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ITALMOBILIARE

Half year
report as of
June 30, 2005



ITALMOBILIARE

Società per Azioni

Head Office: Via Borgonuovo, 20
20121 Milan - Italy

Share capital € 100,166,937
Milan Companies Register

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Directors, officers and auditors

Board of Directors

(Term ends on approval of financial statements at 12.31.2007)

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

Board of Statutory Auditors

(Term ends on approval of financial statements at 12.31.2007)

Acting Auditors		
Luigi Guatri		Chairman
Claudio De Re		
Eugenio Mercorio		
Substitute Auditors		
Dino Fumagalli	5	
Pietro Curcio		
Enrico Locatelli		
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 Independent Director
- 5 Member of the Supervisory Body
- 6 Secretary to the Executive Committee

Company officers and delegation of powers

The By-laws envisage that the Board of Directors be invested with full powers for the management of the company's ordinary and extraordinary operations. Therefore, the Board may perform all acts and draw up all dispositions that it deems appropriate for the attainment of the corporate purpose, with the sole exception of those acts and dispositions that, by law, are expressly reserved for the Shareholders' Meeting.

The By-laws attribute the **legal representation** of the company to the Chairman and also to the Deputy Chairman (or Deputy Chairmen) and to the Chief Executive Officer if appointed.

The Board of Directors, elected by the Shareholders' meeting of May 19, 2005, appointed the company officers and attributed their related powers.

In particular the following powers were attributed:

- to the **Executive Committee**, consisting of four members, all the powers of the Board of Directors, with the exception of those powers that, under Italian Law and the By-laws, may not be delegated. As specified at the time of the appointments, the resolutions adopted by the Executive Committee shall be reported to the Board of Directors at the following Board meeting;
- to the **Chairman - Chief Executive Officer** the powers to undertake all the administrative acts and provisions, excluding offering guarantees in favor of bodies which are not subsidiary or associated companies, within a financial limit of 150 million euro for each operation (the limit is lowered to 25 million euro for real estate operations);
- to the **Chief Operating Officer**, the powers to undertake all the acts concerning the Company's operational management, excluding offering guarantees in favor of bodies which are not direct or indirect subsidiaries, within a financial limit of 75 million euro for each operation when signed only by the Chief Operating Officer and 100 million euro when signed jointly with the General Administration and Finance Joint General Manager.

Other delegated powers have been given to the General Administration and Finance Joint General Manager and the Secretary to the Board, within their respective competencies.

The Chief Operating Officer has attributed specific and limited delegated powers to company employees for day to day operations.

Remuneration Committee and Internal Control Committee

The corporate governance structure, as set out in the binding articles of the company By-laws and in the voluntary Code of Conduct (the "Code") reflects Italmobiliare's compliance with the procedures that are generally regarded as best practice.

Among other things, the "Code" provides for the Board of Directors to appoint from among its members an Internal Control Committee and a Remuneration Committee and, whose role is to provide assistance and submit proposals.

The Remuneration Committee is composed of three non-executive directors, one of whom is independent, while the Internal Control Committee is composed of three directors, all of whom are non-executive and two of whom are independent.

During the first half of the year, the two committees met and operated on a regular basis.

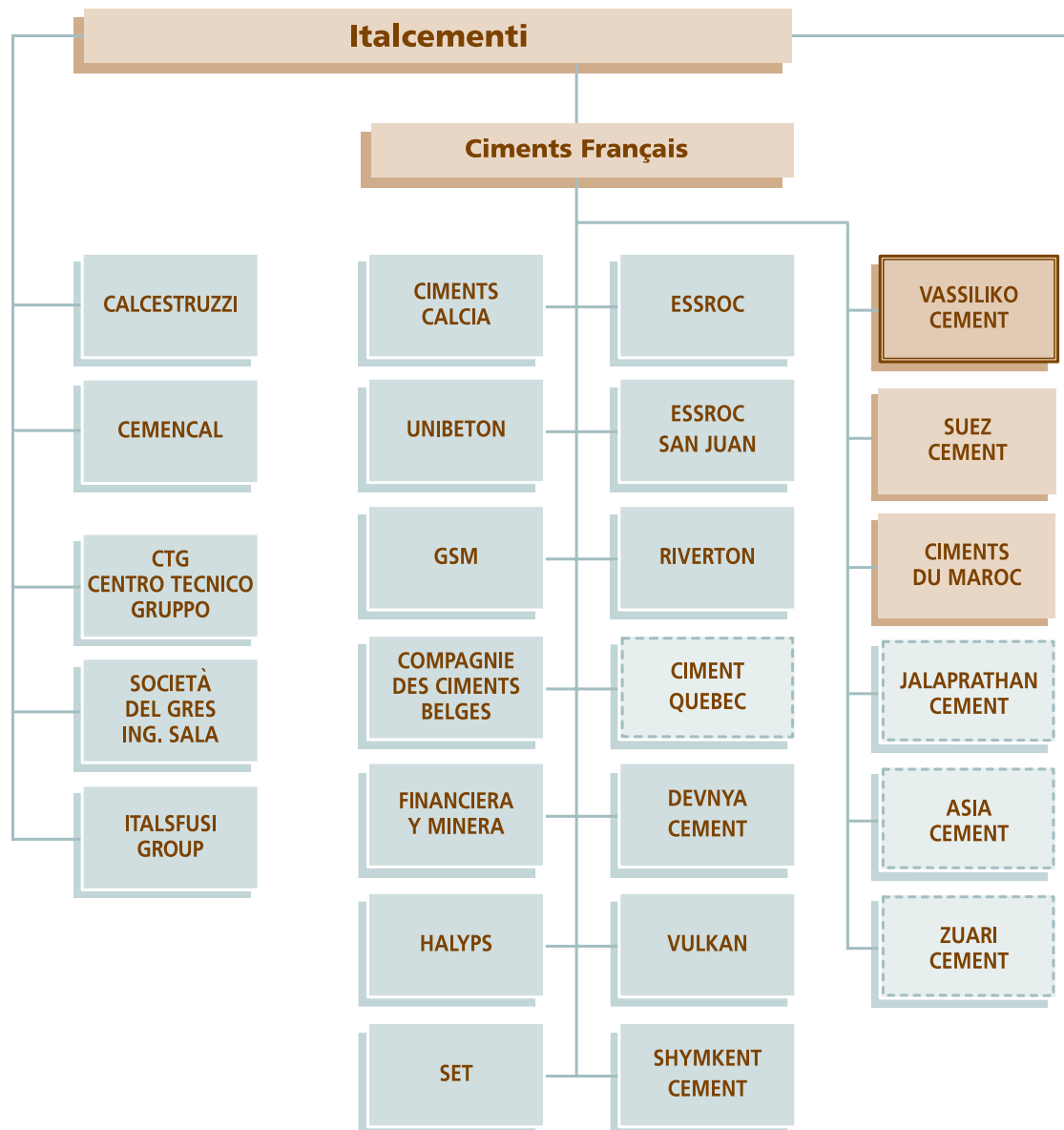
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Supervisory Body

The Supervisory Body is responsible for continuous monitoring of the effectiveness and enforcement of the "Organization, management and control model" envisaged by Legislative Decree 231/01 (the "Model"), and approved in May 2004.

The Supervisory Body, confirmed in its original composition by the Board of Directors on May 19, 2005, is composed of one independent director (subsequently named Chairman), the Company head of Internal Auditing and an external professional (who is currently also a substitute Auditor). During the first half of 2005, the Supervisory Body met seven times to perform the functions attributed by the "Model".

Structure of the Group (as of 30 June 2005)

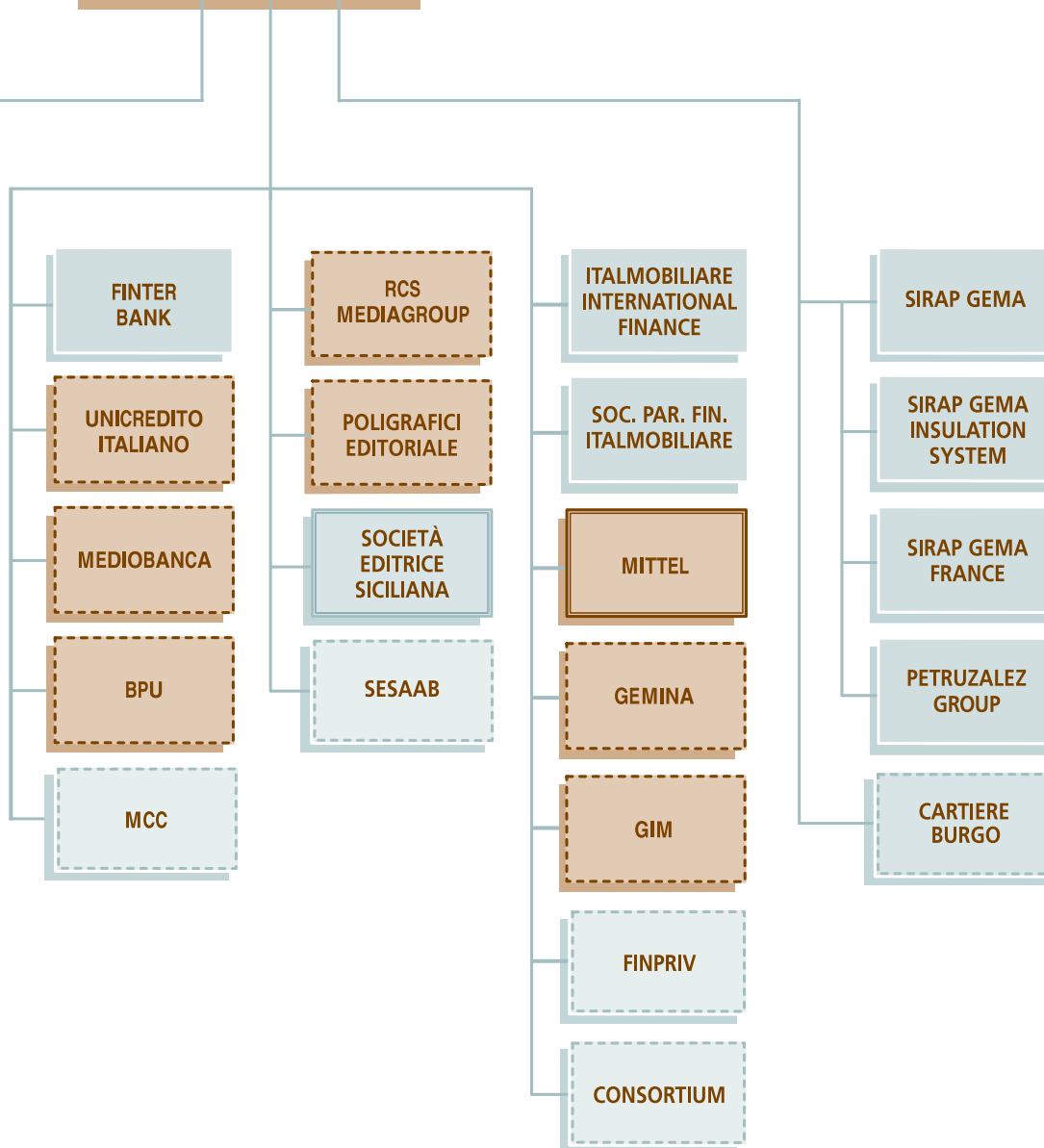


SUBSIDIARIES

LISTED
SUBSIDIARIES

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ITALMOBILIARE



ASSOCIATES COMPANIES

LISTED ASSOCIATES COMPANIES

OTHERS

OTHERS LISTED

Foreword

The report for the half year to June 30, 2005 has been drawn up in accordance with art. 81 of the Issuers regulation established by CONSOB resolution no. 14990 of April 14, 2005, "in compliance with the international accounting principle applicable for interim financial reporting". Italmobiliare S.p.A. had elected adoption of the measurement and presentation principles of the International Financial Reporting Standards (IFRS) as from its consolidated report for the quarter to March 31, 2005, to which it provided a separate appendix setting out the reconciliation envisaged by IFRS 1 of 2004 opening and closing shareholders' equity, of net profit for 2004 and of the main adjustments in the statement of cash flows. The data arising from the transition were published together with the results of the full audit performed by the Independent Auditors, who declared that the report was compliant with the principles and criteria established by art. 82 of the aforementioned CONSOB resolution no. 14990.

For this half-year report all the comparative figures have been restated using the same international accounting standards. Therefore, in the report, the comparisons, unless otherwise stated, are made in reference to:

- for income statement items to the results at June 30, 2004 and at December 31, 2004 restated on the basis of application of the new IFRS;
 - for balance sheet items to the balances at December 31, 2004 restated on the basis of the application of the new IFRS and to the balances at January 1, 2005 restated to take account also of the application of IAS 32 and 39 as from that date.
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Financial highlights

GROUP FINANCIAL HIGHLIGHTS

(in millions of euro)	1 st half 2005	1 st half 2004	% change	2004
Net sales	2,532.0	2,384.0	6.2	4,773.0
Gross operating profit	533.0	558.0	(4.5)	1,154.3
Amortization, depreciation and adjustments to fixed asset values	(172.2)	(155.7)	(10.6)	(317.4)
Operating income	360.8	402.3	(10.3)	836.9
Financial income and charges	(23.1)	(34.3)	32.7	(65.9)
Income from companies valued on equity basis	14.3	12.5	14.1	22.3
Income before minority interest	250.4	250.7	(0.1)	526.4
Group net income	94.6	92.9	1.8	191.5
Group cash flow	422.3	405.7	4.1	841.8
Investments	406.1	154.2	n.s.	462.0

n.s.: not significant

	June 30, 2005	January 1, 2005*	December 31, 2004	Effect of IAS 32 and 39
Total shareholders' equity	5,194.3	4,459.8	3,976.1	483.7
Group shareholders' equity	2,466.6	2,204.7	1,798.1	406.6
Net debt	1,817.7	1,470.3	1,312.5	157.8
Net debt / Shareholders' equity	34.99%	32.97%	33.01%	
Net debt / GOP before income and charges	1.62	1.28	1.14	
(Diluted) earnings per ordinary share (euro)	2.488	5.057	5.057	
(Diluted) earnings per savings share (euro)	2.527	5.135	5.135	
Shareholders' equity per share (euro)	64.02	57.23	46.67	
Employees (heads)	21,484	18,345	18,345	

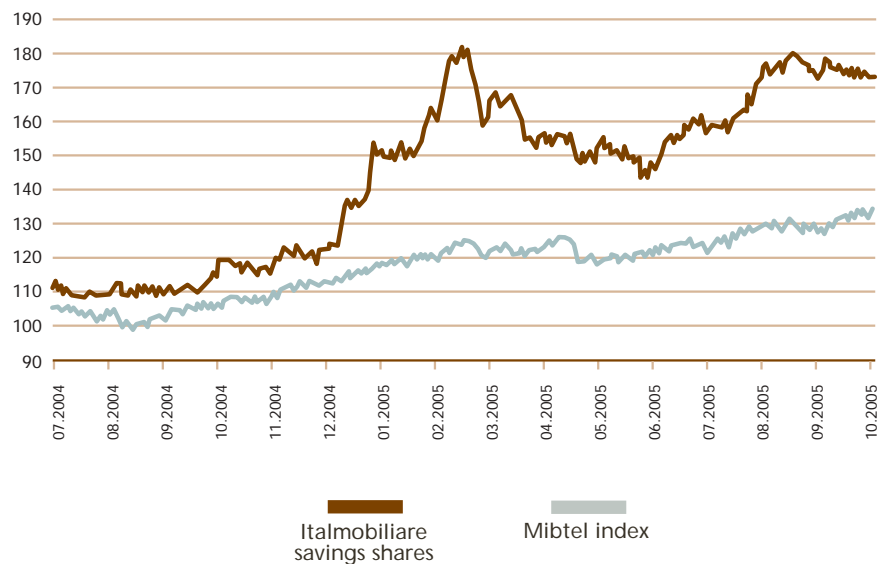
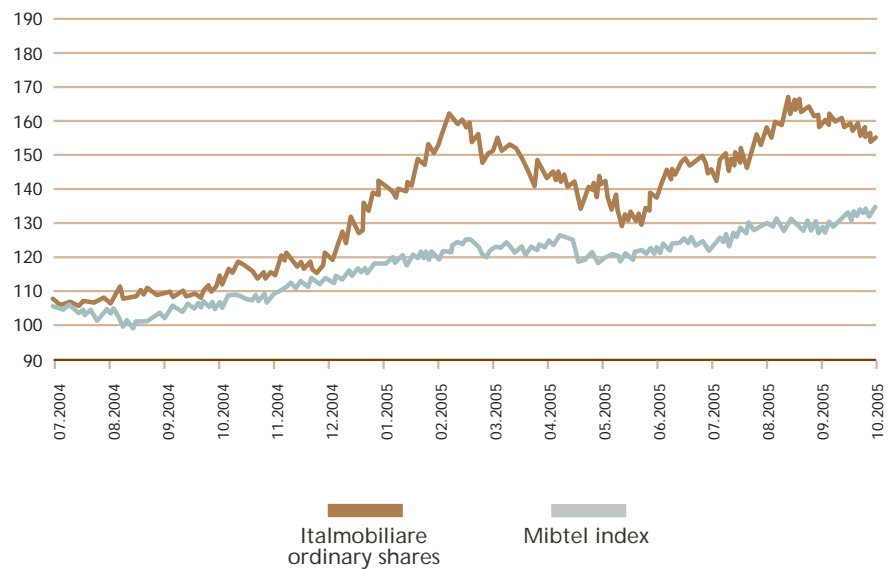
* Including application of IAS 32 and 39

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Italmobiliare S.p.A. on the Stock Exchange

ITALMOBILIARE SHARE PRICE FROM 07.01.2004 TO 09.26.2005

(euro)	Maximum	Minimum	07.01.2004	09.26.2005	performance
Ordinary shares	60.73 08.09.2005	38.69 07.06.2004	39.32	56.72	44.25%
Savings shares	45.51 02.10.2005	27.35 07.19.2004	27.90	43.50	55.91%
Mibtel index	26,712 09.26.2005	19,833 08.13.2004	21,012	26,712	27.13%





Directors' report

General overview

In the first half of 2005 the world economy continued to make a steady progress, although it seems to have passed its cyclical peak and to be moving toward a global slowdown. The various economic regions presented disparate growth rates and a certain weakness continued in the euro zone, where the differences among the cyclical positions of the individual countries became even more pronounced. The main element of concern for the sustainability of the current economic situation arose on the oil markets, where prices climbed about 50% during the six months, an increase that was amplified, in the countries outside the dollar area, by the significant gains made by the US currency on exchange rates.

In this scenario in the first half of 2005 the Italmobiliare Group recorded **net income before minority interest** of 250.4 million euro and **group net income** of 94.6 million euro, while in the same period of 2004 the comparative figures were 250.7 million euro and 92.9 million euro respectively.

The other main income statement results for the half ended at June 30, 2005 are (in millions of euro):

- **Net sales:** 2,532.0 compared with 2,384.0 at June 30, 2004 (+6.2%);
- **Operating income:** 360.8 compared with 402.3 (-10.3%);
- **Finance income and charges:** net charges of 23.1 compared with 34.3 (-32.7%).

At the end of June 2005 total Shareholders' equity was 5,194.3 million euro, compared with 3,976.1 million euro at December 31, 2004 and 4,459.8 million euro at January 1, 2005 following application of IAS 32 and 39.

Net debt at June 30, 2005 was 1,817.7 million euro, while at the end of December 2004 it was 1,312.5 million euro and, following application of IAS 32 and 39, at January 1, 2005 was 1,470.3 million euro.

Following the changes in Shareholders' equity and debt, gearing rose slightly from 33% at the end of December 2004 to 35% at the end of June 2005.

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

- the **construction sector**, consisting of the Italcementi group (Italmobiliare's main industrial equity investment) operated in a market whose growth cycle seems to have peaked in most of the industrialized countries with business levels which, nonetheless, remained steady overall; in most of the emerging countries where the group operates double-digit growth rates were recorded. Against this background, the group reported an overall improvement in first-half sales volumes from the year-earlier period, recovering from the slowdown of the first quarter when performance was affected by bad weather, especially in the European Union. Although revenues climbed 6.2%, gross operating profit and operating income shed 5.2% and 11.8% respectively from the first half of 2004, due to a general and marked increase in costs, particularly for energy, raw materials and transport, which was transferred only in part to sales prices. The containment of financial net charges and a smaller tax charge produced consolidated net profit of 213.2 million euro, only slightly down on the year-earlier figure of 217.9 million euro, and a modest decrease in group net income, from 161.4 to 153.8 million euro.
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- the **packaging and insulation sector**, consisting of the Sirap Gema Group, saw an increase in revenues of 8.4%, thanks to the increase in sales prices and the good performance of Petruzalek (operating in East Europe). Operating income rose slightly from 8.2 to 8.6 million euro, while overall profit for the period of 3.2 million euro was down compared with June 30, 2004 (4.5 million euro) owing to the tax provisions of 4.4 million euro, sharply up compared with 2.5 million euro at June 30, 2004;
- the **financial sector**, which includes the parent company Italmobiliare and the wholly owned financial subsidiaries, recorded improved net profit compared with the prior-year period (72.6 million euro compared with 68.3 million euro) owing to the higher income from equity investments and from the investment of liquid assets and the positive contribution from the national tax consolidation;
- the **banking sector** brings together the business of Finter Bank Zürich and Crédit Mobilier de Monaco and no longer includes Finter Bank France (reclassified under the property, services and other business sector), because, as noted in previous reports, it voluntarily gave up its banking license as from June 30, 2005 and terminated all institutional activity. The net profit for the period in the sector was slightly up on the prior-year period (3.2 million euro compared with 3.0 million euro). This is the result of an improvement in commissions and an increase in personnel costs;
- the **property and services sector**, which also includes other businesses, is not very important in the global context of the group. The results for the half year were affected by the inclusion of Finter France and therefore show a slight loss overall. Excluding the impact from Finter France the results are marginally better than in the first half of 2004.

Key consolidated figures at June 30, 2005

(in millions of euro)	1 st half 2005	1 st half 2004	% change	2004
Net sales	2,532.0	2,384.0	6.2	4,773.0
Gross operating profit	533.0	558.0	(4.5)	1,154.3
<i>% of net sales</i>	21.0	23.4		24.2
Amortization and depreciation	(171.9)	(155.0)	(10.9)	(315.4)
Adjustments to fixed asset values	(0.3)	(0.7)	60.2	(2.0)
Operating income	360.8	402.3	(10.3)	836.9
<i>% of net sales</i>	14.2	16.9		17.5
Financial income and charges	(23.1)	(34.3)	32.7	(65.9)
Income from companies valued on equity basis	14.3	12.5	14.1	22.3
Pre-tax income	352.0	380.5	(7.5)	793.3
<i>% of net sales</i>	13.9	16.0		16.6
Tax for the period	(101.6)	(129.8)	21.8	(266.9)
Net income before minority interest	250.4	250.7	(0.1)	526.4
<i>% of net sales</i>	9.9	10.5		11.0
Minority interest	155.8	157.8	(1.3)	334.9
Group net income	94.6	92.9	1.8	191.5
<i>% of net sales</i>	3.8	3.9		4.0
Cash flow	422.3	405.7	4.1	841.8
Investments	406.1	154.2	n.s.	462

n.s.: not significant

(in millions of euro)	June 30, 2005	January 1, 2005 *	December 31, 2004	Effect of IAS 32 and 39
Total shareholders' equity	5,194.3	4,459.8	3,976.1	483.7
Group shareholders' equity	2,466.6	2,204.7	1,798.1	406.6
Net debt	1,817.7	1,470.3	1,312.5	157.8

* Including application of IAS 32 and 39

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Quarterly performance

(in millions of euro)	1 st half 2005	2 nd quarter 2005	1 st quarter 2005
Net sales	2,532.0	1,490.8	1,041.2
<i>% change on 2004</i>	6.2	12.2	(1.4)
Gross operating profit	533.0	360.6	172.4
<i>% change on 2004</i>	(4.5)	0.8	(14.0)
<i>% of net sales</i>	21.0	24.1	16.6
Amortization, depreciation and adjustments to fixed asset values	(172.2)	(93.5)	(78.7)
Operating income	360.8	267.1	93.7
<i>% change on 2004</i>	(10.3)	(4.8)	(23.0)
<i>% of net sales</i>	14.2	17.8	9.0
Financial income and charges	(23.1)	(6.5)	(16.6)
Income from companies valued on equity basis	14.3	9.0	5.3
Pre-tax income	352.0	269.6	82.4
<i>% of net sales</i>	13.9	18.0	7.9
Tax for the period	(101.6)	(76.1)	(25.5)
Net income for the period	250.4	193.5	56.9
<i>% of net sales</i>	9.9	12.9	5.5
Minority interest	155.8	117.1	38.7
Group net income	94.6	76.4	18.2
<i>% of net sales</i>	3.8	5.2	1.8

Revenues and operating income

(in millions of euro)	Revenues		Gross operating profit		Operating income	
	1 st half 2005	% change on 1 st half 2004	1 st half 2005	% change on 1 st half 2004	1 st half 2005	% change on 1 st half 2004
Construction	2,397.9	6.2	495.2	(5.2)	328.1	(11.8)
Packaging and insulation	80.2	8.4	12.2	4.2	8.6	5.5
Financial	77.1	0.2	62.6	(7.9)	62.6	(7.9)
Banking	20.7	(2.7)	4.9	n.s.	3.9	n.s.
Property and services	1.5	30.6	(0.7)	n.s.	(0.8)	n.s.
Cross-sector eliminations	(45.4)	(5.7)	(41.2)	(6.7)	(41.6)	(5.7)
Total	2,532.0	6.2	533.0	(4.5)	360.8	(10.3)

n.s.: not significant

The increase in **net sales** of 6.2% compared with the 1st half of 2004 was due to:

- the positive business performance for 4 %;
- changes in the consolidation area for 2.3%;
- the negative impact from changes in exchange rates for 0.1%.

The increase in the construction sector (+3.9% at constant size and exchange rates) was helped by the positive trend in Turkey, Morocco and North America; the European area was broadly stable with progress in France, Belgium and Spain which made up for the falls recorded in Italy and Greece.

There was also an improvement in the food packaging and thermal insulation sector, +8.4%, thanks to the marked growth in the packaging segment (+10.6%) and, to a lesser extent, in the insulation segment (+1.5%).

The change in the contribution from the other non-industrial sectors was not significant.

The increase caused by changes in the consolidation area mainly concerns the construction sector owing to the line-by-line consolidation as from April of Suez Cement and to a lesser extent the consolidation of the other acquisitions in Italy.

The impact of the change in exchange rates was insignificant and was the result, comparing the 1st half of 2005 and the 1st half of 2004, of an appreciation of the new Turkish lira together with a depreciation of the other currencies, including the US dollar, against the euro.

Revenues by geographical area

(in millions of euro)	1 st half 2005	%	1 st half 2004	%	% change
European Union	1,853.7	73.2	1,840.7	77.2	0.7
Other European countries	166.5	6.6	126.5	5.3	31.6
North America	265.0	10.5	244.5	10.3	8.4
Asia	126.9	5.0	122.9	5.1	3.3
Africa	171.2	6.8	101.2	4.2	69.1
Trading and other	102.0	4.0	75.3	3.2	35.4
Elimination of inter-area trading	(153.3)	(6.1)	(127.1)	(5.3)	20.6
Total	2,532.0	100.0	2,384.0	100.0	6.2

Gross operating profit and **operating income** in the 1st half of 2005 fell respectively to 25 million euro (-4.5%) and 41.5 million euro (-10.3%). The change, albeit limited compared with the 1st quarter of 2005, was basically due to the trend in the construction sector, where the increase in operating costs (fixed and above all variable costs) was only partially offset by the rise in sales prices.

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Within the European Union, the fall in profits mainly affected Italy, France and Greece. The performance in Thailand was also negative, while profits improved in Turkey, thanks to the marked contribution from sales prices, in Morocco, North America and Bulgaria.

Operating income by geographical area

(in millions of euro)	1 st half 2005	%	1 st half 2004	%	% change
European Union	287.0	79.6	338.0	84.0	(15.1)
Other European countries	28.6	7.9	15.9	4.0	80.1
North America	19.0	5.3	17.8	4.4	6.3
Asia	21.1	5.8	30.0	7.5	(29.8)
Africa	40.3	11.2	36.8	9.1	(39.7)
Trading and other	(35.2)	(9.8)	(36.2)	(9.0)	2.8
Total	360.8	100.0	402.3	100.0	(10.3)

Financial income and charges

Financial charges, net of income, totaled 23.1 million euro, down by 11.2 million euro compared with the 1st half of 2004 re-stated for compliance with the international accounting standards but, as already noted, not including IAS 32 and 39, which have been adopted since January 1, 2005. The improvement in this area arose mainly from lower debt servicing charges, as a result of lower average debt and interest rates, and from higher income on equity investments.

The **result of associates** was 14.3 million euro, 1.8 million euro up on the 1st half of 2004, due largely to the Suez group, which was consolidated with the equity method until March 31, 2005. Suez reported a positive tax effect of 6.5 million euro, largely due to the reduction in the local tax rate as from January 1, 2005.

Pre-tax income

The half-year **pre-tax income** was 352 million euro, down by 7.5% compared with June 30, 2004 (380.5 million euro).

After tax of 101.6 million euro (129.8 million euro in the same period of 2004), the **income before minority interest** was 250.4 million euro, largely unchanged (250.7 million euro) compared with the 1st half of 2004. The lower impact of estimated taxes for the period compared with the 1st half of 2004 was mainly caused by a reduction in the construction sector.

Reclassified financial and equity highlights

(in millions of euro)	June 30, 2005	January 1, 2005 *	December 31, 2004
<i>Net financial assets</i> ¹	1,535.8	1,481.7	994.8
<i>Net tangible and intangible assets</i>	5,045.1	4,208.4	4,208.4
Net fixed assets	6,580.9	5,690.1	5,203.2
Working capital	1,298.7	1,015.2	867.4
Net invested capital	7,879.6	6,705.3	6,070.6
<i>Group shareholders' equity</i>	2,466.6	2,204.7	1,798.1
<i>Minority interest</i>	2,727.7	2,255.1	2,178.0
Total shareholders' equity	5,194.3	4,459.8	3,976.1
Reserves	867.6	775.2	782.0
Net debt	1,817.7	1,470.3	1,312.5
Total financing	7,879.6	6,705.3	6,070.6

* Including application of IAS 32 and 39

¹ Net of the component included in net debt

Net debt

The application of IAS 32 and 39 at January 1, 2005, as already set out in the quarterly report to March 31, 2005, produced, compared with December 31, 2004, a change in net debt from 1,312.5 million euro to 1,470.3 million euro, an increase of 157.8 million euro due to:

- the re-recognition of trade receivables and financial payables in respect of securitization transactions for 145.0 million euro;
- the recognition of derivatives for exchange-rate and interest-rate hedging transactions for 23.7 million euro;
- recording of equity investments for trading and other minor changes for -10.9 million euro.

At June 30, 2005, net debt at 1,817.7 million euro, compared with the situation at January 1, 2005, saw an increase of 347.4 million euro. This increase was mainly due to high investments in fixed assets made in the period (406.1 million euro), dividend pay-outs (139.2 million euro), partially offset by cash flows on operations (162.7 million euro).

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Composition of net debt

(in millions of euro)	June 30, 2005	January 1, 2005 *	December 31, 2004
Cash, cash equivalents and current financial assets	(1,090.6)	(955.6)	(942.7)
Short-term financing	824.2	654.4	563.8
Medium/long-term financial assets	(49.3)	(40.6)	(27.5)
Medium/long-term financing	2,126.0	1,789.6	1,696.4
Floating rate subordinated securities, net	7.4	22.5	22.5
Net debt	1,817.7	1,470.3	1,312.5
<i>Change compared to 01.01.2005</i>	<i>347.4</i>		
<i>Change compared to 12.31.2004 (IAS 32 and 39)</i>		<i>157.9</i>	

* Including application of IAS 32 and 39

Key financial data

(amounts in millions of euro)		June 30, 2005	January 1, 2005 *
Net debt		1,817.7	1,470.3
Consolidated shareholders' equity		5,194.3	4,459.8
	"Gearing"	34.99%	32.97%
Net debt		1,817.7	1,470.3
GOP before other income and expense		1,122.1	1,149.7
	"Debt coverage"	1.62	1.28

* Including application of IAS 32 and 39

Debt coverage has been computed on 12 months GOP.

Shareholders' equity

The application of IAS 32 and 39 at January 1, 2005 produced an increase in total shareholders' equity of 483.7 million euro compared with December 31, 2004, reflecting + 520.3 million euro for the valuation of non-consolidated companies at fair value, -21.2 million euro for the deduction of treasury shares against shareholders' equity and -15.4 million euro for recognition of derivatives for exchange-rate and interest-rate hedging transactions, after related deferred tax.

Total shareholders' equity at June 30, 2005 was 5,194.3 million euro, an increase of 734.5 million euro compared with January 1, 2005, of which 261.9 million euro was attributable to the group and 472.6 million euro to minority interests. As set out in the Statement of movements in consolidated shareholders' equity, the main increases arose in net profit for the period, currency translation differences, the rise in the fair value of available-for-sale financial assets and changes in the consolidation area (essentially the Suez group). The decreases were due to dividend pay-outs and treasury share purchases during the first half.

Cash flow summary

(in millions of euro)	June 30, 2005	June 30, 2004
Net debt at 01.01.2004		(1,600.0)
Net debt at 12.31.2004	(1,312.5)	
Application of IAS 32 and 39	(157.8)	
Net debt at 01.01.2005	(1,470.3)	(1,600.0)
Cash flows from operating activities	162.7	230.5
Investments	(406.1)	(154.2)
Disposals of fixed assets	21.6	17.0
Dividends paid	(139.2)	(127.1)
Treasury share purchase	(10.6)	(0.1)
Net debt of acquisitions	(10.6)	(2.5)
Other	34.8	11.1
Change in net debt	(347.4)	(25.3)
Net debt at period end	(1,817.7)	(1,625.3)

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Investments

(in millions of euro)	1 st half 2005	1 st half 2004	% change
Intangible	8.9	5.4	65.1
Tangible	195.2	139.7	39.7
Financial	202.0	9.1	n.s.
Total	406.1	154.2	n.s.

n.s.: not significant

In the half year investments made by the group were 406.1 million euro, up by 251.9 million euro compared with 1st half of 2004, and included significant outlays to enhance and re-organize existing production facilities and to acquire new equity investments.

Investments in tangible and intangible assets, mainly with reference to the construction sector, totaled 204.1 million euro, up by 59 million euro compared with the 1st half of 2004 (145.1 million euro).

Financial investments of 202 million euro (9.1 million euro in the 1st half of 2004), related to the acquisitions made by the construction sector for 186.9 million euro and investments in the financial sector of 15.1 million euro.

Construction sector

This is the core industrial business of Italmobiliare and includes the activities of the Italcementi group in the cement, pre-packed ready mixed concrete and aggregates sectors.

