

**REPORT ON OPERATIONS DURING THE
FIRST QUARTER OF 2003**

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

GROUP COMPANIES BY BUSINESS ACTIVITY

MANUFACTURING ACTIVITIES

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

**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)

LIBRA IMMOBILIARE S.r.l.
Ozzano dell'Emilia
Bologna (Italy)

Kilian Verwaltung GmbH
Cologne (Germany)

FINANCIAL ACTIVITIES

Luxteco International S.A.
Luxembourg

HOLTECO B.V.
Amsterdam (Netherlands)

GROUP STRUCTURE

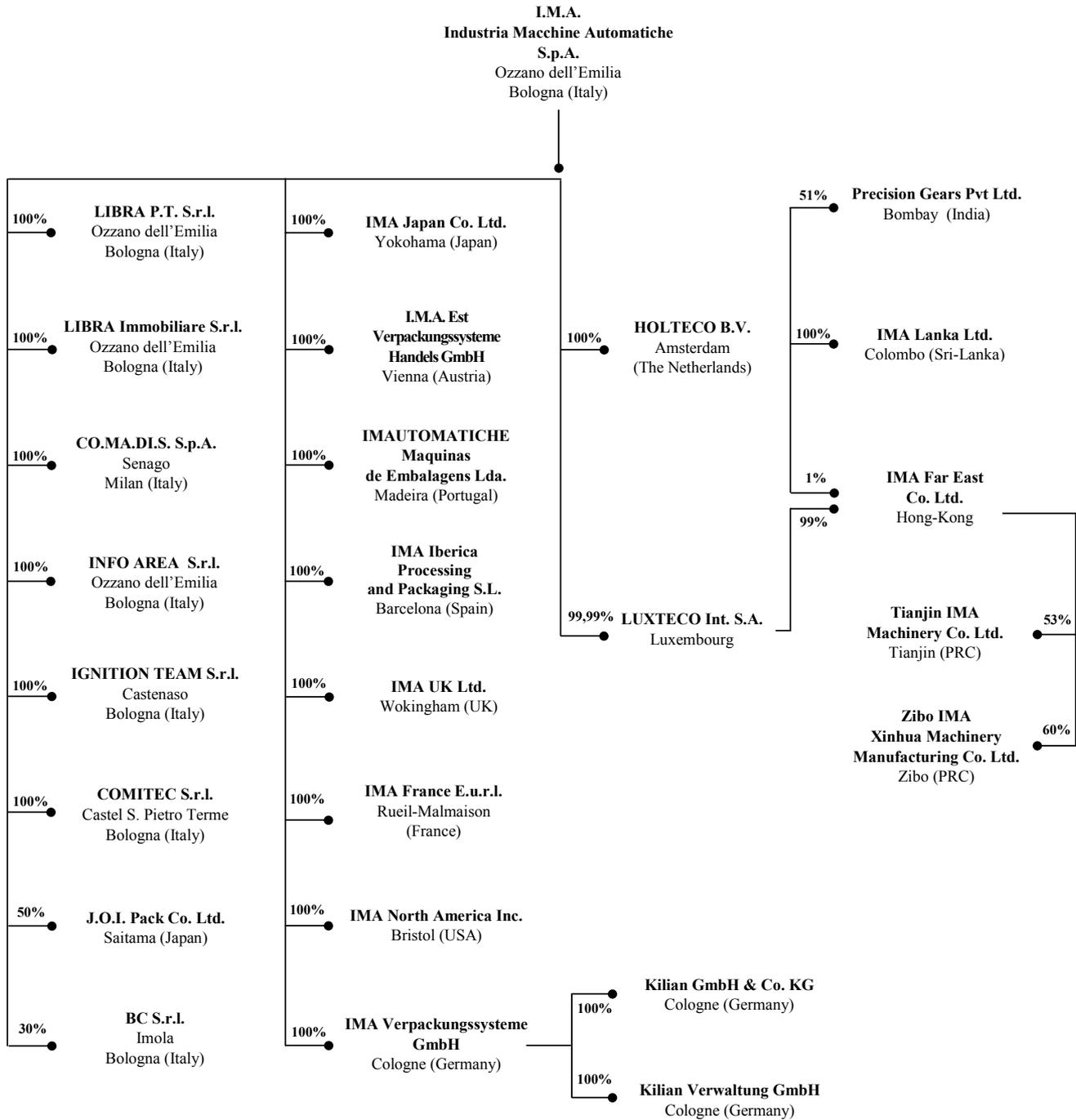


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INTRODUCTION

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

It has been prepared in accordance with article 82 of Consob resolution no. 11971 dated May 14, 1999.

