ITALMOBILIARE

Consolidated quarterly report at September 30, 2008

ITALMOBILIARE

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Quarterly report
at September 30, 2008

November 14, 2008

ITALMOBILIARE
Società per Azioni

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

ITALMOBILIARE

Directors, auditors & officers

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's 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 (in accordance with the Code of Conduct)
6 Lead independent director
7 Member of the Compliance Committee
8 Secretary to the Executive Committee

COMMENT ON OPERATIONS

Foreword

This quarterly report as at and for the year to September 30, 2008, has been drawn up in compliance with article 154 ter, paragraph 5, of Legislative Decree no. 58 of February 24, 1998, and subsequent amendments. It is also compliant with the measurement and recognition criteria of the International Financial Reporting Standards (IFRS).

The changes with respect to the accounting principles applied in the preparation of the financial statements as at and for the year to December 31, 2007, are not of an entity to affect the measurements and basis of presentation.

As explained in the directors' report to the 2007 consolidated financial statements and the subsequent interim reports for the current year, 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 carrying amount of Calcestruzzi S.p.A. consolidated shareholders' equity at September 30, 2007, included in the Italmobiliare S.p.A. consolidated financial statements as at and for the year to December 31, 2007, is classified under "Other investments". At September 30, 2008, the amount in question was written down to reflect the losses reported in the fourth quarter of 2007 and the period January 1 – September 30, 2008. An update on the Calcestruzzi situation is provided in the construction materials sector.

The other main changes in the scope of consolidation with respect to 2007 occurred in the Italcementi group and mainly concern the acquisitions in 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 since the end of January 2008
- **Crider & Shockey** (ready mixed concrete, USA) consolidated since March 2008
- **Kuwait German Ready Mix** (ready mixed concrete, Kuwait) consolidated line-by-line since May 2008
- **Al Mahaliya** (ready mixed concrete, Kuwait) consolidated line-by-line since July 2008

as well as the investment in the newly formed joint venture International City for Ready Mix Co. (ready mixed concrete, Saudi Arabia) consolidated on a proportionate basis since the beginning of 2008.

As explained in the quarterly report at March 31 and in the half-year financial report at June 30, 2008, the Italcementi group had 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. At the end of March, it signed an agreement to sell the operations to OSJC Holding Company Sibirskiy Cement. Consequently, in compliance with IFRS 5 "Non-current assets held for sale and discontinued operations", the net profit/loss from discontinued operations was reflected in a single income statement line item, both for the current period and for the corresponding year-earlier period.
Since the purchase by OSJC Holding Company Sibirskiy Cement did not take place on the closing date (postponed, twice, to October 20, 2008), on October 21 Ciments Français exercised its right to terminate the agreement. After a subsequent review of the possibilities for a new agreement to be reached on a similar basis, the parties were unable to agree on a

solution that would enable closing to take place within a reasonable time and therefore, on October 31, Ciments Français announced its withdrawal from the negotiations.
With the termination of the agreement, the Italcementi group has decided to review its options with a view to strategically optimizing its operations in Turkey, which are no longer deemed available for sale.
In the absence of specific guidance in the accounting principles, the Group has decided to apply the assumption that substance prevails over form in the presentation of its assets, liabilities, income and expense. Accordingly, it has decided to consolidate the values for its operations in Turkey on a line-by-line basis as from this quarterly report, since the event that led to this decision took place after September 30, but before approval of the quarterly report by the Board of Directors.

In the Sirap Gema group, following a hostile operation against the subsidiary, **Inline Ucraine L.C.F.I.**, the company was deconsolidated at December 31, 2007 since the group no longer held control.

Comments on operations

The deterioration of the international economic situation in the second quarter of 2008 intensified during the third quarter in Europe and North America alike. Among the emerging economies, signs of a cyclical weakening were more unevenly distributed through the various areas and countries.

The main cause for alarm is the sudden deepening of a financial crisis that has been underway for more than a year, marked by falling share prices, a flight from high-risk operations, a freeze on the interbank markets, a general restriction on credit availability, and the failure of a number of financial institutions. The strong recovery in the dollar exchange rate and the renewed weakness of the currencies of several emerging markets also appear to be manifestations of this instability.

Advance indicators and economic analyses show that the feared effects of the crisis are beginning to have an impact on the real economy in the most industrialized area. Rapid changes have also taken place on the inflation front, following the collapse in oil prices and many basic commodity prices and the sudden downturn in the macroeconomic outlook.

The downturn largely concerned the financial sector, which, throughout 2008 but particularly in the third quarter, was affected by the aforementioned market difficulties and reported an overall loss in the period. The construction materials sector also fell significantly, albeit achieving positive results in the quarter and in the year to date.

In the third quarter of 2008 the Italmobiliare Group recorded **total net profit** of 58.2 million euro and **Group net loss** of 22.4 million euro, sharply down compared with 146.4 million euro (-60.2%) and Group net profit of 37.6 million euro in the year-earlier third quarter.

The year to date results at September 30, 2008 saw total net profit of 292.8 million euro and Group net profit of 44.5 million euro, compared to 513.4 million euro (-43.0%) and 168.7 million euro (-73.6%) at September 30, 2007.

The other main results in the third quarter and in the year to date at September 30, 2008, together with the change on the corresponding prior-year periods, are:

- **Revenues**: 1,573.7 million euro in the quarter (-3.2%) and 4,713.2 million euro in the year to September 30 (-4.0%);
- **Recurring EBITDA**: 263.9 million euro in the quarter (-30.5%) and 878.8 million euro in the year to September 30 (-23.8%);
- **EBITDA**: 257.7 million euro in the quarter (-33.0%) and 875.0 million euro in the year to September 30 (-25.1%);
- **EBIT**: 147.0 million euro in the quarter (-45.5%) and 540.5 million euro in the year to September 30 (-34.7%);
- **Finance income and costs**: net costs of 37.8 million euro in the quarter (-6.0%) and 111.4 million euro in the year to September 30 (+12.1%);
- **Profit before tax**: 104.2 million euro in the quarter (-55.9%) and 422.9 million euro in the year to September 30 (-42.9%).

At the end of September 2008 **total shareholders' equity** was 5,765.7 million euro, compared with 6,300.2 million euro at December 31, 2007 and 5,672.8 million euro at June 30, 2008 (figure restated with the Turkish operations consolidated on a line-by-line basis).

Net debt at September 30, 2008 was 2,398.7 million euro, while at December 31, 2007 it was 2,149.6 million euro. At June 30, 2008 net debt was 2,375.3 million euro.
Following the changes in shareholders' equity and debt, gearing rose from 34.12% at the end of December 2007 to 41.60% at the end of September 2008.

Italmobiliare's Net Asset Value (NAV) at September 30, 2008 was 2,091.8 million euro (at June 30, 2008 it was 2,543.5 million euro and 3,324.3 million euro at the end of 2007). The calculation was made as set out in the directors' report to the separate financial statements of Italmobiliare S.p.A. at December 31, 2007.

The performance of the individual sectors which make up the Italmobiliare Group may be summarized as follows:

- the **construction materials sector**, consisting of the Italcementi group, in the third quarter of 2008 compared to the third quarter of 2007 saw sales volumes decrease in the three lines of business. Although revenues were affected by negative exchange-rate and consolidation effects, they continued to be buoyed by a positive trend in sales prices, which limited the reduction to 3.0%. The modest fall in revenues, attributable to the deconsolidation of Calcestruzzi, was accompanied by a sharp rise in operating expenses, especially variable expenses, which flattened the quarter's operating results. Recurring EBITDA slid by 18.9%, while the fall in EBIT was 28.2%. Total net profit, reflecting the adverse effect of a 11.4 million euro write-down on the Calcestruzzi equity investment and the benefit of a reduced tax charge, was 106.5 million euro, down by 30.0% from the third quarter of 2007. The Italcementi group performance for the period January-September 2008 was also affected by the slowdown in sales volumes, compounded in the aggregates and ready mixed concrete sectors by the significant impact of the exclusion of the Calcestruzzi group from the scope of consolidation. Revenues were penalized by the negative sales volume trend, but benefited from a significant positive sales price effect. Operating results were burdened by the sharp rise in operating expenses due to a large increase in fuel and energy costs; consequently, recurring EBITDA and EBIT fell by 18.1% and 26.5% respectively. Total net profit for the year to September 30, 2008, was hampered by higher net finance costs and the write-down on the Calcestruzzi equity investment, but benefited from the increase in the share of results of associates and the decrease in income tax expense; it totaled 325.2 million euro, a reduction of 30.2% from the first nine months of 2007.
- the **food packaging and thermal insulation sector**, consisting of the Sirap Gema group, reported third-quarter revenues of 67.5 million euro (60.8 million euro in the year-earlier period), EBIT of 2.9 million euro (4.4 million euro) and zero consolidated net profit (1.3 million euro). Third-quarter revenues improved in food packaging (with the exception of Italy, where the consumer crisis pushed down sales volumes and caused a deterioration in the product mix) and in thermal insulation. The sharp rise in costs, especially for raw materials, services linked to oil prices and purchase of materials (in thermal insulation) produced a 34.3% reduction in EBIT. The fall in net profit reflected the impact of higher borrowing costs and a higher tax rate. For the year to September 30, 2008, revenues made significant progress to 197.6 million euro (+8.9%). Due to the above-mentioned increase in costs and the rise in depreciation and amortization charges, generated by investments, EBIT, at 8.3 million euro, was down by 37.5%. Profit before tax was 2.6 million euro, a sharp decline on the year-earlier period (13.3 million euro), caused by the reduction in EBIT, while the rise in borrowing costs was offset by a positive exchange-rate effect and realized capital gains. Net profit for the

period showed a small increase (3.4 million euro from 3.2 million euro) thanks to a positive fiscal effect arising from application (in the second quarter) of laws enabling reserves to be released through payment of a lower tax rate as well as use of deferred tax provisions;

- the **financial sector**, consisting of the parent company Italmobiliare and the wholly owned financial subsidiaries, was affected, as mentioned, by the particularly unfavorable conditions on the financial markets, and reported a net loss for the third quarter of 49.3 million euro, a substantial reduction from the year-earlier period (a net loss of 8.7 million euro), and a net profit for the year to September 30, 2008, of 2.0 million euro (82.9 million euro). The significant decline in results was largely due to the portfolio write-downs for debentures (negative performance of the markets and the bankruptcy of Lehman Brothers) and for equities, and the negative performance of alternative investments. The downturn in results was also due to higher borrowing costs as a result of the rise in interest expense rates and spreads;
- the **banking sector**, which combines the operations of Finter Bank Zürich and Crédit Mobilier de Monaco, reported a net profit for the third quarter of 0.9 million euro, down from 1.7 million euro in the year-earlier period, taking net profit for the year to September 30, 2008, to 4.5 million euro (7.3 million euro). The result was essentially due to performance at Finter Bank Zürich;
- the **property sector, services and others** does not have a prominent role within the global context of the Group. The operating results for the third quarter of 2008 are of marginal size and show only slight variations on the year-earlier period (net profit for the third quarter of 2008 of 109 thousand euro, while the prior-year period saw a loss of 71 thousand euro). However, in the year to September 30, 2008 the profit was significant since in the second quarter of 2008 one of the Group’s property companies sold some land and property and thus the net profit for the sector at September 30, 2008 was 4.4 million euro (compared to 1.7 million euro in the prior-year period).

Summary of consolidated results for the third quarter of 2008 and for the year to September 30, 2008

The results of the Italmobiliare Group for the third quarter of 2008 and for the year to September 30, 2008 are summarized in the following table:

	Q3			Year to 09.30.08			Full year 2007
(in millions of euro)	2008	2007	% change	2008	2007	% change	
Revenues	**1,573.7**	**1,625.0**	***(3.2)***	**4,713.2**	**4,908.1**	***(4.0)***	**6,397.0**
Recurring EBITDA	**263.9**	**379.7**	***(30.5)***	**878.8**	**1,153.8**	***(23.8)***	**1,462.1**
% of revenues	*16.8*	*23.4*		*18.6*	*23.5*		*22.9*
Other non-recurring income (expense)	(6.2)	4.8	*n.s.*	(3.8)	14.6	*(126.4)*	0.6
EBITDA	**257.7**	**384.5**	***(33.0)***	**875.0**	**1,168.4**	***(25.1)***	**1,462.7**
% of revenues	*16.4*	*23.7*		*18.6*	*23.8*		*22.9*
Amortization and depreciation	(110.7)	(114.9)	*(3.6)*	(334.5)	(339.9)	*(1.6)*	(459.1)
Impairment variation	-	(0.1)	*n.s.*	-	(0.6)	*(97.2)*	(6.1)
EBIT	**147.0**	**269.5**	***(45.5)***	**540.5**	**827.9**	***(34.7)***	**997.5**
% of revenues	*9.3*	*16.6*		*11.5*	*16.9*		*15.6*
Finance income (costs)	(37.8)	(40.2)	*(6.0)*	(111.4)	(99.4)	*12.1*	(122.0)
Adjustment to financial asset values	(11.3)	-		(26.6)	-		-
Share of results of associates	6.3	6.8	*(6.3)*	20.4	11.7	*73.8*	15.9
Profit before tax	**104.2**	**236.1**	***(55.9)***	**422.9**	**740.2**	***(42.9)***	**891.4**
% of revenues	*6.6*	*14.5*		*9.0*	*15.1*		*13.9*
Income tax expense	(46.0)	(89.7)	*(48.7)*	(130.1)	(226.8)	*(42.6)*	(230.5)
Net profit for the period	**58.2**	**146.4**	***(60.2)***	**292.8**	**513.4**	***(43.0)***	**660.9**
% of revenues	*3.7*	*9.0*		*6.2*	*10.5*		*10.3*
Group net profit	**(22.4)**	**37.6**	***(159.5)***	**44.5**	**168.7**	***(73.6)***	**217.2**
Net profit for the period	*(1.4)*	*2.3*		*0.9*	*3.5*		*3.4*
Minority interest	80.6	108.8	*(26.0)*	248.3	344.7	*(28.0)*	443.7
Employees at period end (heads)				**24,639**	**25,967**		**25,252**

n.s. not significant

(in millions of euro)	September 30, 2008	June 30, 2008	December 31, 2007
Net debt	**2,398.7**	**2,375.3**	**2,149.6**

Recurring EBITDA corresponds to the difference between revenues and costs, excluding non-recurring other income (expense), amortization and depreciation, impairment variation, finance income (costs), share of results of associates and taxes.
EBITDA corresponds to the above including non-recurring other income (expense).
EBIT corresponds to the above including amortization and depreciation and impairment variation.

