ITALMOBILIARE

Consolidated quarterly report
as of 31 March 2001

Contents

Consolidated quarterly report
as of 31 March 2001

ITALMOBILIARE
Società per Azioni

Head Office: via Borgonuovo, 20
20121 Milano

Share Capital: Euro 100.166.937
Milano Companies Register

Directors and Officers

■ 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

■ Board of Statutory Auditors

Acting Auditors	
Luigi Guatri	Chairman
Claudio De Re	
Paolo Marchi	
Substitute Auditors	
Dino Fumagalli	
Eugenio Mercorio	
Pietro Curcio	

Reconta Ernst & Young S.p.A.	Independent Auditors

1 Member of the Executive Committee
2 Member of the Remuneration Committee
3 Member of the Internal Control Committee
4 Secretary to the Executive Committee
5 Independent Director

First-quarter operations and key events

In the first quarter of 2001, the Italmobiliare Group reported net sales of 1,848 billion lire (+7.3% from the year-earlier first quarter); operating income was 169 billion lire (+9.2%) and income before taxes was 94.5 billion lire, down 27.2% from the first quarter of 2000 (129.8 billion lire).

While net sales and operating income improved, income before taxes decreased, largely as a result of non-recurring charges at the Sirap Gema group for the restructuring of its insulating materials production operation and, to a lesser extent, as a result of lower profits at the Fincomind group, of which details are provided later in this report.

The performance of the Group's main business areas is described below.

At the **Italcementi Group**, first-quarter sales volumes reflected the seasonal slowdown in the construction industry in almost all the countries in which the Group operates. Net sales totalled 1,778 billion lire, up 7.5% from the year-earlier first quarter.
Operating income improved, reaching 171 billion lire (from 152 billion lire, +12.7%), thanks to a positive overall trend in sales volumes and sales prices, higher operating efficiency and the contribution of India's Zuari Cement Ltd. company purchased in 2001, which is consolidated line-by-line. Income before taxes was 99 billion lire (104 billion lire in 2000).

The **main financial companies** reported the following results for the first quarter of 2001:

- Italmobiliare International Finance Ltd. (main financial arm of Italmobiliare) had net income of 10.7 billion lire (6.9 billion lire in the first quarter of 2000);
- Société de Participation Financière Italmobiliare (holding for key equity investments and liquidity) had net income of 3.3 billion lire (3.9 billion lire in the corresponding year-earlier period);
- Fincomind group (whose main equity investment is Finter Bank Zürich) had net income of 1.6 million Swiss francs (7 million Swiss francs in the first quarter of 2000).

The parent company Italmobiliare and its financial subsidiaries closed the following equity operations:

- Italmobiliare purchased 140,000 Italcementi common shares, raising its direct and indirect stake in the company to 56.73%;
- Société de Participation Financière Italmobiliare underwrote its 5% portion of the share-capital increase at Consortium – which holds an equity investment in Assicurazioni Generali – for an outlay of 4.5 billion lire.

The performance of the **other production sectors** was as follows:

- the Sirap Gema group (food packaging and insulation) reported net sales of 54.1 billion lire (+4.3%) and a pre-tax loss of 18.3 billion lire (income of 3.7 billion lire in 2000);
- the SAB group (public road transport) had production value of 41.8 billion lire (39.7 billion lire in 2000), and income before taxes of 6.8 billion lire (3.2 billion in 2000).

Group operations for the first quarter to 31 March 2001 are illustrated in the table set out below.

(millions of euro)					(billions of lire)
1st Quarter 2001		1st Quarter 2001	1st Quarter 2000	% change from 1st Quarter	Full year 2000
954.6	**Net sales**	**1,848.3**	**1,722.0**	**7.3**	**7,671.9**
187.1	**Gross operating profit**	**362.3**	**331.8**	**9.2**	**1,834.5**
19.6	*% of net sales*	*19.6*	*19.3*		*23.9*
87.4	**Operating income**	**169.2**	**154.9**	**9.2**	**1,019.9**
9.2	*% of net sales*	*9.2*	*9.0*		*13.3*
(34.6)	**Financial income (charges)**	**(67)**	**(31.6)**	**112.1**	**119.1**
-3.6	*% of net sales*	*-3.6*	*1.8*		*1.6*
(4.0)	**Non-recurring items and adjustments to asset values**	**(7.7)**	**6.5**	**-219.4**	**28.8**
-0.4	*% of net sales*	*-0.4*	*0.4*		*0.4*
48.8	**Income before taxes**	**94.5**	**129.8**	**-27.2**	**1,167.7**
5.1	*% of net sales*	*5.1*	*7.5*		*15.2*
148.6	**Capital expenditure**	**287.7**	**192.9**	**49.2**	**1,197.5**
Employees at period end (heads)		*19,953*	*19,810*	*0.7*	*19,311*

31 March 2001		31 March 2001	31 December 2000	% change from 31 December 2000	31 March 2000
(1,613.8)	**Net financial position (debt)**	**(3,124.8)**	**(2,972.7)**	**5.1**	**(3,238.8)**

Net sales and operating income

The Group's consolidated net sales for the first quarter totalled 1,848 billion lire, up 7.3% from the 2000 first quarter. The increase arose as follows:

- growth in operations (+3.9%);
- change in the consolidation area (+2.7%);
- translation gains (+0.7%).

