

ITALMOBILIARE

**Consolidated
quarterly
report as of
March 31, 2007**

ITALMOBILIARE

Consolidated
quarterly report
at March 31, 2007

ITALMOBILIARE Società per Azioni

Via Borgonuovo, 20
20121 Milan – Italy
Share Capital € 100,166,937
Milan Companies Register

ITALMOBILIARE

Directors, Officers and Auditors

Board of Directors

(Term ends on approval of financial statements at 12.31.2007)

Giampiero Pesenti	1-2	Chairman – CEO
Italo Lucchini	1-3	Deputy Chairman
Pier Giorgio Barlassina		
Mauro Bini	4-5-6-7	
Giorgio Bonomi	4	
Gabriele Galateri di Genola		
Luca Minoli	3	
Giorgio Perolari	1-3-4-5	
Carlo Pesenti	1	Chief Operating Officer (COO)
Livio Strazzerà		
Graziano Molinari	8	Secretary to the Board

Board of Statutory Auditors

(Term ends on approval of financial statements at 12.31.2007)

Acting Auditors

Luigi Guatri	Chairman
Claudio De Re	
Eugenio Mercurio	

Substitute Auditors

Dino Fumagalli	7
Pietro Curcio	
Enrico Locatelli	

Reconta Ernst & Young S.p.A.

Independent Auditors

- 1 Member of the Executive Committee
 - 2 Executive director responsible for supervising the internal control system
 - 3 Member of the Remuneration Committee
 - 4 Member of the Internal Control Committee
 - 5 Independent Director
 - 6 Lead independent director
 - 7 Member of the Compliance Committee
 - 8 Secretary to the Executive Committee
-

ITALMOBILIARE

CONTENTS

DIRECTORS' REPORT

Foreword	4
Comments on operations	5
Group financial highlights	7
Construction materials sector	11
Packaging and insulation sector	17
Financial sector	21
Banking sector	25
Property sector, services and others	27
Dealings with related parties	28
Full-year outlook	29

CONSOLIDATED QUARTERLY REPORT

Accounting schedules	32
Comments on the accounting schedules	35

ITALMOBILIARE

DIRECTORS' REPORT

ITALMOBILIARE

FOREWORD

In accordance with article 82 of the issuers regulation approved by Consob resolution no. 14990 of April 14, 2005, this consolidated quarterly report at March 31, 2007, is compliant with the measurement and recognition criteria of the International Financial Reporting Standards (IFRS) and is presented pursuant to the criteria set out in attachment 3D of the regulation approved by Consob resolution no. 11971 of May 14, 1999, and subsequent amendments.

As set out in more detail in the notes, following the redefinition of the content of some items, some reclassifications have been made to the consolidated accounting schedules at March 31, 2006.

No changes have been made with respect to the accounting principles used to draw up the financial statements at December 31, 2006.

As noted in prior-year interim reports, for a correct interpretation, it should be recalled that the first-quarter results are only partially representative of full-year trends owing to the seasonal nature of the core business (construction materials sector), the accounting treatment of dividends of companies not consolidated on a line-by-line basis, which are recognized in the quarter in which distribution of the dividends is approved, and the occurrence, especially in the financial sector, of one-off events.

The changes in the consolidation area are described in the notes. The main changes in respect of the first quarter of 2006 occurred in the Italcementi group and in the Sirap Gema group.

At the Italcementi group the main changes compared to March 31, 2006, concern the line-by-line consolidation as from June 1, 2006, of the Indian company Zuari Cement Ltd. and its subsidiary Sri Visnu Cement Ltd. (previously consolidated on a proportionate basis), the line-by-line consolidation as from October 1, 2006, of Ready Mix Beton Egypt S.A.E. (RMBE) and Ready Mix Beton S.A.E. (RMB), which operate in the ready mixed concrete business in Egypt, and the latest acquisitions in Canada (Cambridge), also in the ready mixed concrete business, described in the section "Significant events during the period", which have been consolidated line-by-line as from March 1, 2007.

At the end of the first half of 2006, Sirap Gema S.p.A. bought the Amprica group, the Italian leader in the sector of rigid plastic containers for delicatessens and confectioners, which operates in Italy and some markets in Central Eastern Europe. The newly acquired group was consolidated on a line-by-line basis as from June 30, 2006.

ITALMOBILIARE

COMMENTS ON OPERATIONS

Despite signs of cyclical weakening in North America, the international economic climate remained lively in the first quarter of 2007, driven above all by the emerging area; within this scenario, the European economy also performed more strongly than expected.

The new upward trend in oil prices after the relative minimums at the start of the year indicates that while demand is rising steadily, the energy market remains highly volatile, due in part to continuing geopolitical tensions in a number of producer areas.

Recently the value of the dollar has dropped significantly, returning to its lowest levels since the introduction of the single currency.

The stock markets, despite a strong correction between the end of February and the start of March, reacted positively to the results reported by listed companies despite an uncertain and unfavorable interest rate trend.

Within this scenario in the first quarter of 2007 the Italmobiliare Group recorded **total net profit** of 106.6 million euro and **Group net profit** of 34.4 million euro, compared with 113.0 million euro and 43.8 million euro respectively in the first quarter of 2006, corresponding to a change of -5.6% and -21.6%.

It should be recalled that in the first quarter of 2006 conditions and events occurred which had a very positive impact on Group net profit, which rose by 140.6% compared with the same period in 2005.

The other highlights for the quarter ended at March 31, 2007 were:

Revenues: 1,501.9 million euro compared with 1,367.0 million euro at March 31, 2006 (+9.9%);

Recurring gross operating profit: 297.9 million euro compared with 292.1 million euro at March 31, 2006 (+2.0%);

Gross operating profit: 299.8 million euro compared with 295.6 million euro at March 31, 2006 (+1.4%);

Operating profit: 188.0 million euro compared with 192.1 million euro at March 31, 2006 (-2.1%);

Finance income (costs) (including gains or losses on exchange differences and derivatives): net costs of 34.7 million euro compared with 28.2 million euro at March 31, 2006 (+23.0%);

Profit before tax: 153.0 million euro compared with 164.8 million euro at March 31, 2006 (-7.2%);

At the end of March 2007, total shareholders' equity was 6,457.2 million euro compared with 6,407.9 million euro at December 31, 2006.

Net debt at March 31, 2007 was 1,693.3 million euro, while at the end of December 2006 it was 1,857.3 million euro.

Following the changes in shareholders' equity and debt, gearing improved from 29.0% at the end of December 2006 to 25.9% at the end of March 2007.

The performance of the individual sectors which make up the Italmobiliare Group may be summarized as follows:

ITALMOBILIARE

- the **construction materials sector**, consisting of the Italcementi group (Italmobiliare's main industrial operation) benefited from a generally solid trend in sales volumes in the first quarter of 2007, despite difficulties in North America owing to the recession in the residential construction sector. This trend was accompanied in most countries, where the group operates, by an increase in sales prices which contributed to the growth in revenues to 1,418.0 million euro (+9.9% compared with the first quarter of 2006). Recurring gross operating profit and operating profit rose to 282.6 and 176.1 million euro respectively compared to 265.7 and 167.6 million euro in the first quarter of 2006, despite the further rise in costs. The positive operating performance was reflected in the net profit for the period of 92.9 million euro, compared with 87.9 million euro at March 31, 2006 (+5.6%), while group net profit saw an even greater rise (+9.8%);
- the **food packaging and thermal insulation sector**, consisting of the Sirap Gema group, saw a 13.2% increase in revenues at constant exchange rates and size, with contributions from all segments, while overall revenues, including the newly acquired Amprica group, rose by 40.9%. Recurring gross operating profit rose only slightly owing to the marked increase in raw material and energy costs and the unsatisfactory performance of the French subsidiary. Operating profit fell from 4.0 million euro at March 31, 2006, to 2.9 million euro in the first quarter of 2007 owing to higher amortization charges relating to the new acquisition. Net profit for the period of 0.1 million euro fell compared with the same period in the previous year (1.9 million euro) and was also penalized by an unfavorable tax situation;
- the **financial sector**, which includes the parent company Italmobiliare and the wholly owned finance companies, recorded net profit of 19.6 million euro, down from 24.1 million euro in the first quarter of 2006. The fall in overall profit for the sector, owing to the one-off nature of the capital gain on the disposal of Gemina shares (7.9 million euro) reported in 2006 and the reduced contribution from the associate Mittel (2.4 million euro), was limited thanks to the higher level of dividends recorded in the quarter, a more favorable tax situation and a positive cash management;
- the **banking sector** includes the business of Finter Bank Zürich and Crédit Mobilier de Monaco. The sector recorded net profit of 3.0 million euro, up from 2.2 million euro in the prior-year period. The improvement in profit was largely the result of the positive performance of Finter Bank Zürich;
- **property, services and others** is not especially important within the global context of the Group and the results of the sector are therefore not particularly significant.