Calcestruzzi effect on consolidation

As noted in the consolidated directors' report for 2007 and in the half-year financial report at June 30, 2008, 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.

An update on the Calcestruzzi situation is provided under the construction materials sector.

The following table compares the main items in the income statement of the Italmobiliare Group excluding the values for the first 9 months of 2007 in reference to the Calcestruzzi group.

(in millions of euro)	**Year to 09.30.08**	**Year to 09.30.07**	**% change**
Revenues	4,713.2	4,608.2	*2.3*
Recurring EBITDA	878.8	1,140.1	*(22.9)*
EBITDA	875.0	1,153.3	*(24.1)*
EBITDA	540.5	824.0	*(34.4)*
Net profit for the period	**292.8**	**517.9**	***(43.5)***

** excluding results of Calcestruzzi subgroup*

Revenues and operating results

Third quarter

Line of business	Revenues Q3 2008	Revenues % change vs. Q3 2007	Recurring EBITDA Q3 2008	Recurring EBITDA % change vs. Q3 2007	EBITDA Q3 2008	EBITDA % change vs. Q3 2007	EBIT Q3 2008	EBIT % change vs. Q3 2007
Construction materials	1,493.3	*(3.0)*	312.7	*(18.9)*	306.8	*(21.3)*	199.7	*(28.2)*
Packaging and insulation	67.5	*11.0*	6.2	*(8.8)*	6.2	*(15.6)*	2.9	*(34.3)*
Finance	6.8	*(56.3)*	(55.4)	*n.s.*	(55.7)	*n.s.*	(55.7)	*n.s.*
Banking	9.7	*(8.8)*	1.2	*(55.2)*	1.2	*(55.2)*	0.9	*(59.9)*
Property, services, etc.	0.6	*(51.7)*	0.3	*(57.4)*	0.3	*(60.0)*	0.3	*(60.5)*
Intersector eliminations	(4.2)	*28.8*	(1.1)	*33.4*	(1.1)	*33.8*	(1.1)	*33.2*
Total	**1,573.7**	***(3.2)***	**263.9**	***(30.5)***	**257.7**	***(33.0)***	**147.0**	***(45.5)***
Geographical area								
European Union	940.7	*(5.6)*	115.7	*(34.9)*	113.5	*(37.7)*	49.9	*(57.7)*
Other European countries	79.0	*(15.4)*	6.5	*(66.6)*	6.8	*(64.9)*	2.6	*(82.8)*
North America	150.4	*(18.8)*	25.3	*(48.9)*	25.2	*(49.2)*	15.2	*(59.5)*
Asia	122.8	*(7.8)*	29.4	*(26.9)*	28.8	*(27.2)*	18.6	*(35.4)*
Africa	246.8	*18.1*	83.9	*(3.1)*	80.3	*(8.0)*	60.1	*(7.4)*
Trading	109.0	*13.3*	5.8	*(11.0)*	5.9	*(10.7)*	4.1	*(33.0)*
Others and eliminations	(75.0)	*(15.2)*	(2.7)	*n.s.*	(2.8)	*n.s.*	(3.5)	*n.s.*
Total	**1,573.7**	***(3.2)***	**263.9**	***(30.5)***	**257.7**	***(33.0)***	**147.0**	***(45.5)***

n.s. not significant

Year to September 30

Line of business	Revenues Year to 09.30.08	Revenues % change vs.year to 09.30.07	Recurring EBITDA Year to 09.30.08	Recurring EBITDA % change vs.year to 09.30.07	EBITDA Year to 09.30.08	EBITDA % change vs.year to 09.30.07	EBIT Year to 09.30.08	EBIT % change vs.year to 09.30.07
Construction materials	4,419.4	*(4.2)*	906.0	*(18.1)*	901.9	*(19.2)*	577.8	*(26.5)*
Packaging and insulation	197.5	*8.9*	17.8	*(17.5)*	17.8	*(19.5)*	8.3	*(37.5)*
Finance	114.9	*(13.3)*	(7.4)	*n.s.*	(7.2)	*n.s.*	(7.2)	*n.s.*
Banking	32.5	*(11.1)*	6.0	*(42.3)*	6.0	*(42.3)*	5.1	*(44.0)*
Property, services, etc.	7.6	*n.s.*	6.0	*n.s,*	6.1	*n.s.*	6.0	*31.0*
Intersector eliminations	(58.7)	*1.4*	(49.6)	*(1.5)*	(49.6)	*(1.5)*	(49.5)	*(1.5)*
Total	**4,713.2**	***(4.0)***	**878.8**	***(23.8)***	**875.0**	***(25.1)***	**540.5**	***(34.7)***
Geographical area								
European Union	2,960.6	*(7.5)*	471.1	*(25.2)*	469.4	*(27.0)*	280.3	*(38.0)*
Other European countries	223.3	*(12.8)*	15.8	*(69.5)*	16.1	*(68.9)*	3.7	*(90.5)*
North America	378.7	*(19.7)*	48.0	*(52.3)*	48.8	*(51.5)*	16.3	*(75.3)*
Asia	338.0	*1.3*	85.6	*(17.3)*	85.5	*(16.8)*	54.7	*(24.8)*
Africa	713.5	*16.8*	253.0	*(1.9)*	249.7	*(3.5)*	185.2	*(2.8)*
Trading	295.0	*6.7*	21.0	*19.2*	21.1	*12.1*	17.7	*0.9*
Others and eliminations	(195.9)	*(18.5)*	(15.7)	*110.6*	(15.6)	*108.5*	(17.4)	*84.0*
Total	**4,713.2**	***(4.0)***	**878.8**	***(23.8)***	**875.0**	***(25.1)***	**540.5**	***(34.7)***

n.s. not significant

Group consolidated **revenues** in the third quarter of 2008 were 1,573.7 million euro, against 1,625.0 million euro in the third quarter of 2007, a reduction of 3.2% arising largely from the deconsolidation of the Calcestruzzi group and a negative exchange-rate effect.

Revenues for the year to September 30, 2008, were 4,713.2 million euro, a decrease of 4.0% from the year-earlier period. The contributions of the Group core businesses to this result varied (net of inter-sector eliminations): construction materials (-4.2%), packaging and insulation (+8.9%), financial sector (-13.3%), and banking (-11.1%).

The overall revenue decrease reflected business growth of +3.2% and the effect of changes in the scope of consolidation for -4.5% (of which -6.1% due to the deconsolidation of the Calcestruzzi group). The exchange-rate effect had a negative impact of -2.7%, largely due to the fall in value of the US dollar, the Egyptian pound, the Indian rupee, the Thai baht, and net of the appreciation of the Swiss franc.

Recurring EBITDA (263.9 million euro) and **EBIT** (147.0 million euro) in the third quarter of 2008 fell respectively by 30.5% and 45.5% on the prior-year period. This fall was felt in all the main sectors of the Group, but above all in the financial sector which was very seriously affected by the difficult situation on the financial markets.

Compared with the first nine months of 2007, recurring EBITDA (878.8 million euro) and EBIT (540.5 million euro) for the year to September 30, 2008 fell by 23.8% and 34.7% respectively. As in the third quarter, the decline in operating results in the nine months was generated by all sectors but principally by the financial sector.

The operating results by geographical area saw falls in the third quarter of 2008 compared to the prior-year period for all the areas (with smaller falls in Africa and Trading), while in the year to September 30, 2008 only Trading saw an increase. In absolute terms the EU countries as a whole provided the largest contribution to revenues and EBIT.

Finance costs, other items and net profit

Net finance costs increased to 111.4 million euro (+12.1%), while **adjustments to financial asset values** in the construction materials sector generated a loss of 26.6 million euro. The share of results of associates climbed strongly to 20.4 million euro (+73.8%). A sharp reduction was posted in **profit before tax** at September 30, 2008, which totaled 422.9 million euro, compared with 740.2 million euro at September 30, 2007 (-42.9%).

Income **tax expense** for the nine months was 130.1 million euro, with a virtually unchanged tax rate (30.76% at September 30, 2008, from 30.64% in the year-earlier period).

Consequently, **net profit** for the year to September 30, 2008, was 292.8 million euro, down by 43.0% on the prior-year period, while **Group net profit**, at 44.5 million euro, reflected a larger decrease (-73.6%), chiefly due to the results of the wholly owned subsidiaries in the financial sector.

Net debt

Net debt at September 30, 2008, was 2,398.7 million euro, up by 249.1 million euro from December 31, 2007 (2,149.6 million euro).
If we exclude from net debt at December 31, 2007, for the sake of comparison, the 157.9 million euro in net debt of the Calcestruzzi subgroup, which left the scope of consolidation in 2008, the figure would be 1,991.7 million euro; in relation to this latter figure there was, therefore, a rise in net debt of 407.0 million euro.
The increase arose largely from the significant level of capital expenditure and investments in non-current financial assets in the nine months (745.8 million euro) and distribution of dividends (193.3 million euro), covered only in part by cash flows from operating activities (467.4 million euro) and the advance payment (50 million euro) received in connection with the agreement for the sale of operations in Turkey.
The ratio of net debt to shareholders' equity at September 30, 2008 was 41.60%, up from 34.12% in December 31, 2007.

(in millions of euro)	September 30, 2008	June 30, 2008*	December 31, 2007
Cash, cash equivalents and current financial assets	(1,660.6)	(1,620.2)	(1,521.7)
Short-term financing	1,129.6	1,019.4	1,124.5
Medium/long-term financial assets	(75.3)	(88.5)	(71.8)
Medium/long-term financing	3,005.0	3,064.6	2,618.6
Net debt	**2,398.7**	**2,375.3**	**2,149.6**

* Figures have been restated with Turkish operations consolidated on a line-by-line basis

Financial ratios

(absolute values in millions of euro)	September 30, 2008	June 30, 2008 *	December 31, 2007
Net debt	2,398.7	2,375.3	2,149.6
Consolidated shareholders' equity	5,765.7	5,672.8	6,300.2
Gearing	**41.60%**	**41.87%**	**34.12%**
Net debt	2,398.7	2,375.3	2,149.6
EBITDA before other income (expense)[1]	1,187.1	1,302.9	1,462.1
Leverage	**2.02**	**1.82**	**1.47**

[1]rolling year basis
(*) Figures have been restated with Turkish operations consolidated on a line-by-line basis

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.

As indicated in the foreword it should be noted that the figures for the operations in Turkey are consolidated on a line-by-line basis.

The results for the third quarter of 2008 and the year to September 30, 2008 are summarized below:

	Q3			Year to 09.30.08			Full year 2007
(in millions of euro)	2008	2007	% change	2008	2007	% change	
Revenues	**1,493.3**	**1,540.0**	***(3.0)***	**4,419.4**	**4,613.1**	***(4.2)***	**6,000.9**
Recurring EBITDA	**312.7**	**385.6**	***(18.9)***	**906.0**	**1,105.6**	***(18.1)***	**1,403.9**
% of revenues	*20.9*	*25.0*		*20.5*	*24.0*		*23.4*
Other non-recurring income (expense)	(5.9)	4.1	*n.s.*	(4.1)	11.0	*n.s.*	1.1
EBITDA	**306.8**	**389.7**	***(21.3)***	**901.9**	**1,116.6**	***(19.2)***	**1,405.1**
% of revenues	*20.5*	*25.3*		*20.4*	*24.2*		*23.4*
Amortization and depreciation	(107.1)	(111.4)	*(3.9)*	(324.0)	(329.7)	*(1.7)*	(445.9)
Impairment variation	-	(0.2)	*n.s.*	-	(0.6)	*n.s.*	(1.2)
EBIT	**199.8**	**278.2**	***(28.2)***	**577.8**	**786.3**	***(26.5)***	**958.0**
% of revenues	*13.4*	*18.1*		*13.1*	*17.0*		*16.0*
Finance income (costs)	(36.8)	(38.3)	*(3.9)*	(108.8)	(97.0)	*12.2*	(119.4)
Adjustment to financial asset values	(11.4)	-	*n.s.*	(26.6)	-	*n.s.*	-
Share of results of associates	5.6	5.3	*5.8*	18.7	9.3	*n.s.*	13.3
Profit before tax	**157.2**	**245.2**	***(35.9)***	**461.1**	**698.6**	***(34.0)***	**851.9**
% of revenues	*10.5*	*15.9*		*10.4*	*15.1*		*14.2*
Income tax expense	(50.7)	(93.1)	*(45.6)*	(135.9)	(232.8)	*(41.6)*	(239.4)
Net profit for the period	**106.5**	**152.1**	***(30.0)***	**325.2**	**465.8**	***(30.2)***	**612.5**
% of revenues	*7.1*	*9.9*		*7.4*	*10.1*		*10.2*
Group net profit	**65.9**	**106.8**	***(38.3)***	**195.5**	**314.8**	***(37.9)***	**423.9**
Minority interest	40.6	45.3	*(10.3)*	129.8	151.0	*(14.0)*	188.6
Employees at period end (heads)				**23,032**	**24,265**		**23,706**

[1] figures recalculated to take account of the provisions of IFRS 5
n.s. not significant

(in millions of euro)	September 30, 2008	June 30, 2008	December 31, 2007
Net debt	**2,581.4**	**2,608.3**	**2,418.2**

In the construction industry cyclical conditions have deteriorated in the mature countries where the group operates, affecting some of the main European markets first of all, while the crisis that emerged in the US industry in 2007 shows no signs of easing. Trends in the group's emerging countries generally remain very upbeat, although particular conditions in some countries – notably Thailand and Kazakhstan – have created a slowdown that extends to the construction industry.