First-quarter net sales by business and geographical area were as follows:

(in billions of lire)

	1st Quarter 2001	%	1st Quarter 2000	%	% change from 2000
Business					
Construction materials	1,775.8	96.1	1,652.1	95.9	7.5
Food packaging and insulation	54.1	2.9	51.9	3.1	4.3
Transport	17.3	0.9	17.3	1.0	-
Other	1.1	0.1	0.7	-	47.8
Total	**1,848.3**	**100.0**	**1,772.0**	**100.0**	**7.3**
Geographical area					
European Union	1,366.3	73.9	1,320.3	76.7	3.5
North America	206.4	11.2	211.5	12.3	-2.4
Emerging nations	251.5	13.6	171.7	10.0	46.5
Trading and other	24.1	1.3	18.5	1.0	30.3
Total	**1,848.3**	**100.0**	**1,722.0**	**100.0**	**7.3**
Total at constant exchange rates and consolidation area					**3.9%**

Gross operating profit rose to 362 billion lire from 332 billion lire (+9.2%).
Operating income rose to 169 billion lire from 155 billion lire (+9.2%).

Financial charges/income and other components

Financial charges/income reflected a negative net balance of 67 billion lire compared to a negative net balance of 32 billion lire in the year-earlier first quarter, a deterioration relating in the main to the Italcementi Group (chiefly the negative impact of the devaluation of the Turkish lira) and also to the performance slowdown at the Fincomind group (consolidated with the equity method).

Non-recurring charges/income and value adjustments reflected a negative balance of 7.7 billion lire compared to a positive balance of 6.5 billion lire in the first quarter of 2000, as a result of restructuring charges at the Sirap Gema group.

Capital expenditure

The Group's capital expenditure for the first quarter of 2001 totalled 288 billion lire compared to 193 billion lire in the year-earlier first quarter.
Capital expenditure comprised investments of 140 billion lire in tangible and intangible fixed assets (138 billion lire in the first quarter of 2000), intended essentially to improve the production efficiency of the construction materials business.
Investments in financial fixed assets totalled 148 billion lire (59 billion lire in the first quarter of 2000), of which 133 billion by the Italcementi Group to purchase 50% of Zuari Cement (India).

Net financial position

Consolidated net debt at 31 March 2001 was 3,125 billion lire, up from 2,973 billion lire largely as a result of higher borrowings at the Italcementi Group for the purchase and line-by-line consolidation of Zuari Cement.

The net financial position of Italmobiliare and its wholly-owned financial subsidiaries was as follows:

(in millions of lire)

	31 March 2001		31 December 2000	
	Italmobiliare	Consolidated Italmobiliare and financial companies (*)	Italmobiliare	Consolidated Italmobiliare and financial companies (*)
Cash, cash equivalents and current financial assets	71,262	1,055,680	81,210	1,052,633
Short-term debt	(264,356)	(271,667)	(250,787)	(257,564)
Short-term net financial position	(193,094)	784,013	(169,577)	795,069
Medium/long-term net debt	(686,922)	(586,922)	(696,935)	(596,935)
Net financial position (debt)	**(880,016)**	**197,091**	**(866,512)**	**198,134**

* Includes: Italmobiliare International Finance Limited – Italmobiliare International B.V. – Intermobiliare S.p.A. – Société de Participation Financière Italmobiliare S.A. – Fincomind S.A. and Finter Holding S.A.

(in thousands of euro)

	31 March 2001		31 December 2000	
	Italmobiliare	Consolidated Italmobiliare and financial companies (*)	Italmobiliare	Consolidated Italmobiliare and financial companies (*)
Cash, cash equivalents and current financial assets	36,804	545,213	41,942	543,640
Short-term debt	(136,528)	(140,304)	(129,521)	(133,021)
Short-term net financial position	(99,724)	404,909	(87,579)	410,619
Medium/long-term net debt	(354,766)	(303,120)	(359,937)	(308,291)
Net financial position (debt)	**(454,490)**	**101,789**	**(447,516)**	**102,238**

* Includes: Italmobiliare International Finance Limited – Italmobiliare International B.V. – Intermobiliare S.p.A. – Société de Participation Financière Italmobiliare S.A. – Fincomind S.A. and Finter Holding S.A.

Construction materials

This business comprises the cement, ready mixed concrete and aggregates operations of the Italcementi Group.
As noted in previous interim reports, the business sectors in which the Group operates are strongly affected by seasonal trends.
Specifically, weather conditions are a significant factor in the first quarter, when business levels are low and costs impact heavily due to major maintenance work. First-quarter results are therefore not greatly representative of full-year trends.

