

## **BOARD OF DIRECTORS EXAMINES 2006 HALF-YEAR RESULTS**

### **ITALMOBILIARE GROUP**

- **TOTAL NET INCOME: 400 MILLION EURO (+59.7%)**
- **GROUP NET INCOME: 146.4 MILLION EURO (+54.8%)**
- **NET DEBT: 2,269.5 MILLION EURO (1,865.1 MILLION EURO AT DECEMBER 31, 2005)**
- **SHAREHOLDERS' EQUITY: 5,984 MILLION EURO (5,916 MILLION EURO AT DECEMBER 31, 2005)**

### **ITALMOBILIARE S.p.A.**

- **NET INCOME: 168.3 MILLION EURO ( +113.2 MILLION EURO)**
- **INVESTMENTS IN THE RCS, MEDIOBANCA, GIM AND CAPITALIA VOTING TRUSTS TRANSFERRED TO THE FRANCO TOSI SUBSIDIARY (98.9 MILLION EURO GAIN REFLECTED ON NET INCOME)**

**Milan, September 13, 2006** – *At a meeting today chaired by Giampiero Pesenti, the Board of Directors of Italmobiliare S.p.A. examined and approved the Group consolidated half-year report and the Parent Company separate financial statements to June 30, 2006. The Group achieved growth in all core businesses during the first half, to report a strong improvements in results.*

*Besides significant progress in building materials, an improvement was achieved in packaging and insulation and a sizeable increase in the financial and banking businesses. The half-year financial statements show a 59.7% rise in consolidated net income to 400 million euro, on net sales of 3,087.6 million euro (+21.4%), with shareholders' equity close to 6 billion euro and net debt of 2,269.5 million euro.*

*The half-year financial statements for the Parent Company, Italmobiliare S.p.A., drawn up in compliance with the IAS/IFRS accounting standards, reflect net income of 168.3 million euro, a year-on-year improvement of 113.2 million euro. Net income included the impact of the transfer to the Franco Tosi subsidiary of the interests in the RCS MediaGroup, Mediobanca, Gim and Capitalia voting trusts, consistently with the corporate re-organization assigning specific missions to companies owned directly by the Parent Company. Without this effect, net income would have been 69.4 million euro, for growth of 26% over the previous half-year result.*

*Subject to currently unforeseeable extraordinary events and considering the positive first-half performance achieved through improved business results, changes in the consolidation area and non-recurring events, the Group expects its consolidated full-year net income to be up on the 2005 result. The Parent Company Italmobiliare S.p.A., which as from this year adopts the IFRS international financial reporting standards, also expects its net result for the full year to be up on the 2005 result, at constant accounting policies.*

**THE GROUP** – In the **second quarter** of 2006, the Group posted net sales of 1,720.5 million euro (+14.6% YoY), operating income of 400.9 million euro (+46.5%) and net income of 287 million euro (+48.3%), confirming the improvement in results compared with the corresponding year-earlier period and with the first quarter of 2006. The slowdown in growth in the second quarter after the strong surge in the first quarter was due to more favorable meteorological conditions, a larger number of working days in some countries and significant capital gains, which had a positive impact on the first three months compared with a non-favorable first quarter in 2005.

Italmobiliare Group consolidated **net sales** in the **first half** of 2006 totaled 3,087.6 million euro, an increase of 21.4% arising from growth in sales volumes for 14.6%, changes in the consolidation area for 6% (chiefly the line-by-line consolidation of building materials operations in Egypt for the full six months) and exchange-rate gains for 0.8%.

**Gross operating profit** and **operating income** made strong progress to 801.9 million euro and 593 million euro, for improvements of 48.6% and 61.5% respectively. Besides lively performance in the building materials business, positive contributions to results also came from the other businesses, notably banking and financial services.

The geographical breakdown highlights important progress in results in all regions in which the Group operates. Apart from Africa, where performance also benefited from the changes in the consolidation area, a notable improvement in operating results was reported in North America, driven in part by sales prices. In absolute terms, the European Union made the largest contribution, both to net sales and to operating income.

