

# ITALMOBILIARE

2000 Annual Report



## 2000 Annual Report

### **ITALMOBILIARE**

Società per Azioni

Head Office: via Borgonuovo, 20  
20121 Milan, Italy

Share capital Euro 100.166.937  
Milan Companies Register

## ■ BOARD OF DIRECTORS

Giampiero Pesenti	1-2-3	Chairman - Chief Executive Officer
Giovanni Giavazzi	1	Deputy Chairman
Mario Ardito	5	
Italo Lucchini	1-3	
Giorgio Perolari	2-3-5	
Carlo Pesenti		
Franz Schmitz	2-5	
Graziano Molinari	4	Secretary to the Board

## ■ BOARD OF STATUTORY AUDITORS

### Acting Auditors

Luigi Guatri	Chairman
Claudio De Re	
Paolo Marchi	

### Substitute Auditors

Dino Fumagalli	
Eugenio Mercurio	
Pietro Curcio	

KPMG S.p.A.	Independent Auditors
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- <sup>1</sup> Member of the Executive Committee
- <sup>2</sup> Member of the Remuneration Committee
- <sup>3</sup> Member of the Internal Control Committee
- <sup>4</sup> Secretary to the Executive Committee
- <sup>5</sup> Independent Director

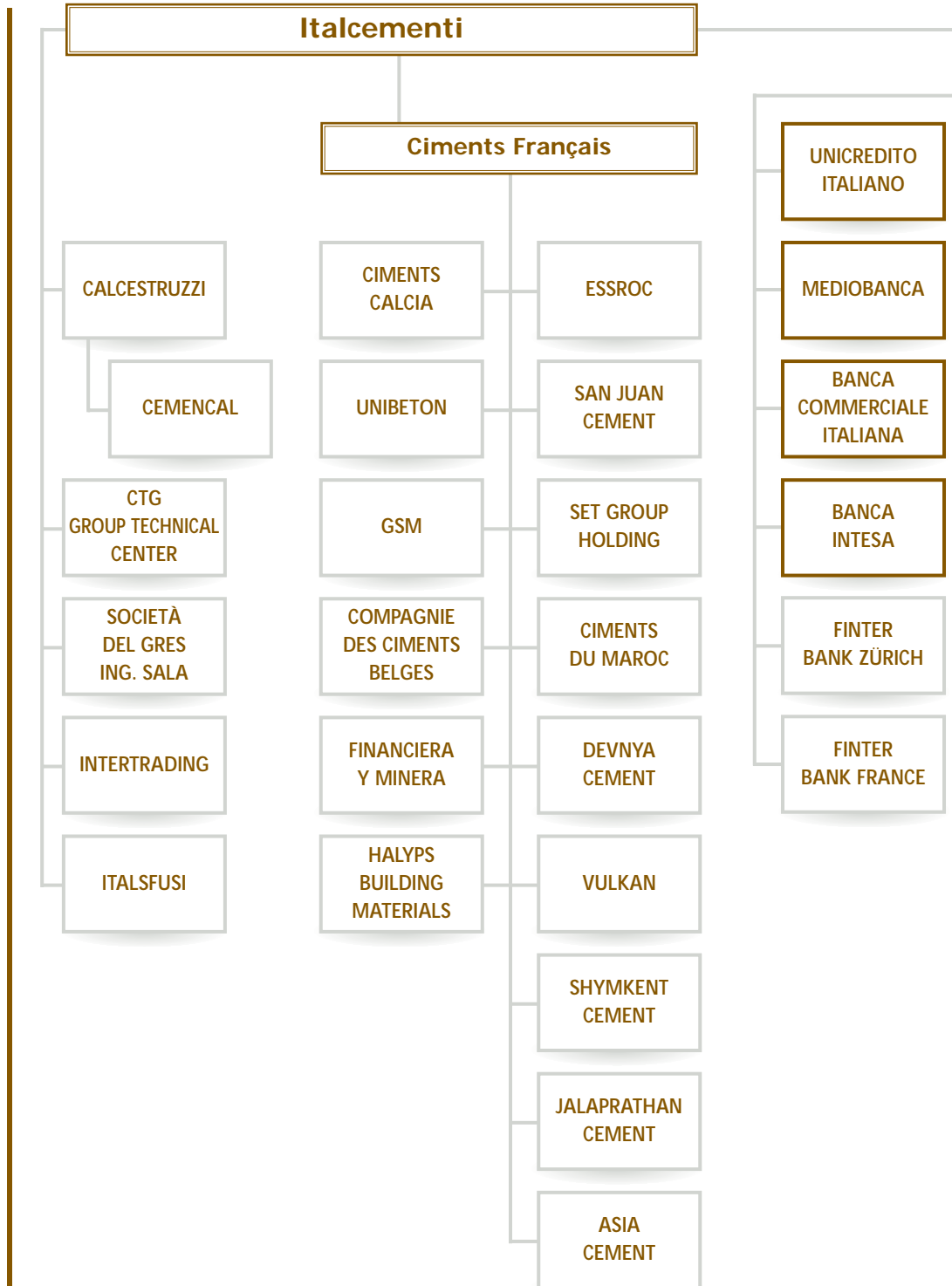


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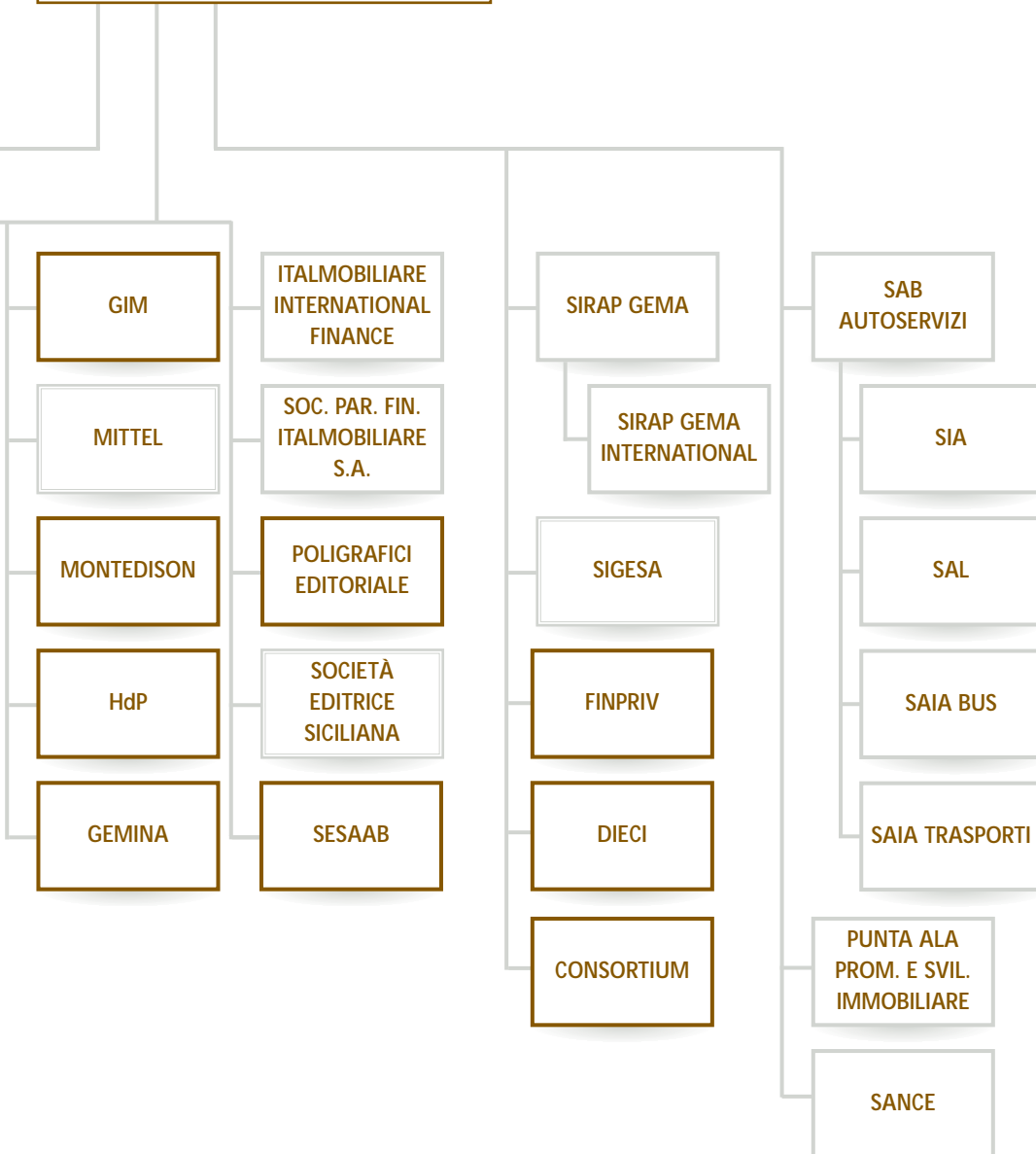


# ITALMOBILIARE GROUP





# ITALMOBILIARE



SUBSIDIARIES

ASSOCIATED  
COMPANIES

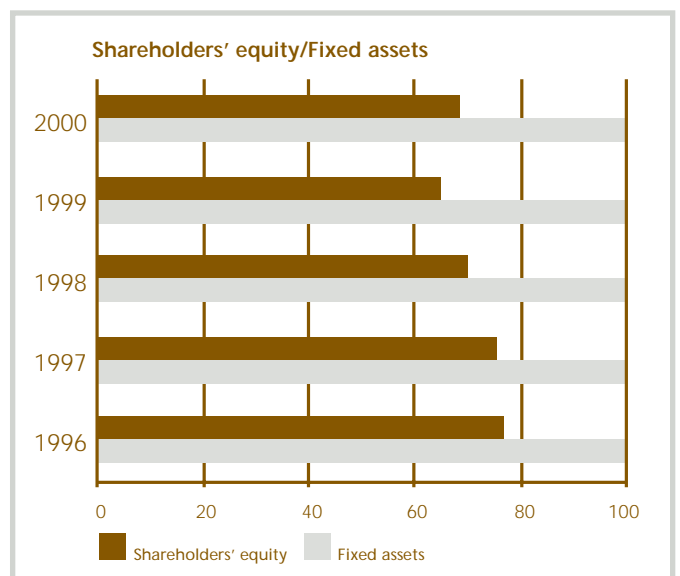
OTHERS



# Group financial highlights

(in billions of lire)

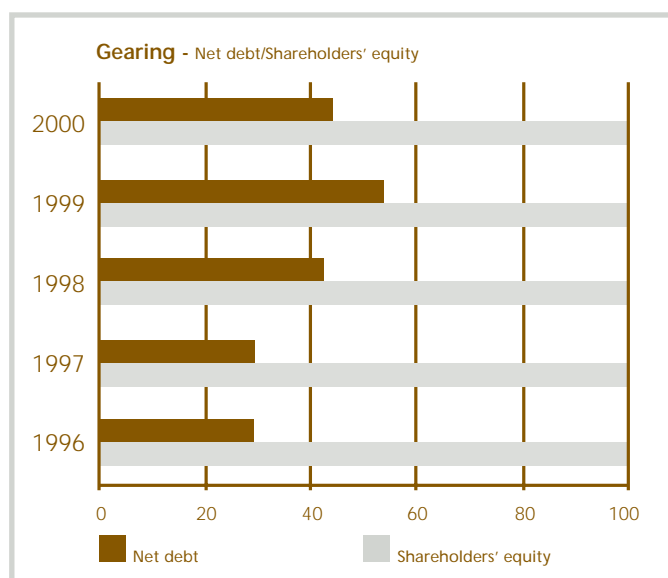
	2000	1999	1998	1997	1996
Net sales	7,671.9	6,988.5	6,214.3	5,936.2	5,554.2
Gross operating profit	1,834.5	1,667.2	1,426.3	1,273.9	1,115.4
Amortization and depreciation	814.6	689.8	653.0	636.9	625.5
Operating income (difference between net sales and other operating income and operating costs)	1,019.9	977.4	773.2	637.0	489.9
Non-recurring income and charges, net	39.5	13.6	(67.0)	(50.8)	(44.5)
Income before minority interests	714.3	505.6	381.3	251.9	130.2
Net income of the Group	361.4	174.5	176.8	69.4	39.7
Cash flow (income+amortization and depreciation)	1,528.9	1,195.4	1,034.3	888.8	755.7
Investments	1,197.5	1,684.0	1,622.9	943.8	493.1
Total shareholders' equity	6,777.5	6,326.6	5,621.8	5,969.1	6,051.2
Shareholders' equity of the Group	2,774.5	2,440.4	2,230.0	2,035.3	1,261.3
Net debt	(2,972.7)	(3,387.7)	(2,382.9)	(1,749.2)	(1,760.5)
Debt/equity ratio	43.9%	53.5%	42.4%	29.3%	29.1%
Earning per share (unit value)	9,379	4,531	5,001	2,108	1,250
Shareholders' equity per share (in lire)	72,016	63,345	63,077	61,841	57,257
Dividend per share ordinary (in lire)	1,820	1,400	1,300	1,000	600
savings (in lire)	1,970	1,550	1,450	1,150	750
Personnel (no)	19,311	20,519	16,897	17,304	17,418



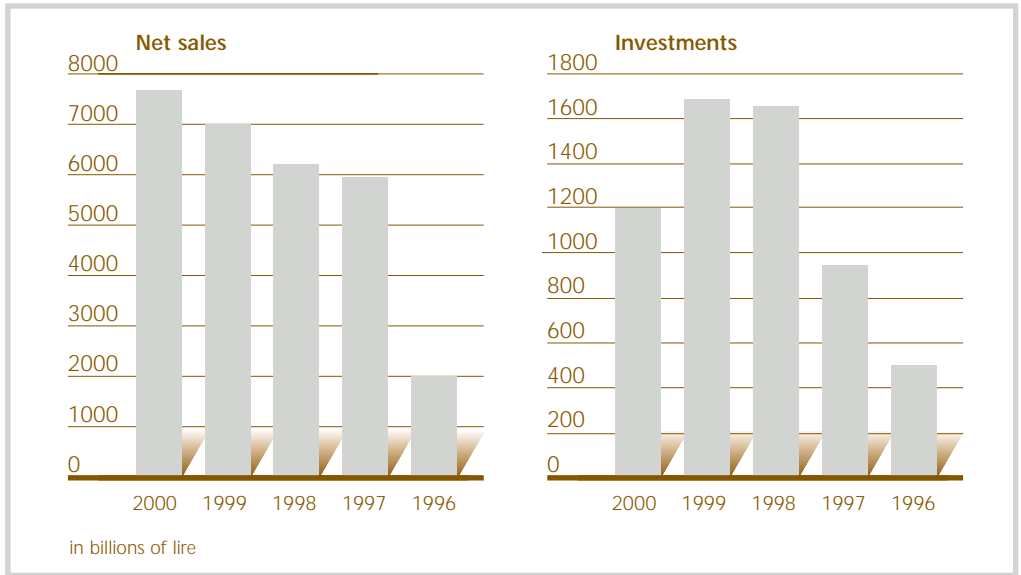
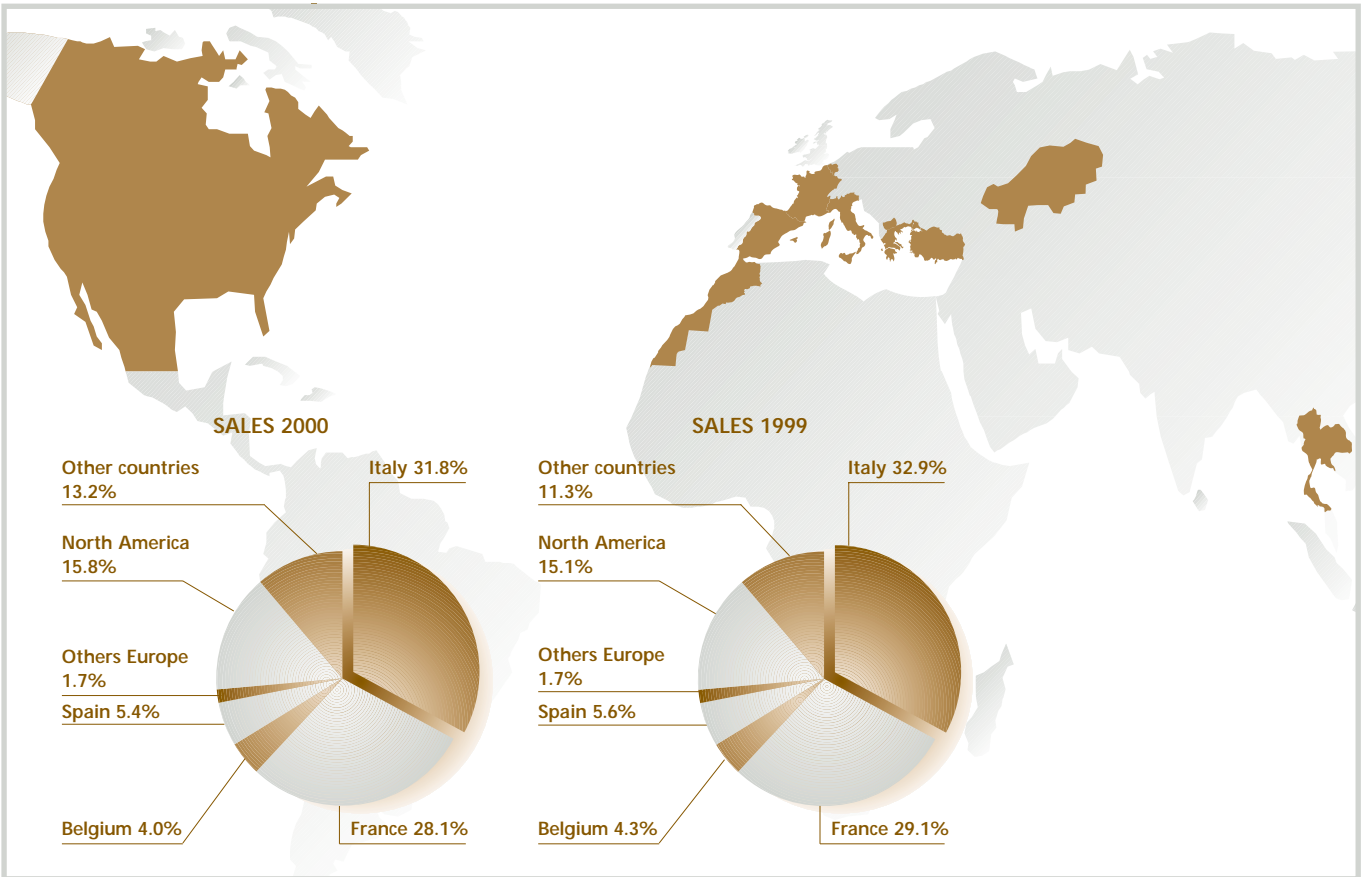


(in millions of euro)

	2000	1999	1998	1997	1996
Net sales	3,962.2	3,609.2	3,209.4	3,065.8	2,868.5
Gross operating profit	947.4	861.0	736.6	657.9	576.1
Amortization and depreciation	420.7	356.3	337.3	328.9	323.1
Operating income (difference between net sales and other operating income and operating costs)	526.7	504.8	399.3	329.0	253.0
Non-recurring income and charges, net	20.4	7.0	(34.6)	(26.2)	(23.0)
Income before minority interests	368.9	261.1	196.9	130.1	67.2
Net income of the Group	186.6	90.1	91.3	35.8	20.5
Cash flow (income+amortization and depreciation)	789.6	617.4	534.2	459.0	390.3
Investments	618.4	869.7	838.2	487.4	254.7
Total shareholders' equity	3,500.3	3,267.4	2,903.4	3,082.8	3,125.2
Shareholders' equity of the Group	1,432.9	1,260.4	1,151.7	1,051.1	651.4
Net debt	(1,535.3)	(1,749.6)	(1,230.7)	(903.4)	(909.2)
Debt/equity ratio	43.9%	53.5%	42.4%	29.3%	29.1%
Earning per share (unit value)	4.84	2.34	2.58	1.09	0.65
Shareholders' equity per share (in lire)	37.19	32.71	32.58	31.94	29.57
Dividend per share ordinary (in euro)	0.94	0.72	0.67	0.52	0.31
savings (in euro)	1.018	0.80	0.75	0.59	0.39
Personnel (no)	19,311	20,519	16,897	17,304	17,418







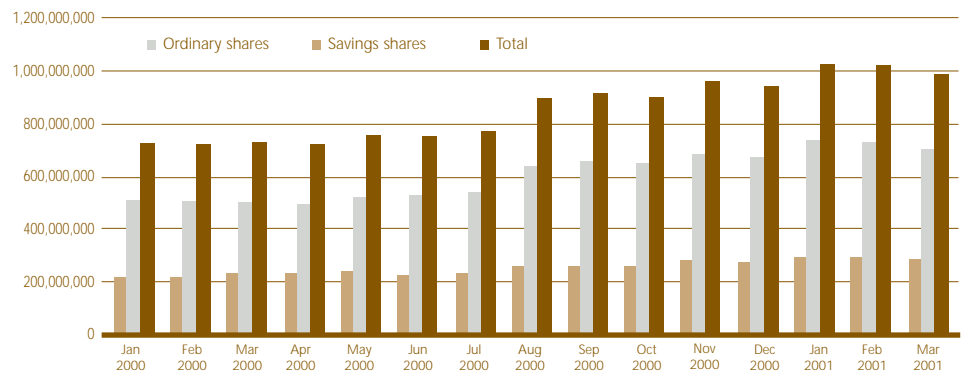
# Consolidated financial statements





# Italmobiliare share price trend

## Capitalization from 1 January 2000 to 30 March 2001



## Number of shares traded

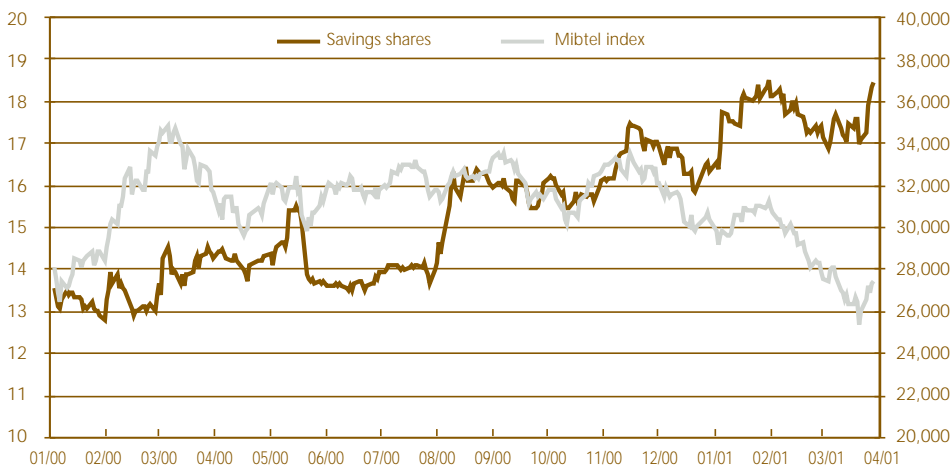
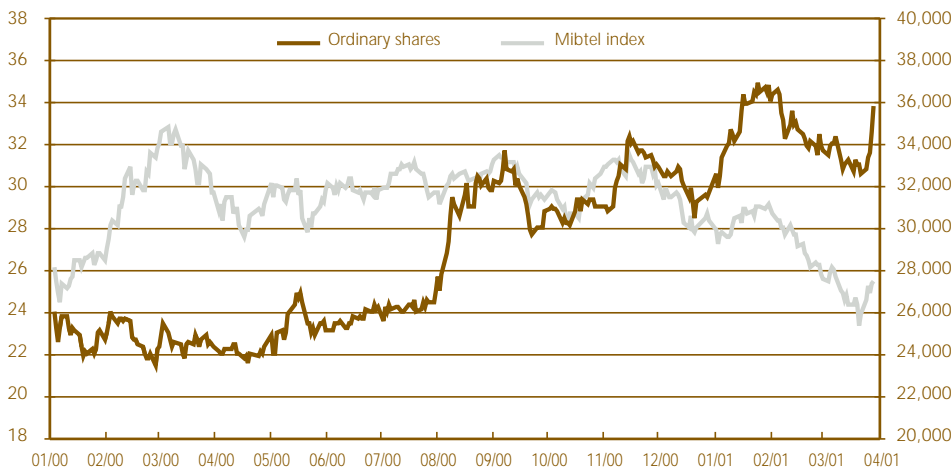
(euro)

Date	Ordinary shares			Savings shares		
	Number of shares traded	Average monthly price	Average traded	Number of shares traded	Average monthly price	Average traded
January 2000	1,049,000	22.68	23,794,724	810,300	13.18	10,677,307
February	965,100	22.97	22,166,897	1,216,700	13.38	16,275,153
March	772,700	22.72	17,559,215	1,984,900	14.16	28,111,803
April	464,200	22.12	10,266,692	720,400	14.18	10,216,176
May	1,189,500	23.68	28,168,499	1,966,700	14.61	28,742,958
June	447,500	23.67	10,592,455	596,100	13.63	8,121,891
July	496,200	24.20	12,009,346	530,700	13.98	7,421,094
August	3,241,500	27.99	90,731,231	2,128,200	15.84	33,720,383
September	1,052,700	29.71	31,274,505	1,624,500	15.86	25,763,194
October	494,700	28.88	14,287,328	681,300	15.85	10,799,083
November	1,177,400	30.73	36,177,277	1,331,000	16.99	22,613,624
December	310,500	30.08	9,340,921	438,600	16.46	7,218,153
January 2001	889,500	32.86	29,229,597	1,581,900	17.77	28,107,389
February	383,800	32.85	12,607,734	513,650	17.79	9,139,730
March	881,900	31.62	27,882,001	1,029,150	17.62	18,130,467



## Prices from 1 January 2000 to 30 March 2001

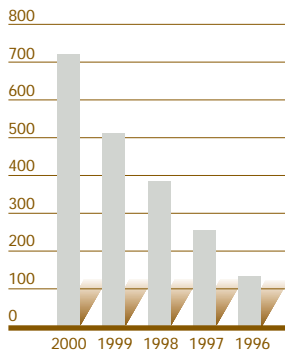
					(euro)	
	maximum	minimum	03/1/00	30/3/01		
Ordinary shares	34.90	25.1.01	21.46	28.2.00	24.00	33.78
Savings shares	18.48	31.1.01	12.76	31.1.00	13.52	18.44
Mibtel	34,819	6.3.00	25,279	22.3.01	28,094	27,413





## General overview

**Total net result**  
(including minority interests)  
in billions of lire



The consolidated financial statements of Italmobiliare Group showed net income before minority interests of Lire 714 billion and net income of the Group of Lire 361 billion compared to Lire 506 billion and Lire 175 billion respectively at the end of 1999.

