

# ITALMOBILIARE

2003 Annual Report



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## 2003 Annual Report

### **ITALMOBILIARE**

Società per Azioni

Head Office: via Borgonuovo, 20  
20121 Milan, Italy

Share capital € 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 Strazzera		
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 Mercurio	
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

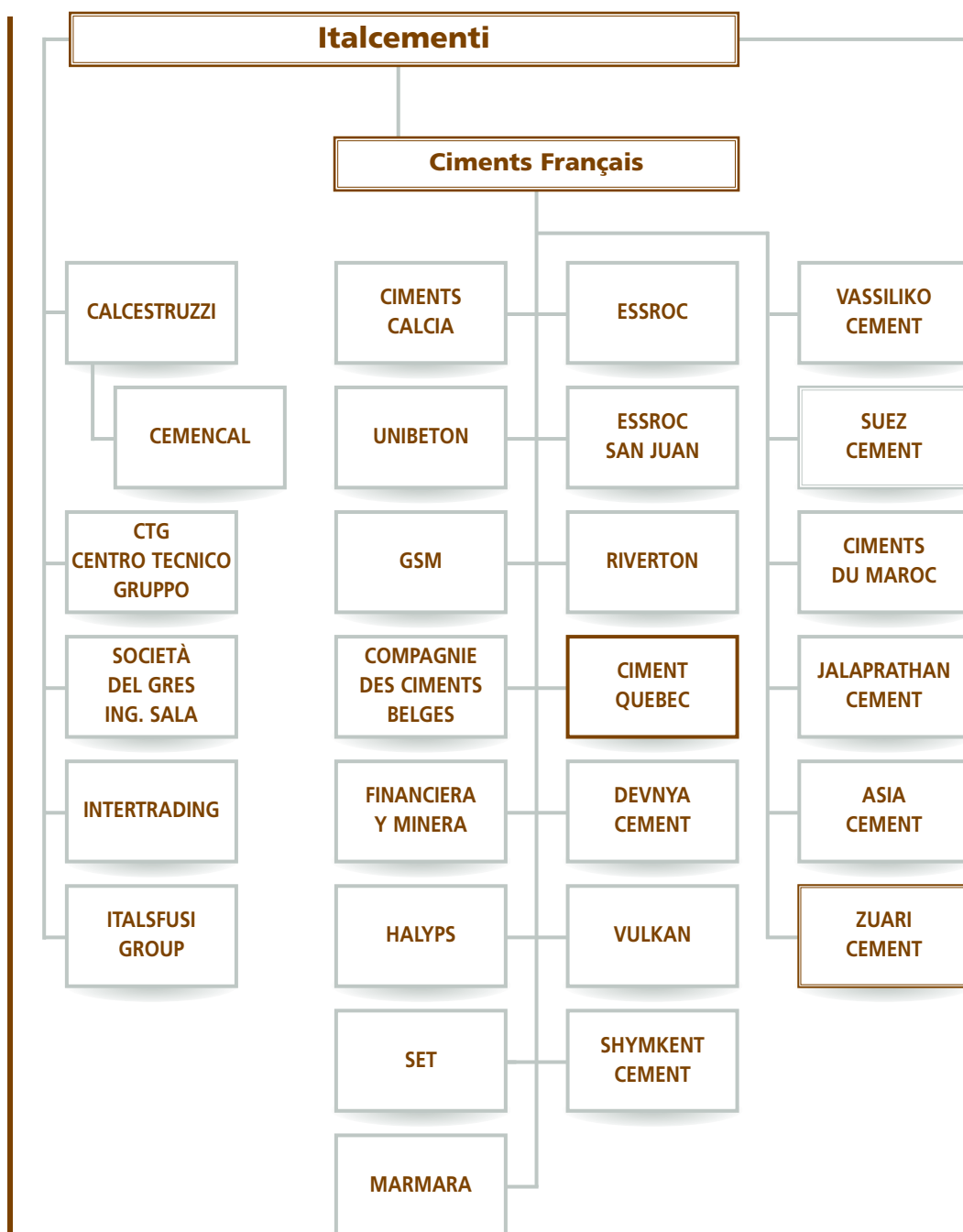
<sup>3</sup> Member of the Internal Control Committee

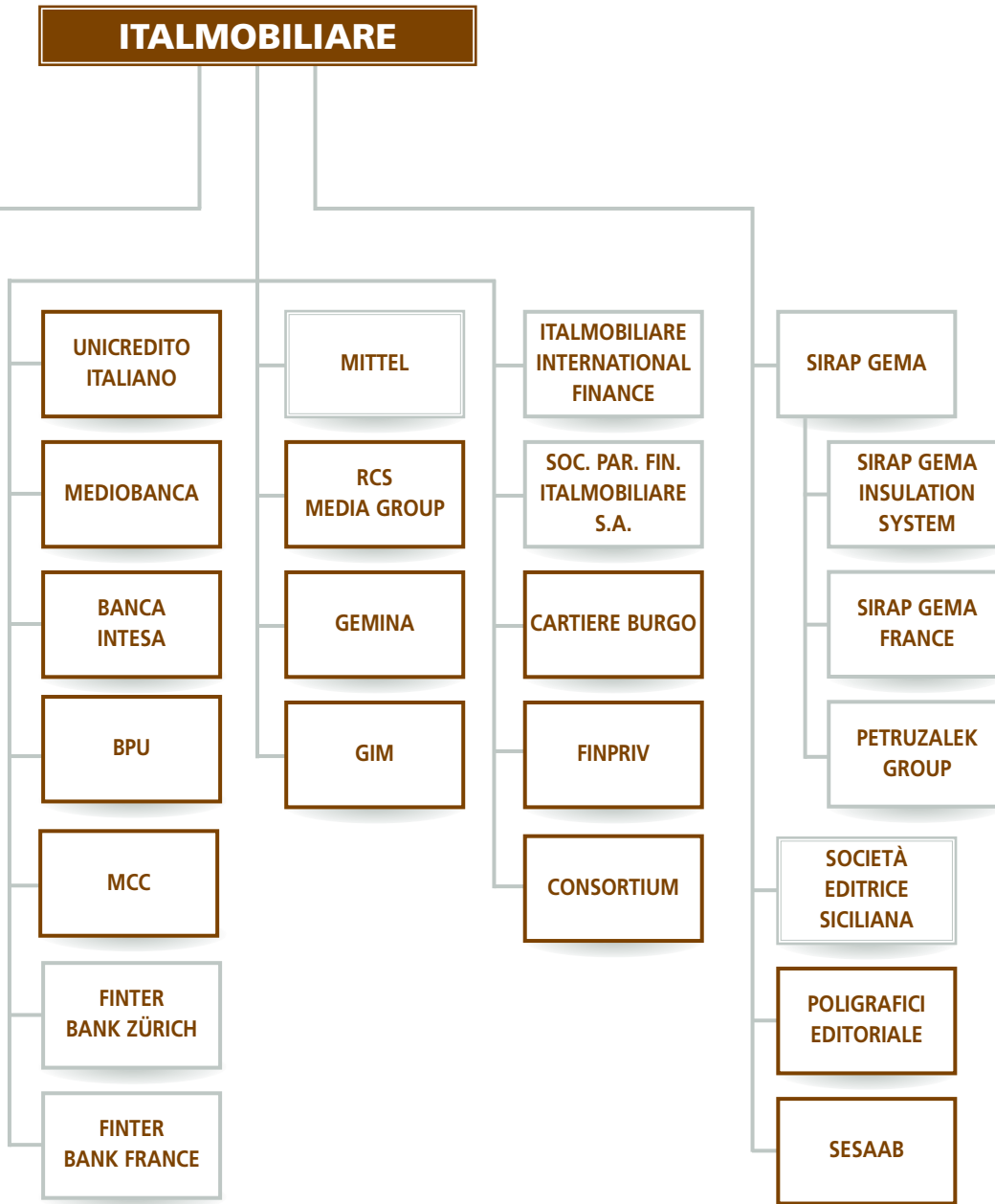
<sup>4</sup> Independent Director

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



# ITALMOBILIARE GROUP





SUBSIDIARIES

ASSOCIATES  
COMPANIES

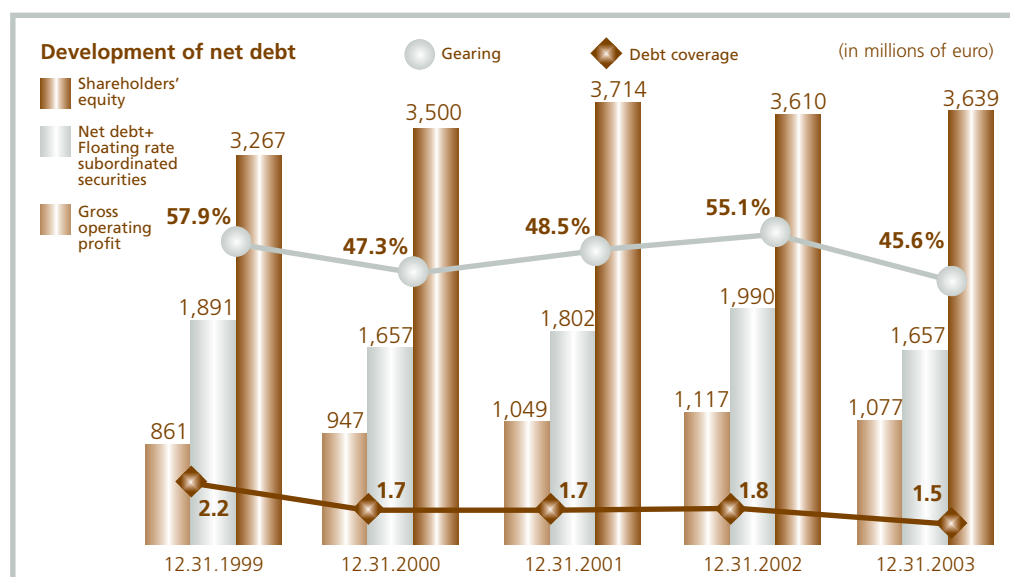
OTHERS

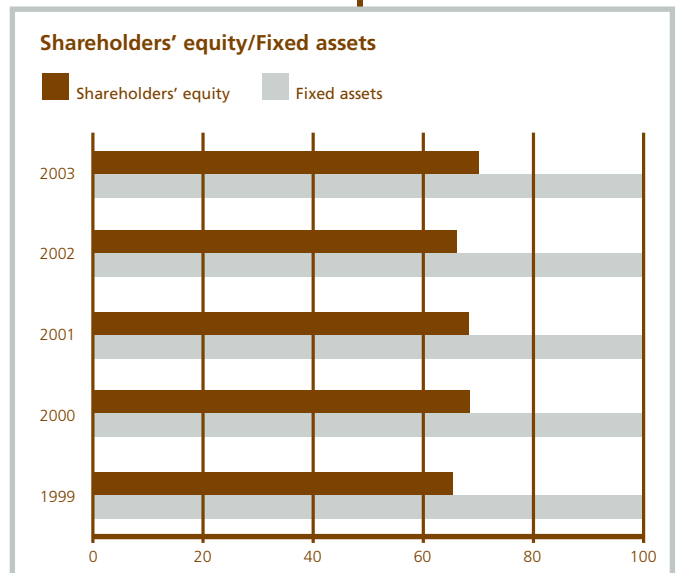
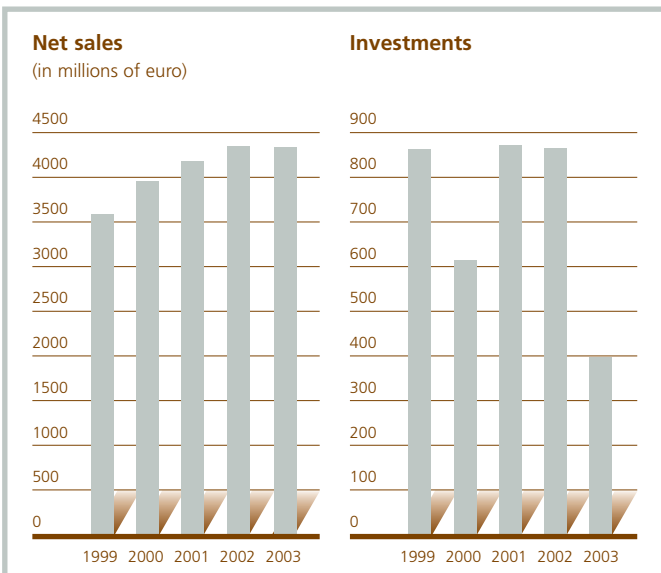
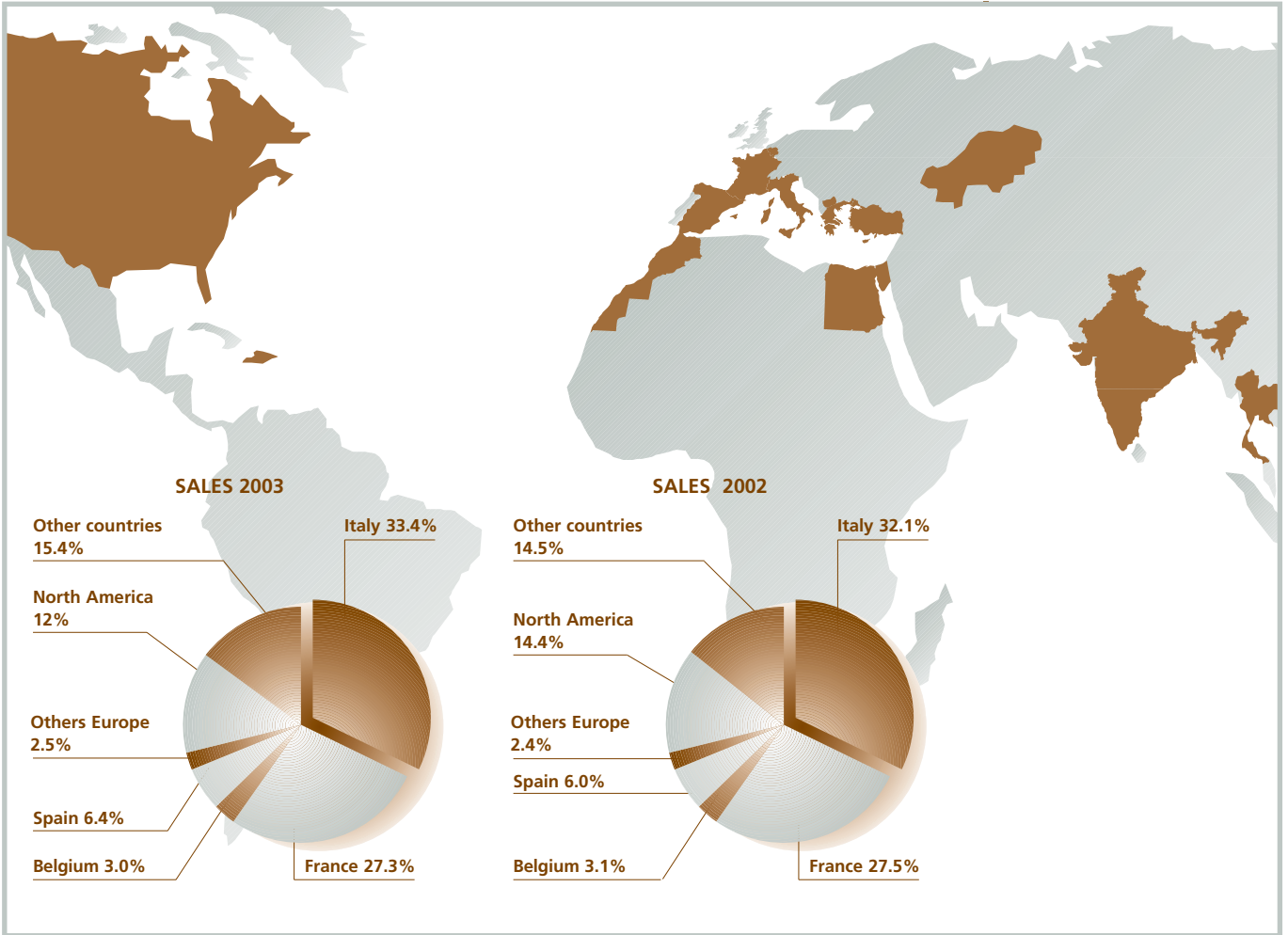


## Group financial highlights

(in millions of euro)

	2003	2002	2001	2000	1999
Net sales	4,397.1	4,365.3	4,206.7	3,962.2	3,609.2
Gross operating profit	1,077.4	1,117.0	1,048.7	947.4	861.0
Amortization, depreciation and other write-downs	416.2	408.7	395.7	420.7	356.3
Operating income (difference value/costs of production)	661.2	708.3	653.0	526.7	504.8
Non-recurring income and charges	61.8	(46.6)	(24.2)	20.4	7.0
Income before minority interest	442.0	376.2	353.3	368.9	261.1
Group net income	168.7	119.8	143.1	186.6	90.1
Cash-flow (income + amortization, depreciation and other write-downs)	858.2	784.9	749.0	789.6	617.4
Investments in fixed assets	399.7	872.7	877.1	618.4	869.7
Total shareholders' equity	3,638.7	3,609.7	3,714.0	3,500.3	3,267.4
Group shareholders' equity	1,646.2	1,571.9	1,542.7	1,432.9	1,260.4
Net Debt	1,606.2	1,913.1	1,701.9	1,535.3	1,749.6
Debt/Equity ratio	44.1%	53.0%	45.8%	43.9%	53.5%
Earnings per share	4.38	3.11	3.71	4.84	2.34
Shareholders' equity per share (unit value)	42.73	40.80	40.04	37.19	32.71
Dividend per share					
ordinary	1.00	0.94	0.94	0.94	0.72
savings	1.078	1.018	1.018	1.018	0.80
Employees (heads)	17,722	18,489	19,137	19,311	20,519



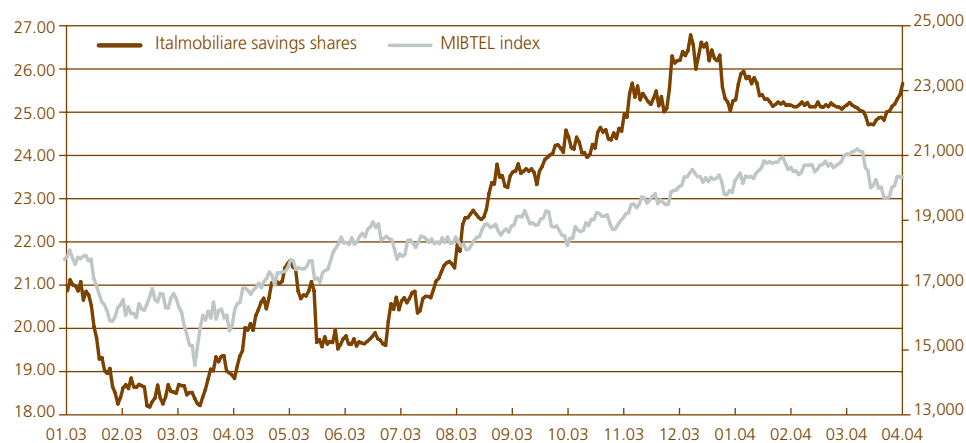
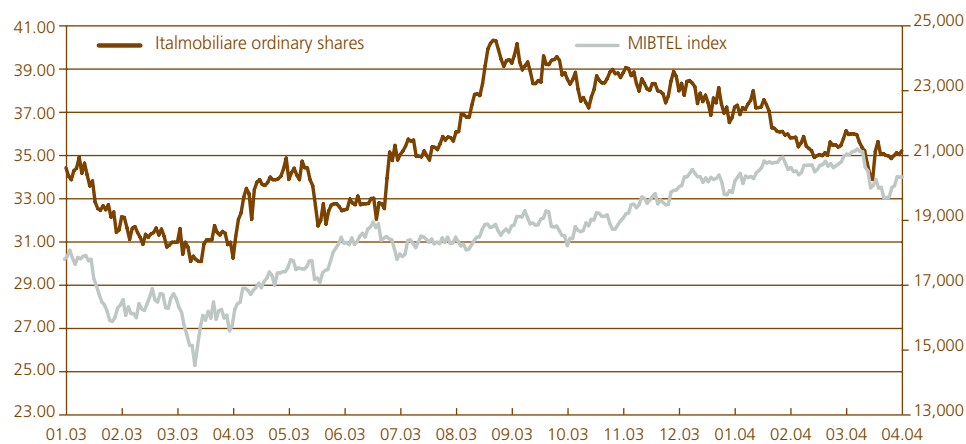




## Italmobiliare share price from 2 January 2003 to 31 March 2004

(in euro)

	maximum		minimum		01.02.03	03.31.04	performance
Ordinary shares	39.80	21.08.03	30.60	14.03.03	34.50	35.21	2.06%
Savings shares	26.56	03.12.03	18.48	14.02.03	21.00	25.51	21.48%
MIBTEL index	21,129	08.03.04	15,125	12.03.03	18,069	20,352	12.63%



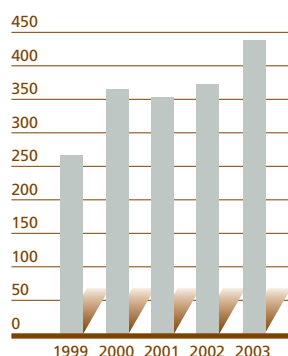
# **Consolidated financial statements**





## General overview

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



The consolidated financial statements of Italmobiliare Società per Azioni at 31 December 2003 showed net income before minority interest of 442.0 million euro and Group net income of 168.7 million euro. This compared to 376.2 million euro and 119.8 million euro respectively in 2002, giving growth of 17.5% and 40.7%.

The main figures for the year ended 31 December 2003 are as follows:

- **Net sales** 4,397.1 million euro (4,365.3 million euro in 2002);
- **Operating income** 661.2 million euro (708.3 million euro in 2002);
- **Financial income/charges** a net charge of 54.8 million euro (a net charge of 62.6 million euro in 2002);
- **Adjustments to asset values and non-recurring items** a gain of 77.8 million euro (a loss of 79.0 million euro in 2002);
- **Income before minority interest** 442.0 million euro (376.2 million euro in 2002);
- **Group net income** 168.7 million euro (119.8 million euro in 2002).

Consolidated net income arose from:

- a slight improvement in consolidated net income at the Italcementi group;
- a significant positive contribution from the financial companies;
- a material improvement in the results of Sirap Gema.



## Group results

Economic trends varied from region to region.

There was a sustained recovery in the USA, while Europe experienced virtual stagnation due to the rise in the value of the euro, the slow pace of indispensable structural reform and the lack of measures to stimulate the economy. Significant progress was reported in the Asian countries, especially in China, and in other emerging countries.

Overall, the recovery remains somewhat fragile, due to political uncertainty and the volatility of the exchange rates. Against this background, the **Italcementi group** (Italmobiliare's main industrial equity investment) reported Group consolidated net income of 276.8 million euro (274.0 million euro in 2002).

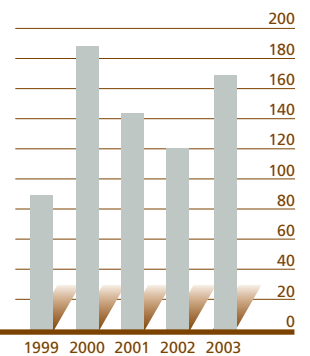
Major events at the Italcementi group during 2003 included:

- the agreement reached with the Belgian tax authorities by the subsidiary company Compagnie des Ciments Belges for the settlement of a series of tax disputes, as a result of which the company posted non-recurring income of 36 million euro;
- as part of the rationalization of the group's business activities in southern Spain, an agreement for the sale of a number of ready mixed concrete plants and aggregates quarries, which generated a gross capital gain of approximately 13.3 million euro;
- the increase in Italcementi's equity investment in Ciments Français from 71.8% to 74.75% (85.1% of voting rights), for an outlay of 54.6 million euro;
- Italcementi's buy-back of 880,000 ordinary shares to service its stock option plan for directors and executives, for an outlay of 7.5 million euro.

