



Press release

Bologna, March 23, 2005

IMA's Board of Directors approves the draft 2004 financial statements

- The **consolidated results** as of December 31, 2004 are in line with the preliminary figures announced on February 14:

in millions of euro	31.12.04	31.12.03	% Change 04/03
Revenues	371.10	351.33	5.6
Gross operating profit (EBITDA)	47.87	54.90	(12.8)
Net operating income (EBIT)	32.00	39.25	(18.5)
Pre-tax income	27.92	36.18	(22.8)
Net income	13.30	18.96	(29.9)
<i>Group order book</i>	<i>158.62</i>	<i>151.45</i>	<i>4.7</i>
<i>Net financial position</i>	<i>71.58</i>	<i>68.49</i>	<i>4.5</i>

- Proposal of a **dividend of 0.40 euro per share**, as in 2003, to be submitted for approval by the Stockholders' Meeting called for April 27, 2005.
- **Group forecasts for 2005:**
 - Net revenues: about 400 million euro
 - Operating income: about 40 million euro

The Board of Directors of IMA S.p.A., world leader in the production of automatic packaging machines for the pharmaceutical and tea industries, today approved the consolidated financial statements and reviewed the draft statutory financial statements as of December 31, 2004 for submission to the **Stockholders' Meeting**, due to be held on **April 27, 2005**, at first calling.

The Board of Directors will propose to the Stockholders's Meeting to distribute a **dividend of 0.40 euro per share**, as in 2003, due to be paid from May 19, 2005 (going ex-coupon no. 11 on May 16, 2005).

IMA Group results

The IMA Group closed 2004 with **net revenues** that have risen to 371.1 million euro, including 6.6 million euro of the **Nova Group** which entered the scope of consolidation in the last quarter of the year (351.3 million as of December 31, 2003). **Exports** accounted for 91.7%.

Operating income came to 32 million euro (39.2 million in 2003). This decrease is attributable mainly to the strong pressure on prices that characterized the sector that produces machines for the pharmaceutical industry, as well as non-recurring charges incurred in the last quarter. The further weakening in the dollar also made it impossible to achieve that recovery in margins that an increase in dollar list prices should have permitted.

Net income came to 13.30 million euro (18.96 million in 2003), after amortization and depreciation of 15.9 million euro (15.6 million in 2003).

Net debt as of December 31, 2004 was 71.6 million euro (68.5 million at the end of 2003) after **capital expenditure** of 12.4 million euro (20.8 million in 2003) and **dividends** of 14.4 million euro (28.6 million in 2003, year in which an extraordinary dividend was distributed) and the **acquisition of the Nova Group**, which had a 12.5 million euro impact on debt at the end of the year.

The **order book** at the end of 2004 amounted to 158.6 million euro against 151.5 million at the end of December 2003.

Results of the Parent Company IMA S.p.A.

The Parent Company IMA S.p.A. closed 2004 with **net revenues** of 298.1 million euro, an increase on 273.7 million euro in 2003 principally thanks to IMA's absorption of Libra Pharmaceutical Technologies S.r.l. **Operating income** came to 23.5 million euro (30.5 million in 2003) whereas **net income** amounted to 16.1 million euro versus 20.9 million in 2003. **Net debt** at the end of 2004 was 50.9 million euro, 2.1 million euro lower than the 53 million at the end of 2003.

Principal effects on the 2004 Group financial statements of the new international accounting standards (IAS/IFRS)

The IMA Group is adopting the new accounting standards from 1 January 2005 and the figures for the first quarter of the year will be based on them. IAS/IFRS will be applied to the statutory financial statements of the Parent Company IMA S.p.A. from 2006.

Preparations for the adoption of the new accounting principles are substantially complete, including that of an opening balance sheet at the transition date (1 January 2004) and consolidated balance sheets and statements of income to be used for comparison purposes in 2005.

