ITALMOBILIARE

Consolidated quarterly report at March 31, 2008

ITALMOBILIARE

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Interim management report

at March 31, 2008

May 15, 2008

ITALMOBILIARE Società per Azioni

Registered Office: Via Borgonuovo, 20
20121 Milan – Italy
Share Capital € 100,166,937
Milan Companies Register

Italmobliare S.p.A. directors, officers and auditors

Board of Directors
(Term ends on approval of financial statements at 12.31.2010)

Giampiero Pesenti	1-2	Chairman–Chief Executive Officer
Italo Lucchini	1-3	Deputy Chairman
Carlo Pesenti	1	Chief Operating Officer
Pier Giorgio Barlassina		
Mauro Bini	4-5-6-7	
Giorgio Bonomi	4	
Gabriele Galateri di Genola	3-5	
Jonella Ligresti	4-5	
Luca Minoli		
Giorgio Perolari	1-3-5	
Livio Strazzera	1	
Francesco Saverio Vinci		
Graziano Molinari	8	Secretary to the Board

Board of Statutory Auditors
(Term ends on approval of financial statements at 12.31.2010)

Acting Auditors	
Mario Cera	Chairman
Luigi Guatri	
Eugenio Mercorio	
Substitute auditors	
Marco Confalonieri	
Leonardo Cossu	
Enrico Locatelli	

Angelo Maria Triulzi	Manager in charge of preparing the company financial reports
Reconta Ernst & Young S.p.A.	Independent Auditors

1 Member of the Executive Committee
2 Executive director responsible for supervising the internal control system
3 Member of the Remuneration Committee
4 Member of the Internal Control Committee
5 Independent director (pursuant to the Voluntary Code of Conduct)
6 Lead independent director
7 Member of the Compliance Committee
8 Secretary to the Executive Committee

COMMENTS ON OPERATIONS

FOREWORD

This quarterly report at March 31, 2008, has been drawn up in accordance with the provisions of article 154 ter, para 5 of Legislative Decree no. 58 of February 24, 1998, and subsequent amendments. It has also been prepared using the measurement and valuation criteria of the International Financial Reporting Standards (IFRS).

No changes have taken place with respect to the accounting principles adopted in the preparation of the financial statements as at and for the year to December 31, 2007.

As already noted in prior-year interim reports, the first-quarter figures are only partially representative of a full-year trend due to seasonal factors in the Group core business (construction materials sector), the accounting method used for dividends of companies not consolidated on a line-by-line basis, which refers to the quarter in which distribution is approved, and the influence of financial market trends on the financial sector. Consequently the results of the first quarter cannot be considered representative of a full-year trend.

As explained in the directors' report to the 2007 consolidated financial statements, as a result of the loss of control determined by the preventive seizure of the assets of Calcestruzzi S.p.A. ordered on January 29, 2008, and still in force, the **Calcestruzzi group** is no longer included in the scope of consolidation, pursuant to IAS 27 § 21.

A full description of the changes in the scope of consolidation is presented in the notes. The most significant changes with respect to the first quarter of 2007 took place in the Italcementi group, notably the acquisitions during 2007 of: **Cambridge,** (ready mixed concrete, Canada) and **Arrow** (ready mixed concrete, USA), **Fuping Cement Co. Ltd.** (cement, China), **Decom S.A.E.** (ready mixed concrete, Egypt), **Hilal Cement Company** (cement and clinker trading, Kuwait) and the acquisitions this year of:

- **Verticalnet Inc.** (e-business, USA), consolidated as from the end of January 2008, and
- **Crider & Shockey** (ready mixed concrete, USA) consolidated as from March 2008.

Having examined various options for strategic optimization of its equity investments (industrial and financial), the Italcementi group has decided to sell its operations in Turkey conducted by the companies **Set Group, Set Cimento**, **Set Beton** and **Afyon Cimento**, which are controlled through Ciments Français S.A.. In compliance with IFRS 5 "Non-current assets held for sale and discontinued operations", the net profit/loss from discontinued operations is reflected in a single income statement line item for the current period, and also for the corresponding year-earlier period. Cash flows have been treated in a similar manner.

Following an operation to the detriment of the subsidiary **Inline Ucraine L.C.F.I.**, the subsidiary was deconsolidated on December 31, 2007, since it is no longer controlled by the Group.

ITALMOBILIARE

INFORMATION ON OPERATIONS

The severe financial instability generated by the US sub-prime mortgage crisis in the second half of 2007 continued in the early months of 2008. According to the latest information, GDP growth came to a virtual halt in the USA in the first quarter and although it continued in the euro zone, it slowed significantly. Signs of a macroeconomic slackening were also seen in the main emerging economies.
Despite the slowdown in global economic growth, oil prices soared to new record highs, even in real terms. The effects of the difficulties on the lending markets were also felt on the foreign exchange markets, with the dollar in particular falling to a new low against the euro.
During the first quarter the financial market continued to feel the effects of the crisis that began in the second half of 2007, with serious repercussions for debentures and share prices. This put upward pressure on interest rates on the euro zone money market.

In this context, for the first quarter of 2008 the Italmobiliare Group reported total net profit of 47.2 million euro and a Group net loss of 19.2 million euro, compared with, respectively, a net profit of 106.6 million euro and Group net profit of 34.4 million euro in the first quarter of 2007. These results reflected a performance downturn in all Group businesses, notably in the financial sector which suffered severe write-downs on its debenture and equities trading portfolios as a result of the market trends described above.

The other main results for the first quarter to March 31, 2008, were as follows:

- **Revenues**: 1,386.4 million euro from 1,452.5 million euro in the year-earlier period (-4.6%);
- **Recurring EBITDA**: 229.0 million euro from 290.9 million euro in the year-earlier period (-21.3%);
- **EBITDA**: 230.1 million euro from 292.7 million euro in the year-earlier period (-21.4%);
- **EBIT**: 122.7 million euro from 184.5 million euro in the year-earlier period (-33.5%);
- **Finance income and costs** (including exchange-rate differences and derivatives): net costs of 39.4 million euro compared with 35.0 million euro in the year-earlier period (+12.7%);
- **Profit before tax**: 83.7 million euro from 149.2 million euro in the year-earlier period (-43.9%);

At the end of March 2008, total shareholders' equity was 5,887.3 million euro, compared with 6,300.2 million euro at December 31, 2007.

Net debt at March 31, 2008, stood at 2,088.8 million euro, compared with 2,149.6 million euro at December 31, 2007.

As a result of the changes in shareholders' equity and net debt, the gearing ratio weakened slightly, from 34.1% at the end of December 2007 to 35.48% at the end of March 2008.

Italmobiliare Net Asset Value (NAV) at March 31, 2008, was 2,902.6 million euro (3,324.3 million euro at December 31, 2007).

Performance in the Italmobiliare Group core businesses was as follows:

- the **construction materials sector,** where operations are conducted by the Italcementi group (Italmobiliare’s main industrial investment), was affected by a downturn in sales volumes compared with the year-earlier period, when markets as a whole were still growing even in the mature countries and meteorological conditions were exceptionally favorable throughout the Mediterranean. The slowdown arose largely as a result of performance in the mature countries and contingent situations in some emerging countries. The generalized rise in sales prices more than made up for the unfavorable dynamic in operating expenses, but did not counter the combined negative impact of lower sales volumes and changes in the exchange rates and scope of consolidation. Under these conditions, group revenues compared with the year-earlier period, restated in compliance with IFRS 5, decreased by 4.5% (+3.3% at constant size and exchange rates), while the reduction in recurring EBITDA and EBIT was 5.3% and 8.8% respectively. Excluding the effect of consolidation of Calcestruzzi in 2007, the decreases in recurring EBITDA and EBIT would be smaller, at 3.8% and 8.5% respectively. After an 11.9% increase in net finance costs and a 29.5% decease in income tax expense, net profit from continuing operations (before the results of the Turkish companies classified as discontinued operations in compliance with IFRS 5) amounted to 86.2 million euro (-4.1%). Net profit for the first quarter, after the results of the Turkish companies, was 81.3 million euro (-12.% YoY) of which 37.9 million euro attributable to equity holders of the parent (-31.4%);
- the **food packaging and thermal insulation sector** consisting of the Sirap Gema group reported revenue growth of 6.9% to 60.3 million euro, driven largely by stronger sales in the thermal insulation business and at the Petruzalek group. Recurring EBITDA deceased by 28.4% mainly due to fierce competition in the food packaging market, which had a negative impact on sales prices. In turn EBIT decreased from 2.9 million euro at March 31, 2007, to 1.4 million euro in the first quarter of 2008. The sector reported a first-quarter net loss of 1.1 million euro, compared with a net profit of 0.1 million euro in the year-earlier period, a decline caused in part by higher finance costs as a result of the increase in interest rates;
- the **financial sector** comprising the parent company Italmobiliare S.p.A. and the wholly owned financial subsidiaries reported a net loss of 34.7 million euro compared with a net profit of 19.6 million euro in the first quarter of 2007. The sharp YoY earnings decline was mainly due to the write-downs on the debenture and equities trading portfolios. Other factors were the decrease in some dividends, the change in dividend collection times and higher finance costs in respect of debt;
- the **banking sector** combines the operations of Finter Bank Zürich and Crédit Mobilier de Monaco. It reported a net profit of 2.1 million euro from 3.0 million euro in the year-earlier period. The decrease was due to lower trading gains and higher administrative expense and employee expenses;
- the **property sector, services and other** does not have a prominent role within the global context of the Group and therefore its results are not particularly significant**.**

GROUP BUSINESS AND FINANCIAL HIGHLIGHTS

Italmobiliare Group results for the first quarter of 2008 are summarized below:

(in millions of euro)	Q1 2008	Q1 2007 (IFRS 5)[1]	% change	Q1 2007 published
Revenues	**1,386.4**	**1,452.5**	***-4.6***	**1,501.9**
Recurring EBITDA	**229.0**	**290.9**	***-21.3***	**297.9**
% of revenues	*16.5*	*20.0*		*19.8*
Other income (expense)	1.1	1.8	*-35.5*	1.9
EBITDA	**230.1**	**292.7**	***-21.4***	**299.8**
% of revenues	*16.6*	*20.1*		*20.0*
Amortization and depreciation	(107.3)	(108.2)	*-0.8*	(111.8)
Impairment variation	(0.1)	-	*n.s.*	-
EBIT	**122.7**	**184.5**	***-33.5***	**188.0**
% of revenues	*8.9*	*12.7*		*12.5*
Finance income/costs	(39.4)	(35.0)	*12.7*	(34.7)
Share of results of associates	0.4	(0.3)	*n.s.*	(0.3)
Profit before tax	**83.7**	**149.2**	***-43.9***	**153.0**
% of revenues	*6.0*	*10.3*		*10.2*
Income tax expense	(31.7)	(45.6)	*-30.7*	(46.4)
Net profit from continuing operations	**52.0**	**103.6**	***-49.8***	
% of revenues	*3.8*	*7.1*		
Net profit (loss) from discontinued operations	**(4.8)**	**3.0**	***n.s.***	
Net profit for the period	**47.2**	**106.6**	***-55.7***	**106.6**
% of revenues	*3.4*	*7.3*		*7.1*
Group net profit	**(19.2)**	**34.4**	***n.s.***	**34.4**
% of revenues	*(1.4)*	*2.4*		*2.3*
Minority interests	66.4	72.2	*-8.1*	72.2
Employees at period-end (heads)	**23,498** [2]	**23,863** [2]		**25,252**

n.s. not significant

[1] restated in compliance with IFRS 5

[2] excluding employees at discontinued operations in Turkey (891 at March 31, 2008, and 887 at March 31, 2007)

(in millions of euro)	March 31, 2008	December 31, 2007	Dec. 31, 2007 published
Net debt	**2,088.8**	**1,991.7**	**2,149.6**

Calcestruzzi consolidation effect

As noted in the 2007 Annual Report, due to the loss of control as a result of the preventive seizure of the assets of Calcestruzzi S.p.A. ordered on January 29, 2008, and still in force, in 2008 the **Calcestruzzi group** is no longer included in the scope of consolidation, in compliance with IAS 27 § 21.

An update on the situation at Calcestruzzi is provided in the section on the construction materials sector.

The table below sets out a comparison of the main income statement items for the Italmobiliare Group, with values for the Calcestruzzi subgroup also excluded from the 2007 first-quarter comparatives.

(in millions of euro)	**March 31, 2008**	**March 31, 2007***	**% change**
Revenues	1,386.4	1,352.8	*2.5*
Recurring EBITDA	229.0	286.6	*(20.1)*
EBITDA	230.1	288.4	*(20.2)*
EBIT	122.7	184.0	*(33.3)*
Net profit from continuing operations	52.0	105.4	*(50.6)*
Net profit for the period	47.2	108.4	*(56.4)*

* excluding the results of the Calcestruzzi group

Revenues and operating results by business sector and geographical area

(in millions of euro)	Q1							
	Revenues		Recurring EBITDA		EBITDA		EBIT	
Business sector	Q1 2008	% change vs. Q1 2007	Q1 2008	% change vs. Q1 2007	Q1 2008	% change vs. Q1 2007	Q1 2008	% change vs. Q1 2007
Construction materials	1,306.6	*-4.5*	260.9	*-5.3*	261.6	*-5.6*	157.5	*-8.8*
Packaging and insulation	60.3	*6.9*	4.3	*-28.4*	4.3	*-28.4*	1.4	*-52.8*
Financial	10.9	*-58.4*	-37.6	*n.s.*	(37.3)	*n.s.*	(37.3)	*n.s.*
Banking	12.0	*-8.1*	2.7	*-35.7*	2.7	*-35.7*	2.4	*-36.6*
Property, services, other	0.8	*31.5*	0.1	*n.s.*	0.2	*n.s.*	0.2	*n.s.*
Intersector eliminations	(4.2)	*(-66,2)*	(1.4)	*(-84,7)*	(1.4)	*(-84,7)*	(1.5)	*(-84,7)*
Total	**1,386.4**	***-4.6***	**229.0**	***-21.3***	**230.1**	***-21.4***	**122.7**	***-33.5***
Geographical area								
European Union	923.5	*-10.5*	101.9	*-41.0*	103.0	*-40.8*	41.1	*-63.2*
Other European countries	16.9	*-4.0*	2.8	*-36.3*	2.8	*-36.2*	2.4	*-36.5*
North America	86.9	*-12.1*	0.4	*-88.3*	0.4	*-88.3*	(10.7)	*-37.4*
Asia	106.6	*1.3*	26.4	*-18.4*	26.2	*-18.4*	15.9	*-29.5*
Africa	224.5	*18.0*	92.8	*18.3*	92.8	*17.9*	70.4	*27.2*
Trading	82.3	*2.3*	7.4	*65.0*	7.4	*62.3*	6.7	*64.7*
Others and inter-area eliminations	(54.3)	*(-25,0)*	(2.7)	*(-41,7)*	(2.5)	*(-44,0)*	(3.1)	*(-40,3)*
Total	**1,386.4**	***-4.6***	**229.0**	***-21.3***	**230.1**	***-21.4***	**122.7**	***-33.5***

n.s. not significant

The 4.6% decrease in **revenues** compared with the year-earlier period reflected:

- the positive impact of business growth for 3.0%,
- the negative impact of the changes in the scope of consolidation, described above, for -5.4%, and
- the negative exchange-rate effect for -2.2%, as a result of the depreciation of the dollar and the other currencies against the euro.

Group business growth arose in the construction materials sector, as a result of price increases in the majority of countries in which the Italcementi group operates, and in the packaging and insulation sector, thanks mainly to higher turnover in food packaging at the Petruzalek group, which operates in Eastern Europe, and in thermal insulation. Performance slowed slightly in the banking sector and more significantly in the financial sector.

Recurring EBITDA and **EBITDA** decreased respectively by 61.9 million euro (-21.3%) and 62.6 million euro (-21.4%) from the year-earlier period. This slowdown arose in all sectors, with the largest decrease in both absolute and percentage terms reported by the financial sector, due to negative market trends.

After slightly lower amortization and depreciation charges compared with the year-earlier period (107.3 million euro from 108.2 million euro), **EBIT** fell by 33.5%, from 184.5 million euro to 122.7 million euro.

Net finance costs, including net exchange-rate differences and derivatives, increased by 4.4 million euro, from 35.0 million euro to 39.4 million euro. This was largely due to net exchange-rate losses and higher interest expense in respect of debt.
The **share of results of associates** increased to 0.4 million euro from a loss of 0.3 million euro in the year-earlier period.

The results described above generated a 43.9% decrease in **profit before tax** to 83.7 million euro, from 149.2 million euro at March 31, 2007.

Income tax expense for the first quarter, at 31.7 million euro, was down on the year-earlier period (45.6 million euro) due to the lower pre-tax figure, despite an increase in the overall tax rate from 30.6% to 37.8%.

Net profit from continuing operations (before the results of the Turkish companies classified as discontinued operations in compliance with IFRS 5) was 52.0 million euro (-49.8% from the year-earlier period). The overall result for the quarter after the net loss from the Turkish companies was 47.2 million euro (-55.7%).

The **net result attributable to the Group,** after minority interests of 66.4 million euro (-8.1%), was a loss of 19.2 million euro (a net profit of 34.4 million euro in the quarter to March 31, 2007). This anomalous trend was largely due to the results of the wholly owned sectors.

Investments in fixed assets

Investments in fixed assets in the first quarter, including movements in payables/receivables for acquisitions, amounted overall to 269.9 million euro (215.4 million euro in the first quarter of 2007). This included 115.0 million euro in non-current financial assets, compared with 96.4 million euro in the first quarter of 2007. These financial investments were mainly for acquisitions in the construction materials business.

Investments in property, plant and equipment and intangible assets totaled 154.9 million euro (118.9 in the year-earlier period) and arose largely in the construction materials sector in the European Union, North America, Asia and Africa.

Net debt

At March 31, 2008, net debt was 2,088.8 million euro (including net debt of 2.3 million euro for the discontinued operations in Turkey) compared with 2,149.6 million euro at December 31, 2007. If the net debt of 157.9 million euro of the Calcestruzzi subgroup, which left the scope of consolidation in 2008, is excluded for comparative purposes, net debt at December 31, 2007, would have been 1,991.7 million euro, in respect of which net debt at March 31, 2008, would have risen by 97.1 million euro

The ratio of net debt to shareholders' equity at March 31, 2008, was 35.48%, a slight deterioration from 34.12% at December 31, 2007.

(in millions of euro)	March 31, 2008	December 31, 2007
Cash, cash equivalents and current financial assets	(1,709.5)	(1,521.7)
Short-term financing	1,096.9	1,124.5
Medium/long-term financial assets	(68.7)	(71.8)
Medium/long-term financing	2,767.8	2,618.6
Net debt of continuing operations	**2,086.5**	**2,149.6**
Net debt of discontinued operations	**2.3**	**-**
Net debt	**2,088.8**	**2,149.6**

Financial ratios

(in millions of euro)	March 31, 2008	December 31,2007
Net debt	2,088.8	2,149.6
Consolidated shareholders' equity	5,887.3	6,300.2
Gearing	**35.48%**	**34.12%**
Net debt	2,088.8	2,149.6
EBITDA before income and expense	1,353.0	1,462.1
Debt coverage [1]	**1.54**	**1.47**

[1] Debt coverage has been computed on rolling-year income statement data.

Excluding the Calcestruzzi group, the gearing ratio at December 31, 2007, would have been 31.61%.

CONSTRUCTION MATERIALS SECTOR

This sector, which is the Italmobiliare core industrial business, comprises the cement, ready mixed concrete and aggregates operations of the Italcementi group.

