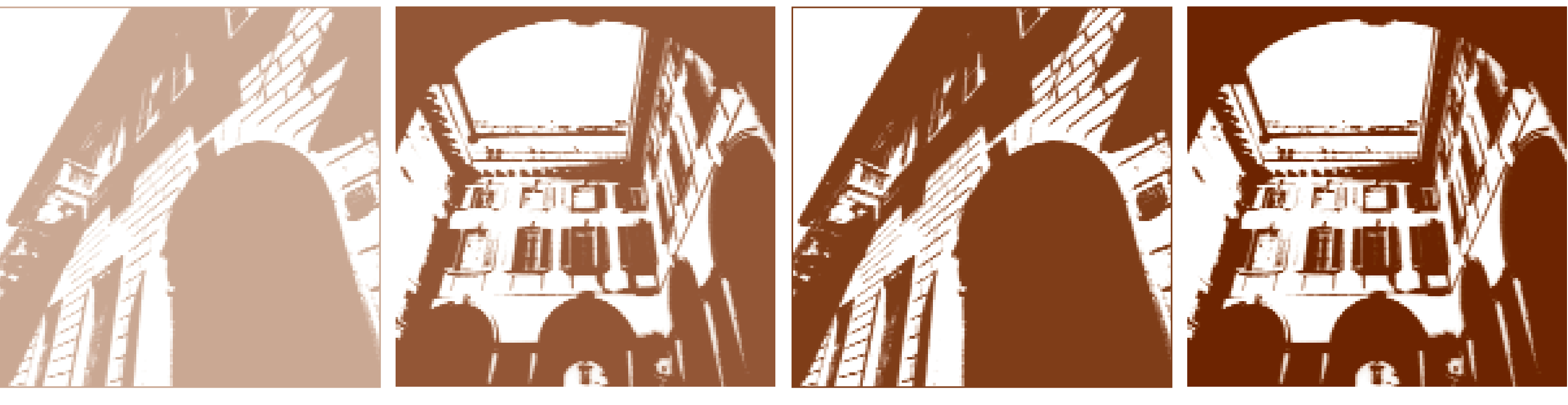
ITALMOBILIARE

2007 Annual Report



Contents

ITALMOBILIARE

2007 Annual Report

ITALMOBILIARE
Società per Azioni

Head Office: Via Borgonuovo, 20
20121 Milan - Italy
Share capital € 100,166,937
Milan Companies Register

Italmobiliare S.p.A. Directors, Officers and Auditors

Board of directors

(Term ends on approval of financial statements at 12.31.2007)

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

Board of statutory auditors

(Term ends on approval of financial statements at 12.31.2007)

Acting auditors		
Luigi Guatri		Chairman
Claudio De Re		
Eugenio Mercorio		
Substitute auditors		
Dino Fumagalli	7	
Pietro Curcio		
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
6 Lead independent director
7 Member of the Compliance Committee
8 Secretary to the Executive Committee

PROFESSIONAL PROFILES OF THE MEMBERS OF THE BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS

Board of Directors

Giampiero Pesenti
Degree in mechanical engineering – Milan Polytechnic.
1958, began working in the Technical Division of Italcementi S.p.A., the family firm established in 1864.
1983, appointed Chief Operating Officer; 1984, Chief Executive Officer; since 2004 Chairman of Italcementi S.p.A.
1984, appointed Chairman-Chief Executive Officer of Italmobiliare S.p.A., the holding company that controls Italcementi S.p.A. and the Sirap Gema group.

Italo Lucchini
Degree in economics & commerce – Bocconi University, Milan.
Assistant lecturer at Bocconi University and non-tenured lecturer at Bergamo University. Now works as a public accountant with a successful practice in Bergamo.

Carlo Pesenti
Degree in mechanical engineering – Milan Polytechnic.
Master in economics & management – Bocconi University, Milan.
After joining the Italcementi Group, gained significant experience in a variety of Group production units and in the Corporate Finance, Administration & Control Division.
Having held the post of Joint Chief Operating Officer, in May 2004 he was appointed Italcementi Chief Executive Officer.

Pier Giorgio Barlassina
Degree in economics & commerce – Catholic University, Milan. Public accountant.
Began working in 1964, at a medium-sized electromechanical firm in Monza.
1970, joined the Italmobiliare Group, where in 1983 he was appointed head of administration and subsequently, from 1988 to 2004, Joint Chief Officer for Administration & Finance.

Mauro Bini
Degree in economics & commerce – Bocconi University, Milan.
Full professor in Corporate Finance at the Bocconi University, Milan. Director of the corporate administration, finance and governance research centre (CAFRA) at the Bocconi University. Author of articles and books on corporate finance, financial reporting valuations and business assessment. Previously taught at the Ca' Foscari University, Venice.

Giorgio Bonomi
Degree in law – Milan State University.
Law practice in Bergamo.
Expert in distribution contracts, involved in the formation of some of Italy's largest purchasing consortia and the development of related arbitration procedures. Consultant to leading Italian groups on outdoor advertising and mass merchandising, with a specific focus on mergers and acquisitions.

Gabriele Galateri di Genola
Degree in law – Rome University.
Master in Business Administration (Dean Honor List) from Columbia University Business School.
Began his career at Banco di Roma, in the Central Division. 1974 to 1976, Financial Director at the Saint Gobain group. 1977, joined Fiat S.p.A., holding increasingly senior posts until his appointment as Finance Director. 1986, Chief Executive Officer of IFIL S.p.A. 1983, Chief Executive Officer and Chief Operating Officer of IFI S.p.A. June 2002, Chief Executive Officer of FIAT S.p.A. April 2003 to June 2007, Chairman of the Board of Directors of Mediobanca S.p.A. December 2007, Chairman of the Board of Directors of Telecom Italia S.p.A.

Luca Minoli
Degree in law – Milan State University.
1986 to 1987, associate of Hughes Hubbard & Reed in New York. First associate, late r partner from 1991 of the Ardito law firm. Since 2001, partner of the Casella, Minoli e Associati law firm and since 2004, equity partner of the Dewey & Leboeuf Studio Legale law firm.

Giorgio Perolari
Degree in economics & commerce – Perugia University.
Chairman of Perofil S.p.A. and Surveillance Director of Unione di Banche Italiane S.c.p.a.
Previous posts, Chief Executive Officer Perofil S.p.A., Director Banca Popolare di Bergamo, Director B.P.U., Director Banca 24.7.

Livio Strazzera
Degree in economics & commerce – Bocconi University, Milan.
Accountant in Milan and registered public accountant.
Tax consultant and auditor in many business corporations. Previously worked as a financial consultant in London, New York and Miami.

Board of Statutory Auditors

Luigi Guatri
Degree in economics & commerce – Bocconi University, Milan.
1949 to 1953, assistant lecturer in general and applied accounting at Bocconi University. 1954 to 1959, non-tenured lecturer at Genoa University. Subsequently full professor at Parma University. 1969, full professor at the Bocconi University. 1974 to 1999, Chief Executive Officer and since 1999 Vice President of the Bocconi University, where he was Rector from 1984 to 1989. Gold medal for merits in education and culture, 1988. Ambrogino d'oro medal from the city of Milan in 1989. Named Professor Emeritus by the Ministry for Universities & Scientific Research in 2003.

Claudio De Re
Degree in economics & commerce – Bocconi University, Milan.
Independent professional since 1961.

Eugenio Mercorio
Degree in economics & commerce – Bergamo University.
Independent professional. Also active as a receiver, adjuster and liquidator for insolvency procedures.

Dino Fumagalli
Degree in economics & commerce – Bergamo University.
Independent professional since 1983.
Member of the National Commission for the Enactment of Accounting Policies, 1989 to 1991.
Tax judge at the Bergamo Provincial Tax Commission, 1989 to 1999.

Pietro Curcio
Degree in economics & commerce – La Sapienza State University, Rome.
Worked in the Tax Office of Esso Italiana S.p.A.
Subsequently appointed Tax Manager of Exxon Chemical, Milan; 1985, appointed Treasury & Tax Director at Face Finanziaria; subsequently Chief Financial Officer at Alcatel Italia and Treasury & Tax Director at Alcatel Alsthom for Southern Europe.
Currently Chief Operating Officer at Finsise S.p.A.

Enrico Locatelli
Degree in economics & commerce – Bergamo University.
Since 1989, public accountant specializing in corporate and tax consultancy for SMEs, auditing and consultancies for insolvency procedures.

Call of Shareholders' Meeting

The Shareholders are called to a Meeting on first call on

April 29, 2008, at 11.00 am

at the Intesa Sanpaolo Assembly Hall, Piazza Belgioioso 1, Milan, and on second call on

April 30, 2008, at the same time and in the same venue,

to discuss the following

Order of Business

ORDINARY SESSION

1. The Reports of the Board of Directors and the Board of Statutory Auditors on financial year 2007: examination of the financial statements for the year to and as at December 31, 2007, and resolutions arising;
2. Authorization for the purchase and disposal of treasury shares;
3. Appointment of the Board of Directors after determination of term of office and number of members;
4. Appointment of the Statutory Auditors, the Chairman of the Board of Statutory Auditors and determination of remuneration;

EXTRAORDINARY SESSION*

5. Proposal for the optional conversion of company savings shares into ordinary shares, through the attribution to the holders of the 16,343,162 outstanding savings shares of the right to convert the shares in question into ordinary shares at a conversion rate of one new ordinary share (with the same characteristics and dividend entitlement rights as the ordinary shares outstanding at the conversion date) for one savings share presented for conversion, without adjustment payments. Resolutions arising and amendments to arts. 5, 6, 8 and 31 of the company by-laws.

Pursuant to the law and the by-laws, Shareholders holding ordinary shares for which the notice required under art. 2370, par 2 of the Italian Civil Code reached the company no later than two business days before the day fixed for the Shareholders' Meeting shall have the right to speak at the Shareholders' Meeting.

* . * . *

Documentation relating to the items on the order of business will be available for the public at the company's registered office and at Borsa Italiana S.p.A. at least 15 days before the day fixed for the Shareholders' Meeting on first call. Shareholders have the right to obtain a copy of such documentation.

The documentation in question will also be available during the same period at the Internet address www.italmobiliare.it.

* . * . *

Pursuant to the company by-laws, ***the Board of Directors is appointed*** on the basis of lists.

Lists may be presented only by Shareholders who alone or together with other shareholders can prove possession of not less than 2% of the share capital with voting rights.

No shareholder may present or participate in the presentation of more than one list, directly or through a third party or trust company.

(*) Addition to the order of business for the Shareholders' Meeting ex art. 10 of the company by-laws and art. 126-BIS Legislative Decree 58/98 requested by the shareholder Hermes Focus Asset Management Europe Ltd., General Partner of the Hermes European Focus Fund I, Hermes European Focus Fund II and Hermes European Focus Fund III and published in "Il Sole – 24 Ore" on April 12, 2008.

Shareholders belonging to the same group and shareholders who adhere to a shareholders' agreement on the company shares may not present more than one list, directly or through a third party or through trust companies.
Lists presented in violation of these restrictions will not be accepted.
On each list the names of the candidates must be listed with a progressive number.
Each candidate may be presented on one list only, on pain of ineligibility.
Lists must be presented at the company offices at least fifteen days before the date set for the Shareholders' Meeting on first call, together with the following documentation:

a) the declarations with which each candidate accepts their candidacy and declares, under their own responsibility, that no causes of ineligibility exist and that they possess the requisites of good standing required by law;
b) a brief curriculum vitae detailing the personal and professional characteristics of each candidate, showing directorship and auditing appointments held in other companies;
c) the declarations of each candidate regarding possession of the requisites of independence required by law and by the voluntary code of conduct, where appropriate;
d) information relating to the identity of the shareholders presenting the lists indicating the aggregate percentage of interest held and certification attesting to ownership of such interest;
e) the declaration of the shareholders, other than those who hold, alone or together a controlling or relative majority interest, attesting the absence of relationships as defined by current laws.

A presented list that does not comply with the above provisions will be considered as not presented.

* . * . *

Pursuant to the company by-laws, ***the Board of Statutory Auditors is appointed*** on the basis of lists.
Lists may be presented only by Shareholders who alone or together with other shareholders can prove possession of not less than 2% of the share capital with voting rights.
No shareholder may present or participate in the presentation of more than one list, directly or through a third party or trust company.
Shareholders belonging to the same group and shareholders who adhere to a shareholders' agreement on the company shares may not present more than one list, directly or through a third party or through trust companies.
Lists presented in violation of these restrictions will not be accepted.
Each list consists of two sections: one for candidates to the post of Acting auditor, one for candidates to the post of Substitute auditor.
Each section must list, with a progressive number, the names of not more than three candidates to the post of Acting auditor and not more than three candidates to the post of Substitute auditor.
Each candidate may be presented on one list only, on pain of ineligibility.
Lists must be presented at the company offices at least fifteen days before the date set for the Shareholders' Meeting on first call, together with the following documentation:

a) the declarations with which each candidate accepts their candidacy and declares, under their own responsibility, that no causes of ineligibility or incompatibility exist and that they possess the additional requisites required by law, the by-laws and the voluntary code of conduct;
b) a brief curriculum vitae detailing the personal and professional characteristics of each candidate, showing directorship and auditing appointments held in other companies;

c) information relating to the identity of the shareholders presenting the lists indicating the aggregate percentage of interest held and certification attesting to ownership of such interest;
d) the declaration of the shareholders, other than those who hold, alone or together a controlling or relative majority interest, attesting the absence of relationships as defined by current laws.

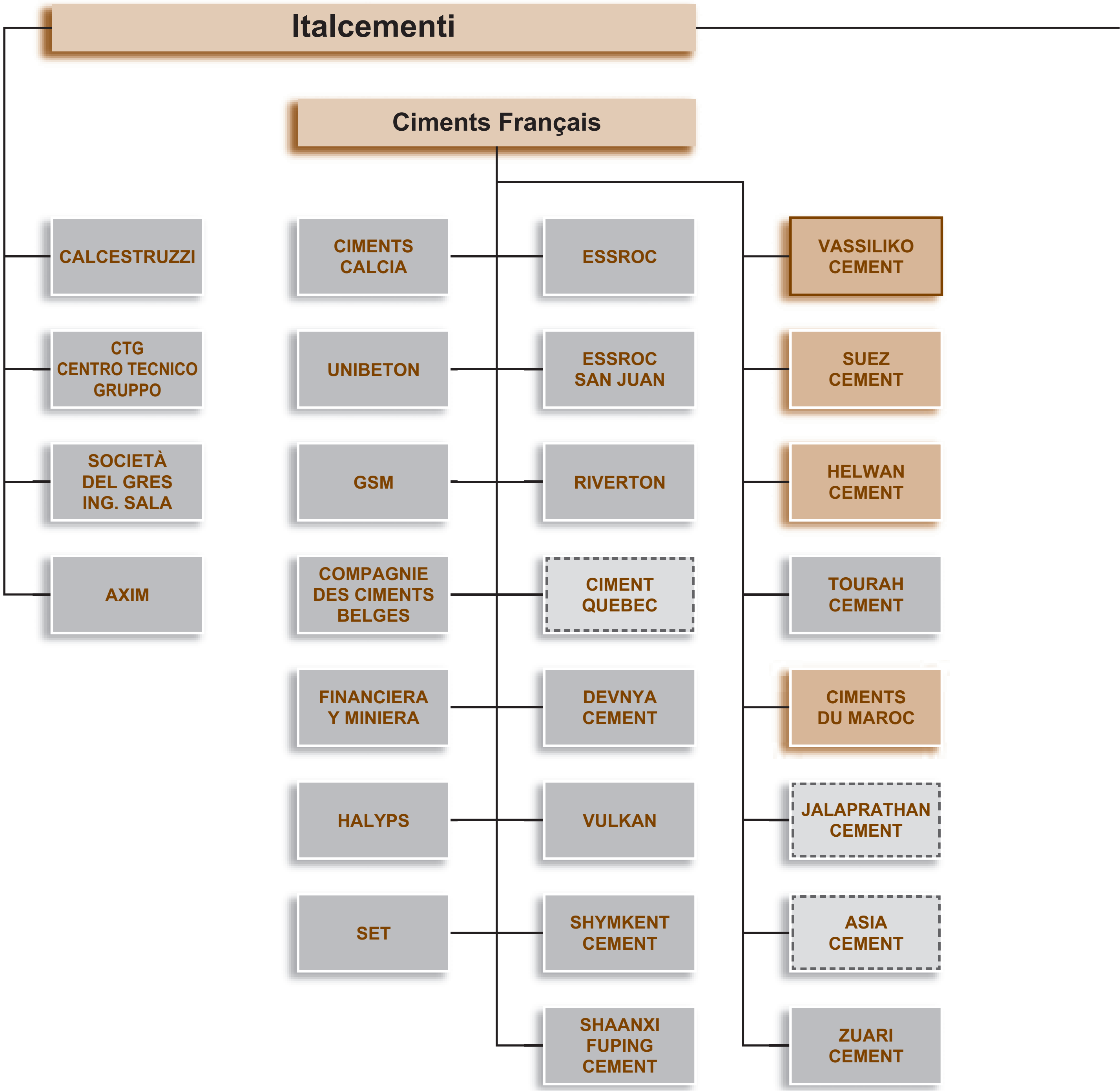
A presented list that does not comply with the above provisions will be considered as not presented.

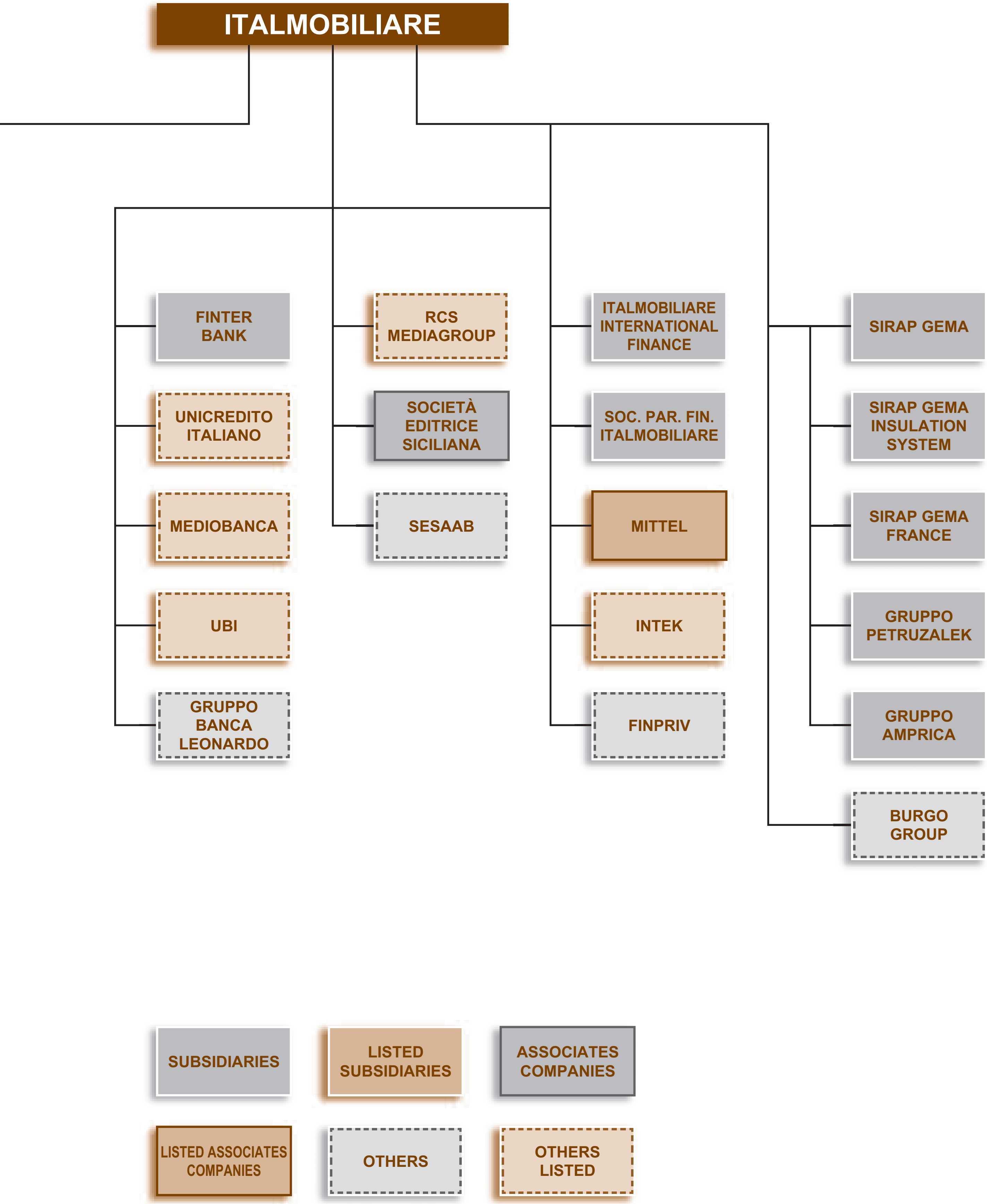
In the event that no later than 15 days before the day of the Shareholders' Meeting only one list has been presented, or only lists presented by shareholders who are interrelated pursuant to current law, additional lists may be presented until the fifth day after the above term and the 2% barrier specified above may be halved.

The Board of Directors

(Notice published on March 29, 2008 in “Il Sole - 24 Ore”)

Group structure
(as of 31 December 2007)



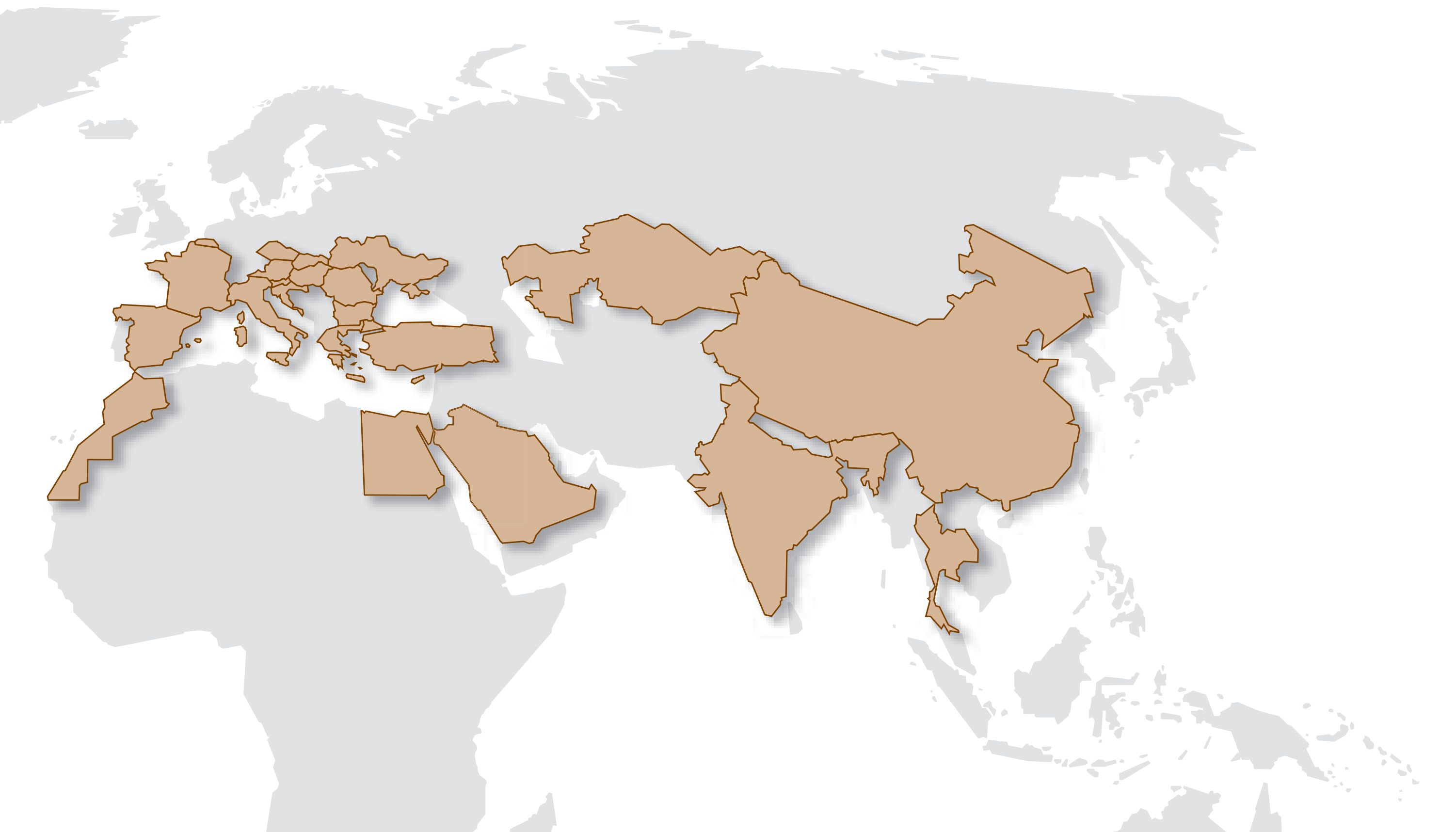


ITALMOBILIARE
FINTER BANK
UNICREDITO ITALIANO
MEDIOBANCA
UBI
GRUPPO BANCA LEONARDO
RCS MEDIAGROUP
SOCIETÀ EDITRICE SICILIANA
SESAAB
ITALMOBILIARE INTERNATIONAL FINANCE
SOC. PAR. FIN. ITALMOBILIARE
MITTEL
INTEK
FINPRIV
SIRAP GEMA
SIRAP GEMA INSULATION SYSTEM
SIRAP GEMA FRANCE
GRUPPO PETRUZALEK
GRUPPO AMPRICA
BURGO GROUP
SUBSIDIARIES
LISTED SUBSIDIARIES
ASSOCIATES COMPANIES
LISTED ASSOCIATES COMPANIES
OTHERS
OTHERS LISTED

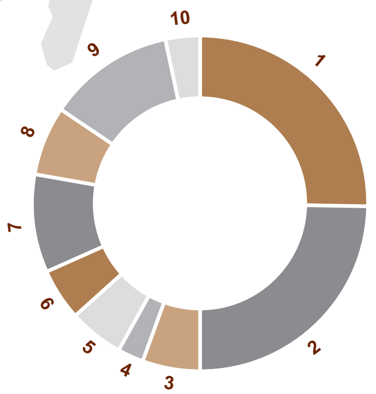
Group financial highlights

(in millions of euro)	2007	2006	2005	2004	2003 [1]
Revenues	6,397.0	6,216.5	5,282.3	4,773.0	4,397.1
Recurring EBITDA	1,462.1	1,550.0	1,230.7	1,142.1	1,077.4
EBITDA	1,462.7	1,541.0	1,216.3	1,154.3	1,077.4
EBIT	997.5	1,105.7	834.5	836.9	661.2
Net profit	660.9	748.5	606.1	526.4	442.0
Group net profit	217.2	264.4	211.3	191.5	168.7
Investments in fixed assets	1,107.0	865.2	1,253.7	439.3	399.7
Total shareholders' equity	6,300.2	6,407.9	5,916.7	3,976.1	3,638.1
Group shareholders' equity	2,909.6	2,975.0	2,696.3	1,798.1	1,646.2
Net debt	2,149.6	1,857.3	1,865.1	1,312.5	1,606.2
Net debt / Shareholders' equity	34.12%	28.98%	31.52%	33.01%	
Net debt / Recurring EBITDA	1.47	1.20	1.52	1.14	
(valori unitari)					
(Diluted) earnings per ordinary share	5.714	6.985	5.578	5.057	
(Diluted) earnings per savings share	5.792	7.063	5.656	5.135	
Shareholders' equity per share [2]	77.330	79.150	71.736	47.810	43.212
Dividend distributed per share					
ordinary	1.600	1.450	1.270	1.100	1.000
savings	1.678	1.528	1.348	1.178	1.078
Number of employees (heads)	25,252	24,509	22,857	18,345	17,722

[1] financial statements drawn up in compliance with Italian GAAP
[2] net of treasury shares

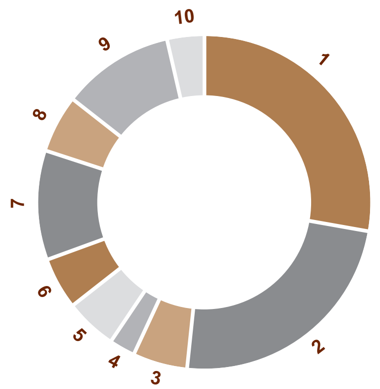


Country revenues 2007
(net of intercompany trading)



1	Italy 25,3%	**6**	Other European countries 5,1%
2	France 24,9%	**7**	North America 9,5%
3	Spain 5,4%	**8**	Asia 6,5%
4	Belgium 2,4%	**9**	Africa 12,2%
5	Other U.E. countries 5,4%	**10**	Trading and other countries 3,3%

Country revenues 2006
(net of intercompany trading)

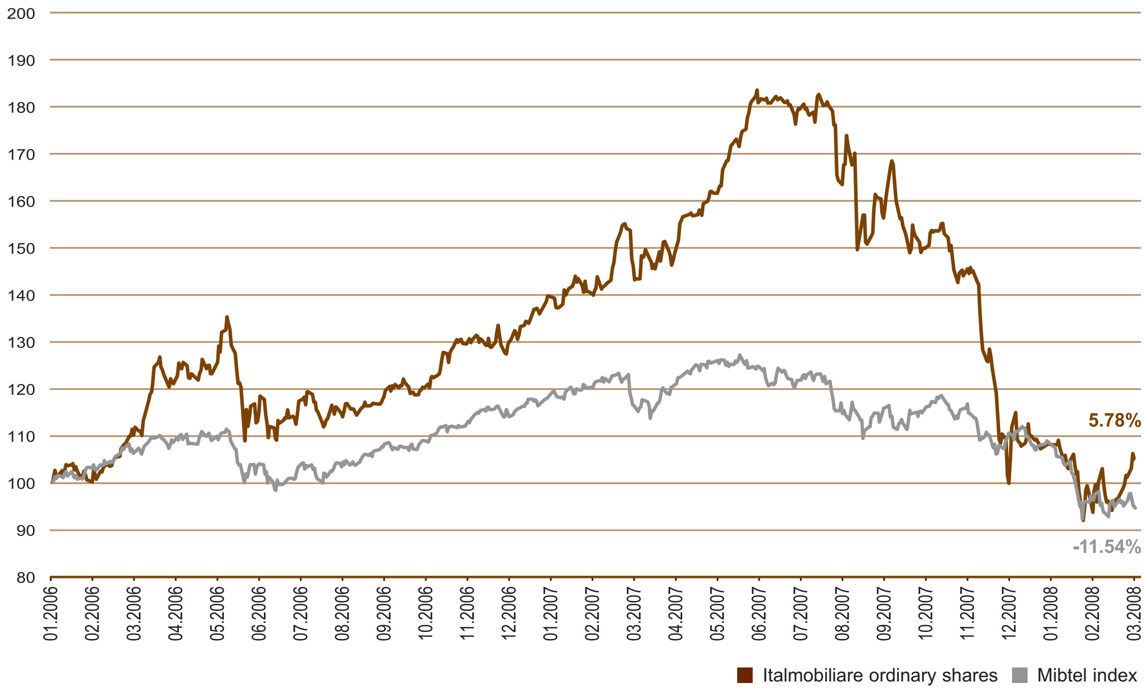


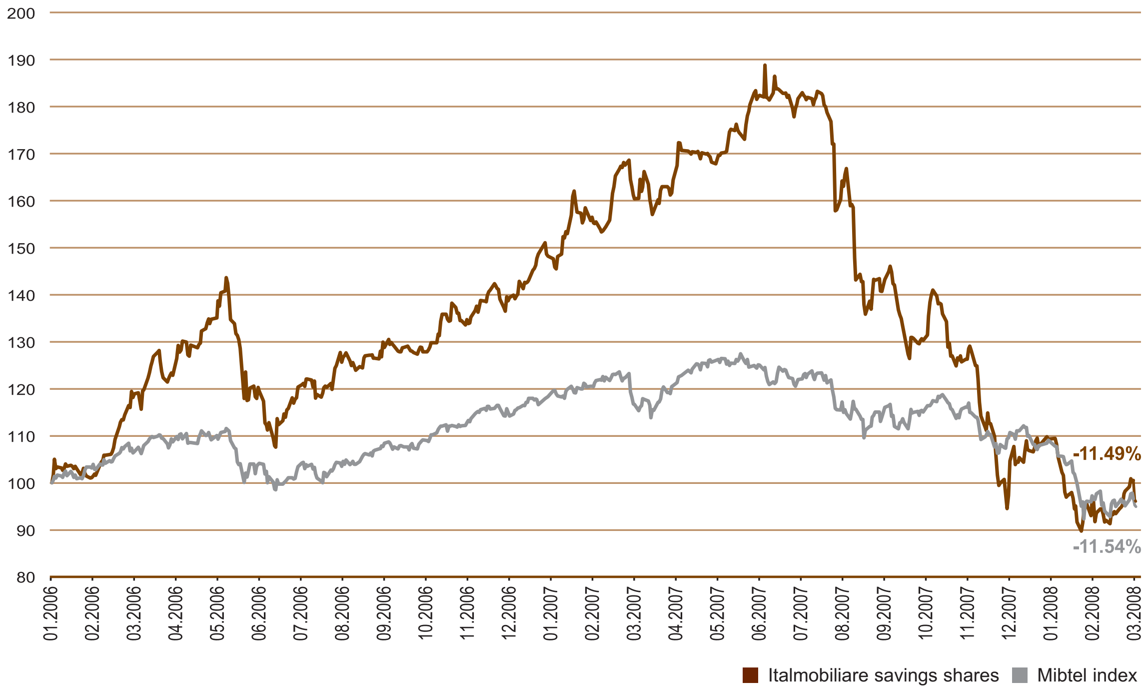
1	Italy 27,9%	**6**	Other European countries 5,0%
2	France 24,0%	**7**	North America 10,6%
3	Spain 5,3%	**8**	Asia 5,4%
4	Belgium 2,4%	**9**	Africa 10,9%
5	Other U.E. countries 5,0%	**10**	Trading and other countries 3,5%

Italmobiliare S.p.A. on the Stock Exchange

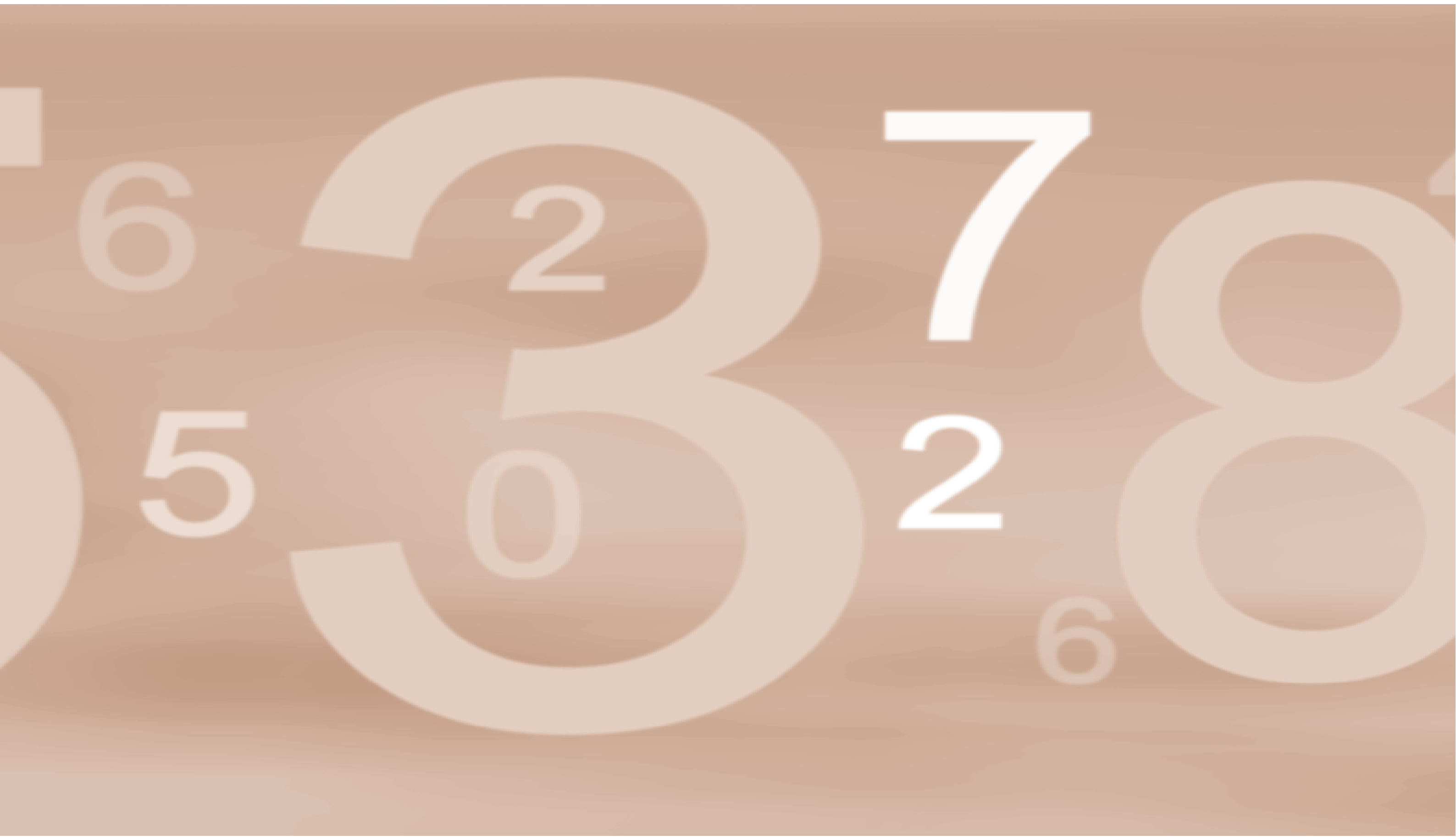
Share prices from 01.02.2006 to 03.26.2008

(euro)	high		low		02.01.2006	26.03.2008	performance
Ordinary shares	106.64	05.29.2007	53.34	01.20.2008	57.93	61.28	5.78%
Savings shares	83.15	06.05.2007	37.01	03.20.2008	44.04	38.98	-11.49%
Mibtel	34.365	05.18.2007	23.114	03.20.2008	26.958	23.846	-11.54%





Italmobiliare Group



Directors' Report

Foreword

Following the adoption by the European Union of Regulation no. 1606 of 2002, the Italmobiliare S.p.A. consolidated financial statements for 2007 have been drawn up in compliance with the International Accounting and Financial Reporting Standards (IAS/IFRS), as are the comparatives for financial year 2006, which have already been published.

The changes that have taken place in the reporting standards and interpretations compared to 2006 are detailed in the notes, in the section "Declaration of compliance with the IFRS"; they had no material impact. In accordance with the aforementioned Regulation, the principles to be adopted do not include the standards and interpretations published by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) at December 31, 2007, but not adopted by the European Union at that date. Furthermore, the European Union adopted additional standards/interpretations, which Italmobiliare S.p.A. will apply as from January 1, 2008, having decided not to elect early application.

A full description of the changes in the scope of consolidation is provided in the notes. The most important changes compared to 2006 occurred in the Italcementi group and the Sirap Gema group.

The changes in the Italcementi group were follows:

- line-by-line consolidation of the Indian company Zuari Cement Ltd. and its subsidiary Sri Vishnu Cement Ltd. subsequently merged with Zuari Cement Ltd. (consolidated on a proportionate basis until June 1, 2006);
- line-by-line consolidation from October 1, 2006, of the companies Ready Mix Beton Egypt S.A.E. (RMBE) and Ready Mix Beton S.A.E. (RMB) active in ready mixed concrete in Egypt, and from July 1, 2007, of Decom S.A.E, subsequently acquired by RMBE;
- line-by-line consolidation of Cambridge (Canada) from March 1, 2007, and Arrow (USA) from April 1, 2007, active in ready mixed concrete;
- line-by-line consolidation from July 1, 2007, of the Chinese cement company Fuping Cement Co. Ltd.;
- line-by-line consolidation from September 30, 2007, of Hilal Cement Company (Kuwait), which operates two terminals in southern Kuwait.

The main change at the Sirap Gema group was the acquisition of the Amprica group, consolidated line by-line as from June 30, 2006.
In 2007, following a transaction to the detriment of the subsidiary Inline Ucraine L.C.F.I., the company was deconsolidated for the full year.

Bulgaria and Romania have been EU member states since January 1, 2007: the 2006 comparatives by geographical area have been restated accordingly.

Calcestruzzi

As part of the judicial proceedings concerning Calcestruzzi S.p.A., described in greater detail in the section "Disputes" in the construction material sector, on January 29, 2008, the Caltanissetta Preliminary Investigating Judge (GIP) ordered the preventive seizure of the assets of Calcestruzzi S.p.A., and of the securities representing the entire share capital of Calcestruzzi S.p.A. held by the parent company Italcementi S.p.A. and by Sicil-fin S.r.l., a subsidiary of Italcementi S.p.A.. The Judge also appointed a receiver to administer the assets and act as depositary for the share capital.

The order relates to allegations that Calcestruzzi concrete plants in Sicily supplied a number of building sites with ready mix concrete of a quality inferior to that it had contracted to supply and that similar irregularities could have taken place elsewhere in Italy.
Having been deprived of all management and control powers, the Calcestruzzi Board of Directors resigned on February 14, on the grounds that they were unable to perform their duties.
The Caltanissetta Court upheld the appeal filed by Italcementi S.p.A. and Sicil-fin S.r.l. and annulled the seizure of the Calcestruzzi shares, with effect from Friday February 29 when the shares were returned to Italcementi and Sicil-fin. The Court confirmed the asset seizure.
On Tuesday March 4 the Calcestruzzi S.p.A. shareholders promptly appointed a completely new Board of Directors, nominating five independent directors.
The preventive seizure order was issued after closure of the financial year, but before the Calcestruzzi S.p.A. Board of Directors and/or its company committees were able to perform the necessary audits and obtain all the information required to complete the 2007 draft financial statements.
Equally, the new Calcestruzzi S.p.A. Board of Directors have deemed it impossible to approve the financial statements in time for inclusion in the Italcementi S.p.A. 2007 consolidated financial statements consistently with market disclosure requirements.
Regarding the economic risks related to anomalies in supplies, Italcementi S.p.A. is not in direct possession of nor has it received information or valuations that would generate adjustments to or have a material impact on the operating and financial data of Calcestruzzi S.p.A. and its subsidiaries, nor is it aware of contingent liabilities with measurable effects and probability.
As explained in greater detail in the section “Disputes and Pending Proceedings” in the construction material sector, at the present time no accounting irregularities have emerged at Calcestruzzi S.p.A. or its subsidiaries with respect to anomalies in supplies.
For these reasons, in view of the absolutely exceptional nature of the situation, after an exhaustive analysis of the question and taking into account the IAS/IFRS framework and principles, Italcementi has decided, after consultation with the Market Control Authority, to **consolidate Calcestruzzi S.p.A. and its subsidiaries on the basis of their interim financial statements as of September 30, 2007**, the most recent financial report available that has been duly prepared and approved (albeit for the purposes of the Group consolidation) by the Calcestruzzi S.p.A. Board of Directors.
Considering the relative importance of the Calcestruzzi group with respect to the Italcementi and Italmobiliare consolidated financial statements, the consolidation of Calcestruzzi S.p.A. and its subsidiaries on the basis of the approved figures as of September 30, 2007, is consistent with a fair and true representation of the consolidated Italcementi group and Italmobiliare Group economic and financial standing at December 31, 2007.
In 2008, assuming that the preventive asset seizure continues and that control therefore cannot be exercised over Calcestruzzi S.p.A. and its subsidiaries, the Calcestruzzi group will not be included in the Italcementi group and consequently in the Italmobiliare Group scope of consolidation, pursuant to IAS 27 § 21.

General overview

2007 was the fifth consecutive year of world economic growth above the average long-term rate. Nevertheless, clear signs emerged of a slowdown in the expansionary trend and greater imbalances accompanying the growth cycle. Specifically, the crisis that began on the US mortgages market in the second half of the year also had repercussions on financial brokers outside the USA; its impact on the real economy did not emerge fully during the year but there is little doubt that it will do so in 2008.
The continuous expansion of the emerging area as a whole, with double-digit growth reported in some countries including China, kept the raw materials markets under pressure, especially oil, where prices reached new peaks even in real terms. The inflationary backlash on the main economies, however, was relatively moderate compared with similar episodes in the past.
Among the less stable elements in the international economy, the dollar depreciated in value throughout the year, in response to growing concern over the sustainability of the US current deficit and expectations of a weakening in the North American economy.

The sub-prime mortgages crisis, whose repercussions are not yet fully under control, created a high level of uncertainty on the financial markets, with the following results: liquidity shortages, falling investor confidence and the need to sell investments in order to raise liquidity. On the debenture markets, this produced a rise in short-term rates, a general widening in credit spreads and a thinning in trades, with negative effects for securities prices. Meanwhile, the equities markets suffered high volatility and turned in an extremely negative performance, especially in banking/finance and construction. These trends have continued into 2008.

In 2007 the Italmobiliare Group recorded **total net profit** of 660.9 million euro and **Group net profit** of 217.2 million euro, against 748.5 million euro and 264.4 million euro respectively in 2006.

The other main results for the year to December 31, 2007, were:

- **Revenues**: 6,397.0 million euro from 6,216.5 million euro at December 31, 2006 (+2.9%);
- **Recurring EBITDA**: 1,462.1 million euro from 1,550.0 million euro at December 31, 2006 (-5.7%);
- **EBITDA**: 1,462.7 million euro from 1,541.0 million euro at December 31, 2006 (-5.1%);
- **EBIT**: 997.5 million euro from 1,105.7 million euro at December 31, 2006 (-9.8%);
- **Finance income and costs** (including exchange-rate differences and derivatives): net finance costs of 122.0 million euro, compared with 106.8 million euro at December 31, 2006 (+14.2%);
- **Profit before tax**: 891.4 million euro, from 1,019.3 million euro at December 31, 2006 (-12.6%).

At December 31, 2007, **total shareholders' equity** amounted to 6,300.2 million euro, against 6,407.9 million euro at December 31, 2006.

Investments in fixed assets in 2007 totaled 1,107.0 million euro, up from 865.2 million euro in 2006.

Net debt at December 31, 2007, was 2,149.6 million euro, compared with 1,857.3 million euro at December 31, 2006.

As a result of the changes in shareholders' equity and net debt, the gearing ratio rose from 29.0% at the end of December 2006 to 34.1% at the end of December 2007.

Performance in the individual sectors of the Italmobiliare Group was as follows:

- the **construction materials sector,** consisting of the Italcementi group (Italmobiliare's main industrial investment) reported consolidated revenues of 6,000.9 million euro (+2.5% from 2006), recurring EBITDA of 1,403.9 million euro (-3.0%) and EBITDA, benefiting from lower non-recurring charges, of 1,405.1 million euro (-2.1%). Performance reflected the impact of an unfavorable sales price/cost dynamic over the year, accompanied, in the fourth quarter, by a negative sales volume effect. The progress in sales prices reported in all countries with the sole exception of Thailand was not sufficient to counter the rise in variable and fixed costs. The negative exchange-rate effect was offset in part by the positive effect of the scope of consolidation. A larger decrease was reported at the level of EBIT (-5.4%), due to the rise in amortization and depreciation from 420.3 million euro in 2006 to 445.9 million euro, as a result of high investments in industrial fixed assets over the last few years and the enlarged scope of consolidation. These figures, together with higher net finance costs, were reflected in a 7.2% reduction in profit before tax to 851.9 million euro (918.3 million euro in 2006). After a 10.3% reduction in income tax expense, total net profit was 612.5 million euro (-6.0% from 2006). Net profit attributable to the group decreased by 5.7%, from 449.5 million euro in 2006 to 423.9 million euro in 2007;

- the **food packaging and thermal insulation sector** consisting of the Sirap Gema group reported revenue growth of 19.0%, or 8.2% at constant size and exchange rates. Revenues improved both in food packaging and in thermal insulation. Growth in recurring EBITDA was more limited, owing to negative performance on the French market and higher costs for raw materials, energy and transport. EBIT decreased from 14.8 to 8.3 million euro, reflecting expenses for the deconsolidation of Inline Ucraina L.C.F.I. (3.9 million euro), higher amortization and depreciation relating to the new acquisition (11.4 from 9.8 million euro) and the impairment loss applied to the French subsidiary (4.9 million euro). Higher finance costs, generated by the rise in average debt linked to the acquisition and by increased interest rates, combined with lower income tax expense produced a net loss for the year of 1.2 million euro, compared with a net profit for 2006 of 5.1 million euro. The net result attributable to the group was positive at 0.5 million euro (4.9 million euro in 2006;

- the **financial sector**, which comprises the parent company Italmobiliare and the wholly owned financial subsidiaries, posted a net profit of 85.3 million euro for 2007, a sharp decrease from 126.9 million euro in 2006. The overall earnings reduction arose from lower net income from equity investments (after non-recurring components in 2006), lower net income from cash investments (caused by the crisis on all financial markets in the second half) and higher debt charges, mainly as a result of the increase in interest rates. The fact that miscellaneous income and costs were virtually unchanged and income tax expense was lower countered to a small extent the decrease in net profit for the year;

- the **banking sector** combines the operations of Finter Bank Zürich and Crédit Mobilier de Monaco. It posted net income of 9.7 million euro, up by 19.5% from 8.1 million euro in 2006. The improvement was essentially due to the excellent performance of Finter Bank Zürich;

- the **property sector, services and other** does not have a large impact within the global context of the Group and its results are therefore not of material significance.

The **Italmobiliare** parent company posted a net profit for the year to December 31, 2007, of 73.6 million euro (161.6 million euro in 2006). The 2006 figure benefited from capital gains totaling 99.0 million euro on the sale of equity investments to the Franco Tosi subsidiary, carried out as part of the Group corporate restructuring. Excluding this effect on 2006 earnings, 2007 net profit for the year would have shown an increase of 17.5%.

Key consolidated figures

(in millions of euro)	2007	2006	% change
Revenues	**6,397.0**	**6,216.5**	***2.9***
Recurring EBITDA [1]	**1,462.1**	**1,550.0**	***(5.7)***
% of revenues	*22.9*	*24.9*	
Other income (expense)	0.6	(9.0)	*(106.9)*
EBITDA [2]	**1,462.7**	**1,541.0**	***(5.1)***
% of revenues	*22.9*	*24.8*	
Amortization and depreciation	(459.1)	(433.3)	*6.0*
Impairment variation	(6.1)	(2.0)	*n.s.*
EBIT [3]	**997.5**	**1,105.7**	***(9.8)***
% of revenues	*15.6*	*17.8*	
Finance income (costs)	(122.0)	(106.8)	*14.2*
Share of results of associates	15.9	20.4	*(22.2)*
Profit before tax	**891.4**	**1,019.3**	***(12.6)***
% of revenues	*13.9*	*16.4*	
Income tax expense	(230.5)	(270.8)	*(14.9)*
Net profit for the year	**660.9**	**748.5**	***(11.7)***
% of revenues	*10.3*	*12.0*	
Group net profit	**217.2**	**264.4**	***(17.9)***
% of revenues	*3.4*	*4.3*	
Minority interest	443.7	484.1	*(8.3)*
Cash flow from operating activities	955.7	1,013.9	
Investments in fixed assets	1,107.0	865.2	

(in millions of euro)	December 31, 2007	December 31, 2006
Total shareholders' equity	6,300.2	6,407.9
Group shareholders' equity	2,909.6	2,975.0
Net debt	2,149.6	1,857.3
Number of employees at period end	25,252	24,509

[1] Recurring EBITDA is the difference between revenues and costs, excluding: other non-recurring income and expense, amortization and depreciation, impairment variation, finance income and costs, share of results of associates and income tax expense.

[2] EBITDA is the sum of recurring EBITDA plus other (non-recurring) income and expense.

[3] EBIT is the sum of EBITDA plus amortization and depreciation and impairment variation.

Calcestruzzi consolidation effect

The consolidation of the Calcestruzzi group with the data for the period January 1 – September 30, 2007, had an impact on consolidated revenues and a negligible effect on the overall profitability of the Italmobiliare Group.
To permit comparison on a like-for-like basis, the table below sets out the main income statement items; the first column shows 2007 full-year results (with the Calcestruzzi group consolidated only up to September 30, 2007), the second column shows 2006 restated full-year results, i.e., after deduction of the Calcestruzzi group fourth-quarter contribution from the various items. The third column shows the year-on-year changes on a like-for-like basis.

(in millions of euro)	**2007**	**Previous year ***	**% change**
Revenues	6,397.0	6,112.1	*4.7*
Recurring EBITDA	1,462.1	1,546.1	*(5.4)*
EBITDA	1,462.7	1,536.7	*(4.8)*
EBIT	997.5	1,105.0	*(9.7)*
Net profit for the period	660.9	751.6	*(12.1)*

* with results for the Calcestruzzi group up to September 30, 2006

Quarterly trend

(in millions of euro)	Full year 2007	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Revenues	**6,397.0**	**1,488.9**	**1,625.0**	**1,781.2**	**1,501.9**
% change vs 2006	*2.9*	* *(4.6)*	*3.6*	*3.5*	*9.9*
Recurring EBITDA	**1,462.1**	**308.3**	**379.7**	**476.1**	**297.9**
% change vs 2006	*(5.7)*	* *(9.2)*	*(9.4)*	*(4.6)*	*2.0*
% of revenues	*22.9*	*20.6*	*23.4*	*26.7*	*19.8*
EBITDA	**1,462.7**	**294.3**	**384.5**	**484.1**	**299.8**
% change vs 2006	*(5.1)*	* *(7.3)*	*(8.8)*	*(4.4)*	*1.4*
% of revenues	*22.9*	*19.7*	*23.7*	*27.2*	*20.0*
Amortization and depreciation	(459.1)	(119.2)	(114.9)	(113.3)	(111.8)
Impairment variation	(6.1)	(5.5)	(0.1)	(0.4)	-
EBIT	**997.5**	**169.6**	**269.5**	**370.4**	**188.0**
% change vs 2006	*(9.8)*	* *(15.9)*	*(13.3)*	*(7.6)*	*(2.1)*
% of revenues	*15.6*	*11.3*	*16.6*	*20.8*	*12.5*
Finance income (costs)	(122.0)	(22.6)	(40.2)	(24.6)	(34.7)
Share of results of associates	15.9	4.2	6.8	5.3	(0.3)
Profit before tax	**891.4**	**151.2**	**236.1**	**351.1**	**153.0**
% of revenues	*13.9*	*10.1*	*14.5*	*19.7*	*10.2*
Income tax expense	(230.5)	(3.7)	(89.7)	(90.7)	(46.4)
Net profit for the period	**660.9**	**147.5**	**146.4**	**260.4**	**106.6**
% of revenues	*10.3*	*9.9*	*9.0*	*14.6*	*7.1*
Group net profit	**217.2**	**48.6**	**37.6**	**96.7**	**34.4**
% of revenues	*3.4*	*3.3*	*2.3*	*5.4*	*2.3*
Minority interests	443.7	98.9	108.8	163.7	72.2

* The changes with respect to Q4 2006 excluding Calcestruzzi S.p.A. and its subsidiaries would have been: for Revenues +2.3%, for Recurring EBITDA -8.2%, for EBITDA -6.0%, for EBIT -15.6%

The fourth quarter saw a 4.6% decrease in revenues, due entirely to the exclusion of Calcestruzzi results, while all the Group sectors, including the Italcementi group without Calcestruzzi, reported revenue growth.

EBIT decreased by 15.9%, due to the reduced contribution of the construction materials sector, negative postings for Ukraine and France in the packaging and insulation sector, and the downturn in results in the financial sector owing to the deterioration of the markets.

Net profit for the fourth quarter reflected an improvement of 1.4% arising on higher net finance costs (including derivatives and exchange-rate differences), a decrease in the share of results of associates and more favorable income tax items.

Revenues and operating results

Contribution to consolidated revenues
(net of intragroup eliminations)

(in millions of euro)	2007		2006		Change	
		%		%	%	%[1]
Business sector						
Construction materials	5,995.7	*93.7*	5,849.1	*94.1*	*2.5*	*3.5*
Packaging and insulation	248.2	*3.9*	208.6	*3.3*	*19.0*	*8.2*
Financial	100.5	*1.6*	109.0	*1.8*	*(7.8)*	*(7.5)*
Banking	50.6	*0.8*	48.2	*0.8*	*5.0*	*10.1*
Property, services, other	2.0	-	1.6	-	*19.7*	*19.7*
Total	**6,397.0**	***100.0***	**6,216.5**	***100.0***	***2.9***	***3.6***
Geographical area						
European Union	4,055.1	*63.4*	4,017.6	*64.6*	*0.9*	*2.9*
Other European countries	328.6	*5.1*	309.5	*5.0*	*6.2*	*6.0*
North America	605.7	*9.5*	659.7	*10.6*	*(8.2)*	*(6.7)*
Asia	415.9	*6.5*	337.7	*5.4*	*23.2*	*5.8*
Africa	778.6	*12.2*	676.8	*10.9*	*15.0*	*16.4*
Trading and other	213.1	*3.3*	215.2	*3.5*	*(1.0)*	*0.6*
Total	**6,397.0**	***100.0***	**6,216.5**	***100.0***	***2.9***	***3.6***

[1] at constant size and exchange rates

Revenues and operating results by sector and geographical area

(in millions of euro)	Revenues		Recurring EBITDA		EBITDA		EBIT	
	2007	%chge vs. 06	2007	%chge vs. 06	2007	%chge vs. 06	2007	%chge vs. 06
Business sector								
Construction materials	6,000.9	*2.5*	1,403.9	*(3.0)*	1,405.1	*(2.1)*	958.0	*(5.4)*
Packaging and insulation	248.2	*19.0*	28.6	*15.0*	24.6	*0.1*	8.3	*(43.7)*
Financial	155.9	*(4.1)*	66.8	*(40.3)*	69.6	*(39.5)*	69.5	*(39.6)*
Banking	50.6	*5.0*	13.4	*1.5*	13.4	*1.4*	11.8	*15.0*
Property, services, other	3.1	*12.7*	0.9	*(74.6)*	1.4	*(62.7)*	1.3	*(64.5)*
Inter-sector eliminations	(61.7)	*3.5*	(51.5)	*2.3*	(51.4)	*2.3*	(51.4)	*2.3*
Total	**6,397.0**	***2.9***	**1,462.1**	***(5.7)***	**1,462.7**	***(5.1)***	**997.5**	***(9.8)***
Geographical area								
European Union	4,155.5	*1.6*	806.5	*(7.0)*	825.8	*(7.1)*	568.8	*(12.0)*
Other European countries	329.6	*6.3*	61.6	*(11.6)*	58.2	*(16.0)*	41.3	*(19.6)*
North America	605.7	*(8.2)*	127.6	*(18.5)*	127.3	*(18.3)*	80.3	*(27.2)*
Asia	444.3	*23.0*	124.4	*22.0*	123.2	*21.2*	81.8	*21.9*
Africa	809.7	*10.0*	334.8	*2.5*	319.7	*7.5*	221.5	*7.1*
Trading	364.5	*10.9*	20.4	*4.1*	21.7	*11.1*	19.6	*10.1*
Other and inter-area eliminations	(312.3)	*15.9*	(13.2)	*n.s.*	(13.2)	*n.s.*	(15.8)	*n.s.*
Total	**6,397.0**	***2.9***	**1,462.1**	***(5.7)***	**1,462.7**	***(5.1)***	**997.5**	***(9.8)***

n.s. not significant

The 2.9% increase in **revenues** compared with 2006 was due to:

- the improvement in business volumes for 3.6%;
- the above-mentioned changes in the scope of consolidation for 0.7%;
- the negative exchange-rate effect for 1.4%, as a result of the depreciation of the US dollar, Swiss franc, some East European currencies and the Egyptian lira against the euro, and the appreciation of the Thai baht.

The growth in business volumes reflected the following contributions: construction materials (+3.5%) as a result of higher sales prices in most countries; packaging and insulation (+8.2%) thanks to increased thermal insulation sales and growth in food packaging revenues in Eastern Europe; and the banking sector (+10.1%) driven by the performance of Finter Bank Zürich. The financial sector reported a reduction of 7.5%, essentially due to the absence of the previous year's capital gain on the sale of Gemina shares.

Recurring EBITDA (1,462.1 million euro) and **EBITDA** (1,462.7 million euro) decreased respectively by 87.9 million euro (-5.7%) and 78.3 million euro (-5.1%) from 2006. These results reflected positive contributions from the packaging and insulation and the banking sectors, and downturns in construction materials and the financial sector for the reasons described above.

After higher amortization and depreciation charges (459.1 million euro from 433.3 million euro in 2006), largely as a result of the enlarged scope of consolidation, and higher impairment losses, **EBIT** decreased by 9.8%, from 1,105.7 million euro to 997.5 million euro.

By geographical area, results reflected: significant growth in Asia and to a lesser extent in Africa, a downturn in the European countries as a whole and a sharp reduction in North America. In absolute terms, the EU countries were the largest contributor to revenues and EBIT.

Finance costs and other items

Net finance costs, including exchange-rate differences and net derivatives, totaled 122.0 million euro, up by 15.2 million euro from 2006 (106.8 million euro) as a result of higher borrowing costs and larger negative exchange-rate differences.

The **share of results of associates,** 15.9 million euro, was down by 4.5 million euro from 2006 (20.4 million euro), after a sharp reduction in the Mittel contribution, countered only in part by the improvements reported by some associates in the construction materials sector.

Net profit for the period

Profit before tax was 891.4 million euro, down by 12.6% from 2006 (1,019.3 million euro).

Income tax expense was 230.5 million euro, a decrease of 14.9% from 2006 due to the decease in profit before tax and the reduction in the average tax rate from 26.57% to 25.85%. The fourth quarter also benefited from some non-recurring fiscally driven items.

Net profit for the year was 660.9 million euro, a decrease of 11.7% from 2006 (748.5 million euro). **Group net profit** was 217.2 million euro (-17.9%) against 264.4 million euro in 2006, while minority interest at 443.7 million euro decreased by 8.3%.

Net debt

At December 31, 2007, **net debt** was 2,149.6 million euro, up by 292.3 million euro from December 31, 2006. The increase arose mainly from the year's high investments in fixed assets (1,107.0 million euro) and dividends paid (194.4 million euro), countered in part by cash flows from operating activities (955.7 million euro). Cash flows reflected a benefit of 114.9 million euro from the reduction in working capital after without-recourse factoring of trade receivables.

Breakdown of net debt

(in millions of euro)	December 31, 2007	December 31, 2006
Cash, cash equivalents and current financial assets	(1,521.7)	(1,504.5)
Short-term financing	1,124.5	879.2
Medium/long-term financial assets	(71.8)	(68.7)
Medium/long-term financing	2,618.6	2,551.3
Net debt	**2,149.6**	**1,857.3**
Change vs. December 2006	*292.3*	

Financial data

(absolue values in millions of euro)	December 31, 2007	December 31, 2006
Net debt	2,149.6	1,857.3
Consolidated shareholders' equity	6,300.2	6,407.9
Gearing	**34.12%**	**28.98%**
Net debt	2,149.6	1,857.3
EBITDA before other income and expense	1,462.1	1,550.0
Leverage	**1.47**	**1.20**

Balance sheet summary

(in millions of euro)	December 31, 2007	December 31, 2006
Property, plant and equipment	4,257.4	4,146.2
Intangible assets	2,071.2	1,953.9
Other non-current assets	1,799.5	1,980.6
Non-current assets	**8,128.1**	**8,080.7**
Current assets	**4,145.9**	**4,053.5**
Total assets	**12,274.0**	**12,134.2**
Group shareholders' equity	2,909.6	2,975.0
Minority interests	3,390.6	3,432.9
Total shareholders' equity	**6,300.2**	**6,407.9**
Non-current liabilities	3,425.7	3,452.9
Current liabilities	2,548.1	2,273.4
Total liabilities	**5,973.8**	**5,726.3**
Total shareholders' equity and liabilities	**12,274.0**	**12,134.2**

Summary of cash flows

(in millions of euro)	December 31, 2007	December 31, 2006
Net debt at 01.01.2006		**(1,865.1)**
Net debt at 12.31.2006	**(1,857.3)**	
Cash flow from operating activities	955.7	1,013.9
Investments:		
Tangible and intangible assets	*(554.7)*	*(520.1)*
Non-current financial assets	*(552.3)*	*(345.1)*
Investments in fixed asses	**(1,107.0)**	**(865.2)**
Divestments of fixed assets	61.5	64.3
Dividends paid	(194.4)	(223.8)
Net flow from treasury share buybacks/sales	(14.8)	(4.6)
Net debt of acquisitions/divestments	(40.4)	(47.8)
Other	47.1	71.0
Change in net debt	(292.3)	7.8
Net debt at period end	**(2,149.6)**	**(1,857.3)**

Investments in fixed assets

(in millions of euro)	Financial assets		Property, plant and equipment		Intangible assets	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**
Business sector						
Construction materials	464.2	268.8	539.7	503.6	11.8	16.6
Packaging and insulation	2.2	47.7	10.8	12.8	1.0	1.4
Financial	92.6	27.8	-	0.1	-	-
Banking	-	0.5	0.8	1.4	0.4	0.2
Property, services, other	-	-	0.1	0.2	0.1	-
Total	**559.0**	**344.8**	**551.4**	**518.1**	**13.3**	**18.2**
Change in payables	(6.7)	0.3	(10.0)	(16.2)	-	-
Total investments in fixed assets	**552.3**	**345.1**	**541.4**	**501.9**	**13.3**	**18.2**
Geographical area						
European Union	326.4	124.0	276.0	352.8	11.5	17.4
Other European countries	13.5	96.3	19.2	14.0	0.8	0.3
North America	50.3	-	118.0	68.3	-	-
Asia	28.2	113.0	62.1	38.5	0.1	-
Africa	92.1	11.0	70.9	39.8	-	-
Trading	37.2	-	3.7	3.6	0.2	-
Other	11.3	0.5	1.5	1.1	0.7	0.5
Total	**559.0**	**344.8**	**551.4**	**518.1**	**13.3**	**18.2**
Change in payables	(6.7)	0.3	(10.0)	(16.2)	-	-
Total investments in fixed assets	**552.3**	**345.1**	**541.4**	**501.9**	**13.3**	**18.2**

The high level of Group investments in fixed assets during the year for a total of 1,107.0 million euro, up by 241.8 million euro from 2006, focused in particular on enhancing and rationalizing existing industrial facilities and equity investment acquisitions.

Investments in tangible and intangible fixed assets, largely in the construction materials sector, amounted to 554.7 million euro, an increase of 34.6 million euro from 2006 (520.1 million euro).

Investments in financial assets totaled 552.3 million euro (345.1 million euro in 2006), and referred to the construction materials sector for 464.2 million euro, the packaging and insulation sector for 2.2 million euro and the financial sector for 92.6 million euro.

Shareholders' equity

Total shareholders' equity at December 31, 2007, at 6,300.2 million euro, was down by 107.7 million euro from December 31, 2006, of which 65.4 million euro attributable to Group shareholders' equity and 42.3 million euro to minority interests. The overall decrease reflected the positive impact of net profit (660.9 million euro) and the negative impact of the reduction in the translation reserves (-82.7 million euro), dividends paid (194.4 million euro), negative fair value adjustments (-188.7 million euro), as well as the change in the scope of consolidation and in control percentages (-304.1 million euro). The changes in total shareholders' equity are detailed in the “Statement of movements in total consolidated shareholders' equity”.

Reconciliation between parent company net profit and shareholders' equity and Group net profit and shareholders' equity

(in thousands of euro)		**December 31, 2007**
Net profit for the year of the parent company Italmobiliare S.p.A.		**73,592**
Consolidation adjustments:		
• Net profits of consolidated companies (Group share)		211,415
• Adjustment of equity investments valued with the equity method		2,594
• Elimination of dividends recognized in the period		(70,381)
• Elimination of intercompany gains or losses and other changes		4
Group net profit		**217,224**
Shareholders' equity of the parent company Italmobiliare S.p.A.		**1,568,459**
• Elimination of carrying amount of consolidated equity investments		(1,344,467)
in companies consolidated on a line-by-line or proportionate basis	*(1,283,687)*	
in associates consolidated with the equity method	*(60,780)*	
• Recognition of shareholders' equity of consolidated equity investments		2,646,310
in companies consolidated on a line-by-line or proportionate basis	*2,574,770*	
in associates consolidated with the equity method	*71,540*	
• Gains allocated to shareholders' equity of subsidiaries and associates		41,639
• Elimination of effects of intragroup transactions		(2,329)
Group consolidated shareholders' equity		**2,909,612**

Construction materials sector

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

(in millions of euro)		2007	2006	% change
Revenues	*	**6,000.9**	**5,854.1**	***2.5***
Recurring EBITDA		**1,403.9**	**1,446.9**	***(3.0)***
% of revenues		*23.4*	*24.7*	
Other income (expense)		1.1	(12.4)	*n.s.*
EBITDA		**1,405.1**	**1,434.5**	***(2.1)***
% of revenues		*23.4*	*24.5*	
Amortization and depreciation		(445.9)	(420.3)	*6.1*
Impairment variation		(1.2)	(1.9)	*(37.8)*
EBIT		**958.0**	**1,012.3**	***(5.4)***
% of revenues		*16.0*	*17.3*	
Finance income (costs)		(119.4)	(105.4)	*13.3*
Share of results of associates		13.3	11.3	*17.5*
Profit before tax		**851.9**	**918.3**	***(7.2)***
% of revenues		*14.2*	*15.7*	
Income tax expense		(239.4)	(266.9)	*(10.3)*
Net profit for the year		**612.5**	**651.4**	***(6.0)***
% of revenues		*10.2*	*11.1*	
Group net profit		**423.9**	**449.5**	***(5.7)***
Minority interest		188.6	201.9	*(6.6)*
Cash flow from operating activities		935.0	890.5	*5.0*
Investments in fixed assets		999.0	773.2	*5.9*

n.s.: not significant
* 2007 revenues are 98.8 million euro lower than the preliminary figure announced on February 4, 2008, due to the fact that consolidation of the Calcestruzzi group was limited to the period January 1 - September 30, 2007

(in millions of euro)	December 31, 2007	December 31, 2006
Total shareholders' equity	4,760.5	4,660.2
Group shareholders' equity	3,479.5	3,298.5
Net debt	2,418.2	2,210.3
Number of employees at period end	23,706	22,868

Consolidation of Calcestruzzi

The consolidation of the Calcestruzzi group on the basis of the data for the period January 1 – September 30, 2007, has generated a net reduction of approximately 99 million euro in Italcementi group consolidated revenues with respect to the figures examined by the Board of Directors on February 4, 2008, and published on that date which included the figures of the fourth-quarter data for the Calcestruzzi group obtained from preliminary computations. If the net contribution of the Calcestruzzi group for the fourth quarter of 2006 is deducted from the corresponding consolidated income statement items, the impact on 2006 revenues would be a decrease of 104 million euro, with a substantially immaterial effect on Italcementi group overall profitability for financial year 2006. For the purposes of comparison, the main 2007 consolidated income statement items are compared with the corresponding year-earlier items estimated using Calcestruzzi group data referring only to the period January 1 – September 30, 2006.

(in millions of euro)	**2007**	**Previous year ***	**% change**
Revenues	6,000.9	5,749.7	*4.4*
Recurring EBITDA	1,403.9	1,443.0	*(2.7)*
EBITDA	1,405.1	1,430.2	*(1.8)*
EBIT	958.0	1,011.6	*(5.3)*
Net profit	612.5	654.5	*(6.4)*

* with Calcestruzzi results for the year to September 30, 2006

In 2006 Calcestruzzi S.p.A. and its subsidiaries posted consolidated revenues of 580.1 million euro (9.9% of Italcementi Group consolidated revenues), EBITDA of 27.1 million euro (1.9% of the consolidated figure), and a net loss of -0.8 million euro. The equity investment in Calcestruzzi S.p.A. is carried by Italcementi S.p.A. at a cost of 138.7 million euro and by Sicilfin S.p.A. (controlled 99.5% by Italcementi S.p.A. and 0.5% by Franco Tosi srl) at a cost of 0.158 million euro.

Performance in the construction materials sector

In the construction industry, the differences among the cyclical positions of the various regions and countries tended to widen during 2007, with a worsening of the sectorial recession in the USA, signs of weakening in some euro zone countries, continuation of the phase of robust growth in the emerging region.

The latest developments reflect the impact of the new trends in the residential segment, previously assisted by exceptionally favorable credit conditions virtually everywhere. The decline in the US residential building sector has worsened and the subprime mortgages crisis has made it clear that a long period of low building activity, presumably still underway, will be needed to restore an equilibrium between housing supply and demand.

In the euro zone, trends differed from one country to another and even among individual local markets, but generally speaking a non-episodic weakening was evident in industry activity. In the emerging countries where the group operates, the current vigorous growth phase showed no signs of flagging and in many cases construction activity was far more robust than expected.

Against this background the Italcementi group devoted significant attention to investments to enhance and modernize its industrial facilities and support further international expansion. International growth in 2007 was achieved through medium-size acquisitions, enabling the group to enter the cement markets in China and Kuwait and raise integration among its cement, aggregates and ready mixed concrete businesses in countries where it was already present.

Sales volumes (in millions of euro)	2007[1]	% change on 2006 historic	 at constant size
Cement and clinker *(millions of metric tons)*	64.6	*1.1*	*(1.3)*
Aggregates[2] *(millions of metric tons) **	56.3	*(5.1)*	*(2.2)*
Ready mixed concrete (millions of *m^3) **	20.5	*(4.9)*	*(0.6)*

[1] amounts refer to companies consolidated on a line-by-line basis and pro quota, to companies consolidated on a proportionate basis
[2] excluding outgoes on work-in-progress account
* sales volumes for aggregates and ready mixed concrete are 1.3 million metric tons and 2.1 million m^3 lower respectively than the preliminary figures announced on February 4, 2008, due to the fact that consolidation of the Calcestruzzi group was limited to the period January 1 - September 30, 2007

At constant size, group 2007 sales volumes decreased slightly in all lines of business.

In the **cement and clinker** sector, trends were positive for the emerging markets as a whole on an historic basis and at constant size, thanks to lively performance in all the Eastern Europe and Southern Med Rim countries, especially Morocco and Egypt. Nevertheless, this growth offset only in part the downturn in the mature countries, where performance slackened in Central Western Europe, with the exception of France, and, to a more marked extent, in North America

The slackening in **aggregates** arose largely in Central Western Europe where the majority of group operations are located. The progress reported in France and Belgium did not offset the slowdown in Spain, Italy and Greece.

The slight decline in **ready mixed concrete** was due to slow performance in the fourth quarter and the decline in Central Western Europe (a fall in Greece, and in Italy in the first 9 months of 2007, increases in the other markets), Turkey and Thailand, countered by positive trends, also at constant size, in North America and Egypt.

The sharper decrease in aggregates and ready mixed concrete on an historic basis reflected the impact of the consolidation of Calcestruzzi S.p.A. and its subsidiaries to September 30, 2007. This effect was offset in part, in the ready mixed concrete business, by the acquisitions in North America and Egypt.

The 2.5% increase in revenues from 2006 reflected business growth of +3.6% at constant size and exchange rates. Exchange rates had a negative effect of -1.5%. The changes in the scope of consolidation produced a positive net effect of 0.4%, including consolidation of Calcestruzzi up to September 30, 2007, which had an impact of -1.8%.

At constant size and exchange rates, revenue growth was reported by all the macro areas with the sole exception of North America, where revenues fell by 6.7%. The largest contribution came from the East European and Southern Med Rim countries, which all reported growth, with the largest contribution from Egypt.

The effect of the enlargement of the scope of consolidation arose largely from ready mixed concrete acquisitions in North America and Egypt, line-by-line consolidation of Zuari Cement in India, consolidated on a proportionate basis until June 1, 2006, and the acquisition of Fuping Cement in China. These positive effects were moderated by the consolidation of the Calcestruzzi group for the year to September 30, 2007.

The exchange-rate effect was largely due to the depreciation against the euro of the US dollar and Egyptian lira, net of the appreciation of the Thai baht.

Recurring EBITDA, at 1,403.9 million euro, decreased by 3.0% from 2006. **EBITDA** benefited from lower non-recurring net expenses than in 2006 to show a contained decrease of 2.1% to 1,405.7 million euro.
The main drivers were the unfavorable sales price-cost dynamic over the year, accompanied, in the fourth quarter, by a negative sales volume effect. The positive sales price trend in all countries with the exception of Thailand was not sufficient to offset the increase in costs. The strongest rise was in variable costs, especially raw materials, fuel (+17%, of which petcoke +24% and coal +10%), logistic costs, clinker and cement purchases from third parties, and to a lesser extent electricity (+3%). Among fixed costs, the largest increases were personnel expenses and maintenance costs.
Over the full year, the overall exchange-rate effect was countered by the positive impact of the enlarged scope of consolidation.
The countries that reported the strongest progress in absolute terms were India (even excluding a significant perimeter effect), the France-Belgium area, Egypt (despite a significant negative exchange-rate effect) and Bulgaria. The largest declines were in Italy and North America.
The recurring EBITDA margin declined from 24.7% in 2006 to 23.4%.
EBITDA benefited from a positive balance of 1.1 million euro on non-recurring items (a negative net effect of 12.4 million euro in 2006), reflecting income on the sale of fixed assets and costs for corporate restructurings.

After an increase in amortization and depreciation charges from 2006 (from 420.3 million euro to 445.9 million euro) as a result of high industrial investments in the last few years and the enlargement of the scope of consolidation, **EBIT** was 958.0 million euro, down by 5.4%; the EBIT margin decreased from 17.3% to 16.0%.

Finance costs, net of finance income, rose from 105.4 to 119.4 million euro, although the ratio to revenues remained at contained levels (2.0%).
The increase of 14 million euro was due in part (6.9 million euro) to the rise in finance costs relating to the net financial position, largely as a result of the increase in interest rates, in part (5.2 million euro) to costs for the early redemption of the Ciments Français debenture due in July 2009; the residual increase was largely due to net translation losses.

The **share of results of associates** was 13.3 million euro, an increase from 2006 (11.3 million euro).

Profit before tax amounted to 851.9 million euro, down by 7.2% from 2006 (918.3 million euro).

Income tax expense was 239.4 million euro, a reduction of 10.3% from 2006 (266.9 million euro), despite the presence of significant positive non-recurring effects in 2006. The decrease in tax was due in part to the reduction in taxable income in some countries with high taxation (notably North America and Italy) and in part to favorable developments in prior-year tax disputes toward the end of 2007 (Egypt); it also reflected the decrease in deferred tax in some countries (Italy, Morocco, Canada) after the decrease in tax rates for 2008 and subsequent years.

Net profit attributable to the Group was 423.9 million euro, down by 5.7% from 2006 (449.5 million euro); **minority interests** decreased by 6.6%, from 201.9 million euro to 188.6 million euro.

2007 was a year of high **investments in fixed assets,** which increased from 773.2 million euro in 2006 to reach 999 million euro.
Capital expenditure totaled 529.7 million euro (+8.7%) and focused on strengthening and rationalizing production facilities, mainly in North America and the European Union.
Significant industrial investments were also made in the emerging countries, mainly for the major projects announced in Morocco and India.

Investments for environmental sustainability, safety and workplace improvements accounted for 24%.
Investments in financial fixed assets amounted to 457.5 million euro (269.2 million euro) and consisted largely of the transactions described in the section on significant events for the year .

Net debt at December 31, 2007, was 2,418.2 million euro, up by 207.9 million euro from the end of 2006, owing to the year's high investments, despite an increase in cash flows from operating activities (935.0 million euro from 890.5 million euro in 2006).
Net debt includes figures for the Calcestruzzi group at September 30, 2007.

Total **shareholders' equity** at December 31, 2007, at 4,760.5 million euro, was up by 100.3 million euro from the end of 2006. The change reflected an increase of 181.0 million euro in Group shareholders' equity, net of the decrease of 80.7 million euro in minority interests.

Quarterly trend

(in millions of euro)	Full year 2007	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Revenues	* **6,000.9**	* **1,387.8**	**1,540.0**	**1,655.1**	**1,418.0**
% change vs 2006	*2.5*	** *(5.1)*	*3.9*	*2.2*	*9.9*
Recurring EBITDA	**1,403.9**	**298.4**	**385.6**	**437.4**	**282.6**
% change vs 2006	*(3.0)*	** *(5.5)*	*(3.2)*	*(6.3)*	*6.4*
EBITDA	**1,405.1**	**288.5**	**389.7**	**442.6**	**284.3**
% change vs 2006	*(2.1)*	** *(2.6)*	*(2.3)*	*(6.0)*	*5.8*
EBIT	**958.0**	**171.7**	**278.2**	**332.0**	**176.1**
% change vs 2006	*(5.4)*	** *(7.2)*	*(4.7)*	*(9.8)*	*5.1*
Total net profit	**612.5**	**146.8**	**152.1**	**220.8**	**92.9**
% of revenues	*10.2*	*10.6*	*9.9*	*13.3*	*6.6*
Group net profit	**423.9**	**109.1**	**106.8**	**152.7**	**55.3**
% of revenues	*7.1*	*7.9*	*6.9*	*9.2*	*3.9*
Net debt (at period end)	2,418.2	2,418.2	2,408.0	2,337.0	2,051.7

* 2007 revenues are 98.8 million euro lower than the preliminary figure announced on February 4, 2008, due to the fact that consolidation of the Calcestruzzi group was limited to the period January 1 - September 30, 2007
** The changes with respect to Q4 2006 excluding Calcestruzzi S.p.A. and its subsidiaries would have been: for Revenues +2.2%, for Recurring EBITDA -4.4%, for EBITDA -1.1%, for EBIT -6.8%

At constant size, fourth-quarter sales volumes decreased in all three lines of business from the very high levels of 2006: cement and clinker -3.3%, aggregates -5.2%, ready mixed concrete -5.1%. The decrease was particularly notable in the mature countries with the exception of ready mixed concrete and aggregates sales in North America.
The consolidation of Calcestruzzi S.p.A. and its subsidiaries for the year to September 30, 2007, generated a sharp YoY fall in fourth-quarter figures for aggregates and ready mixed concrete.

Although revenues were supported by a positive price trend, they suffered from the reduction in sales volumes and the exclusion of a fourth-quarter contribution from the Calcestruzzi group to show a 5.1% decrease from the year-earlier period to 1,387.8 million euro.
Excluding the net revenues of the Calcestruzzi group, the change with respect to the year-earlier fourth quarter would have been an increase of 2.2%.
The healthy performance of the emerging countries was offset by a significant downturn in North America, while Central Western Europe reported slowdowns in Italy and Greece.

