

ITALMOBILIARE

Consolidated third quarter report
at 30 September 2000



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ITALMOBILIARE

Società per Azioni

Head office: via Borgonuovo, 20
20121 Milan - Italy

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



■ BOARD OF DIRECTORS

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Giovanni Giavazzi	* Vice Chairman
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Italo Lucchini	*
Giorgio Perolari	•
Carlo Pesenti	
Franz Schmitz	•
Graziano Molinari	** Secretary to the Board

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Claudio De Re	
Paolo Marchi	

Substitute auditors

Dino Fumagalli	
Eugenio Mercurio	
Pietro Curcio	

KPMG S.p.A	Independent Auditors
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* Member of the Executive Committee

** Secretary to the Executive Committee

• Member of the Remuneration Committee

Contents of the third quarter report



This report on the 2000 third quarter activities of Italmobiliare Group has been drawn up in accordance with the instructions set out in annex 3D of Consob (National Commission for Listed Companies and the Stock Exchange) Communication no 11971 of 14 May 1999.

As this is the first year that quarterly reports have been prepared, comparative 1999 third quarter figures and nine month figures are not always given as allowed by Consob. 1999 data are however shown for certain captions in the notes to the financial schedules.

The quarterly report has been prepared on a consolidated basis as Italmobiliare is obliged to prepare consolidated accounts. Moreover, in order to provide further additional information, the significant economic and financial figures of the main consolidated subsidiaries are also given together with details of their operating activities during the quarter.



Comments on the Group's results and most significant events of the quarter

The Group's 2000 third quarter net sales increased by 7.8% to 1,993 billions of lire compared to the same quarter of 1999 (1,849 billions of lire). Operating income for the quarter was 368 billions of lire, up 7.2% on the 1999 third quarter. Income before taxes was 369 billions of lire.

The performance of Italcementi Group and of the financial companies controlled by Italmobiliare S.p.A. contributed to these results with the financial subsidiaries recording capital gains of 54.4 billions of lire on the sale of investments.

In the first nine months of 2000, Italmobiliare Group recorded net sales of 5,781 billions of lire, an 11% increase on the same period in 1999, and operating income of 861 billions of lire, up 9.2% on the first three quarters of 1999.

Income before taxes was 1,045 billions of lire, higher than that for the whole of 1999 (884 billions of lire), partly due to capital gains recorded by Italmobiliare and its financial subsidiaries.

The performance and activities of the Group's core businesses may be summarized as follows:

- Italcementi group recorded net sales of 1,922 billions of lire (+9.4% on the 1999 third quarter), a gross operating profit of 541 billions of lire (+7.4%) and operating income of 375 billions of lire (+7.8%). Income before taxes was 301 billions of lire.

At 30 September 2000, the Group's net sales for the first nine months of the year totaled 5,560 billions of lire (+13%) with gross operating profit of 1.382 billions of lire (+10%) and operating income of 875 billions of lire (+10.1%). Income before taxes was 751 billions of lire compared to 770 billions of lire for the entire 1999.

Significant events of the quarter include the start-up of the B2B Bravobuild portal for the construction sector.

- At 30 September 2000, Sirap Gema Group recorded net sales of 171.4 billions of lire (+18%), operating income of 12.2 billions of lire (-23.4%) and income before taxes of 10.5 billions of lire compared to 21.5 billions of lire for the whole of 1999. The downturn in results is due to the increase in raw material costs and, above all, to the difficult thermal insulation markets in central Europe.
- Sab Group had revenues of 113.6 billions of lire, basically in line with the previous year figure, operating income of 3.4 billions of lire (0.3 billions of lire at 30 September 2000) and income before taxes of 4.6 billions of lire compared to 10.8 billions of lire for the whole of 1999 (boosted by non-recurring income).
- Italmobiliare's wholly controlled financial subsidiaries performed well during the first nine months of 2000 with consolidated income before taxes of 85.9 billions of lire compared to 71.7 billions of lire at 31 December 1999 due to capital gains and their management of financial assets and liabilities.



The main transactions involving the equity investments of Italmobiliare and its financial subsidiaries

In July, Italmobiliare sold its equity investment in Falck to Compart as part of the agreement between the Falck voting trust and Compart. The latter had launched a total and friendly public purchase offer for Falck and Sondel shares. This sale generated proceeds of 50.3 billions of lire and a capital gain of 40.6 billions of lire. Italmobiliare continued to purchase Italcementi shares during the quarter with an outlay of 41 billions of lire. It has thus raised its stake in this subsidiary to 55.14% of voting shares at 30 September 2000.

Italmobiliare also acquired 0.62% of Mediobanca for 66.1 billions of lire, bringing the Group's investment in this bank to 3.07% and becoming the largest non-banking shareholder.