(in millions of euro)	Q1 2008	Q1 2007 (IFRS 5)	% change	Q1 2007 published
Revenues	**1,306.6**	**1,368.6**	***-4.5***	**1,418.0**
Recurring EBITDA	**260.9**	**275.6**	***-5.3***	**282.6**
% of revenues	*20.0*	*20.1*		*19.9*
Other income and expense	0.7	1.6	*-54.9*	1.7
EBITDA	**261.6**	**277.2**	***-5.6***	**284.3**
% of revenues	*20.0*	*20.3*		*20.1*
Amortization and depreciation	(104.0)	(104.6)	*-0.5*	(108.2)
Impairment variation	(0.1)	-	*n.s.*	-
EBIT	**157.5**	**172.7**	***-8.8***	**176.1**
% of revenues	*12.1*	*12.6*		*12.4*
Finance income and costs	(38.1)	(34.0)	*11.9*	(33.8)
Share of results of associates	0.8	(0.4)	*n.s.*	(0.4)
Profit before tax	**120.3**	**138.2**	***-13.0***	**142.0**
% of revenues	*9.2*	*10.1*		*10.0*
Income tax expense	(34.1)	(48.3)	*-29.5*	(49.1)
Net profit from continuing operations	**86.2**	**89.9**	***-4.1***	
% of revenues	*6.6*	*6.6*		
Net profit (loss) from discontinued operations	**(4.8)**	3.0	*n.s.*	
Net profit for the period	**81.3**	**92.9**	***-12.4***	**92.9**
% of revenues	*6.2*	*6.8*		*6.6*
Group net profit	**37.9**	**55.3**	***-31.4***	**55.3**
% of revenues	*2.9*	*4.0*		*3.9*
Minority interests	43.4	37.6	*15.5*	37.6
Employees at period-end (heads)	**21,936***	**22,211***		**23,098**

n.s. not significant
* excluding employees at discontinued operations in Turkey (891 at March 31, 2008, and 887 at March 31, 2007)

In millions of euro)	March 31, 2008	December 31, 2007
Net debt	**2,306.5**	**2,418.2****

** including 157.9 million euro of net debt of the Calcestruzzi group

Trends in the US construction industry remained heavily negative as the crisis in residential building continued to worsen; in Europe too, the situation in residential building was generally weak, although conditions varied in the main euro zone countries in which the group operates.
The sector remained dynamic in the emerging countries, at least those of greatest importance to the group, although the overall situation was less lively than in the year-earlier period.

Calcestruzzi

As described in detail in the 2007 Annual Report, in connection with the investigation into former company employees and pursuant to Legislative Decree 231/2001, on January 29, 2008, the courts ordered a preventive seizure of the assets of Calcestruzzi S.p.A. in connection with alleged violations of a number of ready mixed concrete supply contracts handled by the company's cement plants in Sicily.
The Calcestruzzi defense team has requested pre-trial acquisition of evidence with an expert appraisal of ready mixed concrete supplies relating to all the works under investigation; the decision of the preliminary investigating magistrate is pending.
At the beginning of April, the State Prosecutor notified the former employees under investigation that the preliminary investigations had been completed.
The notice has not been served on the company since it does not contain any reference to allegations against Calcestruzzi pursuant to Legislative Decree 231/2001.
On March 21, 2008, the Calcestruzzi Board of Directors informed the parent company that it would draw up the 2007 draft financial statements electing the longer time period allowed under the Italian Civil Code.
During the period in question, no indications or valuations emerged that would generate impairment losses on the Italcementi group equity investment in the Calcestruzzi S.p.A. company or in its subsidiaries, which approved the 2007 financial statements within the required time limits without material postings or provisions.

The table below sets out a comparison of the main income statement items for the Italcementi group, with values for the Calcestruzzi subgroup also excluded from the 2007 first-quarter comparatives.

(in millions of euro)	**Q1 2008**	**Q1 2007***	**% change**
Revenues	1,306.6	1,268.9	*3.0*
Recurring EBITDA	260.9	271.3	*(3.8)*
EBITDA	261.6	273.0	*(4.1)*
EBIT	157.5	172.1	*(8.5)*
Net profit from continuing operations	86.2	91.7	*(6.0)*
Net profit for the period	81.3	94.7	*(14.1)*

* excluding the Calcestruzzi group

Sector performance

Sales volumes	Q1 2008	% change vs. Q1 2007	
		Historic	At constant size
Cement and clinker *(millions of metric tons)*	14.1	*-3.2*	*-4.9*
Aggregates* *(millions of metric tons)*	12.0	*-17.2*	*-5.2*
Ready mixed concrete *(millions of m³)*	2.8	*-42.1*	*-3.2*

* excluding outgoes on work-in-progress account

The figures above do not include operations in Turkey, which are classified as discontinued operations in both the results for first-quarter 2008 and the year-earlier comparatives

The changes in aggregates and ready mixed concrete on an historic basis reflect the deconsolidation of the Calcestruzzi group, which was countered to only a moderate extent (in ready mixed concrete) by the enlargement of the consolidation to include the acquisitions in North America and Egypt.

In **cement and clinker,** the downturn in sales volumes arose largely in the mature countries, while performance in the emerging countries reflected overall growth in domestic sales volumes, although this reduced product availability for export and trading. Results in the emerging countries were also affected by the situation in Kazakhstan, where the suspension of quarrying licenses brought production and sales activities to a temporary halt for the whole first quarter of 2008, and in Thailand, where continuing political instability meant that contrary to expectations work was not resumed on infrastructure projects.

In **aggregates**, performance was generally positive at constant size, with the sole notable exception of Spain, whose significant downturn was not fully offset by the progress reported elsewhere.

In **ready mixed concrete**, again at constant size, the slackening reported in Central Western Europe (slight progress in France and Belgium, strong decline in Spain and Greece) produced a reduction in overall sales volumes. Performance was positive in Egypt and North America, while sales volumes decreased in Thailand.

Revenues amounted to 1,306.6 million euro, a decline of 4.5% from the year-earlier period as a result of the net change in the scope of consolidation (-5.4%, with the Calcestruzzi group generating an impact of -7.3%) and the negative exchange-rate effect (-2.4%), set against a 3.3% improvement in sales performance thanks to higher sales prices.
Revenues rose in the emerging countries with the contribution of Eastern Europe and Southern Med Rim (especially Egypt) and with the sole exceptions of Thailand (substantially stable revenues) and Kazakhstan, inactive in the quarter. At constant size and exchange rates, progress in the emerging countries more than absorbed the fall in North America and Central Western Europe, which was adversely affected by performance in Italy and Spain.

Operating results were penalized by the downturn in sales volumes in the mature countries, offset only in part by the positive sales price-operating expenses dynamic.

Recurring EBITDA (260.9 million euro) and **EBITDA** (261.6 million euro) decreased by 5.3% and 5.6% respectively, while **EBIT** (157.5 million euro) fell by 8.8% against the first quarter of 2007, due to higher amortization and depreciation charges.

Operating results were negatively affected by the sharp contraction in Italy and the more moderate downturn in North America. A positive contribution came from the emerging countries, notably Egypt, which reported healthy progress despite the negative exchange-rate effect on translation of results into euro. Trading operations also made a positive contribution, thanks to the sales price factor.
At constant size and exchange rates, the reduction in recurring EBITDA would be -1.2% (-3.3 million euro).

Net profit from continuing operations, before the results of discontinued operations in Turkey, was 86.2 million euro (-4.1% compared with the year-earlier period). It was affected by the decrease in operating results and the increase in net finance costs (higher interest in respect of debt and higher net exchange-rate losses), but benefited from estimated income expense that was significantly lower than the year-earlier charge, due to the increased weight of the results of countries with lower tax and the reduction in tax rates in some countries.

Net profit for the period was 81.3 million euro (-12.4%), reflecting the impact of the losses of discontinued operations in Turkey compared with the positive results of the year-earlier period.

Group net profit decreased from 55.3 million euro to 37.9 million euro while net profit **attributable to minority interests** rose from 37.6 million euro to 43.4 million euro.

Investments in fixed assets amounted to a sizeable 257.6 million euro, higher than investments in the year-earlier period (215.1 million euro). They comprised 148.3 million euro, for capital expenditure (118.7 million euro in the year-earlier period) and 109.3 million euro of investments in financial fixed assets (96.4 million euro in the year-earlier period).

Net debt at March 31, 2008, was 2,306.5 million euro (including net debt of 2.3 million euro at discontinued operations in Turkey), compared with 2,418.2 million euro at December 31, 2007. If the net debt of 157.9 million euro of the Calcestruzzi subgroup, which left the scope of consolidation in 2008, is excluded for comparative purposes, net debt at December 31, 2007, would have been 2,260.3 million euro, in respect of which net debt at March 31, 2008, would have reflected an increase of 46.2 million euro.

Significant events during the period

Significant events during the first quarter of 2008, already illustrated in part in the 2007 Annual Report, are described below.

In January, the group closed the acquisition of a **grinding center** for cement production in **Ravenna**, for an investment of approximately 55 million euro; the center has an annual production capacity of approximately 500,000 metric tons. Together with the previous-year purchases of the Montalto di Castro and Novi Ligure grinding centers, the acquisition has laid the basis for a substantial restructuring of the Group's clinker import logistics network in Italy.

Also in January, Italcementi presented its project (worth 25 million euro) for construction of a **grinding center in Durazzo** (Albania) with an annual cement output of approximately 450,000 metric tons, providing at least fifty local jobs.

Again in January, as part of the re-organization of the group's ready mixed concrete and aggregates operations in Greece, Calcestruzzi S.p.A. and Halyps S.A., shareholders of **Domiki Beton S.A.**, sold all their shares in the subsidiary, raising net proceeds of 9.5 million euro.

On January 25, 2008, **BravoSolution USA, Inc.** closed its acquisition of 100% of the shares of **Verticalnet, Inc.**. Simultaneously, the two companies merged into a new entity with the name Verticalnet, Inc. dba.

In connection with the investigation of Calcestruzzi S.p.A., on February 1, 2008, **Standard & Poor's** placed its rating on Italcementi S.p.A. and di Ciments Français S.A. on negative credit watch.

During the first quarter of 2008, **Société Internationale Italcementi France S.a.s**. purchased 139,310 **Ciments Français shares** on the market for an outlay of approximately 14.6 million euro, raising its investment to 78.97% (89.05% of voting rights).

