



REPORT ON OPERATIONS DURING THE FIRST HALF OF 2003



**REPORT ON OPERATIONS DURING
THE FIRST HALF OF 2003**
(TRANSLATION FROM THE ORIGINAL ISSUED IN THE ITALIAN
INTO THE ENGLISH LANGUAGE SOLELY FOR THE CONVENIENCE
OF INTERNATIONAL READERS)

I . M . A .

INDUSTRIA MACCHINE AUTOMATICHE S.P.A.
REGISTERED OFFICE:
OZZANO DELL'EMILIA (BOLOGNA)
CAPITAL STOCK: € 18.772.000 FULLY PAID
BOLOGNA COMPANY REGISTER NO. 00307140376

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INTRODUCTION

This report was prepared by the Board of Directors as of August 8, 2003.

The report shows the consolidated results of the Group and includes the financial statements of the Parent Company, IMA S.p.A.

It has been prepared in accordance with the rules laid down in the Italian Civil Code and in compliance with art. 81 of the Regulations for Issuers (implementing Dlgs no. 58 of February 24, 1998 which governs issuers).

Unless stated otherwise, the amounts shown in this report are shown in thousands of euro (art. 81 no. 10 of the Regulations for Issuers).

It is worth mentioning that all the Group companies carry on business almost exclusively in the field of automatic packaging machines. This is a sector that is generally characterized by a first half with results that cannot be considered representative of the entire year as sales tend to be concentrated in the second half of the year.

COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2003
(TRANSLATION FROM THE ORIGINAL ISSUED IN ITALIAN LANGUAGE)

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

DIRECTORS AND OFFICERS

(in accordance with CONSOB recommendation no. 97001574 of February 20, 1997)

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 decisions 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.

BOARD OF DIRECTORS

(in office until approval of the financial statements as of December 31, 2005)

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, except for the power to rent or rent out real estate for periods not exceeding nine years;
- 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 real rights of enjoyment over the assets 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 real rights of enjoyment over the assets of the Company.

DIRECTOR WITH POWERS

Andrea Malagoli

Delegated powers:

- banking operations;
- 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

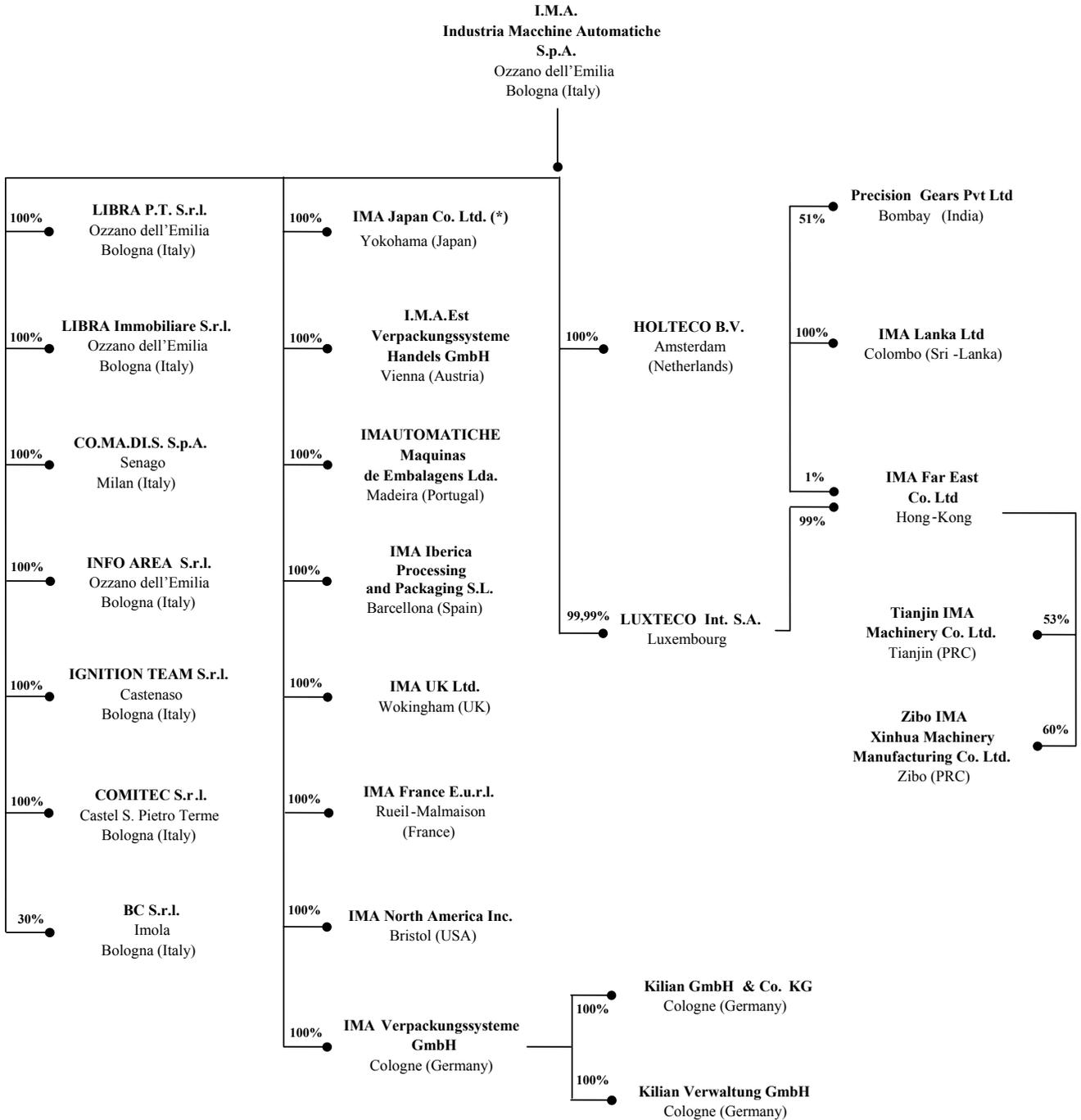
Emanuele Gnugnoli - Auditor

Chiara Gallina - Auditor

INDEPENDENT AUDITORS

Deloitte & Touche S.p.A.

GROUP STRUCTURE



(*) Company in liquidation

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)

**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 (Netherlands)

(*) *Company in liquidation*

GROUP PERFORMANCE

INTRODUCTION

The world political and economic scenario during 1st half 2003 was dominated by a sequence of exceptional events that this time also had a negative impact on our Group's results. This was unusual because the business is normally fairly insensitive to changes in external scenarios because of the defensive nature of its principal market.

The prolonged weakness of the world economy, which has been this way for almost three years now, has in fact ended up also affecting a sector - that of pharmaceuticals - which traditionally is rarely touched by normal cyclical downturns. This is not only the case, as might seem more natural, in developing countries where drugs do not yet form part of the population's primary needs, but also in the OECD area, which alone represents more than 85% of world drug consumption. Of course, in these countries we are not talking about a decline in consumption, as has taken place in almost all other key sectors of the economy, but rather of a slowdown in the rate of growth. According to the latest figures published by IMS Health, an authoritative observatory, the rate of growth in sales of drugs over the last twelve months has been 6%, at constant exchange rates, compared with 11% in the previous twelve months. This slowdown is distributed fairly evenly throughout the main areas of the OECD, with North America going from sales growth of 16% to one of 11%, Europe from +10% to +4% and Japan from +5% to zero growth. Latin America, on the other hand, has seen a contraction in drug sales of 15%, after a 7% fall the previous year. All of this has inevitably reflected from the second half of 2002 in a fall in demand for new machines on the part of the pharmaceuticals industry, which having previously invested on the basis of forecast growth that was a good deal higher than what effectively took place, now finds itself with surplus capacity. In addition to this factor, which was partly reabsorbed by the decline in orders in the second half of 2002, there was the enormous uncertainty provoked firstly by the long preparation for the war in Iraq and then the war itself; and in all cases where a new machine was not indispensable to launch a new drug, this uncertainty usually led to a temporary postponement in the buying decision. Lastly, the sudden outbreak of the SARS epidemic in China completely paralyzed all negotiations in that country which with its strong rates of growth had in 2002 managed to offset the collapse in demand in Latin America.

As regards the tea-packaging sector, the excellent trend in demand from countries of Central and Eastern Europe continued during the half-year. In the meantime, on western markets, certain leading multinationals in this sector, stimulated by the innovative products that the IMA Group was offering, speeded up the process of replacing old machinery.

Over and above the events mentioned above, which affected the trend in new orders in the pharmaceutical sector, there was also the sharp devaluation of the US dollar which had an immediate impact on profit margins. The US currency lost around 16% against the euro in 2002, more than half of which in the second half, going on to lose another 15% in the first six months of 2003. The Group obviously made such timely adjustments to price lists in dollars that this change in exchange rates justified and made inevitable. However, it is clear that this could not apply to the numerous offers that had already been sent to customers and which normally cover a significant number of months in terms of sales.

**CONSOLIDATED
STATEMENT OF INCOME**

In the first half of 2003, the IMA Group made net operating income of 1.24 million euro, compared with 5.49 million euro in the same period of 2002 and Group net income of 0.45 million euro, versus 6.08 million euro as of June 30, 2002.

The following is a summarized version of the consolidated statement of income for the half-year under review, with comparative figures for 1st half 2002:

million euro	1st half 2003		1st half 2002		Change %
	Amount	%	Amount	%	
Net revenues	143.72		136.25		5.5
Cost of sales	(85.90)		(74.90)		
Gross industrial income	57.82	40.2	61.35	45.0	(5.6)
R&D costs	(9.58)		(9.48)		
Selling costs	(21.21)		(21.10)		
General and administrative costs	(23.24)		(22.89)		
(E.B.I.T.A.)	3.79	2.6	7.88	5.8	(51.9)
Amortization of goodwill and consolidation differences	(2.55)		(2.39)		
Net operating income	1.24	0.9	5.49	4.0	(77.4)
Net financial income (expense)	(0.18)		0.90		
Adjustments to the value of financial assets and dividends	(0.24)		0.10		
Extraordinary items, net	(0.27)		(0.33)		
Result before income taxes	0.55	0.4	6.16	4.5	(91.1)
Income taxes	–		–		
Total net income for the period	0.55	0.4	6.16	4.5	(91.1)
Minority interests	(0.10)		(0.08)		
Group share of net income	0.45	0.3	6.08	4.5	(92.6)
Gross operating profit (E.B.I.T.D.A.)	8.82	6.1	12.81	9.4	(31.1)
Order book	187.16		209.36		(10.6)

NET REVENUES

Consolidated net revenues for the half-year grew by 5.5%, despite the sharp devaluation of the US dollar, which had an impact of around three million euro in revenues expressed in euro. Indeed, it has to be said that the period under review did not benefit from the first increase in price lists stated in that currency, decided in September 2002. In terms of overall value, the amount of revenues reflects the traditionally seasonal nature of deliveries in our industry.