#### Geographical breakdown of net sales and operating results

(in millions of euro)	Net sales		Current GOP		GOP		Operating income	
	1H 2006	% change	1H 2006	% change	1H 2006	% change	1H 2006	% change
European Union	2,000.5	10.9	432.3	24.0	443.4	21.7	334.4	29.2
Other European countries	202.1	21.4	56.2	40.7	56.2	35.0	42.8	49.5
North America	323.9	22.2	73.0	88.9	73.0	89.0	49.4	160.6
Asia	164.1	29.3	45.7	36.1	45.5	34.2	30.6	45.1
Africa	367.2	114.5	174.0	123.1	173.8	n.s.	128.0	n.s.
Trading and other	167.6	64.3	10.2	n.s.	10.0	n.s.	7.8	n.s.
Elimination inter-area transactions	(137.8)	49.1	-	-	-	-	-	-
<b>Total</b>	<b>3,087.6</b>	<b>21.4</b>	<b>791.4</b>	<b>46.5</b>	<b>801.9</b>	<b>48.6</b>	<b>593.0</b>	<b>61.5</b>

n.s. not significant

**Net financial charges** totaled 57.3 million euro, up 27.7 million euro on the first half of 2005, largely due to higher interest in respect of debt, partly as a result of the enlargement of the consolidation. The first half also posted a net exchange-rate loss, compared with a gain in the first half of 2005.

After tax of 143.6 million euro, **consolidated net income** climbed 59.7% to 400 million euro, while **Group net income** was 146.4 million euro (+54.8%), from 94.6 million euro in the year-earlier first half.

**Net debt** at June 30, 2006 amounted to 2,269.5 million euro, rising 404.4 million euro from December 31, 2005. The increase was largely due to high first-half **investments in fixed assets**, totaling 505.6 million euro, and distribution of dividends (221.2 million euro), absorbed in part by cash flow from operations (288.4 million euro).

**Total shareholders' equity** at the end of the first half rose to 5,984 million euro (+67.3 million euro from December 31, 2005). Gearing (net debt/shareholders' equity) was 37.9% at the end of the half-year, compared with 31.5% at the end of 2005.

**Performance in the core businesses** – In the **building materials** business, the *Italcementi* group benefited (as illustrated in the Italcementi press release issued September 6) from healthy performance and the full contribution of the Egyptian companies. Performance was driven by higher sales volumes in all sectors, and an almost universal rise in sales prices. In this scenario, net sales (2,909.9 million euro) gained 21.4% YoY, current gross operating profit (732.7 million euro) climbed 47.5%, while operating income (535.6 million euro) progressed by 63.2%. Despite higher financial charges, the Italcementi group also reported significant growth in half-year earnings, with net income of 339.7 million euro (+ 59.3% YoY).

In **packaging and insulation**, the first half of the *Sirap Gema* group witnessed a 7.9% increase in net sales to 86.6 million euro, driven by higher sales volumes in thermal insulation and, in eastern Europe, in food packaging; performance on the French food packaging market was affected by the avian flu scare and particularly strong competitive pressures. Current gross operating profit and operating income were largely in line with the results in the year-earlier first half. Net income at 3.8 million euro was up 19.4% on the half-year to June 30, 2005, thanks to the proportionately lower impact of tax expense.

In June Sirap Gema closed the acquisition of the Amprica group, a producer of rigid containers for delicatessens and patisseries active in Italy, where it is market leader, and in some central-east European countries. Amprica reports annual turnover of approximately 45 million euro. The investment, to be consolidated line-by-line on the income statement as from July 1, 2006, marks Sirap Gema's entry into a new segment of the food packaging market with a new technology, part of the drive to strengthen operations in eastern Europe through expansion into Poland and Russia.

The **financial** sector, which includes the parent company *Italmobiliare S.p.A.* and the wholly owned financial subsidiaries (principally *Franco Tosi srl*, *Italmobiliare International Finance Limited*, *Société de Participation Financière Italmobiliare S.A.* and *Fincomimind A.G.*), posted net income of 98.9 million euro, well up (+36.1%) on the 72.6 million euro of the year-earlier first half. The result reflected a large capital gain from the sale of Gemina shares, larger dividends recognized in the first half, and the effects of financing operations. The sector's net financial position at June 30, 2006 was positive, at 345.7 million euro (303.4 million euro at December 31, 2005), with an improvement of 42.3 million euro.

