



Press release

Bologna, August 6, 2004

## **IMA Group: 1st half revenues up by 4.7% with much improved operating income**

### **The positive trend in demand from the pharmaceuticals industry makes it possible to foresee better results for the whole of 2004**

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, 2004.

The IMA Group's **consolidated revenues** for the first half of 2004 came to 150.5 million euro, an increase of 4.7% compared with June 30, 2003 (143.7 million euro). The recent trend in the dollar/euro exchange rate has had the effect of reducing revenues by around 3 million euro.

**Net operating income**, prior to amortization of the goodwill generated by acquisitions, amounted to 6.7 million euro (3.8 million euro as of June 30, 2003).

The **pre-tax result** comes to 1.8 million euro versus 0.5 million euro as of June 30, 2003.

Despite the aggressive pricing policies adopted by certain leading competitors to which IMA preferred not to respond, abandoning certain important negotiations as a result, orders from the pharmaceutical industry rose during the period by 18% compared with the previous year (163.8 million euro as of June 30, 2004 vs 138.7 million euro in 1st half 2003), while the significantly lower level of new orders for tea-bagging machines (21.6 million euro vs 40.7 as of June 30, 2003) certainly does not reflect the prospects of this sector, considering that there are numerous large contracts currently being finalized. The **order book** as of June 30, 2004 therefore comes to 186.3 million euro, much the same as in June 2003 (187.2 million euro)

**Net debt** as of June 30, 2004 comes to 87.5 million euro (85.8 million euro at June 30, 2003), a result that we judge extremely positive, partly because it shows a trend reversal compared with the previous period - at June 2003 it had grown by around 14 million euro with respect to June 2002 - and partly due to the fact that we distributed an extraordinary dividend of 14.4 million euro in December 2003.

*“The strong growth in orders received by the Group's pharmaceutical divisions during 1st half 2004 (+18%) - commented IMA's Managing Director **Alberto Vacchi** - confirms the positive trend in demand from the pharmaceuticals industry, as well as the validity of the decisions made by the Group in terms of new products and sales strategies. The favorable combination of these two factors inevitably encourage us to look forward with optimism. The tea-bagging machine sector continue to enjoy strong demand and the lower volume of orders received during the 1st half will be more than offset in the months to come. Despite this very positive trend in demand, we expect Group revenues for the year to rise by little more than 5%, as growth was held back by the low order backlog at the start of the year in the pharmaceutical sector. To compensate for this, the order book at the end of the year is expected to rise considerably, with excellent prospects for 2005. The Group's operating income should grow strongly - concluded Vacchi - with a more favorable trend compared with that of revenues, improving as a percentage of sales, even if this improvement will be limited in 2004, partly due to the weakening of the dollar in the second half of 2003, and partly due to the aggressive discount policy adopted by our competitors.”*

The IMA Group closed the **second quarter of 2004** with **consolidated revenues** of 100 million euro (85.8 million euro in 2nd quarter 2003), **net operating income** of 11.5 million euro (5.3 million euro in 2nd quarter 2003) and **net debt** of 87.5 million euro (84.8 million euro in 1st quarter 2004) after having distributed **dividends** of 14.4 million euro in the last quarter.

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The Board of Directors has called an **Extraordinary and Ordinary Meeting of the Stockholders on September 16, 2004** at 10.30 a.m., at first calling, at the Company's head office in Via Emilia 237, Ozzano dell'Emilia (BO), and if necessary at second calling on September 21, 2004 at 11.30 a.m., in the same place, to vote on the following agenda:

Extraordinary part:

1. Proposal to merge Comitec S.r.l., based in Castel S. Pietro Terme (BO), with I.M.A. Industria Macchine Automatiche S.p.A. and related matters. Granting of powers to execute the resolution.
2. Amendments to the articles of association to reflect recent changes in company law (as per Legislative Decree no. 6 of January 17, 2003).

Ordinary part:

1. Appointment of a director after increasing the number of board members.

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Lastly, the Board of Directors reviewed the **independent director status** of three of the current eleven directors: Gino Benedetti, Italo Giorgio Minguzzi and Romano Volta.