REPORT ON OPERATIONS
AS OF MARCH 31, 2003

COMPANY OFFICERS

BOARD OF DIRECTORS

(IN OFFICE UNTIL APPROVAL OF THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2005)

In addition to the powers that, by law, cannot be delegated, the Board of Directors acting together has exclusive powers to approve:

- the Company's strategic, business and financial plans and any decision relating to the Group structure;
- 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 10,000,000.00, except for the power to renew credit lines already granted to the Company, which can be delegated;
- any transactions with related parties, except for those with subsidiary companies, regarding which the Board must in any case approve all transactions that have a significant effect on operations, assets and liabilities or the financial position.

CHAIRMAN AND MANAGING DIRECTOR

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

Delegated powers: all powers of ordinary and extraordinary administration, excluding the following powers:

- to transfer or receive for whatever purpose or reason, shares or quotas in companies, associations or entities, lines of business, businesses or combinations of businesses and real estate of any kind;
- to give secured or other guarantees, and give sureties or letters of patronage, except (in relation to the sureties and letters of patronage) for those given on behalf of direct or indirect subsidiaries of the Company;
- to concede enjoyment rights over the real estate of the Company.

MANAGING DIRECTOR

Alberto Vacchi *Delegated powers:* all powers of ordinary and extraordinary administration, excluding the following powers:

- to transfer or receive for whatever purpose or reason, shares or quotas in companies, associations or entities, lines of business, businesses or combinations of businesses and real estate of any kind;
- to give secured or other guarantees, and give sureties or letters of patronage, except (in relation to the sureties and letters of patronage) for those given on behalf of direct or indirect subsidiaries of the Company;
- to concede enjoyment rights over the real estate of the Company.

DIRECTOR WITH POWERS

Andrea Malagoli *Delegated powers:*

- banking transactions;
- signing of contracts, arrangement and administration of insurances with any insurance institution or entity covering all types of risk;
- representing the Company before civil, administrative and judicial authorities or entities at any level, as well as before any fiscal authority or fiscal tribunal;
- representing the Company for all transactions regarding the shipment, release and collection of valuables and goods.

DIRECTORS

Mauro Gambaro, 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*

REPORT ON OPERATIONS

GENERAL PERFORMANCE

The extremely adverse economic and political conditions that dominated worldwide during the first quarter of the year did not prevent satisfactory growth in the sales of the pharmaceutical industry (+7%). The industry's programs for investment in plant and machinery were similarly unaffected, given the launch of new medicines and the introduction of generic drugs on the expiry of patents for some of the medicines that are widely used today.

The investment policies of the tea industry were also expansionary, not only in the nations of Central and Eastern Europe, which helped to sustain demand during 2002 and which continue to grow in 2003, but also in the countries of Western Europe. Here a number of leading groups have begun the process of completely renewing their machinery, driven by the major advantages in terms of production efficiency and marketing considerations attainable from the new models offered by the IMA Group.

KEY FIGURES

The typically skewed sales structure that characterises our sector leads to a concentration of deliveries in the second half of the year. This makes the first quarter financial statement indicators relatively meaningless as a predictor of annual Group performance, as mentioned on several other occasions. For instance, deliveries in the last quarter of 2002 represented 42.7% of total annual sales. Moreover, this type of concentration at the end of one year inevitably leads to relatively *empty* production lines at the beginning of the next. This influences activities in the new year, with production focused mainly on building up *work in progress* on machines for delivery during 2003, as can be seen from the significant increase in this balance sheet figure.

