

# ITALMOBILIARE

2000 Half year report



Directors' report on the  
2000 Half year report

13 September 2000

**ITALMOBILIARE**

Società per Azioni

Head office: via Borgonuovo, 20  
20121 Milan

Share capital €100,166,937  
Milan Companies Register no 54377



# Directors and Officers

## ■ BOARD OF DIRECTORS

Giampiero Pesenti	* • Chairman Managing Director
Giovanni Giavazzi	* Vice Chairman
Mario Ardito	
Italo Lucchini	*
Giorgio Perolari	•
Carlo Pesenti	
Franz Schmitz	•
<hr/> <hr/>	
Graziano Molinari	** Secretary to the Board

## ■ BOARD OF STATUTORY

### Acting Auditors

Luigi Guatri	Chairman
Claudio De Re	
Paolo Marchi	

### Substitute Auditors

Dino Fumagalli	
Eugenio Mercurio	
Pietro Curcio	

KPMG S.p.A.	Independent Auditors
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- \* Members of the Executive Committee
- \*\* Secretary of the Executive Committee
- Members of the Remuneration Committee



## Powers and proxies

Pursuant to article 15 of the by-laws, the Board of Directors is authorized to perform all operations relating to the ordinary and extraordinary management of the company; it may delegate such powers, give special mandates and authorize the use of the company name for certain acts or categories of acts.

The three-member Executive Committee has all the same powers and proxies as the directors except for those that by law or the by-laws cannot be delegated and it is obliged to inform the Board of any actions taken during the next meeting.

Pursuant to article 18 of the by-laws, the chairman-managing director and the vice chairman are authorized to represent the company in transactions with third parties and in court. They are also authorized to give mandates to agents and lawyers.

The Board has also authorized:

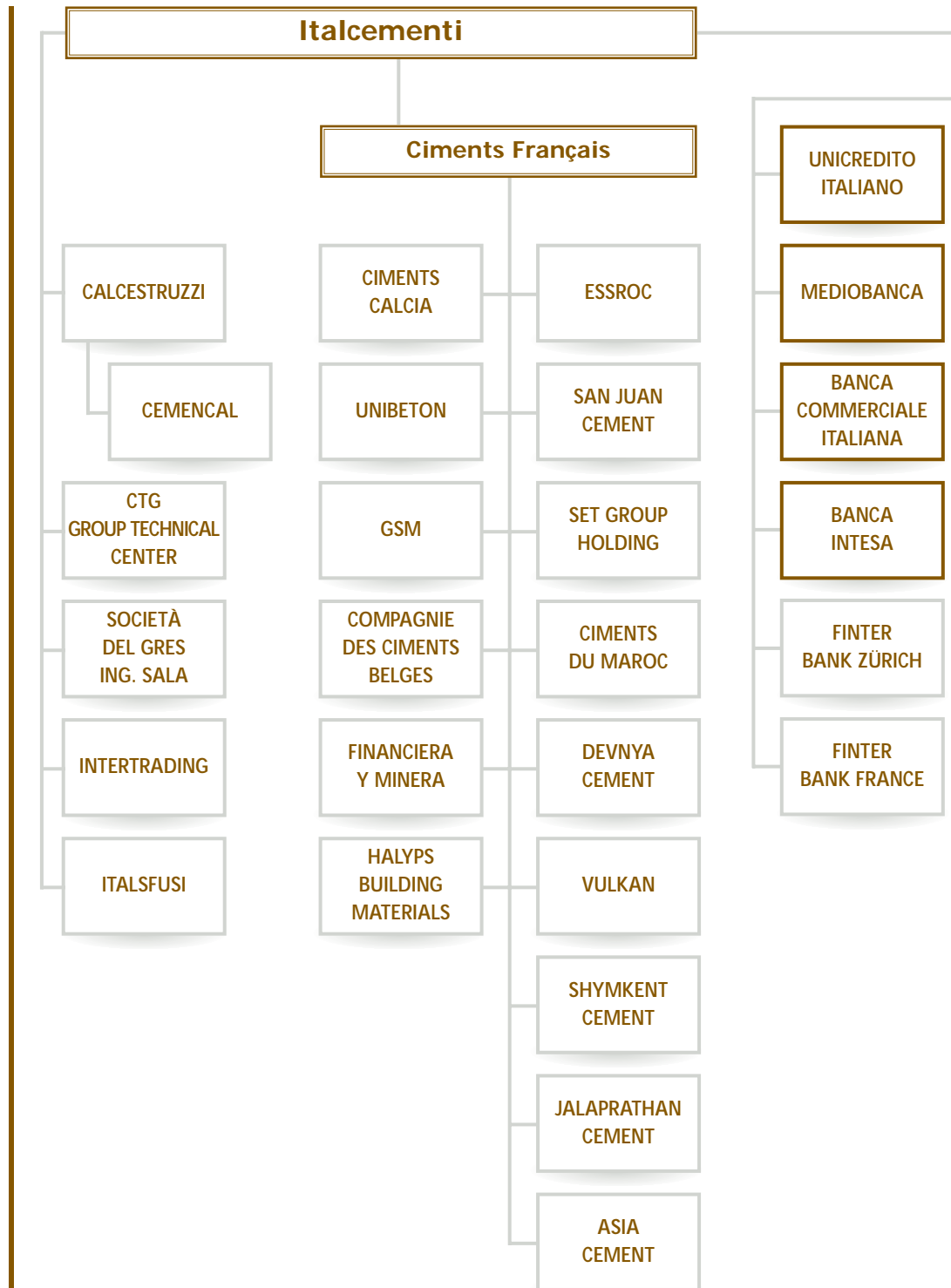
- the chairman-managing director to perform all those administration and disposal acts, except for the giving of guarantees to companies other than subsidiaries or associated companies up to a limit of 200 billions of lire per transaction (reduced to 50 billions of lire for real estate transactions);
- the director Carlo Pesenti to use the company name and to represent the company with respect to communications to the Company Registry and REA.

Other powers have been given to the General manager, Finance, to the General manager, Strategy and to the Secretary to the Board in line with their responsibilities.

The general administrative and financial manager may delegate specific and limited powers to company employees for day-to-day transactions.

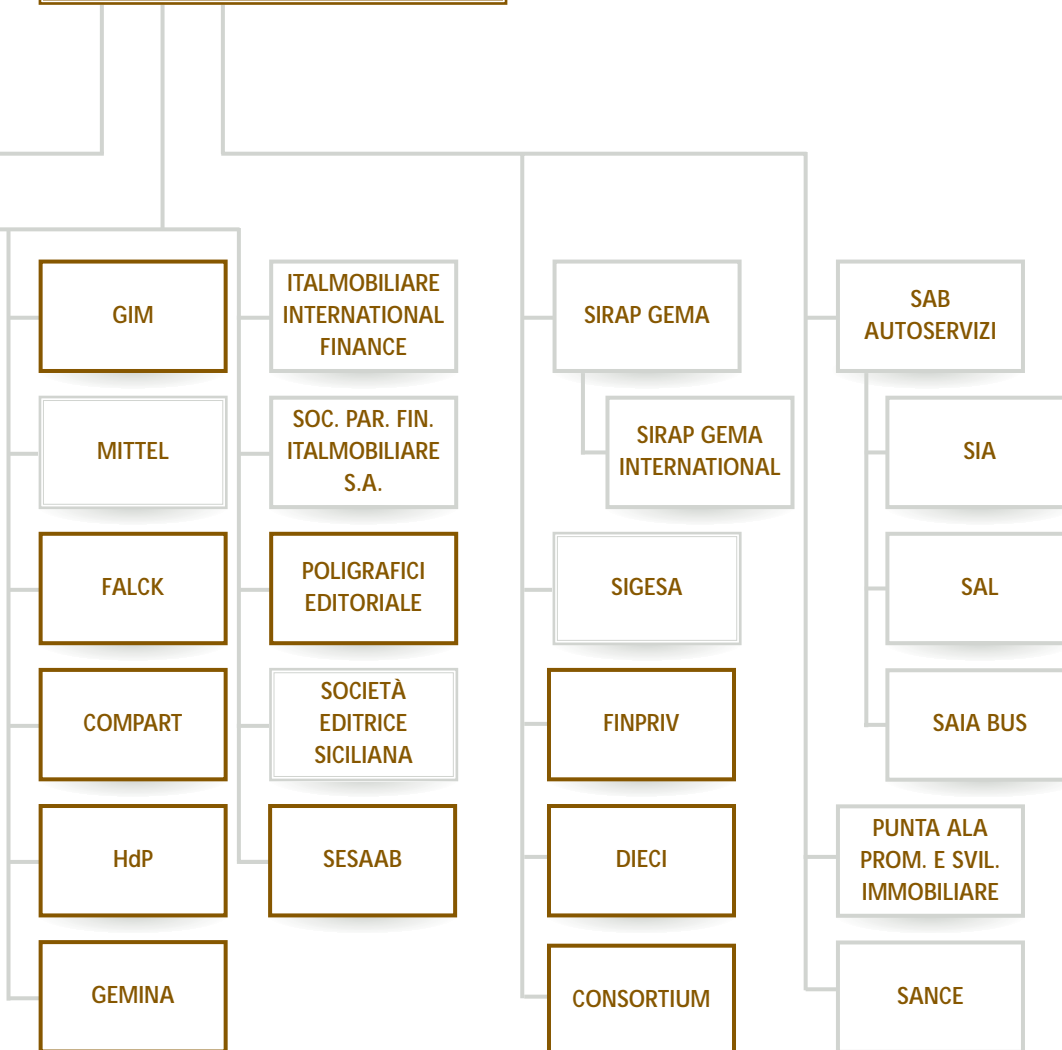


# ITALMOBILIARE GROUP





# ITALMOBILIARE



SUBSIDIARIES

ASSOCIATED  
COMPANIES

OTHER



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## ■ ITALMOBILIARE

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## Financial highlights

(in billions of lire)

	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999	1 <sup>st</sup> half 1998	31 December 1999
Net sales	3,788.0	3,360.6	3,046.4	6,988.5
Gross operating profit	852.9	807.1	658.2	1,667.2
Amortization and depreciation	359.9	334.7	327.6	689.8
Operating income	493.0	472.4	330.6	977.4
Financial income and charges, net	132.8	(60.1)	79.0	(96.5)
Income before minority interests	398.2	220.7	213.5	505.6
Net income of the Group	230.8	68.7	144.3	174.5
Cash flow (income + amortization and depreciation)	758.1	555.3	541.1	1,195.4
Investments	514.0	777.7	962.6	1,684.0
Total shareholders' equity	6,501.3	6,018.0	5,483.9	6,326.6
Shareholders' equity of the Group	2,618.8	2,281.8	2,161.4	2,440.4
Net debt	(3,230.3)	(3,229.2)	(2,273.9)	(3,387.7)
Employees at period end (no)	19,972	19,914	17,198	20,519

(in millions of euro)

	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999	1 <sup>st</sup> half 1998	31 December 1999
Net sales	1,956.3	1,735.6	1,573.3	3,609.2
Gross operating profit	440.5	416.8	339.9	861.0
Amortization and depreciation	185.9	172.8	169.2	356.3
Operating income	254.6	244.0	170.7	504.8
Financial income and charges, net	68.6	(31.0)	40.8	(49.8)
Income before minority interests	205.7	113.9	110.3	261.1
Net income of the Group	119.2	35.5	74.5	90.1
Cash flow (income + amortization and depreciation)	391.5	286.8	279.4	617.4
Investments	265.4	401.6	497.1	869.7
Total shareholders' equity	3,357.6	3,108.0	2,832.2	3,267.4
Shareholders' equity of the Group	1,352.5	1,178.5	1,116.3	1,260.4
Net debt	(1,668.3)	(1,667.7)	(1,174.4)	(1,749.6)
Employees at period end (no)	19,972	19,914	17,198	20,519





## Contents

This half year report of Italmobiliare Società per Azioni, obliged by law to publish a consolidated half year report, has been drawn up in accordance with the new relevant regulations issued by Consob with its Resolution no 12475 of 6 April 2000 (modifying and integrating the existing Regulation for publishers of financial statements no 11971/99) and Communication no DAC/28034 of 12 April 2000.

Further to the consolidated financial statements and related notes, it also includes the financial statements of the Holding Company with the related notes in order to provide the reader with more complete information.

## General overview

The consolidated half year report of Italmobiliare shows total net income of 398.2 billions of lire and net income of the Group of 230.8 billions of lire compared to 220.7 billions of lire and 68.7 billions of lire respectively in the first half of 1999.

The significant improvement is due to the strong performance of Italcementi Group, the positive developments of the financial sector and, above all, the significant capital gains generated by the sale of investments in the first few months of the year, mainly by Italmobiliare (described below).

### Group performance

**Italcementi Group** (construction materials) recorded total net income of 223 billions of lire at 30 June 2000, a 29.8 billions of lire increase on the first half of 1999 (193.2 billions of lire). Net income of the Group was 164.4 billions of lire, up 35.8 billions of lire on the first half of 1999 (128.6 billions of lire).

Net sales of 3,638 billions of lire increased by 476.6 billions of lire (+15.1%) over the first half of 1999. This growth is mainly due to the positive performance of the main sales markets, especially in the first quarter due to the very favorable weather conditions, and the contribution of the investments made in 1999.

The Group performed particularly well in Italy. It also recorded a good performance in France, Belgium, Spain, Greece, Morocco and North America. Activities continued to be below expectations in Turkey and, to a lesser extent, Thailand.

The Group strengthened its presence in the emerging markets with the set up of a 50:50 joint venture with Zuari Industries Ltd in India, the third most important international cement market.



**Sirap Gema Group** (food packaging and thermal insulation) recorded net income of 1.1 billions of lire against 4.9 billions of lire in the first half of 1999. Net sales were up from 95.7 billions of lire to 111.7 billions of lire. Profitability was negatively affected by the significant increase in raw material prices which the thermal insulation sector was unable to pass on to customers.

**Sab Group** (public transport) showed net income of 4.5 billions of lire compared to 3.6 billions of lire in the first half of 1999. Net sales were stable at 79.8 billions of lire (79.6 billions of lire in the first half of 1999).

Fincomind's main subsidiary, Finter Bank Zürich, a Swiss private banking bank, saw a significant increase in its consolidated net income to Sfr 13.8 million from Sfr 7.1 million in the first half of 1999. Assets managed on behalf of clients amounted to Sfr 5.1 billion.

#### Main equity investments made by Italmobiliare and its financial subsidiaries during the period

As noted in the 1999 annual report, the sale of the entire investment in Crea to Sigesa S.p.A. (Saur) of Bouygues Group for 130 billions of lire was finalized. As contractually agreed, the price is subject to assessment by the buyer which is currently underway. The sale generated a capital gain<sup>(\*)</sup> of 79 billions of lire.

As part of the agreements with Bouygues Group, Italmobiliare Group acquired 29% of Sigesa for 38.4 billions of lire. This investment has sale and purchase options to be exercised from 1 April 2002 to 31 March 2004 and from 1 April 2004 to 30 June 2004 respectively.

Should the investment be sold, the price will be the higher between the minimum value equal to the original valuation and market value of the investment upon exercise of the option.

The Group acquired a 10% interest in Dieci S.r.l. for 30 billions of lire. In April 2000, this company launched a take-over bid for Cartiere Burgo S.p.A. worth 1.3 billions of euro. Its objective is to develop and enhance separately its activities in the electricity, paper and financial sectors. Italmobiliare sold 2.68% of Dieci S.r.l. during the offer recording proceeds of 66.7 billions of lire and a capital gain<sup>(\*)</sup> of 44 billions of lire.

The Group sold shares in Poligrafici Editoriale for 23 billions of lire generating a capital gain<sup>(\*)</sup> of 19.4 billions of lire. At 30 June 2000, its investment in this company was 6.59%.

The Group decreased its investment in Banca Intesa and Banca Commerciale Italiana following the exercise of a put option on the two banks' shares for a consideration of 134 billions of lire and a capital gain<sup>(\*)</sup> of 1.5 billions of lire. The investment was thus 0.27% and 0.11% in Banca Intesa and Banca Commerciale Italiana respectively at 30 June 2000.

(\*) capital gain is intended to be the difference between the sale price and the book value as for Consolidated balance sheet.



The entire investment in Sabtilf S.r.l. and its subsidiaries, Agrustos S.r.l. and Marsilio S.r.l. was sold for 7.4 billions of lire with a capital gain (\*) of 2.7 billions of lire.

Italmobiliare increased its investment in Italcementi S.p.A. from 52.4% to approximately 54% of its ordinary share capital. This was achieved by buying shares on the market for 49.7 billions of lire.

With respect to the New Economy and in particular Internet-related activities, the Group agreed a commitment of up to 12 billions of lire (US\$ 5 million - US\$ 1 million) in two closed-end funds: Draper Fisher Jurvetson ePlanet Ventures LP and Ascent Technology Ventures LP. It also acquired 50% of a newly formed ASP (application service provider) in Italy, SkyGeo, which will be assisted by industrial partners such as Cisco and DMR. It will mainly focus on small to medium sized companies.

The Group invested 4.5 billions of lire in Consortium S.r.l. which is currently acquiring Assicurazioni Generali shares.

Total capital gains on the above-mentioned transactions amounted to 146.6 billions of lire.

#### Purchase of own shares

During the six months, Italmobiliare purchased 174,200 ordinary shares for 7.7 billions of lire.

(\*) capital gain is intended to be the difference between the sale price and the book value as for Consolidated balance sheet.



## Summarized consolidated figures

	(in millions of euro)		(in billions of lire)	
	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999	1999
<b>Net sales</b>	1,956.3	3,788.0	3,360.6	6,988.5
<b>Added value</b>	814.9	1,577.9	1,496.2	3,086.0
<b>Gross operating profit</b>	440.5	852.9	807.1	1,667.2
<i>as a % of net sales</i>	22.5%	22.5%	24.0%	23.9%
Amortization and depreciation	185.9	359.9	334.7	689.8
<b>Operating income</b> (difference between net sales and other income and operating costs)	254.6	493.0	472.4	977.4
<i>as a % of net sales</i>	13.0%	13.0%	14.1%	14.0%
Financial income and charge, net	68.6	132.8	(60.1)	(96.5)
Adjustments to the value of financial assets and non-recurring items, net	26.1	50.5	(3.2)	3.4
<b>Income before taxes</b>	<b>349.3</b>	<b>676.3</b>	<b>409.2</b>	<b>884.2</b>
<b>Income before minority interests</b>	<b>205.7</b>	<b>398.2</b>	<b>220.7</b>	<b>505.6</b>
Minority interests	86.4	167.4	152.0	331.1
<b>Net income of the Group</b>	<b>119.2</b>	<b>230.8</b>	<b>68.7</b>	<b>174.5</b>
	30 June 2000	30 June 2000	30 June 1999	31 December 1999
Total shareholders' equity	3,357.6	6,501.3	6,018.0	6,326.6
Shareholders' equity of the Group	1,352.5	2,618.8	2,281.8	2,440.4
Net debt	(1,668.3)	(3,230.3)	(3,229.2)	(3,387.7)
Investments in fixed assets	265.4	514.0	777.7	1,684.0
Cash flow (income + amortization and depreciation)	391.5	758.1	555.3	1,195.4

The following table summarizes the greater business levels of the second quarter compared to the first. This is due to seasonal factors that impact the Group's core business (construction materials).

	1 <sup>st</sup> half 2000	2 <sup>nd</sup> quarter 2000	1 <sup>st</sup> quarter 2000
<b>Net sales</b>	<b>3,788.0</b>	<b>2,066.0</b>	<b>1,722.0</b>
Variation on 1999	+12.7%	+7.6%	+19.5%
<b>Gross operating profit</b>	<b>852.9</b>	<b>521.1</b>	<b>331.8</b>
<i>as a % of net sales</i>	22.5	25.2	19.3
<b>Operating income</b>	<b>493.0</b>	<b>338.1</b>	<b>154.9</b>
<i>as a % of net sales</i>	13.0	16.4	9.0



## Net sales

Consolidated net sales increased to 3,788 billions of lire (+12.7%) from 3,361 billions of lire in the first half of 1999 due to the contribution of the construction materials sector.

This increase is due to:

- positive performance of the markets in which the Group operates (8.3%);
- changes in the consolidation area (2.3%);
- exchange rate movements (2.1%).

The following tables give a breakdown by business segment and geographical area (\*)

	(in billions of lire)					
	1 <sup>st</sup> half 2000		1 <sup>st</sup> half 1999		Change	
		%		%	%	% (**)
<b>Geographical area</b>						
European Union	2,774.0	73.2	2,554.0	76.0	8.6	9.8
<i>of which Italy</i>	1,229.0	32.4	1,134.1	33.7	8.4	14.6
North America	548.1	14.5	460.0	13.7	19.2	5.1
Emerging Countries and trading	465.9	12.3	346.6	10.3	34.4	1.9
<b>Total</b>	<b>3,788.0</b>	<b>100.0</b>	<b>3,360.6</b>	<b>100.0</b>	<b>12.7</b>	<b>8.3</b>
<b>Business segment</b>						
Construction materials	3,635.5	96.0	3,159.2	94.0	15.1	8.1
Food packaging and thermal insulation	111.7	2.9	95.7	2.8	16.7	16.7
Water and natural gas distribution	-	-	62.7	1.9	-	-
Transport	37.7	1.0	37.2	1.1	1.1	1.1
Other	3.1	0.1	5.8	0.2	-45.7	39.4
<b>Total</b>	<b>3,788.0</b>	<b>100</b>	<b>3,360.6</b>	<b>100.0</b>	<b>12.7</b>	<b>8.3</b>

(\*) shown net of all intercompany transactions between Countries/sectors.

(\*\*) using the 1999 consolidation area and exchange rates.

## Gross operating profit and operating income

Gross operating profit and operating income increased by 5.7% and 4.3% respectively compared to the same period in 1999. Net sales were up 12.7% in the same period. The reasons for this variation, mainly seen in the construction materials sector, were threefold: the fact that Ciments Français changed its accounting treatment of maintenance costs; the increase in raw materials costs, especially electricity, and the difficult economic situations in Turkey and Thailand. However, if the same accounting treatment is used in both periods, the difference between the growth in the profitability and net sales decreases. The variations in gross operating profit and operating income were 9.1% and 10.8% respectively.



