables due within next accounting period	85.014	94.300	112.494
Total receivables	91.854	97.321	120.059
III. Financial assets not representing fixed assets			
Own shares	1.981	1.761	4.324
Securities marketable	707	25	812
Financial receivables not representing fixed assets	9.477	–	–
Total financial assets not representing fixed assets	12.165	1.786	5.136
IV. Cash and bank on hand	28.795	38.526	66.066
TOTAL CURRENT ASSETS (C)	261.644	249.654	283.911
D. PREPAID EXPENSES AND ACCRUED INCOME	3.167	3.327	2.475
TOTAL ASSETS	372.023	364.015	396.347

CONSOLIDATED BALANCE SHEET

AS OF JUNE 30, 2002 AND COMPARISON WITH JUNE 30, 2001 AND DECEMBER 31, 2001 (IN THOUSAND OF EURO)

(Translation from the original issued in Italian from the Italian into the English language solely for the convenience of international readers)

LIABILITIES	June 30, 2002	June 30, 2001	December 31, 2001
A. STOCKHOLDERS' EQUITY			
I. Capital stock	18.772	18.772	18.772
II. Share premium reserve	16.382	16.382	16.382
III. Revaluation reserves	395	395	395
IV. Legal reserves	4.675	4.559	4.559
V. Reserve for treasury stock	1.981	1.761	4.324
VI. Other reserves	25.607	21.170	18.607
VII. Accumulated translation adjustments	431	1.968	1.617
VIII. Retained earnings	14.625	11.871	11.871
IX. Group net income (loss)	6.080	(331)	20.446
GROUP STOCKHOLDERS' EQUITY	88.948	76.547	96.973
Third parties capital stock and reserves	2.069	2.403	2.544
GROUP AND THIRD PARTIES STOCKHOLDERS' EQUITY	91.017	78.950	99.517
B. RESERVES FOR RISK AND CHARGES			
Taxation reserves	60	–	60
Other	5.570	6.002	6.878
TOTAL RESERVES FOR RISKS AND CHARGES (B)	5.630	6.002	6.938
C. RESERVE FOR EMPLOYEE TERMINATION INDEMNITIES	18.985	17.294	17.971
D. PAYABLES			
Payables due after next accounting period			
- Banks	62.255	67.994	66.159
- Suppliers	–	275	275
- Taxes	260	–	389
- Other	482	803	643
Total payables due after next accounting period	62.997	69.072	67.466
Payables due within next accounting period			
- Banks	53.847	76.446	84.336
- Other financers	–	–	86
- Advances	35.641	31.149	22.765
- Suppliers	71.743	57.093	64.957
- Subsidiaries	24	16	11
- Associated companies	452	441	567
- Parent company	–	–	–
- Taxes	8.075	4.501	8.945
- Provident and social security institutions	2.843	2.431	3.869
- Other	15.699	14.197	12.659
Total payables due within next accounting period	188.324	186.274	198.195
TOTAL PAYABLES (D)	251.321	255.346	265.661
E. ACCRUED EXPENSES AND DEFERRED INCOME	5.070	6.423	6.260
TOTAL LIABILITIES	372.023	364.015	396.347
MEMORANDUM ACCOUNTS			
Personal guarantees granted	6.504	7.616	7.511
Commitments	36.189	63.698	32.891
Contingencies	5.461	7.143	16.185
TOTAL	48.154	78.457	56.587

CONSOLIDATED STATEMENT OF INCOME

FOR THE FIRST HALF OF 2002 AND COMPARISON WITH THE FIRST HALF OF 2001 (IN THOUSAND OF EURO)

(Translation from the original issued in Italian from the Italian into the English language solely for the convenience of international readers)

