

# ITALMOBILIARE

2002 Annual Report



## 2002 Annual Report

### **ITALMOBILIARE**

Società per Azioni

Head Office: via Borgonuovo, 20  
20121 Milan, Italy

Share capital euro 100,166,937  
Milan Companies Register



## ■ BOARD OF DIRECTORS

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

Giampiero Pesenti	<sup>1</sup>	Chairman - Chief Executive Officer
Giovanni Giavazzi	<sup>1-2</sup>	Deputy Chairman
Mauro Bini	<sup>3-4</sup>	
Giorgio Bonomi	<sup>3</sup>	
Italo Lucchini	<sup>1-3</sup>	
Luca Minoli	<sup>2</sup>	
Giorgio Perolari	<sup>2-3-4</sup>	
Carlo Pesenti	<sup>1</sup>	General Manager
Livio Strazzerà		
Graziano Molinari	<sup>5</sup>	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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<sup>1</sup> Member of the Executive Committee

<sup>2</sup> Member of the Remuneration Committee

<sup>3</sup> Member of the Internal Control Committee

<sup>4</sup> Independent Director

<sup>5</sup> Secretary to the Executive Committee

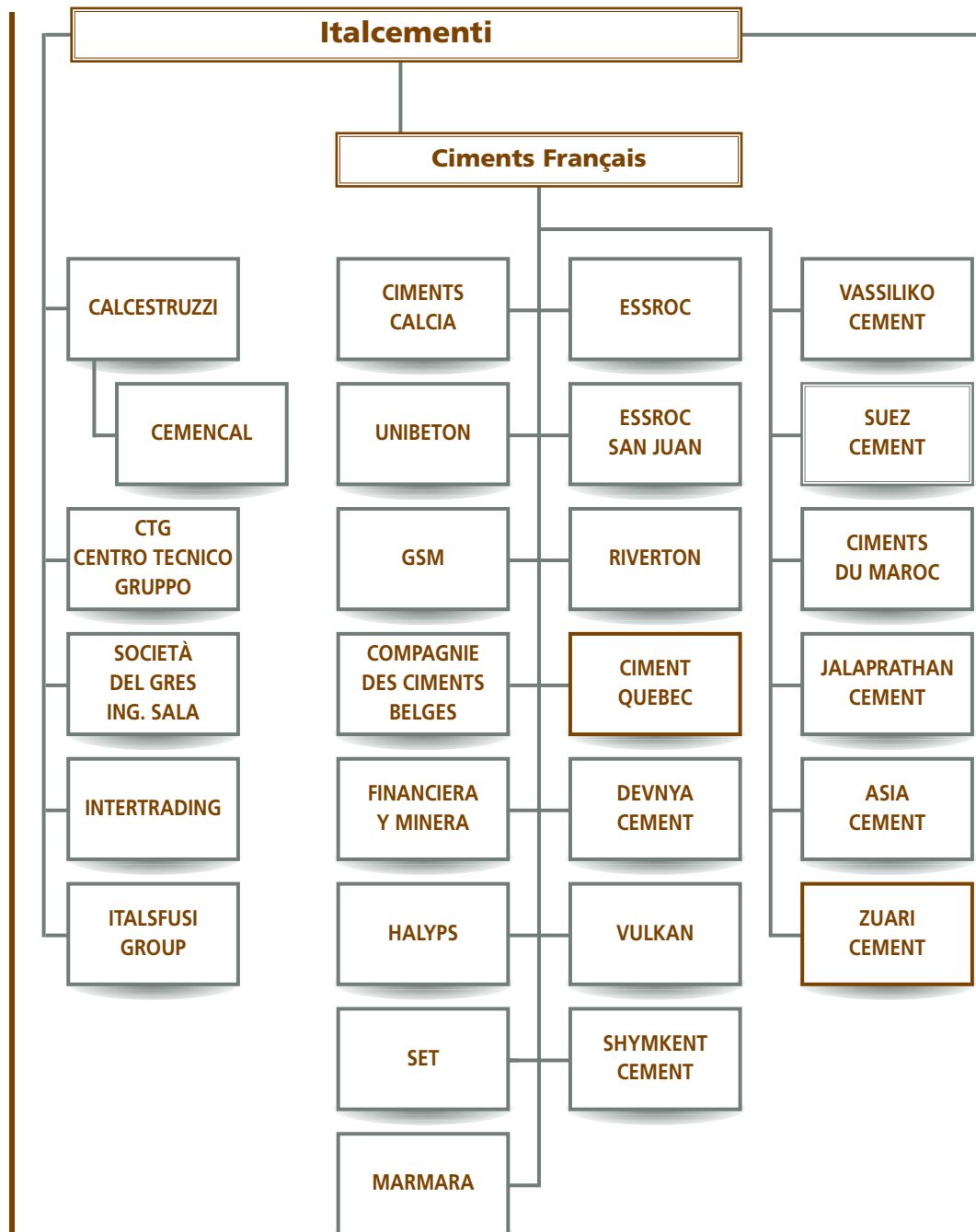


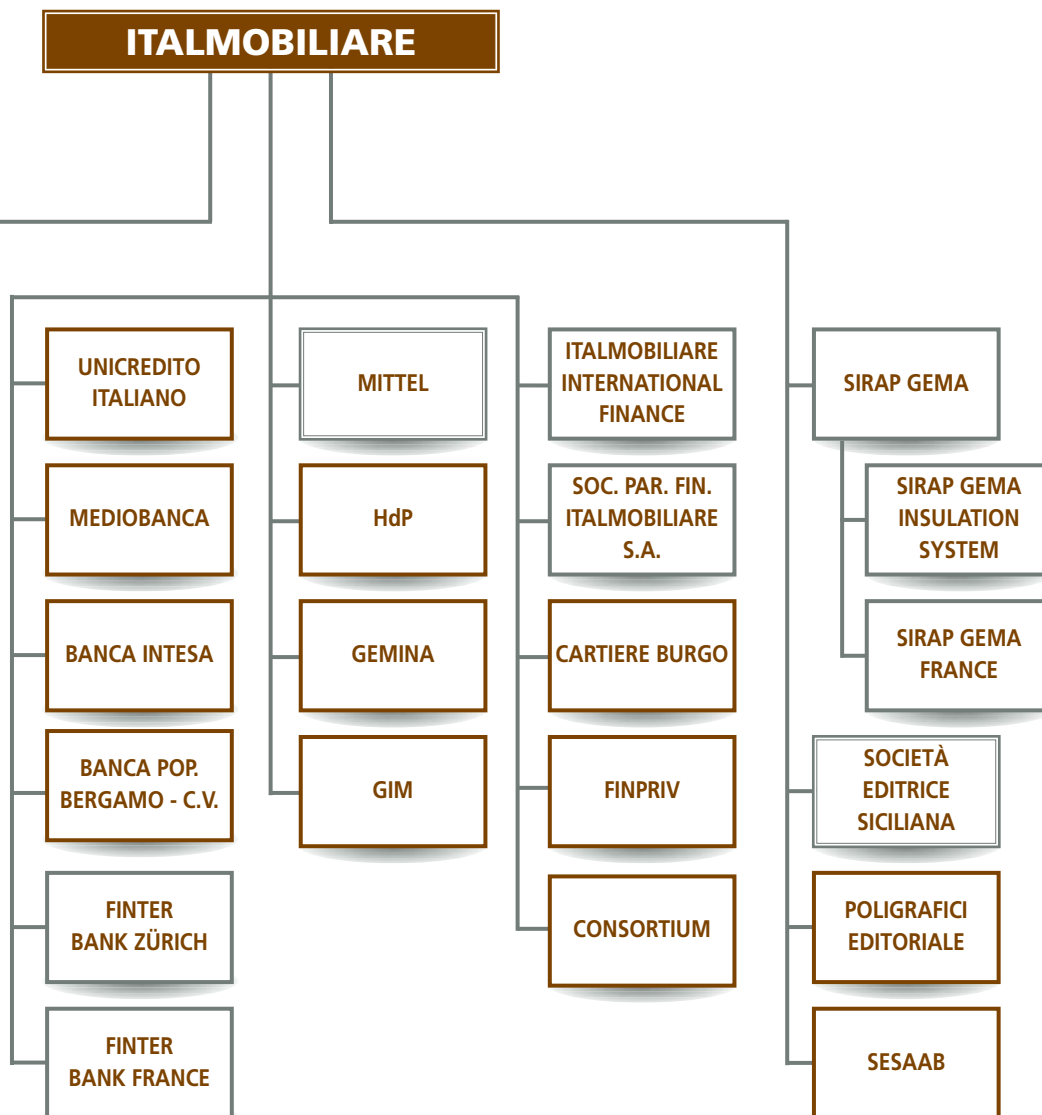
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# ITALMOBILIARE GROUP





SUBSIDIARIES

ASSOCIATED  
COMPANIES

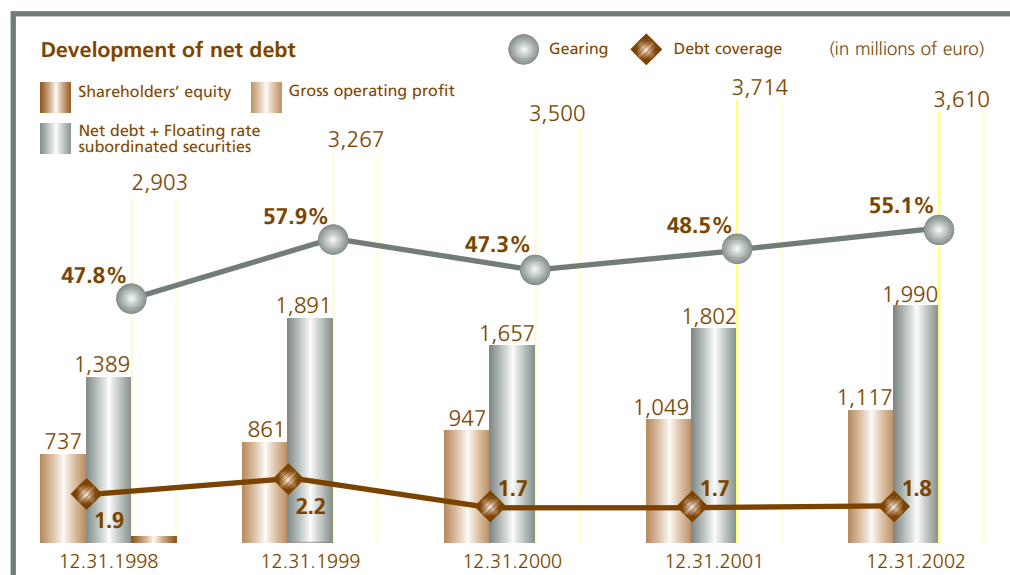
OTHERS

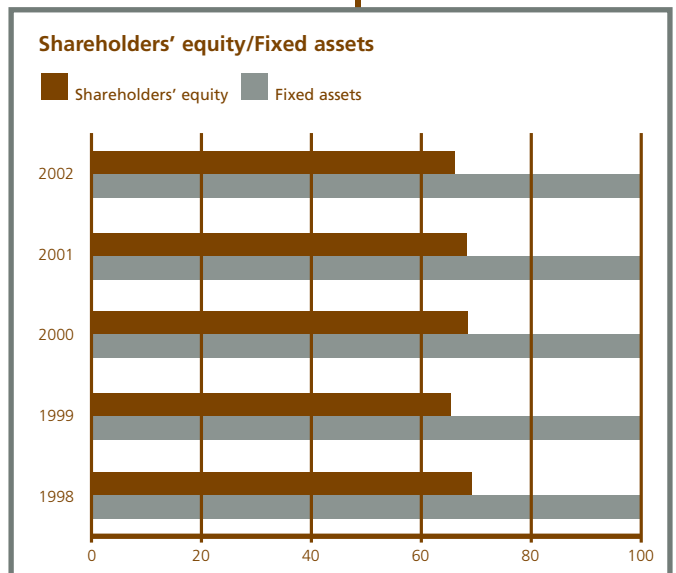
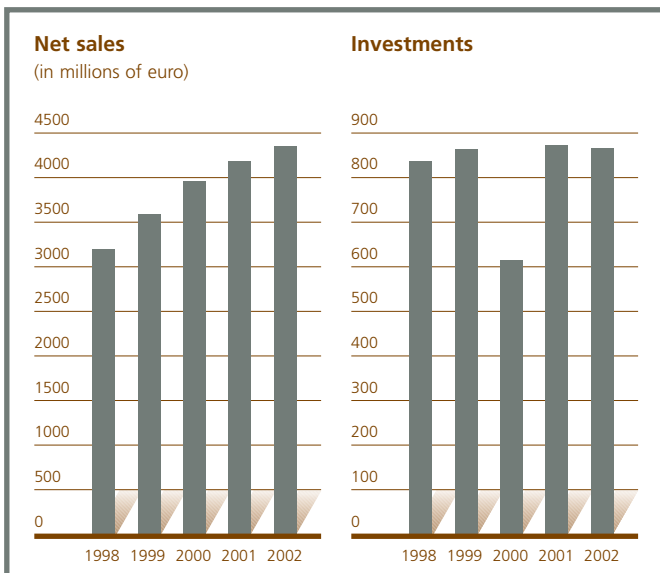
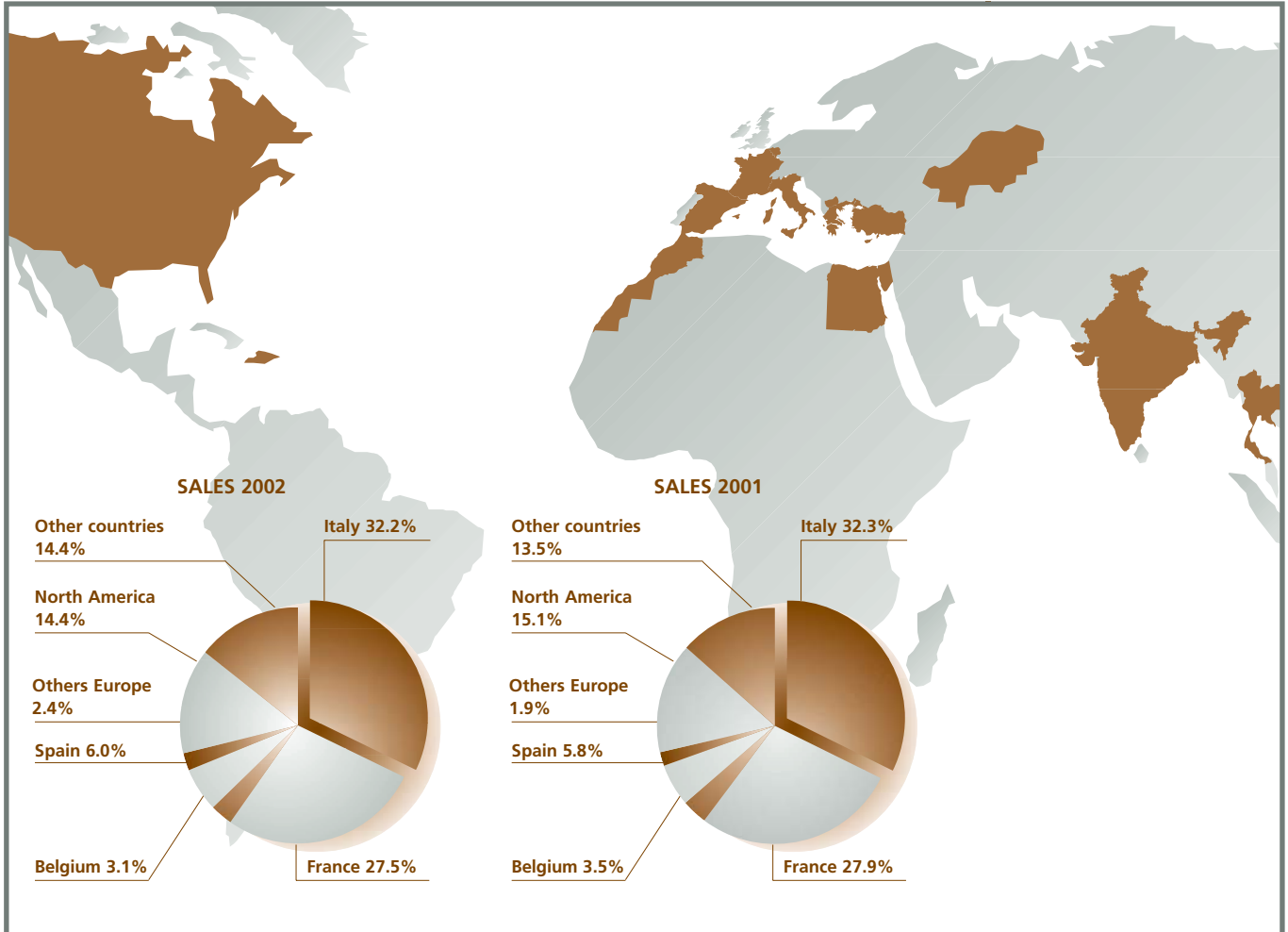


## Group financial highlights

(in millions of euro)

	2002	2001	2000	1999	1998
Net sales	4,365.3	4,206.7	3,962.2	3,609.2	3,209.4
Gross operating profit	1,117.0	1,048.7	947.4	861.0	736.6
Amortization and depreciation	408.7	395.7	420.7	356.3	337.3
Operating income (difference value/costs of production)	708.3	653.0	526.7	504.8	399.3
Non-recurring income and charges	(46.6)	(24.2)	20.4	7.0	(34.6)
Income before minority interest	376.2	353.3	368.9	261.1	196.9
Group net income	119.8	143.1	186.6	90.1	91.3
Cash flow (income+amortization and depreciation)	784.9	749.0	789.6	617.4	534.2
Investments in fixed assets	872.7	877.1	618.4	869.7	838.2
Total shareholders' equity	3,609.7	3,714.0	3,500.3	3,267.4	2,903.4
Group shareholders' equity	1,571.9	1,542.7	1,432.9	1,260.4	1,151.7
Net debt	1,913.1	1,701.9	1,535.3	1,749.6	1,230.7
Debt/equity ratio	53.0%	45.8%	43.9%	53.5%	42.4%
Earnings per share	3.11	3.71	4.84	2.34	2.58
Shareholders' equity per share (unit value)	40.80	40.04	37.19	32.71	32.58
Dividend per share					
ordinary	0.94	0.94	0.94	0.72	0.67
savings	1.018	1.018	1.018	0.80	0.75
Employees (heads)	18,489	19,137	19,311	20,519	16,897

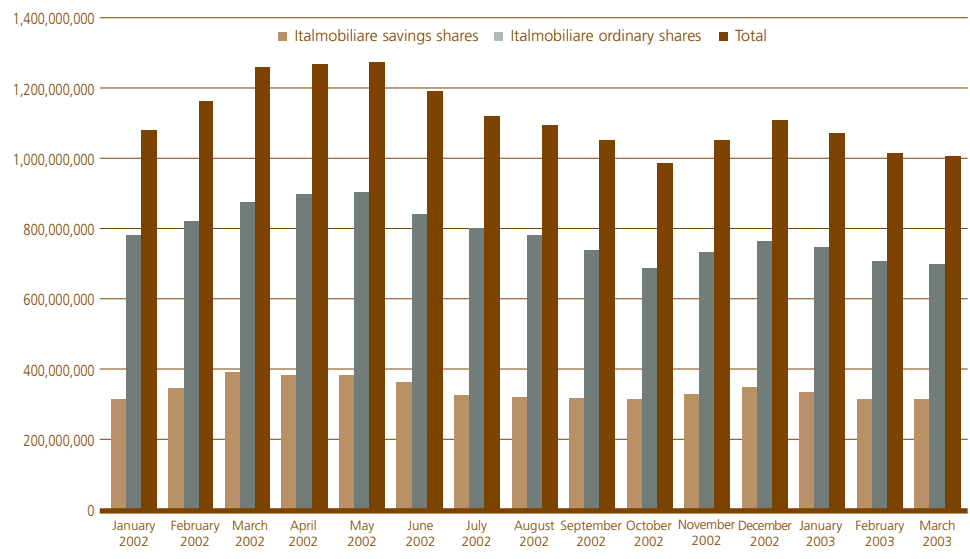






# Italmobiliare S.p.A. on the Stock Exchange

## Capitalization from 2 January 2002 to 31 March 2003



## Number of shares traded

(euro)

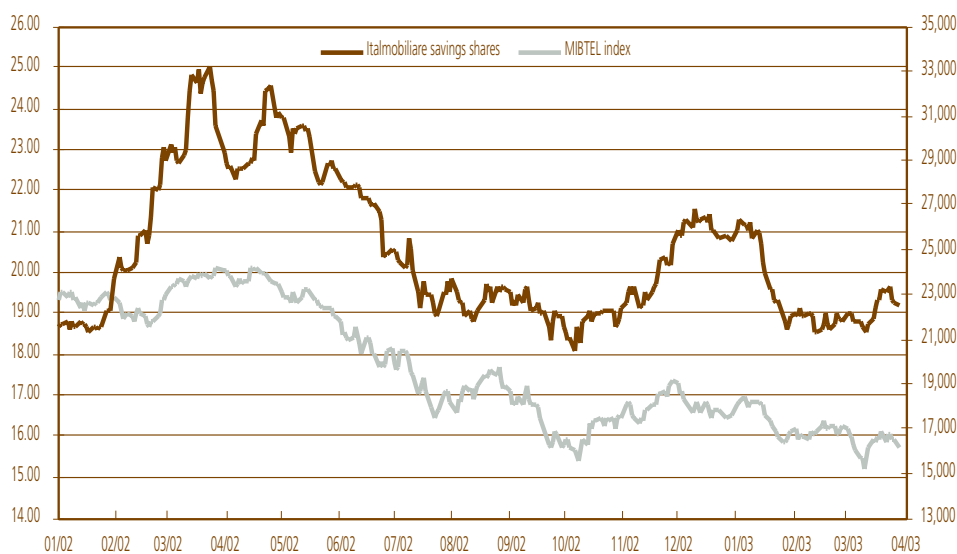
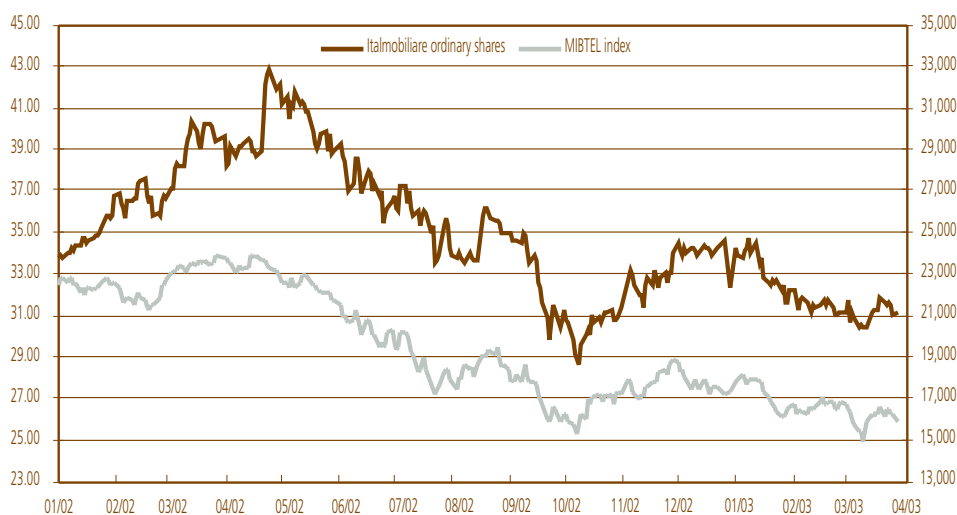
Date	Ordinary shares			Savings shares		
	Number of shares traded	Average monthly price	Average traded	Number of shares traded	Average monthly price	Average traded
January 2002	455,964	35.12	16,014,337	697,354	18.83	13,129,200
February	321,103	36.79	11,812,626	1,616,873	21.13	34,170,773
March	524,226	39.71	20,816,376	1,522,843	24.06	36,643,780
April	575,205	40.27	23,161,697	818,232	23.09	18,893,731
May	347,428	41.03	14,255,747	742,553	23.06	17,123,771
June	295,208	37.56	11,089,458	1,090,337	21.70	23,660,765
July	244,676	35.88	8,778,095	518,127	19.77	10,244,979
August	101,697	35.30	3,590,186	559,805	19.47	10,901,435
September	335,122	32.86	11,013,596	572,507	19.12	10,948,500
October	101,402	30.39	3,081,568	644,504	18.69	12,045,680
November	65,081	33.23	2,162,965	383,591	19.77	7,584,872
December	306,979	34.46	10,577,248	415,232	21.17	8,789,357
January 2003	176,562	33.50	5,915,656	249,081	19.75	4,920,448
February	39,206	31.76	1,245,125	325,829	18.78	6,118,456
March	102,933	31.45	3,237,676	327,065	19.09	6,242,224



## Italmobiliare share prices from 2 January 2002 to 31 March 2003

(in euro)

	maximum		minimum		01.02.02	03.31.03	performance
Ordinary shares	43.05	26.04.02	28.84	10.10.02	34.00	31.40	-7.65%
Savings shares	24.97	25.03.02	18.06	07.10.02	18.60	19.18	3.09%
MIBTEL index	24,121	16.04.02	15,125	12.03.03	22,676	16,085	-29.07%



# Consolidated financial statements

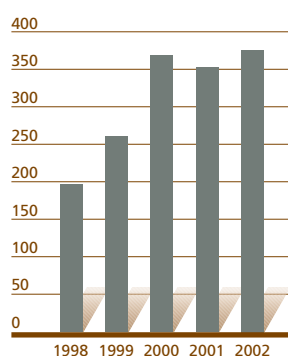




# Directors' report

## General overview

**Total net result**  
(including minority interests)  
in millions of euro



The consolidated financial statements of Italmobiliare S.p.A. at 31 December 2002 showed net income before minority interest of 376.2 million euro and Group net income of 119.8 million euro, compared to 353.3 million euro and 143.1 million euro respectively in 2001.

The main figures relating to the year ended on 31 December 2002 were as follows:

- **Operating income** 708.3 million euro (653 million euro in 2001);
- **Financial income and charges** a loss of 62.6 million euro (6.7 million euro in 2001);
- **Adjustments to the value of assets and non-recurring items** a loss of 79.0 million euro (43.9 million euro in 2001);
- **Income before minority interest** 376.2 million euro (353.3 million euro in 2001);
- **Group net income** 119.8 million euro (143.1 million euro in 2001).

Consolidated income was helped by:

- the marked improvement in the consolidated results of Italcementi;
- the positive and satisfying performance of Sirap Gema (in the previous year it recorded a loss owing to the restructuring undertaken in the thermal insulation sector);
- the reduced contribution from the wholly owned financial subsidiary companies.

The fall in income compared to the previous year was also caused by the presence in 2001 of the major capital gain realized by the parent company Italmobiliare following the sale of the equity investment in Montedison, an event which was not matched in quantitative terms by the capital gain realized on the sale of SAB.

Indeed if we exclude the impact on the income statement of these operations the financial statements would show a result clearly up on the previous year, in line with the generally more favorable performances seen in 2002 from the collection of companies that make up the Group.



## Group results

The **Italcementi group**, Italmobiliare's main industrial equity investment, recorded Group net income 274.0 million euro (201.3 million euro in 2001), helped by the increase in net sales, the improvement in operations and the fall in fixed costs, as well as a marked reduction in the tax charge in Italy (the Tremonti law) and Belgium.

Against this background net sales rose by 4.9%, while operating income and aggregate net income recorded growth margins of 8.7% and 26.2% respectively.

The strategy of international expansion and corporate reorganization continued and may be summarized in the following main acquisitions:

- United States: the entire share capital of Riverton Investment Corporation for 133.9 million euro;
- India: 96.2% of Sri Vishnu Cement Ltd (through Zuari Cement Ltd) with an outlay for the Group of 37.6 million euro;
- Turkey: Marmara Ciment for 24.3 million euro;
- Egypt: 2.8% of Suez Cement Company, which brought the equity investment to over 34%, with an overall commitment over the two-year period 2001-2002 of 310.9 million euro;
- Thailand: 27.43% of the share capital of Jalaprathan Cement Public Company, by means of two successive public tender offers and open market transactions undertaken by Asia Cement, which were added to the stakes already held, with an overall investment of 12.8 million euro. The company obtained delisting from the Bangkok Stock Exchange;
- Morocco: 9.5% of their own shares by Ciments du Maroc for 56.2 million euro, by means of a public tender offer;
- Greece: ordinary shares (partly by means of a public tender offer) and preferred shares of the subsidiary company Halyps Building Materials, with an overall investment of 11.6 million euro, which brought the equity investment in the company to over 99% of the total share capital: the company obtained delisting from the Athens Stock Exchange;
- Italy: 59% of the share capital of ESA Monviso S.p.A. (which operates in the aggregates sector) with an outlay of 15.4 million euro: the company is now wholly owned.

