

ITALMOBILIARE

Consolidated quarterly report
as of 31 March 2002



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Consolidated quarterly report
as of 31 March 2002

ITALMOBILIARE

Società per Azioni

Head office: via Borgonuovo, 20
20121 Milano, Italy

Share capital € 100.166.937
Milano Company Register



■ BOARD OF DIRECTORS

(Term ends on approval of financial statements at 31 December 2004)

Giampiero Pesenti	¹	Chairman - Chief Executive Officer
Giovanni Giavazzi	¹⁻²	Deputy Chairman
Mauro Bini	³⁻⁴	
Giorgio Bonomi	³	
Italo Lucchini	¹⁻³	
Luca Minoli	²	
Giorgio Perolari	²⁻⁴	
Carlo Pesenti	¹	General Manager
Livio Strazzerà	⁴	
Graziano Molinari	⁵	Secretary to the Board

■ BOARD OF STATUTORY AUDITORS

(Term ends on approval of financial statements at 31 December 2004)

Acting Auditors

Luigi Guatri	Chairman
Claudio De Re	
Paolo Marchi	

Substitute Auditors

Dino Fumagalli
Eugenio Mercorio
Pietro Curcio

Reconta Ernst & Young S.p.A.	Independent Auditors
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- 1 Member of the Executive Committee
- 2 Member of the Remuneration Committee
- 3 Member of the Internal Control Committee
- 4 Independent Director
- 5 Secretary to the Executive Committee



Comments on first-quarter operations and significant events

For a better understanding of the quarterly figures in this report, it should be remembered that they are only partially representative of performance for the year as a whole, on the one hand, because of the seasonal nature of the main business (cement) and, on the other, because of the method of accounting for the dividends of companies that are not consolidated on a line-by-line basis, which is based on the quarter in which their distribution is approved.

In the 1st quarter of 2002 the Italmobiliare Group recorded overall net income of 38.7 million euro and Group net income of 19.3 million euro, compared to 14.1 million euro and 0.8 million euro respectively in the 1st quarter of 2001 on a pro-forma basis. The latter figures were recalculated to reflect the consolidation of Zuari Cement Ltd (a company 50% owned by the Italcementi group) on a proportional basis, while it was consolidated on a line-by-line basis in the 1st quarter of 2001.

The improvement was mainly due to:

- the increased income of the Italcementi group;
- the absence of charges relating to the restructuring of the Sirap Gema group (which had had a significant impact on the 1st quarter of 2001);
- increased overall contribution from the financial subsidiaries.

Trends in the main business areas can be summarized as follows.

The Italcementi group saw net sales of 937.7 million euro, up 3.3% from 907.9 million euro, and Group net income of 24 million euro (12.2 million euro in the 1st quarter of 2001).

The improvement in overall profitability came about thanks mainly to the lower financial charges compared to the 1st quarter of 2001 - exacerbated by the impact of the devaluation of the Turkish lira - and to the contribution of Suez Cement; operating income fell slightly by 2.5%, because of the downward trend in sales prices in Thailand and the prolonged strike at Ciments Calcia's cement plants in France.

Among the most significant events of the quarter were:

- the acquisition by the 50% owned subsidiary Zuari Cement Ltd of 95% of the cement company Sri Vishnu Cement Ltd, on the basis of an enterprise value of 80 million USD;
- the acquisition of the Turkish company Marmara Cimento for 20.9 million USD;
- the acquisition of a further 2.8% of the share capital of Suez Cement for approximately 22.7 million USD, which brings the Group's equity investment to around 34%;



- the finalization of an agreement – recently approved by the competent federal authorities - to acquire 100% of the cement company Riverton Investment Corporation, based in Virginia (USA), on the basis of an enterprise value of 107 million USD.

The main financial subsidiaries, directly controlled by Italmobiliare, recorded the following results in the 1st quarter:

- Italmobiliare International Finance Ltd (the main financial arm of Italmobiliare): net income of 2.7 million euro down from 5.6 million euro in the 1st quarter of 2001 because of a changing, less favorable trend in interest rates;
- Société de Participation Financière Italmobiliare (which manages equity investments): net income of 6.2 million euro up from 1.7 million euro in the 1st quarter of 2001, mainly due to value adjustments made to some listed equity investments;
- Fincomind (which holds Finter Bank Zürich and Finter Bank France): net income of 1.8 million Swiss francs up from 1.6 million Swiss francs in the 1st quarter of 2001.

The Parent Company Italmobiliare bought 1,281,350 Mediobanca shares (for 14.9 million euro) from Tredicimarzo S.r.l., which were part of the portfolio that Tredicimarzo S.r.l. had previously bought from Eurafrance and Eurazeo.

The capital expenditure of 14.9 million euro was matched by a reimbursement by Tredicimarzo S.r.l. of the sum paid into its share capital increase account (14 million euro).

The other industrial and service sectors may be summarized as follows.

The Sirap Gema group (food packaging and thermal insulation) recorded net sales of 23.7 million euro (28 million euro in the 1st quarter of 2001) and net income for the period of 1 million euro, compared to a loss of 10.1 million euro in 2001. The latter change is due to the positive impact of the restructuring of the insulation sector carried out in 2001.

The SAB group (public transport) recorded a value of production of 20 million euro (21.6 million euro in 2001) with net income for the period of 2.3 million euro (3.4 million euro in 2001).

The purchase of Italcementi ordinary shares by Italmobiliare continued for a counter value of 9.4 million euro: its equity investment, both direct and indirect (through Intermobiliare), rose to 58.27%.