Specifically, *sales revenues* plus the change in contract work in progress totaled Euro 56.7 million in the quarter from January to March 2003, up Euro 12 million compared with the position at the end of March 2002 (Euro 44.7 million). In the meantime, the order book at the end of March totaled Euro 179.6 million, down Euro 19.2 million since the end of March 2002 (Euro 198.8 million). At the end of March, the total value of sales plus unfulfilled orders was Euro 7.2 million lower than the comparative total in March 2002. Given the high unit value of individual orders in our sector, this change is not significant as a predictor of sales for the year as a whole. The new orders obtained during the first quarter of the year are more meaningful in this regard, totaling Euro 84.8 million compared with Euro 86.9 million in the first quarter of 2002. Although slightly lower than in 2002, we consider this to be very positive since, on the one hand, new orders were particularly high during the first quarter of 2002 while, on the other, it represents an inversion of tendency following the slowdown in orders experienced during the second half of 2002 and the early weeks of 2003. This recovery is likely to accelerate in the coming months, given the numerous negotiations in progress at this time.

As a result of the low sales volumes, the *operating results* for the period reflect a loss of Euro 4.0 million, compared with Euro 4.8 million in first quarter 2002. The fact that higher sales have not been appropriately reflected in the operating results is largely a reflection of the different mix in deliveries during the two periods. In particular, sales in early 2003 mostly comprised machinery, rather than spares and parts which, traditionally, earn higher margins. This, however, is a short-term phenomenon that will balance out over the coming months. The growth in R&D, marketing and general expenses has been contained and their incidence with respect to total revenues has declined considerably.

Net financial expenses amounted to Euro 1.38 million compared with Euro 0.84 million in the comparative period of 2002. This difference reflects higher net exchange losses and the fact that the 2002 amount includes a gain of Euro 0.24 million from the sale of securities.

Therefore, the *Results before taxes* reflect a loss of Euro 5.8 million against a loss of Euro 5.7 million at the end of March 2002.

Net financial indebtedness as of March 31 amounted to Euro 81.6 million, up by Euro 14.4 million since the end of December 2002. This increase largely reflects the change in operating capital which, despite a major decrease in trade receivables, has been affected by significantly higher inventories that were not offset by a rise in trade payables. This situation is normal in the early part of the year, when work is performed for deliveries scheduled to be made during the second half of the year. The increase in net financial indebtedness was also partly due to the loss for the period and to the effect, about Euro 1.5 million, of deconsolidating the investment in IMA Japan Co. Ltd.

OUTLOOK FOR THE REST OF THE YEAR

The adverse conditions experienced at the start of the year have deteriorated in the subsequent months. The rapid end to the war in Iraq does not seem to have had a beneficial effect on the struggling western economies, not least because of the objective difficulties associated with guaranteeing the stability of lands and populations that are profoundly divided, but united in their rejection of western culture and models. In the meantime, the economies of the Far East and, in particular, China, which up to now had avoided the world economic downturn, have been abruptly hit by the effects of the SARS virus, including the psychological impact, while the US dollar has continued to weaken given the steady deterioration of the US deficit.

The IMA Group is taking all possible action on the commercial front to offset the likely fall in deliveries to the Far East and, at the same time, has made successive adjustments to dollar price lists in order to contain the effects on Group margins of the weakening of this currency. As mentioned earlier, the demand for plant and machinery from the pharmaceutical industry seems to be recovering after the slowdown in past months. The Achema Trade Fair in Frankfurt coming up shortly is an invaluable opportunity to verify this trend. If confirmed, the sales for 2003 are likely to be in line with those for 2002, while Operating income should remain steady as a percentage of sales, despite the weakness of the dollar. We expect the Group's financial situation to improve in the coming quarters due to an increase in cash flow generated from ordinary operations and a decrease in the level of working capital.