(in millions of euro)	1st half 2005	1st half 2004	% change	2004
Net sales	2,397.9	2,258.8	6.2	4,527.5
Gross operating profit	495.2	522.6	(5.2)	1,096.2
<i>% of net sales</i>	<i>20.7</i>	<i>23.1</i>		<i>24.2</i>
Amortization, depreciation and adjustments to fixed asset value	(167.1)	(150.7)	(10.9)	(307.7)
Operating income	328.1	371.9	(11.8)	788.5
<i>% of net sales</i>	<i>13.7</i>	<i>16.5</i>		<i>17.4</i>
Financial income and net charges	(29.0)	(38.8)	25.2	(81.5)
Income from companies valued on equity basis	12.8	11.0	16.4	20.0
Pre-tax income	311.8	344.1	(9.4)	727.0
Tax for the period	(98.7)	(126.2)	21.8	(261.7)
Net income before minority interest	213.2	217.9	(2.2)	465.3
Minority interest	59.4	56.5	5.1	114.4
Group net income	153.8	161.4	(4.7)	350.9
Cash flows on operating activities	127.4	180.1	(29.3)	
Investments	383.2	144.7	n.s.	

n.s.: not significant

(in millions of euro)	June 30, 2005	January 1, 2005 *	December 31, 2004	Effect of IAS 32 and 39
Total shareholders' equity	3,767	3,183	3,090	93
Group shareholders' equity	2,778	2,488	2,399	89
Net debt	2,103	1,738	1,569	169
Employees at period end	20,482	17,377	17,377	

* Including application of IAS 32 and 39

In construction markets the cyclical peak seems to have passed in most industrialized countries. Business levels, which benefited from the effect caused by extremely low interest rates, remain largely stable, despite the fact that the poor weather in some markets in the first months of the year made it less simple to interpret the underlying trends. Results were very positive with double digit growth rates in most emerging countries where the group operates.

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Group performance in the half

(in millions of euro)	1 st half 2005*	% change on 1 st half of 2004	
		historic	on constant size basis
Cement (in millions of metric tons)	26.2	9.6	2.3
Aggregates ** (in millions of metric tons)	27.8	(6.2)	(4.2)
Ready mixed concrete (in millions of m ³)	10.5	(0.1)	0.4

* Amounts refer to companies consolidated on a line-by-line basis and, pro-quota, to companies consolidated on a proportionate basis

** Excluding outgoes on work-in-progress account

During the first half of 2005 group **sales volumes**, compared with the first half of 2004, recorded:

- an improvement, on a constant size basis, in cement and clinker thanks above all to the contribution from the Mediterranean Basin countries, India and Kazakhstan;
- broad stability in ready mixed concrete, since the marked increase in emerging countries was absorbed by the fall in the European Union;
- a fall in aggregates, which were affected by the situation in Italy and above all in Greece.

Overall **net sales** rose by 6.2% compared with the year-earlier period. This increase was due for 3.9% to the positive business trend, especially in emerging countries, 2.4% for changes in the consolidation area (the Egyptian group Suez Cement was consolidated on a line-by-line basis as from April), while the change in exchange rates had a negligible effect of -0.1%, as a result of the strong appreciation of the Turkish lira and the depreciation of other currencies, especially the US dollar.

The rise in operating expense (fixed and, to a greater extent, variable) was offset only in part by sales price increases and thus produced a year-on-year percentage decrease in **gross operating profit** and in **operating income** of 5.2% and 11.8% respectively. The significant fall in operating results affected the cement sector in Italy, where the sharp increase in operating costs was accompanied by a negative trend in sales prices. The results also reflected a downturn in Greece and Thailand, while there was growth in Turkey, Morocco, North America and Bulgaria. At constant exchange rates and at constant size, the changes in gross operating profit and operating profit compared with the first half of 2004 would have been -6.9% and -11.2% respectively.

Half-year **pre-tax income**, which benefited from lower net financial charges and better results from associates companies was 311.8 million euro, down by 9.4% compared with June 30, 2004 (344.1 million euro).

After income tax of 98.7 million euro (126.2 million euro a year earlier), **total net income** was 213.2 million euro, slightly down (-2.2%) on the first half of 2004.

The lower estimated tax charges compared with the first half of 2004 was chiefly due to:

- the effects of the tax consolidation in Italy,
- the positive outcome of tax disputes in Greece and Spain,
- the consolidation of Suez Cement which, although contributing positively to the group's pre-tax profit, had estimated taxes for the period that were offset by deferred taxes.

The significant financial and capital investments made in the half led to an increase in **net debt** of 365 million euro compared with the situation at January 1, 2005 (obtained by applying IAS 32 and 39 to the position at December 31, 2004).

In the first half of 2005 total **investments in fixed assets**, of 383.2 million euro, up by 238.5 million euro compared with the first half of 2004, were particularly significant both to enhance and reorganize the existing production facilities (196.3 million euro compared with 136.4) and to acquire new equity investments (186.9 million euro compared to 8.3).

The most important industrial initiatives related to Italy, North America, France and Spain. Investments in financial assets mainly consisted of acquisitions in Egypt and Italy, which are illustrated in greater detail in the section on significant events in the half.

Quarterly performance

(in millions of euro)	1 st half 2005	2 nd quarter 2005	1 st quarter 2005
Revenues	2,397.9	1,407.7	990.2
<i>% change compared to 2004</i>	<i>6.2</i>	<i>12.4</i>	<i>(1.6)</i>
Gross operating profit	495.2	328.7	166.5
<i>% change compared to 2004</i>	<i>(5.2)</i>	<i>-</i>	<i>(14.2)</i>
Operating profit	328.1	238.0	90.1
<i>% change compared to 2004</i>	<i>(11.8)</i>	<i>(6.4)</i>	<i>(23.5)</i>
Net debt at period-end	2,103.2	2,103.2	1,770.8

As noted in previous reports, trends in the group's core business sectors are highly seasonal, so that performance tends to be better in the second quarter than in the first. This pattern emerged once again in the first half of 2005, with an even stronger difference between the two quarters due to poor meteorological conditions in some markets in the first three months of the year (notably the European Union).

In the second quarter of 2005, even at constant size the group reported a significant increase in sales volumes for cement and clinker (+6.1% from the second quarter of 2004) and ready mixed

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concrete (+4.7%) and only a modest slide in aggregates (-1.6%). This assisted a significant improvement in revenues in the second quarter, enabling the group to report growth, at constant size, for the whole six months and to contain the significant decrease in first-quarter gross operating profit and operating income.

Significant events in the half year

In March 2005, the group and a consortium of local and international investors reached agreement with the Egyptian Government to buy an overall stake of approximately 33.4% in **Suez Cement Company**, the leading cement operator in Egypt. The Italcementi group, which already held 39.9% of the company's share capital, thus acquired a further stake of approximately 14%, for an outlay of approximately 125 million euro including related charges (representing a financial commitment of approximately 472 million euro since 2001), through the Ciments Français sub-holding. On completion of the transaction, the group obtained control (54.2%) of Suez Cement Company.

As part of its plans for further international development, the Italcementi group signed a framework agreement for joint development of new projects with the **Arabian Cement Company**, the first cement producer in Saudi Arabia with a 12% market share and revenues of approximately 155 million dollars in 2004. The five-year agreement provides for technical and training co-operation, and the completion by the end of October of a project for the construction of a new cement facility in Saudi Arabia to be equally owned by the two partners. The partnership also envisages possible joint development programs in the Middle East.

At the end of April, Terminal Riuniti S.r.l. and Calcestruzzi S.p.A. purchased 100% of the share capital of, respectively, **Cemill S.p.A.** and **Calcestruzzi Lamon Beton S.p.A.** The former works in clinker grinding and cement production in the province of Ravenna, the latter owns 5 ready mixed concrete plants in Emilia-Romagna. The purchase of the two companies involved an overall investment of approximately 31 million euro.

At the end of June Italcementi S.p.A. purchased 100% of the shares of **Cementificio di Montalto S.p.A.** from Cementilce S.r.l., for an outlay totaling approximately 39 million euro. The new investee company owns a grinding plant in Montalto di Castro (Viterbo) with a production capacity of more than 100 metric tons/hour.

During the first half of 2005, under the authorization given to the Board of Directors by the shareholders' meeting of May 4, 2004, Italcementi S.p.A. purchased 827,902 **ordinary treasury shares** (approximately 0.5% of its ordinary share capital) to service stock option plans, for an overall amount of approximately 10.2 million euro. At the end of June 2005, it held 3,945,102 ordinary treasury shares, representing approximately 2.23% of ordinary share capital.

The main disputes which experienced some developments in the half year are described in detail in the section on disputes.

Performance by geographical area

(in millions of euro)	Revenues		Operating profit		Capital expenditure	
	1 st half 2005	% change vs 1 st qtr	1 st half 2005	% change vs 1 st qtr	1 st half 2005	1 st half 2004
European Union	1,709.0	0.5	228.0	(19.9)	178.1	102.6
North America	265.0	8.4	19.0	6.3	40.5	14.8
Asia	126.9	3.3	21.1	(29.8)	5.2	3.3
Med Rim ¹	308.5	50.8	61.1	36.2	11.7	7.3
Trading	102.0	35.4	4.4	8.6	3.3	0.8
Other and inter-area eliminations	(113.5)	n.s.	(5.5)	n.s.	131.7	1.2
Total	2,397.9	6.2	328.1	(11.8)	370.5	130.0
Change in payables for fixed assets					12.7	14.7
Total					383.2	144.7

¹ Includes Suez Cement as from April 2005
n.s.: not significant

European Union

In **Italy** cement consumption, following a fall owing to poor weather in the first quarter, subsequently recovered to reach a half-year value largely in line with the year-earlier period. Group sales volumes recovered well in the second quarter, but did not manage to entirely offset the fall in the first quarter. Revenues were down by 3.1% also as a consequence of the sharp fall in prices, a fall which had started in September 2004 and which, however, stopped in April. Gross operating income fell sharply (-43.3%), not only because of the price impact, but above all owing to the marked increase in operating expense (raw materials, energy and personnel).

The aggregates and ready mixed concrete sectors saw sales volumes fall more sharply than the market owing to a commercial policy aimed at protecting margins.

In a substantially stable market buoyed up by residential demand, group sales volumes in **France** were steady with the first half of 2004, thanks to a significant recovery in the second quarter which offset the downturn in the first quarter caused by poor weather conditions. The rise in sales prices boosted revenues, although the impact on gross operating profit was almost completely absorbed by increased operating expenses.

In the half year, in an expanding market, in **Belgium** the group saw a significant increase in sales volumes of cement, aggregates and ready mixed concrete. Overall, despite significant progress in revenues, gross operating profit was heavily affected by the slide in sales prices and rising costs for fuel and personnel.

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In **Spain** the performance of the cement market was once again decidedly positive; against this background group cement sales volumes, as well as ready mixed concrete and aggregates, grew rapidly. The favorable trend in revenues, helped also by higher sales prices, was offset by the worsening of variable costs, owing to which gross operating profit remained largely unchanged compared with the same period in 2004.

In 2005 the construction sector in **Greece** has had to bear the end of work for the Olympic Games and the cut in state spending. Therefore, group sales volumes fell significantly, accompanied however by a positive trend in cement prices, while for aggregates and ready mixed concrete strong competition had negative consequences for prices. This situation, together with the rise in variable costs, led to a sharp reduction in gross operating profit.

North America

America's economic growth, in which the residential building sector was an important driver, continued in the first half of 2005. Against this background, having made solid progress in 2004, group cement sales continued to grow, reaching saturation of production capacity and therefore turning to cement and clinker imports.

Revenues, thanks also to the increase in sales prices, increased by 13.4% in local currency (+8.4% in euro), while gross operating profit in local currency rose by 6.5% (+1.7% in euro), more contained compared to revenues owing to the sharp rise in operating expense (especially for energy and personnel) and the unfavorable produced/imported cement mix.

Asia

In a domestic market driven by infrastructure projects, despite an economic slowdown, in **Thailand** the group achieved a marked increase in cement sales both on the domestic and foreign markets. Sales prices on the local market continued to be affected by the competitive pressures that emerged in May 2004, although the 2005 first half made a gradual improvement. Overall, gross operating profit was negatively affected by the sales price effect in the cement business and, above all, by the increase in fuel prices, despite a positive trend in ready mixed concrete with increases both in volumes and prices.

In **India** in a positive market environment, cement and clinker sales volumes strengthened markedly. While this produced a significant increase in revenues, gross operating profit remained at year-earlier levels due to sales prices and the sharp rise in fuel and raw material prices.

In the first six months of 2005 group cement sales volumes in **Kazakhstan** saw a marked increase, with rising prices. The consequent improvement in revenues, however, saw a limited rise in gross operating profit owing to the increase in energy costs. Operating profit, which was down, was affected by the higher depreciation charges for the investments undertaken to modernize production facilities.

Med Rim

In **Bulgaria** during the first half, cement consumption surged due to building work on new infrastructure and residential projects. This upbeat climate supported the group's domestic cement sales, while cement exports were helped by intragroup demand. Although some variable costs rose, the favorable sales mix and positive sales price trend produced a healthy improvement in gross operating profit.

The economic situation in **Turkey** in the first half saw some improvement with successful containment of inflation. Against this background, the group achieved rising cement sales volumes, with a significant improvement in prices. The results in the half were, therefore, much better compared with the same period previously, despite higher energy and maintenance costs.

Despite the economy in **Morocco** not performing well, the construction sector continued to benefit from the national housing and infrastructure development plans. Overall, the impressive progress in sales volumes and sales prices brought an appreciable improvement in gross operating profit, despite the increase in fuel and raw material costs.

In **Egypt**, as already noted, the results of the Suez Cement Company group were consolidated into the results for the Italcementi group as from April 1, 2005.

The half was characterized by an improvement in the economic situation, which was reflected in an increase in sales volumes at Suez Cement Company on the domestic market, while exports fell. The sales price trend was also positive, while there were negative trends in variable production costs, especially for energy. Gross operating profit was penalized by non-recurring charges for an important restructuring and staff redundancy scheme.

E-business initiatives

BravoSolution S.p.A. and its subsidiaries maintained their consolidated growth trend in the first half. Revenues rose 15% from the year-earlier period and moderate progress was reported in operating results, despite start-up costs for BravoSolution UK Ltd., which was established in January and began operating on the UK market in March.

For the full year, the group expects further growth in revenues and a consolidated loss, albeit smaller than the prior-year result, on positive and improved gross operating profit.

Disputes

In connection with the **action** of the Competition and Market Authority against eleven companies operating on the **ready mixed concrete market** in Italy, on March 23, 2005, the decision of the administrative tribunal of the region of Lazio (TAR) was formalized. This upholds in part the appeal presented by Calcestruzzi S.p.A. and Cemencal S.p.A. and overturns the ruling "*in the section in which the fines imposed [by the Authority] are not proportionate to the limited effects of the agreement*". The TAR also accepted the appeals of the companies regarding application of repeat offence penalties. The Authority may appeal to the Consiglio di Stato or comply with the TAR's decision and issue a new ruling. In the latter case, the companies will have the right to appeal to the TAR against the new ruling.

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Significant events after the end of the half

At the beginning of August, Italcementi finalized the agreement for the purchase of the controlling shareholding (68.7%) held by the Egyptian private equity fund Citadel Capital in **Asec Cement Company**, which is listed on the Cairo and Alexandria Stock Exchange. The acquisition was conducted by Suez Cement Company, which launched a public tender offer on August 10 for 100% of the company's shares. At the close of the offer, Suez held 98.64% of the share capital of Asec Cement. The transaction was conducted with other local and international partners and involved Ciments Français in an outlay of approximately 145 million dollars. Asec Cement Company is Egypt's fifth-largest cement producer (approximately 4 million metric tons of clinker) and second-largest exporter. It has an 8.4% share of the domestic market and operates two sites for the production of gray and white cement. In 2004 it reported consolidated revenues of more than 113 million euro and EBITDA of more than 45 million euro, with a workforce of approximately 1,670 employees.

In July an agreement was signed for the acquisition of a **grinding plant in Novi Ligure** (Alessandria) with an annual production capacity of approximately 500,000 metric tons. The agreement covers the purchase of the property for 11 million euro and a 6-year plant lease at an annual rental of 4 million euro and a purchase option at the end of the sixth year.

After the end of the first half, Société Internationale Italcementi France S.A. purchased 200,687 **Ciments Français shares** on the market for approximately 17.5 million euro, raising its investment from 74.51% to 75.04% (85.63% of voting rights).

Outlook

Although the expansionary phase of the world economy remains solid, it may soon begin to be affected by the substantial differences in the growth rates of the different regions, by balance of payments deficits and, above all, by the spiraling increases in oil prices, which have direct effects on production costs and potential indirect effects in pushing up inflation.

In the areas in which the group operates, the construction industry should benefit from interest rates at record lows in the mature countries and from generally favorable macro-economic conditions in the emerging nations, to maintain good rates of growth over the rest of the year.

In the short term, therefore, the globally upbeat mood of demand in the first half should continue. In contrast, the most significant element of uncertainty is the strong rise in costs, especially of energy factors, whose impact in some countries (especially Italy) will be offset only in part by higher sales prices, thus squeezing margins.

In this scenario, the group's short-term goals are: to improve operations at Suez Cement and Asec Cement by implementing potential synergies; to resume energy cost-cutting programs; to introduce new management and organizational measures to boost operating efficiency.

In the absence of unforeseeable events, the current full-year target is the recovery of gross operating profit to the levels reported in 2004, also thanks to the consolidation of operations in Egypt.

Food packaging and thermal insulation sector

The group is present in the food packaging and thermal insulation sector through Sirap Gema S.p.A. and its subsidiaries.

(in millions of euro)	1 st half 2005	1 st half 2004	% change	2004
Net sales	80.2	74.0	8.4	153.9
Gross operating profit	12.2	11.7	4.2	22.2
<i>% of net sales</i>	<i>15.2</i>	<i>15.8</i>		<i>14.4</i>
Amortization, depreciation and adjustments in fixed asset values	(3.6)	(3.5)	(0.9)	(7.2)
Operating income	8.6	8.2	5.5	15.0
<i>% of net sales</i>	<i>10.7</i>	<i>11.1</i>		<i>9.7</i>
Financial income and charges	(1.0)	(1.2)	9.7	(1.4)
Pre-tax income	7.6	7.0	8.0	13.6
<i>% of net sales</i>	<i>9.5</i>	<i>9.5</i>		<i>8.8</i>
Tax for the period	(4.4)	(2.5)	n.s.	(5.3)
Group net income	3.2	4.5	(29.0)	8.3
<i>% of net sales</i>	<i>4.0</i>	<i>6.1</i>		<i>5.4</i>
Cash flow on operating activities	6.8	8.0		15.5
Investments	6.8	5.3		11.3

n.s.: not significant

(in millions of euro)	June 30, 2005	January 1, 2005*	December 31, 2004	Effect of IAS 32 and 39
Total shareholders' equity	39.9	40.2	40.2	-
Net debt	52.0	44.8	44.8	-
Employees (heads)	792	747	747	

* Including application of IAS 32 and 39

The first half of 2005 saw a broad continuation of the phenomena that had been a feature of the previous year: domestic consumption, following the marked fall in 2004, stayed largely stable and the macroeconomic outlook does not allow a recovery to be forecast in the short term; the prices of polymers remained at very high levels on average compared with the same period in 2004 (+22%) with a realignment at the end of June to the value in the first half of 2004.

Nonetheless, immediately after the polymer market saw a change in trend with a significant recovery in prices in July and August, partly as a consequence of the marked tensions in the petroleum products sector.

Despite some negative phenomena in some markets, such as the fall in meat consumption in France, consolidated sales improved by 8.4% with a positive impact (+5.5%) on operating profit, which was also helped by the introduction of an adjustment to sales prices in order to meet the sharp increase in raw material costs, by efficiency recoveries and by the positive performance of Petruzalek.

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Despite the good performance in operating figures, the net result fell owing to the increase in tax due to the accumulation of several negative phenomena such as tax-related contingency losses and the ending of taxable sums being offset against previous losses.

Debt grew markedly (+14%) compared with 12.31.2004 mainly owing to the change in working capital and payment of tax advances.

March 2, 2005 saw the completion of the contract, signed at the end of 2004, for the purchase of a company branch located in Hungary for the production of meat packaging trays with an overall investment of approximately 1.5 million euro. The acquisition will enable the group in the future to serve the markets of East Europe, which are dominated in commercial terms by the recent acquisition of Petruzalek, with greater speed and efficiency.

Quarterly performance

(in millions of euro)	1 st half 2005	2 nd quarter 2005	1 st quarter 2005
Net sales	80.2	43.1	37.1
% change on 2004	8.4	8.1	8.7
Gross operating profit	12.2	6.8	5.4
% change on 2004	4.2	9.2	(1.5)
Amortization, depreciation and adjustments in fixed asset values	(3.6)	(1.8)	(1.8)
Operating income	8.6	5.0	3.6
% change on 2004	5.5	7.8	2.5

The performance in the second quarter was influenced by moderate seasonal effects and saw higher sales than the previous quarter thanks largely to a favorable change in the mix and to greater volumes.

Performance by business sector and geographical area

(in millions of euro)	Revenues		Operating profit		Capital expenditure	
	1 st half 2005	% change on 2004 1 st half	1 st half 2005	% change on 2004 1 st half	1 st half 2005	1 st half 2004
Food packaging	59.7	10.7	7.5	24.5	4.0	4.1
- Italy	31.8	13.0	4.9	33.5	1.4	2.6
- France	13.4	(0.5)	1.4	20.4	0.9	1.3
- Other European Union countries	18.0	10.9	0.9	44.3	1.7	0.2
- Other non-EU countries	6.1	45.8	0.3	-	-	-
Eliminations	(9.6)		-	-	-	-
Thermal insulation	20.8	1.5	1.1	(49.7)	2.8	1.2
Eliminations	(0.3)		-		-	
Total	80.2	8.4	8.6	5.5	6.8	5.3

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Food packaging

Despite the complex market situation in the food packaging sector (fall in consumption and increased competition), the group saw an improvement in revenues (10.7%) and operating profit (24.5%). In particular, on the Italian market the group benefited from a significant rise in sales prices to meet the increase in raw material costs, without affecting volumes; in France, where the fall in demand was more marked in 2004, it was necessary to take a more restrained approach owing to increased competition. In addition, note should be taken of the progress made by the Petruzalek group thanks to the improvement in volumes, the increase in prices and the repositioning of the mix: in particular very positive signals came not only from the countries whose economies have most recently liberalized, such as Ukraine, but also from more consolidated countries, such as the Czech Republic.

Investments in fixed assets, besides the acquisition of the production facilities in Hungary, mainly concerned technological improvements in order to guarantee a reduction in costs.

Thermal insulation

Compared with the same period in 2004, over the six months thermal insulation grew slightly (1.5%); in fact volumes which had fallen in the first quarter, owing to adverse weather conditions, were fully recovered.

Nonetheless, the market situation did not allow sales prices to reflect the marked increase in raw material costs; in addition, the launch of the new line for the production of single layer sheets which started in April and saw a subsequent gradual disposal of the multilayer facilities, caused a temporary fall in production efficiency: operating profit, thus, fell significantly.

Outlook

It is currently estimated that consolidated operating income for 2005 will be better than the level reached in 2004. Nonetheless, this estimate is heavily dependent on how food consumption develops, as well as on any further increases in raw material prices.

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Financial sector

The financial sector includes the parent company Italmobiliare and its wholly owned financial subsidiaries. The main ones are:

- Italmobiliare International Finance Limited (Dublin);
- Société de Participation Financière Italmobiliare S.A. (Luxembourg);
- Fincomind A.G. (Switzerland).

(in millions of euro)	1 st half 2005	1 st half 2004	% change	2004
Revenues	77.1	77.0	0.2	95.3
Operating income	62.6	67.9	(7.9)	74.2
Net income	72.6	68.3	6.4	88.1

(in millions of euro)	June 30, 2005	January 1, 2005*	December 31, 2005	Effect IAS 32 and 39
Net debt	292.5	268.2	257.4	10.8
Shareholders' equity	1,698.4	1,547.0	1,186.8	360.2
Employees (heads)	40	37	37	

* Including application of IAS 32 and 39

Quarterly performance

(in millions of euro)	1 st half 2005	2 nd quarter 2005	1 st quarter 2005
Revenues	77.1	68.1	9.0
% change on 2004	0.2	2.7	(15.4)
Operating income	62.6	60.6	2.0
% change on 2004	(7.9)	(5.9)	(42.2)
Net income	72.6	66.7	5.9
% change on 2004	6.4	7.1	(1.7)
Net debt	292.5	292.5	253.3

Results according to financial scheme

For a better appreciation of the results of the financial sector, in light of its particular nature, it is considered worthwhile recording in the table below the results in the format normally used for financial companies.

(in millions of euro)	1 st half 2005	1 st half 2004	% change	2004
Income from equity investments	67.2	62.2	8.0	67.0
Income from cash investments	14.3	13.9	3.0	36.7
Debt charges	(5.1)	(4.4)	(15.9)	(9.4)
Total financial income and charges	76.4	71.7	6.5	94.3
Miscellaneous income and costs	(5.9)	(2.9)	(103.4)	(7.6)
Income taxes for the period	2.1	(0.5)	n.s.	1.4
Net profit	72.6	68.3	6.4	88.1

n.s.: not significant

Income from equity investments grew owing to the increase in dividends received and the ending of write-downs that were made in the first half of 2004. Income from cash investments showed a slight increase, which is the result of revaluations of trading shares and a reduced contribution from investments in corporate bonds and security portfolios entrusted to third party managers. Higher debt charges reflect the increase in average net debt, while miscellaneous income and costs were affected by the different use of funds adopted in the two periods. The tax component was positive owing to the impact of the national tax consolidation.

Significant events in the period

The significant events concerning the parent company Italmobiliare and the other financial subsidiaries were the following.

In January Italmobiliare took part in the share capital increase in **Mittel** by investing 8.7 million euro and thus maintaining unchanged the percentage of its equity investment in this company (12.91%).

In February Italmobiliare took part in the share capital increase in **GIM** by investing the sum of 6.3 million euro. Italmobiliare also committed itself to further underwriting up to a maximum of 4.2 million euro as part of a guarantee consortium. Italmobiliare subsequently transferred this commitment to its own subsidiary Société de Participation Financière Italmobiliare S.A. Since the whole share capital increase was entirely underwritten no action was necessary on the part of the guarantee consortium. Following this transaction Italmobiliare's equity investment in GIM remained practically unchanged at 4.2%.

In May Italmobiliare, as part of the specific shareholders' meeting authorization bought 7,295 **treasury shares** for an outlay of 348.3 thousand euro.

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Following these purchases Italmobiliare holds 899,641 ordinary treasury shares (4.056% of all ordinary shares) and 28,500 savings treasury shares (0.174% of total saving shares).

In May Société de Participation Financière Italmobiliare S.A., in order to concentrate within the parent company all the shares allocated to the **RCS MediaGroup** shareholders' pact, sold to Italmobiliare 5,514,645 RCS MediaGroup shares at a price corresponding to the average official stock market price for the previous month, for a total of 27.6 million euro. Following this transaction and following the free allocation of 1% of the shares owned, Société de Participation Financière Italmobiliare S.A. holds 1,343,658 RCS MediaGroup shares not bound to the pact, or 0.18% of all the ordinary shares issued.

Again following this operation and the allocation of the free shares, Italmobiliare holds 35,049,986 RCS MediaGroup shares, bound to the pact, or 4.78% of all the ordinary shares issued. Together with the shares held by Italcementi S.p.A. the group holds ordinary shares linked to the pact that are equivalent to 7.07% of the share capital.

In June Intermobiliare S.p.A. sold to Société de Participation Financière Italmobiliare S.A. 996,750 **Banche Popolari Unite** shares at a price corresponding to the average official stock market price for the previous month for a total of 16.5 million euro. Following this transaction Société de Participation Financière Italmobiliare S.A. holds 1,607,755 Banche Popolari Unite shares.

Italmobiliare International Finance Limited (Dublin)

The company is the main vehicle of Italmobiliare and operates in international capital markets and provides financial support to the group's companies.

The first half of 2005 ended with net profit of 4.5 million euro, down compared with June 30, 2004 (6.1 million euro). The result was affected by the performance of the financial markets and in particular of interest rates, which had a negative effect on the corporate bond portfolio. The performance of the portfolios entrusted to external managers (both traditional and alternative) was particularly disappointing, even if they were showing signs of recovery towards the end of half.

The introduction of the IAS principles led to a broad alignment of the net financial position with the company's total assets which, at June 30, 2005, was up at 603.5 million euro from 599 million euro at January 1, 2005.

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

The company holds equity investments in listed and unlisted companies.

The first half of 2005 saw net profit of 8.0 million euro, in line with the first half of 2004 (8.5 million euro). This result was due to the capital gains realized on the sale of some equity investments and the revaluation of listed shares in the trading portfolio.

Also the shares in the "Available For Sale" portfolio were significantly revalued, but in accordance with international accounting standards this was recorded directly in shareholders' equity in the AFS reserve, which rose from 1.5 million euro at January 1, 2005 to 9.6 million euro at June 30, 2005.

The net financial position (which also includes shares in the trading portfolio) stood at 91.9 million euro, up compared with January 1, 2005 (60.5 million euro).

Fincomind A.G.

The company's main equity investment is represented by the total control of Finter Bank Zürich. At the end of the first half of 2005 Fincomind A.G. had net profit of 10.4 million Swiss francs with a significant increase compared with the 1.8 million Swiss francs recorded in the first half of 2004. This change was mainly caused by the recovery of value in the investee companies Soparfinter S.A. and Finter Bank France, as a consequence of the positive performance in the liquidation of the latter's assets.

The results of the parent company **Italmobiliare S.p.A.** are explained in the specific section.

Net financial position of Italmobiliare and of the financial sector

The following table sets out the levels and elements of the net financial positions of the parent company Italmobiliare S.p.A. and of the wholly owned financial companies.

(in thousands of euro)	June 30, 2005		January 1, 2005*		December 31, 2004	
	Italmobiliare	Financial sector ¹	Italmobiliare	Financial sector ¹	Italmobiliare	Financial sector ¹
Cash, cash equivalents and current financial assets	30,995	707,625	22,101	661,307	18,045	650,315
Short-term financing	(132,893)	(138,491)	(116,991)	(119,410)	(116,991)	(118,848)
Short-term net financial position	(101,898)	569,134	(94,890)	541,897	(98,946)	531,467
Medium/long-term financial assets	6,663	15,316	11,194	11,291	10,885	10,921
Medium/long-term financing	(291,998)	(291,998)	(285,010)	(285,010)	(285,010)	(285,010)
Medium/long-term net financial position	(285,335)	(276,682)	(273,816)	(273,719)	(274,125)	(274,089)
Net financial position	(387,233)	292,452	(368,706)	268,178	(373,071)	257,378

* Including application of IAS 32 and 39

¹ Including: Italmobiliare S.p.A. - Italmobiliare Finance Ltd - Italmobiliare International B.V. - Société de Participation Financière S.A. - Fincomind A.G. - Intermobiliare S.r.l. - Soparfinter S.A. - Kayward Ltd - Franco Tosi S.r.l.

Italmobiliare's net debt stood at 387.2 million euro (368.7 million euro at January 1, 2005), up by 18.5 million euro, owing to the equity investments made, while the net financial position including the wholly owned financial companies was a positive balance of 292.5 million euro (268.2 million euro at January 1, 2005), an increase of 24.3 million euro, as a consequence of the improvement in the positions of the main financial companies as indicated above.

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(in millions of euro)	Italmobiliare	Financial sector
Sale of equity investments	1,5	1,5
Equity investments made	(43,0)	(15,3)
Dividends paid	(42,6)	(42,6)
Dividends received	60,7	65,1
Operations and extraordinary items	4,9	15,6
Total	(18,5)	24,3

Significant events after the end of the half

In July Italmobiliare S.p.A. received from Arriva International Ltd 6.2 million euro as an adjustment to the sale price of total control of **Sab Autoservizi**, which occurred in 2002, established in accordance with the contract on the basis of some business results achieved up to the end of 2004.

As part of the business plan for the Capitalia group, Italmobiliare received a proposal, which it accepted, to exchange its equity investment in **MCC** with Capitalia shares, in the ratio of 11 newly issued Capitalia shares for every 3 MCC shares. Italmobiliare will, therefore, receive 3,484,349 Capitalia shares. The MCC shares were valued at 16.4 million euro compared to an original cost of 12 million euro.

In August, Italmobiliare considered it opportune to buy over 2 million Capitalia shares, with an outlay of approximately 9.5 million euro, in order to be able to build up a more sizeable equity investment in **Capitalia**, together with the shares arising from the previous transaction.

In July Société de Participation Financière Italmobiliare S.A. invested approximately 6.2 million euro to buy 1.4 million **Unicredito** shares. Following this acquisition the total number of Unicredito shares held by the group is 87,026,509, or 1.374% of the share capital.

In September Société de Participation Financière Italmobiliare S.A. sold on the open market approximately 3.65 million **Poligrafici Editoriale** shares with income of approximately 8 million euro. Following this operation, Société de Participation Financière Italmobiliare S.A. holds 2,641,500 Poligrafici Editoriale shares, or 2.001% of the share capital.

Outlook

Results in the financial sector depend on the flow of dividends and the trend in the financial markets. While the flow of dividends is fairly predictable and therefore represents a practically certain basis for the result of the sector, the future trend in interest rates and the stock market introduces an element of uncertainty which makes it difficult to make a reliable forecast of the overall results for the year.

In any case, the result for the sector will be lower than that in 2004, owing to the ending of the significant revaluations of equity investments recorded in the second part of the last year.

Banking sector

The banking sector includes two wholly owned banks, i.e. Finter Bank Zürich and Crédit Mobilier de Monaco. As mentioned in the foreword, Finter Bank France as from June 2005 ended its banking activity, therefore, it no longer belongs to this consolidation sector; the figures for 2004 have been restated for the sake of comparison.

(in millions of euro)	1 st half 2005	1 st half 2004 pro forma	% change	2004 pro forma
Revenues	20.7	19.6	6.0	39.8
Operating income	3.9	3.7	5.3	6.9
Net income	3.2	3.0	5.7	5.7

(in millions of euro)	June 30, 2005	January 1, 2005 *	December 31, 2004	Effect of IAS 32 and 39
Net financial position	44.4	44.3	44.3	-
Shareholders' equity	87.6	87.4	87.4	-
Employees (heads)	145	146	146	

* Including application of IAS 32 and 39

Quarterly performance

(in millions of euro)	1 st half 2005	2 nd quarter 2005	1 st quarter 2005
Revenues	20.7	10.5	10.2
<i>% change on 2004</i>	<i>6.0</i>	<i>13.1</i>	<i>(0.3)</i>
Operating income	3.9	2.0	1.9
<i>% change on 2004</i>	<i>5.3</i>	<i>39.9</i>	<i>(16.5)</i>
Net income	3.2	1.6	1.6
<i>% change on 2004</i>	<i>5.7</i>	<i>15.0</i>	-
Net financial position	44.4	44.4	59.4

Results in according to banking scheme

For a better appreciation of the results of the banking sector, in light of its particular nature, it is considered worthwhile recording in the table below the results in the format normally used for banks.

(in millions of euro)	1 st half 2005	1 st half 2004	% change	2004
Net interest income	2.5	2.5	(0.6)	4.7
Commissions	19.1	18.0	6.2	36.4
Gross operating profit	4.5	4.6	(0.5)	8.6
Income from operations	3.4	3.6	(4.7)	6.6
Net profit	3.2	3.0	5.7	5.7

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Net interest income was largely unchanged, while brokerage fees saw a significant increase mainly thanks to the growth in net commissions received.

Gross operating profit was in line with that of the prior-year half owing to the increase in personnel costs, while income from operations was slightly down overall owing to the increase in amortization and depreciation.

Some extraordinary income enabled to record a marginally higher net income than that for the first half of 2004.

Finter Bank Zürich

The Finter Bank Zürich group in the first half of 2005 managed to profit from some positive circumstances on the financial markets, achieving consolidated revenues of 31.1 million Swiss francs up by 6% compared with the same period in 2004 (29.4 million Swiss francs). This growth was achieved above all thanks to the increase in net commissions linked to the acquisition of new mandates.

Overall operating costs rose mainly due to the higher charges for personnel pensions, the increase in the number of contract workers, and changes in the regulations on social security contributions.