The subsidiary Société de Participation Financière Italmobiliare SA sold its Poligrafici Editoriale shares on the stock exchange for 17.1 billions of lire.

Group performance Financial highlights

(in millions of euro)		(in billions of lire)		
3 rd quarter 2000		3 rd quarter 2000	at 30 September 2000	31 December 1999
1,029.2	Net sales	1,992.9	5,780.8	6,988.5
281.6	Gross operating profit	545.2	1,398.1	1,667.2
	<i>% of net sales</i>	<i>27.4</i>	<i>24.2</i>	<i>23.9</i>
190.2	Operating income	368.3	861.2	977.4
	<i>% of net sales</i>	<i>18.5</i>	<i>14.9</i>	<i>14.0</i>
11.6	Financial income and charges, net	22.5	155.3	(96.5)
(11.1)	Adjustments to the value of assets and non-recurring items, net	(21.6)	29.0	3.4
190.7	Income before taxes	369.2	1,045.5	884.2
	<i>% of net sales</i>	<i>18.5</i>	<i>18.1</i>	<i>12.7</i>
	<i>Employees at period end (no)</i>		<i>19,611</i>	<i>20,519</i>
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30 September 2000		30 September 2000	30 June 2000	31 December 1999
(1,554.0)	Net debt	(3,008.9)	(3,230.3)	(3,387.7)
408.2	Investments	790.5	514.0	1,684.0

The Group's consolidated net sales in the third quarter were 1,993 billions of lire, showing a 7.8% increase on the same quarter in 1999.

Net sales for the first nine months were 5,781 million of lire, an 11% increase on the same period in 1999.



This increase is due to:

- a growth in activities (+6.7%);
- variations in the consolidation area (1.9%), including Asmar (Morocco), Asia Cement (Thailand) and activities in the ready mixed concrete and aggregates sector in France and excluding Crea and Sabtilf;
- exchange rate movements (+2.4%).

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

(in billions of lire)

	3 rd quarter 2000		3 rd quarter 1999		variation % on 1999
		%		%	
Business segment					
Construction	1,920.2	96.4	1,756.6	95.0	9.3
Food packaging and insulation	59.6	3.0	49.6	2.7	20.2
Transport	12.8	0.6	15.7	0.8	(18.5)
Water and gas distribution	-	-	23.6	1.3	n.s.
Other	0.3	0.0	3.4	0.2	(91.2)
Total	1,992.9	100.0	1,848.9	100.0	7.8

	at 30.9.2000		at 30.9.1999		variation % on 1999		
		%		%	1999	%	
Construction	5,555.6	96.1	4,915.8	94.4	13.0	6,590.6	94.3
Food packaging and insulation	171.4	2.9	145.3	2.8	18.0	199.0	2.9
Transport	50.4	0.9	53.0	1.0	(4.9)	68.2	1.0
Water and gas distribution	-	-	86.3	1.6	n.s.	120.6	1.7
Other	3.4	0.1	9.1	0.2	(62.6)	10.1	0.1
Total	5,780.8	100.0	5,209.5	100.0	11.0	6,988.5	100.0

	3 rd quarter 2000		3 rd quarter 1999		variation % on 1999
		%		%	
Geographical area					
European Union	1,347.8	67.6	1,316.9	71.2	2.3
North America	357.5	17.9	312.8	16.9	14.3
Trading and emerging Countries	287.6	14.5	219.2	11.9	31.2
Total	1,992.9	100.0	1,848.9	100.0	7.8

	at 30.9.2000		at 30.9.1999		variation % on 1999		
		%		%	1999	%	
European Union	4,121.8	71.3	3,870.8	74.3	6.5	5,139.4	73.6
North America	905.6	15.7	772.8	14.8	17.2	1,056.8	15.1
Trading and emerging Countries	753.4	13.0	565.9	10.9	33.1	792.3	11.3
Total	5,780.8	100.0	5,209.5	100.0	11.0	6,988.5	100.0
Total using the same exchange rates and consolidation					6.7%		



Financial income and charges, net and other components

Italmobiliare had net financial income of 22.5 billions of lire as a result of capital gains on the above mentioned equity disposals in excess of net debt costs for the period.

Non-recurring items and adjustments to financial assets include non-recurring charges of 23.4 billions of lire and positive adjustments of 1.8 billions of lire.

Net debt

Net debt of 3.008.9 billions of lire improved by lire 221.4 billions and 378.8 billions of lire compared to 30 June 2000 and 31 December 1999 respectively (3,230.3 billions of lire and 3,387.7 billions of lire).