CONSOLIDATED STATE OF INCOME	First half of 2002	First half of 2001	Year 2001
A. VALUE OF PRODUCTION			
Revenues from the sale of goods and services	136.147	128.334	342.200
Change in work in progress,			
and semifinished goods	36.155	26.571	11.311
Change in contract work in progress	–	(3.920)	(6.511)
Increase in fixed assets for internal work	76	144	1.504
Other revenues and income	771	1.064	2.853
TOTAL VALUE OF PRODUCTION (A)	173.149	152.193	351.357
B. PRODUCTION COSTS			
Raw materials, ancillary materials and comincumables	72.368	59.518	118.012
Service costs	34.965	33.283	70.925
Expenses relating to the use of third party assets	2.430	2.174	4.593
Personnel			
salaries and wages	36.748	33.815	67.901
social contributions	10.221	9.417	18.901
employee termination indemnities	2.136	2.038	3.833
other	508	323	559
Total personnels costs	49.613	45.593	91.194
Depreciation, amortization and write-downs			
amortization of intangible fixed assets	3.945	3.325	7.434
depreciation of tangible fixed assets	3.373	3.390	7.008
write-down of receivables included in current assets	174	325	681
Total depreciation and write-downs	7.492	7.040	15.123
Change in raw materials, ancillary materials,			
consumable and goods for resale	(1.016)	(940)	(197)
Provision for risks and other	96	146	2.809
Other operating expenses	1.706	2.171	4.025
TOTAL PRODUCTION COSTS (B)	167.654	148.985	306.484
DIFFERENCE BETWEEN THE VALUE OF			
PRODUCTION AND PRODUCTION COSTS (A-B)	5.495	3.208	44.873
C. FINANCIAL INCOME AND EXPENSES			
Other financial income			
- from securities classified under fixed assets			
not representing investments	25	64	117
- from securities classified under current assets			
not representing investments			
- capital gain	233	15	219
- interest	15	8	24
Total from securities	248	23	243
- income other than that listed above			
interest and financial commissions	6.817	5.787	8.530
Total income other than that listed above	6.817	5.787	8.530
Total other financial income	7.090	5.874	8.890
Interest and other financial charges			
other	6.186	8.904	15.366
Total interest and other financial charges	6.186	8.904	15.366
TOTAL FINANCIAL INCOME AND EXPENSES (C)	904	(3.030)	(6.476)
D. ADJUSTMENT TO THE VALUE OF FINANCIAL ASSETS	95	(6)	(14)
E. EXTRAORDINARY INCOME AND EXPENSES			
Income			
Other income	–	–	642
Total extraordinary income	–	–	642
Expenses			
Other expenses	334	413	428
Total extraordinary expenses	334	413	428
TOTAL EXTRAORDINARY ITEMS (E)	(334)	(413)	214
THIRD PARTY NET INCOME (LOSS)	(80)	(90)	(298)
RESULT BEFORE TAXES	6.080	(331)	38.299
Income taxes	–	–	18.849
Deferred taxes	–	–	(996)
Total taxes	–	–	17.853
GROUP NET INCOME	–	–	20.446

APPENDICES

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

1. Consolidated statement of income for the second quarter of 2002 (Unaudited Data).

2. Statement of changes in consolidated stockholders' equity accounts in the period ended June 30, 2002.

3. Reclassified consolidated statement of income for the first half of 2002 and comparison with first half of 2001.

4. Consolidated segment information according to CONSOB's circular N. 98084143.

APPENDIX N° 1

CONSOLIDATED STATEMENT OF INCOME FOR THE SECOND QUARTER 2002

(UNAUDITED DATA)

CONSOLIDATED STATE OF INCOME	2° quarter 2002	
	Partial	Total
A. VALUE OF PRODUCTION		
- Revenues from the sale of goods and services		91.452
- Change in work in progress, and semifinished goods		8.598
- Change in contract work in progress		–
- Increase in fixed assets for internal work		29
- Other revenues and income		475
TOTAL VALUE OF PRODUCTION (A)		100.554
B. PRODUCTION COSTS		
- Raw materials, ancillary materials and consumables		39.714
- Service costs		19.555
- Expenses relating to the use of third party assets		1.230
- Personnel		25.370
- Depreciation, amortization and write-downs		
amortization of intangible fixed assets	1.990	
depreciation of tangible fixed assets	1.742	
write-down of receivables included in current assets	96	
Total depreciation, amortization and write-downs		3.828
- Change in raw materials, ancillary materials, consumable and goods for resale		49
- Provision for risks and other		29
- Other operating expenses		490
TOTAL PRODUCTION COSTS (B)		90.265
DIFFERENCE BETWEEN THE VALUE OF PRODUCTION AND PRODUCTION COSTS (A-B)		10.289

Note:
The consolidated statement of income for the second quarter of 2002 is not compared to that for the second quarter of 2001 as such comparison is not compulsory for the Group.