Following the above and an increase in amortization and depreciation, consolidated operating profit rose from 5.5 to 5.8 million Swiss francs (+5.4%). Consolidated net profit also improved to stand at 4.8 million Swiss francs compared to 4.6 million Swiss francs in the first half of 2004 (+5.4%).

Consolidated shareholders' equity rose from 125.9 million Swiss francs at December 31, 2004 to 127.1 million Swiss francs at June 30, 2005.

Assets under administration at the end of the first half of 2005 rose by 6% compared with December 2004.

Crédit Mobilier de Monaco

Crédit Mobilier de Monaco is a bank in Monaco which mainly operates in guarantee backed loans. The 1st half of 2005 saw a slight fall in net interest income offset by lower costs for personnel and tax charges.

The result for the period is therefore the same as that for the corresponding period in 2004.

Outlook

Despite the uncertainty that is a feature of the financial markets, the results achieved in the half and the plans in place make it likely that the result for the year in this sector may be better than that for 2004.

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Property sector, services and others

This sector includes some companies that own property and land and some service companies and from this half also Finter France which is in liquidation.

As for the property companies it includes both rented property and property and land for sale.

Service companies basically carry out their business within the group.

The termination of Finter France's activities is continuing in accordance with the plan established which is at an advanced stage of completion. Finter Bank France voluntarily gave up its banking license as from June 30, 2005. As part of this plan in July 2005 the company was placed in liquidation, changed its name to Terfin S.A. and bought back 770 thousand of its own shares (out of a total of 800 thousand), in order to reduce its share capital.

Revenues and operating loss for the sector were respectively 1.5 million euro and -0.8 million euro.

The overall loss for the period was 0.2 million euro owing to the inclusion of Finter France in the consolidation area. Excluding the effects of this inclusion, a profit of 0.6 million euro, would have been slightly up on the result for the first half of 2004.

The importance of the sector is marginal in relation to the overall results of the group.

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Other equity investments

At a consolidated level this heading includes:

- equity investments in the banking-finance sector;
- minority equity investments in important Italian industrial groups.

(in millions of euro)	June 30, 2005		January 1, 2005 *		December 31, 2004	
	%	Carrying value	%	Carrying value	%	Carrying value
Banking-finance sector						
Mediobanca	2.59	318,333	2.63	245,457	2.63	137,831
Unicredito Italiano	1.36	374,616	1.36	361,772	1.36	98,296
Banche Popolari Unite	1.39	78,536	1.40	71,624	1.40	60,436
Mittel	12.91	34,640	12.91	24,773	12.91	24,773
Consortium	2.62	24,388	2.62	16,602	2.62	15,092
Fin.Priv.	14.28	30,862	14.28	24,749	14.28	14,354
MCC	1.00	16,390	1.00	12,006	1.00	12,006
Total		877,765		756,983		362,788
Industrial groups and holding companies for industrial equity investments						
RCS MediaGroup	7.25	303,980	7.18	224,067	7.18	136,734
Cartiere Burgo	11.68	28,030	11.68	28,030	11.68	28,030
Gemina	4.38	25,559	4.38	14,461	4.38	17,002
Gim	4.17	9,706	4.33	2,643	4.33	2,485
Poligrafici Editoriale	4.77	12,044	4.77	10,766	4.77	4,409
Società Editrice Siciliana	33.00	16,488	33.00	16,248	33.00	15,468
Sesaab	10.00	9,325	10.00	9,325	10.00	9,325
Total		405,132		305,540		213,453

* Including application of IAS 32 and 39

Dividends received in the half year from the above equity investments totaled 25 million euro.

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Human resources

The number of employees at June 30, 2005 was 21,484 (heads) compared with 18,345 at December 31, 2004 and 18,594 at June 30, 2004.

The breakdown of personnel by country is as follows:

(heads) *	June 30, 2005		December 31, 2004		June 30, 2004	
		%		%		%
European Union	11,751	54.7	11,593	63.2	11,788	63.4
Other European countries	1,582	7.3	1,604	8.7	1,688	9.1
North America	1,751	8.2	1,743	9.5	1,738	9.4
Asia	2,032	9.5	2,068	11.3	2,065	11.1
Africa	4,061	18.9	1,038	5.7	1,009	5.4
Other countries ¹	307	1.4	299	1.6	306	1.6
Total	21,484	100.0	8,345	100.0	18,594	100.0

* Includes employees of companies consolidated on a line-by-line and proportional basis. In this case the number indicated is in line with the consolidation proportion

¹ Includes employees of the construction sector involved in trading activity and Bravo Solution UK

The overall number of personnel at June 30, 2005, compared with December 31, 2004, mainly reflects the inclusion in the consolidation area of the Suez Cement group (Egypt).

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Dealings with related parties

Regarding the Italmobiliare Group's dealings with related parties during the half there were no atypical or unusual transactions.

For the purposes of the consolidated report dealings with related parties in the half regarded those with:

- subsidiary companies that are valued with the equity method or stated at cost;
- associated companies;
- other related parties.

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

Italmobiliare provides an administration service to some associated companies which is regulated according to the costs attributable to providing the service.

Dealings with other related parties concern:

- administrative, financial, fiscal and corporate consultancy services, as well as support services for the organization of company restructuring operations for the Italcementi group provided by Finsise S.p.A., a company whose majority shareholder is Italo Lucchini, a director of Italmobiliare. The Italmobiliare Group also uses the services of Professional Auditing S.p.A., a trust company whose main shareholder is also Mr Lucchini;
- legal consultancy, judicial and extrajudicial assistance provided to Italmobiliare and to group companies by the associate professional studio Dewey Ballantine LLP, of which the Italmobiliare director Luca Minoli is part;
- judicial and extrajudicial assistance provided to group companies by Giorgio Bonomi, a director of Italmobiliare;
- consultancy services for the senior management of Italmobiliare in relation to the processes to rationalize and develop the group's activities provided by Piergiorgio Barlassina, a director of Italmobiliare.

All the dealings set out above, including for the exchange of goods and services, including financial services, are conducted at normal market conditions.

In February the Fondazione Italcementi Cav. Lav. Carlo Pesenti supplemented its business purpose with the goal of undertaking humanitarian initiatives to help populations hit by natural disasters, or in emergency situations, by promoting the direct or indirect collection of funds in favor of projects to these ends. As part of this the Fondazione promoted a collection for the construction of a playschool, school or other structure for children in Sri Lanka, a country which was badly affected by the tsunami last December and where the group operates. Italmobiliare and Italcementi took part in the project by allocating the sum of 100 thousand dollars each.

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In addition, the Board of Directors of Italmobiliare resolved to provide 200 thousand euro to the Fondazione Italcementi Cav. Lav. Carlo Pesenti for the ordinary management of the Foundation's activity.

Key figures at June 30, 2005 for dealings with related parties are set out in the table below. Full information on the parent company Italmobiliare's dealings with related parties is provided in the Directors' report and the explanatory notes for the company.

(in thousands of euro)	Revenues (purchases) goods & services	Trade (payables) receivables	Financial (payables) receivables	Interest income (expense)	Other income (expense)
Subsidiaries and related companies *	3,089 (12,543)	2,840 (3,405)	12,536 (521)	172 (6)	1,592 -
Other related parties	(871)	(3,439)	-	-	(1,083)

* Companies consolidated on a proportional base, at equity and at cost

Disputes

Regarding the legal and tax disputes in which various group companies are involved, appropriate provisions have been made in the relevant periods where, on the basis of the risks that have emerged and assessment of the connected risks, potential liabilities are considered likely and assessable.

Details of the main disputes have already been given in the sections on the individual sectors.

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Outlook

Although the expansionary phase of the world economy remains solid, it may soon begin to be affected by some elements of instability. Particularly important among these are the substantial differences in the growth rates of the different regions, the balance of payments deficits and the impact of oil prices, which have effects on production costs and inflation risks.

As for the sectors involving the Italmobiliare Group, the forecasts which have already been set out in the relevant sections, can be summarized as follows:

- in the construction sector the favorable context should support the globally upbeat mood of demand seen in the first half, set against the most significant element of uncertainty, the strong rise in energy costs, offset only in part by the higher sales prices. In this scenario, the Italcementi group's goal for the year is to maintain gross operating profit to the levels of 2004 thanks to the consolidation of the operations in Egypt, the realization of improvements in the management of those operations, the relaunch of energy cost-cutting programs and the implementation of new measures to further boost operating efficiency;
- in the packaging and insulation sector, although there is uncertainty about the development of food consumption and raw material prices, it is estimated that the consolidated operating income for 2005 could be better than the level reached in 2004;
- in the financial sector, while the flow of dividends is expected to increase, for some other income statement items the future trends in interest rates and stock markets introduce some uncertainty which makes it difficult to make a reliable forecast. In any case the result for the sector will be lower than that in 2004, owing to the termination of the significant revaluations of equity investments recorded in the second part of last year;
- in the banking sector the results achieved so far and the ongoing programs lead to the belief that net income for the year may be higher than that for 2004.

Overall therefore, and in the absence of unforeseeable events, the consolidated profit for the Italmobiliare Group in 2005, applying the same accounting standards, should be lower than that achieved in 2004.

As for the parent company Italmobiliare in view of the dividends that have already been approved and the positive contribution from some extraordinary items, profit in the year is expected to be higher than that in 2004 net of the positive adjustments made for the elimination of prior tax adjustments.

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Financial statements

Balance sheet

(in thousands of euro)

	Notes	06.30.2005	IFRS 01.01.2005	IFRS 12.31.2004
Non current assets				
Property, plant and equipment	1	3,480,130	2,939,897	2,939,897
Investment property	2	28,154	28,231	28,231
Goodwill	3	1,466,972	1,180,935	1,180,935
Intangible assets	4	52,355	43,012	43,012
Investments in associates	5	175,082	333,692	332,913
Investments others	6	1,314,316	1,087,289	601,216
Receivables and other non-current assets	7	429,490	419,376	406,179
Deferred tax assets	18	18,342	34,583	34,045
Non-current receivables due from employees		433	608	608
Total non-current assets		6,965,274	6,067,623	5,567,036
Current assets				
Inventories	8	655,046	545,888	545,888
Trade receivables	9	1,496,067	1,241,993	1,062,664
Other assets		375,045	335,728	368,106
Income tax assets		94,953	24,254	24,170
Investments and financial receivables		710,486	683,843	670,960
Cash and cash equivalents	10	492,951	373,293	373,280
Total current assets		3,824,548	3,204,999	3,045,068
Total assets		10,789,822	9,272,622	8,612,104
Shareholders' equity				
Share capital	11	100,167	100,167	100,167
Reserves	12	809,694	645,881	213,253
Treasury shares, at cost	13	(21,540)	(21,192)	-
Retained earnings		1,578,285	1,479,797	1,484,651
Total		2,466,606	2,204,653	1,798,071
Minority interests	14	2,727,671	2,255,133	2,178,065
Total shareholders' equity		5,194,277	4,459,786	3,976,136
Non-current liabilities				
Interest-bearing loans and long term borrowings	16	2,429,523	2,094,396	2,020,256
Employee benefits liabilities	15	209,489	201,008	201,008
Provisions	17	272,902	250,132	250,132
Payables and other non current liabilities		20,337	19,244	182
Deferred tax liabilities	18	375,373	322,286	329,110
Total non-current liabilities		3,307,624	2,887,066	2,800,688
Current liabilities				
Banks overdrafts and short-term borrowings	16	737,207	514,443	444,528
Interest-bearing loans and short term borrowings	16	89,857	124,953	124,952
Trade payables		747,387	680,455	680,455
Provisions	17	9,839	1,760	1,760
Income tax liabilities	19	78,422	39,778	39,696
Other liabilities	20	625,209	564,381	543,889
Total current liabilities		2,287,921	1,925,770	1,835,280
Total liabilities		5,595,545	4,812,836	4,635,968
Total shareholders' equity and liabilities		10,789,822	9,272,622	8,612,104

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Income statement

(in thousands of euro)

	Notes	06.30.2005	%	IFRS 06.30.2004	%	%
Net sales	21	2,531,965	100.0%	2,383,995	100.0%	6.2%
Other revenues		26,032		24,133		
Change in inventories		(20,850)		(8,620)		
Internal work capitalized		6,092		6,638		
Goods and utilities expense	22	(879,714)		(760,556)		
Services expense	23	(606,558)		(588,496)		
Employee benefits expense	24	(449,230)		(425,037)		
Other operating income/(expense)	25	(73,229)		(69,884)		
Other income/(expense)	26	(1,543)		(4,180)		
Gross operating profit-gop		532,965	21.0%	557,993	23.4%	-4.5%
Amortization and depreciation	27	(171,895)		(154,965)		
Adjustments in fixed asset values		(301)		(756)		
Operating income		360,769	14.2%	402,272	16.9%	-10.3%
Financial income and charges	28	(23,086)		(34,287)		
Income of companies valued on equity basis	29	14,346		12,573		
Pre-tax income		352,029	13.9%	380,558	16.0%	-7.5%
Tax for the period	30	(101,580)		(129,830)		
Net income for the period		250,449	9.9%	250,728	10.5%	-0.1%
Attributable to:						
Group profit		94,589	3.7%	92,884	3.9%	1.8%
Minority interest		155,860	6.2%	157,844	6.6%	-1.3%
Earnings per share (EPS) - (euro)	31					
Eps basic						
ordinary share		€ 2.499		€ 2.453		
savings share		€ 2.538		€ 2.492		
Eps diluted						
ordinary share		€ 2.488		€ 2.447		
savings share		€ 2.527		€ 2.486		

Total shareholders' equity movements

	Attributable to equity holders of the parent													Minority interests	Total equity		
	Reserves								Treasury shares at cost	Translation reserve	Retained earnings	Total capital and reserves					
	Share capital	Share premium reserve	Stock option reserve	General banking risk reserve	Fair value reserve for AFS	Derivatives reserve	Fair value revaluation reserve	Other reserves									
(in thousands of euro)																	
Balances at January 1, 2004	100,167	177,191	88	16,689	-	(214)	1,250	17,293	-	-	1,349,615	1,662,079	1,968,713	3,630,792			
Fair value adjustments on:																	
Assets for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Translation differences	-	-	-	369	-	-	-	-	-	8,319	-	8,688	13,747	22,435			
Net gains/(losses) recognized directly under equity	-	-	120	369	-	-	-	302	-	8,319	-	9,110	14,417	23,527			
Net profit for the period	-	-	-	-	-	-	-	-	-	-	92,884	92,884	157,844	250,728			
Total income/(expense) for the period	-	-	120	369	-	-	-	302	-	8,319	92,884	101,994	172,261	274,255			
Distribution of result:																	
Dividends	-	-	-	-	-	-	-	-	-	-	(38,877)	(38,877)	(87,700)	(126,577)			
Other	-	-	-	-	-	-	-	-	-	-	(533)	(533)	-	(533)			
Change in consolidation area	-	-	-	-	-	-	-	-	-	-	(1,838)	(1,838)	9,477	7,639			
Balances at June 30, 2004	100,167	177,191	208	17,058	-	(214)	1,250	17,595	-	8,319	1,401,251	1,722,825	2,062,751	3,785,576			
Fair value adjustments on:																	
Assets for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial derivatives	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	189	-	-	-	189	423	612			
Translation differences	-	-	183	(207)	-	-	-	-	-	(23,169)	-	(23,193)	(39,865)	(63,058)			
Net gains/(losses) recognized directly under equity	-	-	183	(207)	-	-	-	189	-	(23,169)	-	(23,004)	(39,442)	(62,446)			
Net profit for the period	-	-	-	-	-	-	-	-	-	-	98,626	98,626	177,081	275,707			
Total income/(expense) for the period	-	-	183	(207)	-	-	-	189	-	(23,169)	98,626	75,622	137,639	213,261			
Distribution of result:																	
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	(3,200)	(3,200)			
Change in consolidation area	-	-	-	-	-	-	-	-	-	-	(376)	(376)	(19,125)	(19,501)			
Balances at December 31, 2004	100,167	177,191	391	16,851	-	(214)	1,250	17,784	-	(14,850)	1,499,501	1,798,071	2,178,065	3,976,136			
Adoption of IAS 32-39	-	-	-	-	429,832	(4,267)	5,969	1,094	(21,192)	-	(4,854)	406,582	77,068	483,650			
Balances at January 1, 2005	100,167	177,191	391	16,851	429,832	(4,481)	7,219	18,878	(21,192)	(14,850)	1,494,647	2,204,653	2,255,133	4,459,786			
Fair value adjustments on:																	
Assets for sale	-	-	-	-	146,729	-	-	-	-	-	-	146,729	64,119	210,848			
Financial derivatives	-	-	-	-	-	1,522	-	-	-	-	-	1,522	(6,793)	(5,271)			
Other	-	-	295	-	-	-	274	423	-	-	-	992	1,371	2,363			
Translation differences	-	-	-	(76)	-	-	-	-	-	45,491	-	45,415	79,166	124,581			
Net gains/(losses) recognized directly under equity	-	-	295	(76)	146,729	1,522	274	423	-	45,491	-	194,658	137,863	332,521			
Net profit for the period	-	-	-	-	-	-	-	-	-	-	94,589	94,589	155,860	250,449			
Total income/(expense) for the period	-	-	295	(76)	146,729	1,522	274	423	-	45,491	94,589	289,247	293,723	582,970			
Distribution of result:																	
Dividends	-	-	-	-	-	-	-	-	-	-	(42,638)	(42,638)	(96,538)	(139,176)			
Purchase of treasury shares	-	-	-	-	-	-	-	-	(348)	-	-	(348)	-	(348)			
Change in consolidation area	-	-	-	-	-	-	14,646	-	-	-	1,046	15,692	275,353	291,045			
Balance at June 30, 2005	100,167	177,191	686	16,775	576,561	(2,959)	22,139	19,301	(21,540)	30,641	1,547,644	2,466,606	2,727,671	5,194,277			

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Cash flow statement

(in thousands of euro)	1 st half 2005	1 st half 2004
A) Cash flow from operating activities		
Pre-tax income	352,029	380,558
Amortization and depreciation	172,634	153,375
Change from companies valued using the equity method	(12,494)	(8,740)
Capital (gain)/loss on sale of fixed assets	(15,763)	(9,585)
Change in employee benefit liabilities and other provisions	5,643	13,609
Stock option	1,428	446
Interest expenses	6,248	12,654
Operating profit before changes in working capital	509,725	542,317
Inventories	(9,479)	(3,138)
Trade receivables	(226,684)	(229,119)
Trade payables	47,860	40,326
Other assets/liabilities	(3,196)	(2,123)
Changes in working capital	(191,499)	(194,054)
Net interest received	(53,953)	(57,189)
Dividends received	29,189	22,667
Tax payment and repayments	(127,397)	(84,147)
Income from derivatives	(3,385)	915
Total A)	162,680	230,509
B) Cash flow from investing activity		
Investments		
Tangible	(195,193)	(139,687)
Intangible	(8,935)	(5,412)
Financial (equity investments)	(201,945)	(9,141)
Cash and cash equivalents from acquisition of subsidiaries	55,396	682
Total investments	(350,677)	(153,558)
Proceeds from divestments of fixed assets and repayment net of financial receivables	33,626	12,375
Total divestments	33,626	12,375
Total B)	(317,051)	(141,183)
C) Cash flow from financing activities		
New medium/long-term loans	384,975	20,087
Change in financial payables	21,214	33,359
Change in current equity investments	(20,477)	10,449
Purchase of treasury stock	(10,575)	
Share capital increases		350
Dividends paid	(139,165)	(127,120)
Other changes	5,518	(231)
Total C)	241,490	(63,106)
D) Translation adjustments and other changes	32,539	2,645
E) Change in cash and cash equivalents (A+B+C+D)	119,658	28,865
F) Cash and cash equivalents at beginning of year	373,293	359,133
Cash and cash equivalents at the end of the year (E+F)	492,951	387,998

Explanatory notes

Accounting policies

Pursuant to art. 81 of the Issuers regulation approved by CONSOB resolution no. 14990 of April 14, 2005, the report for the half year to June 30, 2005 has been drawn up "in compliance with the international accounting principle applicable to interim financial reporting". Italmobiliare S.p.A. elected to apply the measurement and recognition criteria of the international financial reporting standards (IFRS) as from its quarterly consolidated report at March 31, 2005. The reconciliation required by IFRS 1 of 2004 opening and closing shareholders' equity, and of net profit for 2004 and the main adjustments to the cash flow statement has already been provided as a separate appendix to the quarterly report.

The effects of the transition to the IFRS, and the report of the Independent Auditors, are available on the Italmobiliare website, www.italmobiliare.it.

Declaration of compliance with the IFRS

This half-year report has been drawn up in compliance with the international financial reporting standards (IFRS) applicable at June 30, 2005 as adopted by Regulations (EC) no. 1725/2003 of September 29, 2003, no. 707/2004 of April 6, 2004, no. 2236/2004, no. 2237/2004 and no. 2238/2004 of December 29, 2004. More specifically, since these are interim financial statements, the half-year report has been drawn up in compliance with IAS 34. The comparative amounts have been re-computed using the same principles.

The IFRS principles have been applied to the assets and liabilities that qualify for recognition at the transition date of January 1, 2004, with the exception of IAS 32 and 39, which have been applied as from January 1, 2005 without restatement of the 2004 comparative amounts.

In compliance with IFRS 1 (First-time adoption of IFRS), the effects of the transition have been charged to opening equity.

Regarding the exemptions allowed under IFRS 1, the group has elected the options described below when applying the IFRS policies to the opening balance sheet at January 1, 2004.

Employee benefits: cumulative actuarial gains and losses at the time of transition to the IAS/IFRS have been recognized in full in shareholders' equity.

Translation differences: cumulative translation differences for all foreign operations have been deemed to be zero with a counter-entry to "retained earnings" at the transition date.

Business combinations: IFRS 3 has not been applied retrospectively to business combinations that took place before January 1, 2004.

Tangible assets: the option of measuring assets at their fair value has generally not been adopted.

As noted at the time of transition to the IFRS, to the extent that the financial statements for the period ended December 31, 2005 and the 2004 comparatives are to be drawn up in accordance with the IFRS policies and interpretations applicable at that date, the financial information and the effects reflected in the 2005 financial statements may be different to those in this half-year report, which has been drawn up in accordance with the policies and interpretations applicable at present.

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Accounting policies and basis of presentation

The consolidated accounts adopt the cost principle, with the exception of derivative financial instruments and financial assets held for trading or available for sale, which are stated at fair value. The carrying amounts of hedged assets and liabilities are adjusted to account for changes in fair value on the basis of the hedged risks. The consolidated financial statements are presented in euro and all amounts have been rounded to thousands of euro, unless otherwise specified.

The basis of presentation of the group financial statements is as follows:

- current and non-current assets and current and non-current liabilities are presented as separate classifications on the face of the balance sheet. Current assets, which include cash and cash equivalents, are assets that the group intends to realize, sell or consume during its normal business cycle; current liabilities are liabilities that the group expects to settle during the normal business cycle or in the twelve months after the balance sheet date;
- on the income statement, costs are analyzed by the nature of the expense;
- on the cash flow statement, the indirect method is used.

Changes in accounting policies

The half-year report to June 30, 2005 applies the accounting principles and criteria adopted in the IFRS reconciliation schedules at 01.01.2004 and 12.31.2004, with the exception of IAS 32 and 39, which, as noted above, have been applied as from January 1, 2005.

The impact on shareholders' equity at January 1, 2005 of application of these two standards has already been illustrated in the quarterly report to March 31, 2005.

Principles of consolidation

The consolidated accounting schedules are based on the accounts at June 30, 2005, of the parent company Italmobiliare S.p.A. and the consolidated companies. Where necessary, the accounts have been adjusted to ensure alignment with the group's classification criteria and accounting policies.

Subsidiaries

Subsidiaries are companies in which the group has the power to determine, directly or indirectly, administrative and management decisions and to obtain the benefits thereof. Generally speaking, control is assumed to exist when the group holds, directly or indirectly, more than one half of voting rights, including potential voting rights deriving from convertible securities.

Subsidiaries are consolidated on a line-by-line basis as from the date at which control is obtained and until control is transferred out of the group.

Associates

Associates are companies in which the group has significant influence over administrative and management decisions even though it does not hold control. Generally speaking, significant influence is assumed to exist

when the group holds, directly or indirectly, at least 20% of voting rights. Equity investments in associates are valued with the equity method, under which they are recognized initially at cost and subsequently adjusted to reflect changes in the value of the group's interest in the associate's equity. The group's interest in the associate's net profit or loss is recognized in a specific income statement item from the date at which the group exerts significant influence until it relinquishes such influence.

Joint ventures

Joint ventures are companies whose business operations are controlled by the group jointly with one or more other parties, under contractual arrangements. Joint control presupposes that strategic, financial and management decisions are taken with the unanimous consent of the parties that control the venture.

Equity investments in joint ventures are consolidated on a proportionate basis, with recognition, line-by-line, of assets, liabilities, income and expense proportionately to the group's interest.

The balance sheets and income statements of joint ventures are consolidated from the date on which joint control is assumed until such control is relinquished.

Transactions eliminated during consolidation

All intragroup balances and transactions, including any potential gains in respect of third parties, are eliminated in full. Potential losses in respect of third parties deriving from intragroup transactions are eliminated except in cases where it will not be subsequently possible to recover such losses.

Potential gains in respect of third parties deriving from transactions with associates are eliminated against the equity investment carrying amount, while losses are eliminated proportionately to the group's interest, unless it will not be subsequently possible to recover such losses.

Consolidation area

A list of the main subsidiaries, associates and joint ventures and the main changes in respect of June 30, 2004 and December 31, 2004 are provided in the notes.

Business combinations

On first-time adoption of the IFRS, as allowed by IFRS 1, the group has not elected retrospective application of IFRS 3 to business combinations that took place before January 1, 2004.

Cost of business combinations

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

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Apportionment of the cost of business combinations

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

Minority interest

Minority interest is recognized at the fair value of the net acquired assets.

Business combinations achieved in stages

When a business combination is achieved in stages, through a series of share purchases, each transaction is accounted for separately, using the cost and fair value information at the date of each transaction to determine any goodwill.

When control of an entity is obtained through a subsequent purchase, the previously held interest is revalued to reflect the fair value of the identifiable assets, liabilities and contingent liabilities at the date of the subsequent purchase; the revaluation counter-entry is recognized in equity attributable to the group. Purchases effected after control has been obtained do not require revaluations to reflect the fair value of the identifiable assets, liabilities and contingent liabilities; the positive or negative difference between the purchase cost and the additional interest acquired in the entity's net assets is recognized immediately in group shareholders' equity.

Translation of foreign currency postings

The reporting currency of Italmobiliare S.p.A. and its subsidiaries in the euro zone is the euro. The reporting currency of the subsidiaries located outside the euro zone is usually the local currency. The consolidated accounts of Italcementi S.p.A. are presented in euro.

Transactions in currencies other than the reporting currency

Foreign currency transactions are initially translated into the reporting currency with the exchange rate at the transaction date. At closure of the reporting period, foreign currency monetary assets and liabilities are translated into the reporting currency at the closing exchange rate. Gains and losses are taken to the income statement.

Non-monetary foreign currency assets and liabilities valued at cost are translated at the exchange rate ruling at the transaction date; those valued at fair value are translated with the exchange rate at the date fair value was determined.

Translation of the financial statements of foreign operations

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

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

Accounting treatment of companies operating in hyperinflationary economies (Turkey)

The financial statements of the Turkish companies are denominated in new Turkish lira* (local currency and reporting currency) under the historical cost method, in the unit of measurement applicable at the close of the reporting period.

The carrying amounts of non-monetary assets and liabilities are adjusted to reflect the change in the general price index between the purchase date and the closing date of the reporting period.

The adjusted accounts are subsequently translated into the consolidated presentation currency (euro) by applying the principle described above in "Translation of the financial statements of foreign operations" for companies that report in a currency other than the euro, with the exception of income statement items which are translated at the closing exchange rate.

Gains or losses on the net monetary position are recognized in the income statement under "Finance income and costs".

The comparative information required for the consolidated financial statements is the information denominated in euro used in the preparation of the IFRS consolidated financial statements of the previous period.

* The "new Turkish Lira" was introduced in January 2005, at a conversion rate of 1 new Turkish Lira = 1 million Turkish Lira

Property, plant and equipment

Measurement

Property, plant and equipment is recognized at cost, less accumulated depreciation and impairment losses. Cost includes the purchase or production cost and directly attributable costs of bringing the asset to the location and the conditions required for its operation. Finance costs relating to the purchase, construction and production of an asset are recognized as expense as incurred. The carrying amount of some assets existing at the first-time adoption date of January 1, 2004 reflects revaluations applied in prior periods in connection with specific local laws and based on the real economic value of the assets in question. Assets acquired through

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business combinations are stated at fair value determined on a provisional basis at the purchase date and subsequently adjusted within the following twelve months.

Subsequent to initial recognition, property, plant and equipment is carried at cost depreciated over the asset's useful life, less any impairment losses.

When an asset consists of components with a significant cost and different useful lives, initial recognition and subsequent measurement are effected separately for each component.

Subsequent expense

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

Depreciation

Depreciation is generally calculated on a straight-line basis over the estimated useful life of each component of an asset. Land is not depreciated, with the exception of land used for quarrying operations.

Asset useful life determines the depreciation rate until a subsequent review of residual useful life. The range of useful lives used for the various categories of assets is disclosed in the notes.

Quarries

Costs for the preparation and excavation of land to be used for quarry work are amortized as the economic benefits of such costs are obtained.

Quarry land is depreciated at rates that reflect the quantities extracted in the period in relation to the estimated total to be extracted over the period in which the quarry is to be worked.

The group makes specific provision for quarry environmental restoration obligations. Since the financial resources required to settle such obligations are directly related to the degree of use, the charge cannot be defined at inception with a counter-entry to the asset cost, but is provided to reflect the degree of use of the quarry.

Leases

Finance leases, which largely transfer to the group all the risks and rewards incident to ownership of the leased asset, are recognized from the lease inception date at the lower of leased asset fair value or the present value of the lease payments. Lease payments are apportioned between finance costs and reductions against the residual liability in such a way as to obtain a constant rate of interest on the outstanding liability.

Depreciation and subsequent recognition of leased assets adopt the same policies as those used for the group's own property, plant and equipment.

Lease contracts where all the risks and rewards incident to ownership are retained by the lessor are classified as operating leases.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Investment property

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

Goodwill

Goodwill from business combinations is measured initially at cost and after January 1, 2004, is no longer subject to amortization. As from the purchase date, goodwill is apportioned to the cash-generating units that are expected to benefit from the synergies arising from the acquisition and is tested on an annual basis or more frequently if indications of impairment emerge.

When goodwill is attributed to a cash-generating unit part of whose assets are disposed of, the goodwill associated with the sold assets is taken into account when determining the transaction gain or loss.

Intangible assets

Intangible assets purchased separately are measured at cost, while those acquired through business combinations are recognized at provisionally estimated fair value at the purchase date and adjusted if necessary within the following twelve months.

Subsequent to initial recognition, intangible assets are carried at cost amortized over the asset's useful life. Other than goodwill, the group has not identified intangible assets with an indefinite useful life.

Impairment of assets

Goodwill is tested for impairment on an annual basis or more frequently if indications of impairment emerge. Tangible assets and amortizable intangible assets are tested for impairment if indications of impairment emerge. Impairment is the difference between the asset carrying amount and its recoverable amount. Recoverable amount is the greater of fair value less costs to sell off an asset or cash-generating unit, and its value in use, determined as the present value of future cash flows. Impairment testing is conducted at the level of the smallest group of assets that generates estimated cash flows from continuing operations. Estimated future cash flows are discounted at a rate determined for each cash-generating unit using the weighted average cost of capital method (WACC).

Financial assets

All financial assets are recognized initially at cost, which corresponds to fair value plus additional costs attributable to the purchase.

Subsequent to initial recognition, assets held for trading are classified as current financial assets and carried at fair value; any gains or losses are taken to income.

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Assets intended to be held to maturity are classified as current financial assets if they mature within one year; otherwise they are classified as non-current assets and subsequently carried at amortized cost. Amortized cost is determined with the effective interest rate method, taking account of any acquisition discounts or premiums, which are apportioned over the entire period until maturity, less any impairment losses.

Other financial assets are classified as available for sale and recognized at fair value. Any valuation gains or losses are shown in a separate equity item until the assets are sold, recovered or discontinued, or until they are found to be impaired, in which case the cumulative gains or losses in equity are taken to the income statement.

Inventories

Inventories are measured at the lower of purchase /production cost (using the weighted average cost method) and net realizable value.

The net realizable value of raw and ancillary materials and consumables is their replacement cost.

The net realizable value of finished products and semi-finished goods is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs to sell and after allowances for obsolete or slow-moving items.

Raw and ancillary materials and consumables are carried at purchase cost, including costs incurred to bring them to their present location.

The production cost of finished products and semi-finished goods includes the cost of raw materials, direct labor and a portion of general production costs determined on the basis of normal plant operations. Financial costs are not included.

Trade receivables and other receivables

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

Cash and cash equivalents

Cash and cash equivalents consist of cash at hand, bank demand deposits and other treasury investments with original maturity of not more than three months.

The definition of cash and cash equivalents in the cash flow statement is identical to that in the balance sheet.

Employee benefits

The group operates pension plans, post-employment medical benefit plans and leaving entitlement provisions. It also has other commitments in the form of bonuses payable to employees on the basis of length of service in some group companies ("Other long-term benefits").

Defined contribution plans

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

These contributions are paid in exchange for the services rendered by employees and are recognized as expense as they are incurred.

Defined benefit plans

Defined benefit plans are structured post-employment benefit programs that constitute a future obligation for the group. In substance, the company assumes the actuarial and investment risks of the plan. In accordance with IAS 19, the group uses the projected unit credit method to determine the present value of obligations and the related benefit cost of current services rendered.

These actuarial calculations require use of consistent and objective actuarial assumptions about demographic variables (mortality rate, personnel turnover rate) and financial variables (discount rate, future increments on salaries and medical benefits).

When a defined benefit plan is funded in full or in part by contributions paid to a fund that is a separate legal entity from the company or to an insurance company, the assets servicing the plan are estimated at fair value. Benefit obligations are therefore recognized net of the fair value of the plan assets that will be used to settle the obligations.

Treatment of actuarial gains and losses

Actuarial gains and losses on post-employment defined benefit plans may arise as a result of changes in the actuarial assumptions used in two consecutive periods or as a result of changes in the obligation value or in the fair value of any plan asset in respect of the actuarial assumptions used at the beginning of the period.

The group uses the corridor method, where actuarial gains and losses are recognized as income or expense when their unrecognized cumulative net value, for each plan, at the end of the previous period exceeds 10% of the larger of the present value of the defined benefit obligation or the fair value of plan assets, measured at the beginning of the year. These gains and losses are recognized over the average remaining working lives of the employees participating in the plans.

Actuarial gains and losses relating to "Other long-term benefits" (service medals, length of service bonuses) and to early retirement benefits are recognized as income or expense immediately.

Past service cost

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

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Curtailement and settlement

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

At the time of curtailment or settlement, the obligation and the fair value of the plan assets are remeasured using current actuarial assumptions.

Provisions for risks and charges

The group recognizes provisions for risks and charges when a present obligation arises as a result of a past event, the amount of which can be reliably estimated and use of resources is probable to settle the obligation. If the present value of the financial resources that will be used is material, the provision is determined by discounting expected future cash flows at a rate that reflects the current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When discounting is performed, movements on provisions due to the effect of time or changes in interest rates are recognized in financial items.

The group recognizes a separate provision for environmental restoration obligations on land used for quarry work, determined in relation to the use of the quarry in question.