Calcestruzzi

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 year-earlier comparatives.

(in millions of euro)	Year to 09.30.2008	Year to 09.30.2007 *	% change
Revenues	4,419.4	4,313.3	*2.5*
Recurring EBITDA	906.0	1,091.9	*(17.0)*
EBITDA	901.9	1,101.6	*(18.1)*
EBIT	577.8	782.4	*(26.1)*

** excluding the results of the Calcestruzzi subgroup*

On October 20, 2008, the Calcestruzzi S.p.A. Board of Directors approved the company balance sheet and income statement for the year to September 30, 2008, and recorded the results set out in the consolidated balance sheet and income statement at the same date. The Calcestruzzi S.p.A. balance sheet and income statement for the year to September 30, 2008, and the consolidated financial statements at the same date were forwarded to Italcementi S.p.A. to permit correct valuation of the equity investment in Calcestruzzi during preparation of Italcementi's own consolidated quarterly report.

The Calcestruzzi S.p.A. balance sheet and income statement for the year to September 30, 2008, reflect:

- revenues of 306.0 million euro (-10.8% from 343.0 million euro in the year-earlier period)
- negative recurring EBITDA of 11.8 million euro (positive recurring EBITDA of 8.7 million euro in the nine months of 2007)
- negative EBIT of 18.9 million euro (positive EBIT of 1.9 million euro in the nine months of 2007)
- a net loss for the period of 23.7 million euro (a net loss of 4.2 million euro for the nine months of 2007)
- shareholders' equity of 118.8 million euro
- a negative net financial position of 147.1 million euro.

The Calcestruzzi S.p.A. consolidated balance sheet and income statement for the year to September 30, 2008, reflect:

- revenues of 381.7 million euro (-11.1% from 429.1 million euro in 2007)
- negative recurring EBITDA of 10.3 million euro (positive recurring EBITDA of 13.6 million euro in 2007)
- negative EBIT of 19.2 million euro (positive EBIT of 3.9 million euro in 2007)
- a net loss for the period of 16.1 million euro (a net loss of 4.4 million euro in 2007)
- shareholders' equity of 126.5 million euro
- a negative net financial position of 178.1 million euro.

On the basis of this information, the Italcementi equity investment in Calcestruzzi carried at cost at 153 million euro at the time of deconsolidation was written down by 26.6 million euro (of which 11.4 million euro in the third quarter of 2008); this is a prudent amount reflecting the adjustments applied as a result of the losses reported by the core business, and the write-downs and provisions deemed appropriate by the subsidiary.

Italcementi S.p.A. has received a letter dated November 6, 2008, from the Calcestruzzi S.p.A. court-appointed receiver stating that there were no additional elements at that date such as to permit quantification of potentially critical situations.

Performance of the construction materials sector

Sales volumes	Q3 2008	% change vs. Q3 2007		Year to 09.30.2008	% change vs. year to 09.30.07	
		Historic	At constant size		Historic	At constant size
Cement and clinker *(millions of metric tons)*	16.4	*(1.2)*	*(1.6)*	48.3	*(1.4)*	*(3.0)*
Aggregates[1] *(millions of metric tons)*	11.9	*(14.7)*	*(3.5)*	36.9	*(16.0)*	*(4.2)*
Ready mixed concrete *(millions of m³)*	3.6	*(37.5)*	*(7.3)*	10.8	*(37.0)*	*(3.6)*

[1] excluding outgoes on work-in-progress account

The changes in aggregates and ready mixed concrete in both the third quarter and the year to September 30 on an historic basis reflect the deconsolidation of the Calcestruzzi group in January 2008; they were offset to only a modest extent (in ready mixed concrete) by the consolidation of the acquisitions in North America and Egypt.

In the third quarter Italcementi group overall sales volumes at constant size were down from the third quarter of 2007, although the slowdown was less pronounced than in the first half.

The situation in the individual segments may be summarized as follows.

In **cement and clinker**, the slide in sales volumes in the third quarter occurred chiefly in North America, Turkey and in Trading. Central Western Europe reported only a slight decrease, while Asia made strong progress (significant growth in all countries with the sole exception of Kazakhstan). In the year to September 30, the drop in cement and clinker sales volumes arose chiefly in the mature countries (especially Italy, Spain and North America), and in Trading. The emerging countries reported overall growth in domestic sales, despite slowdowns in Turkey, Thailand and Kazakhstan, which reduced product availability for export and Trading.

Performance in **aggregates** in the quarter reflected the fall in Central Western Europe caused by trends in Spain and France, while in the nine months to September 30, sales volumes at constant size reflected a significant slide in Spain, a slight fall in France and healthy performance on the other markets (especially Greece and Morocco).

The slowdown in the quarter in **ready mixed concrete** arose from the above-mentioned deconsolidation of the ready mixed concrete business in Italy, and from reductions in all the macro-areas. In the first nine months of 2008, also on a like-for-like basis, the downturn in the segment in Central Western Europe (caused by negative performance in Spain and Greece) produced a reduction in total sales volumes, despite progress in Egypt and Morocco.

ITALMOBILIARE

In the third quarter of 2008, despite the positive sales price trend, **revenues** fell by 3.0% as a result of the slide in sales volumes, as well as the negative exchange-rate and consolidation effects.

Revenues in the year to September 30 amounted to 4,419.4 million euro, a YoY decrease of 4.2% arising from business growth (+3.5%, buoyed by a positive sales price trend that more than offset the negative sales volume effect), a negative consolidation effect (-4.8%), and a negative exchange-rate effect (-2.9%).

At constant size and exchange rates, the largest contribution to revenue growth came from Eastern Europe and Southern Med Rim, and from Egypt in particular, but with progress reported in all countries with the exception of Turkey; North America reported a sharp decline. Positive contributions came from Trading (despite lower sales volumes) and Asia, thanks to India. Central Western Europe reported a small increase: the sharp fall in Spain was more than made up by healthy performance in France-Belgium and a small increase, at constant size, in the other countries.

The negative consolidation effect was due to the exclusion of the Calcestruzzi group from the scope of consolidation, which had an impact of -6.5%, significantly larger than the positive impact (+1.7%) of the acquisitions made.

The negative exchange-rate effect referred chiefly to the US dollar and Egyptian pound, but the Indian rupee and Thai baht were also significant factors.

2008 third-quarter **recurring EBITDA** and **EBIT** fell by 18.9% and 28.2% respectively from the third quarter of 2007.
Operating results were penalized by the rise in operating expenses, absorbed only in part by higher sales prices. Other negative factors were the sales volume effect and the impact of depreciation of the other currencies against the euro. The downturn in results for the period was due in particular to performance in Italy and North America, while the France-Belgium area, Morocco and Bulgaria reported improvements.
In the year to September 30, 2008, recurring EBITDA fell by 18.1%, and EBIT decreased by 26.5% compared with the year-earlier period.
The comment on the third quarter also applies to the first nine months: the increase in operating expenses (especially for energy, logistics and procurement of raw materials and semifinished goods) was not counterbalanced in full by the rise in sales prices, while sales volumes and the exchange rates also produced significantly negative effects.
Analysis of results by area and country reflects a sharp fall on the mature markets with a general decline in results, particularly marked in Italy, North America and Spain. Trends varied on the emerging markets, with decreases in Turkey, Morocco, Thailand and Kazakhstan and progress in Bulgaria, Egypt (despite the downturn in the third quarter), India and Trading.
Net profit at September 30, 2008, was 325.2 million euro, a reduction of 30.2% from the year to September 30, 2007 (465.8 million euro). The key factor was the decrease in operating results, but the rise in net finance costs (108.8 million euro, up by 12.2% from the year-earlier period) and the write-down (26.6 million euro) of the equity investment in Calcestruzzi also had a material impact. Positive factors were the increase in the share of results of associates (18.7 million euro from 9.3 million euro at September 30, 2007) and the reduction in income tax expense (135.9 million euro compared with 232.8 million euro in 2007), partly as a result of the increased weight of countries with lower tax loads and a reduction in tax rates in some countries (Spain and Morocco in particular).

Italcementi group net profit was 195.5 million euro (-37.9% compared to 314.8 million euro at September 30, 2007); minority interest was 129.8 million euro, down by 14.0% compared to the first nine months of 2007.

Net debt at September 30, 2008, stood at 2,581.4 million euro, an increase of 321.1 million euro from December 31, 2007 (restated to exclude amounts for the Calcestruzzi group, which has been eliminated from the scope of consolidation) and a decrease of 26.9 million euro from June 30, 2008.
The key factors were the significant level of investments in fixed assets during the period (720.0 million euro) and distribution of dividends (171.5 million euro), not fully offset by cash flows from operating activities (511.6 million euro) and the advance received (50 million euro) in relation to the agreement for the sale of the Turkish companies. In the comparison with the year-earlier period, it should be noted that the first nine months of 2007 benefited from an improvement of 114.9 million euro in cash flows from operating activities, as a result of the reduction in working capital following no-recourse factoring of trade receivables.
At September 30, 2008, the Calcestruzzi subgroup had intercompany current account payables due to Italcementi S.p.A. of approximately 163.2 million euro. This amount has been classified as a current financial asset and consequently is included in the computation of group net debt, which decreased by an identical amount.

Significant events in the period

The significant events of the third quarter of 2008 are described below.

- as noted in the half-year financial report at June 30, 2008, in July **Italgen S.p.A.,** acting through its Turkish subsidiary Italgen Elektrik Uretim A.S., acquired Bares Elektrik Uretimi A.S., which holds the licenses for construction of a **wind farm** in the **Balikesir** region **(North West Turkey)**. The purchase was for a net amount of approximately 32 million euro;
- in August, in a joint venture with the Libyan Fund for Economic and Social Development, Italcementi purchased quarrying licenses for construction of a **new cement plant** about 50 km from Tobruk, **in eastern Libya**. The industrial plan for the new joint venture, in which the group will have a 50% interest, envisages construction of a facility with a Portland cement production capacity of 4 million metric tons/year and an option for a new white cement line currently being considered. The plant will meet the growing requirements of the Libyan market in connection with infrastructure and residential investment plans and may also serve the export market, further strengthening Italcementi leadership in the Med Rim region;
- in September, **Italcementi** confirmed its place for 2008-2009 **among companies in the Dow Jones Sustainability World Index (DJSI World)** of best performers with regard to sustainability management assessed on economic, environmental and social criteria. Italcementi improved its rating and is one of seven Italian groups in the DJSI World, the only Italian company and one of four companies worldwide in the cement manufacturing business;
- during the third quarter, under the program approved by the Shareholders' Meeting of April 14, 2008, **Ciments Français S.A.** bought back 294,432 **shares** for approximately 27.3 million euro, to be added to the 272,567 shares bought back in the first six months (32.8 million euro). At a meeting on July 31, 2008, the Ciments Français S.A. Board of Directors carried a resolution to **cancel** 964,522 **shares.** A total of 340,132 treasury shares were held at September 30, 2008, representing 0.93% of share capital.

Other significant events in the first half of the year, detailed in full in the half-year directors' report at June 30, 2008, are described briefly below:

- in January the group closed the acquisition of a **grinding center in Ravenna** for cement production with production capacity of around 500 thousand metric tons;
- also in January, Calcestruzzi S.p.A. and Halyps S.A. sold all their shares in the **Domiki Beton S.A.** company to third parties;
- at the end of January, **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 BravoSolution US;
- at the end of February, **Essroc** closed its acquisition of **Crider & Shockey**, a company active in North Virginia, strengthening the vertical integration of ready mixed concrete operations in North America that began in 2007;
- regarding verticalization of its operations in Kuwait, through **Hilal Cement Company** the group closed the acquisition of **Kuwait German Ready Mix** at the end of February and **Al Mahaliya** in June. Both companies operate in the ready mixed concrete business;
- in May, the **Moody's Investor Services** rating agency downgraded its outlook for Italcementi from stable to negative, confirming the Baa1 long-term rating; it confirmed its Baa1 rating with stable outlook for the Ciments Français subsidiary. **Standard & Poor's** downgraded its long-term rating for Italcementi and for Ciments Français from "BBB+" to "BBB", with a stable outlook for both companies. These ratings were confirmed by Standard & Poor's in September;
- in June a new partnership was announced with the **Saudi Muhaidib group**, under which Ciments Français will take part in the construction of a **new cement plant in Syria,** with a 12.5% stake in the venture;
- in June a licensing agreement was signed with **Heidelberg Cement** for joint use of a series of patents for photocatalytic cement and binders developed by the Italcementi group and for the **TX Active®** brand. The agreement launches a new technical research cooperation program;
- in early 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. At September 30, 2008, its investment represented 80.98% of share capital (89.78% of voting rights).

At September 30, 2008, **Italcementi S.p.A.** held 3,793,029 ordinary treasury shares, representing 2.14% of ordinary share capital and 105,500 savings treasury shares (0.1% of savings share capital). The quantity of treasury shares held did not change compared to the end of 2007.