Group financial highlights

(in millions of euro)

	1 st quarter 2002	1 st quarter 2001 pro-forma *	Change		Full year 2001
			Value	%	
Net sales	969.6	944.4	25.2	2.7	4,206.7
Gross operating profit	181.7	183.9	(2.2)	-1.2	1,048.7
<i>% of net sales</i>	<i>18.7</i>	<i>19.5</i>			<i>24.9</i>
Amortization and depreciation	97.2	98.8	(1.6)	-1.6	395.7
Operating income	84.5	85.1	(0.6)	-0.7	653.0
<i>% of net sales</i>	<i>8.7</i>	<i>9.0</i>			<i>15.5</i>
Financial income and charges	(17.4)	(33.2)	15.8	-47.6	6.5
Adjustments to the value of assets and non-recurring items	6.4	(4.0)	10.4	n.s.	(57.1)
Income before taxes	73.5	47.9	25.6	53.4	602.4
<i>% of net sales</i>	<i>7.6</i>	<i>5.1</i>			<i>14.3</i>
Income taxes	(34.8)	(33.8)	(1.0)	3.0	(249.0)
Net income	38.7	14.1	24.6	n.s.	353.4
<i>% of net sales</i>	<i>4.0</i>	<i>1.5</i>			<i>8.4</i>
Minority interest	19.4	13.3	6.1	45.9	210.3
Group net income	19.3	0.8	18.5	n.s.	143.1
<i>% of net sales</i>	<i>2.0</i>	<i>0.1</i>			<i>3.4</i>
Employees at period end (heads)	19,275	19,520	(245)	-1.3	19,137

	31 March 2002	31 December 2001	Change	
			Value	%
Net debt	(1,761.5)	(1,701.9)	(59.6)	3.5

* figures recalculated on the basis of the proportional consolidation of Zuari Cement Ltd
n.s. = not significant



Net sales and operating results

In the 1st quarter of 2002, Group consolidated net sales stood at 969.6 million euro, up 2.7% from the 1st quarter of 2001.

This change breaks down as follows:

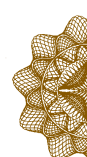
- growth in operations (+1.4%);
- change in the consolidation area (0.7%);
- foreign exchange translation gains (+ 0.6%).

The breakdown of net sales by business segment and geographical area was as follows:

	(in millions of euro)			
	1 st quarter 2002	1 st quarter 2001 pro-forma *	Change %	
			Historic	At constant exchange rates and size
Business segment				
Construction materials	936.9	906.9	3.3	1.3
Food packaging and thermal insulation	23.7	28.0	-15.3	9.6
Transport	8.9	9.0	0.0	0.0
Other	0.1	0.5	-86.1	-86.1
Total	969.6	944.4	2.7	1.4
Geographical area				
European Union	733.7	705.6	4.0	4.4
<i>of which Italy</i>	336.7	315.8	6.6	6.6
North America	109.0	106.6	2.3	-2.9
Emerging countries and trading	126.9	132.2	-4.0	-10.9
Total	969.6	944.4	2.7	1.4

* figures recalculated on the basis of the proportional consolidation of Zuari Cement Ltd

Gross operating profit was 181.7 million euro (-1.2%) and operating income was 84.5 million euro (-0.7%).



Financial income and charges and other items

Financial income and charges recorded a negative balance of 17.4 million euro, markedly better than the 33.2 million euro loss in the 1st quarter of 2001, thanks to lower financial charges (worsened in the 1st quarter of 2001 by the impact of the devaluation of the Turkish lira) and the increased profits of companies consolidated on an equity basis.

The positive balance of non-recurring income and charges and value adjustments was 6.4 million euro, up from a loss of 4 million euro in 2001 caused by the charges relating to the restructuring of the Sirap Gema group.

Investments in fixed assets

In the quarter these investments totaled 216 million euro (154.5 million euro in the 1st quarter of 2001), of which 131 million euro related to financial investments in fixed assets (76.4 million euro in the 1st quarter of 2001).

Net debt

Net debt was 1,761.5 million euro, up from 1,701.9 million euro, because of the investments in fixed assets made by the Group.

The net debt of Italmobiliare S.p.A. and its 100% owned financial subsidiaries was as follows:

	(in thousands of euro)			
	31 March 2002		31 December 2001	
	Italmobiliare S.p.A.	Consolidated Italmobiliare and financial companies *	Italmobiliare S.p.A.	Consolidated Italmobiliare and financial companies *
Cash, cash equivalents and current financial assets	40,344	514,359	35,532	505,834
Short-term financing	(136,431)	(142,081)	(123,569)	(128,806)
Short-term net debt	(96,087)	372,278	(88,037)	377,028
Medium/long-term net debt	(281,412)	(229,767)	(280,535)	(228,890)
Net debt	(377,499)	142,511	(368,572)	148,138

* including: Italmobiliare International Finance Limited - Italmobiliare International B.V. - Intermobiliare S.p.A. - Société de Participation Financière Italmobiliare S.A. - Fincomind S.A. and Soparfinter S.A.



Construction materials

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

Group business and financial highlights

(in millions of euro)

	1 st quarter 2002	1 st quarter 2001 pro-forma *	Change		Full year 2001
			Value	%	
Net sales	937.7	907.9	29.8	+3.3	4,062.7
Gross operating profit	176.7	180.0	(3.3)	-1.8	1,028.8
<i>% of net sales</i>	<i>18.8</i>	<i>19.8</i>			<i>25.3</i>
Amortization and depreciation	92.7	93.8	(1.1)	-1.1	374.4
Operating income	84.0	86.2	(2.2)	-2.5	654.4
<i>% of net sales</i>	<i>9.0</i>	<i>9.5</i>			<i>16.1</i>
Financial income and charges	(28.5)	(39.7)	11.2	-28.3	(135.6)
Adjustments to assets values and non-recurring items	5.5	3.6	1.8	+51.9	(13.7)
Income before taxes	61.0	50.1	10.8	+21.6	505.1
<i>% of net sales</i>	<i>6.5</i>	<i>5.5</i>			<i>12.4</i>
Income before minority interest	28.1	17.9	10.2	+56.9	282.7
<i>% of net sales</i>	<i>3.0</i>	<i>2.0</i>			<i>7.0</i>
Minority interest	4.1	5.7	(1.6)	-27.7	81.4
Group net income	24.0	12.2	11.8	+96.2	201.3
<i>% of net sales</i>	<i>2.6</i>	<i>1.3</i>			<i>5.0</i>
Employees at period end (heads)	17,550	17,710	(160)	-0.9	17,426