Recurring EBITDA (-5.5% from Q4 2006) reflected the reduction in sales volumes and a negative exchange-rate effect, while sales prices maintained a positive trend sufficient to absorb the significant increase in operating expenses. Operating expenses reflected in particular the

rise in the cost of fuel and greater recourse to cement and clinker purchases in response to high demand on some markets.
EBIT (-7.2%) was affected by high amortization and depreciation charges (+6.1%), while net profit for the quarter, despite higher net finance costs, rose by 10.6% over the year-earlier period, thanks to the above-mentioned non-recurring fiscal benefits in the quarter.

Significant events for the year

The significant events of the last quarter of 2007 are described below.

- at the end of October, **BravoSolution S.p.A.** signed an agreement to acquire **Verticalnet, Inc**., a leading US provider of supply management solutions. At the end of January 2008, BravoSolution U.S.A., Inc. closed the deal with the acquisition of 100% of Verticalnet, Inc. shares. The transaction was worth approximately 10.6 million euro including assumption of the acquired company's debt;
- also at the end of October a preliminary contract was signed with Cementilce S.r.l. to acquire a **grinding center** for cement production in **Ravenna**, with annual production capacity of approximately 500,000 metric tons. The acquisition closed at the end of January, with an investment of approximately 55 million euro;
- at the end of November, **Italgen S.p.A.** signed a Memorandum of Understanding with the Egyptian Ministry of Energy & Power for the possible construction of a large **wind farm** in the **Gabal El Zeit** district on the **Red Sea**, which could eventually provide installed power of 400 MW;
- during the fourth quarter, under a program approved by the Shareholders' Meeting on April 16, 2007, **Ciments Français S.A.** acquired 305,305 **treasury shares** for a value of approximately 36.0 million euro. A total of 1,150,659 shares were bought back in the course of the year, for a value of approximately 161.6 million euro. Also in 2007, Ciments Français cancelled 761,244 treasury shares. At December 31, 2007, treasury shares numbered 775,755, accounting for 2.06% of total share capital;
- in the fourth quarter, **Société Internationale Italcementi France S.a.s**. purchased 21,814 **Ciments Français shares** on the market with an outlay of approximately 2.5 million euro. Over the year, a total of 464,696 shares were purchased (overall investment of 65.0 million euro). At December 31, 2007, the shareholding in Ciments Français S.A. stood at 78.62% (88.90% of voting rights).

Significant events in the first nine months of 2007, already reported in the 2007 interim reports, are described below:

- the acquisitions in the **ready mixed concrete** business **in North America**, for an aggregate outlay of approximately 50 million euro, of the **Arrow** group in the USA and **Cambridge** Concrete Ltd. in Canada;
- the purchase by Medcem S.r.l., a joint venture with the Romeo shipping group, of a 20% equity investment in **Sider Navi S.p.A.**;
- the increase in the **equity investment in Suez Cement Company** and its subsidiaries for investments totaling 74.6 million euro in the course of the year, raising the group's holding in Suez Cement to 55.56%;
- the purchase by **Suez Cement** of 45% of **Tecno Gravel** shares; Tecno Gravel owns a grinding plant and quarry in the area where Suez operates;
- the acquisition by **Ready Mix Beton Egypt S.A.E. (RMBE),** with an investment of 8.3 million euro, of 100% of **Decom S.A.E**. share capital, one of the leading Egyptian ready mix operators;
- the takeover offer made by Suez Cement Company on **Hilal Cement Company** (listed on the Kuwait Stock Exchange), for an investment of approximately 35 million euro; Suez already held a 4% investment in Hilal and the takeover enabled it to acquire a majority shareholding (approximately 51%);

- in Saudi Arabia the incorporation of Arabian Ready Mix Company (ARMC), an equally owned joint venture with Arabian Cement Company in the ready mixed concrete business; development projects for the next three years envisage rapid expansion of operations in the western area of the kingdom, with investments in the order of approximately 25 million euro;
- the acquisition, with an investment of approximately 28 million euro, of 100% of **Fuping Cement** Co. Ltd., a cement company in central China's Shaanxi province;
- the 500 million euro **debenture** due in 2017 issued by **Ciment Français S.A.**, together with a partial 350 million euro repurchase offer on the issue expiring in July 2009;
- the entry of Italcementi S.p.A., the only company from the Italian construction materials industry, in the **Dow Jones Sustainability World Index** of 318 best performers (11 from the construction industry) among international companies in the Dow Jones Global indices, based on economic, environmental and social evaluations;
- the upgrade of the **Standard & Poor's** long-term ratings on Italcementi and Ciments Français to BBB+, with a stable outlook assigned to both companies; confirmation of the **Moody's Investors Services** Baa1 ratings with stable outlook for Italcementi and Ciments Français.

During 2007, **Italcementi S.p.A.** bought back 1,003,071 **ordinary treasury shares** for an overall value of approximately 21.2 million euro and sold 571,625 ordinary treasury shares following exercise of an equal number of stock options by stock option plan beneficiaries. At December 31, 2007, Italcementi S.p.A. held 3,793,029 ordinary treasury shares, representing 2.14% of ordinary share capital. At the same date Italcementi S.p.A. also held 105,500 savings treasury shares (0.1% of savings share capital).

Operating performance by geographical area

(in millions of euro)	Revenues		Recurring EBITDA		EBITDA		EBIT	
	2007	%chge vs. 2006	2007	%chge vs. 2006	2007	%chge vs. 2006	2007	%chge vs. 2006
Geographical area								
Central Western Europe	3,667.7	*0.1*	709.3	*(3.1)*	725.2	*(3.3)*	495.9	*(5.9)*
North America	605.7	*(8.2)*	127.6	*(18.5)*	127.3	*(18.3)*	80.3	*(27.2)*
Eastern Europe and Southern Med Rim	1,217.4	*10.1*	435.3	*1.6*	420.8	*5.5*	296.1	*4.1*
Asia	444.3	*23.0*	124.4	*22.0*	123.2	*21.2*	81.8	*21.9*
Cement and clinker trading	364.5	*10.9*	20.4	*4.1*	21.7	*11.1*	19.6	*10.1*
Other and inter-area eliminations	(298.6)	*n.s.*	(13.1)	*n.s.*	(13.1)	*n.s.*	(15.7)	*n.s.*
Total	**6,000.9**	***2.5***	**1,403.9**	***(3.0)***	**1,405.1**	***(2.1)***	**958.0**	***(5.4)***

n.s. not significant

Central Western Europe

Revenues in Central Western Europe were stable, reflecting growth in France, Belgium and Spain and declines in Italy and Greece.
EBIT fell by 5.9%, as a result of the positive contribution from Belgium, substantial stability in France and Spain, and downturns in Italy and Greece.

North America
With slackening demand in the residential building sector in North America, Italcementi group cement sales volumes fell by 11.5%, while ready mixed concrete reported growth of approximately 4.3% at constant size. Total revenues in local currency were slightly up on the 2006 figure, as the fall in sales volumes was countered by the rise in sales prices and the consolidation effect (acquisitions of Cambridge Concrete Ltd and the Arrow group).
The downturn in operating results expressed in local currency was due to the poor performance of the first quarter (the lively trend of the third quarter made up for the negative fourth quarter) and arose largely as a result of lower cement sales volumes, offset in part by the rise in prices and the contribution of the new ready mixed concrete companies. The rise in operating expenses was limited thanks to the reduction in cement and clinker purchases.

Eastern Europe and Southern Med Rim
All countries in the area reported revenue growth, driven by stronger demand on their local markets.
EBIT improved in Egypt and Bulgaria, countering the rise in operating expenses with higher revenues, while Morocco recorded a small decrease due to larger clinker purchases and higher petcoke prices. In Turkey, although revenues increased, operating results slackened as a result of higher variable costs, especially raw materials and fuel.

Asia
This area reported the strongest growth of the entire group, in both revenues and operating results, reflecting the enlargement of the scope of consolidation and positive overall business performance. Within the area, however, positions varied.
India and Kazakhstan achieved strong revenue growth reflecting a general increase in sales volumes and prices on domestic markets, which benefited operating results.
In Thailand, domestic sales volumes decreased, while exports, where margins are tighter, increased. Overall, this produced a significant reduction in operating results from 2006, despite satisfactory control of operating expenses and the positive exchange-rate effect on translation into euro.
In China, where the newly acquired Fuping Cement Co. Ltd. was consolidated line-by-line only from July 1, 2007, the recurring EBITDA margin was 12.1%. Results were not significant in 2007, but the outlook for the coming years is positive.

Cement and clinker trading
2007 intragroup and third-party **cement and clinker** sales volumes decreased by 6.1%.
The strong growth of the Med Rim domestic markets limited availability of clinker and cement for export, creating a need to locate new sources of supply in the Far East. Low product availability and the strong rise in logistic costs generated an increase in sales prices.

E-business initiatives

In financial year 2007 BravoSolution reported significant improvements in revenues and results. At consolidated level, revenues totaled 33.8 million euro, rising 33% from 2006 (25.4 million euro), EBITDA reached 5.7 million euro (3.3 million euro in 2006), EBIT was 4.4 million euro (1.6 million euro in 2006) and net profit for the year was 3.4 million euro (0.8 million euro in 2006).

Energy Project

During 2007, Italgen S.p.A. focused on a series of projects in Italy and abroad.

Among projects still considered active In Italy, the main initiative is the Villa di Serio project (province of Bergamo). The observations received by the Ministry of the Environment and forwarded to the company were used to complete the necessary technical details and draw up the counter-deductions to be illustrated to the Ministry.

In Morocco the Italgen Maroc S.A. subsidiary is carrying out engineering work for a 50MW wind farm in Laayoune.
In Egypt, a Memorandum of Understanding was signed with the Ministry of Energy & Power for the possible construction of a large wind farm in the Gabal El Zeit district on the Red Sea, which could eventually provide installed power of 400 MW.

Research and development

Research and development, engineering and technical assistance activities for group companies in Italy and abroad are carried out through the subsidiary CTG S.p.A.
In 2007 CTG S.p.A. provided services for 58.5 million euro (51.3 million euro in 2006). Staff at December 31, 2007, numbered 417: 313 at the headquarters in Bergamo and 104 in Guerville.

Engineering work focused on new plants and revamping of existing facilities, while technical support was dedicated to improving product quality and raising technological and production efficiency.
Consistently with the Innovation Project strategy, R&D focuses on environment-friendly products and applications to improve the efficiency of customer production processes and provide a variety of formulations to meet the specific new requirements of the construction market.
Business results reflected revenue growth driven by innovative products, with a subsequent improvement in the innovation rate (rate of revenues from innovative products to total revenues).

Disputes and Pending proceeding

Calcestruzzi S.p.A.

Chronology of events to December 2007

1. In july 2006, as disclosed in the Italcementi Half-Year report to June 30, 2006, the Caltanissetta Public Prosecutor issued seizure orders on two concrete plants belonging to the Calcestruzzi company, in connection with criminal proceedings against the Sicily area manager and a number of former company employees, and against the company pursuant to Legislative Decree no. 231/01, for alleged mafia-related criminal conspiracy and false accounting.
In 2006, the annual production of the two plants in question was approximately 23,000 m^3 of ready mix concrete, compared with a total output at the Calcestruzzi Sicilian plants of approximately 190,000 m^3 (equivalent to 3% of local demand). Overall nationwide production by Calcestruzzi S.p.A. and its subsidiaries in 2006 was over 8.7 million m^3.
2. On October 10, 2007, the Caltanissetta Public Prosecutor seized the personal computers in all the Sicilian plants and the local area office, in connection with allegations that Calcestruzzi concrete plants in Sicily had supplied a number of building sites with concrete of a quality inferior to that contractually agreed. Also taking into account the allegations against the Company reported by the seizure order, Calcestruzzi immediately began extensive checks to ascertain any cases of non-conformity of the concrete production with respect to contractual obligation at the three supplier plants (Riesi, Gela and Castelbuono). These checks have been subsequently extended to all the nine plants active in Sicily.
3. On October 30, the Calcestruzzi Board of Directors unanimously approved the balance sheet and income statement for the nine month period to September 30, 2007, and the consolidated balance sheet and income statement to the same date, forwarding these to the parent company Italcementi S.p.A.
4. On December 14, 2007, the Calcestruzzi Board of Directors was informed that the initial checks described at point 2 performed by top management had found certain irregularities relating to supplies that were in breach of contractually agreed specifications at three Sicilian plants, albeit of extremely modest proportions with respect to Sicily's already limited production. The results of these initial checks were promptly forwarded to the Caltanissetta Public Prosecutor. Calcestruzzi S.p.A. also suspended operations at the nine plants in Sicily with

immediate effect and began further inquiries into the supply irregularities to ascertain responsibilities, reasons and falls in production methods.
Subsequent events: January - March 2008
5. On January 29, 2008, the Caltanissetta Preliminary Investigating Judge (GIP) issued a preventive seizure order on:

- all Calcestruzzi S.p.A. assets, consisting of plants and other tangible and intangible assets;
- securities representing 100% of Calcestruzzi S.p.A. share capital held by the parent company, Italcementi S.p.A. and Sicil-fin S.r.l. (an Italcementi S.p.A. subsidiary); and

On this day, the GIP also appointed a court receiver to administer the assets and act as depositary for the share capital. The GIP's seizure order refers to all Calcestruzzi assets in Italy and is based on the assumption that irregularities could be found in other areas of Italy.
In the same order the GIP also provided for the arrest of the Chief Executive Officer of Calcestruzzi S.p.A., who resigned from the Board of Directors on February 4, 2008.
6. On February 12, 2008, the GIP authorized the receiver to invite the Board to draw up the draft financial statements for the year ended December 31, 2007, declaring however that the Board was deprived of all further powers. Consequently, all the directors of Calcestruzzi S.p.A resigned on February 14, on the grounds they were unable to perform their duties.
7. On February 22, the Caltanissetta Court upheld the appeal filed by Italcementi S.p.A. and Sicil-fin S.r.l. and annulled the seizure of Calcestruzzi shares with effect from Friday February 29, when the shares were released from suspension. On the contrary the Court decided that the assets would have remained under seizure.
8. At a Meeting on Tuesday March 4, at which all share capital was represented, the shareholders Italcementi and Sicil-fin appointed a completely new Calcestruzzi S.p.A. Board of Directors, consisting of five professionals specializing in law, economics and technical disciplines.
9. On March 10, 2008, the Calcestruzzi Court receiver informed the Italcementi parent company that he had not learned of information, valuations or elements other than those in the possession of the company Board of Directors and that any identifiable critical elements were not certain or quantifiable.
Since the cases of non conformity in supplies of concrete (referred or alleged) no accounting irregularities, valuations or information that would generate adjustments to or have a material impact on the operating and financial data of Calcestruzzi S.p.A. and its subsidiaries have emerged. The situation described above presents elements of uncertainty. At the present time, Italcementi S.p.A. has not elements enabling it to determine whether material liabilities might emerge as the situation develops or to measure the probability and relative effects of such liabilities. Disclosure is therefore provided in compliance with IAS 37 (Provisions, contingent liabilities and contingent assets).

Egypt
In October 2007 the Egyptian Antitrust authority completed an investigation of the cement market requested by the Ministry of Commerce & Industry, alleging that the producers on the Egyptian market, including the companies in the Suez group, had infringed specific Egyptian competition laws. The proceedings are still at the preliminary stage; the companies involved will have the opportunity to present their defense as allowed under Egyptian law.

Spain

Following the unfavorable interpretation of a number of ministerial tax circulars noted in previous interim reports, in December the administrative disputes section of the Spanish National Court rejected the appeals filed by Sociedad Financiera y Minera (FyM) against the ruling on a dispute over the fiscal deductibility of prior-year losses which began in 2002. As already reported in 2007, the company has lodged an appeal with the Supreme Court and has provided an amount of 11.2 million euro for additional non-recurring tax relating to prior years.
In December 2007, the Spanish antitrust authorities extended to Hormigones y Minas the investigation begun in 2006 to ascertain possible unfair trading practices among some concrete producers in the region of Cantabria. The company is awaiting the results of the preliminary investigation.

Kazakhstan

Following action taken by the local authorities, the work permits for the quarry concessions used by Shymkent Cement were suspended at the beginning of December. Shymkent appealed against the suspension. In March, a new sentence upholding Shymkent overruled the previous sentences and invited the parties to reach an agreement. Talks are currently underway.

Italy

On July 23, 2007 the Court of Reggio Calabria served a ruling on Italcementi S.p.A. ordering the "temporary suspension from administration of assets" for the production and sales network in Calabria
The ruling is a preventive measure on assets designed to prevent the "activities of the enterprise from being subjected to forms of intimidation and subjugation" of the type practiced by mafia-related criminal associations.
The company has been cooperating in full with the court receiver since the order was issued; at the present time, the company is not in possession of information regarding further developments.

Regarding the proceedings of the Competition & Market Authority (AGCM) against eleven companies in the ready mixed concrete business in Italy, including the subsidiaries Calcestruzzi S.p.A. and Cemencal S.p.A., no new developments have occurred with respect to the information already provided in previous reports. Calcestruzzi S.p.A. and Cemencal S.p.A. have lodged an appeal before the Consiglio di Stato against the unfavorable sections of the sentence issued by the administrative tribunal of the region of Lazio in 2005, which ruled on the sentence imposing a fine on the two companies for infringement of law no. 287 of 1990. The Consiglio di Stato has not yet set a date for the hearing.

Disputes are still open on the Italcementi S.p.A. tax returns for 1987, 1996, 1997, 1998 and 1999; the adjusted assessments are substantially groundless, an opinion shared by independent experts.
Regarding the sentence of February 2005 with which the Milan Regional Tax Commission confirmed the substantial annulment of the 1987 assessment, ordered by the court of first instance, the financial authorities presented an appeal to the superior appellate court in March 2006, which is still pending.
With regard to the disputes on the 1996, 1997, 1998, and 1999 returns, the Milan Regional Tax Commission (Brescia branch) issued four sentences partially reversing the first degree judgments for 1996 and 1998, but confirming those for 1997 and 1999.
The financial authorities appealed to the superior appellate court in November 2007. The company presented an appeal for 1996 and 1999, regarding postings for which the court found against it. A decision is still pending.
With respect to the above sentences, a precautionary provision has been made to cover the probable tax charge, including tax, fines and interest.

Significant post balance-sheet events

In January, at a meeting at the Albanian Prime Minister's Office, Italcementi presented its project (worth 25 million euro) for construction of a **grinding center in Durazzo** with an annual cement output of approximately 450,000 metric tons, providing at least fifty local jobs. The site for the center, to be built using best available techniques, has already been purchased and the Environment Ministry has already issued the necessary permits.

On January 15, 2008, Calcestruzzi S.p.A. and Halyps S.A., shareholders of **Domiki Beton S.A.**, sold all their shares in the subsidiary to a Greek financial group, for 9.5 million euro. The sale of the company, an aggregates and ready mixed concrete operator whose operations are based entirely in Crete, is part of the re-organization of group activities in this sector in Greece. The capital gain on the sale of the previously consolidated assets, attributable in full to Calcestruzzi S.p.A., will be recorded on collection.

With reference to the investigation of Calcestruzzi S.p.A., on February 1, 2008, **Standard & Poor's** assigned a negative credit watch on Italcementi S.p.A. and Ciments Français S.A..

In the early months of 2008, **Société Internationale Italcementi France S.a.s**. acquired 139,310 **Ciments Français shares** on the market for an outlay of approximately 14.6 million euro, raising its equity investment to 78.99% (89.11% of voting rights)

At the end of February, **Essroc** closed its acquisition of **Crider & Shockey**, a company active in North Virginia, to strengthen the vertical integration of the group's ready mixed concrete operations in North America. Over the last three years, Crider & Shockey, which has an average annual output of approximately 250,000 m^3, has reported average annual EBITDA of 6.5 million dollars.

Regarding verticalization of group operations in Kuwait, at the end of February **Hilal Cement Company** closed its acquisition of **Kuwait German Ready Mix**, active in ready mixed concrete with average annual output in the last three years of 140,000 m^3 and average annual EBITDA of more than 1.5 million dollars.

Italcementi S.p.A. results

(in millions of euro)	**2007**	**2006**	**% change**
Revenues	**1,019.9**	**1,046.6**	***(2.6)***
Recurring EBITDA	**139.8**	**176.1**	***(20.6)***
% of revenues	*13.7*	*16.8*	
Other income (expense)	11.3	10.7	*5.7*
EBITDA	**151.2**	**186.9**	***(19.1)***
% of revenues	*14.8*	*17.9*	
Amortization and depreciation	(79.6)	(72.5)	*9.8*
Impairment value	-	(0.2)	*n.s.*
EBIT	**71.6**	**114.2**	***(37.3)***
% of revenues	*7.0*	*10.9*	
Finance income and costs	49.8	48.4	*2.9*
Profit before tax	**121.4**	**162.6**	***(25.3)***
% of revenues	*11.9*	*15.5*	
Income tax expense	(24.9)	(50.3)	*(50.5)*
Net profit for the year	**96.5**	**112.3**	***(14.1)***
% of revenues	*9.5*	*10.7*	
Cash flow from operating activities	123.0	159.0	*(22.7)*
Investments in fixed assets	182.6	160.3	*13.9*

n.s.: not significant

(in millions of euro)	**December 31, 2007**	**December 31, 2006**
Total shareholders' equity	2,126.3	2,195.7
Net debt	773.6	624.7

Outlook

Financial instability and the increases in and volatility of commodities prices since the second half of 2007 have become more marked since the beginning of 2008, with new peaks in oil prices, a further fall in the dollar, downturns on the main stock markets and in property prices and renewed inflationary pressures.
In a worsening macroeconomic scenario, the differences in cyclical positions in the construction sector will tend to widen, in both the mature countries and the emerging countries.
In North America a further downturn is expected, largely due to the continuing weakness of the US residential segment, while in Europe the signs of a slowdown that have already emerged in some countries in which the group operates (Italy, Spain and Greece) could gather strength.
In the emerging countries, demand should continue to grow at a robust pace, although the differences in the cyclical positions of the various countries could widen.
Given this outlook, and the sharp increases in energy costs, the group is pursuing with determination its goals of improving industrial efficiency and containing fixed costs through additional measures drawn up and introduced at the end of 2007.
As a result of these initiatives and thanks to the greater weight of the emerging countries, the group's objective is to maintain in 2008 the operating results achieved in 2007.

Food packaging and thermal insulation sector

The Group operates in the food packaging and thermal insulation sector through Sirap Gema S.p.A. and its subsidiaries.
The table below sets out the condensed income statement and key balance sheet indicators. The 2006 comparatives are not at constant size due to changes in the scope of consolidation; specifically, in 2006 the Amprica group was consolidated on a line-by-line basis as from its acquisition at the end of June, and was therefore included in the consolidation only in the second half of the year.

(in millions of euro)	2007	2006	% change
Revenues	**248.2**	**208.6**	***19.0***
Recurring EBITDA	**28.6**	**24.8**	***15.0***
% of revenues	*11.5*	*11.9*	
Other income (expense)	(4.0)	(0.2)	*n.s.*
EBITDA	**24.6**	**24.6**	***0.1***
% of revenues	*9.9*	*11.8*	
Amortization and depreciation	(11.4)	(9.8)	*16.2*
Impairment value	(4.9)	-	*n.s.*
EBIT	**8.3**	**14.8**	***(43.7)***
% of revenues	*3.4*	*7.1*	
Finance income and costs	(8.0)	(4.2)	*91.1*
Profit before tax	**0.3**	**10.6**	***n.s.***
% of revenues	*0.1*	*5.1*	
Income tax expense	(1.5)	(5.5)	*(72.6)*
Net profit for the year	**(1.2)**	**5.1**	***n.s.***
% of revenues	*0.5*	*2.4*	
Group net profit	**0.5**	**4.9**	***n.s.***
Minority interests	(1.7)	0.2	*n.s.*
Investments	11.9	14.2	*(16.2)*

(in millions of euro)	December 31, 2007	December 31, 2006
Total shareholders' equity	48.8	48.7
Group shareholders' equity	46.2	45.4
Net debt	128.2	129.2
Number of employees at period end	1,341	1,442

n.s. not significant

2007 **revenues** rose by 19%. At constant size and exchange rates, all areas reported growth, with particularly strong improvements in thermal insulation and for the Petruzalek group.

In terms of operating results, trends differed in 2007 between the two main businesses. While thermal insulation reported significant growth, food packaging was severely affected by the negative performance of the French subsidiary, with recognition of an impairment loss of approximately 4.9 million euro.
Also, following a transaction to the detriment of the subsidiary Inline Ucraine L.C.F.I., the subsidiary was deconsolidated and charges totaling 3.9 million euro were recognized.
The negative impact of these two non-recurring postings, accentuated by the rise in the cost of raw materials, offset the satisfactory results of the other areas, generating a sharp fall in EBIT.

Finance costs rose sharply, mainly as a result of the increase in average debt after the acquisitions in mid 2006.

The group posted a **net loss** of 1.2 million euro compared with a net profit of 5.1 million euro in 2006. Excluding the non-recurring negative effects of impairment testing at the French subsidiary (3.2 million euro net of deferred tax assets) and deconsolidation of the Ukrainian company (3.5 million euro net of deferred tax assets), the group would have posted a net profit of 5.6 million euro.

Net debt at the end of the year was substantially unchanged from the end of 2006, since cash flows from operations were countered by investments.

Significant events for the year

On January 3, 2008, the subsidiary Inline Poland Sp. z.o.o. learned of a transaction to the detriment of its own subsidiary **Inline Ucraine L.C.F.I.,** conducted with the probable involvement of the local management and minority partner. A law firm in Kiev has been instructed to assess the legitimacy of the transaction with a view to establishing the action to be taken. A partial reconstruction of the facts based on the information available indicates that Inline Poland has lost control of the company and its assets, and consequently the company has been excluded from the scope of consolidation. Pending the outcome of the suits that have already been filed and future legal action, the Sirap Gema group is determined to maintain the market share acquired in Ukraine with the Inline product range.

On December 31, 2007, after numerous requests for compensation from Sirap Gema S.p.A., the sellers of **Amprica S.p.A.** signed a settlement providing as follows: the sellers have agreed to abandon all claims for the refund by the purchaser of the sum of 4 million euro corresponding to the guarantee enforced by Sirap on June 8, 2007, and, in general, any other claim for the refund of the amounts already paid to Sirap Gema S.p.A.; Sirap Gema S.p.A. has agreed to abandon all objections and all economic claims formulated or under formulation against the sellers with respect to the Amprica S.p.A. purchase agreement; the parties have declared that the contract is to be held fully executed and in any case amended through the elimination of the guarantee and compensation clauses, and that neither one no longer has any claims against the other party with respect to the contract, the purchase or the Amprica S.p.A. company.

With two separate transactions, on June 28 and December 18, 2007, Sirap Gema S.p.A. acquired control of the associated company **Universal Imballaggi S.r.l.**: the shares purchased from the partners (50.32% at a total price of 1.7 million euro) raised the total equity investment to 75.22%.

In May 2007, Amprica S.p.A. executed a preliminary agreement stipulated prior to its acquisition by Sirap Gema S.p.A. and purchased the **Immobiliare F.C.M. S.a.s.** company for a price of 0.5 million euro. This company owns a property and a building adjacent to the Amprica facility in Corciano (Perugia); it was subsequently transformed into a limited responsibility company and took the name Amprica Immobiliare.

During the year the following companies were established to market products managed by Petruzalek: in Turkey, Petruzalek Ltd. (operational as from May) and in Moldavia, Petruzalek Srl (operational as from September). Also incorporated was Sirap Gema Iberica S.L., a wholly owned subsidiary of Sirap Gema S.p.A. operational since June, which is responsible for marketing group products on the Spanish market.
Under the corporate restructuring, mergers took place between the Hungarian subsidiaries Petruzalek Kft (incorporating company) and Hungaropack Kft (incorporated company) and the Czech subsidiaries Inline Czechia s.r.o. and Petruzalek s.r.o.

Quarterly trend

(in millions of euro)	2007	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Revenues	**248.2**	**66.7**	**60.8**	**64.3**	**56.4**
% change vs 2006	*19.0*	*3.9*	*5.1*	*38.2*	*40.9*
Recurring EBITDA	**28.6**	**7.0**	**6.8**	**8.7**	**6.0**
% change vs 2006	*15.0*	*18.1*	*(2.8)*	*31.9*	*10.3*
EBITDA	**24.6**	**2.6**	**7.4**	**8.7**	**6.0**
% change vs 2006	*0.1*	*(51.9)*	*6.9*	*31.2*	*4.5*
EBIT	**8.3**	**(5.0)**	**4.4**	**6.0**	**2.9**
% change vs 2006	*(43.7)*	*n.s.*	*9.2*	*25.4*	*(26.2)*
Total net profit	**(1.2)**	**(4.4)**	**1.3**	**1.8**	**0.1**
% change vs 2006	*n.s.*	*n.s.*	*(8.7)*	*(9.2)*	*(93.1)*
Group net profit	**0.5**	**(2.7)**	**1.3**	**1.8**	**0.1**
Net debt (at period end)	128.2	128.2	122.6	120.7	124.5

n.s. not significant

Despite the difficulties on the French food packaging market, the fourth quarter reported a healthy YoY improvement in recurring EBITDA, in line with seasonal trends in the various areas. The recognition of extraordinary items for 8.8 million euro produced a sharp fall in EBIT.

Operating performance by line of business and geographical area

(in millions of euro)	Revenues		Recurring EBITDA		EBITDA		EBIT	
	2007	% chge	2007	% chge	2007	% chge	2007	% chge
Food packaging*								
- Italy	105.4	*22.1*	16.4	*12.8*	16.4	*12.0*	10.1	*6.6*
- France	25.5	*4.4*	(1.1)	*n.s.*	(1.1)	*n.s.*	(7.5)	*n.s.*
- Other EU countries	63.9	*25.5*	4.8	*73.8*	4.8	*61.3*	3.1	*73.4*
- Other non-EU countries	20.2	*15.0*	1.6	*(13.8)*	(2.3)	*n.s.*	(2.6)	*n.s.*
Eliminations	(19.2)		(0.1)		(0.2)		(0.1)	
Total	**195.8**	***20.1***	**21.6**	***8.5***	**17.6**	***(10.0)***	**3.0**	***(73.6)***
Thermal insulation - Italy	60.1	*14.1*	7.0	*41.0*	7.0	*39.8*	5.3	*67.6*
Eliminations	(7.7)		-		-			
Total	**248.2**	***19.0***	**28.6**	***15.0***	**24.6**	***0.1***	**8.3**	***(43.7)***

* 2006 geographical areas reclassified on the basis of the new composition of the European Union
n.s. not significant

Food packaging

Meat consumption, a major factor in demand for foam food containers, decreased in Western Europe in 2007 compared with 2006. Conversely, demand for rigid containers (delicatessens and bakery products) gradually rose.
In Eastern Europe, overall demand was favorable thanks to local economic growth, with the exception of Ukraine, where consumption trends fluctuated in response to local conditions.

Despite this, in Italy foam food container sales volumes increased thanks to action to boost market coverage, especially through the industry channel. In rigid containers, Amprica reported higher sales prices and sales volumes growth above the market average, especially among mass merchandisers and wholesalers.

Margins were adversely affected by higher costs for polymers (+7% on average on 2006) and increases in other operating expenses.

At constant size (not considering Amprica in the first half of 2007), revenues rose by approximately 5% while EBIT was unchanged.

In France a stronger downturn in consumption compared with the rest of Western Europe, and aggressive competition, pushed sales prices sharply down. Combined with higher production costs, this generated a significant further deterioration in margins.
After impairment testing, an impairment loss of approximately 4.9 million euro was posted on the French subsidiary.
Although revenues improved slightly as a result of higher sales volumes, France posted significant negative EBIT.
An action plan has been drawn up for 2008 for sales/marketing and logistics/production, and a detailed prospective analysis of the current business model is underway.

On the European markets covered by the Petruzalek group, the overall revenue growth trend continued, especially in the countries with high growth potential (Ukraine, Romania), but also on mature markets where Petruzalek's operating flexibility facilitates entry into interesting market niches; aggregate revenues gained approximately 13.5%. The disparate market growth rates, the fall in profitability in some product segments and the unfavorable exchange rate for some currencies had a limited impact on EBIT, which rose by 17.5%.
Inline reported excellent sales volumes and strong revenue growth (approximately 33% at constant size): however, the deconsolidation of the Ukrainian subsidiary generated an extraordinary charge of 3.9 million euro (2.1 million euro for the group) and negative EBIT.

Capital expenditure totaled 11.9 million euro and focused on improvements to plants and buildings.

In R&D, industrialization of a new absorbent container for storage of fresh meat in a protective atmosphere was completed, and supplies to customers began.
Innovative research work includes the "photocatalytic active packaging" project (to raise storage times for fresh food) at the Sirap Gema group research center, in cooperation with the University of Palermo and the plasma physics national research council in Milan.

Thermal insulation

Trends in thermal insulation in 2007 were very favorable.
The positive market climate, buoyed by demand linked to restructurings and greater regulatory attention to energy saving issues, fostered high sales volumes and price increases.

Legislative decrees 192 and 311 introduced more restrictive insulation standards, requiring use of greater thicknesses on all products, thus generating a significant increase in demand.

Sales revenues rose by 14.1% over 2006, mainly for coverings and insulation of roofs.

EBIT made significant progress (+67.6%), reflecting higher revenues and greater efficiency; strong demand made it necessary to select specific market outlets, with priority on those with the largest margins. The EBIT margin was 8.8%, an important improvement over 2006.

Capital expenditure totaled 1.9 million euro, including advance payments for construction of a new production line due to begin operations in the second half of 2008.

In R&D, work was completed on an acoustic floor insulating material, which is now being assessed for certification.

An Italian patent application was presented for a new foam polystyrene panel with greater dimensional stability.

Disputes

With reference to the information in previous reports on the general tax audit of Sirap Gema S.p.A. by the Verolanuova tax agency (Brescia) during 2004, in response to the assessment notified on December 21, 2006, the company filed a self-help motion with the Verolanuova tax agency on January 24, 2007, and lodged an appeal with the Brescia provincial tax commission on February 16.

On August 31, the Verolanuova agency served a tax bill for payment of tax and interest by October 30. Sirap Gema S.p.A. therefore sent a formal request to the Verolanuova agency and the Lombardy central tax office urging notification by October 30 of their decision regarding the self-help motion and the request for the suspension of the registered tax amounts. Equitalia Esatri S.p.A., the tax collection agency, informed the company that the suspension request had been accepted.
Regarding the appeal to the Brescia provincial tax commission, the hearing scheduled for December 3, 2007, was postponed to March 3, 2008. A ruling is expected shortly.

Since the company has been advised by expert professionals that the question does not affect its assets and liabilities, no provision has been made.

Significant post balance-sheet events

On February 22, 2008, the contract for the sale of the Sirap Gema Finance SA equity investment to the subsidiary Société de Participation Financière Italmobiliare SA for a price of 12.6 million euro, established on the basis of an independent assessment, was signed.

Outlook

The outlook for food packaging in Italy and in France in 2008 continues to be affected by stagnating food consumption especially meat consumption, as a result of the fall in consumer spending power. Conversely, consumption of delicatessen and bakery products seems to be increasing. In Eastern Europe, however, demand for food packaging products should continue to progress, thanks in part to the growth forecast for the local economies. Additional benefits for turnover are expected from growing synergies with the Amprica group. Profitability in the food packaging business is therefore expected to improve, also assisted by the non-repetition of the extraordinary postings of 2007.

In thermal insulation, the new technical regulations will continue to boost medium/long-term demand as a whole and raise the average thickness of insulating products, with benefits for profitability. Profit margins in this business in 2008 are expected to be in line with 2007.

Subject to currently non-foreseeable events, in 2008 the Sirap Gema group as a whole should report higher revenues thanks to an improved sales mix in both businesses, together with higher operating results, net of extraordinary events in 2007 and the loss reported in France.

Financial sector

The financial sector includes the parent company Italmobiliare and its wholly owned financial subsidiaries. The main financial subsidiaries are Franco Tosi S.r.l., Italmobiliare International Finance Limited (Dublin), Société de Participation Financière Italmobiliare S.A. (Luxembourg), Soparfinter S.A. (Luxembourg) and Fincomind A.G. (Switzerland).

(in millions of euro)	**2007**	**2006**	**% change**
Revenues	155.9	162.5	*(4.1)*
EBIT	69.5	115.1	*(39.6)*
Net profit for the year	**85.3**	**126.9**	***(32.8)***

(in millions of euro)	**December 31, 2007**	**December 31, 2006**
Net financial position	299.4	383.9
Shareholders' equity	1,861.7	1,997.7
Number of employees at period end	46	42

Quarterly trend

(in millions of euro)	**2007**	**Q4 2007**	**Q3 2007**	**Q2 2007**	**Q1 2007**
Revenues	**155.9**	**23.3**	**15.6**	**90.7**	**26.2**
% change vs 2006	*(4.1)*	*8.4*	*(27.6)*	*0.8*	*(11.1)*
EBIT	**69.5**	**1.0**	**(15.1)**	**68.7**	**15.0**
% change vs 2006	*(39.6)*	*(90.5)*	*n.s.*	*(2.2)*	*(27.0)*
Net profit for the period	**85.3**	**2.4**	**(8.7)**	**72.0**	**19.6**
% change vs 2006	*(32.8)*	*(81.9)*	*(159.4)*	*(3.6)*	*(18.7)*
Net financial position (at period end)	**299.4**	**299.4**	**322.5**	**377.6**	**391.9**

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)	**2007**	**2006**	**% change**
Net income on equity investments	90.4	112.7	*(19.8)*
Net income from cash investments	19.5	37.7	*(48.3)*
Net debt charges	(24.4)	(13.8)	*77.3*
Total financial income and expense	**85.5**	**136.6**	***(37.5)***
Other income and expense	(13.2)	(12.9)	*2.4*
Income tax expense	13.0	3.2	*n.s.*
Net profit for the year	**85.3**	**126.9**	***(32.8)***

n.s. not significant

Net income on equity investments decreased in 2007 (-22.3 million euro) from 2006, which benefited from dividends collected from Consortium (10.6 million euro), the capital gain on the sale of Gemina shares (7.9 million euro), the 6.5 million euro improvement in the results of the associates Mittel and Ses, and other smaller capital gains. The absence of these contributions was countered only in part by higher dividends from other associates and the 1.9 million euro capital gain on the sale of 3% of Sesaab.

Net income from cash investments in 2007 was positive at 19.5 million euro (37.7 million euro in 2006), with a significant reduction of 18.2 million euro. The decrease reflected the particularly negative situation on the equities and debentures markets in the second half of the year, especially in the third quarter.

The debenture markets were badly hit by the subprime mortgage crisis and its repercussions: falling prices, wider credit spreads and a thinning market, with growing differences between bids and offers. These conditions affected the value of the debenture portfolio: since the portfolio consisted almost entirely of trading instruments, this produced negative effects on the income statement; at the same time, market conditions limited the usefulness of sales and purchases as means to generate financial income. The average rating of the debenture portfolio was AA- (S&P), in other words the portfolio offered a certain degree of reliability. Under 2007 market conditions, however, these investments showed the greatest percentage losses.

Although alternative investments showed significant losses in August and November, returns for the year as a whole remained very satisfactory (more than 6.6%) and this class of investment offered the best yields.

The equities markets were also affected by the subprime crisis; banking and finance equities, which previously had reported interesting growth rates and where investments in trading equities were concentrated, were particularly hard hit. In this case too, the year-end mark–to-market valuation had a negative impact on income.

With regard to **net debt charges**, the confidence crisis and the liquidity shortage was also felt on the money markets, pushing up rates, especially short-term rates. This situation, together with the increase in average debt in the financial sector, produced an increase in net debt charges from 13.8 to 24.4 million euro.

The results for the individual components generated a decrease in **total net financial income** from 136.6 million euro in 2006 to 85.5 million euro for the year to December 31, 2007.

Other income and expense closed the year with net expense of 13.2 million euro, only slightly higher than the previous year's result of net expense of 12.9 million euro.

Tax items made a positive contribution, with an improvement of 9.8 million euro from 2006, in part as a result of the Group national tax consolidation.

Net profit for the period was 85.3 million euro, a decrease of 41.6 million euro from 2006, which benefited from a number of particularly positive extraordinary items, whereas the severe crisis on the financial markets in 2007 had a significant impact on results in this sector.

The companies in the financial sector hold substantial equity investments, the majority classified as "Available for sale". The fair value changes in these investments, excluding consolidated investments, which are carried at cost, are reflected in shareholders' equity under the "Fair value reserve". At December 31, 2007, the consolidated fair value reserve of the financial sector stood at 541.5 million euro, down by 165.9 million euro from December 31, 2006. Share price trends had a negative impact on the "Fair value reserve", especially in the banking sector and the financial sector.

Significant events for the year

Significant events in the last quarter of 2007 are described below.

On October 1, after the merger of Capitalia with Unicredito, Franco Tosi S.r.l. received 7,231,104 **Unicredito** shares in exchange for the 6,456,343 Capitalia shares it held previously.

In October 2007, Italmobiliare received 20.4 million euro from the tax authorities as reimbursement of prior-year tax credits plus interest for itself and for incorporated companies. Consequently, the financial sector reported a significant decrease in "Income tax assets".

During the fourth quarter of 2007, Italmobiliare purchased an additional 2,000,000 **Italcementi S.p.A.** ordinary shares following exercise by the counterparty of three US-type put options subscribed in August. Overall, Italmobiliare purchased 2,700,000 Italcementi ordinary shares during 2007, for an outlay of 45.0 million euro net of premiums of 0.6 million euro collected on put options. Also in the fourth quarter, Italmobiliare purchased 911,500 Italcementi savings shares on the market, raising the total number of Italcementi savings shares purchased in 2007 to 3,011,500 for an aggregate outlay of 33.1 million euro.
As a result of these purchases, Italmobiliare holds 60.3% of Italcementi ordinary capital and 2.9% of its savings capital.

Significant events for the first nine months, already described in the year's interim reports, are described below:

- the upstream merger of Gim S.p.A. into **Intek S.p.A.** through assignment of 10 Intek S.p.A. shares for every 9 Gim S.p.A. shares held. The same swap rate was applied to Gim S.p.A. warrants. After the merger, the Italmobiliare Group, through its subsidiary **Franco Tosi S.r.l.**, which held 4.17% of Gim capital and 2.97% of outstanding warrants, now holds 2.82% of Intek ordinary capital, and an unchanged percentage of outstanding warrants;
- settlement of disputes over the sale of companies in previous years, which generated a charge for **Italmobiliare S.p.A.** The charge had already been provided in previous years and thus had no negative effect on 2007 income or future years;
- the sale of trading equity investments by the Italmobiliare parent company to the subsidiary **Sance S.r.l.** as part of the corporate restructuring;
- the 56 million euro loan granted by **Société de Participation Financière Italmobiliare S.A.** to Sirap Gema S.p.A. for the acquisition of the Amprica group. Subsequently, 24 million euro of this loan was assigned to the subsidiary Soparfinter S.A.;
- subscription of the share capital increase for 10.9 million euro at **Gruppo Banca Leonardo S.p.A.** At December 31, 2007, the Italmobiliare S.p.A. investment in Gruppo Banca Leonardo stood at 2.95%;
- settlement of the loan arranged by **Italmobiliare S.p.A.** with Calyon as contractually agreed;
- re-negotiation by **Italmobiliare S.p.A.** of the medium-term financing arranged with Société Générale to obtain more favorable overall conditions;
- the sale at market prices of **RCS MediaGroup S.p.A.** shares granted free of charge and not included in the voting trust by Franco Tosi S.r.l. to the subsidiary Société de Participation Financière Italmobiliare S.A.;
- following the sale by Gemina of all its **RCS MediaGroup S.p.A.** shares in the RCS shareholder agreement, the purchase by Franco Tosi S.r.l. of 800,569 RCS ordinary shares, all attributed to the voting trust;
- the sale by Italmobiliare of 300,000 **Sesaab S.p.A.** shares, representing 3% of share capital.

During the year **Italmobiliare S.p.A.** did not buy back any treasury shares; a total of 39,720 stock options (granted in 2003) were exercised by Italmobiliare managers. Italmobiliare sold a corresponding number of ordinary treasury shares at a per-share price of 31.28 euro, fixed at the grant date; as a result, the company currently holds 871,411 ordinary treasury shares, representing 3.928% of ordinary share capital, and 28,500 savings treasury shares (0.174% of total savings shares).

Results of the companies in the financial sector

This section provides a summary of the financial and business results of the main companies in the financial sector, drawn up in accordance with the IAS/IFRS international accounting and financial reporting standards.

Franco Tosi S.r.l.

(in millions of euro)	**2007**	**2006**	**% change**
Revenues	12.0	13.7	*(12.1)*
EBIT	11.6	13.4	*(13.5)*
Net profit for the year	**11.5**	**13.1**	***(12.2)***

(in millions of euro)	**December 31, 2007**	**December 31, 2006**
Net financial position	(2.4)	0.9
Shareholders' equity	58.9	130.2

The main transactions conducted by Franco Tosi in 2007 are described above in "Significant events for the year".
After the transactions in question, at the end of the year Franco Tosi held:

- 35,850,555 Rcs MediaGroup shares (4.893% of ordinary capital)
- 9,821,000 Intek shares (2.824% of ordinary capital)
- 3,480,820 Intek warrants(2.,966% of outstanding warrants)
- 7,231,104 Unicredito shares (0.054% of capital)
- 9,971,282 Mediobanca shares (1.217% of capital)

With regard to earnings, 2007 results at Franco Tosi were slightly down on 2006, reflecting a decrease in capital gains and an increase in dividends received.

The reduction in shareholders' equity reflected fair value adjustments to "available-for-sale" equity investments (based on official stock market prices at the end of 2007).

Italmobiliare International Finance Ltd. (Dublin)

(in millions of euro)	2007	2006	% change
Revenues	30.6	25.6	*19.3*
EBIT	(2.4)	10.7	*n.s.*
Net profit for the year	**(2.2)**	**9.2**	***n.s.***

n.s not significant

(in millions of euro)	December 31, 2007	December 31, 2006
Net financial position	698.8	638.5
Shareholders' equity	699.7	637.8

This company is the Italmobiliare Group's main financial center. It operates on the international capital markets and provides financial support for Group companies.

In 2007 Italmobiliare International Finance Ltd. posted a net loss of 2.2 million euro (net profit of 9.2 million euro in 2006) as a result of large write-downs on the debentures portfolio (reflecting the impact of the financial market crisis in the second half of the year), despite higher net interest income and a larger contribution from investments in alternative funds of funds.

Shareholders' equity and the net financial position increased by approximately 60 million euro as a result of the capital subsidy (totaling 73.6 million euro) provided by Société de Participation Financière Italmobiliare.

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

(in millions of euro)	2007	2006	% change
Revenues	24.2	40.5	*(40.3)*
EBIT	12.8	39.1	*(67.1)*
Net profit for the year	**12.8**	**39.0**	***(67.2)***

(in millions of euro)	December 31, 2007	December 31, 2006
Net financial position	75.8	136.4
Shareholders' equity	254.7	250.0

Despite an improvement in net interest income, the company reported a sharp fall in EBIT and net profit, as a result of the absence of the capital gain posted in 2006 (13.8 million euro) on the sale of Consortium to Italmobiliare and fair value write-downs on trading equity investments (mark-to-market).

The net financial position decreased after payment of the capital subsidy to Italmobiliare International Finance (73.6 million euro), while shareholders' equity increased by a smaller amount than net profit for the year after the write-downs on "available-for-sale" equity investments.

During 2007 Société de Participation Financière Italmobiliare transacted market purchases and sales and derivative contracts on its trading equities.
At the end of 2007 the company held: 2,071,530 (1,343,658 end 2006) RCS MediaGroup shares (0.283% of ordinary capital), 1,600,000 (1,600,000 end 2006) UBI shares (0.250% of capital) and 2,300,000 (1,150,000 end 2006) Unicredito shares (0.017% of ordinary capital).

Among equity investments in non-listed companies, the company held 11.682% of Burgo Group S.p.A. (which changed its name from Cartiere Burgo S.p.A in 2007), classified as "available for sale".
Burgo Group S.p.A. is an industrial group specialized in the production of graphic papers; following its merger with the Marchi group, its annual output is in excess of 2,900 K/tons. The 2007 consolidated financial statements have not yet been approved by the company governing bodies. Based on the information available, 2007 production continued at satisfactory levels, despite fierce competition and surplus production capacity in Europe; nevertheless, product sales prices remained unchanged while energy costs increased sharply, with a significant impact on operating margins.

After fair value was measured on the basis of the company's latest plans and taking account of the conditions described above, the interest in Burgo Group S.p.A. was written down from 77.6 million euro to 70.0 million euro. This valuation is in line with the pro-quota share of consolidated shareholders' equity.

Soparfinter S.A.

(in millions of euro)	2007	2006	% change
Revenues	4.8	0.1	*n.s.*
EBIT	4.8	-	*n.s.*
Net profit for the year	**4.8**	**-**	***n.s.***

n.s. not significant

(in millions of euro)	December 31, 2007	December 31, 2006
Net financial position	7.7	3.0
Shareholders' equity	8.1	3.3

The company reported a significant improvement in 2007 net profit, largely as a result of dividends collected from Terfin S.A. and, to a lesser extent, the improvement in financial components.

Fincomind A.G. (Switzerland)

(in millions of euro)	2007	2006	% change
Revenues	4.9	3.2	*55.5*
EBIT	4.7	2.6	*78.0*
Net profit for the year	**4.7**	**2.6**	***77.8***

(in millions of euro)	December 31, 2007	December 31, 2006
Net financial position	(3.7)	(8.5)
Shareholders' equity	18.7	14.5

The company's main equity investment is 100% of Finter Bank Zürich.
The improvement in net profit reflected the increase in dividends paid by Finter Bank Zürich and containment of operating expenses and finance costs.

The operations and results of the parent company **Italmobiliare S.p.A.** are illustrated in a separate section.

Equity investments in listed companies held by the financial sector

The table below sets out the equity investments in listed companies held by companies in the financial sector.

	Quantity	% [1]	Holder
Available-for-sale investments			
Subsidiaries			
Italcementi ordinary	106,734,000	60.262	Italmobiliare S.p.A.
Italcementi savings	3,011,500	2.856	Italmobiliare S.p.A.
Associates			
Mittel	8,522,756	12.913	Italmobiliare S.p.A.
Other companies			
Unicredito ordinary	85,626,509	0.642	Italmobiliare S.p.A.
Unicredito ordinary	7,231,104	0.054	Franco Tosi S.r.l.
Mediobanca	9,971,282	1.217	Franco Tosi S.r.l.
Rcs MediaGroup ordinary	35,850,555	4.893	Franco Tosi S.r.l.
Ubi Banca	1,718,500	0.269	Italmobiliare S.p.A.
Intek ordinary	9,821,000	2.824	Franco Tosi S.r.l.
Intek warrants	3,480,820	2.966	Franco Tosi S.r.l.
Trading investments in other companies [2]			
Unicredito ordinary	2,300,000	0.017	Soparfi S.A.
Unicredito ordinary	400,000	0.003	Soparfinter S.A.
Rcs MediaGroup ordinary	2,071,530	0.283	Soparfi S.A.
Ubi Banca	1,600,000	0.250	Soparfi S.A.
Asm	620,000	0.080	Italmobiliare S.p.A.

Sance S.r.l. belonged to the property sector in 2007 and to the financial sector as from 2008; it holds 1,465,166 Ubi Banca shares representing 0.229%

[1] The % refers to the total number of instruments issued in the corresponding category

[2] Trading investments are included in the net financial position

Net financial position of Italmobiliare and the financial sector

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

(in thousands of euro)	December 31, 2007		December 31, 2006	
	Italmobiliare	Financial sector[1]	Italmobiliare	Financial sector[1]
Cash, cash equivalents and current financial assets	44,066	796,018	83,741	909,834
Short-term financing	(177,840)	(212,591)	(84,484)	(149,840)
Short-term net financial position	**(133,774)**	**583,427**	**(743)**	**759,994**
Medium/long-term financial assets	2,792	62,460	2,965	13,244
Medium/long-term financing	(346,440)	(346,440)	(389,300)	(389,300)
Medium/long-term net financial position	**(343,648)**	**(283,980)**	**(386,335)**	**(376,056)**
Net financial position	**(477,422)**	**299,447**	**(387,078)**	**383,938**

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

Italmobiliare had net debt of 477.4 million euro (387.1 million euro at December 31, 2006), an increase of 90.3 million euro reflecting new equity investments, net finance costs, management costs and extraordinary items.

The financial sector had a positive consolidated net financial position of 299.4 million euro (383.9 million euro at December 31, 2006), a decrease of 84.5 million euro as a result of the transactions and results described above.

(in millions of euro)	Italmobiliare	Financial sector
Equity investments sold	6.1	7.0
Equity investments acquired	(89.9)	(93.3)
Dividends paid	(55.8)	(55.8)
Dividends received	85.4	87.0
Finance income and costs	(14.4)	(4.8)
Current operations and extraordinary items	(21.7)	(24.6)
Total	**(90.3)**	**(84.5)**

Significant post balance-sheet events

After the sale by Capitalia Partecipazioni S.p.A. of 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.

Outlook

Results in the financial sector depend on dividend flows and trends on the financial markets. While dividend flows are predictable to a certain extent and can be determined with an acceptable degree of approximation, future interest rates and trends on equities and debentures markets involve elements of uncertainty that make it difficult to formulate a reliable full-year forecast for results in this sector. The unimpressive net profit posted in 2007 and the unfavorable market trends of early 2008 do not relieve the uncertainty over the outlook in this sector.

Banking sector

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

(in millions of euro)	2007	2006	% change
Revenues	50.6	48.2	*5.0*
EBIT	11.8	10.3	*15.0*
Net profit for the year	**9.7**	**8.1**	***19.5***

(in millions of euro)	December 31, 2007	December 31, 2006
Net financial position	93.5	92.7
Shareholders' equity	94.1	93.2
Group shareholders' equity	93.6	92.7
Number of employees at period end	144	139

Quarterly trend

(in millions of euro)	2007	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Revenues	**50.6**	**14.1**	**10.7**	**12.9**	**13.1**
% change vs 2006	*5.0*	*4.9*	*4.6*	*2.6*	*8.0*
EBIT	**11.8**	**2.6**	**2.2**	**3.1**	**3.8**
% change vs 2006	*15.0*	*2.7*	*18.5*	*14.5*	*23.6*
Net profit for the period	**9.7**	**2.4**	**1.7**	**2.6**	**3.0**
% change vs 2006	*19.5*	*24.0*	*20.4*	*0.6*	*36.7*
Net financial position at period end	**93.5**	**93.5**	**92.8**	**91.6**	**88.4**

Results in accordance with the banking model

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

(in millions of euro)	2007	2006	% change
Net interest income	6.6	5.9	*11.1*
Intermediation margin	45.2	43.7	*3.4*
Gross operating profit	13.5	13.3	*1.3*
Profit from operations	11.8	9.3	*26.8*
Net profit for the year	**9.7**	**8.1**	***19.5***

The sector's results made significant progress, and consisted almost entirely of the results of Finter Bank Zürich.

Finter Bank Zürich

In 2007 the Finter Bank Zürich group reported consolidated revenues of 80.9 million Swiss francs, up by 9.5% from 2006. The improvement reflected higher net interest income and a rise in fee income on client transactions.

The growth in revenues, together with careful cost management, generated EBIT of 18.9 million Swiss francs, up from 15.9 million Swiss francs in 2006 (+19.0%).

After finance costs and tax, consolidated net profit amounted to 15.6 million Swiss francs, from 12.7 million Swiss francs in 2006 (+23.4%) .

The Finter Life insurance company commenced business in the first half of 2007 (90% owned by Finter Bank Zürich), and is consolidated line-by-line. Its impact on the income statement is currently negligible.

Consolidated shareholders' equity rose from 140.8 million Swiss francs at December 31, 2006, to 146.2 million Swiss francs at December 31, 2007.

Assets under management at the end of 2007 stood at 5.6 billion Swiss francs. The slight decrease with respect to September 30, 2007, reflected write-downs on asset values as a result of unfavorable trends on the financial markets.

Although market conditions were highly unstable, Finter Bank Zürich achieved growth through a strong client focus, development of new products and a staff re-organization.

Crédit Mobilier de Monaco

Crédit Mobilier de Monaco is a bank in Monaco whose main activity is guarantee-backed loans. In 2007 it reported a small increase in net interest income and containment of employee expenses.

Net profit for the year, at 178.7 thousand euro, was up on the 2006 figure (58.2 thousand euro).

Outlook

Despite the characteristic uncertainty of the financial markets, the results in the first months of the year and programs currently underway indicate that the result for full-year 2008 in the banking sector will be in line with 2007, subject to currently unforeseeable events.

Property sector, services and other

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

The services companies essentially provide services within the Group.

2007 revenues in the sector amounted to 3.1 million euro, from 2.8 million euro in 2006.

EBIT at 1.6 million euro and aggregate net profit at 2.6 million euro were lower than in 2006 (3.6 and 5.4 million euro respectively), although the earlier year benefited from the release of provisions for risks, deemed excessive, at Terfin S.A. in liquidation.

The sector is of marginal importance to Group results.

During 2007 a series of transactions took place as part of a re-structuring:

- on December 13, 2007, Sance S.r.l. spun off its real estate arm, at book value, to the subsidiary Populonia Italica S.r.l., while retaining its financial arm. The spin-off took effect on January 1, 2008. As from that date, Sance S.r.l. has assumed the role of an equities trading company, and is now part of the financial sector;
- on December 13, 2007, AVA S.r.l. transferred its real estate arm, at market values determined by an independent valuation, to the subsidiary Populonia Italica S.r.l. Simultaneously, Populonia Italica S.r.l. effected a share capital increase with share premium reserved entirely for AVA S.r.l.

Human resources

The number of employees at December 31, 2007, was 25,252 heads, compared with 24,509 at December 31, 2006.
The following table provides a breakdown of employees by business sector and geographical area.

(number of employees*)	December 31, 2007		December 31, 2006	
		%		%
Business sector				
Construction materials	23,706	*93.9*	22,868	*93.3*
Packaging and insulation	1,341	*5.3*	1,442	*5.9*
Financial	46	*0.2*	42	*0.2*
Banking	144	*0.6*	139	*0.5*
Property, services and others	15	-	18	*0.1*
Total	**25,252**	***100.0***	**24,509**	***100.0***
Geographical area				
European Union	12,716	*50.3*	12,658	*51.7*
Other European counries	1,164	*4.6*	1,283	*5.2*
North America	2,133	*8.4*	1,697	*6.9*
Asia	2,916	*11.6*	2,387	*9.8*
Africa	5,923	*23.5*	6,148	*25.1*
Trading	377	*1.5*	326	*1.3*
Other countries	23	*0.1*	10	-
Total	**25,252**	***100.0***	**24,509**	***100.0***

(*) including employees of companies consolidated on a line-by-line basis or proportionate basis. The number of employees for companies consolidated on a proportionate basis is in line with the consolidation proportion. The 2007 figure considers personnel at Calcestruzzi S.p.A. and its subsidiaries at September 30, 2007.

Dealings with related parties

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

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

Dealings with subsidiaries and associates

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

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

Calcestruzzi group

Since the Calcestruzzi group was consolidated on the basis of the data at September 30, 2007, all business and financial dealings with the group in the fourth quarter are included in dealings with related parties; specifically, in the fourth quarter Italcementi S.p.A. and subsidiaries sold products, cement and hydraulic binders for 40.7 million euro, provided services for 1.3 million euro, and posted finance costs relating to the net financial position for a net amount of 1.6 million euro.

Dealings with other related parties

Dealings with other related parties in 2007 were as follows:

- administrative, financial, contractual and fiscal consultancy services, as well as support services for the organization of company restructuring operations supplied to the Italmobiliare Group by Finsise S.p.A. and Professional Auditing S.p.A., companies whose reference shareholder and/or majority shareholder is Italo Lucchini, Deputy Chairman of Italmobiliare, for considerations totaling 295,000 euro;
- legal consultancy, judicial and extrajudicial assistance provided to Italmobiliare and to Group companies by the associate professional studio Dewey Ballantine, now Dewey LeBoeuf, of which Italmobiliare director Luca Minoli is a partner, for considerations totaling 480,000 euro;
- consultancy services for the senior management of Italmobiliare in relation to the rationalization and development of Group activities, provided by Piergiorgio Barlassina, a director of Italmobiliare, for considerations totaling 250,000 euro;
- legal consultancy services for the Italmobiliare Group provided by Giorgio Bonomi, a director of Italmobiliare, for considerations totaling 132,000 euro.

In 2007 Italmobiliare and Italcementi made an endowment of 1.2 million euro to the Italcementi Cav. Lav. Carlo Pesenti foundation to cover operating expenses and realize initiatives within the scope of the foundation. The Italcementi group charged the foundation for an amount of approximately 196,000 euro for the supply of corporate administration services and services provided by its personnel; it also provided services for the construction of the professional training center for young students in Sri Lanka for 32,000 euro.

All dealings with related parties, whether for the exchange of goods and services, or financial services, are conducted at normal market conditions. With regard to the consolidated financial statements of Italmobiliare S.p.A., the extent of dealings with related parties is not significant.

No atypical or unusual transactions took place in 2007.

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, contingent liabilities are probable and measurable.
Details of the main disputes are provided above in the sections on the individual sectors.

Outlook

The macroeconomic scenario is deteriorating, with high instability and volatility on the financial markets, sharp rises in commodities prices starting in the second half of 2007 but gathering pace since the beginning of 2008 in response to further significant increases in oil prices, the fall in the dollar and growing inflationary pressures.

Consequently it is difficult to draw up projections for the Group's 2008 full-year results.
Considering the situation in the individual sectors, the outlook for 2008 may be summarized as follows:

- the differences in the cyclical positions in the construction sector will tend to widen further, in both the mature countries and the emerging countries.
  In North America, a further downturn is expected, while in Europe the slowdown that has already emerged in some countries in which the Italcementi group operates could gather strength. Conversely, demand in the emerging countries should continue to grow at a robust pace, although differences among markets could be greater than in the past.
  Given this outlook, the group is pursuing with determination its goals of improving industrial efficiency and containing fixed costs in order to maintain in 2008 the operating results reported in 2007;

- food packaging is expected to reflect the fall in consumer spending power on West European markets, but should benefit from growing consumer spending in Eastern Europe; in thermal insulation, the new technical laws will continue to stimulate demand over the medium/long-term. The Sirap Gema group should therefore report higher operating results;

- the instability on the financial markets and the trends since the beginning of 2008 prevent the Group from providing reliable guidance on full-year results in the financial sector;

- the progress achieved in the year to date and current programs indicate that the banking sector will successfully report results in line with those of 2007.

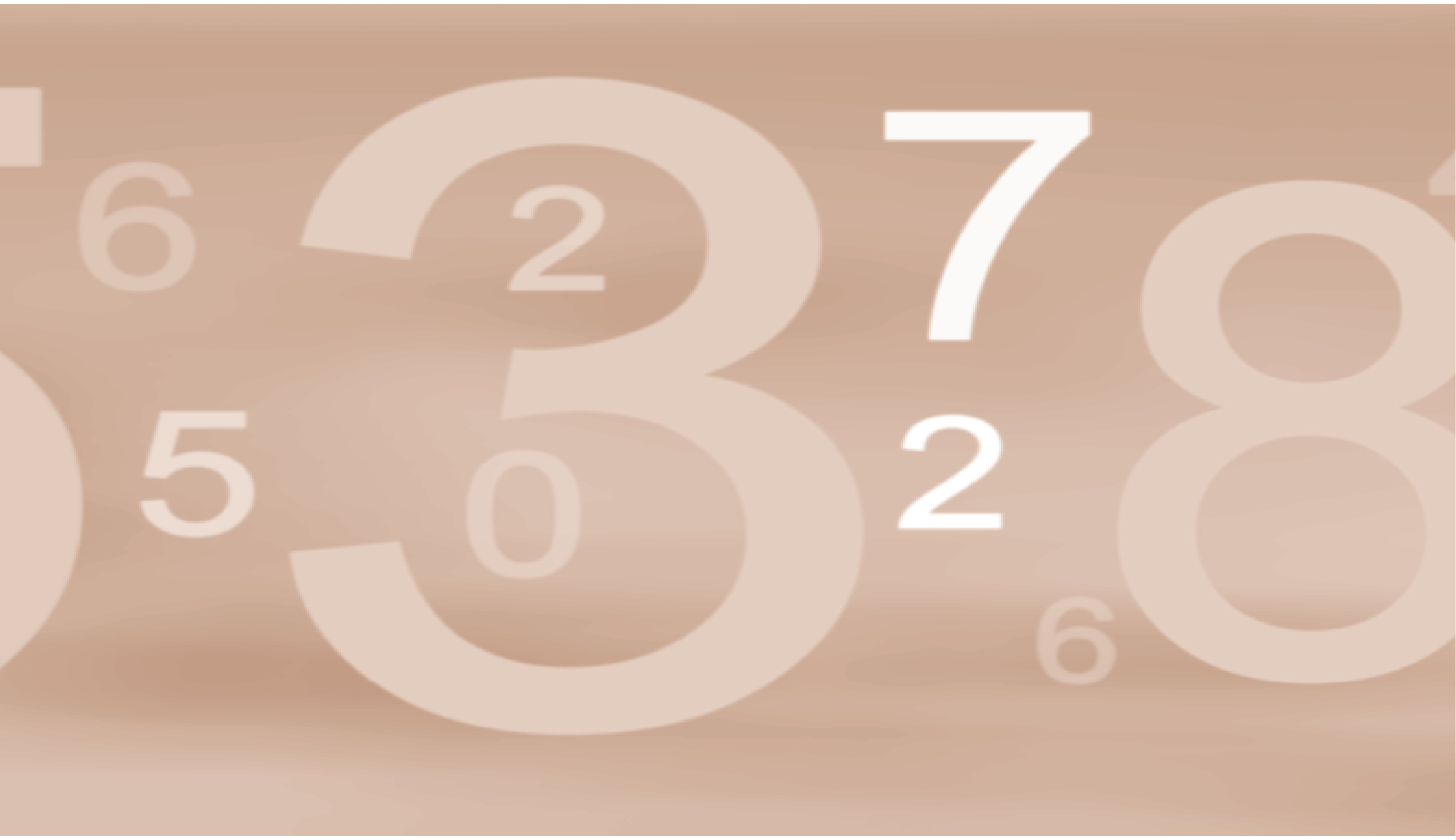
Overall, in view of the developments forecast in the various business sectors and their relative importance, the Group expects 2008 consolidated EBIT to be close to the levels reported in 2007, subject to currently unforeseeable events.

Based on current information and subject to unforeseeable events, the parent company Italmobiliare S.p.A. expects 2008 separate net profit for the year to be in line with net profit for 2007.

Milan, March 28, 2008

The Board of Directors

Consolidated financial statements



Financial statements

Balance sheet

(in thousands of euro)	Notes	12.31.2007	12.31.2006	Change
Non-current assets				
Property, plant and equipment	1	4,229,262	4,118,219	111,043
Investment property	2	28,147	28,014	133
Goodwill	3	2,001,125	1,894,932	106,193
Intangible assets	4	70,117	59,013	11,104
Investments in associates	5	214,288	194,637	19,651
Other equity investments	6	1,417,241	1,601,245	(184,004)
Non-current trade and other receivables	7	127,317	140,354	(13,037)
Deferred tax assets	21	40,176	43,793	(3,617)
Non-current receivables due from employees		438	517	(79)
Total non-current assets		**8,128,111**	**8,080,724**	**47,387**
Current assets				
Inventories	8	887,074	723,736	163,338
Trade receivables	9	1,423,349	1,544,596	(121,247)
Other current assets	10	365,048	341,713	23,335
Income tax assets	11	68,073	38,235	29,838
Equity investments and financial receivables	12	900,811	871,948	28,863
Cash and cash receivables	13	501,527	533,269	(31,742)
Total current assets		**4,145,882**	**4,053,497**	**92,385**
Total assets		**12,273,993**	**12,134,221**	**139,772**
Shareholders' equity				
Share capital	14	100,167	100,167	
Reserves	15	858,179	1,029,288	(171,109)
Treasury shares	16	(21,226)	(22,176)	950
Retained earnings		1,972,492	1,867,675	104,817
Group shareholders' equity		**2,909,612**	**2,974,954**	**(65,342)**
Minority interests	17	3,390,564	3,432,903	(42,339)
Total shareholders' equity		**6,300,176**	**6,407,857**	**(107,681)**
Non-current liabilities				
Interest-bearing loans and long-term borrowings	19	2,572,200	2,531,204	40,996
Employee benefit liabilities	18	198,135	213,709	(15,574)
Non-current provisions	20	276,682	343,511	(66,829)
Other non-current liabilities		46,526	20,337	26,189
Deferred tax liabilities	21	332,132	344,175	(12,043)
Total non-current liabilities		**3,425,675**	**3,452,936**	**(27,261)**
Current liabilities				
Bank overdrafts and short-term borrowings	19	675,354	469,915	205,439
Interest-bearing loans and short-term borrowings	19	230,995	199,980	31,015
Trade payables	22	807,442	815,791	(8,349)
Current provisions	20	3,157	1,372	1,785
Income tax liabilities	23	37,805	91,981	(54,176)
Other liabilities	24	793,389	694,389	99,000
Total current liabilities		**2,548,142**	**2,273,428**	**274,714**
Total liabilities		**5,973,817**	**5,726,364**	**247,453**
Total shareholders' equity and liabilities		**12,273,993**	**12,134,221**	**139,772**

Pursuant to Consob Resolution no. 155519 of July 27, 2006, the effects of dealings with related parties on balance sheet, income statement and financial items are disclosed in the specific explanatory annexes.

Income statement

(in thousands of euro)	Notes	2007	%	2006	%	Change	%
Revenues	25	**6,396,975**	**100.0**	**6,216,515**	**100.0**	**180,460**	**2.9**
Other revenues		86,856		83,177		3,679	
Change in inventories		58,074		(7,933)		66,007	
Internal work capitalized		41,727		37,663		4,064	
Goods and utilities expenses	26	(2,390,309)		(2,237,476)		(152,833)	
Services expenses	27	(1,474,067)		(1,382,809)		(91,258)	
Employee expenses	28	(1,031,283)		(980,063)		(51,220)	
Other operating income (expense)	29	(225,877)		(179,089)		(46,788)	
Recurring EBITDA		**1,462,096**	**22.9**	**1,549,985**	**24.9**	**(87,889)**	**-5.7**
Net capital gains on sale of fixed assets	30	16,771		18,384		(1,613)	
Non-recurring employee expenses for re-organizations	30	(15,391)		(25,449)		10,058	
Other non-recurring income (expense)	30	(765)		(1,907)		1,142	
EBITDA		**1,462,711**	**22.9**	**1,541,013**	**24.8**	**(78,302)**	**-5.1**
Amortization and depreciation	31	(459,099)		(433,316)		(25,783)	
Impairment variation		(6,122)		(1,977)		(4,145)	
EBIT		**997,490**	**15.6**	**1,105,720**	**17.8**	**(108,230)**	**-9.8**
Finance income	32	55,811		48,077		7,734	
Finance costs	32	(169,460)		(149,996)		(19,464)	
Net exchange-rate differences and derivatives	32	(8,384)		(4,925)		(3,459)	
Share of results of associates	33	15,915		20,451		(4,536)	
Profit before tax		**891,372**	**13.9**	**1,019,327**	**16.4**	**(127,955)**	**-12.6**
Income tax expense	34	(230,428)		(270,848)		40,420	
Income (expense) from discontinued operations							
Net profit for the period		**660,944**	**10.3**	**748,479**	**12.0**	**(87,535)**	**-11.7**
Attributable to:							
Group		217,224	3.4	264,427	4.3	(47,203)	-17.9
Minority interests		443,720	6.9	484,052	7.7	(40,332)	-8.3
Earnings per share	35						
- Basic							
ordinary shares		5.734 €		7.001 €			
savings shares		5.812 €		7.079 €			
- Diluted							
ordinary shares		5.714 €		6.985 €			
savings shares		5.792 €		7.063 €			

Statements of movements in consolidated total shareholders’ equity

(in thousands of euro)	Attributable to equity holders of the parent										Minority interests	Total sh. holders’ equity
		Reserves										
	Share capital	Share premium reserve	Reserve for general banking risks	Fair value reserve for available-for-sale financial assets	Fair value reserve for derivative financial instruments	Other reserves	Treasury shares	Translation reserve	Retained earnings	Total capital and reserves		
Balances at December 31, 2005	**100,167**	**177,191**	**16,719**	**675,570**	**-944**	**27,958**	**-22,176**	**46,794**	**1,675,010**	**2,696,289**	**3,220,459**	**5,916,748**
Change in fair value on:												
Held-for-sale financial assets				115,847						115,847	14,202	130,049
Derivative financial instruments					3,485					3,485	7,652	11,137
Other			428			13,573			-14,001		16,367	16,367
Currency translation differences			-539					-47,081		-47,620	-162,552	-210,172
Net gains (losses) recognized directly in equity			-111	115,847	3,485	13,573		-47,081	-14,001	71,712	-124,331	-52,619
Net profit for the period									264,427	264,427	484,052	748,479
Total gains (losses) for the period			-111	115,847	3,485	13,573		-47,081	250,426	336,139	359,721	695,860
Distribution of profits: Dividends									-49,007	-49,007	-174,800	-223,807
Treasury share buybacks												
Reclassifications												
Change % control, scope of consolidation and other changes								-1,814	-6,653	-8,467	27,523	19,056
Balances at December 31, 2006	**100,167**	**177,191**	**16,608**	**791,417**	**2,541**	**41,531**	**-22,176**	**-2,101**	**1,869,776**	**2,974,954**	**3,432,903**	**6,407,857**
Change in fair value on:												
Held-for-sale financial assets				-177,542						-177,542	-22,128	-199,670
Derivative financial instruments					3,321					3,321	6,019	9,340
Other			-415			4,007				3,592	-2,007	1,585
Currency translation differences			-480					-19,514		-19,994	-62,687	-82,681
Net gains (losses) recognized directly in equity			-895	-177,542	3,321	4,007		-19,514		-190,623	-80,803	-271,426
Net profit for the period									217,224	217,224	443,720	660,944
Total gains (losses) for the period			-895	-177,542	3,321	4,007		-19,514	217,224	26,601	362,917	389,518
Distribution of profits: Dividends									-55,830	-55,830	-138,541	-194,371
Exercise of options							950		277	1,227		1,227
Change % control, scope of consolidation and other changes									-37,340	-37,340	-266,715	-304,055
Balances at December 31, 2006	**100,167**	**177,191**	**15,713**	**613,875**	**5,862**	**45,538**	**-21,226**	**-21,615**	**1,994,107**	**2,909,612**	**3,390,564**	**6,300,176**

Consolidated cash flow statement

(in thousands of euro)	2007	2006
A) Cash flow from operating activities:		
Profit before tax	891,372	1,019,327
Adjustments for:		
Amortization, depreciation and impairment	470,082	435,993
Reversal undistributed results of associates	(7,746)	(7,782)
Capital (gains)/losses on sale of fixed assets	(22,027)	(35,617)
Change in employee benefit liabilities and other provisions	(68,592)	23,805
Stock options	12,136	5,676
Reversal of net finance income and costs	62,578	40,313
Cash flow from operating activities before tax, finance income/costs and change in working capital	**1,337,803**	**1,481,715**
Change in working capital:		
Inventories	(165,549)	(32,384)
Trade receivables	156,575	(214,895)
Trade payables	(18,996)	68,911
Other receivables/payables, accruals and deferrals	83,920	(15,181)
	55,950	**(193,549)**
Cash flow from operating activities before tax and finance income/costs	**1,393,753**	**1,288,166**
Net finance costs paid	(118,402)	(103,150)
Dividends received	48,837	60,098
Taxes paid	(356,604)	(232,032)
Inflows from derivatives	(11,906)	806
	(438,075)	**(274,278)**
Total A)	**955,678**	**1,013,888**
B) Cash flow from investing activities:		
Investments in fixed assets:		
PPE and investment property	(541,418)	(501,850)
Intangible assets	(13,250)	(18,237)
Financial assets (equity investments)	(552,328)	(345,099)
Cash of consolidated acquisitions	35,255	7,507
Total investments in fixed assets	**(1,071,741)**	**(857,679)**
Proceeds from divestments of fixed assets and repayment of loans	73,763	82,580
Total divestments	**73,763**	**82,580**
Total B)	**(997,978)**	**(775,099)**
C) Cash flow from financing activities:		
New interest-bearing loans and long-term borrowings	340,777	135,009
Change in financial receivables	(129,451)	(79,989)
Change in other financial receivables		173
Change in current equity investments	787	(3,349)
Net change on treasury shares	(14,826)	(4,581)
Dividends paid	(194,371)	(223,807)
Other movements in shareholders' equity	18,178	7,949
Total C)	**21,094**	**(168,595)**
D) Currency translation differences and other changes — Total D)	**(10,536)**	**(55,095)**
E) Cash flows for the period — (A+B+C+D)	**(31,742)**	**15,099**
F) Opening cash and cash equivalents	**533,269**	**518,170**
Closing cash and cash equivalents — (E+F)	**501,527**	**533,269**

Notes

The Italmobiliare S.p.A. consolidated financial statements as at and for the year to December 31, 2007, were approved by the Board of Directors on March 28, 2008. At the meeting, the Board authorized publication of the financial statements in a press release dated March 28, 2008, containing key information from the financial statements.
As required by IAS 10, these consolidated financial statements may be amended by the Shareholders' Meeting.

Accounting policies

Italmobiliare S.p.A. is a corporate entity established in accordance with the laws of the Republic of Italy. It has been listed on the Milan Stock Exchange since 1980.
Italmobiliare S.p.A. and its subsidiaries form the "Italmobiliare Group", an international player in construction materials, food packaging and thermal insulation, finance, banking and other minor sectors.

Declaration of compliance with the IFRS

These consolidated financial statements have been drawn up in compliance with the International Financial Reporting Standards (IFRS) applicable at December 31, 2007, adopted by the EC Commission.
In compliance with European Regulation no. 1606 of July 19, 2002, the principles adopted do not include the standards and interpretations published by the IASB and the IFRIC through December 31, 2007, that had not been approved by the European Union at that date.
Since December 31, 2006, a number of principles and interpretations approved by the European Union have come into force and have been applied in the 2007 financial statements, specifically:

Amendments to IAS 1 "Presentation of financial statements": approved by the EC Commission in January 2006; the amended standard requires additional disclosures on capital management aims, policies and procedures.

IFRS 7 "Financial instruments: disclosures": approved by the EC Commission in January 2006, this standard replaces part of IAS 32 (Financial Instruments: presentation and disclosures) and governs disclosures on financial assets and liabilities, without affecting recognition and measurement criteria.

IFRIC 7 "Applying the restatement approach under IAS 29 – Financial reporting in hyperinflationary economies": this interpretation is applicable as from January 1, 2007; it governs issues not present within the Group.

IFRIC 8 "Scope of IFRS2" (share-based payments): approved by the EC Commission in September 2006, this principle has no material impact on Group results.

IFRIC 9 "Reassessment of embedded derivatives": approved by the EC Commission in September 2006, this principle has no material impact on Group results.

IFRIC 10 "Interim financial reporting and impairment": approved by the EC Commission in June 2007, this principle has no impact on the annual financial statements.

IFRIC 11 IFRS 2 "Group and treasury share transactions": the Group has adopted IFRIC 11 in its consolidated financial statements as from January 1, 2007. The interpretation requires agreements granting employees rights on own equity instruments to be accounted for as equity-settled plans even if the entity acquires the instruments from a third party or in cases where the shareholders provide the necessary equity instruments.

Standards, principles and interpretations approved by the European Union but not yet in force and for which the Group has not elected early application are as follows:

IFRS 8 "Operating segments": application will be mandatory as from January 1, 2009, and will replace IAS 14 "Segment reporting."

Standards, principles and interpretations published by the IASB but not yet approved by the European Union are as follows:

IAS 1 "Presentation of financial statements": the amended version of IAS 1 was approved in September 2007 and will come into force for reporting periods beginning on or after January 1, 2009. The standard separates changes in shareholders' equity concerning shareholders and non owners. The statement of movements in shareholders' equity will itemize only transactions with shareholders while movements relating to transactions with non owners will be disclosed in one line only. The standard also introduces the "comprehensive income" statement: this statement contains all profit and loss items for the period, plus other income recognized for the period. The "comprehensive income" statement may be presented as a single statement or two related statements. The Group is considering whether to draw up one or two statements.

IAS 23 revision "Borrowing costs": the revised standard requires capitalization of borrowing costs relating to "qualifying assets". The standard contains transitional provisions requiring prospective application from the date of entry into force (January 1, 2009).

IFRS 2 "Share-based payments – Vesting conditions and cancellations": the amendment to IFRS 2 was published in January 2008 and will come into force for reporting periods beginning on or after January 1, 2009. The standard restricts definition of "vesting conditions" to a condition that includes an explicit or implicit obligation to provide a service. Any other condition is a "non vesting condition" and must be taken into consideration when determining the fair value of the granted equity instrument. In the event that the premium does not vest because it does not satisfy a "non vesting condition" under the control of the entity or the counterpart, it must be recognized as a cancellation. The Group has not undertaken transactions with share-based payments involving "non vesting" conditions, and therefore does not expect material effects from recognition of agreements with payment based on stock options.

IFRS 3R "Business combinations" and IAS 27R "Consolidated and separate financial statements": the amended standards were approved in January 2008 and will come into force for reporting periods beginning on or after July 1, 2009. IFRS 3R introduces a number of changes in accounting of business combinations, which will affect recognition of goodwill, the result for the year in which the acquisition took place and results in subsequent periods. IAS 27R requires changes in the share held in a subsidiary to be recognized as a capital transaction. Consequently, this change will not affect goodwill, and will not generate gains or losses. Also, the amendments introduce changes in recognition of a loss at a subsidiary and of loss of control of the subsidiary. The amendments introduced with IFRS 3R and IAS 27R must be applied prospectively and will have an impact on future acquisitions and transactions with minorities.

IFRIC 12 "Service concession arrangements": published by the IASB in November 2006, will come into effect for reporting periods beginning on or after January 1, 2008.

IFRIC 13 "Customer loyalty programs": published by the IASB in June 2007, will come into effect for reporting periods beginning on or after July 1, 2008.