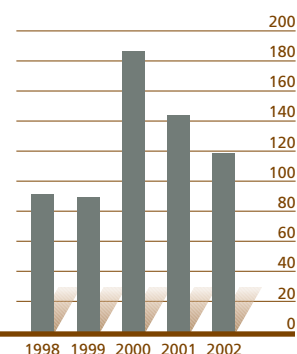
Italcementi's equity investment in Ciments Français S.A. rose to 71.8% (83.2% of voting rights) following the acquisition of a further 1,396,652 shares by means of a 67.8 million euro investment.

In addition, as part of the stock option plan for the Directors and Managers of the respective companies, own shares were bought by Italcementi S.p.A. (957,800 ordinary shares) for an equivalent value of approximately 9 million euro and by Ciments Français S.A. (209,614 ordinary shares) by means of a 9.8 million euro investment.

The **Sirap Gema group**, (food packaging and thermal insulation) recorded net sales in 2002 of 104.9 million euro (109.8 million euro in 2001), with group net income of 4.1 million euro (a loss of 4.2 million euro previously).

The return to profit was largely due to the positive impact of the restructuring of the thermal insulation sector that was undertaken in 2001 and has already been described in previous reports. A corporate structure reorganization program for the group was finalized aimed at merging together the similar industrial activities in a business unit.

**Group net result**  
in millions of euro





## The parent company Italmobiliare and its financial subsidiary companies

The main financial companies recorded the following results:

- **Italmobiliare International Finance Ltd**, which operates on the international capital markets, ended the year with net income of 16.2 million euro compared to 18.8 million euro in 2001;
- **Société de Participation Financière Italmobiliare S.A.**, a finance company which manages equity investments and liquidity, recorded a loss of 12.7 million euro compared to a loss of 21.7 million euro in 2001, following further write-downs of equity investments owing to the poor performance of stock markets in 2002.  
In the final part of the year the company's mission was redefined to concentrate on managing equity investments, thus liquidating most of its bond and cash assets. The share capital was consequently reduced to levels in keeping with the investments in place.

**Fincomind group** (including Finter Bank Zürich and Finter Bank France): a net consolidated loss of 4.2 million Swiss francs compared to a profit of 0.9 million Swiss francs in 2001. This change was entirely due to provisions relating to potential charges arising from the restructuring of Finter Bank France.

### Significant equity investment transactions of the parent company Italmobiliare and its financial subsidiary companies

As already commented on in the interim reports for the year, in July Italmobiliare sold the entire share capital of SAB Autoservizi to the British group ARRIVA for a sum of 58 million euro, with a capital gain at a consolidated level of 18.5 million euro.

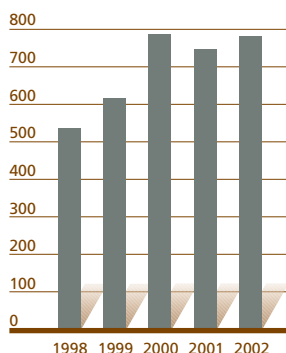
The agreement envisages the payment of an additional 10 million euro related to the achievement by 2004 of the operational targets set out in the company's business plan. The buyer was provided with the usual contractual guarantees for potential charges arising from ongoing disputes.

The implementation of recent legislative changes has initiated a period of profound change in the rail and road public transport sector, leading to the progressive consolidation of Italian operators and the entry of major foreign groups which offer increasingly integrated services.

In this rapidly changing situation Italmobiliare thought it right to leave the sector at a moment when the market recognized a satisfactory value for the SAB group's current and prospective operational activities.

In July, the sale of the 29% equity investment in Sigesa, held by Italmobiliare, to Saur International S.A. was finalized for approximately 19 million euro, that corresponded to the minimum price agreed, i.e. following the notification in April to Saur International of the exercise of the option to sell this equity investment. Having considered the differences in interpretation that arose between the parties in relation to the contractually established principles and criteria to determine the final value of the option, and in order to protect its interests, the company decided to start the arbitration procedure that is envisaged in the contract.

**Consolidated cash flows**  
in millions of euro





With the disposal of the shareholding in Sigesa the Italmobiliare Group has completely withdrawn from the water distribution sector.

Italmobiliare bought 1,281,350 Mediobanca shares (for 14.9 million euro overall) from Tredicimarzo S.r.l. These were part of the shareholdings that Tredicimarzo S.r.l. had previously acquired from Eurafrance and Eurazeo. The investment of 14.9 million euro was matched by a reimbursement by Tredicimarzo S.r.l. of the sum that had been paid into its share capital increase account (14 million euro). The equity investment in Tredicimarzo was subsequently sold.

Italmobiliare also bought 1,092,004 Italcementi ordinary shares on the open market for a value of 12.0 million euro. At 31 December 2002 the direct and indirect (via Intermobiliare S.p.A.) equity investment in the ordinary share capital of this company was 58.29%.

Italmobiliare, within the context of the operation to place a part of the share capital of Mediocredito Centrale – MCC – by the shareholder Capitalia, made a 1% equity investment in the company for a total of 12 million euro. The shares purchased are subject to particular clauses regarding, among other things, the possibility of selling them after three years, i.e. in the 1<sup>st</sup> half of 2006.

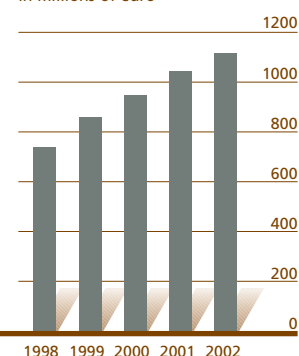
The subsidiary company Franco Tosi, bought 500,000 Banca Popolare di Bergamo-Credito Varesino shares on the open market for approximately 10 million euro in total.

## Key consolidated figures

	(in millions of euro)		
	2002	2001	% change 2002/2001
<b>Net sales</b>	<b>4,365.3</b>	<b>4,206.7</b>	<b>3.8</b>
<b>Added value</b>	<b>1,867.5</b>	<b>1,802.3</b>	<b>3.6</b>
<b>Gross operating profit</b>	<b>1,117.0</b>	<b>1,048.7</b>	<b>6.5</b>
<i>% of net sales</i>	25.6	24.9	
Amortization and depreciation	408.7	395.7	3.3
<b>Operating income</b>	<b>708.3</b>	<b>653.0</b>	<b>8.5</b>
<i>(Difference value/costs of production)</i>			
<i>% of net sales</i>	16.2	15.5	
Financial income and charges	(62.6)	(6.7)	n.s.
Adjustments to the value of assets and non-recurring items	(79.0)	(43.9)	80.0
<b>Income before taxes</b>	<b>566.7</b>	<b>602.4</b>	<b>(5.9)</b>
Taxes	(190.5)	(249.1)	(23.5)
<b>Income before minority interest</b>	<b>376.2</b>	<b>353.3</b>	<b>6.5</b>
Minority interest	256.4	210.2	22.0
<b>Group net income</b>	<b>119.8</b>	<b>143.1</b>	<b>(16.3)</b>
Total shareholders' equity	3,609.7	3,714.0	(2.8)
Group shareholders' equity	1,571.9	1,542.7	1.9
Net debt	1,913.1	1,701.9	12.4
Investments in fixed assets	872.7	877.1	(0.5)
Cash flow (income+amortization and depreciation)	784.9	749.0	4.8

n.s. = not significant

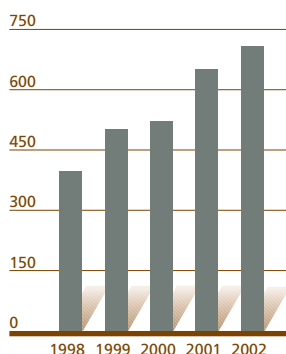
**Consolidated gross operating profit**  
in millions of euro





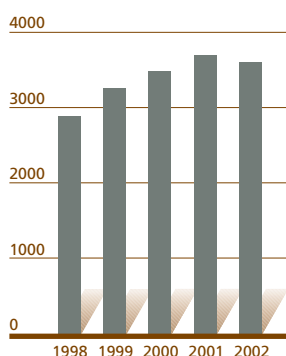
### Consolidated operating income

in millions of euro



### Total shareholders' equity

in millions of euro



### Summary of 4<sup>th</sup> quarter results

(in millions of euro)

	Full year 2002	4 <sup>th</sup> quarter 2002*	3 <sup>rd</sup> quarter 2002*	2 <sup>nd</sup> quarter 2002*	1 <sup>st</sup> quarter 2002*
<b>Net sales</b>	<b>4,365.3</b>	<b>1,060.9</b>	<b>1,144.7</b>	<b>1,199.1</b>	<b>960.6</b>
% change from 2001	3.8	2.5	6.6	3.9	1.7
<b>Gross operating profit</b>	<b>1,117.0</b>	<b>274.4</b>	<b>328.0</b>	<b>335.8</b>	<b>178.8</b>
% change from 2001	6.5	4.6	11.4	8.9	-2.8
% of net sales	25.6	25.9	28.7	28.0	18.6
Amortization and depreciation	408.7	117.8	97.3	98.4	95.2
<b>Operating income</b>	<b>708.3</b>	<b>156.5</b>	<b>230.8</b>	<b>237.4</b>	<b>83.6</b>
% of net sales	16.2	14.8	20.2	19.8	8.7
Financial income/charges	(62.6)	(25.1)	(10.5)	(2.2)	(24.8)
% of net sales	-1.4	-2.4	-0.9	-0.2	-2.6
Adjustments to value of assets and non-recurring items	(79.0)	(25.9)	(41.6)	(26.2)	14.7
% of net sales	-1.8	-2.4	-3.6	-2.2	1.5
<b>Income before taxes</b>	<b>566.7</b>	<b>105.5</b>	<b>178.7</b>	<b>209.1</b>	<b>73.4</b>
% of net sales	13.0	9.9	15.6	17.4	7.6
Taxes	(190.5)	4.3	(78.6)	(81.4)	(34.7)
<b>Income before minority interest</b>	<b>376.2</b>	<b>109.7</b>	<b>100.1</b>	<b>127.7</b>	<b>38.7</b>
Minority interest	256.4	69.5	83.9	83.6	19.4
<b>Group net income</b>	<b>119.8</b>	<b>40.2</b>	<b>16.2</b>	<b>44.1</b>	<b>19.3</b>
% of net sales	2.7	3.8	1.4	3.7	2.0
Net debt (at period end)	1,913.1	1,913.1	1,929.2	2,150.7	1,785.1

\* the change is calculated compared to the corresponding figures for 2001 restated following the consolidation on a proportional basis of Zuari Cement Ltd, which in previous interim reports for 2001 was consolidated on a line-by-line basis

The seasonal nature that is a feature of the construction sector normally means the highest business levels occur in the 2<sup>nd</sup> and 3<sup>rd</sup> quarters of the year. Having said that, the 4<sup>th</sup> quarter provided confirmation, albeit at a slower rate, of the growth in net sales and in operating results which had been a feature of the first nine months of 2002, helped by a particularly outstanding 3<sup>rd</sup> quarter.

Operating income for the 4<sup>th</sup> quarter was affected by the business write-downs in the construction sector made in some countries (Turkey, India and Italy for some subsidiary companies), while overall income before minority interest and Group net income enjoyed the full benefit of the tax incentives on reinvested profits in Italy and the reduction in deferred taxes in Belgium.



## Net sales

The increase in net sales of 3.8% compared to 2001 is due to:

- the positive performance of the markets in which the Group operates for 3.6%;
- the change in the consolidation area for 1.2%;
- the loss on exchange rates of 1%, arising from the depreciation of other currencies, in particular the US dollar, compared to the euro.

The following table gives a breakdown by geographical area and business segment in 2002 and 2001:

	(in millions of euro)					
	2002	%	2001	%	Change 2002/2001	
					%	% *
<b>Geographical area</b>						
European Union	3,107.6	71.2	2,998.2	71.3	3.6	4.9
<i>of which Italy</i>	1,404.6	32.2	1,358.1	32.3	3.4	6.4
North America	629.2	14.4	636.6	15.1	-1.2	-3.2
Other countries and trading	628.5	14.4	571.9	13.6	9.9	4.9
<b>Total</b>	<b>4,365.3</b>	<b>100.0</b>	<b>4,206.7</b>	<b>100.0</b>	<b>3.8</b>	<b>3.6</b>
<b>Business segment</b>						
Construction materials	4,258.8	97.6	4,058.9	96.5	4.9	3.5
Food packaging and thermal insulation	104.9	2.4	109.8	2.6	-4.5	8.0
Transport	-	-	35.5	0.8	n.s.	n.s.
Other	1.6	-	2.5	0.1	-36.0	-36.0
<b>Total</b>	<b>4,365.3</b>	<b>100.0</b>	<b>4,206.7</b>	<b>100.0</b>	<b>3.8</b>	<b>3.6</b>

\* at constant exchange rates and size

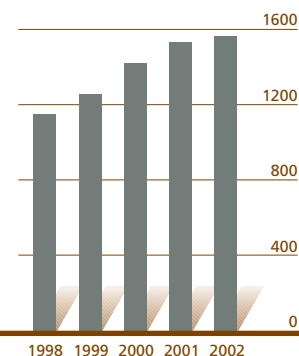
n.s. = not significant

## Gross operating profit and operating income

Compared to the previous year gross operating profit and operating income grew by 6.5% and 8.5% respectively against an increase in net sales of 3.8%, thanks to sustained business levels, an overall favorable trend in sales prices and to significant efficiency gains achieved mainly in the construction materials sector.

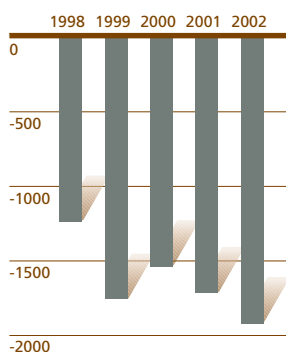
## Consolidated shareholders' equity of the Group

in millions of euro





**Net financial position**  
(excluding floating rate subordinated securities)  
in millions of euro



## Financial income/charges

This heading includes financial income and charges in the strict sense of the term (referring to the stocks of financial assets/liabilities), as well as capital gains or losses on the disposal of equity investments and other items of income (profits, dividends) of the companies that are not consolidated on a line-by-line basis.

It recorded a negative balance of 62.6 million euro compared to another negative balance of 6.7 million euro in 2001.

The change was mainly due to the more limited capital gains realized on the disposal of equity investments by the parent company Italmobiliare compared to those in the previous year.

## Adjustments to the value of financial assets and non-recurring items

The charge for adjustments to the value of financial assets rose to 32.4 million euro from 19.7 million euro. The adjustments refer both to value adjustments to some financial assets held by the Italcementi group, connected to the write-down of goodwill in the subsidiary company Suez Cement Company, and to write-downs made to listed equity investments to adjust values to market performance.

## Non-recurring income/charges

Non-recurring income/charges saw a negative balance of 46.6 million euro compared to another negative balance of 24.2 million euro previously. The increase is due in part to write-downs of assets and provisions linked to restructuring activities in the Italcementi Group and partly to potential charges related to guarantees provided as part of equity investment sale contracts and costs related to the so-called "tax amnesty".

## Net income

Income before taxes was 566.7 million euro, down by 5.9% compared to the figure for 2001 (602.4 million euro).

Taxes for the year were 190.5 million euro (249.1 million euro in 2001). Income before minority interest was 376.2 million euro (+6.5% compared to income of 353.4 million euro in 2001).

Taxes for the period benefited in Italy from the tax incentives connected to the exemption for reinvested business profits (the so-called Tremonti bis) with a positive effect overall of 25.9 million euro. In addition, a positive element of 24.8 million euro arose from the adjustment of deferred taxes following the reduction of tax rates in Belgium, which fell from 40.16% to 33.90%.

Group net income, after minority interest of 256.5 million euro (210.2 million euro in 2001), was 119.8 million euro compared to income of 143.1 million euro in 2001.



## Key financial data

(in millions of euro)

	2002	2001	% change 2002/2001
Net fixed assets	5,482.5	5,463.6	0.3
Working capital	837.0	827.4	1.2
<b>Net invested capital</b>	<b>6,319.5</b>	<b>6,291.0</b>	<b>0.5</b>
Shareholders' equity	3,609.7	3,714.0	-2.8
<i>of which Group shareholders' equity</i>	<i>1,571.9</i>	<i>1,542.7</i>	<i>1.9</i>
Floating rate subordinated securities (net)	77.0	100.5	-23.4
Provisions	719.7	774.6	-7.1
Net debt	1,913.1	1,701.9	12.4
<b>Total financing</b>	<b>6,319.5</b>	<b>6,291.0</b>	<b>0.5</b>

### Investments in fixed assets

In 2002 the Group made investments in fixed assets of 872.7 million euro (877.1 million euro in 2001), of which 416.2 million euro was for tangible and intangible assets (mainly invested by the Italcementi group in Italy, France and the Usa); 456.5 million euro was for investments in financial assets, and of these 406.5 million euro refer to the Italcementi Group.

### Net debt

Net debt was 1,913.1 million euro up from 1,701.9 million euro in 2001, an increase of 211.2 million euro. The ratio of net debt (including the value of floating rate subordinated securities) to shareholders' equity was 55.13% compared to 48.53% at 31 December 2001.

The ratio of net debt as defined above to gross operating profit was 1.78 compared to 1.72 in the previous year.



## Net debt and cash flows

	(in millions of euro)	
	2002	2001
<b>Opening net debt</b>	<b>(1,701.9)</b>	<b>(1,535.3)</b>
<b>Cash flow from operating activities</b>	<b>658.1</b>	<b>644.4</b>
Investments in fixed assets		
- Intangible	(31.9)	(29.1)
- Tangible	(400.4)	(335.8)
- Financial (equity investments)	(464.0)	(517.1)
- Own shares	-	(0.4)
- Change in payables for purchase of fixed assets	23.7	5.4
<b>Total investments in fixed assets</b>	<b>(872.6)</b>	<b>(877.0)</b>
Disposals		
- Proceeds from sale of intangible and tangible assets	44.2	41.8
- Proceeds from sale of financial assets (equity investments)	94.3	172.4
<b>Total disposals</b>	<b>138.5</b>	<b>214.2</b>
<b>Total investments in fixed assets</b>	<b>(734.1)</b>	<b>(662.8)</b>
Change in other financial assets	(19.9)	(24.9)
Change in other equity investments	19.6	(9.8)
Dividends paid	(128.4)	(99.3)
Other	(6.5)	(14.2)
<b>Change in net debt</b>	<b>(211.2)</b>	<b>(166.6)</b>
<b>Closing net debt</b>	<b>(1,913.1)</b>	<b>(1,701.9)</b>

## Shareholders' equity

Total shareholders' equity of 3,609.7 million euro saw a fall of 104.3 million euro compared to 31 December 2001. This change was largely due to the depreciation compared to the euro of other currencies, above all the US dollar, the Egyptian lira, the Thai baht and the reduction in minority interest owing to the strengthening of the equity investment held in subsidiary companies (Ciments Français, Ciments du Maroc, Jalapathan Cement Public Company, Halyps). The depreciation of the currencies compared to the euro led to a reduction in the translation reserve included in total shareholders' equity of approximately 217.1 million euro, of which 49 million euro related to Group shareholders' equity.



## Performance by business segment and geographical area

### Construction materials

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

#### Key consolidated figures

(in millions of euro)

	2002	2001	% change 2002/2001
<b>Net sales</b>	<b>4,261.7</b>	<b>4,062.7</b>	<b>4.9</b>
<b>Added value</b>	<b>1,830.6</b>	<b>1,712.9</b>	<b>6.9</b>
<b>Gross operating profit</b>	<b>1,108.8</b>	<b>1,028.8</b>	<b>7.8</b>
<i>% of net sales</i>	26.0	25.3	
Amortization and depreciation	397.7	374.4	6.2
<b>Operating income</b>	<b>711.2</b>	<b>654.4</b>	<b>8.7</b>
(Difference value/costs of production)			
<i>% of net sales</i>	16.7	16.1	
Financial income and charges	(127.6)	(135.6)	5.9
Adjustments to the value of assets and non-recurring items	(52.5)	(13.7)	>100
<b>Income before taxes</b>	<b>531.0</b>	<b>505.1</b>	<b>5.1</b>
<b>Income before minority interest</b>	<b>356.9</b>	<b>282.7</b>	<b>26.2</b>
Minority interest	82.9	81.4	1.8
<b>Group net income</b>	<b>274.0</b>	<b>201.3</b>	<b>36.1</b>
Total shareholders' equity	2,837.1	2,930.5	(3.2)
Group shareholders' equity	2,128.4	2,070.5	2.8
Net debt	2,086.0	1,866.8	11.7
Investments in fixed assets	812.3	739.4	9.9
Cash flow (income+amortization and depreciation)	754.5	657.1	14.8

The sustained business levels, overall favorable sales price trends and the substantial realization of the targets set by the cost reduction plan for the two year period just passed, with savings estimated at approximately 48 million euro overall, are the bases for the satisfactory results achieved by the group during 2002.



## Contribution to consolidated net sales

(in millions of euro)

	2002	%	2001	%	Change 2002/2001	
					%	%*
<b>Business segment</b>						
Cement	2,655.3	62.3	2,560.7	63.0	3.7	1.9
Ready mixed concrete and aggregates	1,402.6	32.9	1,310.6	32.3	7.0	6.2
Other	203.7	4.8	191.4	4.7	6.4	7.1
<b>Total</b>	<b>4,261.7</b>	<b>100.0</b>	<b>4,062.7</b>	<b>100.0</b>	<b>4.9</b>	<b>3.5</b>
<b>Geographical area</b>						
European Union	3,004.0	70.5	2,854.2	70.2	5.2	4.8
<i>of which Italy</i>	<i>1,326.9</i>	<i>31.1</i>	<i>1,251.7</i>	<i>30.8</i>	<i>6.0</i>	<i>6.2</i>
North America	629.2	14.8	636.6	15.7	(1.2)	(3.2)
Asia	181.1	4.2	179.6	4.4	0.8	(1.0)
Other emerging countries	353.4	6.3	332.7	8.2	6.2	5.7
Trading	94.1	2.2	59.6	1.5	58.0	18.0
<b>Total</b>	<b>4,261.7</b>	<b>100.0</b>	<b>4,062.7</b>	<b>100.0</b>	<b>4.9</b>	<b>3.5</b>

\* at constant exchange rates and size

The increase of 4.9% in the group's consolidated net sales compared to 2001 was due for 3.5% to the positive business performance and for 2.4 % to changes in the consolidation area. However, there was a 1% decrease owing to the exchange rate effect as a result of the depreciation of other currencies, in particular the US dollar, compared to the euro.

## Net sales, gross operating profit and capital expenditure by geographical area

	Net sales		Gross operating profit		Capital expenditure		Invested capital*	
	2002	% change from 2001	2002	% change from 2001	2002	2001	2002	2001
European Union	3,169.9	5.2	762.0	8.2	309.5	218.5	2,825.1	2,684.5
North America	629.2	-1.2	162.1	1.2	50.7	52.4	597.1	563.9
Asia	197.2	2.9	46.1	-18.6	10.0	4.2	531.9	507.4
Other emerging countries	391.3	4.8	130.5	22.5	19.4	26.7	677.2	684.0
Trading and other	189.6	14.4	8.1	>100.0	1.1	1.4	65.0	53.7
Holding	-	-	-	-	-	-	348.6	447.3
Elimination of infra-country trading	(315.5)	-1.0	-	-	-	-	-	-
<b>Total</b>	<b>4,261.7</b>	<b>4.9</b>	<b>1,108.8</b>	<b>7.8</b>	<b>390.7</b>	<b>303.2</b>	<b>5,044.9</b>	<b>4,940.8</b>

\* net tangible and intangible assets and working capital

Investments in tangible assets concerned chiefly Italy, France, Belgium, Spain and the United States. Approximately 20% of these investments were for environmental protection, work safety, and improvements in product quality and distribution. In addition, investments in financial assets were made of 406.5 million euro, as well as investments in intangible assets of 31.3 million euro (28.1 million euro in 2001).



## European Union

In 2002, cement consumption in **Italy** saw a rise estimated at approximately 4.6% compared to 2001, exceeding 41 millions tons.

Overall sales volumes of hydraulic binders realized by the group, which were hit by an unfavorable geographic mix in relation to our production plant and by a fall in exports, recorded a rise of 0.2%.

The positive trend in sales prices contributed to the improvement in net sales and operating results, despite the increase in some operating costs, especially raw materials, electricity and logistical costs.

The construction of the new clinker production facilities at the cement plant of Calusco (Bergamo) was finished, while work on building the tunnel for the transport of raw materials is underway. In addition, investment has continued aimed at increasing the use of alternative energy sources which has helped to reduce fuel costs.

There was a continuation in the favorable trend which had been a feature of ready mixed concrete consumption in Italy in the previous year.

The group increased its ready mixed concrete sales volumes by 5.7%, taking advantage of the above average performance of the markets where it operates compared to the national figure. However, aggregates, of which approximately 55% was for self consumption, fell on a constant size basis by 7.2%.

Overall net sales, helped by the positive trend in ready mixed concrete prices, rose by 10.9%. This enabled the increase in variable costs to be offset and so led to a solid improvement in operating results.

In **France**, in a stable national market of 21 million metric tons, cement volumes sold by Ciments Calcia S.A. recorded slight progress (+0.8%) which, however, suffered something of a slowdown in the 4<sup>th</sup> quarter.

Net sales from operations rose by 3.2%. The solid level of production in the 2<sup>nd</sup> half enabled the negative impact of the strikes in the 1<sup>st</sup> quarter of 2002 to be offset.

The increase in net sales and the control of fixed costs translated into an improvement in operating results.

The aggregates and ready mixed concrete market experienced a slowdown compared to 2001 mainly in the field of public works and non-residential building.

Against this background, on a constant size basis, business levels at GSM (aggregates) and Unibéton (ready mixed concrete) dropped by 3.1% and 3.7% respectively.

Operating results improved thanks to the growth in net sales per unit which made up for both the fall in volumes sold and the increase in production costs, especially raw materials and transport.

In 2002, cement consumption in **Belgium** fell once again (-6%).

Sales volumes at Compagnies des Ciments Belges (CCB) grew overall by 3.2% compared to 2001. The fall on the national market (-5%) was more than made up for by the infragroup sales to the French market as a consequence of the strikes which affected production activity at Ciments Calcia S.A. in the 1<sup>st</sup> quarter of 2002.

Sales volumes fell in the aggregates (-7.4%) and ready mixed concrete (-4.6%) sectors, above all owing to the weakness of the market in the areas of civil engineering and pre-fabricated buildings.

The trend in sales prices enabled the increase in production costs to be absorbed.



In **Spain** the positive trend in the construction sector saw cement consumption increase by 4% compared to 2001.

Financiera y Minera (FyM) recorded an increase in national sales volumes of 4.2%, despite the strikes which affected business in the northern regions in the 1<sup>st</sup> half and the marked pressure from imports in the southern regions.

Sales of aggregates, helped by public works, rose by 7.4%, while ready mixed concrete sales rose by 3.7%.

The improvement in sales prices and volumes produced an increase in net sales of approximately 10%.

Operating results, which grew strongly, benefited from the positive business levels and an increased use of alternative fuels.

In 2002, national cement consumption in **Greece** grew by 12% compared to the previous year, thanks to particularly strong levels of business connected with the construction of the main infrastructure for the 2004 Olympic Games.

Halyps increased its sales on the national market while reducing exports. Overall cement sales volumes rose by 8.3% compared to 2001.

The lively state of the market also helped business levels in the aggregates and ready mixed concrete sectors, up by 29.3% and 33.5% respectively.

The increase in volume in all the businesses, with an increasingly large share of national cement sales and the positive trend in sales prices in the cement and aggregates sectors, enabled net sales and operating margins to be further improved, and were markedly up compared to 2001.