Performance by geographical area

Third quarter

(in millions of euro)	Revenues		Recurring EBITDA		EBITDA		EBIT	
Geographical area	**Q3 2008**	**% change vs. Q3 2007**	**Q3 2008**	**% change vs. Q3 2007**	**Q3 2008**	**% change vs. Q3 2007**	**Q3 2008**	**% change vs. Q3 2007**
Central Western Europe	832.4	*(6.6)*	149.3	*(13.0)*	147.7	*(15.9)*	90.6	*(22.6)*
North America	150.5	*(18.8)*	25.3	*(48.9)*	25.2	*(49.2)*	15.2	*(59.5)*
Eastern Europe and Southern Med Rim	353.9	*7.8*	105.5	*(10.5)*	101.9	*(14.1)*	74.5	*(16.6)*
Asia	122.8	*2.2*	29.4	*(26.9)*	28.8	*(27.2)*	18.6	*(35.4)*
Cement trading	109.0	*13.3*	5.9	*(11.0)*	5.9	*(10.7)*	4.1	*(33.0)*
Eliminations	(75.3)	*n.s.*	(2.7)	*n.s.*	(2.7)	*n.s.*	(3.3)	*n.s.*
Total	**1,493.3**	***(3.0)***	**312.7**	***(18.9)***	**306.8**	***(21.3)***	**199.8**	***(28.2)***

n.s. not significant

Year to September 30

(in millions of euro)	Revenues		Recurring EBITDA		EBITDA		EBIT	
Geographical area	**Year to 09.30.08**	**% change vs.year to 09.30.07**	**Year to 09.30.08**	**% change vs.year to 09.30.07**	**Year to 09.30.08**	**% change vs.year to 09.30.07**	**Year to 09.30.08**	**% change vs.year to 09.30.07**
Central Western Europe	2,582.6	*(9.1)*	460.8	*(16.8)*	458.8	*(18.5)*	288.6	*(25.7)*
North America	378.7	*(19.7)*	48.0	*(52.3)*	48.8	*(51.5)*	16.3	*(75.3)*
Eastern Europe and Southern Med Rim	1,014.0	*9.5*	306.6	*(9.2)*	303.7	*(10.4)*	218.3	*(13.1)*
Asia	338.0	*1.3*	85.6	*(17.3)*	85.5	*(16.8)*	54.7	*(24.8)*
Cement trading	295.0	*6.7*	21.0	*19.2*	21.1	*12.1*	17.7	*0.9*
Eliminations	(188.9)	*n.s.*	(16.1)	*n.s.*	(16.0)	*n.s.*	(17.8)	*n.s.*
Total	**4,419.4**	***(4.2)***	**906.0**	***(18.1)***	**901.9**	***(19.2)***	**577.8**	***(26.5)***

n.s. not significant

Central Western Europe

In Central Western Europe third-quarter revenues fell by 6.6% as a consequence of increases in some countries (France, Belgium and Greece) and reductions in Italy and Spain. In the quarter operating results fell (significantly in Italy and Greece) with the exception of the France-Belgium area. The fall in operating results was mainly due to the sharp rise in variable production costs which were not offset by the favorable trend in prices.
In the year to September 30 (-9.1%) revenues rose in France-Belgium and fell significantly in Italy, Spain and Greece. The operating results for the first nine months of 2008 highlight the negative figures for almost all the countries, with only the marginal exception of Belgium. At group level France is the country which recorded the highest revenues and EBIT.

North America

The latest figures (August 2008) show a decline of 5.9% in the construction sector compared with last year. This arose from the downturn in the residential sector (-28.4%) offset only in part

by a still positive trend in non-residential private construction and public works (although these two sectors are showing signs of slowing too). In these slack conditions, group cement sales volumes on the domestic market dropped by 12.1% in the third quarter from the year-earlier period, and by 13.0% in the nine months. On the difficult ready mixed concrete market, the rise in sales volumes was supported by the acquisitions of 2007 and 2008.
In the third quarter total revenues in local currency decreased, largely as a result of the fall in sales volumes. This, together with the rise in operating expenses, led to the sharp decline in operating results.
For the year to September 30, revenues and operating results were significantly lower due to the increase in variable costs and the fall in sales volumes, despite successful control of fixed costs.

Eastern Europe and Southern Med Rim

This area saw an interesting growth rate in revenues (+7.8% in the quarter and +9.5% in the year to September 30). Within the area, the countries which make it up saw differing trends:

- in **Egypt** the growth in demand continued in the third quarter. However, operating results fell since the sharp rise in energy costs since the start of July (+75% for gas and +52% for electricity) was not completely offset by the rise in sales prices. In the year to September 30 EBITDA rose, but was penalized by a negative exchange-rate effect. The very favorable trend in ready mixed concrete continued;
- cement consumption in **Morocco** continued to rise in the third quarter, albeit less so than in the first half. Operating results rose in the quarter thanks to the positive impact of volumes and prices, which managed to offset the rise in variable costs (above all fuel and clinker purchases). At the end of September recurring EBITDA fell owing to the negative results in the second quarter;
- the positive market growth in **Bulgaria**, which had already been seen in the first half of the year, continued. The increase in prices generated an improvement in operating results, despite the rise in some operating expenses;
- In **Turkey** there was a sharp slowdown, with a fall in cement and ready mixed concrete volumes, which worsened in the third quarter. The fall in operating results both in the quarter and in the first nine months of 2008 was affected by the rise in variable costs and a strongly negative price effect.

Asia

In the area there was a limited overall rise in revenues both in the quarter (+2.2%) and in the year to September 30 (+1.3%), while in terms of operating results there were falls compared to the prior-year period, with differing circumstances and reasons among the various countries:

- in a still uncertain political situation, the operating results in the third quarter and to the end of September in **Thailand,** fell owing to the increase in operating expenses (mainly fuel) and the negative exchange-rate effect, which were only partly offset by the positive trend in prices;
- in **India** the fall in results in the third quarter, expressed in euro, was due to the negative exchange-rate effect, although the growth in volumes and prices largely offset the rise in operating expenses (above all those linked to fuel). Operating results for the first nine months of 2008 were, nonetheless, better than the prior-year period;

- the Italcementi group entered **China** at the end of June 2007. Operating results in the third quarter fell due to the sharp increase in the cost of fuel, countered only in part by higher sales volumes and average sales prices.
- despite the problems with quarrying licenses, water supply and a sharp decline in the market in **Kazakhstan**, operating results in the third quarter and to the end of September were once again positive, albeit down compared to 2007, thanks to the strong increase in prices in May.

Cement and clinker trading

Third–quarter 2008 intragroup and third-party cement and clinker sales volumes dropped by 9.8% (-12.2% in the nine months). Clinker and cement availability for export fell compared with the first nine months of 2007; this was largely due to the reduced contribution from Egypt as it responded to high local demand.
Operating results were slightly down in the third quarter but improved in the nine months thanks to the improvement in margins and the positive consolidation effect (largely line-by-line consolidation of Hilal Cement Company as from September 30, 2007), which more than made up for the decrease in volumes and negative exchange-rate effect.

E-business

Consolidated revenues for the year to September 30, 2008, at BravoSolution S.p.A. were 34.4 million euro, with a significant improvement (+40.2%) on the year-earlier period (24.5 million euro), partly as a result of the enlarged scope of consolidation. EBITDA was 2.8 million euro (4.5 million euro in 2007), while EBIT was 1.7 million euro (3.6 million euro in 2007). While revenues for the period grew strongly, operating results slackened (while remaining positive) chiefly due to investments in human resources during the period to support business growth and the losses at the newly acquired BravoSolution US; this company has introduced substantial re-organization measures whose initial benefits are already beginning to be felt.

Disputes

Egypt

In August 2008 a sentence issued by the Criminal Court of Cairo concluded the case begun in 2006 by the Egyptian Antitrust Authority at the request of the Ministry of Trade & Industry and continued by the Public Prosecutor, into cement producers active on the national market, including the companies of the Suez group, for alleged violations of specific dispositions of the Egyptian fair trading laws. The Criminal Court of Cairo has imposed fines on the Suez group companies amounting to EGP 30 million; the companies have made the payment and filed an appeal.

Italy

With reference to the Calcestruzzi question, on which an update is provided in the specific section, on June 12 the Italcementi company and its Chief Executive Officer were served notice that the Caltanissetta Prosecutor had requested that collection of pre-trial evidence be extended to include them, integrating a similar request filed in March by the Calcestruzzi defense lawyers.

The documents served on Italcementi do not indicate any grounds for the involvement of the company in the investigation into its subsidiary.
The Italcementi company is taking every step to establish that it had absolutely no connection with the allegations concerning the Calcestruzzi company, which concern a number of supply contracts by Calcestruzzi in Sicily.
No new developments have taken place with regard to the liability attributed to Italcementi S.p.A. and its Chief Executive Officer. Collection of pre-trial evidence is currently underway.

Significant events after the end of the period

Other than the termination of the agreement between Ciments Français and OSJC Sibirskiy Cement for the sale to the latter of SET Group operations in Turkey, described above, it should be noted that on November 10, 2008 Moody’s Investor Services revised its rating for Italcementi from Baa1 with a negative outlook to Baa2 with a stable outlook, while for the subsidiary Ciments Français the Baa1 rating was confirmed, with review of the outlook from stable to negative.

On November 4 an inspection started at Italcementi, Ciments Français, Ciments Calcia and Compgnie des Ciments Belges, ordered by the European Union Competition Directorate-General, with the aim of verifying the undertaking of activities or practices which are allegedly contrary to art. 81 and/or 82 of the Treaty establishing the European Community and art. 53 and/or art. 54 of the European Economic Area Agreement.

The decision to launch the inspection, which was made on the basis of «information received», is aimed at «Italmobiliare SpA and all the companies directly or indirectly controlled by it, including Ciments Français SA and Ciments Calcia SA».

Currently, the circumstances or the episodes to which the Commission refers are not known.

Outlook

The negative economic situation triggered by the financial market crisis is impacting the real economy of the industrialized countries and causing a slowdown in the growth of the emerging economies. The cyclical downturn had already been anticipated by the construction sector, where the slowdown is now intensifying on the majority of markets.

The recent fall in oil prices on the international markets – absorbed in part by the strengthening of the dollar – confirms the volatility of the economic situation and will not produce immediate effects on operating expenses. The benefit of lower oil prices is expected to emerge in the early months of 2009.
The Italcementi group will continue strategic action to strengthen its industrial facilities, whose effects will be felt as from the end of next year. Meanwhile the measures introduced to contain fixed costs have enabled the group to invert the natural tendency of these costs to rise, with the erosion of operating results already beginning to slow in the second half of this year.

Subject to currently unforeseeable events, full-year results are expected to be down on 2007, in line with the trend of the first nine months of the year.

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 results of the third quarter 2008 and at September 30:

(in millions of euro)	Q3 2008	Q3 2007	Q3 % change	Year to September 30 2008	Year to September 30 2007	Year to September 30 % change	Full year 2007
Revenues	**67.5**	**60.8**	***11.0***	**197.6**	**181.4**	***8.9***	**248.2**
Recurring EBITDA	**6.2**	**6.8**	***(8.8)***	**17.8**	**21.5**	***(17.5)***	**28.6**
% of revenues	*9.2*	*11.3*		*9.0*	*11.9*		*11.5*
Other non-recurring income (expense)	-	0.6	*n.s.*	-	0.6	*n.s.*	(4.0)
EBITDA	**6.2**	**7.4**	***(15.6)***	**17.8**	**22.1**	***(19.5)***	**24.6**
% of revenues	*9.2*	*12.2*		*9.0*	*12.2*		*9.9*
Amortization and depreciation	(3.3)	(3.0)	*11.7*	(9.5)	(8.8)	*7.9*	(11.4)
Impairment variation	-	-		-	-		(4.9)
EBIT	**2.9**	**4.4**	***(34.3)***	**8.3**	**13.3**	***(37.5)***	**8.3**
% of revenues	*4.3*	*7.2*		*4.2*	*7.3*		*3.4*
Finance income (costs)	(2.2)	(1.9)	*19.2*	(5.7)	(5.7)	(1.4)	(8.0)
Profit before tax	**0.7**	**2.5**	***(76.5)***	**2.6**	**7.6**	***(66.3)***	**0.3**
% of revenues	*1.0*	*4.2*		*1.3*	*4.2*		*0.1*
Income tax expense	(0.7)	(1.2)	*(41.9)*	0.8	(4.4)	*n.s.*	(1.5)
Net profit	**-**	**1.3**	***n.s.***	**3.4**	**3.2**	***5.0***	**(1.2)**
% of revenues	*n.s.*	*2.2*		*1.7*	*1.8*		*0.5*
Group net profit	**-**	**1.3**		**3.4**	**3.2**	***3.8***	**0.5**
Minority interest	-	-	-	-	-	-	(1.7)
Number of employees at period end (heads)				**1,394**	**1,495**		**1,341**

n.s. Not significant

(in millions of euro)	September 30, 2008	June 30, 2008	December 31, 2007
Net debt	**138.2**	**136.4**	**128.2**

The first nine months of 2008 saw the continuation of the main phenomena already seen in 2007: the fall in consumption, which had already affected food packaging in the first part of the year, worsened in the third quarter and sparked fresh tension between competitors in the expanded polystyrene segment, in particular on the Italian market, with significant negative repercussions on volumes/prices; on the other hand, demand remained positive in Eastern European countries and generally in the rigid containers segment. As for thermal insulation, product demand was very solid in the first half, while in the third quarter the crisis in the property market led operators in the construction sector to limit new projects and to limit stocks.

The trend in the cost of polymers was slightly favorable in the first nine months of 2008, but with peaks concentrated in the third quarter. However, for the other costs directly influenced by the oil price (energy/transport), there were significant increases.

Group **revenues**, both for the nine months and in the last quarter, recorded a marked improvement, mainly due to the growth in food packaging in the countries of Eastern Europe (Petruzalek/Inline) and in thermal insulation.

EBIT in the nine months stood at 8.3 million euro, sharply down compared to the prior-year period (-37.5%), mainly caused in Italy by the expanded polystyrene container segment and by thermal insulation, but was worsened by a series of contingent phenomena which affected the other areas, albeit less markedly.