The **banking** business (*Finter Bank Zürich* and *Crédit Mobilier de Monaco*) reported net income of 4.7 million euro, a significant improvement on 3.2 million euro in the first half of 2005. Growth was essentially due to excellent performance at Finter Bank Zürich, which boosted net interest income and net commission income.

**THE PARENT COMPANY** – The half-year financial statements for the Parent Company, drawn up in compliance with the IAS/IFRS accounting standards, show **net sales** of 194.4 million euro, for a YoY increase of 128.4 million euro, assisted in part by higher dividend inflows (73.4 million euro) from subsidiaries and associates, and from

other investments, and by capital gains on equity investments and securities (118.1 million euro).

**Net income**, after tax of 4.7 million euro, was 168.3 million euro, up 113.2 million euro from June 30, 2005.

In June, under the corporate re-organization assigning specific missions to companies held directly by the Parent Company, Italmobiliare sold its voting trust shares in Rcs Mediagroup, Mediobanca, Capitalia and Gim warrants to the Franco Tosi subsidiary. The transaction prices were determined on the basis of the average official market prices in the thirty days prior to the contract date. The sales generated an aggregate capital gain, after related charges and current tax, of 98.9 million euro. Net of these effects, net income for the half year would have been 69.4 million euro, an increase of 26% from 55.1 million euro in the first half of 2005 (at constant accounting policies), thanks to the capital gain on the Gemina share sale and higher dividends.

**OUTLOOK** – The outlook for the Italmobiliare Group’s core businesses may be summarized as follows:

- in *building materials*, the strong half-year results, supported by favorable business performance should, subject to currently unforeseeable events, permit a significant improvement in operating results and, despite higher financial charges and tax expense, further growth in consolidated net income;
- in *packaging and insulation*, as a consequence of the expected rise in raw material costs, group operating results are expected to be substantially in line with 2005;
- in the *financial* sector, the outlook for the full year – based on first-half net income and subject to negative market events – is for growth compared with 2005;
- in the *banking* sector the full-year result is expected to be up on the 2005 figure.

Subject to currently unforeseeable extraordinary events and considering the positive first-half performance achieved through improved business results, changes in the consolidation area and non-recurring events, the Group expects its consolidated full-year net income to be up on the 2005 result. The Parent Company Italmobiliare S.p.A., which as from this year adopts the IFRS international financial reporting standards, also expects its full-year net result to be up on the 2005 result, at constant accounting policies.

**DEBENTURE ISSUES AND MATURITIES** – No debentures were issued in the first half and no amounts are due in the 18 months after June 30, 2006 with the exception of the amounts for the subsidiary Italcementi S.p.A. as described in the Italcementi press release of September 6.

**ITALMOBILIARE ON THE INTERNET: <http://www.italmobiliare.it>**

Attachments: pre-audit income statement and balance sheet data

## Italmobiliare Group

Income Statement (in thousands of euro)	1 <sup>st</sup> half 2006	%	1 <sup>st</sup> half 2005	%	% change
<b>Net sales</b>	<b>3,087,577</b>	<b>100.0</b>	<b>2,542,626</b>	<b>100.0</b>	<b>21.4</b>
Other revenues	37,312		26,032		
Change in inventories	(24,727)		(20,850)		
Internal work capitalized	11,194		6,092		
Goods and utilities expenses	(1,065,998)		(879,714)		
Services expenses	(673,278)		(606,558)		
Employee expenses	(482,988)		(449,230)		
Other operating income/(expense)	(97,730)		(78,328)		
<b>Current gross operating profit</b>	<b>791,362</b>	<b>25.6</b>	<b>540,070</b>	<b>21.2</b>	<b>46.5</b>
Other income and charges	10,510		(632)		
<b>Gross operating profit</b>	<b>801,872</b>	<b>26.0</b>	<b>539,438</b>	<b>21.2</b>	<b>48.6</b>
Amortization and depreciation	(208,792)		(171,895)		
Impairment variation	(124)		(301)		
<b>Operating income</b>	<b>592,956</b>	<b>19.2</b>	<b>367,242</b>	<b>14.4</b>	<b>61.5</b>
Financial income and charges	(57,247)		(29,559)		
Income from companies valued on equity basis	7,899		14,346		
<b>Pre-tax income</b>	<b>543,608</b>	<b>17.6</b>	<b>352,029</b>	<b>13.8</b>	<b>54.4</b>
Tax for the period	(143,616)		(101,580)		
<b>Net income for the period</b>	<b>399,992</b>	<b>13.0</b>	<b>250,449</b>	<b>9.9</b>	<b>59.7</b>
Attributable to:					
<b>Group</b>	146,441	4.7	94,589	3.7%	54.8
<b>Minority interest</b>	253,551	8.2	155,860	6.1%	62.7
Earnings per share					
- Basic					
ordinary share	3.879		2.499		
savings share	3.918		2.538		
- Diluted					
ordinary share	3.871		2.496		
savings share	3.910		2.535		

