
QUARTERLY REPORT FOR THE THIRD QUARTER OF 2003

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
H E A D O F F I C E : O Z Z A N O D E L L ' E M I L I A (B O L O G N A)
C A P I T A L S T O C K F U L L Y P A I D - I N : € 1 8 , 7 7 2 , 0 0 0
B O L O G N A C O M P A N I E S R E G I S T E R : 0 0 3 0 7 1 4 0 3 7 6

CONTENTS

INTRODUCTION		PAGE	3
REPORT ON OPERATIONS AS OF SEPTEMBER 30, 2003			“ 5 - 12
DIRECTORS AND OFFICERS	PAGE	6 - 7	
GROUP STRUCTURE	“	8	
GROUP COMPANIES BY BUSINESS ACTIVITY	“	9	
REPORT ON OPERATIONS	“	10 - 12	
CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2003			“ 14
CONSOLIDATED STATEMENT OF INCOME FOR 3RD QUARTER 2003			“ 15
EXPLANATORY NOTES			“ 17 - 27
A) ACCOUNTING POLICIES	“	18 - 21	
B) CONSOLIDATION PRINCIPLES	“	21	
C) CONSOLIDATION AREA	“	21 - 23	
D) INFORMATION ON THE CONSOLIDATED BALANCE SHEET	“	23 - 25	
E) INFORMATION ON THE CONSOLIDATED INCOME STATEMENT	“	26 - 27	
F) INFORMATION ON THE PARENT COMPANY	“	27	

INTRODUCTION

This report was approved by the Board of Directors on November 13, 2003.

The report was prepared in accordance with article 82 of Consob circular no. 11971 of May 14, 1999 and subsequent amendments.