## Financial income and charges and other components

The balance of financial income and charges went from a negative 60 billions of lire to a positive 132.8 billions of lire, mainly due to the capital gains on the sale of investments of 148.4 billions of lire (principally in Crea, Burgo and Poligrafici Editoriali) and the greater dividends from the subsidiaries not consolidated on a line-by-line basis. Net of these effects, the balance still showed improvement.

Non-recurring items were a positive 57 billions of lire compared to a negative 8.1 billions of lire mainly due to prior year items following the reduction of the European Commission fine (which allowed Ciments Français to decrease its specially set up provisions) and Paribas' payment of compensation to Société Internationale Italcementi France as per the agreements made upon acquisition of Ciments Français relating to this fine.

## Net income for the period

Net income for the period increased from 220.7 billions of lire to 398.2 billions of lire after taxes for the period of 278 billions of lire (188.6 billions of lire).

## Summarized balance sheet

	(in millions of euro)		(in billions of lire)	
	30 June 2000	30 June 2000	31 December 1999	30 June 1999
Net fixed assets	5,036.4	9,751.8	9,681.2	8,967.4
Working capital	888.1	1,719.6	1,618.0	2,000.3
<b>Net capital employed</b>	<b>5,924.5</b>	<b>11,471.4</b>	<b>11,299.2</b>	<b>10,967.7</b>
Shareholders' equity	3,357.6	6,501.2	6,326.6	6,018.0
<i>Pertaining to the Group</i>	<i>1,352.5</i>	<i>2,618.8</i>	<i>2,440.4</i>	<i>2,281.8</i>
Floating rate subordinated securities, net	131.6	254.8	273.1	290.3
Provisions	767.0	1,485.1	1,311.8	1,430.2
Net debt	1,668.3	3,230.3	3,387.7	3,229.2
<b>Total financing</b>	<b>5,924.5</b>	<b>11,471.4</b>	<b>11,299.2</b>	<b>10,967.7</b>

## Investments in fixed assets

The Group made the following investments of 514 billions of lire against 777.7 billion of Lire in the first half of 1999: equity investments of 253.5 billions of lire, capital expenditure of 236.9 billions of lire and investments in intangible assets of 23.6 billions of lire. The main equity investments acquired during the period were in Italcementi (ordinary shares), Sigesa (Saur), Ciments Français, Newco.com and Dieci.



## Net debt

Net debt improved by 157.4 billions of lire from 3,387.7 billions of lire at 31 December 1999 to 3,230.3 billions of lire at 30 June 2000. This improvement is due to the cash flow generated by operations and the sales of equity investments which more than offset the significant investments made and dividends paid during the six months.

The debt/equity ratio decreased to 53.6% from 57.9% at the end of December 1999 (debt includes the net value of the floating rate subordinated securities).

The following table summarizes the Group's net financial position and cash flows.

### Net financial position

	(in millions of euro)		(in billions of lire)	
	30 June 2000	31 December 1999	30 June 2000	31 December 1999
Marketable securities and current financial assets	(833.6)	(796.1)	(1,614.0)	(1,541.4)
Short term financing	660.7	506.5	1,279.4	980.7
Medium to long term financial assets	(327.6)	(304.1)	(634.4)	(588.8)
Medium to long term financing	2,168.8	2,343.3	4,199.3	4,537.2
<b>Net debt</b>	<b>1,668.3</b>	<b>1,749.6</b>	<b>3,230.3</b>	<b>3,387.7</b>
Variation on 31 December 1999	(81.3)	-	(157.4)	-
<b>Floating rate subordinated securities, net</b>	<b>131.6</b>	<b>141.0</b>	<b>254.9</b>	<b>273.1</b>



## Summary of cash flows

	(in millions of euro)		(in billions of lire)	
	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999
<b>Indebtedness at beginning of period</b>	<b>(1,749.6)</b>	<b>(1,230.7)</b>	<b>(3,387.7)</b>	<b>(2,382.9)</b>
<b>Cash flow from operating activities</b>	<b>183.8</b>	<b>111.5</b>	<b>355.9</b>	<b>216.0</b>
Investments, net				
- Intangible	(12.2)	(21.5)	(23.6)	(41.6)
- Tangible	(122.3)	(124.6)	(236.9)	(241.2)
- Financial investments	(126.9)	(255.6)	(245.8)	(494.9)
- Own shares	(4.0)	-	(7.7)	-
- Proceeds from sale of fixed assets	134.8	26.9	261.0	52.1
<b>Total investments</b>	<b>(130.7)</b>	<b>(374.8)</b>	<b>(253.0)</b>	<b>(725.6)</b>
Variation in other financial assets, other than investments	(12.6)	(37.6)	(24.4)	(72.8)
Variation in other investments	74.0	(68.9)	143.4	(133.5)
Dividends paid	(82.6)	(62.5)	(159.9)	(121.0)
Other	49.3	(4.8)	95.4	(9.4)
Total increase/decrease in debt	81.3	(437.1)	157.4	(846.3)
<b>Indebtedness at end of period</b>	<b>(1,668.3)</b>	<b>(1,667.8)</b>	<b>(3,230.3)</b>	<b>(3,229.2)</b>

For disclosure purposes, the following table shows the net financial position of Italmobiliare Società per Azioni together with its wholly controlled financial subsidiaries:

	(in millions of lire)			
	30 June 2000		31 December 1999	
	Italmobiliare	Consolidated Italmobiliare and fin. companies (*)	Italmobiliare	Consolidated Italmobiliare and fin. companies (*)
Marketable securities and current financial assets	83,080	1,014,460	61,080	984,988
Short term financing	(136,990)	(159,758)	(216,032)	(369,483)
Short term financial position, net	(53,910)	854,702	(154,952)	615,505
Medium to long term financing, net	(689,548)	(589,548)	(704,251)	(604,251)
<b>Net financial position</b>	<b>(743,458)</b>	<b>265,154</b>	<b>(859,203)</b>	<b>11,254</b>

	(in thousands of euro)			
	30 June 2000		31 December 1999	
	Italmobiliare	Consolidated Italmobiliare and fin. companies (*)	Italmobiliare	Consolidated Italmobiliare and fin. companies (*)
Marketable securities and current financial assets	42,907	523,925	31,545	508,704
Short term financing	(70,749)	(82,508)	(111,571)	(190,822)
Short term financial position, net	(27,842)	441,417	(80,026)	317,882
Medium to long term financing, net	(356,122)	(304,476)	(363,715)	(312,070)
<b>Net financial position</b>	<b>(383,964)</b>	<b>136,941</b>	<b>(443,741)</b>	<b>5,812</b>

(\*) includes: Italmobiliare International Finance Limited, Italmobiliare International B.V., Intermobiliare S.p.A., Fincomind S.A. and Société de Participation Financière Italmobiliare S.A.





## Shareholders' equity

Shareholders' equity of 6,501 billions of lire increased by 175 billions of lire with respect to 31 December 1999. This increase is due to income for the period (398 billions of lire) net of dividends paid (160 billions of lire) and the positive effect (approximately 46 billions of lire) of exchange rate variations, mainly due to the appreciation of the US dollar. The shareholders' equity of the Group increased by 178 billions of lire; the effect of exchange rate movements was approximately 12 billions of lire.

## Performance by geographical area and business segment

### Construction materials

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

#### Summarized consolidated figures

	(in millions of euro)		(in billions of lire)
	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999
<b>Net sales</b>	<b>1,878.7</b>	<b>3,637.6</b>	<b>3,161.0</b>
<b>Value added</b>	<b>773.3</b>	<b>1,497.4</b>	<b>1,375.2</b>
<b>Gross operating profit</b>	<b>434.1</b>	<b>840.6</b>	<b>779.8</b>
<i>as a % of net sales</i>	23.1	23.1	24.6
Amortization and depreciation	175.9	340.6	305.6
<b>Operating income</b>	<b>258.3</b>	<b>500.0</b>	<b>474.2</b>
<i>as a % of net sales</i>	13.7	13.7	15.0
Financial income and charges, net	(50.8)	(98.3)	(116.3)
Adjustments to the value of financial assets and non-recurring items	25.0	48.3	4.0
<b>Income before taxes</b>	<b>232.5</b>	<b>450.1</b>	<b>362.0</b>
<b>Income before minority interests</b>	<b>115.2</b>	<b>223.0</b>	<b>193.2</b>
Minority interests	(30.2)	(58.6)	(64.6)
<b>Net income of the Group</b>	<b>84.9</b>	<b>164.4</b>	<b>128.6</b>
	30 June 2000	30 June 1999	31 December 1999
Investments in fixed assets	190.6	369.1	1,422.5
Cash flow (income + amortization and depreciation)	291.1	563.6	1,048.3



The improved results are due to the steady performance of the markets, especially in Italy and also in the other Countries in which the Group operates except for Turkey and Thailand where the recovery is slower than expected. They have been obtained despite increased costs, in particular, energy costs.

The decrease in net financial charges, despite greater debt, and non-recurring items also contributed to the greater half year result compared to the previous year.

### Quarterly performance

	(in billions of lire)		
	30 June 2000	1 <sup>st</sup> half 2000	1 <sup>st</sup> quarter 2000
<b>Net sales</b>	<b>3,637.6</b>	<b>1,984.0</b>	<b>1,653.6</b>
<i>variation compared to 1999</i>	<i>+15.1%</i>	<i>+9.1%</i>	<i>+23.2%</i>
<b>Gross operating profit</b>	<b>840.6</b>	<b>521.0</b>	<b>319.6</b>
<i>as a % of net sales</i>	<i>23.1</i>	<i>26.3</i>	<i>19.3</i>
<b>Operating income</b>	<b>500.0</b>	<b>347.9</b>	<b>152.1</b>
<i>as a % of net sales</i>	<i>13.7</i>	<i>17.5</i>	<i>9.2</i>
<b>Net debt (at period end)</b>	<b>3,474.7</b>	<b>3,474.7</b>	<b>3,254.0</b>

An analysis of the Group's performance by quarter shows the strong seasonal factor that impacts the sectors in which it operates.

As usual, second quarter activities were greater although, as expected, the growth rate was lower than that of the first quarter which had been affected by particularly favorable weather conditions. The second quarter's significant improvement in operating results was due to both greater activity levels and the smaller proportion of maintenance costs which are mainly concentrated in less busy periods.

### Sales

	1 <sup>st</sup> half 2000	Variation on 1 <sup>st</sup> half 1999 (%) using same consolidation area
<b>Cement</b>	19.4 million metric tons	4.5
<b>Aggregates</b>	27.3 million metric tons	2.8
<b>Ready mixed concrete</b>	9.1 million cubic meters	2.8



## Net sales by geographical area and business segment <sup>(\*)</sup>

(in billions of lire)

	1 <sup>st</sup> half 2000		1 <sup>st</sup> half 1999		Variation
		%		%	2000/1999
<b>Geographical area</b>					
European Union	2,623.7	72.1	2,354.3	74.5	+11.4%
<i>of which Italy</i>	1,126.9	31.0	974.8	30.8	+15.6%
North America	548.1	15.1	460.0	14.6	+19.2%
Other Countries and trading	465.8	12.8	346.7	10.9	+34.4%
<b>Total</b>	<b>3,637.6</b>	<b>100.0</b>	<b>3,161.0</b>	<b>100.0</b>	<b>+15.1%</b>
<b>Business segment</b>					
Cement	2,270.5	62.4	1,939.0	61.3	+17.1%
Ready mixed concrete and aggregates	1,180.2	32.4	1,054.4	33.4	+11.9%
Other	186.9	5.2	167.6	5.3	+11.5%
<b>Total</b>	<b>3,637.6</b>	<b>100.0</b>	<b>3,161.0</b>	<b>100.0</b>	<b>+15.1%</b>

(\*) shown net of all intercompany transactions between segments

Further to the increase in sales volumes in almost all Countries in which the Group operates, net sales also benefited from the expansion in the consolidation area with the full consolidation of production facilities acquired in 1999 which were only partly consolidated in the first half of 1999.

## Net sales, gross operating profit and capital expenditure by geographical area <sup>(\*)</sup>

	Net sales		Gross operating profit		Capital expenditure	
	Variation from		Variation from		1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999
	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999		
Italy	1,183.2	16.9	244.9	28.0	64.2	48.9
France	1,101.9	8.9	234.5	(4.5)	54.7	62.4
Belgium	188.7	5.3	52.0	10.2	7.8	9.0
Spain	221.1	10.0	63.1	-	4.9	7.6
Greece	66.6	5.2	18.6	6.0	3.7	1.5
North America	548.1	19.2	113.2	(11.2)	55.7	43.9
Turkey	137.7	(14.8)	5.0	(83.9)	7.2	14.7
Morocco (**)	160.6	53.8	66.7	58.1	0.8	7.8
Bulgaria	50.3	28.7	6.7	103.0	19.5	12.6
Thailand (***)	121.2	-	37.4	-	3.7	10.4
Trading and other Countries	188.7	52.5	(1.5)	-	0.8	2.4
Eliminations of inter-Country sales	(330.5)	-	-	-	-	-
<b>Total</b>	<b>3,637.6</b>	<b>15.1</b>	<b>840.6</b>	<b>7.7</b>	<b>223.0</b>	<b>221.2</b>

(\*) net sales by Country include intergroup transactions between Countries

(\*\*) including six months of activities of the Marrakech cement plant, against two months in the first half of 1999

(\*\*\*) including Asia Cement, not consolidated in first half of 1999.



## Italy

	(in millions of euro*)	(in billions of lire*)	
	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999
Net sales	611.1	1,183.2	1,012.5
Gross operating profit	126.5	244.9	191.3
Capital expenditure	33.2	64.2	48.9

\* including transfers among businesses

## Cement

	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999
	Net sales	393.4	761.7
Gross operating profit	99.7	193.1	148.1
Capital expenditure	22.9	44.4	31.3

\* including transfers among businesses

Cement production and demand increased significantly although to a lesser extent than in the first quarter, which had two extra working days compared to the first quarter of the previous year and very favorable weather conditions. Italcementi Group thus saw an 8.1% increase in sales of hydraulic binders with a decrease in exports.

The positive market assisted a sharp upturn in net sales due to volume and price increases. Net sales were up approximately 22%, offsetting the increase in certain key costs, mainly fuel and electricity. Gross operating profit increased by approximately 45 billions of lire (+30.4%).

## Ready mixed concrete and aggregates

	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999
	Net sales	196.4	380.3
Gross operating profit	19.2	37.1	30.4
Capital expenditure	6.5	12.6	8.6

\* including transfers among businesses

Calcestruzzi S.p.A. and subsidiaries saw an overall increase in net sales and gross operating profit of 10.9% and approximately 22% respectively in a market assisted by the same conditions that benefited the cement market.



## France

	(in millions of euro*)	(in billions of lire*)	
	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999
Net sales	569.1	1,101.9	1,011.9
Gross operating profit	121.1	234.5	245.4
Capital expenditure	28.2	54.7	62.4

\* including transfers among businesses

## Cement

	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999
Net sales	320.8	621.2	603.6
Gross operating profit	88.8	172.0	191.9
Capital expenditure	16.4	31.8	33.8

\* including transfers among businesses

Ciments Calcia sales were up 2.2%. The company was unable to fully benefit from the positive local market due to the geographical location of its plants.

Although average sales prices improved in France, the operating results were negatively affected by the increase in fuel costs and fixed production cost trends (mainly personnel and maintenance, also due to the different accounting treatment for the latter).

## Ready mixed concrete and aggregates

	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999
Net sales	263.8	510.7	431.2
Gross operating profit	29.8	57.6	45.9
Capital expenditure	10.0	19.3	23.8

\* including transfers among businesses

The satisfactory level of activities in certain regions together with the acquisitions made in the second half of 1999 boosted GSM's aggregates sales by 15.8% in quantity terms over the same period in 1999 (+4% using the same consolidation area).

Unibéton ready mixed concrete sales were up 14.7% (+5.7% using the same consolidation area) partly due to positive demand in certain regions.

The growth in volumes and average sales prices led to a clear improvement in operating results despite the increase in fuel costs and the introduction of new production taxes in the two business segments.



## Belgium

	(in millions of euro*)		(in billions of lire*)
	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999
Net sales	97.4	188.7	179.1
Gross operating profit	26.9	52.0	47.2
Capital expenditure	4.1	7.8	9.0

\* including transfers among businesses

Compagnie des Ciments Belges (CCB) saw an increase in its domestic cement sales and a downturn in those to the Dutch market.

Group aggregate sales improved in Benelux due to the completion of motorway and production building sites while sales to France decreased due to the slowdown in public works.

CCB's ready mixed concrete sales were down on the first half of 1999 mainly due to finalization of some large works.

Its overall operating results improved, partly thanks to the increasing use of alternative fuels which reduced the impact of the oil price increases.

## Spain

	1 <sup>st</sup> half 2000		1 <sup>st</sup> half 1999
	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999
Net sales	114.2	221.1	200.9
Gross operating profit	32.6	63.1	63.1
Capital expenditure	2.5	4.9	7.8

\* including transfers among businesses

Financiera y Minera increased its cement sales with respect to the first half of 1999 in a steadily growing market.

Group aggregates sales also grew. The increase in ready mixed concrete sales was smaller. Average sales prices in these two sectors increased due to the positive market and compliance with new legislation regarding the quality of ready mixed concrete.



## Greece

	(in millions of euro*)	(in billions of lire*)	
	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999
Net sales	34.4	66.6	63.3
Gross operating profit	9.6	18.6	17.5
Capital expenditure	1.9	3.7	1.4

\* including transfers among businesses

Halyps domestic cement sales were in line with those of the first half of 1999 while exports showed a sharp increase. On the whole, average sales prices were stable. The operating results improved on the same period in 1999 although production costs were negatively affected by the increase in coke prices.

## North America

	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999
Net sales	283.1	548.1	460.0
Gross operating profit	58.5	113.3	127.5
Capital expenditure	28.8	55.7	43.9

\* including transfers among businesses

Cement consumption in the United States and Ontario, Canada grew in the first six months of 2000 favored by the continued good performance of the North American economy. Essroc was able to increase its sales quantities in this context.

Operating results were impacted by the downturn in average prices following stiff competition in certain geographical areas and a less favorable sales mix together with some higher cost factors.



## Turkey

	(in millions of euro*)	(in billions of lire*)	
	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999
Net sales	71.1	137.7	161.6
Gross operating profit	2.6	5.0	31.2
Capital expenditure	3.7	7.2	14.7

\* including transfers among businesses

Turkey continued to be affected by the economic slowdown caused by the earthquakes in 1999.

The considerable fall in demand, together with the growth in supplies and production capacity in certain regions led to a decrease in sales prices.

Operating results worsened due to this reduction in net sales as well as the increase in energy costs.

## Morocco

	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999 **
Net sales	82.9	160.6	104.4
Gross operating profit	34.5	66.7	42.2
Capital expenditure	0.4	0.8	7.8

\* including transfers among businesses

\*\* the Marrakech cement plant has only been consolidated for two months

Using the same consolidation area, Group cement sales volumes grew significantly in Morocco with positive average sales prices. This was due to a rapidly growing domestic market following government intervention in public works and the good tourist sector performance.

The growth in net sales generated an increase in operating results which also benefited from the actions taken to contain costs which partly offset the higher fuel costs.





## Bulgaria

	(in millions of euro*)	(in billions of lire*)	
	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999
Net sales	26.0	50.3	39.1
Gross operating profit	3.5	6.7	3.3
Capital expenditure	10.1	19.5	12.6

\* including transfers among businesses

Domestic cement consumption decreased compared to the first half of 1999. The local market was affected by fierce competition which led to a significant fall in price levels and the Group saw a decrease in domestic sales greater than the sector average. This downturn in activities was more than offset by the increase in export volumes, boosted by synergies between the Group's production companies. The Group companies were able to contain energy costs due to the continued substitution of oil and gas with coal and petcoke. The Group performed large scale maintenance works in the period which led to greater operating costs compared to the first half of 1999.

## Thailand

	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999
Net sales	62.6	121.2	36.5
Gross operating profit	19.3	37.4	9.6
Capital expenditure	1.9	3.7	10.4

\* including transfers among businesses

The Thai construction sector continued to remain stagnant in the first half of 2000 although the general economy has picked up even if at a slower pace than expected. The "overbuilding" situation created in the years before the crisis in 1997 and the ongoing restructuring of the Country's financial system effectively slow down the recovery. Jalaprathan and Asia Cement increased their current sales volumes slightly in a substantially stable domestic market (using the same consolidation area). Prices decreased due to the sector's excess production capacity and strong competition. Ready mixed concrete sales improved over the first half of 1999 (using the same consolidation area).





Raw materials costs continued to increase steadily during the six months due to the upturn in oil prices and a high level of demand for styrene grades by the transformation sector.

Profits of the two sectors in which the Group operates were affected by sales prices. The negative performance of the insulation market in Belgium generated a decrease in operating results compared to the same period in 1999.

Investments were concentrated on improving the efficiency of the thermoforming process for the production of food trays.

## Food packaging

### Italy

	(in millions of euro)		(in billions of lire)
	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999
Net sales	19.6	37.9	33.4
Gross operating profit	4.7	9.1	8.2
Capital expenditure	2.7	5.3	3.0

The positive demand and ability to offer customized products to customers allowed the Group to offset the increases in raw materials and to record income substantially in line with the first half of 1999.

### France

	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999
Net sales	11.2	21.7	15.5
Gross operating profit	1.7	3.2	1.7
Capital expenditure	0.7	1.3	0.7

The good level of demand in the French market, in particular from the big sales networks, boosted the Group's operating results which were significantly better than in the first half of 1999.



## Thermal insulation

### Italy

	(in millions of euro*)	(in billions of lire*)	
	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999
Net sales	9.7	18.8	16.9
Gross operating profit	1.7	3.2	2.9
Capital expenditure	0.8	1.6	0.9

The sector performed well in the first quarter thanks to a modest increase in volumes. However this trend was only partly repeated in the second quarter.

Despite this, the profit margins continued to be positive with results substantially in line with the same period in 1999.

### Belgium

	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999
Net sales	13.7	26.6	24.7
Gross operating profit	(1.4)	(2.8)	2.0
Capital expenditure	0.7	1.3	0.6

The sharp increase in raw materials costs reinforced the difficult situation for manufacturers in the North European markets.