The **Sirap Gema group** (food packaging and thermal insulation) achieved a significant improvement in its operating results during the year, to report consolidated net income of 8.9 million euro (4.1 million euro) on net sales of 111.6 million euro, a rise of 6.4% from 2002.

In December 2003, as part of the group's international expansion, Sirap Gema acquired Petruzalek G.m.b.H., a trading company with a high profile on east European markets.

**Group net result**  
in millions of euro





## The parent company Italmobiliare and its financial subsidiary companies

The main wholly owned financial companies reported the following results:

- **Italmobiliare International Finance Ltd** (active on the international capital markets) closed 2003 with net income of 18.9 million euro, up from 16.2 million euro in 2002.
- **Société de Participation Financière Italmobiliare S.A.** (a holding for key equity investments) posted net income of 35.4 million euro compared with a loss of 12.7 million euro in 2002. The 2003 result benefited from capital gains on the sale of shares in its trading portfolio, and from upward revaluation of equity investments that had been written down previously. The results for the two years are not entirely comparable, due to the financial restructuring that took place at the end of 2002.
- **Fincomind group**, comprising Finter Bank Zürich and Finter Bank France, posted a consolidated net loss of 1,844,000 Swiss francs (a loss of 4,207,000 Swiss francs in 2002), which arose entirely from expenses and charges for the restructuring of operations at Finter Bank France.

### Significant equity investment transactions by the parent company Italmobiliare and its wholly owned financial subsidiaries

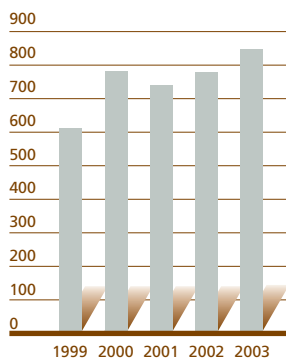
Italmobiliare and Saur International S.A. reached an agreement on the price for the transfer to Saur of Italmobiliare's 29% equity investment in Sigesa. Using the valuation methodology originally agreed by the parties, the sale price was finally set at 21.6 million euro, of which 19.0 million euro were collected in 2002, thus generating a windfall gain of 1.8 million euro.

In order to support the Sirap Gema group's international growth plans, in July Italmobiliare subscribed and paid up the share capital increase at the parent company Sirap Gema S.p.A., for an outlay of 4,999,000 euro.

During the year, Intermobiliare S.p.A. purchased 775,152 Italcementi ordinary shares on the open market, for an amount of 6.7 million euro. Italmobiliare's direct and, through Intermobiliare, indirect interest in Italcementi's ordinary capital now stands at 58.73%.

In the fourth quarter, Société de Participation Financière Italmobiliare S.A. sold a portion of its equity investment in Banca Intesa for an amount of 27.9 million euro, realizing a capital gain of 9.6 million euro, and acquired 611,005 Banche Popolari Unite shares on the open market for an investment of 8.4 million euro.

**Consolidated cash flows**  
in millions of euro





## Key consolidated figures

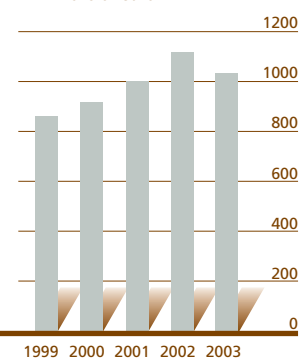
	(in millions of euro)		
	2003	2002	% change 2003/2002
<b>Net sales</b>	<b>4,397.1</b>	<b>4,365.3</b>	<b>0.7</b>
<b>Added value</b>	<b>1,837.1</b>	<b>1,867.5</b>	<b>(1.6)</b>
<b>Gross operating profit</b>	<b>1,077.4</b>	<b>1,117.0</b>	<b>(3.5)</b>
<i>% of net sales</i>	24.5	25.6	
Amortization, depreciation and other write-downs	416.2	408.7	1.8
<b>Operating income</b> (Difference value/costs of production)	<b>661.2</b>	<b>708.3</b>	<b>(6.6)</b>
<i>% of net sales</i>	15.0	16.2	
Financial income and charges	(54.8)	(62.6)	(12.5)
Adjustments to asset values and non-recurring items	77.8	(79.0)	n.s.
<b>Income before tax</b>	<b>684.2</b>	<b>566.7</b>	<b>20.7</b>
Tax	(242.2)	(190.5)	27.1
<b>Income before minority interest</b>	<b>442.0</b>	<b>376.2</b>	<b>17.5</b>
Minority interest	273.3	256.4	6.6
<b>Group net income</b>	<b>168.7</b>	<b>119.8</b>	<b>40.8</b>
Total shareholders' equity	3,638.7	3,609.7	0.8
Group shareholders' equity	1,646.2	1,571.9	4.7
Net debt	1,606.2	1,913.1	(16.0)
Investments in fixed assets	399.7	872.7	(54.2)
Cash flow (income + amortization, depreciation and other write-downs)	858.2	784.9	9.3

n.s. = not significant

The main changes in the consolidation area in 2003 compared with 2002 were as follows:

- in the construction sector (Italcementi group) the inclusion of Riverton Investment Corporation (USA) for the full year (as from May in 2002) and the consolidation on a 65% proportionate basis of Société des Carrieres du Tounais (Belgium), in which a 65% interest is held. The consolidated accounts also reflect the sale of assets in the ready mixed concrete and aggregates business in Spain;
- in the food packaging sector (Sirap Gema group), the consolidation with the equity method of the Petruzalek group, acquired at the end of 2003. The company will be consolidated on a line-by-line basis as from 1<sup>st</sup> January 2004.

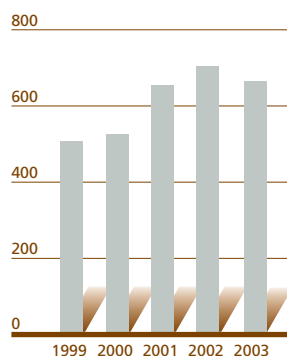
**Consolidated gross operating profit**  
in millions of euro





### Consolidated operating income

in millions of euro



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

(in millions of euro)

	Full year 2003	4 <sup>th</sup> quarter 2003	3 <sup>th</sup> quarter 2003	2 <sup>th</sup> quarter 2003	1 <sup>th</sup> quarter 2003
<b>Net sales</b>	<b>4,397.1</b>	<b>1,073.4</b>	<b>1,144.5</b>	<b>1,205.3</b>	<b>973.9</b>
% change from 2002	0.7	1.2	-	0.5	1.4
<b>Gross operating profit</b>	<b>1,077.4</b>	<b>259.5</b>	<b>319.7</b>	<b>310.3</b>	<b>187.9</b>
% change from 2002	-3.5	-5.4	-2.5	-7.6	5.1
% of net sales	24.5	24.2	27.9	25.7	19.3
Amortization, depreciation and other write-downs	416.2	119.5	100.7	98.2	97.8
<b>Operating income</b> (difference value/costs of production)	<b>661.2</b>	<b>140.0</b>	<b>219.0</b>	<b>212.1</b>	<b>90.0</b>
% of net sales	15.0	13.0	19.1	17.6	9.2
Financial income/charges	(54.8)	(7.3)	(25.0)	5.3	(27.8)
% of net sales	-1.2	-0.7	-2.2	0.4	-2.9
Adjustments to asset values and non-recurring items	77.8	13.3	39.7	28.9	(4.2)
% of net sales	1.8	1.2	3.5	2.4	-0.4
<b>Income before tax</b>	<b>684.2</b>	<b>146.0</b>	<b>233.7</b>	<b>246.3</b>	<b>58.0</b>
% of net sales	15.6	13.6	20.4	20.4	6.0
Tax	(242.2)	(49.9)	(78.4)	(83.0)	(30.9)
<b>Income before minority interest</b>	<b>442.0</b>	<b>96.1</b>	<b>155.3</b>	<b>163.3</b>	<b>27.1</b>
Minority interest	273.3	61.0	107.5	88.3	16.4
<b>Group net income</b>	<b>168.7</b>	<b>35.1</b>	<b>47.8</b>	<b>75.0</b>	<b>10.7</b>
% of net sales	3.8	3.3	4.2	6.2	1.1
Investments in fixed assets	399.7	98.0	75.1	76.6	150.0
Employees at period end (heads)	17,722	17,722	17,907	18,157	18,250
Net debt	1,606.2	1,606.2	1,794.1	2,010.9	1,883.1

The seasonal nature of the construction materials sector had a significant impact on consolidated operating results in the first and fourth quarters of 2003. The Italcementi group reported higher business levels in the second and third quarters, whereas the effect of seasonal factors on the performance of the Sirap Gema group was very limited. Fourth-quarter net sales made a 1.2% improvement against the year-earlier fourth quarter while consolidated operating results declined, largely due to the Italcementi group, the depreciation of other currencies against the euro and increases in a number of cost factors.

Group net income in the fourth quarter benefited from lower net charges and from non-recurring income, although the Italcementi group was not able to take advantage of the important non-recurring tax breaks that had been available in the year-earlier period.



## Net sales

The 0.7% increase in net sales from 2002 was due to:

- positive business performance, for 3.7%;
- the changes in the consolidation area, for a net contribution of 0.3%;
- an exchange-rate loss of 3.3% caused by the depreciation of the other currencies, especially the US dollar, against the euro.

The net sales breakdown by geographical area and business segment in 2003 and 2002 is set out below:

	(in millions of euro)					
	2003	%	2002	%	Change 2003/2002	
					%	% *
<b>Geographical area</b>						
European Union	3,192.1	72.6	3,102.8	71.1	2.9	3.0
<i>of which Italy</i>	1,467.4	33.4	1,399.8	32.1	4.8	4.8
North America	525.5	12.0	629.2	14.4	(16.5)	(3.7)
Other countries and trading	679.5	15.4	633.3	14.5	7.3	14.6
<b>Total</b>	<b>4,397.1</b>	<b>100.0</b>	<b>4,365.3</b>	<b>100.0</b>	<b>0.7</b>	<b>3.7</b>
<b>Business segment</b>						
Construction materials	4,281.2	97.4	4,258.8	97.6	0.5	3.6
Food packaging and thermal insulation	111.5	2.5	104.9	2.4	6.4	6.4
Other	4.4	0.1	1.6	-	n.s.	n.s.
<b>Total</b>	<b>4,397.1</b>	<b>100.0</b>	<b>4,365.3</b>	<b>100.0</b>	<b>0.7</b>	<b>3.7</b>

\* at constant exchange rates and size  
n.s. = not significant

## Gross operating profit and operating income

Gross operating profit decreased by 39.5 million euro (-3.5%) from 2002, largely as a result of translation losses for approximately 37 million euro arising from the appreciation of the euro against the other currencies.

Operating results were also affected by an increase in operating costs, notably raw materials and logistics expenses, which, in some markets, could not be fully transferred to sales prices.

These factors had a negative effect on gross operating profit in the construction materials business, which shrank by 4.3% from the previous year. Conversely, gross operating profit in the food packaging and insulation sector improved by 18.1% (from 20.2 to 23.9 million euro).

Operating income, after amortization, depreciation and other write-downs totaling 416.2 million euro, was 661.2 million euro, for a return of 15% on net sales. Compared with 2002, operating income was down 6.7%.

The above reduction in the aggregate figure arose from the decrease in operating income at the Italcementi group (down from 711.2 to 656.4 million euro), caused chiefly by a write-down of approximately 22 million euro on goodwill relating to equity investments in India and Turkey and by the exchange-rate effect.



The Sirap Gema group reported a 20.4% improvement in operating income (from 13.1 to 15.8 million euro).

### **Financial income/charges**

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

A negative balance of 54.8 million euro was recorded, compared with a negative balance of 62.6 million euro in 2002.

The change (+7.8 million euro) reflects the positive impact of lower interest rates, the sharp reduction in net debt (including floating rate subordinated securities), the significantly smaller effect of the devaluation of the Turkish lira compared with 2002, and higher dividend contributions from the companies that are not consolidated on a line-by-line basis. The balance at 31 December 2002 also benefited from large capital gains (23.2 million euro) obtained on the disposal of a number of equity investments.

### **Adjustments to financial asset values and non-recurring items**

Value adjustments showed a positive balance of 16.0 million euro, compared with a net loss of 32.5 million euro in 2002, due largely to the write-down of goodwill in the Egyptian company Suez Cement Co. and the adjustment of some listed equity investments to market value.

The improvement in 2003 arose from the upward revaluations made by the financial subsidiaries on previously downvalued equity investments, the smaller aggregate write-down for the year, and the positive contribution of Suez Cement in 2003.

### **Non-recurring income/charges**

Non-recurring income/charges reflected a positive balance of 61.8 million euro in 2003 compared with a negative balance of 46.6 million euro in 2002.

2003 benefited from capital gains of approximately 38.8 million euro on fixed asset disposals in several countries, and from the favorable resolution to the tax dispute in Belgium, described earlier, which generated proceeds for an overall amount of approximately 36.5 million euro; for the most part, these events related to the construction materials sector.

### **Net income**

Income before tax was 684.2 million euro, an improvement of 20.7% from the 2002 figure (566.7 million euro).



After tax totaling 242.2 million euro, net income before minority interest was 442.0 million euro compared with 376.2 million euro in 2002 (+17.5%).

The tax charge was approximately 51.7 million euro higher than in 2002, when the Group benefited, in Italy, from tax incentives amounting to 25.9 million euro for exemptions on reinvested business profits (the so-called Tremonti bis law) and, in Belgium, from a reduction of 24.8 million euro in deferred tax as a result of the reduction in tax rates.

Group net income after minority interest of 273.3 million euro (256.5 million euro in 2002) was 168.7 million euro, an increase of 40.8% from 2002.

### Cash flows and net debt

	(in millions of euro)	
	2003	2002
<b>Opening net debt</b>	<b>(1,913.1)</b>	<b>(1,701.9)</b>
<b>Cash flow from operating activities</b>	<b>775.9</b>	<b>658.1</b>
Investments in fixed assets		
- Intangible	(22.4)	(31.9)
- Tangible	(281.5)	(400.4)
- Financial (equity investments)	(90.9)	(464.0)
- Change in payables for purchase of fixed assets	(4.9)	23.6
<b>Total investments in fixed assets</b>	<b>(399.7)</b>	<b>(872.7)</b>
Disposals		
- Proceeds from sales of tangible and intangible assets	56.5	44.2
- Proceeds from sales of financial assets (equity investments)	3.5	94.3
<b>Total disposals</b>	<b>60.0</b>	<b>138.5</b>
<b>Net investments in fixed assets</b>	<b>(339.7)</b>	<b>(734.2)</b>
Change in other financial assets	4.8	(19.9)
Change in equity investments not held as fixed assets	(20.2)	19.6
Dividends paid	(116.5)	(128.4)
Other changes	2.6	(6.4)
<b>Total changes in net debt</b>	<b>306.9</b>	<b>(211.2)</b>
<b>Closing net debt</b>	<b>(1,606.2)</b>	<b>(1,913.1)</b>

### Investments in fixed assets

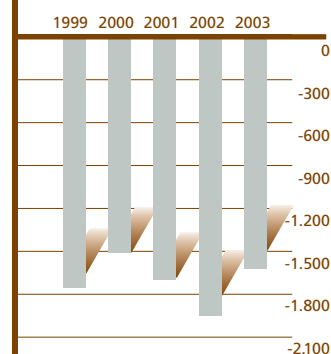
In 2003 investments in tangible, intangible and financial assets totaled 399.7 million euro, compared with 872.7 million euro in 2002.

This significant reduction occurred mainly in investments in financial assets, which decreased by 373.1 million euro compared to 2002 (341.8 million euro at the Italcementi group).

Investments in tangible assets also decreased, from 400.4 to 281.5 million euro.

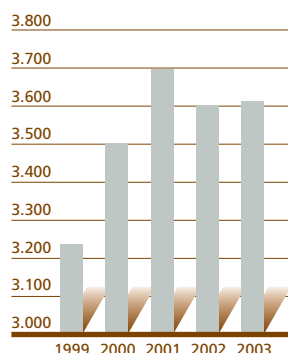
This was the result of a more selective investment policy and the non-repetition in 2003 of the substantial investments in tangible assets during 2002 for the new production line at the cement plant in Calusco, near Bergamo.

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

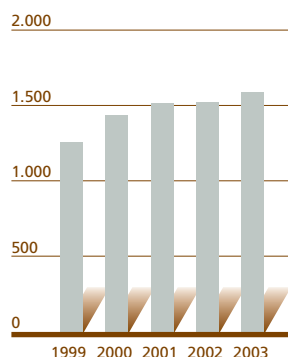




**Total shareholders'**  
in millions of euro



**Consolidated shareholders' equity of the Group**  
in millions of euro



## Net debt

Higher cash flow from operating activities and the lower investment requirement produced a reduction of 306.9 million euro in debt compared with the end of 2002. The change in exchange rates in respect of 31 December 2002 had a positive impact of 25.5 million euro.

The ratio of net debt, including floating rate subordinated securities, to shareholders' equity made a strong improvement, to 45.5% from 55.1% at 31 December 2002.

Debt coverage (the ratio of net debt – including floating rate subordinated securities – to gross operating profit) was 1.53, compared to 1.78 in 2002 .

## Key financial data

	(in millions of euro)		
	2003	2002	% change 2003/2002
Net fixed assets	5,152.3	5,482.5	-6.0
Working capital	847.8	837.0	1.3
<b>Net invested capital</b>	<b>6,000.1</b>	<b>6,319.5</b>	<b>-5.1</b>
Shareholders' equity	3,638.7	3,609.7	-0.8
<i>of which Group shareholders' equity</i>	<i>1,646.2</i>	<i>1,571.9</i>	<i>4.7</i>
Floating rate subordinated securities (net)	51.2	77.0	-33.5
Provisions	704.0	719.7	-2.2
Net debt	1,606.2	1,913.1	-16.0
<b>Total financing</b>	<b>6,000.1</b>	<b>6,319.5</b>	<b>-5.1</b>

## Shareholders' equity

Total shareholders' equity increased by 29.0 million euro from 31 December 2002.

Nonetheless, the figure at 31 December 2003 reflected a material negative change arising from the depreciation against the euro of currencies including the US dollar, the Egyptian lira, the Thai baht and the Swiss franc. This produced a decrease of 208.7 million euro in the translation reserve.

Group shareholders' equity was 1,646.2 million euro, an increase of 74.3 million euro from 31 December 2002; excluding the negative exchange-rate effect, the increase would have been 130.9 million euro.

Minority interest, at 1,992.5 million euro, decreased by 45.3 million euro as a result of the negative exchange-rate effects described above.



## Performance by business segment and geographical area

### Construction materials

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

#### Key consolidated figures

	(in millions of euro)		
	2003	2002	% change 2003/2002
<b>Net sales</b>	<b>4,284.7</b>	<b>4,261.7</b>	<b>0.5</b>
<b>Added value</b>	<b>1,791.0</b>	<b>1,830.6</b>	<b>(2.2)</b>
<b>Gross operating profit</b>	<b>1,060.9</b>	<b>1,108.8</b>	<b>(4.3)</b>
<i>% of net sales</i>	24.8	26.0	
Amortization, depreciation and other write-downs	404.5	397.7	1.7
<b>Operating income</b>	<b>656.4</b>	<b>711.2</b>	<b>(7.7)</b>
(Difference value/costs of production)			
<i>% of net sales</i>	15.3	16.7	
Financial income and charges	(114.5)	(127.6)	(10.3)
Adjustments to asset values and non-recurring items	62.8	(52.5)	n.s.
<b>Income before tax</b>	<b>604.8</b>	<b>531.0</b>	<b>13.9</b>
Tax	(229.1)	(174.1)	31.6
<b>Income before minority interest</b>	<b>375.7</b>	<b>356.9</b>	<b>5.3</b>
Minority interest	98.9	82.9	19.4
<b>Group net income</b>	<b>276.8</b>	<b>274.0</b>	<b>1.0</b>
Total shareholders' equity	2,825.3	2,837.1	(0.4)
Group shareholders' equity	2,185.8	2,128.4	2.7
Net debt	1,797.8	2,086.0	(13.8)
Investments in fixed assets	373.0	812.3	(54.1)
Cash flow (income+amortization and depreciation)	780.2	754.5	3.4

n.s. = not significant

The difference between economic conditions in the emerging countries (generally positive) and in the industrialized nations (frequently difficult) in which the Italcementi group operates, and the sharp depreciation of the dollar and other currencies against the euro, determined a decline in operating results. This was not reflected on net income, however, which benefited from improvements in financial and non-recurring items.



## Contribution to consolidated net sales

(in millions of euro)

	2003		2002		Change 2003/2002	
		%		%	%	%*
<b>Business segment</b>						
Cement and clinker	2,593.6	60.5	2,655.3	62.3	(2.3)	2.1
Ready mixed concrete and aggregates	1,492.2	34.8	1,402.6	32.9	6.4	7.0
Other	198.8	4.7	203.7	4.8	(2.4)	(0.5)
<b>Total</b>	<b>4,284.7</b>	<b>100.0</b>	<b>4,261.7</b>	<b>100</b>	<b>0.5</b>	<b>3.6</b>
<b>Geographical area**</b>						
European Union	3,079.7	71.9	2,999.2	70.4	2.7	2.8
<i>of which Italy</i>	<i>1,381.5</i>	<i>32.2</i>	<i>1,322.1</i>	<i>31.0</i>	<i>4.5</i>	<i>4.5</i>
North America	525.5	12.3	629.2	14.8	(16.5)	(3.7)
Asia	186.2	4.3	181.1	4.2	2.8	18.2
Other emerging countries	382.0	8.9	353.4	8.3	8.1	10.5
Trading	111.3	2.6	98.8	2.3	12.6	22.4
<b>Total</b>	<b>4,284.7</b>	<b>100.0</b>	<b>4,261.7</b>	<b>100</b>	<b>0.5</b>	<b>3.6</b>

\* at constant exchange rates and size

\*\* Intercom S.r.l. was reclassified from European Union to Trading

The largest net sales increase was reported in the emerging countries, in particular Bulgaria, Thailand and Morocco; the limited growth in the European Union was largely attributable to Italy and Spain. North America recorded a slowdown in sales volumes, although the full-year decrease was smaller than the downturn recorded in the first part of the year, and the net sales decrease was sharpened by translation from the US dollar into euro.

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

	Net sales		Gross operating profit		Capital expenditure		Invested capital *	
	2003	% change on 2002	2003	% change on 2002	2003	2002	2003	2002
European Union	3,141.5	2.8	742.6	-2.4	197.5	309.5	2,843.3	2,824.0
North America	525.5	-16.5	109.8	-32.3	45.3	50.7	520.7	597.1
Asia	209.0	6.0	68.4	48.4	7.8	10.0	436.6	531.9
Other emerging countries	417.3	6.7	129.0	-1.2	21.9	19.5	630.9	677.2
Trading and other	201.8	2.7	11.1	17.7	1.6	1.0	38.3	67.7
Holding	-	-	-	-	-	-	338.4	347.0
Other and elimination of infra-country trading	(210.4)	n.s.	-	-	-	-	-	-
Change in payables for fixed assets	-	-	-	-	(1.9)	(16.2)	-	-
<b>Total</b>	<b>4,284.7</b>	<b>0.5</b>	<b>1,060.9</b>	<b>(4.3)</b>	<b>272.2</b>	<b>374.5</b>	<b>4,808.2</b>	<b>5,044.9</b>

Intercom S.r.l. was reclassified from European Union to Trading

\* net tangible and intangible assets and working capital

n.s. = not significant



## European Union

Cement consumption in **Italy** recorded another increase in 2003, estimated at 5.4% compared to the previous year, to stand at approximately 43.5 million metric tons, close to the record high achieved in the early 1990s.

