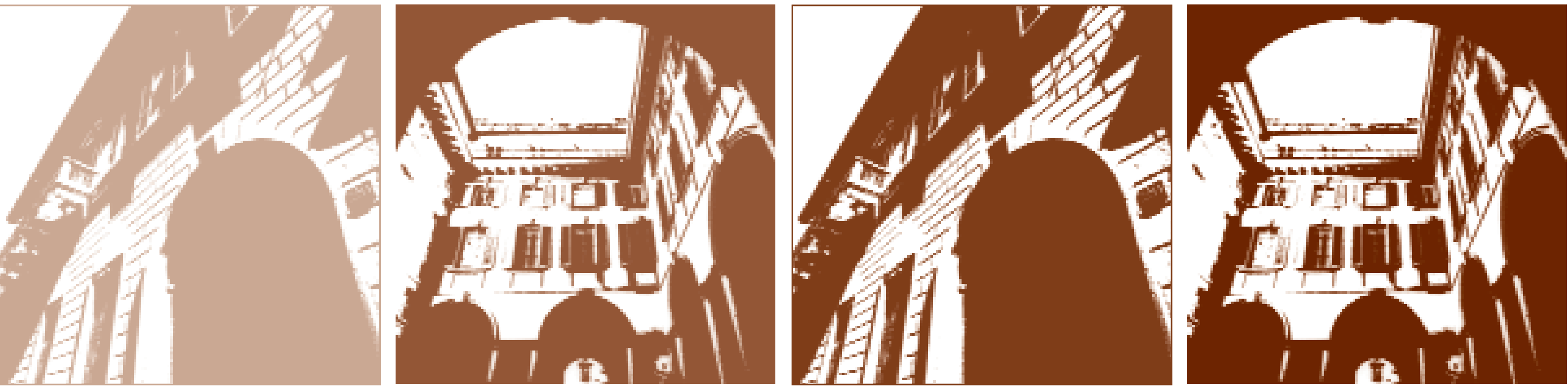
ITALMOBILIARE

2008 Annual Report



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Presentation

Italmobiliare Group

Italmobiliare S.p.A.

ITALMOBILIARE

2008 Annual Report

The 2008 Annual Report has been translated from those issued in Italy, from the Italian into the English language solely for the convenience of international readers.

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 12.31.2010)

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

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.

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.

Supervisory Director at Unione di Banche Italiane S.c.p.a. and Chairman of the Board of Statutory Auditors of BMW Italia S.p.A. and its subsidiaries.

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 especially 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.

Since May 14, 2001, Chief Operating Officer of Italmobiliare S.p.A.

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. 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.

Jonella Ligresti
After high school, attended business courses at LUISS University in Rome and at Bocconi University in Milan. Professional experience in the SAI Group, whose companies operate in various sectors (insurance, finance, real estate, tourism and hotels, agriculture).
Continued to gain practical experience in insurance at SAI S.p.A.. 1996, joined the SAI Board of Directors, 2001, appointed Chairman.
Holds posts in other companies, such as Mediobanca and RCS.
Close attention to social issues, assisted the realization of the "Fondazione Fondiaria – Sai" of which she is Deputy Chairman.

Luca Minoli
Degree in law – Milan State University.
1986 to 1987, associate of Hughes Hubbard & Reed in New York. First associate, later 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.

Francesco Saverio Vinci
Degree in business economics – Bocconi University, Milan.
Joined Mediobanca in 1987, member of Board of Directors and member of Executive Committee since October 2008, member of Executive Board since July 2007, Deputy Chief Operating Officer since March 2006, Central Director since 2000 of the Financial Markets Area, which now includes funding, cash management, asset liability management, trading and capital markets for equities and fixed-income products.

Board of Statutory Auditors

Mario Cera

Degree in law – Pavia University.

Since 1978 has worked as a lawyer in Milan, in judicial and extra-judicial practice, specializing in commercial and banking law.

Since 1992 lecturer and now tenured professor of banking law at the Faculty of Jurisprudence at Pavia University.

Consultant to banks and listed and unlisted companies, speaker and participant at numerous national and international conferences on corporate and banking law.

Author of four books and numerous articles and legal notes in the main Italian legal reviews on commercial law and financial intermediation law.

A former bank and savings management company chairman, he is currently a director of two banks and one savings management company in the UBI Group.

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.

Eugenio Mercorio

Degree in economics & commerce – Bergamo University.

Independent professional. Also active as a receiver, adjuster and liquidator for insolvency procedures.

Marco Confalonieri

Degree in economics and commerce – Catholic University of Milan.

Registered public accountant in Milan and registered public auditor and technical consultant for the Court of Milan since 1984.

Associate professor of business economics at the Faculty of Economics at the Catholic University of Milan and teaches business economics for tourism companies (Faculty of Foreign Languages and Literature) at the Catholic University of Milan.

Corporate and tax consultant, with a focus on: company valuations, consultancy for extraordinary operations, financial statements, tax and tax provision auditing.

Author of books, articles and professional publications.

Leonardo Cossu

Degree in economics and commerce – Brescia University.

Registered public accountant in Brescia and registered public auditor.

Specific experience in corporate affairs through more than twelve years as a director at Sabaf S.p.A., where he was involved in the operational aspects of the company's application for admission to trading and in relations with shareholders.

Chairman of the Board of Statutory Auditors, Acting Auditor, Director and Chief Executive Officer of numerous financial and industrial companies.

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 28, 2009 at 11.00 a.m.

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

April 29, 2009, at the same time and in the same venue,

to discuss and adopt resolutions on the following

Order of Business

1. The Reports of the Board of Directors and the Board of Statutory Auditors on financial year 2008: examination of the financial statements as at and for the year to December 31, 2008, and resolutions arising;
2. Authorization for the purchase and disposal of treasury shares.

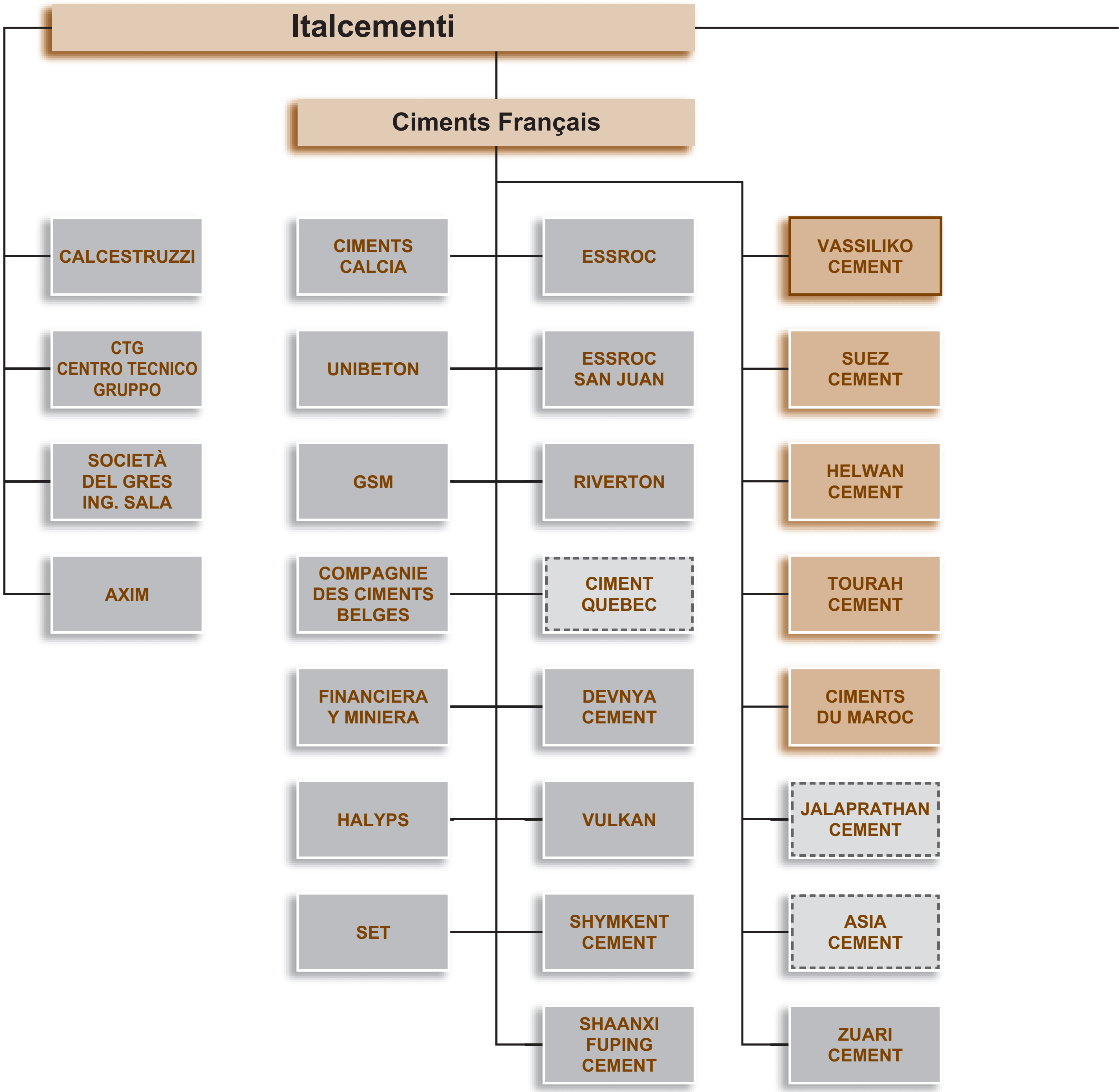
In accordance with the law and the company by-laws, Shareholders holding ordinary shares for which the declaration envisaged by art. 2370, para. 2, Italian Civil Code, has been notified to the company no later than two business days before the date of the Shareholders' Meeting shall have the right to participate in the Shareholders' Meeting.

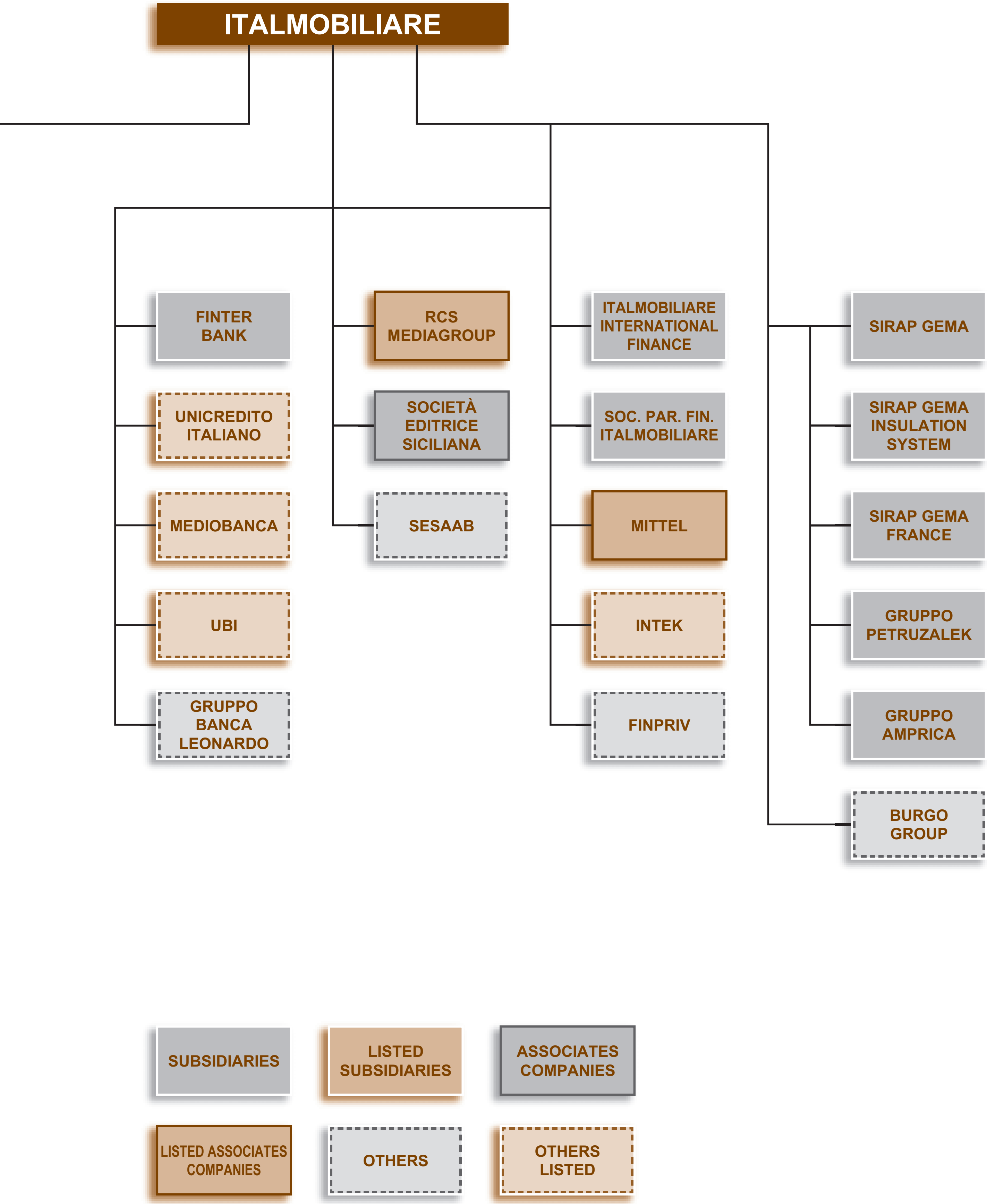
Documentation relating to the matters on the order of business will be available to the public at the company registered office and at Borsa Italiana S.p.A. at least 15 days before the date of first call. Shareholders are entitled to obtain copies thereof.
The documentation will also be available for consultation during the same period at the internet address *www.italmobiliare.it*.

The Board of Directors

(Notice published on March 27, 2009, in “Il Sole - 24 Ore”)

Group structure
(as of December 31, 2008)

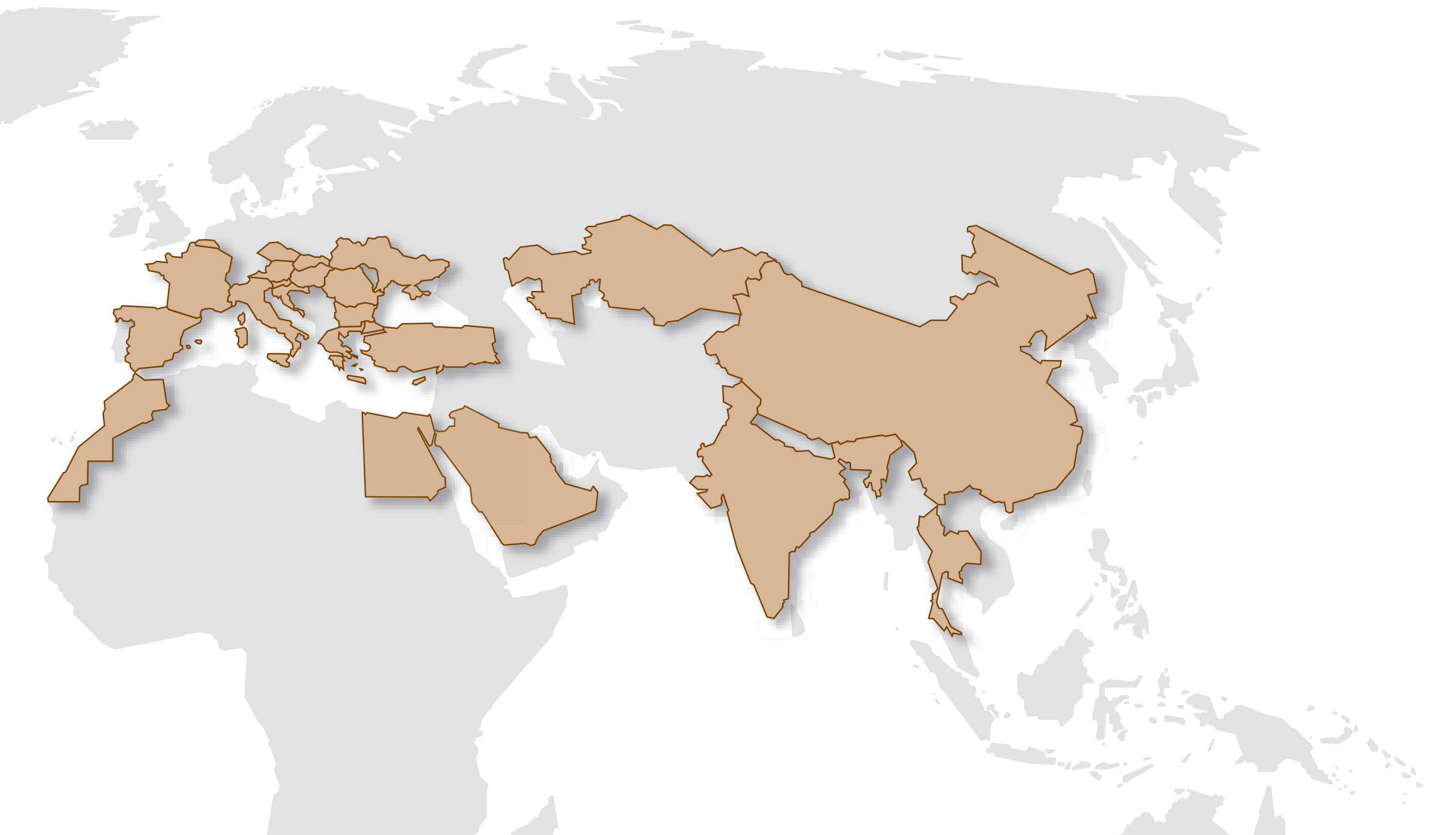



ITALMOBILIARE
FINTER BANK
UNICREDITO ITALIANO
MEDIOBANCA
UBI
GRUPPO BANCA LEONARDO
RCS MEDIAGROUP
SOCIETÀ EDITRICE SICILIANA
SESAAB
ITALMOBILIARE INTERNATIONAL FINANCE
SOC. PAR. FIN. ITALMOBILIARE
MITTEL
INTEK
FINPRIV
SIRAP GEMA
SIRAP GEMA INSULATION SYSTEM
SIRAP GEMA FRANCE
GRUPPO PETRUZALEK
GRUPPO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

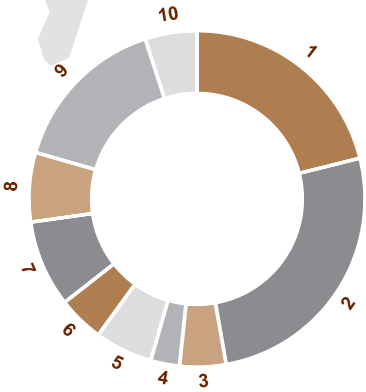
Group financial highlights

(in millions of euro)	2008	2007	2006	2005	2004
Revenues	6,157.0	6,397.0	6,216.5	5,282.3	4,773.0
Recurring EBITDA	1,020.7	1,462.1	1,550.0	1,230.7	1,142.1
EBITDA	1,010.7	1,462.7	1,541.0	1,216.3	1,154.3
EBIT	501.1	997.5	1,105.7	834.5	836.9
Net result for the period	111.8	660.9	748.5	606.1	526.4
Group net result	(106.1)	217.2	264.4	211.3	191.5
Investments in fixed assets	1,035.6	1,107.0	865.2	1,253.7	439.3
Total shareholders' equity	5,481.6	6,300.2	6,407.9	5,916.7	3,976.1
Group shareholders' equity	2,177.3	2,909.6	2,975.0	2,696.3	1,798.1
Net debt	2,571.9	2,149.6	1,857.3	1,865.1	1,312.5
Net debt/Shareholders' equity	46.92%	34.12%	28.98%	31.52%	33.01%
Net debt/Recurring EBITDA	2.52	1.47	1.20	1.52	1.14
(unit values)					
(Diluted) earnings per ordinary share	(2.852)	5.714	6.985	5.578	5.057
(Diluted) earnings per savings share	(2.774)	5.792	7.063	5.656	5.135
Shareholders' equity per share [1]	57.868	77.330	79.150	71.736	47.810
Dividend paid per share					
ordinary		1.600	1.450	1.270	1.100
savings		1. 678	1.528	1.348	1.178
Number of employees (heads)	23,864	25,252	24,509	22,857	18,345

[1] net of treasury shares

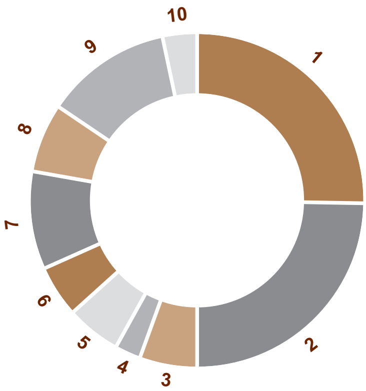


Country revenues 2008
(net of intercompany trading)



1	Italy 21.3%	**6**	Other European countries 4.5%
2	France 26.0%	**7**	North America 8.1%
3	Spain 4.6%	**8**	Asia 6.7%
4	Belgium 2.6%	**9**	Africa 15.7%
5	Other U.E. countries 5.7%	**10**	Trading and other countries 4.8%

Country revenues 2007
(net of intercompany trading)

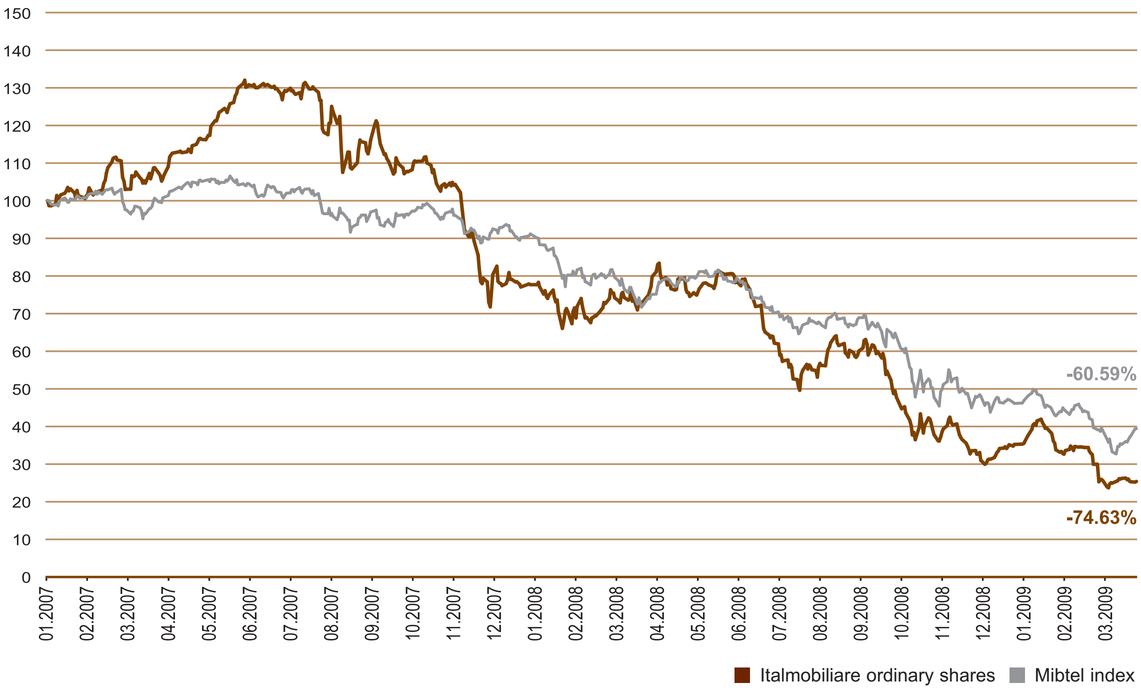


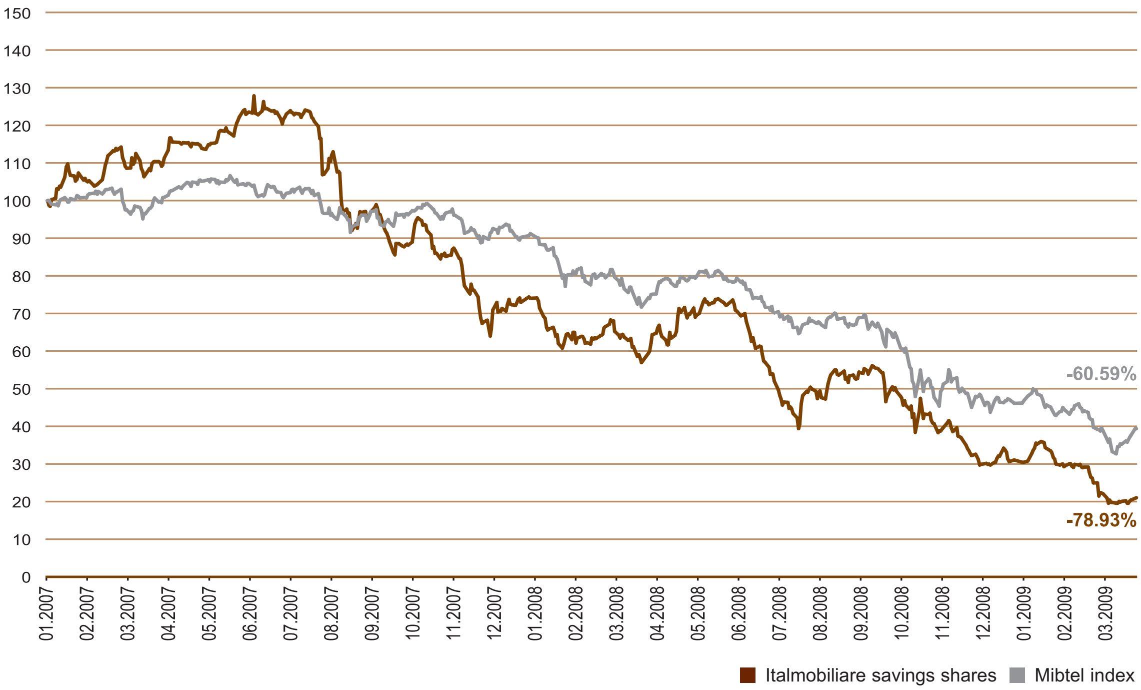
1	Italy 25.3%	**6**	Other European countries 5.1%
2	France 24.9%	**7**	North America 9.5%
3	Spain 5.4%	**8**	Asia 6.5%
4	Belgium 2.4%	**9**	Africa 12.2%
5	Other U.E. countries 5.4%	**10**	Trading and other countries 3.3%

Italmobiliare S.p.A. on the Stock Exchange

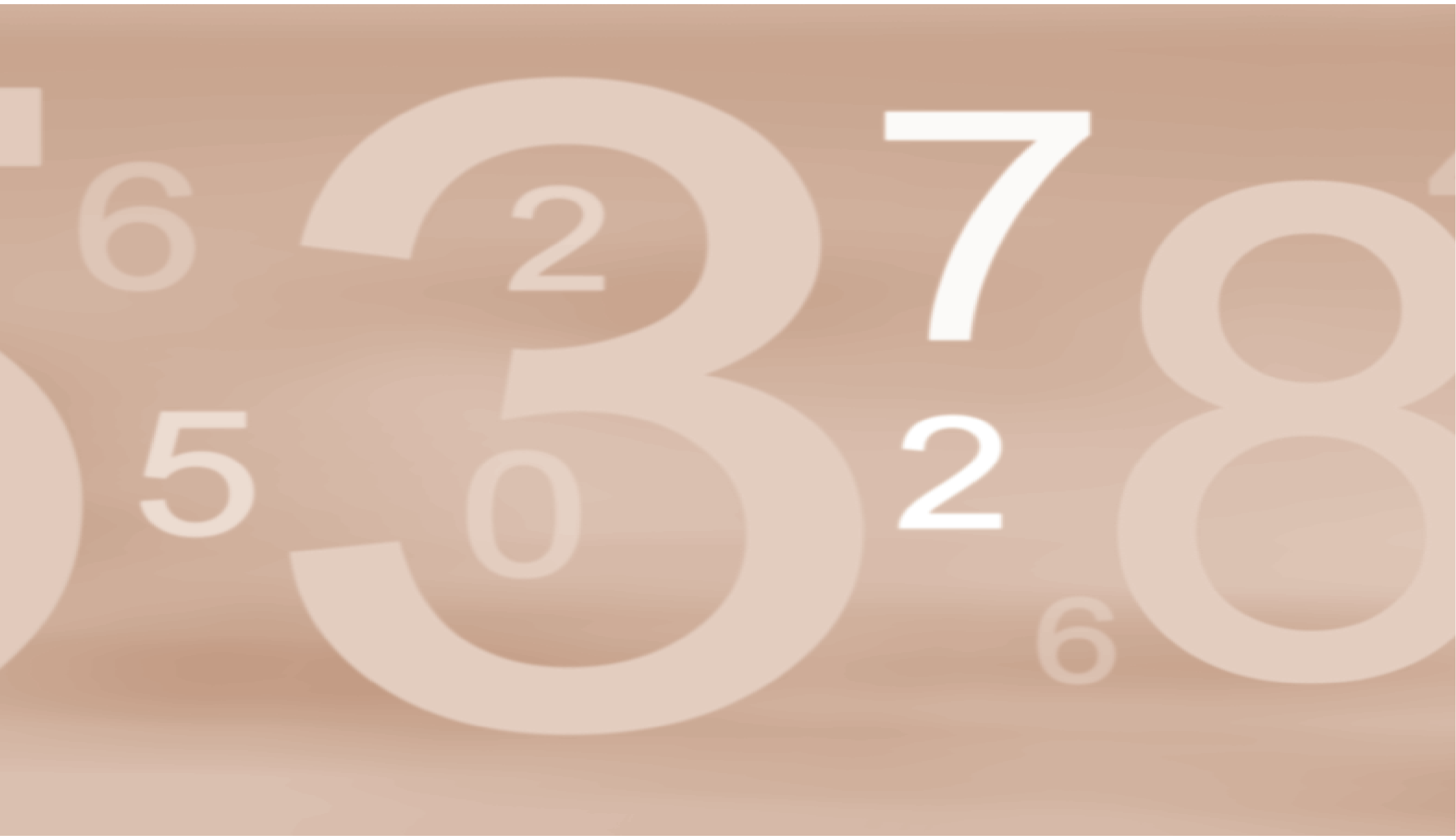
Share prices from 01.02.2007 to 03.24.2009

(euro)	high		low		01.02.2007	03.24.2009	performance
Ordinary shares	106.64	05.29.2007	19.14	03.03.2009	80.74	20.49	-74.63%
Savings shares	83.15	06.05.2007	12.73	03.09.2009	65.04	13.70	-78.93%
Mibtel	34,365	05.18.2007	10,544	03.09.2009	32,248	12,709	-60.59%





Italmobiliare Group



Foreword

Following the adoption by the European Union of Regulation no. 1606 of 2002, the Italmobiliare S.p.A. consolidated financial statements for 2008 have been drawn up in compliance with the International Accounting and Financial Reporting Standards (IAS/IFRS), as have the comparatives for financial year 2007, which have already been published.

The changes that have taken place in the reporting standards and interpretations compared to 2007 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, 2008, 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 2009, having decided not to elect early application.

Scope of consolidation – Changes

As noted in the report to the 2007 consolidated financial statements and the subsequent quarterly reports and half-year financial report for the financial year under analysis, as a consequence of the preventive seizure of the assets of Calcestruzzi S.p.A. ordered on January 29, 2008, and still in effect, the **Calcestruzzi group,** pursuant to IAS 27§21, is no longer included in the scope of consolidation. An update on the situation at Calcestruzzi is provided in the section on the construction materials sector.

The other main changes in the scope of consolidation compared to 2007 took place in the Italcementi group, specifically the acquisitions in 2007 of companies active in the ready mixed concrete sector in North America and in Egypt and in the cement sector in China and in Kuwait, as well as the acquisitions in 2008 of:

- **Verticalnet Inc.** (e-business, USA), consolidated since the end of January 2008;
- **Crider & Shockey** (ready mixed concrete, USA), consolidated as from March 2008;
- **Kuwait German Ready Mix** (ready mixed concrete, Kuwait), consolidated on a line-by-line basis as from May 2008;
- **Misr for Energy SAE** (Egypt), **Italgen Elektrik Uretim AS** and **Bares Elektrik Uretimi AS** (Turkey), active in the energy sector and part of the Italgen group, consolidated on a line-by-line basis as from the second half of 2008;
- **Al Mahaliya** (ready mixed concrete, Kuwait), consolidated on a line-by-line basis as from July 2008, and the investment in the newly formed joint venture **International City for Ready Mix** (ex Arabian Ready Mix Co.; ready mixed concrete, Saudi Arabia), consolidated on a proportionate basis since the beginning of 2008.

As noted in the quarterly report at September 30, 2008, since the agreement for the sale of the operations of the companies Set Group, Set Cimento, Set Beton and Afyon Cimento was not executed, the Italcementi group decided to review its options with a view to strategically optimizing its operations in Turkey. The operations in question are no longer deemed discontinued operations and are therefore consolidated on a line-by-line basis, whereas in the quarterly report at March 31, 2008, and the half-year financial report at June 30, 2008, they were treated in compliance with IFRS 5.

In the Sirap Gema group, after a transaction to the detriment of the subsidiary **Inline Ucraine L.C.F.I.**, the subsidiary was deconsolidated on December 31, 2007, since the Group no longer held control.

With regard to the notable influence of the voting trust (to which the Italmobiliare Group belongs through the subsidiaries Franco Tosi S.r.l. and Italcementi S.p.A.) on RCS MediaGroup (the voting trust members contributed shares representing 63.5% of capital), and in consideration of the fact that the majority of the trust members consolidate the investment with the equity method, it was deemed appropriate to classify RCS MediaGroup as an associate as from the end of 2008.

In the banking sector, Finter Bank Zürich acquired the Swiss bank **Hugo Kahn**, consolidated as from October 2008.

Earnings indicators

To assist comprehension of its income statement and balance sheet, the Group employs a number of widely used indicators, which are not contemplated by the IAS IFRS.
Specifically, the income statement for the Group, and in part for some sectors, presents the following intermediate results/indicators: Recurring EBITDA, EBITDA, EBIT, computed as the sum of the preceding items. On the balance sheet, similar considerations apply to net debt, whose components are detailed in the specific section of the notes.
Since the indicators employed by the Group are not envisaged by the IAS IFRS, their definitions may not coincide with and therefore not be comparable to those adopted by other companies/groups.
This report contains many financial and non-financial earnings indicators, including those indicated above. The financial indicators, taken from the financial statements, are used in the tables summarizing business, equity and financial performance, in relation to comparative values and to other values from the same period (e.g., change in revenues, recurring EBITDA and EBIT with respect to the previous year, and change in the return on revenues). The use of economic values not directly reflected in the financial statements (e.g., the exchange-rate effect on revenues and on earnings) and the presentation of comments and assessments help to qualify the trends in the values concerned.
The directors' report also provides a series of financial and equity ratios (gearing and leverage) that are clearly of importance for a better understanding of the performance of the Group and some sectors, especially with respect to the previous periods. The non-financial information refers to external and internal elements: the situation of the general economy and the industries in which the Group operates, trends in the various markets and lines of business, trends in sales prices and cost factors, acquisitions and disposals, other significant events in the period, organizational developments, the introduction of laws and regulations, etc. In the notes, the section on the net financial position provides information about the effects of changes in interest rates and the main exchange rates on the balance sheet and the income statement.
The result indicators are explained in the sections on the individual sectors and may differ from one sector to another, particularly when not of an equity, business or financial nature, since they refer to different situations.

General overview

Economic trends in 2008 were exceptional on many fronts. The gradual economic decline driven by a deepening and ever broader financial crisis brought to an end one of the most intensive phases of income growth ever recorded at world level. The speed at which the turbulence in the financial sector spread to the real economy and its impact on areas and countries apparently unconnected with the epicenter of the crisis were entirely unexpected. The abrupt change in the economic climate in 2008 was reflected, for example, in raw materials prices, energy in particular: after hitting new highs in the first half of the year, prices dropped abruptly as from July.
The key focus of concern was the sudden intensification of the financial crisis that had been underway for more than a year, manifested in the collapse in share prices, the flight from risk, the rise in credit spreads, the block on the interbank markets, the general squeeze on credit, the insolvency of a number of major financial firms. In many countries, the response of governments and central banks concentrated initially on monetary policy, with interest-rate cuts, huge injections of liquidity and measures providing direct support for financial firms in greatest difficulty. Sweeping fiscal plans were also announced in many countries: the positive impact such plans may have on confidence and on the economy will emerge only at a later date, since implementation of initiatives of this type is a longer process.
The sudden slowdown in the mature countries hit the emerging area, including the most dynamic Asian regions, at three levels: a reduction in exports, a flight from high-risk activities, a fall in raw materials prices. Together with a significant slowdown in the growth rate, the emerging area also experienced growing differentiation in cyclical positions, with countries with high current deficits and/or weak financial structures more exposed to financial instability. Instability was also seen on the currency markets, in the emerging area and elsewhere. The dollar/euro exchange rate was particularly volatile, with only a partial recovery at the end of the year from the new lows of the first half of 2008.

The financial sector was particularly badly hit by the difficulties on the markets, especially in the second half of the year and the fourth quarter, and reported extremely negative overall results. The construction materials and banking sectors also reported significant downturns, especially in the fourth quarter, although their full-year results as a whole were positive, even if down on those of 2007.

In 2008 the Italmobiliare Group recorded **total net profit** of 111.8 million euro and a **Group net loss** of 106.1 million euro, compared with total and Group net profit of 660.9 million euro and 217.2 million euro respectively in 2007.

The other main results for the year to December 31, 2008, were:

- **Revenues**: 6,157.0 million euro from 6,397.0 million euro at December 31, 2007 (-3.8%);
- **Recurring EBITDA**: 1,020.7 million euro from 1,462.1 million euro at December 31, 2007 (-30.2%);
- **EBITDA**: 1,010.7 million euro from 1,462.7 million euro at December 31, 2007 (-30.9%);
- **EBIT**: 501.1 million euro from 997.5 million euro at December 31, 2007 (-49.8%);
- **Finance income and costs** (including exchange-rate differences and derivatives): net finance costs of 93.3 million euro compared to 122.0 million euro at December 31, 2007 (a reduction of 23.6%);
- **Adjustments to financial asset values**: -182.7 million euro from 0 at December 31, 2007 (percentage reduction not significant);
- **Result before tax**: 254.7 million euro from 891.4 million euro at December 31, 2007 (-71.4%).

At December 31, 2008, **total shareholders' equity** amounted to 5,481.6 million euro, against 6,300.2 million euro at December 31, 2007.

Investments in fixed assets in 2008 totaled 1,035.6 million euro, down from 1,107.0 million euro in 2007.

Net debt at December 31, 2008, was 2,571.9 million euro, compared with 2,149.6 million euro at December 31, 2007.

As a result of the changes in shareholders' equity and net debt, the **gearing** ratio (between net debt of 2,571.9 million euro and consolidated shareholders' equity of 5,481.6 million euro) rose from 34.12% at the end of December 2007 to 46.92% at the end of December 2008.

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) was affected by the international economic events of 2008. Specifically, in the first half, the significant increase in prices for raw materials and, above all, energy products, was a predominant factor. Subsequently, the financial crisis spread from the USA to the rest of the world, extending its effects to many sectors of the real economy. In this context, the group reported steady revenue levels (5,775.6 million euro, a decrease of 3.8%) despite negative effects due to the scope of consolidation, volumes and exchange rates. Operating results fell significantly: recurring EBITDA, at 1,113.1 million euro, decreased by 20.7% on 2007; EBIT, after a small increase in amortization and depreciation (+1.1%), was 607.3 million euro (-36.6%). Profit before tax was 420.8 million euro (851.9 million euro in 2007), reflecting the negative impact of operating results and also of adjustments to financial asset values for 124.9 million euro (not present in 2007), but benefited from non-recurring finance income of 50 million euro after final recognition of the advance payment on termination of the agreement for the sale of operations in Turkey. The earnings decline produced a reduction in income tax expense from 239.4 million euro in 2007 to 148.5 million euro in 2008. Net profit for the year was 272.2 million euro (612.5 million euro in 2007), while group net profit was 138.8 million euro (423.9 million euro in 2007). Minority interests decreased from 188.6 million euro to 133.4 million euro;
- the **food packaging and thermal insulation sector**, consisting of the Sirap Gema group, reported a 6.5% increase in revenues (to 264.3 million euro), thanks mainly to growth in food packaging sales in Eastern Europe and in rigid container sales. EBIT was 13.0 million euro, a strong improvement arising exclusively from the fact that 2007 EBIT reflected an effect of approximately 8.8 million euro arising from the deconsolidation of Inline Ucraine L.C.F.I. and from an impairment loss on the subsidiary Sirap France S.A.. Net finance costs rose sharply due to higher average debt and year-end translation losses (2.1 million euro) among the East European subsidiaries as a result of the significant depreciation of local currencies. Nevertheless, net profit for the year improved (to 2.2 million euro, against a net loss of 1.2 million euro in 2007), not only because of the absence of the two factors described above, but also because the tax effect was virtually zero (-0.1 million euro in 2008, from -1.5 million euro in 2007) following application in Italy of regulations enabling reserves to be released through payment of a lower tax rate and the simultaneous release of deferred tax provisions. Net profit attributable to the group was positive at 2.1 million euro (0.5 million euro in 2007);
- the **financial sector**, which includes the parent company Italmobiliare and the wholly owned financial companies, was affected by the highly unfavorable conditions on the financial markets in the second half of the year, and in the fourth quarter in particular. As a result, the financial sector reported a net loss of 124.0 million euro for 2008, a sharp fall from net profit of 85.3 million euro in 2007. This significant decline arose from adjustments to financial asset values of 57.8 million euro (referring to the investments in RCS MediaGroup and Intek), compared with zero adjustments in 2007, from large write-downs on the debenture portfolio (negative market trends and the collapse of a number of major financial operators) and on trading shares, and from losses on alternative investments. The increase in debt charges was a far less significant factor in the downturn, since the

increase in spreads was absorbed in part by the reduction in interest rates at the end of the year. Since the financial sector is owned 100% by the Group, its large net loss is reflected in full on the net profit attributable to the Group;

- the **banking sector** comprises Finter Bank Zürich and Crédit Mobilier de Monaco. It reported a net profit of 4.1 million euro, down by 58.0% from 9.7 million euro in 2007. This result, essentially due to the performance of Finter Bank Zürich, reflected a decrease in net commission income, write-downs on the proprietary portfolio and charges relating to the recent acquisition of Switzerland's Hugo Kahn bank;

- the **property sector, services and other**, is not of great importance within the global context of the Group and its results are therefore not normally of material significance. This year, however, the sector transacted an important sale of land and buildings, to report a net profit of 4.7 million euro (2.6 million euro in 2007).

The parent company **Italmobiliare** reported a net loss of 23.4 million euro for the year to December 31, 2008, compared to a net profit of 73.6 million euro in 2007. The 2008 loss arose entirely from adjustments to financial asset values of 84.6 million euro applied in the fourth quarter, mainly the impairment loss on the subsidiary Franco Tosi (-83.8 million euro). It should be remembered that in June 2006 Italmobiliare sold a number of equity investments (all tied at the time to voting trusts) to the Franco Tosi subsidiary at market prices. The sale generated significant net capital gains for Italmobiliare (99.0 million euro), which, as intercompany gains, were taken in full to an extraordinary reserve at the time of allocation of 2006 net profit. This prudential provision is today superior to the adjustments applied in 2008. A full analysis of the net result of the Italmobiliare parent company is provided in the report on and the notes to the separate financial statements.

Italmobiliare Net Asset Value (NAV) at December 31, 2008, was 1,911.0 million euro (3,324.3 million euro at December 31, 2007) on stock market capitalization of 959.5 million euro.

NAV was computed considering:
- the year-end market price of the investments in listed companies;
- the value of non-listed companies determined, when possible, on the basis of market multiples or specific valuations;
- the equity of the other equity investments determined with IAS/IFRS policies, where available, or with local accounting policies;
- the increased value of any real estate assets;

and taking account of the fiscal effect.

Key consolidated figures

(in millions of euro)	**2008**	**2007**	**% change**
Revenues	**6,157.0**	**6,397.0**	***(3.8)***
Recurring EBITDA [1]	**1,020.7**	**1,462.1**	***(30.2)***
% of revenues	*16.6*	*22.9*	
Other income (expense)	(10.0)	0.6	*n.s.*
EBITDA [2]	**1,010.7**	**1,462.7**	***(30.9)***
% of revenues	*16.4*	*22.9*	
Amortization and depreciation	(464.4)	(459.1)	*1.2*
Impairment variation	(45.2)	(6.1)	*n.s.*
EBIT [3]	**501.1**	**997.5**	***(49.8)***
% of revenues	*8.1*	*15.6*	
Finance income (costs)	(93.3)	(122.0)	*(23.6)*
Adjustments to financial asset values	(182.7)	-	*n.s.*
Share of results of associates	29.6	15.9	*85.8*
Result before tax	**254.7**	**891.4**	***(71.4)***
% of revenues	*4.1*	*13.9*	
Income tax expense	(142.9)	(230.5)	*(38.0)*
Net result for the period	**111.8**	**660.9**	***(83.1)***
% of revenues	*1.8*	*10.3*	
Net result attributable to the Group	**(106.1)**	**217.2**	***(148.8)***
% of revenues	*(1.7)*	*3.4*	
Minority interests	217.9	443.7	*(50.9)*
Cash flow from operating activities	515.1	955.7	*(46.1)*
Investments in fixed assets	1,035.6	1,107.0	*(6.4)*

n.s. not significant

(in millions of euro)	**December 31, 2008**	**December 31, 2007**
Total shareholders' equity	5,481.6	6,300.2
Group shareholders' equity	2,177.3	2,909.6
Net debt	2,571.9	2,149.6
Number of employees at period end	23,864	25,252

[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

As noted in the 2007 annual financial report, the half-year financial report at June 30, 2008, and the 2008 quarterly reports, as a consequence of the loss of control arising from the preventive seizure on Calcestruzzi S.p.A. assets ordered on January 29, 2008, and still in force, the **Calcestruzzi group** was not included in the 2008 scope of consolidation, in compliance with IAS 27§21.

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

The table below provides a comparison of the main income statement items for the Italmobiliare Group with the 2007 figures restated to exclude the Calcestruzzi group (consolidated on the basis of the interim financial statements at the end of September 2007), which, as noted above, was not included in the 2008 scope of consolidation.

(in millions of euro)	**2008**	**2007***	**% change**
Revenues	6,157.0	6,097.1	*1.0*
Recurring EBITDA	1,020.7	1,448.4	*(29.5)*
EBITDA	1,010.7	1,447.7	*(30.2)*
EBIT	501.1	993.6	*(49.6)*
Net result for the period	111.8	665.4	*(83.2)*

* excluding the results of the Calcestruzzi group

Quarterly trend

(in millions of euro)	Full year 2008	Q4 2008	Q3 2008	Q2 2008*	Q1 2008*
Revenues	**6,157.0**	**1,443.8**	**1,573.7**	**1,708.6**	**1,430.9**
% change vs. 2007	*(3.8)*	*(3.0)*	*(3.2)*	*(4.1)*	*(4.7)*
Recurring EBITDA	**1,020.7**	**141.9**	**263.9**	**388.2**	**226.7**
% change vs. 2007	*(30.2)*	*(54.0)*	*(30.5)*	*(18.5)*	*(23.9)*
% of revenues	*16.6*	*9.8*	*16.8*	*22.7*	*15.8*
EBITDA	**1,010.7**	**135.8**	**257.7**	**389.3**	**227.9**
% change vs. 2007	*(30.9)*	*(53.9)*	*(33.0)*	*(19.6)*	*(24.0)*
% of revenues	*16.4*	*9.4*	*16.4*	*22.8*	*15.9*
Amortization and depreciation	(464.4)	(130.0)	(110.7)	(112.5)	(111.2)
Impairment variation	(45.2)	(45.2)	-	0.1	(0.1)
EBIT	**501.1**	**(39.4)**	**147.0**	**276.9**	**116.6**
% change vs. 2007	*(49.8)*	*(123.2)*	*(45.5)*	*(25.2)*	*(38.0)*
% of revenues	*8.1*	*(2.7)*	*9.3*	*16.2*	*8.1*
Finance income (costs)	(93.3)	18.1	(37.8)	(35.4)	(38.3)
Adjustments to financial asset values	(182.7)	(156.1)	(11.3)	(15.2)	-
Share of results of associates	29.6	9.2	6.3	13.7	0.4
Result before tax	**254.7**	**(168.2)**	**104.2**	**240.0**	**78.7**
% of revenues	*4.1*	*(11.7)*	*6.6*	*14.0*	*5.5*
Income tax expense	(142.9)	(12.8)	(46.0)	(52.6)	(31.5)
Net result for the period	**111.8**	**(181.0)**	**58.2**	**187.4**	**47.2**
% of revenues	*1.8*	*(12.5)*	*3.7*	*11.0*	*3.3*
Net result attributable to the Group	**(106.1)**	**(150.6)**	**(22.4)**	**86.1**	**(19.2)**
% of revenues	*(1.7)*	*10.4*	*(1.4)*	*5.0*	*(1.3)*
Minority interests	217.9	(30.4)	80.6	101.3	66.4

* Restated with operations in Turkey consolidated on a line-by-line basis

The fourth quarter saw a YoY reduction in **revenues** of 3.0%, arising from large decreases in the financial sector (-31.5%) and the banking sector (-29.2%) and the much smaller downturn in construction materials (-2.3%).

Recurring EBITDA fell far more sharply (-54.0%) largely due to negative recurring EBITDA in the financial sector (-71.2 million euro from +0.9 million euro in the fourth quarter of 2007) and the 30.6% EBITDA decline in the construction materials sector (due to lower sales volumes and the negative operating expense dynamic, whose impact was offset only in part by the start of the reduction in energy costs and the positive sales price effect).

Fourth-quarter **EBIT** was negative at 39.4 million euro, owing both to the negative result in the financial sector and the large fall in EBIT (-82.8%) in the construction materials sector (to 29.5 million euro) as a result of higher amortization and depreciation (+10.6 million euro, or 9.2%) and, above all, impairment losses of 44.7 million euro, which were negligible in the fourth quarter of 2007 (0.6 million euro).

The Group posted a **net loss** of 181.0 million euro in the fourth quarter (a net profit of 147.5 million euro in the year-earlier period), due not only to the fall in EBIT, but also to write-downs of 156.1 million euro (absent in the year-earlier period), despite the positive effect of net finance income arising from final recognition of the advance payment of 50 million euro after termination of the agreement for the sale of operations in Turkey.

The fourth-quarter **net loss** is **attributable mainly to equity holders of the parent** (150.6 million euro) since it arose largely in the financial sector, where operations are owned 100% by the Group.

Revenues and operating results

Contribution to consolidated revenues
(net of intragroup eliminations)

(in millions of euro)	2008		2007		Change	
		%		%	%	%[1]
Business sector						
Construction materials	5,769.3	*93.7*	5,995.7	*93.7*	*(3.8)*	*1.7*
Packaging and insulation	264.3	*4.3*	248.2	*3.9*	*6.5*	*5.9*
Financial	74.8	*1.2*	100.5	*1.6*	*(25.6)*	*(25.8)*
Banking	41.5	*0.7*	50.6	*0.8*	*(18.0)*	*(21.1)*
Property, services and other	7.1	*0.1*	2.0	-	*n.s.*	*n.s.*
Total	**6,157.0**	***100.0***	**6,397.0**	***100.0***	***(3.8)***	***1.3***
Geographical area						
European Union	3,700.9	*60.1*	4,055.1	*63.4*	*(8.7)*	*(1.5)*
Other European countries	279.3	*4.5*	328.6	*5.1*	*(15.0)*	*(11.3)*
North America	500.4	*8.1*	605.7	*9.5*	*(17.4)*	*(14.3)*
Asia	414.9	*6.8*	415.9	*6.5*	*(0.2)*	*7.0*
Africa	965.6	*15.7*	778.6	*12.2*	*24.0*	*25.4*
Trading and other	295.9	*4.8*	213.1	*3.3*	*38.9*	*21.2*
Total	**6,157.0**	***100.0***	**6,397.0**	***100.0***	***(3.8)***	***1.3***

[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	
	2008	% change vs. 2007	2008	% change vs. 2007	2008	% change vs. 2007	2008	% change vs. 2007
Business sector								
Construction materials	5,775.6	*(3.8)*	1,113.1	*(20.7)*	1,102.9	*(21.5)*	607.3	*(36.6)*
Packaging and insulation	264.3	*6.5*	25.1	*(12.0)*	25.1	*2.0*	13.0	*55.8*
Financial	130.9	*(16.0)*	(78.6)	*n.s.*	(78.4)	*n.s.*	(78.5)	*n.s.*
Banking	42.5	*(16.1)*	5.7	*(57.5)*	5.7	*(57.4)*	4.5	*(62.2)*
Property, services and other	8.3	*171.4*	6.0	*n.s.*	6.1	*n.s.*	6.0	*n.s.*
Inter-sector eliminations	(64.6)	*4.4*	(50.6)	*(1.6)*	(50.7)	*(1.5)*	(51.2)	*(0.5)*
Total	**6,157.0**	***(3.8)***	**1,020.7**	***(30.2)***	**1,010.7**	***(30.9)***	**501.1**	***(49.8)***
Geographical area								
European Union	3,834.5	*(7.7)*	523.0	*(35.2)*	539.7	*(34.6)*	277.6	*(51.2)*
Other European countries	280.9	*(14.8)*	9.7	*(84.2)*	9.6	*(83.4)*	(23.8)	*(157.7)*
North America	500.4	*(17.4)*	55.5	*(56.5)*	53.2	*(58.2)*	8.3	*(89.7)*
Asia	449.5	*1.2*	105.1	*(15.5)*	103.8	*(15.8)*	38.0	*(53.5)*
Africa	973.5	*19.5*	334.8	-	311.6	*(2.6)*	216.0	*(2.5)*
Trading	370.8	*1.7*	18.1	*(11.5)*	18.3	*(15.9)*	13.5	*(31.2)*
Other and inter-area eliminations	(252.6)	*(20.4)*	(25.5)	*93.1*	(25.5)	*93.0*	(28.5)	*80.2*
Total	**6,157.0**	***(3.8)***	**1,020.7**	***(30.2)***	**1,010.7**	***(30.9)***	**501.1**	***(49.8)***

n.s. not significant

The 3.8% decrease in **revenues** compared with 2007 was due to:

- the improvement in business volumes for 1.3%;
- the changes in the scope of consolidation for -3.4%;
- the exchange-rate effect for -1.7%.

Growth in business volumes reflected contributions from the construction materials sector (+1.7%), as a result of the growth of the emerging countries as a whole, which more than offset the sharp decline in the mature countries, and from the packaging and insulation sector (+5.9%), thanks to growth in food packaging sales in Eastern Europe and in rigid container sales. The financial sector and the banking sector reported downturns of 25.8% and 21.1% respectively.

The changes in the scope of consolidation were due to the negative impact of the deconsolidation of the Calcestruzzi group, offset only in part by the acquisitions described at the beginning of this report.

The negative exchange-rate effect arose mainly from widespread depreciation, on an annualized basis, against the euro, specifically the US dollar, the rupee, the Egyptian pound, the Thai baht, mitigated only in part by the appreciation of the Swiss franc.

Recurring EBITDA (1,020.7 million euro) and **EBITDA** (1,010.7 million euro) decreased by 441.4 million euro (-30.2%) and 452.0 million euro (-30.9%) on 2007. These changes arose in absolute terms mainly from the construction materials sector (-290.8 million euro and -302.2 million euro respectively) and the financial sector (-145.4 million euro and -148.0 million euro respectively), for the reasons noted above.

EBIT fell by 49.8%, from 997.5 million euro to 501.1 million euro, after a slight increase in amortization and depreciation from 2007 (464.4 million euro from 459.1 million euro in 2007) and a significant increase in impairment variations on fixed assets (from 6.1 million euro to 45.2 million euro), mostly in the construction materials sector.

Operating results by geographical area reflected downturns in all regions, although the size of the changes varied. In absolute terms, the EU countries were once again the largest contributor to both revenues and EBIT.

Finance costs and other items

Net finance costs, including net exchange-rate differences and derivatives, amounted to 93.3 million euro, down by 28.7 million euro from 2007 (122.0 million euro) largely due to final acquisition, following the termination of the agreement for the sale of operations in Turkey, of the advance payment of 50 million euro received from the counterpart. Excluding this non-recurring item, net finance costs increased by 21.3 million euro. Among finance costs, net interest expense on borrowings rose by 20.5 million euro. It should be remembered that the caption does not include finance income and costs in the financial and banking sectors, which are part of those sectors’ core business and therefore classified under the line items constituting recurring EBITDA.