The following table gives a breakdown of net revenues by sector during the half-year, compared with the corresponding period in 2002:

million euro	Ist half 2003	Ist half 2002	Change	%
Tea and herbal tea packaging	24.14	18.12	6.02	33.2
Pharmaceuticals packaging	86.86	81.95	4.91	6.0
Pharmaceuticals processing	32.72	36.18	(3.46)	(9.6)
Total net revenues	143.72	136.25	7.47	5.5

The growth in revenues was particularly accentuated in tea-bagging machines (+33.2%), in line with demand that has stayed very dynamic and an order backlog at the start of the year 48.1% higher than a year earlier. Revenues in the pharmaceuticals packaging sector also went up (+6%), with good growth in sterile filling lines and end-of-line machinery. Sales of pharmaceutical process machinery, on the other hand, fell.

The sales trend during the period can perhaps be better understood by also providing information on the order book at June 30, 2003, which was as follows:

million euro	06.30.03	06.30.02	Change	%
Tea, coffee and herbal tea packaging	48.74	30.53	18.21	59.6
Pharmaceuticals packaging	104.73	140.43	(35.70)	(25.4)
Pharmaceuticals processing	33.69	38.40	(4.71)	(12.3)
Total	187.16	209.36	(22.20)	(10.6)

For the tea sector, the considerable balance on the order book at the end of June, which should be added to the increase in sales during the period, underlines the extraordinarily favorable trend in this sector. This is linked not only to the sizeable orders coming from Central and Eastern European countries, as happened last year, but also to the important orders that we have received from leading western multinationals that have decided to choose IMA products when renewing their plant and machinery. This gives us reason to believe that the IMA Group's market shares are improving even more in this sector, which promises well for the future.

The trend in the pharmaceutical sector, both for packaging and for process machinery, is somewhat different. Adding the order book as of June 30 to revenues for the period, we come to a figure that is 13.1% down on the equivalent figure for last year. This is certainly a significant variance, which has been caused by the slowdown in new orders since the second half of 2002 for the reasons that we mentioned in the introduction. However, it is worth observing that the new orders received in 1st half 2002 were particularly high and to a certain extent could be considered exceptional. The present level of the order book is not really worrying, especially considering the numerous negotiations that ought to be closed during the current quarter. 2003 looks like being the mirror-image of last year, with weak demand in the first half, getting stronger in the second.

As regards the geographic distribution of sales, we have to emphasize that the trend in demand is still very positive on the North American market, where we ought to be able to turn in dollar growth of around 10% for the third year in a row. The Latin American market, on the other hand, is still not showing any signs of picking up after the collapse in the last two years. In Europe there has been strong growth in sales, mainly in Spain and France, while orders from the UK have slipped. The trend in Eastern Europe is still positive, especially in Russia, where the economy is going through a period of rapid growth. Lastly, the Far East has been hit by SARS which froze all negotiations currently underway.

NET OPERATING INCOME

Gross industrial income comes to 57.82 million euro (61.35 million euro in the same period of 2002) representing 40.2% of sales compared with 45% last year. This decline is principally attributable to devaluation of the dollar, as mentioned previously, even if the figure has also been depressed by a different sales mix, though this is likely to be offset in the second half of the year.

R&D costs have risen in absolute terms by 0.10 million euro, falling as a percentage of sales despite a 5% increase in labor cost per head.

General and administrative costs are up by 1.5% (from 22.89 million euro to 23.24 million euro), which is a very low increase considering the rise in labor cost. This is the result of the considerable attention that was given to holding down all expense items, though it has to be said that there was also a positive effect from the

administrative costs of those foreign affiliates that operate in dollars or in currencies tied to the dollar.

Selling expenses have stayed at around the same level as last year (21.21 million euro versus 21.10 million euro in the same period of 2002), despite considerable investment in trade fairs during the period. In particular, there has been a decrease in the commissions paid to third parties as a result of the lower level of sales during the period in countries not covered by the Group's direct sales force.

Amortization of goodwill and consolidation differences comes to 2.55 million euro (2.39 million euro in the same period of 2002).

For the reasons explained earlier, *net operating income* has gone from 5.49 million euro as of June 30, 2002 to 1.24 million euro as of June 30, 2003.

RESULT BEFORE INCOME TAXES

The balance between financial income and expenses is negative for 0.18 million euro compared with a positive figure of 0.90 million euro in 1st half 2002. Financial charges on borrowings are much the same as last year as the higher level of net debt during the period offset the benefit of lower interest rates. It should also be said that in 2002 financial income included a capital gain of around 0.23 million euro on the disposal of own shares, whereas in 1st half 2003 there is a capital loss of 0.46 million euro as a result of bringing treasury stock into line with the market value. Financial income and expenses also include exchange gains and losses on financial items, the balance of which is negative because of the different trend in the euro/dollar exchange rate (having been positive in 1st half 2002).

Net extraordinary items produce a negative balance of 0.27 million euro (0.33 million euro in 1st half 2002).

The result before income taxes therefore comes to 0.55 million euro compared with 6.16 million euro as of June 30, 2002.

CONSOLIDATED BALANCE SHEET AND FINANCIAL POSITION

The following table summarizes the Group's balance sheet as at June 30, 2003:

million euro	06.30.2003	06.30.2002	12.31.2002
Trade receivables	73.78	78.32	95.92
Inventories	134.30	125.13	114.93
Trade payables	(94.83)	(102.95)	(101.88)
Other payables, net	(20.79)	(25.95)	(24.02)
Net working capital	92.46	74.55	84.95
Intangible fixed assets	45.37	51.71	48.85
Tangible fixed assets	50.87	43.86	50.32
Equity investments	6.81	6.55	6.55
Fixed assets, net	103.05	102.12	105.72
Employee termination indemnities and other	(14.91)	(14.27)	(14.25)
Net capital invested	180.60	162.40	176.42
FINANCED BY:			
Net debt	85.77	71.38	67.25
Minority interests	2.28	2.07	2.31
Stockholders' equity pertaining to the Group	92.55	88.95	106.86
Total sources of finance	180.60	162.40	176.42

The trend in the main items of working capital clearly reflect the slowdown in sales that has taken place since the middle of 2002. Inventories at December 31, 2002 were 25.70 million euro higher than the previous year, which was the result of lower than expected turnover and a different sales mix, as was explained in the report accompanying the 2002 financial statements. The bulk of this surplus was reabsorbed in 1st half 2003 and the level of inventories at June 30, 2003 is only 9.17 million euro higher than at June 30, 2002. We are confident that the measures that we are now taking will enable us to lower this balance sheet item to normal levels by the end of the current year. The lower level of trade payables is also a reflection of these measures, which have involved a lower volume of purchases during the period, as well as payment for the high capital investments made in the latter months of 2002. The lower level of trade receivables confirms the effectiveness of the credit policy that the Group has been following over the last two years. This has involved equipping ourselves with suitable tools and ensuring that the whole of the sales network is increasingly aware of the question of credit collection. The increase in fixed assets, compared with June 30 of last year, reflects the different trend in investments with respect to the depreciation charged.

Net debt as of June 30, 2003 comes to 85.77 million euro versus 67.25 million euro as of December 31, 2002 and 71.38 million euro as of June 30, 2002. The measures being applied to lower working capital will make it possible to significantly improve the Group's net financial position in the second half.

CAPITAL EXPENDITURE

The Group's investments in tangible fixed assets amounted to 4.17 million euro compared with 3.34 million euro as of June 30, 2002. They refer principally to ongoing construction work on industrial sheds which began in 2002; they also include production equipment and electronic machines.

ANALYSIS OF PERFORMANCE BY SECTOR

The following schedule analyzes consolidated operations during 1st half 2003 by business sector, in accordance with Consob recommendation no. 98084143 of October 27, 1998.

The performance of the various sectors of activity have been amply commented on in our analysis of the consolidated statement of income.

million euro	Tea	Packaging	Process	Other	Total
Net revenues	24.14	86.86	32.72	–	143.72
Net operating income before amortization of goodwill and consolidation differences	5.44	1.58	(3.23)	–	3.79
Net operating income	5.44	0.64	(4.84)	–	1.24
Net capital invested	17.40	74.20	82.20	6.80	180.60
R&D costs	1.55	5.21	2.82	–	9.58
Personnel at 06/30/2003 (*)	217	1,316	475	378	2,386
Order book	48.74	104.73	33.69	–	187.16

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

Net capital invested includes 37.02 million euro in goodwill and consolidation differences, of which 6.96 million euro relates to the packaging sector and 30.06 million euro to the process sector.

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

The sector margins by geographic area do not differ significantly from those shown. The breakdown of revenues by geographic area is provided below in the notes on the main statement of income captions.

OTHER INFORMATION

SIGNIFICANT SUBSEQUENT EVENTS

The main events that took place after June 30, 2003 are as follows:

- On July 11, 2003 liquidation procedures began for the company IMA Lanka Ltd., which is owned by Holteco B.V., as discussed below.
- On July 21, 2003 the Parent Company sold to third parties its wholly-owned equity investment in Libra Immobiliare S.r.l., at a price of 2,916 thousand euro. This sale generated a significant capital gain, which will be reflected in the next consolidated financial statements.
- A new company, Zibo IMA Pharmatec, was set up in July with registered offices in Zibo (PRC) to coordinate the Group's production and sales policies in China; this process of reorganization will also involve setting up a new marketing company in Thailand, which will be responsible for coordinating Group policies throughout South-East Asia. IMA Far East Co. Ltd., a Group company, has also increased its holding in Zibo IMA Xinhua Machinery Manufacturing Co. Ltd., buying 22% from the partner Xinhua Machinery which raises its overall stake to 82%.

