QUARTERLY REPORT FOR THE FOURTH QUARTER OF 2002

I.M.A. INDUSTRIA MACCHINE AUTOMATICHE S.P.A. - HEAD OFFICE: OZZANO DELL'EMILIA (BOLOGNA)
CAPITAL STOCK EURO 18,772,000 FULLY PAID - REGISTERED WITH THE BOLOGNA COMPANIES REGISTER NO. 00307140376

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.
Bentivoglio
Bologna (Italy)

Libra 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)

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
Cologne (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
Barcelona (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)

GROUP STRUCTURE

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

- 100% — **BFB S.p.A.** Bentivoglio Bologna (Italy)
- 100% — **LIBRA P.T. S.r.l.** Ozzano dell'Emilia Bologna (Italy)
- 100% — **LIBRA Immobiliare S.r.l.** Ozzano dell'Emilia Bologna (Italy)
- 100% — **CO.MA.DI.S. S.p.A.** Senago Milano (Italy)
- 100% — **INFO AREA S.r.l.** Ozzano dell'Emilia Bologna (Italy)
- 100% — **IGNITION TEAM S.r.l.** Castenaso Bologna (Italy)
- 100% — **COMITEC S.r.l.** Castel S. Pietro Terme Bologna (Italy)
- 50% — **J.O.I. Pack Co. Ltd.** Saitama (Japan)
- 30% — **BC S.r.l.** Imola Bologna (Italy)
- 100% — **IMA Japan Co. Ltd.** Yokohama (Japan)
- 100% — **I.M.A. Est Verpackungssysteme Handels GmbH** Vienna (Austria)
- 100% — **IMAUTOMATICHE Maquinas de Embalagens Lda.** Madeira (Portugal)
- 100% — **IMA Iberica Processing and Packaging S.L.** Barcellona (Spain)
- 100% — **IMA UK Ltd.** Wokingham (UK)
- 100% — **IMA France E.u.r.l.** Rueil-Malmaison (France)
- 100% — **IMA North America Inc.** Bristol (USA)
- 100% — **IMA Verpackungssysteme GmbH** Cologne (Germany)
  - 100% — **Kilian GmbH & Co. KG** Cologne (Germany)
  - 100% — **Kilian Verwaltung GmbH** Cologne (Germany)
- 100% — **HOLTECO B.V.** Amsterdam (The Netherlands)
  - 51% — **Precision Gears Pvt Ltd** Bombay (India)
  - 100% — **IMA Lanka Ltd** Colombo (Sri-Lanka)
  - 1% — **IMA Far East Co. Ltd** Hong-Kong
- 99,99% — **LUXTECO Int. S.A.** Luxembourg
  - 99% — **IMA Far East Co. Ltd** Hong-Kong
    - 53% — **Tianjin IMA Machinery Co. Ltd.** Tianjin (PRC)
    - 60% — **Zibo IMA Xinhua Machinery Manufacturing Co. Ltd.** Zibo (PRC)

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INTRODUCTION

This report was approved by the Board of Directors on February 14, 2003.

It has been prepared in accordance with article 82 of CONSOB circular no. 11971 of May 14, 1999.

REPORT ON OPERATIONS

AS OF DECEMBER 31, 2002

COMPANY OFFICERS

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

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

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*

GENERAL PERFORMANCE

According to the latest estimates published by IMS Health, the rate of growth in drug sales during 2002 showed a steady downturn, reaching +7% for the period December 2001 to November 2002 compared with +11% the previous year. The pharmaceutical industry used to be safe from the effects of macro-economic cycles. The fact that this is no longer the case is a further sign of how serious a state the world economy is in nowadays. For some time it has been deteriorating constantly and now more than ever dominated by a sense of extreme uncertainty. Despite such an adverse economic situation affecting the industry to which our products are addressed, the IMA Group has continued to show a good level of new orders from all its main markets, except for Latin American where the demand for new machinery more than halved compared with the previous year. This positive trend is explained, on the one hand, by the pharmaceutical industry's need to move ahead with its investment plans related to the introduction of new drugs and, on the other, by an increase in our market shares, especially for sterile filling lines, blister-pack machines and cartoning. This is due to the remarkable success of the products introduced in the last two years. The demand for processing plants, on the other hand, was lower, being affected by a decrease in the North American health food industry, which was one of its main markets.