The following is a summary of the main effects of adopting IAS/IFRS on the 2004 financial statements. The information provided here is to be understood as preliminary and subject to change. It has been prepared on the basis of the IAS/IFRS currently in force and in light of the interpretations available to date.

in millions of euro	Current standards	IAS/IFRS
Net indebtedness	71.6	74.1
Stockholders' equity pertaining to the Group	93.6	107.6
Net revenues	371.1	371.9
Operating income	32.0	36.9
Net income	13.3	17.1

The change in net debt is attributable mainly to the change in accounting treatment of factoring transactions as the new accounting standards apply more restrictive criteria for the recognition of definitive credit assignments.

The increase in stockholders' equity pertaining to the Group is mainly due to the fair value assessment at the transition date of certain tangible fixed assets classified as Land and Buildings and the effect on the 2004 statement of income of submitting goodwill to an annual impairment test rather than amortizing it on a straight-line basis.

The effect on operating income of adopting IAS/IFRS is largely due to a lower amortization charge on goodwill, while the effect on Group net income is for the same reasons, net of the tax effect.

PricewaterhouseCoopers, the independent auditors, have been appointed to check the figures produced during the transition process; this audit work is still in progress.

Prospects for 2005

The high level of the order book in the **tea-bagging machine sector** makes it possible to foresee revenues in line with 2004, when they were already very high. As regards the sector that produces machines for the **pharmaceutical industry**, we foresee revenue growth of around 3%, even though we believe there is room for a considerable improvement in order acquisition, which will raise the level of the order book by the end of the year. Including the contribution made by the Nova Group, which in 2004 was consolidated in the last quarter, in 2005 we expect Group **net revenues** to rise to around 400 million euro, with an **operating result** of around 10% of sales, an improvement on 2004 (8.6%). Lastly, we also believe that we can considerably improve our **cash flow**.

Commenting on the 2004 results, IMA's Chairman **Marco Vacchi** declared “*Even though IMA has improved its position in the sector that produces machines for the pharmaceutical industry, 2004 saw the continuation of the poor economic conditions that hit the sector in 2003. If, on the one hand, the further slide in the US dollar prevented us from making that margin recovery that should have been possible when we raised dollar list prices and which will come about as soon as the exchange rate between the two currencies finds a level of equilibrium, on the other, there has been very strong pressure on prices, with levels of discounts that are totally out of the ordinary for our industry, reflecting the growing difficulties being encountered in markets even on the part of certain leading operators. However, we believe that we can look forward with cautious optimism, in the conviction that 2005 may well mark the turning-point. The international pharmaceutical industry is in fact continuing to achieve significant rates of growth, the biotechnology sector is launching many new drugs on the market, and lastly the world recovery is leading to a recovery in demand from areas, such as Latin America and the Middle East, which have suffered the most in the last two years. This positive outlook for the current year - concluded Marco Vacchi - together with the capacity to generate cash flow also in 2004, led us to propose the same dividend as in 2003*”.

In compliance with article 3.2 of the Code of Conduct, the Board of Directors considers Gino Benedetti, Italo Giorgio Minguzzi and Romano Volta as independent directors as they have the prerequisites laid down in the Code.

Established in **1961**, IMA is today the world leader in the design and manufacture of automatic machines for the packaging of pharmaceutical products and of tea in filter bags. The Group has more than 2,600 employees, about 1,000 of whom overseas, and can count on five production plants in Italy, one in Germany, one in England, one in the United States, two in India and two in China. IMA has an extensive sales network comprising nine branches which provide sales and service in France, UK, Germany, Austria, Spain, Portugal, USA, China and Thailand, 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 three joint ventures in China for production and service. IMA S.p.A. has been listed on the Milan Stock Exchange since 1995 and in 2001 joined the **STAR** segment. The following companies in the pharmaceutical and cosmetics sectors are part of the IMA Group: **Co.ma.di.s. S.p.A., Kilian GmbH & Co. KG, Nova Packaging Systems LLC, Precision Gears Ltd., Swiftpack Ltd.**

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