### North America

In May 2002 Essroc completed the purchase of Riverton Investment Corporation. With this acquisition, Essroc consolidated its position on the East coast and increased its annual production capacity to 7.5 million metric tons of cement.

Against an uncertain economic background, the construction sector experienced a slowdown. On a constant size basis, group cement and clinker sales fell by 4.9%, in line with the trend of the markets where it operates.

Despite the differences seen at a regional level, average sales prices saw a slight improvement overall, keeping the fall in net sales expressed in Us dollars and on a constant size basis to approximately 3.2%.

On a constant consolidation area and exchange rate basis, operating results were steady compared to 2001 thanks to satisfactory production levels and the containment of product purchases.



## Asia

Cement consumption in **Thailand**, markedly up in 2002 (+21%), reflected the clear signs of recovery in infrastructure and in the residential sector thanks to low interest rates. In a very favorable context, overall national group sales rose by 23.6%. To support this level of business, exports suffered a fall, reducing the overall increase in cement and clinker sales to 13.4%.

The fall in sales prices in the last quarter of 2001 continued in the first months of 2002. Despite the partial recovery in the 2<sup>nd</sup> quarter and in the following months, the average level of prices for the year, which was down compared to the previous year, affected the trend in net sales and hit operating results.

In **India** the group is present with Zuari Cement Ltd, a 50/50 joint venture, which in the year bought 96.2% of Sri Vishnu Cement Ltd. With this acquisition the group became the second largest cement producer in Andhra Pradesh, a southern state in the Indian Confederation.

Against an economic background which saw further growth in GDP and industrial production, the construction sector rose by 8% thus helping the increase in cement consumption (+11%).

The cement market in the south of the country grew by approximately 15%, reaching 30 million metric tons, but the excess production capacity made the competitive pressure worse. This situation affected the group's cement and clinker sales which saw a rise that only reached 2.5% on a constant basis and affected sales prices even more, with a negative impact on net sales and operating results.

## Other countries

In **Turkey** in a still uncertain economic and political situation, the Turkish lira, following the recovery recorded in the 1st quarter of 2002, suffered a further new depreciation. Thanks to a recovery in business in the 4<sup>th</sup> quarter, national cement consumption in 2002 rose compared to the previous year which had been characterized by heavily depressed business levels.

Group cement and clinker sales volumes were affected by the fierce pressure from competitors and saw a fall of 6.1% on a constant size basis, despite the growth recorded in the last months of the year. The trend in sales prices expressed in the local currency, which was greater than the depreciation against the euro, therefore caused a modest rise in net sales, again on a constant size basis.

Overall operating results recorded an improvement thanks to the increase in net sales, the containment of production costs and to the positive impact from the expansion of the consolidation area which as from 2002 includes Marmara Cimento.



Cement consumption in **Morocco** grew in 2002 as well (+5.3%), thanks to the investment programs in infrastructure and in accommodation.

Cement and clinker sales at Ciments du Maroc grew overall by 3.6%. Cement sales on the national market rose by 4.5% despite the uncertain performance in the 1<sup>st</sup> quarter in areas where the group operates, penalized by the conclusion of large tourism projects in the area of Agadir.

The positive thrust of the market was also reflected in aggregates and ready mixed concrete sales, which were up by 15% and 12.7% respectively.

Despite the negative exchange rate effect, operating results, helped by net sales and production cost control, made good improvement.

In 2002 the cement market in **Bulgaria** benefited from a generally positive situation (GDP increased by 4%) and from the solid performance of the construction sector (+8%), recording growth of 11.5% which brought consumption to 1.6 million metric tons.

Group net sales were helped by activity in the tourism zone to the south of the Black Sea and by an improvement in sales prices. The sound performance of national cement sales made up for the reduction in exports, above all in those infragroup sales destined for the North American market.

Operating results saw marked growth, thanks also to the savings made on fuel.

In **Egypt** 2002 saw a slight rise in GDP and an increase of approximately 1% in the construction sector. National cement consumption followed this trend rising by around 1.5%. In a very competitive environment, marked by an increase in production capacity and a fall in sales prices, Suez Cement Company (Suez) saw a fall in sales volumes on the national market, made up for in part by export business.

The fall in sales prices, together with the very tight margins on exports, hit operating results.

As already mentioned in this report, Suez is consolidated on an equity basis.

The group consolidated result for Suez was a profit of 1.3 million euro. However, a loss of 12.8 million euro was recorded on the value of the goodwill recognized at the time of the acquisition of the equity investment in the Egyptian group. The net effect on the Italcementi group's accounts was therefore a loss of 11.5 million euro.

### Group e-business initiatives

2002 confirmed the lines of development established in 2001 with marked growth, in Italy and abroad, of the activities of BravoSolution S.p.A. which confirmed its place as the Italian leader in the e-procurement and e-sourcing market.

In the markets where BravoSolution S.p.A. operates through its subsidiary companies, the outlook is varied: France is developing strongly and has considerable potential in the short term, Spain is still not yet completely open to the use of the tools and services proposed.

In 2002 BravoSolution S.p.A. and its subsidiary companies recorded overall net sales of 6.4 million euro, strongly up compared to 2001 (net sales of 1.5 million euro) and a loss of 6.6 million euro. For the year in course a marked improvement in results is forecast in line with development goals of the initiative.



## Energy project

During 2002, Italgem S.p.A. mainly concentrated on the implementation activities for the company development project which envisages the revamping of the existing thermoelectric plants, the exploitation of some industrial sites belonging to the group which have features conducive to the construction of new combined cycle thermoelectric plants, and the enhancement of hydroelectric plants. In the thermoelectric sector there continued the process of obtaining the necessary authorizations for the construction of new combined cycle plants, while in the hydroelectric sector there continued the studies relating to the enhancement of the existing plants with the aim of obtaining the qualification of renewable energy plants.

97% of the energy generated (562 GWh) was sold to the Italcementi group in Italy thus enabling Italcementi to satisfy approximately 30% of its annual requirement. Overall the company ended its first full financial year with net sales of 32.5 million euro and net income for the year of 3.1 million euro.

## Ecology, environment and safety

2002 saw a major commitment by the group in the area of sustainable development policy. In July the CSI (Cement Sustainability Initiative) was signed. This is a protocol signed by the ten biggest cement producers in the world, which establishes a five-year action plan aimed at achieving long-term change. The action plan is divided into six key areas: environmental protection, fuel and raw materials, health and safety of workers, emission reduction, local impact and management processes.

In parallel to the initiatives in the environmental field the commitment to the "Zero accidents" project continued. In 2003 it is planned to create a multi-lingual database to house all the information relating to accidents that have occurred and to create a dedicated group reporting system. Also in 2002 the level of injuries confirmed the decreasing trend which has been a feature of the project since its inception.

## Engineering, technical support, research and development (CTG S.p.A. - Centro tecnico di gruppo, Group Technical Center)

In keeping with its mission, as in the past, CTG S.p.A. worked for group companies undertaking research, engineering, support for the construction of new plants and the modernization of existing facilities, assistance in the operation and maintenance of production facilities, and R&D projects.

The main construction project was the new cement plant at Calusco (Bergamo). In the assistance area, note should be made of the work to improve the quality of products, production and technological performance and the completion of new facilities in various cement plants.

In 2002 research work covered materials and processes. Particular attention was paid to the transfer of technology for new techniques for laying ready mixed concrete and special cements.



## Results of the Parent company Italcementi S.p.A.

Italcementi S.p.A. ended 2002 with net income of 163.0 million euro, an increase of 32.9% compared to 2001 (net income of 122.6 million euro)

### Key figures

	2002	2001	(in millions of euro) % change 2002/2001
<b>Net sales</b>	<b>891.2</b>	<b>839.7</b>	<b>6.1</b>
<b>Added value</b>	<b>410.0</b>	<b>383.1</b>	<b>7.0</b>
<b>Gross operating profit</b>	<b>273.1</b>	<b>247.8</b>	<b>10.2</b>
<i>% of net sales</i>	30.6	29.5	
Amortization and depreciation	57.1	62.5	(8.6)
<b>Operating income</b> (difference in value/costs of production)	<b>216.0</b>	<b>185.3</b>	<b>16.6</b>
<i>% of net sales</i>	24.2	22.1	
Financial income and charges	33.6	22.7	48.1
Adjustments to the value of financial assets	(24.9)	(4.5)	n.s.
Non-recurring income and charges	2.5	(0.8)	n.s.
<b>Income before taxes</b>	<b>227.1</b>	<b>202.7</b>	<b>12.1</b>
<b>Net income</b>	<b>163.0</b>	<b>122.6</b>	<b>32.9</b>
Shareholders' equity	1,858.3	1,767.1	5.1
Net debt	402.8	333.3	20.8
Investments in fixed assets	205.1	153.2	33.9
<b>Cash flow</b> (income+amortization and depreciation)	<b>220.1</b>	<b>185.1</b>	<b>18.9</b>

n.s. = not significant

At the shareholders' meeting to approve the financial statements the distribution of a gross dividend per share of 0.27 euro (0.24 euro gross in 2002) for ordinary shares and 0.30 euro (0.27 euro gross in 2002) for savings shares will be proposed.

### Significant post balance sheet events

Up to 28 February 2003 Italcementi S.p.A., through its subsidiary companies, had increased its equity investment in Ciments Français by 721,958 shares overall, with an investment of 34.6 million euro: the overall equity investment held indirectly by Italcementi S.p.A. in Ciments Français S.A. thus rose to 73.7%.

Also as of this date Italcementi S.p.A., within the context of specific authorizations arising from shareholders' meetings, acquired 46,160 of its own ordinary shares for an overall equivalent value of 388,000 euro.



## Outlook

The high level of uncertainty regarding the global economic situation makes it very difficult to make reliable forecasts about the results for 2003.

The performance in the first two months, which as a rule is not particularly indicative in our sector, nonetheless confirmed the tendency towards a slowdown in some developed markets, and in particular in North America, as opposed to a generally positive trend in emerging countries.

Against this background, and in the light of increases that have occurred in energy costs, the group is strongly committed to an action plan that aims to make further improvements in operational efficiency and to adopt very selective investment policies.

The objective for the year, should there be no further negative developments in the global political and economic picture, is to consolidate operating results and to reduce debt.

## Food packaging and thermal insulation sector

The Group is present in the food packaging and thermal insulation sector through Sirap Gema S.p.A. and its subsidiary companies with five production facilities, one of which is in France.

### Summarized consolidated financial statements

(The figures for 2001 include the thermal insulation business in Belgium)

	(in millions of euro)		
	2002	2001	Change
<b>Net sales</b>	<b>104.9</b>	<b>109.8</b>	<b>(4.9)</b>
<b>Added value</b>	<b>43.3</b>	<b>39.4</b>	<b>3.9</b>
<b>Gross operating profit</b>	<b>20.2</b>	<b>15.9</b>	<b>4.3</b>
Amortization and depreciation	7.1	6.7	0.4
<b>Operating income</b>	<b>13.1</b>	<b>9.2</b>	<b>3.9</b>
Financial income and charges	(2.1)	(2.2)	0.1
Non-recurring income and charges	(0.2)	(11.1)	10.9
Income before tax	10.8	(4.1)	14.9
Taxes on income	(6.7)	(0.1)	(6.6)
<b>Net income for the year</b>	<b>4.1</b>	<b>(4.2)</b>	<b>8.3</b>
Cash flow (income+amortization and depreciation)	11.2	2.5	8.7
Investments in tangible assets	9.6	11.2	(1.6)
Net invested capital	69.3	66.7	2.6
Group shareholders' equity	23.6	19.4	4.2
Net debt	36.5	37.8	1.3
Personnel (heads)	592	579	13



2002 saw a return to profit following the end of the profound restructuring of the thermal insulation sector which had a major impact on results in 2001 and led to the closure of the Belgian facility at Manage and to the reorganization of the related commercial network.

The sound overall trend in demand in the main markets in which the Group currently operates enabled the fall in net sales to be largely contained compared to the same period last year, which included six months' business at the closed plant.

The income ratios show a clear recovery despite a raw material market that featured very volatile prices and experienced rises of up to 50%.

The financial position improved only slightly since cash flow generated by the group was largely absorbed by the investments made in assets.

During the year the process of reorganizing the group's corporate structure was finalized and led to the concentration of similar businesses in specific legal entities to enable greater flexibility in production and marketing to be achieved; in particular a new company was set up, Sirap Gema Insulation Systems, which took over from Sirap Gema the production of EPS moulds for construction related applications and from Sirap International the thermal insulation business.

## Food packaging

### Italy

	(in millions of euro)		
	2002	2001	2000
Net sales	43.8	41.8	40.7
Gross operating profit	10.6	10.6	9.4
Net invested capital	41.3	38.4	28.7
Investments in tangible assets	5.1	5.5	8.6
Personnel (heads)	280	291	288

The Italian market was particularly lively and competitive as some operators tried to recover the volumes lost during the BSE crisis, an event which had caused a fall in meat consumption.

During 2002 demand for red meat gradually returned to previous levels, while there was a weak performance by poultry with supply outstripping demand.

Despite Sirap finding itself having to operate in a complex situation which made it difficult to transfer the rising trend in raw material prices to sales prices, net sales still improved by 4.8% compared to the previous year, thanks to greater volumes and changes in the mix, and gross operating profit stayed largely unchanged.

The level of investment in fixed assets stayed the same as in 2001: the production of absorbent trays (Activopack), for which there is an increase in demand, was enhanced and storage facilities were improved.



## France

	(in millions of euro)		
	2002	2001	2000
Net sales	25.9	24.9	22.0
Gross operating profit	5.2	4.2	3.3
Net invested capital	12.5	9.0	7.9
Investments in tangible assets	3.2	2.3	1.4
Personnel (heads)	120	110	101

The market, which had enjoyed substantial stability in the 1<sup>st</sup> half of the year, subsequently saw competition ignite as new operators joined the market.

Demand was maintained by a good level of consumption, although the weak level of demand for white meat still persists.

In this overall favorable situation, Sirap recorded a discreet increase in net sales (4%) and a clear improvement in operating income, the ratio of which to sales rose from 17 to 20%, thanks also to an increase in the efficiency of production achieved with the use of new expanding gases.

As for investments in production they were concentrated on new thermoforming equipment and new tray moulds.

In addition, the French company went ahead with the purchase of a piece of land, next to its current production facility, and started work on building a new warehouse which will be completed by May 2003 at a total cost of approximately 3 million euro.

## Thermal insulation

### Italy

	2002	2001	2000
Net sales	35.2	25.0	20.3
Gross operating profit	4.5	2.9	2.4
Net invested capital	15.6	9.7	9.1
Investments in tangible assets	1.3	5.4	1.3
Personnel (heads)	192	113	107

The thermal insulation market performed well overall throughout the year thanks to strong demand helped by the solid performance of the construction sector, in particular in the restructuring and electrical system refurbishment sector for public buildings.

Sirap Gema concentrated on implementing the new organization of the sector which in Italy led to enhancing the production capacity for single-layer panels and the use of new expanding agents that are more environment-friendly.



Full operation of the lines was achieved at the end of the 1<sup>st</sup> half, while in the 2<sup>nd</sup> half production efficiency was gradually refined and the range of products was expanded. Although the figures for 2002 are not comparable with those for 2001 because of the change in product mix, it may be noted that the ratio of gross operating profit to net sales, despite the production launch phase mentioned previously, improved noticeably. Investments in fixed assets were aimed at improving production efficiency.

### Research and development

R&D targeted its work in the packaging sector mainly at the study of barrier trays and their industrial production; in addition, experimentation with biodegradable products continued.

In the thermal insulation sector the greater know-how acquired of processing technology enabled the production of more stable and resistant panels in terms of size, with a gradual increase in the widths of the single-layer product and better use of the new expanding gases.

### Results of the Parent company Sirap Gema S.p.A.

The parent company recorded net income of 3.3 million euro compared to a loss of 4.7 million euro in the previous year. That loss was due to the write-down of the equity investment held in the thermal insulation sector.

### Significant events after the end of the year

There were no significant events in the early months of 2003; the raw material market is constantly monitored and purchasing costs highlight major increases over the past few months.

### Outlook

The key markets maintained an overall positive trend at the start of the year. The results for 2003 will, nonetheless, be affected by the climate of uncertainty that surrounds the world economy and by the trend in raw polymer prices, which already at the start of the year had started a sharply upward spiral. Should this trend continue during the year it could cause a marked fall in operating margins.



## Financial sector

This sector includes the financial companies over which Italmobiliare has, directly or indirectly, full control.

### Italmobiliare International Finance Limited (Dublin)

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

Its main financial figures are as follows:

	(in millions of euro)		
	2002	2001	Change 2002/2001
Financial income and charges	19.0	22.8	(3.8)
Write-downs	(0.1)	(1.2)	1.1
Operating costs, amortization and depreciation	(0.8)	(0.8)	-
Net income	16.2	18.8	(2.6)
Shareholders' equity	560.9	454.7	106.2
Net financial position	556.1	450.3	105.8

The company recorded net income of 16.2 million euro, down compared to the figure in 2001. This trend was mainly due to the progressive fall in short and medium term interest rates that coincided with the period of slowdown in the world economy; nonetheless, the fall in yields led to an increase in the unrealized capital gains on the fixed rate securities portfolio.

The management policy, as in the past, was governed by a careful analysis of the creditworthiness of issuers; securities with a medium to high rating were preferred: this limited the overall profitability of the portfolio, which nonetheless outstripped the key bond benchmarks. The duration of the portfolio, taking into account the general situation of uncertainty, was limited to not over a year.

The choices made enabled the portfolio to be free of the volatile excesses which were a feature of the bond markets during 2002.

The net financial position increased from 450.3 to 556.1 million euro since during the process of reorganizing the foreign financial companies the company was supplied in the 4<sup>th</sup> quarter with a further 90 million euro of shareholders' equity.



## Fincomind group (Zürich)

There follow the key highlights for the group.

	(in thousands of Swiss francs)		
	2002	2001	Change 2002/2001
Net interest income	11,224	13,456	(2,232)
Commissions and services	38,765	43,100	(4,335)
Trading and other income	8,033	6,515	1,518
<b>Total income from operations</b>	<b>58,022</b>	<b>63,071</b>	<b>(5,049)</b>
Operating costs	(54,107)	(56,806)	2,699
<b>Gross operating profit</b>	<b>3,915</b>	<b>6,265</b>	<b>(2,350)</b>
Write-downs, provisions and losses	(16,014)	(301)	(15,713)
Amortization and depreciation	(4,038)	(3,981)	(57)
<b>Operating income</b>	<b>(16,137)</b>	<b>1,983</b>	<b>(18,120)</b>
Non-recurring income and charges	14,141	174	13,967
<b>Income before taxes</b>	<b>(1,996)</b>	<b>2,157</b>	<b>(4,153)</b>
Income taxes	(2,211)	(1,263)	(949)
<b>Net income</b>	<b>(4,207)</b>	<b>894</b>	<b>(5,101)</b>
<b>Shareholders' equity</b>	<b>80,896</b>	<b>86,947</b>	<b>(6,051)</b>

The continuing uncertainty of the financial markets that was evident during 2002 and the consequent caution on the part of investors affected the results of financial institutions that operate in the asset management sector.

The Fincomind group too, which operates in private banking through Finter Bank Zürich and Finter Bank France, felt the impact in operating terms of the unfavorable economic situation. Moreover, the consolidated result was greatly affected by the prudential provisions that it was felt opportune to make in order to cope with the major restructuring of the subsidiary Finter Bank France, which it is intended to start shortly.

In the past we have mentioned the difficult and onerous path taken to reposition this company's business in private banking. The initiatives taken over time which culminated in 2001 with the change in management and the enhancement of the professional capacity devoted to asset management, have not produced the expected results. Therefore, the decision has been taken to act more decisively and radically in order to restore the right balance to the company's business operations. Every possible initiative will be undertaken with the objective of reshaping the structure to the sole business of private equity, to the exclusion of every other activity which is not in keeping with or connected to it, and which in any case is not compatible with such an operational direction.

Finter Bank Zürich recorded consolidated operating results for 2002 that were slightly down compared to 2001, while net income made progress passing from 7.2 million to 10.2 million Swiss francs, owing to non-recurring income realized on the sale of minority equity investments.

At 31 December 2002 assets under management totaled 4.2 billion Swiss francs in line with the figure at the end of September 2002, but down compared to 31 December 2001, owing to both the provisions taken by the Italian authorities regarding the so-called "tax-shield" and the fall in the international exchanges.



The parent company Fincomind ended 2002 with a loss of 5.5 million Swiss francs compared to a profit of 4.2 million Swiss francs in the previous year, mainly because of the write-down of the subsidiary company Soparfinter S.A. (formerly Finter Holding S.A.) whose balance sheet was affected by the prudent provisions referred to above on Finter Bank France, of which the former holds the controlling equity investment. Net debt at Fincomind totaled 32.9 million Swiss francs, just over the 32.3 million Swiss francs at 31 December 2001.

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

The company holds some important equity investments, including HdP, IntesaBci, Mediobanca, Poligrafici Editoriale, Fincomind S.A., Consortium S.r.l., Cartiere Burgo and Crédit Mobilier de Monaco.

Its main financial figures for 2002 and 2001 were as follows:

	2002	2001	(in millions of euro) Change 2002/2001
Income and charges financial	10.0	13.2	(3.2)
Write-downs and revaluations	(22.0)	(34.4)	12.4
Operating costs, amortization and depreciation	(0.6)	(0.6)	-
Net income	(12.7)	(21.7)	9.0
Equity investments	136.2	155.2	(19.0)
Shareholders' equity	141.2	242.0	(100.8)
Net financial position	8.3	87.7	(79.4)

The company recorded a loss of 12.7 million euro, an improvement compared to a loss of 21.7 million euro in 2001. The result was influenced by the worsening of the stock market in 2002, which made necessary further adjustments to the book value of some listed equity investments to reflect market values: the main write-downs concerned Banca Intesa for 11.2 million euro and HdP for 9.3 million euro.

In addition, there were write-downs to some unlisted equity investments, and in particular to the Ascend and Draper funds, following the negative results which hit most initiatives connected to the new economy.

The positive balance on financial income/charges, which includes income on equity investments and on financial assets, fell from 13.2 to 10.0 million euro owing to the absence of capital gains on the sale of shares and the reduction in dividends, in part made up for by the improvement in the management of financial assets.

As part of the reorganization of the foreign financial companies, the company redefined its duties and concentrated its activities solely on managing equity investments. The result was the substantial liquidation of its financial assets and therefore an excess of liquidity in relation to the new aims of the company. Therefore, a reduction in the share capital was arranged; the net financial position fell to levels that were coherent with the new direction of the company, moving from 87.7 million euro to 8.3 million euro in 2002.



As for other unlisted equity investments note should be made of the following:

- Crédit Mobilier de Monaco, a small banking unit in Monaco, recorded net income in 2002 of 255 thousand euro, down compared to 370 thousand euro in 2001. In 2002 a dividend of 342 thousand euro was paid in respect of the results for 2001;
- Consortium S.r.l., which currently holds 13.9% of the share capital of Mediobanca, has still not approved its financial statements at 31 December 2002. The figures at 30 June 2002 showed a pre-tax loss of 11.7 million euro: on the basis of the information available 2002 will end, following the write-down of trading shares, with a loss well above that of 2001 which was 2.8 million euro.

## Other equity investments

**At consolidated level** this heading includes:

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

(in thousands of euro)

	31 December 2002		31 December 2001	
	%	Book value	%	Book value
<b>Banking-finance sector</b>				
Mediobanca	2.65	137,831	2.48	122,969
Unicredito Italiano	1.36	98,296	1.70	98,296
Banca Intesa	0.29	35,024	0.29	46,210
Banca Popolare di Bergamo e Credito Varesino	1.95	49,867	1.51	36,937
Mittel	12.91	21,518	12.91	19,836
Fin.Priv. S.r.l.	14.28	14,354	14.28	14,354
Tredicimarzo S.r.l.	-	-	10.00	14,001
Consortium S.r.l.	2.27	15,092	2.27	15,092
<b>Total</b>		<b>371,982</b>		<b>367,695</b>
<b>Industrial groups and holding companies for industrial equity investments</b>				
HdP	5.77	77,680	5.77	85,608
Gemina	4.38	17,002	4.38	19,920
Gim	4.33	7,276	4.33	7,276
Poligrafici Editoriale	4.77	4,409	4.77	4,409
Sigesa	-	-	29.00	19,832
Società Editrice Siciliana S.p.A.	33.00	15,468	33.00	15,468
Sesaab S.p.A.	10.00	9,325	10.00	9,325
<b>Total</b>		<b>131,160</b>		<b>161,838</b>

Dividends received from these equity investments totaled 32 million euro, including tax credits.



## Other companies

### Cartiere Burgo S.p.A.

During the year the company suffered the effects of a poor national and international economic context and sales stood at 1,674.5 million euro, down compared to 1,706.05 million euro in the previous year.

On the basis of the information available, and taking into consideration that the financial statements for 2002 have not been approved, net income should be substantially in line with 2001 which closed with consolidated net income of approximately 30 million euro. A significant reduction is expected in profitability compared with the 144.6 million euro reported in 2001.

A careful investment policy and the sale of some minority equity investments enabled a reduction in net debt from 1,617.2 million euro in 2001 to 1,540 million euro in 2002.

During the year the new line at the paper mill in Verzuolo entered production, which in 2003 should be fully functional and make a marked contribution to the improvement in production levels and efficiency.

Towards the end of 2002 and in the first few months of 2003 the company's shareholding arrangements went through some changes with the entry of a shareholder that operates in the sector.

## Human resources

A breakdown of personnel by country is as follows:

	2002	%	2001	%
Italy	5,391	29.2	6,453	33.7
France	4,344	23.5	4,450	23.3
Belgium	577	3.1	603	3.2
Spain	842	4.6	849	4.4
Greece	331	1.8	313	1.6
Other European countries	6	-	6	-
<b>Total Europe</b>	<b>11,491</b>	<b>62.2</b>	<b>12,674</b>	<b>66.2</b>
North America	1,856	10.0	1,547	8.1
Turkey	1,011	5.5	1,040	5.4
Morocco	1,015	5.5	1,036	5.4
Bulgaria	864	4.7	1,018	5.3
Thailand	1,446	7.8	1,509	7.9
India	530	2.9	313	1.7
Other countries	276	1.5	-	-
<b>Total countries outside Europe</b>	<b>6,998</b>	<b>37.8</b>	<b>6,463</b>	<b>33.8</b>
<b>Total</b>	<b>18,489</b>	<b>100.0</b>	<b>19,137</b>	<b>100.0</b>

The number of employees at subsidiary companies, which carry out other activities and are consolidated on the equity basis, was 182.



## Dealings with related parties

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

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

Dealings with related parties reflect the 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.

All the dealings described above are conducted at normal market conditions.

Italmobiliare also carries out an administrative service for some associated companies which is regulated on the basis of the costs attributable to carrying out the service. In total the value of these services was 29.3 thousand euro. It also earned financial income of 14.9 thousand euro for net interest income on guarantees given to banking institutions in the interests of an associated company.

Dealings with related parties concern administrative, tax and corporate consultancy services provided to the Italcementi group by Italo Lucchini, a director of Italmobiliare, and by FINSISE S.p.A., a company of which Mr. Lucchini is Chief Executive and majority shareholder. In addition, the Italmobiliare Group uses the services of Professional Auditing S.p.A., a trust company, of which Mr Lucchini is the key shareholder. These services are paid at normal market rates.

The professional associate studio Casella-Minoli, which the director of Italmobiliare Luca Minoli belongs to, as does Giorgio Bonomi, also a director of Italmobiliare, during 2002 worked on the duties previously assigned to it by Italmobiliare and by Group companies, for legal and paralegal assistance in relation to ongoing legal disputes. These services are paid in accordance with professional rates and in keeping with those practiced by third party professionals.

The summarized figures at 31 December 2002 for dealings with related parties are shown in the following table, while for information on dealings with related parties of the parent company Italmobiliare, reference should be made to the specific sections contained in the Directors' report and the notes of Italmobiliare.