At the end of February, **Essroc** closed its acquisition of **Crider & Shockey**, a company active in North Virginia, where a full revamping of the Martinsburg cement plant is underway. The acquisition strengthens the vertical integration of the group's ready mixed concrete operations in North America that began last year.

Regarding verticalization of group operations in Kuwait, at the end of February **Hilal Cement Company** closed its acquisition of **Kuwait German Ready Mix**, active in ready mixed concrete.

At the end of March, the **group closed the sale of operations in Turkey** for a total of 600 million euro to **Sibirskiy Cement**, Russia's second cement producer and the leading player in the region east of the Urals. Italcementi had been active in Turkey since 1989 with 4 cement plants, a grinding center and 18 ready mixed concrete centers, which reported aggregate revenues of 260 million euro in 2007.
Sibirskiy Cement will pay Italcementi a cash consideration of 400 million euro and shares worth 200 million euro in Sibirskiy Cement (5.4% of share capital). Italcementi will also have a 220 million euro put option on the shares, exercisable between 18 and 24 months after closing.
The sale is subject to a series of conditions, including approval by the Turkish antirust and privatization authorities.

Performance by geographical area

(in millions of euro)	Revenues		Recurring EBITDA		EBITDA		EBIT	
Geographical area	**Q1 2008**	**% change vs. Q1 2007**	**Q1 2008**	**% change vs. Q1 2007**	**Q1 2008**	**% change vs. Q1 2007**	**Q1 2008**	**% change vs. Q1 2007**
Central Western Europe	823.9	*-11.3*	125.2	*-17.2*	126.0	*-17.4*	70.2	*-26.8*
North America	87.0	*-12.1*	0.4	*-88.3*	0.4	*-88.3*	(10.7)	*-37.4**
Eastern Europe and Southern Med Rim	257.6	*15.9*	104.2	*17.3*	104.2	*16.9*	78.6	*24.3*
Asia	106.6	*1.3*	26.4	*-18.4*	26.2	*-18.4*	15.9	*-29.5*
Cement and clinker trading	82.3	*2.3*	7.4	*65.0*	7.4	*62.3*	6.7	*64.7*
Others and inter-area eliminations	(50.8)	*n.s.*	(2.7)	*n.s.*	(2.6)	*n.s.*	(3.2)	*n.s.*
Total	**1,306.6**	***-4.5***	**260.9**	***-5.3***	**261.6**	***-5.6***	**157.5**	***-8.8***

n.s. not significant
* increase in a negative result reported in the comparative period

Central Western Europe

First-quarter revenues in Central Western Europe fell by 11.3%, reflecting a sharp decrease in Italy and, to a lesser extent, in Spain and Greece, and improvements in France and Belgium.
An even more significant downturn was reported in operating results, especially in Italy, since price increases were generally unable to make up for the unfavorable sales volume effect, caused in part by less positive meteorological conditions compared with the first quarter of 2007 and the rise in some operating expenses (especially energy).

North America

With the region suffering a severe economic slowdown, cement consumption showed a significant YoY decrease according to our estimates, mainly as a result of the decline in residential building. In this difficult context, group **cement** sales volumes fell by 9.9% from the year-earlier period, while prices were substantially stable.
Total revenues, in local currency, were substantially in line with the year-earlier period, thanks to the contribution of the new ready mixed concrete operations. The decline in operating results, in euro and local currency, was caused essentially by the downturn in sales volumes. The rise in production costs was offset by a decrease in purchases of cement for subsequent sale and lower maintenance costs.

Eastern Europe and Southern Med Rim

All the countries in this area (Bulgaria, Egypt, Morocco) reported higher first-quarter revenues, thanks in part to generally favorable price levels. In Egypt, although operating results were penalized by the depreciation of the Egyptian lira in representation in euro, they made a significant improvement on the year-earlier period, while operating results in the other countries in the area were substantially in line with those of the first quarter of 2007.

Asia

Performance trends varied in the Asian countries where the group operates.
In Thailand the climate of political uncertainty affected the local economy, with consequences for cement consumption. Operating results fell due to the rise in some operating expenses (especially fuel) and the negative exchange-rate effect, offset only in part by higher sales prices.
in India the significant sales price effect was largely cancelled out by the rise in operating expenses and the exchange-rate effect.
In China the rise in sales prices kept EBITDA at breakeven, despite falling sales volumes as a result of poor weather and slower business activities.
As mentioned above, in Kazakhstan the problems with quarrying licenses brought production and sales to a halt.

Trading

Intragroup and third-party cement and clinker sales volumes decreased by 13.1% in the first quarter of 2008. Clinker and cement availability for export decreased with respect to the year-earlier period, largely as a result of the smaller contribution from Egypt where local demand was high. Average sales prices increased, in part due to the rise in logistic costs. Operating results made significant progress thanks to improved margins and the enlargement of the scope of consolidation (line-by-line consolidation of Hilal Cement Company as from September 30, 2007), which more than offset the decline in sales volumes and the negative exchange-rate effect.

Significant events after the end of the first quarter

In April, Italcementi purchased two companies in the **ready mixed concrete sector in Kuwait**, **Gulf Ready Mix** (sales of approximately 200,000 m^3 of ready mixed concrete in 2007) and **Al Mahaliya** (approximately 330,000 m^3), for an overall investment of approximately 30 million dollars. The new production structure together with the activities of Kuwait German Ready mix establishes the Italcementi group as the leading ready mixed concrete producer in Kuwait. It also constitutes a rapid vertical integration following the acquisition of Hilal Cement Company, the country's third cement producer, in 2007.

Full-year outlook

The market trends that emerged at the end of 2007 were confirmed in the first quarter of 2008, indicating a slowdown in demand in North America and Central Western Europe, with the exception of France.

The current market situation could stabilize as the year progresses. In Italy, where demand is expected to fall, Group sales should make a satisfactory recovery on the downturn reported in the first quarter.

In the emerging countries, which make a significant contribution to consolidated EBITDA (approximately 40%), strong growth is expected, with the sole exceptions of Thailand and Kazakhstan.

The most significant risk in the remaining months of 2008 is the possibility of further increases in energy costs, with repercussions for operating expenses.

Given the programs already underway to improve production efficiency and contain fixed costs and in view of the balanced price/cost dynamic emerging as a feature of 2008, the group confirms its target of 2008 full-year operating results in line with 2007.

FOOD PACKAGING AND THERMAL INSULATION SECTOR

The Group is present in food packaging and thermal insulation through Sirap Gema S.p.A. and its subsidiaries. The table below summarizes the income statement for this sector.

(in millions of euro)	Q1 2008	Q1 2007	% change	Full year 2007
Revenues	**60.3**	**56.4**	***6.9***	**248.2**
Recurring EBITDA	**4.3**	**6.0**	***-28.4***	**28.6**
% of revenues	*7.1*	*10.6*		*11.5*
Other income (expense)	-	-		(4.0)
EBITDA	**4.3**	**6.0**	***-28.4***	**24.6**
% of revenues	*7.1*	*10.6*		*9.9*
Amortization and depreciation	(2.9)	(3.1)	*-4.9*	(11.4)
Impairment variation	-	-		(4.9)
EBIT	**1.4**	**2.9**	***-52.8***	**8.3**
% of revenues	*2.3*	*5.2*		*3.4*
Finance income and costs	(2.3)	(1.7)	*31.6*	(8.0)
Profit before tax	**(0.9)**	**1.2**	*n.s.*	**0.3**
% of revenues	*(1.5)*	*2.2*		*0.1*
Income tax expense	(0.2)	(1.1)	*-81.8*	**(1.5)**
Net profit for the period	**(1.1)**	**0.1**	*n.s.*	**(1.2)**
% of revenues	*(1.8)*	*0.2*		*(0.5)*
Group net profit	**(1.1)**	**0.1**	*n.s.*	**0.5**
Minority interests	-	-		(1.7)
Employees at period-end (heads)	**1,358**	**1,453**		**1,341**

n.s. not significant

(in millions of euro)	March 31, 2008	December 31, 2007
Net debt	**126.4**	**128.2**

The key trends of 2007 continued in the first quarter of 2008: in food packaging, demand for polystyrene foam containers was affected by the slowdown in consumer spending and rising competitive pressures among industry operators, with significant repercussions on volumes/prices continuing in France and also extending to the Italian market; demand remained lively in Central Eastern Europe. In thermal insulation, demand continued to be strong, with a focus on larger thicknesses in compliance with energy saving laws.

Revenues improved by 6.9% (+7.3% at constant size and exchange rates), driven mainly by thermal insulation product sales and by food packaging product sales in the countries covered by the Petruzalek group.

EBIT was 1.4 million euro, a sharp decline (-52.8%) from the year-earlier period due mainly to lower profitability on polystyrene foam containers in the food packaging business in Italy exacerbated by a series of negative contingent factors, which also affected the other areas, albeit to a minor extent.
Finance costs (2.3 million euro) declined mainly as a result of the rise in interest rates.

The Sirap Gema group reported a net loss of 1.1 million euro.

Net debt stood at 126.4 million euro, slightly down from December 31, 2007, as a result of cash flows from operations and containment of working capital.

Investments in fixed assets amounted to 5.8 million euro (1.6 million euro in the year-earlier period) and focused largely on the food packaging business.

Significant events during the period

On January 3, Sirap Gema S.p.A. learned of a transaction to the detriment of its subsidiary Inline Ucraine L.C.F.I., as a result of which Inline Poland has effectively lost control of the company and its assets and has therefore excluded it from the scope of consolidation. The impact on income and on the balance sheet were reflected in the financial statements at December 31, 2007. A leading law firm in Kiev was immediately engaged to conduct a full analysis of the situation, as a result of which appropriate civil and penal action has been taken to regain formal control of Inline Ucraine and re-enter into possession of the assets, and to protect Petruzalek operations in the country.

On February 5, Sirap Gema S.p.A. acquired a further 5.15% of the share capital of the subsidiary Universal Imballaggi Srl for an outlay of 0.1 million euro, raising its stake in the company to 80.37%.