	31 March 2002	31 December 2001	31 March 2001 pro-forma
Net debt	(1,917.5)	(1,866.8)	(1,721.5)

* figures recalculated on the basis of the proportional consolidation of Zuari Cement Ltd



Sales volumes and internal transfers

(millions of euro)

	Cement and clinker (millions of metric tons)		Aggregates ** (millions of metric tons)			Ready-mixed concrete (millions of m ³)			
	1 st quarter 2002 *	% change from 1 st quarter 2001		1 st quarter 2002 *	% change from 1 st quarter 2001		1 st quarter 2002 *	% change from 1 st quarter 2001	
		Historic	Constant size		Historic	Constant size		Historic	Constant size
European Union	5.8	-0.1	-0.1	12.4	-0.1	-0.2	3.9	5.5	5.1
North America	1.1	-2.5	-2.5	-	-	-	-	-	-
Emerging countries	2.7	6.9	1.6	0.3	-21.1	-21.1	0.5	-24.0	-24.0
Total	9.6	1.6	0.4	12.7	-0.7	-0.8	4.4	0.8	0.5

* changes are calculated considering Zuari Cement Ltd consolidated on a proportional basis in the 1st quarter of 2001

** excluding outgoes on work-in-progress account

Global group activity in the 1st quarter improved on the already satisfactory levels of the 1st quarter of 2001, although performance varied from one market to another. Volumes were largely stable in the European Union, a slight fall was recorded in North America, and growth continued in emerging countries, with the important exception of Turkey, which is still in difficulties.

The main contribution to the increase in net sales came from the countries in the European Union, principally Italy, while the largest decreases were recorded in Turkey and, because of low price levels, Thailand.

Gross operating profit and operating income in the quarter fell by 1.8% and 2.5% respectively compared to the same period in 2001.

The main reasons for this change were the poor operating results in Thailand, owing to the fall in average sales per unit, and in France, in the cement sector, because of the strikes which severely restricted production levels at Ciments Calcia S.A. On the other hand, performance was strong in the other European Union countries, thanks above all to Italy, and in North America, despite the fall in trading volumes.



Operations by geographical area (sub-consolidated by area)

(in millions of euro)

	Net sales		Gross operating profit		Capital expenditure	
	1 st quarter 2002	% change from 1 st quarter 2001 *	1 st quarter 2002	% change from 1 st quarter 2001 *	1 st quarter 2002	% change from 1 st quarter 2001 *
European Union	713.7	4.6	138.3	2.3	48.5	38.3
North America	109.0	2.3	10.5	26.2	10.8	13.4
Emerging countries	123.2	-6.3	27.8	-24.9	6.3	6.3
Trading	25.1	-6.7	0.7	34.7	-	-
Others and eliminations of interarea trading	(33.3)	n.s.	(0.6)	n.s.	0.1	0.3
Total	937.7	3.3	176.7	-1.8	65.7	58.3

* changes and values on the basis of the 1st quarter 2001 pro-forma accounts
n.s. = not significant

European Union

In Italy, where the market saw rising cement and ready mixed concrete consumption compared to the same period in 2001, thanks in part to the favorable weather, group sales volumes progressed satisfactorily and were accompanied by an improvement in price levels.

The good levels of overall business, the improvement in net sales per unit and the containment of fixed costs led to a marked increase in operating results.

In France, domestic cement sales at Ciments Calcia remained largely unchanged compared to the 1st quarter of 2001, with sales prices slightly up. Ready mixed concrete sales volumes were unchanged on a constant basis, while aggregates fell owing to the reduction in road infrastructure works.

Overall, operating results, in terms of gross operating profit, were down on the first three months of 2001, mainly because of the strikes which disrupted production at Ciments Calcia S.A.

Sales of Compagnie des Ciments Belges on the Benelux market fell slightly, but this was more than made up for by exports.



Meanwhile, business in the ready mixed concrete and aggregates sectors fell sharply, penalized as it was by the unfavorable weather and by the postponement of some important projects.

Overall, the growth in cement volumes and a positive trend in sales prices led to a solid improvement in operating results.

In Spain, where the market was still very active and operating at high levels, cement sales at Financiera y Minera were affected by increasing pressure from imports and low stock levels which made it difficult to satisfy customer demand. The overall growth in net sales, favored by the increase in prices, kept operating results up and they improved compared to the 1st quarter of 2001, despite an increase in operating costs.

Cement sales at Halyps, thanks to the positive sound of the Greek market, favored the growth in net sales. Furthermore, a general increase in sales prices contributed to a marked improvement in operating results.

North America

Against an improving economic background, but less favorable than in the 1st quarter of 2001, Essroc saw a fall, albeit limited, in business levels.

Solid production levels and the containment of logistical costs enabled the achievement of improved operating results in the quarter, even on a constant exchange rate basis.

As already indicated, in March this year, the acquisition of the entire share capital of Capitol Materials Corporation was finalized. The company owns a cement plant, located in Martinsburg, West Virginia, which has an annual cement production capacity of approximately 750 thousand tons and produces aggregates and hydraulic mortars in special sites.



Emerging countries

In Morocco, overall cement and clinker volumes sold by Ciments du Maroc in the 1st quarter of 2002 increased compared to the first three months of 2001, thanks to exports. This increase produced an improvement in operating results, expressed in the local currency, compared to the 1st quarter of 2001.

In Turkey, group performance in the 1st quarter of 2002 was affected by a general economic situation which remains difficult. Compared to the 1st quarter of 2001, which benefited from a period of recovery before the February crisis, group sales volumes saw a dramatic fall across all areas of the business, which was only partially offset by clinker and cement exports.