Group business and financial highlights

(in millions of euro) 1st Quarter 2001		1st Quarter 2001	1st Quarter 2000	% change from 1st Quarter 2000	(in billions of lire) Full year 2000
918	**Net sales**	**1,778**	**1,654**	***+7.5***	**7,379**
183	**Gross operating profit**	**355**	**320**	***+11.0***	**1,808**
20	*% of net sales*	*20*	*19.3*		*24.5*
89	**Operating income**	**171**	**152**	***+12.7***	**1,033**
9.6	*% of net sales*	*9.6*	*9.2*		*14.0*
51	**Income before taxes**	**99**	**104**	***-4.6***	**858**
5.6	*% of net sales*	*5.6*	*6.3*		*11.6*
Employees at close (heads)		*18,012*	*17,982*	*0.2*	*17,495*

31 March 2001		31 March 2001	31 December 2000	% change from 31 December 2000	31 March 2000
(1,741)	**Net financial position (debt)**	**(3,371)**	**(3,224)**	**+4.6**	**(3,254)**

Sales volumes and internal transfers

	Cement (millions of metric tons)			Aggregates* (millions of metric tons)			Ready mixed concrete (millions of m3)		
	1st Q. 2001	% change from 1Q 2000 Historic	% change from 1Q 2000 Constant size	1st Q. 2001	% change from 1Q 2000 Historic	% change from 1Q 2000 Constant size	1st Q. 2001	% change from 1Q 2000 Historic	% change from 1Q 2000 Constant size
European Union	5.8	*-0.6*	*-0.6*	12.4	*-1.5*	*-1.5*	3.7	*-2.3*	*-2.3*
North America	1.1	*-8.1*	*-8.1*	-	-	-	-	-	-
Emerging countries	2.4	*+45.8*	*+15.7*	0.4	*+22.6*	*+22.6*	0.7	*+38.8*	*+38.8*
Total	**9.3**	***+7.8***	***+2.7***	**12.8**	***-1.0***	***-1.0***	**4.4**	***+2.3***	***+2.3***

* excluding outgoes on work-in-progress account

Performance was strong in the first two months of 2001, but slowed in March due to bad weather conditions in the European Union and North America.

Operations by geographical area
(sub-consolidated data by area)

(in billions of lire)

	Net sales		Gross operating profit		Capital expenditure	
	1st Quarter 2001	Change 1st Quarter 2000	1st Quarter 2001	Change 1st Quarter 2000	1st Quarter 2001	Change 1st Quarter 2000
European Union	1,321.4	51.9	261.8	6.6	74.2	4.4
North America	206.4	(5.0)	16.2	(7.0)	26.0	0.2
Emerging countries (*)	274.5	81.6	77.8	37.2	12.3	(1.6)
Others and elimination of inter-area sales	(24.6)	(4.4)	(1.1)	(1.7)	0.6	0.1
Total	**1,777.7**	**124.1**	**354.7**	**35.1**	**113.1**	**3.1**

* The consolidation includes Zuari Cement Ltd as from 1 January 2001.

Net sales and operating income

The improvement in net sales reflected higher sales volumes in emerging nations and in Spain, positive sales price trends in a number of countries and the enlargement of the consolidation area, mainly due to the inclusion of Zuari Cement Ltd.

The Group reported growth of 11% in gross operating profit and 12.7% in operating income compared to the excellent results achieved in the first three months of 2000.
The improvement is important because it was achieved at a time of high operating costs, mainly as a result of the rises in fuel prices throughout 2000.
The programme to reduce the Group's manufacturing, logistic and general costs produced its first tangible results in the first quarter, with efficiency improvements in France and the emerging countries.

European Union

In **Italy**, estimated cement consumption in the first quarter of 2001 was in line with the levels of the year-earlier first quarter, which benefited from extremely favourable weather conditions.
Group sales of hydraulic binders were affected by the strong rise in imports (estimated at more than 40%) and decreased slightly from the first three months of 2000.
Average sales price trends were positive, although the impact on operating results was partly offset by the rise in variable costs, especially energy, transport and raw materials.

Demand for concrete dropped slightly in the first quarter due to less favourable weather conditions; despite lower sales volumes, the action taken to contain fixed costs meant that aggregate operating results were in line with those of the first three months of 2000.

In **France**, cement consumption was down from the first quarter of 2000, despite strong performance in the first two months.
Ciments Calcia S.A. was affected by bad weather in March and reported an overall decrease in cement sales in the first quarter.
The improvement in average sales prices kept revenues at stable levels.
Operating results improved significantly thanks to the containment of operating costs.
Ready-mixed concrete sales by Unibéton slowed, while aggregates sales volumes at GSM reflected strong demand in a number of regions. The rise in operating costs was offset by the improvement in sales prices.

In **Belgium**, the performance of the construction industry in the first quarter was hampered by bad weather and strikes, which had a particularly heavy impact in March.
Compagnie des Ciments Belges reported a decrease in cement sales.
The group's aggregates sales were sharply down from the year-earlier first quarter, while ready mixed concrete sales improved slightly.
The overall decrease in sales volumes led to a decrease in net sales, despite positive sales price trends across all business sectors.

In **Spain**, after the strong growth of the last few years, demand for cement in the first quarter continued at very high levels.
Against this background, cement sales by Financiera y Minera on the domestic market showed a significant improvement from the first quarter of 2000.
In the aggregates and ready mixed concrete businesses, performance slowed compared to the exceptionally high levels of the first quarter of 2000.
Although cement sales volumes grew, operating results decreased due to the rise in production costs, notably fuel, which was only partly offset by the slight rise in sales prices.

In **Greece**, the buoyant climate of the construction market continued in the first quarter.
Halyps reported significant growth in cement sales volumes on the domestic market.
Very high growth was also reported in the aggregates and ready mixed concrete businesses.
The larger proportion of domestic sales and the improvement in sales prices led to a strong increase in net sales and operating results.