Concluding the corporate re-organization of the group, on February 22 Sirap Gema S.p.A. sold its investment in the subsidiary Sirap Finance SA to the associate Société de Partecipation Financière Italmobiliare SA for a price of 12.6 million euro, based on an independent assessment.

Performance by business and geographical area

(in millions of euro)	Revenues		Recurring EBITDA		EBITDA		EBIT	
	Q1 2008	% change vs. Q1 2007	Q1 2008	% change vs. Q1 2007	Q1 2008	% change vs. Q1 2007	Q1 2008	% change vs. Q1 2007
Food packaging								
Italy	25.1	*0.5*	2.7	*-29.5*	2.7	*-29.5*	1.1	*-50.3*
France	5.9	*-1.0*	(0.3)	*24.5*	(0.3)	*24.5*	(0.6)	*13.2*
Other EU countries	15.8	*16.5*	0.5	*-29.1*	0.5	*-29.1*	-	*n.s.*
Other non-EU countries	5.2	*8,7*	0.2	*-27.6*	0.2	*-27.6*	0.1	*20.5*
Eliminations	(4.5)		(0.1)		(0.1)		-	
Total	**47.5**	***5.0***	**3.0**	***-30.8***	**3.0**	***-30.8***	**0.6**	***-50.9***
Thermal insulation	**15.0**	***14.5***	**1.3**	***-22.1***	**1.3**	***-22.1***	**0.8**	***-28.6***
Eliminations	(2.2)		-		-		-	
Total	**60.3**	***6.9***	**4.3**	***-28.4***	**4.3**	***-28.4***	**1.4**	***-52.8***

n.s. not significant

Food packaging

In the food packaging business, the first quarter was affected by difficulties in polystyrene foam containers: the general fall in consumer spending and lower propensity to eat red meat tightened competitive pressures, with significant repercussions for sales volumes and prices, trend that had already emerged in France in 2007; as a result, industry players turned their attention to winning sales volumes on the Italian market, creating further difficulties in terms of consumption and prices. Conversely, demand for transparent containers rose in all countries, as a result of greater use of packaged food.

Revenues in the sector increased by 5.0% thanks to the growth of the Petruzalek group and increased sales of transparent containers, absorbing the slowdown in polystyrene foam containers in Italy (volumes) and France (prices).

EBIT (0.6 million euro) was heavily affected by trends in polystyrene foam packaging in Italy and by performance at Sirap Gema France, which continued to report negative EBIT despite the initial benefits of the on-going re-organization. In the other countries, where market demand was lively, contingent factors and charges for the opening of new sites had a negative impact.

Thermal insulation

Demand on the Italian market remained lively, supported by the application of the new technical energy saving laws requiring use of thicker and/or higher-performance panels.
First-quarter revenues grew by 14.5% driven by higher sales volumes in both extruded and polystyrene foam panels for roof insulation.

EBIT (0.8 million euro) decreased: current production capacity was saturated and the segment responded to the strong growth in demand by increasing purchases of finished goods from third parties. This difficulty will gradually be resolved with the operating start-up of a new production line in the second half of the year.

Disputes

With reference to the information in previous reports on the general tax audit of Sirap Gema S.p.A. by the Verolanuova tax agency (Brescia) during 2004, in response to the assessment notified on December 21, 2006, the company filed a self-help motion with the Verolanuova tax agency on January 22, 2007, and lodged an appeal with the Brescia provincial tax commission on February 16, 2007; a ruling is expected from the provincial commission in the next few months.
Since the company has been advised by expert professionals that the recent events described above do not affect its assets and liabilities, no provision has been made.

Full-year outlook

Full-year results will depend on performance in polystyrene foam containers in the food packaging segment in relation to trends in meat consumption, in Italy and France in particular. Subject to currently unforeseeable events, EBIT is expected to be up on the 2007 result, taking into account the negative impact of the non-recurring events at the end of 2007.

FINANCIAL SECTOR

The financial sector includes the parent company Italmobiliare and the wholly owned financial companies. The main companies are: Franco Tosi S.r.l., Italmobiliare International Finance Limited (Dublin), Société de Participation Financière Italmobiliare S.A. (Luxembourg), Soparfinter S.A. (Luxembourg) and Fincomind A.G. (Switzerland). Since January 1, 2008, as a result of the corporate restructuring, the financial sector also includes the Sance S.r.l. company, acting as an equities trading company. The contribution of this company to the financial sector is marginal.

(in millions of euro)	**Q1 2008**	**Q1 2007**	**% change**	**Full year 2007**
Revenues	10.9	26.2	*-58.4*	155.9
EBIT	(37.3)	15.0	*n.s.*	69.5
Net profit for the period	**(34.7)**	**19.6**	***n.s.***	**85.3**

n.s. not significant

(in millions of euro)	**March 31, 2008**	**December 31, 2007**
Net financial position	251.4	299.4
Shareholders' equity	1,657.0	1,861.7
Employees (heads)	46	46

Results in accordance with the financial model

Given the specific nature of the financial sector, to permit full understanding of performance the table below sets out the results of the sector in the format normally used for financial companies.

(in millions of euro)	**Q1 2008**	**Q1 2007**	**% change**	**December 31, 2007**
Net income on equity investments	-	9.5	*n.s.*	90.4
Net income from cash investments	(25.4)	13.8	*n.s.*	19.5
Net debt charges	(8.1)	(4.4)	*82.1*	(24.4)
Total financial income and expense	**(33.5)**	**18.9**	***n.s.***	**85.5**
Other income and expense	(4.3)	(3.8)	*-15.7*	(13.2)
Income tax expense	3.1	4.5	*-31.0*	13.0
Net profit for the period	**(34.7)**	**19.6**	***n.s.***	**85.3**

n.s. not significant

Net income on equity investments in the first quarter was virtually zero, compared with 9.5 million euro in the year-earlier period. The reduction was due to the fact that in the first quarter of 2007, Terfin paid a dividend of 4.0 million euro (0.4 million euro in 2008) and Finter Bank Zürich paid its dividend to Fincomind (8.0 million Swiss francs), whereas this year payment was made in April (10.0 million Swiss francs).

Net income from cash investments in the first quarter of 2008 was negative at 25.4 million euro, a deterioration of 39.2 million euro compared with the corresponding period in 2007, which

reported positive net income of 13.8 million euro. The result was essentially due to the continuation in the first quarter of 2008 of the severely adverse trends that emerged on the equities and debentures markets in the second half of 2007, as a result of which portfolio assets were written down to reflect current values.
The markets continued to be affected by the negative repercussions of the sub-prime mortgage crisis and the consequent difficulties of many financial institutes, which took massive write-downs on their portfolios. Equity and debenture prices were severely hit and the trend was reflected on our trading portfolio, with significant write-downs (10.2 million euro for equities, 20.3 million euro for debentures and 3.4 million euro for funds of alternative funds). This compared with net gains in the first quarter of 2007.

Net debt charges increased by 3.7 million euro from the year-earlier period, due to higher debt, higher interest rates and measurement losses on interest rate swaps subscribed in 2006.

Operating expense, net of operating income, showed a moderate decline compared with the first quarter of 2007. Income tax items were positive, although down on the year-earlier period.

For the reasons explained above, the sector reported a net loss for the period of 34.7 million euro, a significant decline from the net profit of 19.6 million euro in the first quarter of 2007.

As noted in the introduction to this report, analysis of results should consider that the first quarter is only partially representative of a full-year trend due to the effects of the accounting treatment of companies not consolidated on a line-by-line basis, which refers to the quarter in which distribution is approved, and to trends on the financial markets. Consequently, first-quarter results cannot be considered representative of a full-year trend.

The companies in the financial sector hold substantial equity investments, the majority classified as ”Available for sale”. The changes in the fair value of these investments, excluding consolidated investments, which are carried at cost, are reflected in shareholders' equity under the “Fair value reserve”. At March 31, 2008, the consolidated fair value reserve of the financial sector stood at 364.9 million euro, down by 176.6 million euro from December 31, 2007.

ITALMOBILIARE

Significant events during the period

In January, after Capitalia Partecipazioni S.p.A. sold all the **RCS MediaGroup** shares held in the RCS shareholder agreement, Franco Tosi purchased 1,756,334 RCS ordinary shares for an outlay of 5.6 million euro, and contributed them to the voting trust.

In February, Société de Participation Financière Italmobiliare S.A. acquired from the subsidiary Sirap Gema S.p.A. 99.97% of the capital of the Luxembourg-based **Sirap Gema Finance S.A.** at a price of 12.6 million euro, based on an independent valuation.

During the first quarter, Italmobiliare did not buy back shares nor were any stock options exercised by option holders. Consequently, at March 31, 2008, the company had 871,411 ordinary treasury shares, representing 3.928% of ordinary share capital, as well as 28,500 savings shares (0.174% of total savings shares).

Net financial position of Italmobiliare and the financial sector

The table below provides an itemized description of the net financial positions of the parent company Italmobiliare S.p.A. and the wholly owned financial companies.

(in thousands of euro)	March 31, 2008		December 31, 2007	
	Italmobiliare	**Financial sector[1]**	**Italmobiliare**	**Financical sector[1]**
Cash, cash equivalents and current financial assets	49,501	761,412	44,066	796,018
Short-term financing	(206,082)	(244,902)	(177,840)	(212,591)
Short-term net financial position	**(156,581)**	**516,510**	**(133,774)**	**583,427**
Medium/long-term financial assets	3,354	62,594	2,792	62,460
Medium/long-term financing	(327,660)	(327,660)	(346,440)	(346,440)
Medium/long-term financial position	**(324,306)**	**(265,066)**	**(343,648)**	**(283,980)**
Net financial position	**(480,887)**	**251,444**	**(477,422)**	**299,447**

[1] Consisting of: Italmobiliare S.p.A. - Italmobiliare International Finance Ltd. - Italmobiliare International B.V. - Société de Participation Financière S.A. - Fincomind A.G. - Soparfinter S.A. - Franco Tosi S.r.l. - Sance S.r.l.

Italmobiliare had net debt of 480.9 million euro at March 31, 2008, practically unchanged from 477.4 million euro at December 31, 2007, since dividends collected were almost equal to finance costs and management costs.