After the major devaluation of the Turkish lira starting in February 2001, the exchange rate with the dollar and the euro steadied at the end of 2001 and recovered in the quarter under review. This enabled the cement sector to enjoy a positive trend in prices and so contain the fall in operating results.

In Bulgaria, although there was an overall decrease in business, the more profitable domestic sales and the containment of variable costs enabled a clear improvement in operating results.

In Thailand, in the 1st quarter of 2002 the fierce market competition, which was already evident at the end of the previous year, continued and led to a fall in cement sales prices, while there was a noticeable increase in demand.

In this context group sales volumes, helped also by the positive trend in clinker and cement exports, made excellent progress.

However, the clear contraction in net sales per unit led to a decline in overall net sales with a sharp fall in operating results.

In India, the trend in cement consumption in the quarter under review was particularly strong in the southern regions of the country where Zuari Cement Ltd and Sri Vishnu Cement Ltd operate, although excess production capacity led to a marked fall in sales prices which was reflected in the group operating results.



e-business

During the 1st quarter of 2002 BravoSolution S.p.A. (formerly Newco.com S.p.A.) saw some interesting developments, thanks also to the initiatives launched in 2001 aimed at other business sectors besides construction. Revenues recorded in the quarter by the company and its subsidiaries in France and Spain (overall 1.3 million euro) were approximately 86% of the entire revenues for 2001.

Outlook

In summary, the business trend in the 1st quarter saw an improvement in net sales and, although more contained, in business levels compared to the already highly satisfactory levels of the first three months of 2001, while group operating performance was affected by the aforementioned impact of the long strike at our cement plants in France and the (temporary) fall in prices in Thailand.

The results achieved in Italy were very positive, thanks to the favorable market trend which should benefit in the future from the announced development of major infrastructure projects.

The trend in group sales in April was generally good.

On the basis of these first results for the year, despite persisting uncertainty about the outlook for some markets, it is considered that group results for 2002 should at least be in line with those for 2001, while the Parent Company's results should show some improvement.



Food packaging and thermal insulation

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

Summarized consolidated figures are as follows.

The figures for 2001 include the operations of the Belgian thermal insulation division which was subsequently closed down.

	(in millions of euro)			
	1 st quarter 2002	1 st quarter 2001	Change	Full year 2001
Net sales	23.7	28.0	(4.3)	109.8
Gross operating profit	4.6	1.9	2.7	15.9
<i>% of net sales</i>	19.4	6.8		
Operating income	3.0	0.3	2.7	9.2
<i>% of net sales</i>	12.7	1.1	-	
Financial income and charges	(0.5)	(0.5)	-	(2.2)
<i>% of net sales</i>	-2.1	-1.8		-
Non-recurring income and charges	(0.1)	(9.2)	9.1	(11.1)
<i>% of net sales</i>	-0.4	-33.0		
Income taxes	(1.4)	(0.7)	(0.7)	(0.1)
<i>% of net sales</i>	-5.9	-2.5		
Net income	1.0	(10.1)	11.1	(4.2)
<i>% of net sales</i>	4.2	-36.2		
Employees at period end (heads)	594	673	(79)	579
	31 March 2002	31 December 2001	Change	31 March 2001
Net debt	(39.4)	(37.8)	(1.6)	(31.3)

The 1st quarter of 2002 saw good progress in all the main income indicators.



It should be remembered that the same period in 2001 was affected not only by the operating loss of the Belgian Insulation division, but also by the provision made for expected shutdown expenses for the production facility at Manage. Operating income was also favorably influenced by the trend in polymer costs which in the quarter were on average lower than in 2001.

Sirap Gema S.p.A.'s Board of Directors approved a corporate reorganization plan that will lead to the concentration of related businesses in legally autonomous entities.

In particular the industrial manufacturing business, which is currently within the parent company, will be merged into a new company with the Thermal Insulation division.

In recent years the industrial manufacturing side has, in fact, been increasingly involved in producing EPS printed matter for the insulation sector.

As for **food packaging**, the 1st quarter of 2002 saw net sales of 15.7 million euro (14.1 million euro in 2001) and gross operating profit of 3.9 million euro (2.3 million euro).

The increase in profitability was helped by both the containment of the average raw material costs and by a trend in Italy and France which suggests that the alarm caused by the BSE phenomenon has passed, although overall meat consumption is slightly below pre-crisis levels.

As for **thermal insulation**, following the major reorganization that was undertaken, gross operating profit for the sector was 0.6 million euro (compared to a loss of 0.7 million euro in 2001) on net sales of 7.1 million euro.

Results for the quarter were, however, affected by the start-up costs for the new production lines installed in Italy, as well as the changeover for all production to the use of expanding gases in line with the latest environmental regulations.

In 2002, subject to unforeseeable events, the group will record a profit, the size of which will be determined by the trend in raw material costs which at the end of March were approximately 40% higher than at the end of 2001.



Public transport

The Group is active in the public transport sector and operates in northern Italy through SAB Autoservizi and its controlled companies.

The consolidated business and financial highlights were:

	(in millions of euro)			
	1 st quarter 2002	1 st quarter 2001	Change	31 December 2001
Value of production	20.0	21.6	(1.6)	81.2
Gross operating profit	2.9	4.2	(1.3)	11.7
<i>% of value of production</i>	<i>14.5</i>	<i>19.4</i>		
Operating income	0.9	2.2	(1.3)	3.3
<i>% of value of production</i>	<i>4.5</i>	<i>10.2</i>		
Financial income and charges	0.2	0.3	(0.1)	1.1
<i>% of value of production</i>	<i>1.0</i>	<i>1.4</i>		
Non-recurring income and charges	1.2	0.9	0.3	5.2
<i>% of value of production</i>	<i>6.0</i>	<i>4.2</i>		
Net income	2.3	3.4	(1.1)	9.7
<i>% of value of production</i>	<i>11.5</i>	<i>15.7</i>		
Employees at period end (heads)	1,071	1,070	1	1,072
	31 March 2002	31 December 2001	Change	31 March 2001
Net debt	23.6	24.5	(0.9)	26.1

The 1st quarter of 2002 saw results down compared to the same period of 2001 which had benefited from significant capital gains arising from both ordinary (sale of buses) and extraordinary (sale of equity investments) operations. Income directly related to transport operations was largely unchanged as no important changes in the net sales/costs structure had emerged.