Growth was stronger in the first half, while, at a regional level, the solid increase in the Center and the North was offset by a more limited improvement in the Islands and a barely changed situation in the South.

The group's sales volumes of hydraulic binders, penalized by an unfavorable territorial mix, pressure from imports and the start-up of the new kiln at the cement plant in Calusco, grew by 1.1%.

Given a slight rise in average unit prices, overall net sales rose by 2.4%.

The increase in some cost factors, in particular raw materials and semi-finished goods, fuel, transport and personnel expenses, affected operating results, which were down compared to 2002.

The positive trend in ready mixed concrete consumption, which was a feature of previous years, continued in 2003, with a rise estimated, in the absence of official figures, at approximately 2.3%. As in 2002, performance varied widely from region to region, with larger increases in the North and a fall in consumption in the South.

Benefiting from the orders acquired in previous years for supplies for the high-speed railway construction sites, the Group increased its ready mixed concrete sales volumes by 9.6%.

There was a marked improvement also in the aggregates sector; approximately 51% of this was for consumption by the group, which increased by 12.2%.

The increase in prices in the ready mixed concrete sector contributed to the growth in overall net sales (+12.6%), but was nonetheless insufficient to make up for the increase in the main cost factors (raw materials and transport), which produced a slight reduction in operating results.

In **France**, in a substantially stable market estimated at 20.7 million metric tons, cement sales volumes at Ciments Calcia experienced a similar trend to that of the market, with solid progress in the last quarter of 2003.

The positive trend in sales prices throughout the year led to an increase in net sales. There was a significant improvement in operating results thanks to the reduction in clinker purchases and the reduction in fuel costs owing to the depreciation of the US dollar.

Aggregates and ready mixed concrete consumption fell once again in 2003, mainly in the public works and non-residential building construction sectors.

Against this background, business volumes, on a constant size basis, at GSM (aggregates) and Unibéton (ready mixed concrete) fell by 4.2% and 1.2% respectively against 2002, in part due to poor weather in the first quarter.

Operating results, down for both aggregates and ready mixed concrete, suffered from the fall in business levels and the increase in operating costs (raw materials, transport), which was only partially offset by the growth in sales prices.



The cement market in **Belgium**, estimated at approximately 5.5 million metric tons, saw volumes substantially in line with the previous year, but also a significant flow of imports from Germany; this influenced overall third-party sales volumes at Compagnie des Ciments Belges (CCB), which fell by 7.4% from 2002.

Overall operating results were down from the previous year because of the reduction in volumes, despite controls on operating costs and the slight improvement in sales prices.

In **Spain**, thanks to continuing positive conditions in the construction sector, FyM reported an increase in domestic cement sales (+4.4%) in line with market trends.

The upbeat climate also helped sales volumes in the ready mixed concrete sector, which grew in the year by 7.8% on a constant size basis.

The overall increase in sales volumes and, above all, the positive trend in sales prices in the three business sectors led to growth in net sales and operating results.

In **Greece** overall sales volumes of cement and clinker at Halyps, including exports, saw a slight rise (+0.4%).

Compared to a basically unchanged situation in aggregates volumes (+0.2%), group sales in the ready mixed concrete sector rose by 26.5% compared to 2002, thanks above all to the strength of the residential sector and infrastructure investment in preparation for the forthcoming Olympic Games.

The good overall performance in volumes and, above all, in sales prices in the three business sectors produced an improvement in net sales and strong growth in operating results.

## North America

Compared to an overall rise of 3.8% in cement consumption in the United States, the markets where the group operates slowed by approximately 1% owing to the stagnation of the construction sector and the adverse weather conditions, especially in the first part of the year. On a constant size basis, overall cement and clinker sales at Essroc and Riverton (acquired at the end of May 2002) recorded a fall of 5% due to the highly competitive environment, which also brought a slight decrease in sales prices.

Operating results were affected not only by the reduction in business but also by the increase in energy costs (electricity and fuel) and personnel expenses.

The exchange-rate effect was also a significant factor in the fall in net sales and results. For net sales, the effect was -98.1 million euro, while for gross operating profit it was -21.5 million euro.

## Asia

Cement consumption in **Thailand** was up by 6%, in line with the general economic trend (GDP +6%). Group domestic sales saw a similar trend to the market, while the slight rise in cement and clinker exports assisted an increase of 4.6% in total sales volumes.



Sales volumes of ready mixed concrete rose by 6.1%, thanks in particular to the continuation of important infrastructure projects. The marked improvement in sales prices in both the cement and the ready mixed concrete sectors produced strong growth in net sales and operating results, despite the negative exchange-rate effect upon translation into euro.

Overall cement consumption in **India** grew by 5%. Despite this favorable trend, overall group sales fell marginally (-0.5%), due in part to the termination of an unprofitable marketing business and in part to a slight erosion in market share owing to the difficult competitive situation.

The modest improvement in operating results largely depended on the containment of production costs and a slight increase in average sales prices, achieved despite excess production capacity, which is still a feature of the sector.

#### Other emerging countries

In **Bulgaria**, where general conditions were favorable, with GDP growth and construction investment growth, cement consumption increased by 12.5% from 2002, following the difficult start to the year.

Group overall cement and clinker sales rose by 18.3% compared to 2002, bringing solid growth in net sales. Operating results, down compared to the previous year, were penalized by the higher proportion of US-dollar-denominated exports, which were affected by depreciation against the euro.

In 2003 the economy in **Turkey** showed clear signs of recovery with a positive impact on inflation and on interest-rate levels, although areas of uncertainty remained, linked to high unemployment and the large public deficit.

Overall group cement and clinker sales volumes rose by 6.1% compared to 2002, despite a negative fourth quarter troubled by fierce market competition and unfavorable weather. Despite the recovery in business levels, net sales and operating results were hit by the trend in sales prices, which rose in dollar terms but fell when translated into euros.

Cement consumption in **Morocco** in 2003 increased by 9.3% from 2002, driven by the 5.5% rise in GDP and by important social building programs, which noticeably helped demand.

Overall cement and clinker sales volumes at Ciments du Maroc increased by 10.5% on the domestic market.

The positive trend in sales volumes, associated with a prices increase that was slightly higher than the increase in operating costs, led to solid growth in net sales and, above all, in operating results.

In 2003 the economic situation in **Egypt** was affected by the repercussions of the war in Iraq and by the further depreciation of the Egyptian lira (-37% approximately against the euro from the beginning to the end of 2003) caused by the government decision to liberalize exchange rates.



With cement demand shrinking by 6% from 2002, overall cement and clinker sales volumes at Suez Cement Company were badly affected by fierce competition from new market entrants, and recorded a fall of 11%.

In local currency, operating results improved compared to 2002 owing to the rise in sales prices starting from the second quarter, as well as to the containment of production costs.

### Group e-business initiatives

2003 highlighted the further significant development of the Italian activities of BravoSolution, which consolidated its leadership position in e-procurement thanks in part to the formation of a new partnership for the development of services in the local public transport sector in Italy.

The growth of the French subsidiary was also significant, while the development of the Spanish company was more restrained.

The positive growth in BravoSolution's business activities is confirmed by the greater proportion of transactions with third parties, which rose from 87% in 2002 to 91% in 2003. In the year BravoSolution S.p.A. and its subsidiary companies recorded aggregate net sales of 11.1 million euro, a significant improvement compared to 2002 (+64.5%), and a loss of 6.9 million euro, about the same as in 2002, due in part to adoption of a new deferred tax accounting policy.

### Energy project

During 2003, in particular during the second half, further progress was made in acquiring authorizations for the construction of new thermoelectric power plants managed by the subsidiary Italgas S.p.A.

Amendments were made to the project for the Modugno site, and the preliminary examination of the Matera and Collevero projects by the Environmental Impact Assessment Commission neared completion.

An essential outcome was achieved on the project relating to the complete restructuring of the plant at Villa di Serio, which obtained its Decree of Environmental Compatibility. The authorization process for the plant restructuring is expected to be completed by the end of June 2004.

### Ecology, environment and safety

The Italcementi group's commitment to environmental protection and social responsibility continued in 2003 in all the countries and sectors where the group operates.

In pursuit of this objective, the internal "Sustainable Development Steering Committee" (SDSC) proposes projects, codes of conduct, procedures, communication and training programs within the key areas envisaged by the five-year CSI plan (Cement Sustainability Initiative): environmental protection, fuel and raw materials, worker health and safety, reduction of emissions, local impacts and management processes.



The SDSC has already started up various working groups with the aim of developing initiatives, policies and guidelines for all the group companies.

One of the group's priorities is the reduction in gas and particle emissions, to which it dedicates a significant portion of its industrial investments, in many instances on a voluntary basis ahead of the introduction of specific legal requirements.

Development of alternative energy sources to preserve other natural resources is another important objective for the group. In 2003, alternative fuels represented 7.2% of the group's total energy consumption and were an important source in France, Belgium and the United States, albeit heavily dependent on the availability of usable waste products.

In parallel to environmental initiatives, the group maintained its commitment to the "Zero Accidents" project. The new multi-activity and multilingual database, which came on line in a dedicated area of the group intranet at the start of 2003, produced very satisfactory results by promoting safety-related problem-sharing and the exchange of data and information.

#### Engineering, Technical support, Research and Development (CTG S.p.A.- Centro tecnico di gruppo, group technical center)

In keeping with its mission, CTG S.p.A. continued to work for group companies, undertaking research, engineering, support for the construction of new plants and modernization of existing facilities, assistance in the operation and maintenance of productive facilities, and R&D projects. In 2003 CTG S.p.A. took part in research and investment projects involving various group companies.

#### Disputes

In January 2004, the European Court of Justice deposited its sentence on the appeal made by Italcementi, Ciments Français and four other companies.

The Court rejected in full all the appeals put forward by Italcementi and by the other appellants with the sole exception of Ciments Français. Thus, the Court reduced the fine imposed on Ciments Français from 13.6 million euro to 9.6 million euro and confirmed the sanctions imposed by the Commission on Italcementi and the other appellants. Therefore, on 31 January 2004, Italcementi paid the total sum of 43.8 million euro, which included 17.0 million euro in interest.

In Italy, in April 2003 the Competition and Market Authority began an investigation of ten companies operating on the ready mixed concrete market and one company on the cement market, regarding ready mixed concrete supplies in Lombardy. The Group companies involved in the investigation are Calcestruzzi S.p.A. and Cemencal S.p.A. The Authority did not undertake further investigations after the hearings and has until 30 July 2004 to conclude the case.

Pursuant to the provisions on tax amnesties in Law no. 289 of 27 December 2002 (2003 State Budget) and subsequent amendments, during 2003 Italcementi S.p.A. settled a number of tax disputes and took a charge of approximately 1.6 million euro, which had already been provided in 2002.



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

### Key figures

	(in millions of euro)		
	2003	2002	% change 2003/2002
<b>Net sales</b>	<b>911.9</b>	<b>891.2</b>	<b>2.3</b>
<b>Added value</b>	<b>396.1</b>	<b>410.0</b>	<b>(3.4)</b>
<b>Gross operating profit</b>	<b>253.6</b>	<b>273.1</b>	<b>(7.1)</b>
<i>% of net sales</i>	27.8	30.6	
Amortization, depreciation and other write-downs	67.2	57.1	17.7
<b>Operating income</b> (difference value/costs of production)	<b>186.5</b>	<b>216.0</b>	<b>(13.7)</b>
<i>% of net sales</i>	20.4	24.2	
Financial income and charges	36.0	33.6	7.2
Adjustments to financial asset values	(8.3)	(24.9)	(66.8)
Non-recurring income and charges	23.6	2.5	n.s.
<b>Income before tax</b>	<b>237.8</b>	<b>227.1</b>	<b>4.7</b>
Tax	(84.4)	(64.1)	31.8
<b>Net income</b>	<b>153.3</b>	<b>163.0</b>	<b>(6.0)</b>
Shareholders' equity	1.931.5	1.858.3	3.9
Net debt	442.7	402.8	9.9
Investments in fixed assets	158.9	205.1	(22.6)
<b>Cash flow (income+amortization and depreciation)</b>	<b>220.5</b>	<b>220.1</b>	<b>0.2</b>

n.s. = not significant

At the shareholders' meeting to approve the financial statements, the distribution of a gross per share dividend, unchanged from the previous year, of 0.27 euro to ordinary shares and 0.30 euro to savings shares will be proposed. To celebrate the company's 140<sup>th</sup> anniversary, a bonus dividend of 0.05 euro to both classes of share will be proposed.

### Significant post balance sheet events

Besides the aforementioned sentence of the European Court of Justice in January 2004, no other significant events took place whose effects might require changes or additional comments to the business and financial situation of the group at 31 December 2003.

### Outlook

Despite the continued presence of significant economic and monetary risks, the international economic outlook for 2004 appears slightly more favorable due to the consolidation of the recovery in North America and continuing steady growth in emerging countries, while in Europe the signs of recovery are still weak.

As regards the construction sector, the recovery that emerged in the United States in 2003 should extend to the areas where the Group operates.



In Europe, while the Franco-Belgian market should be stable, there should be growth, albeit limited, in the Italian and Spanish markets.

Emerging countries, both in the Mediterranean and in Asia, are expected to consolidate the good growth rates that were a feature of the past year.

The positive trend in the international economic situation will, nonetheless, be accompanied by marked increases in operating costs, in particular for energy, raw materials and transport.

The likely overall favorable development of the business and the continuation of the programs aimed at improving industrial efficiency might enable the achievement of results comparable to those recorded in 2003, save for any non-recurring items and new exchange-rate impacts that are difficult to predict at present.

## Food packaging and thermal insulation sector

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

### Key consolidated figures

	(in millions of euro)		
	2003	2002	Changes
<b>Net sales</b>	<b>111.6</b>	<b>104.9</b>	<b>6.7</b>
<b>Added value</b>	<b>46.9</b>	<b>43.3</b>	<b>3.6</b>
<b>Gross operating profit</b>	<b>23.9</b>	<b>20.2</b>	<b>3.7</b>
<i>% of net sales</i>	<i>21.4</i>	<i>19.3</i>	
Amortization, depreciation and other write-downs	8.1	7.1	1.0
<b>Operating income</b>	<b>15.8</b>	<b>13.1</b>	<b>2.7</b>
<i>% of net sales</i>	<i>14.2</i>	<i>12.5</i>	
Financial income (charges)	(1.3)	(2.1)	0.8
Non-recurring income (charges)	(0.4)	(0.2)	(0.2)
Income before tax	14.1	10.8	3.3
Income tax	(5.2)	(6.7)	1.5
<b>Net income/(loss) for the year</b>	<b>8.9</b>	<b>4.1</b>	<b>4.8</b>
Cash flow (income+amortization and depreciation)	17.0	11.2	5.8
Investments in tangible assets	7.3	9.6	(2.3)
Net invested capital	76.4	69.3	7.1
Group shareholders' equity	33.5	23.6	9.9
Net debt	32.9	36.5	(3.6)
Personnel (heads)	560	592	(32)

2003 was an extremely positive year for the Sirap group. Gross operating profit (23.9 million euro) improved by 18.3% on 2002 thanks to strong performance in both core businesses, despite the volatility of polymer prices, which increased by approximately 4.7% on an average annualized basis.



The reduction in financial charges (as a result of lower average debt and lower interest rates) and in tax (owing to utilization of prior-year losses) produced a significant improvement in net income to 8.9 million euro, more than double the figure posted in 2002 (4.1 million euro).

In December, having obtained the approval of the local antitrust authorities, the group closed the acquisition from Austria's Teich (Constantia group) of 100% of the Petruzalek group. The outlay on the transaction amounted to approximately 9 million euro and involved borrowings of approximately 3.5 million euro.

As a "system provider" for fresh produce packaging requirements, Petruzalek markets a broad range of food packaging products, including wrapping machines, in Austria and the main east European countries (through 11 subsidiaries).

Petruzalek's clientele – mainly supermarket chains and poultry processing firms – is served through an extensive distribution network with approximately 30 depots.

The acquisition consolidates Sirap's geographical diversification strategy targeting non-mature markets; some of these are already growing rapidly (Czech Republic, Hungary, Slovakia, Croatia, Slovenia), while others will develop over the medium term (Romania, Bulgaria, Bosnia, Ukraine, Serbia).

In 2003 the Petruzalek group reported net sales of 36.8 million euro and operating income of 1.9 million euro. Net debt stood at 3.5 million euro.

Since the acquisition closed just before the end of the year, Petruzalek operations will be integrated line-by-line as from 2004.

### Performance by business sector and geographical area

	Net sales		Gross Operating Profit		Investments		Invested capital		Personnel	
	2003	% change 2002	2003	% change 2002	2003	2002	31 dec. 2003	31 dec. 2002	31 dec. 2003	31 dec. 2002
Food packaging	74.0	6.0	18.0	14.6	6.5	8.3	48.7	53.7	424	400
- Italy	47.5	8.2	12.9	21.7	3.7	5.1	35.2	41.3	309	280
- France	26.5	2.3	5.1	-1.9	2.8	3.2	13.5	12.4	115	120
- Austria/Eastern Europe	-	-	-	-	-	-	10.2	-	-	-
Thermal insulation	37.6	7.1	5.9	31.1	0.8	1.3	17.5	15.6	136	192
<b>Total</b>	<b>111.6</b>	<b>6.4</b>	<b>23.9</b>	<b>18.3</b>	<b>7.3</b>	<b>9.6</b>	<b>66.2</b>	<b>69.3</b>	<b>560</b>	<b>592</b>

### Food packaging

#### Italy

Consumption of pre-packed meat, sold mainly through the large distribution chains, increased.

Net sales (47.5 million euro) were 8.2% up on 2002, thanks to higher sales volumes and the growing shift in demand toward a more technological type of tray.

Business indicators improved. Specifically, gross operating profit showed a substantial increase (21.7%) as a result of the rise in net sales.



Investments totaled 3.7 million euro and focused on development of a line of innovative products and a general strengthening of production capacity.

## France

Consumption on the French market made a moderate increase and competitive pressures were lively, with the main players acting on the price lever to boost sales volumes. In this difficult scenario, Sirap posted a slight improvement in net sales (2.3%) thanks to higher sales volumes, thus offsetting the decrease in average prices, while gross operating profit was slightly down (1.9%), in part as a result of higher raw material costs. Investments totaled 2.8 million euro and focused largely on the completion of storage systems and expansion of the product range.

## Thermal insulation

After the major production restructuring in the first half of 2002, the group returned to full operating continuity in 2003. Net sales progressed by 7.1% thanks to the increase in sales volumes of XPS boards and prefabricated roofing and flooring insulation. Gross operating profit was up by 31.1%, due not just to the return to normal operations but also to continuous efficiency improvements. Investments amounted to 0.8 million euro and focused on projects to raise productivity.

## Research and development

Key R&D programs included development and industrialization of a new absorbent barrier tray, which enables merchandisers to extend shelf life and enhance product presentation. The new product will begin shipping in 2004. Testing of biodegradable foam trays for horticultural produce continued successfully.

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

The parent company posted net income of 7.4 million euro compared to 3.3 million euro in 2002. This exceptional increase reflected the improvement in operating results, the higher dividend distributed by Sirap France and a lower tax charge as a result of use of prior-year losses. In July, the Sirap Gema S.p.A. extraordinary Shareholders' Meeting approved a share capital increase of 4,999,782 euro which was subscribed in its entirety by the holding company. The majority of the funds will be used to finance the acquisition of Petruzalek. The Board of Directors will ask the shareholders to approve payment of a dividend for a total of 5,000,000 euro.



### Significant post balance-sheet events

Liquidation procedures commenced for Sirap Gema International S.A. after the sale in January of the property in Manage (Belgium), which, with the termination of production operations, was no longer utilized.

### Outlook

Current projections for 2004 in the two business areas indicate that, in the absence of unforeseeable events, operating income will once again be significant; the amount will depend on the extent of polymer price increases and consumption on the main markets.

### 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. It operates in international capital markets and provides financial support to the Group's overseas companies.

The main financial highlights are set out below:

	2003	2002	(in millions of euro) Change 2003/2002
Financial income and charges	23.5	19.0	4.5
Value adjustments	(1.6)	(0.1)	(1.5)
Operating costs, amortization and depreciation	(0.9)	(0.8)	(0.1)
Net income	18.9	16.2	2.7
Shareholders' equity	579.8	560.9	18.9
Net financial position	571.8	556.1	15.7

Net income amounted to 18.9 million euro, against 16.2 million euro in 2002.

The improvement arose as a result of a stronger net financial position and better market conditions (simultaneous narrowing of credit spreads and reduction of long-term rates), which boosted securities price quotations and brought in some capital gains. These positive developments more than made up for the fall in yields on the company's stock of floating rate securities and the negative changes in value adjustments, operating costs and tax.

Portfolio profitability was significantly higher than the key bond benchmarks, thanks to careful, proactive management of duration, issuer creditworthiness, instruments and market opportunities.

The net financial position at 31 December 2003 was 571.8 million euro, from 556.1 million euro at 31 December 2002.



## Fincomind group (Zürich)

The main consolidated financial highlights are set out below:

(in thousands of Swiss francs)

	2003	2002	Change 2003/2002
Net interest income	8,609	11,224	(2,615)
Commissions and services	40,387	38,765	1,622
Trading and other income	9,667	8,033	1,634
<b>Total income from operations</b>	<b>58,663</b>	<b>58,022</b>	<b>641</b>
Operating costs	(57,548)	(54,107)	(3,441)
<b>Gross operating profit</b>	<b>1,115</b>	<b>3,915</b>	<b>(2,800)</b>
Write-downs, provisions and losses	(999)	(16,014)	15,015
Amortization and depreciation	3,579	4,038	(459)
<b>Operating income</b>	<b>(3,463)</b>	<b>(16,137)</b>	<b>12,674</b>
Non-recurring income and charges	2,788	14,141	(11,353)
<b>Income before tax</b>	<b>(675)</b>	<b>(1,996)</b>	<b>1,321</b>
Income tax	(1,169)	(2,211)	1,042
<b>Net income</b>	<b>(1,844)</b>	<b>(4,207)</b>	<b>2,363</b>
<b>Shareholders' equity</b>	<b>79,419</b>	<b>80,896</b>	<b>(1,477)</b>

The improvement on the financial markets during 2003 was reflected in the group's operating results with an increase in asset management profitability. Investor activity was livelier, fuelling movement in financial positions toward investment instruments other than traditional bonds and stocks.

This positive trend was annulled in part by lower interest rates, which led to a decrease in interest income, both in absolute terms and at margin level.

Fincomind posted a consolidated net loss of 1.8 million Swiss francs, although this was an improvement in respect of 2002 (a loss of 4.2 million Swiss francs). A decisive factor in the net result were the costs and charges for the restructuring of Finter Bank France, which is currently repositioning its core business to focus on private banking. The refocusing is at an advanced stage, with the bank having completed its withdrawal from business areas that were not compatible with the objectives of the restructuring.

In view of the scant interest in maintaining Finter Bank France's management independence, since its assets are limited and development prospects are uncertain, or in effecting a merger with the other Fincomind bank, external solutions were taken into consideration. Toward the end of the year, talks began with qualified parties to examine possible forms of co-operation, including joint ventures.

Finter Bank Zürich closed 2003 with consolidated net income of 5.5 million Swiss francs compared with 10.2 million Swiss francs in 2002. Comparison of results for the two periods should take account of the fact that significant non-recurring income was recognized in 2002.