Until a standard/interpretation on accounting treatment of greenhouse gas emission quotas is published, after the withdrawal of IFRIC 3 by the International Accounting Standards Board, the group recognizes a separate provision when emissions are greater than the allowed quota.

Restructuring costs are provided when the group company concerned has approved a detailed formal plan that has already been implemented or notified to the relevant third parties.

Loans and borrowings

Loans and borrowings are initially recognized at cost, which is the fair value of the consideration paid/received less charges directly attributable to the financial asset/liability.

After initial recognition, loans and borrowings are measured at amortized cost using the effective interest rate method.

In view of their contractual characteristics, "Floating rate subordinated securities" are classified as "Interest-bearing loans and long-term borrowings".

Trade payables and other payables

Trade payables and other payables are carried at nominal value.

Share-based payments

The group has decided to apply IFRS 2 as from January 1, 2004.

Options for the subscription and purchase of shares granted by group companies to employees and directors give rise to recognition of a cost classified under employee benefits expense, with a corresponding increase in equity. In accordance with IFRS 2, only options granted after November 7, 2002 whose rights had not vested at December 31, 2003 have been measured and recognized at the date of transition to the IFRS.

Options for the subscription and purchase of shares are measured at fair value at the grant date and amortized over the vesting period. Option fair value is determined using the binomial method and taking account of dividends. Future volatility is determined on the basis of historic market prices, after correction for extraordinary events or factors.

The cost of options is reviewed on the basis of the actual number of options that have vested at the beginning of the exercise period.

Revenues, other revenues, interest income and dividends

Sale of goods and services

Revenues are recognized to the extent that the economic benefits associated with the sale of goods or rendering of services are collected by the group and the amount in question can be reliably determined.

Revenues are recognized at the fair value of the consideration received or due, taking account of any trade discounts and volume discounts.

Revenues from the sale of goods are recognized when the company transfers the significant risks and rewards incident to ownership of the goods to the purchaser.

Rental income

Rental income from investment property is recognized as other revenues as received.

Interest income

Interest income is classified as finance income on an accrual basis using the effective interest rate method.

Dividends

Dividends are recognized as finance income as shareholders' right to receive payment arises, in accordance with local laws.

Government grants

Government grants are recognized when there is a reasonable certainty that they will be received and all the requirements on which receipt depends have been fulfilled.

Grants related to the purchase or production of fixed assets (grants related to assets) are recognized by classifying the grants as deferred income to be taken to the income statement over the useful life of the underlying assets.

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Income tax

Current income tax is provided in accordance with local tax laws in the countries in which the group operates. Deferred tax is recognized using the balance sheet liability criterion, based on temporary differences between the tax base of assets and liabilities and their carrying amount in the balance sheet.

Deferred tax liabilities are recognized on all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable income will be available against which such differences, losses and credits may be reversed.

Taxable or deductible temporary differences do not generate recognition of deferred tax liabilities or assets only in the following cases:

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

Deferred tax assets are reviewed at the end of every reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available in the future against which the assets can be used in full or in part.

Deferred tax assets and liabilities are determined at tax rates expected to apply when the deferred tax asset (liability) is realized (settled), based on rates that have been enacted or substantially enacted at the balance-sheet date.

Tax relating to items credited or charged directly to equity is recognized in equity, not in income.

Derivative financial instruments

The group uses derivative financial instruments such as foreign currency forward contracts, interest rate swaps and options, to hedge exchange-rate and interest-rate risks. Derivative financial instruments are measured at fair value as established by IAS 39.

The fair value of foreign currency forward contracts is determined on the basis of the current forward exchange rates for contracts with similar maturity profiles.

The fair value of interest-rate contracts is determined on the basis of the fair value of similar instruments.

Hedge accounting

In keeping with IAS 39, financial derivatives can be accounted for in accordance with the rules established for Hedge Accounting only when:

- a) at the start of the hedge the formal designation and documentation reporting the cover is provided
- b) it is expected that the cover will be very effective
- c) its effectiveness can be reliably measured
- d) the cover can pass the effectiveness tests in all the accounting periods in which it is in operation.

Fair value hedge

For accounting purposes, hedging transactions are classified as "fair value hedges" if they cover the risk of changes in the fair value of the underlying asset or liability; or as "cash flow hedges" if they hedge cash flows arising from either an existing asset or liability or a future transaction, which are exposed to variability.

With regard to fair value hedges, which qualify for application of hedge accounting, fair value gains and losses on the derivative instrument are recognized as income or expense immediately.

Any gain or loss in the asset or liability underlying the hedge, attributable to the hedged risk, is recognized as a counter-entry in income.

If the movement refers to an interest-bearing financial instrument, it is amortized on the income statement until maturity.

Cash flow hedge

As for cash flow hedges (foreign currency forward contracts) to cover the company's fixed commitments, which qualify for application of hedge accounting, gains and losses arising from the derivative are charged to equity for intrinsic value, while the remainder (non-intrinsic) is charged to income.

Should the object of the hedge be a fixed commitment which leads to the creation of a non-financial asset or liability, the gain or loss that was originally allocated to equity is adjusted to the value at which the asset or liability was recorded as soon as it is recognized.

For all other cash flow hedges in relation to fixed commitments or future transactions, the gain or loss charged to equity is moved to income when the fixed commitment impacts on the income statement (for example, when the forecast sale actually takes place).

When financial instruments mature, are sold, settled or exercised or no longer qualify for hedge accounting, derivatives are no longer treated as hedging contracts.

In this case, gains or losses on the derivative are retained in equity until the hedged transaction takes place. If the group no longer expects the hedged transaction to take place, the net gain or loss in equity is transferred to the income statement.

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Exchange rates used to translate the financial statements of foreign operations

Exchange rates for 1 euro:

Currency	Average			Period end		
	June	December	June 2004	June	December	June 2004
US dollar	1.28472	1.24390	1.22734	1.20920	1.36210	1.21550
Pound sterling	0.68591	0.67867	0.67353	0.67420	0.70505	0.67075
Swiss franc	1.54620	1.54382	1.55312	1.54990	1.54290	1.52420
Thai baht	50.54652	50.05374	48.74302	49.93800	53.17770	49.74580
Moroccan dirham	11.07291	11.01703	10.98792	10.97850	11.35380	11.01900
Canadian dollar	1.58750	1.61673	1.64278	1.49000	1.64160	1.63430
Albanian lek	125.46111	127.30632	129.27884	124.19400	126.85900	123.15400
Egyptian lira	7.47949	7.69184	7.56453	7.00325	8.49279	7.51187
New Turkish lira *	1.72270	1,768,813.10	1,704,077.37	1.61670	1,826,800.00	1,806,868.00
Mauritanian ouguyia	337.18681	319.81459	314.57848	320.46800	346.45600	309.22300
Indian rupee	56.07171	56.34219	55.30766	52.62680	59.74040	55.86870
Sri Lankan rupee	128.17458	125.42460	120.18987	121.04400	142.85500	119.52600
Cypriot pound	0.58041	0.58185	0.58548	0.57350	0.58000	0.58150
Czech crown	30.07176	31.89148	32.44494	30.03000	30.46400	31.75500
Slovak crown	38.61390	40.02180	40.31760	38.41400	38.74500	39.87500
Serbian dinar	81.05380	72.27850	69.81990	83.16840	81.55800	69.83300
Hungarian florin	247.43900	251.65600	256.11300	247.24000	245.97000	251.60000
Ukrainian hryvna	6.67299	6.61962	6.54032	6.08331	7.23479	6.46378
Croatian kuna	7.42049	7.49045	7.51151	7.31300	7.69424	7.34859
Romanian leu	36,621.80	40,509.70	40,606.50	36,030.00	39,390.00	40,626.00
Bulgarian lev	1.95583	1.95583	1.95583	1.95583	1.95583	1.95583
Bosnian mark	1.95583	1.95583	1.95583	1.95583	1.95583	1.95583
Slovenian tallero	239.63700	239.08700	238.25100	239.47000	239.76000	239.99000
Kazakh tange	168.52287	168.93193	169.92654	163.24600	176.97900	165.26900

* The "New Turkish lira" was introduced as the currency in January 2005, at the following conversion rate: 1 YTL (New Turkish lira) = 1,000,000 TL (Turkish lira).

Reconciliation statements

Impact of the transition to the IFRS on the consolidated accounts at June 30, 2004

The following table compares the condensed income statement at June 30, 2004 published last year with that restated in accordance with the IFRS:

(in millions of euro)	1 st half 2004 IFRS	1 st half 2004 published	Change
Net sales	2,384.0	2,334.1	49.9
Gross operating profit	558.0	542.6	15.4
Operating income	402.3	347.7	54.6
Pre-tax income	380.5	339.3	41.2
Tax for the period	(129.8)	(131.2)	1.4
Group net income	250.7	208.1	42.6

The following table sets out a reconciliation of net profit for the first half of 2004 drawn up in accordance with the previous accounting policies and net profit for the first half of 2004 drawn up in accordance with the IFRS:

(in millions of euro)	Change
Under previous accounting policies	208.1
IAS 2 Change in average cost method - LIFO for Italy	(0.7)
IAS 16 Property, plant and equipment	6.1
IAS 29 Adoption of accounting for hyperinflationary economies	3.0
IAS 36 Elimination of amortization on goodwill and consolidation differences	31.1
Other	3.1
Under IFRS	250.7
Change	42.6

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Impact of application of IAS 32 and 39 on shareholders' equity and the net financial position at January 1, 2005

The group adopted IAS 32 and 39 as from January 1, 2005. The table below shows the effects of the two standards on the main Balance Sheet items and on the Net Financial Position at January 1, 2005.

(in thousands of euro)	December 31, 2004	January 1, 2005	Change IAS 32-39
Assets			
Equity investments valued at equity	332,913	333,692	779
Investments other	601,216	1,087,289	486,073
Receivables and other non-current assets	406,179	419,376	13,197
Deferred tax assets	34,045	34,583	538
<i>Non-current assets</i>	<i>1,374,353</i>	<i>1,874,940</i>	<i>500,587</i>
Trade receivables	1,062,664	1,241,993	179,329
Other assets	368,107	335,729	(32,378)
Receivables due from tax authorities	24,170	24,254	84
Investments and financial receivables	670,960	683,843	12,883
Cash and cash equivalents	373,280	373,293	13
<i>Current assets</i>	<i>2,499,181</i>	<i>2,659,112</i>	<i>159,931</i>
Assets	3,873,534	4,534,052	660,518
Shareholders' equity			
Reserves	213,253	645,881	432,628
Treasury shares, at cost		(21,192)	(21,192)
Retained earnings	1,484,651	1,479,797	(4,854)
Shareholders' equity	1,697,904	2,104,486	406,582
Minority interest	2,178,065	2,255,133	77,068
Total shareholders' equity	3,875,969	4,359,619	483,650
Liabilities			
Interest-bearing loans and long-term borrowings	2,020,256	2,094,396	74,140
Payables and other non-current liabilities	182	19,244	19,062
Deferred tax liabilities	329,110	322,286	(6,824)
<i>Non-current liabilities</i>	<i>2,349,548</i>	<i>2,435,926</i>	<i>86,378</i>
Bank overdrafts and short-term borrowings	444,528	514,443	69,915
Current financial payables	124,952	124,953	1
Payables due to tax authorities	39,696	39,778	82
Other liabilities	543,889	564,381	20,492
<i>Current liabilities</i>	<i>1,153,065</i>	<i>1,243,555</i>	<i>90,490</i>
<i>Liabilities</i>	<i>3,502,613</i>	<i>3,679,481</i>	<i>176,868</i>
Liabilities and shareholders' equity	7,378,582	8,039,100	660,518
Net debt	(1,312,477)	(1,470,328)	(157,851)

The increase of 483.7 million euro in shareholders' equity reflects:

- an increase of 520.3 million euro for fair value measurement of equity investments in non-consolidated companies;
- a decrease of 21.2 million euro for deduction of Italmobiliare treasury shares against equity;
- a decrease of 15.4 million euro for recognition of derivatives for exchange-rate and interest-rate risk hedging transactions, net of related deferred tax.

The 157.8 million euro increase in the net financial position reflects:

- 145.0 million euro for the re-recognition of trade receivables and loans and borrowings in respect of receivable factoring transactions;
- 23.7 million euro for recognition of derivatives for exchange-rate and interest-rate risk hedging transactions.
- the recording of equity investments for trading and other minor changes worth -10.8 million euro.

Consolidation area

The consolidation area show the following changes compared with June 30, 2004:

- **Entered the consolidation area:**

on a line-by-line basis

Bravosolution UK Ltd, Calcestruzzi Lamoni Beton S.p.A., Cemill S.p.A. (Italy); Menaf (France); Suez Cement Cy (*), Tourah Portland Cement (*), Suez Bag Cy (*) (Egypt).

On a proportionate basis

Italsigma (at 50%), Medcem (at 50%) (Italy); Atlantica de Graneles y Moliendas S.A. (at 50%) (Spain).

- **Discontinuation of operations**

Set Betoia Prefabrik (Turkey)

* On a line-by-line basis as from April 2005

The above movements in the consolidation area did not generate a significant change in the consolidated financial statements as a whole.

The significant equity investments in subsidiaries, joint ventures and associates and the respective consolidation method are listed in annex 1; information on these companies' registered office and the percentage of capital held is provided in the list of equity investments in the appendix.

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Seasonal nature of intermediate transactions

The group's core businesses are subject to seasonal market trends and this must be taken into account when examining and assessing performance in interim periods. Specifically, its operations are affected by meteorological conditions, which are usually less favorable in the winter months although obviously they vary from year to year. The main maintenance work on production plants generally takes place during this period of lower activity, and maintenance costs therefore tend to be concentrated in the first six months. Therefore, first-half performance is not a fully reliable indicator of full-year trends.

Disclosure breakdown

group disclosures are broken down, first, by business area and second by geographical region.

The business areas in which the group operates that provide the basis for the primary breakdown are: the construction sector, other industrial sectors (packaging and insulation), the financial sector, the banking sector, and the property and services sector.

The group management and organizational structure essentially reflects the primary business area breakdown. The group geographical sectors that represent the secondary breakdown are: the European Union, other European countries, North America, Asia, Africa, trading and others.

Trading includes cement and clinker marketing operations in the countries where group terminals are located: Gambia, Mauritania, Sri Lanka and Albania, as well as direct exports to markets that are not covered by group subsidiaries.

Business operations are organized and managed by type of activity and by country.

The transfer prices applied to transactions between business areas for the exchange of goods and services are conducted at normal market conditions.

Primary breakdown

A primary breakdown of revenues and results at June 30, 2005 is set out below.

	Net sales	Intragroup sales	Contribution net sales	Gross operating profit	Operating income	Income from companies valued on equity basis
(in thousands of euro)						
Construction	2,397,908	(2,410)	2,395,498	495,217	328,090	12,777
Packaging and insulation	80,229		80,229	12,177	8,655	11
Financial	77,103	(42,541)	34,562	62,598	62,572	1,595
Banking	20,717		20,717	4,915	3,852	
Property and services	1,426	(467)	959	(741)	(795)	(37)
Cross-sector eliminations	(45,418)	45,418		(41,201)	(41,605)	
Total	2,531,965		2,531,965	532,965	360,769	14,346

A primary breakdown of revenues and results at June 30, 2004 is set out below.

	Net sales	Intragroup sales	Contribution net sales	Gross operating profit	Operating income	Income from companies valued on equity basis
(in thousands of euro)						
Construction	2,258,778	(2,195)	2,256,583	522,611	371,912	11,016
Packaging and insulation	74,015		74,015	11,691	8,201	18
Financial	76,983	(45,477)	31,506	67,951	67,932	1,549
Banking	21,296	(50)	21,246	(110)	(1,603)	
Property and services	1,091	(446)	645		(33)	(10)
Cross-sector eliminations	(48,168)	48,168		(44,150)	(44,137)	
Total	2,383,995		2,383,995	557,993	402,272	12,573

Other information by primary breakdown at June 30, 2005 is set out below:

	June 30, 2005		June 30, 2005			
	Total assets	Total liabilities	Capital expenditure	Financial investments	Amortization of fixed assets	Impairment variation
(in thousands of euro)						
Construction	8,575,491	4,808,938	166,448	203,976	(166,827)	(300)
Packaging and insulation	147,421	107,547	7,465		(3,926)	
Financial	2,180,585	481,813	114	15,214	(25)	
Banking	312,113	224,476	10		(1,063)	
Property and services	55,718	29,101	178		(54)	(1)
Cross-sector eliminations	(481,506)	(56,330)				
Total	10,789,822	5,595,545	174,215	219,190	(171,895)	(301)

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Other information by primary breakdown at December 31, 2004 and at June 30, 2004 is set out below:

	December 31, 2004		June 30, 2004			
	Total assets	Total liabilities	Capital expenditure	Financial investments	Amortization of fixed assets	Impairment variation
(in thousands of euro)						
Construction	6,970,089	3,907,714	121,395	8,581	(150,055)	(644)
Packaging and insulation	138,681	98,431	7,499		(3,366)	(111)
Financial	1,635,782	448,977	41	22	(18)	(1)
Banking	295,405	200,106	1,093	55	(905)	
Property and services	37,772	23,715	37	700	(621)	
Cross-sector eliminations	(465,625)	(42,975)				
Total	8,612,104	4,635,968	130,065	9,358	(154,965)	(756)

Secondary breakdown

	Contribution revenues		Capital expenditure		Financial investments		Total assets		Total liabilities	
	06.30.05	06.30.04	06.30.05	06.30.04	06.30.05	06.30.04	06.30.05	12.31.04	06.30.05	12.31.04
(in thousands of euro)										
European Union	1,774,035	1,766,135	112,329	102,074	88,585	8,502	9,199,996	8,330,733	3,086,696	2,846,002
Other European countries	154,101	115,182	4,459	4,929		55	797,463	709,833	389,320	348,759
North America	264,958	244,473	40,547	14,787			791,030	693,790	292,949	258,049
Asia	120,170	110,695	5,173	3,083	11	170	511,598	472,983	113,309	100,280
Africa	161,068	100,120	7,415	3,229	124,400	515	1,280,694	623,361	309,915	89,826
Trading and others	57,633	47,390	4,292	1,963	6,194	116	3,312,314	2,779,908	1,896,777	1,621,996
Intra-area eliminations							(5,103,273)	(4,998,504)	(493,421)	(628,944)
Total	2,531,965	2,383,995	174,215	130,065	219,190	9,358	10,789,822	8,612,104	5,595,545	4,635,968

ASSETS

Non-current assets

1) Property, plant and equipment

	Land and buildings	Quarries	Technical plant, materials and equipment	Other property, plant and equipment	Total
<i>(in thousands of euro)</i>					
Gross value	1,556,198	592,268	4,925,805	643,097	7,717,368
Accum. depreciation	(900,568)	(171,115)	(3,420,003)	(285,785)	(4,777,471)
Net carrying amount at December 31, 2004	655,630	421,153	1,505,802	357,312	2,939,897
Additions	7,922	7,314	43,998	106,022	165,256
Change perimeter	42,746		233,626	14,803	291,175
Disposals	(1,198)	(707)	(428)	(1,037)	(3,370)
Depreciation	(22,494)	(9,884)	(121,419)	(11,939)	(165,736)
Translation differences	34,411	7,800	71,800	13,919	127,930
Other	3,467	1,980	147,063	(27,532)	124,978
Net carrying amount at June 30, 2005	720,484	427,656	1,880,442	451,548	3,480,130
Gross value	1,653,001	605,986	5,476,362	765,524	8,500,873
Accum. depreciation	(932,517)	(178,330)	(3,595,920)	(313,976)	(5,020,743)
Net carrying amount at June 30, 2005	720,484	427,656	1,880,442	451,548	3,480,130

Property, plant and equipment securing bank borrowings were carried at 113.6 million euro at June 30, 2005 and 108.4 million euro at December 31, 2004.

Property, plant and equipment held under finance leases and rental contracts were carried at 14.0 million euro at June 30, 2005 and 13.3 million euro at December 31, 2004 and related in the main to automobiles and aircraft.

Expense included in the value of "Property, plant and equipment" at June 30, 2005 totaled 6,092 thousand euro.

The useful lives adopted by the group for the main categories of assets are as follows:

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

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

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2) Investment property

Investment property of 28,154 thousand euro (28,231 thousand euro at December 31, 2004) is mainly measured at amortized cost.

The fair value of investment property at June 30, 2005 was 145.6 million euro.

3) Goodwill

(in thousands of euro)	Goodwill
Gross value	1,249,174
Accumulated amortization	(68,239)
Net carrying amount at December 31, 2004	1,180,935
Additions	2,198
Change perimeter	242,458
Translation differences	41,172
Other	209
Net carrying amount at June 30, 2005	1,466,972
Gross value	1,534,975
Accumulated amortization	(68,003)
Net carrying amount at June 30, 2005	1,466,972

The increase of 243.5 million euro in perimeter related for 215.8 million euro to the additional purchase of Suez Cement Company shares, so that, as a result of the public tender offer completed in March 2005, the Italcementi group raised its equity investment from 39.9% to 54.2% and acquired control.

As from April 2005, the Suez group has been consolidated on a line-by-line basis, having previously been consolidated with the equity method; the asset and liability values at the date on which control was acquired are set out in the following table; an expert assessment is currently underway to verify the fair value of the acquired assets and liabilities, consequently the amounts shown below are provisional. They will be finalized by March 31, 2006 at the latest.

(in millions of euro)	Consolidated financial statements of the Suez Cement Company group	
	Fair value attributed on acquisition	of which change in fair value
Net property, plant and equipment and other non-current assets	419.4	299.9
Inventories	75.6	(14.2)
Trade receivables and other current assets	19.1	
Cash and cash equivalents	51.5	
Trade payables and other current liabilities	(53.2)	
Deferred tax liabilities	(55.9)	(55.9)
Provisions for risks and charges	(29.7)	2.5
Loans and borrowings and other financial liabilities (short /long-term)	(60.2)	
Minority interest	(188.0)	
Fair value of acquired net assets	178.6	
Elimination of contribution to companies at equity	(217.6)	
Goodwill	215.8	
Revaluation of interest held previously	(52.4)	
Total cost of acquisition	124.4	
	Outlay in 2005	
Share purchase price	115.8	
Cost relating to acquisition	8.6	
Total acquisition cost	124.4	

The total net outlay for the acquisition of the Suez group in millions of euro is as follows:

Price paid for previous acquisitions	347.8
Price paid in 2005	124.4
Cash and cash equivalents acquired	(51.5)
Net outlay for acquisition	420.7

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The summarized income statement for the Suez group for the period from April 1 to June 30, 2005, consolidated in the Italcementi group, was as follows:

(in millions of euro)	Suez Cement Company group consolidated financial statements	
Net sales		52.5
Gross operating profit		11.1
Operating income		(0.4)
Financial income charges		(1.3)
Tax for the period		-
Income from companies valued on equity basis		11.3
Group net income		8.8
Minority interest		0.9

The operating profit of the Suez group includes non-recurring charges of 18 million euro relating to the personnel voluntary redundancy scheme at the Tourah subsidiary.

Share of results of associates includes positive tax effects of 6.2 million euro arising from the reduction in the local tax rate introduced on January 1, 2005.

In the first half of 2005, the Suez group reported revenues of 116.2 million euro, gross operating profit of 37.2 million euro, operating profit of 14.2 million euro and net profit for the period of 14.4 million euro.

Other increases in goodwill arose from the acquisition of 100% of two Italian companies, Cemill S.p.A. and Calcestruzzi Lamon Beton S.p.A., for 18.5 million euro and 9.0 million euro respectively, the outlay for which was 20.5 million euro for Cemill S.p.A. and 9.7 million euro for Calcestruzzi Lamon Beton S.p.A.; for both companies, consolidated line-by-line as from May 1, 2005, an expert assessment is currently underway to verify the fair value of the acquired assets.

Goodwill impairment

On transition to the IFRS, the group effected impairment tests on all cash generating units (CGU) to which goodwill had been attributed. The tests were performed by discounting the estimated operating cash flows on each CGU or, where available, using the market value of recent transactions on comparable assets. For the estimated cash flow approach, the discount rate was determined for each country in which the group operates with the weighted average cost of capital method. The impairment tests did not find any impairment on opening shareholders' equity at January 1, 2004 nor on the net profit for 2004.

During the first half of 2005, no indications of an impairment emerged such as to warrant additional tests. In accordance with the annual testing requirement, new impairment tests will be performed for the 2005 financial statements.

4) Intangible assets

	Concessions	Licenses and other rights	Other intangible assets	Total
(in thousands of euro)				
Gross value	5,055	53,077	61,917	120,049
Accum. amortization	(3,871)	(40,079)	(33,087)	(77,037)
Net carrying amount at December 31, 2004	1,184	12,998	28,830	43,012
Additions	1,196	6,311	1,417	8,924
Change perimeter		4	133	137
Disposals		(4,113)	3,826	(287)
Amortization	(400)	(2,504)	(2,763)	(5,667)
Translation differences		112	669	781
Other	5,123	4,501	(4,169)	5,455
Net carrying amount at June 30, 2005	7,103	17,309	27,943	52,355
Gross value	13,014	59,549	57,993	130,556
Accum. amortization	(5,911)	(42,240)	(30,050)	(78,201)
Net carrying amount at June 30, 2005	7,103	17,309	27,943	52,355

5) Investments in associates

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

(in thousands of euro)	Value of shares		Share of result		
	06.30.05	12.31.04	06.30.05	06.30.04	12.31.04
Ciments Quebec	53,240	47,400	865	1,900	6,700
Vassiliko Cement Works	49,565	48,064	1,757	1,503	3,400
Suez Cement group		182,391	11,322	7,084	10,600
Mittel	34,640	24,774	1,595	1,549	2,252
Ses	16,488	15,468			
Immobiliare Golf	1,319	1,357	(37)	(10)	(38)
Universal	454	469	11	18	43
Other	19,376	12,990	(1,167)	529	(636)
Total	175,082	332,913	14,346	12,573	22,321

The change compared with December 31, 2004 refers to the Suez group which, as a result of the increase in the investment and consequent acquisition of control, has been consolidated line-by-line as from April 1, 2005 and the increase in share capital underwritten in Mittel.

Goodwill included in associates totaled 20.4 million euro at June 30, 2005 and 143.8 million euro at December 31, 2004.

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6) Investments others

(in thousands of euro)	
At December 31, 2004	601,216
First-time application of IAS 32 and 39	486,073
At January 1, 2005	1,087,289
Acquisitions	210,474
Disinvestments	(16,150)
Fair value taken to equity	191,958
Change in perimeter and others	(160,179)
Translation differences	924
At June 30, 2005	1,314,316

Acquisitions in the first half totaled 210.5 million euro and included the further outlay for Suez Cement of 124.4 million euro, the purchase at the end of June of 100% of the shares of Cementificio di Montalto S.p.A. for 38.8 million euro, the investment in Cemill for 20.5 million euro, the investment in Calcestruzzi Lamom Beton for 9.7 million euro and the investment in Gim for 6.3 million euro.

Other investments at June 30, 2005 were as follows:

(in thousands of euro)	
Equity investments in listed companies	
Mediobanca	318,333
RCS MediaGroup	296,294
Unicredito	374,616
BPU	52,183
Gemina	25,559
GIM	9,706
	Total
	1,076,691
Equity investments in unlisted companies	
Asment	41,704
Cementificio di Montalto	38,812
Fin Priv	30,862
Cartiere Burgo	28,030
Consortium	24,388
Mediocredito	16,390
Sesaab	9,325
Other	48,114
	Total
	237,625
At June 30, 2005	1,314,316

The fair value of the listed companies has been determined on the basis of the official share price on the last trading day.

7) Receivables and other non-current assets

These assets totaled 429,490 thousand euro (419,376 thousand euro at January 1, 2005). The item includes receivables of 317,240 thousand euro (302,129 thousand euro at January 1, 2005) representing the principal and interest due for collection on the deposits lodged with banks at the time of issue of the "Floating rate subordinated securities", which are classified as loans under "non-current liabilities".

The deposits in question were made by Ciments Français S.A. and Unibeton S.A. for 51.1 and 22.3 million euro respectively.

Current assets

8) Inventories

(in thousands of euro)	June 30, 2005	December 31, 2004	Change
Raw, ancillary and consumable materials	413,651	309,072	104,579
Work-in-progress and semi-finished products	105,368	106,804	(1,436)
Contract work-in-progress	15,574	14,935	639
Finished goods	104,977	104,947	30
Payments on account	15,476	10,130	5,346
Total	655,046	545,888	109,158

Inventories are carried net of write-down provisions totaling 74,531 thousand euro (56,275 thousand euro in 2004) mainly against the risk of slow-moving ancillary and consumable materials. The increase in inventories and the related write-down provisions was largely due to the inclusion of the Suez group in the consolidation.

9) Trade receivables

(in thousands of euro)	June 30, 2005	January 1, 2005	Adoption of IAS 32 and 39	December 31, 2004
Gross amount	1,563,187	1,299,714	179,329	1,120,385
Write-downs	(67,120)	(57,721)		(57,721)
Net amount	1,496,067	1,241,993	179,329	1,062,664

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The increase in trade receivables was due to the seasonal nature of revenues. With regard to the long-term trade receivables factoring programs at the French subsidiaries Calcia and Arena, receivables factored at June 30, 2005 and December 31, 2004 totaled 145 million euro. They were covered by a primary guarantee of 33.5 million euro at June 30, 2005 and 34.3 million euro at December 31, 2004.

The factoring transactions described above do not meet the criteria of IAS 39, consequently the value reflected on the face of the balance sheet at June 30, 2005 is 178.5 million euro. The financial liability of 145 million euro relating to the factoring programs maturing at the end of 2005 and end of 2006 respectively is classified under current borrowings for 70 million euro and non-current borrowings for 75 million euro.

10) Cash and cash equivalents

(in thousands of euro)	June 30, 2005	December 31, 2004
Bank/post-office deposits at sight and cash at hand	331,815	250,209
Short-term deposits	161,136	123,071
Total	492,951	373,280

Short-term deposits have varying maturities, including three-month maturities, in relation to the group's financial requirements; interest matures at the respective short-term rates. The fair value of cash and cash equivalents corresponds to the balance sheet value.

SHAREHOLDERS' EQUITY AND LIABILITIES

Share capital, reserves and retained earnings

11) Share capital

At June 30, 2005 Parent company fully paid-up share capital amounted to 100,166,937 euro represented by 38,525,745 shares with a par value of 2.6 euro each, as follows:

(number of shares)	June 30, 2005	December 31, 2004	Change
Ordinary shares	22,182,583	22,182,583	-
Savings shares	16,343,162	16,343,162	-
Net amount	38,525,745	38,525,745	-

12) reserves

Share premium reserve

This reserve stood at 177,191 thousand euro and was unchanged from December 31, 2004.

Available for sale financial assets reserve

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

(in thousands of euro)	
At December 31, 2004	
Impact of first-time application of IAS 32 and 39	429,832
At January 1, 2005	429,832
Gains (losses) taken directly to reserve	149,271
Gains (losses) taken directly to income statement	(2,542)
At June 30, 2005	576,561

Derivatives reserve

This reflects movements for fair value adjustments to hedging derivative contracts.

(in thousands of euro)	
At December 31, 2004	(214)
Impact of first-time application of IAS 32 and 39	(4,267)
At January 1, 2005	(4,481)
Gains (losses) taken directly to reserve	1,308
Gains (losses) taken directly to income statement	214
At June 30, 2005	(2,959)

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Other IFRS reserves

This reflects accounting entries for stock option plans, which amounted to 3.6 million euro at June 30, 2005, and the revaluation of 14.6 million euro on the group interest in Suez before acquisition of control.

(in thousands of euro)	
At December 31, 2004	19,425
Impact of first-time application of IAS 32 and 39	7,063
At January 1, 2005	26,488
Gains (losses) taken directly to reserve	992
Change in consolidation area	14,646
At June 30, 2005	42,126

13) Treasury shares

During the half year Italmobiliare S.p.A. purchased 7,295 ordinary shares for a value of 348 thousand euro. At June 30, 2005 treasury share buybacks amounted to 21,540 thousand euro and were recognized in the treasury shares reserve, as shown below:

	No. of ordinary shares of euro	Carrying value in thousands	No. of savings shares	Carrying value in thousands of euro	Total carrying value
December 31, 2004	892,346	20,796	28,500	396	21,192
Additions	7,295	348	-	-	348
Disposals	-	-	-	-	-
June 30, 2005	899,641	21,144	28,500	396	21,540

Ordinary treasury shares held at June 30, 2005 will service stock option plans for Directors and managers.

Dividends paid

Dividends declared and paid by the Parent Company Italmobiliare S.p.A in the first half of 2005 and 2004 are as follows:

	2005 (euro per share)	2004 (euro per share)	June 30, 2005 (thousands of euro)	June 30, 2004 (thousands of euro)
Ordinary shares	1,100	1,000	23,419	21,290
Savings shares	1,178	1,078	19,219	17,587
Total dividends			42,638	38,877

14) Minority interest

Minority interest at June 30, 2005 increased by 549,606 thousand euro compared with December 31, 2004. This was due in part to the line-by-line consolidation of Suez Cement Company as a result of which minority interest of 201.0 million euro was recognized.

Net profit for the first half of 2005 attributable to minorities was 155,860 thousand euro from 157,844 thousand euro in the year-earlier period, while the reserve for translation differences increased by 79.2 million euro.

Non-current liabilities

15) Employee benefits liabilities

Employee benefits at June 30, 2005 totaled 209,489 thousand euro (201,008 thousand euro at December 31, 2004).

The group's main employee benefit plans are described below.

Defined benefit plans

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

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

Defined benefit plans also include the Provision for leaving entitlements for staff of the group's Italian companies, determined on an actuarial basis.

The group also recognizes liabilities in respect of future commitments in the form of bonuses payable to employees on the basis of length of service in some group companies in France and Italy, these liabilities are measured with actuarial assumptions.

Net liabilities at June 30, 2005 for pension plans, for post-employment benefits and for leaving entitlement provisions have been determined by projecting the amounts calculated on an actuarial basis for each plan at December 31, 2004 to June 30, 2005 and taking account of the contributions and indemnities actually paid during the half year. The calculation also takes account of the changes in the plans during the half year that had a material impact on the liability and on the related expense.

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Liabilities at December 31, 2004 were as follows:

(in millions of euro)	Pension plans and other long-term benefits		Post-employment medical benefits	Total
	Funded plans	Non-funded plans		
Discounted value of funded plans	118.8	115.8	57.9	292.5
Fair value of plan assets	94.1	-	-	94.1
Discounted value of non-funded plans	24.7	115.8	57.9	198.4
Unrecognized net actuarial gains/(losses)	(1.6)	(4.4)	(2.2)	(8.2)
Unrecognized costs on prior-period services	(0.3)		3.1	2.8
Net (assets)/liabilities	22.8	111.4	58.8	193.0
of which:				
Liabilities	24.6	111.4	58.8	194.8
Assets	1.8	-	-	1.8
Net (assets)/liabilities	22.8	111.4	58.8	193.0

(in millions of euro)	Pension plans and other long-term benefits 1 st half 2005	Post-employment medical benefits 1 st half 2005
Current cost of services	(5.6)	(0.7)
Finance costs on obligations assumed	(5.8)	(1.5)
Estimated revenues on plan assets	3.5	-
Net actuarial (losses) / gains recognized in period	2.0	-
Cost of prior-period services	(2.4)	0.3
Plan settlement or curtailment (losses) / gains	-	-
Total recognized in employee benefits expense	(8.3)	(1.9)

During 2005 payments relating to certain pension funds of the North American subsidiaries were revalued, generating a revaluation of the net liability. The movement on the liability has been recognized under employee benefits expenses for the half year.

In July 2004 following the termination of certain clauses relating to some pensions funds at the North American subsidiaries income of 1.8 million euro was recorded.