APPENDIX N° 2

STATEMENT OF CHANGES IN CONSOLIDATED STOCKHOLDERS' EQUITY IN THE PERIOD ENDED JUNE 30, 2002

(IN THOUSAND OF EURO)

(Translation from the original issued in Italian from the Italian into the English language solely for the convenience of international readers)

DESCRIPTION	*Capital Stock*	*Share premium reserve*	*Revaluation reserve*	*Legal reserve*	*Reserve for treasury stock*	*Other*	*Accumulated translation adjustments*	*Retained earnings*	*Group net income (loss)*	*Group Stockholders' equity*
Balances 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)	–
Own shares sales					(2,555)	2,555				–
Own shares purchases					212	(212)				–
Translation adjustments							(1,186)			(1,186)
Net income (loss)									6,080	6,080
Balances as of 06.30.2002	18,772	16,382	395	4,675	1,981	25,607	431	14,625	6,080	88,948

APPENDIX N° 3

RECLASSIFIED CONSOLIDATED STATEMENT OF INCOME

FOR THE FIRST HALF OF 2002 AND COMPARISON WITH FIRST HALF OF 2001 (IN THOUSAND OF EURO)

(Translation from the original issued in Italian from the Italian into the English language solely for the convenience of international readers)

	First half of 2002		First half of 2001	
	PARTIAL	TOTAL	PARTIAL	TOTAL
- Net sales		**136,248**		**125,135**
- Cost of sales		(74,895)		(68,730)
Gross profit		**61,353**		**56,405**
% on total sales		45.0%		45.1%
- Research and development expenses		(9,480)		(10,423)
- General and administrative expenses		(22,895)		(21,054)
- Selling and commercial expenses		(21,096)		(19,721)
Operating profit before the amortization of differences on consolidation and goodwill		**7,882**		**5,207**
% on total sales		5.8%		4.2%
- Amortization of differences on consolidation and goodwill		(2,387)		(1,999)
Operating profit		**5,495**		**3,208**
% on total sales		4.0%		2.6%
- Other (charges) income:				
Financial expenses	(6,186)		(8,904)	
Financial income	7,090		5,874	
Adjustments in financial activities	95		(6)	
		999		(3,036)
Income before extraordinary items, taxes and minority interest		**6,494**		**172**
- Net extraordinary expenses (income)		(334)		(413)
- Third party net income (loss)		(80)		(90)
Group profit before income taxes		**6,080**		**(331)**

APPENDIX N° 4

CONSOLIDATED SEGMENT INFORMATION ACCORDING TO CONSOB'S CIRCULAR N. 98084143

(THOUSAND OF EURO)

(Translation from the original issued in Italian from the Italian into the English language solely for the convenience of international readers)

	Tea	Processing	Packaging	Total
Consolidated net sales	**18,124**	**36,179**	**81,945**	**136,248**
Consolidated operating income before amortization of goodwill and consolidation differences	***2,717***	***(871)***	***6,036***	***7,882***
Consolidated operating profit	***2,717***	***(2,479)***	***5,257***	***5,495***
Financial expenses (income)				904
Adjustments in financial activities				95
Consolidated income before extraordinary items, taxes and minority interest				***6,494***
Extraordinary income (net)				(334)
Third party net income (loss)				(80)
Consolidated profit before income taxes				***6,080***

ACCOUNTING SCHEDULES OF THE PARENT COMPANY

AS OF JUNE 30, 2002, JUNE 30, 2001 AND DECEMBER 31, 2001

(TRANSLATION FROM THE ORIGINAL ISSUED IN ITALIAN FROM THE ITALIAN
INTO THE ENGLISH LANGUAGE SOLELY FOR THE CONVENIENCE OF INTERNATIONAL READERS)

BALANCE SHEET

As of June 30, 2002 and comparison with June 30, 2001 and December 31, 2001

(Translation from the original issued in Italian from the Italian into the English language solely for the convenience of international readers)