As noted above, asset management performance improved, with a strong increase in related income, although operating results were largely unchanged due to the reduction in interest rates and related margins.



Assets under administration at the end of the year totaled 4,708 million Swiss francs, a rise of approximately 12% from 31 December 2002 thanks to good asset performance and higher financial flows.

The parent company Fincomind S.A. closed 2003 with a net loss of 1.3 million Swiss francs, compared with a loss of 5.5 million Swiss francs in 2002. As in the earlier year, the operating loss arose largely from the write-down of the subsidiary company Soparfinter S.A., whose results reflected the losses posted by its subsidiary Finter Bank France.

Net debt at Fincomind amounted to 29.2 million Swiss francs, a decrease of 3.7 million Swiss francs from 31 December 2002.

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

The company holds some important equity investments, including Banca Intesa, RCS Media Group, Poligrafici Editoriale, Banche Popolari Unite, Fincomind S.A., Consortium S.r.l., Cartiere Burgo S.p.A. and Crédit Mobilier de Monaco.

The main reclassified financial figures for 2003 and 2002 are set out below.

	(in millions of euro)		
	2003	2002	Change 2003/2002
Financial income and charges	22.7	10.0	12.7
Write-downs and revaluations	12.8	(22.0)	34.8
Operating costs, amortization and depreciation	(0.2)	(0.6)	0.4
Net income	35.4	(12.7)	48.1
Equity investments	146.4	136.2	10.2
Shareholders' equity	135.4	141.2	(5.8)
Net financial position	(5.9)	8.3	(14.2)

As a result of the financial reorganization in 2002, the company operated with a substantially different structure and mission in 2003.

It now has a sole activity, management of equity investments, and the results in the income statement therefore relate almost entirely to these operations.

Consequently, the 2003 income statement is not entirely comparable to that of the previous year. The company posted net income of 35.4 million euro, against a loss of 12.7 million euro in 2002; this strong improvement arose from a positive net balance on value adjustments and increased income on the equity portfolio, where operations included the sale of Banca Intesa shares.

In November, as part of the group policy to hold certain long-term investments, the company sold to the Italmobiliare S.p.A. holding 3,281,250 Mediobanca shares, which it had acquired as a result of the merger of Promotex S.r.l. with Mediobanca; the shares were sold at the average official share price of the previous month.

Since the above transactions generated excess liquidity in respect of requirements, the company reduced its share capital by 32 million euro and paid a bonus dividend of 9 million euro.



Toward the end of the year, the company made a series of purchases on the open market to acquire a total of 611,005 Banche Popolari Unite shares, for an investment amounting to 8.4 million euro.

Due to transactions conducted in the last few months of the year, it had a temporarily negative net financial position of 5.9 million euro at the end of 2003, compared with a positive position of 8.3 million euro at 31 December 2002.

Results for the other unlisted equity investments were as follows:

- Crédit Mobilier de Monaco, a small bank in Monaco, posted net income of 317,000 euro in 2003, up from 255,000 euro in 2002. In 2003 it paid a dividend of 245,000 on its 2002 earnings;
- Consortium S.r.l., which currently holds 13.9% of Mediobanca and Generali shares, has not yet approved its financial statements at 31 December 2003. At 30 June 2003 it posted a loss before tax of 10.5 million euro. The information available indicates that 2003 will close with a slight net loss, which will be significantly smaller than the net loss of 37.2 million euro posted in 2002 following the write-down on trading shares.



## Other equity investments

At consolidated level this heading includes:

- equity investments in banking and finance;
- minority holdings in major Italian industrial groups.

(in thousands of euro)

	31 December 2003		31 December 2002	
	%	Book value	%	Book value
<b>Banking and finance</b>				
Mediobanca	2.65	137,831	2.65	137,831
Unicredito Italiano	1.36	98,296	1.36	98,296
Banca Intesa	0.25	46,473	0.29	35,024
Banche Popolari Unite	1.50	60,436*	1.95*	49,867
Mittel	12.91	23,158	12.91	21,518
Fin.Priv. S.r.l.	14.28	14,354	14.28	14,354
Consortium S.r.l.	2.27	15,092	2.27	15,092
MCC S.p.A.	1.00	12,006	1.00	12,006
<b>Total</b>		<b>407,646</b>		<b>383,988</b>

\* then Banca Popolare di Bergamo – Credito Varesino

### Industrial groups and holding companies for industrial equity investments

RCS MediaGroup	5.76	82,172	5.77*	77,680*
Gemina	4.38	17,002	4.38	17,002
G.I.M.	4.33	2,981	4.33	7,276
Poligrafici Editoriale	4.77	4,409	4.77	4,409
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>131,357</b>		<b>131,160</b>

\* then Holding di Partecipazioni S.p.A.

Dividends received from the above equity investments, including tax credits, amounted to 35.4 million euro.

## Other companies

### Cartiere Burgo S.p.A.

The company was affected by the continuing negative domestic and international economic climate.

The financial statements for 2003 have not yet been approved; the information available indicates a positive net result, although significantly lower than the 31.1 million euro posted in 2002, when non-recurring income on the sale of the equity investment in Elettroburgo was a significant factor.

Consolidated net sales were 1,648 million euro, a slight decrease from the 1,675 million euro of the previous year.



Continuous price erosion, offset only in part by higher sales volumes and cost-cutting measures, had an impact on the profitability of industrial operations; gross operating profit is expected to be about 18-20% down on the 280.6 million euro posted in 2002.

A careful investment policy and the resources obtained from the sale of assets enabled Cartiere Burgo to reduce net debt by approximately 170 million euro, to approximately 1,370 million euro.

Near the end of the year, plans were approved for a merger with Italy's second largest operator in the paper business (Marchi group). The merger will take place during the first half of 2004.

## Human resources

A breakdown of personnel by country is set out below:

	2003	%	2002	%
Italy	5,362	30.3	5,391	29.2
France	4,252	24.0	4,344	23.5
Belgium	572	3.2	577	3.1
Spain	837	4.7	842	4.6
Greece	327	1.9	331	1.8
Other European countries	7	-	6	-
<b>Total Europe</b>	<b>11,357</b>	<b>64.1</b>	<b>11,491</b>	<b>62.2</b>
North America	1,750	9.9	1,856	10.0
Turkey	876	4.9	1,011	5.5
Morocco	1,025	5.8	1,015	5.5
Bulgaria	642	3.6	864	4.7
Thailand	1,320	7.4	1,446	7.8
India	454	2.6	530	2.8
Other countries	298	1.7	276	1.5
<b>Total countries outside Europe</b>	<b>6,365</b>	<b>35.9</b>	<b>6,998</b>	<b>37.8</b>
<b>Total</b>	<b>17,722</b>	<b>100.0</b>	<b>18,489</b>	<b>100.0</b>

The number of employees at subsidiary companies active in other businesses and consolidated on an equity basis was 167.



## Dealings with related parties

For the purposes of the consolidated financial statements, dealings with related parties were with:

- subsidiary companies 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 provides an “administrative service” for some associated companies, which is regulated on the basis of the costs arising from performance of the service. In total, the value of these services was 32.9 thousand euro. Italmobiliare also earned financial income of 14.9 thousand euro for net interest income on guarantees given to banks in the interests of an associated company.

Dealings with other related parties involved:

- administrative, financial, contract and tax consultancy services, and assistance in the organization of corporate restructurings, provided to the Italcementi group by FINSISE S.p.A., a company of which Italo Lucchini, an Italmobiliare Director, is chief executive and majority shareholder. The Italmobiliare Group also uses the services of Professional Auditing S.p.A., a trust company of which Mr Lucchini is the main shareholder. These services are paid at normal market rates;
- legal and paralegal assistance provided to Italmobiliare and Group companies by the professional associate studio Casella - Minoli, of which Italmobiliare Director Luca Minoli is an associate, and legal and paralegal assistance provided by Giorgio Bonomi, an Italmobiliare Director.

The main figures at 31 December 2003 for dealings with related parties are set out in the following table; information on parent company dealings with related parties is provided in the relevant sections of the Italmobiliare Directors’ report and explanatory notes to the financial statements.

(in millions of euro)					
Description	Net sales (purchases) goods and services	Trade receivables (payables)	Financial receivables (payables)	Interest income (expense)	Other income (charges)
Subsidiary and associated companies *	18,045 (41,729)	18,228 (5,901)	20,077 (3,515)	566 (20)	3,591 -
Other related parties	(510)	(197)	-	-	-

\* companies consolidated with the proportionate or equity methods, or valued at cost



## Introduction of international accounting standards

In July 2002, the European Union adopted Regulation 1606, which requires companies listed on the stock markets of member States to draw up their consolidated financial statements in compliance with the international accounting and financial reporting standards (IAS/IFRS), as from 2005.

The Italmobiliare Group has launched a special "IFRS Project" jointly with its main subsidiaries and operating subholdings (Italcementi S.p.A., Ciments Français S.A. and Sirap Gema S.p.A.) for the purpose of divulging the international accounting standards within the Group; making a detailed analysis of their financial, business and organizational impact; drawing up an opening consolidated balance sheet for financial 2004 in compliance with the new standards. A similar project is being conducted in the bank sector by Finter Bank Zürich and Crédit Mobilier de Monaco.

Regular reports on progress and the main project options are presented to special Steering Committees of the heads of the corporate divisions directly involved in the project.

As part of the "IFRS Project", an analysis was conducted to identify the activities required with respective deadlines, and special working groups were set up to examine impact on the Group's information and management systems.

An initial round of divulgatory and training activities was completed in 2003, which included sessions for operating functions in the main Group companies in Italy, France, the Usa, Turkey and Thailand.

An international benchmark analysis has been organized to identify best practice in IFRS application among groups that already adopt the international standards.

Although the analysis of the international standards' business and financial impact is set against a background of continual and significant change, it has successfully identified a number of key areas in which the differences generated by the introduction of the IFRS in respect of the Group's current accounting policies are being quantified. The analysis refers in particular to:

- the components-based approach for tangible assets;
- measurement of inventories;
- measurement of pension plans and other "Employee benefits";
- accounting treatment of goodwill;
- asset write-downs;
- accounting treatment for companies operating in highly inflationary economies;
- accounting treatment of financial instruments (securities, equity investments, derivatives).



## Legal and tax disputes

With regard to legal and tax disputes concerning Group companies, appropriate provisions have been made in the relevant periods when, on the basis of the findings that have emerged and an assessment of risks, the potential liabilities are considered likely.

During 2003, some of these companies made recourse to the tax amnesty provisions of Italian Law 289/2002 to settle a series of outstanding matters and disputes, generating an aggregate charge of approximately 5.1 million euro, which had already been provided in 2002. An additional charge was provided in the 2003 financial statements, for an aggregate amount of approximately 0.68 million euro to cover uptake of the tax amnesty extension to the 2002 tax period under Law 350/2003.

## Significant post balance-sheet events

The significant post balance-sheet events are illustrated in the comments on the individual sectors or companies.

## Outlook

Although the world scenario is still subject to political and economic risks, it appears slightly more favorable compared to the situation last year.

The healthy recovery in North America and the sustained growth of the Asian countries is offset by stagnation in Europe.

The outlook, already described in the comments on the business and financial performance of the Group companies, may be summarized as follows:

- in the construction sector, a possible upturn in operations is expected, accompanied, nonetheless by sharp rises in operating cost factors, notably for energy, raw materials and transport. On-going programs to improve industrial efficiency may enable the sector to post results comparable to those of 2003, save for non-recurring items and new exchange-rate effects that are difficult to predict at present;
- in the food packaging and thermal insulation sector, operating results are expected to be in line with those of 2003.

The financial sector is subject to the political and economic uncertainties mentioned above, which could have negative repercussions on the value of trading shares, which, in 2003, made significant gains and upward revaluations.

For the current year, non-recurring income is not expected to reach a level similar to 2003; consolidated net income is therefore likely to be lower than 2003 net income.

2004 net income for the parent company Italmobiliare S.p.A., in light of the dividends already approved by many investee companies, is expected to be line with the 2003 result.

Milan, 30 March 2004

Board of Statutory Auditors

## 2003 Consolidated financial statements

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Consolidated balance sheet  
Consolidated income statement  
Notes to the consolidated  
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# Consolidated balance sheet

## ASSETS

(in thousands of euro)	12.31.2003	12.31.2003	Change
<b>A) Amounts due from shareholders</b>	-	-	-
<b>B) Fixed assets</b>			
I - Intangible assets:			
1) Start-up and capital expenses	32,342	15,634	16,708
2) Research, development and advertising expenses	216	418	(202)
3) Industrial patents and similar rights	5,289	2,414	2,875
4) Licenses, trademarks and similar rights	25,879	29,419	(3,540)
5) Goodwill	17,826	20,786	(2,960)
6) Assets under development and payments on account	2,997	6,601	(3,604)
7) Consolidation differences	1,175,196	1,284,924	(109,728)
8) Other	38,620	46,512	(7,892)
Total	1,298,365	1,406,708	(108,343)
II - Tangible assets:			
1) Land and buildings	1,065,905	1,115,731	(49,826)
2) Plant and machinery	1,444,197	1,378,299	65,898
3) Plant and machinery	138,238	166,549	(28,311)
3 bis) Freely transferable assets	9,970	10,547	(577)
4) Other tangible assets	53,090	59,592	(6,502)
5) Assets under construction and payments on account	175,193	279,841	(104,648)
Total	2,886,593	3,010,559	(123,966)
III - Investments and other financial assets:			
1) Equity investments in:			
a) Subsidiaries	86,647	77,114	9,533
b) Associated companies	348,021	429,389	(81,368)
d) Other companies	431,467	434,438	(2,971)
2) Amounts receivable			
a) From subsidiaries:			
Due within one year	160	134	26
Due after one year	49	5,569	(5,520)
b) From associated companies:			
Due within one year	16,047	17,278	(1,231)
Due after one year	1,743	5,411	(3,668)
d) From others			
Due within one year	-	620	(620)
Due after one year	351,866	339,837	12,029
3) Other securities	7,983	54,469	(46,486)
4) Own shares			
Book value	21,120	21,120	-
Par value 2,388,880 euro			
Total	1,265,103	1,385,379	(120,276)
<b>Total fixed assets (B)</b>	<b>5,450,061</b>	<b>5,802,646</b>	<b>(352,585)</b>



(in thousands of euro)	12.31.2003	12.31.2002	Change
<b>C) Current assets</b>			
I - Inventories:			
1) Raw materials, consumables and supplies	270,216	259,291	10,925
2) Work in progress and semi-finished goods	77,144	77,077	67
3) Contract work-in-progress	16,855	3,817	13,038
4) Finished goods	90,231	107,447	(17,216)
5) Payments on account	6,934	13,908	(6,974)
Total	461,380	461,540	(160)
II - Trade and other receivables:			
1) Trade receivables:			
Due within one year	1,010,972	987,470	23,502
2) Subsidiaries:			
Due within one year	10,390	3,976	6,414
3) Associated companies:			
Due within one year	1,264	1,274	(10)
4 bis) Related companies:			
Due within one year	328	325	3
5) Others:			
Due within one year	220,451	234,072	(13,621)
Due after one year	48,776	52,558	(3,782)
Total	1,292,181	1,279,675	12,506
III - Financial assets not held as fixed assets:			
2) Equity investments in associated companies	1,984	2,036	(52)
4) Other equity investments	84,086	63,893	20,193
6) Other securities	585,497	535,914	49,583
7) Financial receivables:			
Due within one year:			
a) subsidiaries	3,143	7,221	(4,078)
b) associated companies	52	983	(931)
e) other companies	1,319	174	1,145
Total	676,081	610,221	65,860
IV - Cash and cash equivalents:			
1) Bank and postal accounts	216,102	240,368	(24,266)
2) Checks	4,404	3,094	1,310
3) Cash on hand and cash equivalents	604	882	(278)
Total	221,110	244,344	(23,234)
<b>Total current assets (C)</b>	<b>2,650,752</b>	<b>2,595,780</b>	<b>54,972</b>
<b>D) Prepayments and accrued income</b>			
b) Other prepayments and accrued income	65,105	69,973	(4,868)
<b>Total (D)</b>	<b>65,105</b>	<b>69,973</b>	<b>(4,868)</b>
<b>Total assets</b>	<b>8,165,918</b>	<b>8,468,399</b>	<b>(302,481)</b>



## EQUITY AND LIABILITIES

(in thousands of euro)

	12.31.2003	12.31.2002	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	992,240	974,515	17,725
VIII - Retained earnings	80,000	72,315	7,685
IX - Net income for the year	168,672	119,758	48,914
<b>Total Group shareholders' equity</b>	<b>1,646,183</b>	<b>1,571,859</b>	<b>74,324</b>
X - Minority interest	1,992,525	2,037,860	(45,335)
<b>Total consolidated shareholders' equity</b>	<b>3,638,708</b>	<b>3,609,719</b>	<b>28,989</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) Employee pensions and similar obligations	85,336	84,625	711
2) Tax	319,565	308,077	11,488
3) Other	213,641	241,625	(27,984)
<b>Total</b>	<b>618,542</b>	<b>634,327</b>	<b>(15,785)</b>
<b>C) Employees' leaving entitlements</b>	<b>85,447</b>	<b>85,357</b>	<b>90</b>
<b>D) Payables</b>			
1) Debentures*:			
Due within one year	156,711	5,740	150,971
Due after one year	541,632	722,543	(180,911)
3) Due to banks*:			
Due within one year	864,574	820,692	43,882
Due after one year	737,087	930,150	(193,063)
4) Due to other providers of finance*:			
Due within one year	4,402	4,716	(314)
Due after one year	130,111	283,643	(153,532)
5) Payments on account:			
Due within one year	22,713	19,982	2,731
6) Due to suppliers:			
Due within one year	570,385	591,902	(21,517)
7) Amounts payable on bills accepted and drawn:			
Due within one year	92,444	74,674	17,770
8) Due to subsidiaries:			
Due within one year	1,225	1,932	(707)
9) Due to associated companies:			
Due within one year	1,766	2,244	(478)
11) Due to tax authorities:			
Due within one year	103,768	87,076	16,692
Due after one year	161	-	161
12) Due to social security authorities:			
Due within one year	53,415	45,950	7,465
13) Other amounts due:			
Due within one year	199,941	202,528	(2,587)
Due after one year	158	156	2
14) Financial payables:			
a) to subsidiaries Due within one year	348	709	(361)
b) to associated companies Due after one year	3,182	3,004	178
<b>Total</b>	<b>3,484,023</b>	<b>3,797,641</b>	<b>(313,618)</b>
<b>E) Accruals and deferred income</b>			
b) Other accruals and deferred income	14,558	16,715	(2,157)
<b>Total</b>	<b>14,558</b>	<b>16,715</b>	<b>(2,157)</b>
<b>Total equity and liabilities</b>	<b>8,165,918</b>	<b>8,468,399</b>	<b>(302,481)</b>

\* the figures for 2002 have been restated for comparison with 2003



## MEMORANDUM AND CONTINGENCY ACCOUNTS

(in thousands of euro)	12.31.2003	12.31.2002	Change
<b>1) Guarantees:</b>			
a) Sureties:			
On behalf of subsidiaries	8,963	8,518	445
On behalf of associated companies	7,661	8,174	(513)
On behalf of related companies	9	273	(264)
On behalf of others	71,960	70,144	1,816
Total a)	88,593	87,109	1,484
c) Other personal guarantees:			
On behalf of subsidiaries	501	728	(227)
On behalf of others	259	259	-
Total c)	760	987	(227)
<b>Total guarantees</b>	<b>89,353</b>	<b>88,096</b>	<b>1,257</b>
<b>2) Guarantees on company assets:</b>			
a) For third-party payables and obligations of others	61,222	150,697	(89,475)
b) For payables in the financial statements	110,027	22,573	87,454
<b>Total collateral given</b>	<b>171,249</b>	<b>173,270</b>	<b>(2,021)</b>
<b>3) Purchase commitments</b>	<b>18,324</b>	<b>5,380</b>	<b>12,944</b>
<b>4) Sale commitments:</b>			
Sale commitments	51,057	22,815	28,242
<b>Total sale commitments</b>	<b>51,057</b>	<b>22,815</b>	<b>28,242</b>
<b>5) Other memorandum and contingency accounts</b>			
Group assets held by third parties	1,878,518	1,843,423	35,095
Third-party assets held by the Group	99,884	90,581	9,303
Leasing instalments to be paid	2,605	3,433	(828)
Guarantees received	4,584	4,627	(43)
Guarantees given	137,781	121,806	15,975
Derivative financial instruments	1,806,372	1,383,818	422,554
Other commitments	22,972	20,113	2,859
Other	3,416	7,098	(3,682)
<b>Total other memorandum and contingency accounts</b>	<b>3,956,132</b>	<b>3,474,899</b>	<b>481,233</b>
<b>Total memorandum and contingency accounts</b>	<b>4,286,115</b>	<b>3,764,460</b>	<b>521,655</b>



# Consolidated income statement

(in thousands of euro)	2003	2002	Change
<b>A) Net sales and other operating income</b>			
1) Net sales	4,397,103	4,365,279	31,824
2) Change in inventories of work-in-progress, semi-finished and finished goods	(565)	13,591	(14,156)
3) Change in contract work-in-progress	13,037	3,403	9,634
4) Increase in capitalized internal work	15,009	18,210	(3,201)
5) Other operating income:			
a) Grants for operating expenses	2,178	1,071	1,107
b) Other operating income	38,829	38,650	179
<b>Total</b>	<b>4,465,591</b>	<b>4,440,204</b>	<b>25,387</b>
<b>B) Operating costs</b>			
6) Raw materials, consumables and supplies*	1,148,769	1,085,522	63,247
7) Services*	1,300,462	1,295,707	4,755
8) Use of third-party assets	81,710	77,659	4,051
9) Personnel expenses:			
a) Wages and salaries	508,778	508,389	389
b) Social security contributions	190,421	188,027	2,394
c) Employees' leaving entitlements	15,970	15,901	69
d) Pensions and similar obligations	7,492	2,709	4,783
e) Other expenses	8,391	7,725	666
10) Amortization, depreciation and write-downs:			
a) Amortization of intangible assets	98,050	105,880	(7,830)
b) Depreciation of tangible assets	295,624	285,136	10,488
c) Other write-downs on fixed assets	22,594	17,635	4,959
d) Write-downs on receivables held as current assets and on cash and cash equivalents	14,238	16,814	(2,576)
11) Change in raw materials, consumables and supplies	(10,688)	5,242	(15,930)
12) Provision for contingencies	14,082	10,625	3,457
13) Other provisions	310	310	-
14) Other operating costs	108,220	108,619	(399)
<b>Total</b>	<b>3,804,423</b>	<b>3,731,900</b>	<b>72,523</b>
<b>Operating income (A-B)</b>	<b>661,168</b>	<b>708,304</b>	<b>(47,136)</b>
<b>C) Financial income and charges</b>			
15) Income from equity investments:			
a) Dividends from subsidiaries	236	449	(213)
b) Dividends from associated companies	5,430	7,224	(1,794)
c) Other dividends	35,043	30,503	4,540
d) Other	12,042	23,236	(11,194)
16) Other financial income:			
a) On receivables classified as fixed assets:			
- Subsidiaries	4	431	(427)
- Associated companies	151	342	(191)
- Other companies	1,683	1,882	(199)
- Other	136	209	(73)
b) On securities classified as fixed assets other than equity investments	4,632	5,739	(1,107)
c) On securities classified as current assets other than equity investments	25,077	29,863	(4,786)

\* figures for 2002 have been restated for comparison with 2003



(in thousands of euro)	2003	2002	Change
d) Other income:			
- Subsidiaries	114	218	(104)
- Associated companies	35	58	(23)
- Other companies/other	74,549	76,316	(1,767)
17) Interest and other financial charges:			
- Subsidiaries	(8)	(10)	2
- Associated companies	(12)	(15)	3
- Related companies	-	(2)	2
- Other companies/other	(213,869)	(239,000)	25,131
<b>Total</b>	<b>(54,757)</b>	<b>(60,555)</b>	<b>7,800</b>
<b>D) Adjustments to financial asset values</b>			
18) Revaluations:			
a) Equity investments	17,770	19,103	(1,333)
b) Financial assets other than equity investments	1,589	72	1,517
c) Securities classified as current assets other than equity investments	14,320	315	14,005
19) Write-downs:			
a) Equity investments	(14,065)	(27,316)	13,251
b) Financial assets other than equity investments	(785)	(5,030)	4,245
c) Securities classified as current assets other than equity investments	(2,867)	(19,608)	16,741
<b>Total</b>	<b>15,962</b>	<b>(32,464)</b>	<b>48,426</b>
<b>E) Non-recurring income and charges</b>			
20) Income:			
a) Capital gains on disposals	40,180	18,352	21,828
b) Other income	112,087	55,659	56,428
21) Charges:			
a) Capital losses on disposals	(1,299)	(2,225)	926
b) Tax in respect of prior periods	(8,238)	(23,078)	14,840
c) Other charges	(80,958)	(95,281)	14,323
<b>Total</b>	<b>61,772</b>	<b>(46,573)</b>	<b>108,345</b>
<b>Income before tax (A-B+C+D+E)</b>	<b>686,145</b>	<b>568,710</b>	<b>117,435</b>
22) Income tax	(242,173)	(190,489)	(51,684)
Income before minority interest	441,972	376,221	65,751
23) Minority interest	273,300	256,463	16,837
<b>Group net income</b>	<b>168,672</b>	<b>119,758</b>	<b>48,914</b>



# Notes to the consolidated financial statements

## Business scope of the company and the subsidiaries

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

- industrial;
- financial;
- services.