Despite the good performance of the construction sector, sales prices in the key German market, already considered to be low, did not increase significantly due to tough competition.

### Research and development

Research and development activities were focused on studies of new materials for food containers and on new expanding gas for the food packaging and thermal insulation sectors respectively.

### Outlook

The trends seen in the first half of the year should continue in the other six months of the year. The year end result is expected to be lower than that of 1999.





The net financial position improved due to liquidity available at the end of 1999 and also the lower level of investments made in the first half of 2000 as the planned investments will mostly take place around year end.

### Outlook

SAB Group's operating income may be affected by continuing negative oil product prices in the second half of the year. Overall, the year end result is expected to be lower than that of 1999 which included significant extraordinary income.

### Financial sector

This sector includes Italmobiliare's wholly controlled financial subsidiaries.

#### Italmobiliare International Finance Limited (Dublin)

This company is the main financial arm of Italmobiliare Group. It operates in international financial markets and provides financial support to foreign Group companies. Its main financial figures are as follows:

	(in thousands of euro)	(in millions of lire)	
	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999
Financial income and charges, net	10,506	20,342	15,016
Operating costs, amortization, depreciation and write-downs	(1,184)	(2,293)	(846)
Net income for the period	8,387	16,239	12,763
	30 June 2000	30 June 2000	31 December 2000
Shareholders' equity of the Group	426,336	825,502	809,263
Net financial position	421,346	815,840	673,849

Net income improved from 12.8 billions of lire to 16.2 billions of lire due to the significant proportion of floating rate investments, which benefited from the higher market rates, and to capital gains on the sale of shares. The latter also positively affected the company's net financial position.

It sold its shares in Banca Commerciale Italiana and Banca Intesa following exercise of a put option generating a capital gain of 1.5 billions of lire.

As for its general practice, the company carefully selects its investments in terms of interest rate risk and credit risk.

Based on the results achieved to date and factors that could impact returns on its financial assets, the company should record a year end income greater than that of 1999.



## Fincomind S.A. (Zürich)

Fincomind SA holds the Group's entire investment in Finter Bank Zürich and indirectly, via Finter Holding SA (97% owned), controls Finter Bank France and Société d'Etudes de Participations et de Courtages SEPAC S.A., based in Monte Carlo.

Fincomind Group's main financial figures are as follows:

	(in millions of Swiss francs)		
	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999	31 December 1999
Financial income and charges, net	(0.5)	(0.5)	(1.0)
Income from investments	12.8	3.5	17.1
Operating costs, net	(1.1)	(1.0)	(2.2)
Non-recurring items, net	(0.5)	(3.8)	(5.8)
Net result for the period	10.6	(1.8)	(8.1)
Shareholders' equity of the Group	86.5	66.9	76.3
Net debt (*)	(37.4)	(40.4)	(44.8)
Investments	122.8	107.2	120.4

(\*) includes intercompany payables of Sfr 25 million

The result for the period is significantly better than that of the same period in 1999. This is due to the positive performance of the main subsidiary Finter Bank Zürich. The other banking subsidiary, Finter Bank France, continues to meet difficulties while SEPAC Group had only a marginal effect on the results.

Financial and operating costs increased slightly due to non-recurring costs.

Finter Bank Zürich recorded good results: consolidated income was up 94% from Sfr 7.1 million at 30 June 1999 to Sfr 13.6 million in 2000. This was due to significant and profitable activities performed mainly in the first quarter. Assets under management amounted to Sfr 5.2 billion (31 December 1999: Sfr 4.8 billion).

Finter Bank France continued its difficult restructuring of its activities to concentrate on private banking. It again recorded a negative result although this was better than the same period of 1999.



#### Société de Participation Financière Italmobiliare S.A. (former Franco Tosi Finance S.A.) (Luxembourg)

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

The company holds investments in Banca Intesa, Banca Commerciale Italiana, Fincomind, Mediobanca and Poligrafici Editoriale among others.

Its main financial figures are set out below with comparative first half 1999 data. The latter are prepared on a pro forma basis in order to allow a comparison with the results achieved by the two companies before the merger.

	(in thousands of euro)	(in millions of lire)	
	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999
Financial income and charges, net	11,333	21,943	10,929
Operating costs, amortization, depreciation and provisions	(162)	(314)	(1,643)
Net income for the period	10,885	21,076	8,867
	30 June 2000	30 June 2000	31 December 1999
Shareholders' equity of the Group	255,646	494,999	473,959
Net financial position	121,164	234,606	246,207

The increase in the net income for the period (21 billions of lire on 8.9 billions of lire in the first half of 1999) is mainly due to capital gains (13 billions of lire compared to book value) generated by the sale of part of the company's interest in Poligrafici Editoriale of 23 billions of lire.

The other significant transactions are described on pages 12 and 13 of this report and principally related to the acquisition of quotas in Dieci S.r.l., Consortium S.r.l., Dada (subsequently sold) and of units in certain Internet funds for a total of 39 billions of lire.

#### Intermobiliare S.p.A.

This company showed a net loss of 1,747 millions of Lire compared to 1,303 millions of Lire in the first half of 1999. This was mainly due to interest expense on financing made to acquire the investment in Compart. Intermobiliare sold its entire investment in this company at market price to Italmobiliare after 30 June 2000 generating a significant capital gain.





The financial sector also includes:

- minority investments in the financial-banking sector;
- minority investments in major Italian industrial groups.

(in millions of lire)

	30 June 2000		31 December 1999	
	%	book value	%	book value
<b>Banking/financial sector</b>				
Unicredito Italiano	1.71	190,349	1.729	190,349
Banca Intesa	0.27	99,857	0.53	181,236
Mediobanca	2.47	156,832	2.48	156,832
Banca Commerciale Italiana	0.11	20,297	0.22	50,446
Mittel	12.91	28,726	12.91	25,909
Fin.Priv S.r.l.	12.50	17,690	12.50	17,690
Consortium S.r.l.	5.00	4,500	-	-
<b>Total</b>		<b>518,251</b>		<b>622,462</b>

	30 June 2000		31 December 1999	
	%	book value	%	book value
<b>Production groups and holding companies of production investments</b>				
Compart	3.31	150,059	3.414	150,059
HdP	4.82	120,751	4.82	115,413
Sigesa	29.00	38,400	-	-
Società Editrice Siciliana S.p.A.	33.00	29,951	33.00	29,951
Gemina	4.43	24,235	4.43	24,235
Cartiere Burgo	-	-	2.68	22,720
Sesaab S.p.A.	10.00	18,055	10.00	18,055
Dieci S.r.l.	10.00	30,000	-	-
Poligrafici Editoriale	6.59	11,804	8.60	15,530
Gim	4.16	13,546	4.16	13,546
Falck	2.50	9,690	2.50	9,690
<b>Total</b>		<b>446,491</b>		<b>399,199</b>

Reference is made to the first part of this report for information about the most significant variations in the Group's investments.



## Human resources

At 30 June, the Group had a workforce of 19,972 persons (31 December 1999: 20,519; 30 June 1999: 19,914).

A breakdown of personnel by Country is as follows:

	30 June 2000	%	31 December 1999	%	30 June 1999	%
Italy	6,623	33.2	7,261	35.4	7,302	36.7
France	4,399	22.0	4,280	20.9	4,230	21.2
Belgium	744	3.7	756	3.7	765	3.8
Spain	802	4.0	818	4.0	797	4.0
Greece	308	1.5	315	1.5	337	1.7
Other European Countries	19	0.1	19	0.1	18	0.1
<b>Total Europe</b>	<b>12,895</b>	<b>64.6</b>	<b>13,449</b>	<b>65.5</b>	<b>13,449</b>	<b>67.5</b>
North America	1,653	8.3	1,571	7.6	1,606	8.1
Turkey	1,240	6.2	1,246	6.1	1,272	6.4
Morocco	1,080	5.4	1,074	5.2	1,084	5.4
Bulgaria	1,338	6.7	1,378	6.7	1,483	7.4
Thailand	1,766	8.8	1,801	8.8	1,020	5.1
<b>Total non-European Countries</b>	<b>7,077</b>	<b>35.4</b>	<b>7,070</b>	<b>34.5</b>	<b>6,465</b>	<b>32.5</b>
<b>Total</b>	<b>19,972</b>	<b>100.0</b>	<b>20,519</b>	<b>100.0</b>	<b>19,914</b>	<b>100.0</b>

## Transactions with related parties

With respect to the consolidated financial statements, transactions with related parties took place with:

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

Transactions with related parties in the construction sector relate to their joint interest in consolidating existing synergies with respect to integration of production and commercial resources, efficient use of existing skills and the rationalization of the use of central structures and financial resources.

The transactions are of a trading and financial nature.

Italmobiliare also provides administrative services to some associated companies.

All the above transactions take place on an arm's length basis.



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

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

## Passage to the euro

The extraordinary shareholders' meeting of Italmobiliare Società per Azioni held on 11 May 2000 resolved to convert the 38,525,745 shares in circulation with a nominal value of 5,000 lire each into euro. The corresponding euro value has been established in 2.60 euro per share with the related drawing of 1,321.5 millions of lire from the extraordinary reserve, equal to 682,503 euro.

The Group companies operating in the euro zone have already converted their share capital into euro although they continue to keep their accounting records in their local currencies.

As required by Consob recommendation no 98083971 of 26 October 1999, the financial statements of Italmobiliare and the Group have also been prepared in euro in order to provide adequate information to the market.

## Subsequent half year events

### Italcementi Group

Essroc intends to invest over US\$ 150 million in two of its plants in the US and Canada in order to increase their production capacity.

The Group has announced that together with McKinsey and Broadvision, it will create an European B2B portal, Bravo Build, in the construction sector. The related investment is expected to be 100 billions of lire over the next three years. Italcementi has also finalized the acquisition of 37.5% of the B2B e-Cement.com portal together with Blue Circle Industries and Just2Clicks for 4.8 millions of euro.

### Italmobiliare and financial subsidiaries

Italmobiliare sold its investment in Falck to Compart as part of its agreement between the latter company and the Falck shareholders syndicate for the purposes of the friendly total public purchase offer launched by Compart for Falck and Sondel. Compart's objective is to integrate and develop the two companies' electricity production and distribution activities. This transaction generated proceeds of 50.3 billions of lire and a capital gain of 40.6 billions of lire.

The Group continued to acquire ordinary Italcementi shares in the stock market with an outlay of approximately 28 billions of lire and to sell Poligrafici Editoriali shares.



## Outlook

While revenues should continue to increase thanks to the positive overall economic situation of nearly all the Countries in which the Group operates, the uncertainty about energy prices, and in particular oil, will have an impact on the results of all the companies over the next few years.

However, based on the consolidated result for the first half of this year, expected future developments of Italmobiliare and its financial subsidiaries and, especially, the capital gains recorded after 30 June, the year end result should be significantly greater than that recorded at the end of 1999, excluding events not currently foreseeable.

Milan, 13 September 2000

The Board of Directors

Consolidated financial statements  
and related notes

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# Consolidated balance sheet as at 30 June 2000

## ASSETS

(in millions of lire)	30 June 2000	31 December 1999	30 June 1999	Variation June 00/Dec '99
<b>A) Share capital proceeds to be received</b>				
<b>B) Fixed assets</b>				
I - Intangible assets	2,722,213	2,772,422	2,692,397	(50,209)
II - Tangible assets	5,467,286	5,464,609	4,825,738	2,677
III - Investments and other financial assets	2,571,626	2,390,814	2,386,166	180,812
<b>Total fixed assets (B)</b>	<b>10,761,125</b>	<b>10,627,845</b>	<b>9,904,301</b>	<b>133,280</b>
<b>C) Current assets</b>				
I - Inventories	792,909	792,040	737,397	869
II - Trade and other receivables	2,560,823	2,392,103	2,678,984	168,720
III - Marketable securities	1,243,854	1,229,402	1,073,883	14,452
IV - Cash and cash equivalents	514,008	598,055	660,712	(84,047)
<b>Total current assets (C)</b>	<b>5,111,594</b>	<b>5,011,600</b>	<b>5,150,976</b>	<b>99,994</b>
<b>D) Prepayments and accrued income</b>	<b>175,288</b>	<b>149,079</b>	<b>158,362</b>	<b>26,209</b>
<b>Total assets</b>	<b>16,048,007</b>	<b>15,788,524</b>	<b>15,213,639</b>	<b>259,483</b>

## EQUITY AND LIABILITIES

<b>A) Shareholders' equity:</b>				
I - Share capital	193,950	192,629	182,260	1,321
II - Share premium reserve	343,090	343,090	316,131	-
III - Revaluation reserve	167,991	167,991	166,695	-
IV - Legal reserve	38,526	36,452	36,452	2,074
V - Reserve for purchase of own shares	40,128	32,471	-	7,657
VI - Statutory reserves	-	-	-	-
VII - Other reserves	1,594,064	1,487,713	1,506,076	106,351
VIII - Retained earnings	10,227	5,537	5,537	4,690
IX - Net income for the period/year	230,839	174,544	68,658	56,295
<b>Total shareholders' equity of the Group</b>	<b>2,618,815</b>	<b>2,440,427</b>	<b>2,281,809</b>	<b>178,388</b>
X - Minority interests	3,882,445	3,886,135	3,736,191	(3,690)
<b>Total shareholders' equity</b>	<b>6,501,260</b>	<b>6,326,562</b>	<b>6,018,000</b>	<b>174,698</b>
<b>A/bis) Floating rate subordinated securities</b>	<b>628,577</b>	<b>628,576</b>	<b>628,575</b>	<b>1</b>
<b>B) Provisions for contingencies and charges</b>	<b>1,292,936</b>	<b>1,111,706</b>	<b>1,231,032</b>	<b>181,230</b>
<b>C) Employees' leaving entitlements</b>	<b>192,122</b>	<b>200,146</b>	<b>199,143</b>	<b>(8,024)</b>
<b>D) Payables</b>	<b>7,387,815</b>	<b>7,486,524</b>	<b>7,093,167</b>	<b>(98,709)</b>
<b>E) Accruals and deferred income</b>	<b>45,297</b>	<b>35,010</b>	<b>43,722</b>	<b>10,287</b>
<b>Total equity and liabilities</b>	<b>16,048,007</b>	<b>15,788,524</b>	<b>15,213,639</b>	<b>259,483</b>



## ASSETS

(in thousands of euro)	30 June 2000	31 December 1999	30 June 1999	Variation June 00/Dec '99
<b>A) Share capital proceeds to be received</b>	-	-	-	-
<b>B) Fixed assets</b>				
I - Intangible assets	1,405,906	1,431,836	1,390,507	(25,930)
II - Tangible assets	2,823,618	2,822,235	2,492,286	1,383
III - Investments and other financial assets	1,328,134	1,234,752	1,232,352	93,382
<b>Total fixed assets (B)</b>	<b>5,557,658</b>	<b>5,488,823</b>	<b>5,115,145</b>	<b>68,835</b>
<b>C) Current assets</b>				
I - Inventories	409,503	409,055	380,834	448
II - Trade and other receivables	1,322,555	1,235,418	1,383,580	87,137
III - Marketable securities	642,397	634,933	554,614	7,464
IV - Cash and cash equivalents	265,463	308,870	341,229	(43,407)
<b>Total current assets (C)</b>	<b>2,639,918</b>	<b>2,588,276</b>	<b>2,660,257</b>	<b>51,642</b>
<b>D) Prepayments and accrued income</b>	<b>90,528</b>	<b>76,993</b>	<b>81,787</b>	<b>13,535</b>
<b>Total assets</b>	<b>8,288,104</b>	<b>8,154,092</b>	<b>7,857,189</b>	<b>134,012</b>

## EQUITY AND LIABILITIES

<b>A) Shareholders' equity:</b>				
I - Share capital	100,167	99,485	94,129	682
II - Share premium reserve	177,191	177,191	163,268	-
III - Revaluation reserve	86,760	86,760	86,091	-
IV - Legal reserve	19,897	18,826	18,826	1,071
V - Reserve for purchase of own shares	20,724	16,770	-	3,954
VI - Statutory reserves	-	-	-	-
VII - Other reserves	823,265	768,340	777,823	54,925
VIII - Retained earnings	5,282	2,860	2,860	2,422
IX - Net income for the period/year	119,218	90,144	35,459	29,074
<b>Total shareholders' equity of the Group</b>	<b>1,352,504</b>	<b>1,260,376</b>	<b>1,178,456</b>	<b>92,128</b>
X - Minority interests	2,005,116	2,007,021	1,929,582	(1,905)
<b>Total shareholders' equity</b>	<b>3,357,620</b>	<b>3,267,397</b>	<b>3,108,038</b>	<b>90,223</b>
<b>A/bis) Floating rate subordinated securities</b>	<b>324,633</b>	<b>324,632</b>	<b>324,632</b>	<b>1</b>
<b>B) Provisions for contingencies and charges</b>	<b>667,746</b>	<b>574,148</b>	<b>635,775</b>	<b>93,598</b>
<b>C) Employees' leaving entitlements</b>	<b>99,223</b>	<b>103,367</b>	<b>102,849</b>	<b>(4,144)</b>
<b>D) Payables</b>	<b>3,815,488</b>	<b>3,866,467</b>	<b>3,663,315</b>	<b>(50,979)</b>
<b>E) Accruals and deferred income</b>	<b>23,394</b>	<b>18,081</b>	<b>22,580</b>	<b>5,313</b>
<b>Total equity and liabilities</b>	<b>8,288,104</b>	<b>8,154,092</b>	<b>7,857,189</b>	<b>134,012</b>



# Consolidated income statement for the six months ended 30 June 2000

(in millions of lire)	30 June 2000	30 June 1999	31 December 1999	Variation June 00/Dec '99
<b>A) Net sales and other operating income</b>				
1) Net sales	3,787,958	3,360,613	6,988,466	427,345
2) Variations in work in progress semi-finished and finished goods	(16,333)	(28,890)	3,839	12,557
3) Variation in contract work in progress	-	4	171	(4)
4) Increase on internal work capitalized under fixed assets	16,300	22,123	34,384	(5,823)
5) Other operating income	105,632	79,561	174,187	26,071
<b>Total</b>	<b>3,893,557</b>	<b>3,433,411</b>	<b>7,201,047</b>	<b>460,146</b>
<b>B) Operating costs</b>				
6) Raw materials, consumables and supplies	975,811	814,698	1,759,583	161,113
7) Services	1,174,237	949,580	2,021,945	224,657
8) Use of third party assets	65,153	64,435	122,959	718
9) Personnel expenses	706,065	670,539	1,372,014	35,526
10) Amortization, depreciation and write-downs	374,370	349,463	716,941	24,907
11) Variation in raw materials, consumables and supplies	(11,271)	3,603	3,818	(14,874)
12) Provision for contingencies	4,440	3,748	19,674	692
13) Other provisions	20	47	-	(27)
14) Other operating costs	111,770	104,860	206,734	6,910
<b>Total</b>	<b>3,400,595</b>	<b>2,960,973</b>	<b>6,223,668</b>	<b>439,622</b>
<b>Operating income (A-B)</b>	<b>492,962</b>	<b>472,438</b>	<b>977,379</b>	<b>20,524</b>
<b>C) Financial income and charges:</b>				
15) Income from investments	199,376	36,449	49,799	162,927
16) Other financial income	125,573	108,070	262,012	17,503
17) Interest and other financial charges	(192,189)	(204,575)	(408,357)	12,386
<b>Total</b>	<b>132,760</b>	<b>(60,056)</b>	<b>(96,546)</b>	<b>192,816</b>
<b>D) Adjustments to the value of financial assets</b>				
18) Revaluations	5,733	9,406	9,173	(3,673)
19) Write-downs	(12,209)	(4,504)	(19,338)	(7,705)
<b>Total</b>	<b>(6,476)</b>	<b>4,902</b>	<b>(10,165)</b>	<b>(11,378)</b>
<b>E) Non-recurring income and charges</b>				
20) Income	111,363	50,078	191,997	61,285
21) Charges	(54,357)	(58,141)	(178,441)	3,784
<b>Total</b>	<b>57,006</b>	<b>(8,063)</b>	<b>13,556</b>	<b>65,069</b>
<b>Income before taxes (A-B+C+D+E)</b>	<b>676,252</b>	<b>409,221</b>	<b>884,224</b>	<b>267,031</b>
22) Taxes on income	(278,030)	(188,569)	(378,628)	(89,461)
<b>Income before minority interests</b>	<b>398,222</b>	<b>220,652</b>	<b>505,596</b>	<b>177,570</b>
23) Minority interests	167,383	151,994	331,052	15,389
<b>IX - Net income of the Group</b>	<b>230,839</b>	<b>68,658</b>	<b>174,544</b>	<b>162,181</b>





(in thousands of euro)	30 June 2000	30 June 1999	31 December 1999	Variation June 00/Dec '99
<b>A) Net sales and other operating income</b>				
1) Net sales	1,956,317	1,735,612	3,609,241	220,705
2) Variations in work in progress semi-finished and finished goods	(8,435)	(14,920)	1,983	6,485
3) Variation in contract work in progress	-	2	88	(2)
4) Increase on internal work capitalized under fixed assets	8,418	11,426	17,758	(3,008)
5) Other operating income	54,555	41,089	89,960	13,466
<b>Total</b>	<b>2,010,855</b>	<b>1,773,209</b>	<b>3,719,030</b>	<b>237,646</b>
<b>B) Operating costs</b>				
6) Raw materials, consumables and supplies	503,964	420,756	908,749	83,208
7) Services	606,443	490,417	1,044,247	116,026
8) Use of third party assets	33,649	33,278	63,503	371
9) Personnel expenses	364,652	346,304	708,586	18,348
10) Amortization, depreciation and write-downs	193,346	180,483	370,269	12,863
11) Variation in raw materials, consumables and supplies	(5,821)	1,861	1,972	(7,682)
12) Provision for contingencies	2,293	1,936	10,161	357
13) Other provisions	10	24	-	(14)
14) Other operating costs	57,725	54,156	106,769	3,569
<b>Total</b>	<b>1,756,261</b>	<b>1,529,215</b>	<b>3,214,256</b>	<b>227,046</b>
<b>Operating income (A-B)</b>	<b>254,594</b>	<b>243,994</b>	<b>504,774</b>	<b>10,600</b>
<b>C) Financial income and charges:</b>				
15) Income from investments	102,969	18,824	25,719	84,145
16) Other financial income	64,853	55,813	135,318	9,040
17) Interest and other financial charges	(99,257)	(105,654)	(210,899)	6,397
<b>Total</b>	<b>68,565</b>	<b>(31,017)</b>	<b>(49,862)</b>	<b>99,582</b>
<b>D) Adjustments to the value of financial assets</b>				
18) Revaluations	2,961	4,858	4,737	(1,897)
19) Write-downs	(6,306)	(2,326)	(9,987)	(3,980)
<b>Total</b>	<b>(3,345)</b>	<b>2,532</b>	<b>(5,250)</b>	<b>(5,877)</b>
<b>E) Non-recurring income and charges</b>				
20) Income	57,514	25,863	99,158	31,651
21) Charges	(28,073)	(30,027)	(92,157)	1,954
<b>Totale</b>	<b>29,441</b>	<b>(4,164)</b>	<b>7,001</b>	<b>33,605</b>
<b>Income before taxes (A-B+C+D+E)</b>	<b>349,255</b>	<b>211,345</b>	<b>456,663</b>	<b>137,910</b>
22) Taxes on income	(143,591)	(97,388)	(195,545)	(46,203)
<b>Income before minority interests</b>	<b>205,664</b>	<b>113,957</b>	<b>261,118</b>	<b>91,707</b>
23) Minority interests	86,446	78,498	170,974	7,948
<b>IX - Net income of the Group</b>	<b>119,218</b>	<b>35,459</b>	<b>90,144</b>	<b>83,759</b>



## Accounting policies

The consolidated half year report has been prepared using the half year reports drawn up by the consolidated companies adjusted, if necessary, to bring them in line with the classification criteria and accounting policies of the Group by using the accounting policies and consolidation criteria applied to prepare the consolidated financial statements as at and for the year ended 31 December 1999.