Adjustments to financial asset values generated a negative effect of 182.7 million euro, and were absent in 2007. These adjustments referred to construction materials for 124.9 million euro and the financial sector for 57.8 million euro, the latter relating largely to RCS MediaGroup, written down on the basis of an independent valuation that determined value in use at 1.62 euro per share; subsequently, as noted at the beginning of this report, the investment was classified as an associate due to the significant influence of the voting trust.

The **share of results of associates,** 29.6 million euro, rose by 13.7 million euro from 2007 (15.9 million euro), thanks to earnings improvements and valuation with the equity method of the associate Asment (Morocco), previously valued at cost.

Net result for the period

Result before tax was 254.7 million euro, down by 71.4% from 2007 (891.4 million euro).

Income tax expense was 142.9 million euro, down by 38.0% from 2007 due to the decrease in profit before tax, while the average tax rate rose from 25.85% to 56.10% since a number of negative income components (notably adjustments to asset values) were not tax-deductible.

Net profit for the year was 111.8 million euro, a decrease of 83.1% from 2007 (660.9 million euro). **Net result attributable to the Group** was negative at 106.1 million euro compared with positive net result of 217.2 million euro in 2007; minority interests were positive at 217.9 million euro, down from the prior-year figure of 443.7 million euro,

Balance sheet summary

(in millions of euro)	December 31, 2008	December 31, 2007
Property, plant and equipment	4,402.9	4,257.4
Intangible assets	2,172.9	2,071.2
Other non-current assets	1,189.6	1,799.5
Non-current assets	**7,765.4**	**8,128.1**
Current assets	**4,121.4**	**4,145.9**
Total assets	**11,886.8**	**12,274.0**
Group shareholders' equity	2,177.3	2,909.6
Minority interests	3,304.3	3,390.6
Total shareholders' equity	**5,481.6**	**6,300.2**
Non-current liabilities	3,764.5	3,425.7
Current liabilities	2,640.7	2,548.1
Total liabilities	**6,405.2**	**5,973.8**
Total shareholders' equity and liabilities	**11,886.8**	**12,274.0**

Shareholders' equity

Total shareholders' equity at December 31, 2008, was 5,481.6 million euro, a reduction of 818.6 million euro from December 31, 2007, of which 732.3 million euro attributable to Group shareholders' equity and 86.3 million euro to minority interests. The overall change was determined largely by the positive effect of net result (111.8 million euro) and the negative effects of the reduction in the translation reserve (-47.7 million euro), dividend payouts (-193.4 million euro), fair value adjustment losses (-647.6 million euro), as well as by the change in the scope of consolidation and the change in control percentages (-41.7 million euro). The movements in total shareholders' equity are detailed in the "Statement of movements in consolidated total shareholders' equity".

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

(in thousands of euro)		December 31, 2008
Net result for the year of the parent company Italmobiliare S.p.A.		**(23,390)**
Consolidation adjustments:		
• Net result of consolidated companies (Group share)		(86,509)
• Adjustment to equity investments valued with the equity method		4,482
• Elimination of dividends recognized in the period		(86,176)
• Elimination of intercompany gains or losses and other changes		85,540
Group net result		**(106,053)**
Shareholders' equity of the parent company Italmobiliare S.p.A.		**1,103,679**
• Elimination of carrying amount of consolidated equity investments		(1,087,779)
in companies consolidated on a line-by-line or proportionate basis	*(1,045,345)*	
in associates consolidated with the equity method	*(42,434)*	
• Recognition of shareholders' equity of consolidated equity investments		2,126,986
in companies consolidated on a line-by-line or proportionate basis	*2,063,354*	
in associates consolidated with the equity method	*63,632*	
• Gains allocated to shareholders' equity of subsidiaries and associates		41,311
• Elimination of effects of intragroup transactions		(6,875)
Group consolidated shareholders' equity		**2,177,322**

Net debt

At December 31, 2008, **net debt** was 2,571.9 million euro, up by 422.3 million euro from December 31, 2007.
Excluding, for comparative purposes, 157.9 million euro relating to the Calcestruzzi group, which left the scope of consolidation in 2008, net debt at December 31, 2007, would have been 1,991.7 million euro, in respect of which net debt at the end of December 2008 increased by 580.2 million euro. This was largely due to the year's high level of investments in fixed assets (1,035.6 million euro: 749.8 million euro of capital expenditure and 285.8 million euro of investments in non-current financial assets) and dividends paid (193.3 million euro), which were covered only in part by cash flows from operating activities (515.1 million euro) and final acquisition of income in connection with the termination of the talks for the sale of operations in Turkey (50.0 million euro).

Breakdown of net debt

(in millions of euro)	December 31, 2008	December 31, 2007
Cash, cash equivalents and current financial assets	(1,573.5)	(1,521.7)
Short-term financing	1,245.5	1,124.5
Medium/long-term financial assets	(111.1)	(71.8)
Medium/long-term financing	3,011.0	2,618.6
Net debt	**2,571.9**	**2,149.6**
Change vs. December 2007	*422.3*	

Financial indicators

(absolute values in millions of euro)	December 31, 2008	December 31, 2007
Net debt	2,571.9	2,149.6
Consolidated shareholders' equity	5,481.6	6,300.2
Gearing	**46.92%**	**34.12%**
Net debt	2,571.9	2,149.6
EBITDA before other income and expense	1,020.7	1,462.1
Leverage	**2.52**	**1.47**

Summary of cash flows

(in millions of euro)	December 31, 2008	December 31, 2007
Net debt at beginning of period	**(1,991.7) ***	**(1,857.3)**
Cash flow from operating activities	515.1	955.7
Investments:		
Tangible and intangible assets	*(749.8)*	*(554.7)*
Non-current financial assets	*(285.8)*	*(552.3)*
Investments in fixed assets	**(1,035.6)**	**(1,107.0)**
Divestments of fixed assets	70.7	61.5
Dividends paid	(193.3)	(194.4)
Net flow from treasury-share buy-backs/sales	-	(14.8)
Net debt of acquisitions/divestments	35.8	(40.4)
Compensation for Turkey	50.0	-
Other	(22.9)	47.1
Change in net debt	(580.2)	(292.3)
Net debt at period end	**(2,571.9)**	**(2,149.6)**

* excluding debt of 157.9 million euro at the Calcestruzzi group

Investments in fixed assets

(in millions of euro)	Non-current financial assets		Property, plant and equipment		Intangible assets	
	2008	2007	2008	2007	2008	2007
Business sector						
Construction materials	255.2	464.2	704.1	539.7	29.4	11.8
Packaging and insulation	2.7	2.2	19.5	10.8	0.5	1.0
Financial	5.6	92.6	-	-	-	-
Banking	25.9	-	1.0	0.8	1.1	0.4
Property, services and other	-	-	0.1	0.1	-	0.1
Total	**289.4**	**559.0**	**724.7**	**551.4**	**31.0**	**13.3**
Change in payables	(3.6)	(6.7)	(5.9)	(10.0)	-	-
Total investments in fixed assets	**285.8**	**552.3**	**718.8**	**541.4**	**31.0**	**13.3**
Geographical area						
European Union	153.9	326.4	262.6	276.0	13.1	11.5
Other European countries	69.8	13.5	20.7	19.2	1.1	0.8
North America	39.2	50.3	191.3	118.0	0.5	-
Asia	-	28.2	110.7	62.1	-	0.1
Africa and Middle East	0.5	92.1	131.0	70.9	-	-
Trading	11.9	37.2	5.9	3.7	0.1	0.2
Others	14.1	11.3	2.5	1.5	16.2	0.7
Total	**289.4**	**559.0**	**724.7**	**551.4**	**31.0**	**13.3**
Change in payables	(3.6)	(6.7)	(5.9)	(10.0)	-	-
Total investments in fixed assets	**285.8**	**552.3**	**718.8**	**541.4**	**31.0**	**13.3**

The high level of Group investments in fixed assets totaling 1,035.6 million euro in 2008, down by 71.4 million euro from 2007, focused in particular on enhancing and rationalizing existing industrial facilities and, to a lesser extent, on acquisition of equity investments.

Investments in property, plant and equipment and intangible assets, largely in the construction materials sector, amounted to 749.8 million euro, up by 195.1 million euro from 2007 (554.7 million euro).

Investments in financial assets (including changes in payables for investments), totaling 285.8 million euro (552.3 million euro in 2007), referred to the construction materials sector for 252.9 million euro, packaging and insulation for 1.4 million euro, the financial sector for 5.6 million euro and the banking sector for 25.9 million euro.

Risks and uncertainties

Risks and uncertainties are examined in the sections on the individual sectors, since they are specific to each Group line of business. Consequently, it is not possible to provide an overview.

Information on personnel and on environment

Information on personnel and on environment is provided in the sections on the individual sectors, since each sector presents its own specific characteristics.

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)	2008	2007	% change
Revenues	**5,775.6**	**6,000.9**	***(3.8)***
Recurring EBITDA	**1,113.1**	**1,403.9**	***(20.7)***
% of revenues	*19.3*	*23.4*	
Other income (expense)	(10.3)	1.1	*n.s.*
EBITDA	**1,102.9**	**1,405.1**	***(21.5)***
% of revenues	*19.1*	*23.4*	
Amortization and depreciation	(450.9)	(445.9)	*1.1*
Impairment variation	(44.7)	(1.2)	*n.s.*
EBIT	**607.3**	**958.0**	***(36.6)***
% of revenues	*10.5*	*16.0*	
Finance income (costs)	(86.7)	(119.4)	*(27.3)*
Adjustments to financial asset values	(124.9)	-	*n.s.*
Share of results of associates	25.1	13.3	*88.5*
Result before tax	**420.8**	**851.9**	***(50.6)***
% of revenues	*7.3*	*14.2*	
Income tax expense	(148.5)	(239.4)	*(38.0)*
Net result for the period	**272.2**	**612.5**	***(55.6)***
% of revenues	*4.7*	*10.2*	
Net result attributable to the group	**138.8**	**423.9**	***(67.3)***
Minority interests	133.4	188.6	*(29.3)*
Cash flow from operating activities	634.9	935.0	*(32.1)*
Investments in fixed assets	980.5	999.0	*(1.9)*

n.s.: not significant

(in millions of euro)	December 31, 2008	December 31, 2007
Total shareholders' equity	4,615.0	4,760.5
Group shareholders' equity	3,324.8	3,479.5
Net debt	2,679.3	2,418.2
Number of employees at period end	22,243	23,706

Performance in the construction materials sector

In the construction sector, the worsening financial crisis was a powerful factor amplifying existing difficulties on many mature markets, caused chiefly by the severe squeeze on credit almost everywhere. Furthermore, the general deterioration in economic expectations had a serious impact on private and corporate building projects, which are generally very sensitive to economic conditions.
In the USA, the slowdown in the residential sector was far stronger than expected, generating what has now become the most severe and prolonged recession of the postwar period. In the European countries where the group operates, the decline set in at different times and at different rates; nevertheless the business slump accelerated everywhere in the second half. Although business activity weakened throughout the emerging area, cyclical differences widened both in the Mediterranean area and in Asia. In the Mediterranean, Morocco and Egypt continued to report very healthy performance; among the group's Asian countries, where growth continued, beginning with India, Thailand stood out for its poor performance, due to continuing domestic political unrest.

Sales volumes

(in millions of euro)	2008 [1]	% change on 2007 historic	% change on 2007 at constant size
Cement and clinker *(millions of metric tons)*	62.6	*(3.1)*	*(4.3)*
Aggregates [2] *(millions of metric tons)*	47.6	*(15.5)*	*(6.5)*
Ready mixed concrete *(millions of m^3)*	13.9	*(32.5)*	*(6.0)*

[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

Compared with 2007, group **sales volumes** were down in all lines of business at constant size, with a particularly significant reduction in the fourth quarter.

In **cement and clinker**, the sales volume decline arose largely in the mature countries (especially Italy, Spain and North America), and in Trading. In the emerging countries, domestic cement sales were substantially stable as a result of improvements in Bulgaria, Morocco, Egypt, India and China, offset by decreases in Turkey, Thailand and Kazakhstan.

Sales volumes in **aggregates**, at constant size, were affected by the heavy decline in Spain, a more contained reduction in France and positive performance on the other markets (notably Belgium, Greece and Morocco).

In **ready mixed concrete**, also at constant size, the slowdown in Central Western Europe produced a fall in overall volumes, despite healthy performance in Egypt and Morocco.

The larger reduction reported on an historic basis in aggregates and ready mixed concrete reflects the impact of deconsolidation of the Calcestruzzi S.p.A. group, which was consolidated until September 30, 2007. This effect was compensated in part by the ready mixed concrete acquisitions in North America and Egypt.

The 3.8% decrease in **revenues** from 2007 arose from a negative consolidation effect (-3.6%) and a negative exchange-rate effect (-1.9%), whereas business performance was a positive contributing factor (+1.7%).
At constant size and exchange rates, revenue growth was assisted by the emerging countries as a whole (especially Egypt and, to a lesser extent, India, Morocco and Bulgaria), whose performance more than offset the sharp downturn in the mature countries (North America, Spain, Italy), Turkey and Kazakhstan.

The negative consolidation effect reflected the deconsolidation of Calcestruzzi (-5.0%), counterbalanced only in part by the acquisitions (+1.4%) described at the beginning of this report with regard to the construction materials sector.
The negative exchange-rate effect was chiefly due to the depreciation against the euro, on an annualized basis, of the other currencies, especially the US dollar, the rupee, the Egyptian pound and the baht.

Recurring EBITDA, at 1,113.1 million euro, fell by 20.7% from 2007 (the return on revenues fell from 23.4% to 19.3%). **EBITDA**, at 1,102.9 million euro, decreased by 21.5%.

After a slight increase in amortization and depreciation compared with 2007 (from 445.9 million euro to 450.9 million euro) and a notable rise in impairment losses (from 1.2 million euro to 44.7 million euro), **EBIT** decreased by 36.6% to 607.3 million euro, with the return on revenues falling from 16.0% to 10.5%.

Finance costs, net of finance income, decreased from 119.4 million euro to 86.7 million euro (-27.3%), standing at 1.5% of revenues.
This included the positive effect of final recognition of the amount of 50 million euro in connection with the termination of talks for the sale of operations in Turkey.
Excluding this non-recurring income item, net finance costs increased by 17.4 million euro. Net interest expense on net debt rose by 20 million euro.

The **share of results of associates** was 25.1 million euro, a significant increase on 2007 (13.3 million euro) generated by improved results and the inclusion of the Moroccan associate Asment, previously recorded at cost.

Adjustments to financial asset values, items absent in 2007, were negative, at -124.9 million euro. They related to Goltas (Turkey, -75.6 million euro), Calcestruzzi (Italy, -42.0 million euro), Bursa (Turkey, -3.4 million euro). They also included a negative adjustment to RCS MediaGroup (Italy, -3.9 million euro), written down on the basis of a specific valuation. This write-down refers to the share in RCS MediaGroup held by Italcementi S.p.A.; the residual share in RCS MediaGroup held by the Italmobiliare Group is held through the subsidiary Franco Tosi S.r.l., part of the Italmobiliare Group financial sector. The total write-down was 55.6 million euro.

Result before tax was 420.8 million euro, a decrease of 50.6% from 2007 (851.9 million euro).

Income tax expense, at 148.5 million euro, was down 38.0% from 2007 (239.4 million euro), although the incidence of income tax expense with respect to profit before tax net of the share of results of associates was higher (37.5%, compared with 28.5%).

Net result attributable to the group amounted to 138.8 million euro, a decrease of 67.3% from 2007 (423.9 million euro), while **minority interests** decreased by 29.3%, from 188.6 million euro to 133.4 million euro.

Investments in fixed assets in 2008 amounted to 980.5 million euro, a figure in line with the particularly high levels of 2007 (999.0 million euro).
Capital expenditure totaled 698.2 million euro (529.7 million euro in 2007) and focused on strengthening and re-organizing group production operations, primarily in North America, the European Union (France-Belgium, Italy), India and Morocco.
Investments in workplace health, safety and the environment accounted for 19.0% of the total, a decrease from 2007 (24%) due to the higher proportion of investments classified as “Strategic” (Martinsburg, Yerraguntla, Ait Baha); strategic investments themselves involved significant environmental and safety improvements, considered only in part in the above percentage.

Investments in non-current financial assets totaled 252.9 million euro (457.5 million euro in 2007). They referred mainly to the transactions illustrated in significant events for the year: Ciments Français share buy-backs (67.0 million euro), the acquisition of the Ravenna grinding center (55.0 million euro), the acquisition of the Bares Elektrik Uretim company in Turkey by Italgen (41.7 million euro), etc.

Net debt at December 31, 2008, was 2,679.3 million euro, compared with 2,418.2 million euro at December 31, 2007. Excluding for comparative purposes the net debt of 157.9 million euro of the Calcestruzzi group, which left the scope of consolidation in 2008, net debt at December 31, 2007, would have been 2,260.3 million euro, in respect of which net debt at December 31, 2008, would have reflected an increase of 419.0 million euro. This was largely due to significant investments in fixed assets during the year (980.5 million euro, of which 727.6 million euro for tangible and intangible assets and 252.9 million euro for non-current financial assets) and dividends paid (171.5 million euro), counterbalanced only in part by cash flows from operating activities (634.9 million euro) and final acquisition of the sum arising from termination of the talks for the sale of operations in Turkey (50.0 million euro).
Compared with 2007, 2008 benefited from an improvement of 114.9 million euro in cash flows from operating activities as a result of the reduction in working capital following no-recourse factoring of trade receivables.
At December 31, 2008, the Calcestruzzi subgroup had intercompany current account payables due to Italcementi S.p.A. of approximately 175.4 million euro. The amount has been classified as a current financial asset and consequently is included in the computation of group net debt, which decreased by an identical amount.

Total **shareholders' equity** at December 31, 2008, was 4,615.0 million euro, down by 145.5 million euro from December 31, 2007 (4,760.5 million euro). The change reflected the decrease of 154.7 million euro in group shareholders' equity and the increase of 9.2 million euro in minority interests.

Quarterly trend

(in millions of euro)	Full year 2008	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Revenues	**5,775.6**	**1,356.2**	**1,493.3**	**1,574.9**	**1,351.1**
% change vs. 2007	*(3.8)*	*(2.3)*	*(3.0)*	*(4.8)*	*(4.7)*
Recurring EBITDA	**1,113.1**	**207.1**	**312.7**	**334.6**	**258.7**
% change vs. 2007	*(20.7)*	*(30.6)*	*(18.9)*	*(23.5)*	*(8.5)*
EBITDA	**1,102.9**	**201.0**	**306.8**	**335.6**	**259.5**
% change vs. 2007	*(21.5)*	*(30.3)*	*(21.3)*	*(24.2)*	*(8.8)*
EBIT	**607.3**	**29.5**	**199.8**	**226.6**	**151.4**
% change vs. 2007	*(36.6)*	*(82.8)*	*(28.2)*	*(31.7)*	*(14.0)*
Net result for the period	**272.2**	**(53.0)**	**106.5**	**137.3**	**81.3**
% of revenues	*4.7*	*(3.9)*	*7.1*	*8.7*	*6.0*

At constant size, **fourth-quarter sales volumes,** affected by particularly unfavorable meteorological conditions in Central Western Europe, decreased overall in all lines of business with respect to the year-earlier period.

In the **cement and clinker** segment, there was a sharp drop in sales volumes in North America, Central Western Europe, Asia and Trading. Southern Europe and the Southern Med Rim reported a small improvement driven by healthy performance in Morocco, which more than made up for the contained reduction on the other markets.

The significant decline in Central Western Europe (France-Belgium, Spain) affected group performance in **aggregates** and **ready mixed concrete**. Greece reported satisfactory growth in both segment; in ready mixed concrete, Egypt made progress and Morocco was substantially stable.

In the fourth quarter, the slowdown in volumes caused by the growing impact of the financial crisis on the real economy (especially in some industrialized countries) pushed **revenues** down to 1,356.2 million euro (-2.3% YoY). The decrease was mitigated by good performance in some emerging countries (Egypt, Morocco and Bulgaria) and by the globally positive sales price dynamic. A sharp reduction was reported in North America, Central Western Europe and Trading.

Recurring EBITDA was 207.1 million euro, down 30.6% from the year-earlier period. The result reflected lower sales volumes and the negative dynamic in operating expenses, whose impact was offset only in part by the start of the downturn in energy costs and the positive sales price trend.

EBIT was 29.5 million euro (-82.8%), after an increase in amortization and depreciation (+10.6 million euro, or 9.2%) and, above all, impairment losses of 44.7 million euro on fixed assets, compared with negligible amounts (0.6 million euro) in the fourth quarter of 2007.

The **fourth quarter posted a net loss** of 53.0 million euro (net profit of 146.8 million euro in the year-earlier period), reflecting the impact of adjustments to financial asset values totaling 98.3 million euro (75.6 million euro on the equity investment in Turkey's Goltas, 15.4 million euro on Calcestruzzi and 7.3 million euro on other financial assets). As mentioned earlier, after the termination of negotiations for the sale of operations in Turkey, acquisition of the advance of 50 million euro was finalized; the amount was classified under finance income.

Significant events for the year

The significant events of the **fourth quarter of 2008** are described below:

- as noted above, in October the agreement between **Ciments Français** and **OJSC Holding Company Sibirskiy Cement** for the sale to the latter of SET Group operations in Turkey was terminated. The **non-execution of the agreement** led to final acquisition of the advance received (50 million euro);
- in November, **Moody's Investor Services reviewed its rating** for Italcementi to Baa2/stable from the previous Baa1/negative. The Baa1 rating for the subsidiary Ciments Français was confirmed, with the outlook downgraded from stable to negative;
- in December the **sale** to Sirci S.p.A. of the Italsintex S.p.A. company, which operates with the **Gresintex** trademark, was finalized;
- under the program approved by the Shareholders' Meeting of April 14, 2008, **Ciments Français S.A. acquired** 136,073 **treasury shares** for a value of approximately 6.9 million euro. These shares joined the 566,999 treasury shares already purchased during the year (value 60.1 million euro). Considering that on July 31, 2008, the Board of Directors of Ciments Français S.A. decided to **cancel** 964,522 shares, at December 31, 2008, **treasury shares** numbered 476,205 accounting for approximately 1.3% of share capital.

Significant events in the **first nine months** of 2008, already reported in the 2008 half-year and quarterly reports, are mentioned below.
A number of **acquisitions** took place during the period, most notably:

- the **grinding center** for cement production in **Ravenna**;
- the US company **Verticalnet, Inc.,** which was merged with **BravoSolution USA, Inc.** into a new entity with the name Verticalnet, Inc. d.b.a. (doing business as) BravoSolution;
- **Crider & Shockey**, a US company active in ready mixed concrete in North Virginia;
- **Kuwait German Ready Mix** and **Al Mahaliya**, two companies active in ready mixed concrete in Kuwait, acquired through **Hilal Cement Company**;
- **Bares Elektrik Uretimi A.S.**, a Turkish company that holds the licenses for construction of a **wind farm** in the **Balikesir** region **(North-West Turkey)**, acquired by **Italgen S.p.A.** through its Turkish subsidiary Italgen Elektrik Uretim A.S.;
- the purchase on the market by **Société Internationale Italcementi France S.a.s**. of 139,310 **Ciments Français shares,** for an investment of approximately 14.6 million euro.

Other significant events included:

- the sale to a third party of all shares held in the **Domiki Beton S.A.** company by Calcestruzzi S.p.A. and Halyps S.A.;
- the announcement of a new partnership agreement with **Saudi Arabia's Muhaidib group**, under which Ciments Français will take a 12.5% shareholding in a **new cement plant in Syria**;
- a licensing agreement with **Heidelberg Cement** for joint use of a series of patents for photocatalytic cements and binders developed by the Italcementi group and for the **TX Active®** brand. The agreement marked the launch of a new technical research cooperation program;
- an agreement with the Libyan Fund for Economic and Social Development to build a **new cement plant** about 50 km from Tobruk, **in Eastern Libya**. The industrial plan for this equally owned joint venture envisages construction of a plant with an annual capacity of 4 million metric tons of Portland cement and an option for a new white cement line;
- a rating review by **Standard & Poor's**, which lowered its long-term ratings for Italcementi and Ciments Français from "BBB+" to "BBB"; the outlook for both companies is stable;
- confirmation, for 2008-2009, of Italcementi as one of the companies in the Dow Jones Sustainability World Index (DJSI World).

At December 31, 2008, no changes had take place with respect to December 31, 2007, in **treasury shares** held. **Italcementi S.p.A.** held 3,793,029 ordinary treasury shares (representing 2.14% of ordinary share capital) servicing stock option plans and 105,500 savings treasury shares (0.1% of savings share capital).

Operating performance by geographical area

	Cement			Aggregates	RMC
(units)	Full-cycle cement plants	Grinding centers	Trading terminals	Quarries	Plants
Geographical area					
Central Western Europe	32	8	-	85	234
North America	8	2	-	2	37
Eastern Europe and Southern Med Rim	14	2	-	4	61
Asia	7	-	-	1	36
Trading and other	-	1	5	-	3
Total	61	13	5	92	371

(in millions of euro)	Revenues		Recurring EBITDA		EBITDA		EBIT	
	2008	% change vs. 2007	2008	% change vs. 2007	2008	% change vs. 2007	2008	% change vs. 2007
Geographical area								
Central Western Europe	3,331.4	*(9.2)*	564.9	*(20.4)*	581.3	*(19.8)*	344.0	*(30.6)*
North America	500.4	*(17.4)*	55.5	*(56.5)*	53.2	*(58.2)*	8.3	*(89.7)*
Eastern Europe and Southern Med Rim	1,358.9	*11.6*	395.1	*(9.2)*	371.8	*(11.6)*	231.5	*(21.8)*
Asia	449.5	*1.2*	105.1	*(15.5)*	103.8	*(15.8)*	38.0	*(53.5)*
Cement and clinker trading	370.8	*1.7*	18.1	*(11.5)*	18.3	*(15.9)*	13.5	*(31.2)*
Other and inter-area eliminations	(235.4)	*n.s.*	(25.6)	*n.s.*	(25.5)	*n.s.*	(28.0)	*n.s.*
Total	**5,775.6**	***(3.8)***	**1,113.1**	***(20.7)***	**1,102.9**	***(21.5)***	**607.3**	***(36.6)***

n.s. not significant

Central Western Europe

Revenues in Central Western Europe dropped significantly as a result of limited growth in France (where a sharp slowdown was recorded in the fourth quarter) and in Belgium, and declines in Greece and, most notably, in Italy and Spain.
EBIT decreased by 30.6%, reflecting reductions in almost all countries, due to the fall in sales volumes and the rise in operating expenses, which were counterbalanced to an insufficient degree by a healthy sales price trend.
In general, 2009 is expected to be a difficult year for the construction materials sector, with negative repercussions for sales volumes in almost all Central Western European countries.

North America

The construction industry slacked by an estimated 3.6%, mainly due to the sharp fall in private residential building (-22.9%) offset only in part by positive performance in private non-residential building (+8.9%) and public works (+7.0%).
In this context, group **cement** sales fell by 14.6% (with a very negative trend in the fourth quarter) accompanied by prices that on average were down on 2007.
The large reduction in volumes led to a downturn in revenues from 2007, despite the positive consolidation effect from the acquisitions in the **ready mixed concrete** segment.

The significant slowdown in operating results arose mainly from the fall in sales volumes and the sharp rise in energy costs; fixed costs were down on 2007.
For 2009, with the American economy in recession, the construction industry is likely to have another difficult year. This could however be mitigated by public works investment programs that might be introduced by the new Administration.

Eastern Europe and Southern Med Rim
This area reported a healthy revenue growth rate (+11.6%). Performance varied among the different countries in the area:

- the lively market climate in **Egypt**, and a significant increase in sales prices, which covered the sharp rises in energy costs, produced an improvement in results despite a significant negative exchange-rate effect on translation into euro. In the **ready mixed concrete** segment, the recent acquisitions enabled the group to benefit from the strong growth in demand and report a sales increase, at constant size, of 23.4%. Investments in the tourist, residential and public works sectors should have a positive effect on cement demand in 2009;
- in **Morocco** cement consumption continued to rise, although growth slowed in the second half. The increase in sales volumes and prices did not however counterbalance the rise in fuel and clinker purchase costs, leading to a decrease in EBITDA. Cement demand is expected to continue growing in 2009, although, given the fourth-quarter trend, growth will be slower than in 2008;
- market growth also continued in **Bulgaria** during the year, although at a slower rate than 2007, permitting favorable price trends. The very significant increase in revenues led to a sharp improvement in EBIT. Although the Bulgarian economy is affected by the critical general situation, activities in 2009 are expected to be on a par with 2008;
- the crisis in the construction sector in **Turkey**, combined with internal and external economic factors, led to a market standstill with severely negative effects on sales volumes and prices, in both cement and ready mixed concrete. This generated a significant decrease in results with rising production costs and fixed costs. EBIT was also affected by the write-downs on operations in ready mixed concrete. A further fall in demand is expected in 2009.

Asia
Revenues made limited progress in this area (+1.2%), while operating results declined, with the sole exception of India, which reported stable results. Situations and trends varied among the different countries:

- in **Thailand** operating results fell due to the increase in operating expenses (mainly fuel), the downturn in domestic volumes (also due to political tensions) and the negative exchange-rate effect, with the positive sales price effect providing only partial compensation. Domestic cement demand is expected to slow further in 2009 with growing competitive pressures and a significant decline in exports, caused by the financial crisis;
- the stability of results in **India** was due to the rise in volumes and the favorable sales price trend, limited however by a significant rise in operating expenses (mainly fuel) and the sharp depreciation of the rupee against the euro. A further increase is expected in cement consumption on the southern Indian markets in 2009, but under more aggressive competitive conditions and greater pressure on prices;
- operating results in **China** declined owing to the strong increase in the cost of coal counterbalanced only in part by growth in sales volumes and average sales prices, especially in the fourth quarter. Cement demand is expected to show further growth in 2009, supported by the incentives program introduced by the central government;

- the effects of the world financial crisis spread very quickly to **Kazakhstan**, leading to a market collapse. Despite a sharp rise in sales prices, revenues fell heavily as a result of volumes. The decline was aggravated by problems with licenses (on quarries and water supplies) with a stoppage of more than three months. EBIT dropped sharply, but remained positive. The market situation is not expected to improve in 2009.

Cement and clinker trading

2008 intragroup and third-party cement and clinker sales volumes decreased by 15.3% at constant size, with a sharper downturn during the fourth quarter (-27.3%).
After healthy performance in the first half, average C&F sales prices dropped sharply in the second half due to the international financial crisis. In these economic conditions, operating results decreased, largely in response to the fall in volumes and to provisions in respect of non-performing contracts of affreightment in the fourth quarter, offset only in part by the positive consolidation effect (mainly line-by-line consolidation of Hilal Cement Company as from September 30, 2007) and a small improvement in margins.

Calcestruzzi

The table below sets out a comparison of the main income statement items for the Italcementi group, with the 2007 comparatives re-stated to exclude values for the Calcestruzzi group (consolidated on the basis of the interim financial statements as at September 30, 2007). The Calcestruzzi group was not included in the 2008 scope of consolidation.

(in millions of euro)	2008	2007*	% change
Revenues	5,775.6	5,701.1	*1.3*
Recurring EBITDA	1,113.1	1,390.3	*(19.9)*
EBITDA	1,102.9	1,390.0	*(20.7)*
EBIT	607.3	954.1	*(36.4)*
Net result	272.2	617.0	*(55.9)*

* excluding results for the Calcestruzzi group

At a meeting on February 20, 2009, the Calcestruzzi S.p.A. Board of Directors approved the company's financial statements as at and for the year to December 31, 2008. The statements were forwarded to Italcementi S.p.A. to permit evaluation of the equity investment in Italcementi S.p.A.'s own separate and consolidated financial statements as at and for the year to December 31, 2008. The Calcestruzzi S.p.A. balance sheet and income statement as at and for the year to December 31, 2008, reflect:

- revenues of 398.2 million euro (-12.9% from 457.0 million euro in 2007);
- negative recurring EBITDA of 19.2 million euro (positive recurring EBITDA of 4.8 million euro in 2007);
- negative EBIT of 28.5 million euro (-10.0 million euro in 2007);
- a net loss of 34.7 million euro (a loss of 11.0 million euro in 2007);
- shareholders' equity of 107.7 million euro (142.5 million euro at December 31, 2007);
- a negative net financial position of 159.8 million euro (120.6 million euro at December 31, 2007).

The court-appointed receivers informed Italcementi S.p.A. that, as at February 18, 2009, they were not in possession of information other than that known to the Board of Directors of Calcestruzzi S.p.A. such as to permit quantification of potentially critical situations being examined by the Public Prosecutor.

Together with the information forwarded by the other companies in the Calcestruzzi group, Italcementi S.p.A. drew up a consolidated balance sheet and income statement for the Calcestruzzi group reflecting:

- revenues of 495.0 million euro (-13.4% from 571.9 million euro in 2007);
- negative recurring EBITDA of 20.3 million euro (positive recurring EBITDA of 10.1 million euro in 2007);
- negative EBIT of 32.0 million euro (-6.8 million euro in 2007);
- a net loss of 31.4 million euro (a loss of 15.0 million euro in 2007);
- shareholders' equity of 111.1 million euro (142.6 million euro at December 31, 2007);
- a negative net financial position of 189.5 million euro (148.8 million euro at December 31, 2007).

As a result of impairment testing, the equity investment in Calcestruzzi was valued at 111.0 million euro. On this basis, an additional write-down of 15.4 million euro was applied in the fourth quarter of 2008. During 2008, the equity investment was written down by a total of 42.0 million euro, from a carrying amount of 153 million euro at the time of deconsolidation.

E-business initiatives

In 2008 the BravoSolution group reported consolidated revenues of 46.4 million euro, a significant improvement on 2007 (+37.4%). Although operating results were positive, they decreased: EBITDA was 3.4 million euro (5.7 million euro in 2007), EBIT was 0.5 (4.4 million euro in 2007), net profit for the year was 0.1 million euro (2.8 million euro in 2007). The decline in profitability arose largely as a result of investment in human resources in 2008 to support business growth in the various countries, and also from the operating loss reported by the newly acquired BravoSolution US. This was also due to the planned costs for widespread re-organization measures, now complete, whose benefits already began to be felt in the fourth quarter of 2008.
The acquisition at the beginning of 2008 of the US Verticalnet group and the formation, in the second half of the year, of two new subsidiaries in Mexico and the Netherlands, confirm BravoSolution’s international vocation. According to information obtained from industry analysts, the group currently ranks world second on the market for web-based supply management solutions.

Energy project

In 2008 Italgen S.p.A. reported revenues of 56.6 million euro, up by 5.9 million euro from 2007, thanks to higher volumes (+7.5%) and higher average prices (+9%). EBITDA, at 14.6 million euro, was almost double the 2007 result.
During 2008, Italgen S.p.A. worked on a series of projects in Italy and abroad.

In **Italy**, with regard to the revamping of the Villa di Serio power station, in November, with a resolution of the regional council, the Lombardy Regional Authority issued an environmental compatibility opinion for the variation to the gas pipeline route and approval ex Law 55/02 for the entire project; in December, a plenary session of the Environmental Impact Assessment technical committee of the Ministry of the Environment, completed the environmental impact assessment procedure for the pipeline variation, issuing a favorable opinion.

In **Morocco**, technical-economic assessment of the offers presented for turnkey supply of the 50 MW wind farm is underway; connection to the national power grid is being examined in cooperation with the national operator ONE (Office National de l’Electricité), and the procedure to obtain the necessary permits is moving ahead. In June, the land on which the wind farm is to be built was formally assigned by the Regional Authority and the procedure for national authorization was subsequently set in motion. Issue of the decree enabling a convention to be drawn up with government agencies is pending.

In **Turkey**, work continued on the project for a 142.5 MW wind farm in the Balikesir area with the formation of the Italgen Elektrik Uretim subsidiary (IEU), approval of the farm lay-out by the authorities, confirmation that an Environmental Impact Assessment is not necessary, and approval by the Energy Market Regulatory Agency of the IEU acquisition of Bares Uretim, the company that holds the wind farm licenses, in July. In the fourth quarter of 2008, the geological survey of the site was completed, architectural planning of the civil works for the construction license application began, and preliminary offers were obtained for the supply and installation of the wind farm turbines.

In **Egypt**, with regard to the project for possible construction of a 120 MW wind farm in the Gabal El Zeit district on the Red Sea, an Action Plan was signed with the Ministerial Agency for Renewable Energy providing for an Environmental Impact Assessment to be completed by the end of the first half of 2009.

Research and development

Research and development, engineering and technical assistance activities for the group companies in Italy and abroad are carried out through the subsidiary CTG S.p.A..
In 2008 CTG S.p.A. provided services for 63.4 million euro (58.5 million euro in 2007). Staff at December 31, 2008, numbered 446, of whom 340 at the headquarters in Bergamo, 103 in Guerville and 3 at CGT's US subsidiary, responsible for coordinating work on the Martinsburg cement plant.

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, Research and development activity focused on market analyses and promotion of new ideas for products and applications in construction materials.
Volumes and revenues per unit on new products and applications rose once again in 2008, boosting margins and the innovation rate. The innovation rate is the rate of revenues from innovative products to total revenues.

Risks and uncertainties

Management of risks (internal and external, social, industrial, political, financial) is an integral part of the group growth strategy and an essential element in the on-going evolution of its corporate governance system. Risk management is designed, in part through improvements to rules of conduct, to ensure respect for the environment, to safeguard stakeholders (employees, customers, suppliers, shareholders) and to protect corporate assets.
In 2008, with the support of external advisers, the group launched a "Risk and Compliance" program, which aims to achieve three main goals:

- to improve performance by identifying, measuring, managing and controlling risk;
- to guarantee transparency and strengthen the group image by developing a risk and control culture;
- to guarantee compliance with legislation and regulations at group and subsidiary level.

The program consists of four phases, the first two of which were developed and completed in 2008.
During the first phase, the main areas of risk for group strategic goals were identified and a risk assessment method and tools were developed.

The second phase assessed the risks identified in the first phase, in order to produce a risk map at subsidiary level and consolidated level, for the entire group.
The third phase commenced at the beginning of 2009, with managers implementing action to mitigate key risks. The full involvement of personnel in the “Risk and Compliance” program is supported by integration of the project objectives in the long-term incentives plan for heads of function and heads of subsidiary.
The fourth phase will consist of an “Enterprise Risk Management” (ERM) process.

Sustainable development and risks: protection of people and assets

Sustainable development favors a balanced approach to economic growth, protection of the environment and social sustainability, without compromising the possibility for future generations to satisfy their needs. By constantly pursuing an optimal balance of these three elements and ensuring that benefits extend to those involved, companies enhance their long-term value, ability to survive and competitive advantage, thus helping to prevent and reduce exposure to industrial risks. The group checks that its prevention and safety programs are always applied to employees and workplaces.
In 2008 the group maintained its commitment to sustainable development in all countries and lines of business, with action coordinated by the internal “Sustainable Development Steering Committee” (SDSC).
Group goals and initiatives in the area of sustainable development are examined in a separate report (Sustainable Development Report 2008).
In 2008 the group also launched a special Asset Protection Program which will continue this year. The aim is to qualify the importance of risks and develop a suitable prevention and protection policy to reduce accidents, thus limiting damage to assets and consequent operating losses.

Risks relating to the general economic situation and the industry

As noted at the beginning of this report, the international economic and financial impact and unprecedented dimensions and speed of the crisis constitute an element of risk for the group. This should also be taken into account in relation to the group’s specific area of business, which is sensitive to changes in the economic situation. Household and business propensity to invest in construction was severely affected by the severe and sudden worsening in conditions. These difficulties were exacerbated by growing financial uncertainty and inflexibility, which significantly limited operating possibilities.

Financial risks

The current period of crisis puts corporate cash flows at risk, endangering companies’ self-financing ability and creating growing difficulties for normal, orderly operations on the financial market.
The group Finance Division is responsible for procuring sources of finance and managing interest rates, exchange rates and counterpart risk, for all the companies in the scope of consolidation. The group uses derivative financial instruments to reduce interest-rate and foreign-exchange risk with respect to debt and its international operations.

Legal risks

Updates on the Calcestruzzi question and the other main disputes are provided in specific sections of this report (Calcestruzzi and Disputes and pending proceedings).
Suitable provisions and write-downs were applied with regard to existing risks and their related economic effects. Estimates and valuations are based on available information and are in any case regularly reviewed, with immediate recognition in the financial statements of any variations.

Political risks

The group has taken out insurance covers to limit the financial consequences of possible political measures that might prevent normal management of some subsidiaries in emerging countries.

Insurance

In the interest of all group subsidiaries, Italcementi has taken out policies with leading insurance companies to cover risks to people and assets, as well as general third-party liability covers. As part of its risk coverage policy, the group aims to optimize risk management costs by assessing direct assumption and transfer to the market. All polices are negotiated under a frame agreement to ensure a balance between the probability of a risk occurring and the damage that would ensue for each subsidiary.

Social initiatives

The group takes active steps to improve quality of life for its employees, support local communities and cooperate with customers and suppliers. No form of discrimination is applied in any area and employee health and safety are considered of fundamental importance. Key aspects of workers rights are managed through group human resources policies, in compliance with top international standards like the International Labor Organization (ILO) and OECD Guidelines.
In June Italcementi S.p.A. and Building and Wood Workers International (BWI), the world federation of industry unions, signed an international frame agreement to promote and safeguard worker rights.

Information systems

In relation to the IT strategy drawn up in 2007 for a sole information system in all group companies to support attainment of long-term objectives, a feasibility study was conducted in 2008, which also examined the economic aspects of the project. The study confirmed in full the need for this type of system in order to enhance process uniformity, facilitate implementation of information systems in newly acquired companies and boost IT organizational efficiency by limiting the number of applications and facilitating system updates. In view of the outlay required and the current economic situation, the group decided to split the project into a series of separate stages.
Looking at specific operations in 2008, the SAP system was implemented at Shymkent Cement in Kazakhstan and a new system was introduced in France to manage commercial operations in aggregates.

Sustainable development

In 2008 the Italcementi group maintained its commitment to sustainable development in all countries and lines of business, with initiatives coordinated by the group's internal "Sustainable Development Steering Committee" (SDSC). Details on objectives, initiatives and results are provided in the 2008 Sustainable Development Report.
During 2008 the group introduced two fundamental governance tools to ensure full alignment of the subsidiaries with group sustainable development policies. The first tool is the creation of Sustainable Development Steering Committees at local level, with subsidiary general managers taking full responsibility for activities. Second, Italcementi drew up a set of Group Standards, an on-going body of rules setting the minimum requirements in the area of corporate sustainability.

Health and safety

Improvement of safety results is a constant group objective. Since the introduction of the "Zero accidents" project in 2000, its accident frequency rate has fallen significantly (approximately 75%). Nevertheless, the group is seriously committed to improving safety conditions not only for its own employees but also for its contractors' workers, to preventing fatal accidents and spreading the safety and awareness culture of its own workforce to other workers.

Environmental management systems

During 2008, the environmental management systems of a further three cement plants obtained ISO 14001 certification. By the end of 2008, 50 plants out of 61 had this certification: 2 in Bulgaria, 5 in Egypt, 9 in France/Belgium, 1 in Greece, 17 in Italy, 3 in Morocco, 4 in North America, 3 in Spain, 3 in Thailand, 3 in Turkey. Action is being taken to extend cement plant certification, and also obtain certification in aggregates and ready mixed concrete.
Preventive action is also implemented through environmental reviews conducted by the Sustainable Support Division as part of a long-term program to run checks on all cement plants every four years. In 2008, this activity targeted cement plants in Morocco, North America and China.

Raw materials and alternative fuels

In 2008 the Italcementi group introduced new indications for responsible use of alternative fuels and raw materials, in order to minimize impact on the environment and on the health and safety of its workers and other parties using these materials.
In 2008, the ratio of alternative fuels to total group energy consumption rose from 2007 to 4.2% of the energy requirement, thanks to important progress in the emerging countries, in particular the significant increase in use of rice husks in Thailand.

Emissions control and reduction

During the year the group continued its policy to modernize and/or install on its kilns continuous emission monitors (CEMs) for dust, NO_x and SO_2, and continuous opacity monitors (COMs) for dust in North American operations.
At the end of 2008, 55 out of 104 active kilns were equipped with complete CEMs to measure dust, NO_x and SO_2, a fundamental requirement in connection with the undertakings of the Cement Sustainability Initiative (CSI). Including the COMs installed in North America to monitor dust, the number rises to 68, while another 18 kilns are currently measuring only dust. Therefore, 86 kilns are partially or fully equipped with CEMs, while the remainder are kept under constant control through regular spot checks.
In addition to dust, NO_x and SO_2, spot monitoring of minor elements such as volatile organic pollutants, metals and dioxins is conducted in a growing number of plants.

CO_2 emissions monitoring and European Union trading system

In 2008, the first year of the second period of application (2008-2012) of the European Directive on greenhouse gas emissions trading, the group had a surplus of approximately 700,000 metric tons of CO_2 out of a total allocation of approximately 18 million metric tons.
At the moment, the time frame considered in the emission surplus and deficit management strategy is the entire period of the Directive, 2008-20 (application periods 2 and 3), with attention also focused on the new regulatory developments expected in North America. Marketing strategy covers access to the spot market and EUA and CER options arising from the Kyoto project, as well as EUA/CER swaps and other swap transactions.
The group is actively engaged in project development, especially in Morocco, Egypt and Thailand, with the main focus on renewable energy and alternative fuels (biomasses). Under the Kyoto Protocol "Clean Development Mechanism" (CDM), these projects generate emission credits, which can be used to cover rights requirements in respect of CO_2 emissions.

Human resources

The breakdown of staff by country is as follows:

(heads*)	December 31, 2008		December 31, 2007	
		%		%
Italy	3,939	*17.7*	5,093	*21.5*
France	4,022	*18.1*	4,073	*17.2*
Belgium	570	*2.6*	582	*2.5*
Spain	827	*3.7*	861	*3.6*
Greece	219	*1.0*	296	*1.2*
North America	2,155	*9.7*	2,133	*9.0*
Egypt	4,620	*20.8*	4,841	*20.4*
Morocco	1,093	*4.9*	1,082	*4.6*
Bulgaria	484	*2.2*	539	*2.3*
Turkey	802	*3.6*	896	*3.8*
Thailand	1,087	*4.9*	1,155	*4.9*
India	800	*3.6*	838	*3.5*
China	456	*2.0*	455	*1.9*
Kazakhstan	452	*2.1*	468	*2.0*
Trading	654	*2.9*	377	*1.6*
Other	63	*0.3*	17	*0.1*
Total	**22,243**	***100.0***	**23,706**	***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.

The decrease of 1,463 employees with respect to December 31, 2007, includes 1,018 employees for the Calcestruzzi subgroup, which was not included in the 2008 scope of consolidation. In 2007, the subgroup was consolidated on the basis of the situation at September 30, 2007. The residual decrease of 445 employees reflects the balance on total reductions in Italy, North America, Egypt and Turkey and changes in the scope of consolidation for company acquisitions and divestments. At constant size, the 2008 workforce was down by 928 heads (-4.1%) against 2007.

In 2008, **staff management and development** continued activities to tie remuneration policies more closely not only to employment market trends, but also to performance assessment, with particular reference to Thailand, India and China.
The general market contraction required a review of personnel budget figures, with a significant reduction in planned recruitments and in job cuts.

As regards corporate governance and organizational development, the focus in 2008 was on a review of the entire system of cross-functional procedures, the Process Charter, which currently consists of approximately 110 procedures at risk of commission of offenses ex Legislative Decree 231/01, indications arising from best governance practices and the new responsibilities of the Manager in charge of preparing Italcementi financial reports.
Certain operating aspects of the Corporate Governance system (organizational structure, responsibilities, powers, procedures, etc.) underwent third-party assessment in 2008 to ascertain compliance with laws and regulations. The assessment recommendations were introduced into the 2008/2009 corporate governance system development plan.

Training was downsized in line with the cost containment programs of 2008. As budgets were cut, organization of courses on questions of particular strategic importance was guaranteed by increasing use of internal competencies and e-learning, and by intensifying recourse to funding available for activities.

Disputes and pending proceedings

Egypt
In August 2008, the investigation launched in 2006 by the Egyptian Antitrust authority into a number of representatives and employees of cement producers on the national market, including three members of Suez group companies, for alleged violations of specific Egyptian competition laws, came to an end with the sentence issued by the Cairo Criminal Court. The court ordered the Suez group representatives to pay fines totaling 30 million Egyptian pounds. The fines were paid by the companies of the Suez group, which had joint liability.
In December 2008 the Cairo Appeal Court confirmed the sentence issued by the Criminal Court. The representatives of the Suez group and their defense team are considering the possibility of an appeal to the Egyptian Supreme Court.

Spain
With regard to the investigation begun in 2006 by the Spanish Antitrust authority into possible unfair trading practices by some ready mixed concrete producers in the Cantabria region, extended in December 2007 to Hormigones Y Minas (HyM), the authority's investigators completed their enquiries and forwarded the case to the Competition Council, presenting the companies under investigation with a notice of the alleged irregularities. HyM filed its defense. The case is still waiting to be heard.

Italy
With regard to the proceedings begun in 2003 by the Competition & Market authority against eleven ready mixed concrete companies active in the province of Milan, including Calcestruzzi S.p.A. and Cemencal S.p.A., no further developments took place. The two companies have lodged an appeal before the Consiglio di Stato, Italy's supreme judicial-administrative review body, against the unfavorable sections of the sentence issued by the administrative tribunal of the region of Lazio in 2005. All appeals are pending with the Consiglio di Stato; so far no date has been set for a hearing.

With regard to Calcestruzzi, collection of pre-trial evidence continues. At the moment, no new developments have taken place in Italcementi's position in the proceedings, with respect to which a fuller assessment is not yet possible since no reasons have been given for the involvement of the company, already noted in the quarterly report at September 30, 2008. Regarding initiatives for the release of the seized assets of Calcestruzzi, on October 7 a hearing was held at the Italian final court of appeal on the sentence issued by the Caltanisetta court of review in February, which annulled the seizure of the share capital of Calcestruzzi S.p.A. and returned it to Italcementi S.p.A. in its capacity as shareholder, and confirmed the seizure of the company assets. The high court rejected the company's appeal for a review of the sentence confirming the asset seizure, as well as the appeal of the public prosecutor to reinstate the share capital seizure.

Europe
In November 2008, the European Commission opened an investigation on the European cement market, to verify the alleged involvement of some producers, including Italcementi S.p.A. and the subsidiaries Ciments Français S.A., Ciments Calcia S.A. and Compagnie des Ciments Belges S.A., in unfair trading practices violating community regulations. The European Commission conducted surprise inspections in the offices of the companies in question. The case is currently in the preliminary investigation stage and no charges have been formally notified.

Significant post balance-sheet events

Upstream merger of Ciments Français

- At a meeting on February 16, 2009, the Board of Directors of Italcementi S.p.A. examined and gave preliminary unanimous approval to a proposal setting out guidelines for the simplification of the group corporate structure through the upstream merger of the subsidiary Ciments Français into and with the parent company Italcementi (which already holds 81.94% of share capital).
- The plan, to be executed in compliance with the regulations introduced by the European directive on cross-border mergers, with no cash outlays involved, is designed to achieve a significant rationalization of the group corporate structure and greater efficiency, uniformity and a stronger focus on industrial operations, without affecting group investment capacity and growth potential. The planned improvement in its asset structure will enable the group to respond, in the short term, to the current economic difficulties and to take advantage of new opportunities for growth over the medium/long-term, thus confirming its global dimensions.
- The share swap rate indicated in the plan and confirmed by the advisors' analyses is 8.25 new ordinary Italcementi shares for 1 ordinary Ciments Français share. The swap rate bears an implicit premium of 12.9% with respect to the average Ciments Français share price in the last three months (weighted average price).
- Considering current shareholdings, the issued capital of Italcementi and Ciments Français and the indicated share swap rate, Italmobiliare (the parent company that exercises management control and coordination activities on Italcementi, which held a meeting of its own Board of Directors to present the project) will retain a shareholding in Italcementi of more than 47% of voting capital as a result of the merger.
- The planned upstream merger of Ciments Français into and with Italcementi is designed to create a company with higher capitalization and a larger overall free float, thus creating greater benefits for all shareholders, potential investors and the market.
- The plan envisages listings for both classes of shares, ordinary and savings, of the post-merger company on the Euronext market in Paris, while maintaining the listing with Borsa Italiana.
- No repercussions are foreseen on employment. Offices will remain in France as the headquarters of a "permanent organization".
- It is expected that the Boards of Directors of Italcementi and Ciments Français could be called to deliberate on the merger plan in April, or in the first week of May when performance in the first quarter to March 31, 2009, will be examined; consequently, the extraordinary Shareholders' Meetings could be called, subject to unforeseen events, in June and the transaction could be completed in the second half of the year.
- For Italmobiliare the merger signifies a "dilution" of its equity investment in Italcementi from 60.3% to 47%, although it will continue to retain control of Italcementi.

After the merger plan was announced:

- Moody's Investor Services confirmed the Italcementi Baa2 rating, and placed the Ciments Français Baa1 rating under review for a possible downgrade;
- Standard and Poor's, which a few days earlier had confirmed its BBB long-term rating for Italcementi and for Ciments Français and downgraded the outlook from stable to negative, again confirmed the BBB long-term rating.

On March 9, 2009, Ciments Français S.A. was informed that indirect legal action had been initiated by a shareholder of Sibirskiy Cement, disputing the action taken by Sibirskiy Cement in connection with the agreements stipulated with Ciments Français for the acquisition of the group's operations in Turkey.
At the present time, the dispute is not of an entity to undermine the final recognition by the group of the amount of 50 million euro arising from the termination of the negotiations for the sale of operations in Turkey.

Performance at Italcementi S.p.A.

(in millions of euro)	**2008**	**2007**	**% change**
Revenues	**991.3**	**1,019.9**	***(2.8)***
Recurring EBITDA	**76.1**	**139.8**	***(45.6)***
% of revenues	*7.7*	*13.7*	
Other income (expense)	1.8	11.3	*(84.1)*
EBITDA	**77.9**	**151.2**	***(48.5)***
% of revenues	*7.9*	*14.8*	
Amortization and depreciation	(84.0)	(79.6)	*5.6*
EBIT	**(6.2)**	**71.6**	***n.s.***
% of revenues	*(0.6)*	*7.0*	
Finance income (costs)	90.1	49.8	*80.7*
Adjustments to financial asset values	(57.0)	-	*n.s.*
Result before tax	**26.9**	**121.4**	***(77.9)***
% of revenues	*2.7*	*11.9*	
Income tax expense	7.6	(24.9)	*n.s.*
Net result for the period	**34.5**	**96.5**	***(64.3)***
% of revenues	*3.5*	*9.5*	
Cash flow from operating activities	138.0	123.0	*12.2*
Investments in fixed assets	125.8	182.6	*(31.1)*

n.s.: not significant

(in millions of euro)	**December 31, 2008**	**December 31, 2007**
Shareholders' equity	1,951.6	2,126.3
Net debt	829.4	773.6

Outlook

In a global economic and financial scenario that remains highly critical and changeable, no estimate can be regarded as certain. Investment in the construction sector in the industrialized countries where the group operates is expected to be considerably lower than last year's levels. Toward the end of 2009 a possible partial recovery will be triggered by government anti-cyclical infrastructure investment programs in North America and the main European countries.

Meanwhile in the emerging countries cement consumption may continue to grow, albeit at slower rates, with the exceptions of Turkey and Thailand, where further reductions in demand are forecast.

Given the great uncertainty affecting all economic variables, the group's short-term action aims to lower variable costs per unit and fixed costs, contain working capital and reduce capital expenditure. Completion of the strategic investments for the new production lines in India, the USA, Morocco and Italy will remain a priority.

Diversification of sources of funding and adequate liquidity reserves will enable the group to maintain a solid equilibrium in its balance sheet and financial structure in 2009.

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, active mainly in Italy, France, Austria and several East European countries.
The table below sets out the condensed income statement and key balance sheet indicators for this sector.

(in millions of euro)	2008	2007	% change
Revenues	**264.3**	**248.2**	***6.5***
Recurring EBITDA	**25.1**	**28.6**	***(12.0)***
%of revenues	*9.5*	*11.5*	
Other income (expense)	-	(4.0)	*n.s.*
EBITDA	**25.1**	**24.6**	***2.0***
% of revenues	*9.5*	*9.9*	
Amortization and depreciation	(12.1)	(11.4)	*6.1*
Impairment variation	-	(4.9)	*n.s.*
EBIT	**13.0**	**8.3**	***55.8***
% of revenues	*4.9*	*3.4*	
Finance income (costs)	(10.7)	(8.0)	*(34.1)*
Result before tax	**2.3**	**0.3**	***n.s.***
% of revenues	*0.9*	*0.1*	
Income tax expense	(0.1)	(1.5)	*(94.2)*
Net result for the period	**2.2**	**(1.2)**	***n.s.***
% of revenues	*0.8*	*0.5*	
Net result attributable to the group	**2.1**	**0.5**	***n.s.***
Minority interests	0.1	(1.7)	*n.s.*
Investments	19.9	11.9	*67.2*

(in millions of euro)	December 31, 2008	December 31, 2007
Total shareholders' equity	47.4	48.8
Group shareholders' equity	46.7	46.2
Net debt	140.9	128.2
Number of employees at period end	1,396	1,341

n.s. not significant

Performance in 2008 was gradually affected as the repercussions of the economic crisis began to emerge in the second half, exacerbating trends that were already present: the downturn in demand, which had had a negative impact on foam food packaging in the first half of the year, intensified, generating new competitive pressures on markets, particularly in Italy; demand remained positive overall in Eastern Europe and in rigid containers. In thermal insulation, product demand was very strong in the first half, but in the second half the crisis on the property market led players in the construction industry to halt new initiatives and limit stocks of materials.