The main figures related to 2000 are shown compared to 1999 (in brackets):

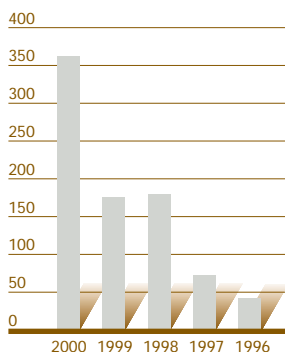
- **Net sales** Lire 7,672 billion (Lire 6,988 billion);
- **Amortization and depreciation** Lire 815 billion (Lire 690 billion);
- **Operating income** Lire 1,020 billion (Lire 977 billion);
- **Financial income and charges, net** have a positive balance of Lire 119 billion (negative Lire 97 billion);
- **Adjustments to the value of financial assets and net non-recurring charges** have a positive balance of Lire 29 billion (positive Lire 3 billion);
- **Taxes** Lire 453 billion (Lire 379 billion);
- **Income** before minority interests Lire 714 billion (Lire 506 billion);
- **Net income** of the Group Lire 361 billion (Lire 175 billion);
- **Cash flow** Lire 1,529 billion (Lire 1,195 billion);
- **Net debt** Lire 2,973 billion (Lire 3,388 billion);
- **Total shareholders' equity** Lire 6,777 billion (Lire 6,327 billion);
- **Shareholders' equity of the Group** Lire 2,774 billion (Lire 2,440 billion).

The significant improvement in net income is due to the strong performance of Italcementi Group, the positive developments of the group companies active in the financial sector and the significant capital gains generated by the sale of investments, mainly by Italmobiliare (described below).

## Group results

The performance and activities of the main group companies are summarized below.

**Group net result**  
in billions of lire



Italcementi Group, Italmobiliare's largest subsidiary, showed total net income of Lire 464 billion, up 11% on 1999. Net income of the Group was Lire 315 billion, an increase of 18% compared to the previous year.

Net sales amounted to Lire 7,379 billion (+11.9%) thanks to the positive performance of the main markets in which the Group operates, especially in the first part of the year, and the favorable price trends in certain countries (Italy, France, Greece and Morocco). The results are even more significant if the increase in energy costs, and related impact on operating costs, is considered and because of the greater impact of amortization and depreciation charges, up due to the expansion of the consolidation, greater investments compared to those made in previous years and the voluntary revaluation of assets by Italcementi S.p.A.



The results of the other business segments may be summarized as follows:

- Sirap Gema Group (food packaging and thermal insulation): consolidated net income of Lire 5.2 billion (-54% on 1999); net sales of Lire 225 billion (+13%). The reduction in net income is due to the very competitive market conditions in the thermal insulation sector and related negative results, especially in the north European markets, and significant growth in raw materials costs;
- SAB Group (public road transport): consolidated net income of Lire 8.4 billion (+15%); net sales of Lire 153.3 billion (substantially consistent with 1999).

The parent Company and its financial subsidiaries were responsible for most of the increase in consolidated net income due to the capital gains of Lire 212.3 billion generated by the sale of investments, the efficient management of financial assets and liabilities in an increasing interest rates environment and the positive performance of the financial companies.

The main financial companies recorded the following results:

- Italmobiliare International Finance Ltd. (main financial company of the Group operating in international capital markets): net income of Lire 34.9 billion (+44% on 1999);
- Société de Participation Financière Italmobiliare S.A. (holding for key equity investments and liquidity): net income of Lire 36.7 billion (+11.7%);
- Fincomind Group (including Finter Bank Zürich and Finter Bank France): consolidated net income of Sfr 12.4 million (+45%).

#### Main transactions involving the investments of Italmobiliare and its financial subsidiaries

The holding Company and its financial subsidiaries sold investments for Lire 449.6 billion during the year and acquired new investments for Lire 319.5 billion.

#### Equity investments in industrial companies

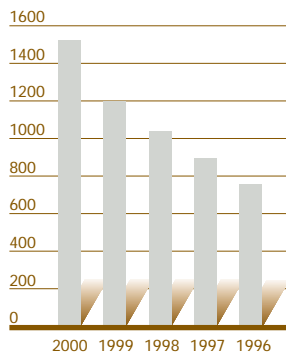
The holding Company purchased 7,470,250 ordinary Italcementi shares during the year for approximately Lire 136 billion, thus increasing its stake in the subsidiary's share capital with voting rights to 56.65%.

The investment in Crea, active in the water distribution and treatment sector, was the object of an important agreement with Bouygues group. Italmobiliare sold Crea to Sigesa (Saur-Bouygues group) for Lire 130 billion, recording a gain of Lire 79 billion<sup>(\*)</sup>. As contractually agreed, the price is subject to verification by the buyer which is almost completed. As part of the agreements with Bouygues group, Italmobiliare Group acquired 29% of Sigesa for Lire 38.4 billion.

<sup>(\*)</sup> capital gain = difference between the sales price and the book value in the Italmobiliare consolidated financial statements of the equity investment sold.



**Consolidated cash flows**  
in billions of lire



Société de Participation Financière Italmobiliare SA acquired 10% of Dieci S.r.l. for Lire 30 billion. This latter company successfully launched a public tender offer for Cartiere Burgo in May 2000. Italmobiliare sold its 2.68% investment in Burgo during the offer, recording proceeds of Lire 66.7 billion and a capital gain of Lire 44 billion.

The subsidiary also sold part of Poligrafici Editoriale shares on the stock market for Lire 40.2 billion realizing a gain of Lire 33.2 billion<sup>(\*)</sup>. Its investment in the company was 4.77% at year end.

Italmobiliare sold its investment in Falck to Compart (now Montedison) in July as part of the agreement between the Falck shareholder syndicate and Compart. The latter had launched a total and friendly public tender offer for Falck and Sondel in order to create a major electricity grouping given the ongoing liberalization of the sector.

This sale generated income of Lire 50.3 billion and a capital gain of Lire 40.6 billion. The acceptance of the public tender offer for Sondel generated proceeds of Lire 9.3 billion and a capital gain of Lire 8.4 billion.

Other significant transactions made by Italmobiliare were the following: subscription of the share capital increase of Gemina for Lire 10.8 billion, sale of its entire stake in Sabtilf S.r.l. (and its subsidiaries Agrustos S.r.l. and Marsilio S.r.l.) generating proceeds of Lire 7.4 billion and a capital gain of Lire 2.7 billion<sup>(\*)</sup>.

#### Investments in financial companies and banks

Italmobiliare purchased 0.62% of Mediobanca for Lire 67.1 billion, bringing the Group's investment in this bank to 3.01% and becoming the largest non-banking shareholder.

Italmobiliare International Finance sold its equity investments in Banca Intesa and Banca Commerciale Italiana following exercise of a put option on the two banks' shares, recording proceeds of Lire 134 billion and a capital gain of Lire 1.5 billion. The investments, held through Société de Participation Financière Italmobiliare, were thus 0.27% and 0.11% in Banca Intesa and Banca Commerciale Italiana respectively at 31 December 2000. Subscription of the share capital increase of Banca Intesa cost the Group Lire 3 billion.

Société de Participation Financière Italmobiliare invested Lire 4.5 billion in the Italian company Consortium S.r.l. which is currently acquiring Assicurazioni Generali shares.

Italmobiliare subscribed Lire 1.7 billion of the share capital increase of Fin.Priv. S.r.l.

<sup>(\*)</sup> capital gain = difference between the sales price and the book value in the Italmobiliare consolidated financial statements of the equity investment sold.



## Key consolidated figures

	(in millions of euro)			(in billions of lire)	
	2000	1999	Variation % 2000/1999	2000	1999
<b>Net sales</b>	<b>3,962.2</b>	<b>3,609.2</b>	<b>9.8</b>	<b>7,671.9</b>	<b>6,988.5</b>
<b>Added value</b>	<b>1,690.1</b>	<b>1,593.8</b>	<b>6.0</b>	<b>3,272.6</b>	<b>3,086.0</b>
<b>Gross operating profit</b>	<b>947.4</b>	<b>861.0</b>	<b>10.0</b>	<b>1,834.5</b>	<b>1,667.2</b>
<i>as a % of net sales</i>	<i>23.9</i>	<i>23.9</i>		<i>23.9</i>	<i>23.9</i>
Amortization and depreciation	420.7	356.3	18.1	814.6	689.8
<b>Operating income</b>	<b>526.7</b>	<b>504.8</b>	<b>4.3</b>	<b>1,019.9</b>	<b>977.4</b>
<i>(difference between net sales and other operating income and operating costs)</i>					
<i>as a % of net sales</i>	<i>13.3</i>	<i>14.0</i>		<i>13.3</i>	<i>14.0</i>
Financial income and charges, net	61.5	(49.8)		119.1	(96.5)
Adjustments to the value of financial assets and non-recurring items, net	14.9	1.8		28.8	3.4
<b>Income before taxes</b>	<b>603.1</b>	<b>456.7</b>	<b>32.1</b>	<b>1,167.7</b>	<b>884.2</b>
<b>Income before minority interests</b>	<b>368.9</b>	<b>261.1</b>	<b>41.3</b>	<b>714.3</b>	<b>505.6</b>
Minority interests	182.3	170.9	6.6	352.9	331.0
<b>Net income of the Group</b>	<b>186.6</b>	<b>90.1</b>	<b>107.1</b>	<b>361.4</b>	<b>174.5</b>
Total shareholders' equity	3,500.3	3,267.4	7.1	6,777.5	6,326.6
Shareholders' equity of the Group	1,432.9	1,260.4	13.7	2,774.5	2,440.4
Net debt	(1,535.3)	(1,749.6)	-12.3	(2,972.7)	(3,387.7)
Investments	618.4	869.7	-28.9	1,197.5	1,684.0
<b>Cash flow</b>	<b>789.6</b>	<b>617.4</b>	<b>27.9</b>	<b>1,528.9</b>	<b>1,195.4</b>
<i>(income+amortization and depreciation)</i>					

## Net sales

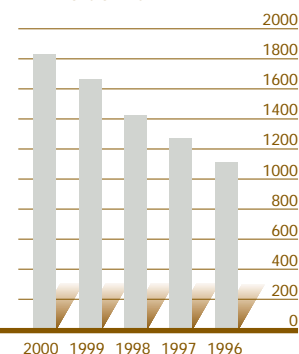
The 9.8% increase in net sales is due to:

- positive performance of the markets in which the Group operates (6.7%);
- exchange rate changes (2.7%);
- variations in the consolidation (0.4%), with the inclusion of construction companies and the exit of the water distribution and treatment companies.

Group net sales made outside Italy amounted to 68.2% of the total, up on the previous year (67.2%) due to the consolidation of the construction sector activities performed abroad.

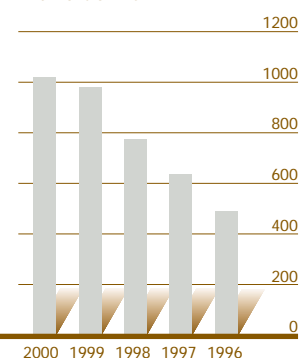
## Consolidated gross operating profit

in millions of lire



## Consolidated operating income

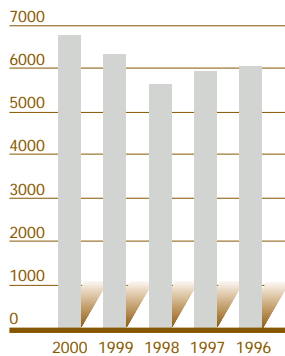
in billions of lire



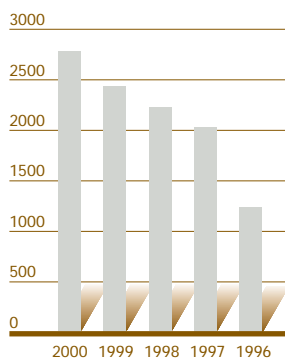




**Total shareholders' equity**  
in billions of lire



**Consolidated shareholders' equity of the Group**  
in billions of lire



The following table gives a breakdown by business segment and geographical area:

	(in billions of lire)					
	2000		1999		Variation	
		%		%	%	% <sup>(*)</sup>
<b>Geographical area</b>						
European Union	5,444.5	71.0	5,139.4	73.6	5.9	8.1
<i>of which Italy</i>	2,435.9	31.8	2,290.6	32.8	6.3	12.1
North America	1,210.6	15.8	1,056.8	15.1	14.6	-0.7
Other countries and trading	1,016.8	13.2	792.3	11.3	28.3	9.0
<b>Total</b>	<b>7,671.9</b>	<b>100.0</b>	<b>6,988.5</b>	<b>100</b>	<b>9.8</b>	<b>6.7</b>
<b>Business segment</b>						
Construction materials	7,373.0	96.1	6,590.6	94.3	11.9	6.5
Food packaging and thermal insulation	225.0	2.9	199.0	2.9	13.1	13.1
Transport	69.1	0.9	68.2	1.0	1.4	1.4
Water and natural gas distribution	-	-	120.6	1.7	n.s.	n.s.
Other	4.8	0.1	10.1	0.1	-52.8	30.8
<b>Total</b>	<b>7,671.9</b>	<b>100.0</b>	<b>6,988.5</b>	<b>100</b>	<b>9.8</b>	<b>6.7</b>

(\*) using the same exchange rates and consolidation

### Gross operating profit and operating income

The gross operating profit increased 10% on 1999 with a stable ratio to sales. Operating income grew 4.4% on 1999, however if the effect of the revaluation of assets is excluded, this rate would have been 12.8%.

### Financial income and charges and other components

The balance of financial income and charges went from a negative Lire 96.5 billion to a positive Lire 119.1 billion mainly due to the capital gains on the sale of investments of Lire 213.1 billion (Lire 33 billion in 1999), principally recorded by the holding Company and wholly controlled financial companies. The other components also improved.

### Adjustments to the value of financial assets and non-recurring items, net

Adjustments to the value of financial assets and non-recurring items were a positive Lire 28.8 billion compared to a positive Lire 3.4 billion in 1999 mainly due to non-recurring items recorded by the construction materials companies including the positive net capital gains on the sale of fixed assets, investments and securities and the prior year item related to the reduction of the European Commission fine to be paid by Ciments Français and the negative accruals for the restructuring programmes and write-downs of fixed assets.



## Net income for the year

Income before taxes amounted to Lire 1,167.7 billion with an increase of 32.1% compared to 1999 (Lire 884.2 billion).

After taxes of Lire 453.4 billion (Lire 378.6 billion in 1999), total net income was Lire 714.3 billion against Lire 505.6 billion in 1998 (+41.3%).

Net income of the Group, after minority interests of Lire 352.9 billion (Lire 331 billion in 1999), was up 107% to Lire 361.4 billion (Lire 174.5 billion in 1998). The revaluation of assets by Italcementi negatively affected net income by Lire 48 billion.

## Balance sheet - Key figures

	(in millions of euro)		(in billions of lire)	
	2000	1999	2000	1999
Net fixed assets	5,122.8	4,999.9	9,919.0	9,681.2
Working capital	811.7	835.6	1,571.7	1,618.0
<b>Net invested capital</b>	<b>5,934.5</b>	<b>5,835.5</b>	<b>11,490.7</b>	<b>11,299.2</b>
Shareholders' equity	3,500.3	3,267.4	6,777.5	6,326.6
Floating rate subordinated securities (net)	121.8	141.0	235.8	273.1
Provisions	777.1	677.5	1,504.8	1,311.8
Net debt	1,535.3	1,749.6	2,972.7	3,387.7
<b>Total financing</b>	<b>5,934.5</b>	<b>5,835.5</b>	<b>11,490.7</b>	<b>11,299.2</b>

## Investments in fixed assets

The Group's total investments in 2000 amounted to Lire 1,197.5 billion compared to Lire 1,684 billion in 1999.

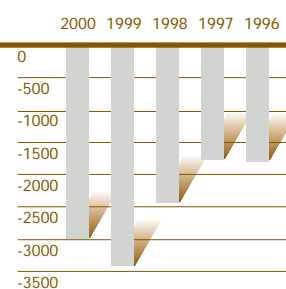
Capital expenditure and investments in intangible assets amounted to Lire 673.8 billion (Lire 646.9 billion in 1999) and mainly consisted of improvements made to construction materials production facilities in Italy, France and North America.

Equity investments were Lire 523.7 billion, down on the Lire 1,037.1 billion of 1999. The main equity investments made during the year were by Italcementi Group (Lire 220.5 billion compared to Lire 822.8 billion in 1999) and Italmobiliare and its subsidiaries (Lire 295.5 billion compared to Lire 181.8 billion); in addition, own shares were purchased for Lire 7.7 billion (Lire 32.5 billion in 1999).

## Net debt

Net debt improved by Lire 415 billion from Lire 3,387.7 billion in 1999 to Lire 2,972.7 billion at the end of 2000.

## Net financial position (excluding floating rate subordinated securities) in billions of lire





## Cash flow statement - Key figures

	(in millions of euro)		(in billions of lire)	
	2000	1999	2000	1999
<b>Net debt at beginning of year</b>	<b>(1,749.6)</b>	<b>(1,230.7)</b>	<b>(3,387.7)</b>	<b>(2,382.9)</b>
<b>Cash flow from operating activities</b>	<b>602.6</b>	<b>605.2</b>	<b>1,166.9</b>	<b>1,171.8</b>
Investments, net				
Intangible	(31.8)	(40.7)	(61.5)	(78.9)
Tangible	(316.2)	(293.3)	(612.3)	(567.9)
Investments	(266.5)	(518.9)	(516.0)	(1,004.7)
Own shares	(4.0)	(16.8)	(7.7)	(32.5)
Proceeds from sale of fixed assets	44.0	43.4	85.3	84.1
Proceeds from sale of investments	153.3	10.6	296.8	20.5
<b>Total investments</b>	<b>(421.1)</b>	<b>(815.7)</b>	<b>(815.4)</b>	<b>(1,579.4)</b>
Variation in other financial fixed assets	(2.5)	(27.9)	(4.8)	(54.0)
Variation in other investments	75.6	(75.0)	146.4	(145.3)
Dividends paid	(82.9)	(64.5)	(160.5)	(124.9)
Reimbursement of preferred shares	-	(138.4)	-	(268.0)
Other	42.6	(2.6)	82.4	(5.0)
Total increase/decrease in net debt	214.3	(518.9)	415.0	(1,004.8)
<b>Net debt at end of year</b>	<b>(1,535.3)</b>	<b>(1,749.6)</b>	<b>(2,972.7)</b>	<b>(3,387.7)</b>

The debt/equity ratio decreased to 47.3% from 57.9% at the end of December 1999 (debt includes the net value of the floating rate subordinated securities).

## Shareholders' equity

Total shareholders' equity was up Lire 450.9 billion with respect to 31 December 1999. Shareholders' equity of the Group increased by Lire 334 billion while that of minority interests grew by Lire 116.9 billion.

The effect of exchange rates was marginal.



## Performance by business segment and geographical area

### Construction materials

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

#### Summarized consolidated figures

	(in millions of euro)			(in billions of lire)	
	2000	1999	Variation % 2000/1999	2000	1999
<b>Net sales</b>	<b>3,810.8</b>	<b>3,406.4</b>	<b>11.9</b>	<b>7,378.8</b>	<b>6,595.8</b>
<b>Added value</b>	<b>1,605.9</b>	<b>1,473.0</b>	<b>9.0</b>	<b>3,109.4</b>	<b>2,852.2</b>
<b>Gross operating profit</b>	<b>933.5</b>	<b>836.3</b>	<b>11.6</b>	<b>1,807.6</b>	<b>1,619.3</b>
<i>as a % of net sales</i>	<i>24.5</i>	<i>24.6</i>		<i>24.5</i>	<i>24.6</i>
Amortization and depreciation	(400.2)	(326.2)	22.7	(775.0)	(631.6)
<b>Operating income</b>	<b>533.3</b>	<b>510.1</b>	<b>4.5</b>	<b>1,032.6</b>	<b>987.7</b>
(difference between net sales and other operating income and operating costs)					
<i>as a % of net sales</i>	<i>14.0</i>	<i>15.0</i>		<i>14.0</i>	<i>15.0</i>
Financial income and charges, net	(109.7)	(109.8)	-0.1	(212.5)	(212.6)
Adjustments to the value of financial assets and non-recurring items, net	19.4	(2.6)		37.6	(5.0)
<b>Income before taxes</b>	<b>442.9</b>	<b>397.7</b>	<b>11.4</b>	<b>857.7</b>	<b>770.1</b>
<b>Income before minority interests</b>	<b>239.4</b>	<b>215.2</b>	<b>11.3</b>	<b>463.6</b>	<b>416.6</b>
Minority interests	(76.8)	(77.6)	-1.1	(148.7)	(150.3)
<b>Net income of the Group</b>	<b>162.6</b>	<b>137.6</b>	<b>18.2</b>	<b>314.9</b>	<b>266.4</b>
Total shareholders' equity	2,745.5	2,574.4	6.6	5,316.1	4,984.8
Shareholders' equity of the Group	1,911.0	1,745.5	9.5	3,700.3	3,379.7
Net debt	1,665.3	1,727.2	-3.6	3,224.5	3,344.4
Investments	434.8	734.7	-40.8	842.0	1,422.5
<b>Cash flow</b>	<b>639.7</b>	<b>541.4</b>	<b>18.2</b>	<b>1,238.6</b>	<b>1,048.3</b>
(income+amortization and depreciation)					

The improved results are due to the growth in business volumes, mainly thanks to the positive performance of the main markets in which the Group operates in the first half of the year and the favorable price trends in certain countries.

The increase in energy prices had a significant adverse effect on operating costs.

Operating income was affected by the considerable increase in amortization and depreciation charges, due to extension of the consolidation and greater investments compared to those made in previous years, as well as Italcementi's revaluation of assets. Excluding the effects of this revaluation, operating income would have been greater by Lire 82 billion showing an increase of 12.9% on 1999. Total net income and income of the Group would have been greater by approximately Lire 48 billion.

The Group started a wide-reaching project to reduce operating, logistic and general costs near the end of the year which, once fully implemented, should generate significant cost savings. The Group expects that this project will significantly contribute to improving results starting from this year.



## Contribution to consolidated net sales by business and geographical area

(in billions of lire)

	2000		1999		Variation	
	2000	%	1999	%	Variation	
					%	% (*)
<b>Business segment</b>						
Cement	4,621	62.6	4,083	61.9	13.2	5.9
Ready mixed concrete and aggregates	2,382	32.3	2,164	32.8	10.1	7.6
Other	376	5.1	349	5.3	8.0	6.9
<b>Total</b>	<b>7,379</b>	<b>100</b>	<b>6,596</b>	<b>100</b>	<b>11.9</b>	<b>6.5</b>
<b>Geographical area</b>						
European Union	5,151	69.8	4,747	72.0	8.5	8.0
<i>of which Italy</i>	2,237	30.3	1,982	30.1	12.8	12.3
North America	1,211	16.4	1,057	16.0	14.6	-0.7
Other countries and trading	1,017	13.8	792	12.0	28.3	9.0
<b>Total</b>	<b>7,379</b>	<b>100</b>	<b>6,596</b>	<b>100</b>	<b>11.9</b>	<b>6.5</b>

(\*) using the same exchange rates and consolidation area

The growth in net sales is particularly marked in Italy (+12.8%), Spain (+7.4%) and Turkey (+8.6%). The 14.6% increase in North America is entirely due to exchange rate variations. The strong growth in Thailand (+96.1%) and Morocco (+24.5%) is due to variations in the consolidation.

## Net sales, gross operating profit and capital expenditure by country

	Net sales		Gross operating profit		Capital expenditure		Capital employed (**)	
	2000	Var. % from 1999	2000	Var. % from 1999	2000	1999	2000	1999
Italy	2,366.9	14.8	505.0	31.9	163.1	117.8	1,706.7	1,706.6
France	2,136.3	5.2	470.7	1.4	124.2	144.4	1,161.5	1,100.1
Belgium	360.8	-0.2	102.4	6.4	39.9	25.3	1,394.2	1,240.2
Spain	433.9	7.5	123.4	-0.6	31.0	30.3	789.3	802.0
Greece	136.2	9.7	39.0	24.4	7.9	4.5	118.7	111.8
North America	1,210.6	14.6	303.3	-2.8	115.9	102.9	1,058.8	979.8
Turkey	344.2	8.9	23.5	-51.4	15.8	21.5	538.0	544.3
Morocco (*)	336.2	24.1	144.0	31.2	23.7	29.7	574.8	584.6
Bulgaria	105.2	14.6	15.2	7.4	31.1	27.4	302.6	229.6
Thailand (**)	246.7	104.3	72.6	103.5	7.2	22.1	849.0	919.0
Trading and other countries	340.2	25.4	8.5	>100	1.6	0.7	63.2	(37.9)
Holding							880.0	914.1
Elimination of inter-country sales	(638.4)	24.5	-	-	-	-	-	-
<b>Total</b>	<b>7,378.8</b>	<b>11.9</b>	<b>1,807.6</b>	<b>11.6</b>	<b>561.4</b>	<b>526.6</b>	<b>9,436.8</b>	<b>9,094.2</b>

(\*) includes Asmar (Morocco) for eight months in 1999 and Asia Cement (Thailand) with effect from 1 September 1999

(\*\*) tangible and intangible assets, net and working capital

Further investments related to equity investments of Lire 220.5 billion, a decrease on 1999 (Lire 823 billion) when significant acquisitions in Bulgaria, Thailand and Morocco were finalized.



## Italy

	(in millions of euro)		(in billions of lire*)	
	2000	2000	1999	1998
Net sales	1,222	2,367	2,062	1,859
Gross operating profit	261	505	383	291
Capital expenditure	84	163	118	115
Capital employed (**)	882	1,707	1,707	1,870
Personnel (no.) (***)	5,058	5,058	5,159	5,245

(\*) consolidated figures before elimination of intercompany transactions

(\*\*) tangible and intangible assets, net and working capital

(\*\*\*) including personnel of CTG S.p.A. working in France

## Cement

	2000	2000	1999	1998
Net sales	802	1,553	1,279	1,140
Gross operating profit	210	406	311	231
Capital expenditure	63	122	84	85
Capital employed (**)	534	1,034	987	1,125
Personnel (no.)	3,267	3,267	3,313	3,322

(\*) consolidated figures before elimination of intercompany transactions

(\*\*) tangible and intangible assets, net and working capital

## Ready mixed concrete and aggregates

	2000	2000	1999	1998
Net sales	390	755	696	632
Gross operating profit	38	73	51	42
Capital expenditure	15	30	21	17
Capital employed (**)	248	481	491	523
Personnel (no.)	899	899	941	1,014

(\*) consolidated figures before elimination of intercompany transactions

(\*\*) tangible and intangible assets, net and working capital

The ready mixed concrete market grew by an estimated 3.8% (unofficial figure as official statistics do not exist) assisted by the positive performance of investments in all construction sectors.

Calcestruzzi S.p.A. and its subsidiaries saw an overall increase in net sales and gross operating profit of 8.5% and 43.3% respectively, despite the strong growth in raw material prices, thanks to the actions taken to reduce fixed costs.



## France

	(in millions of euro)		(in billions of lire*)	
	2000	2000	1999	1998
Net sales	1,103	2,136	2,030	1,796
Gross operating profit	243	471	464	407
Capital expenditure	64	124	144	116
Capital employed (**)	600	1,161	1,100	1,127
Personnel (no.) (***)	3,989	3,989	3,899	3,718

(\*) consolidated figures before elimination of intercompany transactions

(\*\*) tangible and intangible assets, net and working capital

(\*\*\*) excluding personnel of CTG S.p.A. working in France

## Cement

	2000		1999	
	2000	2000	1999	1998
Net sales	617	1,194	1,169	1,069
Gross operating profit	182	352	366	335
Capital expenditure	38	74	93	73
Capital employed (**)	334	646	579	617
Personnel (no.)	1,578	1,578	1,569	1,604

(\*) consolidated figures before elimination of intercompany transactions

(\*\*) tangible and intangible assets, net and working capital

The French construction and public works sector benefited from the strong economy in 2000 with domestic demand for cement up 2.1% to 20.6 million tons.