IFRIC 14 "The limit on a defined benefit asset, minimum funding requirements and their interaction": published by the IASB in July 2007, will come into effect for reporting periods beginning on or after January 1, 2008.

Amendments to IAS 32 and IAS 1 "Financial instruments": the amendments to IAS 32 and IAS 1 were approved in February and will come into effect for reporting periods beginning on or after January 1, 2009. The amended version of IAS 32 requires that some puttable financial instruments and obligations arising at the time of liquidation be classified as equity instruments if specific conditions are met. The amended version of IAS 1 requires additional disclosures in the notes on puttable instruments presented as equity. The Group does not expect these changes to have effects on the Group financial statements.

Accounting policies and basis of presentation

The consolidated accounts adopt the cost principle, with the exception of derivative financial instruments and financial assets held for trading or for sale, which are stated at fair value. The carrying amounts of hedged assets and liabilities are adjusted to reflect changes in fair value on the basis of the hedged risks. The consolidated financial statements are presented in euro. All amounts in the accounting schedules and in the notes are rounded to thousands of euro, unless otherwise specified.
The basis of presentation of the Group financial statements is as follows:

- current and non-current assets and current and non-current liabilities are presented as separate classifications on the face of the balance sheet. Current assets, which include cash and cash equivalents, are assets that the Group intends to realize, sell or consume during its normal business cycle; current liabilities are liabilities that the Group expects to settle during the normal business cycle or in the twelve months after the balance sheet date;
- on the income statement, costs are analyzed by the nature of the expense. As in the 2006 income statement, a line is included to reflect the intermediate result represented by Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA);
- on the cash flow statement the indirect method is used.

Use of estimates

The preparation of the consolidated financial statements and the notes in conformity with the international accounting policies requires management to make discretional assessments and estimates that affect the values of assets, liabilities, income and expense, such as amortization, depreciation and provisions, and the disclosures on contingent assets and liabilities in the notes. Since these estimates assume operating continuity and are determined using the information available at the time, they could diverge from the actual future results. Assumptions and estimates are particularly sensitive with regard to measurement of fixed assets, which depend on forecasts of future results and cash flows, measurement of contingent liabilities, provisions for disputes and restructurings and commitments in respect of pension plans and other long-term benefits. Management conducts regular reviews of assumptions and estimates, and immediately recognizes any adjustments in the financial statements.

Principles of consolidation

The consolidated financial statements are based on the accounts at December 31, 2007, of the parent company Italmobiliare S.p.A. and the consolidated companies, in accordance with the Group's accounting policies.

Subsidiaries

Subsidiaries are companies in which the Group has the power to determine, directly or indirectly, administrative and management decisions and to obtain the benefits thereof. Generally speaking, control is assumed to exist when the Group holds, directly or indirectly, more than one half of voting rights, including potential voting rights deriving from convertible securities.
Subsidiaries are consolidated on a line-by-line basis as from the date at which control is obtained and until control is transferred out of the Group.

Associates

Associates are companies in which the Group has significant influence over administrative and management decisions even though it does not hold control. Generally speaking, significant influence is assumed to exist when the Group holds, directly or indirectly, at least 20% of voting rights. Equity investments in associates are valued with the equity method, whereby they are recognized initially at cost, and subsequently adjusted to reflect changes in the value of the Group's interest in the associate's equity. The Group's share of the associate's net profit or loss is recognized in a specific income statement line item from the date at which the Group exerts significant influence until it relinquishes such influence.

Joint ventures

Joint ventures are companies whose business operations are controlled by the Group jointly with one or more other parties, under contractual arrangements. Joint control presupposes that strategic, financial and management decisions are taken with the unanimous consent of the parties that control the venture.
Equity investments in joint ventures are consolidated on a proportionate basis, whereby assets, liabilities, income and expenses are recognized line-by-line proportionately to the Group's interest.
The balance sheets and income statements of joint ventures are consolidated from the date on which joint control is assumed and until such control is relinquished.

Transactions eliminated during consolidation

All intragroup balances and transactions, including any unrealized gains in respect of third parties, are eliminated in full. Unrealized losses in respect of third parties deriving from intragroup transactions are eliminated, except in cases where it will not subsequently be possible to recover such losses.
Unrealized gains in respect of third parties deriving from transactions with associates are eliminated against the equity investment carrying amount, while losses are eliminated proportionately to the Group's interest, unless it will not subsequently be possible to recover such losses.

Scope of consolidation

A list of the companies consolidated on a line-by-line basis, on a proportionate basis and with the equity method is provided in the annex to these notes.

Business combinations

On first-time adoption of the IFRS, as allowed by IFRS 1, the Group elected not to apply IFRS 3 retrospectively to business combinations that took place before January 1, 2004.

Cost of business combinations

Business combinations are recognized at purchase cost as provided by IFRS 3. Purchase cost is the sum of the fair values of the assets and liabilities acquired, contingent liabilities assumed and equity instruments issued at the transaction date, plus costs directly attributable to the purchase.

Apportionment of the cost of business combinations

The cost of business combinations is apportioned by recognizing the fair value of identifiable assets, liabilities and contingent liabilities at the acquisition date. Positive differences between the purchase cost and the interest in the fair value of the identifiable assets, liabilities and contingent liabilities at purchase are recognized as goodwill, under assets. Negative differences are taken immediately to the income statement. If on initial recognition the purchase cost of a business combination can only be determined provisionally, the apportioned amounts are adjusted within twelve months of the acquisition date.

Minority interests

Minority interests are recognized at the fair value of the net acquired assets.

Business combinations achieved in stages

When a business combination is achieved in stages, through a series of share purchases, each transaction is accounted for separately, using the cost and fair value information available at the date of each transaction to determine any goodwill.
When control of an entity is obtained through a subsequent purchase, the previously held interest is revalued to reflect the fair value of the identifiable assets, liabilities and contingent liabilities at the date of the subsequent purchase; the revaluation balancing entry is recognized in equity attributable to the Group.

Purchase of interests held by minorities

In the absence of a specific IFRS treatment, the Group applies the following criterion:

- purchases of interests held by minorities after control has been obtained do not require revaluation of identifiable assets and liabilities. The difference between the purchase cost and the equity interest acquired is recognized as goodwill;
- similarly, in the absence of specific IFRS indications, transactions that reduce the percentage interest held, without loss of control, are treated as sales to minorities and the difference between the interest sold and the price paid is recognized in the income statement.

Commitments to purchase interests held by minorities

In the absence of a specific IFRS treatment, the Group applies the following criterion:
A put option granted to minorities of a company controlled by the Group is initially recognized by recording the purchase value as a liability, since the value in question is the present value of the put option exercise price. The criterion anticipates in the financial statements the complementary acquisition of the interests held by minorities to whom put options have been granted:

- the minority interests are reclassified under liabilities and the difference between the fair value of the purchase commitment liabilities and the net carrying amount of the minority interests is recorded as goodwill;
- subsequent changes in liability values are recognized under goodwill with the exception of adjustments to the present value, which are taken to the income statement.

Transactions in currencies other than the reporting currency

The reporting currency of the subsidiaries located outside the euro zone is usually the local currency.

Translation of foreign currency postings

Foreign currency transactions are initially translated into the reporting currency using the exchange rate at the transaction date. At closure of the reporting period, foreign currency monetary assets and liabilities are translated into the reporting currency at the closing exchange rate. Exchange-rate gains and losses are taken to the income statement.
Non-monetary foreign currency assets and liabilities valued at cost are translated at the exchange rate ruling at the transaction date; those valued at fair value are translated with the exchange rate at the date fair value was determined.

Translation of the financial statements of foreign entities

At closure of the reporting period, the assets, including goodwill, and liabilities of consolidated companies that report in currencies other than the euro are translated into the presentation currency of the Group's consolidated accounts at the exchange rate ruling at close. Income statement items, with the exception of companies operating in hyperinflationary economies, are translated at the average rate for the period. Gains and losses arising from the translation of opening shareholders' equity at the closing exchange rates and those arising from the different method used to translate profit and loss for the period are recognized in a specific equity item. In the event of subsequent disposal of a foreign entity, the cumulative translation differences are taken to the income statement.

As allowed under IFRS 1, cumulative translation differences at the date of first-time adoption of the IFRS have been reclassified in “Retained earnings” under shareholders’ equity and therefore will not be taken to the income statement in the event of subsequent disposal.

Property, plant and equipment

Measurement

Property, plant and equipment is recognized at cost, less accumulated depreciation and impairment losses. Cost includes the purchase or production cost and directly attributable costs of bringing the asset to the location and the conditions required for its operation. Production cost includes the cost of materials and direct labor costs. Finance costs relating to the purchase, construction and production of an asset are recognized as expense as incurred. The carrying amount of some assets existing at the IFRS first-time adoption date of January 1, 2004, reflects revaluations applied in prior periods in connection with specific local laws, based on the real economic value of the assets in question. Assets acquired through business combinations are stated at fair value, determined on a provisional basis at the purchase date and subsequently adjusted within the following twelve months.
Subsequent to initial recognition, property, plant and equipment is carried at cost depreciated over the asset’s useful life, less any impairment losses.
Assets under construction are recognized at cost and are depreciated when they enter useful life.
When an asset consists of components with a significant cost and different useful lives, initial recognition and subsequent measurement are effected separately for each component.

Subsequent expense

Repair and maintenance expense is normally recognized as incurred. Component replacement costs are treated as separate assets and the net carrying amount of the replaced component is expensed.

Depreciation

Depreciation is generally calculated on a straight-line basis over the estimated useful life of each component of an asset. Land is not depreciated, with the exception of land used for quarrying operations.
Asset useful life determines the depreciation rate until a subsequent review of residual useful life. The useful life range adopted for the various categories of assets is disclosed in the notes.

Quarries

Costs for the preparation and excavation of land to be quarried are amortized as the economic benefits of such costs are obtained.
Quarry land is depreciated at rates reflecting the quantities extracted in the period in relation to the estimated total to be extracted over the period in which the quarry is to be worked.
The Group makes specific provision for quarry environmental restoration obligations. Since the financial resources required to settle such obligations are directly related to degree of use, the charge cannot be defined at inception with a balancing entry to the asset cost, but is provided to reflect the degree of use of the quarry.

Leases

Finance leases, which transfer to the Group all risks and rewards incident to ownership of the leased asset, are recognized from the lease inception date at the lower of the leased asset fair value or the present value of the lease payments. Lease payments are apportioned between finance costs and reductions against the residual liability so as to obtain a constant rate of interest on the outstanding liability.
The policies used for depreciation and subsequent measurement of leased assets are consistent with those used for the Group's own property, plant and equipment.
Lease contracts where all risks and rewards incident to ownership are retained by the lessor are classified as operating leases.
Operating lease payments are recognized as expense on a straight-line basis over the lease term.

Investment property

Investment property is land and/or buildings held to earn rentals and/or for capital appreciation, rather than for use in the production or supply of goods and services. Investment property is initially recognized at purchase cost, including costs directly attributable to the purchase. Subsequent to initial recognition, investment property is measured at amortized cost.

Goodwill

Goodwill arising from business combinations is measured initially at cost and since January 1, 2004, is no longer subject to amortization. As from the purchase date, goodwill is apportioned to the cash-generating units that are expected to benefit from the synergies created by the acquisition and is tested on an annual basis or more frequently if indications of impairment emerge.
When goodwill is attributed to a cash-generating unit part of whose assets are disposed of, the goodwill associated with the sold assets is taken into account when determining the capital gain or loss arising from the transaction.

Intangible assets

Intangible assets purchased separately are capitalized at cost, while those acquired through business combinations are recognized at provisionally estimated fair value at the purchase date and adjusted where necessary within the following twelve months.
Subsequent to initial recognition, intangible assets are carried at cost amortized over asset useful life.
Other than goodwill, the Group has not identified intangible assets with an indefinite useful life.

Impairment of assets

Goodwill is tested for impairment on an annual basis or more frequently if indications of impairment emerge.
Tangible assets and amortizable intangible assets are tested for impairment if indications of impairment emerge.
Impairment is the difference between the asset net carrying amount and its recoverable amount. Recoverable amount is the greater of fair value, less costs to sell, of an asset or cash-generating unit, and its value in use, determined as the present value of future cash flows. Fair value less costs to sell is determined through application of relevant valuation models adopting appropriate income multipliers, quoted share prices on an active market for similar enterprises or other available fair value indicators applicable to the assets being measured.

In determining value in use, assets are measured at the level of cash-generating units on a continuing operations basis. Estimated future cash flows are discounted at a rate determined for each cash-generating unit using the weighted average cost of capital method (WACC).
If an impairment loss on an asset other than goodwill subsequently reverses in full or in part, the asset net carrying amount is increased to reflect the new estimated recoverable amount, which may not exceed the amount that would have been reflected in the absence of the impairment loss. Impairment losses and impairment reversals are taken to the income statement.

Financial assets

All financial assets are recognized initially at cost at the purchase date, which corresponds to fair value plus additional costs attributable to the purchase.
Subsequent to initial recognition, assets held for trading are classified as current financial assets and carried at fair value; any gains or losses are taken to income.
Assets held to maturity are classified as current financial assets, if they mature within one year; otherwise they are classified as non-current assets and subsequently carried at amortized cost. Amortized cost is determined using the effective interest rate method, taking account of any acquisition discounts or premiums, which are apportioned over the entire period until maturity, less any impairment losses.
Other financial assets are classified as available for sale, under current and non-current assets, and recognized at fair value. Any gains or losses are shown in a separate equity item until the assets are sold, recovered or discontinued, or until they are found to be impaired, in which case the cumulative gains or losses in equity are taken to the income statement. Equity instruments that are not listed on an active market or whose fair value cannot be measured reliably are carried at cost.

Inventories

Inventories are measured at the lower of purchase/production cost (using the weighted average cost method) and net realizable value.
Purchase cost includes costs incurred to bring assets to their present location, less allowances for obsolete and slow-moving items.
Production cost of finished goods and semi-finished goods includes the cost of raw materials, direct labor and a portion of general production costs, determined on the basis of normal plant operations. Financial costs are not included.
The net realizable value of raw and ancillary materials and consumables is their replacement cost.
The net realizable value of finished goods and semi-finished goods is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs to sell.

Trade receivables and other receivables

Trade receivables and other receivables are stated at nominal value, less allowances for uncollectible amounts, which are provided as doubtful debts are identified.

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, bank demand deposits and other treasury investments with original maturity of not more than three months.
The definition of cash and cash equivalents in the cash flow statement is identical to that in the balance sheet.

Deconsolidation of financial assets

The Group derecognizes financial assets in whole or in part when:

- the contractual rights attributable to the assets in question have expired;
- it transfers the near totality of the risks and rewards incident to ownership of the asset or does not transfer and does not even substantially maintain all the risks and rewards but transfers control of the assets.

Employee benefits

The Group operates pension plans, post-employment medical benefit plans and leaving entitlement provisions. It also has other commitments, in the form of bonuses payable to employees on the basis of length of service in some Group companies.

Defined contribution plans

Defined contribution plans are structured post-employment benefit programs where the Group pays fixed contributions to an insurance company or pension fund and will have no legal or constructive obligation to pay further contributions if the fund does not dispose of sufficient assets to pay all the employee benefits accruing in respect of services rendered during the current year and in previous years.
These contributions are paid in exchange for the services rendered by employees and recognized as expense as incurred.

Defined benefit plans

Defined benefit plans are structured post-employment benefit programs that constitute a future obligation for the Group. In substance, the company assumes the actuarial and investment risks of the plan. In accordance with IAS 19, the Group uses the unitary credit projection method to determine the present value of obligations and the related benefit cost of current services rendered.
These actuarial calculations require use of consistent and objective actuarial assumptions about demographic variables (mortality rate, personnel turnover rate) and financial variables (discount rate, future increments on salaries and medical benefits).
When a defined benefit plan is funded in full or in part by contributions paid to a fund that is a separate legal entity or to an insurance company, the assets servicing the plan are estimated at fair value.
Benefit obligations are therefore recognized net of the fair value of the plan assets that will be used to settle the obligations.
Leaving entitlements provided by the Italian companies (TFR, *trattamento di fine rapporto*) are treated in the same way as benefit obligations arising from defined benefit plans for companies with fewer than 50 employees and for entitlements matured up to December 31, 2006, for Group companies with more than 50 employees. Amounts accruing after January 1, 2007, for companies with more than 50 employees, are treated as defined contribution plans.

Leaving entitlements for companies with more than 50 employees are determined by applying actuarial calculations to entitlements accrued as at December 31, 2006; these actuarial calculations are based on assumptions about demographic variables (mortality rate, personnel turnover rate) and on financial assumptions, at a discount rate that reflects the time value of money and at the inflation rate.

Leaving entitlements for companies with fewer than 50 employees are determined by applying the same actuarial calculations, also taking into account the level of future wages and salaries.

Treatment of actuarial gains and losses

Actuarial gains and losses on post-employment defined benefit plans may arise as a result of changes in the actuarial assumptions used in two consecutive periods or as a result of changes in the obligation value or in the fair value of any plan asset in respect of the actuarial assumptions used at the beginning of the period.
The Group uses the corridor method whereby actuarial gains and losses are recognized as income or expense when their unrecognized cumulative net value, for each plan, at the end of the previous period exceeds 10% of the larger of present value of the defined benefit obligation or the fair value of plan assets at that date. These gains or losses are taken to income over the estimated average residual working life of the employees participating in the plans.
Actuarial gains and losses relating to “Other long-term benefits” (service medals, length of service benefits) and to early retirement benefits are recognized as income or expense immediately.

Past service cost

Changes in liabilities resulting from a change to an existing defined benefit plan are recognized as expense on a straight-line basis over an average period until the benefits have vested. Costs for benefits that vest immediately upon changes to a plan are recognized as expense as incurred.

Curtailment and settlement

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized as income or expense when the curtailment or settlement occurs. The gain or loss includes changes in the present value of the obligation, changes in the fair value of plan assets, actuarial gains or losses and past service costs not previously accounted for.
At the curtailment or settlement date, the obligation and the fair value of the plan assets are re-measured using current actuarial assumptions.

Share-based payments

The Group has applied IFRS 2 as from January 1, 2004.
Options for the subscription and purchase of shares granted by Group companies to employees and directors give rise to recognition of a cost classified under employee expenses, with a corresponding increase in equity.
In accordance with IFRS 2, only options granted after November 7, 2002, whose rights had not vested at December 31, 2003, have been measured and recognized at the transition date. Options for the subscription and purchase of shares are measured at fair value at the grant date and amortized over the vesting period. Fair value is determined using the binomial method, and taking account of dividends. Future volatility is determined on the basis of historic market prices, after correction for extraordinary events or factors.
The cost of granted options is reviewed on the basis of the actual number of vested options at the beginning of the exercise period.

Provisions for risks and charges

The Group recognizes provisions for risks and charges when a present or constructive obligation arises as a result of a past event, the amount of which can be reliably estimated, and use of resources is probable to settle the obligation. Provisions reflect the best estimate of the amount required to settle the obligation or transfer it to third parties at the balance sheet date. If the present value of the financial resources that will be used is material,

provisions are determined by discounting expected future cash flows at a rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability. When discounting is performed, movements in provisions due to the effect of time or changes in interest rates are recognized in financial items.
Changes in estimates are recognized as income or expense for the period.
The Group recognizes a separate provision for environmental restoration obligations on land used for quarry work, determined in relation to the use of the quarry in question.
Pending publication of a standard/interpretation on accounting treatment of greenhouse gas emission allowances, after the withdrawal of IFRIC 3 by the International Accounting Standards Board, the Group recognizes a separate provision when emissions are greater than the allowance.
Restructuring costs are provided when the Group company concerned has approved a detailed formal plan that has already been implemented or notified to the relevant third parties.

Loans and borrowings

Loans and borrowings are initially recognized at the fair value of the consideration provided/received less charges directly attributable to the financial asset/liability.
After initial recognition, loans and borrowings are measured at amortized cost using the effective interest rate method.

Trade payables and other payables

Trade payables and other payables are stated initially at the fair value of the original consideration received; subsequently they are stated at amortized cost.

Revenues, other revenues, interest income and dividends

Sale of goods and services

Revenues are recognized to the extent that it is probable that the economic benefits associated with the sale of goods or rendering of services are collected by the Group and the amount in question can be reliably determined.
Revenues are recognized at the fair value of the consideration received or due, taking account of any trade discounts given and volume discounts.
Revenues from the sale of goods are recognized when the company transfers the material risks and rewards incident to ownership of the goods to the purchaser.
Revenues include dividends received, and interest and commission income earned by the financial and banking companies.

Rental income

Rental income is recognized as other revenues, as received.

Costs

Costs are recognized on an accrual basis in accordance with the matching principle, whereby they are matched with revenues.

Interest income

Interest income earned by companies that are not financial or banking companies is classified as finance income after recognition on an accrual basis using the effective interest rate method.

Dividends

Dividends are recognized as shareholders' right to receive payment arises, in accordance with local laws, and are classified under "Finance income and costs" with the exception of dividends earned by banking and financial companies, which are classified under "Revenues".

Government grants

Government grants are recognized when there is a reasonable certainty that they will be received and all the requirements on which receipt depends have been fulfilled.
Grants related to the purchase or production of fixed assets (grants related to assets) are recognized as deferred income and taken to the income statement over the useful life of the underlying assets.

Derivative financial instruments

The Group uses derivative financial instruments such as foreign currency forward contracts and interest-rate swaps and options to hedge market risks.
Derivative financial instruments are measured and recognized at fair value.
Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.
The fair value of foreign currency forward contracts is determined on the basis of the current forward exchange rates for contracts with similar maturity profiles.
Derivatives, with the exception of those that qualify for hedge accounting, are classified under current assets and fair value gains and losses are taken directly to the income statement.

Hedging transactions

In accordance with IAS 39, derivative financial instruments may be designated as hedging instruments when:

- the hedging relationship is formally designated and documented at the start of the hedge;
- the hedging relationship is expected to be highly effective;
- effectiveness can be reliably measured;

- the hedging relationship can pass effectiveness tests in all the accounting periods in which it is in operation.

For accounting purposes, hedges are classified as "fair value hedges", as "cash flow hedges" or as "hedges of net investments in foreign operations".

Fair value hedges hedge Group exposure to fair value changes on a recognized asset or liability or an unrecognized firm commitment, or an identified portion of such an asset, liability or firm commitment, subject to a particular risk that could affect profit and loss
The carrying amount of the hedged item is adjusted for the gains or losses attributable to the hedged risk, the hedging instrument is re-measured at fair value, and any gains and losses on the instrument and on the underlying are taken to the income statement.
For hedged items valued at amortized cost, the carrying adjustment is amortized through profit and loss over the residual term to maturity. Any adjustment to the carrying amount of a hedged financial instrument, for which the effective interest method is used, is amortized through profit and loss. Amortization may begin as soon as an adjustment arises but no later than when the hedged item ceases to be adjusted for fair value changes attributable to the hedged risk.
When an unrecognized commitment is designated as a hedged item, the subsequent cumulative fair value change attributable to the hedged risk is recognized as an asset or liability, with a corresponding gain or loss in the income statement. Fair value changes of a hedged instrument are also taken to profit and loss.
The Group discontinues fair value hedge accounting if the derivative expires, is sold, is settled or exercised, if the hedge no longer qualifies for hedge accounting or if the Group revokes designation.

Cash flow hedges are hedges of exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or with a highly probable forecast transaction, and could affect profit and loss. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in equity, while the non-effective component is recognized in profit and loss.
Amounts deferred in equity are transferred to the income statement when the hedged transaction affects profit and loss. When the hedged item is the cost of a non-financial asset or liability, the amounts recognized in equity are transferred to the initial carrying amount of the non-financial asset or liability.
If the highly probable forecast transaction is no longer expected to occur, the amounts previously recognized in equity are transferred to the income statement. If the hedging instrument expires, is sold, settled or exercised without replacement, or if the hedge designation is revoked, the amounts previously recognized in equity are retained in equity until the forecast transaction takes place. If the highly probable forecast transaction is no longer expected to occur, the amounts in question are taken to the income statement.

Hedges of net investments in foreign operations, including hedges of a monetary item accounted for as a part of a net investment, are treated in the same way as cash flow hedges. The effective component of the gain or loss on the hedging instrument is recognized in equity, while the non-effective component is recognized in profit and loss. On disposal of the foreign operation, the cumulative gain or loss recognized in equity is taken to the income statement.

Income tax expense

Current income taxes are provided in accordance with local tax laws in the countries where the Group operates. Deferred tax is recognized on the basis of temporary differences between the tax base of assets and liabilities and their carrying amount in the balance sheet.
Deferred tax liabilities are recognized on all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable income will be available against which such differences, losses or credits may be reversed.
Taxable or deductible temporary differences do not generate recognition of deferred tax liabilities or assets only in the following cases:

- taxable temporary differences arising from the initial recognition of goodwill, unless goodwill is tax-deductible;
- taxable or deductible temporary differences arising from initial recognition of an asset or a liability in transactions that are not business combinations and affect neither accounting profit nor taxable profit at the transaction date;
- equity investments in subsidiaries, associates and joint ventures when:
  - the Group is able to control the timing of the reversal of the taxable temporary differences and it is probable that such differences will not reverse in the foreseeable future;
  - it is not probable that the deductible temporary differences will reverse in the foreseeable future and that taxable income will be available against which the temporary difference can be used.

Deferred tax assets are reviewed at the end of every reporting period and reduced to the extent that sufficient taxable income is no longer likely to be available in the future against which the assets can be used in full or in part.
Deferred tax assets and liabilities are determined at tax rates expected to apply when the deferred tax asset (liability) is realized (settled), based on rates that have been enacted or substantially enacted at the balance sheet date.
Taxes relating to items recognized directly in equity are recognized in equity, not income.

Management of capital

The primary objective of Group capital management is to guarantee a solid credit rating and to maintain financial indicators at appropriate levels to support business operations, fulfill planned investments and maximize shareholder value.
The Group manages and amends the capital structure to take account of changes in economic and financial conditions, n relation to its international presence and growth plans. To maintain or modify its capital structure, the Group may adjust dividends paid to shareholders, reimburse capital, issue new shares, raise or reduce equity investments in subsidiaries, purchase/sell equity investments.

Exchange rates used to translate the financial statements of foreign entities

Exchange rates for 1 euro:

	Average		**Period end**	
Currency	**2007**	**2006**	**December 31, 2007**	**December 31, 2006**
Thai baht	44.21070	47.59148	43.80000	46.77000
Czeck crown	27.76832	28.34196	26.62800	27.48500
Slovak crown	33.77150	37.23610	33.58300	34.43500
Serbian dinar	79.98710	84.45830	79.76700	79.28600
Kuwaiti dinar	0.38934	0.36435	0.40198	0.38080
Moroccan dirham	11.21992	11.03714	11.36180	11.14700
Canadian dollar	1.46861	1.42363	1.44490	1.52810
US dollar	1.37018	1.25559	1.47210	1.31700
Hungarian florin	251.29200	264.28600	253.73000	251.77000
Swiss franc	1.64264	1.57287	1.65470	1.60690
Ukrainian hrivna	6.90196	6.32867	7.43411	6.64623
Croatian kuna	7.33819	7.32445	7.33080	7.35040
Albanian lek	123.65163	123.09208	122.20400	124.13400
Moldavian leu	16.57800		16.68160	
Bulgarian lev	1.95583	1.95583	1.95583	1.95583
Egyptian lira	7.73302	7.21051	8.13006	7.52399
Bosnian mark	1.95583	1.95583	1.95583	1.95583
New Turkish lira	1.77835	1.79888	1.71020	1.85860
New Romanian leu	3.33527	3.52591	3.60770	3.38350
Mauritanian ouguiya	355.55277	337.25189	369.49700	353.74600
Chinese renmimbi	10.41780	10.00960	10.75240	10.27930
Russian ruble	35.01600	34.25140	35.98600	34.68000
Indian rupee	56.57839	56.90788	58.02100	58.29750
Sri Lanka rupee	151.62035	130.55918	159.92000	141.51700
Cypriot pound	0.58262	0.57578	0.58527	0.57820
Pound sterling	0.68429	0.68178	0.73335	0.67150
Kazakh tange	167.83269	158.10469	177.30700	167.23300
Polish zloty	3.78412	3.92111	3.59350	3.83100

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

Scope of consolidation

Changes in the scope of consolidation

The most significant changes with respect to December 31, 2006, are as follows:

- line-by-line consolidation from March 1, 2007, of Cambridge (Canada) and from April 1, 2007, of Arrows (USA) in the ready mixed concrete business;
- line-by-line consolidation from July 1, 2007 of Decom S.A.E., an Egyptian company in the ready mixed concrete business, acquired 100% by Ready Mix Beton Egypt S.A.E.
- line-by-line consolidation from July 1, 2007, of Shaanxi Fuping Cement Co. Ltd. (China) in the cement business and of Mobile Workers SA, a French company active in the Group e-business initiatives;
- line-by-line consolidation from September 30, 2007, of Hilal Cement Company (Kuwait), which operates two terminals in southern Kuwait;
- incorporation and line-by-line consolidation as from the fourth quarter of 2007 of two e-business companies: BravoSolution China Co. and BravoSolution U.S.A. Inc.;
- line-by-line consolidation from June 1, 2007, of Amprica Immobiliare S.p.A. and Universal Imballaggi S.p.A. (the latter consolidated with the equity method until May 31, 2007).

In 2006, Zuari Cement Ltd. (India) and its subsidiaries were consolidated line-by-line from June 1, 2006 (previously on a proportionate basis).

From October 1, 2006, the Egyptian ready mixed concrete companies Ready Mix Beton Egypt S.A.E. and Ready Mix Beton S.A.E. were acquired and consolidated line-by-line.

Amprica S.p.A. (Italy) and its subsidiaries have been consolidated line-by-line since June 30, 2006. Inline Ucraina was deconsolidated on December 31, 2007, since the Group no longer held control.

An annex is provided listing the significant equity investments in subsidiaries, joint ventures and associates, indicating the respective method of consolidation, registered office and percentage of capital held.

Consolidation of Calcestruzzi

As noted in the directors' report on operations, Calcestruzzi S.p.A. and its subsidiaries have been consolidated using their respective financial statements for the year to and as at September 30, 2007, which constitute the most recent approved and available situation. The "Disputes" section in the directors' report provides a detailed chronology of events relating to the subsidiary Calcestruzzi S.p.A. On January 29, 2008, a preventive seizure order was issued on Calcestruzzi S.p.A. assets. The order was issued after the balance sheet date, but before the Calcestruzzi S.p.A. Board of Directors or its officers were able to perform the necessary closing activities and acquire the information to draw up the 2007 draft financial statements.

As a result of the seizure order and the subsequent decisions taken by the review court, the period of time to draw up and approve the financial statements of Calcestruzzi S.p.A. and its subsidiaries has been prolonged to the extent that it is no longer compatible with the timetable for the preparation of the Italcementi S.p.A. 2007 consolidated financial statements and market disclosure requirements.

In full compliance with the accounting principles, the Group has decided to consolidate Calcestruzzi S.p.A. and its subsidiaries using the interim financial statements for the year to and as at September 30, 2007, the most recent available financial report approved by the Calcestruzzi S.p.A. Board of Directors.

With reference to Calcestruzzi operating and financial data, the Group has not found any accounting anomalies nor, albeit in an uncertain situation, is it in possession of information or valuations requiring adjustment to the balance sheet and income statement amounts of Calcestruzzi S.p.A. and its subsidiaries in these financial statements; the disclosure on contingent liabilities relating to the judicial situation of Calcestruzzi takes into account the information made available by the court receiver and the information made available to the parent company prior to the seizure orders.

Considering the relative materiality of the Calcestruzzi group in respect of the Italcementi group consolidated financial statements, the procedure adopted is deemed fully consistent with a fair and true representation of Italcementi group consolidated equity, finance and operations at December 31, 2007.

Nevertheless, to permit full understanding of the data in the consolidated financial statements, and the significance of the information in the directors' report on operations, the condensed consolidated figures of the Calcestruzzi group at the end of the third quarter of 2007 are set out below, compared with the figures at December 31, 2006, and those for the year to and as at September 30, 2006.

Calcestruzzi group

Income statement

(in millions of euro)	September 30, 2007	September 30, 2006	December 31, 2006
Revenues	429.1	431.0	580.1
Recurring EBITDA	13.6	22.3	26.1
EBITDA	15.1	22.8	27.1
EBIT	3.9	11.3	11.9
Profit before tax	(0.4)	7.8	7.6
Net profit for the period	(4.4)	2.4	(0.8)

Balance sheet

(in millions of euro)	September 30, 2007	September 30, 2006	December 31, 2006
Non-current assets			
Property, plant and equipment	155.1	154.9	158.7
Intangible assets	33.3	32.6	33.5
Other non-current assets	4.4	7.6	5.7
Total non-current assets	**192.8**	**195.1**	**197.9**
Current assets			
Inventories	25.3	24.8	24.0
Trade receivables	279.3	262.7	269.7
Other current assets	10.2	17.4	12.4
Cash and cash equivlalents	3.0	2.0	1.3
Total current assets	**317.8**	**306.9**	**307.4**
Total assets	**510.6**	**502.0**	**505.3**
Shareholders' equity	**153.7**	**160.7**	**158.2**
Non-current liabilities			
Non-current loans and borrowings	0.2	0.5	0.4
Employee benefit liabilities	33.6	36.1	35.7
Other non-current liabilities	8.4	7.9	7.9
Total non-current liabilities	**42.2**	**44.5**	**44.0**
Current liabilities			
Current loans and borrowings	164.2	138.9	138.2
Trade payables	127.1	129.5	142.6
Other current liabilities	23.4	28.4	22.3
Total current liabilities	**314.7**	**296.8**	**303.1**
Total liabilities	**356.9**	**341.3**	**347.1**
Total shareholders' equity and liabilities	**510.6**	**502.0**	**505.3**

Net financial position

(in millions of euro)	September 30, 2007	September 30, 2006	December 31, 2006
Cash, cash equivalents and current financial assets	6.4	3.7	(3.0)
Short-term financing	(164.1)	(138.9)	138.2
Medium/long-term financing	(0.2)	(0.5)	0.4
Net debt	**(157.9)**	**(135.7)**	**135.6**

Segment reporting

The Group's primary reporting format is by business sectors, the secondary format is by geographical sectors.
The business sectors in which the Group operates that provide the basis for the primary reporting format are: the construction materials sector, other industrial sectors (packaging and insulation), the financial sector, the banking sector, the property, services and other sector.
The Group management and organizational structure essentially reflects the primary business sector format.
The geographical sectors in which the Group operates that provide the basis for the secondary reporting format are: European Union, Other European countries, North America, Asia, Africa, Trading and other.
Trading includes cement and clinker marketing activities in countries where Group terminals are located: Gambia, Mauritania, Sri Lanka and Albania, as well as direct exports to markets not covered by Group subsidiaries.
The "Other" residual category includes the operations of the Ciments Français S.A. sub-holding, consisting essentially of supply of services to the subsidiaries. It also includes liquid and solid fuel procurement activities for Group companies.
Business operations are organized and managed by type of activity and country.
The Group's geographical sectors consist of the fixed assets of the individual entities located and operating in the geographical areas indicated above; sales refer mainly to the local market, exports are generally with other Group entities; exports to external countries are conducted through the Group companies of the international Trading sector. Consequently the revenues of the entities in each geographical sector, net of revenues within the Group, arise essentially in the areas in which the fixed assets are located.
The cement/clinker business delivers a portion of its production to the ready mixed concrete sector.
The transfer prices applied to trading of goods and services are regulated on the basis of arm's length transactions.

Primary segment

The table below sets out primary segment revenues and results at December 31, 2007:

(in thousands of euro)	Revenues	Intragroup sales	Contributive revenues	Recurring EBITDA	EBITDA	EBIT	Share of results of associates
Construction materials	6,000,939	(5,256)	5,995,683	1,403,943	1,405,073	957,990	13,303
Packaging and insulation	248,179		248,179	28,555	24,648	8,323	19
Financial	155,887	(55,348)	100,539	66,777	69,601	69,541	2,584
Banking	50,633		50,633	13,397	13,397	11,791	
Property, services, other	3,061	(1,120)	1,941	897	1,438	1,290	9
Inter-sector eliminations	(61,724)	61,724		(51,473)	(51,446)	(51,445)	
Total	**6,396,975**		**6,396,975**	**1,462,096**	**1,462,711**	**997,490**	**15,915**

The table below sets out primary segment revenues and results at December 31, 2006:

(in thousands of euro)	Revenues	Intragroup sales	Contributive revenues	Recurring EBITDA	EBITDA	EBIT	Share of results of associates
Construction materials	5,854,100	(4,996)	5,849,104	1,446,897	1,434,493	1,012,305	11,324
Packaging and insulation	208,589		208,589	24,823	24,628	14,774	47
Financial	162,547	(53,549)	108,998	111,844	115,136	115,070	9,093
Banking	48,203		48,203	13,205	13,206	10,250	
Property, services, other	2,716	(1,095)	1,621	3,527	3,859	3,631	(13)
Inter-sector eliminations	(59,640)	59,640		(50,311)	(50,309)	(50,310)	
Total	**6,216,515**		**6,216,515**	**1,549,985**	**1,541,013**	**1,105,720**	**20,451**

The table below sets out other primary segment data at December 31, 2007:

	December 31, 2007		December 31, 2007			
(in thousands of euro)	Total assets	Total liabilities	Capital expenditure	Financial investments	Depreciation amortization fixed assets	Impairment variation
Construction materials	9,776,303	5,015,774	551,529	464,168	(445,879)	(1,204)
Packaging and insulation	277,089	228,247	11,865	2,228	(11,406)	(4,918)
Financial	2,475,470	617,464	30	92,600	(60)	
Banking	318,611	224,516	1,182		(1,606)	
Property, services, other	50,591	31,401	84		(148)	
Inter-sector eliminations	(624,071)	(143,585)				
Total	**12,273,993**	**5,973,817**	**564,690**	**558,996**	**(459,099)**	**(6,122)**

The table below sets out other primary segment data at December 31, 2006:

(in thousands of euro)	December 31, 2006		December 31, 2006			
	Total assets	**Total liabilities**	**Capital expenditure**	**Financial investments**	**Depreciation amortization fixed assets**	**Impairment variation**
Construction materials	9,414,097	4,753,928	520,266	268,852	(420,253)	(1,936)
Packaging and insulation	263,430	214,697	14,159	47,664	(9,813)	(41)
Financial	2,617,054	619,311	74	27,774	(66)	
Banking	311,178	217,967	1,618	504	(2,956)	
Property, services, other	56,054	31,390	242		(228)	
Inter-sector eliminations	(527,592)	(110,929)				
Total	**12,134,221**	**5,726,364**	**536,359**	**344,794**	**(433,316)**	**(1,977)**

Secondary segment

	Contributive revenues		Capital expenditure		Financial investments		Total assets		Total liabilities	
(in thousands of euro)	**12/31/07**	**12/31/06**	**12/31/07**	**12/31/06**	**12/31/07**	**12/31/06**	**12/31/07**	**12/31/06**	**12/31/07**	**12/31/06**
European Union	4,055,046	4,017,645	287,466	370,205	326,435	124,031	9,913,325	9,833,239	3,390,334	3,237,454
Other European countries	328,625	309,477	19,964	14,291	13,445	96,349	677,607	620,455	306,231	292,537
North America	605,721	659,745	118,034	68,342	50,295		871,317	825,952	310,158	276,752
Asia	415,898	337,654	62,191	38,488	28,200	112,975	890,783	731,404	218,067	146,624
Africa	778,584	676,835	70,947	39,788	92,136	10,959	2,056,189	2,030,743	553,955	581,132
Trading and others	213,101	215,159	6,088	5,245	48,485	480	3,729,194	3,382,101	1,908,412	1,667,888
Inter-area eliminations							(5,864,422)	(5,289,673)	(713,340)	(476,023)
Total	**6,396,975**	**6,216,515**	**564,690**	**536,359**	**558,996**	**344,794**	**12,273,993**	**12,134,221**	**5,973,817**	**5,726,364**

Bulgaria and Romania have been European Union member states since January 1, 2007; the 2006 comparatives have been restated accordingly.

Assets

Non-current assets

1) Property, plant and equipment

(in thousands of euro)	Land and buildings	Quarries	Technical plant, materials and equipment	Other	Total
Gross amount	1,935,354	631,981	6,313,439	729,688	9,610,462
Accumulated depreciation	(953,435)	(210,790)	(4,034,381)	(293,637)	(5,492,243)
Net carrying amount at December 31, 2006	**981,919**	**421,191**	**2,279,058**	**436,051**	**4,118,219**
Additions	33,923	14,140	167,886	333,288	549,237
Change scope consolidation	50,760	2,690	186,311	(140,321)	99,440
Disposals	(661)	(551)	(7,153)	(13,480)	(21,845)
Depreciation	(58,046)	(22,839)	(341,117)	(26,292)	(448,294)
Currency translation differences	(13,513)	(3,239)	(25,484)	(25,259)	(67,495)
Net carrying amount at December 31, 2007	**994,382**	**411,392**	**2,259,501**	**563,987**	**4,229,262**
Gross amount	2,013,674	636,046	6,562,331	870,135	10,082,186
Accumulated depreciation	(1,019,292)	(224,654)	(4,302,830)	(306,148)	(5,852,924)
Net carrying amount at December 31, 2007	**994,382**	**411,392**	**2,259,501**	**563,987**	**4,229,262**

The significant addition of 549,237 thousand euro in property, plant and equipment mainly referred to capital expenditure in Europe for 273,757 thousand euro, including Italy for 133,666 thousand euro, France for 78,085 thousand euro, Spain for 36,139, and in North America for 118,034 thousand euro.

Fixed assets pledged as security for bank loans were carried at a net amount of 341.1 million euro at December 31, 2007 (388.7 million euro at December 31, 2006), of which 235.1 million euro referred to fixed assets at Helwan Cement Company.

Fixed assets held under finance leases and rental contracts were carried at a net amount of 33,626 thousand euro at December 31, 2007, and 38,326 thousand euro at December 31, 2006. They consisted largely of “plant and machinery” and “automobiles and aircraft”.
Expense included in the value of “Property, plant and equipment” at December 31, 2007, was 41 million euro.

The useful lives adopted by the Group for the main asset categories are as follows:

Civil and industrial buildings	10 – 33 years
Plant and machinery	5 – 30 years
Other property, plant and equipment	3 – 10 years

The range between the above minimum and maximum limits indicates the presence of components with different useful lives within each asset category.

2) Investment property

(in thousands of euro)	
Gross amount	47,226
Accumulated depreciation	(19,212)
Net carrying amount at December 31, 2006	**28,014**
Additions	2,203
Disposals	(2,070)
Depreciation	(659)
Currency translation differences	449
Other	210
Net carrying amount at December 31, 2007	**28,147**
Gross amount	46,418
Accumulated depreciation	(18,271)
Net carrying amount at December 31, 2007	**28,147**

Investment property is carried largely at amortized cost.
Fair value at December 31, 2007, was 154.5 million euro.

3) Goodwill

(in thousands of euro)	
Net carrying amount at December 31, 2006	**1,894,932**
Acquisitions and changes in scope of consolidation	153,910
Impairment	(2,370)
Currency translation differences and other changes	(45,347)
Net carrying amount at December 31, 2007	**2,001,125**

The main acquisitions and changes in the scope of consolidation in 2007 referred to the following transactions:

- the additional investment of 74.6 million euro in Suez Cement generated additional goodwill of 42.2 million euro;
- the acquisition and line-by-line consolidation of Cambridge and Arrow in North America generated goodwill of 27.2 million euro;
- the acquisition and line-by-line consolidation of Fuping Cement in China generated goodwill of 19.5 million euro;
- the acquisition and line-by-line consolidation of Hilal in Kuwait generated goodwill of 11.1 million euro;
- the purchase of Ciments Français S.A. shares by S.I.I.F. S.a.s. for 65.0 million euro generated goodwill of 32.0 million euro;
- the purchase of Italcementi S.p.A. shares by Italmobiliare S.p.A. for 78.1 million euro generated goodwill of 10.6 million euro.

Impairment referred to deferred tax assets on prior-year losses in Egypt recognized after completion of initial accounting treatment (IFRS 3.65).
Currency translation differences arose mainly from the changes in the Egyptian lira and the dollar against the euro.

Business combinations

China

The fair value of Fuping Cement assets and liabilities at the acquisition date was as follows:

(in millions of euro)	Book value of acquisitions	Fair value adjustment	Fair value attributed to acquisition
Net property, plant and equipment and other non-current assets	53.0	(3.5)	49.5
Current assets	16.4	(2.4)	14.0
Trade payables and other current liabilities	(55.0)		(55.0)
Provisions and deferred tax			
Fair value of acquired net assets			**8.5**
Goodwill			19.5
Total cost of acquisition			**28.0**

The cost of the acquisition was as follows:

(in millions of euro)	
Share purchase price	25.2
Cost relating to acquisition	2.8
Cost of acquisition	**28.0**
Cash and cash equivalents acquired	(10.5)
Net outlay for acquisition	**17.5**

Line-by-line consolidation of Fuping Cement had the following effects on the 2007 financial statements:

(in millions of euro)	
Revenues *	13.5
Recurring EBITDA	1.6
EBIT	(0.2)
Net profit attributable to the Group	(1.7)

* after intragroup eliminations

Had Fuping Cement been consolidated line-by-line from January 1, 2007, the additional contributions to the 2007 consolidated results would have been as follows:

(in millions of euro)	
Revenues *	27.3
EBITDA	2.7
EBIT	(0.4)

* after intragroup eliminations

North America

The book and fair values of the assets and liabilities of the companies acquired in North America (Arrow in Canada and Cambridge in the USA) are set out below:

(in millions of euro)	Book value of acquisitions	Fair value adjustment	Fair value attributed to acquisition
Net property, plant and equipment and other non-current assets	18.6	2.7	21.3
Inventories	2.2		2.2
Trade receivables and other current assets	8.3	(0.1)	8.2
Trade payables and other current liabilities	(7.9)	0.1	(7.8)
Deferred tax liabilities	(0.1)	(1.1)	(1.2)
Fair value of acquired net assets			**22.7**
Goodwill			27.2
Total cost of acquisition			**49.9**

The cost of the acquisition was as follows:

(in millions of euro)	
Share purchase price	48.4
Cost relating to acquisition	1.5
Cost of acquisition	**49.9**
Cash and cash equivalents acquired	
Net outlay for acquisition	**49.9**

Line-by-line consolidation of these companies had the following effects on the 2007 consolidated financial statements:

(in millions of euro)	
Revenues *	41.9
Recurring EBITDA	3.8
EBIT	2.3
Net profit attributable to the Group	1.2

* after intragroup eliminations

Had the companies been consolidated line-by-line from January 1, 2007, the additional contributions to the 2007 consolidated results would have been as follows:

(in millions of euro)	
Revenues *	53.0
EBITDA	3.5
EBIT	1.5

* after intragroup eliminations

Trading

The fair value of the assets and liabilities of Hilal Cement Company (Kuwait) at the acquisition date was as follows:

(in millions of euro)	Book value of acquisition	Fair value adjustment	Fair value attributed to acquisition
Net property, plant and equipment and other non-current assets	15.1	18.6	33.7
Current assets	42.5		42.5
Trade payables and other current liabilities	(19.3)		(19.3)
Provisions for risks and charges and deferred tax liabilities	(0.2)	(2.8)	(3.0)
Minority interests	(27.1)		(27.1)
Fair value of acquired net assets			**26.8**
Goodwill			7.8
Total cost of acquisition			**34.6**

The cost of the acquisition was as follows:

(in millions of euro)	
Share purchase price	33.3
Cost relating to acquisition	1.3
Cost of acquisition	**34.6**
Cash and cash equivalents acquired	(23.7)
Net outlay for acquisition	**10.9**

Line-by-line consolidation of Hilal had the following effects on the 2007 consolidated financial statements:

(in millions of euro)	
Revenues *	6.6
Recurring EBITDA	0.5
EBIT	0.1
Net profit attributable to the Group	0.1

* after intragroup eliminations

Had Hilal been consolidated as from January 1, 2007, the additional contribution to the 2007 consolidated results would have been as follows:

(in millions of euro)	
Revenues *	37.2
EBITDA	7.3
EBIT	6.0

* after intragroup eliminations

A minority shareholder with a 42% interest in Hilal has been granted an option for two years until September 2010 to exchange Hilal shares with Suez Cement Co. shares. In compliance with Group accounting policies, the corresponding commitment of 24.0 million euro at the balance sheet date is reflected under “Other current liabilities”, the minority interest in question has been reversed and the difference of 3.3 million euro has been taken to goodwill.

Final attribution of asset and liability values relating to acquisitions during the previous year

Measurement and recognition of the assets and liabilities of the Amprica group was completed in 2007; the following values have been attributed to the Amprica group at the acquisition date:

Ampríca group		Consolidated financial statements	
(in millions of euro)	Provisional fair value of acquisition	Fair value adjustment	Fair value of acquisition
Net property, plant and equipment and other non-current assets	36.0	2.3	38.3
Inventories	11.6	(2.3)	9.3
Trade receivables and other current assets	13.0	2.2	15.2
Cash and cash equivalents	4.6	(2.4)	2.2
Trade payables and other current liabilities	(10.8)	(4.7)	(15.5)
Deferred tax liabilities	(4.3)	(1.7)	(6.0)
Provisions for risks and charges	(0.4)	0.2	(0.2)
Loans and borrowings and other financial liabilities	(35.3)	4.5	(30.8)
Minority interests	(2.6)	0.1	(2.5)
Fair value of acquired net assets	**11.8**	**(1.8)**	**10.0**
Goodwill	**30.8**	**2.9**	**33.7**
Total cost of acquisition	**42.6**	**1.1**	**43.7**

Goodwill testing

Goodwill acquired in a business combination is apportioned to the cash-generating units (CGUs). The Group tests goodwill recoverability at least once a year or more frequently if indications of impairment emerge. The tests conducted in 2007 did not generate any impairment losses on goodwill.

The most significant goodwill values for the main Group CGUs are set out below:

(in thousands of euro)	Net carrying amount of goodwill	
Cash-generating units	**December 31, 2007**	**December 31, 2006**
France/Belgium	568,234	552,571
Spain	225,646	222,883
Morocco	105,954	104,734
Egypt	538,738	532,840
India	101,593	100,049
Other	460,960	381,855
Total	**2,001,125**	**1,894,932**

The amount shown under "Other" refers largely (388,478 thousand euro) to the construction materials sector.

The methods used to determine CGU recoverable value are illustrated under "Impairment of assets" in the section describing consolidation principles; the main assumptions used for the computation are shown below:

in %	Discount factor before tax		Growth rate	
Cash-generating units	**2007**	**2006**	**2007**	**2006**
France/Belgium	10.7	9.3	0.8	0.8
Spain	9.6	8.9	1.3	1.3
Morocco	12.1	11.4	2.0	1.8
Egypt	13.2	11.2	4.5	4.0
India	13.4	12.6	4.5	4.0

The discount factors for each country are determined by applying a country-risk premium based on estimated long-term inflation to euro-zone deflated WACC.

4) Intangible assets

(in thousands of euro)	Concessions	Licenses and patents	Other intangible assets	Total
Gross amount	13,952	82,572	61,288	157,812
Accumulated amortization	(3,488)	(59,511)	(35,800)	(98,799)
Net carrying amount at December 31, 2006	**10,464**	**23,061**	**25,488**	**59,013**
Additions	3,759	4,614	3,604	11,977
Change in scope of consolidation	18,641	6	9	18,656
Disposals	(32)	(2,196)	(100)	(2,328)
Amortization	(1,045)	(5,855)	(3,242)	(10,142)
Currency translation differences	(255)	(312)	152	(415)
Other	(722)	1,251	(7,173)	(6,644)
Net carrying amount at December 31, 2007	**30,810**	**20,569**	**18,738**	**70,117**
Gross amount	35,000	95,916	34,752	165,668
Accumulated amortization	(4,190)	(75,347)	(16,014)	(95,551)
Net carrying amount at December 31, 2007	**30,810**	**20,569**	**18,738**	**70,117**

"Concessions" are amortized over the life of the conventions in question; amortization of quarrying concessions are determined at rates reflecting the ratio of extracted material to the total to be extracted. The addition for the period is due to the change in the scope of consolidation following consolidation of Hilal Cement Co. for 18.4 million euro.
Licenses and patents refer mainly to use of software licenses for indefinite periods of time and are amortized over five years. Disposals refer mainly to the delivery to the Italian Ministry of the Environment by Italcementi S.p.A. of CO_2 rights corresponding to 2006 emissions, generating a capital gain of 1.0 million euro.

5) Investments in associates

See the section on IFRS 7.

6) Other equity investments

See the section on IFRS 7.

7) Non-current trade and other receivables

See the section on IFRS 7.

Current assets

8) Inventories

The balance on inventories was as follows:

(in thousands of euro)	December 31, 2007	December 31, 2006	Change
Raw and ancillary materials and consumables	536,664	449,069	87,595
Work-in-progress and semi-finished goods	159,160	117,397	41,763
Finished goods	162,090	145,689	16,401
Payments on account	29,160	11,581	17,579
Total	**887,074**	**723,736**	**163,338**

Inventories are carried net of write-down provisions totaling 93,902 thousand euro (89,981 thousand euro at December 31, 2006), mainly against the risk of slow-moving ancillary materials and consumables.
Spares at December 31, 2007, were carried at 201.5 million euro (187.7 million euro at December 31, 2006).

9) Trade receivables

See the section on IFRS 7.

10) Other current assets

(in thousands of euro)	December 31, 2007	December 31, 2006	Change
Receivables vs employees	6,001	6,010	(9)
Direct tax assets	97,215	98,393	(1,178)
Prepaid expenses	39,850	32,106	7,744
Accrued income	6,345	5,406	939
Derivatives	11,575	4,228	7,347
Bank derivatives	7,549	1,607	5,942
Other bank receivables and financial instruments	100,488	93,759	6,729
Other receivables	96,025	100,204	(4,179)
Total	**365,048**	**341,713**	**23,335**

“Other receivables” refers mainly to operations in the construction materials sector.

11) Income tax assets

Income tax assets totaled 68,073 thousand euro (38,235 thousand euro at December 31, 2006) and consisted largely of tax credits. The main amount referred to Italmobiliare S.p.A. as the parent company for the tax consolidation in Italy.

12) Equity investments and financial receivables

See the section on IFRS 7.

13) Cash and cash equivalents

See the section on IFRS 7.

Shareholders' equity and liabilities

Share capital, reserves and retained earnings

14) Share capital

At December 31, 2007, parent company fully paid-up share capital amounted to 100,166,937 euro represented by 38,525,745 shares with a par value of 2.6 euro each, as follows:

Number of shares	**December 31, 2007**	**December 31, 2006**	**Change**
Ordinary shares	22,182,583	22,182,583	
Savings shares	16,343,162	16,343,162	
Total	**38,525,745**	**38,525,745**	

15) Reserves

Share premium reserve

The reserve stood at 177,191 thousand euro, unchanged from December 31, 2007.

Reserve for available-for-sale financial assets

This reserve reflects fair value adjustments to available-for-sale financial assets.

(in thousands of euro)	
At December 31, 2006	**791,417**
Gains taken directly to reserve	(191,553)
Deferred taxes taken directly to reserve	12,373
Gains taken to income and expense	1,913
Deferred taxes taken directly to income and expense	(275)
Net carrying amount at December 31, 2007	**613,875**

Reserve for derivative financial instruments

This reserve reflects fair value adjustments to hedging derivatives.

(in thousands of euro)	
At December 31, 2006	**2,541**
Gains taken directly to reserve	5,881
Deferred taxes taken directly to reserve	(1,930)
Gains taken to income and expense	(945)
Deferred taxes taken directly to income and expense	315
Net carrying amount at December 31, 2007	**5,862**

Other IFRS reserves

These reserves reflect capitalization of stock option plans amounting to 11.1 million euro at December 31, 2007, and revaluations of 24.7 million euro of the Group interests in Suez and in Zuari before acquisition of control.

(in thousands of euro)	
At December 31, 2006	**41,531**
Gains taken directly to reserve	4,007
Deferred taxes taken directly to reserve	
Gains taken to income and expense	
Deferred taxes taken directly to income and expense	
Net carrying amount at December 31, 2007	**45,538**

16) Treasury shares

At December 31, 2007, treasury shares in portfolio stood at 21,226 thousand euro, down by 950 thousand euro from December 31, 2006 (22,176 thousand euro), deducted against equity reserves. Treasury shares were as follows:

	No. Ordinary shares	Carrying amount (in thousands of euro)	No. Savings shares	Carrying amount (in thousands of euro)	Total carrying amount
At December 31, 2006	**911,131**	**21,780**	**28,500**	**396**	**22,176**
Additions					
Disposals	(39,720)	(950)			(950)
At December 31, 2007	**871,411**	**20,830**	**28,500**	**396**	**21,226**

Ordinary treasury shares in portfolio at December 31, 2007, will service stock option plans for directors and managers.

Dividends paid

Dividends declared and paid by the parent company Italmobiliare S.p.A. in 2007 and 2006 are detailed below:

	2007 (euro per share)	2006 (euro per share)	2007 (in thousands of euro)	2006 (in thousands of euro)
Ordinary shares	1.450	1.270	30,901	27,015
Savings shares	1.528	1.348	24,929	21,992
Total dividends			**55,830**	**49,007**

Translation reserve

This reserve reflects exchange-rate differences on the translation of the financial statements of consolidated foreign entities. At December 31, 2007, the reserve stood at -21,615 thousand euro, referring to the following currencies:

(in millions of euro)	December 31, 2007	December 31, 2006	Change
Egypt (Lira)	(20.4)	(5.3)	(15.1)
USA and Canada (Dollar)	(14.3)	(3.0)	(11.3)
Thailand (Baht)	10.2	4.7	5.5
Morocco (Dirham)	(2.5)	(0.5)	(2.0)
India (Rupee)	1.1	1.0	0.1
Turkey (Lira)	10.4	3.7	6.7
Switzerland (Franc)	(6.2)	(3.4)	(2.8)
Other countries	0.1	0.7	(0.6)
Net amount	**(21.6)**	**(2.1)**	**(19.5)**

17) Minority interests

Minority interests at December 31, 2007, stood at 3,390,564 thousand euro, a decrease of 42,339 thousand euro from December 31, 2006.
During 2007 the Group increased its equity investment in Suez and its Egyptian subsidiaries through the purchase of shares held by minorities, generating a reduction of 47.4 million euro in shareholders' equity attributable to minorities. The Ciments Français S.A. share purchases of 2007 generated a reduction of approximately 121 million euro in minority interests. The Italcementi S.p.A. share purchases of 2007 generated a reduction of 78.1 million euro in minority interests.

Net profit for 2007 decreased by 40,332 thousand euro, from 484,052 thousand euro in 2006 to 443,720 thousand euro in 2007; the translation reserve decreased by 62,687 thousand euro as a result of the changes in the main currencies against the euro.

Non-current liabilities

18) Employee benefit liabilities

Employee benefit liabilities at December 31, 2007, amounted to 198,135 thousand euro (213,709 thousand euro at December 31, 2006).
The Group's main employee benefit plans are described below.

Defined benefit plans

The Group operates pension plans, post-employment medical benefit plans and leaving entitlement provisions.

The most important pension plans are in the USA and France; they are financed by contributions paid by the company and by employees to external entities responsible for the administration and management of the pension funds. Early retirement schemes also operate, pursuant to local laws, in France and Belgium.

With regard to the TFR leaving entitlement provision for staff of the Group's Italian companies, as a result of changes introduced in the 2007 Budget (TFR reform), the liabilities of the Italian companies for TFR leaving entitlements accrued and optioned by employees as from 2007 no longer qualify as defined benefit plans. They are treated as quotas of defined contribution plans.
In compliance with IAS 19, the reform had a positive curtailment effect of 9.7 million euro on the accrued provision, deducted against employee expenses.

Some Group companies in the USA operate plans providing post-employment medical and life assurance benefits. In France and, to a lesser extent in Belgium, similar benefits are provided for certain classes of worker, specifically the companies pay a portion of contributions to the insurance company which then reimburses workers, after retirement, for a portion of medical expenses.

In some companies in France and Italy, the Group also recognizes liabilities in respect of future commitments, in the form of bonuses payable to employees on the basis of length of service; these liabilities are measured with actuarial assumptions. Net liabilities for pension plans, post-employment benefit plans and leaving entitlement provisions are determined with actuarial calculations performed by independent external actuaries.

Liabilities determined on the basis of actuarial calculations at December 31, 2007, are set out below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in thousands of euro)	Dec.31, 07	Dec.31, 06	Dec.31, 07	Dec.31, 06	Dec.31, 07	Dec.31, 06
Discounted value of funded plans	111.1	130.6			111.1	130.6
Fair value of plan assets	(94.0)	(102.9)			(94.0)	(102.9)
Discounted net value of funded plans	**17.1**	**27.7**			**17.1**	**27.7**
Discounted value of non-funded plans	98.8	114.4	71.0	62.0	169.8	176.4
Net value of obligation	**115.9**	**142.1**	**71.0**	**62.0**	**186.9**	**204.1**
Unrecognized experience adjustments	9.3	(0.6)	(4.1)	(1.6)	5.2	(2.2)
Unrecognized costs on prior-period services	(2.2)	(0.3)	(0.1)	2.0	(2.3)	1.7
Net (assets)/liabilities	**123.0**	**141.2**	**66.8**	**62.4**	**189.8**	**203.6**
of which:						
Liabilities	123.1	141.3	66.8	62.4	189.9	203.7
Assets	(0.1)	(0.1)			(0.1)	(0.1)
Net (assets)/liabilities	**123.0**	**141.2**	**66.8**	**62.4**	**189.8**	**203.6**

The movements in the net liability are analyzed below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in thousands of euro)	Dec.31, 07	Dec.31, 06	Dec.31, 07	Dec.31, 06	Dec.31, 07	Dec.31, 06
Opening net liability	**141.2**	**140.2**	**62.4**	**65.0**	**203.6**	**205.2**
Net costs charged to employee expenses	0.6	19.3	8.5	4.2	9.1	23.5
Contributions or services paid	(18.5)	(16.3)	(0.6)	(3.0)	(19.1)	(19.3)
Exchange-rate differences	(0.3)	(2.0)	(3.5)	(3.8)	(3.8)	(5.8)
Plans acquired on change in scope of consolidation						
Closing net liability	**123.0**	**141.2**	**66.8**	**62.4**	**189.8**	**203.6**

Costs for the year are detailed below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in thousands of euro)	Dec.31, 07	Dec.31, 06	Dec.31, 07	Dec.31, 06	Dec.31, 07	Dec.31, 06
Current cost of services	(6.4)	(12.5)	(1.6)	(1.7)	(8.0)	(14.2)
Finance costs on obligations	(11.5)	(11.4)	(3.2)	(3.1)	(14.7)	(14.5)
Revenues expected from plan assets	7.2	7.1			7.2	7.1
Net experience losses recognized in year						
Cost of prior-period services	(1.1)	(2.4)	(3.7)	0.6	(4.8)	(1.8)
Plan settlement or curtailment gains/(losses) (*)	11.2				11.2	
Total charged to employee expenses	**(0.6)**	**(19.2)**	**(8.5)**	**(4.2)**	**(9.1)**	**(23.4)**
Real return on assets	**4.0**	**8.2**			**4.0**	**8.2**

(*) "Plan settlement or curtailment gains/(losses)" in 2007 reflect an effect of 9.7 million euro from the TFR leaving entitlement reform in Italy.

The movements in plan asset fair values are set out below:

(in thousands of euro)	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
	Dec.31, 07	Dec.31, 06	Dec.31, 07	Dec.31, 06	Dec.31, 07	Dec.31, 06
Opening fair value of plan assets	**102.9**	**105.8**			**102.9**	**105.8**
Expected yield	7.2	7.1			7.2	7.1
Experience adjustments	(3.2)	1.1			(3.2)	1.1
Employer contributions	18.5	17.9	2.9	3.0	21.4	20.9
Employee contributions			0.2	0.2	0.2	0.2
Benefits paid	(23.0)	(20.4)	(3.1)	(3.2)	(26.1)	(23.6)
Change in scope of consolidation		0.2				0.2
Exchange-rate differences and other	(8.4)	(8.8)			(8.4)	(8.8)
Closing fair value of plan assets	**94.0**	**102.9**			**94.0**	**102.9**

Group contributions to defined benefit plans in 2008 will amount to an estimated 20.8 million euro.
The table below sets out the main plan asset categories as percentages of total fair value:

	2007	2006
Equities	33.0%	33.8%
Debentures	60.2%	60.7%
Investment property	0.4%	0.3%
Other	6.4%	5.2%
Total	**100.0%**	**100.0%**

The table below set out key data for the last two financial years:

(in millions of euro)	December 31, 2007	December 31, 2006
Discounted value of funded plans	111.1	130.6
Fair value of plan assets	(94.0)	(102.9)
Net value of funded plans	**17.1**	**27.7**
Change in value of funded plans other than experience adjustments	2.4	3.6
Difference between real asset yield and yield expected at beginning of period	3.2	(1.1)

Actuarial assumptions

The actuarial assumptions used to determine liabilities arising from the Group's pension plans and other long-term benefits are illustrated below:

(in %)	Europe		North America		Other countries	
	2007	2006	2007	2006	2007	2006
Discount factor	4.75 - 5.50	4.00 - 4.75	5.50 - 6.00	5.2 - 5.75	4.50 - 11.00	5.25 - 7.75
Expected yield on assets	4.30	4.00	7.80 - 8.60	7.80 - 8.60	7.50	
Future wage and salary increases	2.20 -2.50	2.20 - 4.00	n.a.	n.a.	4.50 - 7.00	3.50 - 5.50

The expected yield on assets in "Other countries" refers exclusively to India.

Defined contribution plans

The Group's defined contribution plans are pension plans and medical plans; expense relating to these plans in 2007 was 49.5 million euro (39.6 million euro in 2006).

Stock options

The Group has arranged stock option plans for directors and managers who hold special posts, in Italmobiliare S.p.A., Italcementi S.p.A., some of its Italian subsidiaries and Ciments Français S.A.
The stock options granted by the parent company Italmobiliare S.p.A. refer to ordinary shares: they may be exercised between the beginning of the fourth year and the end of the tenth year after the grant date; directors whose term of office is not renewed may exercise their options immediately, and in any case within 10 years of the grant date; as a general rule, unexercised stock options assigned to managers are not recognized in the event of termination of employment in the Group, except in the case of retirement.
Stock options are exercised at a rate of 1 share per option.

The terms and conditions of Italmobiliare S.p.A. stock option plans at December 31, 2007, are set out below:

Grant date	No. Options granted	Exercise period	Exercised options	Cancelled options	Unexercised options		Unit subscription price
March 24, 2003	49,283	3/24/2006 - 3/23/2013	39,720		9,563	€	31.2800
March 30, 2004	96,080	3/30/2007 - 3/29/2014			96,080	€	35.1990
March 30, 2005	108,437	3/30/2008 - 3/29/2015			108,437	€	54.5355
March 21, 2006	109,880	3/21/2009 - 3/20/2016			109,880	€	65.7010
March 21, 2007	122,479	3/21/2010 - 3/20/2017			122,479	€	86.0685
Total	**486,159**		**39,720**	**-**	**446,439**		

The grant date is the date of the Board of Directors meeting that approved the stock option plan.

The number and average exercise price of stock options in the periods in question are set out below:

	2007			2006		
	Number of options		Average subscription price	Number of options		Average subscription price
Unexercised options at beginning of year	**363,680**	**€**	**49.6490**	**253,800**	**€**	**42.6994**
Granted during year	122,479	€	86.0690	109,880	€	65.7010
Cancelled during year						
Exercised during year	(39,720)	€	31.2800			
Expired during year						
Unexercised options at end of year	**446,439**	**€**	**61.2750**	**363,680**	**€**	**49.6490**
Vested options at end of year	**105,643**			**49,283**		

The average ordinary share price for financial year 2007 was 88.535 euro (69.048 euro for financial year 2006).
The average residual life of unexercised options is 5 years and 2 months.
The option exercise price at December 31, 2007, was between 31.28 euro and 86.069 euro.
Only options granted after November 7, 2002, that had not vested at December 31, 2003, were measured and recognized at the date of transition to the IFRS.

The following table sets out the details of all Group stock option plans and their cost, carried under “Employee expenses”.

(in thousands of euro)		No. options	Vesting	Employee expenses	
Grant date	Company	granted	period	2007	2006
February 12, 2003	Ciments Francais S.A.	171,400	3 years		60
March 24, 2003	Italmobiliare	49,283	3 years		
March 30, 2004	Italmobiliare	96,080	3 years		250
March 17, 2005	Italcementi S.p.A.	1,053,600	3 years	986	986
March 30, 2005	Italmobiliare	108,437	3 years	360	450
April 14, 2005	Ciments Francais S.A.	169,400	3 years	1,056	1,048
March 7, 2006	Italcementi S.p.A.	631,403	3 years	950	783
March 21, 2006	Italmobiliare	109,880	3 years	783	660
March 23, 2006	Ciments Francais S.A.	155,000	3 years	1,857	1,441
March 7, 2007	Italcementi S.p.A.	1,020,200	3 years	1,761	
March 21, 2007	Italmobiliare	122,479	3 years	724	
March 23, 2007	Ciments Francais S.A.	166,400	3 years	2,041	
June 20, 2007	Italcementi S.p.A.	1,050,000	3 years	1,619	
Total				**12,137**	**5,678**

Stock option plan fair value at the grant date is estimated using a binomial model that takes dividends into account. The total option term is ten years. Volatility projections assume that past volatility, computed as the annual average on a historical period of three years net of extraordinary events, is indicative of future trends.
No other stock option plan feature is taken into consideration when measuring fair value.

The following table sets out the assumptions used and results obtained in measuring stock options:

	2006 Plan	2005 Plan	2004 Plan	2003 Plan	2002 Plan
Option value at grant date	23.64	22.05	11.41	7.15	6.49
Share value	87.41	73.57	52.84	35.05	31.80
Exercise price	86.068	65.701	54.536	35.199	31.280
Volatility as %	17.5%	17.5%	17.5%	17.5%	17.5%
Option term (years)	9.75	9.75	9.75	10.00	10.00
Dividend as %	1.45%	1.50%	1.89%	2.68%	2.96%
10-year BTP risk-free rate	3.652%	3.462%	3.275%	3.640%	3.790%

19) Loans and borrowings

See the section on IFRS 7.

20) Provisions

Non-current and current provisions totaled 279,839 thousand euro at December 31, 2007, a decrease of 65,044 thousand euro from December 31, 2006.

(in thousands of euro)	Opening amount	Additions	Decreases for use	Reversed unused amounts	Currency translation differences	Other changes	Total changes	Closing amount
Restructuring	41,966	2,447	(25,470)	(2,511)	(1,183)	(4,565)	(31,282)	10,684
Environmental restoration	89,595	12,463	(8,939)	(1,822)	(1,841)	(4)	(143)	89,452
Disputes	123,725	28,849	(12,388)	(32,365)	(3,638)	3,814	(15,728)	107,997
Other provisions	89,597	15,304	(23,545)	(5,206)	(619)	(3,825)	(17,891)	71,706
Total	**344,883**	**59,063**	**(70,342)**	**(41,904)**	**(7,281)**	**(4,580)**	**(65,044)**	**279,839**
Non-current portion	343,511							276,682
Current portion	1,372							3,157
Total	**344,883**							**279,839**

Provisions for restructuring

Decreases in the restructuring provision referred to implementation of the industrial, administrative and commercial re-organization plan in Egypt announced and provisioned in 2006.

Provisions for disputes

The provision for "Disputes" reflects provisions for fiscal risks deemed probable as a result of tax audits and adjustments to tax returns, provisions for disputes with employees and provisions for restoration of urban and industrial areas. In 2007, the Group reversed the 10 million euro provision set aside in connection with a tax audit in Egypt, after the favorable outcome of the audit; it also recorded fiscally driven non-recurring income relating to recognition by the tax authorities of tax loss carry-forwards for 2.4 million euro existing at the time of acquisition of Helwan; consequently, goodwill was reduced by 2.4 million euro.
As a result of a tax inspection in a Spanish company confirmed by the "Audiencia Nacional", a provision of 11.2 million euro was set aside during the year; the company has filed an appeal with the supreme court.

The Group is not in direct possession of nor has it received information or valuations that would require adjustment to or have a material impact on the Calcestruzzi S.p.A. balance sheet. At the present time the Group is not in possession of elements enabling it to determine whether developments in the Calcestruzzi question could generate material liabilities or to measure the probability of and effects arising from such liabilities; disclosures are provided in compliance with IAS 37 (Provisions, contingent liabilities and contingent assets).

Other provisions

Among "Other provisions", the provision for the CO_2 emissions deficit was negligible at December 31, 2007. The market value at that date was 0.02 euro per quota (6.49 euro per quota at December 29, 2006).

21) Deferred tax

Total deferred tax liabilities net of deferred tax assets amounted to 291,956 thousand euro at December 31, 2007, as follows:

(in thousands of euro)	December 31, 2006	Result	Other changes	December 31, 2007
Benefit on tax loss carryforwards	27,021	(10,008)	5,270	22,283
Property, plant and equipment	(397,545)	19,504	(3,166)	(381,207)
Other equity investments	(18,721)	1,067	14,670	(2,984)
Inventories	(22,328)	(2,963)	311	(24,980)
Loans and borrowings	75	(335)	46	(214)
Non-current provisions and Employee benefit liabilities	116,848	(6,293)	(4,117)	106,438
Other	(5,732)	1,925	(7,485)	(11,292)
Total	**(300,382)**	**2,897**	**5,529**	**(291,956)**
of which:				
deferred tax assets	43,793			40,176
deferred tax liabilities	(344,175)			(332,132)
Total	**(300,382)**			**(291,956)**

At December 31, 2007, net deferred tax assets reflected in equity reserves totaled 7.3 million euro.
Off-balance sheet deferred tax assets relating to losses for the year and previous years amounted to approximately 71.4 million euro (62.7 million euro at December 31, 2006). They referred to Group company losses, reversal of which is not, to date, considered reasonably certain.

22) Trade payables

See the section on IFRS 7.

23) Income tax liabilities

Income tax liabilities amounted to 37,805 thousand euro (91,981 thousand euro at December 31, 2006) and reflected amounts due to tax authorities for income taxes accrued in the year.

24) Other liabilities

(in thousands of euro)	December 31, 2007	December 31, 2006	Change
Due to employees	120,593	107,415	13,178
Due to social security authorities	61,653	59,753	1,900
Due to tax authorities	84,115	78,291	5,824
Accruals and deferred income	31,776	21,411	10,365
Derivative instruments	6,945	2,116	4,829
Banking and insurance amounts due	210,991	205,237	5,754
Other amounts due	277,316	220,166	57,150
Total	**793,389**	**694,389**	**99,000**

“Other amounts due” comprises advances from customers, suppliers for fixed assets and amounts due for purchases of equity investments and securities. They refer mainly to the construction materials sector.

Commitments

(in millions of euro)	December 31, 2007	December 31, 2006
Guarantees on company assets	327.0	447.8
Deposits, guarantees, commitments, other	156.2	129.0
Total	**483.2**	**576.8**

Guarantees on company assets at December 31, 2007, consisted mainly of mortgages securing loans and borrowings at the Indian, Chinese and Egyptian subsidiaries; at the same date, mortgages and liens on property, plant and equipment for 9.2 million euro were being cancelled as the relevant loan repayment plans were completed.

In 2005 as a result of acquisition of control of Suez Cement Company, the Group undertook to make investments for not less than 1 billion Egyptian lira (approximately 130 million euro) over the following 10 years, for modernization work, extensions and environmental protection measures at the Suez and Tourah facilities.

Contracts and orders issued for investments at December 31, 2007, amounted to 353.7 million euro.

Finter Bank Zürich provided guarantees in favor of third parties but on behalf of its own clients, for 12,986 thousand Swiss francs, against which the clients made deposits to cover possible enforcement of the guarantees issued by Finter Bank Zürich.

Income Statement

25) Revenues

Revenues from sales and services totaled 6,396,975 thousand euro, as follows:

(in thousands of euro)	2007	2006	Change	Change %
Industrial revenues				
Product sales	6,061,627	5,874,364	187,263	3.2%
Revenues from services	179,704	184,118	(4,414)	-2.4%
Other revenues	3,290	43	3,247	7551.2%
Total	**6,244,621**	**6,058,525**	**186,096**	**3.1%**
Financial revenues				
Interest	33,315	21,265	12,050	56.7%
Dividends	34,863	46,437	(11,574)	-24.9%
Capital gains	5,290	24,427	(19,137)	-78.3%
Other revenues	26,757	16,353	10,404	63.6%
Total	**100,225**	**108,482**	**(8,257)**	**-7.6%**
Banking revenues				
Interest	8,512	7,141	1,371	19.2%
Commissions	35,337	34,128	1,209	3.5%
Other revenues	6,347	6,642	(295)	-4.4%
Total	**50,196**	**47,911**	**2,285**	**4.8%**
Property and services revenues	**1,933**	**1,597**	**336**	**21.0%**
Total	**6,396,975**	**6,216,515**	**180,460**	**2.9%**

26) Goods and utilities expenses

Goods and utilities expenses amounted to 2,390,309 thousand euro, as follows:

(in thousands of euro)	2007	2006	Change	Change %
Raw materials and semi-finished goods	831,565	763,810	67,755	8.9%
Fuel	525,095	423,332	101,763	24.0%
Materials and machinery	360,099	338,484	21,615	6.4%
Finished goods	297,342	294,274	3,068	1.0%
Electricity, water, gas	462,951	462,137	814	0.2%
Change in inventories of raw materials, consumables, other	(86,743)	(44,561)	(42,182)	94.7%
Total	**2,390,309**	**2,237,476**	**152,833**	**6.8%**

27) Services expenses

Services expenses totaled 1,474,067 thousand euro, as follows:

(in thousands of euro)	2007	2006	Change	Change %
External services and maintenance	389,401	366,387	23,014	6.3%
Maintenance	193,947	177,150	16,797	9.5%
Transport	554,356	539,200	15,156	2.8%
Legal fees and consultancy	76,168	64,314	11,854	18.4%
Rents	100,421	97,402	3,019	3.1%
Insurance	50,387	43,262	7,125	16.5%
Subscriptions	10,287	10,687	(400)	-3.7%
Other	99,100	84,407	14,693	17.4%
Total	**1,474,067**	**1,382,809**	**91,258**	**6.6%**

"Other" consisted mainly of services expenses at subsidiaries in the Construction materials sector.

28) Employee expenses

Employee expenses totaled 1,031,283 thousand euro, as follows:

(in thousands of euro)	2007	2006	Change	Change %
Wages and salaries	647,448	618,951	28,497	4.6%
Social security contributions	215,150	207,728	7,422	3.6%
Provisions and pension funds	33,971	35,528	(1,557)	-4.4%
Cost of stock option plans	12,137	5,676	6,461	113.8%
Other costs	122,577	112,180	10,397	9.3%
Total	**1,031,283**	**980,063**	**51,220**	**5.2%**

The decrease in "Provisions and pension funds" arose in part as an effect of the reform on TFR leaving entitlements. The use of new actuarial models in compliance with IAS 19 as a result of the innovations introduced by legislative decree 252/2005 generated income of 9.7 million euro.

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

The number of employees is shown below:

(heads)	2007	2006	Change
Number of employees at period end	25,252	24,509	743
Average number of employees	25,198	23,622	1,576

29) Other operating income (expense)

Other operating expense net of other operating income amounted to 225,877 thousand euro, as follows:

(in thousands of euro)	2007	2006	Change	Change %
Other taxes	64,600	70,799	(6,199)	-8.8%
Provision for bad debts	10,642	12,749	(2,107)	-16.5%
Provision for environmental restoration - quarries	13,794	25,525	(11,731)	-46.0%
Interest expense and other expense for finance and banking companies	74,028	34,952	39,076	111.8%
Miscellaneous expense	65,600	36,638	28,962	79.0%
Miscellaneous income	(2,787)	(1,574)	(1,213)	77.1%
Total	**225,877**	**179,089**	**46,788**	**26.1%**

30) Non-recurring income (expense)

Non-recurring income net of non-recurring expense amounted to 615 thousand euro (expense of 8,972 thousand euro at December 31, 2006), as follows:

(in thousands of euro)	2007		2006	
Net capital gains on sale of fixed assets		**16,771**		**18,384**
Non-recurring employee expenses for re-organizations in Egypt	(15,391)		(25,449)	
Total employee expenses for re-organizations		**(15,391)**		**(25,449)**
Other expense	(765)		(1,907)	
Other non-recurring income (expense)		**(765)**		**(1,907)**
Total		**615**		**(8,972)**

31) Amortization and depreciation

The total amount of 459,099 thousand euro (433,316 thousand euro at December 31, 2006) reflects depreciation of property, plant and equipment for 445,981 thousand euro (419,207 thousand euro at December 31, 2006) and investment property for 541 thousand euro (578 thousand euro at December 31, 2006) and amortization of intangible assets for 12,577 thousand euro (13,531 thousand euro at December 31, 2006).

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

Finance costs, net of finance income, amounted to 122,033 thousand euro, as follows:

	2007		2006	
(in thousands of euro)	**Income**	**Costs**	**Income**	**Costs**
Interest income	22,178		26,028	
Interest expense		(144,802)		(132,278)
Sub total	**22,178**	**(144,802)**	**26,028**	**(132,278)**
Net interest in respect of net financial position		**(122,624)**		**(106,250)**
Net dividends	15,867		13,532	
Capital gains from sale of equity investments	4,595		293	
Other finance income	13,171		8,224	
Other finance costs		(24,658)		(17,718)
Sub total	**33,633**	**(24,658)**	**22,049**	**(17,718)**
Total finance income and (costs)	**55,811**	**(169,460)**	**48,077**	**(149,996)**
Gains/(losses) on interest-rate derivative contracts	404		105	
Gains/(losses) on exchange-rate derivative contracts	1,469			(68)
Net exchange-rate differences		(10,257)		(4,962)
Net exchange-rate differences and derivatives		**(8,384)**		**(4,925)**
Total finance income and (costs), net exchange-rate differences and net derivatives		**(122,033)**		**(106,844)**

Net finance costs rose sharply from 106.8 million euro in 2006 to 122.0 million euro in 2007. The increase was due in part to costs for the early partial redemption of the 2002 debenture for 5.2 million euro.
Net interest expense in respect of net debt amounted to 122.6 million euro in 2007, from 106.2 million euro in 2006; the rise of 16.4 million euro was largely due to the increase in interest rates and to a small increase in average net debt.