Actuarial assumptions

The main assumptions used in determining obligations on the group's pension plans and other long-term benefits are illustrated below:

(in %)	Europe	North America	Other countries
Discount rate	4.0 - 4.5	6.0	5.5 - 6.5
Expected yield on assets	4.5	7.8 - 8.6	-
Future wage and salary increases	2.5 - 3.5	4.0	3.5 - 5.0

The assumptions used at December 31, 2004 to determine commitments for post-employment medical benefits are as follows:

- in France, an increase in contributions to funds of 5% for 10 years and 2% for subsequent years. A discount rate of 4.75%.
- in the USA, the estimated increase in future expenses is calculated by applying a growth rate of approximately 10-11% for the following year, which gradually decreases to 5.5% over the long term. The discount rate is 6.0%.

Defined contribution plans

The group's defined contribution plans are pension plans and medical assistance plans.

Stock options

The group has arranged stock option plans for Directors, managers and employees who hold specific posts, at Italmobiliare S.p.A., Italcementi S.p.A., some Italian subsidiaries and Ciments Français SA.

The stock options granted by the Parent Company Italmobiliare S.p.A. refer to ordinary shares and may be exercised between the beginning of the fourth year and the end of the tenth year after grant; however, Directors who are not renewed when their term of office ends may exercise their options immediately and in any case within 10 years of the grant date; as a general rule, unexercised stock options assigned to managers are not recognized in the event of termination of employment with the group, except in the case of retirement.

Stock options are exercised at a rate of 1 share per option.

The terms and conditions of Italmobiliare S.p.A. stock option plans at June 30, 2005 are as follows:

Grant date	No. options assigned	Exercise period	Exercised options	Cancelled options	Unexercised options	Unit subscription price
March 24, 2003	49,283	1.1.2006-31.12.2012			49,283	€ 31.2800
March 30, 2004	96,080	1.1.2007-31.12.2013			96,080	€ 35.1990
March 30, 2005	108,437	1.1.2008-31.12.2014			108,437	€ 54.5355
Total	253,800				253,800	

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

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

	June 30, 2005		June 30, 2004		December 31, 2004	
	number options	average subscription price	number options	average subscription price	number options	average subscription price
Unexercised options at beginning of period	145,363	€ 33.8700	145,363	€ 33.8700	145,363	€ 33.8700
Granted during period	108,437	€ 54.5355				
Unexercised options at end of period	253,800	€ 42.7000	145,363	€ 33.8700	145,363	€ 33.8700
Exercisable options at end of period	-		-		-	

The average ordinary share price in the first half of 2005 was 52.95 euro (36.82 euro in the first half of 2004 and 42.04 euro for financial year 2004).

The residual average option life is 5.2 years. The option exercise price at June 30, 2005 was between 31.28 euro and 54.54 euro.

Only options granted after November 7, 2002 that had not vested at December 31, 2003 were measured and recognized at the date of transition to the IFRS.

The following table sets out the characteristics of all group stock option plans and their cost, which is accounted for under "employee benefits expense".

Grant date	Company	No. options granted	Vesting period	Employee benefits expense	
				1st half 2005	1st half 2004
February 12, 2003	Ciments Français	171,400	3 years	216	231
March 24, 2003	Italmobiliare	49,283	3 years	58	58
March 7, 2003	Italcementi	965,945	3 years	337	337
March 30, 2004	Italmobiliare	96,080	3 years	125	63
March 17, 2004	Italcementi	1,053,600	3 years	392	
March 30, 2005	Italmobiliare	108,437	3 years	113	
April 14, 2005	Ciments Français	169,400	3 years	187	
Total		2,614,145		1,428	689

The fair value of stock option plans at the grant date is estimated with a binomial model that takes dividends into account. The total option term is ten years. Volatility projections are based on the assumption that past volatility, determined as the annual average on a past period of three years net of extraordinary events, is indicative of future trends.

No other characteristic of the stock option plans is taken into consideration when measuring fair value.

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

	2005 plan	2003 plan	2002 plan
Option value at grant date	11.41	7.15	6.49
Share value	52.84	35.05	31.80
Exercise price	54.536	35.199	31.280
Volatility as %	17.5%	17.5%	17.5%
Option term (in years)	9.75	10	10
Dividends as %	1.89%	2.68%	2.96%
BTP 10 year no risk rate	3.275%	3.640%	3.790%

Financial position

As a result of adoption of IAS 32 and 39, the notes on movements in the net financial position (NFP), which consists of net debt and net floating rate subordinated securities (FRSS), refer to the position at January 1, 2005. Net debt at June 30, 2005 amounted to 1,817,696 thousand euro (1,470,328 thousand euro at January 1, 2005), as follows:

(in thousands of euro)	June 30, 2005		January 1, 2005		Adoption IAS 32/39		December 31, 2004	
Liquid funds and current financial assets	1,090,606		955,570		12,811		942,759	
Cash and cash equivalents		492,951		373,293		13		373,280
Investments and trading investments		595,897		579,993		10,852		569,141
Other assets		1,690		2,102		1,946		156
Other non-current receivables		68		182				182
Short-term financing	(824,261)		(654,352)		(90,526)		(563,826)	
Bank overdrafts and short-term borrowings		(724,958)		(508,789)		(69,915)		(438,874)
Interest-bearing loans and short-term borrowings		(89,857)		(124,952)				(124,952)
Other liabilities		(9,446)		(20,611)		(20,611)		
Medium/long-term financial assets	49,346		40,599		13,066		27,533	
Other non-current receivables		49,346		40,599		13,066		27,533
Medium/long-term financing	(2,125,986)		(1,789,633)		(93,202)		(1,696,431)	
Interest-bearing loans and long-term borrowings		(2,105,816)		(1,770,167)		(73,736)		(1,696,431)
Payables and other non-current liabilities		(20,170)		(19,466)		(19,466)		
Total net debt	(1,810,295)		(1,447,816)		(157,851)		(1,289,965)	
Net FRSS	(7,401)		(22,512)				(22,512)	
Receivables and other non-current assets		317,240		302,129				302,129
Interest-bearing loans and long-term borrowings		(324,641)		(324,641)				(324,641)
Net debt	(1,817,696)		(1,470,328)		(157,851)		(1,312,477)	

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The rise in net debt from January 1, 2005, was 347,368 thousand euro, as follows:

(in thousands of euro)	June 30, 2005	January 1, 2005	Change
Liquid funds and current financial assets	1,090,606	955,570	135,036
Short-term financing	(824,261)	(654,352)	(169,909)
Change short-term net debt	266,345	301,218	(34,873)
Medium/long-term financial assets	49,346	40,599	8,747
Medium/long-term financing	(2,125,986)	(1,789,633)	(336,353)
Change medium/long-term net debt	(2,076,640)	(1,749,034)	(327,606)
Total net debt	(1,810,295)	(1,447,816)	(362,479)
Net FRSS	(7,401)	(22,512)	15,111
Total net debt + FRSS	(1,817,696)	(1,470,328)	(347,368)

The increase arose mainly from significant financial and industrial investments in the first half (406.1 million euro) and payment of dividends (139.2 million euro), offset in part by cash flows on operations (162.7 million euro).

16) Loans and borrowings

Loans and borrowings were as follows:

(in thousands of euro)	June 30, 2005	January 1, 2005	Adoption IAS 32/39	December 31, 2004
Floating rate subordinated securities	324,641	324,641		324,641
Amounts due to banks	1,106,237	1,061,788	75,348	986,440
Debentures	610,341	541,066	(1,208)	542,274
Amounts due to other providers of finance	383,057	159,972		159,972
Finance lease payables	6,181	7,251		7,251
Fair value of hedging derivatives	20,170	19,062	19,062	
Interest-bearing loans and long-term borrowings	2,450,627	2,113,780	93,202	2,020,578
Amounts due to banks	737,207	514,443	69,915	444,528
Current portion	66,487	104,576		104,576
Debentures	5,726	5,726		5,726
Amounts due to other providers of finance	12,832	10,332	1	10,331
Finance lease payables	2,512	1,822		1,822
Fair value of hedging derivatives	9,446	20,611	20,611	
Interest-bearing loans and short-term borrowings	834,210	657,510	90,527	566,983
Total loans and borrowings	3,284,837	2,771,290	183,729	2,587,561

		Effective interest rate	Maturity	06.30.2005	01.01.2005	Adoption IAS 32-39	12.31.2004
<i>(in thousands of euro)</i>							
Floating rate subordinated securities	Euribor 6 month			324,641	324,641		324,641
Amounts due to banks				1,106,237	1,061,788	75,348	986,440
Loans				1,031,237	986,787	346	911,437
Factoring operations		2.2400%	2006	75,000	75,001	75,002	75,003
Debentures				610,341	541,066	(1,208)	542,274
EMTN	350 m. euro	6.0119%	2009	363,700	362,100	12,100	350,000
For private investors	180 m. US \$	5.7882%	2012	148,000	126,800	(13,300)	140,100
For private investors	20 m. US \$	5.8121%	2014	16,500	20,000		20,000
For private investors EMTN		4.5016%	2013	15,000	15,000		15,000
For private investors EMTN		3.5182%	2010	50,000			
For private investors amortizable	Euribor 3 month	3.4390%	2006	17,200	17,200		17,200
Amounts due to other providers of finance				383,057	159,972		159,972
Billet de trésorie		2.1200%		362,000	143,000		143,000
Other				21,057	16,972		16,972
Finance lease payables				6,181	7,251		7,251
Fair value of hedging derivatives				20,170	19,062	19,062	
Interest-bearing loans and long-term borrowings				2,450,627	2,113,780	93,202	2,020,578
Amounts due to banks				737,207	514,443	69,915	444,528
Loans				667,207	444,443	(85)	444,528
Factoring operations		2.4100%	2005	70,000	70,000	70,000	
Current portion				66,487	104,576		104,576
Debentures				5,726	5,726		5,726
For private investors amortizable	Euribor 3 month	3.4390%	2006	5,726	5,726		5,726
Amounts due to other providers of finance				12,832	10,332	1	10,331
Other				12,832	10,332	1	10,331
Finance lease payables				2,512	1,822		1,822
Fair value of hedging derivatives				9,446	20,611	20,611	
Interest-bearing loans and short-term borrowings				834,210	657,510	90,527	566,983
Total loans and borrowings				3,284,837	2,771,290	183,729	2,587,561

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Non-current loans and borrowings by currency:

(in thousands of euro)	June 30, 2005	January 1, 2005	Adoption IAS 32-39	December 31, 2004
Euro	2,206,444	1,925,646	88,200	1,837,446
US and Canadian dollar	182,700	166,000	5,800	160,200
Egyptian lira	41,800			
Indian rupee	9,500	9,600		9,600
Thai baht	9,200	11,100		11,100
Czech crown	445			
Slovak crown	121			
Hungarian florin	204	205		205
Bulgarian lek	9	12		12
Other	204	1,217	(798)	2,015
Total	2,450,627	2,113,780	93,202	2,020,578

In relation to the above, 50 million US dollars were hedged by a cross-currency swap at a rate of 1 euro = 1 US dollar, and are therefore valued at 50 million euro.

Non-current loans and borrowings by maturity:

(in thousands of euro)	June 30, 2005	December 31, 2004
2006	204,980	272,917
2007	247,136	143,733
2008	10,893	205,040
2009	1,301,366	891,403
2010	1,033	1,871
Beyond	685,219	505,614
Total	2,450,627	2,020,578

Amounts due to banks

Current amounts due to banks included 70.0 million euro relating to receivables factoring at an effective rate of 2.41%.

Non-current amounts due to banks

At June 30, 2005 these totaled 1,106,237 thousand euro, including 75.0 million euro relating to receivables factoring at an effective rate of 2.24%.

The group's main borrowings are as follows:

- two ordinary loans obtained by Italcementi S.p.A. in 2004 due in December 2009 for an overall total of 250 million euro;
- use of 150 million euro on credit lines obtained by Italcementi and expiring in 2013;

- a 125 million euro loan obtained in 2001 due on October 22, 2007;
- a six-year variable-rate loan obtained in April 2002 for 109.5 million euro;
- a 126.8 million euro BNP Paribas variable-rate loan due in 2009;
- a 90.1 million euro Mediobanca variable-rate loan due in 2009;
- a 24.8 million euro SO.GEN variable-rate loan due in 2009;
- a 25.0 million euro San Paolo IMI variable-rate loan due in 2009;
- a 25.3 million euro Calyon variable-rate loan due in 2007.

Debentures

On March 3, 2005 the subsidiary Ciments Français International S.A. issued a five-year 50 million euro bond at a fixed rate of 3.496%.

Financial instruments

The group uses derivative financial instruments to hedge the risk of fluctuations in interest rates and exchange rates.

Interest-rate risk

In the event of changes in market rates, the group's financial assets and liabilities are exposed to two types of risk:

- "opportunity cost" risks on fixed-rate borrowing and lending transactions, i.e., risk of variations in the market value of such transactions;
- risk of changes in positive or negative income flows on variable-rate borrowing and lending transactions.

The group manages this dual risk by setting targets for the apportionment of its Net Financial Position between variable rates and fixed rates.

It hedges interest-rate risks by transacting Interest Rate Swaps and Forward Rate Agreements, as well as cap and floor options; the group does not take net sale positions on options and does not collect net premiums on options.

Exchange rate risks

The group companies are structurally exposed to the risk of exchange-rate fluctuations on cash flows from operating activities and financing activities denominated in currencies other than the reporting currency used by each group company.

Exposure refers mainly to US dollar solid fuel purchases, US dollar exports of cement and clinker by some subsidiaries (Bulgaria, Thailand, Egypt), some borrowings denominated in euro underwritten by the companies in India, and borrowings denominated in US dollars transacted by Ciments Français S.A.

The group hedges these risks with forward currency purchase and sale contracts, as well as currency put and call options, on which it does not collect net premiums. The group does not transact forward and option contracts for speculative purposes.

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Fair value of derivative financial instruments

The fair value of the financial instruments in the financial statements, subdivided by type of hedge, is shown below:

(in thousands of euro)	June 30, 2005		January 1, 2005	
	Assets	Liabilities	Assets	Liabilities
Derivatives on interest rates to hedge cash flows	636	7,607	766	18,108
Derivatives on trading interest rates	19	924	121	710
Derivatives on exchange rates to hedge cash flows	966	713	927	1,576
Derivatives on exchange rates to hedge fair value		197	85	
Derivatives on trading exchange rates	69	5	206	217
Banking derivatives - forward	6,568	6,191	6,486	6,262
Banking derivatives - options	842	803	1,987	1,988
Total current instruments	9,100	16,440	10,578	28,861
Derivatives on interest rates to hedge cash flows	903	10,967	210	5,770
Derivatives on interest rates to hedge fair value	15,662		12,486	
Derivatives on exchange rates to hedge fair value		9,203		13,292
Total non-current instruments	16,565	20,170	12,696	19,062
Total	25,665	36,610	23,274	47,923

Market value of financial assets and liabilities

(migliaia di euro)	June 30, 2005	
	Fair Value	Carrying amount
Financial assets		
Cash and cash equivalents	492,951	492,951
Current derivative instruments	1,690	1,690
Trade receivables	1,496,067	1,062,664
Zero coupons linked to FRSS	325,500	317,240
Equity investments	1,314,316	1,314,316
Non-current derivative instruments	16,565	16,565
Financial liabilities		
Trade payables	747,387	747,387
Interest-bearing loans and short-term borrowings	12,832	12,832
Derivative instruments	29,616	29,616
Floating rate subordinated securities	324,641	324,641
Variable and fixed rate loans and borrowings	2,929,655	2,909,055
Finance lease payables	8,693	8,693

17) Provisions

Non-current and current provisions amounted to 282,741 thousand euro at June 30, 2005, an increase of 30,849 thousand euro compared with December 31, 2004.

(in thousands of euro)	Opening amount	Additions	Decreases	Translation difference	Other changes	Total changes	Closing amount
Tax risks	39,040	419	(9,547)	1,704	24,484	17,060	56,100
Environmental restoration	73,480	3,765	(3,061)	2,372	(794)	2,282	75,762
Legal disputes	14,303	1,284	(3,184)	512	470	(918)	13,385
Other provisions	125,069	16,206	(10,776)	1,416	5,579	12,425	137,494
Total	251,892	21,674	(26,568)	6,004	29,739	30,849	282,741
Non-current portion	250,132						272,902
Current portion	1,760						9,839
Total	251,892						282,741

Provisions for tax risks

These totaled 56,100 thousand euro and reflect provisions for tax-related liabilities that are considered probable as a result of tax audits and adjustments to tax returns; adequate provision for tax has been made with respect to tax audits notified to group companies during the first half that are considered probable and well founded.

Other changes of 21.6 million euro refer to tax disputes at the Suez group.

Regarding Italcementi S.p.A., the Milan Regional Tax Commission confirmed the substantial annulment of the 1987 adjusted assessment, already ordered by the trial judges. An appeal could be made on this matter to the superior appellate court (Corte di Cassazione). The disputes are still open on the Italcementi S.p.A. tax returns for 1987, 1996, 1997, 1998 and 1999, the adjustments to which are substantially groundless, an opinion also held by independent experts. Appropriate provision has, however, already been made in relation to the probable liabilities arising on these disputes.

With reference to the appeals presented by the company, the Bergamo Provincial Tax Commission substantially overturned the adjusted assessments for 1997, 1998 and 1999.

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18) Deferred tax liabilities

Net deferred tax liabilities amounted to 357,031 thousand euro at June 30, 2005 and were made up as follows:

(in thousands of euro)	June 30, 2005	January 1, 2005	Adoption IAS 32-39	December 31, 2004
Deferred tax assets	18,342	34,583	538	34,045
Provision for deferred tax	(375,373)	(322,286)	6,824	(329,110)
Total	(357,031)	(287,703)	7,362	(295,065)
Temporary differences	(378,692)	(306,955)	7,362	(314,317)
Tax losses	21,661	19,252		19,252
Total	(357,031)	(287,703)	7,362	(295,065)

The increase in deferred tax liabilities arose largely from consolidation of the Suez group for 58.2 million euro.

19) Income tax liabilities

These totaled 78,422 thousand euro (39,696 thousand euro at December 31, 2004) and reflected amounts due to tax authorities accrued in the period.

20) Other liabilities

(in thousands of euro)	June 30, 2005	December 31, 2004	Change
Due to employees	87,545	84,141	3,404
Due to social security authorities	53,351	52,206	1,145
Due to tax authorities	90,913	62,701	28,212
Accruals and deferred income	24,137	17,156	6,981
Other amounts due	369,263	327,685	41,578
Total	625,209	543,889	81,320

Other amounts due include advances from customers, suppliers for fixed assets and amounts due for purchases of equity investments and securities.

Dealings with related parties

Dealings with related parties are illustrated in the Directors' Report on Operations.

Investments in joint ventures

The group's most significant joint ventures are the Indian companies Zuari Cement Co. and its subsidiary Sri Vishnu.

The interest recorded in the group consolidated financial statements in the assets and liabilities and revenues and expense of the two companies is shown below:

(in millions of euro)	June 30, 2005	December 31, 2004
Current assets	8.5	8.3
Non-current assets	71.9	64.9
Total assets	80.4	73.2
Current liabilities	17.1	15.4
Non-current liabilities	17.9	17.1
Total liabilities	35.0	32.5

(in millions of euro)	June 30, 2005	June 30, 2004
Revenues	24.1	19.9
Expense	(24.9)	(21.0)
Pre-tax income	(0.8)	(1.1)

At June 30, 2005 the group had commitments totaling 15.5 million euro in respect of mortgages on the assets of the Indian companies.

Companies operating in hyperinflationary economies

The financial statements of the Turkish companies are set out in the local currency and then translated into euro as indicated in the section on accounting policies.

The trend in the index used for the reindexing of the Turkish lira is shown below:

(milioni di euro)	Value at June 30 2005	Change 1 st half 2005	Change 1 st half 2004
Index			
Production prices	8,563.24	1.9%	8.1%

Emission rights

IFRIC 3 on the accounting treatment of emission rights was withdrawn by the IASB in June 2005. The European Financial Reporting Advisory group (EFRAG) had previously recommended that this standard not be adopted since it did not provide a true representation of economic facts.

Until a new text is published, the group has adopted a provisional accounting policy, under which it makes a provision should it produce emissions higher than the allocated allowances.

As noted in the Directors' Report on Operations, within the group, the European Directive on trading of greenhouse gas emission quotas concerns production of cement in Italy, France, Belgium, Spain, Greece, electricity (Italy-Italgen S.p.A.) and lime (France-Socli S.A.). To date, all the national allocation plans (NAPs) over

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a three-year period have been approved, with the exception of the Italian plan, on which the European Commission has requested a reduction in the total volume of allowances. In the EU countries in which the group operates, the quotas are allocated free of charge. By the end of April 2006 the companies concerned are to return a number of emission quotas (or rights) equal to the CO₂ emissions produced in 2005. Emission volumes are monitored internally at plants and certified by an accredited independent body. Failure to return an emission quota is subject to a fine of 40 euro per metric ton of CO₂ issued in 2005-2007 (100 Euro in 2008-2012). Emissions on which a fine is applied are not exempt from the quota return obligation. Emission quotas may be bought or sold on the market. Quota transfers are recorded on a national register. At June 30, 2005 the average price was 25 euro per metric ton.

The quotas assigned to the group installations (excluding Italy) and attributed to 2005 on a proportionate basis amount overall to 7.8 million metric tons of CO₂ compared with emissions at the production units concerned of 3.7 million metric tons up to June 30, and appear overall to be congruous with 2005 projected emissions. During the first half the group did not buy and/or sell emission rights. Consequently no entries have been made for emission rights in the consolidated accounts at June 30, 2005.

An assessment will be possible for Italy when the final quotas have been assigned.

Commitments

(in millions of euro)	June 30, 2005	December 31, 2004
Guarantees on company assets for loans and borrowings:		
- Pledges	131.1	100.8
- Mortgages and liens	39.1	35.3
Total guarantees on company assets for loans and borrowings	170.2	136.1
Deposits, guarantees, other	93.1	86.2
Purchase/sale commitments	45.4	26.1
Factoring		145.0
Total	308.7	393.4

Guarantees on company assets consist mainly of mortgages guaranteeing loans and borrowings at the Thai and Indian subsidiaries, and Tourah Cement securities pledges guaranteeing borrowings in Egypt.

Factoring transactions were re-recognized under loans and borrowings at January 1, 2005 as a result of application of IAS 32 and 39.

Following the acquisition of Devnya Cement AD (Bulgaria) in 1998 and since 1988 the group undertook to make investments totaling 100 million dollars over 10 years. The outstanding commitment at June 30, 2005 was 10.7 million US dollars.

As a result of the transaction through which control of the Suez Cement Company was acquired, the group undertook to make investments of not less than 1 billion Egyptian lira (approximately 130 million euro) over the next ten years, for modernization work, extensions and environmental protection measures at the Suez and Tourah production sites.

Income statement

21) Revenues

Revenues from sales and services totaled 2,531,965 thousand euro, as follows:

(in thousands of euro)	1 st half 2005	1 st half 2004	Change	% change
Industrial revenues	2,476,126	2,330,702	145,424	6.2%
Financial revenues	34,408	31,541	2,867	9.1%
Banking revenues	20,858	21,131	(273)	-1.3%
Property and services revenues	573	621	(48)	-7.7%
Total	2,531,965	2,383,995	147,970	6.2%

22) Goods and utilities expense

(in thousands of euro)	1 st half 2005	1 st half 2004	Change	% change
Raw materials and semi-finished goods	308,609	278,939	29,670	10.6%
Fuel	172,286	130,734	41,552	31.8%
Packaging, materials and machinery	144,539	130,295	14,244	10.9%
Finished goods	112,519	82,801	29,718	35.9%
Electricity, water, gas	169,267	145,311	23,956	16.5%
Change in inventories of raw materials, consumables and other	(27,506)	(7,524)	(19,982)	265.6%
Total	879,714	760,556	119,158	15.7%

Goods and utilities expense amounted to 879,714 thousand euro, as follows:

23) Services expense

Services expense at 606,558 thousand euro referred to:

(in thousands of euro)	1 st half 2005	1 st half 2004	Change	% change
External services and maintenance	213,610	209,491	4,119	2.0%
Transport	241,274	237,632	3,642	1.5%
Legal fees and consultancy	27,400	23,011	4,389	19.1%
Rents	40,257	39,226	1,031	2.6%
Insurance	20,508	19,927	581	2.9%
Subscriptions	5,244	4,896	348	7.1%
Other	58,265	54,313	3,952	7.3%
Total	606,558	588,496	18,062	3.1%

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24) Employee benefits expense

Total employee benefits expense was 449,230 thousand euro, as follows:

(in thousands of euro)	1 st half 2005	1 st half 2004	Change	% change
Wages and salaries	290,179	272,300	17,879	6.6%
Social security contributions	99,842	95,411	4,431	4.6%
Provisions and pension funds	15,086	20,049	(4,963)	-24.8%
Cost of stock option plans	1,428	689	739	107.3%
Other expense	42,695	36,588	6,107	16.7%
Total	449,230	425,037	24,193	5.7%

"Other expense" relates mainly to the cost of supply personnel, canteen costs, employee insurance costs, and personnel training and recruitment.

The number of employees is shown below:

(heads)	1 st half 2005	1 st half 2004	Change	December 31, 2004
Number of employees at period end *	21,484	18,594	2,890	18.345
Average number of employees *	20,012	18,555	1,457	18.541

* Includes personnel of the Suez group companies as from April 1, 2005

25) Other operating income/(expense)

Other operating expense net of other operating income amounted to 73,229 thousand euro, as follows:

(in thousands of euro)	1 st half 2005	1 st half 2004	Change	% change
Other taxes	33,054	31,749	1,305	4.1%
Provision for bad debts	7,073	6,145	928	15.1%
Provision for environmental restoration - quarries	8,378	6,359	2,019	31.8%
Other expense	25,785	25,976	(191)	-0.7%
Other income	(1,061)	(345)	(716)	207.5%
Total	73,229	69,884	3,345	4.8%

26 Other income/(expense)

Other expense net of other income amounted to 1,543 thousand euro (4,180 thousand euro at June 30, 2004) and included non-recurring charges for 18 million euro on voluntary redundancy schemes at the Egyptian company Tourah Portland Cement and net gains of 15.1 million euro realized on sales of property, plant and equipment and investment property.

27) Amortization and depreciation

The total amount of 171,895 thousand euro (154,965 thousand euro at June 30, 2004) consisted of depreciation of property, plant and equipment and investment property for 159,113 thousand euro (142,791 thousand euro at June 30, 2004) and amortization of intangible assets for 12,782 thousand euro (12,174 thousand euro at June 30, 2004).

28) Financial income and charges

Finance costs, net of finance income amounted to 23,086 thousand euro, as follows:

(in thousands of euro)	1 st half 2005	1 st half 2004	Change	% change
Income and gains on equity investments	8,107	6,074	2,033	33.5%
Interest income and finance income	42,063	25,941	16,122	62.1%
Interest expense and other finance costs	(76,686)	(69,986)	(6,700)	9.6%
Net translation differences	3,430	3,684	(254)	-6.9%
Total	(23,086)	(34,287)	11,201	-32.7%

29) Income from companies valued on equity basis

The net amount at June 30, 2005 of 14,346 thousand euro (12,573 thousand euro at June 30, 2004) consisted of profits from associates for 16,393 thousand euro, including the Suez Cement group for 11,323 thousand euro, Vassiliko Cement Works Ltd for 1,757 thousand euro and Mittel for 1,595 thousand euro, less losses of 2,047 thousand euro, including Innocon Inc for 1,898 thousand euro.

30) Tax for the period

Income tax expense for the first half of 2005 was 101,580 thousand euro, as follows:

(in thousands of euro)	1 st half 2005	1 st half 2004	Change	% change
Current tax	109,089	128,694	(19,605)	-15.2%
Deferred tax	1,654	5,685	(4,031)	-70.9%
Prior-year tax and other net prior-year fiscally driven items	(9,163)	(4,549)	(4,614)	101.4%
Total	101,580	129,830	(28,250)	-21.8%

31) Earnings per share

Earnings per share at June 30, 2005 and 2004 is determined on the Parent Company result for the periods under review.

Earnings per share are stated separately for savings shares and for ordinary shares.

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Basic earnings per share

Weighted average number of shares:

	June 30, 2005		June 30, 2004	
	ordinary shares	savings shares	ordinary shares	savings shares
(in thousands of shares)				
No. of shares at January 1	22,183	16,343	22,183	16,343
Treasury shares at January 1	(893)	(28)	(890)	(28)
Weighted average number of treasury shares purchased during the period	(2)		(2)	
Total	21,288	16,315	21,291	16,315

Diluted earnings per share

Average weighted number of shares:

	June 30, 2005		June 30, 2004	
	ordinary shares	savings shares	ordinary shares	savings shares
(in thousands of shares)				
Weighted average number of shares at June 30	21,288	16,315	21,291	16,315
Effect of dilution for share options	153		99	
Total	21,441	16,315	21,390	16,315

Post balance-sheet events

Post balance-sheet events are described in the Directors' Report on Operations.

Annexes

Annex 1

CONSOLIDATED COMPANIES ON A LINE-BY-LINE BASIS

Name	Country
Italmobiliare S.p.A. - Parent company	Italy
Aliserio S.r.l.	Italy
Azienda vendite Acquisti A.V.A. S.r.l.	Italy
Axim Italia S.r.l.	Italy
BravoBus S.r.l.	Italy
BravoSolution S.p.A.	Italy
C.T.G. S.p.A.	Italy
Calcementi Jonici S.r.l.	Italy
Calcestruzzi Lamon Beton S.p.A.	Italy
Calcestruzzi S.p.A.	Italy
Cantiere Navale di Punta Ala S.p.A. in liquidation	Italy
Cassano Cave S.p.A.	Italy
Cemencal S.p.A.	Italy
Cemill S.p.A.	Italy
Duca d'Este S.r.l.	Italy
E.I.C.A. S.r.l.	Italy
E.S.A. Monviso S.p.A.	Italy
Franco Tosi S.r.l.	Italy
Gruppo Italsfusi S.r.l.	Italy
Intercom S.r.l.	Italy
Intermobiliare S.r.l.	Italy
Intertrading S.r.l.	Italy
Italcementi S.p.A.	Italy
Italmobiliare Servizi S.r.l.	Italy
Italgen S.p.A.	Italy
Nuova Sacelit S.r.l.	Italy
Populonia Italica S.r.l.	Italy
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Italy
SAMA S.r.l.	Italy
SICIL.FIN. S.r.l.	Italy
Silos Granari della Sicilia S.r.l.	Italy
Sirap Gema Insulation Systems S.r.l.	Italy
Sirap Gema S.p.A.	Italy
S.r.l. Nuove Costruzioni Edilizie Sance	Italy
Società del Gres ing. Sala S.p.A.	Italy

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Speedybeton S.p.A.	Italy
Terminal Riuniti S.r.l.	Italy
Arena S.A.	France
Axim S.A.	France
BCE S.A.	France
BCEAP S.n.c.	France
Béton Contrôle de l'Adour S.A.	France
Béton Contrôle du Pays Basque S.A.	France
Bonafini S.A.	France
BravoSolution France S.a.s.	France
Chatelet S.A.	France
Ciments Calcia S.A.	France
Ciments du Littoral S.A.	France
Ciments Français S.A.	France
Compagnie Financière et de Participations S.A.	France
Decoux S.A.	France
Esroc International	France
Eurarco France S.A.	France
Finter Bank France S.A.	France
Granulats de la Drôme S.a.s.	France
Granulats et Sables Marins S.a.s.	France
GSM S.A.	France
Immobilière des Technodes S.A.	France
Investcim S.A.	France
Johar S.A.	France
Larricq S.A.	France
Menaf	France
Raingeard Carrières Bétons et Compagnie S.n.c.	France
Sables d'Armor S.a.s.	France
Sables et Gravier de la Garonne GIE	France
Sadecib S.A.	France
Sax S.a.s.	France
Sirap Gema France S.a.s.	France
Soc. Civile Française de Participations Financières et Immobilières in liquidation	France
Société Civile Immobilière Beraut	France
Soc. Civile Immobilière d'Investissement et de Placement	France
Soc. Civile Immobilière Le Manet in liquidation	France

Annex 1 (continued)

Soc. Civile Particulière Immo	France
Société Internationale Italcementi France S.a.s.	France
Socli S.A.	France
Sodecim S.a.s.	France
Ste d'Investissement & de Participations du Littoral	France
Technodes S.a.s.	France
Tercim S.A.	France
Tragor S.A.	France
Tratel S.A.	France
Unibéton S.A.	France
Unibéton Var S.a.s.	France
Uniwerbétón S.a.s.	France
V.B.H. S.n.c.	France
Ath Béton	Belgium
Compagnie des Ciments Belges S.A.	Belgium
Compagnie Financière des Ciments S.A.	Belgium
Compagnie Financière des Ciments S.A.	Belgium
De Paepe Béton N.V.	Belgium
Sirap Gema International S.A. in liquidation	Belgium
Trabel Transports S.A.	Belgium
Petruzalek gesellschaft mbH	Austria
Sirap Gema GmbH in liquidation	Germany
Domiki Beton S.A.	Greece
ET Béton	Greece
Halyps Building Materials S.A.	Greece
BravoSolution UK Ltd	Great Britain
Italmobiliare International Finance Ltd	Ireland
Kayward Limited in liquidation	Ireland
Ciments Français International S.A.	Luxembourg
Sirap Gema Finance S.A.	Luxembourg
Société de Participation Financières Italmobiliare S.A.	Luxembourg
Société Internationale Italcementi (Luxembourg) S.A.	Luxembourg
Soparfinter S.A.	Luxembourg

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Crédit Mobilier de Monaco	Monaco
Eurotech Cement S.h.p.k.	Monaco
Société d'Etudes de Participations et de Courtages	Monaco
Italmobiliare International BV	Holland
Ciments Français Europe N.V.	Holland
Petruzalek spol S.r.o.	Czech Rep.
Petruzalek spol S.r.o.	Slovak Rep.
Petruzalek d.o.o.	Slovenia
BravoSolution Espana S.A.	Spain
Cementos Capa S.L.	Spain
Centro Administrativo y de Servicios de Malaga S.A.	Spain
Compania General de Canteras S.A.	Spain
Hormigones y Minas S.A.	Spain
Inversiones e Iniciativas en Aridos S.L.	Spain
Sociedad Financiera y Minera S.A.	Spain
Ventore S.L.	Spain
Hungaropack Kft	Hungary
Petruzalek Kft	Hungary
Eurotech Cement S.h.p.k.	Albania
Petruzalek d.o.o.	Bosnia
Bulgariapack GmbH	Bulgaria
Devnya Cement A.D.	Bulgaria
Marvex	Bulgaria
Vulkan A.D.	Bulgaria
Petruzalek d.o.o.	Croatia
Petruzalek Com S.r.l.	Romania
Petruzalek d.o.o.	Serbia

Annex 1 (continued)

Fincomind AG	Switzerland
Finconsult AG	Switzerland
Finter Bank Zürich S.A.	Switzerland
Interbulk Trading S.A.	Switzerland
Petruzalek o.o.o.	Ukraine
Arrowhead Investment Company	USA
Axim Concrete Technologies Inc.	USA
Berkeley Resource Recovery Ltd	USA
Capitol Cement Corporation	USA
Consumer Materials Inc.	USA
ES Cement Co.	USA
Essroc Cement Corp.	USA
Essroc Corporation	USA
Essroc Puerto Rico Holdings Inc.	USA
Essroc San Juan Inc.	Portorico (USA)
Greyrock Inc.	USA
Greyrock WV Inc.	USA
IPTP Corporation	USA
Nadco Inc.	USA
Riverton Corporation	USA
Riverton Investment Corporation	USA
Riverton Lime&Stone Co. Inc.	USA
Tomahawk Inc.	USA
155290 Canada Inc.	Canada
168232 Canada Inc.	Canada
168233 Canada Inc.	Canada
168257 Canada Inc.	Canada
Axim Concrete Technologies (Canada) Inc.	Canada
Essroc Canada Inc.	Canada
Asia Cement Products Co., Ltd	Thailand
Asia Cement Public Co., Ltd	Thailand
Jalaprathan Cement Public Co, Ltd	Thailand
Jalaprathan Concrete Products Co, Ltd	Thailand

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Naga Property Co	Thailand
Vaniyuth Co. Ltd	Thailand
Vesprapat Holding Co, Ltd	Thailand
Suez Bag Company	Egypt
Suez Cement Company	Egypt
Tourah Portland Cement Co.	Egypt
Axim Maroc	Morocco
Betomar S.A.	Morocco
Ciments du Maroc	Morocco
Industrie Sakia el Hamra "Indusaha" S.A.	Morocco
Procimar S.A.	Morocco
Finter Bank & Trust Ltd	Bahamas
Gacem Company Limited	Gambia
International Cement Traders Ltd	Sri Lanka
Mauritano-Française des Ciments	Mauritania
Italmed Cement Company Ltd	Cyprus
Shymkent Cement	Kazakhstan
Afyon Cimento Sanayi Tas	Turkey
Anadolu Cimentolari Tas	Turkey
Set Beton Madencilik Sanayi ve Tas	Turkey
Set Betoya Prefabrik Yapı Elemanları Sanayi ve Ticaret A.S.	Turkey
Set Cimento Sanayi ve Tas	Turkey
Set Group Holding	Turkey

Annex 1 (continued)

CONSOLIDATED COMPANIES ON A PROPORTIONATE BASIS

Name	Country
GESVIM S.r.l.	Italy
GIST S.r.l. Gamma Iniziative Sportive Turistiche	Italy
Ecoinerti S.r.l.	Italy
Italsigma S.r.l.	Italy
Mantovana Inerti S.r.l.	Italy
Medcem S.r.l.	Italy
Béton Contrôle de Montceau le Creusot S.A.	France
Carrières Bresse Bourgogne	France
Dragages et Carrières S.A.	France
Graves de l'Estuaire de la Gironde L.G.E.G.	France
Les Calcaires Girondins S.a.s.	France
Les Graves de l'Estuaire S.a.s.	France
Santes Béton Sarl	France
Société Calcaires Lorrains	France
Société Parisienne des Sablières S.A.	France
STE des Calcaires de Souppes sur Loing	France
Valoise S.a.s.	France
Société des Carrières du Tournais S.C.T. S.A.	Belgium
Atlantica de Graneles y Moliendas S.A.	Spain
Sri Vishnu Cement Ltd	India
Zuari Cement Ltd	India

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ASSOCIATES COMPANIES VALUED AT EQUITY

Name	Country
Cementi della Lucania S.p.A.	Italy
E.C.I.T. S.r.l.	Italy
General Cave S.r.l.	Italy
IMES S.r.l.	Italy
Immobiliare Golf di Punta Ala S.p.A.	Italy
Italconsult S.p.A.	Italy
Mantovana Inerti S.r.l.	Italy
S.A.F.R.A. S.r.l.	Italy
Silicalcite S.r.l.	Italy
Mittel S.p.A.	Italy
Soc. Editrice Siciliana S.E.S. S.p.A.	Italy
Universal Imballaggi S.r.l.	Italy
Béton Contrôle des Abers S.A.	France
Béton Saône S.A.	France
Dragages Transports & Travaux Maritimes S.A.	France
S.A. Dijon Béton	France
Stinkal S.a.s.	France
2003897 Ontario Inc.	Canada
Groupe Ciment Quebec Inc.	Canada
Innocon Partnership Agreement Inc.	Canada
Vassiliko Cement Works Ltd	Cyprus

Annex 2

The following table has been prepared in accordance with CONSOB resolution no. 11971, article 126, of May 14, 1999 which requires listed companies to disclose their equity investments in unlisted companies where such investments exceed 10% of the companies' share capital with voting rights.