CONSOLIDATED BALANCE SHEET AND STATEMENT OF INCOME
AS OF MARCH 31, 2003

CONSOLIDATED BALANCE SHEET

AS OF MARCH 31, 2003 AND DECEMBER 31, 2002 (IN THOUSANDS OF EURO)

	03/31/2003	12/31/2002
- Trade receivables	72,635	95,920
- Inventories	135,445	114,932
- Trade payables	(90,451)	(101,876)
- Other payables, net	(22,672)	(24,021)
Operating capital	94,957	84,955
- Intangible fixed assets	47,127	48,848
- Tangible fixed assets, net	50,103	50,318
- Equity investments	6,967	6,546
Fixed assets	104,197	105,712
Employee termination indemnities and other	(14,642)	(14,247)
Net capital invested	184,512	176,420
FINANCED BY:		
Net indebtedness	81,625	67,249
Minority interests	2,242	2,314
Stockholders' equity pertaining to the Group	100,645	106,857
Total sources of finance	184,512	176,420

CONSOLIDATED STATEMENT OF INCOME

FOR THE FIRST QUARTER OF 2003 AND COMPARISON WITH THE FIRST QUARTER OF 2002 (IN THOUSANDS OF EURO)

STATEMENT OF INCOME	1st quarter 2003		1st quarter 2002	
	Sub-total	Total	Sub-total	Total
A. VALUE OF PRODUCTION				
- Revenues from the sale of goods and services		56,070		44,695
- Change in work in progress, semifinished and finished goods		20,255		27,557
- Change in contract work in progress		614		-
- Increase in fixed assets by internal work		81		47
- Other revenues and income		602		296
TOTAL VALUE OF PRODUCTION (A)		77,622		72,595
B. PRODUCTION COSTS				
- Raw, ancillary and consumable materials		32,947		32,654
- Services		15,814		15,410
- Leases and rentals		1,271		1,200
- Personnel		26,881		24,243
- Depreciation, amortization and write-downs				
amortization of intangible fixed assets	2,122		1,955	
depreciation of tangible fixed assets	1,620		1,631	
write-down of receivables included in current assets	194		78	
Total depreciation, amortization and write-downs		3,936		3,664
- Change in inventory of raw, ancillary and consumable materials and goods for resale		(207)		(1,065)
- Provisions for risks and other		217		67
- Other operating expenses		776		1,216
TOTAL PRODUCTION COSTS (B)		81,635		77,389
DIFFERENCE BETWEEN THE VALUE AND COSTS OF PRODUCTION (A-B)		(4,013)		(4,794)
C. FINANCIAL INCOME AND EXPENSE				
- Financial income				
Exchange gains	1,390		822	
Other financial income	440		898	
Total financial income		1,830		1,720
- Financial expenses				
Exchange losses	1,723		988	
Other financial expenses	1,492		1,575	
Total financial expenses		3,215		2,563
TOTAL FINANCIAL INCOME AND EXPENSES (C)		(1,385)		(843)
D. ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS		(107)		-
E. EXTRAORDINARY INCOME AND EXPENSES				
- Income		-		-
- Expenses		270		-
TOTAL EXTRAORDINARY ITEMS (E)		(270)		-
INCOME PERTAINING TO MINORITY INTERESTS		44		63
RESULT BEFORE INCOME TAXES		(5,819)		(5,700)

EXPLANATORY NOTES
AS OF MARCH 31, 2003

A) ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the quarterly consolidated financial statements as of March 31, 2003, are consistent with those used in the previous quarterly and annual reports.

INTANGIBLE FIXED ASSETS

Intangible fixed assets are recorded at purchase cost, including related expenses, and are systematically amortized over their estimated useful lives.

The amortization periods for intangible fixed assets are described below:

- Incorporation and expansion costs 5 years
- R&D costs 5 years
- Industrial patents and intellectual property rights 3/5 years
- Concessions, licenses and similar rights 3/5 years
- Trademarks 10 years
- Goodwill 10 years
- Consolidation differences 4/10/15 years
- Other 5-10 years/duration of the contract

Advertising and research and development costs are usually charged to the income statement in the period they are incurred.

TANGIBLE FIXED ASSETS

Tangible fixed assets are recorded at purchase or production cost, or at their appraisal value in the case of conferrals. Certain assets have been revalued in accordance with specific laws or pursuant to mergers carried out in previous accounting periods. Cost includes related charges and a reasonable allocation of direct and indirect expenses.