33) Share of results of associates

(in thousands of euro)	**2007**	**2006**	**Change**	**Change %**
Vassiliko (Cyprus)	4,868	4,958	(90)	-1.8%
Ciment Quebec (Canada)	8,890	9,125	(235)	-2.6%
Techno Gravel (Egypt)	200		200	n.s.
Mittel (Italy)	1,986	7,518	(5,532)	-73.6%
SES (Italy)	598	1,575	(977)	-62.0%
Other	(627)	(2,725)	2,098	-77.0%
Total	**15,915**	**20,451**	**(4,536)**	**-22.2%**

34) Income tax expense

Income tax expense for the year amounted to 230,428 thousand euro, as follows:

(in thousands of euro)	2007	2006	Change	Change %
Current tax	235,287	321,520	(86,233)	-26.8%
Prior-year tax and other prior-year fiscally driven items, net	(2,259)	(11,210)	8,951	-79.8%
Deferred tax	5,065	(23,327)	28,392	-121.7%
Tax from change in tax rate	(7,665)	(16,135)	8,470	-52.5%
Total	**230,428**	**270,848**	**(40,420)**	**-14.9%**

The Group posted non-recurring tax income of 1.2 million euro (income of 12.7 million euro in 2006), including the tax effects on non-recurring transactions reported in the specific income statement items (see note "Non-recurring transactions").
Non-recurring tax for 2007 includes uses and provisions relating to tax disputes settled in Egypt and underway in Spain.

In Italy, the IRES income tax rate applied by the parent company on estimated taxable income for the year is 33% (as in 2006); taxes for Group companies in other countries are calculated using local tax rates.
In Italy, following parliamentary approval of Law no. 244/2007, "2008 Budget", applicable from the tax period subsequent to December 31, 2007, the IRES tax rate has been reduced from 33% to 27.5% and the IRAP tax rate from 4.25% to 3.90%.
The change in the tax rates produced a positive effect in the financial statements of 8.0 million euro, of which 7.5 million euro for deferred income tax in Italy, Morocco and Canada, and 0.5 million euro for IRAP.

The reconciliation between the theoretical tax charge and the tax charge recognized in the income statement is set out below:

(in thousands of euro)		2007
Consolidated profit before tax		**891,372**
Applicable IRES tax rate		33.0%
Theoretical tax charge		**294,153**
Effect of tax rate reduction for tax relief/allowances		(2,094)
Tax effect on permanent differences		
- foreign dividends and other exempt income		(64,744)
- non-deductible costs		26,225
Net effect for the year of unrecognized deferred tax on temporary differences		(3,195)
Effect of change in tax rates		(7,707)
Withholdings on foreign dividends		3,671
Effect of estimate adjustments and/or recognition of previously unrecognized deferred tax		(194)
Effect of difference between Italian and foreign tax rate (*)		(31,350)
Other tax from prior years		(726)
Actual income tax charge	**24.0%**	**214,039**
Actual regional production tax charge in Italy (IRAP)		16,389
Total		**230,428**

(*) The difference between the Italian tax rate and the rates in the foreign countries in which the Group operates refers mainly to Egypt, Bulgaria and Turkey.

35) Earnings per share

Earnings per share at December 31, 2007 and 2006, is determined on the net profit attributable to equity holders of the parent company and is stated separately for savings shares and ordinary shares.

Basic earnings per share

The weighted average number of shares and attributable net profit are shown below:

	2007		2006	
(no. shares in thousands)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
Shares at January 1	22,183	16,343	22,183	16,343
Treasury shares at January 1	(871)	(28)	(911)	(28)
Weighted average number of treasury shares sold in period	34			
Total	**21,346**	**16,315**	**21,272**	**16,315**
Attributable net profit in thousands of euro	122,401	94,823	148,929	115,498
Basic earnings per share in euro	5.734	5.812	7.001	7.079

Net profit attributable to share classes was determined as follows:

	2007		2006	
(in thousands of euro)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
Net profit reserved for savings shareholders (0.078 euro per share)		1,273		1,273
Residual net profit apportioned to all shares	122,401	93,550	148,929	114,225
Total	**122,401**	**94,823**	**148,929**	**115,498**

Diluted earnings per share

Diluted earnings per share is computed in the same way as basic earnings per share, taking account of the dilution effect of stock options.

The weighted average number of shares and attributable net profit are shown below:

	2007		2006	
(thousands of shares)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
Weighted average number of shares at December 31	21,346	16,315	21,272	16,315
Dilution effect of stock options	134		90	
Total	**21,480**	**16,315**	**21,362**	**16,315**
Attributable net profit for diluted earnings in thousands of euro	122,733	94,491	149,203	115,224
Diluted earnings per share in euro	5.714	5.792	6.985	7.063

Net profit attributable to share classes was determined as follows:

	2007		2006	
(in thousands of euro)	**Ordinary shares**	**Savings shares**	**Ordinary shares**	**Savings shares**
Net profit reserved for savings shareholders (0.078 euro per share)		1,273		1,273
Residual net profit apportioned to all shares	122,733	93,218	149,203	113,951
Total	**122,733**	**94,491**	**149,203**	**115,224**

IFRS 7

Net financial position

The net financial position at December 31, 2007, is reflected in the following balance sheet items:

(in thousands of euro)	Balance sheet item	Non NFP	NFP	Short-term assets	Short-term financing	Long-term assets	Long-term financing
Non-current trade and other receivables	127,317	55,465	71,852	79		71,773	
Other current financial assets	365,048	245,436	119,612	119,612			
Financial receivables and trading equities	900,811	289	900,522	900,522			
Cash and cash equivalents	501,527		501,527	501,527			
Interest-bearing loans and long-term borrowings	(2,572,200)		(2,572,200)				(2,572,200)
Other non-current liabilities	(46,526)	(158)	(46,368)				(46,368)
Bank overdrafts and short-term borrowings	(675,354)		(675,354)		(675,354)		
Interest-bearing loans and short-term borrowings	(230,995)		(230,995)		(230,995)		
Other liabilities	(793,389)	(575,225)	(218,164)		(218,164)		
Total	**(2,423,761)**	**(274,193)**	**(2,149,568)**	**1,521,740**	**(1,124,513)**	**71,773**	**(2,618,568)**

The net financial position at December 31, 2007, reflected net debt of 2,419,568 thousand euro, as follows:

(in thousands of euro)	December 31, 2007		December 31, 2006		Change	
Cash, cash equivalents and current financial assets	**1,521,740**		**1,504,486**		**17,254**	
Cash and cash equivalents		501,527		533,269		(31,742)
Derivative instruments assets		19,124		5,835		13,289
Other current financial investments		1,001,089		965,382		35,707
Current interest-bearing loans, borrowings and financial liabilities	**(1,124,513)**		**(879,228)**		**(245,285)**	
Bank overdrafts		(675,354)		(469,915)		(205,439)
Interest-bearing loans and short-term borrowings		(434,918)		(405,656)		(29,262)
Derivative instruments liabilities		(14,241)		(3,657)		(10,584)
Non-current financial assets	**71,773**		**68,755**		**3,018**	
Long-term financial assets		44,594		48,891		(4,297)
Long-term derivative instruments assets		27,179		19,864		7,315
Non-current interest-bearing loans and other financial liabilities	**(2,618,568)**		**(2,551,269)**		**(67,299)**	
Interest-bearing loans and long-term borrowings		(2,572,200)		(2,531,204)		(40,996)
Long-term derivative instruments liabilities		(46,368)		(20,065)		(26,303)
Net financial position	**(2,149,568)**		**(1,857,256)**		**(292,312)**	

Comparison between fair value and carrying amount

The table below compares the carrying amount and the fair value of financial assets and liabilities at December 31, 2007 and 2006:

(in thousands of euro)	December 31, 2007 Carrying Amount	December 31, 2007 Fair Value	December 31, 2006 Carrying Amount	December 31, 2006 Fair Value
Financial assets				
Assets at fair value through profit or loss				
Cash and cash equivalents	501,527	501,527	533,269	533,269
Short-term derivative instruments	*11,575*	*11,575*	*4,228*	*4,228*
Banking derivative instruments	*7,549*	*7,549*	*1,607*	*1,607*
Medium/long-term derivative instruments	*27,179*	*27,179*	*19,864*	*19,864*
Derivative instruments	46,303	46,303	25,699	25,699
Equity investments and financial receivables	900,811	900,811	871,948	871,948
Receivables from banks and other receivables	100,488	100,488	93,759	93,759
Loans and receivables				
Trade receivables	1,423,349	1,423,349	1,544,596	1,544,596
Non-current receivables and other assets	88,047	88,047	106,438	106,438
Available-for-sale financial assets				
Non-current equity investments	1,417,241	1,417,241	1,601,245	1,601,245
Held-to-maturity investments				
Total	**4,477,766**	**4,477,766**	**4,776,954**	**4,776,954**
Financial liabilities				
Trade payables	807,442	807,442	815,791	815,791
Interest-bearing loans and short-term borrowings	*906,577*	*906,577*	*671,875*	*671,875*
Other current liabilities	*203,695*	*203,695*	*203,696*	*203,696*
Total current financial liabilities	1,110,272	1,110,272	875,571	875,571
Short-term derivative instruments	*6,945*	*6,945*	*2,116*	*2,116*
Banking derivative instruments	*7,296*	*7,296*	*1,541*	*1,541*
Medium/long-term derivative instruments	*46,368*	*46,368*	*20,065*	*20,065*
Total derivative instruments	60,609	60,609	23,722	23,722
Interest-bearing loans and long-term borrowings	2,572,200	2,576,000	2,531,204	2,539,004
Total	**4,550,523**	**4,554,323**	**4,246,288**	**4,254,088**

Trade receivables and payables are classified as current assets and liabilities and are carried at amounts that are reasonable approximations of their fair value.
Derivative instruments are measured and recognized at fair value. The fair value of interest-rate swap contracts is determined by discounting future cash flows using the zero coupon curve.
The fair value of forward foreign exchange purchase contracts is based on the current exchange rates for contracts with similar maturity profiles.
The fair value of foreign currency liabilities and receivables is determined using the exchange rates at the balance sheet date. The fair value of fixed-rate assets and liabilities is determined using a fixed rate excluding credit margin, net of transaction costs directly attributable to the financial assets and financial liabilities.

Cash and cash equivalents

(in thousands of euro)	December 31, 2007	December 31, 2006	Change
Cash and checks on hand	11,631	11,812	(181)
Bank and postal accounts	386,164	405,969	(19,805)
Short-term deposits	103,732	115,488	(11,756)
Net amount	**501,527**	**533,269**	**(31,742)**

Short-term deposits have varying maturities within three months, in relation to the Group's financial requirements; interest matures at the respective short-term rates.
As a result of laws in Egypt, Morocco, Thailand and Kuwait, the cash and cash equivalents of the Group companies in those countries is not immediately available to the Ciments Français sub-holding; at December 31, 2007, the assets in question totaled 237.6 million euro (234.6 million euro at December 31, 2006).

Cash and cash equivalents are also shown under "Closing cash and cash equivalents" on the cash flow statement.

Derivative instruments

The table below shows the fair value of the financial instruments in the balance sheet, subdivided by type of hedge:

	December 31, 2007		December 31, 2006	
(in thousands of euro)	Assets	Liabilities	Assets	Liabilities
Interest-rate derivatives hedging cash flows	1,910		396	
Interest-rate derivatives hedging fair value		(24)		
Trading interest-rate derivatives	7,857	(3,231)	3,175	(564)
Interest-rate derivatives	**9,767**	**(3,255)**	**3,571**	**(564)**
Foreign currency derivatives hedging cash flows	430	(2,999)	278	(1,065)
Foreign currency derivatives hedging fair value	570	(13)	2	(73)
Trading foreign currency derivatives	808	(678)	377	(414)
Foreign currency derivatives	**1,808**	**(3,690)**	**657**	**(1,552)**
Total current instruments	**11,575**	**(6,945)**	**4,228**	**(2,116)**
Interest-rate derivatives hedging cash flows	27,179	(458)	17,153	(4,868)
Interest-rate derivatives hedging fair value		(6,974)	2,711	
Interest-rate derivatives	**27,179**	**(7,432)**	**19,864**	**(4,868)**
Foreign currency derivatives hedging cash flows				
Foreign currency derivatives hedging fair value		(38,936)		(15,197)
Foreign currency derivatives		**(38,936)**		**(15,197)**
Total non-current instruments	**27,179**	**(46,368)**	**19,864**	**(20,065)**
Banking derivatives - forwards	7,434	(7,181)	1,162	(1,095)
Banking derivatives - options	115	(115)	445	(446)
Banking derivatives	**7,549**	**(7,296)**	**1,607**	**(1,541)**
Total	**46,303**	**(60,609)**	**25,699**	**(23,722)**

Non-current interest-rate derivatives reflected under assets for 27.2 million euro included the following main derivatives:

- a cross currency swap hedging a fixed-rate debenture in US dollars (private placement) for 8.9 million euro; at December 31, 2006, the derivative was carried under liabilities for 4.3 million euro;
- a floating-rate to fixed-rate interest-rate swap, for 6.7 million euro, providing full hedging on a twenty-year loan.

Non-current foreign currency derivatives hedging fair value reflected under liabilities for 38.9 million euro referred to the cross currency swap hedging the fixed-rate debenture for private investors denominated in US dollars (15.2 million euro at December 31, 2006).

Non-current interest-rate derivatives hedging fair value reflected under liabilities for 7.0 million euro at December 31, 2007, referred to the fixed-rate to floating-rate swap indexed to Euribor hedging part of the 500 million euro debenture issued at a fixed rate under the EMTN program.
The Group does not set up hedges on sales and purchases of equities.

Trading interest-rate and foreign currency derivatives refer to assets that do not qualify for recognition with hedge accounting criteria.

The fair value of derivative instruments relating to EUA and CER forward purchases was 413 thousand euro at December 31, 2007, of which 81 thousand euro reflected under "Other current assets" and 332 thousand euro under "Non-current assets".

Equity investments and financial receivables

The balance on this heading was as follows:

(in thousands of euro)	December 31, 2007	December 31, 2006	Change
Securities and debentures	649,121	638,699	10,422
Trading equities	56,048	56,907	(859)
Amounts due from banks	132,431	98,501	33,930
Other financial assets	63,211	77,841	(14,630)
Net amount	**900,811**	**871,948**	**28,863**

Trade receivables

(in thousands of euro)	December 31, 2007	December 31, 2006	Change
Gross amount	1,497,486	1,614,849	(117,363)
Provision for bad debts	(74,137)	(70,253)	(3,884)
Total	**1,423,349**	**1,544,596**	**(121,247)**

The five-year factoring programs stipulated by Ciments Calcia and Arena came to an end in November 2006 and December 2006 respectively.
At the end of December 2006, Ciments Calcia and Unibeton stipulated new five-year factoring programs. At December 31, 2007, factored receivables amounted to 155.3 million euro (32 million euro at December 31, 2006).

The new factored receivables comply with IAS 39 since the associated risks are transferred with the receivables, for approximately 90% of the factored amount; net proceeds amounted to 114.9 million euro.
After this operation, the balance sheet continued to reflect:
- additional subordinate deposits for 10.3 million euro among other current assets;
- non-transferred receivables, in the form of arranged guarantees, for 12.9 million euro reflected under trade receivables with balancing entries of 12.1 million euro in loans and borrowings and 0.8 million euro deducted against miscellaneous receivables.

Non-current trade and other receivables

The balance on this heading was as follows:

(in thousands of euro)	December 31, 2007	December 31, 2006	Change
Non-current receivables	17,705	42,141	(24,436)
Debentures	43,658	48,625	(4,967)
Guarantee deposits	26,420	15,388	11,032
Other	264	284	(20)
Total financial instruments	**88,047**	**106,438**	**(18,391)**
Derivative instruments	27,179	19,864	7,315
Concessions and licenses paid in advance	12,091	14,052	(1,961)
Total	**127,317**	**140,354**	**(13,037)**

Investments in associates

This caption reflects equity interests, including goodwill, in associates. The main associates are listed below:

	Value of investments		Share of result	
(in thousands of euro)	December 31, 2007	December 31, 2006	2007	2006
Ciment Québec	63,600	55,300	8,890	9,125
Vassiliko Cement Works	58,200	54,800	4,868	4,958
Techno Gravel	3,700		200	
Mittel (*)	53,529	51,862	1,986	7,518
S.E.S.	16,412	16,941	598	1,575
Other	18,847	15,734	(627)	(2,725)
Total	**214,288**	**194,637**	**15,915**	**20,451**

(*) consolidated data at September 30, 2007 (latest approved financial statements)

The data for the main associates adjusted for compliance with Group principles is set out below:

	Total assets		Total liabilities		Revenues		Net profit	
(in millions of euro)	2007	2006	2007	2006	2007	2006	2007	2006
Ciment Québec	153.5	134.6	31.9	32.1	110.5	110.7	17.8	18.1
Vassiliko Cement Works	176.8	175.5	17.0	20.6	89.7	91.1	14.7	19.8
Mittel	645.2	598.2	222.9	195.0	37.7	77.7	21.2	58.7
S.E.S.	89.5	63.0	35.9	7.7	30.2	30.4	1.9	5.0

Other equity investments

This non-current asset caption reflects equity investments in the “available-for-sale” category, as required by IAS 39.

(in thousands of euro)	
At December 31, 2006	**1,601,245**
Acquisitions	45,132
Sales	(10,088)
Fair value taken to equity	(214,277)
Change in scope of consolidation and other	(4,125)
Currency translation differences	(646)
At December 31, 2007	**1,417,241**

Acquisitions during the year, in the construction materials sector, consisted mainly of shares purchased in the Turkish company Goltas for 13.4 million euro and the incorporation of the equally owned Saudi joint venture Arabian Ready Mix Co. for 9.3 million euro. In the financial sector, they consisted of the subscription of the rights issue at the Banca Leonardo group for 10.9 million euro and shares purchased in RCSMediaGroup for 3.4 million euro.

At the end of December 2007, the Group held 33.97% of the capital of Goltas for a fair value of 85.8 million euro, represented by “class B” shares. This type of share has limited rights compared with the other class of shares that represent the company’s capital, “class A”; class A shares are entitled, among other rights, to name the members of the Board of Directors. Consequently the Group does not exercise sufficient influence to take part in the company’s financial and management policy decisions and Goltas therefore cannot be consolidated with the equity method.

Other equity investments at December 31, 2007, were as follows:

(in thousands of euro)		Number of shares	December 31, 2007
Investments in listed companies			
Mediobanca		21,494,278	302,274
RCS MediaGroup		52,935,293	157,748
Unicredito		92,857,613	525,482
UBI		3,183,666	59,642
Intek		9,821,000	6,768
Intek Warrant		3,480,820	455
Other			92,060
	Total		**1,144,429**
Investments in non-listed companies			
Fin Priv			27,942
Burgo Group			70,000
Banca Leonardo group			24,722
Sesaab			10,990
Other			139,158
	Total		**272,812**
At December 31, 2007			**1,417,241**

The fair value of listed companies is determined on the basis of the official share price on the last accounting day. The method used to measure non-listed investments depends on the characteristics of the companies and the data available, in accordance with IAS 39.
Fin Priv was valued on a transparency basis, Cartiere Burgo with the discounted estimated future cash flow method, Sesaab on the basis of an expert valuation and Asment, the largest investment, with reference to the share prices of comparable companies; the Group does not exercise significant influence over this company as defined by IAS 28.

Non-listed equity investments stated at cost are carried at 44.3 million euro.

Trade payables

The balance on this caption was as follows:

(in thousands of euro)	December 31, 2007	December 31, 2006	Change
Amounts due to suppliers	746,999	756,469	(9,470)
Bills payables	43,545	47,353	(3,808)
Other trade payables	16,898	11,969	4,929
Total	**807,442**	**815,791**	**(8,349)**

Loans and borrowings

Loans and borrowings are shown below by category, subdivided by non-current and current liabilities:

(in thousands of euro)	December 31, 2007	December 31, 2006	Change
Bank loans	1,444,093	1,494,398	(50,305)
Debenture loans	1,054,169	791,785	262,384
Other interest-bearing loans	61,411	229,546	(168,135)
Finance lease obligations	12,527	15,475	(2,948)
Total non-current interest-bearing loans	**2,572,200**	**2,531,204**	**40,996**
Fair value of derivative instruments	46,368	20,065	26,303
Total non-current financial debt	**2,618,568**	**2,551,269**	**67,299**
Bank loans	675,354	469,915	205,439
Short-term borrowings	187,406	168,934	18,472
Debenture loans	9	9	
Other interest-bearing loans	240,947	229,178	11,769
Finance lease obligations	1,975	3,090	(1,115)
Accrued interests	4,581	4,445	136
Total current interest-bearing loans	**1,110,272**	**875,571**	**234,701**
Fair value of derivative instruments	14,241	3,657	10,584
Total current financial debt	**1,124,513**	**879,228**	**245,285**
Total financial debt	**3,743,081**	**3,430,497**	**312,584**

At December 31, 2007, bank loans, loans secured by mortgages, pledges or liens on property, plant and equipment and equities amounted to 86.1 million euro, of which 22.4 million euro short-term and 63.7 million euro medium/long-term.

At December 31, 2007, non-current bank loans included 12.1 million euro relating to factoring programs (2.5 million euro at December 31, 2006).

Non-current financial debt by currency was as follows:

(in thousands of euro)	December 31, 2007	December 31, 2006	Change
Euro	2,088,867	1,961,561	127,306
US and Canadian dollar	368,717	411,619	(42,902)
Egyptian lira	70,500	135,200	(64,700)
Indian rupee	27,200	21,671	5,529
Chinese renmimbi	16,198		16,198
Hungarian florin	627	634	(7)
Swiss franc		136	(136)
Polish zloty	67	219	(152)
Slovak crown		97	(97)
Ukrainian hrivna		50	(50)
Bulgarian lev	24	17	7
Total	**2,572,200**	**2,531,204**	**40,996**

Non-current financial debt by maturity year was as follows:

(in thousands of euro)	December 31, 2007	December 31, 2006	Change
2007		25,321	(25,321)
2008	6	182,936	(182,930)
2009	255,774	800,568	(544,794)
2010	113,200	159,122	(45,922)
2011	684,991	640,134	44,857
2012	477,647	195,675	281,972
2013	236,917		236,917
Beyond	803,665	527,448	276,217
Total	**2,572,200**	**2,531,204**	**40,996**

Main bank loans, drawings on credit lines, available credit lines

The main borrowings were as follows:

a) in 2004 Italmobiliare arranged loans totaling 292 million euro at floating rates and falling due between July 9, 2007, and June 16, 2009, with five leading Italian and foreign banks (BNP Paribas, Mediobanca, Calyon, Société Générale, San Paolo IMI). In June and July 2006, Italmobiliare S.p.A. renegotiated the borrowings with BNP Paribas, Mediobanca, Calyon and Société Générale on the basis of total return equity swap contracts (TRES) and re-stipulated expiry, interest and amount, for a total amount of 347.5 million euro. In November 2006 it arranged early termination of the TRES with BNP Paribas and negotiated a new loan, also for 180 million euro, based on prepaid forward and equity swap contracts, at better terms and conditions. In December 2006, Italmobiliare S.p.A. arranged early termination of the TRES with Mediobanca and renegotiated its borrowing. The new Mediobanca borrowing, negotiated at better terms and conditions than the previous loan, is a facility against listed shares for 134.0 million euro, subject to review on the basis of the market value of the shares in question. At the end of April 2007, in accordance with the contractual provisions and therefore without any additional charges, Italmobiliare S.p.A. settled the financing received from Calyon (25.3 million euro), which was due to expire in December 2007. In May 2007, Italmobiliare S.p.A renewed the medium-term financing with Société Générale (25.0 million euro), redefining the contract and obtaining better overall maturity and interest conditions;
b) in March 2006, Italmobiliare S.p.A. arranged a five-year 40 million euro stand-by credit line with Banca Intesa;
c) Italcementi S.p.A. re-negotiated a 200 million euro loan and increased a committed credit line from 180 million to 200 million euro; on both facilities, maturity was extended by three years, better conditions were obtained and the related financial covenants were annulled. The credit line was undrawn at December 31, 2007;
d) Italcementi S.p.A. arranged a six-year 50 million euro committed credit line with no financial covenants; the facility was fully drawn at December 31, 2007;
e) Italcementi S.p.A. re-negotiated a 100 million euro committed credit line granted in 2005, extending expiry to six years from re-negotiation, improving conditions and maintaining absence of financial covenants. Drawings on the facility at December 31, 2007, amounted to 40 million euro;
f) Italcementi S.p.A. arranged early cancellation of a 75 million euro committed credit line stipulated in 2004, to optimize borrowing costs;
g) in 2006, Italcementi S.p.A. re-negotiated committed credit lines totaling 400 million euro and expiring between March 23, 2011, and November 10, 2012. Drawings on the facilities at December 31, 2007, amounted to 285 million euro. Also in 2006, Italcementi S.p.A. obtained a 60 million euro loan due in February 2026, with full hedging against interest-rate risks;

h) of medium/long-term facilities arranged by Italcementi S.p.A. in 2005, at December 31, 2007, the company had committed credit lines for 300 million euro expiring between December 2010 and February 2013. Drawings on these lines amounted to 125 million euro at December 31, 2007;
i) in 2007, Ciments Français S.A. renewed a 400 million euro credit line falling due in 364 days. It also arranged new medium-term credit lines for 120 million euro, of which 50 million euro with 5-year maturity and 70 million euro with 5-year maturity and two one-year extension options. Drawings on the medium-term facilities totaled 50 million euro at December 31, 2007;
j) on September 13, 2006, Suez Cement Company refinanced its 13-month 1,500 million Egyptian lira syndicated credit line arranged to finance the acquisition of ASEC Cement Company (Helwan Cement Ltd.), obtaining a 300 million Egyptian lira syndicated credit line with 4-year maturity and a 900 million Egyptian lira syndicated loan, redeemable over 4 years. The operation was arranged with a syndicate of local and international banks. No drawings had been made on the 300 million Egyptian lira syndicated facility at December 31, 2007;
k) on May 27, 2005, Ciments Français S.A. was granted a 700 million euro syndicated credit line, undrawn, carrying a floating interest rate, with 5-year maturity and with two one-year extensions. The syndicate was led by Calyon, HSBC-CCF, Natexis Banques Populaires and The Royal Bank of Scotland. The facility replaces the 550 million euro credit line arranged on December 5, 2003, which was due to expire in 2008;
l) on December 27, 2005, Ciments Français obtained a 158 million euro syndicated loan with 6-year maturity; the loan consists of a 114 million euro floating-rate tranche and a 44 million euro fixed-rate tranche, repayable in fine;
m) on April 29, 2002, Ciments Français obtained a 109.5 million euro syndicated loan carrying a floating interest rate, with 6-year maturity, repayable in fine.

Main debenture loans

a) Ciments Français manages its long-term financial requirements largely through issue of debentures; specifically, a Euro Medium Term Notes program (EMTN). The offering circular is renewed annually; the latest circular is dated July 19, 2007. The maximum amount authorized under the program is 1,500 million euro. At December 31, 2007, debentures issued under the program amounted to 674.3 million euro. On March 21, 2007, Ciments Français S.A. issued a 500 million euro debenture listed on the Luxembourg stock exchange, bearing interest at a fixed rate of 4.75% with a 10-year maturity, assisted by ABN Amro, Natixis and The Royal Bank of Scotland. Funds were remitted on April 4, 2007. Simultaneously, Ciments Français S.A. launched a partial buyback on a debenture issued in July 2002; the offer was met for an amount of 190.7 million euro. The outstanding debenture amounts to 159.3 million euro; it carries a fixed rate of 5.875% and matures in July 2009;
b) in the USA Ciments Français S.A. issued senior notes for private investors for 300 million US dollars, repayable in fine. The loan comprises two tranches: a 12-year 150 million US dollar tranche at a fixed rate of 5.80% and a 15-year 150 million US dollar tranche at a fixed rate of 5.90%; a cross currency swap has been set up on both tranches, for 12 and 15 years respectively, to hedge foreign-exchange and interest-rate risks;
c) on March 3, 2005, a 50 million euro debenture with 5-year maturity was issued at a fixed rate of 3.496%;
d) on November 15, 2002, Ciments Français issued senior notes for private US investors for 200 million US dollars. The loan comprises two tranches: a 10-year 180 million US dollar tranche at a fixed rate of 5.63% and a 12-year 20 million US dollar tranche at a fixed rate of 5.73%. Of the 200 million dollars, 150 million have been lent to the US subsidiary Essroc; a cross currency swap has been set up on the residual 50 million dollars to hedge foreign-exchange and interest-rate risks.

Notional amount of derivatives

Financial risk management is an integral part of Group asset management, and is conducted by each sector on the basis of guidelines drawn up with reference to the sector's core business. The Group uses derivative financial instruments to optimize its risk/yield profile.

The notional amount of derivative contracts at December 31, 2007, is set out below, subdivided by business sector and expiry:

	Nominal values				
(in millions of euro)	Construction materials	Packaging and insulation	Finance	Banking	Total
Interest-rate derivatives	1,797.2	13.2	136.8		1,947.2
Foreign-currency derivatives	471.5			1,666.0	2,137.5
Equity derivatives			5.5		5.5
Commodity derivatives				2.7	2.7
Total	**2,268.7**	**13.2**	**142.3**	**1,668.7**	**4,092.9**

Nominal value of derivatives by expiry was as follows:

	Nominal values				
(in millions of euro)	< 1 year	1 - 2 years	2 - 5 years	> 5 years	Total
Interest-rate derivatives	472.5	296.8	691.9	486.0	1,947.2
Foreign-currency derivatives	1,859.5			278.0	2,137.5
Equity derivatives				5.5	5.5
Commodity derivatives	2.7				2.7
Total	**2,334.7**	**296.8**	**691.9**	**769.5**	**4,092.9**

Foreign exchange hedging

The table below sets out foreign exchange contracts valued at the closing exchange rates:

(in thousands of euro)	Cash flow	Fair value	Trading	Total
At December 31, 2007				
Forward purchases				
US dollars	44.8		724.7	769.5
Swiss francs			13.7	13.7
Other		30.8	102.5	133.3
Total	**44.8**	**30.8**	**840.9**	**916.5**
Forward sales				
US dollars		50.6	443.3	493.9
Swiss francs			14.0	14.0
Other			319.3	319.3
Total		**50.6**	**776.6**	**827.2**
Cross currency swaps				
Other		278.0		278.0
Total		**278.0**		**278.0**
Options				
US dollars	40.9	0.2	17.2	58.3
Swiss francs			66.9	66.9
Other				
Total	**40.9**	**0.2**	**84.1**	**125.2**
Total	**85.7**	**359.6**	**1,701.6**	**2,146.9**

Foreign exchange hedges expire within 12 months, with the sole exception of cross currency swaps, which expire after 5 years.
Trading instruments refer to foreign currency derivatives that do not qualify for recognition with hedge accounting criteria.

Hedge accounting

Hedge accounting is used in the construction materials sector only; see the specific section for details.

Objectives and financial risk management policy

Introduction

The Italmobiliare Board of Directors defines Group general principles and management policy for the Group financial sector, the sector in which the parent company itself operates. In the other Group sectors (construction materials, food packaging and thermal insulation, banking, property, services and other), management policy for financial risks and financial instruments is defined by the parent company of each sector or by individual companies on the basis of the characteristics of the sector, and consistently with general Group principles. Specifically:

- for the Construction Materials sector: by Italcementi S.p.A.;
- for the Food Packaging and Thermal Insulation sector: by Sirap Gema S.p.A.;
- for the Banking sector: mainly by Finter Bank Zürich.

The Property, Services and Other sector does not present material financial instruments and risks, and a specific policy is therefore not formulated.

See the specific section for discussion of management policy and the objectives of each sector

Financial risks

Credit risk

Credit risk is the risk that a counterparty might be unable to meet its obligations and generate a financial loss for the Group.

Credit risk is managed by each sector in relation to their specific operations.

Liquidity risk

Liquidity risk is the risk that due to an inability to raise new funds or sell assets on the market, the company might be unable to settle its payment obligations, with effects on income if the company is obliged to sustain additional costs to meet its commitments, or conditions of insolvency that put the continuation of the company business at risk.

The table below shows consolidated debt by maturity compared with undrawn credit lines and cash and cash equivalents at December 31, 2007:

	Maturity				
(in millions of euro)	**< 1 year**	**1 - 2 years**	**2 - 5 years**	**Beyond**	**Total**
Total financing	(1,070.9)	(254.8)	(1,362.4)	(994.3)	(3,682.4)
Committed undrawn credit lines	2,508.6	114.0	1,431.0	375.0	4,428.6
Cash and cash equivalents	501.5				501.5

Market risks

Interest-rate risk

The Group is exposed to the risk of changes in market interest rates, as follows:

- the risk of variations in the fair value of fixed-rate financial asset and liabilities. A change in interest rates affects the fair value of fixed-rate assets and liabilities;
- the risk linked to future cash flows on floating-rate financial assets and liabilities. A change in interest rates has a limited impact on the fair value of floating-rate rate financial assets and liabilities, but may affect the entity's future cash flows and profits.

Interest-rate risk management in the industrial companies has a dual purpose, to minimize the cost of net debt and reduce exposure to fluctuation.
In the banking and financial companies, interest-rate risk management is an integral part of the core business, and is based on investment and debt policies established by the governing bodies of the companies in question.

The Group hedges interest-rate risks with derivative instruments such as interest-rate swaps, forward-rate agreements, futures and interest-rate options. Hedges with options are often asymmetric collars. Since these transactions are generally at zero cost, the net result of option sales never exceeds the value of the underlying (book exposure, future transaction or fixed commitment).

Net debt at inception and after interest-rate hedging at December 31, 2007:

(in millions of euro)	
Situation at December 31, 2007	
Fixed-rate financial debt	(1,148.0)
Fixed-rate financial assets	93.6
Fixed-rate NFP at inception	**(1,054.4)**
Fixed-rate/Floating-rate hedging	242.2
Floating-rate/Fixed-rate hedging	(1,230.7)
Fixed-rate NFP after hedging	**(2,042.9)**
Floating-rate financial debt	(2,543.8)
Floating-rate financial assets	1,251.2
Floating-rate NFP at inception	**(1,292.6)**
Fixed-rate/Floating-rate hedging	(242.2)
Floating-rate/Fixed-rate hedging	1,230.7
Floating-rate NFP after hedging	**(304.1)**
Other instruments not subject to interest-rate risk	197.4
Total NFP	**(2,149.6)**

Currency risk

(in millions of euro)	**euro (*)**	**USD (*)**	**Other (*)**
Financial assets (**)	20.6	48.8	8.1
Financial liabilities (**)	(10.6)	(331.1)	(24.4)
Derivative instruments		303.1	24.2
Net exposure by currency	**10.0**	**20.8**	**7.9**

(*) assets and liabilities are stated at nominal value in euro when the local currency is not euro
(**) excluding trade payables and receivables

The Group companies are structurally exposed to a currency risk on cash flows from operating activities and on financing denominated in currencies other than their respective reporting currencies

Exposure mainly relates to US dollar solid fuel purchases, US dollar exports of cement and clinker and financing operations in US dollars.

The Group hedges these risks with forward currency purchase and sale contracts, as well as foreign exchange put and call options.

The impact of foreign currency translation on subsidiaries' equity is recorded in a separate equity reserve.

Equity price risk

The Group is exposed to the risk of market fluctuations on unconsolidated listed equities and other securities in portfolio.

Exposure is essentially in the financial sector, to which reference should be made for further details.

(in thousands of euro)	December 31, 2007	December 31, 2006	Change
AFS equity investments	1,144,429	1,344,256	(199,827)
Trading securities	55,749	56,545	(796)
Overall exposure	**1,200,178**	**1,400,801**	**(200,623)**

Commodity price risk

The Group is exposed to a commodity price risk on the raw materials and energy products used by its industrial sectors.
These risks are managed by the individual sector, through diversification of procurement sources.

Construction materials sector

Risk management policy

The Finance Division of the parent company in the construction materials sector procures sources of funds and provides management of interest rates, exchange rates and counterparty risk for all the companies in the scope of consolidation. It uses derivative financial instruments to hedge interest-rate and foreign-exchange risks inherent in its international operations and in relation to the nature of its debt.

Credit risk

In compliance with sector procedures, customers electing to trade on credit terms are preliminarily vetted for credit worthiness. In addition, receivable balances are monitored on an on-going basis by the administrative department, which provisions overdue receivables at regular intervals.

Concentrations of trade credit risks are limited, by virtue of the sector's broadly based and uncorrelated customer portfolio. For this reason management believes that no further credit risk provision is required in excess of the amounts normally provided for bad and doubtful receivables.

Cash and cash equivalents consist primarily of short-term investments with an insignificant risk of change in value (short-term deposits, deposit certificates, mutual funds). At December 31, 2007, maximum exposure on cash and cash equivalents for a single counterparty was 13%.

Instruments for management of foreign-currency and interest-rate risk are transacted exclusively with highly rated counterparties, selected on the basis of various criteria: ratings attributed by specialist agencies, assets, equity, nature and maturity of instruments. The majority of counterparties are leading international banks.
No financial instruments are contracted with counterparties in geographical regions exposed to political or financial risks (all counterparties are in Western Europe or the USA).

Liquidity risk

The sector aims to keep indebtedness at a level that ensures a balance between average maturity, flexibility and diversification of sources of funds. Consequently, it negotiates committed credit lines and diversified sources of finance (bank overdrafts, bank loans, debentures, drawings on credit lines, commercial papers, finance leases and sales of receivables).
The sector's policy is designed to ensure that at any time debt maturing within one year is less than or equal to undrawn committed credit lines in more than one year.

The sector has public credit ratings from the Standards & Poor's and Moody's ratings agencies. Its ratings at December 31, 2007, were respectively: BBB+/Stable – A2 and Baa1/Stable – P2.
In connection with the investigation into Calcestruzzi S.p.A., on February 1, 2008, Standard & Poor's issued a negative credit watch on Italcementi S.p.A. and Ciments Français S.A.

In addition to the customary clauses, some of the sector's financing contracts include covenants requiring compliance with financial ratios. At December 31, 2007, credit lines and loans subject to covenants accounted for

43% of total drawings represented by gross debt (2,917 million euro at December 31, 2007, excluding the fair value effects of derivatives). At December 31, 2007, covenants were well within the contractual limits stipulated by the loans in question.
Credit lines and financing contracts do not contain rating triggers that would require early repayment. Equally they do not contain negative pledges or similar commitments that might affect the sector's ability to finance or refinance its operations.

Market risks

Interest-rate risk

The sector's interest-rate risk management policy is designed to minimize the cost of net debt and reduce exposure to such risk. Two different exposures are hedged:

- the fair value risk with respect to fixed-rate financial assets and liabilities. The sector is exposed to an "opportunity cost" risk in the event of a fall in interest rates. A change in interest rates will affect the fair value of fixed-rate assets and liabilities;
- the cash flow risk with respect to floating-rate assets and liabilities. A change in interest rates will have a negligible impact on fair value, but could affect future net profit.

The sector manages this dual risk by setting a target ratio between floating- and fixed-rate net debt.

It hedges interest-rate risks mainly by arranging interest-rate swaps, forward-rate agreements and interest-rate options traded with top-ranking banks. Option-based hedging transactions are often asymmetric collars. As part of these operations where premium is nil, the resulting net sale of options cannot exceed any underlying balance sheet exposure or any future transactions or commitments.
Although from an operating viewpoint these hedging transactions are backed systematically to an underlying, they are classified as non-designated derivatives for the net amount, in compliance with IFRS principles.

Floating-rate net debt is largely indexed to Euribor for the period.

At December 31, 2007, 83% of the sector's net financial debt (excluding fair value of derivatives) was at fixed rate or capped rate. 50% of fixed-rate obligations arose from swapped contracts initially arranged at floating rates.
Hedging transaction nominal amounts are given for each period (consistently with instrument maturity) and do not include fixed- to fixed-rate contracts.

At December 31, 2007, a +1% change in the interest-rate yield curve would have produced a decrease of 4.0 million euro, that is, 6.6% of 2007 net finance costs. The impact on the interest-rate derivatives portfolio would have been +20.0 million euro on equity and -17.0 million euro on profit before tax, the latter being offset by a +21.2 million euro impact on hedged fixed-rate liabilities in fair value.

At December 31, 2007, a -1% change in the interest-rate yield curve would have produced an increase of 4.0 million euro, that is, 6.6% of 2007 net finance costs. The impact on the interest-rate derivatives portfolio would have been -18.7 million euro on equity and +18.8 million euro on profit before tax, the latter being offset by a -23.2 million euro impact on hedged fixed-rate liabilities in fair value.

Foreign-exchange risk

The companies in the sector are structurally exposed to exchange-rate risks on their operating cash flows and financing, when these are not denominated in local currency.
With the exception of the Bulgarian, Thai and Egyptian subsidiaries and the terminals, the Group companies operate largely on their respective local markets or within the euro zone. Consequently, invoiced amounts and operating expenses are denominated in the same currency and exposure of operating cash flows to exchange-rate risk is not particularly significant, with the exception of fuel, spares and investments relating to construction of new plants.

Sector policy requires liabilities to be denominated in the same currency as the cash flows used to settle the liabilities. Similarly, investments must be made in the same currency as the source cash flows. This general policy is adapted to take account of specific macro-economic conditions in certain geographical areas (hyperinflation, high interest rates, liquidity, convertibility).
Sector policy is to hedge net exposure of all entities whenever the market makes this possible. Net exposure of each entity is determined on the basis of forecast net operating cash flows over one year and financing denominated in currencies other than the local currency.

The Group hedges exposure to the currency risk with forward contracts, currency swaps to translate loans generally denominated in euro at inception into foreign currencies, as well as option-based hedging.
These hedging instruments are contracted with top-ranking banks.
Option-based hedging transactions are often asymmetric corridor operations. As part of these operations where premium is nil, the resulting net sale of options cannot exceed any underlying balance sheet exposure or any future transactions or commitments. The Group does not transact forward and option contracts for speculative purposes.

The impact of foreign-currency translation on subsidiaries' equity is recognized as a separate equity component. For companies in countries with high inflation, translation effects on the net monetary position and on results are taken to the income statement.

At December 31, 2007, a 10% change in the exchange rate with the euro, in cases where the local currency is not euro, would have had an impact of 330 million euro on equity, of which 76 million euro on minority interests.
At December 31, 2007, a 10% increase in the US dollar on the foreign currency derivatives portfolio would have had an impact of +7.5 million euro on equity and no impact on profit before tax. A 10% decrease in the US dollar on the foreign currency derivatives portfolio would have had an impact of -8.2 million euro on equity and +0.1 million euro on profit before tax.

Equity market risk

The sector is exposed to market fluctuations on listed shares held in portfolio recognized under “Other equity investments”. Treasury shares held by Italcementi S.p.A are measured at cost and deducted against shareholders' equity under the “Treasury share” reserve.

Commodity market risk

In 2007 the parent company Italcementi S.p.A. contracted forward purchases (actual delivery over the period 2008-2012) of CO_2 emission rights (EUA) and certified emission reduction credits (CER) relating to the second period of application of the Emissions Trading Directive (2008-2012). The transactions are worth a total of approximately 4.4 million euro. The company has set up appropriate commodity risk hedges on these purchases.

Hedge accounting

The effects of application of hedge accounting are summarized below.

The specific equity reserve reflects fair value gains and losses on the effective component of cash flow hedges only.

The amounts recognized in equity as new derivative instruments totaled -2.1 million euro at December 31, 2007 (2.9 million euro at December 31, 2006). The portion of the reserve related to instruments that matured in 2007 and removed from equity amounted to -2.2 million euro at December 31, 2007, compared with -1.6 million euro at December 31, 2006. The changes in equity related to derivatives contracted in the previous financial year and still in portfolio at December 31, 2007, totaled 18.4 million euro (15.5 million euro at December 31, 2006).

The non-effective component recognized in profit and loss arising from cash flow hedges in portfolio at December 31, 2007, was immaterial, both in 2007 and in 2006.

With reference to fair value hedges in portfolio at December 31, 2007, the amounts recognized in profit and loss totaled -45.3 million euro for 2007 (-12.6 million euro for 2006). Recognized amounts attributable to the hedged risk on the underlying during the year totaled +44.7 million euro at December 31, 2007 (+12.6 million euro at December 31, 2006). These elements are recognized in profit and loss as gains and losses on interest-rate and foreign-currency derivatives.

Packaging and insulation sector

Risk management policy

The Sirap-Gema S.p.A. Board of Directors draws up financial instrument and risk management policy for Sirap-Gema and the companies it controls directly or indirectly in the food packaging and thermal insulation sector.

Objectives

This sector's financial instrument and risk management policy focuses exclusively on reducing the risks associated with its core business. It does not pursue policies designed to generate and maximize profits or earnings of a financial nature.

Financial instruments

All the financial instruments adopted in the sector are intended to provide the sector with the funds required to conduct its core business. Consequently, amounts, terms and conditions of financial instruments are designed to meet the needs of the operations to which they refer.

Specifically :

- cash and cash equivalents generated by operating activities or disposals of operating assets may be managed at the level of the operating company only for amounts and on terms consistent with their planned re-investment;
- derivatives are used only to hedge risks associated with the sector's operating activities;
- intercompany loans may be arranged only to provide funding for operations or for industrial or commercial investments.

Financial risk management

Credit risk

The sector is exposed to credit risk on sales of products and services on its core markets.

Its Policies set out criteria for establishing customer credit worthiness, credit limits and risk containment measures (insurance policies, etc.).

The Policies also assign responsibility for approving amounts in excess of such limits and for drafting management reports.

An analysis of overdue receivables for the main companies in the Sirap Gema consolidation produced the following due date analysis:

(in millions of euro)	0-30 days	31-60 days	61-90 days	91-120 days	more than 120 days	Total
Sirap Gema	2.6	0.7	0.1		0.1	3.5
Sirap Gema Insulation Systems	1.3	0.6	0.4	0.2	0.3	2.8
Sirap Gema France	0.3					0.3
Amprica	0.9	0.4	0.2	0.1	0.5	2.1
Total	**5.1**	**1.7**	**0.7**	**0.3**	**0.9**	**8.7**

Total non-overdue trade receivables stood at 70.2 million euro.

The Sirap Gema group companies are not yet equipped to analyze non-overdue trade receivables by debtor rating. Nevertheless, given that the largest receivables refer to leading Italian and international mass merchandisers and to food and building material distributors, the probability of material solvency risks may be reasonably excluded. Individual cases have been examined and a bad debt provision set aside where necessary.

Provisions for bad debts are generally determined on a statistical basis.
Average probable uncollectability percentages are computed in relation to the credit age, on the basis of historical annual insolvency and loss. These percentages are applied to classes of overdue receivables at the end of the year.

Movements in the provision for bad debts at 12.31.2007

(in millions of euro)	Opening balance	Additions	Uses	Closing balance
Sirap Gema	0.3			0.3
Sirap Gema Insulation Systems	0.8	0.3	(0.2)	0.9
Sirap Gema France	0.2		(0.1)	0.1
Amprica	0.6	0.3		0.9
Inline group	0.2			0.2
Petruzalek group	0.8	0.1		0.9
Total	**2.9**	**0.7**	**(0.3)**	**3.3**

To cover the credit risk, in July 2007 an excess of loss insurance policy was taken out with the "TCRe" company.

The policy covers credit losses in respect of debtors subject to collective creditor actions (bankruptcy, preventive arrangement with creditors, receivership, etc.) for the following companies: Sirap-Gema S.p.A., Sirap Gema France SAS, Amprica SpA and Inline Poland.
The policy is a 3-year contract with a 2 million euro top policy cover and fixed excess liability of 120 thousand euro (accruing over the three years) on cumulative losses at the companies in question.
Additionally, Sirap Gema France SAS has Coface insurance cover on all receivables in its factoring contract.

Liquidity risk

The sector's policy for liquidity risk management (the risk of being unable to settle financial liabilities) relates to its borrowing policy.

Its Policies provide criteria for definition of financing amounts, terms and conditions, in relation to business conditions and financial market conditions.

Medium/long-term financial liabilities:

(in millions of euro)	
2008	5.0
2009	15.1
2010	12.8
2011	11.5
2012	10.6
2013	9.8
2014	8.4
2015	7.9
2016	7.9
Total	**89.0**

Market risks

Interest-rate risk

This is the risk of changes in the value of or future cash flows on a financial instrument due to changes in interest rates.

The sector's Policies set out criteria and procedures to reduce/neutralize the interest-rate risk, that is, to minimize the difference between payable and receivable rates in relation to its operating needs, taking into account that since the sector is structurally in debt, the presence of liquidity may only be temporary.

The Sirap-Gema S.p.A. balance sheet carries a loan with covenants arranged with Société de Participations Financières Italmobiliare S.A and Soparfinter S.A., for a total amount of 56 million euro.
The loan was arranged on April 12, 2007, and has maturity of 9 years and 6 months, including a 2-year pre-amortization period and 7.5-year amortization period. Consequently the residual capital to be repaid at December 31, 2007, is the same as the original loan amount.

The floating-interest rate is 6-month Euribor + spread, varying in relation to the covenants, as follows:
a) debt/equity;
b) debt/EBITDA;
c) working capital / turnover;
d) equity value.
Compliance with the covenants is checked every 12 months and the spread is adjusted as necessary (based on the consolidated financial statements at December 31, for the previous 12 months), with the adjustment applied to the following 12 months.

The variations in the covenants determined with reference to the 2007 financial statements will not have a material impact on the spread for financial year 2008.

Foreign-exchange risk

As the sector operates largely on markets in the euro zone, exposure to foreign-exchange risk is moderate.

However, since business growth on new markets (especially in Eastern Europe, Near and Middle East) gradually increases risk exposure, given the greater volatility of some exchange rates, sector Policies set out criteria and procedures to reduce/neutralize effects, and indicate instruments and limits for use of foreign currency derivatives.

Other price risks

This category includes risks related to fluctuations in market prices, which may have a material impact on the value or future cash flow of the operating companies.

For example, the category includes the risk of price fluctuations on the main polymer raw materials and energy costs.
Where possible, sector Policies set out criteria to reduce risk.

Generally speaking, the category also includes the value of equity investments in operating companies (equity risk).
In view of the fact that investment in new markets to achieve business growth is a strategic objective in this sector, exposure to equity risk on investments in operating companies is maintained and sector Policies do not envisage specific criteria to reduce risk.

Financial sector

Risk management policies

Introduction

The companies in the financial sector adopt management policies based on the guidelines set by the parent company Board of Directors and the "Investment and financial risk management policies" approved by the Italmobiliare Chairman-Chief Executive Officer.

Objectives

In the financial sector, management of financial risk is an opportunity to generate profits, albeit guided by a general principle of prudence.

Financial instruments

The sector Policies define the types of financial instruments allowed, maximum amounts, counterparties, procedures and approval models.

Derivatives may be used as risk management instruments and as instruments to generate profit. Consequently, policy regulations are particularly restrictive with regard to types of instrument and approval levels.

The companies in the financial sector provide financial support for the operating companies in the other sectors as required, at market conditions.

Credit risk

Italmobiliare and the companies in the financial sector are exposed to credit risk with respect to issuers of financial instruments and counterparties on financial transactions.

Sector Policies establish minimum rating levels for individual investments (where applicable), quantitative levels for each type of instrument and rating family, and the maximum limit available for individual counterparties.

They indicate management procedures for approving amounts in excess of such limits and for drafting management reports.

The financial sector is not exposed to material trade credit risks.

The table below illustrates exposure to credit risk on the basis of the average rating of issuers of debentures, other financial assets and of counterparties with which the sector has contracted interest rate swaps carried with a positive fair value.

(in millions of euro)	Fair value	Average rating	Average residual life (years)
Trading debentures	427.00	AA-	3.80
Available-for-sale debentures	6.50	AA-	3.11
Other financial assets	142.30	AA-	1.35
Interest-rate derivatives	4.59	AA	6.30

Assuming a 100 bp parallel instantaneous shift in the credit curve, the overall change in the fair value of the financial instruments would be 16.4 million euro, of which 16.2 million euro impacting the income statement and 0.2 million euro impacting equity.

Other financial assets and derivatives are excluded from the sensitivity analysis since their fair value does not depend on the credit worthiness of the counterparty.

Liquidity risk

In the financial sector, under the "Financial Plan" approved at the budget meeting, risk management policy is designed to ensure a financial structure that guarantees adequate liquidity by minimizing opportunity cost and maintains a balance in terms of duration and composition of debt.

The Finance division draws up regular reports for top management analyzing the NFP trend of each company in the financial sector and of the sector as a whole.
The table below sets out debt by maturity compared with undrawn credit lines and cash and cash equivalents.

	Maturity				
(in millions of euro)	< 1 year	1 - 2 years	2 - 5 years	Beyond	Total
Total financing	(172.6)	(25.0)	(361.4)		(559.0)
Cash and cash equivalents	858.4				858.4
NFP	**685.8**	**(25.0)**	**(361.4)**		**299.4**
Available credit lines	366.4				366.4

Short-term drawings on committed credit lines are reclassified on expiry of the respective credit line.

Total available credit lines consist of committed credit lines for 52.2 million euro expiring in 2008 and non-committed lines for 314.2 million euro.

Long-term debt is guaranteed, under various forms of contract, by 61.6 million Unicredito shares for a total of 346.4 million euro, of which 296.4 million euro contain mechanisms to adjust the loan amount to the value of the underlying shares.
A 25 million euro loan contains an equity/debt ratio covenant that currently presents no risk of non-compliance.

Market risks

Interest-rate risk

Fluctuations in interest rates affect the fair value of the sector's financial assets and liabilities and the level of net finance costs. Sector Policies are designed to minimize interest-rate risk as the sector works to achieve the financial objectives approved in the "Financial Plan" supporting the year's budget.

Use of derivatives is allowed, subject to Policy guidelines.

Compatibly with the goals of the "Financial Plan", the Finance division manages positions at risk, including structural transactions, to keep the risk profile within the approved limits.

It draws up regular reports for top management setting out the average cost of liabilities and asset yields.

The table below illustrates the composition of NFP in the financial sector at December 31, 2007, and exposure to interest-rate risk; reference should be made to the specific note for a detailed analysis of NFP.

(in millions of euro)	
At December 31, 2007	
Fixed-rate financial debt	
Fixed-rate financial assets	59.9
Fixed-rate NFP before hedging	**59.9**
Fixed-rate/Floating-rate hedging	(36.8)
Floating-rate/Fixed-rate hedging	(100.0)
Fixed-rate NFP after hedging	**(76.9)**
Floating-rate financial debt	(555.7)
Floating-rate financial assets	580.7
Floating-rate NFP before hedging	**25.0**
Fixed-rate/Floating-rate hedging	36.8
Floating-rate/Fixed-rate hedging	100.0
Floating-rate NFP after hedging	**161.8**
Assets not exposed to interest-rate risk	217.9
Liabilities not exposed to interest-rate risk	(3.4)
Total NFP	**299.4**

Floating-rate assets include cash and cash equivalents, amounts due from Group companies and floating-rate obligations; fixed-rate liabilities include loans due to third parties and Group companies.

A sensitivity analysis has been performed to determine the change in the fair value of financial instruments caused by an instantaneous shift of 100 bp in the term structure of interest rates (a parallel shift in the curve). Modified duration was used to measure sensitivity.

The sensitivity analysis found that an instantaneous parallel 100 bp upward shift in the rate curve would produce a positive change of 3.83 million euro in fair value, of which 3.90 million euro in profit and loss and -0.07 million euro in the balance sheet.
Symmetrical results would be generated by an instantaneous parallel downward shift in the rate curve, since the financial sector does not employ non-linear instruments like options or collars.

No impact was calculated for balance sheet liabilities, since such liabilities are not recognized at fair value.

Currency risk

Sector Policies require investments to be made essentially in euro, although they allows for the possibility of a very limited currency risk.

Foreign exchange derivatives are normally used to hedge currency risk by transforming it from a foreign currency risk to a euro risk. Foreign exchange derivatives may be used for speculative purposes within very restricted limits.

The exposure of the financial sector to this risk is extremely limited.

Other price risks

The price risk is the potential loss on listed equities carried at fair value, in the event of downturn in share prices; this risk is particularly significant for Italmobiliare and the companies in the financial sector.

Since Italmobiliare is a holding company with the same characteristics as the other companies in the financial sector, exposure to the equity risk is inherent to its core business; generally speaking, therefore, the risk is maintained and no specific action is taken to reduce risk. In some cases, and for limited amounts, sector Policies set out procedures and approvals for the use of derivatives to reduce risk or to open a risk position in relation to market expectations.

At December 31, 2007, assets exposed to price risk amounted to 1,010.4 million euro, of which 811.5 million euro designated "available-for sale" and the remaining 198.9 million euro "held-for-trading".
A hypothetical reduction of 5% in share prices would have a negative impact on asset fair value of 50.5 million euro, of which 40.6 million euro against equity and 9.9 million euro directly in profit and loss.

(in millions of euro)	Fair value	Share price delta	Impact on income	Impact on equity
Trading equities	52.2	-5%	(2.6)	
Other securities held for trading	146.7	-5%	(7.3)	
Available-for-sale equities	811.5	-5%		(40.6)

Banking sector

The banking sector consists principally of the Finter Bank Zürich group.

The bank’s core business activities are indicated below. The group does not perform any other operations that impact risk and income.

Financing

Financing is a secondary business for the Finter Bank Zürich group. The majority of loans are granted on a hedged basis and refinanced with client deposits.

Commission income and provision of services

Commission income and provision of services represent the main source of income and refer to securities transactions and investments on behalf of clients conducted by the Asset Management, Investment Advisory and Fiduciary Investments services.
Revenues from these activities account for more than two thirds of Finter group total revenues.

Trading transactions

Finter Bank Zürich is active in securities and currency trading. Transactions are conducted within clearly defined limits, as is trading of financial derivatives for clients and for the group itself.

Other activities

For liquidity purposes, the bank holds a portfolio of fixed-rate securities with high ratings.

Financial risk management

Risk policy is regularly reviewed and approved by the Board of Directors. It provides the basis for risk management for the bank and the group. Management is responsible for implementing policy. Specific limits are set for individual risks.

The Risk Management Committee enforces compliance with regulations and monitors all key risks. The Risk Manager (the committee chairman) is responsible for active monitoring and for recommending measures for management approval.

Trading positions are assessed on a daily basis. Management keeps responsibility for risk control separate from responsibility for trading.

Management receives regular reports on the group's equity, financial position, income and liquidity and on related risks.

Credit risk

Credit policy covers all commitments that could generate losses in the event of default by counterparties.
Counterparty risk is managed through risk diversification, a system of limits, qualitative requisites and coverage margins.

The credit directives issued by the authorities regulate the loan provision process, which assesses solvency and credit worthiness on the basis of the customary criteria applied by banks. Most loan transactions are conducted as part of asset management activities.

Liquidity risk

Solvency is monitored and guaranteed in compliance with banking laws.
The bank also reviews the marketability of its positions on a regular basis.

Market risks

Interest rate risk

Interest-rate risk is monitored at central level by the bank's Asset and Liability Management committee (ALM) and controlled by the Treasurer. Risk management focuses on interest-rate volatility. GAP analyses are conducted to quantify and manage risk within the authorized limits. Computation of present value of all interest-rate transactions provides input for sensitivity analyses.

Interest-rate equilibrium is not a primary strategy for a bank active in private banking.

The change in the present value of assets as a result of a +/- 100 bp shift in the interest curve and the impact on profit of a +/- 100 bp shift in the interest curve for a duration up to 1 year are used as the internal risk criteria. A 5% limit has been set on the change in the fair value of assets.

The table below illustrates the effect on assets of a +/- 100 bp parallel shift in the interest curve at the end of 2007:

(in millions of euro)	**Present value of assets**	**+ 100 bp**	**- 100 bp**
Swiss francs	89.9	(1.3)	1.4
Euro	1.9	(0.2)	0.3
US dollars	3.3		
Other currencies	1.9		
Total	**97.0**	**(1.5)**	**1.7**

The impact on profit was 0.34 million euro for all three currencies.
Compared with the present value of assets, this effect is immaterial (0.35%).

Other price risks

The sector limits other price risks, primarily exposure on securities and precious metals, through a volume and loss control system. Trading positions are monitored daily.

Dealings with related parties

Dealings with related parties in 2007 were not significant. They are detailed in the table below:

(in thousands of euro)	Revenues (costs)	Trade receivables (payables)	Finance receivables (payables)	Finance income (costs)	Other operating income (expense)
Italmobiliare Group					
Subsidiaries and associates not consolidated line-by-line	20,899	9,595	4,116	197	741
	(39,892)	(4,251)	(1,274)	(47)	(1)
Calcestruzzi group companies	41,971	3,859	232	1,597	58
period 10/01-12/31/2007		(1,970)	(9,352)	(47)	(4)
Other related parties	196	83			2,386
	(1,202)	(350)			(1,200)
Total	**63,066**	**13,537**	**4,348**	**1,794**	**3,185**
	(41,094)	**(6,571)**	**(10,626)**	**(94)**	**(1,205)**
% impact on book items	1.0%	1.0%	0.3%	3.2%	1.4%
	-0.9%	0.8%	0.3%	0.1%	0.5%

The comparatives for 2006 are set out below:

(in thousands of euro)	Revenues (costs)	Trade receivables (payables)	Finance receivables (payables)	Finance income (costs)	Other operating income (expense)
Italmobiliare Group					
Subsidiaries and associates not consolidated line-by-line	26,234	9,684	6,175	203	904
	(47,225)	(2,101)	(2,595)	(33)	
Other related parties	213	93			
	(1,673)	(502)			
Total	**26,447**	**9,777**	**6,175**	**203**	**904**
	(48,898)	**(2,603)**	**(2,595)**	**(33)**	
	0.4%	0.6%	0.4%	0.4%	0.5%
	1.0%	0.3%	0.1%		0.7%

Since the Calcestruzzi group has been consolidated using the data as at and for the year to September 30, 2007, all business and financial dealings with the group in the fourth quarter are included in dealings with related parties as shown in the table for 2007 above.

Revenues from and purchases of goods and services in respect of subsidiaries and associates consisted mainly of transactions with the companies consolidated on a proportionate basis, notably Society des Carrières du Tournaisis, Medcem S.r.l., Les Calcaires Girondins S.a.s. and Société Parisienne des Sablières S.A., and with companies valued at equity, including the Ciments Quebec Inc. group, General Cave S.r.l., Cementi della Lucania S.p.A. and Petruzalek Ucraina.

At December 31, 2007, other expense of “Other related parties” of 1,200 thousand euro (1,211 thousand euro at December 31, 2006) reflects payments made by Italcementi S.p.A. to the Italcementi Cav. Lav. Carlo Pesenti foundation.

Other income of “Other related parties” of 2,386 thousand euro includes 2,354 million euro for the capital gain realized by Italcementi S.p.A. on sale of a portion of the property in Via Vivaldi, Bergamo, to River S.p.A..

Compensation paid to directors

The table below sets out compensation paid during the financial year to the directors and the chief operating officer of Italmobiliare S.p.A. for positions held in the Group:

(in thousands of euro)	**2007**	**2006**
Short-term benefits: compensation and remuneration	7,533	6,858
Post-employment benefits: provision for leaving and end-of-term entitlements	1,629	1,670
Other long-term benefits: length-of-service bonuses and incentives	78	54
Share-based payments (stock options)	4641	1,818
Total	**13,881**	**10,400**

Joint ventures

The Group’s most significant joint ventures in 2007 were the French construction materials companies and the Medcem S.r.l. shipping company.
The following table sets out the most significant portion of assets, liabilities, revenues and expenses relating to joint ventures reflected in the Group consolidated financial statements:

(in millions of euro)	**December 31, 2007**	**December 31, 2006**
Current assets	30.7	28.7
Non-current assets	58.3	67.4
Total assets	**89.0**	**96.1**
Current liabilities	23.1	23.4
Non-current liabilities	20.3	26.4
Total liabilities	**43.4**	**49.8**
	2006	**2006**
Revenues	48.0	43.2
Expenses	(39.9)	(34.0)
Profit before tax	**8.1**	**9.2**

Non-recurring transactions

The following tables itemize the most significant non-recurring transactions and their impact on Group shareholders' equity, financial position and net profit:

	2007					
(in thousands of euro)	Shareholders' equity		Net profit for the year		Net debt	
	amount	%	amount	%	amount	%
Book values	**6,300,176**		**660,944**		**(2,149,568)**	
Net capital gains on sale of fixed assets	16,771	0.27%	16,771	2.54%	43,765	2.04%
Non-recurring employee expenses for re-organizations	(15,391)	0.24%	(15,391)	2.33%		
Other non-recurring income/(expense)	(765)	0.01%	(765)	0.12%	(9,379)	0.44%
Tax on non-recurring transactions	1,111	0.02%	1,111	0.17%		
Non-recurring taxes	47	0.00%	47	0.01%		
Total	**1,773**	**0.03%**	**1,773**	**0.27%**	**34,386**	**1.60%**
Figurative value without non-recurring transactions	**6,298,403**		**659,171**		**(2,183,954)**	

	2006					
(in thousands of euro)	Shareholders' equity		Net profit for the year		Net debt	
	valore	%	valore	%	valore	%
Book values	**6,407,857**		**748,479**		**(1,857,256)**	
Net capital gains on sale of fixed assets	18,384	0.29%	18,384	2.46%	36,624	-1.97%
Non-recurring employee expenses for re-organizations	(25,449)	0.40%	(25,449)	3.40%		
Other non-recurring income/(expense)	(1,907)	0.03%	(1,907)	0.25%	4,842	-0.26%
Tax on non-recurring transactions	(1,269)	0.02%	(1,269)	0.17%		
Non-recurring taxes	14,002	0.22%	14,002	1.87%		
Total	**3,761**	**0.06%**	**3,761**	**0.50%**	**41,466**	**-2.23%**
Figurative value without non-recurring transactions	**6,404,096**		**744,718**		**(1,898,722)**	

Considerations to the Independent Auditors

Details of the considerations paid in financial year 2007 by the Italmobiliare Group to the Independent Auditors Reconta Ernst & Young S.p.A. (RE&Y) and to the foreign companies of the same group as set out below, pursuant to CONSOB Resolution no. 11971 of May 14, 1999, art. 149-duodecies, par 1:

(in thousands of euro)	RE&Y for Italmobiliare S.p.A.	RE&Y for the other companies	Other companies in the E&Y group
Services provided to the Group			
Auditing services	182	1,533	1,898
Other services with issue of attestation		74	242
Other juridical, fiscal, social services	28	268	205
Total	**210**	**1,875**	**2,345**

Cash flow statement

B) Cash flow from investing activities

The table below itemizes the main equity investments made by the Group in 2007:

(in millions of euro)	2007	2006
Ciments Français (including treasury shares) - France	226.6	40.7
Italcementi - Italy	78.1	
Suez Cement - Egypt	74.6	
Arrow Group - USA	38.7	
Shaanxi Fuping Cement Co. - China (**)	17.5	
Goltas Cimento - Turkey	13.4	89.4
Cambridge - Canada	11.2	
Banca Leonardo - Italy	10.9	13.9
Hilal Cement Co. - Kuwait (**)	10.9	
Decom S.A.E. - Egypt	8.2	
Arabian Ready Mix Company - Saudi Arabia (*)	4.2	
Techno Travel - Egypt	3.7	
RCS - Italy	3.4	
Mobile Workers S.A. - France (*)	2.3	
Universal Imballaggi - Italy	1.7	
BravoSolution USA and Verticalnet - USA	1.4	
Atmos Wind - Italy (*)	0.6	
Immobiliare Amprica - Italy	0.5	47.7
Zuari Cement Ltd. - India		107.8
Mediobanca - Italy		13.5
RMB S.A.E. - Egypt		9.1
Other - Egypt	5.6	
Other	3.6	14.6
Total	**517.1**	**336.7**

(*) Investments are net of amounts still to be paid. Gross investments totaled 9.3 million euro for Arabian Ready Mix Co., 4.0 million euro for Mobile Workers and 1.0 million euro for Atmos Wind.
(**)The investments in Hilal and Fuping are net of acquired cash which amounted to 23.7 million euro for Hilal and 10.5 million euro for Fuping.

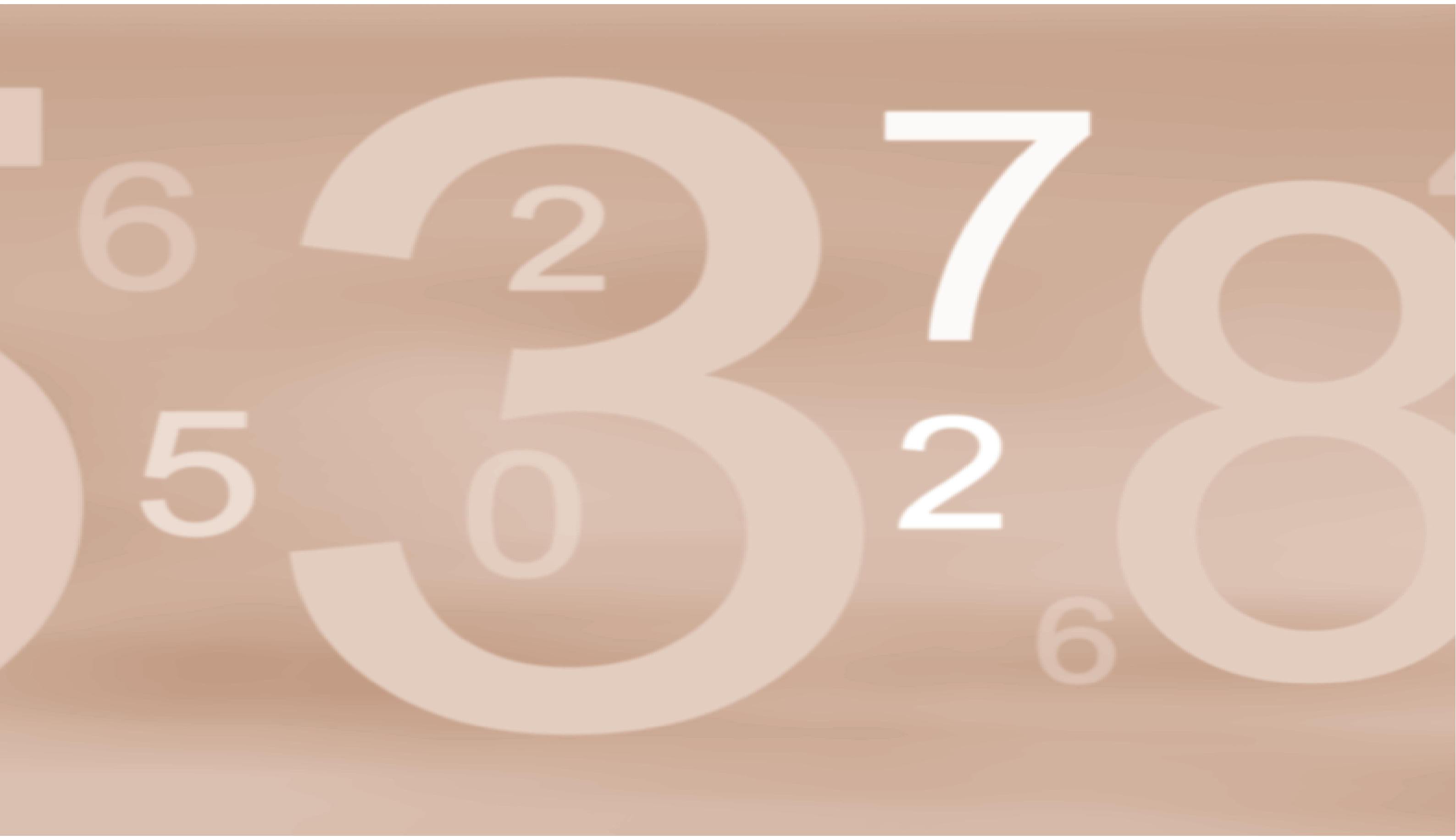
Post balance-sheet events

No significant events have taken place since closure of the financial year that require amendments to or additional comments on the Group's business, financial and equity situation at December 31, 2007.

Milan, March 28, 2008

The Board of Directors

Annex



Annex

The following table has been prepared in accordance with CONSOB Resolution no. 11971, art. 126, of May 14, 1999, which requires listed companies to disclose their investments in unlisted companies when such investments exceed 10% of the companies' voting capital.
For the purpose of a full description of the consolidated companies, the table also sets out equity investments held in listed companies when such investments exceed 10% of the companies' voting capital.
The table also indicates the consolidation method and shows investments valued with the equity method.

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Parent company **Italmobiliare S.p.A.**	Milan	IT	EUR	100,166,937.00					
Amprica S.p.A.	Castelbelforte	IT	EUR	7,362,470.44		100.00	100.00	Sirap Gema S.p.A.	Line-by-line
Amprica Immobiliare S.r.l.	Verolanuova	IT	EUR	10,000.00	-	100.00	100.00	Amprica S.p.A.	Line-by-line
Azienda Vendite Acquisti A.V.A. S.r.l.	Milan	IT	EUR	2,550,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
Burgo Group S.p.A.	Altavilla Vicentina	IT	EUR	205,443,391.40	-	11.68	11.68	Société de Participation Financière Italmobiliare SA	Cost
CJSC INLINE-R	Moscow	RU	RUB	30,230,640.00		72.22	72.22	Inline Poland Sp. z.o.o.	Line-by-line
Compagnia Fiduciaria Nazionale S.p.A.	Milan	IT	EUR	312,000.00	16.67	-	16.67	Italmobiliare S.p.A.	Cost/Fair Value
Credit Mobilier de Monaco S.A.	Montecarlo	PM	EUR	5,355,000.00	-	99.91	99.91	Société de Participation Financière Italmobiliare SA	Line-by-line
Enhanced Frontier Limited	Nassau	BS	EUR	100.00	-	100.00	100.00	Finter Bank Zurich S.A.	Cost
Fin.Priv. S.r.l.	Milan	IT	EUR	20,000.00	14.28	-	14.28	Italmobiliare S.p.A.	Cost/Fair Value
Fincomind AG	Zurich	CH	CHF	10,010,000.00	69.93	30.07	69.93	Italmobiliare S.p.A.	Line-by-line
							30.07	Société de Participation Financière Italmobiliare SA	
Finconsult AG	Zurich	CH	CHF	500,000.00	-	100.00	100.00	Finter Bank Zurich S.A.	Line-by-line
Finter Bank & Trust (Bahamas) Ltd.	Nassau	BS	USD	5,000,000.00	-	100.00	100.00	Finter Bank Zurich S.A.	Line-by-line
Finter Bank Zurich S.A.	Zurich	CH	CHF	45,000,000.00	-	100.00	100.00	Fincomind AG	Line-by-line
Finter Fund Management Company S.A.	Luxembourg	LU	CHF	250,000.00	-	100.00	100.00	Finter Bank Zurich S.A.	Line-by-line
FinterLife Lebensversicherungs-Aktiengesellschaft	Vaduz	LI	CHF	7,000,000.00	-	90.00	90.00	Finter Bank Zurich S.A.	Line-by-line
Franco Tosi S.r.l.	Milan	IT	EUR	90,000,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
GESVIM S.r.l.	Milan	IT	EUR	Auth. 1,500,000 Subscribed and paid: 10,000	-	50.00	50.00	Azienda Vendite Acquisti A.V.A. S.r.l.	Proportionate
GIST S.r.l. Gamma Iniziative Sportive Turistiche	Milan	IT	EUR	389,200.00	-	50.00	50.00	Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Proportionate
ICS Petruzalek Srl	Chisinau	MD	MDL	81,518.50	-	100.00	100.00	Petruzalek Com S.r.l. (Romenia)	Line-by-line
Immobiliare Golf Punta Ala S.p.A.	Punta Ala (GR)	IT	EUR	5,164,000.00	-	32.25	7.50	Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Equity
							24.75	Azienda Vendite Acquisti A.V.A. S.r.l.	
Immobiliare Lido di Classe S.p.A. in liquidation	Rome	IT	EUR	255,000.00	18.04	-	18.04	Italmobiliare S.p.A.	Cost
Inline Balkans o.o.d. in liquidation	Sofia	BG	BGN	50,000.00	-	60.00	60.00	Inline Poland Sp. z.o.o.	Line-by-line
Inline Poland Sp. z.o.o.	Poznan	PL	PLN	3,846,000.00	-	91.00	91.00	Amprica S.p.A.	Line-by-line
Inline Ucraine Ltd	Dniepropitrovsk	UA	UAH	17,959,028.15	-	60.00	60.00	Inline Poland S.p. z.o.o.	
Italmobiliare International BV	Amsterdam	NL	EUR	Auth. 75,000 Subscribed 19,500	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Italmobiliare International Finance Ltd.	Dublin	IE	EUR	1,336,400.00	97.27	2.73	97.27	Italmobiliare S.p.A.	Line-by-line
							2.73	Société de Participation Financière Italmobiliare SA	
Italmobiliare Servizi S.r.l.	Milan	IT	EUR	260,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
Meltemi S.p.A.	Treviglio (BG)	IT	EUR	238,101.00	10.91	-	10.91	Italmobiliare S.p.A.	Cost
Mittel S.p.A.	Milan	IT	EUR	66,000,000.00	12.91	-	12.91	Italmobiliare S.p.A.	Equity
Neyrtec Industrie SA	Le Pont de Claix	FR	FF	10,000,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Cost
S.r.l. Nuove Costruzioni Edilizie S.A.N.C.E.	Milan	IT	EUR	139,725.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
Petruzalek Ltd (Turkey)	Istanbul	TR	TRL	40,000.00	-	100.00	90.00	Petruzalek Gesellschaft mbH (Austria)	Cost
							10.00	Petruzalek Com S.r.l. (Romania)	
Petruzalek e.o.o.d. (Bulgaria)	Sofia	BG	BGN	5,000.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek Com S.r.l. (Romania)	Bucharest	RO	RON	2,600.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek d.o.o. (Croatia)	Samobor	HR	HRK	129,500.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek d.o.o. (Serbia)	Zemun (Batajnica)	YU	CSD	878,427.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek d.o.o. (Slovenia)	Maribor	SI	EUR	9,959.08	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek Gesellschaft mbH (Austria)	Tattendorf	AT	EUR	1,000,000.00	-	99.00	99.00	Sirap Gema S.p.A.	Line-by-line
Petruzalek Kft (Hungary)	Budapest	HU	HUF	300,000,000.00	-	100.00	75.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
							25.00	Petruzalek spol. S.r.o. (Czech Rep.)	
Petruzalek o.o.o. (Ukraine)	Odessa	UA	UAH	214,831.00	-	90.00	90.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek S.r.l. (Bosnia)	Sarajevo	BA	BAM	10,000.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek S.r.o. (Slovakia)	Bratislava	SK	SKK	460,000.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek spol. S.r.o. (Czech Rep.)	Breclav	CZ	CZK	2,300,000.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Populonia Italica S.r.l.	Milan	IT	EUR	1,115,760.00	93.21	6.79	93.21	Italmobiliare S.p.A.	Line-by-line
							6.79	Azienda Vendite Acquisti A.V.A. S.r.l.	
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Milan	IT	EUR	1,300,000.00	99.48	0.52	99.48	Italmobiliare S.p.A.	Line-by-line
							0.52	SICIL.FIN. S.r.l.	
Sirap Gema Finance SA	Luxembourg	LU	EUR	7,797,220.00	-	100.00	0.03	Franco Tosi S.r.l.	Line-by-line
							99.97	Sirap Gema S.pA.	
Sirap Gema France SAS	Noves	FR	EUR	3,520,000.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line
Sirap-Gema Iberica S.L.	Barcelona	ES	EUR	300,000.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line
Sirap Gema Insulation Systems S.r.l.	Verolanuova (BS)	IT	EUR	2,715,000.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line
Sirap Gema S.p.A.	Verolanuova (BS)	IT	EUR	17,020,905.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
Soc. Editrice Siciliana S.E.S. S.p.A	Messina	IT	EUR	5,112,900.00	33.00	-	33.00	Italmobiliare S.p.A.	Equity
Société d'Etudes de Participations et de Courtages	Monte Carlo	PM	EUR	1,290,000.00	-	99.84	99.84	Société de Participation Financière Italmobiliare SA	Line-by-line
Société de Participation Financière Italmobiliare S.A.	Luxembourg	LU	EUR	103,118,928.00	99.94	0.06	99.94	Italmobiliare S.p.A.	Line-by-line
							0.06	Franco Tosi S.r.l.	
Soparfinter S.A.	Luxembourg	LU	EUR	3,111,600.00	-	100.00	97.85	Fincomind AG	Line-by-line
							2.15	Société de Participation Financière Italmobiliare S.A.	
Terfin S.A. in liquidation	Paris	FR	EUR	440,400.00	-	100.00	98.40	Soparfinter S.A.	Line-by-line
							1.60	Fincomind AG	
Universal Imballaggi Sr.l.	Palermo	IT	EUR	1,731,588.00	-	75.22	75.22	Sirap Gema S.p.A.	Line-by-line

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Italcementi S.p.A.	Bergamo	IT	EUR	282,548,942.00	38.84	1.38	38.84	Italmobiliare S.p.A.	Line-by-line
							1.38	Italcementi S.p.A.	
								voting rights:	
							60.26	Italmobiliare S.p.A.	
Aliserio S.r.l.	Bergamo	IT	EUR	2,270,000.00	10.00	90.00	10.00	Italmobiliare S.p.A.	Line-by-line
							90.00	Italcementi S.p.A.	
Arabian Ready Mix Company Ltd	Jeddah	SA	SAR	100,000,000.00	-	50,00	50.00	Italcementi S.p.A.	
Axim Italia S.r.l.	Sorisole (BG)	IT	EUR	2,000,000.00	-	100.00	99.90	Italcementi S.p.A.	Line-by-line
							0.10	SICIL.FIN. S.r.l.	
Azienda Agricola Lodoletta S.r.l.	Bergamo	IT	EUR	10,400.00	-	75.00	75.00	Italcementi S.p.A.	
Betongenova S.r.l. - in liquidation	Genoa	IT	EUR	10,400.00	-	36.12	22.68	Calcestruzzi S.p.A.	
							13.44	Cemencal S.p.A.	
BravoBus S.r.l.	Bergamo	IT	EUR	600,000.00	-	51.00	51.00	BravoSolution S.p.A.	Line-by-line
BravoSolution China Co. Ltd	Shanghai	CN	CNY	80,000.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line
BravoSolution Espana S.A.	Madrid	ES	EUR	120,400.00	-	99.99	99.99	BravoSolution S.p.A.	Line-by-line
BravoSolution France S.a.s.	Boulogne Billancourt	FR	EUR	2,000,000.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line
BravoSolution S.p.A.	Bergamo	IT	EUR	29,302,379.00	8.15	80.57	8.15	Italmobiliare S.p.A.	Line-by-line
							80.57	Italcementi S.p.A.	
BravoSolution U.S.A. Inc.	Harrisburg	US	USD	1.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line
BravoSolution UK Ltd	London	GB	GBP	50,000.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line
C.T.G. S.p.A.	Bergamo	IT	EUR	500,000.00	-	100.00	50.00	Italcementi S.p.A.	Line-by-line
							50.00	Ciments Français S.A.	
CTG USA LLC	Nazareth	US	-	-	-	100.00	90.00	C.T.G. S.p.A.	Line-by-line
							10.00	Essroc Cement Corp.	
Calcementi Jonici S.r.l.	Siderno (RC)	IT	EUR	9,000,000.00	-	100.00	99.90	Italcementi S.p.A.	Line-by-line
							0.10	SICIL.FIN. S.r.l.	
Calcestruzzi S.p.A.	Bergamo	IT	EUR	138,000,000.00	-	100.00	99.90	Italcementi S.p.A.	Line-by-line
							0.10	SICIL.FIN. S.r.l.	
Cava delle Capannelle S.r.l.	Bergamo	IT	EUR	31,200.00	-	49.00	49.00	Calcestruzzi S.p.A.	
Cemencal S.p.A.	Bergamo	IT	EUR	12,660,000.00	-	85.00	85.00	Calcestruzzi S.p.A.	Line-by-line
Cement Project Services Management & Consulting S.r.l.	Rome	IT	EUR	10,000.00	-	45.00	45.00	Italcementi S.p.A.	Equity
Cementi della Lucania S.p.A.	Potenza	IT	EUR	619,746.00	-	30.00	30.00	Italcementi S.p.A.	Equity
Cementi e Calci di S. Marinella S.r.l.	Bergamo	IT	EUR	10,000.00	-	66.67	66.67	Italcementi S.p.A.	Line-by-line
Cementificio di Montalto S.p.A.	Bergamo	IT	EUR	10,000,000.00	-	100.00	100.00	Italcementi S.p.A.	Line-by-line
Domiki Beton S.A.	Iraklion	GR	EUR	3,900,002.87	-	100.00	99.54	Calcestruzzi S.p.A.	Line-by-line
							0.46	Halyps Building Materials S.A.	
E.C.I.T. S.r.l.	Ravenna	IT	EUR	104,208.00	-	50.00	50.00	Calcestruzzi S.p.A.	Equity
E.I.C.A. S.r.l.	Norcia (PG)	IT	EUR	49,500.00	-	66.67	66.67	Calcestruzzi S.p.A.	Line-by-line
E.S.A. Monviso S.p.A.	Bergamo	IT	EUR	1,340,000.00	-	100.00	59.00	Calcestruzzi S.p.A.	Line-by-line
							41.00	Cemencal S.p.A.	
Ecoinerti S.r.l.	Recanati (MC)	IT	EUR	91,800.00	-	50.00	50.00	Calcestruzzi S.p.A.	Proportionate

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Ecoserio S.r.l.	Bergamo	IT	EUR	48,960.00	-	12.50	12.50	Calcestruzzi S.p.A.	
Generalcave S.r.l.	Fiumicino (RM)	IT	EUR	31,200.00	-	50.00	50.00	Speedybeton S.p.A.	Equity
Gres Dalmine Resine Wavin S.c.a r.l.	Sorisole (BG)	IT	EUR	91,800.00	-	35.00	35.00	Italsintex S.p.A.	
Gruppo Italsfusi S.r.l.	Savignano s/P. (MO)	IT	EUR	156,000.00	-	100.00	99.50	Italcementi S.p.A.	Line-by-line
							0.50	SICIL.FIN. S.r.l.	
I.GE.PO. - Impresa Gestione Porti S.r.l. - in liquidation	Vibo Valentia	IT	EUR	25,500.00	-	18.00	18.00	Italcementi S.p.A.	
IMES S.r.l.	S. Cipriano Pic. (SA)	IT	EUR	206,000.00	-	100.00	99.00	Italcementi S.p.A.	Equity
							1.00	SICIL.FIN S.r.l.	
Immobiliare Salesiane S.r.l.	Bergamo	IT	EUR	350,000.00	-	100.00	99.00	Italcementi S.p.A.	
							1.00	SICIL.FIN S.r.l.	
Intercom S.r.l.	Bergamo	IT	EUR	2,750,000.00	-	100.00	99.50	Italcementi S.p.A.	Line-by-line
							0.50	SICIL.FIN S.r.l.	
Intertrading S.r.l.	Bergamo	IT	EUR	4,160,000.00	-	100.00	99.50	Italcementi S.p.A.	Line-by-line
							0.50	SICIL.FIN. S.r.l.	
Italcementi Ingegneria S.r.l.	Bergamo	IT	EUR	266,220.00	-	100.00	100.00	Italcementi S.p.A.	
Italgen Maroc S.A.	Casablanca	MA	MAD	300,000.00	-	99.87	99.87	Italgen S.p.A.	Line-by-line
Italgen S.p.A.	Bergamo	IT	EUR	20,000,000.00	-	100.00	99.90	Italcementi S.p.A.	Line-by-line
							0.10	SICIL.FIN S.r.l.	
Italsigma S.r.l.	Bergamo	IT	EUR	1,500,000.00	-	50.00	50.00	Axim Italia S.r.l.	Proportionate
Italsintex S.p.A.	Bergamo	IT	EUR	7,686,734.00	-	100.00	99.99	Società del Gres ing. Sala S.p.A.	Line-by-line
							0.01	SICIL.FIN. S.r.l.	
ITC-Factor S.p.A.	Bergamo	IT	EUR	1,500,000.00	-	100.00	99.50	Italcementi S.p.A.	Line-by-line
							0.50	SICIL.FIN. S.r.l.	
Les Ciments de Zouarine S.A.	Tunisi	TN	TND	80,000.00	-	49.93	49.93	Italcementi S.p.A.	
M.P.M. Ambiente S.r.l.	Trezzo sull'Adda (MI)	IT	EUR	130,000.00	-	19.00	19.00	Società del Gres ing. Sala S.p.A.	
Mantovana Inerti S.r.l.	Cavriana (MN)	IT	EUR	702,000.00	-	50.00	50.00	Calcestruzzi S.p.A.	Proportionate
Medcem S.r.l.	Napoli	IT	EUR	5,500,000.00	-	50.00	50.00	Intercom S.r.l.	Proportionate
Mobile Workers S.A.	Noiseau	FR	EUR	92,900.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line
Nuova Sacelit S.r.l.	Sorisole (BG)	IT	EUR	7,500,000.00	-	100.00	1.00	Franco Tosi S.r.l.	Line-by-line
							99.00	Italcementi S.p.A.	
Procalmi S.r.l. in liquidation	Milano	IT	EUR	51,000.00	-	11.52	11.52	Cemencal S.p.A.	
S.A.F.R.A. S.r.l.	Bologna	IT	EUR	51,480.00	-	33.33	33.33	Calcestruzzi S.p.A.	Equity
SAMA S.r.l.	Bergamo	IT	EUR	1,000,000.00	-	100.00	99.00	Italcementi S.p.A.	Line-by-line
							1.00	SICIL.FIN S.r.l.	
Shqiperia Cement Company Shpk	Tirana	AL	ALL	74,250,000.00	-	100.00	100.00	Italcementi S.p.A.	Line-by-line
SICIL.FIN. S.r.l.	Bergamo	IT	EUR	650,000.00	-	100.00	0.50	Franco Tosi S.r.l.	Line-by-line
							99.50	Italcementi S.p.A.	
Sider Navi S.p.A.	Napoli	IT	EUR	22,000,000.00	-	20,00	20.00	Medcem S.r.l.	Equity
Silicalcite S.r.l.	Bergamo	IT	EUR	4,000,000.00	-	100.00	100.00	Italcementi S.p.A.	Equity
Silos Granari della Sicilia S.r.l.	Bergamo	IT	EUR	7,980,000.00	-	100.00	99.90	Italcementi S.p.A.	Line-by-line
							0.10	SICIL.FIN S.r.l.	