Ciments Calcia S.A. domestic sales were in line with the previous year and were impacted by the company's geographical positioning.

While its net sales increased moderately, its operating results, down slightly on 1999, were penalized by the increase in the costs of fuel (despite the greater use of alternative fuels), raw materials and labor following the introduction of the Decree reducing the working week to 35 hours.

## Ready mixed concrete and aggregates

	2000		1999	
	2000	2000	1999	1998
Net sales	513	994	906	747
Gross operating profit	55	107	83	56
Capital expenditure	23	44	45	37
Capital employed (**)	294	483	489	476
Personnel (no.)	1,577	1,577	1,529	1,371

(\*) consolidated figures before elimination of intercompany transactions

(\*\*) tangible and intangible assets, net and working capital



The French aggregates market showed modest growth in 2000.

GSM's acquisitions in 1999 assisted an increase in volumes (roughly 7.4%) to 26 million metric tons.

Domestic demand for ready mixed concrete increased by 3% to 34 million cubic meters. Unibéton recorded sales volumes of 4.4 million cubic meters, a 6.8% increase on 1999 (+1.6% using the same consolidation).

The improved volumes and sales prices in the two sectors more than offset the increase in costs, leading to a significantly improved operating result.

## North America

	(in millions of euro)		(in billions of lire*)	
	2000	2000	1999	1998
Net sales	625	1,211	1,057	971
Gross operating profit	157	303	312	308
Capital expenditure	60	116	103	107
Capital employed (**)	547	1,059	980	722
Personnel (no.)	1,557	1,557	1,571	1,544

(\*) consolidated figures before elimination of intercompany transactions

(\*\*) tangible and intangible assets, net and working capital

The North American economy performed exceptionally well notwithstanding the slowdown seen in the United States in the second half of the year. Growth in the residential construction sector was weak and the federal budget for road infrastructures was below expectations.

Cement demand in the market in which Essroc operates was down 1.2%.

Group sales decreased by roughly 1% due to the very adverse weather conditions at year end in the areas in which it operates.

While net sales, expressed in the local currency, showed a modest decrease, operating results did not fare as well due to the increase in operating costs, especially for energy, maintenance and logistics and other costs related to greater imports of cement and clinkers.

Essroc continued its investments aimed at containing operating costs, optimizing logistics structures and protecting the environment.

The company also commenced procedures for authorization to increase the production capacity of its plants in Speed and Picton (1 million tons) for an expected outlay of approximately \$ 150 million.





## Ecology, the environment and safety

The Group continued its environment and ecological initiatives during the year with a number of voluntary projects aimed at integrating its development with environmental requirements.

Group companies continued to request and obtain environmental compliance certification in line with the ISO 14001 regulations.

The Group also continued to use alternative fuels from recycled waste thus meeting a large part of its raw energy requirements from this source in some countries.

Following the outbreak of BSE, there has been significant interest at government level in Italy over the last few months about the use of cement plants to eliminate animal meal based on the many years of experience gained in other countries. Last March, the decree obliging cement producers to use animal meal as an alternative fuel became law and the technical guidelines are expected to be issued shortly.

As part of a far-ranging group project "Zero accidents", a team has been put together to work with Dupont Safety Resources in order to develop a safety culture and reduce the risk to employees and costs of accidents at work.

## Design, technical assistance, research and development (CTG S.p.A. - Group technical center)

In line with its mission, CTG S.p.A. concentrated its activities on research, design and assistance with the construction of new equipment and modernization of existing equipment, assistance in the utilization and maintenance of production facilities and research and development projects.

At 31 December, CTG S.p.A. had 410 employees (398 in 1999), of which 285 at the Bergamo head office and 125 at the Guerville office.

Its main projects for the year related to the restructuring of a cement plant in Italy and performing of studies for the upgrading of the production facilities of the Group's American cement plants.

It provided assistance with the improvement of product quality, technological and production performances and start up and/or fine-tuning of new plants.

The Center also focused on the technological transfer of new technologies for the laying of ready mixed concrete, special innovative cements and mortar and ready mixed concrete additives.

## Parent company results

Italcementi S.p.A. recorded net income of Lire 169 billion, an improvement of approximately 40% on the previous year (Lire 121 billion).

This result includes the effects of the greater depreciation charges due to the revaluation of tangible assets (approximately Lire 103 billion) made to reflect the prudent appreciation of the fair value of the revalued assets pursuant to Law no. 342 of 21 November 2000. Excluding the greater depreciation charges (as above), Italcementi's operating income and net income would have been greater by Lire 82.4 billion and Lire 48.4 billion respectively.



## Summarized financial statements

	(in millions of euro)			(in billions of lire)	
	2000	1999	Variation % 2000/1999	2000	1999
<b>Net sales</b>	<b>749.2</b>	<b>637.9</b>	<b>17.4</b>	<b>1,450.6</b>	<b>1,235.1</b>
<b>Added value</b>	<b>337.6</b>	<b>288.2</b>	<b>17.1</b>	<b>653.6</b>	<b>558.0</b>
<b>Gross operating profit</b>	<b>206.6</b>	<b>158.4</b>	<b>30.4</b>	<b>400.1</b>	<b>306.8</b>
<i>as a % of net sales</i>	<i>27.6</i>	<i>24.8</i>		<i>27.6</i>	<i>24.8</i>
Amortization and depreciation	(97.2)	(62.7)	55.1	(188.2)	(121.3)
<b>Operating income</b>	<b>109.4</b>	<b>95.8</b>	<b>14.2</b>	<b>211.9</b>	<b>185.5</b>
(difference between net sales and other operating income and operating costs)					
<i>as a % of net sales</i>	<i>14.6</i>	<i>15.0</i>		<i>14.6</i>	<i>15.0</i>
Financial income and charges, net	22.4	17.3	29.5	43.4	33.5
Adjustments to the value of financial assets	(1.9)	(16.8)	-88.6	(3.7)	(32.6)
Non-recurring income and charges, net	12.6	5.9	111.1	24.4	11.6
<b>Income before taxes</b>	<b>142.5</b>	<b>102.2</b>	<b>39.4</b>	<b>276.0</b>	<b>197.9</b>
<b>Net income for the year</b>	<b>87.4</b>	<b>62.4</b>	<b>40.0</b>	<b>169.3</b>	<b>120.9</b>
Shareholders' equity	1,699.1	1,609.6	5.6	3,289.9	3,116.6
Net debt	(325.6)	(362.3)	-10.1	(630.4)	(701.4)
Investments	114.5	277.5	-58.7	221.7	537.3
<b>Cash flow</b>	<b>184.7</b>	<b>125.1</b>	<b>47.6</b>	<b>357.6</b>	<b>242.2</b>
(income+amortization and depreciation)					

The shareholders' meeting called to approve the financial statements will be asked to resolve the distribution of a gross dividend per share of Euro 0.18 (Lire 349) to the ordinary shares (Lire 270 gross in 2000) and Euro 0.21 (Lire 407) to the savings shares (Lire 330 gross in 2000).

## Ongoing litigation

As mentioned in previous reports, on 15 March 2000, the EU Court of First Appeal issued its ruling on the appeal presented by the main European cement producers against the outcome of the proceedings commenced by the Anti-Trust Authority. The Court partly agreed with the arguments and reduced Italcementi and Ciments Français' fines from Euro 33.6 million to Euro 26.8 billion and from Euro 25.7 million to Euro 13.6 million respectively.

Italcementi and Ciments Français have both appealed this ruling.

The case is proceeding with the counter appeal presented by the Commission in January 2001.

Ciments Français paid the reduced fine, including the interest, in May 2000 and thus decreased the original provision accordingly recording a prior year item of Lire 32.3 billion under non-recurring income.



With respect to the agreements relating to the acquisition of a majority holding in Ciments Français by Italcementi, given that the issues attributed to Ciments Français took place before the acquisition, Paribas has reimbursed Société Internationale Italcementi France approximately Euro 8 million (Lire 15.4 billion).

Tax inspections and control procedures continued or started in certain group companies, including Italcementi S.p.A., during the year.

The relevant provisions were made where the potential contingencies are held to be probable.

#### Significant post balance sheet events

Ciments Français S.A. finalized its acquisition of 50% of Zuari Cement Ltd. in January 2001.

No other significant events took place that would require modification to or additional comments to be made on the Group's financial position and results at 31 December 2000.

#### Outlook

The EU countries should continue to perform well although at a slower rate. The construction sector, the Group's main market, should follow the trend of the general economy in the EU.

The current slowdown of the North American economy has impacted the construction sector, especially the residential and private construction sector. Public works should be impacted to a lesser extent.

Market expectations for the construction sectors in the emerging countries in which the Group operates vary from country to country.

After the two recent serious financial crises, the situation appears difficult in Turkey, partly due to the current lack of a clear cut plan to resolve the problems.

The Moroccan economy should continue to perform well with growth rates in line with those of 2000.

The Bulgarian market also shows good growth prospects.

An improvement in the Thai building construction sector is not expected due to the excessive building in previous years, the Asiatic crisis and uncertainty about local politics.

The Group has introduced a plan for the strict monitoring and reduction of costs which is expected to give results from this year.

Unless currently unforeseeable events take place, the year end result should be better than that of 2000.



## Food packaging and thermal insulation

Sirap Gema S.p.A. and its subsidiaries are active in the food packaging and thermal insulation sectors with four production facilities in Italy, one in France and one in Belgium. Summarized consolidated figures are as follows:

	(in millions of euro)		(in billions of lire)	
	2000	1999	2000	1999
<b>Net sales</b>	<b>116.2</b>	<b>102.8</b>	<b>225.0</b>	<b>199.0</b>
<b>Added value</b>	<b>38.3</b>	<b>41.1</b>	<b>74.1</b>	<b>79.5</b>
<b>Gross operating profit</b>	<b>12.8</b>	<b>17.2</b>	<b>24.7</b>	<b>33.3</b>
Amortization and depreciation	(6.2)	(6.1)	(12.0)	(11.8)
<b>Operating income</b>	<b>6.6</b>	<b>11.1</b>	<b>12.7</b>	<b>21.5</b>
Financial income and charges, net	(1.3)	(0.7)	(2.5)	(1.3)
Non-recurring income and charges, net	0.1	0.7	0.2	1.3
Taxes on income	(2.7)	(5.3)	(5.2)	(10.2)
<b>Net income for the year</b>	<b>2.7</b>	<b>5.8</b>	<b>5.2</b>	<b>11.3</b>
Net cash flow	8.9	11.9	17.2	23.1
Capital expenditure	12.9	7.7	25.0	14.9
Personnel (no.)	669	651	669	651
Net invested capital	60.8	54.1	117.7	104.8
Shareholders' equity	23.9	24.3	46.2	47.0
Net debt	(28.7)	(22.3)	(55.5)	(43.1)

Consolidated net sales increased 13% from Lire 199 billion to Lire 225 billion. Net income decreased from Lire 11.3 billion to Lire 5.2 billion. The significant drop in profitability is mainly due to raw material price increases caused by the increase in oil prices and the high level of demand for styrene materials by the transformation sector.

The reaction of the food packaging and thermal insulation sectors to this negative impact on costs varied due to the different business cycles.

The critical situation of the thermal insulation sector, especially in the North European countries, had a significant effect on group results leading to a reduction in overall profitability.

## Food packaging

### Italy

	2000	2000	1999	1998
Net sales	40.7	78.9	69.1	68.5
Gross operating profit	9.4	18.2	17.2	15.9
Net invested capital	27.5	53.2	53.3	51.4
Capital expenditure	8.6	16.6	7.3	6.3
Personnel (no.)	288	288	272	248



The positive demand levels and the Group's customer loyalty initiatives greatly assisted this sector in Italy. The gross operating profit thus improved by approximately 6%.

The BSE disease, which broke out at the end of the year, did not have a significant effect on the sector's results.

The Group made significant investments to improve process automation and especially to increase the efficiency of the thermoforming of trays for foodstuffs.

## France

	(in millions of euro)		(in billions of lire)	
	2000	2000	1999	1998
Net sales	22.0	42.6	32.7	29.1
Gross operating profit	3.3	6.3	3.4	3.1
Net invested capital	8.9	17.2	14.2	10.2
Capital expenditure	1.4	2.7	4.3	2.2
Personnel (no.)	101	101	94	83

The Group significantly improved its results in France.

The extremely good level of demand and success of the more innovative products enabled the Group to both absorb the greater raw material prices and improve its results.

Investments related to the optimization of the extrusion unit's processes.

## Thermal insulation

### Italy

	2000	2000	1999	1998
Net sales	20.3	39.3	35.1	32.2
Gross operating profit	2.4	4.7	9.2	5.9
Net invested capital	9.1	17.6	17.5	16.2
Capital expenditure	1.3	2.6	1.8	2.1
Personnel (no.)	107	107	108	112

Although the construction sector performed well, it saw a steady increase in competition partly due to the inflow of products from other European countries.

At the end of the first half of the year, the market saw a drop in prices that did not allow companies to fully pass on the increase in raw materials to customers.

Net sales increased slightly but the gross operating profit, although still positive, decreased significantly.

Investments consisted of measures to increase the automation of the production lines of prefabricated products.



## Belgium

	(in millions of euro)		(in billions of lire)	
	2000	2000	1999	1998
Net sales	26.5	51.3	51.6	50.4
Gross operating profit	(3.6)	(7.0)	0.0	1.4
Net invested capital	6.0	11.3	14.5	13.7
Capital expenditure	1.3	2.6	1.2	1.8
Personnel (no.)	92	92	93	95

The difficult situation seen in northern Europe at the end of the previous year worsened during the year becoming very negative. Moreover, competition made it impossible to use prices to recover at least part of the increase in raw material prices.

The Manage plant encountered difficulties with production, especially with respect to the negative cost structure due to the age of certain systems. The Group started to use the new expanding gases during the year, which will be compulsory in Germany from the second half of 2001. This led to the inefficient use of plants due to the refining of the new products with ecological gases. Due to this loss-making situation, the parent company had to recapitalize Sirap Gema International for Bfr 200 million (approximately Lire 10 billion).

### Research and development

Research activities for the food packaging sector focused on studies of new materials for food containers and cost/service improvements of innovative articles already in production.

Experiments with the new expanding gases that are environment friendly continued for the thermal insulation sector.

### Significant post balance sheet events

No significant events have taken place since balance sheet date.

### Outlook

Year 2001 will be characterized by great uncertainty, due to the development of the BSE factor, which has led to a significant decrease in the consumption of beef in Europe, for the food packaging sector. However, any negative impact may be offset by the Group's presence in the poultry sector.

A short term turn-around in the current trends of the thermal insulation sector is not expected, especially with respect to sales prices which are currently lower than those of the second half of 2000. The Group is considering the possibility of downsizing its Manage plant in Belgium and finding industrial partners in complementary sectors.



## Services

### Public transport

The Group is active in the public transport sector in northern Italy through SAB Autoservizi S.r.l. and its controlled companies, namely SIA S.p.A., SAIA Bus S.r.l. and SAL S.r.l.

#### Key consolidated figures

	(in millions of euro)		(in billions of lire)	
	2000	1999	2000	1999
<b>Net sales and grants for operating expenses</b>	<b>79.2</b>	<b>78.8</b>	<b>153.3</b>	<b>152.6</b>
<b>Gross operating profit</b>	<b>12.1</b>	<b>11.1</b>	<b>23.5</b>	<b>21.6</b>
Amortization and depreciation	(7.5)	(10.0)	(14.5)	(19.4)
<b>Operating income</b>	<b>4.6</b>	<b>1.1</b>	<b>9.0</b>	<b>2.2</b>
Financial income and charges, net	0.9	0.7	1.7	1.3
Non-recurring income and charges, net	(1.1)	3.8	(2.1)	7.3
<b>Net income for the year</b>	<b>4.3</b>	<b>3.8</b>	<b>8.4</b>	<b>7.3</b>
Net cash flow	11.8	13.8	22.9	26.7
Capital expenditure	26.9	6.6	52.0	12.8
Shareholders' equity of the Group	32.0	28.4	61.9	54.9
Net financial position	25.0	17.2	48.4	33.3
Personnel (no.)	1,080	1,105	1,080	1,105

With stable sales and despite the significant increase in fuel costs, SAB improved its results thanks to a decrease of social security charges and by recovering efficiency. Moreover, the purchase of new materials has lengthened the useful life of the buses and decreased depreciation charges leading to a considerable increase in operating income.

The main operating figures of the sector are as follows:

	2000	1999	Variation
Number of buses	921	930	-9
Routes traveled (km)	35,243,009	35,333,536	-90,527
Passengers carried (no.)	36,818,545	35,972,038	846,507
Length of trip (passengers per km)	704,340,416	713,040,159	-8,699,743

The reform of the local public transport sector consisted of the steady implementation of the national legislation at regional level (Legislative decree no. 422/97 and Legislative decree no. 400/99).

The Lombardy Regional Authorities established certain deadlines as part of its resolution for the " Approval of the operating plan of the initiatives that the Regional Authorities and local bodies will promote in the period from 2000 to 2003 to implement the local public transport reforms". One of these deadlines is 2001 as the starting point for the tenders for management of the transport networks while another is January 2003 for application of the new service contracts agreed by the local bodies and transport companies based on the outcome of the tenders.



Based on the new business environment, SAB group continued its strategies aimed at consolidating its presence in the sector through agreements with other players in this market.

Three new initiatives started during the year and became fully operational in 2001:

- Trieste Trasporti won the tender for the bus transport system in the Trieste area; SAB Group has a 30% interest in this company and is responsible for its management;
- KM S.p.A. was set up by AEM Cremona (51% interest) and SAB Group and has taken over the concessions managed by the two shareholders in the Cremona area. SAB Group (49% interest) will be responsible for its day-to-day running;
- SAIA Trasporti S.p.A. was incorporated (SAB Group interest of 51%) and took over the shareholders' concessions for the southern part of the Brescia area.

Development of the first two initiatives has entailed the Group's entry into the city transport sector, necessary for its plans to create an integrated transport system throughout the region. With respect to the third agreement, the new company will become an effective vehicle for participating in tenders for medium size networks.

Negotiations with ASM Brescia are still underway for the creation of a single manager for the city and long distance routes in the Brescia area.

#### Significant post balance sheet events

As noted, Trieste Trasporti S.p.A., KM S.p.A. and SAIA Trasporti S.p.A. started regular operations on 1 January 2001 in their respective areas.

#### Outlook

With tariffs and grants remaining unchanged, 2001 will see an increase in personnel expenses following introduction of the new national labor contract. The operating result may be affected by variations in fuel costs.

### Financial sector

This sector includes the financial companies over which Italmobiliare has, directly or indirectly, full control.

#### Italmobiliare International Finance Limited (Dublin)

This company is the main financial company of Italmobiliare Group. It operates in international capital markets and provides financial support to the foreign group companies.





Its main financial figures are as follows:

	(in millions of euro)	(in billions of lire)	
	2000	2000	1999
Financial income and charges, net	21.7	42.0	30.0
(Write-downs)/revaluations	(0.8)	(1.6)	(2.2)
Operating costs, amortization and depreciation	(0.4)	(0.8)	(0.8)
Net income for the year	18.0	34.9	24.2
Shareholders' equity of the Group	435.9	844.1	809.3
Net financial position	432.5	837.5	673.8

The improvement in its net profit (+44%) is mainly due to the significant growth in returns on its financial assets which benefited from the increase in short term interest rates and a good mix of investments aimed, as is its general practice, at carefully selecting its investments in terms of yields and credit risks. Income from its operations meant the company performed better than the market indices and returns on similar bond mutual funds without however compromising compliance with the very strict limitations about acceptable minimum ratings.

The company recorded capital gains of Lire 1.5 billion (none in 1999) on the sale of its Banca Commerciale Italiana/Intesa shares following exercise of a put option which generated proceeds of Lire 134.5 billion. Dividends paid to the parent company were Lire 2.3 billion.

Its net financial position at year end was Lire 837.5 billion, an improvement on the Lire 673.8 billion at the end of 1999, mainly due to the aforesaid sale of shares.

#### Fincomind Group (Zürich)

Fincomind Group, mainly formed by Finter Bank Zürich and Finter Bank France, recorded consolidated net income of Sfr 12.3 million, up 45% on 1999 (Sfr 8.5 million).

This result included the capital gain of Sfr 0.89 million generated by the sale of the subsidiary Société d'Etudes de Participations et de Courtages (SEPAC, based in Monte Carlo), active in the real estate market and with investments in the same sector.

In view of a more efficient investments allocation within the Group, SEPAC was transferred to the associated company Société de Participation Financière Italmobiliare S.A.. Therefore Fincomind Group currently only consists of investments in banks, mainly those providing private banking services, or in complementary companies or companies providing services to the group banks.

The Group consolidated financial statements have been prepared (summarized below) using the line-by-line method rather than the equity method in order to best represent its operations in terms of its financial position and results.



	(in thousands of Swiss francs)	
	2000	1999 pro forma
Net interest income	16,806	12,758
Commissions and services	56,111	46,544
Trading	9,351	7,718
Other income from operating activities	395	1675
Operating costs	(57,753)	(54,280)
<b>Gross operating profit</b>	<b>24,910</b>	<b>14,415</b>
Amortization and depreciation	(4,213)	(3,544)
Write-downs, provisions and losses	(2,748)	(877)
Operating income	17,949	9,994
Non-recurring income and charges, net	(1,757)	2,354
Income taxes	(3,840)	(4,157)
Minority interests	(1)	301
Net income of the Group	12,351	8,492
Shareholders' equity	87,855	78,292

The sharp improvement in the banking activities in Switzerland contributed to the increase in consolidated net income while the current restructuring of banking operations in France continued to generate charges, although smaller than in previous years.

The performance of the main subsidiaries may be analyzed as follows:

Finter Bank Zürich recorded consolidated net income of Sfr 20.2 million, approximately 20% higher than in 1999 (Sfr 16.8 million).

Consolidated shareholders' equity, which includes net income and the provision for general banking risks, exceeded Sfr 130 million, up approximately Sfr 10 million on the previous year.

Total assets managed amounted to approximately Sfr 4.9 billion, slightly better than the previous year figure but lower than the quarterly figures of the year. This was due to the downturn in stock markets at year end and appreciation of the dollar against the main European currencies.

Finter Bank France continued its refocusing process in order to concentrate on private banking. It thus strengthened its management team so as to speed up finalization of this project.

The bank's results continued to be unsatisfactory and once again the shareholders were required to inject capital, although to a lesser extent than in the past, in order to achieve a breakeven result.

Fincomind recorded net income of Sfr 1.59 million, slightly lower than the Sfr 1.63 million of 1999. Its net financial position, including that of Finter Holding S.A., was Sfr 40.3 billion, a decrease of Sfr 4.5 million on the previous year.



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

Société de Participation Financière Italmobiliare S.A. was merged by incorporation with Franco Tosi Finance S.A. in early 2000 with accounting effect from 1 January 2000. The latter company concurrently changed its name to Société de Participation Financière Italmobiliare S.A..

Its main financial figures are set out below with 1999 data prepared on a pro forma basis for comparative purposes.

	(in millions of euro)	(in billions of lire)	
	2000	2000	1999 pro forma
Financial income and charges, net	19.2	37.2	38.4
(Write-downs)/revaluations	0.8	1.5	(3.7)
Operating costs, amortization and depreciation	(0.6)	(1.2)	(1.2)
Net income for the year	19.0	36.7	32.9
Investments	127.7	247.2	223.8
Shareholders' equity of the Group	263.7	510.6	474.0
Net financial position	135.4	262.2	246.2

The 11.7% increase in the net income for the year is partly due to the capital gains of Lire 21.8 billion (mostly generated by the sale of Poligrafici Editoriale shares), dividends of Lire 4.3 billion and a positive balance of Lire 12.6 billion from management of its financial assets and liabilities. This latter figure shows a sharp improvement on 1999 due to the increase in returns on its financing activities.

The most significant transactions included: acquisition of 10% of Dieci S.r.l. for Lire 30 billion; acquisition of 5% of Consortium S.r.l. for Lire 4.5 billion; subscription of Banca Intesa's share capital increase of Lire 3 billion, investments in high tech closed end investment funds (Ascent Technology Ventures LP and Draper Fischer Jurvetson ePlanet Ventures LP) of Lire 2.7 billion and acquisition of SEPAC S.A. (based in Monte Carlo and active in the real estate sector with investments in real estate agencies) from Fincomind S.A. for Lire 1.1 billion; sales included that of the Poligrafici Editoriale shares generating income of Lire 40.2 billion.

Its investment portfolio includes shares of Banca Commerciale Italiana, Banca Intesa, Mediobanca and Fincomind.



With respect to its investments in unlisted companies:

- Dieci S.r.l. successfully undertook a public tender offer for 100% of Cartiere Burgo during the year. Following the necessary shareholder approval (the shareholders' meeting in April 2001), the latter company will be merged with Dieci S.r.l. as part of its project to exploit the paper, electricity and financial sectors; its 2000 financial statements are not yet available;
- Credit Mobilier de Monaco, a small bank in Monte Carlo, recorded net income of Fr 1.9 million, a decrease on the previous year; it paid dividends of Fr 2.4 billion in 2000.
- Consortium S.r.l. is involved in the acquisition of Assicurazioni Generali shares. Its 2000 financial statements have not yet been approved but will show a positive year end result according to the information currently available.

After year end, the Group took part in its share capital increase, subscribing Lire 4.5 billion.

#### Intermobiliare S.p.A.

This subsidiary recorded net income of Lire 23.6 billion (net loss of Lire 3.9 billion in 1999), thanks largely to the capital gain of Lire 25.9 billion generated by the sale of its investment in Compart (now Montedison) to Italmobiliare. This was transferred in order to allow a more effective and rational allocation thereof given its stability. The sale took place at a price equal to the average stock market prices of the month preceding the sale date.

The company continued its trading activity on the Italian market with positive results.

It acquired investments in e-Nutrix and SkyGeo for Lire 2.9 billion and Lire 1.5 billion respectively and also purchased 251,500 ordinary Italcementi shares for Lire 4.3 billion.

The financial sector also includes:

- minority investments in banks and financial companies;
- minority investments in major Italian industrial groups.

(in millions of lire)

	31 December 2000		31 December 1999	
	%	Book value	%	Book value
<b>Banking-financial sector</b>				
Mediobanca (*)	3.01	238,101	2.48	156,832
UniCredito Italiano	1.71	190,346	1.729	190,349
Banca Intesa	0.27	99,857	0.53	199,593
Banca Commerciale Italiana	0.11	20,297	0.22	50,446
Mittel	12.91	28,771	12.91	25,909
Fincomind S.A. (**)	100.00	111,680	100.00	92,010
Fin.Priv. S.r.l.	12.50	19,427	12.50	17,690
Consortium S.r.l.	5.00	4,500	-	-
<b>Total</b>		<b>712,979</b>		<b>732,229</b>

(\*) also held through Italcementi Group

(\*\*) parent of Finter Bank Zürich and Finter Bank France



(in millions of lire)

	31 December 2000		31 December 1999	
	%	Book value	%	Book value
<b>Industrial groups and holding companies of industrial groups</b>				
Montedison	3.04	152,967	3.414	150,059
Hdp <sup>(*)</sup>	4.82	120,751	4.82	115,413
Gemina <sup>(*)</sup>	4.38	44,627	4.43	24,235
Gim	4.16	13,546	4.16	13,546
Poligrafici Editoriale	4.77	8,537	8.60	15,530
Premafin Finanziaria	0.29	1,448	0.29	1,246
Cartiere Burgo	-	-	2.68	22,720
Falck	-	-	2.50	9,690
Sigesa	29.00	38,400	-	-
Dieci S.r.l.	10.00	30,000	-	-
Società Editrice Siciliana S.p.A.	33.00	29,951	33.00	29,951
Sesaab S.p.A.	10.00	18,055	10.00	18,055
<b>Total</b>		<b>458,282</b>		<b>400,445</b>

(\*) also held through Italcementi Group

## Other companies

### Sigesa Group

As part of the agreements for the sale of the investment in Crea (described elsewhere), the Group acquired a 29% stake in Sigesa S.p.A. (Bouygues group company and buyer of Crea) through a share capital increase of Lire 38,400 million reserved to it. Sigesa, directly and indirectly through its subsidiaries, is active in the integrated water management cycle sector and covers most of Italy.