ITALMOBILIARE

GROUP FINANCIAL HIGHLIGHTS

The results of the Italmobiliare Group in the first quarter of 2007 are summarized in the following table:

(in millions of euro)	Q1 2007	Q1 2006	% change	Full year 2006
Revenues	1,501.9	1,367.0	9.9	6,216.5
Recurring gross operating profit	297.9	292.1	2.0	1,550.0
<i>% of revenues</i>	19.8	21.4		24.9
Other income/(expense)	1.9	3.5	-47.8	(9.0)
Gross operating profit	299.8	295.6	1.4	1,541.0
<i>% of revenues</i>	20.0	21.6		24.8
Amortization and depreciation	(111.8)	(103.5)	8.1	(433.3)
Impairment variation	-	-	-	(2.0)
Operating profit	188.0	192.1	-2.1	1,105.7
<i>% of revenues</i>	12.5	14.0		17.8
Finance income/(costs)	(34.7)	(28.2)	23.0	(106.8)
Share of results of associates	(0.3)	0.9	<i>n.s.</i>	20.4
Profit before tax	153.0	164.8	-7.2	1,019.3
<i>% of revenues</i>	10.2	12.1		16.4
Income tax expense	(46.4)	(51.8)	-10.5	(270.8)
Net profit for the period	106.6	113.0	-5.6	748.5
<i>% of revenues</i>	7.1	8.3		12.0
Group net profit	34.4	43.8	-21.6	264.4
<i>% of revenues</i>	2.3	3.3		4.3
Minority interests	72.2	69.2	4.5	484.1
Employees at period end (heads)	24,750	22,912		24,509
		March 31,		December 31,
(in millions of euro)		2007		2006
Net debt		1,693.3		1,857.3

ITALMOBILIARE

Revenues and operating results by business sector and geographical area

(in millions of euro)	1st quarter							
	Revenues		Recurring GOP		GOP		Operating profit	
	Q1 2007	% change vs. Q1 2006	Q1 2007	% change vs. Q1 2006	Q1 2007	% change vs. Q1 2006	Q1 2007	% change vs. Q1 2006
Business sector								
Construction materials	1,418.0	9.9	282.6	6.4	284.3	5.8	176.1	5.1
Packaging and insulation	56.4	40.9	6.0	10.3	6.0	4.5	3.0	-26.2
Finance	26.2	-11.1	14.9	-27.3	15.0	-27.0	15.0	-27.0
Banking	13.1	8.1	4.3	16.5	4.3	16.6	3.8	23.6
Property, services and others	0.6	0.2	(0.1)	n.s.	(0.1)	n.s.	(0.2)	n.s.
Eliminations	(12.4)	n.s.	(9.8)	n.s.	(9.7)	n.s.	(9.7)	n.s.
Total	1,501.9	9.9	297.9	2.0	299.8	1.4	188.0	-2.1

Geographical area

European Union	1,028.5	11.0	172.5	8.2	174.0	6.8	111.7	4.4
Other european countries	71.3	40.4	15.4	60.1	15.6	59.4	11.3	103.5
North America	98.9	-27.3	3.3	-85.3	3.3	-85.2	(7.7)	n.s.
Asia	105.1	38.3	32.3	60.6	32.1	60.3	22.5	73.6
Africa	190.3	11.9	78.5	-2.7	78.8	-2.6	55.4	-3.7
Trading	80.5	18.6	4.5	17.9	4.6	22.8	4.1	23.0
Other and eliminations	(72.7)	20.1	(8.6)	n.s.	(8.6)	n.s.	-9.3	91.8
Total	1,501.9	9.9	297.9	2.0	299.8	1.4	188.0	-2.1

n.s. not significant

The 9.9% increase in **revenues** compared with the first quarter of 2006 was due to:

- the positive business performance (9.1%);
- the aforementioned changes in the consolidation area (2.9%);
- the negative impact of exchange rate changes (-2.1%), following the depreciation of the dollar and other currencies against the euro, with the sole exception of the Thai baht.

The growth in business arose from: the construction materials sector (+9.9%) thanks to the rise in sales volumes and prices in most countries where the Group is present; the packaging and insulation sector (+13.2%) largely due to the increase in turnover in food packaging in Italy and in the Petruzalek Group, which is present in Eastern Europe, and in thermal insulation; and the banking sector (+8.1%) owing to the performance of Finter Bank Zürich. The financial sector, on the other hand, saw a downturn of 11.1% owing to the one-off nature of the capital gain on the disposal of Gemina shares, despite the increase in other items.

Recurring gross operating profit and **gross operating profit** rose by 5.8 million euro (+2.0%) and 4.2 million euro (+1.4%) respectively compared with the first quarter of 2006. This increase was due to the construction materials sector and, to a lesser extent, the banking sector and the packaging and insulation sector, while the financial sector saw a fall for the reasons mentioned above.

ITALMOBILIARE

Operating profit fell by 2.1% from 192.1 million euro to 188.0 million euro. This reflected higher amortization and depreciation charges compared with the first quarter of 2006 largely due to the enlargement of the consolidation area (111.8 million euro compared with 103.5 million euro).

Net finance costs, including gains or losses on exchange differences and derivatives, rose by 6.5 million euro, from 28.2 million euro to 34.7 million euro, largely due to costs relating to a long-term debt refinancing operation at Ciments Français, which is explained in the chapter on the construction materials sector.

The **share of results of associates** fell (a loss of 0.3 million euro compared with a profit of 0.9 million euro), largely owing to the aforementioned profit downturn reported at Mittel (+0.1 million euro) compared with the first quarter of 2006 (+2.5 million euro).

As a consequence of the above figures, **profit before tax** fell by 7.2% to 153.0 million euro, compared with 164.8 million euro at March 31, 2006.

The income tax charge for the period (46.4 million euro) decreased compared with the figure for the first quarter of 2006 (51.8 million euro) owing to the lower profit before tax and a slight reduction in the overall tax rate from 31.5% to 30.3%.

Group net profit, following minority interests of 72.2 million euro (69.2 million euro at March 31, 2006), stood at 34.4 million euro, down by 21.6% compared with 2006 (43.8 million euro). The decrease in Group net profit, compared with the increase in minority interests, was largely due to the fall in the contribution from the wholly owned sectors.

Investments in fixed assets

Investments in fixed assets in the first quarter, including changes in payables/receivables for the purchases, totaled 217.4 million euro overall (125.2 million euro in the first quarter of 2006), of which 96.4 million euro related to non-current financial assets, up from 24.4 million euro in the first quarter of 2006. Investments in financial assets concerned only the construction materials sector for the acquisitions in North America and the 2.2% increase of the equity investment in Suez Cement Company.

Investments of 121.0 million euro in property, plant and equipment and intangible assets (100.8 million euro in the first quarter of 2006) were mainly in the construction materials sector in the European Union, North America and Asia.

Net debt

At March 31, 2007, net debt was 1,693.3 million euro. Compared with December 31, 2005 (1,857.3 million euro), the improvement of 164.0 million euro was due to cash flow from operating activities and the sharp reduction in working capital, in part due to no-recourse securitization of trade receivables with a positive effect of 115 million euro.

ITALMOBILIARE

The ratio of net debt to shareholders' equity at March 31, 2007 was 25.9%, a clear improvement on 29.0% at December 31, 2006.

	March 31, 2007	December 31, 2006
(in thousands of euro)		
Cash, cash equivalents and current financial assets	(1,569.7)	(1,504.5)
Short-term financing	1,122.0	879.2
Medium/long-term financial assets	(64.7)	(68.7)
Medium/long-term financing	2,205.7	2,551.3
Net debt	1,693.3	1,857.3

Key financial data

	March 31, 2007	December 31, 2006
(in thousands of euro)		
Net debt	1,693.3	1,857.3
Consolidated shareholders' equity	6,547.2	6,407.9
Gearing	25.86%	28.98%
Net debt	1,693.3	1,857.3
Recurring GOP ¹	1,555.8	1,550.0
Debt coverage	1.09	1.20

¹rolling year

ITALMOBILIARE

CONSTRUCTION MATERIALS SECTOR

This sector, which is the main industrial business of Italmobiliare, includes the businesses in the cement, ready mixed concrete and aggregates industry, which are under the Italcementi group.

(in millions of euro)	Q1 2007	Q1 2006	% change	Full year 2006
Revenues	1,418.0	1,290.2	9.9	5,854.1
Recurring gross operating profit	282.6	265.7	6.4	1,446.9
<i>% of revenues</i>	19.9	20.6		24.7
Other non-recurring income (expense)	1.7	3.1	-43.7	(12.4)
Gross operating profit	284.3	268.7	5.8	1,434.5
<i>% of revenues</i>	20.1	20.8		24.5
Amortization and depreciation	(108.2)	(101.1)	7.1	(420.3)
Impairment variation	-	-	-	(1.9)
Operating profit	176.1	167.6	5.1	1,012.3
<i>% of revenues</i>	12.4	13.0		17.3
Finance income (costs)	(33.8)	(27.5)	22.7	(105.4)
Share of results of associates	(0.4)	(1.6)	-74.4	11.3
Profit before tax	142.0	138.6	2.5	918.3
<i>% of revenues</i>	10.0	10.7		15.7
Income tax expense	(49.1)	(50.7)	-3.1	(266.9)
Net profit for the period	92.9	87.9	5.6	651.4
<i>% of revenues</i>	6.6	6.8		11.1
Group net profit	55.3	50.3	9.8	449.5
<i>% of revenues</i>	3.9	3.9		7.7
Minority interests	37.6	37.6	-	201.9
Employees at period end (heads)	23,098	21,912		22,868

(in millions of euro)	March 31, 2007	December 31, 2006
Net debt	2,051.7	2,210.3

Overall, the strong positive mood in the construction industry in the countries where the group operates continued in the first quarter of 2007, although there were two exceptions. Among the industrialized nations, the weakness of the US residential segment intensified, putting results for the entire construction sector at risk despite the lively performance of the other sectors. The exception among the emerging economies, of less significance than the US problem, is Thailand, whose political difficulties are generating a situation of economic stagnation.

