

ITALMOBILIARE

1999 Annual Report



1999 Annual Report

ITALMOBILIARE

Società per Azioni

Head Office: via Borgonuovo, 20
20121 Milan, Italy

Share capital Lire 192,628,725,000
Milan Companies Register no 54377



Directors and officers

■ BOARD OF DIRECTORS

Giampiero Pesenti	* • Chairman - Managing Director
Giovanni Giavazzi	* Vice chairman
Mario Ardito	
Italo Lucchini	*
Giorgio Perolari	•
Carlo Pesenti	
Franz Schmitz	•
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Graziano Molinari	** Secretary to the board

■ BOARD OF STATUTORY AUDITORS

Acting auditors

Luigi Guatri	Chairman
Claudio De Re	
Paolo Marchi	

Substitute auditors

Dino Fumagalli	
Eugenio Mercurio	
Pietro Curcio	

KPMG S.p.A.	Independent auditors
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* Member of the Executive Committee

** Secretary to the Executive Committee

• Member of the Remuneration Fixing Committee



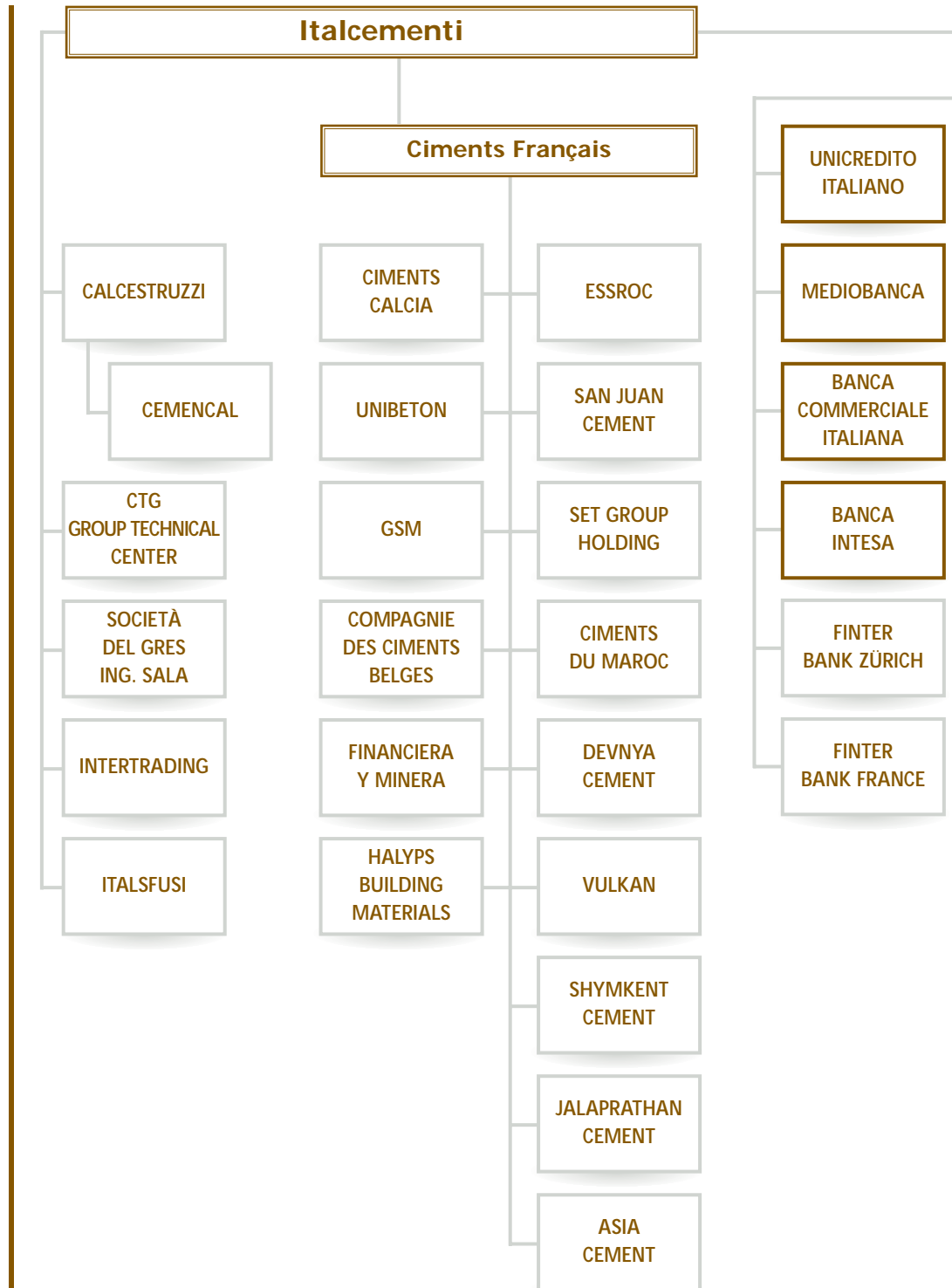
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Format of the annual report

This annual report has been prepared in an international format and in English for the convenience of international readers. It is based on Italmobiliare Group's consolidated financial statements prepared in Italian for statutory purposes in accordance with Legislative Decree no 127/1991. Copies of the Italian accounts are available on request from the company's head office in Via Borgonuovo 20, 20121 Milan, Italy. Unless stated otherwise, all financial figures in this report refer to Italmobiliare Group, year end balances are as at 31 December 1999 and comparative figures for the prior year are as at 31 December 1998. All references to Italmobiliare are understood to mean Italmobiliare Group (Italmobiliare Società per Azioni and its consolidated subsidiaries).

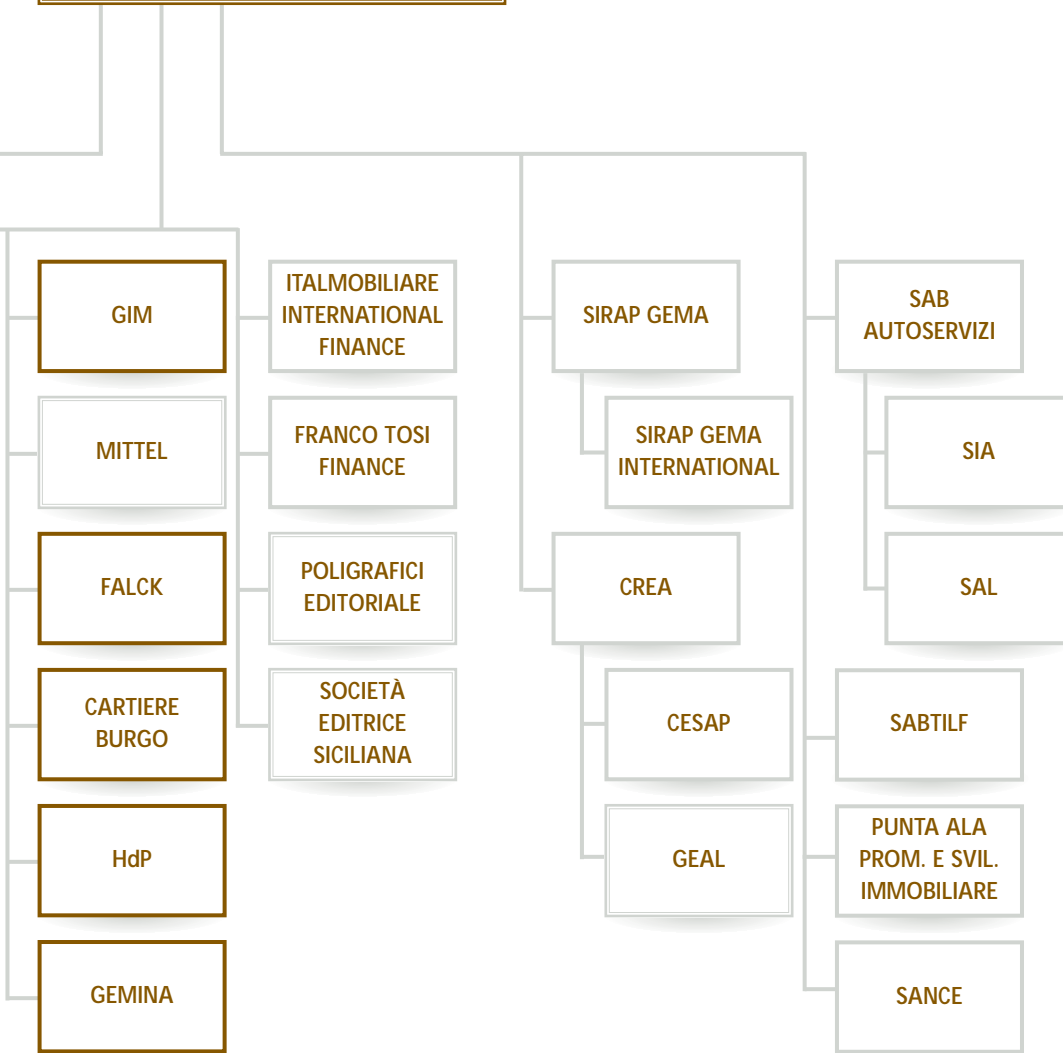


ITALMOBILIARE GROUP





ITALMOBILIARE



SUBSIDIARIES

ASSOCIATED COMPANIES

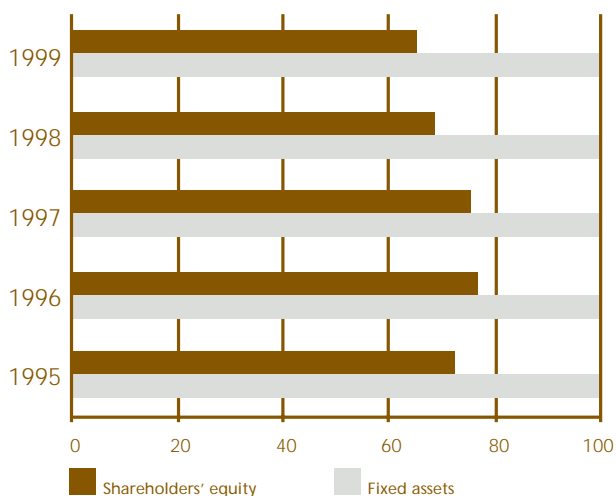
OTHER



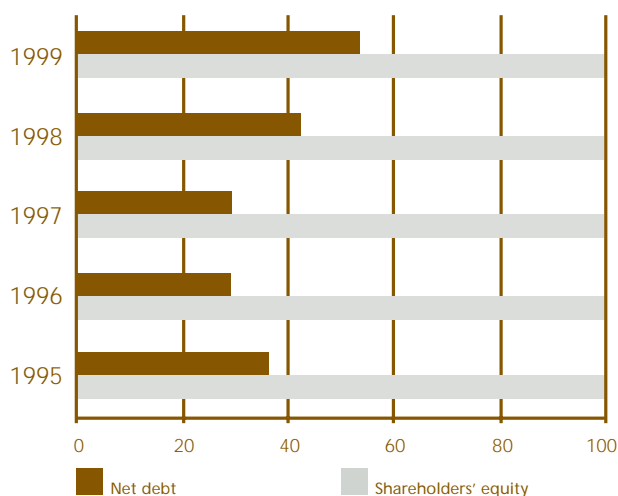
Group financial highlights

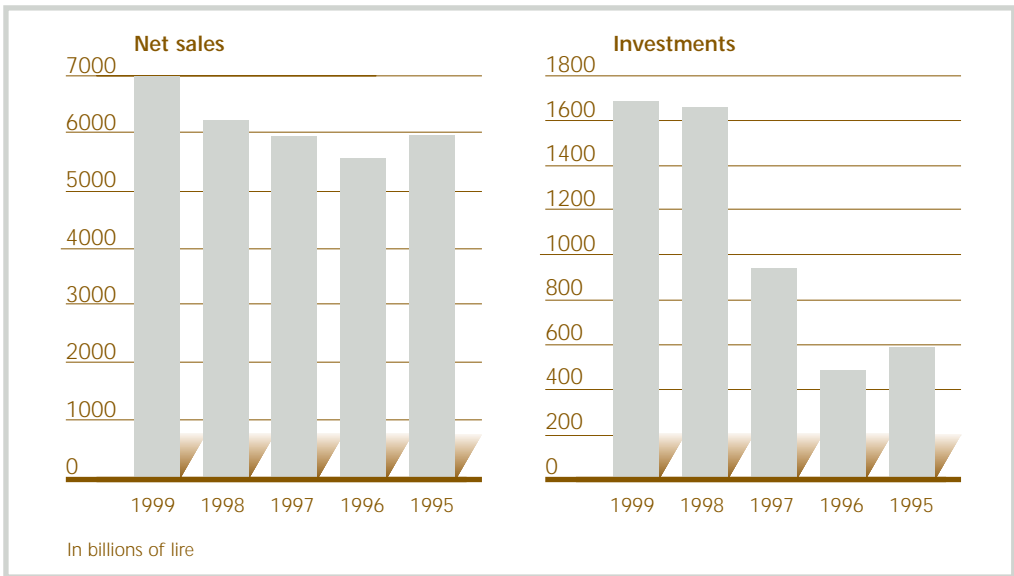
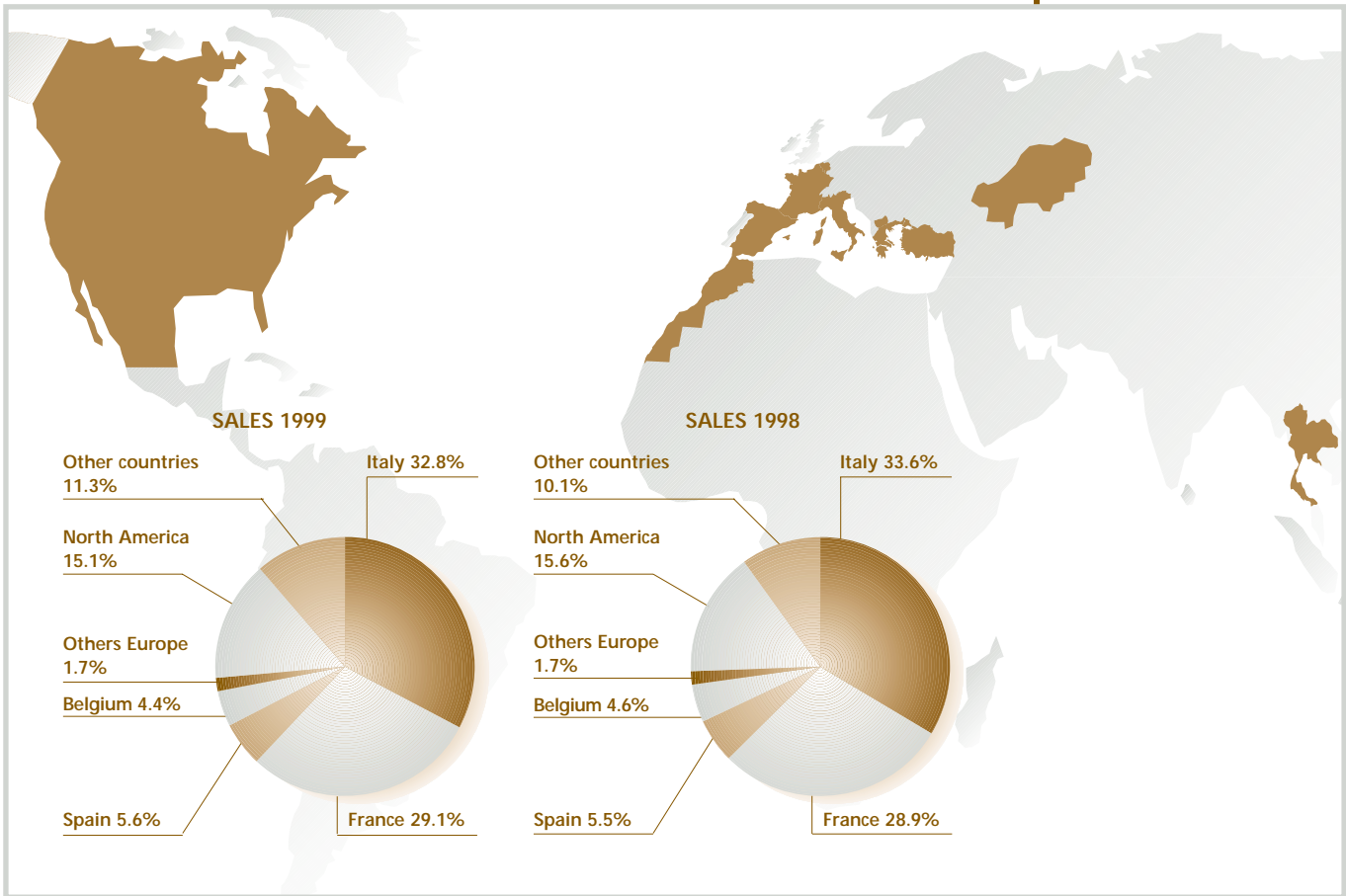
(in millions of euro)		(in billions of lire)			
1999		1999	1998	1997	1996
3,609.2	Net sales	6,988.5	6,214.3	5,936.2	5,542.2
861.0	Gross operating profit	1,667.2	1,426.3	1,273.9	1,115.4
356.3	Amortization and depreciation	689.8	653.0	636.9	625.5
	Operating income (difference between net sales and other operating income and operating costs)	977.4	773.2	637.0	489.9
7.0	Non recurring income and charges, net	13.6	(67.0)	(50.8)	(44.5)
261.1	Total net income (loss)	505.6	381.3	251.9	130.2
90.1	Net income (loss) of the Group	174.5	176.8	69.4	39.7
	Cash flow (income + amortization and depreciation)	1,195.4	1,034.3	888.8	755.7
869.7	Investments	1,684.0	1,622.9	943.8	493.1
3,267.4	Total shareholders' equity	6,326.6	5,621.8	5,969.1	6,051.2
1,260.4	Shareholders' equity of the Group	2,440.4	2,230.0	2,035.3	1,817.5
(1,749.6)	Net debt	(3,387.7)	(2,382.9)	(1,749.2)	(1,760.5)
	Net financial position/ shareholders' equity	-53.5%	-42.4%	-29.3%	-29.1%
32.71	Shareholders' equity per share (in lire)	63,345	63,077	61,841	57,257
	Dividend per share:				
0.72	ordinary (in lire)	1,400	1,300	1,000	600
0.80	savings (in lire)	1,550	1,450	1,150	750
	Employees (no)	20,519	16,897	17,304	17,418

Shareholders' equity/Fixed assets



Gearing - Net debt/Shareholders' equity





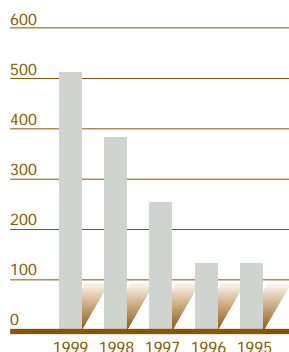
Consolidated financial statements





Directors' report

Total net results
(including minority interests)
In billions of lire



The Group performance was marked by a significant improvement in the results of both Italcementi Group, the main subsidiary of Italmobiliare, and other subsidiaries and associated companies. Consequently, the net income of the Group is in line with the previous year, which had benefited from substantial capital gains on the sale of investments made by the holding company Italmobiliare for Lire 155 billion against Lire 6 billion in 1999.

The main 1999 figures are shown below compared to 1998 (in brackets):

- **Net sales** Lire 6,988 billion (Lire 6,214 billion);
- **Amortization and depreciation** Lire 690 billion (Lire 653 billion);
- **Operating income** Lire 977 billion (Lire 773 billion);
- **Financial income and charges, net** have a negative balance of Lire 97 billion (Lire 6 billion);
- **Adjustments to the value of financial assets and non-recurring net charges** have a negative balance of Lire 3 billion (Lire 80 billion);
- **Taxes** Lire 379 billion (Lire 305 billion);
- **Total net income** Lire 506 billion (Lire 381 billion);
- **Net income of the Group** Lire 175 billion (Lire 177 billion);
- **Cash flow** Lire 1,195 billion (Lire 1,034 billion);
- **Net debt** Lire 3,388 billion (Lire 2,383 billion);
- **Total shareholders' equity** Lire 6,327 billion (Lire 5,622 billion);
- **Shareholders' equity of the Group** Lire 2,440 billion (Lire 2,230 billion).

Group results

In 1999, the Group's activities may be summarized as follows:

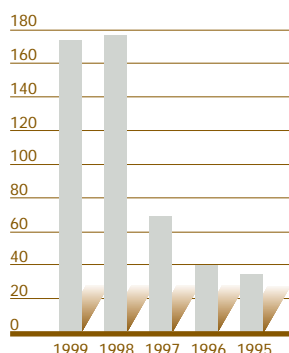
- the Italcementi Group showed total net income of Lire 417 billion (+ 68% compared to 1998). The net income of the Group was Lire 266 billion, compared to Lire 137 billion in 1998 (+95%).

Total net sales amounted to Lire 6,596 billion (+12.9%), thanks to the positive performance of the main markets in which the Group operates, as well as further improvements in the operation and the contribution of the newly acquired companies.

In 1999, the Group continued its policy of international expansion and made significant acquisitions in Bulgaria, Morocco and Thailand, countries with a high growth potential (for a total of Lire 730 billion);

- Italmobiliare, through its financial companies, made the following investments: acquisitions of 3.41% of Compart for Lire 150 billion, additional investment in Banca Commerciale Italiana (0.51%) for Lire 133 billion (previous investment 0.48%), acquisition of 10% of Sesaab for Lire 18 billion (L'Eco di Bergamo and La Provincia publishing house);

Group net results
In billions of lire





- the other business areas' results are as follows:
 - Sirap Gema group (food packaging and thermal isolation): consolidated net income of Lire 11.3 billion (+64%), net sales of Lire 199 billion (+4.7%);
 - SAB group (public transport): consolidated net income of Lire 7.3 billion (+10.6%), total net sales of Lire 152.6 billion (+0.7%);
 - Crea group (water and natural gas distribution): consolidated net income of Lire 0.6 billion, net sales of Lire 120.8 billion (+12%): at the beginning of 2000, the company entered a significant agreement with the Bouygues-Saur group, which will be discussed later on.
- the assets managed by Finter Bank Zürich (private banking sector) increased to approximately Sfr 5 billion achieving a net income of Sfr 16.8 million (compared to Sfr 16 million in 1998).

Key consolidated figures

	(in millions of euro)		(in billions of lire)	
	1999	1998	1999	1998
Net sales	3,609.2	3,209.4	6,988.5	6,214.3
Value added	1,593.8	1,428.6	3,086.0	2,766.1
Gross operating profit	861.0	736.6	1,667.2	1,426.3
<i>as a % of net sales</i>	<i>23.9</i>	<i>23.0</i>	<i>23.9</i>	<i>23.0</i>
Amortization and depreciation	356.3	337.2	689.8	653.0
Operating income	504.8	399.3	977.4	773.2
<i>(difference between net sales and other operating income and operating costs)</i>				
<i>as a % of net sales</i>	<i>14.0</i>	<i>12.4</i>	<i>14.0</i>	<i>12.4</i>
Financial income and charges	(49.8)	(3.3)	(96.5)	(6.3)
Adjustments to the value of financial assets and non-recurring items	1.8	(41.5)	3.4	(80.3)
Income before taxes	456.7	354.6	884.2	686.6
Total net income (loss)	261.1	196.9	505.6	381.3
Minority interests	(170.9)	(105.6)	(331.0)	(204.5)
Net income of the Group	90.1	91.3	174.5	176.8
Total shareholders' equity	3,267.4	2,903.4	6,326.6	5,621.8
Shareholders' equity of the Group	1,260.4	1,151.7	2,440.4	2,230.0
Net debt	(1,749.6)	(1,230.7)	(3,387.7)	(2,382.9)
Investments	869.7	838.2	1,684.0	1,622.9
Cash flow (income + amortization and depreciation)	617.4	534.2	1,195.4	1,034.3

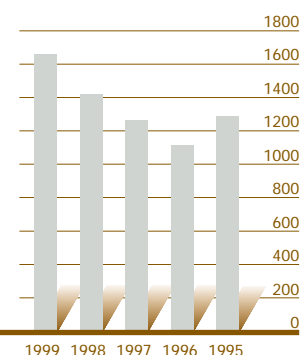
Net sales

The consolidated net sales increase of 12.5% with respect to 1998 is due to:

- the positive evolution in markets in which the Group operates for 7.1%;
- the changes in the consolidation area (in particular in the construction materials sector) for 4.4%;
- movements in exchange rates for 1%.

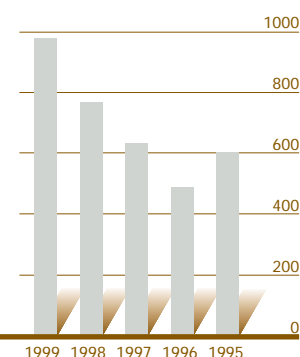
Consolidated gross operating profit

In billions of lire



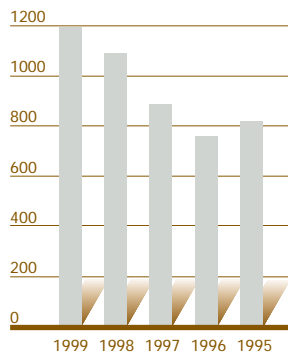
Consolidated operating result

In billions of lire





Consolidated cash flow
In billions of lire



Group net sales outside Italy amounted to 67.2% of the total, an increase of 66.4% compared to 1998 due to the consolidation of the activities of the construction materials sector in foreign countries.

The following table gives a breakdown by business and geographical area.