Description	(in thousands of euro)				
	Net sales (purchases) goods and services	Trade receivables (payables)	Financial receivables (payables)	Interest received (paid)	Interest received (paid)
Subsidiary and associated companies *	13,023 (47,495)	5,564 (3,380)	36,295 (3,730)	2,328 (25)	1,763 -
Other related parties	(412)	(153)	-	-	-

\* companies consolidated with the proportional, equity and cost methods



## Legal and tax disputes - Law 289/2002 (Amnesty)

As for legal and tax disputes concerning various Group companies, including Italcementi S.p.A., appropriate provisions have been made in the relevant years where, on the basis of the findings that have emerged and of the assessment of the connected risks, the potential liabilities have been considered likely.

Group companies interested in the regulation on the so-called "amnesty" (Law no. 289 of 27 December 2002) have followed the provisions in relation to the overall specific tax situation of each company and adopted the stance that is considered most appropriate for the company interests. The overall charge for the Group totals around 6.3 million euro and has been set aside in the respective financial statements at 31 December 2002.

## Significant post balance sheet events

Significant post balance sheet events have been included in the comments on the individual sectors or on subsidiary companies.

## Outlook

The high level of uncertainty regarding the global political and economic situation makes it very difficult to make reliable forecasts about the results for 2003.

The performance of the construction sector where the Italcementi group operates should confirm the tendency towards a slowdown in some developed markets, and in particular in North America, while there should be a generally positive trend in emerging countries. In this sector the Group is strongly committed to an action plan that aims to make further improvements in operational efficiency with the objective of consolidating the operating results of 2002, should there be no further downturns.

In the food packaging and thermal insulation sector the Sirap Gema group could, unless there is a marked rise in raw material costs, achieve a better result from operations.

At a consolidated level, in the absence of a further worsening of the financial markets which would have a negative impact on our equity investments, the result could be in line with that for 2002.

Milan, 24 March 2003

Board of Statutory Auditors

## ■ 2002 Consolidated financial statements

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Consolidated balance sheet  
Consolidated income statement  
Notes to the consolidated  
financial statements



# Consolidated balance sheet

## ASSETS

(in thousands of euro)	12.31.2002	12.31.2001	Change
<b>A) Amounts due from shareholders</b>	-	-	-
<b>B) Fixed assets</b>			
I - Intangible assets:			
1) Start-up and capital expenses	15,634	17,361	(1,727)
2) Research, development and advertising expenses	418	707	(289)
3) Industrial patents and similar rights	2,414	2,316	98
4) Licenses, trademarks and similar rights	29,419	31,241	(1,822)
5) Goodwill	20,786	26,912	(6,126)
6) Assets under development and goodwill	6,601	5,016	1,585
7) Consolidation differences	1,284,924	1,245,644	39,280
8) Other	46,512	37,192	9,320
Total	1,406,708	1,366,389	40,319
II - Tangible assets:			
1) Land and buildings	1,115,731	1,142,382	(26,651)
2) Plant and machinery	1,378,299	1,403,076	(24,777)
3) Industrial and commercial equipment	166,549	130,332	36,217
3bis) Freely transferable assets	10,547	12,844	(2,297)
4) Other fixed assets	59,592	96,106	(36,514)
5) Assets under construction and advances	279,841	203,126	76,715
Total	3,010,559	2,987,866	22,693
III - Investments and other financial assets:			
1) Equity investments in:			
a) Subsidiaries	77,114	88,148	(11,034)
b) Associated companies	429,389	503,366	(73,977)
d) Other	434,438	412,631	21,807
2) Amounts receivable:			
a) From subsidiaries:			
Due within one year	134	15	119
Due after one year	5,569	620	4,949
b) From associated companies:			
Due within one year	17,278	17,001	277
Due after one year	5,411	5,954	(543)
d) Other			
Due within one year	620	620	-
Due after one year	339,837	302,662	37,175
3) Other securities	54,469	156,716	(102,247)
4) Own shares			
Book value	21,120	21,120	-
Nominal value 2,388,880 euro			
Total	1,385,379	1,508,853	(123,474)
<b>Total fixed assets (B)</b>	<b>5,802,646</b>	<b>5,863,108</b>	<b>(60,462)</b>



(in thousands of euro)	12.31.2002	12.31.2001	Change
<b>C) Current assets</b>			
I - Inventories:			
1) Raw materials, consumables and supplies	259,291	268,238	(8,947)
2) Work in progress and semi-finished goods	77,077	72,656	4,421
3) Contract work in progress	3,817	-	3,817
4) Finished goods	107,447	97,145	10,302
5) Payments on account	13,908	7,931	5,977
Total	461,540	445,970	15,570
II - Trade and other receivables:			
1) Trade receivables:			
Due within one year	987,470	946,125	41,345
Due after one year	-	145	(145)
2) Subsidiaries:			
Due within one year	3,976	5,691	(1,715)
3) Associated companies:			
Due within one year	1,274	2,050	(776)
4 bis) Related companies:			
Due within one year	325	1,710	(1,385)
5) Others			
Due within one year	234,072	250,713	(16,641)
Due after one year	52,558	43,636	8,922
Total	1,279,675	1,250,070	29,605
III - Financial assets not held as fixed assets:			
2) Equity investments in associated companies	2,036	2,006	30
4) Other equity investments	63,893	83,147	(19,254)
6) Other securities	535,914	600,394	(64,480)
7) Financial receivables:			
Due within one year:			
a) subsidiaries	7,221	4,996	2,225
b) associated companies	983	1,085	(102)
d) related companies	-	9	(9)
e) other	174	10,148	(9,974)
Total	610,221	701,785	(91,564)
IV - Cash and cash equivalents:			
1) Bank and postal accounts	240,368	151,574	88,794
2) Checks on hand	3,094	4,136	(1,042)
3) Cash-in-hand and cash equivalents	882	1,728	(846)
Total	244,344	157,438	86,906
<b>Total current assets (C)</b>	<b>2,595,780</b>	<b>2,555,263</b>	<b>40,517</b>
<b>D) Prepayments and accrued income</b>			
b) Other prepayments and accrued income	69,973	79,598	(9,625)
<b>Total</b>	<b>69,973</b>	<b>79,598</b>	<b>(9,625)</b>
<b>Total assets</b>	<b>8,468,399</b>	<b>8,497,969</b>	<b>(29,570)</b>



## EQUITY AND LIABILITIES

(in thousands of euro)	12.31.2002	12.31.2001	Change
<b>A) Shareholders' equity</b>			
I - Share capital	100,167	100,167	-
II - Share premium reserve	177,191	177,191	-
III - Revaluation reserve	86,760	86,760	-
IV - Legal reserve	20,033	20,033	-
V - Reserve for purchase of own shares	21,120	21,120	-
VII - Other reserves	974,515	951,572	22,943
VIII - Retained earnings	72,315	42,753	29,562
IX - Net income for the year	119,758	143,112	(23,354)
<b>Total Group shareholders' equity</b>	<b>1,571,859</b>	<b>1,542,708</b>	<b>29,151</b>
X - Minority interest	2,037,860	2,171,313	(133,453)
<b>Total shareholders' equity</b>	<b>3,609,719</b>	<b>3,714,021</b>	<b>(104,302)</b>
<b>A bis) Floating rate subordinated securities</b>	<b>324,640</b>	<b>324,640</b>	<b>-</b>
<b>B) Provisions for contingencies and charges</b>			
1) Pensions and similar obligations	84,625	59,564	25,061
2) Taxes	308,077	356,395	(48,318)
3) Other	241,625	255,979	(14,354)
<b>Total</b>	<b>634,327</b>	<b>671,938</b>	<b>(37,611)</b>
<b>C) Employees' leaving entitlements</b>	<b>85,357</b>	<b>102,634</b>	<b>(17,277)</b>
<b>D) Payables</b>			
1) Debentures:			
Due within one year	9	504,312	(504,303)
Due after one year	500,924	150,924	350,000
3) Due to banks:			
Due within one year	820,418	449,076	371,342
Due after one year	910,841	934,270	(23,429)
4) Sums due to other providers of finance:			
Due within one year	10,721	14,022	(3,301)
Due after one year	524,571	592,581	(68,010)
5) Payments on account:			
Due within one year	19,982	10,762	9,220
6) Accounts payable to suppliers:			
Due within one year	591,902	578,296	13,606
7) Accounts payable on bills accepted and drawn:			
Due within one year	74,674	69,926	4,748
8) Amounts payable to subsidiaries:			
Due within one year	1,932	1,605	327
9) Amounts payable to associated companies:			
Due within one year	2,244	1,466	778
11) Sums payable to tax authorities:			
Due within one year	87,076	135,933	(48,857)
Due after one year	-	228	(228)
12) Social security charges payable			
Due within one year	45,950	44,693	1,257
13) Other amounts due:			
Due within one year	202,528	175,968	26,560
Due after one year	156	178	(22)
14) Financial payables:			
a) subsidiaries	709	278	431
b) associated companies	3,004	2,887	117
<b>Total</b>	<b>3,797,641</b>	<b>3,667,405</b>	<b>130,236</b>
<b>E) Accruals and deferred income</b>			
b) other accruals and deferred income	16,715	17,331	(616)
<b>Total</b>	<b>16,715</b>	<b>17,331</b>	<b>(616)</b>
<b>Total equity and liabilities</b>	<b>8,468,399</b>	<b>8,497,969</b>	<b>(29,570)</b>



## MEMORANDUM AND CONTINGENCY ACCOUNTS

(in thousands of euro)	12.31.2002	12.31.2001	Change
<b>1) Guarantees</b>			
a) Sureties:			
On behalf of subsidiaries	8,518	8,837	(319)
On behalf of associated companies	8,174	8,024	150
On behalf of related companies	273	-	273
Other	70,144	89,791	(19,647)
Total a)	87,109	106,652	(19,543)
c) Other personal guarantees:			
On behalf of subsidiaries	728	728	-
Other	259	259	-
Total c)	987	987	-
<b>Total guarantees</b>	<b>88,096</b>	<b>107,639</b>	<b>(19,543)</b>
<b>2) Guarantees on company assets</b>			
a) For third party payables and obligations	150,697	192,664	(41,967)
b) For payables accounted for in financial statements	22,573	112,515	(89,942)
<b>Total collateral given</b>	<b>173,270</b>	<b>305,179</b>	<b>(131,909)</b>
<b>3) Purchase commitments</b>	<b>5,380</b>	<b>5,648</b>	<b>(268)</b>
<b>4) Sales commitments:</b>			
Sales commitments	22,815	565	22,250
<b>Total sales commitments</b>	<b>22,815</b>	<b>565</b>	<b>22,250</b>
<b>5) Other memorandum and contingency accounts</b>			
Group assets held by third parties	1,843,423	1,846,789	(3,366)
Third party assets held by the Group	90,581	64,549	26,032
Leasing installments to be paid	3,433	4,251	(818)
Guarantees received	4,627	12,893	(8,266)
Sureties received	121,806	96,908	24,898
Property in leasing	1,383,818	1,370,956	12,862
Derivative financial instruments	20,113	27,842	(7,729)
Other	7,098	6,857	241
<b>Total other memorandum and contingency accounts</b>	<b>3,474,899</b>	<b>3,431,045</b>	<b>43,854</b>
<b>Total memorandum and contingency accounts</b>	<b>3,764,460</b>	<b>3,850,076</b>	<b>(85,616)</b>



# Consolidated income statement

(in thousands of euro)	12.31.2002	12.31.2001	Change
<b>A) Net sales and other operating income</b>			
1) Net sales	4,365,279	4,206,727	158,552
2) Change in inventories of work in progress, semi-finished and finished goods	13,591	(8,552)	22,143
3) Variation in contract work in progress	3,403	-	3,403
4) Increase on internal work capitalized under fixed assets	18,210	15,012	3,198
5) Other operating income:			
a) Grants for operating expenses	1,071	44,867	(43,796)
b) Other operating income	38,650	46,884	(8,234)
Total	4,440,204	4,304,938	135,266
<b>B) Operating costs</b>			
6) Raw, ancillary and consumable materials and supplies	1,089,049	1,064,195	24,854
7) Services	1,292,180	1,257,090	35,090
8) Use of third party assets	77,659	78,967	(1,308)
9) Personnel expenses:			
a) Wages and salaries	508,389	513,594	(5,205)
b) Social security contributions	188,027	186,595	1,432
c) Employees' leaving entitlements	15,901	18,611	(2,710)
d) Pensions and similar obligations	2,709	2,390	319
e) Other costs	7,725	7,980	(255)
10) Amortization, depreciation and write-downs:			
a) Amortization of intangible assets	105,880	109,487	(3,607)
b) Depreciation of tangible assets	285,136	286,125	(989)
c) Other write-downs of fixed assets	17,635	-	17,635
d) Write-downs of receivables and cash and cash equivalents forming part of current assets	16,814	15,708	1,106
11) Variation in raw, ancillary and consumable materials and supplies	5,242	(9,958)	15,200
12) Provision for contingencies	10,625	8,455	2,170
13) Other provisions	310	310	-
14) Other operating costs	108,619	112,340	(3,721)
Total	3,731,900	3,651,889	80,011
<b>Operating income (A-B)</b>	<b>708,304</b>	<b>653,049</b>	<b>55,255</b>
<b>C) Financial income and charges</b>			
15) Income from equity investments:			
a) Dividends from subsidiaries	449	901	(452)
b) Dividends from associated companies	7,224	3,155	4,069
c) Other dividends	30,503	30,515	(12)
d) Other	23,236	90,927	(67,691)
16) Other financial income:			
a) Receivables classified as fixed assets:			
- Subsidiaries	431	1	430
- Associated companies	342	630	(288)
- Other companies	1,882	2,729	(847)
- Other	209	274	(65)
b) From securities included as fixed assets which are not equity investments	5,739	16,025	(10,286)
c) From securities included under current assets which are not equity investments	29,863	36,068	(6,205)



(in thousands of euro)	<b>12.31.2002</b>	<b>12.31.2001</b>	<b>Change</b>
d) Other income:			
- Subsidiaries	218	236	(18)
- Associated companies	58	27	31
- Other companies/other	76,316	82,278	(5,962)
17) Interest and other financial charges:			
- Subsidiaries	(10)	(7)	(3)
- Associated companies	(15)	(37)	22
- Related companies	(2)	-	(2)
- Other companies/other	(239,000)	(270,446)	31,446
Total	(62,557)	(6,724)	(55,833)
<b>D Adjustments to financial asset values</b>			
18) Revaluations:			
a) Equity investments	19,103	15,785	3,318
b) Financial assets other than equity investments	72	1,097	(1,025)
c) Securities included under current assets which are not equity investments	315	1,591	(1,276)
19) Write-downs:			
a) Equity investments	(27,316)	(8,429)	(18,887)
b) Financial assets other than equity investments	(5,030)	(3)	(5,027)
c) Securities included under current assets which are not equity investments	(19,608)	(29,770)	10,162
Total	(32,464)	(19,729)	(12,735)
<b>E) Non-recurring income and charges</b>			
20) Income:			
a) Capital gains on disposal	18,352	28,229	(9,877)
b) Other income	55,659	56,432	(773)
21) Charges:			
a) Capital losses on disposal	(2,225)	(5,956)	3,731
b) Taxes in respect of prior years	(23,078)	(10,320)	(12,758)
c) Other charges	(95,281)	(92,539)	(2,742)
Total	(46,573)	(24,154)	(22,419)
<b>Income before taxes (A-B+C+D+E)</b>	<b>566,710</b>	<b>602,442</b>	<b>(35,732)</b>
22) Income taxes	(190,489)	(249,090)	58,601
Income before minority interest	376,221	353,352	22,869
23) Minority interest	256,463	210,240	46,223
<b>Group net income</b>	<b>119,758</b>	<b>143,112</b>	<b>(23,354)</b>



# Notes to the consolidated financial statements

## Business scope of the Company and subsidiaries

Italmobiliare S.p.A., the parent company, acts as a holding company for equity investments. Its subsidiaries perform different activities mainly in the following sectors:

- manufacturing;
- financial;
- services.

Reference should be made to the Directors' report for comments on the different activities performed by the Group during the year.

## Contents and format of the consolidated financial statements

The consolidated financial statements comprise a balance sheet, income statement and these notes and have been prepared in accordance with Legislative decree no. 127/1991, section 3 regarding consolidated financial statements.

They provide all the supplementary information deemed necessary to present a true and fair view of the Group's financial position and results.

For greater clarity the following headings have been introduced into the balance sheet: "Freely transferable assets" under tangible assets, "Floating rate subordinated securities" under equity and liabilities on the balance sheet, as well as receivables, payables, financial income and charges with related companies.

Information on the Group's activities and significant events subsequent to the close of the financial year is given in the Directors' report.

The consolidated financial statements are presented in thousands of euros; the tables and these notes are expressed in thousands of euros, except where otherwise specified.

The consolidated financial statements of the Italmobiliare group include the accounts of the parent company Italmobiliare S.p.A. and those of all the companies in which it, directly or indirectly, holds an equity investment of more than 50% or sufficient votes to be able to exercise control or have a dominant influence at the ordinary shareholders' meeting. These companies have been consolidated on a line-by-line basis.

The companies in which the Group directly or indirectly holds control jointly with other companies have been consolidated on a proportional basis.

The companies included in the consolidation area are listed in Annexes "A" and "B".

The consolidation does not include controlling shareholdings that are not significant in terms of investment or results; recent acquisitions are also not consolidated.

This exclusion is not significant as regards the true and fair view of the consolidated financial statements, nor as regards their clarity.

Non-consolidated subsidiary companies and associated companies in which the Group holds from 20% to 50% of the share capital with voting rights, or exercises considerable influence, have been valued with the equity method if significant.



Equity investments in associated and subsidiary companies operating in different fields are consolidated on an equity basis which involves changing the original cost of the equity investment by applying the adjustments of this methodology and in particular by taking account of the level of profit and loss of the companies in the periods following the acquisition of the equity investment.

The other equity investments have been stated at cost.

The subsidiary companies and associated companies valued with the equity method are listed in Annex "C", the other subsidiary companies and associated companies stated at cost are listed in Annex "D".

In Annex "E" are listed the other equity investments of over 10%.

## Consolidation area

The consolidation area had the following main changes compared to 31 December 2001:

### – **Companies that entered the consolidation area:**

#### *line-by-line method*

E.S.A. Monviso S.p.A. (Italy), Béton Sud Atlantique, Granulats de la Drôme S.a.s. (France), Cementos Capa S.L. (Spain), Eurotech Cement s.h.p.k. (Albania), Gacem Company Limited (Gambia), International Cement Traders (PTV) Ltd (Sri Lanka), Mauritano-Francaise des Ciments (Mauritania), Marmara Cimento Sanayi T.A.S. (Turkey), Riverton Investment Corporation, Berkeley Resource Recovery Ltd, Capitol Cement Corporation, Consumer Materials Inc, Riverton Corporation, Riverton Lime&Stone Co. Inc. (USA);

#### *proportional method*

Les Calcaires Girondins at 50%, L.G.E.G. at 50%, Calcaires Lorrains at 50% (France), Sri Vishnu at 48.09% (India);

#### *equity method*

Suez Bag Company, Suez Cement Company, Tourah Portland Cement Company (Egypt).

### – **Companies that left the consolidation area:**

#### *line-by-line method*

Sab Autoservizi S.r.l. group and its subsidiary companies (Italy), Essroc Offshore Ltd (Grand Cayman);

#### *equity method*

Armément Secam S.A. (France), Cave Comand S.r.l., Betonsud S.r.l. – in liquidation (Italy).



– **Merged companies:**

*in Ciments Calcia S.A. (France)*

S.N.C. Arena Services;

*in Unibéton S.A. (France)*

Unibéton Sud-Ouest S.a.s., Unibéton Mediterranee S.a.s., Unibéton Ouest Pays de Loire S.a.s., Unibéton Saba S.A;

*in Compagnie des Ciments Belges S.A. (Belgium)*

ORCQ Beton S.A;

*in Compagnie General de Canteras S.A. (Spain)*

Maquinaria y Proyectos Inmobiliarios S.L.;

*in Sociedad Financiera y Minera S.A. (Spain)*

Rosa del Amulej;

*in Essroc Cement Corp. (USA)*

Essroc Puerto Rico Holdings.

The above changes in the consolidation area did not have a significant impact on the consolidated financial statements taken as a whole.

### Basis of presentation

The consolidated financial statements have been prepared using the accounts as of and for the year ended 31 December 2002 of the consolidated companies drawn up by their Boards of Directors or, where available, approved by their shareholders. Where necessary, the accounts have been adjusted to ensure alignment with the Group's classification criteria and accounting policies.

The income statements of the companies acquired or sold during the year are normally included for the period of Group ownership.

The accounting policies used to draw up the consolidated financial statements are basically the same as those applied by the parent company to draw up its own accounts. The accounting period and year-end date of the consolidated financial statements correspond to those used for the financial statements of the parent company and its subsidiaries.

### Principles of consolidation

The assets and liabilities of the companies included in the consolidation area are consolidated on a line-by-line basis or on a proportional basis, eliminating the book value of each investment against the related portion of shareholders' equity. For companies consolidated on a line-by-line basis, minority shareholders' interests in the net equity and net results are disclosed separately. Any difference between the purchase cost of investments and their book net equity at the time of purchase is credited to or charged against the relevant asset or liability item. Positive differences, or goodwill, are classified



as “Consolidation differences.” Variations in the net equity of investee companies after acquisition are classified under “Consolidation reserves” for the portion attributable to the Group.

Consolidation differences may be reviewed during the year after the acquisition as fuller knowledge of the value of the acquired assets and liabilities becomes available.

Transactions among companies included in the consolidation area and any unrealized intercompany profits with third parties are eliminated, taking account of deferred taxes where appropriate.

Adjustments recorded by the consolidated companies solely for tax purposes are eliminated, taking account of deferred taxes where appropriate. Specifically, accelerated depreciation charged by the parent company and some consolidated companies as allowed under local tax laws, has been eliminated.

### Currency translation

The results of non-Italian subsidiaries consolidated on a line by line or proportional basis and those of non-Italian associated companies valued with the equity method have been translated into the accounting currency using the exchange rate ruling at year-end for balance-sheet items and the average annual rate for the income statement.

Any gains or losses arising from the translation of opening shareholders’ equity at the closing rather than the opening exchange rate and from the different method used to translate net income for the year are reported under shareholders’ equity as “Consolidation reserves.”

The financial statements of Group companies operating in highly inflationary economies are translated first into euros (functional currency), as follows: fixed assets and shareholders’ equity headings are translated using the exchange rate ruling at the date of acquisition or formation. The same rates are used to translate depreciation, amortization and other fixed-asset costs or related income; any translation gains or losses resulting from application of this method are classified as financial income or charges.



The following exchange rates were used:

Currency	(Local currency compared to euro)			
	Average rate		Year end rate	
	December 2002	December 2001	December 2002	December 2001
US dollar	0.94557	0.89581	1.04870	0.88130
Canadian dollar	1.48381	1.38677	1.65500	1.40770
Pound sterling	0.62883	0.62191	0.65050	0.60850
Cypriot pound	0.57530	0.57589	0.57316	0.57504
Moroccan dirham	10.38230	10.08960	10.65100	10.19830
Turkish lira	1,429,836.00	1,091,893.00	1,703,477.00	1,265,229.00
Swiss franc	1.46703	1.51047	1.45240	1.48290
Thai baht	40.61510	39.81730	45.20940	38.94290
Indian rupee	47.11580	42.82580	50.50710	42.54740
Mauritanian ouguiya	254.65200	228.32600	285.22200	228.59500
Albanian lek	131.68300	127.80000	139.53800	119.28500
Sri Lankan rupee	89.63800	80.91860	102.85700	80.57050
Egyptian lira	4.36766	3.82451	4.84821	4.01449

### Significant accounting policies and valuation criteria

The consolidated financial statements have been drawn up applying valuation criteria and accounting policies consistent with those used for the previous year. The most significant accounting policies are set out below.

#### Intangible assets

Intangible assets are stated at cost, net of amortization which is calculated on a straight-line basis over the residual period in which the assets are expected to provide benefit.

“Start-up and capital expenses” and also “Research, development and advertising expenses” are normally amortized over a five year period.

“Goodwill” is shown net of amortization, which is calculated on a straight-line basis over expected useful life, generally 10 years.

The heading “Consolidation differences” reflects the residual portion of the excess amount paid in respect of book shareholders’ equity for the acquisition of consolidated companies after taking account of fair value adjustments to asset values. “Consolidation differences” are shown net of amortization which is calculated over the expected useful life; this is considered to be between 10 and 20 years for the ready mixed concrete business and other businesses, and up to 40 years for the cement business, in consideration of the special nature of the sector, as permitted by international accounting principles.



Expected useful life is determined in relation to the duration of the investments based on the specific characteristics of the sector in which the acquired companies operate and which justified their acquisition from a financial and business point of view.

“Consolidation differences” are written down at year-end to reflect any permanent impairment in value.

### **Tangible assets**

Tangible assets are stated at purchase or construction cost, restated in accordance with specific local revaluation laws or to reflect fair value adjustments on consolidation. Interest costs on borrowings to finance the construction of significant investments in fixed assets may be capitalized, during the period of time that is required to complete and prepare the assets.

Depreciation is calculated on a straight-line basis using rates that represent the estimated useful lives of the assets in question.

These assets are written down to reflect any permanent impairment in value; the original value may be reinstated to the extent that it is held that the reasons for the previous write-down no longer exist.

Lands used for excavation are normally depreciated on the basis of the quantity extracted compared to the estimate of what could be extractable.

Significant assets held under financial leasing contracts are stated under fixed assets at the current value of the outstanding installments and depreciated at the rates applicable to the specific asset categories.

Freely transferable assets are depreciated over the duration of the concession or estimated useful life, whichever is the shorter.

Ordinary maintenance costs are expensed in full on the income statement; maintenance costs that enhance asset life are capitalized.

### **Financial assets**

Equity investments in non-consolidated subsidiary companies and in associated companies are valued with the equity method if of a significant nature.

Other equity investments are valued at acquisition or subscription cost.

The value is written down to reflect any permanent impairment in value. The original cost is reinstated in future years if the reasons for the write-down no longer exist.

Other financial assets represented by receivables are stated at estimated realizable value.

Other securities held as fixed assets are stated at purchase cost, including related charges, adjusted on a time-apportionment basis for the difference between such cost and redemption value, and written down to reflect any permanent impairments in value.

Own shares held on a long-standing basis are valued at acquisition cost. For own shares held as financial assets, in accordance with articles 2357 ter and 2424 of the Italian Civil Code, a special reserve for an equivalent amount has been formed under shareholders' equity.



### **Inventories**

Inventories are stated at the lower of purchase or production cost and market value. Cost is determined largely with the average annual weighted method.

Production cost includes raw materials, direct and indirect production costs.

Market value is based on replacement costs for raw and ancillary materials, and net realization value for finished and semi-finished goods.

Obsolete or slow-moving stock is depreciated on the basis of presumptions about its use or conversion in the future, by means of entry in a special stock value adjustment reserve.

### **Receivables and payables**

Receivables are stated at estimated realizable value taking account of the provision for bad debts.

Other receivables recorded under working capital also include amounts lodged as guarantees in respect of receivables factored without recourse on international markets.

Cash and cash equivalents consisting of bank deposits, postal deposits and checks are valued at their presumed net realizable value, cash on hand is valued at face value.

Payables are stated at face value.

Foreign-currency receivables, payables and liquid assets are translated using year-end exchange rates, taking account of any hedging contracts.

Hedging contracts were transacted on the official or secondary markets to reduce the risk of interest-rate fluctuations on financial payables and to reduce exchange rate risks. The relevant charges and income are accounted for together with charges and income on the hedged items.

### **Financial assets not held under fixed assets**

Securities and equity investments held as short-term investments are stated at the lower of purchase or subscription cost and realizable value based on market trends, applying the "cost of acquisition" to determine the cost value.

### **Accruals, prepayments and deferrals**

Accruals and deferrals are stated to reflect the correct apportionment of revenue and expense transactions covering two or more accounting periods.



## Grants related to assets

Grants are recorded when the conditions for their receipt arise. They are credited to income in portions reflecting the residual life of the assets concerned.

Grants received by Italian subsidiary companies from the State or from other public bodies up to 31 December 1997 are booked under shareholders' equity reserves net of related taxes.

## Taxes

Current income taxes are determined on the basis of a reasonable estimate of liabilities pursuant to tax legislation in the countries in which the Group operates.