In the group's mature European countries, conditions in the construction industry remained positive, with results that were better than expected; in all the other emerging countries, the majority of growth rates remained in double digits, and in some cases in acceleration.

ITALMOBILIARE

Sector performance

Sales volumes	Q1 2007	% change vs. Q1 2006	
		Historic	at constant size
Cement and clinker (<i>millions of metric tons</i>)	15.3	7.6	4.4
Aggregates* (<i>millions of metric tons</i>)	14.4	10.7	9.4
Ready mixed concrete (<i>millions of m³</i>)	5.4	11.4	7.6

* excluding outgoes on work-in-progress account

All countries, with the exception of North America, benefited from favorable meteorological conditions in the first quarter of 2007, as in the first three months of 2006. The group's sales volumes, even at constant size, increased significantly in all lines of business with respect to the already strong performance in the first quarter of 2006.

In **cement** and **clinker** the most significant improvement was reported in Eastern Europe and Southern Mediterranean Rim. The contribution of the European Union was also positive, thanks to the favorable trend in the France-Belgium area and Italy.

The solid performance in the countries of Central Western Europe led to progress in both **aggregates** and **ready mixed concrete**. The latter also benefited from very high growth rates in Turkey and Morocco and the contribution from the Egyptian companies which were consolidated in the last quarter of 2006.

Overall **revenues** rose by 9.9% compared with the first quarter of 2006. This increase arose entirely as a result of higher sales volumes and prices, given that the effect of the changes in the consolidation area (+2.2%) offset the negative exchange-rate effect (-2.2%).

Revenues rose in all countries, with the sole exceptions of North America and Thailand. The largest increases in absolute terms were reported in the France-Belgium area, Italy, Turkey and Spain, but double-digit growth was achieved by the majority of countries, with particularly strong progress in Kazakhstan, Turkey and Bulgaria.

Although revenues made a significant progress, growth in operating results was impeded by a further sizeable rise in costs. Many countries purchased cement and clinker from third parties to meet the surge in demand, a situation that increased production costs, which were also affected by higher charges for fuel and maintenance. On the other hand, results benefited, compared with the year-earlier period, from the sharp reduction in charges relating to the CO₂ emissions deficit and from the enlargement of the consolidation area, which, as mentioned previously, more than made up the negative exchange-rate effect.

Recurring gross operating profit (282.6 million euro) and **gross operating profit** (284.3 million euro) showed year on year improvements of 6.4% and 5.8% respectively; at constant size and exchange rates, growth would have been 5.4% and 4.8% respectively. The countries that made the largest contributions to growth were France and, to a lesser extent, Italy and many emerging nations (notably Turkey, Bulgaria, Morocco, India), the latter reporting particularly high growth rates.

ITALMOBILIARE

On the other hand, there was a significant downturn in North America, caused mainly by decreasing sales volumes, while the trend in exchange rates contributed to the slowdown of results in Egypt.

Operating profit (176.1 million euro) gained 5.1% over the 2006 first quarter.

After net **finance costs** which rose mainly owing to costs relating to a long-term debt refinancing operation at Ciments Français whose benefits will already be felt later in the year, and a decrease in income tax expense, **total net profit** for the quarter amounted to 92.9 million euro, an improvement of 5.6% over the year-earlier first-quarter figure.

Group net profit, thanks in part to the increase in equity investments in subsidiaries in some countries (in particular India and Egypt), was 55.3 million euro (9.8%), while minority interests stood at 37.6 million euro, the same as in the first quarter of 2006.

Investments in fixed assets totaled 215.1 million euro, an increase over the year-earlier first quarter (120.9 million euro). They consisted of investments of 118.7 million euro in tangible and intangible assets (96.9 million euro in the year-earlier period) and investments of 96.4 million euro in financial assets (24.0 million euro in the year-earlier period), mainly the acquisitions in North America and the 2.2% increase of the Ciments du Maroc shareholding in Suez Cement Company.

Net debt at March 31, 2007, stood at 2,051.7 million euro, a decrease of 158.6 million euro from December 31, 2006 (2,210.3 million euro). The first quarter benefited from cash flows on operating activities and also from a sizeable reduction in working capital as a result of no-recourse securitization of trade receivables, which produced a positive effect of approximately 115 million euro on the net financial position.

ITALMOBILIARE

Significant events during the period

The group achieved its goal of entering the US ready mixed concrete market and strengthening its position on the Canadian market, through two separate operations, for an aggregate value of 48.1 million euro.

In the United States the group acquired the Arrow group, a leading player in the sector in West Virginia, which also has production facilities in Ohio, West Pennsylvania and South Carolina. In Canada the group completed its acquisition of Cambridge, active in the region west of Toronto. Cambridge has been consolidated line-by-line since March 1, 2007, while the US companies have been consolidated line-by-line since April 1, 2007.

In March, as part of its EMTN Program, Ciment Français S.A. issued a 500 million euro debenture maturing in 2017 listed on the Luxembourg Stock Exchange, with a 60 b.p. spread over the mid-swap rates. At the same time, Ciments Français S.A. launched a partial buy-back offer, expiring March 29, on its 350 million euro debenture loan with 5.875% coupon and maturity in July 2009, up to a maximum total of 210 million euro (the take-up amounted to 190.7 million euro). Settlement of both transactions took place on April 4, 2007. These operations will optimize financing terms, extend average debt duration and provide the group with fresh funds for its important international investment program.

In the first quarter of 2007, following the exercise of a total of 558,175 options by Stock Option Plan beneficiaries, Italcementi S.p.A. sold an equivalent number of ordinary treasury shares at an average unit price of 8.7947 euro, based on the grant prices in the various periods. As a result, at March 31, 2007, Italcementi S.p.A. held 2,803,408 ordinary treasury shares representing 1.58% of ordinary share capital.

Performance by geographical area

(in thousands of euro)	Revenues		Recurring GOP		GOP		Operating profit	
	Q1 2007	% change vs Q1 2006	Q1 2007	% change vs Q1 2006	Q1 2007	% change vs Q1 2006	Q1 2007	% change vs Q1 2006
Geographical area								
Central Western Europe	929.2	10.5	151.2	16.4	152.6	14.8	95.9	18.3
North America	98.9	-27.3	3.3	-85.3	3.3	-85.2	(7.8)	n.s.
Eastern Europe and Southern Med Rim ¹	271.9	21.8	95.8	6.2	96.2	6.2	66.7	8.6
Asia ²	105.1	38.3	32.3	60.6	32.1	60.3	22.5	73.6
Trading	80.5	18.6	4.5	17.8	4.6	22.7	4.1	23.0
Other and eliminations	(67.6)	n.s.	(4.5)	n.s.	(4.5)	n.s.	(5.3)	n.s.
Total	1,418.0	9.9	282.6	6.4	284.3	5.8	176.1	5.1

The 1st quarter of 2007 includes: (1) the ready mixed concrete businesses in Egypt; (2) the line-by-line consolidation of the businesses in India, which were consolidated on a proportionate basis in the 1st quarter of 2006
n.s. not significant

ITALMOBILIARE

Central Western Europe

In Central Western Europe, revenues in the first quarter of 2006 saw a marked increase (+10.5%), as a result of growth in all the countries in the area driven by a general rise in volumes, as well as favorable weather and higher sales prices.

Operating profit growth was even stronger (+18.3%) since the rise in revenues more than offset the sharp increase in some cost factors, especially energy. In addition, operating profit benefited from the significant reduction in charges relating to the CO2 emissions deficit as a result of the marked fall in prices on the emission rights market.

North America

Cement consumption dropped sharply during the first quarter, with an estimated YoY decrease of more than 20%. This was essentially due to the sluggish situation in residential building and poor weather, offset only in part by private non-residential building and public works. Given these conditions, group sales volumes shed 25.0%, while prices made a moderate gain compared with the first quarter of 2006.

First-quarter revenues in local currency showed a YoY decrease of 21.4%, at constant exchange rates and size. The reduction in sales volumes was a significant factor affecting operating results, whereas the increase in costs, mainly higher costs for plant maintenance, was substantially offset by the rise in sales prices.