Contribution to consolidated net sales

	(in billions of lire)					
	1999	% of Total	1998	% of Total	Variation	
					%	% (*)
Business						
Construction materials	6,590.6	94.3	5,839.0	94.0	12.9	7.2
Food packaging and thermal isolation	199.0	2.9	190.0	3.1	4.7	4.6
Public transport	68.2	1.0	66.7	1.1	2.2	2.2
Water and natural gas distribution	120.6	1.7	107.6	1.7	12.1	12.1
Other	10.1	0.1	11.0	0.1	-9.1	-8.8
Total	6,988.5	100	6,214.3	100	12.5	7.1
Geographical area						
European Union	5,139.4	73.6	4,620.5	74.4	11.2	10.4
<i>of which Italy</i>	<i>2,290.6</i>	<i>32.8</i>	<i>2,089.8</i>	<i>33.6</i>	<i>9.6</i>	<i>9.6</i>
North America	1,056.8	15.1	971.0	15.6	8.8	4.0
Trading and other countries	792.3	11.3	622.8	10.0	27.2	-12.1
Total	6,988.5	100	6,214.3	100	12.5	7.1

* same exchange rates and consolidation area

Gross operating profit and operating income

In 1999, gross operating profit and operating income increased by 16.9% and 26.4% respectively, significantly higher than the growth in net sales.

The gross operating profit/net sales ratio in 1999 increased to 23.9%, about one percentage point higher compared to 1998.

By using the 1998 structure, the gross operating profit would have shown an increase of 13.4%.

Movements in exchange rates, compared to 1998, did not significantly impact the gross operating profit and operating income (Lire 18 billion for gross operating profit and Lire 13.7 billion for operating income).

Financial charges and other items

The balance of financial income and charges changed from a negative Lire 6.3 billion in 1998 to a negative Lire 96.5 billion in 1999, showing an improvement of Lire 90.2 billion.



This is due to: decrease in realized capital gains, decrease in losses from the sale of investments, decrease in net interest expense and increase in dividends and income from related companies.

The significant decrease in interest rates and the U.S.\$ 150 million reimbursement, by the subsidiary Ciments Français, of preferred shares financed throughout bank loans at more favorable interest rates, reduced interest expense despite the growth in net debt.

Adjustments to the value of financial assets and non-recurring items significantly contributed to the improvement in the net result for the year, thanks to lower write-downs due to an improvement in the performance of certain subsidiaries: as can be seen by this year total negative balance of Lire 3 billion with the negative balance of Lire 80 billion in 1998.

In particular, the year benefited from the non-recurring income arising from the recognition of a positive balance of approximately Lire 31.7 billion of deferred taxes (in compliance with Accounting Principles no 12 of IAS and no 25 of the Italian Association of Accountants and endorsed by Consob).

Non-recurring charges included Lire 23.3 billion relating to the modification of the payable plus interest due to the fine notified in November 1994 by the European Commission for anti-trust violations and reduced with its ruling of 15 March 2000.

Net income

Income before taxes amounted to Lire 884 billion, with an increase of 28.8% compared to 1998 (Lire 686 billion).

Taxes for Lire 379 billion (Lire 305 billion in 1998) impacted the year resulting in total net income of Lire 506 billion, against Lire 381 billion in 1998 (+32.6%).

Net income of the Group, after minority interests of Lire 331 billion (Lire 204 billion in 1998), was Lire 175 billion (Lire 177 billion in 1998).

Movements in exchange rates did not significantly affect results.

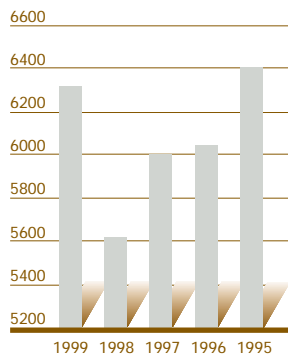
Balance sheet - Key figures

	(in millions of euro)		(in billions of lire)	
	1999	1998	1999	1998
Net fixed assets	4,999.9	4,214.6	9,681.2	8,160.5
Working capital	835.6	780.1	1,618.0	1,510.5
Net invested capital	5,835.5	4,994.7	11,299.2	9,671.0
Shareholders' equity	3,267.4	2,903.4	6,326.6	5,621.8
Floating rate subordinated securities (net)	141.0	158.5	273.1	306.8
Provisions	677.5	702.1	1,311.8	1,359.5
Net debt	1,749.6	1,230.7	3,387.7	2,382.9
Total financing	5,835.5	4,994.7	11,299.2	9,671.0



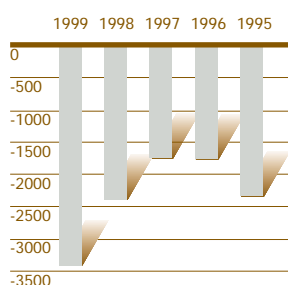
Consolidated shareholders' equity

In billions of lire



Net financial position (excluding floating rate subordinated securities)

In billions of lire



Investments

The Group's total investments in 1999 amounted to approximately Lire 1,684 billion (Lire 1,623 billion in 1998).

Equity investments were Lire 1,037 billion (against Lire 1,055 billion in 1998) concerning in particular the construction materials sector for Lire 812 billion and the financial sector for Lire 191 billion; in addition, own shares were acquired for Lire 32 billion.

Capital expenditures and investments in intangible assets amounted to Lire 647 billion (Lire 568 billion in 1998) and mainly consisted of improvements to production facilities in several countries, especially for some of the newly acquired companies, in order to improve efficiency and competitiveness. Approximately 22% of the capital expenditures was allocated to environment protection, safety and improvement of work conditions.

Net debt

The net debt increased from Lire 2,383 billion to Lire 3,388 billion.

This increase is due to significant investments made during the year and the Lire 268 billion reimbursement of preferred shares still outstanding in the United States stock market.

Cash flow statement - Key figures

	(in millions of euro)		(in billions of lire)	
	1999	1998	1999	1998
Net debt at beginning of year	(1,230.7)	(903.4)	(2,382.9)	(1,749.2)
Cash flows from operating activities	605.2	481.9	1,171.8	933.0
Investments				
Intangible	(40.7)	(41.8)	(78.9)	(81.0)
Tangible	(293.3)	(251.4)	(567.9)	(486.7)
Financial (investments)	(518.9)	(545.0)	(1,004.7)	(1,055.2)
Own shares	(16.8)		(32.5)	
Sales of fixed assets	54.0	193.7	104.6	375.1
Total investments	(815.7)	(644.4)	(1,579.4)	(1,247.8)
Variations in other financial fixed assets	(27.9)	(34.1)	(54.0)	(66.1)
Variations in other investments	(75.0)	(57.2)	(145.3)	(110.7)
Dividends paid	(64.5)	(49.5)	(124.9)	(95.8)
Reimbursement of preferred shares	(138.4)		(268.0)	
Other	(2.6)	(23.9)	(5.0)	(46.3)
Variation in net debt	(518.9)	(327.3)	(1,004.8)	(633.7)
Net debt at end of year	(1,749.6)	(1,230.7)	(3,387.7)	(2,382.9)



Shareholders' equity

Total shareholders' equity increased by Lire 704 billion over 31 December 1998: shareholders' equity pertaining to the Group increased by Lire 210 billion while minority interests by Lire 494 billion.

The increase in total shareholders' equity would have been Lire 565 billion had the same exchange rates been used for both years.

Performance by country and business

Given the nature of the Group's business and, in particular, the prevalence of the construction materials sector over the other production segments, a breakdown of its results by geographical area is the most valid instrument for an understanding of its performance and related risks.

However, in order to show adequate information on the other sectors in which the Group operates, further information by both business and geographical area is given.

Construction materials

This is the core business of Italmobiliare and includes the activities of the Italcementi Group in the cement, ready mixed concrete and aggregates sectors.

Key consolidated figures

	(in millions of euro)		(in billions of lire)	
	1999	1998	1999	1998
Net sales	3,406.4	3,018.1	6,595.8	5,843.9
Value added	1,473.0	1,311.3	2,852.2	2,539.1
Gross operating profit	836.3	712.8	1,619.3	1,380.1
<i>as a % of net sales</i>	<i>24.6</i>	<i>23.6</i>	<i>24.6</i>	<i>23.6</i>
Amortization and depreciation	(326.2)	(308.0)	(631.6)	(596.4)
Operating income	510.1	404.8	987.7	783.8
<small>(Difference between net sales and other operating income and operating costs)</small>				
<i>as a % of net sales</i>	<i>15.0</i>	<i>13.4</i>	<i>15.0</i>	<i>13.4</i>
Financial income and charges, net	(109.8)	(116.0)	(212.6)	(224.6)
Adjustments to the value of financial assets and non-recurring items, net	(2.6)	(29.8)	(5.0)	(57.7)
Income before taxes	397.7	259.0	770.1	501.5
Income before minority interests	215.2	127.7	416.6	247.2
Minority interests	(77.6)	(57.2)	(150.3)	(110.7)
Net income of the Group	137.6	70.5	266.4	136.5
Total shareholders' equity	2,574.4	2,263.3	4,984.8	4,382.3
Shareholders' equity of the Group	1,745.5	1,577.6	3,379.7	3,054.6
Net debt	1,727.2	1,358.8	3,344.4	2,631.0
Capital expenditure	734.7	782.1	1,422.5	1,514.3
Cash flow (income + amortization and depreciation)	541.4	435.7	1,048.3	843.6



The substantial improvement in results is once again mainly due to the contribution of operations, which benefited from the positive performance of the main markets in which the group operates, as well as further improvement in the operations and the contribution of the newly acquired companies. The impact of the financial and non-recurring items was also significant.

In 1999, the group made investments of approximately Lire 1,423 billion, of which Lire 730 billion is intended to strengthen its market share in three countries (Bulgaria, Morocco and Thailand) with great potential for development and for integration synergies with the existing structures. It has thus achieved a more balanced distribution of its activities between mature and emerging markets.

Bulgaria

70% of the share capital of Vulkan AD (annual cement production capacity of 750,000 metric tons) was acquired. Due to this acquisition and that made last year in Devnya Cement AD, the group is now the leading cement producer in the country with a market share of approximately 41%.

Morocco

In April, Ciments Français S.A. acquired an additional 37.4% of Société des Ciments de Marrakech (Asmar) in which it already had a stake of 22.2%. It has thus obtained control of this company which has an annual cement production capacity of 1.3 million metric tons. Asmar has since been merged with Ciments du Maroc which, with an annual production capacity of 3.2 million metric tons and a market share of roughly 28%, is now the second most important cement producer in Morocco.

Thailand

In August, the group significantly increased its stake in Asia Cement Public Company Ltd and, in particular, took part in its recapitalization for approximately U.S.\$ 182 million.

Ciments Français and Bangkok Bank agreed a contract for the management of this Thai company which is the fourth largest cement producer in the country with an annual production capacity of 4.5 million metric tons.

The group, which was already established in the local market through its investment in Jalapathan Cement Public Company Ltd (total production capacity of 2 million metric tons), is now one of the main operators in the cement market in Thailand and holds roughly 14% of the market.

The 1999 Annual Report of the group includes the companies, acquired in 1998 and 1999, in Bulgaria, Thailand and Morocco fully consolidated on a line-by-line basis for the first time. Asmar and Asia Cement have been consolidated from 1 May and 1 September respectively. Given its limited impact, Shymkent Cement in Kazakhstan has not been consolidated.



Contribution to consolidated net sales by geographical area and business

	(in billions of lire)					
	1999		1998		Variation	
		%		%	%	% (*)
Business						
Cement	4,083	61.9	3,637	62.2	12.3	4.7
Ready mixed concrete and aggregates	2,164	32.8	1,887	32.3	14.7	11.8
Other	349	5.3	320	5.5	8.8	8.6
Geographical area						
European Union	4,747	72.0	4,250	72.7	11.7	10.8
<i>of which Italy</i>	1,982	30.1	1,799	30.8	10.2	10.2
North America	1,057	16.0	971	16.6	8.8	4.0
Trading and other countries	792	12.0	623	10.7	27.1	-12.2
Total	6,596	100	5,844	100	12.9	7.2

* same exchange rates and consolidation area (1999)

The growth in net sales is mainly due to the steady level of activities in Europe and North America and the positive price trends in several countries (Italy, France, Spain, Greece, Morocco and the United States).

As already mentioned above, due to the disastrous effects of the earthquakes, there was a sharp downturn in both sales volumes and prices in Turkey.

Group net sales made outside Italy amounted to approximately 69.9% of the total (69.2% in 1998); this increase is due to the consolidation of the activities in Bulgaria, Thailand and Morocco (Asmar).

Net sales, gross operating profit and capital expenditure by country

	Net sales		Gross operating profit		Capital expenditure	
	1999	Var. on 1998 %	1999	Var. on 1998 %	1999	1998
Italy	2,061.6	10.9	382.9	31.4	117.8	114.7
France	2,030.1	13.1	464.4	14.3	144.4	116.4
Belgium	361.7	9.4	96.2	5.0	25.3	23.8
Spain	403.7	11.9	124.1	21.1	30.3	25.3
Greece	124.1	10.9	31.4	24.9	4.5	8.6
North America	1,056.7	8.8	311.9	1.3	102.9	106.8
Turkey	316.2	(15.3)	48.4	(37.8)	21.5	17.6
Morocco (*)	270.9	44.2	109.7	49.9	29.7	9.7
Bulgaria	91.7	-	14.1	-	27.4	-
Thailand	120.7	-	35.7	-	22.1	-
Trading and other countries	271.2	12.7	0.6	(85.7)	0.7	2.4
Elimination of inter-country sales	(513.0)	32.5	-	-	-	-
Total	6,595.6	12.9	1,619.3	17.3	526.6	425.3

* includes Asmar for eight months of 1999



Further equity investments for Lire 823 billion (Lire 1,038 billion in 1998) and investments in intangible assets for Lire 73 billion (Lire 51 billion in 1998) were made.

Italy

	(in millions of euro)		(in billions of lire*)	
	1999	1999	1998	1997
Net sales	1,065	2,062	1,859	1,791
Gross operating profit	198	383	291	292
Personnel (no)**		5,159	5,245	5,484

* consolidated figures before elimination of intercompany transactions

** including personnel of CTG S.p.A. operating in France

Cement

	1999		1997**	
	1999	1998	1998	1997**
Net sales	661	1,279	1,140	1,176
Gross operating profit	161	311	231	277
Capital expenditure	43	84	85	85
Personnel (no)		3,313	3,322	3,497

* consolidated figures before elimination of intercompany transactions

** revised figures considering the consolidation area of 1998

After the good level of growth in 1998 (+2.7%), the market continued to develop during 1999 with a sharp increase in the growth rate, estimated at over 4% compared to the previous year.

The positive market trend, driven by a strong increase in public construction and restructuring activities which were assisted by related tax relief, led to a recovery in unit sales prices.

In this context, Italcementi S.p.A. substantially maintained its market share and increased net sales by over 3.6% with respect to 1998.

The greater volumes and higher sales prices led to a 12.2% increase in net sales. This increase, combined with policies of cost control, led to a strong improvement in the gross operating profit (over 35%).



Ready mixed concrete and aggregates

	(in millions of euro)		(in billions of lire*)	
	1999	1999	1998	1997**
Net sales	359	696	632	474
Gross operating profit	26	51	42	19
Capital expenditure	11	21	17	11
Personnel (no)		941	1.014	1.002

* consolidated figures before elimination of intercompany transaction

** the 1997 figures include the results of Calcestruzzi Group (including those of the activities sold to Unicem Group at the end of the year) for the second half of the year only

The ready mixed concrete market grew by an estimated approximate 4.3%.

The positive trend of the investments in public works and new non-residential construction assisted this development.

Group sales of ready mixed concrete amounted to 7.2 million cubic metres, an increase of 8.9% over 1998 improving its market share.

The production of aggregates, limited to certain areas, increased slightly.

The Group operating results improved, thanks to the greater level of activity (net sales up 10.3%) and the containing of fixed and overhead costs, due to the restructuring of operating structures, which compensated the restructuring costs.

The restructuring plan started in previous years, which involved both administrative activities and local production structures, continued also in 1999.

France

	1999	1999	1998	1997
Net sales	1,048	2,030	1,796	1,733
Gross operating profit	240	464	407	326
Capital expenditure	74	144	116	92
Personnel (no) **		3,899	3,718	3,846

* consolidated figures of operating activities before elimination of intercompany transactions

** excluding personnel of CTG S.p.A. operating in France

Cement

	1999	1999	1998	1997
Net sales	604	1,169	1,069	1,037
Gross operating profit	189	366	335	279
Capital expenditure	48	93	73	55
Personnel (no)		1,569	1,604	1,680

* consolidated figures before elimination of intercompany transactions



In 1999, the cement and construction materials market was favorably affected by the substantial activity in the construction and public works sector.

Domestic cement demand increased by 6.5% to 20.2 million metric tons with a share of imports in line with the previous year. Sales price trends were also satisfactory consolidating the positive figures seen in 1998.

Ciments Calcia S.A. domestic sales increased in line with market trends.

Operating results, assisted by a 9.4% increase in net sales, improved once again thus confirming the trend started in 1998.

During 1999, Ciments Calcia continued its investment program aimed at improving quality, production efficiency and compliance with environment regulations.

Investments were also made to improve site restoration and use of industrial and other by-products as alternative fuels.

Ready mixed concrete and aggregates

	(in millions of euro)		(in billions of lire*)	
	1999	1998	1999	1998
Net sales	468	906	747	717
Gross operating profit	43	83	56	31
Capital expenditure	23	45	37	32
Personnel (no)		1,529	1,371	1,449

* consolidated figures before elimination of intercompany transactions

Domestic consumption of aggregates and ready mixed concrete grew by 7.3% and 10% respectively in 1999 with an increase in the average sales prices.

Unibéton ready mixed concrete sales increased by 16% (+10% under the prior year's equivalent structure), partly due to the continuing development in the Mediterranean, south-western and western (Loire region) areas of France.

In 1999 GSM sales were up +10% (considering the same consolidation area).

The overall increase in net sales of the ready mixed concrete and aggregates sector amounted to 21.3% with a strong improvement in gross operating profit (+48.2%) over 1998.



Belgium

	(in millions of euro)		(in billions of lire*)	
	1999	1999	1998	1997
Net sales	187	362	331	338
Gross operating profit	50	96	92	100
Capital expenditure	13	25	24	24
Personnel (no)		663	665	668

* consolidated figures before elimination of intercompany transactions

Cement consumption in Belgium increased about 7% to 5.8 million metric tons during 1999 due mainly to the strength of the non-residential construction and public works sectors.

With the markets in Belgium and northern France performing well, Compagnie des Ciments Belges (CCB) sales volumes grew by 9.8%.

Aggregates sales in the Benelux area were up 10.7%. Sales in France increased by 25.4%. CCB increased its ready mixed concrete sales volume by 12.2%.

The positive variation in total net sales (+ 9.4%) led to better operating results.

CCB continued its actions to cut costs.

Spain

	1999		1998		1997	
	(in millions of euro)	(in millions of euro)	(in millions of euro)	(in millions of euro)	(in millions of euro)	(in millions of euro)
Net sales	209	404	361	312		
Gross operating profit	64	124	102	82		
Capital expenditure	15	30	25	23		
Personnel (no)		818	767	748		

* consolidated figures before elimination of intercompany transactions

Cement consumption in Spain reached a record 34.6 million metric tons during 1999, an 11% increase compared with 1998. Demand was driven by a strong activity, particularly in public works construction.

Financiera y Minera (FYM) sold more than 2 million metric tons and installed a second mill at Malaga to increase its production capacity. Based on the 1998 equivalent structure, aggregates sales grew 10.8%, while ready mixed concrete sales increased 14.8%.

The high levels of activity generated a substantial + 11.9% increase in net sales and a 21% increase in gross operating profit.



Greece

	(in millions of euro)		(in billions of lire*)	
	1999	1999	1998	1997
Net sales	64	124	112	111
Gross operating profit	16	31	25	21
Capital expenditure	2	5	9	5
Personnel (no)		315	355	372

* consolidated figures before elimination of intercompany transactions

Domestic cement consumption amounted to 8.5 million metric tons, boosted by infrastructure construction for the 2004 Olympic Games.

Halyps maintained its local market share and managed to balance the downturn in local demand, following the earthquake in September 1999, by increasing export sales.

Net sales increased by 10.7% and gross operating profit by approximately 24%.

Investments were made to improve productivity and new projects are being examined to achieve further reductions in production costs.

North America

	1999		1998		1997	
	(in millions of euro)	(in billions of lire*)	(in millions of euro)	(in billions of lire*)	(in millions of euro)	(in billions of lire*)
Net sales	546	1,057	971	884		
Gross operating profit	161	312	308	257		
Capital expenditure	53	103	107	66		
Personnel (no)		1,571	1,544	1,576		

* consolidated figures before elimination of intercompany transactions

The North American economy continued to grow at a rate of 4% in the United States and 3.6% in Canada, assisted by a continued high level of consumption.

American consumption of Portland cement increased by 3.8% to 103 million metric tons. In Canada, cement consumption grew by 5.2% to 8.1 million metric tons.

Essroc sales grew by 1.1%, an increase below that of the market due to the temporary limitations of the production capacity in the Logansport and Picton plants and to the damage caused by hurricane George in Puerto Rico. The increase in sales prices also contributed to the growth in net sales, up 8.9% compared to 1998.

In 1999, the company continued its investments to reduce production costs, optimize the logistics system and ensure compliance with environment legislation.



Turkey

	(in millions of euro)		(in billions of lire*)	
	1999	1999	1998	1997
Net sales	163	316	373	351
Gross operating profit	25	48	78	81
Capital expenditure	11	22	18	44
Personnel (no)		1,246	1,257	1,299

* consolidated figures before elimination of intercompany transactions

The Turkish economy, affected by the Asian and Russian crises at the beginning of the year, was subsequently affected by earthquakes in August and November. After the disastrous results of the earthquakes, new anti-earthquake construction rules are being awaited before starting rebuilding. Consequently, the consumption of cement and ready mixed concrete decreased by approximately 10% and the trend is likely to remain unchanged during the first few months of 2000.

Morocco

	1999	1999*	1998	1997
Net sales	140	271	188	181
Gross operating profit	57	110	73	68
Capital expenditure	15	30	10	5
Personnel (no)		1,074	769	783

* consolidated figures before elimination of intercompany transactions

Following the acquisition of majority control of Asmar and its subsequent merger, Ciments du Maroc has become the second largest cement producer in Morocco with an annual production capacity of 3.2 million metric tons.

Domestic cement demand increased by 1% to 7.2 million metric tons in 1999.

Ciments du Maroc sales (including the activities of Asmar) advanced 1.7%, using the 1998 equivalent structure.

Cement and clinker exports grew significantly.

Synergies of the ready mixed concrete and aggregates sectors were achieved with the merger of Betomar's activities. Against this background, ready mixed concrete sales grew by 16% in the center of the country.

Betomar has set up a new plant and has plans to open another two.

Betomar maintained its leadership position and market share in a competitive market characterized by the entry of new suppliers.

Significant investments were made to reduce gas and dust emissions, to increase production capacity with a new bagging and grinding center and reduce energy consumption.



Bulgaria

	(in millions of euro)	(in billions of lire*)
	1999	1999
Net sales	48	92
Gross operating profit	7	14
Capital expenditure	14	27
Personnel (no)		1,378

* consolidated figures before elimination of intercompany transactions

After the late 1998 acquisition of Devnya Cement AD owning the Bulgaria largest cement plant, a contract was signed in February 1999 with the Ministry for Regional Development and Public Works of Bulgaria for the acquisition of 70% of the capital of Vulkan AD, which has a cement plant in Dimitrovgrad. The group is now the leading cement producer of the country.

Although domestic cement demand increased by 5% to 1.5 million metric tons, the sector is still stagnant and demand is significantly below the total production capacity which is equal to 5 million metric tons.

The group is the largest Bulgarian exporter, with 694,000 metric tons of cement and clinker. Domestic sales of Devnya and Vulkan increased by 6.4% compared to 1998, when their activities were at a very low level.

During 1999, group companies underwent organizational restructuring.

Thailand

	1999	1999
Net sales	62	121
Gross operating profit	19	36
Capital expenditure	11	22
Personnel (no)		1,801

* consolidated figures before elimination of intercompany transactions

In 1999, the group increased its foothold in Thailand by participating in the recapitalization of Asia Cement Public Company Ltd, the fourth largest national cement producer, with an annual production capacity of 4.5 million metric tons.

The group, which already had an investment in Jalaprathan Cement Public Company Ltd (JCC), is now one of the major producers in Thailand and holds a 14% share of the market. group companies managed to achieve positive operating results, despite the industry overcapacity, the sector's high level of debt and aggressive competition which had a negative price impact.

JCC started a program to reduce costs, restructure production and improve information systems.



The ready mixed concrete activity of Jalaprathan Concrete was restructured. The less profitable units have been shut down and the system for raw material supplies has been improved.

Kazakhstan

A kiln line was re-opened at the Shymkent cement plant during 1999. This allowed the production of 67,000 metric tons of cement, notwithstanding the difficulties in restarting a plant that had been inactive for some time.

The production of oil-well cement, currently imported from Russia, was carried out and a second line is being overhauled. This should be completed and activated in 2000.

Environment

The group intensified its environmental and ecological actions in 1999.

In France, three cement plants obtained the relevant environment certificate in line with the ISO 14001 requirements at the end of 1999 and the other cement plants should follow before the end of 2001. Italy, Spain and Morocco are following the same program. Investments in environmental protection, safety and working conditions increased significantly in 1999 and were equal to 22% of the total capital expenditure.

The group continued to use waste fuels, meeting a significant portion of its requirement for raw energy in some of the countries where it is active.

Engineering, technology, research and development (CTG S.p.A. - Group Technical Center)

In line with its mission, CTG S.p.A. concentrated its activities on research and innovation, technology and engineering, developing synergies already existing within the group.

As in previous years, it worked almost exclusively for group companies in the areas of design, assistance in the construction of new plant and modernization of existing plants, assistance in the operation and maintenance of production facilities as well as in research and development projects.

Significant resources were dedicated to the transfer of new technologies for laying ready mixed concrete, special cements and admixtures for both mortars and concrete.

1999 revenues amounted to approximately Euro 30.8 million (Euro 29.9 million in 1998). At 31 December, CTG S.p.A. had 398 employees compared with 393 in 1998, including 277 at the Bergamo head office and 121 at Guerville.

Thanks to its research activities on materials and processes, the company filed four new patent applications and published thirty-three scientific articles in 1999.



