

QUARTERLY REPORT FOR THE FOURTH QUARTER OF 2001

I.M.A. INDUSTRIA MACCHINE AUTOMATICHE S.P.A. HEAD OFFICE: OZZANO DELL'EMILIA (ITALY)
CAPITAL STOCK FULLY PAID IN: EURO 18,772,000 - BOLOGNA COMPANIES REGISTER NO. 00307140376

GROUP COMPANIES BY BUSINESS ACTIVITY

MANUFACTURING ACTIVITIES

**I.M.A.
Industria Macchine
Automatiche S.p.A.**
Ozzano dell'Emilia
Bologna (Italy)

BFB S.p.A.
Bentivoglio
Bologna (Italy)

Libra s.r.l.
Ozzano dell'Emilia
Bologna (Italy)

CO.MA.DI.S. S.p.A.
Milan (Italy)

B.C. s.r.l.
Imola – Bologna (Italy)

Kilian GmbH & Co. KG
Cologne (Germany)

Precision Gears Pvt Ltd.
Bombay (India)

Precision Gears Pvt Ltd.
Indore (India)

**Zibo IMA
Xinhua Machinery
Manufacturing Co. Ltd.**
Zibo (PRC)

**Tianjin IMA
Machinery Co. Ltd.**
Tianjin (PRC)

J.O.I. PACK Co. Ltd
Saitama (Japan)

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)

Kilian & Co. Inc.
Horsham (USA)

Value Machinery Inc.
Trenton (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)

FINANCIAL ACTIVITIES

Luxteco International S.A.
Luxembourg

HOLTECO B.V.
Amsterdam (Holland)