Deferred and prepaid taxes are calculated on the most significant consolidation adjustments and on temporary differences between the book values of consolidated companies' assets and liabilities and their corresponding tax values. Deferred tax liabilities are recognized unless the related payable is very unlikely to arise; deferred tax assets are not recognized unless there is a reasonable certainty that they will be recovered. The benefit from the carry forward of tax losses is accounted for when there is reasonable certainty of realizing the said benefit, even if the losses arose in previous periods; otherwise it is included when it is received. Any adjustments to estimates are shown under taxes for the year.

Deferred tax liabilities are set off against prepaid taxes if they relate to the same company or to companies that may be considered as a group for tax purposes. The resulting balance is stated under other receivables in working capital if positive, or under the provision for taxes if negative.

The provision for taxes also covers presumed tax liabilities in respect of open positions.

## Provisions for contingencies and charges

These provisions refer to known or likely losses or liabilities, the timing or extent of which are uncertain at year-end. The provisions reflect best estimates based on the information available.

Provisions for pensions and social security contributions for the employees of non-Italian companies are shown under "Employee pensions and similar obligations." They are calculated on a time-discounting basis. These provisions are not regulated by legislation, but are based on local agreements and internal company agreements.

## Employees' leaving entitlements

This provision is formed in accordance with Law no. 297 of 29 May 1982 and current employment contracts and reflects the liability accrued in respect of employees of the Italian companies at year-end.



## Memorandum and contingency accounts

These accounts show the commitments, guarantees received and given, and assets held by third parties or assets held on behalf of third parties.

## Costs and revenues

Costs and revenues are prudently stated on a time-apportionment basis, recording accruals and deferrals as appropriate. Sales and income, costs and charges are stated net of returns, discounts, allowances and bonuses and also net of taxes directly related to the sale of products and provision of services. Net sales from products are recognized upon transfer of title which generally coincides with delivery. Research, development and advertising costs are normally expensed as incurred.

## Dividends

Dividends from companies carried at cost are recorded in the year they are collected.

## Assets

### B - Assets

**B I - Intangible assets** 1,406,708 thousand euro  
(1,366,389 thousand euro at 31 December 2001)

(in thousands of euro)

Balance at 31 December 2001	1,366,389
Additions	34,868
Disposals	(435)
Amortization	(105,880)
Write-downs	(7,998)
Translation differences	(40,990)
Variations in consolidation area and reclassifications	160,754
<b>Balance at 31 December 2002</b>	<b>1,406,708</b>

“Variations in consolidation area and reclassifications” refers mainly to the entry into the consolidation area of the Riverton group (USA) for 81.6 million euro and Sri Vishnu (India) for 28.0 million euro; in addition, it includes the surplus paid on the further purchase of Ciments du Maroc shares for 24.6 million euro.

Write-downs mainly concern the loss of value from consolidation differences in India and Turkey (respectively 3.0 and 4.6 million euro).



“Start-up and capital expenses” and “Research, development and advertising expenses” are made up as follows:

### Start-up and capital expenses

(in thousands of euro)

	12.31.2002	12.31.2001
Restoration of quarries	9,043	8,245
Start-up and capital increase expenses	1,026	1,126
Other start-up and capital expenses	5,565	7,990
<b>Total</b>	<b>15,634</b>	<b>17,361</b>

### Research, development and advertising expenses

	12.31.2002	12.31.2001
Research and development expenses	20	23
Advertising expenses	398	684
<b>Total</b>	<b>418</b>	<b>707</b>

**Consolidation differences** 1,284,924 thousand euro  
(1,245,644 thousand euro at 31 December 2001)

“Consolidation differences” includes 1,260,490 thousand euro for excess costs paid by Ciments Français and Italcementi S.p.A. on the acquisition of their main Italian and overseas subsidiary companies and for the difference on excess costs paid by the parent company on the acquisition of the subsidiary companies Sirap Gema S.p.A. and Italcementi S.p.A.

The increase of 39,280 thousand euro compared to the previous year was due to:

	Gross value	Accumulated amortization	Net value
<b>Balance at 31 December 2001</b>	<b>1,700,876</b>	<b>(455,232)</b>	<b>1,245,644</b>
Additions	2,923	-	2,923
Amortization	-	(66,704)	(66,704)
Write-downs	-	(7,600)	(7,600)
Translation differences	(43,429)	4,174	(39,255)
Reclassifications	(403)	(3,679)	(4,082)
Change in consolidation area	153,530	468	153,998
<b>Total changes</b>	<b>112,621</b>	<b>(73,341)</b>	<b>39,280</b>
<b>Balance at 31 December 2002</b>	<b>1,813,497</b>	<b>(528,573)</b>	<b>1,284,924</b>



## B II - Tangible assets

3,010,559 thousand euro

(2,987,866 thousand euro at 31 December 2001)

Compared to 2001 these increased by 22,693 thousand euro, as follows:

	December 2002		December 2001		Change
	Gross value	Accumulated depreciation	Net value	Net value	
Land and buildings	2,087,528	(971,797)	1,115,731	1,142,382	(26,651)
Plant and machinery	4,114,022	(2,735,723)	1,378,299	1,403,076	(24,777)
Industrial and commercial equipment	591,428	(424,879)	166,549	130,332	36,217
Freely transferable assets	38,374	(27,827)	10,547	12,844	(2,297)
Other fixed assets	273,586	(213,994)	59,592	96,106	(36,514)
Assets under construction and advances	279,841	-	279,841	203,126	76,715
<b>Total</b>	<b>7,384,779</b>	<b>(4,374,220)</b>	<b>3,010,559</b>	<b>2,987,866</b>	<b>22,693</b>

Changes during the year were as follows:

Additions	400,398
Disposals	(12,891)
Write-downs	(29,195)
Depreciation	(285,136)
Translation differences	(148,860)
Change in consolidation area and reclassifications	98,377
<b>Total</b>	<b>22,693</b>

"Additions" includes the investment of 87.1 million euro by the subsidiary Italcementi S.p.A. to modernize the cement plant at Calusco. Other important additions were made in France, the United States, Spain and Belgium.

"Write-downs" of 29.2 million euro included 10 million euro for the losses incurred relating to the fair value adjustments to assets of the Italian companies (Società del Gres Ing. Sala S.p.A. and Silos Granari della Sicilia S.r.l.) and 19.2 million euro for the non-recurring write-downs of assets in other countries, in particular in France in the construction materials sector and in Belgium.

"Change in consolidation area and reclassifications" were mainly due to the entry into the consolidation area of Marmara Cimento Sanayi T.A.S. (Turkey) for 25.3 million euro, Sri Vishnu (India) for 18 million euro and the Riverton group (USA) for 61.4 million euro.

"Translation differences" mainly concern the changes of the dollar, the Thai baht and the Indian rupee compared to the euro.

"Accumulated depreciation" as a percentage of gross tangible assets increased from 60.5 % at the end of 2001 to 61.6% at the end of 2002.



**B III - Investments and other financial assets** 1,385,379 thousand euro  
(1,508,853 thousand euro at 31 December 2001)

Compared to 2001 these fell by 123,474 thousand euro, as follows:

	(in thousands of euro)		
	December 2002	December 2001	Change
Equity investments	940,941	1,004,145	(63,204)
Amounts receivable	368,849	326,872	41,977
Other securities	54,469	156,716	(102,247)
Own shares	21,120	21,120	-
<b>Total</b>	<b>1,385,379</b>	<b>1,508,853</b>	<b>(123,474)</b>

### Equity investments

At 31 December 2002 equity investments totaled 940,941 thousand euro (1,004,145 thousand euro at 31 December 2001), down by 63,204 thousand euro as follows:

	Opening balance	Additions	Disposals	Write-downs	Revaluations	Translation differences	Change in consolidation	Total change	Closing balance
Subsidiary companies	88,148	384,870	(224)	(5,988)	4,001	7,235	(400,928)	(11,034)	77,114
Associated companies	503,366	32,637	(21,816)	(14,999)	14,442	(51,871)	(32,370)	(73,977)	429,389
Other	412,631	38,859	(16,266)	(5,098)	629	(240)	3,923	21,807	434,438
<b>Total</b>	<b>1,004,145</b>	<b>456,366</b>	<b>(38,306)</b>	<b>(26,085)</b>	<b>19,072</b>	<b>(44,876)</b>	<b>(429,375)</b>	<b>(63,204)</b>	<b>940,941</b>

“Additions” and “Change in consolidation” under subsidiary companies mainly refer to the purchase of equity investments: Riverton group (USA) for 133.9 million euro, Sri Vishnu (India) for 37.6 million euro, Marmara Cimento Sanayi T.A.S. (Turkey) for 22.1 million euro, as well as the purchase of further shares in Ciments Français S.A. for 68 million euro, ESA Monviso S.p.A. (Italy) for 15.4 million euro, Halyps Building Materials S.A. (Greece) for 11.6 million euro and the Thai subsidiary company Jalaprathan Cement Public Co. Ltd for 12.8 million euro.

“Additions” in associated companies refers to the purchase of further Suez Cement Ltd (Egypt) shares for 32.3 million euro.

Write-downs include 12.8 million euro for goodwill on the acquisition of the associated companies of the Suez group.

“Revaluations” refers to the profits from companies valued with the equity method.

The negative balance on translation differences of 44.9 million euro mainly concerns the associated companies of the Suez Cement group (Egypt) for 51.3 million euro following the depreciation of the Egyptian lira.



Equity investments in subsidiary companies not included in the consolidation of 77,114 thousand euro is made up thus: 20.3% for companies in the cement and ready mixed concrete sector and 79.7% for companies mainly in the financial and banking sector.

Equity investments in associated companies of 429,389 thousand euro include:

- companies in the cement and ready mixed concrete sector for 363,988 thousand euro;
- other companies operating in various sectors for the remaining 65,401 thousand euro.

The main equity investments concern the following companies: Suez Cement group (240.3 million euro), Vassiliko Cement Works Ltd (44.8 million euro), the Ciment Quebec Inc group (43.5 million euro), Cartiere Burgo S.p.A. (28.0 million euro), Mittel S.p.A. (21.5 million euro), Società Editrice Siciliana S.E.S. S.p.A. (15.5 million euro) and Asment (13.9 million euro).

The detailed list of equity investments in subsidiary and associated companies not included in the consolidation is given in Annexes "C" and "D".

The evaluation with the equity method of the associated company Mittel S.p.A. was carried out by using the last approved financial statements for the year to 30 September 2002.

The equity investment in Società Editrice Siciliana S.E.S. S.p.A. was kept at the book value of the previous year.

The most important equity investments included under "Other" are:

	(in thousands of euro)	
	12.31.2002	12.31.2001
Mediobanca	137,831	122,969
UniCredito Italiano	98,296	98,296
Holding di Partecipazioni Industriali	77,680	62,362
Banca Popolare di Bergamo	49,692	36,937
Gemina	17,002	19,920
Consortium	15,092	15,092
Fin Priv	14,354	14,354
Tredicimarzo	-	14,001
Sesaab Editrice	9,325	9,325
G.I.M. Generale Ind. Metallurgiche	7,276	7,276
Istituto Europeo di Oncologia	3,771	4,175
Other	4,119	7,924
<b>Total</b>	<b>434,438</b>	<b>412,631</b>

### Receivables held under fixed assets

Receivables due from "Others" totaled 340,457 thousand euro (303,282 thousand euro at 31 December 2001). The heading includes receivables of 247,631 thousand euro (224,135 thousand euro at 31 December 2001) which represent the principal and interest accrued but not collected on deposits lodged with banks at the time of the issue of the "Floating rate subordinated securities" by the Italcementi group, which are described under liabilities.



The remaining receivables are made up of guarantee deposits of 45,836 thousand euro (41,350 thousand euro at 31 December 2001), advances for withholding tax paid on employees' leaving entitlements of 5,715 thousand euro (8,256 thousand euro at 31 December 2001). Guarantee deposits include 39.5 million euro relating to pension funds at the Group's North American companies.

### Other securities

These totaled 54,569 thousand euro (156,716 thousand euro at 31 December 2001) and are mainly composed of fixed rate government securities and debentures and the change of 102,249 thousand euro concerned the reimbursement of the "Italcementi Zero Coupon 1997-2002" bonds that were purchased previously and paid back at maturity.

### Own shares

They amounted to 21,120 thousand euro at 31 December 2002 unchanged from 31 December 2001. At the balance sheet date ordinary shares totaled 890,300 and savings shares 28,500. The total par value of own shares held amounts to 2,388,880 euro. Pursuant to paragraph 3, article 2357 ter of the Italian Civil Code, an undistributable reserve of equal value is recorded under shareholders' equity.

## C - Current assets

**C I - Inventories** 461,540 thousand euro  
(445,970 thousand euro at 31 December 2001)

Inventories at the end of the year were as follows:

	(in thousands of euro)		
	12.31.2002	12.31.2001	Change
Raw materials, consumables and supplies	309,997	312,555	(2,558)
Provision for write-down of raw materials	(50,706)	(44,317)	(6,389)
	<b>259,291</b>	<b>268,238</b>	<b>(8,947)</b>
Work-in-progress and semi-finished goods	82,760	78,940	3,820
Provision for write-down	(5,683)	(6,284)	601
	<b>77,077</b>	<b>72,656</b>	<b>4,421</b>
<b>Contract work in progress</b>	<b>3,817</b>	-	<b>3,817</b>
Finished goods	101,834	93,060	8,774
Goods	11,282	8,406	2,876
Provision for write-down of finished goods	(5,669)	(4,321)	(1,348)
	<b>107,447</b>	<b>97,145</b>	<b>10,302</b>
Payments on account	13,908	7,931	5,977
<b>Total</b>	<b>461,540</b>	<b>445,970</b>	<b>15,570</b>



The valuation at current values of that part of the inventories valued with the LIFO method shows an overall reserve of approximately 40.3 million euro (40.2 million euro in 2001). Contract work in progress of 3.8 million euro is due for 3.4 million euro to the supply of ready mixed concrete for part of the high speed Turin-Milan rail link, for which recognition of the income is dependent on final acceptance by the contracting body.

**C II - Trade and other receivables** 1,279,675 thousand euro  
(1,250,070 thousand euro at 31 December 2001)

Compared to 2001 these rose by 29,605 thousand euro, as follows:

	12.31.2002	12.31.2001	Change
Trade receivables	987,470	946,270	41,200
Subsidiaries not included in the consolidation	3,976	5,691	(1,715)
Associated companies	1,274	2,050	(776)
Related companies	325	1,710	(1,385)
Others	286,630	294,349	(7,719)
<b>Total</b>	<b>1,279,675</b>	<b>1,250,070</b>	<b>29,605</b>

### Trade receivables

These refer to receivables of a commercial nature and they may be analyzed by their maturity as follows:

	12.31.2002	12.31.2001	Change
Due within one year	1,057,553	1,016,843	40,710
Provision for bad debts	(70,083)	(70,718)	635
<b>Total due within one year</b>	<b>987,470</b>	<b>946,125</b>	<b>41,345</b>
Due after one year	-	145	(145)
<b>Total trade receivables</b>	<b>987,470</b>	<b>946,270</b>	<b>41,200</b>

### Non-consolidated subsidiary companies

These totaled 3,976 thousand euro (5,691 thousand euro at 31 December 2001), and are mainly of a commercial nature and are due within one year.

### Associated companies

These totaled 1,274 thousand euro (2,050 thousand euro at 31 December 2001), and are mainly of a commercial nature and are due within one year.



## Others

These totaled 286,630 thousand euro (294,349 thousand euro at 31 December 2001), as follows:

	(in thousands of euro)		
	12.31.2002	12.31.2002	Variation
Taxation authorities - sales tax	39,337	49,692	(10,355)
Taxation authorities - duties	117,133	103,241	13,892
Employees	3,091	3,697	(606)
Social security institutions	1,269	1,351	(55)
Disposal of equity investments and securities	2,675	12,127	(9,452)
Deferred tax assets	26,887	12,127	8,941
Other	96,211	106,295	(10,084)
<b>Total</b>	<b>286,630</b>	<b>294,349</b>	<b>(7,719)</b>

“Other” includes 32.7 million euro (34.8 million euro in 2001) for guarantees lodged in respect of trade receivables factored without recourse on international markets, which at 31 December 2002 totaled 145 million euro overall (155 million euro in 2001).

For comments on deferred tax assets see comments on the provisions for deferred taxes under liabilities.

There were no receivables due after five years or more.

**C III - Financial assets not held as fixed assets** 610,221 thousand euro  
(701,785 thousand euro at 31 December 2001)

**Equity investments in associated companies** 2,036 thousand euro  
(2,006 thousand euro at 31 December 2001)

The heading includes equity investments in Immobiliare Golf S.p.A. and GIST S.p.A.

**Other equity investments** 63,893 thousand euro  
(83,147 thousand euro at 31 December 2001)

At 31 December 2002 these totaled 63,893 thousand euro and mainly consisted of shares in Banca Intesa S.p.A., HdP S.p.A., Poligrafici S.p.A., Banca Commercio e Industria S.p.A., ASM Brescia S.p.A. and other minor equity investments.



## Other Securities

535,914 thousand euro

The balance at 31 December 2002 of 535,914 thousand euro (600,394 thousand euro at 31 December 2001) was made up as follows:

	(in thousands of euro)		
	12.31.2002	12.31.2001	Change
Government securities	26,968	27,707	(739)
Debentures	352,364	359,815	(7,451)
Units of unit trusts	156,582	212,872	(56,290)
<b>Total</b>	<b>535,914</b>	<b>600,394</b>	<b>(64,480)</b>

The fall of 64,480 thousand euro was mainly due to disposals in the securities portfolio. The marked fall of 64.5 million euro was offset by the increase in cash and cash equivalents recorded below.

## Financial receivables

8,378 thousand euro

(16,238 thousand euro at 31 December 2001)

	12.31.2002	12.31.2001	Change
Financial receivables due from:			
– subsidiaries not in the consolidation	7,221	4,996	2,225
– associated companies	983	1,085	(102)
– related companies	-	9	(9)
– other	174	10,148	(9,974)
<b>Total</b>	<b>8,378</b>	<b>16,238</b>	<b>(7,860)</b>

The aforementioned financial receivables are largely financial and current account items due within one year.

## C IV - Cash and cash equivalents

244,344 thousand euro

(157,438 thousand euro at 31 December 2001)

These may be analyzed as follows:

	(in thousands of euro)		
	12.31.2002	12.31.2001	Change
Bank accounts	240,368	151,574	88,794
Checks	3,094	4,136	(1,042)
Cash-in-hand and cash equivalents	882	1,728	(846)
<b>Total</b>	<b>244,344</b>	<b>157,438</b>	<b>86,906</b>

These mainly consist of bank accounts and instruments representing short-term deposits earning interest at market rates.

A more detailed analysis of the variations under this heading is given in the Directors' report and in the consolidated statement of cash flows in the additional information.



**D - Prepayments and accrued income** 69,973 thousand euro  
(79,598 thousand euro at 31 December 2001)

The heading comprised interest-related accrued income on cash investments undertaken, prepaid expenses and advances, including 39,243 thousand euro for advances paid for the use of quarries.

## Equity and liabilities

**A - Shareholders' equity** 3,609,719 thousand euro  
(3,714,021 thousand euro at 31 December 2001)

As follows:

	(in thousands of euro)		
	12.31.2002	12.31.2001	Variation
Group	1,571,859	1,542,708	29,151
Minority interest	2,037,860	2,171,313	(133,453)
<b>Total</b>	<b>3,609,719</b>	<b>3,714,021</b>	<b>(104,302)</b>

In particular, note should be made of:

### A I - Share capital

At 31 December 2002 the fully paid up share capital of the parent company totaled 100,166,937 euro divided in 38,525,745 shares with a par value of 2.6 euro each, of which 22,182,583 were ordinary shares and 16,343,162 savings shares.

### A II - Share premium reserve

This reserves totals 177,191 thousand euro, unchanged compared to the previous year.

### A V - Reserve for purchase of own shares

This reserve has been set up in accordance with paragraph 3, article 2357 ter of the Italian Civil Code.

It amounts to 21,120 thousand euro (21,120 thousand euro at 31 December 2001) and relates to own shares recorded under assets.



## A VII - Other reserves

974,515 thousand euro

(951,572 thousand euro at 31 December 2001)

“Other reserves” is composed as follows:

	(in thousands of euro)		
	12.31.2002	12.31.2001	Change
Extraordinary reserve	257,166	257,163	3
Other reserves awaiting taxation	97,364	97,364	-
Merger reserve	57,715	57,715	-
Other consolidation reserves	562,270	539,330	22,940
<b>Total</b>	<b>974,515</b>	<b>951,572</b>	<b>22,943</b>

“Other consolidation reserves” comprises retained earnings, other reserves of the consolidated companies attributable to the parent company, other consolidation adjustments and the translation reserve of 49.2 million euro (in 2001 98.1 million euro). The fall in the “Translation differences” reserve of 48.9 million euro is due to the marked change in the exchange rates of the dollar, Indian rupee, Egyptian lira, Moroccan dirham and Thai baht compared to the euro.

Annexes “F” and “E” set out a reconciliation between the shareholders’ equity of Italmobiliare S.p.A. and that of the consolidated financial statements, as well as a schedule showing variations in Group consolidated shareholders’ equity.

## A X - Minority interest

2,037,860 thousand euro

(2,171,313 thousand euro at 31 December 2001)

The heading reflects the equity of the consolidated companies owned by third-party shareholders at 31 December 2002, as follows:

	12.31.2002	12.31.2001	Change
Share capital and reserves	1,781,397	1,961,073	(179,676)
Net income for the year	256,463	210,240	46,223
<b>Total</b>	<b>2,037,860</b>	<b>2,171,313</b>	<b>(133,453)</b>

The balance at 31 December 2002 is almost entirely attributable to the Italcementi group, through Italcementi S.p.A., Ciment Français S.A. and the companies under their direct control.

The fall of 133.5 million euro is mainly due to the change in exchange rates (168.1 million euro), dividends paid (123.4 million euro), the purchase of further shares in Ciments Français S.A. (73.3 million euro) and Ciments du Maroc (34.7 million euro) and Italcementi S.p.A. (10.4 million euro) and the net income of 256.5 million euro.



**A bis - Floating rate subordinated securities**  
(324,640 thousand euro at 31 December 2001)

324,640 thousand euro

These securities have been classified separately from both shareholders' equity and payables since by their nature they are not suitable for the headings in the framework set out under article 2424 of the Italian Civil Code.

The total remains unchanged on last year.

These securities were issued in 1990 by the subsidiaries Ciments Français S.A. and Unibéton S.A. for an amount of FFr 2,130 million (324.6 million euro). They have no fixed maturity date and can be redeemed only if the companies are wound up, after payment of other debt.

On the issue of these securities, the subsidiaries deposited sums with banks totaling an original amount of FFr 481 million (73.3 million euro).

These deposits, classified as "Other receivables" under financial assets together with the interest accrued, will form a capital sum which, 15 years from issue, will generate interest income for a sum equivalent to the interest payable to the security-holders.

Interest expense is linked to the six-month Euribor rate plus 0.75% for Ciments Français S.A. and 0.50% for Unibéton S.A; the risk of fluctuations in interest rates has been partially hedged.

**B - Provisions for contingencies and charges**  
(671,938 thousand euro at 31 December 2001)

634,327 thousand euro

These fell by 37,611 thousand euro compared to 2001, as follows:

	(in thousands of euro)						
	Opening balance	Additions	Disposals	Translation differences	Changes in consolidation	Other changes	Final balance
Employee pensions and similar obligations	59,564	4,060	(2,113)	(10,521)	20,113	13,522	84,625
Taxes	356,395	14,137	(71,304)	(3,297)	12,818	(672)	308,077
Other	255,979	54,890	(55,414)	(6,060)	(2,461)	(5,309)	241,625
<b>Total</b>	<b>671,938</b>	<b>73,087</b>	<b>(128,831)</b>	<b>(19,878)</b>	<b>30,470</b>	<b>7,541</b>	<b>634,327</b>



- Employee pensions and similar obligations

These totaled 84,625 thousand euro (59,550 thousand euro at 31 December 2001), as follows:

	(in thousands of euro)							
	Opening balance	Additions	Disposals	Translation differences	Changes in consolidation	Other changes	Total changes	Closing balance
Pension funds and social security contributions provision or non-Italian company employees	18,782	3,393	(2,105)	(2,000)	7,033	13,508	19,829	38,611
Provisions for medical expenses	39,941	305	-	(8,521)	13,255	-	5,039	44,980
Provisions for agents' termination indemnity	841	362	(8)	-	(161)	-	193	1,034
<b>Total</b>	<b>59,564</b>	<b>4,060</b>	<b>(2,113)</b>	<b>(10,521)</b>	<b>20,127</b>	<b>13,508</b>	<b>25,061</b>	<b>84,625</b>

The "Pension funds and social security contributions for non-Italian company employees reserve" concerns the contributions to pension funds and social security on behalf of the employees on non-Italian companies (in accordance with the agreements in force in the countries concerned) and mainly involves the United States, France, Turkey Thailand.

The change in the reserve of 19.8 million euro was due for 18.9 million euro to the deficit on the deposits paid for future social security obligations regarding the employees of the group's North American companies.

Provisions for medical expenses exclusively concern the North American companies in the Essroc group.

The change in consolidation for these provisions is due to the entry into the consolidation area of the Riverton group (United States of America).

- Taxes

Provisions for taxes are composed as follows:

	12.31.2002	12.31.2001	Change
Provisions for taxes and charges	27,604	47,425	(19,821)
Provisions for deferred taxes	280,473	308,970	(28,497)
<b>Total</b>	<b>308,077</b>	<b>356,395</b>	<b>(48,318)</b>

"Provisions for taxes and charges" is provided for tax-related liabilities that are considered likely to arise as a result of tax audits and adjustments to tax returns. Also for tax audits notified to Group companies during 2002, adequate provisions have been made in the provision for taxes, except for the audits adjusting the returns of 1996 and 1997 of which Italcementi S.p.A. has received notification.

These audits, which have been duly challenged, concern the findings contained in the verbal statement taken by the Guardia di Finanza in February 2001, and concerning which no new elements have come to light such as to change the assessment that these findings are largely without foundation.



Deferred taxes, which also includes prepaid taxes, classified as other receivables under balance sheet assets, are as follows:

	(in thousands of euro)		
	12.31.2002	12.31.2001	Change
Prepaid taxes	26,887	17,946	8,941
Provisions for deferred taxes	(280,473)	(308,970)	28,497
<b>Total</b>	<b>(253,586)</b>	<b>(291,024)</b>	<b>37,438</b>

The balance at 31 December 2002 refers to taxes in respect of the following items:

	(in millions of euro)		
	12.31.2002	12.31.2001	Change
Adjustments to amortization	(170.7)	(175.3)	4.6
Gains classified under assets	(131.9)	(126.0)	(5.9)
Floating rate subordinated securities	(42.0)	(35.0)	(7.0)
Taxed provisions	81.6	56.1	25.5
Tax relief and carry forward tax losses	24.8	20.5	4.3
Other	(15.4)	(31.3)	15.9
<b>Total</b>	<b>(253.6)</b>	<b>(291.0)</b>	<b>37.4</b>

## Other

At 31 December 2002 they were as follows:

	(in thousands of euro)		
	12.31.2002	12.31.2001	Change
Environment-related improvements	76,026	78,528	(2,502)
Restructuring and reorganization	33,338	54,644	(21,306)
Disputes	19,250	22,643	(3,393)
Receivables and equity investments	39,560	28,087	11,473
Exchange rates	286	328	(42)
Other	73,165	71,749	1,416
<b>Total</b>	<b>241,625</b>	<b>255,979</b>	<b>(14,354)</b>

**C - Employees' leaving entitlements**  
(102,634 thousand euro at 31 December 2001)

85,357 thousand euro

This totaled 85,357 thousand euro and represents the severance liabilities accrued in respect of the 5,391 employees of the Italian consolidated companies at 31 December 2002 (6,543 at 31 December 2001).



The fall of 17,277 thousand euro was due to the following changes:

	(in thousands of euro)				
	Opening balance	Increases	Decreases	Other	Closing balance
<b>Total</b>	<b>102,634</b>	<b>15,901</b>	<b>(13,307)</b>	<b>(19,871)</b>	<b>85,357</b>

The heading "other" includes a reduction of 19,894 thousand euro due to the removal from the consolidation of the Sab Autoservizi group.