Results of the holding company

	(in millions of euro)		(in billions of lire)	
	1999	1998	1999	1998
Net sales	637.9	573.5	1,235.1	1,110.5
Value added	288.2	246.6	558.0	477.5
Gross operating profit	158.4	118.8	306.8	230.1
<i>as a % of net sales</i>	<i>24.8</i>	<i>20.7</i>	<i>24.8</i>	<i>20.7</i>
Amortization and depreciation	(62.7)	(65.4)	(121.3)	(126.7)
Operating income	95.8	53.4	185.5	103.5
(Difference between net sales and other operating income and operating costs)				
<i>as a % of net sales</i>	<i>15.0</i>	<i>9.3</i>	<i>15.0</i>	<i>9.3</i>
Financial income and charges, net	17.3	24.2	33.5	46.8
Adjustments to the value of financial assets, net	(16.8)	(32.6)	(32.6)	(63.1)
Non-recurring income and charges, net	5.9	11.0	11.6	21.3
Income before taxes	102.2	56.0	197.9	108.5
Net income for the year	62.4	32.9	120.9	63.6
Shareholders' equity	1,609.6	1,573.0	3,116.6	3,045.7
Net debt	(362.3)	(236.9)	(701.4)	(458.7)
Investments	277.5	462.0	537.3	894.6
Cash flow (income + amortization and depreciation)	125.1	98.3	242.2	190.3

Significant post balance sheet events

On 15 March 2000, the EU Court of First Appeal issued its ruling on the appeal presented by the main European cement producers (including Italcementi and Ciments Français), against the decisions of the European Commission which imposed large fines further to the charges of violation of article 81 of the Anti-Trust Treaty (formerly article 85).

The Court partly agreed with the arguments and reduced Italcementi and Ciments Français' fines from Euro 33.580 million to Euro 26.789 million and from Euro 25.77 million to Euro 13.57 million respectively.

Accordingly, on a conservative basis, Italcementi has accounted for the adjustment of the fine defined by the court ruling and Ciments Français has postponed the recording of a possible positive prior year item (compared to that provided for at year end).

Given the complexity of the ruling, Italcementi is assessing, together with its legal consultants, whether to appeal against it.

With respect to the agreements relating to the acquisition of a majority holding in Ciments Français by Italcementi, given that the issues attributed to Ciments Français took place before the acquisition, Paribas has agreed to reimburse the buyer roughly 45% of the total amount to be paid by the French group company for the fine and related costs.



Outlook

Forecasts for nearly all the countries in which the group operates are positive. In particular, growth in Europe is expected to continue with a duration and a strength not yet fully quantifiable. Both the construction sector and demand for cement should benefit from this favorable scenario.

The French, Italian and Greek markets should continue their positive trend while it is unlikely that the exceptional 1999 growth rates in Belgium and Spain will be repeated.

The Italian economy is now consolidating. The construction sector is one of the driving segments and all the main segments are expected to contribute with a medium term growth cycle. Sales trends of the first few months of the year, clearly better than those of the same period of the previous year, give a first partial confirmation to the positive scenario of the market.

In the United States consequences of the continued increase in interest rates and downturn in the economy expansion are feared. However, the ongoing infrastructure construction programs should help maintain a high level of cement demand, despite the slowdown in private consumption.

The construction sector should perform well in both Morocco and Bulgaria. The recovery of the Thai economy will not extend to the construction sector, yet, but the group will benefit from the consolidation of Asia Cement (acquired in the second half of 1999) for the entire 2000 and the restructuring of the plants in Jalapathan.

On the other hand, the Turkish economy has not yet overcome the serious consequences of the two earthquakes in 1999 and post-earthquake reconstruction has not yet started. Overall, the group's performance should be positive and, excluding factors that are not currently foreseeable, the year end result should be higher than that of 1999.

Food packaging and thermal insulation

Sirap Gema S.p.A., with three production plants in Italy, and its French subsidiary Sirap Gema France S.A., with a production plant in Avignone, are active in the food packaging market. Sirap Gema International S.A., with two production plants in Belgium and Italy, operates in the thermal insulation panels sector.



Key consolidated figures are as follows:

	(in millions of euro)		(in billions of lire)	
	1999	1998	1999	1998
Net sales	102.8	98.1	199.0	190.0
Value added	41.1	38.3	79.5	74.2
Gross operating profit	17.2	15.0	33.3	29.0
Amortization and depreciation	(6.1)	(6.4)	(11.8)	(12.3)
Operating income	11.1	8.6	21.5	16.7
Financial income and charges, net	(0.7)	(2.0)	(1.3)	(3.8)
Non-recurring income and charges, net	0.7	0.2	1.3	0.3
Taxes on income for the year	(5.3)	(3.3)	(10.2)	(6.3)
Net income for the year	5.8	3.6	11.3	6.9
Net cash flow	11.9	9.9	23.1	19.2
Capital expenditure	7.7	6.8	14.9	13.1
Personnel (no)			651	611
Net invested capital	54.1	50.1	104.8	97.0
Shareholders' equity	24.3	20.7	47.0	40.0
Net debt	(22.3)	(22.1)	(43.1)	(42.7)

All the operating results improved assisted by a significant increase in overall sales and the favorable trends of polystyrene costs, the principal raw material, which showed a significant reversal only at year end.

Net financial charges decreased as a result of the reduction in interest rates and, above all, the average decrease in group net debt with respect to 1998.

Net non-recurring income includes Lire 761 million of deferred taxes.

Food packaging

Italy

	1999	1999	1998	1997
Net sales	35.7	69.1	68.5	67.0
Gross operating profit	8.9	17.2	15.9	15.6
Net invested capital	27.5	53.3	51.4	50.4
Capital expenditure	3.8	7.3	6.3	3.0
Personnel (no)		272	248	243

1999 saw an improvement in household consumption, particularly in the second half of the year, and a steady increase in large distribution which outlined a favorable scenario. Also on the Italian market an increasing demand for personalized packaging is progressively



emerging. This is usual in developed markets like the French one and is designed for elaborate products, with dimensional characteristics and shapes differing from the traditional standard trays.

The significant investments were focused on the improvement of the extrusion process and on the automation of the thermo-moulding lines.

France

	(in millions of euro)		(in billions of lire)	
	1999	1999	1998	1997
Net sales	16.9	32.7	29.1	26.2
Gross operating profit	1.8	3.4	3.1	1.8
Net invested capital	7.3	14.2	10.2	10.7
Capital expenditure	2.2	4.3	2.2	1.6
Personnel (no)		94	83	85

The French market, where the group's presence is by now consolidated, has shown a good improvement in net sales thanks to the successful trays used for the packaging of serous meat (Activopack) as well as those which are used for controlled atmosphere packaging. Investments focused on process optimization and on the improvement of work environment. The second half of the year saw a reorganization of the French operating structure in compliance with local legislation which has reduced weekly working hours to 35.

Thermal insulation

Italy

	1999	1999	1998	1997
Net sales	18.1	35.1	32.2	31.7
Gross operating profit	4.8	9.2	5.9	6.6
Net invested capital	9.0	17.5	16.2	14.5
Capital expenditure	3.8	7.3	2.1	0.9
Personnel (no)		108	112	110

The Italian market showed an overall positive trend thanks to a greater awareness of the need for a more rational energy consumption and to a recovery in the construction sector which is assisted by a decrease in interest rates and tax legislation aimed at encouraging renovation. In this scenario, despite the competition encountered by its traditional product, Sirap Gema recorded an increase in net sales and, in particular, in gross operating profit. This was assisted by the demand for prefabricated products for specific applications.



The significant investments were related to the automation of the prefab production lines and replacements.

Belgium

	(in millions of euro)		(in billions of lire)	
	1999	1999	1998	1997
Net sales	26.6	51.6	50.4	56.5
Gross operating profit	0.0	0.0	1.4	4.2
Net invested capital	7.5	14.5	13.7	12.9
Capital expenditure	0.6	1.2	1.8	1.8
Personnel (no)		93	95	98

The results of the Belgium production plants were again affected significantly by the negative performance of the German market, where their products are mainly sold: competition had an impact on prices due to the supply being significantly greater than the demand. Accordingly, the group rationalized its structure and strengthened its sales department in other countries.

Research and development

In 1999 the activities focused again on the use of new generation expanding gas which is more ecologically compatible. Particular attention has also been paid to the perfecting of rolling technologies of expanded sheets and sintering process for the packaging business.

The group deposited four patents for the use of active fresh food packaging.

Significant post balance sheet events

During the first few months of 2000, Sirap Gema S.p.A. acquired 24.9% of Universal Imballaggi S.r.l. for the purpose of setting up a new production plant in Palermo. This will be made through a joint-venture with local entrepreneurs and a financial institution. The estimated investment for Sirap group is approximately Lire 500 million.

Outlook

Eventhough the demand in the main markets in which the Sirap group operates is increasing, the strong increase in raw material prices following the increase in the oil product prices will only be partially absorbed by sales prices. Accordingly the estimated group results for the current year are lower than 1999.



Water and gas distribution

Crea group operates on the domestic market providing management services for the integrated water cycle and natural gas distribution.

Key consolidated figures are as follows:

	(in millions of euro)		(in billions of lire)	
	1999	1999	1999	1998
Net sales	62.4	55.7	120.8	107.8
Value added	29.9	27.2	57.9	52.6
Gross operating profit	6.7	7.3	12.9	14.1
Amortization and depreciation	(4.1)	(3.6)	(7.9)	(7.0)
Operating income	2.6	3.7	5.0	7.1
Financial income and charges, net	(0.2)	(0.4)	(0.3)	(0.8)
Non-recurring income and charges, net	0.1	0.4	0.1	0.7
Taxes on income	(1.2)	(1.4)	(2.3)	(2.8)
Net income of the Group	0.3	1.1	0.6	2.2
Net cash flow	2.3	1.4	4.4	2.8
Capital expenditure	5.6	2.6	10.9	5.1
Net invested capital	74.6	72.0	144.5	139.5
Shareholders' equity	21.8	21.5	42.3	41.7
Net debt	(14.3)	(8.6)	(27.6)	(16.6)
Personnel (no)			591	569

Total net sales are made up as follows:

	(in billions of lire)			
	1999	%	1998	%
Water distribution and treatment	80.4	66.6	72.8	67.5
Gas distribution	36.4	30.1	31.9	29.6
Other	4.0	3.3	3.1	2.9
Total	120.8	100.0	107.8	100.0

The increase of 12% in net sales was mainly due to new contracts in the water distribution and treatment and to the concession for natural gas distribution in the Bastia Umbra Municipality granted to Cesap S.p.A. and the acquisition of more than 5,000 new users by the subsidiary Slim Sicilia S.p.A. as well as to the favorable weather conditions.

Non-recurring income includes Lire 395 million of deferred taxes.



The drop in operating income is due to the low profitability of the water treatment contracts, which in some cases implied unbudgeted capital expenditure and organizational costs and substantially unchanged tariffs.

The change in net debt is due to investments, the variation in working capital, which was affected by turnover, and payable/receivable positions with municipalities.

Within a substantially stable market consequent to legislation inactivity, the Crea group commercial activities focused on extending the existing concessions and consolidating its presence in the traditional areas by settling in neighboring areas. The group also made use of project financing products on offer in order to diversify its intervention.

The various actions of 1999 included:

- extension of the concession granted to Spim S.p.A. (water and natural gas distribution) to 2014;
- agreement signed by Crea S.p.A., Spim S.p.A. and the Venice municipality-owned company AMAV for the installation of a plant for the recovery of materials and production of fuels from white goods scrapping;
- agreement between Crea S.p.A. and the Chinese authorities for the construction and management of a water purification plant for the industrial area managed by the Beijing Development Authority in North Peking;
- starting of the merger procedures for the incorporation of Gea S.p.A. (40% held by Cesap S.p.A.) in Cesap S.p.A. in order to combine the water and ecological activities. This is the first step towards a plan for the constitution of a sole manager within the Umbria regional territory.

Other issues

Further to the conclusion of the preliminary hearing of the judicial inquiries related to the drilling of gas deposits in the region of Siracusa, described in the directors' report in previous years, where civil actions were also started, the committal for trial of many defendants was resolved while certain positions were removed, and the acts were returned to the Prosecuting Attorney. The hearing will be held on 28 April 2000.

With respect to the related tax inspections of the Crea group companies (also described in previous years), there have been further assessments by the tax authorities, against which the group companies appealed on a timely basis; moreover the Court of First Appeal has passed further judgments in favor of the group companies.

The companies involved have decided not to modify their approach and have maintained the related provisions which they had made in previous years after their independent valuation of the risks, as they behold that such provisions are adequate.

Significant post balance sheet events

Italmobiliare has signed an agreement with Saur Group whereby it will transfer its investment in Crea to Sigesa S.p.A. and Crea will be merged with the latter. Italmobiliare will acquire 29% of the share capital of the company resulting from the merger.



Public transport

The Group is active in the public transport sector through its companies controlled by SAB Autoservizi S.r.l. in northern Italy.

Key consolidated figures

	(in millions of euro)		(in billions of lire)	
	1999	1998	1999	1998
Net sales and grants for operating expenses	78.8	78.2	152.6	151.5
Gross operating profit	11.2	11.8	21.6	22.9
Amortization and depreciation	(10.0)	(10.4)	(19.4)	(20.1)
Operating income	1.1	1.4	2.2	2.8
Financial income and charges, net	0.7	0.2	1.3	0.4
Non-recurring income and charges, net	3.8	1.8	7.3	3.5
Taxes on income	(1.8)	(0.1)	(3.5)	(0.1)
Net income of the Group	3.8	3.4	7.3	6.6
Net cash flow	13.8	13.8	26.7	26.7
Capital expenditure	6.6	15.7	12.8	30.4
Net invested capital	33.0	40.3	63.9	78.0
Shareholders' equity of the Group	28.4	25.3	54.9	49.0
Net financial position (debt)	(17.2)	6.5	33.3	12.6
Personnel (no)			1,105	1,144

The 1999 operating income decrease was mainly due to the increase in personnel expenses and other operating costs only partially absorbed by the increase in net sales as the tariff adjustments and the amount of grants for operating expenses were not in line. Net income improved thanks to financial income arising from the increased liquidity. Non-recurring income increased due to the recovery of social security charges relating to previous years. On the other hand, the new legislation which requires that state funding be subject to the IRAP tax, led to a 32% tax charge on the income before taxes (almost nil in 1998).

Following the significant investment program in 1997 and 1998, mainly undertaken to replace buses, the group's investments in 1999 were more limited. A further increase in investments in new buses is planned for the next two years also benefiting from a lump sum granted by the Lombardy Region amounting to 47% of the total investment.



The main operating figures of the sector are as follows:

	1999	1998
Number of buses	930	934
Annual routes traveled (in km)	35,333,536	35,275,079
Passengers carried (number)	35,972,038	34,992,000
Length of trip (passengers per km)	713,040,159	724,687,963

The enforcement of the Legislative decree no 400/99 led to a new local public transport reform during 1999. The main new issues relate to the prohibition for companies operating as monopolies to participate in tenders outside their management network and the obligation for special entities and consortia to change their capital structure to a stock corporation within 2000, thus allowing new operators to enter the company, within two years and by means of acquisition of the share capital. The tender for the concessions should be held for all operators by 31 December 2003.

The regional authorities should modify the related regulations accordingly in a time period that is difficult to be presently estimated. This decree certainly gives possible development opportunities to the private operators.

The SAB group, while looking forward to the implementation of the new legislation, continued its consolidation and investing activities.

In particular:

- in November Trieste Trasporti S.p.A. was set up. This company participated in the tender for the management unit in Trieste. The shareholding structure of the company is as follows: SAB group (29.9%), ACT - Trieste, ATVO - San Donà di Piave, SITA and the French company RATP. Should the company win the tender, the operating management will be given to SAB;
- an agreement between ASM S.p.A., which manages the Brescia urban lines, and the company of the SIA group has been signed. This agreement is aimed at setting up a new operator of which ASM will hold 51% and SIA S.p.A. 49%. SIA will be in charge of the new entity operating management.

Significant post-balance sheet events

The subsidiary SAIA Bus S.r.l. started preliminary agreements with AEM S.p.A. of Cremona for the constitution of a new company destined to manage the urban and extra-urban lines in the town and surrounding area. The group should hold 19% of the new entity and be in charge of the operating management.

Outlook

With these new actions SAB group should acquire the operating management of significant urban lines, a sector with great development potential. Should the fuel



prices continue to increase as in the first few months of 2000, a significant increase in transportation costs is expected which will not be balanced by a tariff adjustment or grants.

This may have a negative impact on the operating results of the current year.

Financial sector

The Group has significantly diversified, and continues to diversify, its investments from its core business in order to balance its total risk/return profile and take advantage of market opportunities by investing in companies with growth potential.

Accordingly, it has significant investments in the banking/financial sector with the following majority and minority stakes:

Banking/financial sector	Group investment* %	Book value (in millions of lire)	
		1999	1998
UniCredito Italiano	1.729	190,349	190,349
Banca Intesa	0.53	181,236	-
Mediobanca	2.48	156,832	123,452
Finter Bank Zürich / Finter Bank France	100.00	145,210	137,275
Banca Commerciale Italiana	0.22	50,446	98,747
Mittel	12.91	25,909	24,304
Fin.Priv.	12.50	17,690	17,690
Promotex	-	-	33,380
Total		767,672	625,197

* percentage held at 31 December 1999

During the year, the Group increased its investment in Banca Commerciale Italiana to over 1%, an investment of approximately Lire 133 billion. Further to the public exchange share offering of Banca Intesa, its investment in Comit decreased to 0.22% (assisted by warrant-put) and a 0.53% stake in Banca Intesa was acquired.

The Group also increased its stake in Mediobanca from 1.99% to 2.48% through the merger by incorporation of Promotex with Mediobanca.

Reference should be made to the comments on Fincomind S.A., holding company, for information on Finter Bank Zürich – Finter Bank France.



The Group also has minority investments in the following important Italian industrial companies:

Industrial groups and holding companies	Group holding* %	(in millions of lire) Book value	
		1999	1998
Compart	3.414	150,059	-
Hdp	4.82	115,413	104,784
Società Editrice Siciliana S.p.A.	33.00	29,951	29,951
Gemina	4.43	24,235	12,953
Cartiere Burgo	2.68	22,720	22,720
Seesab S.p.A.	10.00	18,055	-
Poligrafici Editoriale	8.60	15,530	18,002
Gim	4.16	13,546	13,103
Falck	2.50	9,690	9,690
Premafin	0.29	1,246	1,835
		370,494	183,087

* percentage held at 31 December 1999

The Group acquired Lire 150 billion of Compart shares during the year. This investment (3.41%) makes it the largest non-bank investor in one of the most important Italian industrial groups operating in the energy and agro-industrial sectors.

The Group also acquired 10% of Seesab S.p.A. shares, (publishing house of 'L'Eco di Bergamo' and 'La Provincia' newspapers) for a cost of Lire 18 billion and decreased its stake in Poligrafici Editoriale from 10.05% to 8.60%.

The Group also increased its investment in HdP from 4.51% to 4.82% for a cost of Lire 10.6 billion and took part in the share capital increase of Gemina by underwriting the portion pertaining to it for a cost of Lire 11.3 billion.

* * *

The Group operates in this sector also through the following companies which hold the investments described in the above tables and operate on the national and international capital markets.



Italmobiliare International Finance Limited (Dublin)

This is the main financial company of Italmobiliare and operates on the international financial markets by also providing financial support to the foreign group companies.

The liquidity available was also managed through third parties.

Net income was Lire 24,216 million compared to Lire 20,822 million of the previous year.

During the year, the company acquired Comit shares for a value of Lire 133 billion, equal to 0.51% of the bank's ordinary share capital. In autumn, the company took part in the share exchange public offering of Banca Intesa.

Its key financial figures are as follows:

	(in millions of euro)		(in billions of lire)	
	1999	1998	1999	1998
Financial income and charges, net	15.5	30.0	23.8	
Adjustments to the value of financial assets	(1.1)	(2.2)	(0.2)	
Operating costs, amortization and depreciation	(0.4)	(0.8)	(0.5)	
Net income for the year	12.5	24.2	20.8	
Shareholders' equity of the Group	418.0	809.3	735.4	
Net financial position	348.0	673.9	736.1	

The company's net financial position decreased from Lire 736.1 billion to Lire 673.9 billion due to the above-mentioned investment in Comit and the distribution of dividends for Lire 7.5 billion.

The company's shareholders' equity was increased by Lire 57.1 billion.

Fincomind S.A. (Zurich)

Fincomind S.A. directly holds the whole investment in Finter Bank Zürich and indirectly, through Finter Holding S.A. which is 97% controlled, the majority investments in Finter Bank France and Société d'Etudes de Participations et de Courtages SEPAC S.A., in Monte Carlo. The consolidated financial statements of Fincomind show a decreasing net income of Sfr 8.1 million (Sfr 8.9 million in 1998, which was positively impacted by significant capital gains). If the same 1999 basis is considered, the 1999 net income is more positive as a consequence of the good performance of Finter Bank Zürich and the improved net income of Finter Bank France.

Finter Bank Zürich operates in the private banking sector; its registered offices are in Zurich with branches in Geneva, Lugano and Chiasso. Through its fully controlled trust companies and investments in companies involved in the bank's core business, the bank can offer its clients an increasingly appreciated service as shown by the greater level of third party assets managed (Sfr 4.1 billion in 1998; Sfr 4.8 billion in 1999 and over Sfr 5 billion in the first few months of 2000).

Finter Bank Zürich performed well during the year with a consolidated net income of Sfr 16.8 million (Sfr 16 million in 1998). Its shareholders' equity and the provision for general banking risk amounted to Sfr 103.7 million against Sfr 98.2 million at 31 December 1998.



In line with the above-mentioned positive results, the holding company closed the year with a net income of Sfr 16 million (Sfr 15.4 million in 1998).

Finter Bank France, which is 65.5% held by Finter Holding S.A. and 32.5% held by Finter Bank Zürich, is a single branch bank with registered offices in Paris.

The disappointing results of the recent years have led to a refocusing towards the private banking sector. This project will not be completed in the short term due to its intrinsic problems although actions have been undertaken recently in order to speed up this important process.

In order to assist the bank to break-even, the shareholder supported its refocusing process both economically and financially.

The net result for 1999 of Finter Holding S.A. was a negative Sfr 10 million.

The loss is mainly due to the economic and financial support given to its subsidiaries (Finter Bank France e SEPAC).

The key financial figures of the Fincomind group are as follows:

	(in millions of Swiss francs)	
	1999	1998
Financial income and charges, net	16.1	28.2
Adjustments to the value of financial assets	-	(0.3)
Net operating costs	(2.2)	(4.8)
Non-recurring income and charges, net	(5.8)	(14.1)
Net income for the year	8.1	8.9
Shareholders' equity of the Group	76.3	68.4
Net financial debt (*)	(44.8)	(46.8)
Investments	120.4	114.0

(*) includes Sfr 25 million of intercompany payables

Franco Tosi Finance S.A. (Luxembourg)

Further to holding certain investments, the company manages a significant portion of funds invested in low risk assets based on the usual liquidity criteria and financial risk control procedures.

As part of the restructuring of the Group's foreign financial structure, ie, its downsizing, Franco Tosi Finance S.A. merged by incorporation with Franco Tosi International S.A. after the latter had changed its legal structure.

During 1999, Promotex (12.5% held), which holds shares and warrants equal to 1% of the share capital of Assicurazioni Generali, was merged by incorporation with Mediobanca. Following this merger, Franco Tosi Finance S.A. received 3,281,250 Mediobanca shares (0.48%).

The main financial data of 1999 and 1998 are given below (the 1998 figures have been revised on a pro forma basis in order to account for the restructuring of Franco Tosi International and Franco Tosi Finance during the period).



	(in millions of euro)	(in billions of lire)	
	1999	1999	1998 pro forma
Financial income and charges, net	9.8	19.0	29.8
Adjustments to the value of financial assets	(1.9)	(3.7)	(0.8)
Operating costs, amortization and depreciation	(0.5)	(1.0)	(0.6)
Net income for the year	7.1	13.7	28.1
Shareholders' equity of the Group	223.5	432.8	460.9
Net financial position	202.6	392.3	416.7

The 1999 net income amounted to Lire 13.7 billion (Lire 28.1 billion for the adjusted 1998). The company recorded a gain of Lire 5.5 billion on the sale of investments. The decrease in net income is due to the lower profitability of financial assets.

The company distributed dividends for Lire 41.8 billion.

After 31 December 1999, the company agreed to invest up to a maximum of Lire 10 billion in a closed-end fund, Draper Fisher Jurvetson ePlanet Ventures L.P.. This investment fund intends to take opportunities in the Internet and Internet related sectors of Europe and Asia.

Furthermore, the company made an investment of Lire 4.5 billion (which will increase to Lire 9 billion during the year) in an Italian company, Consortium S.r.l., which will operate in the stock market, in particular focusing its investments in the insurance sector.

In 2000, the company has started procedures to merge by incorporation its associated company Société de Participation Financière Italmobiliare S.A. by the end of March.

Société de Participation Financière Italmobiliare S.A. (Luxembourg)

The company holds significant investments in Banca Commerciale Italiana S.p.A., Poligrafici Editoriale S.p.A., Fincomind S.A. and 100% of Crédit Mobilier de Monaco S.A. For organizational reasons, the company moved its balance sheet date from 31 December to 30 September and therefore comparative prior year figures relate to the pro-forma financial statements at 30 September 1998.

The net income of the company amounted to Lire 628 million with respect to Lire 323 million of the previous year pro-forma. The company received Lire 4 billion of dividends and recorded Lire 3.9 billion of net financial charges.

The company sold some of its Poligrafici Editoriale shares, reducing its investment from 10.05% to 9.98%. During the last quarter of 1999 the company took advantage of the good Stock Exchange trends in the Italian and European media sectors and sold further shares: its investment at 31 December 1999 decreased to 8.60%.

The subsidiary Crédit Mobilier de Monaco S.A., a small Monegasque bank, recorded a net income of FFr 2.7 million (1998: FFr 2.9 million). The dividends distributed in 1999 and related to 1998 results amounted to FFr 2.8 million.



