



Press release

Bologna, August 8, 2003

## **IMA Group: first-half sales revenues up by 5.5%**

### **Results for the whole of 2003 expected to be positive despite the poor state of the economy**

The Board of Directors of IMA S.p.A., world leader in the production of automatic packaging machines for the pharmaceutical and tea industries, met today to review and approve the report on Group operations as of June 30, 2003.

The IMA Group's **consolidated revenues** for the first half of 2003 came to 143.7 million euro, an increase of 5.5% compared with June 30, 2002 (136.3 million euro). The change in the dollar/euro exchange rate has led to lower revenues of around 3 million euro.

**Net operating income**, prior to amortization of the goodwill generated by acquisitions, amounted to 3.8 million euro (7.9 million euro as of June 30, 2002). The reason for this decline is a combination of lower margins on sales in dollars and a different product mix for deliveries made during the period.

The **pre-tax result** comes to 0.5 million euro versus 6.1 million euro as of June 30, 2002.

Even though the last six months have featured not only the currency trend mentioned above, but also exceptional events such as the war in Iraq and the outbreak of SARS, which tended to postpone buying decisions on the part of many customers, the **order book** as of June 30, 2003 comes to 187.2 million euro compared with 209.4 at June 30, 2002.

**Net debt** as of June 30, 2003 comes to 85.8 million euro (71.4 million euro as of June 30, 2002) and is mainly affected by high inventory balances at the start of the year, which have in part been absorbed during the period, as well as by payment of substantial capital investments made in the latter months of 2002. The strict measures taken to restrain working capital suggest that there should be a good improvement in the Group's net financial position by the end of the year.

The size of the order book at the end of June, together with the orders received in July and the contracts expected to be acquired over the coming months, lead us to believe that revenues by the end of the year should be slightly up on last year. The impact of the weak dollar, which has still not been completely offset by the corrective measures that were properly taken, will probably lead to a contraction in net operating income as a proportion of sales of around two percentage points, again based on the 2002 figure.

Subsequent events after the end of the period include the sale in July of IMA's entire stake in Libra Immobiliare Srl for around 3 million euro; this disposal gave rise to a considerable capital gain.

*“The figures for the first half of 2003 - commented IMA's Managing Director **Alberto Vacchi** - like our forecasts for the entire year, are influenced by the exceptional events that have dominated the world economic and political scenario for the last twelve months. As a result of the action that we have taken, it is fair to say that we have recovered the effects of the weak dollar on new orders. At the same time, following the Achema fair last May, there was a strong recovery in orders from the pharmaceutical industry, while the tea packaging sector is continuing to show a very positive trend. These considerations - concluded Vacchi - mean that we can look forward with a certain optimism, in the belief that from 2004 onwards the Group will be able to recommence the process of sales and earnings growth which is justified by its strong competitive positioning in the sectors in which we operate.”*

The IMA Group closed the **second quarter of 2003** with **consolidated revenues** of 85.8 million euro (91.5 million euro in second quarter 2002), **net operating income** of 5.3 million euro (10.3 million euro in second quarter 2002) and **net debt** of 85.8 million euro (81.6 million euro in 1st quarter 2003), having distributed **dividends** of 14.1 million euro in the last quarter.

**Attachments:** Consolidated balance sheet, consolidated statement of income, reclassified consolidated statement of income for the first half of the year. Consolidated statement of income for the 2nd quarter.

Established in 1961, IMA is today the world leader in the manufacture of automatic machines for the packaging of pharmaceutical products and of tea in filter bags. The Group has more than 2,300 employees, 800 of whom overseas, and can count on five production plants in Italy, one in Germany and two in India. IMA has an extensive sales network comprising nine branches which provide sales and service in France, United Kingdom, Germany, Austria, Spain, Portugal, the United States, China and Japan, representative offices in Central and East European countries and over 50 agencies covering a total of more than 70 countries. IMA is also participating in two joint-ventures in China for production and service. IMA SpA has been listed on the Milan Stock Exchange since 1995 and has entered the STAR segment in 2001. The following companies are part of the IMA Group: Co.ma.di.s. SpA, Kilian & Co. GmbH, Libra Pharmaceutical Technologies Srl, Precision Gears Ltd. Visit our web site: [www.ima.it](http://www.ima.it) (**Investor Relations** section).