OUTLOOK FOR THE CURRENT YEAR

New orders received from the pharmaceuticals industry in the last three months suggest that the situation is improving both in Europe and in North America. A recovery would be justified, on the one hand, by the reabsorption of the production overcapacity created in the middle of 2002 and, on the other, by rising growth in drug sales, which is probably returning to 10%, the rate that the more authoritative observatories consider normal for this sector. Lastly, the end of the war in Iraq, even if there is still a situation of consideration uncertainty, has unblocked negotiations that had been dragging on for months, while the official announcement that SARS was under control led to a reopening of negotiations in China, which now more than ever before really needs a modern pharmaceuticals industry. On the dollar front, the adjustments made to price lists expressed in that currency have also made it possible to bring margins on new offers back to the level they were at in mid-2002.

If the next few months confirm this positive trend in demand and, at the same time, the dollar does not slip much further, we could consider that we are reaching the end of the negative effects that the various exceptional events dominating the last twelve months have also had on our sector. These considerations, together with the excellent trend in the tea-packaging sector, permit us to look at 2004 with optimism, as we believe that the Group will be able to recommence the steady growth in sales

and profitability that characterized it in the past and which is justified by its strong competitive positioning.

The rest of 2003 is still conditioned by the negative events that we have already discussed on various occasions. Based on the amount of the order book at the end of June, the orders received in July and the ones that we expect to materialize for deliveries this year, we estimate that revenues for the entire year will probably be very slightly higher than last year. The effect of the weak dollar is likely to reduce operating income as a percentage of sales by two points compared with 2002 as new price lists had not yet been introduced to offset the loss in margin (though the effect is mitigated thanks to the Group's exchange risk hedging policy).

TRANSACTIONS WITH PARENT COMPANIES AND OTHER GROUP COMPANIES

As regards transactions with parent companies, as of June 30, 2003 IMA S.p.A. was 51% owned by Finvacchi S.p.A., with which there are no significant dealings.

IMA leases the office building in Via Tosarelli 184, Castenaso from LOPAM S.r.l., whose stockholders include directors of the Company. The lease payments are in line with current market rates.

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 third parties. To summarize, the parent company IMA manufactures automatic packaging machines 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 territories not covered by Group companies are made through an extensive network of agents.

The activities of the various Group companies are outlined below.

MANUFACTURING COMPANIES

- Libra Pharmaceutical Technologies S.r.l., located in Ozzano E. (BO), wholly owned by IMA S.p.A., manufactures automatic machines for use in sterile environments. Market sectors: the pharmaceutical and cosmetics industries. As part of a plan to rationalize the Group structure, the respective Boards of Directors have decided to submit to their stockholders' meeting a plan to merge Libra P.T. S.r.l. with IMA S.p.A. If authorized, the merger will presumably take effect from January 1, 2004.
- Precision Gears Pvt. Ltd. (Bombay), 51% indirectly held, manufactures blister and cartoning machines suitable for markets in developing countries.
- B.C. S.r.l., located in Imola (Bologna), 30% owned by IMA S.p.A., manufactures mechanical components for Group companies and third parties.

- Zibo IMA Xinhua Machinery Manufacturing Co. Ltd., located in Zibo (China), 60% 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 South-East Asia.
- Kilian GmbH & Co. KG, located in Cologne (Germany), wholly owned by IMA Verpackungssysteme GmbH, produces tablet press machines for the pharmaceuticals and chemicals industries.
- Co.Ma.Di.S. S.p.A., located in Senago (Milan), is wholly owned by 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 by third parties, and provide customer service in their respective territories.

- IMA North America Inc., located in Bristol (USA).
- 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). Procedures have been started to liquidate this company as it is no longer strategic for the Group.
- IMA Iberica Processing and Packaging S.L., located in Barcelona (Spain).
- IMA Japan Ltd, (in liquidation) located in Tokyo (Japan). The liquidation process should be completed in the third quarter of 2003. The Japanese market is currently being followed by local dealers.

FINANCIAL HOLDING COMPANIES

- Luxteco International S.A., located in Luxembourg, is 99,99% owned by IMA S.p.A. and has financial dealings with some of the foreign marketing companies. It also owns 99% of IMA Far East Co. Ltd. and 7.8% of Medinvest International SCA.
- Holteco BV, located in Amsterdam (Netherlands), is wholly owned by 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 wholly owned by IMA S.p.A. It provides public relations and communication services to the Group companies and third parties, at going market rates. This company is also going through the process of being merged with IMA S.p.A., which will presumably take effect during the next year.

- Infoarea S.r.l., located in Ozzano dell'Emilia (Bologna), is wholly owned by IMA S.p.A. It specializes in the supply of IT goods and services to the Group companies and third parties, at rates in line with the market.
- Comitec S.r.l., located in Castel S. Pietro Terme (Bologna), is wholly owned by IMA S.p.A.. It provides technical design and drawing services to the Group companies.
- Kilian Verwaltung GmbH, 100% held by IMA Verpackungssysteme GmbH, is the active partner in Kilian GmbH & co. KG.
- Libra Immobiliare S.r.l., located in Ozzano dell'Emilia (BO), held 100% by IMA S.p.A., is the owner of an industrial building in Calenzano (FI). Agreement was reached in July to sell this company to third parties, as explained in the section on "Significant subsequent events".

The following table (in thousands of euro) summarizes the financial statements of the individual Group companies for the first half of 2003 and 2002.

Company	1st half 2003			1st half 2002		
	Sales	Operating margin	Result before taxes	Sales	Operating margin	Result before taxes
Manufacturing						
• Libra P.T. S.r.l.	10,883	2,405	2,406	8,568	1,856	1,928
• CO.MA.DI.S S.p.A.	2,559	(31)	(161)	2,206	(43)	(227)
• Precision Gears Pvt Ltd. Bombay	3,054	243	228	3,191	60	53
• Tianjin IMA Machinery Co Ltd.	131	(15)	6	173	(13)	(9)
• Zibo IMA Xinhua Machinery Manufacturing Co Ltd.	527	43	(46)	360	4	(11)
• Kilian GmbH & Co. KG	14,147	(1,153)	(1,624)	15,972	1,150	3,671
Marketing						
• IMA North America Inc.	27,418	12	(47)	20,961	(463)	(391)
• IMA Verpackungssysteme GmbH	2,805	101	(67)	1,535	18	(343)
• IMA France E.u.r.l.	2,599	74	47	1,956	(335)	(369)
• I.M.A. Est Verpackungssys. Handels GmbH	1,427	(139)	(191)	1,827	40	(8)
• IMA UK Ltd.	2,080	(42)	78	2,558	85	84
• IMA Far East Co Ltd.	146	(596)	(593)	212	(826)	(1,003)
• Imautomatiche Lda.	1,870	(20)	(79)	4,970	242	33
• IMA Iberica Processing and Packaging SL	749	(122)	(125)	425	(130)	(135)
Financial holding companies						
• Luxteco International S.A.	–	(141)	(891)	–	(205)	(1,281)
• Holteco B.V.	–	(20)	(10)	–	(29)	10
Others						
• Ignition Team S.r.l.	2,728	360	382	2,913	629	597
• Info Area S.r.l.	3,789	768	741	3,807	718	708
• Comitec S.r.l.	427	72	64	230	28	29
• Libra Immobiliare S.r.l.	108	96	97	–	–	–

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 almost all 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:

- Kilian GmbH & Co. KG has felt the effects of the momentary drop in orders during the first half of this year, which led to lower sales. Launching new products has also reduced profit margins in the first half. Based on negotiations currently underway, this company's results are expected to improve 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. Steps are underway to cover its losses. Unfortunately, the company was badly affected by the problems that arose with the outbreak of the SARS epidemic, which slowed down the Chinese economy quite dramatically.
- Luxteco International S.A. has been affected by the poor performance of its subsidiary IMA Far East Ltd. and has written down the book value of its investment to the value of stockholders' equity in this company.

**CONSOLIDATED BALANCE SHEET AND
STATEMENT OF INCOME**
AS OF JUNE 30, 2003
(TRANSLATION FROM THE ORIGINAL ISSUED IN ITALIAN LANGUAGE)

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

CONSOLIDATED BALANCE SHEET

AS OF JUNE 30, 2003 AND COMPARISON WITH JUNE 30, 2002 AND DECEMBER 31, 2002 (IN THOUSANDS OF EURO)

(Translation from the original issued in Italian language)

ASSETS	June 30 2003	June 30 2002	December 31 2002
A. DUE FROM SHAREHOLDERS FOR CAPITAL NOT PAID IN	–	–	–
B. FIXED ASSETS			
<i>I. Intangible assets</i>			
Incorporation and subsequent expenses	824	979	988
Research and Development costs	2	5	3
Industrial patent and intellectual property rights	571	701	499
Concessions, licences, trademarks and similar rights	4,505	3,950	5,290
Goodwill	15,296	17,390	16,343
Differences on consolidation	21,726	24,864	23,219
Intangible in progress and payments on accounts	395	820	74
Other	2,051	2,998	2,432
<i>Total intangible assets</i>	45,370	51,707	48,848
<i>II. Tangible assets</i>			
Land and buildings	23,372	23,658	23,625
Plant and machinery	13,555	12,899	14,866
Production and commercial equipments	1,851	1,309	1,662
Other	4,454	4,657	4,599
Tangible in course of construction and advance payments	7,641	1,342	5,566
<i>Total tangible assets</i>	50,873	43,865	50,318
<i>III. Financial assets</i>			
Investments			
- subsidiaries	297	37	37
- associated companies	388	337	335
- other	6,123	6,175	6,174
Receivables	1,198	1,327	1,240
Securities	3,526	3,764	3,621
<i>Total financial assets</i>	11,532	11,640	11,407
TOTAL FIXED ASSETS (B)	107,775	107,212	110,573
C. CURRENT ASSETS			
<i>I. Inventories</i>			
Raw material, ancillary materials and consumables	7,238	11,913	7,914
Work in progress and semi-finished goods	118,891	103,929	101,406
Contract work in progress	3,751	–	1,926
Finished goods	4,424	9,288	3,686
Advances	3,092	3,700	3,847
<i>Total inventories</i>	137,396	128,830	118,779
<i>II. Receivables</i>			
Receivables due after next accounting period			
- Trade	4,364	6,382	5,626
- Other	1,684	800	1,692
Total receivables due after accounting period	6,048	7,182	7,318
Receivables due within next accounting period			
- Trade	69,418	71,912	90,284
- Subsidiaries	136	158	135
- Associated companies	–	–	4
- Parent companies	–	–	3
- Other	13,604	12,602	10,695
Total receivables due within accounting period	83,158	84,672	101,121
<i>Total receivables</i>	89,206	91,854	108,439
<i>III. Financial assets not representing fixed assets</i>			
Own shares	8,235	1,981	3,260
Securities marketable	404	707	868
Financial receivables not representing fixed assets	2,794	9,477	634
<i>Total financial assets not representing fixed assets</i>	11,433	12,165	4,762
<i>IV. Cash and bank on hand</i>	34,395	28,795	43,963
<i>Total cash and bank on hand</i>	34,395	28,795	43,963
TOTAL CURRENT ASSETS (C)	272,430	261,644	275,943
D. PREPAID EXPENSES AND ACCRUED INCOME	3,592	3,167	2,425
TOTAL ASSETS	383,797	372,023	388,941