The improvement during the nine months is due to cash flows from operating activities generated by operations more than compensating significant capital expenditure and equity investments made and dividends paid during the period. The following table shows the net financial position of Italmobiliare as well as its wholly controlled financial subsidiaries:

(in millions of lire)

	30 September 2000		30 June 2000		31 December 1999	
	Consolidated Italmobiliare and Italmobiliare fin. companies ^(*)	Consolidated Italmobiliare and Italmobiliare fin. companies ^(*)	Consolidated Italmobiliare and Italmobiliare fin. companies ^(*)	Consolidated Italmobiliare and Italmobiliare fin. companies ^(*)	Consolidated Italmobiliare and Italmobiliare fin. companies ^(*)	Consolidated Italmobiliare and Italmobiliare fin. companies ^(*)
Liquid funds and current financial assets	71.039	1.028.145	83.080	1.014.460	61.080	984.988
Short term financing	(197,246)	(196,797)	(136,990)	(159,758)	(216,032)	(369,483)
Short term (debt)/ liquidity, net	(126,207)	831,348	(53,910)	854,702	(154,952)	615,505
Medium to long term financing, net	(689,486)	(589,486)	(689,548)	(589,548)	(704,251)	(604,251)
Net (debt)/liquidity	(815,693)	241,862	(743,458)	265,154	(859,203)	11,254

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



Construction materials

This sector includes Italcementi Group's activities in the cement, ready mixed concrete and aggregates segments.

(in millions of euro)		(in billions of lire)		
3 rd quarter 2000		3 rd quarter 2000	3 rd quarter 1999	
992.6	Net sales	1,922	1,758	
279.6	Gross operating profit	541	504	
	<i>% of net sales</i>	<i>28.2</i>	<i>28.7</i>	
193.5	Operating income	375	348	
	<i>% of net sales</i>	<i>19.5</i>	<i>19.8</i>	
155.6	Income before taxes	301		
	<i>% of net sales</i>	<i>15.7</i>		

at 30.9. 2000		at 30.9. 2000	at 30.9.1999	1999
2,871.2	Net sales	5,560	4,919	6,596
713.8	Gross operating profit	1,382	1,257	1,619
	<i>% of net sales</i>	<i>24.9</i>	<i>25.5</i>	<i>24.6</i>
451.7	Operating income	875	794	988
	<i>% of net sales</i>	<i>15.7</i>	<i>16.2</i>	<i>15.0</i>
388.0	Income before taxes	751		770
	<i>% of net sales</i>	<i>13.5</i>		<i>11.7</i>
	<i>Employees at period end (no)</i>	<i>17,784</i>	<i>17,374</i>	<i>18,086</i>

30 September 2000		30 September 2000	30 June 2000	31 December 1999
(1,673.9)	Net debt	(3,241)	(3,475)	(3,344)

Sales volumes

	3 rd quarter 2000	% change 3 rd quarter 1999 (*)	at 30.9.2000	% change at 30.9.1999
Cement (in millions of metric tons)	10.3	2.3	29.7	3.7
Aggregates (in millions of metric tons)	13.3	(5.1)	40.6	0.0
Ready mixed concrete (in millions of cubic meters)	4.6	1.9	13.7	2.5

(*) with same consolidation



Business levels were still favourable in the third quarter although slight slowdowns were recorded in a number of Countries in the EU area (France and Belgium) and North America. Spain and Italy maintained an upward trend.

The largest increase in the quarter's sales compared to the same period in 1999 was seen in Turkey. Sales were also positive in Thailand and Bulgaria, two of the emerging Countries in which the Group operates.

Using the same consolidation area, a generalized increase was seen in cement and ready mixed concrete sales at the end of September while aggregates sales reflected a stationary trend.

Net sales, Gross operating profit and Capital expenditure by geographical area

(in billions of lire)

	Net sales		Gross operating profit		Capital expenditure
	variation % on		variation % on		
	3 rd quarter. 2000	3 rd quarter 1999	3 rd quarter 2000	3 rd quarter. 1999	3 rd quarter 2000
European Union	1,277	4.2	349	2.5	85
North America	358	14.3	116	18.6	20
Emerging Countries	270	31.6	73	19.0	19
Trading and other	17	22.5	3	(30.0)	-
Total	1,922	9.4	541	7.4	124

	at	% change at	at	% change at	at
	30.9.2000	30.9.1999	30.9.2000	30.9.1999	30.9.2000
European Union	3,901	9.0	962	7.6	221
North America	906	17.2	229	9.7	75
Emerging Countries	688	29.6	189	28.3	50
Trading and other	65	86.6	2	(73.7)	1
Total	5,560	13.0	1,382	10.0	347

While the 2000 third quarter growth rate of net sales was better than that of the same period in 1999 (9.4%), it was lower than that of the first half of 2000 (+15.1%) due to very positive sales trends in the first quarter (+23.2%) mainly attributable to extremely favorable weather conditions.