The key 1998 and 1999 financial statement figures are as follows:

	(in thousands of euro)		(in millions of lire)	
	30 September 1999	30 September 1999	30 September 1998 pro-forma	31 December 1998
Financial income and charges, net	380	736	404	(905)
Operating costs, amortization and depreciation	(62)	(121)	(81)	(93)
Net income for the year	324	628	323	(999)
Shareholders' equity of the Group	11,333	21,943	12,905	22,942
Net debt	(77,990)	(151,009)	(97,525)	(154,897)

A post-balance sheet event is the participation to the public share exchange offering of Banca Intesa on the Comit shares.

As part of the shareholding restructuring program, the company has started procedures for the merger by incorporation of Société de Participation Financière Italmobiliare S.A. with Franco Tosi Finance S.A.. This transaction will be concluded by the end of March.

Intermobiliare S.p.A.

The financial statements at 31 December 1999 show a net loss of Lire 3,924.9 million with respect to a net loss of Lire 14,120.8 million of the previous year. The 1998 loss was due mainly to the loss on the sale of the UniCredito Italiano shares.

The company acquired 3.41% of the share capital of Compart for an investment of approximately Lire 150 billion. This investment, mostly funded by financing granted by the holding company, has generated an interest expense which is largely the cause of the net loss for the year. In fact the positive results of the trading activities did not fully cover the operating costs.

During the year, the share capital was increased to Lire 10 billion.



Human resources

At 31 December 1999, the Group had a workforce of 20,519 persons, an increase of 3,622 persons over 1998 mainly due to the inclusion in the consolidation area of the newly acquired companies of the construction materials sector in Morocco, Bulgaria and Thailand.

A breakdown of personnel by country is as follows:

	1999	% of total	1998	% of total
Italy	7,261	35.4	7,342	43.5
France	4,280	20.9	4,086	24.2
Belgium	756	3.7	760	4.5
Spain	818	4.0	767	4.5
Greece	315	1.5	355	2.1
Other European countries	19	0.1	17	0.1
Total Europe	13,449	65.6	13,327	78.9
North America	1,571	7.6	1,544	9.1
Turkey	1,246	6.1	1,257	7.4
Morocco	1,074	5.2	769	4.6
Bulgaria	1,378	6.7	--	-
Thailand	1,801	8.8	-	-
Total non-European countries	7,070	34.4	3,570	21.1
Total	20,519	100.0	16,897	100.0

The workforce of other subsidiaries and associated companies operating in other sectors and consolidated with the net equity method amounted to 183 persons.

Relationships with related parties

With respect to the consolidated financial statements, relationships with related parties concerned those with:

- subsidiaries stated using the net equity or cost methods;
- associated companies.

With respect to the construction materials and water and natural gas distribution sectors, relationships with related parties concern their joint interest in consolidating existing synergies with respect to the integration of production and commercial activities, the efficient use of skills and know-how and the rationalization of use of centralized services and financial resources.

Relationships are of a trading and financial nature.

Italmobiliare also provides administrative services to some associated companies.

All the above relationships take place on an arm's length basis.



Year 2000

The outcome of the activities started in previous years to avoid any year 2000 problems has been positive and the transition to the new millenium has been problem-free.

The total costs are not significant at Group level.

Year 2000 issues required no writing down of assets nor accruals to the provision for contingencies.

Costs incurred and investments made during the year are treated in accordance with the relevant Group accounting policies

Euro issue

In 1997, Italcementi Group set up a steering committee to evaluate the impact of the euro on its internal organization and on its relationships with third parties.

In the meantime, during the year subsidiary and associated companies will convert their share capitals into euro.

The extraordinary shareholders' meetings of Italmobiliare S.p.A. and Italcementi S.p.A., to be held in May, will be asked to approve this conversion.

In February 1999, Ciments Français S.A. converted its share capital into euro and started distributing dividends in euro in 1999.

Group companies operating in the euro-linked countries will continue to keep their accounting records in their local currencies in 2000 given also the characteristics of their different business sectors.

As required by Consob Communications, in order to provide efficient information to the public, the 1999 statutory and consolidated financial statements include the balance sheets, income statements and cash flow statements in euro.

Outlook

Overall, the Group's performance should be positive and, excluding factors that are not currently foreseeable, year end figures should be better than those of 1999.

Milan, 29 March 2000

The Board of directors

Consolidated financial statements

Consolidated balance sheet
Consolidated income statement
Notes to the consolidated
financial statements



Consolidated balance sheet

ASSETS	31 December 1999 (in thousands of euro)	31 December 1999 (in millions of lire)	31 December 1998 (in millions of lire)	Variation 1999/1998 (in millions of lire)
A) Share capital proceeds to be received	-	-	-	-
B) Fixed assets				
I - Intangible assets:				
1) Start-up and capital expenses	11,799	22,846	20,567	2,279
2) Research, development and advertising expenses	1,532	2,967	1,701	1,266
3) Industrial patents and similar rights	360	697	342	355
4) Licences, trademarks and similar rights	42,929	83,122	66,464	16,658
5) Goodwill	34,938	67,650	72,067	(4,417)
6) Assets under development and payments on account	413	799	114	685
7) Consolidation differences	1,290,076	2,497,936	2,236,656	261,280
8) Other	49,789	96,405	78,451	17,954
Total	1,431,836	2,772,422	2,476,362	296,060
II - Tangible assets:				
1) Land and buildings	1,075,610	2,082,672	1,834,742	247,930
2) Plant and machinery	1,292,822	2,503,252	1,752,858	750,394
3) Industrial and commercial equipment	137,650	266,528	247,948	18,580
3 bis) Freely transferable assets	67,186	130,090	135,721	(5,631)
4) Other fixed assets	93,739	181,504	181,542	(38)
5) Assets under construction and advances	155,228	300,563	346,679	(46,116)
Total	2,822,235	5,464,609	4,499,490	965,119
III - Investments and other financial assets:				
1) Investments:				
a) Subsidiaries	101,230	196,009	204,315	(8,306)
b) Associated companies	166,749	322,871	305,889	16,982
c bis) Related companies	666	1,290	-	1,290
d) Other	382,031	739,716	554,866	184,850
2) Amounts receivable:				
a) From subsidiaries:				
Due within one year	15	30	-	30
Due after one year	420	814	2,683	(1,869)
b) From associated companies:				
Due within one year	77	150	1,243	(1,093)
Due after one year	4,615	8,935	8,253	682
d) Other:				
Due within one year	1,128	2,185	4,853	(2,668)
Due after one year	241,574	467,753	438,494	29,259
3) Other securities	319,475	618,590	527,759	90,831
4) Own shares total nominal value Lire 3,580,500,000				
Book value	16,770	32,471	-	32,471
Total	1,234,750	2,390,814	2,048,355	342,459
Total fixed assets (B)	5,488,821	10,627,845	9,024,207	1,603,638



	31 December 1999 (in thousands of euro)	31 December 1999 (in millions of lire)	31 December 1998 (in millions of lire)	Variation 1999/1998 (in millions of lire)
C) Current assets				
I - Inventories:				
1) Raw materials, consumables and supplies	247,014	478,286	429,297	48,989
2) Work in progress and semi-finished products	60,349	116,852	117,046	(194)
3) Contract work in progress	959	1,856	1,166	690
4) Finished products	94,556	183,086	159,346	23,740
5) Payments on account	6,177	11,960	2,750	9,210
Total	409,055	792,040	709,605	82,435
II - Trade and other receivables:				
1) Trade receivables:				
Due within one year	898,387	1,739,519	1,496,549	242,970
Due after one year	1,807	3,499	914	2,585
2) Subsidiaries:				
Due within one year	4,895	9,479	4,245	5,234
3) Associated companies:				
Due within one year	3,649	7,066	6,489	577
4 bis) Related companies:				
Due within one year	64	124	539	(415)
5) Others:				
Due within one year	285,545	552,892	635,423	(82,531)
Due after one year	41,071	79,524	12,159	67,365
Total	1,235,418	2,392,103	2,156,318	235,785
III - Marketable securities:				
2) Investments in associated companies	8,027	15,542	18,002	(2,460)
4) Other investments	140,929	272,877	106,713	166,164
6) Other securities	461,401	893,396	745,204	148,192
7) Financial receivables:				
Due within one year				
a) Subsidiaries	9,774	18,926	21,217	(2,291)
b) Associated companies	931	1,803	1,408	395
e) Other	13,871	26,858	4,730	22,128
Total	634,933	1,229,402	897,274	332,128
IV - Cash and cash equivalents:				
1) Bank and postal accounts	301,328	583,452	799,156	(215,704)
2) Checks on hand	2,933	5,680	973	4,707
3) Cash-in-hand and cash equivalents	4,608	8,923	2,243	6,680
Total	308,869	598,055	802,372	(204,317)
Total current assets (C)	2,588,275	5,011,600	4,565,569	446,031
D) Prepayments and accrued income				
b) Other prepayments and accrued income	76,993	149,079	138,123	10,956
Total	76,993	149,079	138,123	10,956
Total assets	8,154,089	15,788,524	13,727,899	2,060,625



EQUITY AND LIABILITIES

	31 December 1999 (in thousands of euro)	31 December 1999 (in millions of lire)	31 December 1998 (in millions of lire)	Variation 1999/1998 (in millions of lire)
A) Shareholders' equity:				
I - Share capital	99,485	192,629	176,766	15,863
II - Share premium reserve	177,191	343,090	301,848	41,242
III - Revaluation reserves	86,760	167,991	166,694	1,297
IV - Legal reserve	18,826	36,452	29,452	7,000
V - Reserve for purchase of own shares	16,770	32,471	-	32,471
VI - Statutory reserves	-	-	-	-
VII - Other reserves	768,340	1,487,713	1,378,351	109,362
VIII - Retained earnings	2,860	5,537	46	5,491
IX - Net income for the year	90,144	174,544	176,804	(2,260)
Total shareholders' equity of the Group	1,260,376	2,440,427	2,229,961	210,466
X - Minority interests	2,007,021	3,886,135	3,391,880	494,255
Total shareholders' equity	3,267,397	6,326,562	5,621,841	704,721
A/bis) Floating rate subordinated securities	324,632	628,576	628,570	6
B) Provisions for contingencies and charges:				
1) Pension and similar provisions	66,852	129,444	55,103	74,341
2) Taxes	237,628	460,112	440,526	19,586
3) Other	269,668	522,150	664,151	(142,001)
Total	574,148	1,111,706	1,159,780	(48,074)
C) Employees' leaving entitlements	103,367	200,146	199,732	414
D) Payables:				
1) Debentures:				
Due within one year	12	24	21	3
Due after one year	413,253	800,170	763,839	36,331
3) Due to banks:				
Due within one year	495,150	958,745	658,898	299,847
Due after one year	1,412,615	2,735,204	2,918,947	(183,743)
4) Sums due to other financial institutions:				
Due within one year	8,392	16,249	64,991	(48,742)
Due after one year	517,400	1,001,827	86,563	915,264
5) Payments on account:				
Due within one year	7,198	13,937	10,777	3,160
Due after one year	697	1,350	-	1,350
6) Accounts payable to creditors:				
Due within one year	527,235	1,020,870	794,180	226,690
Due after one year	2,862	5,542	-	5,542
7) Accounts payable on bills accepted and drawn:				
Due within one year	68,130	131,919	140,770	(8,851)
Due after one year	59	114	89	25
8) Amounts payable to subsidiaries:				
Due within one year	871	1,686	1,634	52
9) Amounts payable to associated companies:				
Due within one year	3,639	7,046	6,494	552



	31 December 1999 (in thousands of euro)	31 December 1999 (in millions of lire)	31 December 1998 (in millions of lire)	Variation 1999/1998 (in millions of lire)
10 bis) Amounts payable to related companies:				
Due within one year	111	214	39	175
11) Sums payable to taxation authorities:				
Due within one year	124,671	241,397	260,565	(19,168)
Due after one year	1,908	3,694	10,240	(6,546)
12) Social security charges payable:				
Due within one year	46,469	89,977	68,490	21,487
Due after one year	447	866	527	339
13) Other sums payables:				
Due within one year	230,994	447,267	287,512	159,755
Due after one year	1,421	2,751	2,710	41
14) Financial payables:				
Due within one year				
a) Subsidiaries	1,246	2,413	6,515	(4,102)
b) Associated companies	1,685	3,262	5	3,257
Total	3,866,465	7,486,524	6,083,806	1,402,718
E) Accruals and deferred income				
b) Other accruals and deferred income	18,080	35,010	34,170	840
Total	18,080	35,010	34,170	840
Total equity and liabilities	8,154,089	15,788,524	13,727,899	2,060,625



Consolidated income statement

	1999 (in thousands of euro)	1999 (in millions of lire)	1998 (in millions of lire)	Variation 1999/1998 (in millions of lire)
A) Net sales and other operating income				
1) Net sales	3,609,241	6,988,466	6,214,285	774,181
2) Variations in work in progress, semi-finished and finished goods	1,983	3,839	(11,393)	15,232
3) Variation in contract work in progress	88	171	213	(42)
4) Increase on internal work capitalised under fixed assets	17,758	34,384	19,599	14,785
5) Other operating income:				
a) Grants for operating expenses	44,483	86,132	87,663	(1,531)
b) Other operating income	45,477	88,055	78,386	9,669
Total	3,719,030	7,201,047	6,388,753	812,294
B) Operating costs				
6) Raw materials, consumables and supplies	908,749	1,759,583	1,595,868	163,715
7) Services	1,044,247	2,021,945	1,739,339	282,606
8) Use of third party assets	63,503	122,959	101,074	21,885
9) Personnel expenses:				
a) Wages and salaries	489,691	948,174	895,561	52,613
b) Social security contributions	191,670	371,124	342,295	28,829
c) Employees' leaving entitlements	19,040	36,867	38,777	(1,910)
d) Pension and similar costs	2,249	4,354	3,994	360
e) Other costs	5,937	11,495	9,778	1,717
10) Amortization, depreciation and write-downs:				
a) Amortization of intangible assets	99,131	191,945	177,738	14,207
b) Depreciation of tangible assets	257,131	497,875	475,272	22,603
d) Write-downs of receivables and cash and cash equivalents forming part of current assets	14,007	27,121	33,804	(6,683)
11) Variation in raw materials, consumables and supplies	1,972	3,818	7,899	(4,081)
12) Provision for contingencies	10,161	19,674	15,587	4,087
13) Other provisions			49	(49)
14) Other operating costs	106,768	206,734	178,478	28,256
Total	3,214,256	6,223,668	5,615,513	608,155
Operating income (A-B)	504,774	977,379	773,240	204,139
C) Financial income and charges				
15) Income from investments:				
a) Dividends from subsidiaries	2,815	5,450	3,121	2,329
b) Dividends from associated companies	4,104	7,947	2,975	4,972
b bis) Dividends from related companies	1	1		1
c) Other dividends	16,770	32,472	25,208	7,264
d) Other	2,029	3,929	170,831	(166,902)
16) Other financial income:				
a) Receivables classified as fixed assets:				
- Subsidiaries	20	38	5	33
- Associated companies	45	88	115	(27)
- Other companies	1,128	2,185	220	1,965
- Other	319	618	671	(53)
b) From securities included as fixed assets which are not investments	9,824	19,022	6,038	12,984



	1999 (in thousands of euro)	1999 (in millions of lire)	1998 (in millions of lire)	Variation 1999/1998 (in millions of lire)
c) From securities included under current assets which are not investments	19,659	38,066	49,119	(11,053)
d) Other income:	70	136	192	(56)
- Subsidiaries	71	137	217	(80)
- Associated companies	3	6	23	(17)
- Other	84,934	164,454	148,818	15,636
16 Bis) Income from investments stated with the net equity method	19,244	37,262	31,938	5,324
17) Interest and other financial charges:	(16)	(31)	(61)	30
- Subsidiaries	(28)	(54)	(58)	4
- Other	(205,741)	(398,371)	(437,949)	39,578
17 Bis) Charges from investments stated with the net equity method	(5,113)	(9,901)	(7,755)	(2,146)
Total	(49,862)	(96,546)	(6,332)	(90,214)
D) Adjustments to the value of financial assets				
18) Revaluations				
a) Investments			1,106	(1,106)
b) Financial assets other than investments	4,737	9,173	127	9,046
c) Securities included under current assets which are not investments			1,803	(1,803)
19) Write-downs:				
a) Investments	(4,834)	(9,359)	(1,810)	(7,549)
b) Financial assets other than investments	(1,599)	(3,096)	(11,584)	8,488
c) Securities included under current assets which are not investments	(3,555)	(6,883)	(2,954)	(3,929)
Total	(5,251)	(10,165)	(13,312)	3,147
E) Non-recurring income and charges				
20) Income:				
a) Profit on sale of assets	21,718	42,051	31,255	10,796
b) Other income	77,441	149,946	51,978	97,968
21) Charges:				
a) Loss on sale of assets	(4,093)	(7,926)	(14,859)	6,933
b) Taxes relative to prior years	(8,460)	(16,381)	(4,825)	(11,556)
c) Other charges	(79,604)	(154,134)	(130,554)	(23,580)
Total	7,002	13,556	(67,005)	80,561
Income before taxes (A-B+C+D+E)	456,663	884,224	686,591	197,633
22) Taxes on income	(195,545)	(378,628)	(305,318)	(73,310)
Income before minority interests	261,118	505,596	381,273	124,323
23) Minority interests	170,974	331,052	204,469	126,583
Net income of the Group	90,144	174,544	176,804	(2,260)



Notes to the consolidated financial statements

Business scope of the company and subsidiaries

Italmobiliare S.p.A. acts as a holding company. Its subsidiaries perform different activities mainly in the following sectors:

- Manufacturing
- Real estate
- Financial
- Services

Reference should be made to the directors' report for comments on the different activities performed during the year.

Contents and format of the consolidated financial statements

The consolidated financial statements as at and for the year ended 31 December 1999 have been prepared in accordance with Legislative decree no 127/1991 (section 3) which incorporated the EU VII Directive into Italian law.

They comprise a balance sheet, income statement and these notes and are integrated, for the purposes of providing greater clarity on the Group's position and results, by a statement of cash flows analyzing the cash flow generated during the year.

The format of the consolidated financial statements is consistent with that of the holding company and in accordance with that required by Consob (Italian Stock Exchange Authority) for industrial holding companies.

The accounting principles agree with those set out in article 2423 bis of the Civil Code as per Consob guidelines and are detailed herebelow.

All figures are expressed in millions of lire and are rounded up for amounts of Lire 500,000 and above. This method has been applied consistently and ensures the correct comparison thereof.

Consolidation area

The consolidated financial statements of the Italmobiliare Group include the financial statements of the holding company, Italmobiliare Società per Azioni, and those of the Italian and foreign subsidiaries in which the former holds, either directly or indirectly, the majority of the voting rights or a significant portion thereof sufficient to guarantee a dominant influence at shareholders' meetings.

Such financial statements have been consolidated using the full consolidation method, except for what indicated in the following. Companies in which the Group has joint control have been consolidated using the proportionate method.



Associated companies (in which the Group has at least an investment of between 20% and 50% of the share capital with voting rights, reduced to 10% for listed companies and it has significant influence) and subsidiaries not fully consolidated (ie, which perform different activities) have been consolidated using the net equity method.

Dormant companies, those in liquidation and companies with insignificant results have not been consolidated and have been valued at cost.

Annexes A and B set out lists of the subsidiary and associated companies showing the percentage of investment and consolidation method adopted.

Annex C sets out the subsidiaries and associated companies valued with the equity method; the other subsidiaries and associated companies stated at cost are listed in Annex D. Annex E gives the other investments greater than 10%.

The most significant variations in the consolidation areas are as follows:

- the inclusion of the cement producer Vulkan AD (Bulgaria) from 1 January 1999;
- the acquisition of Asia Cement Public Company Ltd (Thailand) consolidated from 1 September 1999;
- the acquisition of control of Asmar (Morocco) from 1 May 1999 and merged by incorporation with Ciments du Maroc at the end of the year.

Presentation criteria and consolidation policies

The consolidated financial statements have been prepared using the annual financial statements of the companies as at and for the year ended 31 December 1999 prepared in accordance with local legislation and approved by the related boards of directors or shareholders' meetings if available.

Interim accounts at 31 December 1999 have been prepared by companies with different year end dates to that of the holding company.

All the financial statements have been drawn up using accounting principles consistent with those adopted by the holding company and have been adjusted, if necessary, to eliminate fiscally-driven entries. These adjustments have been made in order to comply with Legislative decree no 127/1991, the accounting principles recommended by Consob and, where they are silent, those of the International Accounting Standard Committee (IASC).

Consolidation differences arising from acquisitions of investments by Ciments Français S.A. may be reviewed during the year after the acquisition, due to the better knowledge of the value of the acquired assets and liabilities then available.

The following consolidation policies have been adopted:

- intercompany transactions and intercompany profits which had not been finalized with third parties at balance sheet date have been eliminated, taking account of deferred taxes where necessary;



- fiscally-driven entries have been eliminated, taking account of deferred taxes where necessary.

In particular, the accelerated depreciation charged by the parent company and certain consolidated subsidiaries in excess of ordinary depreciation has been eliminated.

The financial statements of subsidiaries (with the exception of those performing different activities) have been fully consolidated with the line-by-line method, eliminating the book value of the investments against the related portions of net equity and consolidating their assets and liabilities.

Minority interests in capital and reserves and in the net result for the year have been shown separately.

- Own shares have been debited against shareholders' equity.
- The portions pertaining to the Group for consolidation purposes have been calculated on the basis of all the investments held directly or indirectly by the holding company.
- When a company is consolidated for the first time, the difference generated as a result of eliminating the investment, if positive, is attributed to the subsidiary's assets, to the extent possible, with any excess being booked to "Consolidation differences" (goodwill); if negative, it is booked to "Negative consolidation differences" (badwill) as follows:
 - under liabilities in the consolidated provision for contingencies and future charges if it is due to estimated future losses; this provision is made on the basis of estimated and realized losses;
 - under shareholders' equity in the "Consolidation reserve" in other cases.

Variations in the shareholders' equity of subsidiaries, which have occurred after acquisitions, have been shown under "Other consolidation reserves" for the portion attributable to the Group.

Companies in which the Group has joint control with other companies (either directly or indirectly) have been consolidated using the proportionate method, whereby the assets and liabilities and result for the year have been consolidated in proportion to the investment.

Investments in associated companies and subsidiaries which perform different activities have been consolidated using the equity method. This consists of modification of the historical cost of the investment to take account of the portion of profits or losses realized by the company following its acquisition.

Financial statements expressed in foreign currency of foreign subsidiaries consolidated fully or on a proportionate basis and those of foreign associated companies consolidated using the equity method have been translated into lire using the year end rates for balance sheet items and average annual rates for the income statement.

Any differences deriving from the translation of opening shareholders' equity at the annual year end rates and between the result for the year using year end rates and that which would have been obtained had the average annual rate been used have been booked directly under consolidated shareholders' equity ("Consolidation reserves").



Group companies which operate in countries with high inflation rates (e.g. Turkey), have translated their financial statements firstly into French francs (functional currency) as follows:

fixed assets and shareholders' equity have been translated using the rate of exchange ruling at the date of their acquisition or formation, as well as any other related costs or income; any exchange differences arising from this method have been credited or charged to the income statement as financial income or charges.

The following exchange rates have been used:

(lire)

Currency	Average		Closing date	
	December 1999	December 1998	December 1999	December 1998
Lira	1.00	1.00	1.00	1.00
US dollar	1,817.17	1,735.92	1,927.40	1,653.10
Canadian dollar	1,222.86	1,172.46	1,325.49	1,066.17
French franc	295.18	294.43	295.18	295.18
Belgium franc	48.00	47.85	48.00	48.00
Spanish peseta	11.64	11.63	11.64	11.64
Pound sterling	2,939.98	2,875.75	3,114.48	2,763.16
Cyprian sterling	3,345.15	3,361.18	3,357.67	3,327.69
Moroccan dirham	185.88	180.56	191.67	178.56
Greek drachma	5.94	5.88	5.86	5.88
Turkish lira	0.004	0.01	0.004	0.01
Dutch florin	878.64	875.66	878.64	878.64
Swiss franc	1,209.87	1,198.29	1,206.32	1,208.41
Thai baht	48.07	45.21	51.59	45.21
Bulgarian lev	992.88	990.00	995.46	990.00
Euro	1,936.27	1,936.27	1,936.27	1,936.27

The exchange rates of euro-linked currency are fixed.

Information on the Group's activities and significant post-balance sheet events is given in the Directors' report.



Accounting policies and valuation criteria

The consolidated financial statements have been drawn up in line with the principles of prudence and accruals on a going concern basis.

They have been prepared in accordance with current legislation, applying valuation criteria.

Intangible assets

Start-up and capital expenses, which relate principally to the increase in share capital of consolidated companies, are stated at cost, net of amortization.

Amortization is calculated on a straight line basis over not more than five years.

Research, development and advertising expenses are entirely charged to the income statement in the year in which they are incurred, except for those related to the development of new products/procedures for which potential demand exists which justified production.

These deferred research expenses are amortized on a straight line basis over not more than five years.

Industrial patents and similar rights are stated at purchase or production cost, including directly related changes, and amortized over the duration of the underlying contract or on another reasonable basis. If the residual income generating thereof cannot be determined objectively, they are amortized over five years.

Goodwill is stated at cost if acquired against payment and amortized on a straight line basis, usually over ten years which are considered to be in line with its income generating potential.

The consolidation difference arises as a result of the value paid at acquisition date for the investment, being greater than the book value of the shareholders' equity at the date, after considering amounts which can be allocated to specific asset captions. It is shown net of amortization calculated on the basis of its residual income generating potential (40 years for the cement sector and 10 and 20 years for other activities, depending on the assets).

The residual income generating potential of an asset is calculated on the basis of the duration of the investment, in line with the specific characteristics of the sector in which the acquired company operates which supported the reasons for the acquisitions.



At each year end, if there has been a permanent impairment in value, the consolidation difference is written-down.