CONSOLIDATED BALANCE SHEET

AS OF JUNE 30, 2003 AND COMPARISON WITH JUNE 30, 2002 AND DECEMBER 31, 2002 (IN THOUSANDS OF EURO)

(Translation from the original issued in Italian language)

LIABILITIES	June 30, 2003	June 30, 2002	December 31, 2002
A. STOCKHOLDERS' EQUITY			
<i>I. Capital stock</i>	18,772	18,772	18,772
<i>II. Share premium reserve</i>	16,382	16,382	16,382
<i>III. Revaluation reserves</i>	395	395	395
<i>IV. Legal reserves</i>	4,397	4,675	4,675
<i>V. Reserve for treasury stock</i>	8,235	1,981	3,260
<i>VI. Other reserves</i>	24,893	25,607	24,328
<i>VII. Accumulated translation adjustments</i>	(651)	431	(11)
<i>VIII. Retained earnings</i>	19,675	14,625	14,625
<i>IX. Group net income (loss)</i>	447	6,080	24,431
Group stockholders' equity	92,545	88,948	106,857
Third parties capital stock and reserves	2,285	2,069	2,314
GROUP AND THIRD PARTIES STOCKHOLDERS' EQUITY (A)	94,830	91,017	109,171
B. RESERVES FOR RISK AND CHARGES			
Taxation reserves	–	60	60
Other	6,457	5,570	5,818
TOTAL RESERVES FOR RISKS AND CHARGES (B)	6,457	5,630	5,878
C. RESERVE FOR EMPLOYEE TERMINATION INDEMNITIES	21,044	18,985	19,914
D. PAYABLES			
Payables due after next accounting period			
- Banks	48,620	62,255	51,248
- Suppliers	3	–	1
- Taxes	–	260	131
- Other	54	482	321
Total payables due after next accounting period	48,677	62,997	51,701
Payables due within next accounting period			
- Banks	86,386	53,847	67,247
- Other financiers	120	–	1,100
- Advances	30,259	35,641	27,130
- Suppliers	68,150	71,743	79,456
- Subsidiaries	49	24	–
- Associated companies	476	452	449
- Taxes	4,554	8,075	6,175
- Provident and social security institutions	2,483	2,843	3,341
- Other	15,668	15,699	12,298
Total payables due within next accounting period	208,145	188,324	197,196
TOTAL PAYABLES (D)	256,822	251,321	248,897
E. ACCRUED EXPENSES AND DEFERRED INCOME	4,644	5,070	5,081
TOTAL LIABILITIES	383,797	372,023	388,941
MEMORANDUM ACCOUNTS			
Personal guarantees granted	6,332	6,504	5,753
Contingencies	7,343	5,461	18,766
Commitments	61,017	36,189	25,938
TOTAL	74,692	48,154	50,457

CONSOLIDATED STATEMENT OF INCOME

FOR THE FIRST HALF OF 2003 AND COMPARISON WITH THE FIRST HALF OF 2002 AND THE YEAR 2002 (IN THOUSANDS OF EURO)
(Translation from the original issued in Italian language)

CONSOLIDATED STATE OF INCOME	First half of 2003	First half of 2002	Year 2002
A. VALUE OF PRODUCTION			
<i>Revenues from the sale of goods and services</i>	141,886	136,147	351,480
<i>Change in work in progress, and semifinished goods</i>	18,837	36,155	27,658
<i>Change in contract work in progress</i>	1,825	-	1,926
<i>Increase in fixed assets for internal work</i>	171	76	736
<i>Other revenues and income</i>			
- contributions towards operating costs	-	22	622
- other	888	749	1,693
<i>Total other revenues and income</i>	888	771	2,315
TOTAL VALUE OF PRODUCTION (A)	163,607	173,149	384,115
B. PRODUCTION COSTS			
<i>Raw materials, ancillary materials and consumables</i>	61,516	72,368	136,029
<i>Service costs</i>	34,683	34,965	74,858
<i>Expenses relating to the use of third party assets</i>	2,587	2,430	5,672
<i>Personnel</i>			
- salaries and wages	39,369	36,748	72,934
- social contributions	11,518	10,221	20,655
- employee termination indemnities	2,075	2,136	3,914
- other	358	508	1,074
<i>Total personnel costs</i>	53,320	49,613	98,577
<i>Depreciation, amortization and write-downs</i>			
- amortization of intangible fixed assets	4,260	3,945	8,373
- depreciation of tangible fixed assets	3,319	3,373	6,670
- write-down of receivables included in current assets	258	174	634
<i>Total depreciation and write-downs</i>	7,837	7,492	15,677
<i>Change in raw materials, ancillary materials, consumable and goods for resale</i>	358	(1,016)	2,362
<i>Provision for risks and other</i>	677	96	694
<i>Other operating expenses</i>	1,390	1,706	3,129
TOTAL PRODUCTION COSTS (B)	162,368	167,654	336,998
DIFFERENCE BETWEEN THE VALUE OF PRODUCTION AND PRODUCTION COSTS (A-B)	1,239	5,495	47,117
C. FINANCIAL INCOME AND EXPENSES			
<i>Income from investments</i>			
- dividends and other income from other enterprises	-	-	957
<i>Total income from investments</i>	-	-	957
<i>Other financial income</i>			
- from securities classified under fixed assets not representing investments	15	25	61
- from securities classified under current assets not representing investments:			
capital gain	-	233	290
interest	8	15	26
- income other than that listed above:			
interest and financial commissions	3,495	3,859	2,502
exchange differences	3,396	2,958	6,403
<i>Total other financial income</i>	6,914	7,090	9,282
<i>Interest and other financial charges</i>			
other	3,336	3,496	7,005
exchange differences	3,760	2,690	6,530
<i>Total interest and other financial charges</i>	7,096	6,186	13,535
TOTAL FINANCIAL INCOME AND EXPENSES (C)	(182)	904	(3,296)
D. ADJUSTMENT TO THE VALUE OF FINANCIAL ASSETS			
<i>Revaluations</i>	77	98	98
<i>Write-downs</i>	320	3	5
TOTAL ADJUSTMENT TO THE VALUE OF FINANCIAL ASSETS (D)	(243)	95	93
E. EXTRAORDINARY INCOME AND EXPENSES			
<i>Income</i>			
- gains on disposals	-	-	254
<i>Total income</i>	-	-	254
<i>Expenses</i>			
- taxes relative to prior periods	270	334	354
<i>Total expenses</i>	270	334	354
TOTAL EXTRAORDINARY ITEMS (E)	(270)	(334)	(100)
RESULT BEFORE TAXES	544	6,160	43,814
<i>Income taxes</i>			
- current taxes	-	-	19,599
- deferred taxes	-	-	(616)
<i>Total taxes</i>	-	-	18,983
NET INCOME	544	6,160	24,831
THIRD PARTY NET INCOME	(97)	(80)	(400)
GROUP NET INCOME	447	6,080	24,431

EXPLANATORY NOTES TO THE
CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2003
(TRANSLATION FROM THE ORIGINAL ISSUED IN ITALIAN LANGUAGE)

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

CRITERIA USED IN THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

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.

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, 2002, with the following exceptions:

- a) **Income taxes** - Following the accounting treatment allowed under 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.

ADJUSTMENT OF PRIOR YEAR FINANCIAL STATEMENTS

As disclosed below, deferred tax assets as of June 30, 2003 have been splitted in the amounts due within and after one year, following to a specific analysis performed. For comparison purposes, the related balances as of June 30, 2002 have been restated accordingly.

CONSOLIDATION AREA

The consolidated six month report as of June 30, 2003 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., Kilian Verwaltung GmbH and IMA Japan Co. Ltd.

During the first half of 2003, the procedures started in the previous year in order to liquidate IMA Lanka Ltd. have been carried on. No significant charges, other than those accounted for in the company's financial statements, are expected from the liquidation process.

On February 25, 2003 IMA Japan Co. Ltd., fully owned by the Parent Company, has been put in liquidation, as the Group Management believes that the Japanese market will be more effectively followed by the way of alliances and joint ventures with local partners. Therefore, as of June 30, 2003 that company has not been consolidated using the line by line method, but the related investment has been

valued using the equity method. No significant charges, other than those accounted for in the company's financial statements, are expected from the liquidation process.

It should be noted that, during the first half of the year, the following changes in the Group structure have occurred:

- Merging of BFB S.p.A. in IMA S.p.A: the merger has taken effect from January 1, 2003.
- Liquidation of the subsidiary J.O.I. Pack Company Ltd: the liquidation procedure is ended on June 20, 2003 and has not given raise to any charge to the Group.