As concerns tea-bagging machines, a field which is traditionally more exposed to negative economic cycles, we are glad to see that the decrease in orders from Western countries has been completely offset by new orders from countries that are moving towards the use of tea-bags, particularly Central and Eastern European countries.

KEY FIGURES

In the three-month period from October to December 2002, revenues from sales, including changes in contract work-in-progress, totalled Euro 151,049 thousand, substantially the same as the last quarter of 2001 (Euro 149,222 thousand), representing around 42.7% of the annual total (44.4% in 2001), confirming our sector's typically seasonal trend.

Key figures for 2002 are as follows, with comparative figures for 2001:

in thousands of Euro	**2002**	**2001**	**% Change**
• Revenues from sales, including changes in contract work-in-progress	353,413	336,304	5.1
• Net operating income before amortization of goodwill and consolidation differences (EBITA)	52,195	49,378	5.7
% of total revenues	*14.8%*	*14.7%*	
• Amortization of goodwill and consolidation differences	(5,078)	(4,505)	
• Net operating income	47,117	44,873	5.0
% of total revenues	*13.3%*	*13.3%*	
• Income before taxes	43,814	38,597	13.5
% of revenues	*12.4%*	*11.5%*	

On an annualized basis, net sales revenues amount to Euro 353,413 thousand, 5.1% up on 2001. This growth only involved the pharmaceuticals sector, as turnover in the tea sector remained at the same level as the previous year. As regards the geographical breakdown, sales were rather uneven. In fact, as turnover grew in North America (+22%) and the European Union (+17.7%), Latin America, the Middle East and South-East Asia saw a considerable decline.

The increase in revenues (+5.1%) was then reflected in a 5.7% rise in net operating income before amortization of goodwill and consolidation differences (from Euro 49.4 to 52.2 million). This is a very positive result if we consider that the weakness of the US dollar resulted in lower margins of around Euro 3 million. The Group managed to keep the logistics and production system working efficiently, while keeping the fixed cost elements of R&D, general and selling expenses under control in order to counterbalance this effect, even improving the proportion of net operating income before amortization of goodwill and consolidation differences to total revenues.

A lower level of net debt during the period, together with a decrease in interest rates, has helped achieve a result before income taxes of Euro 43,814 thousand, up 13.5% compared with the end of 2001 (Euro 38,597 thousand).

The order book as of December 31, 2002, totalled Euro 151,478 thousand. This figure is substantially in line with the corresponding period of the previous year assuming the same level of US Dollar/Euro exchange rates. The variance compared with last year is irrelevant given the high unit value of each order, a typical feature of this industry; much larger fluctuations can be caused just by one of these orders being brought forward or put back. In any case, this is a very positive figure, especially considering the number of contracts at an advanced stage of negotiation which are likely to be signed early this year.

Net financial indebtedness as of December 31, 2002 amounts to Euro 67,249 thousand (Euro 75,140 thousand as of December 31, 2001) after capital investments of Euro 18 million.

OUTLOOK FOR THE CURRENT YEAR

Given the present level of uncertainty in the geopolitical situation, we have to be very careful when making forecasts for the current year, even if the hefty order book and the high number of contracts at an advanced stage of negotiation tend to make us very optimistic about the sales trend in 2003. As to industrial margins, the dampening effect of a weakening dollar, which represents about 20% of our turnover, will be offset by our hedging policy that we will continue to follow during the year, as well as by the higher margins that we expect to earn on our new products as we move up the learning curve.

With suitable prudence we can therefore conclude that we expect that sales and earnings in 2003 to grow at the same rate as in 2002 compared with the previous year.