Profit before tax in the first nine months of 2008 was 2.6 million euro and fell sharply compared to the prior-year period (7.6 million euro) owing to the joint effect of the fall in EBIT, higher finance costs linked to the debt, positive exchange-rate differences and some capital gains.

Taxes for the period were a credit of 0.8 million euro (a charge of 4.4 million euro in 2007) since, on the basis of a recent tax law, the Italian companies arranged to redeem reserves arising from the application of the highest amortization and depreciation rates. Since the cost of the operation was below ordinary taxation, the related deferred taxes which were set aside at the time proved to be in surplus and therefore were written back in the first half.

Net profit for the period was therefore slightly up on 2007 (net profit of 3.4 compared to 3.2 million euro), while in the third quarter, which discounted ordinary taxation, net profit was nil.

Significant events in the period

On January 3, Sirap Gema SpA learned of a transaction to the detriment of its subsidiary Inline Ucraina 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 Ukraine and re-enter into possession of the assets, and to protect Petruzalek operations in the country.

In the half Sirap Gema SpA arranged to buy a further 17.42% of the share capital of the subsidiary Universal Imballaggi Srl for an outlay of 0.8 million euro, thus increasing to 92.64% its holding in the company.

At the end of the group’s corporate reorganization, on February 22 Sirap Gema SpA arranged to sell its equity investment in the subsidiary Sirap Gema Finance SA to the subsidiary Société de Partecipation Financière Italmobiliare SA at the price of 12.6 million euro, as assessed by independent professionals.

Performance by line of business and geographical area

Third quarter

(in millions of euro)	Revenues		Recurring EBITDA		EBITDA		EBIT	
	Q3 2008	% change vs. Q3 2007	Q3 2008	% change vs. Q3 2007	Q3 2008	% change vs. Q3 2007	Q3 2008	% change vs. Q3 2007
Food packaging								
Italy	26.4	*(0.2)*	3.2	*(12.7)*	3.2	*(22.2)*	1.3	*(45.5)*
France	6.8	*6.6*	0.2	*n.s.*	0.2	*n.s.*	(0.2)	*71.1*
Other EU countries	18.1	*14.8*	1.3	*33.3*	1.3	*33.5*	0.7	*19.1*
Other non-EU countries	6.7	*7.9*	0.3	*(47.1)*	0.3	*(47.1)*	0.3	*(43.0)*
Eliminations	(3.9)		-	-	-	-	-	-
Total	**54.1**	***7.9***	**5.0**	***1.2***	**5.0**	***(7.0)***	**2.1**	***(24.7)***
Thermal insulation - Italy	**15.8**	***25.8***	**1.2**	***(35.5)***	**1.2**	***(39.1)***	**0.8**	***(51.2)***
Eliminations	(2.4)		-		-		-	
Total	**67.5**	***11.0***	**6.2**	***(8.8)***	**6.2**	***(15.6)***	**2.9**	***(34.3)***

n.s. not significant

Year to September 30

(in millions of euro)	Revenues		Recurring EBITDA		EBITDA		EBIT	
	Year to 09.30.08	% change vs.year to 09.30.07	Year to 09.30.08	% change vs.year to 09.30.07	Year to 09.30.08	% change vs.year to 09.30.07	Year to 09.30.08	% change vs.year to 09.30.07
Food packaging								
Italy	80.9	*2.2*	9.4	*(23.2)*	9.4	*(25.9)*	4.2	*(47.7)*
France	19.6	*0.6*	-	*n.s.*	-	*n.s.*	(1.0)	*19.3*
Other EU countries	51.8	*17.4*	3.1	*8.2*	3.1	*8.3*	1.4	*(9.9)*
Other non-EU countries	17.5	*7.3*	0.8	*(34.4)*	0.8	*(34.4)*	0.5	*(13.2)*
Eliminations	(13.0)		-		-		-	
Total	**156.8**	***8.0***	**13.3**	***(17.6)***	**13.3**	***(19.3)***	**5.1**	***(42.6)***
Thermal insulation - Italy	**47.9**	***13.0***	**4.5**	***(18.7)***	**4.5**	***(20.2)***	**3.2**	***(26.9)***
Eliminations	(7.1)		-		-		-	
Total	**197.6**	***8.9***	**17.8**	***(17.5)***	**17.8**	***(19.5)***	**8.3**	***(37.5)***

n.s. not significant

Food packaging

Revenues in the third quarter rose by 7.9% thanks to the solid performance of all the areas, except for Italy, in traditional expanded polystyrene containers. The crisis in consumption, however, caused a fall in overall volumes with a change in the mix in favor of cheaper products. In France, where the severe difficulties were already evident in 2007, the quarter saw a slight recovery in sales (caused, however, by initiatives undertaken by the company rather than by a positive development in the market) and the first signs of an improvement in margins as a result of greater production efficiency.

On the other hand, demand for transparent rigid containers remained strong in all the main markets thanks in part to the growth in the market segment for processed products (fruit and veg., cold meats, ready meals).

The countries in Eastern Europe where the Petruzalek and Inline groups operate, improved in the third quarter.

Thermal insulation

In the third quarter, despite the slowdown in demand, revenues continued to grow compared to 2007, but with a mix which favored lower added value products. Sales grew at a higher rate for extruded and expanded sheets than for pre-fabricated items.

This phenomenon, together with higher purchase costs for products from third parties and a lower temporary production efficiency caused the fall in EBIT in the period.

In the summer months a new line was also launched, which, besides increasing production capacity, will enable an improvement in the efficiency of the plant at Verolanuova.

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 during 2004, and following the company's appeal, on June 27, 2008, notification was received of the sentence of the Brescia Provincial Tax Commission declaring the two main charges illegitimate (waiving a receivable due from the Luxembourg-based subsidiary of 7,070 thousand euro and transfer prices to Sirap Gema France S.A.S. for 233 thousand euro). On the other hand, the third finding regarding the non-deductibility of some entertainment expenses was confirmed, albeit for a modest sum (8.6 thousand euro). The Tax Agency now has the option of presenting its own appeal. So far the Agency has not exercised this right.

On June 4 and 5, officials of the European Commission – Directorate General 4 ("Competition") carried out an inspection in the offices of Sirap Gema S.p.A. in Verolanuova (Brescia). This inspection is the first stage in an investigation started by the European Commission regarding supposed violations of EU competition laws in the plastic materials market for food packaging. The Commission believes it has identified such violations and, according to the Commission, Sirap Gema was also involved, together with other Italian and foreign manufacturers.

In particular, the Commission posits the existence of agreements or commonly agreed practices for the sale of such materials in member states of the European Union, including Italy, aimed at fixing prices, dividing up customers and coordinating during tenders organized by customers, as well as the illegal exchange of commercially sensitive information regarding the sale of such products.

Following the above, Sirap Gema immediately engaged a leading law office which specializes in Italian and EU competition law in order to provide assistance in the proceedings.

Outlook

In the food packaging sector, it is expected that in the final part of 2008, the main phenomena seen in the first nine months of the year will be repeated: solid performance in rigid packaging, growth in Eastern Europe, major tension on the Italian and French markets with possible further pressure on sales prices. In the insulation sector, despite the difficult situation of the construction sector, demand should stay positive assisted by legislation on energy saving.

As for polymer prices, it is expected there will be a reduction which should, however, be much more limited than the change in the oil price owing to the cut in polymer production made by the main operators.

Net profit for the full year, subject to currently unforeseeable events, is, nonetheless, expected to be up on 2007, which was negatively affected by non-recurring events.

Financial sector

The particularly difficult situation of the financial markets inevitably had a strong negative impact on the financial sector, which thus recorded negative results in the period and a marked fall in the nine months to September 30.

The financial sector includes the parent company Italmobiliare and the wholly owned financial subsidiaries: Franco Tosi S.r.l., Sance S.r.l., Italmobiliare International Finance Limited (Dublin), Société de Participation Financière Italmobiliare S.A. (Luxembourg), SG Finance S.A. (Luxembourg), Soparfinter S.A. (Luxembourg), and Fincomind A.G. (Switzerland). It should be noted that:

- Sance S.r.l. joined the financial sector as from January 1, 2008 following the corporate restructuring which gave this company responsibility for share trading;
- SG Finance joined the financial sector when in February 2008 Société de Participation Financière Italmobiliare S.A. bought this equity investment from Sirap Gema S.p.A.

(in millions of euro)	Q3			Year to September 30			Full year
	2008	**2007**	**% change**	**2008**	**2007**	**% change**	**2007**
Revenues	6.8	15.6	*(56.3)*	114.9	132.5	*(13.3)*	155.9
EBIT	(55.7)	(15.1)	*n.s.*	(7.3)	68.6	*n.s.*	69.5
Net profit for the period	**(49.3)**	**(8.7)**	***n.s.***	**2.0**	**82.9**	***(97.6)***	**85.3**

n.s. not significant

(in millions of euro)	September 30, 2008	June 30, 2008	December 31, 2007
Net financial position	222.1	276.3	299.4
Shareholders' equity	1,388.0	1,555.6	1,861.7
Employees (heads)	48	44	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)	Q3			Year to September 30			Full year
	2008	**2007**	**% change**	**2008**	**2007**	**% change**	**2007**
Net income on equity investments	1.0	1.7	*(42.9)*	81.2	79.4	*2.3*	90.4
Net income from cash investments	(43.1)	(5.2)	*n.s.*	(52.1)	17.4	*n.s.*	19.5
Net debt charges	(8.4)	(6.7)	*26.8*	(20.6)	(15.8)	*31.1*	(24.4)
Total financial income and expenses	**(50.5)**	**(10.2)**	***n.s.***	**8.4**	**81.0**	***(89.5)***	**85.5**
Operating income and expense	(4.3)	(3.5)	*20.2*	(14.0)	(10.2)	*37.7*	(13.2)
Income tax expense	5.5	5.0	*11.3*	7.5	12.1	*(37.9)*	13.0
Net profit for the period	**(49.3)**	**(8.7)**	***n.s.***	**2.0**	**82.9**	***(97.6)***	**85.3**

n.s. not significant

Net income on equity investments fell slightly in the quarter compared to the prior-year period, from +1.7 million euro in the third quarter of 2007 to +1.0 million euro in the third quarter of 2008, largely due to the one-off capital gain of 1.9 million euro realized by the sale of 3% of Sesaab, plus other minor changes. In the nine months to September 30 net income on equity investments of 81.2 million euro rose by 2.3% compared to the result at September 30, 2007 (79.4 million euro) owing to the higher dividends received.

Net income from cash investments in the third quarter of 2008 was a significant loss (-43.1 million euro), down on the prior-year period which also showed a loss (-5.2 million euro), but for a decidedly smaller amount. The performance over the first nine months of 2008 was therefore negative for 52.1 million euro compared to income of 17.4 million euro in the prior-year period.
This sharp deterioration depends on numerous elements all due to the crisis which has hit financial markets overall. The result to the end of the September was affected by:

- the performance of the bond market where spreads increased and the gap in prices between bid and asked reached very high levels. The deterioration particularly influenced our portfolio which is mainly invested in the banking and financial sectors which were particularly hit by the negative market situation. It should be noted that the Italmobiliare Group continued to measure these assets at fair value, i.e. at market prices at September 30, 2008, and did not take up the option of recording them at amortized cost, as recently allowed and which would have led to a lower loss. The bond portfolio therefore saw significant write-downs in part due to falling market prices (which generated measurement losses on the portfolio of more than 30 million euro in the third quarter of 2008 and more than 42 million euro in the year to September 30, 2008) and in part as a result of Lehman Brothers' filing for Chapter 11 bankruptcy protection, which, solely with regard to the reduction in the value of the bonds held in the portfolio, generated a further 12.3 million euro loss in the year to September 30, 2008, of which 10.9 million in the third quarter of 2008. The bond portfolio of the financial sector at September 30, 2008, nonetheless, had an average rating of A+ (S&P's);
- the performance of the share market, where prices fell sharply and which had a very negative impact on the valuations of the trading shares held in our portfolio (the valuation of the trading shares had a negative impact in the third quarter of 2008 of more than 2 million euro and almost 18 million euro in the year to September 30);
- the negative performance of alternative investments, which had produced good returns in previous years, but which in 2008 made a loss owing to the combined effect of having to reduce, if not cancel, the use of financial leveraging, of facing limitations on selling short, and of settling several positions, including loss making positions, because of a wave of redemptions. As for alternative funds, in which the financial sector has invested, the returns in the third quarter and in the year to date were negative (in the third quarter of 2008 the losses on alternative funds were just over 6 million euro, while in the year to September 30 they were just under 9 million euro);

As for **net debt charges**, it should be noted that money markets too were hit by the crisis of confidence and lack of liquidity, so that there was a rise in rates above all in the short term and a widening in spreads. This, together with the increase in the sector's medium-term debt, produced an increase in net debt charges which in the quarter rose from 6.7 to 8.4 million euro and in the year to September 30 from 15.8 to 20.6 million euro

Operating expenses, net of income, at September 30, 2008 rose. The charge of 14.0 million euro was up from 10.2 million euro in the first nine months of 2007. This increase was due above all to the presence of non-recurring income in the first part of 2007. Also the tax item, which was once again positive overall, fell from +12.1 million euro to + 7.5 million euro, owing to differing situations in the two years and to the change in some tax law provisions.

The net loss for the period in the third quarter of 2008 was therefore 49.3 million euro (a loss of 8.7 million euro in the third quarter of 2007), while there was a net profit of 2.0 million euro in the first nine months of 2008, down compared to the profit of 82.9 million euro in the prior-year period.