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:					
• I.M.A. Industria Macchine Automatiche S.p.A.	Ozzano E. (BO)	EURO	18,772,000	Parent Company	
• CO.MA.DI.S. S.p.A.	Senago (MI)	EURO	1,540,000	100%	–
• Libra P.T. S.r.l.	Ozzano E. (BO)	EURO	1,040,000	100%	–
• 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%	–
• Libra Immobiliare S.r.l.	Ozzano E. (BO)	EURO	150,000	100%	–
Foreign companies:					
• Luxteco International SA	Luxembourg	EURO	9,600,000	99,99%	–
• Holteco B.V.	Amsterdam (NL)	EURO	920,000	100%	–
• IMA UK Ltd.	Wokingham (GB)	LST	50,000	100%	–
• IMA North America Inc.	Bristol (USA)	USD	2,500	100%	–
• I.M.A. Est Verp. Handels GmbH	Wien (A)	EURO	280,000	100%	–
• IMA Verp. GmbH	Cologne (D)	EURO	90,000	100%	–
• IMA France E.u.r.l.	Rueil-Malmaison (F)	EURO	45,735	100%	–
• Precision Gears Pvt. Ltd.	Bombay (India)	RS	5,950,700	–	51% (1)
• IMA Far East Co. Ltd.	Hong Kong	USD	5,572,969	–	100% (2)
• Zibo IMA Xinhua Machinery Manufacturing Co. Ltd.	Zibo (PRC)	USD	800,000	–	60% (3)
• Tianjin IMA Machinery Co. Ltd.	Tianjin (PRC)	USD	200,000	–	53% (3)
• Imautomatiche Lda	Madeira (P)	EURO	5,000	100%	–
• IMA Iberica Processing and Packaging SL	Barcelona (E)	EURO	590,000	100%	–
• Kilian GmbH & Co. KG	Colonia (D)	EURO	3,600,000	–	100% (4)

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

**COMPANY EVALUATED
USING THE EQUITY METHOD**

	Seat		Capital stock	Directly owned	Indirectly owned
• IMA Japan Co. Ltd.	Yokohama (J)	YEN	165,567,881	100%	–
• B.C. S.r.l.	Imola (BO)	EURO	36,400	30%	–

**COMPANY EVALUATED
USING THE COST METHOD**

	Seat		Capital stock	Directly owned	Indirectly owned
• IMA Lanka Ltd	Colombo (Sri Lanka)	RSL	975,000	–	100% (1)
• Kilian Verwaltung Gmbh	Colonia (D)	EURO	25,000	–	100% (2)

Notes: (1) Owned by Holteco B.V. – (2) Owned by IMA Verpackungssysteme GmbH

The investments in Kilian Verwaltung Gmbh and in 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.

COMMENTS ON THE PRINCIPAL ASSET CAPTIONS

The following differences, related to Balance Sheet items, are calculated with respect to the Balance Sheet accounts as of December 31, 2002.

FIXED ASSETS

A) INTANGIBLE ASSETS

The incorporation and subsequent expenses, amounting to Euro 824 thousand (Euro 988 thousand as of December 31, 2002), mainly refer to the costs incurred by the Parent Company in the previous years in connection with the merger of BFB S.p.A., which has taken effect from January 1, 2003, for the acquisitions of CO.MA.DI.S. S.p.A. and ICO OLEODINAMICI S.p.A. during the year 2001 and for the acquisition of the branches purchased from G.S. S.r.l. Coating System during the year 2000.

The item "Goodwill", amounting to Euro 15,296 thousand, is related to the goodwill recorded in respect of the acquisition of the branches from ICO OLEODINAMICI S.p.A. (Euro 3,279 thousand), from CO.MA.DI.S S.p.A. (Euro 4,037 thousand) and from G.S. S.r.l. Coating System (Euro 7,980 thousand), 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 21,726 thousand, 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. 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 company.

The amortization period of the difference on consolidation resulting from the acquisition of Comitec S.r.l. has been reduced during the year 2002 from 10 to 4 years, given that the changed background in which that company operates let foresee a shorter useful life of the related difference on consolidation.

Difference on consolidation resulting from the acquisition of Kilian GmbH & 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 (tablet press machines) – from a technological and a competitive point of view – and the leadership position reached by the company since a long time. Intangible assets show a net decrease of Euro 3,478 thousand in the first half of 2003. The table below shows the movements of intangible assets occurred during the accounting period:

Balances as of December 31, 2002	48,848
Increase (decrease) of the period:	
• additions	823
• disposals	(6)
• depreciation	(4,260)
• translation differences	(35)
Balance as of June 30, 2003	45,370

The item "Incorporation and subsequent expenses" includes the amount of Euro 126 thousand, related to the capitalization of costs charged by related entities.

B) TANGIBLE ASSETS

The tangible assets net increase of Euro 555 thousand relates to:

Balances as of December 31, 2002	50,318
• additions	4,169
• disposals	(85)
• depreciation	(3,319)
• translation differences	(201)
• changes in consolidation area	(9)
Balance as of June 30, 2003	50,873

The item "Intangibles in progress and payments on accounts" includes the amount of Euro 1,206 thousand, related to the payment made in advance by Libra P.T. S.r.l. in connection with a leasing contract. The contract, having as subject the leasing of a plot of land as well as of the industrial building 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 leasing will start in the month of August 2003, when the building will be delivered to the company.

The additions are mainly related to the construction of a new service centre in Via 1° Maggio, to the enlargement of the building in Via Emilia n. 428/442, both of them located in Ozzano dell'Emilia (BO), and to the enlargement of the building in Via Romagnoli n. 2 located in Bentivoglio (BO), owned by the Parent Company.

These investments have been accounted for as "Intangible in progress and payments on accounts".

The other additions are mainly connected with the acquisition of 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 thousands of Euro):

	Percentage of ownership	06.30.2003	12.31.2002
Subsidiary companies			
• Ima Lanka Ltd.	100%	12	12
• Kilian Verwaltung Gmbh	100%	25	25
• IMA Japan Co. Ltd.	100%	260	-
		297	37
Associated companies			
• J.O.I. Pack Ltd.	50%	-	24
• B.C. s.r.l.	30%	388	311
		388	335
Other companies		6,123	6,174
Total		6,808	6,546

ASSOCIATED COMPANIES

The increase of the item is due to the increase amounting to Euro 77 thousand, due to the alignment of the carrying value of the investments in B.C. S.r.l. to the corresponding value of the owned share of shareholders' equity, and to the decrease amounting to Euro 24 thousand, due to the liquidation of the company J.O.I. Pack Co. Ltd. incurred during the first half of the year.

The item "Other companies" is related, for Euro 6,052 thousand, 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 thousand, 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 7.8% of the capital stock at the subscribing date.

RECEIVABLES

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

SECURITIES

This item, amounting to Euro 3,526 thousand, 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 assets".

CURRENT ASSETS

A) INVENTORIES

The inventory balance as of June 30, 2003 is analyzed as follows (in thousands of Euro):

	Gross value	Obsolescence reserve	Net value	Net value 12/31/2002
Raw materials, ancillary materials and consumables	15,685	(8,447)	7,238	7,914
Work in progress and semi-finished goods	123,307	(4,416)	118,891	101,406
Contract work in progress	3,751	–	3,751	1,926
Finished goods	6,140	(1,716)	4,424	3,686
Payments on account	3,092	–	3,092	3,847
Total	151,975	(14,579)	137,396	118,779

The increase in inventories, even if lower than that incurred during the corresponding period of the year 2002, 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.

Regarding the Contract work in progress, during the first half of 2003, the strict partnership with primary customers has been carried on in order to study and develop innovative machines to satisfy specific production needs. Contracts having such characteristics, as well as a duration of more than one year, have been valued according to the completion percentage method.

In particular, as required by the applicable accounting principles in order to use such method, the economic benefits associated with these contracts are believed to

certainly flow to the Group considering both, the contract terms as well as the stage of completion of the contract activity as of June 30, 2003.

Advances related to contract work in progress have been invoiced to customers for a total amount of Euro 2,250 thousand.

As of June 30, 2003 contracts having characteristics similar to those above disclosed have been valued using the cost method, on the base of their very early stage of completion: the total carrying value of these contracts amounts to Euro 86 thousand.

B) RECEIVABLES

TRADE RECEIVABLES

Trade receivables as of June 30, 2003 show a decrease amounting to Euro 22,128 thousand, as a consequence of both, the collections occurred during the first half of 2003 and the careful credit management performed by the Group in the period.

Trade receivables due after one year mainly relate to payment extensions granted to those customers who have issued very significant orders. Payment extension given to customers located in countries at risk are guaranteed by adequate financial instruments. Trade receivables due after 5 years do not exist.

During the six-month period trade receivables amounting to Euro 2,533 thousand have been sold "pro-soluto". At June 30, 2003 the amount of trade receivables sold "pro-soluto" still outstanding is equal to Euro 5,492 thousand, of which Euro 1,549 thousand have been sold to factoring companies.

OTHER RECEIVABLES

The increase, amounting to Euro 2,901 thousand, is mainly due to the value of the Tax credits on dividends accounted for in the period, as well as to the higher receivables due from Provident and Social Security Institutions.

C) FINANCIAL ASSETS NOT REPRESENTING FIXED ASSETS

OWN SHARES

The item includes own shares for Euro 8,235 thousand, corresponding to n. 851,894 shares. If compared to December 31, 2002, the item increases by Euro 4,975 thousand, as a consequence of:

- the purchase of n. 525,273 own shares, at a price of Euro 5,436 thousand, made by the Parent Company IMA S.p.A., under the mandate granted to the Board of Directors shareholders' meeting held on April 24, 2002 and April 24, 2003, which allow the company to purchase own shares up to a maximum amount of 10% of capital share, at a price respectively between Euro 7 and Euro 13 and at a price corresponding to the average price fixed at the Stock Exchange Market in the previous five days, plus or minus a 10% spread;
- the write-down by Euro 461 thousand, performed in order to align the carrying value, amounting to Euro 10.2078 per share, to the market value at June 30, 2003, amounting to Euro 9.667 per share.

FINANCIAL RECEIVABLES NOT REPRESENTING FIXED ASSETS

The item mainly includes commercial paper amounting to Euro 2,695 thousand, falling due on July-August 2003.

D) CASH AT BANK AND IN HAND

If compared to December 31, 2002, the item decreases by Euro 9,568 thousand, as a consequence of what disclosed below, in the section on "Payables due to banks".

PREPAID EXPENSES AND ACCRUED INCOME

The increase amounting to Euro 1,167 thousand is mainly due to the higher prepaid insurance premiums, to the higher effects on derivative contracts and to the higher maintenance costs as well.

COMMENT ON PRINCIPAL LIABILITY AND STOCKHOLDERS' EQUITY CAPTIONS

The following differences, related to Balance Sheet items, are calculated with respect to the Balance Sheet accounts as of December 31, 2002.

CONSOLIDATED STOCKHOLDERS EQUITY

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

Stock capital as of June 30, 2003 represents the stock capital of the Parent Company (fully subscribed and paid up) consisting of 36,100,000 ordinary shares with a nominal value of Euro 0.52 each.