Comments on Group operations in these sectors are provided in the Directors' report.

## Content and format of the consolidated financial statements

The consolidated financial statements comprise a balance sheet, an income statement and these notes, and have been prepared in accordance with Legislative Decree no. 127/91, section III, 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 financial statements: "Freely transferable assets" under tangible assets, "Floating rate subordinated securities" under balance sheet liabilities, as well as receivables, payables, financial income and charges in respect of related companies.

Information on Group operations and significant events after the balance-sheet date is provided in the Directors' report.

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

The consolidated financial statements of the Italmobiliare Group include the financial statements of Italmobiliare S.p.A., the parent company, 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 proportionate basis.

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

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

The aggregate effect of these exclusions is immaterial for the purposes of a true and fair view of the Group and the clarity of the consolidated financial statements.

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

Equity investments in associated companies and subsidiary companies operating in different fields have been consolidated on an equity basis, whereby the original cost of the



investment is amended by applying the adjustments envisaged by the equity methodology, to reflect the pro-quota profit and loss posted by the investee companies in the periods following acquisition of the 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".

Annex "E" lists the other equity investments of more than 10%.

## Consolidation area

The main changes in the consolidation area compared to 31 December 2002 were as follows:

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

*line-by-line method*

BravoBus S.r.l. (Italy), Bétons de Torcy (France), Naga Property Co. (Thailand), IPTP Corporation (Usa);

*proportionate method*

Société Carrières de Tournais al 65% (Belgium);

*equity method*

Gruppo Petruzalek (Austria), 2003897 Ontario Inc., IM Scott Holdings Limited, 3092-0631 Quebec Inc., ST-Basile Transport Inc., Beton du Cap Inc., To Ready Mix Ltd, 1475544 Ontario Inc., Innocon Partnership Inc. (Canada).

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

*equity method*

Prati Fioriti S.r.l. (Italy);

– **Merged companies**

*in Cemencal S.p.A. (Italy)*

Cavecem S.r.l.;

*in Speedybeton S.p.A. (Italy)*

Progecal S.p.A.;

*in Halyps Building Materials S.A. (Greece)*

Ammos East S.A.

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 consolidated companies' accounts as of and for the year ended 31 December 2003, drawn up by their respective Boards of Directors or, when available, approved by the 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, for the most part, the same as those applied by the parent company to draw up its own financial statements.

The accounting period and year-end date of the consolidated financial statements correspond to those of the financial statements of the parent company and of the 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 proportionate basis by eliminating the carrying amount of each investment against the related portion of shareholders' equity. For companies consolidated on a line-by-line basis, minority shareholders' interest in equity and in net income or loss are disclosed separately. Any difference between the purchase cost of investments and their book 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 that occur in the equity of investee companies subsequent to 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 about 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, with recognition of deferred tax where appropriate.

Adjustments recorded by the consolidated companies in their statutory financial statements solely for tax purposes are eliminated, with recognition of deferred tax where appropriate. Specifically, accelerated depreciation charged by some consolidated companies as allowed under local tax laws is eliminated.



## Currency translation

The financial statements of non-Italian subsidiaries consolidated on a line-by-line or proportionate basis and the financial statements of non-Italian associated companies valued with the equity method are translated into the accounting currency using the exchange ruling at the balance sheet date for the balance sheet 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 rates and from the different method used to translate the income or loss for the year are recognized under shareholders' equity as "Consolidation reserves".

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

The following exchange rates have been used:

Currency	(Local currency to the euro)			
	Average rate		Year-end rate	
	2003	2002	December 2003	December 2002
US dollar	1.13116	0.94557	1.26300	1.04870
Pound sterling	0.69199	0.62883	0.70480	0.65050
Swiss franc	1.52120	1.46703	1.55790	1.45240
Thai baht	46.89827	40.61510	50.01400	45.20940
Moroccan dirham	10.81191	10.38230	11.10890	10.65100
Canadian dollar	1.58168	1.48381	1.62340	1.65500
Albanian lek	136.71495	131.68300	133.94100	139.53800
Egyptian lira	6.61568	4.36766	7.70439	4.84821
Turkish lira	1,686,291.87	1,429,836.00	1,745,072.00	1,703,477.00
Mauritanian ouguyia	299.12391	254.65200	324.59100	285.22200
Indian rupee	53.05255	47.11580	57.58200	50.50710
Sri Lankan rupee	111.87306	89.63800	124.55300	102.85700
Cypriot pound	0.58409	0.57530	0.58637	0.57316
Czech crown	31.84587		32.41000	-
Slovak crown	41.48890		41.17000	-
Serbian dinar	68.21700		68.35630	-
Hungarian forint	253.61800		262.50000	-
Ukrainian hryvnia	6.02710		6.73431	-
Croat kuna	7.55721		7.64964	-
Romanian lei	37,550.60000		41,158.00000	-
Bulgarian leva	1.95583		1.95583	-
Bosnian mark	1.95583		1.95583	-
Slovenian tolar	233.84800		236.70000	-



## Significant accounting policies and measurement criteria

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

### Intangible assets

Intangible assets are carried 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 “Research, development and advertising expenses” are normally amortized over 5 years.

“Goodwill” is carried 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 shareholder’s equity at the time of acquisition of the consolidated companies, after taking account of fair value adjustments to asset values. “Consolidation differences” are shown net of amortization, which is calculated over 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, as allowed under international accounting policies, in consideration of the particular characteristics of this sector.

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, 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 carried at purchase or construction cost and restated in accordance with specific local revaluation laws or to reflect fair value adjustments on consolidation. Interest expense on borrowings to finance the construction of significant investments in tangible 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.

Tangible assets are written down to reflect any permanent impairment in value; the original carrying amount may be reinstated to the extent that the reasons for the write-down are considered to no longer apply.

Land used for excavation is normally depreciated to the extent of the quantity excavated in respect of the estimated quantity that could be excavated.

Material tangible assets held under finance leases are recognized under fixed assets at the current value of the outstanding installments and depreciated at the rates applied 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 expenses are expensed in full on the income statement; maintenance expenses that enhance asset life are capitalized.

### **Investments and other financial assets**

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

The other equity investments are carried at acquisition or subscription cost.

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

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

Other securities held as fixed assets are carried at purchase cost, including related charges, adjusted to reflect any permanent impairment in value. Any difference between cost and redemption value is recognized on a time-apportionment basis.

Own shares held on a long-standing basis are carried at purchase cost. A special reserve has been formed under shareholders' equity for an equivalent amount in respect of own shares held as fixed assets, pursuant to arts. 2357 ter and 2424 of the Italian Civil Code.

### **Inventories**

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

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

Market value is based on replacement cost for raw materials and supplies, and net realizable value for finished and semi-finished goods.

Obsolete or slow-moving stock is depreciated on the basis of assumptions regarding its use or conversion in the future, with recognition of a special inventory value adjustment reserve.

### **Receivables and payables**

Receivables are carried at estimated realizable value, net of the provision for bad debts.

Receivables held as current assets also include the amounts lodged as guarantees in respect of without-recourse factoring transactions on international markets.

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

Payables are carried at face value.

Foreign-currency receivables, payables, cash and cash equivalents are translated using the 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 the risk of exchange-rate fluctuations. The relevant income and charges are recognized together with income and charges on the hedged items.

#### **Financial assets not held as fixed assets**

Securities and equity investments held as short-term investments are carried at the lower of purchase or subscription cost and realizable value computed on the basis of 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 related to assets are recognized 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 recognized under shareholders' equity reserves net of related tax.

#### **Tax**

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

Deferred tax assets and liabilities 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 carryforward of tax losses is recognized when there is reasonable certainty of realizing the said benefit, even if the losses arose in previous periods; otherwise, it is recognized when received. Any adjustments to estimates are recorded under current tax.

Deferred tax assets and liabilities are set off if they relate to the same company or to companies that are regarded as an entity for tax purposes. The resulting balance is carried under "Other receivables" in current assets if positive, or under "Provisions for tax" if negative.

The "Provision for tax" also covers presumed tax liabilities in respect of open positions.



### **Other 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 agreement 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 at year-end in respect of employees of the Italian companies.

### **Memorandum and contingency accounts**

Memorandum and contingency accounts reflect 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, recognizing accruals and deferrals as appropriate. Revenues and income, costs and charges are stated net of returns, discounts, allowances and bonuses and also net of tax directly related to the sale of products and provision of services. Revenues from the sale of products are recognized upon transfer of title, which usually coincides with delivery. Research, development and advertising expenses are normally expensed as incurred.

### **Dividends**

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



## Assets

### B - Fixed assets

**B I - Intangible assets** 1,298,365 thousand euro  
(1,406,708 thousand euro at 31 December 2002)

(in thousands of euro)

<b>Balance at 31 December 2002</b>	<b>1,406,708</b>
Additions	23,658
Disposals	(464)
Amortization	(98,050)
Write-downs	(22,972)
Translation differences	(28,102)
Changes in consolidation area and reclassifications	17,587
<b>Balance at 31 December 2003</b>	<b>1,298,365</b>

“Write-downs” were mainly on goodwill classified under “Consolidation differences” in India and Turkey, respectively 18.3 and 3.4 million euro.

“Translation differences” refers to the changes in the US dollar, Thai baht, Moroccan dirham and Indian rupee against the euro.

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

### Start-up and capital expenses

	12.31.2003	12.31.2002	Change
Restoration of quarries	27,956	9,043	18,913
Share-capital formation and increase expenses	967	1,026	(59)
Other start-up and capital expenses	3,419	5,565	(2,146)
<b>Total</b>	<b>32,342</b>	<b>15,634</b>	<b>16,708</b>

The change arose largely from prepaid long-term quarry restoration expenses totaling 16 million euro, which were reclassified from “Prepayments and accrued income” to “Restoration of quarries”.

### Research, development and advertising expenses

	12.31.2003	12.31.2002	Change
Research and development expenses	17	20	(3)
Advertising expenses	199	398	(199)
<b>Total</b>	<b>216</b>	<b>418</b>	<b>(202)</b>



**Consolidation differences** 1,175,196 thousand euro  
(1,284,924 thousand euro at 31 December 2002)

“Consolidation differences” includes 1,151,333 thousand euro of goodwill paid by Ciments Français and Italcementi S.p.A. on the acquisition of their main Italian and overseas subsidiary companies. The remaining amount is goodwill paid by the parent company on the acquisition of the subsidiary companies Sirap Gema S.p.A. and Italcementi S.p.A.

The decrease of 109,728 thousand euro from the previous year reflected the following changes:

	(in thousands of euro)		
	Gross amount	Accumulated amortization	Net amount
<b>Balance at 31 December 2002</b>	<b>1,813,497</b>	<b>(528,573)</b>	<b>1,284,924</b>
Additions	1,230	-	1,230
Amortization	-	(60,807)	(60,807)
Write-downs	-	(22,594)	(22,594)
Translation differences	(32,905)	6,153	(26,752)
Reclassifications	(349)	2	(347)
Change in consolidation area	(1,593)	1,135	(458)
<b>Total changes</b>	<b>(33,617)</b>	<b>(76,111)</b>	<b>(109,728)</b>
<b>Balance at 31 December 2003</b>	<b>1,779,880</b>	<b>(604,684)</b>	<b>1,175,196</b>

**B II - Tangible assets** 2,886,593 thousand euro  
(3,010,559 thousand euro at 31 December 2002)

Tangible assets decreased by 123,966 thousand euro compared to 2002, as follows:

	December 2003			December 2002	Change
	Gross amount	Accumulated depreciation	Net amount	Net amount	
Land and buildings	2,074,715	(1,008,810)	1,065,905	1,115,731	(49,826)
Plant and machinery	4,292,167	(2,847,970)	1,444,197	1,378,299	65,898
Industrial and commercial equipment	556,971	(418,733)	138,238	166,549	(28,311)
Freely transferable assets	38,202	(28,232)	9,970	10,547	(577)
Other tangible assets	268,234	(215,144)	53,090	59,592	(6,502)
Assets under construction and payments on account	175,193		175,193	279,841	(104,648)
<b>Total</b>	<b>7,405,482</b>	<b>(4,518,889)</b>	<b>2,886,593</b>	<b>3,010,559</b>	<b>(123,966)</b>



Changes during the year were as follows:

	(in thousands of euro)
Additions	281,472
Disposals	(17,326)
Write-downs	(10,211)
Depreciation	(295,624)
Translation differences	(103,193)
Change in consolidation area and reclassifications	20,916
<b>Total</b>	<b>(123,966)</b>

“Additions” totaling 281.5 million euro refers to investments, mainly in Europe for 204.8 million euro (including Italy 89.1 million and France 71.5 million) and North America for 45.3 million euro.

The most important investments concerned the restructuring and modernization of production facilities and plant for 143.8 million euro, and environmental protection and occupational safety measures for 41.5 million euro.

“Write-downs” of 10.2 million euro included 8.3 million euro of non-recurring write-downs in the USA and France.

The translation loss arose mainly from changes in the US dollar, Thai baht, Moroccan Dirham and Indian rupee against the euro.

As a percentage of gross tangible assets, accumulated depreciation increased from 61.6 % at the end of 2002 to 62.5% at the end of 2003.

**B III - Investments and other financial assets** 1,265,103 thousand euro  
(1,385,379 thousand euro at 31 December 2002)

The balance on the heading decreased by 120,276 thousand euro from 2002, as follows:

	12.31.2003	12.31.2002	Change
Equity investments	866,135	940,941	(74,806)
Amounts receivable	369,865	368,849	1,016
Other securities	7,983	54,469	(46,486)
Own shares	21,120	21,120	-
<b>Total</b>	<b>1,265,103</b>	<b>1,385,379</b>	<b>(120,276)</b>



## Equity investments

At 31 December 2003 equity investments totaled 866,135 thousand euro (940,941 thousand euro at 31 December 2002). The decrease of 74,806 thousand euro reflected the following changes:

	(in thousands of euro)								
	Opening balance	Additions	Disposals	Write-downs	Revaluations	Translation differences	Change in consolidation area	Totale change	Closing balance
Subsidiaries	77,114	86,807	(1,307)	(2,393)	399	(3,823)	(70,150)	9,533	86,647
Associated companies	429,389	743	(83)	(4,248)	17,206	(89,415)	(5,571)	(81,368)	348,021
Other	434,438	3,384	(449)	(6,736)	35	(314)	1,109	(2,971)	431,467
<b>Total</b>	<b>940,941</b>	<b>90,934</b>	<b>(1,839)</b>	<b>(13,377)</b>	<b>17,640</b>	<b>(93,552)</b>	<b>(74,612)</b>	<b>(74,806)</b>	<b>866,135</b>

“Additions” and “Change in consolidation area” for subsidiaries refer largely to purchases of additional shares of Ciments Français S.A. for 54.6 million euro, Italcementi S.p.A. for 14.2 million euro and Vulkan AD (Bulgaria) for 1.2 million euro, the acquisition of the Petruzalek group for 9.7 million euro and the acquisition of Calcestruzzi Emilia for 2.2 million euro, which was subsequently merged with Calcestruzzi S.p.A.

The translation loss mainly refers to the associated companies of the Suez Cement Ltd. group (Egypt) for 89.7 million euro and arose as a result of the devaluation of the Egyptian lira against the euro.

Investments in non-consolidated subsidiaries amounted to 86,647 thousand euro, of which 23.2% refers to companies in the cement and ready-mixed concrete sectors and 76.8% to companies mainly in banking, finance and commerce.

Equity investments in associated companies totaled 348,021 thousand euro and consist of:

- companies in the cement and ready-mixed concrete sector for 280,925 thousand euro;
- other companies in various sectors for the residual 67,096 thousand euro.

The main investments in associated companies are as follows: Suez Cement group (Egypt) for 154.8 million euro, Vassiliko Cement Works Ltd. (Cyprus) for 45.4 million euro, Groupe Ciment du Quebec Inc. (Canada) for 45.2 million euro, Cartiere Burgo S.p.A. (Italy) for 28.0 million euro, Mittel S.p.A. (Italy) for 23.2 million euro, Società Editrice Siciliana S.E.S. S.p.A. (Italy) for 15.5 million euro and Asment (Morocco) for 13.6 million euro.

Annexes “C” and “D” provide full lists of investments in subsidiary companies and associated companies not included in the consolidation.

The investment in the associated company Mittel S.p.A. was measured with the equity method using the most recent approved financial statements for the period to 30 September 2003.

The investment in Società Editrice Siciliana S.E.S. S.p.A. was kept at the carrying amount of the previous year.



The most important equity investments under the heading "Other" are listed below:

	(in thousands of euro)	
	12.31.2003	12.31.2002
Mediobanca S.p.A.	137,831	137,831
UniCredito Italiano S.p.A.	98,296	98,296
RCS MediaGroup S.p.A.	62,362	62,362
Banche Popolari Unite	52,020	49,692
Gemina S.p.A.	17,002	17,002
Consortium	15,092	15,092
Fin.Priv.S.r.l.	14,354	14,354
Mediocredito centrale	12,006	12,006
Sesaab Editrice	9,325	9,325
G.I.M. Generale Ind. Metallurgiche S.p.A.	2,981	7,276
Istituto Europeo di Oncologia	2,996	3,771
Other	7,202	7,431
<b>Total</b>	<b>431,467</b>	<b>434,438</b>

#### Receivables held under fixed assets

Receivables due from "Others" amounted to 351,866 thousand euro (340,457 thousand euro at 31 December 2002). The heading includes receivables of 273,447 thousand euro (247,631 million euro at 31 December 2002) for the principal and interest accrued but not collected on deposits lodged with banks at the time of issue of the "Floating rate subordinated securities" by the Italcementi group, which are described under liabilities.

The remaining receivables consist mainly of guarantee deposits of 32,806 thousand euro (45,836 thousand euro at 31 December 2002), advances for withholding tax paid on employees' leaving entitlements of 4,568 thousand euro (5,715 thousand euro at 31 December 2002) and other receivables for 41,045 thousand euro (41,275 thousand euro at 31 December 2002). The guarantee deposits include 26.9 million euro (39.5 million euro at 31 December 2002) relating to the pension funds of the Group's North American companies.

#### Other securities

"Other securities" totaled 7,983 thousand euro (54,569 thousand euro at 31 December 2002) and refers mainly to government securities maturing on 1<sup>st</sup> January 2004; the change of 46,486 thousand euro arose mainly as a result of recognition of reimbursement of securities that reached maturity.



## Own shares

Own shares amounted to 21,120 thousand euro at 31 December 2003, unchanged from 31 December 2002. At the balance-sheet date, the Group held 890,300 own ordinary shares and 28,500 own savings shares, for a total par value of 2,388,880 euro.

Pursuant to paragraph 3, article 2357 ter, of the Italian Civil Code, a non-distributable reserve for an equivalent amount has been provided under shareholders' equity.

## C - Current assets

**C I - Inventories** 461,380 thousand euro  
(461,540 thousand euro at 31 December 2002)

Inventories at the end of the year were as follows:

	(in thousands of euro)		
	12.31.2003	12.31.2002	Change
Raw materials, consumables and supplies	317,750	309,997	7,753
Provision for write-down of raw materials	(47,534)	(50,706)	3,172
	<b>270,216</b>	<b>259,291</b>	<b>10,925</b>
Work-in-progress and semi-finished goods	81,623	82,760	(1,137)
Provision for write-downs	(4,479)	(5,683)	1,204
	<b>77,144</b>	<b>77,077</b>	<b>67</b>
<b>Contract work-in-progress</b>	<b>16,855</b>	<b>3,817</b>	<b>13,038</b>
Finished goods	93,334	101,834	(8,500)
Goods	3,375	11,282	(7,907)
Provision for write-down of finished goods and goods	(6,478)	(5,669)	(809)
	<b>90,231</b>	<b>107,447</b>	<b>(17,216)</b>
<b>Payments on account</b>	<b>6,934</b>	<b>13,908</b>	<b>(6,974)</b>
<b>Total</b>	<b>461,380</b>	<b>461,540</b>	<b>(160)</b>

Fair-value measurement of that part of inventories measured with the Lifo method shows an overall reserve of approximately 43.4 million euro (40.3 million euro in 2002), of which 17.5 million euro attributable to raw materials, consumables and supplies, 13.6 million euro to semi-finished goods and 12.3 million euro to finished goods.

The 13 million euro change in contract work-in-progress includes 10.4 million euro for ready mixed concrete to be supplied for a section of the Turin-Milan high-speed rail link; recognition under income occurs upon final acceptance by the contracting body.



**C II - Trade and other receivables** 1,292,181 thousand euro  
(1,279,675 thousand euro at 31 December 2002)

The balance on this heading increased by 12,506 thousand euro from 2002, as follows:

(in thousands of euro)

	12.31.2003	12.31.2002	Change
Trade receivables	1,010,972	987,470	23,502
Non-consolidated subsidiaries	10,390	3,976	6,414
Associated companies	1,264	1,274	(10)
Related companies	328	325	3
Others	269,227	286,630	(17,403)
<b>Total</b>	<b>1,292,181</b>	<b>1,279,675</b>	<b>12,506</b>

### Trade receivables

By due date, these receivables were as follows:

	12.31.2003	12.31.2002	Change
Due within one year	1,072,672	1,057,553	15,119
Provision for bad debts	(61,700)	(70,083)	8,383
<b>Total due within one year</b>	<b>1,010,972</b>	<b>987,470</b>	<b>23,502</b>
Due after one year	-	-	-
<b>Total trade receivables</b>	<b>1,010,972</b>	<b>987,470</b>	<b>23,502</b>

### Receivables due from non-consolidated subsidiaries

These receivables totaled 10,390 thousand euro (3,976 thousand euro at 31 December 2002). They are largely trade receivables due within one year.

### Receivables due from associated companies

These receivables totaled 1,264 thousand euro (1,274 thousand euro at 31 December 2002). They are largely trade receivables due within one year.