Operating income was adversely affected by continued market difficulties in certain emerging Countries (Turkey and Thailand) and greater operating costs led by the increase in fuel costs which the group companies were not always able to pass on to sales prices.



European Union

Cement consumption in **Italy** increased by roughly 3.9% on the third quarter of 1999. The increase in the first nine months of the year was roughly 6.9% showing a slowdown in growth compared to that of the first six months due partly to the favorable market conditions in that period.

Hydraulic binder sales in Italy were up 2% and 6% on the same quarter and same nine months in 1999 respectively.

The increase in volumes sold and sales prices led once again to improved operating results in the third quarter despite the substantial increase in energy costs.

The ready mixed concrete market performed well in the first nine months of the year despite the slowdown in demand in the third quarter. Calcestruzzi S.p.A. and subsidiaries increased their net sales by 8.7% during the nine months.

Cement demand in **France** was strong during the nine months although it slackened during the third quarter.

At 30 September 2000, Ciments Calcia SA recorded a slight increase in volumes sold and better sales prices.

However, the operating results were adversely affected by the increase in operating costs, especially those for fuel, personnel and maintenance.

GSM's aggregates sales were in line with those of the first nine months of 1999, using the same consolidation, although they fell in the third quarter. Using the same consolidation, Unibéton's ready mixed concrete sales were largely in line with the third quarter of 1999 while the nine month trend shows an increase of approximately 9% (3% using the same consolidation area).

The overall improvement in sales volumes and prices in the two business segments led to better operating results.

Compagnie des Ciments Belges (CCB) in **Belgium** saw a downturn in its business activities.

At the end of September, cement sales in the local market (Benelux) had decreased slightly compared to the first nine months of 1999. This decrease was offset by sales to other Countries.

Altogether, CCB's operating results at the end of September were positively affected by better sales prices and a greater use of alternative fuels.

The Spanish market again performed well in the third quarter continuing the trend seen in the first half of the year. Financiera y Minera increased its cement sales both in the third quarter and first nine months of 2000 compared to the same periods in 1999.

Ready mixed concrete and aggregates sales were down in the third quarter while the 30 September figures were greater and in line with the first nine months of 1999 respectively. The increase in energy costs and certain fixed production costs reduced the operating results at 30 September despite the overall increase in volumes and sales prices.



North America

The combination of adverse weather conditions in north-east United States and the slowdown in residential construction led to a decrease in Essroc's cement sales in the third quarter. Accordingly, the nine month growth was only 2% compared to 30 September 1999 (+4% on 30 June 2000).

The operating results were positive but were impacted by the decrease in average sales prices in some very competitive markets, increases in certain fixed costs and the effect of fuel price increases on variable costs.

Emerging Countries

In the first half of 2000, the **Turkish** construction sector were again affected by the general economic slowdown seen in 1999 worsened by the earthquakes.

Group cement sales increased sharply in the third quarter compared to the same period in 1999. Ready mixed concrete sales performed similarly.

The Group's results in Turkey were deeply hit by the sharp decrease in sales price due to tough market competition and higher energy costs.

Using the same consolidation area, the Group's cement sales in **Morocco** increased during the nine months to September by over 5% compared to the same period in 1999.

Average price trends for the first three quarters were positive. The operating results also benefited from costs savings realized through synergies with the Marrakech cement plant. These savings partly offset the increase in fuel costs.

At the end of September, cement demand in **Bulgaria** continued to decline confirming the downward trend seen in the first six months of the year.

The group companies' performance was again in line with the first half year: their cautious commercial policy led to a greater decrease in domestic sales greater than that of their competitors. However, their high export growth rate, assisted by intercompany sales, enabled them to largely offset such drop and record strong increases in their overall sales volumes.

The operating results were affected by the sharp decline in domestic sales prices while they benefited from significant energy cost savings thanks to the continued replacement of oil and gas with coal and petcoke.

Due to the unfavorable weather conditions and continued adverse conditions of the construction sector, **Thai** cement demand dropped to the lowest level seen since the 1997 crisis. This caused a decrease in sales prices which continued throughout the third quarter.



Group third quarter cement sales however were up roughly 4.5% (+2% in the first nine months of the year) despite the difficult situation.

Operating results were boosted by an improvement in industrial performance while negatively affected by the increase in energy costs.

The ready mixed concrete sector continued to perform well and volumes sold increased in the third quarter.

Expected future developments for the year

The outlook is positive for the Group as a whole.

Activities should continue at a good pace in the mature markets while conditions will continue to vary in the emerging Countries.

The favorable market situations will however be mitigated by the increase in costs particularly for fuel.

Overall and excluding unforeseeable events (mainly adverse weather conditions), the Group should improve its results boosted by the significant improvement recorded by the Italian group companies.