As from April the Lombardy Region approved price rises of 6.7%, which during the year might be absorbed by the increase in fuel costs and trends in employment costs.

Last March SAB S.r.l. received notification to pay back rent and indemnities of 12.2 million euro in relation to the dispute the company has been involved in for some time with the state property office concerning the ownership of former railway assets in Val Seriana and Val Brembana.



Through its legal team SAB has appealed to the TAR (regional administrative court) and the Tax Commission of Bergamo to first suspend the sentence and then obtain the annulment of these notifications.

As for new initiatives note should be made of the award of the tender organized by Riviera Transport S.p.A. for the sub-concession of a public transport interurban network in the province of Imperia and the proposal of the adjudicating commission to assign 20% of the shares in ATVO S.p.A., a company that operates in the province of Venice, to SAB and its partners.

Subject to unforeseeable events, the current year should see a profit, albeit lower than in 2001 which benefited from extraordinary income.

Financial sector

Italmobiliare International Finance Limited (Dublin)

The business and financial highlights for the 1st quarters of 2002 and 2001 were as follows:

(in millions of euro)				
	1 st quarter 2002	1 st quarter 2001	Change	Full year 2001
Net financial income	4.7	6.2	(1.5)	22.8
Value adjustments	(1.5)	0.2	(1.7)	(1.2)
Operating costs, amortization and depreciation	(0.2)	(0.1)	(0.1)	(0.8)
Net income	2.7	5.6	(2.9)	18.8
	31 March 2002	31 December 2001	Change	31 March 2001
Net financial position	453.4	450.3	3.1	440.1

Net income was 2.7 million euro compared to 5.6 million euro in the 1st quarter of 2001.

When comparing the two periods, note must be made on the one hand of the reduction in short-term interest rates which had a negative impact on the profitability of variable rate assets, and on the other the steepening of the Yield Curve which led to value adjustments for medium/long-term fixed rate securities.



The positive net financial position at 31 March 2002 was 453.4 million euro compared to 450.3 million euro at 31 December 2001.

2002 should end with overall net income lower than in 2001 which, it should be remembered, saw a more favorable interest rate trend.

Fincomind S.A. (Zürich)

The company had the following consolidated figures:

	(in millions of Swiss francs)			
	1 st quarter 2002	1 st quarter 2001	Change	Full year 2001
Net interest income	3.0	4.0	(1.0)	13.5
Commissions and services	10.8	12.2	(1.4)	43.1
Gross income	2.5	2.4	0.1	2.2
Net income	1.8	1.6	0.2	0.9

Finter Bank Zürich, the main subsidiary of Fincomind, in the 1st quarter of 2002 again saw a fall in business, which was already clear in the second half of 2001, in its business connected to market uncertainties. This had an impact on the total of commissions and income from intermediary services which fell compared to the same period in 2001.

Net interest income also fell because of the impact of the fall in interest rates. The net result for the quarter (2,957 thousand Swiss francs) was slightly lower than for the same period in 2001 (3,026 thousand Swiss francs) because of the contraction in administrative costs, value adjustments and provisions.

Funds under management amounted to 4.6 billion Swiss francs at 31 March 2002, a small change on 31 December 2001 when the total was 4.7 billion Swiss francs.

The operating results of Finter Bank France in the 1st quarter of 2002, affected by the stagnation of the markets, were again negative. The new specialist private banking management team is working hard to increase the bank's activity in this sector which, as often noted, will be the institution's new core business.

Fincomind S.A.'s net debt at 31 March 2002 was 32.6 million Swiss francs, slightly more than at 31 December 2001 when it was 32 million Swiss francs.



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

The business and financial highlights for the first quarters of 2002 and were as follows:

(in millions of euro)				
	1 st quarter 2002	1 st quarter 2001	Change	Full year 2001
Financial income and charges	1,4	1,6	(0,2)	13,2
Value adjustments	4,9	0,3	4,6	(34,4)
Operating costs, amortization and depreciation	(0,1)	(0,1)	-	(0,6)
Net income	6,2	1,7	4,5	(21,7)

	31 March 2002	31 December 2001	Change	31 March 2001
Net financial position	88,4	87,7	0,7	135

Net income was 6.2 million euro compared to 1.7 million euro in the 1st quarter of 2001.

This performance is entirely due to net value adjustments of 4.9 million euro relating to equity investments in IntesaBci and Poligrafici Editoriale, the share prices of which saw an improvement compared to the particularly depressed levels in December 2001.

The positive net financial position at 31 March 2002 was 88.4 million euro, basically unchanged from 87.7 million euro at 31 December 2001, as the company did not undertake any important initiatives in relation to its share portfolio.

As for the results for 2002 as a whole, these would appear to be determined by stock market trends and, given the volatility of the markets, are difficult to forecast.



Transactions with related parties

As regards the dealings of the Italmobiliare Group with related parties there were no atypical and unusual operations to report.

For the purposes of the consolidated financial statements dealings with related parties regarded those with:

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

Among the companies in the construction division, dealings with related parties reflect the Group's interest in leveraging the synergies in the sector to enhance production and commercial integration, employ competencies efficiently, and rationalize use of corporate divisions and financial resources.

All dealings are of a business and/or financial nature.

Italmobiliare provides an "administration service" for some associated companies.

All the dealings are conducted at normal market conditions.