REPORT ON OPERATIONS
AS OF SEPTEMBER 30, 2003

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

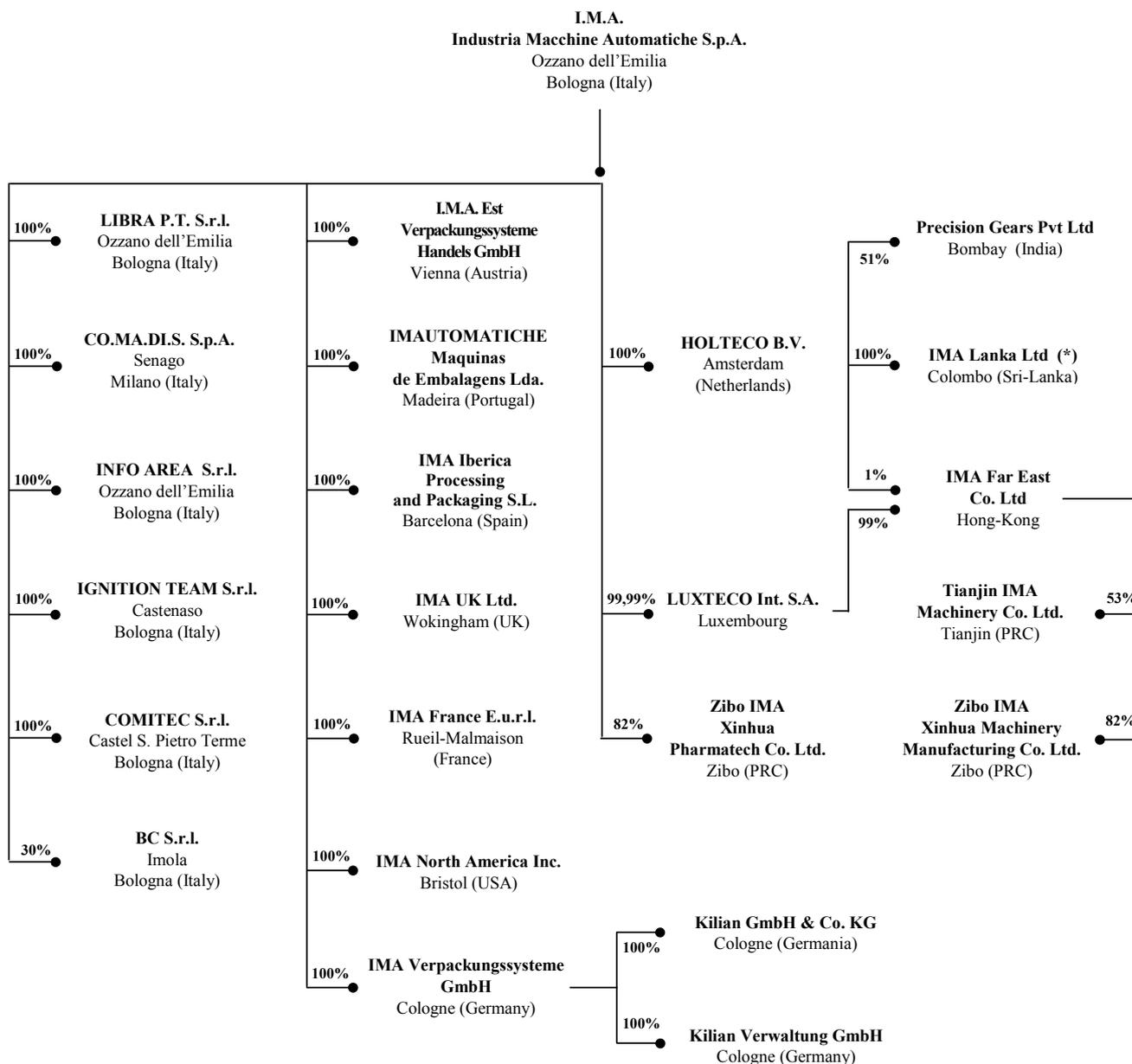
ALTERNATE AUDITORS

Luigi Ghermandi - Auditor

Emanuele Gnugnoli - Auditor

Chiara Gallina - Auditor

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)

**Zibo IMA
Xinhua Pharmatech Co. Ltd.**
Zibo (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 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)

**FINANCIAL
ACTIVITIES**

Luxteco International S.A.
Luxembourg

HOLTECO B.V.
Amsterdam (Netherlands)

(*) Company in liquidation

REPORT ON OPERATIONS

GENERAL PERFORMANCE

The signs of an upswing in sales of pharmaceuticals that we referred to in our June report appear to be confirmed by the results for the third quarter. Sales of medicines over the last twelve months have risen by 7%, compared with 6% up to June, with the situation improving across the board in all areas of the world, including Latin America. These signs are still too weak to talk about a real trend reversal, especially considering how fragile the world-wide political and economic scenario still is. However, these figures have been fairly constant for a number of months, showing, if nothing else, an ability to resist further backsliding.

Accordingly, the demand for plant and machinery from the pharmaceutical industry seems to be recovering, not only in the European and North American markets, but also in emerging nations. Demand from China, on the other hand, is still on the decline, even if it is benefiting from the end of the SARS crisis. But the Chinese are having to cope with prices that have risen considerably, given that their currency is anchored to the dollar.

As for the tea-bagging machine sector, the very favorable trend recorded in the first half has been repeated in the quarter from July to September. As mentioned earlier, we do not think it possible to talk generically about a general upswing in demand in this case, but rather a demand that has responded well to stimulus from the IMA Group in the form of interesting proposals.

KEY FIGURES

In the three-month period from July to September 2003, revenues from sales, including changes in contract work-in-progress, totalled 73,998 thousand euro, with an increase of 11.8% on the last quarter of last year (66,217 thousand euro). As a result, sales at the end of September, 217,709 thousand euro were 7.6% higher than in 2002 (202,364 thousand euro). New orders received during the quarter totalled 72,626 thousand euro, up 13.4% with respect to the previous year (64,070 thousand euro). Certainly the period July-September is not the most significant one of the year as it traditionally features a limited number of new orders. Moreover, last year, the order trend was particularly depressed during that period, like the whole of the second half in fact. The positive performance in the third quarter of this year continued into October, with good prospects for the coming months as well. The growth in new orders is split equally between tea-bagging machines and those for the pharmaceutical industry. The order book at the end of September was 185,699 thousand euro versus 207,311 thousand euro as of september 30, 2002 (-10.4%). It is worth pointing out that, despite a less favorable Euro/Dollar exchange rate, the sum of revenues and order book as of september 30, 2003, came to 403,408 thousand euro, only 6,267 thousand euro lower than the equivalent figure as of september 30, 2002 (409,675 thousand euro). And this difference has already been more than recovered by the end of October.