To be consistent with the list of consolidated equity investments shown in the explanatory notes, equity investments in listed companies where such investments exceed 10% of the companies' share capital with voting rights are also included.

LIST OF COMPANIES

Company	Registered office			Share capital	% direct	% indirect	Held by group companies %	
Parent company								
Italmobiliare S.p.A.	Milan	IT	EUR	100,166,937				
Azienda Vendite Acquisti A.V.A. S.r.l.	Milan	IT	EUR	2,550,000	100.00	-	100.00	Italmobiliare S.p.A.
Bulgariapack GmbH	Sofia	BG	BGN	5,000	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)
Cantiere Navale di Punta Ala S.p.A. in liquidation	Milan	IT	EUR	516,000	-	100.00	100.00	Punta Ala Promozione e Sviluppo Immobiliare S.r.l.
Cartiere Burgo S.p.A.	Cuneo	IT	EUR	205,443,391.40	-	11.68	11.68	Société de Participation Financière Italmobiliare S.A.
Compagnia Fiduciaria Nazionale S.p.A.	Milan	IT	EUR	312,000	16.67	-	16.67	Italmobiliare S.p.A.
Credit Mobilier de Monaco S.A.	Monte Carlo	MC	EUR	5,355,000	-	99.91	99.91	Société de Participation Financière Italmobiliare S.A.
Duca D'Este S.r.l.	Milan	IT	EUR	49,400	-	100.00	100.00	S.r.l. Nuove Costruzioni Edilizie Sance
Fin.Priv. S.r.l.	Milan	IT	EUR	20,000	14.28	-	14.28	Italmobiliare S.p.A.
Fincomind AG	Zürich	CH	CHF	10,010,000	69.93	30.07	69.93 30.07	Italmobiliare S.p.A. Société de Participation Financière Italmobiliare S.A.
Finconsult AG	Zürich	CH	CHF	500,000	-	100.00	100.00	Finter Bank Zürich S.A.
Finter Bank & Trust (Bahamas) Ltd.	Nassau	BS	USD	5,000,000	-	100.00	100.00	Finter Bank Zürich S.A.
Finter Bank France S.A.	Paris	FR	EUR	11,744,000	-	100.00	65.49 32.50 1.61 0.40	Soparfinter S.A. Finter Bank Zürich S.A. Fincomind S.A. Soc.d'Etudes de Participations et de Courtages
Finter Bank Zürich S.A.	Zürich	CH	CHF	45,000,000	-	100.00	100.00	Fincomind S.A.
Franco Tosi S.r.l.	Milan	IT	EUR	127,500	-	100.00	100.00	Intermobiliare S.r.l.
GESVIM S.r.l.	Milan	IT	EUR	Delib. 1,500,000 Sott. e versato: 10,000	-	50.00	50.00	Azienda Vendite Acquisti A.V.A. S.r.l.
GIST S.r.l. Gamma Iniziative Sportive Turistiche	Milan	IT	EUR	612,000	-	50.00	50.00	Intermobiliare S.r.l.
Hungaropack Kft	Budapest	HU	HUF	4,800,000	-	100.00	69.80 30.20	Petruzalek Kft (Hungary) Sirap Gema Finance S.A.
Immobiliare Golf Punta Ala S.p.A.	Punta Ala (GR)	IT	EUR	5,164,000	-	36.50	11.75 24.75	Punta Ala Promozione e Sviluppo Immobiliare S.r.l. Azienda Vendite Acquisti A.V.A. S.r.l.

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Company	Registered office			Share capital	% direct	% indirect	Held by group companies %	
Immobiliare Lido di Classe S.p.A. in liquidation	Rome	IT	EUR	255,000	18.04	-	18.04	Italmobiliare S.p.A.
Intermobiliare S.r.l.	Milan	IT	EUR	5,160,000	100.00	-	100.00	Italmobiliare S.p.A.
Italmobiliare International BV	Amsterdam	NL	EUR	Delib. 75,000 Sott. 19,500	100.00	-	100.00	Italmobiliare S.p.A.
Italmobiliare International Finance Ltd.	Dublin	IR	EUR	1,300,000	99.99	0.01	99.99 0.01	Italmobiliare S.p.A. Intermobiliare S.r.l.
Italmobiliare Servizi S.r.l.	Milan	IT	EUR	260,000	100.00	-	100.00	Italmobiliare S.p.A.
Kayward Limited in liquidation	Dublin	IR	EUR	1,608	-	100.00	100.00	Soparfinter S.A.
Mittel S.p.A.	Milan	IT	EUR	66,000,000	12.91	-	12.91	Italmobiliare S.p.A.
Neyrtec Industrie S.A.	Le Pont de Claix	FR	FF	10,000,000	100.00	-	100.00	Italmobiliare S.p.A.
Petruzalek Com S.r.l. (Romania)	Bucharest	RO	ROL	26,000,000	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)
Petruzalek d.o.o. (Bosnia)	Sarajevo	BA	BAM	10,000	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)
Petruzalek d.o.o. (Croatia)	Samobor	HR	HRK	129,500	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)
Petruzalek d.o.o. (Serbia)	Belgrade	CS	CSD	1,027,618	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)
Petruzalek d.o.o. (Slovenia)	Maribor	SI	SIT	2,386,595	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)
Petruzalek Gesellschaft mbH (Austria)	Vösendorf	AT	EUR	1,000,000	-	100.00	100.00	Sirap Gema Finance S.A.
Petruzalek Kft (Hungary)	Budapest	HU	HUF	25,000,000	-	100.00	100.00	Sirap Gema Finance S.A.
Petruzalek o.o.o. (Ukraine)	Odessa	UA	UAH	214,831	-	90.00	90.00	Petruzalek Gesellschaft mbH (Austria)
Petruzalek spol. S.r.o. (Czech Rep.)	Breclav	CZ	CZK	2,300,000	-	100.00	100.00	Sirap Gema Finance S.A.
Petruzalek spol. S.r.o. (Slovak Rep.)	Bratislava	SK	SKK	460,000	-	100.00	100.00	Sirap Gema Finance S.A.
Populonia Italica S.r.l.	Milan	IT	EUR	1,040,000	100.00	-	100.00	Italmobiliare S.p.A.
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Milan	IT	EUR	1,300,000	99.48	0.52	99.48 0.52	Italmobiliare S.p.A. SICIL.FIN. S.r.l.
S.r.l. Nuove Costruzioni Edilizie Sance	Milan	IT	EUR	139,725	100.00	-	100.00	Italmobiliare S.p.A.
Sirap Gema Finance S.A.	Luxembourg	LU	EUR	7,797,220	-	100.0	99.97 0.03	Sirap Gema S.p.A. Intermobiliare S.r.l.
Sirap Gema France S.A.S.	Noves	FR	EUR	3,520,000	-	100.00	100.00	Sirap Gema S.p.A.
Sirap Gema GMBH in liquidation	Aalen	DE	EUR	26,000	-	100.00	100.00	Sirap Gema Finance S.A.
Sirap Gema Insulation Systems S.r.l.	Verolanuova (BS)	IT	EUR	2,715,000	-	100.00	100.00	Sirap Gema Finance S.A.
Sirap Gema International S.A. in liquidation	Brussels	BE	EUR	12,000,000	-	100.00	99.83 0.17	Sirap Gema Finance S.A. Société de Participation Financière Italmobiliare S.A.
Sirap Gema S.p.A.	Verolanuova (BS)	IT	EUR	17,020,905	100.00	-	100.00	Italmobiliare S.p.A.
Soc. Civile Française de Participations Financières et Immobilières in liquidation	Nice	FR	EUR	15,244.90	-	100.00	99.00 1.0	Soc.d'Etudes de Participations et de Courtages Soc. Civile Immobilière d'Investissement et de Placements
Soc. Civile Immobilière d'Investissement et de Placements	Nice	FR	EUR	15,244.90	-	100.00	99.00 1.00	Soc.d'Etudes de Participations et de Courtages Soc. Civile Française de Participations Financières et Immobilières in liquidation

Annex 2 (continued)

Company	Registered office			Share capital	% Held by group companies		Held by group companies %	
					direct	indirect		
Soc. Civile Immobilière Le Manet in liquidation	Cagnes sur Mer	FR	EUR	1,524.49	-	100.00	99.00	Soc. Civile Immobilière d'Investissement et de Placements 1.0 Soc. Civile Française de Participations Financières et Immobilières in liquidation
Soc. Civile Particulière Immobil	Cagnes sur Mer	FR	EUR	94,518.39	-	100.00	99.84	Soc.d'Etudes de Participations et de Courtages 0.16 Soc. Civile Immobilière d'Investissement et de Placements
Soc. Editrice Siciliana S.E.S. S.p.A.	Messina	IT	EUR	5,112,900	33.00	-	33.00	Italmobiliare S.p.A.
Société d'Etudes de Participations et de Courtages	Monte Carlo	MC	EUR	1,290,000	-	99.84	99.84	Société de Participation Financière Italmobiliare S.A.
Société de Participation Financière Italmobiliare S.A.	Luxembourg	LU	EUR	103,118,928	99.94	0.06	99.94	Italmobiliare S.p.A. 0.06 Intermobiliare S.r.l.
Soparfinter S.A.	Luxembourg	LU	EUR	5,000,000	-	100.00	97.85	Fincomind S.A. 2.15 Société de Participation Financière Italmobiliare S.A.
Universal Imballaggi S.r.l.	Palermo	IT	EUR	1,131,588	-	24.90	24.90	Sirap Gema S.p.A.
Italcementi S.p.A.	Bergamo	IT	EUR	282,548,942	36.82	1.40	36.82	Italmobiliare S.p.A. 1.40 Italcementi S.p.A. 58.73 voting rights: Italmobiliare S.p.A.
Aliserio S.r.l.	Bergamo	IT	EUR	2,270,000	10.00	90.00	10.00	Italmobiliare S.p.A. 90.00 Italcementi S.p.A.
Axim Italia S.r.l.	Sorisole (BG)	IT	EUR	2,000,000	-	100.0	99.90	Italcementi S.p.A. 0.10 SICIL.FIN. S.r.l.
Azienda Agricola Lodoletta S.r.l.	Bergamo	IT	EUR	10,400	-	75.00	75.00	Italcementi S.p.A.
Betodomi S.A.	Iraklion	GR	EUR	117,200	-	30.00	30.00	Domiki Béton S.A.
Beton System S.r.l.	Sassari	IT	EUR	576,871	-	100.00	100.00	Calcestruzzi S.p.A.
Betongenova S.r.l. in liquidation	Genova	IT	EUR	10,400	-	36.12	22.68	Calcestruzzi S.p.A. 13.44 Cemencal S.p.A.
BravoBus S.r.l.	Bergamo	IT	EUR	600,000	-	51.00	51.00	BravoSolution S.p.A.
BravoSolution S.p.A.	Bergamo	IT	EUR	21,437,379	8.29	80.24	8.29	Italmobiliare S.p.A. 80.24 Italcementi S.p.A.
BravoSolution Espana S.A.	Madrid	ES	EUR	120,400	-	99.99	99.99	BravoSolution S.p.A.
BravoSolution France S.a.s.	Boulogne Billancourt	FR	EUR	5,700,000	-	100.00	100.00	BravoSolution S.p.A.
BravoSolution UK Ltd	London	GB	GBP	50,000	-	100.00	100.00	BravoSolution S.p.A.
C.T.G. S.p.A.	Bergamo	IT	EUR	500,000	-	100.00	50.00	Italcementi S.p.A. 50.00 Ciments Français S.A.
Calcementi Jonici S.r.l.	Siderno (RC)	IT	EUR	9,000,000	-	100.00	99.90	Italcementi S.p.A. 0.10 SICIL.FIN. S.r.l.
Calcestruzzi Lamona Beton S.p.A.	Ravenna	IT	EUR	200,000	-	100.00	100.00	Calcestruzzi S.p.A.
Calcestruzzi S.p.A.	Bergamo	IT	EUR	138,000,000	-	100.00	99.90	Italcementi S.p.A. 0.10 SICIL.FIN. S.r.l.
Cassano Cave S.p.A.	Bergamo	IT	EUR	100,000	-	100.00	100.00	Calcestruzzi S.p.A.
Cava delle Capannelle S.r.l.	Bergamo	IT	EUR	31,200	-	49.00	49.00	Calcestruzzi S.p.A.

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Company	Registered office		Share capital		% direct	% indirect	Held by group companies	
							%	
Cemencal S.p.A.	Bergamo	IT	EUR	12,660,000	-	85.00	85.00	Calcestruzzi S.p.A.
Cementi della Lucania S.p.A.	Potenza	IT	EUR	619,746	-	30.00	30.00	Italcementi S.p.A.
Cementi e Calci di S. Marinella S.r.l.	Bergamo	IT	EUR	10,000	-	66.67	66.67	Italcementi S.p.A.
Cementificio di Montalto S.p.A.	Bergamo	IT	EUR	10,000,000	-	100.00	100.00	Italcementi S.p.A.
Cemill S.p.A.	Ravenna	IT	EUR	250,000	-	100.00	100.00	Terminal Riuniti S.r.l.
DO CLAS S.r.l.	Milan	IT	EUR	12,000	-	100.00	100.00	Calcestruzzi S.p.A.
Domiki Beton S.A.	Iraklion	GR	EUR	2,309,423	-	98.59	98.59	Calcestruzzi S.p.A.
E.C.I.T. S.r.l.	Ravenna	IT	EUR	104,208	-	50.00	50.00	Calcestruzzi S.p.A.
E.I.C.A. S.r.l.	Norcia (PG)	IT	EUR	49,500	-	66.67	66.67	Calcestruzzi S.p.A.
E.S.A. Monviso S.p.A.	Bergamo	IT	EUR	1,340,000	-	100.00	59.00 41.00	Calcestruzzi S.p.A. Cemencal S.p.A.
Ecoinerti S.r.l.	Recanati (MC)	IT	EUR	91,800	-	50.00	50.00	Calcestruzzi S.p.A.
Ecoserio S.r.l.	Bergamo	IT	EUR	48,960	-	12.50	12.50	Calcestruzzi S.p.A.
General Cave S.r.l.	Fiumicino (RM)	IT	EUR	31,200	-	50.00	50.00	Speedybeton S.p.A.
Gres Dalmine Resine Wavin S.c.a r.l.	Sorisole (BG)	IT	EUR	91,800	-	35.00	35.00	Società del Gres ing. Sala S.p.A.
Gruppo Italsfusi S.r.l.	Savignano s/P. (MO)	IT	EUR	156,000	-	100.00	99.50 0.50	Italcementi S.p.A. SICIL.FIN. S.r.l.
I.GE.PO. - Impresa Gestione Porti S.r.l. in liquidation	Vibo Valentia	IT	EUR	25,500	-	18.00	18.00	Italcementi S.p.A.
IMES S.r.l.	S. Cipriano Pic. (SA)	IT	EUR	206,000	-	100.00	99.00 1.00	Italcementi S.p.A. SICIL.FIN S.r.l.
Immobiliare Salesiane S.r.l.	Bergamo	IT	EUR	350,000	-	100.00	99.00 1.00	Italcementi S.p.A. SICIL.FIN S.r.l.
Intercom S.r.l.	Bergamo	IT	EUR	2,750,000	-	100.00	99.50 0.50	Italcementi S.p.A. SICIL.FIN S.r.l.
Intertrading S.r.l.	Bergamo	IT	EUR	4,160,000	-	100.00	99.50 0.50	Italcementi S.p.A. SICIL.FIN. S.r.l.
Italcementi Ingegneria S.r.l.	Bergamo	IT	EUR	266,220	-	100.00	100.00	Italcementi S.p.A.
Italconsult S.p.A.	Rome	IT	EUR	5,404,703,20	-	29.19	29.19	Italcementi S.p.A.
Italgen S.p.A.	Bergamo	IT	EUR	20,000,000	-	100.00	99.90 0.10	Italcementi S.p.A. SICIL.FIN S.r.l.
Italsigma S.r.l.	Bergamo	IT	EUR	1,500,000	-	50.00	50.00	Axim Italia S.r.l.
Italsintex S.p.A.	Bergamo	IT	EUR	120,000	-	100.00	99.00 1.00	Società del Gres ing. Sala S.p.A. SICIL.FIN. S.r.l.
ITC-Factor S.p.A.	Bergamo	IT	EUR	1,500,000	-	100.00	99.50 0.50	Italcementi S.p.A. SICIL.FIN. S.r.l.
Mantovana Inerti S.r.l.	Cavriana (MN)	IT	EUR	702,000	-	50.00	50.00	Calcestruzzi S.p.A.
Medcem S.r.l.	Napoli	IT	EUR	5,500,000	-	50.00	50.00	Intercom S.r.l.
Nuova Sacelit S.r.l.	Sorisole (BG)	IT	EUR	4,500,000	-	100.00	99.00 1.00	Italcementi S.p.A. Intermobiliare S.r.l.
Procalmi S.r.l. in liquidation	Milan	IT	EUR	51,000	-	11.52	11.52	Cemencal S.p.A.
S.A.F.R.A. S.r.l.	Bologna	IT	EUR	51,480	-	33.33	33.33	Calcestruzzi S.p.A.
SAMA S.r.l.	Bergamo	IT	EUR	1,000,000	-	100.00	99.00 1.00	Italcementi S.p.A. SICIL.FIN S.r.l.

Annex 2 (continued)

Company	Registered office			Share capital	% Held by group companies		Held by group companies	
					direct	indirect		
SICIL.FIN. S.r.l.	Bergamo	IT	EUR	650,000	-	100.00	99.50 0.50	Italcementi S.p.A. Intermobiliare S.r.l.
Silicalcite S.r.l.	Bergamo	IT	EUR	4,000,000	-	100.00	100.00	Italcementi S.p.A.
Silos Granari della Sicilia S.r.l.	Bergamo	IT	EUR	5,980,000	-	100.00	99.90 0.10	Intertrading S.r.l. SICIL.FIN S.r.l.
SO.RI.TE. S.r.l.	Turin	IT	EUR	100,000	-	25.00	25.00	Calcestruzzi S.p.A.
Società del Gres ing. Sala S.p.A.	Sorisole (BG)	IT	EUR	5,858,722	-	100.00	99.90 0.10	Nuova Sacelit S.r.l. SICIL.FIN S.r.l.
Société Internationale Italcementi (Luxembourg) S.A.	Luxembourg	LU	EUR	53,145,000	-	100.00	99.87 0.13	Italcementi S.p.A. SICIL.FIN S.r.l.
Société Internationale Italcementi France S.a.s.	Paris	FR	EUR	1,570,750,000	-	99.99	99.99	Italcementi S.p.A.
Speedybeton S.p.A.	Pomezia (RM)	IT	EUR	300,000	-	70.00	70.00	Calcestruzzi S.p.A.
Terminal Riuniti S.r.l.	Bergamo	IT	EUR	1,000,000	-	100.00	99.90 0.10	Italcementi S.p.A. SICIL.FIN S.r.l.
Ciments Français S.A.	Puteaux	FR	EUR	153,140,496	-	75.25	74.51 0.74 85.32	Société Int. Italcementi France S.a.s. Ciments Français S.A. (voting rights: Société Int. Italcementi France S.a.s.)
155290 Canada Inc.	Mississauga	CA	-	-	-	100.00	100.00	Essroc Canada Inc.
168232 Canada Inc.	Picton	CA	CAD	1	-	100.00	100.00	Essroc Canada Inc.
168233 Canada Inc.	Picton	CA	CAD	1	-	100.00	100.00	Essroc Canada Inc.
168257 Canada Inc.	Picton	CA	CAD	1	-	100.00	100.00	Essroc Canada Inc.
2003897 Ontario Inc.	Concord	CA	CAD	18,300,000.20	-	50.00	50.00	Essroc Canada Inc.
Afyon Cimento Sanayi Tas	Istanbul	TR	TRL	120,000,000,000	-	78.49	76.51 1.02 0.96	Ciments Français S.A. Set Group Holding Set Cimento Sanayi ve Tas
Altas Ambarlı Liman Tesisleri Tas	Istanbul	TR	TRL	500,000,000,000	-	12.25	12.25	Anadolu Cimentolari Tas
Anadolu Cimentolari Tas	Istanbul	TR	NTL	7,886,160	-	99.87	48.89 40.96 10.02	Devnya Cement AD Set Group Holding Set Cimento Sanayi ve Tas
Arena S.A.	Guerville	FR	EUR	126,000,000	-	99.99	99.99	Ciments Français S.A.
Arrowhead Investment Company	Carson City	US	USD	1,000	-	100.00	100.00	Essroc Corporation
Asia Cement Products Co., Ltd	Bangkok	TH	THB	10,000,000	-	39.03	39.03	Asia Cement Public Co., Ltd*
Asia Cement Public Co., Ltd	Bangkok	TH	THB	4,680,000,000	-	39.03	24.96 14.07	Ciments Français S.A. Vaniyuth Co. Ltd ¹
Asment (Ciments de Temara)	Temara	MA	MAD	171,875,000	-	37.01	19.99 17.02	Ciments Français S.A. Procimar S.A.
Asociacion de Empresas de Transporte a Granel S. Sebastian	S. Sebastian	ES	EUR	23,138.41	-	92.86	92.86	Sociedad Financiera y Minera S.A.
Ath Béton	Ghilblingren	BE	EUR	125,000	-	99.60	99.60	Compagnie des Ciments Belges S.A.
Atlantica de Graneles y Moliendas S.A.	Vizcaya	ES	EUR	5,000,000	-	50.00	50.00	Sociedad Financiera y Minera S.A.
Axim Concrete Technologies (Canada) Inc.	Cambridge	CA	CAD	1,275,600	-	100.00	100.00	Axim Concrete Technologies Inc.
Axim Concrete Technologies Inc.	Middlebranch	US	USD	1,000	-	100.00	100.00	Essroc Corporation
Axim Maroc	Casablanca	MA	MAD	1,000,000	-	99.96	99.96	Ciments du Maroc

* Percentage interest of the Ciments Français group

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Company	Registered office		Share capital		% Held by group companies		Held by group companies	
					direct	indirect		%
Axim S.A.	Guerville	FR	EUR	495,625	-	99.93	99.93	Ciments Calcia S.A.
BCE S.A.	Tourcoing	FR	EUR	38,250	-	99.80	99.80	Unibéton S.A.
Berkeley Resource Recovery Ltd	Winchester	US	USD	1,000	-	100.00	100.00	Riverton Investment Corporation
Betomar S.A.	Casablanca	MA	MAD	84,397,800	-	99.99	99.99	Ciments du Maroc S.A.
Béton Contrôle de Gascogne S.A.	Soorts Hossegor	FR	EUR	40,000	-	37.00	37.00	Béton Contrôle du Pays Basque S.A.
Béton Contrôle de l'Adour S.A.	Bayonne	FR	EUR	150,000	-	59.96	59.96	Béton Contrôle du Pays Basque S.A.
Béton Contrôle de Montceau le Creusot S.A.	Montceau Les M.	FR	EUR	588,000	-	49.99	49.99	Unibéton S.A.
Béton Contrôle des Abers S.A.	Lannilis	FR	EUR	104,000	-	34.00	34.00	Unibéton S.A.
Béton Contrôle du Pays Basque S.A.	Bayonne	FR	EUR	120,000	-	59.95	59.95	Unibéton S.A.
Béton Saône S.A.	Macon	FR	EUR	40,000	-	35.00	35.00	Unibéton S.A.
Bonafini S.A.	Argences	FR	EUR	43,936	-	100.00	100.00	Tratel S.A.
Bureau Engineering Travaux Publics (SA BETP)	Guerande	FR	EUR	523,205.03	-	99.94	79.94	Comp. Financière et de Participations S.A. Arena S.A.
Canteras Aldoyar S.L.	Olazagutia	ES	EUR	1,508,510	-	20.00	20.00	Hormigones y Minas S.A.
Capitol Cement Corporation	Winchester	US	USD	1,000,000	-	100.00	100.00	Riverton Investment Corporation
Cementos Capa S.L.	Archidona	ES	EUR	1,260,000	-	63.00	63.00	Sociedad Financiera y Minera S.A.
Centro Administrativo y de Servicios de Malaga S.A.	Malaga	ES	EUR	60,200	-	99.99	99.99	Sociedad Financiera y Minera S.A.
Chatelet S.A.	Cayeux s/M.	FR	EUR	118,680	-	99.95	99.95	GSM S.A.
Ciments Calcia S.A.	Guerville	FR	EUR	593,836,525	-	99.99	99.99	Ciments Français S.A.
Ciments du Littoral S.A.	Bassens	FR	EUR	37,000	-	99.99	99.99	Ste d'Investissement & de Participations du Littoral
Ciments du Maroc	Casablanca	MA	MAD	721,800,200	-	61.82	58.30	Ciments Français S.A. Procimmar S.A.
Ciments du Nord	Nouadhibou	MR	MRO	1,340,000,000	-	15.00	15.00	Ciments du Maroc
Ciments Français Europe N.V.	Amsterdam	NL	EUR	378,503,130	-	100.00	66.80	Sodecim S.a.s. Ciments Français S.A.
Ciments Français International S.A.	Luxembourg	LU	EUR	8,928,500	-	99.99	50.99	Ciments Français S.A. Ciments Français Europe N.V.
Ciments Français Participations S.n.c.	Puteaux	FR	EUR	1,500	-	100.00	49.00	Ciments Français S.A. Comp. Financière et de Participations S.A.
Cisnel Descargas S.L.	Madrid	ES	EUR	3,010	-	100.00	100.00	Sodecim S.a.s.
Commingeoise de Restauration du Patrimoine S.A.R.L.	Saint Gaudens	FR	EUR	7,622	-	100.00	100.00	Socli S.A.
Compagnie des Ciments Belges S.A.	Tournai	BE	EUR	291,499,929.23	-	99.91	36.94	Ciments Français Europe N.V. Ciments Français S.A. Ciments Calcia S.A. Compagnie Financière des Ciments S.A.
Compagnie Financière des Ciments S.A.	Tournai	BE	EUR	5,580,000	-	99.99	29.11	Ciments Français S.A.
Compagnie Financière et de Participations S.A.	Puteaux	FR	EUR	180,000	-	99.99	25.28	Ciments Français S.A.
Compania General de Canteras S.A.	Malaga	ES	EUR	479,283.69	-	99.41	8.58	Sociedad Financiera y Minera S.A. Sax S.a.s.
Conglomerantes Hidraulicas Especiales S.A.	Madrid	ES	EUR	2,511,960	-	85.00	96.12	Sociedad Financiera y Minera S.A.
Consumer Materials Inc.	Winchester	US	USD	1,000	-	100.00	3.29	Riverton Investment Corporation

Annex 2 (continued)

Company	Registered office			Share capital	% Held by group companies		Held by group companies %	
					direct	indirect		
De Paepe Béton N.V.	Ghent	BE	EUR	500,000	-	99.98	99.98	Compagnie des Ciments Belges S.A.
Decoux S.A.	Beaucaire	FR	EUR	120,000	-	100.00	100.00	Tratel S.A.
Devnya Cement AD	Devnya	BG	BGN	1,028,557,000	-	99.97	99.97	Marvex
Devnya Cement St	Devnya	BG	BGN	1,500,000	-	74.00	74.00	Devnya Cement AD
Devnya Finance	Devnya	BG	BGN	50,000,000	-	50.00	50.00	Devnya Cement A.D.
Dobrotitsa BSK A.D.	Dobritsch	BG	BGN	100	-	24.60	24.60	Devnya Cement A.D.
Dragages et Carrières S.A.	Saint Marcel	FR	EUR	1,000,000	-	49.99	49.99	GSM S.A.
Dragages Transports & Travaux Maritimes S.A.	La Rochelle	FR	EUR	1,702,272	-	39.99	39.99	GSM S.A.
Ecocem Valorizacion de Residuos S.A.	Barcelona	ES	EUR	300,000	-	16.33	16.33	Sociedad Financiera y Minera S.A.
Elco S.a.s.	Courbevoie	FR	EUR	397,373.61	-	24.99	24.99	Ciments Calcia S.A.
Entreprise Lorraine d'Agriculture - ELDA S.A.R.L.	Heillecourt	FR	EUR	10,000	-	100.00	100.00	GSM S.A.
ES Cement Co.	Nazareth	US	USD	100	-	100.00	100.00	Essroc Cement Corp.
Essroc Canada Inc.	Mississauga	CA	CAD	307,936,000	-	100.00	100.00	Essroc Corporation
Essroc Cement Corp.	Nazareth	US	USD	8,330,000	-	100.00	100.00	Essroc Corporation
Essroc Corporation	Nazareth	US	USD	1,000	-	100.00	100.00	Essroc International
Essroc International	Puteaux	FR	EUR	244,398,096	-	100.00	100.00	Ciments Français S.A.
Essroc Puerto Rico Holdings Inc.	Nazareth	US	USD	1,000	-	100.00	100.00	Essroc San Juan Inc.
Essroc San Juan Inc.	Espinosa	PR	USD	10,000	-	100.00	100.00	Essroc Cement Corp.
ET Béton	Aspropyrgos	GR	EUR	5,192,161.75	-	100.00	100.00	Halyps Building Materials S.A.
Eurarco France S.A.	Les Crotoy	FR	EUR	1,520,000	-	64.99	64.99	GSM S.A.
Euroasfaltos y Construccion S.A.	Malaga	ES	EUR	60,500	-	100.00	99.00	Sociedad Financiera y Minera S.A. Compania General de Canteras S.A.
Eurocalizas S.L.	Cantabria	ES	EUR	783,000	-	26.00	26.00	Hormigones y Minas S.A.
Eurotech Cement S.h.p.k.	Durres	AL	ALL	270,000,000	-	84.99	84.99	Halyps Building Materials S.A.
Exportaciones de Cemento del Norte de Espana S.A.	Bilbao	ES	EUR	60,099.77	-	45.00	45.00	Sociedad Financiera y Minera S.A.
Fraimbois Granulats S.A.R.L.	Moncel les Luneville	FR	EUR	75,000	-	50.00	50.00	GSM S.A.
Gacem Company Limited	Serrekunda	GM	GMD	4,500,000	-	80.00	80.00	Tercim S.A.
Granulats de la Drôme S.a.s.	Saint Jean de Vedas	FR	EUR	1,680,000	-	51.19	51.19	GSM S.A.
Granulats et Sables Marins S.a.s.	Pessac	FR	EUR	40,000	-	99.99	99.99	GSM S.A.
Greyrock Inc.	Nazareth	US	USD	1,000	-	100.00	100.00	Essroc Cement Corp.
Greyrock WV Inc.	Nazareth	US	USD	10,000	-	100.00	100.00	Riverton Investment Corporation
Groupe Ciment Quebec Inc.	St. Basile	CA	CAD	57,000,000	-	50.00	50.00	Essroc Canada Inc.
GSM S.A.	Guerville	FR	EUR	18,675,840	-	99.99	99.99	Arena S.A.
H.C. Plasier Beheer B.V.	Vlaardingen	NL	EUR	18,151.21	-	100.00	100.00	Rular Trading B.V.
Halyps Building Materials S.A.	Aspropyrgos	GR	EUR	34,951,441.14	-	99.82	59.80 40.02 59.84 39.99	Ciments Français S.A. Sociedad Financiera y Minera S.A. (voting rights: Ciments Français S.A.) Sociedad Financiera y Minera S.A.)
Helleniki Lithotomi S.A.	Athens	GR	EUR	60,000	-	100.00	100.00	Compagnie Financière et de Participations S.A.
Hormigones Olatzi S.A.	Olazagutia	ES	EUR	283,803.11	-	25.00	25.00	Hormigones y Minas S.A.
Hormigones Txingudi S.A.	San Sebastian	ES	EUR	60,099.77	-	50.00	50.00	Hormigones y Minas S.A.
Hormigones y Minas S.A.	S. Sebastian	ES	EUR	8,689,378.20	-	99.99	99.99	Sociedad Financiera y Minera S.A.