Crea/Sigesa group operations in 2000 mainly consisted of the restructuring of its investment portfolio and organization.

Accordingly, it finalized the sale of its investments in Slim Sicilia S.p.A., a subsidiary active in the gas distribution sector, to Italgas and of the associated company Ilce S.p.A. to another private shareholder.

With respect to its organization, it developed a program for the integration of its structures which has yet to be completed.

Due to the complexity of this program and the possibility of having well-founded valuation factors, the directors of Sigesa have postponed approval of the financial statements. Therefore, final results for the year are not yet available. Based on the information received, the forecast net result for the year is negative.

The company has introduced measures to increase the involvement of other local operators in the main geographical areas in which it operates in order to increase the Group's possibilities of winning the future tenders for the related ATOs. It has also made use of the facilities available under the Merloni law to construct desalinization and agricultural waste water utilization systems.



Italmobiliare has an option for the sale of its entire investment to Saur, Sigesa's majority shareholder, at a price with a fixed minimum which, based on information available, will not be lower than the book value of the investment in the financial statements. The option can be exercised in the period from 1 April 2002 to 31 March 2004.

Italmobiliare has also granted Saur a purchase option on the same Sigesa shares at the same exercise price of the sales option. The option can be exercised in the period from 1 April 2004 to 30 June 2004.

As part of the agreements, Italmobiliare has given the buyer the usual guarantees for any prior year items relating to the period before the sale. As is standard practice, deadlines and conditions exist for the reporting of differences from the guaranteed events (18 months, excluding the longer time period for tax, social security and pension issues), procedures for the activation of the guarantee (to protect the guarantor's right to defense), exemption (minimum and total) and ceilings (as a percentage of shareholders' equity as this is part of the sale and amounts to approximately Lire 28 billion).

## Human resources

A breakdown of personnel by country is as follows:

	(in millions of lire)			
	2000	%	1999	%
Italy	6,528	33.8	7,261	35.4
France	4,385	22.7	4,280	20.9
Belgium	754	3.9	756	3.7
Spain	815	4.2	818	4.0
Greece	306	1.6	315	1.5
Other European countries	24	0.1	19	0.1
<b>Total Europe</b>	<b>12,812</b>	<b>66.3</b>	<b>13,449</b>	<b>65.6</b>
North America	1,557	8.1	1,571	7.6
Turkey	1,171	6.1	1,246	6.1
Morocco	1,066	5.5	1,074	5.2
Bulgaria	1,116	5.8	1,378	6.7
Thailand	1,589	8.2	1,801	8.8
<b>Total non-European countries</b>	<b>6,499</b>	<b>33.7</b>	<b>7,070</b>	<b>34.4</b>
<b>Total</b>	<b>19,311</b>	<b>100.0</b>	<b>20,519</b>	<b>100.0</b>

## Transactions with related parties

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

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

With respect to the construction sector, transactions with related parties relate to their joint interest in consolidating existing synergies in terms of the integration of production and commercial activities, the efficient use of skills and know-how and the rationalization of use of centralized services and financial resources.



The transactions are of a trading and financial nature. Italmobiliare also provides administrative services to some associated companies. All the above relationships take place on an arm's length basis.

Although Mediobanca, which has a 9.50% interest in Italmobiliare (ordinary shares) is not strictly speaking a related party, the Group has the following relationships with it:

- an agreement pursuant to point 2, article 121 of Legislative decree no 58/1998 which has been formally approved by the related shareholders' meetings;
- financial relationships treated at market conditions existing when the related contract is agreed.

### Transition to the Euro

The group companies operating in the Euro zone converted their share capital into Euro during the year. Italmobiliare approved this conversion in its extraordinary shareholders' meeting held on 11 May 2000.

Some of the group companies are already using the Euro as their operating currency, the other companies working in the Euro zone will follow suit during 2001 in line with a schedule that considers their operating and organizational requirements.

Italmobiliare plans to use the Euro as its operating currency from 1 July 2001.

The Group did not incur significant charges during the year for its transition to the single currency.

As required by Consob recommendation no. 98083971 of 26 October 1998, Italmobiliare has drawn up financial statements and group financial statements in Euro.

### Significant post balance sheet events

Reference should be made to the sections on the different group activities for information on significant post balance sheet events.

### Outlook

The forecasted performance of the Group's operating companies described in this report is positive.

Due to the very volatile financial markets and downturn in prices on the Italian stock market, the capital gains expected by sales of assets by the parent company, which will significantly affect the consolidated result, cannot be accurately calculated.

Milan, 27 March 2001

The Board of Directors

## Consolidated financial statements

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





# Consolidated balance sheet

ASSETS	31.12.2000 (in thousands of euro)	31.12.2000 (in millions of lire)	31.12.1999 (in millions of lire)	Variation 2000/1999 (in millions of lire)
<b>A) Share capital proceeds to be received</b>	-	-	-	-
<b>B) Fixed assets</b>				
I - Intangible assets:				
1) Start-up and capital expenses	17,143	33,194	22,846	10,348
2) Research, development and advertising expenses	1,038	2,009	2,967	(958)
3) Industrial patents and similar rights	2,792	5,406	697	4,709
4) Licences, trademarks and similar rights	38,272	74,105	83,122	(9,017)
5) Goodwill	30,520	59,095	67,650	(8,555)
6) Assets under development and payments on account	2,485	4,812	799	4,013
7) Consolidation differences	1,274,475	2,467,728	2,497,936	(30,208)
8) Other	46,222	89,498	96,405	(6,907)
Total	1,412,947	2,735,847	2,772,422	(36,575)
II - Tangible assets:				
1) Land and buildings	1,137,516	2,202,539	2,082,672	119,867
2) Plant and machinery	1,335,533	2,585,952	2,503,252	82,700
3) Industrial and commercial equipment	125,376	242,762	266,528	(23,766)
3 bis) Freely transferable assets	12,990	25,153	130,090	(104,937)
4) Other fixed assets	90,490	175,213	181,504	(6,291)
5) Assets under construction and advances	181,547	351,523	300,563	50,960
Total	2,883,452	5,583,142	5,464,609	118,533
III - Investments and other financial assets:				
1) Investments:				
a) Subsidiaries	90,812	175,837	196,009	(20,172)
b) Associated companies	204,789	396,527	322,871	73,656
c bis) Related companies	666	1,290	1,290	-
d) Other	426,502	825,823	739,716	86,107
2) Amounts receivable:				
a) From subsidiaries:				
Due within one year	15	30	30	-
Due after one year	420	814	814	-
b) From associated companies:				
Due within one year	16,555	32,055	150	31,905
Due after one year	4,803	9,299	8,935	364
d) Other:				
Due within one year	516	1,000	2,185	(1,185)
Due after one year	265,577	514,229	467,753	46,476
3) Other securities	341,975	662,156	618,590	43,566
4) Own shares total nominal value	2,314,780 Euro			
Book value	20,724	40,128	32,471	7,657
Total	1,373,354	2,659,188	2,390,814	268,374
<b>Total fixed assets (B)</b>	<b>5,669,753</b>	<b>10,978,177</b>	<b>10,627,845</b>	<b>350,332</b>



	31.12.2000 (in thousands of euro)	31.12.2000 (in millions of lire)	31.12.1999 (in millions of lire)	Variation 2000/1999 (in millions of lire)
<b>C) Current assets</b>				
I - Inventories:				
1) Raw materials, consumables and supplies	261,341	506,027	478,286	27,741
2) Work in progress and semi-finished products	73,112	141,564	116,852	24,712
3) Contract work in progress	-	-	1,856	(1,856)
4) Finished products	102,804	199,057	183,086	15,971
5) Payments on account	7,097	13,742	11,960	1,782
<b>Total</b>	<b>444,354</b>	<b>860,390</b>	<b>792,040</b>	<b>68,350</b>
II - Trade and other receivables:				
1) Trade receivables:				
Due within one year	928,359	1,797,553	1,739,519	58,034
Due after one year	456	883	3,499	(2,616)
2) Subsidiaries:				
Due within one year	4,742	9,182	9,479	(297)
3) Associated companies:				
Due within one year	1,524	2,951	7,066	(4,115)
4 bis) Related companies:				
Due within one year	83	161	124	37
5) Others:				
Due within one year	204,282	395,545	552,892	(157,347)
Due after one year	44,360	85,893	79,524	6,369
<b>Total</b>	<b>1,183,806</b>	<b>2,292,168</b>	<b>2,392,103</b>	<b>(99,935)</b>
III - Marketable securities:				
2) Investments in associated companies	-	-	15,542	(15,542)
4) Other investments	73,361	142,046	272,877	(130,831)
6) Other securities	575,042	1,113,437	893,396	220,041
7) Financial receivables:				
Due within one year				
a) Subsidiaries	6,663	12,902	18,926	(6,024)
b) Associated companies	2,618	5,070	1,803	3,267
d) Related companies	107	207	-	207
e) Other	14,359	27,802	26,858	944
<b>Total</b>	<b>672,150</b>	<b>1,301,464</b>	<b>1,229,402</b>	<b>72,062</b>
IV - Cash and cash equivalents:				
1) Bank and postal accounts	215,020	416,334	583,452	(167,118)
2) Checks on hand	2,029	3,928	5,680	(1,752)
3) Cash-in-hand and cash equivalents	1,998	3,868	8,923	(5,055)
<b>Total</b>	<b>219,047</b>	<b>424,130</b>	<b>598,055</b>	<b>(173,925)</b>
<b>Total current assets (C)</b>	<b>2,519,357</b>	<b>4,878,152</b>	<b>5,011,600</b>	<b>(133,448)</b>
<b>D) Prepayments and accrued income</b>				
b) Other prepayments and accrued income	79,766	154,448	149,079	5,369
<b>Total</b>	<b>79,766</b>	<b>154,448</b>	<b>149,079</b>	<b>5,369</b>
<b>Total assets</b>	<b>8,268,876</b>	<b>16,010,777</b>	<b>15,788,524</b>	<b>222,253</b>



## EQUITY AND LIABILITIES

	31.12.2000 (in thousands of euro)	31.12.2000 (in millions of lire)	31.12.1999 (in millions of lire)	Variation 2000/1999 (in millions of lire)
<b>A) Shareholders' equity:</b>				
I - Share capital	100,167	193,950	192,629	1,321
II - Share premium reserve	177,191	343,090	343,090	-
III - Revaluation reserves	86,760	167,991	167,991	-
IV - Legal reserve	19,897	38,526	36,452	2,074
V - Reserve for purchase of own shares	20,724	40,128	32,471	7,657
VI - Statutory reserves	836,255	1,619,215	1,487,713	131,502
VII - Retained earnings	5,282	10,227	5,537	4,690
VIII - Net income for the year	186,622	361,350	174,544	186,806
<b>Total shareholders' equity</b>	<b>1,432,898</b>	<b>2,774,477</b>	<b>2,440,427</b>	<b>334,050</b>
IX - Minority interests	2,067,380	4,003,006	3,886,135	116,871
<b>Shareholders' equity of the Group</b>	<b>3,500,278</b>	<b>6,777,483</b>	<b>6,326,562</b>	<b>450,921</b>
<b>A/bis) Floating rate subordinated securities</b>	<b>324,640</b>	<b>628,590</b>	<b>628,576</b>	<b>14</b>
<b>B) Provisions for contingencies and charges:</b>				
1) Pension and similar provisions	63,394	122,747	129,444	(6,697)
2) Taxes	366,359	709,369	460,112	249,257
3) Other	246,607	477,499	522,150	(44,651)
<b>Total</b>	<b>676,360</b>	<b>1,309,615</b>	<b>1,111,706</b>	<b>197,909</b>
<b>C) Employees' leaving entitlements</b>	<b>100,795</b>	<b>195,166</b>	<b>200,146</b>	<b>(4,980)</b>
<b>D) Payables:</b>				
1) Debentures:				
Due within one year	10	19	24	(5)
Due after one year	633,462	1,226,553	800,170	426,383
3) Due to banks:				
Due within one year	848,412	1,642,754	958,745	684,009
Due after one year	815,495	1,579,018	2,735,204	(1,156,186)
4) Sums due to other financial institutions:				
Due within one year	12,725	24,639	16,249	8,390
Due after one year	384,467	744,432	1,001,827	(257,395)
5) Payments on account:				
Due within one year	11,801	22,849	13,937	8,912
Due after one year			1,350	(1,350)
6) Accounts payable to creditors:				
Due within one year	525,025	1,016,593	1,020,870	(4,277)
Due after one year			5,542	(5,542)
7) Accounts payable on bills accepted and drawn:				
Due within one year	75,250	145,704	131,919	13,785
Due after one year	27	53	114	(61)
8) Amounts payable to subsidiaries:				
Due within one year	1,792	3,470	1,686	1,784
9) Amounts payable to associated companies:				
Due within one year	622	1,204	7,046	(5,842)
10 bis) Amounts payable to related companies:				
Due within one year	155	300	214	86
11) Sums payable to taxation authorities:				
Due within one year	97,902	189,564	241,397	(51,833)
Due after one year	903	1,748	3,694	(1,946)
12) Social security charges payable:				
Due within one year	52,042	100,767	89,977	10,790
Due after one year	-	-	866	(866)
13) Other sums payables:				
Due within one year	188,770	365,511	447,267	(81,756)
Due after one year	255	494	2,751	(2,257)
14) Financial payables:				
a) Subsidiaries	650	1,259	2,413	(1,154)
b) Associated companies	2,011	3,895	3,262	633
<b>Total</b>	<b>3,651,776</b>	<b>7,070,826</b>	<b>7,486,524</b>	<b>(415,698)</b>
<b>E) Accruals and deferred income</b>				
b) Other accruals and deferred income	15,027	29,097	35,010	(5,913)
<b>Total</b>	<b>15,027</b>	<b>29,097</b>	<b>35,010</b>	<b>(5,913)</b>
<b>Total equity and liabilities</b>	<b>8,268,876</b>	<b>16,010,777</b>	<b>15,788,524</b>	<b>222,253</b>



## MEMORANDUM AND CONTINGENCY ACCOUNTS

	31.12.2000 (in thousands of euro)	31.12.2000 (in millions of lire)	31.12.1999 (in thousands of euro)	Variation 2000/1999 (in millions of lire)
<b>1) Personal guarantees given:</b>				
a) Sureties				
On behalf of subsidiaries	9,281	17,971	7,580	10,391
On behalf of associated companies	8,032	15,553	16,692	(1,139)
On behalf of parent companies	-	-	650	(650)
Other	84,973	164,530	172,053	(7,523)
<b>Total a)</b>	<b>102,286</b>	<b>198,054</b>	<b>196,975</b>	<b>1,079</b>
c) Other personal guarantees:				
On behalf of subsidiaries	320	620	2,002	(1,382)
Other	984	1,905	-	1,905
<b>Total c)</b>	<b>1,304</b>	<b>2,525</b>	<b>2,002</b>	<b>523</b>
<b>Total personal guarantees given</b>	<b>103,590</b>	<b>200,579</b>	<b>198,977</b>	<b>1,602</b>
<b>2) Collateral given</b>				
a) For third party payables and obligations	81,689	158,172	153,272	4,900
b) For payables accounted for in financial statements	487,858	944,625	1,399,472	(454,847)
c) For other own obligations	-	-	13,000	(13,000)
<b>Total collateral given</b>	<b>569,547</b>	<b>1,102,797</b>	<b>1,565,744</b>	<b>(462,947)</b>
<b>3) Purchase commitments</b>	<b>8,289</b>	<b>16,049</b>	<b>15,478</b>	<b>571</b>
<b>4) Sales commitments</b>				
Sales commitments	1,811	3,506	12,379	(8,873)
<b>Total sales commitments</b>	<b>1,811</b>	<b>3,506</b>	<b>12,379</b>	<b>(8,873)</b>
<b>5) Other memorandum and contingency accounts:</b>				
Group assets with third parties	2,012,172	3,896,108	2,836,523	1,059,585
Third party assets held by the Group	83,879	162,412	157,078	5,334
Leasing installments to be paid	4,236	8,202	10,261	(2,059)
Guarantees received	17,635	34,147	52,224	(18,077)
Sureties received	84,509	163,632	144,413	19,219
Derivative financial instruments	1,274,528	2,467,831	2,136,527	331,304
Other commitments	46,900	90,811	117,796	(26,985)
Other	8,203	15,884	32,698	(16,814)
<b>Total other memorandum and contingency accounts</b>	<b>3,532,062</b>	<b>6,839,027</b>	<b>5,487,520</b>	<b>1,351,507</b>
<b>Total memorandum and contingency accounts</b>	<b>4,215,299</b>			<b>881,860</b>



# Consolidated income statement

	2000 (in thousands of euro)	2000 (in millions of lire)	1999 (in millions of lire)	Variation 2000/1999 (in millions of lire)
<b>A) Net sales and other operating income</b>				
1) Net sales	3,962,201	7,671,890	6,988,466	683,424
2) Variations in work in progress, semi-finished and finished goods	18,086	35,019	3,839	31,180
3) Variation in contract work in progress	-	-	171	(171)
4) Increase on internal work capitalised under fixed assets	15,803	30,598	34,384	(3,786)
5) Other operating income:				
a) Grants for operating expenses	44,004	85,204	86,132	(928)
b) Other operating income	61,048	118,205	88,055	30,150
<b>Total</b>	<b>4,101,142</b>	<b>7,940,916</b>	<b>7,201,047</b>	<b>739,869</b>
<b>B) Operating costs</b>				
6) Raw materials, consumables and supplies	1,060,472	2,053,361	1,759,583	293,778
7) Services	1,180,720	2,286,193	2,021,945	264,248
8) Use of third party assets	73,582	142,474	122,959	19,515
9) Personnel expenses:				
a) Wages and salaries	507,069	981,822	948,174	33,648
b) Social security contributions	182,604	353,570	371,124	(17,554)
c) Employees' leaving entitlements	17,634	34,145	36,867	(2,722)
d) Pension and similar costs	6,589	12,758	4,354	8,404
e) Other costs	7,411	14,349	11,495	2,854
10) Amortization, depreciation and write-downs:				
a) Amortization of intangible assets	101,414	196,365	191,945	4,420
b) Depreciation of tangible assets	319,286	618,224	497,875	120,349
d) Write-downs of receivables and cash and cash equivalents forming part of current assets	12,150	23,526	27,121	(3,595)
11) Variation in raw materials, consumables and supplies	(15,001)	(29,046)	3,818	(32,864)
12) Provision for contingencies	8,933	17,296	19,674	(2,378)
13) Other provisions	310	600	-	600
14) Other operating costs	111,232	215,376	206,734	8,642
<b>Total</b>	<b>3,574,405</b>	<b>6,921,013</b>	<b>6,223,668</b>	<b>697,345</b>
<b>Operating income (A-B)</b>	<b>526,737</b>	<b>1,019,903</b>	<b>977,379</b>	<b>42,524</b>
<b>C) Financial income and charges</b>				
15) Income from investments:				
a) Dividends from subsidiaries	2,812	5,445	5,450	(5)
b) Dividends from associated companies	2,185	4,231	7,947	(3,716)
b bis) Dividends from related companies	34	66	1	65
c) Other dividends	31,118	60,252	32,472	27,780
d) Other	110,326	213,622	3,929	209,693
16) Other financial income:				
a) Receivables classified as fixed assets:				
- Subsidiaries	80	154	38	116
- Associated companies	679	1,314	88	1,226
- Other companies	341	660	2,185	(1,525)
- Other	343	664	618	46
b) From securities included as fixed assets which are not investments	13,440	26,023	19,022	7,001



	2000 (in thousands of euro)	2000 (in millions of lire)	1999 (in millions of lire)	Variation 2000/1999 (in millions of lire)
c) From securities included under current assets which are not investments	30,654	59,354	38,066	21,288
d) Other income:				
- Subsidiaries	274	531	136	395
- Associated companies	119	231	137	94
- Related companies	8	16	6	10
- Other	54,899	106,299	164,454	(58,155)
16 Bis) Income from investments stated with the net equity method	18,307	35,447	37,262	(1,815)
17) Interest and other financial charges:				
- Subsidiaries	(91)	(177)	(31)	(146)
- Associated companies	(40)	(78)	(54)	(24)
- Other	(200,672)	(388,555)	(398,371)	9,816
17 Bis) Charges from investments stated with the net equity method	(3,324)	(6,435)	(9,901)	3,466
Total	61,492	119,064	(96,546)	215,610
<b>D) Adjustments to the value of financial assets</b>				
18) Revaluations:				
a) Investments	2,862	5,541	-	5,541
b) Financial assets other than investments	26	50	9,173	(9,123)
c) Securities included under current assets which are not investments	952	1,844	-	1,844
19) Write-downs:				
a) Investments	(3,343)	(6,473)	(9,359)	2,886
b) Financial assets other than investments	(4,850)	(9,390)	(3,096)	(6,294)
c) Securities included under current assets which are not investments	(1,201)	(2,325)	(6,883)	4,558
Total	(5,554)	(10,753)	(10,165)	(588)
<b>E) Non-recurring income and charges</b>				
20) Income:				
a) Profit on sale of assets	26,262	50,851	42,051	8,800
b) Other income	60,783	117,692	149,946	(32,254)
21) Charges:				
a) Loss on sale of assets	(1,113)	(2,155)	(7,926)	5,771
b) Taxes relative to prior years	(13,974)	(27,057)	(16,381)	(10,676)
c) Other charges	(51,551)	(99,816)	(154,134)	54,318
Total	20,407	39,515	13,556	25,959
<b>Income before taxes (A-B+C+D+E)</b>	<b>603,082</b>	<b>1,167,729</b>	<b>884,224</b>	<b>283,505</b>
22) Taxes on income	(234,183)	(453,441)	(378,628)	(74,813)
Income before minority interests	368,899	714,288	505,596	208,692
23) Minority interests	182,277	352,938	331,052	21,886
<b>Net income of the Group</b>	<b>186,622</b>	<b>361,350</b>	<b>174,544</b>	<b>186,806</b>



# Notes to the consolidated financial statements

## Business scope of the Company and subsidiaries

Italmobiliare S.p.A. acts as a holding Company.

Its subsidiaries perform different activities mainly in the following sectors:

- Manufacturing
- Real estate
- Financial
- Services

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

## Contents and format of the consolidated financial statements

The consolidated financial statements as at and for the year ended 31 December 2000 have been prepared in accordance with Legislative decree no. 127/1991 (section 3) which incorporated the EU VII Directive into Italian law.

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

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

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

All figures are expressed in millions of lire and are rounded up for amounts of Lire 500,000 and above.

This method has been applied consistently and ensures the correct comparison of the figures.

## Consolidation area

The consolidated financial statements of Italmobiliare Group include the financial statements of the holding company, Italmobiliare Società per Azioni, and those of the Italian and foreign subsidiaries in which the former holds, either directly or indirectly, the majority of the voting rights or a significant portion thereof sufficient to guarantee a dominant influence at ordinary shareholders' meetings. Such financial statements have been consolidated using the line-by-line method, except for where indicated differently below.



Companies in which the Group has joint control have been consolidated using the proportionate method.

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

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

These exclusions did not have an impact on the true and fair presentation of the consolidated financial statements.

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

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

The most significant variations in the consolidation are as follows:

- inclusion of Newco.com S.p.A. (Italy), Asia Cement Public C. Ltd. (Thailand), Industrie Sakia el Hambra “Indusha” S.A. (Morocco) and Stinkal (France);
- exclusion of Calci Idrate S.r.l., Padana Calcestruzzi S.r.l., Unibéton S.r.l., Crea S.p.A. and its subsidiaries, Sabtilf S.p.A. and its subsidiaries, Immobiliare Turbinia S.r.l. (Italy) and Omnium des Arts et Techniques S.A. (Luxembourg);
- change in consolidation for Progecal S.p.A., Italy (from equity to line-by-line method) and for Aliserio S.p.A., Imes S.r.l., Italy, Fincomind S.A. and its subsidiaries, Switzerland (from line-by-line method to equity method);
- merger of the following companies into Calecestruzzi S.p.A.:  
Nuova Calcestruzzi S.p.A., Betoncar S.p.A., Cava San Biagio S.r.l., Italporto S.r.l., Salerno Beton S.r.l., Calecestruzzi Gallese S.r.l., Frantoi Cementi Sardi S.r.l., Deltapo S.p.A. and CO.CE.MA. S.r.l.  
into Cemencal S.p.A.:  
ES.IN.TE. S.r.l.  
into S.A. Pierre Larricq:  
Transport Moinet S.A.

The above variations in the consolidation did not have a significant impact on the consolidated financial statements taken as a whole.





## Presentation criteria and consolidation policies

The consolidated financial statements have been prepared using the annual financial statements of the companies as at and for the year ended 31 December 2000 prepared in accordance with local legislation and approved by the related boards of directors or shareholders' meetings if available.

Interim accounts at 31 December 2000 have been prepared by companies with different year end dates to that of the holding Company.

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

## Consolidation policies

The following consolidation policies have been adopted:

- significant intercompany transactions and intercompany profits which had not been realized with third parties at the balance sheet date have been eliminated, taking account of deferred taxes where necessary;
- fiscally-driven entries have been eliminated, taking account of deferred taxes where necessary.

In particular, the accelerated depreciation and provisions charged by certain consolidated subsidiaries in excess of ordinary depreciation have been eliminated.

The financial statements of subsidiaries (with the exception of those performing different activities) have been fully consolidated with the line-by-line method, eliminating the book value of the investments against the related portions of net equity, without considering the net result for the year, and consolidating their assets and liabilities.

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

Own shares have been debited against shareholders' equity.

The portions of shareholders' equity and results pertaining to the Group for consolidation purposes have been calculated on the basis of all the investments held directly or indirectly by the holding Company.

When a company is consolidated for the first time, the difference generated as a result of eliminating the investment, if positive, is attributed to the subsidiary's assets, to the extent



possible, with any excess being booked to "Consolidation differences" (goodwill); if negative, it is booked to "Negative consolidation differences" (badwill) as follows:

- under liabilities in the consolidated provision for contingencies and future charges if it is due to estimated future losses; this provision is made on the basis of estimated and realized losses;
- under shareholders' equity in the "Consolidation reserve" in other cases.

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

The above method of allocating the greater value paid may be reviewed within the year following that of acquisition, in light of a better calculation of the value of the acquired assets and liabilities.

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

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

#### Exchange rates used to convert the financial schedules of the foreign group companies

Financial statements of foreign subsidiaries consolidated on a line-by-line or proportionate basis and those of foreign associated companies valued using the equity method have been converted into lire using the year end rates for balance sheet captions and average annual rates for the income statement.