GROUP STRUCTURE

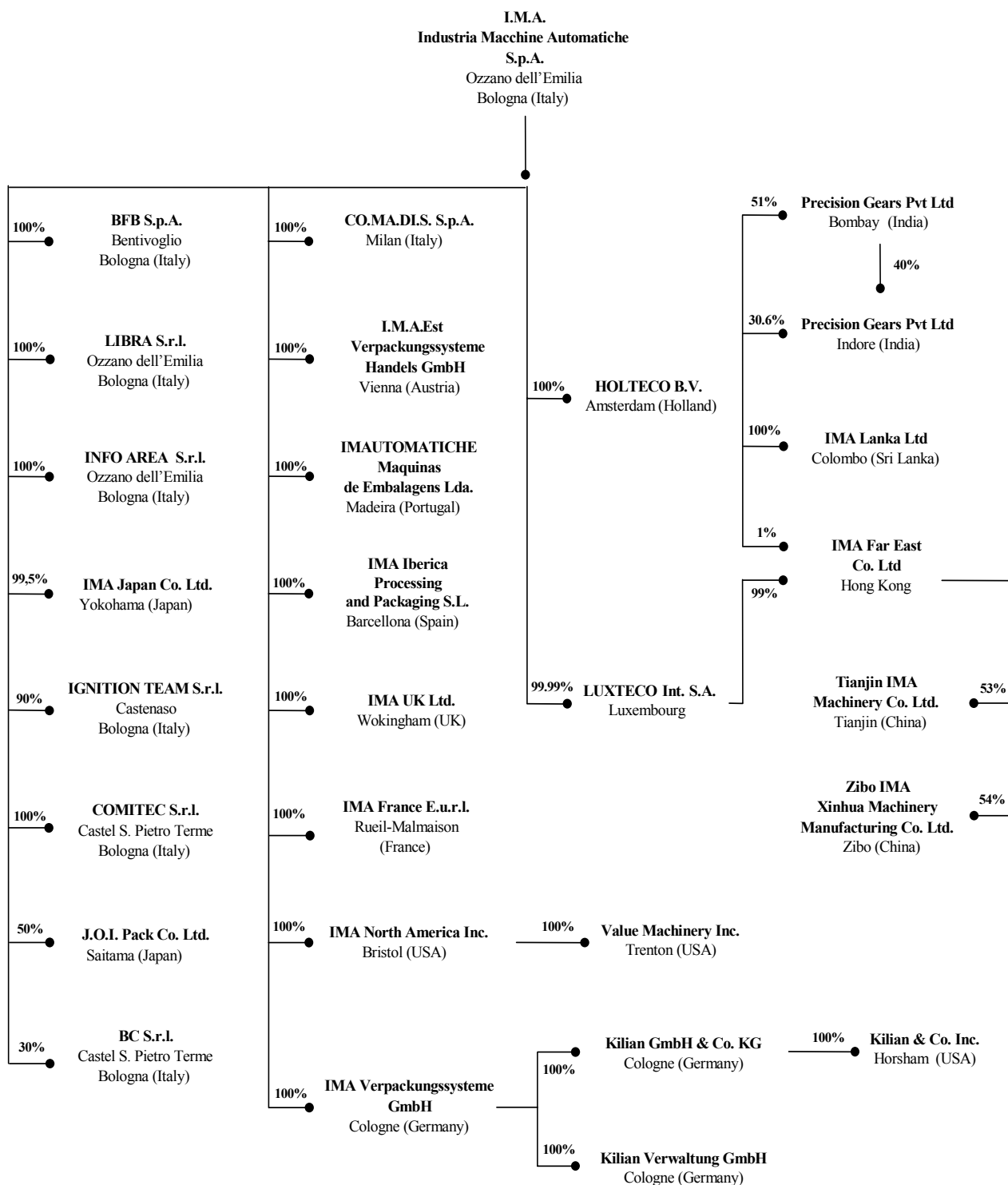


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INTRODUCTION

This report was approved by the Board of Directors on February 14, 2002.

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

REPORT ON OPERATIONS
AS OF DECEMBER 31, 2001

COMPANY OFFICERS

(IN ACCORDANCE WITH CONSOB RECOMMENDATION NO. 97001574 OF FEBRUARY 20, 1997)

BOARD OF DIRECTORS

(IN OFFICE UNTIL APPROVAL OF THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2002)

CHAIRMAN

Marco Vacchi

Powers: legal representation and signature powers in accordance with article 22 of the Articles of Association;

Delegated powers: ordinary administration of the Company, including banking operations up to and including a maximum of Euro 5,164,569 (five million one hundred sixty-four thousand five hundred sixty-nine) except for the renewal of credit lines already granted to the Company that are freely renewable without any limit. *Delegation and appointment of special representatives for particular purposes.*

MANAGING DIRECTOR

Alberto Vacchi

Delegated powers: ordinary administration of the Company, including banking operations up to and including a maximum of Euro 5,164,569 (five million one hundred sixty-four thousand five hundred sixty-nine) except for the renewal of credit lines already granted to the Company that are freely renewable without any limit. *Delegation and appointment of special representatives for particular purposes.*

DIRECTORS

Andrea Malagoli, Italo Giorgio Minguzzi, Paolo Opromolla, Luca Poggi, Maria Carla Schiavina, Gianluca Vacchi, Stefano Visentini, Romano Volta.

EXECUTIVE COMMITTEE

(IN OFFICE UNTIL APPROVAL OF THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2002)

The Executive Committee has powers of extraordinary administration provided they are not reserved to the Board of Directors by law and by the board resolution of October 13, 2000.

This resolution states that the Board of Directors has exclusive authority:

- to approve 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 5,164,569 (five million one hundred and sixty-four thousand, five hundred and sixty-nine), except for the renewal of credit lines already granted to the Company, which can be delegated;
- to approve the Company's strategic, business and financial plans and any decision relating to the Group structure;
- to approve any related party transactions.

The Executive Committee can delegate and appoint special representatives for particular purposes.

CHAIRMAN

Marco Vacchi

MEMBERS

Andrea Malagoli, Paolo Opromolla, Luca Poggi, Alberto Vacchi, Stefano Visentini.

BOARD OF STATUTORY AUDITORS

(IN OFFICE UNTIL APPROVAL OF THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2003)

AUDITORS

Giorgio Comini Chairman - Auditor, Amedeo Cazzola - Auditor, Piero Aicardi - Auditor

ALTERNATE AUDITORS

Luigi Ghermandi - Auditor, Emanuele Gnugnoli - Auditor

REPORT ON OPERATIONS

GENERAL PERFORMANCE

The positive trend in demand from the pharmaceutical industry for machinery and equipment continued in fourth quarter 2001, driven by ongoing steady growth in the sale of drugs, which rose by more than 11% during the period under review compared with the equivalent period last year. But this trend is also related to the recent need on the part of many companies to update their equipment to the stricter regulations issued by the government. The flow of new orders to our Group has correspondingly remained very high, helped by the immense interest shown by all our customers in the latest products that we have launched. This is a very encouraging result, which allows us to aim with great determination for an increase in our market shares. This positive trend in demand has involved all of our main markets. At the same time, we are very pleased to note that certain emerging nations, such as China and Russia, where we have been investing considerably in recent years, are now launching important projects to modernize their pharmaceutical industries, well aware of the fact that any policy of social progress cannot do without an up-to-date and advanced policy of public health.