In order to comply with the Group accounting policies, certain foreign Group companies have expensed costs for large maintenance works in the period in which they are incurred rather than accruing them over the duration of the asset for which the work has been performed. This treatment is consistent with IAS 34. The related effect is described in the Directors' report.

Information on the Group's activities and significant post balance sheet events is given in the Directors' report.

## Consolidation area

Annexes A and B set out lists of the companies included in the consolidation area. Minor subsidiaries, in terms of investments or results, are not consolidated, likewise those acquired near to the period end. Subsidiaries not consolidated on a line-by-line basis (ie, those which perform activities not related to the Group's core businesses) and associated companies in which the Group has an investment with voting rights of 20% to 50%, or in which it exercises considerable influence, are valued according to the equity method if significant, otherwise they are stated at cost.

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

The consolidation area shows the following variations

- compared to the first half of 1999 (income statement):
  - *inclusion in the consolidation area* of Asia Cement Public Co. Ltd (Thailand);
  - *exclusion from the consolidation area* of Calci Idrate S.r.l., Padana Calcestruzzi S.r.l., Crea S.p.A. and subsidiaries, Sabtilf S.r.l. and subsidiaries, Artigiani Riuniti S.r.l. (merged with Italmobiliare S.p.A.), Partecipazioni ed Iniziative Editoriali S.r.l. (merged with Italmobiliare S.p.A.), Société de Participations Financières Italmobiliare S.A. (merged with Franco Tosi Finance with subsequent name change to SO.PAR.F.I.);
  - *change in consolidation method* for Aliserio S.p.A., Imes S.r.l. (from line-by-line to equity method) and Betoncar S.p.A. (from equity to line-by-line method);



- compared to 1999 (balance sheet):
  - *exclusion from consolidation area* of Calci Idrate S.r.l., Padana Calcestruzzi S.r.l., Crea S.p.A. and subsidiaries, Sabtilf S.r.l. and subsidiaries, Société de Participations Financières Italmobiliare S.A. (merged with Franco Tosi Finance with subsequent name change to SO.PAR.F.I.);
  - *change in consolidation method* for Aliserio S.p.A., Imes S.r.l. (from line-by-line to equity method) and Betoncar S.p.A. (from equity to line-by-line method).

#### Exchange rates used to convert the foreign companies' financial statements

The half year reports of foreign subsidiaries consolidated on a line-by-line or proportionate basis and those of foreign associated companies valued using the equity method are converted into lire using the exchange rate ruling at 30 June 2000 for balance sheet and the average rate of the six months for the income statement.

The main exchange rates used were as follows:

Currency	Average			Closing date		
	1 <sup>st</sup> half 2000	31 December 1999	1 <sup>st</sup> half 1999	30 June 2000	31 December 1999	30 June 1999
Lira	1.00	1.00	1.00	1.00	1.00	1.00
US dollar	2,015.81	1,817.17	1,778.42	2,026.24	1,927.40	1,874.78
Canadian dollar	1,374.95	1,222.86	1,191.25	1,367.71	1,325.49	1,268.69
French franc	295.18	295.18	295.18	295.18	295.18	295.18
Belgium franc	48.00	48.00	48.00	48.00	48.00	48.00
Spanish peseta	11.64	11.64	11.64	11.64	11.64	11.64
Pound sterling	3,162.14	2,939.98	2,880.93	3,062.27	3,114.48	2,950.28
Cyprian sterling	3,367.13	3,345.15	3,340.70	3,368.13	3,357.67	3,351.69
Moroccan dirham	194.84	185.88	183.75	194.55	191.67	187.46
Greek drachma	5.79	5.94	5.98	5.75	5.86	5.97
Turkish lire	0.003	0.004	0.005	0.003	0.004	0.004
Dutch florin	878.64	878.64	878.64	878.64	878.64	878.64
Swiss franc	1,221.04	1,209.87	1,210.52	1,243.11	1,206.32	1,207.60
Thai baht	52.88	48.07	47.95	51.76	51.59	50.82
Bulgarian lev	990.68	992.88	990.43	990.00	995.46	990.00
Euro	1,936.27	1,936.27	1,936.27	1,936.27	1,936.27	1,936.27

The figures in the Group's consolidated financial statements and notes are given in millions of lire.



## Consolidated balance sheet

### Assets

#### B) Fixed assets

**BI - Intangible assets** Lire 2,722,213 million  
(Lire 2,772,422 million at 31 December 1999)

These decreased by Lire 50,209 million from 31 December 1999 as follows:

	(in millions of lire)		
	30 June 2000	31 December 1999	Variation
Start-up and capital expenses	25,159	22,846	2,313
Research, development and advertising expenses	564	2,967	(2,403)
Industrial patents and similar rights	511	697	(186)
Licenses, trademarks and similar rights	81,236	83,122	(1,886)
Goodwill	61,762	67,650	(5,888)
Assets under development	1,040	799	241
Consolidation differences	2,460,287	2,497,936	(37,649)
Other	91,654	96,405	(4,751)
<b>Total</b>	<b>2,722,213</b>	<b>2,772,422</b>	<b>(50,209)</b>

The increase may be analyzed as follows:

Additions	39,804
Disposals	(367)
Amortization	(89,814)
Translation differences	5,553
Variation in consolidation area and reclassifications	(5,385)
<b>Total</b>	<b>(50,209)</b>

The additions include ICT development costs and goodwill capitalized after acquisition of Italcementi S.p.A. shares. The variation in consolidation area mainly relates to an adjustment of the acquisition price of Asia Cement Public Co. Ltd. and the exit of Crea S.p.A. and Sabtilf S.r.l. from the consolidation area.



## B II Tangible assets

Lire 5,467,286 million

(Lire 5,464,609 million at 31 December 1999)

These increased by Lire 2,677 million from 31 December 1999 as follows:

	(in millions of lire)		
	30 June 2000	31 December 1999	Variation
Land and buildings	2,211,901	2,082,672	129,229
Plant and machinery	2,502,930	2,503,252	(322)
Industrial and commercial equipment	223,744	266,528	(42,784)
Freely transferable assets	22,670	130,090	(107,420)
Other fixed assets	159,254	181,504	(22,250)
Assets under construction and advances	346,787	300,563	46,224
<b>Total</b>	<b>5,467,286</b>	<b>5,464,609</b>	<b>2,677</b>

The increase may be analyzed as follows:

Additions	236,913
Disposals	(10,630)
Depreciation and write-downs	(274,079)
Translation differences	37,505
Variation in consolidation area	(157,989)
Reclassifications	170,957
<b>Total</b>	<b>2,677</b>

The variation in consolidation area mainly relates to the exclusion of Crea S.p.A., Sabtilf S.r.l. and Calci Idrate S.r.l. and the change in the consolidation method applied to Aliserio S.p.A. and Imes S.r.l. (from line-by-line to the equity method).

Reclassifications almost entirely relate to the reconstitution of the excess values allocated to the item "Land and quarries" previously shown net of taxation as allowed by the then applicable accounting principles. This reclassification involved a similar increase in the provision for deferred taxes, without impacting either shareholders' equity or the result for the period.



**B III Investments and other financial assets**  
(Lire 2,390,814 million at 31 December 1999)

Lire 2,571,626 million

These increased by Lire 180,812 million from 31 December 1999 as follows:

(in millions of lire)

	30 June 2000	31 December 1999	Variation
Investments	1,369,347	1,259,886	109,461
Amounts receivable	494,662	479,867	14,795
Other securities	667,489	618,590	48,899
Own shares	40,128	32,471	7,657
<b>Total</b>	<b>2,571,626</b>	<b>2,390,814</b>	<b>180,812</b>

Investments increased by Lire 109,461 million as follows:

Additions	245,788
Disposals	(124,131)
Write-downs	(385)
Translation differences	6,057
Variation in consolidation area and reclassifications	(17,868)
<b>Total</b>	<b>109,461</b>

"Additions" include the acquisition of Ciments Français SA shares (Lire 53.7 billion) and Italcementi shares (Lire 49.7 billion), the investments in Sigesa S.p.A. (Lire 38.4 billion) and Dieci S.r.l. (Lire 30 billion), the new investment in Newco.com S.p.A. (Lire 29 billion) and the increase in the investment in Asia Cement (Lire 14.1 billion).

Disposals mainly consist of sale of investment in Crea S.p.A., Sabtilf S.r.l. and Cartiere Burgo S.p.A.

"Variation in consolidation area" principally relate to the acquisition of shares in Ciments Français SA and Italcementi S.p.A. and the sale of the investments in Crea S.p.A. and Sabtilf S.r.l., consolidated on a line-by-line basis in 1999.

"Amounts receivable" comprise Lire 373.7 billion due after five years, being the principal and interest accrued but not received on deposits with banks related to the issue of floating rate subordinated securities (see relevant caption under "Liabilities").

The increase in other securities is principally due to the acquisition of Italcementi Zero Coupon 1997-2002 debentures, mainly by Italcementi S.p.A.



## C) Current assets

**CI - Inventories** Lire 792,909 million  
(Lire 792,040 million at 31 December 1999)

These increased by Lire 869 million from 31 December 1999. At 30 June 2000, this caption comprised:

	(in millions of lire)		
	30 June 2000	31 December 1999	Variation
Raw materials, consumables and supplies	489,951	478,286	11,665
Work in progress and semi-finished products	133,503	116,852	16,651
Contract work in progress	665	1,856	(1,191)
Finished goods	155,507	183,086	(27,579)
Payments on account	13,283	11,960	1,323
<b>Total</b>	<b>792,909</b>	<b>792,040</b>	<b>869</b>

**CII - Trade and other receivables** Lire 2,560,823 million  
(Lire 2,392,103 million at 31 December 1999)

These increased by Lire 168,720 million from 31 December 1999 as follows:

	30 June 2000	31 December 1999	Variation
Trade receivables	2,021,313	1,743,018	278,295
Subsidiaries	19,820	9,479	10,341
Associated companies	2,863	7,066	(4,203)
Related companies	478	124	354
Others	516,349	632,416	(116,067)
<b>Total</b>	<b>2,560,823</b>	<b>2,392,103</b>	<b>168,720</b>

The increase in "Others" is due to the greater turnover of the construction sector which is impacted by seasonal factors.



**CIII - Marketable securities** Lire 1,243,854 million  
(Lire 1,299,402 million at 31 December 1999)

This caption increased by Lire 14,452 million from 31 December 1999 as follows:

	30 June 2000	31 December 1999	Variation
Investments	144,988	288,419	(143,431)
Financial receivables	59,315	47,587	11,728
Other securities	1,039,551	893,396	146,155
<b>Total</b>	<b>1,243,854</b>	<b>1,229,402</b>	<b>14,452</b>

The decrease in investments is mainly due to the sale of Banca Commerciale Italiana shares during the period.

The increase in "Other securities" is due to both investments in bonds by the Group financial companies and the temporary investments made by Italcementi's foreign subsidiaries in Morocco (Ciments du Maroc) and Thailand (Asia Cement Public Co Ltd).

**CIV - Cash and cash equivalents** Lire 514,008 million  
(Lire 598,055 million at 31 December 1999)

Liquid funds decreased by Lire 84,047 million from 31 December 1999 as follows:

	30 June 2000	31 December 1999	Variation
Bank accounts	505,113	583,452	(78,339)
Checks on hand	5,054	5,680	(626)
Cash-in-hand and cash equivalents	3,841	8,923	(5,082)
<b>Total</b>	<b>514,008</b>	<b>598,055</b>	<b>(84,047)</b>

The decrease in "Bank accounts" is due to the deployment of liquid funds in other financial activities.

**D - Prepayments and accrued income** Lire 175,288 million  
(Lire 149,079 million at 31 December 1999)

This caption increased by Lire 26,209 million from 31 December 1999. It includes interest, prepayments and advances of which Lire 67,687 million relates to advances paid for the utilization of quarries.





## Equity and liabilities

### A) Shareholders' equity

**AI-AIX - Pertaining to the Group** Lire 2,618,815 million  
(Lire 2,440,427 million at 31 December 1999)

The shareholders' equity pertaining to the Group increased by Lire 178,388 million. Variations in this caption are as follows:

	(in millions of lire)
Dividends and directors' fees	(55,825)
Variations in consolidation area, translation and other differences	3,374
Net income for the period	230,839
<b>Total</b>	<b>178,388</b>

**AX - Minority interests** Lire 3,882,445 million  
(Lire 3,886,135 million at 31 December 1999)

This caption, comprising the share capital, reserves and net income pertaining to minority interests, decreased by Lire 3,690 million and may be analyzed as follows:

	30 June 2000	31 December 1999	Variation
Share capital and reserves	3,715,062	3,555,083	159,979
Net income	167,383	331,052	(163,669)
<b>Total</b>	<b>3,882,445</b>	<b>3,886,135</b>	<b>(3,690)</b>

**B - Provisions for contingencies and charges** Lire 1.292.936 million  
(Lire 1,111,706 million at 31 December 1999)

These provisions increased by Lire 181,230 million during the six months as follows:

	30 June 2000	31 December 1999	Variation
Pension and other similar provisions	135,952	129,444	6,508
Taxes	685,792	460,112	225,680
Other	471,192	522,150	(50,958)
<b>Total</b>	<b>1,292,936</b>	<b>1,111,706</b>	<b>181,230</b>

The increase in the provision for taxes is mainly due to the factors described in the note to "Tangible assets" (B II).

The variation in "Other provisions" is mainly due to the exit of Crea Group from the consolidation area.



### C - Employees' leaving entitlements

Lire 192,122 million

(Lire 200,146 million at 31 December 1999)

This caption decreased by Lire 8,024 million and represents the accrued payable to the 6,623 employees (31 December 1999: 7,261) of the Italian companies at 30 June 2000.

### D - Payables

Lire 7,387,815 million

(Lire 7,486,524 million at 31 December 1999)

These provisions decreased by Lire 98,709 million as follows:

	(in millions of lire)		
	30 June 2000	31 December 1999	Variation
Debentures	819,393	800,194	19,199
Due to banks	3,416,238	3,693,949	(277,711)
Sums due to other financial institutions	1,236,732	1,018,076	218,656
Financial payables due to subsidiaries	2,773	2,413	360
Financial payables due to associated companies	3,540	3,262	278
Payments on account	17,171	15,287	1,884
Accounts payable to creditors	1,000,014	1,026,412	(26,398)
Accounts payable on bills accepted and drawn	130,179	132,033	(1,854)
Amounts payable to subsidiaries	2,640	1,686	954
Amounts payable to associated companies	4,681	7,046	(2,365)
Amounts payable to related companies	168	214	(46)
Sums payable to taxation authorities	234,279	245,091	(10,812)
Social security charges payable	86,435	90,843	(4,408)
Other sums payable	433,572	450,018	(16,446)
<b>Total</b>	<b>7,387,815</b>	<b>7,486,524</b>	<b>(98,709)</b>

"Due to banks" increased of the sale of investments during the six months commented on in the Directors' report.

The increase in "Sums due to other financial institutions" mainly relates to Ciments Français SA.



Medium to long term financial payables of Lire 4,199 million comprise:

(in billions of lire)

	30 June 2000
Euro	4,025
Moroccan dirham	13
US and Canadian dollar	49
Thai baht	112
<b>Total</b>	<b>4,199</b>

Payables due after five years amount to Lire 258 billion, of which approximately Lire 256 billion relates to loans given to foreign companies.

E - Accruals and deferred income  
(Lire 35,010 million at 31 December 1999)

Lire 45,297 million

This caption increased by Lire 10,287 million and mainly related to accrued interest and costs payable of Lire 18,574 million and deferred income of Lire 26,723 million.



## Memorandum and contingency accounts

Lire 7,610,647 million

(Lire 7,280,098 million at 31 December 1999)

The "Memorandum and contingency accounts" increased by Lire 330,549 million during the six months as follows:

	(in millions of lire)	
	30 June 2000	31 December 1999
Personal guarantees given	185,794	196,975
Collateral given	1,510,187	1,565,744
Group assets with third parties	2,917,043	2,836,523
Third party assets held by the Group	161,365	157,078
Guarantees received from third parties	176,941	149,637
Other memorandum and contingency accounts	2,659,317	2,374,141
<b>Total</b>	<b>7,610,647</b>	<b>7,280,098</b>

"Collateral given" relates to payables recorded in the financial statements and includes Lire 712 billion for the pledging of shares of subsidiaries as security for Italcementi S.p.A., Lire 612 billion for Italmobiliare S.p.A. and Lire 186 billion for mortgages and liens on tangible assets.

"Other memorandum and contingency accounts" include:

- a) purchase and sale commitments for foreign exchange forward contracts, agreed to hedge exchange rate fluctuation risks on receivables and payables in foreign currency for a total of Lire 2,025 billion;
- b) commitments for interest rate hedging contracts on part of the financial payables and floating rate subordinated securities for Lire 425 billion; these are stated at the date of the agreement at the nominal value of the related contracts.

### Commitments for new acquisitions

- As part of the 1998 acquisition of Devnya Cement AD, the Group has agreed to maintain the number of employees for three years and to make investments of US\$ 100 million over ten years. In order to exercise the share option held by the Spanish holding company during the period from 2000 to 2003, the investment in Devnya Cement AD may be increased from 69.9% to 99.9%.
- As part of the acquisition of Vulkan AD, the Group has agreed to maintain the number of employees for three years and to make investments of US\$ 10 million over the same period.



## Consolidated income statement

### A - Net sales and other operating income

1) Net sales Lire 3,787,958 million  
(Lire 3,360,613 million at first half of 1999)

This caption increased by Lire 427,345 million compared to the first half of 1999 as follows:

	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999	Variation
Sales	3,661,946	3,167,820	494,126
Services	117,906	172,911	(55,005)
Other	8,106	19,882	(11,776)
<b>Total</b>	<b>3,787,958</b>	<b>3,360,613</b>	<b>427,345</b>

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

### B - Operating costs

6) Raw materials, consumables and supplies Lire 975,811 million  
(Lire 814,698 million at first half of 1999)

This caption increased by Lire 161,113 million compared to the first half of 1999 as follows:

	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999	Variation
Raw materials and semi-finished products	437,382	370,593	66,789
Fuels	128,063	85,763	42,300
Packaging, materials and machinery	171,535	149,090	22,445
Finished goods	238,831	209,252	29,579
<b>Total</b>	<b>975,811</b>	<b>814,698</b>	<b>161,113</b>

7) Services Lire 1,174,237 million  
(Lire 949,580 million at first half of 1999)

Costs incurred for services increased by Lire 224,657 million over the first half of 1999. The caption mainly comprises electricity, water and gas consumption (Lire 233,965 million), maintenance services (Lire 402,690 million), transport (Lire 356,233 million), consultancy and professional services (Lire 67,563 million), insurance (Lire 26,512 million) and other sales, production and administrative costs.



#### 9) Personnel expenses

Lire 706,065 million

(Lire 670,539 million at first half of 1999)

Total personnel expenses show an increase of Lire 35,526 million over the first half of 1999 as follows:

	(in millions of lire)		
	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999	Variation
Wages and salaries	504,258	466,811	37,447
Social security contributions	172,108	176,623	(4,515)
Employees' leaving entitlements	18,032	18,169	(137)
Pension and similar costs	5,277	4,117	1,160
Other costs	6,390	4,819	1,571
<b>Total</b>	<b>706,065</b>	<b>670,539</b>	<b>35,526</b>
<b>Average number of employees</b>	<b>19,857</b>	<b>19,641</b>	

#### 14) Other operating costs

Lire 111,771 million

(Lire 104,860 million at first half of 1999)

Other operating costs increased by Lire 6,911 million compared to the first half of 1999 and may be analyzed as follows:

	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999	Variation
Subscriptions	9,760	8,507	1,253
Other taxes	57,487	51,236	6,251
Other costs	44,524	45,117	(593)
<b>Total</b>	<b>111,771</b>	<b>104,860</b>	<b>6,911</b>

### C - Financial income and charges

#### 15) Income from investments

Lire 199,376 million

(Lire 36,449 million at first half of 1999)

This caption increased by Lire 162,927 and mainly comprises capital gains generated by the sale of the Group's investments in Crea S.p.A., Sabtilf S.r.l. and Cartiere Burgo S.p.A. and sale of part of its interest in Editoriale Poligrafici S.p.A.