<b>Italmobiliare Group</b>			
<b>Balance Sheet</b> (in thousands of euro)	<b>June 30, 2006</b>	<b>December 31, 2005</b>	<b>Change</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	3,990,419	3,982,450	7,969
Real estate investment	28,308	29,293	(985)
Goodwill	1,880,694	1,840,198	40,496
Intangible assets	51,284	51,678	(394)
Participations valued at equity	187,914	183,804	4,110
Other investments	1,508,400	1,375,787	132,613
Trade and other non-current receivables	159,487	475,593	(316,106)
Deferred tax assets	37,060	31,042	6,018
Non-current employee receivables	585	1,167	(582)
<b>Total Non-Current Assets</b>	<b>7,844,151</b>	<b>7,971,012</b>	<b>(126,861)</b>
<b>Current Assets</b>			
Inventories	703,188	720,280	(17,092)
Trade receivables	1,663,736	1,332,601	331,135
Other current assets	366,182	311,389	54,793
Income tax assets	46,595	69,391	(22,796)
Investments and financial receivables	827,918	830,622	(2,704)
Cash and cash equivalents	464,473	518,170	(53,697)
<b>Total Current Assets</b>	<b>4,072,092</b>	<b>3,782,453</b>	<b>289,639</b>
<b>Total Assets</b>	<b>11,916,243</b>	<b>11,753,465</b>	<b>162,778</b>
<b>Shareholders' Equity</b>			
Share capital	100,167	100,167	
Reserves	947,027	896,494	50,533
Treasury shares	(22,176)	(22,176)	
Retained earnings	1,757,910	1,721,804	36,106
<b>Group Shareholders' Equity</b>	<b>2,782,928</b>	<b>2,696,289</b>	<b>86,639</b>
Minority interest	3,201,116	3,220,459	(19,343)
<b>Total Shareholders' Equity</b>	<b>5,984,044</b>	<b>5,916,748</b>	<b>67,296</b>
<b>Non-Current Liabilities</b>			
Financial payables	2,479,614	2,375,059	104,555
Employee benefit liabilities	213,004	216,240	(3,236)
Provisions – non current	313,712	322,708	(8,996)
Other payables and non-current liabilities	15,853	16,339	(486)
Deferred tax liabilities	355,564	346,551	9,013
<b>Total Non-Current Liabilities</b>	<b>3,377,747</b>	<b>3,276,897</b>	<b>100,850</b>
<b>Current Liabilities</b>			
Bank overdrafts and short-term borrowings	880,958	976,157	(95,199)
Short-term financing	174,367	164,461	9,906
Trade payables	757,252	745,365	11,887
Provisions – current	1,308	1,342	(34)
Income tax liabilities	91,888	63,288	28,600
Other current liabilities	648,679	609,207	39,472
<b>Total Current Liabilities</b>	<b>2,554,452</b>	<b>2,559,820</b>	<b>(5,368)</b>
<b>Total Liabilities</b>	<b>5,932,199</b>	<b>5,836,717</b>	<b>95,482</b>
<b>Total Shareholders' Equity and Liabilities</b>	<b>11,916,243</b>	<b>11,753,465</b>	<b>162,778</b>