The companies which make up the financial sector hold significant equity investments, most of which are classified as “Available for sale”. Changes in the fair value of these equity investments, with the exclusion of those consolidated at cost, are recorded under shareholders’ equity in the “Fair value reserve”. At the end of September 2008 the consolidated size of this reserve in the financial sector totaled 123.9 million euro, compared to 541.5 million euro at December 31, 2007. The sharp reduction is connected to the negative performance of stock market prices, which especially affected the banking/financial (Unicredito, Mediobanca, Mittel and UBI) and editorial (RCS MediaGroup) sectors which companies in the financial sector have invested in.

In the first nine months of 2008 the parent company **Italmobiliare S.p.A.** made a net profit of 64.3 million euro (76.1 million euro at the end of September 2007).

Significant events in the period

As for the financial sector, in the first nine months of 2008 the following significant events should be noted:

- 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. Subsequently the company changed its name to SG Finance.

During the first nine months of 2008 Italmobiliare did not buy back shares nor were any stock options exercised by option holders. Consequently, at September 30, 2008 the company had 871,411 ordinary treasury shares, representing 3.928% of ordinary share capital, as well as 28,500 savings shares (0.714% 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 of the financial sector, which includes besides the parent company Italmobiliare S.p.A. also the other wholly owned financial companies.

(in thousands of euro)	September 30, 2008		June 30, 2008		December 31, 2007	
	Italmobiliare	Financial sector[2]	Italmobiliare	Financial sector[2]	Italmobiliare	Financial sector[2]
Cash, cash equivalents & current financial assets	47,834	663,782	27,780	730,753	44,066	796,018
Short-term financing	(196,288)	(200,634)	(192,252)	(197,168)	(177,840)	(212,591)
Short-term net financial position	**(148,454)**	**463,148**	**(164,472)**	**533,585**	**(133,774)**	**583,427**
Medium/long-term financial assets	3,260	62,602	3,265	62,607	2,792	62,460
Medium/long-term financing	(303,680)	(303,680)	(319,860)	(319,860)	(346,440)	(346,440)
Medium/long-term net financial position	**(300,420)**	**(241,078)**	**(316,595)**	**(257,253)**	**(343,648)**	**(283,980)**
Net financial position	**(448,874)**	**222,070**	**(481,067)**	**276,332**	**(477,422)**	**299,447**

1 In 2007 consisted of: Italmobiliare S.p.A. - Franco Tosi S.r.l. - Italmobiliare International Finance Ltd - Italmobiliare International B.V.- Société de Participation Financière S.A. - Fincomind A.G. - Soparfinter S.A.

2 Besides the companies indicated at point 1, in 2008 the financial sector also included Sance S.r.l. and SG Finance S.A.

At the end of September 2008 Italmobiliare had net debt of 448.9 million euro (477.4 million euro at December 31, 2007), down by 32.2 million euro compared to June 2008.

On the other hand, the consolidated financial position of the financial sector was positive at 222.1 million euro (299.4 million euro at December 31, 2007), down by 54.3 million euro compared to June 2008, largely owing to the fall in the value of the trading portfolio (shares and bonds).

Outlook

The results of the financial sector for the whole year depend basically on the trend of the financial markets, which so far in 2008 have been unfavorable and very volatile. The future trend in interest rates and the performance of stock and bond markets, which are in our view disconnected from the fundamental values, involve elements of great uncertainty. For this reason it is not possible to formulate a reliable full-year forecast for results in this sector.

Banking sector

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

(in millions of euro)	Q3			Yeat to September 30			Full year
	2008	**2007**	**% change**	**2008**	**2007**	**% change**	**2007**
Revenues	9.7	10.7	*(8.8)*	32.5	36.6	*(11.1)*	50.6
EBIT	0.9	2.2	*(59.9)*	5.1	9.2	*(44.0)*	11.8
Net profit for the period	**0.9**	**1.7**	***(49.4)***	**4.5**	**7.3**	***(38.1)***	**9.7**

(in millions of euro)	September 30, 2008	June 30, 2008	December 31, 2007
Net financial position	90.4	85.0	93.5
Shareholders' equity	95.4	92.5	94.1
Employees (heads)	149	144	144

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)	Q3			Year to September 30			Full year
	2008	**2007**	**% change**	**2008**	**2007**	**% change**	**2007**
Net interest income	1.7	1.6	*9.6*	5.0	4.8	*3.4*	6.6
Intermediation margin	8.8	9.7	*(9.4)*	29.8	32.4	*(8.2)*	45.2
EBITDA	1.2	2.6	*(52.7)*	6.1	10.5	*(41.4)*	13.5
Profit from operations	0.9	1.9	*(54.4)*	5.1	8.5	*(39.6)*	11.8
Net profit for the period	**0.9**	**1.7**	***(49.4)***	**4.5**	**7.3**	***(38.0)***	**9.7**

The results for this sector consist almost entirely of the results of Finter Bank Zürich.

Finter Bank Zürich

The negative performance of the financial markets, as noted in this report, also affected the results of Finter Bank Zürich. In the third quarter of 2008, the Finter Bank Zürich group recorded consolidated revenues of 15.1 million Swiss francs, down (-11.1%) compared to the third quarter of 2007. This fall was caused mainly by lower fees. Overall revenues in the first nine months of 50.7 million Swiss francs fell by 13.2% compared to revenues in the prior-year period.

The fall in revenues together with a slight increase in operating expenses and a fall in amortization and depreciation saw EBIT in the third quarter stand at 1.3 million Swiss francs, sharply down (- 62.4%) compared to the prior-year period. Also the nine months to September 30, with EBIT of 7.9 million Swiss francs, fell significantly, albeit with a lower rate in percentage terms (-46.2%).

Following a slightly better tax item, the consolidated net profit for the quarter and for the first nine months were markedly down, respectively at 1.3 million Swiss francs (-52.8%) and 7.0 million Swiss francs (-40.2%).

The insurance company Finter Life (90% owned by Finter Bank Zürich and consolidated on a line-by-line basis) started operating during 2007. So far its contribution to the result for the first nine months of 2008 is a loss of 967 thousand Swiss francs, higher than the forecast loss as it had to face higher start-up expenses.

Consolidated shareholders' equity rose from 146.2 million Swiss francs at December 31, 2007 to 142.3 million Swiss francs at September 30, 2008, after the distribution of dividends totaling 10 million Swiss francs.

Assets under management at the end of September 2008 totaled 5.0 billion Swiss francs. The fall, compared to the end of 2007, was due to the fall in the values on financial markets and therefore the lower value of assets, as well as the effect due to the appreciation of the Swiss franc against the dollar and euro. The movements linked to the entry and exit of clients more or less cancelled each other out.

Significant events after the end of the period

At the start of October 2008 Finter Bank Zürich completed the purchase of the entire share capital of the Swiss bank Hugo Kahn AG of Zurich, for an outlay of approximately 39 million Swiss francs. The bank, which has an excellent reputation, has shareholders' equity of around 18.7 million Swiss francs and manages third-party assets of around 850 million Swiss francs with a client base located in areas complementary to the main areas where Finter Bank Zürich operates. The two banks, with the merger which will be completed in the first few months of 2009, will achieve good economies of scale and a consolidation of private banking in Zurich, with an improvement in the services offered to customers.

Crédit Mobilier de Monaco

Crédit Mobilier de Monaco is a bank in Monaco whose main activity is guarantee-backed loans. Results in the third quarter and in the nine months to September 30 saw an increase in gross operating profit due to the fall in employee expenses.

The profit at the end of September 2008 of 146 thousand euro, was up on the prior-year period (108 thousand euro), following the improvement in revenues.

Outlook

In the last part of the year, the banking sector must confront the major uncertainties connected to the performance of the financial markets as well as some organizational expenses to be incurred to reduce compliance, operating and legal risks which are typical of the sector. After taking account of the results achieved and the above elements, it is forecast that the result for full-year 2008 may be less than that for 2007, subject to currently unforeseeable events.

Property sector, services and others

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 September 30, 2008 revenues for the sector totaled 7.6 million euro, sharply up on the prior-year period (2.3 million euro), thanks to the sale in the second quarter of 2008 of some real estate assets by Populonia Italica, a wholly owned subsidiary which is part of the sector.

As a consequence of the earnings made with this sale, EBIT was 6.0 million euro and the overall profit was 4.4 million euro, markedly up on the first nine months of 2007, respectively 0.7 million euro and 1.7 million euro.

The third quarter saw the normal activities for the sector and so the result for the period, a profit of 0.1 million euro, is comparable to the result in the third quarter of 2007, a loss of -0.1 million euro.

It should be noted that during the past year, as highlighted in the annual report for 2007, the sector was subject to some corporate restructuring.

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 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 at September 30, 2008 concerned:

- Calcestruzzi S.p.A. and its subsidiaries;
- administrative, financial, contractual and fiscal consultancy services for the Italmobiliare Group provided by Finsise S.p.A., a company whose majority shareholder is Italo Lucchini, Deputy Chairman of Italmobiliare,
- legal consultancy, judicial and extrajudicial assistance provided to Italmobiliare Group by the associate professional studio Dewey LeBoeuf, of which Italmobiliare director Luca Minoli is a partner;
- 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,
- legal consultancy services provided to the Italcementi group by Giorgio Bonomi, a director of Italmobiliare.

In September the Group paid 1.2 million euro to the Fondazione Italcementi Cav. Lav. Carlo Pesenti to cover operating costs and organization of initiatives within the foundation’s sphere of activity.
During the third quarter the Italcementi group continued to supply administrative and corporate services and staff on loan to the Fondazione Italcementi Cav. Lav. Carlo Pesenti.

All dealings with related parties, whether for the exchange of goods and services, or financial services, are conducted at normal market conditions.

No atypical or unusual transactions took place in the quarter and in the nine months to September 30.

Disputes

Appropriate provision has been made on an accrual basis for legal and tax disputes concerning Group companies, in cases where, in respect of risks that have emerged and their assessment, contingent liabilities are probable and measurable.
Details of the main disputes have been provided above in the sections related to the individual sectors.

Compliance with the CONSOB Regulation on markets

In June, CONSOB [the Italian stock exchange commission] amended the so-called Market Regulation with the introduction of specific indications concerning conditions for the continued listing of companies:

A) that control companies whose registered office is not located in a Member State of the European Union (art. 36)
B) subject to management control and coordination by another company (art. 37).

Specifically, companies as per heading A) are required to:

1) publish the accounts of the subsidiaries drawn up for preparation of the consolidated financial statements, including at least the balance sheet and the income statement;
2) acquire from the subsidiaries their by-laws, and the composition and powers of their governing bodies;
3) ascertain that the subsidiaries:
   * provide the auditors of the parent company with the information they require to audit the annual and interim accounts of the parent company,
   * operate an administration and accounting system that regularly provides the senior management and auditors of the parent company with the business, financial and equity data required for preparation of the consolidated financial statements.

Companies as per heading B) may be admitted for trading (or maintain their listing) on a regulated Italian market when:
a) they have complied with the advertising requirements contemplated by article 2497-bis of the Italian Civil Code;
b) they negotiate on an independent basis with customers and suppliers;
c) they do not have with the company that exercises unitary management or with another company of the group to which they belong a centralized treasury relationship that is not in the corporate interest. Conformity with the corporate interest is certified by the Board of Directors with a declaration setting out the grounds thereof and verified by the supervisory body;
d) they have a number of independent directors (pursuant to the Code of Conduct) sufficient to guarantee that their judgment has a material weight in decision making by the Board of Directors.

With reference to ***art. 36***, the scope of application concerns 42 subsidiaries whose registered offices are in 12 States that are not members of the European Union.

A procedure has therefore been introduced to guarantee:
* transmission of the accounts of subsidiaries drawn for the preparation of the consolidated financial statements so that such accounts may be published;
* centralized collection of the by-laws, composition and powers of the governing bodies of the subsidiaries.

The procedure also provides for regular subsequent reviews of the documentation in question.

At the date of this report, all the by-laws of the subsidiaries with registered offices in non-EU countries, of significance in respect of the dispositions under discussion, and the composition and powers of the governing bodies have been acquired and are conserved in the company archives.

Checks have also been performed to verify that the subsidiaries with registered offices in non-EU countries:

* provide the auditors of the company with the information the auditors require to perform their audit of the annual and interim accounts of Italmobiliare S.p.A.
* operate an administration and accounting system that regularly provides the company and the auditors with the business, financial and equity data required for preparation of the consolidated financial statements.

Moreover, pursuant to **art. 37** of the Market regulation, the company, in its Corporate Governance Report which is produced annually for shareholders, states that it is not subject to management control and coordination by another company or body, and therefore is not subject to the obligations therein.

Outlook

The financial crisis, which worsened in the months of September and October 2008, has already started to have a negative impact on the real economy. In fact the first recessionary impact in industrialized countries can be felt as well as a slowdown in growth in emerging economies.

Given this and the results at the end of September and the forecasts expressed for the full year by each sector, it is considered that the consolidated results for 2008 for the Italmobiliare Group will record an inevitable fall compared to the results achieved in the previous year, albeit remaining positive, subject to currently unforeseeable events.