Group revenues rose by 6.5% thanks to growth in the food packaging business in Eastern Europe and in rigid containers.

EBIT was 13 million euro, a significant improvement due entirely to the fact that the 2007 figure reflected an effect of approximately 8.8 million euro arising from the deconsolidation of Inline Ucraine L.C.F.I. and from an impairment loss on the subsidiary Sirap France S.A..

Net finance costs increased as a result of higher average debt, but above all due to year-end translation losses (2.1 million euro) in Eastern Europe caused by the sharp depreciation of local currencies.

Income tax expense for the year was practically zero, since the Italian companies, in application of recent laws, released reserves arising from application of higher fiscal amortization rates. Since the cost of the operation was lower than ordinary taxation, the related deferred tax proved to be in excess and was therefore reversed.

Group net profit for 2008 was 2.1 million euro from 0.5 million euro in 2007, although the year-earlier result included the negative impact of the extraordinary items described above.

Debt increased mainly as a result of high capital expenditure and the increase in working capital.

Total **investments** were 19.9 million euro (11.9 million euro in 2007), as follows: intangible assets (software) for 0.5 million euro by the parent company Sirap Gema S.p.A.; 13.7 million euro in food packaging; 5.7 million euro in thermal insulation.

The parent company Sirap Gema S.p.A. conducted impairment tests (in compliance with IAS 36) to determine the recoverable amount of the investments in Sirap Gema France S.A.S., Petruzalek Austria Ges.m.b.H., Amprica S.p.A. and Universal Imballaggi S.r.l., that is, in recently acquired companies or companies operating in particularly complex economic-financial conditions and/or market conditions. The impairment tests confirmed the carrying amounts of the investments in question.

Significant events for the year

On January 3, 2008, the subsidiary Sirap Gema S.p.A. became aware of an operation of its subsidiary **Inline Ucraine L.C.F.I.**, on the basis of which Inline Poland in fact lost control of the former's business and so arranged to exclude it from the scope of consolidation. The impact on income and equity was recorded in the financial statements at December 31, 2007. A legal studio in Kiev was instructed to assess the situation and appropriate civil and criminal action has been taken.

On completion of the group re-organization, on February 22 Sirap Gema S.p.A. sold its equity investment in the subsidiary **Sirap Finance SA** to the associate Société de Partecipation Financière Italmobiliare S.A. for a price of 12.6 million euro, based on a valuation conducted by independent professionals.

In the first half of the year, Sirap Gema S.p.A. acquired an additional 17.42% of the share capital of the subsidiary **Universal Imballaggi Srl** for an outlay of 0.8 million euro, raising its share in the company to 92.64%.

On November 12, Sirap Gema S.p.A. signed a contract to acquire the outstanding 9% of the capital of the subsidiary **Inline Poland Sp. Z.o.o.** for an overall price of approximately 1.9 million euro.

Quarterly trend

(in millions of euro)	Full year 2008	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Revenues	**264.3**	**66.7**	**67.5**	**69.8**	**60.3**
% change vs. 2007	*6.5*	*n.s.*	*11.0*	*8.6*	*6.9*
Recurring EBITDA	**25.1**	**7.4**	**6.2**	**7.2**	**4.3**
% change vs. 2007	*(12.0)*	*4.9*	*(8.8)*	*(16.7)*	*(28.4)*
EBITDA	**25.1**	**7.4**	**6.2**	**7.2**	**4.3**
% change vs. 2007	*2.0*	*n.s.*	*(15.6)*	*(16.7)*	*(28.4)*
EBIT	**13.0**	**4.6**	**2.9**	**4.0**	**1.4**
% change vs. 2007	*55.8*	*n.s.*	*(34.3)*	*(32.4)*	*(52.8)*
Net result for the period	**2.2**	**(1.2)**	**-**	**4.5**	**(1.1)**
% change vs. 2007	*n.s.*	*n.s.*	*n.s.*	*n.s.*	*n.s.*
Net result attributable to the group	**2.1**	**(1.3)**	**-**	**4.5**	**(1.1)**
Net debt (at end of period)	140.9	140.9	138.2	136.4	126.4

n.s. not significant

Despite the difficulties created by the economic crisis, the fourth quarter reported steady revenue levels and an increase in EBIT from the year-earlier period excluding non-recurring items. Steady demand during the Christmas period and the recovery of small positive margins by the French subsidiary in the second half were key factors in this result. The sharp depreciation of the currencies of the East European countries produced significant translation losses, whose impact engendered a net loss for the fourth quarter.

Operating performance by line of business and geographical area

(in millions of euro)	Revenues		Recurring EBITDA		EBITDA		EBIT	
	2008	% change vs. 2007	2008	% change vs. 2007	2008	% change vs. 2007	2008	% change vs. 2007
Food packaging								
- Italy	107.6	*2.1*	12.1	*(26.5)*	12.1	*(26.5)*	4.9	*(50.7)*
- France	26.1	*2.4*	0.8	*n.s.*	0.8	*n.s.*	0.1	*n.s.*
- Other EU countries	70.1	*9.6*	4.9	*3.1*	4.9	*3.1*	2.8	*(11.5)*
- Other non-EU countries	24.5	*21.1*	1.6	*(0.9)*	1.6	*n.s.*	1.2	*n.s.*
Eliminations	(17.4)	-	(0.6)	-	(0.6)	-	(0.6)	-
Total	**210.9**	***7.7***	**18.8**	***(12.8)***	**18.8**	***6.4***	**8.4**	***n.s.***
Thermal insulation - Italy	62.5	*4.0*	6.3	*(9.3)*	6.3	*(9.3)*	4.6	*(13.7)*
Eliminations	(9.1)	-	-	-	-	-	-	-
Total	**264.3**	***6.5***	**25.1**	***(12.0)***	**25.1**	***2.0***	**13.0**	***55.8***

n.s. not significant

Food packaging

Meat consumption, a major factor in demand for foam food containers, dropped significantly in Western Europe in 2008 compared to 2007. Conversely, demand for rigid containers (delicatessen and bakery products) was positive. In Eastern Europe, overall demand was favorable thanks to the market shift toward mass merchandising packaging methods, given that a portion of production is exported to neighboring Western countries .

In Italy revenues made a slight improvement driven by rigid containers, which counterbalanced the fall in sales of traditional foam containers. Margins were adversely affected by non production of foil (which consequently had to be purchased from external suppliers) due to a court order halting an extrusion plant in the Mantua facility (after an accident) for most of the second quarter, by the decrease in foam container sales volumes and by the sharp rise in structural costs, in part due to the enhancement of the holding role of Sirap Gema S.p.A..

In France, after the large losses of 2007, a re-organization plan was introduced and will be completed in 2009. This involves the rationalization of production, with significant gains in efficiency and logistics. Despite the difficult market situation, France gradually achieved a significant recovery in margins, to bring EBIT to breakeven.

On the European markets covered by the Petruzalek group, the overall revenue growth trend continued. EBIT made positive progress, although this was limited by the negative performance of the Romanian subsidiary, whose margins declined after local market demand failed to perform as expected.

Inline reported healthy sales volume performance in Poland and in Russia, with margins up on 2007.

Capital expenditure amounted to 13.7 million euro, and focused mainly on plant modernization, mold/die development and construction of the new facility of Inline Poland Sp. z.o.o., where work is expected to be completed in the second half of 2009.

In R&D, work on a pilot department was completed; use of the department produced the first results in new semi-foamed polymers and enabled faster completion of the project for development of a range of rigid containers using recycled polymers. R&D work was conducted largely by Sirap Gema S.p.A., with 19 employees and 2 temporary workers, for charges totaling 1.8 million euro.

Thermal insulation

Sales in this segment were buoyed by legislation introducing more restrictive insulation standards, which require use of greater thicknesses to encourage energy savings.

Revenues consequently rose by 4% from 2007, but with a mix to the detriment of products with higher added value, such as prefabricated roof insulation.

Insufficient production capacity (until the start-up of a new line in September), which forced the sector to market finished products acquired from third parties with lower margins, lower production efficiency and the change in the mix described above were the key factors that produced a 13.7% decrease in EBIT.

Capital expenditure amounted to 5.7 million euro, mainly for installation of a new line for production of extruded polystyrene insulating panels.

R&D work in 2008 focused on preparations for the inspections by the certifying bodies of mono-layer extruded panels produced using mixtures of expanding gas and inert gas (CO_2) without HFA gas. In this field, cooperation began with the Microcellular Plastic Institute of Toronto University for development of high-thickness panels using 100% CO_2 as the expander. The work was conducted largely by Sirap Gema Insulation Systems S.r.l., using 1 employee and the services of the parent company, for total charges of 0.3 million euro.

Risks and uncertainties

The Sirap Gema group is exposed to risks and uncertainty due to cost volatility on the polymers it uses in production; the average cost of this raw material in 2009 is expected to be in line with 2008.

The difficult market scenario aggravated several of the group's creditor positions, especially in thermal insulation with respect to national construction companies, leading to an extension in collection times. The insolvency risk has been adequately assessed with respect to receivables reflected on the consolidated balance sheet as at December 31, 2008.

The group also operates through a number of subsidiaries in countries outside the Eurozone and is therefore exposed to a foreign-exchange risk on the local currencies of those subsidiaries. To minimize this risk and keep it under control, the parent company Sirap Gema S.p.A. introduced a specific internal group procedure in 2008.

The subsidiary Amprica S.p.A. arranged interest-rate swaps to hedge interest-rate risk on bank loans. These derivatives, arranged in the period prior to acquisition of the company by the Sirap Gema group, are accounted for on the financial statements for the year ended December 31, 2008, in accordance with IAS 32 and 39. The effects of these instruments at consolidated level were immaterial.

With regard to legal risks, the reader is referred to the section on Disputes and pending proceedings.

Environmental initiatives

The Sirap Gema group operates in a sector with a low environmental impact and consequently no significant environmental initiatives are underway or planned. Although production operations at the subsidiary Sirap Gema Insulation Systems S.r.l. comply with environmental legislation, the company is eliminating use of hydrofluorohalogenated gases on some of its production processes, even though their use is allowed.

Gas emissions from the group's production processes are continuously monitored by specialist firms and to date have been within allowed limits. Nevertheless, an analysis is being conducted for the reduction of hydrocarbons released into the air by the group factories in Verolanuova, since the Province of Brescia recently issued a regulation with more restrictive parameters.

Safety initiatives

In its factories, the Sirap Gema group adopts the necessary measures to ensure maximum safety for its workers and equipment.
With reference to the group's Italian companies, the "Organization, Management and Control Model" is being integrated with the Accident Prevention Regulation, to take account of new dispositions introduced by the decree enacting law 123/2007 (Legislative Decree 81/2008, the "Consolidated Safety Act").
The issue is kept under constant control by all group companies to ensure ongoing improvements.

Human resources and organization

At December 31, 2008, the group workforce numbered 1,396 heads. The increase from December 31, 2007, reflects the increase in the corporate staff with the recruitment of four senior managers, the enhancement of qualifications (promotion of four junior managers to senior manager), and the expansion of the Petruzalek group sales force.

	December 31, 2008		December 31, 2007		Change	
	heads	%	heads	%	heads	% su 2007
Managers	49.0	*3.5*	38.0	*2.8*	11.0	*28.9*
Clerical staff	460.0	*33.0*	426.5	*31.8*	33.5	*7.9*
Factory workers	887.0	*63.5*	876.5	*65.4*	10.5	*1.2*
Total	**1,396.0**	***100.0***	**1,341.0**	***100.0***	**55.0**	***4.1***

Average revenues per employee were 192,202 euro in 2008 and 188,873 euro in 2007.

With regard to corporate governance and organizational development, in 2008 the focus was on integration and updating of internal procedures, also to ensure minimization of the risk of offenses ex Legislative Decree 231/01.

Training activities in 2008 were largely concerned with safety and antitrust legislation. Also, as form December 2008, the group structure was enhanced with the arrival of a Human Resources Manager, whose main role is to optimize organization and training.
Personnel training expenses in 2008 amounted to 138 thousand euro, compared to 92 thousand in 2007.

The personnel turnover rate in 2008 was 8.9%. The particularly high rate of 2007 (20.8%) was due to the elimination of Inline Ukraine L.C.F.I. from the scope of consolidation.

Disputes and pending proceedings

With reference to the information provided in previous reports on the general tax audit of Sirap Gema S.p.A. by the Verolanuova tax agency during 2004, and following the appeal filed by Sirap Gema, on June 27, 2008, the sentence of the Brescia Provincial Tax Commission was notified; the sentence rejects the two main complaints (renouncement of the receivable of 7,070 thousand euro due from the Luxembourg subsidiary and transfer prices to Sirap Gema France S.A.S. for 233 thousand euro). The sentence upholds the third complaint regarding non-deductibility of some representation expense, of a very modest entity (8.6 thousand euro). The Verolanuova tax agency appealed against the sentence with regard to the second complaint (transfer prices), demonstrating acceptance of the sentence with regard to the first complaint (renouncement of receivable). In response, Sirap Gema S.p.A. filed its own counter appeal on January 19, 2009. On December 5, 2008, the tax agency notified an assessment for 2003 re-determining, for a smaller amount, the loss for tax year 2002 that can still be carried forward. Sirap Gema S.p.A. did not present an appeal but closed the assessment with the payment (on February 3, 2009) of the amount of 35,116 euro determined by the agency.
Given the relationship between the two assessments issued by the agency as described above, settlement of taxes can effectively be considered closed.

In June 2008, officers from the European Commission General Division 4 ("Competition") conducted an inspection at Sirap Gema S.p.A. offices in Verolanuova (Brescia). The inspection is the first act executing an investigation initiated by the European Commission with regard to violations of Community competition regulations alleged by the Commission to have taken place on the market for plastic food-packaging materials; according to the Commission, Sirap Gema S.p.A. was involved in the violations, together with other Italian and non-Italian producers.
Specifically, the Commission alleges the existence of agreements or practices for the sale of the materials in question in the EU Member States, including Italy, in order to fix prices, allocate customers and coordinate bids for customer tenders, as well as illicit exchanges of sensitive market information concerning the sale of these products.
Sirap Gema S.p.A. immediately engaged a leading law firm specializing in national and community competition laws to assist it on this matter.
The Commission has taken no further investigative action against Sirap Gema S.p.A. and/or group companies since completing the inspection described above.

Significant post balance-sheet events

No significant events took place.

Outlook

The outlook for 2009 is uncertain and depends on developments in the economic crisis affecting all the countries in which the Sirap Gema group operates: the impact of the crisis on consumption and investments and the responsiveness of local economies cannot be easily determined, particularly in Eastern Europe, where the markets are also affected by high credit exposure and a consequent monetary devaluation.

Developments in the first half of the year should enable the group to formulate a detailed assessment of full-year performance and take corrective action to improve results.

Financial sector

The particularly difficult situation on the financial markets (the equities and bond markets in particular) inevitably had a highly unfavorable impact on the financial sector, which reported a sharp decline and a heavy net loss at consolidated level for the year to December 31, 2008.

The financial sector includes the parent company Italmobiliare and the wholly owned financial companies: Franco Tosi S.r.l., Sance S.r.l., Italmobiliare International Finance Limited (Dublin), Société de Participation Financière Italmobiliare S.A. (Luxembourg), SG Finance S.A. (Luxembourg), Soparfinter S.A. (Luxembourg), Fincomind A.G. (Switzerland) and Italmobiliare International BV (The Netherlands). In particular:

- Sance S.r.l. entered the financial sector as from January 1, 2008, after the corporate restructuring under which the company took on the role of equity trader;
- SG Finance entered the financial sector after it was acquired in February of this year from Sirap Gema S.p.A. by Société de Participation Financière Italmobiliare S.A..

(in millions of euro)	2008	2007	% change
Revenues	**130.9**	**155.9**	***(16.0)***
Recurring EBITDA	**(78.6)**	**66.8**	***n.s.***
Other income (expense)	0.2	2.8	*(93.2)*
EBITDA	**(78.4)**	**69.6**	***n.s.***
Amortization and depreciation	(0.1)	(0.1)	*(6.7)*
EBIT	**(78.5)**	**69.5**	***n.s.***
Finance income (costs)	(0.3)	0.2	*n.s.*
Adjustments to financial asset values	(57.8)	-	*n.s.*
Share of results of associates	4.5	2.6	*73.8*
Result before tax	**(132.1)**	**72.3**	***n.s.***
Income tax expense	8.1	13.0	*(38.2)*
Net result for the period	**(124.0)**	**85.3**	***n.s.***

(in millions of euro)	**December 31, 2008**	**December 31, 2007**
Net financial position	160.6	299.4
Shareholders' equity	1,187.9	1,861.7
Number of employees at period end	47	46

n.s. not significant

Quarterly trend

(in millions of euro)	Full year 2008	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Revenues	**130.9**	**16.0**	**6.8**	**97.2**	**10.9**
% change vs. 2007	*(16.0)*	*(31.5)*	*(56.3)*	*7.1*	*(58.4)*
EBIT	**(78.5)**	**(71.2)**	**(55.7)**	**85.7**	**(37.3)**
% change vs. 2007	*n.s.*	*n.s.*	*n.s.*	*24.8*	*n.s.*
Net result for the period	**(124.0)**	**(126.0)**	**(49.3)**	**86.0**	**(34.7)**
% change vs. 2007	*n.s.*	*n.s.*	*n.s.*	*19.3*	*n.s.*
Net financial position (at period end)	**160.6**	**160.6**	**222.1**	**251.4**	**251.4**

n.s. not significant

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. This reflects:

- "Net income on equity investments", which includes, with regard to available-for-sale investments, dividends received, capital gains and losses realized on divestments of equity investments, and adjustments to the value of these financial assets;
- "Net income (expense) from cash investments", which includes interest income on bank coupons and deposits, value adjustments to securities and trading equities, capital gains/losses on the sale of trading securities, income/expense on trading derivatives;
- "Net debt charges", which consists essentially of interest expense on financing, bank commissions and costs;
- "Other income and expense", which includes employee expenses and operating expenses for the financial structure, net of amounts recovered from other Group companies and movements on provisions for risks.

(in millions of euro)	2008	2007	% change
Net income on equity investments	35.0	90.4	*(61.3)*
Net income (expense) from cash investments	(122.8)	19.5	*n.s.*
Net debt charges	(26.9)	(24.4)	*10.1*
Total financial income and expense	**(114.7)**	**85.5**	***n.s.***
Other income and expense	(17.4)	(13.2)	*32.2*
Income tax expense	8.1	13.0	*(38.2)*
Net result for the year	**(124.0)**	**85.3**	***n.s.***

n.s. not significant

Net income on equity investments decreased in 2008 (-55.4 million euro) from 2007, despite the increase in dividends received (87.0 million euro from 80.7 million euro) and the higher overall result of companies consolidated with the equity method (4.5 million euro from 2.6 million euro). The decrease arose chiefly from significant negative adjustments to financial asset values, in particular RCS and Intek (-57.8 million euro in 2008, zero in 2007) and the recognition of larger capital gains and other income from equity investments in 2007 compared to 2008.

Net income (expense) from cash investments in 2008 reflected net expense of 122.8 million euro, compared with net income of 19.5 million euro in 2007, a decrease of 142.3 million euro. This sharp decline arose from the exceptionally negative trend on all the financial markets in the second half of the year and the fourth quarter in particular.

The year-end result reflected:

- the performance of the bond market, where credit spreads widened and the bid/ask spread also reached very high levels. The deterioration had a particularly significant impact on our portfolio, invested largely in the banking and financial sectors, which were more severely affected by the negative market conditions than other sectors. The Italmobiliare Group maintained its prudent mark-to-market approach for these assets, using market prices at the end of 2008, which were adversely affected by the worldwide market crisis. Consequently, the bond portfolio reported significant losses due in part to falling market prices and in part to the default of a number of banks (Lehman Brothers and Glitnir). The net result for the bond portfolio (including realized and measurement gains/losses and interest) was –62.3 million euro, of which 13.2 million euro relating to Lehman Brothers bonds and 1.4 million euro to Glitnir. Nevertheless, at year-end the financial sector's bond portfolio had an average rating of A+ (S&P's), weighted on mark to market. Average maturity for the bond portfolio was 3.3 years computed on first call (for callable instruments), or 10.5 years on final maturity, assuming 2049 as maturity for perpetuals. To date, the financial sector had only calculated average maturity on first call, since all issuers redeemed their bonds on the first call date; recent events have reduced expectations that this will always be the case, and consequently, the financial sector has also indicated average maturity with respect to final maturity, even though many issuers continue to redeem bonds on the first call date;
- performance on the equity market, where the sharp fall in prices had very serious effects on the value of trading equities in portfolio (with a write-down of 30.4 million euro in 2008);
- negative performance in alternative investments: although these investments provided interesting yields in previous years, in 2008 yields were negative due to the combined effect of reduction if not annulment of use of the financial lever, limitations on short selling and cashing in on many positions, even at a loss, due to the high level of redemptions. The funds of alternative funds in which the financial sector invested reported a loss of 30.2 million euro in 2008 (on opening invested capital of 106.1 million euro and year-end invested capital of 75.9 million euro);
- losses of 7.9 million euro on mutual funds for the year. During 2008 the majority of mutual funds were redeemed, leaving investments at year-end of approximately 8.0 million euro (approximately 44.8 million euro at the beginning of 2008).

Looking at **net debt charges**, interest rates rose in the first half and then began to fall (in parallel with the ECB cuts), but this was accompanied by widening spreads, dwindling confidence and lack of liquidity. The fourth quarter saw a squeeze on bank credit. Together with the rise in the sector's average debt, this produced an increase in net debt charges from 24.4 million euro in 2007 to 26.9 million euro in 2008.

Combining the results of the individual components, the financial sector had **total net financial expense** of 114.7 million euro (net financial income of 85.5 million euro in 2007).

Other income and expense closed the year with net expense of 17.4 million euro up from net expense of 13.2 million euro in 2007. This was largely due to changes in the use of risk provisions.

Tax items made a positive contribution, although less than in 2007 (-4.9 million euro) in part due to the non-deductibility of interest expense at the Italian financial companies and the reduction in the tax rate in Italy (from 33% to 27.5%).

Consequently the financial sector posted a **net loss for the period** of 124.0 million euro compared with a net profit of 85.3 million euro in 2007. This large decrease arose, as described above, from the severe crisis on all the financial markets, which 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 carried at cost, are reflected in shareholders' equity under the “Fair value reserve”. At December 31, 2008, the consolidated fair value reserve in the financial sector stood at 43.2 million euro, down by 498.4 million euro from December 31, 2007. Trends in share prices also 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 2008 are detailed below.

In January after the offer of sale of **RCS MediaGroup** shares held by Capitalia Partecipazione S.p.A. and tied to the RCS MediaGroup S.p.A. voting trust, Franco Tosi S.r.l. purchased 1,756,334 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 company **Sirap Gema Finance S.A.** at a price of 12.6 million euro, determined through an independent valuation. Subsequently, the company changed its name to SG Finance S.A..

During 2008 Italmobiliare received 168.5 million euro from **Italmobiliare International Finance Ltd.** as reimbursement of the capital contribution previously paid by Italmobiliare.

In October and November, Sance S.r.l. sold 721,666 ordinary **UBI** shares at an average price of 13.1593 euro, raising a capital gain on the consolidated carrying amount of 0.5 million euro.

During the year **Italmobiliare S.p.A.** effected no share buy-backs. Consequently it holds 871,411 ordinary treasury shares (nominal value 2,265,668.60 euro), representing 3.928% of ordinary share capital, and 28,500 savings shares (nominal value 74,100.00 euro), representing 0.174% of total savings shares. The nominal value of Italmobiliare S.p.A. ordinary and savings shares is 2.60 euro per share.

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)	2008	2007	% change
Revenues	12.8	12.0	*6.2*
EBIT	12.3	11.6	*5.8*
Net result for the period	**(192.4)**	**11.5**	***n.s.***

(in millions of euro)	December 31, 2008	December 31, 2007
Net financial position	4.9	(2.4)
Shareholders' equity	(81.2)	58.9

The main transactions involving Franco Tosi in 2008 are described above in "Significant events for the year".

After the transactions in question, at the end of the year, in addition to minor equity investments, Franco Tosi held:

- 37,606,889 RCS MediaGroup shares (5.133% 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 (1.216% of capital).

With regard to earnings, 2008 operating results at Franco Tosi were slightly up on 2007; net profit was severely hit by the write-downs on the above equity investments (-204.6 million euro). The company therefore posted a net loss for the year of 192.4 million euro.

Consequently, shareholders' equity recognized in accordance with IAS/IFRS principles was negative; under the accounting treatment adopted by the company, which applies local accounting principles, it was positive at 6.2 million euro.

Italmobiliare International Finance Ltd (Dublin)

(in millions of euro)	2008	2007	% change
Revenues	21.8	30.6	*(28.6)*
EBIT	(88.8)	(2.4)	*n.s.*
Net result for the period	**(83.4)**	**(2.2)**	***n.s.***

n.s not significant

(in millions of euro)	December 31, 2008	December 31, 2007
Net financial position	410.8	698.8
Shareholders' equity	421.4	699.7

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 2008 it posted a net loss of 83.4 million euro (a net loss of 2.2 million euro in 2007) as a result of large losses on the bond portfolio, on funds of alternative funds and on mutual funds caused by the decline of the financial markets in the second half of the year.

Shareholders' equity and the net financial position fell sharply due to the reimbursement of the capital contribution of 168.5 million euro to Italmobiliare S.p.A..

The trading portfolio stood at 312.4 million euro as follows:

- low-risk bond portfolio for 173.6 million euro with an average AA- rating (on mark to market, but identical at nominal level) and average outstanding maturity of 3.76 years for first call and 10.02 years for final maturity, and bank deposits for 5.2 million euro. The annual overall average yield was -12.93%;
- high-risk bond portfolio for 35.8 million euro with an average BBB rating (on mark to market, but identical at nominal level) and average outstanding maturity of 3.4 years for first call and 10.3 years for final maturity, and bank deposits for 1.4 million euro. The annual overall average yield was -33.02%;
- mutual funds for 8.0 million euro with an annual yield of -19.78%;
- capitalization policies for 22.2 million euro with an average yield of 3.77%;
- funds of alternative funds for 66.2 million euro with an average yield of -31.9%;
- interest-bearing intercompany funds standing at zero at year-end, but at 7.7 million euro as the average for the year with a yield of 5.01%.

The average yield on the trading portfolio at December 31, 2008, was -16.01%.

Overall the bond portfolio consists of fixed-rate instruments for 10% and floating-rate instruments for 90%. With the use of futures and IRS, the portfolio duration at the end of 2008 was 0.31 years.

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

(in millions of euro)	**2008**	**2007**	**% change**
Revenues	8.0	24.2	*(67.0)*
EBIT	(29.3)	12.8	*n.s.*
Net result for the period	**(29.4)**	**12.8**	***n.s.***

(in millions of euro)	**December 31, 2008**	**December 31, 2007**
Net financial position	23.4	75.8
Shareholders' equity	196.4	254.7

EBIT and net profit were negative and decreased sharply, largely as a result of mark-to-market losses on trading shares, the bond portfolio and the investment in the "Lehman Brothers Diversified Arbitrage" fund of alternative funds for a total loss of 36.5 million euro, offset only in part by positive net interest income and dividends received (for an overall total of 7.3 million euro).

The net financial position remained positive but decreased from 75.8 million euro to 23.4 million euro as a result of the above changes (all the items are components of the net financial position), the acquisition of Sirap Gema Finance (12.6 million euro) and dividends paid of 11.0 million euro. Shareholders' equity decreased too, from 254.7 million euro to 196.4 million euro, owing to the net loss for the year, dividend payments and the 18.0 million euro reduction in the fair value reserve on available-for-sale equity investments.

Equity investments in non-listed companies included an available-for-sale investment of 11.682% in Burgo Group S.p.A. (which changed its name from Cartiere Burgo S.p.A in 2007).
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 2008 consolidated financial statements have not yet been approved by the company governing bodies. Based on the information available, 2008 production remained just below the prior-year level despite fierce competition and surplus production capacity in Europe; nevertheless, non-adjustment to product sales prices and high energy prices, whose decrease in the second half had no significant effect on the year, led to a significant reduction in operating profit margins.
The interest in Burgo Group S.p.A. was written down from 70.0 million euro to 51.9 million euro based on the estimated value of the pro-quota share of consolidated shareholders' equity.

The trading equity portfolio consisted of 2,071,530 RCS MediaGroup shares, 1,600,000 UBI shares and 2,300,000 Unicredit shares. Their overall value at December 31, 2008, was 22.6 million euro, after a write-down in 2008 of 26.5 million euro.

The bond portfolio at the end of December 2008 stood at 27.0 million euro with an average A rating (on mark to market, but identical on nominal value) and average outstanding maturity of 2.7 years on first call and 13.9 years for final maturity. The annual average yield was -12.93%. The bond portfolio was invested at fixed rates for 7.8% and at floating rates for 92.2%, with a duration of 1.1 years.
Other investments at the end of December 2008 were as follows:

- funds of alternative funds for 9.7 million euro with a yield of -17.8%;
- loans to associates outside the financial sector for 32 million euro, with a yield of 6.9%;
- capitalization policies for 0 million euro at year end, but with an average investment for the year of 10.9 million euro and average yield of 3.86%.

The overall yield on the bond portfolio and investments described above was -4.92%.

Soparfinter S.A.

(in millions of euro)	2008	2007	% change
Revenues	2.5	4.8	*(47.1)*
EBIT	0.8	4.8	*(80.6)*
Net result for the period	**0.8**	**4.8**	***(80.8)***

n.s. not significant

(in millions of euro)	December 31, 2008	December 31, 2007
Net financial position	8.5	7.7
Shareholders' equity	8.9	8.1

Net result fell sharply in 2008 due to the reduction in dividends from the Terfin S.A. company, which is winding up.

The bond portfolio stood at 5.9 million euro at December 31, 2008, with an average A rating, an average maturity of 0.4 years and an average yield of 4.25%. The bond portfolio was invested 100% at floating rates.

Other investments at the end of December 2008 were bank deposits and monetary SICAVs (open-ended collective investment schemes) for 2.9 million euro. Loans to associates outside the financial sector totaled 24 million euro with a yield of 6.9%.

Fincomind A.G. (Switzerland)

(in millions of euro)	2008	2007	% change
Revenues	6.5	4.9	*30.8*
EBIT	6.1	4.7	*30.7*
Net profit for the period	**6.1**	**4.7**	***30.0***

(in millions of euro)	December 31, 2008	December 31, 2007
Net financial position	2.2	(3.7)
Shareholders' equity	27.3	18.7

The company's main equity investment is 100% of Finter Bank Zürich.
The improvement in net profit arose essentially from the increase in dividends paid out by Finter Bank Zürich.

The operations and results of the parent company **Italmobiliare S.p.A.** are illustrated in a separate section of this report and in the notes to the separate financial statements.

Equity investments in listed companies held by the financial sector

The table below sets out the equity investments in listed companies held by 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	12.088	Italmobiliare S.p.A.
Rcs MediaGroup ordinary [3]	37,606,889	5.133	Franco Tosi S.r.l.
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 [3]	9,971,282	1.216	Franco Tosi S.r.l.
Ubi Banca	1,718,500	0.269	Italmobiliare S.p.A.
Ubi Banca	743,500	0.116	Sance S.r.l.
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.
A2A	992,000	0.032	Italmobiliare S.p.A.
Enel ordinary	50,000	n.s.	Sance S.r.l.
Eni ordinary	20,000	n.s.	Sance S.r.l.
Intesa SanPaolo ordinary	20,000	n.s.	Sance S.r.l.
Unipol preferred	80,003	n.s.	Sance S.r.l.

[1] The % refers to the total number of instruments issued in the corresponding category
[2] Trading investments are included in the net financial position
[3] An additional 17,084,738 RCS MediaGroup shares are held through Italcementi S.p.A.
An additional 11,522,996 Mediobanca shares are held through Italcementi S.p.A.
n.s. not significant

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 financial sector, which is composed of the parent company Italmobiliare S.p.A. and the wholly owned financial companies.

(in thousands of euro)	December 31, 2008		December 31, 2007	
	Italmobiliare	Financial sector[1]	Italmobiliare	Financial sector[1]
Cash, cash equivalents and current financial assets	120,414	525,717	44,066	796,018
Short-term financing	(166,936)	(166,252)	(177,840)	(212,591)
Short-term net financial position	**(46,522)**	**359,465**	**(133,774)**	**583,427**
Medium/long-term financial assets	9,231	66,902	2,792	62,460
Medium/long-term financing	(265,780)	(265,780)	(346,440)	(346,440)
Medium/long-term net financial position	**(256,549)**	**(198,878)**	**(343,648)**	**(283,980)**
Net financial position	**(303,071)**	**160,587**	**(477,422)**	**299,447**

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. - SANCE S.r.l. - SG Finance SA.

Italmobiliare had net debt of 303.1 million euro (477.4 million euro at December 31, 2007), an improvement of 174.4 million euro, largely as a result of the partial reimbursement by Italmobiliare International Finance of the capital contribution for 168.5 million euro.

The financial sector had a positive consolidated net financial position of 160.6 million euro (299.4 million euro at December 31, 2006), a decrease of 138.9 million euro as a result of the transactions and results described above.

(in millions of euro)	Italmobiliare	Financial sector
Equity investments sold	0.3	10.2
Reimbursement capital contribution	168.5	-
Equity investments acquired	-	(10.7)
Dividends paid	(61.5)	(61.5)
Dividends received	104.9	88.8
Finance income and costs	(31.0)	(150.6)
Current operations and extraordinary items	(6.8)	(15.1)
Total	**174.4**	**(138.9)**

Risks and uncertainties

The general crisis in the world economy and the financial markets will have a serious impact on global finance and industry in 2009. The decline in the credit worthiness of bond issuers in 2008 could continue to have negative repercussions in 2009, with an impact on the value of financial asset portfolios, and equity securities too may continue to reflect the negative effects of the general situation by losing value. In the past, the sector aimed to limit this risk by diversifying its investments. Unfortunately, the crisis that began in 2008 was felt first in the two sectors (financial and construction) in which the financial companies predominantly invest, while a global economic decline is expected in 2009, irrespective of the area of business.

By its nature, the financial sector is therefore highly exposed to the risk of trends on the financial markets. To mitigate this risk, action has been take to modify asset allocation (although achieving a significant different allocation takes time), by cashing in the most liquid assets in order to reduce external bank debt.

The parent company Italmobiliare has drawn up and updated an Investment Policy identifying acceptable types of investment, rating levels, risk concentration, acceptable counterparts and the necessary approvals. The companies in the sector have introduced Investment Policies based on the parent company policy.

Like all financial companies, the Italmobiliare Group financial sector is exposed to various types of financial risk:

Credit risk

This risk refers to the ability of financial instrument issuers and financial transaction counterparts to meet their commitments. On this question, the Investment Policies set minimum rating levels for individual investments (where applicable), qualitative levels for each type of instrument and rating family and a maximum limit for individual counterparts.

Since the sector has no other instruments, it must necessarily refer to the ratings issued by the top ratings agencies, even though in some cases the agencies in question have unfortunately proved to be unreliable and to respond slowly to events. The bond portfolio has an average A+ rating (S&P's).

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

Liquidity risk

This risk refers to possible difficulties in raising funds to support debt. Since debt is based almost entirely in Italy, the credit restrictions introduced by the main banks with regard to drawings on unsecured lines of credit had a significant impact, particularly at the end of the year.

In 2008 and in the fourth quarter in particular, the focus was on:

- arranging new secured lines of credit with bank counterparts;
- cashing in the most liquid investments;
- maximizing the reimbursement of the capital contribution by Italmobiliare International Finance Ltd. to Italmobiliare S.p.A..

This enabled Italmobiliare S.p.A. to improve its net financial position and also reduce year-end bank exposure. The net financial position of Italmobiliare S.p.A. improved from –477.4 million euro to –303.1 million euro, with amounts due to banks decreasing from 517.8 million euro to 415.8 million euro. Of these amounts, 375.8 million euro were loans or secured lines of credit, while 40.0 million euro were unsecured lines of credit.

Undrawn available lines of credit at the end of 2008 consisted of 10 million euro of secured lines of credit and 262 million euro of unsecured lines of credit.

The reduction in Italmobiliare debt was also due to the effective non-deductibility of interest expense incurred by the holding, following the introduction of new legislation governing fiscal deductibility of interest expense.

The financial sector's net financial position was positive, but down from 299.4 million euro to 160.6 million euro, for the reasons described above.

Interest-rate risk
Fluctuations in interest rates affect the fair value of financial assets and the level of net finance costs.

Since all Italmobiliare debt is at floating rates, the financial sector's bond investment portfolio is held at very low duration (close to zero, through use of hedging instruments) to protect the portfolio from fluctuations in interest rates.

Only a portion of Italmobiliare debt is hedged with interest-rate swaps transforming floating-rate debt to fixed-rate debt. These contracts, with a notional value of 100 million euro at inception and now standing at 50 million euro, due to early termination of the IRS contract with Lehman Brothers after Lehman Brothers' bankruptcy, were arranged in September 2006, with a duration of five years. The contracts were arranged to protect Italmobiliare S.p.A. from rises in interest rates, and functioned successfully in previous years and the first half of 2008.

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

Price risk
The price risk is the potential mark-to-market loss on listed equities as a result of downturns in stock market prices; this risk is particularly significant for Italmobiliare S.p.A. and the companies in the financial sector.

Since Italmobiliare S.p.A. 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. Moreover, Italmobiliare is a long-term investor and does not apply short-term approaches to management of its equity portfolio.

Cash flow risk
The companies in the financial sector are exposed to the risk of reduced inflows on the equity portfolio (payment and amount of dividends collected) and on the bond portfolio (in addition to the risk of changes in coupons as a result of variations in interest rates illustrated above, there is a risk of non-payment of interest and principal as a result of issuer default).

Compliance risk for financial companies
With regard to the rules introduced by Ministerial Decree no. 142 of February 3, 2006, Italmobiliare S.p.A., Franco Tosi S.r.l. and Sance S.r.l., as companies registered on the relevant section of the general list ex art. 113 of the Consolidated Bank Act, are subject to anti-money-laundering regulations. Consequently, they are required to comply with the obligations of identification and registration in the single IT Archive (A.U.I.), in accordance with the ruling issued by the Italian Foreign Exchange Office (U.I.C.) on February 26, 2006.
Since the companies in question qualify as "financial operators" pursuant to art. 5 of Presidential Decree 605/1973, they are required to send the Tax Office Database a monthly report setting

out identification data of the parties with whom they have financial dealings, and specifying the nature of the dealings and any changes that have taken place.
In complying with A.U.I. updating requirements and the monthly preparation and transmission of data to the Tax Office Database, the companies are assisted by external consultants.

Information systems
To reduce the risk of loss of or damage to information in the Italmobiliare S.p.A. computerized information systems, data and server operating system back-ups on magnetic tapes are performed daily; the tapes are stored in special fire-proof locations at head office and at the subsidiary Italcementi S.p.A..

The back-up technology enables data to be recovered on any Italcementi server in Italy or France.

Legal risk
With regard to lawsuits involving the companies in the financial sector, appropriate provisions were set aside when, in consideration of risks that emerged and assessment of related risks, contingent liabilities were considered probable and measurable.

Environment and human resources

Given the nature of the companies in this sector, no significant environmental problems exist.

The majority of human resources are located in Italy, at Italmobiliare S.p.A.. They have followed training courses on Workplace Safety and on the Organization, Management & Control Model drawn up and approved by Italmobiliare S.p.A. with reference to Legislative Decree no. 231 of June 8, 2001, and subsequent amendments.

In accordance with this decree, Italmobiliare S.p.A. has formed a Compliance Committee and has updated or is updating its internal procedures in line with the Model requirements.

With regard to Privacy, monitoring was conducted with respect to the Security Document drawn up by Italmobiliare S.p.A. This document sets out company policy on personal data privacy.

Significant post balance-sheet events

In early 2009 Italmobiliare collected a sum of 35 million euro from Italmobiliare International Finance as reimbursement of a capital contribution.

In February 2009 Italmobiliare underwrote Unicredit cashes issued by Mediobanca for a nominal value of 10 million euro.

Outlook

Results in the financial sector depend on dividend flows and trends on the financial markets. Based on early indications, dividend flows are currently not predictable, while future interest-rate trends, trends on the financial markets (the equity and bond markets in particular) and the crisis in the real economy constitute other elements of uncertainty. Consequently it is extremely difficult to formulate any reliable full-year forecast for overall results in this sector at the present time.

Banking sector

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

(in millions of euro)	2008	2007	% change
Revenues	**42.5**	**50.6**	***(16.1)***
Recurring EBITDA	**5.7**	**13.4**	***(57.5)***
EBITDA	**5.7**	**13.4**	***(57.5)***
Amortization and depreciation	(1.2)	(1.6)	*(22.3)*
EBIT	**4.5**	**11.8**	***(62.2)***
Result before tax	**4.5**	**11.8**	***(62.2)***
Income tax expense	(0.4)	(2.1)	*(81.6)*
Net result for the period	**4.1**	**9.7**	***(58.0)***

(in millions of euro)	December 31, 2008	December 31, 2007
Net financial position	79.5	93.5
Shareholders' equity	100.7	94.1
Group shareholders' equity	100.1	93.6
Number of employees at period end	165	144

Quarterly trend

(in millions of euro)	Full year 2008	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Revenues	**42.5**	**10.0**	**9.7**	**11.2**	**11.6**
% change vs. 2007	*(16.1)*	*(29.2)*	*(8.8)*	*(12.8)*	*(8.1)*
EBIT	**4.5**	**(0.7)**	**0.9**	**1.9**	**2.4**
% change vs. 2007	*(62.2)*	*(125.9)*	*(59.9)*	*(41.7)*	*(36.6)*
Net result for the period	**4.1**	**(0.4)**	**0.9**	**1.5**	**2.1**
% change vs. 2007	*(58.0)*	*(118.5)*	*(49.4)*	*(38.2)*	*(31.4)*
Net financial position at period end	**79.5**	**79.5**	**90.4**	**85.0**	**90.1**

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, as follows:

- "Net interest income", which reflects the balance on interest income and dividends received, net of amounts paid to clients;
- the "Intermediation margin", which includes commission income and expense on lending transactions, on securities trading, other financial services and income on trading transactions. The margin also includes insurance operations conducted through the subsidiary Finter Life;
- "Gross operating profit", which also includes employee expenses and overheads for the banking organization;
- "Profit from operations", which includes amortization and depreciation, adjustments to asset values and provisions.

(in millions of euro)	2008	2007	% change
Net interest income	7.0	6.6	*6.6*
Intermediation margin	38.8	45.2	*(14.2)*
Gross operating profit	6.5	13.5	*(52.3)*
Result from operations	4.5	11.8	*(62.2)*
Net result for the period	**4.1**	**9.7**	***(58.0)***

The results of the banking sector consisted almost entirely of the results of Finter Bank Zürich.

Finter Bank Zürich

In 2008 the Finter Bank Zürich group reported consolidated revenues of 65.3 million Swiss francs, a significant decrease (-15.6 million Swiss francs or -19.3%) from 2007. This decrease arose largely as a result of lower commission income (50.9 million Swiss francs against 57.3 million Swiss francs) on client transactions and a reduction in trading profits on the proprietary portfolio (1.3 million Swiss francs against 10.4 million Swiss francs).

As revenues declined, costs were carefully managed. As a result, the only increase was in service expenses (19.6 million Swiss francs in 2008 from 18.2 million Swiss francs in 2007) due to expense incurred for the acquisition of the Swiss bank Hugo Kahn; employee expenses dropped significantly (30 million Swiss francs in 2008 against 32.5 million Swiss francs in 2007) as did other net operating expenses (7.4 million Swiss francs in 2008 from 9.0 million Swiss francs in 2007). Consequently EBITDA passed from 21.5 million Swiss francs in 2007 to 8.5 million Swiss francs in 2008, a smaller absolute reduction than in revenues.

After amortization and depreciation (1.9 million Swiss francs) and tax (0.5 million Swiss francs), consolidated net profit was 6.1 million Swiss francs against 15.6 million Swiss francs in 2007 (-60.9%) .

The Finter Life insurance company (owned 90% by Finter Bank Zürich and consolidated on a line-by-line basis) began operations in 2007. It reported a net loss of 1.8 million Swiss francs in 2008, which was greater than the projected loss due to higher start-up costs and lower returns from asset investments.

Consolidated shareholders' equity decreased from 146.2 million Swiss francs at December 31, 2007, to 140.9 million Swiss francs at December 31, 2008, after distribution of dividends for 10 million Swiss francs. Shareholders' equity reflected the impact of the appreciation of the Swiss franc against the dollar.

Assets under management at the end of 2008 stood at 5.9 billion Swiss francs. The increase in assets under management was the result of several different trends: the positive effect of the consolidation of the Swiss bank Hugo Kahn, described below; the negative effects of the fall in financial market values and the appreciation of the Swiss franc, which reduced asset values. Client asset inflows and outflows virtually balanced out and had no material effect on the value of assets under management.

Significant events for the period

In early October 2008 Finter Bank Zürich completed the acquisition of 100% of the capital of the Swiss bank Hugo Kahn AG, for an outlay of approximately 39 million Swiss francs. The acquired bank had assets under management totaling approximately 900 million Swiss francs. The merger enables Finter Bank Zürich to expand its client portfolio and exploit geographical synergies; it also enhances the mix of products and services offered. Hugo Kahn has been consolidated on a line-by-line basis since October 2008.

Risks and uncertainties

Risk policy is regularly reviewed and approved by the Board of Directors and provides the basis for risk management for the bank and the group. Management is responsible for implementing policy. Clear limits are set for individual risks.
The Group Risk Committee enforces compliance with regulations and monitors all key risks. The Chief Risk Officer is the committee chairman. The other members of the committee are other senior managers.
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, liquidity and income and on related risks.

Counterparty risks
Credit policy covers all commitments that could generate losses in the event of default by counterparts. Counterparty risks are managed through a system of limits and qualitative requirements.
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 a part of asset management activities.

Interest-rate risks
Interest-rate risks on balance-sheet and off-balance-sheet transactions are monitored at central level by the bank’s Asset and Liability Management committee, chaired by the Chief Investment Officer. Interest-rate risk policy focuses on interest-rate volatility. Computation of present value of all interest-rate transactions provides input for sensitivity analyses.

Other market risks
Other market risks, primarily risks on equities, currency and precious metal positions, are limited by application of a volume and losses control system. Trading positions are monitored on a daily basis.

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

Operating risks

Operating risks are defined as «the danger of direct or indirect losses arising from inadequacies or errors in internal processes, people or systems, or from external events». These risks are limited by directives and internal regulations governing organization and control. Internal reviews on the adequacy and effectiveness of internal controls are conducted regularly and findings are reported directly to the Audit Committee.

Compliance and legal risks

The Legal & Group Compliance Officer operates from the head office in Zurich and reports directly to the CEO. Branch Compliance Officers at the Finter Bank Zürich branches in Lugano and Chiasso conduct compliance functions in loco and report to the Legal & Group Compliance Officer.
The Group Compliance Officer and the Branch Compliance Officers ensure that the bank's operations comply with today's increasingly severe regulations and the obligation of bank diligence. Group Compliance is responsible for monitoring requirements and new regulations established by the compliance authorities, lawmakers or other organizations.

Human resources

Personnel data is set out below.

(heads)	2008		2007	
Categories	**HDC [1]**	**FTE [2]**	**HDC [1]**	**FTE [2]**
Executive	7.0	7.0	7.0	7.0
Middle management	49.0	48.1	47.0	46.9
Management	50.0	48.4	42.0	40.0
Clerical staff	54.0	51.2	43.0	39.8
Total	**160.0**	**154.7**	**139.0**	**133.7**

[1] Headcount
[2] Full Time Equivalent

The increase of 21 heads from 2007 was largely due to the acquisition of the Swiss bank Hugo Khan.

Qualifications	
(heads)	**2008**
University degree	50
Diploma	20
Apprentice	89
Other	1
Total	**160**

Type of contract	
(heads)	**2008**
Full time	147
Part time	13
Total	**160**

Turnover	
(heads)	**2008**
Recruitments	27
Dismissals	2
Resignations	29
Turnover rate	**19%**

Finter Bank Zürich organizes internal foreign language courses; other training is organized according to individual needs. All employees are trained, within their departments, in accordance with the new Swiss banking regulations.

Data security and personnel safety

Data security and personnel safety activities are summarized below:

- the EDP center was upgraded in accordance with the latest security standards;
- action began to optimize data storage in high-security environments;
- latest-generation audit tools and log-files were implemented;
- information on emergency medical action was circulated and training was provided for personnel in every location.

Environmental information

Environmental issues are of marginal importance given the nature of the company's core business.

Crédit Mobilier de Monaco

Crédit Mobilier de Monaco is a bank in Monaco whose main activity is guarantee-backed loans. In 2008 it reported a small increase in net interest income and containment of the intermediation margins and employee expenses.

Consequently net profit for the period, at 220.8 thousand euro, was slightly higher than the prior-year net profit (178.7 thousand euro).

Crédit Mobilier de Monaco's importance within the Italmobiliare Group is not such as to require further comments on results.

Risks and uncertainties

The bank is not exposed to specific risks with respect to clients, suppliers and competitors (Crédit Mobilier de Monaco conducts its guarantee-backed loan business on a monopoly basis) and its business does not present particularly critical elements since its loans have a duration of 6 months and can therefore be revalued at suitably frequent intervals.
Overall, no material problems exist with regard to regulations and procedures applied in the operations of Crédit Mobilier de Monaco.
Doubtful receivables on guarantee-backed loans totaled 233 thousand euro at the end of 2008 (256 thousand at December 31, 2007) and related in the main to a single case (for a total of 224 thousand euro) dating back to January 2004. The bank hopes to settle the question by the end of 2009.
The collateral available to the bank ensures ample coverage of doubtful receivables.
The bank has implemented adequate procedural security measures.

Environment and human resources

Given the bank's line of business, environmental issues are immaterial.
Crédit Mobilier de Monaco has a stable workforce but is exposed to the risk of critical difficulties arising from long-term unavailability or resignation of key resources.

At December 31, 2007, and at December 31, 2008, the bank had 5 employees (1 director, 1 supervisor and 3 clerical workers).
All employees have open-end employment contracts.

Significant post balance-sheet events

There were no significant post balance-sheet events.

Outlook

The uncertainty on the markets in general and the financial markets in particular makes it difficult to draw up reliable forecasts on 2009 full-year results in the banking sector. Management is continuing measures that have already been introduced and planning new ones to achieve a stable reduction in costs and a recovery in revenues.

Property sector, services and other

This sector includes a number of real estate companies and services companies. Assets held by the real estate companies included rented property and property and land held for sale.
The services companies essentially provide services within the Group.

2008 revenues amounted to 8.3 million euro, a large increase on 2007 (3.1 million euro) arising from the sale of some real estate assets in the second quarter of 2008 by Populonia Italica, a wholly owned company in the sector.
As a result of the proceeds from this sale, EBIT at 6.0 million euro and the net profit of 4.7 million euro were significantly higher than the 2007 figures, of 1.6 million euro and 2.6 million euro respectively.

The sector is of marginal importance to Group results.
As noted in the 2007 annual report, during the year the sector underwent a series of corporate re-structuring operations.

Risks and uncertainties

As noted above, the sector is of marginal importance within the Italmobiliare Group as a whole; it comprises three types of company, each of which deals with specific risks and uncertainties:

- the intercompany services companies (like Italmobiliare Servizi S.r.l.), which charge clients on the basis of costs incurred and therefore are not subject to material risks, with the exception of a very low credit risk on collection of invoices;
- the real estate companies (like Populonia Italica S.r.l.), whose assets include land and buildings; these companies are therefore exposed to trends on the property market, which can affect the value of their assets;
- companies being wound up (like Terfin S.A.), which are subject to the typical risks of companies in liquidation, that is, the ability of assets to settle liabilities. In this case, however, Terfin S.A. appears to be in a position to meet its obligations in full.

Information on personnel and the environment

Personnel is adequate for the needs of the companies in the sector. No material environmental issues exist.

Significant post balance-sheet events

There were no significant post balance-sheet events.

Outlook

Although this sector is of marginal importance within the Italmobiliare Group as a whole, in view of the uncertainties affecting all markets it is difficult at the present time to formulate reliable forecasts on 2009 full-year net profit. Once national and international trends become clearer, it will be possible to draw up projections, subject to extraordinary events, for results in this sector for the current year.

Human resources

The number of employees at December 31, 2008, was 23,864 heads, down from 25,252 at December 31, 2007.
The following table provides a breakdown of employees by business sector and geographical area.

(number of employees*)	December 31, 2008		December 31, 2007	
		%		%
Business sector				
Construction materials	22,243	*93.2*	23,706	*93.9*
Packaging and insulation	1,396	*5.9*	1,341	*5.3*
Financial	47	*0.2*	46	*0.2*
Banking	165	*0.6*	144	*0.5*
Property, services and other	13	*0.1*	15	*0.1*
Total	**23,864**	***100.0***	**25,252**	***100.0***
Geographical area				
European Union	11,373	*47.7*	12,716	*50.3*
Other European countries	1,111	*4.6*	1,164	*4.6*
North America	2,155	*9.0*	2,133	*8.4*
Asia	2,795	*11.7*	2,916	*11.6*
Africa	5,713	*24.0*	5,923	*23.5*
Trading	654	*2.7*	377	*1.5*
Other countries	63	*0.3*	23	*0.1*
Total	**23,864**	***100.0***	**25,252**	***100.0***

(*) including employees of companies consolidated on a line-by-line basis or proportionate basis. The number of employees at companies consolidated on a proportionate basis is shown in relation to 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.

The summary of dealings with related parties at December 31, 2008, is provided in the notes.
All dealings with related parties, whether for the exchange of goods and services or of a financial nature, are conducted at normal market conditions.

No atypical or unusual transactions took place in 2008.

Dealings with subsidiaries and associates

Dealings with companies not consolidated on a line-by-line basis and with associates are of a commercial nature (exchange of goods and/or services) or a financial nature.
Italmobiliare also provides an "administrative service" for some associates, regulated on the basis of the costs attributable to performance of the service.

With regard to the significant influence exercised by the voting trust at RCS MediaGroup S.p.A., to which the Italmobiliare Group belongs through Italcementi S.p.A. and Franco Tosi S.r.l., and considering that the majority of trust members (65.45% of voting rights on the shares in the trust) consolidate their interest with the equity method, Italmobiliare deemed it appropriate to classify the company as an associate as from the end of 2008.

Calcestruzzi group

After the deconsolidation of the Calcestruzzi group, all business and financial dealings with the group are included in dealings with related parties.
The relevant information is disclosed in the notes.

Dealings with other related parties

Dealings with other related parties in 2008 were as follows:

- administrative, financial, contractual and fiscal consultancy services, as well as support for the organization of corporate restructuring operations supplied to the Italmobiliare Group by Finsise S.p.A. and Professional Auditing S.p.A., whose reference shareholder and/or majority shareholder is Italo Lucchini, Deputy Chairman of Italmobiliare, for considerations totaling 294 thousand euro;
- legal consultancy, judicial and extrajudicial assistance provided to Italmobiliare and Group companies by the associate law firm Dewey & LeBoeuf, of which Italmobiliare director Luca Minoli is a partner, for considerations totaling 646 thousand euro;
- consultancy services for the senior management of Italmobiliare in relation to the rationalization and development of Group activities, provided by Piergiorgio Barlassina, an Italmobiliare director, for considerations totaling 250 thousand euro and supplementary charges of 24 thousand euro;
- legal consultancy services for the Italmobiliare Group provided by Giorgio Bonomi, an Italmobiliare director, for considerations totaling 127 thousand euro.

In 2008 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 202 thousand euro for the supply of corporate administrative services and other services; its also provided services for the construction of the professional training center for young students in Sri Lanka for 43 thousand euro.

Dealings with related parties and remuneration of Italmobiliare S.p.A. directors and Chief Operating Officer for positions held in the Group are illustrated in the notes.

For details of Italmobiliare S.p.A. dealings with related parties, the reader is referred to the directors' report on and the notes to the parent company separate financial statements.