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Società del Gres ing. Sala S.p.A.	Sorisole (BG)	IT	EUR	5,858,722.00	-	100.00	99.90 0.10	Nuova Sacelit S.r.l. SICIL.FIN S.r.l.	Line-by-line
Société Internationale Italcementi (Luxembourg) S.A.	Luxembourg	LU	EUR	17,715,000.00	-	100.00	99.87 0.13	Italcementi S.p.A. SICIL.FIN S.r.l.	Line-by-line
Société Internationale Italcementi France S.a.s.	Paris	FR	EUR	1,669,570,000.00	-	99.99	99.99	Italcementi S.p.A.	Line-by-line
SO.RI.TE. S.r.l.	Turin	IT	EUR	100,000.00	-	25.00	25.00	Calcestruzzi S.p.A.	
Speedybeton S.p.A.	Pomezia (RM)	IT	EUR	300,000.00	-	70.00	70.00	Calcestruzzi S.p.A.	Line-by-line
Ciments Français S.A.	Puteaux	FR	EUR	150,734,776.00	-	80.68	78.62 2.06 88.83	Société Int. Italcementi France S.a.s. Ciments Français S.A. (voting rights: Société Int. Italcementi France S.a.s.)	Line-by-line
1475544 Ontario Inc.	Markham	CA	CAD	100.00	-	100.00	100.00	IM Scott Holdings Limited	Equity
2003897 Ontario Inc.	Concord	CA	CAD	18,300,000.20	-	50.00	50.00	Essroc Canada Inc.	Equity
3092-0631 Quebec Inc.	St. Basile	CA	CAD	6,250.00	-	100.00	100.00	Ciment Quebec Inc.	Equity
Afyon Cimento Sanayi Tas	Istanbul	TR	TRL	120,000.00	-	78.49	76.51 1.02 0.96	Ciments Français S.A. Set Group Holding Set Cimento	Line-by-line
Altas Ambarlj Liman Tesisleri Tas	Istanbul	TR	TRL	500,000.00	-	12.25	12.25	Set Cimento	
Ammos Development Quarries Ltd	Mandra	GR	EUR	18,000.00	-	100.00	100.00	Halyps Building Materials S.A.	Line-by-line
Arena S.A.	Guerville	FR	EUR	126,000,000.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Arrow Concrete Company	Parkersburg	US	USD	79,400.00	-	100.00	100.00	Essroc Ready Mix Corp	Line-by-line
Arrow Industries	Parkersburg	US	USD	500.00	-	100.00	100.00	Essroc Ready Mix Corp	Line-by-line
Arrowhead Investment Company	Carson City	US	USD	1,000.00	-	100.00	100.00	Essroc Corporation	Line-by-line
Arteskos 98 JSC	Dimitrovgrad	BG	BGN	70,000.00	-	53.08	53.08	Devnya Cement A.D.	Line-by-line
Arteskos AD	Dimitrovgrad	BG	BGN	67,852.00	-	75.00	75.00	Arteskos 98 JSC	Line-by-line
Asia Cement Products Co., Ltd	Bangkok	TH	THB	10,000,000.00	-	39.03	39.03	Asia Cement Public Co., Ltd **(*)**	Line-by-line
Asia Cement Public Co., Ltd	Bangkok	TH	THB	4,680,000,000.00	-	39.03	24.96 14.07	Ciments Français S.A. Vaniyuth Co. Ltd (*)	Line-by-line
Asment (Ciments de Temara)	Temara	MA	MAD	171,875,000.00	-	37.01	19.99 17.02	Ciments Français S.A. Procimar S.A.	
Asociacion de Empresas de Transporte a Granel	S. Sebastian	ES	EUR	23,138.43	-	92.86	92.86	Sociedad Financiera y Minera S.A.	
Atlantica de Graneles y Moliendas S.A.	Vizcaya	ES	EUR	5,000,000.00	-	50.00	50.00	Sociedad Financiera y Minera S.A.	Proportionate
Axim Building Technologies S.A.	Malaga	ES	EUR	60,500.00	-	100.00	99.00 1.00	Sociedad Financiera y Minera S.A. Compania General de Canteras S.A.	Line-by-line
Axim Concrete Technologies (Canada) Inc.	Cambridge	CA	CAD	1,275,600.00	-	100.00	100.00	Axim Concrete Technologies Inc.	Line-by-line
Axim Concrete Technologies Inc.	Middlebranch	US	USD	1,000.00	-	100.00	100.00	Essroc Corporation	Line-by-line
Axim Maroc	Casablanca	MA	MAD	1,000,000.00	-	99.96	99.96	Ciments du Maroc	Line-by-line
Axim S.A.	Guerville	FR	EUR	495,625.00	-	99.94	99.94	Ciments Calcia S.A.	Line-by-line
BCE S.A.	Guerville	FR	EUR	38,250.00	-	99.80	99.80	Unibéton S.A	Line-by-line

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
BCEAP S.n.c.	Guerville	FR	EUR	16,000.00	-	100.00	65.00	V.B.H. S.n.c.	Line-by-line
							35.00	Unibéton S.A.	
Betomar S.A.	Casablanca	MA	MAD	84,397,800.00	-	99.99	99.99	Ciments du Maroc S.A.	Line-by-line
Beton.Ata LLP	Almaty	KZ	KZT	224,000,000.00	-	35.00	35.00	Shymkent Cement	Equity
Béton Contrôle de Gascogne S.A.	Soorts Hossegor	FR	EUR	40,000.00	-	37.00	37.00	Béton Contrôle du Pays Basque S.A.	
Béton Contrôle de l'Adour S.A.	Bayonne	FR	EUR	150,000.00	-	59.96	59.96	Béton Contrôle du Pays Basque S.A.	Line-by-line
Béton Contrôle des Abers S.A.	Lannilis	FR	EUR	104,000.00	-	34.00	34.00	Unibéton S.A.	Equity
Béton Contrôle du Pays Basque S.A.	Bayonne	FR	EUR	120,000.00	-	59.95	59.95	Unibéton S.A.	Line-by-line
Béton du Cap Inc.	Cap de la Madeleine	CA	CAD	7,348.00	-	75.00	75.00	Ciment Quebec Inc.	Equity
Béton Saône S.A.	Macon	FR	EUR	40,000.00	-	35.00	35.00	Unibéton S.A.	Equity
Bonafini S.A.	Argences	FR	EUR	45,392.00	-	100.00	96.79	Tratel S.A.	Line-by-line
							3.21	Larricq S.A.	
Brantford Ready Mix Inc.	Ontario	CA	CAD	-	-	100.00	50.00	Cambridge Concrete Group Inc.	
							50.00	MBM Concrete Holdings Inc	Line-by-line
Bureau Engineering Travaux Publics (SA BETP)	Guerande	FR	EUR	523,205.03	-	99.94	79.94	Comp. Financière et de Participations S.A.	
							20.00	Arena S.A.	
Cambridge Concrete Group Inc.	Ontario	CA	CAD	-	-	100.00	100.00	Essroc Canada Inc.	Line-by-line
Cambridge Concrete Ltd	Ontario	CA	CAD	-	-	100.00	100.00	Cambridge Concrete Group Inc.	Line-by-line
Canteras Aldoyar S.L.	Olazagutia	ES	EUR	1,508,510.00	-	20.00	20.00	Hormigones y Minas S.A.	
Capitol Cement Corporation	Winchester	US	USD	1,000,000.00	-	100.00	100.00	Riverton Investment Corporation	Line-by-line
Carrières Bresse Bourgogne	Saint Marcel	FR	EUR	387,189.00	-	66.48	66.48	Dragages et Carrières S.A.	Proportionate
Cementos Capa S.L.	Archidona	ES	EUR	1,260,000.00	-	63.00	63.00	Sociedad Financiera y Minera S.A.	Line-by-line
Centro Administrativo y de Servicios de Malaga S.A.	Malaga	ES	EUR	60,200.00	-	99.99	99.99	Sociedad Financiera y Minera S.A.	Line-by-line
Chatelet S.A.	Cayeux s/M.	FR	EUR	118,680.00	-	99.98	99.98	GSM S.A.	Line-by-line
Cie pour l'Investissement Financier en Inde	Paris	FR	EUR	7,350,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Cifrinter	Luxembourg	LU	EUR	8,928,500.00	-	99.99	50.99	Ciments Français S.A.	Line-by-line
							49.00	Ciments Français Europe N.V.	
Ciment du Littoral S.A.	Bassens	FR	EUR	37,000.00	-	99.99	99.99	Ste d'Investissement & & de Partecipations du Littoral	Line-by-line
Ciment Quebec Inc.	St. Basile	CA	CAD	19,461,000.00	-	100.00	100.00	Groupe Ciment Quebec Inc.	Equity
Cimento de Bissau Limitada	Bissau	GW	XOF	2,000,000.00	-	99.00	99.00	Tercim S.A.	
Ciments Calcia S.A.	Guerville	FR	EUR	593,836,525.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Ciments du Maroc	Casablanca	MA	MAD	721,800,200.00	-	61.82	58.30	Ciments Français S.A.	Line-by-line
							3.52	Procimar S.A.	
Ciments du Nord	Nouadhibou	MR	MRO	1,340,000,000.00	-	15.00	15.00	Ciments du Maroc	
Ciments Français Europe N.V.	Amsterdam	NL	EUR	395,811,894.00	-	100.00	67.99	Sodecim S.a.s.	Line-by-line
							32.01	Ciments Français S.A.	
Ciments Français Participations S.n.c.	Puteaux	FR	EUR	15,001,500.00	-	100.00	99.99	Ciments Français S.A.	Line-by-line
							0.01	Comp. Financière et de Participations S.A.	
CIMFRA (China) Limited	Puteaux	FR	EUR	25,336,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Cisnel Descargas S.L.	Madrid	ES	EUR	3,010.00	-	100.00	100.00	Sociedad Financiera y Minera S.A.	Line-by-line

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Compagnie des Ciments Belges S.A.	Tournai	BE	EUR	295,031,085.00	-	100.00	39.74	Ciments Français S.A.	Line-by-line
							38.78	Ciments Français Europe N.V.	
							21.40	Ciments Calcia S.A.	
							0.08	Compagnie Financière et de Participations S.A.	
Compagnie Financière et de Participations S.A.	Puteaux	FR	EUR	180,000.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Compania General de Canteras S.A.	Malaga	ES	EUR	479,283.69	-	99.41	96.12	Sociedad Financiera y Minera S.A.	Line-by-line
							3.29	Sax S.a.s.	
Conglomerantes Hidraulicos Especiales S.A.	Madrid	ES	EUR	2,361,960.00	-	85.00	85.00	Sociedad Financiera y Minera S.A.	
De Paepe Béton N.V.	Ghent	BE	EUR	500,000.00	-	100.00	100.00	Compagnie des Ciments Belges S.A.	Line-by-line
DECOM	Cairo	EG	EGP	150,000,000.00	-	99.99	99.99	Ready Mix Beton (Egypt) SAE	Line-by-line
Decoux S.A.	Beaucaire	FR	EUR	120,000.00	-	100.00	100.00	Tratel S.A.	Line-by-line
Development for Industries Co. SAE	Cairo	EG	EGP	15,000,000.00	-	100.00	90.00	Suez Cement Company	
							5.00	Helwan Cement Co.	
							5.00	Tourah Portland Cement Company	
Devnya Bulk Services	Devnya	BG	BGN	50,000.00	-	100.00	100.00	Devnya Cement AD	
Devnya Cement AD	Devnya	BG	BGN	1,028,557,000.00	-	99.97	99.97	Marvex	Line-by-line
Devnya Cement St	Devnya	BG	BGN	1,500,000.00	-	74.00	74.00	Devnya Cement AD	
Devnya Finance	Devnya	BG	BGN	50,000,000.00	-	50.00	50.00	Devnya Cement AD	Equity
Divas Beheer B.V.	Amstelveeu	NL	EUR	18,768.92	-	100.00	100.00	Ciments Français Europe N.V.	Line-by-line
Dobrotitsa BSK A.D.	Dobritch	BG	-	-	-	26.40	26.40	Devnya Cement AD	
Dragages et Carrières S.A.	Saint Marcel	FR	EUR	1,000,000.00	-	49.99	49.99	GSM S.A.	Proportionate
Dragages Transports & Travaux Maritimes S.A.	La Rochelle	FR	EUR	3,957,894.00	-	50.00	33.33	GSM S.A.	Proportionate
							16.67	Granulats Ouest - GO	
Ecocem Valorizacion de Residuos S.A.	Barcelona	ES	EUR	109,290.00	-	16.33	16.33	Sociedad Financiera y Minera S.A.	
Entreprise Lorraine d'Agriculture ELDA S.A.R.L.	Heillecourt	FR	EUR	10,000.00	-	100.00	100.00	GSM S.A.	
ES Cement Co.	Nazareth	US	-	-	-	100.00	100.00	Essroc Cement Corp.	Line-by-line
Essroc Canada Inc.	Mississauga	CA	CAD	307,936,000.00	-	100.00	100.00	Essroc Corporation	Line-by-line
Essroc Cement Corp.	Nazareth	US	USD	8,330,000.00	-	100.00	100.00	Essroc Corporation	Line-by-line
Essroc Corporation	Nazareth	US	USD	1,000.00	-	100.00	100.00	Essroc International	Line-by-line
Essroc International	Puteaux	FR	EUR	244,398,096.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Essroc Puerto Rico Holdings Inc.	Nazareth	US	USD	1,000.00	-	100.00	100.00	Essroc San Juan Inc.	Line-by-line
Essroc Ready Mix Corp	Nazareth	US	USD	1.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line
Essroc San Juan Inc.	Espinosa	PR	USD	10,000.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line
ET Béton	Aspropyrgos	GR	EUR	2,616,757.95	-	99.99	99.99	Halyps Building Materials S.A.	Line-by-line
Eurarco France S.A.	Les Crotoy	FR	EUR	1,520,000.00	-	64.99	64.99	GSM S.A.	Line-by-line
Eurocalizas S.L.	Cantabria	ES	EUR	18,030.00	-	33.33	33.33	Hormigones y Minas S.A.	
Eurotech Cement S.h.p.k.	Durres	AL	ALL	270,000,000.00	-	84.99	84.99	Halyps Building Materials S.A.	Line-by-line
Exportaciones de Cemento del Norte de Espana S.A.	Bilbao	ES	EUR	60,100.00	-	45.00	45.00	Sociedad Financiera y Minera S.A.	
Fraimbois Granulats S.A.R.L.	Moncel les Luneville	FR	EUR	75,000.00	-	50.00	50.00	GSM S.A.	

Company	Registered office		Share capital		Interest held by Group companies Direct	Indirect	%		Method
Gacem Company Limited	Serrekunda	GM	GMD	4,500,000.00	-	80.00	80.00	Tercim S.A.	Line-by-line
GISAB	Guerville	FR	EUR	100.00	-	99.00	98.00	Société Parisienne des Sablières SA	
							1.00	GSM SA	Proportionate
GISAMO	Guerville	FR	EUR	100.00	-	100.00	99.00	GSM SA	
							1.00	Granulats Ouest - GO	Line-by-line
Goltas Goller Bolgesi Cimento Sanayi ve Ticaret	Isparta	TR	TRL	20,000,000.00	-	33.97	33.97	Sadecib S.A.	
Granulats de la Drôme S.a.s.	Saint Jean de Vedas	FR	EUR	1,011,600.00	-	51.01	51.01	GSM S.A.	Line-by-line
Granulats Ouest - GO	Saint Herblain	FR	EUR	784,657.44	-	100.00	100.00	GSM S.A.	Line-by-line
Graves de l'Estuaire de la Gironde L.G.E.G.	St. Jean de Blaignac	FR	-	-	-	50.00	50.00	GSM S.A.	Proportionate
Greyrock Inc.	Nazareth	US	USD	1,000.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line
Groupe Ciment Quebec Inc.	St. Basile	CA	CAD	57,000,000.00	-	50.00	50.00	Essroc Canada Inc.	Equity
GSM S.A.	Guerville	FR	EUR	18,675,840.00	-	99.99	99.99	Arena S.A.	Line-by-line
Halyps Building Materials S.A.	Aspropyrgos	GR	EUR	42,718,428.06	-	99.84	59.82	Ciments Français S.A.	Line-by-line
							40.02	Sociedad Financiera y Minera S.A.	
								(voting rights:	
							59.86	Ciments Français S.A.	
							39.99	Sociedad Financiera y Minera S.A.)	
Helleniki Lithotomi S.A.	Athens	GR	EUR	60,000.00	-	100.00	100.00	Compagnie Financière et de Participations S.A.	Line-by-line
Helwan Cement Co.	Cairo	EG	EGP	1,176,967,750.00	-	99.20	98.69	Suez Cement Company	Line-by-line
							0.40	Divas Beheer B.V.	
							0.11	Menaf	
Hilal Cement Company	Safat	KW	KWD	3,300,000.00	-	51.00	51.00	Suez Cement Company	Line-by-line
Holfipar	Puteaux	FR	EUR	40,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Hormigones Olatzi S.A.	Olazagutia	ES	EUR	283,804.22	-	25.00	25.00	Hormigones y Minas S.A.	
Hormigones Txingudi S.A.	San Sebastian	ES	EUR	240,560.22	-	33.33	33.33	Hormigones y Minas S.A.	
Hormigones y Minas S.A.	Malaga	ES	EUR	8,689,378.20	-	99.99	99.99	Sociedad Financiera y Minera S.A.	Line-by-line
IM Scott Holdings Limited	Markham	CA	CAD	100.00	-	100.00	100.00	2003897 Ontario Inc.	Equity
Immobilière des Technodes S.A.	Guerville	FR	EUR	8,024,400.00	-	99.99	59.97	Ciments Français S.A.	Line-by-line
							40.02	Ciments Calcia S.A.	
Industrie Sakia el Hamra "Indusaha" S.A.	Laayoune	MA	MAD	55,550,000.00	-	91.00	91.00	Ciments du Maroc	Line-by-line
Innocon Inc.	Richmond Hill	CA	CAD	18,300,000.20	-	100.00	100.00	2003897 Ontario Inc.	Equity
Innocon Partnership Agreement Inc.	Richmond Hill	CA	CAD	2,003.00	-	51.50	48.50	Essroc Canada Inc	Equity
							2.00	Innocon Inc.	
							1.00	2003897 Ontario Inc.	
Interbulk Egypt for Export	Cairo	EG	EGP	250,000.00	-	100.00	98.00	Interbulk Trading S.A.	
							1.00	Menaf	
							1.00	Tercim S.A.	Line-by-line
Interbulk Trading S.A.	Lugano	CH	CHF	7,470,600.00	-	99.99	66.75	Cifrinter S.A.	Line-by-line
							15.00	Intertrading S.r.l.	
							18.24	Ciments Français Europe N.V.	
International Cement Traders Ltd	Colombo	LK	LKR	397,395,770.00	-	80.16	80.16	Ciments Français S.A.	Line-by-line
Inversiones e Iniciativas en Aridos S.L.	Madrid	ES	EUR	3,010.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Investcim S.A.	Puteaux	FR	EUR	124,874,000.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
IPTP Corporation	Las Vegas	US	USD	1,000.00	-	100.00	80.00	Riverton Corporation	Line-by-line
							20.00	Capitol Cement Corporation	

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Italmed Cement Company Ltd	Limassol	CY	CYP	12,318,000.00	-	99.99	99.99	Halyps Building Materials S.A.	Line-by-line
Jalaprathan Cement Public Co, Ltd	Bangkok	TH	THB	1,200,000,000.00	-	58.80	12.26	Asia Cement Public Co., Ltd (*)	Line-by-line
							37.00	Ciments Français S.A.	
							9.54	Vesprapat Holding Co, Ltd (*)	
Jalaprathan Concrete Products Co, Ltd	Bangkok	TH	THB	280,000,000.00	-	57.39	57.39	Jalaprathan Cement Public Co, Ltd (*)	Line-by-line
Johar S.A.	Luxemont et Villotte	FR	EUR	1,221,632.00	-	100.00	100.00	Tratel S.A.	Line-by-line
JTC	Bangkok	TH	THB	13,000,000.00	-	57.39	57.39	Jalaprathan Concrete Products Co Ltd (*)	
Larricq S.A.	Airvault	FR	EUR	508,000.00	-	99.98	99.98	Tratel S.A.	Line-by-line
Les Calcaires Girondins S.a.s.	Cenon	FR	EUR	100,000.00	-	50.00	50.00	GSM S.A.	Proportionate
Les Calcaires Sud Charentes	Cherves Richemont	FR	EUR	1,524.49	-	34.00	34.00	GSM S.A.	
Les Graves de l'Estuaire S.a.s.	Le Havre	FR	EUR	297,600.00	-	33.33	33.33	GSM S.A.	Proportionate
Les Quatre Termes S.a.s.	Salon de Provence	FR	EUR	40,000.00	-	50.00	50.00	GSM S.A.	
Les Sables de Mezieres S.a.s	Orleans	FR	EUR	40,000.00	-	50.00	50.00	GSM S.A.	
Les Sabliers de l'Odet	Quimper	FR	EUR	134,400.00	-	96.93	94.92	Dragages Transports & Travaux Maritimes	Proportionate
							2.01	GSM S.A.	
Lyulyaka E.A.D.	Devnya	BG	BGN	759,372.00	-	100.00	100.00	Devnya Cement AD	Line-by-line
Mandcim (China) Ltd	Paris	FR	EUR	40,000.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
Marvex	Devnya	BG	BGN	89,424,100.00	-	100.00	100.00	Sociedad Financiera y Minera S.A.	Line-by-line
Mauritano-Française des Ciments	Nouakchott	MR	MRO	1,111,310,000.00	-	51.11	51.11	Ciments Français S.A.	Line-by-line
MBM Concrete Holdings Inc	Ontario	CA	CAD	-	-	100.00	100.00	Essroc Canada Inc.	Line-by-line
Menaf	Puteaux	FR	EUR	352,500,000.00	-	100.00	95.74	Ciments Français S.A.	Line-by-line
							4.26	Ciments Français Participations S.n.c.	
Met Teknik Servis ve Maden Sanayi Ticaret A.S.	Istanbul	TR	TRL	50,000.00	-	99.99	99.99	Set Group Holding	
MTB - Maritime Trading & Brokerage S.r.l.	Genoa	IT	EUR	70,000.00	-	33.33	33.33	Interbulk Trading S.A.	Equity
Naga Property Co	Bangkok	TH	THB	100,000,000.00	-	57.43	57.43	Jalaprathan Cement Public Co. Ltd (*)	Line-by-line
Neuciclaje S.A.	Bilbao	ES	EUR	396,669.00	-	30.00	30.00	Sociedad Financiera y Minera S.A.	
Novhorvi S.A.	Vitoria	ES	EUR	180,300.00	-	25.00	25.00	Hormigones y Minas S.A.	
Nugra S.A.	Madrid	ES	EUR	60,100.00	-	100.00	100.00	Sociedad Financiera y Minera S.A.	Line-by-line
Port St. Louis Aménagement S.n.c.	Guerville	FR	EUR	8,000.00	-	51.00	51.00	GSM S.A.	
Port St. Louis Remblaiement S.A.R.L.	Guerville	FR	EUR	7,622.45	-	51.00	51.00	GSM S.A.	
Procimar S.A.	Casablanca	MA	MAD	27,000,000.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Raingeard Carrières Bétons et Compagnie S.n.c.	Saint Herblain	FR	EUR	705,000.00	-	100.00	99.98	GSM S.A.	Line-by-line
							0.02	Arena S.A.	
Ready Mix Beton (Egypt) SAE	Cairo	EG	EGP	10,000,000.00	-	52.00	52.00	Suez Cement Company	Line-by-line
Ready Mix Beton SAE	Cairo	EG	EGP	5,000,000.00	-	52.00	52.00	Suez Cement Company	Line-by-line
Riverton Corporation	Winchester	US	USD	859,310.00	-	100.00	100.00	Riverton Investment Corporation	Line-by-line
Riverton Investment Corporation	Winchester	US	USD	8,340.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line
S.A. Dijon Béton	Dijon	FR	EUR	184,000.00	-	15.00	15.00	GSM S.A.	Equity
Saarlandische Zementgesellschaft MBH	Saarbrucken	DE	EUR	52,000.00	-	80.00	80.00	Cifrinter	Line-by-line

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Sablimaris	Lanester	FR	EUR	4,094,776.00	-	100.00	66.28	Dragages Transports & Travaux Maritimes	Proportionate
							33.72	Les Sabliers de l'Odet	
Sadecib S.A.	Puteaux	FR	EUR	71,744,000.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Santes Béton Sarl	Santes	FR	EUR	10,000.00	-	50.00	50.00	V.B.H. S.n.c.	Proportionate
Sas des Gresillons	Guerville	FR	EUR	60,000.00	-	35.00	35.00	GSM S.A.	
Sax S.a.s.	Guerville	FR	EUR	482,800.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
SCI Batlongue	Arudy	FR	EUR	53,504.00	-	100.00	100.00	GSM S.A.	Line-by-line
SCI Ciments de la Loire	Villiers au Bouin	FR	EUR	152.00	-	100.00	99.00	Ciments Calcia S.A.	Line-by-line
							1.00	Immobilieres del Technodes SA	
SCI de Balloy	Avon	FR	EUR	20,310.00	-	100.00	99.95	GSM S.A.	Line-by-line
							0.05	Arena S.A.	
SCI de Barbeau	Bray sur Seine	FR	EUR	8,000.00	-	49.00	49.00	GSM S.A.	
SCI Delrieu Frères	Fumel	FR	EUR	17,379.19	-	100.00	99.91	Socli S.A.	
							0.09	Ciments Calcia S.A.	
SCI des Granets	Cayeux sur M.	FR	EUR	4,695.00	-	33.33	33.33	GSM S.A.	
SCI du Colombier	Rungis	FR	EUR	2,000.00	-	63.00	63.00	GSM S.A.	
SCI du Domaine de Saint Louis	Guerville	FR	EUR	6,720.00	-	99.76	99.76	GSM S.A.	Line-by-line
SCI Lepeltier	S. Doulchard	FR	EUR	6,150.00	-	99.76	99.76	GSM S.A.	Line-by-line
SCI Taponnat	Cherves Richemont	FR	EUR	1,500.00	-	50.00	50.00	GSM S.A.	
SCI Triel Carrières	Guerville	FR	EUR	13,500.00	-	99.89	99.89	GSM S.A.	
Scori S.A.	Plaisir	FR	EUR	1,092,800.00	-	13.95	13.95	Ciments Calcia S.A.	
Set Beton Madencilik Sanayi ve Tas	Istanbul	TR	TRL	21,494,800.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Set Cimento	Istanbul	TR	TRL	31,693,324.00	-	99.81	96.81	Set Group Holding	Line-by-line
							3.00	Devnya Cement AD	
Set Group Holding	Istanbul	TR	TRL	18,508,410.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Shaanxi Fuping Cement Co. Ltd	Shaanxi Province	CN	CNY	199,000,000.00	-	100.00	100.00	CIMFRA (China) Limited	Line-by-line
Shymkent Cement	Shymkent	KZ	KZT	350,000,000.00	-	99.75	99.75	Ciments Français S.A.	Line-by-line
Sitapuram Power Limited	Hyderabad	IN	INR	480,000,000.00	-	50.99	50.99	Zuari Cement Ltd	Line-by-line
Snc Rouennaise de Transformation	Grand Couronne	FR	EUR	7,500.00	-	60.00	60.00	Ciments Calcia S.A.	
Sociedad Financiera y Minera S.A.	Madrid	ES	EUR	39,160,000.00	-	99.73	56.58	Sodecim S.a.s.	Line-by-line
							39.87	Ciments Français Europe N.V.	
							3.02	Hormigones y Minas S.A.	
							0.26	Sociedad Financiera y Minera S.A.	
								(voting rights:	
							56.73	Sodecim S.a.s.	
							39.98	Ciments Français Europe N.V.	
							3.03	Hormigones y Minas S.A.)	
Société Calcaires Lorrains	Heillecourt	FR	EUR	40,000.00	-	49.92	49.92	GSM S.A.	Proportionate
Société Civile Bachant le Grand Bonval	Guerville	FR	EUR	1,500.00	-	80.00	80.00	GSM S.A.	
Société Civile d'Exploitation Agricôle de l'Avesnois	Rheims	FR	EUR	3,000.00	-	90.00	50.00	Société Civile Bachant le Grand Bonval	
							40.00	GSM S.A.	
Société Civile Immobilière Berault	Guerville	FR	EUR	3,840.00	-	99.95	99.95	GSM S.A.	Line-by-line
Société de la Grange d'Etaule	Gray	FR	EUR	3,750.00	-	99.60	99.60	Ciments Calcia S.A.	Line-by-line

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Société des Carrières du Tournaisis S.C.T. S.A.	Tournai	BE	EUR	12,297,053.42	-	65.00	23.90	Ciments Français Europe N.V.	Proportionate
							18.79	Ciments Français S.A.	
							16.31	Ciments Calcia S.A.	
							6.00	Compagnie des Ciments Belges S.A.	
Société Foncière de la petite Seine S.a.s.	Saint Sauveur les Bray	FR	EUR	50,000.00	-	40.00	40.00	GSM S.A.	
Société Immobilière Marguerite VIII	Casablanca	MA	MAD	100,000.00	-	98.00	98.00	Ciments du Maroc	Line-by-line
Société Immobilière Marguerite X	Casablanca	MA	MAD	100,000.00	-	98.00	98.00	Ciments du Maroc	Line-by-line
Société Parisienne des Sablières S.A.	Pont de L'Arche	FR	EUR	320,000.00	-	50.00	50.00	GSM S.A.	Proportionate
Socli S.A.	Izaourt	FR	EUR	144,960.00	-	99.99	99.99	Ciments Calcia S.A.	Line-by-line
Sodecim S.a.s.	Puteaux	FR	EUR	458,219,678.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Ste d'Investissement & de Partecipations du Littoral	Guerville	FR	EUR	37,000.00	-	99.90	99.90	Ciments Calcia S.A.	Line-by-line
STE des Calcaires de Souppes sur Loing	Souppes sur Loing	FR	EUR	2,145,000.00	-	50.00	50.00	GSM S.A.	Proportionate
Ste Extraction & Amenagement de la Plaine de Marolles	Avon	FR	EUR	40,000.00	-	56.40	56.40	GSM S.A.	Line-by-line
Stinkal S.a.s.	Ferques	FR	EUR	1,540,000.00	-	35.00	35.00	GSM S.A.	Equity
St. Basile Transport Inc.	St. Basile	CA	CAD	9,910.00	-	100.00	100.00	Ciment Quebec Inc.	Equity
Suez Bag Company	Cairo	EG	EGP	9,000,000.00	-	57.84	53.32	Suez Cement Company	Line-by-line
							4.52	Tourah Portland Cement Company	
Suez Bosphorus Cimento Sanayi Ticaret	Istanbul	TR	TRL	50,000.00	-	99.99	99.99	Suez Cement Company	
Suez Cement Company	Cairo	EG	EGP	909,282,535.00	-	55.44	25.65	Menaf	Line-by-line
							12.73	Ciments Français S.A.	
							11.66	Ciments du Maroc	
							5.00	Tercim S.A.	
							0.40	Divas Beheer B.V.	
Suez for Transportation & Trade SAE	Cairo	EG	EGP	10,000,000.00	-	100.00	55.00	Helwan Cement Co.	
							35.00	Suez Cement Company	
							10.00	Tourah Portland Cement Company	
Suez Lime SAE	Cairo	EG	EGP	7,390,000.00	-	50.00	49.00	Suez Cement Company	
							1.00	Tourah Portland Cement Company	
Technodes S.a.s.	Guerville	FR	EUR	3,200,000.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Tecno Gravel Egypt SAE	Cairo	EG	EGP	5,000,000.00	-	45.00	45.00	Suez Cement Company	Equity
Tercim S.A.	Puteaux	FR	EUR	55,539,000.00	-	100.00	99.99	Ciments Français S.A.	Line-by-line
							0.01	Sax S.a.s.	
To Ready Mix Ltd	Markham	CA	CAD	100.00	-	100.00	100.00	IM Scott Holdings Limited	Equity
Tomahawk Inc.	Wilmington	US	USD	100.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line
Tourah Portland Cement Company	Cairo	EG	EGP	238,414,000.00	-	71.93	66.12	Suez Cement Company	Line-by-line
							5.81	Divas Beheer B.V.	
Trabel Affretement	Gaurain Ramecroix	BE	EUR	61,500.00	-	100.00	99.84	Tratel S.A.	Line-by-line
							0.16	Ciments Calcia S.A.	

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Trabel Transports S.A.	Gaurain	BE	EUR	750,000.00	-	100.00	89.97	Tratel S.A.	Line-by-line
							10.03	Compagnie des Ciments Belges S.A.	
Tragor S.A.	Pessac	FR	EUR	892,048.00	-	100.00	100.00	Tratel S.A.	Line-by-line
Tratel S.A.	L'Ile S. Denis	FR	EUR	6,025,580.00	-	100.00	100.00	Ciments Calcia S.A.	Line-by-line
Unibéton Holding S.A.	Guerville	FR	EUR	45,000.00	-	99.98	99.98	Arena S.A.	
Unibéton Luxembourg S.A.	Luxembourg	LU	EUR	35,000.00	-	99.71	99.71	Unibéton S.A.	
Unibéton S.A.	Guerville	FR	EUR	27,159,732.00	-	99.99	99.99	Arena S.A.	Line-by-line
Unibéton S.O. S.a.s.	Pessac	FR	EUR	40,000.00	-	100.00	100.00	Unibéton Holding S.A.	
Unibéton Var S.a.s.	Lambesc	FR	EUR	40,000.00	-	99.96	99.96	Unibéton S.A.	Line-by-line
Uniwerbéton S.a.s.	Heillecourt	FR	EUR	160,000.00	-	70.00	70.00	Unibéton S.A.	Line-by-line
Upper Egypt for Industries Co. SAE	Cairo	EG	EGP	15,000,000.00	-	100.00	90.00	Suez Cement Company	
							5.00	Helwan Cement Co.	
							5.00	Tourah Portland Cement Company	
Valoise S.a.s.	Pierrelaye	FR	EUR	39,000.00	-	60.00	60.00	GSM S.A.	Proportionate
Vaniyuth Co. Ltd	Bangkok	TH	THB	100,000.00	-	48.80	48.80	Investcim S.A.	Line-by-line
Vassiliko Cement Works Ltd	Nicosia	CY	CYP	13,434,038.25	-	33.00	20.00	Italmed Cement Company Ltd	Equity
							13.00	Comp. Financière et de Participations S.A.	
Ventore S.L.	Malaga	ES	EUR	14,400.00	-	100.00	99.56	Sociedad Financiera y Minera S.A.	Line-by-line
							0.44	Hormigones y Minas S.A.	
Vesprapat Holding Co, Ltd	Bangkok	TH	THB	20,000,000.00	-	49.00	49.00	Sax S.a.s.	Line-by-line
Vulkan Cement	Dimitrovgrad	BG	BGN	452,967,000.00	-	98.34	70.00	Ciments Français S.A.	Line-by-line
							28.34	Devnya Cement A.D.	
V.B.H. S.n.c.	Tourcoing	FR	EUR	5,000.00	-	100.00	100.00	Unibéton S.A.	Line-by-line
Zuari Cement Ltd	Andra Pradesh	IN	INR	4,279,614,000.00	-	99.99	80.13	Ciments Français S.A.	Line-by-line
							19.86	Cie pour l'Investissement Financier en Inde	
								(voting rights:	
							99.99	Ciments Français S.A.)	

(*) Percentage interest held by the Ciments Français group

(Translation from the original Italian text)

Certification pursuant to art. 154-bis paragraph 5 TUF in relation to the consolidated financial statements (pursuant to art. 81-ter of the Consob Regulation no. 11971 dated May 14th, 1999 and subsequent modifications and integrations, with particular reference to Resolution no. 15915 dated May 3rd, 2007)

1. The undersigned Giampiero Pesenti, Chief Executive Officer, and Angelo Maria Triulzi, Manager in Charge of preparing the company's financial reports, of Italmobiliare SpA, also taking into consideration art. 154-*bis*, paragraphs 3 and 4, of the Legislative Decree February 24th, 1998, no. 58, do hereby certify:

- the adequacy in relation to the company structure and
- the actual application,

of the administrative and accounting procedures adopted for the preparation of **consolidated financial statements**, in the period from January 1st, 2007 to December 31st, 2007.

The assessment of the adequacy of the administrative and accounting procedures adopted for the preparation of consolidated financial statements as of December 31st, 2007 is based on a pattern identified by Italmobiliare according to the CoSO framework (illustrated in the *CoSO Report*) and also takes into account the document "*Internal Control over Financial Reporting – Guidance for Smaller Public Companies*", both issued by the Committee of Sponsoring Organizations of the Treadway Commission representing a generally accepted international framework.

2. It should be noted that, given the situation of Calcestruzzi following the judicial proceedings currently underway, Calcestruzzi SpA and its subsidiaries have been consolidated based on the interim report as of September 30th, 2007.

3. The undersigned officers also certify that the consolidated financial statements as of December 31st, 2007:

a) correspond to the accounting books and entries;

b) have been prepared in compliance with the International Financial Reporting Standards adopted by the European Union as well as with the provisions issued pursuant to art. 9 of the Legislative Decree no. 38/2005 and, based on their knowledge, are suitable to provide a true and fair presentation of the financial condition, results of operations and cash flows of the issuer and the companies included in the consolidation area.

Signed by: Giampiero Pesenti, Chief Executive Officer
Signed by: Angelo Maria Triulzi, Manager in Charge

March 28th, 2008

Report of the Board of Statutory Auditors

The consolidated financial statements for financial year 2007 have been drawn up in compliance with current laws and in conformity with the International Financial Reporting Standards; the same standards were adopted to draw up the comparative financial statements.

The consolidated financial statements have been audited by Reconta, Ernst & Young S.p.A. in whose opinion they are consistent with the principles and criteria set out in art. 82 of the Issuers Regulation.

The balance sheet may be summarized as follows:

(in millions of euro)	
Total assets	**12,274.0**
Group shareholders' equity	2,909.6
Share capital and reserves of minorities	3,390.6
Liabilities	**5,973.8**

The income statement reflects group net profit for the year of 264.4 million euro, compared with a net profit of 211.3 million euro for the previous year.

The Directors' report on operations provides full details on the performance of the group and its core businesses, for a disclosure that we consider adequate. We wish to specify that:

- the scope of consolidation has been determined correctly, also with regard to the subsidiary Calcestruzzi S.p.a.; the most important changes with respect to the previous financial year have been adequately illustrated in the notes;
- the consolidation principles adopted comply with the law and with generally accepted criteria;
- the accounting policies and the measurement criteria applied to the postings in the consolidated financial statements, described in the notes, meet with our approval,
- the consolidated financial statements have been drawn up on the basis of the financial statements as at and for the year to December 31, 2007, drawn up by the boards of directors and approved by the shareholders' meetings, if already held, of the companies concerned.

Milan, April 14, 2008

The Board of Statutory Auditors

Luigi Guatri

Claudio De Re

Eugenio Mercorio

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INDEPENDENT AUDITORS' REPORT
pursuant to Article 156 of Legislative Decree No. 58 of February 24, 1998
(Translation from the original Italian text)

To the Shareholders of
Italmobiliare S.p.A.

1. We have audited the consolidated financial statements of Italmobiliare S.p.A. and its subsidiaries (the "Italmobiliare Group") as of and for the year ended December 31, 2007, comprising the balance sheet, the statement of income, changes in shareholders' equity and cash flows and the related explanatory notes. These consolidated financial statements are the responsibility of the Italmobiliare S.p.A.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards and procedures we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such consolidated financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

   For our opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated April 6, 2007.

3. In our opinion, the consolidated financial statements of the Italmobiliare Group at December 31, 2007 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the measures issued to implement art. 9 of the Italian Legislative Decree n° 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations, the changes in shareholders' equity and the cash flows of the Italmobiliare Group for the year then ended.

Reconta Ernst & Young S.p.A.
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Capitale Sociale € 1.301.300,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584
P.I. 00891231003
Iscritta all'Albo Revisori Contabili al n. 70945 Pubblicato sulla G.U.
Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n. 10831 del 16/7/1997

4. As described in the Directors' Report on Operations, the business activities of the indirect subsidiary Calcestruzzi S.p.A. (controlled through Italcementi S.p.A.) have been and are currently held under judicial custody as a result of the judicial decree dated January 29, 2008 issued by the Preliminary Court Judge *("Giudice per le Indagini Preliminari")* of the Caltanissetta Court. As a result of the judicial proceedings, the Court appointed a Court Administrator (*"Amministratore Giudiziario"*) who is responsible for the custody, safeguarding and management of the assets which have been seized and entrusted to his care.

   The new Board of Directors of Calcestruzzi S.p.A., appointed on March 4, 2008, declared that it was not possible to approve the financial statements of the subsidiary within the deadline for approval of the Italcementi S.p.A. (and consequently of Italmobiliare S.p.A.) 2007 consolidated financial statements and in accordance with market reporting requirements. Consequently, in accordance with the applicable accounting principles and following consultation with the securities regulatory body, Italcementi decided to consolidate the Calcestruzzi S.p.A. and its subsidiaries as of September 30, 2007, using the most recent financial information available that has been duly prepared and approved, albeit for the purpose of the Group consolidation. The same treatment has been adopted in the consolidated financial statements of Italmobiliare S.p.A..

   With respect to the possible direct and indirect effects that could derive from the on-going Court investigations, the Board of Directors currently confirms that no matters have arisen which could significantly affect the results and financial position of Calcestruzzi S.p.A. and its subsidiaries and, consequently, the consolidated financial statements of Italmobiliare S.p.A..

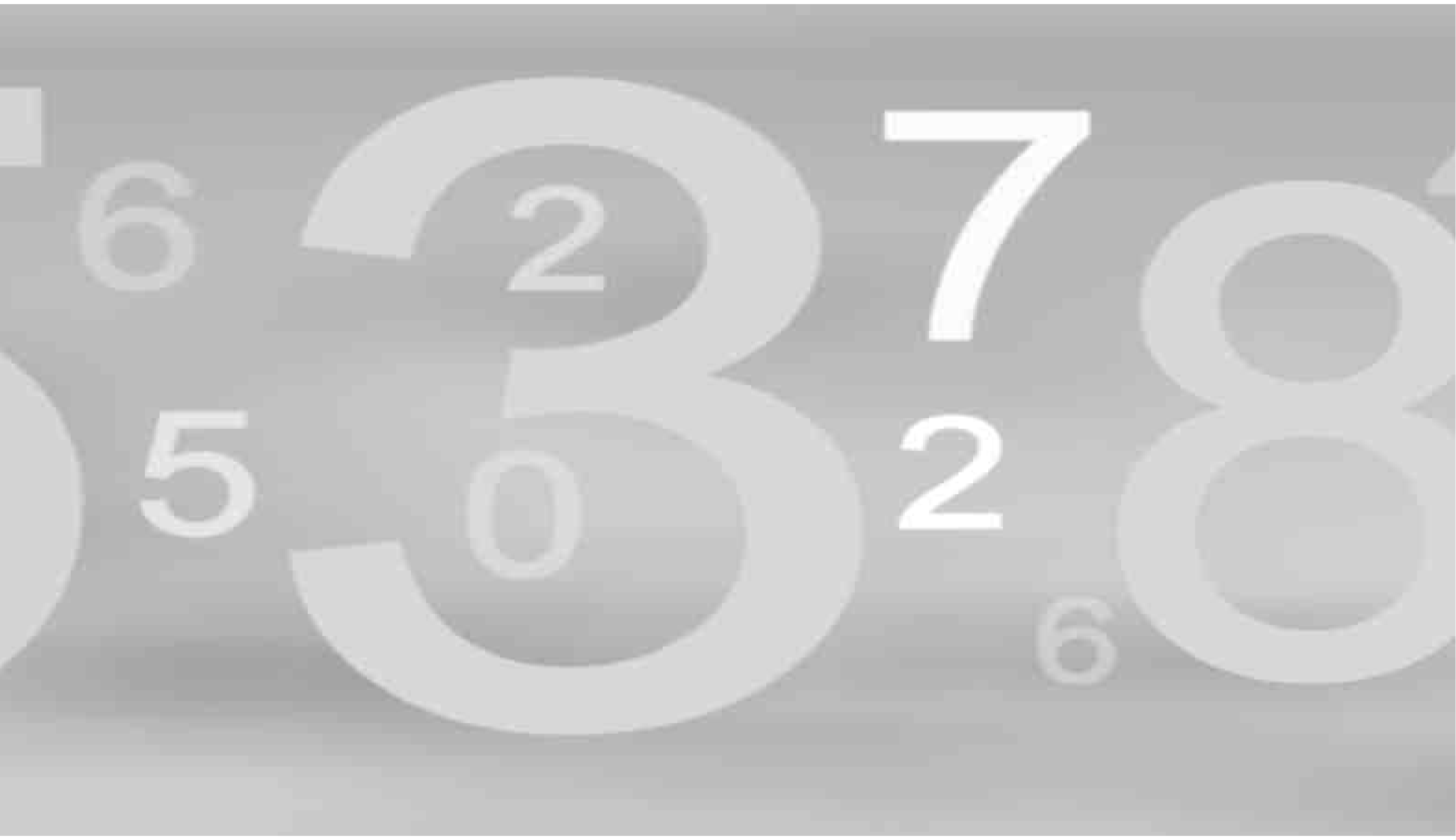
   The Court proceedings described above present elements of uncertainty and, at the present time, the Board of Directors of Italmobiliare S.p.A. does not have sufficient information either to determine whether significant liabilities could arise from the proceedings or to measure the probability and consequent effects on the results and financial position of Calcestruzzi S.p.A. or on the consolidated financial statements of Italmobiliare S.p.A. Consequently they have provided adequate disclosure in the Notes to the Financial Statements and in the Directors' Report on Operations, in accordance with the applicable accounting principles.

Milan, Italy
April 11, 2008

Reconta Ernst & Young S.p.A.
Signed by: Felice Persico, Partner

This report has been translated into the English language solely for the convenience of international readers.

Italmobiliare S.p.A.



Directors' report

General overview

At December 31, 2007, the parent company Italmobiliare had net profit of 73.6 million euro compared to net profit of 161.6 million euro in 2006. In 2006 the result benefited from the capital gains of 99.0 million euro realized following the sale of equity investments to the subsidiary Franco Tosi, as part of the Group's corporate restructuring plan. Excluding this effect from the result for 2006, 2007 net profit for the year rose by 17.5%.

Summarized income statement

(in thousands of euro)	2007	2006	Change
Revenues	**102,550**	**210,903**	**(108,353)**
of which:			
Dividends	*85,454*	*82,634*	*2,820*
Capital gains on investments and securities	*3,020*	*120,813*	*(117,793)*
Interest and other finance income	*9,523*	*3,400*	6,123
Services	*4,553*	*4,056*	497
Recurring EBITDA	**58,271**	**161,168**	**(102,897)**
Other income (expense)	2,586	3,159	(573)
EBITDA	**60,857**	**164,327**	**(103,470)**
Amortization and depreciation	(59)	(67)	8
EBIT	**60,798**	**164,260**	**(103,462)**
Finance income (costs)	(76)	(120)	44
Profit before tax	**60,722**	**164,140**	**(103,418)**
Income tax expense	12,870	(2,492)	15,362
Net profit for the year	**73,592**	**161,648**	**(88,056)**
Effect of restructuring of equity investments		*(99,001)*	99,001
Net profit without the above effect	***73,592***	***62,647***	**10,945**

At December 31, 2007, Italmobiliare recorded revenues of 102.5 million euro compared to 210.9 million euro in 2006. Dividend flows increased by 2.8 million euro, a change that mainly concerned some subsidiaries and associates, with particular reference to Italcementi S.p.A., Franco Tosi S.r.l., Italmobiliare International Finance Ltd. and Mittel S.p.A.

As already noted, revenues in 2006 benefited from capital gains following the disposal of Gemina (capital gain of 7.9 million euro) and, above all, the sale of the equity investments in RCS MediaGroup, Mediobanca, Capitalia and Gim (including warrants), which generated a gross capital gain of 109.8 million euro.

EBITDA and EBIT totaled 60.8 million euro compared to 164.3 million euro in 2006. Excluding the effect of the capital gains on the intragroup disposal from the results for 2006, growth in EBITDA and EBIT for 2007 would be 4.5% in both cases.

After income tax income of 12.9 million euro, compared to income tax expense of 2.5 million euro in 2006, net profit stood at 73.6 million euro.

The balance sheet at December 31, 2007, and December 31, 2006, is summarized below.

(in thousands of euro)	December 31, 2007	December 31, 2006
Fixed assets	3,983	4,061
Equity investments in subsidiaries	1,152,099	1,073,376
Equity investments in associates	59,392	68,803
Other equity investments	582,338	671,326
Receivables and other non-current assets	263,602	263,866
Non-current assets	**2,061,414**	**2,081,432**
Current assets	**89,083**	**114,783**
Total assets	**2,150,497**	**2,196,215**
Shareholders' equity	**1,568,459**	**1,645,866**
Non-current liabilities	362,545	427,764
Current liabilities	219,493	122,585
Total liabilities	**582,038**	**550,349**
Total shareholders' equity and liabilities	**2,150,497**	**2,196,215**

Transactions on equity investments

As part of the corporate restructuring program allocating specific missions to companies directly owned by the parent company, under which the subsidiary **S.r.l. Nuove Costruzioni Edilizie Sance** is responsible for managing trading equity investments, Italmobiliare sold some equity investments for an overall amount of 2.0 million euro to Sance. The price of the listed shares was determined on the basis of the average official stock market prices in the 30 days preceding the contract date.

At the end of April Italmobiliare, with an overall outlay of 10.9 million euro, underwrote 3,316,661 **Gruppo Banca Leonardo** shares following the share capital increase approved by the Extraordinary Shareholders' Meeting of April 11, 2006. At December 31, 2007, Italmobiliare's equity investment in Gruppo Banca Leonardo was 2.945% of all shares issued.

In the second half of 2007, Italmobiliare purchased 2,700,000 **Italcementi S.p.A.** ordinary shares, of which 2.0 million were bought following the exercise by the counterparty of three US-type put options. Overall, the purchase of Italcementi ordinary shares required an outlay of 45.0 million euro, net of the premiums received on put operations of 0.6 million euro. Also during the second half of the year, Italmobiliare bought 3,011,500 Italcementi savings shares for a total outlay of 33.1 million euro.
Following these purchases, Italmobiliare holds 60.262% of the ordinary share capital and 2.856% of the savings share capital of Italcementi.

During the year **Italmobiliare S.p.A.** did not buy back any treasury shares, while in the same period a total of 39,720 stock options (granted in 2003) were exercised by Italmobiliare managers. Italmobiliare sold an equivalent number of ordinary treasury shares for an aggregate nominal value of 103,272.00 euro, at a per-share price of 31.28 euro, established at the grant date; consequently the company now holds 871,411 ordinary treasury shares (nominal value of 2,265,668.60 euro), representing 3.928% of the ordinary share capital and 28,500 savings shares (nominal value of 74,100.00), equivalent to 0.174% of total savings shares. The nominal value of the Italmobiliare S.p.A. ordinary and savings shares is 2.60 euro each.

Equity investments

Since the 1980s, the priority of the Italmobiliare S.p.A. investment policy has been its interest in Italcementi S.p.A., which thus constitutes the strategic component of its portfolio.

Italmobiliare S.p.A. also invests in other industrial sectors, and subsequently disposes of investments when it considers that conditions are favorable and it has achieved its own profit targets.

A policy of diversification has led Italmobiliare S.p.A. to invest in other sectors such as banking, finance and the media, while its trading portfolio, which does not follow a sector-based logic, consists of short-term investments to enable the company to make short-term profits and/or invest cash resources effectively .

For the purposes of risk management, exposure to equity risk is part of the Italmobiliare core business given the company's nature, and is therefore maintained without particular initiatives to reduce such risk, other than diversification of the sectors in which Italmobiliare invests. At December 31, 2007, diversification was as follows:

(in thousands of euro)	Book value	%	Fair value	%
Industrial sector	485,835.6	27.0	1,638,918.3	49.5
Banking sector	541,476.4	30.1	541,476.4	16.3
Financial sector [1]	725,069.0	40.4	1,078,988.7	32.6
Media sector	28,090.3	1.6	28,619.5	0.8
Property sector, services and other	16,433.2	0.9	25,028.4	0.8
Total	**1,796,904.5**	**100.0**	**3,313,031.3**	**100.0**

[1] The financial sector also includes Franco Tosi S.r.l. and Société de Participation Financière Italmobiliare S.A., which are 100% owned by Italmobiliare S.p.A., whose equity investment portfolio is as follows:

(in thousands of euro)	Fair value and book value	%
Industrial sector	70,000.0	16.8
Banking sector	224,137.1	53.8
Financial sector	9,700.6	2.3
Media sector	113,007.8	27.1
Total	**416,845.5**	**100.0**

Geographical diversification is mainly achieved through the companies active in the industrial sector and they implement such diversification radically.

Despite the recent unfavorable trend in the construction materials, financial and banking sectors, which had previously reported excellent results, in consideration of the medium/long-term time horizon of the corporate investment philosophy, it is not believed that performance in recent months will lead to a change in the policies adopted.

During 2007 Italmobiliare undertook some equity investment transactions which are shown in the section "Transactions on equity investments".

A detailed analysis and breakdown of Italmobiliare's investment portfolio is shown in annexes A), B) and C) to the notes.

Italmobiliare Net Asset Value (NAV) at December 31, 2007, was 3,324.3 million euro (4,032.2 million euro at the end of 2006).

This valuation takes account of:

- the year-end market price of the equity investments in listed companies;
- the value of unlisted companies on the basis of market multiples or specific valuations when it is possible to determine such value;
- the shareholders' equity of other equity investments, determined in accordance with the IAS/IFRS standards, if available, or otherwise in accordance with local accounting standards;
- the higher value of any property owned;

taking account of tax.

Research and development

Given its nature, Italmobiliare S.p.A. does not undertake any research and development. Such activities are undertaken within the individual industrial sectors (Italcementi group and Sirap Gema group), and reference should be made to the sections on the sectors in question for further information.

Financial management and management of financial risks

See the details disclosed in the notes.

Dealings with related parties

Dealings with subsidiaries and associates

Italmobiliare provides administrative, fiscal and legal services for subsidiaries and their investee companies with no specific internal competences.

In addition, it has dealings with some subsidiaries and associates involving the exchange of services, in particular:

- the Italmobiliare legal service provides Group companies with specific assistance;
- Italcementi S.p.A. provides Italmobiliare with personnel administration services, a share register management service, administration services for shareholders' meetings, public relations services and assistance in corporate affairs;
- Italmobiliare leases some of its real estate properties to its subsidiaries;
- Italmobiliare Servizi S.r.l. provides Italmobiliare and some of its subsidiaries with IT support services and some general services.

Within the Group, exchanges of personnel take place to optimize overall use of resources.

On the financial front, Italmobiliare provides guidance and assistance for subsidiaries with regard to financing and the issue of guarantees.

Intragroup dealings of a financial nature are conducted at normal market conditions; services are generally regulated on the basis of the costs of providing the services.

During the 2007 tax year, Italmobiliare S.p.A. and some directly and indirectly controlled subsidiaries renewed their adhesion to, or adhered for the first time to, the domestic tax consolidation envisaged by art. 117 ff. of the Income Tax Consolidation Act (*TUIR*), for the second three-year period 2007-2009, in which the parent company Italmobiliare S.p.A. acts as the parent-consolidating company. The list of consolidated-subsidiaries is as follows:

- Italcementi S.p.A.
- Aliserio S.p.A.

- Axim Italia S.r.l.
- BravoSolution S.p.A.
- Imes S.r.l.
- Immobiliare Salesiane S.r.l.
- Intercom S.r.l.
- Intertrading S.r.l.
- Italgen S.p.A.
- Italsfusi S.r.l.
- Nuova Sacelit S.r.l.
- Sama S.r.l.
- Sicilfin S.r.l.
- Silos Granari della Sicilia S.r.l.
- Amprica S.p.A.
- Sirap Gema Insulation System S.r.l.
- Franco Tosi S.r.l.
- Italmobiliare Servizi S.r.l.
- Populonia Italica S.r.l.
- Sance S.r.l.

The subsidiary Cementificio di Montalto S.p.A. must be added to the list; having elected domestic tax consolidation in 2006, Cementificio di Montalto S.p.A. has a tax consolidation relationship with the parent-consolidating company Italmobiliare S.p.A. for the period 2006-2008.

Dealings with other related parties

These relate to:
- legal consultancy, judicial and extrajudicial assistance provided to Italmobiliare S.p.A. by Luca Minoli, a director of Italmobiliare S.p.A., as a partner in the associate professional studio Dewey LeBoeuf for considerations totaling 60 thousand euro;
- consultancy services for the senior management of Italmobiliare S.p.A. in relation to the rationalization and development of Group activities, provided by Piergiorgio Barlassina (a director of Italmobiliare), under a two-year cooperation agreement, for a gross annual fee of 250 thousand euro;
- administrative, contractual and fiscal consultancy services as well as support for corporate operations, provided by Finsise S.p.A., a company whose majority shareholder is Italo Lucchini, Deputy Chairman of Italmobiliare S.p.A., for 0.8 thousand euro.

The fees paid are in line with market conditions for the respective types of professional service supplied.

During 2007 Italmobiliare supplied the “Fondazione Italcementi Cav. Lav. Carlo Pesenti” with 300 thousand euro to cover operating expenses and realization of objectives within the aims of the Foundation.

The figures at December 31, 2007, on dealings with related parties are provided in the notes.

Other information

In compliance with point 19 of the Technical Regulations (Annex B) of Legislative Decree 196/2003 "Consolidated Privacy Act", Italmobiliare S.p.A. continued monitoring of the Security Plan Document.
The Security Plan Document, as envisaged by legislation, defines the company policy on the security of personal data:

- by listing the way data is treated;
- by identifying the duties and responsibilities of each party involved;
- by defining the risks connected to treatment and the measures adopted with the aim of removing such risks;
- by arranging training to ensure that those responsible for data treatment are aware of the risks to data and the measures available to prevent damaging events.

During 2007, the company updated the Security Plan Document, especially with regard to the external managers handling sensitive data, security measures adopted and the training and information provided for staff.

In compliance with the provisions of the order issued by Privacy Authority on March 1, 2007, which provide concrete and detailed indications regarding the use of computers in the workplace, Italmobiliare S.p.A. formally allocated "User IDs" to its staff.
In compliance with the Privacy Code, all employees and collaborators have completed the online training and information course on "Privacy and minimum security measures".

Significant post balance-sheet events

There were no significant post balance-sheet events.

CORPORATE GOVERNANCE

This section of the directors' report includes:

* information on the Corporate Governance system envisaged by art. 89-bis of CONSOB Resolution no. 11971 of May 14, 1999, and by the Voluntary Code of Conduct for listed companies approved in March 2006 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A.;
* other information on governance required by Legislative Decree no. 58 of February 24, 1998 (Consolidated Law on Finance) and by other provisions and regulations in force.

* . * . *

Since the date of last year's Corporate Governance report, CONSOB has approved the regulations implementing the Law on Savings (Law no. 262 of December 28, 2005) and the following directives have been introduced into Italian law: «Prospectus» (2003/71/EC), «Markets in Financial Instruments» (2004/39/EC), «Transparency» (2004/109/EC) and «Takeover bids» (2004/25/CE), the adoption of which has required further changes to the Consolidated Law on Finance.

In this new legislative and regulatory context, during 2007 Italmobiliare S.p.A. amended its own Voluntary Code of Conduct and Procedural Code for Transactions with Related Parties to take account of the new provisions contained in the text approved by the Corporate Governance Committee. In addition, the shareholders were called to an extraordinary meeting to make the amendments to the company by-laws required by the coming into force of the regulations introduced under the "Law on Savings Protection" (Law no. 262 of December 28, 2005 and subsequent changes – the so-called «Law on Savings») which led to important changes in the appointment of corporate bodies, the institution of the manager in charge of preparing the financial reports, the attribution to CONSOB of the duty of overseeing the accuracy of information on the adoption of codes of conduct, the establishment of the term of audit appointments at nine years, etc.

The Corporate Governance system which the company has adopted over recent years comprises not only the company by-laws, but also the following codes and/or regulations (the texts of which are available on the corporate website *www.italmobiliare.it*):

* Voluntary Code of Conduct
* Code of Ethics
* Treatment of Confidential Information
* Internal Dealing Code of Conduct
* Procedural Code for Transactions with Related Parties
* Insider Register Procedure
* Organization, Management and Control Model.

An examination of the corporate governance structure envisaged in the binding articles of the company by-laws, as amended last year, and in the provisions adopted by the company in the above codes and regulations, confirms Italmobiliare S.p.A.'s commitment to adhering to generally agreed best practice whose application is reflected in the Board resolutions adopted and in the various organization notices issued.

The Voluntary Code of Conduct and corporate governance rules

The Voluntary Code of Conduct (the «Code») is a self-governance system including legal, regulatory and Civil Code provisions, to which the company and its corporate bodies voluntarily adhere. Its aim is to highlight the corporate organization model which Italmobiliare S.p.A. uses to achieve its primary objective of maximizing value for shareholders.

In February last year the company Board of Directors updated the «Code» to the new provisions contained in the text approved by the Corporate Governance Committee in March 2006.

The «Code» envisages the establishment of bodies and offices as well as the adoption of specific procedures and conduct, with the sole exceptions which will be mentioned hereafter and with the modifications required by the specific nature of Italmobiliare S.p.A.

The Board of Directors, moreover, is always willing to assess further changes which may be introduced to the «Voluntary Code of Conduct» and their possible inclusion in the company's Corporate Governance system, provided that, in keeping with the company situation, the recommendations allow the company's standing with investors to be further enhanced.

A) SHAREHOLDING AND ORGANIZATIONAL STRUCTURE

Information on shareholdings

The share capital amounts to 100,166,937 euro, divided into 38,525,745 shares with a nominal value of 2.60 euro each, of which 22,182,583 are ordinary shares, or 57.58% of the entire share capital, and 16,343,162 are savings shares, or 42.42% of the entire share capital.

Savings shares do not carry voting rights. Should ordinary and/or savings shares be excluded from trading, savings shares maintain the rights granted to them by law and by the by-laws, unless otherwise provided for by the Shareholders' Meeting.

During the allocation of net profit for the year, savings shares are entitled to a minimum dividend of 5% of the nominal share value, compared with the entitlement of 3% of the nominal share value for ordinary shares. When in a financial year a lower dividend is allocated to savings shares, the difference is calculated as an increase in the savings dividend paid in the following two years.

In the case of distribution of reserves, savings shares have the same rights as other shares.

A reduction in share capital owing to losses does not signify a reduction in the nominal value of the savings shares, except for that part of the loss in excess of the overall nominal value of the other shares.

In the case of dissolution of the company, savings shares have priority in the repayment of the share capital for the full nominal value.

There is no restriction on the transfer of shares.

During the year the company did not purchase any ordinary or savings treasury shares.

During 2007, to service the requests for the exercise of options granted to directors and managers, the company sold to those concerned a total of 39,720 ordinary treasury shares at the unit price established, pursuant to the relevant Regulation, at the time the options were granted.

Therefore on December 31, 2007, the company held:

- 871,411 ordinary treasury shares, equivalent to 3.928% of the share capital represented by ordinary shares, part of which are to be used to service the "Stock option plan for directors" and the "Stock option plan for managers";
- 28,500 savings treasury shares, equivalent to 0.17% of the share capital represented by savings shares.

During the current year, directors and managers have not exercised any stock options.

Efiparind B.V. is the majority shareholder: according to the latest communication received and other information held by the company, Efiparind B.V. holds indirectly, net of the treasury shares held by Italmobiliare itself, 47.265% of Italmobiliare S.p.A. ordinary shares.

Pursuant to the combined provisions of arts. 2497-sexies and 2359 of the Italian Civil Code, no company or organization exercises management and coordination over Italmobiliare S.p.A.

The company is not aware of any voting trusts among shareholders.

The Board of Directors has the right, on one or more occasions within five years from the resolution of the extraordinary Shareholders' Meeting of June 18, 2007:

a) pursuant to art. 2443 of the Italian Civil Code, to increase the share capital on a free and/or payment basis, on one or more occasions, by a maximum amount of 260 million euro, through the issue of ordinary and/or savings shares, also to service debenture loans issued by other entities that may be converted into ordinary and/or savings shares of the company or that bear warrants to subscribe the company's ordinary and/or savings shares;
b) pursuant to art. 2420-ter of the Italian Civil Code, to issue on one or more occasions debentures convertible into ordinary and/or savings shares or with warrants to purchase ordinary and/or savings shares, for a maximum amount of 260 million euro, within the limits allowed by law from time to time, with a consequent increase in the share capital to service the conversion or exercise of warrants,

all with full powers in this regard, including the powers to offer shares and convertible debentures or debentures with warrants in the form as set out in the penultimate paragraph of art. 2441 of the Italian Civil Code; to reserve up to a quarter of such shares and debentures pursuant to art. 2441 of the Italian Civil Code, last paragraph; to identify the provisions and reserves to be allocated to capital in the case of a free increase; to establish the issue price, conversion ratios, terms and method of execution of transactions.

Under its resolution of April 28, 2006, the extraordinary Shareholders' Meeting attributed to the Board of Directors:

- the power, pursuant to art. 2443 of the Italian Civil Code, to increase the share capital against payment, on one or more occasions within five years from the aforementioned resolution, for a maximum amount of 910,000 euro through the issue of a maximum of 350,000 Italmobiliare ordinary and/or savings shares, with a nominal value of 2.60 euro each, to be reserved, pursuant to art. 2441 of the Italian Civil Code, paragraph 8, for employees of Italmobiliare S.p.A. and its subsidiaries both in Italy and abroad and in compliance with the laws in force in the home countries of the beneficiaries;
- the power, consequently, to establish the dividend entitlement rights to the shares, to establish the timeframes, method, characteristics and conditions of the offer to employees and to set the issue price of the shares, all in compliance with the provisions of the "Stock option plan for managers", including any share premium.

In addition, under its resolution of June 18, 2007, the extraordinary Shareholders' Meeting attributed to the Board of Directors:

- the power, pursuant to art. 2443 of the Italian Civil Code, to increase the share capital against payment on one of more occasions within five years from the above resolution for a maximum amount of 910,000 euro (nine hundred and ten thousand) through the issue of a maximum of 350,000 (three hundred and fifty thousand) Italmobiliare ordinary and/or savings shares, with a nominal value of 2.60 euro each, excluding option rights pursuant to art. 2441 of the Italian Civil Code, paragraph 5, to service the incentives plan reserved for directors of the company and of subsidiaries who hold specific posts in compliance with the articles of association or who have specific operating duties;
- the power, consequently, to establish the dividend entitlement rights to the shares, to establish the timeframes, method, characteristics and conditions of the offer and to set the issue price of the shares, all in compliance with the provisions in the "Stock option plan for directors", including any share premium.

For information on the regulations applicable to the appointment and replacement of directors, please refer to the following section «Board of Directors».

Board of Directors

The company by-laws envisage the appointment of the Board of Directors on the basis of lists aimed at ensuring for minority shareholders the minimum number of directors envisaged by the law.

In addition, the «Code», in its new version, envisages that this must occur in accordance with a transparent procedure to ensure, among other things, timely and adequate information on the personal and professional standing of candidates and requires candidate lists to be deposited at the company head office within the terms envisaged by the company by-laws as well as timely publication of such lists on the company website.

No exception to the ban on competition envisaged by art. 2390 of the Italian Civil Code has been authorized by the Shareholders' Meeting or is envisaged by the company by-laws. In this connection, no director is a shareholder with unlimited responsibility in competitor companies or runs a competing business on their own behalf or for third parties, or is a director or chief operating officer in competitor companies.

Pursuant to the new laws, at least one of the members of the Board of Directors, or two if the Board of Directors consists of more than seven members, must possess the requisites for independence established by the law for the members of the Board of Statutory Auditors, while the law requires all directors to possess the requisites of good standing established by a regulation of the Minister of Justice for auditors.

The «Code», as envisaged by the text approved by the Corporate Governance Committee, requires an adequate number of non-executive directors to be independent in the sense that they do not have, nor have recently had, directly or indirectly, dealings with the company or with parties linked to it, such as to currently influence their independence of judgment.

Lists may be presented only by shareholders who, alone or together with other shareholders, can prove they hold a percentage of the share capital with voting rights no lower than that determined pursuant to the regulations in force. For 2008, the threshold established by CONSOB for the presentation of candidate lists for the election of the Board of Directors of Italmobiliare S.p.A. is 2% of the ordinary share capital.

The notice of call for the Shareholders' Meeting to pass a resolution on the appointment of the Board of Directors indicates the method, deadline and shareholding required for the presentation of lists of candidates for the appointment.

No shareholder may present or participate in the presentation of more than one list, directly or through a third party or trust company, or vote for different lists.

Shareholders belonging to the same group and shareholders who adhere to a shareholders' agreement regarding the company shares may not present or vote for more than one list, directly or through a third party or through trust companies.

Lists presented in violation of these restrictions will not be accepted.

Each candidate may be presented on one list only on pain of ineligibility.

Lists must be presented at the company offices at least fifteen days before the date set for the Shareholders' Meeting on first call; this must be specified in the notice of call.

Lists must be accompanied by the documentation required by the company by-laws and where appropriate indicate the suitability of candidates to be considered as independent pursuant to the «Code».

A presented list that does not comply with the above provisions will be considered as not presented.

In the event of presentation of more than one list:

- all the directors to be elected are elected from the list that obtains the highest number of votes at the Shareholders' Meeting, in the order in which they are listed, except for the minimum number reserved by law for the minority shareholders';
- the minimum number of directors reserved by law to minority shareholders are elected from the minority shareholders' list that obtains the highest number of votes and is not connected in any way, directly or indirectly, with the majority shareholders;
- should more than one list obtain the same number of votes, a vote is held on these lists among all the shareholders present at the Shareholders' Meeting, and the candidates are elected from the list that obtains the majority of the share capital represented at the Shareholders' Meeting.

For the purposes of the division of the directors to be elected, no consideration will be given to lists that have not achieved a percentage of votes at least equal to half of the percentage required for the presentation of lists.

Should a party connected to a majority shareholder vote for a list of the minority shareholders, the connection is significant for the purposes of excluding the minority shareholders' elected director, only if this vote was decisive for the election of the said director.

Should a single list be presented, all the candidates included in that list are elected with a majority vote of the share capital represented at the Shareholders' Meeting.

In the absence of lists, and in the case where by means of the voting list mechanism, the number of candidates elected is lower than the minimum number envisaged by the by-laws, the Board of Directors is respectively appointed or supplemented by the Shareholders' Meeting with the legal majority, provided that at least the minimum number of directors holding the requisites for independence required by the law is guaranteed.

Should an elected director during their term of office no longer satisfy the requisites of good standing required by the law or the by-laws, their mandate shall lapse.

Should the requisites of independence prescribed by the law no longer exist, the director concerned must immediately inform the Board of Directors.

In the event, the mandate of the director shall lapse, except in cases where such requisites are still held by at least the minimum number of directors envisaged by the law in force.

If during the year, owing to resignation or other reasons, one or more directors cease to serve, the others, provided that the majority is still represented by directors appointed by the Shareholders' Meeting, shall arrange to replace them by means of a resolution approved by the Board of Statutory Auditors.

Directors are replaced, without prejudice to compliance with the above requisites of good standing and independence, with the appointment of unelected candidates belonging to the same list as the directors who no longer serve, following the original order of presentation. Should this not be possible, the Board of Directors shall act pursuant to the law.

Directors appointed in this manner hold office until the subsequent Shareholders' Meeting.

The Shareholders' Meeting adopts resolutions regarding the replacement of directors, in compliance with the above principles, with a majority of the share capital represented at the Shareholders' Meeting.

The term of directors appointed in this way ends at the same time as that of the directors serving at the time of their appointment.

No limits to the re-eligibility of directors are envisaged, although directors holding the same position for more than nine years in the last twelve years could be considered to no longer meet the requisite for independence pursuant to the «Code».

Pursuant to the company by-laws, the Board of Directors is vested with full powers of ordinary and extraordinary company administration. It may, therefore, perform all acts which it deems necessary to achieve the corporate purpose with the sole exclusion of those acts expressly reserved by law to the Shareholders' Meeting.

Besides the powers conferred on the Board of Directors by law and by the company by-laws regarding the issue of shares and debentures, in compliance with art. 2436 of the Italian Civil Code, resolutions in respect of the matters listed below are attributed not only to the extraordinary Shareholders' Meeting by law, but also to the Board of Directors:

- incorporation of wholly owned or ninety percent owned companies;

- transfer of the registered office, provided that it remains within Italy;

- establishment or closure of secondary offices, in Italy and abroad;

- reduction in the share capital in the case of withdrawal by a partner;

- amendment of the company by-laws to comply with legal requirements.

The Board of Directors, in compliance with the provisions of the by-laws, meets at least once every quarter. At this meeting, the delegated bodies report to the Board and the Board of Statutory Auditors on significant operations undertaken in the exercise of the delegated powers granted.

The «Code» underlines the key role played by the Board of Directors and sets out and supplements its specific competences which, according to the new formulation, include, among other things: the assignment and withdrawal of delegated powers to senior managers; the examination and approval of strategic, industrial and financial plans as well as the assessment of business forecasts and the adequacy of the organizational, administrative and general accounting arrangements of the company and subsidiaries; the examination and approval of the accounting entries for the period; the prior examination and approval of strategically important operations as well as transactions with related parties; the assessment of the company operating structure; the determination of the remuneration of directors with special duties; the drafting of reports presented at Shareholders' Meetings; the examination and approval of the Corporate Governance system.

In addition, the Board of Directors is required to examine and approve in advance the transactions with related parties of the company itself and subsidiaries when they are of strategic, economic, equity or financial importance for Italmobiliare S.p.A.; examine and approve in advance other transactions with related parties which the delegated bodies, taking into account the nature, value or other features of the transaction, consider opportune to submit for approval by the Board of Directors; review, at least once a year, the size, composition and workings of the Board itself and of its Committees.

The Board of Directors mainly consists of non-executive members and among these a sufficient number are independent.

Should the Chairman of the Board of Directors be the primary officer responsible for company management, as also in the case where the position of Chairman is held by the person who controls the company, the Board appoints an independent director as the "*lead independent director*", to be a reference for and to coordinate the requests and contributions of non-executive directors and, in particular, independent directors.