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Company	Registered office			Share capital	% Held by group companies		Held by group companies	
					direct	indirect		
Immobilière des Technodes S.A.	Guerville	FR	EUR	8,024,400	-	99.99	59.97 40.02	Ciments Français S.A. Ciments Calcia S.A.
Industrie Sakia el Hamra "Indusaha" S.A.	Laayoune	MA	MAD	55,550,000	-	91.00	91.00	Ciments du Maroc
Innocon Partnership Agreement Inc.	Richmond Hill	CA	CAD	2,003	-	48.50	48.50	Essroc Canada Inc
Interbulk Trading S.A.	Lugano	CH	CHF	7,470,600	-	99.99	66.75 15.00 18.24	Ciments Français International S.A. Intertrading S.r.l. Ciments Français Europe N.V.
International Cement Traders Ltd	Colombo	LK	LKR	401,416,620	-	80.00	80.00	Ciments Français S.A.
Inversiones e Iniciativas en Aridos S.L.	Madrid	ES	EUR	3,010	-	100.00	100.00	Ciments Français S.A.
Investcim S.A.	Puteaux	FR	EUR	124,874,000	-	99.99	99.99	Ciments Français S.A.
IPTP Corporation	Las Vegas	US	USD	1,000	-	100.00	80.00 20.00	Riverton Corporation Capitol Cement Corporation
Italmed Cement Company Ltd	Limassol	CY	CYP	12,318,000	-	99.99	99.99	Halyps Building Materials S.A.
Jalaprathan Cement Public Co, Ltd	Bangkok	TH	THB	1,200,000,000	-	57.45	10.91 37.00 9.54	Asia Cement Public Co., Ltd* Ciments Français S.A. Vesprapat Holding Co, Ltd*
Jalaprathan Concrete Products Co, Ltd	Bangkok	TH	THB	280,000,000	-	57.39	57.39	Jalaprathan Cement Public Co, Ltd*
Johar S.A.	Luxemont et Villotte	FR	EUR	1,221,632	-	100.00	100.00	Tratel S.A.
JTC	Bangkok	TH	THB	11,000,000	-	57.39	57.39	Jalaprathan Concrete Products Co, Ltd*
Larricq S.A.	Airvault	FR	EUR	508,000	-	99.98	99.98	Tratel S.A.
Les Calcaires Girondins S.a.s.	Cenon	FR	EUR	100,000	-	50.00	50.00	GSM S.A.
Les Calcaires Sud Charentes	Cherves Richemont	FR	EUR	1,524.49	-	34.00	34.00	GSM S.A.
Les Graves de l'Estuaire S.a.s.	Le Havre	FR	EUR	297,600	-	33.33	33.33	GSM S.A.
Lyulyaka E.A.D.	Devnya	BG	BGN	759,372	-	100.00	100.00	Devnya Cement AD
Marvex	Devnya	BG	BGN	89,424,100	-	100.00	100.00	Sociedad Financiera y Minera S.A.
Matériaux Routiers du Bearn S.A.R.L.	Rebenacq	FR	EUR	15,000	-	33.30	33.30	GSM S.A.
Mauritano-Française des Ciments	Nouakchott	MR	MRO	1,111,310,000	-	51.11	51.11	Ciments Français S.A.
Menaf	Puteaux	FR	EUR	37,000	-	100.00	100.00	Ciments Français S.A.
Met Teknik Servis ve Maden Sanayi Ticaret A.S.	Istanbul	TR	NTL	50,000	-	99.99	99.99	Set Group Holding
Nadco Inc.	Nazareth	US	USD	1,000	-	100.00	100.00	Essroc Cement Corp.
Naga Property Co	Bangkok	TH	THB	100,000,000	-	57.43	57.43	Jalaprathan Cement Public Co. Ltd*
Neuciclaje S.A.	Bilbao	ES	EUR	364,000	-	32.69	32.69	Sociedad Financiera y Minera S.A.
Novhorvi S.A.	Vitoria	ES	EUR	180,300	-	25.00	25.00	Hormigones y Minas S.A.
Nugra S.A.	Madrid	ES	EUR	60,100	-	100.00	100.00	Sociedad Financiera y Minera S.A.
Port St. Louis Aménagement S.n.c.	Guerville	FR	EUR	8,000	-	51.00	51.00	GSM S.A.
Port St. Louis Remblaiement S.A.R.L.	Guerville	FR	EUR	7,622.45	-	51.00	51.00	GSM S.A.
Procimar S.A.	Casablanca	MA	MAD	27,000,000	-	99.99	99.99	Ciments Français S.A.
Provence Aménagement S.A.	Port Frejus	FR	EUR	480,000	-	35.00	35.00	Arena S.A.
R.G. Aggregates B.V.	Vlaardingen	NL	EUR	18,151.21	-	100.00	100.00	Ruler International
Raingard Carrières Bétons et Compagnie S.n.c.	Saint Herblain	FR	EUR	705,000	-	100.00	99.98 0.02	GSM S.A. Arena S.A.

* Percentage interest of the Ciments Français group

Annex 2 (continued)

Company	Registered office		Share capital		% Held by group companies		Held by group companies	
					direct	indirect		%
Riverton Corporation	Winchester	US	USD	859,310	-	100.00	100.00	Riverton Investment Corporation
Riverton Investment Corporation	Winchester	US	USD	8,340	-	100.00	100.00	Essroc Cement Corp.
Riverton Lime&Stone Co. Inc.	Winchester	US	USD	3,000	-	100.00	100.00	Riverton Corporation
Rular Trading B.V.	Vlaardingen	NL	EUR	18,151.21	-	100.00	100.00	Ruler International
Ruler International	Curaçao	AN	USD	6,000	-	100.00	100.00	Compagnie des Ciments Belges S.A.
S.A. Dijon Béton	Dijon	FR	EUR	184,000	-	15.00	15.00	GSM S.A.
SA de Bayarne	Soulanges	FR	EUR	112,000	-	100.00	100.00	Ciments Calcia S.A
Saarlandische Zementgesellschaft MBH	Saarbrücken	DE	EUR	52,000	-	80.00	80.00	Ciments Français International S.A.
Sables d'Armor S.a.s.	Plerin	FR	EUR	56,480	-	50.99	50.99	GSM S.A.
Sadecib S.A.	Puteaux	FR	EUR	40,000	-	99.96	99.96	Ciments Français S.A.
Sas des Gresillons	Guerville	FR	EUR	40,000	-	35.00	35.00	GSM S.A.
Sax S.a.s.	Guerville	FR	EUR	482,800	-	99.99	99.99	Ciments Français S.A.
SCI Batlongue	Arudy	FR	EUR	53,504	-	100.00	100.00	GSM S.A.
SCI Coralie	Allonnes	FR	EUR	3,048.98	-	100.00	80.00 20.00	Bonafini S.A. Larricq S.A.
SCI de Balloy	Avon	FR	EUR	20,310	-	100.00	100.00	GSM S.A.
SCI Delrieu Frères	Fumel	FR	EUR	17,379.19	-	100.00	50.00 50.00	Ciments Français S.A. Socli S.A.
SCI des Granets	Cayeux sur M.	FR	EUR	4,695	-	47.33	47.33	GSM S.A.
SCI du Colombier	Rungis	FR	EUR	2,000	-	63.00	63.00	GSM S.A.
SCI du Domaine de Saint Louis	Guerville	FR	EUR	6,720	-	99.76	99.76	GSM S.A.
SCI Lepeltier	S. Doulichard	FR	EUR	6,150	-	99.76	99.76	GSM S.A.
SCI Taponnat	Cherves Richemont	FR	EUR	1,500	-	50.00	50.00	GSM S.A.
SCI Triel Carrières	Guerville	FR	EUR	13,500	-	99.89	99.89	GSM S.A.
Scori S.A.	Plaisir	FR	EUR	1,092,800	-	13.95	13.95	Ciments Calcia S.A.
Set Beton Madencilik Sanayi ve Tas	Istanbul	TR	NTL	21,494,800	-	99.99	99.99	Ciments Français S.A.
Set Betoya Prefabrik Yapı Elemanları Sanayi ve Ticaret A.S.	Istanbul	TR	NTL	303,400	-	99.99	78.25 21.74	Set Group Holding Anadolu Cimentolari Tas
Set Cimento Sanayi ve Tas	Istanbul	TR	TRL	25,890,500,000,000	-	99.81	99.81	Set Group Holding
Set Group Holding	Istanbul	TR	NTL	18,508,410	-	99.99	99.99	Ciments Français S.A.
Shymkent Cement	Shymkent	KZ	KZT	350,000,000	-	99.75	99.75	Ciments Français S.A.
Skyra S.r.l.	Mandra	GR	EUR	8,804.11	-	100.00	100.00	Halyps Building Materials S.A.
SnC Rouennaise de Transformation	Grand Couronne	FR	EUR	7,500	-	60.00	60.00	Ciments Calcia S.A.
Sociedad Financiera y Minera S.A.	Madrid	ES	EUR	39,160,000	-	99.73	56.58 39.87 3.02 0.26 56.73 39.98 3.03	Sodecim S.a.s. Ciments Français Europe N.V. Hormigones y Minas S.A. Sociedad Financiera y Minera S.A. (voting rights: Sodecim S.a.s. Ciments Français Europe N.V. Hormigones y Minas S.A.)
Société Calcaires Lorrains	Heillecourt	FR	EUR	40,000	-	49.92	49.92	GSM S.A.

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Company	Registered office			Share capital	% Held by group companies		Held by group companies
					direct	indirect	
Société Civile Bachant le Grand Bonval	Guerville	FR	EUR	1,500	-	80.00	80.00 GSM S.A.
Société Civile Carrière de Maraval	Frejus	FR	EUR	1,524.49	-	100.00	100.00 GSM S.A.
Société Civile d'Exploitation Agricole de l'Avesnois	Reims	FR	EUR	3,000	-	90.00	50.00 Société Civile Bachant le Grand Bonval 40.00 GSM S.A.
Société Civile Immobilière Berault	Guerville	FR	EUR	3,840	-	99.95	99.95 GSM S.A.
Société de la Grange d'Etaule	Gray	FR	EUR	3,750	-	99.60	99.60 Ciments Calcia S.A.
Société des Carrières du Tournais S.C.T. S.A.	Tournai	BE	EUR	12,297,053.42	-	65.00	23.90 Ciments Français Europe N.V. 18.79 Ciments Français S.A. 16.31 Ciments Calcia S.A. 5.54 Compagnie Financière des Ciments S.A. 0.46 Compagnie des Ciments Belges S.A.
Société Foncière de la petite Seine S.a.s.	Saint Sauveur les Bray	FR	EUR	50,000	-	40.00	40.00 GSM S.A.
Société Immobilière Marguerite VIII	Casablanca	MA	MAD	100,000	-	98.00	98.00 Ciments du Maroc
Société Immobilière Marguerite X	Casablanca	MA	MAD	100,000	-	98.00	98.00 Ciments du Maroc
Société Parisienne des Sablières S.A.	Pont de L'Arche	FR	EUR	320,000	-	50.00	50.00 GSM S.A.
Socli S.A.	Izaourt	FR	EUR	144,960	-	99.94	99.94 Ciments Calcia S.A..
Sodecim S.a.s.	Puteaux	FR	EUR	458,219,678	-	99.99	99.99 Ciments Français S.A.
Ste d'Investissement & de Participations du Littoral	Guerville	FR	EUR	37,000	-	99.90	99.90 Ciments Calcia S.A.
STE des Calcaires de Souppes sur Loing	Souppes sur Loing	FR	EUR	2,145,000	-	50.00	50.00 GSM S.A.
Ste Extraction & Aménagement de la Plaine de Marolles	Avon	FR	EUR	40,000	-	56.40	56.40 GSM S.A.
Stinkal S.a.s.	Ferques	FR	EUR	1,120,000	-	35.00	35.00 GSM S.A.
Suez Bag Company	Cairo	EG	EGP	9,000,000	-	57.84	53.32 Suez Cement Company 4.52 Tourah Portland Cement Company
Suez Cement Company	Cairo	EG	EGP	640,000,000	-	62.43	34.18 Ciments Français S.A. 20.85 Menaf 7.40 Tourah Portland Cement Company
Sukanit	Bangkok	TH	THB	500,000	-	56.91	56.91 Jalapathan Concrete Products Co, Ltd*
Technodes S.a.s.	Guerville	FR	EUR	3,200,000	-	99.99	99.99 Ciments Français S.A.
Tercim S.A.	Puteaux	FR	EUR	45,000	-	99.99	99.99 Ciments Français S.A.
Tomahawk Inc.	Wilmington	US	USD	1,000	-	100.00	100.00 Essroc Cement Corp.
Tourah Portland Cement Company	Cairo	EG	EGP	238,414,000	-	66.12	66.12 Suez Cement Company
Trabel Transports S.A.	Gaurain	BE	EUR	743,680.57	-	100.00	91.00 Tratel S.A. 9.00 Compagnie des Ciments Belges S.A.
Tragor S.A.	Pessac	FR	EUR	892,048	-	100.00	100.00 Tratel S.A.
Tratel S.A.	L'île S. Denis	FR	EUR	6,025,580	-	100.00	100.00 Ciments Calcia S.A.
Unibéton Est S.a.s.	Heilcourt	FR	EUR	40,000	-	100.00	100.00 Unibéton Holding S.A.
Unibéton Holding S.A.	Guerville	FR	EUR	45,000	-	99.88	99.88 Arena S.A.
Unibéton Ile de France S.a.s.	L'île Saint Denis	FR	EUR	40,000	-	100.00	100.00 Unibéton Holding S.A.
Unibéton Luxembourg S.A.	Luxembourg	LU	EUR	35,000	-	99.71	99.71 Unibéton S.A.
Unibéton Med S.a.s.	Lambesc	FR	EUR	40,000	-	100.00	100.00 Unibéton Holding S.A.
Unibéton Normandie S.a.s.	Rouen	FR	EUR	40,000	-	100.00	100.00 Unibéton Holding S.A.
Unibéton S.A.	Guerville	FR	EUR	27,159,732	-	99.99	99.99 Arena S.A.
Unibéton S.O. S.a.s.	Pessac	FR	EUR	40,000	-	100.00	100.00 Unibéton Holding S.A.

* Percentage interest of the Ciments Français group

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Annex 2 (continued)

Company	Registered office			Share capital	% Held by group companies		Held by group companies
					direct	indirect	
Unibéton Var S.a.s.	Lambesc	FR	EUR	40,000	-	99.96	99.96 Unibéton S.A.
Uniwerbétón S.a.s.	Heillecourt	FR	EUR	160,000	-	70.00	70.00 Unibéton S.A.
Valoise S.a.s.	Pierrelaye	FR	EUR	39,000	-	60.00	60.00 GSM S.A.
Vaniyuth Co. Ltd	Bangkok	TH	THB	100,000	-	48.80	48.80 Investcim S.A.
Vassiliko Cement Works Ltd	Nicosia	CY	CYP	13,434,018.75	-	33.00	20.00 Italméd Cement Company Ltd 13.00 Comp. Financière et de Participations S.A.
Ventore S.L.	Malaga	ES	EUR	9,000	-	99.90	99.90 Sociedad Financiera y Minera S.A.
Vesprapat Holding Co, Ltd	Bangkok	TH	THB	20,000,000	-	49.00	49.00 Sax S.a.s.
Vulkan A.D.	Dimitrovgrad	BU	BGN	452,967,000	-	94.95	70.00 Ciments Français S.A. 24.95 Devnya Cement A.D.
Zuari Cement Ltd	Goa	IN	INR	4,279,614,000	-	50.00	50.00 Ciments Français S.A.



Summary of results

The situation of the parent company, drawn up in accordance with Italian accounting principles, showed net income of 65 million euro, down on the 77.2 million euro recorded in the same period of 2004, the latter being favorably affected by the elimination of prior tax adjustments for 15.9 million euro.

Disregarding this purely accounting effect from the net income for the first half of 2004, the figure for the first half of 2005 shows an increase of 6.1%.

(in thousands of euro)	1 st half 2005	1 st half 2004	2004
Income from equity investments including:	63,224	69,570	74,550
- <i>dividends</i>	62,583	69,570	74,023
- <i>profit on equity investment trading</i>	641	0	527
Other financial income	979	945	2,162
Other financial charges	(5,265)	(4,424)	(9,368)
Total financial income and charges	58,938	66,091	67,344
Adjustments to financial asset values	9,104	314	(119)
Balance of other income/operating costs	(5,327)	(5,389)	(10,035)
Income from operations	62,715	61,016	57,190
Balance of non-recurring income/charges	(195)	16,044	16,480
Income before tax	62,520	77,060	73,670
Tax	2,523	94	2,710
Income for the period	65,043	77,154	76,380
<i>Effect of the elimination of tax adjustments</i>	-	15,861	15,861
<i>Income for the period net of tax adjustments</i>	<i>65,043</i>	<i>61,293</i>	<i>60,519</i>

Dividends totaled 62.6 million euro, down compared to 69.6 million euro at 30 June 2004, mainly because of the ending of the dividend from Société de Participation Financière Italmobiliare S.A. compared to the first half of 2004.

The difference between financial income and charges saw a loss of 4.3 million euro compared with a loss of 3.5 million euro at June 30, 2004; the change was due to the development of the net debt.

Adjustments to financial assets values, with a positive balance of 9.1 million euro, compared with a positive balance of 0.3 million euro at June 30, 2004, reflects the value restatement applied to the investee RCS MediaGroup S.p.A. for 7.6 million euro and to Gemina S.p.A. for 1.5 million euro.

The balance of operating costs/income was unchanged compared to the 1st half of 2004 at a loss of 5.3 million euro; it includes operating costs of 7.8 million euro and other income of 2.5 million euro.

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Extraordinary income and charges saw a loss of 0.2 million euro compared with a profit of 16 million euro at June 30, 2004 which included, as already mentioned, casual profits arising from the application of the new regulations introduced by the corporate governance reform and connected to prior tax adjustments.

Tax, at a positive balance of 2.5 million euro, reflects the advantage gained by adhering to the national tax consolidation.

The balance sheet situation at June 30, 2005, December 31, 2004 and June 30, 2004 was as follows.

(in thousands of euro)	June 30, 2005	December 31, 2004	June 30, 2004
Assets			
Tangible and intangible assets	3,680	3,664	3,789
Equity investments	1,380,591	1,327,811	1,282,128
Receivables ¹	18,025	30,025	38,043
Treasury shares	21,540	21,192	21,192
Total	1,423,836	1,382,692	1,345,152
Working capital			
Equity investments and non-financial receivables	44,637	38,606	29,310
Other assets	287	112	344
Other liabilities	(20,924)	(14,302)	(6,130)
Total	24,000	24,416	23,524
Total capital invested	1,447,836	1,407,108	1,368,676
Covered by:			
Shareholders' equity	1,029,176	1,007,502	1,008,274
Various provisions and employee termination indemnities	27,862	27,310	27,617
Net debt	390,798	372,296	332,785
Total financial cover	1,447,836	1,407,108	1,368,676
Unrealized capital gains and listed equity investments *	1,392,890	1,145,519	981,575

* Calculated on the basis of the average share prices recorded on the Milan Stock Exchange in the previous six months for equity investments held under fixed assets, and in the month of June for equity investments held as working assets

¹ Net of the share included in net debt

Financial statements

Balance sheet

ASSETS

(in thousands of euro)	06.30.2005	12.31.2004	Changes	06.30.2004
A) Amounts due from shareholders	-	-	-	-
B) Fixed assets				
I - Intangible assets	61	71	(10)	178
II - Tangible assets	3,619	3,593	26	3,611
III - Investments and other financial assets	1,423,870	1,387,206	36,664	1,341,363
Total fixed assets (B)	1,427,550	1,390,870	36,680	1,345,152
C) Working capital				
I - Inventories	-	-	-	-
II - Receivables	41,957	35,909	6,048	26,613
III - Financial assets not held as fixed assets	29,945	23,166	6,779	27,017
IV - Cash and cash equivalents	2,274	242	2,032	861
Total working capital (C)	74,176	59,317	14,859	54,491
D) Prepayments and accrued income	287	112	175	344
Total assets	1,502,013	1,450,299	51,714	1,399,987

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LIABILITIES

(in thousands of euro)	06.30.2005	12.31.2004	Changes	06.30.2004
A) Shareholders' equity				
I - Share capital	100,167	100,167	-	100,167
II - Share premium reserve	177,191	177,191	-	177,191
III - Revaluation reserves	86,760	86,760	-	86,760
IV - Legal reserve	20,034	20,034	-	20,034
V - Statutory reserves	-	-	-	-
VI - Reserve for treasury stock held	21,540	21,192	348	21,192
VII - Other reserves	468,433	445,778	22,655	445,776
VIII - Retained earnings	90,008	80,000	10,008	80,000
IX - Net income for the period	65,043	76,380	(11,337)	77,154
Total shareholders' equity (A)	1,029,176	1,007,502	21,674	1,008,274
B) Provisions for risks and charges	26,370	26,010	360	26,302
C) Employee termination indemnities	1,492	1,300	192	1,315
D) Payables	443,853	414,531	29,322	363,001
E) Accruals and deferred income	1,122	956	166	1,095
Total equity and liabilities	1,502,013	1,450,299	51,714	1,399,987
Memorandum and contingency accounts	274,485	252,430	22,055	371,187

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RECLASSIFIED INCOME STATEMENT

(In thousands of euro)	1 st half 2005	1 st half 2004	Changes	2004
Financial income and charges				
1) Income from equity investments	63,224	69,570	(6,346)	74,550
2) Other financial income	979	945	34	2,162
3) Interest and other financial charges	(5,265)	(4,424)	(841)	(9,368)
Total financial income and charges	58,938	66,091	(7,153)	67,344
Adjustments to financial asset values				
4) Revaluations	9,107	336	8,771	412
5) Write-downs	(3)	(22)	19	(531)
Total adjustments to financial asset values (4-5)	9,104	314	8,790	(119)
6) Other operating income	2,448	1,965	483	3,833
Other operating costs				
7) Non-financial services	(3,596)	(3,059)	(537)	(6,048)
8) Use of third-party assets	(89)	(128)	39	(259)
9) Personnel expenses	(3,334)	(3,339)	5	(6,127)
10) Amortization, depreciation and write-downs	(71)	(86)	15	(261)
13) Other operating charges	(685)	(742)	57	(1,173)
Total other operating charges	(7,775)	(7,354)	(421)	(13,868)
Profit on ordinary activities	62,715	61,016	1,699	57,190
Extraordinary income and charges				
14) Income	357	19,571	(19,214)	20,296
15) Charges	(552)	(3,527)	2,975	(3,816)
Extraordinary profit/(loss) (14-15)	(195)	16,044	(16,239)	16,480
Income before tax	62,520	77,060	(14,540)	73,670
16) Income tax	2,523	94	2,429	2,710
17) Income before minority interest	65,043	77,154	(12,111)	76,380

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Explanatory notes

Valuation criteria

The accounting schedules for Italmobiliare S.p.A. have been drawn up by applying the same valuation criteria and accounting standards used to draw up the financial statements at December 31, 2004.

The figures shown in the accounting schedules and in the explanatory notes are expressed in thousands of euro.

Information on the balance sheet

The comment on the items for the half year shows the most significant changes compared with the financial statement figures at December 31, 2004.

ASSETS

A - Due from shareholders for unpaid contributions

No figures recorded.

B - Fixed assets

For intangible and tangible assets the following schedules have been drawn up which show for each item the historic costs, the revaluations, the previous amortization and depreciation, changes in the period, the final balances and the total of outstanding revaluations at June 30, 2005.

B I - Intangible assets

61 thousand euro

(71 thousand euro at 12.31.2004)

The change was as follows:

	Historic cost				Accumulated amortization				Net intangibl assets a 06.30.200
	Balance at 12.31.2004	Additions	Disposals	Balance at 06.30.2005	Balance at 12.31.2004	Amortizat in the period	Use in the period	Balance at 06.30.2005	
(in thousands of euro)									
Start-up and capital expenses	118	-	99	19	114	2	99	17	2
Concessions, licenses, trade-marks and similar rights	41	5	28	18	32	3	28	7	11
Other	230	-	130	100	172	10	130	52	48
Total	389	5	257	137	318	15	257	76	61

The additions of 5 thousand euro refer to the purchase of new administrative software.

Disposals of 257 thousand euro relate to the costs incurred previously which at the start of the period were completely amortized.

Amortization recorded in the period was 15 thousand euro and was calculated on a straight line basis on all the intangible assets subject to amortization at June 30, 2005.

B II - Tangible assets

3,619 thousand euro

(3,593 thousand euro at 12.31.2004)

The following table shows the changes by type of asset:

(in thousands of euro)	Cost						Accumulated depreciation				Net tangible assets at 06.30.2005
	Historic cost	Revaluation	Balance at 12.31.2004	Additions	Disposals	Balance at 06.30.2005	Balance at 12.31.2004	Depreciation for the period	Use for the period	Balance at 06.30.2005	
Land and buildings	1,170	3,816	4,986	-	27	4,959	1,617	34	-	1,651	3,308
Plant and machinery	443	-	443	79	24	498	434	4	24	414	84
Other	1,070	-	1,070	30	7	1,093	855	18	7	866	227
Total B II	2,683	3,816	6,499	109	58	6,550	2,906	56	31	2,931	3,619

Additions mainly concern the substitution of the refrigeration system with an air-conditioning system and the purchase of some furnishings.

Disposals of 58 thousand euro which include previous revaluations of 26 thousand euro, arise from the sale of some land and a residential property and from the disposal of some plant.

Depreciation recorded in the period totaled 56 thousand euro and was calculated on a straight line basis on the assets subject to depreciation at June 30, 2005.

The revaluations of some outstanding assets at June 30, 2005 were carried out in accordance with the following laws:

(in thousands of euro)	Total 12.31.2004	Disposals	Total 06.30.2005
- Law no. 576/1975	424	-	424
- Law no. 72/1983	2,334	18	2,316
- Law no. 413/1991	1,058	8	1,050
Total	3,816	26	3,790

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B III - Financial assets 1,423,870 thousand euro
(1,387,206 thousand euro at 12.31.2004)

These were as follows:

(thousand euro)	Balance at 12.31.2004	Additions	Disposals	(Write-downs) recoveries	Balance at 06.30.2005
Equity investments:					
subsidiaries	989,855	-	-	3	989,858
associated companies	15,996	9,623	906	-	24,713
other companies	321,960	35,966	1,007	9,101	366,020
Total equity investments	1,327,811	45,589	1,913	9,104	1,380,591
Receivables:					
due from subsidiaries	32,178	36	16,500	-	15,714
dues from associated companies	5,947	-	-	-	5,947
due from others	78	-	-	-	78
Total receivables	38,203	36	16,500	-	21,739
Own shares	21,192	348	-	-	21,540
Total financial assets	1,387,206	45,973	18,413	9,104	1,423,870

Additions include:

- for associated companies: the increase in Mittel S.p.A.'s share capital for 8,717 thousand euro.
- for other companies: the establishment of Atmos S.p.A. (200 thousand euro), the increase in Gim S.p.A.'s share capital (6,265 thousand euro), purchase of 5,514,645 RCS Mediagroup S.p.A. shares by So.Par.Fi. Italmobiliare Sa (27,629 thousand euro) and free allocation of 347,029 R.C.S. Mediagroup S.p.A. own shares (1,872 thousand euro).

Disposals include:

- for other companies: the sale of Premafin Hp S.p.A. shares for 1,007 thousand euro.

The heading write-downs/recoveries includes:

- the write-down applied to the equity investment in Aliserio S.r.l. for 3 thousand euro;
- the recoveries in the equity investments in Azienda Vendite Acquisti A.V.A S.r.l. for 6 thousand euro, in Gemina S.p.A. for 1,502 thousand euro and in R.C.S. Mediagroup S.p.A. for 7,599 thousand euro.

It is noted that the following outstanding equity investments at June 30, 2005 and which are still held as assets, were subject to a monetary revaluation in accordance with Law 72/1983 for 6,981 thousand euro:

(in thousands of euro)	06.30.2005	12.31.2004	Changes
- Fincomind S.A.	3,099	3,099	-
- S.r.l. Nuove Costruzioni Edilizie S.A.N.C.E.	3,882	3,882	-
Total	6,981	6,981	-

The analysis of the changes in equity investments is shown in "Annex A".

Receivables due from subsidiaries refer mainly to loans provided that fall due on March 31, 2007:

- 12,000 thousand euro for interest free loans (24,000 thousand euro at December 31, 2004);
- 3,500 thousand euro for interest bearing loans at the 3-month Euribor rate plus a spread (8,000 thousand euro at December 31, 2004).

The disposal of 16,500 thousand euro was caused by the subsidiary Intermobiliare S.r.l.'s exercise of the option for early repayment as envisaged by the contract.

Receivables due from associated companies are interest free for the period 1/1 - 12.31.2005.

Own shares increased by 348 thousand euro owing to the purchase of 7,295 ordinary shares.

At 06.30.2005 the financial statements included 899,641 ordinary shares and 28,500 saving shares.

C - Current assets

C I - Inventories

No figures recorded.

C II - Receivables

41,957 thousand euro

(35,909 thousand euro at 12.31.2004)

Receivables increased overall by 6,048 thousand euro, as follows:

(in thousands of euro)	06.30.2005	12.31.2004	Changes
Receivables due from customers	18	3	15
Receivables due from subsidiaries	1,998	3,238	(1,240)
Receivables due from associated companies	94	64	30
Tax receivables	39,585	32,466	7,119
Receivables due from others	262	138	124
Total	41,957	35,909	6,048

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Receivables due from subsidiaries include 729 thousand euro for receivables for adhesion to the tax consolidation.

There are no receivables due after more than 5 years.

Tax receivables increased by 7,119 thousand euro owing to the payment of the first payment on account for 2005 on the basis of the criteria envisaged by the " Group tax consolidation" , net of the taxes arising from the 2004 tax declaration and payable for the 1st half of 2005.

C III - Financial assets not held as fixed assets 29,945 thousand euro
(23,166 thousand euro at 12.31.2004)

Financial assets not held as fixed assets were as follows:

(in thousands of euro)	12.31.2004	Additions	Disposals	Recoveries (Writedowns)	06.30.2005
Other equity investments	2,697	-	17	-	2,680
Other securities	18,845	4,987	31	-	23,801
Receivables due from subsidiaries	1,624	2,171	331	-	3,464
Total	23,166	7,158	379	-	29,945

Receivables due from Group companies are regulated at market rates.

The change in "Other securities" and "Other equity investments" is shown in " Annex B" and " Annex C" .

C IV - Cash and cash equivalents 2,274 thousand euro
(242 thousand euro at 12.31.2004)

These increased by 2,032 thousand euro.

D - Prepayments and accrued income 287 thousand euro
(112 thousand euro at 12.31.2004)

Compared to 2004, these rose by 175 thousand euro and mainly consist of interest income and insurance prepayments; they include 33 thousand euro due from subsidiaries for the recovery of building expenses.

LIABILITIES

A - Shareholders' equity

The following table shows the changes in shareholders' equity:

(in thousands of euro)	I. Share capital	II. Share premium reserve	III. Revaluation reserves	IV. Legal reserve	VI. Reserve for own shares held	VII. Other reserves	VIII. Retained earnings	IX. Profit (loss) for period	Total
Balance at 12.31.2004	100,167	177,191	86,760	20,034	21,192	445,778	80,000	76,380	1,007,502
Shareholders' meeting resolution of 5.19.2005, division of 2004 income									
- Board of Directors	-	-	-	-	-	-	-	(743)	(743)
- Shareholders with dividend	-	-	-	-	-	-	-	(42,630)	(42,630)
- Profit/(loss) previous periods	-	-	-	-	-	-	(80,000)	80,000	-
- Extraordinary reserve	-	-	-	-	-	22,999	-	(22,999)	-
- Carried forward	-	-	-	-	-	-	90,008	(90,008)	-
Purchase of own shares	-	-	-	-	348	(348)	-	-	-
Prescribe dividends	-	-	-	-	-	4	-	-	4
Profit/(loss) of the period	-	-	-	-	-	-	-	65,043	65,043
Balances at 06.30.2005	100,167	177,191	86,760	20,034	21,540	468,433	90,008	65,043	1,029,176

AI-AIX - Shareholders' equity

1,029,176 thousand euro

(1,007,502 thousand euro at 12.31.2004)

At June 30, 2005 the fully paid up share capital totaled 100,166,937 euro divided into 38,525,745 shares each with a par value of 2.6 euro, of which 22,182,583 were ordinary shares and 16,343,162 were savings shares.

B - Reserves for risks and charges

26,370 thousand euro

(26,010 thousand euro at 12.31.2004)

The reserves were made up as follows:

(in thousands of euro)	12.31.2004	Increases	Decreases	06.30.2005
Reserve for risks on receivables and eq. inv.	25,372	275	129	25,518
Reserve for directors' termination entitlements	638	289	75	852
Total	26,010	564	204	26,370

The change in the reserve for risks on receivables and equity investments results from:

- increase of 275 thousand euro for the recording of interest on disputes;
- decrease of 129 thousand euro for the surplus writeback following the positive conclusion of a dispute.

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C - Employee termination indemnities

1,492 thousand euro

(1,300 thousand euro at 12.31.2004)

This item changed as follows:

(in thousands of euro)	06.30.2005	12.31.2004	Changes
Balance at the start of the period	1,300	1,379	(79)
Use in the period	(28)	(631)	603
Provision made in the period	220	552	(332)
Balance at the end of the period	1,492	1,300	192

The total represents the amount accrued under this heading in favor of the 40 employees at the Company at June 30, 2005.

D - Payables

443,853 thousand euro

(414,531 thousand euro at 12.31.2004)

Payables increased by 29,322 thousand euro overall, as follows:

(in thousands of euro)	06.30.2005	12.31.2004	Changes
Short-term loans	125,615	110,700	14,915
Medium/long-term loans	291,998	285,010	6,988
Payments on account	8	8	-
Amounts due to suppliers	1,663	1,744	(81)
Financial payables due to subsidiaries	6,438	5,475	963
Other amounts due to subsidiaries	15,652	8,984	6,668
Amounts due to tax authorities	212	462	(250)
Amounts due to social security institutions	340	450	(110)
Other payables	1,927	1,698	229
Total	443,853	414,531	29,322

"Medium/long-term loans" includes 140,230 thousand euro for "security lending" operations.

Among amounts due to subsidiaries are 14,701 thousand euro for payables for adhesion to the tax consolidation.

Amounts due to tax authorities include 72 thousand euro for the division into installments of the tax payable in relation to the tax amnesty.

"Other payables" refer to: payables due to employees for 936 thousand euro, payables due to shareholders for dividends for 23 thousand euro, payable due to the Board of Directors for 141 thousand euro, payable due to the Fondazione Italcementi for 575 thousand euro, and other payables for 252 thousand euro overall.

There were no payables due after more than 5 years.

E - Accruals and deferred income

1,122 thousand euro

(956 thousand euro at 12.31.2004)

These mainly include accruals for interest on loans.

Memorandum and contingency accounts

274,485 thousand euro

(252,430 thousand euro at 12.31.2004)

These accounts show the risks, commitments and guarantees provided by the company to third parties, as follows:

(in thousands of euro)	06.30.2005	12.31.2004	Changes
Guarantees provided:			
subsidiaries	1,871	1,871	-
Total	1,871	1,871	-
Guarantees to third parties for payables on the balance sheet	21,439	21,439	-
Other guarantees	1,391	1,391	-
Purchase commitments	-	4,500	(4,500)
Sale commitments	10,837	4,923	5,914
Other commitments	477	488	(11)
Other memorandum accounts:			
assets held by third parties	217,863	196,786	21,077
third-party assets held	4,482	4,482	-
assets held by third parties against loan	16,125	16,550	(425)
Total of other memorandum accounts	238,470	217,818	20,652
Total of memorandum and contingency accounts	274,485	252,430	22,055

Sale commitments concern the allocation to employees of 253,800 share options in relation to the stock option plans.