Tangible assets

Tangible assets are stated at acquisition or production cost, including any directly related charges, net of accumulated depreciation.

They are subjected to monetary revaluation as per the relevant law or revaluations following extraordinary transactions.

If their value at year end is believed to be lower on a permanent basis than their book value, the cost is written-down accordingly.

Financial charges incurred during production relating to specific financing obtained for the construction of buildings, etc. are added to production costs.

Depreciation is calculated on a straight line basis using rates which represent the estimated useful lives of the assets.

Assets purchased during the year are depreciated at half the ordinary rates.

Depreciation of freely transferable or leased assets is calculated on a straight line basis over the lesser of the residual duration of the contract and estimated useful economic life of the asset.

Ordinary maintenance costs are fully expensed.

Extraordinary maintenance costs which increase the production capacity of the related plant are booked under the asset to which they relate and depreciated over its estimated useful economic life.

Significant assets acquired under financial leases are stated under tangible assets at the current value of future installments and depreciated using the rates of the category of asset to which they belong.



Financial fixed assets

Investments in subsidiaries which are not consolidated using the line-by-line method and in associated companies are stated using the equity method.

Investments in other companies are stated at purchase or subscription cost (using the moving average cost method), adjusted, where necessary, to account for monetary revaluations and permanent impairment in value. The original value is reinstated in the following year if the reasons for the write-down are no longer valid.

Other long-term investments are stated at cost, including directly related costs and, if fixed rate securities, issue discounts. They are adjusted to reflect permanent impairment in value.

Any differences between the cost of fixed and variable rate securities and their reimbursement value are accrued on a straight line basis over the life of the security.

Own shares in portfolio are stated at purchase cost.

In accordance with article 2357 ter of the Civil Code, a not available reserve has been recorded under shareholders' equity against this caption for an amount equal to the related book value.

Inventories

Inventories are stated at the lower of purchase or production cost (mainly using the weighted average cost method) and market price.

Production cost includes the cost of raw materials, direct costs and overheads.

Market price is equal to the substitution cost of raw materials and supplies and the net realizable value for semi-finished and finished goods.

Slow-moving or obsolete stock is stated in line with its possible future utilization or realization.

Work in progress is stated at the agreed net fee and is in line with the percentage of work actually completed.

Losses on contracts which can reasonably be estimated are entirely charged to the income statement of the year in which they are identified.



Receivables and payables

Receivables are stated at their estimated realizable value less the provision for bad debts.

The factoring of receivables without recourse on international markets has led to an amount of approximately 15% of the nominal value of the ceded receivables given as a guarantee, to be cashed at maturity under "Other receivables" in the balance sheet.

Payables are stated at their nominal value.

Receivables and payables in foreign currency are recorded using the exchange rate ruling at the date of the related transactions and adjusted to year end rates considering hedging transactions in place.

Hedging contracts have been stipulated on official and secondary markets to reduce interest rate fluctuation risks on financial payables and the risk of variations in currency exchange rates. The related charges and income are accounted for together with those realized on the hedged items.

Receivables, payables and cash and cash equivalents expressed in currencies of euro-linked countries are converted using the related irrevocable exchange rates fixed on 31 December 1998. This has led to exchange rate gains/losses which have been fully recorded in the income statement.

Marketable securities

Investments listed on stock exchanges are stated at the lower of cost (LIFO method) and realizable value (based on market trends).

Unlisted investments are stated at the lower of purchase or subscription cost and estimated realizable value.

Other securities are stated at the lower of cost (LIFO method by groupings) and estimated market value: where the latter is unavailable, the value of similar securities is used. The original cost is reinstated if the reasons for the write-downs are no longer valid.



Prepayments and accruals

These are stated in accordance with the accruals and matching concepts.

Capital grants

Government and other state body grants are recorded under shareholders' equity, net of the related taxes as required by the relevant legislation.

Starting from 1998, grants for investments are stated when the conditions for their receipt arise and are taken to the income statement based on the residual useful estimated lives of the related assets.

Where the grants are received for the construction of tangible fixed assets used for concession activities, such amounts are treated as deferred income and released to income on a systematic basis in line with the depreciation of the related assets.

Provisions for contingencies and other charges

- Taxes

Current taxes are calculated on the basis of a reasonable estimate of the taxes payable in the different countries in which the Group operates in accordance with the relevant tax legislation.

Following the application of the revised International Accounting Standard 12 about income taxes, the treatment of deferred income taxes has been reviewed.

The policy applied by the Group is substantially consistent with the Accounting Principle recently issued by the relevant commission of the Italian Association of Accountants about the accounting treatment of income taxes.

Deferred tax assets and liabilities are calculated on the most significant consolidation transactions and on temporary differences between the balance sheet figures and the related amounts recognized for tax purposes obtained from the financial statements of the consolidated companies, as well as on carry forward tax losses. They are not recorded if it is very unlikely that the related payable will arise while deferred tax assets are accounted for if it is reasonably certain that they will be recovered.

Deferred tax assets and liabilities are compensated if they relate to the same company, or group if integrated for tax purposes. The resulting balance is stated under 'Other receivables' of current assets, if positive or under the provision for taxes, if negative.

The effect of application of the new treatment compared to that adopted until 31 December 1998 is provided for under 'Non-recurring income and charges' in the income statement as required by the accounting principles issued by the Italian Association of Accountants.

The provision for taxes also includes an estimate of tax charges on open positions.



- Other

This caption comprises estimated accruals to meet certain or probable payables, the due date and amount of which are unknown at year end. They reflect the best estimate possible based on the information available at balance sheet date.

Accruals for pensions and social security contributions made for the employees of the foreign group companies are shown under the captions 'Pensions and other similar provisions'. They are calculated on an actuarial basis and are not regulated by legislation but based on local agreements and internal company agreements.

Employees' leaving entitlements and provision for pensions

The provision made for employees' leaving entitlements is in line with the effective liability matured at year end, due to all employees in accordance with current legislation and labor contracts.

Commitments for social security repayments and entitlements for employees of foreign companies are shown under other provisions for contingencies and other charges.

Memorandum and contingency accounts

These accounts show the commitments of the Group, the guarantees received and given and Group assets held by third parties as well as third party assets held by the Group as deposits

Costs and revenues

Costs and revenues are stated in accordance with the principles of prudence and accruals with the consequent recording of the related prepayments and accruals. Revenues and income and costs and charges are shown net of returns, discounts and taxes directly related to the sale of the products or providing of the services. Turnover on the sale of products is recognized upon transfer of title which usually takes place with delivery. Revenues on contract work in progress are recorded in line with the percentage of work completed.

Research, development and advertising expenses are usually expensed in the year in which they are incurred.



Dividends

Dividends received from subsidiaries carried at cost are included in the year in which they are approved.

Repurchase agreements

Repurchase agreements with a commitment to repurchase or resell the security at maturity date are shown as financial transactions. The difference between the sale and purchase price is taken to the income statement.



Analysis of the balance sheet captions

Assets

B – Fixed assets

BI – Intangible assets Lire 2,772,442 million
(Lire 2,476,362 million in 1998)

	(in millions of lire)
Balance at 31 December 1998	2,476,362
Additions	78,967
Disposals	(666)
Amortization	(191,945)
Translation differences	10,269
Variation in consolidation area and reclassifications	399,435
Balance at 31 December 1999	2,772,422

The variations in consolidation area mainly relate to the inclusion of Asmar (Morocco), merged by incorporation with Ciments du Maroc at year end, and the acquisition of Asia Cement for approximately Lire 152 billion and Lire 211 billion respectively. These figures have been stated under 'Consolidation differences'.

Start-up and capital expenses and research, development and advertising expenses may be analyzed as follows:

Start-up and capital expenses

	31 December 1999	31 December 1998
Restoration of quarry	17,976	12,815
Start-up and capital increase expenses	3,011	5,878
Other start-up and capital expenses	1,859	1,874
Total	22,846	20,567

	31 December 1999	31 December 1998
Research and development expenses	1,969	1,068
Advertising expenses	998	633
Total	2,967	1,701



Consolidation differences Lire 2,497,936 million
(Lire 2,236,656 million in 1998)

Consolidation differences relate almost entirely to the greater value paid by Ciments Français upon acquisition of its main subsidiaries and by the Italcementi Group upon acquisition of Ciments Français SA and the Calcestruzzi group companies.

The increase of Lire 261,280 million over 1998 may be analyzed as follows:

	(in millions of lire)
Decreases	3,967
Disposals	(56)
Amortization	(120,688)
Translation differences	7,659
Variation in consolidation area and reclassifications	370,398
Total	261,280

BII – Tangible assets Lire 5,464,609 million
(Lire 4,499,490 million in 1998)

The variations in this caption may be analyzed as follows:

Additions	567,934
Disposals	(48,199)
Depreciation and write-downs	(505,717)
Translation differences	229,331
Variation in consolidation area and reclassifications	721,770
Total	965,119

Translation differences are mainly related to the dollar (approximately Lire 98 billion) and Thai baht (approximately Lire 101 billion).

The variation in consolidation area is principally due to the acquisition of Asmar in Morocco (Lire 130 billion) and Asia Cement in Thailand (Lire 507 billion) as well as differences between the acquisition value and book shareholders' equity of the investments at the date of acquisition, allocated to assets of the Bulgarian and Thai companies.

Accumulated depreciation as a percentage of gross tangible assets decreased from 61.2% in 1998 to 58.4% in 1999.

No financial charges have been capitalized during the year.



BIII – Financial assets
(Lire 2,048,354 million in 1998)

Lire 2,390,814 million

Investments

At 31 December 1999, this caption amounts to Lire 1,259,886 million (Lire 1,065,070 million in 1998) and increases by Lire 194,816 million due to the following variations:

	(in millions of lire)
Additions	1,004,665
Disposals	(14,261)
Revaluations and write-downs	14,308
Translation differences	14,703
Variations in consolidation area and reclassifications	(824,599)
Total	194,816

The main variations relate to additions and variations in consolidation area mainly due to:

- the acquisitions (over Lire 800 billion) by Ciments Français group of which the more important are: Asia Cement, Thailand (Lire 494 billion), Asmar, Morocco (Lire 205 billion), Vulkan, Bulgaria (Lire 34 billion) and Financiera y Minera, Spain (Lire 21 billion);
- the acquisitions made directly by Italmobiliare S.p.A. or by its financial subsidiaries; in particular the 3.41% investment in Compart (Lire 150 billion).

The investments in unconsolidated subsidiaries of Lire 196,009 million include those in cement and ready mixed concrete production companies (26%) and in financial companies and banks (74%).

Investments in associated companies of Lire 322,871 million include:

- cement and ready mixed concrete companies - approximately Lire 248 billion;
- publishing companies – approximately Lire 30 billion;
- other companies - Lire 45 billion.

The principal investments in associated companies are: Vassiliko Cement Works Ltd (Lire 90 billion), Ciments Quebec Inc (Lire 67 billion), Asment (Lire 27 billion), Società Editrice Siciliana S.E.S. S.p.A. (Lire 30 billion) and Mittel S.p.A. (Lire 26 billion).

Annexes D and E give a detailed list of all investments in unconsolidated subsidiary and associated companies.

The investment in the associated company Mittel S.p.A. has been valued using the equity method on the most recently approved financial statements at 30 September 1999. As the shareholders of Società Editrice Siciliana S.E.S. S.p.A. have not yet approved the 1999 financial statements, in 1999 this investment has been stated at the book value of the previous year which is equal to the shareholders' equity at 31 December 1998.



The most significant investments included under 'Other' are:

	(in millions of lire)	
	31 December 1999	31 December 1998
UniCredito Italiano S.p.A.	190,349	190,349
Gemina S.p.A.	24,235	12,953
Holding di Partecipazioni Industriali S.p.A.	115,413	104,784
Mediobanca S.p.A.	156,832	123,452
Compart	150,059	-
Promotex S.r.l. (*)	-	33,380
Cartiere Burgo S.p.A.	22,720	22,720
Fin Priv S.r.l.	17,690	17,690
G.I.M. Generale Ind. Metallurgiche S.p.A.	13,546	13,103
Acciaierie e Ferriere Lombarde Falck S.p.A.	9,690	9,690
Premafin Finanziaria S.p.A.	1,246	1,835
Istituto Europeo di Oncologia	8,250	8,572
Sesaab Editrice	18,055	-
Other	11,631	16,338
Total	739,716	554,866

(*) merged by incorporation by Mediobanca during the year

Amounts receivables

Other amounts receivable amount to Lire 469,938 million (Lire 443,347 million in 1998). They include Lire 355,482 million (Lire 321,700 million in 1998) due after five years, being the principal and interest accrued but not received on deposits with banks upon the issue of undated subordinated securities by the Italcementi Group (see the relevant liabilities caption).

The other receivables mainly comprise guarantee deposits of Lire 43,652 million (Lire 43,944 million in 1998), IRPEF advances on employees' leaving entitlements of Lire 20,726 million and other sundry amounts of Lire 50,078 million (Lire 55,376 million in 1998).

Other securities

The balance of Lire 618,590 million (Lire 527,759 million in 1998) is composed of fixed rate government securities and debentures given as security for loans.



The increase is mainly due to:

- Lire 32,500 million as the market value of the put option purchased by the parent company on part of the UniCredito Italiano S.p.A. shares. These shares are to be used for the Mediobanca/UniCredito bond loan maturing in 2000 offset by a decrease in government securities and debentures of Lire 3,061 million;
- Lire 61,693 million mainly due to the purchase by Société Internationale Italcementi (Luxembourg) SA of Italcementi zero coupon 1997-2002 debentures

This transaction, hedged with a swap rate zero coupon transaction with an identical duration and interest rate, is risk-free and gives a profit which can be used to indirectly reduce the financial charge arising from the issue of such debentures.

Own shares

During the year, the Group acquired no 716,100 ordinary shares of a nominal value of Lire 5,000 each, equal to a total nominal value of Lire 3,580,500,000 for a cost of Lire 32,471 million as per resolution of the ordinary shareholders' meeting of 9 February 1999.

C - Current assets

CI - Inventories

Lire 792,040 million

(Lire 709,605 million in 1998)

At 31 December 1999, this caption comprises:

(in millions of lire)

	31 December 1999	31 December 1998
Raw materials and supplies	555,373	489,112
Provision for write-down of raw materials	(77,087)	(59,815)
	478,286	429,297
Work in progress and semi-finished products	132,262	126,551
Provision for write-down	(15,410)	(9,505)
	116,852	117,046
Contract work in progress	3,652	2,962
Provision for risks on contract work in progress	(1,796)	(1,796)
	1,856	1,166
Finished goods	173,845	171,752
Goods	18,901	9,059
Provisions for write-down of finished goods and goods	(9,660)	(21,465)
	183,086	159,346
Payments on account to suppliers	11,960	2,750
Total	792,040	709,605



The recalculation of the part of inventories, stated using the LIFO method, at current values would give a difference of approximately Lire 55 billion (Lire 66 billion in 1998).

CI - Trade and other receivables Lire 2,392,103 million
(Lire 2,156,318 million in 1998)

Trade receivables

These may be analyzed by due date as follows:

	(in millions of lire)		
	31 December 1999	31 December 1998	Variation
Due within one year	1,905,308	1,657,400	247,908
Provision for bad debts	(165,789)	(160,851)	(4,938)
Total	1,739,519	1,496,549	242,970

Unconsolidated subsidiaries

Amounts receivable from unconsolidated subsidiaries of Lire 9,479 million (Lire 4,245 million in 1998) are mainly of a trading nature and are due within one year.

Associated companies

Amounts receivable from associated companies of Lire 7,066 million (Lire 6,489 million in 1998) are mainly of a trading nature and are due within one year.

Other

This balance of Lire 632,416 million (Lire 647,582 million in 1998) includes:

	31 December 1999	31 December 1998
Taxation authorities -VAT	95,111	69,400
Taxation authorities - duties	254,356	387,640
Employees	6,517	5,488
Social security institutions	2,356	2,575
Disposal of investments and securities	12,171	24,902
Unsettled transactions with government and state bodies	144	979
Other	261,761	156,598
Totale	632,416	647,582

This balance also includes approximately Lire 70,958 million of deferred tax assets and Lire 45.2 billion (Lire 23.9 billion in 1998) related to the sale of trade receivables without recourse on international markets.



CIII – Marketable securities Lire 1,229,402 million
(Lire 897,274 million in 1998)

Investments in associated companies

This caption of Lire 15,542 million relates to the investment in Poligrafici Editoriale S.p.A.; the variation in this caption relates to the disposals of the year.

Other investments

Other investments of Lire 272,877 million mainly consist of Banca Commerciale Italiana and Banca Intesa shares. The increase of Lire 166,164 million is mainly due to the acquisition of further Comit shares which were subsequently subject to the public share exchange offering with Banca Intesa.

The caption also includes put options maturing in 2000 for Lire 15,952 million relating to part of the Comit and Banca Intesa shares.

Other securities

The balance of Lire 893,396 million (Lire 745,204 million in 1998) comprises:

	(in millions of lire)		
	31 December 1999	31 December 1998	Variation
Government securities	81,385	42,771	38,614
Debentures	771,002	672,140	98,862
Units of units trusts	41,009	30,293	10,716
Total	893,396	745,204	148,192

The increase of Lire 148,192 million is related to investments in the securities portfolio by the subsidiaries of the holding company.

Financial receivables Lire 47,587 million
(Lire 27,355 million in 1998)

a – Unconsolidated subsidiaries

Amounts due from unconsolidated subsidiaries are mainly of a financial or current account nature due within one year and amount to Lire 18,926 million (Lire 21,217 million in 1998).

b – Associated companies

This caption is composed of financial and current account items due within one year and amounts to Lire 1,803 million (Lire 1,408 million in 1998).



e - Other

This caption amounts to Lire 26,858 million (Lire 4,730 million in 1998); the increase is mainly due to repurchase agreements.

CIV - Cash and cash equivalents Lire 598,055 million
(Lire 802,372 million in 1998)

This caption may be analyzed as follows:

	(in millions of lire)		
	31 December 1999	31 December 1998	Variation
Bank accounts	583,452	799,156	(215,704)
Checks on hand	5,680	973	4,707
Cash-in-hand and cash equivalents	8,923	2,243	6,680
Total	598,055	802,372	(204,317)

This caption is mainly composed of bank accounts and instruments representing short term deposits earning interest at market rates.

A more detailed analysis of the variations in this caption is given in the directors' report and in the consolidated statement of cash flows in the annexes.

D - Prepayments and accrued income Lire 149,079 million
(Lire 138,123 million in 1998)

This caption includes accrued interest on cash deposits and prepayments and advances, of which Lire 67,036 million relates to advances paid for utilization of quarries.



Equity and liabilities

A – Shareholders' equity Lire 6,326,562 million
(Lire 5,621,841 million in 1998)

This caption may be analyzed as follows:

	(in millions of lire)	
	31 December 1999	31 December 1998
Group	2,440,427	2,229,961
Minority interests	3,886,135	3,391,880
Total	6,326,562	5,621,841

A I – Share capital

The share capital of the holding company amounts to Lire 192,628,725,000 being 22,182,583 ordinary shares with a par value of Lire 5,000 each and 16,343,162 non-convertible savings share with a par value of Lire 5,000.

The increase of Lire 15,863 million with respect to 1998 is due to the conversion of Mediobanca 6% 1993/1999 special series savings non-convertible Italmobiliare debentures into 3,172,480 savings shares.

A II – Share premium reserve

This reserve of Lire 343,090 million, increased by Lire 41,242 million as a consequence of the increase in share capital by 3,172,480 savings shares related to the conversion of the Mediobanca 6% 1993/1999 debentures.

A VII – Other reserves Lire 1,487,713 million
(Lire 1,378,351 million in 1998)

The caption "Other reserves" may be analyzed as follows:

	31 December 1999	31 December 1998	Variation
Extraordinary reserve	495,658	494,118	1,540
Other reserves awaiting taxation	188,523	188,523	-
Merger reserve	111,752	110,815	937
Other consolidation reserves	691,780	584,895	106,885
Total	1,487,713	1,378,351	109,362

The caption 'Other consolidation reserves' comprises retained earnings, other reserves of the consolidated companies attributable to the parent company, other consolidation adjustments and translation reserve of Lire 142.7 billion (Lire 108.7 billion in 1998).



Annexes F and G set out a reconciliation of the shareholders' equity of Italmobiliare S.p.A. and consolidated shareholders' equity and a schedule showing movements in Group consolidated shareholders' equity.

A X – Minority interests Lire 3,886,135 million
(Lire 3,391,880 million in 1998)

The balance represents the shareholders' equity attributable to minority interests of the consolidated companies at year end as follows:

	(in millions of lire)		
	31 December 1999	31 December 1998	Variation
Share capital and reserves	3,555,083	3,187,411	367,672
Net profit for the year	331,052	204,469	126,583
Total	3,886,135	3,391,880	494,255

The balance at year end is almost entirely attributable to minority interests in Italcementi S.p.A., Ciments Français S.A. and their subsidiaries (Italcementi Group). It includes U.S.\$ 150 million relating to the issue of preferred shares, reserved to third parties, in December 1990 on the American market.

The residual portion is due to the minority shareholders of the Crea group companies. The increase is mainly attributable to the consolidation of Asmar (Morocco) and Asia Cement (Thailand).

A Bis – Floating rate subordinated securities Lire 628,576 million
(Lire 628,570 million in 1998)

These securities are shown separately from both shareholders' equity and payables as their characteristics do not qualify for inclusion therein as per article 2424 of the Civil Code.

The related amount is practically the same as last year

The securities were issued in 1990 by Ciments Français SA and Unibéton SA for FFr. 2,130 million. They are not dated and can only be repaid upon the liquidation of the companies following repayment of all other payables.

The companies simultaneously deposited FFr 481 million with the related banks.

These latter deposits and related matured interest shown under other amounts receivable (financial fixed assets) will make up a capital that, on maturity of the securities after fifteen years, will generate interest equal to the interest expense due to the subscribers of the securities.

The interest expense is indexed to the six month Pibor rate; variations risks are partially hedged.



B – Provisions for contingencies and charges
(Lire 1,159,780 million in 1998)

Lire 1,111,706 million

This caption shows a variation of Lire 48,074 million during the year and relates to:

- Provision for taxation of Lire 460,112 million principally composed of taxes arising from consolidation adjustments, portion of other deferred taxes on realized capital gains (Lire 398,760 million) and accruals for tax contingencies relating to ongoing disputes (Lire 61,352 million).
Current taxes of a certain and quantifiable nature are shown under sums payable to taxation authorities.
- Provision for pensions and similar costs of Lire 129,444 million mainly composed of Lire 58,810 million of accruals for pensions made on behalf of employees of foreign companies as per the legislation of the relevant countries and of accruals for medical expenses of Lire 70,634 million which in 1998 were included in “Other provisions” and amounted to Lire 61,626 million.
- Other provisions may be analyzed as follows:

(in millions of lire)

	31 December 1999	31 December 1998	Variation
Provision for exchange rate fluctuations	523	1,425	(902)
Provision for agents' leaving entitlement	938	1,412	(474)
Provision for sundry and operating contingencies	81,117	79,009	2,108
Provision for extraordinary contingencies	409,253	535,924	(126,671)
Provision for freely-transferable assets	30,319	46,381	(16,062)
Total	522,150	662,726	(142,001)

The provisions for sundry and operating contingencies and for extraordinary contingencies are mainly composed of accruals of Lire 224,405 million made by the Italcementi Group to cover its restructuring and site restoration costs.

The variation in provision for extraordinary contingencies is mainly due to the transfer to current payables of the provision for outstanding litigation for anti-trust violation following the ruling issued by the EU Court of 15 March 2000.

C – Employees' leaving entitlements
(Lire 199,732 million in 1998)

Lire 200,146 million

This provision shows an increase of Lire 414 million and represents the liability due to the employees of the consolidated Italian companies at year end.



D - Payables
(Lire 6,083,806 million in 1998)

Lire 7,486,524 million

Payables increased by Lire 1,402,718 million as follows:

	(millions of lire)		
	31 December 1999	31 December 1998	Variation
Debentures	800,194	763,860	36,334
Due to banks	3,693,949	3,577,845	116,104
Sums due to other financial institutions	1,018,076	151,554	866,522
Financial payables due to:			
subsidiaries	2,413	6,515	(4,102)
associated companies	3,262	5	3,257
	5,517,894	4,499,779	1,018,115
Payments on account	15,287	10,777	4,510
Accounts payable to creditors	1,026,412	794,180	232,232
Accounts payable on bills accepted and drawn	132,033	140,859	(8,826)
Amounts payable to subsidiaries	1,686	1,634	52
Amounts payable to associated companies	7,046	6,494	552
Amounts payable to related companies	214	39	175
	1,182,678	953,983	228,695
Sums payable to taxation authorities	245,091	270,805	(25,714)
Social security charges payable	90,843	69,017	21,826
Other sums payable	450,018	290,222	159,796
	785,952	630,044	155,908
Total	7,486,524	6,083,806	1,402,718

Amounts payable after five years amount to Lire 186 billion of which approximately Lire 183 billion relates to loans given to foreign companies.

The debentures of Lire 800,194 million consist principally of Lire 414,000 million being the issue price of the Italcementi Zero Coupon 1997-2002 debenture loan of a nominal value of Lire 600 billion, composed of 120,000 debentures of Lire 5,000,000 each, and Lire 93,940 million of interest accrued during the year.

The caption also include a debenture loan of Lire 292,230 million (FFr 990 million) issued by Ciments Français on 23 October 1997 with the participation of Société Générale and Lehman Brothers at a fixed interest rate of 5.90% for seven years.

Due to banks have increased by Lire 116,104 million mainly due to new financing related to the financial transactions carried out during the year; the amount due within one year consists of the current portion of ordinary bank loans of Lire 958,745 million (Lire 658,898 million in 1998).



The amount due after one year of Lire 2,735,204 million (1998: Lire 2,918,947 million) relates to the residual payable on secured loans of Lire 2,213,167 million and ordinary bank loans of Lire 522,038 million which mature after one year.