The Chairman coordinates the activities and chairs meetings of the Board of Directors and ensures that its members are supplied in good time with information on important issues in order to make a useful contribution, subject to any needs of necessity, urgency or confidentiality. In addition, the Chairman, through the competent company departments, acts to ensure that the directors take part in initiatives aimed at increasing their knowledge of the company and its dynamics and are informed about the main legislative and regulatory innovations concerning the company and its corporate bodies.

The directors act and pass informed resolutions independently, in the pursuit of the primary objective of creating value for shareholders. They accept their positions in the knowledge that they can dedicate the necessary time to perform their duties diligently. Pursuant to the «Code», effective performance of the duties of director is considered as compatible with no more than:

- 5 appointments as an executive director,
- 10 appointments as a non-executive director or independent director or auditor

in companies listed on regulated markets in Italy and abroad, in financial, banking, insurance or major companies, excluding subsidiaries of Italmobiliare S.p.A., parent companies and the subsidiaries of parent companies.

A list of the positions as director, auditor, and chief operating officer held by each director in other companies listed on regulated markets in Italy or abroad, in financial, banking, insurance or major companies is set out below:

Giampiero Pesenti	Italcementi S.p.A.	- Chairman
	Franco Tosi S.r.l.	- Chairman
	Ciments Français S.A. *(representing Italcementi S.p.A.)*	- Director
	Fincomind AG	- Deputy Chairman

	Compagnie Monegasque de Banque	- Director
	Credit Mobilier de Monaco	- Director
	Finter Bank Zürich	- Director
	Mittel S.p.A.	- Director
	Pirelli & C. S.p.A.	- Director
	Allianz S.p.A.	- Director
Italo Lucchini	Italcementi S.p.A.	- Director
	Ciments Français S.A. *(representing Calcestruzzi S.p.A.)*	- Director
	Unione di Banche Italiane S.c.p.A.	- Supervisory Director
	BMW Financial Services Italia S.p.A.	- Chairman of Board of Statutory Auditors
	BMW Italia S.p.A.	- Chairman of Board of Statutory Auditors
	Sabaf S.p.A.	- Chairman of Board of Statutory Auditors
Carlo Pesenti	Italcementi S.p.A.	- Chief Executive Officer
	Ciments Français S.A.	- Deputy Chairman
	Mediobanca S.p.A.	- Supervisory Director
	RCS MediaGroup S.p.A.	- Director
	Unicredito S.p.A.	- Director
Pier Giorgio Barlassina	Cemital S.p.A.	- Director
	Finanziaria Aureliana S.p.A.	- Director
	Fincomind AG	- Director
	Finter Bank Zürich SA	- Director
	FinterLife S.A.	- Director
	Franco Tosi S.r.l.	- Director
	Privital S.p.A.	- Director
	Soparfinter S.A.	- Director
Mauro Bini	IGD Immobiliare Grande Distribuzione	- Director
Giorgio Bonomi	IGP – Decaux S.p.A.	- Director
Gabriele Galateri di Genola	Telecom Italia S.p.A.	- Chairman
	RCS Mediagroup S.p.A.	- Deputy Chairman
	Assicurazioni Generali S.p.A.	- Deputy Chairman
	Accor	- Supervisory Director
	Banca Esperia S.p.A.	- Director
	Cassa di Risparmio di Savigliano	- Director
	Istituto Italiano di Tecnologia	- Chairman of Board of Directors
	Pirelli & C. S.p.A.	- Director
Luca Minoli	Cemital S.p.A.	- Chairman
	Finanziaria Aureliana S.p.A.	- Chairman
	Privital S.p.A.	- Chairman
Giorgio Perolari	Unione di Banche Italiane S.c.p.a.	- Supervisory Director
Livio Strazzera	Serfis S.p.A.	- Sole Director
	Banca Regionale Europea	- Director
	Vittoria Assicurazioni S.p.A.	- Acting Auditor

A list of the positions as director or auditor in other companies listed on regulated Italian markets held by members of the Board of Statutory Auditors is set out below:

Luigi Guatri	Banco di Desio e della Brianza S.p.A.	- Director

	Negri Bossi S.p.A.	- Director
	Pirelli & C. S.p.A.	- Chairman of Board of Statutory Auditors
Claudio De Re	Italcementi S.p.A.	- Acting Auditor
	Milano Assicurazioni S.p.A.	- Substitute Auditor
Eugenio Mercorio	Credito Bergamasco S.p.A.	- Acting Auditor
	Italcementi S.p.A.	- Substitute Auditor
Pietro Curcio	Italcementi S.p.A.	- Substitute Auditor
Dino Fumagalli	Italcementi S.p.A.	- Substitute Auditor

Legal representation – Delegated bodies

Under the by-laws, legal representation of the company with third parties and in lawsuits falls severally to the Chairman and, if appointed, the Deputy Chairman (or Deputy Chairmen) and the Chief Executive Officer.

The Board of Directors has granted to an Executive Committee all its powers, except those that the Italian Civil Code and the by-laws do not allow to be delegated.

The resolutions of the Executive Committee are reported to the Board of Directors at the first subsequent meeting.

The Board of Directors has attributed to the Chairman also the position of Chief Executive Officer, and has appointed a Deputy Chairman and a Chief Operating Officer. On appointment, each officer was granted the powers which will be listed hereafter.

In accordance with the «Code», the Board of Directors, at its first possible meeting and, in any case, at least on a quarterly basis, is informed of the activities of the Chief Executive Officer and the other executive directors, and in particular of the most important operations, of the main transactions with related parties and those giving rise to a potential conflict of interest which have not been submitted for its prior approval.

The Board of Directors, in the absence of those directly concerned, establishes the remuneration and any stock option grants for directors with special offices in compliance with the articles of association, after consulting the Board of Statutory Auditors and examining the proposals of the Remuneration Committee. A significant portion of the pay of the Chairman-Chief Executive Officer is tied to business results and the achievement of specific objectives.

A consistent approach and coordination of activities are ensured by the presence on the Boards of Directors of the main subsidiaries of the Chairman-Chief Executive Officer, Deputy Chairman, Chief Operating Officer, directors and managers of Italmobiliare S.p.A.

Transactions with related parties

The «Code» envisages that transactions with related parties are transparent and comply with the criteria of formal and substantial correctness. Therefore, directors who have an interest, even if only potential or indirect, in a transaction are required to:

a) provide timely and exhaustive information to the Board on the existence of the interest and on its circumstances;

b) leave the Board meeting at the time the resolution is taken.

In specific circumstances, however, the Board of Directors may allow the participation of the director concerned in the discussion and/or the vote.

Pursuant to the specific company procedure, significant transactions with related parties (meaning those which in terms of their object, amount, manner or timing may have an impact on the safekeeping of the company assets or on the completeness and correctness of information), even if conducted through subsidiaries, must be approved in advance by the Board of Directors, after consulting the Internal Control Committee.

In addition, where the nature, value or other features of the transaction require it, the Board of Directors ensures that the transaction is concluded with the assistance of independent asset assessors and financial, legal or technical consultants by submitting it for prior examination by the Internal Control Committee, in order to avoid conditions being agreed for the transaction that are different from those that would probably have been negotiated between unrelated parties.

Finally, the Internal Control Committee has the duty of periodically verifying the adequacy of the procedure for transactions with related parties adopted by the Board of Directors and proposing any updates deemed necessary.

Creation of committees

Italmobiliare S.p.A., in its own «Code», provides that the Board of Directors establishes a Remuneration Committee and an Internal Control Committee from among its members. Their resolutions are offered by way of consultation and as proposals and are not binding for the Board.

The Committees must be composed of no fewer than three members and, in carrying out their functions, may access the necessary corporate information and functions, as well as making use of external consultants.

Each Committee elects its own Chairman and a secretary (who is not required to be a member of the Committee) and meets at the request of its Chairman or their substitute. The meeting may be called informally (including verbally).

The meetings of each Committee are understood as validly called with the participation, including via audio or video-conference, of the majority of its members. Each Committee carries resolutions by an absolute majority vote of the members participating at the meeting.

The *Remuneration Committee,* consisting of non-executive directors, the majority of whom are independent, has the task of formulating proposals to the Board, in the absence of those directly involved, for the remuneration of directors with special duties, as well as for the Chief Operating Officer and for managers with strategic responsibilities. It also enforces their application on the basis of the information supplied by the chief executive officers. The Remuneration Committee also has additional consultative functions which the Board of Directors requests from time to time on remuneration and related matters.

The *Internal Control Committee*, consisting of non-executive directors, most of whom are independent, besides the above, also has the duty of assessing, together with the manager in charge of preparing the financial reports and the auditors, the correct application of accounting standards and their consistency for the purposes of preparing the consolidated financial statements; expressing, at the request of the Chief Executive Officer, opinions on specific aspects regarding the identification of the main company risks as well as the planning, realization and management of the internal control system; examining the work program and periodic reports prepared by the Controller. In addition, the Internal Control Committee must carry out further duties allocated to it by the Board of Directors and report, at least on a half-yearly basis, during approval of the annual report and the half-year report, on the work undertaken and on the adequacy of the internal control system.

The Internal Control Committee also helps the Board of Directors with activities connected to the workings of the internal control system.

The «Code» provides that the Internal Control Committee, besides consisting of non-executive directors, most of whom are independent, ensures the presence of at least one director with suitable accounting and finance experience, to be assessed by the Board of Directors on their appointment.

The meetings of the Committee are attended by the Chairman of the Board of Statutory Auditors or other auditor designated by them and the Chairman and Chief Executive Officer may also take part, as well as, if invited, the Chief Operating Officer, the internal control staff and the heads of other company functions.

Among the committees indicated by the Corporate Governance Committee, the Italmobiliare S.p.A. «Code» does not provide for an «Appointments Committee». This is in keeping with the company’s shareholding structure with a permanent shareholder able to exercise a dominant influence over the Shareholders' Meeting. Moreover, the appointment of the Board of Directors is now governed by the company by-laws which envisage, among other things, that on presentation of the list a short curriculum vitae is attached for each candidate with their personal and professional details. These curricula, pursuant to the «Code», must be duly published on the company website; in addition, it is now established practice that during the Shareholders' Meeting the Chairman provides data and professional details on candidates and their eligibility as independent directors.

Moreover, the Corporate Governance Committee, in inviting issuers to assess the possibility of forming an Appointments Committee within the Board of Directors, stated that "... this solution has its origin in systems with a widely dispersed shareholding base, to ensure an adequate level of independence of the directors in relation to management ...".

Lead independent director

The «Code», in the latest text approved by the Board of Directors on February 8, 2007, envisages, in relation to independent directors, that should the Chairman of the Board of Directors be the primary officer responsible for company management, and also when the position of Chairman is held by the person who controls the company, the Board appoint an independent director as «Lead independent director», to provide a reference for and coordinate requests and contributions of non-executive directors and, in particular, independent directors.

During the meeting of March 21, 2007, the Board of Directors appointed Professor Mauro Bini, an independent director, as «Lead independent director».

System of controls

The Board of Directors designates an executive director (normally the Chief Executive Officer) to oversee the workings of the internal control system. Their role is to:

a) identify the main corporate risks, taking into account the features of the activities carried out by the company and subsidiaries, and periodically present them for examination by the Board of Directors;
b) execute the guidelines established by the Board of Directors, arranging the planning, realization and management of the internal control system, constantly checking its overall adequacy, effectiveness and efficiency; in addition, to update this system in line with developments in business scenarios, legislation and regulations.

The Board of Directors, on the recommendation of the executive director charged with overseeing the workings of the internal control system and after consulting the Internal Control Committee, appoints and revokes the Controller, establishes their remuneration in line with company policy and also arranges to provide them with suitable resources and organizational structures.

The Controller is charged with verifying that the internal control system is always adequate, fully operational and effective. The Controller is not responsible for any operational area and hierarchically does not report to any head of operational areas, including administration and finance.

The Controller reports on risk management, on compliance with the plans drawn up to limit risks and assesses the ability of the internal control system to achieve an acceptable overall risk profile for the Internal Control Committee, the executive director charged with overseeing the workings of the internal control system and the Board of Statutory Auditors, as required by law.

Executive director charged with overseeing the workings of the internal control system

In reference to the system of controls, during the meeting of March 21, 2007, pursuant to the «Code» and with the assistance of the Internal Control Committee, the Board of Directors named the Chairman-Chief Executive Officer as the executive director charged with overseeing the workings of the internal control system.

Manager in charge of preparing the company's financial reports

On June 18, 2007, the Board of Directors named Angelo Maria Triulzi, Joint Chief Administrative and Financial Officer, as the manager in charge of preparing the company's financial reports, pursuant to art. 154-bis of the Consolidated Law on Finance and art. 29 of the company by-laws.

The appointment of Angelo Maria Triulzi will end with the completion of the mandate of the current Board of Directors, i.e., with the approval of the financial statements for the year to and as at December 31, 2007.

Pursuant to the company by-laws, the manager in charge of preparing the company's financial reports must:

1) be a manager and possess the requisites of good standing established by law for the members of the Board of Directors;
2) have at least three consecutive years' experience in the exercise of administrative/accounting and/or financial and/or control work at the company and/or its subsidiaries and/or at other limited companies.

At the time of the appointment, the Board of Directors gives the manager in charge of preparing the company's financial reports adequate powers and resources to exercise the duties allocated by law and establishes compensation.

Board of Statutory Auditors

The «Code» takes up and supplements the by-laws relating to the appointment of the Board of Statutory Auditors which occurs in accordance with a transparent procedure guaranteeing, among other things, timely and adequate information on the personal and professional details of the candidates.

The Board of Statutory Auditors is appointed on the basis of lists aimed at ensuring for minority shareholders the appointment of one acting auditor and one substitute auditor. Lists may be presented only by shareholders who, alone or together with other shareholders, can prove they hold a percentage of the voting capital no lower than that determined pursuant to the regulations in force for the appointment of the Board of Directors. For 2008, the threshold established by CONSOB is 2% of the ordinary share capital.

No shareholder may present or participate in the presentation of more than one list, directly or through a third party or trust company, or vote for different lists.

Shareholders belonging to the same group and shareholders who adhere to a shareholders' agreement regarding the company shares may not present or vote for more than one list, directly or through a third party or through trust companies.

Lists presented in violation of these restrictions will not be accepted.

Lists must be deposited at the company offices, together with all the documentation indicated in the company by-laws, at least 15 days prior to the date set for the Shareholders' Meeting on first call. In addition, pursuant to the «Code», each list must indicate the requisites of professional and good standing required by current legislation for each candidate for auditor and, as for the election of the Board of Directors, must be promptly published on the company website.

A presented list that does not comply with the above provisions will be considered as not presented.

In the event that, within the limit of 15 days preceding the date of the Shareholders' Meeting, a single list has been deposited, or only lists presented by shareholders who are inter-connected pursuant to current laws, additional lists may be presented up to the fifth day following this deadline and the threshold indicated in the notice of call will be halved.

In the event of presentation of more than one list:

- the list that obtains the highest number of votes at the Shareholders' Meeting elects two acting auditors and two substitute auditors, in the order in which they are listed in the sections of the list;
- the minority shareholders' list that obtains the highest number of votes among the lists presented and voted by shareholders who are not connected in any way, directly or indirectly, with the majority shareholders, elects the third acting auditor and the third substitute auditor, in the order in which they are listed in the sections of the list;
- should more than one list obtain the same number of votes, a vote is held on these lists among all the shareholders present at the Shareholders' Meeting, and the candidates are elected from the list that obtains the majority of the share capital represented at the Shareholders' Meeting.

Should a party connected to a majority shareholder vote for a list of the minority shareholders, the connection is significant for the purposes of excluding the minority shareholders' elected auditor, only if this vote was decisive for the election of the said auditor.

Should a single list be presented, all the candidates included in that list are elected with a majority vote of the share capital represented at the Shareholders' Meeting.

Should no lists be presented, the Shareholders' Meeting appoints the Board of Statutory Auditors with a majority vote of the share capital represented at the Shareholders' Meeting.

The chairmanship of the Board of Statutory Auditors falls to the person indicated in first place in the list presented and voted by the minority shareholders, or the first name in a single list presented or the person appointed as such by the Shareholders' Meeting should no lists be presented.

Should an elected auditor during their term of office no longer satisfy the requisites required by the law or the by-laws, their mandate shall lapse.

When it is necessary to replace an acting auditor, the substitute auditor belonging to the same list as the removed auditor takes over.

In their absence, in accordance with the original order of presentation, the candidate from the same list as the removed auditor takes over, without taking the initial section into account.

Should the replacement concern the Chairman of the Board of Statutory Auditors, the position will be taken over by the auditor of the minority shareholders.

Auditors appointed in this manner hold office until the subsequent Shareholders' Meeting.

Should it be necessary to supplement the Board of Statutory Auditors:

- to replace an auditor elected from the majority shareholders list, the appointment takes place with a majority vote of the share capital represented at the Shareholders' Meeting, choosing between the candidates indicated in the original majority list;
- to replace an auditor elected from the minority shareholders list, the appointment takes place with a majority vote of the share capital represented at the Shareholders' Meeting, choosing between the candidates indicated in the original minority shareholders' list;
- for the simultaneous replacement of auditors elected in the majority and the minority shareholders' lists, the appointment occurs with a majority vote of the share capital represented at the Shareholders' Meeting, choosing between the candidates indicated in the list of which each auditor to be replaced was part, with a number of auditors equal to the number of lapsed auditors belonging to the same list.

Where it is not possible to proceed as above, the Shareholders' Meeting called to supplement the Board of Statutory Auditors passes a resolution with a majority of the share capital represented at the Shareholders' Meeting, without prejudice to the principle by which minority shareholders are always guaranteed the appointment of one acting auditor and one substitute auditor. In any case, the Chairmanship of the Board of Statutory Auditors falls to the auditor of the minority shareholders.

Auditors accept their appointment when they believe they can dedicate the necessary time to perform their duties diligently.

The «Code» envisages that the statutory auditors qualify as independent on the basis of the criteria that apply to directors. The Board of Statutory Auditors verifies the correct application of and compliance with these criteria after appointment and subsequently on an annual basis; the outcome of this check and of the check on the procedure adopted by the Board of Directors to assess the requisites for independence of directors will be communicated in the corporate governance report or in the auditors' report to the Shareholders' Meeting.

The «Code» indicates that auditors, too, are bound by an obligation of confidentiality and are prohibited by law from using confidential information for immediate or future personal or financial gain, directly or indirectly.

Besides the duties attributed by the law and the by-laws, the «Code» requires the Board of Statutory Auditors to:

a) oversee the independence of the independent auditors, verifying both compliance with relevant laws and the nature and extent of services other than account auditing provided to the company and its subsidiaries by the independent auditors and by companies belonging to its group;
b) assess the results set out in the report and any letter of recommendations;
c) oversee the effectiveness of the audit process.

Under the Voluntary Code of Conduct approved by the Corporate Governance Committee, these last two duties may be entrusted to the Internal Control Committee rather than to the Board of Statutory Auditors. The company believes it more consistent to assign these duties to the Board of Statutory Auditors, which already assesses the proposals of the independent auditors and their work program and, pursuant to the law in force, proposes the engagement and termination of the independent auditors at the Shareholders' Meeting.

Shareholders' meetings

The «Code» envisages that the Board of Directors recommend that all its members regularly attend Shareholders' Meetings and encourage and facilitate the broadest possible participation by shareholders and facilitate the exercise of voting rights.

To this end, the Board of Directors reports to the Shareholders' Meeting on the work undertaken and planned and ensures shareholders have adequate information to enable them to take informed decisions on the matters that are the responsibility of the Shareholders' Meeting.

Shareholders who hold ordinary shares and for whom the communication envisaged by law has reached the company no later than two working days prior to the date set for the Shareholders' Meeting are entitled to participate in Shareholders' Meetings.

No regulations have been envisaged for the proceedings of Shareholders' Meeting since the broad powers attributed to the Chairman by law and accepted practice, as well as the by-law (art. 14) that expressly attributes to the Chairman the power to direct the discussions and to establish the order and method of voting (provided they are open), are considered adequate tools for the orderly running of Shareholders' Meetings.

Dealings with institutional investors and shareholders

The company seeks continuous dialogue with shareholders, based on a mutual understanding of their respective roles. To this end, the Chairman-Chief Executive Officer, within their respective spheres of competence, provides the general guidelines to be adopted by company divisions in dealings with institutional investors and other shareholders.

In addition, in order to provide timely and easy access to company information and thus allow shareholders to exercise their rights knowledgably, a specific section has been created on the website, which is easily identifiable and accessible, where this information is available, in particular the procedures for participation in and exercise of voting rights at Shareholders' Meetings, documentation relating to the items on the order of business, including lists of candidates to director and auditor positions, with personal and professional details, financial reports, press releases issued by the company pursuant to the Consolidated Law on Finance, the corporate calendar, etc.

B) IMPLEMENTATION OF CORPORATE GOVERNANCE RULES

The company by-laws provide for the company to be governed by a Board of Directors consisting of a minimum of 5 to a maximum of 15 directors who serve for the period established on their appointment, and in any case no more than three years, and may be re-elected.

The Shareholders' Meeting of May 19, 2005, appointed the Board of Directors for 2005 - 2007, setting the number of members at 10.

Assignment of duties and granting of delegated powers

The company by-laws envisage the aforementioned central role of the Board of Directors.

Pursuant to the «Code», the granting of delegated powers, i.e., the attribution of operational powers to one or more people and/or to the Executive Committee, if appointed, does not exclude the competence of the Board of Directors, which in any case holds a higher power of policy setting and control over the general business of the company in its various aspects.

Legal representation of the Company is attributed by the by-laws severally to the Chairman and, if appointed, to the Deputy Chairman (or Deputy Chairmen) and to the Chief Executive Officer.

Within the Board of Directors, the distribution of powers is as follows:

- to the **Executive Committee**, consisting of four members, all the powers and resolutions of the Board of Directors, except for those which the law and the by-laws do not allow to be delegated. As specified on its appointment, the resolutions of the Executive Committee must be reported to the Board of Directors at the subsequent meeting of the latter;
- to the **Chairman** - **Chief Executive Officer**, Giampiero Pesenti, among other duties and in addition to the powers envisaged by the company by-laws and by the other Corporate Governance Codes, the powers to undertake any administrative act, including the buying and selling of equity investments, to undertake security and loan operations, to accept guarantees, to provide collateral in favor of third parties provided that they are directly or indirectly controlled subsidiaries or associates of Italmobiliare, up to a limit of 150 million euro for each individual transaction; to undertake real estate transactions, exchanges and real estate divisions, regulation of easements or property rights generally, up to a maximum limit of 25 million euro for each individual transaction; to recruit staff, including managers, set their pay, suspend them and dismiss them;
- to the **Deputy Chairman,** Italo Lucchini, solely the powers of corporate representation, pursuant to art. 19 of the company by-laws, to be exercised separately from those of the Chairman - Chief Executive Officer;
- to the **Chief Operating Officer**, Carlo Pesenti, the duty of following the performance of subsidiaries and investee companies generally and the powers to formulate proposals on company organization to the Chief Executive Officer. The Chief Operating Officer is also empowered, among other things, to undertake any act concerning the management of the company, including undertaking security and loan transactions, accepting on behalf of the company obligations of any kind, including those backed by collateral security in favor of third parties provided that they are direct or indirect subsidiaries of Italmobiliare, buying and selling government securities, debentures, mortgage bonds, equity securities, interests in companies, undertaking lending and borrowing transactions and repurchase transactions on securities up to a maximum of 75 million euro for each transaction; negotiating lines of credit with banks up to a maximum of 75 million euro, for higher amounts and up to a maximum limit of 100 million euro with the joint signature of the Joint Chief Administrative and Financial Officer.

Other delegated powers have been allocated to the Joint Chief Administrative and Financial Officer and to the Secretary to the Board within their respective competences.

The Chief Operating Officer has conferred specific and limited delegated powers to company employees for day to day operations.

Given the quantitative limits envisaged for all the powers granted by the Board of Directors and given the explicit and particular obligation, envisaged by the «Code» adopted by the company, to present adequate information to the Board of Directors "on the most important economic, financial and equity transactions undertaken by the company or by the subsidiaries, on the main dealings with related parties as well as on operations leading to a potential conflict of interests", no limit has been established for the prior approval by the Board of Directors of significant transactions or transactions with related parties (see also the limits imposed in the "Procedural Code for Transactions with Related Parties", attached hereto).

The Chairman - Chief Executive Officer and the Chief Operating Officer have informed the Board of Directors and the Board of Statutory Auditors, on the periodic basis envisaged by the «Code» and by the company by-laws, about activities undertaken in exercise of their respective powers. In addition, the most important economic, financial and equity transactions undertaken by the company, the main dealings with related parties as well as operations leading to a potential conflict of interests, have been presented for examination by the Board of Directors, within the limits of the delegated powers granted.

Composition of the Board of Directors and its meetings

The Italmobiliare S.p.A. Board of Directors has 8 non-executive directors out of a total of 10. Among the non-executive directors, 4 have the prerequisites for independence established for auditors by Legislative Decree 58/98 and 3 of these are also independent pursuant to the company's Code of Conduct.

The executive directors include the Chairman - Chief Executive Officer. The Board of Directors, on the Chief Executive Officer's appointment, determines attributions and powers and sets any quantitative limits on the exercise of such powers.

The division of delegated powers (including those of the Chief Operating Officer) is based on the principle of separation of competences.

At the meeting of March 28, 2008, the Board of Directors, after examining the information supplied by the individuals concerned on the basis of the prerequisites required by the «Code», assessed the good standing and independence of the directors: the results of this assessment are shown on the page on company officers which opens this Annual Report, as well as in the table attached to this Corporate Governance report.

During 2007, the Board of Directors met 9 times in all; 5 directors took part in all the meetings, 4, two of whom are independent, took part in 7 meetings and 1 non-independent director took part 8 times.

The average length of the meetings of the Board of Directors held during the year was approximately 1 and a half hours. Moreover, considering only the meetings during which accounting data, among other things, was approved, the average rises to around 2 hours and 40 minutes.

The full Board of Statutory Auditors attended all meetings, except on three occasions.

The Executive Committee met twice during 2007: all the members took part in the meetings, except an independent director who took part in just one meeting. The Board of Statutory Auditors was always present, but not always in full.

The average length of meetings of the Executive Committee during the year was approximately 50 minutes.

During 2008 the Board of Directors has so far met on two occasions, the first to examine forecasts for 2008, and the second to approve – among other things – the draft financial statements for 2007. During the year no fewer than a further four meetings are currently planned to approve the interim accounts and to appoint company officers and attribute powers following the appointment of the Board of Directors by the Shareholders' Meeting.

During 2008 the Executive Committee has met once.

During the early months of 2008, the first meeting involving just the independent directors was held.

Remuneration and stock options for directors and the Chief Operating Officer

The amount which, pursuant to the company by-laws, is allocated to the Board of Directors during the division of the net profit for the year, is apportioned equally among all the directors, granting double portions to the Chairman, one and a half portions to the Deputy Chairman and an extra half share to the members of the Executive Committee.

The Board of Directors, on the proposal of the Remuneration Committee and having received a favorable opinion from the Board of Statutory Auditors, has also resolved the remuneration to be allocated to the Chief Executive Officer and the Chief Operating Officer, the total of which, determined year by year, comprises a fixed amount and a variable amount tied to the achievement of allocated objectives.

At the start of his mandate, the Deputy Chairman was allocated a fixed annual remuneration.

At the start of his mandate, the Chief Executive Officer was allocated an "End of term entitlement" which will vest at the end of the appointment.

In addition, the Chief Executive Officer and Chief Operating Officer are annually allocated, on the proposal of the Remuneration Committee, a number of stock options which varies in relation to the achievement of the objectives set by the Board of Directors in compliance with the Regulation of the stock option plans for directors and managers.

Composition and activities of the Committees

The *Remuneration Committee* consists of three non-executive members, one of whom is independent. During 2007 it met 3 times (once without the independent member), to draft proposals regarding remuneration and stock option grants for directors and managers.

The meetings of the Remuneration Committee were duly minuted.

The *Internal Control Committee* consists of three members, all non-executive and two of whom are independent.

During 2007 the Internal Control Committee met 3 times with all its members attending; in particular, it examined the reports prepared by the Controller and by the independent auditors to verify the adequacy of the internal control system. The committee presented a report to the Board of Directors, during approval of the half-year report, on the work undertaken and on the adequacy of the internal control system.

The meetings of the Internal Control Committee were duly minuted.

Internal control system

The internal control system is defined as the set of rules, procedures and organizational structures designed to ensure, through adequate identification, measurement, management and monitoring of key risks, sound and correct management of the company in line with objectives, thus guaranteeing the safekeeping of the company assets, the efficiency and effectiveness of company operations, the reliability of financial information, and compliance with laws and regulations.

The Board of Directors exercises its functions in relation to the internal control system based on national and international reference models and best practice and pays particular attention to the organization and management model adopted pursuant to Legislative Decree no. 231 of June 8, 2001.

The Board of Directors, with the help of the Internal Control Committee, sets the guidelines for the internal control system so that the main risks regarding the company and the subsidiaries are correctly identified and adequately measured, managed and monitored. It also sets the criteria to ensure the compatibility of these risks with correct and proper management of the company and assesses, at least on an annual basis, the effectiveness and functioning of the internal control system with respect to the characteristics of the company.

As envisaged by the «Code», the executive director charged with overseeing the workings of the internal control system has taken steps to identify the main business risks and to assess the overall adequacy, effectiveness and efficiency of the internal control system, in particular by asking the Controller to carry out specific controls on the procedures regarding both Italmobiliare S.p.A. and the subsidiaries.

Some time ago, the company set up an internal audit department. The Controller is the head of this department.

During 2007 the Controller implemented the audit plan, as presented to a specific meeting with the Internal Control Committee, and undertook the duties assigned by the Chief Executive Officer in his capacity as the executive director charged with overseeing the workings of the internal control system.

The Board of Directors, to which the Internal Control Committee reports on a half-yearly basis, believes that the internal control system may be considered as adequate taken as a whole, since in Italcementi there is room for improvement for which the company has already begun the necessary corrective action.

Board of Statutory Auditors

During the renewal of the Board of Statutory Auditors at the Shareholders' Meeting of May 19, 2005, the majority shareholder presented its own list of candidates. The other shareholders did not present a list.

Therefore, none of the auditors currently in office represents the minority shareholders.

As envisaged by the «Code», in 2007 the Board of Statutory Auditors, among other things, oversaw the independence of the independent auditors, by verifying both compliance with the relevant regulatory provisions and the nature and extent of the non-audit services provided to the company and its subsidiaries by the independent auditors and bodies belonging to their group.

During the year, the internal audit manager took part in several meetings of the Board of Statutory Auditors, just as the Board of Statutory Auditors always attended those of the Internal Control Committee. This enabled a continuous flow of information among the various bodies aimed at monitoring the entire control system.

TABLE 1

STRUCTURE OF THE BOARD OF DIRECTORS AND THE COMMITTEES

Board of Directors							Executive Committee		Internal Control Committee		Remuneration Committee	
Position	**Member**	**Executive**	**Non-executive**	**Independent**	**Attendance**	**No. other positions**	**Member**	**Attendance**	**Member**	**Attendance**	**Member**	**Attendance**
Chairman Chief Executive Officer	Giampiero Pesenti	•			9/9	10	•	2/2				
Deputy Chairman	Italo Lucchini		•		9/9	6	•	2/2			•	3/3
Director Chief Operating Officer	Carlo Pesenti	•			9/9	5	•	2/2				
Director	Pier Giorgio Barlassina		•		9/9	8						
Director	Mauro Bini		•	•	7/9	1			•	3/3		
Director	Giorgio Bonomi		•		9/9	1			•	3/3		
Director	Gabriele Galateri di Genola		•	•	7/9	9						
Director	Luca Minoli		•		8/9	3					•	3/3
Director	Giorgio Perolari		•	•	7/9	1	•	1/2	•	3/3	•	2/3
Director	Livio Strazzera		•		7/9	3						

TABLE 2

BOARD OF STATUTORY AUDITORS

Position	Member	Attendance	No of other positions (*)
Chairman	Luigi Guatri	5/8	3 (1)
Acting Auditor	Claudio De Re	8/8	2 (1)
Acting Auditor	Eugenio Mercorio	7/8	2 (1)
Substitute Auditor	Dino Fumagalli	-	1
Substitute Auditor	Pietro Curcio	-	1
Substitute Auditor	Enrico Locatelli	-	-

(*) the number in brackets shows other acting auditor positions held in companies listed on regulated markets.

Pursuant to the by-laws of Italmobiliare S.p.A., people who are in incompatible situations as envisaged by the law or those who have exceeded the limit on the number of engagements established by the regulations in force cannot be elected as auditors, and if elected cease to serve.

TABLE 3

OTHER PROVISIONS OF THE VOLUNTARY CODE OF CONDUCT

The table below illustrates the extent to which the «Code» complies with other provisions of the Voluntary Code of Conduct in the text approved by the Corporate Governance Committee.

	YES	NO	Summary of the reasons for any divergence from the recommendations of the "Code"
System of delegated powers and transactions with related parties			
Has the Board of Directors attributed the delegated powers establishing their: a) limits b) means of exercise c) and frequency of reporting?	 • • •		
Has the Board of Directors reserved for itself the examination and approval of transactions with a particular economic, equity and financial importance (including transactions with related parties?)	•		
Has the Board of Directors established guidelines and criteria to identify "significant transactions"?	•		
Are the guidelines and criteria above described in the report?	•		
Has the Board defined specific procedures for the examination and approval of transactions with related parties?	•		
Are the procedures for the approval of transactions with related parties described in the report?	•		
Procedures for the most recent appointment of directors and auditors			
Did the deposit of candidacies for the position of director take place at least ten days beforehand?		•	The choice is coherent with the decision not to set up an Appointments Committee.
Were candidacies for the position of director accompanied by adequate information?	•		
Were candidacies for the position of director accompanied by an indication of their suitability to be considered as independent?	•		
Did the deposit of candidacies for the position of auditor take place at least ten days beforehand?	•		
Were candidacies for the position of auditor accompanied by adequate information?	•		
Shareholders' meetings			
Has the company approved Shareholders' Meeting regulations?		•	The broad powers assigned to the Chairman by law and accepted practice as well as the by-law that expressly empowers him to direct the discussion and establish the order and method of voting (provided they are open) are considered adequate for the orderly running of the Shareholders' Meeting.
Are the regulations attached to the report (or is there an indication of where they can be obtained/downloaded)?		-	
Internal control			
Has the company appointed internal control managers?	•		
Are these managers hierarchically not subordinate to the heads of operating areas?	•		
Organizational unit for internal control (pursuant to art. 9.3 of the "Code")			Internal Control Division
Investor relations			
Has the company appointed an investor relations manager?	•		
Organizational unit and references for *investor relations manager*			ITALMOBILIARE S.p.A. Via Borgonuovo, 20 - 20121 Milan Tel. 02 290241 - Fax 02 6595515 e.benaglio@italmobiliare.it

Code of Ethics

The Code, approved for the first time in 1993 and last modified in February 2001, envisages that all employees and those who have dealings with the company or act to achieve its objectives shall base their dealings and conduct on principles of honesty, fairness, integrity, transparency, confidentiality and mutual respect.

The Code also defines the rules for loyalty and fidelity, impartiality, protection of privacy and confidentiality of information, protection of people, the environment and company assets. The Code establishes the guidelines for control processes and accounting/management reporting, and introduces rules to govern dealings with customers, suppliers, public institutions, political organizations and unions, and the media.

Confidential information

In terms of managing confidential information, the «Code», after recalling the obligation of confidentiality and the prohibition on using such information for personal gain, envisages the adoption of procedures for the disclosure of documents and information, with particular reference to price-sensitive information which may be disclosed only by people who are generally or specifically authorized to do so.

At its meeting of February 9, 2001, the company Board of Directors approved a specific procedure requiring strict compliance with the disclosure procedures and terms envisaged by current legislation, to ensure equality and contextuality.

Regarding dealings with institutional investors and other shareholders, which the «Code» envisages are based on constant attention, the organization notices issued by the Chief Executive Officer have established general guidelines and identified the company structures dedicated to this activity.

Internal Dealing Code of Conduct

The company Board of Directors updated its own 'Internal Dealing Code of Conduct', originally adopted in application of the provisions issued by Borsa Italiana S.p.A., to take account of the new regulatory provisions adopted by CONSOB in execution of the new regulation (so-called *Market abuse*) introduced by the Law on Savings of 2005.

The 'Internal Dealing Code of Conduct' governs the information to be disclosed to the company, and by the company to the market, on any transactions involving Italmobiliare and Italcementi shares and other financial instruments linked to such shares undertaken by '*Relevant persons*' on their own behalf.

Pursuant to the 'Internal Dealing Code of Conduct', 'Relevant persons' are the members of the Board of Directors, the Board of Statutory Auditors and the Chief Operating Officer of Italmobiliare S.p.A. and whoever holds an equity investment of at least 10% in the share capital of Italmobiliare S.p.A. represented by shares with voting rights, as well as any other party who controls Italmobiliare S.p.A.

In particular, 'Relevant persons' must inform Italmobiliare S.p.A., which in turn informs the market, about completed transactions for an aggregate amount of 5,000 euro by the end of the year. Given the particular structure of the Group, the 'Internal Dealing Code of Conduct' is associated with the Code adopted by Italcementi S.p.A., in the sense that market disclosures regarding transactions on Italcementi S.p.A. shares by people who are 'Relevant persons' for both companies, are considered as made also pursuant to the provisions contained in the Code of Conduct adopted by Italmobiliare S.p.A. Whenever disclosure obligations are completed by the subsidiary, it will also arrange to inform the market on behalf of the parent company.

In addition, the 'Internal Dealing Code of Conduct' envisages that 'Relevant persons' must abstain from transactions that are subject to disclosure to the company:

- regarding listed financial instruments issued by Italmobiliare S.p.A.:
  - in the 30 calendar days preceding the meeting of the Board of Directors of Italmobiliare S.p.A. called to approve the full-year and half-year financial statements, including the day on which the meeting is held;

- in the 15 calendar days preceding the meeting of the Board of Directors of Italmobiliare S.p.A. called to approve the periodic quarterly reports, including the day on which the meeting is held;

- regarding financial instruments issued by the listed subsidiary Italcementi S.p.A.:
  - in the 30 calendar days preceding the meeting of the Board of Directors of Italcementi S.p.A. called to approve the full-year and half-year financial statements, including the day on which the meeting is held;
  - in the 15 calendar days preceding the meeting of the Board of Directors of Italcementi S.p.A. called to approve the periodic quarterly reports, including the day on which the meeting is held.

Procedural Code for transactions with related parties

The "Procedural Code for Transactions with Related Parties", initially adopted with the Board of Directors' resolution of March 24, 2003, and subsequently updated, supplements the provisions already contained in the company Voluntary Code of Conduct, and provides disclosure guidelines for all interested parties in their position as a related party when undertaking transactions with Italmobiliare S.p.A.

The "Procedural Code for transactions with related parties" attributes to the Board of Directors the task of examining and giving prior approval to:

- transactions of strategic, economic, equity or financial importance for the company, undertaken with a related party by the company or its subsidiaries,
- other transactions with/among related parties.

The Procedural Code divides these transactions into three separate categories on the basis of their size and the parties involved.

The first category is that of "Significant transactions", i.e., larger transactions with the greatest impact on the balance sheet and income statement, for which CONSOB requires market disclosure. Such transactions require prior authorization by the Board of Directors, which consults the Internal Control Committee and/or seeks the assistance of independent experts to value the assets and provide financial or technical assistance.

The second category is "Intragroup transactions", i.e., those with/among subsidiaries of Italmobiliare S.p.A.; the third category is "Transactions with other related parties" (for example directors, auditors, family members, etc.).

In the second and third categories, a distinction is made between current transactions and atypical, unusual or non-standard transactions.

Above the thresholds envisaged, it is necessary to secure the prior authorization of the Board of Directors, after consulting the Internal Control Committee; for other transactions, it is not necessary to have prior authorization, but the Board of Directors must be informed. Transactions of lower value and those within the core business of Italmobiliare S.p.A. do not require any particular procedure.

Under the latest amendments introduced by the Board of Directors, the "Procedural Code for transactions with related parties" gives the Internal Control Committee the task of periodically verifying the adequacy of the procedure for transactions with related parties adopted by the Board of Directors and of proposing any updates deemed necessary.

It is also envisaged that the Board of Directors may propose updates to the Procedural Code, in the event of changes to the regulatory system or the company's organization or business operations that make changes necessary; in this case too, updates may be adopted only after consulting the Internal Control Committee.

The "Procedural Code for transactions with related parties" also envisages that the company be enabled, through disclosure by the parties concerned, to identify transactions with related parties in order to fulfill the consequent obligations.

Pursuant to the CONSOB Regulation for Issuers, reference should be made to international accounting standard IAS 24 to identify correctly the notion of «related parties».

CONSOB resolution of April 6, 2001, recommends that the boards of statutory auditors of listed companies prepare a summary of the inspections performed during the year. Information that must be supplied includes transactions with related parties. The directors, therefore, at their meeting of March 27, 2002, agreed to inform the Board of Statutory Auditors of any position they held as a related party in transactions undertaken with the company.

Organization, management and control model

In order to make the control and corporate governance system more effective, and prevent offenses against the company and against the public administration, during 2004, in application of Legislative Decree no. 231/01, the company Board of Directors adopted an «Organization, management and control model» (the «Model»).

In adopting the «Model», the company intends to disseminate and establish a corporate culture based on legality, with the express censure of all conduct contrary to the law and the regulations of the «Model» itself.

During 2006 the «Model» was extended to cover the offenses envisaged by the law on market abuse and failure by directors to disclose a conflict of interests. In addition, the company is updating the model to the new laws regarding workplace safety, transnational crimes, receipt of stolen goods and money-laundering.

The duty of continuously overseeing the effective functioning and enforcement of the «Model», as well as proposing amendments is entrusted to a body, the Compliance Committee, which is autonomous, professional and independent.

In accordance with the provisions of the «Model», the Compliance Committee currently consists of an independent director (then appointed as Chairman), an external professional (currently also a substitute auditor) and the company's Internal Auditing manager.

EQUITY INVESTMENTS OF DIRECTORS, STATUTORY AUDITORS AND CHIEF OPERATING OFFICERS

Full name	Investee company	Number of shares held at the end of the previous year		Number of shares bought		Number of shares sold		Number of shares held at the end of the current year	
Giampiero Pesenti	Italmobiliare S.p.A.	ordinary:	24,700 [1]	ordinary:		ordinary:	-	ordinary:	24,700 [1]
		savings:	119	savings:	-	savings:	-	savings:	119
	Italcementi S.p.A.	ordinary:	10,972 [2]	ordinary:	140,000	ordinary:	140,000	ordinary:	10,972 [2]
		savings:	10,608 [2]	savings:	-	savings:	-	savings:	10,608 [2]
Carlo Pesenti	Italmobiliare S.p.A.	ordinary:	-	ordinary:	26,500	ordinary:	10,059	ordinary:	16,441
	Italcementi S.p.A.	ordinary:	1,500 [2]	ordinary:	135,000	ordinary:	135,000	ordinary:	1,500 [2]
		savings:	3,000 [2]	savings:	-	savings:	-	savings:	3,000 [2]
	Ciments Français S.A.	ordinary:	50	ordinary:	-	ordinary:	-	ordinary:	50
Pier Giorgio Barlassina	Italmobiliare S.p.A.	ordinary:	1,500	ordinary:	9,407	ordinary:	9,407	ordinary:	1,500
Giorgio Perolari	Italmobiliare S.p.A.	ordinary:	16,735	ordinary:	-	ordinary:	-	ordinary:	16,735
		savings:	8,800 [1]	savings:	-	savings:	-	savings:	8,800 [1]
	Italcementi S.p.A.	ordinary:	20,280	ordinary:	-	ordinary:	-	ordinary:	20,280
		savings:	130,000 [2]	savings:	-	savings:	-	savings:	130,000 [2]
Livio Strazzera	Italmobiliare S.p.A.	ordinary:	100	ordinary:	-	ordinary:	-	ordinary:	100
Luigi Guatri	Italmobiliare S.p.A.	ordinary:	-	ordinary:	-	ordinary:	-	ordinary:	-
		savings:	-	savings:	-	savings:	-	savings:	-
	Italcementi S.p.A.	savings:	10,000 [2]	savings:	-	savings:	-	savings:	10,000 [2]
Claudio De Re	Italmobiliare S.p.A.	ordinary:	316	ordinary:		ordinary:	-	ordinary:	316
		savings:	1,000	savings:	-	savings:	-	savings:	1,000
	Italcementi S.p.A.	ordinary:	2,600	ordinary:	-	ordinary:	-	ordinary:	2,600
		savings:	10,608 [2]	savings:	-	savings:	-	savings:	6,000

1 shares held in part directly and in part by spouse
2 shares held by spouse

STOCK OPTION PLANS

STOCK OPTION PLAN FOR DIRECTORS

In execution of the Shareholders' resolution of May 3, 2002, the company Board of Directors, at its meeting of May 14, 2002, approved a stock option plan for directors who hold special positions in compliance with the articles of association or who have specific operating functions. The related regulations were subsequently slightly modified.

In relation to this stock option plan, in 2007, on the basis of the results achieved during 2006, a total of 60,000 options were assigned to the Chief Executive Officer.

During the year to December 31, 2007, an overall total of 215,000 options were assigned.

The main characteristics of the plan are indicated below:

a) Reasons for introduction of the plan

The plan reflects the desire to tie overall remuneration of plan recipients to the medium/long-term success of the company and the creation of shareholder value, and also to reward achievement, by creating the conditions to maximize the involvement of all senior management in reaching the company's goals.

b) Plan recipients

Plan recipients are some members of the Board of Directors of Italmobiliare S.p.A. and its subsidiaries who hold particular positions in compliance with the articles of association or who have specific operating functions.

c) Quantity of options to be assigned

The quantity of options to be assigned to each recipient will be defined by the Board of Directors of Italmobiliare S.p.A. on the proposal of the Remuneration Committee and is subject to compliance with the regulations on conflicts of interest.

The options, if exercised, give the right to subscribe or buy shares at a rate of 1:1.

d) Term and objectives

The plan envisages annual assignment cycles; the options may be exercised in a period between the fourth and tenth year following assignment. Nonetheless, in the case of a director no longer serving owing to the expiry of their mandate, without a subsequent renewal, the options may be exercised immediately, provided that it is within the maximum term of 10 years from the assignment.

The assignment of options will depend on the results achieved in relation to the objectives set by the Board of Directors. These objectives will be notified to the recipients.

e) Procedures and conditions of the plan

The exercise of option rights is subordinate to the condition that the benefiting director has duly completed their mandate during which the options were assigned and has not resigned early and their position has not been revoked by the Shareholders' Meeting.

The options are nominative, personal and non-transferable, except as provided in the case of death.

The total number of Italmobiliare S.p.A. shares reserved to cover the plan has been set at 350,000 shares.

f) Share capital increase; disposal of shares

In the case of options for the subscription of shares, the Board of Directors, by virtue of the powers conferred by the Shareholders' Meeting, will deliberate to increase the paid-in share capital by issuing shares to be reserved, pursuant to art. 2441, paragraph 5, of the Italian Civil Code, for members of the Board of Directors of Italmobiliare S.p.A. and/or its subsidiaries and to be issued at a price equal to the mean share price in the period between the date of the rights offer and the same day in the preceding calendar month. To this end, the independent auditors have issued a positive judgment on the suitability of the issue price for the new shares, as required by art. 158 of Legislative Decree no. 58/98.

Similarly, in the case of share purchase options, the Board of Directors, by virtue of the authorization to acquire and dispose of treasury shares approved by the Shareholders' Meeting, will sell Italmobiliare S.p.A. shares at a price equivalent to the mean share price in the period between the date of the rights offer and the same day in the previous calendar month.

g) Features of the shares

The shares held by plan participants following exercise of options will have regular dividend entitlement rights and will be sellable as from the start of the fifth year after assignment of the options.

Italmobiliare S.p.A. will have a right of first refusal on shares put up for sale.

In the case of a merger/demerger, assigned options will give the holder the right to subscribe or buy Italmobiliare S.p.A. shares proportionately to the swap rate; in the case of cancellation of Italmobiliare S.p.A. from the stock market list, the term for the exercise of options will be duly brought forward and the shares will be immediately sellable.

h) Other powers attributed to the Board of Directors

The Board of Directors may temporarily suspend the exercise of option rights in specific cases envisaged by the Regulation and in the event of specific requirements; it may also modify some conditions of the plan to ensure that treatment of recipients is equivalent to that offered initially.

STOCK OPTION PLAN FOR MANAGERS

With the resolution of the Board of Directors of March 27, 2001, the company approved a stock option plan for managers (whose regulations have subsequently been only slightly changed), under which, on the basis of the results achieved during 2006, a total of 62,479 options were assigned, of which 40,000 options were for the Chief Operating Officer.

At December 31, 2007, a total of 271,159 options had been granted to Company managers, of which 166,000 were for the Chief Operating Officer.

The main characteristics of the plan are indicated below:

a) Reasons for introduction of the plan

The plan reflects the desire to tie overall remuneration of plan recipients to the medium/long-term success of the company and the creation of shareholder value, and also to enhance managers' sense of belonging, by providing incentives to remain with the company.

b) Plan recipients

Plan recipients are some members of the executive staff of Italmobiliare S.p.A. and its subsidiaries, on the payroll at the scheduled grant dates, who are designated by the Chief Executive Officer of Italmobiliare S.p.A., in accordance with the criteria defined by the «Remuneration Committee» regarding the essential nature of their positions and their organizational level.

c) Quantity of options to be assigned

The quantity of options to be assigned to each recipient will be established by virtue of the organizational level of the individual and the performance of the company and the individual.

The options, if exercised, give the right to subscribe or purchase shares at a rate of 1:1.

As a general rule, unexercised option rights will not be recognized – except in the case of retirement – should the employment relationship with the company be interrupted.

In the event of the death of the option holder, the options may be exercised by entitled parties within six months of the death, provided that the term falls within the period in which the options may be exercised.

d) Term and objectives

The plan envisages annual assignment cycles; the options may be exercised in a period between the fourth and tenth year following assignment.

The assignment of options will depend on the results achieved in relation to the objectives set individually.

e) Procedures and conditions of the plan

The options are nominative, personal and non-transferable, except as provided in the case of death.

The total number of Italmobiliare S.p.A. shares reserved to cover the plan has been set at 350,000 shares.

f) Loans or contributions for subscription or purchase of shares

The management company may notify the names of lending institutes that may be willing to provide loans against the shares, to facilitate their subscription or purchase.

g) Share capital increase; disposal of shares

In the case of options for the subscription of shares, the Board of Directors, by virtue of the powers conferred by the Shareholders' Meeting, will deliberate to increase the paid-in share capital for an amount equal to the options to be assigned, by issuing shares to be reserved, pursuant to art. 2441, paragraph 8 of the Italian Civil Code, for members of the executive staff of Italmobiliare S.p.A. and its subsidiaries, and to be issued at a price equivalent to the mean share price in the period between the date of the rights offer and the same day in the previous calendar month.

In the case of share purchase options, the company, by virtue of the authorization to acquire and dispose of treasury shares approved by the Shareholders' Meeting, will sell Italmobiliare S.p.A. shares at a price established by the Board of Directors, at the time of the offer, on the proposal of the Chief Executive Officer and after consultation with the Remuneration Committee.

h) Features of the shares

The shares held by plan participants following exercise of options will have regular dividend entitlement rights and will be sellable on the market as from the start of the fifth year after assignment of the options. Italmobiliare S.p.A. will have a right of first refusal on shares put up for sale. In the case of a merger/demerger, assigned options will give the holder the right to subscribe or buy Italmobiliare S.p.A. shares proportionately to the swap rate; in the case of cancellation of Italmobiliare S.p.A. from the stock market list, the term for exercise of options will be duly brought forward and the shares will be immediately tradable.

i) Other powers attributed to the Board of Directors

The Board of Directors may temporarily suspend the exercise of option rights in specific cases envisaged by the Regulation and in the event of specific requirements; it may also modify some conditions of the plan to ensure that treatment of recipients is equivalent to that offered initially.

Resolutions

Distribution of net profit

The net profit for the year of 73,592,089.00 euro allows us to propose, taking into account the 871,411 ordinary treasury shares and 28,500 savings treasury shares whose right to profit sharing is attributed proportionately to the other shares pursuant to art. 2357 ter of the Italian Civil Code, the payment of a dividend, before withholdings, of 1.600 euro to each ordinary share and 1.678 euro to each savings share.

* * *

To the Shareholders,

If you agree with our proposals, we invite you to adopt the following resolution:
“The Shareholders' Meeting of Italmobiliare S.p.A. held on April 30, 2008,

- having noted the Board of Directors’ report on operations and the report of the Board of Statutory Auditors upon examination of the financial statements as at and for the year to December 31, 2007,
- considering that the legal reserve, pursuant to articles 2430 of the Italian Civil Code and 31 of the company by-laws, stands at one fifth of the share capital and therefore requires no further additions,
- considering that the profit for financial year 2007, in compliance with the international accounting standards (IAS 19), already includes the share of the profit attributable to the members of the Board of Directors, pursuant to art. 31 of the company by-laws,
- also considering the 871,411 ordinary treasury shares and 28,500 savings treasury shares whose right to profit sharing is attributed proportionately to the other shares pursuant to art. 2357 ter of the Italian Civil Code,

resolves

- to approve:
  - the Board of Directors’ report on operations;
  - the financial statements for financial year 2007, consisting of the balance sheet, the income statement and the notes, which reflect a net profit of 73,592,089.00 as presented by the Board of Directors in its entirety, in the individual accounting entries and with the proposed allocations;

- to distribute the net profit for the year as follows:

Net profit		**73,592,089.00**
- 5% of the nominal value of 2.6 euro to the 16,314,662 savings shares [2] 0.13 euro per share	2,120,906.06	2,120,906.06
Remainder		**71,471,182.94**
- compensation of the Board of Directors already provided in the financial statements (IAS 19)		714,711.83
- 1% to the Board of Directors (pursuant to art. 26 of the company by-laws)		(714,711.83)
Remainder		**71,471,182.94**
To the translation reserve		295.86
Retained earnings		106,335,389.95
Available earnings		**177,806,868.75**
- to the 21,311,172 ordinary shares [1] 1.600 euro per share	34,097,875.20	
- to the 16,314,662 savings shares [2] an additional 1.548 euro per share	25,255,096.78	59,352,971.98
Total dividend	**61,473,878.04**	
Remainder		118,453,896.77
Retained earnings		**118,453,896.77**

[1] net of the 871,411 ordinary treasury shares held at March 28, 2008
[2] net of the 28,500 savings treasury shares held at March 28, 2008

- to grant the Chairman-Chief Executive Officer, the Deputy Chairman and the Chief Operating Officer, should the number of treasury shares change before the coupon detachment date, separate powers:
  - to allocate the amount corresponding to the dividend entitlement of any purchased shares to "Retained earnings",
  - to subtract an amount corresponding to the dividend entitlement of any treasury shares that are sold, from "Retained earnings".

Others matters to be presented for shareholder approval

Renewal of authorization to purchase and dispose of treasury shares

To the Shareholders,

The ordinary Shareholders' Meeting held on April 27, 2007, renewed the company's authorization to purchase and dispose of treasury shares, for a period of 18 months from the date of the resolution.

During the year, following the exercise of stock options by some beneficiaries of the stock option plan for managers, the company sold to the beneficiaries in question 39,720 ordinary treasury shares at the price determined at the grant date, as set out in the regulation.

Following these transactions, at March 28, 2008, the company held 871,411 ordinary treasury shares and 28,500 savings treasury shares. The aggregate amount paid by the company to purchase the treasury shares in portfolio at that date was 21,226,190.39 euro, accounted for as required by current laws.

Since the authorization expires on October 27 next, in order to allow the company to maintain its power to purchase and dispose of treasury shares, we invite you to renew the authorization in question for the next 18 months.

1) Reasons for the request for authorization to purchase and dispose of treasury shares.

The authorization is requested in order to dispose of treasury shares for sale to employees and/or directors in connection with stock option incentives reserved for them and also to make efficient use of company liquidity in compliance with legislation in force.

2) Maximum number, category and nominal value of shares for which authorization is requested; compliance with par 3, art. 2357 Italian Civil Code.

The purchase refers to ordinary and/or savings shares of the company, whose maximum number, including treasury shares already held as of today by the company and, if any, by the subsidiaries (who will receive specific instructions regarding timely disclosure of shares held), may not have an aggregate nominal value exceeding one tenth of the entire share capital.

The consideration paid or received in connection with treasury share purchase or sale transactions will be recorded directly in shareholders' equity in accordance with International Accounting Standard "IAS 32", and such transactions will in any case be accounted for in accordance with the laws in force from time to time.

3) Term of the authorization.

The purchase authorization is requested for a period of 18 months beginning from the date on which the Shareholders' Meeting adopts the resolution in question, while the disposal authorization is requested for an unlimited period of time.

4) Minimum and maximum consideration and market values on which such considerations have been determined.

The price of each share shall not be more than 15% greater or lower than the average share price on the Italian Stock Exchange in the three sessions preceding each individual transaction.

The aggregate amount paid by the company for purchases shall in no case exceed 75 million euro.

The shares may be sold, irrespective of whether other purchases may be made, in one or more occasions (and also offered to the public or the shareholders or through placement of warrants and deposit receipts representing shares and/or similar instruments) at a price that shall not be lower than the lowest purchase price.

The price limit in question shall not be applicable in cases where shares are sold to employees of Italmobiliare S.p.A. and of its subsidiaries, parent companies and of other subsidiaries of the parent companies or to members of the Board of Directors of Italmobiliare S.p.A. and its subsidiaries who hold specific posts in compliance with the articles of association or who have specific operating duties, in connection with stock option incentives for employees and directors.

5) Method of purchase.

Purchases of treasury shares shall be effected in compliance with art. 132 of Legislative Decree 58/98 and art. 144 bis of CONSOB resolution no. 11971 of May 14, 1999, and subsequent amendments on the regulated markets in a manner that ensures equality of treatment of shareholders and does not permit the purchase offers to be directly linked with predetermined sale offers.

6) Purchase with a view to reducing the share capital.

A hypothesis of this type is not envisaged at the present time.

* * *

To the Shareholders,

If you agree with our proposal, we invite you to carry the following resolutions:

«The Italmobiliare S.p.A. Shareholders' Meeting held on April 30, 2008,

- having noted the proposal of the directors
- being cognizant of the provisions of art. 2357 and 2357 ter of the Italian Civil Code

resolves

1) to revoke, for the unexecuted part, the resolution authorizing the purchase and disposal of treasury shares adopted by the ordinary Shareholders' Meeting held on April 27, 2007;
2) to authorize, pursuant to art. 2357 of the Italian Civil Code, the purchase of ordinary and/or savings treasury shares, for the quantity, at the price, on the terms and in the manner indicated herein below:
    - the purchase may be made in one or more occasions within 18 months from the date of this resolution;
    - the purchase price of each share shall not be more than 15% greater or lower than the average share price on the Italian Stock Exchange in the three sessions preceding each individual transaction;
    - the aggregate payment shall in no case exceed 75 million euro;
    - the maximum number of purchased ordinary and/or savings shares shall not have an aggregate nominal value, including treasury shares already held as of today by the company and by the subsidiaries, exceeding one tenth of the share capital;
3) to establish that the purchases are made, pursuant to CONSOB resolution no. 11971 of May 14, 1999, and subsequent amendments, art. 144 bis, lett. b), on regulated markets in the manner established in the regulations for the organization and management of such markets which do not allow the direct combination of purchase offers with predetermined sale offers;
4) to authorize, pursuant to art. 2357 ter, par 1 of the Italian Civil Code, the Chairman, the Deputy Chairman, the Chief Executive Officer and the Chief Operating Officer, separately, to dispose of purchased treasury shares, in compliance with the legislation in force, irrespective of whether other purchases may be made, with no time limits; the sale may take place in one or more occasions also through offers to the public or to the shareholders or through placement of warrants and of deposit receipts representing shares and/or similar instruments. The sale price shall not be lower than the lowest purchase price.

    The price limit in question shall not, however, be applicable in cases where shares are sold to employees of Italmobiliare S.p.A. and of its subsidiaries, parent companies and of other subsidiaries of the parent companies or to members of the Board of Directors of Italmobiliare S.p.A. and its subsidiaries who hold specific posts in compliance with the articles of association or who have specific operating duties, in connection with stock option incentives for employees and directors;
5) to establish that the consideration paid or received in connection with treasury share purchase or sale transactions be recorded directly in shareholders' equity in accordance with International Accounting Standard "IAS 32" and that such transactions will in any case be accounted for in accordance with the laws in force from time to time;

6) to grant to the Chairman, the Deputy Chairman, the Chief Executive Officer and the Chief Operating Officer, separately, all powers needed to make purchases and sales and in any case to execute the above resolutions, also through proxies, in compliance with any requirements that may be made by the authorities.».

Appointment of the Board of Directors following determination of term of office and number of members.

To the Shareholders,

The term of your company's Board of Directors has come to an end.

In thanking you for the trust you have placed in us, we invite you to appoint the new Board of Directors after establishing its term and the number of its members which, pursuant to art. 15 of the company by-laws, must not be fewer than 5 and more than 15.

Pursuant to the company by-laws, the Board of Directors is appointed on the basis of lists.

Lists may be presented only by shareholders who, alone or together with other shareholders, can prove that they hold a percentage of the share capital with voting rights of no less than 2%.

No shareholder may present or participate in the presentation of more than one list, directly or through a third party or trust company.

Shareholders belonging to the same group and shareholders who adhere to a shareholders' agreement regarding the company shares may not present more than one list, directly or through a third party or through trust companies.

Lists presented in violation of these restrictions will not be accepted.

Each list must present the names of the candidates by means of progressive numbering.

Each candidate may be presented on one list only on pain of ineligibility.

Lists must be deposited at the company offices at least fifteen days before the date set for the Shareholders' Meeting on first call, together with the following documentation:

a) the statements by which the individual candidates accept their candidacy and, at their own responsibility, confirm that there are no reasons why they cannot be elected and that they hold the prerequisites of good standing established by the law;

b) a short curriculum vitae with the main personal and professional details of each candidate with an indication of directorships and auditor positions held in other companies;

c) the statements of each candidate indicating as appropriate that they hold the prerequisites for independence required by the law and by the Voluntary Code of Conduct;

d) information on the identity of the shareholders who have presented the lists with an indication of the equity percentage held and certification proving the ownership of that equity investment;

e) the statement of shareholders, other than those who hold individually or jointly a controlling or majority stake, confirming the inexistence of connections as defined by the regulation in force.

Any list presented that does not comply with the above provisions is considered as not presented.

Appointment of Auditors, Chairman of the Board of Statutory Auditors and determination of remuneration

To the Shareholders,

With the approval of the financial statements at December 31, 2007, the term of the entire Board of Statutory Auditors comes to an end.

We invite you, therefore, to appoint for the period 2008-2010 three acting auditors and three substitute auditors, and to appoint the Chairman of the Board of Statutory Auditors, after determining their respective annual remuneration.

Pursuant to the company by-laws, the Board of Statutory Auditors is appointed on the basis of lists.

Lists may be presented only by shareholders who, alone or together with other shareholders, can prove that they hold a percentage of the share capital with voting rights of no less than 2%.

No shareholder may present or participate in the presentation of more than one list, directly or through a third party or trust company.

Shareholders belonging to the same group and shareholders who adhere to a shareholders' agreement regarding the company shares may not present more than one list, directly or through a third party or through trust companies.

Lists presented in violation of these restrictions will not be accepted.

Each list comprises two sections: one for candidates for acting auditor and the other for candidates for substitute auditor.

Each section must list in progressive numerical order the names of no more than three candidates for the position of acting auditor and no more than three candidates for the position of substitute auditor.

Each candidate may be presented in only one list on pain of ineligibility.

Lists must be deposited at the company offices at least fifteen days before the date set for the Shareholders' Meeting on first call together with the following documentation:

a) the statements by which the individual candidates accept their candidacy and, at their own responsibility, confirm that there are no reasons why they cannot be elected or are incompatible, as well the existence of the further prerequisites prescribed by the law, the by-laws and the Voluntary Code of Conduct;

b) a short curriculum vitae with the main personal and professional details of each candidate with an indication of directorships and auditor positions held in other companies;

c) information on the identity of the shareholders who have presented the lists with an indication of the equity percentage held and certification proving the ownership of that equity investment;

d) the statement of shareholders, other than those who hold individually or jointly a controlling or majority stake, confirming the inexistence of connections as defined by the regulation in force.

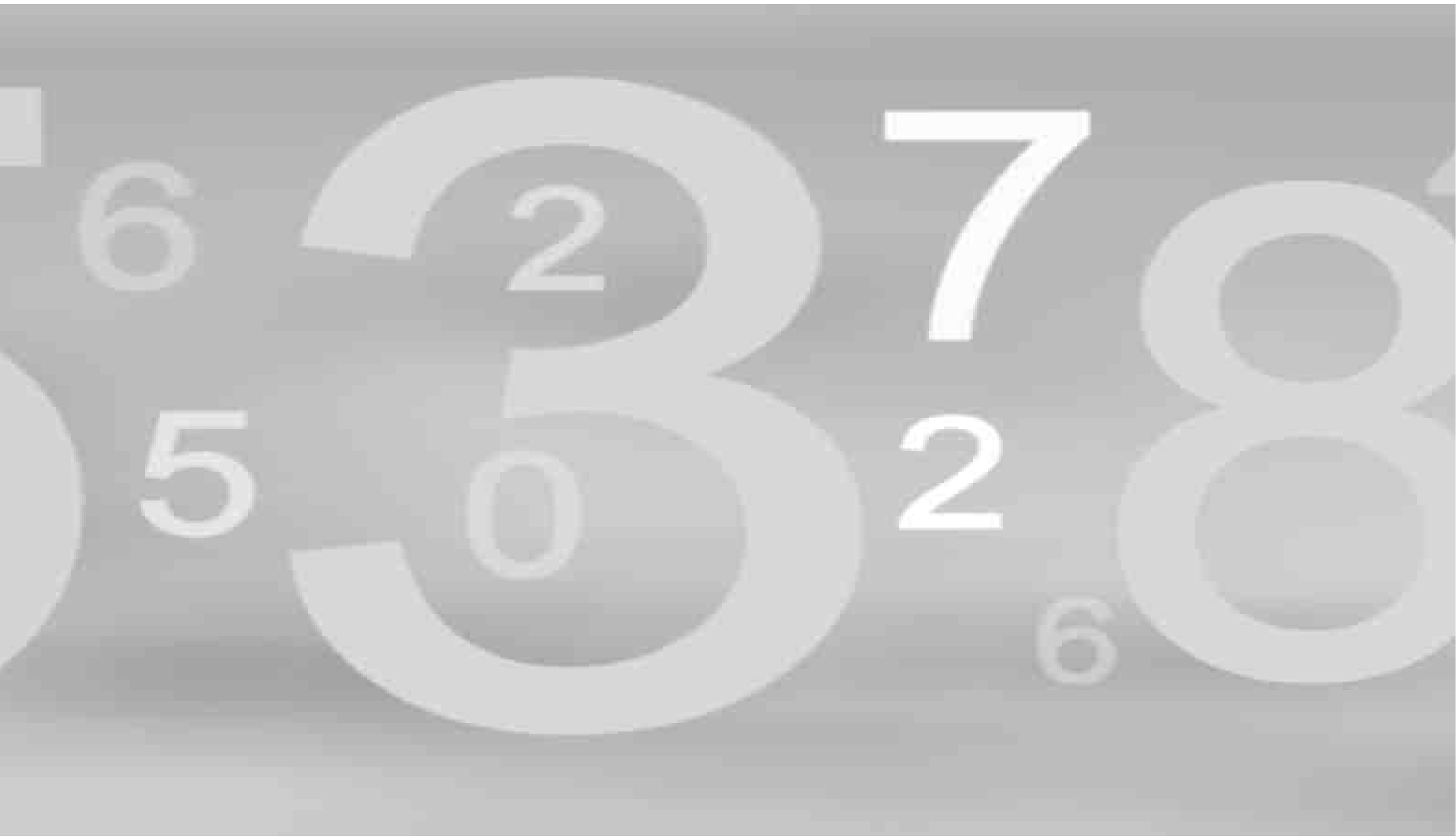
Any list presented that does not comply with the above provisions is considered as not presented.

In the event that, within the limit of 15 days preceding the date of the Shareholders' Meeting, a single list has been deposited, or only lists presented by shareholders who are inter-connected pursuant to current laws, additional lists may be presented up to the fifth day following this deadline and the above threshold of 2% will be halved.

Milan, March 28, 2008

The Board of Directors

2007 financial statements



Financial statements

Balance sheet

(euro)	Notes	12.31.2007	12.31.2006	Change
Non-current assets				
Property, plant and equipment	1	3,690,371	3,763,429	(73,058)
Investment property	2	291,853	293,835	(1,982)
Intangible assets	3	689	4,510	(3,821)
Investments in subsidiaries and associates	4	1,211,490,883	1,142,178,736	69,312,147
Other equity investments	5	582,338,476	671,325,718	(88,987,242)
Receivables and other non-current assets	6	263,601,309	263,866,239	(264,930)
Total non-current assets		**2,061,413,581**	**2,081,432,467**	**(20,018,886)**
Current assets				
Trade receivables	7	2,103,203	1,861,432	241,771
Other current assets	8	4,226,162	11,123,388	(6,897,226)
Income tax assets	9	41,278,673	19,430,058	21,848,615
Equity investments and financial receivables	10	41,258,987	43,580,603	(2,321,616)
Cash and cash equivalents	11	216,467	38,787,522	(38,571,055)
Total current assets		**89,083,492**	**114,783,003**	**(25,699,511)**
Total assets		**2,150,497,073**	**2,196,215,470**	**(45,718,397)**
Shareholders' equity				
Share capital	12	100,166,937	100,166,937	
Reserves	13	613,855,773	710,251,943	(96,396,170)
Treasury shares	14	(21,226,190)	(22,175,652)	949,462
Retained earnings		875,662,574	857,622,977	18,039,597
Total shareholders' equity		**1,568,459,094**	**1,645,866,205**	**(77,407,111)**
Non-current liabilities				
Interest-bearing loans and long-term borrowings	16	346,440,005	389,300,005	(42,860,000)
Employee benefit liabilities	15	1,178,643	1,119,614	59,029
Non-current provisions	17	13,506,517	27,466,742	(13,960,225)
Other non-current liabilities		33,850	30,945	2,905
Deferred tax liabilities	18	1,385,592	9,934,059	(8,548,467)
Total non-current liabilities		**362,544,607**	**427,851,365**	**(65,306,758)**
Current liabilities				
Bank overdrafts and short-term borrowings	16	171,376,559	77,607,737	93,768,822
Interest-bearing loans and short-term borrowings	16	6,463,335	6,876,046	(412,711)
Trade payables	19	2,226,393	2,727,593	(501,200)
Income tax liabilities	20		25,346,931	(25,346,931)
Other current liabilities	21	39,427,085	9,939,593	29,487,492
Total current liabilities		**219,493,372**	**122,497,900**	**96,995,472**
Total liabilities		**582,037,979**	**550,349,265**	**31,688,714**
Total shareholders' equity and liabilities		**2,150,497,073**	**2,196,215,470**	**(45,718,397)**

Pursuant to Consob Resolution no. 155519 of July 27, 2006, the impact of transactions with related parties on the balance sheet, income statement and cash flow statement is shown in the specific annexes.

Income statement

(euro)	Notes	2007	%	2006	%	Change value	%
Revenues	22	**102,549,558**	**100.0**	**210,902,211**	**100.0**	**(108,352,653)**	**-51.4**
Other revenues	23	1,373,252		1,188,734		184,518	
Goods and utilities expenses	24	(147,660)		(130,589)		(17,071)	
Services expenses	25	(5,761,131)		(5,713,964)		(47,167)	
Employee expenses	26	(13,699,204)		(12,488,062)		(1,211,142)	
Other operating income (expense)	27	(26,043,778)		(32,590,429)		6,546,651	
Recurring EBITDA		**58,271,037**	**56.8**	**161,167,901**	**76.4**	**(102,896,864)**	**-63.8**
Net capital gains on sale of fixed assets	28	18,763		158,949		(140,186)	
Other non-recurring income (expense)	28	2,567,639		2,999,922		(432,283)	
EBITDA		**60,857,439**	**59.3**	**164,326,772**	**77.9**	**(103,469,333)**	**-63.0**
Amortization and depreciation	29	(59,501)		(66,547)		7,046	
EBIT		**60,797,938**	**59.3**	**164,260,225**	**77.9**	**(103,462,287)**	**-63.0**
Finance income (costs)	30	(75,894)		(120,309)		44,415	
Profit before tax		**60,722,044**	**59.2**	**164,139,916**	**77.8**	**(103,417,872)**	**-63.0**
Income tax expense	31	12,870,045		(2,491,499)		15,361,544	
Income (expense) from discontinued operations							
Net profit for the period		**73,592,089**	**71.8**	**161,648,417**	**76.6**	**(88,056,328)**	**-54.5**

Statement of movements in shareholders' equity

(euro)	Share capital	Riserve				Treasury shares	Retained earnings	Total shareholders' equity
		Share premium reserve	Fair value reserve for available-for-sale financial assets	Other reserves	Total reserves			
Balances at January 1, 2006	**100,166,937**	**177,191,252**	**545,210,233**	**1,094,448**	**723,495,933**	**(22,175,652)**	**744,977,567**	**1,546,464,785**
Change in fair value on:								
Available-for-sale financial assets			(14,604,286)		(14,604,286)			(14,604,286)
Stock options				1,360,296	1,360,296			1,360,296
Total gains (losses) recognized directly in equity			(14,604,286)	1,360,296	(13,243,990)			(13,243,990)
Utili/(perdite) del periodo							161,648,417	161,648,417
Total gains (losses) for the period			(14,604,286)	1,360,296	(13,243,990)		161,648,417	148,404,427
Distribution of profits:								
Dividends							(49,006,908)	(49,006,908)
Other changes							3,901	3,901
Balances at December 31, 2006	**100,166,937**	**177,191,252**	**530,605,947**	**2,454,744**	**710,251,943**	**(22,175,652)**	**857,622,977**	**1,645,866,205**
Change in fair value on:								
Available-for-sale financial assets			(98,262,923)		(98,262,923)			(98,262,923)
Stock options				1,866,753	1,866,753			1,866,753
Total gains (losses) recognized directly in equity			(98,262,923)	1,866,753	(96,396,170)			(96,396,170)
Utili/(perdite) del periodo							73,592,089	73,592,089
Total gains (losses) for the period			(98,262,923)	1,866,753	(96,396,170)		73,592,089	(22,804,081)
Distribution of profits:								
Dividends							(55,830,003)	(55,830,003)
Sale of treasury shares						949,462	277,511	1,226,973
Balances at December 31, 2007	**100,166,937**	**177,191,252**	**432,343,024**	**4,321,497**	**613,855,773**	**(21,226,190)**	**875,662,574**	**1,568,459,094**

Cash flow statement

(in thousands of euro)	2007	2006
A) Cash flow from operating activities:		
Profit before tax	60,722	164,140
Amortization, depreciation and impairment	60	67
Capital (gains)/losses on securities, equity investments and property, plant and equipment	(2,307)	(104,770)
Change in employee benefit liabilities and other provisions	(13,901)	1,418
Stock options	1,867	1,360
Reversal of net finance income/costs	(70,921)	(71,492)
Cash flow from operating activities before tax, finance income/costs and change in working capital:	**(24,480)**	**(9,277)**
Trade receivables	(242)	(520)
Trade payables	(501)	967
Other receivables/payables, accruals and deferrals	42,858	(215,983)
Total change in working capital:	**42,115**	**(215,536)**
Net finance costs paid	(14,650)	(10,453)
Dividends received	85,386	82,634
Net tax paid/refunds	(42,759)	(10,844)
Total A)	**45,612**	**(163,476)**
B) Cash flow from investing activities:		
Investments in fixed assets:		
PPE and investment property	(30)	(74)
Financial assets (Equity investments)	(89,821)	(139,546)
Change in payables for equity investment acquisitions		
Total investments	**(89,851)**	**(139,620)**
Proceeds from divestments of fixed assets	7,070	363,008
Total divestments	**7,070**	**363,008**
Total B)	**(82,781)**	**223,388**
C) Cash flow from financing activities:		
Change in loans and borrowings	50,361	1,487
Change in financial receivables	(10,598)	2,784
Change in current equity investments	13,437	(6,629)
Treasury share purchases	1,227	
Dividends paid	(55,830)	(49,007)
Total C)	**(1,403)**	**(51,365)**
D) Change in cash and cash equivalents (A+B+C)	**(38,572)**	**8,547**
E) Opening cash and cash equivalents	**38,788**	**30,241**
D+E) Closing cash and cash equivalents	**216**	**38,788**

Notes

The Italmobiliare S.p.A. financial statements as at and for the year to December 31, 2007 were approved by the Board of Directors on March 28, 2008. At the meeting, the Board authorized publication of the financial statements in a press release dated March 28, 2008, containing key information from the financial statements.
The financial statements are subject to approval by the Shareholders' Meeting, which has the power to make changes following publication.

Accounting policies

Italmobiliare S.p.A. is a corporate entity established in accordance with the laws of the Republic of Italy. Its core business is the acquisition and management of equity investments in subsidiaries, associates or other companies.
Within this context, the company may conduct financial, commercial, industrial and services transactions that it deems necessary and appropriate to achieve its corporate purposes.
The company also provides subsidiaries and associates with administrative and technical services.

The Italian laws that implement EEC Directive IV are also applied, where compatible, to the companies that draw up financial statements in accordance with the IFRS. Consequently the financial statements are compliant with the articles of the Italian Civil Code and the corresponding indications of the Consolidated Finance Act (TUF, *testo unico finanziario*) for listed companies with regard to the Directors' Report on Operations (art. 2428 Italian Civil Code), Audit (art.2409-bis Italian Civil Code) and the Publication of the Financial Statements (art. 2435 Italian Civil Code). The separate financial statements and related notes also set out the details and additional disclosures required under art. 2424, 2425 and 2427 of the Italian Civil Code, since such requirements are not in conflict with the IFRS.

Declaration of compliance with the IFRS

These separate financial statements have been drawn up in compliance with the International Financial Reporting Standards (IFRS) applicable at December 31, 2007, adopted by the EC Commission.
In compliance with European Regulation no. 1606 of July 19, 2002, the principles adopted do not include the standards and interpretations published by the IASB and the IFRIC through December 31, 2007, that had not been approved by the European Union at that date.

Since December 31, 2006, a number of principles and interpretations approved by the European Union have come into force and have been applied in the 2007 financial statements, specifically:

Amendments to IAS 1 "Presentation of financial statements": approved by the EC Commission in January 2006; the amended standard requires additional disclosures on capital management aims, policies and procedures..
IFRS 7 "Financial instruments: disclosures": approved by the EC Commission in January 2006, this standard replaces part of IAS 32 (Financial Instruments: presentation and disclosures) and governs disclosures on financial assets and liabilities, without affecting recognition and measurement criteria.
IFRIC 7 "Applying the restatement approach under IAS 29 – Financial reporting in hyperinflationary economies": this interpretation is applicable as from January 1, 2007; it governs issues not present within the company.
IFRIC 8 "Scope of IFRS2" (share-based payments): approved by the EC Commission in September 2006, this principle has no material impact on company results.
IFRIC 9 "Reassessment of embedded derivatives": approved by the EC Commission in September 2006, this principle has no material impact on company results.
IFRIC 10 "Interim financial reporting and impairment": approved by the EC Commission in June 2007, this principle has no impact on the annual financial statements.

IFRIC 11 IFRS 2 "Treasury share transactions": the company has adopted the IFRIC 11 interpretation for the financial statements as from January 1, 2007. The interpretation requires agreements granting employees rights on own equity instruments to be accounted for as equity-settled plans even if the entity acquires the instruments from a third party or in cases where the shareholders provide the necessary equity instruments.

Standards, principles and interpretations approved by the European Union but not yet in force and for which the company has not elected early application are as follows:
IFRS 8 "operating segments": application will be mandatory as from January 1, 2009, and will replace IAS 14 "Segment reporting"

Standards, principles and interpretations published by the IASB but not yet approved by the European Union are as follows:
IAS 1 "Presentation of financial statements": the amended version of IAS 1 was approved in September 2007 and will come into force for reporting periods beginning on or after January 1, 2009. The standard separates changes in shareholders' equity concerning shareholders and non owners. The statement of movements in shareholders' equity will itemize only transactions with shareholders while movements relating to transactions with non owners will be disclosed in one line only. The standard also introduces the "comprehensive income" statement: this statement contains all profit and loss items for the period, plus other income recognized for the period. The "comprehensive income" statement may be presented as a single statement or two related statements. The company is considering whether to draw up one or two statements.
IAS 23 revision "Borrowing costs": the revised standard requires capitalization of borrowing costs relating to "qualifying assets". The standard contains transitional provisions requiring prospective application from the date of entry into force (January 1, 2009).
IFRS 2 "Share-based payments – Vesting conditions and cancellations": the amendment to IFRS 2 was published in January 2008 and will come into force for reporting periods beginning on or after January 1, 2009. The standard restricts definition of "vesting conditions" to a condition that includes an explicit or implicit obligation to provide a service. Any other condition is a "non vesting condition" and must be taken into consideration when determining the fair value of the granted equity instrument. In the event that the premium does not vest because it does not satisfy a "non vesting condition" under the control of the entity or the counterpart, it must be recognized as a cancellation. The company has not undertaken transactions with share-based payments involving "non vesting" conditions, and therefore does not expect material effects from recognition of agreements with payment based on stock options.
IFRS 3R "Business combinations" and IAS 27R "Consolidated and separate financial statements": the amended standards were approved in January 2008 and will come into force for reporting periods beginning on or after July 1, 2009. IFRS 3R introduces a number of changes in accounting of business combinations, which will affect recognition of goodwill, the result for the year in which the acquisition took place and results in subsequent periods. IAS 27R requires changes in the share held in a subsidiary to be recognized as a capital transaction. Consequently, this change will not affect goodwill, and will not generate gains or losses. Also, the amendments introduce changes in recognition of a loss at a subsidiary and of loss of control of the subsidiary. The amendments introduced with IFRS 3R and IAS 27R must be applied prospectively and will have an impact on future acquisitions and transactions with minorities.
IFRIC 12 "Service concession arrangements": published by the IASB in November 2006, will come into effect for reporting periods beginning on or after January 1, 2008.
IFRIC 13 "Customer loyalty programs": published by the IASB in June 2007, will come into effect for reporting periods beginning on or after July 1, 2008.
IFRIC 14 "The limit on a defined benefit asset, minimum funding requirements and their interaction": published by the IASB in July 2007, will come into effect for reporting periods beginning on or after January 1, 2008.
Amendments to IAS 32 and IAS 1 "Financial instruments": the amendments to IAS 32 and IAS 1 were approved in February and will come into effect for reporting periods beginning on or after January 1, 2009. The amended version of IAS 32 requires that some puttable financial instruments and obligations arising at the time of liquidation be classified as equity instruments if specific conditions are met. The amended version of IAS 1 requires additional

disclosures in the notes on puttable instruments presented as equity. The company does not expect these changes to have effects on the financial statements.