**D – Payables** 3,797,641 thousand euro  
(3,667,405 thousand euro at 31 December 2001)

During the year these increased by 130,236 thousand euro, as follows:

	12.31.2002	12.31.2001	Change
Debentures	500,933	655,236	(154,303)
Due to banks	1,731,259	1,383,346	347,913
Due to other providers of finance	535,292	606,603	(71,311)
Financial payables due to:			
- subsidiaries not included in the consolidation	709	278	431
- associated companies	3,004	2,887	117
	<b>2,771,197</b>	<b>2,648,350</b>	<b>122,847</b>
Payments on account	19,982	10,762	9,220
Due to suppliers	591,902	578,296	13,606
Due on bills accepted and drawn	74,674	69,926	4,748
Due to subsidiaries not included in the consolidation	1,932	1,605	327
Due to associated companies	2,244	1,466	778
	<b>690,734</b>	<b>662,055</b>	<b>28,679</b>
Due to tax authorities	87,076	136,161	(49,085)
Due to social security authorities	45,950	44,693	1,257
Other amounts due	202,684	176,146	26,538
	<b>335,710</b>	<b>357,000</b>	<b>(21,290)</b>
<b>Total</b>	<b>3,797,641</b>	<b>3,667,405</b>	<b>130,236</b>

### Financial payables

Financial payables, which at 31 December 2002 totaled 2,771,197 thousand euro (2,648,350 thousand euro at 31 December 2001), are composed as follows:

	12.31.2002	12.31.2001	Change
Short-term debt	834,861	970,575	(135,714)
Medium/long-term debt	1,936,336	1,677,775	258,561
<b>Total</b>	<b>2,771,197</b>	<b>2,648,350</b>	<b>122,847</b>



By currency medium/long-term financial payables were as follows:

	(in millions of euro)	
	12.31.2002	12.31.2001
Euro	1,684	1,585
Us and canadian dollar	195	2
Thai baht	33	60
Indian rupee	24	31
<b>Total</b>	<b>1,936</b>	<b>1,678</b>

and by maturity:

	12.31.2002	12.31.2001
2003	-	203
2004	642	976
2005	110	184
2006	409	203
2007	104	80
Beyond	671	32
<b>Total</b>	<b>1,936</b>	<b>1,678</b>

Payables due after more than five years include 668 million euro for loans to non-Italian companies.

### Debentures

The balance of 500,933 thousand euro (655,236 thousand euro in 2001) consists of two bonded loans issued by Ciments Français S.A.:

- on 23 October 1997 with the participation of Société Générale and Lehman Brothers, a 7-year bond for 150.9 million euro at a fixed rate of 5.90%;
- on 26 June 2002 as part of the EMTN (Euro Medium Term Notes) program, with the participation of BNP Paribas and Lehman Brothers, a 7-year bond for 350 million euro at a fixed rate of 5.875%.

During the year the following bonded loans were repaid on maturity: "Italcementi Zero Coupon 1997-2002" for 309,874 thousand euro by the subsidiary Italcementi S.p.A. and a loan of 200 million euro by Ciments Français S.A., both including interest accrued in the period.

### Due to banks

Amounts due to banks rose 347,913 thousand euro compared to 2001.

Amounts due within one year consist of the current portion of loans of 125,703 thousand euro (105,473 thousand euro at 31 December 2001) and short-term debt of 694,715 thousand euro (343,603 thousand euro in 2001).

The increase in short-term debt was due both to the allocation under this heading of the Mediobanca International 1.5% financing held by Italmobiliare which matures at the end of 2003 for 236 million euro and which was previously recorded under "Payables due to banks beyond one year" and to the increased use of short-term bank credit lines by Italcementi S.p.A. for 124 million euro.



Amounts due after one year totaled 910,841 thousand euro (934,270 thousand euro in 2001) and basically consist of the residual payable on secured loans for 103.6 million euro and long-term borrowings obtained from banks and other loans for a total of 807.2 million euro.

The main borrowings due after one year are composed as follows:

- a loan from Mediobanca for 62 million euro maturing in 2004 of which one tranche is for 52 million euro at a fixed rate of 8.40% and the remaining 10 million euro at a fixed rate of 5.25%;
- a variable-rate loan from Mediobanca for 23 million euro maturing in 2004;
- a variable-rate loan from Mediobanca for 51 million euro maturing in 2004;
- a variable-rate loan maturing in 2004 for 61 million euro
- a loan maturing in 2005 for 76 million euro of which one tranche of 46 million euro is at a fixed rate of 5.99%, and the remaining 30 million euro at a fixed rate of 5.955%
- the use of 300 million euro of the credit lines obtained by Italcementi S.p.A. in 1999 and worth 750 million euro overall, maturing in 2006;
- a five-year loan obtained during 2001 for a total of 125 million euro;
- a variable-rate six-year loan obtained in the year worth 109.5 million euro.

#### **Due to other providers of finance**

This mainly comprises 255 million euro (504.5 million euro in 2001) for third-party loans (commercial paper) provided to CimENTS Francais S.A. as part of credit lines opened by a pool of international banks worth 440 million euro maturing in 2004 and 193 million euro relating to a loan issued in November 2002 by private investors on the American market. This loan, the original value of which was 200 million dollars, is in two tranches: the first of 180 million dollars over ten years at a fixed rate of 5.63% and the second of 20 million dollars over 12 years at a fixed rate of 5.73%; of these 200 million dollars 150 were used to provide a loan to an American company in the Essroc group; for the remaining 50 million dollars hedging operations have been put in place against exchange rate risks by means of a cross currency swap.

The heading includes also the residual amount of 87.3 million euro, due to 28.6 million euro for a ten-year loan issued in 1996, a 19.3 million euro loan provided by the IMF in favor of Devnya Cement AD (Bulgaria) and other loans worth 39.4 million euro.

#### **Due to suppliers**

Amounts due to suppliers at 31 December 2002 reflect payables for the provision of goods and services needed for the Group's business; the increase of 13.6 million euro was mainly due to Italian companies and was offset by a decrease of 20 million euro owing to the removal from the consolidation of the Sab Autoservizi group.



## Due to tax authorities

These totaled 87,076 thousand euro overall and include 11,972 thousand euro for withholding tax to be paid, 20,007 thousand euro for sales taxes and 55,097 thousand euro for income taxes and other taxes.

## Other amounts due

These totaled 202,684 thousand euro, as follows:

	(in thousands of euro)		
	12.31.2002	12.31.2001	Change
Employees	76,676	78,887	(2,211)
Dividends	578	424	154
Other	125,430	96,835	28,595
<b>Total</b>	<b>202,684</b>	<b>176,146</b>	<b>26,538</b>

“Other” includes the 41.7 million euro payable, including interest, by Italcementi S.p.A. relating to the fine imposed by the European Commission in 1995.

**E - Accruals and deferred income** 16,715 thousand euro  
(17,331 thousand euro at 31 December 2001)

This consists of accrued interest expense and costs for 5,609 thousand euro and deferred income for 11,106 thousand euro.

## Memorandum and contingency accounts

These totaled 3,764,460 thousand euro overall (3,850,076 thousand euro at 31 December 2001), as follows:

	12.31.2002	12.31.2001
Guarantees	88,096	107,639
Guarantees on company assets	173,270	305,179
Group assets held by third parties	1,843,423	1,846,789
Third-party assets held by the Group	90,581	64,549
Guarantees received	4,627	12,893
Leasing installments to be paid	3,433	4,251
Other memorandum and contingency accounts	1,561,030	1,508,776
<b>Total</b>	<b>3,764,460</b>	<b>3,850,076</b>

“Guarantees on company assets” mainly refers to balance sheet payables and includes mortgages and liens on tangible assets. The fall compared to 2001 includes 91.9 million euro relating to the redemption of shares of a subsidiary company for Italcementi S.p.A.



In particular, "Other memorandum and contingency accounts" includes purchase and sale commitments mainly for forward contracts transacted to hedge exchange-rate fluctuation risks on foreign-currency receivables and payables and commitments in respect of interest-rate hedging contracts relating to a portion of borrowings and floating rate subordinated securities, as previously illustrated in the comment on the financial position and hedging instruments.

At 31 December 2002 as part of the stock option plans for directors and employees, on the basis that the options assigned are exercised, it also includes commitments for the sale of Italcementi S.p.A. shares for 11.3 million euro and commitments for future increases in the share capital of Ciments Francais S.A. for 36.6 million euro.

#### Commitments in respect of new acquisitions

- Following the acquisition of Devnya Cement AD (Bulgaria) in 1998, the Group undertook to make investments totaling 100 million dollars in 10 years; the remaining commitment at 31 December 2002 was 26 million dollars.
- In February 2001, Essroc Cement Corp. agreed with the Department for Environmental Protection of Pennsylvania to make investments to modernize filter equipment at the Nazareth III cement plant within five years, or risk closure of the plant itself. In December 2001, the company filed an application to expand and restructure the Nazareth I site. If this project is accepted, the kilns at Nazareth III will be closed, thus releasing Essroc Cement Corp. from the aforementioned investments. The restructuring project for Nazareth I represents an investment of over 100 million dollars up to 2005.

#### Financial hedging instruments

##### Interest rate hedging

The Group enters into hedging operations in order to reduce the exposure of its net debt to interest rate variations.

These operations, mainly undertaken in the year by the Italcementi group, consist of interest rate swaps, by which financial transactions that were originally at variable rates are transformed into fixed rates or vice versa, as well as derivative operations consisting in the purchase of Cap options and the sale of Floor options in the form of interest rate collars.

The situation at 31 December 2002 can be summarized as follows:

	(in millions of euro)		
	Net debt+ FRSS* before hedging	Hedging operations	Net debt+ FRSS* after hedging
Variable rate	(1,489.9)	631.1	(858.8)
Fixed rate	(500.2)	(631.1)	(1,131.3)
<b>Total</b>	<b>(1,990.1)</b>		<b>(1,990.1)</b>

\* floating rate subordinated securities



## Exchange rate hedging

The construction sector is structurally exposed to the risk of exchange rate fluctuations with regard to the purchase in US dollars of solid fuel, as well as to clinker and cement trading and exporting in areas outside the EU.

To cover these risks, at 31 December 2002 the following hedging operations were in place, valued at the official ECB rates of 31 December 2002:

	(in millions of euro)
	12.31.2002
Forward purchases	56.1
Forward sales	26.3
Options	19.9
Cross currency swaps	50.0

## Consolidated income statement

Before analyzing the individual headings it should be recalled that comments on the general trend in costs and revenues are set out in the Directors' report attached to the consolidated financial statements, in accordance with paragraph 1, article 40 of Legislative Decree no. 127/91.

### A - Value of production

**1) Net sales and other operating income** 4,365,279 thousand euro  
(4,206,727 thousand euro at 31 December 2001)

These totaled 4,365,279 thousand euro (4,206,727 thousand euro in 2001), as follows:

	(in thousands of euro)		
	12.31.2002	12.31.2001	Change
Sales	4,260,580	4,070,785	189,795
Services	95,082	127,014	(31,932)
Other net sales	9,617	8,928	689
<b>Total</b>	<b>4,365,279</b>	<b>4,206,727</b>	<b>158,552</b>

The breakdown of net sales by business segment and geographical area is provided in the Directors' report.



**5) Other operating income** 39,721 thousand euro  
(91,751 thousand euro at 31 December 2001)

These include grants for 1,071 thousand euro (44,867 thousand euro in 2001) and other net sales and income for 38,650 thousand euro (46,884 thousand euro in 2001). The change is basically due to the removal of the Sab Autoservizi group from the consolidation.

**B - Costs of production**

**6) Raw, ancillary and consumable materials and supplies** 1,089,049 thousand euro  
(1,064,195 thousand euro at 31 December 2001)

These totaled 1,089,049 thousand euro, up by 24,854 thousand euro compared to 31 December 2001, as follows:

	(in thousands of euro)		
	12.31.2002	12.31.2001	Change
Raw materials and semi-finished goods	488,343	447,860	40,483
Fuel	229,462	280,620	(51,158)
Packaging, materials and machinery	238,521	230,736	7,785
Finished goods	132,723	104,979	27,744
<b>Total</b>	<b>1,089,049</b>	<b>1,064,195</b>	<b>24,854</b>

The 2001 figures for fuel and electricity costs, included in the following table, have been restated to allow comparison with 2002.

**7) Services** 1,292,180 thousand euro  
(1,257,090 thousand euro at 31 December 2001)

Services totaled 1,292,180 thousand euro compared to 1,257,090 thousand euro in the previous year.

	12.31.2002	12.31.2001	Change
Electric, water, gas	277,103	271,305	5,798
Business services and maintenance	355,512	342,918	12,594
Transport	421,659	391,542	30,117
Legal fees and consultancy	63,759	64,703	(944)
Insurance	31,640	26,142	5,498
Other	142,507	160,480	(17,973)
<b>Total</b>	<b>1,292,180</b>	<b>1,257,090</b>	<b>35,090</b>

"Other" mainly concerns travel and transfer costs, selection and training of staff, marketing expenses, postal expenses and cleaning and guarding costs.



**8) Use of third party assets** 77,659 thousand euro  
(78,967 thousand euro at 31 December 2001)

The costs for the use of third party assets were 77,659 thousand euro compared to 78,967 thousand euro in the previous year and mainly concerned rents.

**9) Personnel expenses** 722,751 thousand euro  
(729,170 thousand euro at 31 December 2001)

Total personnel expenses fell by 6,419 thousand euro compared to 31 December 2001, as follows:

	(in thousands of euro)		
	12.31.2002	12.31.2001	Change
Wages and salaries	508,389	513,594	(5,205)
Social security contributions	188,027	186,595	1,432
Employees' leaving entitlements	15,901	18,611	(2,710)
Pensions and similar obligations	2,709	2,390	319
Other costs	7,725	7,980	(255)
<b>Total</b>	<b>722,751</b>	<b>729,170</b>	<b>(6,419)</b>

The total number of personnel fell from 19,137 heads at 31/12/2001 to 18,489 at 31/12/2002 (- 648 heads), a fall of 1.1%. The average number of Group employees was as follows:

	heads	
	12.31.2002	12.31.2001
Managers and clerical staff	4,542	4,450
Workers	14,017	14,963
<b>Total</b>	<b>18,559</b>	<b>19,413</b>

The number of employees at companies consolidated on a proportional basis refers mainly to the Indian companies Zuari Cement Ltd and Sri Vishnu (530 at 31 December 2002). The overall fall in numbers was due to the removal from the consolidation of the Sab Autoservizi group (1,072 heads at 31 December 2001). Total personnel expenses were also influenced by the removal of the transport sector from the consolidation area (40,524 thousand euro at 31 December 2001).



**10) Amortization, depreciation and write-downs** 425,465 thousand euro  
(411,320 thousand euro at 31 December 2001)

These totaled 425,465 thousand euro overall (411,320 thousand euro at 31.12.2001), as follows:

	12.31.2002	12.31.2001	Change
Amortization of intangible assets	105,880	109,487	(3,607)
Depreciation of tangible assets	285,136	286,125	(989)
Other write-downs of fixed assets	17,635	-	17,635
Write-downs of receivables included in current assets and of cash and cash equivalents	16,814	15,708	1,106
<b>Total</b>	<b>425,465</b>	<b>411,320</b>	<b>14,145</b>

“Other write-downs of fixed assets” includes 7.6 million euro for the loss of value on the consolidation differences in India and Turkey (3.0 and 4.6 million euro respectively) and 10 million euro for losses incurred on the fair value adjustments made to the tangible assets of Italian companies (Società del Gres Ing. Sala S.p.A. and Silos Granari della Sicilia S.r.l.). “Write-downs of receivables included in current assets and of cash and cash equivalents” mainly concerns allocations made to the trade receivables write-down reserve.

**14) Other operating costs** 108,619 thousand euro  
(112,340 thousand euro at 31 December 2001)

These totaled 108,619 thousand euro (112,340 thousand euro at 31.12.2001), as follows:

	12.31.2002	12.31.2001	Change
Subscriptions	9,356	9,538	(182)
Other taxes	59,136	59,616	(480)
Other costs	40,127	43,186	(3,059)
<b>Total</b>	<b>108,619</b>	<b>112,340</b>	<b>(3,721)</b>

**C - Financial income and charges**

**15) Income from equity investments** 61,412 thousand euro  
(125,498 thousand euro at 31 December 2001)



These totaled 61,412 thousand euro, a decrease of 64,086 thousand euro compared to 31.12.2001 (125,498 thousand euro). The capital gains on disposals of equity investments totaled 23,236 thousand euro, as follows:

	(in thousands of euro)
	12.31.2002
Sab Autoservizi	18,508
Bravo Solution (unexercised rights)	2,538
Sigesa	1,748
Other	442
<b>Total</b>	<b>23,236</b>

The balance at 31 December 2001 (90,927 thousand euro) included the capital gain on the sale of the equity investment in Montedison of 89,467 thousand euro.

**16) Other financial income** 115,058 thousand euro  
(138,268 thousand euro at 31 December 2001)

**d) Other income**

This includes:

	12.31.2002	12.31.2001	Change
Bank interest income	4,393	6,382	(1,989)
Interest income on receivables	3,917	6,575	(2,658)
Translation gains	43,420	41,109	2,311
Other	24,586	28,212	(3,626)
<b>Total</b>	<b>76,316</b>	<b>82,278</b>	<b>(5,962)</b>

“Other” includes interest income received on deposits made concurrently with the floating rate subordinated securities for 23,496 thousand euro (21,273 thousand euro in 2001).

**17) Interest and other financial charges** (239,027) thousand euro  
(270,490) thousand euro at 31 December 2001)

This heading includes:

	(in thousands of euro)		
	12.31.2002	12.31.2001	Change
Bank interest expense	35,694	33,313	2,381
Interest on debentures	58,924	70,477	(11,553)
Translation losses	54,735	53,620	1,115
Interest on secured payables and medium/long term payables	66,776	79,647	(12,871)
Other charges	22,871	33,389	(10,518)
<b>Total</b>	<b>239,000</b>	<b>270,446</b>	<b>(31,446)</b>



“Interest on debentures” includes 29,313 thousand euro (29,737 thousand euro at 31 December 2001) relating to interest on floating rate subordinated securities. The net gain on translation differences was 2.0 million euro which was helped by the more limited depreciation of the Turkish lira for 8.6 million euro.

## D - Adjustments to financial asset values

**18) Revaluations** 19,490 thousand euro  
(18,473 thousand euro at 31 December 2001)

These rose by 1,017 thousand euro compared to 31 December 2001, as follows:

	(in thousands of euro)		
	12.31.2002	12.31.2001	Change
Revaluations:			
– of equity investments	19,103	15,785	3,318
– of which equity	19,103	15,785	3,318
– of other financial fixed assets	72	1,097	(1,025)
– of securities held under current assets	315	1,591	(1,276)
<b>Total</b>	<b>19,490</b>	<b>18,473</b>	<b>1,017</b>

The heading “Revaluations of equity investments” includes Ciments Quebec for 8.8 million euro, Vassiliko Cement Works Ltd for 2.2 million euro and Mittel for 2.0 million euro.

**19) Write-downs** (51,954) thousand euro  
(38,202) thousand euro at 31 December 2001)

Compared to 31 December 2001 these rose by 13,752 thousand euro, as follows:

	12.31.2002	12.31.2001	Change
Write-downs:			
– of equity investments	(27,316)	(8,429)	(18,887)
– of which equity	(18,318)	(2,585)	(15,733)
– of other financial assets	(5,030)	(3)	(5,027)
– of securities held under current assets	(19,608)	(29,770)	10,162
<b>Total</b>	<b>(51,954)</b>	<b>(38,202)</b>	<b>(13,752)</b>

The change in “Write-downs of equity investments” includes the 12.8 million euro write-down of the goodwill paid on the acquisition of Suez Cement Co, the loss of the Fincomind group (valued on an equity basis) of 2.9 million euro, as well as the losses and amortization of other companies valued with the equity method for 2.6 million euro. Write-downs of other financial assets concern 2.6 million euro for financial receivables due from the non-consolidated subsidiary Shymkent Cement (Kazakhstan) and also include provisions for the adjustment of some equity investments to Stock Market values.



## E - Non-recurring income and charges

**20) Income** 74,011 thousand euro  
(84,661 thousand euro at 31 December 2001)

### *a) Capital gains on disposal*

These totaled 18,352 thousand euro and include 643 thousand euro for capital gains realized on the sale of securities and equity investments and 17,709 thousand euro for capital gains on the sale of assets.

### *b) Other income*

These totaled 55,659 thousand euro and are due for 18,268 thousand euro to indemnities and windfall gains on the settlement of contractual relationships, 3,717 thousand euro for windfall gains from the settlement of outstanding accounts with tax and local authorities, and 33,674 thousand euro for other income.

**21) Charges** (120,584) thousand euro  
((108,815) thousand euro at 31 December 2001)

### *a) Capital losses on disposal*

These totaled 2,225 thousand euro (5,956 thousand euro in 2001) and are mainly attributable to capital losses on the sale of tangible assets for 2,047 thousand euro.

### *b) Taxes in respect of prior years*

These totaled 23,078 thousand euro and mainly refer to higher taxes and provisions for tax disputes in various companies in the Group relating to prior years, to charges for adjusting estimates of deferred tax liabilities and to higher taxes paid in the year, as well as to the provision of the payable for the amnesty (Law no. 289 of 27 December 2002), which companies in Italy that fall within the consolidation took up at a total cost of 6.3 million euro.

### *c) Other charges*

These totaled 95,281 thousand euro and include write-downs of buildings, plant and other assets for 19,557 thousand euro, non-recurring provisions for early retirement and personnel reorganization of 8,329 thousand euro, provisions for potential liabilities that are likely to arise relating to the restoration of industrial areas for 6,600 thousand euro, writing off of receivables claimed from tax authorities for 4,300 thousand euro, environmental accidents and damage for 4,400 thousand euro, provisions for various disputes of 19,400 thousand euro and other charges for 32,695 thousand euro.



### 23) Income taxes

(190,489) thousand euro

((249.090) thousand euro at 31 December 2001)

These totaled 190,489 thousand euro, down by 58,601 thousand euro compared to 31 December 2001, as follows:

	(in thousands of euro)		
	12.31.2002	12.31.2001	Change
Current taxes	234,629	252,085	(17,456)
Deferred taxes	(44,140)	(2,995)	(41,145)
<b>Total</b>	<b>190,489</b>	<b>249,090</b>	<b>(58,601)</b>

Current taxes benefited in Italy from the tax incentives linked to the removal of tax from reinvested business profits (the so-called Tremonti bis) with a positive consolidated effect of 25.9 million euro. In the change of 41.4 million euro in deferred taxes can be seen the positive impact of the adjustment to deferred taxes following the reduction of the tax rate in Belgium, which fell from 40.16% to 33.90%, of 24.8 million euro.

The reconciliation between theoretical taxes and effective taxes charged to the income statement is set out in Annex "H".

Information about the remuneration of the Directors and Auditors of Italmobiliare S.p.A., also for their duties performed for other consolidated companies, is given in the notes to the financial statements of Italmobiliare S.p.A.

Post-balance sheet events are described in Directors' report.

Milan, 24 March 2003

The Board of Directors

## Annexes

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The following annexes have been prepared in accordance with Legislative decree no. 127 of 9 April 1991 (as specified in each annex) and Consob communication no. 11971, article 126, of 14 May 1999 which requires listed companies to publish information on their equity investments in unlisted companies where such investment exceeds 10% of the companies' share capital with voting rights.

Unless otherwise stated, the equity investments set out in tables A, B, C, D and E are all owned by the Group.

## Annex A

### LIST OF COMPANIES CONSOLIDATED ON A LINE-BY-LINE BASIS

(as per article 26 of Legislative Decree no.127 of 9 April)

Company	Registered office	Share capital	% direct	% indirect	Held By Group Companies %	Held By:
<b>EUROPEAN UNION</b>						
<b>Italy</b>						
Axim Italia S.p.A.	Sorisole (BG)	€ 104,000	-	100.00	100.00	Nuova Sacelit S.r.l.
Azienda Vendite Acquisti S.p.A.	Milan	€ 2,550,000	100.00	-	100.00	Italmobiliare Soc. per Az.
BravoSolution S.p.A.	Bergamo	€ 21,056,333	8.44	81.69	81.69	Italcementi S.p.A.
					8.44	Italmobiliare Soc. per Az.
CTG. S.p.A.	Bergamo	€ 103,200	-	100.00	50.00	Italcementi S.p.A.
					50.00	Ciments Français S.A.
Calcementi Jonici S.p.A.	Siderno (RC)	€ 9,000,000	-	100.00	100.00	Italcementi S.p.A.
Calcestruzzi S.p.A.	Bergamo	€ 138,000,000	-	100.00	99.90	Italcementi S.p.A.
					0.10	SICIL.FIN. S.r.l.
Cassano Cave S.p.A.	Bergamo	€ 100,000	-	100.00	100.00	Calcestruzzi S.p.A.
Cavecem S.r.l.	S. Egidio alla Vibrata (TE)	€ 10,400	-	100.00	100.00	Cemencal S.p.A.
Cemencal S.p.A.	Bergamo	€ 12,660,000	-	85.00	85.00	Calcestruzzi S.p.A.
Duca d'Este S.r.l.	Milan	€ 49,400	-	100.00	100.00	S.p.A Nuove Costruzioni Edilizie S.A.N.C.E.
E.I.C.A. S.r.l.	Norcia (PG)	€ 49,500	-	66.67	66.67	Calcestruzzi S.p.A.
E.S.A. Monviso S.p.A.	Casalgrasso (CN)	€ 1,340,000	-	100.00	59.00	Calcestruzzi S.p.A.
					41.00	Cemencal S.p.A.
Franco Tosi S.p.A.	Milan	€ 127,500	-	100.00	100.00	Intermobiliare S.p.A.
Gruppo Italfusi S.r.l.	Savignano s/P. (MO)	€ 156,000	-	100.00	99.50	Italcementi S.p.A.
					0.50	SICIL.FIN. S.r.l.
Intercom S.r.l.	Ortona (CH)	€ 255,000	-	100.00	100.00	Italcementi S.p.A.
Intermobiliare S.p.A.	Milan	€ 5,160,000	100.00	-	100.00	Italmobiliare Soc. per Az.
Intertrading S.r.l.	Bergamo	€ 4,160,000	-	100.00	99.50	Italcementi S.p.A.
					0.50	SICIL.FIN. S.r.l.
Italcementi S.p.A.	Bergamo	€ 282,548,942	36.53	0.01	36.53	Italmobiliare Soc. per Az. (58.27 voting rights)
					0.01	Intermobiliare S.p.A. (0.02 voting rights)
Italgen S.p.A.	Bergamo	€ 20,000,000	-	100.00	100.00	Italcementi S.p.A.
Italmobiliare Servizi S.r.l.	Milan	€ 260,000	100.00	-	100.00	Italmobiliare Soc. per Az.
Nuova Sacelit S.r.l.	Sorisole (BG)	€ 22,950,000	-	100.00	99.00	Italcementi S.p.A.
					1.00	Intermobiliare S.p.A.
Popolonia Italica S.r.l.	Milan	€ 1,040,000	100.00	-	100.00	Italmobiliare Soc. per Az.
Progecal S.p.A.	Rome	€ 293,250	-	99.00	82.74	Speedybeton S.p.A.
					16.26	Cemencal S.p.A.
Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	Milan	€ Resolved 2,575,000 Subscribed and paid up: 1,300,000	99.48	0.52	99.48	Italmobiliare Soc. per Az.
					0.52	SICIL.FIN. S.r.l.
S.A.M.A. S.p.A.	Bergamo	€ 1,000,000	-	100.00	100.00	Italcementi S.p.A.
S.p.A. Nuove Costruzioni Edilizie S.A.N.C.E.	Milan	€ 139,725	100.00	-	100.00	Italmobiliare Soc. per Az.
SICIL.FIN. S.r.l.	Bergamo	€ 477,360	-	100.00	99.50	Italcementi S.p.A.
					0.50	Intermobiliare S.p.A.
Silos Granari della Sicilia S.r.l.	Bergamo	€ 5,980,000	-	100.00	100.00	Intertrading S.r.l.
Sirap Gema Insulation Systems S.p.A.	Verolanuova	€ 2,175,000	-	100.00	63.17	Sirap Gema International S.A.
					36.83	Sirap Gema Finance S.A.