16) Other financial income  
(Lire 108,070 million at first half of 1999)

Lire 125,573 million

This caption increased by Lire 17,503 million over the first half of 1999 as follows:

	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999	Variation
(in millions of lire)			
Financial income:			
a) Receivables due from:			
- subsidiaries	879	135	744
- associated companies	14	25	(11)
- other companies	542	1,796	(1,254)
- others	288	278	10
b) Securities	20,020	17,156	2,864
c) Marketable securities	27,008	5,164	21,844
d) Other:			
- subsidiaries	237	73	164
- associated companies	155	62	93
- related companies	9	12	(3)
- other	52,818	71,728	(18,910)
<b>Total</b>	<b>101,970</b>	<b>96,429</b>	<b>5,541</b>
From investments stated using the equity method	23,603	11,641	11,962
<b>Total</b>	<b>125,573</b>	<b>108,070</b>	<b>17,503</b>

Interest, commissions and other income include:

	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999	Variation
Bank interest income	8,424	7,687	737
Interest income from receivables	4,757	17,684	(12,927)
Exchange rate gains	13,571	15,947	(2,376)
Other income	26,066	30,410	(4,344)
<b>Total</b>	<b>52,818</b>	<b>71,728</b>	<b>(18,910)</b>

16 Bis) From investments stated using the equity method  
(Lire 11,641 million at first half of 1999)

Lire 23,603 million

This caption increased by Lire 11,962 million.



17) Interest and other financial income  
(Lire 204,575 million at first half of 1999)

Lire 192,189 million

This caption decreased by Lire 12,386 million as follows:

	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999	Variation
(in millions of lire)			
Interest and financial charges:			
- subsidiaries	478	16	462
- associated companies	38	22	16
- other	185,853	201,755	(15,902)
<b>Total</b>	<b>186,369</b>	<b>201,793</b>	<b>(15,424)</b>
From investments stated using the equity method	5,820	2,782	3,038
<b>Total</b>	<b>192,189</b>	<b>204,575</b>	<b>(12,386)</b>

Other financial charges comprise:

	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999	Variation
Bank interest	25,205	25,934	(729)
Interest on debenture loans	26,658	23,929	2,729
Interest on subordinated floating rate securities	22,950	50,081	(27,131)
Exchange rate losses	20,213	20,240	(27)
Interest on loans and mortgages	75,879	62,568	13,311
Bank charges	4,791	10,648	(5,857)
Other	10,157	8,355	1,802
<b>Total</b>	<b>185,853</b>	<b>201,755</b>	<b>(15,902)</b>

17 Bis) From investments stated using the equity method  
(Lire 2,782 million at first half of 1999)

Lire 5,820 million

This caption increased by Lire 3,038 million and relates to losses recorded by companies stated using the equity method (Lire 3,469 million) and amortization and write-downs of the excess price paid on the acquisition of associated companies (Lire 2,351 million).





## D - Adjustments to the value of financial assets

**18) Revaluations** Lire 5,733 million  
(Lire 9,406 million at first half of 1999)

This caption decreased by Lire 3,673 million over the first half of 1999. It mainly relates to the write-back of the investment in Holding di Partecipazioni Industriali S.p.A.

**19) Write-downs** Lire 12,209 million  
(Lire 4,504 million at first half of 1999)

This caption increased by Lire 7,705 million and relates to write-downs of investments (Lire 4,441 million), securities (Lire 2,202 million) and of investments included under current assets (Lire 5,566 million).

## E - Non-recurring income and charges

**20) Income** Lire 111,363 million  
(Lire 50,078 million at first half of 1999)

This caption increased by Lire 61,285 million over the first half of 1999 as follows:

	(in millions of lire)		
	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999	Variation
Profit on sale of assets	27,164	19,991	7,173
Other income	84,199	30,087	54,112
<b>Total</b>	<b>111,363</b>	<b>50,078</b>	<b>61,285</b>

“Profits on sale of assets” include capital gains on the sale of tangible assets (Lire 15.8 billion) and the investment in Calci Idrate S.r.l. (Lire 11.4 billion).

“Other income” is mainly composed of the adjustment following the reduction in the EU fine for Ciments Français, including the related interest, of approximately Lire 32.3 billion, the related reimbursement by Paribas of Lire 15.4 billion and insurance compensation relating to previous years of Lire 13.8 billion.

As the appeal for the fine is pending, the compensation received from Paribas may be revised in the future should the fine be modified.



21) Charges Lire 54,357 million  
(Lire 58,141 million at first half of 1999)

This caption decreased by Lire 3,784 million as follows:

	(in millions of lire)		
	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999	Variation
Loss on sales of assets	1,563	3,314	(1,751)
Taxes relating to prior years	467	3,000	(2,533)
Other charges	52,327	51,827	500
<b>Total</b>	<b>54,357</b>	<b>58,141</b>	<b>(3,784)</b>

“Other charges” comprise Lire 3,984 million of write-downs of plant and buildings, Lire 6,334 million of extraordinary accruals for personnel and Lire 42,009 million of other charges.

22) Income taxes Lire 278,030 million  
(Lire 188,569 million at first half of 1999)

These increased by Lire 89,461 million over the first half of 1999.

## Annexes

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The following tables are attached in compliance with Legislative decree no 127 of 9 April 1991 (as shown more precisely in each annex) and article 126 of Consob communication no 11971 of 14 May 1999 whereby listed companies are obliged to publish a list of their investments in unlisted companies if greater than 10% of the voting capital.

If not stated otherwise, the investments set out in annexes A, B, C, D and E are all held directly by the Parent Company.

## Annex A

### LIST OF COMPANIES CONSOLIDATED WITH THE FULL CONSOLIDATION METHOD

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

Company	Registered office	Share capital	% direct	% indirect	Held by Group companies % held by:	
<b>EUROPEAN COMMUNITY</b>						
<b>Italy</b>						
Axim Italia S.p.A.	Soriso (BG)	€ 104,000	-	100.00	100.00	Nuova Sacelit S.r.l.
Azienda Vendite Acquisti S.p.A.	Milan	ITL 5,000,000,000	100.00	-	100.00	Italmobiliare S.p.A.
Betoncar S.p.A.	Turin	ITL 500,000,000	-	100.00	100.00	Calcestruzzi S.p.A.
C.T.G. S.p.A.	Bergamo	€ 103,200	-	100.00	50.00	Italcementi S.p.A.
					50.00	Ciments Français S.A.
Calcementi Jonici S.p.A.	Siderno (RC)	€ 6,240,000	-	100.00	100.00	Italcementi S.p.A.
Calcestruzzi Gallese S.r.l.	Bergamo	ITL 20,000,000	-	100.00	100.00	Calcestruzzi S.p.A.
Calcestruzzi S.p.A.	Bergamo	€ 150,000,000	-	100.00	99.90	Italcementi S.p.A.
					0.10	SICIL.FIN. S.r.l.
Cava San Biagio S.r.l.	Castelfidardo (AN)	€ 520,000	-	100.00	100.00	Calcestruzzi S.p.A.
Cavecem S.r.l.	S. Egidio alla Vibrata (TE)	€ 10,400	-	99.99	99.99	Cemencal S.p.A.
Cemencal S.p.A.	Bergamo	€ 12,660,000	-	85.00	85.00	Calcestruzzi S.p.A.
Duca D'Este S.r.l.	Milan	ITL 95,000,000	-	100.00	100.00	S.p.A Nuove Costruzioni Edilizie Sance
E.I.C.A. S.r.l.	Norcia (PG)	€ 49,500	-	66.67	66.67	Cava San Biagio S.r.l.
ES.IN.TE. S.r.l.	Bergamo	ITL 300,000,000	-	100.00	100.00	Cemencal S.p.A.
Franco Tosi S.p.A. (formerly Iniziative Sportive)	Milan	ITL 250,000,000	-	100.00	100.00	Intermobiliare S.p.A.
Frantoi Cementi Sardi S.r.l.	Bergamo	€ 103,200	-	60.00	60.00	Calcestruzzi S.p.A.
Gruppo Italsfusi S.r.l.	Savignano s/P. (MO)	€ 156,000	-	100.00	99.50	Italcementi S.p.A.
					0.50	SICIL.FIN. S.r.l.
Immobiliare il Platano S.r.l.	Bergamo	ITL 190,000,000	-	100.00	51.05	Italcementi S.p.A.
					48.95	A.V.A. S.p.A.
Intercom S.r.l.	Ortona (CH)	€ 255,000	-	100.00	100.00	Italcementi S.p.A.
Intermobiliare S.p.A.	Milan	ITL 10,000,000,000	100.00	-	100.00	Italmobiliare S.p.A.
Intertrading S.r.l.	Bergamo	€ 4,160,000	-	100.00	99.50	Italcementi S.p.A.
					0.50	SICIL.FIN. S.r.l.
Italcementi S.p.A.	Bergamo	€ 282,548,942	33.82	-	33.82	(53.95 voting rights) Italmobiliare S.p.A.
Italmobiliare Servizi S.r.l.	Milan	ITL 500,000,000	100.00	-	100.00	Italmobiliare S.p.A.
Italportoro S.r.l.	Bergamo	€ 45,900	-	100.00	100.00	Calcestruzzi S.p.A.
Nuova Calcestruzzi S.r.l.	Priero (CN)	€ 25,800	-	60.00	60.00	Calcestruzzi S.p.A.
Nuova Sacelit S.r.l.	Soriso (BG)	€ 22,950,000	-	100.00	99.00	Italcementi S.p.A.
					1.00	Intermobiliare S.p.A.
Popolonia Italica S.r.l.	Milan	ITL 2,000,000,000	100.00	-	100.00	Italmobiliare S.p.A.
Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	Milan	ITL Del.5,000,000,000 underwritten and paid 2,500,000,000	99.48	0.52	99.48	Italmobiliare S.p.A.
					0.52	Sicilfin
S.A.B. Autoservizi S.r.l.	Bergamo	ITL 40,000,000,000	99.992	0.008	99.992	Italmobiliare S.p.A.
					0.008	Intermobiliare S.p.A.
S.A.L. Servizi Automobilistici Lecchesi S.r.l.	Lecco	ITL 5,000,000,000	-	100.00	40.00	S.A.B. Autoservizi S.r.l.
					40.00	S.I.A. S.p.A.
					20.00	SAIA BUS S.r.l.
S.A.M.A. S.p.A.	Bergamo	€ 1,000,000	-	100.00	100.00	Italcementi S.p.A.
S.I.A. Societa' Italiana Autoservizi S.p.A.	Brescia	ITL 23,200,000,000	-	100.00	99.138	S.A.B. Autoservizi S.r.l.
					0.862	Intermobiliare S.p.A.
S.p.A. Nuove Costruzioni Edilizie Sance	Milan	ITL 270,000,000	100.00	-	100.00	Italmobiliare S.p.A.
SAIA BUS S.r.l.	Brescia	ITL 3,430,000,000	-	100.00	99.708	S.I.A. S.p.A.
					0.292	S.A.B. Autoservizi S.r.l.
Salerno Beton S.r.l.	Bergamo	ITL 104,804,000	-	100.00	100.00	Calcestruzzi S.p.A.



Company	Registered office		Share capital	% direct	% indirect	Held by Group companies % held by:	
SICIL.FIN. S.r.l.	Bergamo	ITL	936,000,000	-	100.00	99.50	Italcementi S.p.A. Intermobiliare S.p.A.
Silos Granari della Sicilia S.r.l.	Ravenna	€	5,980,000	-	100.00	100.00	Intertrading S.r.l.
Sirap Gema S.p.A.	Verolanuova (BS)	ITL	23.296,750,000	100.00	-	100.00	Italmobiliare S.p.A.
Società del Gres ing. Sala S.p.A.	Sorisolet (BG)	€	5,858,722.24	-	100.00	100.00	Nuova Sacelit S.r.l.
Speedybeton S.p.A.	Pomezia (RM)	€	300,000	-	70.00	70.00	Calcestruzzi S.p.A.
Terminal Riuniti S.r.l.	Mantova	€	255,000	-	100.00	100.00	Italcementi S.p.A.
Travel Sia S.r.l.	Brescia	ITL	180,000,000	-	100.00	91.667 8.333	SIA S.p.A. SAIA BUS S.r.l.
<b>France</b>							
Arena S.A.	Guerville	FF	1,200,000,000	-	99.99	99.99	Ciments Français S.A.
Axim S.A.	Guerville	FF	3,250,000	-	99.98	99.98	Ciments Calcia S.A.
Béton Contrôle de l'Adour	Bayonne	FF	1,000,000	-	59.96	59.96	Béton Contrôle du Pays Basque
Béton Contrôle du Pays Basque	Bayonne	FF	800,000	-	59.92	59.92	Unibéton S.A.
Calixa S.A.	Guerville	FF	30,250,000	-	99.99	99.99	Ciments Calcia S.A.
Carrières Olivier	Salon de Provence	FF	100,000	-	100.00	99.60	Société Rey-Bellemere
						0.40	GSM S.A.
Chatelet S.A.	Cayeux s/M.	FF	593,400	-	99.93	99.93	GSM S.A.
Ciberval	Le Teil	FF	400,000	-	99.98	99.98	Tratel S.A.
Ciments Calcia S.A.	Guerville	FF	3,894,010,600	-	99.99	99.99	Ciments Français S.A.
Ciments de l'Adour S.A.	Boucau	FF	2,718,000	-	99.81	86.20 13.61	Ciments Calcia S.A. Ciments Français S.A.
Ciments du Littoral S.A.	Bassens	FF	2,520,000	-	99.98	99.98	Tercim S.A.
Ciments Français S.A.	Puteaux	€	153,938,272	-	64.40	64.40 1.18 0.36 73.23	Société Int. Italcementi France S.A. Calixa S.A. Ciments Français S.A. (voting rights: Société Int. Italcementi France S.A.)
Compagnie Financière et de Participations S.A.	Puteaux	FF	446,000	-	99.97	99.97	Ciments Français S.A.
Eurarco France	Les Crottoy	FF	10,000,000	-	64.98	64.98	GSM S.A.
Granulats et Sables de la Moselle	Heillecourt	FF	25,250,000	-	99.99	99.99	GSM S.A.
Granulats et Sables de Mediterranee	St. Jean de Vedas	FF	80,250,000	-	99.99	99.99	GSM S.A.
Granulats et Sables Marins	Pessac	FF	250,000	-	99.99	99.99	GSM S.A.
GSM S.A.	Guerville	FF	124,505,600	-	99.77	99.77	Arena S.A.
Immobilière des Technodes	Guerville	FF	64,165,200	-	99.99	59.99 40.00	Ciments Français S.A. Ciments Calcia S.A.
Investcim S.A.	Puteaux	FF	843,976,000	-	99.99	99.99	Ciments Français S.A.
Raingard Carrières Bétons et Compagnie R.C.B.	Bouguenais	FF	4,700,000	-	100.00	50.00 50.00	GSM S.A. Société des Mesanges
S.A. Bonafini	Argences	FF	250,400	-	99.76	99.76	Tratel S.A.
S.A. Pierre Larricq	Airvault	FF	3,178,400	-	99.98	99.98	Tratel S.A.
S.N.C. Arena Services	Guerville	FF	50,000	-	99.80	99.80	Arena S.A.
S.té Civ. Immobilière des Sablières Berault	Carrières s/P.	FF	19,200	-	100.00	100.00	GSM S.A.
SA SOPREFIM	Nice	FF	6,500,000	-	99.923	99.908	Soc.d'Etudes de Participations et de Courtages SCI SCIF
						0.015	
Sables d'Armor	Plerin	FF	353,000	-	50.99	50.99	GSM S.A.
Sables et Gravier de la Garonne GIE	Pessac	-	-	-	100.00	100.00	GSM S.A.
Sadecib S.A.	Puteaux	FF	250,000	-	99.76	99.76	Ciments Français S.A.
Sax S.A.	Guerville	FF	3,162,340	-	99.99	99.99	Ciments Français S.A.
SC Immobil	Nice	FF	620,000	-	99.839	99.839	Soc.d'Etudes de Participations et de Courtages
SCI Le Manet	Cagnes sur Mer	FF	10,000	-	100.00	99.00 1.00	SCI SCIP SCI SCIF
SCI Résidence Nice le Paillon	Nice	FF	1,090,900	-	100.00	91.667 8.333	SCI SCIF Soc.d'Etudes de Participations et de Courtages
SCI SCIF	Nice	FF	100,000	-	100.00	99.00	Soc.d'Etudes de Participations et de Courtages SCI SCIP
						1.00	



## Annex A (continued)

Company	Registered office		Share capital	% direct	% indirect	Held by Group companies %	Held by: Group companies held by:
SCI SCIP	Nice	FF	100,000	-	100.00	99.00	Soc.d'Etudes de Participations et de Courtages SCI SCIP
Sirap Gema France S.A.	Noves	FF	22,000,000	-	100.00	100.00	Sirap Gema S.p.A.
Société d'exploitation des carrières Langlois S.A.	Mousseaux s/S.	FF	600,000	-	99.92	99.92	GSM S.A.
Société des Mesanges	Bouguenais	FF	250,000	-	98.80	98.80	GSM S.A.
Société Internationale Italcementi France S.A.	Parigi	FF	9,151,942,500	-	99.99	81.89	Italcementi S.p.A Société Int. Italcementi (Lux.) S.A.
Société Rey-Bellemere	Salon de Provence	FF	50,000	-	100.00	100.00	GSM S.A.
Socli S.A.	Loures Barousse	FF	906,000	-	99.93	99.93	Calixa S.A.
Sodecim	Puteaux	FF	1,500,250,000	-	99.99	99.99	Ciments Français S.A.
Technodes S.A.	Guerville	FF	20,000,000	-	99.99	99.99	Ciments Français S.A.
Tercim S.A.	Puteaux	FF	10,000,000	-	99.99	99.99	Ciments Français S.A.
Tragor	Pessac	FF	4,000,000	-	50.99	50.99	Tratel S.A.
Transports Decoux S.A.	Beaucaire	FF	600,000	-	99.99	99.99	Tratel S.A.
Transports Johar	Luxemont et Villotte	FF	6,602,400	-	99.97	99.97	Tratel S.A.
Transports Moinet S.A.	Allonnes	FF	750,000	-	99.92	99.92	S.A. Bonafini
Tratel S.A.	L'Île S. Denis	FF	39,513,500	-	99.99	99.99	Ciments Calcia S.A.
Unibéton Atlantique	Saint Michel Chef Chef	FF	250,000	-	98.80	98.80	Unibéton S.A.
Unibéton Méditerranée	Lambesc	FF	250,000	-	99.96	99.96	Unibéton S.A.
Unibéton Ouest Pays de Loire	Tours	FF	250,000	-	99.96	99.96	Unibéton S.A.
Unibéton S.A.	Guerville	FF	452,662,200	-	99.99	99.99	Arena S.A.
Unibéton Sud-Ouest	Pessac	FF	250,000	-	99.96	99.96	Unibéton S.A.
Unibéton Var	Lambesc	FF	250,000	-	99.96	99.96	Unibéton S.A.
Univrac	L'Île S. Denis	FF	1,896,500	-	99.84	99.84	Tratel S.A.
Uniwerbéton	Gambsheim	FF	1,000,000	-	70.00	70.00	Unibéton S.A.
<b>Belgium</b>							
Ath Béton	Ghilblingren	BEF	5,000,000	-	100.00	75.00	Compagnie des Ciments Belges ORCQ Béton
Compagnie des Ciments Belges	Tournai	BEF	12,360,000,000	-	99.91	36.94	Ciments Français Europe N.V. Ciments Français S.A. Ciments Calcia S.A. Compagnie Financière des Ciments
Compagnie Financière des Ciments	Tournai	BEF	225,000,000	-	99.99	99.99	Ciments Français S.A.
De Paepé Béton N.V.	Gent	BEF	20,000,000	-	100.00	75.00	Compagnie des Ciments Belges ORCQ Béton
ORCQ Béton	Gaurain	BEF	6,513,000	-	99.80	99.80	Compagnie des Ciments Belges
Sirap Gema International S.A.	Manage	BEF	100,000,000	-	100.00	99.60	Sirap Gema Finance S.A. Société de Part. Financière Italmobiliare S.A.
Trabel Transports	Gaurain	BEF	30,000,000	-	100.00	91.00	Tratel S.A. Compagnie des Ciments Belges
<b>Spain</b>							
Centro Administrativo y de Servicios de Malaga S.A.	Malaga	ESP	10,000,000	-	99.99	99.99	Sociedad Financiera y Minera S.A.
Companie General de Canteras S.A.	Malaga	ESP	76,829,313	-	99.39	99.39	Sociedad Financiera y Minera S.A.
Hormigones y Minas S.A.	S. Sebastian	ESP	1,376,800,000	-	99.99	99.99	Sociedad Financiera y Minera S.A.
Iniciativas Estrategicas S.L.	Madrid	ESP	11,440,490,000	-	70.00	55.00	Inversiones e Iniciativas en Aridos S.L. Sadecib S.A.
Inversiones e Iniciativas en Aridos S.L.	Madrid	ESP	500,000	-	100.00	100.00	Ciments Français S.A.
Sociedad Financiera y Minera S.A.	Madrid	€	39,160,000	-	99.73	56.58	Ciments Français S.A. Ciments Français Europe N.V. Hormigones y Minas S.A. Sociedad Financiera y Minera S.A.
Ventore S.L.	Malaga	€	6,000	-	99.90	99.90	Sociedad Financiera y Minera S.A.
<b>Greece</b>							
Ammos Quarries of East Attica S.A.	Mandra	GRD	6,372,410,000	-	100.00	100.00	Ciments Français S.A.
Domiki Beton S.A.	Iraklion	GRD	788,199,000	-	98.59	98.59	Calcestruzzi S.p.A.
ET Beton	Aspropyrgos	GRD	1,769,050,000	-	100.00	100.00	Ammos Quarries of East Attica S.A.