### Receivables due from related companies

These receivables totaled 328 thousand euro (325 thousand euro at 31 December 2002). They are largely trade receivables due within one year.



## Receivables due from others

These receivables totaled 269,227 thousand euro (286,630 thousand euro at 31 December 2002), as follows:

	(in thousands of euro)		
	12.31.2003	12.31.2002	Change
Tax authorities - sales tax	45,703	39,337	6,366
Tax authorities - tax	107,389	117,133	(9,744)
Employees	3,540	3,091	449
Social security institutions	807	1,296	(489)
Disposal of equity investments and securities	2,667	2,675	(8)
Deferred tax assets	23,360	26,887	(3,527)
Other	85,761	96,211	(10,450)
<b>Total</b>	<b>269,227</b>	<b>286,630</b>	<b>(17,403)</b>

“Other” includes receivables of 27.7 million euro (32.7 million euro in 2002) for guarantees lodged in respect of trade receivables factored without recourse on the French market, which at 31 December 2003 totaled 145 million euro (145 million euro in 2002).

Deferred tax assets are illustrated in the note on the provision for deferred tax under liabilities.

There were no receivables due after five years.

**C III - Financial assets not held as fixed assets** 676,081 thousand euro  
(610,221 thousand euro at 31 December 2002)

**Equity investments in associated companies** 1,984 thousand euro  
(2,036 thousand euro at 31 December 2002)

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

**Other equity investments** 84,086 thousand euro  
(63,893 thousand euro at 31 December 2002)

These investments totaled 84,086 thousand euro at 31 December 2003 and consisted mainly of shares in Banca Intesa S.p.A., RCS Mediagroup S.p.A., Banche Popolari Unite S.p.A., Poligrafici S.p.A., ASM Brescia S.p.A. and other minor equity investments.



**Other securities** 585,497 thousand euro  
(535,914 thousand euro at 31 December 2002)

The balance of 585,497 thousand euro at 31 December 2003 (535,914 thousand euro at 31 December 2002) was made up as follows:

	(in thousands of euro)		
	12.31.2003	12.31.2002	Change
Government securities	50	26,968	(26,918)
Debentures	364,073	352,364	11,709
Units of investment trusts	221,374	156,582	64,792
<b>Total</b>	<b>585,497</b>	<b>535,914</b>	<b>49,583</b>

The increase of 49,583 thousand euro arose from the increase of 52.4 million euro in "units of investment trusts" at Ciments du Maroc (Morocco) and the decrease of 18 million euro in "debentures and other securities" at Asia Cement Ltd. (Thailand).

**Financial receivables** 4,514 thousand euro  
(8,378 thousand euro at 31 December 2002)

	12.31.2003	12.31.2002	Change
Financial receivables due from:			
- non-consolidated subsidiaries	3,143	7,221	(4,078)
- associated companies	52	983	(931)
- other companies	1,319	174	1,145
<b>Total</b>	<b>4,514</b>	<b>8,378</b>	<b>(3,864)</b>

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

**C IV - Cash and cash equivalents** 221,110 thousand euro  
(244,344 thousand euro at 31 December 2002)

Cash and cash equivalents are analyzed below:

	12.31.2003	12.31.2002	Change
Bank accounts	216,102	240,368	(24,266)
Checks	4,404	3,094	1,310
Cash on hand and cash equivalents	604	882	(278)
<b>Total</b>	<b>221,110</b>	<b>244,344</b>	<b>(23,234)</b>

These items consisted mainly of bank accounts and short-term deposit instruments earning interest at market rates.

For fuller analysis of the changes during the year, reference should be made to the Directors' report and to the statement of cash flows in the section entitled Additional information.



**D - Prepayments and accrued income** 65,105 thousand euro  
(69,973 thousand euro at 31 December 2002)

The heading comprised accrued interest income on cash investments, prepaid expenses and advances, including 23,249 thousand euro of advances paid for the use of quarries.

## Equity and liabilities

**A - Shareholders' equity** 3,638,708 thousand euro  
(3,609,719 thousand euro at 31 December 2002)

As follows:

	(in thousands of euro)		
	12.31.2003	12.31.2002	Change
Group	1,646,183	1,571,859	74,324
Minority interest	1,992,525	2,037,860	(45,335)
<b>Total</b>	<b>3,638,708</b>	<b>3,609,719</b>	<b>28,989</b>

The following should be noted:

### A I - Share capital

At 31 December 2003 the fully paid-up share capital of the parent company totaled 100,166,937 euro and was represented by 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 were savings shares.

### A II - Share premium reserve

The reserve totaled 177,191 thousand euro and is unchanged in respect of the reserve at 31 December 2002.

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

This reserve was formed pursuant to paragraph 3, article 2357 of the Italian Civil Code. It amounted to 21,120 thousand euro (21,120 thousand euro at 31 December 2002) and refers to the own shares recorded under assets.

**A VII - Other reserves**

992,240 thousand euro

(974,515 thousand euro at 31 December 2002)

"Other reserves" consists of the following items:

	(in thousands of euro)		
	12.31.2003	12.31.2002	Change
Extraordinary reserve	274,782	257,166	17,616
Other reserves awaiting taxation	97,364	97,364	-
Merger reserve	57,715	57,715	-
Other consolidation reserves	562,379	562,270	109
<b>Total</b>	<b>992,240</b>	<b>974,515</b>	<b>17,725</b>

"Other consolidation reserves" reflects retained earnings, other reserves of the consolidated companies attributable to the parent company, other consolidation adjustments and the negative balance of 7 million euro on the translation differences reserve (in 2002 this reserve stood at 49.6 million euro at constant size).

The decrease of 56.6 million euro in the translation differences reserve reflected changes in the exchange rates of the following currencies against the euro:

	(in millions of euro)
Egypt (lira)	(25.1)
USA and Canada (dollar)	(16.1)
Thailand (baht)	(6.6)
Morocco (dirham)	(2.5)
India (rupee)	(2.0)
Other countries	(4.3)
<b>Total</b>	<b>(56.6)</b>

Annexes "F" and "E" set out, respectively, a reconciliation between the shareholders' equity of Italmobiliare S.p.A. and consolidated shareholders' equity and the changes in Group consolidated shareholders' equity.

**A X - Minority interest**

1,992,525 thousand euro

(2,037,860 thousand euro at 31 December 2002)

This heading reflects the equity of the consolidated companies owned by minority shareholders at 31 December 2003.

Specifically:

	(in thousands of euro)		
	12.31.2003	12.31.2002	Change
Share capital and reserves	1,719,225	1,781,397	(62,172)
Net income for the year	273,300	256,463	16,837
<b>Total</b>	<b>1,992,525</b>	<b>2,037,860</b>	<b>(45,335)</b>



The total at 31 December 2003 is attributable almost entirely to the Italcementi group, through Italcementi S.p.A., Ciments Français S.A. and the companies under their direct control.

The decrease of 45.3 million euro arose largely as a result of changes in exchange rates (152.1 million euro), dividend payouts (79.3 million euro), the purchase of additional shares in Ciments Français S.A. (49.8 million euro) and Italcementi S.p.A. (14.2 million euro), the share capital reduction at Asia Cement (30.6 million euro) and net income of 273.3 million euro.

**A bis - Floating rate subordinated securities** 324,640 thousand euro  
(324,640 thousand euro at 31 December 2002)

These securities are classified separately from shareholders' equity and from payables, since they do not qualify for inclusion under the headings in the model set out under article 2424 of the Italian Civil Code.

The total amount is unchanged in respect of 2002.

The securities were issued in 1990 by the subsidiaries Ciments Français S.A. and Unibeton S.A. for an original amount of 2,130 million French francs (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 creditors.

At the time of issue, the subsidiaries deposited sums with banks totaling an original amount of 481 million French francs (73.4 million euro).

These deposits, recognized under "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 an amount 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 Unibeton S.A.; the interest-rate risk has been partially hedged.



**B - Provisions for contingencies and charges**  
(634,327 thousand euro at 31 December 2002)

618,542 thousand euro

These provisions decreased by 15,785 thousand euro from 2002, as follows:

	(in thousands of euro)						
	Opening balance	Increases	Decreases	Translation differences	Changes in consolidation	Other changes	Closing balance
Employee pensions and similar obligations	84,625	21,395	(3,209)	(11,760)	-	(5,715)	85,336
Tax and charges	27,604	7,854	(4,109)	(1)	-	(425)	30,923
Deferred tax	280,473	6,511	(7,365)	(3,116)	12,100	39	288,642
Other	241,625	51,215	(75,240)	(5,096)	-	1,137	213,641
<b>Total</b>	<b>634,327</b>	<b>86,975</b>	<b>(89,923)</b>	<b>(19,973)</b>	<b>12,100</b>	<b>(4,964)</b>	<b>618,542</b>

- Employee pensions and similar obligations

The provision totaled 85,336 thousand euro (84,625 thousand euro at 31 December 2002) as follows:

	Opening balance	Increases	Decreases	Translation differences	Changes in consolidation	Other changes	Total changes	Closing balance
Pension funds and social security for non-Italian employees	38,611	5,402	(3,175)	(4,151)	-	(5,715)	(7,639)	30,972
Medical expenses	44,980	15,780	-	(7,609)	-	-	8,171	53,151
Agents' termination indemnity	1,034	213	(34)	-	-	-	179	1,213
<b>Total</b>	<b>84,625</b>	<b>21,395</b>	<b>(3,209)</b>	<b>(11,760)</b>	<b>-</b>	<b>(5,715)</b>	<b>711</b>	<b>85,336</b>

"Pension funds and social security for non-Italian employees" reflects provisions to pension funds and social security schemes on behalf of the employees of non-Italian companies (in accordance with local agreements), and mainly refers to the USA, France, Turkey, Thailand and Spain.

"Medical expenses" reflects provisions for future medical and welfare expenses on behalf of employees and retired employees of companies in the USA and France. The increase in 2003 includes 15,700 thousand euro for companies in the French group who used the time-discounting method in 2003 to measure future services envisaged under the current defined-benefits welfare system.

- Tax

Provisions for tax were as follows:

	12.31.2003	12.31.2002	Change
Provision for tax and charges	30,923	27,604	3,319
Provision for deferred tax	288,642	280,473	8,169
<b>Total</b>	<b>319,565</b>	<b>308,077</b>	<b>11,488</b>



The "Provision for tax and charges" reflects tax-related liabilities that are considered likely to arise as a result of tax audits and adjustments to tax returns; adequate provision has also been made for liabilities that are considered likely and reasonable in respect of tax audits notified to Group companies during 2003.

During the year, Italcementi S.p.A. was notified of an audit adjustment of 12.2 million euro on its tax return for 1998, which is additional to the audit adjustments totaling 49.1 million euro in respect of the tax returns for 1996 and 1997, which were notified in 2002. The audit notified in 2003 is based on the findings in the verbal statement taken by the Guardia di Finanza in February 2001, regarding which no new elements have come to light such as to change the opinion already expressed, which is supported by distinguished external consultants, that these findings are substantially without foundation. Italcementi S.p.A. has filed an appeal against the audit adjustment notified in 2003, as against those notified in 2002.

The "Provision for deferred tax", which also includes deferred tax assets classified as receivables due from others under balance sheet assets, was as follows:

	(in thousands of euro)		
	12.31.2003	12.31.2002	Change
Deferred tax assets	23,360	26,887	(3,527)
Provision for deferred tax	(288,642)	(280,473)	(8,169)
<b>Total</b>	<b>(265,282)</b>	<b>(253,586)</b>	<b>(11,696)</b>

The change in the provision for deferred tax and in deferred tax assets includes the reductions applied by the parent company to take account of the changes in future taxable income as a result of application of the tax reform that took effect on 1 January 2004.

The balance at 31 December 2003 reflects tax on the following items:

	(in millions of euro)		
	12.31.2003	12.31.2002	Change
Adjustments to amortization	(168.0)	(170.7)	2.7
Gains classified under assets	(114.0)	(131.9)	17.9
Floating rate subordinated securities	(51.0)	(42.0)	(9.0)
Taxed provisions	73.7	81.6	(7.9)
Tax relief from tax loss carryforwards	18.0	24.8	(6.8)
Other	(24.0)	(15.4)	(8.6)
<b>Total</b>	<b>(265.3)</b>	<b>(253.6)</b>	<b>(11.7)</b>



## Other

Other provisions at 31 December 2003 were as follows:

	(in thousands of euro)		
	12.31.2003	12.31.2002	Change
Environment-related improvements	77,054	76,026	1,028
Restructuring and reorganization	29,523	33,338	(3,815)
Disputes	14,539	19,250	(4,711)
Receivables and equity investments	35,156	39,560	(4,404)
Other	57,369	73,165	(15,796)
<b>Total</b>	<b>213,641</b>	<b>241,625</b>	<b>(27,984)</b>

"Other" includes provisions for the restoration of urban and industrial areas, provisions for disputes with employees and the provision for entitlements accrued by the directors of Italcementi S.p.A. on completion of their term of office.

The change in "Receivables and equity investments" is due largely to use of surpluses on previous provisions, following a review of the potential liabilities in respect of which such provisions were formed.

**C - Employees' leaving entitlements** 85,447 thousand euro  
(85,357 thousand euro at 31 December 2002)

This provision amounted to 85,447 thousand euro and represents the severance liabilities accrued in respect of the 5,362 employees of the Italian consolidated companies at 31 December 2003 (5,391 heads at 31 December 2002).

The increase of 90 thousand euro arose as follows:

	Opening balance	Increases	Decreases	Other	Closing balance
<b>Total</b>	<b>85,357</b>	<b>15,981</b>	<b>(16,173)</b>	<b>282</b>	<b>85,447</b>



## D - Payables

3,484,023 thousand euro

(3,797,641 thousand euro at 31 December 2002)

Payables decreased by 313,618 thousand euro during the year, as follows:

	(in thousands of euro)		
	12.31.2003	12.31.2002	Change
Debentures*	698,343	728,283	(29,940)
Due to banks*	1,601,661	1,750,842	(149,181)
Due to other providers of finance*	134,513	288,359	(153,846)
Financial payables due to:			
- non-consolidated subsidiaries	348	709	(361)
- associated companies	3,182	3,004	178
	<b>2,438,047</b>	<b>2,771,197</b>	<b>(333,150)</b>
Payments on account	22,713	19,982	2,731
Due to suppliers	570,385	591,902	(21,517)
Due on bills accepted and drawn	92,444	74,674	17,770
Due to non-consolidated subsidiaries	1,225	1,932	(707)
Due to associated companies	1,766	2,244	(478)
	<b>688,533</b>	<b>690,734</b>	<b>(2,201)</b>
Due to tax authorities	103,929	87,076	16,853
Due to social security authorities	53,415	45,950	7,465
Other amounts due	200,099	202,684	(2,585)
	<b>357,443</b>	<b>335,710</b>	<b>21,733</b>
<b>Total</b>	<b>3,484,023</b>	<b>3,797,641</b>	<b>(313,618)</b>

\* the figures for 2002 have been restated for comparison with 2003.

## Financial payables

Financial payables totaled 2,438,048 thousand euro at 31 December 2003 (2,771,197 thousand euro at 31 December 2002), as follows:

	12.31.2003	12.31.2002	Change
Short-term debt	1,029,217	834,861	194,356
Medium/long-term debt	1,408,830	1,936,336	(527,506)
<b>Total</b>	<b>2,438,047</b>	<b>2,771,197</b>	<b>(333,150)</b>



Medium/long-term debt by currency was as follows:

	(in millions of euro)	
	12.31.2003	12.31.2002
Euro	1,203	1,684
US and Canadian dollar	169	195
Thai baht	19	33
Indian rupee	18	24
<b>Total</b>	<b>1,409</b>	<b>1,936</b>

Medium/long-term debt by maturity was as follows:

	12.31.2003	12.31.2002
2004	-	642
2005	111	110
2006	426	409
2007	118	104
2008	229	-
Others	525	671
<b>Total</b>	<b>1,409</b>	<b>1,936</b>

### Debentures

The balance of 698,343 thousand euro (728,283 thousand euro at 31 December 2002) refers to the following bonds issued by Ciments Français S.A.:

- on 15 November 2002 Ciments Français S.A. issued a bond underwritten by private investors on the American market for 168.8 million euro. The loan has an original value of 200 million dollars and is in two tranches: the first of 180 million dollars with ten-year maturity at a fixed rate of 5.63%, the second of 20 million dollars with twelve-year maturity at a fixed rate of 5.73%; of the 200 million dollars, 150 million were used to provide financing for an American company in the Essroc group; a cross-currency swap was arranged to hedge the exchange-rate risk on the remaining 50 million dollars;
- on 26 June 2002, as part of the EMTN (Euro Medium Term Notes) program, with the participation of BNP Paribas and Lehman Brothers, Ciments Français S.A. issued a 7-year bond for 350 million euro at a fixed rate of 5.875%;
- on 23 October 1997, with the participation of Société Générale and Lehman Brothers, Ciments Français S.A. issued a 7-year bond for 150.9 million euro at a fixed rate of 5.90%;
- on 26 September 1996 Ciments Français S.A. and its subsidiary Ciments Calcia S.A. issued a floating rate bond underwritten by private American investors for 17.1 and 40.1 million euro respectively. This loan, which will be amortized over 10 years, totaled 28.6 million euro at 31 December 2003.



### Due to banks

The balance on "Due to banks" decreased by 149,181 thousand euro from 2002.

The amount due within one year consists of the current portion of loans of 85,567 thousand euro (125,977 thousand euro at 31 December 2002) and short-term debt of 779,007 thousand euro (694,715 thousand euro in 2002).

The increase in short-term debt was largely due to greater use of short-term bank credit lines by Italcementi S.p.A. for 53 million euro.

Amounts due after one year totaled 737,087 thousand euro (930,150 thousand euro in 2002) and consisted of the residual payable on secured loans for 46.0 million euro and bank borrowings and other loans for 691.1 million euro.

The main borrowings due after one year are as follows:

- a loan due in 2005 for 76 million euro consisting of a tranche of 46 million euro at a fixed rate of 5.99% and a residual amount of 30 million euro at a fixed rate of 5.955%;
- the use of 315 million euro of the credit lines obtained by Italcementi S.p.A. in 1999 for a total of 750 million euro, due in 2006;
- a loan obtained in 2001 and due in five years, for 125 million euro;
- a 6-year floating-rate loan obtained in 2002 for 109.5 million euro;
- an IMF loan to Devnya Cement AD (Bulgaria) for 14.9 million euro.

### Due to other providers of finance

The balance on this heading was 134,513 thousand euro (288,359 thousand euro at 31 December 2002) and consisted mainly of third-party loans (billets de tresorerie) for 112 million euro (255 million euro in 2002) granted to Ciments Français S.A., in connection with credit lines worth 550 million euro opened by a pool of international banks in 2003, due in 2008.

### Due to suppliers

Amounts due to suppliers at 31 December 2003 reflects payables for procurement of goods and services required for the Group's business; the decrease of 21.5 million euro refers mainly to the Italian companies

### Due to tax authorities

Amounts due to tax authorities totaled 103,929 thousand euro and includes 21,775 thousand euro for sales tax, 9,291 thousand euro for withholding tax and 72,863 thousand euro for income tax and other tax.



## Other amounts due

The heading totaled 200,099 thousand euro, as follows:

	(in thousands of euro)		
	12.31.2003	12.31.2002	Change
Employees	79,574	76,676	2,898
Interest and dividends	490	578	(88)
Other	120,035	125,430	(5,395)
<b>Total</b>	<b>200,099</b>	<b>202,684</b>	<b>(2,585)</b>

“Other” includes the 43,625 thousand euro payable plus interest for the fine imposed on Italcementi S.p.A. by the European Commission in 1995.

In January 2004, Italcementi S.p.A. settled the fine as required under the ruling issued by the European Court of Justice on 7 January 2004. The payment of 43,785 thousand euro included interest accruing as of 30 January 2004.

**E - Accruals and deferred income** 14,558 thousand euro  
(16,715 thousand euro at 31 December 2002)

This heading consists of accrued interest expense and costs for 3,385 thousand euro and deferred income for 11,172 thousand euro.

## Net debt

As shown in the “Reclassified consolidated balance sheet” in the section entitled Additional information, at 31 December 2003 the Group had net debt of 1,606,194 thousand euro (1,913,061 thousand euro at 31 December 2002); this amount arose from gross debt of 2,438,047 thousand euro set against medium/long-term financial assets and current financial assets of 831,853 thousand euro.

Gross debt of 2,438,047 thousand euro (2,771,197 thousand euro at 31 December 2002) consisted of short-term financing of 1,029,217 thousand euro (834,861 thousand euro at 31 December 2002) and medium/long-term financial liabilities of 1,408,830 thousand euro (1,936,336 thousand euro at 31 December 2002).

The balance sheet also includes “Floating rate subordinated securities” (Frss) for a net amount of 51,194 thousand euro (77,010 thousand euro at 31 December 2002), to bring total net debt to 1,657,388 thousand euro (1,990,071 thousand euro at 31 December 2002).

Among major financial transactions during 2003, Ciments Français S.A. completed the organization of a 5-year 550 million euro syndicated credit line at a floating rate. The group of lender banks is led by Natexis Banques Populaires, The Royal Bank of Scotland, Société Générale Corporate and Investment Banking.



## Memorandum and contingency accounts

These totaled 4,286,115 thousand euro (3,764,460 thousand euro at 31 December 2002), as follows:

	(in thousands of euro)	
	12.31.2003	12.31.2002
Guarantees	89,353	88,096
Guarantees on company assets	171,249	173,270
Group assets held by third parties	1,878,518	1,843,423
Third-party assets held by the Group	99,884	90,581
Guarantees received	4,584	4,627
Leasing instalments to be paid	2,605	3,433
Other memorandum and contingency accounts	2,039,922	1,561,030
<b>Total</b>	<b>4,286,115</b>	<b>3,764,460</b>

“Guarantees on company assets” mainly refers to balance sheet payables and includes mortgages and liens on tangible assets.

“Other memorandum and contingency accounts” includes purchase and sale commitments mainly for forward contracts transacted to hedge exchange-rate risks on foreign currency receivables and payables, and commitments in respect of interest-rate hedges on a portion of financial payables and floating rate subordinated securities, as illustrated in the comments on net debt and hedging instruments.

At 31 December 2003, in connection with the possible exercise of options allocated under the Italmobiliare Group’s stock option plans, the heading also included commitments for the sale of shares of Italmobiliare S.p.A. for 1.5 million euro, of Italcementi S.p.A. for 19.7 million euro and commitments for future share capital increases at Ciments Français S.A. for 33 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 outstanding commitment at 31 December 2003 was 20.3 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. Essroc Cement Corp. will close the Nazareth III kilns and consequently the aforementioned investments will not be made.



## Financial hedging instruments

### Interest-rate hedging

The Group enters into hedging transactions in order to reduce exposure to the risk of variations in interest rates.

These transactions, which during the year were mainly arranged by the Italcementi group, consist of interest-rate swaps, to transform financial transactions originally stipulated at floating rates into fixed rates or vice versa, and of derivatives transactions consisting of purchases of cap options and sales of floor options in the form of interest rate collars.

The situation at 31 December 2003 was as follows:

(in millions of euro)

	31 december 2003			31 december 2002		
	Net debt+ Frss before hedging	Hedges	Net debt+ Frss after hedging	Net debt+ Frss before hedging	Hedges*	Net debt+ Frss after hedging
Floating rate	(1,453.8)	1,067.0	(386.8)	(1,489.9)	1,092.8	(397.1)
Fixed rate	(203.6)	(1,067.0)	(1,270.6)	(500.2)	(1,092.8)	(1,593.0)
<b>Total</b>	<b>(1,657.4)</b>	<b>-</b>	<b>(1,657.4)</b>	<b>(1,990.1)</b>	<b>-</b>	<b>(1,990.1)</b>

\* the method used to measure hedges was modified at 31.12.2003; the amount at 31.12.2002 has been restated accordingly

### Exchange-rate hedging

The construction sector is structurally exposed to the risk of exchange-rate fluctuations on US dollar purchases of solid fuel; additionally, Ciments Français S.A. and some non-Italian financial companies normally arrange hedges on certain infra-group loans granted to their subsidiaries and related companies.