North America

The US economic slowdown had a moderate effect on expenditure in construction, but demand for cement slowed in the areas in which the group operates, since weather conditions could not compare to the exceptionally good climate of the first three months of 2000.
Essroc reported lower cement sales volumes than in the year-earlier first quarter, but the decrease arose entirely in March, when weather conditions were bad.
Average sales prices decreased slightly as a result of greater competition in some parts of the country.
The negative impact of lower sales volumes and prices, amplified by the rise in variable costs and an earlier start on major maintenance projects compared to 2000 generated a decrease in operating results, which was offset only in part by more efficient fixed-cost control.

Emerging countries

In **Turkey**, the financial crisis at the end of February 2001, following the emergency of November 2000, brought the economic recovery that had begun in the second half of 2000 to an abrupt halt; the Turkish lira dropped sharply in relation to the euro, creating a climate of great uncertainty.
The positive start to 2001 led to a significant rise in first-quarter sales in all business areas.
Thanks to higher sales volumes, the group's operating results improved compared to the year-earlier first quarter, despite the reduction in average sales prices and higher energy costs.
Nevertheless, the February financial crisis caused a sharp decline in demand and real sales prices, dulling the outlook for the full year.

In **Morocco**, cement demand in the first quarter was boosted by a healthy economic climate, which benefited from the good start to the agricultural campaign.
Ciments du Maroc improved cement sales volumes on the domestic market as well as exports of cement and clinker.
The rise in net sales, which also reflected the increase in sales prices, and the reduction in variable costs led to a significant improvement in operating results.

Bulgaria saw a strong recovery in cement demand, especially in the regions in which the Group operates.
Aggregate sales volumes for Devnya and Vulkan on the domestic market rose significantly compared to the first quarter of 2000. The good recovery on the domestic market led to a marked improvement in sales prices.

In **Thailand**, despite a still depressed market, domestic cement sales rose significantly. Clinker and cement exports also improved and sales of ready mixed concrete were satisfactory.
The upward trend in Group net sales, assisted by a moderate rise in sales prices, and the action taken to cut fixed costs led to a strong improvement in operating results, despite the negative impact of the exchange rate.

The Group began operations in **India** at the beginning of the year, following its equity acquisition in Zuari Cement Ltd.
The company performed well during the period, which is the final quarter of the financial year from 1 April 2000 – 31 March 2001, with sales prices rising compared to the previous financial year.

Operating outlook for the current year

The world economic climate is uncertain, and forecasts with regard to future trends are contradictory.
Against a scenario that is difficult to interpret, overall the Group turned in a positive performance in the first quarter, in line with projections.
In the industrialised regions, conditions in the construction industry are mitigating the impact of the current general economic slowdown, leading to stable performance in North America and moderate growth in Europe.
In the emerging nations in which the Group operates, conditions in the construction industry vary significantly from one country to another; the growth trends reported in the first quarter of the year may be maintained, with the exception of Turkey, which has been hit by a serious economic crisis.
Overall, the moderate expansion in sales volumes, the global upward trend in prices and incisive cost-control policies suggest that the group will report an improvement in full-year results.

The Group operates in the food packaging and insulation businesses through Sirap Gema S.p.A. and its subsidiaries.

Consolidated business and financial highlights

(in millions of euro) (in billions of lire)

1st Quarter 2001		1st Quarter 2001	1st Quarter 2000	% change from 1st Quarter 2000	Full year 2000
27.9	**Net sales**	**54.1**	**51.9**	**4.3**	**225.0**
1.9	**Gross operating profit**	**3.6**	**7.0**	**(48.9)**	***24.7***
6.6	*% of net sales*	*6.6*	*13.5*		*11.0*
0.3	**Operating income**	**0.5**	**4.2**	**(87.1)**	**12.7**
0.9	*% of net sales*	*1.0*	*8.1*		*5.6*
(9.7)	**Financial income (charges) and non-recurring items**	**(18.9)**	**(0.5)**	**n.s.**	**(2.3)**
-34.9	*% of net sales*	*-34.9*	*-0.9*		*-1.0*
(9.5)	**Income before taxes**	**(18.3)**	**3.7**	**n.s.**	***10.4***
(33.8)	*% of net sales*	*-33.8*	*7.1*		*4.6*
Employees at close (heads)		*673*	*666*	*1.1*	*669*

31 March 2001		31 March 2001	31 December 2000	% change from 31 December 2000	31 March 2000
(31.3)	**Net financial position (debt)**	**(60.7)**	**(55.5)**	***9.4***	**(40.5)**

The group's results were strongly affected by the serious crisis at the Belgian **insulation division**: increasingly difficult market conditions (rising competition, with sales prices dropping sharply and an abnormal increase in the cost of raw materials) combined with the structural weakness of the Manage unit (a product range limited to the XPS and the need for a production re-organisation in compliance with new legislation on the use of environment-friendly expanding gases) and the large operating loss reported in the first quarter (3 billion lire) led to management to decide to close the unit.
The local and regional trade unions representatives have already been informed of the closure, which will proceed as prescribed by Belgian law.
The group's large loss before taxes was essentially due to the operating loss of the Manage unit and to a provision to the reserve for risks.
With regard to the other divisions, the **insulation business in Italy** reported growth, albeit slower than in the first quarter of 2000, although in the year-earlier period raw materials costs were lower and sales price trends were favourable. Net sales and gross operating profit totalled 9.5 and 1.2 billion lire respectively; in the year-earlier period, net sales were 7.6 billion lire and gross operating profit was 2.2 billion lire.