Tangible fixed assets are depreciated on a straight-line basis using the following annual rates that reflect their residual useful lives:

- Property 3%
- Plant and machinery 10% / 15.5%
- Other manufacturing and commercial equipment 25%
- Other assets
 - Electronic office machines 20%
 - Office fixtures and furniture 12%
 - Vehicles 20% / 25%

Depreciation is reduced by 50% in the period that assets are purchased.

In the event of a permanent impairment of value, the asset is written down accordingly, regardless of how much depreciation has already been charged.

Ordinary maintenance costs are expensed as incurred. Maintenance costs which enhance the value of assets are allocated to such assets and depreciated over their residual useful lives.

Assets costing less than 0.52 thousand euro are depreciated in full in the year of purchase.

TANGIBLE FIXED ASSETS HELD UNDER FINANCIAL LEASES

Finance leases are accounted for on the basis of document no. 17 issued by the International Accounting Standards Board (I.A.S.B.).

This provides that:

- the cost of leased assets be attributed to tangible fixed assets and depreciated on a straight-line basis over their useful lives;
- lease payments be booked in a way that separates the financial element from the principal, which is treated as a liability to the lessor.

INVESTMENTS AND SECURITIES CLASSIFIED AS FIXED ASSETS

Investments in non-consolidated subsidiaries and associated companies are carried at equity and at cost. Equity investments in other companies are valued at purchase or subscription cost. Cost is reduced to reflect any permanent reductions in value arising from losses that are unlikely to be recovered out of profits earned in the immediate future.

Fixed-income securities included in fixed assets are booked at purchase cost, as adjusted by the accrued portion of any issue premium or discount. Cost is written down in case of a permanent impairment in value.

INVENTORIES

Inventories are stated at the lower of purchase or production cost, or their corresponding market or estimated realizable value.

Cost is calculated using the LIFO method for raw, ancillary and consumable materials, and semi-finished products, and using their actual cost for other inventory items.

Estimated realizable value is calculated taking into account any production costs still to be incurred and direct selling expenses.

Obsolete and slow-moving inventories are written down to reflect the likelihood that they will be used or sold, considering the average length of the production cycle.

Contract work-in-progress relates to medium/long-term contracts which are valued on a stage-of-completion basis, determined with reference to revenues earned with reasonable certainty. Any losses on contracts that can be estimated with reasonable accuracy are recognized in their entirety in the period when they become known.

SECURITIES NOT HELD AS FIXED ASSETS

These are valued at the lower of cost or market, determined with reference to closing prices at the end of the period.

RECEIVABLES

Accounts receivable are stated at their estimated realizable value.

ACCRUED INCOME AND PREPAYMENTS

Accrued income and prepayments are recorded to match revenues and expenses in the accounting periods to which they relate.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are recorded to cover known or probable losses or liabilities, the timing and extent of which cannot be determined at the end of the period. Provisions reflect the best estimate of losses to be incurred based on the information available.

Potential risks are described in the report on operations but no provision is made for them.

PROVISION FOR EMPLOYEE TERMINATION INDEMNITIES

The provision for employee termination indemnities covers the full liability to employees in accordance with current legislation, national labor contracts and in-house agreements. This liability is subject to revaluation using officially-established indices.

PAYABLES

Accounts payable are stated at their nominal value.

TAXES

The Group has taken advantage of its right as per appendix 3D, art. 82 of Consob resolution no. 11971 of May 14, 1999 to report income for the period before tax: as a result, it has not accounted for deferred tax assets and liabilities arising from application of the accounting standard regarding the treatment of income taxes.

CAPITAL AND OPERATING GRANTS

Capital grants are recorded, when the amounts become certain, to a specific caption within accrued expenses and deferred income and credited to the statement of income over the residual useful lives of the fixed assets to which they refer.

Operating grants are booked to income when the amounts become certain.

REVENUE RECOGNITION

Revenue relating to the sale of products is recognized at the moment title passes, which generally coincides with shipping. The only exception to this is long-term contract work in progress, as explained above.