In particular, the Group has a ten year loan of Lire 590 billion from a group of banks, the last installment of Lire 354 billion of which is due in 2002. It also has loans from Mediobanca S.p.A. of Lire 1,851 billion, of which Lire 1,022 billion due in 2001 and Lire 829 billion due in subsequent years.

The increase in "Sums due to other financial institutions" (Lire 866,522 million) is mainly due to financing obtained from private investors in France.

"Sums payable to taxation authorities" include withholding taxes of Lire 24,004 million, VAT of Lire 40,330 million and income and other taxes of Lire 180,757 million.

Other sums payable comprise:

	(in millions of lire)		
	31 December 1999	31 December 1998	Variation
Employees	140,912	131,609	9,303
Dividends	1,544	2,003	(459)
Other	307,562	156,610	150,952
Total	450,018	290,222	159,796

It includes the payable for anti-trust proceedings related to the EU fine received in 1995 and the ruling issued by the EU Court of First Appeal on 15 March 2000. The fine, including interest expense, totals Lire 136.4 billion, for which Lire 105.7 billion has already been provided for and transferred from the provisions for contingencies and charges. The caption also includes call options maturing on 2000 for Lire 15,952 million which relate to the trading securities portfolio.

E - Accruals and deferred income
(Lire 34,170 million in 1998)

Lire 35,010 million

This caption mainly relates to accrued interest and costs payable of Lire 13,970 million and deferred income of Lire 21,040 million.



Memorandum and contingency accounts

These accounts, amounting to Lire 7,280,099 million (Lire 6,700,471 million in 1998) are composed as follows:

	(in millions of lire)	
	31 December 1999	31 December 1998
Personal guarantees given	198,977	205,780
Group assets with third parties	2,836,523	2,026,059
Third party assets held by the Group	157,078	157,696
Guarantees received	52,224	22,327
Leasing installments to be paid	10,261	8,830
Other	4,025,035	4,279,779
Total	7,280,098	6,700,471

The item 'Other' includes:

- purchase and sale commitments for forward foreign exchange contracts, agreed to hedge exchange rate fluctuation risks on receivables and payables in foreign currencies for a total of Lire 385 billion;
- commitments of Lire 1,751 billion for interest rate hedging contracts on part of the financial payables and undated subordinate securities; these commitments are booked upon agreements of the contract at its nominal amount;
- mortgages on tangible fixed assets of Lire 206 billion.



Income statement

Comments on the general trend of costs and revenues during the year are set out in the Directors' report attached to the consolidated financial statements as required by point 1 of article 40 of Legislative decree no 127/91.

A – Net sales and other operating income Lire 7,201,047 million
(Lire 6,388,753 million in 1998)

1) Net sales

Net sales amount to Lire 6,988,466 million (Lire 6,214,285 million in 1998) and may be analyzed as follows:

	(in millions of lire)		
	31 December 1999	31 December 1998	Variation
Products	6,565,215	5,681,272	883,943
Services	388,807	482,357	(93,550)
Other turnover	34,444	50,656	(16,212)
Total	6,988,466	6,214,285	774,181

A breakdown of net sales by product and geographical area is set out in the directors' report.

B – Operating cost Lire 6,223,668 million
(Lire 5,615,513 million in 1998)

6) Raw materials, consumables and supplies:

This caption of Lire 1,759,583 million shows an increase of Lire 163,715 million over 1998 as follows:

	31 December 1999	31 December 1998	Variation
Raw materials and semi-finished products	784,645	736,432	48,213
Fuel	213,590	194,907	18,683
Packaging, materials and machinery	312,087	287,480	24,607
Finished goods	449,261	377,049	72,212
Total	1,759,583	1,595,868	(163,715)

7) Services

Service costs amount to Lire 2,021,945 million at year end (Lire 1,739,339 million in 1998). They mainly relate to electricity (Lire 379.3 billion), maintenance (Lire 713.4 billion), transport (Lire 604.6 billion), consultancy (Lire 121.4 billion), insurance (Lire 48 billion), advertising and other sales, production and administrative expenses.



9) Personnel expenses

Total personnel expenses show an increase of Lire 81,609 million over 1998 as follows:

(in millions of lire)			
	31 December 1999	31 December 1998	Variation
Wages and salaries	948,174	895,561	52,613
Social security contributions	371,124	342,295	28,829
Employees' leaving entitlements	36,867	38,777	(1,910)
Pension and similar costs	4,354	3,994	360
Other costs	11,495	9,778	1,717
Total	1,372,014	1,290,405	81,609

Total personnel increased by 21.4% from 16,897 persons at the end of 1998 to 20,519 persons at the end of 1999 (an increase of 3,622 persons).

The average number of personnel was 19,987 persons (17,149 persons in 1998).

14) Other operating costs

Other operating costs amount to Lire 206,734 million (Lire 178,478 million in 1998) and may be analyzed as follows:

	31 December 1999	31 December 1998	Variation
Subscriptions	19,711	13,886	5,825
Other taxes	102,371	94,127	8,244
Other costs	84,652	70,465	14,187
Total	206,734	178,478	28,256

C – Financial income and charges
(Lire (6,332) million in 1998)

Lire (96,546) million

15) Income from investments

This caption of Lire 49,799 million has decreased by Lire 152,336 million over 1998 (Lire 202,135 million). The decrease in profit from the sale of assets amounts to Lire 166,996 million.



16) Other financial income

d) Other

This caption comprises:

(in millions of lire)

	31 December 1999	31 December 1998	Variation
Bank interest income	29,699	25,367	4,332
Interest income on trade and other receivables	17,762	20,459	(2,697)
Exchange rate gains	58,752	55,957	2,795
Other income	58,241	47,035	11,206
Total	164,454	148,818	15,636

Other income includes interest income on deposits made concurrently with the issue of the floating rate subordinated securities of approximately Lire 33.7 billion

16 Bis) From investments stated using the equity method

The balance of Lire 37.262 million relates to income arising from the valuation of investments using the equity method.

17) Interest and other financial charges

Other financial charges comprise:

	31 December 1999	31 December 1998	Variation
Bank interest expense	60,000	65,620	(5,620)
Interest expense on debenture loans	121,275	118,895	2,380
Exchange rate losses	56,410	62,792	(6,382)
Interest expense on payables with collateral and medium to long term payables	117,329	134,905	(17,576)
Other	43,357	55,737	(12,380)
Total	398,371	437,949	(39,578)

Interest expense on debenture loans includes Lire 63,275 million of interest on undated securities while other financial charges include Lire 8,815 million of interest on preferred shares.

17 Bis) From investments stated using the equity method

This negative balance of Lire 9,901 million relates to losses recorded by companies stated using the equity method (Lire 8,839 million) and amortization and write-downs of the excess price paid on the acquisition of associated companies (Lire 1,062 million).



D – Adjustments to the value of financial assets Lire (10,165) million
(Lire (13,312) million in 1998)

18) Revaluations

This caption amounts to Lire 9,173 million (Lire 3,036 million in 1998) and mainly relates to revaluation of securities.

19) Write-downs

This caption amounts to Lire 19,338 million (Lire 16,348 million in 1998) and relates to write-downs of investments (Lire 9,359 million) and securities (Lire 6,883 million) included under fixed assets and of investments included under current assets for Lire 3,096 million (Lire 11,584 million in 1998).

E – Non-recurring income and charges Lire 13,556 million
(Lire (67,005) million in 1998)

20) Income

a) Profit on sale of assets

Such profits amount to Lire 42,051 million and include capital gains on the sale of investments and tangible assets of Lire 3,761 million and Lire 38,290 million respectively.

b) Other income

Other income amounts to Lire 149,946 million and relate to positive prior year items of Italian companies (Lire 46,715 million) and foreign companies (Lire 55,588 million). The caption also includes income for deferred tax assets of previous years (Lire 47,643 million).



21) Charges

a) Loss on the sale of assets

This balance of Lire 7,926 million (Lire 14,859 million in 1998) is composed of losses on the sale of tangible fixed assets of Lire 6,724 million.

b) Taxes relative to previous years

These amount to Lire 16,381 million and mainly to charges made to adjust the estimate of deferred tax liabilities.

c) Other charges

Other charges of Lire 154,134 million comprise Lire 7,870 million of write-downs of buildings, plant and other assets, Lire 27,385 million of extraordinary accruals for personnel and Lire 118,879 million of other charges of which Lire 23,332 million relate to the adjustment of the payable plus interest for the EU fine following the ruling issued by the EU Court of 15 March 2000.

23) Taxes on income

These amount to Lire 378,628 million, an increase of Lire 73,310 million over the previous year.

Information about the remuneration of the directors and statutory auditors of Italmobiliare S.p.A., also for their duties performed for other consolidated companies, is given in the notes to the financial statements of the parent company.

Reference should be made to the Directors' report for information on post-balance sheet events.

Milan, 29 March 2000

The Board of directors

Annexes



Annex A

LIST OF COMPANIES CONSOLIDATED WITH THE FULL CONSOLIDATION METHOD

(as per article 26 of Legislative decree no 127 dated 9 April 1991)

Company	Registered office		Share capital	% direct	% indirect	Held by Group companies %	Held by: Group companies held by:
Subsidiaries							
EUROPEAN COMMUNITY							
Italy							
Agrustos S.r.l.	Budoni	L	3,200,000,000	-	100.00	100.00	Sabtilf S.r.l.
Aliserio S.p.A.	Bergamo	L	4,400,000,000	10.00	90.00	10.00 90.00	Italmobiliare S.p.A. Italcementi S.p.A.
Axim Italia S.p.A.	Sorisole (BG)	L	200,000,000	-	100.00	100.00	Nuova Sacelit S.r.l.
Azienda Vendite Acquisti S.p.A.	Milan	L	5,000,000,000	100.00	-	100.00	Italmobiliare S.p.A.
Beneventana Servizi S.p.A.	Benevento	L	1,000,000,000	-	60.00	60.00	CREA S.p.A.
Calcementi Jonici S.p.A.	Siderno (RC)	L	12,000,000,000	-	100.00	100.00	Italcementi S.p.A.
Calcestruzzi Gallezana S.r.l.	Bergamo	L	20,000,000	-	100.00	100.00	Calcestruzzi S.p.A.
Calcestruzzi S.p.A.	Bergamo	L	300,000,000,000	-	100.00	99.90 0.10	Italcementi S.p.A. SICIL.FIN. S.r.l.
Calci Idrate S.r.l.	Bergamo	L	12,590,000,000	-	100.00	100.00	Italcementi S.p.A.
Cava San Biagio S.r.l.	Castelfidardo (AN)	L	1,000,000,000	-	100.00	100.00	Calcestruzzi S.p.A.
Cavecem S.r.l.	S. Egidio alla Vibrata (TE)	L	20,000,000	-	99.99	99.99	Cemencal S.p.A.
Cemencal S.p.A.	Bergamo	L	25,320,000,000	-	85.00	85.00	Calcestruzzi S.p.A.
Cesap S.p.A.	Perugia	L	1,020,410,000	-	65.66	65.66	CREA S.p.A.
CREA S.p.A.	Rome	L	26,000,000,000	100.00	-	100.00	Italmobiliare S.p.A.
CTG S.p.A.	Bergamo	L	200,000,000	-	100.00	50.00 50.00	Italcementi S.p.A. Ciments Français S.A.
Duca D'Este S.r.l.	Milan	L	95,000,000	-	100.00	100.00	S.p.A Nuove Costruzioni Edilizie Sance
E.I.C.A. S.r.l.	Norcia (PG)	L	99,000,000	-	66.67	66.67	Cava San Biagio S.r.l.
Energia Sicilia S.r.l.	Siracusa	L	9,000,000,000	-	100.00	100.00	CREA S.p.A.
ES.IN.TE. S.r.l.	Bergamo	L	300,000,000	-	100.00	100.00	Cemencal S.p.A.
Franco Tosi S.p.A. (formely Iniziative Sportive)	Milan	L	250,000,000	-	100.00	100.00	Intermobiliare S.p.A.
Frantoi Cementi Sardi S.r.l.	Bergamo	L	200,000,000	-	60.00	60.00	Calcestruzzi S.p.A.
Gruppo Italsfusi S.r.l.	Savignano s/P. (MO)	L	300,000,000	-	100.00	99.50 0.50	Italcementi S.p.A. SICIL.FIN. S.r.l.
IMES S.r.l.	S. Cipriano Pic. (SA)	L	400,000,000	-	100.00	100.00	Italcementi S.p.A.
Immobiliare Il Platano S.r.l.	Bergamo	L	190,000,000	-	100.00	48.95 51.05	Azienda Vendite Acquisti S.p.A Italcementi S.p.A.
Intercom S.r.l.	Ortona (CH)	L	500,000,000	-	100.00	100.00	Italcementi S.p.A.
Intermobiliare S.p.A.	Milan	L	10,000,000,000	100.00	-	100.00	Italmobiliare S.p.A.
Intertrading S.r.l.	Bergamo	L	8,000,000,000	-	100.00	99.50 0.50	Italcementi S.p.A. SICIL.FIN. S.r.l.
Italmobiliare Servizi S.r.l.	Milan	L	500,000,000	100.00	-	100.00	Italmobiliare S.p.A.
Italcementi S.p.A.	Bergamo	L	543,363,392,000	32.86	-	32.86	(52,41 voting rights) Italmobiliare S.p.A.
Italportoro S.r.l.	Bergamo	L	90,000,000	-	51.00	51.00	Calcestruzzi S.p.A.
Marsilio S.r.l.	Caprioli di Pisciotta	L	4,500,000,000	-	100.00	100.00	Sabtilf S.r.l
Nuova Calcestruzzi S.r.l.	Priero (CN)	L	50,000,000	-	60.00	60.00	Calcestruzzi S.p.A.
Nuova Sacelit S.r.l.	Sorisole (BG)	L	45,000,000,000	-	100.00	99.00 1.00	Italcementi S.p.A. Intermobiliarere S.p.A.
Popolonia Italica S.r.l.	Milan	L	2,000,000,000	100.00	-	100.00	Italmobiliare S.p.A.
Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	Milan	L	Delib.5,000,000,000 Sottoscrit. e versato: 2,500,000,000	99.48	0.52	99.48 0.52	Italmobiliare S.p.A. Sicilfin
S.A.B. Autoservizi S.r.l.	Bergamo	L	40,000,000,000	99.99	0.008	99.992 0.008	Italmobiliare S.p.A. Intermobiliare S.p.A.
S.A.L. Servizi Automobilistici Lecchesi Srl	Lecco	L	5,000,000,000	-	100.00	40.00 40.00 20.00	S.A.B. Autoservizi S.r.l. S.I.A S.p.A. SAIA BUS S.r.l
S.A.M.A. S.p.A.	Bergamo	L	2,000,000,000	-	100.00	100.00	Italcementi S.p.A.
S.I.A. Società Italiana Autoservizi S.p.A.	Brescia	L	23,200,000,000	-	100.00	99.138 0.862	S.A.B. Autoservizi S.r.l. Intermobiliare S.p.A.
S.p.A. Nuove Costruzioni Edilizie Sance	Milan	L	270,000,000	100.00	-	100.00	Italmobiliare S.p.A.
Sabtilf S.r.l.	Bergamo	L	appr. 13,500,000,000 paid-up 7,500,000,000	100.00	-	100.00	Italmobiliare S.p.A.



Company	Registered office		Share capital	% direct	% indirect	Held by Group companies held by:	
SAIA BUS S.r.l.	Brescia	L	3,430,000,000	-	100.00	99.708 0.292	S.I.A. S.p.A. S.A.B. Autoservizi S.r.l.
Salerno Beton S.r.l.	Bergamo	L	522,000,000	-	100.00	100.00	Calcestruzzi S.p.A.
SICIL.FIN. S.r.l.	Bergamo	L	936,000,000	-	99.50	99.50 0.50	Italcementi S.p.A. Intermobiliare S.p.A.
Silos Granari della Sicilia S.r.l.	Ravenna	L	11,500,000,000	-	100.00	100.00	Intertrading S.r.l.
Sirap Gema S.p.A.	Verolanuova	L	23,296,750,000	100.00	-	100.00	Italmobiliare S.p.A.
Slim Sicilia S.p.A.	Siracusa	L	19,000,000,000	-	60.00	60.00	Energia Sicilia S.r.l.
Società del Gres ing. Sala S.p.A.	Soriso (BG)	L	11,344,000,000	-	100.00	100.00	Nuova Sacelit S.r.l.
SOGEA S.p.A.	Rieti	L	500,000,000	-	60.00	60.00	CREA S.p.A.
Sogear S.p.A.	Siracusa	L	200,000,000	-	40.00	40.00	CREA S.p.A. (ove riveste ruolo prevalente con ampi poteri di gestione aziendale)
Speedybeton S.p.A.	Pomezia (RM)	L	600,000,000	-	70.00	70.00	Calcestruzzi S.p.A.
SPIM S.p.A.	Mogliano V.	L	1,200,000,000	-	51.00	51.00	CREA S.p.A.
Terminal Riuniti S.r.l.	Mantova	L	500,000,000	-	100.00	100.00	Italcementi S.p.A.
Travel Sia S.r.l.	Brescia	L	180,000,000	-	100.00	91.667 8.333	SIA S.p.A. SAIA BUS S.r.l.
France							
Arena S.A.	Guerville	FFr	1,200,000,000	-	99.99	99.99	Ciments Français S.A.
Axim S.A.	Guerville	FFr	3,250,000	-	99.98	99.98	Ciments Calcia S.A.
Béton Contrôle de l'Adour	Bayonne	FFr	1,000,000	-	59.96	59.96	Béton Contrôle du Pays Basque
Béton Contrôle du Pays Basque	Bayonne	FFr	800,000	-	59.92	59.92	Unibéton S.A.
Calixa S.A.	Guerville	FFr	30,250,000	-	99.99	99.99	Ciments Calcia S.A.
Chatelet S.A.	Cayeux s/M.	FFr	593,400	-	99.93	99.93	GSM S.A.
Ciberval	Meysse	FFr	400,000	-	99.98	99.98	Tratel S.A.
Ciments Calcia S.A.	Guerville	FFr	3,894,010,600	-	99.99	99.99	Ciments Français S.A.
Ciments de l'Adour S.A.	Boucau	FFr	2,718,000	-	99.81	86.20 13.61	Ciments Calcia S.A. Ciments Français S.A.
Ciments du Littoral S.A.	Bassens	FFr	31,500,000	-	99.98	99.98	Tercim S.A.
Ciments Français S.A.	Puteaux	EU	153,875,272	-	63.39	63.39 1.18 72.10	Société Int. Italcementi France S.A. Calixa S.A. (diritti di voto: Société Int. Italcementi France S.A.)
Compagnie Financière et de Participations SA	Puteaux	FFr	446,000	-	99.97	99.97	Ciments Français S.A.
Eurarco France	Les Crotoy	FFr	10,000,000	-	64.98	64.98	GSM S.A.
Granulats et Sables de La Moelle	Heilcourt	FFr	25,250,000	-	100.00	100.00	G.S.M. S.A.
Granulats et Sables de Mediterranee	St. Jean de Vedas	FFr	80,250,000	-	100.00	100.00	G.S.M. S.A.
Granulats et Sables Marins	Pessac	FFr	250,000	-	99.99	99.99	G.S.M. S.A.
GSM S.A.	Guerville	FFr	124,505,600	-	99.77	99.77	Arena S.A.
Immobilière des Technodes	Guerville	FFr	64,165,200	-	99.99	59.99 40.00	Ciments Français S.A. Ciments Calcia S.A.
Raingard Carrières Bétons et Compagnie R.C.B.	Bouguenais	FFr	4,700,000	-	100.00	50.00 50.00	GSM S.A. Société des Mesanges
S.A. Bonafini	Moult	FFr	250,400	-	99.76	99.76	Tratel S.A.
S.A. Pierre Larricq	Airvault	FFr	3,178,400	-	99.98	99.98	Tratel S.A.
S.N.C. Arena Services	Guerville	FFr	50,000	-	99.80	99.80	Arena S.A.
S.tè Civ. Immobilière des Sablières Berault	Carrières s/P.	FFr	19,200	-	100.00	100.00	GSM S.A.
SA SOPREFIM	Nice	FFr	6,500,000	-	99.923	99.908 0.015	Soc.d'Etudes de Participations et de Courtages SCI SCIF
Sables d'Armor	Plerin	FFr	353,000	-	50.99	50.99	GSM S.A.
Sables et Gravieres de la Garonne GIE	Pessac	-	-	-	100.00	100.00	GSM S.A.
Sadecib S.A.	Puteaux	FFr	250,000	-	99.76	99.76	Ciments Français S.A.
Sax S.A.	Guerville	FFr	3,162,340	-	99.99	99.99	Ciments Français S.A.
SC Immobil	Nice	FFr	620,000	-	99.839	99.839	Soc.d'Etudes de Participations et de Courtages
SCI Le Manet	Cagnes sur Mer	FFr	10,000	-	100.00	99.00 1.00	SCI SCIP SCI SCIF



Annex A (continued)

Company	Registered office		Share capital	% direct	% indirect	Held by %	Group companies held by:
SCI Résidence Nice le Paillon	Nice	FFr	1,090,900	-	100.00	91.667 8.333	SCI SCIF Soc.d'Etudes de Participations et de Courtages
SCI SCIF	Nice	FFr	100,000	-	100.00	99.00 1.00	Soc.d'Etudes de Participations et de Courtages SCI SCIF
SCI SCIP	Nice	FFr	100,000	-	100.00	99.00 1.00	Soc.d'Etudes de Participations et de Courtages SCI SCIF
Sirap Gema France SA	Noves	FFr	22,000,000	-	100.00	100.00	Sirap Gema S.p.A.
Société d'exploitation des carrieres Langlois S.A.	Mousseaux s/S	FFr	600,000	-	99.92	99.92	GSM S.A.
Société des Mesanges	Bouguenais	FFr	250,000	-	98.80	98.80	GSM S.A.
Société Internationale Italcementi France S.A.	Paris	FFr	9,151,942,500	-	99.99	81.89 18.10	Italcementi S.p.A. Société Int. Italcementi (Lux.) S.A.
Socli S.A.	Loures Barousse	FFr	906,000	-	99.93	99.93	Calixa S.A.
Sodecim	Puteaux	FFr	1,500,250,000	-	99.99	99.99	Ciments Français S.A.
Technodes S.A.	Guerville	FFr	20,000,000	-	99.99	99.99	Ciments Français S.A.
Tercim S.A.	Puteaux	FFr	10,000,000	-	99.99	99.99	Ciments Français S.A.
Tragor	Latresne	FFr	4,000,000	-	50.99	50.99	Tratel S.A.
Transports Decoux S.A.	Beaucaire	FFr	600,000	-	99.99	99.99	Tratel S.A.
Transports Johar	Vitry le F.	FFr	6,602,400	-	99.96	99.96	Tratel S.A.
Transports Moinet S.A.	Allonnes	FFr	750,000	-	99.92	99.92	S.A. Bonafini
Tratel S.A.	L'Île S. Denis	FFr	39,513,500	-	99.99	99.99	Ciments Calcia S.A.
Unibéton Atlantique	Saint Michel Chef Chef	FFr	250,000	-	98.80	98.80	Unibéton S.A.
Unibéton S.A.	Guerville	FFr	452,662,200	-	99.99	99.99	Arena S.A.
Unibéton Var	Lambesc	FFr	250,000	-	99.96	99.96	Unibéton S.A.
Univrac	L'Île S. Denis	FFr	1,896,500	-	99.84	99.84	Tratel S.A.
Uniwerbétón	Gamsbheim	FFr	1,000,000	-	70.00	70.00	Unibéton S.A.
Belgium							
Ath Béton	Ghilblingren	Bfr	5,000,000	-	100.00	100.00	Compagnie des Ciments Belges
Compagnie des Ciments Belges	Tournai	Bfr	12,360,000,000	-	99.91	36.94 29.11 25.28 8.58	Ciments Français Europe N.V. Ciments Français S.A. Ciments Calcia S.A. Compagnie Financière des Ciments
Compagnie Financière des Ciments	Tournai	Bfr	225,000,000	-	99.99	99.99	Ciments Français S.A.
De Paepe Béton N.V.	Gent	Bfr	20,000,000	-	100.00	75.00 25.00	Compagnie des Ciments Belges ORCO Béton
ORCO Béton	Gaurain	Bfr	6,513,000	-	99.80	99.80	Compagnie des Ciments Belges
Sirap Gema International SA	Manage	Bfr	100,000,000	-	100.00	99.60 0.40	Sirap Gema Finance S.A. Franco Tosi Finance SA
Trabel Transports	Gaurain	Bfr	30,000,000	-	100.00	91.00 9.00	Tratel S.A. Compagnie des Ciments Belges
Spain							
Centro Administrativo y de Servicios de Malaga S.A.	Malaga	Pta	10,000,000	-	99.99	99.99	Sociedad Financiera y Minera S.A.
Companie General de Canteras S.A.	Malaga	Pta	76,829,313	-	99.39	99.39	Sociedad Financiera y Minera S.A.
Hormigones y Minas S.A.	S. Sebastian	Pta	1,376,800,000	-	99.99	99.99	Sociedad Financiera y Minera S.A.
Iniciativas Estrategicas S.L.	Madrid	Pta	11,440,490,000	-	70.00	55.00 15.00	Inversiones e Iniciativas en Aridos S.L. Sadecib S.A.
Inversiones e Iniciativas en Aridos S.L.	Madrid	Pta	500,000	-	100.00	100.00	Ciments Français S.A.
Sociedad Financiera y Minera S.A.	Madrid	Pta	6,514,800,000	-	99.73	56.58 39.87 3.02 0.26	Ciments Français S.A. Ciments Français Europe N.V. Hormigones y Minas S.A. Sociedad Financiera y Minera S.A.
Ventore S.L.	S. Sebastian	Pta	10,000,000	-	99.90	99.90	Sociedad Financiera y Minera S.A.
Greece							
Ammos Quarries of East Attica S.A.	Mandra	Dr	6,372,410,000	-	100.00	100.00	Ciments Français S.A.
Domiki Beton S.A.	Iraklion	Dr	788,199,000	-	98.59	98.59	Calcestruzzi S.p.A.
ET Beton	Aspropyrgos	Dr	1,769,050,000	-	100.00	100.00	Ammos Quarries of East Attica S.A.