Disputes

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

Outlook

The severe financial crisis, which has now also spread into the real economy, at varying intensities in the sectors in which the Group operates, has triggered a deep global recession, whose gravity and duration cannot be reliably assessed today.

In this context, the Group's industrial operations are taking action to improve their cost structures, raise efficiency, in part through production re-organizations, and monitor cash flows closely.

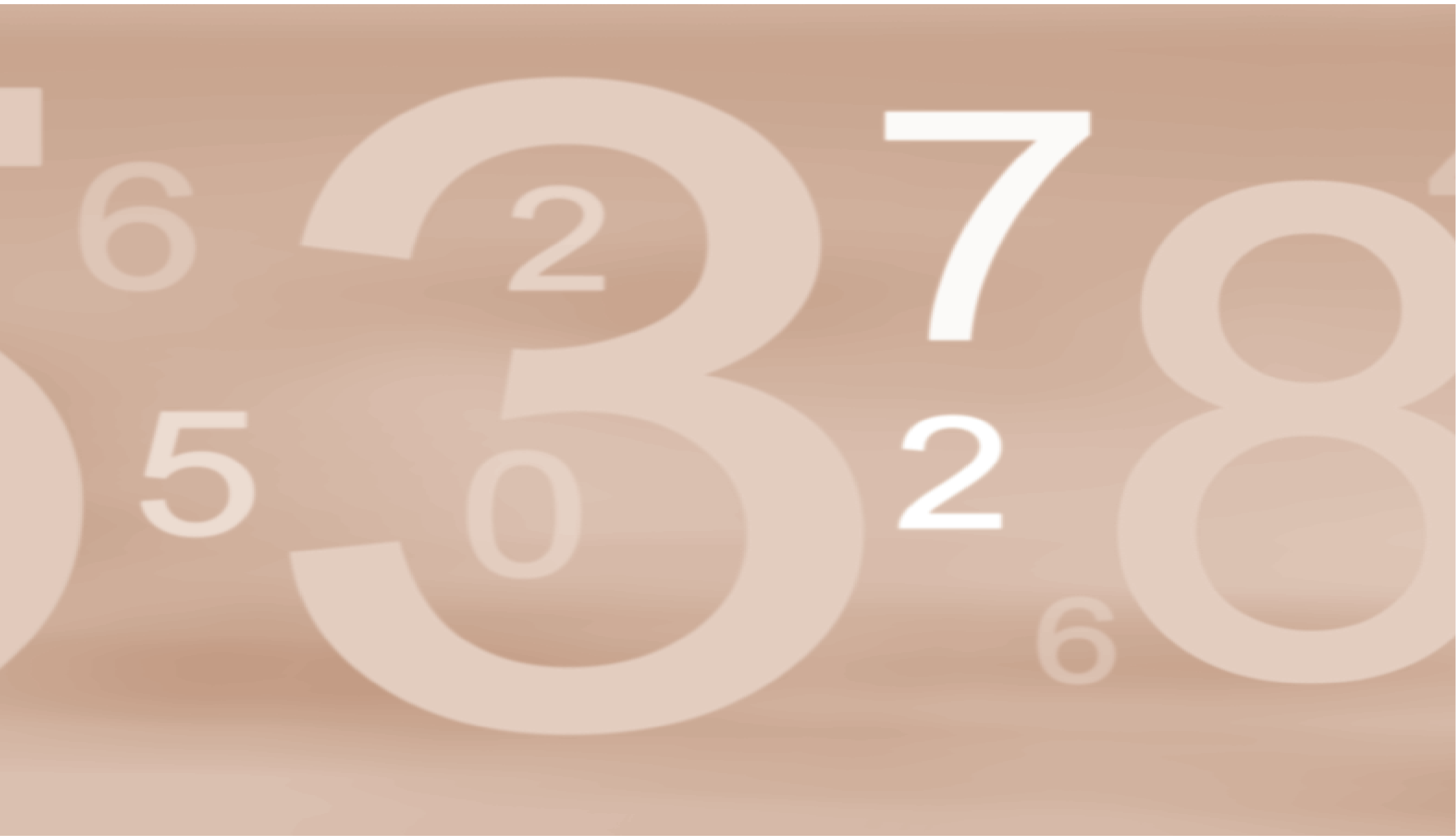
The uncertainty on the equities and bondss markets makes it difficult to provide reliable guidance on results in the financial sector.

The above considerations also apply to the parent company Italmobiliare, whose earnings will depend on trends on the financial markets, on movements in interest rates and on the prospects of the individual subsidiaries.

Milan, March 25, 2009

The Board of Directors

Italmobiliare S.p.A. consolidated financial statements



Financial statements

Balance sheet

(in thousands of euro)	Notes	12.31.2008	12.31.2007	Change
Non-current assets				
Property, plant and equipment	1	4,373,508	4,229,262	144,246
Investment property	2	29,344	28,147	1,197
Goodwill	3	2,035,059	2,001,125	33,934
Intangible assets	4	137,805	70,117	67,688
Investments in associates	5	342,971	214,288	128,683
Other equity investments	6	634,736	1,417,241	(782,505)
Non-current trade and other receivables	7	165,369	127,317	38,052
Deferred tax assets	21	46,371	40,176	6,195
Non-current receivables due from employees		205	438	(233)
Total non-current assets		**7,765,368**	**8,128,111**	**(362,743)**
Current assets				
Inventories	8	984,189	887,074	97,115
Trade receivables	9	1,176,744	1,423,349	(246,605)
Other current assets	10	454,004	365,048	88,956
Income tax assets	11	105,660	68,073	37,587
Equity investments and financial receivables	12	810,292	900,811	(90,519)
Cash and cash equivalents	13	590,535	501,527	89,008
Total current assets		**4,121,424**	**4,145,882**	**(24,458)**
Total assets		**11,886,792**	**12,273,993**	**(387,201)**
Shareholders' equity				
Share capital	14	100,167	100,167	
Reserves	15	299,699	858,179	(558,480)
Treasury shares	16	(21,226)	(21,226)	
Retained earnings		1,798,682	1,972,492	(173,810)
Group shareholders' equity		**2,177,322**	**2,909,612**	**(732,290)**
Minority interests	17	3,304,253	3,390,564	(86,311)
Total shareholders' equity		**5,481,575**	**6,300,176**	**(818,601)**
Non-current liabilities				
Interest-bearing loans and long-term borrowings	19	2,970,766	2,572,200	398,566
Employee benefit liabilities	18	176,557	198,135	(21,578)
Non-current provisions	20	287,446	276,682	10,764
Other non-current liabilities		43,083	46,526	(3,443)
Deferred tax liabilities	21	286,673	332,132	(45,459)
Total non-current liabilities		**3,764,525**	**3,425,675**	**338,850**
Current liabilities				
Bank overdrafts and short-term borrowings	19	560,446	675,354	(114,908)
Interest-bearing loans and short-term borrowings	19	269,611	230,995	38,616
Trade payables	22	738,399	807,442	(69,043)
Current provisions	20	1,989	3,157	(1,168)
Income tax liabilities	23	64,574	37,805	26,769
Other liabilities	24	1,005,673	793,389	212,284
Total current liabilities		**2,640,692**	**2,548,142**	**92,550**
Total liabilities		**6,405,217**	**5,973,817**	**431,400**
Total shareholders' equity and liabilities		**11,886,792**	**12,273,993**	**(387,201)**

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

Income statement

(in thousands of euro)	Notes	2008	%	2007	%	Change	%
Revenues	25	**6,157,042**	**100.0**	**6,396,975**	**100.0**	**(239,933)**	**-3.8**
Other revenues		63,622		86,856		(23,234)	
Change in inventories		60,311		58,074		2,237	
Internal work capitalized		53,091		41,727		11,364	
Goods and utilities expenses	26	(2,504,467)		(2,390,309)		(114,158)	
Services expenses	27	(1,386,690)		(1,474,067)		87,377	
Employee expenses	28	(1,022,143)		(1,031,283)		9,140	
Other operating income (expense)	29	(400,071)		(225,877)		(174,194)	
Recurring EBITDA		**1,020,695**	**16.6**	**1,462,096**	**22.9**	**(441,401)**	**-30.2**
Net capital gains on sale of fixed assets	30	24,618		16,771		7,847	
Non-recurring employee expenses for re-organizations	30	(27,537)		(15,391)		(12,146)	
Other non-recurring income (expense)	30	(7,029)		(765)		(6,264)	
EBITDA		**1,010,747**	**16.4**	**1,462,711**	**22.9**	**(451,964)**	**-30.9**
Amortization and depreciation	31	(464,443)		(459,099)		(5,344)	
Impairment variation	31	(45,221)		(6,122)		(39,099)	
EBIT		**501,083**	**8.1**	**997,490**	**15.6**	**(496,407)**	**-49.8**
Finance income	32	105,643		55,811		49,832	
Finance costs	32	(195,409)		(169,460)		(25,949)	
Net exchange-rate differences and derivatives	32	(3,501)		(8,384)		4,883	
Adjustments to financial asset values	33	(182,707)				(182,707)	
Share of results of associates	34	29,566		15,915		13,651	
Result before tax		**254,675**	**4.1**	**891,372**	**13.9**	**(636,697)**	**-71.4**
Income tax expense	35	(142,863)		(230,428)		87,565	
Net result for the period		**111,812**	**1.8**	**660,944**	**10.3**	**(549,132)**	**-83.1**
Attributable to:							
Group		(106,053)	-1.7	217,224	3.4	(323,277)	-148.8
Minority interests		217,865	3.5	443,720	6.9	(225,855)	-50.9
Earnings per share	36						
- Basic							
ordinary shares		(2.852) €		5.740 €			
savings shares		(2.774) €		5.818 €			
- Diluted							
ordinary shares		(2.850) €		5.722 €			
savings shares		(2.772) €		5.800 €			

Statement of movements in consolidated total shareholders' equity

	Attributable to equity holders of the parent										Minority interests	Total sh. holders' equity
		Reserves										
(in thousands of euro)	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, 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:												
Available-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, 2007	**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**
Change in fair value on:												
Available-for-sale financial assets				-563,855						-563,855	-98,325	-662,180
Derivative financial instruments					-4,901					-4,901	-7,009	-11,910
Other			412			8,043				8,455	18,064	26,519
Currency translation differences			1,821					-17,103		-15,282	-32,440	-47,722
Net gains (losses) recognized directly in equity			2,233	-563,855	-4,901	8,043		-17,103		-575,583	-119,710	-695,293
Net profit for the period									-106,053	-106,053	217,865	111,812
Total gains (losses) for the period			2,233	-563,855	-4,901	8,043		-17,103	-106,053	-681,636	98,155	-583,481
Distribution of profits: Dividends									-61,474	-61,474	-131,903	-193,377
Exercise of options												
Change % control, scope of consolidation and other changes								1.821	8.999	10.820	-52.563	-41.743
Balances at December 31, 2008	**100,167**	**177,191**	**17,946**	**50,020**	**961**	**53,581**	**-21,226**	**-36,897**	**1,835,579**	**2,177,322**	**3,304,253**	**5,481,575**

Consolidated cash flow statement

(in thousands of euro)		2008	2007
A) Cash flow from operating activities:			
Profit before tax		254,675	891,372
Adjustments for:			
Amortization, depreciation and impairment		689,407	470,082
Reversal undistributed results of associates		(18,560)	(7,746)
Capital (gains)/losses on sale of fixed assets		(75,363)	(22,027)
Change in employee benefit liabilities and other provisions		30,842	(68,592)
Stock options		15,927	12,136
Reversal net finance income and costs		87,346	62,578
Cash flow from operating activities before tax, finance income/costs and change in working capital		**984,274**	**1,337,803**
Change in working capital		(192,882)	55,950
Cash flow from operating activities before tax and finance income/costs		**791,392**	**1,393,753**
Net finance costs paid		(138,488)	(118,402)
Dividends received		59,954	48,837
Taxes paid		(198,195)	(356,604)
Inflows from derivatives		365	(11,906)
		(276,364)	**(438,075)**
Total A)		**515,028**	**955,678**
B) Cash flow from investing activities:			
Investments in fixed assets:			
PPE and investment property		(718,734)	(541,418)
Intangible assets		(31,042)	(13,250)
Financial assets (equity investments)		(285,844)	(552,328)
Cash of consolidated acquisitions		17,695	35,255
Total investments in fixed assets		**(1,017,925)**	**(1,071,741)**
Proceeds from divestments of fixed assets and repayment of loans		117,771	73,763
Total divestments		**117,771**	**73,763**
Total B)		**(900,154)**	**(997,978)**
C) Cash flow from financing activities:			
New interest-bearing loans and long-term borrowings		468,612	340,777
Change in financial receivables		159,306	(129,451)
Change in current equity investments		30,486	787
Net change on treasury shares			(14,826)
Outflows from derivatives		(1,747)	
Dividends paid		(193,337)	(194,371)
Other movements in shareholders' equity		(1,794)	18,178
Total C)		**461,526**	**21,094**
D) Currency translation differences and other changes — Total D)		**12,608**	**(10,536)**
E) Cash flows for the period (A+B+C+D)		**89,008**	**(31,742)**
F) Opening cash and cash equivalents		**501,527**	**533,269**
Closing cash and cash equivalents (E+F)	13	**590,535**	**501,527**

Cash flows from investing activities and divestments are detailed in the relevant section of the notes.

Notes

The Italmobiliare S.p.A. consolidated financial statements as at and for the year to December 31, 2008, were approved by the Board of Directors on March 25, 2009. At the meeting, the Board authorized publication of the financial statements in a press release dated March 25, 2009, containing key information from the financial statements.
As required by IAS 10, these consolidated financial statements may be amended by the Shareholders' Meeting.
The financial statements have been drawn up assuming business continuity. Despite the difficult economic and financial situation, the Group has no material uncertainties about its business continuity, by virtue of the action already in place to respond to the changes in demand, and its industrial and financial flexibility.

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, 2008, 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, 2008, that had not been approved by the European Union at that date.

Since December 31, 2007, a number of principles and interpretations approved by the European Union have come into force and have been applied in the financial statements as at and for the year to December 31, 2008, specifically:

- Amendments to IAS 39 “Financial instruments: recognition and measurement” and IFRS 7 “Financial instruments: disclosures”: “Reclassification of financial assets”, approved by the EC Commission on October 15, 2008, with Regulation (EC) 1004/2008. These amendments authorize reclassification of certain financial assets from the “available for sale” category to other categories in limited circumstances such as financial crises. These amendments have had no impact on the Group which has not applied any reclassifications.
- IFRIC 11 “Group and treasury share transactions”: approved by the EC Commission on June 1, 2007, with Regulation (EC) 611/2007. This interpretation, linked to IFRS 2, governs reporting of share-based payments.

Standards, principles and interpretations approved by the European Union in 2008 but not yet in force and for which the Group has not elected early application are as follows:

- IFRS 8 “Operating segments”: approved by the EC Commission on November 21, 2007, with Regulation (EC) 1358/2007 and applicable as from January 1, 2009, although early application is allowed. This principle replaces IAS 14 “Segment reporting” and governs disclosures on business segments.
- IAS 1 “Presentation of financial statements” (reviewed in 2007): approved by the EC Commission on December 17, 2008, with Regulation (EC) 1274/2008 and applicable as from January 1, 2009, although early application is allowed. This principle introduces new requirements for the presentation of financial statements and prescribes additional information.

- IAS 23 "Borrowing costs" (reviewed in 2007): approved by the EC Commission on December 10, 2008, with Regulation (EC) 1260/2008 and applicable as from January 1, 2009, although early application is allowed. This standard requires capitalization of borrowing costs directly arising from the acquisition, construction or production of "qualifying assets".
- Amendments to IFRS 2 "Vesting conditions and cancellations": approved by the EC Commission on December 16, 2008, with Regulation (EC) 1261/2008 and applicable as from January 1, 2009, although early application is allowed. The amendments provide clarifications with regard to vesting conditions, accounting treatment of non-vesting conditions and cancellation of agreements.
- IFRIC 13 "Customer loyalty programs": approved by the EC Commission on December 16, 2008, with Regulation (EC) 1262/2008 and applicable as from January 1, 2009 (the IASB document envisages applicability as from July 1, 2008) although early application is allowed. This interpretation governs accounting treatment of free or discounted goods and services sold or lent under customer loyalty programs.
- IFRIC 14 "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction": approved by the EC Commission on December 16, 2008, with Regulation (EC) 1263/2008 and applicable as from January 1, 2009 (the IASB document envisages applicability as from January 1, 2008) although early application is allowed. This interpretation clarifies the indications of IAS 19 "Employee benefits" with regard to measurement of a post-employment defined benefit asset in the event of a minimum funding requirement.

The principles and interpretations published by the IASB and not yet approved by the European Union are set out below:

Title of document	IASB issue date	Applicability date of IASB document	Expected EU approval date	Note
Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures - Reclassification of Financial Assets - Effective date and transition	November 2008	July 1, 2008	Not available	The EU is likely to set an applicability date after July 1, 2008
Revised IFRS 3 Business Combinations	January 2008	July 1, 2009	Q2 2009	
Amendments to IAS 27 Consolidated and Separate Financial Statements	January 2008	July 1, 2009	Q2 2009	
Amendment to IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items	July 2008	July 1, 2009	Q2 2009	
Revised IFRS 1 First-time Adoption of International Financial Reporting Standards	November 2008	July 1, 2009	Not available	
IFRIC 12 - Service Concession Arrangements	November 2006	January 1, 2008	Q1 2009	The EU is likely to set an applicability date after January 1, 2008
IFRIC 15 - Agreements for the Construction of Real Estate	July 2008	January 1, 2009	Q2 2009	
IFRIC 16 - Hedges of a Net Investment in a Foreign Operation	July 2008	October 1, 2008	Q2 2009	The EU is likely to set an applicability date after October 1, 2008
IFRIC 17 - Distributions of Non-cash Assets to Owners	November 2008	July 1, 2009	Not available	
IFRIC 18 - Transfers of Assets from Customers	January 2009	July 1, 2009	Not available	

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 financial statements 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 2007 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. This applies in particular in the current conditions of financial and economic crisis, which could generate situations different from those estimated today, leading to possibly material and currently unforeseeable adjustments to the carrying amounts reflected in the financial statements.
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, 2008, 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 or, even if it holds a lower percentage of voting rights, when it is entitled to take part in financial and management policy decisions by virtue of a specific juridical status including, but not limited to, participation in voting trusts or other forms of material exercise of rights of governance. 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

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

The Group applies the following criterion:
A put option granted to minority shareholders 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 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 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 consist of cash on hand, bank demand deposits and other treasury investments not subject to material changes in fair value 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 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.
Until December 31, 2006, leaving entitlements provided by the Italian companies (TFR, *trattamento di fine rapporto*) were treated as defined benefit plans. Legislation governing TFR entitlements was amended by Law no. 296 of December 27, 2006, ("2007 Finance Act") and subsequent decrees and regulations enacted in early 2007. Consequently, and with particular reference to Group companies with at least 50 employees, TFR entitlements are now considered as defined benefit plans exclusively for amounts accrued prior to January 1, 2007 (and not paid as at the balance sheet date); amounts accruing after January 1, 2007, are treated as defined contribution plans.

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.
The fair value of derivative financial instruments is determined using the swap curve weighted to take account of the counterpart credit risk.
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 on 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 attributable to a particular risk associated with a recognized asset or liability or with a highly probable forecast transaction that 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 forecast transaction is no longer highly probable, 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 will no longer take place, 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 t hat taxable income will he 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 Group monitors capital through the gearing ratio (net financial position/shareholders' equity). Its net financial position comprises financial liabilities less cash and cash equivalents and other financial receivables. Shareholders' equity consists of all the items indicated on the face of the balance sheet.

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, in 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:

Currency	Average 2008	Average 2007	Period end December 31, 2008	Period end December 31, 2007
Thai baht	48.47535	44.21070	48.28500	43.80000
Czech crown	24.94600	27.76832	26.87500	26.62800
Slovak crown	31.26170	33.77150	30.12600	33.58300
Serbian dinar	81.43250	79.98710	89.39120	79.76700
Kuwaiti dinar	0.39526	0.38934	0.38449	0.40198
Moroccan dirham	11.34752	11.21992	11.19130	11.36180
Canadian dollar	1.55942	1.46861	1.69980	1.44490
US dollar	1.47076	1.37018	1.39170	1.47210
Hungarian florin	251.51200	251.29200	266.70000	253.73000
Swiss franc	1.58739	1.64264	1.48500	1.65470
Ukrainian hrivna	7.68728	6.90196	10.95960	7.43411
Croatian kuna	7.22389	7.33819	7.35550	7.33080
Albanian lek	122.71747	123.65163	123.18400	122.20400
Moldavian leu	15.23560	16.57800	14.47400	16.68160
Bulgarian lev	1.95583	1.95583	1.95583	1.95583
Egyptian pound	7.99545	7.73302	7.67609	8.13006
Bosnian mark	1.95583	1.95583	1.95583	1.95583
New Turkish lira	1.89525	1.77835	2.14080	1.71020
New Romanian leu	3.68264	3.33527	4.02250	3.60770
Mauritanian ouguiya	354.12828	355.55277	363.93000	369.49700
Chinese renmimbi	10.22361	10.41780	9.49560	10.75240
Russian ruble	36.42070	35.01600	41.28300	35.98600
Indian rupee	63.73427	56.57839	67.63600	58.02100
Sri Lanka rupee	159.24368	151.62035	157.20600	159.92000
Cypriot pound	-	0.58262	-	0.58527
Pound sterling	0.79628	0.68429	0.95250	0.73335
Kazakh tange	176.96299	167.83269	168.22700	177.30700
Polish zloty	3.51210	3.78412	4.15350	3.59350

The exchange rates used to translate the financial statements of the foreign entities are those published by the Bank of Italy and the Central Turkish Bank. As from January 1, 2008, Cyprus uses the euro.

Scope of consolidation

As a result of the loss of control determined by the preventive seizure of the assets of Calcestruzzi S.p.A. ordered on January 29, 2008, and still in force, the Calcestruzzi group is no longer included in the scope of consolidation, pursuant to IAS 27§21; following the loss of control, the equity investment is accounted for in accordance with IAS 39§46 and classified under "Other equity investments".

Changes in the scope of consolidation

The main changes with respect to December 31, 2007, are set out below:

- line-by-line consolidation as from January 25, 2008, of the Verticalnet group (USA), which is part of the BravoSolution e-business group;
- line-by-line consolidation as from March 1, 2008, of Crider & Shockey (USA) in the ready mixed concrete sector;
- line-by-line consolidation as from May 1, 2008, of Kuwait German Ready Mix (Kuwait) and as from July 1, 2008, of Al Mahaliya (Kuwait), both in the ready mixed concrete sector;
- line-by-line consolidation as from the second half of 2008 of the companies Italgen Misr for Energy SAE (Egypt), Italgen Elektrik Uretim AS and Bares Elektrik Uretimi AS (Turkey) active in the energy sector and part of the Italgen group;
- consolidation on a 50% proportionate basis of the equally owned joint venture in Saudi Arabia, International City for Ready Mix, in the ready mixed concrete sector;
- valuation with the equity method as from April 1, 2008, of Asment Cement (Morocco);
- line-by-line consolidation as from October 2008 of the Hugo Kahn bank (Switzerland) in the banking sector.

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.

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. and the newly formed joint venture in Saudi Arabia.
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, 2008:

(in thousands of euro)	Revenues	Intragroup sales	Contributive revenues	Recurring EBITDA	EBITDA	EBIT	Share of results of associates
Construction materials	5,775,557	(6,267)	5,769,290	1,113,131	1,102,877	607,292	25,078
Packaging and insulation	264,278	(1)	264,277	25,136	25,136	12,970	
Financial	130,902	(56,094)	74,808	(78,627)	(78,434)	(78,490)	4,492
Banking	42,465	(940)	41,525	5,694	5,706	4,457	
Property, services, other	8,308	(1,166)	7,142	5,991	6,124	6,024	(4)
Inter-sector eliminations	(64,468)	64,468		(50,630)	(50,662)	(51,170)	
Total	**6,157,042**		**6,157,042**	**1,020,695**	**1,010,747**	**501,083**	**29,566**

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 other primary segment data at December 31, 2008:

	December 31, 2008		December 31, 2008			
(in thousands of euro)	Total assets	Total liabilities	Capital expenditure	Financial investments	Depreciation amortization fixed assets	Impairment variation
Construction materials	9,986,372	5,371,400	733,479	255,179	450,873	45,221
Packaging and insulation	271,242	223,814	19,914	2,699	12,165	
Financial	1,675,064	490,615	91	5,616	56	
Banking	519,015	418,344	2,128	25,920	1,249	
Property, services, other	27,076	12,243	72		100	
Inter-sector eliminations	(591,977)	(111,199)				
Total	**11,886,792**	**6,405,217**	**755,684**	**289,414**	**464,443**	**45,221**

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

(in thousands of euro)	December 31, 2007 Total assets	Total liabilities	December 31, 2007 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)**

Secondary segment

	Contributive revenues		Capital expenditure		Financial investments		Total assets		Total liabilities	
(in thousands of euro)	12/31/08	12/31/07	12/31/08	12/31/07	12/31/08	12/31/07	12/31/08	12/31/07	12/31/08	12/31/07
European Union	3,700,884	4,055,046	275,661	287,466	153,948	326,435	9,050,781	9,914,539	3,383,850	3,390,334
Other European countries	279,285	328,625	21,833	19,964	69,795	13,445	792,528	677,607	493,241	306,231
North America	500,375	605,721	191,746	118,034	39,158	50,295	1,101,993	871,317	538,718	310,158
Asia	414,939	415,898	110,760	62,191		28,200	853,675	890,783	196,267	218,067
Africa	965,649	778,584	130,988	70,947	460	92,136	2,268,790	2,056,189	574,841	553,955
Trading and others	295,910	213,101	24,696	6,088	26,053	48,485	4,106,862	3,729,194	2,287,337	1,908,412
Inter-area eliminations							(6,287,837)	(5,865,636)	(1,069,037)	(713,340)
Total	**6,157,042**	**6,396,975**	**755,684**	**564,690**	**289,414**	**558,996**	**11,886,792**	**12,273,993**	**6,405,217**	**5,973,817**

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	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**
Additions	47,136	21,021	125,865	529,676	723,698
Change scope consolidation and other	(18,523)	(41,177)	136,288	(172,747)	(96,159)
Disposals	(3,043)	(339)	(6,644)	(5,493)	(15,519)
Depreciation	(47,086)	(18,149)	(355,684)	(27,193)	(448,112)
Currency translation differences	(8,068)	(197)	(16,247)	4,850	(19,662)
Net carrying amount at December 31, 2008	**964,798**	**372,551**	**2,143,079**	**893,080**	**4,373,508**
Gross amount	1,993,033	587,670	6,563,696	1,213,134	10,357,533
Accumulated depreciation	(1,028,235)	(215,119)	(4,420,617)	(320,054)	(5,984,025)
Net carrying amount at December 31, 2008	**964,798**	**372,551**	**2,143,079**	**893,080**	**4,373,508**

The significant addition of 723,698 thousand euro in property, plant and equipment mainly referred to capital expenditure in Europe for 262,593 thousand euro, including Italy for 110,322 thousand euro, France for 88,766 thousand euro, Spain for 19,668 thousand euro, and in North America for 191,265 thousand euro.

Fixed assets pledged as security for bank loans were carried at a net amount of 156 million euro at December 31, 2008 (341.1 million euro at December 31, 2007) and referred to Group companies in India and China; the reduction referred to fixed assets of Helwan Cement Company whose loan was repaid in the first half.

Other changes including impairment losses on industrial facilities in Thailand for 9.0 million euro, in Turkey for 1.5 million euro and in Italy for 4.2 million euro.

Fixed assets held under finance leases and rental contracts were carried at a net amount of 42,377 thousand euro at December 31, 2008, and 33,626 thousand euro at December 31, 2007. They consisted largely of “plant and machinery” and “automobiles and aircraft”.
Expense included in the value of “Property, plant and equipment” at December 31, 2008, was 52.6 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	46,418
Accumulated depreciation	(18,271)
Net carrying amount at December 31, 2007	**28,147**
Additions	944
Disposals	(326)
Depreciation	(649)
Currency translation differences	(565)
Other	1,793
Net carrying amount at December 31, 2008	**29,344**
Gross amount	57,626
Accumulated depreciation	(28,282)
Net carrying amount at December 31, 2008	**29,344**

Investment property is carried largely at amortized cost.
Fair value at December 31, 2008, was 171.8 million euro (154.5 million euro at December 31, 2007).

3) Goodwill

(in thousands of euro)	
Net carrying amount at December 31, 2007	**2,001,125**
Acquisitions and changes in scope of consolidation	52,206
Sales	(238)
Impairment losses	(30,515)
Currency translation differences and other changes	12,481
Net carrying amount at December 31, 2008	**2,035,059**

The main acquisitions and changes in the scope of consolidation in 2008 referred to the following transactions:

- the acquisition and line-by-line consolidation of Crider & Shockey in North America generated goodwill of 18.2 million euro;
- the acquisition and line-by-line consolidation of Kuwait German Ready Mix and Mahaliya in Kuwait generated goodwill of 7.0 million euro;
- the acquisition and line-by-line consolidation of Bares in Turkey generated goodwill of 7.9 million euro;
- the acquisition and line-by-line consolidation of Verticalnet in the USA, at the BravoSolution group, generated goodwill of 8.0 million euro.

"Currency translation differences and other changes" includes the increase in goodwill at RMB – Egypt for 18.7 million euro, following year-end valuation of the put option granted to RMB minority shareholders in 2006.
Goodwill impairment losses referred to Set Group - Turkey for 15.8 million euro and Fuping - China for 14.7 million euro.

Business combinations

North America

The book and fair values of the assets and liabilities of Crider & Shockey, acquired in the first half of 2008, 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	2.8	6.3	9.1
Inventories	0.4		0.4
Trade receivables and other current assets	1.6		1.6
Trade payables and other current liabilities	(1.2)		(1.2)
Deferred tax liabilities			
Provisions for risks and charges			
Loans and borrowings and other financial liabilities (short- and long-term)			
Minority interests			
Fair value of acquired net assets			**9.9**
Goodwill			18.2
Total cost of acquisition			**28.1**

The net outlay for the acquisition was as follows:

(in millions of euro)	
Share purchase price	27.5
Cost relating to acquisition	0.6
Cost of acquisition	**28.1**
Cash and cash equivalents acquired	
Net outlay for acquisition	**28.1**

Line-by-line consolidation of this company had the following effects on the 2008 consolidated financial statements:

(in millions of euro)	
Revenues *	11.4
Recurring EBITDA	0.3
EBIT	(0.3)
Net profit attributable to the Group	0.1

* after intragroup eliminations

Had this company been consolidated line-by-line from January 1, 2008, the additional contributions to the 2008 consolidated results would have been as follows:

(in millions of euro)	
Revenues *	13.3
EBITDA	0.2
EBIT	(0.7)

* after intragroup eliminations

Turkey

In July, though the Italgen S.p.A. subsidiary, the Group acquired 100% of the capital of the Bares Elektrik Uretim company, which holds the licenses for development of a wind farm in North West Turkey.
The fair value of Bares Elektrik Uretim assets and liabilities denominated in euro is 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	0.1		0.1
Intangible assets		32.6	32.6
Current assets	7.5		7.5
Provisions for risks and charges		(6.4)	(6.4)
Fair value of acquired net assets			**33.8**
Goodwill			7.9
Total cost of acquisition			**41.7**

The net outlay for the acquisition was as follows:

(in millions of euro)	
Share purchase price	40.2
Cost relating to acquisition	1.5
Cost of acquisition	**41.7**
Cash and cash equivalents acquired	(7.4)
Net outlay for acquisition	**34.3**

Switzerland

In October, through the subsidiary Finter Bank Zürich S.A., the Group acquired 100% of the capital of the Hugo Kahn company, which operates in private banking and is based in Zurich.

(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	0.6		0.6
Intangible assets		12.3	12.3
Current assets	39.3		39.3
Trade payables and other current liabilities	(24.5)		(24.5)
Provisions for risks and charges and deferred tax liabilities	(4.2)	(3.1)	(7.3)
Loans and borrowings and other financial liabilities (short- and long-term)			
Fair value of acquired net assets			**20.4**
Goodwill			5.4
Total cost of acquisition			**25.8**

The net outlay for the acquisition was as follows:

(in millions of euro)	
Cost of acquisition	**25.8**
Cash and cash equivalents acquired	(2.1)
Net outlay for acquisition	**23.7**

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 methods used to determine the recoverable amount of CGUs are described in the notes on consolidation principles in the section “Impairment of assets”.

The tests conducted for 2008 took account of the effects of the financial crisis in the second half of the year.

The value in use of each CGU was determined on the basis of the 2009 budget and the present value of future cash flows for the next three years estimated with assumptions that update a number of elements in the 2008-2012 strategic business plan, taking into consideration changes in operating assets net of the impact of value-raising investments or restructuring plans. The values for the three-year period 2010-2012 taken from the original 2008-2012 strategic business plan were then reviewed to take prudent account of the changes in economic and financial conditions.

Terminal value was computed on the present value of the cash flows of the last year. These rules were applied to all Group CGUs with the exception of Turkey, whose cash flow projections were extended from 4 to 7 years, to take account of economic developments in the country as a result of the situation of surplus production, expected to be reabsorbed over 5-7 years.

The main assumptions used for the computation in the construction materials sector are set out below:

in %	Discount factor before tax		Growth rate	
Cash-generating units	**2008**	**2007**	**2008**	**2007**
Italy	8.4	9.0	0.9	0.9
France/Belgium	9.6	10.7	0.8	0.8
Spain	8.7	9.6	1.3	1.3
North America	8.5	9.4	1.2	1.2
Egypt	13.1	13.2	4.5	4.5
Morocco	11.3	12.1	2.0	2.0
India	13.4	13.4	4.5	4.5
China	9.6		3.0	3.0
Thailand	9.9	10.4	1.8	1.8
Turkey	13.3	12.8	5.0	5.0

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 (weighted average cost of capital based on the Group debt/shareholders' equity ratio).
The growth rate was based on expected long-term growth for the industry in question in the country and on the estimated long-term inflation rate. Terminal value was estimated using the following growth rates: Mature countries 50% of the long-term inflation rate; Emerging countries 100% of the long-term inflation rate. The above discount factors and growth rates are supported by experience and are consistent with those used in the industry.
Impairment testing estimates the recoverable amount of the cash-generating units for comparison with their net carrying amount, including goodwill.
The CGU in the food packaging and thermal insulation sector of the Sirap Gema group operate in a number of East European countries. Their discount factors are between 7% and 14%, and their growth rates between 2% and 3%. Impairment testing for 2008 did not generate any write-downs on previously recognized goodwill.
As a result of impairment testing for 2008 in the construction materials sector, goodwill was written down in China by 14.7 million euro and in Turkey by 15.8 million euro.
In China currently used production capacity does not generate cash flows sufficient to justify maintenance of the full asset net carrying amount. In Turkey the write-down arose as a result of the competitive situation described earlier, whose amplified effects in the ready mixed concrete business narrowed profit margins.

The Group's most significant CGU goodwill values at December 31, 2007, are set out below:

(in thousands of euro)	Net carrying amount of goodwill at December 31, 2007			
Cash-generating units	**Construction materials**	**Packaging and insulation**	**Banking**	**Total**
France/Belgium	577,166			577,166
Spain	227,931			227,931
Morocco	108,872			108,872
Egypt	545,790			545,790
India	102,076			102,076
North America	112,515			112,515
Thailand	83,981			83,981
Bulgaria	62,018			62,018
Turkey	41,716			41,716
Greece	13,246			13,246
China	18,912			18,912
Italy	21,437	33,703		55,140
Switzerland				
Austria		3,459		3,459
Hungary		57		57
Others	48,246			48,246
Total	**1,963,906**	**37,219**		**2,001,125**

The Group's most significant CGU goodwill values at December 31, 2008, are set out below:

(in thousands of euro)	Net carrying amount of goodwill at December 31, 2008			
Cash-generating units	**Construction materials**	**Packaging and insulation**	**Banking**	**Total**
France/Belgium	580,791			580,791
Spain	228,134			228,134
Morocco	110,486			110,486
Egypt	597,009			597,009
India	87,634			87,634
North America	136,839			136,839
Thailand	76,293			76,293
Bulgaria	61,536			61,536
Turkey	19,384			19,384
Greece	13,246			13,246
China	6,436			6,436
Italy	30,298	34,674		64,972
Switzerland			5,402	5,402
Austria		3,459		3,459
Hungary		54		54
Others	43,384			43,384
Total	**1,991,470**	**38,187**	**5,402**	**2,035,059**

Sensitivity analysis on goodwill impairment testing

In relation to the current and expected industry scenario and to the results of the impairment tests for 2008, a sensitivity analysis was conducted on recoverable value estimated using the discounted cash flow method.
The discount factor is considered a key parameter in estimation of fair value and a 1% increase in this factor would generate a surplus in carrying amount with respect to recoverable amount for the following CGUs:

- India (construction materials sector) -26.6 million euro;
- Thailand (construction materials sector) -18.4 million euro;
- China (construction materials sector) -7.0 million euro;
- Turkey (construction materials sector) -26.0 million euro.

The sensitivity analysis did not identify a surplus in carrying amount with respect to recoverable amount for any other CGU.

In India, the benefits of the future cash flows from the new production line in Yerraguntla were not taken into consideration.

4) Intangible assets

(in thousands of euro)	Concessions	Licenses and patents	Other intangible assets	Total
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**
Additions	515	8,088	22,439	31,042
Change in scope of consolidation	(299)	33,086	24,384	57,171
Disposals	(3)	(6,364)	(61)	(6,428)
Amortization	(1,073)	(6,875)	(7,792)	(15,740)
Currency translation differences	837	(2,987)	223	(1,927)
Other	(1)	3,705	(134)	3,570
Net carrying amount at December 31, 2008	**30,786**	**49,222**	**57,797**	**137,805**
Gross amount	34,042	118,214	84,129	236,385
Accumulated amortization	(3,256)	(68,992)	(26,332)	(98,580)
Net carrying amount at December 31, 2008	**30,786**	**49,222**	**57,797**	**137,805**

"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 "Other intangible assets" includes an advance payment of 15.1 million euro for the acquisition of land use rights in Libya.

The change in the scope of consolidation for licenses and patents mainly relates to the value of the licenses of Bares Elektrik for 32.6 million euro; for other intangible assets it includes the effect of the acquisition of the Hugo Kahn bank.

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, 2008	December 31, 2007	Change
Raw and ancillary materials and consumables	571,577	536,664	34,913
Work-in-progress and semifinished goods	204,807	159,160	45,647
Finished goods	181,699	162,090	19,609
Payments on account	26,106	29,160	(3,054)
Total	**984,189**	**887,074**	**97,115**

Inventories are carried net of write-down provisions totaling 101,428 thousand euro (93,902 thousand euro at December 31, 2007), mainly against the risk of slow-moving ancillary materials and consumables.
Spares at December 31, 2008, were carried at 221.9 million euro (201.5 million euro at December 31, 2007).

9) Trade receivables

See the section on IFRS 7.

10) Other current assets

(in thousands of euro)	December 31, 2008	December 31, 2007	Change
Receivables vs. employees	6,743	6,001	742
Indirect tax assets	112,612	97,215	15,397
Prepaid expenses	44,856	39,850	5,006
Accrued income	4,389	6,345	(1,956)
Short-term derivatives	18,686	11,575	7,111
Bank derivatives	16,817	7,549	9,268
Other bank receivables and financial instruments	137,416	100,488	36,928
Other receivables	112,485	96,025	16,460
Total	**454,004**	**365,048**	**88,956**

"Other bank receivables and financial instruments" increased in part as a result of the acquisition of the Hugo Kahn bank; "Other receivables" refers mainly to operations in the construction materials sector.

11) Income tax assets

Income tax assets totaled 105,660 thousand euro (68,073 thousand euro at December 31, 2007) and consisted largely of tax credits.
The charge arose largely in the construction materials sector.

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, 2008, 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, 2008	December 31, 2007	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 at 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, 2007	**613,875**
Gains (losses) taken directly to reserve	(564,801)
Deferred tax taken directly to reserve	739
Gains (losses) taken to income and expense	3
Deferred tax taken to income and expense	204
Net carrying amount at December 31, 2008	**50,020**

Gains and losses taken directly to the reserve related in the main to Unicredito, Mediobanca, Mittel, Cartiere Burgo, UBI and Fin Priv securities and the Group interest in Goltas, Bursa and Asment.

Reserve for derivative financial instruments

This reserve reflects fair value adjustments to hedging derivatives.

(in thousands of euro)	
At December 31, 2007	**5,862**
Gains taken directly to reserve	(3,404)
Deferred tax taken directly to reserve	551
Gains taken to income and expense	(2,048)
Deferred tax taken to income and expense	
Net carrying amount at December 31, 2008	**961**

Other IFRS reserves

These reserves reflect capitalization of stock option plans amounting to 17,213 thousand euro at December 31, 2008.

(in thousands of euro)	
At December 31, 2007	**45,538**
Gains taken directly to reserve	8,043
Deferred tax taken directly to reserve	
Gains taken to income and expense	
Deferred tax taken to income and expense	
Net carrying amount at December 31, 2008	**53,581**

16) Treasury shares

At December 31, 2008, treasury shares in portfolio stood at 21,226 thousand euro, unchanged from December 31, 2007. The amount is 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, 2007	**871,411**	**20,830**	**28,500**	**396**	**21,226**
Additions					
Disposals					
At December 31, 2008	**871,411**	**20,830**	**28,500**	**396**	**21,226**

Ordinary treasury shares in portfolio at December 31, 2008, will service stock option plans for directors and managers.

Dividends paid

Dividends declared and paid by the parent company Italmobiliare S.p.A. in 2008 and 2007 are detailed below:

	2008 (euro per share)	2007 (euro per share)	2008 (in thousands of euro)	2007 (in thousands of euro)
Ordinary shares	1.600	1.450	34,098	30,901
Savings shares	1.678	1.528	27,376	24,929
Total dividends			**61,474**	**55,830**

Translation reserve

This reserve reflects exchange-rate differences on the translation of the financial statements of consolidated foreign entities. At December 31, 2008, the reserve stood at -36,897 thousand euro, referring to the following currencies:

(in millions of euro)	December 31, 2008	December 31, 2007	Change
Egypt (Pound)	(9.2)	(20.4)	11.2
USA and Canada (Dollar)	(16.6)	(14.3)	(2.3)
Thailand (Baht)	2.1	10.2	(8.1)
Morocco (Dirham)	(0.6)	(2.5)	1.9
India (Rupee)	(9.4)	1.1	(10.5)
Turkey (Lira)	(7.3)	10.4	(17.7)
Switzerland (Franc)	1.6	(6.2)	7.8
China (Reminbi)	2.3		2.3
Other countries	0.2	0.1	0.1
Net amount	**(36.9)**	**(21.6)**	**(15.3)**

17) Minority interests

Minority interests at December 31, 2008, stood at 3,304,253 thousand euro, a decrease of 86,311 thousand euro from December 31, 2007.

Net profit for 2008 decreased by 225,855 thousand euro, from 443,720 thousand euro in 2007 to 217,865 thousand euro in 2008; conversely, the translation reserve increased by 32,440 thousand euro as a result of the net appreciation of the euro against the currencies with large minority interests, such as Egypt, Morocco and Thailand.

Non-current liabilities

18) Employee benefit liabilities

Employee benefit liabilities at December 31, 2008, amounted to 176,557 thousand euro (198,135 thousand euro at December 31, 2007).
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 at the Group's Italian companies, the liabilities for TFR leaving entitlements accrued as from 2007 on which employees elected subscription to supplementary pension plans no longer qualify as defined benefit plans and are treated as quotas of defined contribution plans.
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, 2008, are set out below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in thousands of euro)	Dec.31, 08	Dec.31, 07	Dec.31, 08	Dec.31, 07	Dec.31, 08	Dec.31, 07
Discounted value of funded plans	114.4	111.1			114.4	111.1
Fair value of plan assets	(73.5)	(94.0)			(73.5)	(94.0)
Discounted net value of funded plans	**40.9**	**17.1**			**40.9**	**17.1**
Discounted value of non-funded plans	82.5	104.3	72.5	71.0	155.0	175.3
Net value of obligation	**123.4**	**121.4**	**72.5**	**71.0**	**195.9**	**192.4**
Unrecognized experience adjustments	(21.2)	9.3	(1.4)	(4.1)	(22.6)	5.2
Unrecognized costs on prior-period services	(2.0)	(2.2)	(0.2)	(0.1)	(2.2)	(2.3)
Net (assets)/liabilities	**100.2**	**128.5**	**70.9**	**66.8**	**171.1**	**195.3**
of which:						
Liabilities	100.4	128.6	70.9	66.8	171.3	195.4
Assets	(0.2)	(0.1)			(0.2)	(0.1)
Net (assets)/liabilities	**100.2**	**128.5**	**70.9**	**66.8**	**171.1**	**195.3**

The movements in the net liability are analyzed below:

(in thousands of euro)	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
	Dec.31, 08	Dec.31, 07	Dec.31, 08	Dec.31, 07	Dec.31, 08	Dec.31, 07
Opening net liability	**128.5**	**147.4**	**66.8**	**62.4**	**195.3**	**209.8**
Net costs charged to employee expenses	9.5	0.8	5.6	8.5	15.1	9.3
Contributions or services paid	(36.7)	(19.4)	(3.2)	(0.6)	(39.9)	(20.0)
Exchange-rate differences	(1.1)	(0.3)	1.7	(3.5)	0.6	(3.8)
Plans acquired on change in scope of consolidation						
Closing net liability	**100.2**	**128.5**	**70.9**	**66.8**	**171.1**	**195.3**

Costs for the year are detailed below:

(in thousands of euro)	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
	Dec.31, 08	Dec.31, 07	Dec.31, 08	Dec.31, 07	Dec.31, 08	Dec.31, 07
Current cost of services	(4.4)	(6.4)	(1.8)	(1.6)	(6.2)	(8.0)
Finance costs on obligations	(11.0)	(11.8)	(3.9)	(3.2)	(14.9)	(15.0)
Revenues expected from plan assets	6.8	7.2			6.8	7.2
Net actuarial losses recognized in year						
Cost of prior-period services	(1.0)	(1.1)	0.1	(3.7)	(0.9)	(4.8)
Plan settlement or curtailment gains/(losses) (*)	0.1	11.3			0.1	11.3
Total charged to employee expenses	**(9.5)**	**(0.8)**	**(5.6)**	**(8.5)**	**(15.1)**	**(9.3)**
Real return on assets	**(18.3)**	**4.0**			**(18.3)**	**4.0**

(*) 2007 reflects an effect of 9.7 million euro arising from the TFR leaving entitlement reform in Italy

Movements for the year in defined benefit obligations are set out below:

(in thousands of euro)	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
	Dec.31, 08	Dec.31, 07	Dec.31, 08	Dec.31, 07	Dec.31, 08	Dec.31, 07
Present value of defined plan obligations at beginning of period	**215.4**	**251.2**	**71.0**	**62.0**	**286.4**	**313.2**
Social security costs for the year	4.4	6.4	1.8	1.6	6.2	8.0
Finance costs on obligations assumed	11.0	11.8	3.9	3.2	14.9	15.0
Employee contributions			0.2	0.2	0.2	0.2
Cost of prior-period services	2.6	2.6		5.5	2.6	8.1
Actuarial (gains)/losses	1.9	(19.5)	(2.6)	2.7	(0.7)	(16.8)
Amounts paid	(26.9)	(24.0)	(3.4)	(3.1)	(30.3)	(27.1)
Change in scope of consolidation	(14.8)	0.1		2.3	(14.8)	2.4
Exchange-rate differences and other	3.4	(13.2)	1.7	(3.4)	5.1	(16.6)
Present value of defined plan obligations at end of period	**197.0**	**215.4**	**72.6**	**71.0**	**269.6**	**286.4**

Movements in plan asset fair values are set out below:

	Pension plans and other long-term benefits		Post-employment medical benefits		Total	
(in thousands of euro)	Dec.31, 08	Dec.31, 07	Dec.31, 08	Dec.31, 07	Dec.31, 08	Dec.31, 07
Opening fair value of plan assets	**94.0**	**102.9**			**94.0**	**102.9**
Expected yield	6.8	7.2			6.8	7.2
Actuarial gains/(losses)	(25.1)	(3.2)			(25.1)	(3.2)
Employer contributions	22.0	19.5	3.2	2.9	25.2	22.4
Employee contributions			0.2	0.2	0.2	0.2
Benefits paid	(27.0)	(24.0)	(3.4)	(3.1)	(30.4)	(27.1)
Change in scope of consolidation						
Exchange-rate differences and other	2.8	(8.4)			2.8	(8.4)
Closing fair value of plan assets	**73.5**	**94.0**			**73.5**	**94.0**

Group contributions to defined benefit plans in 2009 will amount to an estimated 13.5 million euro.
The table below sets out the main plan asset categories as percentages:

	2008	2007
Equities	29.9%	33.0%
Debentures	62.3%	60.2%
Investment property	1.3%	0.4%
Other	6.5%	6.4%
Total	**100.0%**	**100.0%**

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

(in millions of euro)	December 31, 2008	December 31, 2007
Discounted value of funded plans	114.4	111.1
Fair value of plan assets	(73.5)	(94.0)
Net value of funded plans	**40.9**	**17.1**
Change in value of funded plans other than experience adjustments	2.6	(2.5)
Difference between real asset yield and yield expected at beginning of period	(25.1)	3.2

Actuarial assumptions

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

	Europe		North America		Other countries	
(in %)	2008	2007	2008	2007	2008	2007
Discount factor	4.75 - 6.00	4.75 - 5.50	4.25 - 8.17	5.50 - 6.00	4.75 - 12.00	4.50 - 11.00
Expected yield on assets	4.56 - 6.00	4.25	7.80 - 8.60	7.80 - 8.60	7.50	7.50
Future wage and salary increases	2.50 - 5.50	2.20 -2.50	n.a.	n.a.	3.50 - 10.00	4.50 - 7.00

n.a.: not applicable

Defined contribution plans

The Group's defined contribution plans are pension plans and medical plans; expense relating to these plans in 2008 was 55.9 million euro (49.5 million euro in 2007).

Stock options

The Group has arranged stock option plans for directors and managers who hold specific 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, 2008, 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
March 28, 2008	124,200	3/28/2011 - 3/27/2018			124,200	€ 59.9080
Total	**610,359**		**39,720**	**-**	**570,639**	

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

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

	2008			2007		
	Number of options		Average subscription price	Number of options		Average subscription price
Unexercised options at beginning of year	**446,439**	**€**	**61.2750**	**363,680**	**€**	**49.6490**
Granted during year	124,200	€	59.9080	122,479	€	86.0690
Cancelled during year						
Exercised during year				(39,720)	€	31.2800
Expired during year						
Unexercised options at end of year	**570,639**	**€**	**60.9775**	**446,439**	**€**	**61.2750**
Vested options at end of year	**214,080**			**105,643**		

The average ordinary share price for financial year 2008 was 49.115 euro (88.535 euro for financial year 2007).
The average residual life of unexercised options is 4 years and 11 months.
The option exercise price at December 31, 2008, was between 31.28 euro and 86.0685 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**	**2008**	**2007**
March 17, 2005	Italcementi S.p.A.	1,053,600	3 years		986
March 30, 2005	Italmobiliare	108,437	3 years	90	360
April 14, 2005	Ciments Francais S.A.	169,400	3 years	365	1,056
March 7, 2006	Italcementi S.p.A.	631,403	3 years	808	950
March 21, 2006	Italmobiliare	109,880	3 years	783	783
March 23, 2006	Ciments Francais S.A.	155,000	3 years	1,908	1,857
March 7, 2007	Italcementi S.p.A.	1,020,200	3 years	1,967	1,761
March 21, 2007	Italmobiliare	122,479	3 years	982	724
March 23, 2007	Ciments Francais S.A.	166,400	3 years	2,965	2,041
June 20, 2007	Italcementi S.p.A.	1,050,000	3 years	2,449	1,619
March 26, 2008	Italcementi S.p.A.	623,300	3 years	427	
March 28, 2008	Italmobiliare	124,200	3 years	586	
April 14, 2008	Ciments Francais S.A.	152,900	3 years	1,180	
June 4, 2008	Italcementi S.p.A.	2,000,000	3 years	1,515	
Total				**16,025**	**12,137**

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.

At a meeting on March 28, 2008, based on the results for 2007, the Italmobiliare S.p.A. Board of Directors granted a total of 124,200 options, vesting as from March 28, 2011.

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

	2007 Plan	2006 Plan	2005 Plan	2004 Plan	2003 Plan	2002 Plan
Option value at grant date	17.21	23.64	22.05	11.41	7.15	6.49
Share value	65.10	87.41	73.57	52.84	35.05	31.80
Exercise price	59.908	86.068	65.701	54.536	35.199	31.280
Volatility as %	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%
Option term (years)	10.00	9.75	9.75	9.75	10.00	10.00
Dividends as %	2.23%	1.45%	1.50%	1.89%	2.68%	2.96%
10-year BTP risk-free rate	3.889%	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 289,435 thousand euro at December 31, 2008, an increase of 9,596 thousand euro from December 31, 2007.

(in thousands of euro)	Opening amount	Increases	Decreases for use	Reversed unused amounts	Currency translation differences	Other changes	Total changes	Closing amount
Restructuring	10,684	28,188	(4,552)	(4,738)	908	(384)	19,422	30,106
Environmental restoration	89,452	21,916	(13,408)	(3,658)	274	(7,234)	(2,110)	87,342
Disputes	107,997	31,368	(21,980)	(9,155)	(237)	686	682	108,679
Other provisions	71,706	15,350	(11,531)	(694)	691	(12,214)	(8,398)	63,308
Total	**279,839**	**96,822**	**(51,471)**	**(18,245)**	**1,636**	**(19,146)**	**9,596**	**289,435**
Non-current portion	276,682							287,446
Current portion	3,157							1,989
Total	**279,839**							**289,435**

“Other changes” reflected the absence of Calcestruzzi group opening balances after the deconsolidation of the group.

Provisions for restructuring

The additions in the “Restructuring” provisions referred to the new re-organization plans announced in Egypt and Italy in the construction materials sector.

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. With regard to fiscal risks, in 2008 the Group set aside provisions of 2.6 million euro in Morocco and 3.3 million euro in Egypt; for trade disputes, provisions totaled 5.0 million euro in the construction materials Trading sector, while other provisions reflected an amount of 5.4 million euro for training in Egypt.

21) Deferred tax

Total deferred tax liabilities net of deferred tax assets amounted to 240,302 thousand euro at December 31, 2008, as follows:

(in thousands of euro)	December 31, 2007	Result	Other changes	December 31, 2008
Benefit on tax loss carryforwards	17,196	1,726	417	19,339
Property, plant and equipment	(380,660)	41,730	8,711	(330,219)
Other equity investments	(2,984)	(1)	2,451	(534)
Inventories	(24,979)	(5,498)	35	(30,442)
Loans and borrowings	(214)	(75)		(289)
Non-current provisions and Employee benefit liabilities	106,439	(3,421)	1,100	104,118
Other	(6,754)	2,459	2,020	(2,275)
Total	**(291,956)**	**36,920**	**14,734**	**(240,302)**
of which:				
Deferred tax assets	40,176			46,371
Deferred tax liabilities	(332,132)			(286,673)
Total	**(291,956)**			**(240,302)**

At December 31, 2008, net deferred tax liabilities reflected in equity reserves totaled 27.4 million euro.
Off-balance sheet deferred tax assets relating to losses for the year and previous years amounted to approximately 81.7 million euro (82.2 million euro at December 31, 2007). 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 64,574 thousand euro (37,805 thousand euro at December 31, 2007) and reflected amounts due to tax authorities for income taxes accrued in the year.

24) Other liabilities

(in thousands of euro)	December 31, 2008	December 31, 2007	Change
Due to employees	119,454	120,593	(1,139)
Due to social security authorities	60,038	61,653	(1,615)
Due to tax authorities	79,739	84,115	(4,376)
Accruals and deferred income	29,592	31,776	(2,184)
Derivative instruments	11,420	6,945	4,475
Banking and insurance amounts due	404,045	210,991	193,054
Other amounts due	301,385	277,316	24,069
Total	**1,005,673**	**793,389**	**212,284**

“Banking and insurance amounts due” increased as a result of the acquisition of the Hugo Kahn bank and the increase in insurance operations.
“Other amounts due” includes advances from customers, suppliers for fixed assets and amounts due for purchases of equity investments and securities, and refers mainly to the construction materials sector.

Commitments

(in millions of euro)	December 31, 2008	December 31, 2007
Guarantees on company assets	299.8	327.0
Deposits, guarantees, commitments, other	199.1	156.2
Total	**498.9**	**483.2**

Guarantees on company assets at December 31, 2008, 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 7.5 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 pounds (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, 2008, amounted to 461.2 million euro.