**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.

Founded in 1961, IMA is today the world leader in the design and production of automatic packaging machines for pharmaceutical products and tea bags. The Group employs 2,400 people, including 800 abroad, and has five production plants in Italy, one on Germany and two in India. IMA has a widespread commercial network consisting of nine branches offering services and after-sales assistance in France, UK, Germany, Austria, Spain, Portugal, USA, China and Thailand, representative offices in various central and eastern European countries and more than 50 agencies that cover a total of 70 nations. The Company is also involved in three production and technical assistance joint ventures in China. IMA S.p.A. has been listed on the Milan Stock Exchange since 1995 and in 2001 it joined the STAR segment.

The following companies in the pharmaceutical and cosmetics sectors form part of the Group: Co.ma.di.s. S.p.A., Kilian GmbH & Co. KG, Precision Gears Ltd.

For further information, please visit our website: [\*\*www.ima.it\*\*](http://www.ima.it) (**Investor Relations**)

## CONSOLIDATED BALANCE SHEET

AS OF JUNE 30, 2004 AND COMPARISON WITH JUNE 30, 2003 AND DECEMBER 31, 2003 (IN THOUSANDS OF EURO)

ASSETS	30 June 2004	30 June 2003	31 December 2003
<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	681	824	874
Research and Development costs	-	2	-
Industrial patent and intellectual property rights	479	571	549
Concessions, licences, trademarks and similar rights	4,072	4,505	4,783
Goodwill	13,205	15,296	14,251
Differences on consolidation	18,740	21,726	20,233
Intangible in progress and payments on accounts	2,152	395	587
Other	1,790	2,051	1,712
<i>Total intangible assets</i>	41,119	45,370	42,989
<i>II. Tangible assets</i>			
Land and buildings	32,477	23,372	31,346
Plant and machinery	14,979	13,555	15,155
Production and commercial equipments	2,560	1,851	2,044
Other	4,303	4,454	3,831
Tangible in course of construction and advance payments	4,791	7,641	6,287
<i>Total tangible assets</i>	59,110	50,873	58,663
<i>III. Financial assets</i>			
Investments			
- subsidiaries	25	297	25
- associated companies	488	388	388
- other	71	6,123	71
Receivables	947	1,198	1,021
Securities	3,580	3,526	3,641
<i>Total financial assets</i>	5,111	11,532	5,146
<b>TOTAL FIXED ASSETS (B)</b>	<b>105,340</b>	<b>107,775</b>	<b>106,798</b>
<b>C. CURRENT ASSETS</b>			
<i>I. Inventories</i>			
Raw material, ancillary materials and consumables	11,837	7,238	12,079
Work in progress and semi-finished goods	116,682	118,891	96,115
Contract work in progress	7,874	3,751	6,596
Finished goods	3,796	4,424	2,617
Advances	3,603	3,092	3,633
<i>Total inventories</i>	143,792	137,396	121,040
<i>II. Receivables</i>			
Receivables due after next accounting period			
- Trade accounts	1,351	4,364	941
- Tax credits	311	-	-
- Deferred tax assets	3,182	1,604	3,099
- other	97	80	73
Total receivables due after accounting period	4,941	6,048	4,113
Receivables due within next accounting period			
- Trade accounts	69,822	69,418	75,726
- Subsidiaries	17	136	77
- Parent companies	-	-	3
- Tax credits	4,193	6,397	4,663
- Deferred tax assets	3,496	3,278	3,607
- other	3,136	3,929	2,606
Total receivables due within accounting period	80,664	83,158	86,682
<i>Total receivables</i>	85,605	89,206	90,795
<i>III. Financial assets not representing fixed assets</i>			
Own shares	-	8,235	-
Marketable securities	167	404	340
Financial receivables not representing fixed assets	504	2,794	127
<i>Total financial assets not representing fixed assets</i>	671	11,433	467
<i>IV. Cash at bank and on hand</i>	23,481	34,395	54,827
Total cash at bank and on hand	23,481	34,395	54,827
<b>TOTAL CURRENT ASSETS (C)</b>	<b>253,549</b>	<b>272,430</b>	<b>267,129</b>
<b>D. PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>3,798</b>	<b>3,592</b>	<b>2,619</b>
<b>TOTAL ASSETS</b>	<b>362,687</b>	<b>383,797</b>	<b>376,546</b>