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

Group companies which operate in countries with high inflation rates (e.g., Turkey), have converted their financial statements firstly into French francs (functional currency) as follows: fixed assets and shareholders' equity have been converted using the rate of



exchange ruling at the date of their acquisition or formation, as well as amortization, depreciation and any other related costs or income; any exchange differences arising from this method have been credited or charged to the income statement as financial income or charges.

The following exchange rates have been used:

Currency	Average		Closing date	
	2000	1999	December 2000	December 1999
Lira	1.00	1.00	1.00	1.00
US dollar	2,096.82	1,817.17	2,080.89	1,927.40
Canadian dollar	1,412.80	1,222.86	1,386.52	1,325.49
French franc	295.18	295.18	295.18	295.18
Belgium franc	48.00	48.00	48.00	48.00
Spanish peseta	11.64	11.64	11.64	11.64
Pound sterling	3,177.29	2,939.98	3,102.50	3,114.48
Cyprian sterling	3,373.76	3,345.15	3,375.12	3,357.67
Moroccan dirham	197.98	185.88	196.26	191.67
Greek drachma	5.75	5.94	5.68	5.86
Turkish lira	0.003	0.004	0.003	0.004
Dutch florin	878.64	878.64	878.64	878.64
Swiss franc	1,242.91	1,209.87	1,271.19	1,206.32
Thai baht	52.34	48.07	48.23	51.59
Bulgarian lev	990.34	992.88	990.00	995.46
Euro	1,936.27	1,936.27	1,936.27	1,936.27

The exchange rates of the Euro-linked currencies are fixed.



## Accounting policies and valuation criteria

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

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

### Intangible assets

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

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

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

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

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

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

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

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



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

### **Tangible assets**

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

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

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

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

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

Assets that became operative during the year are depreciated at half the ordinary rates.

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

Ordinary maintenance costs are fully expensed.

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

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



## Investments and other financial assets

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

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

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

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

Own shares in portfolio are stated at purchase cost.

In accordance with article 2357 ter of the Civil Code, an unavailable reserve has been recorded under shareholders' equity against this caption for an amount equal to the related book value.

## Inventories

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

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

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

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



### Receivables and payables

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

The factoring of receivables without recourse on international markets has led to an amount equal to the related guarantee deposit, to be cashed at maturity, being recorded under "Other receivables" in the balance sheet.

Payables are stated at their nominal value.

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

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

### Marketable securities

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

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

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

### Prepayments and accruals

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



## Capital grants

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

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

## Provisions for contingencies and other charges

- Taxes

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

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

Deferred tax assets and liabilities are compensated if they relate to the same company, or group if integrated for tax purposes. The resulting balance is stated under "Other receivables" of current assets, if positive or under the provision for taxes, if negative. The provision for taxes also includes an estimate of tax charges on open positions.

- Other

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

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





### Employees' leaving entitlements and provision for pensions

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

### Memorandum and contingency accounts

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

### Costs and revenues

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

### Dividends

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



## Analysis of the balance sheet captions

### Assets

#### B - Fixed assets

**BI - Intangible assets** Lire 2,735,847 million  
(Lire 2,772,442 million in 1999)

	(in millions of lire)
Balance at 31 December 1999	2,772,422
Additions	103,471
Disposals	(529)
Amortization	(196,365)
Translation differences	(5,046)
Variation in consolidation and reclassifications	61,894
<b>Balance at 31 December 2000</b>	<b>2,735,847</b>

The additions include the IT development costs and goodwill capitalized after acquisition of Italcementi S.p.A. shares. The variations in consolidation are mainly due to adjustment of the acquisition price of the investments in Devnya Cement AD (Lire 50.1 billion) and Ciments Français S.A. (Lire 15.3 billion) and the exit of Crea S.p.A. and Sabtilf S.r.l. from the consolidation.

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

#### Start-up and capital expenses

	31 December 2000	31 December 1999
Restoration of quarry	22,164	17,976
Start-up and capital increase expenses	3,103	3,011
Other start-up and capital expenses	7,927	1,859
<b>Total</b>	<b>33,194</b>	<b>22,846</b>

#### Research and development expenses

	31 December 2000	31 December 1999
Research and development expenses	458	1,969
Advertising expenses	1,551	998
<b>Total</b>	<b>2,009</b>	<b>2,967</b>



**Consolidation differences** Lire 2,467,728 million  
(Lire 2,497,936 million in 1999)

Consolidation differences relate mostly to the greater value paid by Ciments Français and Italcementi S.p.A. upon acquisition of their main Italian and foreign subsidiaries.

The decrease of Lire 30,208 million over 1999 may be analyzed as follows:

	(in millions of lire)		
	Gross value	Accumulated amortization	Net value
<b>Balance at 31 December 1999</b>	<b>3,225,457</b>	<b>(727,521)</b>	<b>2,497,936</b>
Additions	41,959	-	41,959
Amortization and write-downs	-	(121,475)	(121,475)
Translation differences	(3,611)	(960)	(4,571)
Reclassifications	(82,387)	75,198	(7,189)
Variation in consolidation area	25,621	35,447	61,068
<b>Total variations</b>	<b>(18,418)</b>	<b>(11,790)</b>	<b>(30,208)</b>
<b>Balance at 31 December 2000</b>	<b>3,207,039</b>	<b>(739,311)</b>	<b>2,467,728</b>

**BII - Tangible assets** Lire 5,583,142 million  
(Lire 5,464,609 million in 1999)

Tangible assets increased by Lire 118,533 million from 31 December 1999 as follows:

	December 2000		December 1999		Variation
	Gross value	Accumulated depreciation	Net value	Net value	
Land and buildings	3,870,985	(1,668,446)	2,202,539	2,082,672	119,867
Plant and machinery	7,382,456	(4,796,504)	2,585,952	2,503,252	82,700
Industrial and commercial equipment	1,003,557	(760,795)	242,762	266,528	(23,766)
Freely-transferable assets	69,677	(44,524)	25,153	130,090	(104,937)
Other assets	686,221	(511,008)	175,213	181,504	(6,291)
Assets under construction and advances	351,523	-	351,523	300,563	50,960
<b>Total</b>	<b>13,364,419</b>	<b>(7,781,277)</b>	<b>5,583,142</b>	<b>5,464,609</b>	<b>118,533</b>

The increase may be analyzed as follows:

Additions	612,281
Disposals	(39,341)
Revaluations	103,328
Depreciation and write-downs	(629,877)
Translation differences	1,722
Variation in consolidation area	(84,839)
Reclassifications and other variations	155,259
<b>Total</b>	<b>118,533</b>



Additions include the significant investments made in Italy, France and the US. Revaluations include the revaluation made by Italcementi pursuant to Law no. 342 of 21 November 2000 leading to depreciation of Lire 82.4 billion.

Variation in consolidation and reclassifications include Lire 165 billion relating to the reconstitution of the excess values allocated to the caption "Land and quarries" previously shown net of taxation as allowed by the then applicable accounting principle. The reclassification involved a similar increase in the provision for deferred taxes, without impacting either shareholders' equity or the result for the year. The caption also includes the reclassification of the difference between the acquisition value and book shareholders' equity (Lire 35.1 billion) of the investment in Asia Cement (Thailand) acquired in 1999, which was previously recorded under consolidation differences, and the effect of the exclusion from consolidation of Crea Group (Lire 123.4 billion) and Sabtilf Group (Lire 14.1 billion).

Accumulated depreciation as a percentage of gross tangible assets decreased from 58.4% in 1999 to 58.2% in 2000.

**B III - Investments and other financial assets** Lire 2,659,188 million  
(Lire 2,390,814 million in 1999)

These increased by Lire 268,374 million from 31 December 1999 as follows:

	(in millions of lire)		
	31 December 2000	31 December 1999	Variation
Investments	1,399,477	1,259,886	139,591
Amounts receivable	557,427	479,867	77,560
Other securities	662,156	618,590	43,566
Own shares	40,128	32,471	7,657
<b>Total</b>	<b>2,659,188</b>	<b>2,390,814</b>	<b>268,374</b>

## Investments

At 31 December 2000, this caption amounts to Lire 1,399,477 million (Lire 1,259,886 million in 1999) and increased by Lire 139,591 million due to the following variations:

	Opening balance	Additions	Disposals	Write-downs	Revaluations	Translation differences	Variation in consolidation and reclassifications	Closing balance
Subsidiaries	196,009	326,814	(17,158)	(5,052)	501	(25)	(325,252)	175,837
Associated companies	322,871	74,802	(3,639)	(5,686)	19,933	3,160	(14,914)	396,527
Related companies	1,290	-	-	-	-	-	-	1,290
Other	739,716	114,390	(33,618)	-	5,541	-	(206)	825,823
<b>Total</b>	<b>1,259,886</b>	<b>516,006</b>	<b>(54,415)</b>	<b>(10,738)</b>	<b>25,975</b>	<b>3,135</b>	<b>(340,372)</b>	<b>1,399,477</b>



Additions and variations in shareholders' equity include the acquisition of further investments in Italcementi S.p.A. (Lire 132 billion), Ciments Français (Lire 72.2 billion), Iniciativas Estrategicas (Lire 67.5 billion) and Asia Cement (Lire 9.7 billion); additions also include the investments in Mediobanca (Lire 81.3 billion), Sigesa S.p.A. (Lire 38.4 billion), Dieci S.r.l. (Lire 30 billion), Gemina (Lire 20.4 billion) and BravoBuild France (Lire 6.8 billion).

The investments in unconsolidated subsidiaries of Lire 175,837 million include those in cement and ready mixed concrete production companies (36.5%) and in financial companies and banks (63.5%).

Investments in associated companies of Lire 396,527 million include:

- cement and ready mixed concrete companies - approximately Lire 254 billion;
- other companies - Lire 142.5 billion.

The principal investments in associated companies are: Vassiliko Cement Works Ltd. (Lire 84.5 billion), Ciment Quebec Inc (Lire 82.6 billion), Società Editrice Siciliana S.E.S. S.p.A. (Lire 30 billion), Mittel S.p.A. (Lire 28.8 billion) and Asment (Lire 27.9 billion).

Annexes C and D give detailed lists of all investments in unconsolidated subsidiary and associated companies.

The investment in the associated company Mittel S.p.A. has been valued using the equity method on the most recently approved financial statements at 30 September 2000.

The investment in Società Editrice Siciliana S.E.S. S.p.A. has been stated at the same book value of the previous year.



The most significant investments included under 'Other' are:

	(in millions of lire)	
	31 December 2000	31 December 1999
Mediobanca S.p.A.	238,101	156,832
UniCredito Italiano S.p.A.	190,346	190,349
Montedison S.p.A.	152,967	150,059
Holding di Partecipazioni Industriali S.p.A.	120,751	115,413
Gemina S.p.A.	44,627	24,235
Fin Priv S.r.l.	19,427	17,690
Sesaab Editrice	18,055	18,055
G.I.M. Generale Ind. Metallurgiche S.p.A.	13,546	13,546
Istituto Europeo di Oncologia	8,250	8,250
Premafin Finanziaria S.p.A.	1,448	1,246
Cartiere Burgo S.p.A.	-	22,720
Acciaierie e Ferriere Lombarde Falck S.p.A.	-	9,690
Other	18,305	11,631
<b>Total</b>	<b>825,823</b>	<b>739,716</b>

### Amounts receivable

Other amounts receivable amount to Lire 515,229 million (Lire 469,938 million in 1999). They comprise Lire 392,795 million (Lire 355,482 million in 1999) due after five years, being the principal and interest accrued but not received on deposits with banks related to the issue of floating rate subordinated securities by Italcementi Group (see the relevant caption under liabilities).

The remaining other receivables mainly comprise guarantee deposits of Lire 49,356 million (Lire 43,652 million in 1999), IRPEF advances on employees' leaving entitlements of Lire 18,167 million and other sundry amounts of Lire 54,911 million (Lire 50,078 million in 1999), Lire 40 billion of which relating to the greater amounts paid to North American pension plans with respect to the actual commitments with employees.

### Other securities

Other securities amount to Lire 662,156 million (Lire 618,590 million in 1999) and are mainly composed of fixed rate government securities and debentures (Lire 515.4 billion), partly given as security for loans, and of Italcementi zero coupon 1997-2002 debentures stated at acquisition cost plus interest accrued at year end (Lire 113.7 billion).



## Own shares

They amount to Lire 40,128 million and Lire 32,741 million at 31 December 2000 and 1999 respectively. The increase of Lire 7,657 million is due to the purchase of 174,200 ordinary shares of Euro 2.6 each. At the balance sheet date, ordinary shares total 890,300. The total value of own shares held amounts to Euro 2,314,780.

## C - Current assets

**C I - Inventories** Lire 860,390 million  
(Lire 792,040 million in 1999)

At 31 December 2000, this caption comprises:

	(in millions of lire)	
	31 December 2000	31 December 1999
Raw materials, consumables and supplies	580,754	555,373
Provision for write-down of raw materials	(74,727)	(77,087)
	<b>506,027</b>	<b>478,286</b>
Work in progress and semi-finished products	156,300	132,262
Provision for write-down	(14,736)	(15,410)
	<b>141,564</b>	<b>116,852</b>
Contract work in progress	-	3,652
Provision for risks on contract work in progress	-	(1,796)
	-	<b>1,856</b>
Finished goods	186,631	173,845
Goods	20,302	18,901
Provisions for write-down of finished goods	(7,876)	(9,660)
	<b>199,057</b>	<b>183,086</b>
Payments on account	13,742	11,960
<b>Total</b>	<b>860,390</b>	<b>792,040</b>

The recalculation of the part of inventories, stated using the LIFO method, at current values would give a difference of approximately Lire 73 billion (Lire 55 billion in 1999).



## C II - Trade and other receivables (Lire 2,392,103 million in 1999)

Lire 2,292,168 million

Trade and other receivables decreased by Lire 99,935 million from 31 December 1999 as follows:

	(in millions of lire)	
	31 December 2000	31 December 1999
Trade receivables	1,798,436	1,743,018
Subsidiaries	9,182	9,479
Associated companies	2,951	7,066
Related companies	161	124
Others	481,438	632,416
<b>Total</b>	<b>2,292,168</b>	<b>2,392,103</b>

### Trade receivables

These may be analyzed by due date as follows:

	31 December 2000	31 December 1999	Variation
Due within one year	1,928,200	1,905,308	22,892
Provision for bad debts	(130,647)	(165,789)	35,142
<b>Total due within one year</b>	<b>1,797,553</b>	<b>1,739,519</b>	<b>58,034</b>
Due after one year	883	3,499	(2,616)
<b>Total trade receivables</b>	<b>1,798,436</b>	<b>1,743,018</b>	<b>55,418</b>

### Unconsolidated subsidiaries

Amounts receivable from unconsolidated subsidiaries of Lire 9,182 million (Lire 9,479 million in 1999) are mainly of a trading nature and are due within one year.

### Associated companies

Amounts receivable from associated companies of Lire 2,951 million (Lire 7,066 million in 1999) are mainly of a trading nature and are due within one year.





## Other

This balance of Lire 481,438 million (Lire 632,416 million in 1999) includes:

	(in millions of lire)	
	31 December 2000	31 December 1999
Taxation authorities - VAT	100,024	95,111
Taxation authorities - duties	176,078	259,138
Employees	5,702	6,517
Social security institutions	1,948	2,356
Disposal of investments and securities	10,498	12,171
Unsettled transactions with government and state bodies	-	144
Deferred tax assets	33,395	71,158
Other	153,793	185,821
<b>Total</b>	<b>481,438</b>	<b>632,416</b>

This balance also includes approximately Lire 53.4 billion (Lire 45.2 billion in 1999) related to the sale of trade receivables without recourse on international markets, which total Lire 236.1 billion at 31 December 2000.

Reference should be made to the note to the provision for deferred tax liabilities for comments on deferred tax assets.

**C III - Marketable securities** Lire 1,301,464 million  
(Lire 1,229,402 million in 1999)

**Investments in associated companies**  
(Lire 15,542 million in 1999)

Further to the disposals of the year, the investment in Poligrafici Editoriale S.p.A. is now 4.77% (nil) and it has thus been reclassified in other investments.

**Other investments** Lire 142,046 million  
(Lire 272,877 million in 1999)

Other investments of Lire 142,046 million mainly consist of Banca Commerciale Italiana and Banca Intesa shares. The decrease of Lire 130,831 million is mainly due to the partial disposal of these investments during the year.



**Other securities** Lire 1,113,437 million  
(Lire 893,396 million in 1999)

The balance of Lire 1,113,437 million (Lire 893,396 million in 1999) comprises:

	31 December 2000	31 December 1999	Variation
Government securities	67,019	81,385	(14,366)
Debentures	979,196	771,002	208,194
Units of unit trusts	67,222	41,009	26,213
<b>Total</b>	<b>1,113,437</b>	<b>893,396</b>	<b>220,041</b>

The increase of Lire 220,041 million is related to investments in the securities portfolio.

**Financial receivables** Lire 45,981 million  
(Lire 47,587 million in 1999)

	31 December 2000	31 December 1999	Variation
Financial receivables due from:			
– subsidiaries	12,902	18,926	(6,024)
– associated companies	5,070	1,803	3,267
– related companies	207	-	207
– other	27,802	26,858	944
<b>Total</b>	<b>45,981</b>	<b>47,587</b>	<b>(1,606)</b>

This caption is composed of financial and current account items due within one year.

**C IV - Cash and cash equivalents** Lire 424,130 million  
(Lire 598,055 million in 1999)

This caption may be analyzed as follows:

	31 December 2000	31 December 1999	Variation
Bank accounts	416,334	583,452	(167,118)
Checks on hand	3,928	5,680	(1,752)
Cash-in-hand and cash equivalents	3,868	8,923	(5,055)
<b>Total</b>	<b>424,130</b>	<b>598,055</b>	<b>(173,925)</b>



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

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

**D - Prepayments and accrued income** Lire 154,448 million  
(Lire 149,079 million in 1999)

This caption includes accrued interest on cash deposits and prepayments and advances, Lire 76,925 million of which relates to advances paid for utilization of quarries.



## Equity and liabilities

A - Shareholders' equity Lire 6,777,483 million  
(Lire 6,326,562 million in 1999)

This caption may be analyzed as follows:

	(in millions of lire)	
	31 December 2000	31 December 1999
Group	2,774,477	2,440,427
Minority interests	4,003,006	3,886,135
<b>Total</b>	<b>6,777,483</b>	<b>6,326,562</b>

### A I - Share capital

The fully paid-up share capital of the holding company amounts to Euro 100,166,937 being 38,525,745 shares with a par value of Euro 2.6 each, of which 22,182,583 ordinary shares and 16,343,162 savings shares.

The increase of Lire 1,321 million is due to the conversion, approved by the shareholders' meeting, of the value of each share from Lire 5,000 into Euro 2.6 (rounded up), deducting the same amount from the extraordinary reserve.

### A II - Share premium reserve

This reserve amounts to Lire 343,090 million, unchanged with respect to 1999.

### A V - Reserve for purchase of own shares

This reserve has been set up in accordance with paragraph 3, article 2357 ter of the Civil Code.

It amounts to Lire 40,128 million (Lire 32,471 million in 1999). The increase of Lire 7,657 million includes the cost of the ordinary shares purchased during the year, which, in accordance with the resolutions of the shareholders' meetings of 9 February 1999 and 11 May 2000, has been withdrawn from the extraordinary reserve.



**A VII - Other reserves**  
(Lire 1,487,713 million in 1999)

Lire 1,619,215 million

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

	31 December 2000	31 December 1999	Variation
Extraordinary reserve	498,696	495,658	3,038
Other reserves awaiting taxation	188,523	188,523	-
Merger reserve	111,752	111,752	-
Other consolidation reserves	820,244	691,780	128,464
<b>Total</b>	<b>1,619,215</b>	<b>1,487,713</b>	<b>131,502</b>

The caption "Other consolidation reserves" comprises retained earnings, other reserves of the consolidated companies attributable to the holding company, other consolidation adjustments and the translation reserve of Lire 161.4 billion (Lire 142.7 billion in 1999).

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

**A X - Minority interests**  
(Lire 3,886,135 million in 1999)

Lire 4,003,006 million

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

	31 December 2000	31 December 1999	Variation
Share capital and reserves	3,650,068	3,555,083	94,985
Net income for the year	352,938	331,052	21,886
<b>Total</b>	<b>4,003,006</b>	<b>3,886,135</b>	<b>116,871</b>

The balance at year end is almost entirely attributable to minority interests in Italcementi S.p.A., Ciments Français S.A. and their subsidiaries (Italcementi Group).



**A - Bis Floating rate subordinated securities**  
(Lire 628,576 million in 1999)

Lire 628,590 million

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

The balance is practically the same as last year's balance.

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

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

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

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

**B - Provisions for contingencies and charges**  
(Lire 1,111,706 million in 1999)

Lire 1,309,615 million

These provisions increased by Lire 197,909 million over 1999 as follows:

	31 December 2000	31 December 1999	Variation
Pension and similar provisions	122,747	129,444	(6,697)
Taxes	709,369	460,112	249,257
Other	477,499	522,150	(44,651)
<b>Total</b>	<b>1,309,615</b>	<b>1,111,706</b>	<b>197,909</b>

- Provision for pension

It amounts to Lire 122,747 million and is composed of accruals for pensions (Lire 45,831 million) made on behalf of employees of foreign companies as per the agreements of the relevant countries, accruals for medical expenses (Lire 75,106 million) and agents' termination indemnity (Lire 1,810 million).



- Provision for taxes  
It may be analyzed as follows:

	(in millions of lire)		
	31 December 2000	31 December 1999	Variation
Provision for tax contingencies and charges	85,302	61,352	23,950
Provision for deferred taxes	624,067	398,760	225,307
<b>Total</b>	<b>709,369</b>	<b>460,112</b>	<b>249,257</b>

The provision for tax contingencies and charges includes accruals for probable tax risks, following adjustments to filed tax returns and tax inspections.

In December 2000, Italcementi S.p.A. was notified reports for adjustments to the 1995 tax returns of Italcementi itself and Cemensud S.p.A., which was merged into Italcementi S.p.A. in 1996.

The adjustment relates to a EU fine, which Italcementi S.p.A. and Cemensud S.p.A. considered as tax deductible for Lire 21 billion and Lire 4.5 billion respectively. The tax authorities do not agree with this treatment due to the lack of a close connection with their business activities (art. 75 TU).

With respect to Italcementi S.p.A., such adjustment gives rise to Lire 11,172 million of IRPEG and ILOR tax charges, plus Lire 2,234 million and Lire 11,172 million of interest at 31 December 2000 and penalties respectively. With respect to Cemensud S.p.A., no tax effect arises as, even if the adjustment is included, the 1995 tax return shows a loss.

As the tax specialists all agreed with the tax deductibility of the fine and rule no. 38 approved by the "Commission for the issue of common tax guidelines" of the Milan Branch of the Italian Accounting Profession on 8 April 1999 states that the fine is tax deductible, no specific provision for contingencies and charges has been accrued, as the related risk is held to be possible rather than probable.

The increase in the provision for deferred taxes include Lire 165 billion already commented on in the **note to B II - Tangible assets**.

Deferred taxes may be analyzed as follows:

	31 December 2000	31 December 1999	Variation
Deferred tax assets	33,395	70,958	(37,563)
Provision for deferred tax liabilities	(624,067)	(398,760)	(225,307)
<b>Total</b>	<b>(590,672)</b>	<b>(327,802)</b>	<b>(262,870)</b>



The balance at 31 December 2000 relates to taxes on the following captions:

	(in billions of lire)
	31 December 2000
Adjustments to amortization and depreciation	271.0
Greater values attributed to asset captions	248.2
Floating rate subordinated securities, net	55.0
Taxed provisions	(63.8)
Tax relief and carry forward tax losses	(20.5)
Other	100.8
<b>Total</b>	<b>590.7</b>

## Other provisions

Other provisions at 31 December 2000 are made up as follows:

	(in millions of lire)
	31 December 2000
Environmental rehabilitation	141,223
Restructuring and reorganization	111,062
Outstanding litigation	50,037
Receivables and investments	48,010
Exchange rates	306
Other	126,861
<b>Total</b>	<b>477,499</b>

**C - Employees' leaving entitlements**  
(Lire 200,146 million in 1999)

Lire 195,166 million

This caption decreased by Lire 4,980 million and represents the accrued payable due to the 6,528 employees (7,261 in 1999) of the consolidated Italian companies at year end.





## D - Payables

Lire 7,070,826 million

(Lire 7,486,524 million in 1999)

Payables decreased by Lire 415,698 million as follows:

	31 December 2000	31 December 1999	Variation
			(in millions of lire)
Debentures	1,226,572	800,194	426,378
Due to banks	3,221,772	3,693,949	(472,177)
Sums due to other financial institutions	769,071	1,018,076	(249,005)
Financial payables due to:			
subsidiaries	1,259	2,413	(1,154)
associated companies	3,895	3,262	633
	<b>5,222,569</b>	<b>5,517,894</b>	<b>(295,325)</b>
Payments on account	22,849	15,287	7,562
Accounts payable to creditors	1,016,593	1,026,412	(9,819)
Accounts payable on bills accepted and drawn	145,757	132,033	13,724
Amounts payable to subsidiaries	3,470	1,686	1,784
Amounts payable to associated companies	1,204	7,046	(5,842)
Amounts payable to related companies	300	214	86
	<b>1,190,173</b>	<b>1,182,678</b>	<b>7,495</b>
Sums payable to taxation authorities	191,312	245,091	(53,779)
Social security charges payable	100,767	90,843	9,924
Other sums payable	366,005	450,018	(84,013)
	<b>658,084</b>	<b>785,952</b>	<b>(127,868)</b>
<b>Total</b>	<b>7,070,826</b>	<b>7,486,524</b>	<b>(415,698)</b>

## Financial payables

Financial payables amount to Lire 5,222,569 million at 31 December 2000 (Lire 5,517,894 million in 1999) as follows:

	31 December 2000	31 December 1999	Variation
Short term financial payables	1,672,566	980,693	691,873
Medium to long term financial payables	3,550,003	4,537,201	(987,198)
<b>Total</b>	<b>5,222,569</b>	<b>5,517,894</b>	<b>(295,325)</b>



Medium to long term financial payables may be split by currency as follows:

	(in billions of lire)	
	31 December 2000	31 December 1999
Euro	3,438	4,356
Moroccan dirham	1	20
US and Canadian dollar	-	20
Thai baht	111	141
<b>Total</b>	<b>3,550</b>	<b>4,537</b>

and by maturity date as follows:

	(in millions of lire)	
	31 December 2000	31 December 1999
2001	-	1,222
2002	1,271	1,051
2003	688	619
2004	1,283	1,454
2005	186	25
Over	122	166
<b>Total</b>	<b>3,550</b>	<b>4,537</b>

Amounts payable after five years include Lire 116 billion of loans given to foreign companies.

## Debentures

The debentures of Lire 1,226,572 million consist principally of Lire 414,000 million being the issue price of the Italcementi Zero Coupon 1997-2002 debenture loan of a nominal value of Lire 600 billion, composed of 120,000 debentures of Lire 5,000,000 each, and Lire 133,070 million of interest matured during the year.

The caption also includes two debenture loans issued by Ciments Français S.A.:

- one of Lire 292,230 million (Fr 990 million) issued on 23 October 1997 with the participation of Société Générale and Lehman Brothers at a fixed interest rate of 5.90% for seven years.
- one of Lire 387,272 million (Euro 200 million) issued on 25 October 2000 with the participation of Natexis Banque Populaire at a variable interest rate for two years.