CONSOLIDATED NET FINANCIAL POSITION AND STATEMENT OF INCOME

AS OF DECEMBER 31, 2002

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 2002

(in thousands of Euro)	12/31/2002	09/30/2002	12/31/2001
• Liquid assets	(52,346)	(41,096)	(75,441)
• Short-term financial payables	68,347	66,805	84,422
• Medium/long-term payables	51,248	61,151	66,159
Net debt	**67,249**	**86,860**	**75,140**

CONSOLIDATED STATEMENT OF INCOME

FOR THE 4TH QUARTER OF 2002 AND FOR THE PERIOD 01/01-12/31/2002

(in thousands of Euro)

STATEMENT OF INCOME	4th quarter 2002	4th quarter 2001	01/01/02 12/31/2002	01/01/01 12/31/2001
A. VALUE OF PRODUCTION				
- Revenues from the sale of goods and services	149,116	151,329	351,480	342,200
- Change in work in progress,				
semifinished and finished goods	(22,155)	(26,692)	27,658	11,311
- Change in contract work in progress	1,926	(2,107)	1,926	(6,511)
- Increase in fixed assets for internal work	650	1,327	736	1,504
- Other revenues and income	1,372	1,467	2,315	2,853
TOTAL VALUE OF PRODUCTION (A)	130,909	125,324	384,115	351,357
B. PRODUCTION COSTS				
- Raw, ancillary and consumable materials	33,312	30,490	136,029	118,012
- Services	23,969	22,337	74,858	70,925
- Expenses related to the use of third party assets	2,008	1,272	5,672	4,593
- Personnel	25,782	24,718	98,577	91,194
- Depreciation, amortization and write-downs				
amortization of intangible fixed assets	2,440	2,260	8,373	7,434
depreciation of tangible fixed assets	1,826	1,970	6,670	7,008
write-down of recevables included in current assets	229	328	634	681
Total depreciation, amortization and write-downs	4,495	4,558	15,677	15,123
- Change in inventory of raw materials				
ancillary and consumable materials and goods for resale	3,643	532	2,362	(197)
- Provisions for risks and other	530	2,534	694	2,809
- Other operating expenses	765	438	3,129	4,025
TOTAL PRODUCTION COSTS (B)	94,504	86,879	336,998	306,484
DIFFERENCE BETWEEN THE VALUE AND COSTS OF PRODUCTION (A-B)	36,405	38,445	47,117	44,873
C. FINANCIAL INCOME AND EXPENSES	(773)	(1,317)	(3,296)	(6,476)
D. ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(2)	(69)	93	(14)
E. EXTRAORDINARY INCOME AND EXPENSES	7	747	(100)	214
RESULT BEFORE INCOME TAXES AND INCOME PERTAINING TO MINORITY INTERESTS	**35,637**	**37,806**	**43,814**	**38,597**

EXPLANATORY NOTES

AS OF DECEMBER 31, 2002

A) ACCOUNTING POLICIES

The more significant accounting policies adopted in the preparation of the quarterly consolidated financial statements as of December 31, 2002 are consistent with those used in the previous quarterly and annual reports.

B) CONSOLIDATION PRINCIPLES

Consolidation is carried out on a line-by-line basis. The main criteria used in applying this method are as follows:

- The book value of consolidated investments held by the parent company or by other consolidated companies is eliminated against the Group share of their equity, while booking their assets and liabilities.
- The difference between the acquisition cost of investments and the related share of stockholders' equity at the time of acquisition is allocated, where possible, to assets to reflect their current value, while the unallocated portion is booked as "Differences on consolidation" as part of intangible assets.
- Significant transactions between consolidated companies are eliminated as are the receivables and payables and any unrealized income resulting from intercompany transactions.

C) CONSOLIDATION AREA

The financial statements as of December 31, 2002 include the figures of I.M.A. - Industria Macchine Automatiche S.p.A. (the parent company) and all the companies in which it directly or indirectly holds a controlling interest, as per art. 2359 of the Italian Civil Code, except for IMA Lanka Ltd and Kilian Verwaltung GmbH, as they are not significant for the consolidated financial statements to give a true and fair view. The equity investments in Kilian Verwaltung GmbH and IMA Lanka Ltd. are valued at cost; the book value of these subsidiaries does not differ substantially from their net equity.