The demand for tea-bagging machines, on the other hand, has been rather more in decline, even though orders to our Group have stayed at much the same level as last year, to the detriment of our competitors who have shown very little talent for innovation.

KEY FIGURES

In the three-month period from October to December 2001, revenues from sales, including changes in contract work-in-progress, totalled Euro 149,222 thousand, rising by 11% on the same period last year (Euro 134,407 thousand), representing around 44.5% of the annual total (in 2000 they represented 45.7% of the annual total) and confirming our sector's typically seasonal trend.

Key figures for the period are as follows, on a comparative basis with 2000:

Thousands of Euro	2001	2000	%Change
• Total sales net of change in contract work in progress	335,689	293,996	14.2
• Net operating income before amortization of goodwill and consolidation differences <i>% of total sales</i>	49,378 <i>14.7%</i>	36,194 <i>12.3%</i>	36.4
• Amortization of goodwill and consolidation differences	(4,505)	(3,273)	
• Net operating income (A-B) <i>% of total sales</i>	44,873 <i>13.3%</i>	32,921 <i>11.2%</i>	36.3

On an annualized basis, net sales revenues amount to Euro 335,689 thousand, 14.2% up on 2000. This is a very substantial level of growth, largely organic, and mainly involving the pharmaceutical industry. The contribution made by the new acquisitions, CO.MA.D.I.S., which has been consolidated since May, and GS, which last year was consolidated from June, amounts to Euro 7,333 thousand, so based on the same consolidation area, growth came to 11.7%.

This 14.2% growth in sales led to a 36.3% increase in Net operating income, coming in at Euro 44,873 thousand compared with Euro 32,921 thousand at the end of 2000. As a percentage of sales, the Net operating income went from 11.2% in 2000 to 13.3% in 2001. And this was after charging amortization on goodwill of Euro 4,505 thousand (3,273 in 2000) and risk provisions for Euro 2,809 thousand (1,635 in 2000). This sharp improvement in the Group's results was made possible, on the one hand, by the speed and incisiveness with which the companies acquired in 2000 (Kilian and GS) were integrated, enabling us to take full advantage of the expected synergies; and, on the other, by the fact that fixed costs grew less rapidly than sales.

The order backlog at the end of 2001 came to Euro 156,543 thousand, 11% up on the equivalent figure at the end of 2000. It should also be said that the considerable backlog of machines for the pharmaceutical industry is showing a far better mix than at the beginning of 2001, with a strong concentration of order for the blisters and sterile lines, which feature considerably higher through-put times than other kinds of products, which should permit deliveries to be spread more evenly over the year.

Net financial indebtedness as of December 31, 2001 amounts to 75.1 million Euro (72 million Euro as of December 31, 2000) after investments of 36.3 million Euro, of which 18.6 for acquisitions.

OUTLOOK FOR THE CURRENT YEAR

As mentioned above, the excellent level of the order book and the fact that the inflow of new orders in the first few weeks of 2002 also remained high, together with a substantial volume of business currently being negotiated with both the pharmaceutical and cosmetics industry and the tea industry, enable us to forecast strong growth in sales this year as well, further reinforcing the leadership position that our Group holds in the various sectors in which we operate. We also have reason to believe that the important results achieved in 2001 will not have exhausted all of the room for improvement in profitability, also relevant to the benefit from the hefty investments that we have made in recent years in terms of new product development.