ASSETS	June 30, 2002	June 30, 2001	December 31, 2001
A. DUE FROM STOCKHOLDERS FOR CAPITAL NOT PAID IN	–	–	–
B. FIXED ASSETS			
I. Intangible assets			
Incorporation and subsequent expenses	472,734	514,793	554,235
Research and development cost	–	–	–
Industrial patents and intellectual property rights	535,934	381,236	421,714
Concessions, licences, trademarks and similiar rights	3,319,496	1,812,222	2,982,415
Goodwill	12,834,379	14,516,794	13,622,706
Intangible in progress and advances	373,258	153,591	47,201
Other	2,055,414	2,885,819	2,414,055
Total intangible assets	19,591,215	20,264,455	20,042,326
II. Tangible assets			
Land and buildings	15,657,135	15,407,320	15,951,656
Plant and machinery	7,117,103	5,536,861	8,252,950
Industrial and commercial equipment	431,745	312,677	413,692
Other	905,502	227,295	722,444
Tangible in course of construction and advance payments	312,015	838,607	113,374
Total tangible assets	24,423,500	22,322,760	25,454,116
III. Financial assets			
Investments in:			
- subsidiary companies	41,816,172	37,901,974	40,474,600
- associated companies	207,040	207,040	207,040
- other companies	120,367	104,738	120,367
Receivables	1,032,233	1,168,529	1,064,416
Marketable securities	3,651,001	4,802,195	3,915,876
Total financial assets	46,826,813	44,184,476	45,782,299
TOTAL FIXED ASSETS (B)	90,841,528	86,771,691	91,278,741
C. CURRENT ASSETS			
I. Inventories			
Raw materials, ancillary materials and consumables	1,923,795	2,738,817	2,364,557
Work in progress and semi-finished goods	71,977,176	60,516,821	52,706,671
Contract work in progress	–	2,798,063	–
Advances	1,980,476	1,807,377	1,560,439
Total inventories	75,881,447	67,861,078	56,631,667
II. Receivables			
Receivables due after next accounting period			
- Trade	6,236,909	1,997,900	6,934,472
Total receivables due after next accounting period	6,236,909	1,997,900	6,934,472
Receivables due within next accounting period			
- Trade	34,677,526	35,970,000	50,559,344
- Subsidiary companies	26,634,025	26,633,998	35,973,927
- Associated companies	370	24,486	74
- Parent company	–	–	2,592
- Other	7,036,846	6,969,176	5,705,084
Total receivables due within next accounting period	68,348,767	69,597,660	92,241,021
Total receivables	74,585,676	71,595,560	99,175,493
III. Financial assets not representing fixed assets			
Own shares	1,980,529	1,761,038	4,323,591
Marketable securities	707,189	25,237	811,741
Financial receivables not representing fixed assets	4,986,878	–	–
Total financial assets not representing fixed assets	7,674,596	1,786,275	5,135,332
IV. Cash at bank and on hand			
Bank and post office deposits	13,570,600	21,287,311	45,129,088
Checks, cash and valuables on hand	226,364	159,172	194,056
Total cash at bank and on hand	13,796,964	21,446,483	45,323,144
TOTAL CURRENT ASSETS (C)	171,938,683	162,689,396	206,265,636
D. PREPAID EXPENSES AND ACCRUED INCOME	2,170,314	2,414,088	1,807,309
TOTAL ASSETS	264,950,525	251,875,175	299,351,686

BALANCE SHEET

AS OF JUNE 30, 2002 AND COMPARISON WITH JUNE 30, 2001 AND DECEMBER 31, 2001

(Translation from the original issued in Italian from the Italian into the English language solely for the convenience of international readers)

LIABILITIES	June 30, 2002	June 30, 2001	December 31, 2001
A. STOCKHOLDERS' EQUITY			
I. Capital stock	18,772,000	18,772,000	18,772,000
II. Share premium reserve	16,382,013	16,382,013	16,382,013
III. Revaluation reserves	394,886	394,886	394,886
IV. Legal reserve	4,263,846	4,263,846	4,263,846
V. Reserve for treasury stock	1,980,529	1,761,038	4,323,591
VI. Statutory reserves	–	–	–
VII. Other reserves	15,744,062	13,491,015	10,928,462
VIII. Retained earnings (accumulated deficit)	6,390,202	6,312,927	6,312,927
IX. Net income for the accounting period	–	–	15,468,539
Income before income tax	11,779,395	3,763,310	–
TOTAL STOCKHOLDERS' EQUITY (A)	75,706,933	65,141,035	76,846,264
B. RESERVES FOR RISKS AND CHARGES			
Taxation reserve	60,000	–	60,000
Other	3,188,433	3,593,089	4,512,996
TOTAL RESERVE FOR RISKS AND CHARGES (B)	3,248,433	3,593,089	4,572,996
C. RESERVES FOR EMPLOYEE TERMINATION INDEMNITIES	14,222,724	13,185,114	13,450,410
D. PAYABLES			
Payables due after the next accounting period			
- Banks	45,766,087	45,621,275	45,877,174
- Suppliers	–	274,043	274,043
- Tax authorities	259,916	–	388,629
- Other	482,242	803,736	642,989
Total payables due after the next accounting period	46,508,245	46,699,054	47,182,835
Payables due within the next accounting period			
- Banks	26,770,343	44,447,947	59,517,030
- Advances	14,689,322	14,294,950	9,231,596
- Suppliers	43,930,903	35,191,395	40,923,533
- Subsidiary companies	21,135,100	15,114,166	29,443,969
- Associated companies	451,995	440,703	566,610
- Parent Company	–	–	–
- Tax authorities	5,323,361	1,136,670	5,231,942
- Social security authorities	1,131,625	1,083,049	2,000,332
- Other	8,527,888	7,946,403	6,945,709
Total payables due within the next accounting period	121,960,537	119,655,283	153,860,721
TOTAL PAYABLES (D)	168,468,782	166,354,337	201,043,556
E. ACCRUED EXPENSES AND DEFERRED INCOME	3,303,653	3,601,600	3,438,460
TOTAL LIABILITIES	264,950,525	251,875,175	299,351,686
MEMORANDUM ACCOUNT			
Personal guarantees granted	51,198,278	50,821,003	52,354,439
Commitments	29,960,663	47,422,575	25,178,869
Contingencies	4,564,384	6,257,423	13,747,257
TOTAL MEMORANDUM ACCOUNTS	85,723,325	104,501,001	91,280,565