The reconciliation between the parent company statutory accounts as of June 30, 2003 and the consolidation accounts at the same date is the following (in thousands of Euro):

	Stockholders's equity	Net income (loss)
Amounts reflected in I.M.A. statutory accounts	75,849	4,899
Consolidation adjustments:		
a. Difference between book value of investments and Shareholders' equity of group companies	15,320	403
b. Elimination of fiscal adjustments related to:		
• Accelerated depreciation	5,967	279
• Leasing operations	1,027	(22)
• Translation of balances in foreign currencies	707	(70)
c. Elimination of infra-group dividends	-	(5,011)
d. Elimination of unrealized infra-group earnings related to:		
• Intangible assets	(550)	91
• Tangible assets	(58)	19
• Inventories	(5,015)	(141)
e. Deferred taxes related to consolidation adjustments	(702)	-
Net effect of consolidation adjustment	16,696	(4,452)
Amount reflected in the consolidation accounts	92,545	447

RESERVE FOR RISKS AND CHARGES

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

	06.30.2003	12.31.2002
Taxes	-	60
	-	60
Other reserve:		
• Product guarantees	4,239	3,612
• Other reserves	2,218	2,206
	6,457	5,818
Total	6,457	5,878

The taxation reserve outstanding as of December 31, 2002, which was set up by the Parent Company to cover the estimated charge likely to derive from tax assessment made in the year 2000, has been completely re-absorbed following settlement of the matters raised in the tax audit, thanks to the amnesty introduced by the 2003 Budget Law and subsequent amendments, as explained in further detail below. We would also like to mention that a tax audit of Libra P.T. S.r.l. was initiated by the tax authorities during the first half of 2003 in relation to fiscal years 1998, 1999 and 2000.

The Group Management and its tax consultants believe that no significant tax liability not accounted for in the consolidated financial statements as of June 30, 2003 exists, taking into consideration the expected result of the above tax audit as well.

Products guarantees reserve relates to the provision for technical assistance to be carried out after June 30, 2003 for finished goods sold before that date.

The “Other reserves” include the agent’s indemnity reserve for Euro 1,261 thousand (Euro 1,214 thousand as of December 31, 2002) and other reserves accounted for in IMA S.p.A. as well as in other Group companies’ financial statements in order to cover the liabilities which could arise from the typical business activity performed by the Group companies.

In addition, some subsidiaries met significant losses, mainly due to the seasonal nature of the business: for this reason, these losses are expected to be transformed into profits by the end of the year.

As far as the subsidiary IMA Far East Co. Ltd. is concerned, recapitalization and reorganization processes are in progress in order to allow that company to operate as going concern.

At June 30, 2003 two Interest Rate Swap contracts, stipulated in previous years by the Parent Company with primary banks, are in place: these IRS are connected to the interests which will be paid on the actual indebtedness and the indebtedness forecasted for the following years. In order to better align the carrying value of these IRS contracts to their fair value, an amount corresponding to Euro 300 thousand has been accrued by the Parent Company in the previous years to the other reserves for risks and charges.

DEBTS

A) BANKS

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

	Balance as of June 30, 2003				Total	Total as of 12/31/2002
	Within 1 year	Due between 1 and 5 years	More than 5 years			
Current Accounts	2,843	–	–	2,843	4,858	
Advances on export operations	61,510	–	–	61,510	42,105	
Applied research loans	2,754	13,228	7,024	23,006	18,277	
Other financing	19,279	28,368	–	47,647	53,255	
Total	86,386	41,596	7,024	135,006	118,495	

The increase of payables due to banks is due to both, the growth of the cash flow and the moderate contribution given by the result of the period. An improvement in the financial position is forecasted for year end.

Applied research loans

During the period, loans and financings have been reimbursed for an amount of Euro 1,039 thousand, as well as new loans and financing have been achieved to the Parent Company for a total amount of Euro 2,765 thousand, composed as follows:

- Euro 147 thousand corresponding to a tranche of a total loan amounting to Euro 690 thousand, allowed to the parent company under the grants of the “Applied Research Special Fund” provided by the law no. 46 of February 17, 1982, in order to finance the research project called “New dosing technologies for limited flowability pharmaceutical powders”, which will be carried on by the Parent Company together with the subsidiary Libra Pharmaceutical Technologies S.r.l. The financing will run over a 8 year period and has to be reimbursed in 17 half-yearly payments, starting from July 1, 2002 up to January 1, 2010 at a subsidized half-yearly interest rate corresponding to 1%. The part due within the next accounting period amounts to Euro 82 thousand.
- Euro 2,618 thousand disbursed by INTERBANCA SPA as first tranche related to the loan decreed by the Ministry of University and Scientific Research (M.I.U.R.) by the “Applied Research Special Fund” totally amounting to Euro 8,782 thousand, of which Euro 7,318 thousand as subsidized financing and Euro 1,464 thousand as sunk capital. The loan has been disbursed in order to finance a project relevant to the Tea & Coffee and Cartonning divisions. The loan has to be reimbursed in 12 half-yearly payments, starting from January 1, 2007 up to July 1, 2012.

Other loans

The most relevant changes with respect to the previous accounting period are related to repayments made under contract terms for Euro 7,700 thousand as well as to the disbursement of new loans for a total amount of Euro 5,097 thousand, mainly consisting of a financing, amounting to Euro 5,000 thousand, allowed by Credito Emiliano to the Parent Company, to be reimbursed on June 2006.

B) OTHER FINANCERS

As of June 30, 2003 payables to other financiers are due to the receivables sold to factoring companies and collected directly by the Group.

C) ADVANCES

This balance includes advances received from customers for supplies not yet carried out. With reference to the advances received, guarantees amounting to Euro 8,451 thousand have been issued. The increase of advances is mainly due to the significant backlog to be carried out during the second half of 2003.

D) SUPPLIERS

The decrease of the item, amounting to Euro 11,304 thousand, is mainly given by the payment of the debts incurred in connection with the investments performed at the end of the prior year, and, to a minor extent, by the decrease of purchases in the period, due to the high level of stocks at December 31, 2002.

E) OTHER PAYABLES

The increase of the item is mainly related to "Payables due to employees for holidays", as holidays will mainly be taken by personnel on July and August.

As of June 30, 2003 the item includes Euro 162 thousand 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 year 2001. These payables are due beyond the next

accounting period for Euro 54 thousand, as they have been extended up to December 31, 2004, free of financial charges.

**ACCRUED EXPENSES
AND DEFERRED INCOME**

The decrease, amounting to Euro 437 thousand, is mainly related to the decrease of deferred income related to technical interventions.

MEMORANDUM ACCOUNTS

**PERSONAL GUARANTEES
GRANTED**

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

A) GUARANTEES

As of June 30, 2003, this balance includes: guarantees in favor of customers, bid bond and advances still to be collected (Euro 4,902 thousand); insurance policies for VAT receivables (Euro 1,134 thousand); guarantees issued in favour of San Paolo IMI related to the part of a financing which is still to be disbursed (Euro 26 thousand); other guarantees issued for leasing, other contracts and customs duties (Euro 270 thousand).

RISK ACCOUNTS

A) NOTES DISCOUNTED

As of June 30, 2003 such notes amount to Euro 3,680 thousand.

B) RECEIVABLES SOLD

As of June 30, 2003, the item amounts to Euro 3,663 thousand and relates for Euro 1,549 thousand to trade receivables sold pro-soluto to factoring companies, still outstanding at June 30, 2003, included in this item for information purposes only, and for Euro 2,114 thousand to receivables sold pro-solvendo, still outstanding at June 30, 2003. The decrease amounting to Euro 10,146 thousand is mainly due to the collection of receivables sold in the prior year.

COMMITMENTS

The significant decrease of this item, if compared to the balance at December 31, 2002, is mainly due to the higher volumes of forward currency contracts put in place in connection with transactions to be carried out in the second half of the year and with orders having delivery date in the following two years.

In particular, as of June 30, 2003 the item relates, above all, to forward currency contracts (Euro 47,306 thousand) and to lease instalments, mainly connected to the leasing contract signed by Libra P.T. S.r.l., above disclosed (Euro 11,700 thousand).

COMMENTS ON THE PRINCIPAL INCOME STATEMENT CAPTIONS

The following differences are calculated with respect to the statement of income for the six month period ended on June 30, 2002.

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 2003	First half of 2002	Change	%
E.U. countries (excluding Italy)	62,476	58,623	3,853	6.6
Other European countries	14,353	9,263	5,090	54.9
North America	33,821	29,001	4,820	16.6
Asia	11,182	15,179	(3,997)	(26.3)
Other countries	7,886	10,736	(2,850)	(26.5)
Total exports	129,718	122,802	6,916	5.6
Italy	12,168	13,345	(1,177)	(8.8)
Total	141,886	136,147	5,739	4.2

REVENUES BY ACTIVITY

	First half of 2003	First half of 2002	Change	%
Machines and change parts	106,651	98,384	8,267	8.4
Spare parts	21,001	24,372	(3,371)	(13.8)
After sales services	8,230	8,254	(24)	(0.3)
Other services	6,004	5,137	867	16.9
Total	141,886	136,147	5,739	4.2

Revenues include the amount of Euro 1,060 thousand arising from a transaction which, on the basis of what contractually stated with customers, has to be considered as a sale of the period.

**INTEREST AND
FINANCIAL INCOME**

OTHER FINANCIAL INCOME

OTHER INCOME

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

	First half of 2003	First half of 2002	Change	%
Interest income from banks	105	254	(149)	(58.7)
Interest income from customers	156	189	(33)	(17.5)
Contributions to interest expenses on discounted notes (lex 346/88)	469	488	(19)	(3.9)
Other financial income	234	469	(235)	(50.1)
Tax credit on dividends	2,531	2,459	72	2.9
	3,495	3,859	(364)	(9.4)
Exchange differences	3,396	2,958	438	14.8
Total	6,891	6,817	74	1.1

**INTEREST AND OTHER
FINANCIAL CHARGES**

INTEREST AND OTHER FINANCIAL CHARGES

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

	First half of 2003	First half of 2002	Change	%
Interest to bank	2,234	2,654	(420)	(15.8)
Interest on discounted notes	223	286	(63)	(22.0)
Other	879	556	323	58.1
	3,336	3,496	(160)	(4.6)
Exchange differences losses	3,760	2,690	1,070	39.8
Total	7,096	6,186	910	14.7

The decrease of the item "Interest to bank" follows the decrease of the interest rates occurred during the first half of the year.