CONSOLIDATED FINANCIAL POSITION AND STATEMENT OF INCOME
AS OF DECEMBER 31, 2001

CONSOLIDATED FINANCIAL POSITION

AS OF DECEMBER 31, 2001

(in thousands of Euro)	12/31/2001	09/30/2001	12/31/2000
• Liquid funds	(75,441)	(36,578)	(61,771)
• Short-term payables	87,866	74,301	67,265
• Medium/long-term payables	62,715	68,113	66,503
Net deb	75,140	105,836	71,997

CONSOLIDATED STATEMENT OF INCOME

FOR THE 4TH QUARTER OF 2001 AND FOR THE PERIOD 01/01-12/31/2001

(in thousands of Euro)

STATEMENT OF INCOME	4th quarter 2001	4th quarter 2000	01/01/01 12/31/2001	01/01/00 12/31/2000
A. VALUE OF PRODUCTION				
- Revenues from the sale of goods and services	151,329	138,480	342,200	294,858
- Change in work in progress, semifinished and finished goods	(26,692)	(21,669)	11,311	3,081
- Change in contract work in progress	(2,107)	(4,073)	(6,511)	(862)
- Increase in fixed assets for internal work	1,327	831	1,504	1,248
- Other revenues and income	1,467	385	2,853	1,907
TOTAL VALUE OF PRODUCTION (A)	125,324	113,954	351,357	300,232
B. PRODUCTION COSTS				
- Raw, ancillary and consumable materials	30,490	28,646	118,012	96,562
- Services	22,337	20,929	70,925	62,027
- Expenses related to the use of third party assets	1,272	1,058	4,593	4,143
- Personnel	24,718	24,113	91,194	82,293
- Depreciation, amortization and write-downs				
amortization of intangible fixed assets	2,260	1,771	7,434	5,971
depreciation of tangible fixed assets	1,970	2,009	7,008	6,764
write-down of receivables included in current assets	328	175	681	1,011
<i>Total depreciation, amortization and write-downs</i>	4,558	3,955	15,123	13,746
- Change in inventory of raw materials ancillary and consumable materials and goods for resale	532	2,345	(197)	1,070
- Provisions for risks and other	2,534	1,351	2,809	1,635
- Other operating expenses	438	1,329	4,025	5,835
TOTAL PRODUCTION COSTS (B)	86,879	83,726	306,484	267,311
DIFFERENCE BETWEEN THE VALUE AND COSTS OF PRODUCTION (A-B)	38,445	30,228	44,873	32,921
C. FINANCIAL INCOME AND EXPENSES	(2,148)	(780)	(6,476)	(4,313)
D. ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(69)	(154)	(14)	91
E. EXTRAORDINARY INCOME AND EXPENSES	747	-	214	-
RESULT BEFORE INCOME TAXES AND INCOME PERTAINING TO MINORITY INTERESTS	36,975	29,294	38,597	28,699

EXPLANATORY NOTES
AS OF DECEMBER 31, 2001

A) ACCOUNTING POLICIES

The more significant accounting principles used in preparing the quarterly consolidated financial statements as of December 31, 2001, are consistent with those used in the previous quarterly and annual reports.

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, net of any tax effects.

C) CONSOLIDATION AREA

The financial statements as of December 31, 2001 include the figures 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, as they are not significant for the consolidated financial statements to give a true and fair view.

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

COMPANIES CONSOLIDATED USING THE LINE-BY-LINE METHOD

	Head office	Directly owned	Indirectly owned
<i>Italian companies</i>			
• IMA S.p.A.	Ozzano dell'Emilia (BO)	Parent Company	-
• CO.MA.D.I.S. S.p.A.	Milan (MI)	100%	-
• Libra P.T. S.r.l.	Ozzano dell'Emilia (BO)	100%	-
• BFB S.p.A.	Bentivoglio (BO)	100%	-
• Ignition Team S.r.l.	Castenaso (BO)	90%	-
• Info area S.r.l.	Ozzano dell'Emilia (BO)	100%	-
• Comitec S.r.l.	Castel S. Pietro Terme (BO)	100%	-
<i>Foreign companies</i>			
• Luxteco International SA	Luxembourg	99.99%	-
• Holteco B.V.	Amsterdam (NL)	100%	-
• IMA UK Ltd.	Wokingham (GB)	100%	-
• IMA North America Inc.	Bristol (USA)	100%	-
• I.M.A. Est Verp. Handels GmbH	Vienna (A)	100%	-
• IMA Verp. GmbH	Cologne (D)	100%	-
• IMA France E.u.r.l.	Rueil-Malmaison (F)	100%	-
• Precision Gears Pvt. Ltd.	Bombay (India)	-	51% (1)
• Precision Gears (Indore) Pvt. Ltd.	Indore (India)	-	51% (2)
• IMA Far East Co Ltd	Hong Kong	-	100% (4)
• Zibo IMA Xinuha Machinery Manufacturing Co. Ltd	Zibo (PRC)	-	54% (3)
• Tianjin IMA Machinery Co. Ltd	Tianjin (PRC)	-	53% (3)
• Imautomatiche Lda	Madeira (P)	100%	-
• IMA Iberica Proces. and Packaging SL	Barcelona (S)	100%	-
• Kilian GmbH. & Co. KG	Cologne (D)	-	100% (5)
• Kilian & Co.Inc.	Horsham (USA)	-	100% (6)
• IMA Japan Co. Ltd.	Yokohama (J)	99.50%	-
• Value Machinery Inc.	Trenton (USA)	-	100% (7)