The following is a list of the companies included in the consolidation, with an indication of the consolidation method used:

COMPANIES CONSOLIDATED USING THE LINE-BY-LINE METHOD

	Registered offices	directly owned	indirectly owned
Italian companies			
• IMA S.p.A.	Ozzano dell'Emilia (BO)	Parent Company	–
• Co.Ma.Di.S. S.p.A.	Senago (MI)	100%	–
• Libra P.T. S.r.l.	Ozzano dell'Emilia (Bologna)	100%	–
• BFB S.p.A.	Bentivoglio (BO)	100%	–
• Ignition Team S.r.l.	Castenaso (BO)	100%	–
• Info area S.r.l.	Ozzano dell'Emilia (Bologna)	100%	–
• Comitec S.r.l.	Castel S. Pietro Terme (Bologna)	100%	–
• Libra Immobiliare S.r.l.	Ozzano dell'Emilia (Bologna)	100%	–
Foreign companies			
• Luxteco International S.A	Luxembourg	99.99%	–
• Holteco B.V.	Amsterdam (Holland)	100%	–
• IMA UK Ltd.	Wokingham (UK)	100%	–
• IMA North America Inc.	Bristol (USA)	100%	–
• I.M.A. Est Verp. Handels GmbH–	Vienna (Austria)	100%	–
• IMA Verpackungssysteme GmbH	Cologne (Germany)	100%	–
• IMA France E.u.r.l.	Rueil-Malmaison (France)	100%	–
• Precision Gears Pvt. Ltd.	Bombay (India)	–	51% (1)
• IMA Far East Co Ltd.	Hong Kong		100% (3)
• Zibo IMA Xinuha Machinery Manufacturing Co. Ltd	Zibo (PRC)	–	60% (2)
• Tianjin IMA Machinery Co Ltd.	Tianjin (PRC)		53% (2)
• Imautomatiche Lda.	Madeira (Portugal)	100%	–
• IMA Iberica Processing and Packaging SL		Barcelona (Spain)	100% –
• Kilian GmbH & Co. KG	Cologne (Germany)	-	100% (4)
• IMA Japan Co. Ltd.	Yokohama (Japan)	100%	–

COMPANIES VALUED USING THE EQUITY METHOD

	Registered offices	directly owned	indirectly owned
• J.O.I. Pack Company Ltd.	Saitama (Japan)	50%	–
• B.C. S.r.l.	Imola – Bologna (Italy)	30%	–

{332Notes (list of indirect equity investments):

(1) Held by Holteco B.V.
(2) Held by IMA Far East Co. Ltd
(3) Held by Luxteco Int. S.A. (99%) and Holteco B.V. (1%)
(4) Held by IMA Verpackungssysteme GmbH

The following changes in the Group structure also took place during 2002:

- On March 8, 2002, the subsidiary IMA North America Inc, which owned 100% of Value Machinery Inc., sold its interest to the former general manager: this transaction did not generate any economic impact on the consolidated financial statements.
- On April 3, 2002, IMA Spa purchased 100% of Kilian & Co. Inc. from Kilian GmbH & Co for Euro 2,845 thousand as part of its reorganization of equity investments. In April, this investment was transferred at the same purchase price to IMA North America Inc., which then absorbed it on May 1, 2002.
- On May 6, 2002, IMA S.p.A. acquired the remaining 10% interest in Ignition Team S.r.l., thereby obtaining full control of the company. The purchase price corresponded to the value of equity purchased (Euro 149 thousand).
- During the third quarter of 2002, Ima Far East purchased a further 6% interest in Zibo Zinuha Machinery Manufacturing Co. Ltd, increasing its stake from 54% to 60%.
- During November, IMA S.p.A. acquired the remaining 0.50% interest in IMA Japan Co. Ltd., thereby obtaining full control of the company.
- During November 2002, Libra P.T. Srl spun off its real estate holdings to Libra Immobiliare S.r.l., a new company.
- During the fourth quarter of 2002, Precisions Gears (Indore) PVT Ltd. was absorbed by Precision Gears PVT Ltd.

During 2002, the board also approved IMA SpA's absorption of BFB Spa, with effect from January 1, 2003.

D) INFORMATION ON THE CONSOLIDATED NET FINANCIAL POSITION

Group net debt as of December 31, 2002, totalled Euro 67,249 thousand, down 10.5% compared with the previous year (Euro 75,140 thousand as of December 31, 2001). This considerable improvement is due to a low increase in working capital together with high cash flow from ordinary operations, which more than absorbed the investments in tangible and intangible assets totalling Euro 17,819 thousand and dividends of Euro 12,919 thousand (Euro 4,566 thousand more than the previous year).