As usual, sales in this sector are not spread evenly over the year; in fact, more than 40% of total deliveries for the year are concentrated in the last quarter (around 43% in 2002), which means that interim figures are not particularly meaningful as an indication of how the whole financial year is likely to turn out, as we have mentioned previously on various occasions.

Net operating income at the end of September was 7,833 thousand euro, versus 10,712 thousand euro at the end of September 2002. This deterioration, at a time when sales were rising, was explained in detail in the report that accompanied the half-yearly figures: it is justified by the significant change in the Euro/Dollar exchange rate during the period and, to a lesser extent, by a different mix in deliveries (with a higher proportion of machines as opposed to spares and parts). These two factors have together brought about the contraction in industrial profit. Containment of the fixed cost elements in research and development, sales and marketing, and general expenses, which remained at the same levels as last year despite a 5% increase in labor cost per head compared with 2002, partially offset the decline in industrial profit.

The balance between financial income and expenses was negative for 976 thousand euro compared with a figure of 64 thousand euro, also negative, at the end of September 2002. The variance is mainly due to exchange differences. In addition to exchange differences, financial income and expenses also include interest on loans and tax credits on the dividends received from Group companies (2,908 thousand euro in 2003 versus 2,459 thousand euro in 2002). These tax credits will be deducted from income taxes at year-end, as in 2002.

The balance between extraordinary income and expenses is positive for 1,166 thousand euro (as of September 30, 2002 it was negative for 107 thousand euro). In particular, during the quarter under review, the industrial building belonging to Libra Immobiliare S.r.l. was sold as it was vacant following the transfer of Libra P.T. S.r.l.'s operations to the new location in Calenzano. This resulted in a gain in the consolidated financial statements of 1,488 thousand euro. Income before taxes therefore came to 7,756 thousand euro, versus 10,475 thousand euro as of September 30, 2002.

Net capital invested, 193,413 thousand euro, rose by 12,811 thousand euro on the figure at the end of June 2003 (180,602 thousand euro). This includes net working capital of 99,915 thousand euro, which increased by 7,452 thousand euro mainly due to a rise in inventories needed to cope with the large number of deliveries in the fourth quarter. The drop in amounts due to suppliers is also typical of this period of the year when most of the inventories are at an advanced stage of the production process. The trend in trade receivables was positive, as they decreased by 13,341 thousand euro. The growth in tangible fixed assets since the end of June 2003, of 6,824 thousand euro mainly reflects the start-up of Libra P.T. S.r.l.'s new factory.

Net debt as of September 30, 91,416 thousand euro, has also increased since the end of June (85,772 thousand euro). This mainly reflects the booking of 8,487 thousand euro of liabilities under a lease contract stipulated by Libra P.T. S.r.l. for a plot of land and an industrial building that has been built on it.

SIGNIFICANT EVENTS AFTER THE END OF THE THIRD QUARTER

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

- In October and November, we sold all of the treasury stock held by IMA S.p.A. as of September 30, 2003, realizing a capital gain of 516 thousand euro.
- The Board of Directors of IMA S.p.A. resolved to distribute to stockholders an extraordinary dividend of 0.40 euro per share to be taken out of retained earnings, up to a maximum of 14,440 thousand euro. This proposal will be made

to the stockholders's meeting due to be held on December 5, 2003. The dividend will be paid from December 18, 2003 with the shares going ex-dividend on 15 December.

- On November 12, 2003 the entire interest held by Luxteco International S.A., a Group company, in Medinvest International S.C.A. was sold to Finanziaria Vacchi S.p.A. for 6,060 thousand euro, slightly over book value.

OUTLOOK FOR THE REST OF THE YEAR

The third-quarter results confirm the forecasts made in the half-year report. We therefore estimate that net sales for the entire year are likely to be close to what they were last year, while the impact of a weakening dollar, which has still not been offset by price adjustments in the second half of the year, while mitigated by hedging, will most probably lead to a two point decline in net operating income as a percentage of sales compared with the end of 2002.

The stronger flow of new orders that we have seen in recent months allows us to look forward with optimism to 2004, especially once the new price lists in dollars have eliminated the effects of devaluation.