Company	Registered office		Share capital	% direct	% indirect	Held by Group companies % held by:	
Halyps Building Material S.A.	Aspropyrgos	GRD	9,272,690,280	-	93.89	53.81 40.08	Ciments Français S.A. Ammos Quarries of East Attica S.A. (voting rights: Ciments Français S.A. Ammos Quarries of East Attica S.A.)
<b>Germany</b>							
Sirap Gema GMBH	Aalen	DEM	50,000	-	100.00	100.00	Sirap Gema Finance S.A.
<b>Ireland</b>							
Italmobiliare International Finance Ltd.	Dublino	ITL	2,500,000,000	99.996	0.004	99.996 0.004	Italmobiliare S.p.A. Intermobiliare S.p.A.
Kayward Limited	Dublin 2	ILST	1,000	-	100.00	100.00	Gestint SA
<b>Luxembourg</b>							
Ciments Français International S.A.	Luxembourg	LUF	357,140,000	-	99.99	50.99 49.00	Ciments Français S.A. Ciments Français Europe N.V.
Finter Holding S.A.	Luxembourg	CHF	12,700,000	-	100.00	97.007 2.993	Fincomind S.A. Société de Part. Financière Italmobiliare S.A
Gestint S.A.	Luxembourg	FF	3,800,000	-	100.00	100.00	Finter Holding S.A.
Italcementi Europe (Luxembourg) S.A.	Luxembourg	ITL	160,000,000,000	-	100.00	99.52 0.48	Italcementi S.p.A. SICIL.FIN. S.r.l
Omnium des Arts et Techniques S.A.	Luxembourg	LUF	54,000,000	-	99.99	99.99	Ciments Français International S.A.
Sirap Gema Finance S.A.	Luxembourg	ITL	12,000,000,000	-	100.0	0.042 99.958	Intermobiliare S.p.A. Sirap Gema S.p.A.
Société de Participation Financière Italmobiliare S.A.	Luxembourg	ITL	429,662,200,000	99.94	0.06	99.94 0.06	Italmobiliare S.p.A. Intermobiliare S.p.A.
Société Internationale Italcementi (Luxembourg) S.A.	Luxembourg	ITL	377,974,142,000	-	99.99	99.99	Italcementi S.p.A.
<b>Holland</b>							
Cimate Finance B.V.	Amsterdam	NLG	40,000	-	100.00	100.00	Ciments Français Europe N.V.
Ciments Français Europe N.V.	Amsterdam	NLG	1,066,206,000	-	100.00	66.80 33.20	Sodecim S.A. Ciments Français S.A.
Italmobiliare International BV	Amsterdam	NLG	40,300	100.00	-	100.00	Italmobiliare S.p.A.
<b>NORTH AMERICA</b>							
<b>U.S.A.</b>							
Arrowhead Investment Company	Carson City	USD	1,000	-	100.00	100.00	Essroc Corporation
Axim Concrete Technologies Inc.	Middlebranch	USD	1,000	-	100.00	100.00	Essroc Corporation
ES Cement Co.	Nazareth	USD	100	-	100.00	100.00	Essroc Cement Corp.
Essroc Cement Corp.	Nazareth	USD	8,330,000	-	100.00	100.00	Essroc Corporation
Essroc Corporation	Nazareth	USD	1,000	-	100.00	100.00	Ciments Français S.A.
Essroc Puerto Rico Holdings Inc.	Nazareth	USD	1,000	-	100.00	100.00	Essroc San Juan Inc.
Fincel Inc.	Nazareth	USD	1	-	100.00	100.00	Essroc Corporation
Greyrock	Nazareth	USD	1,000	-	100.00	100.00	Essroc Cement Corp.
Nadco Inc.	Nazareth	USD	1,000	-	100.00	100.00	Essroc Cement Corp.
Tomahawk Inc.	Wilmington	USD	1,000	-	100.00	100.00	Essroc Cement Corp.
<b>Canada</b>							
155290 Canada Inc.	Mississauga	CAD	1	-	100.00	100.00	Essroc Canada Inc.
1641-9020 Quebec Inc.	Mississauga	CAD	1	-	100.00	100.00	Essroc Canada Inc.
Axim Concrete Technologies (Canada) Inc.	Cambridge	CAD	196	-	100.00	100.00	Axim Concrete Technologies Inc.
Essroc Canada Inc.	Mississauga	CAD	307,936,000	-	100.00	100.00	Essroc Corporation
<b>OTHER COUNTRIES</b>							
<b>Bulgaria</b>							
Devnya Cement AD	Devnya	LEV	1,028,557,000	-	99.97	99.97	Marvex
Marvex	Devnya	LEV	89,424,050,000	-	100.00	100.00	Iniciativas Estrategicas S.L.
Vulkan A.D.	Dimitrovgrad	LEV	452,967,000	-	70.00	70.00	Ciments Français S.A.



## Annex A (continued)

Company	Registered office		Share capital	% direct	% indirect	Held by Group companies % held by:	
<b>Cyprus</b>							
Italmed Cement Company Ltd	Limassol	CYP	12,318,000	-	99.99	99.99	Ciments Français S.A.
<b>Gran Cayman (British Antilles)</b>							
Essroc Offshore Ltd	George Town	USD	3	-	100.00	100.00	GSM S.A.
<b>Morocco</b>							
Betomar S.A.	Casablanca	MAD	84,397,800	-	99.99	99.99	Ciments du Maroc S.A.
Ciments du Maroc	Casablanca	MAD	797,569,200	-	55.50	52.89	Ciments Français S.A. Procimar S.A.
Procimar S.A.	Casablanca	MAD	27,000,000	-	99.99	99.99	Ciments Français S.A.
<b>Montecarlo</b>							
Société d'Etudes de Participations et de Courtages	Montecarlo	FF	500,000	-	97.30	97.30	Finter Holding S.A.
<b>Puerto Rico</b>							
Essroc San Juan Inc.	Espinosa	USD	10,000	-	100.00	100.00	Essroc Cement Corp.
<b>Switzerland</b>							
Fincomind S.A.	Zollikon	CHF	10,010,000	69.930	30.07	69.930 30.07	Italmobiliare S.p.A. SOPARFI
Interbulk Trading S.A.	Meyrin	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.
<b>Thailand</b>							
Asia Cement Public Co, Ltd	Bangkok	BT	7,800,000,000	-	53.69	28.84 24.85	Vaniyuth Co. Ltd Ciments Français S.A.
Jalaprathan Cement Public Co, Ltd	Bangkok	BT	1,200,000,000	-	56.48	37.00 19.48	Ciments Français S.A. Vesprapat Holding Co, Ltd
Jalaprathan Concrete Co, Ltd	Bangkok	BT	100,000,000	-	99.98	99.98	Jalaprathan Cement Public Co, Ltd
Vaniyuth Co. Ltd	Bangkok	BT	100,000	-	48.80	48.80	Investcim S.A.
Vesprapat Holding Co, Ltd	Bangkok	BT	20,000,000	-	49.00	49.00	Sax S.A.
<b>Turkey</b>							
Afyon Cimento Sanayi Tas	Istanbul	TRL	120,000,000,000	-	78.49	76.51 1.02 0.96	Ciments Français S.A. Set Group Holding Set Cimento Sanayi ve Tas
Anadolu Cimentolari Tas	Istanbul	TRL	4,147,250,000,000	-	99.73	99.73	Set Group Holding
Set Beton Madencilik Sanayi ve Tas	Istanbul	TRL	7,412,000,000,000	-	99.99	54.51 43.98 1.50	Set Group Holding Set Cimento Sanayi ve Tas Anadolu Cimentolari Tas
Set Betoya Prefabrik Yapı Elemanları Sanayi ve Ticaret A.S.	Istanbul	TRL	303,400,000,000	-	99.95	78.22 21.73	Set Group Holding Anadolu Cimentolari Tas
Set Cimento Sanayi ve Tas	Istanbul	TRL	25,890,500,000,000	-	99.81	99.81	Set Group Holding
Set Group Holding	Istanbul	TRL	15,525,000,000,000	-	99.99	99.99	Ciments Français S.A.





## Annex B

### LIST OF COMPANIES CONSOLIDATED WITH THE PROPORTIONATE METHOD

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

Company	Registered office		Share capital	% direct	% indirect	Held by Group companies % held by:	
<b>France</b>							
Béton Contrôle de Montceau le Creusot	Montceau Les M	FF	840,000	-	49.99	49.99	Unibéton S.A.
Carrières Bresse Bourgogne	Saint Marcel	FF	2,463,930	-	66.50	66.50	Dragages et Carrières
Dragages et Carrières	St. Marcel	FF	6,250,000	-	49.99	49.99	GSM S.A.
Les Graves de l'Estuaire S.A.	Le Havre	FF	1,860,000	-	33.33	33.33	GSM S.A.
Société des Calcaires de Chateau Landon	Souppes sur Loing	FF	14,300,000	-	50.00	50.00	GSM S.A.
Société Parisienne des Sablières	Pont de L'Arche	FF	2,000,000	-	49.99	49.99	GSM S.A.

## Annex C

### LIST OF COMPANIES CONSOLIDATED WITH THE EQUITY METHOD

(as per articles 1 and 3 of Legislative decree no 127 dated 9 April 1991)

Company	Registered office		Share capital	% direct	% indirect	Held by Group companies % held by:	
<b>EUROPEAN COMMUNITY</b>							
<b>Italy</b>							
Aliserio S.p.A.	Bergamo	ITL	4,400,000,000	10.00	90.00	90.00	Italcementi S.p.A. Italmobiliare S.p.A.
Betonsud S.r.l. - in liquidazione	Foggia	ITL	2.122.000,000	-	49.99	49.99	Calcestruzzi S.p.A.
Cassano Cave S.p.A.	Ravenna	€	100,000	-	80.00	80.00	Calcestruzzi S.p.A.
Cave Comand S.r.l.	Ravenna	ITL	1,040,000,000	-	50.00	50.00	Calcestruzzi S.p.A.
Cementi della Lucania S.p.A.	Potenza	ITL	1,200,000,000	-	30.00	30.00	Italcementi S.p.A.
CO.CE.MA. S.r.l.	Ravenna	ITL	49,000,000	-	100.00	100.00	Calcestruzzi S.p.A.
Deltapo S.r.l.	Ravenna	ITL	190,000,000	-	100.00	100.00	Calcestruzzi S.p.A.
E.C.I.T. S.r.l.	Ravenna	ITL	200,400,000	-	50.00	50.00	Calcestruzzi S.p.A.
General Cave S.r.l.	Fiumicino (RM)	ITL	60,000,000	-	50.00	50.00	Speedybeton S.p.A.
GESVIM S.r.l.	Milan	€	11,000	-	50.00	50.00	Azienda Vendite Acquisti A.V.A. S.p.A.
GIST SRL Gamma Iniziative Sport. Tur.	Florence	ITL	1,200,000,000	-	50.00	50.00	Intermobiliare S.p.A.
IMES S.r.l.	S. Cipriano Pic. (SA)	ITL	400,000,000	-	100.00	100.00	Italcementi S.p.A.
Immobiliare Golf Punta Ala S.p.A.	Punta Ala (GR)	ITL	10,000,000,000	-	36.50	11.75 24.75	Punta Ala Prom. e Sviluppo Imm.re S.r.l. Azienda Vendite Acquisti A.V.A. S.p.A.
Immobiliare Turbinia S.r.l.	Milan	ITL	100,000,000	50.00	-	50.00	Italmobiliare S.p.A.
Italconsult S.p.A.	Rome	ITL	10,393,660,000	-	29.19	29.19	Italcementi S.p.A.
Mantovana Inerti S.r.l.	Cavriana (MN)	€	702,000	-	50.00	50.00	Calcestruzzi S.p.A.
Mittel S.p.A.	Milan	€	39,000,000	12.913	-	12.913	Italmobiliare S.p.A.
Prati Fioriti S.r.l.	Rome	ITL	170,000,000	-	62.50	25.00 25.00 12.50	Cemencal S.p.A. Calcestruzzi S.p.A. ES.IN.TE. S.r.l.
Progecal S.p.A.	Roma	ITL	1,100,000,000	-	81.65	52.02 16.26 13.37	Calcestruzzi S.p.A. Cemencal S.p.A. Speedybeton S.p.A.
S.A.F.R.A. S.r.l.	Bologna	ITL	99,000,000	-	33.33	33.33	Calcestruzzi S.p.A.
Silicalcite S.p.A.	Bergamo	€	4,000,000	-	100.00	100.00	Nuova Sacelit S.r.l.
Soc. Editrice Siciliana S.E.S. S.p.A.	Messina	ITL	9,900,000,000	33.00	-	33.00	Italmobiliare S.p.A.
Unibeton S.r.l.	Osasco (TO)	ITL	20,000,000	-	67.00	34.00 33.00	Calcestruzzi S.p.A. Cemencal S.p.A.
<b>France</b>							
Armement Secam	Paris	FF	2,000,000	-	34.95	34.95	Tratel S.A.



## Annex C (continued)

Company	Registered office		Share capital	% indirect	% direct	Held by Group companies % held by:	
Béton Contrôle des Abers	Lannilis	FF	650,000	-	34.00	34.00	Unibéton S.A.
Béton Saone	Macon	FF	250,000	-	35.00	35.00	Unibéton S.A.
Dragages Transports & Travaux Maritimes	La Rochelle	FF	10,639,200	-	39.99	39.99	GSM S.A.
Finter Bank France	Paris	FF	120,000,000	-	100.00	65.493 32.502 1.605 0.400	Finter Holding S.A. Finter Bank Zürich Fincomind S.A. SEPAC
Finter Gestion S.A.	Paris	FF	950,000	-	99.368	99.368	Finter Bank France
S.A. Dijon Béton	Dijon	FF	1,150,000	-	15.00	15.00	GSM S.A.

## NORTH AMERICA

## Canada

Ciment Quebec Inc.	St. Basile	CAD	19,461,000	-	100.00	100.00	Groupe Ciment Quebec Inc.
Groupe Ciment Quebec Inc.	St. Basile	CAD	4,202,000	-	50.00	50.00	Esroc Canada Inc.
Innocon Inc.	Richmond Hill	CAD	14,134,000	-	50.00	50.00	Esroc Canada Inc.

## OTHER COUNTRIES

## Bahamas

Finter Bank & Trust (Bahamas) Ltd.	Nassau	USD	2,000,000	-	100.00	100.00	Finter Bank Zürich
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## Cyprus

Vassiliko Cement Works Ltd	Nicosia	CYP	9,399,713	-	33.00	20.00 13.00	Italmed Cement Company Ltd Comp. Financière et de Participations S.A.
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## Monaco

Credit Mobilier de Monaco	Monaco	FF	35,000,000	-	99.914	99.914	Société de Part. Financière Italmobiliare S.A.
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## Switzerland

Delphinia Soc.di Navigazione Marittima S.A.	Coira	CHF	1,000,000	-	100.00	100.00	Finter Bank Zürich
Finconsult AG	Zürich	CHF	500,000	-	100.00	100.00	Finter Bank Zürich
Finter Bank Zürich	Zürich	CHF	45,000,000	-	100.00	100.00	Fincomind S.A.



## Annex D

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

Company	Registered office		Share capital	% indirect	% direct	Held by Group companies %	held by:
<b>EUROPEAN COMMUNITY</b>							
<b>Italy</b>							
Azienda Agricola Lodoletta S.r.l.	Bergamo	ITL	20,000,000	-	75.00	75.00	Italcementi S.p.A.
Beton Quattro S.c.a r.l.	Napoli	ITL	20,000,000	-	50.00	50.00	Calcestruzzi S.p.A.
Betongenova S.r.l.	Genova	ITL	20,000,000	-	36.12	22.68 13.44	Calcestruzzi S.p.A. Cemencal S.p.A.
Calcestruzzi e Inerti S.r.l.	Civita Castellana (VT)	€	11,000	-	50.00	50.00	Calcestruzzi Gallesana S.r.l.
Cantiere Navale Punta Ala S.p.A. in liq.	Livorno	ITL	1,000,000,000	-	100.00	100.00	Punta Ala Promoz.ne e Sviluppo Imm.re S.r.l.
Cava delle Capannelle S.r.l.	Bergamo	ITL	60,000,000	-	49.00	49.00	Calcestruzzi S.p.A.
Cava Rossetti Oreste S.r.l.	Cingoli (MC)	€	62,400	-	50.00	50.00	Cava San Biagio S.r.l.
Cava Sabbionera S.p.A.	Bergamo	ITL	3,200,000,000	-	20.00	20.00	Calcestruzzi S.p.A.
Cementi e Calci di S. Marinella S.r.l.	Bergamo	€	10,000	-	66.67	66.67	Italcementi S.p.A.
E.S.A. Monviso S.p.A.	Casalgrasso (CN)	ITL	1,400,000,000	-	41.00	41.00	Cemencal S.p.A.
Ecoinerti S.r.l.	Recanati (MC)	€	91,800	-	50.00	50.00	Cava San Biagio S.r.l.
FAP Autoservizi S.p.A.	S.Donà di Piave	ITL	5,000,000,000	-	20.00	20.00	S.A.B. Autoservizi S.r.l.
Gres Dalmine Resine S.c.a r.l.	Sorisole (BG)	ITL	180,000,000	-	35.00	35.00	Società del Gres ing. Sala S.p.A.
Immobiliare Lido di Classe S.p.A. in liq.	Rome	ITL	500,000,000	18.036	-	18.036	Italmobiliare S.p.A.
Immobiliare Liguria S.r.l.	Bergamo	ITL	5,000,000,000	-	100.00	99.00 1.00	Italcementi S.p.A. S.A.M.A. S.p.A.
Immobiliare Reginald S.r.l.	Bergamo	ITL	55,000,000	-	100.00	100.00	Calcestruzzi S.p.A.
Industrie Grafiche Cattaneo S.p.A. – in liq.	Bergamo	ITL	250,000,000	-	30.16	30.16	Italcementi S.p.A.
Italcementi Ingegneria S.r.l.	Bergamo	ITL	522,000,000	-	100.00	100.00	Italcementi S.p.A.
La Ghiaia S.r.l. – in liquidazione	S. Egidio alla Vibrata (TE)	ITL	50,000,000	-	100.00	100.00	Cemencal S.p.A.
Newco.com S.p.A.	Bergamo	€	15,000,000	-	100.00	99.00 1.00	Italcementi S.p.A. SICIL.FIN. S.r.l.
Q.T.S. S.r.l.	Rome	ITL	20,000,000	-	60.00	60.00	Cemencal S.p.A.
Sigesa S.p.A. Soc. Italiana Gestione Servizi Ambientali	Cinisello Balsamo (MI)	ITL	78,169,310,000	29.00	-	29.00	Italmobiliare S.p.A.
Sipac S.p.A. – in liquidazione	Milan	ITL	2,000,000,000	-	27.00	27.00	Calcestruzzi S.p.A.
Trieste Trasporti S.p.A.	Trieste	€	500,000	-	29.90	10.90 9.00 10.00	S.A.B. Autoservizi S.r.l. SAIA BUS S.r.l. S.I.A. Società Italiana Autoservizi S.p.A.
Universal Imballaggi Sr.l.	Palermo	ITL	199,000,000	-	24.899	24.899	Sirap Gema S.p.A.
<b>France</b>							
Béton Contrôle de Gascogne	Soorts Hossegor	FF	250,000	-	37.00	37.00	Béton Contrôle du Pays Basque
Béton Distribution	Ronchin	FF	418,502	-	99.76	99.76	Unibéton S.A.
Béton du Bocage	Tours	FF	1,650,000	-	100.00	100.00	Unibéton S.A.
Beton Service Artesien	Athies Les Arras	FF	250,000	-	99.80	99.80	Unibéton S.A.
Bureau Engineering Travaux Publics (SA BETP)	Guerande	FF	3,432,000	-	99.94	79.94 20.00	Comp. Financière et de Participations S.A. Arena S.A.
Carrières de Mazaugues	Maubec	FF	500,000	-	50.00	50.00	Société Rey-Bellemere
Cimcal	Puteaux	FF	295,000	-	99.90	79.90 20.00	Ciments Français S.A. Tercim S.A.
Ciments Français Participations	Puteaux	FF	10,000	-	100.00	50.00 50.00	Ciments Français S.A. Comp. Financiere et de Participations S.A.
Dunkerque Ajouts Snc	Paris	FF	40,000	-	33.34	33.34	Ciments Calcia S.A.
Entreprise Lorraine d'Agriculture – ELDA	Nancy	FF	50,000	-	100.00	100.00	GSM S.A.
Fraimbois Granulats	Montcel les Luneville	FF	500,000	-	50.00	50.00	GSM S.A.
GIE d'exploitation du chenal de Saintonge	Pessac	FF	40,000	-	75.00	75.00	GSM S.A.
GIE des Terres de Mayocq	St. Firmin	-	-	-	50.00	50.00	Eurarco France
GIE Gisamo	Carrières s/P.	-	-	-	100.00	99.00 1.00	GSM S.A. Sables et Gravier de la Garonne GIE
GIE GM	Reims	-	-	-	63.00	63.00	GSM S.A.
GIE Les Sables	Mehun sur Yevre	FF	10,000	-	50.00	50.00	GSM S.A.
Gitec – GIE	Paris	-	-	-	49.00	49.00	Ciments Français S.A.
Les Calcaires Sud Charentes	Cherves Richemont	FF	10,000	-	34.00	34.00	GSM S.A.