# CONSOLIDATED BALANCE SHEET

AS OF JUNE 30, 2004 AND COMPARISON WITH JUNE 30, 2003 AND DECEMBER 31, 2003 (IN THOUSANDS OF EURO)

LIABILITIES	30 June 2004	30 June 2003	31 December 2003
<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>	4,323	4,397	4,397
<i>V. Reserve for treasury stock</i>	–	8,235	–
<i>VI. Other reserves</i>	24,175	24,893	17,801
<i>VII. Accumulated translation adjustments</i>	(1,034)	(651)	(1,413)
<i>VIII. Retained earnings</i>	18,785	19,675	20,562
<i>IX. Group net income</i>	1,834	447	18,963
<b>Group Stockholders' equity</b>	<b>83,632</b>	<b>92,545</b>	<b>95,859</b>
<i>Third parties capital stock and reserves</i>	2,291	2,285	2,246
GROUP AND THIRD PARTIES STOCKHOLDERS' EQUITY (A)	<b>85,923</b>	<b>94,830</b>	<b>98,105</b>
<b>B. RESERVES FOR RISKS AND CHARGES</b>			
Other	6,168	6,457	6,096
<b>TOTAL RESERVES FOR RISKS AND CHARGES (B)</b>	<b>6,168</b>	<b>6,457</b>	<b>6,096</b>
<b>C. RESERVE FOR EMPLOYEE TERMINATION INDEMNITIES</b>	<b>22,033</b>	<b>21,044</b>	<b>21,453</b>
<b>D. PAYABLES</b>			
Payables due after next accounting period			
- Bank	48,349	48,620	44,170
- Other providers of finance	6,977	–	7,394
- Suppliers	–	3	10
- Taxes	212	–	–
- Social security institutions	13	–	–
- Other	1	54	–
Total payables due after next accounting period	55,552	48,677	51,574
Payables due within next accounting period			
- Bank	59,034	86,386	74,627
- Other financiers	905	120	1,238
- Advances	31,545	30,259	28,379
- Suppliers	76,379	68,150	69,722
- Subsidiaries	–	49	–
- Associated companies	554	476	562
- Parent companies	6	–	14
- Taxes	1,806	4,554	4,772
- Provident and social security institutions	2,533	2,483	3,904
- Other	15,437	15,668	11,123
Total payables due within next accounting period	188,199	208,145	194,341
<b>TOTAL PAYABLES (D)</b>	<b>243,751</b>	<b>256,822</b>	<b>245,915</b>
<b>E. ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b>4,812</b>	<b>4,644</b>	<b>4,977</b>
<b>TOTAL LIABILITIES</b>	<b>362,687</b>	<b>383,797</b>	<b>376,546</b>
<b>MEMORANDUM ACCOUNTS</b>			
Personal guarantees granted	8,432	6,332	8,396
Contingencies	4,745	7,343	14,998
Commitments	61,487	61,017	47,679
<b>TOTAL</b>	<b>74,664</b>	<b>74,692</b>	<b>71,073</b>

# CONSOLIDATED STATEMENT OF INCOME

FOR THE FIRST HALF OF 2004 AND COMPARISON WITH THE FIRST HALF OF 2003 (IN THOUSANDS OF EURO)