### Due to banks

Due to banks decreased by Lire 472,177 million, mainly due to:

- repayment to Mediobanca S.p.A. of the installment of Lire 63 billion matured in September 2000;
- early repayment of Lire 100 billion to Mediobanca by the subsidiary Calcestruzzi S.p.A. of the financing of Lire 200 billion;
- repayment to Banca di Roma of short term financing of Lire 132 billion granted in 1999;
- variation in consolidation of Lire 62 billion.

The amount due within one year consists of the current portion of ordinary bank loans of Lire 1,642,754 million (Lire 958,745 million in 1999).

The amount due after one year of Lire 1,579,018 million (Lire 2,735,204 million in 1999) relates to the residual payable on secured loans of Lire 704,498 million and ordinary bank loans of Lire 874,520 million which expire after one year.

The Group has a five year loan obtained in 1997 (which may be extended to seven years) of Lire 590 billion from a group of banks. It also has loans from Mediobanca S.p.A. of Lire 1,687 billion, Lire 961 billion of which due in 2001 and Lire 726 billion due in subsequent years.

### Sums due to other financial institutions

They mainly related to third party loans (billets de trésorerie) of Lire 553 billion (Lire 806 billion in 1999) given in the context of a five year credit line of Euro 440 million granted by a pool of international banks in 1999.

The caption also includes the remaining Fr 90 million, Fr 37.5 million of which due within 2001, of the ten year loan of Fr 375 million issued on the US market by private investors in 1996.

### Sums payable to taxation authorities

Sums payable to taxation authorities total Lire 191,312 million and include withholdings to be paid (Lire 24,162 million) VAT (Lire 40,912 million), income and other taxes (Lire 126,238 million). Other taxes include Lire 19,632 million relating to the substitute tax on the revaluation made by Italcementi S.p.A.



## Other sums payable

Other sums payable amount to Lire 366,005 million as follows:

	31 December 2000	31 December 1999	Variation
Employees	138,127	140,912	(2,785)
Dividends	1,268	1,544	(276)
Other	226,610	307,562	(80,952)
<b>Total</b>	<b>366,005</b>	<b>450,018</b>	<b>(84,013)</b>

During the year, Ciments Français S.A. paid the payable related to the EU fine received in 1995 and the ruling issued by the EU Court of First Appeal on 15 March 2000. The remaining payable of Italcementi S.p.A. amounts to Lire 73 billion, interest included.

E - Accruals and deferred income  
(Lire 35,010 million in 1999)

Lire 29,097 million

This caption mainly relates to accrued interest and costs payable of Lire 10,522 million and deferred income of Lire 18,575 million.



## Memorandum and contingency accounts

These accounts, amounting to Lire 8,161,958 million (Lire 7,280,099 million in 1999) are composed as follows:

	(in millions of lire)	
	31 December 2000	31 December 1999
Personal guarantees given	200,579	198,977
Collateral given	1,102,797	1,565,744
Group assets with third parties	3,896,108	2,836,523
Third party assets held by the Group	162,412	157,078
Guarantees received	34,147	52,224
Leasing installments to be paid	8,202	10,261
Other memorandum and contingency accounts	2,757,713	2,459,291
<b>Total</b>	<b>8,161,958</b>	<b>7,280,098</b>

Collateral given mainly relates to payables recorded in the financial statements and includes Lire 556 billion for the pledging of shares of subsidiaries as security for Italcementi S.p.A., Lire 349 billion for Italmobiliare S.p.A. against financing received and Lire 195 billion for mortgages and liens on tangible assets.

Other memorandum and contingency accounts include:

- purchase and sale commitments for forward foreign exchange contracts, agreed to hedge exchange rate fluctuation risks on receivables and payables in foreign countries for a total of Lire 403 billion;
- commitments of Lire 2,071 billion for interest rate hedging contracts on part of the financial payables and floating rate subordinated securities; these are stated at the agreement date at the nominal value of the related contracts.

## Commitments for new acquisitions

- As part of the 1998 acquisition of Devnya Cement AD, the Group has agreed to maintain the number of personnel for three years and to make investments of US dollars 100 million in the next 10 years.
- As part of the acquisition of Vulkan, the Group has agreed to maintain the number of personnel for three years and to make investments of US dollars 10 million in the next 3 years.
- At 31 December 2000, Italcementi S.p.A. had a commitment, guaranteed by a surety issued by a bank, to subscribe shares of Zuari Cement Ltd.; the commitment was executed in January 2001, through the subsidiary Ciments Français S.A. which subscribed 50% of the above company's share capital.



## Consolidated income statement

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

**A - Net sales and other operating income** Lire 7,940,916 million  
(Lire 7,201,047 million in 1999)

### 1) Net sales

Net sales amount to Lire 7,671,890 million (Lire 6,988,466 million in 1999) and may be analyzed as follows:

	(in millions of lire)		
	2000	1999	Variation
Sales	7,415,324	6,565,215	850,109
Services	236,859	388,807	(151,948)
Other turnover	19,707	34,444	(14,737)
<b>Total</b>	<b>7,671,890</b>	<b>6,988,466</b>	<b>683,424</b>

A breakdown of net sales by geographical area and business segment is set out in the Directors' report.

**B - Operating costs** Lire 6,921,013 million  
(Lire 6,223,668 million in 1999)

### 6) Raw materials, consumables and supplies

This caption of Lire 2,053,361 million shows an increase of Lire 293,778 million over 1999 as follows:

	2000	1999	Variation
Raw materials and semi-finished products	918,749	784,645	134,104
Fuels	278,748	213,590	65,158
Packaging, materials and machinery	316,900	312,087	4,813
Finished goods	538,964	449,261	89,703
<b>Total</b>	<b>2,053,361</b>	<b>1,759,583</b>	<b>293,778</b>



## 7) Services

Costs incurred for services amount to Lire 2,286,193 million at year end (Lire 2,021,945 million in 1999).

	(in millions of lire)		
	2000	1999	Variation
Utilities	480,995	379,301	101,694
Maintenance	798,814	575,109	223,705
Transport	713,620	604,609	109,011
Consulting and professional services	121,836	121,393	443
Insurance	48,327	47,597	730
Other	122,601	293,936	(171,335)
<b>Total</b>	<b>2,286,193</b>	<b>2,021,945</b>	<b>264,248</b>

## 9) Personnel expenses

Total personnel expenses show an increase of Lire 24,630 million over 1999 as follows:

	2000	1999	Variation
Wages and salaries	981,822	948,174	33,648
Social security contributions	353,570	371,124	(17,554)
Employees' leaving entitlements	34,145	36,867	(2,722)
Pension and similar costs	12,758	4,354	8,404
Other costs	14,349	11,495	2,854
<b>Total</b>	<b>1,396,644</b>	<b>1,372,014</b>	<b>24,630</b>

Total personnel decreased by 5.9% from 20,519 persons at the end of 1999 to 19,311 persons at the end of 2000 (a decrease of 1,208 persons).

The average number of personnel was 19,708 persons (19,987 persons in 1999).

## 14) Other operating costs

Other operating costs amount to Lire 215,376 million (Lire 206,734 million in 1999) and may be analyzed as follows:

	2000	1999	Variation
Subscriptions	19,071	19,711	(640)
Other taxes	110,975	102,371	8,604
Other costs	85,330	84,652	678
<b>Total</b>	<b>215,376</b>	<b>206,734</b>	<b>8,642</b>



C - Financial income and charges  
(Lire (96,546) million in 1999)

Lire 19,064 million

#### 15) Income from investments

This caption amounts to Lire 283,616 million, an increase of Lire 233,817 million over the previous year (Lire 49,799 million). Capital gains on the sale of investments amount to Lire 213,092 million (see Directors' report).

#### 16) Other financial income

##### d) Other

This caption comprises:

	(in millions of lire)		
	2000	1999	Variation
Bank interest	17,869	29,699	(11,830)
Interest from receivables	10,664	17,762	(7,098)
Exchange rate gains	34,014	58,752	(24,738)
Other income	43,752	58,241	(14,489)
<b>Total</b>	<b>106,299</b>	<b>164,454</b>	<b>(58,155)</b>

#### 16 Bis) From investments stated using the equity method

The balance of Lire 35,447 million relates to income arising from the valuation of investments using the equity method.

#### 17) Interest and other financial charges

Other financial charges comprise:

	2000	1999	Variation
Bank interest expense	48,303	60,000	(11,697)
Interest on debenture loans	106,878	121,275	(14,397)
Exchange rate losses	41,567	56,410	(14,843)
Interest on loans and mortgages	159,688	117,329	42,359
Other	32,119	43,357	(11,238)
<b>Total</b>	<b>388,555</b>	<b>398,371</b>	<b>(9,816)</b>

Interest on debenture loans includes Lire 48,410 million of interest on floating rate securities.





#### 17 Bis) From investments stated using the equity method

The negative balance of Lire 6,435 million relates to losses recorded by companies stated using the equity method (Lire 3,351 million) and amortization and write-downs of the excess price paid on the acquisition of associated companies (Lire 3,084 million).

**D - Adjustments to the value of financial assets** Lire (10,753) million  
(Lire (10,165) million in 1999)

#### 18) Revaluations

This caption amounts to Lire 7,435 million (Lire 9,173 million in 1999) and relates to write-backs (Lire 5,541 million) and revaluations of securities (Lire 1,894 million).

#### 19) Write-downs

This caption amounts to Lire 18,188 million (Lire 19,338 million in 1999) and relates to write-downs of investments (Lire 6,473 million), securities and financial receivables (Lire 9,390 million; Lire 3,096 million in 1999) included under fixed assets and of securities included under current assets (Lire 2,325 million).

**E - Non-recurring income and charges** Lire 39,515 million  
(Lire 13,556 million in 1999)

#### 20) Income

##### *a) Profit on sale of assets*

Such profits amount to Lire 50,851 million and include capital gains on the sale of investments and tangible assets of Lire 11,639 million and Lire 39,212 million respectively.

##### *b) Other income*

Other income amounts to Lire 117,692 million and mainly relates to the reduction in the EU fine for Ciments Français S.A. (Lire 47.8 billion), as described in the Directors' report, and to insurance compensation (Lire 17.3 billion) for the damage caused by the hurricane in San Juan.



## 21) Charges

### *a) Loss on sales of assets*

This balance of Lire 2,155 million (Lire 7,926 million in 1999) is mainly composed of losses on the sale of tangible assets.

### *b) Taxes relative to prior years*

These amount to Lire 27,057 million and mainly relate to charges made to adjust the estimate of deferred tax liabilities and greater taxes paid during the year.

### *c) Other charges*

Other charges of Lire 99,816 million comprise Lire 8,573 million of write-downs of buildings, plant and other assets, Lire 23,992 million of extraordinary accruals for personnel and Lire 67,251 million of other charges.

## 23) Income taxes

These amount to Lire 453,441 million, an increase of Lire 74,813 million over the previous year as follows:

	(in millions of lire)		
	2000	1999	Variation
Current taxes	433,838	369,641	64,197
Deferred taxes	19,603	8,987	10,616
<b>Total</b>	<b>453,441</b>	<b>378,628</b>	<b>74,813</b>

Information about the remuneration of the Directors and Statutory Auditors of Italmobiliare S.p.A., also for their duties performed for other consolidated companies, is given in the notes to the financial statements of the holding company.

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

Milan, 27 March 2001

The Board of Directors

## Annexes

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The following annexes have been prepared in accordance with Legislative decree no. 127 of 9 April 1991 (as specified on each annex) and Consob communication no. 11971 of 14 May 1999 (article 126) which requires listed companies to publish information on their investments in unlisted companies where such investment exceeds 10% of the companies' share capital with voting rights.

If not stated otherwise, the investments set out in annexes A, B, C, D and E are all owned by the Group.

## Annex A

### LIST OF COMPANIES CONSOLIDATED ON A LINE-BY-LINE BASIS

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

Company	Registered office	Share capital	% direct	% indirect	Held by %	Group companies held by:
<b>EUROPEAN COMMUNITY</b>						
<b>Italy</b>						
Axim Italia S.p.A.	Sorisole (BG)	€ 104,000	-	100.00	100.00	Nuova Sacelit S.r.l.
Azienda Vendite Acquisti S.p.A.	Milan	€ 2,550,000	100.00	-	100.00	Italmobiliare S.p.A.
C.T.G. S.p.A.	Bergamo	€ 103,200	-	100.00	50.00	Italcementi S.p.A. 50.00 Ciments Français S.A.
Calcementi Jonici S.p.A.	Siderno (RC)	€ 6,240,000	-	100.00	100.00	Italcementi S.p.A.
Calcestruzzi S.p.A.	Bergamo	€ 150,000,000	-	100.00	99.90	Italcementi S.p.A. 0.10 SICIL.FIN. S.r.l.
Cavecem S.r.l.	S. Egidio alla Vibrata (TE)	€ 10,400	-	100.00	100.00	Cemencal S.p.A.
Cemencal S.p.A.	Bergamo	€ 12,660,000	-	85.00	85.00	Calcestruzzi S.p.A.
Duca D'Este S.r.l.	Milan	€ 49,400	-	100.00	100.00	S.p.A. Nuove Costruzioni Edilizie Sance
E.I.C.A. S.r.l.	Norcia (PG)	€ 49,500	-	66.67	66.67	Calcestruzzi S.p.A.
Franco Tosi S.p.A. (former Iniziative Sportive)	Milan	€ 127,500	-	100.00	100.00	Intermobiliare S.p.A.
Gruppo Italsfusi S.r.l.	Savignano s/P. (MO)	€ 156,000	-	100.00	99.50	Italcementi S.p.A. 0.50 SICIL.FIN. S.r.l.
Immobiliare il Platano S.r.l.	Bergamo	€ 98,800	-	100.00	51.00	Italcementi S.p.A. 49.00 Azienda Vendite Acquisti A.V.A. S.p.A.
Intercom S.r.l.	Ortona (CH)	€ 255,000	-	100.00	100.00	Italcementi S.p.A.
Intermobiliare S.p.A.	Milan	€ 5,160,000	100.00	-	100.00	Italmobiliare S.p.A.
Intertrading S.r.l.	Bergamo	€ 4,160,000	-	100.00	99.50	Italcementi S.p.A. 0.50 SICIL.FIN. S.r.l.
Italcementi S.p.A.	Bergamo	€ 282,548,942	35.42	-	35.42	(56.51 voting rights) Italmobiliare S.p.A.
Italmobiliare Servizi S.r.l.	Milan	€ 260,000	100.00	-	100.00	Italmobiliare S.p.A.
Newco.com S.p.A.	Bergamo	€ 15,000,000	10.00	86.00	86.00	Italcementi S.p.A. 10.00 Italmobiliare S.p.A.
Nuova Sacelit S.r.l.	Sorisole (BG)	€ 22,950,000	-	100.00	99.00	Italcementi S.p.A. 1.00 Intermobiliare S.p.A.
Populonia Italica S.r.l.	Milan	€ 1,040,000	100.00	-	100.00	Italmobiliare S.p.A.
Progecal S.p.A.	Rome	Lire 1,100,000,000	-	98.99	69.36	Calcestruzzi S.p.A. 16.26 Cemencal S.p.A. 13.37 Speedybeton S.p.A.
Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	Milan	€ Delib. 2,575,000 Subscribed and paid up: 1,300,000	99.48	0.52	99.48	Italmobiliare S.p.A. 0.52 Sicilfin
S.A.B. Autoservizi S.r.l.	Bergamo	€ 22,500,000	99.99	0.01	99.99	Italmobiliare S.p.A. 0.01 Intermobiliare S.p.A.
S.A.L. Servizi Automobilistici Lecchesi S.r.l.	Lecco	€ 2,550,000	-	100.00	40.00	S.A.B. Autoservizi S.r.l. 40.00 S.I.A. S.p.A. 20.00 SAIA BUS S.r.l.
S.A.M.A. S.p.A.	Bergamo	€ 1,000,000	-	100.00	100.00	Italcementi S.p.A.
S.I.A. Società Italiana Autoservizi S.p.A.	Brescia	€ 12,000,000	-	100.00	99.14	S.A.B. Autoservizi S.r.l. 0.86 Intermobiliare S.p.A.
S.p.A. Nuove Costruzioni Edilizie Sance	Milan	€ 139,725	100.00	-	100.00	Italmobiliare S.p.A.
SAIA BUS S.r.l.	Brescia	€ 1,800,000	-	100.00	99.72	S.I.A. S.p.A. 0.28 S.A.B. Autoservizi S.r.l.



Company	Registered office		Share capital	% direct	% indirect	Held by %	Group companies held by:
SICIL.FIN. S.r.l	Bergamo	Lire	936,000,000	-	100.00	99.50	Italcementi S.p.A.
						0.50	Intermobiliare S.p.A.
Silos Granari della Sicilia S.r.l.	Ravenna	€	5,980,000	-	100.00	100.00	Intertrading S.r.l.
Sirap Gema S.p.A.	Verolanuova	€	12,021,123	100.00	-	100.00	Italmobiliare S.p.A.
Società del Gres ing. Sala S.p.A.	Sorisole (BG)	€	5,858,722.24	-	100.00	100.00	Nuova Sacelit S.r.l.
Speedybeton S.p.A.	Pomezia (RM)	€	300,000	-	70.00	70.00	Calcestruzzi S.p.A.
Terminal Riuniti S.r.l.	Mantova	€	255,000	-	100.00	100.00	Italcementi S.p.A.
Travel Sia S.r.l.	Brescia	€	100,000	-	100.00	92.00	SIA S.p.A.
						8.00	SAIA BUS S.r.l
<b>France</b>							
Arena S.A.	Guerville	€	180,000,000	-	99.99	99.99	Ciments Français S.A.
Axim S.A.	Guerville	Fr	3,250,000	-	99.98	99.98	Ciments Calcia S.A.
Béton Contrôle de l'Adour	Bayonne	€	150,000	-	59.96	59.96	Béton Contrôle du Pays Basque
Béton Contrôle du Pays Basque	Bayonne	€	120,000	-	59.92	59.92	Unibéton S.A.
Calixa S.A.	Guerville	€	4,688,750	-	100.00	100.00	Ciments Français S.A.
Carrières Olivier	Salon de Provence	€	80,000	-	100.00	100.00	Société Rey-Bellemere
Chatelet S.A.	Cayeux s/M.	€	118,680	-	99.93	99.93	GSM S.A.
Ciberval	Le Teil	Fr	400,000	-	99.98	99.98	Tratel S.A.
Ciments Calcia S.A.	Guerville	Fr	3,894,010,600	-	99.99	99.99	Ciments Français S.A.
Ciments de l'Adour S.A.	Boucau	€	421,290	-	99.81	86.20	Ciments Calcia S.A.
						13.61	Ciments Français S.A.
Ciments du Littoral S.A.	Bassens	Fr	2,520,000	-	99.98	99.98	Tercim S.A.
Ciments Français S.A.	Puteaux	€	153,744,588	-	64.97	64.97	Société Int. Italcementi France S.A.
						1.18	Calixa S.A.
						79.12	(voting rights: Société Int. Italcementi France S.A.)
Compagnie Financière et de Participations S.A.	Puteaux	€	133,800	-	99.94	99.94	Ciments Français S.A.
Decoux S.A.	Beaucaire	€	120,000	-	99.99	99.99	Tratel S.A.
Eurarco France	Les Crotoy	€	1,520,000	-	64.98	64.98	GSM S.A.
Granulats et Sables de la Moselle	Heillecourt	Fr	25,250,000	-	99.99	99.99	GSM S.A.
Granulats et Sables de Méditerranée	St. Jean de Vedas	Fr	80,250,000	-	99.99	99.99	GSM S.A.
Granulats et Sables Marins	Pessac	Fr	250,000	-	99.99	99.99	GSM S.A.
GSM S.A.	Guerville	€	18,675,840	-	99.99	99.99	Arena S.A.
Immobilière des Technodes	Guerville	Fr	64,165,200	-	99.99	59.99	Ciments Français S.A.
						40.00	Ciments Calcia S.A.
Investcim S.A.	Puteaux	€	124,874,000	-	99.99	99.99	Ciments Français S.A.
Johar	Luxemont et Villotte	€	1,056,000	-	99.97	99.97	Tratel S.A.
Raingard Carrières Bétons et Compagnie R.C.B.	Bouguenais	Fr	4,700,000	-	100.00	50.00	GSM S.A.
						50.00	Société des Mesanges
S.A. Bonafini	Argences	€	40,000	-	99.76	99.76	Tratel S.A.
S.A. Pierre Larricq	Airvault	€	508,000	-	99.98	99.98	Tratel S.A.
S.N.C. Arena Services	Guerville	€	10,000	-	99.80	99.80	Arena S.A.
SA SOPREFIM	Nice	Fr	6,500,000	-	99.92	99.91	Soc.d'Etudes de Participations et de Courtages
						0.01	SCI SCIF
Sables d'Armor	Plerin	€	56,480	-	50.99	50.99	GSM S.A.
Sables et Gravier de la Garonne GIE	Pessac	-	-	-	100.00	100.00	GSM S.A.
Sadecib S.A.	Puteaux	€	40,000	-	99.76	99.76	Ciments Français S.A.



## Annex A (continued)

Company	Registered office		Share capital	% direct	% indirect	Held by %	Group companies held by:
Sax S.A.	Guerville	€	482,800	-	99.99	99.99	Ciments Français S.A.
SC Immobilail	Nice	Fr	620,000	-	99.84	99.84	Soc.d'Etudes de Participations et de Courtages
SCI Le Manet	Cagnes sur Mer	Fr	10,000	-	100.00	99.00 1.00	SCI SCIP SCI SCIF
SCI Résidence Nice le Paillon	Nice	Fr	1,090,900	-	100.00	91.67 8.33	SCI SCIF Soc.d'Etudes de Participations et de Courtages
SCI SCIF	Nice	Fr	100,000	-	100.00	99.00 1.00	Soc.d'Etudes de Participations et de Courtages SCI SCIF
SCI SCIP	Nice	Fr	100,000	-	100.00	99.00 1.00	Soc.d'Etudes de Participations et de Courtages SCI SCIF
Sirap Gema France S.A.	Noves	€	3,520,000	-	100.00	100.00	Sirap Gema S.p.A.
Société Civile Immobilière Berault	Carrières s/P.	Fr	19,200	-	99.95	99.95	GSM S.A.
Société d'exploitation des carrières Langlois S.A.	Mousseaux s/S.	€	96,000	-	99.92	99.92	GSM S.A.
Société des Mesanges	Bouguenais	€	40,000	-	98.80	98.80	GSM S.A.
Société Internationale Italcementi France S.A.	Paris	€	1,409,627,939.75	-	99.99	82.07 17.92	Italcementi S.p.A. Société Int. Italcementi (Lux.) S.A.
Société Rey-Bellemere	Salon de Provence	Fr	50,000	-	100.00	100.00	GSM S.A.
Socli S.A.	Izaourt	€	144,960	-	99.94	99.94	Calcia S.A.
Sodecim	Puteaux	€	228,788,125	-	99.99	99.99	Ciments Français S.A.
Technodes S.A.	Guerville	Fr	20,000,000	-	99.99	99.99	Ciments Français S.A.
Tercim S.A.	Puteaux	€	1,500,000	-	99.99	99.99	Ciments Français S.A.
Tragor	Pessac	€	640,000	-	99.99	99.99	Tratrel S.A.
Tratrel S.A.	L'île S. Denis	€	6,025,580	-	99.99	99.99	Ciments Calcia S.A.
Unibéton Atlantique	Saint Michel Chef Chef	€	40,000	-	98.80	98.80	Unibéton S.A.
Unibéton Méditerranée	Lambesc	€	50,000	-	99.96	99.96	Unibéton S.A.
Unibéton Ouest Pays de Loire	Tours	€	50,000	-	99.96	99.96	Unibéton S.A.
Unibéton S.A.	Guerville	€	67,899,330	-	99.99	99.99	Arena S.A.
Unibéton Sud-Ouest	Pessac	€	50,000	-	99.96	99.96	Unibéton S.A.
Unibéton Var	Lambesc	Fr	250,000	-	99.96	99.96	Unibéton S.A.
Univrac	L'île S. Denis	€	302,000	-	99.84	99.84	Tratrel S.A.
Uniwerbétón	Gambsheim	€	160,000	-	70.00	70.00	Unibéton S.A.
<b>Belgium</b>							
Ath Béton	Ghilblingren	€	125,000	-	100.00	75.00 25.00	Compagnie des Ciments Belges ORCO Béton
Compagnie des Ciments Belges	Tournai	€	300,000,000	-	99.91	36.94 29.11 25.28 8.58	Ciments Français Europe N.V. Ciments Français S.A. Ciments Calcia S.A. Compagnie Financière des Ciments
Compagnie Financière des Ciments	Tournai	€	5,580,000	-	99.99	99.99	Ciments Français S.A.
De Paepe Béton N.V.	Gent	€	500,000	-	100.00	75.00 25.00	Compagnie des Ciments Belges ORCO Béton
ORCO Béton	Gaurain	€	161,500	-	99.80	99.80	Compagnie des Ciments Belges
Sirap Gema International S.A.	Manage	€	2,500,000	-	100.00	99.60 0.40	Sirap Gema Finance S.A. Société de Participation Financière Italmobiliare S.A.
Trabel Transports	Gaurain	€	744,000	-	100.00	91.00 9.00	Tratrel S.A. Compagnie des Ciments Belges
<b>Spain</b>							
Centro Administrativo y de Servicios de Malaga S.A.	Malaga	€	60,200	-	99.99	99.99	Sociedad Financiera y Minera S.A.
Companie General de Canteras S.A.	Malaga	€	463,515.69	-	99.39	99.39	Sociedad Financiera y Minera S.A.
Hormigones y Minas S.A.	S. Sebastian	€	8,689,378.20	-	99.99	99.99	Sociedad Financiera y Minera S.A.
Iniciativas Estrategicas S.L.	Madrid	€	68,75,344.90	-	100.00	100.00	Sodecim S.A.
Inversiones e Iniciativas en Aridos S.L.	Madrid	€	3,010	-	100.00	100.00	Ciments Français S.A.
Sociedad Financiera y Minera S.A.	Madrid	€	39,160,000	-	99.47	56.58 39.87 3.02 0.26	Ciments Français S.A. Ciments Français Europe N.V. Hormigones y Minas S.A. Sociedad Financiera y Minera S.A.
Ventore S.L.	Malaga	€	6,000	-	99.90	99.90	Sociedad Financiera y Minera S.A.