In the food **packaging area**, the French market more or less absorbed the effects of the BSE crisis, while demand for beef dropped sharply in Italy in the first quarter.
This trend generated a reduction in sales volumes and a change in the mix compared to the first quarter of 2000.
First-quarter net sales totalled 27.3 billion lire with gross operating profit of 4.1 billion lire, compared to 26.5 and 6.1 billion lire respectively in the year-earlier first quarter.

The Group's consolidated full-year results will be strongly affected by developments in the insulation business and will be significantly lower than those reported in 2000.

The Group operates in the public passenger transport business in northern Italy, through SAB Autoservizi S.r.l.
Consolidated business and financial highlights are set out in the table below. The two quarters are not comparable due to changes in the consolidation area.

(in millions of euro)					(in billions of lire)
1st Quarter 2001		1st Quarter 2001	1st Quarter 2000	% change from 1st Quarter 2000	Full year 2000
21.6	**Value of production**	**41.8**	**39.7**	**5.2**	**157.6**
4.2	**Gross operating profit**	**8.1**	**6.7**	**21.6**	**23.5**
19.4	*% of value of production*	*19.4*	*16.8*		*14.9*
2.2	**Operating income**	**4.3**	**3.0**	**44.6**	**9.0**
10.4	*% of value of production*	*10.4*	*7.6*		*5.7*
0.9	**Non-recurring items**	**1.8**	**-**	**-**	**(2.1)**
4.3	*% of value of production*	*4.3*			*-1.3*
3.5	**Income before taxes**	**6.8**	**3.2**	**113.2**	**8.6**
16.2	*% of value of production*	*16.2*	*8.0*		*5.4*
Employees at close (heads)		*1,201*	*1,097*	*9.5*	*1,080*

31 March 2001		31 March 2001	31 December 2000	% change from 31 December 2000	31 March 2000
26.1	**Net financial position (debt)**	**50.6**	**48.4**	**4.6**	**38.5**

In the first quarter of 2001, SAIA Trasporti S.p.A. and KM S.p.A., the new companies in the SAB group formed at the end of 2000, began operations. The start-up was completely successful, although negotiations are still underway with the trade unions to draw up uniform employment contracts.
After initial difficulties in relations with the unions, the associated company Trieste Trasporti is now in regular service.

As far as business figures are concerned, the Lombardy regional authorities made virtually no changes in fares and grants, despite the rise in charges caused by higher fuel prices and the renewal of the national employment contract.

First-quarter performance was not comparable to that of the year-earlier period due to the change in the consolidation area. Value of production totalled 41.8 billion lire, including income from the sale of buses and other revenues for an overall amount of 3.5 billion lire. Operating income was 4.3 billion lire; income before taxes of 6.8 billion lire included capital gains totalling 1.8 billion lire from the disposal of equity investments.

Contacts continued during the quarter with ASM – Brescia, for the formation of a single operator to run urban and out-of-town transport services in the province of Brescia. Discussions began with ATB to examine the possibility of a similar operation in the province of Bergamo.

The public transport business is expected to report a positive earnings figure for the full year, and not lower than that of 2000.

Finance

This area comprises the Group's wholly-owned financial companies, whose first-quarter performance is described below.

Italmobiliare International Finance Limited (Dublino)

Financial and business highlights for the first quarter of 2001 and 2000 are set out in the table below.

(in millions of euro) (in billions of lire)

1st Quarter 2001		1st Quarter 2001	1st Quarter 2000	% change from 1st Quarter 2000	Full year 2000
6.2	**Net financial income**	**12.1**	**7.8**	**55.1**	**42.0**
0.2	**Value adjustments**	**0.4**	**-**	***n.s.***	**(1.6)**
(0.1)	**Operating costs, depreciation and amortisation**	**(0.2)**	**(0.2)**	-	**(0.8)**
5.5	**Net income**	**10.7**	**6.9**	**55.0**	**34.9**

31 March 2001		31 March 2001	31 December 2000	% change from 31 December 2000	31 March 2000
440.1	**Net financial position (debt)**	**852.1**	**837.2**	**1.8**	**681.2**

Operations at this company, which is the Group's main financial arm, focused on the strategic guidelines of enhancing financial assets, containing interest-rate risks and selecting credit standing.
Net income totalled 10.7 billion lire, an improvement on the year-earlier first quarter (6.9 billion lire) due to efficient financial management, which enabled the company to leverage favourable trends in market rates.

The net financial position improved from the year-earlier period as a result of the disposal of equity investments in mid-2000.

In the absence of unforeseeable events, 2001 full-year results should not differ significantly to those of 2000, despite the absence of contribution from the equity investments.

Fincomind S.A. (Zürich)

This company's consolidated figures were as follows:

(in millions of Swiss francs)

	1st Quarter 2001	1st Quarter 2000 proforma	% change from 1st Quarter 2000	Full year 2000
Interest-rate operations	**4.0**	**4.0**	**-**	**16.8**
Commissions and trading	**13.5**	**19.5**	**(30.7)**	**65.5**
Gross profit	**3.7**	**10.0**	**(63.0)**	**24.9**
Net income	**1.6**	**7.2**	**(77.8)**	**12.3**

The main subsidiary, Finter Bank Zürich (private banking), had funds under management of approximately 5 billion Swiss francs, slightly up on the figure at 31 December 2000.