STATEMENT OF INCOME

FOR THE FIRST HALF OF 2002 AND COMPARISON WITH THE FIRST HALF OF 2001

(Translation from the original issued in Italian from the Italian into the English language solely for the convenience of international readers)

STATEMENT OF INCOME	First half of 2002	First half of 2001	Year 2001
A. VALUE OF PRODUCTION			
Revenues from the sale of goods and services	88,670,114	78,897,254	217,305,499
Change in work-in-progress, semifinished goods	19,270,504	17,491,075	9,680,926
Change in contract work-in-progress	–	(3,920,026)	(6,718,089)
Increase in fixed assets for internal work	74,817	119,453	1,474,898
Other revenues and income	2,767,371	2,742,914	5,749,565
TOTAL VALUE OF PRODUCTION (A)	110,782,806	95,330,670	227,492,799
B. PRODUCTION COSTS			
Raw materials, ancillary materials and consumables	48,338,079	38,783,106	86,593,418
Service costs	25,147,454	23,112,168	52,950,151
Expenses relating to the use of third party assets	663,556	731,582	1,373,127
Personnel			
salaries and wages	18,513,753	17,393,068	34,052,160
social contribution	5,825,818	5,469,682	10,926,609
employee termination indemnities	1,444,958	1,334,152	2,553,941
other	216,490	49,341	126,908
Total personnel costs	26,001,019	24,246,243	47,659,618
Depreciation and write-downs			
amortization of intangible fixed assets	1,933,934	1,572,124	3,698,347
depreciation of tangible fixed assets	2,188,404	1,718,894	3,735,111
write-down of receivables included in current assets and of liquid funds	15,000	237,570	352,040
Total depreciation and write-downs	4,137,338	3,528,588	7,785,498
Change in raw materials, ancillary materials consumables and goods for resale	440,763	503,097	877,356
Provision for risks	–	145,641	2,350,160
Other operating expenses	1,053,713	971,454	1,824,848
TOTAL PRODUCTION COSTS (B)	105,781,922	92,021,879	201,414,176
DIFFERENCE BETWEEN THE VALUE OF PRODUCTION AND PRODUCTION COSTS (A-B)	5,000,884	3,308,791	26,078,623
C. FINANCIAL INCOME END EXPENSES			
Income for investments			
dividends and other income from subsidiaries	9,269,248	4,913,880	6,916,863
Total income from investments	9,269,248	4,913,880	6,916,863
Other financial income			
- from receivables classified under fixed assets: other	–	–	–
- from securities classified under fixed assets not representing investments	25,218	60,218	115,901
- from securities classified under current assets, not representing investments	247,898	23,549	242,903
- income other than that listed above:			
interest and commissions from other	1,129,162	1,080,459	2,102,934
interest and commissions from subsidiaries	291,396	91,291	327,268
exchange difference	1,265,463	1,964,500	3,238,180
Total other financial income	2,959,137	3,220,017	6,027,186
Interest and other financial charges			
subsidiary companies	–	–	–
other companies	2,522,945	3,468,288	6,444,606
exchange difference	1,011,929	2,510,398	3,372,892
Total interest and other financial charges	3,534,874	5,978,686	9,817,498
TOTAL FINANCIAL INCOME AND EXPENSES (C)	8,693,511	2,155,211	3,126,551
D. ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(1,915,000)	(1,287,527)	(2,677,000)
E. EXTRAORDINARY INCOME AND EXPENSES			
Income			
other	–	–	–
Total extraordinary income	–	–	–
Expenses			
other	–	413,165	427,716
Total expenses	–	413,165	427,716
TOTAL EXTRAORDINARY ITEMS (E)	–	(413,165)	(427,716)
RESULT BEFORE TAXES	11,779,395	3,763,310	26,100,458
Income taxes	–	–	10,631,919
NET INCOME FOR THE ACCOUNTING PERIOD	–	–	15,468,539