## CONSOLIDATED BALANCE SHEET

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

ASSETS	30 June 2003	30 June 2002	31 December 2002
<b>A. DUE FROM SHAREHOLDERS FOR CAPITAL NOT PAID IN</b>	-	-	-
<b>B. FIXED ASSETS</b>			
<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
<b>TOTAL FIXED ASSETS (B)</b>	107,775	107,212	110,573
<b>C. CURRENT ASSETS</b>			
<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			
- receivables	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			
- receivables	69,418	71,912	90,284
- subsidiaries	136	158	135
- associated companies	-	-	4
- parent company	-	-	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
Marketable securities	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 at bank and on hand</i>	34,395	28,795	43,963
Total cash at bank and on hand	34,395	28,795	43,963
<b>TOTAL CURRENT ASSETS ( C )</b>	272,430	261,644	275,943
<b>D. PREPAID EXPENSES AND ACCRUED INCOME</b>	3,592	3,167	2,425
<b>TOTAL ASSETS</b>	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)

LIABILITIES	30 June 2003	30 June 2002	31 December 2002
<b>A. STOCKHOLDERS' EQUITY</b>			
<i>I. Capital stock</i>	18.772	18.772	18.772
<i>II. Share premium reserves</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</i>	447	6.080	24.431
<b>Group Stockholders' equity</b>	92.545	88.948	106.857
<i>Third parties capital stock and reserves</i>	2.285	2.069	2.314
GROUP AND THIRD PARTIES STOCKHOLDERS' EQUITY (A)	94.830	91.017	109.171
<b>B. RESERVES FOR RISKS AND CHARGES</b>			
Taxation reserves	–	60	60
Other	6.457	5.570	5.818
<b>TOTAL RESERVES FOR RISKS AND CHARGES (B)</b>	6.457	5.630	5.878
<b>C. RESERVE FOR EMPLOYEE TERMINATION INDEMNITIES</b>	21.044	18.985	19.914
<b>D. PAYABLES</b>			
Payables due after next accounting period			
- Bank	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			
- Bank	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
<b>TOTAL PAYABLES (D)</b>	256.822	251.321	248.897
<b>E. ACCRUED EXPENSES AND DEFERRED INCOME</b>	4.644	5.070	5.081
<b>TOTAL LIABILITIES</b>	<b>383.797</b>	<b>372.023</b>	<b>388.941</b>
<b>MEMORANDUM ACCOUNTS</b>			
Personal guarantees granted	6.332	6.504	5.753
Commitments	7.343	5.461	18.766
Contingencies	61.017	36.189	25.938
<b>TOTAL</b>	<b>74.692</b>	<b>48.154</b>	<b>50.457</b>

## CONSOLIDATED STATEMENT OF INCOME

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

	1st half 2003	1st half 2002	Year 2002
<b>A. VALUE OF PRODUCTION</b>			
<i>Revenues from the sale of goods and services</i>	141,886	136,147	351,480
<i>Change in work in progress, 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
- revenues and other income	888	749	1,693
<i>Total other revenues and income</i>	888	771	2,315
<b>TOTAL VALUE OF PRODUCTION (A)</b>	163,607	173,149	384,115
<b>B. PRODUCTION COSTS</b>			
<i>Raw materials, ancillary materials and consumables</i>	61,516	72,368	136,029
<i>Service cost</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-down</i>	7,837	7,492	15,677
<i>Change in raw materials, ancillary materials, consumables and goods for res</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
<b>TOTAL PRODUCTION COSTS (B)</b>	162,368	167,654	336,998
<b>DIFFERENCE BETWEEN THE VALUE OF PRODUCTION AND PRODUCTION COSTS (A-B)</b>	1,239	5,495	47,117
<b>C. FINANCIAL INCOME AND EXPENSES</b>			
<i>Income from investments</i>			
- dividends and other income from other companies	–	–	957
<i>Total income from investments</i>	–	–	957
<i>Other financial income</i>			
- from securities classified under fixed assets not representing investments	15	25	61
- from securities classified under current assets not representing investments:			
capital gains	–	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 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
<b>TOTAL FINANCIAL INCOME AND EXPENSES (C)</b>	(182)	904	(3,296)
<b>D. ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS</b>			
<i>Revaluations</i>	77	98	98
<i>Write-offs</i>	320	3	5
<b>TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS (D)</b>	(243)	95	93
<b>E. EXTRAORDINARY INCOME AND EXPENSES</b>			
<i>Income</i>			
- gains on disposal of fixed assets	–	–	254
<i>Total income</i>	–	–	254
<i>Expenses</i>			
- taxes relevant to previous financial years	270	334	354
<i>Total expenses</i>	270	334	354
<b>TOTAL EXTRAORDINARY ITEMS (E)</b>	(270)	(334)	(100)
<b>RESULT BEFORE TAXES</b>	544	6,160	43,814
<i>Income taxes</i>			
- income taxes	–	–	19,599
- deferred taxes	–	–	(616)
<i>Total taxes</i>	–	–	18,983
<b>NET INCOME</b>	544	6,160	24,831
<b>THIRD PARTY NET INCOME</b>	(97)	(80)	(400)
<b>GROUP NET INCOME</b>	447	6,080	24,431