Company	Registered office	Share capital	% direct	% indirect	Held By Group Companies % Held By:	
Sirap Gema S.p.A.	Verolanuova	€ 12,021,123	100.00	-	100.00	Italmobiliare Soc. per Az.
Società del Gres Ing. Sala S.p.A.	Sorisole (BG)	€ 5,858,722.24	-	100.00	100.00	Nuova Sacelit S.r.l.
Speedybeton S.p.A.	Pomezia (RM)	€ 300,000	-	70.00	70.00	Calcestruzzi S.p.A.
Terminal Riuniti S.r.l.	Mantova	€ 255,000	-	100.00	100.00	Italcementi S.p.A.
<b>France</b>						
Arena S.A.	Guerville	€ 126,000,000	-	99.99	99.99	Ciments Français S.A.
Axim S.A.	Guerville	€ 495,625	-	99.93	99.93	Ciments Calcia S.A.
Béton Contrôle de l'Adour S.A.	Bayonne	€ 150,000	-	59.96	59.96	Béton Contrôle du Pays Basque S.A.
Béton Contrôle du Pays Basque S.A.	Bayonne	€ 120,000	-	59.93	59.93	Unibéton S.A.
Béton Sud Atlantique	Berson	€ 140,000	-	99.93	99.93	Unibéton S.A.
Bonafini S.A.	Argences	€ 43,936	-	99.81	90.82	Tratel S.A. 8.99 Univrac S.A.
BravoSolution France S.a.s.	Boulogne/Billancourt	€ 3,500,000	-	99.99	99.99	BravoSolution S.p.A.
Carrières Olivier S.A.R.L.	Salon de Provence	€ 80,000	-	100.00	100.00	GSM S.A.
Châtelet S.A.	Cayeux s/M.	€ 118,680	-	99.93	99.93	GSM S.A.
Ciberval S.A.	Le Teil	€ 64,000	-	99.99	99.99	Tratel S.A.
Ciments Calcia S.A.	Guerville	€ 593,836,525	-	99.99	99.99	Ciments Français S.A.
Ciments de l'Adour S.A.	Boucau	€ 421,290	-	99.81	86.20	Ciments Calcia S.A. 13.61 Ciments Français S.A.
Ciments du Littoral S.A.	Bassens	€ 384,300	-	99.89	99.89	Tercim S.A.
Ciments Français S.A.	Puteaux	€ 152,380,908	-	72.40	70.48	Société Int. Italcementi France S.A. 1.37 Société Int. Italcementi (Luxembourg) S.A.) 0.55 Ciments Français S.A. (voting rights: 82.39 Société Int. Italcementi France S.A. 0.83 Société Int. Italcementi (Luxembourg) S.A.)
Compagnie Financière et de Participations S.A.	Puteaux	€ 180,000	-	99.98	99.98	Ciments Français S.A.
Decoux S.A.	Beaucaire	€ 120,000	-	99.99	99.99	Tratel S.A.
Eurarco France S.A.	Les Crotoy	€ 1,520,000	-	64.99	64.99	GSM S.A.
Granulats de la Drôme S.a.s.	Saint Jean de Vedas	€ 40,000	-	63.00	63.00	GSM S.A.
Granulats et Sables Marins S.a.s.	Pessac	€ 40,000	-	99.99	99.99	GSM S.A.
GSM S.A.	Guerville	€ 18,675,840	-	99.99	99.99	Arena S.A.
Immobilière des Technodes S.A.	Guerville	€ 9,629,280	-	99.99	59.97	Ciments Français S.A. 40.02 Ciments Calcia S.A.
Investcim S.A.	Puteaux	€ 124,874,000	-	99.99	99.99	Ciments Français S.A.
Johar S.A.	Luxemont et Villotte	€ 1,221,632	-	99.97	86.41	Tratel S.A. 13.56 Univrac S.A.
Larricq S.A.	Airvault	€ 508,000	-	99.98	99.98	Tratel S.A.
Raingard Carrières Bétons et Compagnie S.n.c.	Bouguenais	€ 705,000	-	100.00	100.00	GSM S.A.
SA SOPREFIM in liquidation	Nice	€ 975,000	-	99.92	99.91	Soc. d'Etudes de Participations et de Courtages 0.01 SCI SCIF
Sables d'Armor S.a.s.	Plerin	€ 56,480	-	50.99	50.99	GSM S.A.
Sables et Gravier de la Garonne GIE	Pessac	€ -	-	100.00	100.00	GSM S.A.
Sadecib S.A.	Puteaux	€ 40,000	-	99.76	99.76	Ciments Français S.A.
Sax S.a.s.	Guerville	€ 482,800	-	99.99	99.99	Ciments Français S.A.
S.C. Immobil	Cagnes-sur-Mer	€ 94,518.39	-	100.00	99.84	Soc. d'Etudes de Participations et de Courtages 0.16 SCI SCIP



## Annex A (continued)

Company	Registered office	Registered office	Share capital	% direct	% indirect	Held By	Group Companies Held By:
SCI Le Manet	Cagnes-sur-Mer	€	1,524.49	-	100.00	99.00	SCI SCIP
						1.0	SCI SCIP
SCI SCIF	Nice	€	15,244.90	-	100.00	99.00	Soc. d'Etudes de Participations et de Courtages
						1.0	SCI SCIP
SCI SCIP	Nice	€	15,244.90	-	100.00	99.00	Soc. d'Etudes de Participations et de Courtages
						1.00	SCI SCIP
Sirap Gema France S.A.	Noves	€	3,520,000	-	99.92	99.92	Sirap Gema S.p.A.
Société Civile Immobilière Berault	Carrières s/P.	€	3,840	-	99.95	99.95	GSM S.A.
Société Internationale Italcementi France S.A.	Paris	€	1,494,500,000	-	99.99	83.09	Italcementi S.p.A.
						16.90	Société Int. Italcementi (Luxembourg) S.A.
Socli S.A.	Izaourt	€	144,960	-	99.93	99.93	Ciments Calcia S.A.
Sodecim S.a.s.	Puteaux	€	228,788,125	-	99.99	99.99	Ciments Français S.A.
Technodes S.A.	Guerville	€	3,200,000	-	99.99	99.99	Ciments Français S.A.
Tercim S.A.	Puteaux	€	45,000	-	99.96	99.96	Ciments Français S.A.
Tragor S.A.	Pessac	€	892,048	-	99.99	71.73	Tratel S.A.
						28.26	Univrac S.A.
Tratel S.A.	L'Île S. Denis	€	6,025,580	-	99.99	99.99	Ciments Calcia S.A.
Unibéton S.A.	Guerville	€	27,159,732	-	99.99	99.99	Arena S.A.
Unibéton Var S.a.s.	Lambesc	€	40,000	-	99.96	99.96	Unibéton S.A.
Univrac S.A.	L'Île S. Denis	€	302,000	-	99.84	99.84	Tratel S.A.
Uniwerbétón S.a.s.	Gamsbheim	€	160,000	-	70.00	70.00	Unibéton S.A.
<b>Belgium</b>							
Ath Béton	Ghilblingren	€	125,000	-	99.60	99.60	Compagnie des Ciments Belges S.A.
Compagnie des Ciments Belges S.A.	Tournai	€	300,000,000	-	99.91	36.94	Ciments Français Europe N.V.
						29.11	Ciments Français S.A.
						25.28	Ciments Calcia S.A.
						8.58	Compagnie Financière des Ciments S.A.
Compagnie Financière des Ciments S.A.	Tournai	€	5,580,000	-	99.99	99.99	Ciments Français S.A.
De Paepe Béton N.V.	Gent	€	500,000	-	99.98	99.98	Compagnie des Ciments Belges S.A.
Sirap Gema International S.A.	Manage	€	12,000,000	-	100.00	99.83	Sirap Gema Finance S.A.
						0.17	Société de Participation Financière Italmobiliare S.A.
Trabel Transports S.A.	Gaurain	€	743,680.57	-	100.00	91.00	Tratel S.A.
						9.00	Compagnie des Ciments Belges S.A.
<b>Spain</b>							
BravoSolution España S.A.	Madrid	€	120,400	-	99.99	99.99	BravoSolution S.p.A.
Cementos Capa S.L.	Archidón	€	1,260,000	-	48.00	48.00	Sociedad Financiera y Minera S.A.
Centro Administrativo y de Servicios de Málaga S.A.	Málaga	€	60,200	-	99.99	99.99	Sociedad Financiera y Minera S.A.
Compañía General de Canteras S.A.	Málaga	€	479,283.69	-	99.41	96.12	Sociedad Financiera y Minera S.A.
						3.29	Sax S.a.s.
Hormigones y Minas S.A.	San Sebastián	€	8,689,378.20	-	99.99	99.99	Sociedad Financiera y Minera S.A.
Inversiones e Iniciativas en Aridos S.L.	Madrid	€	3,010	-	100.00	100.00	Ciments Français S.A.
Sociedad Financiera y Minera S.A.	Madrid	€	39,160,000	-	99.73	56.58	Ciments Français S.A.
						39.87	Ciments Français Europe N.V.
						3.02	Hormigones y Minas S.A.
						0.26	Sociedad Financiera y Minera S.A.
							(voting rights:
						56.73	Ciments Français S.A.
						39.98	Ciments Français Europe N.V.
						3.03	Hormigones y Minas S.A.)
Ventore S.L.	Málaga	€	6,000	-	99.90	99.90	Sociedad Financiera y Minera S.A.



Company	Registered office		Share capital	% direct	% indirect	Held By	Group Companies Held By:
<b>Greece</b>							
Ammos Quarries of East Attica S.A.	Aspropyrgos	€	18,671,161.30	-	100.00	100.00	Ciments Français S.A.
Domiki Beton S.A.	Iraklion	€	2,309,423	-	98.59	98.59	Calcestruzzi S.p.A.
ET Beton	Aspropyrgos	€	5,192,161.75	-	100.00	100.00	Ammos Quarries of East Attica S.A.
Halyps Building Materials S.A.	Aspropyrgos	€	27,171,138.96	-	99.55	59.47	Ciments Français S.A. 40.08 Ammos Quarries of East Attica S.A. (voting rights: 58.56 Ciments Français S.A. 41.04 Ammos Quarries of East Attica S.A.)
<b>Germany</b>							
Sirap Gema Gmbh in liquidation	Aalen	€	26,000	-	100.00	100.00	Sirap Gema Finance S.A.
<b>Ireland</b>							
Italmobiliare International Finance Ltd	Dublin	€	1,300,000	99.99	0.01	99.99	Italmobiliare Soc. per Az. 0.01 Intermobiliare S.p.A.
<b>Luxembourg</b>							
Ciments Français International S.A.	Luxembourg	€	8,928,500	-	99.99	50.99	Ciments Français S.A. 49.00 Ciments Français Europe N.V.
Sirap Gema Finance S.A.	Luxembourg	€	7,180,290	-	100.00	99.97	Sirap Gema S.p.A. 0.03 Intermobiliare S.p.A.
Société Internationale Italcementi (Luxembourg) S.A.	Luxembourg	€	251,553,000	-	100.00	99.87	Italcementi S.p.A. 0.13 SICIL.FIN S.r.l.
Société de Participation Financière Italmobiliare S.A.	Luxembourg	€	135,343,593	99.94	0.06	99.94	Italmobiliare Soc. per Az. 0.06 Intermobiliare S.p.A.
<b>Holland</b>							
Cimate Finance B.V.	Amsterdam	€	18,160	-	100.00	100.00	Ciments Français Europe N.V.
Ciments Français Europe N.V.	Amsterdam	€	378,503,130	-	100.00	66.80	Sodecim S.a.s. 33.20 Ciments Français S.A.
Italmobiliare International B.V.	Amsterdam	€	Resolved 75,000 Subscribed 19,500	100.00	-	100.00	Italmobiliare Soc. per Az.
<b>NORTH AMERICA</b>							
<b>Usa</b>							
Arrowhead Investment Company	Carson City	USD	1,000	-	100.00	100.00	Essroc Corporation
Axim Concrete Technologies Inc.	Middlebranch	USD	1,000	-	100.00	100.00	Essroc Corporation
Berkeley Resource Recovery Ltd	Winchester	USD	1,000	-	100.00	100.00	Riverton Investment Corporation
Capitol Cement Corporation	Winchester	USD	1,000,000	-	100.00	100.00	Riverton Investment Corporation
Consumer Materials Inc.	Winchester	USD	1,000	-	100.00	100.00	Riverton Investment Corporation
ES Cement Co.	Nazareth	USD	100	-	100.00	100.00	Essroc Cement Corp.
Essroc Cement Corp.	Nazareth	USD	8,330,000	-	100.00	100.00	Essroc Corporation
Essroc Corporation	Nazareth	USD	1,000	-	100.00	100.00	Ciments Français S.A.
Essroc Puerto Rico Holdings Inc.	Nazareth	USD	1,000	-	100.00	100.00	Essroc San Juan Inc.
Fincel Inc.	Nazareth	USD	1	-	100.00	100.00	Essroc Corporation
Greyrock Inc.	Nazareth	USD	1,000	-	100.00	100.00	Essroc Cement Corp.
Nadco Inc.	Nazareth	USD	1,000	-	100.00	100.00	Essroc Cement Corp.
Riverton Corporation	Winchester	USD	859,310	-	100.00	100.00	Riverton Investment Corporation
Riverton Investment Corporation	Winchester	USD	8,340	-	100.00	100.00	Essroc Cement Corp.
Riverton Lime&Stone Co. Inc.	Winchester	USD	3,000	-	100.00	100.00	Riverton Corporation
Tomahawk Inc.	Wilmington	USD	1,000	-	100.00	100.00	Essroc Cement Corp.
<b>Canada</b>							
155290 Canada Inc.	Mississauga	CAD	1	-	100.00	100.00	Essroc Canada Inc.
Axim Concrete Technologies (Canada) Inc.	Cambridge	CAD	196	-	100.00	100.00	Axim Concrete Technologies Inc.
Essroc Canada Inc.	Mississauga	CAD	307,936,000	-	100.00	100.00	Essroc Corporation



## Annex A (continued)

Company	Registered office		Share capital	% direct	% indirect	Held By Group Companies % Held By:	
<b>OTHER COUNTRIES</b>							
<b>Albania</b>							
Eurotech Cement S.h.p.k.	Durres	LEK	270,000,000	-	84.99	84.99	Halyps Building Materials S.A.
<b>Bulgaria</b>							
Devnya Cement A.D.	Devnya	LEV	1,028,557,000	-	99.97	99.97	Marvex
Marvex	Devnya	LEV	89,424,100	-	100.00	100.00	Sociedad Financiera y Minera S.A.
Vulkan A.D.	Dimitrovgrad	LEV	452,967,000	-	70.00	70.00	Ciments Français S.A.
<b>Cyprus</b>							
Italmed Cement Company Ltd	Limassol	CYP	12,318,000	-	99.99	99.99	Ciments Français S.A.
<b>Gambia</b>							
Gacem Company Limited	Serrekunda	GMD	4,500,000	-	80.00	80.00	Tercim S.A.
<b>Morocco</b>							
Betomar S.A.	Casablanca	MAD	84,397,800	-	99.99	99.99	Ciments du Maroc S.A.
Ciments du Maroc S.A.	Casablanca	MAD	721,800,200	-	61.82	58.30	Ciments Français S.A. 3.52 Procimar S.A.
Industrie Sakia el Hamra "Indusaha" S.A.	Laayoune	MAD	55,550,000	-	96.99	96.99	Ciments du Maroc S.A.
Procimar S.A.	Casablanca	MAD	27,000,000	-	99.99	99.99	Ciments Français S.A.
<b>Mauritania</b>							
Mauritano-Française des Ciments	Nouakchott	OUG	1,111,310,000	-	51.11	51.11	Ciments Français S.A.
<b>Montecarlo</b>							
Société d'Etudes de Participations et de Courtages	Montecarlo	€	1,290,000	-	99.84	99.84	Société de Participation Financière Italmobiliare S.A.
<b>Porto Rico</b>							
Essroc San Juan Inc.	Espinosa	USD	10,000	-	100.00	100.00	Essroc Cement Corp.
<b>Switzerland</b>							
Interbulk Trading S.A.	Meyrin	CHF	7,470,600	-	99.99	66.75 15.00 18.24	Ciments Français International S.A. Intertrading S.r.l. Ciments Français Europe N.V.
<b>Thailand</b>							
Asia Cement Products Co. Ltd	Bangkok	BT	10,000,000	-	39.03	39.03	Asia Cement Public Co. Ltd <sup>1</sup>
Asia Cement Public Co. Ltd	Bangkok	BT	7,800,000,000	-	39.03	24.96 14.07	Ciments Français S.A. Vaniyuth Co. Ltd <sup>1</sup>
Jalaprathan Cement Public Co. Ltd	Bangkok	BT	1,200,000,000	-	57.32	10.78 37.00 9.54	Asia Cement Public Co. Ltd <sup>1</sup> Ciments Français S.A. Vesprapat Holding Co. Ltd <sup>1</sup>
Jalaprathan Concrete Products Co. Ltd	Bangkok	BT	100,000,000	-	57.31	57.31	Jalaprathan Cement Public Co. Ltd <sup>1</sup>
Vaniyuth Co., Ltd	Bangkok	BT	100,000	-	48.80	48.80	Investcim S.A.
Vesprapat Holding Co. Ltd	Bangkok	BT	20,000,000	-	49.00	49.00	Sax S.a.s.
<b>Turkey</b>							
Afyon Cimento Sanayi Tas	Istanbul	TRL	120,000,000,000	-	78.49	76.51 1.02 0.96	Ciments Français S.A. Set Group Holding Set Cimento Sanayi ve Tas
Anadolu Cimentolari Tas	Istanbul	TRL	7,130,660,000,000	-	99.74	89.73 10.01	Set Group Holding Set Cimento Sanayi ve Tas
Marmara Cimento Sanayi Tas	Istanbul	TRL	755,500,000,000	-	99.96	89.94 10.02	Devnya Cement AD Anadolu Cimentolari Tas
Set Beton Madencilik Sanayi ve Tas	Istanbul	TRL	7,412,000,000,000	-	99.99	99.99	Ciments Français S.A.
Set Betoya Prefabrik Yapı Elemanları Sanayi ve Ticaret A.S.	Istanbul	TRL	303,400,000,000	-	99.95	78.22 21.73	Set Group Holding Anadolu Cimentolari Tas
Set Cimento Sanayi ve Tas	Istanbul	TRL	25,890,500,000,000	-	99.81	99.81	Set Group Holding
Set Group Holding	Istanbul	TRL	18,508,410,000,000	-	99.99	99.99	Ciments Français S.A.
<b>Sri Lanka</b>							
International Cement Traders Ltd	Colombo	LKR	401,416,620	-	80.00	80.00	Ciments Français S.A.

<sup>1</sup> Percentage of interest



## Annex B

### LIST OF COMPANIES CONSOLIDATED WITH THE PROPORTIONATE METHOD

(as per article 37 of Legislative Decree no. 127 of 9 April 1991)

Company	Registered office		Share capital	% direct	% indirect	Held By Group Companies %	Held By:
<b>EUROPEAN UNION</b>							
<b>France</b>							
Béton Contrôle de Montceau le Creusot S.A.	Montceau Les M.	€	588,000	-	49.99	49.99	Unibéton S.A.
Carrières Bresse Bourgogne	Saint Marcel	€	387,189	-	66.48	66.48	Dragages et Carrières
Dragages et Carrières S.A.	Saint Marcel	€	1,000,000	-	49.99	49.99	GSM S.A.
Graves de l'Estuaire de la Gironde L.G.E.G. Saint Jean de Blaignac		€	-	-	50.00	50.00	GSM S.A.
Les Calcaires Girondins S.a.s.	Cenon	€	100,000	-	50.00	50.00	GSM S.A.
Les Graves de l'Estuaire S.a.s.	Le Havre	€	297,600	-	33.33	33.33	GSM S.A.
Société Calcaires Lorrains	Heillecourt	€	40,000		49.92	49.92	GSM S.A.
Société des Calcaires de Château Landon S.n.c.	Souppes sur Loing	€	2,145,000	-	50.00	50.00	GSM S.A.
Société Parisienne des Sablières S.A.	Pont de L'Arche	€	320,000	-	49.99	49.99	GSM S.A.
<b>OTHER COUNTRIES</b>							
<b>India</b>							
Sri Vishnu Cement Ltd	Hyderabad	INR	237,200,000	-	96.18	96.18	Zuari Cement Ltd
Zuari Cement Ltd	Goa	INR	2,579,614,000	-	50.00	50.00	Ciments Français S.A.

## Annex C

### LIST OF COMPANIES CONSOLIDATED WITH THE EQUITY METHOD

(as per article 36 paragraphs 1 and 3, of Legislative Decree no.127 of 9 April 1991)

Company	Registered office		Share capital	% direct	% indirect	Held By Group Companies %	Held By:
<b>EUROPEAN UNION</b>							
<b>Italy</b>							
Aliserio S.p.A.	Bergamo	€	2,270,000	10.00	90.00	90.00	Italcementi S.p.A. Italmobiliare Soc. per Az.
Cementi della Lucania S.p.A.	Potenza	€	619,746	-	30.00	30.00	Italcementi S.p.A.
E.C.I.T. S.r.l.	Ravenna	€	104,208	-	50.00	50.00	Calcestruzzi S.p.A.
General Cave S.r.l.	Fiumicino (RM)	€	31,200	-	50.00	50.00	Speedybeton S.p.A.
GESVIM S.r.l.	Milan	€	820,000	-	50.00	50.00	Azienda Vendite Acquisti A.V.A. S.p.A.
GIST SRL Gamma Iniziative Sport. Tur.	Firenze	€	612,000	-	50.00	50.00	Intermobiliare S.p.A.
IMES S.r.l.	S. Cipriano Pic. (SA)	€	206,000	-	100.00	100.00	Italcementi S.p.A.
Immobiliare Golf Punta Ala S.p.A.	Punta Ala (GR)	€	5,164,000	-	36.50	11.75 24.75	Punta Ala Prom. e Sviluppo Imm.re S.r.l. Azienda Vendite Acquisti A.V.A. S.p.A.
Italconsult S.p.A.	Rome	€	5,404,703.20	-	29.19	29.19	Italcementi S.p.A.
Mantovana Inerti S.r.l.	Cavriana (MN)	€	702,000	-	50.00	50.00	Calcestruzzi S.p.A.
Mittel S.p.A.	Milan	€	39,000,000	12.91	-	12.91	Italmobiliare Soc. per Az.
Prati Fioriti S.r.l.	Rome	€	86,700	-	62.50	37.50 25.00	Cemencal S.p.A. Calcestruzzi S.p.A.
S.A.F.R.A. S.r.l.	Bologna	€	51,480	-	33.33	33.33	Calcestruzzi S.p.A.
Silicalcite S.p.A.	Bergamo	€	4,000,000	-	100.00	100.00	Italcementi S.p.A.
<b>France</b>							
Béton Contrôle des Abers S.A.	Lannilis	€	104,000	-	34.00	34.00	Unibéton S.A.
Béton Saône S.A.	Mâcon	€	40,000	-	35.00	35.00	Unibéton S.A.
Dragages Transports & Travaux Maritimes S.A.	La Rochelle	€	1,702,272	-	39.99	39.99	GSM S.A.
S.A. Dijon Béton	Dijon	€	184,000	-	15.00	15.00	GSM S.A.
Stinkal S.a.s.	Ferques	€	1,120,000	-	35.00	35.00	GSM S.A.



## Annex C (continued)

Company	Registered office		Share capital	% direct	% indirect	Held By Group Companies % Held By:	
Finter Bank France	Paris	€	20,000,000	-	100.00	65.49	Soparfinter S.A. 32.50 Finter Bank Zürich S.A. 1.61 Fincomind S.A. 0.40 Soc.d'Etudes de Participations et de Courtages
Finter Gestion S.A.	Paris	€	150,000	-	99.37	99.37	Finter Bank France S.A.
<b>Ireland</b>							
Kayward Limited	Dublino	€	1,608	-	99.94	99.94	Soparfinter S.A.
<b>Luxembourg</b>							
Soparfinter S.A.	Luxembourg	CHF	17,700,000	-	100.00	97.85	Fincomind S.A. 2.15 Société de Participation Financière Italmobiliare S.A.
<b>NORTH AMERICA</b>							
<b>Canada</b>							
Ciment Quebec Inc.	St. Basile	CAD	19,461,000	-	100.00	100.00	Groupe Ciment Quebec Inc.
Groupe Ciment Quebec Inc.	St. Basile	CAD	4,202,000	-	50.00	50.00	Essroc Canada Inc.
Innocon Inc.	Richmond Hill	CAD	14,134,000	-	50.00	50.00	Essroc Canada Inc.
<b>OTHER COUNTRIES</b>							
<b>Bahamas</b>							
Finter Bank & Trust (Bahamas) Ltd	Nassau	USD	2,000,000	-	100.00	100.00	Finter Bank Zürich S.A.
<b>Cyprus</b>							
Vassiliko Cement Works Ltd	Nicosia	CYP	13,434,018.75	-	33.00	20.00	Italmed Cement Company Ltd 13.00 Comp. Financière et de Participations S.A.
<b>Principality of Monaco</b>							
Credit Mobilier de Monaco S.A.	Monaco	€	5,355,000	-	99.91	99.91	Société de Participation Financière Italmobiliare S.A.
<b>Switzerland</b>							
Fincomind S.A.	Zollikon	CHF	10,010,000	69.93	30.07	69.93	Italmobiliare Soc. per Az. 30.07 Société de Participation Financière Italmobiliare S.A.
Finconsult A.G.	Zurigo	CHF	500,000	-	100.00	100.00	Finter Bank Zürich S.A.
Finter Bank Zürich S.A.	Zurigo	CHF	45,000,000	-	100.00	100.00	Fincomind S.A.
<b>Egypt</b>							
Suez Bag Company	Cairo	LE	9,000,000	-	56.68	53.32	Suez Cement Company 3.36 Tourah Portland Cement Company
Suez Cement Company	Cairo	LE	640,000,000	-	41.48	34.08	Ciments Français S.A. 7.40 Tourah Portland Cement Company
Tourah Portland Cement Company	Cairo	LE	238,414,000	-	66.12	66.12	Suez Cement Company



## Annex D

# LIST OF OTHER EQUITY INVESTMENTS AND SUBSIDIARY AND ASSOCIATED COMPANIES VALUED WITH THE COST METHOD

(as per article 36 of Legislative Decree no. 127 of 9 April 1991)

Company	Registered office	Share capital	% direct	% indirect	Held By Group Companies %	Held By:
<b>EUROPEAN UNION</b>						
<b>Italy</b>						
Azienda Agricola Lodoletta S.r.l.	Bergamo	€ 10,400	-	75.00	75.00	Italcementi S.p.A.
Betongenova S.r.l. - in liquidation	Genova	€ 10,400	-	36.12	22.68	Calcestruzzi S.p.A.
					13.44	Cemencal S.p.A.
Betonsud S.r.l. - in liquidation	Foggia	€ 1,082,220	-	49.99	49.99	Calcestruzzi S.p.A.
Calcestruzzi e Inerti S.r.l.	Civita Castellana (VT)	€ 11,000	-	50.00	50.00	Calcestruzzi S.p.A.
Cantiere Navale di Punta Ala S.p.A. in liq.	Milan	€ 516,000	-	100.00	100.00	Punta Ala Promozione e Sviluppo Imm.re S.r.l.
Cartiere Burgo S.p.A.	Cuneo	€ 156,279,377.28	-	15.36	15.36	Société de Participation Financière Italmobiliare S.A.
Cava delle Capannelle S.r.l.	Bergamo	€ 31,200	-	49.00	49.00	Calcestruzzi S.p.A.
Cementi e Calci di S. Marinella S.r.l.	Bergamo	€ 10,000	-	66.67	66.67	Italcementi S.p.A.
Ecoinerti S.r.l.	Recanati (MC)	€ 91,800	-	50.00	50.00	Calcestruzzi S.p.A.
Gres Dalmine Resine Wavin S.c.a r.l.	Sorisole (BG)	€ 91,800	-	35.00	35.00	Società del Gres Ing. Sala S.p.A.
Immobiliare Lido di Classe S.p.A. in liq.	Rome	€ 255,000	18.04	-	18.04	Italmobiliare Soc. per Az.
Immobiliare Salesiane S.r.l.	Bergamo	€ 350,000	-	100.00	100.00	Italcementi S.p.A.
Italcementi Ingegneria S.r.l.	Bergamo	€ 266,220	-	100.00	100.00	Italcementi S.p.A.
La Ghiaia S.r.l. - in liquidation	S. Egidio alla Vibrata (TE)	€ 25,500	-	100.00	100.00	Cemencal S.p.A.
Soc. Editrice Siciliana S.E.S. S.p.A.	Messina	€ 5,112,900	33.00	-	33.00	Italmobiliare Soc. per Az.
Universal Imballaggi Sr.l.	Palermo	€ 1,131,588	-	24.90	24.90	Sirap Gema S.p.A.
<b>France</b>						
Arden Pompage S.A.R.L.	Les Ayvelles	€ 9,146.94	-	100.00	100.00	Unibéton S.A.
Béton Contrôle de Gascogne S.A.	Soorts Hossegor	€ 40,000	-	37.00	37.00	Béton Contrôle du Pays Basque S.A.
Bureau Engineering Travaux Publics (SA BETP)	Guérande	€ 523,205.03	-	99.94	79.94	Comp. Financière et de Participations S.A.
					20.00	Arena S.A.
Carrières de Mazaugues S.A.R.L.	Maubec	€ 76,224.51	-	50.00	50.00	GSM S.A.
Ciments Français Participations S.n.c.	Puteaux	€ 1,500	-	100.00	50.00	Ciments Français S.A.
					50.00	Comp. Financière et de Participations S.A.
Commingeoise de Restauration du Patrimoine S.A.R.L.	Saint Gaudens	€ 7,622	-	100.00	100.00	Socli S.A.
Dunkerque Ajouts Snc	Paris	€ 6,000	-	33.34	33.34	Ciments Calcia S.A.
Elco S.a.s.	Courbevoie	€ 397,373.61	-	24.99	24.99	Ciments Calcia S.A.
Entreprise Lorraine d'Agriculture – ELDA S.A.R.L.	Heillecourt	€ 10,000	-	100.00	100.00	GSM S.A.
Fraimbois Granulats S.A.R.L.	Moncel les Luneville	€ 75,000	-	50.00	50.00	GSM S.A.
GIE d'exploitation du chenal de Saintonge	Pessac	-	-	75.00	75.00	GSM S.A.
GIE des Terres de Mayocq	St. Firmin	-	-	50.00	50.00	Eurarco France
GIE Gisamo	Carrières s/P.	-	-	100.00	99.00	GSM S.A.
					1.00	Sables et Graviers de la Garonne GIE
GIE GM	Reims	-	-	63.00	63.00	GSM S.A.
GIE Les Sables	Mehun sur Yevre	€ 1,500	-	50.00	50.00	GSM S.A.
Gitec - GIE	Paris	-	-	49.00	49.00	Ciments Français S.A.
Les Calcaires Sud Charentes	Cherves Richemont	€ 1,524.49	-	34.00	34.00	GSM S.A.
Matériaux Routiers du Béarn S.A.R.L.	Rebenacq	€ 15,000	-	33.30	33.30	GSM S.A.
Neyrtec Industrie S.A.	Le Pont de Claix	€ 10,000,000	100.00	-	100.00	Italmobiliare Soc. per Az.
Port St. Louis Aménagement S.n.c.	Carrières s/P.	€ 7,622.45	-	51.00	51.00	GSM S.A.
Port St. Louis Remblaiement S.A.R.L.	Carrières s/P.	€ 7,622.45	-	51.00	51.00	GSM S.A.
Provence Aménagement S.A.	Port Fréjus	€ 480,000	-	35.00	35.00	Arena S.A.
Saint Remy Aggrégats S.A.R.L.	Salon de Provence	€ 7,622.50	-	100.00	100.00	GSM S.A.
Sas des Grésillons	Guerville	€ 40,000	-	35.00	35.00	GSM S.A.