"Other memorandum accounts" include shares and bonds shown at their par value.

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Information on the income statement

Here below are some comments on the most significant changes compared to the 1st half of 2004.

Financial income and charges

1. Income from equity investments 63,224 thousand euro
(69,570 thousand euro in the 1st half of 2004)

(in thousands of euro)	1 st half 2005			1 st half 2004		
	Trading	Dividends	Total	Trading	Dividends	Total
Subsidiaries						
Intermobiliare S.r.l.	-	1,000	1,000	-	1,000	1,000
Italcementi S.p.A. - ord. shares	-	31,207	31,207	-	33,284	33,284
Populonia Italica S.r.l.	-	-	-	-	100	100
Punta Ala Promoz.Sviluppo Imm.re S.r.l.	-	1,990	1,990	-	1,492	1,492
Sirap Gema S.p.A.	-	3,793	3,793	-	5,014	5,014
SO.PAR.FI. Italmobiliare S.A.	-	-	-	-	9,017	9,017
S.r.l. Nuove Costruzioni Edilizie SANCE	-	700	700	-	608	608
Total subsidiaries	-	38,690	38,690	-	50,515	50,515
Associated companies						
Mittel S.p.A.	-	504	504	-	504	504
Società Editrice Siciliana S.p.A.	-	1,063	1,063	-	1,063	1,063
Total associated companies	-	1,567	1,567	-	1,567	1,567
Other companies						
ASM Brescia S.p.A.	-	122	122	-	84	84
Assicurazioni Generali S.p.A.	-	12	12	-	9	9
Banche Popolari Unite S.c.r.l.	-	763	763	-	763	763
Compagnia Fiduciaria Nazionale S.p.A.	-	114	114	-	126	126
Emittenti Titoli S.p.A.	-	25	25	-	12	12
Gazzetta del Sud Calabria S.p.A.	-	17	17	-	18	18
Gemina S.p.A.	-	-	-	-	169	169
Mediocredito Centrale S.p.A.	-	361	361	-	257	257
Premafin HP S.p.A.	477	-	477	-	-	-
Premafin HP S.p.A. - warrants	163	-	163	-	-	-
RCS Mediagroup S.p.A.	-	1,388	1,388	-	1,308	1,308
Sesaab Editrice S.p.A.	-	100	100	-	100	100
UniCredito Italiano S.p.A.	-	17,553	17,553	-	14,642	14,642
Total other companies	640	20,455	21,095	-	17,488	17,488
Other income from equity investments						
RCS Mediagroup S.p.A. - free allocation of own shares	-	1,872	1,872	-	-	-
Total	640	62,584	63,224	-	69,570	69,570

2. Other financial income 979 thousand euro (945 thousand euro in the 1st half of 2004)

(in thousands of euro)	1 st half 2005	1 st half 2004	Changes
Income from receivables and securities recorded under fixed assets:			
interest from subsidiaries	105	265	(160)
interest from third parties	1	1	--
interest on Government securities and bonds	-	2	(2)
Total	106	268	(162)
Income from securities recorded under working capital			
interest on bonded securities	348	345	3
profits from trading	-	55	(55)
stock options	124	-	124
Total	472	400	72
Other income:			
- from subsidiaries:			
interest on current account receivables	35	32	3
commissions on guarantees	2	2	-
- from associated companies:			
commissions on guarantees	-	5	(5)
- from others:			
interest on bank receivables	2	-	2
interest on receivables due from tax authorities	217	217	-
other income on financial operations	145	21	124
Total	401	277	124
Total other financial income	979	945	34

3. Interest and other financial charges 5,265 thousand euro (4,424 thousand euro in the 1st half of 2004)

(in thousands of euro)	1 st half 2005	1 st half 2004	Changes
Interest:			
due to subsidiaries	88	75	13
due to banks	4,994	4,260	734
Total interest	5,082	4,335	747
Other financial charges:			
due to subsidiaries	99	-	99
due to others	84	89	(5)
Total other financial charges	183	89	94
Total interest and other financial charges	5,265	4,424	841

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Value adjustments to financial assets

4. Revaluations 9,107 thousand euro (336 thousand euro in the 1st half of 2004)

(in thousands of euro)	1 st half 2005	1 st half 2004	Changes
Equity investment in subsidiaries	6	3	3
Equity investment in other companies	9,101	333	8,768
Total	9,107	336	8,771

The item "Revaluations" in other companies includes value recoveries in Gemina S.p.A. for 1,502 thousand euro and R.C.S. Mediagroup S.p.A. for 7,599 thousand euro.

5. Write-downs 3 thousand euro (22 thousand euro in the 1st half of 2004)

(in thousands of euro)	1 st half 2005	1 st half 2004	Changes
Equity investments in subsidiaries	3	22	(19)
Total	3	22	(19)

For detailed information on revaluations and write-downs relating to "Equity investments in subsidiaries and in other businesses", please refer to Annexes "A" and "C".

6. Other income from operations 2,448 thousand euro (1,965 thousand euro in the 1st half of 2004)

(in thousands of euro)	1 st half 2005	1 st half 2004	Changes
Due from subsidiaries	2,072	1,627	445
Due from associated companies	54	46	8
Due from third parties	322	292	30
Total	2,448	1,965	483

This is mainly income for services supplied, real estate income, cost recovery and recovery of compensation for positions held at other Group companies and covered by Italmobiliare employees.

Other operating costs 7,775 thousand euro

(7,354 thousand euro in the 1st half of 2004)

These include:

7. Non-financial services 3,596 thousand euro

(3,059 thousand euro in the 1st half of 2004)

Divided as follows:

- from subsidiaries 829 thousand euro (854 thousand euro at June 30, 2004);
- from third parties 2,767 thousand euro (2,205 thousand euro at June 30, 2004) mainly consisting of technical consulting and legal and notarial fees.

8. Use of third party assets 89 thousand euro

(128 thousand euro in the 1st half of 2004)

29 thousand euro of this (25 thousand euro at June 30, 2004) was from subsidiaries and mainly consists of rents paid, building expenses and asset hire.

9. Personnel costs 3,334 thousand euro

(3,339 thousand euro in the 1st half of 2004)

The total personnel cost fell by 5 thousand euro compared to June 30, 2004, as follows:

(in thousands of euro)	1 st half 2005	1 st half 2004	Changes
Wages and salaries	2,404	2,326	78
Social security costs	720	698	22
Employee termination indemnities	210	315	(105)
Total	3,334	3,339	(5)

The average number of employees by type in the 1st half of 2005 was 12 managers and 27 employees. At June 30, 2005 the workforce numbered 40 heads (+ 2 compared to 06/30/2004).

10. Amortization, depreciation and write-downs 71 thousand euro

(86 thousand euro in the 1st half of 2004)

(in thousands of euro)	1 st half 2005	1 st half 2004	Changes
Intangible assets	15	40	(25)
Tangible assets	56	46	10
Total	71	86	(15)

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13. Miscellaneous operating costs 685 thousand euro

(742 thousand euro in the 1st half of 2004)

(in thousands of euro)	1 st half 2005	1 st half 2004	Changes
Taxes for the period	481	583	(102)
Other charges	204	159	45
Total	685	742	(57)

Extraordinary income and charges

14. Extraordinary income 357 thousand euro

(19,571 thousand euro in the 1st half of 2004)

(in thousands of euro)	1 st half 2005	1 st half 2004	Changes
Income on sale of assets held under fixed assets	16	121	(105)
Elimination of tax losses	-	15,861	(15,861)
Use of reserves for risks on receivables and eq. inv.	129	2,550	(2,421)
Use of taxed reserve for writedown of receivables	-	1,024	(1,024)
Other extraordinary and prior-period income	212	15	197
Total	357	19,571	(19,214)

15. Extraordinary charges 552 thousand euro

(3,527 thousand euro in the 1st half of 2004)

(in thousands of euro)	1 st half 2005	1 st half 2004	Changes
Provision to reserve for risks on receivables and eq. inv.	275	-	275
Charges relating to equity investments sold	-	2,250	(2,250)
Losses on receivables	-	460	(460)
Other charges	277	800	(523)
Other extraordinary and prior-period expense	-	17	(17)
Total	552	3,527	(2,975)

"Other charges" refers to the commitment undertaken by the company to recognize a contribution of 200,000 euro for the ordinary management of the "Fondazione Italcementi Cav. Lav. Carlo Pesenti" and the payment of \$ 100,000 for the initiative promoted by the foundation in favor of the peoples in Asia struck by the natural disaster of December 26, 2004.

16. Taxes on income for the period, current, deferred and prepaid taxes 2,523 thousand euro
(94 thousand euro in the 1st half of 2004)

These were as follows:

(in thousands of euro)	1 st half 2005	1 st half 2004	Changes
National tax consolidation	8,841	-	8,841
Tax (income)/charges from subsidiaries	(11,364)	-	(11,364)
Total taxes for the period	(2,523)	-	(2,523)
Tfr from reserve for deferred tax liab. for reserve surplus	-	(94)	94
Total for deferred taxes	-	(94)	94
Total	(2,523)	(94)	(2,429)

In determining the income tax for the period account was taken of the tax nature of the positive and negative elements of the income statement which form the taxable income.

17. Net earnings for the period 65,043 thousand euro
(77,154 thousand euro in the 1st half of 2004)

Dealings with related parties

The undertaking of dealings with related parties fulfils the mission to act as a holding assigned to Italmobiliare, within the function of coordinating and directing which it undertakes also in order to deploy its existing skills efficiently.

As already illustrated in the Directors' report last year, as part of the initiatives undertaken in terms of corporate governance, Italmobiliare has adopted a "Procedure code for dealings with related parties".

Dealings with subsidiaries and associated companies

Italmobiliare provides administrative, tax and legal services to subsidiaries and to their investees which lack specific independent capabilities.

In addition it has dealings with some subsidiaries and associated companies that involve the exchange of services, in particular:

- Italmobiliare, through its own legal service, provides specific assistance to Group companies;
- Italcementi provides Italmobiliare with the management of administration services for personnel, the service for shareholders, external relations and assistance in the corporate governance;
- Italmobiliare has leased some properties it owns to its subsidiaries;
- Italmobiliare Servizi provides Italmobiliare and some of its subsidiaries with an IT support service and some general services.

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The Chief Operating Officer at Italmobiliare, as part of the exchange with Italcementi, fulfils the role of Chief Executive Officer at Italcementi.

In addition, within the Group there are exchanges of personnel as part of the system of optimizing the use of the resources available.

On the financial side, Italmobiliare has a role of directing and assisting and provides its subsidiaries with the necessary support both in terms of financing and providing guarantees.

Infragroup dealings of a financial nature are regulated in accordance with the conditions usually applied by the market, services are largely regulated by assuming as a reference the costs attributable to the specific services.

The summarized figures at June 30, 2005 are as follows:

(in thousands of euro)	Service income (costs)	Other income (charges)	Financial income (costs)	Sale of shares	Trade (payables) receivables	Financial receivables (payables)	Other receivables (payables)	Commit- ments
Subsidiaries	2,072 (858)	-	142 (187)	27,628 -	1,270 (951)	19,178 (6,438)	762 (14,701)	1,871 -
Associated cos	54 -	-	-	-	94 -	5,947 -	-	-
Other related parties	- (199)	- (277)	-	-	- (30)	-	- (575)	-
Total	2,126 (1,057)	- (277)	142 (187)	27,628 -	1,364 (981)	25,125 (6,438)	762 (15,276)	1,871 -

Dealings with the other related parties concern:

- legal consultancy, judicial and extra-judicial assistance provided to Italmobiliare S.p.A. by the legal offices of Dewey Ballantine LLP, of which the Italmobiliare director Luca Minoli is part;
- consultancy for the senior management of Italmobiliare S.p.A. for the processes to rationalize and develop the Group company activities provided by Pier Giorgio Barlassina, an Italmobiliare director.

The company destined 200,000 euro and \$ 100,000 in favor of the "Fondazione Italcementi Cav. Lav. Carlo Pesenti" aimed respectively at the ordinary management of the foundation's and at the initiative promoted in favor of the Asian peoples struck by the natural disaster of December 26, 2004.

The figures at June 30, 2005 for dealings with the subsidiaries and associated companies were as follows:

Detail of costs and income with related parties

(in thousands of euro)	Company	Amount
Income for personnel services and technical/administrative services	A.V.A. S.r.l.	7
	Cantiere Navale di P.Ala S.p.A. in liquidation	3
	Duca d'Este S.r.l.	3
	Franco Tosi S.r.l.	5
	Intermobiliare S.r.l.	25
	Italcementi S.p.A.	300
	Italmobiliare Servizi S.r.l.	19
	Popolonia Italica S.r.l.	10
	Punta Ala Prom.e Svil. Imm.re S.r.l.	19
	S.r.l. Nuove Costr. Edilizie Sance	12
	Sirap Gema S.p.A.	79
	Gesvim S.r.l.	6
	Gist S.r.l.	6
	Imm.re Golf Punta Ala S.p.A.	9
Total for services		503
Income for recovery of emoluments for company positions	Ciments Francais S.A.	14
	Finter Bank Zürich	11
	Italcementi S.p.A.	1,023
	Sirap Gema Insulation Sys. S.r.l.	26
	Sirap Gema S.p.A.	40
	Società Editrice Siciliana S.p.A.	33
Total for recovery of emoluments for company positions		1,147
Income for rent and recovery of costs	Italcementi S.p.A.	441
	Italmobiliare Servizi S.r.l.	32
	Punta Ala Prom.e Svil. Imm.re S.r.l.	3
Total income for rent and recovery of costs		476
Costs for personnel and other services	Italcementi S.p.A.	211
	Italmobiliare Servizi S.r.l.	397
	Popolonia Italica S.r.l.	31
	Punta Ala Prom.e Svil. Imm.re S.r.l.	190
Total costs for personnel and other services		829
Rents paid and hire charges	Italmobiliare Servizi S.r.l.	29
Total rents paid and hire charges		29
Interest income on loans	Intermobiliare S.r.l.	103
	Cantiere Navale di P.Ala S.p.A. in liquidation	2
Total interest income on loans		105
Interest income on current accounts	Franco Tosi S.r.l.	8
	Italcementi S.p.A.	1
	Italmobiliare Servizi S.r.l.	1
	S.r.l. Nuove Costr. Edilizie Sance	2
	Sirap Gema S.p.A.	23
Total interest income on current accounts		35

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(in thousands of euro)	Company	Amount
Recoveries for commissions	Populonia Italica S.r.l.	2
Total recoveries for commissions		2
Interest paid on current accounts	A.v.a. S.r.l.	(25)
	Duca D'Este S.r.l.	(1)
	Intermobiliare S.r.l.	(9)
	Italcementi S.p.A.	(1)
	Italmobiliare Servizi S.r.l.	(1)
	Populonia Italica S.r.l.	(9)
	Punta Ala Prom.e Svil. Imm.re S.r.l.	(42)
Total interest paid on current accounts		(88)
Financial services	So.Par.Fi. Italmobiliare S.A.	(99)
Total financial services		(99)

Detail of receivables and payables with related parties

(in thousands of euro)	Company	Amount
Financial receivables held as assets	Intermobiliare S.r.l.	3,500
	S.r.l. Nuove Costr. Edilizie Sance	12,000
	Cantiere Navale di P.Ala S.p.A. in liquidation	214
	Gesvim S.r.l.	5,947
Total financial receivables held as assets		21,661
Current account receivables	Franco Tosi S.r.l.	325
	Italcementi S.p.A.	8
	S.r.l. Nuove Costr. Edilizie Sance	197
	Sirap Gema S.p.A.	2,934
Total current account receivables		3,464
Receivables for services	A.V.A. S.r.l.	7
	Cantiere Navale di P.Ala S.p.A. in liquidation	3
	Duca d'Este S.r.l.	3
	Franco Tosi S.r.l.	4
	Intermobiliare S.r.l.	25
	Italcementi S.p.A.	693
	Italmobiliare Servizi S.r.l.	20
	Populonia Italica S.r.l.	12
	Punta Ala Prom.e Svil. Imm.re S.r.l.	22
	S.r.l. Nuove Costr. Edilizie Sance	12
	Sirap Gema S.p.A.	36
	Gesvim S.r.l.	51
	Gist S.r.l.	11
	Imm.re Golf Punta Ala S.p.A.	32
Total receivables for services		931
Suppliers with payments on account for services	Italmobiliare Servizi S.r.l.	433
Total payments on account paid		433

Detail of costs and income with related parties (continued)

(in thousands of euro)	Company	Amount
Receivables for the tax consolidation	Sirap Gema S.p.A.	369
	Axim Italia S.p.A.	43
	BravoSolution S.p.A.	48
	Franco Tosi S.r.l.	16
	Gruppo Italfusi S.r.l.	20
	Imes S.r.l.	6
	Intercom S.r.l.	69
	Intertrading S.r.l.	105
	Sama S.p.A.	53
Total receivables from tax consolidation		729
Prepayments and accrued income	Italcementi S.p.A.	13
	Italmobiliare Servizi S.r.l.	20
Total prepayments and accrued income		33
Current account payables	A.V.A. S.r.l.	(1,965)
	Duca d'Este S.r.l.	(69)
	Intermobiliare S.r.l.	(538)
	Italmobiliare Servizi S.r.l.	(448)
	Populonia Italica S.r.l.	(762)
	Punta Ala Prom.e Svil. Imm.re S.r.l.	(2,656)
Total current account payables		(6,438)
Payables for services	Italcementi S.p.A.	(112)
	Italmobiliare Servizi S.r.l.	(786)
	Populonia Italica S.r.l.	(31)
Total payables for services		(929)
Tax payables from consolidated companies	Intermobiliare S.r.l.	(35)
	Italcementi S.p.A.	(13,487)
	Italmobiliare Servizi S.r.l.	(4)
	Populonia Italica S.r.l.	(7)
	S.r.l. Nuove Costruzioni Edilizie Sance	(74)
	Immobiliare Salesiane S.r.l.	(10)
	Italgen S.p.A.	(113)
	Nuova Sacelit S.r.l.	(666)
	Silos Granari della Sicilia S.r.l.	(58)
	Sirap Gema Insulation Systems S.r.l.	(247)
Total tax payables from consolidated companies		(14,701)
Customers payments on account for cost recovery	Italcementi S.p.A.	(6)
	Italmobiliare Servizi S.r.l.	(8)
Totale payments on account received		(14)
Payables for guarantee deposits	Italcementi S.p.A.	(8)
Total payables for guarantee deposits		(8)
Sale of shares	So.Par.Fi. Italmobiliare S.A.	27,628

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Detail of commitments with related parties

(in thousands of euro)	Company	Amount
Commitments with related parties		
Guarantees in favor of lending institutions	Neyrtec S.A.	967
	Populonia Italica S.r.l.	904
Total commitments		1,871

Annex A

SCHEDULE OF CHANGES IN FIXED INVESTMENTS DURING THE FIRST HALF OF 2005

Share and share prices (in thousands of euro)	Holding at 01/01/2005		Additions		Disposals		Restatements (Write-downs)	Stake held	Holding at 06/30/2005		Profit/(loss) on sales
	Quantity	Value	Quantity	Value	Quantity	Value			Value	%	
Subsidiaries											
Aliserio S.r.l.	227,000	239	-	-	-	-	(3)	10.000 ⁽¹⁾	227,000	236	-
Azienda Vendite Acquisti A.V.A. S.r.l.	2,550,000	2,283	-	-	-	-	6	100.000	2,550,000	2,289	-
BravoSolution S.p.A.	1,777,778	2,611	-	-	-	-	-	8.290 ⁽¹⁾	1,777,778	2,611	-
Fincomind A.G.	7,000	4,003	-	-	-	-	-	69.930	7,000	4,003	-
Intermobiliare S.r.l.	5,160,000	5,165	-	-	-	-	-	100.000	5,160,000	5,165	-
Italcementi S.p.A. - ordinary shares	104,023,000	370,094	-	-	-	-	-	58.731 *	104,023,000	370,094	-
Italmobiliare International B.V.	13,000	14	-	-	-	-	-	100.000	13,000	14	-
Italmobiliare International Finance Ltd.	249,990	465,129	-	-	-	-	-	99.996	249,990	465,129	-
Italmobiliare Servizi S.r.l.	260,000	258	-	-	-	-	-	100.000	260,000	258	-
Neyrtec Industrie S.A.	100,000	-	-	-	-	-	-	100.000	100,000	-	-
Populonia Italica S.r.l.	1,040,000	1,147	-	-	-	-	-	100.000	1,040,000	1,147	-
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	1,293,240	1,336	-	-	-	-	-	99.480	1,293,240	1,336	-
Sirap Gema S.p.A.	3,298,625	37,489	-	-	-	-	-	100.000	3,298,625	37,489	-
Société de Participation Financière Italmobiliare S.A.	4,294,033	95,001	-	-	-	-	-	99.940	4,294,033	95,001	-
S.r.l. Nuove Costruzioni Edilizie S.A.N.C.E.	139,725	5,086	-	-	-	-	-	100.000	139,725	5,086	-
B III Total subsidiaries		989,855					3			989,858	
Associated companies											
Mittel S.p.A.	5,036,174	5,639	3,486,582	9,623 ⁽²⁾	-	-	-	12.913	8,522,756	15,262	-
Mittel S.p.A. - diritti di opzione	-	906	-	-	-	-	906 ⁽²⁾	-	-	-	-
Società Editrice Siciliana S.p.A.	29,700	9,451	-	-	-	-	-	33.000	29,700	9,451	-
B III Total associated companies		15,996		9,623		906				24,713	
Other companies											
Atmos S.p.A.	-	-	200,000	200	-	-	-	2.220	200,000	200	-
Banche Popolari Unite S.c.r.l.	1,138,500	14,130	-	-	-	-	-	0.331	1,138,500	14,130	-
Compagnia Fiduciaria Nazionale S.p.A.	20,001	5	-	-	-	-	-	16.668	20,001	5	-
Emittenti Titoli S.p.A.	209,000	119	-	-	-	-	-	2.546	209,000	119	-
Fin.Priv. S.r.l.	2,857	14,354	-	-	-	-	-	14.285	2,857	14,354	-
Gazzetta del Sud Calabria S.p.A.	4,788	321	-	-	-	-	-	4.836	4,788	321	-
Gemina S.p.A. - ordinary shares	8,469,193	9,006	-	-	-	-	1,502	2.324 *	8,469,193	10,508	-
G.I.M. Generale Industrie Metallurgiche S.p.A. - ordinary shares	2,573,420	2,485	6,265,482	6,119 ⁽³⁾	-	-	-	4.171 *	8,838,902	8,604	-
G.I.M. S.p.A. - warrant	-	-	3,132,741	146 ⁽³⁾	-	-	-	0.000	3,132,741	146	-
Immobiliare Lido di Classe S.p.A. in liquidation	45,991	-	-	-	-	-	-	-	45,991	-	-
Intereuropa Sim S.p.A. - in liquidation	80,000	-	-	-	-	-	-	-	80,000	-	-
Mediobanca S.p.A.	9,086,425	80,286	-	-	-	-	-	1.144	9,086,425	80,286	-
Mediocredito Centrale S.p.A.	950,277	12,006	-	-	-	-	-	1.000	950,277	12,006	-
Premafin Finanziaria S.p.A. Holding di Partecipazioni	915,652	1,007	-	-	915,652	1,007	-	-	-	-	477
R.C.S. Mediagroup S.p.A. - ordinary shares	29,188,312	79,310	5,861,674 ⁽⁴⁾	29,501	-	-	7,599	4.784 *	35,049,986	116,410	-

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Share and share prices (in thousands of euro)	Holding at 01/01/2005		Additions		Disposals		Restatements (Write-downs) Value	Stake held %	Holding at 06/30/2005		Profit/(loss) on sales Value
	Quantity	Value	Quantity	Value	Quantity	Value			Quantity	Value	
Subsidiaries											
Sesaab S.p.A.	1,000,000	9,325	-	-	-	-	-	10,000	1,000,000	9,325	-
UniCredito Italiano S.p.A. - ordinary shares	85,626,509	99,606	-	-	-	-	-	1,356 *	85,626,509 ⁽¹⁾	99,606	-
B III Total other companies		321,960		35,966		1,007	9,101			366,020	477
Total equity investments		1,327,811		45,589		1,913	9,104			1,380,591	477
Treasury stock											
Italmobiliare Società per Azioni - ordinary shares	892,346	20,796	7,295	348	-	-	-	4,056 *	899,641	21,144	-
Italmobiliare Società per Azioni - savings shares	28,500	396	-	-	-	-	-	0,174	28,500	396	-
Total treasury stock		21,192		348		-	-			21,540	-

* On ordinary share capital

(1) Subsidiary through Italcementi S.p.A.

(2) Share capital increase through option of 9 new shares for every 13 shares held

(3) Share capital increase through option of 6 new shares for every 5 shares held (subject to acquisition of 2,647,815 options) with allocation of 1 warrant for every 2 newly issued shares

(4) Of which: 5,514,645 shares bought from SO.PAR.FI. Italmobiliare S.A.

347,029 for free allocation of treasury stock

(5) Of which: 32,250,000 shares subject to loan operations

Annex B

SCHEDULE OF CHANGES IN SECURITIES DURING THE FIRST HALF OF 2005

(in thousands of euro)	Balance at 01.01.2005	Additions	Disposals	Trading margins increases	Restatements (write-downs)	Balance at 06.30.2005
Active portfolio						
Other variable income securities	16,145	4,986	31	1	-	21,101
Other fixed income securities	2,700	-	-	-	-	2,700
C III Total other securities	18,845	4,986	31	1	-	23,801

Annex C

SCHEDULE OF CHANGES IN THE ACCOUNTS OF THE EQUITY INVESTMENTS NOT HELD AS FIXED ASSETS DURING THE THE FIRST HALF OF 2005

Share or share price (in thousands of euro)	Balance at 01/01/2005		Additions		Disposals		Value restatements (writedowns)	Stake held	Balance at 06.30.2005		Gain (loss) on sales
	Quantity	Value	Quantity	Value	Quantity	Value	Value	%	Quantity	Value	Value
Other companies											
Asm Brescia S.p.A. - ordinary shares	1,220,000	2,234	-	-	-	-(1)	-	0.157	1,220,000	2,234	-
Assicurazioni Generali S.p.A.	27,916	434	-	-	-	-	-	0.002	27,916	434	-
Idrovia Ticino Milano Nord Mincio S.p.A. - in liquidation	100	1	-	-	-	-	-	0.020	100	1	-
Immobiliare Astra S.p.A.	12,012	11	-	-	-	-	-	1.784	12,012	11	-
Premafin Finanziaria S.p.A. - warrants	438,748	17	-	-	438,748	17	-	-	-	-	163
C III Total other companies		2,697	-	-	17	-	-			2,680	163

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Annex D

**COMPARISON BETWEEN CARRYING VALUES AND MARKET PRICES AT JUNE 30, 2005
IN RELATION TO EQUITY INVESTMENTS IN LISTED COMPANIES**

Shares (in thousands of euro)	Number of shares	Carrying value	Carrying value per share	Market value per share at June 30, 2005	Market value at June 30, 2005
Subsidiaries					
Italcementi S.p.A. - ordinary shares	104,023,000	370,094	3.558	12,9360	1,345,642
		370,094			1,345,642
Associated companies					
Mittel S.p.A.	8,522,756	15,262	1.791	3,7120	31,636
		15,262			31,636
Other companies					
Asm Brescia S.p.A. - ordinary shares	1,220,000	2,234	1.831	2,6360	3,216
Assicurazioni Generali S.p.A.	27,916	434	15.555	25,7700	719
Banche Popolari Unite S.c.r.l.	1,138,500	14,130	12.411	16,3910	18,661
Gemina S.p.A. - ordinary shares	8,469,193	10,508	1.241	1,5990	13,542
G.I.M. Generale Ind. Metallurgiche S.p.A. - ordinary shares	8,838,902	8,604	0.973	1,0120	8,945
G.I.M. Generale Ind. Metallurgiche S.p.A. - warrants	3,132,741	146	0.047	0,2430	761
Mediobanca S.p.A.	9,086,425	80,286	8.836	15,4460	140,349
R.C.S. Mediagroup S.p.A. - ordinary shares	35,049,986	116,410	3.321	5,7200	200,486
UniCredito Italiano S.p.A. - ordinary shares	85,626,509	99,606	1.163	4,3750	374,616
		332,358			761,295
Treasury stock					
Italmobiliare Società per Azioni - ordinary shares (*)	899,641	21,144	23.503	52,8100	47,510
Italmobiliare Società per Azioni - savings shares	28,500	396	13.898	39,8300	1,135
		21,540			48,645

* Of which 253,800 for stock option plans

Annex E

OTHER UNLISTED SECURITIES

Comparison between carrying values and market prices at June 30, 2005 in relation to unlisted securities included under working capital

(in thousands of euro)	Par value	Average carrying value per share	Carrying value amount	Average market price per share at June 30, 2005	Amount at average market price at June 30, 2005
Other variable income securities	21,085	100.075%	21,101	100.640%	21,220
Other fixed income securities	2,700	100.000%	2,700	113.814%	3,073
Total			23,801		24,293
Total other securities included under working capital			23,801		24,293

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Annex F

ANALYSIS OF SHAREHOLDERS' EQUITY ITEMS

(migliaia di euro)	Amount	Possibility of use	Amount available	Summary of use made in the three previous years	
				to cover losses	for other reasons
Nature / description					
Share capital	100,167				
Share capital reserves:					
Share premium reserve	177,191	A, B, C	177,191		
Revaluation reserves	86,760	A, B, C	86,760		
Grants related to assets	2,164	A, B, C	2,164		
Merger surplus	57,715	A, B, C	57,715		
Provision re art. 55 DPR 597/1973 and 917/86	1,771	A, B, C	1,771		
Provision re art. 54 DPR 597/1973 and 917/86	185	A, B, C	185		
Reserve re art. 33 law 413/91 (amnesty)	2	A, B, C	2		
Reserve re art. 34 law 576/75	93,242	A, B, C	93,242		
Distribution of profits					
Legal reserve	20,034	B			
Reserve for treasury stock held	21,540	-			
Extraordinary reserve	313,353	A, B, C	313,353		(1) 420
Retained earnings	90,008	A, B, C	90,008		
Total			822,391		
Non-distributable reserve - art. 2426 no 5 Italian Civil Code			(2)		
Remainder of distributable reserve			822,389		

Key: A: for share capital increase
B: to cover losses
C: for distribution to shareholders

(1) Transferred to reserve for treasury stock held

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Additional information

Statement of financial cash flows

(in thousands of euro)	06.30.2005	12.31.2005
Analysis of sources and application of funds		
Source of funds:		
Net income	65,043	76,380
Generated by income on operations:		
Amortization and provisions net of application of funds	623	(2,597)
Write-downs/restatements of eq. inv. net of application of funds	(9,104)	(15,133)
Cash generated from income on operations (A)	56,562	58,650
Other sources:		
Share capital increase and reserves	3	3
Disposals of equity investments held under fixed assets	1,007	347
Disposals of equity investments held under working capital	17	709
Repayment of surplus on equity investments held under working capital	-	23
Disposals of tangible assets net of application of funds	27	182
Total other sources (B)	1,054	1,264
Change in current assets and liabilities:		
Change in receivables due from customers	(15)	43
Change in receivables due from subsidiaries	1,240	(2,308)
Change in receivables due from associated companies	(30)	84
Change in receivables due from tax authorities	(7,119)	(5,503)
Change in receivables due from others	(124)	308
Change in financial receivables held as fixed assets due from subsidiaries	12,000	8,878
Change in financial receivables held as fixed assets due from associated companies	-	(5,947)
Change in other receivables held as fixed assets	-	40
Change in prepayments and accrued income	(175)	330
Change in payables for payments on account	-	5
Change in payables due to suppliers	(81)	(269)
Change in payables due to subsidiaries	6,668	7,673
Change in other payables	(131)	699
Change in accruals and deferred income	167	(101)
Net change (C)	12,400	3,932
Applications:		
Tangible assets	109	161
Intangible assets	5	13
Equity investments held under fixed assets and treasury stock	45,031	46,534
Equity investments held under working capital	-	709
Payment of dividends	42,630	38,877
Payment to Board of Directors	743	533
Total applications (D)	88,518	86,827
Change in net financial position (A+B+C-D)	(18,502)	(22,981)
Deficit net of cash at start of the period	(372,296)	(349,315)
Deficit net of cash at the end of the period	(390,798)	(372,296)

Auditors' review report on the limited review of the Management Report for the six months period ended June 30, 2005 prepared in accordance with Article 81 of the Consob Regulation, adopted by the resolution no. 11971 of May 14, 1999 and subsequent modifications and integrations

(Translation from the original Italian version)

To the Shareholders of
Italmobiliare S.p.A.

1. We have performed a limited review of the Management Report represented by the Balance Sheets, the Statements of Income, the Statements of Changes in Shareholders' Equity and the Statements of Cash flows and related Notes of Italmobiliare S.p.A. (Parent Company Statements) and Italmobiliare Group (Consolidated Statements) as of and for the six months period ended June 30, 2005. The Management Report is the responsibility of the Italmobiliare S.p.A.'s management. Our responsibility is to prepare this review report based on our limited review. We have also reviewed that part of the financial information presented by the Board of Directors in the Management Report with respect of their discussions and analysis of the operations, solely for the purpose of evaluating its consistency with the remaining part of the Management Report.
2. Our review was conducted in accordance with auditing standards governing the review of interim financial statements recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its resolution No. 10867 of July 31, 1997. The review of the data related to the six months period ended June 30, 2005 of certain subsidiary companies, which represents approximately 11% of the consolidated assets and 12% of the consolidated net sales, is the responsibility of other auditors. A review consists mainly of obtaining information with respect to the accounts included in the Parent Company Statements and in the Consolidated Statements and the consistency of the accounting principles applied through discussions with appropriate members of management, and analytical procedures applied to the financial data presented in such Parent Company Statements and Consolidated Statements. A review does not include performing auditing procedures such as tests of compliance of internal controls and substantive procedures on assets and liabilities. Consequently, the scope of a review engagement provides significantly less assurance than a full scope audit performed in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the Management Report of Italmobiliare S.p.A. as of and for the six months period ended June 30, 2005, as we do in connection with reporting on our full scope audits of the annual Parent Company and Consolidated Financial Statements of Italmobiliare S.p.A..

3. With respect to the Parent Company and the consolidated comparative data as of and for the year ended December 31, 2004 presented in the Management Report, reference should be made to our audit reports issued on April 20, 2005 and on June 13, 2005, respectively.
The comparative data as of and for the six months ended June 30, 2004, including those prepared in accordance with IFRS, and the related statements of reconciliation to IFRS, are based on the Management Report prepared in accordance with Italian law and accounting principles which we have previously reviewed and on which we issued our review report dated September 29, 2004.
4. Based on our review, we did not become aware of any significant modifications that should be made to the Statements and related Notes of Italmobiliare S.p.A. and Italmobiliare Group identified in paragraph 1 of this report, in order for them to be in conformity with the criteria for the presentation of the six months Management Report, as required by art. 81 of Consob regulations as approved in its resolution no. 11971 of May 14, 1999 and subsequent modifications and integrations.

Milan, October 21, 2005

Reconta Ernst & Young S.p.A.
Signed by: Alberto Caglia, Partner

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