Company	Registered office		Share capital	% direct	% indirect	Held by Group companies held by:		
Halyps Building Materials S.A.	Aspropyrgos	Dr	9,272,690,280	-	93.89	53.81 40.08	Ciments Français S.A. Ammos Quarries of East Attica S.A. (diritti di voto: Ciments Français S.A. Ammos Quarries of East Attica S.A.)	
Germany								
Sirap Gema GMBH	Aalen	DM	50,000	-	100.00	100.00	Sirap Gema Finance S.A.	
Ireland								
Italmobiliare International Finance Ltd.	Dublino	IR	L	2,500,000,000	99.996	0.004	99.996 0.004	Italmobiliare S.p.A. Intermobiliare S.p.A.
Keyword Limited	Dublin 2	IRLE		1,000	-	100.00	100.00	Gestint SA
Luxembourg								
Ciments Français International S.A.	Luxembourg	Lfr		357,140,000	-	99.99	50.99 49.00	Ciments Français S.A. Ciments Français Europe N.V.
Finter Holding SA	Luxembourg	Sfr		12,700,000	-	100.00	97.007 2.993	Fincomind SA Franco Tosi Finance S.A.
Franco Tosi Finance SA	Luxembourg	L		392,402,200,000	99.955	0.045	99.955 0.045	Italmobiliare S.p.A. Intermobiliare S.p.A.
Gestint SA	Luxembourg	FFr		3,800,000	-	100.00	100.00	Finter Holding SA
Italcementi Europe (Luxembourg) S.A.	Luxembourg	L		160,000,000,000	-	100.00	99.52 0.48	Italcementi S.p.A. SICIL.FIN. S.r.l.
Omnium des Arts Techniques S.A.	Luxembourg	Lfr		54,000,000	-	99.99	99.99	Ciments Français International S.A.
Sirap Gema Finance SA	Luxembourg	L		12,000,000,000	-	100.00	0.042 99.958	Intermobiliare S.p.A. Sirap Gema S.p.A.
Société de Participation Financière. Italmobiliare S.A.	Luxembourg	L		23,000,000,000	99.783	0.217	99.783 0.217	Italmobiliare S.p.A. Intermobiliare S.p.A.
Société Internationale Italcementi (Luxembourg) S.A.	Luxembourg	L		377,974,142,000	-	99.99	99.99	Italcementi S.p.A.
Holland								
Cimate Finance B.V.	Amsterdam	NLG		40,000	-	100.00	100.00	Ciments Français Europe N.V.
Ciments Français Europe N.V.	Amsterdam	NLG		1,066,206,000	-	100.00	66.80 33.20	Sodecim S.A. Ciments Français S.A.
Italmobiliare International BV	Amsterdam	NLG		40,300	100.00		100.00	Italmobiliare S.p.A.

NORTH AMERICA

USA								
Arrowhead Investment Company	Carson City	US\$		1,000	-	100.00	100.00	Essroc Corporation
Axim Concrete Technologies Inc.	Middlebranch	US\$		1,000	-	100.00	100.00	Essroc Corporation
ES Cement Co.	Nazareth	US\$		100	-	100.00	100.00	Essroc Cement Corp.
Essroc Cement Corp.	Nazareth	US\$		8,330,000	-	100.00	100.00	Essroc Corporation
Essroc Corporation	Nazareth	US\$		3	-	100.00	100.00	Ciments Français S.A.
Essroc Puerto Rico Holdings Inc.	Nazareth	US\$		1,000	-	100.00	100.00	Essroc San Juan Inc.
Fincel Inc.	Nazareth	US\$		1	-	100.00	100.00	Essroc Corporation
Greyrock	Nazareth	US\$		1,000	-	100.00	100.00	Essroc Cement Corp.
Nadco Inc.	Nazareth	US\$		1,000	-	100.00	100.00	Essroc Cement Corp.
Tomahawk Inc.	Wilmington	US\$		1,000	-	100.00	100.00	Essroc Cement Corp.
Canada								
155290 Canada Inc.	Mississauga	C\$		1	-	100.00	100.00	Essroc Canada Inc.
1641-9020 Quebec Inc.	Mississauga	C\$		1	-	100.00	100.00	Essroc Canada Inc.
Axim Concrete Technologies (Canada) Inc.	Cambridge	C\$		196	-	100.00	100.00	Axim Concrete Technologies Inc.
Essroc Canada Inc.	Mississauga	C\$		19,780,632	-	100.00	100.00	Essroc Corporation

OTHER COUNTRIES

Bulgaria								
Devnya Cement AD	Devnya	LEV		1,028,557,000	-	99.97	99.97	Marvex
Marvex	Devnya	LEV		89,424,050,000	-	100.00	100.00	Iniciativas Estrategicas S.L.
Vulkan AD	Dimitrovgrad	LEV		452,967,000	-	70.00	70.00	Ciments Français S.A.



Annex A (continued)

Company	Registered office		Share capital	% direct	% indirect	Held by Group companies held by:	
Cyprus							
Italmed Cement Company Ltd	Limassol	CYP	12,318,000	-	99.99	99.99	Ciments Français S.A.
Grand Cayman (British Antilles)							
Essroc Offshore Ltd	George Town	US\$	3	-	100.00	100.00	GSM S.A.
Morocco							
Betomar S.A.	Casablanca	MAD	84,397,800	-	99.99	99.99	Ciments du Maroc S.A.
Ciments du Maroc	Casablanca	MAD	797,569,200	-	55.50	52.89 2.61	Ciments Français S.A. Procimar S.A.
Procimar S.A.	Casablanca	MAD	27,000,000	-	99.99	99.99	Ciments Français S.A.
Montecarlo							
Société d'Etudes de Participations et de Courtages	Montecarlo	FFr	500,000		97.30	97.30	Finter Holding SA
Porto Rico							
Essroc San Juan Inc.	Espinosa	US\$	10,000	-	100.00	100.00	Essroc Cement Corp.
Switzerland							
Fincomind SA	Zollikon	Sfr	10,010,000	69.93	30.07	69.93 30.07	Italmobiliare S.p.A. Société de Participation Financière Italmobiliare S.A.
Interbulk Trading S.A.	Meyrin	Sfr	7,470,600	-	99.99	66.75 15.00 18.24	Ciments Français International S.A. Intertrading S.r.l. Ciments Français Europe N.V.
Thailand							
Asia Cement Public Co. Ltd	Bangkok	BT	7,800,000,000	-	52.79	24.14 28.65	Ciments Français S.A. Vaniyuth Co. Ltd
Jalaprathan Cement Public Co. Ltd	Bangkok	BT	1,200,000,000	-	37.00	37.00	Ciments Français S.A.
Jalaprathan Concrete Co. Ltd	Bangkok	BT	100,000,000	-	99.98	99.98	Jalaprathan Cement Public Co. Ltd
Vesprapat Holding Co. Ltd	Bangkok	BT	20,000,000	-	49.00	49.00	Sax S.A.
Turkey							
Afyon Cimento Sanayi Tas	Istanbul	TRL	120.000.000.000	-	78.49	76.51 1.02 0.96	Ciments Français S.A. Set Group Holding Set Cimento Sanayi ve Tas
Anadolu Cimentolari Tas	Istanbul	TRL	4,147,250,000,000	-	99.73	99.73	Set Group Holding
Set Beton Madencilik Sanayi ve Tas	Istanbul	TRL	7,412,000,000,000	-	99.99	54.51 43.98 1.50	Set Group Holding Set Cimento Sanayi ve Tas Anadolu Cimentolari Tas
Set Betoya Prefabrik Yapi Elemanlari Sanayi ve Ticaret A.S.	Istanbul	TRL	303,400,000,000	-	99.95	78.22 21.73	Set Group Holding Anadolu Cimentolari Tas
Set Cimento Sanayi ve Tas	Istanbul	TRL	25,890,500,000,000	-	99.81	99.81	Set Group Holding
Set Group Holding	Istanbul	TRL	15,525,000,000,000	-	99.99	99.99	Ciments Français S.A.



Annex B

LIST OF COMPANIES CONSOLIDATED WITH THE PROPORTIONATE METHOD

(as per article 37 of Legislative decree no 127 dated 9 April 1991)

Company	Registered office		Share capital	% direct	% indirect	Held by Group companies % held by:	
France							
Béton Contrôle de Montceau le Creusot	Montceau Les M.	Ffr	840,000	-	49.99	49.99	Unibéton S.A.
Carrières Bresse Bourgogne	Epervans	Ffr	2,463,930	-	66.50	66.50	Dragages et Carrières
Dragages et Carrières	St. Marcel	Ffr	6,250,000	-	49.99	49.99	GSM S.A.
Les Graves de l'Estuaire S.A.	Le Havre	Ffr	1,860,000	-	33.33	33.33	GSM S.A.
Société des Calcaires de Chateau Landon	Souppes sur Loing	Ffr	14,300,000	-	50.00	50.00	GSM S.A.
Société Parisienne des Sablières	Pont de L'Arche	Ffr	2,000,000	-	49.99	49.99	GSM S.A.

Annex C

LIST OF COMPANIES CONSOLIDATED WITH THE EQUITY METHOD

(as per paragraphs 1 and 3 of article 36 of Legislative decree no 127 dated 9 April 1991)

Company	Registered office		Share capital	% direct	% indirect	Held by Group companies % held by:	
EUROPEAN COMMUNITY							
Italy							
Alpi Acque S.p.A.	Fossano (CN)	L	1,000,000,000	-	47.00	47.00	CREA S.p.A.
Acquedotti del Lago Soc. Cons. per Az.	Perugia	L	200,000,000	-	80.00	80.00	Cesap S.p.A.
Betoncar S.p.A.	Torino	L	500,000,000	-	42.75	42.75	Calcestruzzi S.p.A.
Betonsud S.r.l. - in liquidation	Foggia	L	2,122,000,000	-	49.99	49.99	Calcestruzzi S.p.A.
Cassano Cave S.p.A.	Ravenna	L	200,000,000	-	80.00	80.00	Calcestruzzi S.p.A.
Cave Comand S.r.l.	Ravenna	L	1,040,000,000	-	50.00	50.00	Calcestruzzi S.p.A.
Cementi della Lucania S.p.A.	Potenza	L	1,200,000,000	-	30.00	30.00	Italcementi S.p.A.
CO.CE.MA. S.r.l.	Ravenna	L	49,000,000	-	100.00	100.00	Calcestruzzi S.p.A.
Deltapo S.r.l.	Ravenna	L	190,000,000	-	100.00	100.00	Calcestruzzi S.p.A.
E.C.I.T. S.r.l.	Ravenna	L	200,400,000	-	50.00	50.00	Calcestruzzi S.p.A.
GEA S.p.A.	Perugia	L	200,000,000	-	40.00	40.00	Cesap S.p.A.
GEAL S.p.A. Gestione Es. Acq. Lucchesi	Lucca	L	2,200,000,000	-	28.80	28.80	CREA S.p.A.
General Cave S.r.l.	Fiumicino (RM)	L	60,000,000	-	50.00	50.00	Speedybeton S.p.A.
GESVIM S.r.l.	Milan	L	2,745,216,000	-	50.00	50.00	Azienda Vendite Acquisti A.V.A. S.p.A.
GIST SRL Gamma Iniziative Sport. Tur.	Florence	L	1,200,000,000	-	50.00	50.00	Intermobiliare S.p.A.
ILCE S.p.A.	Albenga (SV)	L	2,024,000,000	-	50.00	50.00	CREA S.p.A.
Immobiliare Golf Punta Ala S.p.A.	Punta Ala (GR)	L	10,000,000,000	-	36.50	11.75 24.75	Punta Ala Prom. e Sviluppo Imm.re S.r.l. Azienda Vendite Acquisti A.V.A. S.p.A.
Immobiliare Turbinia S.r.l.	Milan	L	100,000,000	50.00	-	50.00	Italmobiliare S.p.A.
Italconsult S.p.A.	Rome	L	10,393,660,000	-	29.19	29.19	Italcementi S.p.A.
Mantovana Inerti S.r.l.	Cavriana (MN)	L	1,350,000,000	-	50.00	50.00	Calcestruzzi S.p.A.
Mittel S.p.A.	Milan	L	75,000,000,000	12.91	-	12.91	Italmobiliare S.p.A.
Padana Calcestruzzi S.r.l.	Ostiglia (MN)	L	4,662,000,000	-	50.00	50.00	Calcestruzzi S.p.A.
Prati Fioriti S.r.l.	Rome	L	170,000,000	-	62.50	25.00 25.00 12.50	Cemencal S.p.A. Calcestruzzi S.p.A. ES.IN.TE. S.r.l.
Progecal S.p.A.	Rome	L	1,100,000,000	-	45.09	16.26	Cemencal S.p.A.
S.A.F.R.A. S.r.l.	Bologna	L	99,000,000	-	33.33	33.33	Calcestruzzi S.p.A.
SIA RETI S.r.l.	Osio Sotto (BG)	L	50,000,000	-	45.00	45.00	CREA S.p.A.
Silicalcite S.p.A.	Volla (NA)	L	6,688,000,000	-	100.00	100.00	Nuova Sacelit S.r.l.
Unibéton S.r.l.	Osasco (TO)	L	20,000,000	-	67.00	34.00 33.00	Calcestruzzi S.p.A. Cemencal S.p.A.
France							
Armement Secam	Paris	Ffr	2,000,000	-	35.00	35.00	Tratel S.A.
Béton Contrôle des Abers	Lannilis	Ffr	650,000	-	34.00	34.00	Unibéton S.A.
Béton Saone	Macon	Ffr	250,000	-	35.00	35.00	Unibéton S.A.
Dragages Transports & Travaux Maritimes	La Rochelle	Ffr	10,639,200	-	39.99	39.99	GSM S.A.



Annex C (continued)

Company	Registered office		Share capital	% direct	% indirect	Held by Group companies % held by:	
Finter Bank France	Paris	FFr	120,000,000	-	100.00	65.493	Finter Holding SA 32.502 Finter Bank Zurich 1.605 Fincomind SA 0.400 SEPAC
Finter Gestion SA	Paris	FFr	950,000	-	99.368	99.368	Finter Bank France
S.A. Dijon Béton	Dijon	FFr	1,150,000	-	15.00	15.00	GSM S.A.

NORTH AMERICA

Canada

Ciment Quebec Inc.	St. Basile	C\$	19,461,000	-	100.00	100.00	Groupe Ciment Quebec Inc.
Groupe Ciment Quebec Inc.	St. Basile	C\$	4,202,000	-	50.00	50.00	Essroc Canada Inc.
Innocon Inc.	Richmond Hill	C\$	14,134,000	-	50.00	50.00	Essroc Canada Inc.

OTHER COUNTRIES

Bahamas

Finter Bank & Trust (Bahamas) Ltd.	Nassau	US\$	2,000,000	-	100.00	100.00	Finter Bank Zurich
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Cyprus

Vassiliko Cement Works Ltd	Nicosia	CYP	9,399,713	-	33.00	20.00 13.00	Italmed Cement Company Ltd Comp. Financière et de Participations S.A.
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Monaco

Credit Mobilier de Monaco	Monaco	FFr	35,000,000	-	99.914	99.914	Sociète de Participation Financière Italmobiliare S.A.
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Switzerland

Delphinia Soc.di Navigazione Marittima SA	Coira	Sfr	1,000,000	-	100.00	100.00	Finter Bank Zurich
Finconsult AG	Zurigo	Sfr	500,000	-	100.00	100.00	Finter Bank Zurich
Finter Bank Zurich	Zurich	Sfr	45,000,000	-	100.00	100.00	Fincomind SA



Annex D

LIST OF OTHER INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

Company	Registered office		Share capital	% direct	% indirect	Held by Group companies % held by:	
EUROPEAN COMMUNITY							
Italy							
Azienda Agricola Lodoletta S.r.l.	Bergamo	L	20,000,000	-	75.00	75.00	Italcementi S.p.A.
Beton Quattro S.c.a r.l.	Naples	L	20,000,000	-	50.00	50.00	Calcestruzzi S.p.A.
Betongenova S.r.l.	Genova	L	20,000,000	-	36.12	22.68 13.44	Calcestruzzi S.p.A. Cemencal S.p.A.
Calcestruzzi e Inerti S.r.l.	Civita Castellana (VT)	L	98,000,000	-	50.00	50.00	Calcestruzzi Gallesana S.r.l.
Cantiere Navale Punta Ala S.p.A. - in liquidation	Livorno	L	1,000,000,000	-	100.00	100.00	Punta Ala Promoz.ne e Sviluppo Imm.re S.r.l.
Cava delle Capannelle S.r.l.	Bergamo	L	60,000,000	-	49.00	49.00	Calcestruzzi S.p.A.
Cava Rossetti Oreste S.r.l.	Cingoli (MC)	L	120,000,000	-	50.00	50.00	Cava San Biagio S.r.l.
Cava Sabbionera S.p.A.	Bergamo	L	3,200,000,000	-	20.00	20.00	Calcestruzzi S.p.A.
Cementi e Calci di S. Marinella S.r.l.	Bergamo	L	20,000,000	-	66.67	66.67	Italcementi S.p.A.
Crea Itinera S.r.l. in liquidation	Savigliano (CN)	L	20,000,000	-	50.00	50.00	CREA S.p.A.
Ecoinerti S.r.l.	Recanati (MC)	L	180,000,000	-	50.00	50.00	Cava San Biagio S.r.l.
FAP Autoservizi S.p.A.	S.Donà di Piave	L	5,000,000,000	-	20.00	20.00	S.A.B. Autoservizi S.r.l.
Gres Dalmine Resine S.c.a r.l.	Sorsole (BG)	L	180,000,000	-	50.00	50.00	Società del Gres ing. Sala S.p.A.
Immobiliare Lido di Classe S.p.A. in liquidation	Rome	L	500,000,000	18.04	-	18.04	Italmobiliare S.p.A.
Immobiliare Liguria S.r.l.	Bergamo	L	5,000,000,000	-	100.00	99.00 1.00	Italcementi S.p.A. S.A.M.A. S.p.A.
Immobiliare Reginald S.r.l.	Bergamo	L	55,000,000	-	100.00	100.00	Calcestruzzi S.p.A.
Impresa Veneta Acquedotti I.V.A. S.r.l. - in liquidation	Venezia Mestre	L	100,000,000	-	50.00	50.00	CREA S.p.A.
Industrie Grafiche Cattaneo S.p.A. - in liquidation	Bergamo	L	250,000,000	-	30.16	30.16	Italcementi S.p.A.
Italcementi Ingegneria S.r.l.	Bergamo	L	522,000,000	-	100.00	100.00	Italcementi S.p.A.
La Ghiaia S.r.l. - in liquidation	S. Egidio alla Vibrata (TE)	L	50,000,000	-	100.00	100.00	Cemencal S.p.A.
Megasacque S.p.A.	Urbino	L	200,000,000	-	20.00	20.00	CREA S.p.A.
Metanodotti Meridionali S.r.l. - in liquidation	Rome	L	84,000,000	-	33.50	33.50	CREA S.p.A.
Nord Calce S.r.l.	Almé (BG)	L	4,240,000,000	-	25.00	25.00	Italcementi S.p.A.
Q.T.S. S.r.l.	Rome	L	20,000,000	-	60.00	60.00	Cemencal S.p.A.
Scimer S.r.l. - in liquidation	Siracusa	L	20,000,000	-	60.00	10.00 50.00	CREA S.p.A. Energia Sicilia S.r.l.
Sipac S.p.A. - in liquidation	Milan	L	2,000,000,000	-	27.00	27.00	Calcestruzzi S.p.A.
Soc. Editrice Siciliana S.E.S. S.p.A.	Messina	L	9,900,000,000	-	33.00	33.00	Italmobiliare S.p.A.
Trieste Trasporti S.p.A.	Trieste	EU	500,000	-	29.90	10.90 9.00 10.00	10.90 S.A.B. Autoservizi 9.00 SAIA BUS SRL 10.00 S.I.A. Società Italiana Autoservizi
France							
Béton Contrôle de Gascogne	Soorts Hossegor	FFr	250,000	-	37.00	37.00	Béton Contrôle du Pays Basque
Béton Distribution	Ronchin	FFr	418,502	-	99.76	99.76	Unibéton SA
Béton du Bocage	Tours	FFr	1,650,000	-	100.00	100.00	Unibéton SA
Bureau Engineering Travaux Publics (SA BETP)	Guerande	FFr	3,432,000	-	99.94	79.94 20.00	Comp. Financière et de Participations S.A. Arena S.A.
Carrières de Mazaugues	Maubec	FFr	500,000	-	50.00	50.00	Société Rey-Bellemere
Carrières Olivier	Salon de Provence	FFr	100,000	-	100.00	99.60 0.40	Société Rey-Bellemere GSM S.A.
Cimcal	Puteaux	FFr	295,000	-	99.90	20.00 79.90	Tercim Ciments Français S.A.
Ciments Français Participations	Puteaux	FFr	10,000	-	100.00	50.00 50.00	Ciments Français S.A. Comp. Financière et de Participations S.A.
Dunkerque Ajouts Snc	Paris	FFr	40,000	-	33.34	33.34	Ciments Calcia S.A.
Entreprise Lorraine d'Agriculture – ELDA	Nancy	FFr	50,000	-	100.00	100.00	GSM S.A.
Frambois Granulats	Montcel les Luneville	FFr	500,000	-	50.00	50.00	GSM S.A.
GIE d'exploitation du chenal de Saintonge	Pessac	FFr	55,000	-	54.55	54.55	GSM S.A.
GIE des Terres de Mayocq	St. Firmin	-	-	-	50.00	50.00	Eurarco France
GIE Gisamo	Carrières s/P.	-	-	-	100.00	99.00 1.00	GSM S.A. Sables et Gravieres de la Garonne GIE
GIE Les Sables	Mehun sur Yevre	FFr	10,000	-	50.00	50.00	GSM S.A.
Gifacim- GIE	Paris	-	-	-	40.00	40.00	Ciments Français S.A.



Annex D (continued)

Company	Registered office		Share capital	% direct	% indirect	Held by Group companies % held by:	
Gitec – GIE	Paris		-	-	49.00	49.00	Ciments Français S.A.
Investcim S.A.	Puteaux	FFr	843,976,000	-	99.99	99.99	Ciments Français S.A.
Les Calcaires Sud Charentes	Cherves Richemont	FFr	10,000	-	34.00	34.00	GSM S.A.
Materiaux Routiers du Bearn	Rebenacq	FFr	100,000	-	33.30	33.30	GSM S.A.
Neyrtec Industrie SA in liquidation	Le Pont de Claix	FFr	10,000,000	100.00	-	100.00	Italmobiliare S.p.A.
Port St. Louis Amenagement	Carrières s/P.	FFr	50,000	-	51.00	51.00	GSM S.A.
Port St. Louis Remblaiement S.A.R.L.	Carrières s/P.	FFr	50,000	-	51.00	51.00	GSM S.A.
Provence Amenagement	Port Frejus	FFr	3,000,000	-	35.00	35.00	Arena S.A.
S.A.S. de Gresillons	Paris	FFr	250,000	-	50.00	50.00	GSM S.A.
Sables Industriels des Ocres de Mornas (S.I.O.M.)	Mornas	FFr	250,600	-	49.88	49.88	Société Rey-Bellemere
Saint Remy Aggregats	Saint Remy de Provence	FFr	50,000	-	100.00	99.20 0.80	Société Rey-Bellemere GSM S.A.
SCI Batlongue	Arudy	FFr	352,000	-	100.00	100.00	GSM S.A.
SCI Delrieu Frères	Fumel	FFr	114,000	-	100.00	50.00 50.00	Calixa S.A. Socli S.A.
SCI des Granets	Cayeux sur M.	FFr	30,000	-	47.33	47.33	GSM S.A.
SCI du Domaine de Saint Louis de Poissy	Carrières s/P.	FFr	42,000	-	99.76	99.76	GSM S.A.
SCI Lepeltier	S. Doulchard	FFr	41,000	-	100.00	100.00	GSM S.A.
SCI Triel Carrières	Le Vesinet	FFr	90,000	-	99.89	99.89	GSM S.A.
SnC Rouennaise de Transformation	Grand Couronne	FFr	50,000	-	60.00	60.00	Ciments Calcia S.A.
Société Civile Bachant le Grand Bonval	Carrières s/P.	FFr	10,000	-	80.00	80.00	GSM S.A.
Société Civile Carrière de Maraval	Frejus	FFr	10,000	-	100.00	100.00	GSM S.A.
Société Civile d'Exploitation Agr. de l'Avesnois	Reims	FFr	20,000	-	90.00	50.00 40.00	Société Civile Bachant le Grand Bonval GSM S.A.
Société Civile d'Exploitation de la Grange d'Etaule	Gray	FFr	150,000	-	99.60	99.60	Ciments Calcia S.A.
Société Rey-Bellemere	Saint Remy de Provence	FFr	50,000	-	100.00	100.00	GSM S.A.
Unibéton Mediterranée	Lambesc	FFr	250,000	-	99.96	99.96	Unibéton S.A.
Unibéton Ouest Pays de Loire	Tours	FFr	250,000	-	99.96	99.96	Unibéton S.A.
Unibéton Region Express	Guerville	FFr	250,000	-	99.96	99.96	Unibéton S.A.
Unibéton Sud-Ouest	Pessac	FFr	250,000	-	99.96	99.96	Unibéton S.A.
Belgium							
Société des Carrières du Tournais S.C.T.	Tournai	Bfr	2,500,000	-	65.00	65.00	Compagnie des Ciments Belges
Spain							
Almacenes y Silos Pasaja S.A.	S. Sebastian	Pta	10,000,000	-	49.99	49.99	Sociedad Financiera y Minera S.A.
Arfi Aridos Finos S.L.	Madrid	Pta	500,000	-	100.00	100.00	Iniciativas Estrategicas S.L.
Aridos Guadalajara S.L.	Madrid	Pta	500,000	-	100.00	86.80 13.20	Arfi Aridos Finos S.L. Iniciativas Estrategicas S.L.
Asociacion de Empresas de Transporte a Granel	S. Sebastian	Pta	3,850,000	-	92.86	92.86	Sociedad Financiera y Minera S.A.
Canteras Aldoyar S.L.	Olazagutia	Pta	151,000,000	-	20.00	20.00	Hormigones y Minas S.A.
Cisnel Descargas S.L.	Huelva	Pta	500,000	-	100.00	80.00 20.00	Cisnel Travelling S.L. Molturacion de Granel S.L.
Cisnel Travelling S.L.	Madrid	Pta	10,000,000	-	100.00	100.00	Iniciativas Estrategicas S.L.
Conglomerates Hidraulicos Especiales S.A.	Madrid	Pta	20,000,000	-	51.00	51.00	Iniciativas Estrategicas S.L.
Euroasfaltos y Construccion S.A.	Malaga	EU	60,500	-	100.00	99.00 1.00	Sociedad Financiera y Minera S.A. Companie General de Canteras S.A.
Eurocalizas SL	Cantabria	EU	18,030	-	33.33	33.33	Hormigones y Minas S.A.
Exportaciones de Cemento del Norte de Espana	Bilbao	Pta	10,000,000	-	45.00	45.00	Sociedad Financiera y Minera S.A.
Hormigones Olatzi S.A.	Olazagutia	Pta	47,222,000	-	25.00	25.00	Hormigones y Minas S.A.
Hormigones Txingudi S.A.	San Sebastian	Pta	10,000,000	-	50.00	50.00	Hormigones y Minas S.A.
Industrias del Cemento Y Viguetas Castilla	Vizcaya	Pta	49,897,500	-	50.00	50.00	Sociedad Financiera y Minera S.A.
Inergit S.L.	Bilbao	Pta	500,000	-	50.00	50.00	Iniciativas Estrategicas S.L.
Low Water Binder S.A.	Bilbao	Pta	10,000,000	-	50.00	50.00	Iniciativas Estrategicas S.L.
Manutencion Continua S.L.	Madrid	Pta	10,000,000	-	70.00	70.00	Nugra S.L.
Maquinaria para Hormigones A.I.E. S.A.	Bilbao	Pta	43,000,000	-	37.50	37.50	Sociedad Financiera y Minera S.A.
Molturacion de Granel S.L.	Madrid	Pta	500,500,000	-	100.00	100.00	Iniciativas Estrategicas S.L.
Neuciclaje S.A.	Bilbao	Pta	10,000,000	-	30.00	30.00	Sociedad Financiera y Minera S.A.