## Annex D (continued)

Company	Registered office	Share capital	% direct	% indirect	Held By	Group Companies Held By:
SCI Bathlongue	Arudy €	53,504	-	100.00	100.00	GSM S.A.
SCI Coralie	Allonnes €	3,048.98	-	100.00	80.00	Bonafini S.A. 20.00 Larricq S.A.
SCI Delrieu Frères	Fumel €	17,379.19	-	100.00	50.00	Ciments Français S.A. 50.00 Soci S.A.
SCI des Granets	Cayeux sur M. €	4,695	-	47.33	47.33	GSM S.A.
SCI du Colombier	Rungis €	2,000	-	63.00	63.00	GSM S.A.
SCI du Domaine de Saint Louis	Carrières s/P. €	6,720	-	99.76	99.76	GSM S.A.
SCI Lepeltier	S. Doulichard €	6,150	-	99.76	99.76	GSM S.A.
SCI Triel Carrières	Le Vesinet €	13,500	-	99.89	99.89	GSM S.A.
SnC Rouennaise de Transformation	Grand Couronne €	7,500	-	60.00	60.00	Ciments Calcia S.A.
Société Civile Bachant le Grand Bonval	Carrières s/P. €	1,500	-	80.00	80.00	GSM S.A.
Société Civile Carrière de Maraval	Fréjus €	1,524.49	-	100.00	100.00	GSM S.A.
Société Civile d'Exploitation Agricole de l'Avesnois	Reims €	3,000	-	90.00	50.00	Société Civile Bachant le Grand Bonval 40.00 GSM S.A.
Société de la Grange d'Etaule	Gray €	3,750	-	99.60	99.60	Ciments Calcia S.A.
Société Foncière de la petite Seine S.a.s.	Saint Sauveur les Bray €	50,000	-	40.00	40.00	GSM S.A.
Unibéton Est S.a.s.	Heilecourt €	40,000	-	100.00	100.00	Unibéton Holding S.A.
Unibéton Holding S.A.	Guerville €	45,000	-	99.88	99.88	Arena S.A.
Unibéton Ile de France S.a.s.	L'île Saint Denis €	40,000	-	100.00	100.00	Unibéton Holding S.A.
Unibéton Med S.a.s.	Lambesc €	40,000	-	100.00	100.00	Unibéton Holding S.A.
Unibéton Nord S.a.s.	Hellemmes - Lille €	40,000	-	100.00	100.00	Unibéton Holding S.A.
Unibéton Normandie S.a.s.	Rouen €	40,000	-	100.00	100.00	Unibéton Holding S.A.
Unibéton Pays de Loire S.a.s.	Tours €	40,000	-	100.00	100.00	Unibéton Holding S.A.
Unibéton S.O. S.a.s.	Pessac €	40,000	-	100.00	100.00	Unibéton Holding S.A.
<b>Belgium</b>						
Société des Carrières du Tournais S.C.T. S.A.	Tournai €	61,973.38	-	65.00	65.00	Compagnie des Ciments Belges S.A.
<b>Spain</b>						
Asociación de Empresas de Transporte a Granel	San Sebastian €	23,138.41	-	92.86	92.86	Sociedad Financiera y Minera S.A.
Atlántica de Graneles y Moliendas S.A.	Vizcaya €	299,890.61	-	50.00	50.00	Sociedad Financiera y Minera S.A.
Canteras Aldoyar S.L.	Olazagutia €	1,508,510	-	20.00	20.00	Hormigones y Minas S.A.
Cisnel Descargas S.L.	Madrid €	3,010	-	100.00	100.00	Sodecim S.a.s.
Conglomerantes Hidráulicos Especiales S.A.	Madrid €	3,120	-	85.00	85.00	Sociedad Financiera y Minera S.A.
Eurosfaltes y Construcción S.A.	Málaga €	60,500	-	100.00	99.00	Sociedad Financiera y Minera S.A. 1.00 Compañía General de Canteras S.A.
Eurocalizas S.L.	Cantabria €	783,000	-	26.00	26.00	Hormigones y Minas S.A.
Exportaciones de Cemento del Norte de España S.A.	Bilbao €	60,099.77	-	45.00	45.00	Sociedad Financiera y Minera S.A.
Hormigones Olatzi S.A.	Olazagutia €	283,803.11	-	25.00	25.00	Hormigones y Minas S.A.
Hormigones Txingudi S.A.	San Sebastián €	60,099.77	-	50.00	50.00	Hormigones y Minas S.A.
Maquinaria para Hormigones A.I.E.	Bilbao €	258,435.21	-	37.50	37.50	Sociedad Financiera y Minera S.A.
Neucilaje S.A.	Bilbao €	60,101.21	-	30.00	30.00	Sociedad Financiera y Minera S.A.
Novhorví S.A.	Vitoria €	180,300	-	25.00	25.00	Hormigones y Minas S.A.
Nugra S.A.	Madrid €	60,100	-	100.00	100.00	Sociedad Financiera y Minera S.A.
Transagrox Pasajes S.A.	Guipúzcoa €	1,652,783.29	-	100.00	100.00	H.C. Plasier Beheer B.V.
Universal de Hormigones Unidos S.L.	Madrid €	3,010	-	99.80	99.80	Sociedad Financiera y Minera S.A.
<b>Greece</b>						
Betodomi S.A.	Iraklion €	117,200	-	30.00	30.00	Domiki Béton S.A.
Skyra S.r.l.	Mandra €	8,804.11	-	100.00	100.00	Ammos Quarries of East Attica S.A.
<b>Germany</b>						
Saarlandische Zementgesellschaft MBH	Saarbrücken €	52,000	-	80.00	80.00	Ciments Français International S.A.



Company	Registered office		Share capital	% direct	% indirect	Held By Group Companies % Held By:	
<b>Great Britain</b>							
Gecocem Limited	London	GBP	50,000	-	100.00	100.00	Ciments Français S.A.
<b>Luxembourg</b>							
Omniun des Arts et Techniques S.A.	Luxembourg	€	1,338,456	-	99.99	99.99	Ciments Français International S.A.
Unibéton Luxembourg S.A.	Luxembourg	€	35,000	-	99.71	99.71	Unibéton S.A.
<b>Holland</b>							
H.C. Plasier Beheer B.V.	Vlaardingen	€	18,151.21	-	100.00	100.00	Rular Trading B.V.
R.G. Aggregates B.V.	Vlaardingen	€	18,151.21	-	100.00	100.00	Ruler International
Rular Trading B.V.	Vlaardingen	€	18,151.21	-	100.00	100.00	Ruler International
<b>NORTH AMERICA</b>							
<b>Usa</b>							
Miron Usa Ltd	Nazareth	USD	200	-	100.00	100.00	Essroc Cement Corp.
<b>OTHER COUNTRIES</b>							
<b>Dutch Antilles</b>							
Ruler International	Curaçao	USD	6,000	-	100.00	100.00	Compagnie des Ciments Belges S.A.
<b>Bulgaria</b>							
Devnya Finance	Devnya	LEV	50,000,000	-	50.00	50.00	Devnya Cement A.D.
Dobrotitsa BSK A.D.	Dobritch	LEV	100	-	26.00	26.00	Devnya Cement A.D.
Ljulyaka A.D.	Devnya	LEV	759,372	-	100.00	100.00	Devnya Cement A.D.
<b>Kazakhstan</b>							
Shymkent Cement	Shymkent	TEN	350,000,000	-	99.75	99.75	Ciments Français S.A.
<b>Morocco</b>							
Asment (Ciments de Temara)	Temara	MAD	171,875,000	-	37.01	19.99 17.02	Ciments Français S.A. Procimar S.A.
Société Immobilière Marguerite VIII	Casablanca	MAD	100,000	-	94.00	94.00	Ciments du Maroc
Société Immobilière Marguerite X	Casablanca	MAD	100,000	-	94.00	94.00	Ciments du Maroc
<b>Thailand</b>							
JTC	Bangkok	BT	1,000,000	-	57.27	57.27	Jalaprathan Concrete Products Co. Ltd <sup>1</sup>
Sukanit	Bangkok	BT	500,000	-	56.91	56.91	Jalaprathan Concrete Products Co. Ltd <sup>1</sup>
<b>Turkey</b>							
Altas Ambarlı Liman Tesisleri Tas	Istanbul	TRL	500,000,000,000	-	21.78	10.89 10.89	Anadolu Cimentolari Tas Marmara Cimento Sanayi Tas
Met Teknik Servis ve Maden Sanayi Ticaret A.S.	Istanbul	TRL	50,000,000,000	-	99.99	99.99	Set Group Holding
<b>Singapore</b>							
Vietcim (Singapore) PTE Ltd	Singapore	SGD	2	-	100.00	100.00	Investcim S.A.

<sup>1</sup> percentage of interest



## Annex E

### LIST OF OTHER EQUITY INVESTMENTS GREATER THAN 10%

(as per article 126 of Consob communication no. 11971 of 14 May 1999)

Company	Registered office	Share capital	% direct	% indirect	Held By Group Companies	
					%	Held By:
<b>EUROPEAN UNION</b>						
<b>Italy</b>						
Compagnia Fiduciaria Nazionale S.p.A.	Milan	€ 312,000	16.67	-	16.67	Italmobiliare Soc. per Az.
Ecoserio S.r.l.	Bergamo	€ 48,960	-	12.50	12.50	Calcestruzzi S.p.A.
Fin.Priv. S.r.l.	Milan	€ 20,000	14.28	-	14.28	Italmobiliare Soc. per Az.
I.GE.PO. - Impresa Gestione Porti S.r.l. in liquidation	Vibo Valentia	€ 25,500	-	18.00	18.00	Italcementi S.p.A.
Janua Marittima S.p.A.	Genova	€ 2,205,000	-	10.71	10.71	Italcementi S.p.A.
LUXVIDE S.p.A.	Rome	€ 4,128,000	10.81	-	10.81	Italmobiliare Soc. per Az.
Musone S.r.l. <sup>2</sup>	Civitanova Marche (MC)	€ 102,960	-	100.00	100.00	Calcestruzzi S.p.A.
Procalmi S.r.l. in liquidation	Milan	€ 51,000	-	11.52	11.52	Cemencal S.p.A.
<b>France</b>						
Granulats Marins de Normandie - GIE	Le Havre	-	-	11.05	11.05	GSM S.A.
Scori S.A.	Plaisir	€ 1,092,800	-	13.95	13.95	Ciments Calcia S.A.
<b>Great Britain</b>						
Sirio Vide Ltd	London	GBP 100	11.00	-	11.00	Italmobiliare Soc. per Az.

<sup>2</sup> held as usufruct



## Annex F

### VARIATIONS IN SHAREHOLDERS' EQUITY

(in thousands of euro)

	Share capital	Legal reserve	Monetary revaluation reserve	Share premium reserve	Reserve for purchase of own shares	Other reserves of the holding company	Other consolidation reserves	Net result for the year	Group shareholders' equity
<b>Balance at 31 December 2001</b>	<b>100,167</b>	<b>20,033</b>	<b>86,760</b>	<b>177,191</b>	<b>21,120</b>	<b>454,995</b>	<b>539,330</b>	<b>143,112</b>	<b>1,542,708</b>
Allocation of income at 31 December 2001:									
Board of Directors								(647)	(647)
Dividends								(36,623)	(36,623)
Legal reserve									
Extraordinary reserve									
Carried forward						29,561		(29,561)	
Prescribed dividends/waiver of dividends						2			2
Transfer of reserves							76,281	(76,281)	
Exchange rate differences and consolidation adjustments							(53,339)		(53,339)
Net income for the year								119,758	119,758
<b>Balance at 31 December 2002</b>	<b>100,167</b>	<b>20,033</b>	<b>86,760</b>	<b>177,191</b>	<b>21,120</b>	<b>484,558</b>	<b>562,272</b>	<b>119,758</b>	<b>1,571,859</b>



## Annex G

**RECONCILIATION BETWEEN SHAREHOLDERS' EQUITY AND RESULT FOR THE YEAR OF THE HOLDING COMPANY AND CONSOLIDATED SHAREHOLDERS' EQUITY AND CONSOLIDATED RESULT FOR THE YEAR**

(in thousands of euro)

	12.31.2002	12.31.2001	
<b>A) Net income for the year of Italmobiliare S.p.A.</b>	<b>62,525</b>	<b>66,831</b>	
Consolidation adjustments			
Net results of consolidated companies (Group portion)	108,344	79,972	
Adjustment to Group accounting policies (Group portion)	(1,640)	(1,336)	
Adjustment to value of equity investments stated using the equity method	(934)	5,186	
Adjustment of gains on investments sold	(1,297)	13,382	
Elimination of dividends received during the year	(33,540)	(29,539)	
Elimination of write-downs of consolidated equity investments	872	4,661	
Elimination of intercompany income or losses and other variations	(14,572)	3,955	
<b>Group net income</b>	<b>119,758</b>	<b>143,112</b>	
<b>B) Shareholders' equity of Italmobiliare S.p.A.</b>	<b>952,357</b>	<b>927,099</b>	
Adjustment to Group accounting policies	6,818	6,610	
Elimination of the book value of consolidated equity investments:			
in subsidiary companies consolidated on a line-by-line basis	(1,006,343)	(1,012,253)	
in subsidiary and associated companies consolidated on an equity basis	(37,273)	(1,043,616)	(37,778)
compared to shareholders' equity of subsidiary companies:			
in subsidiary companies consolidated on a line-by-line basis	1,535,263	1,533,518	
in subsidiary and associated companies consolidated on an equity basis	94,216	1,629,479	95,514
Gains posted to shareholders' equity of subsidiary and associated companies	35,468	34,369	
Elimination of the effects of infragroup operations	(8,647)	(4,371)	
<b>Group consolidated shareholders' equity</b>	<b>1,571,859</b>	<b>1,542,708</b>	



Annex H

## RECONCILIATION BETWEEN THEORETICAL TAXES AND EFFECTIVE TAXES CHARGED TO THE INCOME STATEMENT

(in thousands of euro)

<b>Consolidated income before taxes</b>	<b>566,710</b>
Current IRPEG tax rate	36,0%
<b>Theoretical IRPEG tax effect</b>	<b>(204,016)</b>
Effect of the rate reduction for tax allowances and relief	34,198
Tax effect on permanent differences:	
overseas dividends and other exempt income	15,633
non-deductible costs	(59,908)
Taxable totals at rates different from the current Irpeg rate	6,348
Net effect in the year of deferred and prepaid taxes not recorded under temporary differences	8,667
Effect of the variation in tax rates	27,540
Withholdings on overseas dividends	(7,649)
Effect of estimated exchange rates and/or recording of deferred taxes previously not recorded	53
Effect of the difference between Italian and overseas tax rate	11,264
Other changes	(593)
<b>Effective IRPEG tax charge</b>	<b>(168,463)</b>
Effective IRAP tax charge	(21,624)
Other taxes	(402)
<b>Total taxes charged to income statement</b>	<b>(190,489)</b>

■ Additional  
information

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# Reclassified consolidated balance sheet

	(in thousands of euro)				
	12.31.2002	%	12.31.2001	%	Change 2002/2001
<b>Fixed assets</b>					
Intangible assets	1,406,708		1,366,389		40,319
Tangible assets	3,010,559		2,987,866		22,693
Investments and other financial assets	1,065,248		1,109,320		(44,072)
<b>Total</b>	<b>5,482,515</b>	<b>86.8</b>	<b>5,463,575</b>	<b>86.8</b>	<b>18,940</b>
<b>Working capital</b>					
Inventories	461,540		445,970		15,570
Trade receivables	993,045		955,721		37,324
Trade payables	(690,734)		(662,055)		(28,679)
Other assets	425,532		462,100		(36,568)
Other liabilities	(352,424)		(374,331)		21,907
<b>Total</b>	<b>836,959</b>	<b>13.2</b>	<b>827,405</b>	<b>13.2</b>	<b>9,554</b>
<b>Net invested capital</b>	<b>6,319,474</b>	<b>100.0</b>	<b>6,290,980</b>	<b>100.0</b>	<b>28,494</b>
<b>Shareholders' equity</b>					
Pertaining to the Group	1,571,859		1,542,708		29,151
Minority interest	2,037,860		2,171,313		(133,453)
<b>Total</b>	<b>3,609,719</b>	<b>57.1</b>	<b>3,714,021</b>	<b>59.0</b>	<b>(104,302)</b>
Floating rate subordinated securities	<b>77,010</b>	<b>1.2</b>	<b>100,505</b>	<b>1.6</b>	<b>(23,495)</b>
<b>Provisions</b>					
Employees' leaving entitlements	85,357		102,634		(17,277)
Other provisions	634,327		671,938		(37,611)
<b>Total</b>	<b>719,684</b>	<b>11.4</b>	<b>774,572</b>	<b>12.3</b>	<b>(54,888)</b>
<b>Net debt</b>					
Liquid funds and current financial assets	(803,668)		(890,954)		87,286
Short-term financing	834,861		970,575		(135,714)
Short term indebtedness	31,193	0.5	79,621	1.3	(48,428)
Medium to long term financial assets	(54,468)		(55,514)		1,046
Medium to long term financing	1,936,336		1,677,775		258,561
Medium to long term financial position	1,881,868	29.8	1,622,261	25.8	259,607
<b>Net debt</b>	<b>1,913,061</b>	<b>30.3</b>	<b>1,701,882</b>	<b>27.1</b>	<b>211,179</b>
<b>Total financing</b>	<b>6,319,474</b>	<b>100.0</b>	<b>6,290,980</b>	<b>100.0</b>	<b>28,494</b>

# Reclassified consolidated income statement



(in thousands of euro)

	12.31.2002	%	12.31.2001	%	Change 2002/2001	%
Net sales	4,365,279	100.0	4,206,727	100.0	158,552	3.8
Variation in inventories	16,994	0.4	(8,552)	(0.2)	25,546	(298.7)
Increase on internal work capitalized under fixed assets	18,210	0.4	15,012	0.4	3,198	21.3
	<b>4,400,483</b>	<b>100.8</b>	<b>4,213,187</b>	<b>100.2</b>	<b>187,296</b>	<b>4.4</b>
Other revenues	39,721	0.9	91,751	2.2	(52,030)	(56.7)
<b>Net sales and other operating income</b>	<b>4,440,204</b>	<b>101.7</b>	<b>4,304,938</b>	<b>102.3</b>	<b>135,266</b>	<b>3.1</b>
Consumables	1,094,291	25.1	1,054,237	25.1	40,054	3.8
Services	1,369,839	31.4	1,336,057	31.8	33,782	2.5
Other operating costs	108,619	2.5	112,340	2.7	(3,721)	(3.3)
<b>Value added</b>	<b>1,867,455</b>	<b>42.8</b>	<b>1,802,304</b>	<b>42.8</b>	<b>65,151</b>	<b>3.6</b>
Personnel expenses	722,751	16.6	729,170	17.3	(6,419)	(0.9)
Provisions and write-downs	27,749	0.6	24,473	0.6	3,276	13.4
<b>Gross operating profit</b>	<b>1,116,955</b>	<b>25.6</b>	<b>1,048,661</b>	<b>24.9</b>	<b>68,294</b>	<b>6.5</b>
Amortization and depreciation	408,651	9.4	395,612	9.4	13,039	3.3
<b>Operating income</b> (Difference between production value/costs)	<b>708,304</b>	<b>16.2</b>	<b>653,049</b>	<b>15.5</b>	<b>55,255</b>	<b>8.5</b>
Financial income and charges	(62,557)	(1.4)	(6,724)	(0.2)	(55,833)	-
Adjustments to financial asset values	(32,464)	(0.7)	(19,729)	(0.5)	(12,735)	-
Non-recurring items	(46,573)	(1.1)	(24,154)	(0.6)	(22,419)	92.8
<b>Income before taxes</b>	<b>566,710</b>	<b>13.0</b>	<b>602,442</b>	<b>14.3</b>	<b>(35,732)</b>	<b>(5.9)</b>
Taxes on income	(190,489)	(4.4)	(249,090)	(5.9)	58,601	(23.5)
<b>Income before minority interest</b>	<b>376,221</b>	<b>8.6</b>	<b>353,352</b>	<b>8.4</b>	<b>22,869</b>	<b>6.5</b>
Minority interest	256,463	5.9	210,240	5.0	46,223	22.0
<b>Group net income</b>	<b>119,758</b>	<b>2.7</b>	<b>143,112</b>	<b>3.4</b>	<b>(23,354)</b>	<b>(16.3)</b>
Cash flow	784,872		748,964		35,908	



# Consolidated statement of cash flows

(in thousands of euro)

	12.31.2002	12.31.2001
<b>A) Cash and cash equivalents at beginning of year</b>	<b>157,438</b>	<b>219,047</b>
<b>B) Cash flow from operating activities:</b>		
Group net income	119,758	143,112
Minority interest	256,463	210,240
Depreciation	391,016	395,612
Change from companies valued using the equity method	11,853	(11,156)
Dividends from companies valued using the equity method	846	741
Write-downs/Revaluations of fixed assets	44,605	17,724
Capital (gain)/loss on sales of fixed assets	(39,812)	(114,865)
Interest on debenture loan	4,741	20,149
Interest income on floating rate subordinated securities	(23,496)	(21,273)
	<b>765,974</b>	<b>640,284</b>
<b>Change in working capital:</b>		
Inventories	(18,918)	7,409
Trade receivables	(37,245)	(10,331)
Trade payables	11,391	39,312
Other assets/liabilities	(8,147)	(39,137)
Equity investments not of a fixed nature	19,605	(9,811)
	<b>(33,314)</b>	<b>(12,558)</b>
<b>Variation in provisions:</b>		
Net variation in employees' leaving entitlements	2,415	2,192
Variation in other provisions	(57,352)	4,732
Use of tax reserves		
	<b>(54,937)</b>	<b>6,924</b>
<b>Total B)</b>	<b>677,723</b>	<b>634,650</b>
<b>C) Cash flow from investing activities:</b>		
Investments in fixed assets:		
Intangible	(31,945)	(29,135)
Tangible	(400,398)	(335,844)
Financial (equity investments)	(463,984)	(517,104)
Change in payables for purchase of tang/intang. assets *	16,179	5,410
Change in payables for purchase of equity investments	7,445	
Share buyback		(396)
	<b>(872,703)</b>	<b>(877,069)</b>
Payables/receivables for sale of fixed assets	11,998	(6,715)
Proceeds from sales of fixed assets	126,471	220,953
<b>Total C)</b>	<b>(734,234)</b>	<b>(662,831)</b>
<b>D) Cash flow from financing activities</b>		
Change in financial receivables	182,300	116,165
Change in financial payables	113,076	(94,009)
Change in financial assets other than equity investments	(15,129)	(4,746)
<b>Total D)</b>	<b>280,247</b>	<b>17,410</b>
<b>E) Cash flow from variations in shareholders' equity</b>		
Share capital increases	5,109	3,986
Grants related to assets		5,013
Dividends paid to minority interest	(128,356)	(99,343)
<b>Total E)</b>	<b>(123,247)</b>	<b>(90,344)</b>
<b>F) Change in consolidation and translation differences</b>	<b>(13,583)</b>	<b>39,506</b>
<b>G) Cash flow for the year (B+C+D+E+F)</b>	<b>86,906</b>	<b>(61,609)</b>
<b>Cash and cash equivalents at year end</b>	<b>244,344</b>	<b>157,438</b>

\* the figures for 2001 have been restated for purposes of comparison with 2002

**AUDITORS' REPORT**

**pursuant to article 156 of Legislative Decree of February 24, 1998, n. 58**  
(Translation from the original Italian text)

To the Shareholders  
of Italmobiliare S.p.A.

1. We have audited the consolidated financial statements of Italmobiliare S.p.A. as of and for the year ended December 31, 2002. These financial statements are the responsibility of the Italmobiliare S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. Our audit was made in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency) (1). In accordance with such standards and procedures we planned and performed our audit to obtain the information necessary in order to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of certain subsidiaries and associated companies, which represent respectively 11,7 % of consolidated total assets and 11,1 % of consolidated revenues have been examined by other auditors, whose reports have been furnished to us. Our opinion, expressed in this report, insofar as it relates to the amounts relating to these companies, is based also on the reports of these other auditors.

For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes as required by the law, reference should be made to our report dated April 15, 2002.

3. In our opinion, the consolidated financial statements of Italmobiliare S.p.A. comply with the Italian (1) regulations governing consolidated financial statements; accordingly, they clearly present and give a true and fair view of the consolidated financial position of Italmobiliare S.p.A. as of December 31, 2002, and the consolidated results of its operations for the year then ended.

Milan, April 10, 2003

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

(1) Words added in translation from original Italian text