<b>Italmobiliare S.p.A.</b>					
<b>Income Statement</b> (in thousands of euro)	<b>1<sup>st</sup> half 2006</b>	<b>%</b>	<b>1<sup>st</sup> half 2005</b>	<b>%</b>	<b>% change</b>
<b>Net sales</b>	<b>194,428</b>	<b>100.0%</b>	<b>66,003</b>	<b>100.0%</b>	<b>194.6</b>
Other revenues	643		635		
Goods and utilities expenses	(68)		(86)		
Services expenses	(2,617)		(2,777)		
Employee expenses	(7,182)		(5,013)		
Other operating income/(expense)	(15,426)		(5,941)		
<b>Current gross operating profit</b>	<b>169,778</b>	<b>87.3%</b>	<b>52,821</b>	<b>80.0%</b>	<b>221.4</b>
Other income and charges	3,293		(408)		
<b>Gross operating profit</b>	<b>173,071</b>	<b>89.0%</b>	<b>52,413</b>	<b>79.4%</b>	<b>230.2</b>
Amortization and depreciation	(32)		(25)		
<b>Operating income</b>	<b>173,039</b>	<b>89.0%</b>	<b>52,388</b>	<b>79.4%</b>	<b>230.3</b>
Financial income and charges	(10)		(13)		
<b>Pre-tax income</b>	<b>173,029</b>	<b>89.0%</b>	<b>52,375</b>	<b>79.4%</b>	<b>230.4</b>
Tax for the period	(4,712)		2,700		
<b>Net income for the period</b>	<b>168,317</b>	<b>86.6%</b>	<b>55,075</b>	<b>83.4%</b>	<b>205.6</b>



<b>Italmobiliare S.p.A.</b>			
<b>Balance Sheet</b> (in thousands of euro)	<b>June 30, 2006</b>	<b>December 31, 2005</b>	<b>Change</b>
<b>Non-current assets</b>			
Property, plant and equipment	3,791	3,767	24
Real estate investment	295	448	(153)
Intangible assets	7	11	(4)
Investments in subsidiaries and associates	1,054,466	1,040,094	14,372
Other investments	636,477	905,462	(268,985)
Receivables and other non-current assets	32,421	24,574	7,847
<b>Total non-current assets</b>	<b>1,727,457</b>	<b>1,974,356</b>	<b>(246,899)</b>
<b>Current assets</b>			
Trade receivables	1,171	1,341	(170)
Other assets	320,895	1,338	319,557
Income tax assets	24,337	41,007	(16,670)
Investments and financial receivables	40,831	35,124	5,707
Cash and cash equivalents	67,391	30,241	37,150
<b>Total current assets</b>	<b>454,625</b>	<b>109,051</b>	<b>345,574</b>
<b>Total assets</b>	<b>2,182,082</b>	<b>2,083,407</b>	<b>98,675</b>
<b>Shareholders' equity</b>			
Share capital	100,167	100,167	
Reserves	654,522	723,496	(68,974)
Treasury shares, at cost	(22,176)	(22,176)	
Retained earnings	864,292	744,978	119,314
<b>Total shareholders' equity</b>	<b>1,596,805</b>	<b>1,546,465</b>	<b>50,340</b>
<b>Non-current liabilities</b>			
Financial payables	373,830	316,018	57,812
Employee benefit liabilities	998	1,367	(369)
Provisions – non-current	25,107	25,714	(607)
Other payables and non-current liabilities	31	24	7
Deferred tax liabilities	8,599	17,317	(8,718)
<b>Total non-current liabilities</b>	<b>408,565</b>	<b>360,440</b>	<b>48,125</b>
<b>Current liabilities</b>			
Bank overdrafts and short-term borrowings	140,524	148,780	(8,256)
Short-term financing	3,813	5,699	(1,886)
Trade payables	1,839	1,760	79
Income tax liabilities	18,692	1,164	17,528
Other liabilities	11,844	19,099	(7,255)
<b>Total current liabilities</b>	<b>176,712</b>	<b>176,502</b>	<b>210</b>
<b>Total liabilities</b>	<b>585,277</b>	<b>536,942</b>	<b>48,335</b>
<b>Total shareholders' equity and liabilities</b>	<b>2,182,082</b>	<b>2,083,407</b>	<b>98,675</b>