CONSOLIDATED QUARTERLY SITUATION

FINANCIAL STATEMENTS

Consolidated income statement for the third quarter of 2008

(in thousands of euro)	Q3 2008	%	Q3 2007	%	Change value	%
Revenues	**1,573,740**	**100.0%**	**1,625,031**	**100.0%**	**(51,291)**	**-3.2%**
Other revenues	12,132		17,597		(5,465)	
Change in inventories	12,625		20,612		(7,987)	
Internal work capitalized	17,223		6,344		10,879	
Purchase of goods and expenses for utilities	(706,989)		(621,898)		(85,091)	
Services expenses	(294,417)		(353,355)		58,938	
Employee expenses	(238,501)		(246,377)		7,876	
Other operating income (expense)	(111,904)		(68,231)		(43,673)	
Recurring EBITDA	**263,909**	**16.8%**	**379,723**	**23.4%**	**(115,814)**	**-30.5%**
Net capital gains on sale of fixed assets	76		2,788		(2,712)	
Non-recurring employee expenses for reorganizations						
Other non-recurring income (expense)	(6,246)		2,024		(8,270)	
EBITDA	**257,739**	**16.4%**	**384,535**	**23.7%**	**(126,796)**	**-33.0%**
Amortization and depreciation	(110,747)		(114,879)		4,132	
Impairment	6		(133)		139	
EBIT	**146,998**	**9.3%**	**269,523**	**16.6%**	**(122,525)**	**-45.5%**
Finance income	11,106		5,903		5,203	
Finance costs	(51,311)		(43,184)		(8,127)	
Net exchange-rate differences and net derivatives	2,437		(2,900)		5,337	
Adjustments to financial asset values	(11,368)				(11,368)	
Share of results of associates	6,333		6,757		(424)	
Profit before tax	**104,195**	**6.6%**	**236,099**	**14.5%**	**(131,904)**	**-55.9%**
Income tax expense	(45,967)		(89,679)		43,712	
Net profit for the period	**58,228**	**3.7%**	**146,420**	**9.0%**	**(88,192)**	**-60.2%**
Attributable to:						
Group	(22,351)	-1.4%	37,564	2.3%	(59,915)	-159.5%
Minority interests	80,579	5.1%	108,856	6.7%	(28,277)	-26.0%

Consolidated income statement for the year to september 30, 2008

(in thousands of euro)	Year to 09.30.08	%	Year to 09.30.07	%	Change value	%
Revenues	**4,713,240**	**100.0%**	**4,908,059**	**100.0%**	**(194,819)**	**-4.0%**
Other revenues	41,969		65,793		(23,824)	
Change in inventories	13,457		29,393		(15,936)	
Internal work capitalized	32,935		15,704		17,231	
Purchase of goods and expenses for utilities	(1,916,129)		(1,799,437)		(116,692)	
Services expenses	(999,978)		(1,121,370)		121,392	
Employee expenses	(758,309)		(767,297)		8,988	
Other operating income (expense)	(248,358)		(177,050)		(71,308)	
Recurring EBITDA	**878,827**	**18.6%**	**1,153,795**	**23.5%**	**(274,968)**	**-23.8%**
Net capital gains on sale of fixed assets	6,117		9,528		(3,411)	
Non-recurring employee expenses for reorganizations	(4,340)				(4,340)	
Other non-recurring income (expense)	(5,625)		5,066		(10,691)	
EBITDA	**874,979**	**18.6%**	**1,168,389**	**23.8%**	**(293,410)**	**-25.1%**
Amortization and depreciation	(334,475)		(339,916)		5,441	
Impairment	(17)		(599)		582	
EBIT	**540,487**	**11.5%**	**827,874**	**16.9%**	**(287,387)**	**-34.7%**
Finance income	33,302		29,279		4,023	
Finance costs	(143,397)		(125,577)		(17,820)	
Net exchange-rate differences and net derivatives	(1,303)		(3,107)		1,804	
Adjustments to financial asset values	(26,603)					
Share of results of associates	20,394		11,736		8,658	
Profit before tax	**422,880**	**9.0%**	**740,205**	**15.1%**	**(317,325)**	**-42.9%**
Income tax expense	(130,085)		(226,787)		96,702	
Net profit for the period	**292,795**	**6.2%**	**513,418**	**10.5%**	**(220,623)**	**-43.0%**
Attributable to:						
Group	44,524	0.9%	168,657	3.5%	(124,133)	-73.6%
Minority interests	248,271	5.3%	344,761	7.0%	(96,490)	-28.0%

Financial position

(in thousands of euro)	September 30 2008	June 30 2008 (*)	December 31 2007	Change 09.30.08 12.31.07	%
Cash, cash equivalents and current financial assets	(1,660,594)	(1,620,177)	(1,521,740)	(138,854)	9.1
Short-term financing	1,129,597	1,019,383	1,124,513	5,084	0.5
Medium/long-term financial assets	(75,267)	(88,560)	(71,773)	(3,494)	4.9
Medium/long-term financing	3,004,967	3,064,638	2,618,568	386,399	14.8
Total net debt	**2,398,703**	**2,375,284**	**2,149,568**	**249,135**	**11.6**
Total shareholders' equity	**5,765,722**	**5,672,779**	**6,300,176**	**(534,454)**	**(8.5)**

* Figures have been restated with Turkish operations consolidated on a line-by-line basis

Net debt at September 30, 2008, does not include amounts for the Calcestruzzi group, which is no longer included in the scope of consolidation; for comparative purposes, net debt at December 31, 2007 without the Calcestruzzi group would be 1,991,662 thousand euro.

With the exclusion of the Calcestruzzi group from the scope of consolidation, consolidated net debt at September 30, 2008, recorded under the heading “Cash, cash equivalents and current financial assets”, continues to reflect the current account financial relationship between Italcementi S.p.A. and the Calcestruzzi group companies, for 163.2 million euro.

NOTES TO THE FINANCIAL STATEMENTS

Foreword

This quarterly report at September 30, 2008 has been drawn up in accordance with the provisions of article 154 ter, paragraph 5 of Legislative Decree no. 58 of February 24, 1998, and subsequent amendments. It has also been drawn up 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 September 30, 2008 of the consolidated companies, adjusted where necessary to ensure alignment with the IFRS-compliant classification criteria and accounting principles adopted by the Group.

Discontinued operations - Turkey

As noted in the quarterly report at March 31 and the half-year financial report at June 30, 2008, the Group had 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.; at the end of March it signed a contract for the sale of these operations to OSJC Holding Company Sibirskiy Cement.

Consequently, in compliance with IFRS 5 “Non-current assets held for sale and discontinued operations”, income and expense in respect of discontinued operations were reflected in a single income statement line item, both for the current period and for the corresponding year-earlier period, and, in compliance with IFRS 5 § 25, amortization of non-current assets was suspended as from April 1, 2008, the date on which the operations in Turkey were classified as discontinued operations.

Since the purchase by OSJC Holding Company Sibirskiy Cement did not take place on the closing date (postponed, twice, to October 20, 2008), on October 21 Ciments Français exercised its right to terminate the agreement. After a subsequent review of the possibilities for a new agreement to be reached on a similar basis, the parties were unable to agree on a solution that would enable closing to take place within a reasonable time and therefore, on October 31, Ciments Français announced its withdrawal from the negotiations.

With the termination of the agreement, the Group has decided to review its options with a view to strategically optimizing its operations in Turkey, which are no longer deemed available for sale.

In the absence of specific guidance in the accounting principles, the Group has decided to apply the assumption that substance prevails over form in the presentation of its assets, liabilities, income and expense. Accordingly it has decided to consolidate the values for its operations in Turkey on a line-by-line basis as from this quarterly report, since the event that led to this decision took place after September 30, but before approval of the quarterly report by the Board of Directors.
Amounts and results for operations in Turkey as at September 30, 2008, have been classified and included in the result of operations for the year and amortization has been resumed.

Accounting principles, amendments and interpretations applied in the period

On October 15, 2008, the European Union approved the amendment formalized by the IASB with regard to IAS 39 – *Financial instruments: Recognition and measurement* and IFRS 7 *Financial instruments: Disclosures*, which authorizes reclassification of certain financial instruments under particular circumstances.

The amendment is applicable as from July 1, 2008, and has no effect on the Group which has not applied any reclassification of the type envisaged.

Principal exchange rates used to translate the financial statements of foreign entities

Exchange rates for 1 euro:

(local currency to euro)	Average			Period end		
Currencies	**at 09.30.08**	**Full year 2007**	**at 09.30.07**	**September 30 2008**	**December 31 2007**	**September 30 2007**
Thai baht	49.33252	44.21070	43.91839	48.47300	43.80000	45.06300
Czech crown	24.81327	27.76832	28.07925	24.66000	26.62800	27.53200
Slovak crown	31.56570	33.77150	33.88620	30.30000	33.58300	33.87700
Serbian dinar	80.23330	79.98710	80.38450	76.80200	79.76700	79.01850
Moroccan dirham	11.41965	11.21992	11.18254	11.30510	11.36180	11.29690
Canadian dollar	1.54869	1.46861	1.48462	1.49610	1.44490	1.41220
US dollar	1.52169	1.37018	1.34431	1.43030	1.47210	1.41790
Hungarian florin	247.56200	251.29200	250.77438	242.83000	253.73000	250.69000
Swiss franc	1.60821	1.64264	1.63704	1.57740	1.65470	1.66010
Ukranian hrivna	7.42820	6.90196	6.76652	7.15738	7.43411	7.13819
Croatian kuna	7.24010	7.33819	7.34154	7.10490	7.33080	7.27730
Albanian lek	122.62043	123.65163	124.28733	122.85600	122.20400	123.21700
Moldavian leu	15.76660	16.57800	16.62490	14.81500	16.68160	15.97520
Bulgarian lev	1.95583	1.95583	1.95583	1.95583	1.95583	1.95583
Egyptian pound	8.23141	7.73302	7.64121	7.79304	8.13006	7.92677
Bosnian mark	1.95583	1.95583	1.95583	1.95583	1.95583	1.95583
New Turkish lira	1.85675	1.77835	1.79921	1.79780	1.71020	1.71290
New Romanian leu	3.63804	3.33527	3.29780	3.74130	3.60770	3.34410
Mauritanian ougulyia	362.62220	355.55277	352.17950	336.12100	369.49700	363.55000
Chinese renmimbi	10.62631	10.41780	10.29980	9.79540	10.75240	10.64290
Russian ruble	36.57260	35.01600	34.79220	36.40950	35.98600	35.34900
Indian rupee	63.57419	56.57839	56.38040	66.37630	58.02100	56.40640
Sri Lankan rupee	164.06903	151.62035	148.65572	154.61800	159.92000	160.86900
Pound sterling	0.78202	0.68429	0.67653	0.79030	0.73335	0.69680
Kazakh tange	183.14745	167.83269	165.48285	171.44500	177.30700	171.57800
Polish zloty	3.42754	3.78412	3.82559	3.39670	3.59350	3.77300

Consolidation area

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; following the loss of control, the equity investment is accounted for in accordance with IAS 39 § 46 and classified under "Other equity investments".

The other main changes in the scope of consolidation with respect to 2007 are:

- line-by-line consolidation of the following companies:

- Cambridge (Canada), as from March 1, 2007, and Arrow (USA), as from April 1, 2007;
- Fuping Cement Co. Ltd. (China) and Decom (Egypt), 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 March 1, 2008, in the ready mixed concrete sector;
- Kuwait German Ready Mix (Kuwait), as from May 1, 2008, in the ready mixed concrete sector;
- Al Mahaliya Ready Mix Concrete WLL (Kuwait), as from July 2008, in the ready mixed concrete sector;
- BravoSolution Benelux BV (Netherlands), as from September 1, 2008, a company in the BravoSolution e-business group;

- consolidation on a 50% proportionate basis of the equally owned joint ventures in Saudi Arabia (International City for Ready Mix, formerly Arabian Ready Mix Co.) and Egypt (Suez Lime);

- consolidation with the equity method of Asment Cement (Morocco) as from April 1, 2008.

The company Inline Ucraina was deconsolidated at December 31, 2007 (consolidated up to May 31, 2007 on an equity basis).

Revenues

Revenues from sales and services totaled 1,573,740 thousand euro in the third quarter of 2008 and 4,713,240 thousand euro at September 30, 2008, as follows:

(in thousands of euro)	Q3 2008	Q3 2007	Change	
			Value	%
Industrial revenues				
Product sales	1,512,906	1,554,508	(41,602)	-2.7%
Revenues from services	46,315	45,095	1,220	2.7%
Total	***1,559,221***	***1,599,603***	***(40,382)***	***-2.5%***
Financial revenues				
Interest	8,547	7,069	1,478	20.9%
Dividends	11	19	(8)	-42.1%
Capital gains	342	3,181	(2,839)	-89.2%
Other revenues	(4,377)	3,968	(8,345)	-210.3%
Total	***4,523***	***14,237***	***(9,714)***	***-68.2%***
Banking revenues				
Interest	2,116	2,036	80	3.9%
Commissions	7,181	8,465	(1,284)	-15.2%
Other revenues	369	130	239	183.8%
Total	***9,666***	***10,631***	***(965)***	***-9.1%***
Property and services revenues	***330***	***560***	***(230)***	***-41.1%***
Total	**1,573,740**	**1,625,031**	**(51,291)**	**-3.2%**

(in thousands of euro)	Year to 09.30.2008	Year to 09.30.2007	Change	
			Value	%
Industrial revenues				
Product sales	4,473,946	4,652,205	(178,259)	-3.8%
Revenues from services	138,622	138,705	(83)	-0.1%
Total	***4,612,568***	***4,790,910***	***(178,342)***	***-3.7%***
Financial revenues				
Interest	24,609	23,658	951	4.0%
Dividends	34,930	27,002	7,928	29.4%
Capital gains	736	3,723	(2,987)	-80.2%
Other revenues	1,280	24,887	(23,607)	-94.9%
Total	***61,555***	***79,270***	***(17,715)***	***-22.3%***
Banking revenues				
Interest	6,104	6,393	(289)	-4.5%
Commissions	23,145	25,557	(2,412)	-9.4%
Other revenues	3,062	4,428	(1,366)	-30.8%
Total	***32,311***	***36,378***	***(4,067)***	***-11.2%***
Property and services revenues	***6,806***	***1,501***	***5,305***	***353.4%***
Total	**4,713,240**	**4,908,059**	**(194,819)**	**-4.0%**

The breakdown of consolidated revenues by business sector and geographical area is set out below:

by sector:

(in thousands of euro)	Q3 2008	Q3 2007	Change	
			Value	%
Construction materials	1,491,707	1,538,784	(47,077)	-3.1%
Packaging and insulation	67,446	60,765	6,681	11.0%
Financial	4,545	14,261	(9,716)	-68.1%
Banking	9,714	10,653	(939)	-8.8%
Property, services, etc.	328	568	(240)	-42.3%
Total	**1,573,740**	**1,625,031**	**(51,291)**	**-3.2%**

(in thousands of euro)	Year to 09.30.2008	Year to 09.30.2007	Change	
			Value	%
Construction materials	4,414,835	4,609,183	(194,348)	-4.2%
Packaging and insulation	197,547	181,442	16,105	8.9%
Financial	61,537	79,321	(17,784)	-22.4%
Banking	32,509	36,581	(4,072)	-11.1%
Property, services, etc.	6,812	1,532	5,280	n.s.
Total	**4,713,240**	**4,908,059**	**(194,819)**	**-4.0%**

n.s. not significant

by geographical area:

(in thousands of euro)	Q3 2008	Q3 2007	Change	
			Value	%
European Union	906,718	980,705	(73,987)	-7.5%
Other European countries	78,485	92,988	(14,503)	-15.6%
North America	150,455	185,242	(34,787)	-18.8%
Asia	110,012	111,796	(1,784)	-1.6%
Africa	246,028	204,680	41,348	20.2%
Trading	82,042	49,620	32,422	65.3%
Total	**1,573,740**	**1,625,031**	**(51,291)**	**-3.2%**

(in thousands of euro)	Year to 09.30.2008	Year to 09.30.2007	Change	
			Value	%
European Union	2,866,628	3,136,468	(269,840)	-8.6%
Other European countries	222,772	255,368	(32,596)	-12.8%
North America	378,671	471,763	(93,092)	-19.7%
Asia	312,414	312,165	249	0.1%
Africa	707,277	584,672	122,605	21.0%
Trading	225,478	147,623	77,855	52.7%
Total	**4,713,240**	**4,908,059**	**(194,819)**	**-4.0%**

Purchase of goods and expenses for utilities

Goods and utilities expenses amounted to 1,916,129 thousand euro (1,799,437 thousand euro at September 30, 2007), as follows:

(in thousands of euro)	Year to 09.30.2008	Year to 09.30.2007	Change	
			Value	%
Raw materials and semifinished goods	576,935	609,523	(32,588)	-5.3%
Fuel	474,206	414,894	59,312	14.3%
Packaging, materials, machinery, other	276,381	274,454	1,927	0.7%
Finished goods	261,124	239,007	22,117	9.3%
Electricity, water, gas	349,657	339,399	10,258	3.0%
Change in inventories of raw materials, consumables, other	(22,174)	(77,840)	55,666	-71.5%
Total	**1,916,129**	**1,799,437**	**116,692**	**6.5%**

Services expenses

Services expenses amounted to 999,978 thousand euro (1,121,370 thousand euro at September 30, 2007), as follows:

(in thousands of euro)	Year to 09.30.2008	Year to 09.30.2007	Change	
			Value	%
Maintenance	411,302	443,088	(31,786)	-7.2%
Transport	359,033	424,927	(65,894)	-15.5%
Consultancy fees	53,814	54,132	(318)	-0.6%
Rents	68,538	79,160	(10,622)	-13.4%
Insurance	34,822	36,155	(1,333)	-3.7%
Subscriptions	7,750	7,865	(115)	-1.5%
Other	64,719	76,043	(11,324)	-14.9%
Total	**999,978**	**1,121,370**	**(121,392)**	**-10.8%**

Employee expenses

Employee expenses totaled 758,309 thousand euro (767,297 thousand euro at September 30, 2007), as follows:

(in thousands of euro)	Year to 09.30.2008	Year to 09.30.2007	Change	
			Value	%
Wages and salaries	491,731	509,179	(17,448)	-3.4%
Social security contributions	158,047	162,485	(4,438)	-2.7%
Provisions and pension funds	28,357	16,621	11,736	70.6%
Cost of stock option plans	11,417	8,599	2,818	32.8%
Other expenses	68,757	70,413	(1,656)	-2.4%
Total	**758,309**	**767,297**	**(8,988)**	**-1.2%**

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

The number of employees at the end of and as an average for the period is shown below:

(heads)	Year to 09.30.2008	Year to 09.30.2007	Full year 2007
Number of employees at period end	24,639	25,967	25,252
Average number of employees	24,439	25,118	25,200

Other operating income (expense)

Other operating expense net of other operating income amounted to 248,358 thousand euro (177,050 thousand euro at September 30, 2007), as follows:

(in thousands of euro)	Year to 09.30.2008	Year to 09.30.2007	Change	
			Value	%
Other taxes	71,774	51,948	19,826	38.2%
Provision for bad debts	7,983	5,168	2,815	54.5%
Provision for environmental restoration - quarries	17,962	16,813	1,149	6.8%
Operating expenses for financial and banking companies	107,293	54,844	52,449	95.6%
Miscellaneous expense	48,810	49,637	(827)	-1.7%
Miscellaneous income	(5,464)	(1,360)	(4,104)	301.8%
Total	**248,358**	**177,050**	**71,308**	**40.3%**

"Operating expenses for financial and banking companies" mainly refers to write-downs made by companies in the finance sector to trading securities and shares for 81,480 thousand euro (15,521 at September 30, 2007) and interest expense and other finance costs for 25,813 thousand euro at September 30, 2008 (39,323 thousand euro at September 30, 2007).

Non-recurring transactions

Non-recurring income and expense was as follows:

(in thousands of euro)	Year to 09.30.2008	Year to 09.30.2007	Change	
			Value	%
Net capital gains (losses) on disposal of fixed assets	6,117	9,528	(3,411)	-35.8%
Non-recurring employee expenses for reorganizations	(4,340)		(4,340)	n.s.
Other non-recurring income (expense)	(5,625)	5,066	(10,691)	-211.0%
Total	**(3,848)**	**14,594**	**(18,442)**	**-126.4%**

n.s. not significant

Capital gains on the sale of fixed assets at September 30, 2008 included a 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 referred to the subsidiary Italcementi S.p.A. and its production and logistics reorganization, involving a reduction of approximately seventy jobs.

"Other income (expense)" includes the fine of 3,645 thousand euro imposed on the Suez group by the Egyptian courts as a result of a proceeding initiated by the Egyptian Antitrust Authority against cement producers on the national market.

Amortization and depreciation

The total of 334,475 thousand euro (339,916 thousand euro at September 30, 2007) refers to the amortization and depreciation of property, plant and equipment for 323,834 thousand euro (327,871 thousand euro at September 30, 2007) and intangible assets for 10,641 thousand euro (12,045 thousand euro at September 30, 2007).

Finance income (costs)

Finance costs, net of finance income, amounted to 111,398 thousand euro (99,405 thousand euro at September 30, 2007), as follows:

	Year to 09.30.2008		Year to 09.30.2007	
(in thousands of euro)	**Income**	**Costs**	**Income**	**Costs**
Interest income	20,384		14,994	
Interest expense		(121,454)		(106,976)
Subtotal	**20,384**	**(121,454)**	**14,994**	**(106,976)**
Dividends and other income from equity investments	8,568		10,925	
Other finance income	4,350		3,360	
Other finance costs		(21,943)		(18,601)
Subtotal	**12,918**	**(21,943)**	**14,285**	**(18,601)**
Total finance income (costs)	**33,302**	**(143,397)**	**29,279**	**(125,577)**
Gains (losses) from interest-rate derivative contracts	3,523		2,748	
Gains (losses) from exchange-rate derivative contracts		(4,495)	1,397	
Net exchange rate differences		(331)		(7,252)
Net exchange rate differences and net derivatives		**(1,303)**		**(3,107)**
Total		**(111,398)**		**(99,405)**

Adjustment to financial asset values

This item totals 26,603 thousand euro and refers to the prudent write-down applied to the equity investment in Calcestruzzi to take account of operating losses, impairment losses and provisions determined by the boards of directors of Calcestruzzi and its subsidiaries in the fourth quarter of 2007 and the first nine months of 2008.

Share of results of associates

The share of results of associates at September 30, 2008 was 20,394 thousand euro (11,736 thousand euro at September 30, 2007), as follows:

(in thousands of euro)	Year to 09.30.2008	Year to 09.30.2007	Change	
			Value	**%**
Vassiliko (Cyprus)	5,683	3,997	1,686	42.2%
Asment (Morocco)	4,449	-	4,449	n.s.
Ciment Quebec (Canada)	6,438	6,248	190	3.0%
Innocon (Canada)	(103)	(2,144)	2,041	-95.2%
Mittel (Italy)	1,038	1,829	(791)	-43.2%
SES (Italy)	666	622	44	7.1%
Tecno Gravel (Egypt)	503	126	377	299.2%
Other	1,720	1,058	662	62.6%
Total	**20,394**	**11,736**	**8,658**	**73.8%**

n.s. not significant

Income tax expense

Income tax expense for the period was 130,085 thousand euro (226,787 thousand euro at September 30, 2007), as follows:

(in thousands of euro)	Year to 09.30.2008	Year to 09.30.2007	Change	
			Value	%
Current tax	149,825	195,292	(45,467)	-23.3%
Defrred tax liabilities	(28,453)	15,755	(44,208)	-280.6%
Prior-year tax and other non-recurring fiscally driven items, net	8,713	15,740	(7,027)	-44.6%
Total	**130,085**	**226,787**	**(96,702)**	**-42.6%**

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:

	Year to 09.30.2008					
(in thousands of euro)	Shareholders' equity		Net profit for the period		Net debt	
	amount	%	amount	%	amount	%
Book values	**5,765,722**		**292,795**		**(2,398,703)**	
Net capital gains on sale of fixed assets	6,117	0.1%	6,117	2.1%	22,532	0.9%
Non-recurring employee expenses for reorganizations	(4,340)	0.1%	(4,340)	1.5%		
Other non-recurring income (expense)	(5,625)	0.1%	(5,625)	1.9%	(1,988)	0.1%
Tax on non-recurring transactions	592	0.0%	592	0.2%		
Total	**(3,256)**	**0.1%**	**(3,256)**	**1.1%**	**20,544**	**0.9%**
Figurative value without non-recurring transactions	**5,768,978**		**296,051**		**(2,419,247)**	

	Year to 09.30.2007					
(in thousands of euro)	Shareholders' equity		Net profit for the period		Net debt	
	amount	%	amount	%	amount	%
Book values	**6,381,908**		**513,418**		**(2,111,574)**	
Net capital gains on sale of fixed assets	9,528	0.1%	9,528	1.9%	27,432	1.3%
Non-recurring employee expenses for reorganizations						
Other non-recurring income (expense)	5,066	0.1%	5,066	1.0%	(7,338)	0.3%
Tax on non-recurring transactions	623	0.0%	623	0.1%		
Non-recurring tax	(11,322)	0.2%	(11,322)	2.2%		
Total	**3,895**	**0.1%**	**3,895**	**0.8%**	**20,094**	**1.0%**
Figurative value without non-recurring transactions	**6,378,013**		**509,523**		**(2,131,668)**	

Investments in fixed assets

Investments in fixed assets for the year to September 30, 2008, amounted to 745,842 thousand euro, as follows:

(in thousands of euro)	Year to 09.30.2008	Year to 09.30.2007	Change	
			Value	%
Investments in intangible assets	7,643	4,895	2,748	56.1%
Investments in property, plant and equipment	453,091	308,710	144,381	46.8%
Investments in non-current financial assets	247,275	469,725	(222,450)	-47.4%
Change in payables for non-current financial asset purchas	(5,698)	(3,777)	(1,921)	50.9%
Change in payables for PPE and intangible asset purchase	43,531	45,055	(1,524)	-3.4%
Total	**745,842**	**824,608**	**(78,766)**	**-9.6%**

Investments in property, plant and equipment at September 30, 2008, amounted to 453,091 thousand euro, an increase of approximately 47% from the first nine months of 2007. They focused mainly on the European Union for 173,218 thousand euro (including Italy 73,533 thousand euro, France 58,110 thousand euro and Spain 12,701 thousand euro), North America for 116,730 thousand euro and emerging countries in Asia for 82,394 thousand euro, of which India 66,707 thousand euro.

Investments in non-current financial assets at September 30, 2008, totaled 247,275 thousand euro, of which 66,021 thousand euro in the third quarter, the most significant was the Italgen investment in Turkey.

Net debt

Net debt at September 30, 2008, was 2,398,703 thousand euro (2,149,568 thousand euro at December 31, 2007). It comprised gross financing for 4,134,564 thousand euro (3,743,081 thousand euro at December 31, 2007) and gross financial assets for 1,735,861 thousand euro (1,593,513 thousand euro at December 31, 2007).
Gross financing was made up of short-term financing of 1,129,597 thousand euro (1,124,513 thousand euro at December 31, 2007) and medium/long-term financing of 3,004,967 thousand euro (2,618,568 thousand euro at December 31, 2007).

Net debt at September 30, 2008, included the current account receivable of 163,184 thousand euro in respect of the companies of the Calcestruzzi group.

The increase in net debt from December 31, 2007, was 249,135 thousand euro, as follows:

(in thousands of euro)	Change vs. December 31, 2007
Cash, cash equivalents and current financial assets	(138,854)
Short-term financing	5,084
Change in short-term debt	***(133,770)***
Medium/long-term assets	(3,494)
Medium/long-term financing	386,399
Change in medium/long-term debt	***382,905***
Change in total net debt	**249,135**

This change arose as a result of the net cash flows generated:

- on operating activities, before changes in working capital for +628.4 million euro;
- from changes in working capital for -161.0 million euro;
- from investments in fixed assets for -745.8 million euro;
- from divestments for +25.1 million euro;
- from distribution of dividends for -193.3 million euro;
- from the exclusion from net debt of the Calcestruzzi group at December 31, 2007, for + 157.9 million euro;
- from other net movements for +39.6 million euro.

* * *

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