Finter Bank Zürich and its subsidiaries provided guarantees in favor of third parties but on behalf of its own clients, for 26,140 thousand Swiss francs (12,986 thousand Swiss francs at December 31, 2007), against which the clients made deposits to cover possible enforcement of the guarantees provided.

Income Statement

25) Revenues

Revenues from sales and services totaled 6,157,042 thousand euro, as follows:

(in thousands of euro)	2008	2007	Change	% change
Industrial revenues				
Product sales	5,847,155	6,061,627	(214,472)	-3.5%
Revenues from services	183,404	179,704	3,700	2.1%
Other revenues	3,483	3,290	193	5.9%
Total	**6,034,042**	**6,244,621**	**(210,579)**	**-3.4%**
Financial revenues				
Interest	30,995	33,315	(2,320)	-7.0%
Dividends	42,691	34,863	7,828	22.5%
Capital gains and other revenues	920	32,047	(31,127)	-97.1%
Total	**74,606**	**100,225**	**(25,619)**	**-25.6%**
Banking revenues				
Interest	8,419	8,512	(93)	-1.1%
Commissions	31,669	35,337	(3,668)	-10.4%
Other revenues	1,170	6,347	(5,177)	-81.6%
Total	**41,258**	**50,196**	**(8,938)**	**-17.8%**
Property and services revenues	**7,136**	**1,933**	**5,203**	**269.2%**
Grand total	**6,157,042**	**6,396,975**	**(239,933)**	**-3.8%**

26) Goods and utilities expenses

Goods and utilities expenses amounted to 2,504,467 thousand euro, as follows:

(in thousands of euro)	2008	2007	Change	% change
Raw materials and semifinished goods	758,776	831,565	(72,789)	-8.8%
Fuel	673,606	525,095	148,511	28.3%
Materials and machinery	365,487	360,099	5,388	1.5%
Finished goods	271,330	297,342	(26,012)	-8.7%
Electricity, water, gas	489,318	462,951	26,367	5.7%
Change in inventories of raw materials, consumables, other	(54,050)	(86,743)	32,693	-37.7%
Total	**2,504,467**	**2,390,309**	**114,158**	**4.8%**

27) Services expenses

Services expenses totaled 1,386,690 thousand euro, as follows:

(in thousands of euro)	2008	2007	Change	% change
External services	312,609	389,401	(76,792)	-19.7%
Maintenance	185,664	193,947	(8,283)	-4.3%
Transport	514,194	554,356	(40,162)	-7.2%
Legal fees and consultancy	87,195	76,168	11,027	14.5%
Rents	92,554	101,708	(9,154)	-9.0%
Insurance	46,010	50,387	(4,377)	-8.7%
Subscriptions	10,538	10,287	251	2.4%
Other	137,926	97,813	40,113	41.0%
Total	**1,386,690**	**1,474,067**	**(87,377)**	**-5.9%**

“Other” consisted mainly of expenses for post and telephone, cleaning and surveillance, communication and marketing, mainly in the construction materials sector.

28) Employee expenses

Employee expenses totaled 1,022,143 thousand euro, as follows:

(in thousands of euro)	2008	2007	Change	% change
Wages and salaries	638,776	647,448	(8,672)	-1.3%
Social security contributions	212,394	215,150	(2,756)	-1.3%
Provisions and pension funds	34,114	33,971	143	0.4%
Cost of stock option plans	16,025	12,137	3,888	32.0%
Other costs	120,834	122,577	(1,743)	-1.4%
Total	**1,022,143**	**1,031,283**	**(9,140)**	**-0.9%**

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

The number of employees is shown below:

(heads)	2008	2007	Change
Number of employees at period end	23,864	25,252	(1,388)
Average number of employees	24,491	25,198	(707)

29) Other operating income (expense)

Other operating expense net of other operating income amounted to 400,071 thousand euro, as follows:

(in thousands of euro)	2008	2007	Change	% change
Other taxes	96,076	64,600	31,476	48.7%
Provision for bad debts	18,711	10,642	8,069	75.8%
Provision for environmental restoration - quarries	29,923	13,794	16,129	116.9%
Interest expense and other expense for companies in the financial and banking sectors	190,300	73,912	116,388	157.5%
Miscellaneous expense	68,717	65,716	3,001	4.6%
Miscellaneous income	(3,656)	(2,787)	(869)	31.2%
Total	**400,071**	**225,877**	**174,194**	**77.1%**

"Interest expense and other expense for companies in the financial and banking sectors" reflects the effect of write-downs on trading securities and equities and the rise in interest expense as a result of the increase in average debt in the financial sector.

30) Non-recurring income (expense)

Non-recurring expense net of non-recurring income amounted to 9,948 thousand euro (income of 615 thousand euro at December 31, 2007). It arose from capital gains on the sale of fixed assets, employee expenses for re-organizations and industrial restructurings, penalties and fines, as follows:

(in thousands of euro)	2008		2007	
Net capital gains on sale of fixed assets		**24,618**		**16,771**
Non-recurring employee expenses for re-organizations in Italy	(7,527)			
Non-recurring employee expenses for re-organizations in Egypt	(20,010)		(15,391)	
Total employee expenses for re-organizations		**(27,537)**		**(15,391)**
Antitrust fine - Egypt	(3,752)			
Other expense	(3,277)		(765)	
Other non-recurring income (expense)		**(7,029)**		**(765)**
Total		**(9,948)**		**615**

31) Amortization, depreciation and impairment variation

The total amount of 464,443 thousand euro (459,099 thousand euro at December 31, 2007) reflects depreciation of property, plant and equipment for 441,384 thousand euro (445,981 thousand euro at December 31, 2007), depreciation of investment property for 649 thousand euro (541 thousand euro at December 31, 2007) and amortization of intangible assets for 22,410 thousand euro (12,577 thousand euro at December 31, 2007).
Impairment variation reflects write-downs totaling 45.2 million euro, including impairment losses of 14.7 million euro on industrial plant and equipment in Thailand, Turkey and Italy, and goodwill impairment losses of 30.5 million euro in Turkey and China.

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

Finance costs, net of finance income, amounted to 93,267 thousand euro, as follows:

	2008		2007	
(in thousands of euro)	**Income**	**Costs**	**Income**	**Costs**
Interest income	32,699		22,178	
Interest expense		(166,921)		(144,802)
Sub total	**32,699**	**(166,921)**	**22,178**	**(144,802)**
Net interest in respect of net financial position		**(134,222)**		**(122,624)**
Net dividends	12,640		15,867	
Capital gains from sale of equity investments	54,884		4,595	
Other finance income	5,420		13,171	
Other finance costs		(28,488)		(24,658)
Sub total	**72,944**	**(28,488)**	**33,633**	**(24,658)**
Total finance income and (costs)	**105,643**	**(195,409)**	**55,811**	**(169,460)**
Gains/(losses) on interest-rate derivative contracts		(1,732)	404	
Gains/(losses) on foreign-exchange derivative contracts	21,076		1,469	
Net exchange-rate differences		(22,845)		(10,257)
Net exchange-rate differences and derivatives		**(3,501)**		**(8,384)**
Total finance income and (costs), net exchange-rate differences and derivatives		**(93,267)**		**(122,033)**

A significant decrease occurred in net finance costs, from 122.0 million euro in 2007 to 93.3 million euro in 2008, as a result of “Capital gains from sale of equity investments”, which included non-recurring income of 50 million euro for final recognition of the advance payment on the failed sale of operations in the construction materials sector in Turkey.
Net interest expense in respect of net debt amounted to 134.2 million euro in 2008 from 122.6 million euro in 2007; the increase of 11.6 million euro was largely due to the increase in average net debt.

33) Adjustments to financial asset values

(in thousands of euro)	**2008**	**2007**	**Change**	**% change**
Calcestruzzi	41,955	-	41,955	-
Goltas	75,614	-	75,614	-
Bursa	3,440	-	3,440	-
RCS	55,604	-	55,604	-
Intek	5,838	-	5,838	-
Others	256	-	256	-
Total	**182,707**	-	**182,707**	-

The Goltas adjustment reflects the company’s share price at December 31, 2008.

As described below under “Investments in associates” in the section on IFRS 7, the carrying amount of RCS was aligned with value in use, determined, with the support of an independent assessment, using a discounted cash flow model that considers the generalized decline in profit margins in the sector as a result of the negative trends on the financial markets. The alignment of the carrying amount with value in use, estimated at 1.62 euro per share, generated the above write-down of 55.6 million euro on the 2008 income statement.

The write-down of 42.0 million euro on Calcestruzzi was applied after an impairment test based on estimated fair value inferred from comparable market transactions.

34) Share of results of associates

(in thousands of euro)	**2008**	**2007**	**Change**	**% change**
Vassiliko (Cyprus)	5,872	4,868	1,004	20.6%
Ciment Quebec (Canada)	9,817	8,890	927	10.4%
Techno Gravel (Egypt)	700	200	500	250.0%
Mittel (Italy)	3,826	1,986	1,840	92.6%
SES (Italy)	666	598	68	11.4%
Other	8,685	(627)	9,312	n.s.
Total	**29,566**	**15,915**	**13,651**	**85.8%**

35) Income tax expense

Income tax expense for the year amounted to 142,863 thousand euro, as follows:

(in thousands of euro)	**2008**	**2007**	**Change**	**% change**
Current tax	176,934	235,287	(58,353)	-24.8%
Prior-year tax and other prior-year fiscally driven items, net	9,852	5,203	4,649	89.4%
Deferred tax	(43,106)	(2,397)	(40,709)	1698.3%
Tax from change in tax rate	(817)	(7,665)	6,848	-89.3%
Total	**142,863**	**230,428**	**(87,565)**	**-38.0%**

In Italy, the IRES income tax rate applied by the parent company on estimated taxable income for the year was 27.5% (33% in 2007); taxes for Group companies in other countries were calculated using local tax rates.

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

(in thousands of euro)	2008
Consolidated profit before tax	**254,675**
Current IRES tax rate	27.5%
Theoretical tax charge	**(70,036)**
Effect of tax rate reduction for tax relief/allowances	15,227
Tax effect on permanent differences	(43,263)
Net effect for the year of unrecognized deferred tax on temporary differences	(10,722)
Effect of change in tax rates	(817)
Withholdings on foreign dividends	(2,789)
Effect of estimate adjustments and/or recognition of previously unrecognized deferred tax	43
Effect of difference between Italian and foreign tax rate (*)	(14,261)
Other taxes (**)	(7,401)
Actual income tax charge	**(134,019)**
Actual IRAP tax charge	(8,844)
Total	**(142,863)**

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

(**) Other taxes include substitute tax paid by some of the Group's Italian companies, for 7.3 million euro.

36) Earnings per share

Earnings per share at December 31, 2008 and 2007, is determined on the net profit for the respective periods 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:

	2008		2007	
(no. shares in thousands)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
Shares at January 1	22,183	16,315	22,183	16,343
Treasury shares at January 1	(871)	(28)	(911)	(28)
Weighted average number of treasury shares sold in period			34	
Total	**21,312**	**16,287**	**21,306**	**16,315**
Attributable net profit in thousands of euro	(60,789)	(45,264)	122,302	94,922
Basic earnings per share in euro	(2.852)	(2.774)	5.740	5.818

Net profit attributable to share classes was determined as follows:

	2008		2007	
(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	(60,789)	(46,537)	122,302	93,649
Total	**(60,789)**	**(45,264)**	**122,302**	**94,922**

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:

	2008		2007	
(no. shares in thousands)	Ordinary shares	Savings shares	Ordinary shares	Savings shares
Weighted average number of shares at December 31	21,311	16,315	21,306	16,315
Dilution effect of stock options	31		122	
Total	**21,342**	**16,315**	**21,428**	**16,315**
Attributable net profit for diluted earnings in thousands of euro	(60,827)	(45,226)	122,605	94,619
Diluted earnings per share in euro	(2.850)	(2.772)	5.722	5.800

Net profit attributable to share classes was determined as follows:

	2008		2007	
(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	(60,827)	(46,499)	122,605	93,346
Total	**(60,827)**	**(45,226)**	**122,605**	**94,619**

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Net financial position

The net financial position at December 31, 2008, 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	165,369	54,233	111,136	86		111,050	
Other current financial assets	454,004	281,085	172,919	172,919			
Financial receivables and trading equities	810,292	289	810,003	810,003			
Cash and cash equivalents	590,535		590,535	590,535			
Interest-bearing loans and long-term borrowings	(2,970,766)		(2,970,766)				(2,970,766)
Other non-current liabilities	(43,082)	(2,894)	(40,188)				(40,188)
Bank overdrafts and short-term borrowings	(560,446)		(560,446)		(560,446)		
Interest-bearing loans and short-term borrowings	(269,611)		(269,611)		(269,611)		
Other liabilities	(1,005,674)	(590,209)	(415,465)		(415,465)		
Total	**(2,829,379)**	**(257,496)**	**(2,571,883)**	**1,573,543**	**(1,245,522)**	**111,050**	**(3,010,954)**

The net financial position at December 31, 2008, reflected net debt of 2,571,883 thousand euro, as follows:

(in thousands of euro)	December 31, 2008		December 31, 2007		Change	
Cash, cash equivalents and current financial assets	**1,573,543**		**1,521,740**		**51,803**	
Cash and cash equivalents		590,535		501,527		89,008
Derivative assets		35,503		19,124		16,379
Other current financial assets		947,505		1,001,089		(53,584)
Short-term financing	**(1,245,522)**		**(1,124,513)**		**(121,009)**	
Bank overdrafts		(560,446)		(675,354)		114,908
Interest-bearing loans and short-term borrowings		(657,986)		(434,918)		(223,068)
Derivative liabilities		(27,090)		(14,241)		(12,849)
Medium/long-term financial assets	**111,050**		**71,773**		**39,277**	
Long-term financial assets		52,666		44,594		8,072
Long-term derivative assets		58,384		27,179		31,205
Medium/long-term financing	**(3,010,954)**		**(2,618,568)**		**(392,386)**	
Interest-bearing loans and long-term borrowings		(2,970,766)		(2,572,200)		(398,566)
Long-term derivative liabilities		(40,188)		(46,368)		6,180
Net financial position	**(2,571,883)**		**(2,149,568)**		**(422,315)**	

Net debt at December 31, 2008, does not include amounts for the Calcestruzzi group since the group was no longer part of the scope of consolidation; for comparative purposes, net debt at December 31, 2007, excluding the Calcestruzzi group would be 1,991,662 thousand euro.

With the exclusion of the Calcestruzzi group from the scope of consolidation, consolidated net debt at December 31, 2008, continued to reflect Italcementi S.p.A. current account receivables due from Calcestruzzi group companies for 175.4 million euro (133.4 million euro at December 31, 2007, excluding the Calcestruzzi group).

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, 2008 and 2007:

(in thousands of euro)	December 31, 2008 Carrying amount	December 31, 2008 Fair value	December 31, 2007 Carrying amount	December 31, 2007 Fair value
Financial assets				
Assets at fair value through profit or loss				
Cash and cash equivalents	590,535	590,535	501,527	501,527
Short-term derivatives	*18,686*	*18,686*	*11,575*	*11,575*
Banking derivatives	*16,817*	*16,817*	*7,549*	*7,549*
Medium/long-term derivatives	*58,384*	*58,384*	*27,179*	*27,179*
Derivatives	93,887	93,887	46,303	46,303
Equity investments and financial receivables	810,292	810,292	900,811	900,811
Banking and other receivables	142,365	142,365	100,488	100,488
Loans and receivables				
Trade receivables	1,176,744	1,176,744	1,423,349	1,423,349
Non-current receivables and other assets	97,941	97,941	88,047	88,047
Available-for-sale assets				
Non-current equity investments	634,736	634,736	1,417,241	1,417,241
Held-to-maturity investments				
Total	**3,546,500**	**3,546,500**	**4,477,766**	**4,477,766**
Financial liabilities				
Trade payables	738,399	738,399	807,442	807,442
Interest-bearing loans and short-term borrowings	*830,057*	*830,057*	*906,577*	*906,577*
Other financial liabilities	*388,375*	*388,375*	*203,695*	*203,695*
Total current financial liabilities	1,218,432	1,218,432	1,110,272	1,110,272
Short-term derivatives	*11,420*	*11,420*	*6,945*	*6,945*
Banking derivatives	*15,670*	*15,670*	*7,296*	*7,296*
Medium/long-term derivatives	*40,188*	*40,188*	*46,368*	*46,368*
Total derivatives	67,278	67,278	60,609	60,609
Interest-bearing loans and long-term borrowings	2,970,766	3,013,466	2,572,200	2,576,000
Total	**4,994,875**	**5,037,575**	**4,550,523**	**4,554,323**

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 contracts is determined by discounting future cash flows using the zero coupon curve.
The fair value of forward foreign-currency 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 liabilities and receivables is determined using a fixed rate with no 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, 2008	December 31, 2007	Change
Cash and checks in hand	8,967	11,631	(2,664)
Bank and postal accounts	486,121	386,164	99,957
Short-term deposits	95,447	103,732	(8,285)
Net amount	**590,535**	**501,527**	**89,008**

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.

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, 2008		December 31, 2007	
(in thousands of euro)	Assets	Liabilities	Assets	Liabilities
Interest-rate derivatives hedging cash flows	11	(307)	1,910	
Interest-rate derivatives hedging fair value				(24)
Trading interest-rate derivatives	1,503	(2,047)	7,857	(3,231)
Interest-rate derivatives	**1,514**	**(2,354)**	**9,767**	**(3,255)**
Foreign-exchange derivatives hedging cash flows	1,798	(2,972)	430	(2,999)
Foreign-exchange derivatives hedging fair value	15,192	(4,878)	570	(13)
Trading foreign-exchange derivatives	182	(1,216)	808	(678)
Foreign-exchange derivatives	**17,172**	**(9,066)**	**1,808**	**(3,690)**
Total current instruments	**18,686**	**(11,420)**	**11,575**	**(6,945)**
Interest-rate derivatives hedging cash flows	27,843	(13,715)	27,179	(458)
Interest-rate derivatives hedging fair value	30,541			(6,974)
Interest-rate derivatives	**58,384**	**(13,715)**	**27,179**	**(7,432)**
Foreign-exchange derivatives hedging cash flows				
Foreign-exchange derivatives hedging fair value		(26,473)		(38,936)
Foreign-exchange derivatives		**(26,473)**		**(38,936)**
Total non-current instruments	**58,384**	**(40,188)**	**27,179**	**(46,368)**
Banking derivatives - forwards	16,719	(15,572)	7,434	(7,181)
Banking derivatives - options	98	(98)	115	(115)
Banking derivatives	**16,817**	**(15,670)**	**7,549**	**(7,296)**
Total	**93,887**	**(67,278)**	**46,303**	**(60,609)**

Non-current interest-rate derivatives reflected under assets for 58.4 million euro included the following main derivatives:

- a cross-currency swap, for 51.4 million euro, hedging a fixed-rate debenture issued in US dollars (private placement); at December 31, 2007, the derivative was carried under liabilities for 8.9 million euro;
- a fixed-rate to Euribor-indexed floating-rate interest-rate swap hedging part of a 500 million euro debenture issued at a fixed rate under the EMTN program, carried under assets at 7.2 million euro at December 31, 2008 (under liabilities at 7 million euro at December 31, 2007).

The Group does not set up hedges on sales and purchases of equities.

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

The fair value of derivatives relating to EUA and CER transactions was -691 thousand euro at December 31, 2008, of which 185 thousand euro recognized under "Other current liabilities", 18 thousand euro under "Other current assets" and 524 thousand euro under "Other non-current liabilities".

Equity investments and financial receivables

The balance on this caption was as follows:

(in thousands of euro)	December 31, 2008	December 31, 2007	Change
Securities and debentures	364,809	649,121	(284,312)
Trading equities	25,551	56,048	(30,497)
Amounts due from banks	188,816	132,431	56,385
Other financial assets	231,116	63,211	167,905
Net amount	**810,292**	**900,811**	**(90,519)**

The reduction in "Securities and debentures" and in "Trading equities" arose from the reduction in fair value with respect to December 31, 2007.
"Other financial assets" includes financial receivables due from Calcestruzzi.

Trade receivables

(in thousands of euro)	December 31, 2008	December 31, 2007	Change
Gross amount	1,247,964	1,497,486	(249,522)
Provision for bad debts	(71,220)	(74,137)	2,917
Total	**1,176,744**	**1,423,349**	**(246,605)**

In December 2006, Ciments Calcia and Unibeton arranged five-year factoring programs. At December 31, 2008, factored receivables amounted to 145.2 million euro (155.3 million euro at December 31, 2007).
The factored receivables comply with IAS 39 since the associated risks are transferred with the receivables, for approximately 90% of the factored amount. In December 2008 as a result of annual renewals and the new banking regulations for financial counterparts (Basel 2), additional deposits increased; this had no impact on the contractual conditions governing transfer of risk, which remains at 90%.

After this operation, the balance sheet continued to reflect:

- additional subordinate deposits for 25.2 million euro (10.3 million euro at December 31, 2007) among other current assets;
- non-transferred receivables, in the form of arranged guarantees, for 12.1 million euro reflected under trade receivables with balancing entries of 10.1 million euro in loans and borrowings and 2.1 million euro deducted against miscellaneous receivables.

The provision for bad debts is determined using Group procedures, and taking count of bank guarantees and guarantees on company assets. At closure of the reporting period, the Group companies analyze doubtful overdue receivables on a customer-by-customer basis. The amount of overdue receivables at risk has been adjusted accordingly.

Non-current trade and other receivables

The balance on this heading was as follows:

(in thousands of euro)	December 31, 2008	December 31, 2007	Change
Non-current receivables	28,059	17,705	10,354
Debentures	45,563	43,658	1,905
Guarantee deposits	23,977	26,420	(2,443)
Other	342	264	78
Total financial instruments	**97,941**	**88,047**	**9,894**
Derivatives	58,384	27,179	31,205
Concessions and licenses paid in advance	9,044	12,091	(3,047)
Total	**165,369**	**127,317**	**38,052**

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, 2008	December 31, 2007	2008	2007
Ciment Québec (Canada)	60,500	63,600	9,817	8,890
Vassiliko Cement Works (Cyprus) (**)	66,100	58,200	5,872	4,868
Asment Cement (Morocco) (**)	41,700		5,997	
RCS MediaGroup (Italy)	88,600			
Mittel (Italy) (*)	45,516	53,529	3,826	1,986
S.E.S. (Italy)	16,382	16,412	666	598
Techno Gravel (Egypt)	4,600	3,700	700	200
Acquitaine de transformation (France)	3,800		(100)	
Others	15,773	18,847	2,788	(627)
Total	**342,971**	**214,288**	**29,566**	**15,915**

(*) consolidated data at September 30, 2008 (latest approved financial statements)

(**) Pre-audit data

At December 31, 2008, the equity investment in RCS MediaGroup S.p.A. was reclassified from “Other equity investments” to “Investments in associates” in consideration of the notable influence of the voting trust (of which Italmobiliare is a member through the subsidiaries Franco Tosi S.r.l. and Italcementi S.p.A.) and the fact that the majority of trust members consolidate the investment with the equity method. In the absence of specific indications in the international accounting standards, the reclassification entailed the re-recognition of the average acquisition cost of 2.64 euro per share and the write-off of the specific equity reserve, which reflected a positive amount of 19.2 million euro at December 31, 2007, and a negative amount of 63.8 million euro at June 30, 2008.

As disclosed in note 33 above, at December 31, 2008, the investment was tested for impairment and aligned with value in use, determined, with the support of an independent assessment, using a discounted cash flow model that considers the generalized decline in profit margins in the sector as a result of the negative trends on the financial markets. The alignment of the carrying amount with value in use, estimated at 1.62 euro per share, generated an impairment loss of 55.6 million euro on the 2008 income statement. The reclassified carrying amount of the investment (88,600 thousand euro) is net of the impairment loss.

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)	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Ciment Québec	135.5	153.5	23.2	31.9	108.0	110.5	16.7	17.8
Vassiliko Cement Works	256.7	176.8	34.3	17.0	120.0	89.7	23.8	14.7
Asment Cement	113.3		24.8		86.6		18.7	
Mittel	590.7	645.2	175.0	222.9	41.0	37.7	62.9	21.2
S.E.S.	87.5	89.5	34.3	35.9	29.2	30.2	1.7	1.9

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, 2007	**1,417,241**
Acquisitions	22,791
Sales	(17,831)
Fair value changes taken to equity	(560,898)
Change in scope of consolidation and other	
Calcestruzzi group	153,703
Asment - Classified under investments in associates	(89,787)
RCS - Classified under investments in associates	(106,835)
Others	(941)
Adjustments to asset values	(182,707)
At December 31, 2008	**634,736**

"Acquisitions" referred mainly to the formation of the Syrian company Al Badia Cement for 8.4 million euro, the joint venture in Libya (Italcementi Shareholding Industry Co.) for 5.7 million euro, the purchase of additional RCS MediaGroup shares for 5.6 million euro prior to the reclassification of the equity investment as described above, and the acquisition of shares in the Turkish company Goltas for 2.2 million euro.

"Fair value changes taken to equity" related chiefly to Unicredit S.p.A. for -365.0 million euro, Mediobanca S.p.A. for -146.1 million euro, UBI S.p.A. for -20.5 million euro, RCS MediaGroup for -19.2 million euro and the reversal of previous write-downs on Goltas and Bursa for 16.5 million euro.

"Changes in scope of consolidation" related chiefly to recognition of Calcestruzzi S.p.A. securities previously consolidated on a line-by-line basis and the reclassification to investments in associates of the interests in Asment and RCS MediaGroup S.p.A. as from April 1, 2008, and December 31, 2008.

Adjustments to asset values are described above in note 33.

Other equity investments at December 31, 2008, were as follows:

(in thousands of euro)		Number of shares	December 31, 2008
Investments in listed companies			
Mediobanca		21,494,278	156,129
Unicredito		92,857,613	160,458
UBI		3,183,666	25,600
Intek		9,821,000	2,811
Intek Warrant		3,480,820	108
Goltas (Turkey)			29,389
Others			1,860
	Total		**376,355**
Investments in non-listed companies			
Calcestruzzi group			111,129
Fin Priv			14,855
Burgo Group			51,860
Banca Leonardo group			24,722
Sesaab			10,990
Others			44,825
	Total		**258,381**
At December 31, 2008			**634,736**

The fair value of listed companies is determined on the basis of the official share price on the last accounting day. The methods used to measure non-listed investments depended on the characteristics of the companies and the data available, in accordance with IAS 39.

Trade payables

The balance on this caption was as follows:

(in thousands of euro)	December 31, 2008	December 31, 2007	Change
Amounts due to suppliers	684,381	746,999	(62,618)
Bills payable	42,671	43,545	(874)
Other trade payables	11,347	16,898	(5,551)
Total	**738,399**	**807,442**	**(69,043)**

Loans and borrowings

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

(in thousands of euro)	December 31, 2008	December 31, 2007	Change
Amounts due to banks	1,659,781	1,444,093	215,688
Debenture loans	954,017	1,054,169	(100,152)
Financing entities	335,121	61,411	273,710
Finance lease payables	21,847	12,527	9,320
Interest-bearing loans and long-term borrowings	**2,970,766**	**2,572,200**	**398,566**
Fair value of hedging derivatives	40,188	46,368	(6,180)
Total medium/long-term financing	**3,010,954**	**2,618,568**	**392,386**
Amounts due to banks	560,446	675,354	(114,908)
Current portion loans and borrowings	83,336	187,406	(104,070)
Debenture loans	159,322	9	159,313
Financing entities	406,115	240,947	165,168
Finance lease payables	4,859	1,975	2,884
Accrued interests	4,354	4,581	(227)
Bank overdrafts and short-term interest-bearing loans and borrowings	**1,218,432**	**1,110,272**	**108,160**
Fair value of hedging derivatives	27,090	14,241	12,849
Total short-term financing	**1,245,522**	**1,124,513**	**121,009**
Total loans and borrowings	**4,256,476**	**3,743,081**	**513,395**

At December 31, 2008, among amounts due to banks, loans secured by mortgages, pledges or liens on property, plant and equipment and equities amounted to 39.3 million euro, of which 7.6 million euro short-term and 31.7 million euro medium/long-term.

At December 31, 2008, non-current amounts due to banks included 10.1 million euro relating to factoring programs (12.1 million euro at December 31, 2007).

Non-current financial debt by currency was as follows:

(in thousands of euro)	December 31, 2008	December 31, 2007	Change
Euro	2,499,295	2,088,867	410,428
US and Canadian dollar	384,427	368,717	15,710
Egyptian pound	35,100	70,500	(35,400)
Indian rupee	32,000	27,200	4,800
Moroccan dirham	11,400		11,400
Chinese renmimbi	7,900	16,198	(8,298)
Hungarian florin	579	627	(48)
Polish zloty	41	67	(26)
Bulgarian lev	24	24	
Total	**2,970,766**	**2,572,200**	**398,566**

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

(in thousands of euro)	December 31, 2008	December 31, 2007	Change
2008		6	(6)
2009	25,294	255,774	(230,480)
2010	364,185	113,200	250,985
2011	485,395	684,991	(199,596)
2012	640,680	477,647	163,033
2013	441,971	236,917	205,054
2014	146,775	271	146,504
Beyond	866,466	803,394	63,072
Total	**2,970,766**	**2,572,200**	**398,566**

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

The main borrowings were as follows:

a) in March 2006 Italmobiliare arranged a five-year 40 million euro stand-by line of credit with Banca Intesa;
b) in November 2006 Italmobiliare completed closure of an existing loan with BNP Paribas and arranged a new 5-year loan, also for 180 million euro, based on prepaid forward and equity swap contracts. The loan is secured by a pledge of 43.5 million Unicredit shares (and now also 1.7 million UBI shares) and subject to a daily margin call for a cash collateral depending on the market price of the pledged shares;
c) in December 2006 Italmobiliare arranged early termination of the TRES with Mediobanca and negotiated a new 5-year 134 million euro facility against listed shares (20 million Unicredit shares). The amount is subject to a monthly margin call; consequently, at the end of 2008, as a result of the fall in the Unicredit share price, the facility was reduced to 35.8 million euro;
d) in May 2007 Italmobiliare renewed its medium-term financing with Société Générale. The new loan is also for 25 million euro and matures on May 8, 2012. It is secured by a pledge of 5 million Unicredit shares;
e) in April 2008 Italmobiliare negotiated a 1-year loan with Société Générale for 30 million euro (maturing April 15, 2009), secured by a pledge of 9.6 million Unicredit shares;
f) in October 2008 Italmobiliare arranged a 50 million euro stand-by line of credit with Banca Popolare di Bergamo for 18 months less one day;
g) in 2008, Italcementi S.p.A. re-negotiated and increased a committed line of credit from 50 to 75 million euro, extending maturity by two years and maintaining absence of financial covenants. The facility was fully drawn at December 31, 2008;
h) in 2008 Italcementi S.p.A. arranged a five-year 100 million euro committed line of credit with no financial covenants. The facility was undrawn at December 31, 2008;
i) in 2007 Italcementi S.p.A. re-negotiated a 200 million euro loan and increased a committed line of credit from 180 to 200 million euro; on both facilities, maturity was extended by three years, better conditions were obtained and the related financial covenants were annulled. Drawings on the line of credit at December 31, 2008, amounted to 105 million euro;
j) in 2007 Italcementi S.p.A. arranged a six-year 50 million euro committed line of credit with no financial covenants. The facility was fully drawn at December 31, 2008;
k) in 2007 Italcementi S.p.A. re-negotiated a 100 million euro committed line of credit granted in 2005, extending maturity to six years from re-negotiation, improving conditions and maintaining absence of financial covenants. The facility was fully drawn at December 31, 2008;
l) medium/long-term borrowings arranged by Italcementi S.p.A. in 2006 and still active at December 31, 2008, totaled 350 million euro, with maturities between March 23, 2011, and November 10, 2012. Drawings on these committed lines of credit at December 31, 2008, amounted to 325 million euro. Also in 2006,

Italcementi S.p.A. arranged a 60 million euro loan maturing in February 2026, with full hedging against interest-rate risks;

m) medium/long-term borrowings arranged by Italcementi S.p.A. in 2005 and still active at December 31, 2008, totaled 300 million euro, with maturities between December 2010 and February 2013. Drawings on these committed lines of credit at December 31, 2008, totaled 100 million euro;

n) in 2008, Ciments Français S.A. re-negotiated lines of credit at 364 days for 400 million euro. It also arranged new lines of credit totaling 60 million euro, of which 30 million euro for 3 years with two one-year extension options and 30 million euro for 5 years;

o) on September 13, 2006, Suez Cement Company re-financed its 13-month 1,500 million Egyptian pound syndicated line of credit arranged to finance the acquisition of ASEC Cement Company (Helwan Cement Ltd.), obtaining a 4-year 300 million Egyptian pound syndicated line of credit and a 900 million Egyptian pound syndicated loan amortizable in 4 years. The operation was arranged with a pool of local and international banks. No drawings had been made on the 300 million Egyptian pound syndicated facility at December 31, 2008;

p) on May 27, 2005, Ciments Français S.A. was granted a 700 million euro floating-rate syndicated line of credit for 5 years, with two one-year extension options, both of which have been exercised. The bank pool was managed by Calyon, HSBC-CCF, Natexis Banques Populaires and The Royal Bank of Scotland. The facility replaces the 550 million euro facility arranged on December 5, 2003, which was due to expire in 2008. Drawings on the syndicated line of credit at December 31, 2008, totaled 140 million euro;

q) on December 27, 2005, Ciments Français obtained a 6-year 158 million euro syndicated loan, consisting of a 114 million euro floating-rate tranche and a 44 million euro fixed-rate tranche, repayable on maturity;

r) on June 25, 2008, in connection with the industrial investments planned in Yerraguntla and Chennai, the Indian subsidiary Zuari Cement Limited arranged a 6 billion Indian rupee amortizable syndicated line of credit. The bank pool was formed by international banks. Drawings on the facility at December 31, 2008, totaled 700 million rupees, equivalent to 10.3 million euro;

s) on July 9, 2008, in connection with the Ait Baha industrial project, the subsidiary Ciment du Maroc arranged a 5-year 2 billion dirham amortizable syndicated line of credit. The bank pool was formed by local and international banks. Drawings on the facility at December 31, 2008, totaled 128 million dirhams, equivalent to 11.4 million euro.

Main debenture loans

t) Ciments Français S.A. covers its long-term financial requirements largely through debenture issues; specifically, a Euro Medium Term Notes program (EMTN) on the European market. The program reference material is renewed annually and the latest update was published on July 19, 2008. The maximum authorized amount is 1,500 million euro. At December 31, 2008, 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 market, 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. The transaction was settled on April 4, 2007. Simultaneously, Ciments Français S.A. made early repayment, for 190.7 million euro, on part of a debenture issued in July 2002. The outstanding debenture amounts to 159.3 million euro, at a fixed rate of 5.875%, repayable in July 2009. These operations enabled the Group to raise new funds to finance its investment programs and optimize borrowing conditions;

u) on December 19, 2006, in the USA, Ciments Français S.A. issued a 300 million US dollar private placement, repayable on maturity. 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%; cross-currency swaps have been set up on the entire loan for the duration of the two tranches to hedge foreign-exchange and interest-rate risk;

v) on March 3, 2005, a 5-year 50 million euro debenture was issued at a fixed rate of 3.496%;

w) on November 15, 2002, in the USA, Ciments Français S.A. issued a 200 million US dollar private placement. 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 have been lent to the US subsidiary Essroc; cross-currency swaps have been set up on the residual 50 million dollars to hedge foreign-exchange and interest-rate risk.

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, 2008, is set out below, subdivided by business sector and expiry:

	Nominal values				
(in millions of euro)	Construction materials	Packaging and insulation	Financial	Banking	Total
Interest-rate derivatives	1,750.4	13.2	55.0		1,818.6
Foreign-exchange derivatives	719.2			1,155.0	1,874.2
Equity derivatives					
Commodity derivatives				5.0	5.0
Total	**2,469.6**	**13.2**	**55.0**	**1,160.0**	**3,697.8**

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	318.5	414.6	611.3	474.2	1,818.6
Foreign-exchange derivatives	1,596.2			278.0	1,874.2
Equity derivatives					
Commodity derivatives	5.0				5.0
Total	**1,919.7**	**414.6**	**611.3**	**752.2**	**3,697.8**

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, 2008				
Forward purchases				
US dollars	38.6	34.4	147.6	220.6
Swiss francs			220.8	220.8
Other		24.2	202.5	226.7
Total	**38.6**	**58.6**	**570.9**	**668.1**
Forward sales				
US dollars		297.3	141.4	438.7
Swiss francs			220.1	220.1
Other		3.0	207.7	210.7
Total		**300.3**	**569.2**	**869.5**
Cross-currency swaps				
Other		278.0		278.0
Total		**278.0**		**278.0**
Options				
US dollars	30.0		12.2	42.2
Swiss francs				
Other			16.4	16.4
Total	**30.0**		**28.6**	**58.6**
Total	**68.6**	**636.9**	**1,168.7**	**1,874.2**

Foreign-exchange hedges expire within 12 months, with the sole exception of cross-currency swaps, which expire after 5 years.

Hedge accounting

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

Financial risk management policy and objectives

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 therefore does not formulate a specific policy.

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

Financial risks

Credit risk

Credit risk is the risk that a counterpart might default on its obligations and generate a financial loss for the Group.

Credit risk is managed by each sector in relation to its specific requirements.

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. This would generate 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, 2008:

	Maturity				
(in millions of euro)	**< 1 year**	**1 - 2 years**	**2 - 5 years**	**Beyond**	**Total**
Total net debt	(1,161.1)	(660.2)	(1,351.6)	(1,016.3)	(4,189.2)
Commited undrawn lines of credit	5,593.5	1,603.0	126.0		7,322.5
Cash and cash equivalents	590.5				590.5

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 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, 2008, was as follows:

(in millions of euro)	
At December 31, 2008	
Fixed-rate financial liabilities	(1,247.4)
Fixed-rate financial assets	62.8
Fixed-rate NFP at inception	**(1,184.6)**
Fixed-rate/Floating-rate hedging	274.0
Floating-rate/Fixed-rate hedging	(1,243.4)
Fixed-rate NFP after hedging	**(2,154.0)**
Floating-rate financial liabilities	(2,947.4)
Floating-rate financial assets	1,438.4
Floating-rate NFP at inception	**(1,509.0)**
Fixed-rate/Floating-rate hedging	(274.0)
Floating-rate/Fixed-rate hedging	1,243.4
Floating-rate NFP after hedging	**(539.6)**
Other instruments not subject to interes-rate risk	121.7
Total NFP	**(2,571.9)**

Foreign-exchange risk

The table below details consolidated net exposure by currency, showing financial assets and liabilities denominated in currencies other than the local currency.

(in millions of euro)	**euro (*)**	**USD (*)**	**Others (*)**
Financial assets (**)	11.5	255.8	7.8
Financial liabilities (**)	(11.1)	(324.0)	(24.4)
Derivative instruments		56.7	22.2
Net exposure by currency	**0.4**	**(11.5)**	**5.6**

(*) 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 foreign-exchange 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, 2008	December 31, 2007	Variazione
AFS equity investments	376,355	1,144,429	(768,074)
Trading securities	25,252	55,749	(30,497)
Overall exposure	**401,607**	**1,200,178**	**(798,571)**

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 counterpart 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 counterpart was 25%.
Investments corresponding to "available for sale" financial assets are classified under "Other equity investments" (see the section on IFRS 7). They refer mainly to the listed investments in Mediobanca S.p.A, Goltas Cimento and Bursa.

Instruments for management of foreign-exchange and interest-rate risk are transacted exclusively with highly rated counterparts, selected on the basis of various criteria: ratings attributed by specialist agencies, assets, equity, nature and maturity of instruments. The majority of counterparts are leading international banks.
No financial instruments are contracted with counterparts in geographical regions exposed to political or financial risks (all counterparts are in Western Europe or the USA).
At December 31, 2008, Italcementi S.p.A. credit balances on intercompany accounts with the Calcestruzzi group totaling 175.4 million euro did not present risk in excess of that already considered in the impairment test on the Italcementi interest in the Calcestruzzi group.

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 lines of credit 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 lines of credit at more than one year.

The sector has public credit ratings from the Standards & Poor's and Moody's ratings agencies.

The Italcementi S.p.A. rating at December 31, 2008, was, respectively: BBB/Stable – A2 and Baa2/Stable; the Ciments Français S.A. rating at December 31, 2008, was, respectively: BBB/Stable – A2 and Baa1/Negative – P2.

In addition to the customary clauses, some of the sector's financing contracts include covenants requiring compliance with financial ratios, determined for the most part at the year-end date. At December 31, 2008, lines of credit and loans subject to covenants accounted for 39% of total drawings represented by gross debt (3,286 million euro at December 31, 2008, excluding the fair value effects of derivatives). At December 31, 2008, the covenants were below the contractual limits stipulated by the loans in question.
Lines of credit and financing contracts do not contain rating triggers (which would require accelerated repayment). Equally, they do not contain negative pledges 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 with top-ranking banks. Option-based hedging transactions are often asymmetric collars. Since these transactions are generally at zero cost, 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, 2008, 79% of the sector's net financial debt (excluding fair value of derivatives) was at fixed rate or capped rate. 42% of fixed-rate obligations arose from swapped contracts initially arranged at floating rates.
Hedges are reflected at nominal amount for each period (consistently with instrument maturity) and do not include fixed- to fixed-rate contracts.

At December 31, 2008, a +1% change in the interest-rate curve would have had an impact of -8.8 million euro, that is, 9.1% of 2008 net finance costs. The impact on interest-rate derivatives in portfolio would have been +21.0 million euro on shareholders' equity and -20.9 million euro on profit before tax; the latter effect would have been countered by an effect of +21.8 million euro on fixed-rate liabilities with fair value hedges.

At December 31, 2008, a -1% change in the interest-rate curve would have had an impact of +7.2 million euro, that is, 7.1% of 2008 net finance costs. The impact on interest-rate derivatives in portfolio would have been -20.5 million euro on shareholders' equity and +23.1 million euro on profit before tax; the latter effect would have been countered by an effect of -23.9 million euro on fixed-rate liabilities with fair value hedges.

Foreign-exchange risk

The companies in the sector are structurally exposed to the foreign-exchange risk on cash flows from operations and from financing denominated in currencies other than those of the local reporting currency.
With the exception of the Bulgarian, Thai and Egyptian subsidiaries and the terminals, the companies in the sector 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 foreign-exchange 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 sector hedges foreign-exchange exposure with forward currency purchase and sale contracts, currency swaps to translate financing generally denominated in euro at inception into foreign currency, as well as call and put options on exchange rates.
These hedging instruments are contracted with top-ranking banks.
Hedges with options are usually asymmetric corridor contracts. Since these transactions are generally at zero cost, the resulting net sale of options cannot exceed any underlying balance sheet exposure or any future transactions or commitments. The sector does not transact forward contracts or 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, 2008, 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 34.3 million euro on shareholders' equity, of which 8.2 million euro on minority interests.

At December 31, 2008, a 10% rise in the US dollar would have had an impact on foreign-exchange derivatives in portfolio of +6.0 million euro on shareholders' equity and -21.1 million euro on profit before tax. A 10% decrease in the US dollar would have had an impact on foreign-exchange derivatives in portfolio of -6.5 million euro on shareholders' equity and +20.4 million euro on profit before tax.

Equity price 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 price risk

The sector’s European subsidiaries are exposed to market fluctuations on CO_2 emission rights prices, in connection with their surplus or deficit on the quotas allocated by their respective national governments.
In 2007 Italcementi S.p.A. transacted forward purchases (actual delivery over the period 2008-2012) on EU emission allowances (EUA) and certified emission reductions (CER) relating to the second period of application of the Emissions Trading Directive (2008-2012).
In 2008, Italcementi S.p.A. transacted forward EUA-CER swaps (forward EUA sale contracts and forward CER purchase contracts) for the period 2009-2013, to diversify and optimize its CO_2 emission rights portfolio.

Hedge accounting

The effects arising from application of hedge accounting rules are summarized below.

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

New derivative instruments recognized in equity totaled -5.9 million euro at December 31, 2008 (-2.1 million euro at December 31, 2007). The eliminated portion of the reserve relating to instruments that expired in 2008 amounted to -5.0 million euro at December 31, 2008, compared with -2.2 million euro at December 31, 2007. The changes in equity relating to derivatives contracted in the previous financial year and still in portfolio at December 31, 2008, amounted to -2.6 million euro (18.4 million euro at December 31, 2007).

The non-effective component of cash flow hedges in portfolio at December 31, 2008, recognized in profit and loss was immaterial, both in 2008 and in 2007.

With reference to fair value hedges in portfolio at December 31, 2008, the amount taken to profit and loss totaled +15.2 million euro for 2008 (-45.3 million euro for 2007). Recognized amounts attributable to underlying risk hedged during the year totaled -14.6 million euro at December 31, 2008 (+44.7 million euro at December 31, 2007). These amounts are taken to profit and loss as gains and losses on interest- and foreign-exchange derivatives.

Packaging and insulation sector

Risk management policy

In order to adopt a uniform financial risk management policy for the group, on July 31, 2008, the Board of Directors of Sirap Gema S.p.A. adopted a policy to be implemented by all the companies it controls directly and indirectly, in the food packaging and thermal insulation sector.

Objectives

The objective of the policy is to reduce the financial risks to which the group is exposed in its operations, by indicating application procedures, tools and limits.
Since the group's activities are mainly business operations in food packaging and thermal insulation, use of tools will be limited to hedging risks associated with its core business, excluding speculative policies or policies designed purely to maximize financial profit.

Financial instruments

The financial instruments adopted in the sector are intended solely 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.

Financial risk management

Credit risk

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

Its policy sets out criteria for establishing customer credit worthiness, credit limits and risk containment measures.

The policy also assigns 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	2.5	0.9	0.6	0.5	0.7	5.2
Sirap Gema Insulation Systems	1.1	0.4	0.5	0.4	0.3	2.7
Sirap Gema France	0.3					0.3
Amprica	0.9	0.5	0.2		0.6	2.2
Total	**4.8**	**1.8**	**1.3**	**0.9**	**1.6**	**10.4**

Total non-overdue trade receivables stood at 67.9 million euro.

Since group trade receivables refer in the main to leading Italian and international mass merchandisers and to food and building material distributors, non-overdue receivables are not analyzed by debtor ratings; the probability of material solvency risks may be reasonably excluded. Individual cases have been systematically reviewed and a bad debt provision set aside where necessary.

The generic risk on overall credit exposure is determined on a statistical basis, considering historical annual insolvency and loss, correlated with average uncollectibility percentages computed in relation to the age of the receivable.

The provision for bad debts at December 31, 2008, was as follows:

(in millions of euro)	Opening balance	Additions	Uses	Closing balance
Sirap Gema	0.3	0.1		0.4
Sirap Gema Insulation Systems	0.9	0.2	(0.4)	0.7
Sirap Gema France	0.1			0.1
Amprica	0.9	0.1	(0.1)	0.9
Inline group	0.2		(0.1)	0.1
Petruzalek group	0.9	0.4	(0.1)	1.2
Total	**3.3**	**0.8**	**(0.7)**	**3.4**

The credit risk of the main companies in the food packaging sector (Sirap Gema S.p.A., Sirap Gema France S.A.S., Amprica S.p.A. and Inline Poland S.p. z o.o.) was covered by the excess of loss insurance policy taken out in July 2007.
The policy, a cover on credit losses in respect of debtors subject to collective creditor actions, is a 3-year contract with a 2 million euro top policy cover and fixed excess liability of 120 thousand euro.
Additionally, Sirap Gema France S.A.S. has Coface insurance cover.

Liquidity risk

The sector is exposed to a liquidity risk (the risk of being unable to settle financial liabilities) in connection with its borrowing policy.

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

Medium/long-term financing by maturity at December 31, 2008, is set out below:

(in millions of euro)	
2009	7.3
2010	13.4
2011	14.6
2012	10.2
2013	9.9
2014	7.3
2015	7.1
2016	7.6
Total	**77.4**

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 policy sets out criteria and procedures to mitigate/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.
Consequently the outstanding principal to be repaid at December 31, 2008, 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 adjustment to the Euribor rate and the spread arising from the covenants is not expected to have a material impact on the loan interest rate for 2009.

Foreign-exchange risk

The sector's business growth on new markets has brought a material increase in exposure to foreign-exchange risk, heightened by the rapid depreciation against the euro in the last few months of 2008 of almost all East European currencies.
The sector policy sets out criteria and procedures to mitigate/neutralize these effects, and tools and limits on use of hedging 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.

Specifically, the sector is mainly exposed to price fluctuations on polymer raw materials and energy, which fell significantly toward the end of 2008.
The prices of these production factors and the related market indicators are monitored continually to mitigate risks and negative effects on sector results wherever possible.

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 the sector policy does 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, counterparts, 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 counterparts 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 counterparts.

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 counterparts with which the sector has contracted interest-rate swaps carried with a positive fair value.

(in millions of euro)	Fair Value	Average rating	Average outstanding life (years) (*)
Trading debentures	236.6	A+	3.60
Available-for-sale debentures	4.1	A+	2.09
Other financial assets	39.1	AA-	0.31
Interest-rate derivatives	0.3	AA-	5.63

(*) based on first call

Assuming a 100 bp parallel instantaneous shift in the credit curve, the overall change in the fair value of the financial instruments would be 8.9 million euro, of which 8.7 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 counterpart.

Liquidity risk

Risk management policy in the financial sector is designed to ensure, in relation to 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.

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 lines of credit and cash and cash equivalents.

	Maturity				
(in millions of euro)	< 1 year	1 - 2 years	2 - 5 years	Beyond	Total
Total financing	(106.1)	(40.0)	(280.8)	(4.1)	(431.0)
Cash and cash equivalents	122.0				122.0
Undrawn lines of credit	268.7	10.0			278.7

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

Total available lines of credit consist of committed lines for 10.0 million euro and non-committed lines for 268.7 million euro,

Some long-term debt is secured, under various contractual agreements, by 85.6 million Unicredit shares and by 1.7 million UBI shares for a total of 295.8 million euro, of which 215.8 million euro subject to mechanisms that adjust the loan amount to the value of the underlying shares.
A 55 million euro loan contains a covenant based on the equity/debt ratio, which 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 objectives 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, 2008, 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, 2008	
Fixed-rate financial liabilities	(0.5)
Fixed-rate financial assets	27.3
Fixed-rate NFP at inception	**26.8**
Fixed-rate/Floating-rate hedging	(5.0)
Floating-rate/Fixed-rate hedging	(50.0)
Fixed-rate NFP after hedging	**(28.2)**
Floating-rate financial liabilities	(427.3)
Floating-rate financial assets	460.5
Floating-rate NFP at inception	**33.2**
Fixed-rate/Floating-rate hedging	5.0
Floating-rate/Fixed-rate hedging	50.0
Floating-rate NFP after hedging	**88.2**
Assets not exposed to interest-rate risk	104.8
Liabilities not exposed to interest-rate risk	(4.2)
Total NFP	**160.6**

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

A sensitivity analysis was performed to determine the change in the fair value of financial instruments caused by an instantaneous shift of 100 bp in forward interest rates (assuming 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 0.07 million euro in fair value, of which 0.13 million euro in profit and loss and -0.06 million euro on 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.

Foreign-exchange risk

Sector policies require investments to be made essentially in euro, although they allow 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, 2008, assets exposed to price risk amounted to 286.7 million euro, of which 261.4 million euro designated "available for sale" and the remaining 25.3 million euro "held for trading".
A hypothetical reduction of 5% in share prices would have a negative impact on asset fair value of 14.4 million euro, of which 13.1 million euro on the balance sheet and 1.3 million euro directly in profit and loss.

(in millions of euro)	Fair value	Share price delta	Impact on income	Impact on equity
Trading equities	25.3	-5%	(1.3)	
Available-for-sale equities	261.4	-5%		(13.1)

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 counterparts.
Counterpart 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 management 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 2008:

(in millions of euro)	Present value of assets	+ 100 bp	- 100 bp
Swiss francs	77.3	(1.2)	1.2
Euro	2.0	(0.1)	0.1
US dollars	0.7		
Other currencies	0.6		
Total	**80.6**	**(1.3)**	**1.3**

The total impact on profit would be 0.59 million euro.
Compared with the present value of assets, this effect is immaterial (0.73%).

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 2008 were not significant. They are detailed in the table below:

(in thousands of euro)	Revenues (expense)	Trade receivables (payables)	Finance receivables (payables)	Finance income (costs)	Other operating income (expense)
Italmobiliare Group					
Subsidiaries and associates not consolidated line-by-line	48,281	11,486	7,210	258	2,304
	(35,909)	(2,925)	(776)	(45)	(73)
Calcestruzzi group companies	159,420	46,691	179,584	6,923	264
	(49)	(2)	(4,192)	(189)	(13)
Other related parties	176	138			69
	(1,341)	(6,109)			(1,201)
Total	**207,877**	**58,315**	**186,794**	**7,181**	**2,637**
	(37,299)	**(9,036)**	**(4,968)**	**(234)**	**(1,287)**
% impact on book items	3.4%	5.0%	11.1%	6.8%	0.7%
	0.8%	1.2%	0.1%	0.1%	0.3%

The comparatives for 2007 are set out below:

(in thousands of euro)	Revenues (expense)	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)**
	1.0%	1.0%	0.3%	3.2%	1.4%
	-0.9%	0.8%	0.3%	0.1%	0.5%

After the deconsolidation of the Calcestruzzi group, all business and financial dealings with the group in 2008 are included in dealings with related parties.

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 Société des Carrières du Tournaisis, Medcem S.r.l., Les Calcaires Girondins S.a.s. and Atlantica de Graneles, and with companies valued at equity, including the Ciments Quebec Inc. group, Vassiliko Cement Ltd. and Cementi della Lucania S.p.A.

At December 31, 2008, trade and other payables relating to “Other related parties” of 6,011 thousand euro included 5,688 thousand euro due to Arabian Cement Co. for acquisition of fixed assets of International City for Ready Mix.

At December 31, 2008, other expense relating to “Other related parties” of 1,201 thousand euro (1,200 thousand euro at December 31, 2007) reflected payments made by Italcementi S.p.A. to the Italcementi Cav. Lav. Carlo Pesenti foundation.