Use of estimates

The preparation of the financial statements and the notes in conformity with the international accounting policies requires the making of estimates that affect the values of assets, liabilities, income and expense, such as amortization, depreciation and provisions, and the disclosures on contingent assets and liabilities in the notes.
Since these estimates assume operating continuity and are determined using the information available at the time, they could diverge from the actual future results.
Assumptions and estimates are particularly sensitive with regard to measurement of fixed assets, which depend on forecasts of future results and cash flows, provisions for disputes and restructurings and commitments in respect of pension plans and other long-term benefits.
Management conducts regular reviews of assumptions and estimates, and immediately recognizes any adjustments in the financial statements.

Accounting policies and basis of presentation

The company accounts adopt the cost principle, with the exception of derivative financial instruments and financial assets held for trading or for sale, which are stated at fair value.
The carrying amounts of hedged assets and liabilities are adjusted to reflect changes in fair value on the basis of the hedged risks. The financial statements are presented in euro. All amounts in the accounting schedules, balance sheet, income statement and statement of movements in shareholders' equity, are expressed in euro, while the cash flow statement is expressed in thousands of euro; the amounts in the notes are rounded to thousands of euro, unless otherwise indicated.

The basis of presentation of the company's financial statements is as follows:
current and non-current assets and current and non-current liabilities are presented as separate classifications on the face of the balance sheet. Current assets, which include cash and cash equivalents, are assets that the company intends to realize, sell or consume during its normal business cycle; current liabilities are liabilities that the company expects to settle during the normal business cycle or in the twelve months after the balance sheet date;
on the income statement, costs are analyzed by the nature of the expense;
on the cash flow statement, the indirect method is used.

Subsidiaries and associates

Subsidiaries are companies in which the company has the power to determine, directly or indirectly, administrative and management decisions and to obtain the benefits thereof. Generally speaking, control is assumed to exist when the company holds, directly or indirectly, more than one half of voting rights which may be exercised at the ordinary Shareholders' Meeting, including potential voting rights deriving from convertible securities. Equity investments in subsidiaries are initially measured at cost and subsequently adjusted for impairment should appropriate impairment testing indicate that the carrying amount be written down to reflect the investment's actual business value. Such adjustments are taken to income.

Associates are companies in which the company has significant influence over administrative and management decisions even though it does not hold control. Generally speaking, significant influence is assumed to exist when the company holds, directly, or indirectly, at least 20% of voting rights at ordinary shareholders' meetings. Equity investments in associates are carried at fair value.

Business combinations

On first-time adoption of the IFRS, as allowed by IFRS 1, the company elected not to apply IFRS 3 retrospectively to business combinations that took place before the transition date.
Business combinations are recognized at purchase cost as provided by IFRS 3. Purchase cost is the sum of the fair values of the assets and liabilities acquired, contingent liabilities assumed and equity instruments issued at the transaction date, plus costs directly attributable to the purchase.

Apportionment of the cost of business combinations

On first-time adoption of the IFRS, as allowed by IFRS 1, the company elected not to apply IFRS 3 retrospectively to business combinations that took place before the transition date. Business combinations are recognized at purchase cost as provided by IFRS 3. Purchase cost is the sum of the fair values of the assets and liabilities acquired, contingent liabilities assumed and equity instruments issued at the transaction date, plus costs directly attributable to the purchase.

Transactions in currencies other than the reporting currency

Any foreign currency transactions are translated into the reporting currency at the exchange rate at the transaction date. At closure of the reporting period, foreign currency monetary assets and liabilities are translated into the reporting currency at the closing exchange rate. Exchange-rate gains and losses are taken to the income statement.
Foreign currency non-monetary assets and liabilities valued at cost are translated at the exchange rate ruling at the transaction date; those valued at fair value are translated with the exchange rate at the date fair value was determined.

Property, plant and equipment

Measurement

Property, plant and equipment is recognized at cost, less accumulated depreciation and impairment losses. Cost includes the purchase or production cost and directly attributable costs of bringing the asset to the location and the conditions required for its operation.
Finance costs relating to the purchase, construction and production of an asset are recognized as expense as incurred. The carrying amount of some assets existing at the IFRS first-time adoption date of January 1, 2005, reflects revaluations applied in prior periods in connection with specific local laws, based on the real economic value of the assets in question. Assets acquired through business combinations are stated at fair value, determined on a provisional basis at the purchase date and subsequently adjusted within the following twelve months.
Subsequent to initial recognition, property, plant and equipment is carried at cost depreciated over the asset's useful life, less any impairment losses.
Assets under construction are recognized at cost and are depreciated when they enter useful life.
When an asset consists of components with a significant cost and different useful lives, initial recognition and subsequent measurement are effected separately for each component.

Subsequent expense

Repair and maintenance expense is normally recognized as incurred. Component replacement costs are treated as separate assets and the net carrying amount of the replaced component is expensed.

Depreciation

Depreciation is generally calculated on a straight-line basis over the estimated useful life of each component of an asset. Land is recognized separately from any buildings constructed thereon, and is not depreciated.
Asset useful life determines the depreciation rate until a subsequent review of residual useful life. The range of useful lives used for the various categories of assets is disclosed in the notes.

Leases

The company has no finance leases.
The company leases are operating leases, where all risks and rewards incident to ownership are retained by the lessor.
Operating lease payments are recognized as expense on a straight-line basis over the lease term.

Investment property

Investment property is land and/or buildings held to earn rentals and/or for capital appreciation, rather than for use in the production or supply of goods and services. Investment property is initially recognized at purchase cost, including costs directly attributable to the purchase. Subsequent to initial recognition, investment property is measured at amortized cost.

Intangible assets

Intangible assets purchased separately are capitalized at cost, while those acquired through business combinations are recognized at provisionally estimated fair value at the purchase date and adjusted where necessary within the following twelve months.
Subsequent to initial recognition, intangible assets are carried at cost amortized over asset useful life.
The company has not identified intangible assets with an indefinite useful life.

Impairment of assets

Tangible assets and amortizable intangible assets are tested for impairment if indications of impairment emerge.
Equity investments in subsidiaries are regularly tested for impairment once a year or more frequently if indications of impairment emerge.
Impairment losses reflect the difference between the asset carrying amount and its recoverable amount.
Recoverable amount is the greater of fair value, less costs to sell, of an asset and its value in use, determined as the present value of discounted future cash flows. The discount factor is determined using the weighted average cost of capital method (WACC).

Financial assets

All financial assets are recognized initially at cost at the purchase date, which corresponds to fair value plus additional costs attributable to the purchase.
Subsequent to initial recognition, assets held for trading are classified as current financial assets and carried at fair value; any gains or losses are taken to income.
Assets held to maturity are classified as current financial assets, if they mature within one year; otherwise they are classified as non-current assets and subsequently carried at amortized cost.
Amortized cost is determined using the effective interest rate method, taking account of any acquisition discounts or premiums, which are apportioned over the entire period until maturity, less any impairment losses.
Other financial assets are classified as available for sale, under current or non-current assets, and recognized at fair value. Any gains or losses are shown in a separate equity item until the assets are sold, recovered or discontinued, or until they are found to be impaired, in which case the cumulative gains or losses in equity are taken to the income statement. Only equity instruments that are not listed on an active market or whose fair value cannot be measured reliably are carried at cost.

Treasury shares

Treasury shares are deducted from shareholders' equity. The original cost of treasury shares and income arising from any subsequent sales are treated as movements in shareholders' equity.

Trade receivables and other receivables

Trade receivables and other receivables are stated at nominal value, less allowances for uncollectible amounts, which are provided as doubtful debts are identified.

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, checks and bank demand deposits and other treasury investments with original maturity of not more than three months.
The definition of cash and cash equivalents in the cash flow statement is identical to that in the balance sheet.

Employee benefits

The company operates pension plans, post-employment medical benefit plans and leaving entitlement provisions.
It also has other commitments, in the form of bonuses payable to employees on the basis of length of service.

Defined contribution plans

Defined contribution plans are structured post-employment benefit programs where the company pays fixed contributions to an insurance company or pension fund and will have no legal or constructive obligation to pay further contributions if the fund does not dispose of sufficient assets to pay all the employee benefits accruing in respect of services rendered during the current year and in previous years.
These contributions are paid in exchange for the services rendered by employees and recognized as expense as incurred.

Defined benefit plans

Defined benefit plans are structured post-employment benefit programs that constitute a future obligation for the company. In substance, the company assumes the actuarial and investment risks of the plan. In accordance with IAS 19, the company uses the unitary credit projection method to determine the present value of obligations and the related benefit cost of current services rendered.
These actuarial calculations require use of consistent and objective actuarial assumptions about demographic variables (mortality rate, personnel turnover rate) and financial variables (discount rate, future increments on salaries and medical benefits).
When a defined benefit plan is funded in full or in part by contributions paid to a fund that is a separate legal entity or to an insurance company, the assets servicing the plan are estimated at fair value.
Benefit obligations are therefore recognized net of the fair value of the plan assets that will be used to settle the obligations.
Leaving entitlements provided by the Italian companies (TFR, *trattamento di fine rapporto*) are treated in the same way as benefit obligations arising from defined benefit plans.

Other long-term benefits

The existence of legal or constructive obligations to employees pursuant to employment contracts, and consisting largely of length-of-service bonuses, involves application of the criterion used to determine defined benefit plans (unitary credit projection method).
The obligation carrying amount is adjusted to reflect the value arising from application of the relevant actuarial assumptions.

Treatment of actuarial gains and losses

Actuarial gains and losses may arise as a result of changes in the actuarial assumptions used in two consecutive periods or as a result of changes in the obligation value or in the fair value of any plan asset in respect of the actuarial assumptions used at the beginning of the period.
The company uses the "corridor" method, where actuarial gains and losses are recognized as income or expense when their unrecognized cumulative net value at the end of the previous period exceeds 10% of the present value of the obligation. These gains or losses are taken to income over the estimated average residual working life of the employees participating in the plans.
Actuarial gains and losses relating to other long-term benefits (length of service bonuses) and to early retirement benefits are recognized as income or expense immediately.

Provisions for risks and charges

The company recognizes provisions for risks and charges when a present legal or constructive obligation arises as a result of a past event, the amount of which can be reliably estimated, and use of resources is probable to settle the obligation.
Provisions reflect the best estimate of the amount required to settle the obligation or transfer it to third parties at the balance sheet date. If the present value of the financial resources that will be used is measurable and material, provisions are determined by discounting expected future cash flows at a rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability. When discounting is performed, movements in provisions due to the effect of time or changes in interest rates are recognized in financial items.
Changes in estimates are recognized as income or expense for the period.

Loans and borrowings

Loans and borrowings are initially recognized at the fair value of the consideration paid/received less charges directly attributable to the financial asset/liability.
After initial recognition, loans and borrowings are measured at amortized cost using the effective interest rate method.

Trade payables and other payables

Trade payables and other payables are stated at the fair value of the original consideration received, and subsequently measured at amortized cost.

Share-based payments

The company has decided to apply IFRS 2 as from January 1, 2005.
Options for the subscription and purchase of shares granted by the company to employees and directors give rise to recognition of a cost classified under employee expenses, with a corresponding increase in equity.
In accordance with IFRS 2, only options granted after November 7, 2002, that had not vested at December 31, 2003, have been measured and recognized at the transition date. Options for the subscription and purchase of shares are measured at fair value at the grant date and amortized over the vesting period.

Fair value is determined using the binomial method, and taking account of dividends. Future volatility is determined on the basis of historic market prices, after correction for extraordinary events or factors.
The cost of options is reviewed on the basis of the actual number of vested options at the beginning of the exercise period.

Revenues

Revenues are recognized to the extent that the economic benefits associated with the sale of goods or rendering of services are collected by the company and the amount in question can be reliably determined.
Revenues are recognized at the fair value of the consideration received or due, taking account of any discounts given.
Revenues from the sale of goods are recognized when the company transfers the material risks and rewards incident to ownership of the goods to the purchaser.
Revenues include dividends received, interest and commission income.
Dividends are recognized when the shareholders' right to receive payment arises, in compliance with local laws.

Rental income

Rental income is recognized as other revenues, as received.

Costs

Costs are recognized on an accrual basis, in accordance with the matching principle whereby they are matched with revenues.

Derivative financial instruments

The company uses derivative financial instruments such as interest rate options to hedge the risk of fluctuations in interest rates. Derivative financial instruments are measured and recognized at fair value; fair value gains or losses are taken to the income statement.

Income taxes

Current income taxes are provided in accordance with current laws..
Deferred tax is recognized on the basis of temporary differences between the tax base of assets and liabilities and their carrying amount in the balance sheet.
Deferred tax liabilities are recognized on all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable income will be available against which such differences, losses or credits may be reversed.
Deferred tax assets are reviewed at the end of every reporting period and reduced to the extent that sufficient taxable income is no longer likely to be available in the future against which the assets can be used in full or in part.
Deferred tax assets and liabilities are determined at tax rates expected to apply when the deferred tax asset (liability) is realized (settled), based on rates that have been enacted or substantially enacted at the balance sheet date. Taxes relating to items recognized directly in equity are recognized in equity, not income.

Assets

Non-current assets

1) Property, plant and equipment

At December 31, 2007, and December 31, 2006, these totaled respectively 3,690 thousand euro and 3,763 thousand euro. The movements on the heading are set out below:

(in thousands of euro)	Land and buildings	Plant and machinery	Office furniture and machines	Motor vehicles	Total
Gross amount	4,425	508	969	106	6,008
Accumulated depreciation	(967)	(436)	(798)	(44)	(2,245)
Net carrying amount at December 31, 2006	**3,458**	**72**	**171**	**62**	**3,763**
Additions		2	28		30
Disposals			(50)	(71)	(121)
Depreciation		(15)	(27)	(11)	(53)
Use accumulated depreciation			50	21	71
Net carrying amount at December 31, 2007	**3,458**	**59**	**172**	**1**	**3,690**
Gross amount	4,425	511	947	35	5,918
Accumulated depreciation	(967)	(452)	(775)	(34)	(2,228)
Net carrying amount at December 31, 2007	**3,458**	**59**	**172**	**1**	**3,690**

The increase during the year was largely due to the purchase of electronic machinery and office furniture.

The useful lives adopted by the company for the main asset categories are as follows:
- Plant and machinery 5 – 10 years
- Other property, plant and equipment 4 – 8 years

2) Investment property

Investment property of 292 thousand euro (294 thousand euro at December 31, 2006) is valued at cost.
The fair value of these investments at December 31, 2007, was 2,041 thousand euro and was determined on the basis of evaluations made by external, independent experts.

(in thousands of euro)	Investment property
Gross amount	321
Accumulated depreciation	(27)
Net carrying amount at December 31, 2006	**294**
Additions	
Disposals	
Depreciation	(2)
Net carrying amount at December 31, 2007	**292**
Gross amount	321
Accumulated depreciation	(29)
Net carrying amount at December 31, 2007	**292**

Revenues from investment property totaled 18 thousand euro at December 31, 2007.
Investment property is amortized at an annual rate of 1.50% which reflects its residual useful life.

3) Intangible assets

These assets consist of investments in administrative software applications, made over the years.

(in thousands of euro)	Licenses and various rights	Total
Gross amount	18	18
Accumulated amortization	(14)	(14)
Net carrying amount at December 31, 2006	**4**	**4**
Additions		
Disposals		
Amortization	(4)	(4)
Net carrying amount at December 31, 2007		
Gross amount	18	18
Accumulated amortization	(18)	(18)
Net carrying amount at December 31, 2007		

Intangible assets were fully amortized at December 31, 2007.

4) Investments in subsidiaries and associates

See the specific IFRS 7 section.

5) Other equity investments

See the specific IFRS 7 section.

6) Receivables and other non-current assets

See the specific IFRS 7 section.

Current assets

7) Trade receivables

See the specific IFRS 7 section.

8) Other current assets

"Other current assets" was as follows:

(in thousands of euro)	December 31, 2007	December 31, 2006	Change
Receivables due from subsidiaries for tax consolidation	1,131	9,396	(8,265)
Receivables due from employees	3	6	(3)
Receivables due from social security bodies	2	2	
Dividends to be received	68		68
Receivables due from tax authorities for sales tax	123		123
Other miscellaneous current receivables	222	273	(51)
Interest-rate trading derivatives	2,590	1,373	1,217
Accrued income due from subsidiaries	16	15	1
Miscellaneous accrued income due from others	20	22	(2)
Prepaid expenses due from others	51	37	14
Total	**4,226**	**11,124**	**(6,898)**

Receivables due from subsidiaries included in the national tax consolidation fell by 8,265 thousand euro due to the fall in the tax payable attributed by the subsidiaries to the parent company Italmobiliare S.p.A.
Interest-rate derivatives reflect the increase in the fair value of the derivatives at December 31, 2007, in respect of the initial carrying amount, and refer to interest-rate hedging.

9) Income tax assets

Income tax assets totaled 41,279 thousand euro (19,430 thousand euro at December 31, 2006) as follows:

(in thousands of euro)	December 31, 2007	December 31, 2006	Change
Prior-year credits from tax authorities		19,430	(19,430)
Ires tax provision for the year	41,279		41,279
Total	**41,279**	**19,430**	**21,849**

During the year the income tax assets which were recorded at the end of the previous year were collected in full.
The increase in income tax assets was largely due to the advance taxes paid during 2007.

10) Equity investments and financial receivables

See the specific IFRS 7 section.

11) Cash and cash equivalents

See the specific IFRS 7 section.

Shareholders' equity and liabilities

Share capital, reserves and retained earnings

12) Share capital

At December 31, 2007, the fully paid-up share capital of the parent company totaled 100,166,937 euro divided into 38,525,745 shares with a par value of 2.6 euro each.

Number of shares	December 31, 2007	December 31, 2006	Change
Ordinary shares	22,182,583	22,182,583	
Savings shares	16,343,162	16,343,162	
Total	**38,525,745**	**38,525,745**	

13) Reserves

At December 31, 2007, reserves fell overall by 96,396 thousand euro compared to December 31, 2006, owing to:
- a fall in the value of available-for-sale financial assets, net of the impact of deferred tax, for 98,263 thousand euro;
- an increase of 1,867 thousand euro in the stock option reserve.

14) Treasury shares

At December 31, 2007, the cost of treasury share buybacks totaled 21,226 thousand euro, deducted against equity. Treasury shares were as follows:

	No. ordinary shares	Carrying amount in euro	No. Savings shares	Carrying amount in euro	Total carrying amount
December 31, 2007	**871,411**	**20,830**	**28,500**	**396**	**21,226**

The change compared to December 31, 2006, was due to the exercise of options by plan beneficiaries and is set out in the statement of movements in shareholders' equity.
A total of 446,439 ordinary treasury shares was held at December 31, 2007, to service stock option plans for directors and managers.

Dividends paid

Dividends declared and paid in 2007 and 2006 are detailed below:

	2007 (euro per share)	2006 (euro per share)	December 31, 2007 (in thousands of euro)	December 31, 2006 (in thousands of euro)
Ordinary shares	1.450	1.270	30,901	27,015
Savings shares	1.398	1.348	24,929	21,992
Total dividends	**2.848**	**2.618**	**55,830**	**49,007**

Movements in shareholders' equity are illustrated in the “Statement of movements in shareholders' equity”.

Non-current liabilities

15) Employee benefit liabilities

This item includes the provision for leaving entitlements adjusted in accordance with the criteria established by IAS 19 and liabilities for future commitments, in the form of bonuses to be paid to employees on the basis of their length of service in the company; these liabilities arise from actuarial assessments at December 31, 2007.
As a result of changes introduced in 2007 (so-called TFR reform), the company's liabilities with regard to TFR leaving entitlements accrued and optioned by employees as from January 1, 2007, no longer qualify as defined benefit plans. They are treated as quotas of defined contribution plans.

Movements on the item are detailed below:

(in thousands of euro)	Leaving entitlements	Long-service bonus	Total
At December 31, 2006	1,032	87	**1,119**
Uses during year	(465)	(5)	**(470)**
Provision for year	468	36	**504**
Present value of leaving entitlements	26		**26**
At December 31, 2007	**1,061**	**118**	**1,179**

Expenses in the year included:

(in thousands of euro)	December 31, 2007	December 31, 2006	Change
Current cost of services	(157)	(236)	79
Finance costs	(55)	(65)	10
Cost of prior-period services	(3)	(9)	6
Actuarial adjustment for prior periods	67		67
Total	**(148)**	**(310)**	**162**

The assumptions used to determine liabilities arising from long-term benefits are illustrated below:

	Provision for leaving entitlements
Discount factor	5.50%
Future wage and salary increases	2,2 - 4%

Stock options

The company has arranged stock option plans for directors and managers who hold special posts.
Stock options refer to ordinary shares and may be exercised between the beginning of the fourth year and the end of the tenth year after the grant date; directors whose term of office is not renewed may exercise their options immediately, and in any case within 10 years of the grant date; as a general rule, unexercised stock options assigned to managers are not recognized in the event of termination of employment, except in the case of retirement.
Stock options are exercised at a rate of 1 share per option.

The terms and conditions of Italmobiliare S.p.A. stock option plans at December 31, 2007, are set out below:

Grant date	No. Options granted	Exercise period	Options exercised	Options cancelled	Unexercised options	Unit subscription price
March 24, 2003	49,283	3/24/2006 - 3/23/2013	39,720		9,563	€ 31.2800
March 30, 2004	96,080	3/30/2007 - 3/29/2014			96,080	€ 35.1990
March 30, 2005	108,437	3/30/2008 - 3/29/2015			108,437	€ 54.5355
March 21, 2006	109,880	3/21/2009 - 3/20/2016			109,880	€ 65.7010
March 21, 2007	122,479	3/21/2010 - 3/20/2017			122,479	€ 86.0685
Total	**486,159**		**39,720**	**-**	**446,439**	

The grant date is the date of the Board of Directors meeting that approved the stock option plan.

The number and average exercise price of stock options in the periods in question are set out below:

	December 31, 2007		December 31, 2006	
(in thousands of euro)	Number options	Average subscription price	Number options	Average subscription price
Unexercised options at beginning of year	**363,680**	**€ 49.649**	**235,800**	**€ 42.700**
Granted during year	122,479	€ 86.069	109,880	€ 65.701
Cancelled during year				
Exercised during year	39,720	€ 31.280		
Expired during year				
Unexercised options at end of year	**446,439**	**€ 61.275**	**363,680**	**€ 49.649**
Vested options at end of year	**105,643**		**49,283**	

The average price of ordinary shares for full-year 2007 was 88.535 euro (69.048 euro for full-year 2006).
The average residual life of unexercised options was 5 years and 2 months.
The exercise price of options at December 31, 2007, was between 31.28 euro and 86.069 euro.
Only options relating to plans granted after November 7, 2002, and the rights to which had still not vested at December 31, 2003, were valued and recognized at the IFRS transition date.

The following table sets out the characteristics of the company's stock option plans and their cost, carried under "Employee expenses":

(in thousands of euro)			Employee expenses	
Grant date	**No. options granted**	**Vesting period**	**2007**	**2006**
March 24, 2003	49,283	3 years		
March 30, 2004	96,080	3 years		250
March 30, 2005	108,437	3 years	360	450
March 21, 2006	109,880	3 years	783	660
March 21, 2007	122,479	3 years	724	
Total	**486,159**		**1,867**	**1,360**

Stock option plan fair value at the grant date is estimated using a binomial model that takes dividends into account. The total option term is ten years. Volatility projections assume that past volatility, determined as the annual average on a past period of three years net of extraordinary events, is indicative of future trends.

The following table sets out the assumptions used and results obtained in measuring stock options:

	2006 plan	2005 plan	2004 plan	2003 plan
Option value at grant date	23.64	22.05	11.41	7.15
Share value	87.41	73.57	52.84	35.05
Exercise price	86.068	65.701	54.536	35.199
Volatility as %	17.5%	17.5%	17.5%	17.5%
Option term (in years)	9.75	9.75	9.75	10
Dividends in %	1.45%	1.50%	1.89%	2.68%
10-year BTP risk-free rate	3.652%	3.462%	3.275%	3.640%

16) Loans and borrowings

See the specific IFRS 7 section.

17) Non-current provisions

These provisions totaled 13,506 thousand euro at December 31, 2007, and fell by 13,960 thousand euro compared to December 31, 2006, largely due to use in the year following the settlement of disputes arising from the sale of companies in previous years.

(in thousands of euro)	Opening value	Additions	Decreases	Closing value
Provision for bad debts and equity investment writedowns	27,467		13,961	13,506

18) Deferred tax liabilities

Total deferred tax liabilities were 1,386 thousand euro at December 31, 2007, as follows:

(in thousands of euro)	December 31, 2007	December 31, 2006	Change
Deferred tax and duties - outstanding shares	534	991	(457)
Deferred tax and duties - available-for-sale shares	893	9,041	(8,148)
Deferred tax and duties - outstanding debentures		43	(43)
Deferred tax and duties - available-for-sale debentures	16	62	(46)
Deferred tax and duties - other	125	(203)	328
Deferred tax assets	(182)		(182)
Total	**1,386**	**9,934**	**(8,548)**

The change was largely due to the reduction in the fair value reserve for available-for-sale equity investments. The carrying amounts of deferred tax liabilities were recalculated in light of the new tax rates introduced by the 2008 Budget.

Temporary differences excluded from determination of deferred tax assets and liabilities:

(in thousands of euro)	2007		2006	
	Amount	Tax effect	Amount	Tax effect
Provision for bad debts and equity investment	13,506		27,467	

Deferred tax assets were not recorded since it was not possible to forecast the repayment of the existing provisions over a reasonably predictable period of time.

Current liabilities

19) Trade payables
See the specific IFRS 7 section.

20) Income tax liabilities
The income tax liabilities of 2006 were paid during 2007. At December 31, 2007, there were no income tax liabilities.

21) Other current liabilities

(in thousands of euro)	December 31, 2007	December 31, 2006	Change
Amounts due to employees	2,415	1,941	474
Amounts due to social security authorities	321	277	44
Amounts due on tax consolidation to subsidiaries	29,866	3,422	26,444
Amounts due to tax authorities	428	450	(22)
Accruals and deferred income	148	148	
Other amounts due	6,250	3,702	2,548
Total	**39,428**	**9,940**	**29,488**

The payables due on the tax consolidation to subsidiaries totaled 29,866 thousand euro (3,422 thousand euro at December 31, 2006) and reflect amounts to be recognized to subsidiaries.
In relation to these payables, a receivable due from the tax authorities of 41,279 thousand euro was recorded (see note 9).

Commitments
The changes compared to December 31, 2006, were largely due to the cancellation of a medium/long-term financial transaction backed by equities and the release of stock option grants to directors and managers under the 2006 plan.

(in thousands of euro)	December 31, 2007	December 31, 2006
Guarantees on company assets	235,611	325,279
Deposits, guarantees, commitments, other	29,764	20,594
Total	**265,375**	**345,873**

The value of guarantees on company assets shown above reflects fair value at the balance sheet date.

Income statement

22) Revenues

Revenues from sales and services totaled 102,550 thousand euro, as follows:

(in thousands of euro)	December 31, 2007	December 31, 2006	Change	% change
Dividends	85,454	82,634	2,820	3.4%
Interest income	9,523	3,400	6,123	180.1%
Capital gains on equity investments and securities	3,020	120,813	(117,793)	-97.5%
Services	4,553	4,056	497	12.3%
Total	**102,550**	**210,903**	**(108,353)**	**-51.4%**

The most significant change is represented by the capital gains on equity investments and securities; in the previous year this amount reflected the capital gains on the intragroup disposal of the investee companies: Capitalia S.p.A., Mediobanca S.p.A., RCS MediaGroup S.p.A. and G.I.M. Generale Ind. Metallurgiche S.p.A. warrants to the subsidiary Franco Tosi S.r.l. for a gross amount of 109,812 thousand euro.

The breakdown of dividend revenues was as follows:

(in thousands of euro)	December 31, 2007	December 31, 2006	Change	% change
Subsidiaries				
Italcementi S.p.A.	37,452	34,331	3,121	9.1%
Sirap Gema S.p.A.		5,179	(5,179)	-100.0%
Franco Tosi S.r.l.	11,000	1,500	9,500	633.3%
Punta Ala Promozione e Svil. Ind. S.r.l.		1,492	(1,492)	-100.0%
Italmobiliare International Finance Ltd	8,750		8,750	100.0%
S.r.l. Nuove Costruzioni Edilizie S.A.N.C.E.	1,300	1,000	300	30.0%
Italmobiliare Servizi S.r.l.	60	50	10	20.0%
Total	**58,562**	**43,552**	**15,010**	**34.5%**
Associates				
Società Editrice Siciliana S.p.A.	659	1,063	(404)	-38.0%
Mittel S.p.A.	2,045	1,023	1,022	99.9%
Total	**2,704**	**2,086**	**618**	**29.6%**
Other companies				
Unicredito Italiano S.p.A.	20,551	18,838	1,713	9.1%
R.C.S. MediaGroup S.p.A.		3,855	(3,855)	-100.0%
Consortium		10,639	(10,639)	-100.0%
Capitalia S.p.A.		1,291	(1,291)	-100.0%
Unione di Banche Italiane S.c.p.a.	1,375	854	521	61.0%
Fin.Priv. S.r.l.	1,268	1,132	136	12.0%
Gruppo Banca Leonardo S.p.A.	426		426	100.0%
Asm Brescia S.p.A.	165	159	6	3.8%
Assicurazioni Generali S.p.A.	150	15	135	900.0%
Compagnia Fiduciaria Nazionale S.p.A.	119	44	75	170.5%
Sesaab S.p.A.	100	100		
Emittente Titoli S.p.A.	28	30	(2)	-6.7%
Gazzetta del Sud Calabria S.p.A.	6	19	(13)	-68.4%
Eni S.p.A.		12	(12)	-100.0%
Enel S.p.A.		8	(8)	-100.0%
Total	**24,188**	**36,996**	**(12,808)**	**-34.6%**
Grand total	**85,454**	**82,634**	**2,820**	**3.4%**

The breakdown of interest income revenues was as follows:

(in thousands of euro)	December 31, 2007	December 31, 2006	Change	% change
Interest and finance income from subsidiaries	451	288	163	56.6%
Interest on securities and debentures	1,250	1,130	120	10.6%
Bank interest income	510	244	266	109.0%
Interest from tax authorities	172	344	(172)	-50.0%
Commissions and other income	248	65	183	281.5%
Income from interest-rate hedging	1,606	1,329	277	20.8%
Income from TRES	5,286		5,286	100.0%
Total	**9,523**	**3,400**	**6,123**	**180.1%**

The income from TRES consists of short-term liquidity investments.

The breakdown of capital gains on equity investments and securities was as follows:

(in thousands of euro)	December 31, 2007	December 31, 2006	Change	% change
From sale of available-for-sale equity investments				
Capitalia S.p.A.		14,705	(14,705)	-100.0%
Consortium	8		8	100.0%
Gemina S.p.A.		7,932	(7,932)	-100.0%
Mediobanca S.p.A.		58,942	(58,942)	-100.0%
R.C.S. MediaGroup S.p.A.		35,560	(35,560)	-100.0%
Sesaab S.p.A.	1,913		1,913	100.0%
G.I.M. Warrant		605	(605)	-100.0%
Total	**1,921**	**117,744**	**(115,823)**	**-98.4%**
From sale of trading equity investments				
Assicurazioni Generali S.p.A.	511		511	100.0%
Enel S.p.A.	13		13	100.0%
Banca Popolare Verona Novara	10		10	100.0%
Unipol Assicurazioni S.p.A.	10		10	100.0%
Saipem s.p.A.	9		9	100.0%
ASM Brescia S.p.A.	1	876	(875)	-99.9%
Tenaris S.A.		2	(2)	-100.0%
Other	1		1	100.0%
Total	**555**	**878**	**(323)**	**-36.8%**
From sale of trading debentures	**22**		**22**	**100.0%**
From valuation of trading equity investments at fair value				
ASM Brescia S.p.A.	522	1,016	(494)	-48.6%
Assicurazioni Generali S.p.A.		1,011	(1,011)	-100.0%
Eni S.p.A.		44	(44)	-100.0%
Alleanza assicurazioni S.p.A.		26	(26)	-100.0%
Enel S.p.A.		24	(24)	-100.0%
Unipol Assicurazioni S.p.A.		17	(17)	-100.0%
Mediolanum S.p.A:		2	(2)	-100.0%
Banca Popolare di Verona		2	(2)	-100.0%
Total	**522**	**2,142**	**(1,620)**	**-75.6%**
From valuation of trading securities at fair value				
Banca Popolare di Milano		14	(14)	-100.0%
Unione di Banche Italiane S.c.p.a.		35	(35)	-100.0%
Total		**49**	**(49)**	**-100.0%**
Grand total	**3,020**	**120,813**	**(117,793)**	**-97.5%**

In 2007 the most significant capital gain was on the disposal of 3% of the investee company Seesab S.p.A.

23) Other revenues

These totaled 1,373 thousand euro (1,189 thousand euro at December 31, 2006) and include rents and recovery of condominium expenses for 34 thousand euro, recovery of costs from Group companies for 1,018 thousand euro, other income for 194 thousand euro and non-recurring income for 127 thousand euro.

24) Goods and utilities expenses

Goods and utilities expenses amounted to 148 thousand euro, as follows:

(in thousands of euro)	December 31, 2007	December 31, 2006	Change	% change
Materials and machinery	20	3	17	566.7%
Other materials	66	62	4	6.5%
Electricity, water and gas	62	66	(4)	-6.1%
Total	**148**	**131**	**17**	**13.0%**

25) Services expenses

Services expenses amounted to 5,761 thousand euro, as follows:

(in thousands of euro)	December 31, 2007	December 31, 2006	Change	% change
Legal fees, consultancy and compensation	4,333	4,325	8	0.2%
Rents and fees for use of third-party assets	259	251	8	3.2%
Insurance	319	268	51	19.0%
Lease payments and expense on civil buildings	77	69	8	11.6%
Maintenance and repairs	191	161	30	18.6%
Subscriptions	76	77	(1)	-1.3%
Communication and promotions	106	130	(24)	-18.5%
Post and telephone	49	48	1	2.1%
Cleaning	117	102	15	14.7%
Other expenses and residual services	234	283	(49)	-17.3%
Total	**5,761**	**5,714**	**47**	**0.8%**

Compensation includes compensation paid to the Board of Statutory Auditors of 136 thousand euro.

26) Employee expenses

Employee expenses amounted to 13,699 thousand euro, as follows:

(in thousands of euro)	December 31, 2007	December 31, 2006	Change	% change
Wages and salaries	7,348	5,992	1,356	22.6%
Social security contributions	1,818	1,567	251	16.0%
Provisions and pension funds	494	376	118	31.4%
Compensation directors	3,980	4,506	(526)	-11.7%
Other miscellaneous expenses	59	47	12	25.5%
Total	**13,699**	**12,488**	**1,211**	**9.7%**

The number of employees is shown below:

(heads)	December 31, 2007	December 31, 2006
Employees at year end	46	42
Average number of employees	44.08	42.50

27) Other operating income (expense)

Other operating expense, net of other operating income, amounted to 26,044 thousand euro, as follows:

(in thousands of euro)	December 31, 2007	December 31, 2006	Change	% change
Finance costs				
Interest on short-term borrowings	7,397	2,921	4,476	153.2%
Interest on medium/long-term borrowings	16,385	11,350	5,035	44.4%
Current account and financial interest expense due to subsidiaries	180	188	(8)	-4.3%
Commissions for non-utilization	85	80	5	6.3%
Other expense	9	3	6	200.0%
Total	**24,056**	**14,542**	**9,514**	**65.4%**
Capital losses and impairment				
Sale Gim S.p.A.		2,742	(2,742)	-100.0%
Sale trading securities	15	29	(14)	-48.3%
Sale Alleanza Ass. S.p.A.	15		15	100.0%
Sales Eni S.p.A.	41		41	100.0%
Impairment Consortium S.r.l.		13,399	(13,399)	-100.0%
Impairment trading securities	661	32	629	1965.6%
Total	**732**	**16,202**	**(15,470)**	**-95.5%**
Other expense and income				
Condominium expenses on own buildings	125	240	(115)	-47.9%
Other management expense	96	101	(5)	-5.0%
Non-deductible sales tax	975	708	267	37.7%
ICI tax	25	36	(11)	-30.6%
Other tax	26	84	(58)	-69.0%
Non-recurring expense	9	16	(7)	-43.8%
Non-recurring expense vs subsidiaries		340	(340)	-100.0%
Dispute with tax authorities in prior years		322	(322)	-100.0%
Total	**1,256**	**1,847**	**(591)**	**-32.0%**
Total other operating income (expense)	**26,044**	**32,591**	**(6,547)**	**-20.1%**

28) Other income (expense)

Other income, net of other expense, amounted to 2,586 thousand euro (income of 3,159 thousand euro at December 31, 2006), as follows:

(in thousands of euro)	December 31, 2007	December 31, 2006	Change	% change
Capital gains on sale of fixed assets	19	159	(140)	-88.1%
Additions/use of provision for bad debts and equity investment impairment	13,960	(1,753)	15,713	-896.3%
Other income (expense)	(11,393)	4,753	(16,146)	-339.7%
Total	**2,586**	**3,159**	**(573)**	**-18.1%**

Additions to and use of provisions referred to the movements in the provision for bad debts and write-downs on equity investments illustrated earlier.

Other expense included 300 thousand euro for the endowment made in June to the "Fondazione Italcementi Cav. Lav. Carlo Pesenti", and the settlement costs of a dispute which started in 2006 and led to expenses for Italmobiliare of 11 million euro, which had already been set aside in the past in the provisions for risks and therefore had no impact on the income statement in 2007.

29) Amortization and depreciation

The overall amount of 60 thousand euro (67 thousand euro at December 31, 2006) refers to depreciation of property, plant and equipment for 56 thousand euro (60 thousand euro at December 31, 2006) and amortization of intangible assets for 4 thousand euro (7 thousand euro at December 31, 2006).

30) Finance income (costs)

Finance costs, net of finance income, amounted to 76 thousand euro, as follows:

(in thousands of euro)	December 31, 2007	December 31, 2006	Change	% change
Financial services	74	119	(45)	-37.8%
Miscellaneous finance costs	2	1	1	100.0%
Total	**76**	**120**	**(44)**	**-36.7%**

31) Income tax expense

Income tax expense for the year was 12,870 thousand euro, as follows:

(in thousands of euro)	December 31, 2007	December 31, 2006	Change	% change
Current tax	(12,410)	13,899	(26,309)	-189.3%
Deferred tax	(353)	(11,407)	11,054	-96.9%
Prior-year tax	(107)		(107)	100.0%
Total	**(12,870)**	**2,492**	**(15,362)**	**-616.5%**

The change compared to 2006 was due to the absence of taxed non-recurring items such as realized capital gains on equities, to recognition of greater finance income not subject to tax or taxed at a lower rate, and to the positive impact of the renewed application of the domestic tax consolidation.

IFRS 7

Management Policies

Introduction

The Italmobiliare Board of Directors establishes the policy regarding the company and the financial sector of which it is part. For the other Group sectors, the management policy for financial instruments and risks is established in line with the general Group principles and taking into account the specific features of each sector.

Objectives

In the operational sectors, the objective of financial instrument management is solely to reduce risk, whereas in the financial sector management of financial risks is an opportunity to generate profits, albeit within the general goal of operating with due prudence.

To this end the parent company Italmobiliare has issued a document “Policies for investment and financial risk management” (“Policies”) approved by the Chairman-Chief Executive Officer which is valid both for operations by Italmobiliare S.p.A. and as guidance for the whole financial sector, since the other significant companies adopt the Italmobiliare document by approving a similar one.

Capital management policy

The company manages its capital structure by changing it as circumstances vary in order to adequately support its activities and maximize value for shareholders. It is also the company’s aim to maintain a solid credit rating and adequate capital indicator levels in line with its asset structure. No change was made to the objectives, policies and procedures during 2006 and 2007.

Financial instruments

The above polices define the type of financial instruments allowed, the maximum amounts, the counterparties, and the methods and levels of approval.

Derivatives are allowed both as risk management instruments and as instruments to generate profits. For this reason, the regulations included in the Policies are particularly restrictive in terms of both the types allowed and the levels of approval.
Intercompany loans fall within the mission of the financial sector to provide the necessary support to Group companies when required for operational needs. As for loans received, all the available types are used: medium-term loan with or without guarantees, structures with medium-term derivatives, security lending with collateral, guaranteed credit lines, unguaranteed credit lines with use of hot money.

Financial risk management

Credit risk

Credit risk represents the company's exposure to potential losses arising from non-fulfillment of obligations taken on by counterparties.
Italmobiliare S.p.A. has no significant exposure to commercial credit risk.
With regard to financial counterparty risk arising from use of liquidity and positions on derivative contracts, identification of the counterparties relies on the aforementioned Policies, on the basis of which the features and limits of the authorized counterparties have been established, based mainly on their ratings.

The table below sets out in detail the level of credit risk exposure through the definition of the average rating of bond issuers and that of the counterparties with which interest rate swaps have been negotiated and for which a positive fair value is recorded in the financial statements.

(in millions of euro)	**Fair value**	**Average rating**	**Residual average life**
Trading debentures	20.4	A -	2,98 Y
AFS debentures	2.8	A-	2,95Y
Fair value derivatives	2.6	AA	3,75Y

Assuming a parallel and instantaneous shift in the credit curve of 100 bps, the overall change in the fair value of the financial instruments would be 0.69 million euro, of which 0.61 million euro would affect the income statement and 0.08 million euro shareholders' equity.

Liquidity risk

Liquidity risk is the risk that due to an inability to raise new funds or sell assets on the market, the company might be unable to settle its payment obligations, with effects on income if the company is obliged to sustain additional costs to meet its commitments, or conditions of insolvency that put the continuation of the company business at risk.
Italmobiliare's objective is to establish, under the "Financial Plan" approved at the budget meeting, a financial structure that guarantees adequate liquidity by minimizing opportunity cost and maintains a balance in terms of duration and composition of debt.
Italmobiliare's Finance Division is responsible for centralized fund raising and investment for the parent company and for the smaller Italian companies.
Periodically a report is prepared for senior management with an analysis of the trend in the net financial position.

The table below shows debt by maturity compared with undrawn credit lines and cash and cash equivalents:

	Maturity				
(in millions of euro)	**< 1 year**	**1 - 2 years**	**2 - 5 years**	**Beyond**	**Total**
Total loans and borrowings	(137.9)	(25.0)	(361.4)		**(524.3)**
Total financial assets	46.9				**46.9**
Net financial position	**(91.0)**	**(25.0)**	**(361.4)**		**(477.4)**
Available credit lines	*354.2*				***354.2***

The total credit lines available consist of a committed credit line for 40 million euro maturing at the start of 2008 and 314.2 million euro in uncommitted credit lines.
Long-term debt is guaranteed, under various forms of contract, by 61.6 million Unicredito shares for a total of 346.4 million euro, of which 296.4 million euro contain mechanisms to adjust the loan amount to the value of the underlying shares.
The 40 million euro loan as part of the guaranteed credit line issued by Intesa S. Paolo is recorded in the balance sheet under current payables, since the loan is a short-term faclity. With regard to liquidity risk, this loan, referring to a credit line guaranteed in the long term, is recorded under loans and borrowings falling due within 2 to 4 years.
A 25 million euro loan contains a covenant based on the equity/debt ratio which currently has no risk of non-compliance.

Market risks

Interest rate risk

Fluctuations in interest rates impact on the fair value of the company's financial assets and liabilities and on the level of net finance costs. The aim of the Policies is to minimize the interest-rate risk in pursuing the financial structure objectives established and approved in the "Financial Plan" for the budget.
The use of derivatives is allowed within the guidelines established by the Policies.
The Finance Division, in keeping with the objectives of the "Financial Plan", manages risk positions also through the use of derivatives, including structural operations, thus ensuring the maintenance of the risk profile within established limits. On a periodic basis it also prepares a report for senior management which summarizes the average costs of the liabilities and the yields on assets.

The following table shows the breakdown of the net financial position al December 31, 2007, and its exposure to interest rate risk; refer to the specific note for the detailed breakdown of the net financial position.

(in millions of euro)	
Situation at December 31, 2007	
Fixed-rate financial liabilities	
FIxed-rate financial assets	2.8
Fixed-rate NFP at inception	**2.8**
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	(100.0)
Fixed-rate NFP after hedging	**(97.2)**
Floating-rate financial liabilities	(521.5)
Floating-rate financial assets	37.0
Floating-rate NFP at inception	**(484.5)**
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	100.0
Floating-rate NFP after hedging	**(384.5)**
Assets not subject to interest-rate risk	7.1
Liabilities not subject to interest-rate risk	(2.8)
Total NFP	**(477.4)**

Floating-rate assets include cash and cash equivalents, receivables due from Group companies and floating-rate bonds, while floating-rate liabilities includes loans and borrowings due to third parties and to Group companies.

A sensitivity analysis has been undertaken to determine the change in the fair value of financial instruments following an instantaneous shift of 100 bp in forward interest rates (assuming a parallel shift in the curve). Modified duration has been used to measure sensitivity.

The sensitivity analysis found that an instantaneous parallel 100 bp upward shift in the rate curve would produce a positive change of 2.96 million euro in fair value, of which 3.03 million euro in profit and loss and (0.07) million euro in the balance sheet.
Symmetrical results would be generated by an instantaneous parallel downward shift in the rate curve, since Italmobiliare does not employ non-linear instruments like options or collars.

No impact was calculated for balance sheet liabilities, since such liabilities are not recognized at fair value.

Currency risk

The Policies require investments to be made essentially in euro, although they allows for the possibility of a very limited currency risk.
Foreign exchange derivatives are normally used to hedge currency risk by transforming it from a foreign currency risk to a euro risk. The Policies allow use of foreign exchange derivatives for speculative purposes within very restricted limits.
Italmobiliare exposure to this risk is very limited.

Other price risks

The price risk is the potential loss on listed equities carried at fair value, in the event of downturn in share prices.
At December 31, 2007, assets exposed to price risk amounted to 519.8 million euro, of which 516.7 million euro designated "Available for Sale" (AFS) and the remaining 3.1 million euro "Trading".
A hypothetical reduction of 5% in share prices would have a negative impact on asset fair value of 26 million euro, of which 25.8 million euro against equity and 0.15 million euro directly in profit and loss.

(in millions of euro)	Underlying	Delta share prices	Impact on P&L	Impact on equity
Shares (trading)	3.1	-5%	(0.15)	
Shares (AFS)	516.7	-5%		(25.8)

Net financial position

The net financial position at December 31, 2007, showed debt of 477,422 thousand euro, up by 90,344 thousand euro compared to 387,078 thousand euro at December 31, 2006.

The breakdown of the net financial position was as follows:

(in thousands of euro)	December 31, 2007	December 31, 2006	Change
Cash and cash equivalents	216	38,788	(38,572)
Financial receivables vs Group	16,398	5,800	10,598
Government securities and debentures - current	20,368	26,065	(5,697)
Government securities and debentures - non-current	2,792	2,965	(173)
Trading equity investments	3,075	10,550	(7,475)
Interest-rate derivatives	2,590	1,373	1,217
Prepayments and accrued income	1,419	1,165	254
Total financial assets	**46,858**	**86,706**	**(39,848)**
Bank loans	(517,817)	(466,908)	(50,909)
Loans and borrowings due to subsidiaries	(3,708)	(4,256)	548
Accruals and deferred income	(2,755)	(2,620)	(135)
Total financial liabilities	**(524,280)**	**(473,784)**	**(50,496)**
Net financial position	**(477,422)**	**(387,078)**	**(90,344)**

Comparison between fair value and carrying amount

	December 31, 2007		December 31, 2006	
(in thousands of euro)	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial assets				
Assets at fair value through profit or loss				
Cash and cash equivalents	216	216	38,788	38,788
Derivative instrumemnts	2,590	2,590	1,373	1,373
Equity investments and financial receivables	41,259	41,259	43,580	43,580
Loans and receivables				
Trade receivables	2,103	2,103	1,861	1,861
Receivables and other non-current assets	263,601	263,601	263,866	263,866
Available-for-sale assets				
Non-current equity investments	1,793,829	1,793,829	1,813,505	1,813,505
Held-to-maturity investments				
Total	**2,103,598**	**2,103,598**	**2,162,973**	**2,162,973**
Financial liabilities				
Trade payables	2,226	2,226	2,727	2,727
Interest-bearing loans and short-term borrowings	6,463	6,463	6,876	6,876
Bank overdrafts and short-term borrowings	171,377	171,377	77,608	77,608
Interest-bearing loans and long-term borrowings	346,440	346,440	389,300	389,300
Total	**526,506**	**526,506**	**476,511**	**476,511**

Cash and cash equivalents

(in thousands of euro)	December 31, 2007	December 31, 2006	Change
Cash and checks on hand	14	19	(5)
Bank and postal accounts	202	38,769	(38,567)
Net amount	**216**	**38,788**	**(38,572)**

Short-term deposits have varying maturities within three months, in relation to the company's financial requirements; interest matures at the respective short-term rates.
The fair value of cash and cash equivalents corresponds to the carrying amount.

Derivatives

These represent the fair value at December 31, 2007, of two interest rate swaps (from floating to fixed rate) contracted during 2006, for a notional amount of 100 million euro expiring in September 2011.

Equity investments and financial receivables

The balance on this heading was as follows:

(in thousands of euro)	December 31, 2007	December 31, 2006	Change
Trading debentures	20,368	26,065	(5,697)
Listed shares for trading	3,075	10,550	(7,475)
Current financial receivables due from subsidiaries	16,398	5,800	10,598
Financial prepayments	1,418	1,165	253
Total	**41,259**	**43,580**	**(2,321)**

The change in listed shares was mainly due to the sale to S.r.l. Nuove Costruzioni Edilizie S.A.N.C.E. of shares in Alleanza Assicurazioni S.p.A., Enel S.p.A., Eni S.p.A., Luxottica S.p.A., Mediolanum S.p.A., Saipem S.p.A. and Unipol Assicurazioni S.p.A.

Financial receivables due from subsidiaries consist of current account relations regulated at normal market rates, for financial support provided for operating requirements.

Breakdowns of "Trading debentures" and "Listed shares for trading" are provided in annex "C" and "D" respectively.

Trade receivables

(in thousands of euro)	December 31, 2007	December 31, 2006	Change
Trade	12	13	(1)
Associates	150	131	19
Subsidiaries	1,941	1,717	224
Total	**2,103**	**1,861**	**242**

Receivables referred in the main to Italian subjects.

Receivables and other non-current assets

The balance on this heading was as follows:

(in thousands of euro)	December 31, 2007	December 31, 2006	Change
Financial receivables due from subsidiaries	255,000	255,000	
Financial receivables due from associates	5,797	5,852	(55)
Available-for-sale debentures	2,792	2,965	(173)
Guarantee deposits	12	11	1
Other		38	(38)
Total	**263,601**	**263,866**	**(265)**

Receivables due from subsidiaries referred to loans due on March 31, 2008, and October 1, 2008, respectively:

- a non-interest-bearing loan of 20,000 thousand euro to S.r.l. Nuove Costruzioni Edilizie S.A.N.C.E.
- a non-interest-bearing loan of 235,000 thousand euro to Franco Tosi S.r.l.

The loans were granted in consideration of the financial investments made by the subsidiaries.
Receivables due from associates referred to an amount due from Gesvim S.r.l.

Investments in subsidiaries and associates

The movements on this heading with respect to December 31, 2006, are illustrated below:

(in thousands of euro)	
At December 31, 2006	**1,142,179**
Acquisitions	78,723
Disposals	
Fair value taken to reserve	(9,411)
At December 31, 2007	**1,211,491**

The increase of 78,723 thousand euro refers for 612 thousand euro to the share capital increase at the subsidiary Bravosolution S.p.A. and for 78,112 thousand euro to the purchase of Italcementi S.p.A. ordinary and savings shares, while the fall of 9,411 thousand euro reflects the fair value at December 31, 2007, of the associate Mittel S.p.A. (- 8,882 thousand euro) and the associate Società Editrice Siciliana S.p.A. (- 529 thousand euro).

Equity investments in subsidiaries and associates at December 31, 2007, are listed below:

	Location	% held
Subsidiaries		
Aliserio S.r.l.	Bergamo	10.00
Azienda vendite acquisti A.V.A. S.r.l.	Milan	100.00
Bravosolution S.p.A.	Bergamo	8.154
Fincomind S.A.	Zurich	69.93
Franco Tosi S.r.l.	Milan	100.00
Italcementi S.p.A. - ordinary shares	Bergamo	60.260
Italcementi S.p.A. - savings shares	Bergamo	2.856
Italmobiliare International B.V.	Amsterdam	100.00
Italmobiliare International Finance Ltd.	Dublin	97.272
Italmobiliare Servizi S.r.l.	Milan	100.00
Neyrtek Industrie S.A.	Pont de Claix	100.00
Populonia Italica S.r.l.	Milan	100.00
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Milan	99.48
Sirap Gema S.p.A.	Verolanuova	100.00
Société de Partecipation Financière Italmobiliare S.A.	Luxembourg	99.94
S.r.l. Nuove Costruzioni Edilizie S.A.N.C.E.	Milan	100.00
Associates		
Mittel S.p.A.	Milan	12.913
Società Editrice Siciliana S.p.A.	Messina	33.00

Associates are shown at fair value.

Other equity investments

This non-current asset heading reflects equity investments classified as “available for sale” as required by IAS 39.

(in thousands of euro)	
At December 31, 2006	**671,326**
Acquisitions	11,098
Disposals and reimbursements	(5,081)
Fair value taken to reserve	(95,005)
At December 31, 2007	**582,338**

The acquisitions refer to:
- the subscription in April 2007 of the share capital increase of Gruppo Banca Leonardo S.p.A. for a total of 10,883 thousand euro; the share held is 2.95%;
- the establishment in April 2007 of Atmos Venture S.p.A. for a total of 200 thousand euro; the share held is 9.09%;
- the purchase in December 2007 of Ambienta S.p.A. shares for a total of 15 thousand euro; the share held is 1%.

The disposals largely concern the sale to S.r.l. Nuove Costruzioni Edilizie S.A.N.C.E. of shares in Consortium S.r.l. and the sale to third parties of 300,000 Sesaab S.p.A. shares. The share held fell from 10% to 7%.
The value reductions mainly concern Unicredito Italiano S.p.A., Fin Priv S.r.l. and Unione Banche Italiane S.c.p.a., and reflect the fair value al December 31, 2007.

The fair value of associates and listed companies is determined on the basis of the official share price on the last accounting day of the reporting period, while the fair value of unlisted companies is calculated using the methods envisaged by IAS 39.

The breakdown of other equity investments at December 31, 2007, was as follows:

(in thousands of euro)	Number shares	December 31, 2007
Equity investments in listed companies:		
Unione di Banche Italiane S.c.p.a.	1,718,500	32,194
Unicredito Italiano S.p.A.	85,626,509	484,561
Total		**516,755**
Equity investments in unlisted companies:		
Ambienta S.p.A.	150	15
Atmos S.p.A.	200,000	197
Atmos Venture S.p.A.	200,000	200
Compagnia fiduciaria nazionale S.p.A.	20,001	355
Emittente titoli S.p.A.	209,000	159
Fin Priv S.r.l.	2,857	27,942
Gazzetta del sud Calabria S.p.A.	4,788	688
Gruppo Banca Leonardo S.p.A.	7,576,661	24,722
Idrovia Ticino - Milano Nord - Mincio S.p.A.	100	1
Imm.re Lido di Classe S.p.A. - in liquidation	45,991	
Immobiliare Astra S.p.A.	12,012	12
Intereuropa Sim S.p.A. - in liquidation	80,000	
Meltemi S.r.l.	25,964	233
Sesaab S.p.A.	700,000	10,990
Solar Energy Italia S.p.A.	69,100	69
Total		**65,583**
Total equity investments		**582,338**

The analysis of movements in equity investments is shown in the table in “annex A”.

Trade payables

“Trade payables” were as follows:

(in thousands of euro)	December 31, 2007	December 31, 2006	Change
Suppliers	1,520	1,921	(401)
Group companies	706	806	(100)
Total	**2,226**	**2,727**	**(501)**

Loans and borrowings

Loans and borrowings are shown below by category, subdivided by non-current and current liabilities:

(in thousands of euro)	December 31, 2007	December 31, 2006	Change
Amounts due to banks (medium/long-term)	346,440	389,300	(42,860)
Amounts due to banks	171,377	77,608	93,769
Short-term financing	6,463	6,876	(413)
Total loans and borrowings	**524,280**	**473,784**	**50,496**

Italmobiliare loans and borrowings are all at floating rates (linked to the Euribor and Eonia indices). To hedge expected rises in interest rates, during 2006 the company arranged two floating to fixed interest-rate swap contracts, for a notional amount of 100 million euro, expiring in September 2011. These contracts are classified under trading financial instruments.
The fair value of these derivatives at December 31, 2007, stood at 2.6 million euro and was recorded under current assets on the balance sheet.

Main bank loans, drawings on credit lines, available credit lines

The main borrowings were as follows:

(in thousands of euro)		December 31, 2007	December 31, 2006	Change
With collateral security:				
Other loans				
- BNP Paribas	maturity 11/20/2011	180,000	180,000	
- Calyon Paris fin. Tres	maturity 12/20/2007		25,300	(25,300)
- Sogen Paris fin. Tres	maturity 05/05/2012	25,000	25,000	
- San Paolo IMI S.p.A.	maturity 06/16/2009	25,000	25,000	
Total		**230,000**	**255,300**	**(25,300)**
Without collateral security:				
Mediobanca - Unicredito shares	maturity 12/21/2011	116,440	134,000	(17,560)
Total		**116,440**	**134,000**	**(17,560)**
Total loans and borrowings		**346,440**	**389,300**	**(42,860)**

At the end of April 2007, in accordance with the contractual provisions and therefore without any additional charges, Italmobiliare S.p.A. settled the financing received from Calyon (25.3 million euro), which was due to expire in December 2007. The funds were raised through drawings on non-standby credit lines.
In May 2007, Italmobiliare S.p.A renewed the medium-term financing with Société Générale (25.0 million euro), redefining the contract and obtaining better overall maturity and interest conditions.

Non-recurring transactions

The tables below itemize non-recurring transactions and their impact on equity, the financial position and net profit:

	December 31, 2007					
(in thousands of euro)	Shareholders' equity		Net profit for the year		Net debt	
		%		%		%
Book values	**1,568,459**		**73,592**		**(477,422)**	
Capital gains on sale of fixed assets	18	0.00%	18	0.02%	18	0.00%
Other non-recurring income (expense)	2,568	0.16%	2,568	3.49%	(9,338)	1.96%
Tax on non-recurring transactions	3,637	0.23%	3,637	4.94%		
Total	**6,223**	**0.40%**	**6,223**	**8.46%**	**(9,320)**	**1.95%**
Figurative value without non-recurring transactions	**1,562,236**		**67,369**		**(468,102)**	

	December 31, 2006					
(in thousands of euro)	Shareholders' equity		Net profit for the year		Net debt	
		%		%		%
Book values	**1,645,866**		**161,648**		**(387,078)**	
Capital gains on sale of fixed assets	159	0.01%	159	0.10%	330	-0.09%
Other non-recurring income (expense)	3,000	0.18%	3,000	1.86%	4,798	-1.24%
Tax on non-recurring transactions	(1,490)	-0.09%	(1,490)	-0.92%		
Total	**1,669**	**0.10%**	**1,669**	**1.03%**	**5,128**	**-1.32%**
Figurative value without non-recurring transactions	**1,644,197**		**159,979**		**(392,206)**	

Consideration for the independent auditors

The following gives a breakdown of the consideration paid in 2007 to the independent auditors Reconta Ernst & Young S.p.A. (RE&Y) and to the foreign companies belonging to the same group, as per CONSOB Resolution no. 11971 of May 14, 1999, art. 149-duodecies, paragraph 1:

(in thousands of euro)	RE&Y	Other companies in RE&Y network
Services provided		
Audit services	182	
Other services with issue of attestation		
Other legal, tax and corporate services	28	
Total	**210**	

The cost includes 20 thousand euro for out of pocket expenses and reimbursement of the CONSOB contribution.

Dealings with related parties

The figures at December 31, 2007, for dealings with related parties are given in the table below:

Receivables and payables vs related parties

Description	Company	Amount	% impact on book values	Book values	Reference
Non-current receivables	Franco Tosi S.r.l.	235,000,000			
Subsidiaries	S.r.l. Nuove Costruzioni Edilizie Sance	20,000,000			
Non-current receivables	Gesvim S.r.l.	5,796,663			
Associates					
Total receivables and other non-current assets		**260,796,663**	**98.94%**	**263,601,309**	**Note 6**
Trade receivables	Azienda Vendita Acquisti A.V.A. S.r.l.	9,002			
Subsidiaries	Franco Tosi S.r.l.	88,759			
	Italcementi S.p.A.	1,513,362			
	Italmobiliare Servizi S.r.l.	54,146			
	Populonia Italica S.r.l.	28,460			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	31,645			
	Sirap-Gema S.p.A.	148,398			
	S.r.l. Nuove Costruzioni Edilizie Sance	67,563			
Trade receivables	Gesvim S.r.l.	43,608			
Associates	G.I.S.T. S.r.l.	40,469			
	Immobiliare Golf Punta Ala S.p.A.	65,909			
Total trade receivables		**2,091,321**	**99.44%**	**2,103,203**	**Note 7**
Receivables for tax consolidation	Gruppo Italsfusi S.r.l.	110,411			
Subsidiaries	Imes S.r.l	13,360			
	Intercom S.r.l.	76,590			
	Intertrading S.r.l.	187,720			
	Italmobiliare Servizi S.r.l.	4,396			
	Sirap Gema Insulation System S.r.l.	681,461			
	S.r.l. Nuove Costruzioni Edilizie Sance	57,059			
Accrued income	Italcementi S.p.A.	7,516			
Subsidiaries	Italmobiliare Servizi S.r.l.	8,846			
Total other current asets		**1,147,359**	**27.15%**	**4,226,162**	**Note 8**
Current account receivables	Franco Tosi S.r.l.	2,451,471			
Subsidiaries	Sirap-Gema S.p.A.	13,579,180			
	S.r.l. Nuove Costruzioni Edilizie Sance	367,634			
Total financial receivables		**16,398,285**	**39.74%**	**41,258,987**	**Note 10**

(Receivables and payables vs related parties – continued)

Other payables	Italcementi S.p.A.	(26,646)			
Subsidiaries					
Total other payables and non-current liabilities		**(26,646)**	**78.72%**	**(33,850)**	
Current account payables	Azienda Vendita Acquisti A.V.A. S.r.l.	(719,901)			
Subsidiaries	Italcementi S.p.A.	(162,619)			
	Italmobiliare Servizi S.r.l.	(391,094)			
	Populonia Italica S.r.l.	(1,334,147)			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	(1,100,013)			
Total loans and borrowings		**(3,707,774)**	**57.37%**	**(6,463,335)**	**Note 16**
Trade payables	Italcementi S.p.A.	(135,208)			
Subsidiaries	Italmobiliare Servizi S.r.l.	(521,367)			
	Populonia Italica S.r.l.	(49,478)			
	Other related parties	(7,300)			
Total trade payables		**(713,353)**	**32.04%**	**(2,226,393)**	**Note 19**
Payables for tax consolidation	Aliserio S.r.l.	(47,648)			
Subsidiaries	Amprica S.p.A.	(453,202)			
	Axim Italia S.r.l.	(312,791)			
	Cementificio Montalto S.p.A.	(517,149)			
	Franco Tosi S.r.l.	(232,423)			
	Immobiliare Salesiane S.r.l.	(9,242)			
	Italcementi S.p.A.	(22,767,185)			
	Italgen S.p.A.	(3,222,377)			
	Nuova Sacelit S.r.l.	(1,817,856)			
	Populonia Italica S.r.l.	(71,888)			
	Sama S,p.A.	(253,489)			
	Sicilfin S.r.l.	(3,608)			
	Silos Granari della Sicilia S.r.l.	(157,172)			
Total other liabilities		**(29,866,030)**	**75.75%**	**(39,427,085)**	**Note 21**

Commitments with related parties

Description	Company	Amount
Guarantees given to	Neyrtec Industrie S.A.	967,104
Subsidiaries		
Total commitments		

Revenues and expense vs related parties

(euro) Description	Company	Amount	% impact on book values	Book values	Reference
Dividends	Franco Tosi S.r.l.	11,000,000			
Subsidiaries	Italcementi S.p.A.	37,452,240			
	Italmobiliare Servizi S.r.l.	60,000			
	Italmobiliare International Finance	8,749,650			
	S.r.l. Nuove Costruzioni Edilizie Sance	1,300,000			
Dividends	Mittel S.p.A.	2,045,461			
Associates	Società Editrice Siciliana S.p.A.	659,043			
Total dividends		**61,266,394**	**71.70%**	**85,454,201**	**Note 22**
Financial and current account interest income and other income	Franco Tosi S.r.l.	207,173			
Subsidiaries	Italcementi S.p.A.	7,307			
	S.r.l. Nuove Costruzioni Edilizie Sance	37,803			
	Sirap-Gema S.p.A.	199,201			
Total interest income		**451,484**	**4.74%**	**9,523,286**	**Note 22**
Capital gains on equity investments and securities	S.r.l. Nuove Costruzioni Edilizie Sance	41,326			
Subsidiaries					
Total capital gains on equity investments and securities		**41,326**	**1.37%**	**3,019,634**	**Note 22**
Recovery cost of services	Azienda Vendita Acquisti A.V.A. S.r.l.	27,221			
Subsidiaries	Ciments Francais S.A.	27,500			
	Fincomind A.G.	3,582			
	Finter Bank Zuerich	22,558			
	Franco Tosi S.r.l.	115,621			
	Italcementi S.p.A.	2,976,417			
	ITC - Factor S.p.A.	1,750			
	Italmobiliare Servizi S.r.l.	79,618			
	Populonia Italica S.r.l.	41,244			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	48,073			
	Sirap-Gema S.p.A.	307,773			
	Sirap-Gema Insulation Systems S.r.l.	23,000			
	S.r.l. Nuove Costruzioni Edilizie Sance	99,178			
Recovery cost of services	G.I.S.T. S.r.l.	3,000			
Associates	Gesvim S.r.l.	28,514			
	Immobiliare Golf Punta Ala S.p.A.	13,230			
	Società Editrice Siciliana S.p.A.	21,028			
Total services		**3,839,307**	**84.34%**	**4,552,437**	**Note 22**
Total revenues		**65,598,511**	**63.97%**	**102,549,558**	**Note 22**

(Revenues and expense vs related parties – continued)

Other revenues	Gist S.r.l.	979			
Subsidiaries	Italcementi S.p.A.	949,149			
	Italmobiliare Servizi S.r.l.	63,005			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	5,212			
Total other revenues		**1,018,345**	**74.16%**	**1,373,252**	**Note 23**
Services expenses	Italcementi S.p.A.	(459,513)			
Subsidiaries	Italmobiliare Servizi S.r.l.	(1,022,037)			
	Populonia Italica S.r.l.	(49,478)			
	Other related parties	(336,877)			
Total services expenses		**(1,867,905)**	**32.42%**	**(5,761,131)**	**Note 25**
Financial and current account interest expense	Azienda Vendita Acquisti A.V.A. S.r.l.	(55,439)			
Subsidiaries	Franco Tosi S.r.l.	(17,299)			
	Italcementi S.p.A.	(3,544)			
	Italmobiliare Servizi S.r.l.	(24,941)			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	(50,527)			
	Populonia Italica S.r.l.	(28,519)			
	S.r.l. Nuove Costruzioni Edilizie Sance	(9)			
Capital losses on sales of equity investments	S.r.l. Nuove Costruzioni Edilizie Sance	(56,316)			
Total other operating income (expense)		**(236,594)**	**0.91%**	**(26,043,778)**	**Note 27**
Other non-recurring expense	Gesvim S.r.l.	(55,000)			
Associates					
Other related parties	(endowment to Fondazione Italcementi)	(300,000)			
Total other non-recurring income (expense)		**(355,000)**	**n.s.**	**2,586,402**	**Note 28**
Interest expense on trade payables	Italcementi S.p.A.	(590)			
Subsidiaries					
Total finance income and costs		**(590)**	**0.78%**	**(75,894)**	**Note 30**

n.s. not significant

Impact of dealings with related parties on cash flows

(in thousands of euro)	Cash flows Value	%
Cash flow from operating activities with related parties	98,504	216.0%
Total A) - from 2007 cash flow statement	45,612	
Cash flow from investing activities with related parties	(78,429)	94.7%
Total B) - from 2007 cash flow statement	(82,781)	
Cash flow from financing activities with related parties	(9,674)	689.5%
Total C) - from 2007 cash flow statement	(1,403)	
Change in cash and cash equivalents with related parties	**10,401**	
Change in cash and cash equivalents from cash flow statement (A+B+C)	**(38,572)**	

Compensation paid to directors and the chief operating officer

The table below sets out compensation paid during the financial year to the directors and the chief operating officer of Italmobiliare S.p.A. (officers with strategic responsibilities) for positions held:

(euro)	2007	2006
Short-term benefits: compensation and remuneration	2,633,463	2,507,787
Post-employment benefits	950,844	869,763
Other long-term benefits	77,916	53,840
Share-based payments (stock options)	1,512,830	1,145,442
Total	**5,175,053**	**4,576,832**

Annex A
Statement of movements in the accounts of available-for-sale equity investments at december 31, 2007

(euro)

Equities and interests	Position at 1/1/2007		Additions		Decreases	
Subsidiaries	**Quantity**	**Amounts**	**Quantity**	**Amounts**	**Quantity**	**Amounts**
Aliserio S.r.l.	227,000	238,788				
Azienda Vendite Acquisti A.V.A. S.r.l.	2,550,000	2,283,140				
BravoSolution S.p.A.	1,777,778	2,611,112	611,554		611,554	
Fincomind S.A.	7,000	3,642,830				
Franco Tosi S.r.l.	90,000,000	90,004,569				
Italcementi S.p.A. - ordinary shares	104,034,000	370,234,670	2,700,000		45,019,513	
Italcementi S.p.A. - savings shares	–	–	3,011,500		33,092,016	
Italmobiliare International B.V.	13,000	14,204				
Italmobiliare International Finance Ltd	249,990	465,128,628				
Italmobiliare Servizi S.r.l.	260,000	258,228				
Neyrtec Industrie S.A.	100,000	1				
Populonia Italica S.r.l.	1,040,000	1,146,561				
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	1,293,240	1,336,271				
Sirap Gema S.p.A.	3,298,625	37,489,427				
Société de Participation Financière Italmobiliare S.A.	4,294,033	95,001,104				
S.r.l. Nuove Costruzioni Edilizie S.A.N.C.E.	139,725	3,986,143				
Total subsidiaries		**1,073,375,676**		**78,723,083**		**–**
Associates						
Mittel S.p.A.	8,522,756	51,861,823				
Società Editrice Siciliana S.p.A.	29,700	16,941,237				
Total associates		**68,803,060**		**–**		**–**
Other companies						
Ambienta S.p.A.	–	–	150	15,000		
Atmos S.p.A.	200,000	195,526				
Atmos Venture S.p.A.	–	–	200,000	200,000		
Compagnia Fiduciaria Nazionale S.p.A.	20,001	279,939				
Consortium S.r.l.	12,768,912	286,264			12,768,912	286,264
Emittenti Titoli S.p.A.	209,000	158,826				
Fin.Priv. S.r.l.	2,857	34,292,769				
Gazzetta del Sud Calabria S.p.A.	4,788	702,095				
Gruppo Banca Leonardo S.p.A.	4,260,000	13,923,968	3,316,661	10,882,794		85,147
Idrovia Ticino Milano Nord Mincio S.p.A. - in liquidazione	100	568				
Immobiliare Lido di Classe S.p.A. in liquidazione	45,991	1				
Immobiliare Astra S.p.A.	12,012	11,362				
Intereuropa Sim S.p.A. - in liquidazione	80,000	1				
Meltemi S.p.A.	12,982	235,927	12,982			
Sesaab S.p.A.	1,000,000	15,700,000			300,000	4,710,000
Solar Energy Italia S.p.A.	69,100	69,250				
UniCredito Italiano S.p.A. - azioni ordinarie (2)	85,626,509	569,758,791				
Unione di Banche Italiane S.c.p.a.	1,718,500	35,710,430				
Total other companies		**671,325,717**		**11,097,794**		**5,081,411**
Total equity investments		**1,813,504,453**		**89,820,877**		**5,081,411**

(*) of ordinary capital
(1) controlled through Italcementi S.p.A.
(2) of which 85,134,739 shares relating to equity loans and/or guarantees

Changes in Fair Value	Impairment	Interest held	Position at 12/31/2007		Gains/(losses) on sales	
Amounts	Amounts	%	Quantity	Amounts	Amounts	Subsidiaries
		10.000 [1]	227,000	238,788	–	Aliserio S.r.l.
		100.000	2,550,000	2,283,140	–	Azienda Vendite Acquisti A.V.A. S.r.l.
		8.154 [1]	2,389,332	3,222,666	–	BravoSolution S.p.A.
		69.930	7,000	3,642,830	–	Fincomind S.A.
		100.000	90,000,000	90,004,569	–	Franco Tosi S.r.l.
		60.260 [*]	106,734,000	415,254,183	–	Italcementi S.p.A. - ordinary shares
		2.856	3,011,500	33,092,016	–	Italcementi S.p.A. - savings shares
		100.000	13,000	14,204	–	Italmobiliare International B.V.
		97.272	249,990	465,128,628	–	Italmobiliare International Finance Ltd
		100.000	260,000	258,228	–	Italmobiliare Servizi S.r.l.
		100.000	100,000	1	–	Neyrtec Industrie S.A.
		93.21	1,040,000	1,146,561	–	Populonia Italica S.r.l.
		99.480	1,293,240	1,336,271	–	Punta Ala Promozione e Sviluppo Immobiliare S.r.l.
		100.000	3,298,625	37,489,427	–	Sirap Gema S.p.A.
		99.940	4,294,033	95,001,104	–	Société de Participation Financière Italmobiliare S.A.
		100.000	139,725	3,986,143	–	S.r.l. Nuove Costruzioni Edilizie S.A.N.C.E.
–	**–**			**1,152,098,759**	**–**	**Total subsidiaries**
						Associates
(8,881,564)		12.913	8,522,756	42,980,259	–	Mittel S.p.A.
(529,372)		33.000	29,700	16,411,865	–	Società Editrice Siciliana S.p.A.
(9,410,936)	**–**			**59,392,124**	**–**	**Total associates**
						Other companies
		1.000	150	15,000	–	Ambienta S.p.A.
1,618		2.220	200,000	197,144	–	Atmos S.p.A.
		9.090	200,000	200,000	–	Atmos Venture S.p.A.
75,482		16.668	20,001	355,421	–	Compagnia Fiduciaria Nazionale S.p.A.
		–	–	–	8,498	Consortium S.r.l.
		2.549	209,000	158,826	–	Emittenti Titoli S.p.A.
(6,350,786)		14.285	2,857	27,941,983	–	Fin.Priv. S.r.l.
(13,620)		4.836	4,788	688,475	–	Gazzetta del Sud Calabria S.p.A.
		2.945	7,576,661	24,721,615	–	Gruppo Banca Leonardo S.p.A.
		0.200	100	568	–	Idrovia Ticino Milano Nord Mincio S.p.A. - in liquidazione
		18.036	45,991	1	–	Immobiliare Lido di Classe S.p.A. - in liquidazione
686		1.784	12,012	12,048	–	Immobiliare Astra S.p.A.
			80,000	1	–	Intereuropa Sim S.p.A. - in liquidazione
(2,577)		10.909	25,964	233,350	–	Meltemi S.p.A.
		7.000	700,000	10,990,000	1,912,611	Sesaab S.p.A.
		6.909	69,100	69,250	–	Solar Energy Italia S.p.A.
(85,198,376)		0.642 [*]	85,626,509 [2]	484,560,415	–	[2] UniCredito Italiano S.p.A. - azioni ordinarie
(3,516,051)		0.269	1,718,500	32,194,379	–	Unione di Banche Italiane S.c.p.a.
(95,003,624)	**–**			**582,338,476**	**1,921,109**	**Total other companies**
(104,414,560)	**–**			**1,793,829,359**	**1,921,109**	**Total equity investments**

Annex B

List of equity investments in subsidiaries and associates at december 31, 2007 (art. 2427 no.5 Italian Civil Code)

	Registered office		Share capital (in euro or currency)	Total shareholders' equity (in euro or currency)	Net profit for year (in euro or currency)	Interest held %
Subsidiaries						
Aliserio S.r.l.	Bergamo	€	2,270,000	2,234,517	(64,114)	10.00 (1)
Azienda Vendite Acquisti A.V.A. S.r.l.	Milan	€	2,550,000	2,788,847	478,883	100.00
BravoSolution S.p.A.	Bergamo	€	21,802,379	31,906,041	(176,973)	8.15 (1)
Fincomind A.G.	Zurich	F.sv.	10,010,000	30,940,528	7,661,678	69.93
Franco Tosi S.r.l.	Milan	€	90,000,000	102,626,521	3,147,034	100.00
Italcementi S.p.A. ordinary shares	Bergamo	€	282,548,942	2,126,327,615	96,530,128	60.26
Italcementi S.p.A. savings shares	Bergamo	€	282,548,942	2,126,327,615	96,530,128	2.86
Italmobiliare International B.V.	Amsterdam	€	19,500	704,186	(67,843)	100.00
Italmobiliare International Finance Ltd.	Dublin	€	1,336,400	699,739,281	(2,193,453)	97.27
Italmobiliare Servizi S.r.l.	Milan	€	260,000	812,079	103,517	100.00
Neyrtec Industrie S.A.	Pont de Claix	€	1,524,490			100.00
Populonia Italica S.r.l.	Milan	€	1,115,760	2,891,180	(160,422)	93.21
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Milan	€	1,300,000	2,054,154	140,114	99.48
Sirap Gema S.p.A.	Verolanuova	€	17,020,905	43,304,996	(940,739)	100.00
Société de Participation Financière Italmobiliare S.A.	Luxembourg	€	103,118,928	209,489,248	25,451,652	99.94
S.r.l. Nuove Costruzioni Edilizie S.A.N.C.E.	Milan	€	139,725	5,226,950	1,844,833	100.00
Total subsidiaries						
Associates						
Mittel S.p.A.	Milan	€	66,000,000	252,546,735	15,381,863 (2)	12.91
Società Editrice Siciliana S.p.A.	Messina	€	5,112,900	45,884,402	2,103,048 (3)	33.00
Total associates						

(1) controlled through Italcementi S.p.A.
(2) figures at 09/30/2007
(3) figures at 12/31/2006

Reasons for negative difference in final column:

- BravoSolution S.p.A.
  Carrying amount is maintained because lower than recoverable amount represented by estimated cash flow.
- Franco Tosi S.r.l.
  Carrying amount is maintained because there is no real evidence of impairment.

Number shares or interests	Nominal unit value (in euro or currency)	Carrying amount Unit	(in euro)	Total (thousand of euro) (A)	Value ex art. 2426 no.4 Ital.C.Code (thousand of euro) (B)	Difference (thousand of euro) (B) – (A)	
							Subsidiaries
227,000	1.00	1.05	238,788	239	325	86	Aliserio S.r.l.
2,550,000	1.00	0.90	2,283,140	2,283	2,941	658	Azienda Vendite Acquisti A.V.A. S.r.l.
2,389,332	1.00	1.35	3,222,666	3,223	2,209	(1,014)	BravoSolution S.p.A.
7,000	1,000.00	520.40	3,642,830	3,643	58,887	55,244	Fincomind A.G.
90,000,000	1.00	1.00	90,004,569	90,005	58,791	(31,214)	Franco Tosi S.r.l.
106,734,000	1.00	3.89	415,254,183	415,254	1,372,864	957,610	Italcementi S.p.A. ordinary shares
3,011,500	1.00	10.99	33,092,016	33,092	33,092	–	Italcementi S.p.A. savings shares
13,000	1.50	1.09	14,204	14	704	690	Italmobiliare International B.V.
249,990	5.20	1,860.59	465,128,628	465,129	610,876	145,747	Italmobiliare International Finance Ltd.
260,000	1.00	0.99	258,228	258	829	571	Italmobiliare Servizi S.r.l.
100,000	0.05	0.00	1	0	0	–	Neyrtec Industrie S.A.
1,040,000	1.00	1.10	1,146,561	1,147	1,305	158	Populonia Italica S.r.l.
1,293,240	1.00	1.03	1,336,271	1,336	1,714	378	Punta Ala Promozione e Sviluppo Immobiliare S.r.l.
3,298,625	5.16	11.37	37,489,427	37,489	50,477	12,988	Sirap Gema S.p.A.
4,294,033	24.00	22.12	95,001,104	95,001	278,453	183,452	Société de Participation Financière Italmobiliare S.A.
139,725	1.00	28.53	3,986,143	3,986	11,744	7,758	S.r.l. Nuove Costruzioni Edilizie S.A.N.C.E.
			1,152,098,759	**1,152,099**	**2,485,211**	**1,333,112**	**Total subsidiaries**
							Associates
8,522,756	1.00	5.04	42,980,259	42,980	53,529	10,549	Mittel S.p.A.
29,700	56.81	552.59	16,411,865	16,412	16,412	–	Società Editrice Siciliana S.p.A.
			59,392,124	**59,392**	**69,941**	**10,549**	**Total associates**

Annex C
Statement of movements in the accounts of trading equity investments at December 31, 2007

(euro) Equities and interests	Position at 1.01.2007		Additions		Decreases		Changes in fair value	Interest held	Position at 12.31.2007		Gains/ (losses) on sales
	Quantity	Amounts	Quantity	Amounts	Quantity	Amounts	Amounts	%	Quantity	Amounts	Amounts
Other companies											
Asm Brescia S.p.A. - ordinary shares	650,000	2,677,350	--	--	30,000	123,570	521,420	0.080	620,000	3,075,200	444
Assicurazioni Generali S.p.A.	191,999	6,401,247	28,001	252,103	220,000	6,653,350			--	--	511,192
Alleanza assicurazioni S.p.A. - ordinary shares *	36,000	364,068			36,000	364,068			--	--	(15,408)
Banca Popolare Verona e Novara *	4,000	86,800	4,000	92,372	8,000	179,172			--	--	9,832
Enel Sp.A.*	40,000	313,080	10,000	76,952	50,000	390,032			--	--	13,168
Eni S.p.A.*	20,000	510,400			20,000	510,400			--	--	(40,500)
Luxottica S.p.A.*	--	--	3,000	70,871	3,000	70,871			--	--	229
Mediolanum S.p.A.*	8,000	49,456			8,000	49,456			--	--	240
Saipem S.p.A.*	--	--	5,000	93,218	5,000	93,218			--	--	9,472
Unipol Assicurazioni S.p.A.*	60,000	147,240			60,000	147,240			--	--	9,720
Total other companies		**10,549,641**		**585,516**		**8,581,377**	**521,420**			**3,075,200**	**498,389**

* Sale to S.r.l. Nuove Costruzioni Edilizie S.A.N.C.E.