Food packaging and thermal insulation

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

Its consolidated quarterly figures may be summarized as follows.

(in millions of euro)		(in billions of lire)		
3 rd quarter 2000		3 rd quarter 2000	at 30 September 2000	31 December 1999
30.8	Net sales	59.6	171.4	199.0
3.8	Gross operating profit	7.4	20.7	33.3
	<i>% of net sales</i>	<i>12.4</i>	<i>12.1</i>	<i>16.7</i>
2.3	Operating income	4.5	12.2	21.5
	<i>% of net sales</i>	<i>7.5</i>	<i>7.1</i>	<i>10.8</i>
1.9	Income before taxes	3.7	10.5	21.5
	<i>% of net sales</i>	<i>6.2</i>	<i>6.1</i>	<i>10.8</i>
	<i>Employees at period end (no)</i>		<i>684</i>	<i>651</i>
30 September 2000		30 September 2000	30 June 2000	31 December 1999
(32.1)	Net debt	(62.2)	(56.8)	(43.1)

Sirap Gema Group's results were again affected by the significant increase in the cost of styrene in the first half of the year.

The increase in production costs thus impacted the operating result which decreased by 13.5% on the same period in 1999. This increase also impacted income before taxes of 3.7 billions of lire, giving a figure for the nine months of 10.5 billions of lire.

The **thermal insulation** sector was particularly penalized. Prices continued to be very low in the highly competitive central European markets and this had a significant impact on results.

The 2000 third quarter gross operating profit was a negative 0.6 billions of lire compared to a positive 2.4 billions of lire in the same period in 1999. This result was especially affected by the performance of the Belgium division.

With respect to the **food packaging** sector, demand continued to be very strong boosted by the positive trends in Italy and France especially during the summer months.

The Group was thus able to compensate the increase in raw material costs and to maintain its results in line with the same period in 1999. The 2000 third quarter gross operating profit was 7.4 billions of lire on a turnover of 32.1 billions of lire, almost the same percentage (23%) as in 1999.

The Group's consolidated 2000 result will be affected by the events mentioned above and, while it will be positive, it will be significantly lower than that of 1999.



Public transport

The Group operates in the public transport sector through its companies controlled by SAB Autoservizi S.r.l. in northern Italy. Its summarized consolidated figures are as follows.

(in millions of euro)		(in billions of lire)		
3 rd quarter 2000		3 rd quarter 2000	at 30 September 2000	31 December 1999
17.5	Net sales and grants for operating expenses	33.8	113.6	152.6
0.9	Gross operating profit	1.8	14.8	21.6
	<i>% of net sales</i>	<i>5.3</i>	<i>13.3</i>	<i>14.2</i>
(1.1)	Operating result	(2.2)	3.4	2.2
	<i>% of net sales</i>	<i>(6.5)</i>	<i>3.0</i>	<i>1.4</i>
(0.8)	Income before taxes	(1.6)	4.6	10.8
	<i>% of net sales</i>	<i>(4.7)</i>	<i>4.0</i>	<i>7.1</i>
	<i>Employees at period end (no)</i>		<i>1.080</i>	<i>1.105</i>

30 September 2000		30 September 2000	30 June 2000	31 December 1999
22.1	Net debt	42.9	39.4	33.3

The third quarter operating result is negative (although better than that of the same period in 1999) due to the large increase in fuel costs and adverse seasonal factors linked to the summer months. These were compensated by greater efficiency and lower depreciation of the renewed fleet with a longer useful life. The result before taxes was a negative 1.6 billions of lire for the quarter and 4.6 billions of lire for the nine months.

Initiatives to form alliances with other sector operators in order to strengthen the Group's position led to the incorporation of two new companies in the third quarter:

- SAIA Transport S.p.A. (SAB Group interest: 51%) to manage the Brescia province from 2001;
- KM S.p.A., in which AEM Cremona has majority control (51%), which will take over the concessions managed by the two shareholders in the Cremona area. SAB Group (49% interest) will be responsible for its day-to-day running.

The Group expects to record a positive year-end result although it will be lower than that of 1999 which included significant non-recurring income.



Financial sector

This sector includes Italmobiliare's fully controlled financial companies.

Italmobiliare International Finance Limited (Dublin)

This company is the main financial company of the Group and recorded the following third quarter results:

(in millions of euro)		(in billions of lire)		
3 rd quarter 2000		3 rd quarter 2000	at 30 September 2000	31 December 1999
5.5	Financial income and charges, net	10.7	29.0	30.0
(0.05)	Operating costs, amortization and depreciation	(0.1)	(0.4)	(0.8)
4.9	Net income	9.6	25.9	24.2
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30 September 2000		30 September 2000	30 June 2000	31 December 1999
428.0	Net debt	826.8	815.8	673.9

The 2000 third quarter net income amounted to 9.6 billions of lire compared to 4.9 billions of lire in the same period of 1999. This improvement is due to better returns on its financial activities.