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)	2008	2007
Short-term benefits: compensation and remuneration	7,122	7,533
Post-employment benefits: provision for leaving and end-of-term entitlements	1,772	1,629
Other long-term benefits: length-of-service bonuses and incentives	79	78
Share-based payments (stock options)	6,011	4,641
Total	**14,984**	**13,881**

Joint ventures

The Group's most significant joint ventures in 2008 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, 2008	December 31, 2007
Current assets	33.2	30.7
Non-current assets	79.1	58.3
Total assets	**112.3**	**89.0**
Current liabilities	32.7	23.1
Non-current liabilities	17.2	20.3
Total liabilities	**49.9**	**43.4**

	2008	2007
Revenues	57.0	48.0
Expense	(40.9)	(39.9)
Profit before tax	**16.1**	**8.1**

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:

	2008					
(in thousands of euro)	Shareholders' equity		Net profit for the period		Net debt	
	amount	%	amount	%	amount	%
Book values	**5,481,575**		**111,812**		**(2,571,883)**	
Net capital gains on sale of fixed assets	24,618	0.45%	24,618	22.02%	46,955	1.83%
Non-recurring employee expenses for re-organizations	(27,537)	0.50%	(27,537)	24.63%		
Other non-recurring income/(expense)	(7,029)	0.13%	(7,029)	6.29%	(2,312)	0.09%
Tax on non-recurring transactions	187	0.00%	187	0.17%		
Non-recurring taxes						
Total	**(9,761)**	**0.18%**	**(9,761)**	**8.73%**	**44,643**	**1.74%**
Figurative value without non-recurring transactions	**5,491,336**		**121,573**		**(2,616,526)**	

	2007					
(in thousands of euro)	Shareholders' equity		Net profit for the period		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)**	

Considerations to the Independent Auditors

The table below sets out details of the considerations paid in financial year 2008 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, pursuant to CONSOB Resolution no. 11971 of May 14, 1999, art. 149-duodecies, paragraph 1:

(in thousands of euro)	Reconta Ernst & Young	Other companies in the RE&Y group
Auditing services	2,245	1,925
Other services with issue of attestation	14	106
Other juridical, fiscal, social services	513	
Total	**2,772**	**2,031**

Cash flow statement

Cash flow from investing activities

The table below itemizes the main equity investments made by the Group in 2008:

(in millions of euro)	**2008**	**2007**
Ciments Français (including treasury shares) - France	81.6	226.6
Cementi Romagna - Italy (*)	55.0	
Bares Elektrik - Turkey (net of cash acquired, for 7.4 million euro)	34.3	
Crider & Shockey - USA	28.1	
Hugo Kahn bank (net of cash acquired, for 2.1 million euro)	25.8	
BravoSolution USA and Verticalnet - USA (net of cash acquired, for 0.4 million euro)	10.5	1.4
Al Badia - Syria	8.4	
Kuwait German Ready Mix - Kuwait	5.7	
RCS - Italy	5.6	3.4
Aquitaine de transformation - France	4.0	
Al Mahaliya - Kuwait (net of cash acquired, for 2.2 million euro)	3.4	
Goltas Cimento - Turkey	2.2	13.4
Italcementi - Italy		78.1
Suez Cement - Egypt		74.6
Arrow Group - USA		38.7
Shaanxi Fuping Cement Co. - China		17.5
Cambridge - Canada		11.2
Banca Leonardo - Italy		10.9
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
Mobile Workers S.A. - France		2.3
Universal Imballaggi - Italy	0.8	1.7
Atmos Wind - Italy		0.6
Immobiliare Amprica - Italy		0.5
Others - Egypt	0.5	5.6
Others	4.3	3.6
Total	**270.2**	**517.1**

(*) In 2008 Cementi Romagna was merged with Cementificio di Montalto

Divestments

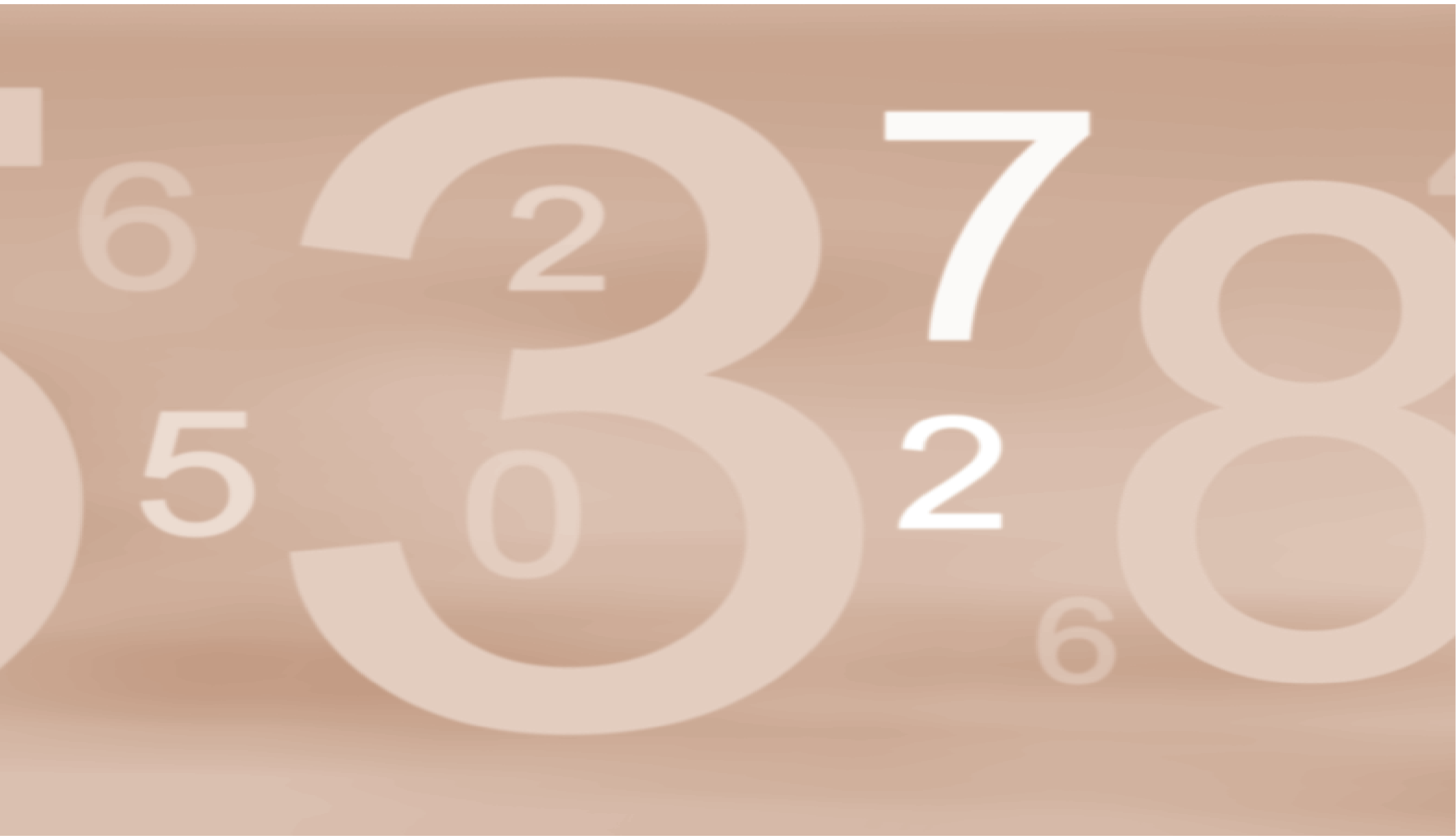
"Proceeds from divestments of fixed assets" in the 2008 cash flow statement includes the amount of 50 million euro arising from final recognition of the advance payment in connection with termination of the agreement for the sale of operations in Turkey.

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, 2008.

Milan, March 25, 2009 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 those 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 investments exceed 10% of those 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
Bank Hugo Kahn & Co. AG	Zurich	CH	CHF	10,000,000.00	-	100.00	100.00	Finter Bank Zurich S.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/Fair Value
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
Crédit Mobilier de Monaco S.A.	Montecarlo	MC	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 SA	Lugano	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 SA	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 Subscr./paid up: 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. (Romania)	Line-by-line
Immobiliare Golf Punta Ala S.p.A.	Punta Ala (GR)	IT	EUR	5,164,000.00	-	31.50	6.75	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. winding up	Rome	IT	EUR	255,000.00	18.04	-	18.04	Italmobiliare S.p.A.	Cost
Inline Balkans o.o.d. winding up	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	-	100.00	100.00	Amprica S.p.A.	Line-by-line
Inline Ucraine LCFI	Kyiv	UA	UAH	17,959,028.15	-	60.00	60.00	Inline Poland S.p. z.o.o.	
Italmobiliare International BV	Amsterdam	NL	EUR	Authorized 75,000 Subscribed 19,500	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
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

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Mittel S.p.A.	Milan	IT	EUR	70,504,505.00	12.09	-	12.09	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
Petruzalek Ltd (Turukey)	Istanbul	TR	TRY	40,000.00	-	100.00	90.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
							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)	Ilof Chiajna	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)	RS	RSD	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. (Slovakian Rep.)	Bratislava	SK	SKK	460,000.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line
Petruzalek S.r.o. (Czeck 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.	
RCS MediaGroup S.p.A.[1]	Milan	IT	EUR	762,019,050.00	-	7.74	5.13	Franco Tosi S.r.l.	Equity
							2.33	Italcementi S.p.A.	Equity
							0.28	Société de Participation Financière Italmobiliare SA	Fair value
SANCE S.r.l.	Milan	IT	EUR	139,725.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
SG Finance SA	Luxembourg	LU	EUR	7,797,220.00	-	100.00	0.03	Franco Tosi S.r.l.	Line-by-line
							99.97	Société de Participation Financière Italmobiliare SA	
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	Montecarlo	MC	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 SA	Line-by-line
							2.15	Société de Participation Financière Italmobiliare S.A.	
Terfin S.A. winding up	Paris	FR	EUR	440,400.00	-	100.00	98.40	Soparfinter S.A.	Line-by-line
							1.60	Fincomind SA	
Universal Imballaggi Sr.l.	Palermo	IT	EUR	1,731,588.00	-	92.64	92.64	Sirap Gema S.p.A.	Line-by-line

[1] The interests shown include shares not taken to the voting trust.

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.	
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.	
B2e Markets B.V.	Eindhoven	NL	EUR	20,000.00	-	100.00	100.00	Verticalnet, Inc. d.b.a. BravoSolution US	Line-by-line
B2e Markets France S.A.R.L.	Paris	FR	EUR	20,000.00	-	100.00	100.00	Verticalnet, Inc. d.b.a. BravoSolution US	Line-by-line
Bares Elektrik Uretimi A.S.	Istanbul	TR	TRY	33,000,000.00	-	99.99	99.99	Italgen Elektrik Uretim Anonim Sirketi	Line-by-line
Betongenova S.r.l.	Genoa	IT	EUR	10,400.00	-	36.12	22.68	Calcestruzzi S.p.A.	
- winding up							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 Benelux B.V.	Almere	NL	EUR	250,000.00	-	100.00	100.00	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	3,254,150.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line
BravoSolution Mexico S.r.l. de C.V.	Mexico City	MX	MXN	3,200,000.00	-	100.00	99.97	BravoSolution S.p.A.	Line-by-line
							0.03	BravoSolution Espana S.A.	
BravoSolution S.p.A.	Bergamo	IT	EUR	29,302,379.00	8.15	83.01	8.15	Italmobiliare S.p.A.	Line-by-line
							83.01	Italcementi S.p.A.	
BravoSolution UK Ltd	London	UK	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.	
							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.	
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
Digital Union Ltd	Guildford	UK	GBP	50,000.00	-	100.00	100.00	Verticalnet, Inc. d.b.a. BravoSolution US	Line-by-line
E.C.I.T. S.r.l.	Ravenna	IT	EUR	104,208.00	-	50.00	50.00	Calcestruzzi S.p.A.	
E.I.C.A. S.r.l.	Norcia (PG)	IT	EUR	49,500.00	-	66.67	66.67	Calcestruzzi S.p.A.	
E.S.A. Monviso S.p.A.	Bergamo	IT	EUR	1,340,000.00	-	100.00	59.00	Calcestruzzi S.p.A.	
							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.	

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Generalcave S.r.l.	Fiumicino (RM)	IT	EUR	31,200.00	-	50.00	50.00	Speedybeton 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. - winding up	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.	
International City for Ready Mix	Jeddah	SA	SAR	100,000,000.00	-	50.00	50.00	Italcementi S.p.A.	Proportionate
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 Cement Industry Shareholding Company	Tripoli	LY	LYD	20,000,000.00	-	50.00	50.00	Italcementi S.p.A.	
Italcementi Ingegneria S.r.l.	Bergamo	IT	EUR	266,220.00	-	100.00	100.00	Italcementi S.p.A.	
Italgen Elektrik Uretim Anonim Sirketi	Istanbul	TR	TRY	50,000.00	-	99.99	99.99	Italgen S.p.A.	Line-by-line
Italgen Maroc S.A.	Casablanca	MA	MAD	300,000.00	-	99.87	99.87	Italgen S.p.A.	Line-by-line
Italgen Misr for Energy SAE	Cairo	EG	EGP	15,000,000.00	-	98.00	98.00	Italgen S.p.A.	Line-by-line
							1.00	Helwan Cement Co.	
							1.00	Suez Cement Company	
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
Italterminali S.r.l.	Bergamo	IT	EUR	10,000.00	-	100.00	99.50	Cementificio di Montalto S.p.A.	Line-by-line
							0.50	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.	Tunis	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.	Castiglione delle Stiviere (MN)	IT	EUR	702,000.00	-	50.00	50.00	Calcestruzzi S.p.A.	
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. winding up	Milan	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.	
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.	
Silicalcite S.r.l.	Bergamo	IT	EUR	4,000,000.00	-	100.00	100.00	Italcementi S.p.A.	Line-by-line
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.	
Società del Gres ing. Sala S.p.A.	Sorisole (BG)	IT	EUR	5,858,722.00	-	100.00	99.90	Nuova Sacelit S.r.l.	Line-by-line
							0.10	SICIL.FIN S.r.l.	

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Société Internationale Italcementi (Luxembourg) S.A.	Luxembourg	LU	EUR	1,771,500.00	-	100.00	99.87	Italcementi S.p.A.	Line-by-line
							0.13	SICIL.FIN S.r.l.	
Société Internationale Italcementi France S.a.s.	Paris	FR	EUR	1,686,650,000.00	-	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.	
Vert Tech LLC	Wilmington	US	-	-	-	100.00	100.00	Verticalnet, Inc. d.b.a. BravoSolution US	Line-by-line
Verticalnet, Inc. d.b.a. BravoSolution US	Harrisburg	US	USD	1.00	-	100.00	100.00	BravoSolution S.p.A.	Line-by-line
Verticalnet Israel Ltd	Gerusalemme	IL	ILS	38,100.00	-	100.00	100.00	Verticalnet, Inc. d.b.a. BravoSolution US	Line-by-line
Verticalnet Software, Inc.	Wilmington	US	-	-	-	100.00	100.00	Verticalnet, Inc. d.b.a. BravoSolution US	Line-by-line
Ciments Français S.A.	Puteaux	FR	EUR	147,040,728.00	-	82.28	80.98	Société Int. Italcementi France S.a.s.	Line-by-line
							1.30	Ciments Français S.A.	
								(voting rights:	
							89.92	Société Int. Italcementi France S.a.s.)	
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	TRY	120,000.00	-	78.49	76.51	Ciments Français S.A.	Line-by-line
							1.02	Set Group Holding	
							0.96	Set Cimento	
Al Badia Cement	Damasco	SY	SYP	5,065,200,000.00	-	12.00	12.00	Menaf	
Al Mahaliya Ready Mix Concrete WLL	Safat	KW	KWD	500,000.00	-	51.00	51.00	Hilal Cement Company	Line-by-line
Altas Ambarlj Liman Tesisleri Tas	Istanbul	TR	TRY	500,000.00	-	12.25	12.25	Set Cimento	
Ammos Development Quarries Ltd	Mandra	EL	EUR	18,000.00	-	100.00	100.00	Halyps Building Materials 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
Asia Cement Energy Conservation	Bangkok	TH	THB	1,000,000.00	-	39.08	39.08	Asia Cement Public Co., Ltd (*)	
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	4,670,523,072.00	-	39.11	25.01	Ciments Français S.A.	Line-by-line
							14.10	Vaniyuth Co. Ltd (*)	
Asment (Ciments de Temara)	Temara	MA	MAD	171,875,000.00	-	37.01	19.99	Ciments Français S.A.	Equity
							17.02	Procimar 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	Sociedad Financiera y Minera S.A.	Line-by-line
							1.00	Compania General de Canteras S.A.	
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 for Industrials 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	
Axim Maroc	Casablanca	MA	MAD	1,000,000.00	-	99.96	99.96	Ciments du Maroc	Line-by-line
Axim S.a.s.	Guerville	FR	EUR	495,625.00	-	99.99	99.99	Ciments Calcia S.a.s.	Line-by-line
BCE S.A.	Guerville	FR	EUR	38,250.00	-	99.76	99.76	Unibéton S.a.s.	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.s.	
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.s.	
Béton Contrôle de l'Adour S.a.s.	Bayonne	FR	EUR	150,000.00	-	59.96	59.96	Béton Contrôle du Pays Basque S.a.s.	Line-by-line
Béton Contrôle des Abers S.A.	Lannilis	FR	EUR	104,000.00	-	34.00	34.00	Unibéton S.a.s.	Equity
Béton Contrôle du Pays Basque S.a.s.	Bayonne	FR	EUR	120,000.00	-	59.98	59.98	Unibéton S.a.s.	Line-by-line
Béton Saône S.A.	Macon	FR	EUR	40,000.00	-	35.00	35.00	Unibéton S.a.s.	Equity
Bonafini S.a.s.	Argences	FR	EUR	45,392.00	-	100.00	96.79	Tratel S.a.s.	Line-by-line
							3.21	Larricq S.a.s.	
Brantford Ready Mix Inc.	Ontario	CA	CAD	-	-	100.00	100.00	Cambridge Concrete Group 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	Ciments Français S.A.	
Cambridge Aggregates Inc.	Cambridge	CA	CAD	10.00	-	60.00	60.00	Essroc Canada Inc.	Line-by-line
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	Epervans	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.s.	Cayeux s/M.	FR	EUR	118,680.00	-	99.98	99.98	GSM S.a.s.	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.s.	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	482,174,580.00	-	100.00	67.99	Sodecim S.a.s.	Line-by-line
							32.01	Ciments Français S.A.	
Ciments Français Participations Snc	Puteaux	FR	EUR	15,001,500.00	-	100.00	100.00	Ciments Français S.A.	Line-by-line
CIMFRA (China) Limited	Puteaux	FR	EUR	61,556,000.00	-	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
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.s.	
							0.08	Comp. Financière et de Participations S.A.	

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Compagnie Financière et de Participations S.A.	Puteaux	FR	EUR	18,000,000.00	-	100.00	100.00	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.	Line-by-line
Crider & Shockey, Inc.	Winchester	US	USD	100,240.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line
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	63,526,401.28	-	99.99	99.99	Ready Mix Beton (Egypt) SAE	Line-by-line
Decoux S.a.s.	Beaucaire	FR	EUR	120,000.00	-	100.00	100.00	Tratel S.a.s.	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	1,028,557.00	-	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 AD	Devnya	BG	BGN	5,000,000.00	-	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	BGN	88,954.00	-	26.40	26.40	Devnya Cement AD	
Dragages et Carrières S.A.	Epervans	FR	EUR	1,000,000.00	-	49.99	49.99	GSM S.a.s.	Proportionate
Dragages Transports & Travaux Maritimes S.A.	La Rochelle	FR	EUR	3,957,894.00	-	50.00	33.33	GSM S.a.s.	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.s.	
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 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	EL	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.s.	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.s.	
Gacem Company Limited	Serrekunda	GM	GMD	4,500,000.00	-	80.00	80.00	Tercim S.A.	Line-by-line
GIE d'Exploitation du Chenal de Santonge	Pessac	FR	-	-	-	75.00	75.00	GSM S.a.s.	
Gisamo	Guerville	FR	EUR	100.00	-	100.00	99.00	GSM S.a.s.	Line-by-line
							1.00	Granulats Ouest - GO	
Goltas Goller Bolgesi Cimento Sanayi ve Ticaret	Isparta	TR	TRY	20,000,000.00	-	35.02	35.02	Ciments Français 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.s.	Line-by-line
Granulats Ouest - GO	Saint Herblain	FR	EUR	784,657.44	-	100.00	100.00	GSM S.a.s.	Line-by-line

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Graves de l'Estuaire de la Gironde L.G.E.G.	St. Jean de Blaignac	FR	-	-	-	50.00	50.00	GSM S.a.s.	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.s.	Guerville	FR	EUR	18,675,840.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Halyps Building Materials S.A.	Aspropyrgos	EL	EUR	42,718,428.06	-	99.85	59.83	Ciments Français S.A.	Line-by-line
							40.02	Sociedad Financiera y Minera S.A.	
								(voting rights:	
							59.87	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	Comp. Financière et de Participations S.A.	Line-by-line
Helwan Cement Co.	Cairo	EG	EGP	1,176,967,750.00	-	99.29	98.69	Suez Cement Company	Line-by-line
							0.40	Divas Beheer B.V.	
							0.20	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
Immobilière des Technodes S.A.	Guerville	FR	EUR	8,024,400.00	-	100.00	59.97	Ciments Français S.A.	Line-by-line
							40.03	Ciments Calcia S.a.s.	
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	Essroc Canada Inc.	Equity
Innocon Partnership	Richmond Hill	CA	CAD	2,003.00	-	51.50	48.50	Essroc Canada Inc	Equity
Agreement Inc.							3.00	Innocon 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.	
Intercom S.r.l.	Bergamo	IT	EUR	2,750,000.00	-	100.00	99.50	Interbulk Trading S.A.	Line-by-line
							0.50	SICIL.FIN S.r.l.	
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	
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	Bangkok	TH	THB	1,200,000,000.00	-	58.83	12.29	Asia Cement Public Co., Ltd (*)	Line-by-line
Public Co, Ltd							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

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Johar S.a.s.	Luxemont et Villotte	FR	EUR	1,221,632.00	-	100.00	100.00	Tratel S.a.s.	Line-by-line
JTC	Bangkok	TH	THB	13,000,000.00	-	57.39	57.39	Jalaprathan Concrete Products Co Ltd (*)	
Kuwait German Company for Readu Mix Concrete WLL	Kuwait	KW	KWD	824,000.00	-	99.00	99.00	Hilal Cement Company	Line-by-line
Larricq S.a.s.	Airvault	FR	EUR	508,000.00	-	100.00	100.00	Tratel S.a.s.	Line-by-line
Les Calcaires Girondins S.a.s.	Cenon	FR	EUR	100,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate
Les Calcaires Sud Charentes	Cherves Richemont	FR	EUR	1,524.50	-	34.00	34.00	GSM S.a.s.	
Les Graves de l'Estuaire S.a.s.	Le Havre	FR	EUR	297,600.00	-	33.33	33.33	GSM S.a.s.	Proportionate
Les Quatre Termes	Salon de Provence	FR	EUR	40,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate
Les Sables de Mezieres S.a.s	Orleans	FR	EUR	40,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate
Les Sabliers de l'Odet	Quimper	FR	EUR	134,400.00	-	96.93	94.92	Dragages Transports & Travaux Maritimes S.A.	Proportionate
							2.01	GSM S.a.s.	
Lyulyaka E.A.D.	Devnya	BG	BGN	759,372.00	-	100.00	100.00	Devnya Cement AD	Line-by-line
Mandcim (China) Ltd	Puteaux	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
Mauritanienne des Batiments									Line-by-line
et Routes	Nouakchott	MR	MRO	690,000,000.00	-	50.42	50.42	Mauritano-Française des Ciments	
Mauritano-Française des Ciments	Nouakchott	MR	MRO	1,111,310,000.00	-	51.11	51.11	Ciments Français S.A.	Line-by-line
Medcem S.r.l.	Naples	IT	EUR	5,500,000.00	-	50.00	50.00	Intercom S.r.l.	Proportionate
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	TRY	50,000.00	-	99.99	99.99	Set Group Holding	Line-by-line
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.s.	
Port St. Louis Remblaiement S.A.R.L.	Guerville	FR	EUR	7,622.50	-	51.00	51.00	GSM S.a.s.	
Procimar S.A.	Casablanca	MA	MAD	27,000,000.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Raingeard Carrières	Saint Herblain	FR	EUR	705,000.00	-	100.00	99.98	GSM S.a.s.	Line-by-line
Bétons et Compagnie S.n.c.							0.02	Granulats Ouest - GO	
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	Saint Apollinaire	FR	EUR	184,000.00	-	15.00	15.00	GSM S.a.s.	Equity
Saarlandische Zementgesellschaft MBH	Saarbrucken	DE	EUR	52,000.00	-	80.00	80.00	Cifrinter	Line-by-line
Sablimaris	Lanester	FR	EUR	4,094,776.00	-	100.00	66.28	Dragages Transports & Travaux Maritimes S.A.	Proportionate
							33.72	Les Sabliers de l'Odet	
Santes Béton Sarl	Santes	FR	EUR	10,000.00	-	50.00	50.00	V.B.H. S.n.c.	Proportionate
Sas des Gresillons	Paris	FR	EUR	60,000.00	-	35.00	35.00	GSM S.a.s.	Proportionate

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
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.s.	Line-by-line
SCI de Balloy	Avon	FR	EUR	20,310.00	-	100.00	99.95	GSM S.a.s.	Line-by-line
							0.05	Société Civile Immobilière Berault	
SCI de Barbeau	Bray sur Seine	FR	EUR	8,000.00	-	49.00	49.00	GSM S.a.s.	
SCI des Granets	Cayeux sur M.	FR	EUR	4,575.00	-	33.33	33.33	GSM S.a.s.	
SCI du Colombier	Rungis	FR	EUR	2,000.00	-	63.00	63.00	GSM S.a.s.	
SCI du Domaine de Saint Louis	Guerville	FR	EUR	6,720.00	-	99.76	99.76	GSM S.a.s.	Line-by-line
SCI Lepeltier	S. Doulchard	FR	EUR	6,150.00	-	99.76	99.76	GSM S.a.s.	Line-by-line
SCI Taponnat	Cherves Richemont	FR	EUR	1,500.00	-	50.00	50.00	GSM S.a.s.	
SCI Triel Carrières	Guerville	FR	EUR	13,500.00	-	99.89	99.89	GSM S.a.s.	
Scori S.A.	Plaisir	FR	EUR	1,092,800.00	-	13.95	13.95	Ciments Calcia S.a.s.	
Set Beton Madencilik Sanayi ve Tas	Istanbul	TR	TRY	21,494,800.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Set Cimento	Istanbul	TR	TRY	31,693,324.00	-	99.81	96.81	Set Group Holding	Line-by-line
							3.00	Devnya Cement AD	
Set Group Holding	Istanbul	TR	TRY	18,508,410.00	-	99.99	99.99	Ciments Français S.A.	Line-by-line
Shaanxi Fuping Cement Co. Ltd	Shaanxi Province	CN	CNY	597,000,000.00	-	100.00	100.00	CIMFRA (China) Limited	Line-by-line
Shymkent Cement	Shymkent	KZ	KZT	380,660,000.00	-	99.78	99.78	Ciments Français S.A.	Line-by-line
Sider Navi S.p.A.	Naples	IT	EUR	22,000,000.00	-	20.00	20.00	Medcem S.r.l.	Equity
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.s.	Line-by-line
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:	
							58.50	Sodecim S.a.s.	
							41.23	Ciments Français Europe N.V.)	
Société Calcaires Lorrains	Heillecourt	FR	EUR	40,000.00	-	49.92	49.92	GSM S.a.s.	Proportionate
Société Civile Bachant le Grand Bonval	Guerville	FR	EUR	1,500.00	-	80.00	80.00	GSM S.a.s.	
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.s.	
Société Civile Immobilière Berault	Guerville	FR	EUR	3,840.00	-	99.95	99.95	GSM S.a.s.	Line-by-line
Société de la Grange d'Etaule	Gray	FR	EUR	3,750.00	-	99.60	99.60	Ciments Calcia S.a.s.	Line-by-line
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.s.	
							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.s.	
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 SA	Pont de L'Arche	FR	EUR	320,000.00	-	50.00	50.00	GSM S.a.s.	Proportionate

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Socli S.a.s.	Izaourt	FR	EUR	144,960.00	-	99.99	99.99	Ciments Calcia S.a.s..	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 Aquitaine de Transformation	Saint Cloud	FR	EUR	10,000,000.00	-	40.00	40.00	Ciments Calcia S.a.s.	Equity
Ste d'Investissement & de Partecipations du Littoral	Guerville	FR	EUR	37,000.00	-	99.90	99.90	Ciments Calcia S.a.s.	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.s.	Proportionate
Ste Extraction & Amenagement de la Plaine de Marolles	Avon	FR	EUR	40,000.00	-	56.40	56.40	GSM S.a.s.	Proportionate
Stinkal S.a.s.	Ferques	FR	EUR	1,540,000.00	-	35.00	35.00	GSM S.a.s.	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	YTL	50,000.00	-	99.99	99.99	Suez Cement Company	Line-by-line
Suez Cement Company	Cairo	EG	EGP	909,282,535.00	-	55.07	25.65	Menaf	Line-by-line
							12.36	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	Line-by-line
							10.00	Tourah Portland Cement Company	
Suez Lime SAE	Cairo	EG	EGP	7,390,000.00	-	50.00	49.00	Suez Cement Company	Proportionate
							1.00	Tourah Portland Cement Company	
Tameer Betoon for Trading and Contracting LLC	Doha	QA	QAR	200,000	-	49.00	49.00	Hilal 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	15,000,000.00	-	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.	
Tomahawk Inc.	Wilmington	US	USD	100.00	-	100.00	100.00	Essroc Cement Corp.	Line-by-line
Tourah Portland Cement Company	Cairo	EG	EGP	357,621,000.00	-	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.s.	Line-by-line
							0.16	Ciments Calcia S.a.s.	
Trabel Transports S.A.	Gaurain	BE	EUR	750,000.00	-	100.00	89.97	Tratel S.a.s.	Line-by-line
							10.03	Compagnie des Ciments Belges S.A.	
Tragor S.a.s.	Pessac	FR	EUR	892,048.00	-	100.00	100.00	Tratel S.a.s.	Line-by-line
Tratel S.a.s.	Guerville	FR	EUR	6,025,580.00	-	100.00	100.00	Ciments Calcia S.a.s.	Line-by-line
Unibéton Holding S.a.s.	Guerville	FR	EUR	45,000.00	-	99.98	99.98	Ciments Français S.A.	
Unibéton Luxembourg S.A.	Luxembourg	LU	EUR	35,000.00	-	100.00	100.00	Unibéton S.a.s.	
Unibéton S.a.s.	Guerville	FR	EUR	27,159,732.00	-	99.99	99.99	Ciments Français 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.s.	
Unibéton Var S.a.s.	Lambesc	FR	EUR	40,000.00	-	100.00	100.00	Unibéton S.a.s.	Line-by-line
Uniwerbéton S.a.s.	Heillecourt	FR	EUR	160,000.00	-	70.00	70.00	Unibéton S.a.s.	Line-by-line

Company	Registered office		Share capital		Interest held by Group companies				Method
					Direct	Indirect	%		
Valoise S.a.s.	Pierrelaye	FR	EUR	39,000.00	-	60.00	60.00	GSM S.a.s.	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	EUR	30,932,457.21	-	24.65	14.94	Italmed Cement Company Ltd	Equity
							9.71	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	452,967.00	-	98.35	70.00	Ciments Français S.A.	Line-by-line
							28.35	Devnya Cement A.D.	
V.B.H. S.n.c.	Tourcoing	FR	EUR	5,000.00	-	100.00	100.00	Unibéton S.a.s.	Line-by-line
Zofori Building Materials S.A.	Zofori	EL	EUR	190,200.00	-	100.00	100.00	Comp. Financière et de Participations S.A.	
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

ITALMOBILIARE

(Translation from the original Italian text)

Certification pursuant to art. 154-bis, subsection 5 of the Legislative Decree February 24th, 1998, no. 58 (TUF) regarding the consolidated financial statements

1. The undersigned Giampiero Pesenti, Chief Executive Officer and Angelo Maria Triulzi, Manager in Charge of preparing the company's financial reports of Italmobiliare S.p.A., 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 consolidated financial statements, in the period from January 1st, 2008 to December 31st, 2008.

2. The assessment of the adequacy of the administrative and accounting procedures adopted for the preparation of consolidated financial statements as of December 31st, 2008 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.

3. The undersigned officers also certify that:

3.1 the consolidated financial statements as of December 31st , 2008:

a) were prepared in compliance with applicable international financial reporting standards recognised by the European Community pursuant to European Parliament and Council Regulation no. 1606/2002 of July 19th, 2002;

b) correspond to the accounting books and entries;

c) prepared in compliance with financial reporting standards referred to in item a) of this paragraph, as well as with the provisions issued pursuant to art. 9 of Legislative Decree no. 38/2005, 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;

3.2 the annual directors' report includes a reliable analysis of the business trend and the operational results of Italmobiliare S.p.A. and the companies included in the consolidation area, together with a description of the main risks and uncertainties to which they are exposed.

March 25th, 2009

Signed by: Giampiero Pesenti, Chief Executive Officer
Signed by: Angelo Maria Triulzi, Manager in Charge

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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, 2008, comprising the balance sheet, the statement of income, changes in shareholders' equity, cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Italian Legislative Decree n° 38/2005 is 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. Our audit was made in accordance with 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 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 11, 2008.

3. In our opinion, the consolidated financial statements of Italmobiliare Group at December 31, 2008 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of 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 Group for the year then ended.

4. The management of Italmobiliare S.p.A. is responsible for the preparation of the Directors' Report on Operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Directors' Report on Operations with the financial statements as required by art. 156, paragraph 4-bis, letter d) of the Legislative Decree 58/98. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by Consob. In our opinion the Directors' Report on Operations is consistent with the consolidated financial statements of Italmobiliare Group as of December 31, 2008.

Milan, Italy
April 8, 2009

Reconta Ernst & Young S.p.A.
signed by: Felice Persico, partner

Reconta Ernst & Young S.p.A.
Sede Legale: 00196 Roma - Via G.D. Romagnosi, 18/A
Capitale Sociale € 1.402.500,00 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

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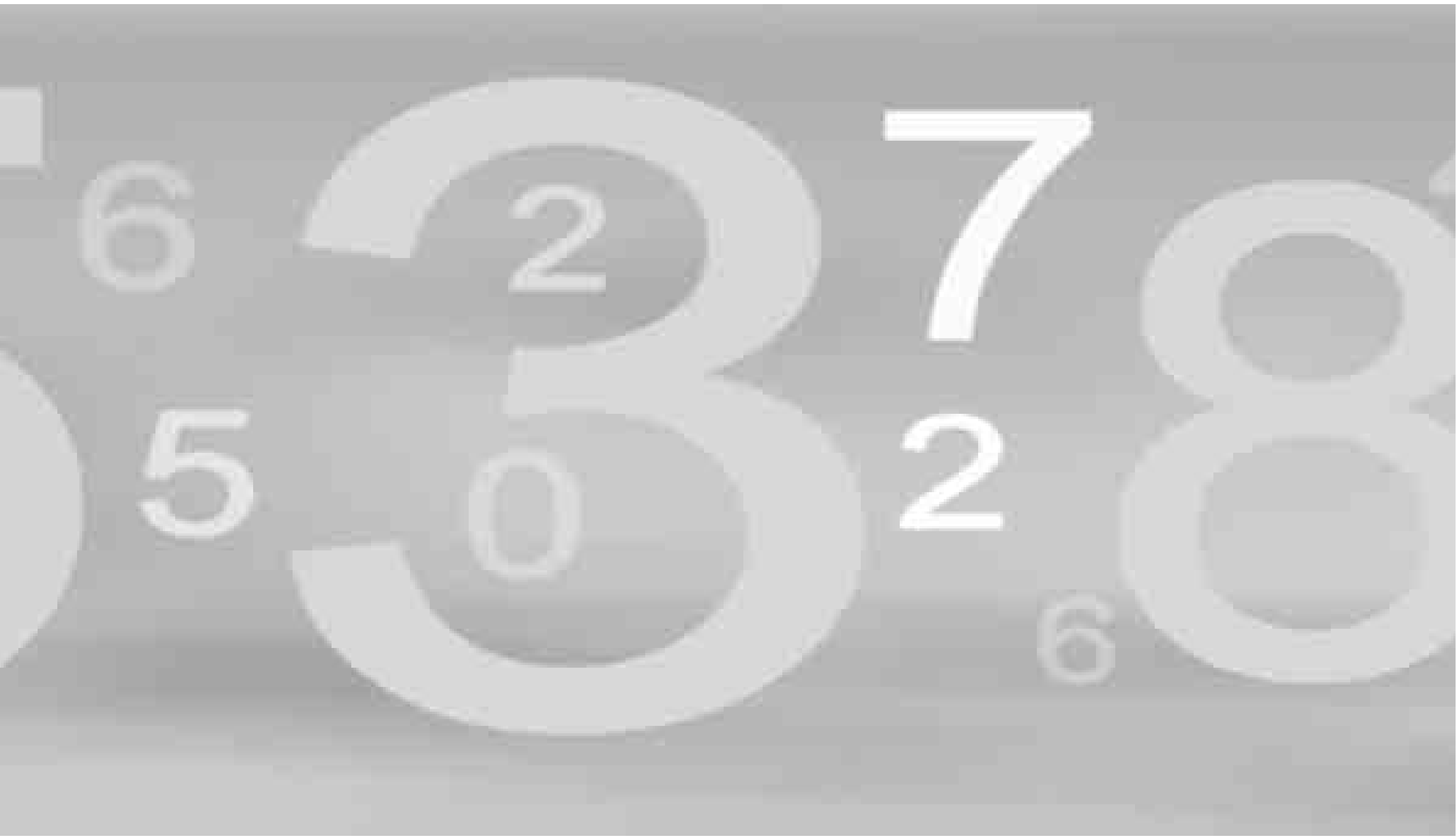
Italmobiliare S.p.A.



Directors' report on operations

The changes in the key standards and laws compared to 2007 are set out in the notes in the section "Declaration of compliance with the IFRS". On the basis of the provisions of EU Regulation 1606/2002, the standards that must be adopted do not include the principles and interpretations published by the International Accounting Standards Board (IASB) and by the International Financial Reporting Interpretations Committee (IFRIC) as at December 31, 2008, but not approved by the European Union at that date. The European Union has also approved further standards/interpretations which, for Italmobiliare S.p.A., will come into force as from 2009 and for which early application has not been elected.

Earnings indicators

In order to facilitate understanding of its income statement and balance sheet, Italmobiliare S.p.A. employes a number of widely used indicators, which are not envisaged by the IAS IFRS.
In particular, the income statement presents the following intermediate indicators/results: Recurring EBITDA, EBITDA, and EBIT, computed as the sum of the items preceding them. On the balance sheet, similar considerations apply to net financial debt, whose components are detailed in the specific section of the notes relating to IFRS 7.
Since the indicators used by the company do not come from the standard accounting principles, their definitions may not be the same as those used by other companies/groups and therefore may not be comparable.
This report contains many financial and non-financial earnings indicators, including those mentioned above. The financial indicators, taken from the financial statements, are used in the tables which summarize Italmobiliare S.p.A.'s business, equity and financial performance, in relation to comparative values and other values for the same period (e.g. change on the previous year in revenues, recurring EBITDA and EBIT).
In the notes, the section on IFRS 7 provides information on the effects of changes in interest rates and share prices on the income statement and the balance sheet.

General overview

At December 31, 2008, the parent company Italmobiliare had a net loss of 23.4 million euro, compared to net profit of 73.6 million euro in 2007. The result for 2008 was affected by the write-downs on the subsidiaries Franco Tosi S.r.l and Sance S.r.l for a total of 84.6 million euro. Excluding this effect, the result for 2008 would have been a profit of 61.2 million euro, down by 12.4 million euro compared to the previous year (-16.8%).

Summarized income statement

(in thousands of euro)	2008	2007	Change
Revenues	**116,658**	**102,550**	**14,108**
of which:			
Dividends	*104,919*	*85,454*	*19,465*
Capital gains on investments and securities	*75*	*3,020*	*(2,945)*
Interest and other finance income	*6,110*	*9,523*	(3,413)
Services	*5,554*	*4,553*	1,001
Costs for personnel, services and other operating expenses	(20,363)	(18,235)	(2,128)
Finance costs	(27,905)	(24,056)	(3,849)
Capital losses, impairment and other costs	(10,004)	(1,988)	(8,016)
Recurring EBITDA [1]	**58,386**	**58,271**	**115**
Other income (expense)	98	2,586	(2,488)
EBITDA [2]	**58,484**	**60,857**	**(2,373)**
Amortization and depreciation	(57)	(59)	2
EBIT [3]	**58,427**	**60,798**	**(2,371)**
Finance income (costs)	(83)	(76)	(7)
Adjustments to financial asset values	(84,624)		(84,624)
Result before tax	**(26,280)**	**60,722**	**(87,002)**
Income tax income	2,890	12,870	(9,980)
Net result for the period	**(23,390)**	**73,592**	**(96,982)**

At December 31, 2008, Italmobiliare recorded revenues of 116.7 million euro compared to 102.6 million in 2007. Dividend flows increased by 19.5 million euro, a change largely due to the higher dividends received from some foreign subsidiaries.
EBITDA and EBIT stood respectively at 58.5 million and 58.4 million euro compared to 60.9 million and 60.8 million euro in 2007. 2007 benefited from capital gains on share disposals of 2.5 million euro and fair value gains on trading shares of + 0.5 million euro, while in 2008 there were higher net finance costs and trading portfolio write-downs.

The write-downs mainly involved the subsidiary Franco Tosi S.r.l. for 83.8 million euro, and reflect the impairment of the equity investments held, largely in Unicredit, Mediobanca and RCS MediaGroup. The valuation was made on the basis of an expert report prepared by an independent professional.
A less favorable tax situation reduced income tax income from 12.9 million euro in 2007 to 2.9 million euro in 2008 and the net result was a loss of 23.4 million euro.

[1] Recurring EBITDA is the difference between revenues and costs excluding: other non-recurring income (expense), amortization and deprecation, impairment variations, finance income (costs) and income tax expense.

[2] EBITDA corresponds to Recurring EBITDA plus other non-recurring income (expense).

[3] EBIT corresponds to EBITDA plus amortization and depreciation and impairment variations.

The balance sheet at December 31, 2008, and December 31, 2007, is summarized below:

(in thousands of euro)	December 31, 2008	December 31, 2007
Fixed assets	3,828	3,983
Equity investments in subsidiaries	898,995	1,152,099
Equity investments in associates	40,829	59,392
Other equity investments	218,031	582,338
Receivables and other non-current assets	260,970	263,602
Non-current assets	**1,422,653**	**2,061,414**
Current assets	**171,058**	**89,083**
Total assets	**1,593,711**	**2,150,497**
Shareholders' equity	**1,103,679**	**1,568,459**
Non-current liabilities	281,398	362,545
Current liabilities	208,634	219,493
Total liabilities	**490,032**	**582,038**
Total shareholders' equity and liabilities	**1,593,711**	**2,150,497**

Italmobiliare S.p.A. shareholders' equity fell compared to December 31, 2007, by 464.8 million euro, from 1,568.5 million euro to 1,103.7 million euro, owing to:

- the fall in reserves of 379.9 million euro, mainly due to the reduction in the value of available-for-sale financial assets (for 382.4 million euro net of the deferred tax effect);
- the dividends paid under the Shareholders' resolution of April 29, 2008, for 61.5 million euro;
- the net loss for the year (23.4 million euro).

Net debt totaled 303.1 million euro, down compared to 477.4 million at December 31, 2007. The cash flows of Italmobiliare S.p.A. are analyzed in the Directors' report on Group operations, in the comments on the financial sector.

Transactions on equity investments

During the year the equity investment in Meltemi was sold, resulting in a modest capital gain (63.5 thousand euro), while, above all in the final part of the year, the capital contribution was reimbursed by the subsidiary Italmobiliare International Finance Ltd. for 168.5 million euro.

During the year **Italmobiliare S.p.A.** did not buy any treasury shares. Consequently, the company 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 74,100.00 euro), representing 0.174% of total savings shares. The nominal value of Italmobiliare S.p.A. ordinary and savings shares is 2.60 euro each.

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.

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.

2008 was the second tax year in the period 2007/2009 under the domestic tax consolidation envisaged by art. 117 ff. of the Income Tax Consolidation Act (TUIR), which was renewed in 2007 by the parent company Italmobiliare S.p.A. – which acts as the parent-consolidating company – and by some directly and indirectly controlled subsidiaries.
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.
- Cementificio di Montalto S.p.A.
- Imes S.r.l.
- Immobiliare Salesiane S.r.l.
- Intercom S.r.l.
- Intertrading S.r.l.
- Italgen S.p.A.
- Gruppo Italsfusi S.r.l.
- Nuova Sacelit S.r.l.
- Sama S.r.l.
- Sicilfin S.r.l.
- Silos Granari della Sicilia S.r.l.
- Sirap Gema S.p.A.
- 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.

Among the companies above, it should be noted that the subsidiary Sirap Gema S.p.A. joined the domestic tax consolidation in 2008 and so its three year period will be 2008/2010, Cementificio di Montalto S.p.A. joined for the first time in 2006 and so 2008 is the last year in the three-year period 2006/2008, while Intercom S.r.l. left the tax consolidation as from January 1, 2008, following its disposal to third parties in December 2008. This withdrawal did not have any negative impact on the companies which remain within the scope of the tax consolidation.

Dealings with 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 140 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 and extra costs of 24 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 1.2 thousand euro.

The fees paid are in line with market conditions for the respective types of professional service supplied.

During 2008 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 31 December 31, 2008, on dealings with related parties are provided in the notes.

Human resources and information on personnel

At December 31, 2008, the number of people employed at Italmobiliare S.p.A. was 45 (46 heads at December 31, 2007).

(number of employees)	2008	2007
Senior managers	13	13
Middle managers	3	2
Office workers	29	31
Total	**45**	**46**

The workforce is adequate for the company's mission and objectives and there is limited turnover.
During 2008, in compliance with point 19 of the Technical Regulations ("Annex B") of Legislative Decree 196/2003 "Consolidated Privacy Act", Italmobiliare S.p.A. monitored the Security Plan Document .

The Security Plan Document, as envisaged by legislation, defines company policy on the security of personal data:

- by listing data treatment procedures ;
- by identifying the duties and responsibilities of each person involved;
- by defining the risks connected to data treatment and the measures adopted, with the aim of minimizing such risks;
- by arranging training to ensure that EDP staff are aware of the risks regarding data and the measures available to prevent harmful events.

Moreover, in accordance with the recent indications provided by the "Italian Data Protection Commission" to simplify requirements and with the principles of corporate governance, the company commenced an overall data protection review, which will be completed during 2009.

In compliance with the provisions of Legislative Decree 81/2008 on workplace safety, as well as to ensure the effectiveness of the measures adopted in the company, an online training course was organized on "Workplace health and safety". All internal and external staff of Italmobiliare S.p.A. have taken this course.

Information on the environment

The company operations do not have a significant environmental impact.

Risks and uncertainties

The general global economic crisis and the crisis on the financial markets will have a serious impact on global financial and industrial activity during 2009. As a result of the deterioration in the credit standing of debenture issuers in 2008, the crisis could continue to have a negative impact in 2009, affecting valuation of the Italmobiliare financial asset portfolio. Share prices, too, could continue to be adversely affected by the repercussions of the general situation.

Italmobiliare has defined and updated its investment policy with the aim of identifying acceptable types of investment, rating levels, risk concentration, the usable counterparts and the necessary approvals. Despite the aforementioned crisis, it is considered that there is no significant uncertainty about the company's continuity given its credit capacity and solid equity structure.

Credit risk

This relates to the ability of issuers of financial instruments and counterparts in financial transactions to fulfill their obligations . In this regard, the investment policies define rating limits for individual investments (where applicable), quality levels by type of instrument and rating group, and the maximum limit available for each individual counterpart.

Since it has no other instruments, Italmobiliare must of necessity use the ratings issued by the best known ratings agencies, even if those agencies have, unfortunately, shown themselves to be of limited reliability in some cases and slow to react. The bond portfolio has an average rating of A+ (S&P's).

Italmobiliare has no significant trade credit risks.

Liquidity risk

This risk relates to possible difficulty in sourcing the necessary financing to sustain debt. At the end of the year in particular, the lending restrictions introduced by the main banks on the use of unsecured lines of credit in Italy had a particularly strong impact.

During 2008 and especially in the last quarter, efforts focused on taking out new secured lines of credit with banking counterparts and cashing in the most liquid investments.

In this way it was possible not only to improve Italmobiliare S.p.A.'s net financial position but also to reduce its bank borrowings at year end. Italmobiliare S.p.A.'s net financial position thus fell from -477.4 million euro to -303.1 million euro, with bank borrowings falling from 517.8 million euro to 415.8 million euro. Of this amount, 375.8 million euro refers to secured loans or credit lines, while 40.0 million euro relates to unsecured credit lines.

At the end of 2008 undrawn lines of credit totaled 10 million euro secured and 262 million euro unsecured.

Italmobiliare's debt reduction was also driven by the non-deductibility of the interest expense incurred by the holding, following the introduction of a new law on deductibility of interest expense.

Interest-rate risk

All Italmobiliare debt is at a floating rate. Only a portion is hedged by interest-rate swaps converting floating-rate debt into fixed-rate debt. These swaps, originally for a notional amount of 100 million euro and currently for 50 million euro due to the early termination of the IRS with Lehman Brothers (following Lehman Brothers' collapse), were taken out in September 2006 and have a five-year duration. The aim is to protect Italmobiliare S.p.A. from interest-rate rises, a policy which worked well in previous years and in the first part of 2008.

Price risk
Price risk relates to potential loss on listed shares carried at fair value following a fall in share prices; this risk is particularly significant.

In light of the fact that Italmobiliare S.p.A. is an equity holding, exposure to equity risk is inherent to its core business and therefore the risk is held and no particular risk-reduction measures are taken. It should also be noted that Italmobiliare is a long-term investor and therefore does not apply short-term policy to management of its equity investment portfolio.

Risk of reduction in cash flows
Italmobiliare is subject to the risk of reduction on cash inflows, with respect to both its equities portfolio (payment and size of dividends received) and its debenture portfolio.

Compliance risks with the law for finance companies
In regard to the rules introduced by Ministerial Decree no. 142 of February 3, 2006, Italmobiliare S.p.A., as a company registered on the relevant section of the general list as per art. 113 of the Consolidated Bank Act (T.U.B.), is subject to anti-money-laundering regulations and as such is required to comply with the obligations of identification and registration in the Single IT Archive (A.U.I.) in accordance with the ruling issued by the Italian Foreign Exchange Office (UIC) of February 26, 2006.
In addition, pursuant to art. 5 of Presidential Decree 605/1973, the company is required to send the central tax records office a monthly report setting out identification data of parties with whom it has financial dealings, specifying the type of dealings and any changes that have occurred.
In complying with A.U.I. updating requirements and the monthly preparation and transmission of data to the central tax records office, Italmobiliare is assisted by external consultants.

Information systems
In order to reduce the risk of loss of or damage to information in the Italmobiliare S.p.A. computerized information systems, data and server operating system back-ups on magnetic tapes are performed daily; the tapes are stored in special fire-proof locations at head office and at the subsidiary Italcementi S.p.A..

The back-up technology enables recovery of data on any Italcementi server in Italy or France.

Legal risks
In relation to existing legal risks and their economic impact, appropriate provisions and write-downs have been made. The estimates and valuations used are based on the information available and are in any case subject to systematic review with immediate recognition in the financial statements of any changes.

Insurance
Italmobiliare S.p.A. has taken out policies with leading insurance companies to cover risks to people or assets, as well as general third-party liability covers.

Significant post balance-sheet events

In early 2009 Italmobiliare collected a sum of 35 million euro from Italmobiliare International Finance Ltd. as reimbursement of a capital contribution.

In February 2009 Italmobiliare underwrote Unicredit cashes issued by Mediobanca for a nominal value of 10 million euro.

Also in February 2009 the company repaid in advance the loan with San Paolo IMI S.p.A. and arranged a new revolving facility with Intesa SanPaolo S.p.A. for up to 50 million euro at a floating rate determined, on an annual nominal basis, as the sum of a variable amount equivalent to Euribor at 1, 3 or 6 months and a fixed amount of 1.25%. The loan expires on September 7, 2010, and envisages drawings at 1, 3 or 6 months.

Outlook

Please refer to the section in the “Directors’ report on Group operations”.

CORPORATE GOVERNANCE

This section of the directors' report includes:

* the 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.

* * *

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.

In recent years the company has been actively engaged in modernizing its business culture in order to respond to the challenges arising from developments in corporate governance rules. This process has favored and enhanced the dissemination of values shared by all the subsidiaries and is based on recognition of the fact that adopting good rules of governance goes hand in hand with the spread of a business culture built on transparency, adequate management and effective controls.

An examination of the corporate governance structure envisaged in the binding articles of the company by-laws and in the provisions adopted by the company in the above codes and regulations confirms and bears witness to Italmobiliare S.p.A.'s commitment to adhering to generally agreed best practice, whose application is reflected in its Board resolutions and its organization notices.

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 2007 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 described below 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 introduced in 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. Resolutions to issue new savings shares with the same characteristics as those already outstanding, either through a share capital increase or through the conversion of other classes of shares, do not require approval by meetings of the holders of the respective classes of shares. 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 event 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.

On the 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.

Under the authorization approved by the Shareholders' Meeting of April 30, 2008, during the year the company did not purchase any ordinary treasury shares or any savings treasury shares.

During 2008 none of the company directors or managers who are beneficiaries of stock option plans exercised their respective vested rights.

Therefore, on December 31, 2008, the company held:
- 871,411 ordinary treasury shares, equivalent to 3.928% of the share capital represented by ordinary shares, part of which 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.

Efiparind B.V. is the relative majority shareholder: according to the latest communication received and other information held by the company, it indirectly holds, net of the treasury shares held by Italmobiliare, 47.265% of the ordinary shares of Italmobiliare S.p.A.

Pursuant to the joint provisions of art. 2497-sexies and 2359 of the Italian Civil Code, no company or body 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.

Board of Directors

The company by-laws envisage the appointment of the Board of Directors on the basis of lists that ensure for minority shareholders the minimum number of directors envisaged by the law.

In addition, the «Code» 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 laws in force, 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 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 2009, 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 2.5% 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' list;
- 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 no longer to 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 of 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 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 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; the assessment of the company operating structure; the determination of the remuneration of directors with special duties; 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:

- transactions of strategic, economic or financial importance for Italmobiliare S.p.A. undertaken with related parties by the company itself or by its subsidiaries;
- other transactions with related parties when expressly required by the specific company procedure and in compliance with the methods therein;

Finally, the Board of Directors must review, at least once a year, the size, composition and workings of the Board itself and of its Committees.

The Board of Directors consists mainly 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 «Code» provides for the Board to appoint 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 devote the necessary time to diligent performance of their duties. 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
	Allianz S.p.A.	- Director
	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
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 Bd Statutory Auditors
	BMW Italia S.p.A.	- Chairman Bd Statutory Auditors
Carlo Pesenti	Italcementi S.p.A.	- Chief Exec. Officer
	Ciments Français S.A.	- Deputy Chairman
	Mediobanca S.p.A.	- Director
	RCS MediaGroup S.p.A.	- Director
	Unicredit S.p.A.	- Director
	Ambienta Sgr	- 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
	Arca S.g.r.	- 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
	Tim Participações S.A.	- Director
Jonella Ligresti	Fondiaria-Sai S.p.A.	- Chairman
	Premafin HP S.p.A.	- Deputy Chairman
	Sai Holding Italia S.p.A.	- Chairman
	Mediobanca S.p.A.	- Director
	Milano Assicurazioni S.p.A.	- Director
	RCS MediaGroup S.p.A.	- Director
	Finadin 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
Francesco Saverio Vinci	Mediobanca S.p.A.	- Director
	Mediobanca Securities USA LCC.	- Deputy Chairman
	Compagnie Monegasque de Banque	- Director
	Duemme Hedge S.G.R. S.p.A.	- Director
	Duemme Sicav S.p.A.	- Director
	Duemme S.G.R. S.p.A.	- Director
	Perseo S.p.A.	- Director

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:

Mario Cera	Unione di Banche Italiane S.c.p.a.	- Director
Luigi Guatri	Banco di Desio e della Brianza S.p.A.	- Director
	Pirelli & C. S.p.A.	- Chairman Bd Statutory Auditors
Eugenio Mercorio	Credito Bergamasco S.p.A.	- Acting Auditor
	Italcementi S.p.A.	- Substitute Auditor
Leonardo Cossu	Sabaf S.p.A.	- Director

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 (or Chief Executive Officers).

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 and the Director-Chief Operating Officer is tied to business results and to 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, the Deputy Chairman, the 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) to 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 whose 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 consultation with the Internal Control Committee.

In addition, where the nature, value or other features of the transaction so require, 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 verifies periodically the adequacy of the procedure for transactions with related parties adopted by the Board of Directors and proposes any updates deemed necessary.

Creation of committees

Italmobiliare S.p.A., in its own «Code», provides for the Board of Directors to establish a Remuneration Committee and an Internal Control Committee from among its members. These Committees' resolutions are offered by way of consultation and as proposals and are not binding on the Board.

The Committees shall be composed of no fewer than three members and, in carrying out their functions, may access the necessary corporate information and functions, and also make 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 of the majority of its members, in person or via an audio or video-conference link. 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 of the Chief Operating Officer and 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 performs additional consultative functions on remuneration and related matters which the Board of Directors may request from time to time.

The *Internal Control Committee*, consisting of independent directors, has the task, in addition to the above, of verifying, together with the manager in charge of preparing the financial reports and the auditors, the correct application of accounting policies and their consistency for the purposes of preparing the consolidated financial statements; of expressing, at the request of the Chief Executive Officer, opinions on specific aspects regarding identification of the main company risks as well as the planning, realization and management of the internal control system; of examining the work program and periodic reports prepared by the Controller. In addition, the Internal Control Committee performs further duties assigned by the Board of Directors and reports, 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 not only be composed of independent directors, most of whom are independent, but also include 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 appointed by them; the Chairman and the 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» 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.

At the meeting of April 30, 2008, in which it assigned company positions, 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. This officer's role is to:

a) identify the main corporate risks, taking into account the characteristics 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 keep the system aligned 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 the Controller's remuneration in line with company policy and provides the Controller with suitable resources and organizational structures.

The Controller is responsible for 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 presents an assessment of the internal control system's ability to achieve an acceptable overall risk profile, to the Internal Control Committee, the executive director responsible for overseeing the internal control system and the Board of Statutory Auditors, as required by law.

Executive director responsible for overseeing the internal control system

In reference to the system of controls, during the meeting of April 30, 2008, at which corporate positions were allocated, pursuant to the «Code» and with the assistance of the Internal Control Committee, the Board of Directors named the Chairman-Chief Executive Officer, Giampiero Pesenti, as the executive director responsible for overseeing the internal control system.

Manager in charge of preparing the company's financial reports

On April 30, 2008, the Board of Directors confirmed Angelo Maria Triulzi, the co-head of Administration and Finance, 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 Mr 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 2010.