Eastern Europe and Southern Med Rim

All the countries in this area (Bulgaria, Egypt, Morocco and Turkey) saw increases in domestic sales volumes in the first quarter of 2007 accompanied by generally favorable price levels. In Egypt operating results, adversely affected on translation into euro by the depreciation of the Egyptian lira, were down from the first quarter of 2006 as a result of the rise in operating expenses (in particular for fuel and personnel).

The other countries in the area, however, recorded higher operating results compared with the prior-year period, thanks to stronger business performance (volumes and prices) and despite the increase in some operating costs.

Asia

Trends varied in the Asian countries where the group is present. Overall, however, the area achieved significant growth rates in terms of revenues and operating results, thanks also to the enlargement of the consolidation area.

The difficult political situation in Thailand affected the country's economic performance with consequences for cement consumption. Although operating results were assisted in translation into euro by the appreciation of the Thai baht, they were down due to lower sales volumes on the more profitable domestic market and the rise in some operating expenses.

In Kazakhstan and India, the rise in volumes and the positive trend in prices contributed to strong growth in operating results, which in India also benefited from the enlargement of the consolidation area.

ITALMOBILIARE

Trading

In the first quarter of 2007 intragroup and third-party cement and clinker trading volumes were steady at the 2006 first-quarter levels, mainly due to the strong growth of the Med Rim domestic markets, which limited availability for export. The rise in sales prices produced an increase in revenues, which more than made up the increase in logistic costs.

Significant post balance sheet events

In April, following the exercise of an additional 13,450 options by Stock Option Plan beneficiaries, Italcementi S.p.A. sold an equivalent number of ordinary treasury shares at an average unit price of 8.6270 euro, based on the grant prices in the various periods. As a result, at April 30, 2007, Italcementi S.p.A. held 2,789,958 ordinary treasury shares representing 1.575% of ordinary share capital.

Full-year outlook

The overall trend in the construction industry in the first quarter was favorable, despite the slowdown in the residential sector in the USA; it is probable that the dynamic investment mood in public works and industrial building will offset the impact of this downturn.

Although the construction cycle will remain positive, it could slacken in the group's other industrialized countries during the year. Conversely, strong growth should continue in the emerging countries, with the exception of Thailand.

Against this background, the group expects an overall improvement in revenues driven by the positive effect of sales volumes and prices, although this will be accompanied by higher operating expenses, especially for energy and logistics.

These trends, and the benefits of the action taken to boost industrial and organizational efficiency should allow in the absence of currently unforeseeable events, to confirm for 2007 the objective, already published, to achieve operating results in line with the extremely positive figures posted for 2006.

ITALMOBILIARE

PACKAGING AND INSULATION SECTOR

The Group is present in food packaging and thermal insulation through Sirap Gema S.p.A. and its subsidiaries. The following table summarizes the income statement for the sector. It should be noted that the comparison with the first quarter of 2006 is not on a like-for-like basis since the consolidation area has been enlarged to include the Amprica group, acquired in June 2006.

(in thousands of euro)	Q1 2007	Q1 2006	% change	Full year 2006
Revenues	56.4	40.0	40.9	208.6
Recurring gross operating profit	6.0	5.4	10.3	24.8
<i>% of revenues</i>	10.6	13.6		11.9
Other non-recurring income (expense)	-	0.3	n.s.	(0.2)
Gross operating profit	6.0	5.7	4.5	24.6
<i>% of revenues</i>	10.6	14.3		11.8
Amortization and depreciation	(3.1)	(1.7)	74.6	(9.8)
Impairment variation	-	-		-
Operating profit	2.9	4.0	-26.2	14.8
<i>% of revenues</i>	5.2	10.0		7.1
Finance income (costs)	(1.7)	(0.4)	n.s.	(4.2)
Share of results of associates	-	-		-
Profit before tax	1.2	3.6	-66.1	10.6
<i>% of revenues</i>	2.2	9.0		5.1
Income tax expense	(1.1)	(1.7)	-37.2	(5.5)
Net profit for the period	0.1	1.9	-93.1	5.1
<i>% of revenues</i>	0.2	4.7		2.4
Group net profit	0.1	1.9	-93.1	4.9
Minority interests	-	-		0.2
Employees at period end (heads)	1,453	796		1,442
(in millions of euro)	March 31, 2007			December 31, 2006
Net debt	124.5			129.2

n.s. not significant

The first quarter of 2007 for the Sirap Gema group was characterized by phenomena already present in the previous year, at least in part. In food packaging on the Italian market, besides the contribution from products of the newly acquired Amprica, sales volumes of expanded polystyrene trays rose, in France the fierce competition intensified, while on Eastern Europe markets, sales remained positive, albeit with some differences among the various countries. In thermal insulation demand remained high in part thanks to favorable weather and progress in legislation on energy saving.

As a consequence of these factors revenues rose by 40.9 % (13.2% on a constant size and exchange rate basis).

ITALMOBILIARE

The raw polymer market remained problematic, with increases in prices both compared with December 2006 and above all with the prior-year period (approximately +23%). The rise in raw material costs, together with the growth of other cost components (such as energy), meant that recurring gross operating profit rose (+10.3%) more slowly than turnover, and therefore the ratio to revenues fell from 13.5% to 10.6%.

Gross operating profit was marginally affected by the absence of other income reported in the first quarter of 2006, while operating profit, reflecting a sharp rise in amortization charges related to the new acquisition, stood at 2.9 million euro, down by 26.2% from the first quarter of 2006.

Finance costs (1.7 million euro) rose steeply owing to the increase in debt following the acquisition of the Amprica Group, completed in June 2006.

In part as a result of a significant income tax charge, in which the impact of regional manufacturing tax (IRAP) was a significant factor, net profit for the period fell from 1.9 million euro at March 31, 2006, to 0.1 million euro at March 31, 2007.

Significant events in the period

With reference to information in previous reports on the general tax audit of Sirap Gema S.p.A. by the Verolanuova Tax Agency (province of Brescia) during 2004, in response to the notice of assessment served on December 21, 2006, the company filed a self-help motion on January 24, 2007, to the Verolanuova Tax Agency and subsequently, on February 16, appealed to the Provincial Tax Commission of Brescia.

ITALMOBILIARE

Sector results by business and geographical area

(in millions of euro)	Revenues		Recurring GOP		GOP		Operating profit	
	Q1 2007	% change VS. Q1 2006	Q1 2007	% change VS. Q1 2006	Q1 2007	% change VS. Q1 2006	Q1 2007	% change VS. Q1 2006
Food packaging								
Italy	25.0	61.2	3.8	-14.0	3.8	2.3	2.1	-18.1
France	5.9	4.1	(0.4)	n.s.	(0.4)	n.s.	(0.7)	n.s.
Other EU countries	13.6	55.6	0.7	89.9	0.7	30.5	0.2	-43.8
Other European countries	4.8	20.3	0.3	9.2	0.3	-10.9	0.1	-69.2
Eliminations	(4.1)		-		-		-	
Total	45.2	47.6	4.4	-3.2	4.4	-10.4	1.7	-50.9
Thermal insulation	13.1	19.4	1.6	78.3	1.6	90.8	1.2	171.8
Eliminations	(1.9)		-		-		-	
Total	56.4	40.9	6.0	10.3	6.0	4.5	2.9	-26.2

n.s. not significant

Food packaging

The countries where Sirap Gema operates were generally affected by an increase in competition. In France in particular, the harsh competitive pressures experienced in the second half of 2006 continued to intensify, with a further fall in sales prices. An action plan has been in place since the start of the year (to boost sales and limit costs), which hopefully will offset in part the negative impact of aggressive competition.

Sector revenues, however, rose sharply from 30.6 to 45.2 million euro (+47.6%), mainly due to the entry into the consolidation area of the Amprica group (turnover in the period was 11.5 million euro), but also due to the positive impact of higher sales volumes and the improvement in the sales mix, which overall was greater than the negative impact of lower prices.

Operating profit of 1.7 million euro (-50.9%) was in general terms significantly affected by the marked rise in costs, mainly for raw materials and amortization.

Net of the substantially zero return from the Amprica group, which is undergoing a rationalization and integration program, food packaging in Italy maintained its position thanks to the rise in volumes and the improvement in the sales mix. Operating profit, however, was affected by the increase in overheads related to the new size of the group. Performance in France was very poor, for the aforementioned reasons. Petruzalek, in keeping with the seasonal trend, recorded a weak performance worsened by higher overheads in some countries (Ukraine and Romania), but significant business growth is forecast for the second half of the year.

ITALMOBILIARE

Thermal insulation

The Italian market still enjoys buoyant demand driven by the application of the new technical regulations on energy saving, which require use of thicker and/or better performing panels.

In the period under consideration the sector recorded 19.4% revenue growth owing to higher volumes (helped in part by the unseasonable weather) and the rise in prices.

Operating profit (1.2 million euro) saw very sharp growth compared with the first quarter of 2006 (0.4 million euro). In addition to the rise in revenues, this was due to greater production efficiency, which offset the negative impact of higher raw material costs.

Full-year outlook

Results for the full-year will depend on the trend in raw material costs and the impact of competitive pressures on the markets where the group operates (in particular in France). Operating profit for 2007 is, nonetheless, expected to be higher than for 2006, subject to currently unforeseeable events.