At 31 December 2003, the following exchange-rate hedges were in place, valued at the official ECB rates of 31 December 2003:

	Forward purchases	Forward sales	Call options	Cross Currency Swap
US dollar	56.0	15.8	18.1	50.0
Swiss franc	12.8	28.9	-	-
Other currencies	8.2	-	-	9.8
<b>Total</b>	<b>77.0</b>	<b>44.7</b>	<b>18.1</b>	<b>59.8</b>



## Consolidated income statement

Pursuant to paragraph 1, article 40 of Legislative Decree 127/91, comments on general cost and revenue trends are set out in the Directors' report.

### A - Net sales and other operating income

**1) Net sales** 4,397,103 thousand euro  
(4,365,279 thousand euro in 2002)

Net sales totaled 4,397,103 thousand euro (4,365,279 thousand euro in 2002), as follows:

	(in thousands of euro)		
	12.31.2003	12.31.2002	Change
Sales of products	4,287,287	4,260,580	26,707
Revenues on supply of services	101,377	95,082	6,295
Other net sales	8,439	9,617	(1,178)
<b>Total</b>	<b>4,397,103</b>	<b>4,365,279</b>	<b>31,824</b>

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

**5) Other operating income** 41,007 thousand euro  
(39,721 thousand euro in 2002)

Other operating income includes grants for 2,178 thousand euro (1,071 thousand euro in 2002) and other income items for 38,829 thousand euro (38,650 thousand euro in 2002).



## B - Operating costs

### 6) Raw materials, consumables and supplies 1,148,769 thousand euro (1,085,522 thousand euro in 2002)

These amounted to 1,148,769 thousand euro, an increase of 63,247 thousand euro from 2002, as follows:

	12.31.2003	12.31.2002	Change
Raw materials and semi-finished goods	571,239	488,343	82,896
Fuel	239,005	225,935	13,070
Packaging, materials and machinery	232,947	238,521	(5,574)
Finished goods	105,578	132,723	(27,145)
<b>Total</b>	<b>1,148,769</b>	<b>1,085,522</b>	<b>63,247</b>

The 2002 figures for fuel purchases shown in the above table and for electricity purchases shown in the table below have been restated for comparison with 2003.

### 7) Services 1,300,462 thousand euro (1,295,707 thousand euro in 2002)

The cost of services totaled 1,300,462 thousand euro compared to 1,295,707 thousand euro in 2002.

	12.31.2003	12.31.2002	Change
Electricity, water, gas	276,896	280,630	(3,734)
Business services and maintenance	370,397	355,512	14,885
Transport	417,938	421,659	(3,721)
Legal fees and consultancy	58,194	63,759	(5,565)
Insurance	37,071	31,640	5,431
Other	139,966	142,507	(2,541)
<b>Total</b>	<b>1,300,462</b>	<b>1,295,707</b>	<b>4,755</b>

"Other" refers in the main to costs for travel, personnel recruitment and training, marketing, postal expenses, cleaning and security.

### 8) Use of third party assets 81,710 thousand euro (77,659 thousand euro in 2002)

Costs for use of third-party assets totaled 81,710 thousand euro, compared to 77,659 thousand euro in 2002. They refer mainly to rents.



**9) Personnel expenses** 731,052 thousand euro  
(722,751 thousand euro in 2002)

Total personnel expenses increased by 8,301 thousand euro compared with 2002, as follows:

(in thousands of euro)

	12.31.2003	12.31.2002	Change
Wages and salaries	508,778	508,389	389
Social security contributions	190,421	188,027	2,394
Employees' leaving entitlements	15,970	15,901	69
Pensions and similar obligations	7,492	2,709	4,783
Other expenses	8,391	7,725	666
<b>Total</b>	<b>731,052</b>	<b>722,751</b>	<b>8,301</b>

The Group personnel categories were reviewed in 2003; the figures for 2002 have been restated in accordance with the new categories to permit comparison with 2003.

The total number of employees fell from 18,489 at 12.31.2002 to 17,722 at 12.31.2003 (-767 heads), a decrease of 1.1%. The average number of Group employees was as follows:

(heads)

	12.31.2003	12.31.2002
Managers and clerical staff	8,207	7,984
Workers	9,952	10,575
<b>Total</b>	<b>18,159</b>	<b>18,559</b>

The companies consolidated on a proportionate basis had 623 employees in 2003.

**10) Amortization, depreciation and write-downs** 430,506 thousand euro  
(425,465 thousand euro in 2002)

These expenses totaled 430,506 thousand euro (425,465 thousand euro in 2002), as follows:

	12.31.2003	12.31.2002	Change
Amortization of intangible assets	98,050	105,880	(7,830)
Depreciation of tangible assets	295,624	285,136	10,488
Other write-downs on fixed assets	22,594	17,635	4,959
Write-downs on receivables held as current assets and on cash and cash equivalents	14,238	16,814	(2,576)
<b>Total</b>	<b>430,506</b>	<b>425,465</b>	<b>5,041</b>

"Amortization of intangible assets" refers to amortization of consolidation differences for 60,807 thousand euro (66,704 thousand euro in 2002), of goodwill for 5,220 thousand euro (5,639 thousand euro in 2002) and of other intangible assets for 32,023 thousand euro (33,537 thousand euro in 2002).



“Other write-downs on fixed assets” refers chiefly to write-downs on consolidation differences in India and Turkey (18.3 and 3.4 million euro respectively).

“Write-downs on receivables held as current assets and on cash and cash equivalents” largely consists of provisions for bad debts.

**14) Other operating costs** 108,220 thousand euro  
(108,619 thousand euro in 2002)

Other operating costs totaled 108,220 thousand euro (108,619 thousand euro in 2002), as follows:

	(in thousands of euro)		
	12.31.2003	12.31.2002	Change
Subscriptions	8,911	9,356	(445)
Other taxes	58,649	59,136	(487)
Other costs	40,660	40,127	533
<b>Total</b>	<b>108,220</b>	<b>108,619</b>	<b>(399)</b>

**C - Financial income and charges**

**15) Income from equity investments** 52,751 thousand euro  
(61,412 thousand euro in 2002)

This income amounted to 52,751 thousand euro, down by 8,661 thousand euro from 2002 (61,412 thousand euro). It consists largely of dividends and related tax credits. Capital gains on disposals of equity investments totaled 12,042 thousand euro, as shown below:

	12.31.2003
Banca Intesa	9,678
BravoSolution (unexercised rights)	1,006
Others	1,358
<b>Total</b>	<b>12,042</b>

“Other” includes 877 thousand euro for the allocation of free shares by Banca Intesa S.p.A.



**16) Other financial income** 106,381 thousand euro  
(115,058 thousand euro in 2002)

**d) Other income**

This heading includes:

	(in thousands of euro)		
	12.31.2003	12.31.2002	Change
Bank interest income	2,360	4,393	(2,033)
Interest income on receivables	3,932	3,917	15
Translation gains	37,787	43,420	(5,633)
Other	30,470	24,586	5,884
<b>Total</b>	<b>74,549</b>	<b>76,316</b>	<b>(1,767)</b>

“Other” includes interest income of 25,816 thousand euro (23,496 thousand euro in 2002) on the deposits lodged in respect of floating rate subordinated securities.

**17) Interest and other financial charges** (213,889) thousand euro  
(239,027) thousand euro in 2002)

This heading reflects the following items:

	12.31.2003	12.31.2002	Change
Bank interest expense	33,989	35,694	(1,705)
Interest expense on debentures	66,913	58,924	7,989
Translation losses	47,527	54,735	(7,208)
Interest expense on secured payables and medium/long-term payables	41,176	66,776	(25,600)
Other charges	24,264	22,871	1,393
<b>Total</b>	<b>213,869</b>	<b>239,000</b>	<b>(25,131)</b>

“Interest expense on debentures” includes 28,115 thousand euro (29,313 thousand euro in 2002) in respect of floating rate subordinated securities.

“Other charges” includes bank fees and commissions, as well as interest expense paid to suppliers and other creditors.

The improvement of 1.6 million euro in the net balance on translation gains and losses was assisted by the more limited depreciation of the Turkish lira for 5.5 million euro.



## D - Adjustments to financial asset values

**18) Revaluations** 33,679 thousand euro  
(19,490 thousand euro in 2002)

Revaluations increased by 14,189 thousand euro compared to 2002, as follows:

	(in thousands of euro)		
	12.31.2003	12.31.2002	Change
Revaluations:			
- of equity investments	17,770	19,103	(1,333)
- of which equity	17,605	19,103	(1,498)
- of financial assets other than equity investments	1,589	72	1,517
- of securities held as current assets	14,320	315	14,005
<b>Total</b>	<b>33,679</b>	<b>19,490</b>	<b>14,189</b>

"Revaluations of equity investments" includes Ciments du Quebec (Canada) for 8.3 million euro, Suez Cement (Egypt) for 4.2 million euro, Vassiliko Cement Works Ltd. (Cyprus) for 2.0 million euro and Mittel for 2.1 million euro.

**19) Write-downs** (17,717) thousand euro  
(51,954) thousand euro in 2002)

Write-downs decreased by 34,237 thousand euro from 2002, as follows:

	12.31.2003	12.31.2002	Change
Write-downs:			
- of equity investments	(14,065)	(27,316)	13,251
- of which equity	(5,616)	(18,318)	12,702
- of financial assets other than equity investments	(785)	(5,030)	4,245
- of securities held as current assets	(2,867)	(19,608)	16,741
<b>Total</b>	<b>(17,717)</b>	<b>(51,954)</b>	<b>34,237</b>

"Write-downs of equity investments" includes the write-down of the investment in Gim S.p.A. for 4,295 thousand euro and in Istituto Europeo di Oncologia for 2,199 thousand euro. It also includes the losses on companies valued with the equity method, including Innocon Inc. (Canada) for 3,350 thousand euro and the Fincomind S.A. group (Switzerland) for 1,212 thousand euro.



## E - Non-recurring income and charges

**20) Income** 152,267 thousand euro  
(74,011 thousand euro in 2002)

### *a) Capital gains on disposal*

These totaled 40,180 thousand euro and include 37,000 thousand euro of capital gains on the disposal of tangible assets, notably 19.0 million euro in Italy largely from the disposal of land and buildings and 13.3 million euro in Spain on the sale of seven ready mixed concrete plants and two aggregates quarries.

### *b) Other income*

This income totaled 112,087 thousand euro as follows:

- 36.5 million euro for the windfall gain recorded by the Belgian subsidiary Compagnie des Ciments Belges S.A. following settlement of tax disputes relating to the period 1991-2000 and of a specific dispute relating to 1991; the amount also includes recovery of interest recognized by the tax authority on the reimbursements due;
- 25 million euro for windfall gains following settlement of legal and commercial disputes;
- 2.7 million euro for insurance payments;
- 4.4 million euro for the windfall gain arising from the reduction of the EU fine imposed on Ciments Français S.A. by the European Court of Justice ruling issued on 7 January 2004;
- 9.5 million euro for use of provisions for contingencies and provisions for tax;
- 34.0 million euro of other windfall gains and income.

**21) Charges** (90,495) thousand euro  
((120,584) thousand euro in 2002)

### *a) Capital losses on disposals*

These losses totaled 1,299 thousand euro (2,225 thousand euro in 2002) and consisted largely of capital losses of 694 thousand euro on the sale of tangible assets.

### *b) Tax in respect of prior periods*

This totaled 8,238 thousand euro and refers mainly to higher tax and provisions for tax disputes in Group companies relating to previous periods.

It includes a non-recurring cost of 0.7 million euro as a result of take-up of the 2002 tax amnesty envisaged under paragraph 44 and following of article 1, Law no. 350 of 24 December 2003. This is consistent with the policy adopted in respect of previous tax periods pursuant to Law no. 289 of 27 December 2002.



The parent company and some Italian subsidiaries took up the tax amnesty for prior years during 2003 for a charge of 6.3 million euro, which had already been provided in 2002.

### c) Other charges

These charges totaled 80,958 thousand euro as follows:

- write-downs of buildings, plant and other assets for 18.9 million euro;
- windfall losses for supplementary pension and social security charges for 16.6 million euro;
- non-recurring provisions for business restructuring and reorganization for approximately 4.0 million euro;
- a provision of approximately 2 million euro for reimbursement of Paribas as a result of the reduction of the EU fine on Ciments Français S.A. in the ruling of 7 January 2004. The reimbursement was envisaged under the agreements made at the time of Italcementi S.p.A.'s acquisition of the controlling interest in Ciments Français S.A.;
- provisions for disputes for 8.7 million euro
- other charges for 30.8 million euro, including provisions of 4.8 million euro in respect of equity investments.

**23) Income tax** (242,173) thousand euro  
(190.489 thousand euro in 2002)

Income tax totaled 242,173 thousand euro, up by 51,684 thousand euro from 2002, as follows:

	(in thousands of euro)		
	12.31.2003	12.31.2002	Change
Current tax	236,577	234,629	1,948
Deferred tax	5,596	(44,140)	49,736
<b>Total</b>	<b>242,173</b>	<b>190,489</b>	<b>51,684</b>

Regarding the significant change in tax, it should be remembered that in 2002 the Group had a benefit in Italy from tax incentives of 25.9 million euro for exemptions on reinvested business profits (under the Tremonti bis law) and in Belgium deferred tax of 24.8 million euro owing to the material reduction in the tax rate.

Annex "H" sets out the reconciliation between the theoretical tax load and the actual tax charge.

Information on the remuneration of the Directors and Auditors of Italmobiliare S.p.A., including remuneration for services performed in other consolidated companies, is provided in the notes to the statutory financial statements of Italmobiliare S.p.A.

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

Milan, 30 March 2004

The Board of Directors

## Annexes

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The following annexes have been prepared in accordance with Legislative Decree no. 127 of April 1991 – as specified in each annex – and with Consob resolution no. 11971, article 126, of 14 May, which requires listed companies to disclose their equity investments in unlisted companies where such investments exceed 10% of the companies' share capital with voting rights.

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

## Annex A

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

(Pursuant to article 26 of Legislative Decree no. 127 of 9 April 1991)

Company	Registered office	Share capital	% direct	% indirect	Held by Group companies %	Held by:
<b>EUROPEAN 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 A.V.A. S.p.A.	Milan	€ 2,550,000	100.00	-	100.00	Italmobiliare Società per Azioni
BravoBus S.r.l.	Bergamo	€ 600,000	-	51.00	51.00	BravoSolution S.p.A.
BravoSolution S.p.A.	Bergamo	€ 21,437,379	8.29	80.24	8.29 80.24	Italmobiliare Società per Azioni Italcementi S.p.A.
CTG S.p.A.	Bergamo	€ 500,000	-	100.00	50.00 50.00	Italcementi S.p.A. 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 0.10	Italcementi S.p.A. SICIL.FIN. S.r.l.
Cassano Cave S.p.A.	Bergamo	€ 100,000	-	100.00	100.00	Calcestruzzi 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.	Bergamo	€ 1,340,000	-	100.00	59.00 41.00	Calcestruzzi S.p.A. Cemencal S.p.A.
Franco Tosi S.p.A.	Milan	€ 127,500	-	100.00	100.00	Intermobiliare S.p.A.
Gruppo Italsfusi S.r.l.	Savignano s/P. (MO)	€ 156,000	-	100.00	99.50 0.50	Italcementi S.p.A. 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 Società per Azioni
Intertrading S.r.l.	Bergamo	€ 4,160,000	-	100.00	99.50 0.50	Italcementi S.p.A. SICIL.FIN. S.r.l.
Italcementi S.p.A.	Bergamo	€ 282,548,942	36.81	1.105	36.81 0.005 1.10 (voting rights: 58.72 0.01	Italmobiliare Società per Azioni Intermobiliare S.p.A. Italcementi S.p.A. Intermobiliare Società per Azioni Intermobiliare S.p.A.)
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 Società per Azioni
Nuova Sacelit S.r.l.	Sorisole (BG)	€ 22,950,000	-	100.00	99.00 1.00	Italcementi S.p.A. Intermobiliare S.p.A.
Popolonia Italiana S.r.l.	Milan	€ 1,040,000	100.00	-	100.00	Italmobiliare Società per Azioni
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Milan	€ Resolved 2,575,000 Subscrib. and paid up 1,300,000	99.48	0.52	99.48 0.52	Italmobiliare Società per Azioni 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 Società per Azioni
SICIL.FIN. S.r.l.	Bergamo	€ 477,360	-	100.00	99.50 0.50	Italcementi S.p.A. 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.r.l.	Verolanuova (BS)	€ 2,715,000	-	100.00	63.17 36.83	Sirap Gema International S.A. Sirap Gema Finance S.A.



Company	Registered office	Share capital	% direct	% indirect	Held by Group companies %	Held by:
Sirap Gema S.p.A.	Verolanuova (BS)	€ 17,020,905	100.00	-	100.00	Italmobiliare Società per Azioni
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.	Bergamo	€ 1,000,000	-	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	-	99.94	99.94	Unibéton S.A.
Bonafini S.A.	Argences	€ 43,936	-	100.00	91.04	Tratel S.A.
					8.96	Univrac S.A.
BravoSolution France S.a.s.	Boulogne Billancourt	€ 5,700,000	-	100.00	100.00	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	€ 152,660,548	-	75.30	74.75	Société Int. Italcementi France S.A.
					0.55	Ciments Français S.A.
						(voting rights:
					85.10	Société Int. Italcementi France S.A.)
Compagnie Financière et de Participations S.A.	Puteaux	€ 180,000	-	99.99	99.99	Ciments Français S.A.
Decoux S.A.	Beaucaire	€ 120,000	-	100.00	100.00	Tratel S.A.
Eurarco France S.A.	Les Crottoy	€ 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	€ 8,024,400	-	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	-	100.00	86.44	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.
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	-	99.96	99.96	Ciments Français S.A.
Sax S.a.s.	Guerville	€ 482,800	-	99.99	99.99	Ciments Français S.A.
Sirap Gema France S.A.	Noves	€ 3,520,000	-	99.92	99.92	Sirap Gema S.p.A.
Soc. Civile Française de Participations Financières et Immobilières	Nice	€ 15,244.90	-	100.00	99.00	Soc. d'Etudes de Participations et de Courtages
					1.0	Soc. Civile Immobilière d'Investissement et de Placements



## Annex A (continued)

Company	Registered office		Share capital	% direct	% indirect	Held by Group companies %	Held by:
Soc. Civile Immobilière d'Investissement et de Placements	Nice	€	15,244.90	-	100.00	99.00	Soc. d'Etudes de Participations et de Courtages
						1.00	Soc. Civile Française de Participations Financières et Immobilières
Soc. Civile Immobilière Le Manet	Cagnes sur Mer	€	1,524.49	-	100.00	99.00	Soc. Civile Immobilière d'Investissement et de Placements
						1.0	Soc. Civile Française de Participations Financières et Immobilières
Soc. Civile Particulière Immobil	Cagnes sur Mer	€	94,518.39	-	100.00	99.84	Soc. d'Etudes de Participations et de Courtages
						0.16	Soc. Civile Immobilière d'Investissement et de Placements
Soc. de Participations et de Refinancements Immobiliers S.A. in liquidation	Nice	€	975,000	-	100.00	100.00	Soc. d'Etudes de Participations et de Courtages
Société Civile Immobilière Berault	Carrières s/P.	€	3,840	-	99.95	99.95	GSM S.A.
Société Internationale Italcementi France S.A.	Paris	€	1,570,750,000	-	100.00	83.91	Italcementi S.p.A.
						16.09	Société Int. Italcementi (Lux.) S.A.
Socli S.A.	Izaourt	€	144,960	-	99.93	99.93	Ciments Calcia S.A.
Sodecim S.a.s.	Puteaux	€	458,219,678	-	99.99	99.99	Ciments Français S.A.
STE des Bétons de Torcy "S.B.T."	Torcy	€	252,000	-	100.00	100.00	Unibéton S.A.
Technodes S.A.	Guerville	€	3,200,000	-	99.99	99.99	Ciments Français S.A.
Tercim S.A.	Puteaux	€	45,000	-	99.99	99.99	Ciments Français S.A.
Tragor S.A.	Pessac	€	892,048	-	100.00	71.75	Tratel S.A.
						28.25	Univrac S.A.
Tratel S.A.	L'île S. Denis	€	6,025,580	-	100.00	100.00	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.
Uniwerbéton S.a.s.	Gambsheim	€	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.	Archidona	€	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.	S. Sebastian	€	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	Sodecim S.a.s.
						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	Sodecim S.a.s.
						39.98	Ciments Français Europe N.V.
						3.03	Hormigones y Minas S.A.)
Ventore S.L.	Málaga	€	9,000	-	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>							
Domiki Beton S.A.	Iraklion	€	2,309,423	-	98.59	98.59	Calcestruzzi S.p.A.
ET Béton	Aspropyrgos	€	5,192,161.75	-	100.00	100.00	Halyps Building Materials S.A.
Halyps Building Materials S.A.	Aspropyrgos	€	34,951,441.14	-	99.80	59.78	Ciments Français S.A. 40.02 Sociedad Financiera y Minera S.A. (voting rights: 59.82 Ciments Français S.A. 39.99 Sociedad Financiera y Minera 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 Società per Azioni 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	€	7,797,220	-	100.0	99.97	Sirap Gema S.p.A. 0.03 Intermobiliare S.p.A.
Société de Participation Financière Italmobiliare S.A.	Luxembourg	€	103,118,928	99.94	0.06	99.94	Italmobiliare Società per Azioni 0.06 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.
<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 Società per Azioni
<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.
IPTP Corporation	Las Vegas	USD	1,000	-	100.00	80.00	Riverton Corporation 20.00 Capitol Cement Corporation
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 AD	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 AD	Dimitrovgrad	LEV	452,967,000	-	94.95	70.00	Ciments Français S.A. 24.95 Devnya Cement AD
<b>Cyprus</b>							
Italmed Cement Company Ltd	Limassol	CYP	12,318,000	-	99.99	99.99	Halyps Building Materials 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	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	-	90.99	90.99	Ciments du Maroc
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>Porto Rico</b>							
Essroc San Juan Inc.	Espinosa	USD	10,000	-	100.00	100.00	Essroc Cement Corp.
<b>Principality of Monaco</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>Sri Lanka</b>							
International Cement Traders Ltd	Colombo	LKR	401,416,620	-	80.00	80.00	Ciments Français S.A.
<b>Switzerland</b>							
Interbulk Trading S.A.	Meyrin	CHF	7,470,600	-	99.99	66.75	Ciments Français International S.A. 15.00 Intertrading S.r.l. 18.24 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	4,680,000,000	-	39.03	24.96	Ciments Français S.A. 14.07 Vaniyuth Co. Ltd <sup>1</sup>
Jalaprathan Cement Public Co. Ltd	Bangkok	BT	1,200,000,000	-	57.32	10.78	Asia Cement Public Co. Ltd <sup>1</sup> 37.00 Ciments Français S.A. 9.54 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>
Naga Property Co.	Bangkok	BT	100,000,000	-	57.26	57.26	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	Ciments Français S.A. 1.02 Set Group Holding 0.96 Set Cimento Sanayi ve Tas
Anadolu Cimentolari Tas	Istanbul	TRL	7,130,660,000,000	-	99.74	89.73	Set Group Holding 10.01 Set Cimento Sanayi ve Tas
Marmara Cimento Sanayi Tas	Istanbul	TRL	755,500,000,000	-	99.96	89.94	Devnya Cement AD 10.02 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	Set Group Holding 21.73 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.