EXTRAORDINARY EXPENSES

This caption includes charges totaling 270 thousand euro, being the cost of certain Group companies taking advantage of the tax amnesty introduced by the 2003 Budget Law and subsequent amendments.

In particular, the Parent Company took advantage of this opportunity in the form of a supplementary declaration pursuant to art. 8 of the said law and settlement of potential and pending tax litigation; certain Group companies took advantage of the amnesty in the form of a supplementary declaration (art. 8), arrangement with the tax authorities (art. 7) and the so-called "tombstone amnesty" (art. 9).

OTHER INFORMATION

RELATED PARTIES TRANSACTIONS

The statement of income for the period ended on June 30, 2003 includes: costs amounting to Euro 957 thousand, incurred in transactions with related parties, mainly related to consultancy services and rental contracts; revenues amounting to Euro 108 thousand, 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 1,266 thousand.

The balance sheet as of June 30, 2003 includes assets amounting to Euro 182 thousand and liabilities amounting to Euro 1,555 thousand resulting from transactions with related entities.

PERSONNEL

During the first six-month period of 2003 IMA Group employed on average n. 2,382 people made up as follows

	First half of 2003	First half of 2002	Year 2002
Managers	112	116	113
Clerks	1,521	1,479	1,490
Workers	749	725	741
Total	2,382	2,320	2,344

For a better comprehension of the above table, we point out that the category "Managers" include 54 employees in foreign companies for which correct classification under Italian law should have been in the category "Clerks".

APPENDICES
(TRANSLATION FROM THE ORIGINAL ISSUED IN ITALIAN LANGUAGE)

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

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:

- Consolidated statement of income for the second quarter of 2003 (unaudited data).
- Net financial position as of June 30, 2003.
- Statement of changes in consolidated stockholders' equity accounts in the period ended June 30, 2003 (based on the balance sheet as of December 31, 2002).

CONSOLIDATED STATEMENT OF INCOME FOR THE SECOND QUARTER OF 2003

UNAUDITED DATA (IN THOUSANDS OF EURO)

(Translation from the original issued in Italian language)

STATEMENT OF INCOME	2nd quarter of 2003	2nd quarter of 2002	from 01/01/2003 to 06/30/2003	from 01/01/2002 to 06/30/2002
A. VALUE OF PRODUCTION				
<i>Revenues from the sale of goods and services</i>	85,816	91,452	141,886	136,147
<i>Change in work-in-progress, semifinished goods</i>	(1,418)	8,598	18,837	36,155
<i>Change in contract work-in-progress</i>	1,211	—	1,825	—
<i>Increase in fixed assets for internal work</i>	90	29	171	76
<i>Other revenues and income</i>				
- contributions towards operating costs	—	—	—	22
- other	286	475	888	749
<i>Total other revenues and income</i>	286	475	888	771
TOTAL VALUE OF PRODUCTION (A)	85,985	100,554	163,607	173,149
B. PRODUCTION COSTS				
<i>Raw materials, ancillary materials and consumables</i>	28,569	39,714	61,516	72,368
<i>Service costs</i>	18,869	19,555	34,683	34,965
<i>Expenses relating to the use of third party assets</i>	1,316	1,230	2,587	2,430
<i>Personnel</i>				
- salaries and wages	19,519	18,726	39,369	36,748
- social contribution	5,636	5,167	11,518	10,221
- employee termination indemnities	1,078	1,105	2,075	2,136
- other	206	372	358	508
<i>Total personnel costs</i>	26,439	25,370	53,320	49,613
<i>Depreciation and write-downs</i>				
- amortization of intangible fixed assets	2,138	1,990	4,260	3,945
- depreciation of tangible fixed assets	1,699	1,742	3,319	3,373
- write-down of receivables included in current assets and of liquid funds	64	96	258	174
<i>Total depreciation and write-downs</i>	3,901	3,828	7,837	7,492
<i>Change in raw materials, ancillary materials consumables and goods for resale</i>	565	49	358	(1,016)
<i>Provisions for risks and other</i>	460	29	677	96
<i>Other operating expenses</i>	614	490	1,390	1,706
TOTAL PRODUCTION COSTS (B)	80,733	90,265	162,368	167,654
DIFFERENCE BETWEEN THE VALUE OF PRODUCTION AND PRODUCTION COSTS (A-B)	5,252	10,289	1,239	5,495

NET FINANCIAL POSITION AS OF JUNE 30, 2003

(IN THOUSANDS OF EURO)

(Translation from the original issued in Italian language)

	06.30.2003	03.31.2003*	12.31.2002
Net borrowing	85,772	81,625	67,249
Composed of:			
• cash, bank and on hand and financial assets not representing fixed assets	(45,828)	(43,491)	(48,725)
• other financial assets	(3,526)	(3,526)	(3,621)
• short term financial debts	86,506	78,821	68,347
• long term financial debts	48,620	49,821	51,248

* UNAUDITED DATA

STATEMENT OF CHANGES IN CONSOLIDATED STOCKHOLDERS' EQUITY OF THE GROUP

FOR THE PERIOD ENDED JUNE 30, 2003 – BASED ON THE BALANCE SHEET AS OF DECEMBER 31, 2002 (IN THOUSANDS OF EURO)

(Translation from the original issued in Italian language)

Description	Capital stock	Share premium reserve	Reval. reserve	Legal reserve	Reserve for treasury stock	Other	Accumul. transl. adjust.	Retained earnings	Group net income (loss)	Group Stockhold. equity
Balances as of 12.31.02	18,772	16,382	395	4,675	3,260	24,328	(11)	14,625	24,431	106,857
Merger of BFB S.p.A. in I.M.A. S.p.A	–	–	–	(278)	–	267	–	11	–	–
Allocation of 2002 income										
- dividends	–	–	–	–	–	–	–	–	(14,119)	(14,119)
- reserves	–	–	–	–	–	5,273	–	5,039	(10,312)	–
Own shares sales	–	–	–	–	–	–	–	–	–	–
Own shares purchases	–	–	–	–	4,975	(4,975)	–	–	–	–
Translation adjustments	–	–	–	–	–	–	(640)	–	–	(640)
Net income	–	–	–	–	–	–	–	–	447	447
Balances as of 06.30.03	18,772	16,382	395	4,397	8,235	24,893	(651)	19,675	447	92,545

ACCOUNTING SCHEDULES OF THE PARENT COMPANY
AS OF JUNE 30, 2003
(TRANSLATION FROM THE ORIGINAL ISSUED IN ITALIAN LANGUAGE)

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

In order to properly understand the accounting schedules attached below, it should be noted that BFB S.p.A. has been merged into IMA S.p.A.: the merger has taken effect from January 1, 2003.

BALANCE SHEET (Translation from the original issued in Italian language)

AS OF JUNE 30, 2003 AND COMPARISON WITH JUNE 30, 2002 AND DECEMBER 31, 2002 (IN EURO)

ASSETS	June 30, 2003	June 30, 2002	December 31, 2002
A. DUE FROM STOCKHOLDERS FOR CAPITAL NOT PAID IN	-	-	-
B. FIXED ASSETS			
<i>I. Intangible assets</i>			
Incorporation and subsequent expenses	407,732	472,734	503,233
Research and development cost	-	-	-
Industrial patents and intellectual property rights	545,684	535,934	454,250
Concessions, licences, trademarks and similar rights	3,211,821	3,319,496	3,661,246
Goodwill	12,101,410	12,834,379	12,046,052
Intangible in progress and advances	449,534	373,258	73,044
Other	1,806,220	2,055,414	1,690,577
<i>Total intangible assets</i>	18,522,401	19,591,215	18,428,402
<i>II. Tangible assets</i>			
Land and buildings	20,302,107	15,657,135	15,715,333
Plant and machinery	7,827,738	7,117,103	8,722,813
Industrial and commercial equipment	520,428	431,745	505,117
Other	1,402,385	905,502	1,492,838
Tangible in course of construction and advance payments	6,433,177	312,015	3,572,395
<i>Total tangible assets</i>	36,485,835	24,423,500	30,008,496
<i>III. Financial assets</i>			
Investments in:			
- subsidiary companies	37,928,357	41,816,172	44,121,805
- associated companies	191,089	207,040	207,040
- other companies	69,213	120,367	120,367
Receivables	1,084,161	1,032,233	950,709
Marketable securities	3,412,529	3,651,001	3,507,375
<i>Total financial assets</i>	42,685,349	46,826,813	48,907,296
TOTAL FIXED ASSETS (B)	97,693,585	90,841,528	97,344,194
C. CURRENT ASSETS			
<i>I. Inventories</i>			
Raw materials, ancillary materials and consumables	1,739,718	1,923,795	1,630,815
Work in progress and semi-finished goods	95,198,217	71,977,176	67,342,695
Contract work in progress	3,751,173	-	1,926,464
Advances	3,024,900	1,980,476	2,780,401
<i>Total inventories</i>	103,714,008	75,881,447	73,680,375
<i>II. Receivables</i>			
Receivables due after next accounting period			
- Trade	3,964,988	6,236,909	5,394,739
- Subsidiary company	6,088	-	-
- Other	3,970,340	2,780,791	3,389,711
Total receivables due after next accounting period	7,941,416	9,017,700	8,784,450
Receivables due within next accounting period			
- Trade	41,348,736	34,677,526	38,830,454
- Subsidiary company	29,629,777	26,634,025	34,857,200
- Associated companies	-	370	3,840
- Parent company	-	-	2,636
- Other	6,303,375	4,256,055	2,747,391
Total receivables due within next accounting period	77,281,888	65,567,976	76,441,521
<i>Total receivables</i>	85,223,304	74,585,676	85,225,971
<i>III. Financial assets not representing fixed assets</i>			
Own shares	8,235,283	1,980,529	3,259,604
Marketable securities	403,736	707,189	867,786
Financial receivables not representing fixed assets	99,371	4,986,878	34,971
<i>Total financial assets not representing fixed assets</i>	8,738,390	7,674,596	4,162,361
<i>IV. Cash at bank and on hand</i>			
Bank and post office deposits	21,605,301	13,570,600	21,279,419
Checks, cash and valuables on hand	400,740	226,364	878,401
<i>Total cash at bank and on hand</i>	22,006,041	13,796,964	22,157,820
TOTAL CURRENT ASSETS (C)	219,681,743	171,938,683	185,226,527
D. PREPAID EXPENSES AND ACCRUED INCOME	2,616,525	2,170,314	1,577,529
TOTAL ASSETS	319,991,853	264,950,525	284,148,250