CONSOLIDATED BALANCE SHEET AND STATEMENT OF INCOME
AS OF SEPTEMBER 30, 2003, SEPTEMBER 30, 2002 AND DECEMBER 31, 2002

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 SEPTEMBER 30, 2003, AT JUNE 30, 2003 AND AT DECEMBER 31, 2002 (IN THOUSANDS OF EURO)

	09.30.2003	06.30.2003	12.31.2002
Trade receivables	60,444	73,785	95,920
Inventories	139,267	134,305	114,932
Trade payables	(84,587)	(94,832)	(101,876)
Other payables, net	(15,209)	(20,795)	(24,021)
Net working capital	99,915	92,463	84,955
Intangible fixed assets	43,847	45,370	48,848
Tangible fixed assets	57,697	50,873	50,318
Equity investments	7,244	6,808	6,546
Fixed assets, net	108,788	103,051	105,712
Employee termination indemnities and other	(15,290)	(14,912)	(14,247)
Net capital invested	193,413	180,602	176,420
FINANCED BY:			
Net financial position	91,416	85,772	67,249
Minority interests	2,258	2,285	2,314
Stockholders' equity pertaining to the Group	99,739	92,545	106,857
Total sources of finance	193,413	180,602	176,420

CONSOLIDATED STATEMENT OF INCOME

FOR THE 3RD QUARTER 2003 AND FOR THE PERIOD 01/01-09/30/2003 (IN THOUSANDS OF EURO)

	3rd quarter 2003	3rd quarter 2002	from 01/01/2003 to 09/30/2003	from 01/01/2002 to 09/30/2002
A. VALUE OF PRODUCTION				
Revenues from the sale of goods and services	72,373	66,217	214,259	202,364
Change in work in progress, semifinished goods	4,054	13,658	22,891	49,813
Change in contract work-in-progress	1,625	–	3,450	–
Increase in fixed assets for internal work	37	10	208	86
Other revenues and income	561	172	1,449	943
TOTAL VALUE OF PRODUCTION (A)	78,650	80,057	242,257	253,206
B. PRODUCTION COSTS				
Raw materials, ancillary materials and consumables	25,904	30,349	87,420	102,717
Service costs	15,617	15,924	50,300	50,889
Expenses relating to the use of third party assets	1,448	1,234	4,035	3,664
Personnel	24,028	23,182	77,348	72,795
Depreciations and write-downs				
- amortization of intangible fixed assets	2,204	1,988	6,464	5,933
- depreciation of tangible fixed assets	1,651	1,471	4,970	4,844
- write-down of receivables	51	231	309	405
Total depreciations and write-downs	3,906	3,690	11,743	11,182
Change in raw materials, ancillary materials, consumables and goods for resale	563	(265)	921	(1,281)
Provision for risks and other	180	68	857	164
Other operating expenses	410	658	1,800	2,364
TOTAL PRODUCTION COSTS (B)	72,056	74,840	234,424	242,494
DIFFERENCE BETWEEN THE VALUE OF PRODUCTION AND PRODUCTION COSTS (A-B)	6,594	5,217	7,833	10,712
C. FINANCIAL INCOME AND EXPENSES				
Financial income				
- exchange difference	927	1,258	4,323	4,216
- other financial income	1,173	593	4,691	4,725
Total financial income	2,100	1,851	9,014	8,941
Expenses				
- exchange difference	1,306	1,089	5,066	3,779
- other expenses	1,588	1,730	4,924	5,226
Total expenses	2,894	2,819	9,990	9,005
TOTAL FINANCIAL INCOME AND EXPENSES (C)	(794)	(968)	(976)	(64)
D. ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	256	–	13	95
E. EXTRAORDINARY INCOME AND EXPENSES				
Income	1,533	254	1,533	254
Expenses	97	27	367	361
TOTAL EXTRAORDINARY ITEMS (E)	1,436	227	1,166	(107)
THIRD PARTY, RESULT	(183)	(81)	(280)	(161)
RESULT BEFORE TAXES	7,309	4,395	7,756	10,475

EXPLANATORY NOTES
AS OF SEPTEMBER 30, 2003

I.M.A. INDUSTRIA MACCHINE AUTOMATICHE S.P.A.
AND SUBSIDIARIES

A) ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the quarterly consolidated financial statements as of September 30, 2003, are consistent with those used in the previous quarterly and annual reports.