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 joint stock 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 their 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 2009, the threshold established by CONSOB is 2.5% 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 to the first name in a single list presented or to 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 lapsed 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 among 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 among 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 among the candidates indicated in the list of which each outgoing auditor 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 appointment of one acting auditor and one substitute auditor. In all cases, 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 devote the necessary time to diligent performance of their duties.

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, keep order and establish the method of voting (which must be 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 the 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 financial years, and may be re-elected.

The Shareholders' Meeting of April 30, 2008, appointed the Board of Directors for the three years 2008-2010. On that occasion the majority shareholder presented its own list of candidates, while other minority shareholders presented their own lists of candidates. Consequently, the Board of Directors, on the basis of the regulations in force and company by-laws, consists of 12 directors, of whom 11 are from the list which obtained the highest number of votes at the Shareholders' Meeting and one is from the minority shareholders' list which obtained the highest number of votes at the Shareholders' Meeting.

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 guidance 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 also, 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 five members, all the powers 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 Voluntary Code of Conduct, 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 S.p.A., 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 at all levels, set their pay, suspend them, change their employment terms and dismiss them;
- to the **Deputy Chairman**, Italo Lucchini, solely the powers of corporate representation, pursuant to the company by-laws, to be exercised separately from those of the Chairman – Chief Executive Officer;
- to the **Chief Operating Officer**, Carlo Pesenti, among other things, 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 S.p.A., 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, including those 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 10 non-executive directors out of a total of 12. Among the non-executive directors, 5 have the prerequisites for independence established for auditors by Legislative Decree 58/98 and 4 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.

On April 30, 2008, the first meeting following the appointment by the Shareholders' Meeting, and on March 25, 2009, 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 report.

As envisaged by the «Code», on March 25, 2009, the Board of Directors assessed the size, composition and operations of the Board and its Committees.

To this end, the company had prepared and previously distributed to all the directors a questionnaire in the form of statements, for each of which the respondent marked their level of agreement.

The outcome of this assessment was a broadly positive judgment on the adequacy of the composition and on the efficiency and operations of the Board of Directors and its Committees.

A few isolated comments, however, expressed the wish for more information on the parent company and Group strategic, industrial and financial plans, earlier dispatch – to directors and auditors – of documentation on the issues to be examined at Board meetings and greater distribution of delegated powers by the Board.

During 2008, the Board of Directors met on 10 occasions; 8 directors took part in all the meetings, 2 directors, one of whom is independent, took part in 9 meetings, 1 director, who is not independent, took part in 3 meetings out of 10 and 1 director, who is independent and newly appointed, took part in 1 meeting out of 5.

The average length of the meetings of the Board of Directors held during the year was approximately two and a half hours. Moreover, considering only the meetings during which accounting data, among other things, was approved, the average rises to around three and a half hours.

The full Board of Statutory Auditors attended all meetings, except on two occasions.

The Executive Committee met twice during 2008: all the members took part in the meetings. The Board of Statutory Auditors was present on both occasions, but not with all its members.

The average length of meetings of the Executive Committee during the year was approximately 45 minutes.

During 2009 the Board of Directors has so far met on three occasions, the first to examine forecasts for 2009, the second to examine the guidelines for the simplification of the Group corporate structure, and the third to approve – among other things – the draft financial statements for 2008. During the year no fewer than a further three meetings are currently planned to approve the interim accounts.

During 2009 the Executive Committee has so far not met.

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

At its meeting on April 30, 2008, the Board of Directors appointed the Remuneration Committee and the Internal Control Committee, to hold office for the full three-year term of the Board of Directors.

The *Remuneration Committee* consists of three non-executive members, the majority being independent directors. During 2008 it met twice 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, the majority being independent.

During 2008 the Internal Control Committee met 7 times, with all its members present except on two occasions; in particular, it examined the reports prepared by the Controller and by the independent auditors to verify the adequacy of the internal control system and reported to the Board of Directors, during approval of the half-year financial 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. In this context, since the complexity of Italmobiliare means it may be more appropriately termed a “group of groups”, the internal control system is structured so as to avoid overlaps in the activities and competencies among the control bodies of Italmobiliare and those of the main subsidiaries. In particular, the Italmobiliare Internal Control Committee receives from the corresponding bodies at Italcementi and Finter Bank Zurich half-yearly reports on operations undertaken with them and, in this regard, holds periodic consultations with them.

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 adequacy, effectiveness and functioning of the internal control system with respect to the characteristics of the company.

As envisaged by the «Code», the executive director responsible for overseeing 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 2008 the Controller implemented the audit plan, as presented to the Internal Control Committee, and undertook the duties assigned from time to time by the Chief Executive Officer in his capacity as the executive director responsible for overseeing 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. However, it believes that there is room for improvement in Italcementi and therefore 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 April 30, 2008, the majority shareholder presented its own list of candidates, while minority shareholders presented their own lists of candidates.

Consequently, the position of Chairman of the Board of Statutory Auditors, on the basis of the law in force and the by-laws, is held by the candidate indicated in the minority shareholders list that obtained the most votes at the Shareholders' Meeting, while the remaining two acting auditors were taken from the list that obtained the most votes at the Shareholders' meeting.

As envisaged by the «Code», in 2008 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 attended all the meetings 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 COMMITTEES

Board of Directors							Executive Committee		Internal Control Committee		Remuneration Committee	
Position	Member	Executive	Non executive	Indipend.	Attendance	No. other positions	Member	Attendance	Member	Attendance	Member	Attendance
Chairman Chief Executive Officer	Giampiero Pesenti	•			10/10	10	•	2/2				
Deputy Chairman	Italo Lucchini		•		10/10	5	•	2/2			•	2/2
Director Chief Operating Officer	Carlo Pesenti	•			10/10	6	•	2/2				
Director	Pier Giorgio Barlassina		•		10/10	8						
Director	Mauro Bini		•	•	9/10	1			•	7/7		
Director	Giorgio Bonomi		•		9/10	1			•	7/7		
Director	Gabriele Galateri di Genola		•	•	3/10	8					•	1/1
Director	Jonella Ligresti		•	•	1/5	9			•	3/4		
Director	Luca Minoli		•		10/10	3					•	1/1
Director	Giorgio Perolari		•	•	10/10	1	•	2/2	•	2/3	•	2/2
Director	Livio Strazzera		•		10/10	2	•	1/1				
Director	Francesco Saverio Vinci		•		5/5	7						

TABLE 2

BOARD OF STATUTORY AUDITORS

Position	Member	Attendance at meetings	No. other positions (*)
Chairman	Mario Cera	4/4	1
Chairman / Acting auditor	Luigi Guatri	4/6	2 (1)
Acting auditor	Eugenio Mercorio	6/6	2 (1)
Acting auditor	Claudio De Re	2/2	2 (1)
Substitute auditor	Marco Confalonieri	-	-
Substitute auditor	Leonardo Cossu	-	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 in incompatible situations as envisaged by the law or people 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 contained in the text approved by the Corporate Governance Committee.

	YES	NO	Summary of 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) manner of exercise c) and frequency of reporting?	• • •		
Has the Board of Directors reserved the right to review and approve transactions with a significant impact on the balance sheet and income statement (including transactions with related parties)?	•		
Has the Board of Directors established guidelines and criteria to identity "significant" transactions?	•		
Are these guidelines and criteria described in the report?	•		
Has the Board of Directors 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			
Were candidacies for the position of director deposited at least ten days in advance?	•		
Were candidacies for the position of director accompanied by adequate information?	•		
Were candidacies for the position of director accompanied by an indication of suitability to be considered as independent?	•		
Were candidacies for the position of auditor deposited at least ten days in advance?	•		
Were candidacies for the position of auditor accompanied by adequate information?	•		
Shareholders' meetings			
Has the company approved a Procedure for Shareholders' Meetings?		•	The broad powers attributed to the Chairman by law and accepted practice, as well as the provision of the by-laws that expressly empowers the Chairman to direct the discussion, keep order and establish method of voting (which must be open), are considered adequate tools for the orderly running of Shareholders' Meetings.
Is the Procedure attached to the report (or is there an indication of where it can be obtained/downloaded)?		-	
Internal control			
Has the company appointed controllers?	•		
Are these managers hierarchically not subordinate to the managers of the operating areas?	•		
Unit responsible 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 the 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 Group 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 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 provisions which are the basis of the control processes and the accounting/operational information, 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 the provisions in force, to ensure equality and contextuality.

Regarding dealings with institutional investors and other shareholders, based, as envisaged by the «Code», 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 or 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 any party holding 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 separate 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 separate 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 company Voluntary Code of Conduct, taking up the indications of the Corporate Governance Committee, attributes to the Board of Directors the task of examining and giving prior approval to transactions with related parties, transactions of strategic, economic, equity or financial importance for the company, undertaken by the company and by subsidiaries, for which the prior approval of the Board of Directors is expressly required by the specific company procedure.

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.

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 amendments 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 system and corporate governance more effective, and prevent corporate offenses and offenses 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»). This was subsequently updated in 2006 in line with the law on market abuse and failure by directors to disclose a conflict of interest.

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».

In 2008 the «Model» was also extended to crimes connected to violation of the laws on workplace health and safety, transnational crimes, receipt of stolen goods and money-laundering.

During the year the company organized a new version of the online course for employees, accessible as follows:

- in its full form for all employees who had not received training on Law 231;
- the module on Market Abuse, for all employees who had previously received training on Law 231 following initial adoption of the “Model”.

The duty of continuously overseeing the effective functioning and enforcement of the «Model», as well as proposing amendments, is entrusted to a Compliance Committee, which operates on an autonomous, professional and independent basis.

In accordance with the provisions of the «Model», the Compliance Committee is currently composed of an independent director (subsequently named 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 end of previous year	Number of shares bought	Number of shares sold	Number of shares held at end of current year
Giampiero Pesenti	Italmobiliare S.p.A.	ordinary: 24,700 [1]	ordinary: 2,923 [2]	ordinary: -	ordinary: 27,623 [1]
		savings: 119 [3]	savings: 2,348 [2]	savings: -	savings: 2,467 [1]
	Italcementi S.p.A.	ordinary: 10,972 [2]	ordinary: -	ordinary: -	ordinary: 10,972 [3]
		savings: 10,608 [2]	savings: 12,090 [2]	savings: -	savings: 22,698 [1]
Carlo Pesenti	Italmobiliare S.p.A.	ordinary: 16,441	ordinary: -	ordinary: -	ordinary: 16,441
	Italcementi S.p.A.	ordinary: 1,500 [3]	ordinary: -	ordinary: -	ordinary: 1,500 [3]
		savings: 3,000 [3]	savings: -	savings: -	savings: 3,000 [3]
	Ciments Français S.A.	ordinary: 50	ordinary: -	ordinary: -	ordinary: 50
Pier Giorgio Barlassina	Italmobiliare S.p.A.	ordinary: 1,500	ordinary: -	ordinary: -	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 [3]	savings: -	savings: -	savings: 130,000 [3]
Livio Strazzera	Italmobiliare S.p.A.	ordinary: 100	ordinary: -	ordinary: -	ordinary: 100
Luigi Guatri	Italcementi S.p.A.	savings: 10,000 [3]	savings: -	savings: -	savings: 10,000 [3]
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
		ordinary: 6,000	savings: 5,000	savings: -	savings: 11,000

1 shares held in part directly and in part by spouse
2 shares received in inheritance
3 shares held by spouse

ADJUSTMENT FOR COMPLIANCE WITH CONSOB MARKET REGULATION

In June 2008 CONSOB supplemented the so-called Market Regulation by introducing a specific provision governing the listing of companies:

A) that control companies whose registered office is in a non-European Union state (art. 36)

B) that are subject to management and coordination by another company (art. 37).

In particular, the companies as set out in lett. A), are required to:

1) disclose the accounts of subsidiaries drawn up for the purposes of the consolidated financial statements, including at least the balance sheet and the income statement;
2) procure from subsidiaries their by-laws, the composition and powers of the corporate bodies;
3) check that the subsidiaries:
   - provide the parent company auditor with the information needed to audit the annual and interim accounts of the parent company;
   - have an administrative-accounting system that provides the management and auditors of the parent company, on a regular basis, with the business, financial and equity information needed to draft the consolidated financial statements.

The companies as set out at lett. B), on the other hand, may be admitted for trading on a regulated Italian market (or maintain their listing) where:

a) they have fulfilled the disclosure obligations envisaged by article 2497-bis of the Italian Civil Code;

b) they are free to negotiate in dealings with customers and suppliers;

c) they do not have, with the company that exercises control or with other companies of the Group, a centralized treasury management agreement, which is not in their corporate interest. The correspondence with the corporate interest is certified by the Board of Directors with a detailed declaration verified by the Board of Statutory Auditors;

d) they have independent directors (pursuant to the Voluntary Code of Conduct), in sufficient numbers to guarantee that their judgment has a significant weight in Board decisions.

In reference to the provisions as set out at art. 36, the scope of application involves 41 subsidiaries, located in 12 countries that are not part of the European Union.

A suitable procedure has, therefore, been established to guarantee:

- the transmission of the accounts of the subsidiaries drawn up for the purposes of the consolidated financial statements, to enable such accounts to be disclosed;
- the centralized collection of the by-laws, the composition and powers of the corporate bodies of the subsidiaries.

The procedure also provides for the documentation in question to be regularly updated.

The by-laws of all subsidiaries located in countries that do not belong to the European Union, which are relevant for the purposes of the regulation in question, as well as the composition and powers of the corporate bodies, have been acquired and are held in the company records.

It has also been ascertained that the subsidiaries based in countries that are not part of the European Union:

- provide the company's auditor with the information needed to audit the annual and interim accounts of Italmobiliare S.p.A.;
- have an administrative-accounting system able to provide the management and auditors of the parent company, on a regular basis, with the business, financial and equity information needed to draft the consolidated financial statements.

In reference to the provisions at letter B) above, as already indicated elsewhere in the report, since Italmobiliare S.p.A. is not subject to management and coordination by any company or body, it is not subject to the obligations envisaged therein, although Efiparind B.V., pursuant to art. 2359, paragraph 1, no. 2 of the Italian Civil Code, has sufficient votes to exercise, albeit indirectly, a dominant influence at the ordinary Shareholders' Meeting.

Efiparind B.V. does not recommend, and has never recommended, strategic guidelines for the company to follow in its operations. The Board of Directors of Italmobiliare S.p.A., therefore, has always taken its own decisions in complete independence and free from any interference from the majority shareholder.

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 plan regulation has subsequently undergone minor changes.

In relation to this stock option plan, in 2008, on the basis of the results achieved during 2007, a total of 60,000 options were assigned to the Chief Executive Officer.

During the year to December 31, 2008, an overall total of 275,000 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 initially 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 available 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 available.

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 undergone minor changes), under which in 2008, on the basis of the results achieved during 2007, a total of 64,200 options were assigned to Group managers, of which 35,500 options to the Chief Operating Officer.

At December 31, 2008, a total of 335,359 options had been granted to Group managers, of which 210,500 to 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 initially 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 may be sold 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

The year closed with a net loss of 23,389,712.00 euro which we propose to cover in full by drawing a similar amount from the extraordinary reserve. The extraordinary reserve will, therefore, decrease to 394,463,456.25 euro.

Since distribution of a dividend to savings shares is not envisaged, pursuant to the by-laws, the preferred dividend, equivalent to 5% of the share par value, will be added to the preferred dividend in the following two years.

* * *

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 29, 2009,

- 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, 2008,

resolves

- to approve:
  - the Board of Directors' report on operations;
  - the separate financial statements for financial year 2008, consisting of the balance sheet, the income statement and the notes, which reflect a net loss of 23,389,712.00 euro as presented by the Board of Directors in its entirety, in the individual accounting entries and with the proposed allocations;
- to cover in full the loss for the year of 23,389,712.00 euro by drawing a similar sum from the extraordinary reserve.

Authorization to purchase and dispose of treasury shares

To the Shareholders,

The ordinary Shareholders' Meeting held on April 30, 2008, renewed the company's authorization to purchase and dispose of treasury shares, for a period of 18 months from the date of the resolution.

Under the above Shareholders' resolution, during the year the company did not buy any ordinary or savings treasury shares, nor did it dispose of those in its portfolio to grant them to the beneficiaries of stock options, since no options were exercised.

Therefore at March 25, 2009, the company held 871,411 ordinary treasury shares and 28,500 savings treasury shares. The carrying amount of 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 29 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;
  - ❖ with a view to medium/long-term investment;
- to take action, in compliance with the provisions in force, directly or through intermediaries, to limit anomalous movements in share prices and to regularize trading and prices, in the event of momentary distortions linked to excess volatility or limited liquidity in trading;
- to hold a portfolio of treasury shares to use for extraordinary financial operations or for other commitments which are considered of financial, operational and/or strategic interest for the company;
- to offer shareholders a further means of cashing in on their investment.

2) Maximum number, category and nominal value of shares for which authorization is requested; compliance with para. 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.

In any case, purchases will be made in compliance with the provisions of article 2357 of the Civil Code, within the limits of distributable profits and available reserves as resulting from the last duly approved company financial statements.

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 150 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 will, unless other specified below, normally be carried out 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.

Moreover, after taking account of the various objectives that may be pursued, which are set out in this proposal, the Board of Directors requests authorization to carry out purchases in accordance with any other method allowed by the law and the regulations in force and, therefore, currently:

- through a public tender or exchange offer;
- through the purchase and sale of derivatives traded on regulated markets which envisage the physical delivery of the underlying shares;
- through the proportionate allocation to shareholders of sale options to be exercised within the term of the authorization as set out in paragraph 3 above.

With regard to disposal transactions, the Board of Directors proposes that the authorization permit adoption of any suitable means to achieve the objectives, either directly or through intermediaries, in compliance with the laws and regulations in force in Italy and the EU.

The treasury share purchase and disposal transactions for which authorization is requested will be carried out in compliance with applicable laws and, in particular, in compliance with laws and regulations in force in Italy and the EU, also regarding market abuse.

Adequate disclosure will be made of purchase and disposal operations involving treasury shares in compliance with the applicable disclosure requirements.

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 resolution:

«The Italmobiliare S.p.A. Shareholders' Meeting held on April 29, 2009,

- 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 the resolution authorizing the purchase and disposal of treasury shares adopted by the ordinary Shareholders' Meeting held on April 30, 2008;
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 150 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 authorize, pursuant to art. 2357 ter, para. 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 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;

4) to establish that:
   - purchases are normally carried out in a manner to ensure parity of treatment among shareholders and do not permit the purchase offers to be directly linked with predetermined sale offers, or, having taken into account the various aims that may be pursued, through any means allowed by the law and regulations in force;
   - the disposal of shares takes place by any suitable means to meet the objectives pursued, either directly or through intermediaries, in compliance with the laws and regulations in force, in Italy and the EU;
   - treasury share purchase and disposal operations are carried out in compliance with applicable laws and, in particular, in compliance with the laws and regulations in force;

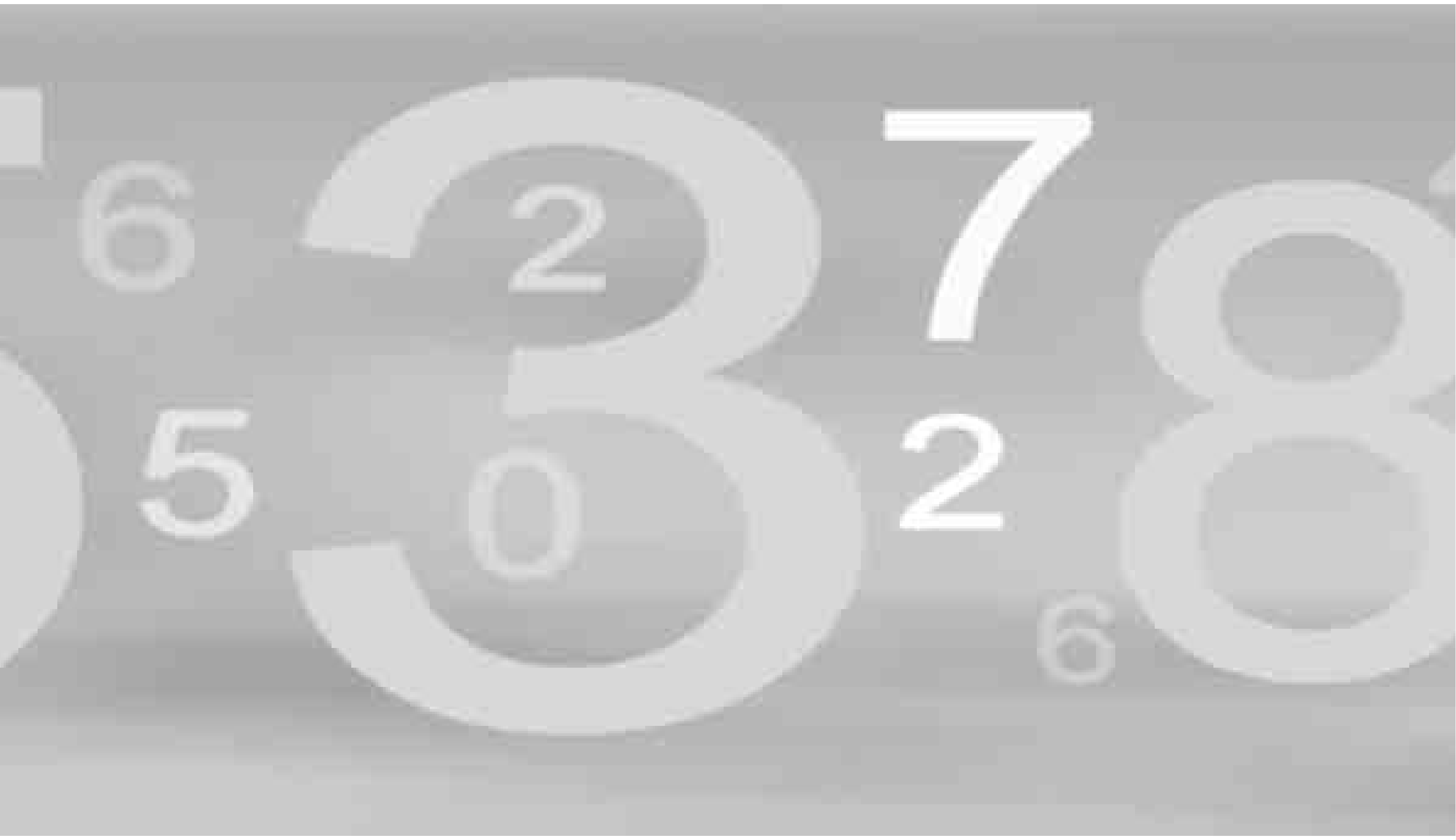
5) to establish that the consideration paid or received in connection with treasury share purchase or sale transactions be recorded directly in shareholders' equity in accordance with International Accounting Standard “IAS 32” and that such transactions be in any case accounted for in accordance with 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».

Milan, March 25, 2009

for the Board of Directors
The Chairman

Financial statements 2008



Financial statements

Balance sheet

(euro)	Notes	December 31, 2008	December 31, 2007	Change
Non-current assets				
Property, plant and equipment	1	3,682,685	3,690,371	(7,686)
Investment property	2	100,807	291,853	(191,046)
Intangible assets	3	43,753	689	43,064
Investments in subsidiaries and associates	4	939,824,410	1,211,490,883	(271,666,473)
Other equity investments	5	218,031,363	582,338,476	(364,307,113)
Receivables and other non-current assets	6	260,969,636	263,601,309	(2,631,673)
Total non-current assets		**1,422,652,654**	**2,061,413,581**	**(638,760,927)**
Current assets				
Trade receivables	7	2,220,467	2,103,203	117,264
Other current assets	8	3,185,938	4,226,162	(1,040,224)
Income tax assets	9	45,237,713	41,278,673	3,959,040
Equity investments and financial receivables	10	15,534,336	41,258,987	(25,724,651)
Cash and cash equivalents	11	104,879,723	216,467	104,663,256
Total current assets		**171,058,177**	**89,083,492**	**81,974,685**
Total assets		**1,593,710,831**	**2,150,497,073**	**(556,786,242)**
Shareholders' equity				
Share capital	12	100,166,937	100,166,937	
Reserves	13	233,939,267	613,855,773	(379,916,506)
Treasury shares	14	(21,226,190)	(21,226,190)	
Retained earnings		790,798,990	875,662,574	(84,863,584)
Total shareholders' equity		**1,103,679,004**	**1,568,459,094**	**(464,780,090)**
Non-current liabilities				
Interest-bearing loans and long-term borrowings	16	265,780,005	346,440,005	(80,660,000)
Employee benefit liabilities	15	1,183,619	1,178,643	4,976
Non-current provisions	17	13,318,918	13,506,517	(187,599)
Other non-current liabilities		30,413	33,850	(3,437)
Deferred tax liabilities	18	1,085,261	1,385,592	(300,331)
Total non-current liabilities		**281,398,216**	**362,544,607**	**(81,146,391)**
Current liabilities				
Bank overdrafts and short-term borrowings	16	150,000,001	171,376,559	(21,376,558)
Interest-bearing loans and short-term borrowings	16	15,996,290	6,463,335	9,532,955
Trade payables	19	2,703,278	2,226,393	476,885
Income tax liabilities		-	-	-
Other current liabilities	20	39,934,042	39,427,085	506,957
Total current liabilities		**208,633,611**	**219,493,372**	**(10,859,761)**
Total liabilities		**490,031,827**	**582,037,979**	**(92,006,152)**
Total shareholders' equity and liabilities		**1,593,710,831**	**2,150,497,073**	**(556,786,242)**

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	2008	%	2007	%	Change value	%
Revenues	21	**116,658,696**	**100.0**	**102,549,558**	**100.0**	**14,109,138**	**13.8**
Other revenues	22	395,583		1,373,252		(977,669)	
Goods and utilities expenses	23	(141,208)		(147,660)		6,452	
Services expenses	24	(6,904,210)		(5,761,131)		(1,143,079)	
Employee expenses	25	(13,714,082)		(13,699,204)		(14,878)	
Other operating income (expense)	26	(37,909,219)		(26,043,778)		(11,865,441)	
Recurring EBITDA		**58,385,560**	**50.0**	**58,271,037**	**56.8**	**114,523**	**0.2**
Net capital gains on sale of fixed assets	27	292,299		18,763		273,536	
Other non-recurring income (expense)	27	(194,273)		2,567,639		(2,761,912)	
EBITDA		**58,483,586**	**50.1**	**60,857,439**	**59.3**	**(2,373,853)**	**-3.9**
Amortization and depreciation	28	(56,639)		(59,501)		2,862	
EBIT		**58,426,947**	**50.1**	**60,797,938**	**59.3**	**(2,370,991)**	**-3.9**
Finance income (costs)	29	(83,078)		(75,894)		(7,184)	
Adjustments to financial asset values	30	(84,624,065)				(84,624,065)	
Result before tax		**(26,280,196)**	**-22.5**	**60,722,044**	**59.2**	**(87,002,240)**	**-143.3**
Income tax (expense)	31	2,890,484		12,870,045		(9,979,561)	
Income (expense) from discontinued operations							
Net result for the period		**(23,389,712)**	**-20.0**	**73,592,089**	**71.8**	**(96,981,801)**	**-131.8**

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, 2007	**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)
Net profit/(loss) for the period							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)
Other changes						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**
Change in fair value on:								
Available-for-sale financial assets			(382,357,627)		(382,357,627)			(382,357,627)
Stock options				2,441,121	2,441,121			2,441,121
Total gains (losses) recognized directly in equity			(382,357,627)	2,441,121	(379,916,506)			(379,916,506)
Net profit/(loss) for the period							(23,389.711)	(23,389,711)
Total gains (losses) for the period			(382,357,627)	2,441,121	(379,916,506)		(23,389,711)	(403,306,217)
Distribution of profits:								
Dividends							(61,473,873)	(61,473.873)
Balances at December 31, 2008	**100,166,937**	**177,191,252**	**49,985,397**	**6,762,618**	**233,939,267**	**(21,226,190)**	**790,798,990**	**1,103,679,004**

Cash flow statement

(in thousands of euro)	2008	2007
A) Cash flow from operating activities:		
Profit before tax	(26,280)	60,722
Amortization, depreciation and impairment	57	60
Capital (gains)/losses on securities, equity investments and property, plant and equipment	4,824	(2,307)
Change in employee benefit liabilities and other provisions	(183)	(13,901)
Stock options	2,441	1,867
Reversal of adjustments to financial asset values	84,624	
Reversal of net finance income/costs	(84,969)	(70,921)
Cash flow from operating activities before tax, finance income/costs and change in working capital:	**(19,486)**	**(24,480)**
Trade receivables	(117)	(242)
Trade payables	477	(501)
Other receivables/payables, accruals and deferrals	(2,718)	42,858
Total change in working capital:	**(2,358)**	**42,115**
Net finance costs paid	(22,379)	(14,650)
Dividends received	104,919	85,386
Net tax paid/refunds		(42,759)
Total A)	**60,696**	**45,612**
B) Cash flow from investing activities:		
Investments in fixed assets:		
PPE and investment property	(38)	(30)
Intangible	(53)	
Financial assets (Equity investments)		(89,821)
Change in payables for equity investment acquisitions		
Total investments	**(91)**	**(89,851)**
Proceeds from divestments of fixed assets	596	7,070
Total divestments	**596**	**7,070**
Total B)	**505**	**(82,781)**
C) Cash flow from financing activities:		
Change in loans and borrowings	(91,545)	50,361
Change in financial receivables	18,807	(10,598)
Change in current equity investments	9,175	13,437
Treasury share purchases		1,227
Dividends paid	(61,474)	(55,830)
Reimbursement capital contribution by IIF	168,500	
Total C)	**43,463**	**(1,403)**
D) Change in cash and cash equivalents (A+B+C)	**104,664**	**(38,572)**
E) Opening cash and cash equivalents	**216**	**38,788**
D+E) Closing cash and cash equivalents	**104,880**	**216**

Notes

The Italmobiliare S.p.A. financial statements as at and for the year to December 31, 2008, were approved by the Board of Directors on March 25, 2009. At the meeting, the Board authorized publication of the financial statements in a press release dated March 25, 2009, containing key information from the financial statements.
The separate financial statements are subject to approval by the Shareholders' Meeting, which has the power to make changes following publication. The financial statements have been drawn up assuming business continuity. Despite the difficult economic and financial situation, Italmobiliare has no material uncertainties about its business continuity, in part thanks to its creditworthiness and solid equity structure.

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, 2008, 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, 2008, that had not been approved by the European Union at that date.

Since December 31, 2007, a number of principles and interpretations approved by the European Union <u>have come into force and have been applied in the financial statements as at and for the year to December 31, 2008</u>, in particular:

- Amendments to IAS 39 "*Financial instruments: Recognition and measurement*" and IFRS 7 "*Financial instruments: disclosures*": "*Reclassification of financial assets*", approved by the European Commission on October 15, 2008, with Regulation (EC) 1004/2008. These amendments authorize reclassification of certain financial assets from the "available for sale" category to other categories in limited circumstances such as financial crises. These amendments have had no impact on the Group which has not applied any reclassifications.

- IFRIC 11 "*Group and treasury share transactions*": approved by the European Commission on June 1, 2007, with Regulation (EC) 611/2007. This interpretation, linked to IFRS 2, governs reporting of share-based payments.

Standards, principles and interpretations approved by the European Union in 2008 but not yet in force and for which the company has not elected early application are as follows:

- IFRS 8 "*Operating segments*": approved by the European Commission on November 21, 2007, with Regulation (EC) 1358/2007 and applicable as from January 1, 2009, although early application is allowed. This principle replaces IAS 14 "Segment reporting" and governs disclosures on business segments.

- IAS 1 "*Presentation of financial statements*" (reviewed in 2007): approved by the European Commission on December 17, 2008 with Regulation (EC) 1274/2008 and applicable as from January 1, 2009, although early application is allowed. This principle introduces new requirements for the presentation of financial statements and prescribes additional information.

- IAS 23 "*Borrowing costs*" (reviewed in 2007): approved by the European Commission on December 10, 2008, with Regulation (EC) 1260/2008 and applicable as from January 1, 2009, although early application is allowed. This standard requires capitalization of borrowing costs directly arising from the acquisition, construction or productivity of "qualifying assets

- Amendments to IFRS 2 "*Vesting conditions and cancellations*": approved by the European Commission on December 16, 2008, with Regulation (EC) 1261/2008 and applicable as from January 1, 2009, although early application is allowed. The amendments provide clarifications with regard to vesting conditions, accounting treatment of non-vesting conditions and cancellation of agreements.

- IFRIC 13 "*Customer loyalty programs*": approved by the European Commission on December 16, 2008, with Regulation (EC) 1262/2008 and applicable as from January 1, 2009 (the IASB document envisages applicability as from July 1, 2008) although early application is allowed. This interpretation governs accounting treatment of free or discounted goods and services sold or lent under customer loyalty programs.

- IFRIC 14 "*IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction*": approved by the European Commission on December 16, 2008, with Regulation (EC) 1263/2008 and applicable as from January 1, 2009 (the IASB document envisages applicability as from January 1, 2008) although early application is allowed. This interpretation clarifies the indications of IAS 19 "Employee benefits" with regard to measurement of a post-employment defined benefit asset in the event of a minimum funding requirement.

The principles and interpretations, published by the IASB but not yet approved by the European Union, are summarized in the following table:

Title of document	IASB issue date	Applicability date of IASB document	Expected EU approval date	Note
Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures - Reclassification of Financial Assets - Effective date and transition	November 2008	July 1, 2008	Not available	The EU is likely to set an applicability date after July 1, 2008
Revised IFRS 3 Business Combinations	January 2008	July 1, 2009	Q2 2009	
Amendments to IAS 27 Consolidated and Separate Financial Statements	January 2008	July 1, 2009	Q2 2009	
Amendment to IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items	July 2008	July 1, 2009	Q2 2009	
Revised IFRS 1 First-time Adoption of International Financial Reporting Standards	November 2008	July 1, 2009	Not available	
IFRIC 12 - Service Concession Arrangements	November 2006	January 1, 2008	Q1 2009	The EU is likely to set an applicability date after January 1, 2008
IFRIC 15 - Agreements for the Construction of Real Estate	July 2008	January 1, 2009	Q2 2009	
IFRIC 16 - Hedges of a Net Investment in a Foreign Operation	July 2008	October 1, 2008	Q2 2009	The EU is likely to set an applicability date after October 1, 2008
IFRIC 17 - Distributions of Non-cash Assets to Owners	November 2008	July 1, 2009	Not available	
IFRIC 18 - Transfers of Assets from Customers	January 2009	July 1, 2009	Not available	

Use of estimates

The preparation of the financial statements and the notes in conformity with the international accounting policies requires formulation 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, and provisions for disputes.
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 or, even if it holds a lower percentage of voting rights, when it is entitled to take part in financial and management policy decisions by virtue of a specific juridical status including, but not limited to, participation in voting trusts or other forms of material exercise of rights of governance.
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

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 interest in the fair value of 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.

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 against 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 when 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, for the portion not transferred to supplementary pension plans or to the specific fund organized by the Italian national insurance board (INPS) for companies with fewer than 50 employees.

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 swaps 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, since the derivatives in question do not qualify for hedge accounting, even though they are arranged for hedging purposes.

Income tax

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, 2008, and December 31, 2007, these totaled respectively 3,683 thousand euro and 3,690 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	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**
Additions		17	18	3	38
Disposals			(1)	(26)	(27)
Depreciation		(15)	(28)	(2)	(45)
Use accumulated depreciation			1	26	27
Net carrying amount at December 31, 2008	**3,458**	**61**	**162**	**2**	**3,683**
Gross amount	4,425	528	964	11	5,928
Accumulated depreciation	(967)	(467)	(802)	(9)	(2,245)
Net carrying amount at December 31, 2008	**3,458**	**61**	**162**	**2**	**3,683**

The increase during the year was largely due to the purchase of plant 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 101 thousand euro (292 thousand euro at December 31, 2007) is valued at cost.
The fair value of these investments at December 31, 2008, was 1,657 thousand euro and was determined on the basis of evaluations made by independent external experts.

(in thousands of euro)	Investment property
Gross amount	321
Accumulated depreciation	(29)
Net carrying amount at December 31, 2007	**292**
Additions	
Disposals	(189)
Depreciation	(2)
Net carrying amount at December 31, 2008	**101**
Gross amount	133
Accumulated depreciation	(32)
Net carrying amount at December 31, 2008	**101**

Revenues from investment property totaled 302 thousand euro at December 31, 2008.
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.

(in thousands of euro)	Licenses and various rights	Total
Gross amount	18	18
Accumulated amortization	(18)	(18)
Net carrying amount at December 31, 2007		
Additions	53	53
Disposals		
Amortization	(9)	(9)
Net carrying amount at December 31, 2008	**44**	**44**
Gross amount	71	71
Accumulated amortization	(27)	(27)
Net carrying amount at December 31, 2008	**44**	**44**

The increase in the year refers to the purchase of new administrative software.

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, 2008	December 31, 2007	Change
Receivables due from subsidiaries for tax consolidation	2,354	1,131	1,223
Receivables due from employees	4	3	1
Receivables due from social security bodies	2	2	
Dividends to be received		68	(68)
Receivables due from tax authorities for sales tax	580	123	457
Other miscellaneous current receivables	118	222	(104)
Interest-rate trading derivatives		2,590	(2,590)
Accrued income due from subsidiaries	14	16	(2)
Miscellaneous accrued income due from others	20	20	
Prepaid expenses due from others	94	51	43
Total	**3,186**	**4,226**	**(1,040)**

Receivables due from subsidiaries included in the domestic tax consolidation rose by 1,223 thousand euro following the increase in the tax payable attributed by the subsidiaries to the parent company Italmobiliare S.p.A.
Interest-rate trading derivatives are carried at zero, since their fair value at December 31, 2008, was negative and was consequently recorded under financial liabilities.

9) Income tax assets

Income tax assets totaled 45,238 thousand euro (41,279 thousand euro at December 31, 2007) as follows:

(in thousands of euro)	December 31, 2008	December 31, 2007	Change
Prior-year credits from tax authorities	41,279		41,279
Ires tax provision for the year	3,959	41,279	(37,320)
Total	**45,238**	**41,279**	**3,959**

The increase in income tax assets was due to the Ires tax provision for the current year.

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, 2008, the fully paid-up share capital of the parent company totaled 100,166,937 euro represented by 38,525,745 shares with a par value of 2.6 euro each.

Number of shares	December 31, 2008	December 31, 2007	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, 2008, reserves fell overall by 379,917 thousand euro compared to December 31, 2007, owing to:
- a fall in the value of available-for-sale financial assets, net of the impact of deferred tax, for 382,358 thousand euro;
- an increase of 2,441 thousand euro in the stock option reserve.

14) Treasury shares

At December 31, 2008, the cost of treasury share buy-backs 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, 2008	**871,411**	**20,830**	**28,500**	**396**	**21,226**

A total of 570,639 ordinary treasury shares were held at December 31, 2008, to service stock option plans for directors and managers.

Dividends paid

Dividends declared and paid in 2008 and 2007 are detailed below:

	2008 (euro per share)	2007 (euro per share)	December 31, 2008 (in thousands of euro)	December 31, 2007 (in thousands of euro)
Ordinary shares	1.600	1.450	34,098	30,901
Savings shares	1.678	1.528	27,376	24,929
Total dividends			**61,474**	**55,830**

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, 2008.

Movements on the item are detailed below:

(in thousands of euro)	Leaving entitlements	Long-service bonus	Total
At December 31, 2007	1,061	118	**1,179**
Uses during year	(534)		**(534)**
Provision for year	495	2	**497**
Present value of leaving entitlements	42		**42**
At December 31, 2008	**1,064**	**120**	**1,184**

Expenses in the year included:

(in thousands of euro)	December 31, 2008	December 31, 2007	Change
Current cost of services	(129)	(157)	28
Finance costs	(58)	(55)	(3)
Cost of prior-period services		(3)	3
Actuarial adjustment for prior periods		67	(67)
Total	**(187)**	**(148)**	**(39)**

The assumptions used to determine liabilities arising from long-term benefits are illustrated below:

	Provision for leaving entitlements
Discount factor	6.00%
Future wage and salary increases	3 - 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, 2008, 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
March 28, 2008	124,200	3/28/2011 - 3/27/2018			124,200	€	59.9080
Total	**610,359**		**39,720**	**-**	**570,639**		

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, 2008			December 31, 2007		
(in thousands of euro)	Number options	Average subscription price		Number options	Average subscription price	
Unexercised options at beginning of year	**446,439**	**€**	**61.275**	**363,680**	**€**	**49.649**
Granted during year	124,200	€	59.908	122,479	€	86.069
Cancelled during year						
Exercised during year				39,720	€	31.280
Expired during year						
Unexercised options at end of year	**570,639**	**€**	**60.977**	**446,439**	**€**	**61.275**
Vested options at end of year	**214,080**			**105,643**		

The average price of ordinary shares for full-year 2008 was 49.115 euro (88.535 euro for full-year 2007).
The average residual life of unexercised options was 4 years and 2 months.
Only options relating to plans granted after November 7, 2002, the rights to which had 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	2008	2007
March 24, 2003	49,283	3 years		
March 30, 2004	96,080	3 years		
March 30, 2005	108,437	3 years	90	360
March 21, 2006	109,880	3 years	783	783
March 21, 2007	122,479	3 years	965	724
March 28, 2008	124,200	3 years	534	
Total	**610,359**		**2,372**	**1,867**

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:

	2007 plan	2006 plan	2005 plan	2004 plan	2003 plan
Option value at grant date	17.21	23.64	22.05	11.41	7.15
Share value	65.1	87.41	73.57	52.84	35.05
Exercise price	59.908	86.068	65.701	54.536	35.199
Volatility as %	17.5%	17.5%	17.5%	17.5%	17.5%
Option term (in years)	10	9.75	9.75	9.75	10
Dividends in %	2.23%	1.45%	1.50%	1.89%	2.68%
10-year BTP risk-free rate	3.889%	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 13,319 thousand euro at December 31, 2008, and decreased by 187 thousand euro compared to December 31, 2007, largely due to use in the year upon 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 write-downs	13,506		187	13,319

18) Deferred tax liabilities

Total deferred tax liabilities were 1,085 thousand euro at December 31, 2008, as follows:

(in thousands of euro)	December 31, 2008	December 31, 2007	Change
Deferred tax and duties - outstanding shares	534	534	0
Deferred tax and duties - available-for-sale shares	365	893	(528)
Deferred tax and duties - available-for-sale debentures		16	(16)
Deferred tax and duties - other	359	125	234
Deferred tax assets	(173)	(182)	9
Total	**1,085**	**1,386**	**(301)**

The change was largely due to the reduction in the fair value reserve for available-for-sale equity investments.

Temporary differences excluded from determination of deferred tax assets and liabilities:

	2008		2007	
(in thousands of euro)	**Amount**	**Tax effect**	**Amount**	**Tax effect**
Provision for bad debts and equity investment write-downs	13,319	3,663	13,506	3,714

Deferred tax assets were not recorded since it was not possible to forecast the reversal of the existing provisions over a reasonably predictable period of time.

Current liabilities

19) Trade payables

See the specific IFRS 7 section.

20) Other current liabilities

(in thousands of euro)	December 31, 2008	December 31, 2007	Change
Amounts due to employees	2,669	2,415	254
Amounts due to social security authorities	348	321	27
Amounts due on tax consolidation to subsidiaries	33,827	29,866	3,961
Amounts due to tax authorities	294	428	(134)
Accruals and deferred income	121	148	(27)
Other amounts due	1,736	6,250	(4,514)
Interest rate swaps for trading	940		940
Total	**39,935**	**39,428**	**507**

The payables due to subsidiaries on the tax consolidation totaled 33,827 thousand euro (29,866 thousand euro at December 31, 2007) and reflect amounts to be recognized to subsidiaries.

With respect to these payables, a receivable due from the tax authorities of 45,238 thousand euro is reflected (see note 9).

Commitments

The changes compared to December 31, 2007, were largely due to medium/long-term financial transactions secured by equities and the release of stock option grants to directors and managers under the 2007 plan.

(in thousands of euro)	December 31, 2008	December 31, 2007
Guarantees on company assets	251,312	235,611
Deposits, guarantees, commitments, other	38,096	29,764
Total	**289,408**	**265,375**

The value of guarantees on company assets shown above reflects fair value at the balance sheet date.

Income statement

21) Revenues

Revenues from sales and services totaled 116,658 thousand euro, as follows:

(in thousands of euro)	December 31, 2008	December 31, 2007	Change	% change
Dividends	104,919	85,454	19,465	22.8%
Interest income	6,110	9,523	(3,413)	-35.8%
Capital gains on equity investments and securities	75	3,020	(2,945)	-97.5%
Services	5,554	4,553	1,001	22.0%
Total	**116,658**	**102,550**	**14,108**	**13.8%**

The most significant changes were the increase in interest income on Total Return Equity Swaps ("T.R.E.S.") for 1,437 thousand euro and capital gains on equity investments and securities. Significant items in the previous year were the capital gains on the disposal of equity investments in other companies, mainly represented by the partial disposal of Sesaab.

The breakdown of dividend revenues was as follows:

(in thousands of euro)	December 31, 2008	December 31, 2007	Change	% change
Subsidiaries				
Italcementi S.p.A.	39,599	37,452	2,147	5.7%
So.Par.Fi. Italmobiliare S.A.	10,993		10,993	100.0%
Franco Tosi S.r.l.		11,000	(11,000)	-100.0%
Italmobiliare International B.V.	287		287	100.0%
Italmobiliare International Finance Ltd.	23,997	8,750	15,247	174.3%
Sance S.r.l.	1,700	1,300	400	30.8%
Italmobiliare Servizi S.r.l.	80	60	20	33.3%
Total	**76,656**	**58,562**	**18,094**	**30.9%**
Associates				
Società Editrice Siciliana S.p.A.	659	659		
Mittel S.p.A.	1,278	2,045	(767)	-37.5%
Total	**1,937**	**2,704**	**(767)**	**-28.4%**
Other companies				
Unicredito Italiano S.p.A.	22,264	20,551	1,713	8.3%
Unione di Banche Italiane S.c.p.a.	1,633	1,375	258	18.8%
Fin.Priv. S.r.l.	1,268	1,268		
Gruppo Banca Leonardo S.p.A.	833	426	407	100.0%
A2A S.p.A. (ex Asm Brescia)	96	165	(69)	-41.8%
Assicurazioni Generali S.p.A.		150	(150)	-100.0%
Compagnia Fiduciaria Nazionale S.p.A.	119	119		
Sesaab S.p.A.	70	100	(30)	-30.0%
Emittente Titoli S.p.A.	43	28	15	53.6%
Gazzetta del Sud Calabria S.p.A.		6	(6)	-100.0%
Total	**26,326**	**24,188**	**2,138**	**8.8%**
Grand total	**104,919**	**85,454**	**19,465**	**22.8%**

The breakdown of interest income was as follows:

(in thousands of euro)	December 31, 2008	December 31, 2007	Change	% change
Interest and finance income from subsidiaries	377	451	(74)	-16.4%
Interest on securities and debentures	1,189	1,250	(61)	-4.9%
Bank interest income	1,588	510	1,078	211.4%
Interest from tax authorities	1	172	(171)	-99.4%
Commissions and other income	162	248	(86)	-34.7%
Income from interest-rate hedging		1,606	(1,606)	-100.0%
Income from TRES	2,793	5,286	(2,493)	100.0%
Total	**6,110**	**9,523**	**(3,413)**	**-35.8%**

The income from “T.R.E.S.” refers to short-term liquidity investments.

The breakdown of capital gains on equity investments and securities was as follows:

(in thousands of euro)	December 31, 2008	December 31, 2007	Change	% change
From sale of available-for-sale equity investments				
Consortium		8	(8)	100.0%
Meltemi S.r.l.	61		61	100.0%
Sesaab S.p.A.		1,913	(1,913)	100.0%
Total	**61**	**1,921**	**(1,860)**	**-96.8%**
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	(1)	-100.0%
Other		1	(1)	100.0%
Total		**555**	**(555)**	**-100.0%**
From sale of trading debentures	**14**	**22**	**(8)**	**-36.4%**
From valuation of trading equity investments at fair value				
A2A S.p.A. ex Asm Brescia		522	(522)	-100.0%
Total		**522**	**(522)**	**-100.0%**
Grand total	**75**	**3,020**	**(2,945)**	**-97.5%**

In 2008 the most significant capital gain was on the disposal of Meltemi S.r.l.

22) Other revenues

These totaled 396 thousand euro (1,373 thousand euro at December 31, 2007) and included rents and recovery of condominium expenses for 21 thousand euro, recovery of costs from Group companies for 158 thousand euro, other income for 191 thousand euro and non-recurring income for 26 thousand euro.

23) Goods and utilities expenses

Goods and utilities expenses amounted to 141 thousand euro, as follows:

(in thousands of euro)	December 31, 2008	December 31, 2007	Change	% change
Materials and machinery	7	20	(13)	-65.0%
Other materials	78	66	12	18.2%
Electricity, water and gas	56	62	(6)	-9.7%
Total	**141**	**148**	**(7)**	**-4.7%**

24) Services expenses

Services expenses amounted to 6,904 thousand euro, as follows:

(in thousands of euro)	December 31, 2008	December 31, 2007	Change	% change
Legal fees, consultancy and compensation	5,435	4,333	1,102	25.4%
Rents and fees for use of third-party assets	277	259	18	6.9%
Insurance	327	319	8	2.5%
Lease payments and expense on civil buildings	74	77	(3)	-3.9%
Maintenance and repairs	139	191	(52)	-27.2%
Subscriptions	51	76	(25)	-32.9%
Communication and promotions	144	106	38	35.8%
Post and telephone	50	49	1	2.0%
Cleaning	110	117	(7)	-6.0%
Other expenses and residual services	297	234	63	26.9%
Total	**6,904**	**5,761**	**1,143**	**19.8%**

Compensation includes compensation paid to the Board of Statutory Auditors of 150 thousand euro.

25) Employee expenses

Employee expenses amounted to 13,714 thousand euro, as follows:

(in thousands of euro)	December 31, 2008	December 31, 2007	Change	% change
Wages and salaries	7,946	7,348	598	8.1%
Social security contributions	1,789	1,818	(29)	-1.6%
Provisions and pension funds	536	494	42	8.5%
Remuneration directors	3,386	3,980	(594)	-14.9%
Other miscellaneous expenses	57	59	(2)	-3.4%
Total	**13,714**	**13,699**	**15**	**0.1%**

The number of employees is shown below:

(heads)	December 31, 2008	December 31, 2007
Employees at year end	45	46
Average number of employees	45.25	44.08

26) Other operating income (expense)

Other operating expense, net of other operating income, amounted to 37,909 thousand euro, as follows:

(in thousands of euro)	December 31, 2008	December 31, 2007	Change	% change
Finance costs				
Interest on short-term financing	10,619	7,397	3,222	43.6%
Interest on medium/long-term financing	14,979	16,385	(1,406)	-8.6%
Current account and financial interest expense due to subsidiaries	455	180	275	152.8%
Commissions for non-utilization	8	85	(77)	-90.6%
Costs for interest-rate hedging	1,845		1,845	100.0%
Other expense		9	(9)	-100.0%
Total	**27,906**	**24,056**	**3,850**	**16.0%**
Capital losses and impairment losses				
Sale trading securities		15	(15)	-100.0%
Sale Alleanza Ass. S.p.A.		15	(15)	-100.0%
Sales Eni S.p.A.		41	(41)	-100.0%
Impairment A2A S.p.A.	1,815		1,815	100.0%
Impairment trading debentures	3,376	661	2,715	410.7%
Impairment equity-linked financial instruments	3,836			
Total	**9,027**	**732**	**8,295**	**1133.2%**
Other expense and income				
Condominium expenses on own buildings	186	125	61	48.8%
Other operating expense	93	96	(3)	-3.1%
Non-deductible sales tax	490	975	(485)	-49.7%
ICI tax	33	25	8	32.0%
Other tax	22	26	(4)	-15.4%
Non-recurring expense	152	9	143	1588.9%
Total	**976**	**1,256**	**(280)**	**-22.3%**
Total other operating income (expense)	**37,909**	**26,044**	**11,865**	**45.6%**

The impairment loss of 3,836 thousand euro refers to the fair value adjustment on the financial receivable due from Mediobanca in connection with an equity-linked financial instrument.

27) Other income (expense)

Other income, net of other expense, amounted to 98 thousand euro (income of 2,586 thousand euro at December 31, 2007), as follows:

(in thousands of euro)	December 31, 2008	December 31, 2007	Change	% change
Capital gains on sale of fixed assets	292	19	273	1436.8%
Additions/use of provision for bad debts and equity	187	13,960	(13,773)	-98.7%
Other income (expense)	(381)	(11,393)	11,012	-96.7%
Total	**98**	**2,586**	**(2,488)**	**-96.2%**

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 July to the "Fondazione Italcementi Cav. Lav. Carlo Pesenti".

28) Amortization and depreciation

The overall amount of 57 thousand euro (60 thousand euro at December 31, 2007) refers to depreciation of property, plant and equipment for 47 thousand euro (56 thousand euro at December 31, 2007) and amortization of intangible assets for 10 thousand euro (4 thousand euro at December 31, 2007).

29) Finance income (costs)

Finance costs, net of finance income, amounted to 83 thousand euro, as follows:

(in thousands of euro)	December 31, 2008	December 31, 2007	Change	% change
Financial services	81	74	7	9.5%
Miscellaneous finance costs	2	2	0	0.0%
Total	**83**	**76**	**7**	**9.2%**

30) Adjustments to financial asset values

The change of 84,624 thousand euro refers mainly to the subsidiary Franco Tosi s.r.l. and was based on an estimate made by an independent professional of the value of the equity investments held by the subsidiary.

31) Income tax expense

Income tax for the year reflected income of 2,890 thousand euro, as follows:

(in thousands of euro)	December 31, 2008	December 31, 2007	Change	% change
Current tax	(3,400)	(12,410)	9,010	-72.6%
Deferred tax	243	(353)	596	-168.8%
Prior-year tax	267	(107)	374	100.0%
Total	**(2,890)**	**(12,870)**	**9,980**	**-77.5%**

The change compared to 2007 was largely due to the lower current tax charge.

IFRS 7

Management Policies

Introduction

The Italmobiliare Board of Directors establishes the policy regarding the Italmobiliare 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 acting 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 adjusting it as circumstances vary in order to adequately support its activities and maximize value for shareholders. The company also aims to maintain a solid credit rating and adequate capital indicators in line with its asset structure. No change was made to the objectives, policies and procedures during 2007 and 2008.

Financial instruments

The Policies described above define the type of financial instruments allowed, the maximum amounts, the counterparts, 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 for operating needs. With regard to borrowings received, all types of facilities are used: medium-term loans with or without guarantees, structures with medium-term derivatives, securities lending agreements with collateral, secured lines of credit, unsecured lines of credit 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 by counterparts.
Italmobiliare S.p.A. has no significant exposure to commercial credit risk.
With regard to financial counterpart risk arising from investment of liquidity and from positions on derivative contracts, identification of counterparts is based on the aforementioned Policies, establishing characteristics and limits of the authorized counterparts, based in relation to their ratings.

The table below details the level of credit risk exposure through definition of the average rating of debenture issuers and that of counterparts on interest-rate swaps carried at fair value.

	Fair value (in millions of euro)	**Average rating**	**Outstanding average life**	
			First call	**Final expiry**
Trading debentures	13.0	A	2.47 years	6.17 years
AFS debentures	3.1	A-	1.98 years	1.98 years
Fair value derivatives	(0.9)	AA	2.75 years	2.75 years

Assuming a parallel and instantaneous shift of 100 bp in the credit curve, the overall change in the fair value of the financial instruments would be 0.81 million euro, of which 0.77 million euro on the income statement and 0.04 million euro on 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 it is obliged to sustain additional costs to meet its commitments, or conditions of insolvency that put its business continuity at risk.
Italmobiliare's objective is to establish, through 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 procurement of funds 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	(111.0)	(40.0)	(280.8)		**(431.8)**
Total financial assets	119.4	3.1		6.2	**128.7**
Net financial position	**8.4**	**(36.9)**	**(280.8)**	**6.2**	**(303.1)**
Available lines of credit	*262.0*	*10.0*			***272.0***

Total available lines of credit consist of a committed credit line for 10 million euro maturing in April 2010 and 262.0 million euro in uncommitted credit lines.
Long-term debt is secured, under various contractual agreements, by 85.6 million Unicredito shares and by 1.7 million UBI shares for a total of 295.8 million euro, of which 215.8 million euro subject to mechanisms that adjust the loan amount to the value of the underlying shares.
A 55 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 affect the fair value of the company's financial assets and liabilities and the level of net finance costs. The aim of the Policies is to minimize 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.
Consistently with the objectives of the "Financial Plan", the Finance Division also manages risk positions through the use of derivatives, including structural transactions, to keep the risk profile within the approved limits. It draws up regular reports for senior management setting out the average costs of liabilities and yields on assets.