The financial sector had a positive consolidated net financial position of 251.4 million euro (299.4 million euro at December 31, 2007), a decrease of 48.0 million euro due mainly to equity investments and write-downs on financial assets in the net financial position.

Full-year outlook

As already noted, the first quarter does not offer a reliable indication of the full-year results. Dividend inflows will be sufficiently certain beginning in the second quarter, while prospects on the financial markets are not clear. Consequently at the moment it is difficult to offer a reliable forecast for full-year results in the financial sector.

BANKING SECTOR

The banking sector is composed of two wholly owned banks: Finter Bank Zürich and Crédit Mobilier de Monaco.

(in millions of euro)	Q1 2008	Q1 2007	% change	Full year 2007
Revenues	12.0	13.1	*-8.1*	50.6
EBIT	2.4	3.8	*-36.6*	11.8
Net profit for the period	**2.1**	**3.0**	***-31.4***	**9.7**

(in millions of euro)	March 31, 2008	December 31, 2007
Total shareholders' equity	98.9	94.1
Employees (heads)	143	144

Results in accordance with the banking model

Given the specific nature of the banking sector, to permit full understanding of performance, the table below sets out the results of the sector in the format normally used for banks.

(in millions of euro)	Q1 2008	Q1 2007	% change	Full year 2007
Net interest income	1.6	1.6	*5.2*	6.6
Intermediation margin	10.7	11.5	*-6.9*	45.2
Gross operating profit	2.8	4.3	*-35.6*	13.5
Profit from operations	2.4	3.6	*-32.5*	11.8
Net profit for the period	**2.1**	**3.0**	***-31.4***	**9.7**

The sector reported a downturn in results, which consisted almost entirely of the results of Finter Bank Zürich.

Finter Bank Zürich

In the first quarter of 2008, the Finter Bank Zürich group reported a decrease in consolidated revenues from 20.6 to 18.0 million Swiss francs (-12.5% on the year-earlier period). This was largely due to the fall in trading revenues and a decrease in interest income (more than offset by the decrease in income expense). Fee income on client transactions was stable.

The revenue decrease combined with a moderate improvement in management costs to produce a 37.7% YoY decrease in EBIT to 3.8 million Swiss francs.

Consolidated net profit after tax was 3.2 million Swiss francs compared with 4.8 million Swiss francs for the quarter to March 31, 2007.

Consolidated shareholders' equity rose from 146.2 million Swiss francs at December 31, 2007, to 146.6 million Swiss francs at the end of March 2008, reflecting the negative impact of translation into Swiss francs of the dollar-denominated subsidiary in the Bahamas.

Assets under management stood at 5.1 billion Swiss francs at March 31, 2008. The decrease from the end of 2007 was due to the slackening on the financial markets and the consequent reduction in asset values. Client inflows and outflows virtually balanced out, with a slight net inflow.

Crédit Mobilier de Monaco

Crédit Mobilier de Monaco is a bank in Monaco whose main activity is guarantee-backed loans. Net profit in the first quarter was stable at 43,000 euro compared with the year-earlier period. The small decrease in net interest income was countered by lower administrative expenses.

Full-year outlook

The uncertainty on the financial markets and results for the first quarter indicate that 2008 full-year results in the banking sector may be down on the results posted in 2007, subject to currently unforeseeable events.

PROPERTY SECTOR, SERVICES AND OTHER

This sector includes a number of real estate companies and services companies. Assets held by the property companies include rented property and property and land held for sale.

The services companies essentially provide services within the Group.

At March 31, 2008, revenues in the sector amounted to 0.5 million euro, slightly up on the year-earlier period (0.3 million euro). The sector posted a net profit of 0.2 million euro from a net loss of 0.1 million euro at March 31, 2007.

The sector is of marginal importance to Group results.

DEALINGS WITH RELATED PARTIES

For the purposes of the consolidated financial statements, dealings with related parties were with:

- subsidiaries that are not consolidated on a line-by-line basis;
- associates;
- other related parties.

Dealings with subsidiaries and associates

Among companies in the construction materials sector, dealings with related parties reflect the Group's interest in leveraging the synergies in the sector to enhance production and commercial integration, employ competencies efficiently, and rationalize use of central structures and financial resources.
All dealings are of a business and/or financial nature.

Italmobiliare also provides administration services for some associates, regulated on the basis of the costs of providing the service.

Dealings with other related parties

Dealings with other related parties in the first quarter of 2008 were as follows:

- administrative, financial, contractual and fiscal consultancy services, supplied to the Italmobiliare Group by Finsise S.p.A., whose majority shareholder is Italo Lucchini, Deputy Chairman of Italmobiliare, for considerations totaling 73,000 euro;
- legal consultancy, judicial and extrajudicial assistance provided to Italmobiliare by the associate professional studio Dewey LeBoeuf, of which Italmobiliare director Luca Minoli is a partner, for considerations totaling 21,000 euro;
- consultancy services for the senior management of Italmobiliare in relation to the rationalization and development of Group activities, provided by Piergiorgio Barlassina, a director of Italmobiliare, for considerations totaling 63,000 euro;
- legal consultancy services for the Italmobiliare Group provided by Giorgio Bonomi, a director of Italmobiliare, for considerations totaling 48,000 euro.

After the deconsolidation of Calcestruzzi S.p.A. and its subsidiaries, all economic and financial transactions are included among dealings with related companies. In the first quarter of 2008, Italcementi S.p.A. and its subsidiaries sold goods and services to the Calcestruzzi subgroup for 40.9 million euro, and charged net finance costs for 1.5 million euro.

Under the terms of the contract for the supply of corporate administration services and services provided by its personnel, Italcementi S.p.A. charged the Italcementi Cav. Lav. Carlo Pesenti foundation an amount of approximately 64,000 euro, while CTG S.p.A. provided the foundation with services for approximately 38,000 euro.
All dealings with related parties—exchanges of goods, services and financial relations—are conducted at normal market conditions.

No unusual or atypical transactions took place in the first quarter.

OUTLOOK

The macroeconomic scenario is deteriorating, with high instability and volatility on the financial markets, sharp rises in commodities prices, further significant increases in oil prices and growing inflationary pressures. Consequently, world economic trends, conditions on and the uncertain prospects of the financial markets have not substantially changed since March when the Group published its 2008 full-year projections.

Under these conditions, projections for the individual sectors may be summarized as follows:

- taking account of the programs launched to improve industrial efficiency and contain fixed costs, and the balanced price/cost dynamic emerging in 2008, operating results in the construction materials sector in 2008 are expected to be in line with 2007;
- the contribution from Central Eastern Europe in food packaging, and the strong growth in demand for energy-saving products in thermal insulation, should enable the packaging and insulation sector to counter-balance at least in part the negative impact of slacker consumer spending. Operating results are expected to be higher than in 2007, in part as a result of lower charges on non-recurring events;
- in the financial sector, the negative results of the first quarter are not representative of overall full-year results. Beginning in the second quarter, dividend flows are sufficiently certain, but the situation regarding financial market trends remains uncertain. Despite positive performance in April, it is difficult to formulate any reliable forecast for the full year;
- in the banking sector, the uncertainty on the financial markets and performance to date indicate that the 2008 full-year result may be slightly down on the 2007 result;
- the property sector, services and other should report some capital gains, and earnings are therefore expected to be up on those of 2007.

Overall, in view of the developments forecast in the various business sectors and their relative importance, the Group's target, subject to currently unforeseeable events, is to report consolidated operating results close to the levels of 2007.

CONSOLIDATED QUARTERLY SITUATION

Financial statements

Income statement

(in thousands of euro)	Q1 2008	%	Q1 2007 (IFRS 5)	%	Change	%	Q1 2007 published	%
Revenues	**1,386,353**	**100.0**	**1,452,457**	**100.0**	**(66,104)**	**-4.6**	**1,501,854**	**100.0**
Other revenues	13,087		13,809		(722)		15,100	
Change in inventories	8,613		3,125		5,488		4,801	
Internal work capitalized	6,470		4,540		1,930		4,540	
Goods and utilities expenses	(546,896)		(533,675)		(13,221)		(562,763)	
Services expenses	(312,086)		(359,935)		47,849		(367,399)	
Employee expenses	(246,910)		(249,356)		2,446		(256,221)	
Other operating income (expense)	(79,645)		(40,027)		(39,618)		(41,971)	
Recurring EBITDA	**228,986**	**16.5**	**290,938**	**20.0**	**(61,952)**	**-21.3**	**297,941**	**19.8**
Net capital gains on sale of fixed assets	5,263		1,541		3,722		1,636	
Non-recurring employee expenses for re-organizations	(4,340)				(4,340)			
Other non-recurring income (expense)	186		179		7		179	
EBITDA	**230,095**	**16.6**	**292,658**	**20.1**	**(62,563)**	**-21.4**	**299,756**	**20.0**
Amortization and depreciation	(107,289)		(108,137)		848		(111,766)	
Impairment variation	(101)		(5)		(96)		(5)	
EBIT	**122,705**	**8.9**	**184,516**	**12.7**	**(61,811)**	**-33.5**	**187,985**	**12.5**
Finance income	7,483		7,319		164		8,683	
Finance costs	(43,617)		(44,377)		760		(44,984)	
Net exchange-rate differences and derivatives	(3,282)		2,097		(5,379)		1,619	
Share of results of associates	361		(329)		690		(329)	
Profit before tax	**83,650**	**6.0**	**149,226**	**10.3**	**(65,576)**	**-43.9**	**152,974**	**10.2**
Income tax expense	(31,605)		(45,631)		14,026		(46,373)	
Net profit from continuing operations	**52,045**	**3.8**	**103,595**	**7.1**	**(51,550)**	**-49.8**	**106,601**	**7.1**
Net profit (loss) from discontinued operations	(4,829)		3,006		(7,835)			
Net profit for the period	**47,216**	**3.4**	**106,601**	**7.3**	**(59,385)**	**-55.7**	**106,601**	**7.1**
Attributable to:								
Equity holders of the parent	(19,166)	-1.4	34,361	2.3	(53,527)	-155.8	34,361	2.3
Minority interests	66,382	4.8	72,240	5.0	(5,858)	-8.1	72,240	4.8