ITALMOBILIARE

FINANCIAL SECTOR

The financial sector includes the parent company Italmobiliare and the wholly owned finance companies. Among these the most important are: Franco Tosi S.r.l., Italmobiliare International Finance Limited (Dublin), Société de Participation Financière Italmobiliare S.A. (Luxembourg) and Fincomind A.G. (Switzerland).

	Q1 2007	Q1 2006	% change	Full year 2006
(in millions of euro)				
Revenues	26.2	29.5	-11.1	162.5
Operating profit	15.0	20.6	-27.0	115.1
Net profit	19.6	24.1	-18.7	126.9

	March 31, 2007	December 31, 2006
(in thousands of euro)		
Net financial position	391.9	383.9
Shareholders' equity	2,055.5	1,997.7
Employees at period end (heads)	42	42

Results in accordance with the financial model

Given the specific nature of the financial sector, to permit full understanding of performance, the table below sets out the results of the sector in the format normally used for financial companies.

	Q1 2007	Q1 2006	% change	December 31, 2006
(in millions of euro)				
Net income on equity investments	9.5	16.2	-41.4	113.3
Net income from cash investments	13.8	13.2	4.3	37.0
Net debt charges	(4.4)	(3.0)	46.6	(13.7)
Total financial income and expense	18.9	26.4	-28.6	136.6
Operating income and expense	(3.8)	(3.3)	14.8	(12.9)
Income tax expense	4.5	1.0	n.s.	3.2
Net profit for the period	19.6	24.1	-18.7	126.9

Net income on equity investments fell in the quarter (-6.7 million euro) compared with the prior-year period, which benefited from the capital gain on the Gemina sale (7.9 million euro) and the significant results of the associate Mittel (2.5 million euro in the first quarter of 2006, 0.1 million euro in the first quarter of 2007). The non-recurrence of these contributions was partially offset by higher dividends from subsidiaries recorded in the period.

ITALMOBILIARE

Net income from cash investments in the first quarter of 2007 stood at 13.8 million euro, an increase of 0.6 million euro compared with the same period in 2006, despite slack conditions on the bond markets owing to the trend in interest rates. The result reflected the improvement in yields on directly managed bond portfolios and investments in mutual funds, the performance of alternative funds of funds and gains on the trading equity portfolio which was still positive, but below the levels of March 31, 2006.

Net debt charges were higher (+1.4 million euro) than in 2006 owing to higher interest rates, while operating expense, net of operating income, worsened slightly, mainly reflecting the differences in allocations to and uses of provisions in the first quarter of 2006 compared with 2007. Tax made a positive contribution, thanks in part to the Group's national tax consolidation.

For the reasons given, net profit for the period was lower (-4.5 million euro) than in the prior-year period, which had benefited from particularly favorable items.

The companies in the financial sector hold large equity investments, the majority classified as "Available for sale". Charges in fair value on these equity investments, excluding consolidated investments which are carried at cost, are reflected in shareholders' equity under the "Fair value reserve". At the end of March 2007, the consolidated fair value reserve in the financial sector stood at 761.3 million euro, an increase of 47.5 million euro compared with December 31, 2006.

Significant events for the period

In January 2007, the **Gim** extraordinary Shareholders' Meeting approved a project for the upstream merger of Gim S.p.A. into Intek S.p.A. The share swap rate is 10 Intek S.p.A. ordinary or savings shares for every 9 Gim S.p.A. ordinary or savings shares, and 10 Intek S.p.A. warrants for every 9 Gim S.p.A. warrants. Following the merger, the share swap took place at the beginning of April; as a result, the Italmobiliare Group, through the subsidiary **Franco Tosi**, which held 4.17% of Gim capital and 2.97% of outstanding warrants, now holds an equity investment of 2.82% of Intek ordinary share capital and an unchanged percentage of outstanding warrants.

During the first quarter of 2007 settlement procedures initiated in 2006 with regard to disputes on sales of companies in previous years were finalized. The settlements generated a charge of 11 million euro for **Italmobiliare**, already provided in previous periods. Consequently this will not produce any negative effect on 2007 or subsequently.

In March 2007, as part of the corporate restructuring program allocating specific duties to companies wholly owned by the parent company, under which the subsidiary S.r.l. Nuove Costruzioni Edilizie **Sance** is responsible for managing trading equity investments, Italmobiliare sold equity investments for an overall amount of 2.0 million euro to Sance. The price of the listed shares was determined on the basis of the average official stock market prices in the 30 days preceding the contract date.

In the first quarter of 2007 35,313 options (granted in 2003) were exercised by Italmobiliare managers. Italmobiliare sold an equivalent number of ordinary treasury shares at the per-

ITALMOBILIARE

share price of 31.28 euro established at the grant date; the company therefore now holds 875,818 ordinary treasury shares, representing 3.948% of ordinary share capital as well as 28,500 savings shares (0.174% of overall savings shares).

Net financial position of Italmobiliare and the financial sector

The table below provides an itemized description of the net financial positions of the parent company Italmobiliare S.p.A. and the consolidated financial sector.

(in thousands of euro)	March 31, 2007		December 31, 2006	
	Italmobiliare	Financial sector ¹	Italmobiliare	Financial sector ¹
Cash, cash equivalents and current financial assets	89,313	934,018	83,741	909,834
Short-term financing	(83,005)	(159,847)	(84,484)	(149,840)
Short-term net financial position	6,308	774,171	(743)	759,994
Medium/long-term financial assets	2,902	13,139	2,965	13,244
Medium/long-term financing	(395,400)	(395,400)	(389,300)	(389,300)
Medium/long-term net financial position	(392,498)	(382,261)	(386,335)	(376,056)
Net financial position	(386,190)	391,910	(387,078)	383,938

¹ Consisting of: Italmobiliare S.p.A. - Italmobiliare International Finance Ltd - Italmobiliare International B.V. - Société de Participation Financière S.A. -

At the end of March 2007 Italmobiliare had practically unchanged net debt of 386.2 million euro (387.1 million euro at December 31, 2006).

The financial sector, however, had a positive consolidated net financial position of 391.9 million euro (383.9 million euro at December 31, 2006), up by 8.0 million euro.

ITALMOBILIARE

Significant post balance sheet events

In April, in order to finance the purchase of the Amprica group and consolidate other debts, **Société de Participation Financière Italmobiliare S.A.** provided Sirap Gema S.p.A. with a 9.5 year loan of 56 million euro at market rates. This replaces the temporary loan provided at the time of the purchase, as well as other intragroup loans.

At the end of April Italmobiliare, with an overall outlay of 10.9 million euro, underwrote 3,316,661 **Gruppo Banca Leonardo** shares following the share capital increase approved by the Extraordinary shareholders' meeting of April 11, 2006. Following this operation Italmobiliare's equity investment in Gruppo Banca Leonardo is 3.139%.

At the end of April, in accordance with the contractual provisions and therefore without any additional charges, **Italmobiliare** settled the financing received from Calyon which was due to expire in December 2007. The financial resources were raised from drawings on the revocable credit lines arranged with Calyon itself. The spreads on these facilities are significantly lower than those on the previous borrowing.

In May **Italmobiliare** renegotiated the medium-term financing with Société Générale, redefining the contract and obtaining better overall conditions in terms of maturity and interest.

Full-year outlook

As already noted in previous reports, results in the financial sector depend on dividend flows and trends on the financial markets. Dividend flows are fairly predictable and the data available so far allow us to estimate, with a fair degree of accuracy, that 2007 dividends will be up on 2006. On the other hand, future interest rates, trends on stock and bond markets, and opportunities for the purchase and sale of equity investments (no such transactions are currently underway) involve elements of uncertainty which make it difficult to formulate a reliable full-year forecast for results in this sector.

As the year-on-year first-quarter comparison shows, the outstanding performance reported in 2006 constitutes a formidable standard that will not be easy to attain, subject to currently unforeseeable events.

ITALMOBILIARE

BANKING SECTOR

The banking sector is composed of two wholly owned banks, Finter Bank Zürich and Crédit Mobilier de Monaco.

	Q1 2007	Q1 2006	% change	Full year 2006
(in millions of euro)				
Revenues	13.1	12.1	8.0	48.2
Operating profit	3.8	3.1	23.6	10.3
Net profit for the period	3.0	2.2	36.7	8.1

	March 31, 2007	December 31, 2006
(in millions of euro)		
Total shareholders' equity	90.5	93.2
Employees	139	139

Results in accordance with the banking model

Given the specific nature of the banking sector, to permit full understanding of performance, the table below sets out the results of the sector in the format normally used for banks.

	Q1 2007	Q1 2006	% change	Full year 2006
(in millions of euro)				
Net interest income	1.6	1.4	8.2	5.9
Intermediation margin	11.5	10.9	5.2	43.7
Gross operating profit	4.3	3.7	15.5	13.3
Profit from operations	3.6	2.6	39.9	9.3
Net profit	3.0	2.2	36.7	8.1

The constantly improving results in this sector consist almost entirely of the results of Finter Bank Zürich.