First-quarter net income was 3 million Swiss francs, compared to 8.5 million Swiss francs in the corresponding year-earlier period, when extremely dynamic conditions on the stock markets generated an exceptionally high level of commission revenues.

Finter Bank France recently strengthened its management and is completing plans for a recovery based on a re-focusing on the private banking business.
The net financial position of Fincomind S.A. and Finter Holding reflected debt of 41.1 million Swiss francs, compared to 40.3 million Swiss francs at 31 December 2000.

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

Financial and business highlights for the first quarter of 2001 and 2000 are set out in the table below:

(in millions of euro) 1st Quarter 2001		1st Quarter 2001	1st Quarter 2000	% change from 1st Quarter 2000	(in billions of lire) Full year 2000
1.6	**Net financial income**	**3.1**	**3.8**	**-18.4**	**37.2**
0.3	**Value adjustments**	**0.5**	**0.4**	**25.0**	**1.5**
(0.1)	**Operating costs, depreciation and amortisation**	**(0.2)**	**(0.2)**	**0.0**	**(1.2)**
1.7	**Net income**	**3.3**	**3.9**	**-15.4**	**36.7**

31 March 2001		31 March 2001	31 December 2000	% change from 31 December 2000	31 March 2000
135.0	**Net financial position (debt)**	**261.4**	**262.2**	**-0.3**	**245.4**

The company reported net income of 3.3 billion lire, a decrease from the corresponding year-earlier figure (3.9 billion lire), which included capital gains from the sale of equity investments.
The figures do not include dividends from equity investments, which are normally distributed and recognised in the second quarter.
During the first quarter, the company subscribed the share-capital increase at Consortium S.r.l. for 4.5 billion lire, raising its investment to 9 billion lire. Subsequent to the close of the first quarter, it raised its investment to 29.2 billion lire.

Following the Banca Intesa – Banca Commerciale Italiana merger on 2 May, the equity investment in IntesaBCI stands at 0.276% of common share capital.

The overall result for the full year is expected to be lower than that of 2000, when the company reported large capital gains from the disposal of equity investments, since no changes are currently planned in the securities portfolio that could generate significant capital gains, apart from that relating to the above-mentioned Banca Commerciale Italiana / Banca Intesa share exchange.

Dealings with related parties

No unusual operations took place in the Italmobiliare Group’s dealings with related parties.
No changes occurred in the nature of dealings with related parties compared to the situation described in the 2000 annual report.
All dealings, commercial and financial, are conducted at normal market conditions.

Significant events subsequent to the end of the first quarter of 2001

The following operations were executed after 31 March 2001:

- by Soparfi Italmobiliare, an additional investment of 20.2 billion lire in Consortium which approved a major rights issue in connection with a series of financial operations put in place with other companies in order to purchase 79.3% of the capital of Euralux. Once these operations had been completed, the modifications in Consortium’s share ownership led Soparfi Italmobiliare’s equity investment to decrease from 5% to 2.27%;
- by Italmobiliare, an investment of 27.1 billion lire in the Tredicimarzo company formed to acquire 1.99% of the capital of Mediobanca from Eurafrance and Eurazeo. The associated company Fin.Priv. was also involved in the operation: Italmobiliare made an overall investment of 8.4 billion lire in this company, raising its stake from 12.5% to 14.28% and taking part in an operation on the company’s capital.

Operating outlook for the current year

The outlook for performance at the industrial subsidiaries is positive, with the exception of the Sirap Gema group.
The continued volatility of the stock markets prevents precise determination of the capital gains resulting from the sale of equity investments, including the one from the conversion of the Mediobanca – UniCredito Italiano bond, which could have a significant impact on consolidated income.

(millions of lire)

	1st Quarter 2001	%	1st Quarter 2000	%	Change	%	Full year 2000	%
Net sales	1,848,305	100.0	1,721,986	100.0	126,319	7.3	7,671,890	100.0
Operating costs (net of other revenues and income)	(1,121,359)	-60.7	(1,037,278)	-60.2	(84,081)	8.1	(4,399,332)	-57.3
Value added	**726,946**	**39.3**	**684,708**	**39.8**	**42,238**	**6.2**	**3,272,558**	**42.7**
Personnel expenses	(355,078)	-19.2	(343,275)	-19.9	(11,803)	3.4	(1,396,644)	-18.2
Provisions and writedowns	(9,590)	-0.5	(9,602)	-0.6	12	-0.1	(41,422)	-0.5
Gross operating profit	**362,278**	**19.6**	**331,831**	**19.3**	**30,447**	**9.2**	**1,834,492**	**23.9**
Depreciation and amortisation	(193,072)	-10.4	(176,942)	-10.3	(16,130)	9.1	(814,589)	-10.6
Operating income	**169,206**	**9.2**	**154,889**	**9.0**	**14,317**	**9.2**	**1,019,903**	**13.3**
Financial income and charges	(66,985)	-3.6	(31,577)	-1.8	(35,408)	112.1	119,064	1.6
Non-recurring items and adjustments to asset values	(7,730)	-0,4	6,472	0.4	(14,202)	-219.4	28,763	0.1
Income before taxes	**94,491**	**5,1**	**129,784**	**7.5**	**(35,293)**	**-27.2**	**1,167,730**	**15.2**
Capital expenditure	**287,747**		**192,864**		**94,883**		**1,197,456**	