	1st half 2004	1st half 2003	Year 2003
<b>A. VALUE OF PRODUCTION</b>			
<i>Revenues from the sale of goods and services</i>	149,202	141,886	345,633
<i>Change in work in progress, semifinished goods</i>	21,391	18,837	(818)
<i>Change in contract work in progress</i>	1,278	1,825	4,679
<i>Increase in fixed assets for internal work</i>	1,107	171	1,608
<i>Other revenues and income</i>			
- operating grants	158	–	494
- other income	1,510	888	3,159
<i>Total other revenues and income</i>	1,668	888	3,653
<b>TOTAL VALUE OF PRODUCTION (A)</b>	<b>174,646</b>	<b>163,607</b>	<b>354,755</b>
<b>B. PRODUCTION COSTS</b>			
<i>Raw materials, ancillary materials and consumables</i>	64,901	61,516	116,197
<i>Service cost</i>	37,473	34,683	71,497
<i>Expenses relating to the use of third party assets</i>	2,659	2,587	5,429
<i>Personnel</i>			
- salaries and wages	40,957	39,369	76,086
- social contributions	12,082	11,518	22,317
- employee termination indemnities	2,170	2,075	4,109
- other	550	358	733
<i>Total personnel costs</i>	55,759	53,320	103,245
<i>Depreciation, amortization and write-downs</i>			
- amortization of intangible fixed assets	4,036	4,260	8,833
- depreciation of tangible fixed assets	3,474	3,319	6,818
- write-down of receivables included in current assets	174	258	382
<i>Total depreciation and write-down</i>	7,684	7,837	16,033
<i>Change in raw materials, ancillary materials, consumables and goods for res</i>	247	358	(493)
<i>Provision for risks and other</i>	216	677	1,043
<i>Other operating expenses</i>	1,581	1,390	2,555
<b>TOTAL PRODUCTION COSTS (B)</b>	<b>170,520</b>	<b>162,368</b>	<b>315,506</b>
<b>DIFFERENCE BETWEEN THE VALUE OF PRODUCTION AND PRODUCTION COSTS (A-B)</b>	<b>4,126</b>	<b>1,239</b>	<b>39,249</b>
<b>C. FINANCIAL INCOME AND EXPENSES</b>			
<i>Income from investments</i>			
- dividends and other income from other companies	1	–	8
<i>Total income from investments</i>	1	–	8
<i>Other financial income</i>			
- from securities classified under fixed assets not representing investments	12	15	274
- from securities classified under current assets not representing investments:			
capital gains	–	–	756
interest	3	8	15
- income other than that listed above interest and financial commissions	1,104	3,495	2,006
<i>Total financial income</i>	1,119	3,518	3,051
<i>Interest and other financial charges</i>			
- other interest and charges to parent companies	6	–	14
- other interest and financial charges	2,809	3,336	6,918
<i>Total interest and other financial charges</i>	2,815	3,336	6,932
<i>Exchange gains (losses)</i>	(549)	(364)	(136)
<b>TOTAL FINANCIAL INCOME AND EXPENSES (C)</b>	<b>(2,244)</b>	<b>(182)</b>	<b>(4,009)</b>
<b>D. ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS</b>			
<i>Revaluations</i>	100	77	77
<i>Write-offs</i>	–	320	64
<b>TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS (D)</b>	<b>100</b>	<b>(243)</b>	<b>13</b>
<b>E. EXTRAORDINARY INCOME AND EXPENSES</b>			
<i>Income</i>			
- capital gains on disposal of fixed assets	–	–	45
- other extraordinary income	–	–	1,488
<i>Total income</i>	–	–	1,533
<i>Expenses</i>			
- capital losses on disposal of fixed assets	–	–	97
- taxes relating to previous financial years	–	270	505
<i>Total expenses</i>	–	270	602
<b>TOTAL EXTRAORDINARY ITEMS (E)</b>	<b>–</b>	<b>(270)</b>	<b>931</b>
<b>RESULT BEFORE TAXES</b>	<b>1,982</b>	<b>544</b>	<b>36,184</b>
<i>Income taxes</i>			
- income taxes	–	–	18,746
- deferred taxes	–	–	(1,829)
<i>Total taxes</i>	–	–	16,917
<b>NET INCOME</b>	<b>1,982</b>	<b>544</b>	<b>19,267</b>
<b>MINORITY INTERESTS</b>	<b>(148)</b>	<b>(97)</b>	<b>(304)</b>
<b>GROUP NET INCOME</b>	<b>1,834</b>	<b>447</b>	<b>18,963</b>

## RECLASSIFIED CONSOLIDATED STATEMENT OF INCOME

FOR THE FIRST HALF OF 2004 AND COMPARISON WITH THE FIRST HALF OF 2003 (IN MILLIONS OF EURO)