Financial position

(in thousands of euro)	March 31, 2008 (IFRS 5)	January 1, 2008	Change	%	December 31, 2007 published
Cash, cash equivalents and current financial assets	(1,709,547)	(1,655,478)	(54,069)	3.3	(1,521,740)
Short-term financing	1,096,938	1,100,525	(3,587)	-0.3	1,124,513
Medium/long-term financial assets	(68,744)	(71,773)	3,029	-4.2	(71,773)
Medium/long-term financing	2,767,874	2,618,388	149,486	5.7	2,618,568
Net debt from continuing operations	**2,086,521**	**1,991,662**	**94,859**	**4.8**	**2,149,568**
Net debt from discontinued operations	2,291		2,291		
Total net debt	**2,088,812**	**1,991,662**	**97,150**	**4.9**	**2,149,568**

Shareholders' equity

In thousands of euro)	March 31, 2008 (IFRS 5)	January 1, 2008	Change	%	December 31, 2007 published
Total shareholders' equity	**5,887,318**	**6,300,176**	**(412,858)**	**-6.6**	**6,300,176**

Net debt at January 1, 2008, was 157.9 million euro lower than net debt at December 31, 2007, as a result of the reclassification under “Other equity investments” of all Calcestruzzi group asset and liability balances at September 30, 2007 (included in the consolidated balance sheet at December 31, 2007); the reclassification did not change consolidated shareholders' equity at the same date.

After this reclassification and the exclusion of the Calcestruzzi group from the scope of consolidation, consolidated net debt continues to reflect Italcementi S.p.A. current account receivables due from the Calcestruzzi group companies, for 133.4 million euro at January 1, 2008, and 131.9 million euro at March 31, 2008.

Comments on the financial statements

Foreword

This interim management report at March 31, 2008, has been drawn up in accordance with article 154 ter, para 5 of Legislative Decree no. 58 of February 24, 1998, and subsequent amendments. It has also been prepared using the measurement and valuation criteria of the International Financial Reporting Standards (IFRS).

Basis of presentation

The consolidated financial statements are based on the accounts at March 31, 2008, of the consolidated companies, adjusted where necessary to ensure alignment with the IFRS-compliant classification criteria and accounting principles adopted by the Group.

The accounting policies and consolidation principles are the same as those adopted in the 2007 consolidated financial statements.

Discontinued operations in Turkey

As illustrated in "Significant events during the period" for the Construction materials sector, the Group has decided to sell its operations in Turkey conducted by the companies Set Group, Set Cimento, Set Beton and Afyon Cimento, which are controlled through Ciments Français S.A..
Consequently, the operations in question are represented in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", reflecting the net result for the period in a single line item in the consolidated income statement. Also in accordance with IFRS 5, the consolidated income statement values for the first quarter of 2007 provided as comparatives have been restated using the same accounting treatment. Similar recognition in a single line item also applies to the cash flow statement, while discontinued assets and liabilities are indicated separately on the face of the balance sheet without restatement of the prior-period amounts.

The net profit (loss) from discontinued operations in Turkey are set out below:

(in millions of euro)	**Q1 2008**	**Q1 2007**	**Change**	**% change**
Revenues (*)	44.5	49.4	(4.9)	-9.9%
Recurring EBITDA	(2.3)	7.0	(9.3)	n.s.
EBITDA	(2.2)	7.1	(9.3)	n.s.
EBIT	(6.1)	3.5	(9.6)	n.s.
Net profit (loss) for the period	**(4.8)**	**3.0**	**(7.8)**	**n.s.**

(*) after intragroup eliminations

The consolidated balance sheet values for discontinued Turkish operations at March 31, 2008, reflect assets for 301 million euro and liabilities for 67.4 million euro.

Exchange rates used to translate the financial statements of foreign entities

The foreign currency accounts of the foreign subsidiaries consolidated line-by-line or on a proportionate basis and those of the foreign associates valued with the equity method are translated into the reporting currency using the exchange rates at March 31, 2008, for balance sheet postings and the average exchange rate for the first three months of 2008 for the income statement

Exchange rates for 1 euro:

	Average rate			Closing rate		
Currencies	Q1 2008	Full year 2007	Q1 2007	March 31, 2008	December 31, 2007	March 31, 2007
Thai baht	46.46065	44.21070	44.53773	49.78400	43.80000	43.05700
Czech crown	25.56387	27.76832	28.03742	25.33500	26.62800	28.01000
Slovak crown	34.34680	33.77150	34.34680	32.58200	33.58300	33.34000
Serbian dinar	80.04170	79.98710	80.04170	82.39930	79.76700	80.97920
Kuwait dinar	0.40703	0.38934		0.41994	0.40198	
Moroccan dirham	11.39424	11.21992	11.13164	11.50030	11.36180	11.16010
Canadian dollar	1.50218	1.46861	1.53568	1.62260	1.44490	1.53660
US dollar	1.49760	1.37018	1.31059	1.58120	1.47210	1.31180
Hungarian florin	252.31800	251.29200	252.31800	259.43000	253.73000	247.80000
Swiss franc	1.60136	1.64264	1.61619	1.57380	1.65470	1.62470
Ukrainian hrivna	6.60926	6.90196	6.60926	7.92886	7.43411	6.70380
Croatian kuna	7.36561	7.33819	7.36561	7.26900	7.33080	7.40500
Albanian lek	123.60408	123.65163	125.29008	123.51200	122.20400	126.37700
Moldavian leu	16.80190	16.57800		16.66700	16.68160	
Bulgarian lev	1.95583	1.95583	1.95583	1.95583	1.95583	1.95583
Egyptian lira	8.23518	7.73302	7.47265	8.62437	8.13006	7.58980
Bosnian mark	1.95583	1.95583	1.95583	1.95583	1.95583	1.95583
New Turkish lira	1.78847	1.77835	1.83993	2.01560	1.71020	1.84900
New Romanian leu	3.38120	3.33527	3.38120	3.72680	3.60770	3.35470
Mauritanian ouguiya	371.33297	355.55277	351.91358	383.28300	369.49700	357.58800
Chinese renmimbi	10.72685	10.41780		11.08740	10.75240	
Russian ruble	34.47950	35.01600	34.47950	37.11300	35.98600	34.65800
Indian rupee	59.60983	56.57839	57.85852	63.30370	58.02100	58.00660
Sri Lanka rupee	161.62552	151.62035	142.62984	170.48400	159.92000	145.22500
British pound	0.75698	0.68429	0.67062	0.79580	0.73335	0.67980
Kazakh tange	180.41419	167.83269	163.56750	190.81800	177.30700	164.86000
Polish zloty	3.88635	3.78412	3.88635	3.52200	3.59350	3.86680

The exchange rates used to translate the financial statements of the foreign entities are those published by the Ufficio Italian Cambi (UIC).

Scope of consolidation

Changes

As a result of the loss of control determined by the preventive seizure of the assets of Calcestruzzi S.p.A. ordered on January 29, 2008, and still in force, the Calcestruzzi group is no longer included in the scope of consolidation, pursuant to IAS 27 § 21.

The other main changes with respect to March 31, 2007, are as follows:

Cambridge (Canada) as from March 1, 2007;
Arrows (USA) as from April 1, 2007;
Decom S.A.E. (Egypt) as from July 1, 2007;
Shaanxi Fuping Cement Co. Ltd. (China) as from July 1, 2007;
Hilal Cement Company (Kuwait); as from September 30, 2007;
Verticalnet (USA) as from January 25, 2008, a company in the BravoSolution e-business group;
Crider & Shockey (USA) as from early March 2008, in ready mixed concrete;
Amprica Immobiliare S.p.A., as from June 1, 2007;
Petruzalek Turchia (Turkey) as from May 28, 2007;
Petruzalek Moldavia (Moldavia) as from June 18, 2007;
Sirap Gema Iberica (Spain) as from March 23, 2007;
Universal Imballaggi S.p.A. consolidated line-by-line as from June 1, 2007 (consolidated with the equity method until May 31, 2007).

The Inline Ucraina company was deconsolidated on December 31, 2007, since it was no longer controlled by the Group.

Income Statement

Revenues

Revenues from sales and services totaled 1,386,353 thousand euro, as follows:

(in thousands of euro)	Q1 2008	Q1 2007	Change	% change
Industrial revenues				
Product sales	1,322,697	1,377,760	(55,063)	-4.0%
Revenues from services	41,990	45,701	(3,711)	-8.1%
Other revenues	795	247	548	221.9%
Total	**1,365,482**	**1,423,708**	**(58,226)**	**-4.1%**
Financial revenues				
Interest	7,653	6,948	705	10.1%
Dividends	62	29	33	113.8%
Capital gains	61	379	(318)	-83.9%
Other revenues	720	8,107	(7,387)	-91.1%
Total	**8,496**	**15,463**	**(6,967)**	**-45.1%**
Banking revenues				
Interest	1,742	2,286	(544)	-23.8%
Commissions	8,488	8,664	(176)	-2.0%
Other revenues	1,643	2,024	(381)	-18.8%
Total	**11,873**	**12,974**	**(1,101)**	**-8.5%**
Property and services revenues	**502**	**312**	**190**	**60.9%**
Grand total	**1,386,353**	**1,452,457**	**(66,104)**	**-4.6%**

Goods and utilities expenses

Goods and utilities expenses amounted to 546,896 thousand euro as follows:

(in thousands of euro)	Q1 2008	Q1 2007	Change	% change
Raw materials and semi-finished goods	154,923	182,408	(27,485)	-15.1%
Fuel	117,501	102,367	15,134	14.8%
Materials and machinery	90,473	100,043	(9,570)	-9.6%
Finished goods	67,810	64,884	2,926	4.5%
Electricity, water, gas	111,342	104,400	6,942	6.6%
Change in inventories of raw materials, consumables, other	4,847	(20,427)	25,274	-123.7%
Total	**546,896**	**533,675**	**13,221**	**2.5%**

Services expenses

Services expenses amounted to 312,086 thousand euro, as follows:

(in thousands of euro)	Q1 2008	Q1 2007	Change	% change
External services and maintenance	135,439	148,686	(13,247)	-8.9%
Transport	102,764	132,726	(29,962)	-22.6%
Legal fees and consultancy	17,409	17,936	(527)	-2.9%
Rents	22,476	25,825	(3,349)	-13.0%
Insurance	11,199	11,500	(301)	-2.6%
Subscriptions	2,776	2,765	11	0.4%
Other	20,023	20,497	(474)	-2.3%
Total	**312,086**	**359,935**	**(47,849)**	**-13.3%**

Employee expenses

Employee expenses totaled 246,910 thousand euro, as follows:

(in thousands of euro)	Q1 2008	Q1 2007	Change	% change
Wages and salaries	164,536	165,323	(787)	-0.5%
Social security contributions	52,141	54,969	(2,828)	-5.1%
Provisions and pension funds	8,980	7,355	1,625	22.1%
Cost of stock option plans	3,236	1,210	2,026	167.4%
Other expenses	18,017	20,499	(2,482)	-12.1%
Total	**246,910**	**249,356**	**(2,446)**	**-1.0%**

“Other expenses” related mainly to costs of temporary personnel, canteen costs, employee insurance costs and personnel training and recruitment.