Company	Registered office		Share capital	% direct	% indirect	Held by %	Group companies held by:
<b>Greece</b>							
Ammos Quarries of East Attica S.A.	Mandra	Dr	6,372,410,000	-	100.00	100.00	Ciments Français S.A.
Domiki Beton S.A.	Iraklion	Dr	788,199,000	-	98.59	98.59	Calcestruzzi S.p.A.
ET Beton	Aspropyrgos	Dr	1,769,050,000	-	100.00	100.00	Ammos Quarries of East Attica S.A.
Halyps Building Material S.A.	Aspropyrgos	Dr	9,272,690,280	-	93.89	53.81	Ciments Français S.A.
						40.08	Ammos Quarries of East Attica S.A. (voting rights:
						53.70	Ciments Français S.A.
						41.04	Ammos Quarries of East Attica S.A.)
<b>Germany</b>							
Sirap Gema GMBH	Aalen	€	26,000	-	100.00	100.00	Sirap Gema Finance S.p.A.
<b>Ireland</b>							
Italmobiliare International Finance Ltd.	Dublino IR	Lire	2,500,000,000	99.99	0.01	99.99	Italmobiliare S.p.A.
						0.01	Intermobiliare S.p.A.
<b>Luxembourg</b>							
Ciments Français International S.A.	Luxembourg	Lfr	357,140,000	-	99.99	50.99	Ciments Français S.A.
						49.00	Ciments Français Europe N.V.
Italcementi Europe (Luxembourg) S.A.	Luxembourg	€	82,632,500	-	100.00	99.52	Italcementi S.p.A.
						0.48	SICIL.FIN. S.r.l.
Sirap Gema Finance S.A.	Luxembourg	€	6,198,000	-	100.0	0.04	Intermobiliare S.p.A.
						99.96	Sirap Gema S.p.A.
Société de Participation Financière Italmobiliare S.A.	Luxembourg	Lire	429,662,200,000	99.94	0.06	99.94	Italmobiliare S.A.
						0.06	Intermobiliare S.p.A.
Société Internationale Italcementi (Luxembourg) S.A.	Luxembourg	€	180,908,000	-	99.99	99.99	Italcementi S.p.A.
<b>Holland</b>							
Cimate Finance B.V.	Amsterdam	G	40,000	-	100.00	100.00	Ciments Français Europe N.V.
Ciments Français Europe N.V.	Amsterdam	G	1,066,206,000	-	100.00	66.80	Sodecim S.A.
						33.20	Ciments Français S.A.
Italmobiliare International B.V.	Amsterdam	G	40,300	100.00	-	100.00	Italmobiliare S.p.A.
<b>NORTH AMERICA</b>							
<b>USA</b>							
Arrowhead Investment Company	Carson City	US\$	1,000	-	100.00	100.00	Essroc Corporation
Axim Concrete Technologies Inc.	Middlebranch	US\$	1,000	-	100.00	100.00	Essroc Corporation
ES Cement Co.	Nazareth	US\$	100	-	100.00	100.00	Essroc Cement Corp.
Essroc Cement Corp.	Nazareth	US\$	8,330,000	-	100.00	100.00	Essroc Corporation
Essroc Corporation	Nazareth	US\$	1,000	-	100.00	100.00	Ciments Français S.A.
Essroc Puerto Rico Holdings Inc.	Nazareth	US\$	1,000	-	100.00	100.00	Essroc San Juan Inc.
Fincel Inc.	Nazareth	US\$	1	-	100.00	100.00	Essroc Corporation
Greyrock	Nazareth	US\$	1,000	-	100.00	100.00	Essroc Cement Corp.
Nadco Inc.	Nazareth	US\$	1,000	-	100.00	100.00	Essroc Cement Corp.
Tomahawk Inc.	Wilmington	US\$	1,000	-	100.00	100.00	Essroc Cement Corp.
<b>Canada</b>							
155290 Canada Inc.	Mississauga	C\$	1	-	100.00	100.00	Essroc Canada Inc.
1641-9020 Quebec Inc.	Mississauga	C\$	1	-	100.00	100.00	Essroc Canada Inc.
Axim Concrete Technologies (Canada) Inc.	Cambridge	C\$	196	-	100.00	100.00	Axim Concrete Technologies Inc.
Essroc Canada Inc.	Mississauga	C\$	307,936,000	-	100.00	100.00	Essroc Corporation
<b>OTHER COUNTRIES</b>							
<b>Bulgaria</b>							
Devnya Cement AD	Devnya	LEV	1,028,557,000	-	99.97	99.97	Marvex
Marvex	Devnya	LEV	89,424,100	-	100.00	100.00	Iniciativas Estrategicas S.L.
Vulkan A.D.	Dimitrovgrad	LEV	452,967,000	-	70.00	70.00	Ciments Français S.A.
<b>Cyprus</b>							
Italmed Cement Company Ltd.	Limassol	CYP	12,318,000	-	99.99	99.99	Ciments Français S.A.



## Annex A (continued)

Company	Registered office		Share capital	% direct	% indirect	Held by %	Group companies held by:
<b>Grand Cayman (British Antilles)</b>							
Esroc Offshore Ltd.	George Town	US\$	3	-	100.00	100.00	GSM S.A.
<b>Morocco</b>							
Betomar S.A.	Casablanca	MAD	84,397,800	-	99.99	99.99	Ciments du Maroc S.A.
Ciments du Maroc	Casablanca	MAD	797,569,200	-	55.50	52.89	Ciments Français S.A. 2.61 Procimar S.A.
Industrie Sakia el Hamra "Indusaha" S.A.	Laayoune	MAD	300,000	-	99.87	99.87	Ciments du Maroc
Procimar S.A.	Casablanca	MAD	27,000,000	-	99.99	99.99	Ciments Français S.A.
<b>Monte Carlo</b>							
Société d'Etudes de Participations et de Courtages	Monte Carlo	€	1,290,000	-	99.84	99.84	Société de Participation Financière Italmobiliare S.A.
<b>Porto Rico</b>							
Esroc San Juan Inc.	Espinosa	US\$	10,000	-	100.00	100.00	Essroc Cement Corp.
<b>Switzerland</b>							
Interbulk Trading S.A.	Meyrin	Sfr	7,470,600	-	99.99	66.75	Ciments Français International S.A. 15.00 Intertrading S.r.l. 18.24 Ciments Français Europe N.V.
<b>Thailand</b>							
Asia Cement Products Co., Ltd.	Bangkok	BT	10,000,000	-	99.99	99.99	Asia Cement Public Co., Ltd.
Asia Cement Public Co., Ltd.	Bangkok	BT	7,800,000,000	-	53.69	28.84	Vaniyuth Co. Ltd. 24.85 Ciments Français S.A.
Jalaprathan Cement Public Co. Ltd.	Bangkok	BT	1,200,000,000	-	56.48	37.00	Ciments Français S.A. 19.48 Vesprapat Holding Co. Ltd.
Jalaprathan Concrete Co, Ltd.	Bangkok	BT	100,000,000	-	99.98	99.98	Jalaprathan Cement Public Co. Ltd.
Vaniyuth Co. Ltd.	Bangkok	BT	100,000	-	48.80	48.80	Investcim S.A.
Vesprapat Holding Co, Ltd.	Bangkok	BT	20,000,000	-	49.00	49.00	Sax S.A.
<b>Turkey</b>							
Afyon Cimento Sanayi Tas	Istanbul	TRL	120,000,000,000	-	78.49	76.51	Ciments Français S.A. 1.02 Set Group Holding 0.96 Set Cimento Sanayi ve Tas
Anadolu Cimentolari Tas	Istanbul	TRL	4,147,250,000,000	-	99.74	89.73	Set Group Holding 10.01 Set Cimento Sanayi ve Tas
Set Beton Madencilik Sanayi ve Tas	Istanbul	TRL	7,412,000,000,000	-	99.99	54.51	Set Group Holding 43.98 Set Cimento Sanayi ve Tas 1.50 Anadolu Cimentolari Tas
Set Betoya Prefabrik Yapı Elemanları Sanayi ve Ticaret A.S.	Istanbul	TRL	303,400,000,000	-	99.95	78.22	Set Group Holding 21.73 Anadolu Cimentolari Tas
Set Cimento Sanayi ve Tas	Istanbul	TRL	25,890,500,000,000	-	99.81	99.81	Set Group Holding
Set Group Holding	Istanbul	TRL	15,525,000,000,000	-	99.99	99.99	Ciments Français S.A.





## Annex B

### LIST OF COMPANIES CONSOLIDATED WITH THE PROPORTIONATE METHOD

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

Company	Registered office	Share capital	% direct	% indirect	Held by %	Group companies held by:
<b>France</b>						
Béton Contrôle de Montceau le Creusot	Montceau Les M.	Fr 840,000	-	49.99	49.99	Unibéton S.A.
Carrières Bresse Bourgogne	Saint Marcel	€ 387,189	-	66.48	66.48	Dragages et Carrières
Dragages et Carrières	St. Marcel	€ 1,000,000	-	49.99	49.99	GSM S.A.
Les Graves de l'Estuaire S.A.	Le Havre	Fr 1,860,000	-	33.33	33.33	GSM S.A.
Société des Calcaires de Château Landon	Souppes sur Loing	Fr 14,300,000	-	50.00	50.00	GSM S.A.
Société Parisienne des Sablières	Pont de L'Arche	Fr 2,000,000	-	49.99	49.99	GSM S.A.

## Annex C

### LIST OF COMPANIES CONSOLIDATED WITH THE EQUITY METHOD

Company	Registered office	Share capital	% direct	% indirect	Held by %	Group companies held by:
<b>EUROPEAN COMMUNITY</b>						
<b>Italy</b>						
Aliserio S.p.A.	Bergamo	Lire 4,400,000,000	10.00	90.00	90.00	Italcementi S.p.A. Italmobiliare S.p.A.
Betonsud S.r.l. - in liquidazione	Foggia	Lire 2,122,000,000	-	49.99	49.99	Calcestruzzi S.p.A.
Cassano Cave S.p.A.	Ravenna	€ 100,000	-	100.00	100.00	Calcestruzzi S.p.A.
Cave Comand S.r.l.	Ravenna	Lire 1,040,000,000	-	50.00	50.00	Calcestruzzi S.p.A.
Cementi della Lucania S.p.A.	Potenza	Lire 1,200,000,000	-	30.00	30.00	Italcementi S.p.A.
E.C.I.T. S.r.l.	Ravenna	Lire 200,400,000	-	50.00	50.00	Calcestruzzi S.p.A.
General Cave S.r.l.	Fiumicino (RM)	Lire 60,000,000	-	50.00	50.00	Speedybeton S.p.A.
GESVIM S.r.l.	Milan	€ 11,000	-	50.00	50.00	Azienda Vendite Acquisti A.V.A. S.p.A.
GIST S.r.l. Gamma Iniziative Sport. Tur.	Firenze	Lire 1,200,000,000	-	50.00	50.00	Intermobiliare S.p.A.
IMES S.r.l.	S. Cipriano Pic. (SA)	Lire 400,000,000	-	100.00	100.00	Italcementi S.p.A.
Immobiliare Golf Punta Ala S.p.A.	Punta Ala (GR)	Lire 10,000,000,000	-	36.50	11.75	Punta Ala Prom. e Sviluppo Imm.re S.r.l. 24.75 Azienda Vendite Acquisti A.V.A. S.p.A.
Italconsult S.p.A.	Rome	Lire 10,393,660,000	-	29.19	29.19	Italcementi S.p.A.
Mantovana Inerti S.r.l.	Cavriana (MN)	€ 702,000	-	50.00	50.00	Calcestruzzi S.p.A.
Mittel S.p.A.	Milan	€ 39,000,000	12.91	-	12.91	Italmobiliare S.p.A.
Prati Fioriti S.r.l.	Rome	Lire 170,000,000	-	62.50	37.50	Cemencal S.p.A. 25.00 Calcestruzzi S.p.A.
S.A.F.R.A. S.r.l.	Bologna	Lire 99,000,000	-	33.33	33.33	Calcestruzzi S.p.A.
Silicalcite S.p.A.	Bergamo	€ 4,000,000	-	100.00	100.00	Nuova Sacelit S.r.l.
<b>France</b>						
Armement Secam	Paris	€ 306,000	-	34.95	34.95	Tratel S.A.
Béton Contrôle des Abers	Lannilis	Fr 650,000	-	34.00	34.00	Unibéton S.A.
Béton Saone	Macon	Fr 250,000	-	35.00	35.00	Unibéton S.A.
Dragages Transports & Travaux Maritimes	La Rochelle	Fr 10,639,200	-	39.99	39.99	GSM S.A.
Finter Bank France	Paris	€ 20,000,000	-	100.00	65.49	Finter Holding S.A. 32.50 Finter Bank Zürich 1.61 Fincomind S.A. 0.40 Soc. d'Etudes de Participations et de Courtages
Finter Gestion S.A.	Paris	Fr 950,000	-	99.37	99.37	Finter Bank France
S.A. Dijon Béton	Dijon	€ 184,000	-	15.00	15.00	GSM S.A.
Stinkal	Ferques	Fr 7,000,000	-	35.00	35.00	GSM S.A.



## Annex C (continued)

Company	Registered office		Share capital	% direct	% indirect	Held by %	Group companies held by:
<b>Ireland</b>							
Kayward Limited	Dublin 2	IRE	1,000	-	100.00	100.00	Gestint S.A.
<b>Luxembourg</b>							
Finter Holding S.A.	Luxembourg	CHF	12,700,000	-	100.00	97.01 2.99	Fincomind S.A. Société de Participation Financière Italmobiliare S.A.
Gestint S.A.	Luxembourg	Fr	3,800,000	-	100.00	100.00	Finter Holding S.A.
<b>NORTH AMERICA</b>							
<b>Canada</b>							
Ciment Quebec Inc.	St. Basile	C\$	19,461,000	-	100.00	100.00	Groupe Ciment Quebec Inc.
Groupe Ciment Quebec Inc.	St. Basile	C\$	4,202,000	-	50.00	50.00	Essroc Canada Inc.
Innocon Inc.	Richmond Hill	C\$	14,134,000	-	50.00	50.00	Essroc Canada Inc.
<b>OTHER COUNTRIES</b>							
<b>Bahamas</b>							
Finter Bank & Trust (Bahamas) Ltd..	Nassau	US\$	2,000,000	-	100.00	100.00	Finter Bank Zürich
<b>Cyprus</b>							
Vassiliko Cement Works Ltd.	Nicosia	CYP	13,434,018.75	-	33.00	20.00 13.00	Italmed Cement Company Ltd. Comp. Financière et de Participations S.A.
<b>Monte Carlo</b>							
Credit Mobilier de Monaco	Monaco	Fr	35,000,000	-	99.91	99.91	Société de Part. Financière Italmobiliare S.A.
<b>Switzerland</b>							
Delphinia Soc.di Navigazione Marittima S.A.	Coira	Sfr	1,000,000	-	100.00	100.00	Finter Bank Zürich
Finconsult AG	Zürich	Sfr	500,000	-	100.00	100.00	Finter Bank Zürich
Fincomind S.A.	Zollikon	Sfr	10,010,000	69.93	30.07	69.93 30.07	Italmobiliare S.p.A. Société de Participation Financière Italmobiliare S.A.
Finter Bank Zürich	Zürich	Sfr	45,000,000	-	100.00	100.00	Fincomind S.A.



## Annex D

### LIST OF OTHER INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES

(in accordance with article 36 of Legislative decree no. 127 of 9 April 1991)

Company	Registered office		Share capital	% direct	% indirect	Held by %	Group companies held by:
<b>EUROPEAN COMMUNITY</b>							
<b>Italy</b>							
Azienda Agricola Lodoletta S.r.l.	Bergamo	Lire	20,000,000	-	75.00	75.00	Italcementi S.p.A.
Beton Quattro S.c.a r.l.	Naples	Lire	20,000,000	-	50.00	50.00	Calcestruzzi S.p.A.
Betongenova S.r.l.	Genoa	Lire	20,000,000	-	36.12	22.68 13.44	Calcestruzzi S.p.A. Cemencal S.p.A.
Calcestruzzi e Inerti S.r.l.	Civita Castellana (VT)	€	11,000	-	50.00	50.00	Calcestruzzi S.p.A.
Cantiere Navale di Punta Ala S.p.A. in liquidazione	Milan	Lire	1,000,000,000	-	100.00	100.00	Punta Ala Promozione e Sviluppo Immobiliare S.r.l.
Cava delle Capannelle S.r.l.	Bergamo	Lire	60,000,000	-	49.00	49.00	Calcestruzzi S.p.A.
Cava Rossetti Oreste S.r.l.	Cingoli (MC)	€	62,400	-	50.00	50.00	Calcestruzzi S.p.A.
Cava Sabbionera S.p.A.	Bergamo	Lire	3,200,000,000	-	20.00	20.00	Calcestruzzi S.p.A.
Cementi e Calci di S. Marinella S.r.l.	Bergamo	€	10,000	-	66.67	66.67	Italcementi S.p.A.
E.S.A. Monviso S.p.A.	Casalgrasso (CN)	Lire	1,400,000,000	-	41.00	41.00	Cemencal S.p.A.
Ecoinerti S.r.l.	Recanati (MC)	€	91,800	-	50.00	50.00	Calcestruzzi S.p.A.
FAP Autoservizi S.p.A.	S. Donà di Piave	Lire	5,000,000,000	-	20.00	20.00	S.A.B. Autoservizi S.r.l.
Gres Dalmine Resine Wavin S.c.a r.l.	Sorisole (BG)	Lire	180,000,000	-	35.00	35.00	Società del Gres ing. Sala S.p.A.
Immobiliare Lido di Classe S.p.A. in liquidation	Rome	Lire	500,000,000	18.04	-	18.04	Italmobiliare S.p.A.
Immobiliare Liguria S.r.l.	Bergamo	Lire	5,000,000,000	-	100.00	99.00 1.00	Italcementi S.p.A. S.A.M.A. S.p.A.
Industrie Grafiche Cattaneo S.p.A. - in liquidation	Bergamo	Lire	250,000,000	-	30.16	30.16	Italcementi S.p.A.
Italcementi Ingegneria S.r.l.	Bergamo	Lire	522,000,000	-	100.00	100.00	Italcementi S.p.A.
KM S.p.A.	Cremona	€	100,000	-	49.00	49.00	Saia Bus S.r.l.
La Ghiaia S.r.l. - in liquidation	S. Egidio alla Vibrata (TE)	Lire	50,000,000	-	100.00	100.00	Cemencal S.p.A.
Q.T.S. S.r.l.	Rome	Lire	20,000,000	-	60.00	60.00	Cemencal S.p.A.
SAIA TRASPORTI S.p.A.	Brescia	€	5,700,000	-	51.00	51.00	Saia Bus S.r.l.
Sigesa S.p.A.							
Soc. Italiana Gestione Servizi Ambientali	Cinisello B.(MI)	Lire	78,169,310,000	29.00	-	29.00	Italmobiliare S.p.A.
Sipac S.p.A. - in liquidation	Milan	Lire	2,000,000,000	-	27.00	27.00	Calcestruzzi S.p.A.
Soc. Editrice Siciliana S.E.S. S.p.A.	Messina	Lire	9,900,000,000	33.00	-	33.00	Italmobiliare S.p.A.
Trieste Trasporti S.p.A.	Trieste	€	500,000	-	29.90	10.90 9.00 10.00	S.A.B. Autoservizi SAIA BUS S.r.l. S.I.A. Società Italiana Autoservizi
Universal Imballaggi S.r.l.	Palermo	Lire	2,193,000,000	-	24.90	24.90	Sirap Gema S.p.A.
<b>France</b>							
Agregats & Bétons du Languedoc	Bessan	Fr	250,000	-	99.96	99.96	Unibéton S.A.
Béton Contrôle de Gascogne	Soorts Hossegor	Fr	250,000	-	37.00	37.00	Béton Contrôle du Pays Basque
Béton Distribution	Ronchin	€	65,156	-	99.72	99.72	Unibéton S.A.
Béton du Bocage	Tours	Fr	1,650,000	-	100.00	100.00	Unibéton S.A.
Béton Service Artesien	Ronchin	€	40,000	-	99.80	99.80	Unibéton S.A.
BravoBuild France S.a.s.	Paris	€	3,500,000	-	99.99	99.99	Newco.com S.p.A.
Bureau Engineering Travaux Publics (SA BETP)	Guerande	Fr	3,432,000	-	99.94	79.94 20.00	Comp. Financière et de Participations S.A. Arena S.A.
Carrières de Mazaugues	Maubec	Fr	500,000	-	50.00	50.00	Société Rey-Bellemere
Cimcal	Puteaux	€	45,000	-	99.90	79.90 20.00	Ciments Français S.A. Tercim S.A.
Ciments Français Participations	Puteaux	€	1,500	-	100.00	50.00 50.00	Ciments Français S.A. Comp. Financière et de Participations S.A.
Dunkerque Ajouts Snc	Paris	Fr	40,000	-	33.34	33.34	Ciments Calcia S.A.
Elco S.a.s.	Courbevoie	Fr	2,606,600	-	24.99	24.99	Ciments Calcia S.A.
Entreprise Lorraine d'Agriculture – ELDA	Heillecourt	Fr	50,000	-	100.00	100.00	GSM S.A.
Frambois Granulats	Montcel les Luneville	Fr	500,000	-	50.00	50.00	GSM S.A.
GIE d'exploitation du chenal de Saintonge	Pessac	Fr	40,000	-	75.00	75.00	GSM S.A.
GIE des Terres de Mayocq	St. Firmin	-	-	-	50.00	50.00	Eurarco France
GIE Gisamo	Carrières s/P.	-	-	-	100.00	99.00 1.00	GSM S.A. Sables et Gravier de la Garonne GIE
GIE GM	Reims	-	-	-	63.00	63.00	GSM S.A.
GIE Les Sables	Mehun sur Yevre	Fr	10,000	-	50.00	50.00	GSM S.A.



## Annex D (continued)

Company	Registered office		Share capital	% direct	% indirect	Held by %	Group companies held by:
Gitec - GIE	Paris		-	-	49.00	49.00	Ciments Français S.A.
Les Calcaires Sud Charentes	Cherves Richemont	Fr	10,000	-	34.00	34.00	GSM S.A.
Materiaux Routiers du Bearn	Rebenacq	Fr	100,000	-	33.30	33.30	GSM S.A.
Neyrtec Industrie S.A.	Le Pont de Claix	Fr	10,000,000	100.00	-	100.00	Italmobiliare S.p.A.
Port St. Louis Amenagement	Carrières s/P.	Fr	50,000	-	51.00	51.00	GSM S.A.
Port St. Louis Remblaiement S.A.R.L.	Carrières s/P.	Fr	50,000	-	51.00	51.00	GSM S.A.
Provence Amenagement	Port Frejus	Fr	3,000,000	-	35.00	35.00	Arena S.A.
Saint Remy Aggregats	Salon de Provence	Fr	50,000	-	100.00	99.20 0.80	Société Rey-Bellemere GSM S.A.
Sas des Gresillons	Paris	Fr	250,000	-	50.00	50.00	GSM S.A.
SCI Batlongue	Arudy	Fr	352,000	-	100.00	100.00	GSM S.A.
SCI Delrieu Frères	Fumel	Fr	114,000	-	100.00	50.00 50.00	Calixa S.A. Socli S.A.
SCI des Granets	Cayeux sur M.	Fr	30,000	-	47.33	47.33	GSM S.A.
SCI du Domaine de Saint Louis de Poissy	Carrières s/P.	Fr	42,000	-	99.76	99.76	GSM S.A.
SCI Lepeltier	S. Douillard	Fr	41,000	-	99.76	99.76	GSM S.A.
SCI Triel Carrières	Le Vesinet	Fr	90,000	-	99.89	99.89	GSM S.A.
SnC Rouennaise de Transformation	Grand Couronne	Fr	50,000	-	60.00	60.00	Ciments Calcia S.A.
Société Civile Bachant le Grand Bonval	Carrières s/P.	Fr	10,000	-	80.00	80.00	GSM S.A.
Société Civile Carrière de Maraval	Frejus	Fr	10,000	-	100.00	100.00	GSM S.A.
Société Civile d'Exploitation Agr. de l'Avesnois	Reims	Fr	20,000	-	90.00	50.00 40.00	Société Civile Bachant le Grand Bonval GSM S.A.
Société Civile d'Exploitation de la Grange d'Etaule	Gray	Fr	150,000	-	99.60	99.60	Ciments Calcia S.A.
Unibéton Region Express	Guerville	Fr	250,000	-	99.96	99.96	Unibéton S.A.
<b>Belgium</b>							
Société des Carrières du Tournais S.C.T.	Tournai	Bfr	2,500,000	-	65.00	65.00	Compagnie des Ciments Belges
<b>Spain</b>							
Almacenes y Silos Pasaja S.A.	S. Sebastian	Pta	10,000,000	-	49.99	49.99	Sociedad Financiera y Minera S.A.
Asociacion de Empresas de Transporte a Granel	S. Sebastian	Pta	3,850,000	-	92.86	92.86	Sociedad Financiera y Minera S.A.
Canteras Aldoyar S.L.	Olazagutia	Pta	151,000,000	-	20.00	20.00	Hormigones y Minas S.A.
Cementos Capa S.L.	Malaga	€	1,260,000	-	48.00	28.00 20.00	Sociedad Financiera y Minera S.A. Iniciativas Estrategicas S.L.
Cisnel Descargas S.L.	Madrid	€	3,010	-	100.00	100.00	Sodecim S.A.
Conglomerates Hidraulicos Especiales	Madrid	Pta	20,000,000	-	51.00	51.00	Iniciativas Estrategicas S.L.
Eurosfaltos y Construccion S.A.	Malaga	€	60,500	-	100.00	99.00 1.00	Sociedad Financiera y Minera S.A. Companie General de Canteras S.A.
Eurocalizas S.L.	Cantabria	€	18,030	-	33.33	33.33	Hormigones y Minas S.A.
Exportaciones de Cemento del Norte de Espana	Bilbao	Pta	10,000,000	-	45.00	45.00	Sociedad Financiera y Minera S.A.
Hormigones Olatzi S.A.	Olazagutia	Pta	47,222,000	-	25.00	25.00	Hormigones y Minas S.A.
Hormigones Txingudi S.A.	San Sebastian	Pta	10,000,000	-	50.00	50.00	Hormigones y Minas S.A.
Industrias del Cemento Y Viguetas Castilla	Vizcaya	Pta	49,897,500	-	50.00	50.00	Sociedad Financiera y Minera S.A.
Maquinaria para Hormigones A.I.E. S.A.	Bilbao	Pta	43,000,000	-	37.50	37.50	Sociedad Financiera y Minera S.A.
Neuciclaje S.A.	Bilbao	Pta	10,000,000	-	30.00	30.00	Sociedad Financiera y Minera S.A.
Novhorvi S.A.	Vitoria	Pta	30,000,000	-	25.00	25.00	Hormigones y Minas S.A.
Nugra S.A.	Madrid	Pta	10,000,000	-	100.00	100.00	Iniciativas Estrategicas S.L.
Rosa del Amulej S.A.	Almeria	€	300,500	-	100.00	100.00	Sociedad Financiera y Minera S.A.
Sociedad Funcional de Inversiones Inmobiliarias S.A.	Madrid	Pta	23,000,000	-	100.00	100.00	Sax S.A.
Transagrox Pasajes S.A.	Guipuzcoa	Pta	275,000,000	-	100.00	100.00	H.C. Plasier Beheer B.V.
Universal de Hormigones Unidos S.L.	Madrid	€	3,010	-	99.80	99.80	Sociedad Financiera y Minera S.A.
<b>Greece</b>							
Betodomi S.A.	Iraklion	Dr	40,000,000	-	30.00	30.00	Domiki Béton S.A.
Skyra S.r.l.	Mandra	Dr	3,000,000	-	100.00	100.00	Ammos Quarries of East Attica S.A.
<b>Germany</b>							
Saarlandische Zementgesellschaft	Saarbrücken	DEM	100,000	-	80.00	80.00	Ciments Français International S.A.
<b>United Kingdom</b>							
Gecocem Limited	London	£	50,000	-	100.00	100.00	Ciments Français S.A.