## Annex D (continued)

Company	Registered office		Share capital	% direct	% indirect	Held by Group companies % held by:	
Materiaux Routiers du Bearn	Rebenacq	FF	100,000	-	33.30	33.30	GSM S.A.
Neyrtec Industrie S.A.	Le Pont de Claix	FF	10,000,000	100.00	-	100.00	Italmobiliare S.p.A.
Port St. Louis Amenagement	Carrières s/P.	FF	50,000	-	51.00	51.00	GSM S.A.
Port St. Louis Remblaiement S.A.R.L.	Carrières s/P.	FF	50,000	-	51.00	51.00	GSM S.A.
Provence Amenagement	Port Frejus	FF	3,000,000	-	35.00	35.00	Arena S.A.
Saint Remy Aggregats	Salon de Provence	FF	50,000	-	100.00	99.20	Société Rey-Bellemere GSM S.A.
Sas des Gresillons	Paris	FF	250,000	-	50.00	50.00	GSM S.A.
SCI Batlongue	Arudy	FF	352,000	-	100.00	100.00	GSM S.A.
SCI Delrieu Frères	Fumel	FF	114,000	-	100.00	50.00	Calixa S.A. Socli S.A.
SCI des Granets	Cayeux sur M.	FF	30,000	-	47.33	47.33	GSM S.A.
SCI du Domaine de Saint Louis de Poissy	Carrières s/P.	FF	42,000	-	99.76	99.76	GSM S.A.
SCI Lepeltier	S. Doulchard	FF	41,000	-	100.00	100.00	GSM S.A.
SCI Triel Carrières	Le Vesinet	FF	90,000	-	99.89	99.89	GSM S.A.
SnC Rouennaise de Transformation	Grand Couronne	FF	50,000	-	60.00	60.00	Ciments Calcia S.A.
Société Civile Bachant le Grand Bonval	Carrières s/P.	FF	10,000	-	80.00	80.00	GSM S.A.
Société Civile Carrière de Maraval	Frejus	FF	10,000	-	100.00	100.00	GSM S.A.
Société Civile d'Exploitation Agr. de l'Avesnois	Reims	FF	20,000	-	90.00	50.00	Société Civile Bachant le Grand Bonval GSM S.A.
Société Civile d'Exploitation de la Grange d'Etaule	Gray	FF	150,000	-	99.60	99.60	Ciments Calcia S.A.
Stinkal	Ferques	FF	7,000,000	-	35.00	35.00	GSM S.A.
Unibéton Region Express	Guerville	FF	250,000	-	99.96	99.96	Unibéton S.A.
<b>Belgium</b>							
Société des Carrières du Tournais S.C.T.	Tournai	BEF	2,500,000	-	65.00	65.00	Compagnie des Ciments Belges
<b>Spain</b>							
Almacenes y Silos Pasaja S.A.	S. Sebastian	ESP	10,000,000	-	49.99	49.99	Sociedad Financiera y Minera S.A.
Arfi Aridos Finos S.L.	Madrid	ESP	500,000	-	100.00	100.00	Iniciativas Estrategicas S.L.
Aridos Guadalajara S.L.	Madrid	ESP	500,000	-	100.00	86.80	Arfi Aridos Finos S.L. 13.20
Asociacion de Empresas de Transporte a Granel	S. Sebastian	ESP	3,850,000	-	92.86	92.86	Sociedad Financiera y Minera S.A.
Canteras Aldoyar S.L.	Olazagutia	ESP	151,000,000	-	20.00	20.00	Hormigones y Minas S.A.
Cisnel Descargas S.L.	Huelva	ESP	500,000	-	100.00	100.00	Iniciativas Estrategicas S.L.
Conglomerates Hidraulicos Especiales S.A.	Madrid	ESP	20,000,000	-	51.00	51.00	Iniciativas Estrategicas S.L.
Euroasfaltos y Construccion S.A.	Malaga	€	60,500	-	100.00	99.00	Sociedad Financiera y Minera S.A. 1.00
Eurocalizas S.L.	Cantabria	€	18,030	-	33.33	33.33	Hormigones y Minas S.A.
Exportaciones de Cemento del Norte de Espana	Bilbao	ESP	10,000,000	-	45.00	45.00	Sociedad Financiera y Minera S.A.
Hormigones Olatzi S.A.	Olazagutia	ESP	47,222,000	-	25.00	25.00	Hormigones y Minas S.A.
Hormigones Txingudi S.A.	San Sebastian	ESP	10,000,000	-	50.00	50.00	Hormigones y Minas S.A.
Industrias del Cemento y Viguetas Castilla	Vizcaya	ESP	49,897,500	-	50.00	50.00	Sociedad Financiera y Minera S.A.
Inergit S.L.	Bilbao	ESP	500,000	-	50.00	50.00	Iniciativas Estrategicas S.L.
Maquinaria para Hormigones A.I.E. S.A.	Bilbao	ESP	43,000,000	-	37.50	37.50	Sociedad Financiera y Minera S.A.
Neuciclaje S.A.	Bilbao	ESP	10,000,000	-	30.00	30.00	Sociedad Financiera y Minera S.A.
Novhorvi S.A.	Vitoria	ESP	30,000,000	-	25.00	25.00	Hormigones y Minas S.A.
Nugra S.A.	Madrid	ESP	10,000,000	-	100.00	100.00	Iniciativas Estrategicas S.L.
Playas de Antigua S.A.	Malaga	ESP	10,000,000	-	100.00	100.00	Sociedad Financiera y Minera S.A.
Rosa del Amulej S.A.	Almeria	ESP	50,000,000	-	100.00	100.00	Sociedad Financiera y Minera S.A.
Transagrox Pasajes S.A.	Guipuzcoa	ESP	275,000,000	-	100.00	100.00	H.C. Plasier Beheer B.V.
Universal de Hormigones Unidos S.L.	Madrid	ESP	500,000	-	99.80	99.80	Sociedad Financiera y Minera S.A.
<b>Greece</b>							
Betodomi S.A.	Iraklion	GRD	40,000,000	-	30.00	30.00	Domiki Béton S.A.
Skyra S.r.l.	Mandra	GRD	3,000,000	-	100.00	100.00	Ammos Quarries of East Attica S.A.
<b>Germany</b>							
Saarlandische Zementgesellschaft	Saarbrücken	DEM	100,000	-	80.00	80.00	Ciments Français International S.A.
<b>United Kingdom</b>							
Gecocem Limited	London	GBP	50,000	-	100.00	100.00	Ciments Français S.A.



Company	Registered office		Share capital	% indirect	% direct	Held by Group companies % held by:	
<b>Holland</b>							
H.C. Plasier Beheer B.V.	Vlaardingen	NLG	40,000	-	100.00	100.00	Rular Trading
R.G. Aggregates B.V.	Vlaardingen	NLG	40,000	-	100.00	100.00	Ruler International
Rular Trading	Vlaardingen	NLG	40,000	-	100.00	100.00	Ruler International
<b>NORTH AMERICA</b>							
<b>U.S.A.</b>							
Miron USA Ltd	Nazareth	USD	200	-	100.00	100.00	Essroc Cement Corp.
Sofint Co.	Wilmington	USD	1	-	100.00	100.00	Italcementi S.p.A.
<b>Canada</b>							
Concrete System International Ltd	Kitchener	CAD	1,000	-	50.00	50.00	Essroc Canada Inc.
Essroc Canada Finance Corporation	Downsview	CAD	100	-	100.00	100.00	Essroc Cement Corp.
<b>OTHER COUNTRIES</b>							
<b>Albania</b>							
Eurotech Cement S.h.p.k.	Durres	LEK	270,000,000	-	84.99	84.99	Halyps Building Material S.A.
<b>Dutch Antilles</b>							
Ruler International	Curaçao	USD	6,000	-	100.00	100.00	Compagnie des Ciments Belges
<b>Bulgaria</b>							
Dobrotitsa BSK A.D.	Dobritch	LEV	100	-	26.00	26.00	Devnya Cement A.D.
Lulyaka Ead	Devnya	LEV	759,371,000	-	79.99	79.99	Devnya Cement A.D.
<b>Gambia</b>							
Gacem Company Limited	Serrekunda	GMD	4,500,000	-	80.00	80.00	Tercim S.A.
<b>Kazakhstan</b>							
Shymkent Cement	Shymkent	TEN	10,969,300	-	88.15	88.15	Ciments Français S.A.
<b>Morocco</b>							
Asment (Ciments de Temara)	Temara	MAD	171,875,000	-	37.01	19.99 17.02	Ciments Français S.A. Procimar S.A.
Industrie Sakia el Hamra "Indusaha" S.A.	Laayoune	MAD	300,000	-	99.87	99.87	Ciments du Maroc
Les Ciments de Laayoune	Laayoune	MAD	50,000	-	79.20	79.20	Ciments du Maroc
Société Immobilière Marguerite VIII	Casablanca	MAD	100,000	-	94.00	94.00	Ciments du Maroc
Société Immobilière Marguerite X	Casablanca	MAD	100,000	-	94.00	94.00	Ciments du Maroc
<b>Mauritania</b>							
Mauritano-Francaise des Ciments	Nouakchott	OUG	1,111,310,000	-	66.05	66.05	Ciments Français S.A.
<b>Switzerland</b>							
Fardafin Asset Management S.A.	Geneve	CHF	200,000	-	25.00	25.00	Finter Bank Zürich
<b>Thailand</b>							
Asia Cement Products Co., Ltd	Bangkok	BT	10,000,000	-	99.99	99.99	Asia Cement Public Co., Ltd
<b>Turkey</b>							
Met Teknik Servis ve Maden Sanayi Ticaret A.S	Istanbul	TRL	5,000,000,000	-	99.99	99.99	Set Group Holding

## Annex E

## LIST OF OTHER INVESTMENTS OVER 10%

Company	Registered office		Share capital	% direct	% indirect	Held by Group companies % held by:	
<b>EUROPEAN COMMUNITY</b>							
<b>Italy</b>							
Best Immobiliare S.p.A.	Bergamo	ITL	2,914,000,000	-	16.36	16.36	Italcementi S.p.A.
Compagnia Fiduciaria Nazionale S.p.A.	Milan	ITL	600,000,000	16.668	-	16.668	Italmobiliare S.p.A.
Ecoserio S.r.l.	Bergamo	ITL	96,000,000	-	12.50	12.50	Calcestruzzi S.p.A.
Fin.Priv. S.r.l.	Milan	ITL	20,000,000	12.50	-	12.50	Italmobiliare S.p.A.
I.GE.PO. - Impresa Gestione Porti S.r.l.	Vibo Valentia	ITL	50,000,000	-	18.00	18.00	Italcementi S.p.A.
LUXVIDE S.p.A.	Rome	ITL	8,000,000,000	10.811	-	10.811	Italmobiliare S.p.A.
Polistone S.p.A. (¹)	Villesse (GO)	ITL	10,000,000,000	-	100.00	100.00	Società del Gres ing. Sala S.p.A.
Procalmi S.r.l. in liquidazione	Milan	ITL	100,000,000	-	11.52	11.52	Cemencal S.p.A.
Stone Italiana S.r.l. (¹)	San Martino B.A. (VR)	ITL	2,160,000,000	-	50.00	50.00	Società del Gres ing. Sala S.p.A.
Studio Beton S.r.l.	Vignate (MI)	ITL	20,000,000	-	12.50	12.50	Cemencal S.p.A.
<b>France</b>							
Granulats Marins de Normandie - GIE	Le Havre	-	-	-	11.05	11.05	GSM S.A.
Scori	Plaisir	FF	6,830,000	-	13.95	13.95	Ciments Calcia S.A.
<b>United Kingdom</b>							
Sirio Vide Ltd	London	GBP	100	11.00	-	11.00	Italmobiliare S.p.A.
<b>OTHER COUNTRIES</b>							
<b>Turkey</b>							
Altas Ambarlj Liman Tesisleri Tas	Istanbul	TRL	100,000,000,000	-	12.25	12.25	Anadolu Cimentolari Tas

(¹) Investments held as pledges.

■ Additional  
information

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## Annex F

### MOVEMENTS IN CONSOLIDATED SHAREHOLDERS' EQUITY

(in millions of lire)

	Share capital	Legal reserve	Revaluation reserve	Share premium reserve	Reserve for own shares	Other reserves of holding company	Other consolidation reserves	Result for the period/year	Group Total
<b>Balance at 31 December 1999</b>	<b>192,629</b>	<b>36,452</b>	<b>167,991</b>	<b>343,090</b>	<b>32,471</b>	<b>801,469</b>	<b>691,781</b>	<b>174,544</b>	<b>2,440,427</b>
Conversion of Mediobanca 6% Italmobiliare special series 1993/1999 debentures									
Allocation of income at 31 December 1999									
Board of Directors								(684)	(684)
Dividends								(55,141)	(55,141)
Legal reserve		2,074						(2,074)	
Retained earnings									
Extraordinary reserve						12,000		(12,000)	
Carried forward						4,690		(4,690)	
Purchase of own shares					7,657	(7,657)			
Transfer of reserves							99,955	(99,955)	
Conversion of share capital into euro	1,321					(1,321)			
Consolidation adjustments							3,374		3,374
Net result for the period								230,839	230,839
<b>Balance at 30 June 2000</b>	<b>193,950</b>	<b>38,526</b>	<b>167,991</b>	<b>343,090</b>	<b>40,128</b>	<b>809,181</b>	<b>795,110</b>	<b>230,839</b>	<b>2,618,815</b>





## Annex G

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

	(in millions of lire)	
	30 June 2000	31 December 1999
<b>A) Net result for the period of Italmobiliare S.p.A.</b>	<b>114,885</b>	<b>74,589</b>
Consolidation adjustments:		
Net results of consolidated companies (Group portion)	114,756	172,105
Adjustment to Group accounting policies (Group portion)	(2,461)	(7,805)
Adjustment of value of investments stated using the equity method	3,429	2,208
Adjustment of the capital gains on the sale of investments	34,373	4,135
Elimination of dividends received during the period	(36,014)	(77,733)
Elimination of write-downs of consolidated investments	1,852	7,129
Elimination of intercompany income or losses and other variations	19	(84)
<b>Net result for the period of the Group</b>	<b>230,839</b>	<b>174,544</b>
<b>Shareholders' equity</b>		
<b>B) Shareholders' equity of Italmobiliare S.p.A.</b>	<b>1,707,751</b>	<b>1,648,691</b>
Adjustment to Group accounting policies	31,850	15,492
Difference between shareholders' equities of subsidiaries due to the Group and the book value of the consolidated investments	879,214	776,244
<b>Consolidated shareholders' equity of the Group</b>	<b>2,618,815</b>	<b>2,440,427</b>



# Reclassified consolidated balance sheet

(in millions of lire)	30 June 2000	%	31 December 1999	%	Change 2000/1999
Fixed assets, net					
Intangible assets	2,722,213		2,772,422		(50,209)
Tangible assets	5,467,286		5,464,609		2,677
Investments and other financial assets	1,562,358		1,444,128		118,230
Total	9,751,857	85.0%	9,681,159	85.7%	70,698
Working capital, net					
Inventories	792,908		792,040		868
Trade receivables	2,044,474		1,759,687		284,787
Trade payables	(1,154,851)		(1,182,677)		27,826
Other assets	836,626		1,069,913		(233,287)
Other liabilities	(799,583)		(820,962)		21,379
Total	1,719,574	15.0%	1,618,001	14.3%	101,573
<b>Net capital employed</b>	<b>11,471,431</b>	<b>100.0%</b>	<b>11,299,160</b>	<b>100.0%</b>	<b>172,271</b>
Shareholders' equity					
Pertaining to the Group	2,618,815		2,440,427		178,38
Minority interests	3,882,445		3,886,135		(3,690)
Total	6,501,260	56.7%	6,326,562	56.0%	174,698
Floating rate subordinated securities, net	254,854	2.2%	273,093	2.4%	(18,239)
Provisions					
Employees' leaving entitlements	192,122		200,146		(8,024)
Other provisions	1,292,937		1,111,706		181,231
Total	1,485,059	12.9%	1,311,852	11.6%	173,207
Net financial position					
Marketable securities and current financial assets	(1,614,054)		(1,541,403)		(72,651)
Short term financing	1,279,418		980,693		298,725
Short term financial position, net	(334,636)	(2.9%)	(560,710)	(5.0%)	226,074
Medium to long term financial assets	(634,364)		(588,839)		(45,525)
Medium to long term financing	4,199,258		4,537,202		(337,944)
Medium to long term financial position, net	3,564,894	31.1%	3,948,363	35.0%	(383,469)
Net financial position	3,230,258	28.2%	3,387,653	30.0%	(157,395)
<b>Total financing</b>	<b>11,471,431</b>	<b>100.0%</b>	<b>11,299,160</b>	<b>100.0%</b>	<b>172,271</b>



(in thousands of euro)	30 June 2000	%	31 December 1999	%	Change 2000/1999
Fixed assets, net					
Intangible assets	1,405,906		1,431,836		(25,930)
Tangible assets	2,823,618		2,822,235		1,383
Investments and other financial assets	806,891		745,830		61,061
Total	5,036,415	85.0%	4,999,901	85.7%	36,514
Working capital, net					
Inventories	409,503		409,055		448
Trade receivables	1,055,883		908,802		147,081
Trade payables	(596,431)		(610,802)		14,371
Other assets	432,081		552,564		(120,483)
Other liabilities	(412,951)		(423,991)		11,040
Total	888,085	15.0%	835,628	14.3%	52,457
<b>Net capital employed</b>	<b>5,924,500</b>	<b>100.0%</b>	<b>5,835,529</b>	<b>100.0%</b>	<b>88,971</b>
Shareholders' equity					
Pertaining to the Group	1,352,505		1,260,375		92,130
Minority interests	2,005,116		2,007,021		(1,905)
Total	3,357,621	56.7%	3,267,396	56.0%	90,225
Floating rate subordinated securities, net	131,621	2.2%	141,041	2.4%	(9,420)
Provisions					
Employees' leaving entitlements	99,223		103,367		(4,144)
Other provisions	667,746		574,148		93,598
Total	766,969	12.9%	677,515	11.6%	89,454
Net financial position					
Marketable securities and current financial assets	(833,589)		(796,068)		(37,521)
Short term financing	660,764		506,486		154,278
Short term financial position, net	(172,825)	(2.9%)	(289,583)	(5.0%)	116,757
Medium to long term financial assets	(327,622)		(304,110)		(23,512)
Medium to long term financing	2,168,736		2,343,269		(174,533)
Medium to long term financial position, net	1,841,114	31.1%	2,039,159	35%	(198,045)
Net financial position	1,668,289	28.2%	1,749,577	30.0%	(81,288)
<b>Total financing</b>	<b>5,924,500</b>	<b>100.0%</b>	<b>5,835,529</b>	<b>100.0%</b>	<b>88,971</b>



## Reclassified consolidated income statement

(in millions of lire)	1 <sup>st</sup> half 2000	%	1 <sup>st</sup> half 1999	%	Change 2000/1999
Net sales	3,787,958	100.0%	3,360,613	100.0%	427,345
Variation in inventories	(16,333)	(0.4%)	(28,886)	(0.9%)	12,553
Increase on internal work capitalized under fixed assets	16,300	0.4%	22,123	0.7%	(5,823)
	<b>3,787,925</b>	<b>100.0%</b>	<b>3,353,850</b>	<b>99.8%</b>	<b>434,075</b>
Other revenues	105,633	2.8%	79,561	2.4%	26,072
<b>Net sales and other operating income</b>	<b>3,893,558</b>	<b>102.8%</b>	<b>3,433,411</b>	<b>102.2%</b>	<b>460,147</b>
Consumables	964,540	25.5%	818,301	24.3%	146,239
Services	1,239,390	32.7%	1,014,015	30.2%	225,375
Other operating costs	111,771	3.0%	104,860	3.1%	6,911
<b>Value added</b>	<b>1,577,857</b>	<b>41.6%</b>	<b>1,496,235</b>	<b>44.6%</b>	<b>81,622</b>
Personnel expenses	706,065	18.6%	670,539	20.0%	35,526
Provisions and write-downs	18,907	0.5%	18,595	0.6%	312
<b>Gross operating profit</b>	<b>852,885</b>	<b>22.5%</b>	<b>807,101</b>	<b>24.0%</b>	<b>45,784</b>
Amortization and depreciation	359,923	9.5%	334,663	10.1%	25,260
<b>Operating income</b> (difference between net sales and other operating income and operating costs)	<b>492,962</b>	<b>13.0%</b>	<b>472,438</b>	<b>14.1%</b>	<b>20,524</b>
Financial income and charges, net	132,760	3.5%	(60,056)	(1.8%)	192,816
Adjustments to the value of financial assets, net	(6,476)	(0.2%)	4,902	0.1%	(11,378)
Non-recurring items, net	57,006	1.5%	(8,063)	(0.2%)	65,069
<b>Income before taxes</b>	<b>676,252</b>	<b>17.8%</b>	<b>409,221</b>	<b>12.2%</b>	<b>267,031</b>
Taxes on income	(278,030)	(7.3%)	(188,569)	(5.6%)	(89,461)
<b>Income before minority interests</b>	<b>398,222</b>	<b>10.5%</b>	<b>220,652</b>	<b>6.6%</b>	<b>177,570</b>
Minority interests	167,383	4.4%	151,994	4.6%	15,389
<b>Net income of the Group</b>	<b>230,839</b>	<b>6.1%</b>	<b>68,658</b>	<b>2.0%</b>	<b>162,181</b>
Cash flow	758,145		555,315		202,830



(in thousands of euro)	1 <sup>st</sup> half 2000	%	1 <sup>st</sup> half 1999	%	Change 2000/1999
Net sales	1,956,317	100.0%	1,735,612	100.0%	220,705
Variation in inventories	(8,435)	(0.4%)	(14,918)	(0.9%)	6,483
Increase on internal work capitalized under fixed assets	8,418	0.4%	11,425	0.7%	(3,007)
	<b>1,956,300</b>	<b>51.5%</b>	<b>1,732,119</b>	<b>99.8%</b>	<b>161,749</b>
Other revenues	54,555	2.4%	41,090	2.7%	(788)
<b>Net sales and other operating income</b>	<b>2,010,855</b>	<b>102.8%</b>	<b>1,773,209</b>	<b>102.2%</b>	<b>237,646</b>
Consumables	498,143	25.5%	422,617	24.3%	75,526
Services	640,092	32.7%	523,695	30.2%	116,396
Other operating costs	57,725	3.0%	54,156	3.1%	3,569
<b>Value added</b>	<b>814,895</b>	<b>41.6%</b>	<b>772,741</b>	<b>44.6%</b>	<b>42,154</b>
Personnel expenses	364,652	18.6%	346,304	20.0%	18,348
Provisions and write-downs	9,765	0.5%	9,604	0.6%	161
<b>Gross operating profit</b>	<b>440,478</b>	<b>22.5%</b>	<b>416,833</b>	<b>24.0%</b>	<b>23,645</b>
Amortization and depreciation	185,884	9.5%	172,839	10.1%	13,046
<b>Operating income</b> (difference between net sales and other operating income and operating costs)	<b>254,594</b>	<b>13.0%</b>	<b>243,994</b>	<b>14.1%</b>	<b>10,600</b>
Financial income and charges, net	68,565	3.5%	(31,016)	(1.8%)	99,581
Adjustments to the value of financial assets, net	(3,345)	(0.2%)	2,532	0.1%	(5,876)
Non-recurring items, net	29,441	1.5%	(4,165)	(0.2%)	33,605
<b>Income before taxes</b>	<b>349,255</b>	<b>17.8%</b>	<b>211,345</b>	<b>12.2%</b>	<b>137,910</b>
Taxes on income	(143,591)	(7.3%)	(97,388)	(5.6%)	(46,203)
<b>Income before minority interests</b>	<b>205,664</b>	<b>10.5%</b>	<b>113,957</b>	<b>6.6%</b>	<b>91,707</b>
Minority interests	86,446	4.4%	78,498	4.6%	7,948
<b>Net income of the Group</b>	<b>119,218</b>	<b>6.1%</b>	<b>35,459</b>	<b>2.0%</b>	<b>83,759</b>
Cash flow	391,549		286,796		104,753