TRANSLATION OF FOREIGN CURRENCY BALANCES

Receivables and payables denominated in foreign currency are translated into Euro using the exchange rates applying at the date of the original transaction. Exchange differences realized upon the collection of receivables or the settlement of payables denominated in foreign currencies are reflected in the statement of income.

Differences arising on the translation of foreign currency receivables and payables using the period-end exchange rates are booked to the statement of income as financial income or expense.

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's share of their equity and their assets and liabilities are combined;
- 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 arising on consolidation" as part of intangible fixed assets.
- Significant transactions between consolidated companies are eliminated, as are the receivables and payables and any unrealized income resulting from intercompany transactions.
- Minority interests in equity and net income are shown as separate items in the consolidated financial statements;
- Companies acquired or sold during the period are consolidated for the period in which a majority interest was held.

C) SCOPE OF CONSOLIDATION

The quarterly report as of March 31, 2003 includes the financial and operating information 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., Kilian Verwaltung GmbH and IMA Japan Co. Ltd.

The investments in IMA Lanka Ltd. and Kilian Verwaltung GmbH have been valued at cost since they are not significant in terms of the true and fair presentation of the consolidation financial statements. Activity continued during the period with regard to preparations for the liquidation of IMA Lanka Ltd. No charges are expected to emerge from this liquidation, other than those already recorded in the financial statements of that company.

IMA Japan Co. Ltd., wholly owned by the Parent Company, was put into liquidation on February 25, 2003, since it will be more effective to operate in that country via alliances and joint ventures with local partners. Accordingly, this company has not been consolidated on a line-by-line basis and the investment has been valued using the equity method. No significant unrecorded charges are expected to emerge as a result of this liquidation.

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

COMPANIES CONSOLIDATED ON A LINE-BY-LINE BASIS

	Registered offices	Capital stock	Equity investments direct	Equity investments indirect
Italian companies				
• IMA S.p.A.	Ozzano E. (BO)	EUR 18,772,000	Parent Company	
• Co.Ma.Di.S. S.p.A.	Senago (MI)	EUR 1,540,000	100%	–
• Libra P.T. S.r.l.	Ozzano E. (BO)	EUR 1,040,000	100%	–
• Ignition Team S.r.l.	Castenaso (BO)	EUR 78,000	100%	–
• Info Area S.r.l.	Ozzano E. (BO)	EUR 98,800	100%	–
• Comitec S.r.l.	Castel S. Pietro T. (BO)	EUR 52,000	100%	–
• Libra Immobiliare S.r.l.	Ozzano E. (BO)	EUR 150,000	100%	–
Foreign companies				
• Luxteco International SA	Luxembourg	EUR 9,600,000	99.99%	–
• Holteco B.V.	Amsterdam (NL)	EUR 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	Vienna (A)	EUR 280,000	100%	–
• IMA Verp. GmbH	Cologne (D)	EUR 90,000	100%	–
• IMA France E.u.r.l.	Rueil-Malmaison (F)	EUR 45,735	100%	–
• IMA Iberica Processing and Packaging SL	Barcelona (E)	EUR 590,000	100%	–
• Precision Gears Pvt. Ltd.	Bombay (India)	RS 5,950,700	–	51% (1)
• IMA Far East Co Ltd.	Hong Kong	USD 5,572,969	–	100% (2)
• Zibo IMA Xihu Machinery Manufacturing Co. Ltd.	Zibo (PRC)	USD 800,000	–	60% (3)
• Tianjin IMA Machinery Co. Ltd.	Tianjin (PRC)	USD 200,000	–	53% (3)
• Imautomatiche Lda	Madeira (P)	EUR 5,000	100%	–
• Kilian GmbH & Co. KG	Cologne (D)	EUR 3,600,000	–	100% (4)

COMPANIES VALUED USING THE EQUITY METHOD

	Registered offices	Capital stock	Equity investments direct	Equity investments indirect
• IMA Japan Co. Ltd.	Yokohama (Japan)	YEN 165,567,881	100%	–
• 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 (list of indirect equity investments): (1) Held by Holteco B.V. – (2) Held by Luxteco Int. S.A.(99%) and Holteco B.V. (1%) - (3) Held by IMA Far East Co. Ltd (4) Held by IMA Verpackungssysteme GmbH

In addition, effective January 1, 2003, BFB S.p.A. was absorbed by IMA S.p.A.