Company	Registered office		Share capital	% direct	% indirect	Held by %	Group companies held by:
<b>Luxembourg</b>							
Omniun des Arts et Techniques S.A.	Luxembourg	Lfr	54,000,000	-	99.99	99.99	Ciments Français International S.A.
Unibéton Luxembourg	Luxembourg	€	35,000	-	99.71	99.71	Unibéton S.A.
<b>Holland</b>							
H.C. Plasier Beheer B.V.	Vlaardingen	NLG	40,000	-	100.00	100.00	Rular Trading
R.G. Aggregates B.V.	Vlaardingen	NLG	40,000	-	100.00	100.00	Ruler International
Rular Trading	Vlaardingen	NLG	40,000	-	100.00	100.00	Ruler International
<b>NORTH AMERICA</b>							
<b>USA</b>							
Miron USA Ltd.	Nazareth	US\$	200	-	100.00	100.00	Essroc Cement Corp.
<b>Canada</b>							
Concrete Systems International Ltd.	Kitchener	C\$	1,000	-	50.00	50.00	Essroc Canada Inc.
Essroc Canada Finance Corporation	Downsview	C\$	100	-	100.00	100.00	Essroc Cement Corp.
<b>OTHER COUNTRIES</b>							
<b>Albania</b>							
Eurotech Cement S.h.p.k.	Durres	LEK	270,000,000	-	84.99	84.99	Halyps Building Material S.A.
<b>Dutch Antilles</b>							
Ruler International	Curaçao	US\$	6,000	-	100.00	100.00	Compagnie des Ciments Belges
<b>Bulgaria</b>							
Devnya Finance	Devnya	LEV	50,000,000	-	50.00	50.00	Devnya Cement A.D.
Devnya Limestone Ad Chernovo	Chernovo	LEV	328,737	-	80.00	80.00	Devnya Finance
Dobrotitsa BSK A.D.	Dobritch	LEV	100	-	26.00	26.00	Devnya Cement A.D.
Lulyaka Ead	Devnya	LEV	759,372,000	-	99.71	99.71	Devnya Cement AD
<b>Gambia</b>							
Gacem Company Limited	Serrekunda	GMD	4,500,000	-	80.00	80.00	Tercim S.A.
<b>Kazakhstan</b>							
Shymkent Cement	Shymkent	TEN	10,969,300	-	88.15	88.15	Ciments Français S.A.
<b>Morocco</b>							
Asment (Ciments de Temara)	Temara	MAD	171,875,000	-	37.01	19.99 17.02	Ciments Français S.A. Procimar S.A.
Les Ciments de Laayoune	Laayoune	MAD	50,000	-	79.20	79.20	Ciments du Maroc
Société Immobilière Marguerite VIII	Casablanca	MAD	100,000	-	94.00	94.00	Ciments du Maroc
Société Immobilière Marguerite X	Casablanca	MAD	100,000	-	94.00	94.00	Ciments du Maroc
<b>Mauritania</b>							
Mauritano-Française des Ciments	Nouakchott	OUG	1,111,310,000	-	66.05	66.05	Ciments Français S.A.
<b>Switzerland</b>							
Fardafin Asset Management S.A.	Ginevra	Sfr	200,000	-	25.00	25.00	Finter Bank Zürich
<b>Turkey</b>							
Met Teknik Servis ve Maden Sanayi Ticaret A.S.	Istanbul	TRL	5,000,000,000	-	99.99	99.99	Set Group Holding



## Annex E

### LIST OF OTHER INVESTMENTS GREATER THAN 10%

(in accordance with article 126 of Consob communication no. 11971 of 14 May 1999)

Company	Registered office	Share capital	% direct	% indirect	Held by %	Group companies held by:	
<b>EUROPEAN COMMUNITY</b>							
<b>Italy</b>							
Compagnia Fiduciaria Nazionale S.p.A.	Milan	€ 312,000	16.67	-	16.67	Italmobiliare S.p.A.	
Ecoserio S.r.l.	Bergamo	Lire 96,000,000	-	12.50	12.50	Calcestruzzi S.p.A.	
Fin.Priv. S.r.l.	Milan	Lire 20,000,000	12.50	-	12.50	Italmobiliare S.p.A.	
I.GE.PO. - Impresa Gestione Porti S.r.l.	Vibo Valentia	Lire 50,000,000	-	18.00	18.00	Italcementi S.p.A.	
Immobiliare Palazzo Barzizza S.r.l.	Bergamo	Lire 300,000,000	-	16.36	16.36	Italcementi S.p.A.	
Immobiliare Salesiane S.r.l.	Bergamo	Lire 700,000,000	-	16.36	16.36	Italcementi S.p.A.	
LUXVIDE S.p.A.	Rome	Lire 8,000,000,000	10.81	-	10.81	Italmobiliare S.p.A.	
MUSONE S.r.l. (¹)	Civitanova Marche	Lire 198,000,000	-	100.00	100.00	Calcestruzzi S.p.A.	
New Best S.r.l.	Bergamo	Lire 1,400,000,000	-	16.36	16.36	Italcementi S.p.A.	
Polistone S.p.A. (²)	Villesse (GO)	Lire 10,000,000,000	-	100.00	100.00	Società del Gres ing. Sala S.p.A.	
Procalmi S.r.l. in liquidation	Milan	Lire 100,000,000	-	11.52	11.52	Cemencal S.p.A.	
Stone Italiana S.r.l. (²)	San Martino B.A. (VR)	Lire 2,160,000,000	-	50.00	50.00	Società del Gres ing. Sala S.p.A.	
Studio Beton S.r.l.	Vignate (MI)	Lire 20,000,000	-	12.50	12.50	Cemencal S.p.A.	
<b>France</b>							
Granulats Marins de Normandie - GIE	Le Havre	-	-	-	11.05	11.05	GSM S.A.
Scori	Plaisir	Fr 6,830,000	-	13.95	13.95	Ciments Calcia S.A.	
<b>United Kingdom</b>							
Sirio Vide Ltd.	London	£ 100	11.00	-	11.00	Italmobiliare S.p.A.	
<b>OTHER COUNTRIES</b>							
<b>Turkey</b>							
Altas Ambarlı Liman Tesisleri Tas	Istanbul	TRL 100,000,000,000	-	12.25	12.25	Anadolu Cimentolari Tas	

(¹) held as usufruct

(²) held as guarantees



## ■ Additional information

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## Annex F

### VARIATIONS IN SHAREHOLDERS' EQUITY

(in millions of lire)

	Share capital	Legal reserve	Monetary revaluation reserve	Share premium reserve	Reserve for purchase of own shares	Other reserves of the holding company	Other consolidation reserves	Net result for the year	Shareholders' equity of the Group
<b>Balance at 31 December 1999</b>	<b>192,629</b>	<b>36,452</b>	<b>167,991</b>	<b>343,090</b>	<b>32,471</b>	<b>801,469</b>	<b>691,781</b>	<b>174,544</b>	<b>2,440,427</b>
Allocation of income at 31 December 1999:									
Board of Directors								(684)	(684)
Dividends								(55,141)	(55,141)
Legal reserve		2,074						(2,074)	
Extraordinary reserve						12,000		(12,000)	
Carried forward						4,690		(4,690)	
Prescribed dividends/waiver of dividends						16			16
Transfer of reserves					7,657	(7,657)	99,955	(99,955)	
Conversion of share capital into Euro	1,321					(1,321)			
Consolidation adjustments							20,694		20,694
Exchange rate differences							7,815		7,815
Net income for the year								361,350	361,350
<b>Balance at 31 December 2000</b>	<b>193,950</b>	<b>38,526</b>	<b>167,991</b>	<b>343,090</b>	<b>40,128</b>	<b>809,197</b>	<b>820,245</b>	<b>361,350</b>	<b>2,774,477</b>





## Annex G

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

	(in millions of lire)	
	31.12.2000	31.12.1999
<b>A) Net income for the year of Italmobiliare Società per Azioni</b>	<b>145,196</b>	<b>74,589</b>
Consolidation adjustments:		
Net results of consolidated companies (group portion)	230,204	172,105
Adjustment to group accounting policies (group portion)	(4,473)	(7,805)
Adjustment to value of investments stated using the net equity method	18,027	2,208
Write-down of capital gains on investments sold	39,885	4,135
Elimination of dividends received during the year	(35,812)	(77,733)
Elimination of write-downs of consolidated investments	(943)	7,129
Elimination of intercompany income or losses and other variations	(30,734)	(84)
<b>Net income for the year of the Group</b>	<b>361,350</b>	<b>174,544</b>
<b>B) Shareholders' equity of Italmobiliare Società per Azioni</b>	<b>1,738,078</b>	<b>1,648,691</b>
Adjustment to group accounting policies	(13,201)	15,492
Difference between shareholders' equities of subsidiaries due to the Group and the book value of the consolidated investments	1,049,600	776,244
<b>Shareholders' equity of the Group</b>	<b>2,774,477</b>	<b>2,440,427</b>



# Reclassified consolidated balance sheet

(in millions of lire)

	31.12.2000	%	31.12.1999	%	Variation 2000/1999
<b>Fixed assets</b>					
Intangible assets	2,735,847		2,772,422		(36,575)
Tangible assets	5,583,142		5,464,609		118,533
Investments and other financial assets	1,600,050		1,444,128		155,922
<b>Total</b>	<b>9,919,039</b>	<b>86.3</b>	<b>9,681,159</b>	<b>85.7</b>	<b>237,880</b>
<b>Working capital, net</b>					
Inventories	860,390		792,040		68,350
Trade receivables	1,810,730		1,759,687		51,043
Trade payables	(1,190,173)		(1,182,677)		(7,496)
Other assets	777,932		1,069,913		(291,981)
Other liabilities	(687,181)		(820,962)		133,781
<b>Total</b>	<b>1,571,698</b>	<b>13.7</b>	<b>1,618,001</b>	<b>14.3</b>	<b>(46,303)</b>
<b>Net invested capital</b>	<b>11,490,737</b>	<b>100.0</b>	<b>11,299,160</b>	<b>100.0</b>	<b>191,577</b>
<b>Shareholders' equity</b>					
Pertaining to the Group	2,774,477		2,440,427		334,050
Minority interests	4,003,006		3,886,135		116,871
<b>Total</b>	<b>6,777,483</b>	<b>59.0</b>	<b>6,326,562</b>	<b>56.0</b>	<b>450,921</b>
<b>Floating rate subordinated securities, net</b>	<b>235,795</b>	<b>2.0</b>	<b>273,093</b>	<b>2.4</b>	<b>(37,298)</b>
<b>Provisions</b>					
Employees' leaving entitlements	195,166		200,146		(4,980)
Other provisions	1,309,615		1,111,706		197,909
<b>Total</b>	<b>1,504,781</b>	<b>13.1</b>	<b>1,311,852</b>	<b>11.6</b>	<b>192,929</b>
<b>Net financial position</b>					
Liquid funds and current financial assets	(1,616,633)		(1,541,403)		(75,230)
Short term financing	1,672,566		980,693		691,873
<b>Short term indebtedness, net</b>	<b>55,933</b>	<b>0.5</b>	<b>(560,710)</b>	<b>-4.9</b>	<b>616,643</b>
Medium to long term financial assets	(633,258)		(588,839)		(44,419)
Medium to long term financing	3,550,003		4,537,202		(987,199)
<b>Medium to long term financial position, net</b>	<b>2,916,745</b>	<b>25.4</b>	<b>3,948,363</b>	<b>34.9</b>	<b>(1,031,618)</b>
<b>Net financial position</b>	<b>2,972,678</b>	<b>25.9</b>	<b>3,387,653</b>	<b>30.0</b>	<b>(414,975)</b>
<b>Total financing</b>	<b>11,490,737</b>	<b>100.0</b>	<b>11,299,160</b>	<b>100.0</b>	<b>191,577</b>



(in thousands of euro)

	31.12.2000	%	31.12.1999	%	Variation 2000/1999
<b>Fixed assets</b>					
Intangible assets	1,412,947		1,431,836		(18,889)
Tangible assets	2,883,452		2,822,235		61,217
Investments and other financial assets	826,357		745,830		80,527
<b>Total</b>	<b>5,122,756</b>	<b>86.3</b>	<b>4,999,901</b>	<b>85.7</b>	<b>122,855</b>
<b>Working capital, net</b>					
Inventories	444,354		409,055		35,299
Trade receivables	935,164		908,802		26,362
Trade payables	(614,673)		(610,802)		(3,871)
Other assets	401,768		552,564		(150,796)
Other liabilities	(354,899)		(423,991)		69,092
<b>Total</b>	<b>811,714</b>	<b>13.7</b>	<b>835,628</b>	<b>14.3</b>	<b>(23,914)</b>
<b>Net invested capital</b>	<b>5,934,470</b>	<b>100.0</b>	<b>5,835,529</b>	<b>100.0</b>	<b>98,941</b>
<b>Shareholders' equity</b>					
Pertaining to the Group	1,432,898		1,260,375		172,523
Minority interests	2,067,380		2,007,021		60,359
<b>Total</b>	<b>3,500,278</b>	<b>59.0</b>	<b>3,267,396</b>	<b>56.0</b>	<b>232,882</b>
<b>Floating rate subordinated securities, net</b>	<b>121,778</b>	<b>2.0</b>	<b>141,041</b>	<b>2.4</b>	<b>(19,263)</b>
<b>Provisions</b>					
Employees' leaving entitlements	100,795		103,367		(2,572)
Other provisions	676,360		574,148		102,212
<b>Total</b>	<b>777,155</b>	<b>13.1</b>	<b>677,515</b>	<b>11.6</b>	<b>99,640</b>
<b>Net financial position</b>					
Liquid funds and current financial assets	(834,921)		(796,068)		(38,853)
Short term financing	863,808		506,486		357,322
<b>Short term indebtedness, net</b>	<b>28,887</b>	<b>0.5</b>	<b>(289,582)</b>	<b>-4.9</b>	<b>318,469</b>
Medium to long term financial assets	(327,051)		(304,110)		(22,941)
Medium to long term financing	1,833,423		2,343,269		(509,846)
<b>Medium to long term financial position, net</b>	<b>1,506,372</b>	<b>25.4</b>	<b>2,039,159</b>	<b>34.9</b>	<b>(532,787)</b>
<b>Net financial position</b>	<b>1,535,259</b>	<b>25.9</b>	<b>1,749,577</b>	<b>30.0</b>	<b>(214,318)</b>
<b>Total financing</b>	<b>5,934,470</b>	<b>100.0</b>	<b>5,835,529</b>	<b>100.0</b>	<b>98,941</b>



# Reclassified consolidated income statement

(in millions of lire)

	2000	%	1999	%	Variation 2000/1999
Net sales	7,671,890	100.0	6,988,466	100.0	683,424
Variation in inventories	35,019	0.5	4,010	0.1	31,009
Increase on internal work capitalized under fixed assets	30,598	0.4	34,384	0.5	(3,786)
	<b>7,737,507</b>	<b>100.9</b>	<b>7,026,860</b>	<b>100.5</b>	<b>710,647</b>
Other revenues	203,409	2.7	174,187	2.5	29,222
<b>Net sales and other operating income</b>	<b>7,940,916</b>	<b>103.5</b>	<b>7,201,047</b>	<b>103.0</b>	<b>739,869</b>
Consumables	2,024,316	26.4	1,763,402	25.2	260,914
Services	2,428,667	31.7	2,144,904	30.7	283,763
Other operating costs	215,375	2.8	206,733	3.0	8,642
<b>Value added</b>	<b>3,272,558</b>	<b>42.7</b>	<b>3,086,008</b>	<b>44.2</b>	<b>186,550</b>
Personnel expenses	1,396,644	18.2	1,372,013	19.6	24,631
Provisions and write-downs	41,422	0.5	46,796	0.7	(5,374)
<b>Gross operating profit</b>	<b>1,834,492</b>	<b>23.9</b>	<b>1,667,199</b>	<b>23.9</b>	<b>167,293</b>
Amortization and depreciation	814,589	10.6	689,820	9.9	124,769
<b>Operating income</b> (difference between net sales and other operating income and other operating costs)	<b>1,019,903</b>	<b>13.3</b>	<b>977,379</b>	<b>14.0</b>	<b>42,524</b>
Financial income and charges, net	119,064	1.6	(96,545)	-1.4	215,609
Adjustments to the value of financial assets, net	(10,752)	-0.1	(10,166)	-0.1	(586)
Non-recurring items, net	39,515	0.5	13,556	0.2	25,959
<b>Income before taxes</b>	<b>1,167,730</b>	<b>15.2</b>	<b>884,224</b>	<b>12.7</b>	<b>283,506</b>
Taxes on income	(453,442)	-5.9	(378,628)	-5.4	(74,814)
<b>Income before minority interests</b>	<b>714,288</b>	<b>9.3</b>	<b>505,596</b>	<b>7.2</b>	<b>208,692</b>
Minority interests	352,938	4.6	331,052	4.7	21,886
<b>Net income of the Group</b>	<b>361,350</b>	<b>4.7</b>	<b>174,544</b>	<b>2.5</b>	<b>186,806</b>
<b>Cash flow</b>	<b>1,528,877</b>		<b>1,195,416</b>		<b>333,461</b>



(in thousands of euro)

	2000	%	1999	%	Variation 2000/1999
Net sales	3,962,201	100.0	3,609,241	100.0	352,960
Variation in inventories	18,086	0.5	2,071	0.1	16,015
Increase on internal work capitalized under fixed assets	15,803	0.4	17,758	0.5	(1,955)
	<b>3,996,090</b>	<b>100.9</b>	<b>3,629,070</b>	<b>100.5</b>	<b>367,020</b>
Other revenues	105,052	2.7	89,960	2.5	15,092
<b>Net sales and other operating income</b>	<b>4,101,142</b>	<b>103.5</b>	<b>3,719,030</b>	<b>103.0</b>	<b>382,112</b>
Consumables	1,045,472	26.4	910,721	25.2	134,751
Services	1,254,302	31.7	1,107,750	30.7	146,552
Other operating costs	111,232	2.8	106,769	3.0	4,463
<b>Value added</b>	<b>1,690,136</b>	<b>42.7</b>	<b>1,593,790</b>	<b>44.2</b>	<b>96,346</b>
Personnel expenses	721,306	18.2	708,586	19.6	12,720
Provisions and write-downs	21,393	0.5	24,168	0.7	(2,775)
<b>Gross operating profit</b>	<b>947,437</b>	<b>23.9</b>	<b>861,036</b>	<b>23.9</b>	<b>86,401</b>
Amortization and depreciation	420,700	10.6	356,262	9.9	64,438
<b>Operating income</b> (difference between net sales and other operating income and other operating costs)	<b>526,737</b>	<b>13.3</b>	<b>504,774</b>	<b>14.0</b>	<b>21,963</b>
Financial income and charges, net	61,491	1.6	(49,862)	-1.4	111,353
Adjustments to the value of financial assets, net	(5,553)	-0.1	(5,251)	-0.1	(302)
Non-recurring items, net	20,408	0.5	7,002	0.2	13,406
<b>Income before taxes</b>	<b>603,083</b>	<b>15.2</b>	<b>456,663</b>	<b>12.7</b>	<b>146,420</b>
Taxes on income	(234,183)	-5.9	(195,545)	-5.4	(38,638)
<b>Income before minority interests</b>	<b>368,900</b>	<b>9.3</b>	<b>261,118</b>	<b>7.2</b>	<b>107,782</b>
Minority interests	182,277	4.6	170,974	4.7	11,303
<b>Net income of the Group</b>	<b>186,623</b>	<b>4.7</b>	<b>90,144</b>	<b>2.5</b>	<b>96,479</b>
<b>Cash flow</b>	<b>789,600</b>		<b>617,380</b>		<b>172,220</b>



# Consolidated statement of cash flows

(in millions of lire)

	2000	1999
<b>A) Liquid funds at beginning of year</b>	<b>598,055</b>	<b>802,372</b>
<b>B) Cash flow from operating activities:</b>		
Net income of the Group	361,350	174,544
Minority interests	352,938	331,052
Amortization and depreciation	814,589	689,820
Elimination of result of companies valued using the equity method	(23,858)	(27,361)
Dividends from companies valued using the equity method	1,596	18,416
Write-downs/revaluations of fixed assets	20,460	12,566
Capital (gain)/loss on sale of fixed assets	(230,065)	(41,437)
Interest on debenture loan	36,643	36,331
Interest income on floating rate subordinated securities	(37,313)	(33,733)
	<b>1,296,340</b>	<b>1,160,198</b>
<b>Variation in working capital:</b>		
Inventories	(53,294)	(11,172)
Trade receivables	43,922	(182,480)
Trade payables	(40,903)	170,129
Other receivables/payables, prepayments and accruals	(69,042)	52,554
Investments not of a fixed nature	146,373	(145,347)
	<b>27,056</b>	<b>(116,316)</b>
<b>Variation in provisions:</b>		
Net variation in employees' leaving entitlements	(15,128)	414
Variation in other provisions	4,994	(17,854)
	<b>(10,134)</b>	<b>(17,440)</b>
<b>Total B)</b>	<b>1,313,262</b>	<b>1,026,442</b>
<b>C) Cash flow from investing activities:</b>		
Investments in fixed assets:		
Intangible	(61,512)	(78,967)
Tangible	(612,281)	(567,934)
Investments	(516,006)	(1,004,665)
Own shares	(7,657)	(32,471)
	<b>(1,197,456)</b>	<b>(1,684,037)</b>
Proceeds from sale of fixed assets	382,050	104,563
<b>Total C)</b>	<b>(815,406)</b>	<b>(1,579,474)</b>
<b>D) Cash flow from financing activities</b>		
Variation in financial receivables	(317,245)	(275,293)
Variation in financial payables	(391,303)	810,785
Variation in financial assets other than equity investments	(4,762)	(8,304)
<b>Total D)</b>	<b>(713,310)</b>	<b>527,188</b>
<b>E) Cash flow from variations in shareholders' equity</b>		
Share capital increases	4,443	61,241
Capital grants	938	1,978
Dividends paid to minority interests	(160,515)	(124,930)
Repayment of preferred shares		(268,033)
<b>Total E)</b>	<b>(155,134)</b>	<b>(329,744)</b>
<b>F) Variations in consolidation and translation differences</b>	<b>196,663</b>	<b>151,271</b>
<b>G) Cash flows for the year, net (B+C+D+E+F)</b>	<b>(173,925)</b>	<b>(204,317)</b>
<b>Liquid funds at year end (A+G)</b>	<b>424,130</b>	<b>598,055</b>



(in thousands of euro)

	2000	1999
<b>A) Liquid funds at beginning of year</b>	<b>308,870</b>	<b>414,391</b>
<b>B) Cash flow from operating activities:</b>		
Net income of the Group	186,622	90,144
Minority interests	182,277	170,974
Amortization and depreciation	420,700	356,262
Elimination of result of companies valued using the equity method	(12,322)	(14,131)
Dividends from companies valued using the equity method	824	9,511
Write-downs/revaluations of fixed assets	10,567	6,490
Capital (gain)/loss on sale of fixed assets	(118,819)	(21,400)
Interest on debenture loan	18,925	18,763
Interest income on floating rate subordinated securities	(19,271)	(17,422)
	<b>669,503</b>	<b>599,191</b>
<b>Variation in working capital:</b>		
Inventories	(27,524)	(5,770)
Trade receivables	22,683	(94,243)
Trade payables	(21,126)	87,864
Other receivables/payables, prepayments and accruals	(35,658)	27,142
Investments not of a fixed nature	75,595	(75,065)
	<b>13,970</b>	<b>(60,072)</b>
<b>Variation in provisions:</b>		
Net variation in employees' leaving entitlements	(7,814)	214
Variation in other provisions	2,579	(9,221)
	<b>(5,235)</b>	<b>(9,007)</b>
<b>Total B)</b>	<b>678,238</b>	<b>530,112</b>
<b>C) Cash flow from investing activities:</b>		
Investments in fixed assets:		
Intangible	(31,768)	(40,783)
Tangible	(316,217)	(293,313)
Investments	(266,495)	(518,866)
Own shares	(3,955)	(16,770)
	<b>(618,435)</b>	<b>(869,732)</b>
Proceeds from sale of fixed assets	197,312	54,002
<b>Total C)</b>	<b>(421,123)</b>	<b>(815,730)</b>
<b>D) Cash flow from financing activities</b>		
Variation in financial receivables	(163,844)	(142,177)
Variation in financial payables	(202,091)	418,736
Variation in financial assets other than equity investments	(2,459)	(4,289)
<b>Total D)</b>	<b>(368,394)</b>	<b>272,270</b>
<b>E) Cash flow from variations in shareholders' equity</b>		
Share capital increases	2,295	31,628
Capital grants	484	1,022
Dividends paid to minority interests	(82,899)	(64,521)
Repayment of preferred shares		(138,427)
<b>Total E)</b>	<b>(80,120)</b>	<b>(170,298)</b>
<b>F) Variations in consolidation and translation differences</b>	<b>101,568</b>	<b>78,125</b>
<b>G) Cash flows for the year, net (B+C+D+E+F)</b>	<b>(89,831)</b>	<b>(105,521)</b>
<b>Liquid funds at year end (A+G)</b>	<b>219,039</b>	<b>308,870</b>



# Report of the Board of Statutory Auditors

Dear Shareholders

The Group consolidated financial statements as at and for the year ended 31 December 2000, made available to us by the Board of Directors, have been prepared in accordance with Legislative decree no. 127/91. They comprise a balance sheet as at 31 December 2000, an income statement for the year then ended and notes thereto. The former two documents have been prepared in accordance with article 32 of the above decree while the notes have been prepared as per article 38 and other legislation governing the preparation of financial statements.

The consolidated financial statements show total shareholders' equity of Lire 6,777.5 billion of which Lire 2,774.5 billion attributable to the Group. Net consolidated income amounts to Lire 714.3 billion; the Group's share thereof is Lire 361.4 billion.

The Directors' report summarizes the performance of the Group in 2000 describing the activities performed in the different business segments and geographical areas by the consolidated companies.

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

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

We confirm that:

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

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

Milan, 6 April 2001

Board of Statutory Auditors





## Revisione e organizzazione contabile

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

Telefono (02) 6763.1  
Telefax (02) 67632445

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

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

To the shareholders of  
Italmobiliare S.p.A.

- 1 We have audited the consolidated financial statements of the Italmobiliare group as at and for the year ended 31 December 2000. These financial statements are the responsibility of the parent company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of certain subsidiaries, representing 2% and 3% of consolidated assets and consolidated revenues respectively, have been audited by other auditors, who provided us with their reports thereon. Our opinion, expressed herein, with respect to the figures relating to such companies included in the consolidated financial statements is based, inter alia, on the audits performed by the other auditors.

Reference should be made to the report dated 17 April 2000 for our opinion on the prior year figures which are presented for comparative purposes as required by law.

- 3 In our opinion, the consolidated financial statements of the Italmobiliare group as at and for the year ended 31 December 2000 comply with the Italian regulations governing their preparation; therefore they are clearly stated and give a true and fair view of the financial position and results of the group.



KPMG S.p.A. è membro della KPMG International

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Società per azioni  
Capitale sociale Lit. 6.494.500.000 i.v.  
Registro Imprese Milano N. 276823  
R.E.A. Milano N. 612867  
Cod. Fisc. e IVA 00709600159  
Sede legale: Via Vittor Pisani, 25 - 20124 Milano MI

- 4 In the current year, one of the group companies has performed a revaluation of certain tangible assets in accordance with Law no. 342/2000. The effects of this revaluation on the asset values and tax liability for the substitute tax are described in the notes to the financial statements.

Milan, 13 April 2001

KPMG S.p.A.

(signed on the original)

Lorenzo Renato Guerini  
*Director*