Net debt (liquid funds)	31 March 2001	31 December 2000	Change	%
Cash, cash equivalents and and current financial assets	(2,035,065)	(1,616,633)	(418,432)	25.9
Short-term debt	2,451,008	1,672,566	778,442	46.5
Medium/long-term financial assets	(518,313)	(633,258)	114,945	-18.2
Medium/long-term debt	3,227,165	3,550,003	(322,838)	-9.1
Net financial position (debt)	**3,124,795**	**2,972,678**	**152,117**	**5.1**
Tsdi, net	**225,719**	**235,795**	**(10,076)**	

(in thousands of euro)

	1st Quarter 2001	%	1st Quarter 2000	%	Change	%	Full year 2000	%
Net sales	954,570	100.0	889,332	100.0	65,238	7.3	3,962,201	100.0
Operating costs (net of other revenues and income)	(579,134)	-60.7	(535,709)	-60.2	(43,425)	8.1	(2,272,065)	-57.3
Value added	**375,436**	**39.3**	**353,623**	**39.8**	**21,813**	**6.2**	**1,690,136**	**42.7**
Personnel expenses	(183,382)	-19.2	(177,287)	-19.9	(6,095)	3.4	(721,306)	-18.2
Provisions and writedowns	(4,953)	-0.5	(4,959)	-0.6	6	-0.1	(21,393)	-0.5
Gross operating profit	**187,101**	**19.6**	**171,376**	**19.3**	**15,725**	**9.2**	**947,436**	**23.9**
Depreciation and amortisation	(99,714)	-10.4	(91,383)	-10.3	(8,331)	9.1	(420,700)	-10.6
Operating income	**87,387**	**9.2**	**79,993**	**9.0**	**7,394**	**9.2**	**526,736**	**13.3**
Financial income and charges	(34,595)	-3.6	(16,308)	-1.8	(18,287)	112.1	(61,491)	1.6
Non-recurring items and adjustments to asset values	(3,992)	-0.4	3,342	0.4	(7,334)	-219.4	14,854	0.1
Income before taxes	**48,801**	**5.1**	**67,028**	**7.5**	**(18,228)**	**-27.2**	**603,082**	**15.2**
Capital expenditure	**148,609**		**99,606**		**49,003**		**618,434**	

Net debt (liquid funds)	31 March 2001	31 December 2000	Change	%
Cash, cash equivalents and and current financial assets	(1,051,023)	(834,921)	(216,102)	25.9
Short-term debt	1,265,840	863,808	402,032	46.5
Medium/long-term financial assets	(267,686)	(327,050)	59,364	-18.2
Medium/long-term debt	1,666,691	1,833,423	(166,732)	-9.1
Net financial position (debt)	**1,613,822**	**1,535,260**	**78,562**	**5.1**
Tsdi, net	**116,574**	**121,778**	**(5,204)**	

Foreword

The consolidated financial statements at 31 March 2001 have been drawn up pursuant to art. 82 of the regulation approved by the CONSOB with resolution no 11971 of 14 May 1999.

Basis of presentation

The consolidated financial statements have been prepared using the accounts as of and for the period ended 31 March 2001 of the consolidated companies, adjusted, where necessary, to ensure alignment with the Group's classification criteria and accounting policies. The valuation criteria and consolidation principles are the same as those applied to draw up the consolidated financial statements for financial 2000.

Consolidation area

Compared to the income statement relating to the year-earlier first quarter, the consolidation area includes the following companies:

- Zuari Cement (India);
- Newco.com S.p.A. (Italy) and its subsidiaries Bravobuild France S.a.s. and Bravobuild España S.A.;
- Saia Trasporti S.p.A and KM S.p.A. (Italy);
- Asia Cement Products Co. Ltd. (Thailand).
- In view of the different nature of its operations, the Fincomind S.A. group (Switzerland) has been consolidated with the equity method, as in the consolidation at 31 December 2000.

Exchange rates used to translate the accounts of non-Italian companies

The foreign-currency balances of non-Italian subsidiaries consolidated on a line-by-line or proportional basis and those of non-Italian associated companies valued with the equity method have been translated into the accounting currency using the exchange ruling at 31 March 2001 for balance-sheet items and the average rate for the first three months of 2001 for the income statement.

Specifically:

	Average			Closure		
	1st Quarter	Full year	1st Quarter	31 March	31 December	31 March
Divise	2001	2000	2000	2001	2000	2000
Lira	1.00	1.00	1.00	1.00	1.00	1.00
US dollar	2,097.30	2,096.82	1,962.83	2,192.33	2,080.89	2,026.87
Canadian dollar	1,373.31	1,412.80	1,350.45	1,392.60	1,386.52	1,395.11
French franc	295.18	295.18	295.18	295.18	295.18	295.18
Belgian franc	48.00	48.00	48.00	48.00	48.00	48.00
Spanish peseta	11.64	11.64	11.64	11.64	11.64	11.64
Pound sterling	3,060.81	3,177.29	3,151.38	3,127.05	3.102,50	3,235.20
Cypriot pound	3,346.59	3,373.76	3,361.11	3,344.91	3.375,12	3,368.71
Maroccan dirham	196.54	197.98	192.69	199.37	196,26	195.85
Greek drachma	5.69	5.75	5.82	5.68	5.68	5.78
Turkish lira	0.003	0.003	0.003	0.002	0.003	0.003
Dutch guilder	878.64	878.64	878.64	878.64	878.64	878.64
Swiss franc	1,262.76	1,242.91	1,204.86	1,267.94	1,271.19	1,217.24
Thai baht	48.54	52.34	52.16	48.83	48.23	53.54
Bulgarian lev	990.00	990.34	991.31	990.00	990.00	990.00
Indian rupee	45.00			46.63		
Euro	1,936.27	1,936.27	1,936.27	1,936.27	1,936.27	1,936.27