The number of employees is shown below:

(heads)	Q1 2008	Q1 2007	Full year 2007
Number of employees at period end	23,498	23,863	24,356
Average number of employees	23,416	23,721	24,309

Other operating income and expense

Other operating expense net of other operating income amounted to 79,645 thousand euro, as follows:

(in thousands of euro)	Q1 2008	Q1 2007	Change	% change
Other taxes	18,490	17,606	884	5.0%
Provision for bad debts	2,245	1,473	772	52.4%
Provision for environmental restoration - quarries	4,010	5,883	(1,873)	-31.8%
Interest expense and other expense for companies in the financial and banking sectors	44,343	7,957	36,386	457.3%
Miscellaneous expense	11,134	7,478	3,656	48.9%
Miscellaneous income	(577)	(370)	(207)	55.9%
Total	**79,645**	**40,027**	**39,618**	**99.0%**

Amortization and depreciation

The overall amount of 107,289 thousand euro (108,137 thousand euro in the year-earlier period) included depreciation charges on property, plant and equipment for 107,154 thousand euro (107,999 thousand euro in the year-earlier period).

Non-recurring income and expense

Other expense net of income, totaled 1,109 thousand euro (expense of 1,720 thousand euro at March 31, 2007), as follows:

(in thousands of euro)	Q1 2008		Q1 2007	
Net capital gains on sale of fixed assets		**5,263**		**1,541**
Non-recurring employee expenses for re-organizations	(4,340)			
Total employee expenses for re-organizations		**(4,340)**		
Other expenses	186		179	
Other non-recurring income and expense		**186**		**179**
Total		**1,109**		**1,720**

Capital gains on sale of fixed assets in the first quarter of 2008 included a capital gain of 4.0 million euro on the sale of land no longer used by the Gargenville production center in France.

Non-recurring employee expenses refer to the production and logistics re-organization at Italcementi S.p.A., which envisages a reduction of approximately seventy jobs.

Finance income (costs), net exchange-rate differences and derivatives

Finance costs, net of finance income, amounted to 39,416 thousand euro, as follows:

	Q1 2008		Q1 2007	
(in thousands of euro)	**Income**	**Costs**	**Income**	**Costs**
Interest income	5,557		4,638	
Interest expense		(37,025)		(37,139)
Sub total	**5,557**	**(37,025)**	**4,638**	**(37,139)**
Net interest in respect of net financial position		**(31,468)**		**(32,501)**
Net dividends	173		573	
Capital gains from sale of equity investments	655		887	
Other finance income	1,098		1,221	
Other finance costs		(6,592)		(7,238)
Sub total	**1,926**	**(6,592)**	**2,681**	**(7,238)**
Total finance income and (costs)	**7,483**	**(43,617)**	**7,319**	**(44,377)**
Gains/(losses) on interest-rate derivative contracts	203		1,703	
Gains/(losses) on exchange-rate derivative contracts	3,197		128	
Net exchange-rate differences		(6,682)	266	
Net exchange-rate differences and derivatives		**(3,282)**	**2,097**	
Total finance income (costs), net exchange-rate differences and net derivatives		**(39,416)**		**(34,961)**

Share of results of associates

(in thousands of euro)	Q1 2008	Q1 2007	Change	% change
Vassiliko (Cyprus)	1,819	1,022	797	78.0%
Ciment Quebec (Canada)	(906)	(694)	(212)	30.5%
Innocon (Canada)	(351)	(642)	291	-45.3%
Mittel (Italy)	(466)	76	(542)	-713.2%
Other	265	(91)	356	-391.2%
Total	**361**	**(329)**	**690**	**-209.7%**

Income tax expense

Income tax expense for the period was 31,605 thousand euro, as follows:

(in thousands of euro)	Q1 2008	Q1 2007	Change	% change
Current tax	31,017	48,933	(17,916)	-36.6%
Prior-year tax and other non-recurring fiscally driven items, net	188	(3,166)	3,354	-105.9%
Deferred tax	400	(136)	536	-394.1%
Total	**31,605**	**45,631**	**(14,026)**	**-30.7%**

Non-recurring transactions

Details on and the impact of the most significant non-recurring transactions on Group equity, income and financial position are set out below:

	Q1 2008					
(in thousands of euro)	Shareholders' equity		Profit for the period		Net debt	
	amount	**%**	**amount**	**%**	**amount**	**%**
Book values	**5,887,318**		**47,216**		**(2,088,812)**	
Net capital gains on sale of fixed assets	5,263	0.09%	5,263	11.15%	8,424	-0.40%
Non-recurring employee expenses for re-organizations	(4,340)	-0.07%	(4,340)	9.19%		
Other non-recurring income/(expense)	186	0.00%	186	0.39%	(2,000)	0.10%
Tax on non-recurring transactions	(534)	-0.01%	(534)	1.13%		
Non-recurring tax						
Total	**575**	**0.01%**	**575**	**1.22%**	**6,424**	**-0.31%**
Figurative value without non-recurring transactions	**5,886,743**		**46,641**		**(2,095,236)**	

	Q1 2007					
(in thousands of euro)	Shareholders' equity		Profit for the period		Net debt	
	valore	**%**	**valore**	**%**	**valore**	**%**
Book values	**6,547,198**		**106,601**		**(1,693,293)**	
Net capital gains on sale of fixed assets	1,541	0.02%	1,541	1.45%	5,009	-0.30%
Non-recurring employee expenses for re-organizations						
Other non-recurring income/(expense)	179	0.00%	179	0.17%	(4,000)	0.24%
Tax on non-recurring transactions	3,070	0.05%	3,070	2.88%		
Non-recurring tax						
Total	**4,790**	**0.07%**	**4,790**	**4.49%**	**1,009**	**-0.06%**
Figurative value without non-recurring transactions	**6,542,408**		**101,811**		**(1,694,302)**	

Investments in fixed assets

Investments in fixed assets in the first quarter of 2008 were as follows:

(in thousands of euro)	Q1 2008	Q1 2007	Change	% change
Investments in intangible assets	903	1,910	(1,007)	-52.7%
Investments in property, plant and equipment	108,486	82,026	26,460	32.3%
Investments in non-current financial assets	121,198	96,446	24,752	25.7%
Change in payables for PPE and intangible asset purchases	45,528	34,986	10,542	30.1%
Change in payables for non-current financial asset purchases	(6,177)		(6,177)	
Total	**269,938**	**215,368**	**54,570**	**25.3%**

Investments in property, plant and equipment amounted to 108,486 thousand euro. They were concentrated mainly in the European Union for 49,563 thousand euro, in North America for 30,954 thousand euro and in Asia for 15,857 thousand euro.

Investments in non-current financial assets in the first quarter of 2008 totaled 121,198 thousand euro; the main investments were as follows:

the purchase of a grinding center through the formation of the Cementi Romagna S.r.l. company for 55.0 million euro, see details on the operation in “Significant events during the period”;
the purchase of 100% of capital of Crider & Shockey Inc., USA, by the Essroc group for 40 million dollars, equivalent to approximately 26.4 million euro;
the purchase of Ciments Français S.A. shares by S.I.I.F. S.a.s. for 14.6 million euro;
the purchase of Verticalnet, USA, by BravoSolution USA for 7.3 million dollars, equivalent to approximately 4.9 million euro;
the purchase of Kuwait German Ready Mix, Kuwait, by Hilal Cement Co. for 2.3 million euro;
the purchase of RCS shares by Franco Tosi S.r.l. for 5.6 million euro.

Net debt

Net debt on continuing operations at March 31, 2008, was 2,086,521 thousand euro (1,991,662 thousand euro at January 1, 2008). It comprised gross financing for 3,864,812 thousand euro and gross financial assets for 1,778,291 thousand euro.
Net debt at March 31, 2008, including the current account net receivable in respect of the companies of the Calcestruzzi group for 131,922 thousand euro (133,393 thousand euro at January 1, 2008).

Net debt relating to operations in Turkey at March 31, 2008, amounted to 2,291 thousand euro (-15,889 thousand euro at January 1, 2008).

Total net debt at March 31, 2008, was 2,088,812 thousand euro; the increase with respect to January 1, 2008, was 97,150 thousand euro arising as a result of net cash flows generated as follows:

on operating activities, before changes in working capital, for +152.5 million euro;
from changes in working capital for +5.3 million euro;
from investments for -269.9 million euro;
from divestments for +8.9 million euro;
from advance payments on the sale in Turkey for +50 million euro;
from discontinued operations in Turkey for -18.2 million euro;
from other movements for -25.8 million euro.

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The manager in charge of preparing the company's financial reports, Angelo Maria Triulzi, declares, pursuant to paragraph 2 article 154-bis of the Consolidated Law on Finance, that to his knowledge the accounting information contained in this document corresponds to the document results, books and accounting entries.