# Consolidated statement of cash flows

(in millions of lire)	30 June 2000	31 December 1999
<b>A) Debt at the beginning of the period</b>	<b>(3,387,653)</b>	<b>(2,382,891)</b>
<b>B) Cash flow from operating activities:</b>		
Net income of the Group	230,839	174,544
Minority interests	167,383	331,052
Amortization and depreciation	359,923	689,820
Result of companies valued using the equity method	(1,809)	(27,361)
Dividends from companies valued using the equity method	1,796	18,416
Write-downs of fixed assets	9,871	12,566
(Profit)/loss on sale of fixed assets	(155,504)	(41,437)
Interest on TsdI	18,276	36,331
Interest income on floating rate subordinated securities	(18,241)	(33,733)
Net variation in employees' leaving entitlement	(18,049)	414
Variation in other provisions	(23,065)	(17,854)
	<b>571,420</b>	<b>1,142,758</b>
<b>Variations in working capital:</b>		
Inventories	12,595	(11,172)
Trade receivables	(202,773)	(182,480)
Payables	(75,910)	170,129
Other receivables/payables, prepayments and accruals	50,619	52,554
Non-fixed investments	143,431	(145,347)
	<b>(72,038)</b>	<b>(116,316)</b>
<b>Total B)</b>	<b>499,382</b>	<b>1,026,442</b>
<b>C) Cash flow from investing activities:</b>		
Investments in fixed assets:		
Intangible	(23,604)	(78,967)
Tangible	(236,913)	(567,934)
Investments	(245,788)	(1,004,665)
Own shares	(7,657)	(32,471)
	<b>(513,962)</b>	<b>(1,684,037)</b>
Proceeds from sale of fixed assets	261,001	104,563
<b>Total C)</b>	<b>(252,961)</b>	<b>(1,579,474)</b>
<b>D) Variations in other financial assets, other than investments</b>	<b>Total D)</b>	<b>(53,990)</b>
<b>(24,446)</b>		
<b>E) Cash flow from variations in shareholders' equity:</b>		
Share capital increases	106	61,241
Capital grants	634	1,978
Dividends paid	(159,921)	(124,930)
Repayment of preferred shares		(268,033)
	<b>(159,181)</b>	<b>(329,744)</b>
<b>F) Variations in consolidation area and translation adjustments</b>	<b>94,601</b>	<b>(67,996)</b>
<b>G) Net increase in debt/liquidity</b>	<b>157,395</b>	<b>(1,004,762)</b>
<b>Debt at the end of the period</b>	<b>(3,230,258)</b>	<b>(3,387,653)</b>



(in thousands of euro)	30 June 2000	31 December 1999
<b>A) Debt at the beginning of the period</b>	<b>(1,749,577)</b>	<b>(1,230,660)</b>
<b>B) Cash flow from operating activities:</b>		
Net income of the Group	119,218	90,144
Minority interests	86,446	170,974
Amortization and depreciation	185,885	356,262
Result of companies valued using the equity method	(934)	(14,131)
Dividends from companies valued using the equity method	928	9,511
Write-downs of fixed assets	5,098	6,490
(Profit)/loss on sale of fixed assets	(80,311)	(21,400)
Interest on TsdI	9,439	18,763
Interessi attivi su TsdI	(9,421)	(17,422)
Interest income on floating rate subordinated securities	(9,322)	214
Variation in other provisions	(11,912)	(9,221)
	<b>295,114</b>	<b>590,184</b>
<b>Variations in working capital:</b>		
Inventories	6,505	(5,770)
Trade receivables	(104,724)	(94,243)
Payables	(39,204)	87,864
Other receivables/payables, prepayments and accruals	26,143	27,142
Non-fixed investments	74,076	(75,065)
	<b>(37,204)</b>	<b>(60,072)</b>
<b>Total B)</b>	<b>257,910</b>	<b>530,112</b>
<b>C) Cash flow from investing activities:</b>		
Investments in fixed assets:		
Intangible	(12,190)	(40,783)
Tangible	(122,355)	(293,313)
Investments	(126,939)	(518,866)
Own shares	(3,955)	(16,770)
	<b>(265,439)</b>	<b>(869,732)</b>
Payables for acquisitions of investments	134,796	54,002
<b>Total C)</b>	<b>(130,643)</b>	<b>(815,730)</b>
<b>D) Variations in other financial assets, other than investments</b>	<b>Total D)</b>	<b>(27,884)</b>
<b>E) Cash flow from variations in shareholders' equity:</b>		
Share capital increases	55	31,628
Capital grants	327	1,022
Dividends paid	(82,592)	(64,521)
Repayment of preferred shares		(138,427)
<b>Total E)</b>	<b>(82,210)</b>	<b>(170,298)</b>
<b>F) Variations in consolidation area and translation adjustments</b>	<b>48,856</b>	<b>(35,117)</b>
<b>G) Net increase in debt/liquidity</b>	<b>81,288</b>	<b>(518,917)</b>
<b>Debt at the end of the period</b>	<b>(1,668,289)</b>	<b>(1,749,577)</b>

# Italmobiliare



Directors' report  
Financial statements





Italmobiliare recorded net income of Lire 114.9 billion at 30 June 2000 compared to Lire 61.9 billion for the same period in 1999.

The significant improvement is due to the capital gains of approximately Lire 98 billion, mainly generated by the sale of investments in Crea, Burgo and Sabtilf. The other income components also showed an increase with respect to the first six months of 1999.

The income statement may be summarized as follows:

	(in thousands of euro)		(in millions of lire)	
	30 June 2000	31 December 1999	30 June 2000	31 December 1999
Income from investments	101,599	53,760	196,723	104,093
of which:				
dividends and tax credits	50,743	50,661	98,252	98,093
profits on the sale of investments	50,856	3,099	98,471	6,000
Other financial income	8,187	7,191	15,852	13,924
Other financial charges	(10,442)	(10,273)	(20,219)	(19,892)
<b>Total financial income and charges</b>	<b>99,344</b>	<b>50,678</b>	<b>192,356</b>	<b>98,125</b>
Adjustments to the value of financial assets	186	(1,555)	361	(3,011)
Other operating income and costs, net	(9,636)	(7,606)	(18,657)	(14,728)
<b>Operating income</b>	<b>89,894</b>	<b>41,517</b>	<b>174,060</b>	<b>80,386</b>
Non-recurring income and charges, net	(13)	1,187	(25)	2,299
Income before taxes	<b>89,881</b>	<b>42,704</b>	<b>174,035</b>	<b>82,685</b>
Taxes on income	(30,548)	(10,722)	(59,150)	(20,760)
<b>Net income for the period/year</b>	<b>59,333</b>	<b>31,982</b>	<b>114,885</b>	<b>61,925</b>

Dividends, including tax credits, were substantially stable although those received from the main subsidiaries were actually greater than those of the first half of 1999 which included a non-recurring dividend of Lire 41.8 billion from Franco Tosi International S.A. Profits on the trading of investments increased due to the aforesaid capital gains.

The balance of other financial income and charges improved due partly to the greater liquidity available during the six months.

The balance of other operating income and costs increased due exclusively to the costs of services received for the sale of the company's investments in Crea and Sabtilf.

Adjustments to the value of financial assets totalled a positive Lire 361 million (30 June 1999: negative Lire 3 billion). They mainly related to the write-back of the investment in HdP (Lire 2.6 billion), the write-down of those in Azienda Vendite Acquisti AVA S.p.A. and Populonia Italica S.r.l. (Lire 1.4 billion) and the provision for bad debts of Lire 0.9 billion.



The balance sheet may be summarized as follows (with comparative 31 December 1999 figures):

	(in thousands of euro)		(in millions of lire)	
	30 June 2000	31 December 1999	30 June 2000	31 December 1999
<b>Fixed assets</b>				
Tangible and intangible assets	15,310	17,739	29,644	34,347
Investments	1,153,753	1,162,554	2,233,977	2,251,019
Receivables, options and own shares	119,542	112,505	231,466	217,840
<b>Total</b>	<b>1,288,605</b>	<b>1,292,798</b>	<b>2,495,087</b>	<b>2,503,206</b>
<b>Working capital</b>	<b>18,179</b>	<b>38,120</b>	<b>35,200</b>	<b>73,811</b>
<b>Total capital employed</b>	<b>1,306,784</b>	<b>1,330,918</b>	<b>2,530,287</b>	<b>2,577,017</b>
<b>Financed by:</b>				
Shareholders' equity	881,980	851,478	1,707,751	1,648,691
Provisions	40,840	35,699	79,078	69,123
Net debt	383,964	443,741	743,458	859,203
<b>Total financing</b>	<b>1,306,784</b>	<b>1,330,918</b>	<b>2,530,287</b>	<b>2,577,017</b>

The main transactions involving investments related to Crea, Cartiere Burgo, Sabtilf and Italcementi. Reference should be made to pages 12 and 13 of this half year report for information thereon.

As shown on page 13, Italmobiliare had a negative financial position of Lire 743.5 billion at 30 June 2000 (31 December 1999: Lire 859.2 billion). If its wholly controlled financial companies are included, its position improves by Lire 253.9 billion to a positive Lire 265.2 billion (Lire 11.3 billion) as follows:

	(in billions of lire)
Sale of investments	367.8
Investments in subsidiaries	(141.0)
Dividends paid	(55.1)
Reimbursement and sale of tax credits	24.6
Current activities	57.6
<b>Total</b>	<b>253.9</b>

Reference should be made to page 37 of this half year report for information on significant events which occurred after 30 June 2000.

### Expected future developments

Based on the result at 30 June 2000, the expected future income and cost trends, including the capital gains achieved after 30 June, the year end result should be significantly better than that recorded at 31 December 1999.

# Balance sheet at 30 June 2000

<b>ASSETS</b>	(in millions of lire)	<b>30 June 2000</b>	<b>31 December 1999</b>	<b>Variation</b>	<b>30 June 1999</b>
<b>A) Share capital proceeds to be received</b>					
<b>B) Fixed assets</b>					
I - Intangible assets		17,214	20,924	(3,710)	25,095
II - Tangible assets		12,430	13,423	(993)	13,156
III - Investments and other financial assets		2,988,225	2,991,938	(3,713)	3,029,000
<b>Total fixed assets (B)</b>		<b>3,017,869</b>	<b>3,026,285</b>	<b>(8,416)</b>	<b>3,067,251</b>
<b>C) Current assets:</b>					
I - Inventories		-	-	-	-
II - Trade and other receivables		48,471	76,109	(27,638)	97,992
III - Marketable securities		84,912	63,290	21,622	30,476
IV - Cash and cash equivalents		862	1,555	(693)	1,223
<b>Total current assets (C)</b>		<b>134,245</b>	<b>140,954</b>	<b>(6,709)</b>	<b>129,691</b>
<b>D) Prepayments and accrued income</b>		<b>15,179</b>	<b>9,499</b>	<b>5,680</b>	<b>9,189</b>
<b>Total assets</b>		<b>3,167,293</b>	<b>3,176,738</b>	<b>(9,445)</b>	<b>3,206,131</b>
<b>EQUITY AND LIABILITIES</b>					
<b>A) Shareholders' equity:</b>					
I - Share capital		193,950	192,629	1,321	182,260
II - Share premium reserve		343,090	343,090	-	316,131
III - Revaluation reserve		167,991	167,991	-	166,695
IV - Legal reserve		38,526	36,452	2,074	36,452
V - Reserve for own shares		40,128	32,471	7,657	-
VI - Legal reserves		-	-	-	-
VII - Other reserves		798,954	795,932	3,022	827,458
VIII - Retained earnings		10,227	5,537	4,690	5,537
IX - Net income for the period/year		114,885	74,589	40,296	61,925
<b>Total shareholders' equity (A)</b>		<b>1,707,751</b>	<b>1,648,691</b>	<b>59,060</b>	<b>1,596,458</b>
<b>B) Provisions for contingencies and charges</b>		<b>75,734</b>	<b>66,005</b>	<b>9,729</b>	<b>77,266</b>
<b>C) Employees' leaving entitlements</b>		<b>3,344</b>	<b>3,118</b>	<b>226</b>	<b>4,557</b>
<b>D) Payables</b>		<b>1,368,637</b>	<b>1,454,169</b>	<b>(85,532)</b>	<b>1,517,594</b>
<b>E) Accruals and deferred income</b>		<b>11,827</b>	<b>4,755</b>	<b>7,072</b>	<b>10,256</b>
<b>Total equity and liabilities</b>		<b>3,167,293</b>	<b>3,176,738</b>	<b>(9,445)</b>	<b>3,206,131</b>
<b>Total memorandum and contingency accounts</b>		<b>1,412,725</b>	<b>1,398,150</b>	<b>14,575</b>	<b>1,325,624</b>



<b>ASSETS</b>	(in thousands of euro)	<b>30 June 2000</b>	<b>31 December 1999</b>	<b>Variation</b>	<b>30 June 1999</b>
<b>A) Share capital proceeds to be received</b>					
<b>B) Fixed assets</b>					
I - Intangible assets		8,890	10,806	(1,916)	12,960
II - Tangible assets		6,420	6,932	(512)	6,795
III - Investments and other financial assets		1,543,289	1,545,207	(1,918)	1,564,348
<b>Total fixed assets (B)</b>		<b>1,558,599</b>	<b>1,562,945</b>	<b>(4,346)</b>	<b>1,584,103</b>
<b>C) Current assets:</b>					
I - Inventories		-	-	-	-
II - Trade and other receivables		25,034	39,307	(14,273)	50,609
III - Marketable securities		43,853	32,687	11,166	15,739
IV - Cash and cash equivalents		445	803	(358)	631
<b>Total current assets (C)</b>		<b>69,332</b>	<b>72,797</b>	<b>(3,465)</b>	<b>66,979</b>
<b>D) Prepayments and accrued income</b>		<b>7,839</b>	<b>4,906</b>	<b>2,933</b>	<b>4,746</b>
<b>Total assets</b>		<b>1,635,770</b>	<b>1,640,648</b>	<b>(4,878)</b>	<b>1,655,828</b>
<b>EQUITY AND LIABILITIES</b>					
<b>A) Shareholders' equity:</b>					
I - Share capital		100,167	99,484	683	94,129
II - Share premium reserve		177,191	177,191	-	163,268
III - Revaluation reserve		86,760	86,760	-	86,091
IV - Legal reserve		19,897	18,826	1,071	18,826
V - Reserve for own shares		20,724	16,770	3,954	-
VI - Legal reserves		-	-	-	-
VII - Other reserves		412,625	411,065	1,560	427,346
VIII - Retained earnings		5,282	2,860	2,422	2,860
IX - Net income for the period/year		59,333	38,522	20,811	31,982
<b>Total shareholders' equity (A)</b>		<b>881,979</b>	<b>851,478</b>	<b>30,501</b>	<b>824,502</b>
<b>B) Provisions for contingencies and charges</b>		<b>39,113</b>	<b>34,089</b>	<b>5,024</b>	<b>39,905</b>
<b>C) Employees' leaving entitlements</b>		<b>1,727</b>	<b>1,610</b>	<b>117</b>	<b>2,353</b>
<b>D) Payables</b>		<b>706,843</b>	<b>751,015</b>	<b>(44,172)</b>	<b>783,771</b>
<b>E) Accruals and deferred income</b>		<b>6,108</b>	<b>2,456</b>	<b>3,652</b>	<b>5,297</b>
<b>Total equity and liabilities</b>		<b>1,635,770</b>	<b>1,640,648</b>	<b>(4,878)</b>	<b>1,655,828</b>
<b>Total memorandum and contingency accounts</b>		<b>729,611</b>	<b>722,084</b>	<b>7,527</b>	<b>684,627</b>

# Reclassified income statement for the six months ended 30 June 2000

(in millions of lire)	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999	Variation	31 December 1999
<b>Financial income and charges</b>				
1) From investments	196,723	104,093	92,630	119,608
2) Other financial income	15,852	13,924	1,928	29,109
3) Interest expense and other financial charges	(20,219)	(19,892)	(327)	(37,523)
<b>Total</b>	<b>192,356</b>	<b>98,125</b>	<b>94,231</b>	<b>111,194</b>
<b>Adjustments to the value of financial assets</b>				
4) Revaluations	2,655	141	2,514	-
5) Write-downs	(2,294)	(3,152)	858	(7,435)
<b>Total (4-5)</b>	<b>361</b>	<b>(3,011)</b>	<b>3,372</b>	<b>(7,435)</b>
6) Other operating income	2,117	2,533	(416)	5,416
<b>Other operating costs</b>				
7) For non-financial services	(10,269)	(5,926)	(4,343)	(10,721)
8) Use of third party assets	(228)	(188)	(40)	(321)
9) Personnel expenses	(3,873)	(4,851)	978	(9,280)
10) Amortization, depreciation and write-downs	(4,023)	(4,644)	621	(9,432)
13) Other	(2,381)	(1,652)	(729)	(1,962)
<b>Total</b>	<b>(20,774)</b>	<b>(17,261)</b>	<b>(3,513)</b>	<b>(31,716)</b>
<b>Operating income</b>	<b>174,060</b>	<b>80,386</b>	<b>93,674</b>	<b>77,459</b>
<b>Non-recurring income and charges</b>				
14) Income	3,527	5,350	(1,823)	19,070
15) Charges	(3,552)	(3,051)	(501)	(5,478)
<b>Total (14-15)</b>	<b>(25)</b>	<b>2,299</b>	<b>(2,324)</b>	<b>13,592</b>
<b>Income before taxes</b>	<b>174,035</b>	<b>82,685</b>	<b>91,350</b>	<b>91,051</b>
16) Taxes on income	(59,150)	(20,760)	(38,390)	(16,462)
<b>17) Net income for the period/year</b>	<b>114,885</b>	<b>61,925</b>	<b>52,960</b>	<b>74,589</b>



(in thousands of euro)	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999	Variation	31 December 1999
<b>Financial income and charges</b>				
1) From investments	101,599	53,759	47,840	61,773
2) Other financial income	8,187	7,192	995	15,034
3) Interest expense and other financial charges	(10,442)	(10,273)	(169)	(19,379)
<b>Total</b>	<b>99,344</b>	<b>50,678</b>	<b>48,666</b>	<b>57,428</b>
<b>Adjustments to the value of financial assets</b>				
4) Revaluations	1,371	73	1,298	-
5) Write-downs	(1,185)	(1,629)	444	(3,841)
<b>Total (4-5)</b>	<b>186</b>	<b>(1,556)</b>	<b>1,742</b>	<b>(3,841)</b>
6) Other operating income	1,093	1,309	(216)	2,797
<b>Other operating costs</b>				
7) For non-financial services	(5,303)	(3,060)	(2,243)	(5,537)
8) Use of third party assets	(118)	(97)	(21)	(166)
9) Personnel expenses	(2,000)	(2,505)	505	(4,792)
10) Amortization, depreciation and write-downs	(2,078)	(2,398)	320	(4,871)
13) Other	(1,230)	(854)	(376)	(1,013)
<b>Total</b>	<b>(10,729)</b>	<b>(8,914)</b>	<b>(1,815)</b>	<b>(16,379)</b>
<b>Operating income</b>	<b>89,894</b>	<b>41,517</b>	<b>48,377</b>	<b>40,005</b>
<b>Non-recurring income and charges</b>				
14) Income	1,822	2,763	(941)	9,848
15) Charges	(1,835)	(1,576)	(259)	(2,829)
<b>Total (14-15)</b>	<b>(13)</b>	<b>1,187</b>	<b>(1,200)</b>	<b>7,019</b>
<b>Income before taxes</b>	<b>89,881</b>	<b>42,704</b>	<b>47,177</b>	<b>47,024</b>
16) Taxes on income	(30,548)	(10,722)	(19,826)	(8,502)
<b>17) Net income for the period/year</b>	<b>59,333</b>	<b>31,982</b>	<b>27,351</b>	<b>38,522</b>



## Revisione e organizzazione contabile

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

Telefono (02) 6763.1  
Telefax (02) 67632445

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

## Review report

To the shareholders of  
Italmobiliare S.p.A.

- 1 We have reviewed the half year report as at and for the six months ended 30 June 2000, comprising the balance sheets, income statements and the relative notes, of Italmobiliare S.p.A. and Italmobiliare group. We have also reviewed that part of the directors' report describing the activities of the company and the group for the period with the sole objective of verifying consistency with the remainder of the half year report.
- 2 We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no 10867 dated 31 July 1997. The review of the half year reports of certain subsidiaries, representing approximately 2% and 3% of consolidated assets and consolidated revenues respectively, has been performed by other auditors who provided us with their reports thereon. The review consisted primarily of the collection of information relating to the financial data and the consistency of application of the accounting policies through discussions with company management and analytical procedures applied to the financial data presented. The review excluded such audit procedures as tests of controls and verification or validation of assets and liabilities and is significantly less than a full scope audit performed in accordance with generally accepted auditing standards. As a consequence, contrary to our reports on the annual parent company only and consolidated financial statements, we do not express an opinion on the half year report.
- 3 With regards to the comparative figures relative to the annual financial statements, annual consolidated financial statements and half year report of the previous year, reference should be made to our reports dated 17 April 2000 and 4 October 1999.



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

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Pescara Roma Torino Treviso Udine Verona

Società per azioni  
Capitale sociale Lire 8.494.500.000 i.v.  
Registro Imprese Milano N. 276823  
R.E.A. Milano N. 512867  
Cod. Fisc. e IVA 00709600159  
Sede legale: Via Vittor Pisani, 25 - 20124 Milano MI

- 4 Based on our review, we are not aware of any material modification or integrations that should be made to the balance sheets, income statements and relative notes described in paragraph 1 above for them to be in conformity with Consob guidelines governing half year reports approved with resolution no 11971 dated 14 May 1999 and subsequent modifications and integrations.

Milan, 22 September 2000

KPMG S.p.A.

(Signed on the original)

Lorenzo Renato Guerini  
*Director*