INTANGIBLE FIXED ASSETS

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

The amortization periods for intangible fixed assets are described below:

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

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

TANGIBLE FIXED ASSETS

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

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

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

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

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

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

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

TANGIBLE ASSETS HELD UNDER FINANCIAL LEASE

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

This provides that:

- the cost of leased assets is attributed to tangible assets and depreciated on a straight-line basis over the useful life of the assets;
- lease payments are booked in such a way as to separate the financial element from the capital component, which is considered as a liability to the lessor.

INVESTMENTS AND SECURITIES CLASSIFIED UNDER FIXED ASSETS

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

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

INVENTORIES

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

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

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

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

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

SECURITIES NOT HELD AS FIXED ASSETS

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

RECEIVABLES

Accounts receivable are stated at their estimated realizable value.

ACCRUALS AND PREPAYMENTS

Accruals and prepayments include the portion of revenues and expenses affecting two or more periods, in accordance with the accrual basis of accounting.

PROVISIONS FOR RISKS AND CHARGES

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

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

RESERVE FOR EMPLOYEE TERMINATION INDEMNITIES

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

PAYABLES

Accounts payable are stated at their nominal value.

TAXES

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

CAPITAL AND OPERATING GRANTS

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

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

REVENUE RECOGNITION

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

TRANSLATION OF FOREIGN CURRENCY BALANCES

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

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

B) CONSOLIDATION PRINCIPLES

Consolidation is carried out on a line-by-line basis. The main criteria used in applying this method are as follows:

- The book value of consolidated investments held by the parent company or by other consolidated companies is eliminated against the Group share of their equity, while booking their assets and liabilities.
- The difference between the acquisition cost of investments and the related share of stockholders' equity at the time of acquisition is allocated, where possible, to assets to reflect their current value, while the unallocated portion is booked as "Differences on consolidation" as part of intangible assets.
- Significant transactions between consolidated companies are eliminated as are the receivables and payables and any unrealized income resulting from intercompany transactions.
- Minority interests in stockholders' equity and net income are shown as separate items in the consolidated balance sheet and income statement, respectively;
- Companies acquired or sold during the period are consolidated for the period in which a majority interest was held.

C) CONSOLIDATION AREA

The quarterly report as of September 30, 2003 includes the statements of income and balance sheets of I.M.A. - Industria Macchine Automatiche S.p.A. (the Parent Company) and all the companies in which it directly or indirectly holds a controlling interest, as per art. 2359 of the Italian Civil Code, except for IMA Lanka Ltd and Kilian Verwaltung GmbH and Zibo IMA Xinhua Pharmatech Co. Ltd.

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

COMPANIES 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)	EUR	18,772,000	Parent Company	
• CO.MA.DI.S. S.p.A.	Senago (MI)	EUR	1,540,000	100%	–
• Libra P.T. S.r.l.	Ozzano E. (BO)	EUR	1,040,000	100%	–
• Ignition Team S.r.l.	Castenaso (BO)	EUR	78,000	100%	–
• Info Area S.r.l.	Ozzano E. (BO)	EUR	98,800	100%	–
• Comitec S.r.l.	Castel S. Pietro T. (BO)	EUR	52,000	100%	–
Foreign companies:					
• Luxteco International SA	Luxembourg	EUR	9,600,000	99.99%	–
• Holteco B.V.	Amsterdam (Netherlands)	EUR	920,000	100%	–
• IMA UK Ltd.	Wokingham (UK)	GBP	50,000	100%	–
• IMA North America Inc.	Bristol (USA)	USD	2,500	100%	–
• I.M.A. Est Verp. Handels GmbH	Vienna (Austria)	EUR	280,000	100%	–
• IMA Verp. GmbH	Cologne (Germany)	EUR	90,000	100%	–
• IMA France E.u.r.l.	Rueil-Malmaison (France)	EUR	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	–	82% (3)
• Tianjin IMA Machinery Co. Ltd.	Tianjin (PRC)	USD	200,000	–	53% (3)
• Imautomatiche Lda	Madeira (Portugal)	EUR	5,000	100%	–
• IMA Iberica Processing and Packaging SL	Barcelona (Spain)	EUR	590,000	100%	–
• Kilian GmbH & Co. KG	Cologne (Germany)	EUR	3,600,000	–	100% (4)