Finter Bank Zürich

In the first quarter of 2007 the Finter Bank Zürich group successfully profited from continuing positive conditions on the financial markets, reporting consolidated revenues of 20.6 million Swiss francs (+12.3% compared with the first quarter of 2006). The result stemmed from higher interest income, increased commissions on client transactions and higher revenues on the securities portfolio.

ITALMOBILIARE

Revenue growth together with careful control of the increase in operating expenses produced operating profit of 6.0 million Swiss francs, well up on 4.7 million Swiss francs in the first quarter of 2006 (+29.9%).

After finance costs and tax, consolidated net profit was 4.8 million Swiss francs compared to 3.3 million Swiss francs in the first quarter of 2006.

Consolidated shareholders' equity rose from 140.8 million Swiss francs at December 31, 2006, to 137.9 million Swiss francs at March 31, 2007, after having approved a distribution of a dividend for 8 million Swiss francs.

Assets under management at the end of the first quarter of 2007 totaled 5.5 billion Swiss francs.

Crédit Mobilier de Monaco

Crédit Mobilier de Monaco is a bank in Monaco whose main activity is guarantee-backed loans. Net profit fell from 72 thousand euro in the first quarter of 2006 to 43 thousand euro, mainly owing to a reduction in net interest income and a rise in employee expenses, only partially offset by lower administration expenses.

Full-year outlook

Despite the characteristic uncertainty of the financial markets, the results achieved in the first quarter and the programs in place confirm the forecast that the result for 2007 will improve on 2006, subject to currently unforeseeable events.

ITALMOBILIARE

PROPERTY SECTOR, SERVICES AND OTHERS

This sector includes a number of real estate companies and services companies. The real estate companies hold rented property, and land and buildings held for sale.

The services companies largely provide services within the Group.

For the first quarter to March 31, 2007, the sector reported revenues of 0.6 million euro, unchanged compared with the first quarter of 2006, and a small net loss (-120 thousand euro).

The sector is of marginal importance for overall Group results.

ITALMOBILIARE

DEALINGS WITH RELATED PARTIES

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

- subsidiaries that are not consolidated on a line-by-line basis;
- associates;
- other related parties.

Dealings with subsidiaries and associates

Among companies in the construction materials sector, 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 central structures and financial resources.

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

Italmobiliare also provides administration services for some associates, regulated on the basis of the costs of providing the service (in the first quarter a total of 11 thousand euro).

Dealings with other related parties

Dealings with other related parties in the quarter were as follows:

- administrative, financial, contractual and fiscal consultancy services, as well as support services for the organization of company restructuring operations for the Italcementi group provided by Finsise S.p.A., a company whose majority shareholder is Italo Lucchini, Deputy Chairman of Italmobiliare. The Italmobiliare Group also used the services of Professional Auditing S.p.A., a trust company whose main shareholder is also Mr Lucchini;
- legal consultancy, judicial and extrajudicial assistance provided to Italmobiliare and to Group companies by the associate professional studio Dewey Ballantine LLP, of which Italmobiliare director Luca Minoli is a partner;
- consultancy services for the senior management of Italmobiliare in relation to the rationalization and development of Group activities, provided by Piergiorgio Barlassina, a director of Italmobiliare.

All dealings with related parties, whether for the exchange of goods and services, or financial services, are conducted at normal market conditions. With regard to the consolidated financial statements of Italmobiliare S.p.A., the extent of dealings with related parties is not significant.

Under the contract signed in 2005, Italcementi S.p.A. provided the Fondazione Italcementi Cav. Lav. Carlo Pesenti with corporate administration services.

No atypical or unusual transactions took place in the quarter.

ITALMOBILIARE

FULL-YEAR OUTLOOK

Trend in the global economy, conditions on the financial markets and our estimates regarding their developments have not materially changed since March, when we issued our full-year forecast for 2007.

These considerations, together with the first-quarter results and the outlooks for each individual sectors, allow to confirm the challenging objective, which is set by the Group, to achieve consolidated operating results in line with the excellent results reported for 2006.

ITALMOBILIARE

ITALMOBILIARE

CONSOLIDATED QUARTERLY REPORT

ITALMOBILIARE

Accounting schedules

Consolidated income statement

	Q1 2007	%	Q1 2006	%	Change	%	Full year 2006	%
(in thousands of euro)								
Revenues	1,501,854	100.0%	1,367,042	100.0%	134,812	9.9%	6,216,515	100.0%
Other revenues	15,100		18,812		(3,712)		83,177	
Change in inventories	4,801		6,828		(2,027)		(7,933)	
Internal work capitalized	4,540		7,393		(2,853)		37,663	
Goods and utilities expenses	(562,763)		(497,499)		(65,264)		(2,237,476)	
Services expenses	(367,399)		(324,340)		(43,059)		(1,382,809)	
Employee expenses	(256,221)		(236,979)		(19,242)		(980,063)	
Other operating income (expense)	(41,971)		(49,162)		7,191		(179,089)	
Recurring Gross Operating Profit	297,941	19.8%	292,095	21.4%	5,846	2.0%	1,549,985	24.9%
Net capital gains on sale of fixed assets	1,636		3,151		(1,515)		18,384	
Non-recurring employee expenses for reorganizations							(25,449)	
Other non-recurring income (expense)	179		325		(146)		(1,907)	
Gross operating profit	299,756	20.0%	295,571	21.6%	4,185	1.4%	1,541,013	24.8%
Amortization and depreciation	(111,766)		(103,436)		(8,330)		(433,316)	
Impairment variation	(5)		(40)		35		(1,977)	
Operating profit	187,985	12.5%	192,095	14.1%	(4,110)	-2.1%	1,105,720	17.8%
Finance income	8,683		6,637		2,046		48,077	
Finance costs	(44,984)		(34,684)		(10,300)		(149,996)	
Gains (losses) on exchange rates and derivatives	1,619		(160)		1,779		(4,925)	
Share of results of associates	(329)		919		(1,248)		20,451	
Profit before tax	152,974	10.2%	164,807	12.1%	(11,833)	-7.2%	1,019,327	16.4%
Income tax expense	(46,373)		(51,839)		5,466		(270,848)	
Net profit for the period	106,601	7.1%	112,968	8.3%	(6,367)	-5.6%	748,479	12.0%
Attributable to:								
Group	34,361	2.3%	43,823	3.2%	(9,462)	-21.6%	264,427	4.3%
Minority interests	72,240	4.8%	69,145	5.1%	3,095	4.5%	484,052	7.8%

ITALMOBILIARE

Financial position

(in thousands of euro)	March 31, 2007	December 31, 2006	Change	%
Cash, cash equivalents and current financial assets	(1,569,697)	(1,504,486)	(65,211)	4.3%
Short-term financing	1,121,954	879,228	242,726	27.6%
Medium/long-term financial assets	(64,718)	(68,755)	4,037	-5.9%
Medium/long-term financing	2,205,754	2,551,269	(345,515)	-13.5%
Net debt	1,693,293	1,857,256	(163,963)	-8.8%
Total shareholders' equity	6,547,199	6,407,857	139,342	2.2%

ITALMOBILIARE

RECONCILIATION STATEMENTS

NOTE ON CHANGES TO THE CONSOLIDATED INCOME STATEMENT AT MARCH 31, 2006,
PUBLISHED IN THE QUARTERLY REPORT FOR THE FIRST QUARTER OF 2006

Following the redefinition of the content of some items in the consolidated accounting schedules, some reclassifications have been made on the consolidated income statement for the quarter to March 31, 2006, used as a comparative with the income statement for the quarter to March 31, 2007.

The changes, set out in the following table, affected the recurring gross operating profit, the gross operating profit, and the operating profit, but had no impact on total net profit or on Group net profit.

(in thousands of euro)	Q1 2006	%	Q1 2006 published	%	Change
Revenues	1,367,042	100.0%	1,357,690	100.0%	9,352
Other revenues	18,812		18,812		
Change in inventories	6,828		6,828		
Internal work capitalized	7,393		7,393		
Goods and utilities expenses	(497,499)		(497,499)		
Services expenses	(324,340)		(324,340)		
Employee expenses	(236,979)		(236,979)		
Other operating income (expense)	(49,162)		(47,725)		(1,437)
Recurring gross operating profit	292,095	21.4%	284,180	20.9%	7,915
Other income (expense)	3,476		3,476		
Gross operating profit	295,571	21.6%	287,656	21.2%	7,915
Amortization and depreciation	(103,436)		(103,436)		
Impairment variation	(40)		(40)		
Operating profit	192,095	14.1%	184,180	13.6%	7,915
Finance income (costs)	(28,207)		(20,292)		(7,915)
Share of results of associates	919		919		
Profit before tax	164,807	12.1%	164,807	12.1%	
Income tax expense	(51,839)		(51,839)		
Net profit for the period:	112,968	8.3%	112,968	8.3%	
Attributable to:					
Group	43,823	3.2%	43,823	3.2%	
Minority interests	69,145	5.1%	69,145	5.1%	

Revenues, Other operating income (expense), Finance income (costs): the negative change of 7,915 thousand euro in "Finance income (costs)", which rose from 20,292 to 28,207 thousand euro, refers to finance income and costs specific to the finance sector companies, which have been reclassified under "Revenues" and "Other operating income (expense)".