	1st half 2004		1st half 2003		Change %
	Amount	%	Amount	%	
<b>Net revenues</b>	<b>150.48</b>		<b>143.72</b>		<b>4.7</b>
Cost of sale	(88.85)		(85.90)		
<b>Gross industrial income</b>	<b>61.63</b>	<b>40.9</b>	<b>57.82</b>	<b>40.2</b>	<b>6.6</b>
R & D costs	(9.14)		(9.58)		
Selling costs	(21.74)		(21.21)		
General and administrative costs	(24.07)		(23.24)		
<b>(E.B.I.T.A.)</b>	<b>6.68</b>	<b>4.4</b>	<b>3.79</b>	<b>2.6</b>	<b>76.3</b>
Amortization of goodwill and consolidation differences	(2.55)		(2.55)		
<b>Net operating income</b>	<b>4.13</b>	<b>2.7</b>	<b>1.24</b>	<b>0.9</b>	<b>233.1</b>
Net financial income (expense)	(2.25)		(0.18)		
Adjustments to the value of financial assets and dividends	0.10		(0.24)		
Extraordinary items, net	–		(0.27)		
<b>Pre-tax result</b>	<b>1.98</b>	<b>1.3</b>	<b>0.55</b>	<b>0.4</b>	<b>260.0</b>
Income taxes	–		–		
<b>Net income for the year</b>	<b>1.98</b>	<b>1.3</b>	<b>0.55</b>	<b>0.4</b>	<b>260.0</b>
Third party net income	(0.15)		(0.10)		
<b>Group's net income</b>	<b>1.83</b>	<b>1.2</b>	<b>0.45</b>	<b>0.3</b>	<b>306.7</b>
<b>Gross operating profit (E.B.I.T.D.A.)</b>	<b>11.64</b>	<b>7.7</b>	<b>8.82</b>	<b>6.1</b>	<b>32.0</b>
<b>Order book</b>	<b>186.28</b>		<b>187.16</b>		<b>(0.5)</b>

# CONSOLIDATED STATEMENT OF INCOME FOR SECOND QUARTER 2004

UNAUDITED FIGURES (IN THOUSANDS OF EURO)

	2nd quarter 2004*	2nd quarter 2003*	from 01/01/2004 to 30/06/2004	from 01/01/2003 to 30/06/2003
<b>A. VALUE OF PRODUCTION</b>				
<i>Revenues from the sale of goods and services</i>	99,984	85,816	149,202	141,886
<i>Change in work in progress, semifinished goods</i>	(1,712)	(1,418)	21,391	18,837
<i>Change in contract work in progress</i>	(138)	1,211	1,278	1,825
<i>Increase in fixed assets for internal work</i>	787	90	1,107	171
<i>Other revenues and income</i>				
- operating grants	158	-	158	-
- other income	991	286	1,510	888
<i>Total other revenues and income</i>	1,149	286	1,668	888
<b>TOTAL VALUE OF PRODUCTION (A)</b>	<b>100,070</b>	<b>85,985</b>	<b>174,646</b>	<b>163,607</b>
<b>B. PRODUCTION COSTS</b>				
<i>Raw materials, ancillary materials and consumables</i>	33,912	28,569	64,901	61,516
<i>Service cost</i>	21,502	18,869	37,473	34,683
<i>Expenses relating to the use of third party assets</i>	1,343	1,316	2,659	2,587
<i>Personnel</i>				
- salaries and wages	20,484	19,519	40,957	39,369
- social contributions	6,031	5,636	12,082	11,518
- employee termination indemnities	1,088	1,078	2,170	2,075
- other	256	206	550	358
<i>Total personnel costs</i>	27,859	26,439	55,759	53,320
<i>Depreciation, amortization and write-downs</i>				
- amortization of intangible fixed assets	2,027	2,138	4,036	4,260
- depreciation of tangible fixed assets	1,762	1,699	3,474	3,319
- write-down of receivables included in current assets	127	64	174	258
<i>Total depreciation and write-down</i>	3,916	3,901	7,684	7,837
<i>Change in raw materials, ancillary materials, consumables and goods for resale</i>	(739)	565	247	358
<i>Provision for risk and other</i>	68	460	216	677
<i>Other operating expenses</i>	690	614	1,581	1,390
<b>TOTAL PRODUCTION COSTS (B)</b>	<b>88,551</b>	<b>80,733</b>	<b>170,520</b>	<b>162,368</b>
<b>DIFFERENCE BETWEEN THE VALUE OF PRODUCTION AND PRODUCTION COSTS (A-B)</b>	<b>11,519</b>	<b>5,252</b>	<b>4,126</b>	<b>1,239</b>