Note: (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

COMPANIES EVALUED USING THE EQUITY METHOD

	Seat		Capital stock	Directly owned	Indirectly owned
• B.C. s.r.l.	Imola (BO)	EUR	36,400	30%	–

COMPANIES EVALUED USING THE COST METHOD

	Seat		Capital stock	Directly owned	Indirectly owned
• Zibo IMA Xinhua Pharmatech Co. Ltd.	Zibo (PRC)	USD	978,000	82%	–
• IMA Lanka Ltd	Colombo (Sri Lanka)	RSL	975,000	–	100% (1)
• Kilian Verwaltung GmbH	Cologne (Germany)	EUR	25,000	–	100% (2)

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

The investment in Kilian Verwaltung GmbH is carried at cost as it is immaterial for a true and fair representation of the consolidated financial statements.

Zibo IMA Xinhua Pharmatech Co. was set up during the third quarter of 2003 and will commence operations at the end of 2003; this investment, which is held by IMA S.p.A., is carried at cost.

On 11 July 2003, IMA Lanka Ltd., held by Holteco B.V., was put in liquidation. The investment has been booked at cost less permanent losses in value. No significant unrecorded charges are expected to emerge as a result of this liquidation.

The following changes in the Group structure also took place during 2003:

- Absorption of BFB S.p.A. by IMA S.p.A., with effect from January 1, 2003.
- Liquidation of J.O.I. Pack Company Ltd.; liquidation proceedings ended in June 2003 without additional charges for the Group.
- On July 21, 2003 the Parent Company sold its 100% investment in Libra Immobiliare S.r.l. to third parties for 2,916 thousand euro. The disposal generated a capital gain at Group level of 1,488 thousand euro.
- As mentioned previously, 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 reorganization process entailed creating a new commercial company in Thailand in October 2003, IMA Pacific Co. Ltd., which will be responsible for coordinating Group sales throughout South East Asia. In addition, IMA Far East Co. Ltd. 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%.
- Liquidation of the company IMA Japan Co. Ltd.; liquidation proceedings ended on September 12, 2003 with a loss of 284 thousand euro, mainly attributable to the net result for the period.

In addition, during 2003, the directors and officers of the Group decided to merge Libra P.T. S.r.l. and Ignition Team S.r.l. with IMA S.p.A., with effect from January 1, 2004.

D) INFORMATION ON THE CONSOLIDATED BALANCE SHEET

All the information on operating performance included in this report is shown in thousands of euro.

NET CAPITAL INVESTED

NET WORKING CAPITAL

TRADE RECEIVABLES

	09.30.2003	12.31.2002
Trade receivables	60,444	95,920

The decrease of 35,476 thousand euro is due to more rapid collection of trade receivables during the period, reflecting the effectiveness of the credit policy that the Group has been pursuing with the help of special equipment and greater awareness on the part of the entire sales network.

INVENTORIES

	09.30.2003	12.31.2002
Inventories	139,267	114,932

The increase of 24,335 thousand Euro is the result of completing machinery that will be delivered to customers during the fourth quarter of the year. This reflects the concentration of deliveries around year-end typifying the sector in which the Group operates.

TRADE PAYABLES

	09.30.2003	12.31.2002
Trade payables	84,587	101,876

The decrease during the period, 17,289 thousand euro, is principally due to the payment of capital expenditure made at the end of the previous year and, to a lesser extent, to lower purchases during the quarter given the high level of closing inventories at December 31, 2002.

OTHER PAYABLES, NET

	09.30.2003	12.31.2002
Other payables, net	15,209	24,021

The decrease, 8,812 thousand euro, refers mainly to higher IRPEG and IRAP credits for advance payments made during the period and tax credits on dividends.

FIXED ASSETS, NETINTANGIBLE FIXED ASSETS

	09.30.2003	12.31.2002
Intangible fixed assets	43,847	48,848

The decrease in this item, 5,001 thousand euro, is mainly attributable to the amortization charge for the period.

TANGIBLE FIXED ASSETS

	09.30.2003	12.31.2002
Tangible fixed assets	57,697	50,318

The change in this balance reflects increases during the period, net of depreciation (4,970 thousand euro) and disposals (676 thousand euro).