Net income for the first nine months of 2000 was 25.9 billions of lire against 17.6 billions of lire in the same period of 1999.

Based on the results to date and the expected future developments of the financial markets, the company should achieve a significantly better result for the year compared to 1999.

Fincomind S.A. (Zürich)

Fincomind draws up consolidated financial statements using the equity method. Its consolidated figures at 30 September 2000 may be summarized as follows:

		(in millions of Swiss francs)		
		3 rd quarter 2000	at 30 September 2000	31 December 1999
Financial income and charges, net		3.5	15.8	16.6
Operating costs, net		(0.3)	(1.4)	(2.3)
Non-recurring income and charges, net		(1.7)	(2.3)	(6.2)
Net income		1.5	12.1	8.1
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		30 September 2000	30 June 2000	31 December 1999
Net debt		(36.8)	(37.4)	(44.8)



This company continued to perform well in the third quarter of 2000 and its results were boosted by its main subsidiary Finter Bank Zürich.

This subsidiary recorded third quarter net income of Sfr 4.8 million giving nine month net income of Sfr 18.6 million compared to Sfr 16.8 million for the whole of 1999. Assets under management amounted to over Sfr 5.1 billion.

Fincomind's results include those of Finter Bank France which were again negative (see earlier reports) despite the improvement in income and cost controlling policies.

Based on the forecasted performance of its main subsidiaries and excluding adverse factors that cannot currently be foreseen, Fincomind should record a year-end result in line with that of 1999.

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

This company has investments in major companies listed on the Milan Stock Exchange (Mediobanca, Comit, Banca Intesa, Poligrafici Editoriale) and in Fincomind (30%), Credit Mobilier de Monaco (99.9%) and other small interests. It also manages a significant amount of liquidity.

Its third quarter and nine month figures may be summarized as follows:

(in millions of euro)		(in billions of lire)		
3 rd quarter 2000		3 rd quarter 2000	at 30 September 2000	31 December 1999
6.3	Financial income and charges, net	12.2	34.1	34.4
(0.1)	Operating costs, amortization and depreciation	(0.3)	(0.6)	(0.9)
5.9	Net income	11.6	32.7	32.9
<hr/>				
30 September 2000		30 September 2000	30 June 2000	31 December 1999
132.4	Net debt	256.4	234.6	246.2

Its good third quarter result includes the capital gains generated by the sale of Poligrafici Editoriale shares. At 30 September 2000, the company had an investment of 4.76% in this subsidiary.

The nine month figure of 32.7 billions of lire shows a significant improvement on the net income of 11.9 billions of lire for the same period in 1999, due to the reasons mentioned above.

The forecast net income for the year is considerably better than that recorded in 1999.



Transactions with related parties

No unusual transactions took place between Italmobiliare Group and its related parties.

The nature and characteristics of the ongoing transactions are the same as those described in the 1999 Annual Report and 2000 half year report.

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

Subsequent quarter-end events

Italmobiliare took part in the public purchase offer launched by Compart for Sondel and sold its investment in Sondel generating a capital gain of 8.4 billions of lire.

Italmobiliare and Italcementi subscribed Gemina's capital increase in line with their existing investments for a total outlay of 20.4 billions of lire.

Expected future developments for the year

Based on the results at 30 September and the positive performance of the main subsidiaries, the Group expects to record a significantly better consolidated year-end result than that of 1999.

Italmobiliare also forecasts a sharp increase in its year-end results based on its current performance and its capital gains realized during the nine months.



Consolidated financial schedules

(in millions of lire)

	3 rd quarter 2000		at 30.9.2000		1999	
		%		%		%
Net sales	1,992,864	100.0	5,780,822	100.0	6,988,466	100.0
Operating costs (net of other revenues and operating income)	(1,106,853)	(55.5)	(3,316,954)	(57.4)	(3,902,458)	(55.8)
Added value	886,011	44.5	2,463,868	42.6	3,086,008	44.2
Personnel expenses	(333,836)	(16.8)	(1,039,901)	(18.0)	(1,372,013)	(19.6)
Provisions and write-downs	(6,999)	(0.4)	(25,906)	(0.4)	(46,796)	(0.7)
Gross operating profit	545,176	27.4	1,398,061	24.2	1,667,199	23.9
Amortization and depreciation	(176,900)	(8.9)	(536,823)	(9.3)	(689,820)	(9.9)
Operating income	368,276	18.5	861,238	14.9	977,379	14.0
Financial income and charges, net	22,514	1.1	155,274	2.7	(96,545)	(1.4)
Non-recurring items, net and adjustments to the value of assets	(21,550)	(1.1)	28,980	0.5	3,390	0.1
Income before taxes	369,240	18.5	1,045,492	18.1	884,224	12.7
Investments	276,512		790,474		1,684,037	