Significant events subsequent to the end of the 1st quarter 2002

The public tender offer launched in February by Asia Cement Public Company (Italcementi group) for 75.6 million shares in Jalapathan Cement Public Company (63% of the share capital at a price per share of 15 baht: approximately 0.39 euro) ended on 1 April 2002 and was taken up by 17,395,823 shares, 14.5% of the share capital. The operation required a total outlay by Asia Cement Public Company of approximately 7 million euro.

In April 2002, Italmobiliare notified the counter-part Saur International S.A., in accordance with the contractually agreed terms and conditions, of its intent to exercise the option to sell the equity investment in Sigesa S.p.A., which is held by Italmobiliare itself.

The sales price was calculated on the basis of the original investment in Sigesa, with a financial adjustment and possible changes depending on the outcome of some ongoing operations that are part of the disposal of Crea S.p.A. The final determination of the sales price should not be very different from the book value at which the Sigesa equity investment is recorded by the company.



Outlook

In the earlier pages of this report, the forecasts of the results of the main industrial companies in the Group have been given, which should produce overall results at least in line with those of 2001.

Nonetheless, the still uncertain trend in financial markets will have an important influence on the results of the Parent Company Italmobiliare and the financial companies that it wholly owns.

However, considering that 2001 also featured large capital gains from the sale of the equity investment in Montedison, the consolidated result for 2002 should be lower than in 2001.



Consolidated financial statements

(in thousands of euro)

	1 st quarter 2002	%	1 st quarter 2001 pro-forma*	%	Change	%	1 st quarter 2001	%	Full year 2001	%
Net sales	969.574	100,0	944.361	100,0	25.213	2,7	954.570	100,0	4.206.727	100,0
Change in inventories	519	0,1	4.043	0,4	(3.524)	-87,2	4.186	0,4	(8.552)	-0,2
Capitalized production	4.172	0,4	3.439	0,4	733	21,3	3.445	0,4	15.012	0,4
Other net sales	21.273	2,2	27.311	2,9	(6.038)	-22,1	27.369	2,9	91.751	2,2
Value of production	995.538	102,7	979.154	103,7	16.384	1,7	989.570	103,7	4.304.938	102,3
Raw materials, fuels and supplies	(253.502)	-26,1	(257.873)	-27,3	4.371	-1,7	(261.968)	-27,4	(1.054.237)	-25,1
Services	(337.139)	-34,8	(320.024)	-33,9	(17.115)	5,3	(322.461)	-33,8	(1.336.057)	-31,8
Other charges	(30.135)	-3,1	(29.407)	-3,1	(728)	2,5	(29.705)	-3,1	(112.340)	-2,7
Added value	374.762	38,7	371.850	39,4	2.912	0,8	375.436	39,3	1.802.304	42,8
Personnel costs	(186.567)	-19,2	(183.077)	-19,4	(3.490)	1,9	(183.382)	-19,2	(729.170)	-17,3
Provisions and write-downs	(6.482)	-0,7	(4.877)	-0,5	(1.605)	32,9	(4.953)	-0,5	(24.473)	-0,6
Gross operating profit	181.713	18,7	183.896	19,5	(2.183)	-1,2	187.101	19,6	1.048.661	24,9
Amortization and depreciation	(97.226)	-10,0	(98.821)	-10,5	1.595	-1,6	(99.714)	-10,4	(395.612)	-9,4
Operating income	84.487	8,7	85.075	9,0	(588)	-0,7	87.387	9,2	653.049	15,5
Financial income and charges	(17.357)	-1,8	(33.208)	-3,5	15.851	-47,7	(34.595)	-3,6	6.476	0,2
Value adjustments	172	0,0	205	0,0	(33)	-16,1	205	0,0	(32.929)	-0,8
Non-recurring income and charges	6.150	0,6	(4.196)	-0,4	10.346	-246,6	(4.197)	-0,4	(24.154)	-0,6
Income before taxes	73.452	7,6	47.876	5,1	25.576	53,4	48.800	5,1	602.442	14,3
Income taxes	(34.764)	-3,6	(33.756)	-3,6	(1.008)	3,0	(33.756)	-3,5	(249.090)	-5,9
Income before minority interest	38.688	4,0	14.120	1,5	24.568	174,0	15.044	1,6	353.352	8,4
Minority interest	19.386	2,0	13.274	1,4	6.112	46,0	14.198	1,5	210.240	5,0
Group net income	19.302	2,0	846	0,1	18.456	n.s.	846	0,1	143.112	3,4
Cash flow										
(Income + amortization and depreciation)	135.914	14,0	112.941	12,0	22.973	20,3	114.758	12,0	748.964	17,8
Capital expenditure	215.995		154.475		61.520		154.685		877.069	

* figures recalculated following the consolidation of Zuari Cement Ltd (India) on a proportional, rather than line-by-line, basis

n.s. = not significant

Net debt	31 March 2002	31 December 2001	Change	%
Cash, cash equivalents and current financial assets	(816.523)	(890.954)	74.431	-8,4
Short-term financing	713.822	970.575	(256.753)	-26,5
Medium/long-term financial assets	(54.517)	(55.514)	997	-1,8
Medium/long-term financing	1.918.678	1.677.775	240.903	14,4
Net debt	1.761.460	1.701.882	59.578	3,5
Net floating rate subordinated securities	94.487	100.505	(6.018)	-6,0



Foreword

The consolidated financial statements as of 31 March 2002 have been drawn up pursuant to article 82 of the regulation approved by Consob with resolution no. 11971 of 14 May 1999. The financial statements, the tables and the explanatory notes to the statements contained in this quarterly report are expressed in thousands of euro, unless otherwise indicated. The figures for the 1st quarter of 2001 have been converted into euros using the official exchange rate prevailing. To allow a consistent comparison to be made with the 1st quarter of 2001, figures for that quarter were recalculated "pro-forma" by consolidating Zuari Cement Ltd (India) on a proportional basis, as adopted in the financial statements for 2001, rather than on the line-by-line basis adopted in the interim reports for 2001.