Net sales

Net sales totalled Lire 1,848,305 million (Lire 1,721,986 million in the first quarter of 2000) and arose from product sales for Lire 558,249 million in Italy and for Lire 1,228,935 million in other countries, from services for Lire 38,800 million in Italy and for Lire 17,954 million in other countries, from other revenues for Lire 2,055 million in Italy and for Lire 2,312 million in other countries.

A revenue breakdown by business and geographical area is shown in the report on operations.

Operating costs (net of other revenues and income)

Net operating costs totalled Lire 1,121,359 million (Lire 1,037,278 in the year-earlier first quarter) and reflected consumption of materials for Lire 507,240 million, costs of services for Lire 624,372 million, other operating charges for Lire 57,517 million as well as gains of Lire 8,105 million on finished product inventories, capitalised production for Lire 6,670 million, and other revenues for Lire 52,995 million.

The main items under net operating costs are illustrated in the table set out below:

(millions of lire)

	1st Quarter 2001	Full year 2000
Consumption		
Raw materials and semifinished products	205,619	918,749
Fuel	55,155	278,748
Packaging materials and machinery	88,625	316,900
Finished products and goods for resale	159,218	538,964
Changes in inventories of raw materials, consumables and other	(1,377)	(29,045)
	507,240	**2,024,316**
Services		
Electricity, water and gas	118,448	480,995
Maintenance	217,518	798,814
Transport	173,978	713,620
Consultancy	27,022	121,836
Insurance	12,465	48,327
Rents	37,233	142,474
Other selling, industrial and administrative expenses	37,708	122,601
	624,372	**2,428,667**
Other operating charges		
Association membership fees	4,669	19,071
Various taxes	30,363	110,975
Various expenses	22,485	85,329
	57,517	**215,375**

Personnel expenses

Payroll expenses totalled Lire 355,078 million (Lire 343,275 million in the first quarter of 2000) and comprised salaries and wages for Lire 254,089 million, social security charges for Lire 90,240 million, severance indemnities for Lire 9,624 million, pension benefits and other costs for Lire 1,125 million.

The number of employees at the end of the quarter and the average number for the period were as follows:

(heads)

	1st Quarter 2001	1st Quarter 2000	Full year 2000
Employees at end of period	19,953	19,810	19,311
Average number	19,997	19,859	19,708

Provisions and writedowns

The overall total of Lire 9,590 million (Lire 9,602 million in the first quarter of 2000) comprised the allowance for doubtful accounts (Lire 7,831 million) and other provisions (Lire 1,759 million).

Depreciation and amortisation

The overall total of Lire 193,072 million (Lire 176,942 million in the first quarter of 2000) comprised amortisation of intangible assets for Lire 48,441 million and depreciation of tangible assets for Lire 144,631 million.

Financial income and charges

The net balance of Lire -66,985 million (Lire -31,577 million in the first quarter of 2000) arose from interest income and other financial income for Lire 90,000 million (of which Lire 38,792 million for translation gains) and interest expenses and other financial charges for Lire 156,985 million (of which Lire 54,370 million for translation losses). Translation losses mainly related to Turkey, which generated a negative net balance of Lire 16,735 million.

Non-recurring items and adjustments to asset values

The net balance of Lire -7,730 million (Lire 6,472 million in the first quarter 2000) arose from net non-recurring charges of Lire -8,126 million and income from net adjustments to financial asset values of Lire 396 million.

Capital expenditure

Capital expenditure for the first quarter to 31 March 2001 totalled Lire 287,747 million (Lire 192,864 million in the first quarter of 2000), and referred to tangible fixed assets for Lire 126,462 million, intangible fixed assets for Lire 13,328 million and financial fixed assets for Lire 147,957 million, of which Lire 133,311 million referred to the acquisition of the equity investment in Zuari Cement (India).

Financial position

Net debt rose by Lire 152,117 million compared to 31 December 2000 as a result of the following changes:

(in millions of lire)

	Change from 31 December 2000
Current financial assets	(418,432)
Short-term debt	778,442
Change in short-term net debt	**360,010**
Medium/long-term assets	114,945
Medium/long-term debt	(322,838)
Change in medium/long-term net debt	**(207,893)**
Change in total net debt	**152,117**

The increase in debt from the beginning of the year arose as follows:

- cash flows from operations (Lire 208,422 million);
- overall capital expenditure of Lire 252,212 million (net of disposals totalling Lire 35,535 million);
- increased borrowings (for Lire 108,327 million), largely as a result of the extension of the consolidation area (mainly for the inclusion of Zuari Cement – India).