The following table illustrates the composition of the net financial position at December 31, 2008, and exposure to interest-rate risk; reference should be made to the specific note for a detailed analysis of the net financial position.

(in millions of euro)	
At December 31, 2008	
Fixed-rate financial liabilities	(0.5)
FIxed-rate financial assets	2.5
Fixed-rate NFP at inception	**2.0**
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	(50.0)
Fixed-rate NFP after hedging	**(48.0)**
Floating-rate financial liabilities	(432.2)
Floating-rate financial assets	125.9
Floating-rate NFP at inception	**(306.3)**
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	50.0
Floating-rate NFP after hedging	**(256.3)**
Assets not subject to interest-rate risk	1.2
Liabilities not subject to interest-rate risk	
Total NFP	**(303.1)**

Floating-rate assets include cash and cash equivalents, receivables due from Group companies and floating-rate debentures, while fixed-rate liabilities includes loans and borrowings due to third parties and to Group companies.

A sensitivity analysis was performed 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 was used to measure sensitivity.

The sensitivity analysis found that an instantaneous parallel 100 bp upward shift in the rate curve would produce a negative change of 0.08 million euro in fair value, of which 0.04 million euro in profit and loss and 0.04 million euro in the balance sheet.

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

Foreign-exchange risk

The Policies require investments to be made essentially in euro, although they allow 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, 2008, assets exposed to price risk amounted to 167.1 million euro, of which 165.8 million euro designated "Available for Sale" (AFS) and the remaining 1.3 million euro "Trading".
A hypothetical reduction of 5% in share prices would have a negative impact on asset fair value of 8.4 million euro, of which 8.3 million euro against equity and 0.1 million euro directly in profit and loss.

(in millions of euro)	Underlying		Share price delta	Impact on P&L		Impact on equity
Shares (trading)	1.3	M€	-5%	(0.10)	M€	
Shares (AFS)	165.8	M€	-5%			(8.3)

Net financial position

The net financial position at December 31, 2008, reflected debt of 303,071 thousand euro, down by 174,351 thousand euro compared to 477,422 thousand euro at December 31, 2007.

The breakdown of the net financial position was as follows:

(in thousands of euro)	December 31, 2008	December 31, 2007	Change
Cash and cash equivalents	104,880	216	104,664
Non-current financial receivables due from others	6,164		6,164
Financial receivables vs Group	223	16,398	(16,175)
Government securities and debentures - current	13,007	20,368	(7,361)
Government securities and debentures - non-current	3,067	2,792	275
Trading equity investments	1,261	3,075	(1,814)
Interest-rate derivatives		2,590	(2,590)
Prepayments and accrued income	1,043	1,419	(376)
Total financial assets	**129,645**	**46,858**	**82,787**
Bank loans	(415,780)	(517,817)	102,037
Loans and borrowings due to subsidiaries	(14,200)	(3,708)	(10,492)
Interest-rate swaps	(940)		(940)
Accruals and deferred income	(1,796)	(2,755)	959
Total financial liabilities	**(432,716)**	**(524,280)**	**91,564**
Net financial position	**(303,071)**	**(477,422)**	**174,351**

Comparison between fair value and carrying amount

		December 31, 2008		December 31, 2007	
(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	104,880	104,880	216	216
	Derivative instrumemnts			2,590	2,590
	Equity investments and financial receivables	15,534	15,534	41,259	41,259
Loans and receivables					
	Trade receivables	2,220	2,220	2,103	2,103
	Receivables and other non-current assets	260,970	260,970	263,601	263,601
Available-for-sale assets					
	Non-current equity investments	1,157,855	1,157,855	1,793,829	1,793,829
Held-to-maturity investments					
Total		**1,541,459**	**1,541,459**	**2,103,598**	**2,103,598**
Financial liabilities					
	Trade payables	2,703	2,703	2,226	2,226
	Interest-bearing loans and short-term borrowings	15,996	15,996	6,463	6,463
	Bank overdrafts and short-term borrowings	150,000	150,000	171,377	171,377
	Interest-bearing loans and long-term borrowings	265,780	265,780	346,440	346,440
	Interest-rate swaps	(940)	(940)	-	-
Total		**433,539**	**433,539**	**526,506**	**526,506**

Cash and cash equivalents

(in thousands of euro)	December 31, 2008	December 31, 2007	Change
Cash and checks on hand	21	14	7
Bank and postal accounts	104,859	202	104,657
Net amount	**104,880**	**216**	**104,664**

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.
Bank deposits include 100,929 thousand euro for a time deposit with BNP Paribas, for a variable amount linked to loans secured by company assets.
The fair value of cash and cash equivalents corresponds to the carrying amount.

Equity investments and financial receivables

The balance on this heading was as follows:

(in thousands of euro)	December 31, 2008	December 31, 2007	Change
Trading debentures	13,007	20,368	(7,361)
Listed shares for trading	1,261	3,075	(1,814)
Current financial receivables due from subsidiaries	223	16,398	(16,175)
Financial prepayments	1,043	1,418	(375)
Total	**15,534**	**41,259**	**(25,725)**

Trading debentures decreased by 7,361 thousand euro, reflecting repayment of floating-rate securities for 3,986 thousand euro and a fair value write-down of 3,376 thousand euro at year-end.
Shares for trading fell by 1,814 thousand euro entirely due to the write-down to reflect 2008 year-end fair value.
Financial receivables due from subsidiaries consist of current accounts, regulated at normal market rates, and represent the financial support provided in relation to subsidiaries' operating requirements. The decrease arose largely as a result of payment of a receivable due from the subsidiary Sirap Gema S.p.A., which at December 31, 2007, stood at 13,579 thousand euro.

Details of the items "Trading debentures" and "Listed shares for trading" are set out respectively in annexes "C" and "D".

Trade receivables

(in thousands of euro)	December 31, 2008	December 31, 2007	Change
Trade	3	12	(9)
Associates	75	150	(75)
Subsidiaries	2,142	1,941	201
Total	**2,220**	**2,103**	**117**

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, 2008	December 31, 2007	Change
Financial receivables due from subsidiaries	246,000	255,000	(9,000)
Financial receivables due from associates	5,727	5,797	(70)
Available-for-sale debentures	3,067	2,792	275
Guarantee deposits	12	12	
Other	6,164		6,164
Total	**260,970**	**263,601**	**(2,631)**

Receivables due from subsidiaries referred to loans due on March 31, 2009, and October 1, 2009, respectively:

- a non-interest-bearing loan of 11,000 thousand euro to Sance S.r.l. (20,000 thousand euro at December 31, 2007)
- 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.

The change in available-for-sale debentures reflected an increase of 591 thousand euro from the subscription of the 2012 convertible instrument issued by the subsidiary Bravosolution S.p.A. and a decrease of 317 thousand euro for recognition of securities at fair value at the end of 2008.

The financial receivable totaling 6,164 thousand euro reflected the fair value at December 31, 2008, of the advance made to Mediobanca in connection with an equity-linked financial instrument issued in February 2009.
The instrument in question is convertible into Unicredit ordinary shares on the basis of the conversion rate set on issue.

Investments in subsidiaries and associates

The movements on this heading with respect to December 31, 2007, are illustrated below:

(in thousands of euro)	
At December 31, 2007	**1,211,491**
Acquisitions	1,613
Disposals	(170,093)
Fair value taken to reserve	(18,563)
Fair value taken to income statement	(84,624)
At December 31, 2008	**939,824**

The repayment of 168,500 thousand euro relates to the reimbursement of the capital contribution by the subsidiary Italmobiliare International Finance Ltd. The operation is intended to reduce Italmobiliare S.p.A. debt.

Equity investments in subsidiaries and associates at December 31, 2008, 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	93.21
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
Sance S.r.l.	Milan	100.00
Associates		
Mittel S.p.A.	Milan	12.088
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, 2007	**582,338**
Acquisitions	
Disposals and reimbursements	(283)
Fair value taken to reserve	(364,024)
At December 31, 2008	**218,031**

The disposals concern the sale of Meltemi S.p.A. shares for 233 thousand euro and the share capital reduction at Atmos S.p.A. for 50 thousand euro.

The fair value reductions mainly concern Unicredito Italiano S.p.A., Fin Priv S.r.l. and Unione Banche Italiane S.c.p.a., and reflect fair value al December 31, 2008.

The fair value of listed associates and other 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, 2008, was as follows:

(in thousands of euro)	Number shares	December 31, 2008
Equity investments in listed companies:		
Unione di Banche Italiane S.c.p.a.	1,718,500	17,870
Unicredito Italiano S.p.A.	85,626,509	147,963
Total		**165,833**
Equity investments in unlisted companies:		
Ambienta S.p.A.	150	15
Atmos S.p.A.	4,000	141
Atmos Venture S.p.A.	200,000	200
Compagnia fiduciaria nazionale S.p.A.	20,001	355
Emittente titoli S.p.A.	209,000	176
Fin Priv S.r.l.	2,857	14,855
Gazzetta del sud Calabria S.p.A.	4,788	662
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	
Sesaab S.p.A.	700,000	10,990
Solar Energy Italia S.p.A.	69,100	69
Total		**52,198**
Total equity investments		**218,031**

The analysis of movements in equity investments is shown in “Annex A”.

Trade payables

“Trade payables” were as follows:

(in thousands of euro)	December 31, 2008	December 31, 2007	Change
Suppliers	1,886	1,520	366
Group companies	817	706	111
Total	**2,703**	**2,226**	**477**

Loans and borrowings

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

(in thousands of euro)	December 31, 2008	December 31, 2007	Change
Amounts due to banks (medium/long-term)	265,780	346,440	(80,660)
Amounts due to banks	150,000	171,377	(21,377)
Short-term financing	15,996	6,463	9,533
Interest-rate swaps	940		940
Total loans and borrowings	**432,716**	**524,280**	**(91,564)**

Italmobiliare loans and borrowings regulated at Euribor-indexed floating rates are hedged by a floating- to fixed interest-rate swap for a notional amount of 50 million euro, expiring in September 2011. This contract is classified under trading financial instruments.
The fair value of this derivative at December 31, 2008, stood at -940 thousand euro.

Main bank loans, drawings on lines of credit, undrawn lines of credit

The main borrowings were as follows:

(in thousands of euro)		December 31, 2008	December 31, 2007	Change
With collateral security:				
Other loans				
- BNP Paribas	maturity 11/21/2011	180,000	180,000	
- Sogen Paris fin. Tres	maturity 05/08/2012	25,000	25,000	
- San Paolo IMI S.p.A.	maturity 06/16/2009	25,000	25,000	
Total		**230,000**	**230,000**	
Without collateral security:				
Mediobanca - Unicredit shares	maturity 12/21/2011	35,780	116,440	(80,660)
Total		**35,780**	**116,440**	**(80,660)**
Total loans and borrowings		**265,780**	**346,440**	**(80,660)**

The reduction in the value of the Mediobanca loan reflects the change in the Unicredit share price.

In February 2009 the company repaid in advance the loan with San Paolo IMI S.p.A. and arranged a new revolving facility with Intesa SanPaolo S.p.A. up to 50 million euro, at a floating rate determined, on an annual nominal basis, as the sum of a variable amount equivalent to Euribor at 1, 3, or 6 months and a fixed amount of 1.25%. The loan expires on September 7, 2010, and envisages drawings at 1, 3 or 6 months.

Non-recurring transactions

The tables below itemize non-recurring transactions and their impact on equity, the financial position and net profit:

	December 31, 2008					
(in thousands of euro)	Shareholders' equity		Net profit for the year		Net debt	
		%		%		%
Book values	**1,103,679**		**(23,390)**		**(303,071)**	
Net capital gains on sale of fixed assets	292	0.03%	292	-1.25%	302	-0.10%
Other non-recurring income (expense)	(194)	-0.02%	(194)	0.83%	(2,312)	0.76%
Tax on non-recurring transactions	(77)	-0.01%	(77)	0.33%		
Total	**21**	**0.00%**	**21**	**-0.09%**	**(2,010)**	**0.66%**
Figurative value without non-recurring transactions	**1,103,658**		**(23,411)**		**(301,061)**	

	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)**	
Net 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)**	

Considerations of the independent auditors

A breakdown is set out below of the considerations paid in 2008 to the independent auditors Reconta Ernst & Young S.p.A. (RE&Y), as per CONSOB Resolution no. 11971 of May 14, 1999, art. 149-duodecies, paragraph 1:

Services provided (in thousands of euro)	**RE&Y**
Audit services	371,103
Total	**371,103**

The amount includes around 30 thousand euro for out-of-pocket expenses and reimbursement of the CONSOB contribution.

Dealings with related parties

The figures at December 31, 2008, for dealings with related parties are given in the table below:

Receivables and payables vs related parties

(euro) Description	Company	Amount	% impact on book values	Book values	Reference
Non-current receivables	Franco Tosi S.r.l.	235,000,000			
Subsidiaries	Sance S.r.l.	11,000,000			
Non-current receivables	Gesvim S.r.l.	5,726,663			
Associates					
Total receivables and other non-current assets		**251,726,663**	**98.94%**	**260,969,636**	**Note 6**
Trade receivables	Azienda Vendita Acquisti A.V.A. S.r.l.	19,212			
Subsidiaries	Franco Tosi S.r.l.	54,073			
	Finter Bank Zurich	95,816			
	Italcementi S.p.A.	1,636,826			
	Italmobiliare Servizi S.r.l.	41,893			
	Populonia Italica S.r.l.	66,793			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l	27,162			
	Sirap-Gema S.p.A.	181,979			
	Sance S.r.l.	18,658			
Trade receivables	G.I.S.T. S.r.l.	43,670			
Associates	Immobiliare Golf Punta Ala S.p.A.	30,995			
Total trade receivables		**2,217,076**	**99.85%**	**2,220,467**	**Note 7**
Receivables for tax consolidation	Imes S.r.l	3,861			
Subsidiaries	Italgen S.p.A.	792,632			
	Italmobiliare Servizi S.r.l.	1,155			
	Populonia Italica S.r.l.	1,556,831			
Accrued income	Italcementi S.p.A.	3,247			
Subsidiaries	Italmobiliare Servizi S.r.l.	10,482			
Total other current assets		**2,368,208**	**74.33%**	**3,185,938**	**Note 8**
Current account receivables	Sirap-Gema S.p.A.	223,721			
Subsidiaries					
Total financial receivables		**223,721**	**1.44%**	**15,534,336**	**Note 10**

(euro) Description	Company	Amount	% impact on book values	Book values	Reference
Other payables	Italcementi S.p.A.	(15,404)			
Subsidiaries	Italmobiliare Servizi S.r.l.	(11,407)			
Total other payables and non-current liabilities		**(26,811)**	**88.16%**	**(30,413)**	
Current account payables	Azienda Vendita Acquisti A.V.A. S.r.l.	(247,089)			
Subsidiaries	Franco Tosi S.r.l.	(4,914,684)			
	Italcementi S.p.A.	(442,792)			
	Italmobiliare Servizi S.r.l.	(424,654)			
	Populonia Italica S.r.l.	(7,093,550)			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l	(988,160)			
	Sance S.r.l.	(89,563)			
Total loans and borrowings		**(14,200,492)**	**88.77%**	**(15,996,290)**	**Note 16**
Trade payables	Italcementi S.p.A.	(187,238)			
Subsidiaries	Italmobiliare Servizi S.r.l.	(626,841)			
	Ciments Francais S.A.	(1,464)			
	Oter related parties	(87,370)			
Total trade payables		**(902,913)**	**33.40%**	**(2,703,278)**	**Note 19**
Payables for tax consolidation	Aliserio S.r.l.	(73,662)			
Subsidiaries	Amprica S.p.A.	(480,068)			
	Axim Italia S.r.l.	(282,888)			
	Bravosolution S.p.A.	(172)			
	Cementificio Montalto S.p.A.	(2,105,479)			
	Franco Tosi S.r.l.	(118,925)			
	Gruppo Italsfusi S.r.l.	(107,318)			
	Immobiliare Salesiane S.r.l.	(10,775)			
	Intertrading S.r.l.	(14,177)			
	Italcementi S.p.A.	(26,518,978)			
	Nuova Sacelit S.r.l.	(3,072,305)			
	Sama S,p.A.	(274,056)			
	Sicilfin S.r.l.	(104)			
	Silos Granari della Sicilia S.r.l.	(25,884)			
	Sirap-Gema S.p.A.	(459,839)			
	Sirap-Gema Insulation System S.r.l.	(22,148)			
	Sance S.r.l.	(260,155)			
Total other liabilities		**(33,826,933)**	**84.71%**	**(39,934,042)**	**Note 20**

COMMITMENTS WITH RELATED PARTIES

Description	Company	Amount
Guarantees given to	Neyrtec Industrie S.A.	967,104
Subsidiaries		
Letters of patronage to	Sirap Gema S.p.A.	4,000,000
Subsidiaries		
Total commitments		**4,967,104**

(euro) Description	Company	Amount	% impact on book values	Book values	Reference
Dividends	Italcementi S.p.A.	39,598,725			
Subsidiaries	Italmobiliare Servizi S.r.l.	80,000			
	Italmobiliare International B.V.	286,960			
	Italmobiliare International Finance	23,996,540			
	Sance S.r.l.	1,700,000			
	SO.PAR.FI. Italmobiliare S.A.	10,993,372			
Dividends	Mittel S.p.A.	1,278,413			
Associates	Società Editrice Siciliana S.p.A.	659,043			
Total dividends		**78,593,053**	**74.91%**	**104,918,731**	**Note 21**
Financial and current account interest income and other income	Franco Tosi S.r.l.	203,840			
Subsidiaries	Italcementi S.p.A.	90			
	Sance S.r.l.	9,567			
	Sirap-Gema S.p.A.	163,965			
Total interest income		**377,462**	**6.18%**	**6,110,458**	**Note 21**
Recovery cost of services	Amprica S.p.A.	31,000			
Subsidiaries	Azienda Vendita Acquisti A.V.A. S.r.l.	33,936			
	Ciments Francais S.A.	29,000			
	Fincomind A.G.	3,969			
	Finter Bank Zurich	528,521			
	Franco Tosi S.r.l.	109,742			
	Italcementi S.p.A.	3,433,555			
	ITC - Factor S.p.A.	750			
	Italmobiliare Servizi S.r.l.	79,080			
	Populonia Italica S.r.l.	88,074			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l	47,373			
	Sirap-Gema S.p.A.	612,564			
	Sirap-Gema Insulation Systems S.r.l.	23,000			
	Sance S.r.l.	65,860			
Recovery cost of services	G.I.S.T. S.r.l.	3,000			
Associates	Gesvim S.r.l.	19,944			
	Immobiliare Golf Punta Ala S.p.A.	13,593			
	Società Editrice Siciliana S.p.A.	6,946			
Total services		**5,129,907**	**92.36%**	**5,554,223**	**Note 21**
Total revenues		**84,100,422**	**72.14%**	**116,583,412**	**Note 21**
Other revenues	Gesvim S.r.l.	2,583			
Subsidiaries	Gist S.r.l.	975			
	Italcementi S.p.A.	70,219			
	Italmobiliare Servizi S.r.l.	98,101			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l	3,633			
Tota revenues and operating income		**175,511**	**44.37%**	**395,583**	**Note 22**

(euro) Description	Company	Amount	% impact on book values	Book values	Reference
Services expenses	Finter Bank Zurich	(538,331)			
Subsidiaries	Italcementi S.p.A.	(498,302)			
	Italmobiliare Servizi S.r.l.	(1,132,092)			
	Other related parties	(415,361)			
Total services expenses		**(2,584,086)**	**37.43%**	**(6,904,210)**	**Note 24**
Financial and current account interest expense	Azienda Vendita Acquisti A.V.A. S.r.l.	(38,684)			
Subsidiaries	Franco Tosi S.r.l.	(25,651)			
	Italcementi S.p.A.	(15,132)			
	Italmobiliare Servizi S.r.l.	(30,852)			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l	(53,222)			
	Populonia Italica S.r.l.	(241,712)			
	Sance S.r.l.	(49,459)			
Total other operating income (expense)		**(454,712)**	**1.20%**	**(37,909,219)**	**Note 26**
Other non-recurring expense	Gesvim S.r.l.	(70,000)			
Associates					
Other related parties	(endowment to Fondazione Italcementi)	(300,000)			
Total other non-recurring income (expense)		**(370,000)**	**n.s.**	**98,026**	**Note 27**
Interest expense on trade payables	Italcementi S.p.A.	(448)			
Subsidiaries	Italmobiliare Servizi S.r.l.	(332)			
Total finance income and costs		**(780)**	**0.94%**	**(83,078)**	**Note 29**

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	75,915	125.1%
Total A) - from cash flow statement	60,696	
Cash flow from investing activities with related parties		0.0%
Total B) - from cash flow statement	505	
Cash flow from financing activities with related parties	204,237	469.9%
Total C) - from cash flow statement	43,463	
Change in cash and cash equivalents with related parties	**280,152**	
Change in cash and cash equivalents from cash flow statement (A+B+C)	**104,664**	

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)	2008	2007
Short-term benefits: compensation and remuneration	2,065,086	2,633,463
Post-employment benefits	952,462	950,844
Other long-term benefits	78,677	77,916
Share-based payments (stock options)	1,934,812	1,512,830
Total	**5,031,037**	**5,175,053**

Annex A
Statement of movements in the accounts of available-for-sale equity investments at December 31, 2008

(euro)

Equities and interests	Position at 1/1/2008		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.	2,389,332	3,222,666		20,385 (2)		
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	106,734,000	415,254,183				
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				168,500,000 (3)
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		1,592,508		
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				
SANCE S.r.l. (**)	139,725	3,986,143				1,592,508
Total subsidiaries		**1,152,098,759**		**1,612,893**		**170,092,508**
Associates						
Mittel S.p.A.	8,522,756	42,980,259				
Società Editrice Siciliana S.p.A.	29,700	16,411,865				
Total associates		**59,392,124**		**–**		**–**
Other companies						
Ambienta S.p.A.	150	15,000				
Atmos S.p.A.	200,000	197,144		(4)	196,000	50,000
Atmos Venture S.p.A.	200,000	200,000				
Compagnia Fiduciaria Nazionale S.p.A.	20,001	355,421				
Emittenti Titoli S.p.A.	209,000	158,826				
Fin.Priv. S.r.l.	2,857	27,941,983				
Gazzetta del Sud Calabria S.p.A.	4,788	688,475				
Gruppo Banca Leonardo S.p.A.	7,576,661	24.721,615				
Idrovia Ticino Milano Nord Mincio S.p.A. - in liquidation	100	568				
Immobiliare Lido di Classe S.p.A. - in liquidation	45,991	1				
Immobiliare Astra S.p.A.	12,012	12,048				
Intereuropa Sim S.p.A. - in liquidation	80,000	1				
Meltemi S.p.A.	25,964	233,350			25,964	233,350
Sesaab S.p.A.	700,000	10,990,000				
Solar Energy Italia S.p.A.	69,100	69,250				
UniCredito Italiano S.p.A. - ordinary shares (5)	85,626,509	484,560,415				
Unione di Banche Italiane S.c.p.a.	1,718,500	32,194,379				
Total other companies		**582,338,476**		**–**		**283,350**
Total equity investments		**1,793,829,359**		**1,612,893**		**170,375,858**

(*) of ordinary capital
(**) demerger of Sance S.r.l. with transfer of arm of business to Populonia Italica S.r.l.
(1) controlled through Italcementi S.p.A.
(2) addition due to partial reclassification of debenture loan
(3) repayment of share capital
(4) reduction in share capital
(5) of which 85,134,739 shares relating to equity loans and/or guarantees

Changes in fair value	Impairment	Interest held	Position at 12/31/2008		
Amounts	**Amounts**	**%**	**Quantity**	**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	3,243,051	BravoSolution S.p.A.
		69.930	7,000	3,642,830	Fincomind S.A.
	(83,801,883)	100.000	90,000,000	6,202,686	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	296,628,628	Italmobiliare International Finance Ltd
		100.000	260,000	258,228	Italmobiliare Servizi S.r.l.
		100.000	100,000	1	Neyrtec Industrie S.A.
		93.210	1,040,000	2,739,069	[**] 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.
	(822,182)	100.000	139,725	1,571,453	[**] SANCE S.r.l.
–	**(84,624,065)**			**898,995,079**	**Total subsidiaries**
					Associates
(18,532,733)		12.088	8,522,756	24,447,526	Mittel S.p.A.
(30,060)		33.000	29,700	16,381,805	Società Editrice Siciliana S.p.A.
(18,562,793)	**–**			**40,829,331**	**Total associates**
					Other companies
		1.000	150	15,000	Ambienta S.p.A.
(5,886)		1.820	4,000	141,258	Atmos S.p.A.
		9.090	200,000	200,000	Atmos Venture S.p.A.
143		16.668	20,001	355,564	Compagnia Fiduciaria Nazionale S.p.A.
17,179		2.549	209,000	176,005	Emittenti Titoli S.p.A.
(13,086,656)		14.285	2,857	14,855,327	Fin.Priv. S.r.l.
(26,080)		4.836	4,788	662,395	Gazzetta del Sud Calabria S.p.A.
		2.928	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 liquidation
		18.036	45,991	1	Immobiliare Lido di Classe S.p.A. - in liquidation
73		1.784	12,012	12,121	Immobiliare Astra S.p.A.
			80,000	1	Intereuropa Sim S.p.A. - in liquidation
			–	–	Meltemi S.p.A.
		7.000	700,000	10,990,000	Sesaab S.p.A.
		6.909	69,100	69,250	Solar Energy Italia S.p.A.
(336,597,807)		0.642 [*]	85,626,509	147,962,608	[5] UniCredito Italiano S.p.A. - ordinary shares
(14,324,729)		0.269	1,718,500	17,869,650	Unione di Banche Italiane S.c.p.a.
(364,023,763)	**–**			**218,031,363**	**Total other companies**
(382,586,556)	**(84,624,065)**			**1,157,855,773**	**Total equity investments**

Annex B
List of equity investments in subsidiaries and associates at December 31, 2008
(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 period (in euro or currency)	Interest held %
Subsidiaries						
Aliserio S.r.l.	Bergamo	€	2,270,000	2,142,641	(91,876)	10.00 (1)
Azienda Vendite Acquisti A.V.A. S.r.l.	Milan	€	2,550,000	2,780,855	(7,994)	100.00
BravoSolution S.p.A.	Bergamo	€	29,302,379	33,235,353	216,177	8.15 (1)
Fincomind A.G.	Zurich	Sw.F	10,010,000	28,706,182	9,696,306	69.93
Franco Tosi S.r.l.	Milan	€	90,000,000	6,202,686	(96,423,834)	100.00
Italcementi S.p.A. ordinary shares	Bergamo	€	282,548,942	1,951,564,699	34,507,142	60.26
Italcementi S.p.A. savings shares	Bergamo	€	282,548,942	1,951,564,699	34,507,142	2.86
Italmobiliare International B.V.	Amsterdam	€	19,500	19,500	(367,652)	100.00
Italmobiliare International Finance Ltd.	Dublin	€	1,336,400	421,401,057	(83,421,243)	97.27
Italmobiliare Servizi S.r.l.	Milan	€	260,000	851,214	119,138	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	4,196,322	93.21
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Milan	€	1,300,000	1,927,336	(126,816)	99.48
Sirap Gema S.p.A.	Verolanuova	€	17,020,905	46,766,373	3,461,377	100.00
Société de Participation Financière Italmobiliare S.A.	Luxembourg	€	103,118,928	172,580,944	(25,908,298)	99.94
SANCE S.r.l.	Milan	€	139,725	1,571,453	132,729	100.00
Total subsidiaries						
Associates						
Mittel S.p.A.	Milan	€	70,504,505	260,414,658	1,167,562 (2)	12,09
Società Editrice Siciliana S.p.A.	Messina	€	5,112,900	44,287,346	505,200 (3)	33,00
Total associates						

(1) controlled through Italcementi S.p.A.
(2) figures at 09/30/2008
(3) figures at 12/31/2007

Reasons for negative difference in final column:

- BravoSolution S.p.A.: carrying amount is maintained because lower than recoverable amount.
- Franco Tosi S.r.l. and Sance S.r.l.: write-down to deemed recoverable amounts (on the basis of a specific technical report prepared by an independent professional for Franco Tosi S.r.l.); for the residual difference it is considered that there is no real evidence of impairment.

Number shares or interest	Nominal unit value (in euro or currency)	Carrying amount Unit	Carrying amount Total (in euro)	(in 000 €) (A)	Value ex art. 2426 no.4 Ital.C.Code (in 000 €) (B)	Difference (in 000 €) (B) – (A)	
							Subsidiaries
227,000	1.00	1.05	238,788	239	328	89	Aliserio S.r.l.
2,550,000	1.00	0.90	2,283,140	2,283	2,948	665	Azienda Vendite Acquisti A.V.A. S.r.l.
2,389,332	1.00	1.36	3,243,051	3,243	2,274	(969)	BravoSolution S.p.A.
7,000	1,000.00	520.40	3,642,830	3,643	68,315	64,672	Fincomind A.G.
90,000,000	1.00	0.07	6,202,686	6,203	(81,285)	(87,488)	Franco Tosi S.r.l.
106,734,000	1.00	3.89	415,254,183	415,254	1,311,417	896,163	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	20	6	Italmobiliare International B.V.
249,990	5.20	1,186.56	296,628,628	296,629	332,538	35,909	Italmobiliare International Finance Ltd.
260,000	1.00	0.99	258,228	258	870	612	Italmobiliare Servizi S.r.l.
100,000	0.05	0.00	1	0	0	–	Neyrtec Industrie S.A.
1,040,000	1.00	2.63	2,739,069	2,739	8,629	5,890	Populonia Italica S.r.l.
1,293,240	1.00	1.03	1,336,271	1,336	1,589	253	Punta Ala Promozione e Sviluppo Immobiliare S.r.l.
3,298,625	5.16	11.37	37,489,427	37,489	50,986	13,497	Sirap Gema S.p.A.
4,294,033	24.00	22.12	95,001,104	95,001	224,657	129,656	Société de Participation Financière Italmobiliare S.A.
139,725	1.00	11.25	1,571,453	1,571	(2,300)	(3,871)	SANCE S.r.l.
			898,995,079	**898,995**	**1,954,079**	**1,055,084**	**Total subsidiaries**
							Associates
8,522,756	1.00	2.87	24,447,526	24,448	45,517	21,069	Mittel S.p.A.
29,700	56.81	551.58	16,381,805	16,382	16,382	–	Società Editrice Siciliana S.p.A.
			40,829,331	**40,829**	**61,898**	**21,069**	**Total associates**

Annex C
Statement of movements in the accounts of trading equity investments at December 31, 2008

(euro) Equities and interests	Position at 01.01.2008		Additions		Decreases		Changes in fair value	Interest held	Position at 12.31.2008		Gains/ (losses) on sales
	Quantity	Amounts	Quantity	Amounts	Quantity	Amounts	Amounts	%	Quantity	Amounts	Amounts
Other companies											
A2A S.p.A. - ordinary shares *	620,000	3,075,200	372,000	--	--	--	(1,814,566)	0.032	992,000	1,260,634	--
Total other companies		**3,075,200**		**--**		**--**	**(1,814,566)**			**1,260,634**	**--**

* merger of Asm Brescia Spa and Aem Spa

Annex D
Statement of movements in debentures during 2008

(euro)	Position at 01.01.2008	Additions	Decreases	Change in fair value	Position at 12.31.2008
Available-for-sale portfolio					
Other variable-income securities	34,550	591,169	--	--	625,719
Other fixed-income securities	2,757,753	–	--	(316,737)	2,441,016
Total	**2,792,303**	**591,169**	**--**	**(316,737)**	**3,066,735**

	Position at 01.01.2008	Additions	Decreases	Change in fair value	Position at 12.31.2008
Trading portfolio					
Other variable-income securities	20,368,440		3,985,640	(3,375,880)	13,006,920
Total	**20,368,440**	**–**	**3,985,640**	**(3,375,880)**	**13,006,920**

The closing position reflects fair value at December 31, 2008.

Annex E
Comparison of book values and market prices at December 31, 2008, for equity investments in companies with listed shares.

(euro) **Equity securities**	**Number shares**	**Book value**	**Unit book value**	**Unit fair value at December 31, 2008**	**Fair value at December 31, 2008**
Subsidiaries					
Italcementi S.p.A. - ordinary shares	106,734,000	415,254,183	3.891	9.0116	961,844,114
Italcementi S.p.A. - savings shares	3,011,500	33,092,016	10.989	4.9408	14,879,219
		448,346,199			**976,723,333**
Associates					
Mittel S.p.A.	8,522,756	24,447,526	2.869	2.8685	24,447,526
		24,447,526			**24,447,526**
Other companies					
A2A S.p.A. - ordinary shares	992,000	1,260,634	1.271	1.2708	1,260,634
Unione di Banche Italiane S.c.p.a.	1,718,500	17,869,650	10.398	10.3984	17,869,650
Unicredito Italiano S.p.A. - ordinary shares	85,626,509	147,962,608	1.728	1.7280	147,962,608
		167,092,892			**167,092,892**
Treasury shares (deducted against shareholders' equity)					
Italmobiliare Società per Azioni - ordinary shares(*)	871,411	20,830,105	23.904	28.6940	25,004,267
Italmobiliare Società per Azioni - savings shares	28,500	396,085	13.898	19.7652	563,308
		21,226,190			**25,567,575**

(*) of which 570,639 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**			**-26,280**
B)	Current IRES tax rate	**27.5%**		
C)	**Theoretical IRES tax rate (AxB)**			**7,227**
	Fiscal effects on permanent differences:			
D)	- non-deductible			-32,105
	- non-taxable/exempt			28,279
			tot. D)	-3,827
E)	Deferred tax assets/liabilities generated			
	in the year:			
	- deferred tax liabilities on unrecorded			
	taxable temporary differences			-243
	- deferred tax assets on unrecorded			
	deductible temporary differences			
			tot. E)	-243
F)	Recovery in the year of deferred tax assets			
	not recognized in prior years on			
	deductible temporary differences and/or tax losses		tot. F)	0
G)	Other changes		tot. G)	
	Total		**(C+D+E+F+G)**	**3,157**
H)	Other taxes (prior-year taxes)			-267
I)	**Income tax reflected in the income statement**			**2,890**

Annex G
Analysis of shareholders' equity line items at December 31, 2008

Nature/description (in thousands of euro)	Amount	Possible uses	Amount available	Summary 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	6,764	A, B, C	6,764		
Fair value reserve for available-for-sale assets	49,985	-	-		
Total reserves	**233,940**	**-**	**183,955**		
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	118,454	A, B, C	118,454		
Translation reserve	-	A, B, C			
Reserve ex art.7 Leg.D 38/2005	16,009	-			
Net loss for the year	(23,390)		(23,390)		
Total retained earnings	**790,799**		**754,756**		
Total			**938,711**		
Non-distributable portion - art. 2426 no. 5 Italian Civil Code					
Residual distributable portion			**938,711**		

Key: A: for share capital increase
B: to replenish losses
C: for distribution to shareholders

Annex H

COMPENSATION PAID TO DIRECTORS, AUDITORS AND CHIEF OPERATING OFFICERS FOR THE YEAR 2008

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*** shows, considering that the company did not report a net profit for financial year 2008: **(i)** payment for the specific post held; **(ii)** remuneration for membership of the Remuneration Committee, the Internal Control Committee and the Compliance Committee; **(iii)** lump-sum reimbursement of expenses; **(iv)** for the auditors, their fee for the year;
* ***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 consideration 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 compulsory social security charges paid by the company and leaving entitlements) and **(iv)** end-of-term payments.

Finally, it should be noted that:

- since the company did not report earnings and therefore did not achieve its specific targets, no variable remuneration has been assigned to the Chairman – Chief Executive Officer and to the Chief Operating Officer;
- the share of profits due to the Chief Executive Officer of Italcementi, Carlo Pesenti (who is also Chief Operating Officer of Italmobiliare for which he works as a manager) is wholly paid over to the company by which he is employed;
- 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)

Full name	Post held	Period for which post was held	End of term of office	Remuneration for post	Non-monetary benefits	Bonus and other incentives	Other compensation
Giampiero Pesenti	Chairman Chief Executive Officer Chairman Exec. Cttee	1.1 - 12.31	2010	600.00	-	-	3,963.97 (*)
Italo Lucchini	Director Deputy Chairman Member Exec. Cttee	1.1 - 12.31	2010	54.00	-	-	61.70
Carlo Pesenti	Director Chief Operating Officer Member Exec. Cttee	1.1 - 12.31	2010	260.00	99.72	-	1,620.00
Pier Giorgio Barlassina	Director	1.1 - 12.31	2010	-	-	-	252.69
Mauro Bini	Director	1.1 - 12.31	2010	50.00	-	-	-
Giorgio Bonomi	Director	1.1 - 12.31	2010	25.00	-	-	126.24
Gabriele Galateri di Genola	Director	1.1 - 12.31	2010	2.66	-	-	-
Jonella Ligresti	Director	4.30 - 12.31	2010	16.66	-	-	-
Luca Minoli	Director	1.1 - 12.31	2010	1.33	-	-	1.50
Giorgio Perolari	Director Member Exec. Cttee	1.1 - 12.31	2010	12.33	-	-	-
Livio Strazzera	Director Member Exec. Cttee	1.1 - 12.31	2010	-	-	-	-
Francesco Saverio Vinci	Director	4.30 - 12.31	2010	-	-	-	-
Mario Cera	Chairman Board of Statutory Auditors	4.30 - 12.31	2010	43.00	-	-	-
Luigi Guatri	Chairman Board of Statutory Auditors Acting auditor	1.1 - 4.30 4.30 - 12.31	2010	47.36	-	-	-
Eugenio Mercorio	Acting auditor	1.1 - 12.31	2010	41.13	-	-	42.41
Claudio De Re	Acting auditor	1.1 - 4.30	-	12.46	-	-	92.86

(*) including end-of-term entitlement accrued in April 2008

STOCK OPTIONS GRANTED TO DIRECTORS AND CHIEF OPERATING OFFICERS

Annex I

ITALMOBILIARE S.p.A.

		Options held at beginning of year			Options granted during year			Options exercised during year			Options expired in 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**
Full name	Post held	Number of options	Average exercise price	Average maturity	Number of options	Average exercise price	Average maturity	Number of options	Average exercise price	Average market price on ecercise	Number of options	Number of options	Average exercise price	Average maturity
Giampiero Pesenti	Chief Executive Officer	215,000	62.145	2012	60,000	59.908	2014	-	-	-	-	275,000	61.657	2013
Carlo Pesenti	Director Chief Executive Officer	139,500	63.183	2012	35,500	59.908	2014	-	-	-	-	175,000	62.518	2013

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 on operations.

ITALCEMENTI S.p.A. – 2001

		Options held at beginning of year			Options granted during year			Options exercised during year			Options expired in 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**
Full name	Post held	Number of options	Average exercise price	Average maturity	Number of options	Average exercise price	Average maturity	Number of options	Average exercise price	Average market price on ecercise	Number of options	Number of options	Average exercise price	Average maturity
Giampiero Pesenti	Chairman	450,000	17.775	2012								450,000	17.775	2012
Carlo Pesenti	Chief Executive Officer	420,000	18.697	2012								420,000	18.697	2012

ITALCEMENTI S.p.A. - 2007 (*)

		Options held at beginning of year			Options granted during year			Options exercised during year			Options expired in 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
Full name	Post held	Number of options	Average exercise price	Average maturity	Number of options	Average exercise price	Average maturity	Number of options	Average exercise price	Average market price on ecercise	Number of options	Number of options	Average exercise price	Average maturity
Giampiero Pesenti	Chairman	from 255,000 to 450,000	23.706	2012	-	-	-	-	-	-	-	from 255,000 to 450,000	23.706	2012
Carlo Pesenti	Chief Executive Officer	from 300,000 to 600,000	23.706	2012	-	-	-	-	-	-	-	from 300,000 to 600,000	23.706	2012

(*) The table shows, respectively, a minimum and maximum amount, to be determined at the end of the three-year cycle. Pursuant to the regulation approved by the Italcementi S.p.A. Shareholders' Meeting of June 20, 2007, the exercise of options is subordinate to the attainment of the objectives set by the Board of Directors for the three-year cycle 2007-2010. Should the minimum targets not be achieved, the beneficiary 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 plan beneficiaries to the company's medium/long-term success and to creation of value for shareholders. They are also designed to strengthen managers' sense of belonging by providing incentives for them to stay with the company.

Under the respective regulations:

in particular, for the 2001 stock option plan
- the options are nominative, personal and non-transferable and are assigned in annual cycles. They may be exercised in a period between the fourth and tenth year after the grant date;
- the subscription/purchase price is set for each stock option plan and is equal to the mean share price in the period between the date of the rights offer and the same day of the preceding calendar month;
- shares acquired through exercise of options are unavailable for one year.

for the 2007 stock option plan for
- the options are nominative;
- the subscription/purchase price is set for each stock option plan and is equal to the mean share price in the period between the date of the rights offer and the same day of the preceding calendar month;
- starting from the initial option offer date, the options cannot be exercised for the three years of the cycle.

The options may be exercised in a period of 5 years following the three-year restricted period, subject to attainment of the target linked to the Group's business results and/or to the gradual realization of the Group's strategic plans as approved by the Board of Directors, at the proposal of the Remuneration Committee, at the start of the three-year cycle.

(Translation from the original Italian text)

Certification pursuant to art. 154-bis, subsection 5 of the Legislative Decree February 24th, 1998, no. 58 (TUF) regarding the separate financial statements

1. The undersigned Giampiero Pesenti, Chief Executive Officer and Angelo Maria Triulzi, Manager in Charge of preparing the company's financial reports of Italmobiliare S.p.A., 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, 2008 to December 31st, 2008.

2. The assessment of the adequacy of the administrative and accounting procedures adopted for the preparation of separate financial statements as of December 31st, 2008 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.

3. The undersigned officers also certify that:

3.1 the separate financial statements as of December 31st , 2008:

a) were prepared in compliance with applicable international financial reporting standards recognised by the European Community pursuant to European Parliament and Council Regulation no. 1606/2002 of July 19th, 2002;

b) correspond to the accounting books and entries;

c) prepared in compliance with financial reporting standards referred to in item a) of this paragraph, as well as with the provisions issued pursuant to art. 9 of Legislative Decree no. 38/2005, are suitable to provide a true and fair presentation of the financial condition, results of operations and cash flows of the issuer.

3.2 the annual directors' report includes a reliable analysis of the business trend and the operational results of Italmobiliare S.p.A., together with a description of the main risks and uncertainties to which it is exposed.

March 25th, 2009

Signed by: Giampiero Pesenti, Chief Executive Officer
Signed by: Angelo Maria Triulzi, Manager in Charge

Report of the Board of Statutory Auditors

To the Shareholders,
As clearly explained in the Directors' report on operations, the consolidated results for financial year 2008 reflect significant decreases with respect to the previous year, essentially deriving directly from the extraordinary economic and financial situation.
Specifically, business performance for the year was the direct consequence of the listings of the equity investments and the operating results of a number of important subsidiaries. It should also be noted that the overall structure of the scope of the equity investments was fundamentally unchanged with respect to the previous year; therefore, 2008 earnings are a reflection in part of application of the relevant accounting policies for each equity investment and in part of the business results of the subsidiaries.
The Parent Company, in fact, undertook no extraordinary or significant transactions during the year, given the situation on the markets, and the governing bodies focused on the continuation of current operations as normal, taking a line of particular prudence.

The income statement and balance sheet may be summarized as follows:

- Separate financial statements:

Net profit	- 23.4	million euro
Shareholders' equity	1,103.7	million euro

- Consolidated financial statements:

Total net profit	111.8	million euro
Group net profit	- 106.1	million euro
Total shareholders' equity	5,481.6	million euro
Group shareholders' equity	2,177.3	million euro

Impairment losses had a significant effect on the accounts.
A portion of the *impairment losses*, which totaled € 591.7 million (*of which € 61.4 million on the income statement and € 530.3 million in shareholders' equity*), was estimated by an independent expert in accordance with IAS 36 with reference to the Franco Tosi S.r.l. financial statements as at and for the year to December 31, 2008. Considering that *recoverable amount* is the greater of *value in use* and *fair value less costs to sell*, the expert's estimate with regard to Franco Tosi was based on *value in use.*

Franco Tosi S.r.l. (owned 100% by Italmobiliare) holds the following main equity investments:

- RCS MediaGroup S.p.A. (37,606,889 shares, equivalent to 5.133%, contributed to the voting trust);
- Mediobanca S.p.A. (9,971,282 shares, equivalent to 1.22%, contributed to the voting trust);
- Unicredit Group S.p.A. (7,231,104 shares, equivalent to 0.054%);
- Intek S.p.A. (9,821,000 shares, equivalent to 2.82%).

(RCS was treated as an associate, with significant influence).
The impairment test on Franco Tosi S.r.l. was used for the Italmobiliare S.p.A. separate financial statements and for the Italmobiliare consolidated financial statements.
The results of the estimates and the impairment losses generated on the consolidated Income Statement and the consolidated Balance Sheet were as follows:

Shares	Estimated unit value at 12.31.2008 (€)	Impairment loss on the Income Statement (mil. €)	Impairment loss on the Balance Sheet (mil. €)
Mediobanca	14.52	-	146.1
Unicredit	3.386	-	365
Intek	0.60	5.8	-
RCS	1.62	55.6	19.2
Total impairment losses		**61.4**	**530.3**

The subsidiary Italcementi S.p.A. (with reference to IAS 36) also estimated the *recoverable amount* (as at December 31, 2008) for the main Cash Generating Units (CGUs) in the cement sector (including the CGUs of Ciment Français), and for Goodwill and other investments in the companies to which the CGUs refer.
These estimates generated the following impairment losses in the Italcementi consolidated financial statements (and consequently in the Italmobiliare financial statements):

Goodwill	(mil. €)
China (estimate conducted by Nomura)	-14.6
Turkey	-15.4
Total	**-30.0**
Plants	
Thailand	-9.0
Turkey	-1.5
Italy	-4.2
Total	**-14.7**
Financial assets	
Calcestruzzi	-42.0
Goltas	-75.6
Bursa	-3.4
RCS	-3.9 (included in the 55.6 million euro for the Italmobiliare Group total)
Total	**-124.9**

Additionally, based on the estimates for the various CGUs, Italmobiliare reduced its own goodwill with respect to Italcementi by 0.5 million euro.
The Directors' report on operations provides full details on Company operations, market trends and results achieved; the notes to the financial statements disclose dealings with the various Group companies and other related parties and the measurement criteria adopted, which are compliant with law and consistent with the criteria applied in the previous period. We confirm that the dealings in question were executed in the interests of the Company and that their economic content was appropriate.
The extraordinary events affecting the Company, directly and indirectly through its indirect subsidiary Calcestruzzi S.p.A., are also illustrated in the Directors' report on operations, on which we have no comments to make.
There were no exceptions pursuant to paragraph 4 of art. 2423, intangible assets were recognized and amortized with our agreement, where necessary.
To the Shareholders,
During the financial year we conducted the supervisory activities required by law and also in accordance with the indications of Consob resolutions and communications. Specifically, we attended the meetings of the Board of Directors (10), as well as the meetings called by the Executive Committee (2), by the Internal Control Committee (7) and by the Remuneration Committee (2). 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 6 meetings.
In performing our functions, 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 were: compliant with the law and the company by-laws, not in conflict of interest or in contrast with the resolutions adopted by the Shareholders' Meeting, and consistent with principles of correct governance.
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, compliance with the principles of correct governance and the adequacy of the directives issued to the subsidiaries pursuant to art. 114, paragraph 2, of Legislative Decree 58/98.
We also verified compliance with arts. 36 and 37 of the Issuers Regulation.

We held regular meetings, in particular with the manager in charge of preparing the company accounts, with the manager responsible for the Internal Audit, and we took part in the meetings of the Internal Control Committee held during the period.
During the year we were able to verify that the company's accounting and administrative system was consistent with the dimensions and complexity of company operations and 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 core businesses. 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 that purpose. During the year we issued our opinion on 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, 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 issued its reports on the separate financial statements and on the consolidated financial statements, pursuant to art.156 of Legislative Decree 58/1998, on April 8, 2009. Neither report contains any qualifications.
The Group paid Reconta Ernst & Young S.p.A. an aggregate amount of 2,772 thousand euro, subdivided as follows: for auditing activities 2,245 thousand euro, for attestations 14 thousand euro and for miscellaneous services 513 thousand euro. 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 organization, management and control model ex Legislative Decree no. 231 of June 8, 2001, in compliance with the new laws on workplace safety, transborder crimes and money laundering continued. The Compliance Committee named by the Board of Directors continues to verify and update the model.
Finally we declare that our supervisory activities found no unusual transactions with respect to 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 of the members of the Board of Directors. It verified the independence of the members of this Board of Statutory Auditors.
After the balance-sheet date, the Board of Statutory Auditors took note of the transborder operation for the upstream merger of the indirect subsidiary Ciment Français S.A. into and with Italcementi S.p.A. approved by the respective Boards of Directors on February 16, 2009, and acknowledged, on the same date, by the Board of Directors of Italmobiliare S.p.A.. Specifically, having examined the documentation relating to the merger, the Board of Statutory Auditors has no observations to make on the merger in this report.
No other significant events took place in the first part of financial year 2009.
Finally, the Board of Statutory Auditors has taken note of the proposal of the Board of Directors to cover in full the loss for the year of € 23,389,712 by drawing a similar amount from the extraordinary reserve.

Milan, April 9, 2009

The Board of Statutory Auditors

Mario Cera
Luigi Guatri
Eugenio Mercorio

List of positions held by the acting auditors of the Italmobiliare S.p.A. Board of Statutory Auditors in companies as per Book V, Title V, Chaps V, VI and VII of the Italian Civil Code, at the date of issue of this report, drawn up pursuant to art. 144 quinquiesdecies of the Issuers Regulation approved by Consob with resolution 11971/99 and subsequent amendments and additions.

Mario Cera
Number of positions held in issuer companies: **2**
Total number of positions held: **5**

Company name	Nature of position	End of term
Unione Banche Italiane S.p.A.	Member Management Board	Approval financial statements as at 12.31.2009
Banca Regionale Europea S.p.A.	Deputy Chairman Board of Directors	Approval financial statements as at 12.31.2009
Cedacri S.p.A.	Member Board of Directors	Approval financial statements as at 12.31.2008
Fiducialis s.r.l.	Member Board of Directors	No time limit
Italmobiliare S.p.A.	Chairman Board of Statutory Auditors	Approval financial statements as at 12.31.2010

Milan, April 9, 2009

Mario Cera

Luigi Guatri
Number of positions held in issuer companies: **3**
Total number of positions held: **6**

Company name	Nature of position	End of term
Pirelli & C. S.p.A.*	Chairman Board of Statutory Auditors	Financial statements as at 12/31/2008
Italmobiliare S.p.A.*	Auditor	Financial statements as at 12/31/2010
Banco Desio e Brianza S.p.A*	Director	Financial statements as at 12/31/2009
Centrobanca S.p.A.	Chairman Board of Statutory Auditors	Financial statements as at 12/31/2009
Rhifim S.p.A.	Chairman Board of Statutory Auditors	Financial statements as at 12/31/2010
ACBGroup - professional association	Chairman Management Board	Financial statements as at 12/31/2010

(*) Indicates an issuer company

Milan, April 5, 2009

Luigi Guatri

Eugenio Mercorio
Number of positions held in issuer companies: **2**
Total number of positions held: **27**

Company name	Nature of position	End of term
Credito Bergamasco S.p.A.	Acting Auditor	until approval of financial statements as at 12/31/2010
Italmobiliare S.p.A.	Acting Auditor	until approval of financial statements as at 12/31/2010
Tecmarket Servizi S.p.A	Acting Auditor	until approval of financial statements as at 12/31/2009
Aletti Fiduciaria S.p.A.	Acting Auditor	until approval of financial statements as at 12/31/2010
Bravosolution S.p.A.	Chairman Board of Statutory Auditors	until approval of financial statements as at 12/31/2011
C.T.G. S.p.A.	Acting Auditor	until approval of financial statements as at 12/31/2009
Intertrading s.r.l.	Acting Auditor	until approval of financial statements as at 12/31/2011
Nuova Sacelit s.r.l.	Acting Auditor	until approval of financial statements as at 12/31/2009
Silos Granari della Sicilia s.r.l.	Acting Auditor	until approval of financial statements as at 12/31/2011
Italgen S.p.A.	Acting Auditor	until approval of financial statements as at 12/31/2009
Gruppo Italsfusi s.r.l.	Chairman Board of Statutory Auditors	until approval of financial statements as at 12/31/2009
Bravobus s.r.l.	Acting Auditor	until approval of financial statements as at 12/31/2011
Italmobiliare Servizi s.r.l.	Chairman Board of Statutory Auditors	until approval of financial statements as at 12/31/2008
Tenacta Group S.p.A.	Chairman Board of Statutory Auditors	until approval of financial statements as at 12/31/2011
Ronal Italia s.r.l.	Chairman Board of Statutory Auditors	until approval of financial statements as at 12/31/2011
Maberfin S.p.A.	Acting Auditor	until approval of financial statements as at 12/31/2009
Speedline s.r.l.	Chairman Board of Statutory Auditors	until approval of financial statements as at 12/31/2009
Tekal S.p.A.	Chairman Board of Statutory Auditors	until approval of financial statements as at 12/31/2009
Icteam S.p.A.	Acting Auditor	until approval of financial statements as at 12/31/2009
Mari-fin S.p.A	Acting Auditor	until approval of financial statements as at 12/31/2008
Fonti Prealpi S.p.A.	Acting Auditor	until approval of financial statements as at 12/31/2008
Icteam Holding S.p.A.	Acting Auditor	until approval of financial statements as at 12/31/2008
Lediberg S.p.A.	Acting Auditor	until approval of financial statements as at 12/31/2008
Azienda farmaceutica municipale di Bergamo S.p.A.	Acting Auditor	until approval of financial statements as at 12/31/2008
Fonderie Mario Mazzucconi S.p.A	Chairman Board of Statutory Auditors	until approval of financial statements as at 12/31/2009
Full Accounting S.p.A	Chairman Board of Statutory Auditors	until approval of financial statements as at 12/31/2009
Dedalo Esco S.p.A	Acting Auditor	until approval of financial statements as at 12/31/2010

Bergamo, April 9, 2009

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 financial statements of Italmobiliare S.p.A. as of and for the year ended December 31, 2008, comprising the balance sheet, the statement of income, changes in shareholders' equity, cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Italian Legislative Decree n° 38/2005 is 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. Our audit was made in accordance with 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 11, 2008.

3. In our opinion, the financial statements of Italmobiliare S.p.A. at December 31, 2008 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of 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.

4. The management of Italmobiliare S.p.A. is responsible for the preparation of the Directors' Report on Operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Directors' Report on Operations with the financial statements as required by art. 156, paragraph 4-bis, letter d) of the Legislative Decree 58/98. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by Consob. In our opinion the Directors' Report on Operations is consistent with the financial statements of Italmobiliare S.p.A. as of December 31, 2008.

Milan, Italy
April 8, 2009

Reconta Ernst & Young S.p.A.
signed by: Felice Persico, partner

Summary of resolutions

The Shareholders' Meeting held, on second call, on April 29, 2009, at the Intesa Sanpaolo Conference Hall in Piazza Belgioioso 1, Milan, chaired by Giampiero Pesenti and attended in person or by proxy by 76 shareholders, representing a total of 17,534,763 shares out of a total of 22,182,583 ordinary shares outstanding,

carried the following resolutions

1) to approve the financial statements for the year to and as at December 31, 2008, and also the accompanying Directors' report on operations;

2) to replenish the loss for the year of 23,389,712.00 euro in full by withdrawing an equal amount from the Extraordinary reserve;

3) subject to the revocation of the unexecuted part of the resolution authorizing the acquisition and disposal of treasury shares carried by the ordinary Shareholders' Meeting of April 30, 2008:
   - to authorize, pursuant to art. 2357 of the Italian Civil Code, the purchase of ordinary and/or savings treasury shares, under the terms and in the manner indicated herein below:
     * the purchase may be effected, on one or more occasions, within 18 months of the resolution date,
     * the purchase price for each share shall not be more than 15% above or below the mean share price on the Italian Stock Exchange in the three sessions preceding each transaction;
     * the total counter-value shall in no case be more than 150 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 by the company and by the subsidiaries, in excess of one tenth of the share capital.
   - to establish that the consideration paid or received with respect to treasury share purchases and sales be recognized directly in shareholders' equity in compliance with International Accounting Standard "IAS 32" and that such transactions in any case be accounted for in the manner envisaged by the regulations in force from time to time;
   - to grant separate powers to the Chairman, the Deputy Chairman, the Chief Executive Officer and the Chief Operating Officer as required to make the purchases and the sales and in any case to execute the above resolutions, also through agents, complying with any requirements made by the authorities.

May 2009
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