ITALMOBILIARE

COMMENTS ON THE ACCOUNTING SCHEDULES

Foreword

The consolidated quarterly report at March 31, 2007, has been drawn up in compliance with the International Financial Reporting Standards (IFRS) and is presented in accordance with the criteria set out in attachment 3D of the regulation approved by Consob resolution no. 11971 of May 14, 1999, and subsequent amendments.

Basis of presentation

The consolidated accounting schedules are based on the accounts at March 31, 2007, drawn up by the parent company Italmobiliare S.p.A. and its consolidated subsidiaries, on the basis of the accounting principles adopted by the Group.

The accounting policies and consolidation principles are the same as those adopted in the 2006 consolidated financial statements.

Changes to the accounting schedules

In accordance with Consob resolution no.15519 of 07.27.2006, the consolidated income statement presents line items reflecting the most significant non-recurring transactions in the first quarter of 2007; for comparative purposes, line items reflecting non-recurring transactions, previously classified under a single line item captioned "Other income (expense)", have been opened on the face of the 2006 first-quarter income statement.

The "Finance income (costs)" caption has been opened into three line items: "Finance income", "Finance costs" and "Gains (losses) on exchange rates and derivatives"; for comparative purposes, corresponding line items have been opened on the face of the 2006 first-quarter income statement.

These changes have not generated any variations in Gross operating profit, Operating profit, Profit before tax and consolidated Net profit for the period.

ITALMOBILIARE

Non-recurring operations

The tables below itemize the most significant non-recurring transactions and their impact on the Group's shareholders' equity, financial position and net profit:

1st quarter 2007						
(in thousands of euro)	Shareholders' equity		Net profit for the period		Net debt	
	amount	%	amount	%	amount	%
Book values	6,547,199		106,601		(1,693,293)	
Net capital gains on sale of fixed assets	1,636	0.02%	1,636	1.53%	(5,004)	0.30%
Other non-recurring income (expense)	179	0.00%	179	0.17%	(4,041)	0.24%
Tax on non-recurring transactions	3,051	0.05%	3,051	2.86%		0.00%
Total	4,866	0.07%	4,866	4.56%	(9,045)	0.53%
Figurative value without non-recurring transactions	6,542,333		101,735		(1,684,248)	

1st quarter 2006						
(in thousands of euro)	Shareholders' equity		Net profit for the period		Net debt	
	amount	%	amount	%	amount	%
Book values	6,083,428		112,968		(1,784,982)	
Net capital gains on sale of fixed assets	3,151	0.05%	3,151	2.79%	(4,573)	0.26%
Other non-recurring income (expense)	325	0.01%	325	0.29%	59	0.00%
Tax on non-recurring transactions	(1,231)	0.02%	(1,231)	1.09%		0.00%
Total	2,245	0.04%	2,245	1.99%	(4,514)	0.25%
Figurative value without non-recurring transactions	6,081,183		110,723		(1,780,468)	

ITALMOBILIARE

Consolidation area

The following changes took place in the consolidation area with respect to March 31, 2006:

Entered the consolidation area

On a line-by-line basis:

- Ready Mix Beton SAE (Egypt)
- Ready Mix Beton Egypte SAE (Egypt)
- Interbulk Egypt (Egypt)
- Lyulyaka E.A.D. (Bulgaria)
- Arteskos 98 JSC. (Bulgaria)
- Arteskos AD. (Bulgaria)
- Axim Building Technologies S.A. (Spain)
- Cie pour l'Investissement Financier en Inde (France)
- C.T.G. USA LLC (United States)
- Shqiperia Cement Company SHPK (Albania)
- Italgen Maroc S.A. (Morocco)
- Divas Beheer B.V. (Netherlands)
- Brantford Ready Mix Inc. (Canada)
- Cambridge Concrete Group Inc. (Canada)
- Cambridge Concrete Ltd. (Canada)
- MBM Concrete Holdings Inc. (Canada)
- Amprica (Italy)
- Inline Poland SP zo.o. (Poland)
- Inline R (Russia)
- Inline Ukraine (Ukraine)
- Inline Czechia (Czech Republic)
- Inline Blakans (Bulgaria)

On a proportionate basis: Dragages Transports & Travaux Maritimes S.A. (at 50%) (France) (*)

(*) previously consolidated with the equity method

The main changes with respect to March 31, 2006, concern the line-by-line consolidation as from June 1, 2006, of the Indian company Zuari Cement Ltd. and its subsidiaries Sri Vishnu Cement Ltd. and Sitapuram Power Ltd. (previously consolidated on a proportionate basis), the line-by-line consolidation as from July 1, 2006 of Amprica and its subsidiaries, the line-by-line consolidation as from October 1, 2006, of Ready Mix Beton Egypt S.A.E. and Ready Mix Beton S.A.E. active in ready mixed concrete in Egypt, and the latest acquisitions in Canada (Cambridge and Brantford), also in ready mixed concrete, consolidated on a line-by-line basis since March 1, 2007.

ITALMOBILIARE

EXCHANGE RATES USED TO TRANSLATE THE FINANCIAL STATEMENTS OF FOREIGN ENTITIES

The foreign-currency accounts of foreign subsidiaries consolidated line-by-line or proportionately and those of foreign associates valued with the equity method have been translated into the reporting currency with the exchange rates at March 31, 2007, for assets and liabilities, and at the average exchange rates for the first three months of 2007 for income statement items.

Exchange rates for 1 euro:

(euro)	Average rate			Closing rate		
	Q1 2007	Full year 2006	Q1 2006	March 31, 2007	December 31, 2006	March 31, 2006
Currencies						
Thai baht	44.53773	47.59148	47.27295	43.05700	46.77000	47.00800
Czech crown	28.03742188	28.34196	28.59938	28.01000	27.48500	28.59500
Slovak crown	34.34680	37.23610	37.45560	33.34000	34.43500	37.63000
Serbian dinar	80.04170	84.45830	87.30670	80.97920	79.28600	86.92450
Moroccan dirham	11.13164	11.03714	10.93650	11.16010	11.14700	10.95380
Canadian dollar	1.31059	1.42363	1.68944	1.31180	1.52810	1.40840
US dollar	1.53568	1.25559	1.20230	1.53660	1.31700	1.21040
Hungarian florin	252.31800	264.28600	254.59200	247.80000	251.77000	265.74000
Swiss franc	1.61619	1.57287	1.55903	1.62470	1.60690	1.58010
Ukrainian hryvna	6.60926	6.32867	6.08802	6.70380	6.64623	6.12657
Croatian kuna	7.36561	7.32445	7.34263	7.40500	7.35040	7.34200
Albanian lek	125.29008	123.09208	122.97820	126.37700	124.13400	122.64800
Bulgarian lev	1.95583	1.95583	1.95583	1.95583	1.95583	1.95583
Egyptian lira	7.47265	7.21051	6.90016	7.58980	7.52399	6.95566
Bosnian marc	1.95583	1.95583	1.95583	1.95583	1.95583	1.95583
New Turkish lira	1.83993	1.79888	1.59435	1.84900	1.85860	1.62110
New Romanian leu	3.38120	3.52591	3.59376	3.35470	3.38350	3.51980
Mauritanian ouguiya	351.91358	337.25189	322.93818	357.58800	353.74000	325.11300
Russian rouble	34.47950	34.25140		34.65800	34.68000	
Indian rupee	57.85852	56.90788	53.37076	58.00660	58.29750	54.01090
Sri Lankan rupee	142.62984	130.55918	123.00618	145.22500	141.51700	124.33700
Cypriot pound	0.57915	0.57578	0.57449	0.58070	0.57820	0.57600
Pound sterling	0.67062	0.68178	0.68625	0.67980	0.67150	0.69640
Slovenian taller		239.59600	239.50900		239.64000	239.56000
Kazakh tange	163.56750	158.10469	157.44843	164.86000	167.23300	155.36300
Polish zloty	3.88635	3.92111		3.86680	3.83100	155.36300

ITALMOBILIARE

REVENUES

Revenues from sales and services totaled 1,501,854 thousand euro (1,367,042 thousand euro in the first quarter of 2006), as follows:

(in thousands of euro)	Q1 2007	Q1 2006	Change	% change
Industrial revenues				
Product sales	1,422,983	1,282,257	140,726	11.0%
Services	45,700	42,546	3,154	7.4%
Other	4,422	4,245	177	4.2%
Total	1,473,105	1,329,048	144,057	10.8%
Financial revenues				
Interest	6,962	3,857	3,105	80.5%
Dividends	29	2,621	-2,592	-98.9%
Capital gains	379	9,710	-9,331	-96.1%
Other	8,093	9,487	-1,394	-14.7%
Total	15,463	25,675	-10,212	-39.8%
Banking revenues				
Interest	2,286	1,659	627	37.8%
Commissions	8,664	8,811	-147	-1.7%
Other	2,024	1,515	509	33.6%
Total	12,974	11,985	989	8.3%
Revenues from property and services	312	334	-22	-6.6%
Total	1,501,854	1,367,042	134,812	9.9%