Company	Registered office		Share capital	% direct	% indirect	Held by Group companies % held by:	
Novhorvi S.A.	Vitoria	Pta	30,000,000	-	25.00	25.00	Hormigones y Minas S.A.
Nugra S.A.	Madrid	Pta	10,000,000	-	100.00	100.00	Iniciativas Estrategicas S.L.
Playas de Antigua S.A.	Malaga	Pta	10,000,000	-	100.00	100.00	Sociedad Financiera y Minera S.A.
Rosa del Amulej S.A.	Almeria	Pta	50,000,000	-	100.00	100.00	Sociedad Financiera y Minera S.A.
Sociedad Hispano Rusa Para la Reconversion S.A.	Madrid	Pta	10,000,000	-	100.00	100.00	Iniciativas Estrategicas S.L.
Transagrox Pasajes S.A.	Guipuzcoa	Pta	275,000,000	-	100.00	100.00	H.C. Plasier Beheer B.V.
Universal de Hormigones Unidos SL	Madrid	Pta	500,000	-	99.80	99.80	Sociedad Financiera y Minera
Greece							
Betodomi S.A.	Iraklion	Dr	40,000,000	-	30.00	30.00	Domiki Béton S.A.
Skyra S.r.l.	Mandra	Dr	3,000,000	-	100.00	100.00	Ammos Quarries of East Attica S.A.
Germany							
Saarlandische Zementgesellschaft	Saarbrücken	DM	100,000	-	80.00	80.00	Ciments Français International S.A.
United Kingdom							
Gecocem Limited	Londra	£	50,000	-	100.00	100.00	Ciments Français S.A.
Holland							
H.C. Plasier Beheer B.V.	Vlaardingen	NLG	40,000	-	100.00	100.00	Rular Trading
R.G. Aggregates B.V.	Vlaardingen	NLG	40,000	-	100.00	100.00	Ruler International
Rular Trading	Vlaardingen	NLG	40,000	-	100.00	100.00	Ruler International
NORTH AMERICA							
USA							
Miron USA Ltd	Nazareth	US\$	200	-	100.00	100.00	Essroc Cement Corp.
Sofint Co.	Wilmington	US\$	1	-	100.00	100.00	Italcementi S.p.A.
Canada							
Concrete System International Ltd	Kitchener	C\$	1,000	-	50.00	50.00	Essroc Canada Inc.
Essroc Canada Finance Corporation	Downsview	C\$	100	-	100.00	100.00	Essroc Cement Corp.
OTHER COUNTRIES							
Albania							
Eurotech Cement S.h.p.k.	Tirana	LEK	270,000,000	-	84.99	84.99	Halyps Building Material S.A.
Dutch Antilles							
Ruler International	Curaçao	US\$	6,000	-	100.00	100.00	Compagnie des Ciments Belges
Bulgaria							
Dobrotitsa BSK A.D.	Dobritsch	LEV	100	-	26.00	26.00	Devnya Cement A.D.
Lulyaka Ead	Devnya	LEV	759,371,000	-	80.00	80.00	Devnya Cement A.D.
Gambia							
Gacem Company Limited	Serrekunda	GMD	4,500,000	-	55.00	55.00	Tercim S.A.
Kazakhstan							
Shymkent Cement	Shymkent	TEN	10,969,300	-	67.15	67.15	Ciments Français S.A.
Morocco							
Asment (Ciments de Temara)	Temara	MAD	171,875,000	-	37.01	19.99 17.02	Ciments Français S.A. Procimar S.A.
Industrie Saxia el Hamra "Indusaha SA"	Laayoune	MAD	300,000	-	99.87	99.87	Ciments du Maroc
Les Ciments de Laayoune	Laayoune	MAD	50,000	-	79.20	79.20	Ciments du Maroc
Société Immobilière Marguerite VIII	Casablanca	MAD	100,000	-	94.00	94.00	Ciments du Maroc
Société Immobilière Marguerite X	Casablanca	MAD	100,000	-	94.00	94.00	Ciments du Maroc
Mauritania							
Mauritano-Francaise des Ciments	Nouakchott	OUG	461,310,000	-	64.40	64.40	Ciments Français S.A.
Switzerland							
Fardafin Asset Management S.A.	Ginevra	S.Fr	200,000	-	25.00	25.00	Finter Bank Zurich
Thailand							
Asia Cement Products Co. Ltd	Bangkok	BT	10,000,000	-	99.99	99.99	Asia Cement Public Co. Ltd
Vaniyuth Co. Ltd	Bangkok	BT	100,000	-	48.80	48.80	Investcim S.A.
Turkey							
Met Teknik Servis ve Maden Sanayi Ticaret A.S.	Istanbul	TL	5,000,000,000	-	99.99	99.99	Set Group Holding

Annex E

LIST OF OTHER INVESTMENTS OVER 10%

Company	Registered office		Share capital	% direct	% indirect	Held by Group companies % held by:	
EUROPEAN COMMUNITY							
Italy							
Best Immobiliare S.p.A.	Bergamo	L	2,914,000,000	-	16.36	16.36	Italcementi S.p.A.
Compagnia Fiduciaria Nazionale S.p.A.	Milan	L	600,000,000	16.67	-	16.67	Italmobiliare S.p.A.
E.S.A. Monviso S.p.A. (¹)	Casalgrasso (CN)	L	1,400,000,000	-	25.00	-	Cemencal S.p.A.
Ecoserio S.r.l.	Bergamo	L	96,000,000	-	12.50	12.50	Calcestruzzi S.p.A.
Fin.Priv. S.r.l.	Milan	L	20,000,000	12.50	-	12.50	Italmobiliare S.p.A.
I.GE.PO. - Impresa Gestione Porti S.r.l.	Vibo Valentia	L	50,000,000	-	18.00	18.00	Italcementi S.p.A.
LUXVIDE S.p.A.	Rome	L	8,000,000,000	-	10.81	10.81	Italmobiliare S.p.A.
Polistone S.p.A. (²)	Villesse (GO)	L	10,000,000,000	-	-	100.00	Società del Gres ing. Sala S.p.A.
Procalmi S.r.l. - in liquidation	Milan	L	100,000,000	-	11.52	11.52	Cemencal S.p.A.
Stone Italiana S.r.l.	San Martino B.A. (VR)	L	2,160,000,000	-	-	50.00	Società del Gres ing. Sala S.p.A.
Studio Beton S.r.l.	Vignate (MI)	L	20,000,000	-	12.50	12.50	Cemencal S.p.A.
France							
Granulats Marins de Normandie – GIE	Le Havre	-	-	-	11.05	11.05	GSM S.A.
Scori	Plaisir	FFr	6,830,000	-	13.95	13.95	Ciments Calcia S.A.
United Kingdom							
Sirio Vide Ltd	London	£	100	-	11.00	11.00	Italmobiliare S.p.A.
OTHER COUNTRIES							
Turkey							
Altas Ambarlıj Liman Tesisleri Tas	Istanbul	TL	100,000,000,000	-	12.25	12.25	Anadolu Cimentolari Tas

(¹) voting rights of the entire investment given to third parties

(²) investments held as pledges



Additional information



Annex F

MOVEMENTS IN CONSOLIDATED SHAREHOLDERS' EQUITY

(in millions of lire)

	Share capital	Legal reserve	Monetary revaluation reserve	Share premium reserve	Reserve for purchase of own shares	Other reserves of holding company	Other consolidation reserves	Net result for the year	Group total
Balance at 31 December 1997	164,559	27,063	166,695	270,109	-	785,216	552,260	69,382	2,035,284
Conversion of Mediobanca 6% Italmobiliare special series 1993/1999 debentures	12,207			31,739					43,946
Allocation of profits at 31 December 1997									
Board of Directors								(422)	(422)
Dividends								(36,923)	(36,923)
Retained earnings							(4)	4	
Extraordinary reserve						8,000		(8,000)	
Carried forward						46		(46)	
Prescribed dividends/waiver of dividends						87			87
Utilization of reserves for taxation						156			156
Transfer of reserves		2,389					21,606	(23,995)	
Consolidation adjustments							17,718		17,718
Exchange rate difference							(6,689)		(6,689)
Net result of the year								176,804	176,804
Balance at 31 December 1998	176,766	29,452	166,695	301,848	-	793,501	584,895	176,804	2,229,961

	Share capital	Legal reserve	Monetary revaluation reserve	Share premium reserve	Reserve for purchase of own shares	Other reserves of holding company	Other consolidation reserves	Net result for the year	Group total
Balance at 31 December 1998	176,766	29,452	166,695	301,848	-	793,501	584,895	176,804	2,229,961
Conversion of Mediobanca 6% Italmobiliare special series 1993/1999 debentures	15,863			41,242					57,105
Allocation of profits at 31 December 1998									
Board of Directors								(885)	(885)
Dividends								(49,528)	(49,528)
Legal reserve		7,000						(7,000)	
Retained earnings							(46)	46	
Extraordinary reserve						34,000		(34,000)	
Carried forward						5,537		(5,537)	
Prescribed dividends/waiver of dividends						11			11
Merger transactions			1,296			937	(2,233)		
Purchase of own shares					32,471	(32,471)			
Transfer of reserves							79,900	(79,900)	
Consolidation adjustments							(4,715)		(4,715)
Exchange rate differences							33,934		33,934
Net result for the year								174,544	174,544
Balance at 31 December 1999	192,629	36,452	167,991	343,090	32,471	801,469	691,781	174,544	2,440,427



Annex G

RECONCILIATION BETWEEN SHAREHOLDERS' EQUITY AND RESULT FOR THE YEAR OF THE HOLDING COMPANY AND THE CONSOLIDATED SHAREHOLDERS' EQUITY AND CONSOLIDATED RESULT FOR THE YEAR

	(in millions of lire)	
	31 December 1999	31 December 1998
A) Net result for the year of Italmobiliare S.p.A.	74,589	96,904
Consolidation adjustments:		
Net results of consolidated companies (Group portion)	172,105	98,286
Adjustment to Group accounting policies (Group portion)	(7,805)	(8,298)
Adjustment of value of investments stated using the equity method	2,208	5,230
Adjustment of capital gain on sale of investments	4,135	5,783
Elimination of dividends received during the year	(77,733)	(35,554)
Elimination of write-downs of consolidated investments	7,129	27,533
Elimination of intercompany income or losses and other variations	(84)	(13,080)
Net result for the year of the Group	174,544	176,804
Shareholders' equity		
B) Shareholders' equity of Italmobiliare S.p.A.	1,648,691	1,565,166
Adjustment to group accounting policies	15,492	15,329
Difference between shareholders' equities of subsidiaries due to the Group and the book value of the consolidated investments	776,244	649,466
Consolidated shareholders' equity of the Group	2,440,427	2,229,961



Reclassified consolidated balance sheet

(in millions of lire)

	31 December 1999	%	31 December 1998	%	Variation 1999/1998
Fixed assets, net					
Intangible assets	2,772,422		2,476,362		296,060
Tangible assets	5,464,609		4,499,490		965,119
Investments and other financial assets	1,444,128		1,184,648		259,480
Total	9,681,159	85.7%	8,160,500	84.4%	1,520,659
Working capital, net					
Inventories	792,040		709,605		82,435
Trade receivables	1,759,687		1,508,737		250,950
Trade payables	(1,182,677)		(953,984)		(228,693)
Other assets	1,069,913		910,420		159,493
Other liabilities	(820,962)		(664,213)		(156,749)
Total	1,618,001	14.3%	1,510,565	15.6%	107,436
Net capital employed	11,299,160	100.0%	9,671,065	100.0%	1,628,095
Shareholders' equity					
Pertaining to the Group	2,440,427		2,229,961		210,466
Minority interests	3,886,135		3,391,880		494,255
Totale	6,326,562	56.0%	5,621,841	58.1%	704,721
Floating rate subordinated securities, net	273,093	2.4%	306,821	3.2%	(33,728)
Provisions					
Employees' leaving entitlements	200,146		199,732		414
Other provisions	1,111,706		1,159,780		(48,074)
Total	1,311,852	11.6%	1,359,512	14.1%	(47,660)
Net financial position					
Marketable securities and current financial assets	(1,541,403)		(1,581,027)		39,624
Short term financing	980,693		730,430		250,263
Short term debt, net	(560,710)	-4.9%	(850,597)	-8.8%	289,887
Medium to long term financial assets	(588,839)		(535,862)		(52,977)
Medium to long term financing	4,537,202		3,769,350		767,852
Medium to long term financial position, net	3,948,363	34.9%	3,233,488	33.4%	714,875
Net financial position	3,387,653	30.0%	2,382,891	24.6%	1,004,762
Total financing	11,299,160	100.0%	9,671,065	100.0%	1,628,095



(in thousands of euro)

	31 December 1999	%	31 December 1998	%	Variation 1999/1998
Fixed assets, net					
Intangible assets	1,431,836		1,278,934		152,902
Tangible assets	2,822,235		2,323,793		498,442
Investments and other financial assets	745,830		611,820		134,010
Total	4,999,901	85.7%	4,214,547	84.4%	785,354
Working capital, net					
Inventories	409,055		366,480		42,575
Trade receivables	908,802		779,197		129,605
Trade payables	(610,802)		(492,692)		(118,110)
Other assets	552,564		470,193		82,371
Other liabilities	(423,991)		(343,037)		(80,954)
Total	835,628	14.3%	780,141	15.6%	55,487
Net capital employed	5,835,529	100.0%	4,994,688	100.0%	840,841
Shareholders' equity					
Pertaining to the Group	1,260,375		1,151,679		108,696
Minority interests	2,007,021		1,751,760		255,261
Total	3,267,396	56.0%	2,903,439	58.1%	363,957
Floating rate subordinated securities, net	141,041	2.4%	158,460	3.2%	(17,419)
Provisions					
Employees' leaving entitlements	103,367		103,152		215
Other provisions	574,148		598,976		(24,828)
Total	677,515	11.6%	702,128	14.1%	(24,613)
Net financial position					
Marketable securities and current financial assets	(796,068)		(816,532)		20,464
Short term financing	506,486		377,236		129,250
Short term debt, net	(289,582)	-4.9%	(439,296)	-8.8%	149,714
Medium to long term financial assets	(304,110)		(276,750)		(27,360)
Medium to long term financing	2,343,269		1,946,707		396,562
Medium to long term financial position, net	2,039,159	34.9%	1,669,957	33.4%	369,202
Net financial position	1,749,577	30.0%	1,230,661	24.6%	518,916
Total financing	5,835,529	100.0%	4,994,688	100.0%	840,841



Reclassified consolidated income statement

(in millions of lire)

	31 December 1999	%	31 December 1998	%	Variation 1999/1998
Net sales	6,988,466	100.0%	6,214,285	100.0%	774,181
Variation in inventories	4,010	0.1%	(11,180)	(0.2%)	15,190
Increase on internal work capitalized under fixed assets	34,384	0.5%	19,599	0.3%	14,785
	7,026,860	100.5%	6,222,704	100.1%	804,156
Other revenues	174,187	2.5%	166,050	2.7%	8,137
Net sales and other operating income	7,201,047	103.0%	6,388,754	102.8%	812,293
Consumables	1,763,402	25.2%	1,603,767	25.8%	159,635
Services	2,144,904	30.7%	1,840,413	29.6%	304,491
Other operating costs	206,733	3.0%	178,478	2.9%	28,255
Value added	3,086,008	44.2%	2,766,096	44.5%	319,912
Personnel expenses	1,372,013	19.6%	1,290,405	20.8%	81,608
Provisions and write-downs	46,796	0.7%	49,441	0.8%	(2,645)
Gross operating profit	1,667,199	23.9%	1,426,250	23.0%	240,949
Amortization and depreciation	689,820	9.9%	653,010	10.5%	36,810
Operating income	977,379	14.0%	773,240	12.4%	204,139
Financial income and charges, net	(96,545)	(1.4%)	(6,332)	(0.1%)	(90,213)
Adjustments to the value of the financial assets, net	(10,166)	(0.1%)	(13,312)	(0.2%)	3,146
Non-recurring items, net	13,556	0.2%	(67,005)	(1.1%)	80,561
Income before taxes	884,224	12.7%	686,591	11.0%	197,633
Taxes on income	(378,628)	(5.4%)	(305,318)	(4.9%)	(73,310)
Income before minority interests	505,596	7.2%	381,273	6.1%	124,323
Minority interests	331,052	4.7%	204,469	3.3%	126,583
Net income of the Group	174,544	2.5%	176,804	2.8%	(2,260)
Cash-flow	1,195,416		1,034,283		161,133



(in thousands of euro)

	31 December 1999	%	31 December 1998	%	Variation 1999/1998
Net sales	3,609,241	100.0%	3,209,410	100.0%	399,831
Variation in inventories	2,071	0.1%	(5,774)	(0.2%)	7,845
Increase on internal work capitalized under fixed assets	17,758	0.5%	10,122	0.3%	7,636
	3,629,070	100.5%	3,213,758	100.1%	415,312
Other revenues	89,960	2.5%	85,758	2.7%	4,202
Net sales and other operating income	3,719,030	103.0%	3,299,516	102.8%	419,514
Consumables	910,721	25.2%	828,277	25.8%	82,445
Services	1,107,750	30.7%	950,494	29.6%	157,256
Other operating costs	106,769	3.0%	92,176	2.9%	14,592
Value added	1,593,790	44.2%	1,428,569	44.5%	165,221
Personnel expenses	708,586	19.6%	666,439	20.8%	42,147
Provisions and write-downs	24,168	0.7%	25,534	0.8%	(1,366)
Gross operating profit	861,036	23.9%	736,596	23.0%	124,440
Amortization and depreciation	356,262	9.9%	337,252	10.5%	19,010
Operating income	504,774	14.0%	399,344	12.4%	105,430
Financial income and charges, net	(49,862)	(1.4%)	(3,269)	(0.1%)	(46,593)
Adjustments to the value of the financial assets, net	(5,251)	(0.1%)	(6,875)	(0.2%)	1,624
Non-recurring items, net	7,002	0.2%	(34,605)	(1.1%)	41,607
Income before taxes	456,663	12.7%	354,595	11.0%	102,068
Taxes on income	(195,545)	(5.4%)	(157,684)	(4.9%)	(37,861)
Income before minority interests	261,118	7.2%	196,911	6.1%	64,207
Minority interests	170,974	4.7%	105,599	3.3%	65,375
Net income of the Group	90,144	2.5%	91,312	2.8%	(1,168)
Cash flow	617,380		534,163		83,217



Consolidated statement of cash flow

(in millions of lire)

	31 December 1999	31 December 1998
A) Net financial position at beginning of year	802,372	448,753
B) Cash flow from operating activities:		
Net income of the Group	174,544	176,804
Minority interests	331,052	204,469
Amortization and depreciation	689,820	653,010
Reversal results of investments to equity	(27,361)	(6,613)
Dividends from companies to equity	18,416	5,427
Write-downs / revaluation of fixed assets	12,566	29,952
Capital (gains) / losses on sale of fixed assets	(41,437)	(189,923)
Interest on debenture loan	36,331	33,732
Interest income on floating rate subordinated securities	(33,733)	(30,416)
	1,160,198	876,442
Variations on working capital:		
Inventories	(11,172)	19,645
Trade receivables	(182,480)	(31,843)
Trade payables	170,129	53,431
Other receivables/payables, prepayments and accruals	52,554	(5,263)
Investments not of fixed nature	(145,347)	(110,663)
	(116,316)	(74,693)
Variation in provisions:		
Net variation in employees' leaving entitlements	414	611
Variation in other provisions	(17,854)	19,892
	(17,440)	20,503
Total B)	1,026,442	822,252
C) Cash-flow in investing activities:		
Investments in fixed assets:		
Intangible	(78,967)	(81,036)
Tangible	(567,934)	(486,719)
Financial	(1,004,665)	(1,055,178)
Own shares	(32,471)	
	(1,684,037)	(1,622,933)
Payables for acquisition of investments		31,194
Proceeds from sale of fixed assets	104,563	343,914
Total C)	(1,579,474)	(1,247,825)
D) Cash-flow from financial activities:		
Variations in financial receivables	(275,293)	(25,364)
Variations in financial payables	810,785	843,653
Variations in other financial assets other than investments	(8,304)	
Total D)	527,188	818,289
E) Cash-flow from variations in shareholders' equity:		
Share capital increases	61,241	45,796
Capital grants	1,978	19,204
Dividends paid to third parties	(124,930)	(95,822)
Repayment of preferred shares	(268,033)	
Total E)	(329,744)	(30,822)
F) Variations in consolidation area and conversion differences	151,271	(8,275)
G) Net cash-flow for the year	(204,317)	353,619
Net financial position at the end of year	598,055	802,372



Dear shareholders

The Group consolidated financial statements as at and for the year ended 31 December 1999, made available to us by the board of directors, have been prepared in accordance with Legislative decree no 127/1991. They comprise a balance sheet as at 31 December 1999, an income statement for the year then ended and notes thereto. The former two documents have been prepared in accordance with article 32 of the above decree while the notes have been prepared as per article 38 and other legislation governing the preparation of financial statements.

The consolidated financial statements show a total shareholders' equity of Lire 6,326.6 billion of which Lire 2,440.4 billion attributable to the Group. The net consolidated income amounts to Lire 505.6 billion; the Group's share thereof is Lire 174.5 billion.

The report of the directors summarises the performance of the Group in 1999 describing the activities performed in the different sectors and geographic areas by the consolidated companies.

It also comments on the research and development activities performed during the year, significant post balance sheet events and estimated future developments of the Group as a whole and of its more significant subsidiaries.

The consolidated financial statements have been audited by an independent audit firm, KPMG S.p.A., which has issued an unqualified opinion thereon.

We confirm that:

- the consolidation area agrees with the guidelines set out in articles 26 and 28 of Legislative decree no 127/91;
- the accounting policies and consolidation criteria are described in the notes to the consolidated financial statements.

We have checked that the consolidated financial statements agree with the accounting records of the holding company and information provided by the consolidated companies.

Milan, 18 April 2000

Board of statutory auditors

Revisione e organizzazione contabile

KPMG S.p.A.
Via Vittor Pisani 25
20124 MILANO MI

Telefono (02) 8769.1
Telefax (02) 87632446

(Translation from the Italian original which remains the definitive version)

**Report of the auditors in accordance with article 156 of legislative
decree no 58 of 24 February 1998**

To the shareholders of
Italmobiliare S.p.A.

- 1 We have audited the consolidated financial statements of the Italmobiliare group as at and for the year ended 31 December 1999. These financial statements are the responsibility of the parent company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of certain subsidiaries, representing 4% and 5% of consolidated assets and consolidated revenues respectively, have been audited by other auditors, who provided us with their reports thereon. Our opinion, expressed herein, with respect to the figures relating to such companies included in the consolidated financial statements is based, inter alia, on the audits performed by the other auditors.

Reference should be made to the report dated 7 May 1999 for our opinion on the prior year figures which are presented for comparative purposes as required by law.

- 3 In our opinion, the consolidated financial statements of the Italmobiliare group as at and for the year ended 31 December 1999 comply with the Italian regulations governing their preparation; therefore they are clearly stated and give a true and fair view of the financial position and results of the group.



- 4 In the current year, the Group has modified the accounting treatment of deferred tax assets and liabilities, in order to conform with the provisions of the new Italian accounting principle relating to income taxes. The accounting method and the related effects on the consolidated financial statements are described in the notes therein.

Milan, 17 April 2000

KPMG S.p.A.

(signed on the original)

Lorenzo Renato Guzzini
Director