## RECLASSIFIED CONSOLIDATED STATEMENT OF INCOME

FOR THE FIRST HALF OF 2003 AND COMPARISON WITH THE FIRST HALF OF 2002 (IN MILLIONS OF EURO)

in millions of Euro	1st half 2003		1st half 2002		Change%
	Amount	%	Amount	%	
<b>Net revenues</b>	<b>143.72</b>		<b>136.25</b>		<b>5.5</b>
Cost of sale	(85.90)		(74.90)		
<b>Gross industrial income</b>	<b>57.82</b>	<b>40.2</b>	<b>61.35</b>	<b>45.0</b>	<b>(5.6)</b>
R & D costs	(9.58)		(9.48)		
Selling costs	(21.21)		(21.10)		
General and administrative costs	(23.24)		(22.89)		
<b>(E.B.I.T.A.)</b>	<b>3.79</b>	<b>2.6</b>	<b>7.88</b>	<b>5.8</b>	<b>(51.9)</b>
Amortization of goodwill and consolidation differences	(2.55)		(2.39)		
<b>Net operating income</b>	<b>1.24</b>	<b>0.9</b>	<b>5.49</b>	<b>4.0</b>	<b>(77.4)</b>
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)		
<b>Pre-tax result</b>	<b>0.55</b>	<b>0.4</b>	<b>6.16</b>	<b>4.5</b>	<b>(91.1)</b>
Income taxes	-		-		
<b>Net income for the year</b>	<b>0.55</b>	<b>0.4</b>	<b>6.16</b>	<b>4.5</b>	<b>(91.1)</b>
Third party net income	(0.10)		(0.08)		
<b>Group's net income</b>	<b>0.45</b>	<b>0.3</b>	<b>6.08</b>	<b>4.5</b>	<b>(92.6)</b>
<b>Gross operating profit (E.B.I.T.D.A.)</b>	<b>8.82</b>	<b>6.1</b>	<b>12.81</b>	<b>9.4</b>	<b>(31.1)</b>
<b>Order book</b>	<b>187.16</b>		<b>209.36</b>		<b>(10.6)</b>

## CONSOLIDATED STATEMENT OF INCOME FOR SECOND QUARTER 2003

UNAUDITED FIGURES (IN THOUSANDS OF EURO)

	2nd quarter 2003	2nd quarter 2002	from 01/01/2003 to 30/06/2003	dal 01/01/2002 al 30/06/2002
<b>A. VALUE OF PRODUCTION</b>				
<i>Revenues from the sale of goods and services</i>	85,816	91,452	141,886	136,147
<i>Change in work in progress, seminifished 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
- revenues and other income	286	475	888	749
<i>Total other revenues and income</i>	286	475	888	771
<b>TOTAL VALUE OF PRODUCTION (A)</b>	<b>85,985</b>	<b>100,554</b>	<b>163,607</b>	<b>173,149</b>
<b>B. PRODUCTION COSTS</b>				
<i>Raw materials, ancillary materials and consumables</i>	28,569	39,714	61,516	72,368
<i>Service cost</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 contributions	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, amortization 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	64	96	258	174
<i>Total depreciation and write-down</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>Provision for risk and other</i>	460	29	677	96
<i>Other operating expenses</i>	614	490	1,390	1,706
<b>TOTAL PRODUCTION COSTS (B)</b>	<b>80,733</b>	<b>90,265</b>	<b>162,368</b>	<b>167,654</b>
<b>DIFFERENCE BETWEEN THE VALUE OF PRODUCTION AND PRODUCTION COSTS (A-B)</b>	<b>5,252</b>	<b>10,289</b>	<b>1,239</b>	<b>5,495</b>