BALANCE SHEET

AS OF JUNE 30, 2003, AND COMPARISON WITH JUNE 30, 2002 AND DECEMBER 31, 2002 (IN EURO)
(Translation from the original issued in Italian language)

LIABILITIES	June 30, 2003	June 30, 2002	December 31, 2002
A. STOCKHOLDERS' EQUITY			
<i>I. Capital stock</i>	18,772,000	18,772,000	18,772,000
<i>II. Share premium reserve</i>	16,382,013	16,382,013	16,382,013
<i>III. Revaluation reserves</i>	394,886	394,886	394,886
<i>IV. Legal reserve</i>	4,263,846	4,263,846	4,263,846
<i>V. Reserve for treasury stock</i>	8,235,283	1,980,529	3,259,604
<i>VI. Statutory reserves</i>	–	–	–
<i>VII. Other reserves</i>	16,512,244	15,744,063	14,464,987
<i>VIII. Retained earnings (accumulated deficit)</i>	6,390,201	6,390,201	6,390,201
<i>IX. Net income for the accounting period</i>	–	–	17,940,553
<i>Income before income tax</i>	4,898,902	11,779,395	–
TOTAL STOCKHOLDERS' EQUITY (A)	75,849,375	75,706,933	81,868,090
B. RESERVE FOR RISKS AND CHARGES			
Taxation reserve	–	60,000	60,000
Other	4,774,833	3,188,433	3,382,517
TOTAL RESERVE FOR RISKS AND CHARGES (B)	4,774,833	3,248,433	3,442,517
C. RESERVES FOR EMPLOYEE TERMINATION INDEMNITIES	18,870,988	14,222,724	14,846,939
D. PAYABLES			
Payables due after the next accounting period			
- Banks	42,268,412	45,766,087	38,035,022
- Suppliers	2,712	–	1,015
- Subsidiary companies	44,668	–	58,110
- Tax authorities	–	259,916	131,013
- Other	54,228	482,242	321,494
Total payables due after the next accounting period	42,370,020	46,508,245	38,546,654
Payables due within the next accounting period			
- Banks	61,525,399	26,770,343	40,123,201
- Other financiers	120,000	–	1,099,838
- Advances	22,847,917	14,689,322	16,112,273
- Suppliers	55,239,355	43,930,903	49,345,207
- Subsidiary companies	18,715,828	21,135,100	24,133,013
- Associated companies	476,433	451,995	448,788
- Tax authorities	2,890,521	5,323,361	2,194,303
- Social security authorities	1,496,935	1,131,625	2,152,948
- Other	11,243,926	8,527,888	6,422,523
Total payables due within the next accounting period	174,556,314	121,960,537	142,032,094
TOTAL PAYABLES (D)	216,926,334	168,468,782	180,578,748
E. ACCRUED EXPENSES AND DEFERRED INCOME	3,570,323	3,303,653	3,411,956
TOTAL LIABILITIES	319,991,853	264,950,525	284,148,250
MEMORANDUM ACCOUNTS			
Personal guarantees granted	48,386,589	51,198,278	50,552,909
Contingencies	6,873,177	4,564,384	12,442,519
Commitments	44,059,873	29,960,663	12,015,298
TOTAL	99,319,639	85,723,325	75,010,726

STATEMENT OF INCOME

FOR THE FIRST HALF OF 2003 AND COMPARISON WITH THE FIRST HALF OF 2002 AND THE YEAR 2002 (IN EURO)
(TRANSLATION FROM THE ORIGINAL ISSUED IN ITALIAN LANGUAGE)

STATEMENT OF INCOME	First half of 2003	First half of 2002	Year 2002
A. VALUE OF PRODUCTION			
<i>Revenues from the sale of goods and services</i>	108,228,570	88,670,114	215,026,734
<i>Change in work-in-progress, semifinished goods</i>	14,832,187	19,270,504	14,636,024
<i>Change in contract work-in-progress</i>	1,824,709	–	1,926,463
<i>Increase in fixed assets for internal work</i>	164,600	74,817	605,529
<i>Other revenues and income</i>			
- contributions towards operating costs	–	–	600,000
- other	2,040,543	2,767,371	4,899,423
<i>Total other revenues and income</i>	2,040,543	2,767,371	5,499,423
TOTAL VALUE OF PRODUCTION (A)	127,090,609	110,782,806	237,694,173
B. PRODUCTION COSTS			
<i>Raw materials, ancillary materials and consumables</i>	51,788,387	48,338,079	93,545,997
<i>Service costs</i>	31,562,763	25,147,454	53,590,086
<i>Expenses relating to the use of third party assets</i>	931,544	663,556	1,406,993
<i>Personnel</i>			
- salaries and wages	25,103,267	18,513,753	36,040,823
- social contribution	8,001,462	5,825,818	11,569,849
- employee termination indemnities	1,844,885	1,444,958	2,802,910
- other	137,536	216,490	483,669
<i>Total personnel costs</i>	35,087,150	26,001,019	50,897,251
<i>Depreciation and write-downs</i>			
- amortization of intangible fixed assets	2,422,905	1,933,934	4,090,543
- depreciation of tangible fixed assets	2,636,135	2,188,404	4,523,319
- write-down of receivables included in current assets and of liquid funds	213,002	15,000	50,000
<i>Total depreciation and write-downs</i>	5,272,042	4,137,338	8,663,862
<i>Change in raw materials, ancillary materials consumables and goods for resale</i>	890,229	440,763	733,742
<i>Provision for risks</i>	631,853	–	249,751
<i>Other operating expenses</i>	713,070	1,053,713	1,779,628
TOTAL PRODUCTION COSTS (B)	126,877,038	105,781,922	210,867,310
DIFFERENCE BETWEEN THE VALUE OF PRODUCTION AND PRODUCTION COSTS (A-B)	213,571	5,000,884	26,826,863
C. FINANCIAL INCOME AND EXPENSES			
<i>Income for investments</i>			
- dividends and other income from subsidiaries	7,549,028	9,269,248	9,269,248
<i>Total income for investments</i>	7,549,028	9,269,248	9,269,248
<i>Other financial income</i>			
- from securities classified under fixed assets not representing investments	15,225	25,218	60,722
- from securities classified under current assets, not representing investments:			
gains	–	232,880	290,341
interest	7,982	15,018	25,218
- income other than that listed above:			
interest and commissions from other	811,434	1,129,162	1,999,978
interest and commissions from subsidiaries	226,125	291,396	552,152
exchange difference	2,496,990	1,265,463	2,974,398
<i>Total financial income</i>	3,557,756	2,959,137	5,902,809
<i>Interest and other financial charges</i>			
- other companies	2,658,890	2,522,945	4,986,434
- exchange difference	2,225,632	1,011,929	2,569,427
<i>Total interest and other financial charges</i>	4,884,522	3,534,874	7,555,861
TOTAL FINANCIAL INCOME AND EXPENSES (C)	6,222,262	8,693,511	7,616,196
D. ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS			
<i>Revaluations</i>	–	–	–
<i>Write-downs</i>	1,333,456	1,915,000	2,524,000
TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS (D)	(1,333,456)	(1,915,000)	(2,524,000)
E. EXTRAORDINARY INCOME AND EXPENSES			
<i>Income for investments</i>	–	–	–
<i>Expenses</i>			
- taxes relative to prior periods	203,475	–	–
<i>Total expenses</i>	203,475	–	–
TOTAL EXTRAORDINARY ITEMS (E)	(203,475)	–	–
RESULT BEFORE TAXED	4,898,902	11,779,395	31,919,059
<i>Income taxes</i>			
- current taxes	–	–	14,716,787
- deferred taxes	–	–	(738,281)
<i>Total income taxes</i>	–	–	13,978,506
NET INCOME FOR THE ACCOUNTING PERIOD	4,898,902	11,779,395	17,940,553

RECLASSIFIED STATEMENT OF INCOME

FOR THE FIRST HALF OF 2003 AND COMPARISON WITH THE FIRST HALF OF 2002
(TRANSLATION FROM THE ORIGINAL ISSUED IN ITALIAN LANGUAGE)

million euro	First half of 2003		First half of 2002		Var. %
	Amounts	%	Amounts	%	
Net sales	110.06		88.67		24.1
Cost of sales	67.88		50.81		
Gross margin	42.18	38.3	37.86	42.7	11.4
Research and development expenses	7.93		6.31		
Selling and commercial expenses	15.81		11.76		
General and administrative expenses	16.41		13.20		
Operating profit before amortization of goodwill (E.B.I.T.A.)	2.03	1.8	6.59	7.4	(69.2)
Amortization of goodwill	0.96		0.79		
Operating profit	1.07	1.0	5.80	6.5	(81.6)
Other financial income (charges)	(1.33)		(0.57)		
Dividends	7.55		9.27		
Write-down of investments	(1.33)		(1.92)		
Accelerated depreciation	(0.86)		(0.80)		
Net extraordinary income (expenses)	(0.20)		–		
Profit before income taxes	4.90	4.4	11.78	13.3	(58.4)
Income taxes	–		–		
Net income for the accounting period	4.90	4.4	11.78	13.3	(58.4)
Gross operating profit (E.B.I.T.D.A.)	5.27	4.8	9.12	10.3	(42.2)

**REPORT OF THE INDEPENDENT AUDITORS
ON THE REVIEW OF THE SIX MONTH REPORT
(TRANSLATION FROM THE ORIGINAL ISSUED IN ITALIAN
INTO THE ENGLISH LANGUAGE SOLELY FOR THE CONVENIENCE
OF INTERNATIONAL READERS)**

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

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, 2003, 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. 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 prior year six-month report and to the annual consolidated financial statements, reference should be made to the auditor's reports issued respectively on August 12, 2002 and on March 26, 2003.
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.

A member firm of
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Partita IVA/Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239

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.

DELOITTE & TOUCHE S.p.A.

Signed by
Angelo Castelli
Partner

Bologna, Italy
August 11, 2003

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