In particular, during 2002 Libra P.T. S.r.l. stipulated a lease contract for a plot of land and the industrial building that has been built on it. The lease contract will last eight years and gives Libra an option to purchase the building at the end of the lease. Additions to tangible fixed assets during the period include 9,748 thousand euro, net of depreciation, for the building that was handed over in August 2003 when the lease instalments commenced.

The other capital investments made during the period mainly refer to the construction of the new service center in Via 1 Maggio, the extension to the building in Via Emilia 428/442, both in Ozzano (Bologna), and the extension to the building

in Via Romagnoli 2, Bentivoglio (Bologna), owned by the Parent Company. These are booked as assets under construction and advances.

Total capital expenditure amounted to 14,519 thousand euro.

EQUITY INVESTMENTS

	09.30.2003	12.31.2002
Equity investments	7,244	6,546

The increase in this item is mainly attributable to the incorporation of Zibo IMA Xinhua Pharmatech Co. during the third quarter of 2003; the investment in this company, which is held by the Parent Company, has been valued at cost, as already mentioned in the section on the consolidation area.

This item also includes 6,052 thousand euro for the investment in Medinvest International S.A. held by Luxteco International S.A., a Group company.

TOTAL SOURCES OF FINANCE

NET FINANCIAL POSITION

	09.30.2003	06.30.2003	12.31.2002	09.30.2002
Net debt	91,416	85,772	67,249	86,860
Including:				
• Liquid funds and current financial assets	(28,719)	(45,828)	(48,725)	(37,315)
• Other long-term securities	(3,774)	(3,526)	(3,621)	(3,781)
• Short-term financial payables	70,182	86,506	68,347	66,805
• M/L-T financial payables	53,727	48,620	51,248	61,151

For a correct analysis of net debt as of september 30, 2003 it is worth noting that the total includes payables to other providers of finance of 8,487 thousand euro relating to the lease contract stipulated by Libra P.T. S.r.l. for the lease of a plot of land and an industrial building built on it, which was handed over in August 2003.

Excluding this additional item, net debt decreased by 3,931 thousand euro compared with the same period last year, which confirms the effectiveness of the measures taken to reduce working capital.

The negative variance compared with December 31, 2002 is mainly attributable to the dividends paid during the first six months and the higher value of inventories needed to cope with the many deliveries planned for later in the year, as well as the significant property investments made during the period.

We expect the Group's financial position to improve considerably during the fourth quarter thanks to normal business flows, as generally took place in previous years.

STOCKHOLDERS' EQUITY PERTAINING TO THE GROUP

The change in stockholders' equity is due to dividends paid (14,119 thousand euro), to the result for the period and translation differences.

E) INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

REMARKS ON KEY COMPONENTS OF THE STATEMENT OF INCOME

VALUE OF PRODUCTION

REVENUES FROM SALES AND SERVICES

Revenues from sales and services earned as of September 30, 2003 by the IMA Group can be broken down by geographic area and line of business as follows (in thousands of euro):

Revenues by geographic area

	from 01/01/03 to 09/30/03	from 01/01/02 to 09/30/02
E.U. (excluding Italy)	87,819	82,953
Other European countries	21,124	17,289
North America	50,429	45,681
Asia	21,490	23,252
Other countries	16,460	14,929
Total foreign markets	197,322	184,104
Italy	16,937	18,260
Total	214,259	202,364

Revenues by line of business

	from 01/01/03 to 09/30/03	from 01/01/02 to 09/30/02
Machines and change parts	160,329	144,783
Spare parts	32,068	36,231
Technical assistance	13,153	13,814
Other services	8,709	7,536
Total	214,259	202,364

FINANCIAL INCOME AND EXPENSES

FINANCIAL INCOME

Other financial income includes 2,908 thousand euro in tax credits on dividends collected by Group companies (2,459 thousand euro in 2002), as mentioned earlier in the Report on operations. These tax credits will be deducted from income taxes at year-end, as in 2002.

EXTRAORDINARY INCOME AND EXPENSES

INCOME

This item includes a gain of 1,488 thousand euro generated by the sale to third parties of the building owned by Libra Immobiliare S.r.l., a wholly-owned subsidiary of the Parent Company, as mentioned in the section on the consolidation area.

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.

F) INFORMATION ON THE PARENT COMPANY

The Parent Company made result before taxes of 14,008 thousand euro and ends the period with stockholders' equity of 84,958 thousand euro.