Basis of presentation

The consolidated financial statements have been drawn up on the basis of the accounts at 31 March 2002 of the consolidated companies, adjusted, where necessary, to ensure alignment with the Group's classification criteria and accounting policies by applying the valuation criteria and consolidation principles used during the preparation of the consolidated financial statements for the 2001 accounting period.



Consolidation area

The consolidation area was mainly affected by the inclusion of the following companies compared to the situation on the income statement in the corresponding period of 2001:

Changes	Company
Entered the consolidation area	
On line-by-line basis	Béton Sud Atlantique (France)
	Cementos Capa S.L. (Spain)
	Eurotech Cement S.h.p.k. (Albania)
	Gacem (Gambia)
	Granulats de la Drome (France)
	International Cement Traders (PTV) Ltd (Sri Lanka)
	Mauritano - Française de Ciments (Mauritania)
	Maquinaria y Proyectos Inmob. S.A. (Spain)
	Marmara Cimento Sanayi T.A.S. (Turkey)
	Unibéton - Saba (France)
On a proportional basis	Les Calcaires Girondins (France)
	L.G.E.G. (France)
	Sri Vishnu (India)
On a net equity basis	Suez Bag Company (Egypt)
	Suez Cement Company (Egypt)
	Tourah Portland Cement Company (Egypt)
Change in consolidation method	
From net equity to line-by-line basis	Cassano Cave S.p.A. (Italy)
From line-by-line to proportional basis	Zuari Cement Ltd (India)
Merged companies	
<i>Marging company</i>	<i>Merged company</i>
Société Internationale Italcementi (Luxembourg) S.A.	Italcementi Europe (Luxembourg) S.A.



Currency translation

The results of operations of foreign subsidiaries consolidated on a line-by-line or proportional basis and those foreign associated companies valued with the equity method, have been translated into the accounting currency using the exchange rate ruling at 31 March 2002 for balance sheet items and the average rate for the first three months of the year for the income statement.

The following exchange rates were used:

(euro)

Currency	Average rate			Period-end rate		
	1 st quarter 2002	Full year 2001	1 st quarter 2001	31 March 2002	31 December 2001	31 March 2001
US dollar	0.87659	0.89581	0.92322	0.87240	0.88130	0.88320
Canadian dollar	1.39776	1.38677	1.40993	1.39230	1.40770	1.39040
Pound sterling	0.61471	0.62191	0.63260	0.61300	0.60850	0.61920
Cypriot pound	0.57578	0.57589	0.57858	0.57557	0.57504	0.57887
Moroccan dirham	10,19480	10.08960	9.85179	10.16840	10.19830	9.71194
Turkish lira	1,189,847.00	1,091,893.00	727,805.00	1,161,142.00	1,265,229.00	932,505.00
Swiss franc	1.47331	1.51047	1.53336	1.46700	1.48290	1.52710
Thai baht	38.33450	39.81730	39.89019	37.85370	38.94290	39.65329
Indian rupee	43.66730	42.82580	43.02822	43.79890	42.54740	41.52413
Mauritanian ouguiya	229.50600	228.32600	-	230.47200	228.59500	-
Albanian lek	122.96800	127.80000	-	124.64800	119.28500	-
Sri Lanka rupee	80.65820	80.91860	-	80.77380	80.57050	-



Net sales

Net sales of products and services totaled 969,574 thousand euro (944,361 thousand euro in the 1st quarter of 2001), as follows:

	(thousand of euro)				
	1 st quarter 2002	1 st quarter 2001 pro-forma	Change		1 st quarter 2001
			Value	%	
Product sales in Italy	308,451	288,312	20,139	7.0	288,312
Product sales abroad	629,440	624,483	4,957	0.8	634,692
Services in Italy	21,509	20,039	1,470	7.3	20,039
Services abroad	8,699	9,272	(573)	-6.2	9,272
Other net sales in Italy	872	1,061	(189)	-17.8	1,061
Other net sales abroad	603	1,194	(591)	-49.5	1,194
Total	969,574	944,361	25,213	2.7	954,570

The breakdown by business and geographical area is reported in the "Comments on first quarter operations".

Raw materials, fuels and supplies

These were 253,502 thousand euro (257,873 thousand euro in the 1st quarter of 2001), as follows:

	(thousand of euro)				
	1 st quarter 2002	1 st quarter 2001 pro-forma	Change		1 st quarter 2001
			Value	%	
Raw materials and semi-finished products	101,682	106,061	(4,379)	-4.1	106,193
Fuel	31,765	25,881	5,884	22.7	28,485
Packaging, materials and machinery	46,249	44,959	1,290	2.9	45,772
Finished goods and goods for resale	71,348	81,974	(10,626)	-13.0	82,230
Changes in inventories of raw, ancillary and consumable materials and supplies	2,458	(1,002)	3,460	n.s.	(712)
Total	253,502	257,873	(4,371)	-1.7	261,968

n.s. = not significant



Services

Service costs were 337,139 thousand euro (320,024 thousand euro in the 1st quarter of 2001), as follows:

	1 st quarter 2002	1 st quarter 2001 pro-forma	Change		1 st quarter 2001
			Value	%	
Electricity, water and gas	65,565	61,161	4,404	7.2	61,173
Business services and maintenance	96,623	94,055	2,568	2.7	94,135
Transport	94,786	88,173	6,613	7.5	89,852
Legal fees and consultancy	16,734	13,902	2,832	20.4	13,956
Insurance	7,765	6,420	1,345	21.0	6,437
Rents	19,597	19,202	395	2.1	19,229
Others	36,069	37,111	(1,042)	-2.8	37,679
Total	337,139	320,024	17,115	5.3	322,461

Other operating costs

These were 30,135 thousand euro (29,407 thousand euro in the 1st quarter of 2001), as follows:

	1 st quarter 2002	1 st quarter 2001 pro-forma	Change		1 st quarter 2001
			Value	%	
Subscriptions	2,802	2,412	390	16.2	2,412
Other taxes	16,117	15,400	717	4.7	15,681
Other costs	11,216	11,595	(379)	-3.3	11,612
Total	30,135	29,407	728	2.5	29,705