RECLASSIFIED STATEMENT OF INCOME

FOR THE FIRST HALF OF 2002 AND COMPARISON WITH THE FIRST HALF OF 2001 (THOUSAND OF EURO)

(Translation from the original issued in Italian from the Italian into the English language solely for the convenience of international readers)

	First half of 2002		First half of 2001	
	PARTIAL	TOTAL	PARTIAL	TOTAL
- ***Net sales***		**88,670**		**75,265**
- *Cost of sales*		(50,813)		(41,404)
Gross margin		**37,857**		**33,861**
% on total sales		42.7%		45.0%
- *Research and development expenses*		(6,313)		(7,024)
- *General and administrative expenses*		(13,202)		(12,247)
- *Selling and commercial expenses*		(11,757)		(10,153)
Operating profit before amortization of goodwill		**6,585**		**4,437**
% on total sales		7.4%		5.9%
- *Amortization of goodwill*		(788)		(577)
Operating profit		**5,797**		**3,860**
% on total sales		6.5%		5.1%
- *Other income (charges):*				
Financial expenses	(2,523)		(3,468)	
Net exchange differences	253		(546)	
Financial income	1,694		1,256	
Dividends	9,269		4,914	
Write-down of investments	(1,915)		(1,288)	
		6,778		868
Income before extraordinary items, taxes and tax entries		**12,575**		**4,728**
- *Tax entries*				
Accelerated depreciation	(796)		(552)	
		(796)		(552)
- *Net extraordinary income (expenses)*		–		(413)
Profit before income taxes		**11,779**		**3,763**

REPORT OF THE INDEPENDENT AUDITORS ON THE REVIEW OF THE SIX-MONTH REPORT

(Translation from the original issued in italian from the Italian into the English language solely for the convenience of international readers)

ANDERSEN

Report of the independent auditors on the review of the six month report

Arthur Andersen SpA
Piazza Malpighi 4/2
40123 Bologna

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

1. We have performed a review of the consolidated accounting schedules and the related explanatory notes included in the six-month report as of June 30, 2002, of I.M.A. – Industria Macchine Automatiche S.p.A. We have also checked the part of the report related to the information on operations with the sole purpose of verifying the consistency thereof with the rest of the six-month report.

2. Our review was made in accordance with the criteria for reviews recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange under Resolution No. 10867 of July 31, 1997. The review of the six-month data of certain subsidiaries, the total assets and revenues of which represent approximately 13% and 7% respectively of the consolidated amounts, has been performed by other auditing firms, whose reports have been furnished to us. Our review consisted principally of obtaining the information regarding the items reported in the accounting schedules and the consistency of the valuation criteria through discussion with company management and of applying analytical procedures to the data contained in the accounting schedules. Our review did not include those audit procedures such as compliance tests and substantive tests of assets and liabilities and was significantly less in scope than an audit conducted in accordance with generally accepted auditing standards. As a consequence, unlike the auditors' report accompanying the annual consolidated financial statements, we do not express an opinion on the six-month report.

3. With regard to the comparative information related to the annual consolidated financial statements and to the prior year six-month report, reference should be made to the auditor's reports issued by us respectively on April 2, 2002 and on September 14, 2001.

4. Based on our review we are not aware of any material modifications or additions that should be made to the consolidated accounting schedules and related explanatory notes identified in paragraph 1. of this report, for them to be in conformity with the reporting standards set out by the CONSOB regulation related to six-month reports as approved by Resolution No. 11971 of May 14, 1999, and subsequent amendments.

5. For a clearer understanding of the six-month report, attention is drawn to the fact that, as described in the explanatory notes included in the six-month report, following the accounting treatment allowed under Resolution No. 11971 of May 14, 1999, and subsequent amendments, the result for the period is gross of the related income taxes. Therefore, income and deferred taxes resulting from the application of the income tax accounting principle have not been calculated on first six-month report.

Bologna, Italy
August 12, 2002

Arthur Andersen SpA

Signed by
Angelo Castelli - Partner

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

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