<sup>1</sup> percentage of interest

## Annex B

## LIST OF COMPANIES CONSOLIDATED WITH THE PROPORTIONATE METHOD

(Pursuant to 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 S.A.
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 Parisienne des Sablières S.A.	Pont de L'Arche	€ 320,000	-	50.00	50.00	GSM S.A.
STE des Calcaires de Souppes sur Loing	Souppes sur Loing	€ 2,145,000	-	50.00	50.00	GSM 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 SA
<b>OTHER COUNTRIES</b>						
<b>India</b>						
Sri Vishnu Cement Ltd	Bangalore	INR 248,549,020	-	97.16	97.16	Zuari Cement Ltd
Zuari Cement Ltd	Goa	INR 4,279,614,000	-	50.00	50.00	Ciments Français S.A.

## Annex C

## LIST OF COMPANIES CONSOLIDATED WITH THE EQUITY METHOD

(Pursuant to paragraphs 1 and 3, 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>						
Aliserio S.p.A.	Bergamo	€ 2,270,000	10.00	90.00	10.00	Italmobiliare Società per Azioni 90.00 Italcementi S.p.A.
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 S.r.l. Gamma Iniziative Sportive Turistiche	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	Punta Ala Promozione e Sviluppo Immobiliare S.r.l. 24.75 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 Società per Azioni
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.	Macon	€ 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.
Finter Bank France S.A.	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.
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:	
<b>Austria</b>							
Petruzalek Gesellschaft mbH (Austria)	Vösendorf	€	1,000,000	-	100.00	100.00	Sirap Gema Finance S.A.
<b>Ireland</b>							
Kayward Limited	Dublin	€	1,608	-	99.94	99.94	Soparfinter S.A.
<b>Luxembourg</b>							
Soparfinter S.A.	Luxembourg	CHF	5,000,000	-	100.00	97.85 2.15	Fincomind S.A. Société de Participation Financière Italmobiliare S.A.
<b>NORTH AMERICA</b>							
<b>Canada</b>							
1475544 Ontario Inc.	Markham	CAD	100	-	100.00	100.00	IM Scott Holdings Limited
2003897 Ontario Inc.	Concord	CAD	18,300,000.20	-	50.00	50.00	Essroc Canada Inc.
3092-0631 Quebec Inc.	St. Basile	CAD	6,250	-	100.00	100.00	Ciment Quebec Inc.
Beton du Cap Inc.	Cap de la Madeleine	CAD	5,511	-	100.00	100.00	Ciment Quebec Inc.
Ciment Quebec Inc.	St. Basile	CAD	19,461,000	-	100.00	100.00	Groupe Ciment Quebec Inc.
Groupe Ciment Quebec Inc.	St. Basile	CAD	57,000,000	-	50.00	50.00	Essroc Canada Inc.
IM Scott Holdings Limited	Markham	CAD	100	-	100.00	100.00	2003897 Ontario Inc.
Innocon Inc.	Richmond Hill	CAD	18,300,000.20	-	100.00	100.00	2003897 Ontario Inc.
Innocon Partnership Agreement Inc.	Richmond Hill	CAD	2,003	-	48.50	48.50	Essroc Canada Inc.
St. Basile Transport Inc.	St. Basile	CAD	9,910	-	100.00	100.00	Ciment Quebec Inc.
To Ready Mix Ltd	Markham	CAD	100	-	100.00	100.00	IM Scott Holdings Limited
<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>Bosnia</b>							
Petruzalek d.o.o. (Bosnia)	Sarajevo	BAM	10,000	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)
<b>Bulgaria</b>							
Bulgariapack GmbH	Sofia	BGN	5,868	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)
<b>Cyprus</b>							
Vassiliko Cement Works Ltd	Nicosia	CYP	13,434,018.75	-	33.00	20.00 13.00	Italmed Cement Company Ltd Comp. Financière et de Participations S.A.
<b>Croatia</b>							
Petruzalek d.o.o. (Croatia)	Samobor	HRK	129,500	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)
<b>Egypt</b>							
Suez Bag Company	Cairo	LE	9,000,000	-	57.84	53.32 4.52	Suez Cement Company Tourah Portland Cement Company
Suez Cement Company	Cairo	LE	640,000,000	-	41.47	34.07 7.40	Ciments Français S.A. Tourah Portland Cement Company
Tourah Portland Cement Company	Cairo	LE	238,414,000	-	66.12	66.12	Suez Cement Company.
<b>Principality of Monaco</b>							
Crédit Mobilier de Monaco S.A.	Monte Carlo	€	5,355,000	-	99.91	99.91	Société de Participation Financière Italmobiliare S.A.
<b>Czech Republic</b>							
Petruzalek spol. S.r.o. (Czech)	Breclav	CZK	2,300,000	-	100.00	100.00	Sirap Gema Finance S.A.
<b>Slovakia</b>							
Petruzalek spol. S.r.o. (Slovakia)	Bratislava	SKK	460,000	-	100.00	100.00	Sirap Gema Finance S.A.
<b>Romania</b>							
Petruzalek Com S.r.l. (Romania)	Bucharest	ROL	26,000,000	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)
<b>Serbia</b>							
Petruzalek d.o.o. (Serbia)	Belgrade	CSD	15,000	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)
<b>Slovenia</b>							
Petruzalek d.o.o. (Slovenia)	Maribor	SIT	2,386,595.10	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)



## Annex C (continued)

Company	Registered office		Share capital	% direct	% indirect	Held by Group companies % Held by:	
<b>Switzerland</b>							
Fincomind S.A.	Zollikon	CHF	10,010,000	69.93	30.07	69.93 30.07	Italmobiliare Società per Azioni Société de Participation Financière Italmobiliare S.A.
Finconsult A.G.	Zürich	CHF	500,000	-	100.00	100.00	Finter Bank Zürich S.A.
Finter Bank Zürich S.A.	Zürich	CHF	45,000,000	-	100.00	100.00	Fincomind S.A.
<b>Ukraine</b>							
Petruzalek o.o.o. (Ukraine)	Odessa	UAH	214,832	-	90.00	90.00	Petruzalek Gesellschaft mbH (Austria)
<b>Hungary</b>							
Hungaropack Kft	Budapest	HUF	4,800,000	-	69.80	69.80	Petruzalek Kft (Hungary)
Petruzalek Kft (Hungary)	Budapest	HUF	25,000,000	-	100.00	100.00	Sirap Gema Finance S.A.

## Annex D

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

(Pursuant to 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 13.44	Calcestruzzi S.p.A. 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. - in liquidation	Civita Castellana (VT)	€	10,000	-	50.00	50.00	Calcestruzzi S.p.A.
Cantiere Navale di Punta Ala S.p.A. - in liquidation	Milan	€	516,000	-	100.00	100.00	Punta Ala Promozionene e Sviluppo Immobiliare 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 Società per Azioni
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.
Soc. Editrice Siciliana S.E.S. S.p.A.	Messina	€	5,112,900	33.00	-	33.00	Italmobiliare Società per Azioni
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.
BCE S.A.	Tourcoing	€	38,250	-	99.76	99.76	Unibéton S.A.
BCEAP S.n.c.	Longueau	€	5,000	-	100.00	65.00 35.00	V.B.H. S.n.c. 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 20.00	Comp. Financière et de Participations S.A. 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 50.00	Ciments Français S.A. 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 S.n.c.	Paris	€	6,000	-	34.00	34.00	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.



## Annex D (continued)

Company	Registered office	Share capital	% direct	% indirect	Held by Group companies %	Held by:
Frambois 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 Bearn S.A.R.L.	Rebenacq	€ 15,000	-	33.30	33.30	GSM S.A.
Neyrtec Industrie SA	Le Pont de Claix	FF 10,000,000	100.00	-	100.00	Italmobiliare Società per Azioni
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 Frejus	€ 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.
Santes Béton Sarl	Santes	€ 10,000	-	50.00	50.00	V.B.H. S.n.c.
Sas des Grésillons	Guerville	€ 40,000	-	35.00	35.00	GSM S.A.
SCI Delrieu Frères	Fumel	€ 17,379.19	-	100.00	50.00	Ciments Français S.A. 50.00 Socli S.A.
SCI Batlongue	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 de Balloy	Avon	€ 20,310	-	100.00	100.00	GSM 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. Douillard	€ 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.
Ste d'Investissement & de Participations du Littoral	Guerville	€ 37,000	-	99.90	99.90	Ciments Calcia S.A.
Synergy S.A.R.L.	Lambersart	€ 8,400	-	100.00	100.00	Unibéton S.A.
Unibéton Est S.a.s.	Heillcourt	€ 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.
V.B.H. S.n.c.	Tourcoing	€ 5,000	-	100.00	90.00	Unibéton S.A. 10.00 Synergy S.A.R.L.
<b>Spain</b>						
Asociación de Empresas de Transporte a Granel	S. Sebastián	€ 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.
Euroasfaltos 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.



Company	Registered office		Share capital	% direct	% indirect	Held by Group companies %	Held by:
Hormigones Txingudi S.A.	S. 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.
Neuciclaje S.A.	Bilbao	€	60,101.21	-	30.00	30.00	Sociedad Financiera y Minera S.A.
Novhorvi 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.
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	Halyps Building Materials S.A.
<b>Germany</b>							
Saarlandische Zementgesellschaft MBH	Saarbrücken	€	52,000	-	80.00	80.00	Ciments Français International S.A.
<b>Luxembourg</b>							
Unibéton Luxembourg S.A.	Luxembourg	€	35,000	-	99.71	99.71	Unibéton S.A.
<b>Netherlands</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>Dutch Antilles</b>							
Ruler International	Curaçao	USD	6,000	-	100.00	100.00	Compagnie des Ciments Belges S.A.
<b>Bulgaria</b>							
Devnya Cement St	Devnya	LEV	1,500,000	-	74.00	74.00	Devnya Cement AD
Devnya Finance	Devnya	LEV	50,000,000	-	50.00	50.00	Devnya Cement AD
Dobrotitsa BSK AD	Dobritch	LEV	100	-	24.60	24.60	Devnya Cement AD
Lyulyaka E.A.D.	Devnya	LEV	759,372	-	100.00	100.00	Devnya Cement AD
<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.
Axim Maroc	Casablanca	MAD	1,000,000	-	99.96	99.96	Ciments du Maroc
Société Immobilière Marguerite VIII	Casablanca	MAD	100,000	-	98.00	98.00	Ciments du Maroc
Société Immobilière Marguerite X	Casablanca	MAD	100,000	-	98.00	98.00	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

<sup>1</sup> percentage of interest



## Annex E

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

(Pursuant to article 126 of Consob resolution 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 Società per Azioni
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 Società per Azioni
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.
Musone S.r.l. <sup>2</sup>	Civitanova Marche (MC)	€	102,960	-	-	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 - GIÉ	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 Società per Azioni

<sup>2</sup> held as usufruct



## Annex F

### CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

	(in thousands of euro)									
	Share capital	Legal reserve	Monetary revaluation reserve	Share premium reserve	Reserve for purchase of own shares	Parent company retained earnings	Other reserves of the parent company	Other consolidation reserves	Net result for the year	Group shareholders equity
<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>72,315</b>	<b>484,558</b>	<b>562,272</b>	<b>119,758</b>	<b>1,571,859</b>
Allocation of income for year to 31.12.2002:										
Board of Directors									(604)	(604)
Dividends									(36,623)	(36,623)
Legal reserve										
Extraordinary reserve							17,613		(17,613)	
Carried forward						7,685	3		(7,685)	3
Prescribed dividends/waiver of dividends										
Transfer of reserves								57,233	(57,233)	
Exchange-rate differences and consolidation adjustments								(57,121)		(57,121)
Net income for the year									168,672	168,672
<b>Balance at 31 December 2003</b>	<b>100,167</b>	<b>20,033</b>	<b>86,760</b>	<b>177,191</b>	<b>21,120</b>	<b>80,000</b>	<b>429,861</b>	<b>562,384</b>	<b>168,672</b>	<b>1,646,183</b>



## Annex G

### RECONCILIATION BETWEEN SHAREHOLDERS' EQUITY AND NET INCOME OF THE HOLDING COMPANY AND CONSOLIDATED SHAREHOLDERS' EQUITY AND CONSOLIDATED NET INCOME

	(in thousands of euro)	
	31.12.2003	31.12.2002
<b>A) Net income for the year of Italmobiliare S.p.A.</b>	<b>55,397</b>	<b>62,525</b>
Consolidation adjustments:		
Net results of consolidated companies (Group portion)	169,135	108,344
Adjustment for alignment with Group accounting policies (Group portion)	4,029	(1,640)
Adjustment of value of equity investments measured with the equity method	771	(934)
Adjustment of gains on investments sold	94	(1,297)
Elimination of dividends collected during the year	(44,725)	(33,540)
Reversal of write-downs of consolidated equity investments	63	872
Elimination of intercompany income or losses and other changes	(16,092)	(14,572)
<b>Group net income</b>	<b>168,672</b>	<b>119,758</b>
<b>B) shareholders' equity of Italmobiliare S.p.A.</b>	<b>970,530</b>	<b>952,357</b>
Adjustment for alignment with Group accounting policies	1,145	6,818
Elimination of carrying amount of consolidated equity investments:		
in subsidiaries consolidated on a line-by-line basis	(986,659)	(1,006,343)
in associated companies and subsidiaries consolidated with the equity method	(37,271)	(37,273)
in respect of the shareholders' equity of the investee companies:		
in subsidiaries consolidated on a line-by-line basis	1,588,136	1,535,263
in associated companies and subsidiaries consolidated with the equity method	91,062	94,216
Gains posted to shareholders' equity of subsidiaries and associated companies	33,364	35,468
Elimination of effects of infragroup transactions	(14,124)	(8,647)
<b>Group consolidated shareholders' equity</b>	<b>1,646,183</b>	<b>1,571,859</b>



## Annex H

### RECONCILIATION BETWEEN THEORETICAL TAX AND THE ACTUAL TAX CHARGE

	(in thousands of euro)	2003
<b>Consolidated income before tax</b>		<b>684,145</b>
Current Irpeg tax rate		34,0%
<b>Theoretical Irpeg tax effect</b>		<b>(232,609)</b>
Effect of the rate reduction for tax allowances and relief:		22,573
- overseas dividends and other exempt income		32,838
- non-deductible costs		(44,234)
Amounts taxable at rates other than the current Irpeg rate		
Net effect on the year of deferred tax not recognized on temporary differences		(1,718)
Effect of change in tax rates		3,133
Withholdings on overseas dividends		(5,621)
Effect of estimated exchange rates and/or recognition of previously unrecognized deferred tax		133
Effect of difference between Italian tax rate and overseas tax rate		4,404
Other changes		1,119
<b>Actual Irpeg tax charge</b>		<b>(219,982)</b>
Actual Irap tax charge		(21,615)
Other tax		(576)
<b>Total tax charged to income statement</b>		<b>(242,173)</b>

■ Additional  
information

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# Reclassified consolidated balance sheet

	(in thousands of euro)				
	12.31.2003	%	12.31.2002	%	Change 2003/2002
<b>Net fixed assets</b>					
Intangible	1,298,365		1,406,708		(108,343)
Tangible	2,886,593		3,010,559		(123,966)
Investments and other financial assets	967,328		1,065,248		(97,920)
<b>Total</b>	<b>5,152,286</b>	<b>85.9</b>	<b>5,482,515</b>	<b>86.8</b>	<b>(330,229)</b>
<b>Working capital</b>					
Inventories	461,380		461,540		(160)
Trade receivables	1,022,954		993,045		29,909
Trade payables	(688,533)		(690,734)		2,201
Other assets	423,998		425,532		(1,534)
Other liabilities	(372,000)		(352,424)		(19,576)
<b>Total</b>	<b>847,799</b>	<b>14.1</b>	<b>836,959</b>	<b>13.2</b>	<b>10,840</b>
<b>Net invested capital</b>	<b>6,000,085</b>	<b>100.0</b>	<b>6,319,474</b>	<b>100.0</b>	<b>(319,389)</b>
<b>Shareholders' equity</b>					
Group portion	1,646,183		1,571,859		74,324
Minority interest	1,992,525		2,037,860		(45,335)
<b>Total</b>	<b>3,638,708</b>	<b>60.6</b>	<b>3,609,719</b>	<b>57.1</b>	<b>28,989</b>
Floating rate subordinated securities (net)	<b>51,194</b>	<b>0.9</b>	<b>77,010</b>	<b>1.2</b>	<b>(25,816)</b>
<b>Provisions</b>					
Employees' leaving entitlements	85,447		85,357		90
Other provisions	618,542		634,327		(15,785)
<b>Total</b>	<b>703,989</b>	<b>11.7</b>	<b>719,684</b>	<b>11.4</b>	<b>(15,695)</b>
<b>Net debt</b>					
Liquid funds and current financial assets	(823,732)		(849,726)		25,994
Short-term financing	1,029,217		834,861		194,356
Short-term net debt	205,485	3.4	(14,865)	-0.2	220,350
Medium/long-term financial assets	(8,121)		(8,410)		289
Medium/long-term financial liabilities	1,408,830		1,936,336		(527,506)
Medium/long-term net debt	1,400,709	23.4	1,927,926	30.5	(527,217)
<b>Net debt</b>	<b>1,606,194</b>	<b>26.8</b>	<b>1,913,061</b>	<b>30.3</b>	<b>(306,867)</b>
<b>Total financing</b>	<b>6,000,085</b>	<b>100.0</b>	<b>6,319,474</b>	<b>100.0</b>	<b>(319,389)</b>

# Reclassified consolidated income statement



(in thousands of euro)

	2003	%	2002	%	Change 2003/2002	%
Net sales	4,397,103	100.0	4,365,279	100.0	31,824	0.7
Change in inventories	12,472	0.3	16,994	0.4	(4,522)	(26.6)
Increase on capitalized internal work	15,009	0.3	18,210	0.4	(3,201)	(17.6)
	<b>4,424,584</b>	<b>100.6</b>	<b>4,400,483</b>	<b>100.8</b>	<b>24,101</b>	<b>0.5</b>
Other operating income	41,007	0.9	39,721	0.9	1,286	3.2
<b>Net sales and other operating income</b>	<b>4,465,591</b>	<b>101.6</b>	<b>4,440,204</b>	<b>101.7</b>	<b>25,387</b>	<b>0.6</b>
Consumption	1,138,081	25.9	1,094,291	25.0	43,790	4.0
Services	1,382,172	31.4	1,369,839	31.4	12,333	0.9
Other operating costs	108,220	2.5	108,619	2.5	(399)	(0.4)
<b>Value added</b>	<b>1,837,118</b>	<b>41.8</b>	<b>1,867,455</b>	<b>42.8</b>	<b>(30,337)</b>	<b>(1.6)</b>
Personnel expenses	731,052	16.6	722,751	16.6	8,301	1.1
Provisions and write-downs	28,630	0.7	27,749	0.6	881	3.2
<b>Gross operating profit</b>	<b>1,077,436</b>	<b>24.5</b>	<b>1,116,955</b>	<b>25.6</b>	<b>(39,519)</b>	<b>(3.5)</b>
Ammortization, depreciation and other write-downs	416,268	9.5	408,651	9.4	7,617	1.9
<b>Operating income</b> (Diff. Production Value/Costs)	<b>661,168</b>	<b>15.0</b>	<b>708,304</b>	<b>16.2</b>	<b>(47,136)</b>	<b>(6.7)</b>
Financial income and charges	(54,757)	(1.2)	(62,557)	(1.4)	7,800	(12.5)
Adjustments to financial asset values	15,962	0.4	(32,464)	(0.7)	48,426	(149.2)
Non recurring income and charges	61,772	1.4	(46,573)	(1.1)	108,345	(232.6)
<b>Income before tax</b>	<b>684,145</b>	<b>15.6</b>	<b>566,710</b>	<b>13.0</b>	<b>117,435</b>	<b>20.7</b>
Income tax	(242,173)	(5.5)	(190,489)	(4.4)	(51,684)	27.1
<b>Total net income</b>	<b>441,972</b>	<b>10.1</b>	<b>376,221</b>	<b>8.6</b>	<b>65,751</b>	<b>17.5</b>
Minority interest	273,300	6.3	256,463	5.9	16,837	6.6
<b>Group net income</b>	<b>168,672</b>	<b>3.8</b>	<b>119,758</b>	<b>2.7</b>	<b>48,914</b>	<b>40.8</b>
Cash flow	858,240		784,872		73,368	



# Consolidated statement of cash flows

(in thousands of euro)

	12.31.2003	12.31.2002
<b>A) Opening cash and cash equivalents</b>	<b>244,344</b>	<b>157,438</b>
<b>B) Cash flow from operating activities</b>		
Group net income	168,672	119,758
Minority interest	273,300	256,463
Amortization and depreciation	393,674	391,016
Reversal result companies valued with equity method	(2,933)	11,853
Dividends from companies valued with equity method	752	846
Write-downs/revaluations of fixed assets	40,925	44,605
Capital (gain)/loss on sales of fixed assets	(40,380)	(39,812)
Interest on debenture loan		4,741
Interest income on FRSS	(25,816)	(23,496)
	<b>808,194</b>	<b>765,974</b>
<b>Change in working capital</b>		
Inventories	(16,137)	(18,918)
Trade receivables	(51,493)	(37,245)
Trade payables	4,201	11,391
Other assets/liabilities	27,262	(8,147)
Equity investments not held as fixed assets	(20,193)	19,605
	<b>(56,360)</b>	<b>(33,314)</b>
<b>Change in provisions</b>		
Net change in employees' leaving entitlements	90	2,415
Change in other provisions	3,797	(57,352)
	<b>3,887</b>	<b>(54,937)</b>
	<b>Total B)</b>	<b>677,723</b>
<b>C) Cash flow from investing activities</b>		
Investments in fixed assets		
Intangible	(22,428)	(31,945)
Tangible	(281,472)	(400,398)
Financial (equity investments)	(90,934)	(463,984)
Change in payables for purchase of tangible/intangible assets	1,952	16,179
Change in payables for purchase of equity investments	(6,800)	7,445
	<b>(399,682)</b>	<b>(872,703)</b>
Payables/receivables for sale of fixed assets	6	11,998
Proceeds from sales of fixed assets	60,011	126,471
	<b>Total C)</b>	<b>(734,234)</b>
<b>D) Cash flow from financing activities</b>		
Change in financial receivables	(15,690)	182,300
Change in financial payables	(283,941)	113,076
Change in financial assets not included in Net Debt	4,793	(15,129)
	<b>Total D)</b>	<b>280,247</b>
<b>E) Cash flow from changes in shareholders' equity</b>		
Share capital increases	(26,413)	5,109
Dividends paid to minority interest	(116,561)	(128,356)
	<b>Total E)</b>	<b>(123,247)</b>
<b>F) Change in consolidation and translation differences</b>	<b>(1,478)</b>	<b>(13,583)</b>
<b>G) Cash flow for the year (B+C+D+E+F)</b>	<b>(23,234)</b>	<b>86,906</b>
<b>Closing cash and cash equivalents</b>	<b>221,110</b>	<b>244,344</b>

**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, 2003. 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 audits of the financial statements of certain subsidiaries and associated companies, which respectively represent approximately 13% of consolidated total assets and approximately 13% of consolidated net sales, are the responsibility of 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 10, 2003.

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, 2003, and the consolidated results of its operations for the year then ended.

Milan, April 20, 2004

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

(1) Words added in translation from original Italian text