Personnel expenses

Total personnel expenses were 186,567 thousand euro (183,077 thousand euro in the 1st quarter of 2001), as follows:

	(thousand of euro)				
	1 st quarter 2002	1 st quarter 2001 pro-forma	Change		1 st quarter 2001
			Value	%	
Wages and salary	131,454	131,012	442	0.3	131,226
Social security contributions	46,829	46,514	315	0.7	46,605
Employees' leaving entitlements	4,998	4,970	28	0.6	4,970
Pensions and similar obligations	3,286	581	2,705	n.s.	581
Total	186,567	183,077	3,490	1.9	183,382

n.s. = not significant

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

	(heads)			
	1 st quarter 2001	1 st quarter 2001 pro-forma	Full year 2001	1 st quarter 2001
Employees at period end	19,275	19,520	19,137	19,822
Average number	19,475	19,545	19,413	19,847

Provisions and write-downs

The overall total of 6,482 thousand euro (4,877 thousand euro in the 1st quarter of 2001) comprised the allowance for doubtful accounts of 4,965 thousand euro (3,968 thousand euro in the 1st quarter of 2001) and other provisions of 1,517 thousand euro (909 thousand euro in the 1st quarter of 2001).

Amortization and depreciation

The overall total of 97,226 thousand euro (98,821 thousand euro in the 1st quarter of 2001) referred to amortization of intangible fixed assets of 23,852 thousand euro (24,936 thousand euro in the 1st quarter of 2001) and depreciation of tangible fixed assets of 73,374 thousand euro (73,885 thousand euro in the 1st quarter of 2001).



Financial income and charges

The net balance, -17,357 thousand euro (-33,208 thousand euro in the 1st quarter of 2001), was as follows:

	1 st quarter 2002	1 st quarter 2001 pro-forma	Change		1 st quarter 2001
			Value	%	
Income and capital gains from equity investments	10,052	1,823	8,229	n.s.	1,823
Interest income and financial income	17,837	24,286	(6,449)	-26.6	24,624
Interest expense and financial charges	(46,673)	(51,271)	4,598	-9.0	(52,996)
Net translation gains/(losses)	1,427	(8,046)	9,473	n.s.	(8,046)
Total	(17,357)	(33,208)	15,851	-47.7	(34,595)

n.s. = not significant

The change in "Net translation gains/(losses)" was almost entirely due to Turkey.

Adjustments to the value of financial assets

The value at 31 March 2002 was 172 thousand euro (205 thousand euro in the 1st quarter of 2001) and comprised charges for the write-downs of financial fixed assets and securities held as current assets for -6,714 thousand euro (-636 thousand euro in the 1st quarter of 2001) and income from value adjustments and revaluation of securities for 6,886 thousand euro (841 thousand euro in the 1st quarter of 2001).

Income taxes

Tax charges on the income statement of 34,764 thousand euro (33,756 thousand euro in the 1st quarter of 2001), were as follows:

	1 st quarter 2002	1 st quarter 2001 pro-forma	Change		1 st quarter 2001
			Value	%	
Current taxes	36,215	30,721	5,494	17.9	30,721
Deferred taxes	(1,451)	3,035	(4,486)	n.s.	3,035
Total	34,764	33,756	1,008	3.0	33,756

n.s. = not significant



Financial flows for investments in fixed assets

Investments in fixed assets at 31 March 2002 were 216 million euro (154.5 million euro in the 1st quarter of 2001), as follows:

	(millions of euro)				
	1 st quarter 2002	1 st quarter 2001 pro-forma	Change		1 st quarter 2001
			Value	%	
Intangible fixed assets	3.4	6.8	(3.4)	-50.0	6.9
Tangible fixed assets	68.9	65.2	3.7	5.7	65.3
Financial fixed assets	131.0	76.4	54.6	71.5	76.4
Change in payables for fixed asset purchases	12.7	6.1	6.6	108.2	6.1
Total	216.0	154.5	61.5	39.8%	154.7

Investments in financial fixed assets of 131 million euro include 40.2 million euro for the acquisition of the Indian company Sri Vishnu, 25.4 million euro for the increase in the equity investment in Suez Cement Ltd (Egypt), 22 million euro for the acquisition of the Turkish company Marmara Cimento Sanayi T.A.S. (thus raising total investment in this company to 24.3 million euro), 14.9 million euro for the increase in the equity investment in Mediobanca S.p.A., 9.4 million euro for the increase in the equity investment in Italcementi S.p.A., and 6.7 million euro for the acquisition of Ciments Francais S.A. shares.

Net debt

Net debt at 31 March 2002 totaled 1,761,460 thousand euro. The increase on 31 December 2001, was 59,578 thousand euro, as follows:

	(thousand of euro)
	Change from 31 December 2001
Cash, cash equivalents and current financial assets	74,431
Short-term debt	(256,753)
Change in net short-term debt	(182,322)
Medium/long-term assets	997
Medium/long-term debt	240,903
Change in net medium/long-term debt	241,900
Change in total net debt	59,578



The reduction in net short-term debt in favor of medium/long-term debt is a consequence of the repayment by Italcementi S.p.A. of the zero coupon bonded loan of par value 309.9 million euro (recorded last year under short-term debt), mainly through the use of medium/long-term bank credit facilities that were already in place.

The increase in debt compared to the start of the year of 59.6 million euro, is the net result of:

- cash flow from operations 147.6 million euro;
- overall investments in fixed assets of 216 million euro;
- divestments of 35.5 million euro;
- other net movements in debt of 26.7 million debt.

Income forecasts for the main subsidiaries are illustrated in the previous pages of the report.

The continuing uncertain economic situation worldwide and the volatility of the financial markets, without the major capital gains which contributed to the results for 2001, lead to the conclusion that consolidated results should be lower than in 2001.