Financial highlights - Comparison between 2000 and 1999

	3 rd quarter 2000		3 rd quarter 1999		Variation	
		%		%		%
Net sales	1,992,864	100.0	1,848,887	100	143,977	7.8
Gross operating profit	545,176	27.4	514,910	27.8	30,266	5.9
Amortization and depreciation	(176,900)	(8.9)	(171,462)	(9.3)	(5,438)	3.2
Operating income	368,276	18.5	343,448	18.6	24,828	7.2
Consolidated	Up to	%	Up to	%	Variation	%
	30.09.2000		30.09.1999			
Net sales	5,780,822	100.0	5,209,500	100.0	571,322	11.0
Gross operating profit	1,398,061	24.2	1,294,559	24.8	103,502	8.0
Amortization and depreciation	(536,823)	(9.3)	(506,125)	(9.7)	(30,698)	6.1
Operating income	861,238	14.9	788,434	15.1	72,804	9.2



(in thousands of euro)

	3 rd quarter 2000		at 30.9.2000		1999	
		%		%		%
Net sales	1,029,228	100.0	2,985,545	100.0	3,609,241	100.0
Operating costs (net of other revenues and operating income)	(571,641)	(55.5)	(1,713,062)	(57.4)	(2,015,451)	(55.8)
Added value	457,587	44.5	1,272,483	42.6	1,593,790	44.2
Personnel expenses	(172,412)	(16.8)	(537,064)	(18.0)	(708,586)	(19.6)
Provisions and write-downs	(3,614)	(0.4)	(13,379)	(0.4)	(24,168)	(0.7)
Gross operating profit	281,561	27.4	722,040	24.2	861,036	23.9
Amortization and depreciation	(91,361)	(8.9)	(277,246)	(9.3)	(356,262)	(9.9)
Operating income	190,200	18.5	444,794	14.9	504,774	14.0
Financial income and charges, net	11,627	1.1	80,192	2.7	(49,862)	(1.4)
Non-recurring items, net and adjustments to the value of assets	(11,130)	(1.1)	14,967	0.5	1,751	0.1
Income before taxes	190,698	18.5	539,953	18.1	456,663	12.7
Investments	142,807		408,246		869,733	

Financial highlights - Comparison between 2000 and 1999

	3 rd quarter 2000		3 rd quarter 1999		Variation	
		%		%		%
Net sales	1,029,228	100.0	954,870	100.0	74,358	7.8
Gross operating profit	281,561	27.4	265,929	27.8	15,632	5.9
Amortization and depreciation	(91,361)	(8.9)	(88,553)	(9.3)	(2,808)	3.2
Operating income	190,200	18.5	177,376	18.6	12,824	7.2
Consolidated	Up to	%	Up to	%	Variation	%
	30.09.2000		30.09.1999			
Net sales	2,985,545	100.0	2,690,482	100.0	295,063	11.0
Gross operating profit	722,040	24.2	668,584	24.8	53,456	8.0
Amortization and depreciation	(277,246)	(9.3)	(261,392)	(9.7)	(15,854)	6.1
Operating income	444,794	14.9	407,192	15.1	37,602	9.2



(in millions of lire)

Net debt (net financial assets)	30 September 2000	30 June 2000	31 December 1999
Liquid funds and current financial assets	(1,583,427)	(1,614,054)	(1,541,403)
Short term financing	1,209,480	1,279,418	980,693
Medium to long term financial assets	(639,290)	(634,364)	(588,839)
Medium to long term financing	4,022,127	4,199,258	4,537,202
Net debt	3,008,890	3,230,258	3,387,653
<i>Variation on 30.06.2000</i>	(221,368) -6.9%		
<i>Variation on 31.12.1999</i>	(378,763) -11.2%		
Floating rate subordinated securities, net	245.332	254.854	273,093

(in thousands of euro)

Net debt (net financial assets)	30 September 2000	30 June 2000	31 December 1999
Liquid funds and current financial assets	(817,772)	(833,589)	(796,068)
Short term financing	624,644	660,764	506,486
Medium to long term financial assets	(330,165)	(327,622)	(304,110)
Medium to long term financing	2,077,255	2,168,736	2,343,269
Net debt	1,553.962	1,668,289	1,749,577
<i>Variation on 30.06.2000</i>	(114,327) -6.9%		
<i>Variation on 31.12.1999</i>	(195,615) -11.2%		
Floating rate subordinated securities, net	126,703	131,621	141,041

Notes to the consolidated financial schedules



Introduction

The consolidated financial schedules at 30 September 2000 have been drawn up in accordance with article 82 of the Consob Regulation approved in its Communication no 11971 of 14 May 1999.