Annex D
Statement of movements in debentures during 2007

(euro)	Position at 1.01.2007	Additions	Decreases	Change in fair value	Position at 12.31.2007
Available-for-sale portfolio					
Other variable-income securities	75,867	--	41,317	--	34,550
Other fixed-income securities	2,888,703	--	--	(130,950)	2,757,753
Total	**2,964,570**	**--**	**41,317**	**(130,950)**	**2,792,303**

	Position at 1.01.2007	Additions	Decreases	Fair value adjustments	Position at 12.31.2007
Trading portfolio					
Other variable-income securities	26,065,260	5,002,000	10,038,000	(660,820)	20,368,440
Total	**26,065,260**	**5,002,000**	**10,038,000**	**(660,820)**	**20,368,440**

The closing position reflects fair value at December 31, 2007.

Annex E
Comparison of book values and market prices at December 31, 2007, for equity investments in companies with listed shares.

(euro) **Equity securities**	**Number shares**	**Book value**	**Unit book value**	**Unit fair value at December 31, 2007**	**Fair value at December 31, 2007**
Subsidiaries					
Italcementi S.p.A. - ordinary shares	106,734,000	415,254,183	3.891	14.5780	1,555,968,252
Italcementi S.p.A. - savings shares	3,011,500	33,092,016	10.989	10.7830	32,473,005
		448,346,199			**1,588,441,257**
Associates					
Mittel S.p.A.	8,522,756	42,980,259	5.043	5.0430	42,980,259
		42,980,259			**42,980,259**
Other companies					
Asm Brescia S.p.A. - ordinary shares	620,000	3,075,200	4.960	4.9600	3,075,200
Unione di Banche Italiane S.c.p.a.	1,718,500	32,194,379	18.734	18.7340	32,194,379
Unicredito Italiano S.p.A. - ordinary shares	85,626,509	484,560,415	5.659	5.6590	484,560,415
		519,829,994			**519,829,994**
Treasury shares **(allocated against shareholders' equity)**					
Italmobiliare Società per Azioni - ordinary shares(*)	871,411	20,830,105	23.904	62.7300	54,663,612
Italmobiliare Società per Azioni - savings shares	28,500	396,085	13.898	48.1300	1,371,705
		21,226,190			**56,035,317**

(*) of which 446,439 servicing stock option plans

Annex F
Reconciliation of theoretical tax charge and income tax expense reflected in the income statement

(in thousands of euro)				
A)	**Profit before tax**			**60,722**
B)	Current IRES tax rate	**33.0%**		
C)	**Theoretical IRES tax charge (AxB)**			**-20,038**
	Fiscal effects on permanent differences:			
D)	- non deductible			-3,447
	- non taxable/exempt			35,879
			tot. D)	32,432
E)	Deferred tax assets/liabilities generated			
	in the year:			
	- deferred tax liabilities on unrecorded			
	taxable temporary differences			-380
	- deferred tax assets on unrecorded			
	deductible temporary differences			182
			tot. E)	-198
F)	Recovery in the year of deferred tax assets			
	not recognized in prior years on			552
	deductible temporary differences and/or tax losses		tot. F)	552
G)	Other changes		tot. G)	15
	Total		**(C+D+E+F+G)**	**12,763**
H)	Other taxes (prior-year taxes)			107
I)	**Income tax expense reflected in the income statement**			**12,870**

Annex G
Analysis of shareholders' equity line items at December 31, 2007

(in thousands of euro)

Nature/description	Amount	Possible uses	Amount available	Sumary of uses in three previous periods	
				to replenish losses	other
Share capital	**100,167**				
Reserves:					
Share premium reserve	177,191	A, B, C	177,191		
Stock options reserve	4,322	A, B, C	4,322		
Fair value reserve for available-for-sale assets	432,343	-	-		
Total reserves	**613,856**	**-**	**181,513**		
Treasury shares at cost	**(21,226)**	**-**			
Retained earnings:					
Revaluation reserves	86,760	A, B, C	86,760		
Reserve for grants related to assets	2,164	A, B, C	2,164		
Merger surplus	57,715	A, B, C	57,715		
Fund ex art.55 Pres.Decrees 597/1973 and 917/86	1,771	A, B, C	1,771		
Fund ex art.54 Pres.Decrees 597/1973 and 917/86	185	A, B, C	185		
Reserve art.33 law 413/91	2	A, B, C	2		
Reserve art.34 law 576/75	93,242	A, B, C	93,242		
Legal reserve	20,034	B			
Extraordinary reserve	417,853	A, B, C	417,853		
Retained earnings	106,335	A, B, C	106,335		
Translation reserve	-	A, B, C			
Reserve ex art.7 Leg.D 38/2005	16,009	-			
Net profit for the year	73,592	A, B, C	73,592		
Total retained earnings	**875,662**		**839,619**		
Total			**1,021,132**		
Non-distributable portion - art. 2426 no. 5 Italian Civil Code					
Residual distributable portion			**1,021,132**		

Key: A: for share capital increase
B: to replenish losses
C: for distribution to shareholders

Annex H

COMPENSATION PAID TO DIRECTORS, STATUTORY AUDITORS AND CHIEF OPERATING OFFICERS FOR THE YEAR 2007

The compensation shown in the table is recognized on an accruals basis.

Therefore, in compliance with the CONSOB Regulation for Issuers, the column:
* ***Remuneration for post****,* if shown, refers to one or more of the following items: **(i)** for directors, the share of profits for financial year 2007 (on an annualized basis: 105.88 thousand euro to the Chairman, 79.41 thousand euro to the Deputy Chairman, 52.94 thousand euro to each director, 26.47 thousand euro to each director who is a member of the Executive Committee) and for the auditors their remuneration for the year; **(ii)** payment for the specific post held; **(iii)** compensation for membership of the Remuneration Committee, the Internal Control Committee and the Compliance Committee; **(iv)** lump-sum reimbursement of expenses;
* ***Non-monetary benefits*** includes fringe benefits (based on a taxable income criterion) including insurance policies*;*
* ***Bonuses and other incentives*** includes remuneration amounts accruing on a non-recurring basis*;*
* ***Other compensation****:* includes **(i)** remuneration for posts held in listed and non-listed subsidiaries; **(ii)** any considerations for professional services in favor of the company and/or its subsidiaries; **(iii)** remuneration for work as an employee (gross of social security and tax charges paid by the employee, excluding collective compulsory social security charges paid by the company and leaving entitlements) and **(iv)** end-of-term payments.

It should also be noted that:
- a portion of the compensations attributed to the Chairman-Chief Executive Officer and to the Chief Operating Officer is variable, and depends on the company's business results or attainment of specific targets;
- the share of profits due to the Chief Executive Officer of Italcementi, Carlo Pesenti (who at the same time is Chief Operating Officer of Italmobiliare for which he works as a manager) is wholly paid over to the latter company;
- remuneration for the post held by director Gabriele Galateri di Genola is paid directly to Mediobanca spa, where Mr Galateri holds the post of Chairman;
- the compensation shown in the column "Other compensation" for director Luca Minoli reflects amounts due to Mr Minoli for services rendered by him to Italmobiliare and its subsidiaries and invoiced by the law firm where Mr Minoli works.

(in thousands of euro)

Name and surname	Post held	Period for which the post was held	End of term of office	Remuneration for post	Non-monetary benefits	Bonuses and other incentives	Other compensation
Giampiero Pesenti	Chairman Chief Executive Officer Chairman Exec. Cttee	1.1 - 12.31	2007	1,032.25	1.48	-	4,455.22
Italo Lucchini	Director Deputy Chairman Member of Exec. Cttee	1.1 - 12.31 1.1 - 12.31	2007	159.88	-	-	73.92
Carlo Pesenti	Director Chief Operating Officer Member of Exec. Cttee	1.1 - 12.31	2007	79.41	66.84	2.92	2,529.52
Pier Giorgio Barlassina	Director	1.1 - 12.31	2007	52.94	-	-	252.69
Mauro Bini	Director	1.1 - 12.31	2007	102.94	-	-	-
Giorgio Bonomi	Director	1.1 - 12.31	2007	77.94	-	-	180.55
Gabriele Galateri di Genola	Director	1.1 - 12.31	2007	-	-	-	-
Luca Minoli	Director	1.1 - 12.31	2007	56.94	-	-	4.66
Giorgio Perolari	Director	1.1 - 12.31	2007	108.41	-	-	-
Livio Strazzera	Director	1.1 - 12.31	2007	52.94	-	-	-
Luigi Guatri	Chairman	1.1 - 12.31	2007	56.10	-	-	-
Claudio De Re	Acting Auditor	1.1 - 12.31	2007	37.40	-	-	99.21
Eugenio Mercorio	Acting Auditor	1.1 - 12.31	2007	37.40	-	-	41.59

STOCK OPTIONS GRANTED TO DIRECTORS AND CHIEF OPERATING OFFICERS

Annex I

ITALMOBILIARE S.p.A.

		Options held at beginning of year			Options granted during the year			Options exercised during the year			Options expired during the year	Options held at end of year		
A	**B**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11= 1+4 -7-10**	**12**	**13**
Name and surname	Post held	Number options	Average exercise price	Average maturity	Number options	Average exercise price	Average maturity	Number options	Average exercise price	Average market price on exercise	Number options	Number options	Average exercise price	Average maturity
Giampiero Pesenti	Chief Executive Officer	155,000	52.883	2011	60,000	86.0685	2013	-	-	-	-	215,000	62.145	2012
Carlo Pesenti	Director Chief Operating Officer	126,000	49.208	2011	40,000	86.069	2013	26,500	31.280	83.120	-	139,500	63.183	2012

Notes on the principles and purpose of stock option plans

See the sections “Stock option plan for directors” and “Stock option plan for managers” in the directors’ report.

ITALCEMENTI S.p.A. – 2001

		Options held at beginning of year			Options granted during the year			Options exercised during the year			Options expired during the year	Options held at end of year		
A	**B**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11= 1+4 -7-10**	**12**	**13**
Name and surname	Post held	Number options	Average exercise price	Average maturity	Number options	Average exercise price	Average maturity	Number options	Average exercise price	Average market price on exercise	Number options	Number options	Average exercise price	Average maturity
Giampiero Pesenti	Chairman	440,000	13.067	2011	150,000	23.049	2013	140,000	8.627	22.677	-	450,000	17.775	2012
Carlo Pesenti	Chief Executive Officer	355,000	12.480	2010	200,000	23.049	2013	135,000	8.797	22.07	-	420,000	18.697	2012

ITALCEMENTI S.p.A. - 2007 (*)

		Options held at beginning of year			Options granted during the year			Options exercised during the year			Options expired during the year	Options held at end of year		
A	**B**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11= 1+4 -7-10**	**12**	**13**
Name and surname	Post held	Number options	Average exercise price	Average maturity	Number options	Average exercise price	Average maturity	Number options	Average exercise price	Average market price on exercise	Number options	Number options	Average exercise price	Average maturity
Giampiero Pesenti	Chairman	-	-	-	255,000 450,000	23.706	2012	-	-	-	-	255,000 450,000	23.706	2012
Carlo Pesenti	Chief Executive Officer	-	-	-	300,000 600,000	23.706	2012	-	-	-	-	300,000 600,000	23.706	2012

(*) pursuant to the regulation approved by the Italcementi S.p.A. Shareholders' Meeting of June 20, 2007, the exercise of options is subordinate to attainment of the objectives set by the Board of Directors over a three-year cycle 2007-2010. Should the minimum objectives not be attained, the recipient loses the right to exercise any of the options granted.

Notes on the principles and purpose of stock option plans

Stock option plans for directors and managers aim to link overall remuneration of the plan recipients with the medium/long-term success of the company and with the creation of shareholder value, and also to strengthen managers' sense of belonging and encourage their continued employment with the company.

Under the respective regulations:

in particular, for the 2001 stock option plan

- options are nominative, personal and non-transferable and are assigned in annual cycles. They may be exercised in a period from the fourth to the tenth year after the grant date;
- the subscription/purchase price is set for each stock option plan and is the arithmetic mean of share prices in the period between the date of the rights offer and the same day of the previous calendar month;
- shares acquired through exercise of options are unavailable for one year.

for the 2007 stock option plan

- options are nominative;
- the subscription/purchase price is set for each stock option plan and is the arithmetic mean of share prices in the period between the date of the rights offer and the same day of the previous calendar month;
- starting from the initial date the options were offered, they cannot be exercised for the three years of the cycle.

The options can be exercised in a five-year period following the three-year restricted period, only when the results linked to the economic results of the Group and/or the gradual realization of the Group's strategic projects have been achieved, as approved by the Board of Directors, on the proposal of the Remuneration Committee, at the start of the three-year cycle.

ITALMOBILIARE

(Translation from the original Italian text)

Certification pursuant to art. 154-bis paragraph 5 TUF in relation to the separate financial statements (pursuant to art. 81-ter of the Consob Regulation no. 11971 dated May 14th, 1999 and subsequent modifications and integrations, with particular reference to Resolution no. 15915 dated May 3rd, 2007)

1. The undersigned Giampiero Pesenti, Chief Executive Officer, and Angelo Maria Triulzi, Manager in Charge of preparing the company's financial reports, of Italmobiliare SpA also taking into consideration art. 154-*bis*, paragraphs 3 and 4, of the Legislative Decree February 24th, 1998, no. 58, do hereby certify:

- the adequacy in relation to the company structure and
- the actual application,

of the administrative and accounting procedures adopted for the preparation of the **separate financial statements**, in the period from January 1st, 2007 to December 31st, 2007.

The assessment of the adequacy of the administrative and accounting procedures adopted for the preparation of the separate financial statements as of December 31st, 2007 is based on a pattern identified by Italmobiliare according to the CoSO framework (illustrated in the *CoSO Report*) and also takes into account the document "*Internal Control over Financial Reporting – Guidance for Smaller Public Companies*", both issued by the Committee of Sponsoring Organizations of the Treadway Commission representing a generally accepted international framework.

2. The undersigned officers also certify that the separate financial statements as of December 31st, 2007:

a) correspond to the accounting books and entries;

b) have been prepared in compliance with the International Financial Reporting Standards adopted by the European Union as well as with the provisions issued pursuant to art. 9 of the Legislative Decree no. 38/2005 and, based on their knowledge, are suitable to provide a true and fair presentation of the financial condition, results of operations and cash flows of the issuer.

Signed by: Giampiero Pesenti, Chief Executive Officer
Signed by: Angelo Maria Triulzi, Manager in Charge

March 28th, 2008

Report of the Board of Statutory Auditors

To the Shareholders,

For the reasons clearly illustrated in the Directors' report on operations, the consolidated results for financial year 2007 reflect reductions in total net profit and Group net profit for the year (-11.7% and -17.9% respectively), in EBIT (-9.8%) and in EBITDA (-5.1%); nevertheless, the amounts on all these headings were higher than the corresponding amounts for financial year 2005.

Although capital expenditure and financial investments were considerable (1,107 million euro), net debt increased to 2,149.6 million euro from 1,857.3 million euro in 2006.

Group shareholders' equity decreased from 2,975.0 to 2,909.6 million euro; equity per share decreased from 79.15 to 77.33 euro.

We remind you that as from 2006, the parent company draws up its separate financial statements in accordance with the new international accounting standards. These standards were already applied in the preparation of the 2005 consolidated financial statements.

Net profit for the year at Italmobiliare S.p.a. was 73.6 million euro, compared with 62.6 million euro in the previous year, considered net of the effects of the intragroup restructuring of equity investments.

The judicial proceedings involving the subsidiary Calcestruzzi S.p.a. have been described in full detail by the Board of Directors; the Board of Statutory Auditors supports the decision to consolidate the subsidiary on the basis of the interim financial statements as at and for the year to September 30, 2007, considering that the immaterial impact of the result of the Calcestruzzi group on overall profitability does not substantially affect the fair and true representation of the equity, business and financial position of the Italmobiliare Group.

To the Shareholders,

During the financial year we conducted the supervisory activities required by law and also in accordance with the indications of the CONSOB resolutions and communications. Specifically, we attended the meetings of the Board of Directors (9), as well as the meetings called by the Executive Committee (2), by the Internal Control Committee (3) and by the Remuneration Committee (3). In this manner we acquired all the necessary information on the activities performed and on the key business, financial and equity transactions conducted by the company and those executed with related parties.

The Board of Statutory Auditors held 8 meetings.

In the course of our supervisory activities we found no anomalous transactions or censurable facts. Nor did we find any imprudent transactions or transactions prejudicial to the assets or lacking adequate forward-looking assessment or necessary information.

We can therefore state that the transactions approved and executed by the Board of Directors are: compliant with the law and the company by-laws, are not in potential conflict of interest or in contrast with the resolutions adopted by the shareholders' meeting, and are consistent with principles of correct administration.

We monitored compliance with the law and the articles of association through checks on the activity of the corporate bodies, and no action was necessary to enforce compliance with the law and the by-laws.

To the extent of our competence, we acquired the requisite information and oversaw the adequacy of the company's organizational structure and compliance with the principles of correct governance, through direct observation, collection of information from the heads of division and regular meetings with the independent auditors in order to exchange relevant data and information.

During the period, we were also able to verify that the company's accounting and administrative system is consistent with the dimensions and complexity of company operations and that it is reliable in representing operations correctly; we also verified the adequacy of the controls of the internal control system established by the Board of Directors and of the operating audit programs in the company's main sectors of business. Similarly we found nothing of exception in the checks conducted by the parent company on the subsidiaries and the associates or in the dispositions issued for the purpose. During the year we issued our opinion attesting the congruity of the compensation paid to directors with specific posts and on the appointment of the manager in charge of preparing the company accounts.

The inspection of the accounts and the audit of the financial statements and of the half-year situation were conducted by the independent auditors Reconta Ernst & Young S.p.A. who, pursuant to art.156 of Legislative Decree 58/1998, on April 11, 2008, issued its reports on the separate financial statements and on the consolidated financial statements. Neither report contains any qualifications; the report on the consolidated financial statements includes a reference to the disclosure on the method used to consolidate the financial statements of the indirect subsidiary Calcestruzzi S.p.a..

The Group paid Reconta Ernst & Young S.p.A. an aggregate amount of 4.4 million euro, subdivided as follows: for auditing activities € 3.6/m, for attestations € 0.3/m and for miscellaneous services € 0.5/m. The rendering of such additional duties in favor of the Group by the independent auditors or by parties related thereto by continuous ties does not in our opinion constitute a critical element with regard to the requirement of independence.

During the year the process for the updating and application of the organizational and management model pursuant to Legislative Decree no. 231 of June 8, 2001, continued. The model is currently being updated to take account of the new laws on workplace safety, transnational crimes and money laundering. The Compliance Committee named by the Board of Directors continued its verification and updating of the model.

In their report on operations, the Directors have illustrated in full the activities of the company, trends on the markets, and the results obtained; the notes detail relations with the various companies in the Group and the valuation criteria adopted, which are compliant with the law and consistent with the criteria applied in the previous period. We confirm that the operations were conducted in the interests of the company and that their economic content is appropriate.

We have found no exceptions pursuant to par 4 of art. 2423, intangible assets have been recognized and amortized, where necessary, with our consent.

Finally we declare that our supervisory activities found no unusual or anomalous transactions in respect of normal operations, or censurable facts, nor were any such transactions or facts indicated to us by the independent auditors.

We found no petitions or suits ex art. 2408 of the Italian Civil Code.

The Board of Statutory Auditors supervised the application of the rules established by the Voluntary Code of Conduct adopted by the company. Specifically, it examined and deemed adequate the procedures adopted to verify the independence and good standing requirements of the members of the Board of Directors. It verified the independence of the members of this Board of Statutory Auditors.

Finally, the Board of Statutory Auditors has noted the proposal of the Board of Directors for distribution of a dividend (1.6 euro per ordinary share and 1.678 euro per saving share), and deems the proposal compatible with the results achieved, with the equity/financial situation and with the prospects of the Parent Company and the Group.

Our term of office ends with the approval of these financial statements. We thank you for placing your trust in us and invite you to act accordingly.

Milan, April 14, 2008

The Board of Statutory Auditors
Luigi Guatri
Claudio De Re
Eugenio Mercorio

ERNST & YOUNG

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INDEPENDENT AUDITORS' REPORT
pursuant to Article 156 of Legislative Decree No. 58 of February 24, 1998
(Translation from the original Italian text)

To the Shareholders of
Italmobiliare S.p.A.

1. We have audited the financial statements of Italmobiliare S.p.A. as of and for the year ended December 31, 2007, comprising the balance sheet, the statement of income, changes in shareholders' equity and cash flows and the related explanatory notes. These financial statements are the responsibility of the Italmobiliare S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards and procedures we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

   For our opinion on the financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated April 6, 2007.

3. In our opinion, the financial statements of Italmobiliare S.p.A. at December 31, 2007 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the measures issued to implement art. 9 of the Italian Legislative Decree n° 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations, the changes in shareholders' equity and the cash flows of Italmobiliare S.p.A. for the year then ended.

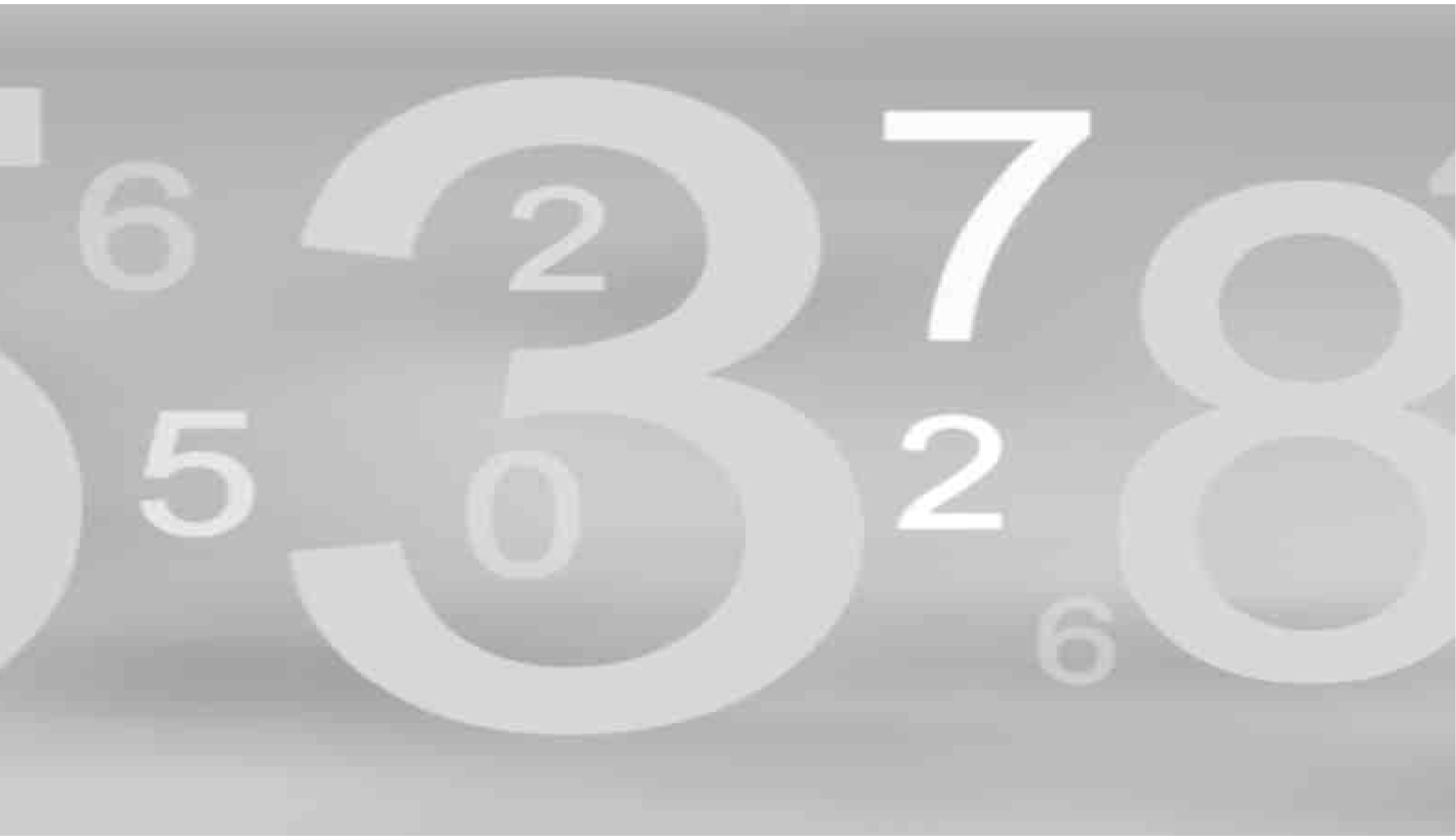
Milan, Italy
April 11, 2008

Reconta Ernst & Young S.p.A.
Signed by: Felice Persico, Partner

This report has been translated into the English language solely for the convenience of international readers.

■ Reconta Ernst & Young S.p.A.
Sede Legale: 00196 Roma - Via G.D. Romagnosi, 18/A
Capitale Sociale € 1.301.500,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584
P.I. 00891231003
Iscritta all'Albo Revisori Contabili al n. 70945 Pubblicato sulla G.U.
Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n. 10831 del 16/7/1997

Extraordinary session



Explanatory Report on the additional item of the Agenda of the General Meeting of Italmobiliare SpA ex Art. 10 of the Articles of Association and Art. 126-bis of the Consolidated Financial Act (D. Lgs. 58/98)

Dear Shareholders,

You have been convened – following integration of the agenda of the General Meeting of our company on request of Hermes Focus Asset Management Europe Ltd (hereafter, "HFAME") – to approve a proposal to attribute holders of non-convertible saving shares the right to convert them into ordinary shares of new emission – having the same characteristics of the ordinary shares currently in issue (par value of 2.6 EUR and dividend entitlement starting from 1 January 2008) – to be attributed to holders of saving shares who exercise the right of conversion with an exchange ratio of one ordinary share for each saving share, without any additional payment.

It is specified that a Special Meeting of saving shares has not been convened, following Art. 2376 civil code and Art. 146 and 147-bis of the Italian Consolidated Financial Act (d. Lgs n.58/98), to approve the deliberation eventually adopted by the General Meeting as we believe that this proposal would not harm the rights of saving shareholders. At the same time, we believe that, unless the Board of Directors of the company has a different determination, since the conversion of saving shares into ordinary is proposed on a voluntary basis and would not imply – if not following a decision of the holder – a modification of the voting and financial rights, this would not trigger a right to exercise the withdrawal right ex Art. 2437 Civil Code. The approval of this proposal would not affect the existing stock option plans.

The share capital of Italmobiliare SpA currently includes 22,182,583 ordinary shares and 16,343,162 non-convertible saving shares – both categories with a par value of 2.6 EUR. Following Art. 31 of the Articles of Association of the company, saving shareholders are entitled to a privileged dividend up to 5% of the par value of the shares.

Saving shares represent a significant fraction of the company's capital of 42.42%, being 57.58% the capital represented by ordinary shares. This brings inefficiencies in the capital structure of the company as well as significant voting right distortions, with negative effects on the trading of the company's shares.

Motivation for the proposal

HFAME currently holds 615,598 ordinary shares and 634,736 saving shares of Italmobiliare SpA. HFAME is part of the Hermes Fund Managers Ltd Group (hereafter, "Hermes") with funds under management, stewardship and advice of some EUR 100bn on behalf of pension funds and other institutional investors. Hermes is owned by one of the largest pension funds in the United Kingdom (the BT Pension Scheme) and invests on behalf of 250 clients, representing the interests of more than 8 million pensioners across the world. HFAME started buying Italmobiliare shares in autumn 2006, investing approximately 85m EUR for the stake currently held.

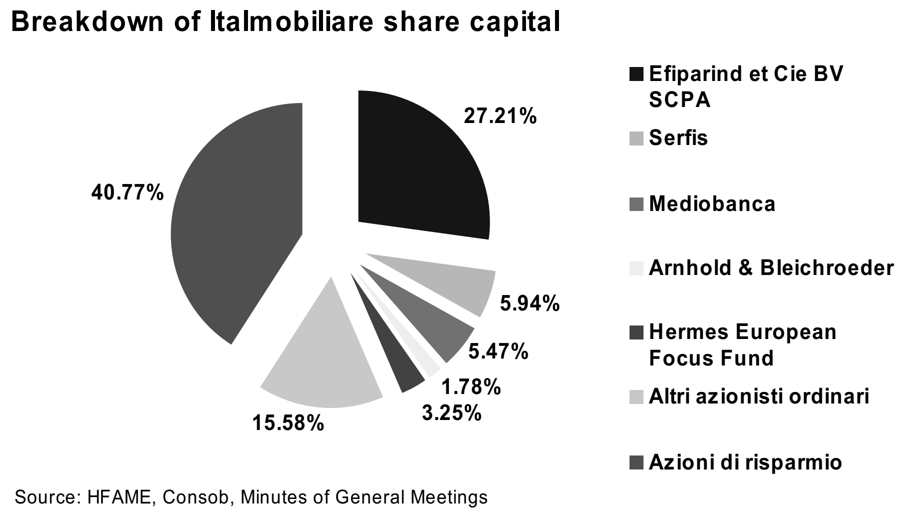
HFAME believes that the Board of Directors (hereafter, "BoD") and management of Italmobiliare have the opportunity to unlock considerable long-term value for its shareholders. Having underperformed for some time, currently the shares of the company trade at deep discounts to their potential values and asset base, indicating considerable concern held outside of the companies about their expected performance and risk levels.

We would consider it the duty of a prudent board to investigate and address the underlying reasons for any underperformance and discount. We presented some considerations in this respect to the Chairman (Mr. Giampiero Pesenti) in a meeting held on 10 May 2007. Following this meeting, we have severally requested without success a further discussion with the Chairman to satisfy ourselves that our observations and suggestions have been considered appropriately. The Chief Operating Officer (hereafter, "COO" - Mr. Carlo Pesenti) has not been available for a dedicated meeting so far. At the end of November 2007, we also sent to the Chairman and to the COO (also given his role of CEO of Italcementi) some observations on why Italcementi, Italmobiliare's largest investment by far, has severely underperformed its peers in 2007 and in previous years, and why it is trading at significant discounts to these peers, again with some suggestions for how this situation could be resolved and reiterating our availability for a meeting. In January 2008, we sent a letter to all the members of the BoD of Italmobiliare and Italcementi, to illustrate our observations and request feedback, receiving two letters from the Chairman that did not contain satisfactory answers to the issues we had raised.

We believe that in companies like Italmobiliare, where one minority shareholder of the companies' capital occupies the most senior executive positions, the BoD needs to provide an above-average level of monitoring and challenge of the management. According to public filings, the Pesenti family only has an investment of 27.2% in the capital of Italmobiliare, corresponding (considering the stake in Italcementi held by Italmobiliare) to approximately 10.5% of Italcementi's capital – yet it appears to dominate all decision making, not least by occupying the most senior executive positions (it fills the roles of Chairman and CEO in both companies). In this situation, the BoD need to be doubly careful that executive appointments are strictly made and maintained on merit rather than on family ties and that the management is strictly for the benefit of the company and not for the controlling minority shareholder.

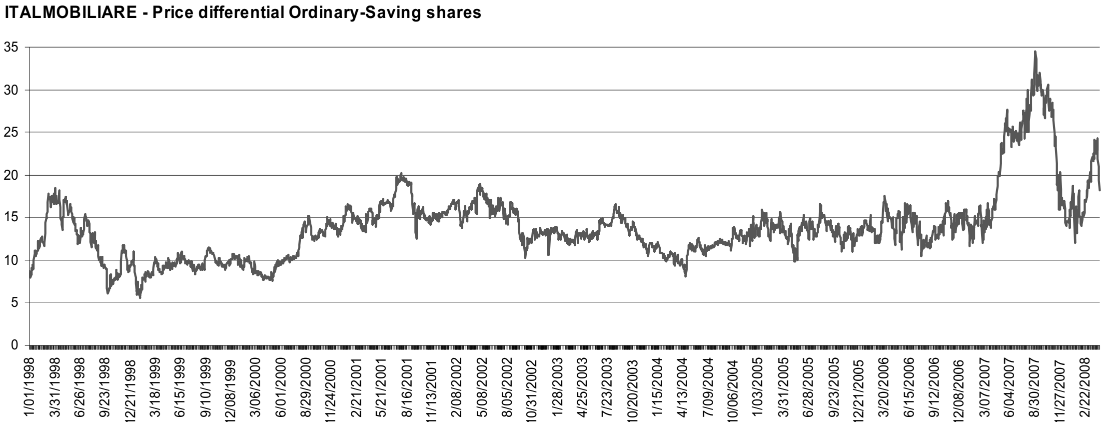
Our proposal is also justified by the fact that the management has not, over time, adopted any solution to rationalize the structure of the capital of the company, characterized by the presence of a class of shares without voting rights representing more than 40% of the company's capital.

Fig. 1 – Breakdown of Italmobiliare share capital



As shown in Fig. 2, the price differential between ordinary and saving shares has never been less than 5 EUR and has recently been as high as 35 EUR. The price differential is relevant in this context because, according to the Articles of Association of Italmobiliare, the additional dividend attributable to saving shares is calculated as a fixed amount of the par value of the shares, corresponding to 0.078 EUR. The privileged dividend being a fixed amount, it can be valued, in financial terms, as a perpetuity. Using a discount factor of 10%, the value of the perpetuity is 0.78 EUR. In other words, the additional dividend would justify saving shares trading at a premium on ordinaries of 0.78 EUR. On the contrary, as shown, saving shares always traded at a discount on ordinaries.

Fig. 2 – Price differential between Italmobiliare ordinary and saving shares (1/1/98 – 16/4/2008, in EUR; source: FACTSET)



The inefficiency of the current structure of the capital is also clear analyzing the liquidity of the different share classes. As shown in Fig. 3, the average daily volumes on Italmobiliare shares do not exhibit a significant difference between the two classes of shares and in the last 10 years, saving shares have actually often been more liquid than ordinaries (for example, in the last 6 years, only during 2007 ordinary shares have been more liquid than saving shares).

Fig. 3 - Average Daily Volumes (in EUR)

	Ordinary Shares	Saving Shares
1998	1,177,009	1,232,853
1999	965,496	631,869
2000	1,207,118	826,182
2001	1,035,665	823,546
2002	540,989	811,100
2003	301,375	534,179
2004	497,859	708,567
2005	806,206	1,395,527
2006	1,456,092	1,640,430
2007	2,779,559	2,107,046

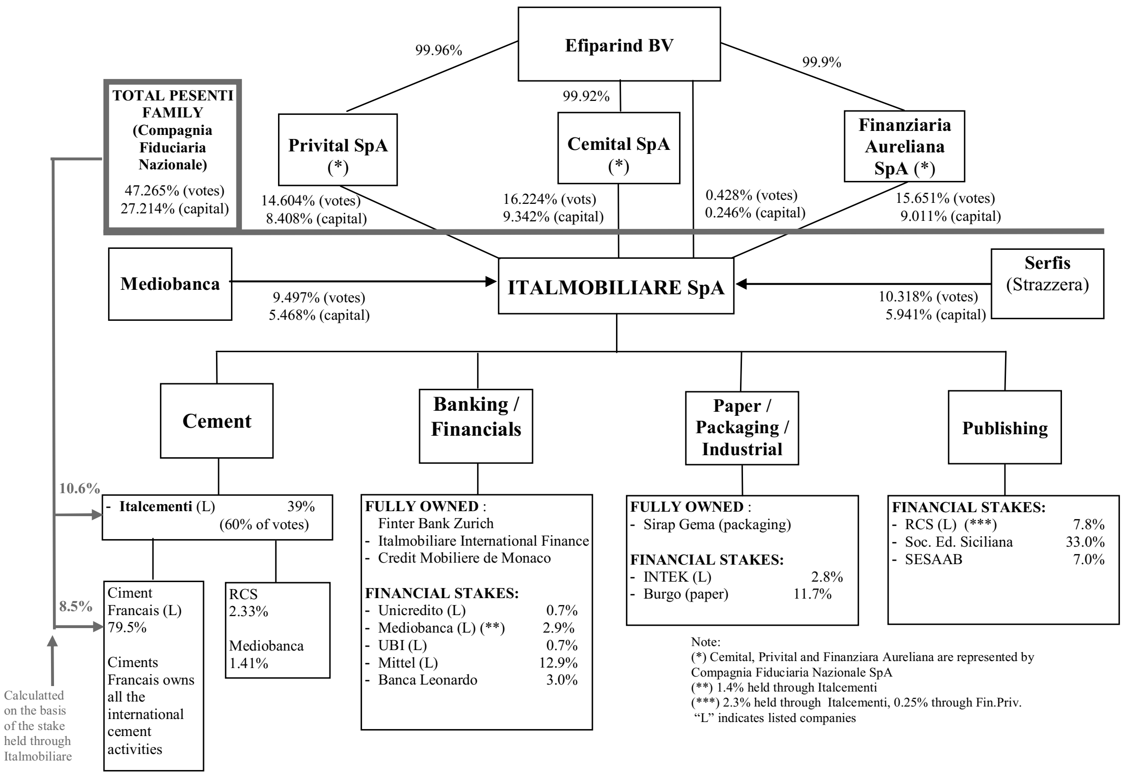
Source: FACTSET

This leads us to conclude that the discount is largely attributable to the fact that saving shares have no voting rights, and that such rights attribute control rights on the assets held by Italmobiliare. In particular, the discount also reflect the fact that the management has not – over time – adopted or prospected any initiative in favour of saving shareholders (such as buy-backs, extraordinary dividends or perspectives of conversion into ordinary shares) and the fact that the lack of voting rights does not allow saving shareholders the opportunity to express his dissatisfaction if the management does not manage the company with the goal of creating value.

As mentioned earlier, the Italmobiliare group is configured as a complex control chain allowing (through an extensive use of non-voting shares) the Pesenti family to exercise control of three major listed companies (Italmobiliare, Italcementi and Ciments Francais) and participate personally in the control of other important Italian listed companies (among which Mediobanca, Unicredit, Mittel, RCS MEdiagroup), all through a limited investment in the capital of Italmobiliare SpA.

In this situation, there is a clear asymmetry between risk exposure and influence, a separation between ownership and control that is gradually amplified when moving away from the top of the control chain: as shown in Fig. 4, the control on Ciments Francais (in which Italmobiliare, through Italcementi, exercises in excess of 80% of voting rights) is exercised on the basis of an investment attributable to the Pesenti family of 8% of the company's capital.

Fig. 4 – Italmobiliare Group structure



Among Italian listed companies, the Italmobiliare chain of companies is the most extensive user of saving shares. As shown in Fig. 5, only one company in Italy has more saving shares than Italmobiliare and Italcementi, but no other group in Italy features such an high voting dilution (because saving shares are so heavily used in two listed companies in the chain). CONSOB has recently shown that the use of non-voting shares has greatly reduced over time[1], highlighting also how the use of those instruments is connected to situations of actual and potential conflict of interest.

Fig. 5 – Analysis of the capital of Italian listed company with saving shares in issue

Company	Ordinary Shares	Saving Shares	Preference Shares	Total	% of saving shares on issued capital
Danieli	40,879,533	40,425,033	0	81,304,566	49.7%
Italmobiliare	**22,182,583**	**16,343,162**	**0**	**38,525,745**	**42.4%**
Italcementi	**177,117,564**	**105,431,378**	**0**	**282,548,942**	**37.3%**
Saes Getters	15,271,350	7,460,619	0	22,731,969	32.8%
Telecom Italia	13,380,794,192	6,026,120,661	0	19,406,914,853	31.1%
Fondiaria-SAI	125,331,457	43,361,222	0	168,692,679	25.7%
Buzzi Unicem	165,349,149	40,711,949	0	206,061,098	19.8%
Montefibre	130,000,000	26,000,000	0	156,000,000	16.7%
Banca Carige	1,614,659,968	175,270,935	0	1,789,930,903	9.8%
Banco Desio	117,000,000	13,202,000	0	130,202,000	10.1%
Intesa-SanPaolo	11,849,332,367	932,490,561	0	12,781,822,928	7.3%
Milano Assicurazioni	452,370,625	30,739,882	0	483,110,507	6.4%
Fiat	1,092,247,485	79,912,800	103,292,310	1,275,452,595	6.3%
INTEK	347,775,574	15,179,677		362,955,251	4.2%
RCS	732,669,457	29,349,593	0	762,019,050	3.9%
IFIL	1,038,612,717	37,383,020	0	1,075,995,737	3.5%
Pirelli & C	5,233,142,003	134,764,429	0	5,367,906,432	2.5%
Edison	5,181,072,080	110,592,420	0	5,291,664,500	2.1%
Telecom Italia Media	3,295,372,469	54,969,513	0	3,350,341,982	1.6%
Seat Pagine Gialle	8,208,980,696	136,074,786	0	8,345,055,482	1.6%
Borgosesia	68,225,775	909,677	0	69,135,452	1.3%
Indesit	113,630,684	511,282	0	114,141,966	0.4%
Impregilo	401,474,813	1,615,491	0	403,090,304	0.4%
Unicredito	13,344,461,963	21,706,552	0	13,366,168,515	0.2%
Gemina	1,469,197,552	3,762,768	0	1,472,960,320	0.3%
Unipol	1,479,885,786	0	911,540,314	2,391,426,100	0.0%

Fonte: Consob (as of 14 April 2008), HFAME

From a financial point of view, extensive use of saving shares is an expensive way of financing, involving major dilutive effects. We believe that Italmobiliare should move away from the use of saving shares to prevent both further value dilution and potentially damaging controlling behaviours that are not backed up by commensurate capital ownership.

Our proposal is aimed at removing the clear distortions deriving from the excessive use of saving shares. To serve this purpose, two options could be considered:

[1] See the consultation document on related-party transactions, available on the CONSOB website http://www.consob.it/documenti/Regolamentazione/lavori_preparatori/consultazione_emittenti_20080409.pdf .

1) a buy-back of saving shares and their successive cancellation
2) a conversion of saving shares into ordinaries

HFAME suggested to the management on several occasions to do a buy-back (as we believe this would allow the company a more efficient use of financial leverage), both in our presentation in May 2007, in our letters of November 2007 and January 2008 and in our meetings with the Chief Financial Officer. We also described the mechanism that would allow an immediate Net Asset Value (hereafter, "NAV") per share enhancement following a buy-back and how this effect would be amplified over time, showing how, for example, a buy-back implemented in 2004 would have created over 1bn EUR additional value for shareholders at the current date. It is also worth noting that, although Italmobiliare requests every year the authorization to buy-back shares (both ordinaries and saving), a buy-back has never been implemented.

As an alternative, clearly practicable option, we propose to the General Meeting to approve the voluntary conversion of saving shares into ordinary shares as we believe this is in the best interest of the company. This would, among other things, allow an improvement in the liquidity of shares as well as the elimination of various corporate governance distortions, giving equal weight to all minority shareholders (saving shares represent in excess of 40% of the company's capital, thus representing the greatest share of minorities). The maintainance of the current structure does not seem to be designed to create value for shareholders, but rather to pursue private interests of one minority controlling shareholder.

The simplification of the capital structure, as proposed, would also allow ordinary shares to be more appreciated by institutional shareholders and the market in general, with an enhancement of the market capitalization of the company. Another advantage following the approval of our proposal would be to achieve the elimination of the costs linked to the maintaining of two share classes and, in particular, the elimination of the procedural barriers to the approval of operations that would need the approval of saving shareholders (eliminating, de facto, the risk of potential conflicts of interest between ordinary and saving shareholders).

We believe that, if our proposal is not be approved (following a vote against or an abstention by the controlling shareholder), the BoD of the company should consider all the issues we raise, including the conversion of saving shares into ordinaries, and give shareholders adequate information on any justification of the current capital structure.

We now give some additional observations regarding the management of Italmobiliare and Italcementi, as we believe that most of the inefficiencies we observe are a consequence of the company's capital structure that, as mentioned, allows a minority shareholder to exercise majority control.

Italmobiliare

Management distractions and structure

The CEO of Italmobiliare is chairman of 2 other boards and a member of 4 further external boards. He is both Chairman and CEO at the same time, a governance practice which is discouraged by most international codes. He is supported by a Chief Operating Officer who is not only the CEO of a major industrial company but also on 6 boards of listed companies (and has external appointments in some non-listed entities). It is inconceivable to us that an executive team of an important multi billion Euro company with activities in 22 countries can be subject to so many distractions and still manage Italmobiliare at optimum performance and appropriate risk levels. The fact that, as we see, the Chairman and the COO (differently from other members of the management) seem to have hardly any time to have a dialogue with HFAME as a relevant outside shareholder seems to support this view.

We believe the management structure needs to be reviewed and made to conform to the company's needs.

Lack of Transparency

The true performance of an investment holding company such as Italmobiliare can best be measured by following various benchmarks that are typical for investment companies rather than industrial companies. These cover risk levels, net asset values and returns in relation to the risks taken. By reporting Italmobiliare's financial situation only in a way that would be typical for an industrial operating company, investors and the Board alike are hardly able to assess management performance in a way that would be necessary, especially in times of severe underperformance such as in 2007 where both Italmobiliare and Italcementi's share values have fallen dramatically. We believe that Italmobiliare cannot be considered as an industrial holding company, since the industrial activities directly managed by the group represent only half of the NAV, while the rest is represented by financial investments, directly managed by the Italmobiliare management.

We believe that the board should ask its executive members to improve financial reporting to encompass regular updates on risk levels and risk budgets, performance targets as well as net asset values. Other successful holding companies like Eurazeo, Investor AB or Groupe Bruxelles Lambert have long started to publish up-to-date net asset values on their company websites.

Need for Professional Investment and Risk Management

Unlike other successful investment holding companies in Europe, the company does not have a professional Chief Investment Officer, nor a transparent investment strategy (including entry and exit policies for equity investments), nor does it appear to have a dedicated professional investment research team. We believe this is not appropriate for a company with EUR 3.5 billion in assets, 3/4 of which is owned on behalf of outside shareholders.

While prudent investment companies avoid undue concentrated risk exposures, Italmobiliare has 80% of its net asset value invested in two sectors and some 50% in one single company. Concentrated investments in highly correlated sectors (many banking crises have been caused by real estate/construction crises) are especially risky, and the portfolio strategy of the management has exposed Italmobiliare's investors to a major loss in value in 2007.

An example of the apparent lack of professional investment management are the activities of Italmobiliare International Finance (hereafter, "IIF"), a wholly owned subsidiary of Italmobiliare based in Ireland and directly managed by Italmobiliare. Italmobiliare reinvested the proceeds from some portfolio divestitures in IIF. At the end of 2007, IIF had total assets of € 700.6 million invested in bonds and other financial instruments. The company also provides financial support to associated companies (inter-company loans amounted to € 54 million at year end 2006). The returns of IIF in each of the last 3 years have been very low (see Fig. 6); the company had after-tax returns on assets below 3% (1.44% in 2006, a loss in 2007) and even lower returns on invested assets (the returns excluding the income from deposits and advances). Notwithstanding its significant asset size, it merely achieves the low returns that would be expected of a retail bank account, but based on a much higher risk exposure. In 2006 and 2007, the returns obtained by the company (€ 9.2 million and a loss of € 2.2 million respectively) on an asset base well above € 600 million were even lower than the interest paid by Italmobiliare SpA on its debt (€ 14.5 million and € 24 million respectively on a total debt base of € 474 million and € 524 million).

Fig. 6 – Italmobiliare International Finance (2001-2007)

	2001	2002	2003	2004	2005	2006	2007
Assets	**457,322.9**	**562,721.7**	**581,242.8**	**595,209.3**	**612,789.5**	**638,993.5**	**700,600.0**
Liabiliaties	2,595.2	1,794.5	1,406.8	804.6	1,610.2	1,207.8	900.0
Shareholders' Equity	454,727.7	560,927.2	579,836.0	594,404.7	611,179.2	637,785.7	699,700.0
Net Income	**18,770.0**	**16,199.5**	**18,908.8**	**14,568.7**	**13,191.2**	**9,199.2**	**(2,200.0)**
Return on Assets	**4.1%**	**2.9%**	**3.3%**	**2.4%**	**2.2%**	**1.4%**	**-0.3%**

Source: Italmobiliare International Finance Reports, HFAME

We believe that a professional Chief Investment Officer with a strong track record should be appointed, with a mandate to introduce appropriate investment policies and procedures.

Corporate Governance

As mentioned above, the particular capital structure of the company (allowing a minority shareholder to have absolute control over Italmobiliare and other two major listed companies) would require above-average corporate governance standards and independence to ensure that the Board of Directors of Italmobiliare and of its controlled companies have the ability to monitor effectively the management.

We believe that Italmobiliare's board, taken as a whole, lags behind good Italian and international companies in this respect. In our analysis, only one director (Prof. Bini) currently fulfils the independence requirement of the Code of Self-Discipline (the company actually classifies two directors as independent, but one of them cannot be considered independent according the new definition in the Code).

We had suggested (in a letter dated 9 March 2007) to Mr. Giampiero Pesenti to consider the adoption of rules allowing minority investors to appoint more than one director of the Board (the minimum required by law). This was based on the particular conflicts of interest that exist under the current share structure and would have provided some level of counterbalance to the dominance of one minority equity shareholder. We are not sure if our suggestions were communicated to the entire board but are aware that our suggestion was not taken into account when Italmobiliare adopted the "Voto di Lista" system, applying only the minimum standards. We had suggested to the Chairman to use as example the Articles of Association of Pirelli & C (of which Mr. Pesenti is also a BoD member), which give more space to minority lists (1/5 of the BoD). Our concerns are now confirmed with reference to the lists presented for the BoD renewal at the current General Meeting. The controlling shareholder has not made any effort to increase the share of independent directors on the BoD (on the contrary, it decreases, as only one of the first 11 candidates on the list satisfies independence requirements in line with international standards).

This highlights Italmobiliare's general attitude of closure towards the market, confirmed by the fact that the company does not make any significant investor relations activity: there are no conference calls on quarterly reports, no road shows are organized, neither other initiatives are taken to stimulate the interest of investors for the shares.

Italcementi

Italcementi has dramatically underperformed other cement companies in the stock market, a development that indicates a widespread expectation of greater problems in Italcementi than would be expected in other cement companies. During 2007, while European comparable cement companies such as Holcim and Lafarge had positive performance (despite a negative business environment for the sector), Italcementi's shareholders experienced a loss on their investment. A similar history of underperformance can be found looking at longer time-frames (Fig. 7).

Fig. 7 – Performance of major listed cement companies

	1y	2y	3y	4y	5y	10y	20y
Lafarge	13.1%	72.6%	91.1%	101.1%	117.9%	200.8%	485.5%
Holcim	10.2%	42.1%	89.0%	138.1%	187.2%	218.1%	913.4%
Cementir	-9.4%	28.0%	63.0%	158.1%	180.1%	378.9%	366.9%
Buzzi Ord	-10.8%	48.0%	87.3%	133.4%	221.4%	218.4%	384.7%
Buzzi Risp	-11.3%	45.2%	82.9%	146.0%	149.9%	459.3%	591.7%
Italcementi Risp	-15.1%	8.3%	42.7%	111.8%	152.6%	514.7%	224.0%
Italcementi Ord	-30.1%	-3.6%	31.5%	62.3%	71.0%	190.1%	118.9%

Fonte: FACTSET (*Total Return* as of 31 December 2007)

Set out below are several factors that, according to our analysis, have caused continuous underperformance and valuation discounts for Italcementi.

Management/Corporate Governance

It is not apparent that the current CEO of Italcementi was selected based on merit. This is particularly important for Italcementi, because the controlling shareholder, having a clear conflict of interest in monitoring the CEO, could not have sufficient objectivity when assessing his performance. This does not give enough guarantees to the Italcementi (and Italmobiliare) minority shareholders, as it appears difficult that the CEO is removed, even in presence of repeated periods of underperformance overtime.

During last years, Italcementi's Italian cement business EBITDA margin has deteriorated significantly (from 28% to 15% see Fig. 9). This is despite Italcementi's leading market share in Italy. The performance compares very unfavourably with developments at Buzzi Unicem which has a 40% less market share and had almost double Italcementi's margins in 2007. Since 2000, the margin difference with Buzzi has grown every year. Italcementi's margins are also significantly lower than those of Cementir. Hermes is naturally concerned about these trends, in particular as this margin differential will be especially relevant in more difficult market conditions.

Fig. 9 – EBITDA margins for Buzzi and Italcementi in Italian cement activities (2000-2007)

CEMENT - ITALY								
ITALCEMENTI	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Sales	**756.0**	**851**	**900**	**917.0**	**956.8**	**931.6**	**1,043.1**	**1,018.4**
EBITDA	**208.0**	**251**	**276**	**254.0**	**239**	**154.5**	**188.5**	**150.8**
margin	27.5%	29.5%	30.7%	27.7%	25.0%	16.6%	18.1%	14.8%
BUZZI	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2006**
Sales	**445.1**	**478.5**	**509.6**	**526.0**	**571.0**	**544.5**	**603.8**	**606.7**
EBITDA	**149.4**	**178**	**201.3**	**203.0**	**216.4**	**162.8**	**194.0**	**180.0**
margin	33.6%	37.2%	39.5%	38.6%	37.9%	29.9%	32.1%	29.7%
Margin differential	**6.1%**	**7.7%**	**8.8%**	**10.9%**	**12.9%**	**13.3%**	**14.1%**	**14.9%**

Source: HFAME, Company Reports

Italcementi has had some 18 plants in Italy, a number that is widely considered as too large. In our assessment, half of the production network in Italy is probably loss-making or barely break-even or is cash flow negative, as it is based on old, cost-inefficient, energy intensive and polluting technologies; we believe that the management has so far failed to address with adequate speed the Italian performance and pollution problems. The long-term perspectives of the Italian activities seem to have been compromised by a lack of focus and by an extremely low level of investments over years.

The CEO also appears to have an excessive number of corporate roles: apart from his role as CEO of Italcementi, he is COO of Italmobiliare, as well as board member at Mediobanca, Unicredit and RCS MediaGroup in addition to board positions in non-listed companies. We estimate that there are board meetings on every fourth of working day during the year (in 2007, there were 30 Board meetings alone in RCS, Mediobanca and UBI Banca and 15 more meetings in Italmobiliare and Ciments Francais); this is excessive, especially when considering the track record of the businesses. Both the deterioration of the Italian business and the well-known criminal investigations involving an important subsidiary confirm our concerns, since the main problems seem to happen exactly in the domestic market, where the top management has its seat.

Despite their non-full-time roles in the respective companies, Mr. Carlo Pesenti and Mr. Giampiero Pesenti together account for some 80% of all stock options outstanding in Italmobiliare and 30% of the options outstanding in Italcementi. The recent trend is even more concerning as in 2006 and 2007 their share of option issuance was even higher (above 80% in Italmobiliare and 35% in Italcementi).

While the CEO still benefits from the presence of some excellent top managers in Messrs Nanot and Danielli, Hermes is concerned about Italcementi's ability to attract and retain comparable management talent under the current control structure and leadership of Italcementi.

We believe that Italcementi is exposed to a risk of mismanagement, especially once Messrs. Nanot and Danielli will have retired.

We also believe that the Italian operations need to be reviewed for a merger, disposal and/or operational restructuring.

We further believe that the Board should put the performance and pay levels of the Chairman and of the CEO under review and insist on a merit-basis of appointments.

Group Structure

The group equity structure is unhelpfully complex and inherently risky for employees and other shareholders. Third party interests in group earnings are worst-in-class in the industry at a level of 31% in 2007, or even more than 55% when considering savings shares as minorities.

Fig. 10 – Share of income attributable to minorities in major listed companies (2007)

	ITALCEMENTI	HOLCIM	BUZZI	LAFARGE	CEMENTIR	HEIDELBERG	CIMPOR	CEMEX
	eur	chf	eur	eur	eur	eur	eur	mxp
Group Net Income	613	5,746	537	2,156.0	151,772	1,026	321	26,945
Share of Net Income attributable to shareholders	424	4,545	458	1,909.0	140,399	951	304	26,108
Share of Net Income attributable to minorities	189	1,201	78	247.0	11,373	76	17	837
% of income attributable to minorities	30.8%	20.9%	14.6%	11.5%	7.5%	7.4%	5.2%	3.1%

Source: Company documents

Removing the minority interests in Ciments Francais, the better performing and faster growing part of the group, or merging Ciments Francais with Italcementi would greatly improve the group's earnings quality and cash management flexibility and help reduce dual listing costs. Eliminating or at least reducing the weight of the saving shares (through conversion or buy-backs) would add considerably to the value and liquidity of Italcementi's ordinary equity, thereby reducing risk for all shareholders, including Italmobiliare. A group rationalization has been severally recognized by financial analysts[2] as value-enhancing for shareholders. More generally, the group seems to be managed with a particular focus on increasing its size (in terms of sales and geographical spread) and with less attention to profitability and efficiency.

Both the existence of the highly discounted savings shares and the large amount of minority interests are not in the company's best interest, but rather dilute returns on ordinary equity and appear only to allow the controlling shareholders to exercise power in excess of their actual financial investment, with considerable

[2] Among the recent reports highlighting how a buy-out of Ciments Francais minorites would enhance Italcementi's earnings per share, in addition to bringing other advantages, such as having direct access to Ciments Francais' cash flows, we can mention the reports from Berenberg Bank (20 March 2008) and Exane BNP Paribas (8 April 2008)

resulting risks for the company's workforce and disadvantages for all other shareholders. In our view, a prudent Board should not support such a high level of financial complexity as it can hardly be considered as being in the best interests of the company and all its shareholders.

Italcementi (rather than Italmobiliare) ownership of significant equity stakes in banking and publishing companies (Mediobanca and RCS) add further to the group's complexity and to investor concerns about the group's financial and industrial strategy. Investments by industrial companies in unrelated industries involve significant risks and management distractions as evidenced especially at Italcementi.

We believe the group structure should be simplified and strictly focused on value generation rather than on control preservation for Italmobiliare and its executives.

Calcestruzzi

The recent developments regarding Calcestruzzi SpA highlight a lack of internal controls and pose further risks in relation to the group's and the Board members' reputation in Italy and abroad. We consider this situation as unacceptable, especially considering that both Italmobiliare and Italcementi have so far given very little information on the potential damages arising from this situation and on the attribution of responsibilities to the various entity of the group.

Both the deterioration of the Italian activities and the Calcestruzzi situation have a negative effect on the reputation of Italmobiliare and the controlled companies, since the worst problems seem happening in the Italian market, where the top management is based.

Summary conclusions

The stock markets rate both Italmobiliare and Italcementi poorly. In 2007 especially, both companies have fallen in value rather dramatically, displaying a high level of perceived risk in addition to the low rating that they already had. In our view, a prudent board should not ignore these developments but take notice of feedback provided by relevant shareholders, especially when the Chairman and the CEO, both of which have considerable conflicts of interest, appear to ignore such feedback. In Hermes' view, Italmobiliare – as a listed company with many outside shareholders - needs to become a more modern, dynamic investment company rather than carry on with the appearance of a highly risky "family office". Key steps to consider are:

- Define Investment policy and roles and appoint a professional Chief Investment Officer: Italmobiliare needs to have a clear investment, exit and risk strategy, and become more transparent about the value of the assets in its portfolio. Each investment needs to be justified continuously, to avoid excessive risks and counter the current market perception that those stakes may be held for personal prestige reasons rather than for demonstrable business reasons;

- Improve financial efficiency: Reconsider and change the capital structure of the company, eliminating or at least reducing saving shares and adopting best-in-class policies for cash management;

- Introduce governance improvements, with the appointment of an adequate number of independent directors as a top priority;

- Introduce changes to the management structure and personnel, avoiding conflicts between the personal interests of Pesenti family members and the true interests of the company and ensuring appointments especially are strictly made and maintained based on merit

Italcementi also needs to consider several improvements.

- Address the Italian performance problems with urgency: The operations in Ciments Francais are valuable and broadly well managed assets whose profitability in total is almost in line with the international peers. The same is not true for the Italian operations, where underinvestment and poor management seems to have taken place in previous years (while the company was expanding internationally), with a dramatic deterioration in performance. We believe the management and the Board should focus on a deep restructuring of the Italian operations, not excluding the sale of all or some assets;

- CEO role: Based on performance before and after the appointment as CEO, it cannot be assumed that the appointment and on-going role is subject to the necessary scrutiny. We believe that the Board of Directors should put his performance under review and make sure that the appointments at the top management level are strictly made and maintained based on criteria of meritocracy. Otherwise, the long-term prospects of the group will deteriorate further, in particular as companies with management teams of this kind are typically unable to attract and retain high quality managerial talent;

- Reduce financial complexity: Several steps can be considered to serve this goal:

    - Reduction of minority shareholding layers throughout the group. This can be done buying out the minorities in Ciments Francais or merging Ciments Francais with Italcementi;
    - Elimination or reduction of the use of saving shares;
    - Sale of equity stakes in Mediobanca and RCS as these do not have anything to do with the industrial scope of the company

The concerns highlighted in this document have led to severe underperformance of Italcementi and Italmobiliare in the recent financial crisis, where Italcementi's share price has fallen twice as much as those of its peers, negatively affecting Italmobiliare. Even before the crisis and to this day they have led to a significant discount in Italcementi's and Italmobiliare's valuation.

For all these reasons, we believe that a conversion of saving shares into ordinaries would be in the best interest of the company and of its shareholders, as this would allow a remedy to the evident financial and governance distortions connected to the current structure, with positive effects on the management of the group as a whole.

Italmobiliare S.p.A. directors' report on the request formulated by the shareholder Hermes Focus Asset Management Europe Ltd. to add the following item to the order of business at the Italmobiliare S.p.A. shareholders' meeting called for next April 29 - 30 «Proposal for the optional conversion of company savings shares into ordinary shares, through the attribution to the holders of the 16,343,162 outstanding savings shares of the right to convert the shares in question into ordinary shares at a conversion rate of one new ordinary share (with the same characteristics and dividend entitlement rights as the ordinary shares outstanding at the conversion date) for one savings share presented for conversion, without adjustment payments. Resolutions arising and amendments to arts. 5, 6, 8 and 31 of the company by-laws».

To the Shareholders,

the item on which you are invited to deliberate has been proposed, through a specific request for an addition to the order of business, pursuant to art. 126-bis of Legislative Decree 58/1998, by the shareholder Hermes FAME. On April 19 last, said shareholder deposited at the company registered office the relevant illustrative report required by the company by-laws. On the same day, the company made the report available to the public via the automated communication system managed by Borsa Italiana.

CONSOB invited the company to make available to the public at its registered office and care of the market management company no later than 5 days before the date of first call of the shareholders' meeting, and simultaneously to transmit to CONSOB, a directors' report containing, where applicable, the information set out in annex 3A (Model 6) of the Issuers Regulation.

Although the company Board of Directors doubts that it should be the issuer company to draw up a report on a proposal formulated not by the Board but by a shareholder, in consideration of the shareholders' need to have access to all the information necessary to deliberate at the Shareholders' Meeting on the proposal for conversion of savings shares into ordinary shares presented by the shareholder Hermes FAME, it has approved the present report drawn up in accordance with model 6 of Annex 3A of the Issuers Regulation.

The Board, moreover, feels it should point out, first of all, that the illustrative report deposited by Hermes FAME contains a plurality of considerations, to a very large extent on questions that have absolutely no connection with the proposal for conversion of savings shares into ordinary shares presented to the shareholders' meeting. Consequently, the Board has limited the report it has been invited to make to the matters and considerations that refer specifically to the proposal in question.

Second, in view of the fact that the proposal presented by the shareholder Hermes FAME is intended for deliberation by the company shareholders at the shareholders' meeting, in its report as per model 6 the Board of Directors intends to provide the shareholders with the technical and objective information required to carry such resolutions, without expressing, in this report, an opinion on or assessment of the merits of the proposal.

Nevertheless, the Board feels it should make the following general observations:

a) The share capital of Italmobiliare is represented by ordinary shares, admitted for trading in March 1980, and non-convertible savings shares, admitted for trading in October 1986. Since then, a number of fully subscribed share capital increases have taken place, with regard both to ordinary shares and savings shares. The share capital structure has provided Italmobiliare with funds, with current remuneration correlated in any case to the profits earned by the company, to conduct its business activities, raising value for all shareholders. In this connection, the Board points out that between the end of 1999, the last year in which a share capital increase took place (conversion of warrants), and the end of 2007, Italmobiliare capitalization based on mean share prices for the year, rose from 787.7 million euro to 3,054.6 million euro, with annual average growth of 18.46%.

b) The ordinary share price and savings share price trends since the beginning of 2003 are shown in the chart below:

c) The proposal presented by the shareholder Hermes FAME follows a series of requests for clarifications and information by the shareholder to which the Italmobiliare corporate officers consider they have responded, within the limits allowed under current laws and in a full and prompt manner.

In the report accompanying the conversion proposal, the shareholder not only provides generic reasons for the proposed conversion but also formulates considerations and judgments on questions relating to the governance and management of both Italmobiliare and Italcementi. In confirming that it does not share the considerations and judgments formulated, the Board will reply to the considerations in the appropriate place, the shareholders' meeting.

In this report, however, the Board of Directors firmly rejects the gratuitous consideration and insinuation by the shareholder Hermes FAME that “the maintenance of the current structure appears to address goals other than the creation of shareholder value and rather the pursuit of private interests of the controlling shareholder”, as well as the statement that “many of the inefficiencies mentioned by the said party are the consequence of the current capital structure of the company which, as already noted, enables a minority shareholder to exercise control over the company”. The Board of Directors, elected by the shareholders' meeting, has always governed the company in the interests of all the shareholders.

* . * . *

1) **Reasons for the conversion proposal**

The Board refers the reader to the report presented by the shareholder Hermes FAME, although it does not express consensus of any kind with regard to the merit of the generic motivations therein.

2) **Description of the rights or privileges attributed to the class of shares to be converted**

The report presented by the shareholder Hermes FAME states that the savings shares have been attributed (*only*) a preferred dividend up to 5% of the nominal value of the shares. On this point, in the interests of complete information, the Board points out that with respect to the indications of the HERMES report, in addition to a preferred dividend up to 5% of the nominal share value, the savings shares are entitled to the following privileges: in the event that in a financial year a dividend of less than 5% of the nominal share value is attributed to the savings shares, the difference is computed as an increase on the preferred dividend in the two subsequent financial years; the savings shareholders are entitled together with the ordinary shareholders to the distribution of the residual earnings whereby the savings shares receive a dividend which, compared with the ordinary shares, is increased by an amount equivalent to 3% of the nominal share value, unless the shareholders' meeting approves special withdrawals to extraordinary reserves or at the disposal of the Board of Directors for other purposes.

3) **Specific critical aspects of the operation, for example: the loss of particular equity privileges of the class of shares to be converted; the diverse level of liquidity of such shares in the event of partial uptake of conversion; the possible suspension from trading of non-converted shares and the rights attributed by the by-laws in the event of suspension from trading of such shares; the dilution effects of capital participation in the event of conversion not at par**

To the extent of its competence, the Board simply observes that exercise of the right of conversion would involve the loss of the preferred dividend right envisaged by the by-laws and of the other privileges illustrated in point 2 above.

4) **Quantity of shares to be converted held by the eventual controlling shareholder, as defined by art. 93 of the Consolidated Law**

As far as the company knows, the relative majority shareholder, EFIPARIND B.V., does not hold savings shares, directly or indirectly.

Italmobiliare S.p.A. holds a total of 28,500 treasury savings shares, accounting for approximately 0.174% of the share capital represented by savings shares.

5) Intention of the eventual controlling shareholder, as defined in the previous point, to transact market purchases or sales on the shares to which the operation refers, indicating the purposes thereof

Not applicable in this specific case since the proposal has been formulated by a shareholder ex art. 126 of the Consolidated Law on Finance.

6) Indication of any conversion commitments undertaken by holders of the shares to be converted, with particular reference to the controlling shareholder

Not applicable in this specific case since the proposal has been formulated by a shareholder ex art. 126 of the Consolidated Law on Finance.

7) Dividends paid over the last 5 years to the shares to which the conversion refers

Financial year 2002:	1.018 euro
Financial year 2003:	1.078 euro
Financial year 2004:	1.178 euro
Financial year 2005:	1.348 euro
Financial year 2006:	1.528 euro

The proposal drawn up by the Board in preparation for the Shareholders' Meeting of next April 29÷30 envisages distribution of a dividend of 1.678 euro in respect of financial year 2007.

8) Any conversion adjustment and criteria for determination thereof

The conversion proposal presented by Hermes FAME is expressly formulated without any adjustment payment and without reduction of capital. The shareholders' report does not present any motivations with regard to this point nor any determination criteria.

9) Conversion rate and criteria for determination thereof

The conversion proposed by Hermes FAME is envisaged at a rate of 1 (one) ordinary share for every 1 (one) savings share- The ordinary shares to be issued as a result of the conversion would have the same nominal value and the same characteristics as outstanding ordinary shares. Participation in profits would begin as from January 1 of the financial year following the year in which the conversion is requested. The report of the shareholder Hermes FAME does not present any motivations with regard to this point nor any determination criteria.

10) Manner of exercise of conversion also in the event that the shares to be converted arise from purchases on the market prior to the uptake period or from early exercise of premium contracts with deferred maturity

The conversion proposal presented by Hermes FAME envisages exercise of the conversion right in November of each calendar year. On expiry of this term, savings shares that have not been presented for conversion retain their non-convertibility until November 1 of the following year. The report of the shareholder Hermes FAME does not present any motivations with regard to this point nor any determination criteria.

11) Any conditions governing the effectiveness of conversion (such as minimum or maximum quantities for conversion)

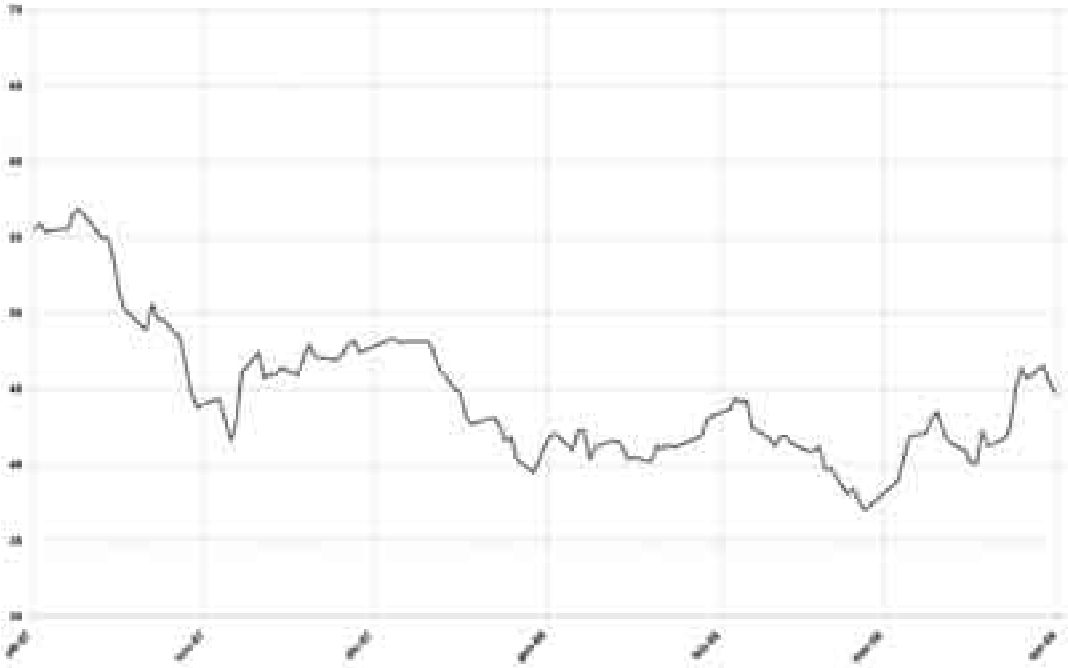
The proposal presented by the shareholder Hermes FAME does not present considerations on this point.

12) Quantity of convertible shares and quantity of shares offered for conversion

The proposal of the shareholder Hermes FAME refers to all issued savings shares and consequently—since the proposed conversion is facultative—to a maximum of all the 16,343,162 (sixteen million three hundred and forty-three thousand one hundred and sixty-two) non-convertible savings shares issued with a nominal value of 2.60 euro.

The proposal of the shareholder Hermes FAME provides that a maximum of 16,343,162 (sixteen million three hundred and forty-three thousand one hundred and sixty-two) new ordinary shares with a nominal value of 2.60 euro each be issued to service the conversion, with dividend entitlement rights vesting as from January 1 of the year following the year in which conversion takes place and that simultaneously up to a maximum of 16,343,162 (sixteen million three hundred and forty-three thousand one hundred and sixty-two) non-convertible savings shares presented for conversion be annulled.

13) Indication, with or without a chart, of the share price trend, in the last six months, of the shares to be converted on the regulated market on which such shares are traded



14) In the event that possible conversion incentives are contemplated (e.g., so-called implicit premium), indication of the manner of determination thereof and description of the circumstances under which eventual other market conditions during the conversion period might determine the elimination of the described conversion incentives

The Board is not required to respond on this point since the proposal has been formulated by a shareholder ex art. 126 of the Consolidated Law on Finance.

15) In the event of existence of stock option plans relating to the shares to be converted, indication of the effects of the conversion on such plans

The report presented by the shareholder Hermes FAME indicates that "in the event of approval of the proposal there would be no impact on existing stock option plans". The Board confirms this indication.

16) Composition of share capital before and after the conversion operation, assuming, in the latter case, full conversion

The share capital, standing at 100,166,937 euro, is currently subdivided into 22,182,583 ordinary shares and 16,343,162 savings shares, with a nominal value of 2.60 euro each.

In the event of full conversion of the savings shares into ordinary shares, the share capital—which would be unchanged at 100,166,937 euro—would be subdivided into 38,525,745 ordinary shares with a nominal value of 2.60 euro each.

17) Significant changes in the ownership structures as a result of the conversion in the event of full conversion of the shares

In the event of full conversion of the savings shares into ordinary shares, and assuming that the ordinary shareholders whose ownership of savings shares is not known do not possess savings shares, the composition of the share capital, with regard to the main shareholders only, would be as follows:

Shareholder	no. ordinary shares held as of today (*)	% of share capital with voting rights	no. savings shares held as of today(*)	no. shares with voting rights held in the event of full conversion	% of share capital arising from full conversion of savings shares
EFIPARIND B.V.	10,484,625	47.265	0	10,484,625	27.215
indirectly through the subsidiaries:					
* *EFIPARIND B.V. & C.IE*	*95,000*	*0.428*	*0*	*95,000*	*0.247*
* *CEMITAL S.p.A.*	*3,599,077*	*16.225*	*0*	*3,599,077*	*9.342*
* *FINANZIARIA AURELIANA S.p.A.*	*3,551,001*	*16.008*	*0*	*3,551,001*	*9.217*
* *PRIVITAL S.p.A.*	*3,239,547*	*14.604*	*0*	*3,239,547*	*8.409*
all through Compagnia Fiduciaria Nazionale S.p.A.)					
SERFIS S.p.A.	2,288,942	10.319	unknown	2,288,942	5.941
MEDIOBANCA S.p.A.	2,106,888	9.498	unknown	2,106,888	5.469
ARNHOLD & BLEICHROEDER ADVISERS, LLC	686,101	3.093	unknown	686,101	1.781
BT PENSION SCHEME - (through Hermes)	615,598	2.775	634,736	1,250,334	3.245
ITALMOBILIARE S.p.A. - (treasury shares)	871,411	3.928	28,500	899,911	2.336

(*) based on the information currently in the possession of the company

18) Main destinations that the issuer intends to assign to any net proceeds arising on the share conversion. If such net proceeds are intended, directly or indirectly, for the purchase of activities that are not part of ordinary operations, provide a brief description of such activities and their cost; if such activities are to be purchased from related parties, name the seller parties, the relationship with the issuer, the economic reasons for the purchase, the purchase price determination criteria. Should the operation proceeds be intended to reduce, restructure or settle financial liabilities, provide a proforma estimate of the economic and financial effects arising therefrom

As noted, the proposal presented by the shareholder Hermes FAME provides for the conversion to take place without any adjustment payments. Consequently, should the Shareholders' Meeting approve the proposal presented by the shareholder Hermes FAME, the company would not obtain any net proceeds from the proposed operation.

19) Indication that this report, together with the information needed for exercise of the conversion will be made available to the public, in the manner indicated in the Issuers' Regulation, at least the stock market day before the first day of the conversion period.

Should the Shareholders' Meeting approve the proposal presented by the shareholder Hermes, the company will make the report prepared by the shareholder Hermes and this report, together with the information needed for exercise of the conversion, available to the public, in the manner indicated in the Issuers' Regulation, at least the stock market day before the first day of the conversion period.

Milan, April 24, 2008

for the Board of Directors
The Chairman
Giampiero Pesenti

Summary of resolutions

The Shareholders' Meeting held on second call on April 30, 2008, in the Intesa Sanpaolo Assembly Hall in Piazza Belgioioso 1, Milan, chaired by Giampiero Pesenti and attended in person or by proxy by 101 shareholders representing a total of 17,645,422 shares out of 22,182,583 ordinary shares outstanding,

carried the following resolutions

<u>in an ordinary session</u>

1) - to approve the financial statements for the year to and as at December 31, 2007, and also the accompanying directors' report on operations;

   - to assign the net profit for the year including the full amount of "Retained earnings" for the sum of 106,335,389.95 euro as follows:

     - 1.60 euro to the ordinary shares;
     - 1.678 euro to the savings shares;

     to be paid from May 22, 2008, with coupon detachment on May 19, 2008,

   and to carry forward an amount of 118,453,896.77 euro;

2) subject to revocation of the unexecuted part of the resolution authorizing the acquisition and disposal of treasury shares carried by the ordinary Shareholders' Meeting of April 27, 2007:
   a) to authorize, pursuant to art. 2357 of the Italian Civil Code, the purchase of ordinary and/or savings treasury shares, in the quantities, at the price, on the terms and in the manner indicated below:
      - the purchase may be executed in one or more transactions within 18 months of the resolution date;
      - the purchase price for each share shall not be more than 15% lower or higher than the average share price on the Italian Stock Exchange in the three sessions preceding each transaction;
      - the total counter-value shall in no case exceed 75 million euro;
      - the maximum number of ordinary and/or savings shares purchased shall not have an aggregate nominal value, including the treasury shares already owned as of today by the company and by the subsidiaries, in excess of one tenth of the share capital;
   b) to establish that the consideration paid or received for the purchase or sale of treasury shares be recognized directly in shareholders' equity in compliance with International Accounting Standard 32 and that such considerations always be reflected in the accounts in the form envisaged by the regulations in force from time to time;

   c) to authorize the Chairman, the Deputy Chairman, the Chief Executive Officer and the Chief Operating Officer to dispose at any time of purchased treasury shares, even before all purchases have been made;

3) to set the number of members of the Board of Directors for the three years 2008-2010 at 12 (twelve) and to name as members:
   Pier Giorgio Barlassina

Mauro Bini

Giorgio Bonomi

Gabriele Galateri di Genola

Jonella Ligresti

Italo Lucchini

Luca Minoli

Giorgio Perolari

Carlo Pesenti

Giampiero Pesenti

Livio Strazzera

Francesco Saverio Vinci

4) to appoint the Board of Statutory Auditors for the three years 2008-2010, that is, until approval of the financial statements for the year to and as at December 31, 2010, as follows:

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

and to set the annual remuneration of the Chairman at 64,500 euro and of each Acting Auditor at 43,000 euro;

<u>in an extraordinary session</u>

to reject the project for the conversion of savings shares into ordinary shares proposed by the shareholder Hermes FAME.

..*

At a meeting held after the Shareholders' Meeting, the Board of Directors named for the three years 2008-2010:
Giampiero Pesenti - Chairman - Chief Executive Officer
Italo Lucchini - Deputy Chairman
and confirmed Carlo Pesenti in the post of Chief Operating Officer.

The Board of Directors named the Executive Committee for the three years 2008-2010, as follows:
Giampiero Pesenti - Chairman
Carlo Pesenti
Giorgio Perolari
Livio Strazzera

Graziano Molinari was confirmed as ***<u>Secretary to the Board</u>*** of Directors and to the Executive Committee.

The Chief Executive Officer Giampiero Pesenti was confirmed as the ***Executive director responsible for supervising the internal control system***.

The independent director Mauro Bini was confirmed as ***Lead independent director***.

The Joint Chief Operating Officer for Administration & Finance, Angelo Maria Triulzi, was confirmed as ***Manager in charge of preparing the company's financial reports***.

The Board of Directors also named the committees envisaged by the Code of Voluntary Conduct, as follows:

Remuneration Committee
Italo Lucchini
Gabriele Galateri di Genola
Giorgio Perolari

Internal Control Committee
Mauro Bini
Giorgio Bonomi
Jonella Ligresti

Directors, officers and auditors after the appointments of April 30, 2008

Board of directors

(Term ends on approval of financial statements at 12.31.2010)

Giampiero Pesenti	1-2	Chairman - Chief Executive Officer - CEO
Italo Lucchini	1-3	Deputy Chairman
Carlo Pesenti	1	Chief Operating Officer - COO
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 (pursuant to the Voluntary Code of Conduct)
6 Lead independent director
7 Member of the Compliance Committee
8 Secretary to the Executive Committee

May 2008
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