D) INFORMATION ON THE CONSOLIDATED BALANCE SHEET

NET CAPITAL INVESTED

OPERATING CAPITAL

Trade receivables

	03.31.2003	12.31.2002
Trade receivables	72,635	95,920

The reduction of 23,285 thousand euro was due to the collection of trade receivables regarding deliveries made in the last two months of the previous year; the level of receivables at year end was unusually high due to the concentration of deliveries made in the latter part of the year.

Inventories

	03.31.2003	12.31.2002
Inventories	135,445	114,932

The increase of 20,513 thousand euro is the result of preparing machinery that will be delivered to customers later in the year.

Trade payables

	03.31.2003	12.31.2002
Trade payables	90,451	101,876

The change in this balance mainly reflects the decrease in trade payables and an increase in advance payments from customers in relation to future deliveries.

FIXED ASSETS

Intangible fixed assets

	03.31.2003	12.31.2002
Intangible fixed assets	47,127	48,848

The decrease is due mostly to the amortization charge for the period.

Tangible fixed assets, net

	03.31.2003	12.31.2002
Tangible fixed assets, net	50,103	50,318

The change in this caption reflects additions during the period, net of depreciation and disposals.

Equity investments

	03.31.2003	12.31.2002
Equity investments	6,967	6,546

The increase in this caption is mainly due to the valuation of IMA Japan Co. Ltd. using the equity method, since the company was put into liquidation during the period; as of December 31, 2002, IMA Japan Co. Ltd. was consolidated on a line-by-line basis.

This caption includes 6,052 thousand euro relating to the investment in Medinvest International S.C.A., held by Luxteco International S.A., a group company.

TOTAL SOURCES OF FINANCE

NET INDEBTEDNESS	03.31. 2003	12.31.2002
Net indebtedness	81,625	67,249
Including:		
• liquid assets	(47,017)	(52,346)
• short-term financial payables	78,821	68,347
• M/L-T financial payables	49,821	51,248

Compared with the situation as of December 31, 2002, the increase was mainly due to the high value of inventories needed in order to make the numerous deliveries scheduled for the coming quarters; the significant contraction in trade payables during the first quarter of 2003, partly due to paying for the major investment made at the end of 2002, and the low level of self-financing generated during the period. The deconsolidation of IMA Japan Co. Ltd. also contributed to the increase in indebtedness by about Euro 1.5 million.

We expect the Group's financial situation to improve in the coming quarters following an increase in cash flow generated from ordinary operations and a decrease in the level of working capital.

STOCKHOLDERS' EQUITY PERTAINING TO THE GROUP

The change in stockholders' equity is entirely due to the results for the period and translation differences.

E) INFORMATION ON THE CONSOLIDATED STATEMENT OF INCOME

VALUE OF PRODUCTION

Revenues from sales and services

Revenues from sales and services earned in the period to March 31, 2003 by the IMA Group are analyzed by geographic area and line of business below (in thousands of euro):

Revenues by geographic area

	1st quarter 2003	1st quarter 2002
• E.U. (excluding Italy)	23,183	18,407
• Other European countries	6,851	4,468
• North America	12,985	10,959
• Asia	5,193	4,730
• Other countries	3,967	3,870
Total exports	52,179	42,434
• Italy	3,891	2,261
Total	56,070	44,695

Revenues by line of business

	1st quarter 2003	1st quarter 2002
• Machines and assemblies	39,918	26,798
• Spares	9,900	12,587
• Technical assistance	3,748	3,726
• Other services	2,504	1,584
Total	56,070	44,695

EXTRAORDINARY INCOME AND EXPENSES

Expenses

This caption includes charges of 270 thousand euro regarding recourse to the tax amnesty introduced by the 2003 Finance Law and related subsequent modifications.

F) INFORMATION ON THE PARENT COMPANY

No significant events have occurred that might require additional disclosure with respect to the information already provided at a consolidated level.