Estimated figures and preparation criteria

The consolidated financial schedules have been prepared using the quarterly reports at 30 September 2000 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.

Consolidation area

The consolidation area is substantially the same as that described in the notes to the financial statements in the 2000 half year report.

In short and with respect to 1999, Calci Idrate S.r.l. (sold to third parties at the beginning of March), Crea S.p.A. and subsidiaries, Sabtilf S.r.l. and subsidiaries, Artigiani Riuniti S.r.l. (merged with Italmobiliare S.p.A.) and Partecipazioni ed Iniziative Editoriali S.r.l. (merged with Franco Tosi Finance and subsequently renamed SO.PAR.F.I.) are no longer part of the consolidation area. Betoncar S.p.A. has been included following the Group's acquisition of full control thereof. Asmar (subsequently merged by incorporation with Ciments du Maroc) and Asia Cement Public Co. Ltd have been consolidated since 1 May 1999 and beginning from the fourth quarter of 1999 respectively.

Exchange rates used to convert the financial schedules of the foreign Group companies

The financial schedules of foreign subsidiaries consolidated on a line-by-line or proportionate basis and those of foreign associated companies valued using the equity method are translated into lire using the exchange rate as at 30 September 2000 for the balance sheet captions and the average rate of the first nine months of 2000 for the income statement.



Net sales

Net sales amount to lire 5,780,822 million and consist of sales of products in Italy (lire 1,670,541 million) and abroad (lire 3,904,325 million), sales of services in Italy (lire 115,086 million) and abroad (lire 74,383 million), other sales in Italy (lire 7,645 million) and abroad (lire 8,842 million).

A breakdown of net sales by geographical area and business segment is set out in the section on the Group's performance.

Operating costs (net of other revenues and operating income)

Operating costs, net of lire 3,316,954 million are the sum of positive variations in finished goods and semi-finished products in stock (lire 6,732 million), increases in internal work capitalized under fixed assets (lire 24,112 million), other revenues (lire 153,271 million), consumption (lire 1,477,536 million), services (lire 1,861,996 million) and other charges (lire 161,537 million).

The most significant components of this caption are described below.

Consumption relates to purchases of raw materials and semi-finished products (lire 649,677 million), fuel (lire 196,104 million), packaging, materials and machinery (lire 339,547 million), finished goods (lire 317,097 million) and other variations in raw materials, consumables and other (lire 24,889 million).

Services mainly consist of consumption of utilities (lire 350,321 million), maintenance (lire 609,232 million), transport (lire 549,623 million), consultancy (lire 102,050 million), rent (lire 115,784 million), insurance (lire 38,536 million) and other sundry industrial and administrative costs.

Other charges include membership fees (lire 13,949 million), sundry taxes (lire 86,755 million) and other costs (lire 60,833 million).

Personnel expenses

Personnel expenses are lire 1,039,901 million consisting of wages and salaries (lire 729,815 million), social security contributions (lire 265,059 million), employees' leaving entitlements (lire 25,074 million) and pension and similar costs of lire 19,953 million.

A breakdown of employees at quarter end and the average figure for the period is as follows:

	at 30.9.2000	1999
Employees at quarter end (no)	19,611	20,519
Average number of employees	19,816	19,987



Financial income and charges

This net balance of lire 155,274 million includes dividends and income from associated companies (lire 91,132 million), income on the sale of equity investments (lire 203,680 million), interest income and other financial income (lire 141,029 million) net of interest expense and other financial charges (lire 280,567 million).

Non-recurring items and adjustments to the value of assets

The net balance of lire 28,980 million is the sum of net non-recurring income (lire 33,632 million) and charges for net adjustments to the value of assets (lire 4,652 million).

Investments

Investments made in the first nine months of 2000 amount to lire 790.5 billions (lire 1,684 billions in the whole of 1999). They include capital expenditure of lire 381.5 billions, investments in intangible assets of lire 35 billion and equity investments of lire 374 billion (lire 7.7 billion of which for the acquisition of own shares).

Net debt

Net debt improved by lire 378,763 million on 31 December 1999 due to the following variations:

	(in millions of lire)
	Variation on 31.12.99
Liquid funds and current financial assets	(42,024)
Short term financing	228,787
Variation in short term net debt	186,763
Medium to long term financial assets	(50,451)
Medium to long term financing	(515,075)
Variation in medium to long term net debt	(565,526)
Variation in total net debt	(378,763)

The improvement is due to cash flows generated during the period of lire 958.8 billion and sales of lire 321 billion net of total investments of lire 790.5 billion, dividends of lire 160 billion and other transactions of approximately lire 49.5 billion.