COMPANIES VALUED USING THE EQUITY METHOD

	Head office	Directly owned	Indirectly owned
• J.O.I. Pack Company Ltd.	Saitama (Japan)	50%	-
• B.C. S.r.l.	Imola - Bologna (I)	30%	-

Notes (list of indirect equity investments):

- (1) Held by Holteco B.V.
- (2) 30.6% held by Holteco B.V. and for the rest by Precision Gears Pvt. Ltd.
- (3) Held by IMA Far East Co. Ltd
- (4) Held by Luxteco Int. S.A. and Holteco B.V.
- (5) Held by IMA Verpackungssysteme GmbH
- (6) Held by Kilian GmbH & Co. KG
- (7) Held by IMA North America Inc.

On January 8, 2001, IMA S.p.A. absorbed GS Coating System S.r.l. and Soteco Italia S.r.l. with effect for accounting and tax purposes from January 1, 2001.

Kilian Verwaltung GmbH and IMA Lanka Ltd have been valued at cost as their figures are not significant for the consolidated financial statements to give a true and fair view. The book value of these subsidiaries does not differ substantially from their net equity. IMA Lanka Ltd was set up by the subsidiary, Holteco B.V., in Sri Lanka, to provide local servicing of tea sector machinery. Kilian Verwaltung GmbH was set up to provide general and administrative services to Group companies based in Germany.

The main changes in the consolidation area compared with last year are the following:

- IMA Japan Co. Ltd and IMA Iberica SL. have entered the consolidation area. These companies were set up at the end of last year and became operational in the early months of 2001. In the financial statements ended December 31, 2000, they were valued at cost.
- COMIS S.r.l. was set up on March 30, 2001. On April 30, 2001, the company acquired from CO.MA.DI.S S.p.A. its line of business involved in the construction of tube-filling machines for the pharmaceutical, cosmetics, chemical and food industries and changed its name to CO.MA.DI.S. S.p.A.
- Acquisition of the remaining 48% of COMITEC S.r.l., a technical design company, giving rise to a consolidation difference of Euro 1,517 thousand.

D) OTHER INFORMATION

EURO

The Group introduced and began using the single European currency in October 2001; therefore, all the information on operating performance included in this report are shown in thousands of Euro. For consistency, all comparative figures have been converted into Euro.

EXPLANATION ADDED FOR TRANSLATION INTO ENGLISH

The consolidated financial position have been translated into English from the original version in Italian. They have been prepared in accordance with the Italian law on consolidated financial statements, interpreted and integrated by the accounting principles established by the Italian Accounting Profession. Certain accounting practices applied by the Group that comply with generally accepted accounting principles in Italy may not comply with generally accepted accounting principles in other countries.

E) INFORMATION ON THE CONSOLIDATED NET FINANCIAL POSITION

The Group net financial indebtedness as at 12.31.2001 totals Euro 75,140 thousand, substantially in line with the previous year (12.31.2000: Euro 71,997 thousand). This result is particularly significant considering that Euro 18,562 thousand was paid out during 2001 to acquire equity investments and businesses. In detail:

- | | |
|--------------------------------------|-------|
| • Acquisition of Comadis | 7,867 |
| • Acquisition of the ICO business | 4,732 |
| • Total acquisition of Medinvest Sca | 4,499 |
| • Other acquisitions | 1,464 |

The Group has shown yet again that it has the ability to generate the necessary cash to finance its growth, without penalizing capital investment, helped by careful management of working capital.