GOODS AND UTILITIES EXPENSES

Goods and utilities expenses amounted to 562,763 thousand euro (497,499 thousand euro in the first quarter of 2006), as follows:

(in thousands of euro)	Q1 2007	Q1 2006	Change	% change
Raw materials and semi-finished goods	(193,919)	(164,673)	(29,246)	17.8%
Fuel	(113,212)	(87,390)	(25,822)	29.5%
Packaging, materials and machinery	(101,776)	(89,482)	(12,294)	13.7%
Finished goods	(64,934)	(57,818)	(7,116)	12.3%
Electricity, water, gas	(109,204)	(109,055)	(149)	0.1%
Change in inventories of raw materials, consumables, other	20,282	10,919	9,363	85.7%
Total	(562,763)	(497,499)	(65,264)	13.1%

ITALMOBILIARE

SERVICES EXPENSES

Services expenses amounted to 367,399 thousand euro (324,340 thousand euro in the first quarter of 2006), as follows:

(in thousands of euro)	Q1 2007	Q1 2006	Change	% change
External services and maintenance	(134,483)	(123,110)	(11,373)	9.2%
Transport	(136,437)	(118,898)	(17,539)	14.8%
Legal fees and consultancy	(18,489)	(14,197)	(4,292)	30.2%
Rents	(26,048)	(21,369)	(4,679)	21.9%
Insurance	(11,880)	(11,398)	(482)	4.2%
Subscriptions	(2,765)	(2,796)	31	-1.1%
Other	(37,297)	(32,572)	(4,725)	14.5%
Total	(367,399)	(324,340)	(43,059)	13.3%

EMPLOYEE EXPENSES

Employee expenses totaled 256,221 thousand euro (236,979 thousand euro in the first quarter of 2006), as follows:

(in thousands of euro)	Q1 2007	Q1 2006	Change	% change
Wages and salaries	(163,417)	(153,659)	(9,758)	6.4%
Social security contributions	(56,008)	(51,581)	(4,427)	8.6%
Provisions and pension funds	(7,942)	(7,315)	(627)	8.6%
Cost of stock option plans	(1,543)	(743)	(800)	107.7%
Other expenses	(27,311)	(23,681)	(3,630)	15.3%
Total	(256,221)	(236,979)	(19,242)	8.1%

The average number of employees during the period and the number at the end of the period are shown below:

(heads)	Q1 2007	Q1 2006	Full year 2006
Number of employees at period end	24,750	22,912	24,509
Average number of employees	24,608	22,895	23,572

ITALMOBILIARE

OTHER OPERATING INCOME (EXPENSE)

Other operating expense net of other operating income amounted to -41,971 thousand euro (-49,162 thousand euro in the first quarter of 2006) , as follows:

(in thousands of euro)	Q1 2007	Q1 2006	Change	% change
Other taxes	(17,720)	(16,768)	(952)	5.7%
Provision for bad debts	(1,928)	(2,616)	688	-26.3%
Provision for environmental restoration - quarries	(5,212)	(7,138)	1,926	-27.0%
Financial companies expense	(6,365)	(4,893)	(1,472)	30.1%
Banking companies expense	(1,592)	(1,162)	(430)	37.0%
Miscellaneous expense	(9,461)	(16,793)	7,332	-43.7%
Miscellaneous income	307	208	99	47.6%
Total	(41,971)	(49,162)	7,191	-14.6%

The decrease in “Other operating income (expense)” and in “Miscellaneous expense” in particular arose largely as a result of the fall in CO₂ emission right prices, whose market value per right decreased from 6.48 € at December 29, 2006, to 1.26 € per right at March 31, 2007.

AMORTIZATION AND DEPRECIATION

The total charge of 111,766 thousand euro (103,436 thousand euro in the first quarter of 2006) includes depreciation charges on property, plant and equipment for 106,086 thousand euro.

ITALMOBILIARE

FINANCE INCOME (COSTS), GAINS (LOSSES) ON EXCHANGE RATES AND DERIVATIVES

Finance costs, net of finance income and gains (losses) on exchange rates and derivatives, amounted to -34,682 thousand euro (-28,207 thousand euro in the first quarter of 2006), as follows:

(in thousands of euro)	Q1 2007		Q1 2006	
	Income	Costs	Income	Costs
Interest income	6,526		5,439	
Income expense		(38,257)		(28,381)
Sub total	6,526	(38,257)	5,439	(28,381)
Net interest in respect of net financial position		(31,731)		(22,942)
Dividends and other income (costs) from equity investments	726	(233)	305	(523)
Other finance income	1,431		893	
Other finance costs		(6,494)		(5,780)
Total finance income (costs)	8,683	(44,984)	6,637	(34,684)
Gains (losses) on interest rate derivative contracts	1,313			(99)
Gains (losses) on exchange rate derivative contracts	128		162	
Net exchange rate differences	178			(223)
Gains (losses) on exchange rates and derivatives	1,619			(160)
Total finance income (costs), net of gains (losses) on exchange rates and derivatives		(34,682)		(28,207)

The increase of 6.5 million euro, approximately 23.0% compared to the prior-year period, included net costs of 5.2 million euro relating to the Ciments Français partial debenture buy-back for 190.7 million euro.

SHARE OF RESULTS OF ASSOCIATES

The net amount at March 31, 2007, was as follows:

(in thousands of euro)	Q1 2007	Q1 2006	Change	% change
Vassiliko (Cyprus)	1,022	974	48	4.9%
Ciment Quebec (Canada)	(694)	(1,257)	563	-44.8%
Innocon (Canada)	(642)	(993)	351	-35.3%
Mittel (Italy)	76	2,464	(2,388)	-96.9%
Universal imballaggi (Italy)	(7)	10	(17)	-170.0%
Immobiliare Golf (Italy)	(1)	(5)	4	-80.0%
Other	(83)	(274)	191	-69.7%
Total	(329)	919	(1,248)	-135.8%

ITALMOBILIARE

INCOME TAX EXPENSE

The income tax charge of 46,373 thousand euro reflected on the income statement (51,839 thousand euro in the first quarter of 2006 arose as follows:

(in thousands of euro)	Q1 2007	Q1 2006	Change	% change
Current tax	(45,581)	(55,208)	9,627	-17.4%
Deferred tax	(328)	3,213	(3,541)	-110.2%
Prior-year tax and other non-recurring fiscally driven (income) expense, net	(464)	156	(620)	-397.4%
Total	(46,373)	(51,839)	5,466	-10.5%

INVESTMENTS IN FIXED ASSETS

Investments in fixed assets for the quarter to March 31, 2007, amounted to:

(in thousands of euro)	Q1 2007	Q1 2006	Change	% change
Investments in intangible assets	1,910	1,313	597	45.5%
Investments in property, plant and equipment	82,455	73,259	9,196	12.6%
Investments in non-current financial assets	96,446	24,363	72,083	295.9%
Change in payables/receivables for tangible asset purchases	36,608	26,243	10,365	39.5%
Total	217,419	125,178	92,241	73.7%

Investments in property, plant and equipment amounted to 82.5 million euro, an increase of 12.6% from the first quarter of 2006. They were mainly concentrated in EU countries (Italy, France and Spain) for 45.9 million euro, North America for 18 million euro and Asia for 12.8 million euro.

Investments in non-current financial assets amounted to 96.4 million euro and referred mainly to the acquisition of the North American companies, the Arrow group, and the Canadian Cambridge company, both active in ready mixed concrete, for a total of 48.1 million euro, and the purchase of an additional stake of 2.2% in Suez Cement Co. by Ciments du Maroc, for 34.2 million euro.

ITALMOBILIARE

NET DEBT

Net debt at March 31, 2007, amounted to 1,693,293 thousand euro (1,857,256 thousand euro at December 31, 2006). It comprised gross financing for 3,327,708 thousand euro and gross financial assets of 1,634,415 thousand euro.

“Gross financing” of 3,327,708 thousand euro (3,430,497 thousand euro at December 31, 2006) reflected short-term financing of 1,121,954 thousand euro (879,228 thousand euro at December 31, 2006) and medium/long-term financing of 2,205,754 thousand euro (2,551,269 thousand euro at December 31, 2006).

The decrease in net debt of 163,963 thousand euro compared to December 31, 2006, arose as follows:

	Change vs. December 31, 2006
(in thousands of euro)	
Current financial assets	(65,211)
Short-term financing	242,726
<i>Change in short-term net debt</i>	177,515
Medium/long-term financial assets	4,037
Medium/long-term financing	(345,515)
<i>Change in medium/long-term net debt</i>	(341,478)
Change in net debt	(163,963)

The change arose from the following cash flows:

- from operating activities, before the change in working capital, for 223.2 million euro;
- from the change in working capital for 156.8 million euro, where the reduction was largely due to no-recourse securitization of trade payables for approximately 115 million euro;
- from investments for -217.4 million euro;
- from divestments for 5.3 million euro;
- from other net movements for 3.9 million euro.